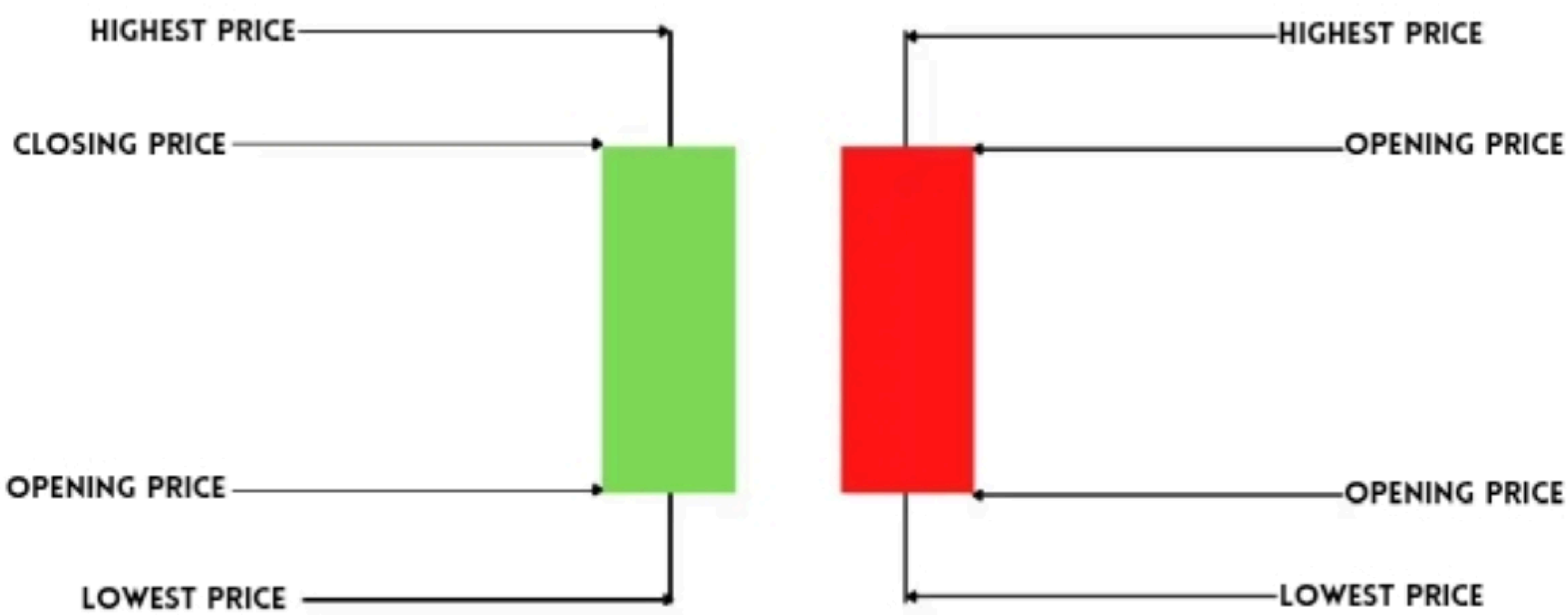
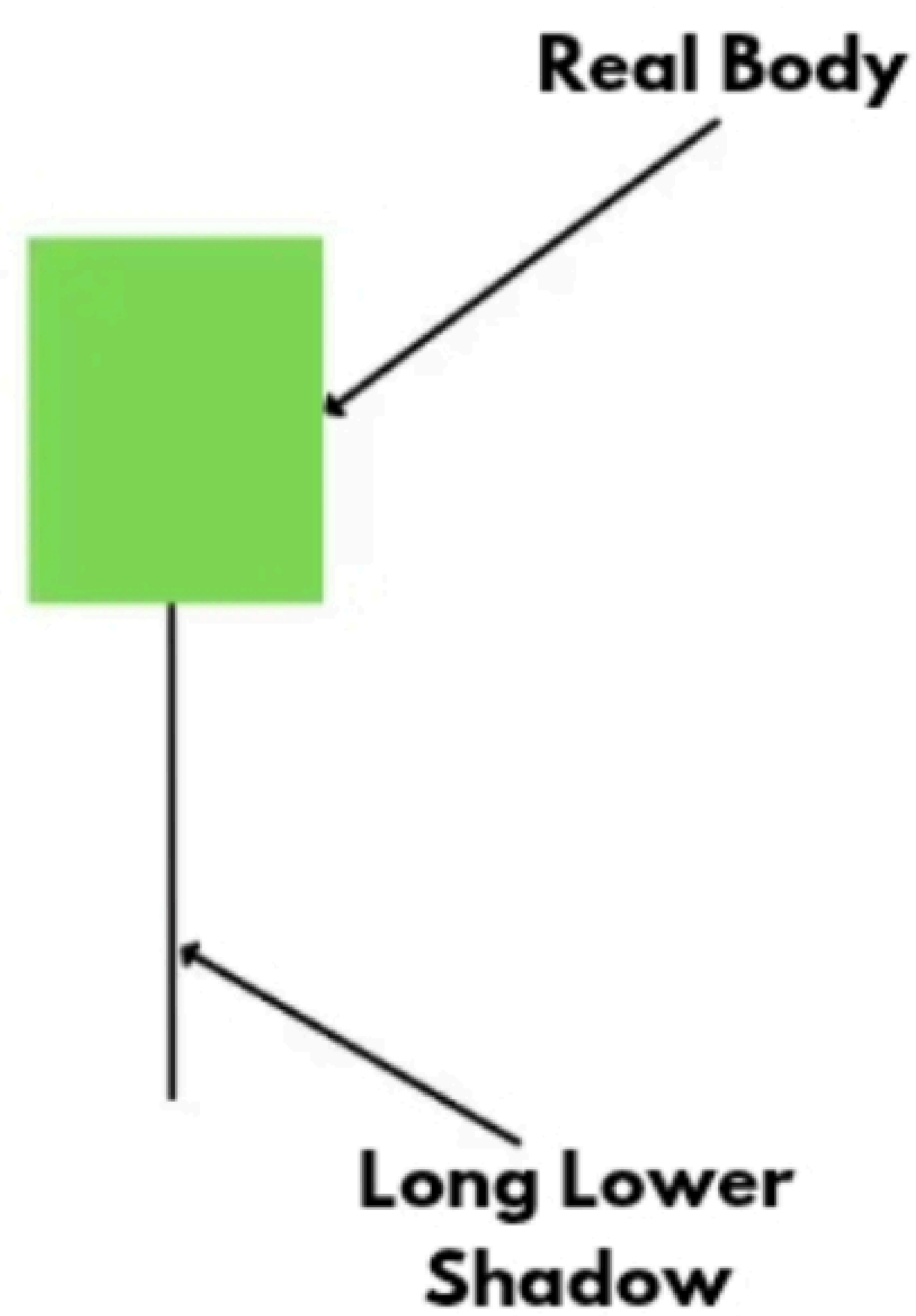
Table Of Contents

The upper shadow shows the high price and lower shadow shows the low prices reached during the trading session.



Before we jump into learning about different candlestick charts, there are few assumptions which need to be kept in mind that are specific to the candlestick charts.

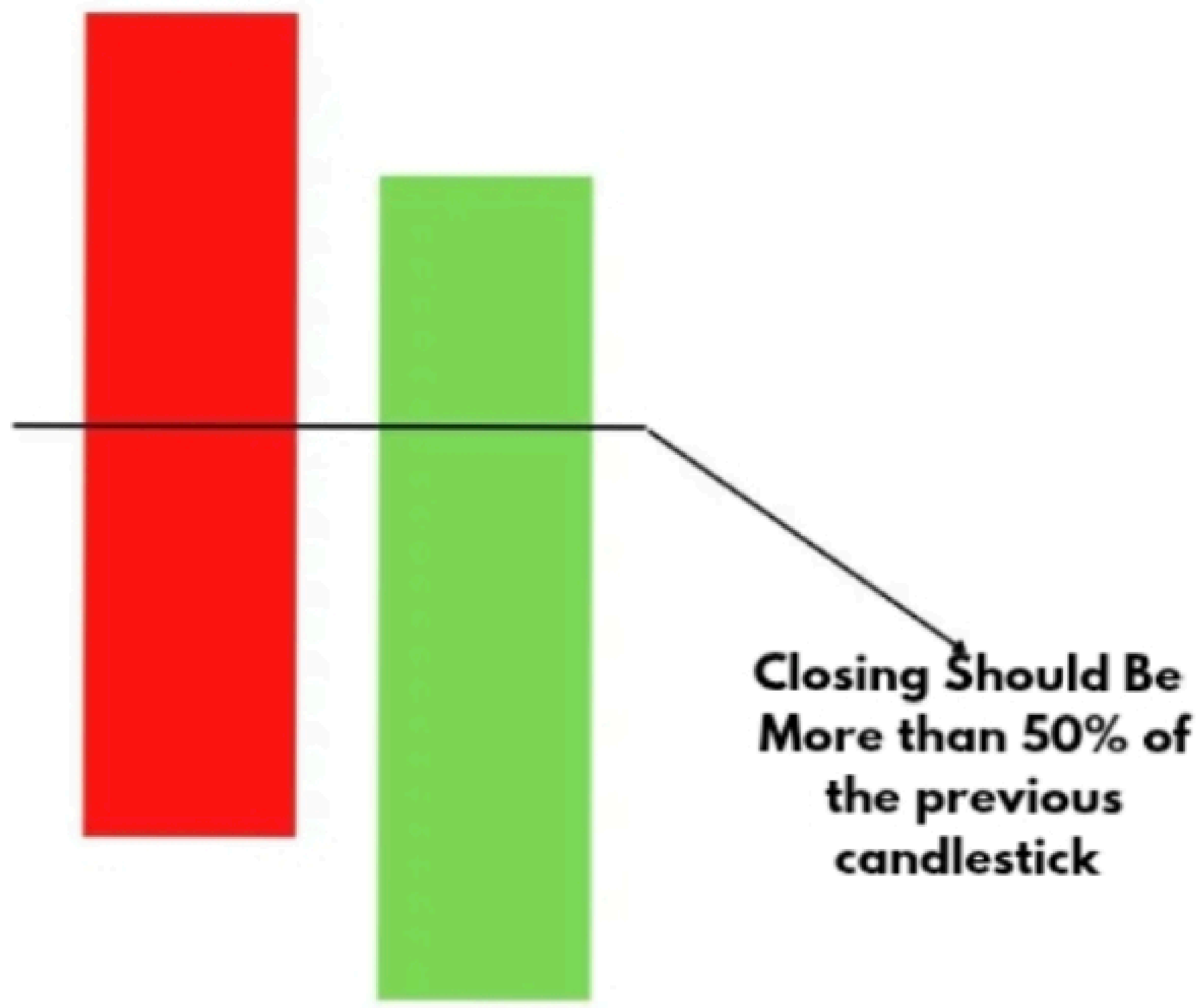
Hammer Candlestick Pattern



1. Hammer

Hammer is a single candlestick pattern that is formed at the end of a downtrend and signals bullish reversal.
The real body of this candle is small and is located at the top with a lower shadow which should be more than twice the real body. This candlestick chart pattern has no or little upper shadow.
The psychology behind this candle formation is that the prices opened and sellers pushed down the prices.
Suddenly the buyers came into the market and pushed the prices up and closed the trading session more than the opening price.

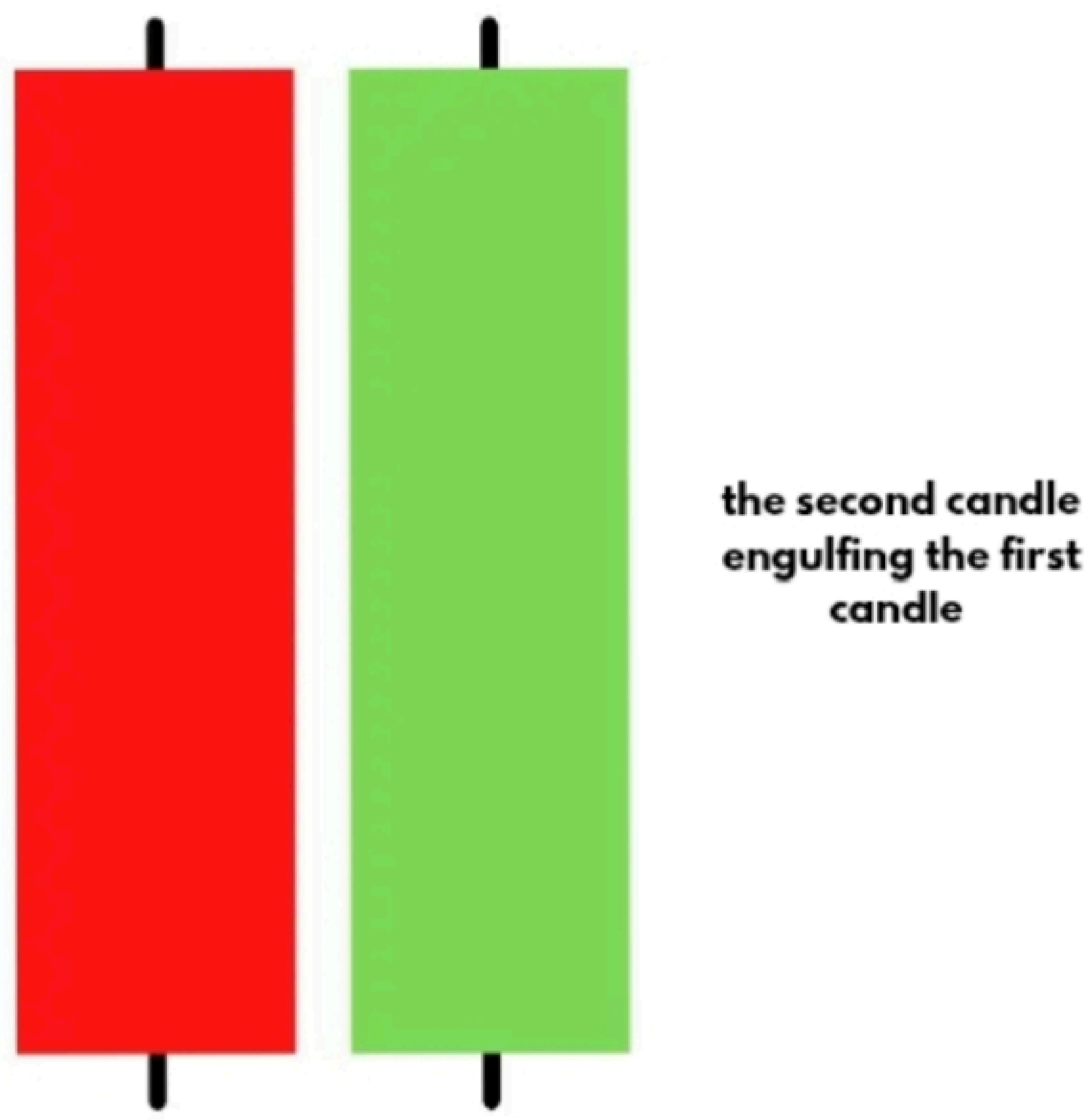
Piercing Pattern



2. Piercing Pattern

Piercing pattern is multiple candlestick chart pattern that is formed after a downtrend indicating a bullish reversal.
It is formed by two candles, the first candle being a bearish candle which indicates the continuation of the downtrend.
The second candle is a bullish candle which opens gap down but closes more than 50% of the real body of the previous candle which shows that the bulls are back in the market and a bullish reversal is going to take place.

Bullish Engulfing Pattern

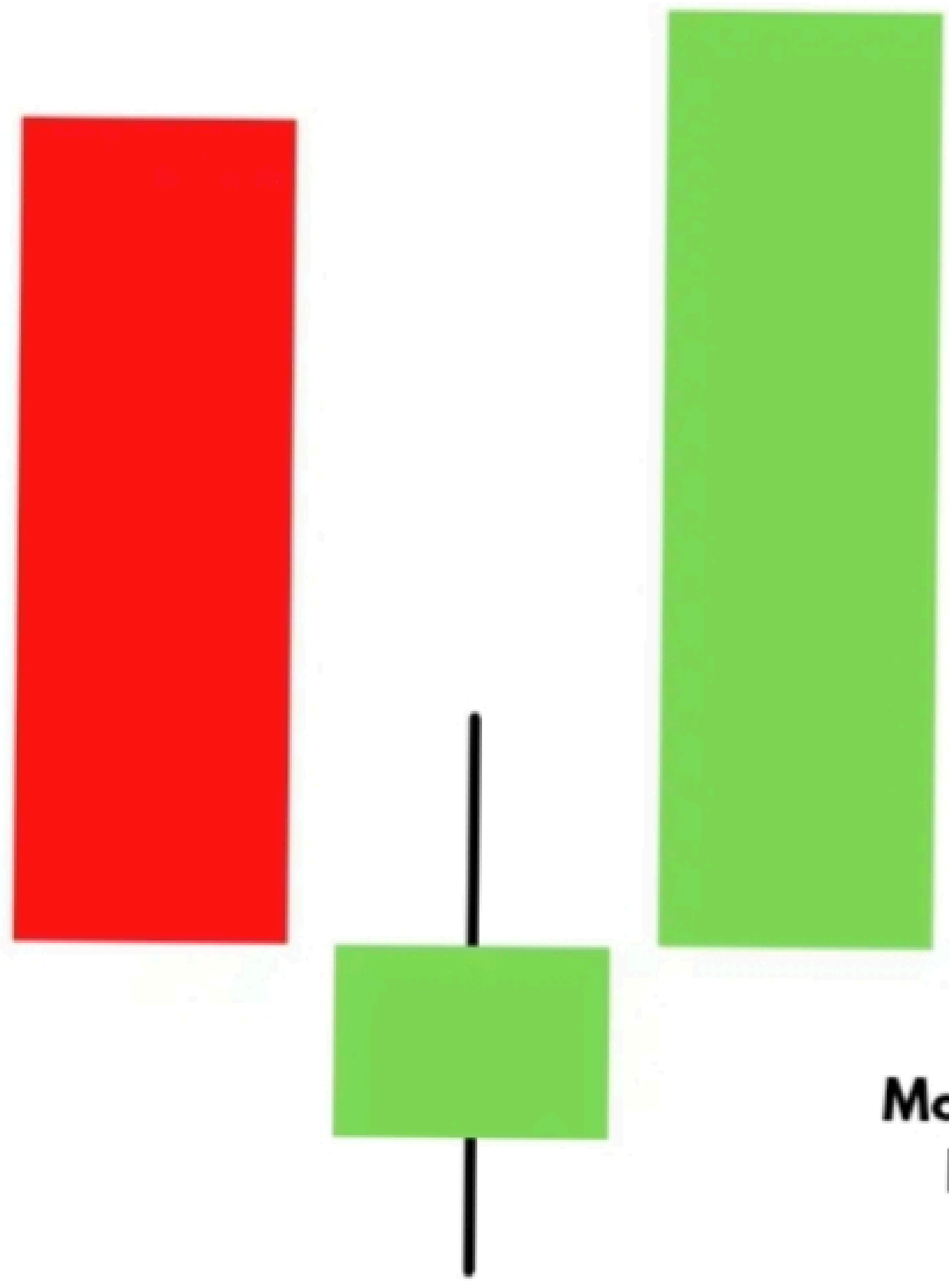


3. Bullish Engulfing

Bullish Engulfing is a multiple candlestick chart pattern that is formed after a downtrend indicating a bullish reversal.
It is formed by two candles, the second candlestick engulfing the first candlestick. The first candle is a bearish candle that indicates the continuation of the downtrend.
The second candlestick is a long bullish candle that completely engulfs the first candle and shows that the bulls are back in the market.

4. The Morning Star

The Morning Star is multiple candlestick charts pattern which is formed after a downtrend indicating bullish reversal.
It is made of 3 candlesticks, first being a bearish candle, second a Doji and the third being a bullish candle.
The first candle shows the continuation of the downtrend, the second candle being a doji indicates indecision in the market, and the third bullish candle shows that the bulls are back in the market and reversal is going to take place.
The second candle should be completely out of the real bodies of the first and third candles.

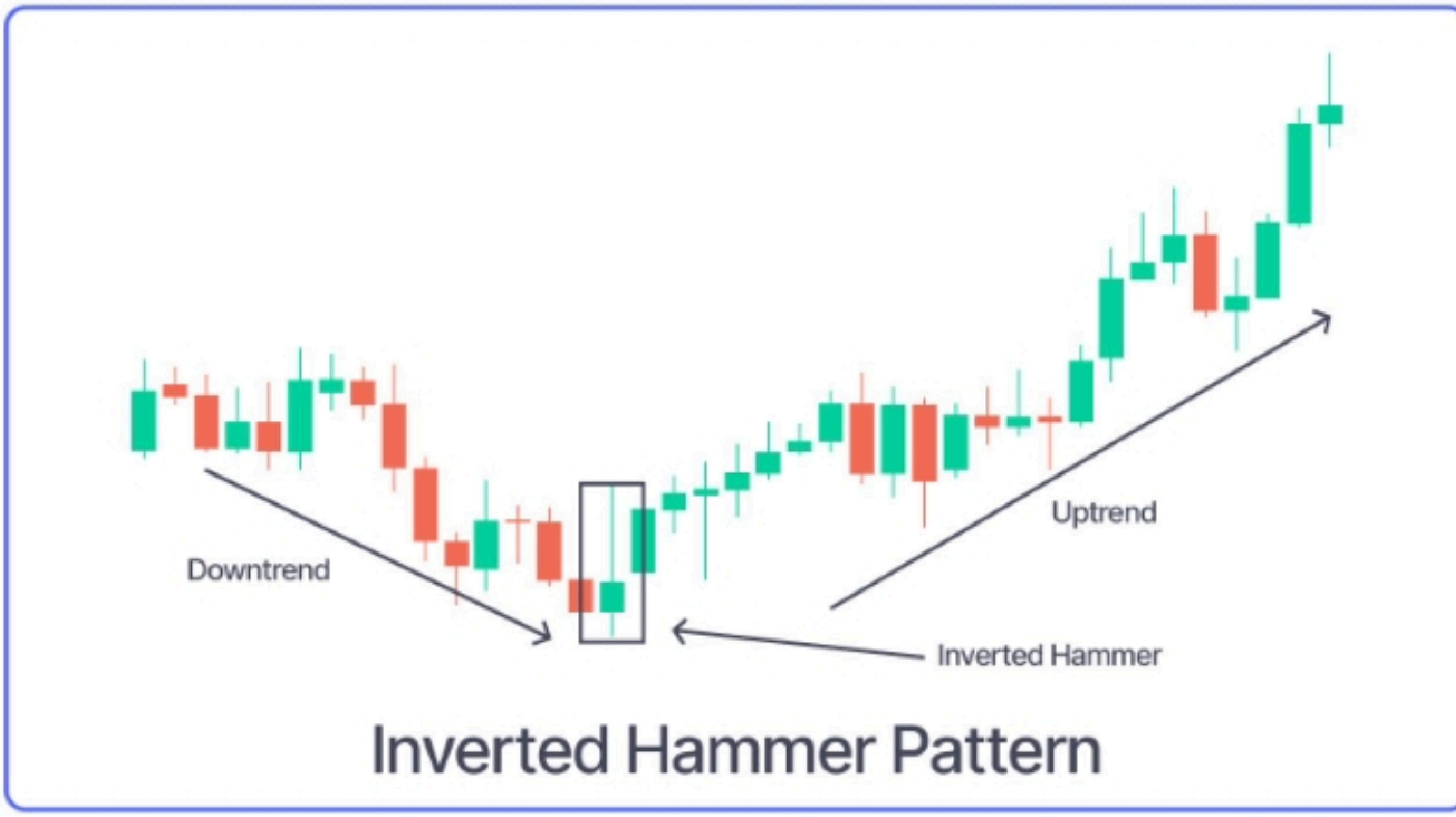


Morning Star Pattern

Dragonfly Doji Bullish Pattern

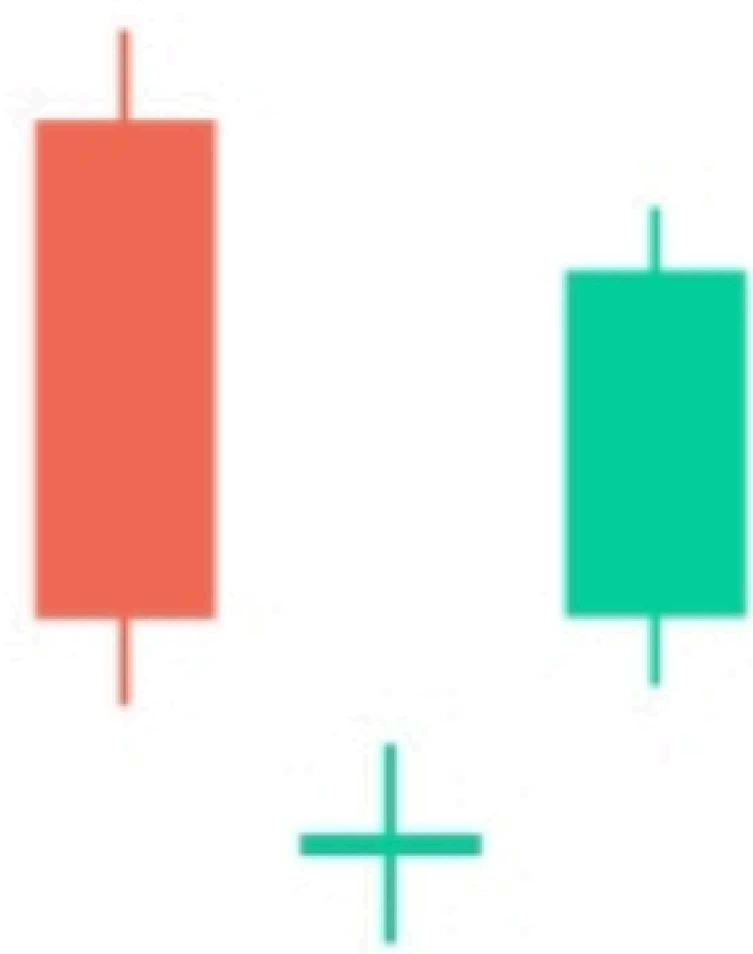
The Dragonfly Doji is a single candlestick pattern with a very small body and a long lower shadow that appears at the bottom of a downtrend.

Inverted Hammer Pattern



The Inverted Hammer Pattern appears at the bottom of a downtrend and features a small body with a long upper shadow and little to no lower shadow.

Bullish Abandoned Baby Pattern



Bullish Abandoned Baby Pattern

The Bullish Abandoned Baby is a three-candlestick pattern. It consists of a long bearish candle, followed by a doji candle that gaps down, and then a long bullish candle that gaps up.