Twitter Thread by ■■■■■■■■ ■■■■■■

■■■■■■■■ ■■■■■■
@sarosij_ghosh

■■■■■■■■ ■■■■■■■■■■■■ ■■■■■■■■■ !■

~■ ■■■■■■■~■

■■■■■■■ ■■-■■■■■■ ■■■■■ ■■■■■■ ■■■■ ■■■■■ ■■■■■■ ■

@ProdigalTrader @SouravSenguptaI @PAlearner @Puretechnicals9 @caniravkaria @MrigankPuri @nison_steve @chartmojo

(1/18) In this thread, I'll try and talk about candlestick patterns, what they are, how they work, and why you don't need to memorize any particular pattern to gauge the supply and demand of market.

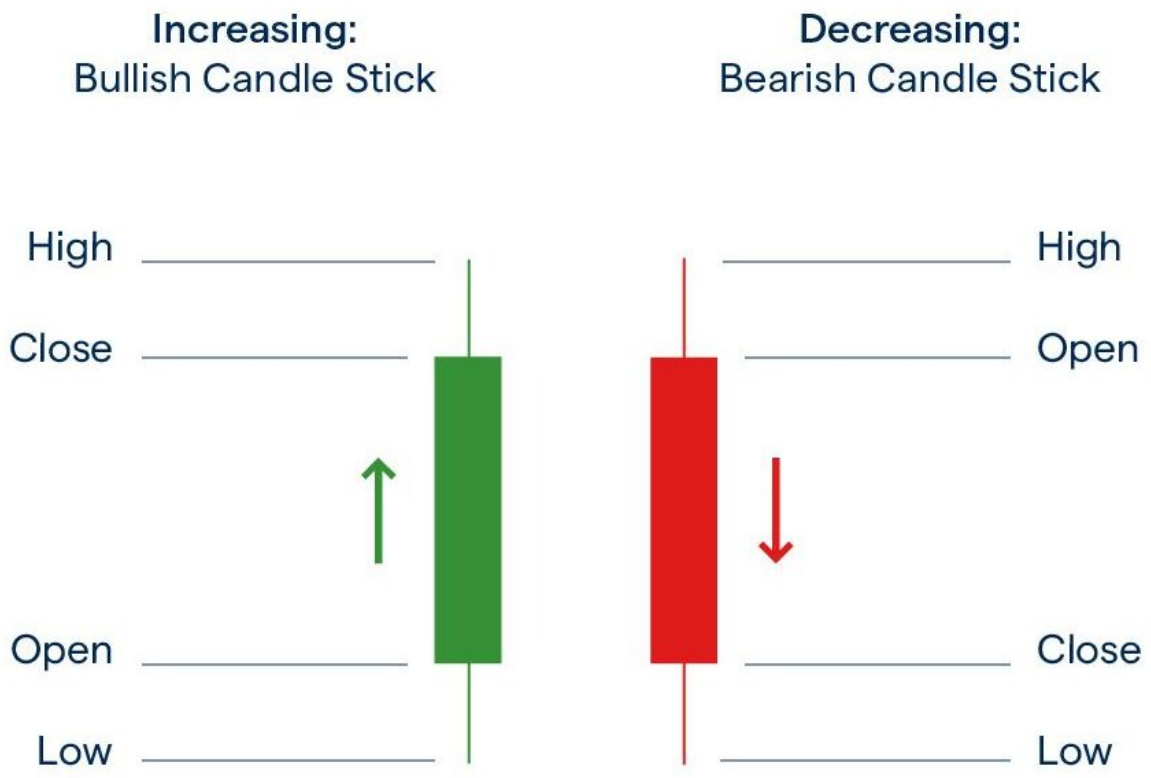
(2/18) It's said that Japanese candlestick patterns originated from a Japanese rice trader called ■■■■■■■■■ ■■■■■■ during the 1700s. Later, this concept was introduced to the Western world by Steve Nison, in his book, 'Japanese Candlestick Charting Techniques'.



(3/18) Every candlestick pattern has four data points:
■■■■: The opening price.
■■■■: The highest price over a specific time period.

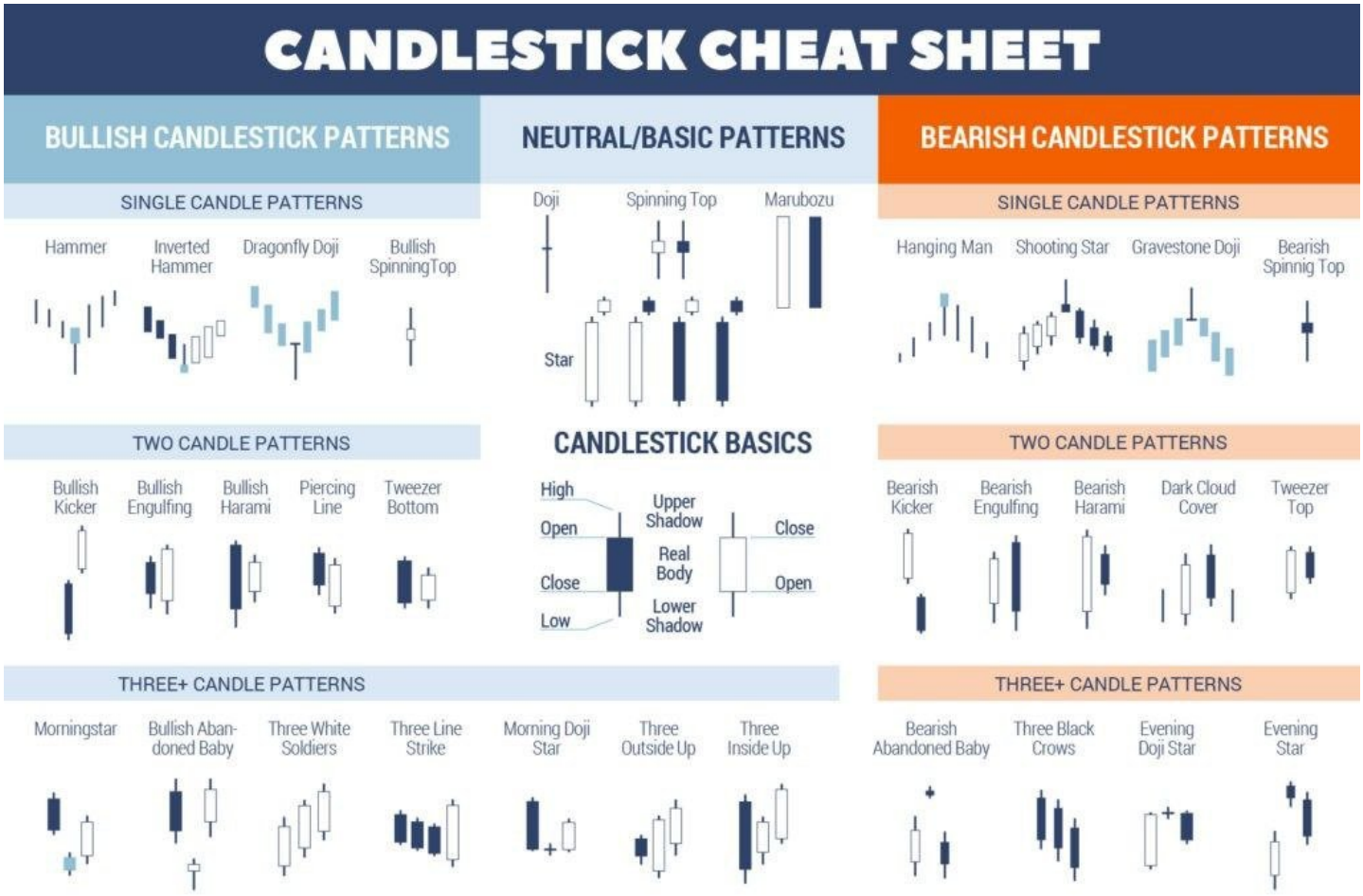
■■■: The lowest price over a specific time period.
■■■■■: The closing price.

Here’s an example:



(4/18) Now a thing to note is that candlestick patterns maybe both bullish or bearish and there are single candlestick patterns, two candlestick patterns and even three candlestick patterns.

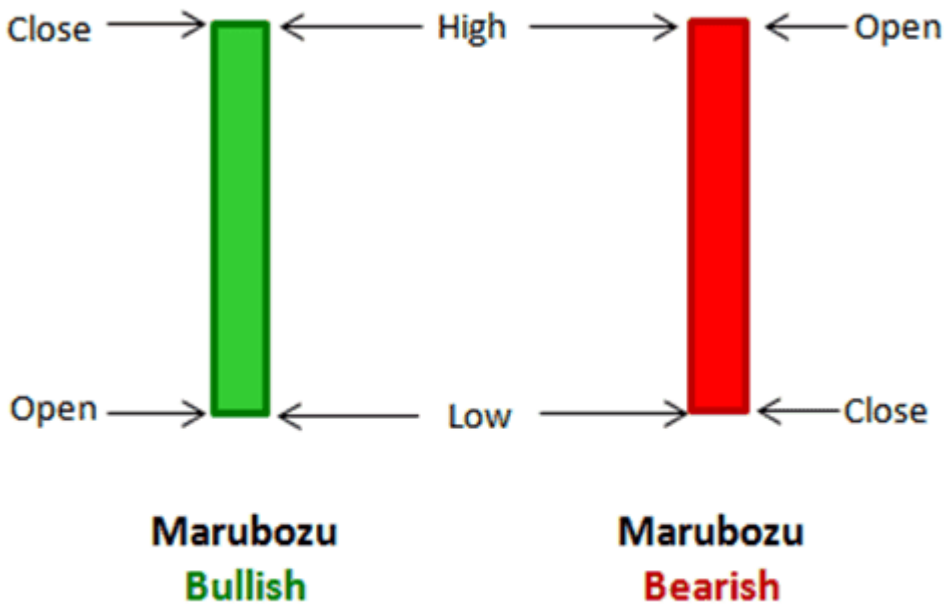
■■■■■■■■■■ ■■■■■■■■■■:



(5/18) But, in this thread I'll not go deep into multiple candlestick patterns, rather I'll try and explain the underlying dynamics of single candlesticks and how they can used efficiently to make better trading decisions.

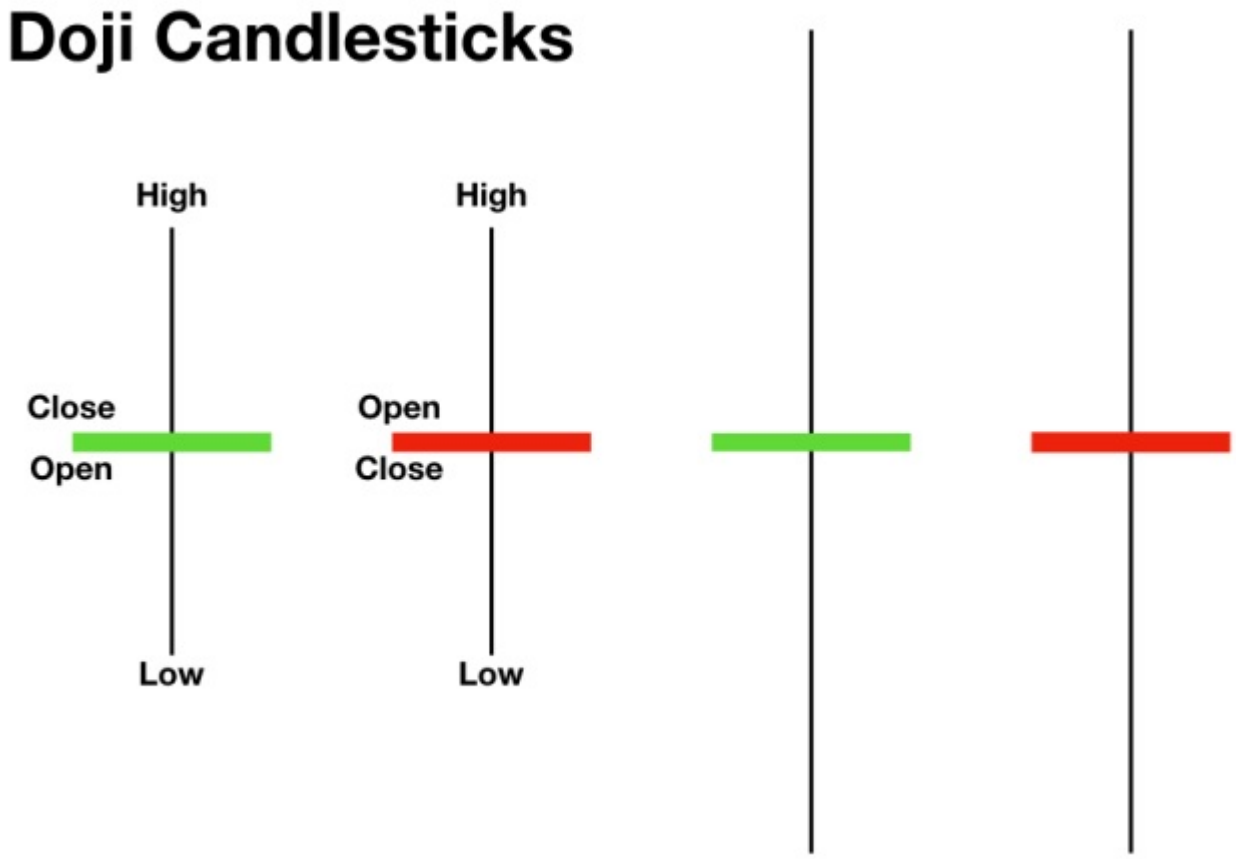
(6/18) ■■■ ■■■■■■■■

A Marubuzo indicates that there is so much buying/selling interest in a stock that the market participants were willing to buy/sell the stock at every price point during the day, so much so that the stock closed near its high/low point for the day.



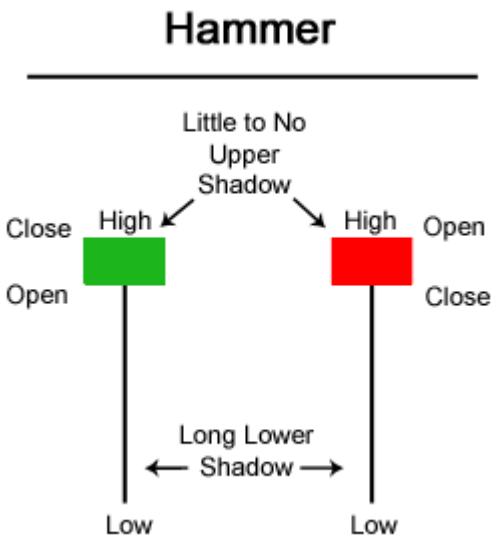
(7/18) It does not matter what the prior trend has been, the action on the marubuzo day suggests that the sentiment has changed and the stock in now bullish/bearish.

(8/18) ■■■ ■■■■
This means the open and close prices are equal. Doji's provide crucial information about the market sentiments and is an important candlestick pattern.



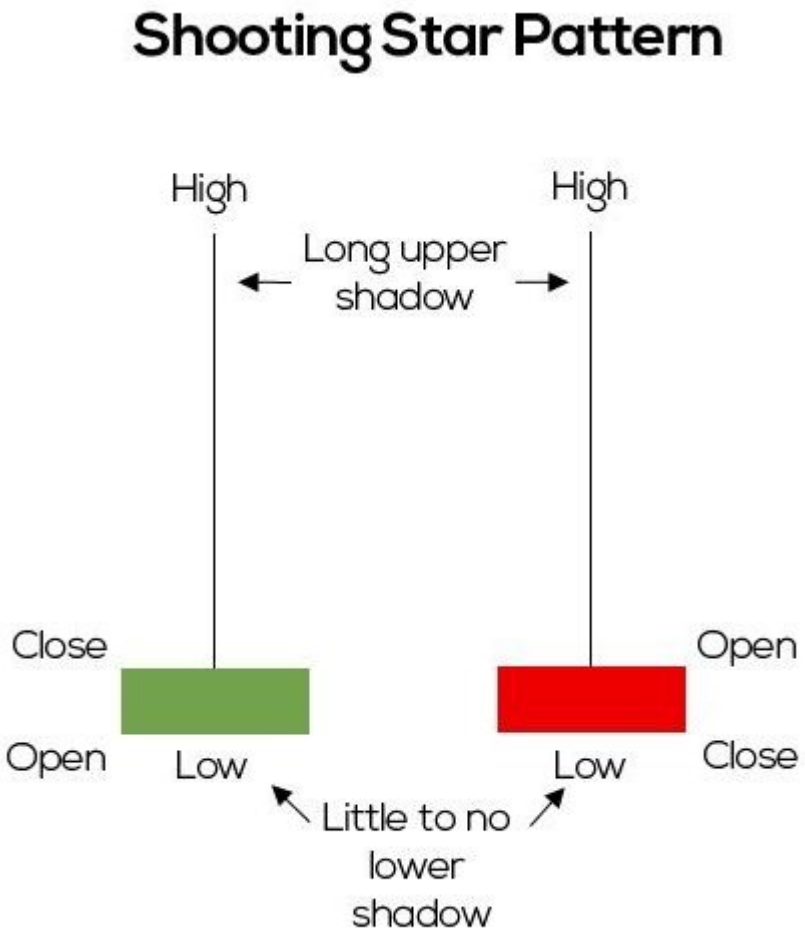
(9/18) The doji candle signals that there is indecision is the market. The market could swing either ways and you need to build a stance that adapts to the expected movement in the market. Even if there is a thin body, the candle can be considered as a doji.

(10/18) ■■■ ■■■■■■
The bullish hammer is a significant candlestick pattern that occurs at the bottom of the trend. A hammer consists of small real body at the upper end of the trading range with a long lower shadow. The longer the lower shadow the more bullish it is.



(11/18) A hammer can be of any color as it does not really matter as long as it qualifies ‘the shadow to real body’ ratio. However, it is slightly more comforting to see a bullish body. Since, the hammer is seen after a downtrend, it shows demand.

(12/18) ■■■ ■■■■■■■■ ■■■■■ [■■■■■■■■■ ■■■■■■■]
The shooting star is a top reversal pattern. A shooting star signals a market high. Since the shooting star is seen after a high, the pattern signals selling pressure.



(13/18) The colour of the body does not matter, but the pattern is slightly more reliable if the real body is red. The longer the upper wick, the more bearish is the pattern.

(14/18) Now there are two questions you must ask yourself when you analyze candlestick patterns-

[illegible]: [illegible]?

(15/18) We need to ask who's in control?
Well, if the price closed the near highs of the range, that tells you the buyers are in control. But, if the price closed near the lows of the range and shows rejection of higher prices, it shows that sellers are in control.

(16/18) [illegible]: [illegible]?

This question will help you determine if there's any
strength (or conviction) behind the move.

(17/18) If the current candle is much larger (like two or more times larger), this tells you there's strength behind the move.

(18/18)[illegible]!
And, please point out if there is any mistake on my end. Would love to hear each and everyone's views.
If you liked reading this then please Re-Tweet the first tweet in this thread and follow @sarosij_ghosh for more stuff on trading & investing. [illegible]