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Marubozo

By JAMES CHEN Updated October 02, 2021

Reviewed by THOMAS J. CATALANO

Fact checked by PETE RATHBURN

What Is a Marubozo?

A Marubozo is a type of [candlestick](#) charting formation that indicates a security's price did not trade beyond the range of the opening and closing price. It is a candlestick pattern that lacks a [shadow](#).

KEY TAKEAWAYS

- A Marubozo is a long-bodied candlestick with no shadow, from the Japanese word meaning "close-cropped".
- Candlestick charts look at the opening and closing price on a single day and are used by technical traders.
- A candlestick with no shadows is regarded as a strong signal of conviction by either buyers or sellers, depending on whether the direction of the candle is up or down

Understanding the Marubozo

The name Marubozo comes from the Japanese word for "close-cropped", indicating a candle with no shadow. The defining characteristic of the Marubozo on a chart is the absence of upper or lower shadows, meaning the chart does not extend beyond the opening day price range. On an up day, the opening price is equal to the day's low, and the closing price is equal to the day's high. On days that the stock has gained, it is indicative of a [bull market](#), and on days that it has lost, it is indicative of a [bear market](#).

Gaining days, or up days, strongly indicate that there is a greater demand for the [stock](#) than there is a supply. Or at least a greater demand for the stock than there is a willingness to sell it. The opposite can be said on losing, or down days.

Candlestick charting has been popular since the days of Japanese rice merchants and rice traders. They referred to the wide part of the candlestick as the real body, and they would use it to determine whether the closing price had risen above or fallen below the opening price.

When a Marubozo type of candle is found in an [uptrend](#), it is used to signal that the bulls are aggressively buying the asset and it suggests that the [momentum](#) may continue upward. The bullish Marubozo candle (open equals low, high equals close) can signal a [reversal](#) when it is found at the end of a [downtrend](#) because it shows that the sentiment has changed and that the bulls are likely to continue pushing the asset higher. On the other hand, a bearish Marubozo found in a [downtrend](#) (open equals high, low equals close) can signal further selling pressure, especially if found at the top of an uptrend.

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Even a casual investor can read charts once they understand the basics of what they are tracking. This will give an investor the information they potentially need to make decisions based on what is happening throughout the market. By using charts, they can see what is being excessively purchased or sold and decide whether they would like to follow those trends or try and take advantage of assets that are less popular or unload assets that are in high demand.

Just be aware, charts can track many different features, so pay close attention to what information you're seeing broken down. Some charts cover daily activity, while others may track in weeks or months. For a larger, more comprehensive picture, an investor may want to review many different charts to see changes over both short-term and long-term periods before making decisions.

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