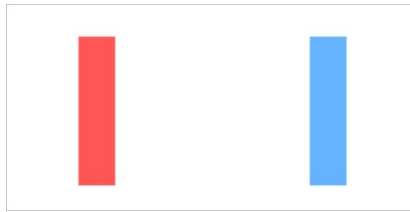


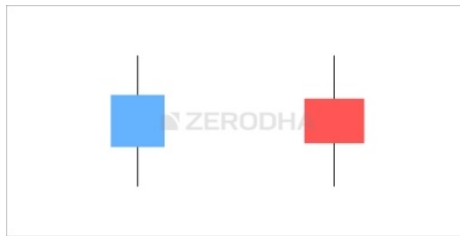
Guide on Candlestick Patterns:

• Single Candlestick Patterns:

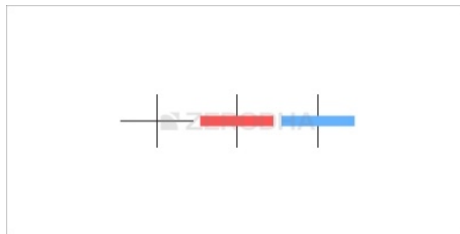
- Marubozu (means bald in Japanese - yes very funny): essentially the most **basic candlestick** you can have: where there is now *shadow* (meaning, the open and close represent the high and low/low and high exactly or *almost exactly*):



- Spinning Top: here, we do have a prominent shadow with a **small real body**, and these candlesticks basically represent **a sense of stability of the market or the fact that the trend isn't going to really change**:



- Dojis: Here, **there is no real body** (or a very thin one) meaning that the open and close prices are the same: and these represent **indecision/indecisiveness** in a market:



- Paper Umbrella:

- Hammer:



- A hammer is when you have a small real body at the upper end of the trading range with a long lower shadow, they come only after a **downward trend**.

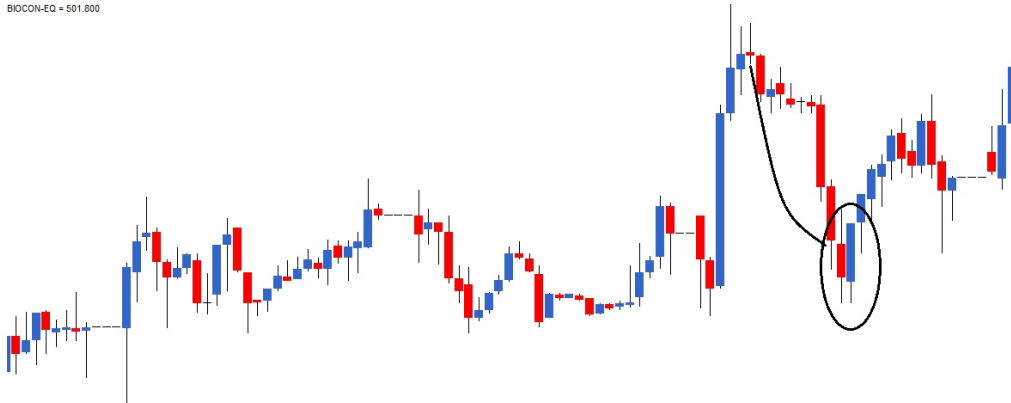
▸ **Hanging Man:**

- Same diagram as a hammer, **but this is where an uptrend precedes it**, ultimately both umbrellas **indicate whether the bull or bears are going to takeover**.
- **Shooting Star:** An inverted umbrella, this often comes up in multiple candlestick patterns (either a shooting star or a doji in between two candles)

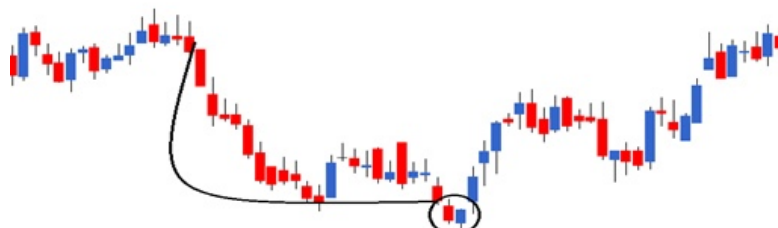
• **Multiple Candlestick Patterns:**

- **Engulfing Patterns:** When you have two candles side by side, if the one on the **right** has a real body **larger than the one on the left**, it will engulf it, **which leads to either bullish engulfments or bearish engulfments**

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- **Piercing Pattern:** Here, instead of the second candlestick **engulfing** because of its larger size, it only **partially does**, and in fact the first candlestick (the one on the left) is larger, **this still does indicate a shift in trend**, but not as much as an engulf.



- **Dark Cloud cover:** The inverse of a piercing pattern/cover, here the **first candle is much larger than the second one**, leading to the second candlestick making a "dark cloud".



- There's also something about 'harami' candlestick patterns: <https://zerodha.com/varsity/chapter/multiple-candlestick-patterns-part-2/>