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Bullish Homing Pigeon

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By CORY MITCHELL Updated July 22, 2021

What Is the Bullish Homing Pigeon?

The bullish homing pigeon is a candlestick pattern where one large candle is followed by a smaller candle with a body located within the range of the larger candle's body. Both candles in the pattern must be black, or filled, indicating that the [closing price](#) was lower than the opening price.

This pattern may indicate that there is a weakening of the current downward trend, which increases the likelihood of an upward [reversal](#).

KEY TAKEAWAYS

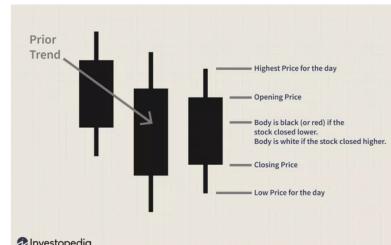
- A bullish homing pigeon is an upside reversal pattern, although it can also be a bearish continuation pattern.
- This candlestick pattern occurs during downtrends, or during pullbacks within an uptrend.
- It is composed of a large real body followed by a smaller real body, and both candles are black (filled) or red indicating the close is below the open.
- Bullish homing pigeon patterns don't provide profit targets, and a stop loss is typically placed below the bottom of the pattern after an upside move is confirmed.

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Understanding the Bullish Homing Pigeon

Bullish homing pigeons are bullish reversal patterns, although some research has suggested that it's a more accurate bearish [continuation pattern](#). This is because prices don't move in straight lines. During a downtrend, the price drops, then pauses or [pulls back](#), and then proceeds lower again. The bullish homing pigeon could just be a pause before the price continues lower.

When used to predict a bullish reversal, traders watch for the pattern to occur during a downturn that is weakening or nearing a [support level](#). At this point, they may consider exiting short positions or entering long positions. The pattern is less meaningful as a bullish reversal when it occurs in [choppy market conditions](#).



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This candlestick pattern is similar to an [inside day](#), where a candlestick's entire price range falls within the price range of a previous day. Both patterns are utilized in the same way. The difference is bullish homing pigeons only look at the open and closing price rather than the entire daily range.

Bullish Homing Pigeon Confirmation

Whether using the pattern as a reversal or continuation signal, many traders wait for the next candle for confirmation of the direction. If the price moves above the open of the first or second candle, and especially if it closes there, the upward thrust provides evidence that a bullish reversal is underway. If the next candle after the pattern sees the price drop, and especially if it closes below the close of the first or second candle, that selling indicates the price is more likely to continue dropping.

As with most candlestick patterns, bullish homing pigeons work best when used in conjunction with other [technical indicators](#) or chart patterns. These chart patterns can serve as confirmation of a bullish reversal. For example, if the price has been ranging, a bullish homing pigeon may be a useful pattern to watch for near support. Both the range and homing pigeon pattern indicate that the price could head higher off support.

The pattern is also useful for signaling the end of a pullback during an uptrend. The pullback is a short-term price drop within the overall uptrend. If a bullish homing pigeon occurs during a pullback and then is followed by price movement to the upside, that could signal the pullback is over and the upward price trajectory is continuing.

Stop Loss and Price Targets

After the pattern occurs, if the price moves higher this indicates a bullish reversal. A trader could enter a [long position](#) and place a [stop loss](#) below the low of the pattern. Alternatively, they could place it below the low of the second candle, which will often be higher than the first candle (but not always).

If a trader decides to use the pattern to signal the continuation of a downtrend, they will wait for the price to move lower after the pattern forms. They could then enter a [short position](#) with a stop loss above the high of the pattern. Alternatively, they could place the stop loss above the high of the second candle.

The bullish homing pigeon, like most candlestick patterns, doesn't provide a [price target](#). The price may start a new full-blown trend after the pattern, or the price may barely move at all. A trader could utilize a price target based on a defined [risk/reward](#), a measured move, or they could utilize a [trailing stop](#).

Example of a Bullish Homing Pigeon

A bullish homing pigeon candlestick pattern appeared in Meta's, formerly Facebook, ([FB](#)) stock. The stock was heading higher, but then entered a pullback phase. The price moved lower and then a bullish homing pigeon pattern emerged.

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The pattern was followed by a [gap](#) higher and strong rise the following day. This sharp rise following the pattern helped provide confirmation that the pullback was over. Because of the gap higher, this trade would have had a large stop loss if it was placed below the low of the pattern. For some traders, this may have nullified the trade. Others may have found another place to put the stop loss.

The pattern doesn't provide a profit target, and there are no assurances of how far the price will run after the pattern occurs. In this case, the price moved higher for three days following the confirmation candle before moving lower again.

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