

Twitter Thread by [Nitin](#)



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Why do I use hollow candles & not traditional Japanese candlesticks? Are hollow candles just a cosmetic change, or do they provide us with some extra information that a traditional candlestick doesn't?

A thread ■:



UNDERSTANDING

HOLLOW CANDLES



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Traditional Japanese candlesticks are all solid. They are either green or red (colors may vary, but you get the point).



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JAPANESE CANDLESTICKS

Traditional Japanese Candlesticks are solid green when the close price is higher than the open price, & solid red when the close price is lower than the open price.



Hollow candles use two attributes to provide information regarding the price:

- Color of the candle
- Whether the body of the candle is filled or not



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GREEN HOLLOW CANDLES

A green hollow candle has the close price greater than the open price, but a green filled (or solid) hollow candle has the close price lower than the open price.



So, a green hollow candle can have its close > open (just like traditional candlesticks), or its open > close (here its body will be filled). Similarly, a red hollow candle can have its open > close (traditional), or its close > open (here its body will be hollow).



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RED HOLLOW CANDLES

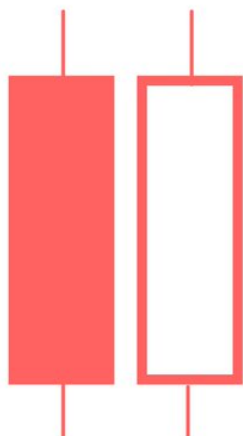
A red filled (or solid) hollow candle has the close price lower than the open price, but a red hollow candle has the close price greater than the open price.



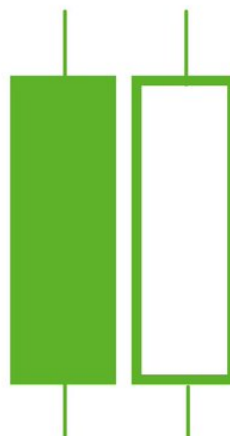
The colour of a hollow candle is decided by comparing the closing price of the current candle with that of the previous candle. So, a red-color candle (irrespective of whether it's filled or not) means that the current candle's close is lower than the previous candle's close.

Irrespective of whether the candle is hollow or not:

current candle's close
is lower than
previous candle's
close



current candle's close
is greater than
previous candle's
close



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COLOR OF HOLLOW CANDLES

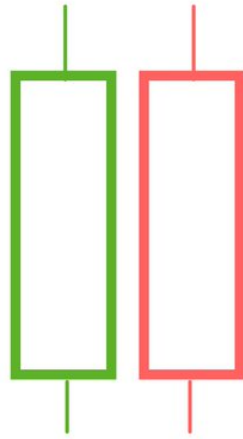
The colour of a hollow candle is decided by comparing the closing price of the current candle with that of the previous candle.



The fill of a hollow candle is decided by comparing the close of the current candle with its open. For example, an empty candle with the body not filled (irrespective of whether it's red or green) means that the current candle's close is greater than the current open.

Irrespective of the candle's color:

current candle's close
is greater than
current candle's open



current candle's close
is lesser than current
candle's open



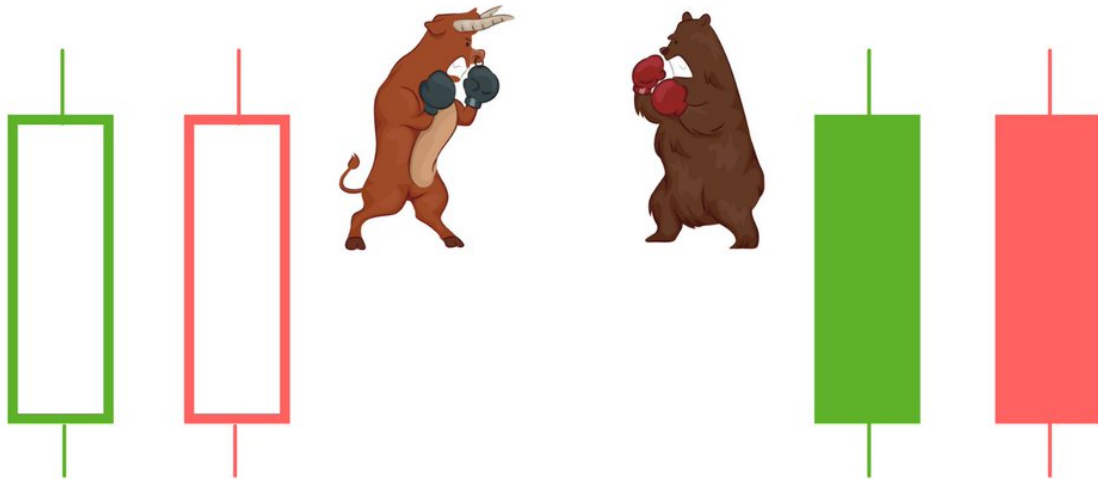
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FILL OF HOLLOW CANDLES

The fill of a hollow candle is decided by comparing the close of the current candle with the open of the current candle



Combining the fill of the body & the candle color, we get 4 different combinations for the same candle, while in traditional Japanese candlesticks, we get only 2 combinations.



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BULLISH & BEARISH HOLLOW CANDLES

For the same candle shape, from left to right, we get 4 hollow candles:
from most bullish to most bearish.



Hope this post helps you get the advantages of using hollow candles in place of traditional solid candles.

That's all for this week. If you'd like to read this as a newsletter, find it here:

