

CANDLESTICK CHEATSHEET

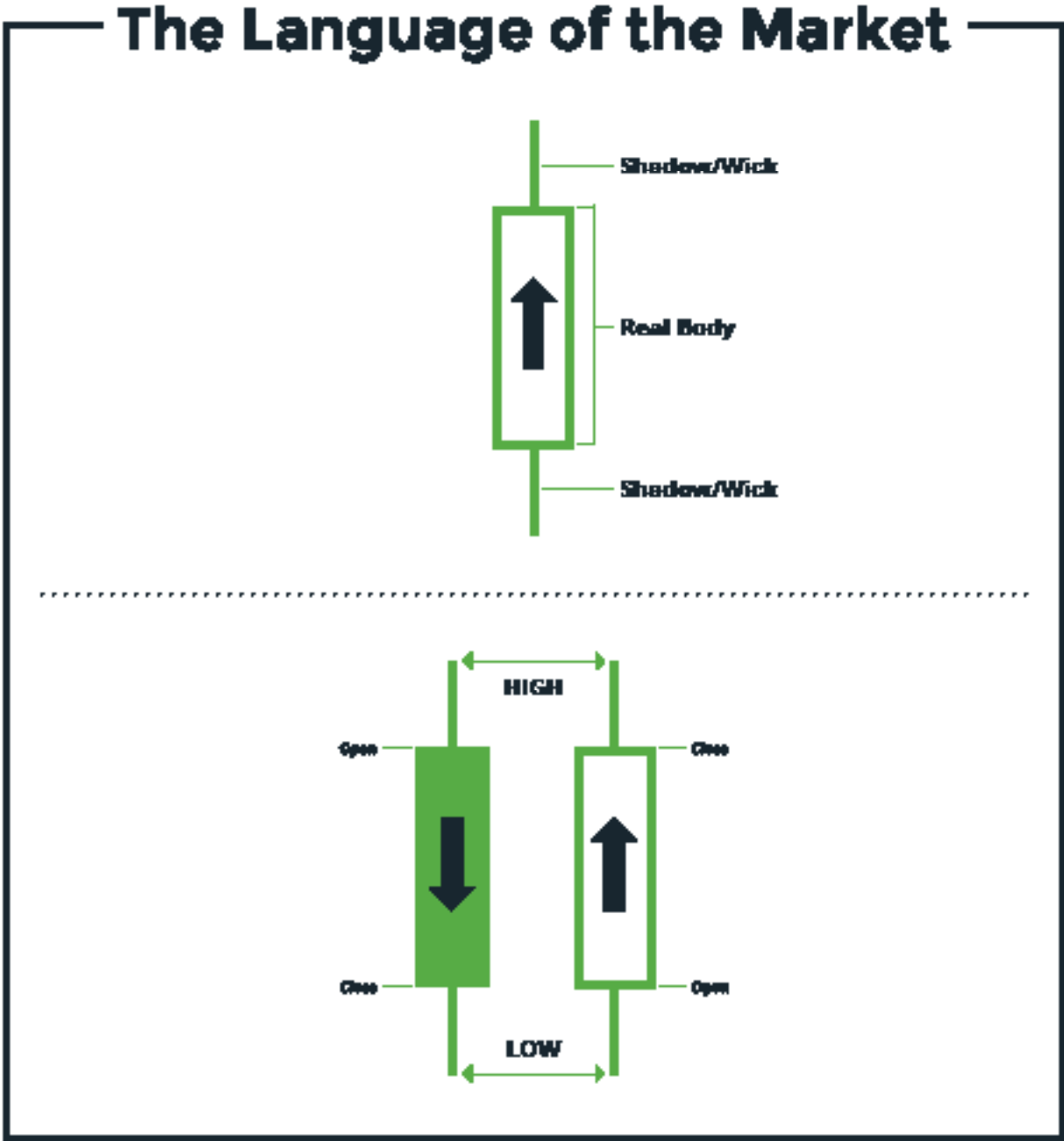
Candlestick Formations for Beginner
and Experienced Forex Traders



HINT: THERE IS A BONUS WAITNG FOR YOU AT THE END!

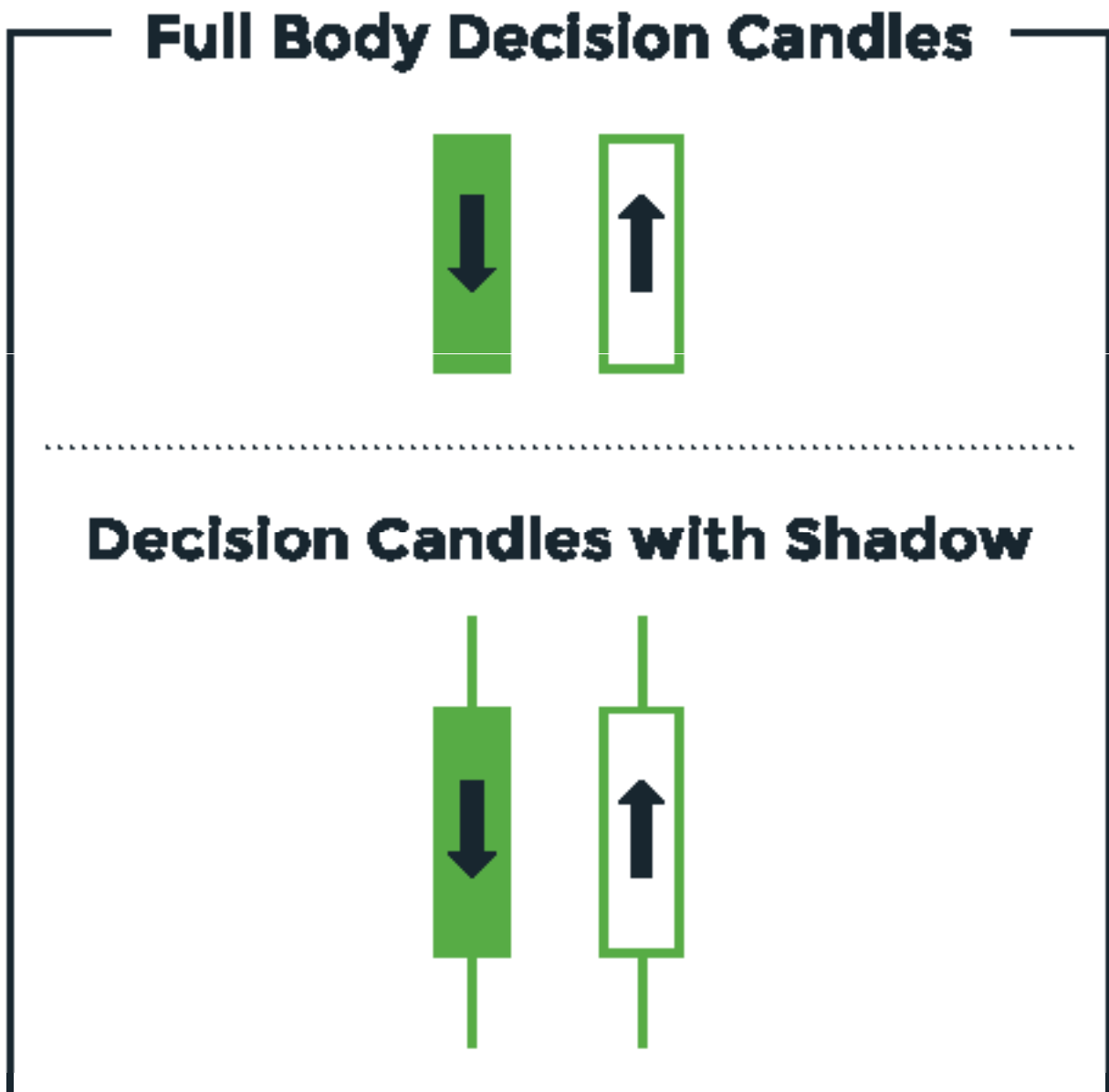
WHAT IS A CANDLESTICK?

A Candlestick measures price fluctuations within a defined period. Colors differentiate bullish and bearish candles.



DECISION CANDLES

Decision Candles are more Body than Shadow:



INDECISION CANDLES

Indecision Candles are more Shadow than Body, and this is how they look:



SPINNING TOP

Bulls and Bears struggle to take control of the price. The shadows above and below the real body suggests price action, but the small real body reflects the fact that there was no real winner in the battle. The color of the Spinning Top is irrelevant. The Spinning Top is a signal of indecision.



DOJI STAR

The Doji is a candle in which the open and closing prices are equal, or very close to equal, leaving the candle with no real body to speak of. The Doji does not have to be symmetrical, often taking on the shape of a cross or inverted cross. A Doji can signal periods of indecision based on the price action (shadow) resulting in little to no movement from opening price to closing price.

By opening and closing at, or near the same price, both candles indicate indecision or an indecisive period to either go long or short. These candles can be part of a continued move in the same direction as the current trend, or a reversal.

When INDECISION CANDLES Indicate Turns in the Market:



DRAGON FLY DOJI

A candle that is formed when the open and closing prices are equal to, or near, the high of the candle.



GRAVESTONE DOJI

A candle that is formed when the open and closing prices are equal to, or near, the low of the candle.



SHOOTING STAR/ INVERTED HAMMER

These candles are identified by having very small real bodies with little or no shadow to the south, and a long shadow to the north. The shape of these formations are the same, but it is the location in the trend that determines whether the formation is a Shooting Star (Bearish) or an Inverted Hammer (Bullish).



HAMMER/ HANGING MAN

These candles are identified by having very small real bodies with little or no shadow to the north, and a long shadow to the south. The shape of these formations is the same, but it is the location in the trend that determines whether the formation is a Hammer (Bullish) or Hanging Man (Bearish). The shadow to the south should be at least twice the size of the real body. The color of the candle is irrelevant.

Let's See How These **TURN**s Appear in the Market:

The Different Indecision Candles in the Charts:



DRAGON FLY DOJI

FORMATION: Bears begin to sell the security causing the price to fall. Bullish buyers' step in and begin to buy the security causing the price to increase.

SIGNAL: If the Dragon Fly Doji is found in an extended downtrend, it may signal a bullish trend reversal when confirmed by a subsequent bullish candle.



GRAVESTONE DOJI

FORMATION: Bulls begin to buy the security causing the price to rally. Bears step in and begin to sell the security causing the price to decrease.

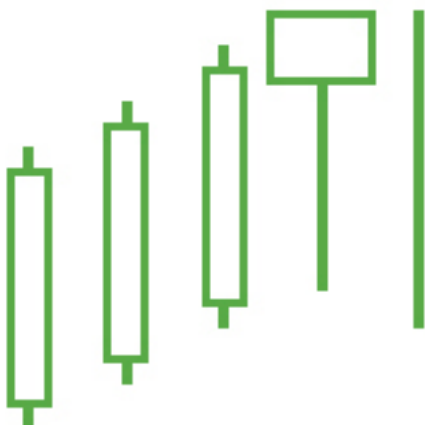
SIGNAL: If the Gravestone Doji is found in an extended uptrend, it may signal a bearish trend reversal if confirmed by a bearish decision candle.



HAMMER

FORMATION: In a downtrend, the sellers push the price to a level where the buyers' step in and begin to lift the price higher.

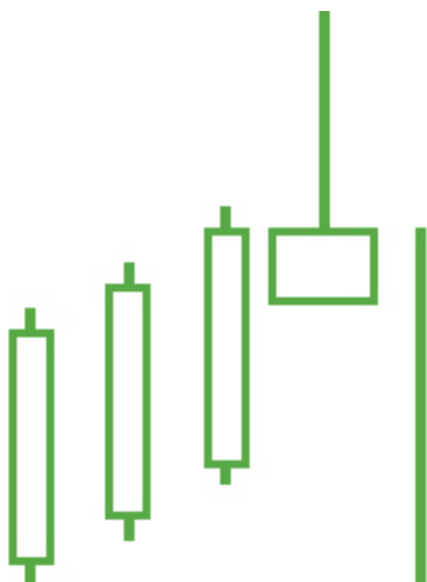
SIGNAL: If the Hammer is found in an extended downtrend, it may signal a bullish trend reversal when confirmed by a subsequent bullish decision candle.



HANGING MAN

FORMATION: In an uptrend, the sellers attempt to gain control of price by pushing the price down, but the bulls can step in and lift the price higher once again.

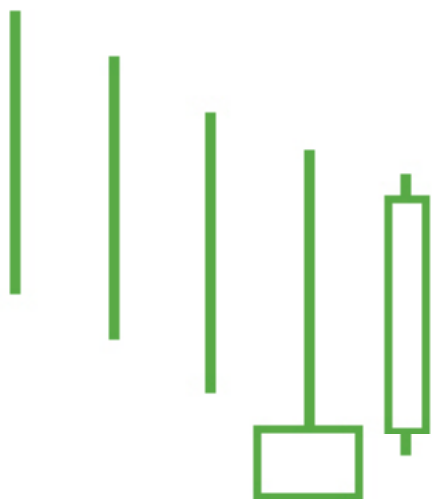
SIGNAL: The Hanging Man signals vulnerability to bearish pressure. For this reason, the Hanging Man is a signal of a bearish reversal if confirmed by a subsequent bearish decision candle.



SHOOTING STAR

FORMATION: In an uptrend, the bulls move the price higher but are met with selling pressure from the bears. The bears can push the price back down to close the time frame at a price that is close to where it opened.

SIGNAL: The Shooting Star signals a bearish reversal when it is confirmed by a subsequent bearish decision candle.



INVERTED HAMMER

FORMATION: In a downtrend, the bulls try to push the price higher but are met with bearish selling that pushed the price back down to a level that is near the opening price.

SIGNAL: The Inverted Hammer signals vulnerability to bullish pressure. For this reason the Inverted Hammer is a signal of a bullish reversal if confirmed by a subsequent bullish decision candle.

So, What Did You Learn?

Other than you are going to be one heck of a trader!
Here's a quick overview to tie everything together:
Candlesticks help you determine market movements.
There are hollow/light candlesticks, known as Bullish
candlesticks and there are filled/dark candlesticks, known as
Bearish candlesticks.

Bullish candlesticks mean the markets are moving in an
upward trend, indicating buying pressure. Bearish
candlesticks reveal the market is in a downward
trend and there is high selling pressure. With
enough consecutive Bullish candlesticks and
the right indicators, you can determine that
an upward movement is taking place.
This tells you to trade that upward
movement in an uptrend.

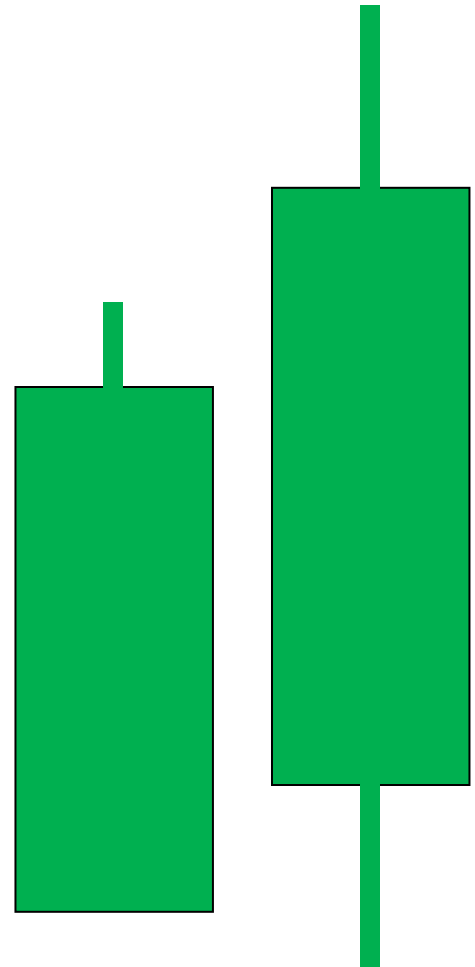
On the other hand, Bearish
candlesticks reveal
the market is in a
downward
trend



and there is high selling pressure. Once you spot a trail of Bearish candlesticks, you'll be looking at a downward movement, signifying that you could trade that movement as a downtrend.

The size of the candlestick's body is also important to help you determine how much movement happened during a certain time period (it could be an hour, a week, or a month, depending on how you have your charts set-up). You also got a brief overview of some of the candlestick formations that typically pop up on your charts.

Candlesticks are only one way to see where the market is going. There are many other indicators that could help determine trend direction or reversals in the market. [To learn what these indicators, our Forex signals, and boost your trading results, join us today and get live mentoring.](#)





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