Twitter Thread by Piyush Chaudhry



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In candlestick patterns, two aspects are of extreme importance:

• Prior Trend: Be it a continuation/ reversal formation, the establishment of prior trend is the first part - what exactly is the candlestick pattern going to continue or potentially reverse. Is that established?

• Internal proportion of the Candles of the pattern: A Hammer's Body:Wick ratio or 3rd Candle in a Morning Star's dig into the first one or Piercing's % penetration into the precious one. These internal proportions lay the foundation of probability of success of the pattern.

Reading Reference: Candlestick Charting Explained - Gregory Morris.