

## TECHNICAL CORNER

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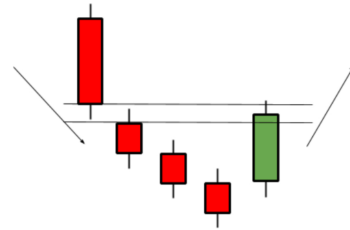
### Bullish and Bearish Breakaway Candlestick Pattern

Posted by  
ABHILASH BANDARI

Date  
AUGUST 15, 2020

#### Bullish Breakaway Candlestick Pattern

- It is a five candlestick pattern formed at the end of a bearish rally.
- This type of pattern indicates a trend reversal and a bullish trend is seen thereafter.

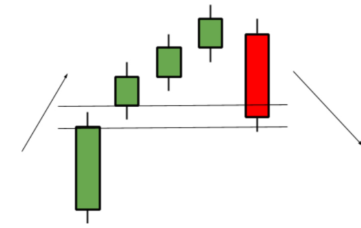


#### Traders Psychology:

- Since there is a bearish trend, a long red candle is formed on the first day, indicating that bears are still aggressive.
- On the second day, the candle opens gap down and price reduces further, resulting again in a red candle.
- On the third day, there can be either a red candle or a green candle with a gap down.
- On the fourth day, there is a small gap down and a red candle is formed again.
- The length of the candles formed on the second, third and fourth days are small, indicating that there is a loss of momentum and bears are no longer aggressive.
- On the fifth day, a large green candle is formed covering the three small red candles, indicating bullish aggressiveness. If the candle opens a gap up, it is an extra positive.
- Generally, this creates a strong positive trend. However, there is a chance of a trend continual and it would be safe for the traders to wait for one more green candle to open gap up and close at a higher price.

#### Bearish Breakaway Candlestick Pattern


- It is a five candlestick pattern formed at the end of a bullish rally.
- This type of pattern indicates a trend reversal and a bearish trend is seen thereafter.



#### Traders Psychology:

- Since there is a bullish trend, a long green candle is formed on the first day, indicating that bulls are still aggressive.
- On the second day, the candle opens gap up and the price rises further, resulting again in a green candle.
- On the third day, there can be either a green candle or a red candle with a gap up.
- On the fourth day, there is a small gap up and a green candle is formed again.
- The length of the candles formed on the second, third and fourth days are small, indicating that there is a loss of momentum and bulls are no longer aggressive.
- On the fifth day, a large red candle is formed covering the three small green candles, indicating bearish aggressiveness. If the candle opens a gap down, it is an extra positive.
- Generally, this creates a strong downward trend. However, there is a chance of a trend continual and it would be safe for the traders to wait for one more red candle to open gap down and close at a lower price.

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Abhilash Bandari

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