

TECHNICAL ANALYSIS > TECHNICAL ANALYSIS BASIC EDUCATION

Long-Legged Doji

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What Is the Long-Legged Doji?

The long-legged doji is a [candlestick](#) that consists of long upper and lower shadows and has approximately the same [opening](#) and closing price, resulting in a small real body.

KEY TAKEAWAYS

- The long-legged doji is a candlestick that consists of long upper and lower shadows and has approximately the same opening and closing price.
- The pattern shows indecision and is most significant when it occurs after a strong advance or decline.
- While some traders may act on the one-candle pattern, others want to see what the price does after the long-legged doji.
- The pattern is not always significant, and won't always mark the end of a trend—it could mark the start of a consolidation period, or it may just end up being an insignificant blip in the current trend.

Understanding the Long-Legged Doji

A long-legged doji signals indecision about the future direction of the underlying security's price. Long-legged dojis may also mark the start of a [consolidation](#) period, where the price forms one or more long-legged dojis before moving into a tighter pattern or breaking out to form a new trend.

Long-legged doji candles are deemed to be most significant when they occur during a strong [uptrend](#) or downtrend. The long-legged doji suggests that the forces of [supply](#) and [demand](#) are nearing equilibrium and that a trend reversal may occur. This is because equilibrium or indecision means that the price is no longer pushing in the direction it once was. Sentiment [may](#) be changing.

For example, during an uptrend, the price is getting pushed higher and the [close](#) of most periods is above the open. The long-legged doji shows there was a battle between [buyers](#) and [sellers](#) are nearing equilibrium and that a trend reversal may occur. This is because equilibrium or indecision means that the price is no longer pushing in the direction it once was. Sentiment [may](#) be changing.

For example, during an uptrend, the price is getting pushed higher and the [close](#) of most periods is above the open. The long-legged doji shows there was a battle between the buyers and sellers but ultimately they ended up about even. This is different than the prior periods where the buyers were in control.

The pattern can be found across any time frame but has greater significance on longer-term charts as more participants contribute to its formation. It is part of the broader doji family that consists of the standard doji, [dragonfly doji](#), and [gravestone doji](#).

Long-Legged Doji Trading Considerations

There are multiple ways to trade a long-legged doji, although trading based on the pattern is not required. The pattern is only one candle, which some [traders](#) feel is not significant enough, especially since the price didn't move much on a closing basis, to warrant a trade decision.

Some traders will want to see more confirmation—the price movements that occur after the long-legged doji—before acting. This is because long-legged dojis can sometimes occur in clusters, or as part of a larger consolidation. These consolidations may result in [reversals](#) of the prior trend, or a continuation of it, depending on which way the price [breaks out](#) of the consolidation.

If looking to trade the pattern, here are some general trade ideas:

- Entry:** Since the pattern is viewed as an indecision period, a trader could wait for the price to move above the high or low of the long-legged doji. If the price moves above, enter a [long](#) position. If the price moves below the pattern, enter a [short](#) position. Alternatively, wait and see if a consolidation forms around the long-legged doji, and then enter long or short when the price moves above or below the consolidation, respectively.
- Risk Management:** If entering long as the price moves above the long-legged doji consolidation, place a [stop loss](#) below the pattern or consolidation. Conversely, if entering short as the price moves below the long-legged doji or consolidation, place a stop loss above the pattern or consolidation.
- Market Structure:** The long-legged doji is more likely to give a valid signal if it appears near a major [support or resistance](#) level. For example, if the price is rising and then forms a long-legged doji near a major resistance level, this may increase the chances of the price experiencing a decline if the price drops below the long-legged doji low.
- Taking Profit:** Long-legged dojis don't have profit targets attached to them, so traders will need to come up with a way to take profits if any should develop. Traders could utilize [technical indicators](#), or exit when the price crosses a moving average, for example. Some traders may utilize a fixed [risk/reward ratio](#). For instance, if risking a \$200 trade, they exit the trade when they are up \$400 or \$600.

Anyone interested in learning more about the long-legged doji may want to consider enrolling in one of the [best technical analysis courses](#).

Long-Legged Doji Example

The following chart shows a few examples of long-legged dojis in Tesla Inc. The examples show that the pattern isn't always significant on its own. The overall context, or market structure, is though.

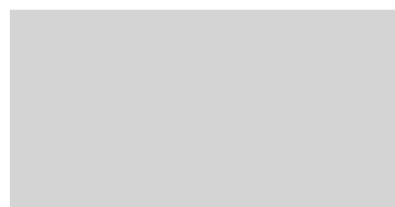


Image by Sabrina Jiang © Investopedia 2021

On the left, the price is falling and then forms a long-legged doji. The price consolidates and then moves up. Ultimately the price can't gain traction, though, and the price falls once again.

As the price continues falling it forms another long-legged doji. This is once again the start of a consolidation period. The price breaks above the consolidation and moves higher overall. The long-legged doji didn't cause the reversal, but it did foreshadow the consolidation or indecision present in the market before the reversal higher.

On the right, the price falls and consolidates. The long-legged doji forms after the consolidation, dropping slightly below the consolidation low but then rallying to close within the consolidation. The price then broke higher. This doji had a slightly larger [real body](#).

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