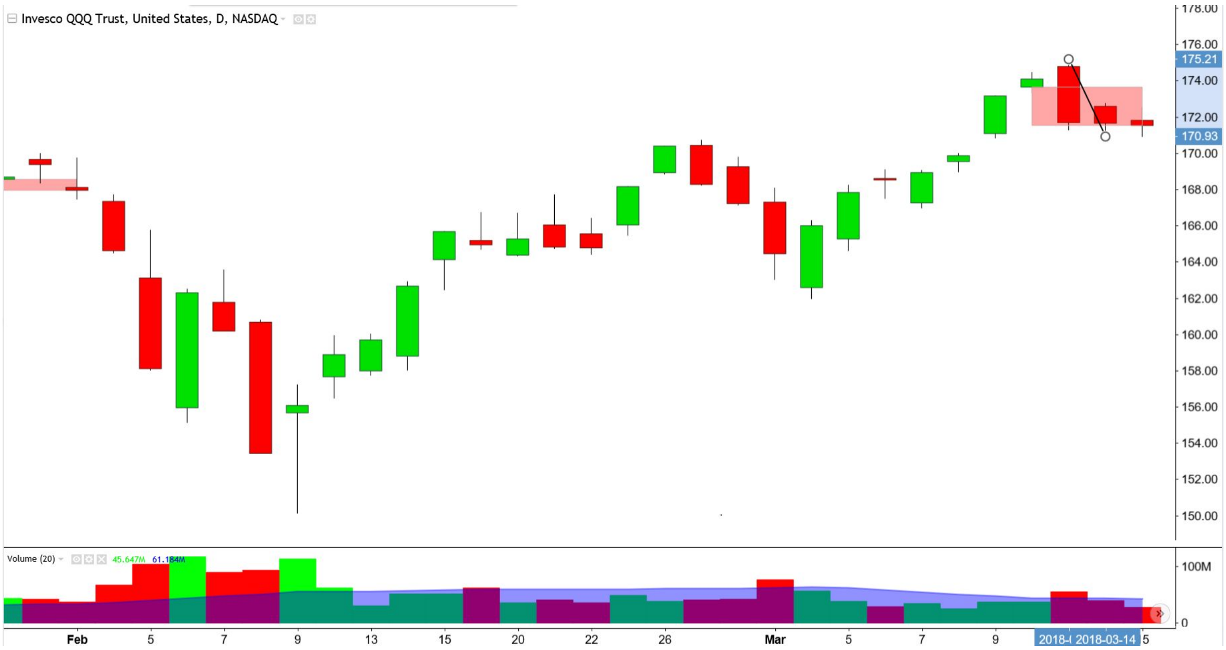
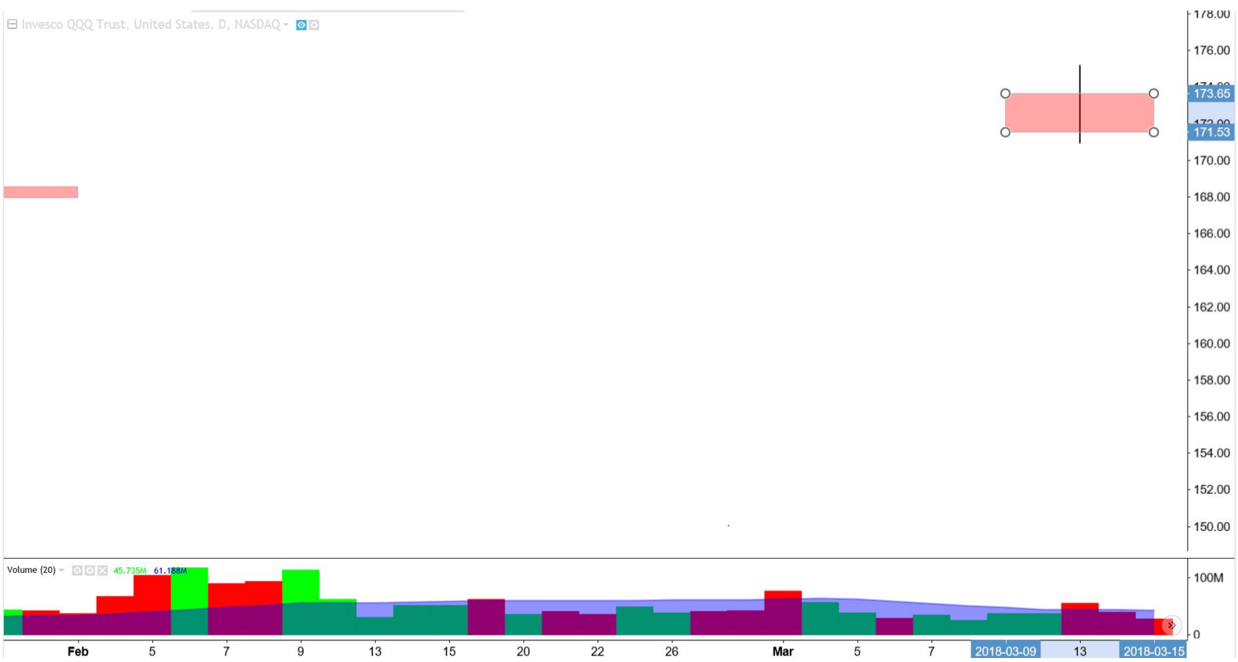
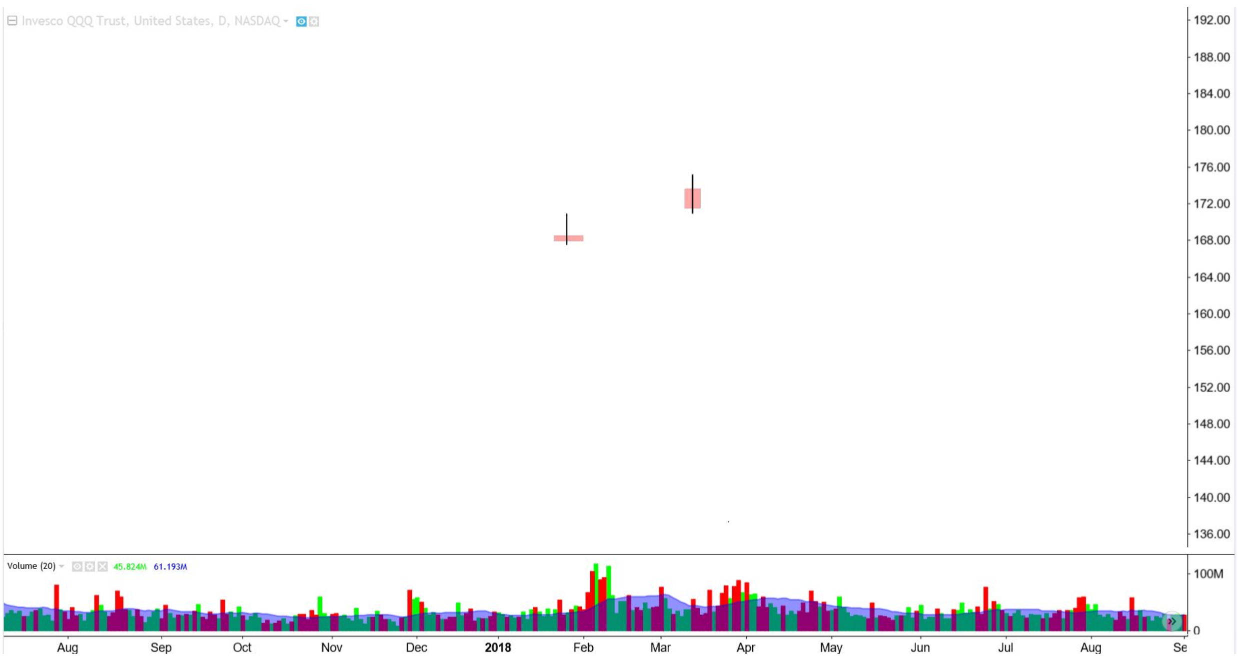


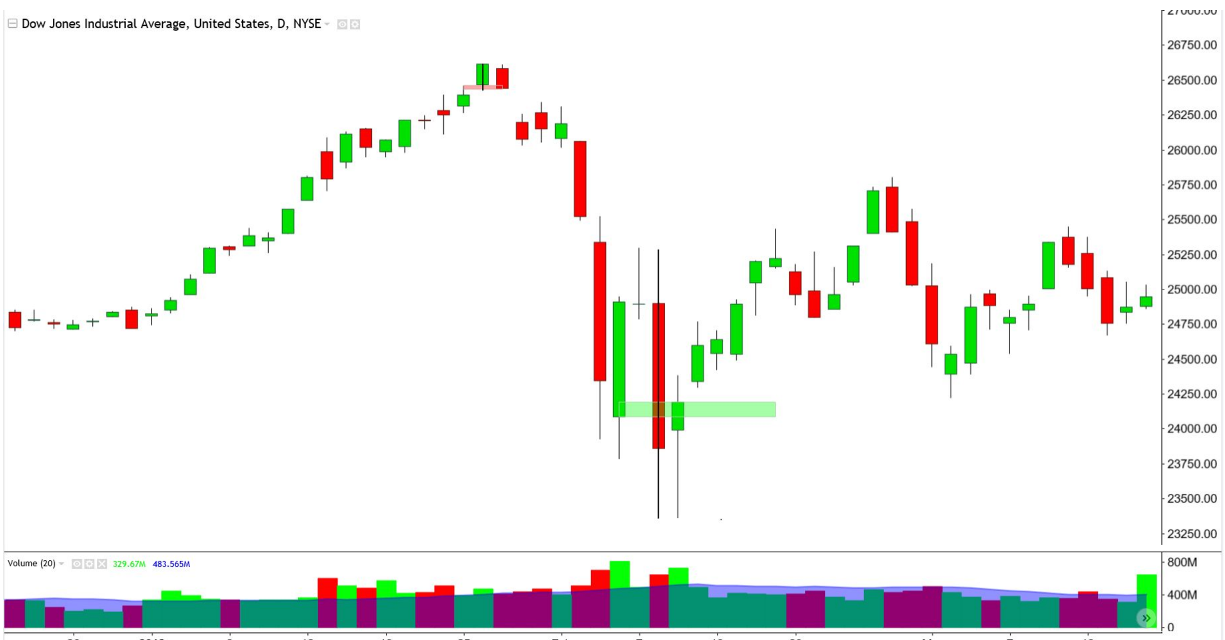


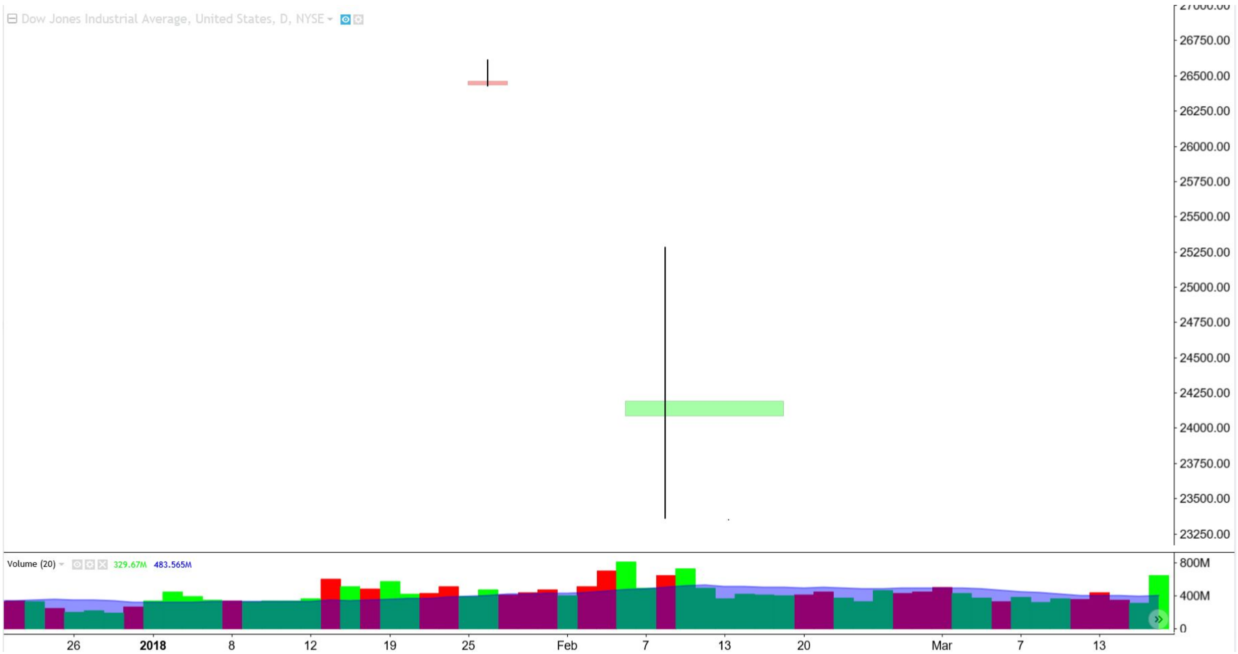
Another similar case starting with a bearish engulfing that was the first sign of a possible bearish reversal. It also helped that this was at a now clearly established upper resistance range.



These two instances of combined candles were useful in clarifying price action that was generally bearish with higher price rejection present among the majority of candles that formed at the 170 area which formed an upper boundary at the time.

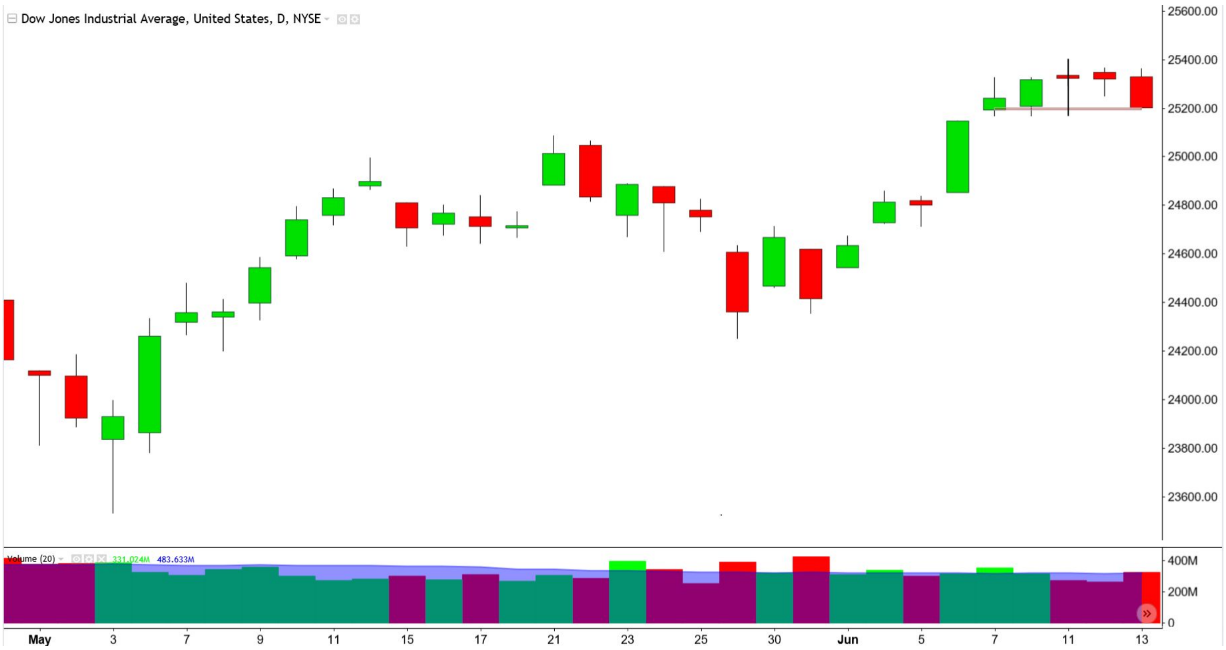
Combining Multiple Candles, Reversal Example Case Study 2

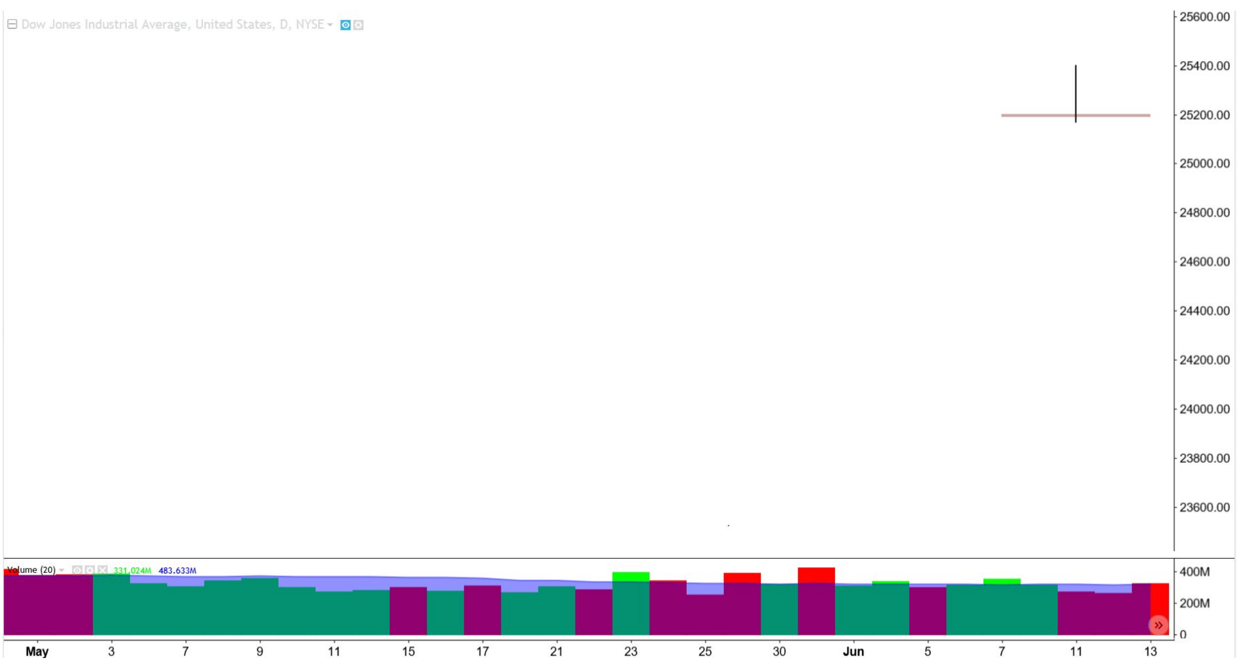




Gravestone doji forms a sharp peak with the highest candles combined.

The bullish reversal in February begins with the O of the second candle in the large piercing pattern and ends with the C of the bull hammer and large harami two candles later. It is not a neat formation and essentially a large thick bodied doji with overall lower wick rejection comprised of the highly volatile candles that rapidly shifted from day to day. Not an ideal example but a great demonstration of how things aren’t always neat and orderly in real live markets even when combining candles for further clarity on the market situation. It could have started with the O of the first red candle in the large piercing pattern as well to show the same general lower wick rejection.





The group of candles is still bearish overall but a delay to a possible downtrend creates uncertainty. Combining the O of the initial bearish star and the C of the most recent increasingly bearish candle creates a gravestone doji.

Price immediately trades below these combined candles and just like a single gravestone doji there is a higher likelihood of a downtrend when price closes below the low of the gravestone doji. Especially when volume increases.

A downtrend certainly did form but it was weaker due to a lack of sustained red bearish volume above normal levels. Also there was constant bullish buying as evidenced by the many lower wick rejection candles in June. This downswing from combined candles is unique it that it could be used during the downswings formation. It will often be difficult to combined candles in this way in live markets. Often combining candles is used to clarify past price action to establish clearer ranges rather then interpreting a possible developing reversal like the example here.

Chapter 12 Assorted Case Study Practice Examples

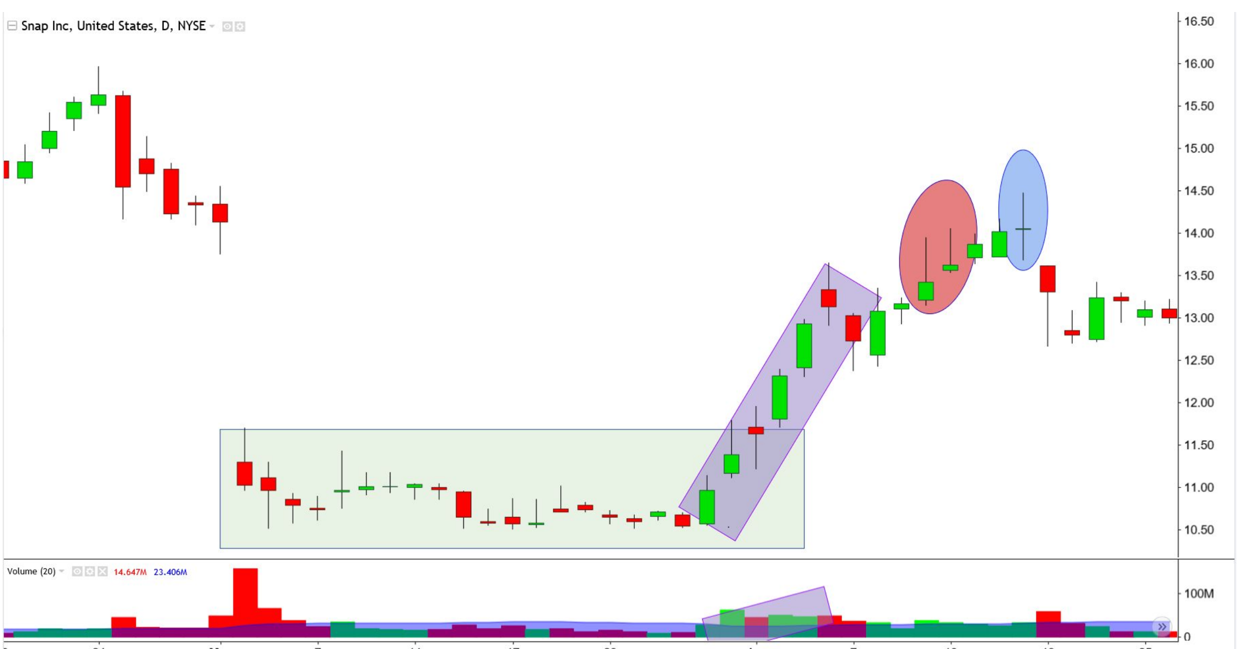
Assorted Practice Case Study 1

An example of a newly listed stock off to a bearish start that has been accelerated further with the recent gap down.

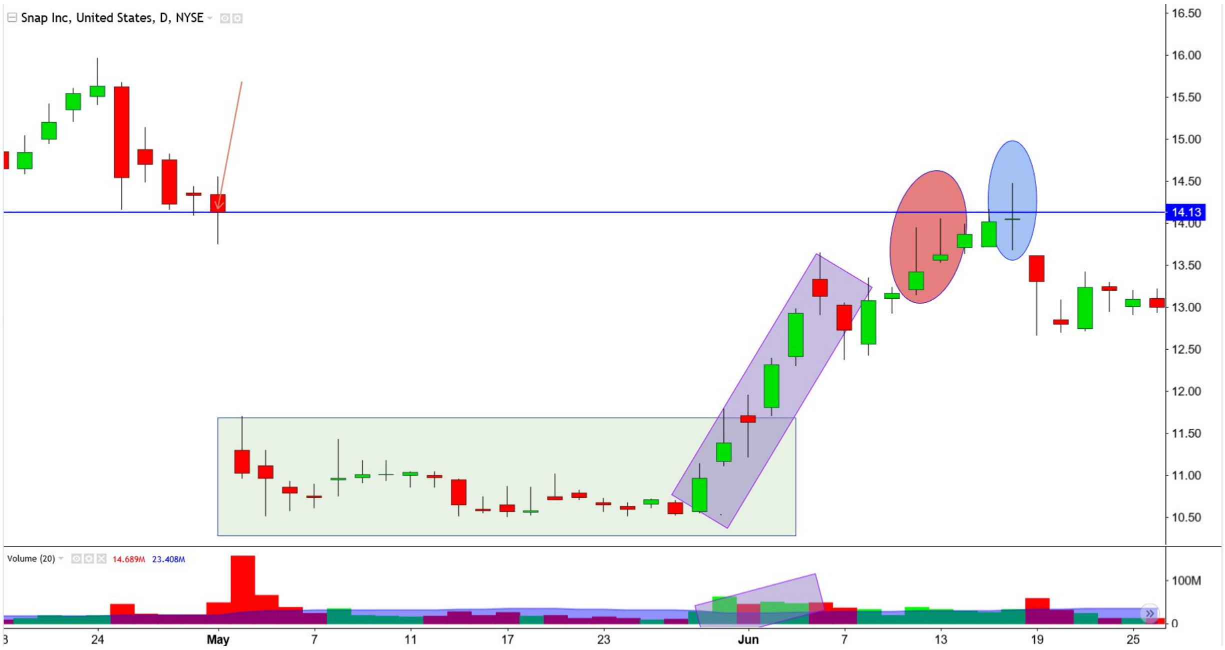
First an inverted hammer and now a bull hammer to slow down the move to lower prices. The tone is still heavily bearish but the two recent reversal candles point to some bullish influence especially with the current lower wick rejection. There is also short term downward over extension as there often is with gap downs. This coupled with the existing downtrend points to a slowing down if not a complete reversal in the near future.

No reversal and that is normal due to the next few candles unable to close above the high of the May 3rd bull hammer. 10.00 is a key range for low priced stocks regardless of how long they have been on the market, it is just a clean round psychological number. Thus it is a natural strong support range as evidenced by the lower wick rejection and dojis for an increasingly neutral to bearish tone.

The opposite of a resting phase in a downward continuation. Price breaks above the gap down range with some natural opposition to slow down the strong incline around 11.50 where the gap down marked the top of the temporary range. A range of deliberation as seen with the high concentration of dojis.



Upper wick rejection even with a balanced doji on June 18th(marked with the blue oval) along side clear bearish stars are to be expected to hold price down around the 14 range as it is a normal gap fill resistance.



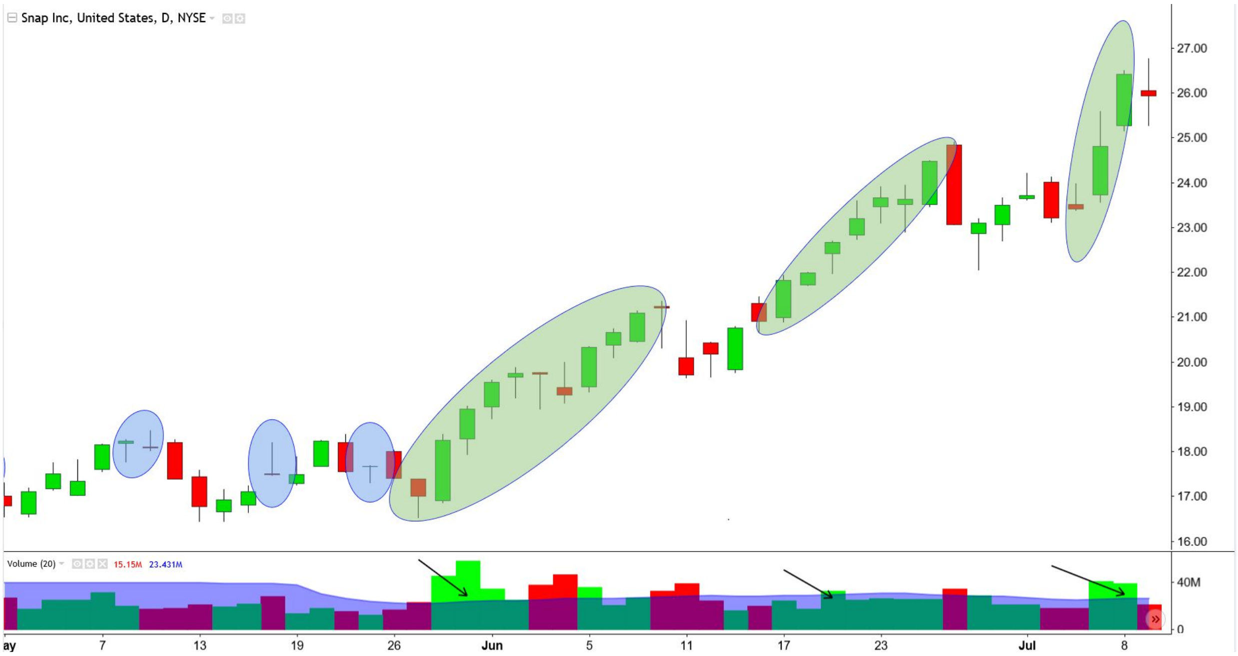
The 14 range remains a firm upper barrier and the row of bearish stars are confirmed with a big red candle closing lower on June 19th. However it is a bull hammer candle that isn't in a reversal context but the lower wick rejection demonstrates an unwillingness in a portion of the market to rapidly accelerate lower. Furthermore the row of bearish stars were green and gradually closed higher for a slow down of the prior uptrend rather than a rapid shift to immediate strong selling. On top of all that the volume decreases significantly while price action becomes indecisive in the next few weeks. Also note the 14 range was the center of volatile up and down price action in later 2018 and became a gap up that was filled for a minor upswing before it was breached with the recent gap down in April.

Snapchat stock was held up but mostly repelled before even directly contacting 14.00. When it was directly contacted it led to rapid upper wick rejection even for dojis. Pressure at 14 coupled with weak bullish intent gave way when selling gradually increased for a sustained downtrend that had periodic slow downs when dojis emerged alongside some single bullish reversal candles that were never strongly confirmed for a minor upswing.

Bull hammer in mid December was engulfed with immediate trading and closes going successively higher. Volume was at normal levels to make it an upswing of decent strength that gradually rose due to the slight downward over extension in the downtrend from increasingly more frequent bearish spikes that persisted for a short time even into 2019. Though overall the uptrend gained a stable footing and now demonstrates the reverse with periodic bullish spikes holding prices higher.

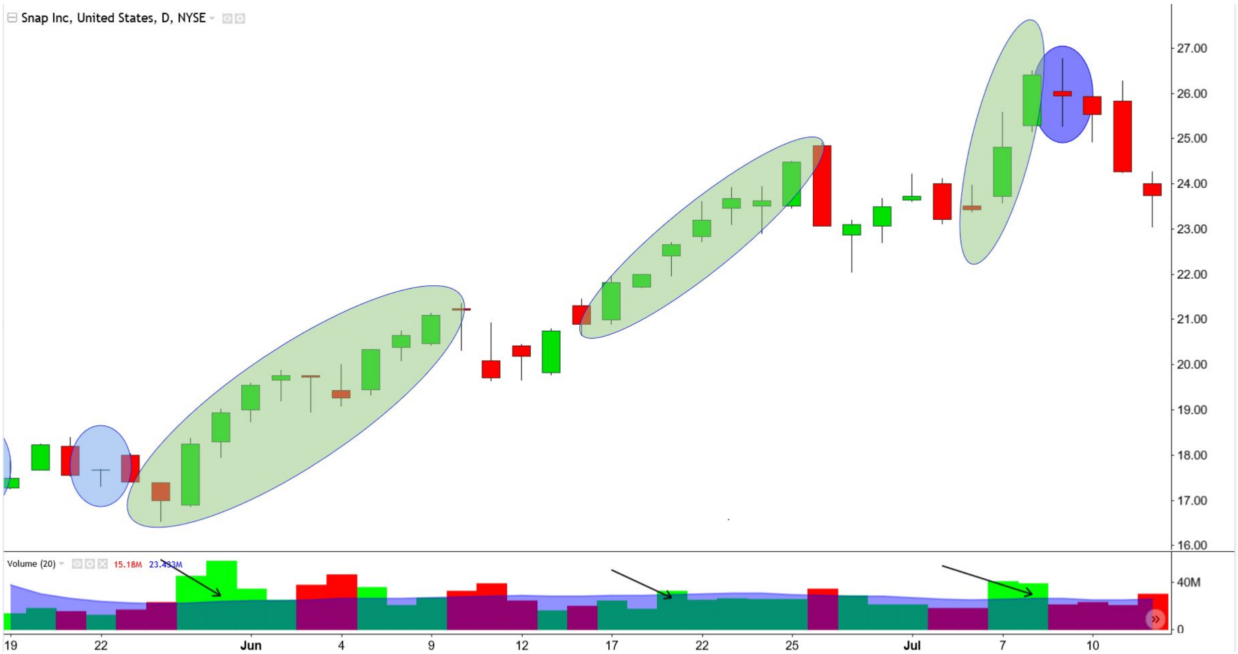
Strong lower wick rejection and a gap up provide a strong new base back at the 14 area.

Another demonstration of a strong support range stalling a drop when it does not reverse it. Lower wick rejection on 14.00 in early March is negated by large red candles for a downward continuation upon break of the temporary support range. Later the 14 area does the opposite during a rapid shift back up that doesn't get too over extended upward into May because of dojis and upper wick rejection that stabilize to a shallower incline with minor downswings.

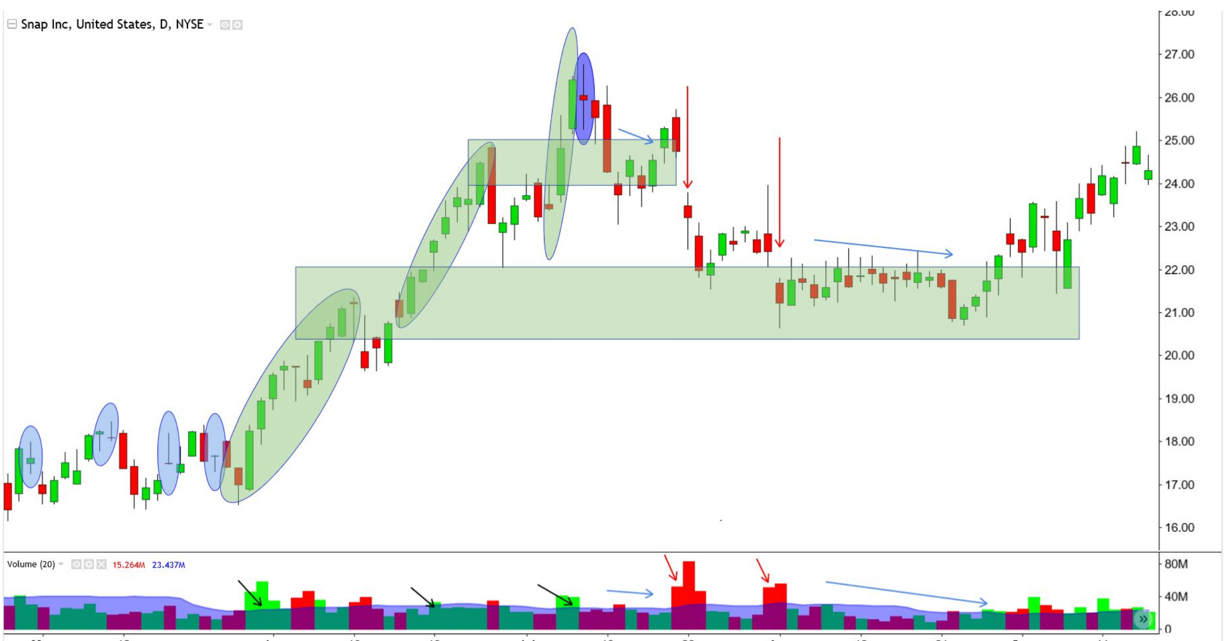


The stabilization of the short term steep incline gives way to a series of rapid bullish continuations after prices establishes a firm hold around the 17 range.

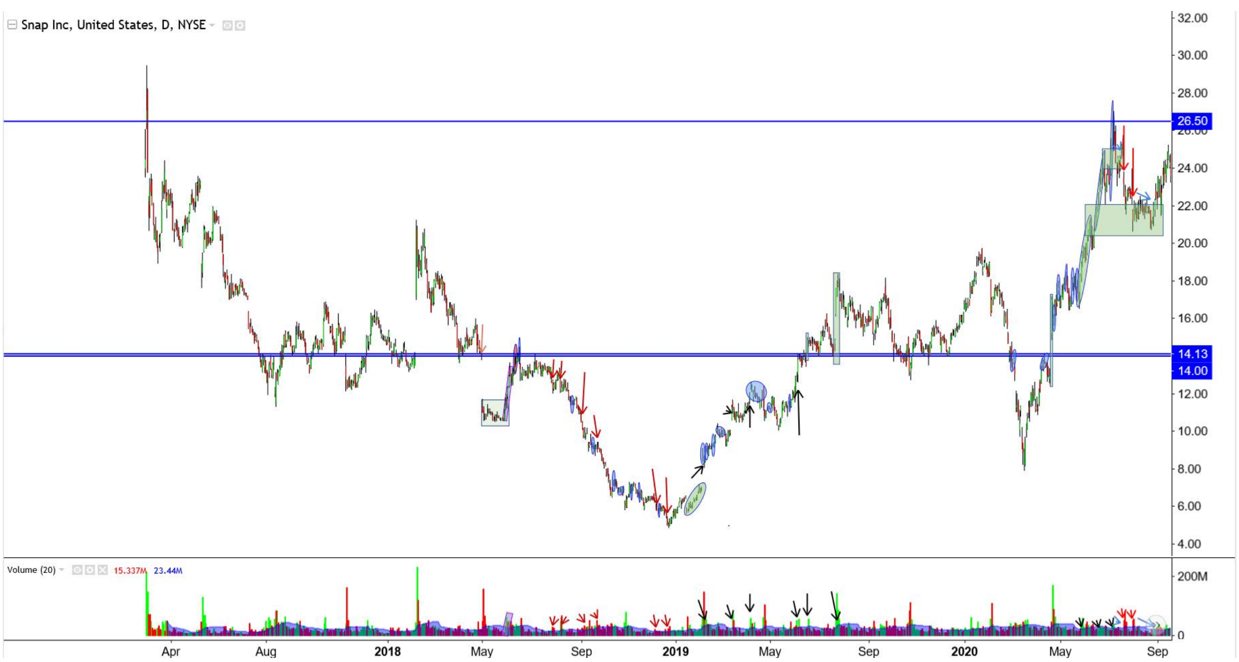
June ends with a bearish engulfing that is not sustained with the next candle being a bull hammer to counter it and hold price relatively flat before a minor spike higher. That is when a neutral to bearish tone develops with a harami that also has some opposition from the current bull hammer rejecting lower prices for a possible downtrend to develop.



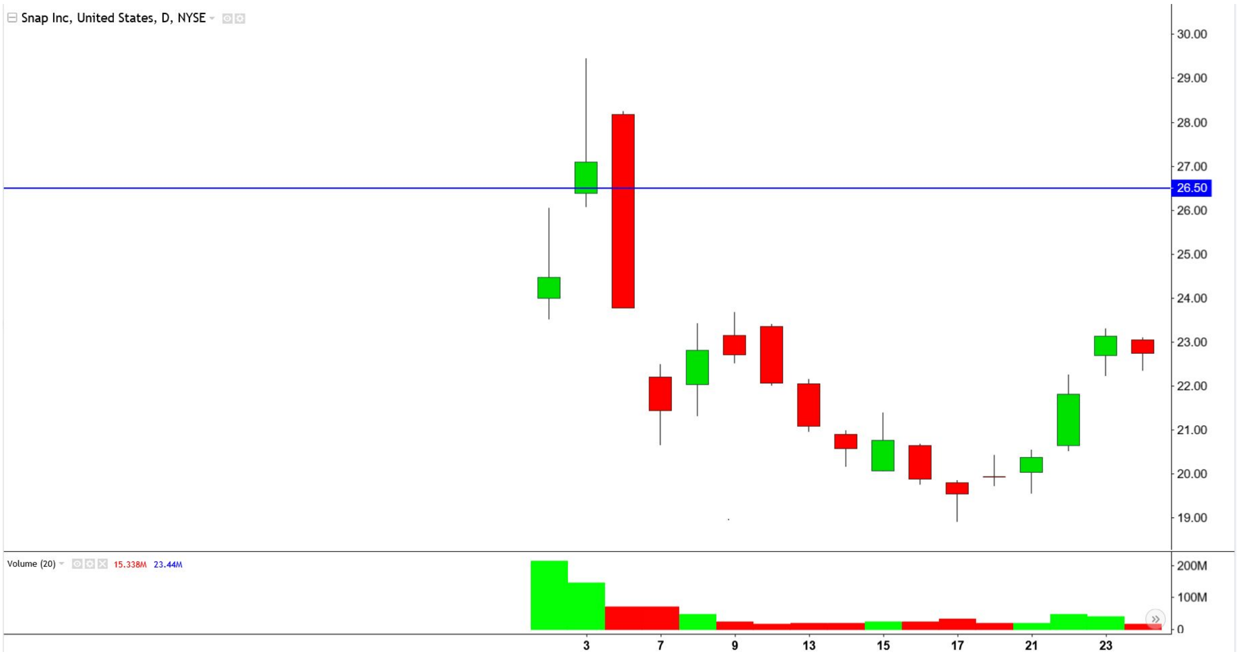
The tone shifts more bearish with a strong close down but once again a bull hammer emerges to slow down the drop at this early stage of a possible downtrend.



Another case of the swing points from upward continuations providing support to falling price and slowing down a developing downtrend.



The uptrend has indeed been steep but it had adequate stabilization from the minor bearish to neutral ranges to avoid some strong surges of selling becoming a long term downtrend.



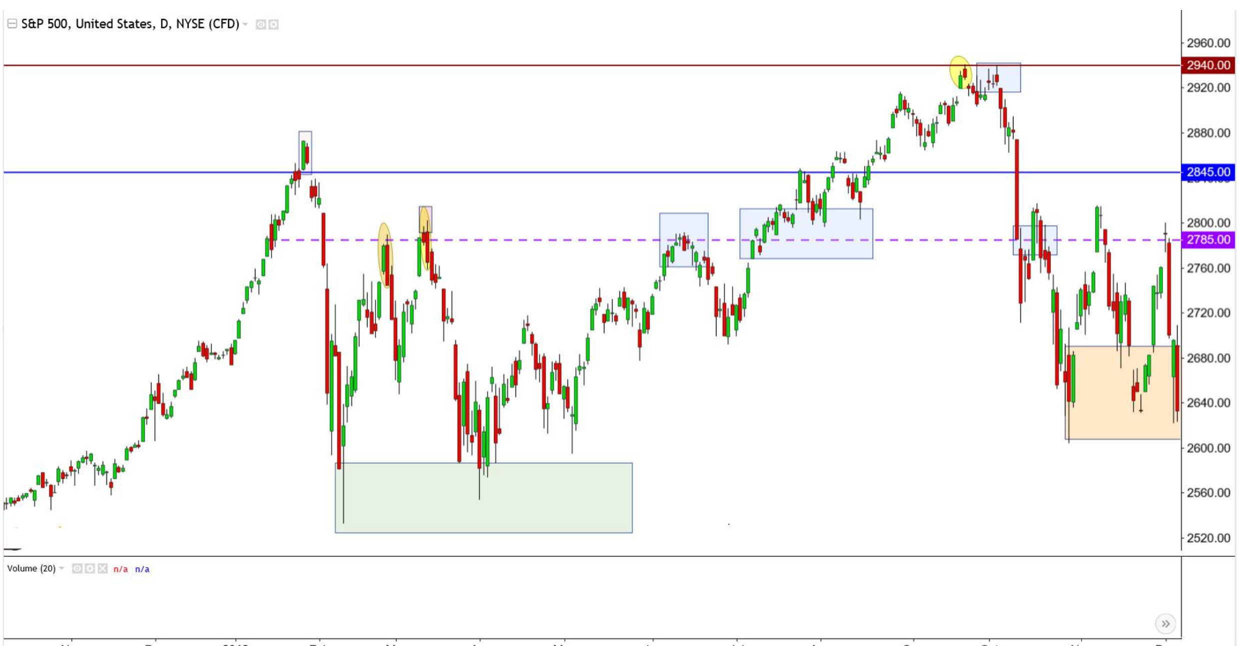
Returning back to the IPO range with 26.50 being a nice round number at an early downswing point. In this case it is near the open of a bearish star that is bearishly engulfed. Naturally these few factors are more than enough to have 26.50 back in the spotlight as many longer term positions are concentrated around this early pivotal price.

24.00 will certainly be a major boundary as well due to it being the actual IPO price.

The overall uptrend remains strong and stable. It is slowed down by the long term 26.50-24.00 range. This is very normal especially since this range was also a recent downswing area in July. There was normal volatility at the 24.00 IPO. Despite these bullish candles remained consistent at near normal levels of volume to make a steady rather than a steep climb through this upper intermediate range.

Assorted Practice Case Study 2

Dark cloud cover and a series of bearish stars and dojis form a defined top that is accelerated by a few large red candles. Though there are still periods of indecision that slow down the strong downtrend.



A less strict bullish engulfing at the end of October is a key event near the last major range of support.

Strong selling continues with a few large red spikes but they are abruptly stopped in a new range of support made up of clear and swift single candle reversals in the proceeding two upswings. The second upswing in late November is a combination of a gravestone doji in the context of an inverted hammer and the middle candle in the general price action of a morning star. Also note 2785 is a key upper range with clear and swift reversals as well. Interesting to see dojis in a bearish context.

The early December bull hammer had some initial success in holding price in the 2600s but selling pressure persists and the recent close under the bull hammer's close renews the likelihood of lower prices as the recent support range is under increasing pressure.

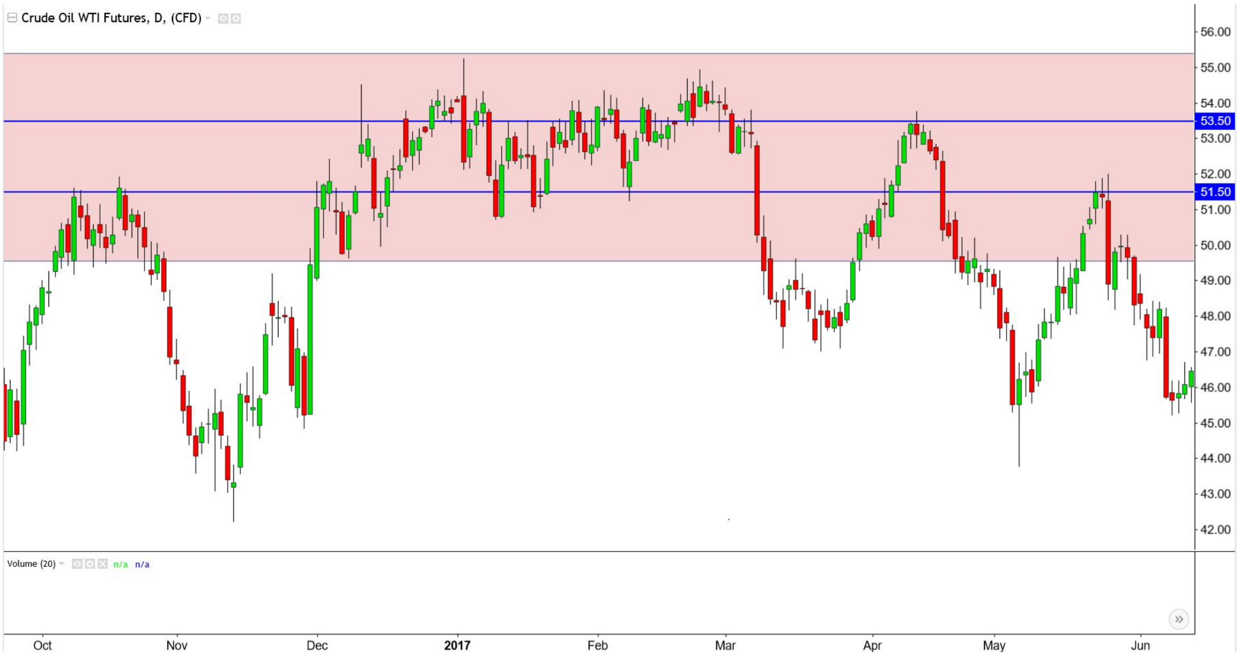
Bull hammer and temporary lower 2600 range has been negated with a continued row of progressively lower red candles.

In fact this is a strong downward continuation that is likely to complete or at least halt quite soon. A 3 black crows has even formed with the last 3 candles and there preceding red candles making for the beginnings of a rapid downward over extension. There is also lower wick rejection on December 20th with a slightly longer lower wick closer to a bull hammer. Then the current candle is still strongly bearish and symmetrical in terms of a balanced real body and upper and lower wicks being evenly distributed. However the lower wick runs through 2400.

Taking a look back reveals 2400 to be a major long term level, thereby making lower wick rejection on it a normal occurrence. The downtrend persists for a short time longer with one last bearish thrust lower into the 2300s which is an even stronger lower boundary than the 2400 level. The market is oversold in the short term to help form a strong bounce along with the influential 2300 range. This allows for a strong and relatively stable uptrend to develop.

Assorted Practice Case Study 3

A highly contentious range in the lower to mid 50s has led to flatter price action over the years.



Even when there are more defined reversals in this range there is often some delay in forming a trend for the long term such as the delayed downtrend from prolonged resistance moving from 2016-2017.

Crude oil futures also provides an example of analyzing a chart without volume. Even without volume there is a clear break higher with two green candles with gaps between their real bodies to pass the upper boundary of the stiff range in early November. There is the characteristic bearish to neutral range that follows to consolidate higher and there is good lower wick rejection upon first contact swinging down onto and over the 56 area to en 2017 on continually more bullish sentiment. This is apparent with large green real bodied candles moving towards the 60s. Even though there is no volume the general increase in successively higher green candles is a simple yet effective indication of bullish strength.

A clear upward channel demonstrates long term bullish stability.

Clear trend lines can be drawn closer to the real bodies of candles that form up and downswing points to produce highly valid trend lines.

Similar to the earlier flat horizontal 50s range, a channel can have additional trend lines drawn within the wider range to add more detail.

After the break below the upward channel there are strong downward continuations prior to recontact with the mid to lower 50s that are still a highly contentious area and the greater presence of dojis in and around this areas indicates continued uncertainty and indecision in and around this area. Even without large red volume spikes it is quite apparent the market gradually becomes over sold from the rapid downward acceleration that has both large red candles and continued gaps between the row of red candles. A strong bearish move but one that inevitably becomes unsustainable without some minor bullish to neutral ranges to sustain the downtrend. Also note the late 2018 upswing is a combination of a harami and bullish engulfing for price action close to a morning star.

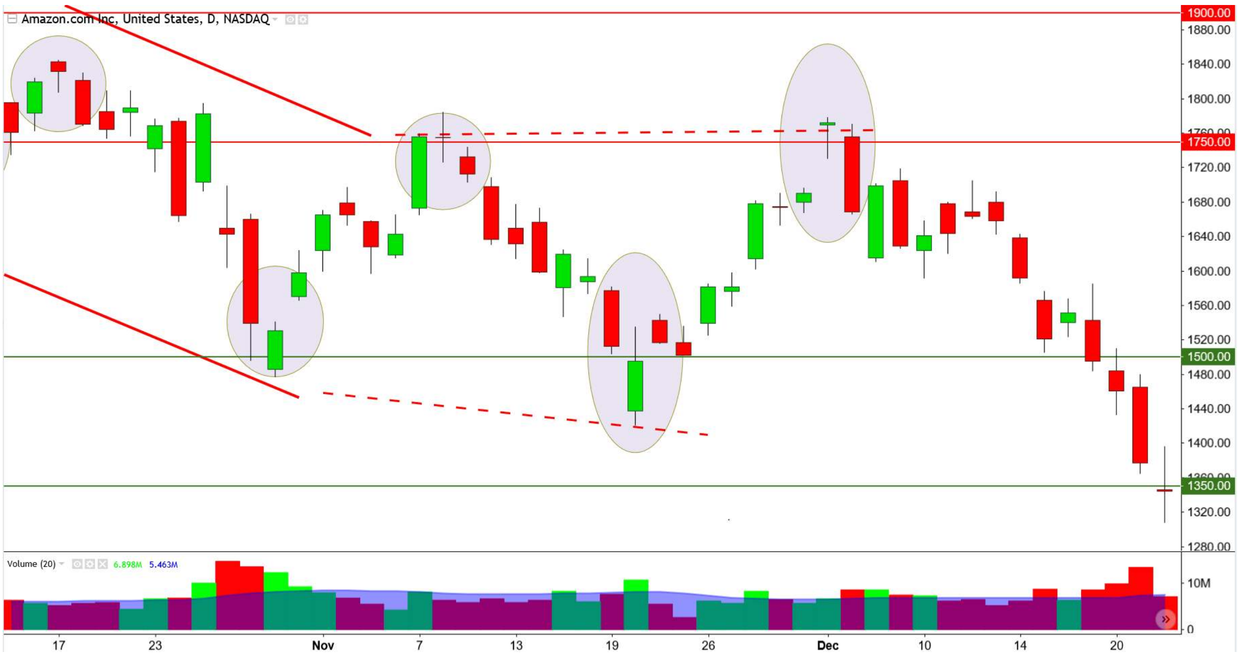
Assorted Practice Case Study 4

"Smooth" movement in terms of the gradual acceleration and flattening of the downtrend comprised largely of swing points with morning or evening star price action.

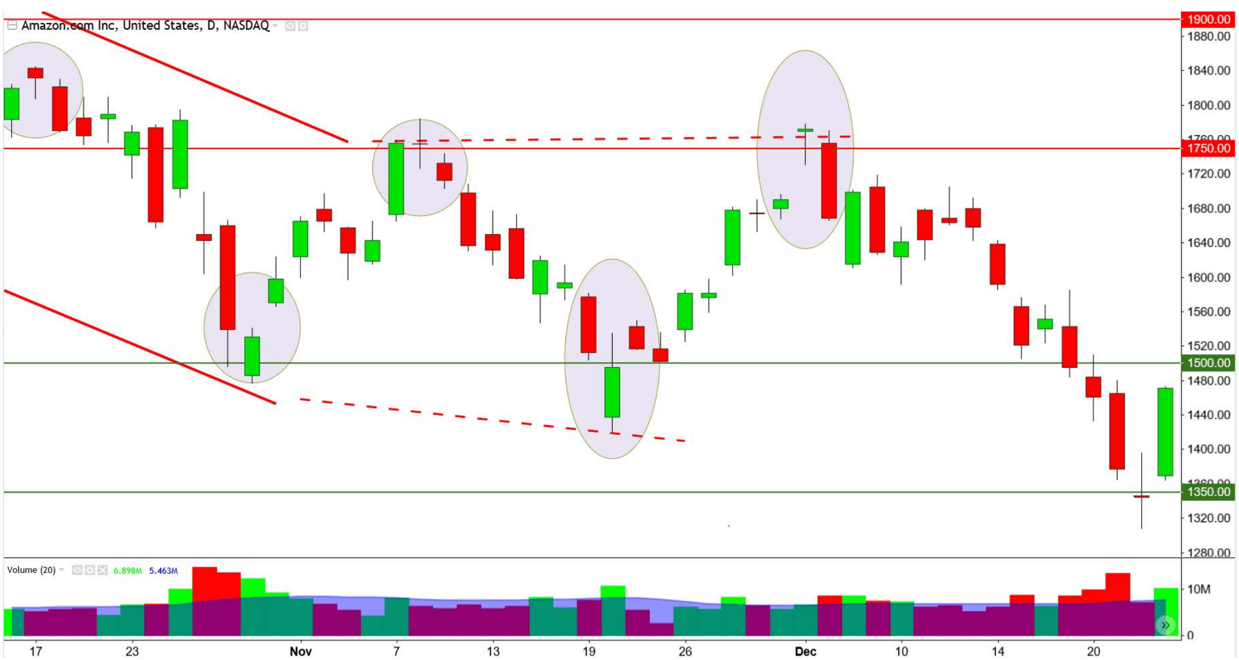
December starts with a hanging man that gaps down into a strong kicking pattern at 1760 and the last downswing points. Though the current green candle puts doubt into a rapid downtrend.

The one green candle countering the clear downswing point led to a delay of the downtrend that only began to take hold with an increase in red selling volume and real bodies with large gaps in between them for a 3 black crows acceleration toward the temporary support defined around the 1400s from the last two upswings.

Reaching a major long term range that coincides with the more recent lower support range around 1500.



Market continues to be volatile and uncertainty remains.



Another single large green bodied candle changes the situation drastically. It not only quickly injects a bullish sentiment with a near perfect morning star formed in terms of matching the proportions seen on theoretical diagrams, the volume also shifts with the second candle having lower volume during the deliberation with the large doji. While the volume for the first and third candles is proportionally higher.

The clear outline for a potential uptrend is there but the current candle shows some delay and further deliberation as it is unable to close or even trade over the morning star's high. However a bullish advantage still remains in the short term as the current candle shows lower wick rejection and continued high green volume.

A similar situation with the next candle that maintains high bullish volume and even trades over the morning stars high but is still unable to close above it(the H is from the H of the first red candle since it is the highest H in the morning star. The current candle is also a doji with upper wick rejection at 1500 which now acts as the first barrier to the upswing becoming a defined uptrend.

Bearish candle but volume is proportionally lower than the past 3 bullish candles. It is also normal for a slight pause at the 1500 now acting as resistance. The candle H-L range has also decreased significantly compared to the last few candles to simply but effectively demonstrate lowered volatility.

A neutral to bullish tone sets in with the market holding up around 1500 but unable to build on the initial rise of the morning star. Note how the candles close near or above 1500 with most of the price action over 1500 with the past 3 candles. Essentially lower wick rejection when the last 3 candles are combined to illustrate favor to remain over the 1500 level but still indecisive in the short term.

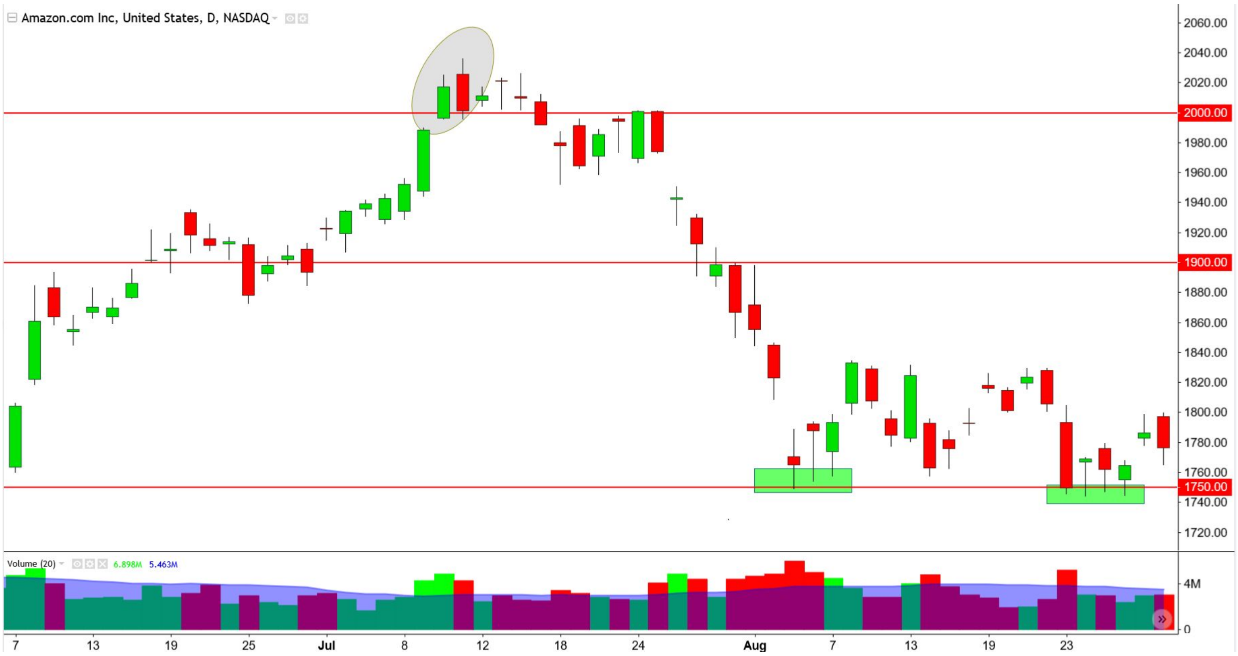
Price action and volume begin a bullish uptick again with the current candle decisively trading and closing higher for a defined break over 1500 to develop into a longer lasting uptrend.

Bullish momentum quickly subsides but it remains constant at normal to low levels of volume to slowly drift towards 1750 the next major obstacle to returning higher. Volatility and indecision reemerge into February.

Similar to before the market is increasingly volatile with rapidly shifting price in the slightly bearish to neutral range. However the upswings and downswings are mostly formed with morning and evening star price action for more gradual and stable swing points to define the temporary range.

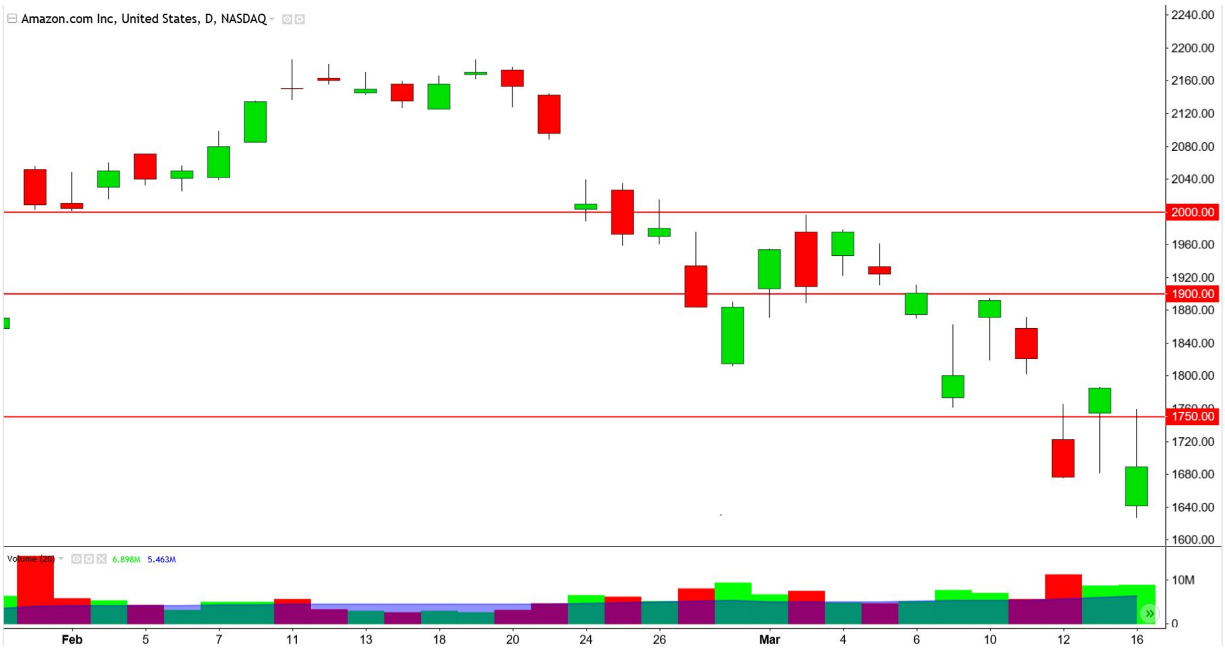
The influx of bullish volume into latter March is short lived but adequate to take Amazon stock toward previous high ranges where stronger selling unsurprisingly begins. 1750 then holds into June to prolong the uptrend. June begins with another short but vital injection of green volume to gap up.

This is followed up again in early July after a pause at 1900 to form a bullish continuation that is able to counter the bearish sentiment built up in May.

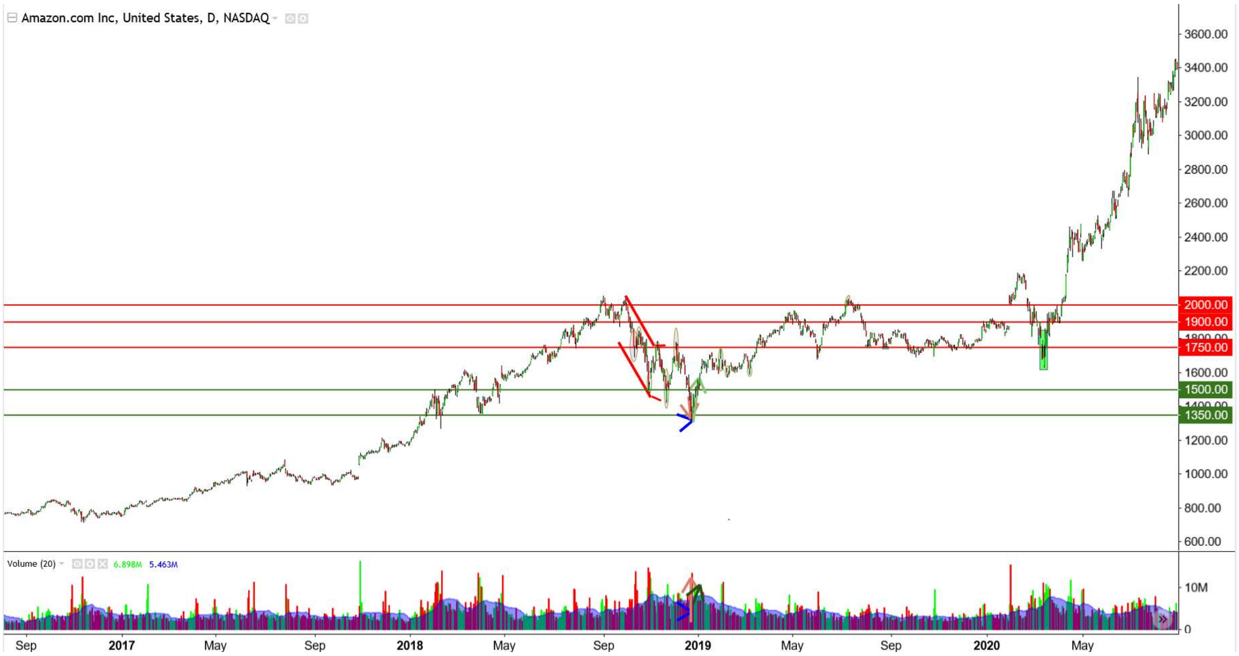


Clear example of a dark cloud cover leading to delayed bearish selling after a few dojis. When the selling volume increases near the end of July the downtrend is solidly confirmed.

1750 develops into a major lower range to show plenty of lower wick rejection. It is only breached temporarily with larger red spikes that are short lived.



Like the rest of the market Amazon stock was under bearish pressure and had high volatility during the massive drop in early 2020. However the 1750 level held. Price traded below it but only for a short time after a large bearish spike. Nonetheless a whole week of trading still managed to maintain contact with 1750 despite all the uncertainty. This led to an eventual upswing as price finally closed higher towards 1900 to end March.



At first it was more of a “passive” rise in reaction to the downward over extension of the steep early 2020 downtrend. Then periodic spikes with minor bearish to neutral ranges in between managed to push price to newer highs similar to the prior range in 2018-2019.

Another example of a consolidation to newer highs with a strong bullish break over 3000 followed by a minor downswing that did not proceed lower and was instead followed by a gradual upswing.

Lower wick rejection is all that matters on the 2900 level. Certainly not a bull hammer but enough to discern a maintenance of higher prices and rejection of trading back down into the 2000s.

Price gradually flattens prior to the highest close of the hanging man that is confirmed for a likely downtrend with the current large red candle strongly closing lower to form a kicking pattern and a less strict evening star with the last 3 candles combined.

As expected a strong downtrend develops. However it may not be long lasting due to the distinct lower wick rejection pushing back up against the strong drop.

Indeed the bearish sentiment gradually subsides to produce a much shallower incline on the approach to the 3000-2900 range that immediately begins to show lower wick rejection to greatly decrease the chances of developing a rapid downtrend.

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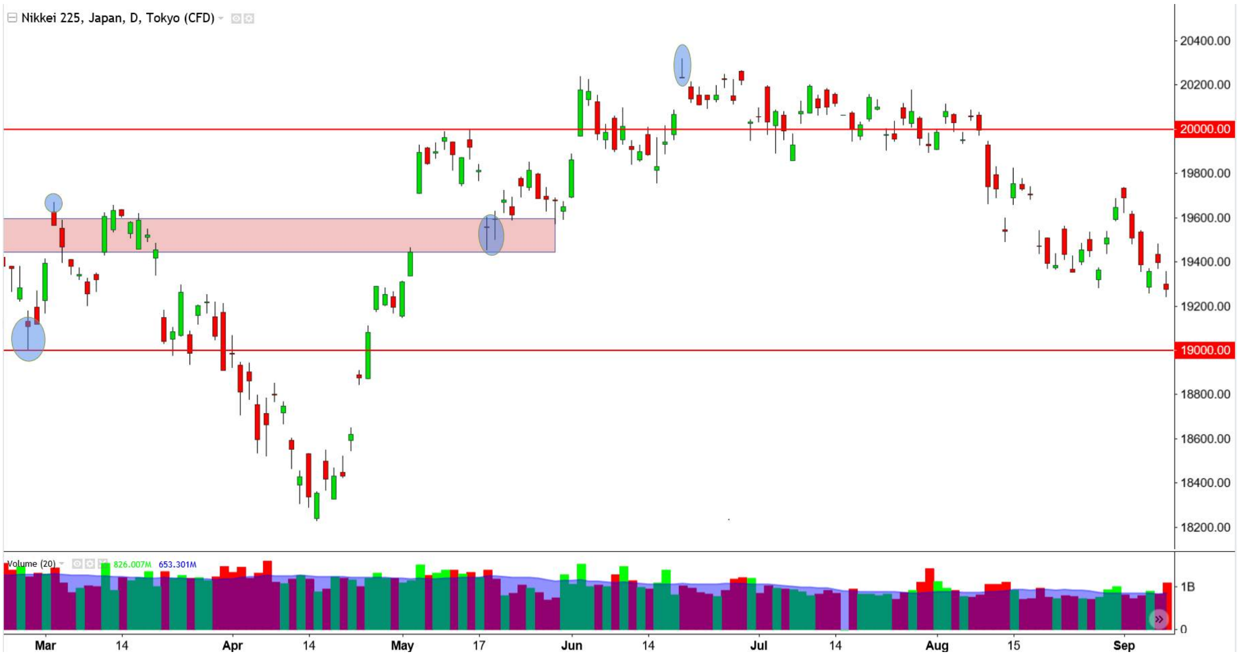
Assorted Practice Case Study 5

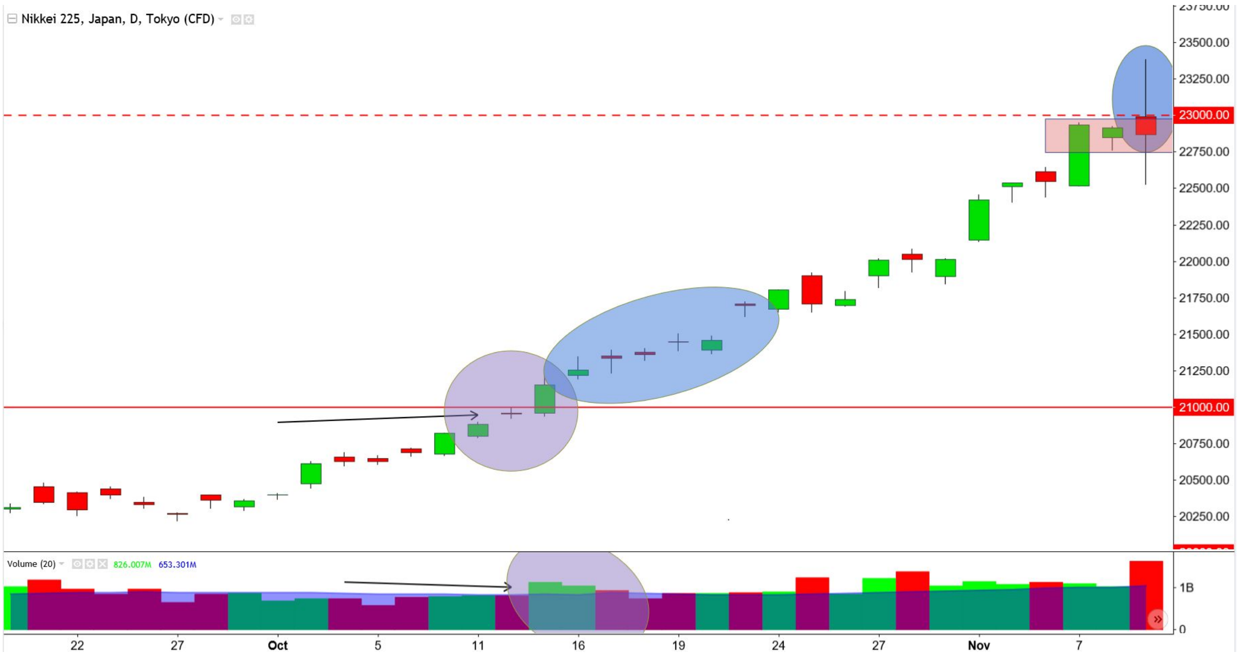
A fitting case study to examine the Nikkei 225 the Japanese benchmark stock index since candlestick charting can trace its origins back to Japan.

An evening star leads to a sustained push down to lower prices with several strong 3 black crows sending stock prices towards short term downward over extension at times.

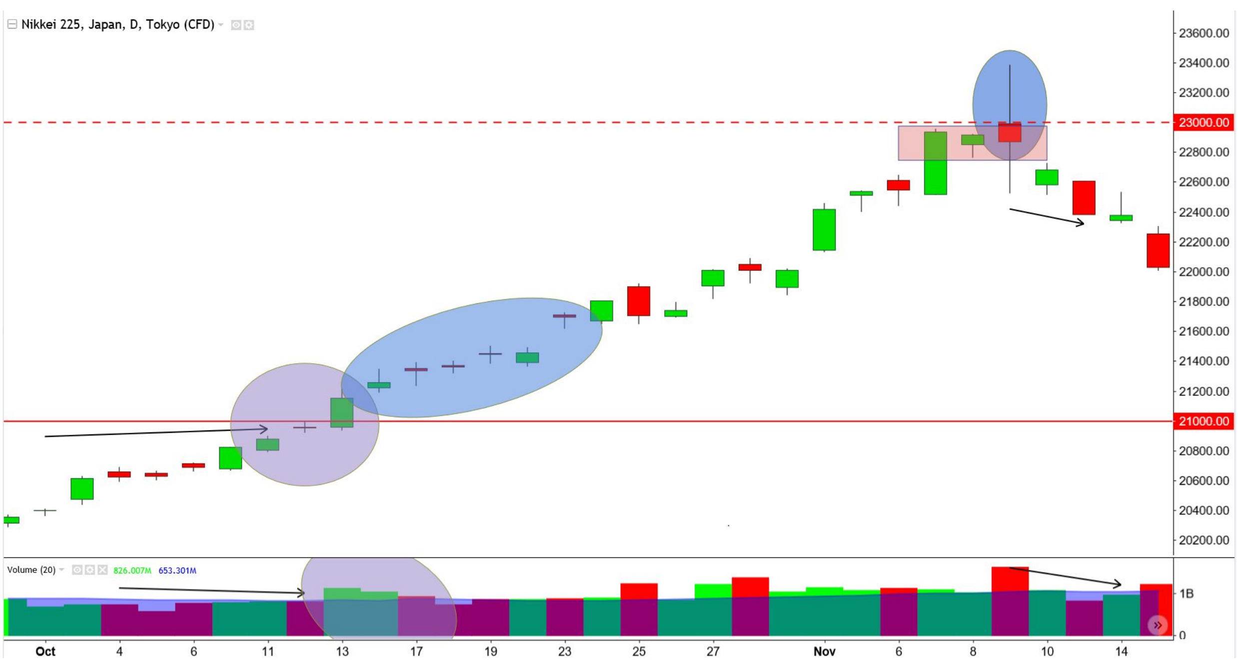
Trading is confined in a range after a major recovery takes the Nikkei back up to upper intermediate ranges. It is a temporary flat range held in place with many clear swing points made up of familiar candle patterns. Eventually the lower boundary at 19000 comes under increasing pressure for a likely downtrend once more.



Prices do decline but the bearish advantage is not sustained since there was reduced red volume prior to the mid April upswing that was initially a passive rise that was accelerated with periodic bullish surges with strong 3 marching soldiers and 3 methods rising price action. Also note the two examples of swift reversals from directional dojis forming an upswing and later starting a downtrend.



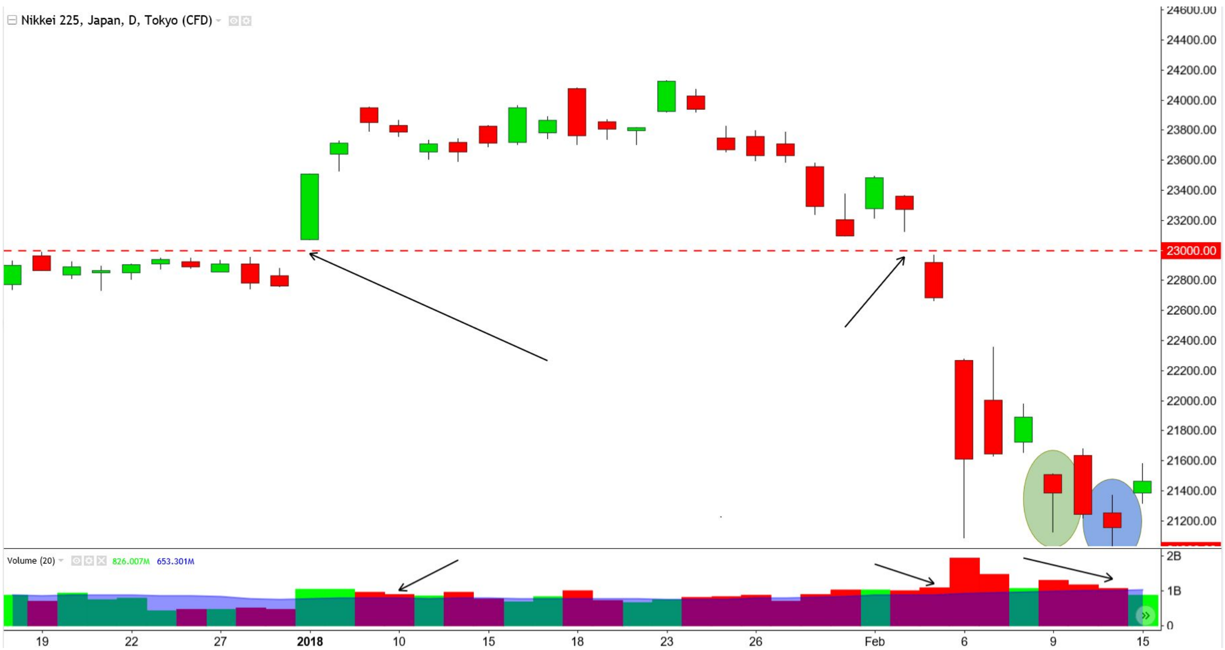
21000 is firm resistance with plenty of selling pressure still present but October sees general 3 methods rising price action to varying degrees to pass it.



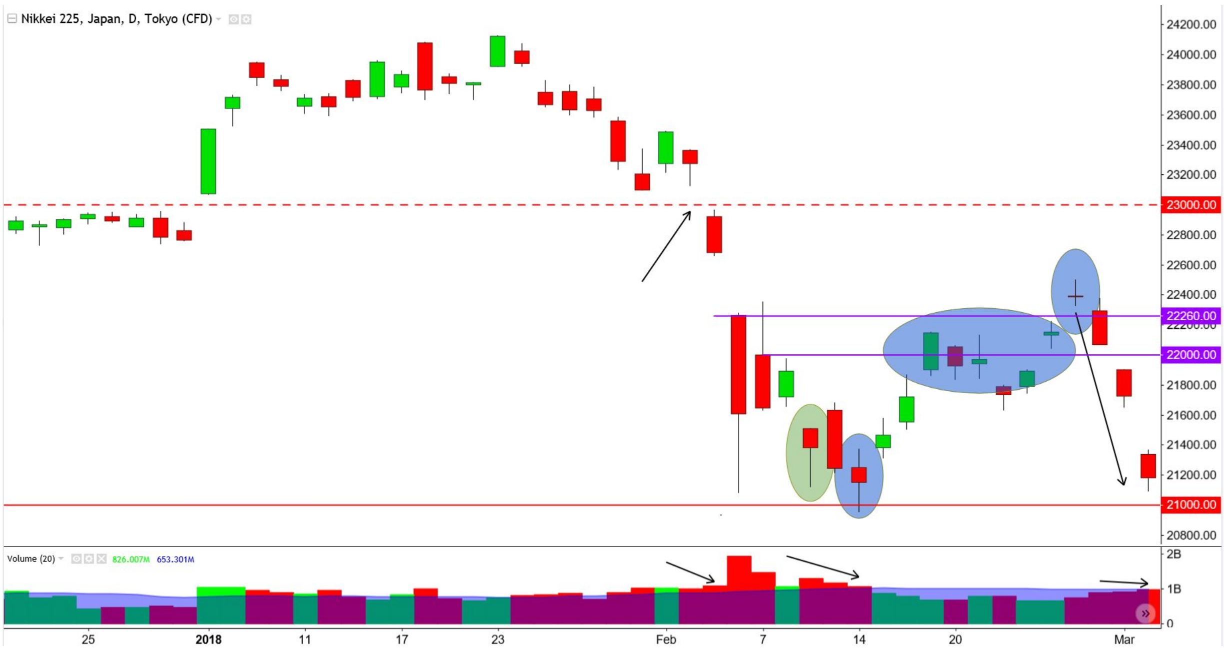
Currently a hanging man that turned into dark cloud cover with a disproportionately large wicked candle begins a downtrend with bearish volume still abundant.

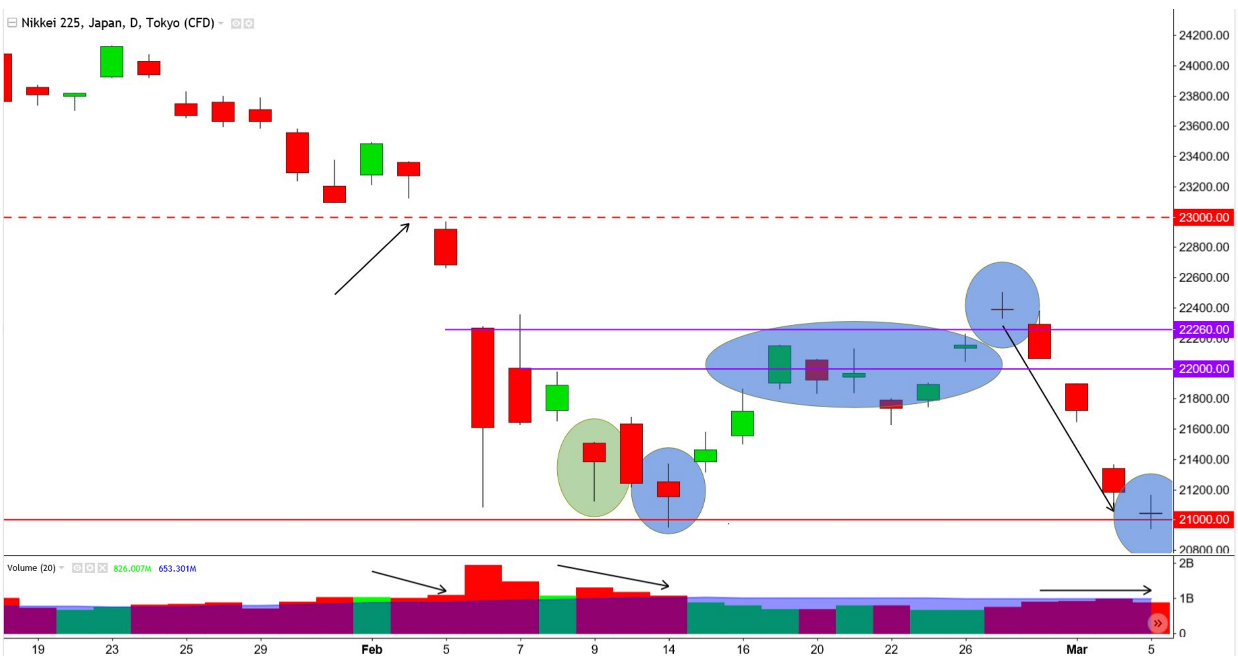
23000 remains highly influential and is the site of a strong bullish rise and rapid decline to illustrate a strong 3 black crows in early February.

Similar to other examples selling pressure was strong before and after the 3 black crows but it was over extended in the drop, especially with the lower wick rejection on the final candle on February 6th that really slowed down the drop.

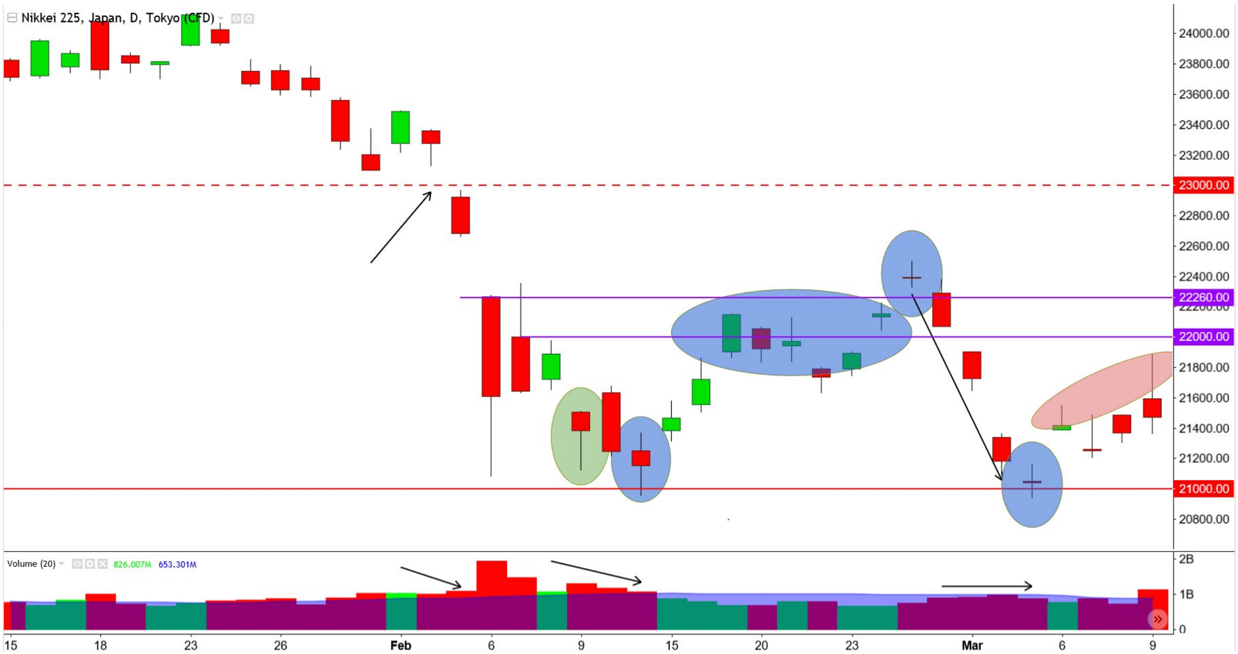


A gradual rise after lower wick rejection appears around 2100. A passive rise with low but consistent green buying volume and candles gapping higher following the abrupt halt to the bearish over selling.



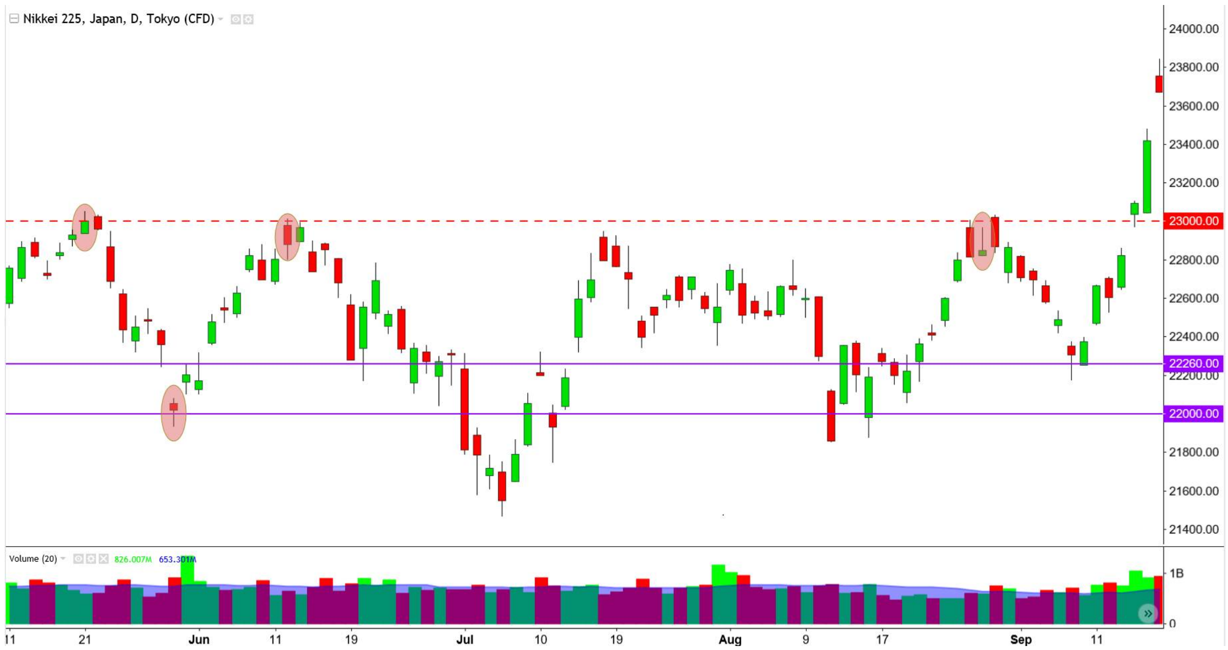


A normal first resistance to the new uptrend from the opening prices of two major red candles in the last downtrend in terms of large H-L range and selling volume.



Lower range holds with a doji in the middle of general morning star price action.

A less strict piercing pattern ends March with an upswing and counter to an isolated spike in bearish volume that is not maintained in the following months during a relatively passive rise after so much selling pressure was expended.



Clear up and down swing points with familiar candle patterns mostly with lower and upper wick rejection to form defined trading ranges in between the existing long term levels at 23000 and 21000.

A familiar situation with a downward continuation ending with over extension following the final phase that is comprised of 3 black crows creating heavy over selling. Doji with lower wick rejection in late December on the still relevant 19000 level to form a harami in a bullish context.

Naturally 20000 offers some opposition but the bullish advantage is sustained with consistent volume and is helped by the bull hammer to start 2019 with rejection of lower prices.

Back to defined upper ranges where many clear swing points form with increased volume and distinct candle patterns, mainly the bull hammer.


Nikkei 225, Japan, D, Tokyo (CFD)
25000.00
24000.00
23000.00
22260.00
22000.00
21000.00
20000.00
19000.00
18000.00
17000.00
16000.00
Volume (20) 826.007M 653.301M
2B
0
2017 Apr Jul Oct 2018 Apr Jul Oct 2019 May Aug 2020 May Aug


Nikkei 225, Japan, D, Tokyo (CFD)
24400.00
24000.00
23600.00
23200.00
23000.00
22800.00
22400.00
22260.00
22000.00
21600.00
21200.00
21000.00
20800.00
20400.00
20000.00
19600.00
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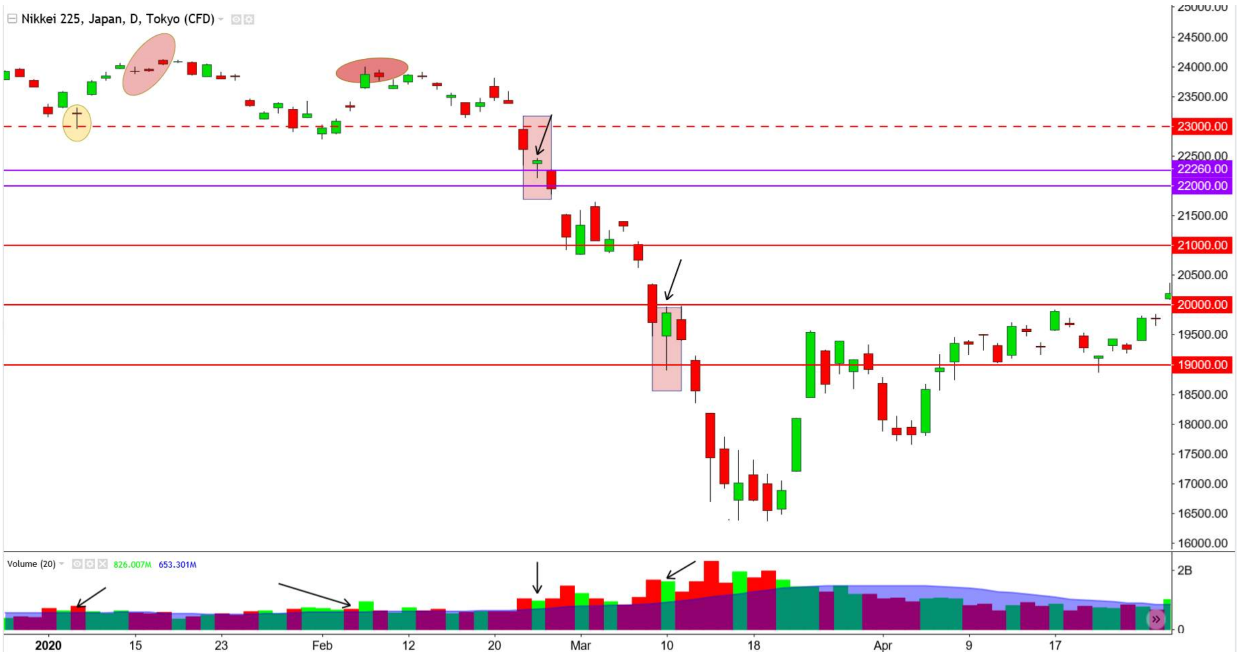
18800.00
Volume (20) 826.007M 653.301M
1B
0
10 23 Nov 13 Dec 11 20 2020 16 Feb 13 Mar



Long term highs continue to push price back down but even during the strong drop there is the secondary supporting action of pauses on major price levels that are unable to produce upswings.

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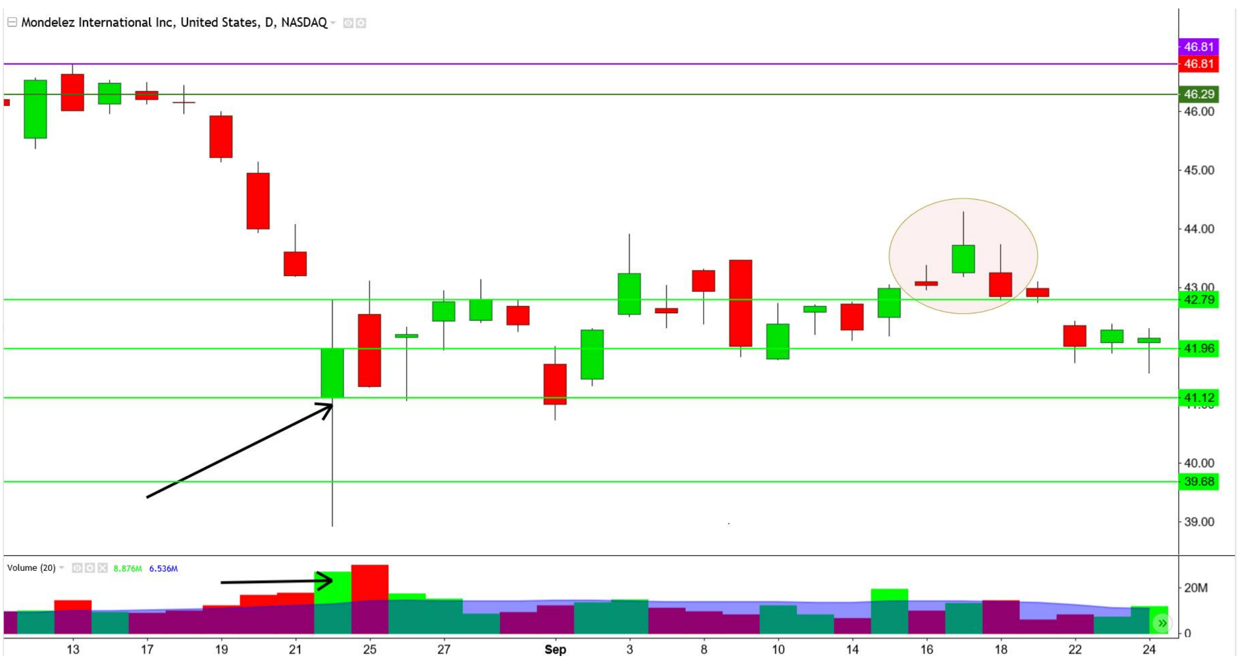
Assorted Practice Case Study 6

Stable long term uptrend has a major reversal stemming from a sharp peak.

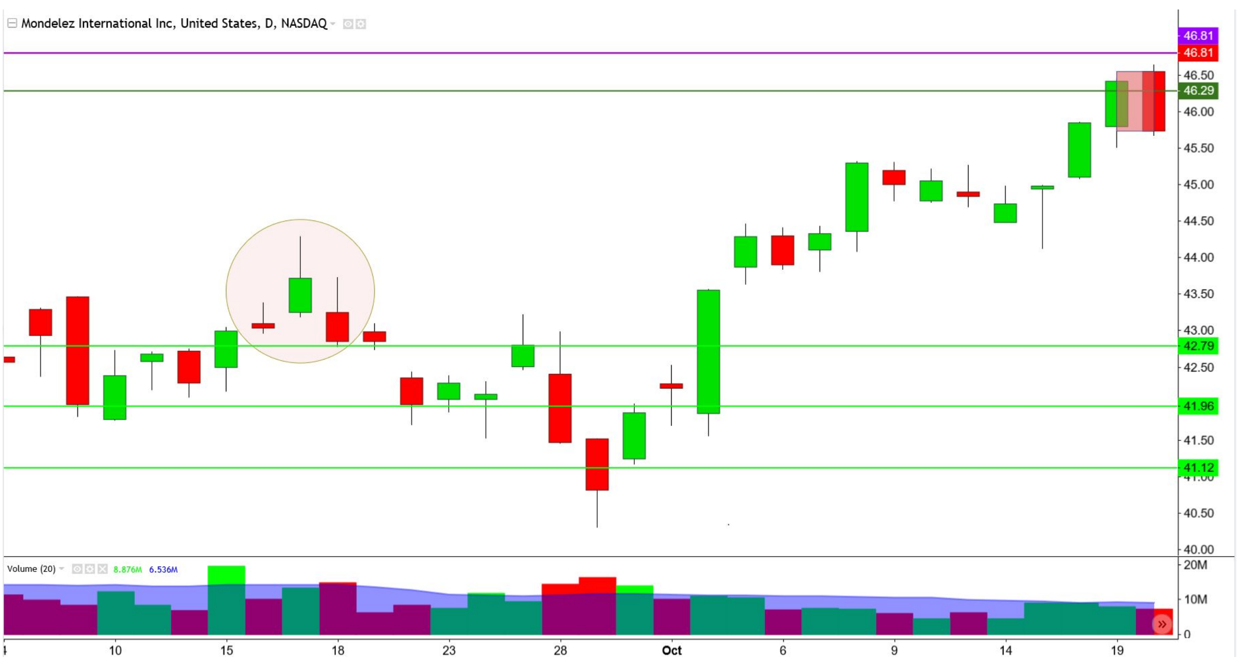
The peak at record highs is an abnormally high a large red bodied candle, certainly no hanging man or bearish star but a strong sign of the coming downtrend by the disproportionately higher selling price action and volume compared to other candles around it. In fact it has the general evening star price action when combined with the candle before and after it. As usual the delayed drop accelerates once a 3 black crows progressively forms stronger and lower closes for a short term over extension downward.

Similar to most other stocks there was a massive drop in late August 2015 that formed another candle of larger proportions. Except in this case it was a clear bull hammer with a longer upper wick.

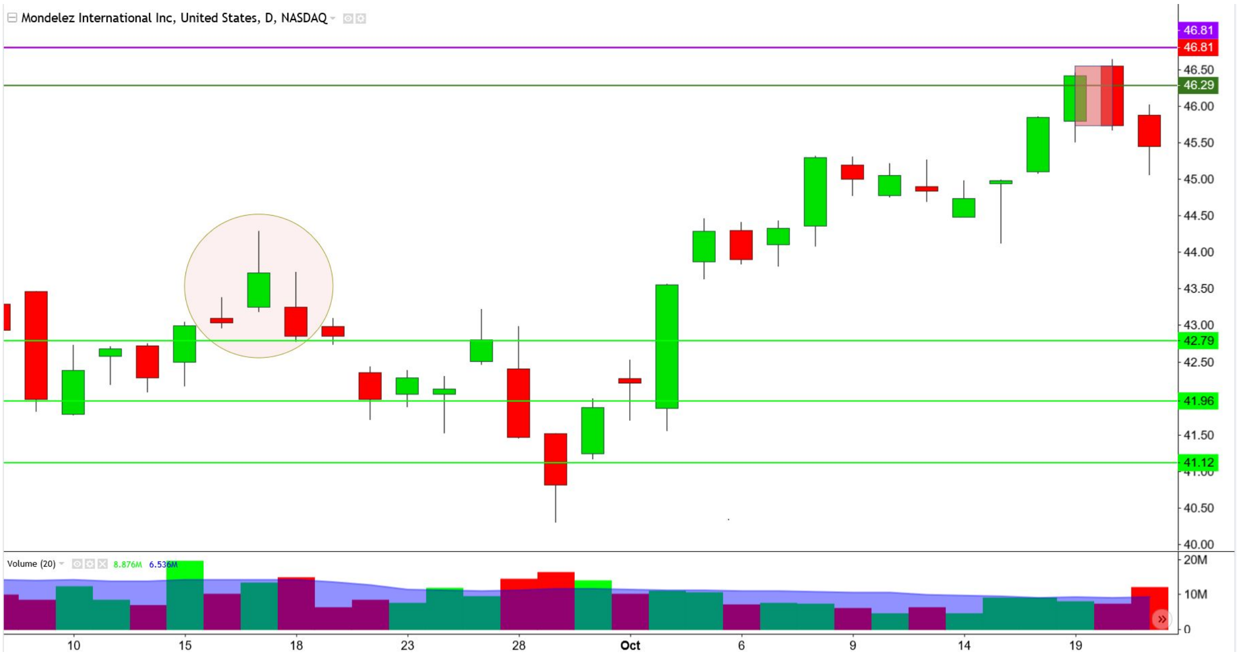


Mainly indecisive with price unable to immediately close over the bull hammer high at 42.79. Similar to other charts there is more of a "passive" rise from overselling in the short term after a 3 black crows is followed by a major reversal candle like the large bull hammer on August 24th. The familiar characteristics of bullish volume being consistent but not exceedingly high while bearish volume and candles have drastically subsided. Note the 3 bearish stars of various sizes in late September that form a morning star. It is a more bearish morning star but likely to be a weak downswing due to the low red volume and little progress the red candles make in lowering price compared to the increasing amount of bullish candles with increasing volume that begin to appear.

September ends with an accelerated drop but it is not enough to breach the 41.12 level formed from the opening price of the large bull hammer. A clear demonstration of the generally higher importance of O and C prices when forming clearer and longer lasting support and resistance levels.



Bullish volume is still not exceedingly high but it gradually becomes even more consistent to sustain the early uptrend and rejection of lower prices in the low 40s. Bearish engulfing nearing record highs with near normal levels of volume and no disproportionately large candles. As usual be on the look out for lower closes and increasing red bearish volume to confirm a more likely downtrend.



Another familiar sight. There is a close lower with increased bearish volume but it is a bull hammer. The lower wick rejection can slow down a potential downtrend from developing.

Strong bullish candle negates the price action of the last 3 candles but still struggles to surpass the mid 46s where upper wick rejection is very normal. Similar to the 41.12 O of the August 24th bull hammer the 46.81 from the C of the record high candle in early August holds major influence. Except in this case it is a bearish context in developing a longer term resistance range to recovering price. Regardless it still demonstrates the generally higher importance of O and C prices even with a disproportionately large candle as opposed to swift bearish stars or bull hammer swing points.

The general market sentiment drifts towards a more neutral posture with close contact in the price range formed by O and C prices from the evening star in early August. Overall price drifts to close marginally lower with decreasing volume. There is strong lower wick rejection to hold on to 46.29. Nonetheless it can still be said the tone will remain mostly neutral to slightly bearish, which is normal at a major upper range. A downtrend will likely emerge with 3 black crows price action similar to other charts that had delayed downtrends at major resistance ranges. Then a bullish perspective will likely see a slow climb into the upper 40s similar to the rise over 42.79 in early October.

It looks to be more of the same but the general market sentiment has shifted more bearish in the last two days with lower closes.

As expected the downtrend emerges from red candles gapping down lower. However it is a weaker move due to the lower wick rejection in the steepest part of the drop so far.

A downtrend does indeed develop but lower wick rejection continues to slow it down especially approaching the 41-42 range formed by the supporting action of the August 24th bull hammer. When a clear upswing forms in February of 2016 it is once again more of a "passive" rise with low but consistent green candles and volume. While over selling in the final leg down to breach 39.68 drastically shifts to virtually no selling in the proceeding few weeks. That largely explains why the 41-42 range was easily re-contacted without offering much resistance.

On closer inspection it is a very strong piercing pattern to form the pivotal upswing.

Resistance is much less but still present in the 41-42 range. This combined with a sharp short term sell off in late March formed a bearish to neutral range before turning back higher. It is a bullish continuation after 39.68 held. However progress begins to stall at the 42.79 level but it is not a major bearish situation until 3 black crows price action takes hold. Also note 39.68 continued to have influence as it was near the low of the large August 24th bull hammer and had already been a major upper range at previous record highs before that.

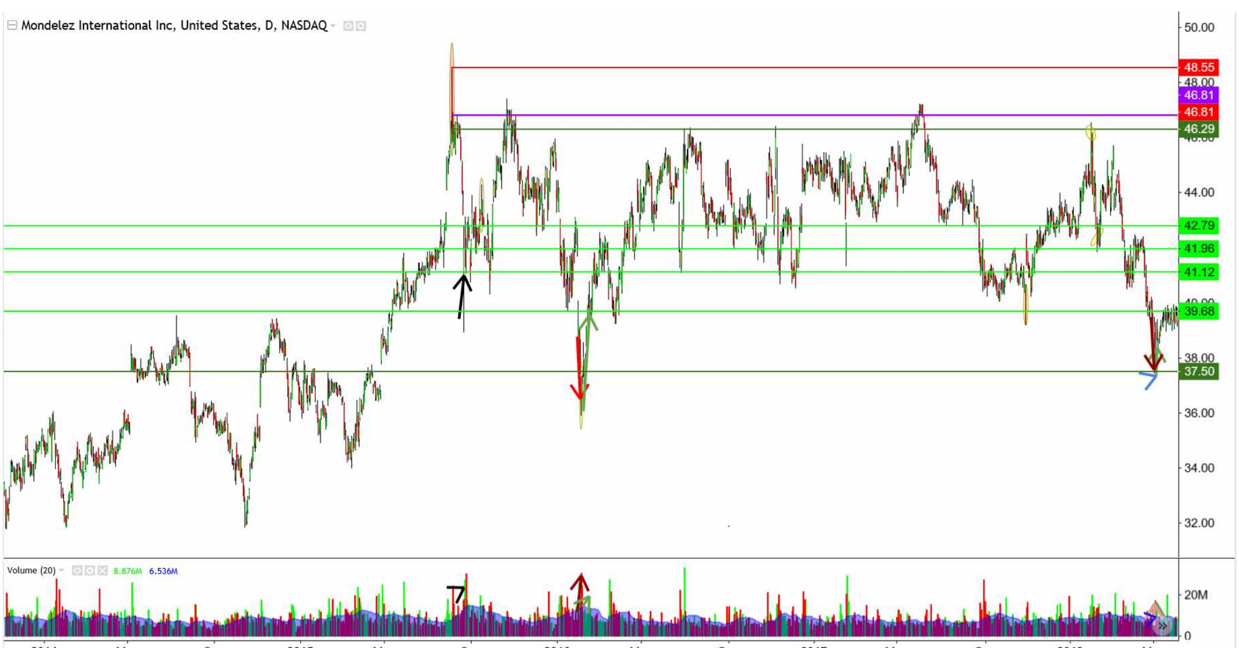
Progress is slow but stable overall to recontact the 46s that retained strong resistance potential. The 39-42 ranges also remained an equally strong supporting area mostly due to the large August 24th bull hammer.

Late October demonstrates another swing point formed from a disproportionately large candle off 39.68. It is not much of a candle pattern of any kind but the general rapid shift shows short term downward over extension. The large Green candle that starts February is similar in a bearish context with upward over extension. However it is closer to familiar candles and price action as its upper wick is longer than its lower wick and is rejected at the firm 46s along with the clearer price action of the next two candles closer to the upper wick rejection of bearish stars.

Not a clean 3 black crows or 3 methods falling but the large red candles indicate a similar situation of rapid short term over selling. This leads to expected support and a more likely upswing off the 42-41 range now acting as support to falling price. The upswing combines lower wick rejection of a harami and a bullish engulfing pattern. This is no morning star but there are some similarities in that the middle candle is one of deliberation between the large red candle ending the downtrend and the first of many green candles engulfing to form a minor uptrend. When all 3 candles are combined it is close to a dragon fly doji which makes sense given it combines indecision from the harami with the more bullish tone of the bullish engulfing.

Eventually the multi year range is broken in favour of bearish sellers. Even the strong 39-42 range is no guarantee when sustained selling is readily apparent just by looking at the steep quantity of red candles and volume taking Mondelez stock price down at a steady pace.

The start of May saw a strong bullish engulfing pattern that has been slow to move higher since the 39.8 level offers almost immediate resistance. Also note the general price action for the current upswing is no morning star but the general kind of price action is there. Furthermore the volume is also similar to an ideal morning star with the lowest candle having the least volume.



37.50 was naturally the next major price level after the multi year range was breached due to its major role in past ranges and reversals.

There are elements of a passive rise after over selling leads to almost no more red volume and consistent but low green volume. Though after May 17th and the eventual close over 39.68 there was a strengthening uptrend with a steady increase in volume and higher closes. Downswings are normal for a healthy trend by alleviating selling pressure but not breaching the defined support levels.

In the short term the C and H prices of a thicker bodied bearish star from early August exert resistance on the current September 20th bearish star. It is another demonstration of the general higher importance of C prices.

A very long lower wick for the current candle but still the general price action of a bearish star with more upper wick rejection to inject a bearish tone along with the spike in red selling volume.

Immediate close lower but with low volume. A downtrend is possible but it can be slower and weaker if stronger selling doesn't return.

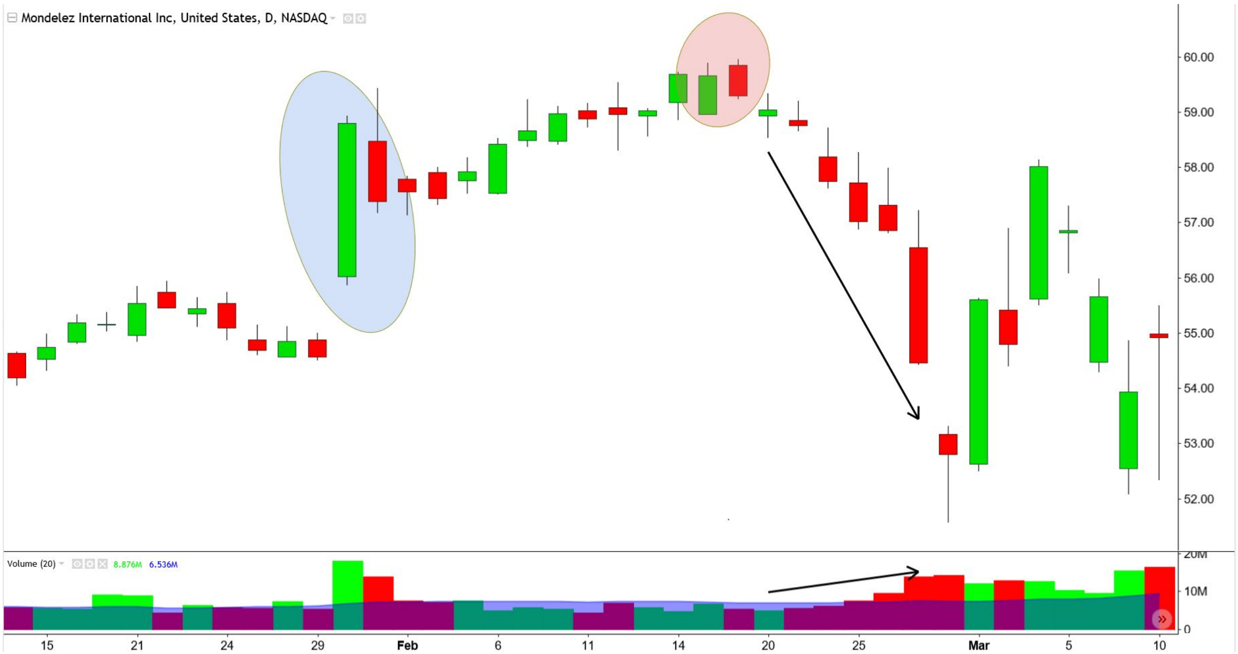
Its mostly been a volatile and moderately paced downtrend. October 11th was likely too much selling in a short time span leading to downward over extension. This coupled with the current bull hammer on the prior 41.12 level presents an increasing chance of a pause if not a complete reversal to the current drop.

The drop remains strong to breach 41.12 and negate the bull hammer by closing below its low the next day. This once again demonstrates a stall at support(here on 41.12) rather than a guaranteed upswing. Mid December wasn't a strict 3 black crows but the simple magnitude of increasingly steep red candles and increasing selling volume point to a sell off all the same. Lower wick rejection is present every time the strong drop encountered the still influential levels from 42.79-39.68 that largely trace their origins back to the large August 24th 2015 bull hammer.

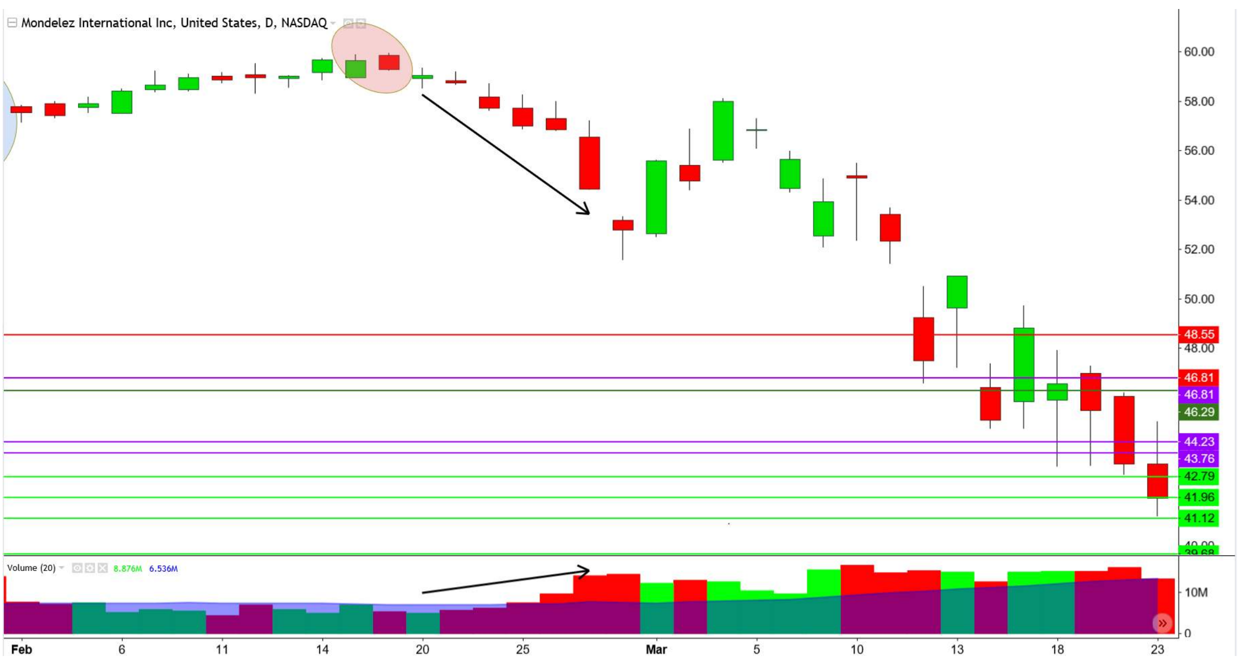
The general price action of a morning star with low volume is enough for the upswing to finish off a bullish continuation of the steady uptrend. Moreover it is back at the original record highs of the large red candle back in 2015. It is a steady break to record highs as well but the 48.55 level still slows down the climb for a brief time as seen with the dojis and spinning tops moving into April.

Overall a stable rise that is quickly reversed during the broader stock market decline in early 2020.

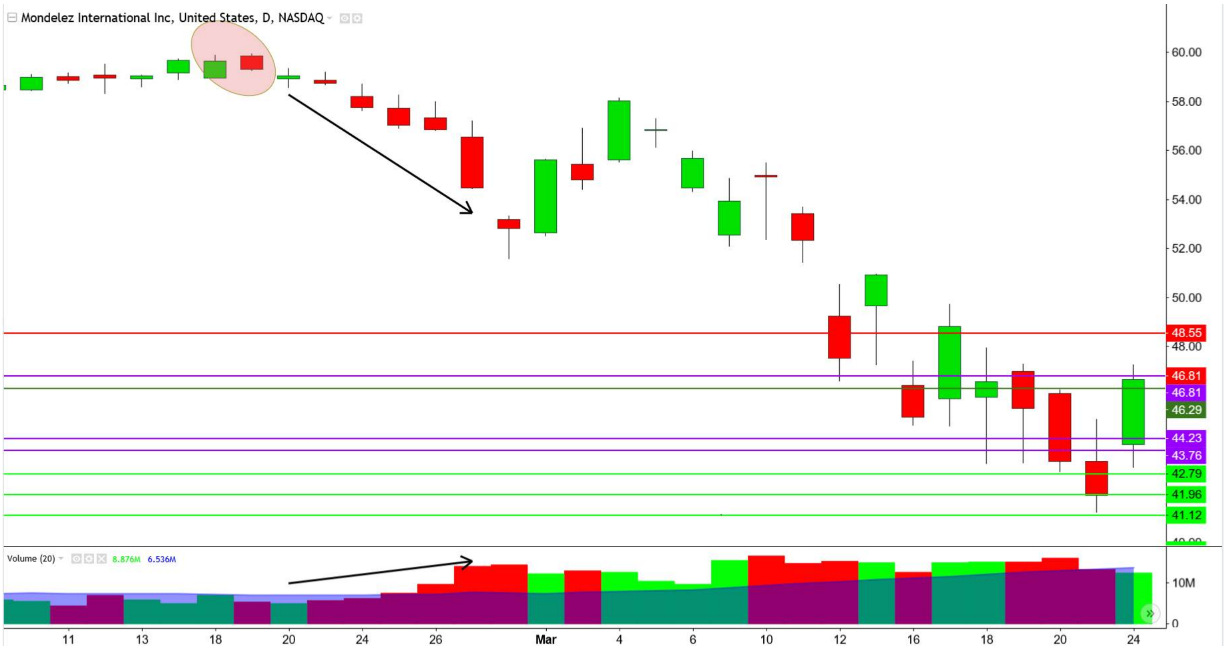
Large harami leads to a period of uncertainty.

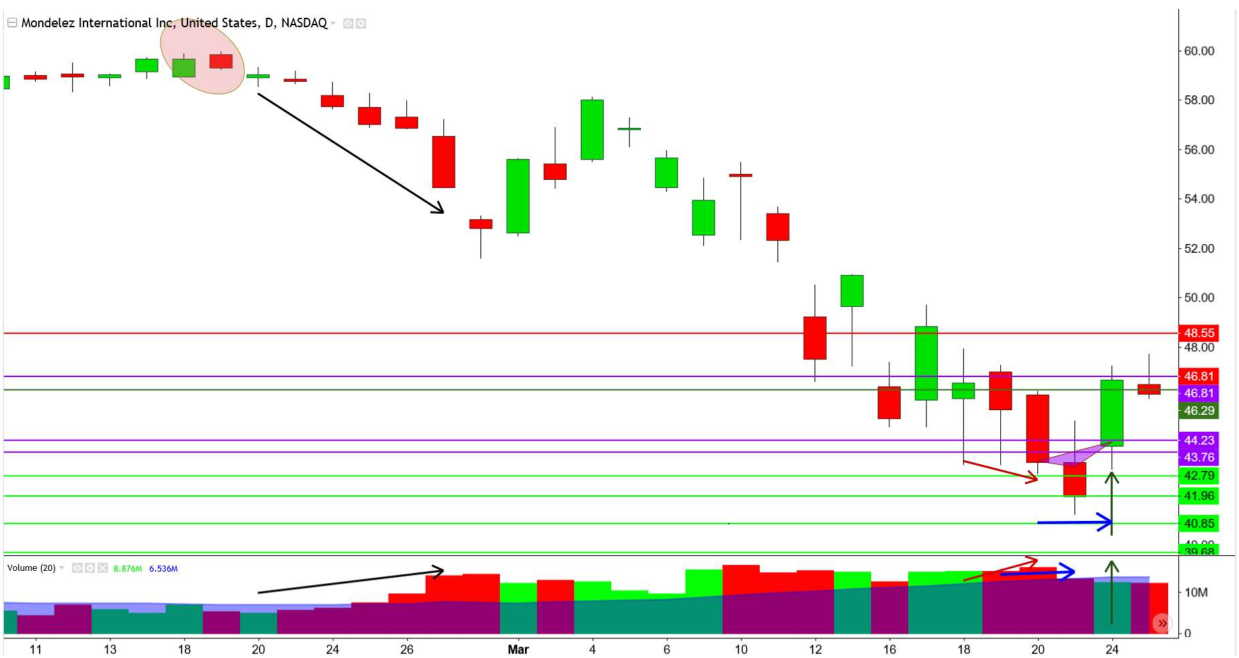


Dark cloud cover forms the peak and a great example of a rapid reversal towards March when the bull hammer is bullishly engulfed.



Another example of reversal candles appearing but no sustained uptrend emerges due to broader market forces and an already steady sell off. Some minor upswings are normal similar to minor downswing pullbacks to stabilize an uptrend.





Large mornings star forms in the middle of a long term range that is a natural long term support even for such a major downtrend.

With time Mondelez recovers at a moderate pace after a sharp and mostly passive rise as seen many times before after a steep drop becomes oversold.

Strong evening star formation but it is not built upon for a downtrend.

57.25 is a focal point of resistance due to the C of the harami in February being the first major sign of a slow down in the prior uptrend. It also illustrates the general higher importance of C and O prices but with a two candle pattern.

Assorted Practice Case Study 7

Entrenched lower ranges after a sharp peak from the historic Bitcoin and so called "crypto crash"

Combining time frames the longer (daily on the left) and shorter (intraday 15 minute on the right)

Seeing the internal price action during the days when a harami formed a rapid downswing during a minor head and shoulders pattern. The bearish context of the harami is seen with the neutral to slower downward trading taking hold after the C of the first candle to the O of the second candle. Then the market decidedly shifts completely bearish with the August 19th candle closing lower on a near vertical descent.

Dark cloud cover in the intraday 15 minute time frame formed the high of the harami for a gradual drop in the short term.

Similar to an earlier example with crude oil futures the 15 minute chart provides the finer details of the longer term downward continuation from general 3 methods falling price action into September. Note the brief downswing formed by a bearish engulfing to start September turns out to be a major double top reversal in the shorter 15 minute time frame. Then see that the large candle breaching below 10820 still had some delay on the 15 minute chart with a few swing points directly through it.

Overall bullish price action returning to 10820 for the daily chart. While the 15 minute chart shows the large shifts in price that occur in a shorter time horizon.

Lower wick rejection on the daily chart appears as large upswings on the 15 minute chart during the brief float over 10820 that was eventually breached to show up as a large drop on both time frames.

Great example of a large piercing pattern and general morning star price action forming a double bottom reversal in the very short term.

Short term peak defined by a large dark cloud cover on the 15 minute chart.

The intraday time frame is often more volatile even for charts with higher trading volume such as Bitcoin being one of the main cryptocurrencies at the time of this example. The same also applies to the stock market with more disproportionate candles after going to time frames shorter than the daily.

There have certainly been many repetitive topics but remember this isn't for entertainment value or lazy writing and demonstration. It is simply to show the commonalities of general price action and specific candle patterns that can be found again and again regardless of the time period, time frame, or particular market and chart being analyzed. Once certain themes begin to emerge with price action repeating again and again in multiple context it is possible to more efficiently recognize when reversals, continuations, and stalls in price action are more likely to occur.

For more on trading, investing, charting analysis, and helpful information on the stock markets, currencies, and commodity markets.