

FIGURE 10.4 Nison Candle Scanner Helps Identify All Significant Candlestick Patterns in One Chart



FIGURE 10.5 Combining East and West

Falling Three	<input type="checkbox"/> False
Three Black Crows	<input type="checkbox"/> False
Pattern: Bull	
Hammer	<input checked="" type="checkbox"/> True
Inverted Hammer	<input type="checkbox"/> False
Bull Counter Attack	<input type="checkbox"/> False
Bullish Engulfing	<input type="checkbox"/> False
Bull Harami	<input type="checkbox"/> False
Piercing	<input type="checkbox"/> False
Bull Sash	<input type="checkbox"/> False
Bull Separating Line	<input type="checkbox"/> False
Tweezers Bottom	<input type="checkbox"/> False
Rising Window	<input type="checkbox"/> False
Morning Star	<input type="checkbox"/> False
Rising Three	<input type="checkbox"/> False
Three White Soldiers	<input type="checkbox"/> False
Pattern: Neutral	
Doji	<input type="checkbox"/> False
High Wave	<input type="checkbox"/> False
Select All	
Select/Unselect All	<input type="checkbox"/> Choose
Special	
Alert conditions	1 alert condition defined

FIGURE 10.6 Track the Market Automatically

Market Analyzer	
	Instrument
	AA
	AXP
	BA
	BAC
	C
	CAT
	CVX
	DD
	DIS
	GE
	GM
	HD
	HPQ
	IBM
	INTC
	JNJ
	JPM
	KFT
	KO
	MCD
	MMM
	MRK
	MSFT

FIGURE 10.8 Choose Markets to Track

Alert	<input type="checkbox"/>
Color for background	<input type="checkbox"/> White
Color for foreground	<input checked="" type="checkbox"/> Red
Message	
Priority	Low
Re-arm after secs	0
Sound file	C:\Program Files\ ...

FIGURE 10.7 Customize Alerts

Alerts			
Instrument	Priority	Time	Message

FIGURE 10.9 Alerts

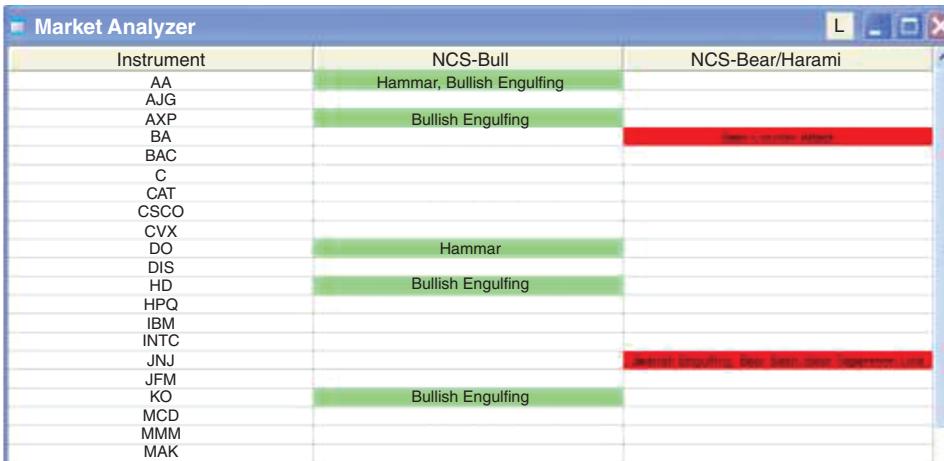


FIGURE 10.10 Bull and Bear Signals

Nison Candle Highlighter on MetaTrader 4 Platform

MetaTrader 4 (www.metaquotes.net) is an online trading platform designed to provide brokerage services to customers in forex, CFD, and futures markets.

Nison realized the potential of this platform and, as a result, designed the Nison Candle Highlighter to integrate with this platform.

Features of MetaTrader 4:

- The built-in technical analysis tools are powerful and easy to use.
- It is a free charting platform, which includes live data feeds through the Internet.

- It is very simple to use—even for beginners—yet powerful enough for the most experienced and demanding forex trader.
- MetaTrader 4 plots whatever intra-day or end-of-day charts of instruments the broker you sign up with offers, such as forex, stocks and stock indices, precious metals, crude oil, and so on.

If you trade forex, this innovative software helps you instantly find Nison's favorite candle patterns in your markets and saves you hours of research time.

In addition to finding all of the markets that are currently in a particular candlestick pattern, you can also use Nison Candle Highlighter to quickly identify all of the different candlestick patterns that appear in a specific time frame for any individual stock or market (see Figures 10.11 through 10.13).

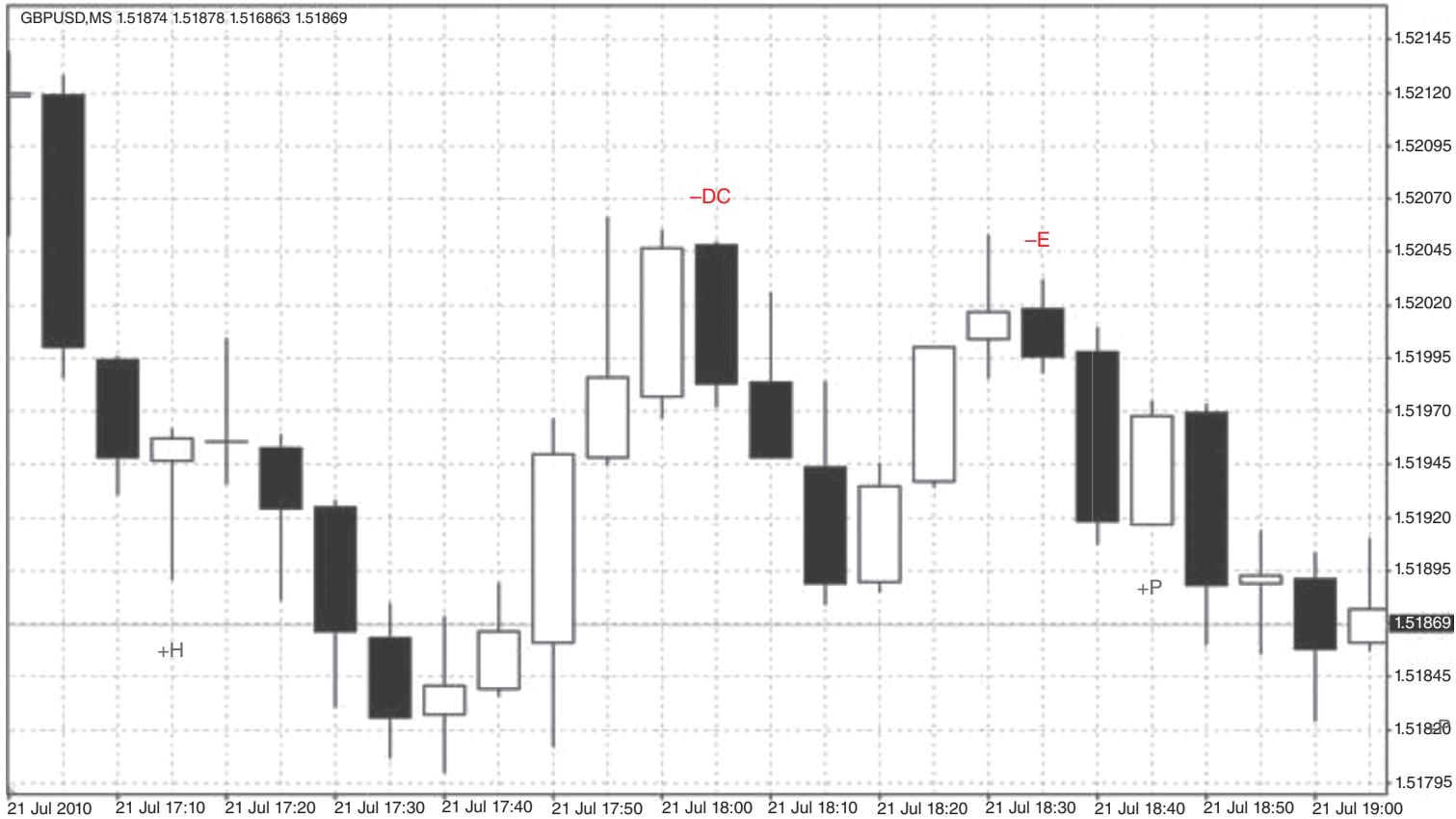


FIGURE 10.11a Different Candlestick Patterns Identified



FIGURE 10.11b (continued) Different Candlestick Patterns Identified



FIGURE 10.11c (continued)

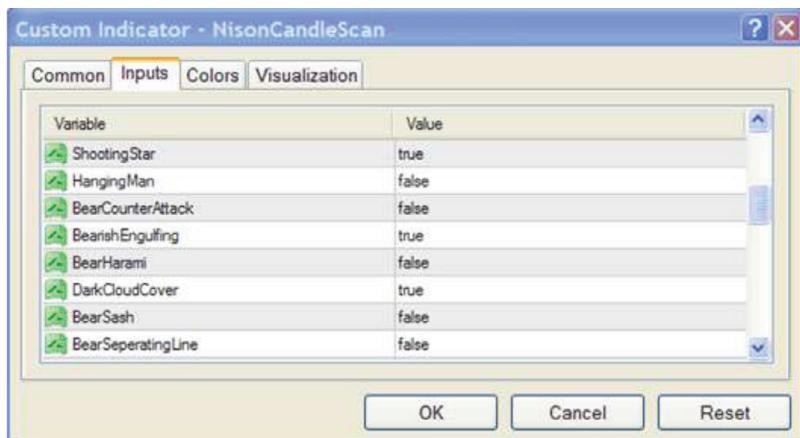


FIGURE 10.12 Custom Indicator

Bullish Patterns	Symbol
Hammer	+H
Inverted Hammer	+IH
Bull Counter Attack	+CA
Bullish Engulfing	+E
Bull Harami	+HR
Piercing	+P
Bull Sash	+SH
Bull Separating Line	+SL
Tweezer Bottom	+TB
Rising Window	+W
Morning Star	+MS
Rising Three	+RS
Three White Soldiers	+3S
Bear Patterns	Symbol
Shooting Star	-S
Hanging Man	-HM
Bear Counter Attack	-CA
Bearish Engulfing	-E
Bear Harami	-HR
Dark Cloud Cover	-DC
Bear Sash	-SH
Bear Separating Line	-SL
Tweezer Top	-TT
Falling Window	-W
Evening Star	-ES
Falling Three	-F3
Three Black Crows	-3C
Neutral Patterns	Symbol
Doji	D
High Wave	HW

FIGURE 10.13 Patterns and Symbols Key

Conclusion: Facts about Candlesticks

This book should convey to readers the following facts about the candlestick technique:

1. The Japanese candlestick technique had been relatively unknown for the last three centuries, except in Japan, until Steve Nison popularised it in 1991.
2. Candlesticks use the same price data as bar charts, yet the candlestick technique better promotes the ability to recognize complex patterns and interpret what these patterns mean.
3. Candlestick charting is the only technique that generates intuitive text messages (results) about the inner psychology of any market.
4. The candlestick technique is excellent for spotting market turning points and is especially adept at trading Spikes or V and inverted V formations. It does this job much better than Western charting theory.
5. Candlestick reversal patterns work best if they are found after a rally or decline. They are not useful in forecasting market

- direction in a sideways market. In other words, they should not be used all the time.
6. Candlestick continuation patterns are useful in gauging trend continuation.
 7. Candlestick patterns are true leading indicators and regularly identify potential market reversals much earlier than Western technical indicators.
 8. Candlesticks are attuned to the short-term trend (5 to 15 days). To apply candlesticks to longer-term trending markets, you must use a weekly or monthly chart. For shorter-term trading, intra-day charts, ranging from 1-minute, 5-minute, 15-minute, 1-hour, to 4-hour charts, can be used.
 9. The candlestick technique can be used as a standalone technique to trade the markets, but profitability is enhanced when it is combined with Western technical indicators. In other words, candlestick analysis should be used in conjunction with trend analysis. This concept is called candlestick filtering or the Rule of Multiple Techniques.
 10. Western trend-line analysis, support and resistance, and Western technical indicators like the Moving Average, RSI, Momentum, MACD, Stochastic, DMI, CCI, Percent R, Bollinger Bands, and Elliott Wave Theory are some of the techniques that should be applied to assist in identifying the primary trend as well as periods when the market is overbought and oversold.

11. The trader should take a candlestick signal in the direction of the primary trend and to ignore a candlestick signal that is counter to the primary trend; otherwise there can be a high degree of failure. Steve Nison shares this principle and I quote this paragraph from page 287 of his book *Japanese Candlestick Charting Techniques*:

Be flexible about chart reading. Where you stand in relation to the overall technical evidence may be more important than an individual candlestick pattern. For example, a bullish candlestick signal in a major bear market should not be used as a buy signal. A bullish candlestick formation, especially when confirmed by other technical signals in a bull market, would be a buying point.

12. Traders who at times find it impossible to identify a market reversal due to the complexity of certain reversal patterns, which cannot be found in this book or in other books on candlesticks, should use my P.I. System Trader to mimic candlestick reversal patterns. This system can be programmed into any charting software.
13. The Nison Candle Scanner can help you reduce the time spent finding profitable candlestick patterns from a universe of markets (stocks, indexes, forex, futures, etc.) from hours to just minutes by using the filtering feature of the scanning software.

ABOUT THE AUTHOR

Fred Tam studied securities and commodities futures trading techniques in the United States under George Lane, Larry Williams, Steve Nison, Dr. Bill Williams, Jake Bernstein, Joe DiNapoli, Dr. Van K. Tharp, Thomas Dorsey, Professor Hank O. Pruden, and many other prominent U.S. traders.

Mr. Tam uses a combination of Japanese candlestick charting and Western technical indicators to track the markets. He developed his own computerized trading system called the P.I. System Trader or F1 Trader, which mimics candlestick reversal patterns and is excellent for trading fast-moving markets. He also developed the Multiple Time Frame system of trading in 2012 and presented his findings at the International Federation of Technical Analysts (IFTA) 2012 conference in Singapore.

He holds a Master of Philosophy from Multimedia University, Cyberjaya. He is a full member of the Society of Technical Analysts in the United Kingdom and is Malaysia's first recipient of the Master of Financial Technical Analysis from IFTA. Mr. Tam is a Certified Financial Technician from IFTA, and a Certified Accountant from the United Kingdom since 1979.

During his 30 years in the financial industry, Mr. Tam has participated in many conferences and conducted extensive seminars, workshops, and professional courses in association with University Malaya; University Sains Malaysia; University Sabah Malaysia; University Putra Malaysia; Multimedia University, Cyberjaya; Taylor's College; Bursa Station; Bursa Malaysia; stocks and futures brokerage houses; and unit trust companies both within Malaysia

and around Asia. He has the distinction of being recognised as the guru of technical analysis in Malaysia.

Mr. Tam has authored six books on technical analysis and was the principal lecturer at Open University Malaysia–IPD's certificate course in technical analysis, the first and only such course conducted at the university level in South East Asia. He has his own website: www.f1traderacademy.com.

Mr. Tam's current research interest is in multiple time frame trading systems programmed into MT4.0. He teaches and promotes technical analysis and makes speaking appearances in Indonesia, Vietnam, and Singapore besides Malaysia. Mr. Tam is now collaborating with Asia e University (AeU) to offer Malaysia's first EMBA (financial technical analysis) course.

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289

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I N D E X

Note: Page references in *italics* refer to figures.

A

- Abandoned Baby Bottom and Top, 126–131, *132*, *133*
- Advance Block, 151–153, *152*
- Advanced techniques. *See* Computerized candlestick forecasting;
Filtering with Western indicators; P.I. System Trader; Sakata's Five
Methods
- Anaume, 209
- Appel, Gerald, 218
- Ashi*, 7

B

- Babcock, Bruce, 210, 211
- Bar charts, Japanese candlestick charts compared to, 8, *9*, *10*
- Belt-Hold Line, Bearish and Bullish, 84–90, *88*, *89*

Beyond Candles (Nison), 4

Black candles

- Black Hammer or Hanging Man (Black Umbrella Candle), 60
- Black Inverted Hammer or Shooting Star (Inverted Black Umbrella Candle), 61
- Black Lower Shadow, 30–31
- Black Spinning Top, 30
- Black Umbrella Candle, 29
- Black Upper Shadow, 31
- defined, 12
- Inverted Black Umbrella Candle, 29
- Long black candle, 12–13, 28, *31*, *34*, *35*
- Long Closing Bozu Black Candle, 28–29
- Long Marubozu Black Candle, 25–28
- Long Opening Bozu Black Candle, 28
- Short black candle, 29–30, *31*, *32*
- See also* Umbrella group candles

Black Three Gaps (Bullish) and White Three Gaps (Bearish), 143–147, 145, 146
 Bollinger, John, 238
 Bollinger Bands, 238–240, 241, 242

Breakaway Three-New-Price Bottom/Top, 137–143, 141, 142

Bullish Black Three Gaps and Bearish White Three Gaps, 143–147, 145, 146

C

Candlestick charts, overview. *See* Japanese candlestick charts

Close, as candlestick chart element, 7

Commodity Channel Index (CCI), 235, 237

Computerized candlestick forecasting, 273–284

Nison and, 273–275

Nison Candle Highlighter on MetaTrader 4 Platform, 280, 281, 282, 283, 284

Nison Candle Scanner, 275, 275–276, 276, 277, 278, 279, 280

Concealing Baby Swallow, 156–158, 159

Continuation patterns, 171–207

computerized candlestick scanning and, 274

double candlestick patterns, 172–185 (*See also* Double candle types, continuation patterns)

multiple candlestick patterns, 185–207 (*See also* Multiple candle types, continuation patterns)

overview, 171–172

D

Dark Cloud Cover, Piercing Line and, 99–100, 101, 102

Dead Cross, 218

Deliberation, 153–154, 155

Directional Movement Index (DMI) system, 232–235, 236

Doji, 35–55

defined, 8

Doji at the Bottom, 57, 78–80, 82

Doji at the Top, 57, 80–81, 83

Doji-Star at the Bottom and Top, 119–123

Dragonfly Doji, 47–50, 51, 54

Four Price Doji, 38, 39, 40

Gravestone Doji, 38, 41, 42, 44

Hanging Man Doji, 53

Long-Legged Doji (High-Wave Doji), 45–47, 46, 48, 49, 52

overview, 35–38

Small Black Doji, 55

Small Doji, 55, 56

Small White Doji, 55

Dojima Rice Exchange, 4

Double candle types, continuation patterns, 172–185

In-Neck Pattern, 181–183, 184

Kicking Pattern, 176–180, 178, 179

On-Neck Pattern, 180–181, 182

overview, 172

Separating Lines, 172–176, 174, 175

Thrusting Line, 183–185, 186

Double candle types, reversal patterns, 90–119

Engulfing, Bearish and Bullish, 90, 92, 93, 94

Fred Tam's White Inside Out Up and Black Inside Out Down, 95–96, 97, 98

Harami, Bearish and Bullish, 104–110, 108, 109

Harami Cross, Bearish and Bullish, 110–111, 112, 113

Homing Pigeon and Bearish Homing Pigeon, 114–115, 116, 117

Piercing Line and Dark Cloud Cover, 99–100, 101, 102

Thrusting Line and Incomplete Dark Cloud Cover, 100–104, 105, 106

Tweezers Bottom and Tweezers Top, 115–119, 120, 121

Double Top, 256, 260

Dragonfly Doji, 47–50, 51, 54

E

Eight-to-Ten New Record Lows and Highs, 163–167, 168, 169

Elliott, Ralph Nelson, 240

Elliott Wave Theory, 240–243, 243, 244, 245, 254, 256

Engulfing, Bearish and Bullish, 90, 92, 93, 94

Evening Doji-Star, Three-River Morning Doji-Star and, 123–126, 127, 128
Evening Star, Three-River Morning and, 131–134, 135, 136
Exponential Moving Average, 217
Extreme point rule, 234

F

Falling Three Methods, 267, 270
Filtering with Western indicators, 215–245
Bollinger Bands, 238–240, 241, 242
Commodity Channel Index (CCI), 235, 237
Directional Movement Index (DMI) system, 232–235, 236
Elliott Wave Theory, 240–243, 243, 244, 245
MACD (Moving Average Convergence Divergence), 218, 222, 223
momentum, 229, 230, 231
Moving Average, 217–218, 219, 220
overview, 215–217
relative strength index (RSI), 221–224, 225, 226
Stochastic Oscillator, 224–229, 228
volume, 238, 239
Williams' Percentage Retracement, 229–232, 233
Flexibility, of Japanese candlestick charts, 7
Foot, defined, 7
Four Price Doji, 38, 39, 40
Fred Tam's White Inside Out Up and Black Inside Out Down, 95–96, 97, 98
Fry Pan Bottom, 256, 259

G

Gapping Plays, High-Price and Low-Price, 200, 205, 206, 207
Gapping Side-by-Side White Lines, 199–200
Down-Gap Side-by-Side White Lines (Bearish), 199–200, 202
Up-Gap Side-by-Side White Lines (Bullish), 199, 201
Golden Cross, 218
Gravestone Doji, 38, 41, 42, 44

H

Hammer
Black Hammer or Hanging Man (Black Umbrella Candle), 60
Black Inverted Hammer or Shooting Star (Inverted Black Umbrella Candle), 61
reversal patterns, single candlestick, 72–73
Umbrella Candle at the Bottom, 19
umbrella candle example, 62
Hanging Man
Black Hammer or Black Umbrella Candle, 60
Hanging Man Doji, 53
reversal patterns, single candlestick, 73, 74, 76
Umbrella Candle at the Top, 17
umbrella candle example, 63
White Hammer or White Umbrella Candle, 59–60
Harami, Bearish and Bullish, 104–110, 108, 109
Harami Cross, Bearish and Bullish, 110–111, 112, 113
Head-and-Shoulders Bottom and Top, 256
Hi Ashi, 7
High, as candlestick chart element, 7
High-Price and Low-Price Gapping Plays, 200, 205, 206, 207
Homing Pigeon and Bearish Homing Pigeon, 114–115, 116, 117
Homma, Munehisa, 4–5, 253

I

Incomplete Dark Cloud Cover, Thrusting Line and, 100–104, 105, 106
In-Neck Pattern, 181–183, 184
Inverted Black Umbrella Candle, 29
Inverted Hammer
Black Inverted Hammer or Shooting Star (Inverted Black Umbrella Candle), 61
Inverted Umbrella Candle at the Bottom, 17
reversal patterns, single candlestick, 75, 77
umbrella candle example, 64
White Inverted Hammer or Inverted White Umbrella Candle, 60–61

Inverted Three Buddha Top, 256, 256
Inverted White Umbrella Candle, 16

J

Japanese Candlestick Charting Techniques (Nison), 4, 215, 273

Japanese candlestick charts, 3–10
bar charts compared to, 8, 9, 10
candlestick, defined, 7
construction of, 7–8
facts about, 285–286
historical background, 4–5
for long-term investors, xix
overview, 3–4
reasons for popularity, 5–7, 6
technical indicators used in conjunction with, 210–211
trading cycle of, xiii, xiv, xv, xviii
used alone, 210

Western techniques compared to, xvi, xvii

See also Computerized candlestick forecasting; Continuation patterns; Double candle types, continuation patterns; Double candle types, reversal patterns; Filtering with Western indicators; Multiple candle types, continuation patterns; Multiple candle types, reversal patterns; P.I. System Trader; Reversal patterns; Reversal patterns, triple candle patterns; Sakata's Five Methods; Single candle types; Umbrella group candles

Japanese Chart of Charts, The (Shimizu), 254

Japanese Method of Three, 254–256, 257, 258

K

Karakasa, 59

Kicking Pattern, 176–180, 178, 179

Kosaku, Kato 4. *See also* Homma, Munehisa

L

Ladder Bottom, 158–160, 161

Lane, George, 224

Leading indicators, 5

Long black candles

Long Closing Bozu Black Candle, 28–29
Long Marubozu Black Candle, 25–28
Long Opening Bozu Black Candle, 28
overview, 12–13, 28, 31, 34, 35

Long-Legged Doji (High-Wave Doji), 45–47, 46, 48, 49, 52

Long white candles
high price area, 25, 26
Long Closing Bozu White Candle, 15
Long Marubozu White Candle, 15
Long Opening Bozu White Candle, 16
low price area, 22, 24, 27
overview, 12–13, 14, 15
resistance broken, 22, 23

Low, as candlestick chart element, 7

M

MACD (Moving Average Convergence Divergence), 218, 222, 223

Mat Hold Pattern, 191–195, 193

Meeting Line, Bearish and Bullish, 81–84, 85, 86

MetaTrader 4 Platform, 280, 281, 282, 283, 284

Moving Average

Exponential, 217

Filtering with, 217–218, 219, 220

Moving Average Convergence Divergence (MACD), 218, 222, 223

Moving Average Convergence Divergence (MACD), timing entry and exit, 5, 6

Simple, 217

Weighted, 217

Multiple candle types, continuation patterns, 185–207

Gapping Side-by-Side White Lines, 199–200, 201, 202

High-Price and Low-Price Gapping Plays, 200, 205, 206, 207

Mat Hold Pattern, 191–195, 193

Rising Three Methods and Falling Three Methods, 185–188, 189, 190

Tasuki Upside and Downside Gaps, 195–196, 197, 198

Multiple candle types, reversal patterns, 156–167

Concealing Baby Swallow, 156–158, 159

Eight-to-Ten New Record Lows and Highs, 163–167, 168, 169

Ladder Bottom, 158–160, 161

overview, 156

Tower Bottoms and Tower Tops, 160–163, 164, 165

Multiple Techniques, Rule of, 234, 235, 248, 250

N

New Concepts in Technical Trading Systems (Wilder), 234

NinjaTrader Platform, 275

Nison, Steve, 4, 7, 215, 273–275

Nison Candle Highlighter on MetaTrader 4 Platform, 280, 281, 282, 283, 284

Nison Candle Scanner, 275, 275–276, 276, 277, 278, 279, 280

O

On-Neck Pattern, 180–181, 182

Open, as candlestick chart element, 7

P

Pattern groups. *See* Continuation patterns; Double candle types, continuation patterns; Double candle types, reversal patterns; Multiple candle types, continuation patterns; Multiple candle types, reversal patterns; Reversal patterns; Reversal patterns, single candlestick; Reversal patterns, triple candle patterns

P.I. System Trader, 247–252

advantages of, 250

candlesticks mimicked by, 248, 249

overview, 247–248

trading rules for, 250, 251, 252

Pictorial aspects, of Japanese candlestick charts, 5

Piercing Line and Dark Cloud Cover, 99–100, 101, 102

R

Real body, defined, 8

Relative strength index (RSI), 221–224, 225, 226

Reversal patterns, 67–169

computerized candlestick scanning and, 274

index of, 69, 70

overview, 67–68

reliability of, 68–69

See also Double candle types, reversal patterns; Multiple candle types, reversal patterns; Reversal patterns, single candlestick; Reversal patterns, triple candle patterns

Reversal patterns, double candlestick patterns. *See* Double candle types, reversal patterns

Reversal patterns, single candlestick, 70–90

Bullish Belt-Hold and Bearish Belt-Hold Lines, 84–90, 88, 89

Bullish Meeting and Bearish Meeting Lines, 81–84, 85, 86

Doji at the Bottom, 78–80, 82

Doji at the Top, 80–81, 83

Hammer, 72–73

Hanging Man, 73, 74, 76

Inverted Hammer, 75, 77

Shooting Star, 75–78, 79

Spinning Top, 70–72

Reversal patterns, triple candle patterns, 119–169

Abandoned Baby Bottom and Top, 126–131, 132, 133

Advance Block, 151–153, 152

Breakaway Three-New-Price Bottom/Top, 137–143, 141, 142

Bullish Black Three Gaps and Bearish White Three Gaps, 143–147, 145, 146

Deliberation, 153–154, 155

Doji-Star at the Bottom and Top, 119–123

Three-River Morning and Evening Star, 131–134, 135, 136

Three-River Morning Doji-Star and Evening Doji-Star, 123–126, 127, 128

Three White Soldiers and Three Black Crows, 147–148, 149, 150

Tri-Star Bottom and Top, 134–137, 138, 139

Upside Gap Two Crows, 154–156, 157

Rising Three Methods, 267, 269

Rising Three Methods and Falling Three Methods, 185–188, 189, 190

Rounded Bottom and Top, 256
Rule of Multiple Techniques, 234, 235, 248, 250

S

Sakata's Five Methods, 253–271
Homma and, 4–5, 253
Japanese method of three, overview, 254–256, 257, 258
overview, 253
rule of 2, 255
Sakata's Constitution (*Soba Sani No Den*), 253–254
Sanku (Three Gaps), 256, 261–264, 265, 266
Sanpei (Three Parallel Lines), 256, 263–267, 268
Sanpo (Three Methods), 256, 267, 269, 270
Sansen (Three Rivers), 256, 261, 262, 263
Sanzan (Three Mountains), 254, 256, 259, 260
Simultaneous Three Wings, 267, 267
Schwager, Jack, 210–211
Schwager on Futures (Schwager), 210–211
Separating Lines, 172–176, 174, 175
Shadow, defined, 8
Shaven head/shaven bottom, defined, 8
Shimizu, Seiki, 254
Shooting Star
Black Inverted Hammer or Inverted Black Umbrella Candle, 61
Inverted Umbrella Candle at the Top, 16–17, 18
reversal patterns, single candlestick, 75–78, 79
umbrella candle example, 65
White Inverted Hammer or Inverted White Umbrella Candle, 60–61
Short black candle, 13, 29–30, 31, 32
Short white candle, 13, 14, 19, 21
Shu Ashi, 7
Simple Moving Average, 217

Single candle types, 11–57
basic formation, 12
black candle types, 12, 25–35 (*See also* Black candles)
doji, defined, 8
doji candle types, 12, 35–55 (*See also* Doji)
long candle, 12–13
overview, 11
short candle, 13
size, location, and colour of, 12
white candle types, 12, 13–25 (*See also* White candles)
Sklarew, Arthur, 215
Small Black Doji, 55
Small Doji, 55, 56
Small White Doji, 55
Spinning Top
Black Spinning Top, 30
White Spinning Top, 19–20
Stick Sandwich, 209
Stochastic Oscillator, 224–229, 228

T

Tasuki Upside and Downside Gaps, 195–196, 197, 198
Techniques of a Professional Commodity Chart Analyst (Sklarew), 215
Three Buddha Top, 256, 256
Three Downside Gaps, 261, 266
Three Level Fluctuations, 254, 256
Three-River Morning and Evening Star, 131–134, 135, 136
Three-River Morning Doji-Star and Evening Doji-Star, 123–126, 127, 128
Three Upside Gaps, 261, 265
Three White Soldiers and Three Black Crows, 147–148, 149, 150
Thrusting Line, 183–185, 186
Thrusting Line and Incomplete Dark Cloud Cover, 100–104, 105, 106
Time dimension, of Japanese candlestick charts, 5–6
Tower Bottoms and Tower Tops, 160–163, 164, 165

Tri-Star Bottom and Top, 134–137, 138, 139

Tsuki Ashi, 7

Tweezers Bottom and Tweezers Top, 115–119, 120, 121

Two Crows, 261, 262

U

Umbrella group candles, 59–65

Black Hammer or Hanging Man (Black Umbrella Candle), 60

Black Inverted Hammer or Shooting Star (Inverted Black Umbrella Candle), 61

examples, 62, 63, 64, 65

overview, 59

White Hammer or Hanging Man (White Umbrella Candle), 59–60

White Inverted Hammer or Shooting Star (Inverted White Umbrella Candle), 60–61

Unique Three-River Bottom, 261, 263

Upper shadow, defined, 7

Upside Gap Two Crows, 154–156, 157

V

Versatility, of Japanese candlestick charts, 5

Volume, 238, 239

W

Wave Principle, 240–243, 243, 244, 245

Weighted Moving Average, 217

White candles

Hammer (Umbrella Candle at the Bottom), 19

Hanging Man (Umbrella Candle at the Top), 17

Inverted Hammer (Inverted Umbrella Candle at the Bottom), 17

Inverted White Umbrella Candle, 16, 60–61

Long Closing Bozu White Candle, 15

Long Marubozu White Candle, 15

Long Opening Bozu White Candle, 16

Long white candle, defined, 15

Long white candle, high price area, 25, 26

Long white candle, low price area, 22, 24, 27

Long white candle, resistance broken, 22, 23

overview, 12–13, 14, 15

predominance of, over black candles (bullish implications), 33

Shooting Star (Inverted Umbrella Candle at the Top), 16–17, 18

Short white candle, 19, 21

White Lower Shadow, 20

White Spinning Top, 19–20

White Umbrella Candle, 17, 59–60 (*See also* Umbrella group candles)

White Upper Shadow, 22

See also Umbrella group candles

Wilder, J. Welles, Jr., 221, 232–234

Williams, Bill, 221

Williams, Larry, 229

Williams' Percentage Retracement, 229–232, 233

Windows (gaps), 126, 172, 192, 196

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