Bullish Candlestick Patterns

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Bullish candlestick patterns in a downtrend are interpreted as trend reversal signals. We recommend that, on a per instrument basis, you look back at previous signals to see how accurate they have been.



Hammer. This rising candlestick has a small real body and a long lower shadow (at least twice the height of the real body) and little or no upper shadow.



Bullish Engulfing Pattern. This pattern comprises two candlesticks: a rising candle with a large real body follows and engulfs a falling candle with a small real body in a downtrend.



Piercing pattern. In a downtrend, a falling candlestick with a long real body is followed by a rising candle with a long body which opens at the same level or lower but closes more than halfway up the falling candlestick's real body.



The **Morning Star** is a three-candlestick pattern. The first candlestick is falling and has a long real body, the second candle can be rising or falling and has a small real body which opens and closes lower than the previous candlestick's real body. The third candlestick is rising, has a long real body and ideally it should close well into the first candlestick's real body.



The **Morning Doji Star** is a three-candlestick pattern similar to the Morning Star but considered more bullish. The first candlestick is falling and has a long real body, the second is a 'doji' (a candlestick with no real body or a very small one). The doji is positioned lower than the previous candlestick's real body. The third candlestick is rising, has a long real body and ideally it should close well into the first candlestick's real body.



The **Bullish Abandoned Baby** is a rare bullish pattern similar to the Morning Star and Morning Doji Star. This pattern comprises a doji sitting between two candlesticks. The entire doji including its shadows is positioned below the candlesticks on either side.



The **Inverted Hammer** follows a downtrend and signifies a possible trend reversal or support level. This candlestick has a small real body and long upper shadow with very little or no lower shadow.



Bullish Harami. This pattern comprises two candlesticks: a candlestick with a small real body following one with an unusually large real body. The real body of the second candlestick (and ideally its shadows) is completely contained within the range of the preceding larger real body.



The **Bullish Harami Cross** is similar to the Bullish Harami. It comprises two candlesticks: a doji following a falling candle with an unusually large real body. The doji is completely contained within the range of the preceding larger real body.



The **Bullish Belt Hold** is a tall hollow candlestick that opens on its low (i.e. there is no lower shadow). This is interpreted as a bullish sign in areas where prices are low.



The **Bullish Counter-attack Line** can be interpreted as a stalemate between the bulls and bears. The pattern consists of a falling candlestick followed by a rising candle in a downtrend. Both have the same close price, i.e. their real bodies start on the same 'line' and then extend in opposite directions.



The Bullish Doji pattern consists of a long falling candle followed by a doji.



The **Downside Gap Two Rabbits** is a three candlestick reversal pattern. The first candlestick is falling and has a long body followed by a gap between the next two bodies. The second candle is rising. The third candle is also rising and engulfs the second candle's body.



The **Three White Soldiers** is a bullish three candlestick reversal pattern comprising three rising candles. The second and third candles open within the body of the previous candle. Each closes above the close of the previous candle and has little to no upper shadow.



The **Bullish Island Reversal** pattern is a multiple (two or more) candlestick reversal pattern. An island is created when a downward gap appears between a candle's high and the previous candle's low. The island is finished when the gap that created it is crossed. If the crossing back on to the "mainland" is achieved by a gapping movement, then the Island Reversal is said to occur.



The **Upside Gap Tasuki** is a bullish two candlestick continuation pattern that is important **only in an uptrend**. A rising candle gaps higher than the previous candle and is followed by a falling candle. The falling candle opens within the rising candle's body and closes below the candle's body.

Bearish Candlestick Patterns

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Bearish candlestick patterns in an uptrend are interpreted as trend reversal signals. We recommend that, on a per instrument basis, you look back at previous signals to see how accurate they have been.

The **Hanging Man** is a falling candlestick which has a small real body and a long lower shadow (two or three times the height of the real body) and little or no upper shadow.



The **Bearish Engulfing** pattern comprises two candlesticks: a falling candle with a large real body follows and engulfs a rising candle with a small real body in a downtrend.



The **Dark Cloud Cover** pattern consists of two candlesticks. A rising candlestick with a long body is followed by a falling candle which opens above the rising candlestick's high. The falling candlestick then closes a good way inside the rising candlestick's real body.



The **Evening Star** is a three-candlestick pattern signalling a bearish reversal. The first candlestick is rising and has a long real body. The second candle can be rising or falling and has a small real body which opens and closes higher than the previous candlestick's real body. The third candlestick is falling, has a long real body and ideally it should close well into the first candlestick's real body.



The **Evening Doji Star** is also a three-candlestick pattern. It is the same as the Evening Star but considered more bearish. The first candlestick is rising and has a long real body. The second is a 'doji' (a candlestick with no real body or a very small one) and this must be positioned higher than the previous candlestick's real body. The third candlestick is falling, has a long real body and ideally it should close well into the first candlestick's real body.



The **Bearish Abandoned Baby** is a rare pattern indicating reversal of an uptrend. It is similar to the Evening Star and Evening Doji Star. This pattern comprises a doji sitting between two candlesticks. The entire doji including its shadows is positioned above the candlesticks on either side.



The **Shooting Star** is a single candlestick, bearish pattern indicating a possible trend reversal or resistance level following an uptrend. This signal needs bearish confirmation. The candlestick has a small real body and long upper shadow with very little or no lower shadow. It can be rising or falling.

The **Bearish Harami** pattern comprises two candlesticks: a candlestick with a small real body follows one with an unusually large real body. The real body of the second candlestick (and possibly its shadows) is completely contained within the range of the preceding larger real body. Often the second candlestick will have the opposite colour to the first.



The **Bearish Harami Cross** is similar to the Bearish Harami. It comprises two candlesticks: a doji following a rising candle with an unusually large real body. The doji is completely contained within the range of the preceding larger real body.



The **Bearish Belt Hold** is a tall falling candlestick that opens on its high (i.e. there is no upper shadow). This is interpreted as a bearish sign in areas where prices are high.



The **Bearish Counter-attack Line** can be interpreted as a stalemate between the bulls and bears. The pattern consists of a rising candlestick followed by a falling candle in an uptrend. Both have the same closing price, i.e. their real bodies start on the same 'line' and then extend in opposite directions.



The **Bearish Doji** pattern consists of two candlesticks: a rising candle with a long body is followed by a doji.



The **Bearish Island Reversal** pattern is a multiple (2 or more) candlestick reversal pattern. An island is created when an upward gap appears between a candle's low and the previous candle's high. The island is finished when the gap that created it is crossed. If the crossing back on the "mainland" is achieved by a gapping movement, then the Island Reversal is said to occur.



body. This is followed by a falling candlestick which gaps up. The third candlestick is also falling and opens above and closes under the second candlestick's real body. It too is above the rising candlestick.The **Three Black Crows** pattern is a bearish pattern indicating a top reversal at a high price level. The

The Upside Gap Two Crows pattern consists of three candlesticks. The first is rising and has a long real



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The **Three Black Crows** pattern is a bearish pattern indicating a top reversal at a high price level. The pattern comprises three consecutive filled candlesticks with relatively long real bodies that close on or near their lows, i.e. they have short or no lower shadows.

The **Downside Gap Tasuki** is a two candlestick continuation pattern that is important **only in a down trend**. A falling candle gaps lower than the previous candle and is followed by a rising candle. The rising candle opens within the falling candle body and closes above the falling candle body.

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