FXTM

BEARISH JAPANESE
CANDLESTICKS & STRATEGIES

A guide to using this popular and trusted Technical Analysis tool
Examples of Forex and CFD Strategies

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(FXTM Head of Education)

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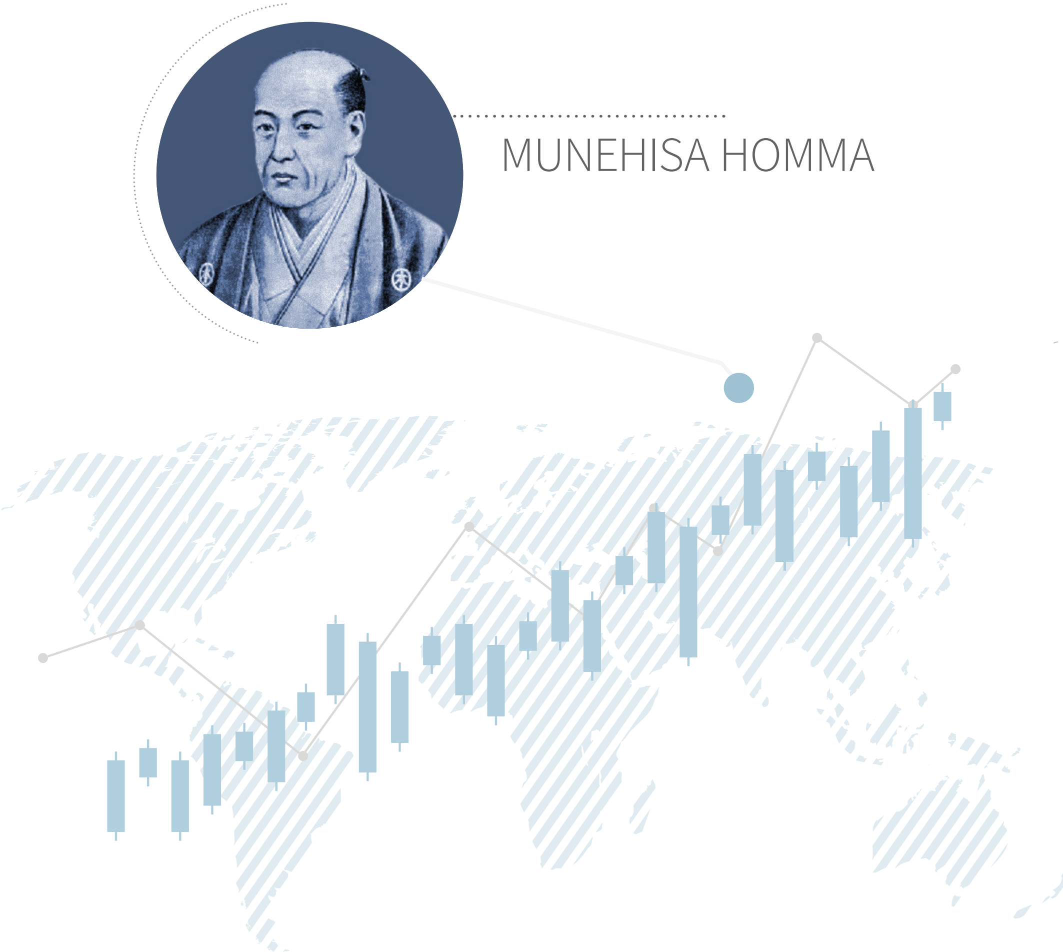
History

Japanese candlestick charting dates back to the 18th century in Japan, when it was used to trade the futures market. This method of price charting is attributed to Munehisa Homma, a highly respected rice trader from Sakata, who successfully traded Japan's rice coupon (futures) market.

Homma realised there was a distinction between price and value in the market. He knew that supply and demand was the driving force behind any price movement, but he also believed that investors' psychology and traders' emotions influenced the price of rice. He knew that being able to gauge the market's sentiment was imperative in order to succeed in trading. He researched years of historical prices and recorded the previous day's prices (open, high, low, close) in a pictorial way that became known as Candlesticks. Homma used the Candlestick patterns to forecast the direction of the rice market. It was reported that he took 100 profitable consecutive trades!

Japanese Candlesticks were unknown to the West until the late 1980s when Steve Nison started writing articles that explained the new price charting method. His book, Japanese Candlestick Charting Techniques, unveiled the Candlesticks to western traders and investors.

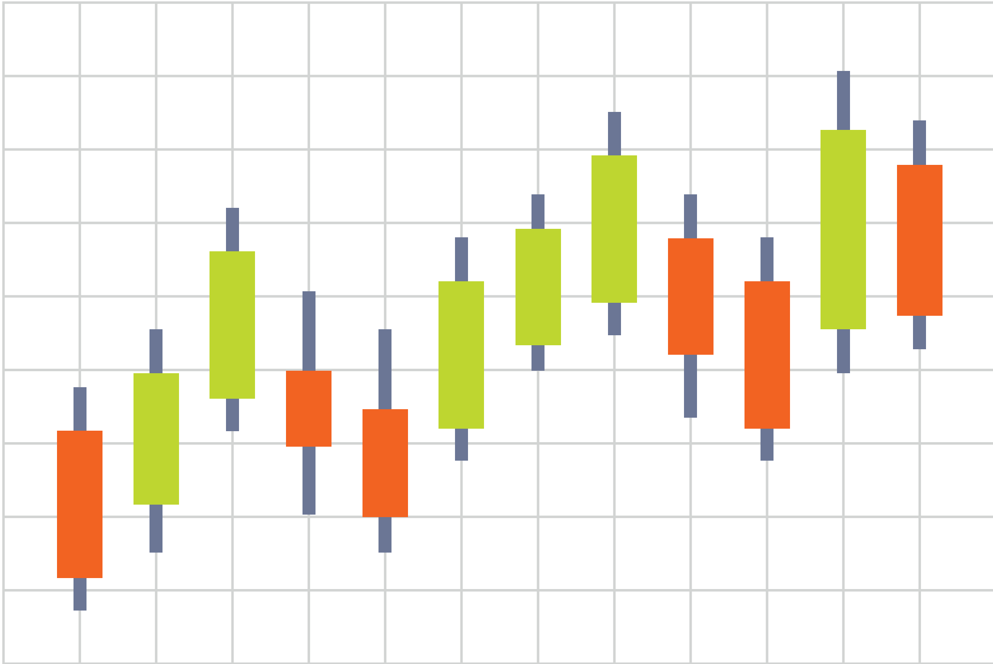


Introduction

Understanding how to use and interpret technical analysis charts is a vital skill for any investor. Candlestick charts are one of the most popular charts in use - and for good reason.

Traditional bar and line charts need to be used in conjunction with other indicators to glean trading insights. Candlestick charts, however, display market movements in much greater detail. These insights into price action in financial markets allow an investor to use pattern analysis to determine future movements. After some practice and education, the use of Candlestick charts to perform pattern analysis can assist an investor to hone their trading strategies. Candlestick analysis is all about reversal and continuation patterns, but it also introduces another important element - market psychology.

Price movements are not only affected by tangible forces such as geopolitics and economics; hope, fear and greed also play a role in moving markets. Candlesticks allow you to read the changes in the market's determination of value, also referred to as investor sentiment. Candlestick charts show the interaction between buyers and sellers, which in turn is reflected in price movements. This market sentiment is a unique attribute of candlestick charts, and not present in bar or line charts.



Candlesticks as a charting method has recently gained a lot of popularity all over the world, because they are more visually appealing than bar charts and generally easier to read and interpret. The chart makes it easier to see the relationship between the open and close and the high and low of price movements. They also give a more accurate depiction of market sentiment. They provide an easy-to-identify set of formations that, used along with other indicators, give an investor a view of patterns that are emerging in the market.

There are two types of Candlesticks:

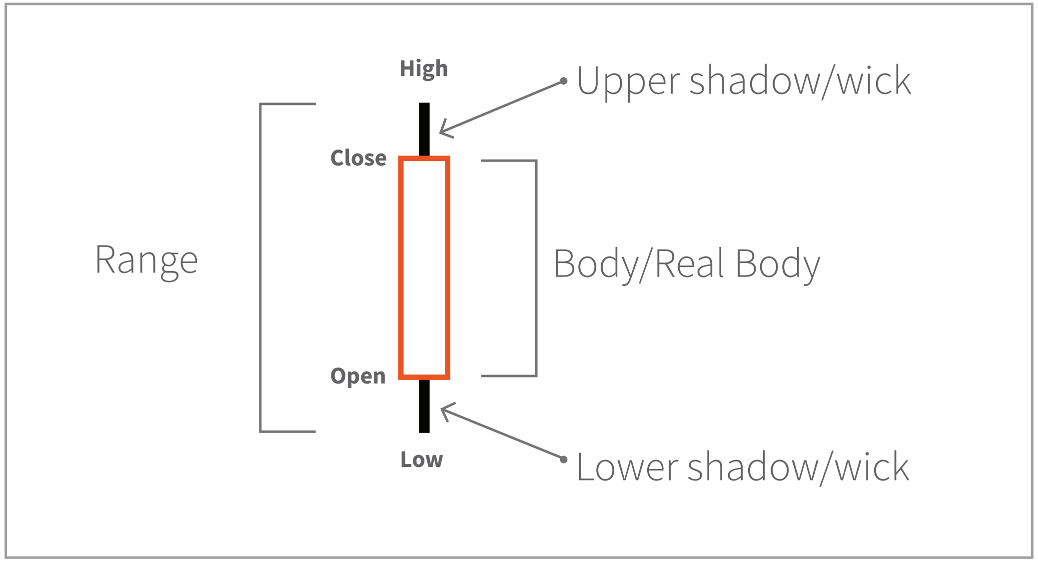
• The first Candle has a **white or hollow body** which indicates that the market is moving upwards as there is more buying than selling interest. As the Close price is higher than the Open price, the white Candlestick depicts the positive sentiment in the market and the fact that bulls are in control. The longer the body is, the stronger the buying interest.

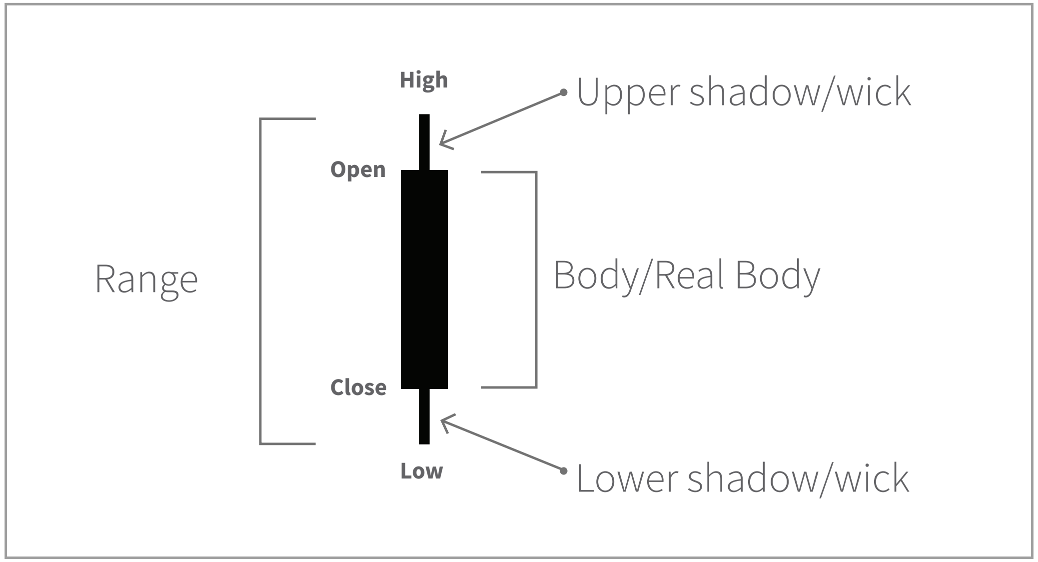
• The second is a **filled (black) body** which indicates that the market is moving downwards - this indicates that there is more selling than buying interest. As the Close price is lower than the Open price, the black candlestick depicts the negative sentiment in the market and the fact that bears are in control. The longer the body is, the stronger the selling interest.

The lines above and below the body of the candlestick are called "Shadows" or "Wicks".

The upper shadow reveals the price levels above the body that have been tested but eventually rejected. Similarly, the lower shadow reveals the price levels below the body that have been tested but eventually rejected.

There are over 60 different main patterns that underpin candlestick charting, however you do not need to learn them all. This e-book serves as an introduction and reference guide to the meanings and uses of Bearish Candlestick formations. By the end of it you will have a holistic view of how to integrate this type of charting into your trading strategy.





About the Author

FXTM's Head of Education, Andreas Thalassinos, is a respected FX educator and Certified Technical Analyst. He is a recognised authority in the forex industry, and renowned for his expertise in algorithmic trading. After years of consulting with FXTM on a number of key projects, Andreas officially joined the company in June 2016 and is the principal driver and architect of FXTM's extensive educational programme. His department's international seminars and workshops provide clients across the world with on-location support, while his webinars, e-books, educational articles and videos form the cornerstone of FXTM's multilingual, open access training resources. The training is tailored to traders' needs by region and experience level.

Thalassinos has played a key role in the development of forex education within the industry, training tens of thousands of traders and forex professionals around the world. Traders of all levels value his seminars and workshops for both content and his passionate and lively presentations. As Head of Education, Thalassinos also plays a pivotal role in FXTM's research and development team. In this capacity, he led the development of the FXTM Trading Signals and FXTM Pivot Points Strategy tools, which are designed to help traders spot potential trading opportunities across various trading instruments.

Thalassinos has been awarded a number of international professional certificates including: MSTA by the Society of Technical Analysts (UK) and CFTe and MFTA by the International Federation of Technical Analysts (USA) – the highest qualifications in the technical analysis community. He also holds a BSc and MSc in Computer Science from University of Louisiana at Lafayette and Bowie State University, respectively.

06 BEARISH **REVERSALS**

6.1 Long Black Body

6.2 Shooting Star

6.3 Belt Hold

6.4 Engulfing Pattern

6.5 Harami

6.6 Dark Cloud Cover

6.7 Tweezers

6.8 Three Inside Down

6.9 Three Black Crows

6.10 Evening Star

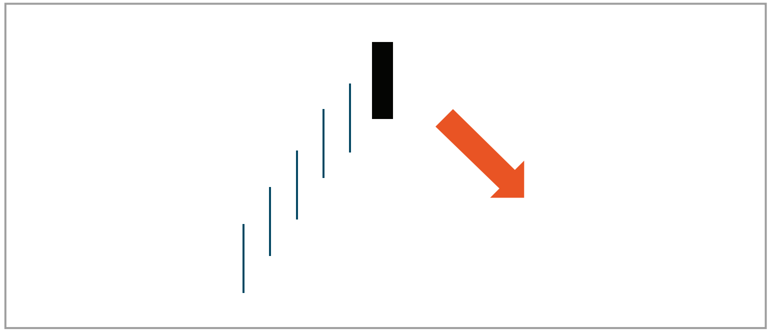
"FOLLOW WHAT YOU SEE ON **THE PRICE CHARTS,** NOT WHAT YOU WANT TO SEE."

- Andreas Thalassinos

06 BEARISH REVERSALS

6.1 LONG BLACK BODY

A candlestick of a long black body that forms at the end of an uptrend, or at a resistance area. This has bearish reversal implications.



Meaning
The prolonged rally brought prices higher to a point that caught the traders' attention, triggering profit-taking and sell orders. As a result, the closing price is much lower than the open price signaling a possible end of the uptrend and new downward move.

Supply/Demand
Supply is greater than demand.

Sentiment
Negative.

Direction
Bearish.

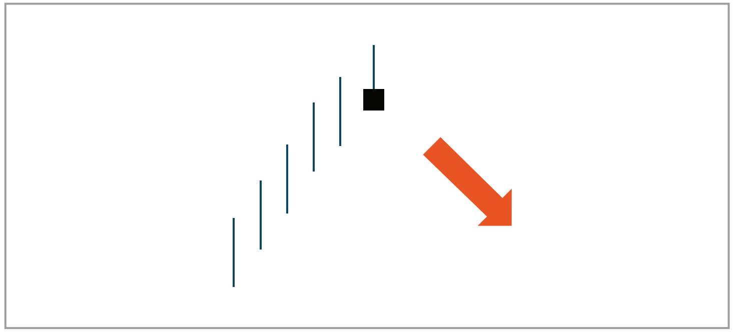
Trigger
Consider selling if next candle falls below the low of the long black body.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small or non-existent
Range of the lower shadow	Small or non-existent
Location	End of uptrend or upward move

06 BEARISH REVERSALS

6.2 SHOOTING STAR

A Shooting Star formed at the end of an uptrend or at a resistance area has bearish reversal implications. Traders enter the market with long positions but eventually the sellers' pressure overcomes buyers' pressure and the candlestick closes at the lower area of the Shooting Star. The small body and the long upper shadow reveals the weakness of the bulls who are unable to maintain the upward move.



Meaning

As buying pressure pulls prices to higher levels in the course of the upward move, bullish demand drives prices higher - rallying as a result of long positions. Even though the rally is not sustained, the shorts are not strong enough to drive the market lower.

Supply/Demand

Supply is greater than demand.

Direction

Bearish.

Sentiment

Neutral.

Trigger

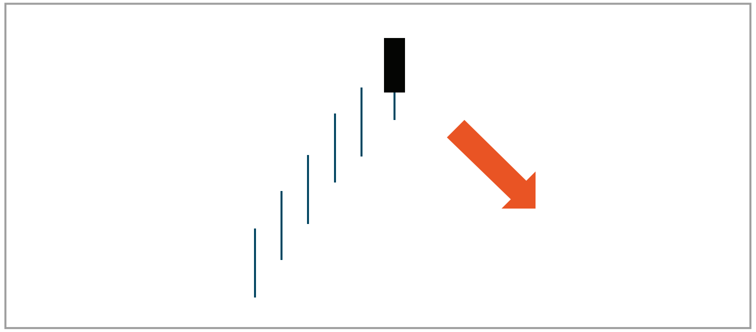
Consider selling if next candle falls below the low of the shooting star.

Color of the body	Black or White
Range of the body	Small
Range of upper shadow	2-3 times the size of the body
Range of lower shadow	Small or non-existent
Location	End of uptrend or upward move

06 BEARISH REVERSALS

6.3 BELT HOLD

It forms at the end of an uptrend or near a resistance area. The candle has a long black body, a small lower shadow and very small or non-existent upper shadow. The session opens near the high and closes near the low of the candlestick. A long black body at the end of an upward move reveals the determination of the bears to push prices lower.



Meaning
After a prolonged rally, prices reach attractive levels, triggering profit taking positions as a result of sellers entering the market. This causes supply that surpasses demand.

Supply/Demand
Supply is greater than demand.

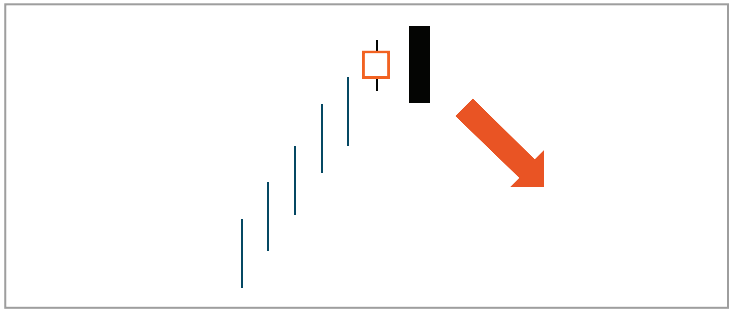
Direction
Bearish.

Sentiment
Negative.

Trigger
Consider selling if next candle falls below the low of the Belt Hold.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Very small or non-existent
Range of the lower shadow	Small
Location	End of uptrend or upward move

06 BEARISH REVERSALS



6.4 ENGULFING PATTERN

A long black candlestick is formed at the end of an uptrend, preceded by a small white candlestick. The body of the small white candlestick is completely engulfed by the body of the long black candlestick. The bullish pressure of the prevailing upward move is overcome by sellers entering the market aggressively at the end of the rally. This forms a long black candlestick with bearish implications.

Meaning

During the course of an upward move and while prices rally higher, the presence of a smaller white body signifies that longs have second thoughts on maintaining the bullish direction. While the bulls show signs of weakness, the bears enter the market aggressively as they are lured by the attractiveness of high prices. As supply is higher than demand, and sentiment shifts to negative, prices decline to lower levels.

Supply/Demand

Supply is greater than demand.

Sentiment

Negative.

Direction

Bearish

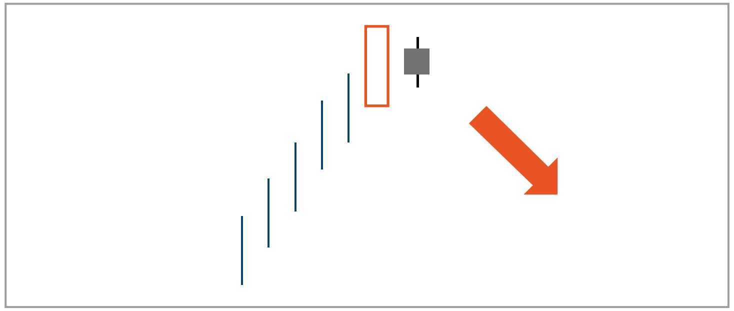
Trigger

Consider selling if next candle falls below the low of the long black candle.

Color of the body	White
Range of the body	Small
Range of the upper shadow	Small
Range of the lower shadow	Smalldes a long black body
Location	End of uptrend or upward move. Precedes a long black body

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move. Follows a small white body. The body of the small white candle is completely engulfed by the body of the long black candle.

06 BEARISH REVERSALS



6.5 HARAMI

A small candlestick body of either colour follows a candlestick of a long white body. The colour of the small candlestick is not important. The bullish rally is running out of steam as shown by the presence of the small candle which signals uncertainty, as it is contained by the previous long body. The weakness of the market to push prices higher and the presence of the pattern at the end of an upward move, signals possible bearish implications.

Meaning

After a prolonged rally, traders continue to trade in the direction of the prevailing trend until the market enters a phase of uncertainty, as traders are not willing to move the market higher nor lower at the moment. The fact that price action has been contained within the previous session's open and close manifests reluctance to move higher and a possible bearish reversal.

Supply/Demand

Equilibrium.

Sentiment

Neutral.

Direction

Possible bearish reversal.

Trigger

Consider selling if next candle falls below the low of the long white candle.

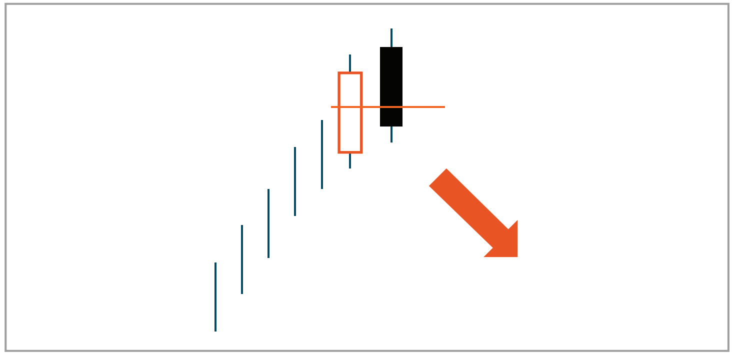
Color of the body	White
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move. Precedes a small candlestick of small body.

Color of the body	White or Black
Range of the body	Small
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move. Follows a long white body. Body is within the range of the previous white candle's body.

06 BEARISH REVERSALS

6.6 DARK CLOUD COVER

During the course of a rally, a long black candlestick falls below the midpoint of the previous long white candle. The black candle opens above the previous close or high.



Meaning

Traders open long positions in the direction of the rally, as it remains intact. The opening of the next session confirms the bulls' intentions, as the new candlestick gaps higher (either the close or the high price). Bulls go with the direction of the upward move but the bears find prices attractive, entering the market aggressively with short positions.

The session closes with gains for the bears, who managed to close the long black candle well into the previous candle's body.

Supply/Demand

Supply is greater than demand.

Direction

Bearish reversal.

Sentiment

Negative.

Trigger

Consider selling if the next candlestick falls below the low of the long black candlestick.

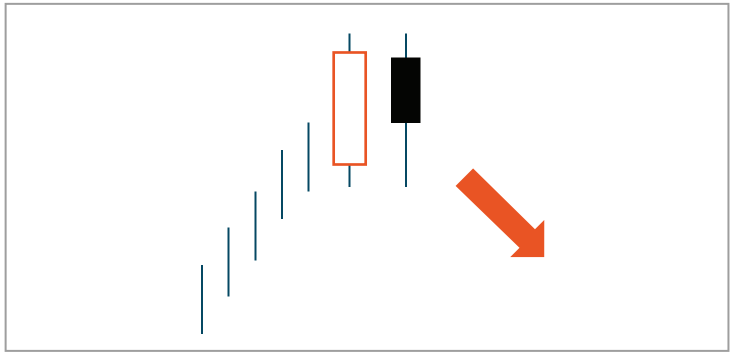
Color of the body	White
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move. Precedes a long candlestick of black body.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move. Follows a long white body. It falls below the midpoint of the previous body.

06 BEARISH REVERSALS

6.7 TWEEZERS

The market continues to trade in the direction of the established uptrend, registering higher highs. The next session is bearish, pushing prices lower. The matching highs indicate that a possible top may be in place and a reversal may be imminent.



Meaning

During the course of the uptrend, traders enter the market with long positions, trading in the direction of the rally. While the sentiment is clearly positive, the next session belongs to the bears as they find prices attractive. While the battle between bulls and bears goes on, traders enter with long positions but are not willing to trade at a price higher than the previous session (thus matching highs), and take short positions to register a bearish candle and shift the sentiment to negative.

Color of the body	White
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	Precedes a candle (ideally smaller black) with matching high.

Supply/Demand

Supply is greater than demand.

Direction

Bearish reversal.

Sentiment

Negative.

Trigger

Consider selling if the next candlestick falls below the low of the black candle.

Color of the body	Any color (ideally black)
Range of the body	Any color (ideally small)
Range of the upper shadow	Any size
Range of the lower shadow	Any size
Location	End of uptrend or upward move. Follows a (ideally long white) candle with matching high.

06 BEARISH REVERSALS

6.8 THREE INSIDE DOWN

A small candlestick body of either colour follows a long white candlestick. The bullish rally is losing its strength as shown by the presence of the small candle which is contained by the previous long body. The reluctance of the market to move higher, and the presence of the pattern at the top of the rally, signals possible bearish implications. The long black body that follows, extending below the second candle, confirms the bearish reversal.

Meaning

After a prolonged rally to the upside, traders continue to trade in the direction of the prevailing trend until the market enters a phase of uncertainty, as traders are not willing to move the market in either direction at the moment. The fact that price action has been contained within the previous session's open and close reveals reluctance to move higher - and a possible bearish reversal is indicated. The long black body that follows confirms that bears are in control and selling pressure overcomes buying pressure. Entering short positions, sellers drive the market lower to eventually close lower than the previous session.

Supply/Demand

Supply is greater than demand.

Sentiment

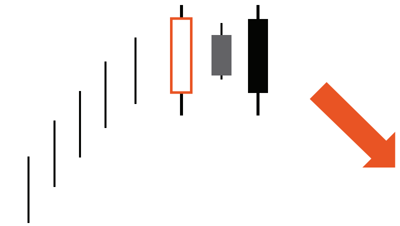
Negative.

Direction

Bearish reversal.

Trigger

Consider selling if next candle falls below the low of the long black candle.



Color of the body	White
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move.

Color of the body	Black or White
Range of the body	Small
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	Follows a long white body. Body is within the range of the previous candle's body.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	Follows a small candlestick. It closes lower than the previous candle.

06 BEARISH REVERSALS

6.9 THREE BLACK CROWS

At the end of the uptrend, the presence of three consecutive long black candlesticks signifies the end of the upward move and the beginning of a new move in the opposite direction. Each Marubozu opens above the previous close and concludes below it. The lower shadows are very small if present - thus demonstrating the strength of the decline.

Meaning

After a prolonged uptrend, traders enter the market aggressively with short positions, resulting in three consecutive long black candlesticks that close lower than each other.

Supply is clearly greater than demand and sentiment is negative - these factors drive the market to decline. The forceful control of the bears leaves the bulls unable to react, other than closing their long positions.

Supply/Demand

Supply is greater than demand.

Sentiment

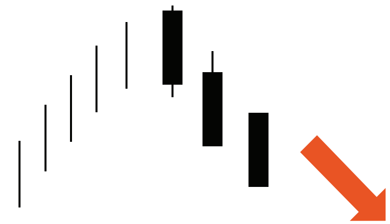
Negative.

Direction

Bearish reversal

Trigger

Consider selling if the next candlestick falls below the low of the third long black candle.



Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small or non-existent
Location	End of uptrend. Open is higher than prior close. Close is lower than prior close.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small or non-existent
Location	Follows a long black candlestick. Open is higher than prior close. Close is lower than prior close.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small or non-existent
Location	Follows a long black candlestick. Open is higher than prior close. Close is lower than prior close.

06 BEARISH REVERSALS

6.10 EVENING STAR

A long white candlestick forms in the direction of the uptrend, confirming that the rally is still in force. The next session gaps higher, forming a small candle that signals indecision. A long black candle that follows pushes the market lower, well into the long white candle's body, and, more specifically, below its mid-point - indicating a bearish reversal.

Meaning

Traders enter the market with long positions pulling prices even higher in the direction of the prevailing trend. The presence of a small candlestick at the top signals indecision and weakness amongst the bulls, who are running out of steam. Eventually, sellers' pressure overcomes buyers' pressure and the market rebounds and closes in the lower area of the long black candlestick.

Supply/Demand

Supply is greater than demand.

Direction

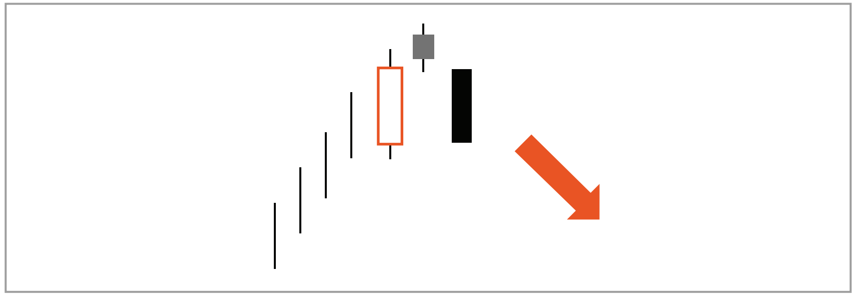
Bearish.

Sentiment

Negative.

Trigger

Consider selling if next candlestick falls below the low price of the long black candle.



Color of the body	White
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of uptrend or upward move.

Color of the body	White or Black
Range of the body	Small
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	Follows a long white body. It gaps above the previous candle's close.

Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small or non-existent
Location	May gap below the prior candle's body. It closes below the mid-point of the long white candle.

07 BEARISH STRATEGIES

“HE WHO KNOWS WHEN TO FIGHT AND **WHEN TO AVOID A FIGHT WILL BE VICTORIOUS.**”

- Sun Tzu

7.1 Shooting Star, RSI and SMA (50)

7.2 Dark Cloud Cover, RSI and SMA(20) as Take-Profit Target

7.3 Harami with RSI filtering and SMA(50) as Take-Profit Target

7.4 Tweezers with RSI and SMA(20)

7.5 Long Black Body filtered by RSI and LWMA(50)

7.6 Three Black Crows filtered by CCI

7.7 Evening Star filtered by CCI and SMA(50)

7.8 Engulfing with Stochastics and LWMA(50)

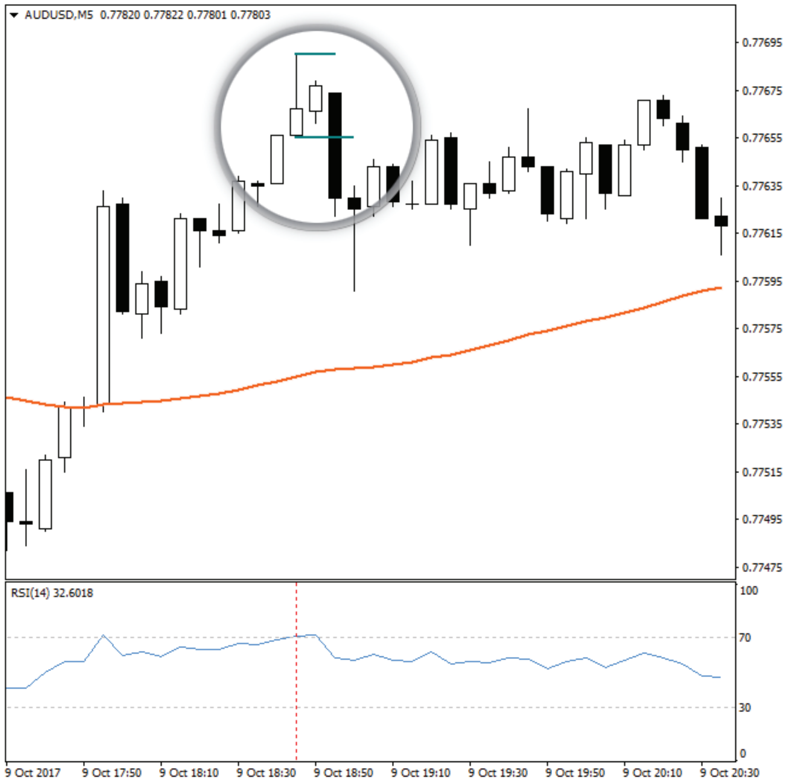
7.9 Belt Hold with Stochastics and EMA(20)

7.10 Three Inside Down with RSI and SMA(50)

07 BEARISH STRATEGIES

7.1 Shooting Star, RSI and SMA (50)

During an uptrend (or upward correction), the appearance of a Shooting Star filtered by RSI at the overbought area.



Consider selling when the next candle falls below the low of the Shooting Star.

Consider placing a protective stop loss at the top (high) of the Shooting Star.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close the position when the price reaches the SMA(50).
2. Close 50% of the position when price travels 100% the length of the Shooting Star's range, then close the remaining 50% when the price reaches the SMA(50)
3. Other combinations may be applied.

07 BEARISH STRATEGIES

7.2 Dark Cloud Cover, RSI and SMA(20) as Take-Profit Target

During the course of an uptrend (or upward correction), the appearance of a Dark Cloud Cover pattern filtered by RSI at the overbought area.

Consider selling when the next candle falls below the low price of the long white candle.

Consider placing a protective stop-loss at the top of the Dark Cloud Cover.

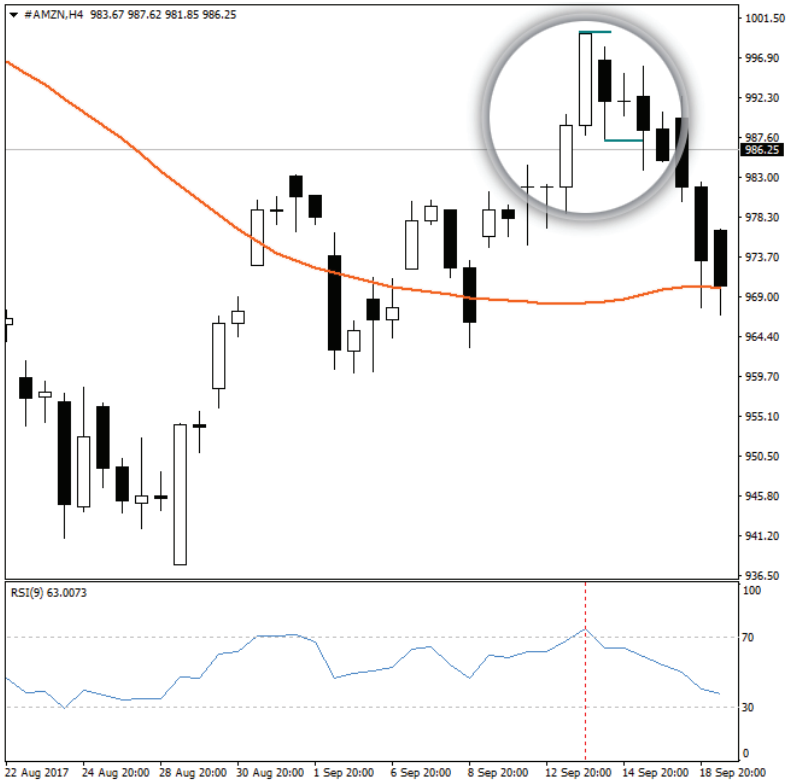
Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close the position when the price reaches the SMA(20).
2. Close 50% of the position when price travels 100% the length of the Dark Cloud Cover pattern then close the remaining 50% when price reaches the SMA(20).
3. Other combinations may be applied.

07 BEARISH STRATEGIES

7.3 Harami with RSI filtering and SMA(50) as Take-Profit Target

During the course of a rally, the appearance of a Harami pattern filtered by RSI at the overbought area.



Consider selling when the next candle falls below the low price of the pattern.

Consider placing a protective stop loss at the top of the Harami pattern.

Take Profit strategy is heavily dependent on the trading profile of each individual:

1. Close the position when the price reaches the SMA(50).
2. Close 50% of the position when price travels 100% the length of the Harami pattern then close the remaining 50% when price reaches the SMA(50).
3. Other combinations may be applied.

07 BEARISH STRATEGIES

7.4 Tweezers with RSI and SMA(20)

During the course of a rally, the appearance of the Tweezers pattern filtered by RSI at the overbought area.

Consider selling when the next candle falls below the low price of the black candlestick.

Consider placing a protective stop loss at the top of the pattern.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 50% of the position when price travels 100% the length of the pattern, then close the remaining 50% when price reaches the 200% of the pattern or at the presence of a reversal candlestick pattern below the SMA(20).
2. Other combinations may be applied.

07 BEARISH STRATEGIES

7.5 Long Black Body filtered by RSI and LWMA(50)

At the top of an uptrend, the appearance of a Long Black Body filtered by RSI at the overbought area.

Consider selling when the next candle falls below the low of the Long Black Body.

Consider placing a protective stop loss at the top of the Long Black Body.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 60% of the position when price travels 100% the length of the Long Black Body.

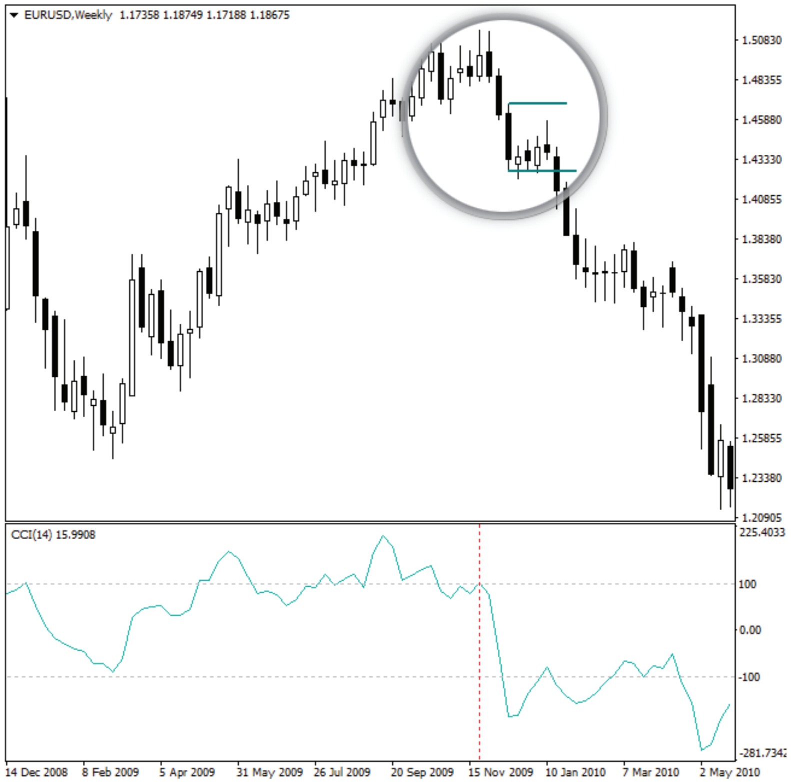
   a. Close the remaining 40% when price reaches 200% the length of the Long Black Body or prices reach the LWMA(50) or at the presence of a reversal candlestick, whichever happens first.

2. Other combinations may be applied.

07 BEARISH STRATEGIES

7.6 Three Black Crows filtered by CCI

At the top of an uptrend, the presence of Three Black Crows filtered by CCI at the overbought area.



Consider selling when the next candle falls below the low of the pattern.

Consider placing a protective stop loss at the top of the last black candle.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 50% of the position when price travels 100% the length of the last Long Black Candle.

a. Close the remaining 25% when price reaches the 200% of the length of the last Long Black Candle.

b. Move the protective stop-loss at the bottom of the pattern.

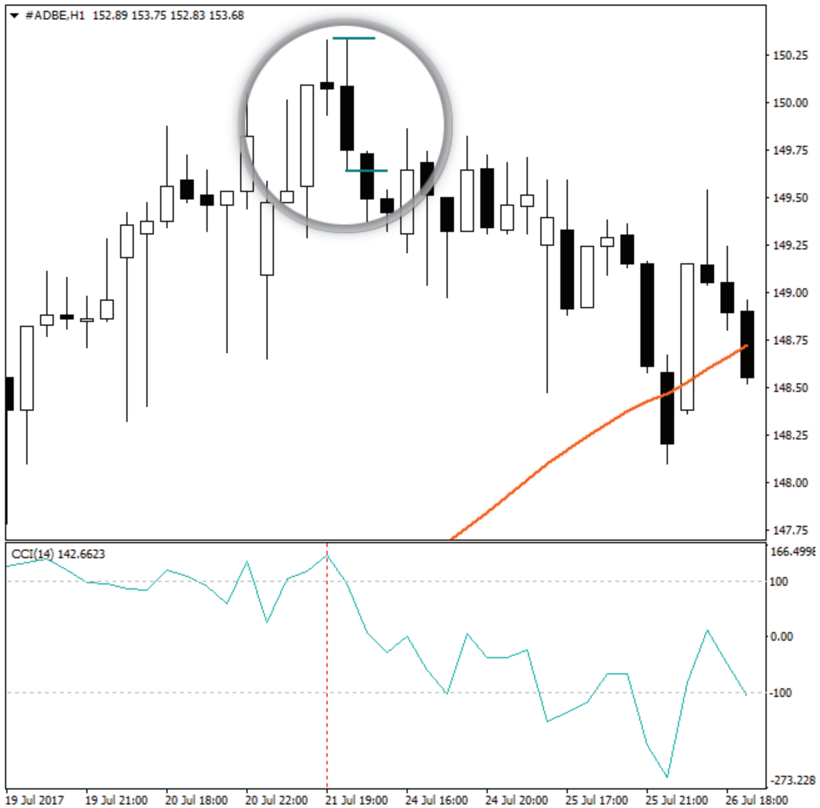
c. Close the remaining 25% of the position at the presence of a reversal candlestick or when price travels 300% of the length of the last Long Black Candle, whichever happens first.

2. Other combinations may be applied

07 BEARISH STRATEGIES

7.7 Evening Star filtered by CCI and SMA(50)

During the course of an uptrend, the appearance of the Evening Star filtered by CCI at the overbought area.



Consider selling when the next candle falls below the low price of the third candle (black).

Consider placing a protective stop loss at the top of the pattern.

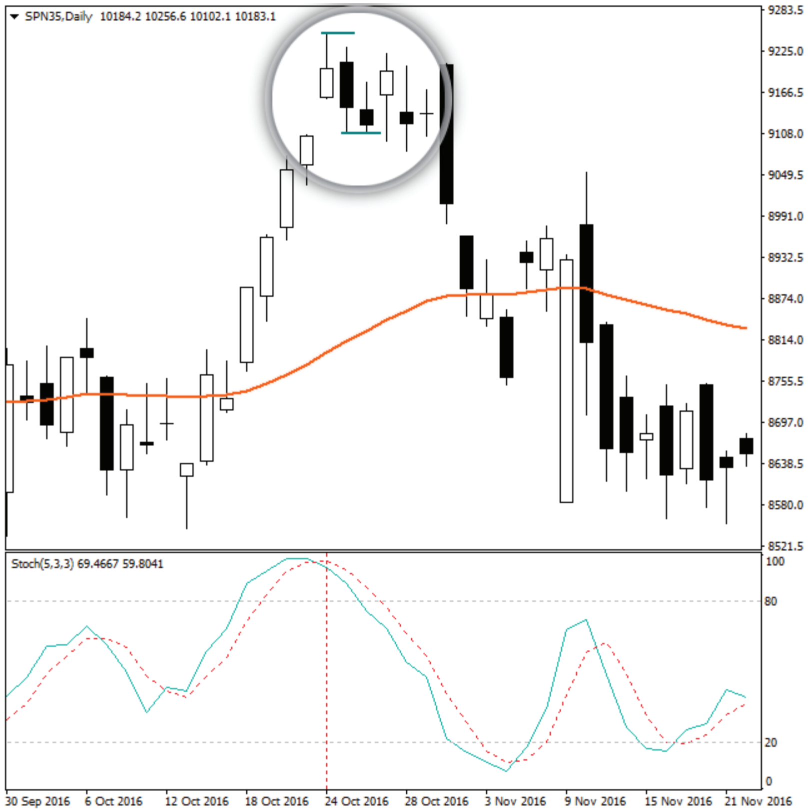
Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 50% of the position when price travels 100% of the pips at risk.
   a. Close the remaining 25% when price reaches the 200% of the pips at risk.
   b. Move the protective stop-loss at the bottom of the second black candlestick.
   c. Close the remaining 25% of the position at the presence of a reversal candlestick or when price closes back above the SMA (50) or when price travels 300% of the length of the pattern, whichever happens first.
2. Other combinations may be applied.

07 BEARISH STRATEGIES

7.8 Engulfing with Stochastics and LWMA(50)

During the course of an uptrend, the appearance of the Engulfing pattern filtered by Stochastics at the overbought area.



Consider selling when the next candle falls below the low price of the pattern.

Consider placing a protective stop loss at the top of the pattern.

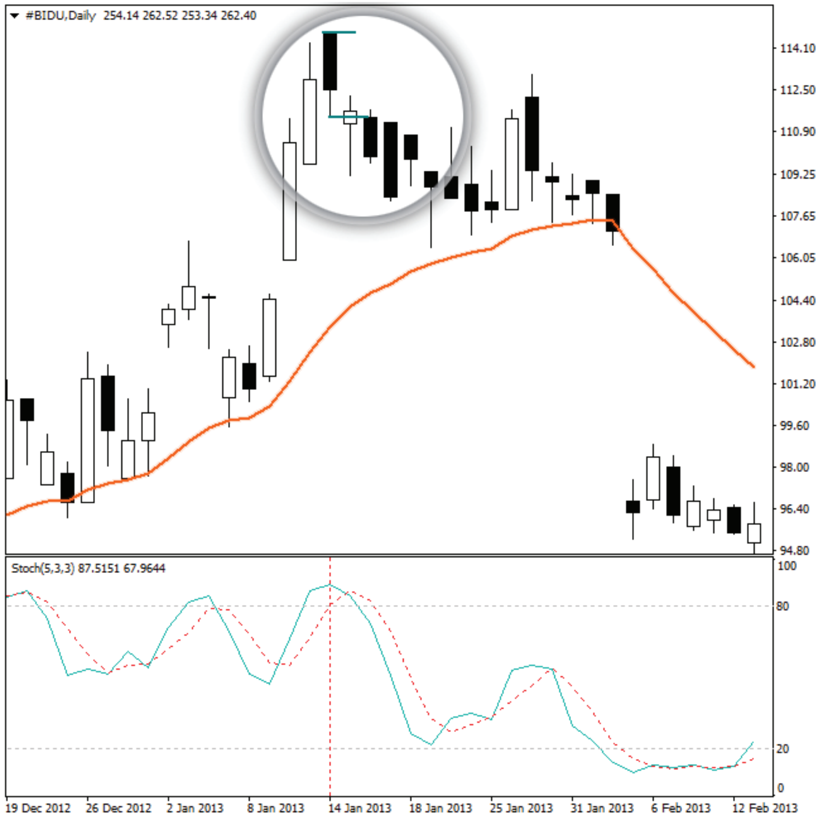
Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 60% of the position when price travels 100% the length of the pattern.
   - **a.** Close the remaining 30% when price reaches the 200% of the length of the pattern.
   - **b.** Move the protective stop-loss at the bottom of the pattern.
   - **c.** Close the remaining 10% of the position at the presence of a reversal candlestick or when price closes below the LWMA(50) or when price travels 300% of the length of the pattern, whichever happens first.
2. Other combinations may be applied.

07 BEARISH STRATEGIES

7.9 Belt Hold with Stochastics and EMA(20)

During the course of a rally, the appearance of the Belt Hold pattern filtered by Stochastics at the overbought area.



Consider selling when the next candle falls below the low price of the pattern.

Consider placing a protective stop loss at the top of the pattern.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 50% of the position when price closes below the EMA(20) provided that the distance travelled is at least equal to the length of the pattern.
   a. Move the protective stop-loss at the middle of the pattern.
   b. Close the remaining 20% when price reaches the 200% of the length of the pattern.
   c. Move the protective stop-loss at the bottom of the pattern.
   d. Close the remaining 20% of the position when price reaches 300% of the length of the pattern.
   e. Close the remaining 10% of the position at the presence of a reversal candlestick or when price closes back above the EMA(20).
2. Other combinations may be applied.

07 BEARISH STRATEGIES

7.10 Three Inside Down with RSI and SMA(50)

At the end of an uptrend, the appearance of the Three Inside Down pattern filtered by RSI at the overbought area.

Consider selling when the next candle falls below the low price of the Long Black Candle (third candle).

Consider placing a protective stop loss at the top of the pattern.

Take-Profit strategy is heavily dependent on the trading profile of each individual:

1. Close 60% of the position when price travels 100% the length of the pips at risk.
   a. Close the remaining 20% when price reaches the 200% of the pips at risk.
   b. Move the protective stop-loss at the bottom of the Long Black Candle.
   c. Close the remaining 20% of the position when price reaches 300% of the length of the Long Black Candle or at the presence of a reversal candlestick or when price closes back above the SMA(50).
2. Other combinations may be applied.

Conclusion

Japanese Candlesticks are valuable technical analysis charts in a trader's toolkit. Now that you have an understanding of how they can be applied to your trading decisions, take the time to see how they can be used with other tools to help hone your trading strategies. To recap, they help you to determine the state of the market at a glance, identify market patterns quickly, and help you see specific bullish and bearish reversal patterns that cannot be seen on other charts.

Technical Analysis is the only way one can determine market sentiment - it helps to shine a light on movements when the fundamentals of the markets have not changed. Candlesticks tell a story that other types of charts do not. Mastering Technical Analysis is a skill that improves over time, as long as you keep learning, refining and practicing.

IT'S FOREX TIME

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