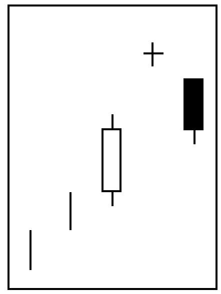
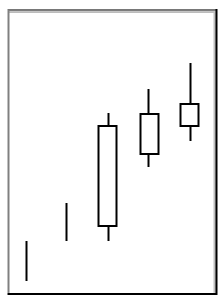
Bearish Candlesticks

Abandoned Baby Bearish



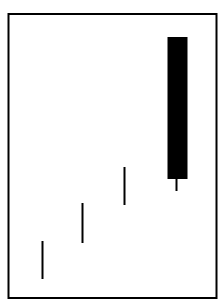
Like most of the three day star patterns, the scenarios are similar. The primary difference is that the star (second day) can reflect greater deterioration in the prior trend, depending on whether it gaps, is Doji, and so on.

Advance Block Bearish



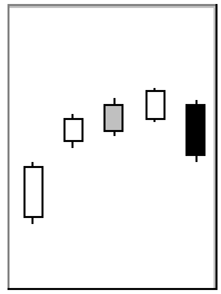
The Advance Block pattern is a derivative of the Three White Soldiers. However, it must occur in an uptrend, whereas the Three White Soldiers pattern must occur in a downtrend. Unlike the Three White Soldiers, the second and third days of the Advance Block show weakness.

Belt Hold Bearish



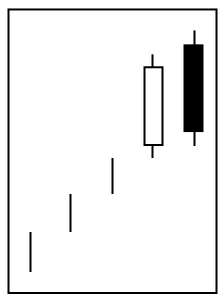
The market is trending when a significant gap in the direction of trend occurs on the open. From that point, the market never looks back: all further price action that day is the opposite of the previous trend. This causes much concern and many positions will be covered or sold, which will help accentuate the reversal.

Breakaway Bearish



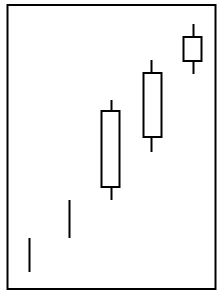
It is important to realize what is being accomplished here. The trend has accelerated with a big gap and then starts to fizzle, but it still moves in the same direction. The slow deterioration of the trend is quite evident from this pattern. Finally, a burst in the opposite direction completely recovers the previous three days' price action. What causes the reversal implication is that the gap has not been filled. A short-term reversal has taken place.

Dark Cloud Cover Bearish



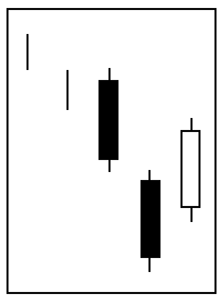
The market is an uptrend. Typical in an uptrend, a long white candlestick is formed. The next day the market gaps higher on the opening, however, that is all that is remaining to the uptrend. The day after, the market drops to close well into the body of the white day, in fact, below its midpoint. Anyone who was bullish would certainly have to rethink their strategy with this type of action. Like the Piercing Line, a significant reversal of trend has occurred.

Deliberation Bearish



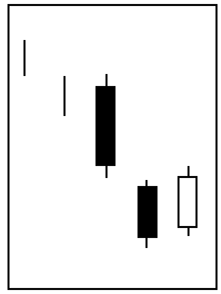
This pattern exhibits a weakness similar to the Advance Block pattern in that it gets weak in a short period of time. The difference is that the weakness occurs all at once on the third day. The Deliberation pattern occurs after a sustained upward move and shows that trends cannot last forever. As with the Advance Block, defining the deterioration of the trend can be difficult.

Downside Gap Three Methods Bearish



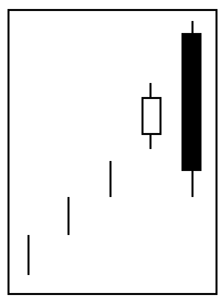
The market is moving strongly downward. This move is extended further by another day that gaps even more in the direction of the trend. The third day opens well into the body of the second day, then completely fills the gap. This gap-closing move should be looked upon as supporting for the current uptrend. Gaps normally provide excellent support and/or resistance points when considered after a reasonable period of time. Because this gap is filled within one day, some other considerations should be made. If this is the first gap of a move, then the reaction (third day) can be considered as profit taking.

Downside Tasuki Gap Bearish



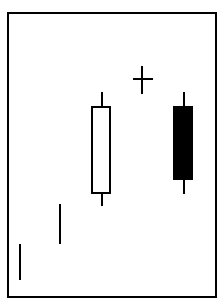
The psychology behind a Tasuki Gap is quite simple: Go with the trend of the gap. The correction day (the third day) did not fill the gap and the previous trend should continue. This is looked upon as temporary profit taking. The Japanese widely follow gaps (windows). Therefore, the fact that the gap does not get filled or closed means that the previous trend should continue.

Engulfing Bearish



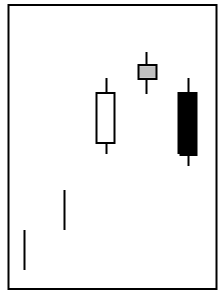
An uptrend is in place when a small white body day occurs with not much volume. The next day, prices open at new highs and then quickly sell off. The sell-off is sustained by high volume and finally closes below the open of the previous day. Emotionally, the uptrend has been damaged. If the next third)days prices remain lower, a major reversal of the uptrend has occurred.

Evening Doji Star Bearish



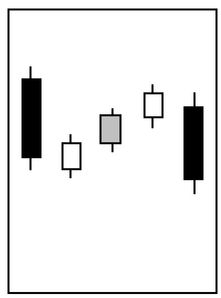
The psychology behind this pattern is similar to that of the Evening star, except that the Doji Star is more of a shock to the previous trend and, therefore, more significant.

Evening Star Bearish



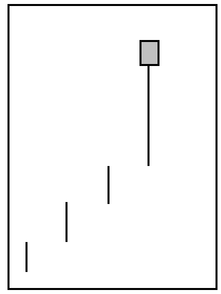
An uptrend has been in place which is assisted by a long white candlestick. There is little doubt about the uptrend continuing with this type of action. The next day prices gap higher on the open, trade within a small range and close near their open. This small body shows the beginning of indecision. The next day the prices gap lower on the open and then close still lower. A significant reversal of trend has occurred.

Falling Three Methods Bearish



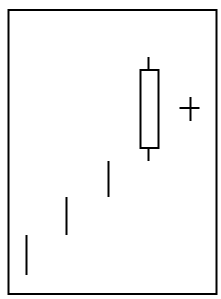
The Falling Three Methods pattern is considered a rest from trading. The psychology behind a move like this is that some doubt creeps in about the ability of the trend to continue. This doubt increases as the small-range reaction days take place. However, once the bears see that a new high cannot be made, the bearishness is resumed and new lows are set quickly.

Hanging Man Bearish



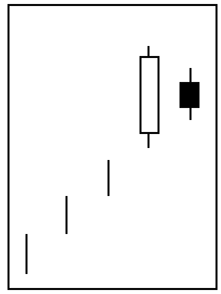
For the Hanging Man, the market is considered bullish because of the uptrend. In order for the hanging man to appear, the price action for the day must trade much lower than where it opened, then rally to close near the high. This is what causes the long lower shadow which shows how the market just might begin a sell-off. If the market opens lower the next day, there would be many participants with long positions that would want to look for an opportunity to sell. Steve Nison claims that a confirmation that the hanging man is bearish might be that the body is black and the next day opens lower.

Harami Cross Bearish



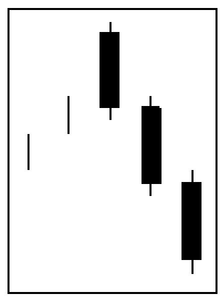
The Harami Cross starts out the same as that for the basic Harami pattern. A trend has been in place when, all of a sudden, the market gyrates throughout a day without exceeding the body range of the previous day. What is worse, the market closes at the same price as it opened. Volume of this a Doji day also dries up, reflecting the complete lack of decision of traders. A significant reversal of trend has occurred.

Harami Bearish



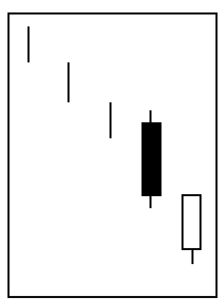
An uptrend is in place and is perpetuated with a long white day and high volume. The next day, prices open lower and stay in a small range throughout the day, closing even lower, but still within the previous day's body. In view of this sudden deterioration of trend, traders should become concerned about the strength of this market, especially if volume is light. It certainly appears that the trend is about to change. Confirmation on the third day would be a lower close.

Identical Three Crows Bearish



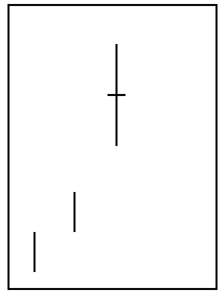
This pattern resembles a panic selling that should cause additional downside action. Each day's close sets a benchmark for opening prices the next trading day. There is a total absence of buying power in this pattern.

In Neck Bearish



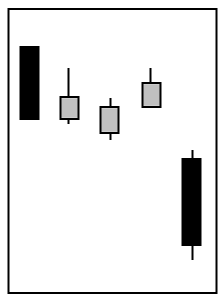
The scenario is almost identical to the On Neck Line, except that the downtrend may not continue quite as abruptly because of the somewhat higher close.

Long Legged Doji Bearish



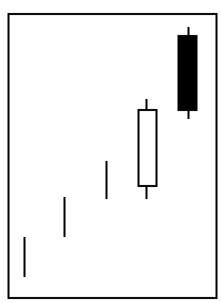
The Long Legged Doji has long upper and lower shadows with the open and the close very close or the same. This pattern reflects the indecision of buyers and sellers. The open and the close of the day are very close or are the same. The lower and upper shadows are very long. The high of the day is very high and at the top of the trend.

Low Price Gapping Play Bearish



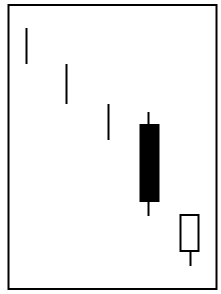
The Low Price Gapping Play is the bearish counterpart of the High Price Gapping Play, and leads a renewed fall out of a stalled downtrend. The pattern this forms is a downside window from a low-price congestion band. After a sharp decline the market consolidates via a series of real small bodies near the recent lows. If prices gap under this consolidation it is a sell signal.

Meeting Lines Bearish



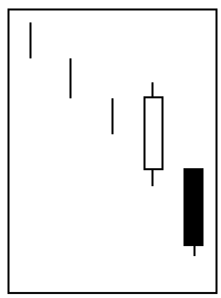
There exists an almost opposite relationship for the bearish Meeting Line relative to the Dark Cloud Cover pattern. The bearish Meeting Line opens at a new high and then closes at the same close of the previous day, while the Dark Cloud Cover pattern drops to below the midpoint.

On Neck Bearish



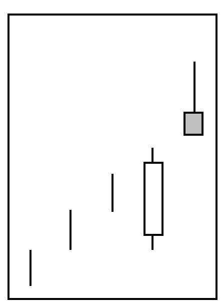
The On Neck Line usually appears during a decline. Bearishness is increased with the long black first day. The market gaps down on the second day, but cannot continue the downtrend. As the market rallies, it is stopped at the previous day's low price. This must be uncomfortable for the bottom fishers who go into the market that day. The downtrend should continue shortly.

Separating Lines Bearish



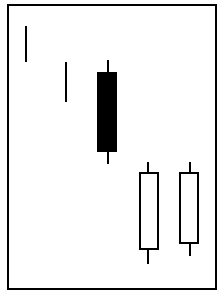
While the market is in a downtrend, the forming of a long white body should be cause for concern for the bears, since this shows signs of a possible rally. However, the next day opens much lower, in fact, it opens at the previous white days opening price. Prices then move lower for the rest of the day and close lower, which suggests that the prior downtrend should continue.

Shooting Star Bearish



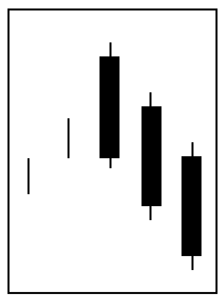
During an uptrend, the market gaps open, rallies to a new high, and then closes near its low. This action, following a gap up, can only be considered as bearish. Certainly, it would cause some concern to any bulls who have profits.

Side-By-Side White Lines Bearish



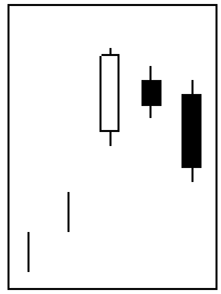
A downtrend is further enhanced with a long black candle line followed by a large downward gap open on the next day. The market trades higher all day, but not high enough to close the gap. The third day opens lower, at about the same open as the second day. Because of the resistance to further downside action, shorts are covered, causing the third day also to rally and close higher, but again not high enough to close the gap. If enough short covering was accomplished and the rally attempt was not very convincing, the downtrend should continue.

Three Black Crows Bearish



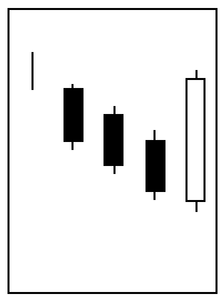
The market is either approaching a top or has been at a high level for some time. A decisive trend move to the downside is made with a long black day. The next two days are accompanied by further erosion in prices caused by much selling and profit taking. This type of price action has to take its toll on the bullish mentality.

Three Inside Down Bearish



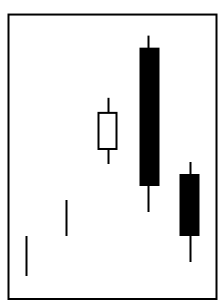
This pattern, being a confirmation for the Bearish Harami, can only show the success of the forecast. The Bearish Three Inside Down is a confirmation pattern for the Bearish Harami. Its pattern is defined by the first two days of the three day pattern forming a Bearish Harami, and the third day giving support to the suggested reversal of the Harami, by being a black candle closing with a new low for the three days.

Three Line Strike Bearish



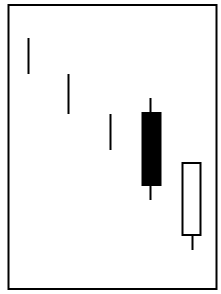
The market has continued in its trend, aided by the recent Three Black Crows pattern. The fourth day opens in the direction of the trend, but profit taking or short covering causes the market to move strongly in the opposite direction. This action causes considerable soul searching, but remember that this move completely eradicated the previous three days. This surely dried up the short-term reversal sentiment and the trend should continue in its previous direction.

Three Outside Down Bearish



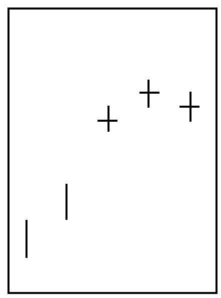
These patterns, representing the confirmation of the Bearish Engulfing pattern, can only show the success of the forecast.

Thrusting Bearish



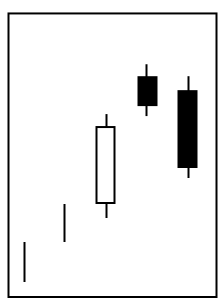
Much like the On Neck and In Neck Lines, the Thrusting Line represents a failure to rally in a down market. Because of this failure, the bulls will be discouraged and a lack of buying will let the downtrend continue.

TriStar Bearish



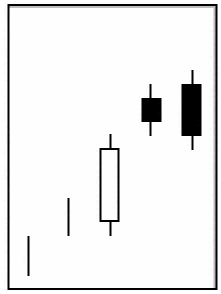
The market has probably been in an uptrend for a long time. With the trend starting to show weakness, bodies probably are becoming smaller. The first Doji would cause considerable concern. The second Doji would indicate that there was no direction left in the market. Finally, the third Doji would put the last nail in the coffin of the trend. This is essentially because this pattern indicates too much indecision, and everyone with any conviction would be reversing positions.

Two Crows Bearish



The market has had an extended up move. A gap higher followed by a lower close for the second day shows that there is some weakness in the rally. The third day opens higher, but not above the open of the previous day, and then sells off. The sell-off closes well into the body of the first day. This action fills the gap after only the second day. The bullishness has to be eroded quickly.

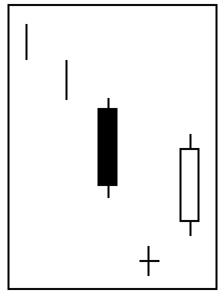
Upside Gap Two Crows Bearish



Like the beginning of most bearish reversal patterns a white body day occurs in an uptrend. The next day opens with a higher gap, fails to rally and closes lower forming a black day. This is not too worrisome because it still did not get lower than the first days close. On the third day prices gap to a higher open and then drop to close lower than the previous days close. This closing price, however, is still above the close of the white first day. The bullishness is bound to subside. How can you have two successively lower closes and still be a raging bull?

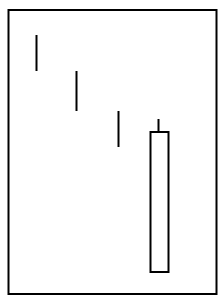
Bullish Candlesticks

Abandoned Baby Bullish



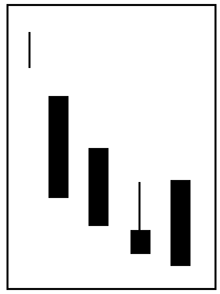
Like most of the three day star patterns, the scenarios are similar. The primary difference is that the star (second day) can reflect greater deterioration in the prior trend, depending on whether it gaps, is Doji, and so on.

Belt Hold Bullish



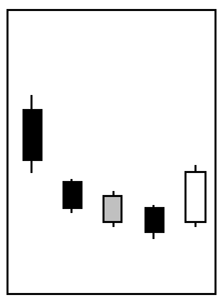
The market is trending when a significant gap in the direction of trend occurs on the open. From that point, the market never looks back: all further price action that day is the opposite of the previous trend. This causes much concern and many positions will be covered or sold, which will help accentuate the reversal.

Concealing Baby Swallow Bullish



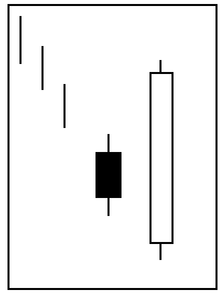
Any time a downtrend can continue with two Black Marubozu days, the bears must be excited. Then on the third day, the open is gapped down, which also adds to the excitement. However, trading during this day goes above the close of the previous day and causes some real concern about the downtrend, even though the day closes at or near its low. The next day opens significantly higher with a gap. After the opening, however, the market sells off and closes at a new low. This last day has given the shorts an excellent opportunity to cover their short positions.

Breakaway Bullish



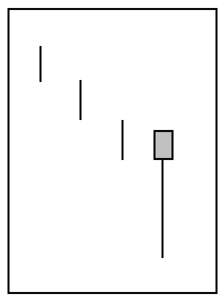
It is important to realize what is being accomplished here: the trend has accelerated with a big gap and then starts to fizzle, but it still moves in the same direction. The slow deterioration of the trend is quite evident from this pattern. Finally, a burst in the opposite direction completely recovers the previous three days' price action. What causes the reversal implication is that the gap has not been filled. A short-term reversal has taken place.

Engulfing Bullish



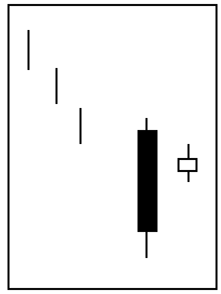
A downtrend is in place when a small black body day occurs with not much volume. The next day, prices open at new lows and then climb to a new two day high. The rise is sustained by high volume and finally closes above the open of the previous day. Emotionally, the downtrend has been damaged. If the next (third) days prices remain higher, a major reversal of the uptrend has occurred.

Hammer Bullish



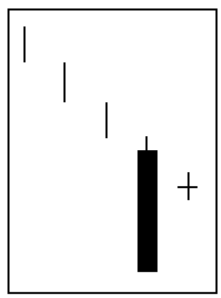
The market has been in a downtrend, so there is an air of bearishness. The market opens and then sells off sharply. However, the sell-off is abated and the market returns to, or near, its high for the day. The failure of the market to continue the selling reduces the bearish sentiment, and most traders will be uneasy with any bearish positions they might have. If the close is above the open, causing a white body, the situation is even better for the bulls. Confirmation would be a higher open with yet a still higher close on the next trading day.

Harami Bullish



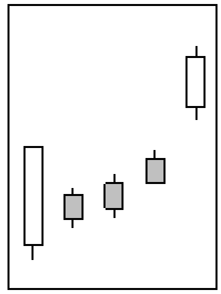
A downtrend has been in place for some time. A long black day with average volume has occurred which helps to perpetuate the bearishness. The next day, prices open higher, which shocks many complacent bears, and many shorts are quickly covered, causing the price to rise further. The price rise is tempered by the usual late comers seeing this as an opportunity to short the trend they missed the first time. Volume on this day has exceeded the previous day, which suggests strong short covering. A confirmation of the reversal on the third day would provide the needed proof that the trend has reversed.

Harami Cross Bullish



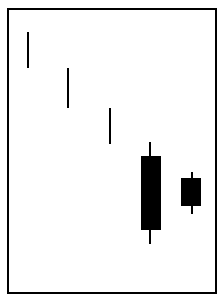
The Harami Cross starts out the same as that for the basic Harami pattern. A trend has been in place when, all of a sudden, the market gyrates throughout a day without exceeding the body range of the previous day. What is worse, the market closes at the same price as it opened. Volume of this a Doji day also dries up, reflecting the complete lack of decision of traders. A significant reversal of trend has occurred.

High Price Gapping Play Bullish



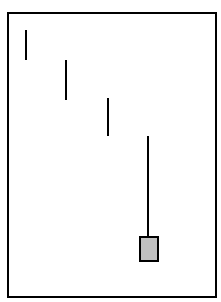
The High Price Gapping Play is the bullish counterpart of the Low Price Gapping Play, and leads a new rally out of a stalled upward trend. This pattern is an upside window from a high-price congestion band. After a sharp advance the market consolidates via a series of real small bodies near the recent highs. If prices gap above this consolidation it is a buy signal.

Homing Pigeon Bullish



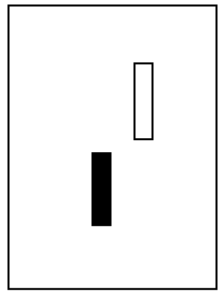
The market is in a downtrend, evidenced by a long black day. The next day, prices open higher, trade completely within the prior day's body, and then close slightly lower. Depending upon the severity of the previous trend, this shows a deterioration and offers an opportunity to get out of the market.

Inverted Hammer Bullish



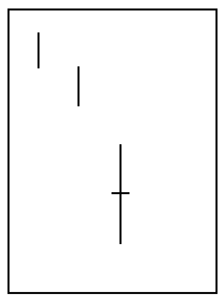
A downtrend has been in place when the market opens with a down gap. A rally throughout the day fails to hold and the market closes near its low. Similar to the scenario of the Hammer and Hanging Man, the opening of the following day is critical to the success or failure of this pattern to call a reversal of trend. If the next day opens above the Inverted Hammers body, a potential trend reversal will cause shorts to be covered which would also perpetuate the rally. Similarly, an Inverted Hammer could easily become the middle day of a more bullish
Morning Star pattern.

Kicking Bullish



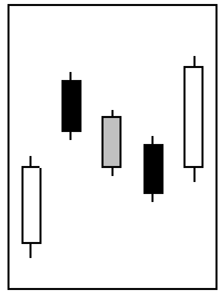
The market has been in a trend when prices gap the next day. The prices never enter into the previous day's range and then close with another gap.

Long Legged Doji Bullish



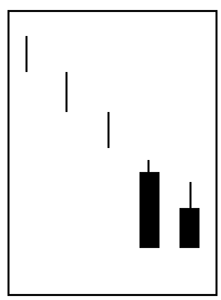
The Long Legged Doji has long upper and lower shadows with the open and the close very close or the same. This pattern reflects the indecision of buyers and sellers. The open and the close of the day are very close or are the same. The lower and upper shadows are very long. The low of the day is very low and at the bottom of the trend.

Mat Hold Bullish



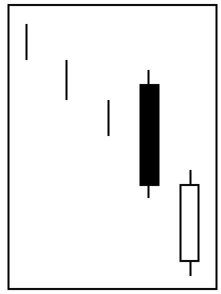
The market is continuing its rise, with a long white day confirming the bullish action. The next day prices gap open and trade in a small range, only to close slightly lower. This lower close (lower than the open) is still a new closing high for the move. The bulls have only rested, even though the price action surely brings out the bears. The next couple of days cause some concern that the upward move may be in jeopardy. These days open about where the market closed on the previous day and then close slightly lower. Even by the third such day, the market is still higher than the open of the first day (a long white day). An attitude that a reversal has failed develops and prices rise again to close at a new closing high. This fully supports the bulls' case that this was just a pause in a strong upward trend.

Matching Low Bullish



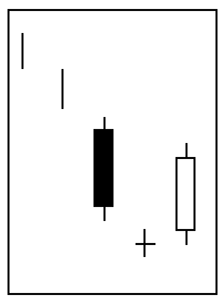
The market has been trading lower, as evidenced by another long black day. The next day, prices open higher, trade still higher, and then close at the same price as before. This is a classic indication of short-term support and will cause much concern from any apathetic bears who ignore it. Apathetic bears are short the market, and quite comfortable with their short position. If they ignore the Matching Low as a possible trend reversal, it will cause them much concern.

Meeting Lines Bullish



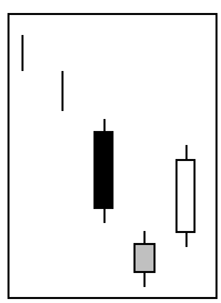
The market has been in a downtrend when a long black day forms, which further perpetuates the trend. The next day opens with a gap down, then rallies throughout the day to close at the same close as the previous day. This fact shows how price benchmarks are used by traders: the odds are very good that a reversal has taken place. If the third day opens higher, confirmation has been given.

Morning Doji Star Bullish



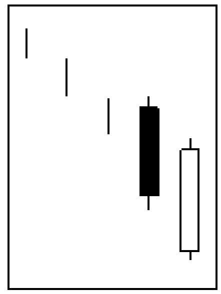
The psychology behind this pattern is similar to that of the Morning star, except that the Doji Star is more of a shock to the previous trend and, therefore, more significant.

Morning Star Bullish



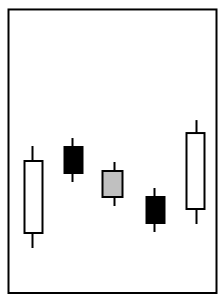
A downtrend has been in place which is assisted by a long black candlestick. There is little doubt about the downtrend continuing with this type of action. The next day prices gap lower on the open, trade within a small range and close near their open. This small body shows the beginning of indecision. The next day prices gap higher on the open and then close much higher. A significant reversal of trend has occurred.

Piercing Line Bullish



A long black body forms in a downtrend which maintains the bearishness. A gap to the downside on the next days open further perpetuates the bearishness. However, on the day after, the market rallies all day and closes much higher. In fact the close is above the midpoint of the body of the long black day. This action causes concern to the bears and a potential bottom has been made. Candlestick charting shows this action quite well, where standard bar charting would hardly discern it.

Rising Three Methods Bullish

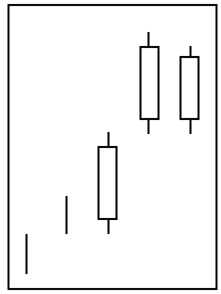


The Rising Three Methods pattern is considered a rest from trading. The psychology behind a move like this is that some doubt creeps in about the ability of the trend to continue. This doubt increases as the small-range reaction days take place. However, once the bulls see that a new low cannot be made, the bullishness is resumed and new highs are set quickly.

Separating Lines Bullish

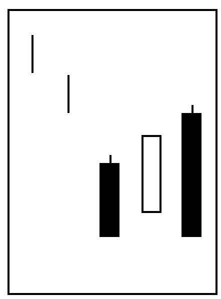
While the market is in an uptrend, the forming of a long black body should be cause for concern, as this is unusual for a strong market. However, the next day opens much higher, in fact, it opens at the previous black days opening price. Prices then move higher for the rest of the day and close higher, which suggests that the prior uptrend should now continue.

Side By Side White Lines Bullish



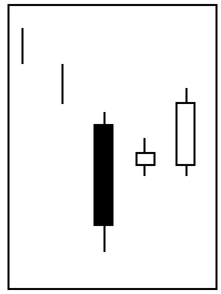
The market is in an uptrend. A long white candlestick is formed, which further perpetuates the bullishness. The next day, the market gaps up on the open and closes still higher. However, on the third day, the market opens much lower, in fact, as low as the previous day's open. The initial selling that caused the lower open ends quickly and the market climbs to yet another high. This demonstrates the force behind the buyers, and the rally should continue.

Stick Sandwich Bullish



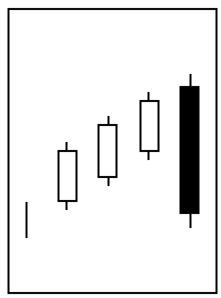
A good downtrend is under way. Prices open higher on the next trading day and then trade higher all day, closing at or near the high. This action suggests that the previous downtrend has probably reversed and that shorts should be protected, if not covered. The next day, prices open even higher, which should cause some covering initially, but then prices drift lower to close at the same price as two days ago. Anyone who does not note support and resistance points in the market is taking exceptional risk. Another day of trading should tell the story.

Three Inside Up Bullish



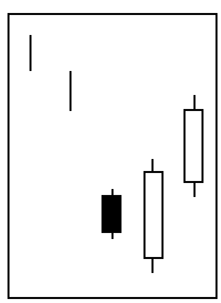
This pattern, being a confirmation for the Bullish Harami, can only show the success of the previous forecast. The Bullish Three Inside Up is a confirmation pattern for the Bullish Harami. Its pattern is defined by the first two days of the three day pattern forming a Bullish Harami, and the third day giving support to the suggested reversal of the Harami, by being a white candle closing with a new high for the three days.

Three Line Strike Bullish



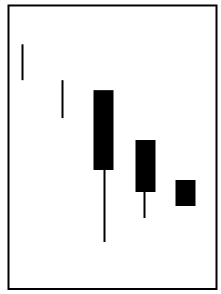
The market has continued in its trend, aided by the recent Three White Soldiers pattern. The fourth day opens in the direction of the trend, but profit taking or short covering causes the market to move strongly in the opposite direction. This action causes considerable soul searching, but remember that this move completely eradicated the previous three days. This surely dried up the short-term reversal sentiment and the trend should continue in its previous direction.

Three Outside Up Bullish



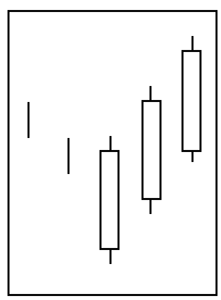
This pattern representing the confirmation of the Bullish Engulfing pattern, can only show the success of the forecast. The Bullish Three Outside Up is a confirmation pattern for the Bullish Engulfing. Its pattern is defined by the first two days of the three day pattern forming a Bullish Engulfing, and the third day giving support to the suggested reversal of the Engulfing, by being a white candle closing with a new high for the three days.

Three Stars in the South Bullish



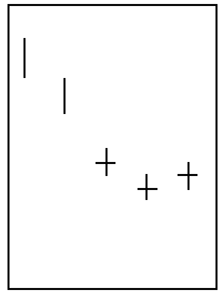
A downtrend has continued when, after a new low has been made, a rally closes well above the low. This will cause some concern among the shorts because it represents buying, something that has not been
happening until now. The second day opens higher, which lets some longs get out of their positions. However, that is the high for the day. Trading is lower, but not lower than the previous day, which causes a rally to close above the low. The bears are certainly concerned now because of the higher low. The last day is a day of indecision, with
hardly any price movement. Anyone who is still short will not want to see anything more to the up side.

Three White Soldiers Bullish



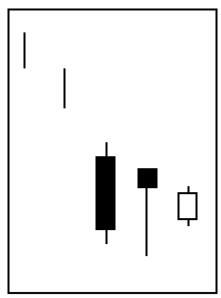
The Three White Soldiers pattern occurs in a downtrend and is representative of a strong reversal in the market. Each day opens lower but then closes to a new short term high. This type of price action is very bullish and should never be ignored.

TriStar Bullish



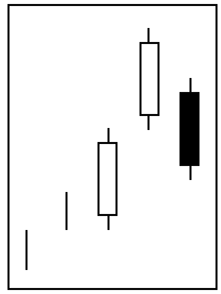
The market has probably been in a downtrend for a long time. With the trend starting to show weakness, bodies probably are becoming smaller. The first Doji would cause considerable concern. The second Doji would indicate that there was no direction left in the market. Finally, the
third Doji would put the last nail in the coffin of the trend. This is essentially because this pattern indicates too much indecision, and everyone with any conviction would be reversing positions

Unique Three River Bottom Bullish



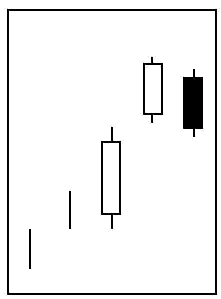
A falling market produces a long black day. The next day opens higher, but the bearish strength causes a new low to be set. A substantial rally ensues in which the strength of the bears is in question. This indecision and lack of stability is enforced when the third day opens lower. Stability arrives with a small white body on the third day. If, on the fourth day, price rises to new highs, a reversal of trend has been confirmed.

Upside Gap Three Methods Bullish



The market is moving strongly upward. This move is extended further by another day that gaps even more in the direction of the trend. The third day opens well into the body of the second day, then completely fills the gap. This gap-closing move should be looked upon as supporting for the current uptrend. Gaps normally provide excellent support and/or resistance points when considered after a reasonable period of time. Because this gap is filled within one day, some other considerations should be made. If this is the first gap of a move, then the reaction (third day) can be considered as profit taking.

Upside Tasuki Gap Bullish



The psychology behind a Tasuki Gap is quite simple: Go with the trend of the gap. The correction day (the third day) did not fill the gap and the previous trend should continue. This is looked upon as temporary profit taking. The Japanese widely follow gaps (windows). Therefore, the fact that the gap does not get filled or closed means that the previous trend should continue.