BullpenXP

FREE COURSE

Japanese Candlestick Patterns



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The Complete Guide

78 patterns explained with diagrams, from the basics to real-world trading. Free course by BullpenXP.

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For education only. Not investment advice.

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Each lesson is also available online, free, at bullpenxp.com/japanese-candlestick-course.

LESSON 1

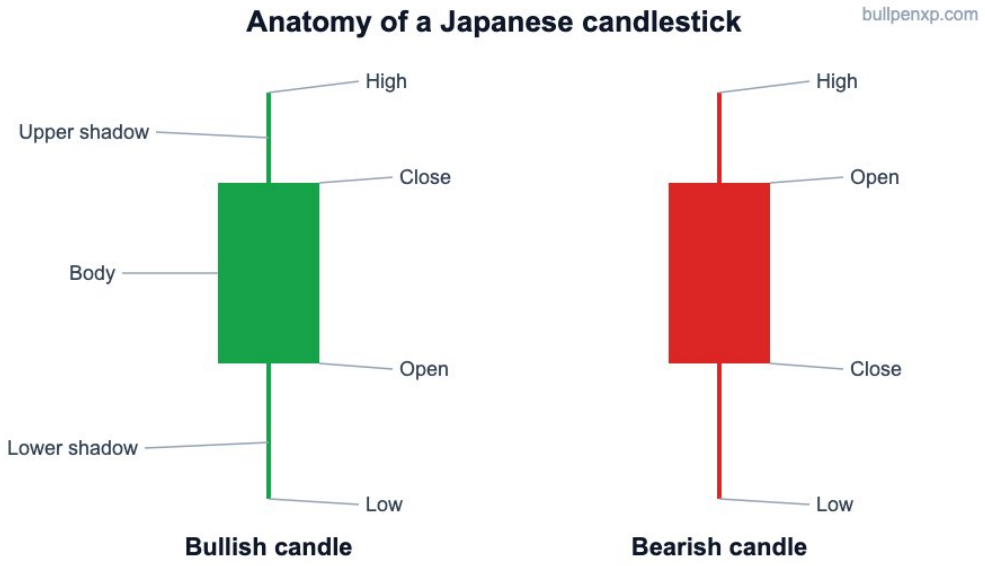
Candlestick Basics: How to Read a Japanese Candle

Japanese candlestick charts are the most popular way to look at price today. Once you can read a single candle, every pattern in this course starts to make sense.

Where candlesticks come from

Candlestick charts go back to 18th-century Japan, where rice traders recorded prices in this format. The trader most often linked to them is Munehisa Homma, who traded rice in Osaka and Sakata. Western traders discovered them much later, mainly through Steve Nison's books in the early 1990s. Today, almost every trading platform shows candles by default.

The anatomy of a candle



Each candle shows four prices for one period (a minute, an hour, a day, a week, and so on):

- **Open:** the first traded price of the period.
- **High:** the highest price reached.
- **Low:** the lowest price reached.
- **Close:** the last traded price.

The thick part is the **body**. It runs from the open to the close. The thin lines above and below are the **shadows** (also called wicks or tails). The upper shadow reaches the high and the lower shadow reaches the low.

Bullish and bearish candles

- **Bullish candle:** the close is above the open, so price rose during the period. In this course they're green.
- **Bearish candle:** the close is below the open, so price fell. They're red here.

Older charts and some platforms use white (hollow) for bullish and black (filled) for bearish candles. That's where pattern names like "three white soldiers" and "three black crows" come from.

What the shape tells you

- **A long body** shows strong conviction. One side controlled the session.
- **A short body** shows hesitation or balance.
- **A long upper shadow** shows that higher prices were rejected.
- **A long lower shadow** shows that lower prices were rejected.
- **A doji** (open and close almost equal) shows that neither side won.

Five rules for every pattern

1. **Trend first.** A reversal pattern only makes sense if there's a trend to reverse. A hammer after a decline matters; the same shape in a sideways market means little.
2. **Wait for confirmation.** Most patterns are warnings, not signals. The next candle should move in the expected direction.
3. **Location matters.** Patterns near support, resistance or round numbers are more meaningful.
4. **Bigger timeframes are more reliable.** A pattern on a daily or weekly chart carries more weight than one on a 5-minute chart.
5. **No pattern works every time.** Always know where you'd exit if you're wrong.

How this course is organised

- Lesson 1: Candlestick basics (this lesson)
- Lesson 2: Single candles: doji, marubozu and spinning tops
- Lesson 3: Hammers, shooting stars and belt holds
- Lesson 4: Two-candle reversal patterns
- Lesson 5: Three-candle reversal patterns
- Lesson 6: Continuation patterns
- Lesson 7: Rare and multi-candle patterns
- Lesson 8: Trading with candlesticks: a practical guide

LESSON 2

Single Candlesticks: Doji, Marubozu and Spinning Tops

Before you learn multi-candle patterns, you need to know the basic shapes. These single candles are the building blocks of everything that follows.

Single candles mostly tell you about **strength** or **indecision**. On their own they're rarely enough to trade on, but they become powerful when they appear at the right place in a trend.

Long Bullish Candle

Bullish strength | 1 candle



How to spot it

- A tall bullish body, much longer than the candles around it.
- Short or no shadows.

What it tells you: Buyers were in control from open to close. On its own it shows strength, and it often starts or confirms a move higher.

Confirmation: More meaningful when it breaks above resistance or appears on rising volume.

Long Bearish Candle

Bearish strength | 1 candle



How to spot it

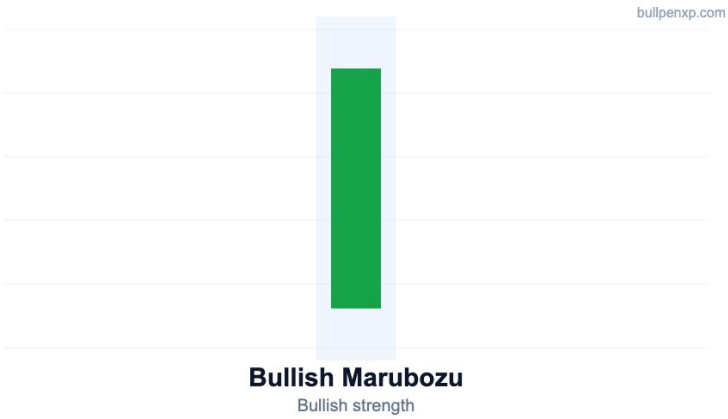
- A tall bearish body, much longer than recent candles.
- Short or no shadows.

What it tells you: Sellers dominated the whole session. It signals pressure to the downside, especially after a run higher.

Confirmation: Watch for a break of support or a follow-through candle the next session.

Bullish Marubozu

Bullish strength | 1 candle



How to spot it

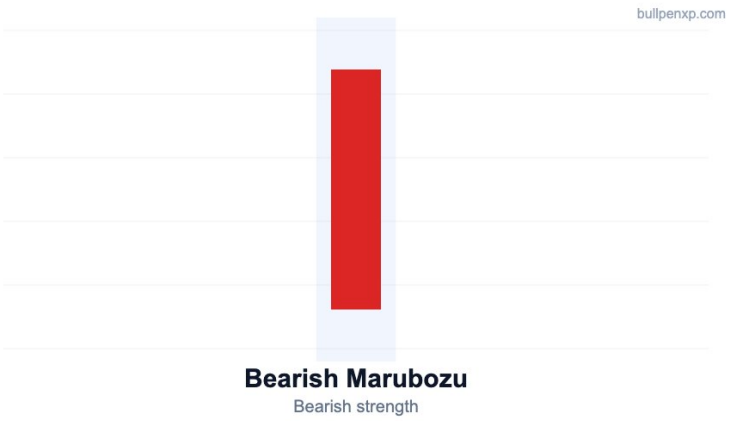
- A bullish body with no upper or lower shadow.
- The open is the low and the close is the high.

What it tells you: Marubozu means "shaved head" in Japanese. Buyers pushed price up all session without any pullback. An opening marubozu has no lower shadow only; a closing marubozu has no upper shadow only.

Confirmation: Strong on its own, but still check the trend and nearby resistance.

Bearish Marubozu

Bearish strength | 1 candle



How to spot it

- A bearish body with no shadows.
- The open is the high and the close is the low.

What it tells you: Sellers were in charge from the first trade to the last. It often marks the start or continuation of a decline.

Confirmation: A lower close the next session adds weight.

Spinning Top

Indecision | 1 candle



How to spot it

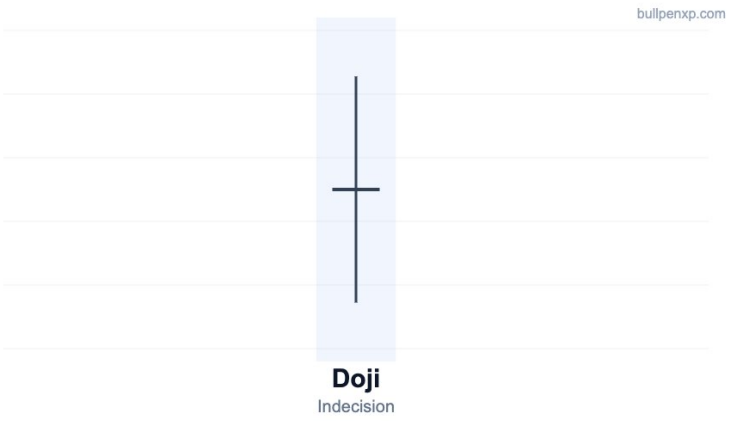
- A small body in the middle of the range.
- Upper and lower shadows of similar length, longer than the body.

What it tells you: Buyers and sellers both had a go, and neither won. After a strong trend, it hints that momentum is fading.

Confirmation: Needs a following candle that breaks out of its range.

Doji

Indecision | 1 candle



How to spot it

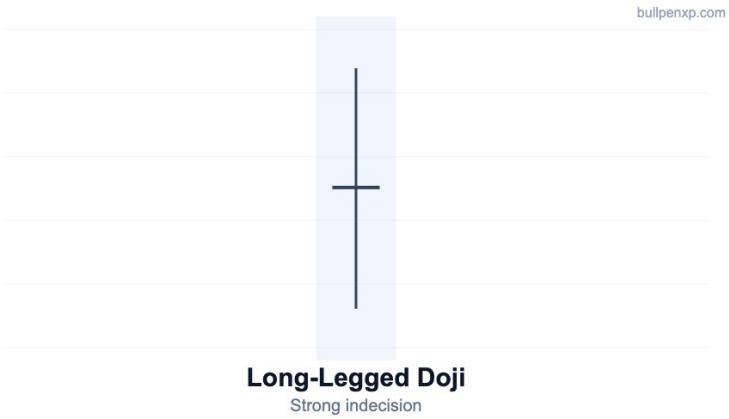
- Open and close are equal or almost equal, so the body is a thin line.
- Shadows can be short or long.

What it tells you: The market ended where it started. After a long trend, a doji warns that the balance between buyers and sellers is shifting.

Confirmation: A doji is a warning, not a signal. Wait for the next candle to show direction.

Long-Legged Doji

Strong indecision | 1 candle



How to spot it

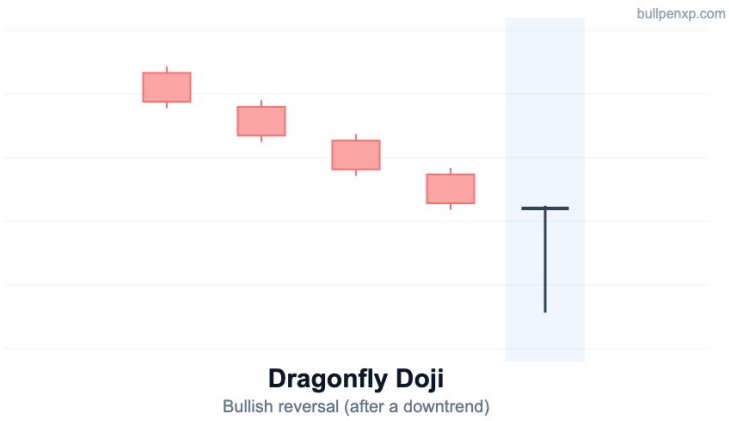
- A doji with long upper and lower shadows.
- The close sits near the middle of a wide range.

What it tells you: Price swung hard in both directions and still finished flat. It shows real uncertainty, often near turning points.

Confirmation: Look for a decisive candle in the next session.

Dragonfly Doji

Bullish reversal | 1 candle



How to spot it

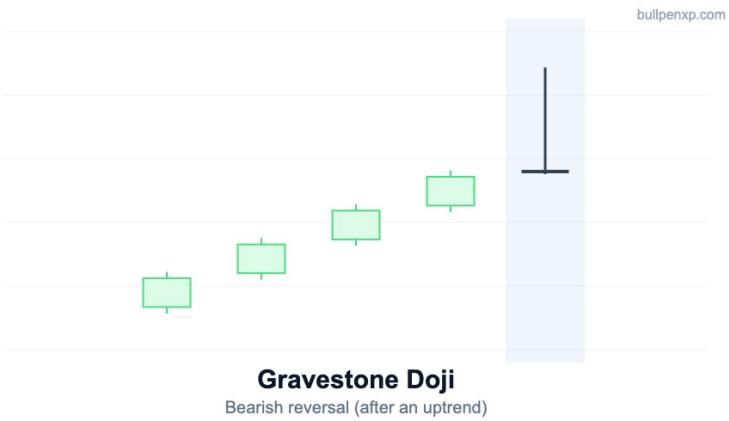
- Open, high and close at or near the same level.
- A long lower shadow and little or no upper shadow.

What it tells you: Sellers drove price down, but buyers pushed it all the way back. After a decline, it suggests the selling may be exhausted.

Confirmation: A bullish candle closing above the dragonfly confirms it.

Gravestone Doji

Bearish reversal | 1 candle



How to spot it

- Open, low and close at or near the same level.
- A long upper shadow and little or no lower shadow.

What it tells you: Buyers pushed price higher but couldn't hold it, and it fell back to the open. After a rally, it shows rejection of higher prices.

Confirmation: A bearish candle the next session confirms the warning.

Four-Price Doji

Indecision | 1 candle



How to spot it

- Open, high, low and close are all the same price.
- It looks like a single horizontal line.

What it tells you: Usually seen in very quiet markets or thinly traded instruments. It shows almost no activity rather than a clear signal.

Confirmation: Rarely useful for trading decisions on its own.

High Wave Candle

Indecision | 1 candle



How to spot it

- A small body with very long upper and lower shadows.
- Similar to a long-legged doji, but with a real body.

What it tells you: Volatility is high and direction is unclear. Several high wave candles in a row often come before a turn.

Confirmation: Wait for a breakout from its high or low.

LESSON 3

Hammers, Shooting Stars and Belt Holds Explained

Some of the most useful reversal signals are single candles with long shadows. The shape is often identical. What changes their meaning is where they appear.

A hammer and a hanging man look exactly the same. So do an inverted hammer and a shooting star. The difference is the trend before them. That's why "trend first" is rule number one.

Hammer

Bullish reversal | 1 candle



How to spot it

- A small body near the top of the range.
- A lower shadow at least twice as long as the body.
- Little or no upper shadow, and it appears after a decline.

What it tells you: Sellers pushed price sharply lower, then buyers stepped in and drove it back up near the open. It suggests the downtrend is losing force. The body can be bullish or bearish; a bullish body is slightly stronger.

Confirmation: Look for a bullish candle closing above the hammer's body the next session.

Hanging Man

Bearish reversal | 1 candle



How to spot it

- The same shape as a hammer: small body at the top, long lower shadow.
- It appears after a rise.

What it tells you: The long lower shadow shows that sellers were able to push price down hard during the session. After an uptrend, that's a warning that buyers may be tiring.

Confirmation: Needs confirmation: a lower open or a bearish close the next session.

Inverted Hammer

Bullish reversal | 1 candle



How to spot it

- A small body near the bottom of the range.
- A long upper shadow, at least twice the body.
- Little or no lower shadow, after a decline.

What it tells you: Buyers tried to lift price, and although they couldn't hold the highs, sellers didn't push it to new lows either. It hints at a possible turn.

Confirmation: It needs a strong bullish candle next, ideally opening above the inverted hammer's body.

Shooting Star

Bearish reversal | 1 candle



How to spot it

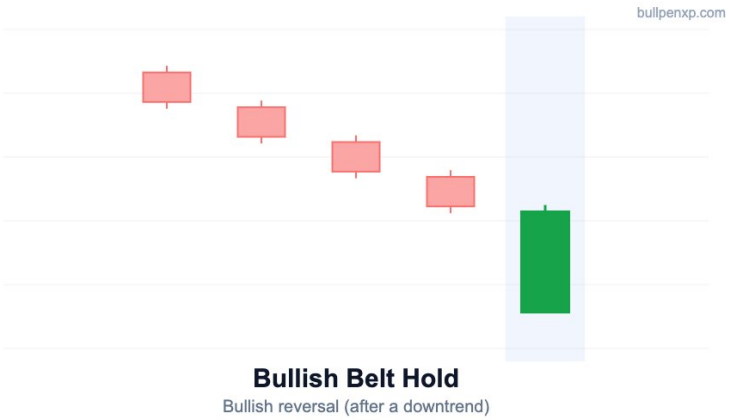
- A small body near the low of the range.
- A long upper shadow, at least twice the body.
- Appears after a rise, often with a gap up.

What it tells you: Buyers pushed to new highs, then sellers slammed price back down. It shows the rally being rejected.

Confirmation: A bearish candle or a lower open the next session confirms it.

Bullish Belt Hold

Bullish reversal | 1 candle



How to spot it

- After a decline, the candle opens at its low (often with a gap down).
- It closes near the high with a long bullish body.

What it tells you: Price opens weak, but buyers take over from the first trade and never let go. It can mark a sharp turn.

Confirmation: Stronger when the body is long and the next candle holds above its midpoint.

Bearish Belt Hold

Bearish reversal | 1 candle



How to spot it

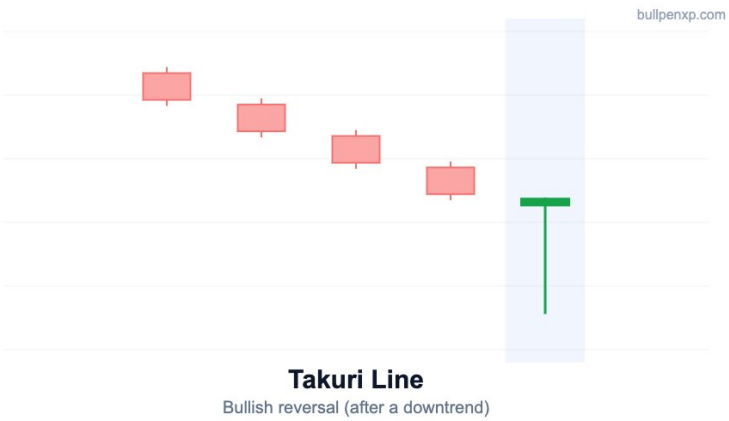
- After a rise, the candle opens at its high (often with a gap up).
- It closes near the low with a long bearish body.

What it tells you: The market opens strong, then sellers take control all day. It warns that the uptrend may be ending.

Confirmation: Watch for a lower close the next session.

Takuri Line

Bullish reversal | 1 candle



How to spot it

- Like a hammer, but with an even longer lower shadow, at least three times the body.
- Very small or no upper shadow, after a decline.

What it tells you: A dramatic intraday sell-off is completely reversed. It shows strong buying at lower prices.

Confirmation: Treat it like a hammer: wait for a bullish follow-through.

LESSON 4

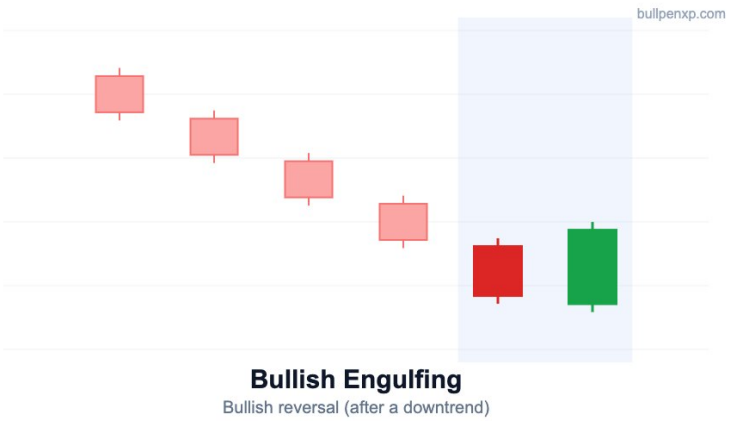
Two-Candle Reversal Patterns: Engulfing, Harami and More

Two-candle patterns show a change in control from one session to the next. They're among the most common and most watched candlestick signals.

In most of these patterns, the first candle continues the existing trend and the second one pushes back against it. The stronger the pushback, the stronger the signal.

Bullish Engulfing

Bullish reversal | 2 candles



How to spot it

- After a decline, a small bearish candle.
- Then a bullish candle whose body completely covers (engulfs) the first body.

What it tells you: Sellers were in control, then buyers overwhelmed them in a single session. One of the best-known reversal signals.

Confirmation: Stronger when the second candle is large, engulfs the shadows too, or comes with higher volume.

Bearish Engulfing

Bearish reversal | 2 candles



How to spot it

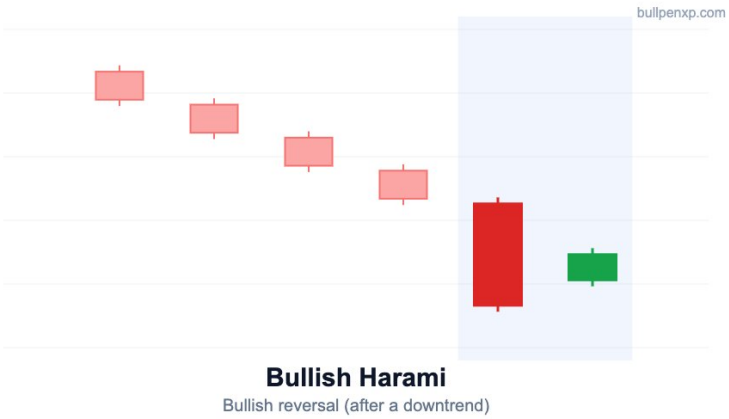
- After a rise, a small bullish candle.
- Then a bearish candle whose body fully engulfs the first body.

What it tells you: Buyers lose control in one session as sellers take over. It often appears at market tops.

Confirmation: A lower close the next session or a break of nearby support confirms it.

Bullish Harami

Bullish reversal | 2 candles



How to spot it

- A long bearish candle in a downtrend.
- A small bullish candle whose body sits inside the first body.

What it tells you: Harami means "pregnant" in Japanese. The small second candle shows selling has slowed. It's a softer signal than engulfing.

Confirmation: Wait for a close above the first candle's body or a strong bullish third candle.

Bearish Harami

Bearish reversal | 2 candles



How to spot it

- A long bullish candle in an uptrend.
- A small bearish candle contained inside the first body.

What it tells you: Momentum stalls after a strong push higher. Buyers are no longer in full control.

Confirmation: A lower close afterwards confirms the shift.

Bullish Harami Cross

Bullish reversal | 2 candles



How to spot it

- A long bearish candle.
- A doji inside its body.

What it tells you: A harami where the second candle is a doji. The indecision after a strong down day makes it a stronger warning than a normal harami.

Confirmation: Needs a bullish follow-through candle.

Bearish Harami Cross

Bearish reversal | 2 candles



How to spot it

- A long bullish candle.
- A doji inside its body.

What it tells you: After a strong rise, the market suddenly can't decide. Often seen near tops.

Confirmation: A bearish candle next confirms it.

Piercing Line

Bullish reversal | 2 candles



How to spot it

- A long bearish candle in a downtrend.
- A bullish candle that opens below the prior low and closes above the midpoint of the first body.

What it tells you: The market opens weak, then buyers fight back strongly, recovering more than half the previous day's loss.

Confirmation: The higher it closes into the first body, the stronger the signal.

Dark Cloud Cover

Bearish reversal | 2 candles



How to spot it

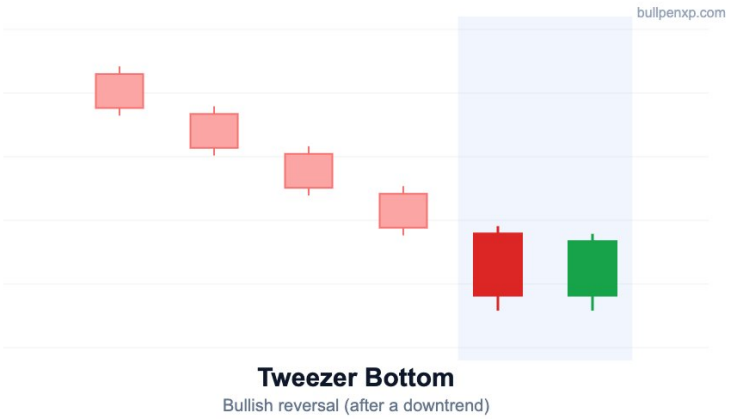
- A long bullish candle in an uptrend.
- A bearish candle that opens above the prior high and closes below the midpoint of the first body.

What it tells you: The mirror image of the piercing line. A strong open fails and sellers erase more than half the previous gain.

Confirmation: A further lower close confirms it.

Tweezer Bottom

Bullish reversal | 2 candles



How to spot it

- Two candles with matching (or nearly matching) lows.
- Usually a bearish candle followed by a bullish one.

What it tells you: Price tests the same low twice and holds. That level looks like support.

Confirmation: More reliable when it lines up with a known support level.

Tweezer Top

Bearish reversal | 2 candles



How to spot it

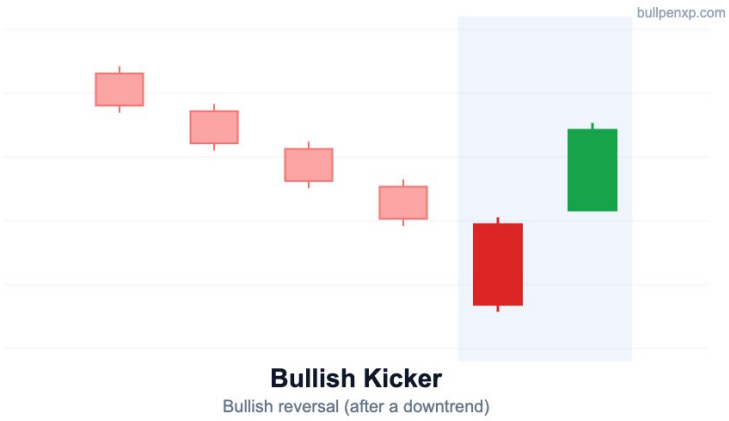
- Two candles with matching highs.
- Usually a bullish candle followed by a bearish one.

What it tells you: Buyers fail twice at the same price. That level is acting as resistance.

Confirmation: Watch for a break below the low of the pattern.

Bullish Kicker

Bullish reversal | 2 candles



How to spot it

- A bearish candle.
- A bullish candle that gaps up, opening above the previous open, and keeps rising.

What it tells you: A sudden change in sentiment, often after news. It's considered one of the strongest candlestick signals.

Confirmation: The gap should not be filled in the following sessions.

Bearish Kicker

Bearish reversal | 2 candles



How to spot it

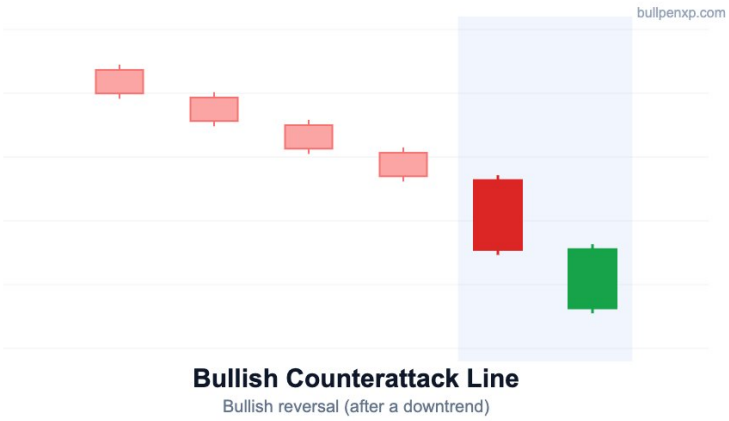
- A bullish candle.
- A bearish candle that gaps down below the previous open and keeps falling.

What it tells you: A sharp switch from buying to selling, often driven by news.

Confirmation: The gap should stay open.

Bullish Counterattack Line

Bullish reversal | 2 candles



How to spot it

- A long bearish candle.
- A bullish candle that opens much lower but closes at the same level as the prior close.

What it tells you: Also called a meeting line. Buyers recover all of a big gap down, which shows strength.

Confirmation: Weaker than a piercing line, so wait for a bullish follow-through.

Bearish Counterattack Line

Bearish reversal | 2 candles



How to spot it

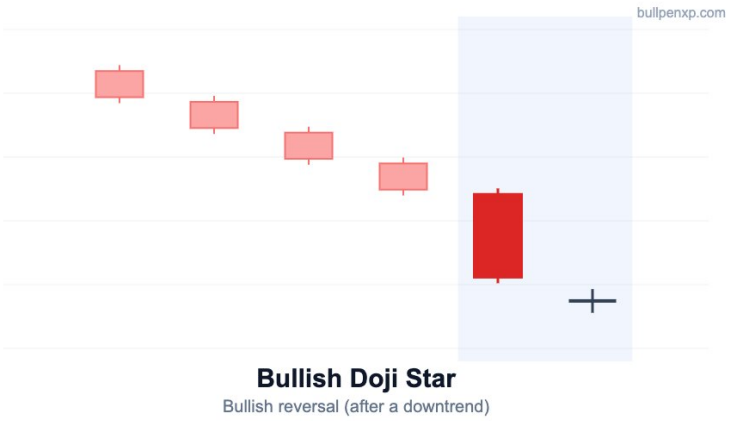
- A long bullish candle.
- A bearish candle that opens much higher but closes at the prior close.

What it tells you: A big gap up is completely sold. Buyers are losing their grip.

Confirmation: A lower close next confirms it.

Bullish Doji Star

Bullish reversal | 2 candles



How to spot it

- A long bearish candle.
- A doji that gaps down below its body.

What it tells you: After strong selling, the market suddenly stalls. It's often the first part of a morning doji star.

Confirmation: Needs a bullish candle closing well into the first body.

Bearish Doji Star

Bearish reversal | 2 candles



How to spot it

- A long bullish candle.
- A doji that gaps up above its body.

What it tells you: Buying pressure stalls at the top. It often becomes the start of an evening doji star.

Confirmation: A bearish candle next confirms it.

LESSON 5

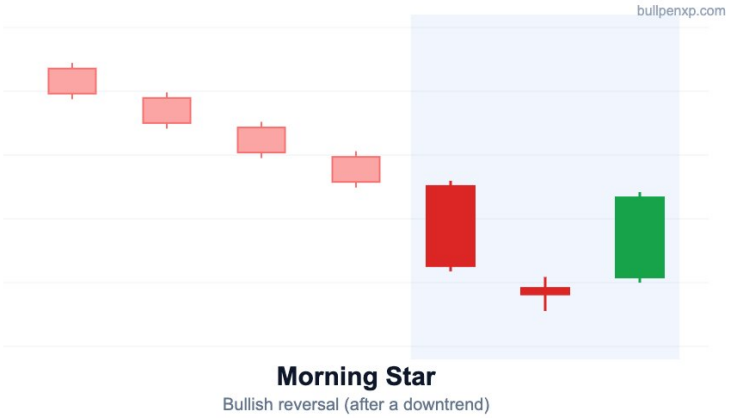
Three-Candle Reversal Patterns: Stars, Soldiers and Crows

Three-candle patterns take longer to form, but they often include their own confirmation. That makes many of them more reliable than one or two candle signals.

Most of them follow the same story: the trend continues, the market hesitates, and then the other side takes over.

Morning Star

Bullish reversal | 3 candles



How to spot it

- A long bearish candle.
- A small candle (the "star") that gaps lower.
- A long bullish candle that closes well into the first body.

What it tells you: Selling fades, the market hesitates, then buyers take over. A classic bottom pattern.

Confirmation: Strongest when the third candle closes above the midpoint of the first.

Evening Star

Bearish reversal | 3 candles



How to spot it

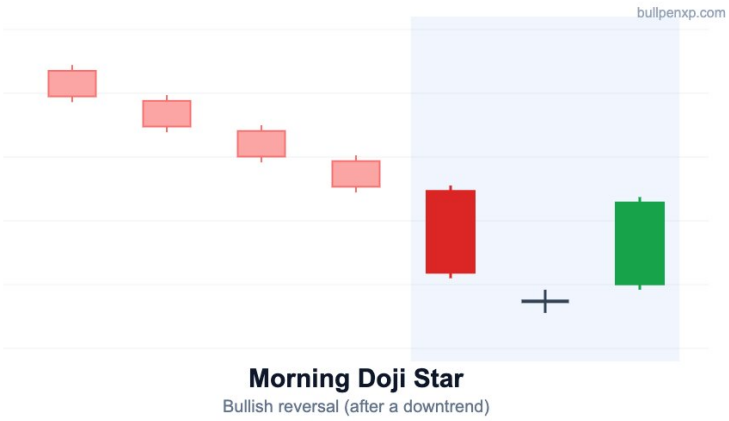
- A long bullish candle.
- A small star that gaps higher.
- A long bearish candle closing deep into the first body.

What it tells you: The rally runs out of steam, hesitates, and sellers take control. A classic top pattern.

Confirmation: More reliable with higher volume on the third candle.

Morning Doji Star

Bullish reversal | 3 candles



How to spot it

- Like a morning star, but the middle candle is a doji.

What it tells you: The doji shows complete indecision at the low, which makes the reversal signal stronger.

Confirmation: Same as the morning star: a strong third candle is key.

Evening Doji Star

Bearish reversal | 3 candles



How to spot it

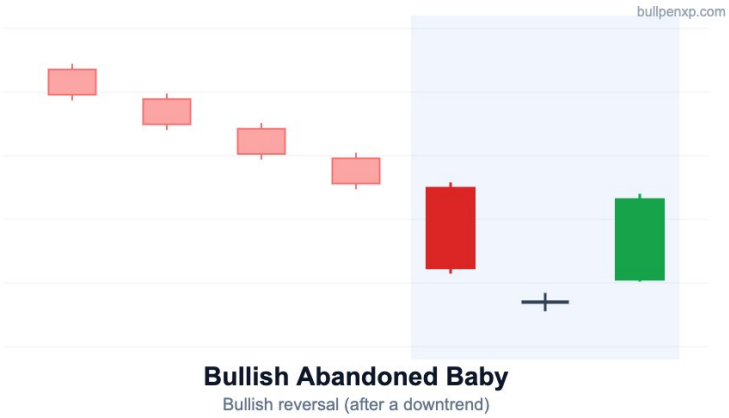
- Like an evening star, but the middle candle is a doji.

What it tells you: Indecision right at the top, followed by heavy selling.

Confirmation: A strong bearish third candle is key.

Bullish Abandoned Baby

Bullish reversal | 3 candles



How to spot it

- A long bearish candle.
- A doji that gaps down, with its shadows not touching the candles on either side.
- A bullish candle that gaps up.

What it tells you: The doji is left "abandoned" on an island. A rare but powerful bottom signal.

Confirmation: The gaps on both sides of the doji are what make it special.

Bearish Abandoned Baby

Bearish reversal | 3 candles



How to spot it

- A long bullish candle.
- A doji that gaps up, fully isolated by gaps.
- A bearish candle that gaps down.

What it tells you: A rare and strong top pattern. Buyers who bought the gap up are trapped.

Confirmation: Very reliable when the gaps are clean.

Three White Soldiers

Bullish reversal | 3 candles



How to spot it

- Three long bullish candles in a row.
- Each opens inside the previous body and closes near its high.

What it tells you: Steady, determined buying over three sessions. It often marks the start of an uptrend.

Confirmation: Be careful if it appears after a long rise or with shrinking bodies (see advance block).

Three Black Crows

Bearish reversal | 3 candles



How to spot it

- Three long bearish candles in a row.
- Each opens inside the previous body and closes near its low.

What it tells you: Persistent selling over three sessions. A strong warning after an uptrend.

Confirmation: Strong on its own; volume helps.

Three Inside Up

Bullish reversal | 3 candles



How to spot it

- A bullish harami (long bearish candle plus small bullish one inside it).
- A third bullish candle closing above the first candle's open.

What it tells you: This is a bullish harami with built-in confirmation.

Confirmation: The third candle is the confirmation.

Three Inside Down

Bearish reversal | 3 candles



How to spot it

- A bearish harami.
- A third bearish candle closing below the first candle's open.

What it tells you: A bearish harami confirmed by further selling.

Confirmation: Built-in confirmation from the third candle.

Three Outside Up

Bullish reversal | 3 candles



How to spot it

- A bullish engulfing pattern.
- A third bullish candle closing higher.

What it tells you: A bullish engulfing with follow-through. More reliable than engulfing alone.

Confirmation: The third candle confirms it.

Three Outside Down

Bearish reversal | 3 candles



How to spot it

- A bearish engulfing pattern.
- A third bearish candle closing lower.

What it tells you: A bearish engulfing confirmed by more selling.

Confirmation: The third candle confirms it.

Upside Gap Two Crows

Bearish reversal | 3 candles



How to spot it

- A long bullish candle.
- A small bearish candle that gaps up.
- A larger bearish candle that engulfs the second but still closes above the first close.

What it tells you: Two failed attempts to hold higher prices. The uptrend is under pressure even though the gap isn't closed yet.

Confirmation: A close below the first candle's close confirms it.

Two Crows

Bearish reversal | 3 candles



How to spot it

- A long bullish candle.
- A bearish candle that gaps up.
- A bearish candle that opens inside the second body and closes inside the first body.

What it tells you: The gap up fails and sellers push deep into the prior gain.

Confirmation: Further downside the next session confirms it.

Advance Block

Bearish reversal | 3 candles



How to spot it

- Three bullish candles, each closing higher.
- But the bodies get smaller and the upper shadows get longer.

What it tells you: Prices are still rising, but each push is weaker. Buyers are running out of energy.

Confirmation: Watch for a bearish candle or a break below the third candle's low.

Deliberation (Stalled Pattern)

Bearish reversal | 3 candles



How to spot it

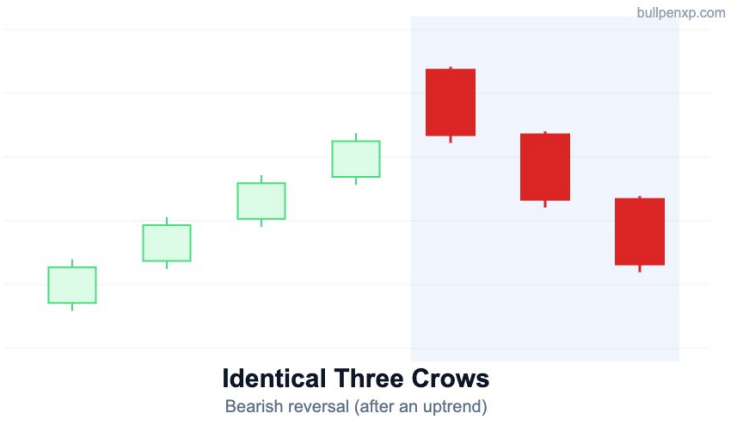
- Two long bullish candles.
- A third small bullish candle or spinning top, often gapping up.

What it tells you: The market pauses to "deliberate" after a strong advance. Momentum is stalling.

Confirmation: A bearish candle afterwards confirms it.

Identical Three Crows

Bearish reversal | 3 candles



How to spot it

- Three bearish candles.
- Each opens exactly at, or very near, the previous close.

What it tells you: A stricter version of three black crows that shows relentless selling.

Confirmation: Strong on its own.

LESSON 6

Candlestick Continuation Patterns: Windows, Methods and Gaps

Not every pattern signals a turn. Continuation patterns show a pause or a short pullback inside a trend, after which the trend usually carries on.

They help you avoid one of the most common beginner mistakes: treating every dip in an uptrend as the start of a crash.

Rising Window

Bullish continuation | 2 candles



How to spot it

- A gap up: the low of the second candle is above the high of the first.

What it tells you: "Window" is the Japanese term for a gap. A rising window shows strong demand, and the gap often acts as support later.

Confirmation: The trend stays intact as long as the gap isn't filled on a closing basis.

Falling Window

Bearish continuation | 2 candles



How to spot it

- A gap down: the high of the second candle is below the low of the first.

What it tells you: Selling is strong enough to skip price levels. The gap often turns into resistance.

Confirmation: The downtrend holds while the gap stays open.

Rising Three Methods

Bullish continuation | 5 candles



How to spot it

- A long bullish candle.
- Three (sometimes two to five) small candles drifting lower, staying within the first candle's range.
- A long bullish candle closing above the first close.

What it tells you: A short rest inside an uptrend. Sellers can't push price below the first candle, and buyers resume control.

Confirmation: The final candle's close above the first candle is the trigger.

Falling Three Methods

Bearish continuation | 5 candles



How to spot it

- A long bearish candle.
- Three small candles drifting higher inside its range.
- A long bearish candle closing below the first close.

What it tells you: A pause in a downtrend. The bounce is weak and sellers return.

Confirmation: A close below the first candle's low confirms it.

Mat Hold

Bullish continuation | 5 candles



How to spot it

- A long bullish candle.
- A small candle that gaps up, then two or three small candles drifting lower but holding above the first candle's low.
- A bullish candle breaking to new highs.

What it tells you: Similar to rising three methods, but the pullback starts with a gap up. Considered a strong continuation signal.

Confirmation: The last candle should close above the highs of the pullback.

Upside Tasuki Gap

Bullish continuation | 3 candles



How to spot it

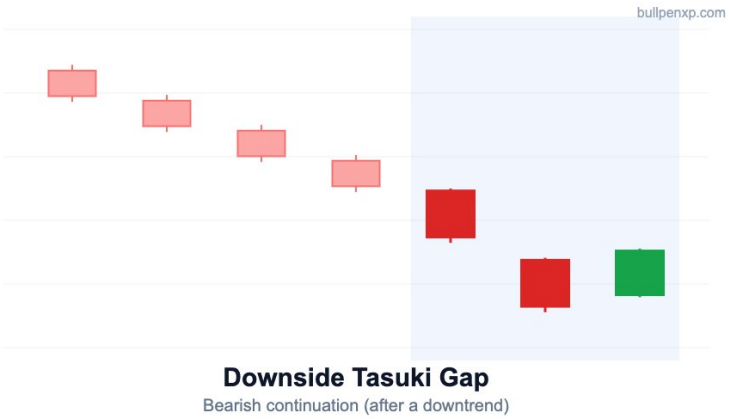
- A bullish candle, then a bullish candle that gaps up.
- A bearish candle that opens inside the second body and closes inside the gap, without fully closing it.

What it tells you: A pullback into the gap that fails to fill it. Buyers are defending the gap.

Confirmation: If the gap is fully closed, the pattern fails.

Downside Tasuki Gap

Bearish continuation | 3 candles



How to spot it

- A bearish candle, then a bearish candle that gaps down.
- A bullish candle that closes inside the gap, without filling it.

What it tells you: A bounce that can't close the gap. Sellers remain in charge.

Confirmation: The pattern fails if the gap is closed.

Upside Gap Side-by-Side White Lines

Bullish continuation | 3 candles



How to spot it

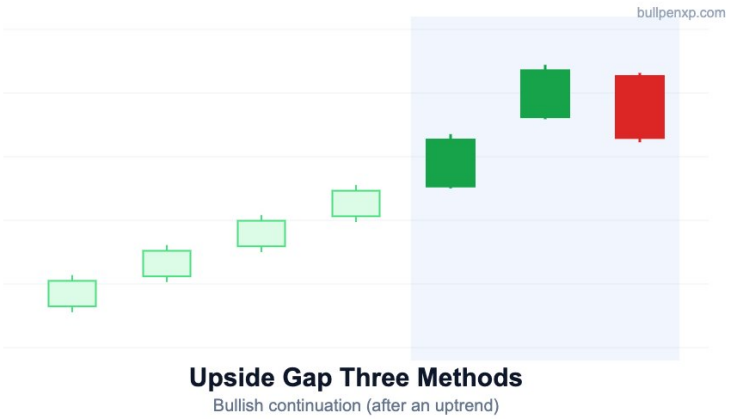
- A bullish candle.
- Two similar bullish candles side by side, both gapping above the first and opening at about the same level.

What it tells you: Buyers hold the gap twice. A sign that the uptrend should continue.

Confirmation: A close above the pattern's high confirms it.

Upside Gap Three Methods

Bullish continuation | 3 candles



How to spot it

- Two bullish candles with a gap between them.
- A bearish candle that opens inside the second body and closes inside the first body, filling the gap.

What it tells you: Profit-taking fills the gap, but the trend is often expected to resume.

Confirmation: A less reliable pattern, so wait for a renewed push higher.

Bullish Separating Lines

Bullish continuation | 2 candles



How to spot it

- In an uptrend, a bearish candle.
- A bullish candle that opens at the same open price and rallies.

What it tells you: A one-day dip is completely ignored. Buyers pick up where they left off.

Confirmation: More meaningful when the second candle is a strong bullish candle.

Bearish Separating Lines

Bearish continuation | 2 candles



How to spot it

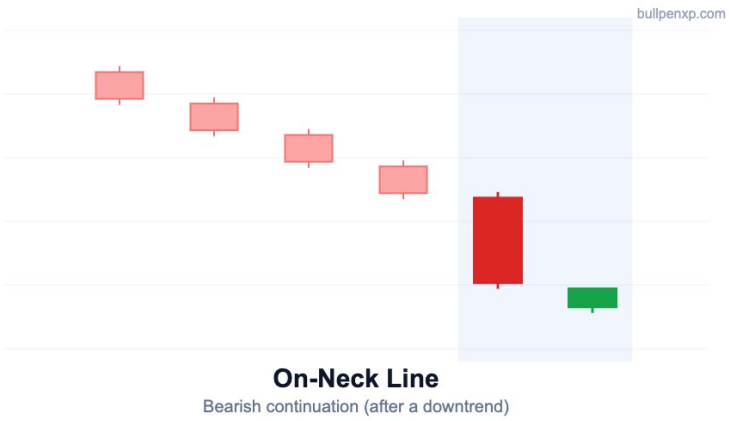
- In a downtrend, a bullish candle.
- A bearish candle that opens at the same open price and falls.

What it tells you: A one-day bounce is erased. The downtrend resumes.

Confirmation: A long second candle is better.

On-Neck Line

Bearish continuation | 2 candles



How to spot it

- A long bearish candle.
- A small bullish candle that opens lower and closes right at the prior candle's low.

What it tells you: A weak bounce that can't even get back into the prior body. Sellers stay in control.

Confirmation: A lower close next confirms it.

In-Neck Line

Bearish continuation | 2 candles



How to spot it

- A long bearish candle.
- A bullish candle that opens lower and closes just inside the prior body.

What it tells you: Slightly stronger than on-neck, but the bounce is still feeble.

Confirmation: Look for further weakness the next session.

Thrusting Pattern

Bearish continuation | 2 candles



How to spot it

- A long bearish candle.
- A bullish candle that opens lower and closes well into the prior body, but below its midpoint.

What it tells you: A stronger bounce than on-neck or in-neck, but it falls short of a piercing line. Usually still bearish.

Confirmation: If the next candle closes above the midpoint, it may turn into a reversal instead.

Bullish Three-Line Strike

Bullish continuation | 4 candles



How to spot it

- Three rising bullish candles (like three white soldiers).
- A long bearish candle that opens higher and closes below the first candle's open.

What it tells you: A sharp one-day shakeout within an uptrend. Traditionally seen as a continuation, though in practice it can also mark a reversal.

Confirmation: Wait to see whether buyers recover the fourth candle's losses.

Bearish Three-Line Strike

Bearish continuation | 4 candles



How to spot it

- Three falling bearish candles.
- A long bullish candle that opens lower and closes above the first candle's open.

What it tells you: A sharp short squeeze in a downtrend. Can lead to further declines or a full reversal, so context matters.

Confirmation: Watch the following candles closely.

LESSON 7

Rare Candlestick Patterns: Ladder Bottom, Breakaway and More

These patterns appear less often, and some are very rare. You won't trade them every week, but recognising them helps you read the market's story more completely.

Because they're rare, treat them with extra care. Always look for confirmation and the right context before acting on them.

Matching Low

Bullish reversal | 2 candles



How to spot it

- Two bearish candles in a downtrend.
- Both close at the same price.

What it tells you: Sellers push down twice but can't close any lower. A potential support level is forming.

Confirmation: Needs a bullish candle to confirm.

Homing Pigeon

Bullish reversal | 2 candles



How to spot it

- A long bearish candle.
- A smaller bearish candle whose body sits inside the first.

What it tells you: Like a bullish harami, except both candles are bearish. Selling pressure is easing.

Confirmation: A bullish close above the second candle confirms it.

Descending Hawk

Bearish reversal | 2 candles



How to spot it

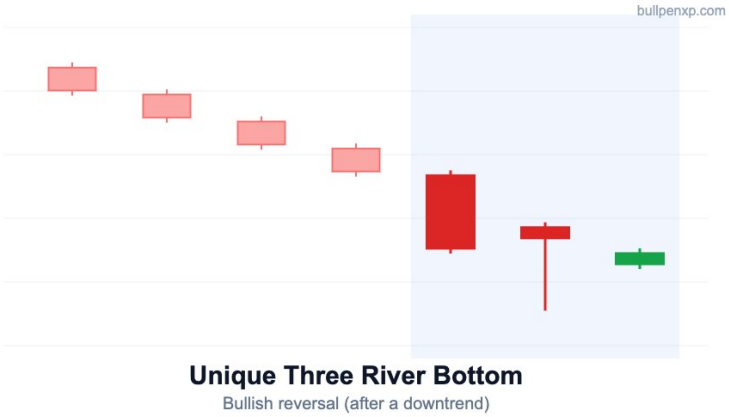
- A long bullish candle.
- A smaller bullish candle inside the first body.

What it tells you: The mirror of the homing pigeon. Buying is still happening, but with less force.

Confirmation: Needs a bearish candle to confirm.

Unique Three River Bottom

Bullish reversal | 3 candles



How to spot it

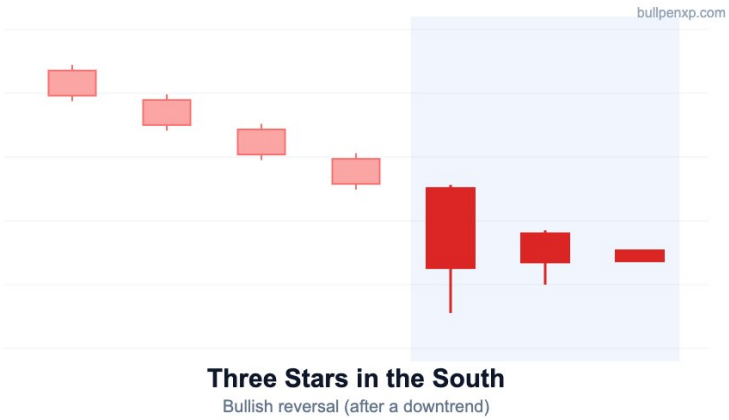
- A long bearish candle.
- A bearish candle inside the first body but with a long lower shadow making a new low.
- A small bullish candle that closes below the second candle's close.

What it tells you: A rare pattern showing that the new low was rejected and selling is drying up.

Confirmation: A strong bullish candle afterwards is needed.

Three Stars in the South

Bullish reversal | 3 candles



How to spot it

- A long bearish candle with a long lower shadow.
- A smaller bearish candle with a higher low.
- A small bearish marubozu inside the second candle's range.

What it tells you: Each candle shows less selling than the one before. Very rare.

Confirmation: Wait for a bullish breakout.

Stick Sandwich

Bullish reversal | 3 candles



How to spot it

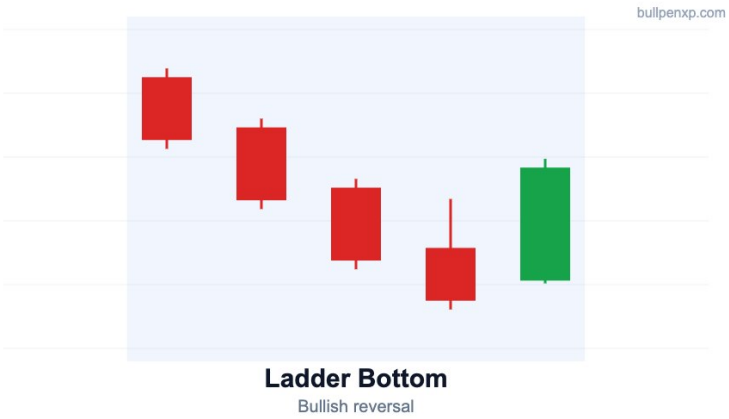
- A bearish candle, a bullish candle, then a bearish candle.
- The two bearish candles close at the same price.

What it tells you: The matching closes suggest a support level the market respects.

Confirmation: A move up from that level confirms it.

Ladder Bottom

Bullish reversal | 5 candles



How to spot it

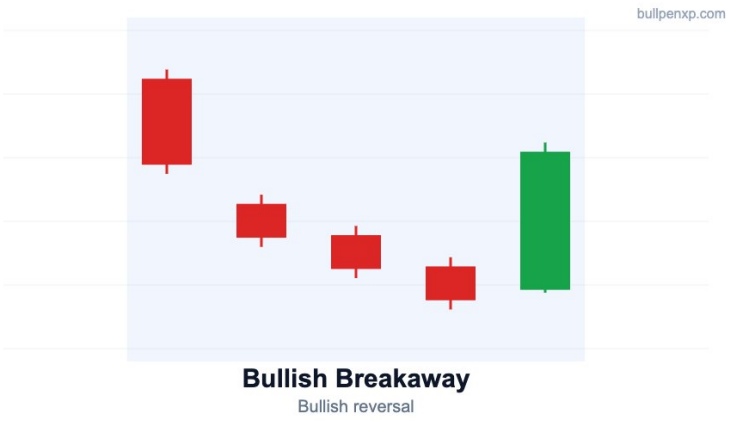
- Three long bearish candles with lower opens and closes.
- A fourth bearish candle with an upper shadow.
- A bullish candle that gaps up above the fourth body.

What it tells you: A string of losses ends with a hint of buying (the upper shadow), then a strong bullish reversal.

Confirmation: The fifth candle is the confirmation.

Bullish Breakaway

Bullish reversal | 5 candles



How to spot it

- A long bearish candle, then a gap down.
- Three smaller candles that keep drifting lower.
- A long bullish candle closing inside the gap between the first and second candles.

What it tells you: The downtrend accelerates, then stalls and reverses sharply. The final candle "breaks away" from the decline.

Confirmation: Follow-through above the gap strengthens the signal.

Bearish Breakaway

Bearish reversal | 5 candles



How to spot it

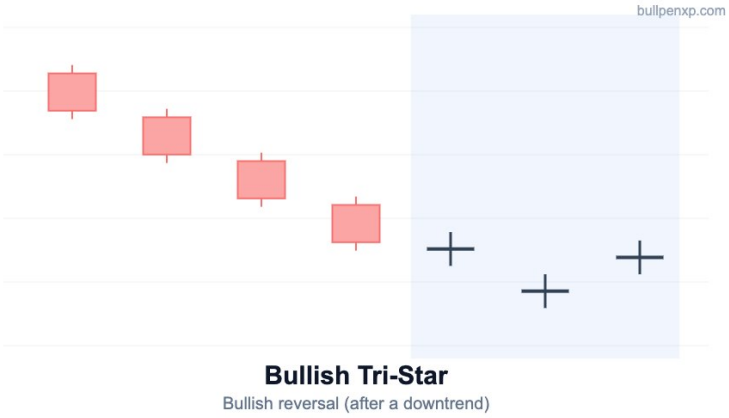
- A long bullish candle, then a gap up.
- Three smaller candles that keep edging higher.
- A long bearish candle closing inside the gap.

What it tells you: An overextended rally reverses sharply.

Confirmation: A further lower close confirms it.

Bullish Tri-Star

Bullish reversal | 3 candles



How to spot it

- Three dojis in a row.
- The middle doji gaps below the other two.

What it tells you: Repeated indecision at the bottom of a downtrend. Rare, but taken seriously when it appears.

Confirmation: A bullish candle afterwards confirms it.

Bearish Tri-Star

Bearish reversal | 3 candles



How to spot it

- Three dojis in a row.
- The middle doji gaps above the other two.

What it tells you: Indecision at the top, repeated three times.

Confirmation: A bearish candle afterwards confirms it.

LESSON 8

Trading With Candlesticks: A Practical Guide and Cheat Sheet

Knowing 78 patterns isn't the goal. The goal is to use a few of them well. This final lesson shows how to combine candles with the rest of your analysis.

1. Start with the bigger picture

Before you look for patterns, answer three questions:

- **What's the trend?** Higher highs and higher lows, lower highs and lower lows, or sideways?
- **Where are the key levels?** Support, resistance, previous highs and lows, round numbers.
- **What's coming up?** Check the economic calendar for data releases and central bank decisions that could override any pattern.

2. Look for patterns at the right place

A bullish engulfing pattern at a major support level after a long decline is a very different signal from the same pattern in the middle of a range. The best setups combine a pattern with a level the market already respects.

3. Wait for confirmation

Most patterns are only complete once the next candle agrees. Common ways to confirm:

- the next candle closes beyond the pattern's high (bullish) or low (bearish);
- price breaks a nearby resistance or support level;
- volume rises on the confirming candle.

Waiting costs you part of the move. In exchange, you avoid many false signals.

4. Check volume

Higher volume on the key candle of a pattern shows that many market participants were involved. A reversal on very thin volume is easier to undo.

5. Use more than one timeframe

If the daily chart shows an uptrend and the hourly chart prints a bullish engulfing pattern at support, the signals line up. If the timeframes disagree, be more careful.

6. Plan the trade before you take it

- **Entry:** usually after the confirming candle closes.
- **Stop loss:** beyond the pattern's extreme, for example below the low of a hammer or above the high of a shooting star.
- **Position size:** based on the distance to your stop, so a loss stays small. See our risk management guide.
- **Target:** the next resistance or support level is a common choice.

7. Common mistakes

- Trading every pattern you see, regardless of trend or location.
- Ignoring confirmation and jumping in on the pattern candle.
- Using very short timeframes, where patterns are noisy.
- Expecting patterns to work every time. They describe probabilities, not certainties.
- Forgetting that news and data can override any chart pattern.

8. How to practise

- Open a demo account and mark patterns on historical charts.
- Write down what happened after each one in a trading journal.
- Focus on five or six patterns first, for example hammer, shooting star, engulfing, morning star, evening star and three methods. Add others once you know these well.

Cheat sheet: all 78 patterns

Pattern	Type	Candles	Lesson
Long Bullish Candle	Bullish strength	1	2
Long Bearish Candle	Bearish strength	1	2
Bullish Marubozu	Bullish strength	1	2
Bearish Marubozu	Bearish strength	1	2
Spinning Top	Indecision	1	2
Doji	Indecision	1	2
Long-Legged Doji	Strong indecision	1	2
Dragonfly Doji	Bullish reversal	1	2
Gravestone Doji	Bearish reversal	1	2
Four-Price Doji	Indecision	1	2
High Wave Candle	Indecision	1	2
Hammer	Bullish reversal	1	3
Hanging Man	Bearish reversal	1	3
Inverted Hammer	Bullish reversal	1	3
Shooting Star	Bearish reversal	1	3
Bullish Belt Hold	Bullish reversal	1	3
Bearish Belt Hold	Bearish reversal	1	3
Takuri Line	Bullish reversal	1	3
Bullish Engulfing	Bullish reversal	2	4
Bearish Engulfing	Bearish reversal	2	4
Bullish Harami	Bullish reversal	2	4
Bearish Harami	Bearish reversal	2	4
Bullish Harami Cross	Bullish reversal	2	4
Bearish Harami Cross	Bearish reversal	2	4
Piercing Line	Bullish reversal	2	4
Dark Cloud Cover	Bearish reversal	2	4
Tweezer Bottom	Bullish reversal	2	4
Tweezer Top	Bearish reversal	2	4
Bullish Kicker	Bullish reversal	2	4
Bearish Kicker	Bearish reversal	2	4
Bullish Counterattack Line	Bullish reversal	2	4
Bearish Counterattack Line	Bearish reversal	2	4
Bullish Doji Star	Bullish reversal	2	4
Bearish Doji Star	Bearish reversal	2	4
Morning Star	Bullish reversal	3	5

Pattern	Type	Candles	Lesson
Evening Star	Bearish reversal	3	5
Morning Doji Star	Bullish reversal	3	5
Evening Doji Star	Bearish reversal	3	5
Bullish Abandoned Baby	Bullish reversal	3	5
Bearish Abandoned Baby	Bearish reversal	3	5
Three White Soldiers	Bullish reversal	3	5
Three Black Crows	Bearish reversal	3	5
Three Inside Up	Bullish reversal	3	5
Three Inside Down	Bearish reversal	3	5
Three Outside Up	Bullish reversal	3	5
Three Outside Down	Bearish reversal	3	5
Upside Gap Two Crows	Bearish reversal	3	5
Two Crows	Bearish reversal	3	5
Advance Block	Bearish reversal	3	5
Deliberation (Stalled Pattern)	Bearish reversal	3	5
Identical Three Crows	Bearish reversal	3	5
Rising Window	Bullish continuation	2	6
Falling Window	Bearish continuation	2	6
Rising Three Methods	Bullish continuation	5	6
Falling Three Methods	Bearish continuation	5	6
Mat Hold	Bullish continuation	5	6
Upside Tasuki Gap	Bullish continuation	3	6
Downside Tasuki Gap	Bearish continuation	3	6
Upside Gap Side-by-Side White Lines	Bullish continuation	3	6
Upside Gap Three Methods	Bullish continuation	3	6
Bullish Separating Lines	Bullish continuation	2	6
Bearish Separating Lines	Bearish continuation	2	6
On-Neck Line	Bearish continuation	2	6
In-Neck Line	Bearish continuation	2	6
Thrusting Pattern	Bearish continuation	2	6
Bullish Three-Line Strike	Bullish continuation	4	6
Bearish Three-Line Strike	Bearish continuation	4	6
Matching Low	Bullish reversal	2	7
Homing Pigeon	Bullish reversal	2	7
Descending Hawk	Bearish reversal	2	7
Unique Three River Bottom	Bullish reversal	3	7
Three Stars in the South	Bullish reversal	3	7
Stick Sandwich	Bullish reversal	3	7
Ladder Bottom	Bullish reversal	5	7
Bullish Breakaway	Bullish reversal	5	7
Bearish Breakaway	Bearish reversal	5	7
Bullish Tri-Star	Bullish reversal	3	7
Bearish Tri-Star	Bearish reversal	3	7

Download the full course

You can download the whole course, with every diagram, as a free PDF from the course page.

About this guide

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Important notice

This guide is for educational purposes only and is not investment advice or a recommendation to buy or sell any financial instrument. Candlestick patterns describe probabilities, not certainties, and no pattern works every time. Trading leveraged products such as CFDs carries a high risk of losing money rapidly. Only trade with money you can afford to lose.