

# FREE CANDLESTICK CHARTING FOR DUMMIES PDF



Russell Rhoads | 360 pages | 08 Apr 2008 | John Wiley and Sons Ltd | 9780470178089 | English | Chichester, United Kingdom

## **Candlestick Charting For Dummies Cheat Sheet - dummies**

In the 1800s, a Japanese man named Homma discovered that, while there was a link between price and the supply and demand of rice, the markets were strongly influenced by the emotions of traders. Candlesticks show that emotion by visually representing the size of price moves with different colors. The candlestick body represents the price range between the open and close of that day's trading. When the real body is filled in or black, it means the close was lower than the open. Traders can alter these colors in their trading platform. For example, a down candle is often shaded red instead of

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black, and up candles are often shaded green instead of white.

Just above and below the real body are the "shadows" or "wicks." Bar charts and candlestick Candlestick Charting for Dummies show the same information, just in a different way. The above chart shows the same exchange-traded fund ETF over the same time period.

The lower chart uses colored bars, while the upper uses colored candlesticks. Some traders prefer to see the thickness of the real bodies, while others prefer the clean look of bar charts. While these price movements sometimes appear random, at other times they form patterns that traders use for analysis or trading purposes. Here is a sampling to get you started.

Patterns are separated into bullish and bearish. No pattern works all the time, as candlestick patterns represent tendencies in price movement, not guarantees. The pattern indicates that sellers are back in control and that the price could continue to decline.

This is reflected in the chart by a long green real body engulfing a small red real body. With bulls having established some control, the price could head higher. The small real body can be either red or green. The pattern shows a stalling of the buyers and then the sellers taking control. More selling could develop. The pattern shows indecision on the part of the buyers. If the price continues higher afterward, all may still be well with the uptrend, but Candlestick Charting for Dummies down candle following this pattern indicates a further slide.

The bullish harami is the opposite of the upside down bearish harami. A downtrend Candlestick Charting for Dummies in play, and a small real body green occurs inside the large real body red of the previous day.

Candlestick Charting for Dummies tells the technician that the trend is pausing. If it is followed by another up day, more upside could be forthcoming. The doji is within the real body of the prior session. The implications are the same as the bearish harami. Let's look at a few more patterns in black and white, which are also common colors for candlestick charts. This pattern starts out with what is called a "long Candlestick Charting for Dummies day. The fifth and last day of the pattern is another long white day.

A slight variation of this pattern is when the second day gaps up slightly following the first long up day. When that variation occurs, it's called a "bullish mat hold. The pattern starts out with a strong down day. The pattern completes when the fifth day makes another large downward move. It shows that sellers are back in control and that the price could head lower. Candlesticks help traders to gauge the emotions surrounding a stock, or other assets, helping them make better predictions about where that stock might be headed.

Alan Northcott. Atlantic Publishing Group. Technical Analysis Basic Education. Advanced Technical Analysis Concepts. Investopedia uses cookies to provide you with a great user experience. By using Investopedia, you accept our. Your Money. Personal Finance. Your Practice. Popular Courses. Part Of. Options Trading. Futures Trading. Technical Analysis. Table of Contents Expand. Candlestick Components. Candlestick vs.

Bar Charts. Basic Candlestick Patterns. Bearish Engulfing Pattern. Bullish Engulfing Pattern. Bearish Evening Star. Bearish Harami. Bullish Harami. Bearish Harami Cross. Bullish Harami Cross. Bullish Rising Three. Bearish Falling Three. The Bottom Line. Key Takeaways Candlestick charts are used Candlestick Charting for Dummies traders to determine possible price movement based on past patterns.

Candlesticks are useful when trading as they show four price points open, close, high, and low throughout the period of time the trader specifies. Many algorithms are based on the same price information shown in candlestick charts. Candlestick Charting for Dummies is often dictated by emotion, which can be read in candlestick charts. Article Sources. Investopedia requires writers to use primary sources to support their work. These include white papers, government data, original reporting, and interviews with industry experts.

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Compare Accounts. The offers that appear in this table are from partnerships from which Investopedia receives compensation. Related Articles. Partner Links. Related Terms Bullish Harami Definition Bullish Harami is a basic candlestick chart pattern indicating that a bearish stock market trend may be reversing. Candlestick A candlestick is a type of price chart that displays the high, low, open, and closing prices of a security for a specific Candlestick Charting for Dummies and originated from Japan.

Inside Days Definition Inside days are candlestick charts that occur within the bounds of a previous days' highs and lows. Hammer Candlestick Definition and Tactics A hammer is a candlestick pattern that indicates a price decline is potentially over and an upward price move is forthcoming. The pattern is composed of a small real body and a long lower shadow.

Morning Star A morning star is a bullish candlestick pattern in a price chart. It consists of three candles and is generally seen as a sign of a potential recovery following a downtrend. Harami Cross Definition and Example A harami cross is a candlestick pattern that consists of a large candlestick followed by a doji.

Sometimes it signals Candlestick Charting for Dummies start of a trend reversal. Investopedia is part of the Dotdash publishing family.

## Understanding a Candlestick Chart

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for Dummies finding the perfect moment to buy or sell.

It demystifies technical and chart analysis and gives you the tools you need to identify trading patterns -- and pounce! This friendly, practical, guide explains Want to gain a trading edge with candlestick charts?

This friendly, practical, guide explains candlestick charting and technical analysis in plain English. In no time, you'll be working with common candlestick patterns, analyzing trading patterns, predicting market behavior, and making your smartest trades ever. You'll discover the advantages candlestick has over other charting methods and learn the secrets of combining it with other technical indicators. You'll also get familiar with different ways to display and interpret price action, including trend lines, support levels, resistance levels, moving averages, and complex indicators.

Discover how to: Construct candlestick charts Identify and interpret basic patterns Trade in Candlestick Charting for Dummies and bear markets Work with complex patterns and indicators Avoid False signals Understand Candlestick Charting for Dummies components of market activity Deal with bullish or bearish single-stick, two stick, and multistick patterns Identify and interpret complex patterns Use indicators to determine the market Outperform the market in any conditions Don't know whether to grab the bull by the horns or just grin and bear it?

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Riddled with typographical errors, but solidly informative. Good place to start I enjoyed this book very much and learned a lot of valuable fundamental information. I recommend it for anyone interested in learning Candlestick Charting for Dummies to trade! Aug 08, Pat Murphy rated it really liked it. Can anyone tell I am trying to learn the stock market? View 1 comment. Lee Hookham rated it it was amazing Jan 15, Jeremy rated it really liked it Mar 04, Idleguy rated it really liked it Feb 03, Siew Leng rated it it was amazing May 09, Art Kirkland rated it really liked it Apr 10, Luke rated it really liked it Apr 22, David S.

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