## Using candlesticks with other parameters

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#### • EMA:

- They provide natural support/resistance
- Use EMA's (not a compulsion)
  - o For Support in Uptrend
  - o For resistance in downtrend
  - Also it can be any of the EMA's (5,13,26)
  - o 50 EMA also act as good support/resistance



- Hammers/Any bullish candlestick patterns: Buy signal on price falling down and support to the EMA only in uptrend
  - Only when below points met
    - Building a view
    - Having a confirmation
    - Having a follow-up
    - "What-if" analysis
    - Risk management



- Inverted Hammers/Any bearish candlestick patterns: Sell signal on price going up & resistance on EMA only in downtrend
  - o Only when below points met
    - Building a view
    - Having a confirmation
    - Having a follow-up
    - "What-if" analysis
    - Risk management



• Here above concept will not work since the HH is above all the EMAs



- Bollinger Bands
  - Hammers: That fail to challenge the lower band confirm the support

- Inverted hammers: That fail to challenge the upper band confirm the resistance
  - o Observation-1

### Step-1: SW resistance BO



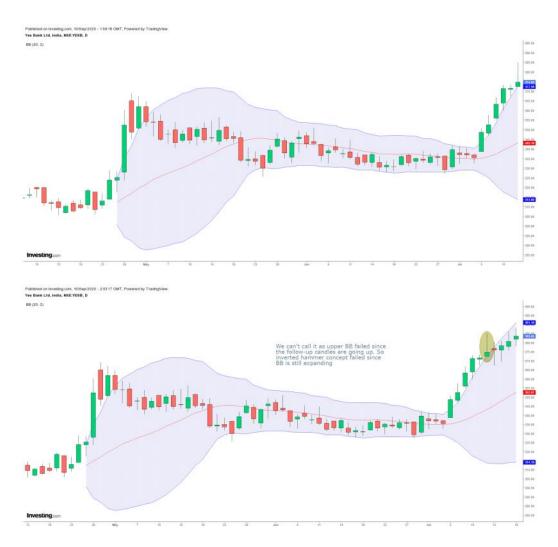
#### Step-2: Add BB



#### • Step-3: Clear fall



- o Observation-2
  - BB Challenged in upside + inverted hammer
  - We can't call it as upper BB failed since the follow-up candles are going up. inverted hammer concept failed since BB is still expanding



- Interesting observation is that another inverted hammer works very well
  - □ Here we consider two follow-up candles after each inverted



 $\hfill\Box$  If we need to say BB challenge as failed, price will go down. Confirms upper BB challenge failed



# □ Now the inverted hammer fail to challenge the upper band confirm the resistance

