Twitter Thread by Strategist & Trader



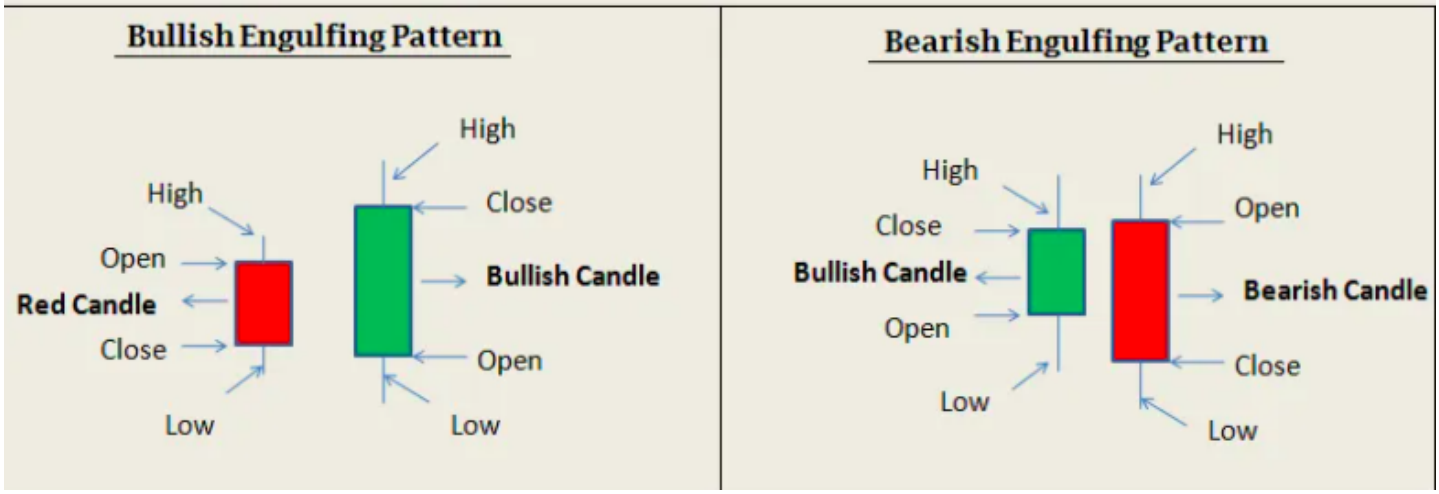
Strategist & Trader
@uddeshya_kumar_

" All about BULLISH and BEARISH ENGULFING "

~ This pattern is one of the most common candlestick pattern yet sometimes people are not able to trade it properly.

~ They both are the trend reversal candlestick pattern.

~ It is a two-candle pattern.



Bullish Engulfing

~ In this pattern, a large bullish (green) candle completely engulfs the small bearish (red) candle

~ This pattern is credible only when it is formed at the bottom of the trend

~ Prior trend should be downtrend before the formation of this pattern take place

~ Generally, I have observed that downtrend should be of at least 12% to 15% before the formation of this pattern.

~ I never initiate the trade on the bullish engulfing pattern if the prior trend is bullish. I don't trade bullish engulfing as trend continuation pattern.

~ The accuracy of this pattern is nearly between 70% to 80%

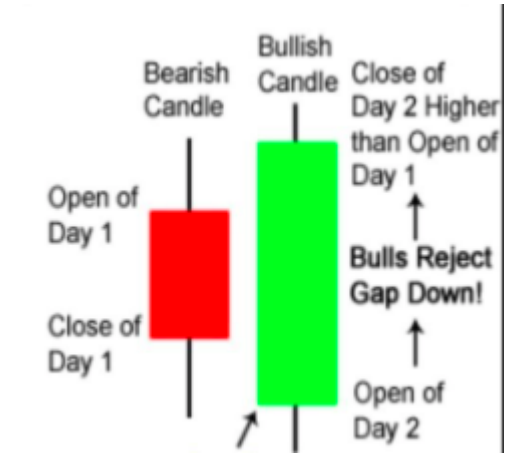
~ Most of the time I trade bullish engulfing on daily chart.

~ Stop Loss is 1% below the low of bullish(green) candle.

~ SL is on the level basis not on the closing basis.

~ Sometimes a trader needs to use critical thinking skills while placing stop-loss and that comes with practice and time.

~ Target : I booked 30% of the quantity as soon as I achieved 6% to 8% return. My ultimate target is not more than 12% to 15%.



Bearish Engulfing
In this pattern, a large bearish(red) candle completely engulfs the small bullish (green) candle.

This pattern is credible only when it is formed at the top of the trend.

Prior trend should be uptrend before the formation of this pattern takes place.

~ Generally, I have observed that uptrend should be of at least 10% to 13% before the formation of this pattern.

~ I never initiate the trade on the bearish engulfing pattern if the prior trend is downtrend.

~ I don't trade bearish engulfing as trend continuation pattern.

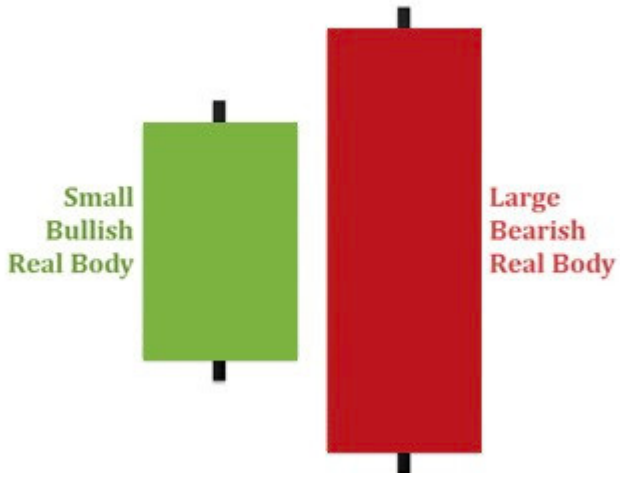
~ The accuracy of this pattern is nearly between 70% to 80%.

~ Most of the time I trade bearish engulfing on daily chart.

~ Stop Loss is 1% below the high of bearish(red) candle.

~ SL is on the level basis not on the closing basis.

Target : I booked 30% of the quantity as soon as I achieved 7% to 9% return.
~ My ultimate target is not more than 12% to 16%.



I have tried to explain both the pattern in a very simple way and how i trade them.
Any other traders way of trading these patterns can be different from mine.

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