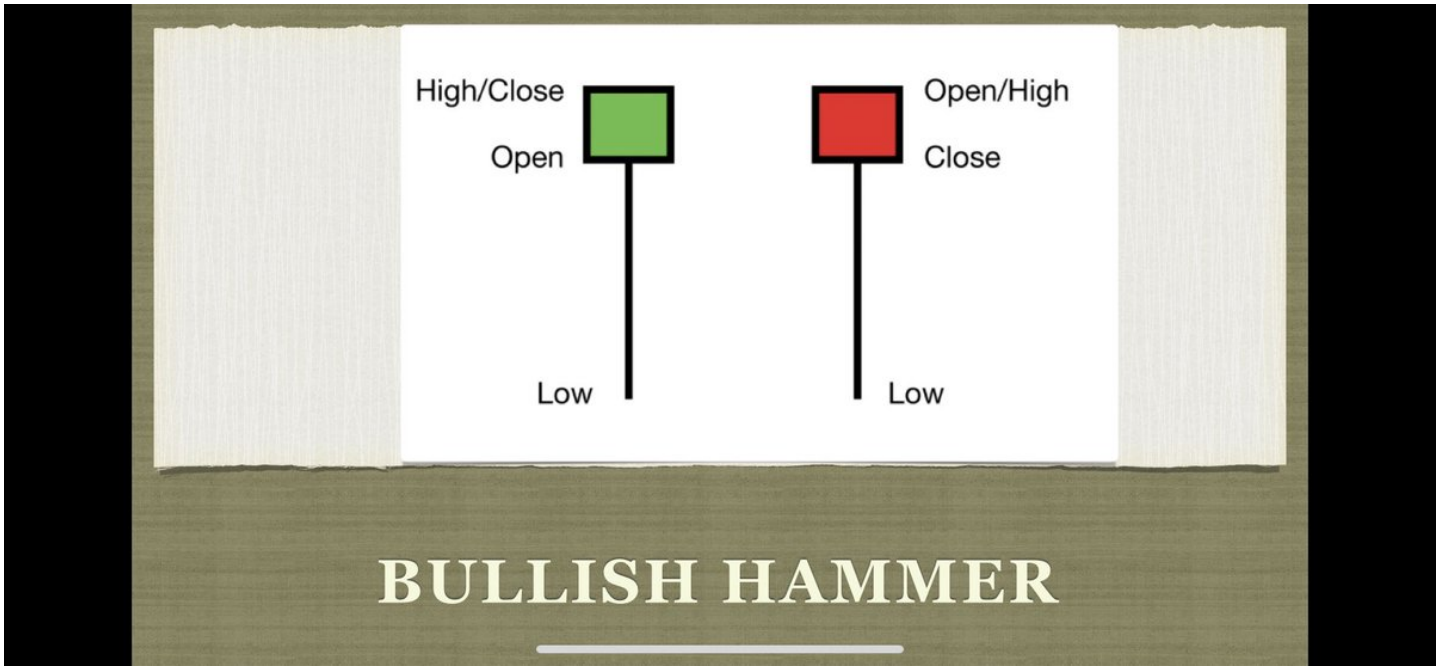
Twitter Thread by Shalini Chaudhary



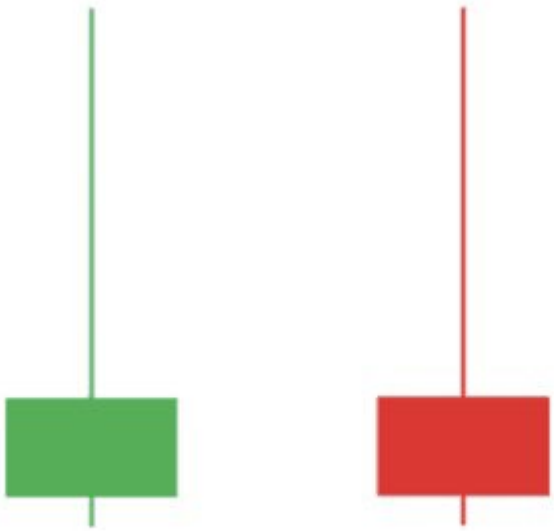
Shalini Chaudhary
@shaliniitomar

T-1 Psychology behind the formation of a candle - personally I feel that if one is aware of psychology behind the formation of candle than chart starts talking to you. So, here I am starting my journey of ■ with how actually candles form. Small but important for beginners ■

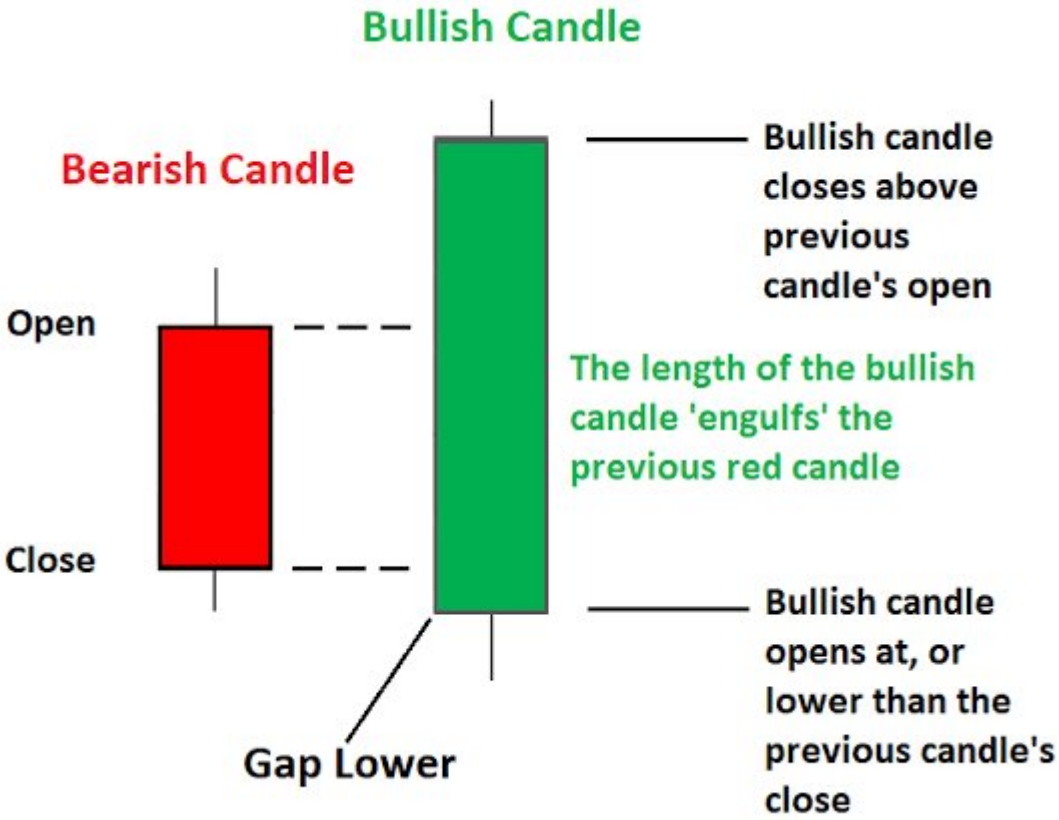
Hammer - formed at the end of downtrend, opened sellers pushed the prices down, buyers came & pushed the prices up & close the candle above the OP. Shadow formed twice of body. Also observed at trend line & support zone. ■



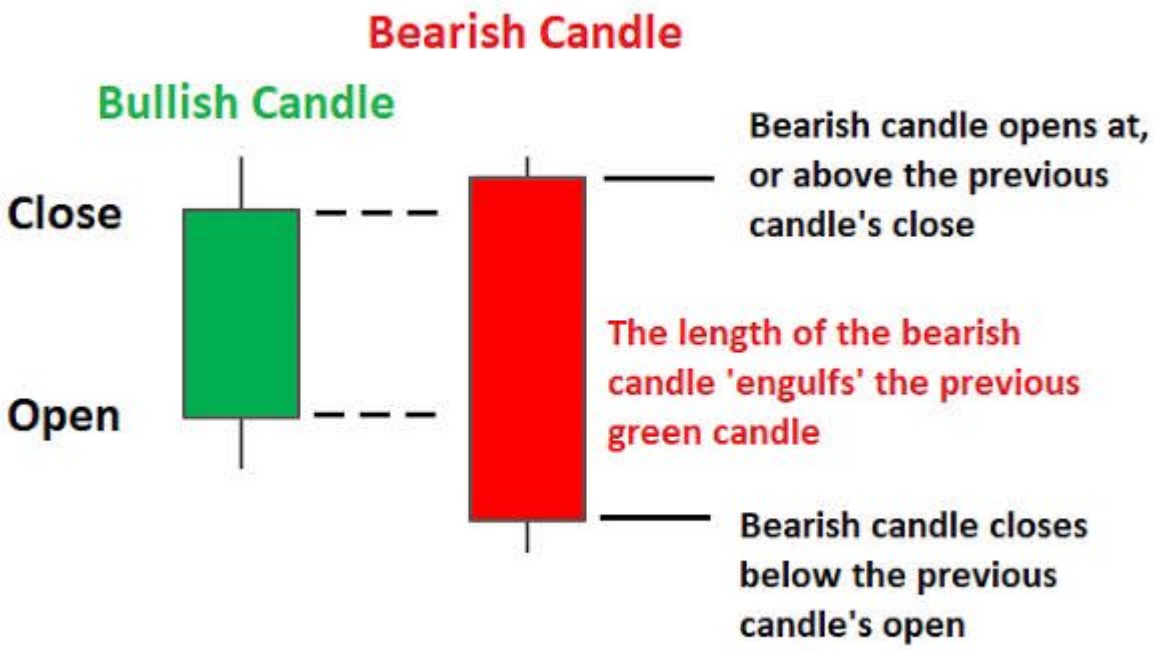
Shooting Star - formed at the end of uptrend, opened buyers pushed the price up, sellers came & pushed the price down and make candle close below the OP. Both hammer & shooting star should always be traded with the confirmation from next candle. ■



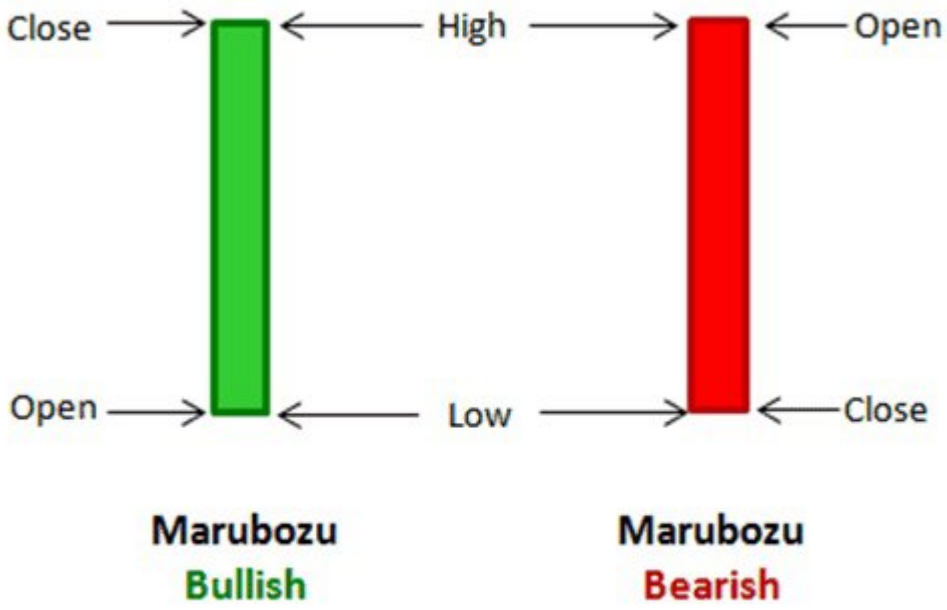
Bullish Engulfing- formed after a downtrend. Price opened below the previous candle, buyers came and form a big green candle above the previous candle high if both candles merge can form a hammer. ■



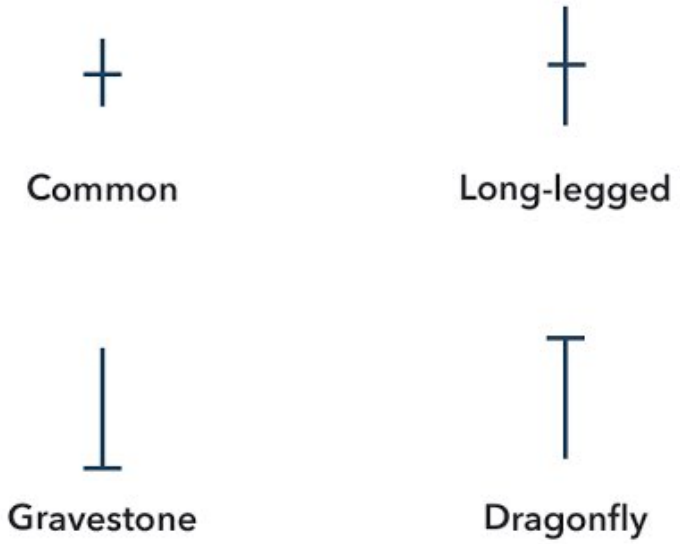
Bearish Engulfing- formed after a uptrend. Price opened above the previous candle, sellers came & form a big red candle below the low of previous candle. Merging of both form a shooting star. ■



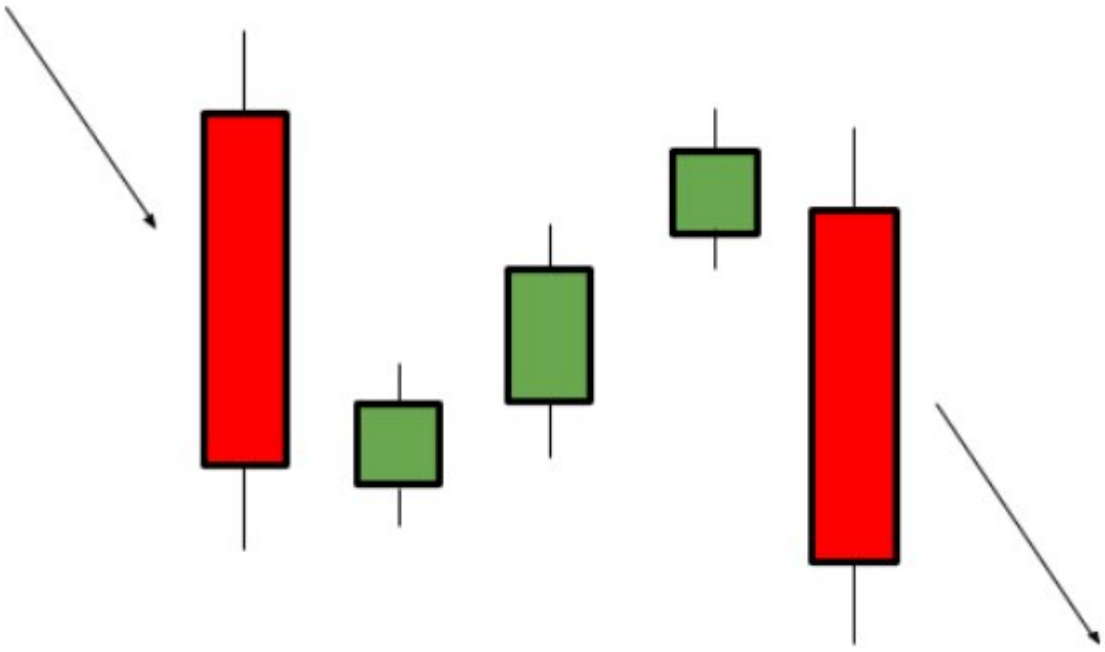
Marubozu- strongest candle, No shadow. Green Marubozu shows buying pressure and complete surrender of sellers & Red Marubozu shows selling pressure & complete one sided fight. Must initiate trade candle. ■



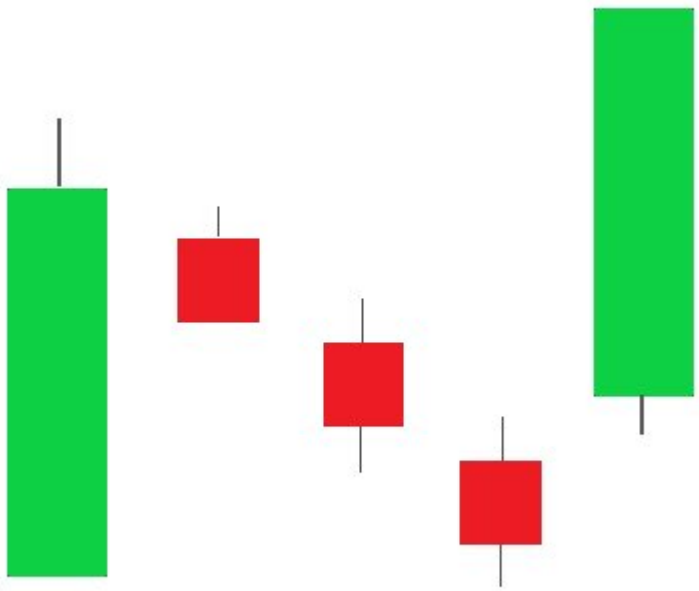
Doji - with no or 5% body. A caution candle. Shows the confusion. Next candle decides the trend. Can be traded strongly if supported by next candle. I call it a resting candle where both buyers & sellers rest and decide further trend. ■



Falling 3 pattern - my favourite pattern to be traded. Clearly shows the failure of buyers efforts. Big red candle shows the selling pressure which was chased by buyers in three small candle but fail to revert the trend and again a big red candle formed breaking previous low. ■



Rising 3 pattern - shows a failure of sellers effort and all vice a versa of falling 3 pattern candles. ■



Common information but may help you to understand what make a body and shadow of some important candles and you can trade accordingly.