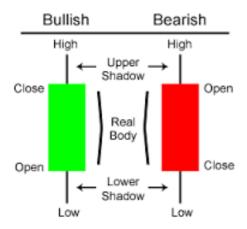
# **NEWBIE CANDLESTICKS EBOOK (TAGLISH)**

This book will help newbie traders understand the basic of Japanese Candlesticks.

# Candlestick Basics



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JONATHAN I. RUIZ

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# Acknowledgement I would like to say thank you to Voters of Influential Author Ang Byahe ni Juan (Sakay Na!) and PAMRICHFRIENDS.COM Best Finance Blogger. To PAM Academy students that keep striving to richness. To my loving wife and wonderful Baby Athena that giving me an inspiration everyday. Maraming Salamat at Mabuhay Po Kayong Lahat.

#### Introduction

Stock Market is risky, I heard it a dozen times. Financial Advisors made this remarks for them to sell you different financial products for them to earn from their seminars, books, newsletter and financial instruments( me included). I decided to create my own system thru Japanese Candlesticks and PAM Tech Indicators that I could used in my everyday trading.

This is not a book that will make you a master trader but a Newbie trader with a cautious way of picking the right stocks. We are going to discuss Japanese Candlesticks.

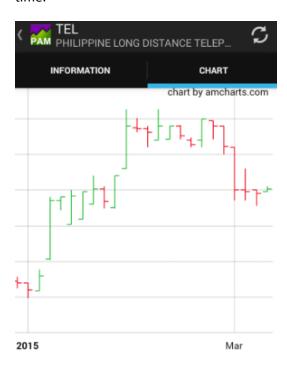
Japanese Candlesticks

Japanese used the candlesticks in 17<sup>th</sup> century to trade rice. The Japanese trader named Homa started to use the candlesticks from Sakata, Japan to predict the movement of price of rice. He considered that the possible action or movement is known in the price.

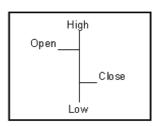
Sa paggamit ng Candlesticks hindi mo tinitingnan ang fundamentals ng kompanya or stocks na napili mo. Ang ginagamit mo na paraan ay technical analysis sa pamamagitan ng kandila at iba't ibang pattern nito.

## **Comparison of Candlesticks Chart to Bar Chart**

Bar Chart – visual representation of price activity in a specific period of time.



As illustrated below, the top of the vertical line indicates the highest price a security traded at during the day, and the bottom represents the lowest price. The closing price is displayed on the right side of the bar, and the opening price is shown on the left side of the bar.



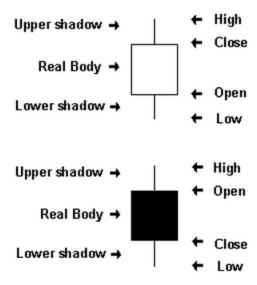
#### **Candlesticks Formation o Ang Hugis ng Kandila**



Each bar represent a minute, a day, week or even a month, the chosen time frame does not influence the color of the candle.

As Investopedia defined candlestick, a chart that displays the high, low, opening and closing prices for a security for a single day. The wide part of the candlestick is called the "real body" and tells investors whether the closing price was higher or lower than the opening price (black/red if the stock closed lower, white/green if the stock closed higher).

## **Candlestick Formation**



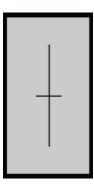
"Ang katawan ng kandila o real body ang magsasabi kung mas mababa o mataas ang presyo sa opening ng market o ito ang magsasabi kung mataas o mababa ang closing ng presyo.

"Ang Anino or shadow ang magsasabi kung hanggang saan bumaba o tumaas ang presyo ng isang stock."

Compared to Bar Chart, Candlestick is a better visual representation of movement of stock price.

#### ILOD

Doji form meaning the open and closed are basically equal. "Ang price ng opening at closing ay pareho lamang, ang anino ng Doji ang magsasabi ng pinakamataas at pinakamababang presyo ng stock ng araw na yun.

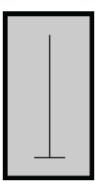


Doji implies indecision in the market. There is no winner or loser between bear and bull.

#### Types of DOJI

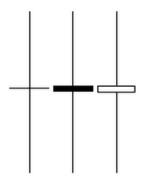
#### **Gravestone Doji**

This form of doji shows when the open, low and close are equal and the high creates a long upper shadow. The resulting candlestick looks like an upside down "T" with a long upper shadow and no lower shadow.



Buyers dominated the market, however reseller resurfaced at the closing of the market. "ingat ka dito ksi kailangan ng confirmation ng another candlestick or else baka mabaon ka ng buhay sa gravestone".

#### Long Legged Doji



Long-legged doji have long upper and lower shadows that are almost equal in length. These doji reflect a great amount of indecision in the market. Long-legged doji indicate that prices traded well above and below the session's opening level, but closed virtually even with the open.

"Mahilig ang mga col boys sa long legged.LOL. " A green candle long legged could give a false alarm".

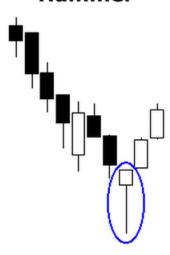


If you picked at the right entry point, then you don't need to worry on possible downside.

#### Hammer

The Hammer is a bullish reversal pattern that forms after a decline. In addition to a potential trend reversal, hammers can mark bottoms or support levels. After a decline, hammers signal a bullish revival. The low of the long lower shadow implies that sellers drove prices lower during the session. However, the strong finish indicates that buyers regained their footing to end the session on a strong note.

# Hammer



"Dapat green ang small body ng kandilang maliit na ang anino ay mahaba pababa"

Another good example:



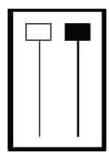
"makikita sa example na to na nagkaroon ng false alarm ang gravestone doji then followed by a hanging man na may maliit na shadow sa taas." Dapat magbenta bago bumaba sa pinakamataas na resistance."

#### Result:

Action	Stock Code	Stock Name	Portfolio %	Average Price	Uncommitted Shares		
BUY   SELL	COSCO	COSCO CAPITAL,				35,466.13	

#### **Hanging Man**

The Hanging Man is a bearish reversal pattern that can also mark a top or resistance level. Forming after an advance, a Hanging Man signals that selling pressure is starting to increase. The low of the long lower shadow confirms that sellers pushed prices lower during the session.



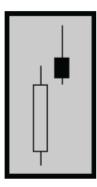
"Maliit ang kandila na ang anino ay nakaturo sa baba at kulay pula o pusong nagdurogo". There is a possibility that there will be a gap down. A bearish signal.



The stock goes down below the 12.50 price after the hanging man and hit by the bad news. Hanging man is a sign of bearish reversal.

#### **Shooting Star**

The Shooting Star is a bearish reversal pattern that forms after an advance and in the star position, hence its name. A Shooting Star can mark a potential trend reversal or resistance level. The candlestick forms when prices gap higher on the open, advance during the session and close well off their highs. The resulting candlestick has a long upper shadow and small black or white body.

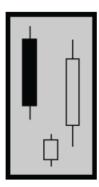


"Isa sa pinakamagandang sign ng pagbaba ang shooting star, ibig sabihin nito naabot na niya ang resistance na makikita sa nagging presyo ng dulo ng shadow."

"Kalimitang Makikita Po Ito Matapos ang Rally sa mga Nakaraang Araw".

#### **Morning Star**

This bullish pattern would indicate a potential bottom. The star indicates a possible reversal and the bullish line confirms this.



"This is a bullish pattern after consecutive days of downtrend.

#### How to be a Member of PAM?

The meaning of PAM is Planning, Actions and Mindset. We are teaching our kababayans to achieve financial freedom thru different financial instruments but specifically stock market. PAM Academy was formed last year June 2014.

We are not an exclusive group of traders, we are welcoming everyone to join our mastermind group. The academy was run by professional investors and traders headed by myself, PAM Ana and Prof Leo.

#### Do you recommend stocks for short term?

Yes, we give our updates weekly thru Ms. PAM (ARC STRATEGY) AND Mr. PAM (Long-term – Mid –term time frame).

#### What are the benefits of becoming a member?

**Forums** 

You will have an access to our resources 24/7 such as module lessons:

PAM Resources ▼

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Ms PAM Chartist Updates

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- 3. Buffetology Strategy
- 4. Japanese Candle Sticks
- 5. PAM Technical Indicators
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8 Secrets of the Truly Rich by Bo Sanchez

Managing Your Money

Rich Dad, Poor Dad

The.Master.Swing.Trader

Candlestick Charting Explained

STEVE NISON Japanese Candlestick Charting Techniques

Encyclopedia of Chart Patterns- Thomas Bulkowski

# Ms Pam Update Feb 8, 2015

MS PAM updates 02082015 (Click this link to view the update if you cannot view it from the site)



# Mr. PAM Updates

I hope everyone will earn from our mid-term stocks. PAM table still under review,

* Code	CURRENT		ENTRY POINT	EXIT POINT	EXPECTED GROWTH	ACTION TO TAKE
		722.00	710.00	855.00	19.07%	Buy
		45.00	39.04	44.90	-1.31%	Hold
		115.70	93.04	107.00	-8.52%	Hold
		10.76	10.50	13.00	22.46%	Buy
		11.08	11.00	15.85	42.52%	Neutral
		5.15	4.70	5.73	20.22%	Buy
		12.22	12.10	15.04	22.59%	Buy
		278.40	254.00	300.00	12%	Buy
		8.39	8.38	10.00	18.03%	Buy

"Together We Can Achieve Financial Freedom"

#### **PAM Calendar**

# **PAM Calendar**



If you don't have a place to go and looking for a mastermind group, PAM Academy is waiting for you to take actions:

#### 1. Decide the enrollment package:

- a. Monthly subscription of 500 pesos.
- b. Quarterly subscription of 1200 pesos.
- c. Half year subscription of 2100 pesos.
- d. One year subscription of 3600 pesos.

### 2. Pay the enrollment fees thru remittance, paypal or deposit to:

• Account Name: Jonathan I. Ruiz

Bank Account: BPI

Bank Address: Nasugbu, Batangas

■ Bank Account Number: 0819076405

or

• Account Name: Jonathan I. Ruiz

■ Bank Account: Banco De Oro

Bank Address: Paseo De Roxas, Makati City

Bank Account Number: 002782572241

- 3. Send receipts to jhonbull2002@yahoo.com and profleineo1@gmail.com .
- 4. Sign up to this link www.pamacademy.net .
- 5. Welcome to PAM Academy.

# **About the Author**

Mr. Jonathan I. Ruiz, known as Mr. PAM and Newbie Mentor, graduated Master's International Business in Hult International Business School, London, UK and took Technical and Fundamental Analysis in different online schools such as RJO Futures and University of Pennsylvania, a market researcher, a real estate broker, a chef, a traveller, a cost accountant, developer of PAM PSE Tracker, founder of PAM Academy, and author of the book "Ang biyahe ni Juan."



PSE ALERT APP WILL BE AVAILABLE THIS COMING MARCH 2015.

"SET YOUR TARGET PRICE, BE ALERT".