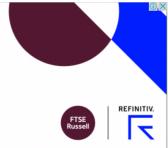


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## Spinning Top Candlestick

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### What Is a Spinning Top Candlestick?

A spinning top is a candlestick pattern that has a short [real body](#) that's vertically centered between long upper and lower shadows. The candlestick pattern represents indecision about the future direction of the asset. It means that neither buyers nor sellers could gain the upper hand.

A candlestick pattern forms when the buyers push the price up during a given time period, and the sellers push the price down during the same time period, but ultimately the [closing price](#) ended up very close to the [open](#). After a strong price advance or decline, spinning tops can signal a potential price reversal if the candle that follows confirms. A spinning top can have a close above or below the open, but the two prices are always close together.

#### KEY TAKEAWAYS

- A spinning top is a candlestick pattern that has a short real body that's vertically centered between long upper and lower shadows.
- The real body should be small, showing little difference between the open and close prices.
- Since buyers and sellers both pushed the price, but couldn't maintain it, the pattern shows indecision and that more sideways movement could follow.

### What Does a Spinning Top Tell You?

Spinning tops are a sign of indecision in the asset; the long upper and lower shadows indicate there wasn't a meaningful change in price between the open and close. The [bulls](#) sent the price sharply higher and the [bears](#) sent the price sharply lower, but in the end, the price closed near where it opened. This indecision can signal more sideways movement, especially if the spinning top occurs within an established range. It can also signal a possible price reversal if it occurs following a price advance or decline.

Sometimes spinning tops may signal a significant trend change. A spinning top that occurs at the top of an [uptrend](#) could be a sign that bulls are losing their control and the trend may reverse. Similarly, a spinning top at the bottom of a [downtrend](#) could signal that bears are losing control and bulls may take the reins.

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In any case, confirmation helps clarify what the spinning top is saying. The confirmation comes from the next candle. If a trader believes a spinning top after an uptrend could result in a reversal to the downside, the candle that follows the spinning top should see prices drop. If it doesn't, the reversal is not confirmed and the trader will need to wait for another trade signal. If the spinning top occurs within a range, this indicates indecision is still prevalent and the range will likely continue. The candle that follows should confirm, meaning it stays within the established sideways [channel](#).

Spinning tops are a common candlestick pattern, which means they work best in conjunction with other forms of technical analysis. For example, traders may look at technical indicators, like the [moving average convergence-divergence](#) (MACD) or [relative strength index](#) (RSI), for signs of a reversal before taking a trade based on a spinning top. Indicators or other forms of analysis, such as identifying support and resistance, may aid in making decisions based on candlestick patterns.

### Example of a Spinning Top Candlestick



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The chart example shows several spinning tops. The first one, on the left, occurs after a small price decline. It is followed by a down candle, indicating a further price slide. The price does head a bit lower but then reverses to the upside. If taking trades based on candlesticks, this highlights the importance of having a [plan](#) and managing risk [after](#) the candlestick.

The second spinning top occurs within a range. It confirms the current indecision of the market, as the price continues to head sideways.

The third spinning top is exceptionally large compared to the candles around it. It occurred after an advance and was followed by a large down candle. This ended up being a reversal candle, as the price proceeded lower.

As the price was dropping, another spinning top formed. It ends up being a brief pause, as the next candle [gapped](#) lower and continued falling.

The examples highlight the importance of confirmation and context. Spinning tops within ranges typically help confirm the range and the market's indecision. Spinning tops within trends may be reversals signals, but the candle that follows needs to confirm.

### The Difference Between a Spinning Top and a Doji

Spinning tops and [dojis](#) both represent indecision. Dojis are smaller, with small real bodies and small upper and lower shadows. The spinning top has long upper and lower



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shadows. Both patterns occur frequently and are sometimes used to warn of a reversal after a strong price move. Both types of candlesticks rely heavily on confirmation. A strong move after the spinning top or doji tells more about the new potential price direction than the spinning top or doji itself.

#### Limitations of Using the Spinning Top

Spinning top candlesticks are common, which means many of the patterns witnessed will be inconsequential. Since assets often have periods of indecision, this makes sense. Spinning tops frequently occur when the price is already moving sideways or is about to start.

As for forecasting reversals, the common nature of spinning tops also makes this problematic. Many spinning tops won't result in a reversal. Confirmation is required, but even with confirmation, there is no assurance the price will continue in the new direction.

Trading around a spinning top can also pose some problems since the candle can be quite large from high to low. If confirmation comes after a spinning top and a trade is taken, placing a [stop loss](#) above or below the high/low of the spinning top could result in a large risk which doesn't justify the potential reward.

Assessing the reward potential of a spinning top trade is also difficult since the candlestick pattern doesn't provide a [price target](#) or exit plan. Traders need to utilize other candlestick patterns, strategies, or indicators to find a profitable exit.

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#### Related Terms

##### What Is a Doji Candle Pattern?

A doji is a name for a session in which the candlestick for a security has an open and close that are virtually equal and are often components in patterns. [more](#)

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##### Rickshaw Man Definition

The rickshaw man is a long candlestick with a doji body, centered between the high and low, that indicates indecision in the market. [more](#)

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##### Three Stars in the South

The three stars in the south is a three-candle bullish reversal pattern, following a decline, that appears on candlestick charts. [more](#)

##### Marubozo

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