

Phillip Nel- Candlestick Patterns- Copy of mp3 from fxtradeblog.com.

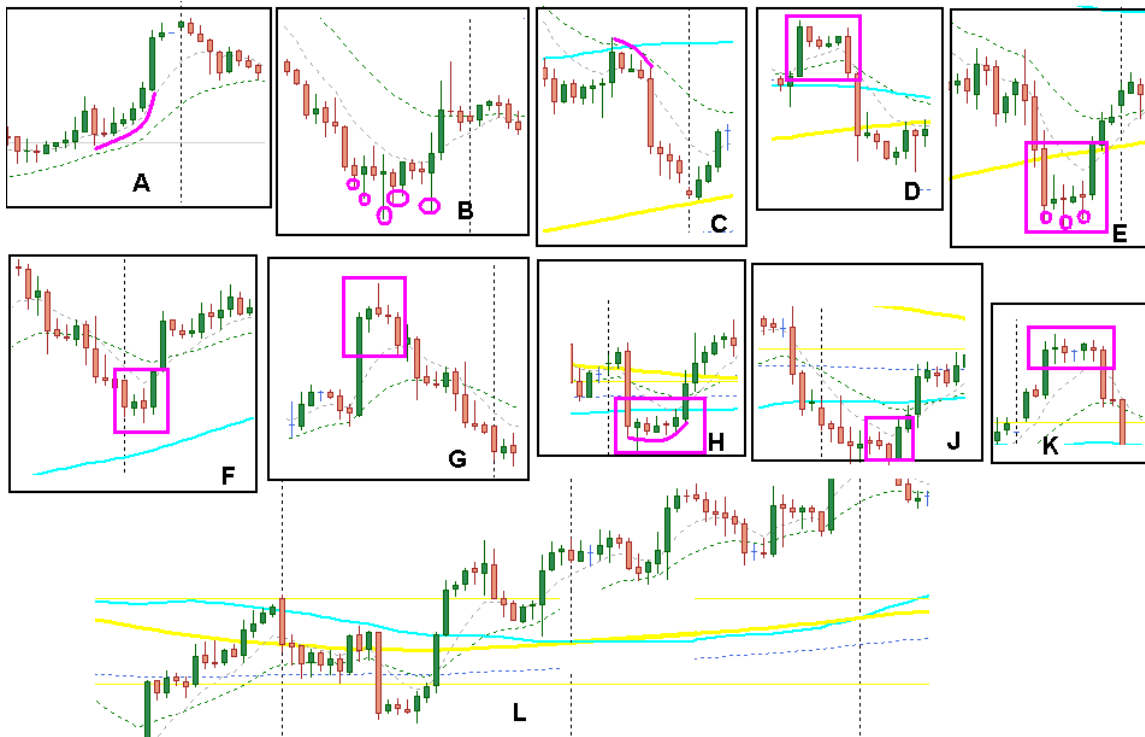
All right, I've made a picture here of some of the candles that I'm using in the 4Hr MACD System. These are only a few. There's a lot. If you want to study it, you go to Google, and you can search there for "candlestick patterns." These are only a few that I'm using. When I see that, I know there's something coming up.

If you look at number A, you will see there that the price is finding support on the 8 ema, and it's nicely going upwards. (Even if it's on the 21 or the 200 or the 89, it doesn't matter.) You can see it's finding support there, rising, making higher lows, and that is a very good opportunity to spot it, and then you can enter there. Normally your risk is, also, low there because the candles are small.

And, then, B, you can see the price making those tails to the bottom. This is a bit difficult one. You know the price is going to go up, but when do you enter? And that's where your timing has got to be perfect, and that's a difficult one. All I know at that stage is that the price is going to go up, but those tails are very, very, very dangerous. So, I normally don't trade that. I'm showing you this because of the fact that it can take your stop loss out. Your stop loss has got to be huge. It has to be below that low of that previous... that low, that long tail down, the lowest one. So, it can be a very huge stop loss.

The next one, C. As you can see, it finds support there on the 21 ema, just below the 89, and that is a certainty coming down.

Number D. What I like about that one is the small candles. At that stage, you're not



going to know whether it's going to come down, but, when that red candle occurs, it sort of completes, in my terms, sort of an evening star. Although there's four candles in between, I still consider that as, let's say a "Phillip" evening star.

And, then, number E. Look at those tails. Four candles in between, and then it took off. To me, that is a morning star pattern. It's not just with one candle; a small one is in between, but there are four of them. Look at those tails, down.

Then, number F. That's what I've seen a lot. You get two small candles within that move, which is also sort of a morning star.

Then G, that tail upwards, and then those three little small candles before the red one coming down. That's also an indication for taking the trade.

Look here at H, how the price is making sort of a round bottom, small candles before going upwards, a very nice one.

And, then, what I like a lot is that one, J. It's an engulfing candle. It's the position that candle is in. If it is normally on support or resistance or on a trend line, like the 89 or the 200, that's a very strong signal, as well, to make a couple of pips.

Then, K is about the same, and E, and where was the other one that we did? Yeah, E, and then D, maybe, also. Look at those small candles before it starts moving down, and, after that move down, you know this is it. Look how those lows of those small candles on K

almost closed on the same level. People say, "Yeah, but it's finding support there," but that's, you can have a look... If that happens, it normally comes down.

L, the only reason I put it there is... Look at the small candles before there's a big move, or a move, not normally or necessarily a big move, but there is some movement after small candles because small candles tell me that it's run out of steam, especially if it's small candles in terms of red and green, up and down candles, you will know there's something coming up.

Well this is about the major ones that I'm looking at. So, as I said, you can go to Google and search for candle patterns, see for yourself. And do some back testing yourself, to really see for yourself what type of patterns gives good signals. Well, I like these ones especially on the EURUSD. I'm not talking about other pairs. This is what I like on the EURUSD. When I see that type of stuff, that I've got here on this picture, you will know that you can go. If you look at C, for instance, just to go back quickly, I've just marked that resistance on the 21 ema. If you look on the 200, there's two green candles going up, the first one being an engulfing one and the next one going up, so that's also a signal that you can use. Well, this is about it.