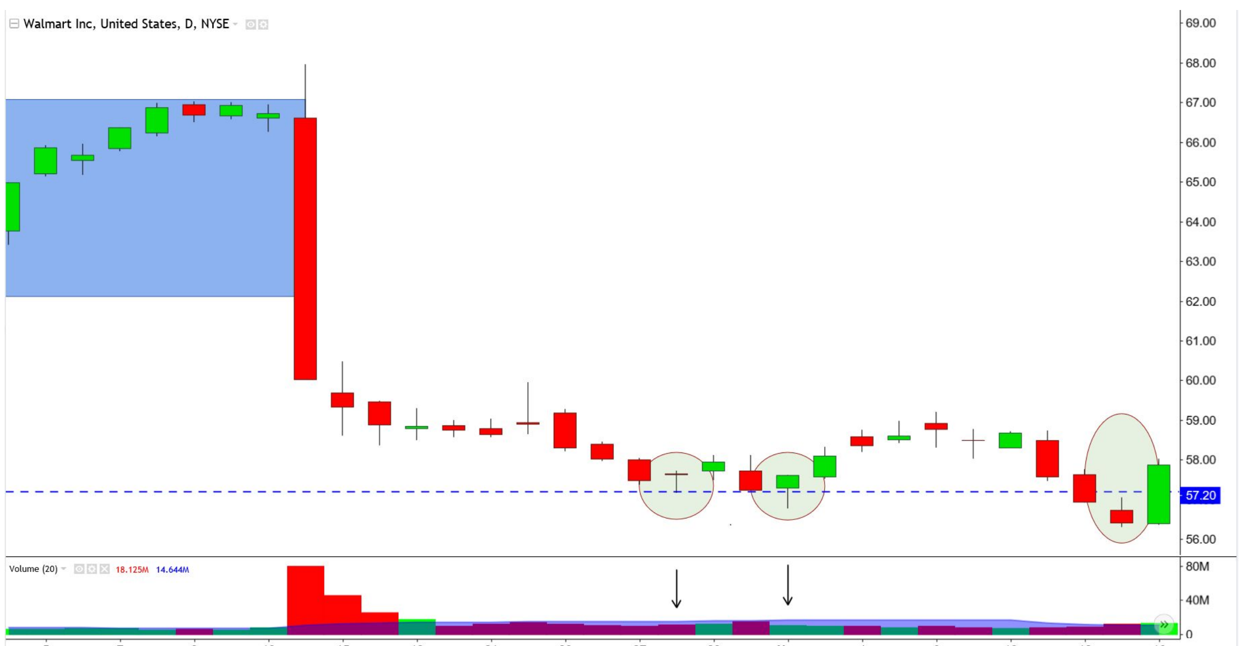
A small red build up puts 57.20 under pressure but an inverted hammer quickly puts bearish sentiment into doubt.



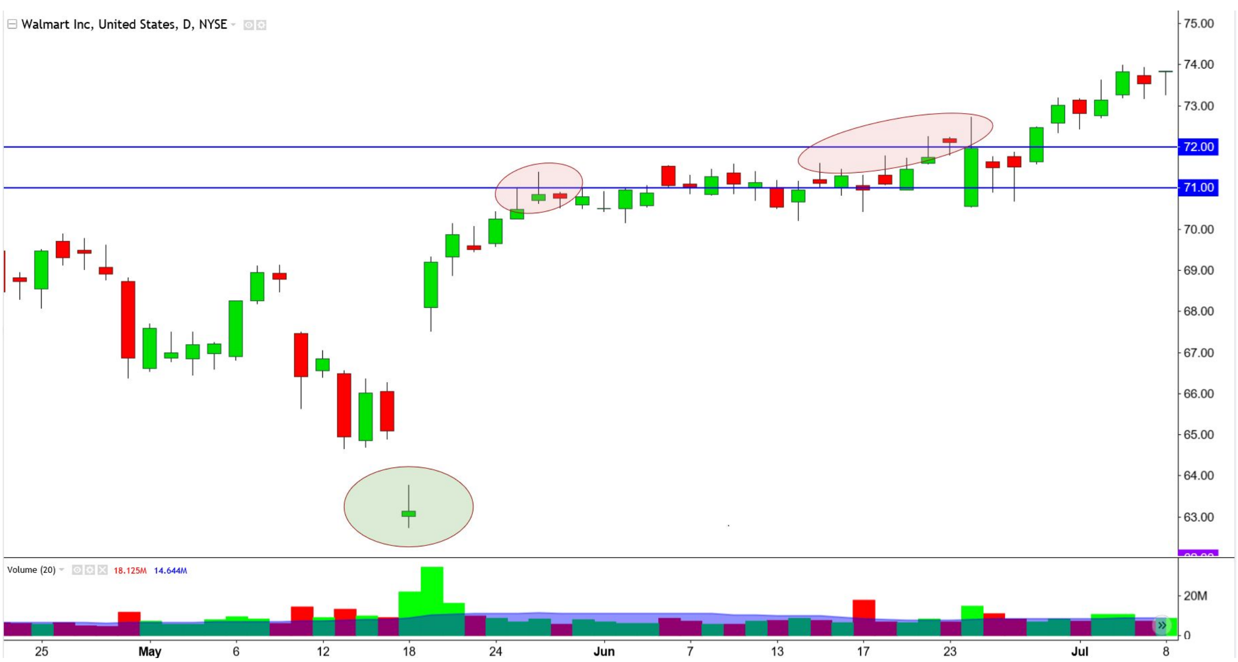
Renewed optimism for a bullish reversal as the inverted hammer is fully engulfed with increasing volume too.

Swift rise but resistance from the close of the large continuation candle at 60(from October 14th) stalls the climb. Hesitation materializes with a few dojis and spinning tops.

A small downswing is not sustained and the market remains in contact with 60. Eventually there is a gradual and consistent row of green candles to make up for the low volume to start 2016 on an increasingly more bullish note. This soon leads to a decisive surge to easily surpass the stronger 62 resistance that formed from the lower range of the earlier resting phase. 62 is also a key lower boundary when the market establishes newer highs

A less common occurrence with an "abandoned baby" which is a candle with large gaps from the candle before and after it. This demonstrates a major short term over extension(in this case to the downside). Thereby creating a strong rebound in the opposite direction(back up in this case). Abandoned baby candles are commonly from balanced thick dojis but they can be skewed like a bearish star, hanging man, bull hammer, or closer to an inverted hammer like in this example. Naturally volume increases during these events mainly due to the rapid volatility.

Even if there was no downward over extension with the "abandoned baby" the 62 level offered strong support and that large wicks similar to the earlier bull hammer would naturally form around 62 as well.



Back to the low 70s range with upper wick rejection and many O and C prices concentrating on 71.

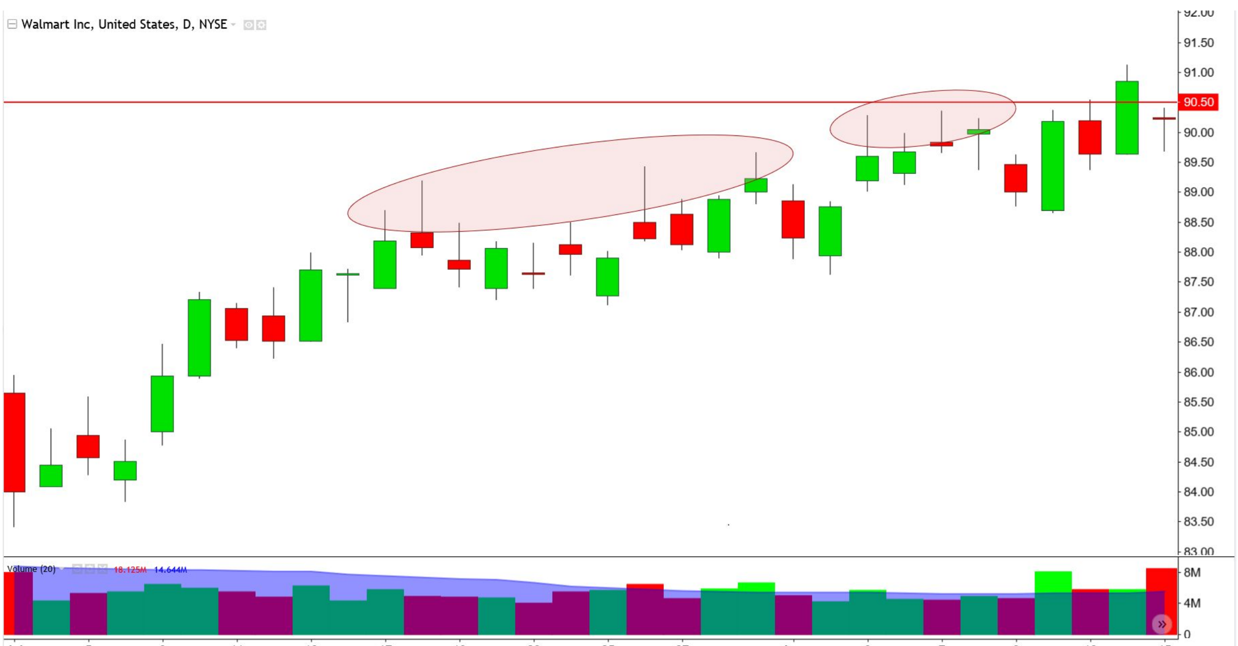
A great demonstration of a bearish star at major resistance acting as more of a long pause rather than leading to a major downtrend.

General price action shows upper wick rejection for bearish stars as well as the thinner central gravestone doji. Volume increasing with Walmart gradually trading and closing lower

90.50 is also a round number at a previous long term resistance. Price has also risen quite sharply in the short term and is slightly over extended upward.

All signs seemed to point down. Walmart rose instead because the volatile and unpredictable event of the third quarter report took place. Such scheduled but unpredictable(in terms of results and market reaction) events like quarterly earnings essentially negate technical setups on the chart such as the seemingly clear bearish reversal. That is why it is often not suitable to be in the market or looking to enter positions during quarterly earnings reports for short to medium term traders. As well as long term investors looking to enter or exit a position under more stable conditions.

The 90.50 high being a “gap fill” level naturally influences Walmart’s price action. It even slows down the large drop in late February and begins to resist the recovery in mid August.



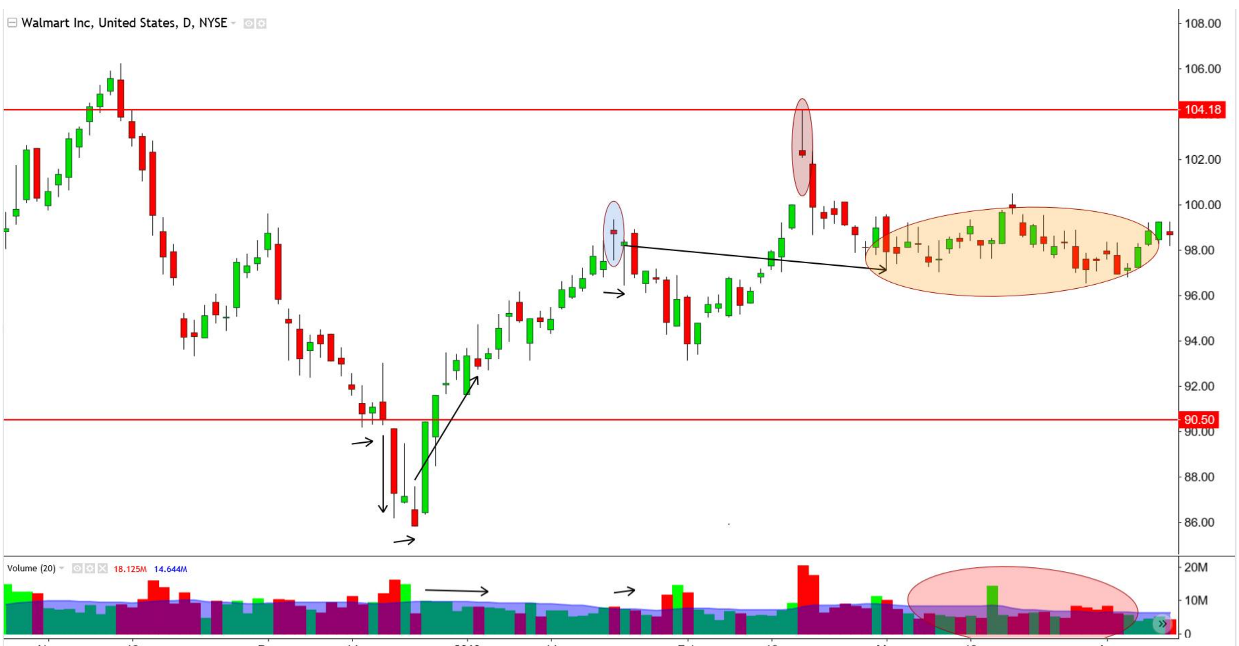
Upper wick rejection followed by candles trading lower and increasing volume, that are soon negated by indecisive price action pushing up and down through the still influential 90.50 level.

Once again a seemingly perplexing jump higher in spite of the bearish context on the chart. It is a repeat with another quarterly report. Such events don't necessarily negate bearish setups and result in a jump in price. That is just the result for WMT stock in this example. Major catalyst events like quarterly earnings can jump down, or stay sideways with varying degrees of volatility. All resulting in such time periods being less stable and candle patterns and general price action being less reliable.

90.50 acting as support with lower wick rejection and an inverted hammer attempting to reverse up. However red candles and volume still predominate and the recent surge lower is almost a guarantee for further lows.

Walmart does indeed go lower but not by much and not for long. As soon as those inverted hammers appeared the drive lower was put into doubt and after a large green candle closed above their lows on December 26th, a major reversal was likely after 90.50 was cleared once more. Additionally it is more of a downward over extension taking the chart into oversold territory. The upward reversal isn't that strong but it is consistent. Just by looking at the shift from more red to green candles after the inverted hammers is a big clue, along with the almost absent and low red volume that was replaced by normal to low, but consistent green volume into 2019. This made for a stable and slower climb back into the 90s. This illustrates how rapid immediate trading above a bullish candle increases the chance of an upward reversal.

In later January 2019 the green bearish star was followed by two candles that were more like dragonfly dojis rather than hanging man candles due to their thin bodies. Though the effect is similar, the uptrend is put into doubt with the lows pushing lower but at the same time price doesn't close significantly lower. This led to more of a neutral to slightly bearish phase like a resting phase. The rows of green candles before and after are essentially the price action of a 3 methods rising candle pattern spread over a few weeks.



The next bearish star forms an ideal reversal at the previous upper ranges. Long upper wick rejection, high volume and the next candle surges to close lower. The reversal is so fast it leads to a short term downward over extension. Too much selling too fast. Thus the bearish sentiment is still present but it is exhausted and that allows price to remain neutral but not bullish. The market deliberates after an expected drop but one that was too quick of a decline.

Similar to the situation at 90.50 in late 2018, Walmart's price proceeds to decline but only marginally. Then it becomes clear the 98.64 level formed a support largely from the closing prices of recent downward reversal candles seen earlier. This shifts conditions in favour for an upswing that does happen but once again it is slow at first but gradually accelerates due to the normal to low but overwhelmingly consistent row of green volume and candles. While at the same time there is almost an abrupt absence of red candles and volume.

A repeat with upper wick rejection at 104 but the 98 boundary holds, leading to another favourable bullish rise with consistent and increasing volume.

Classic role reversal of a prior resistance level becoming a major support after price falls from newer highs. Interestingly many L and C prices naturally form close to it.

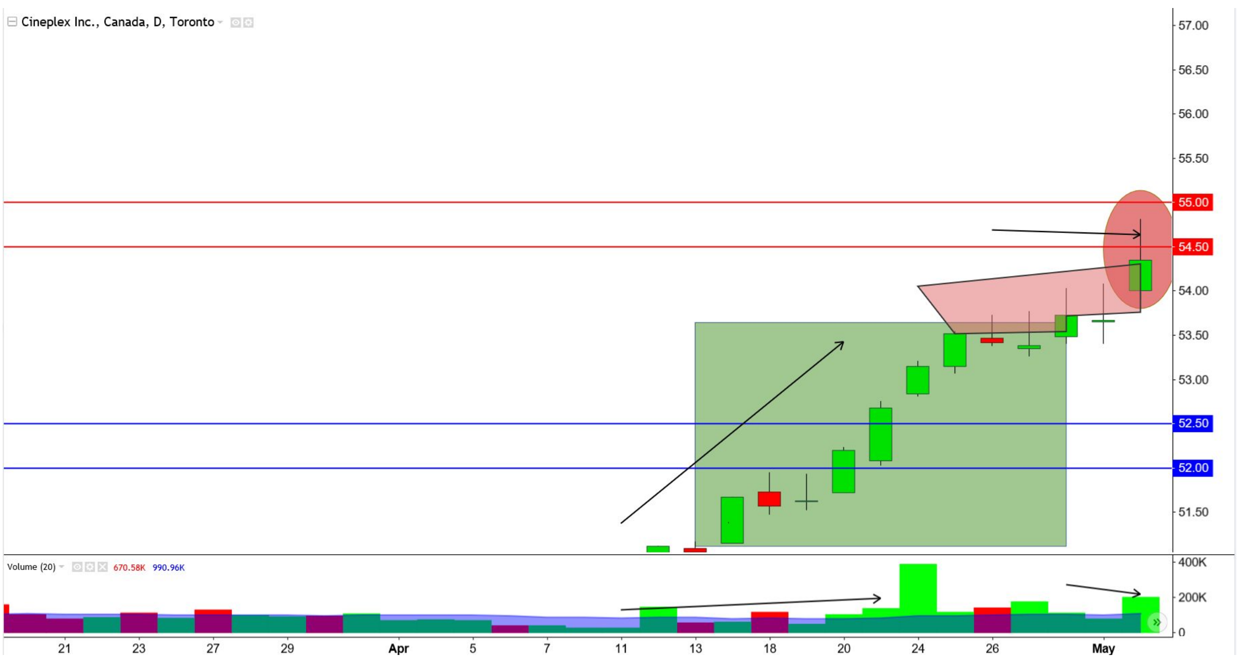
Sometimes a support level or range can be so strong along with the market intent to rise a candle may form slightly above it like in late February with the dragonfly doji. As with other examples these two candles in mid March are not strict and perfect inverted hammers but they show the general price action favouring a move up with their highs and a rejection of going under 104.18 as seen by closes above that level.

Combining time frames(here it is the daily(left chart where each candle is one day of price action) with the intraday 15 minute (right chart with each candle representing 15 minutes of price action), allows for details to be combined from both a longer and shorter time frame for greater context. In this case it is possible to see two bearish stars and their temporary highs that end with lower closes in the shorter time frame. As well the general higher importance of O and C prices can be seen since most activity centres around them in the longer term context. It also illustrates how candles are merely summaries of general price action and that they can be thought of as charts within charts.

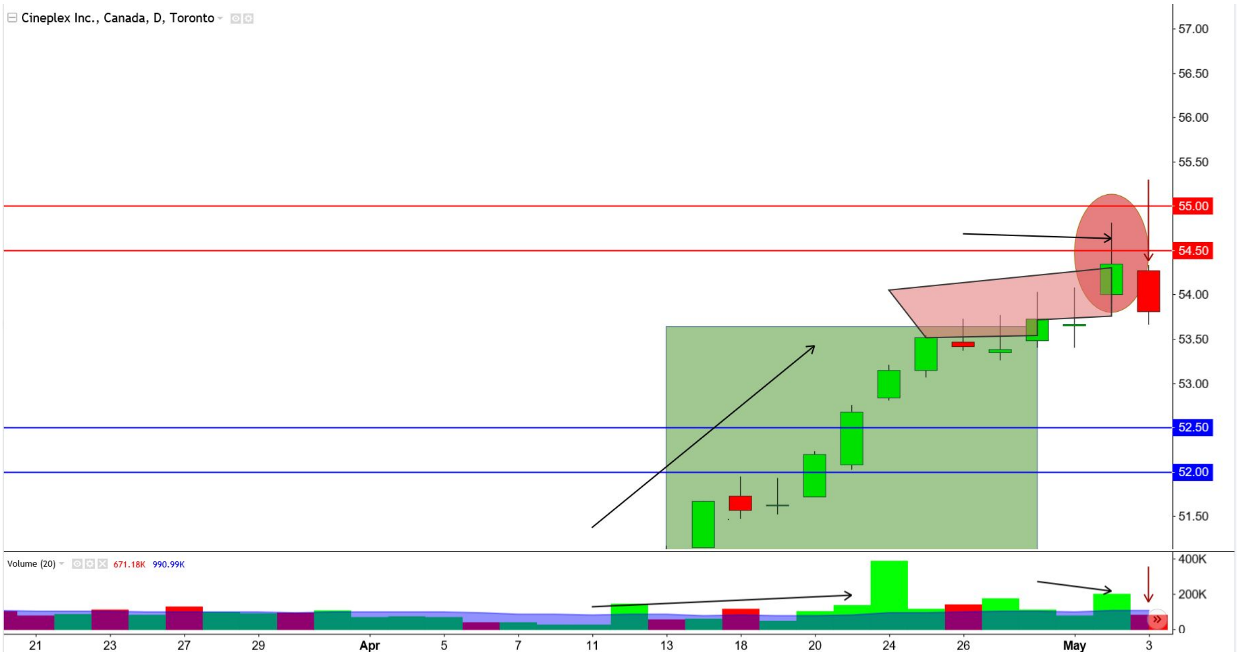
Swift Reversals and Single Candle Reversal Example Case Study 3

Candle charting can be used in all time frames and markets Cineplex stock is another example as it is a stock on the Canadian stock exchange. Though the same insights from candles can be used similar to the earlier American stocks and forex charts such as the EUR/JPY. Once again general price action is the key rather than remembering strict candle patterns. Many of the upper and lower wicks rejected at support and resistance are of candles that resemble but do not exactly match the strict criteria of bull hammers and bearish stars in terms of having the exact proportions seen in the diagrams from chapter 2.

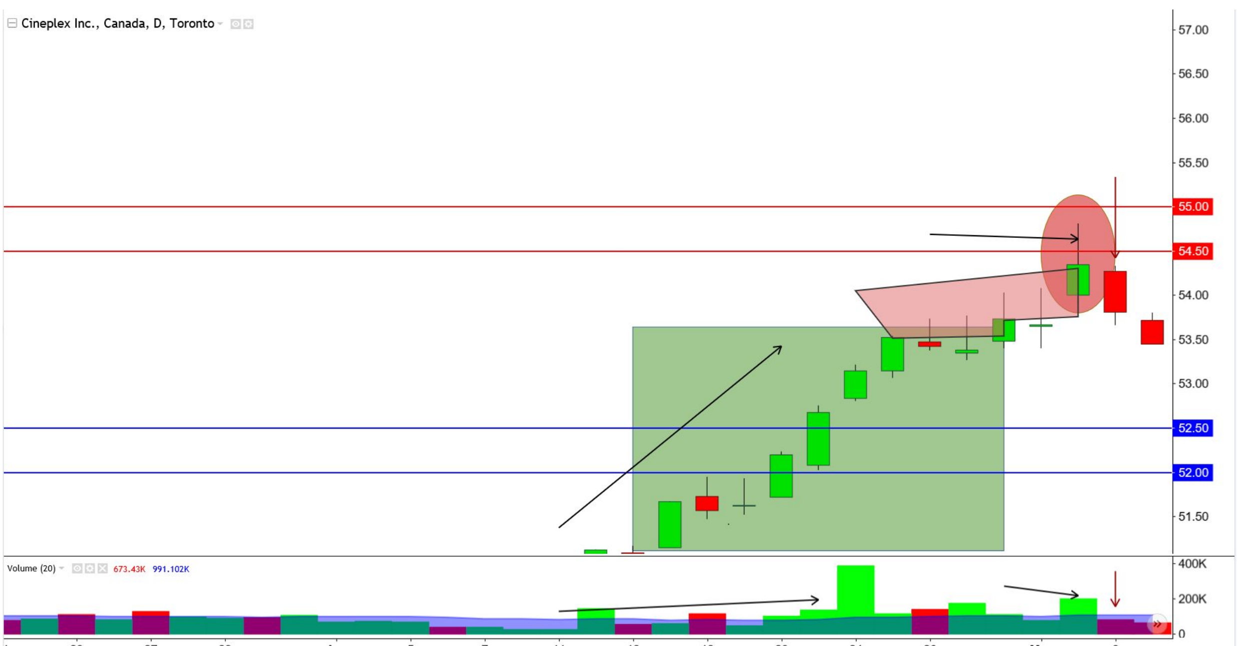
Another example of a major resistance that is passed due to increasing bullish candles and volume.



A new upper range is reached with dojis(and lower volume) slowing down the climb as the natural materialization of hesitation in the market as to the longevity of the strong uptrend. A downward reversal can be likely due to this short term context, along with the uptrend that can become over extended if it continues too steeply, along with opposition from interest to sell in the mid 50s that are a clear resistance range. The first real sign of confirmation for early bearish sentiment comes if the next candle trades below the bearish star's low and preferably closes under the bearish star's low.



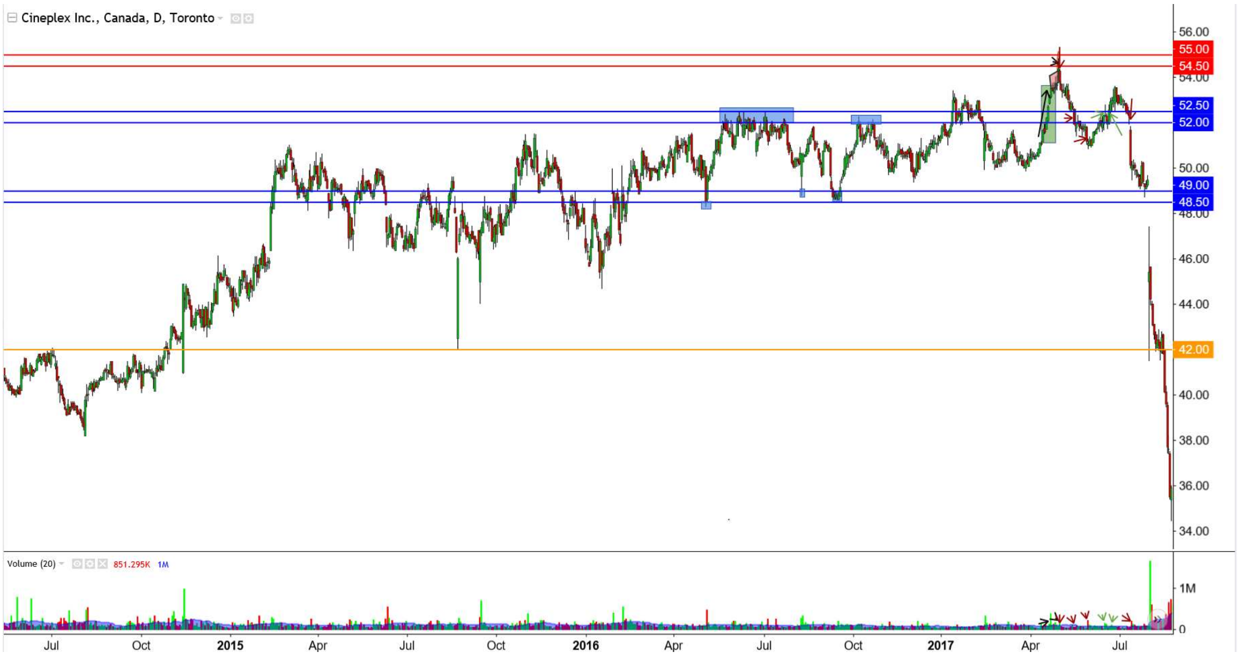
A downtrend is more likely now. Not only is there confirmation with a close below the low of the previous candle on May 2nd the newest candle has increasing volume and large upper wick rejection. Further weakness nearing 55 and stronger intent to move lower.



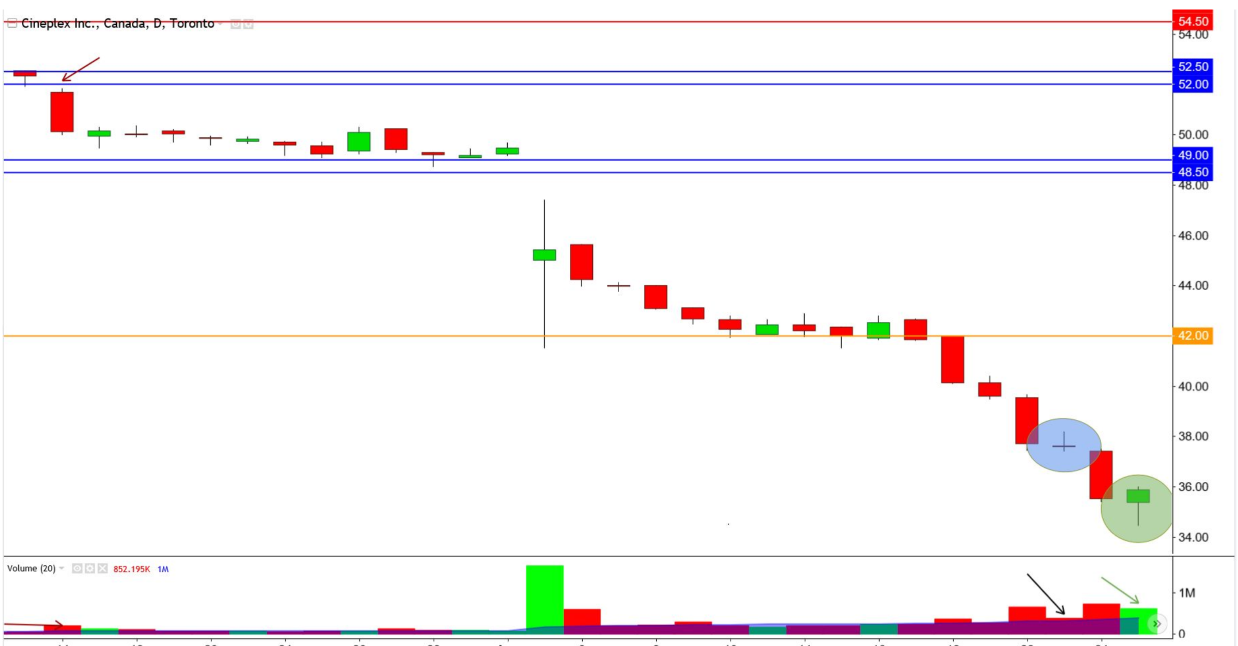
The market is in agreement and while the volume decreases the tone is still increasingly bearish with another close below the bearish star(s).

Overall a major reversal forms and slows down due to decreased volume and dojis approaching the prior 52 range is normal due to the support influence offered at that range.

Two major gap downs easily take Cineplex into the low 40s where there is high lower wick rejection in August. It is by no means a bull hammer or dragonfly doji but the real body is in the upper half of the H-L range. Volume is very green and the round 42 level too. However the large bullish candle on August 2nd is short lived as the market immediately closes lower in subsequent weeks and doesn’t even near the high of that single massive bullish candle. Volume is not exceedingly high but the quantity of red candles is increasing to put more pressure on the solid 42 level.

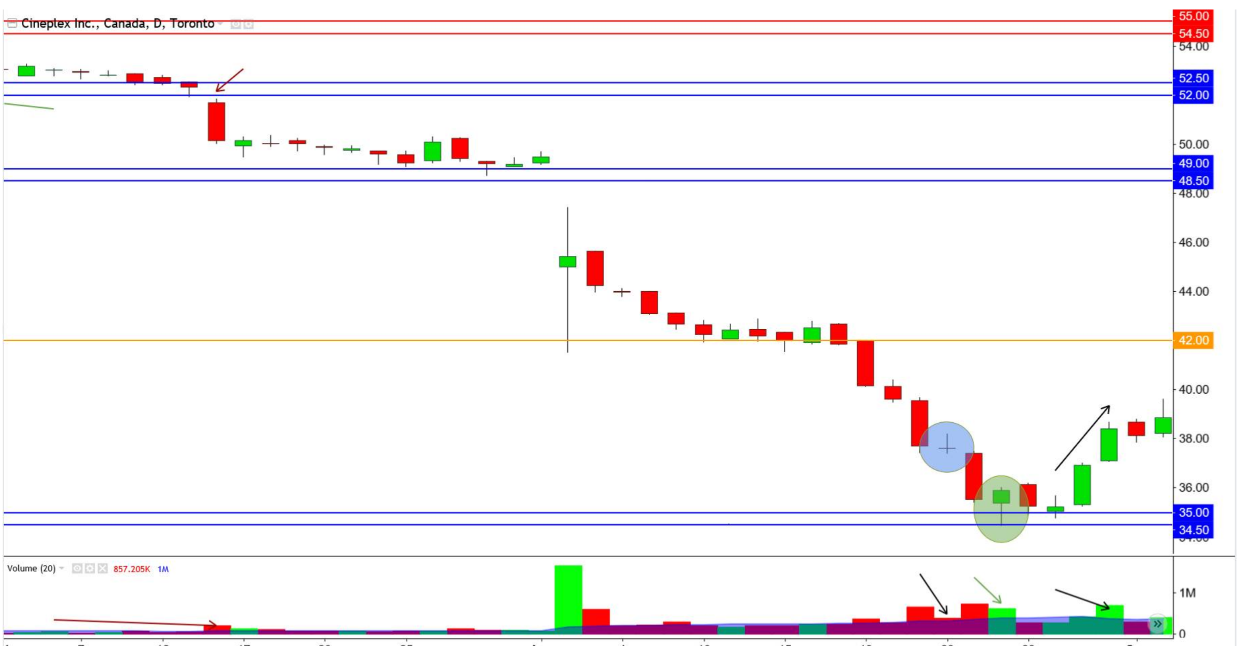


An excellent demonstration of how no immediate confirmation of trading above a bullish candle and price continuing to close lower can lead to a further drop despite a solid support level like 42.



The strong break under 42 sees a doji form as a temporary pause to hint at the possible overselling and exhaustion of the established downtrend. It becomes more convincing when a near perfect bull hammer forms with high volume.

It is not strong confirmation of an upward reversal but it can be said the downtrend is at least halted due to the bull hammer and brief trading above its high with the next candle that was red but had significantly lower volume. 35-34.50 is a nice rounded range and a potential support range.



The clean 35 level holds and eventually bullish activity increases. This was helped due to the inverted hammer on August 29th that had lower wick rejection during the brief dip below 35.

Note the slow down and bearish star blocking the young uptrend. It lines up around 38 and the doji marked earlier on August 23rd. It is similar to how the lower boundaries of downward continuations in previous examples acted as a temporary resistance areas to developing up trends.

Amazingly this pause is prolonged and although there are many red selling spikes the market is unwilling to go back to 35. Thus selling pressure is increasing but the market is still oversold due to the prior steep downtrend.

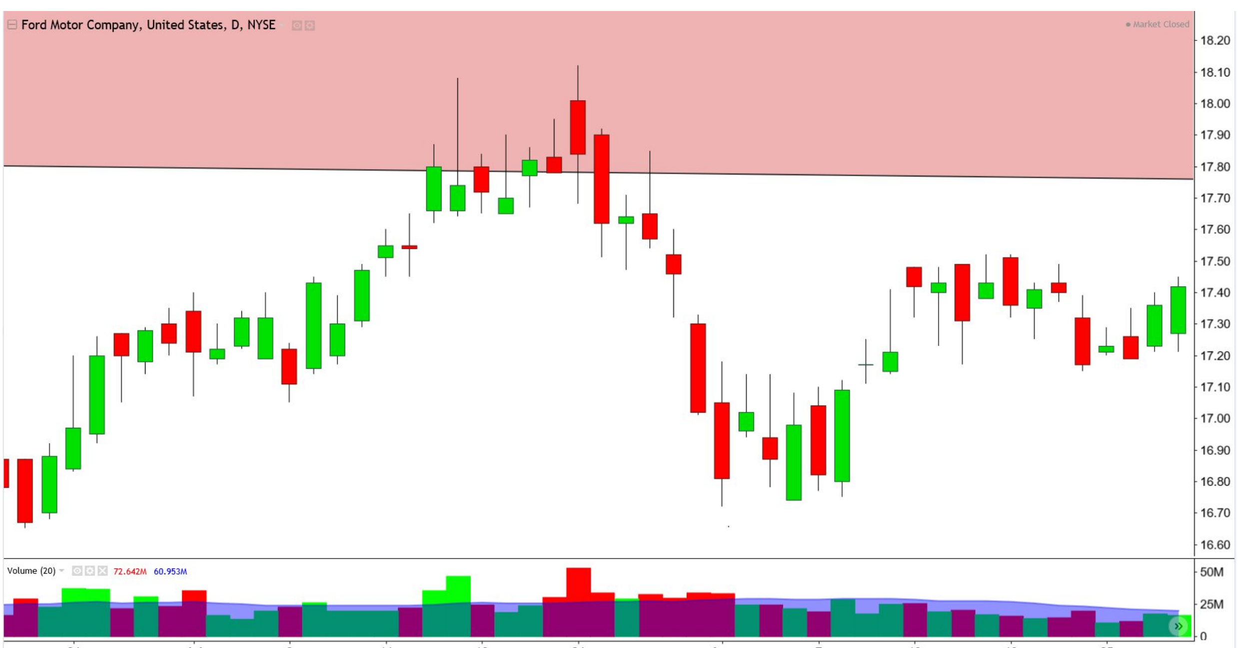
Though eventually the upper 30s resistance range persists and forms strong upper wick rejection that culminates in a pair of bearish stars and increasing bearish volume as 2018 begins.

No surprise then that the solid 35-34.50 range no longer held, and that remained influential months later as stiff resistance.

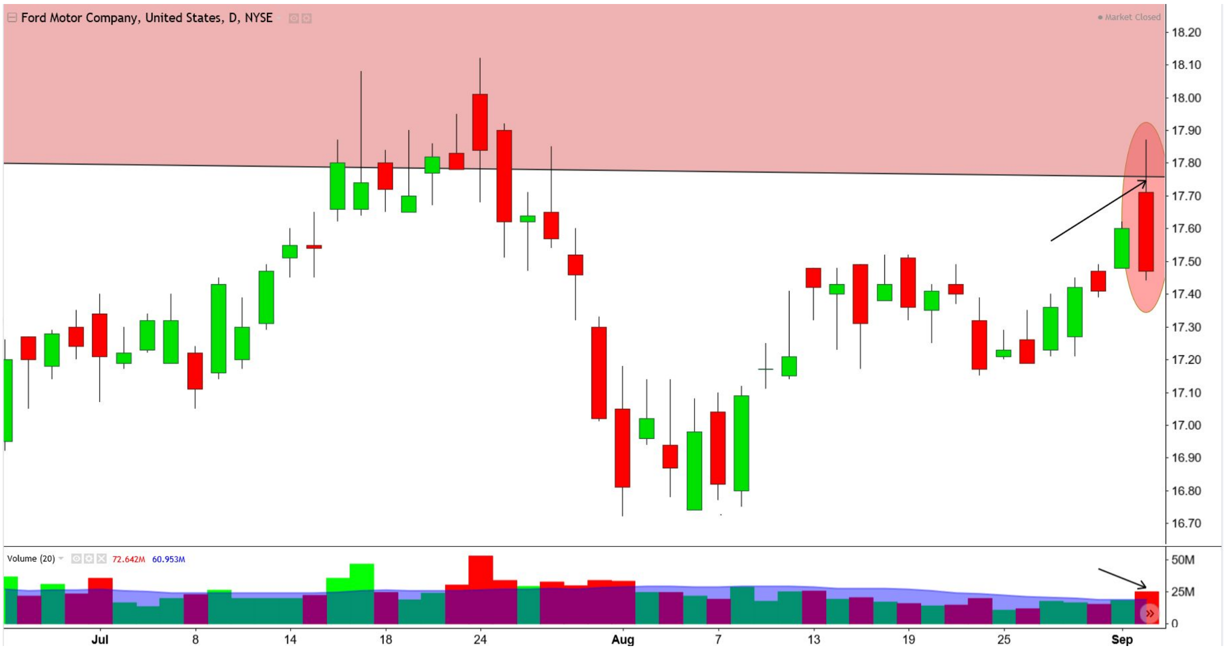
Chapter 5 Two Candle Reversal Examples

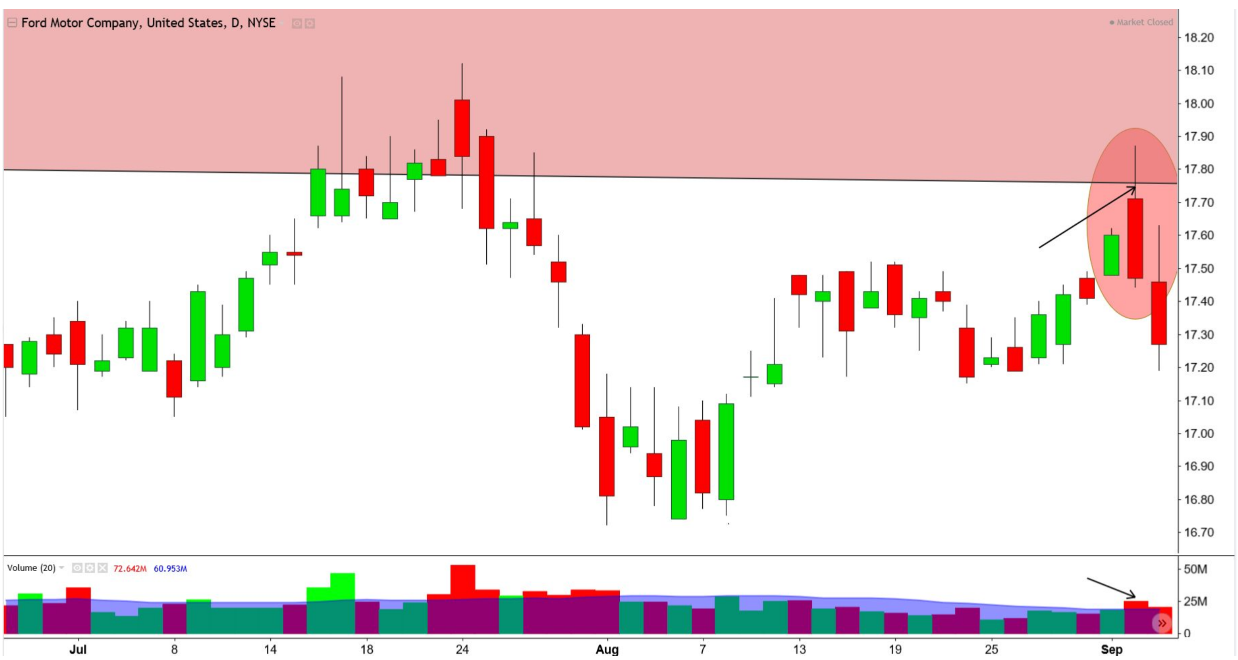
Two Candle Reversal Example Case Study 1

Ford is a lower priced stock than many of the previous stock charts in this example but the general principles of price action and candle charting can still be applied.



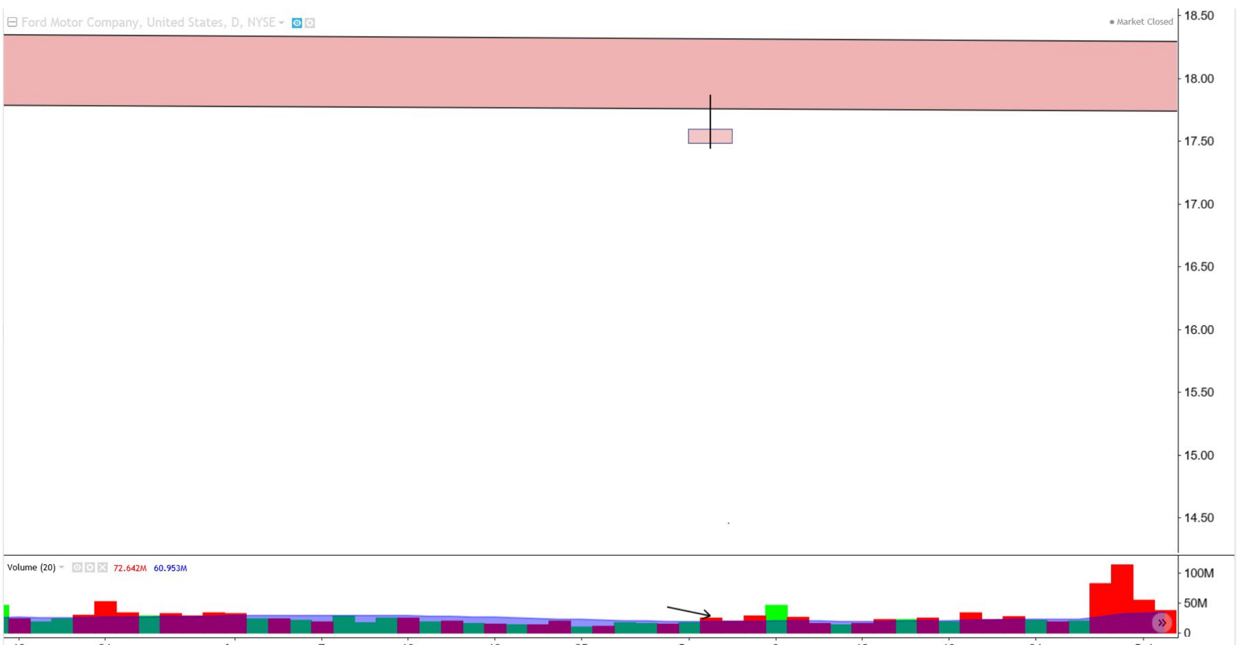
A clear downtrend places a bearish tone on top of the large upswings. Naturally upper wick rejection is seen followed by large red candles and increasing volume.



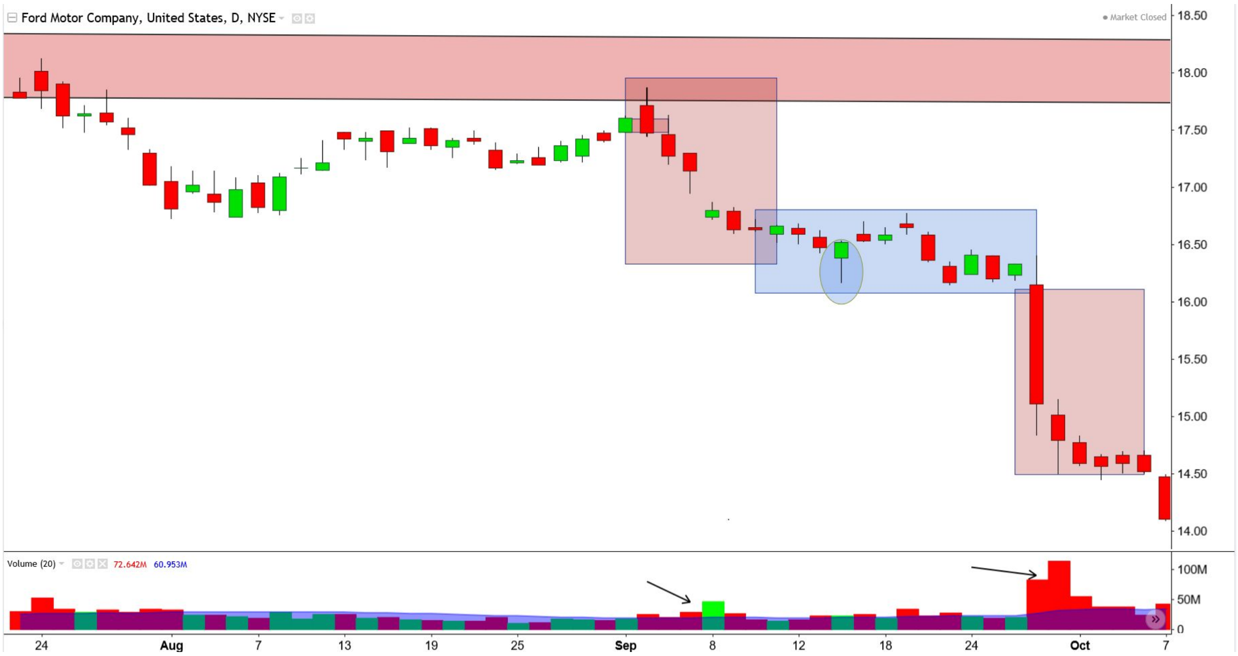


Trajectory is still heading lower despite the renewed upswing. The large red candle on September 2nd is certainly no bearish star but the upper wick rejection in the sliding resistance zone tells the same bearish story.

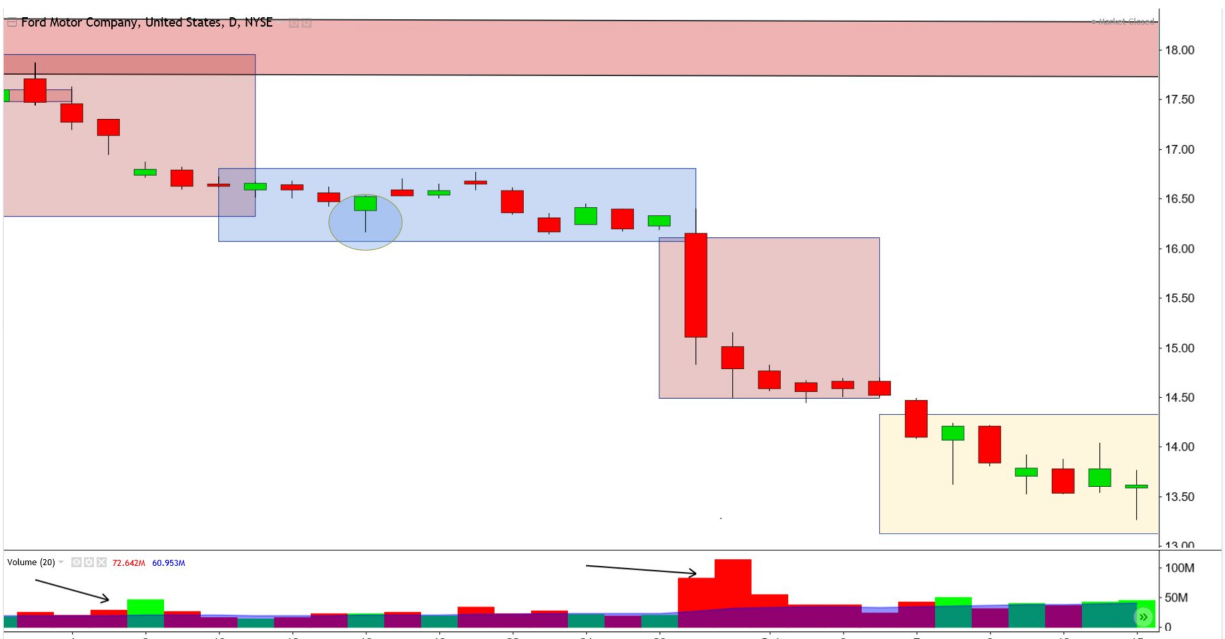
The following two candles make a definitive drop possible as they close much lower.



Combining the two candles of the bearish engulfing pattern forms a clean bearish star. Confirmation is very clear with the next two candles closing well below its low.



Classic continuation lower similar to the 3 methods falling pattern, except spread over a few weeks.



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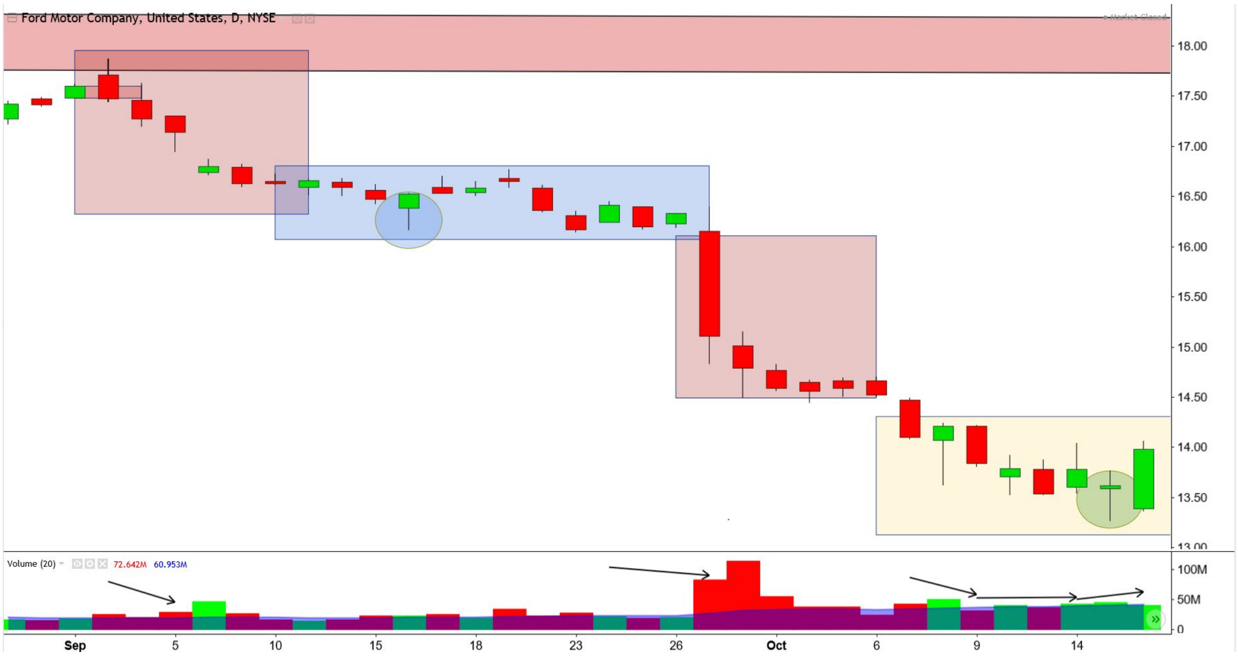
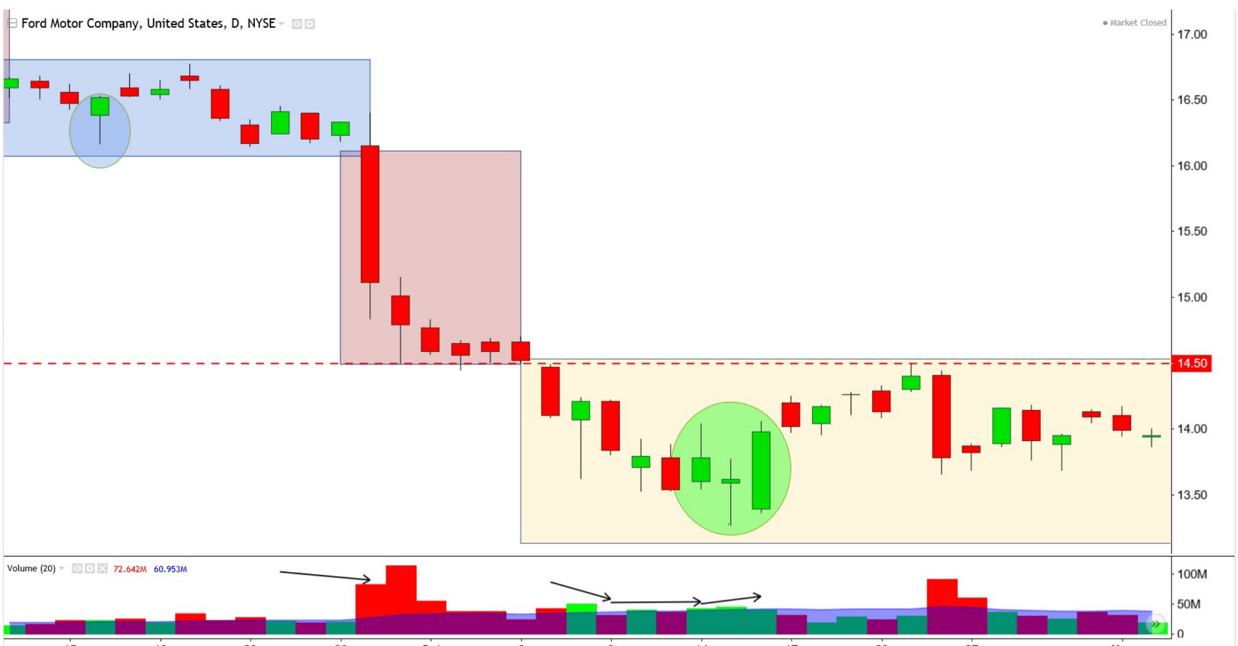


Bull hammer on Oct. 8th slows down the drop significantly. Though there is no upward reversal largely because the next candle didn't even trade above its high.



A thick dragonfly doji has more success because price immediately traded above it. In fact the minor upward shift is from a bullish engulfing pattern that had price trade immediately above it on October 17th even though it was a red candle it closed higher. The large bullish candle on Oct. 16th exemplifies the full body of the thick dragonfly doji being engulfed.

Indecision persisted but every time price fell there were bull hammers and dojis that formed a short term lower boundary with repeated wick rejection. This eventually led to a gradual shift seen in previous examples that culminated in a bullish acceleration over the 14.50 barrier which once again is a temporary resistance to a developing uptrend that formed from a boundary that was part of a previous downward continuation.

Familiar sights with relatively swift single candle reversals for upswings(lower wick rejections) and downswings forming from upper wick rejections.

Late August 2015 is almost like a colossal bull hammer but still demonstrates lower wick rejection on an amplified scale. Not surprisingly the real body near 13 and its closing price become an influential price range later on. The downswing and up swing that follow are great examples of dojis in directional contexts rather than indecisive price action.

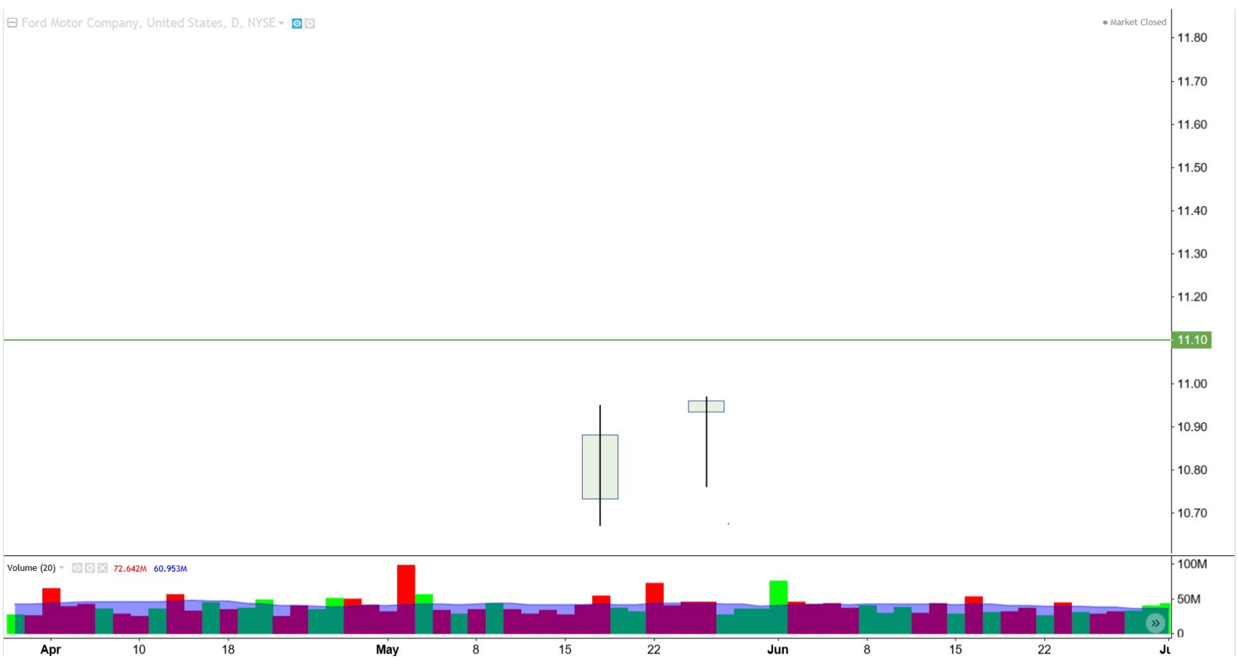
Price action with inverted hammers, bull hammers and dragon fly dojis. Once again just because the candle is bullish it does not guarantee an upward reversal. Price can trade or even close above the H of a reversal candle such as on Oct. 14th but not lead to an uptrend. This is largely because selling pressure persists as seen by the still high red volume.

There is lower wick rejection but the real pivotal candle is the large green one forming to develop a large bearish engulfing pattern that is able to effectively engulf a whole series of candles. Higher volume also helps increase the chances of a bullish reversal in the event the next candle closes higher.

This does indeed happen leading to a picture perfect jump with increasing bullish volume as a bonus. Upper wick rejection around the 12.30-12-50 range is normal as it is near the areas of past indecision.

Addition of longer term context also reveals 11.10 to be a major lower boundary that furthered the bullish background.

An overlapping kicking pattern and a piercing pattern lead to minor upswings during later fluctuation around 11.10.



It is a volatile period with rapid and wide variations in price. Combining those two candles in each pattern provides a clearer picture to show bullish intent and lower wick rejection.

A temporary jump over 11.10 ends with green candles that form a bearish kicking pattern with the gap down on July 20th with the longer lower wick gravestone doji. A clear bull hammer right on 11.10 on July 26th slows down the drop. Despite the next candle closing above it and almost engulfing it the downtrend resumes as August begins with a renewed surge in selling.

Bull hammer right on the round 10.50 and next major support level. This is followed by an inverted hammer that trades above the red bull hammer's high, a minor bullish sign. Indecision remains as these two recent candles can simply combine to form a large doji. Ford will have to immediately trade and close above the inverted hammer in order to avoid a prolonged range around 10.50 and possible drop further.

Yet again a gradual shift to bullish price action with the next few candles progressively closing higher with increasing bullish volume.

The pace back up to cross 11.10 is strong and is able to overcome the large bearish star that forms on the final day of August.

Things were certainly looking up for Ford in the short to medium context due to the strong 11.10 to 10.50 boundary being crossed but eventually the market fell back into bearish sentiment for the long term. During a later recovery the 10.50 level has upper wick rejection as a resistance and initially begins with dark cloud cover to almost bearishly engulf. Not a very clean two candles but the overall price action is bearish to develop into a major double top to hold Ford's price down well into the future.

Two Candle Reversal Example Case Study 2

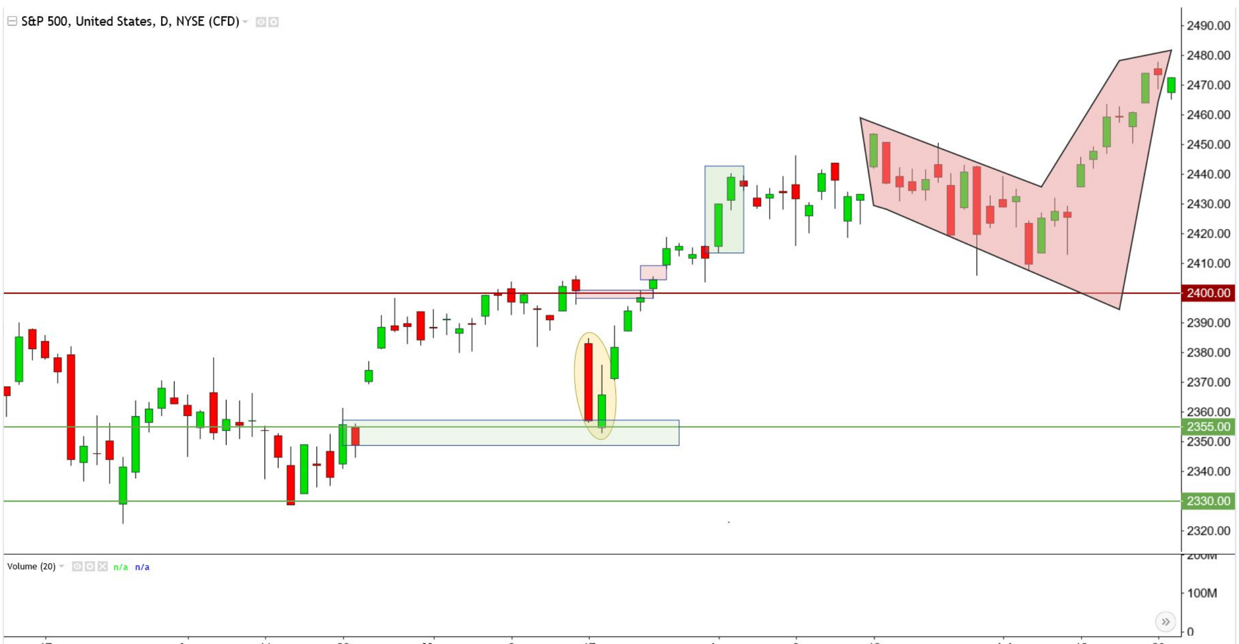
A stock market index like the S&P 500 can also be examined using candle charting.

A harami forms a minor downswing upon first contact with 2400 it is a two candle pattern that can lead to reversals but it can often lead to indecisive price behaviour, so it will be examined separately in a later section.

A dark cloud cover pattern is a two candle pattern that materializes more certain reversals. The candles on May 15th-16th aren't a great example in terms of following the ideal diagrams where the second red candle closes closer to half way within the first green candle's range. Though it nevertheless casts a bearish tone that has immediate confirmation with a strong close lower on the 17^{th}.

An inverted hammer initiates a strong upswing off the previous support range and gap fill area. It also forms a piercing pattern. Though once again it is not a strict candle pattern like in the diagrams. Realistically the market won't always form candles with the exact proportions as seen in the diagrams. Regardless the general price action is there with the inverted hammer nearing but not at the half way point of the large red candle's mid point.

Minor wick rejection on a spinning top upon return to 2400. The row of green candles originating from the inverted hammer and piercing pattern develop a rapid climb due to the gaps between the real bodies in the fashion of a strong 3 marching soldiers pattern.

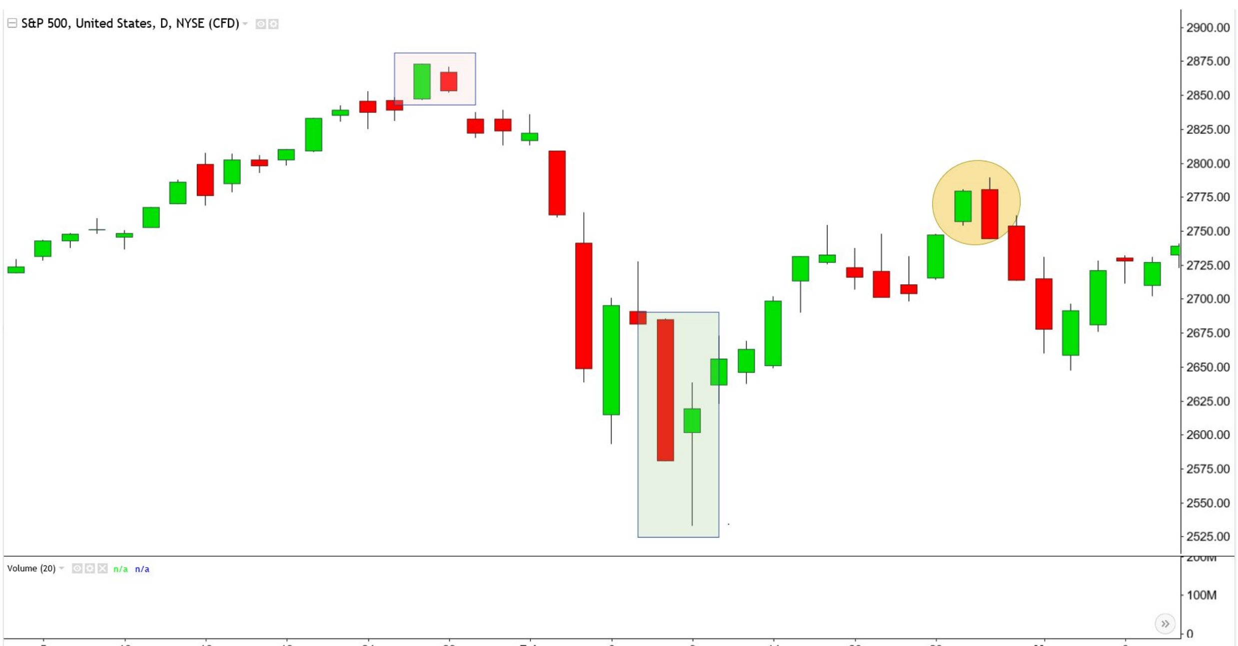


As seen before a major upper range (24000) is passed and the market dips back towards it after new highs are established in order to stabilize and consolidate the existing up trend. During the minor dip there are many bearish candles but enough lowerwick rejection to avoid 2400. Also the down and upswing in the highlighted red area originate from kicking patterns of the variety that has overlapping real bodies rather than a gap between real bodies.

More of the same in August. Note the wick rejection for both the down and upswing. The upswing in particular is a longer lower wicked inverted hammer followed by a bull hammer. They could be combined into a doji but the end result is still wick rejection of lower prices close to the prior upswing around the low 2400s. In fact look closer and the bull hammer's real body actually engulfs the real body of the inverted hammer to form a bullish engulfing pattern that has immediate follow through as the next candle is a thick bodied bullish candle that immediately closes higher.

A strong bullish background from the engulfing pattern accelerates a return to the previous upward trajectory to reach new record highs.

A rapid correction forms after the market peaks with a harami. The drop ends with a bull hammer that also forms a harami with the previous full bodied red candle on Feb 8 fully containing the green full body of the bull hammer.



Later a bearish engulfing pattern forms a minor downswing.

Market recovers but natural resistance develops around the upper 2700s where the bearish engulfing formed.

There is upper wick rejection but these are certainly not bearish stars, though still a sign of resistance at upper ranges. In fact it is just as bearish if not more bearish than a single bearish star. The two red candles highlighted form a bearish engulfing pattern that is quite unusual. Normally the first candle is green the second red. However since both candles are red they essentially combine to form one large red candle that forms dark cloud cover over the last green candle on March 9th.Immediate closes below the lows of the bearish engulfing form another rapid downtrend.

A descending trend line forms and is eventually crossed to signify a return to the upper 2700s and more initiative to get back on the long term uptrend. Naturally the upper 2700s resist this bullish intent with plenty of upper wick rejection and even another bearish engulfing pattern. Followed by a consolidating range that is very indecisive at first.

The consolidating range establishes above 2700 but the presence of successive haramis and gravestone dojis later slow down the push to newer record high ranges. It is all normal hesitation as markets climb to newer record highs.

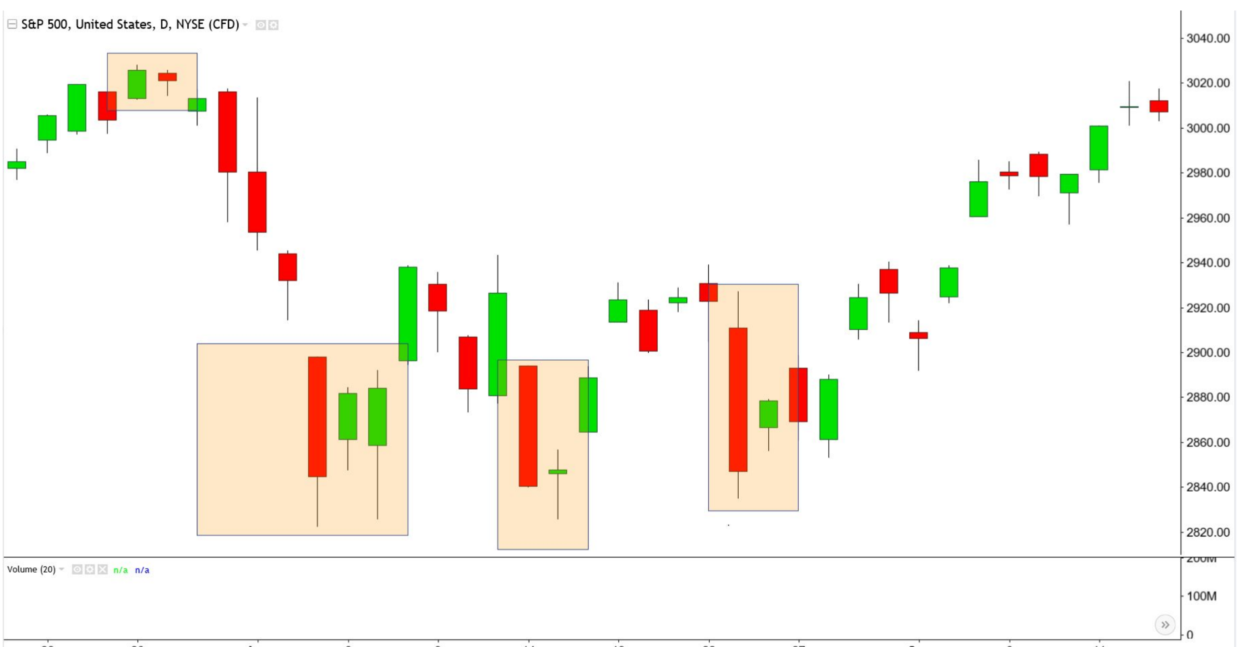
Again not a clean dark cloud cover like the diagrams but the same general rejection of higher prices over the course of two candles. Regardless the rows of red candles that follow to close and trade lower increase the chances of a downswing significantly.

Upper 2700s reverses roles to offer support to falling price. Although it doesn't lead to a reversal back up it does slow down the drop in the face of large red bodied candles.

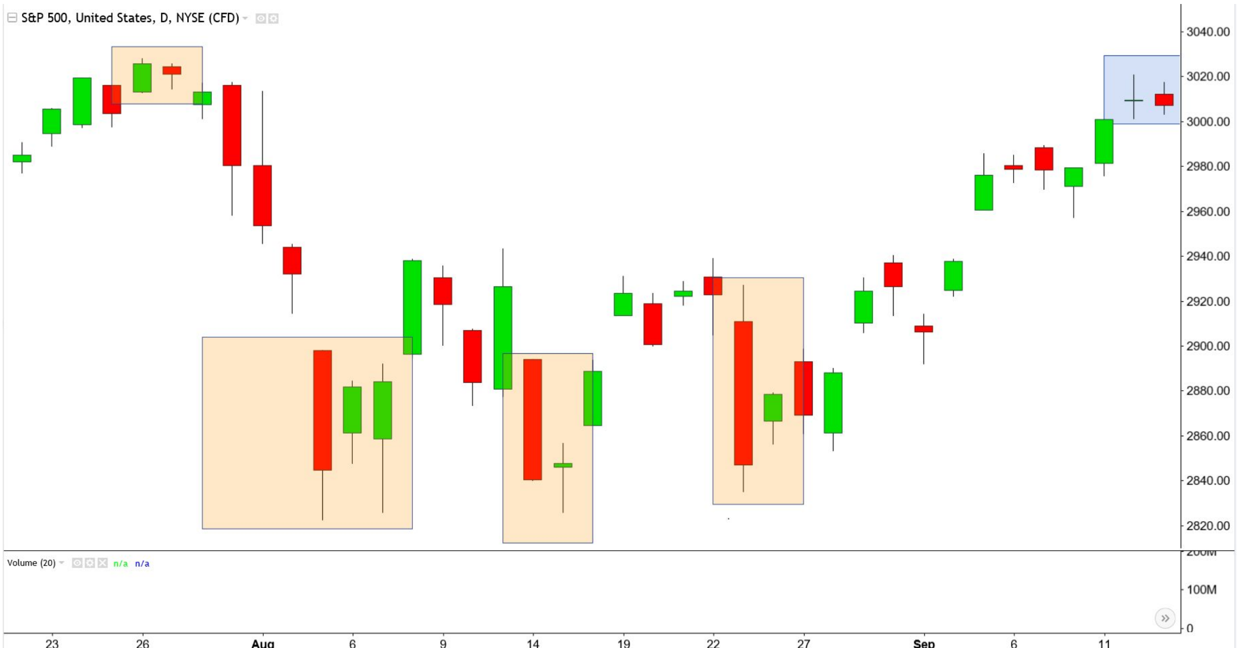
Natural wick rejection during failed attempts to return back above the upper 2700s in November. They are mostly downswings from dojis that border the spectrum between dark cloud cover and bearish engulfing.

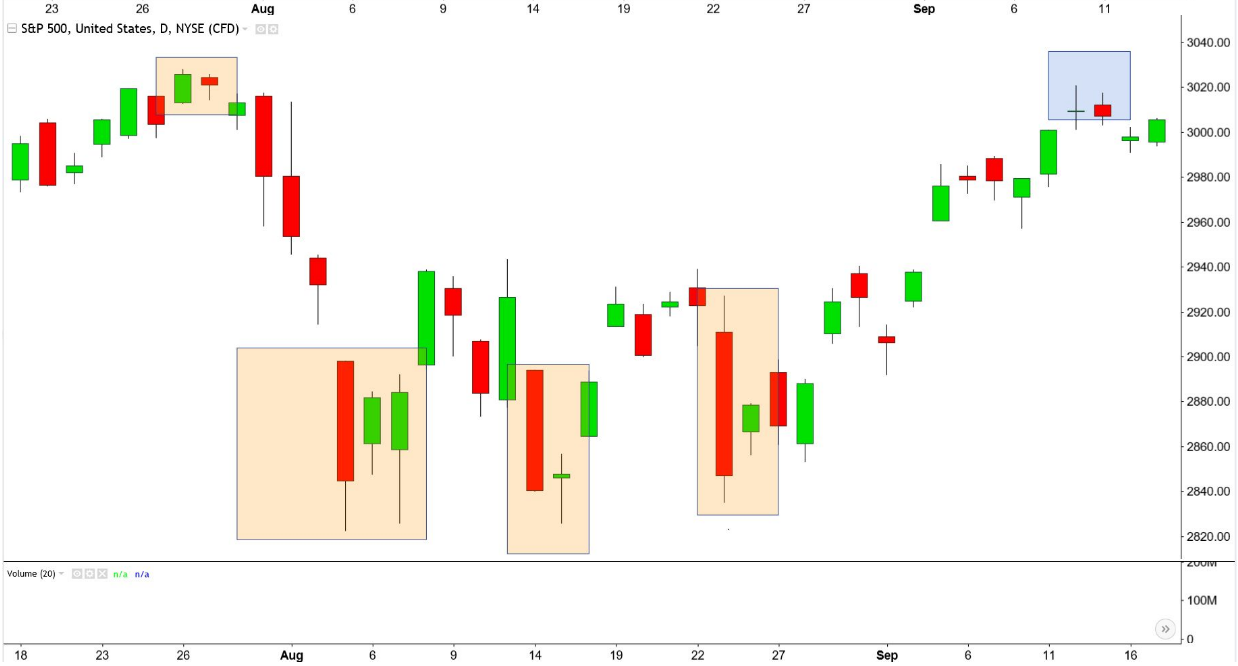
A very clear bearish engulfing adds further incentive to sell off after the more indecisive combination bodied of a bearish star and hanging man.

Lower wick rejection but contained within the ranges of large red candles to form haramis which produce indecision rather than swift reversals more common with single candle reversal patterns.



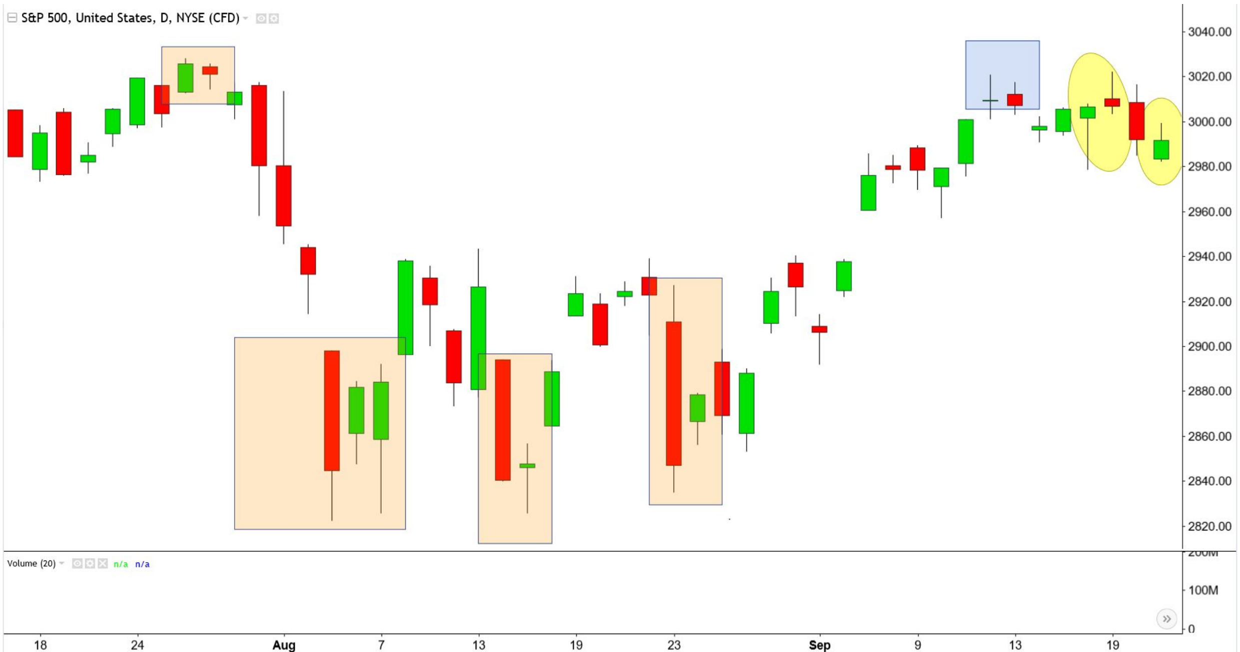
A narrow range is formed with an upper boundary near 2940. After 2940 was passed with a strong green gap up the market was leaning back to a bullish incline. In the process a triple bottom reversal also formed and was confirmed.

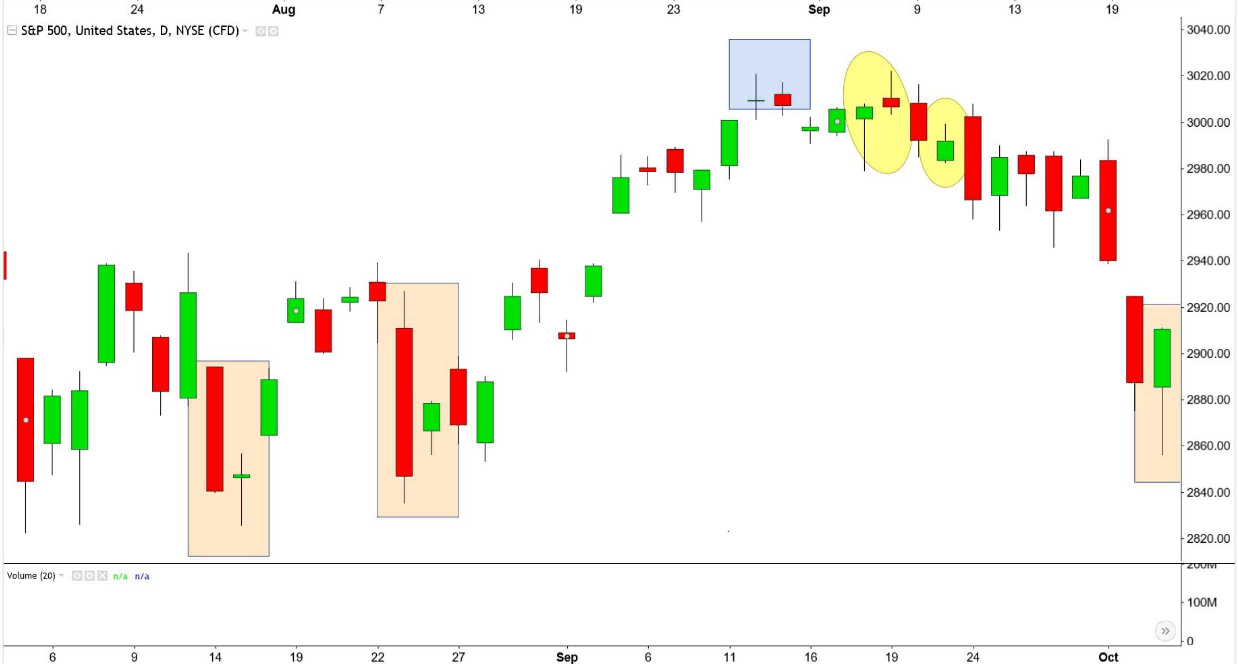




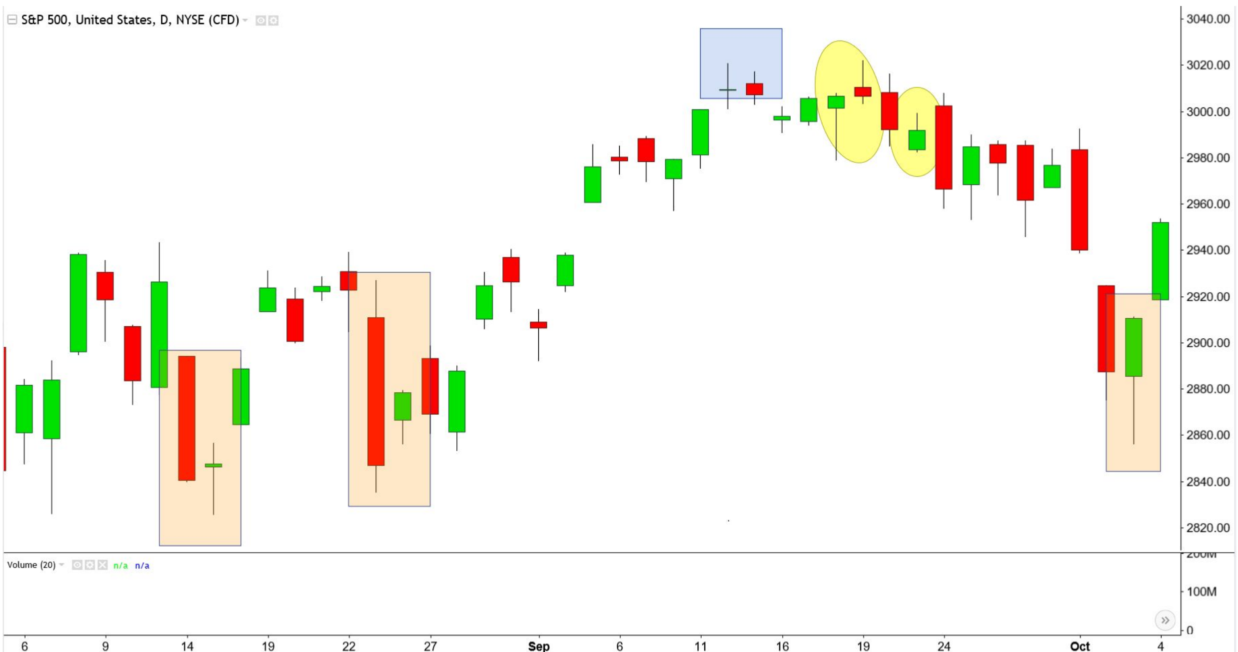
Indecisive doji engulfed at previous highs.

The following candles close below the bearish engulfing's but are green. The tone is bearish but not overwhelmingly bearish, some indecision remains.





Progress is expected to be slow for a downtrend developing due to the hesitation to decline rapidly.



In hindsight it is a rapid drop but in that situation those few weeks seem longer than they actually are as the market holds upper ranges and stock prices slide so slowly they aren't noticeable if attention is too fixated in the short term, which can often happen when focusing on candles alone.Classic lower wick Lower wick rejection near the previous support.

In effect a zoomed out view provides better context. The volatile range was merely a resting phase in the continuation of the long term uptrend.

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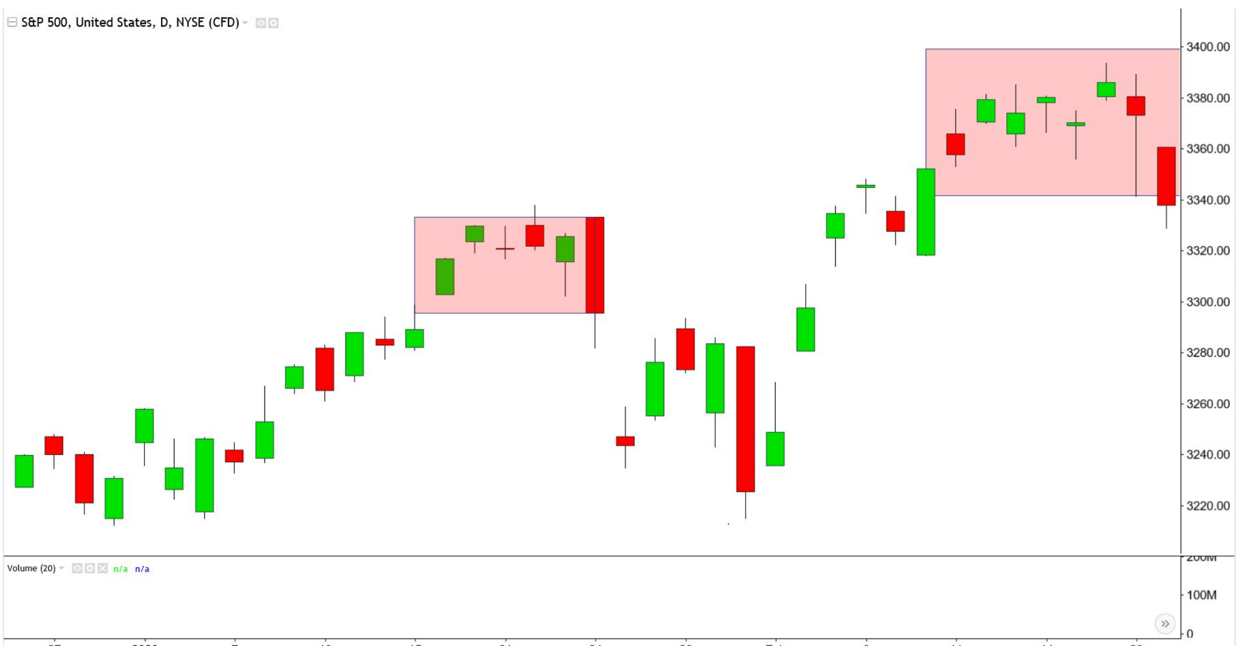
Upper wick rejection and a hanging man are not decisive until a large bearish engulfing candle consumes the past 5 candles to drastically favor a reversal lower.

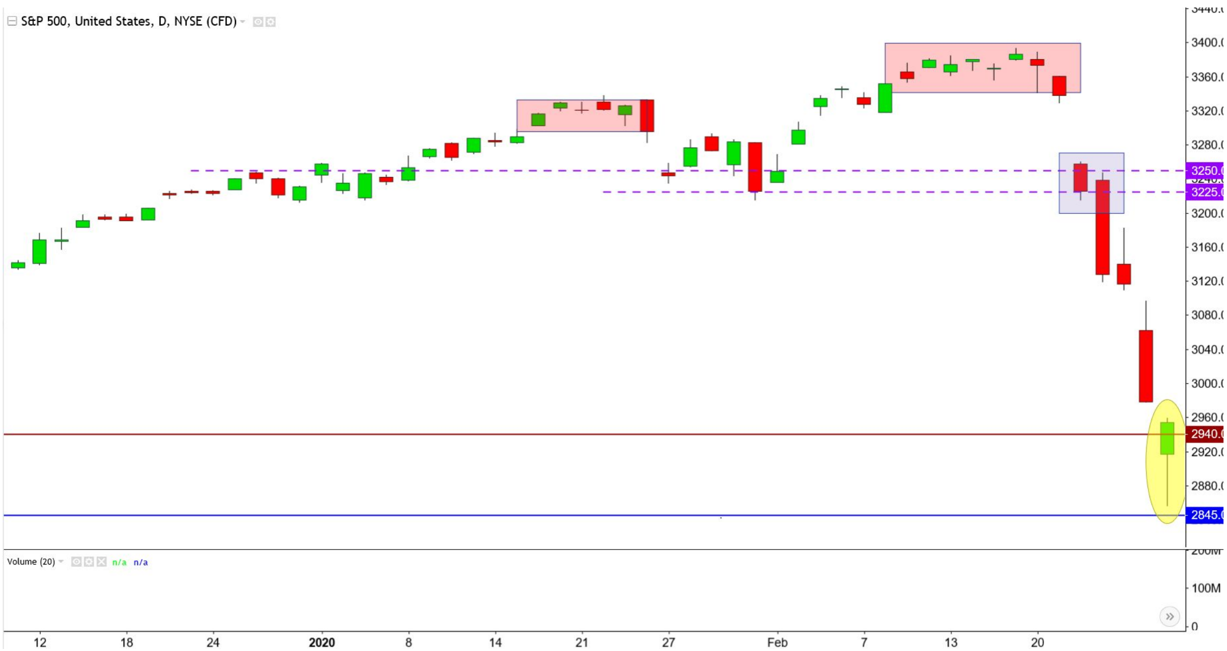
A gap down between the real bodies is a strong sign of a new downtrend. The most recent candle is essentially indecisive in the short term because the market tends to deliberate after such a significant drop especially for a major index like the S&P 500.

The gap down over extended the market too much and although there was still a bearish tone the following week the initial progress was not built upon to form a new downtrend. The green candles that gapped to new highs basically countered the strong bearish engulfing.

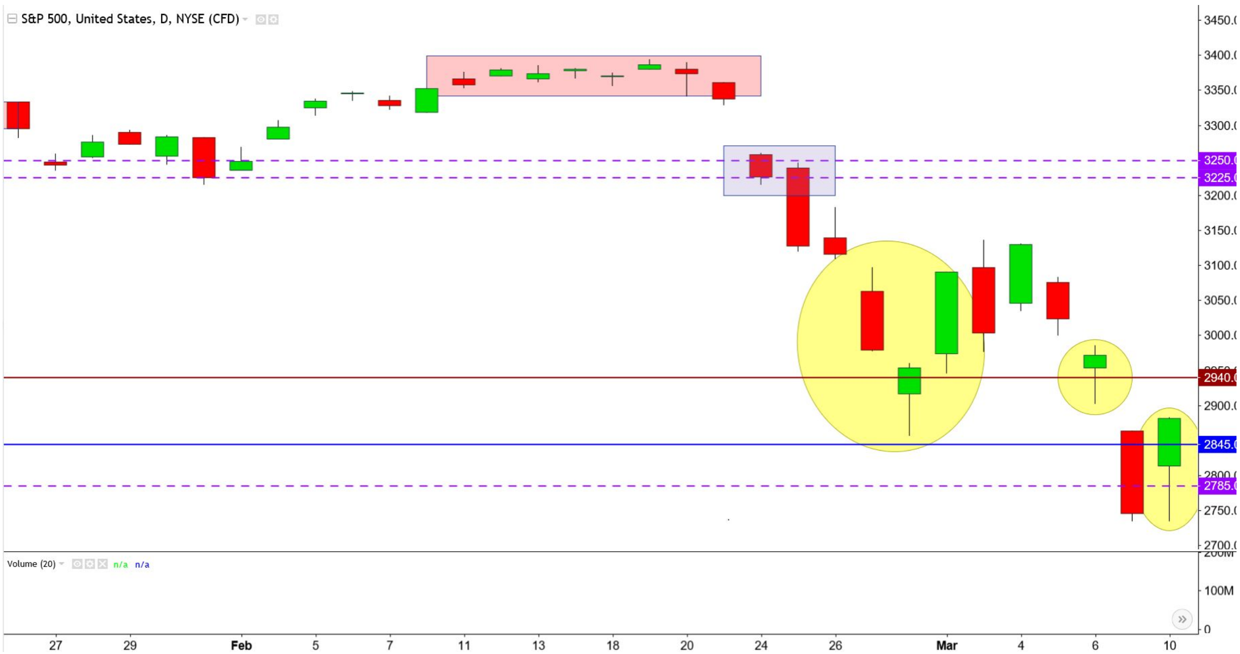


There is no one single pattern but a series of bearish candles that produce a renewed bearish tone. First it is upper wick rejection closer to bearish stars then hanging man candles unable to rapidly drive lower. Then it is somewhat of a kicking pattern with red candles most recently gapping and closing strongly lower.

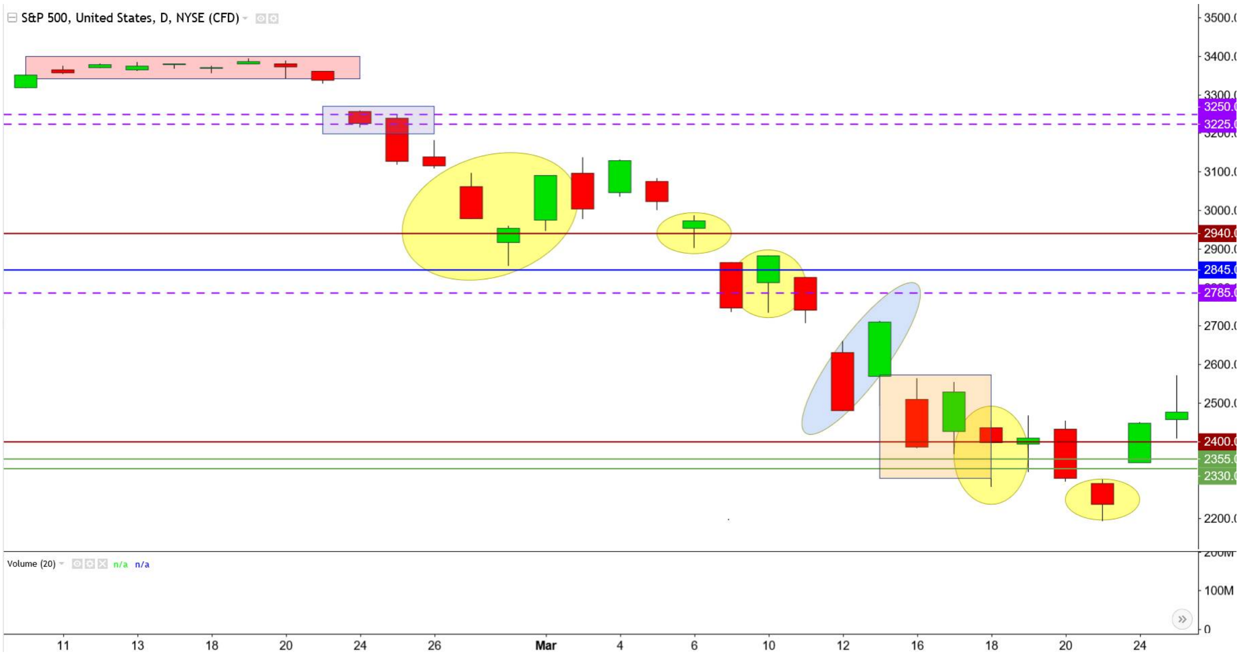
A large bull hammer quickly halts the drop right at the top of the upper range of the past few years that now offers strong support. In the process the morning star candle pattern formed.



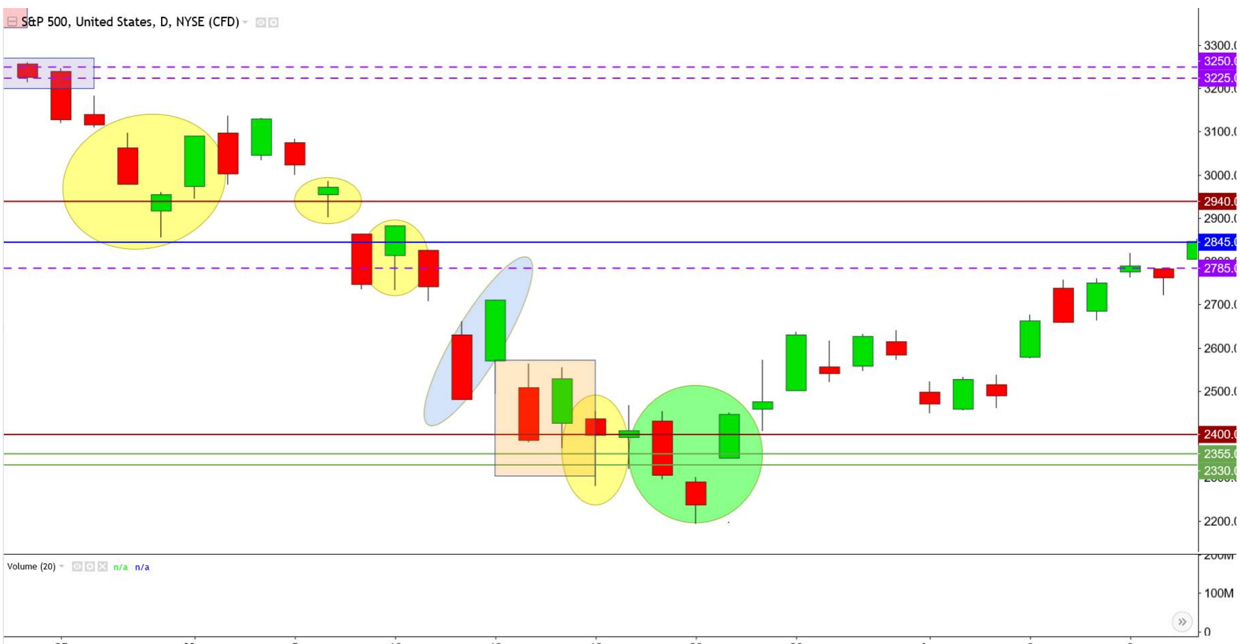
Also note the 3200 range temporarily slowed down the rapid drop as it lined up with a minor support range from the earlier indecision approaching record highs.



Though the bull hammer in the middle of a morning star pattern is a very bullish formation, it is not a guarantee even though the following two candles traded and briefly closed above the morning star's high. A great example of nothing being a 100% guarantee. However again there is a temporary pause to the drop instead of an upward reversal.



A pair of overlapping kicking patterns followed by lower wick rejection at previous significant ranges

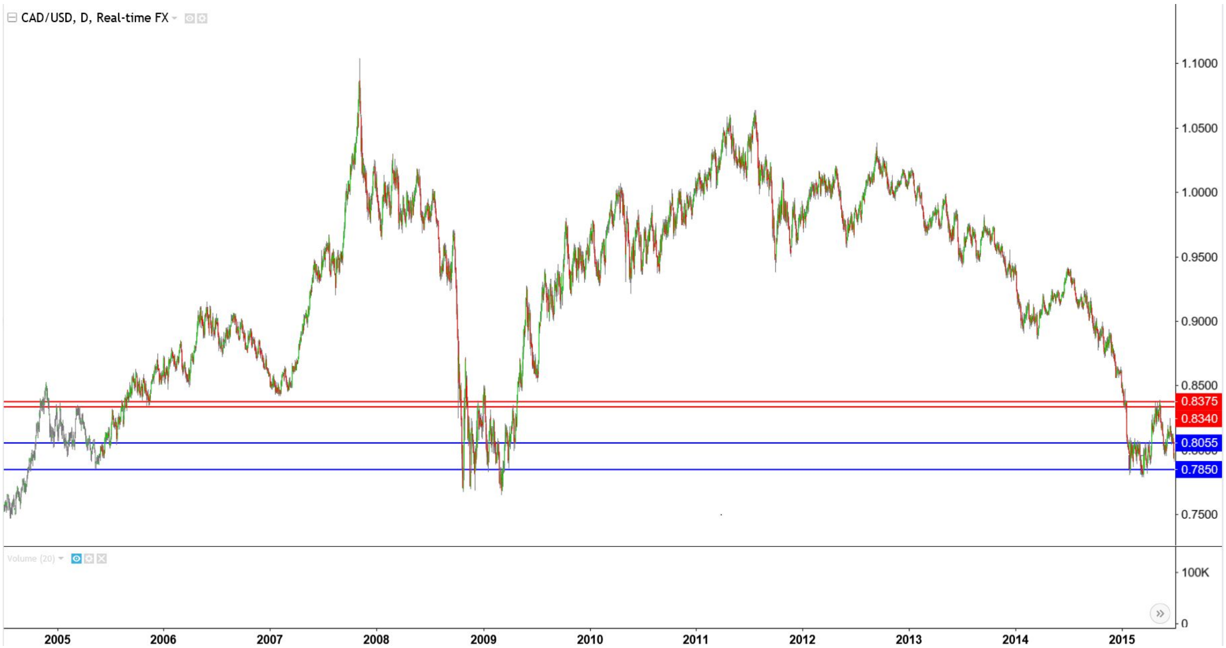


Price trades above all including a red bull hammer in the middle of a morning star. Even though there are fewer indecisive candles the market is hesitant especially with a strong resistance range so close above. The candles reveal the shorter term situation of an oversold market shifting to bullish sentiment. However such a major drop allows doubt to linger. Only after 2940 is passed can a major recovery be declared to be in progress.

As expected major resistance with upper wick rejection and later a bearish engulfing but the market holds above 2785. A slow and tenuous continuation follows to eventually surpass the still relevant 3200 range.

Two Candle Reversal Example Case Study 3

A firm lower base forms with two large bullish engulfing patterns to anchor down a lower range in the high 0.70s. The long term downtrend may not be completely over for certain, but it has certainly halted.



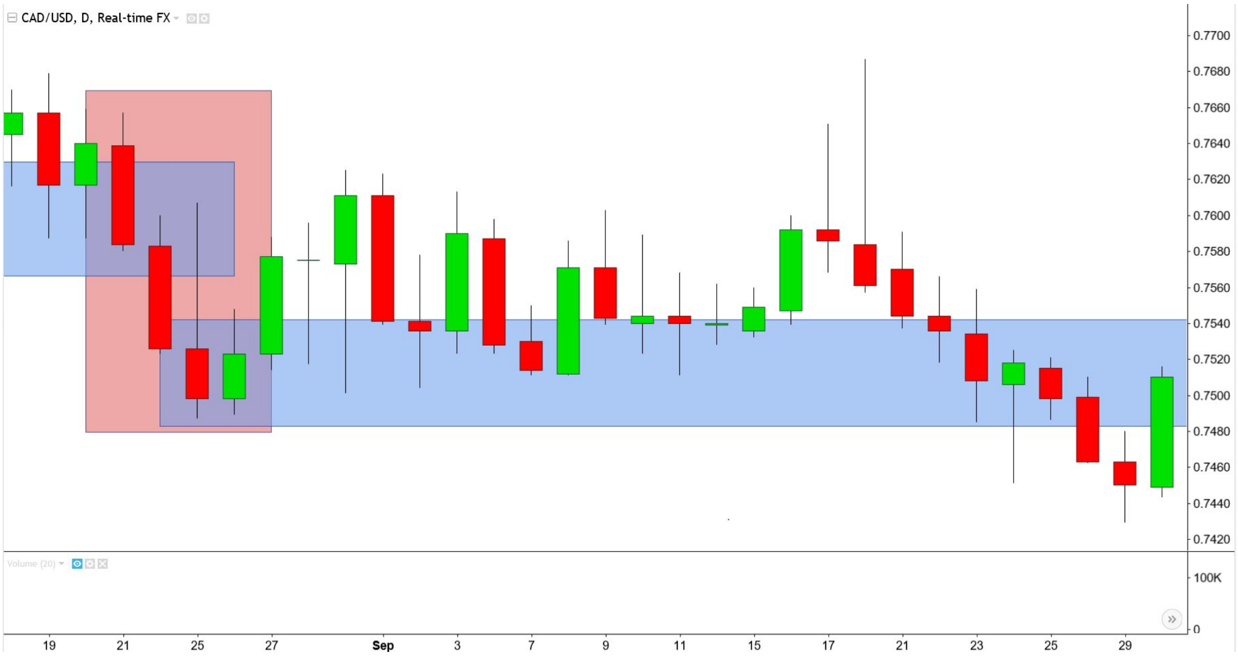
The upper 0.70s turn out to be a major long term range, and the shorter term context with recent candles is in agreement. Lower wick rejection and real bodies tending to close above the 0.7850 level.

Another case where a good bullish background does not lead to a major reversal due to one large spike down in mid July that reestablished the downtrend.

The downward pace gradually slows despite another minor continuation in August with the emergence of more single reversal candles and dojis that show lower wick rejection especially in the 0.75s. A base of support is forming in the mid 0.70s but there is still a bearish to neutral tone. The most recent green candle does not mean much for an upward reversal unless it can be followed by a row of consecutive closes higher.

The next two candles are especially telling on September 17-18th with high wick rejection, essentially inverted hammers. However they are red and they are more in the context of a sideways range. Inability to hold higher prices leans the market back on a bearish decline.

The emergence of a very clean green bull hammer serves to prolong the longevity of the mid 70s support. Another case where a strong bullish candle doesn’t produce an upward reversal but instead shows a secondary sign of support by delaying the ongoing drop.

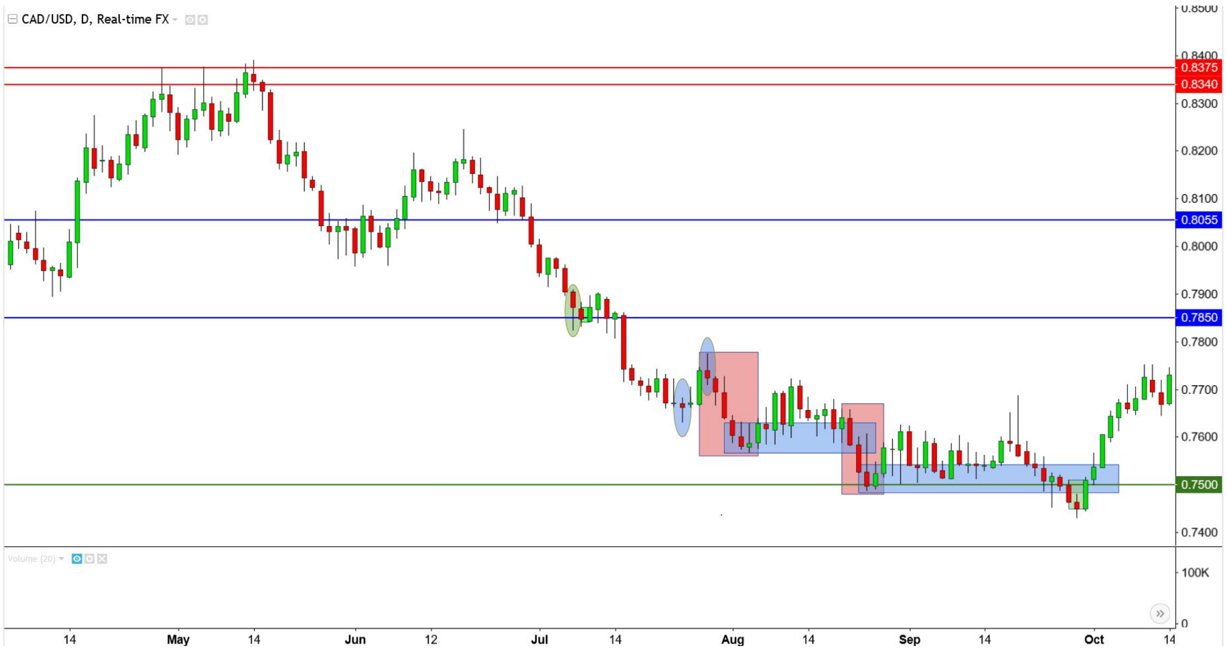


September 29th sees the lowest candle so far and it is effectively indecisive on its own. However the next candle forms a bullish engulfing pattern to reconnect with the mid 0.70s range. In effect the September 29th candle does leave the range but it is essentially lower wick rejection as the combining of it with the bullish engulfing candle forms lower wick rejection in the shape of a bull hammer spread over two days. This also forms in the context of clearly declining price. Almost a full row of lower red closes to move under the blue sideways range.

Great followup the next day with immediate confirmation by a higher close. Normal upper wick rejection to start October since the. 0.7540 level is a very narrow upper boundary in the short term.

Another close higher where the real body is almost entirely above the close of the previous candle. A very strong sign close to a 3 marching soldiers pattern. Most definitely a probable swing point. Then if the 0.76 level and those upper wicks from September 17-18th can be cleared, a stronger uptrend can be established.

The strong start continues but as with prior examples the minor continuation range a few weeks earlier can offer resistance to the developing uptrend.


CAD/USD, D, Real-time FX
0.8375
0.8340
0.8055
0.7850
0.7500
Volume (20)
100K
0
14
May
14
Jun
12
Jul
14
Aug
14
Sep
14
Oct
14


CAD/USD, D, Real-time FX
0.7773
0.7500
Volume (20)
100K
0
7
9
11
15
17
21
23
25
29
Oct
5
7
9
13
15
19

The early recovery is indeed resisted by the influence of the downward continuation from August around the 0.7773. Interestingly a harami forms here to initiate a downswing with the C of the first and O of the second candle almost in line at 0.7773 about the same level where the prior downward continuation started in August.

A sizable drop and back to square one where there is a cluster of reversal candles concentrated around 0.75 again.

There is no follow through with higher closes above the reversal candles. The balance tips toward neutral to bearish with more dojis and a few large red candles.

Lower wick rejection kept contact with 0.75 but the current large red bodied candle poses a similar scenario to the break of 0.7850 in mid July.

A rapid drop is followed by deliberation and hesitation in the form of the current thick doji.

More of the same, a large and strong continuation with a resting phase full of dojis and spinning tops.

0.70 another strong boundary is breached. Often the market continues lower like in this case but the major 0.70 level does also serve to slow down the drop similar to previous examples. That is why it is normal to see some reversal candles form in the past 3 days after a rapid break under 0.70

The inverted hammer is the first major sign of at least a temporary halt to the longer term downtrend. The current bull hammer leans sentiment slightly more bullish and puts doubt into the strength of the downtrend due to lower wick rejection. However combining all the last 3 candles essentially amounts to a doji. Thus selling pressure is lessening but it is indecisive at the moment.

Note also that the green bull hammer formed a bullish engulfing pattern with its real body containing the real body of the inverted hammer before it. That does slightly tip market deliberation bullish. However only after the high of the bull hammer and inverted hammer are cleared by at least 3 closes higher can a major upward reversal be considered. Otherwise it is more of the same, another sideways to slightly upward range that acts as a resting phase in the long running downtrend.


CAD/USD, D, Real-time FX
0.7900
0.7850
0.7800
0.7773
0.7700
0.7600
0.7500
0.7400
0.7300
0.7200
0.7100
0.7000
0.6900
0.6855
0.6800
Volume (20)
100K
0
Aug
13
Sep
11
Oct
13
Nov
12
Dec
11
23
2016
14


CAD/USD, D, Real-time FX
0.7600
0.7550
0.7500
0.7450
0.7400
0.7350
0.7300
0.7250
0.7200
0.7150
0.7100
0.7050
0.7000
0.6950
0.6900
0.6855
0.6800
Volume (20)
100K
0
Dec
4
9
14
17
22
25
30
2016
7
12
15
20

Immediate confirmation with a strong close that even gets above 0.70 that naturally acts as the first obstacle.

Some natural indecision at such a key level but still staying in the 0.70s for a bullish advantage.

More follow through to build on the initial bullish momentum to develop an uptrend that stands a better chance of returning to at least the mid 0.70s.

Normal resistance from the upper boundary of the last downward continuations resting phase at 0.73. Though the uptrend remains intact with only a slight dip that is welcome to stabilize the trajectory from becoming too steep and unsustainable.

2016 was definitely a comeback following a prolonged downtrend that did begin to get overextended nearing the end of 2015 with the steep downward continuation that is more clearly seen with a zoomed out view.

During the flat to downward sloping range in late 2016-2017 there are a few very clean up and downswings that are almost complete bullish and bearish engulfing patterns. The general price action reverses direction in an engulfing pattern even though the large red and green candles that reverse price tend to not fully encompass the full real body of the candle(s) before them.

0.75 again shows a situation where a strong downtrend negates a bull hammer but the drop is still gradually slowed down as a secondary effect. The current candle at .74 is almost like a spinning top but it has a bit of a longer lower wick and the real body is closer to the upper half of the H-L range.

It is helpful that the next candle bullishly engulfs the previous red real body and remains above 0.74 at the close. Now it is a matter of waiting for confirmation with higher closes in the next few days.

Not fully over the high of the bullish engulfing but still a bullish candle and above the previous close. Leaning more in favor of developing an upswing.

Some delay but the current large green candle speaks for itself in reversing the market. If this was a stock chart with trading volume this would almost certainly have a large increase in volume too.