THE DEFINITIVE GUIDE TO

CANDLESTICK PATTERNS

+30 PATTERNS EXPLAINED

EXPLANATIONS SIMPLE AND DIRECT

ENTRIES WITH PRECISION

MINDSET AND MANAGEMENT

+30 PATTERNS

CONTENTS

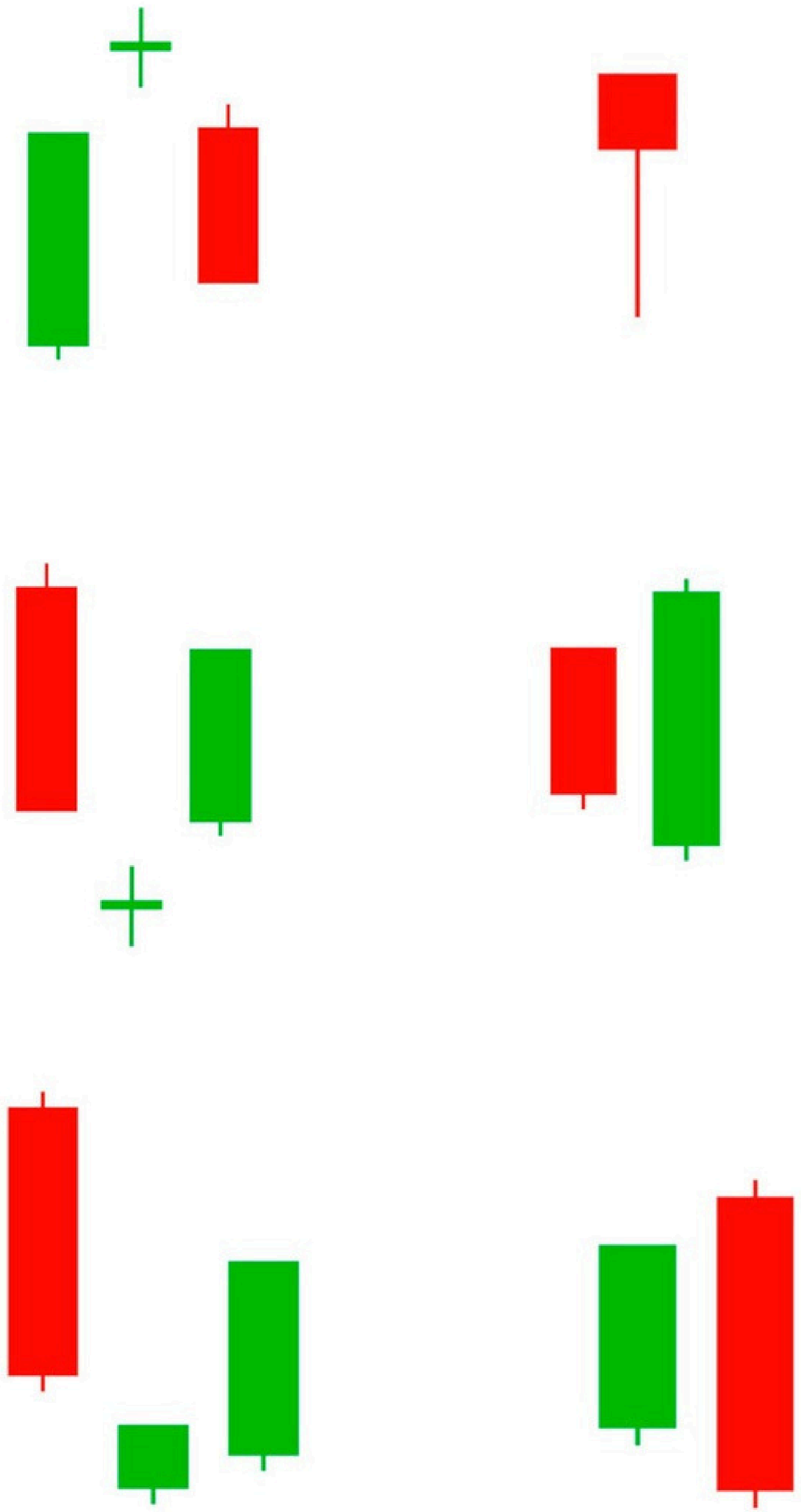
INTRODUCTION

In this ebook you will learn more than 30 candlestick patterns, from the most classic ones like the Hammer and Hanging Man, to less popular patterns like Deliberation and Meeting Lines.

More than just knowing them, you will learn how to trade these patterns. Most require confirmation, that is, entry is only authorized after a break of the high/low occurs.

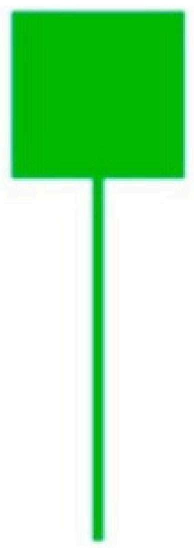
With this in hand, you will be able to decide which patterns will be added to your "trader arsenal". And if your memory fails, you can always refer back to this ebook. Enjoy the read!

Author: Caio Caúla



REVERSAL PATTERNS

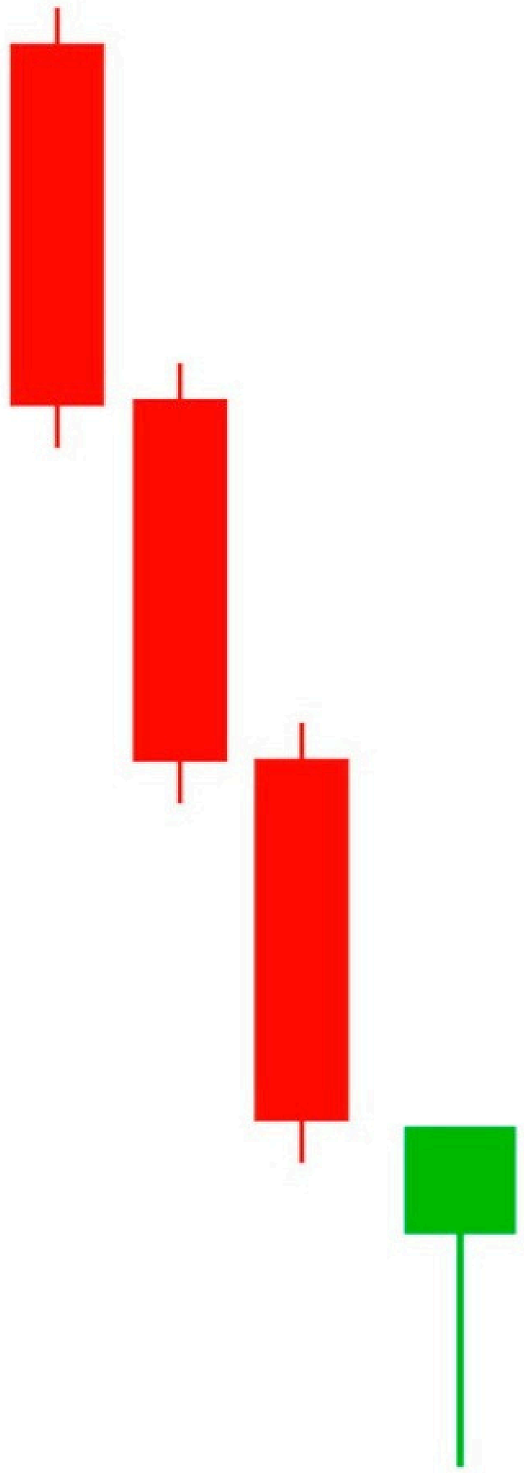
First, we will look at reversal patterns, that is, patterns that point to a reversal of the current trend.

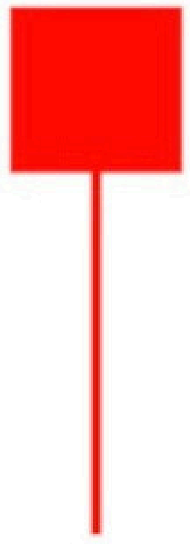


HAMMER

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- The color does not matter. In the figure beside it, it is green, but it could be red. However, if it is green, it denotes an even more bullish sentiment.
- The pattern confirmation/entry trigger for buying is when the next candle breaks the high of the hammer.
- The ideal hammer has no upper shadow. If it does, it should be very small, almost nonexistent.

ILLUSTRATIVE CONTEXT: HAMMER

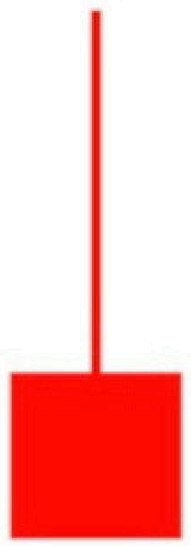




HANGING MAN

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- Confirmation of the pattern/entry trigger for selling is when the next candle breaks the low.
- The color does not matter; in the figure beside it, it is red but it could be green.
- The ideal hanging man has no upper shadow; if it has one, it should be very small.

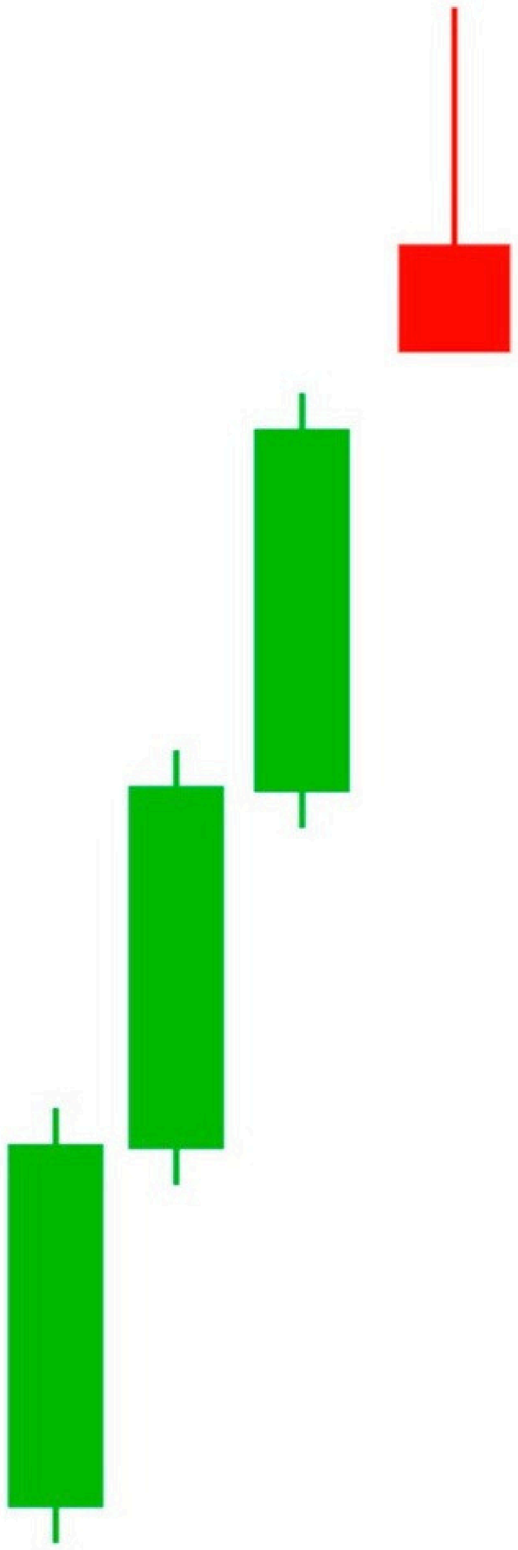
ILLUSTRATIVE CONTEXT: HANGING MAN

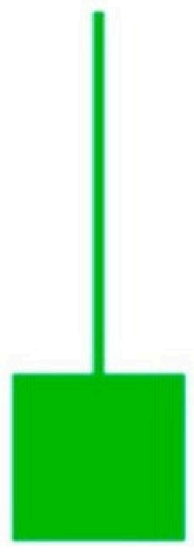


SHOOTING STAR

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- There must be a gap in relation to the body of the previous candle.
- Confirmation of the pattern/entry trigger for the sell is when the next candle breaks the low.
- The color does not matter.
- The ideal shooting star has no lower shadow; if it does, it should be very small.

ILLUSTRATIVE CONTEXT: SHOOTING STAR

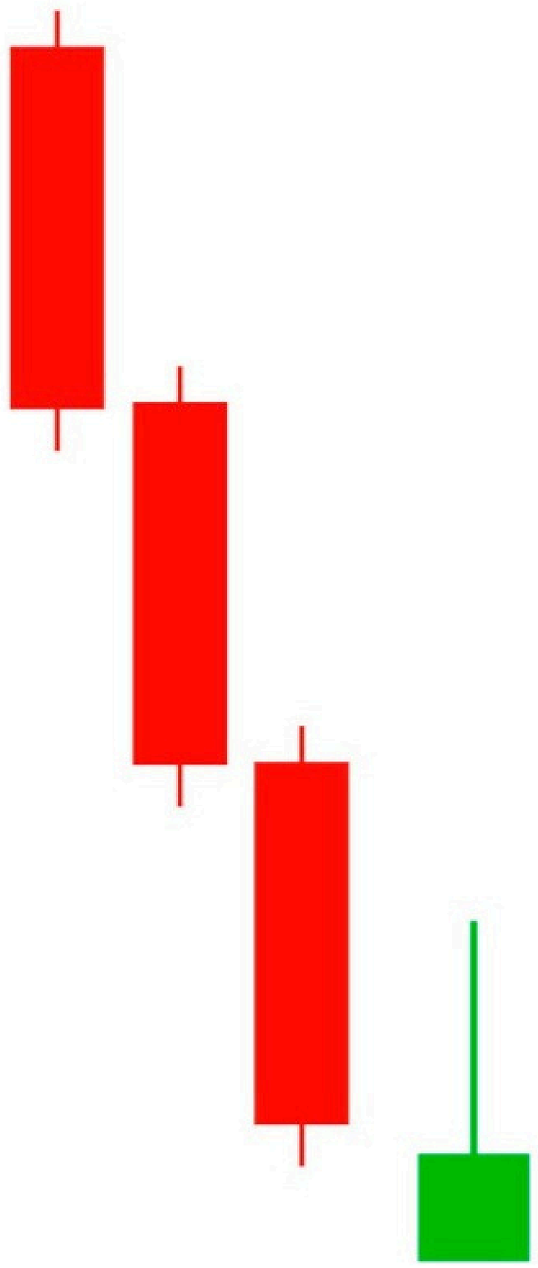


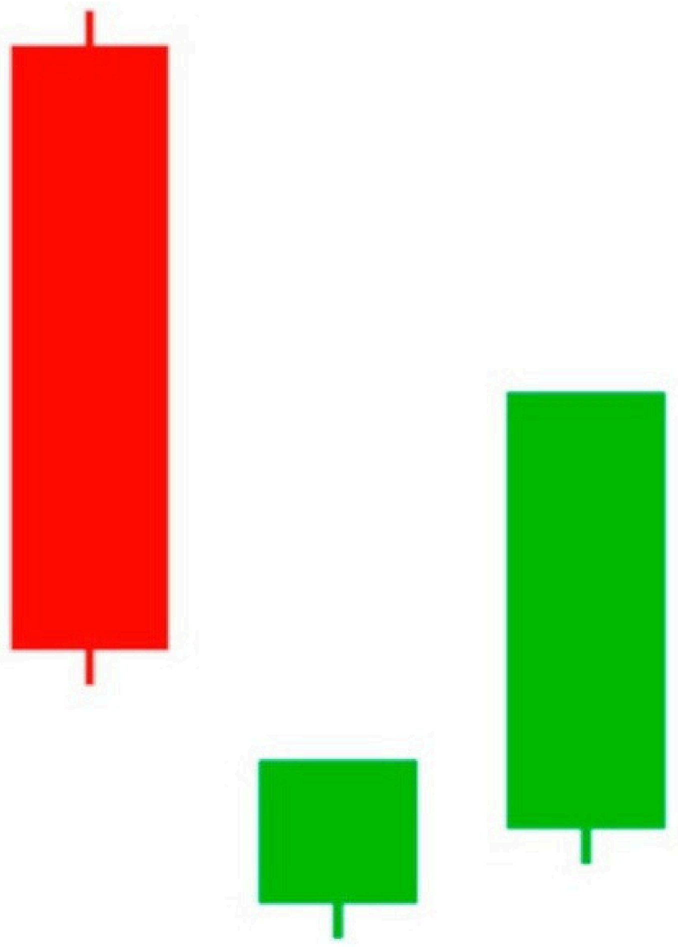


INVERTED HAMMER

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- It is not necessary for a gap to occur, as in the case of the shooting star.
- The confirmation of the pattern/entry trigger for buying is when the next candle breaks the high.
- The color does not matter; it could be red.
- The ideal inverted hammer has no lower shadow; if it does, it should be very small.

ILLUSTRATIVE CONTEXT: INVERTED HAMMER

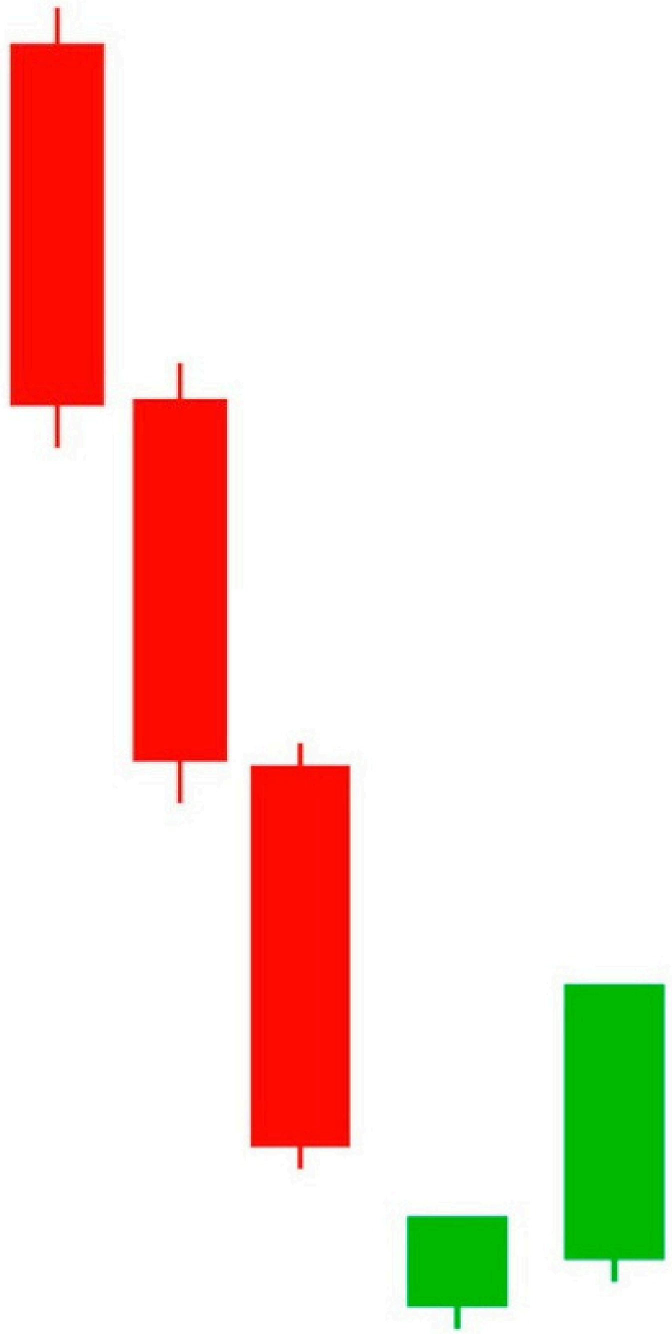


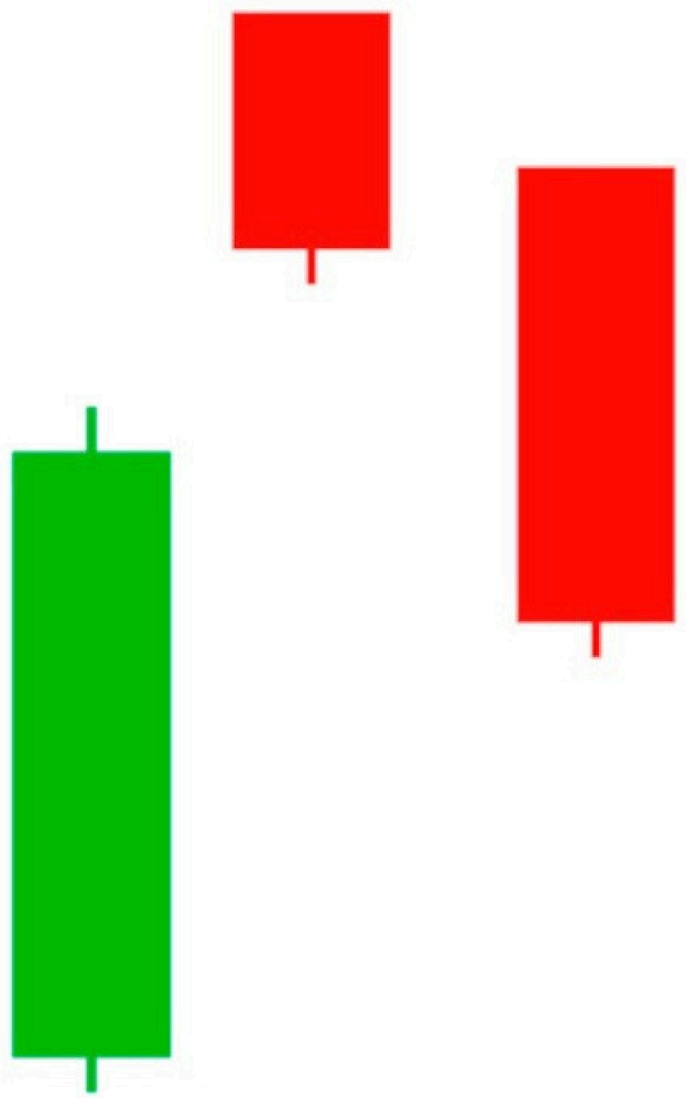


TWO RABBITS

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- The second candle is green and gaps relative to the previous candle, which is long and red. The third candle opens within the body of the second and closes within the body of the first.
- The pattern confirmation/entry trigger for buying is when the next candle breaks the high of the third candle.

ILLUSTRATIVE CONTEXT: TWO RABBITS

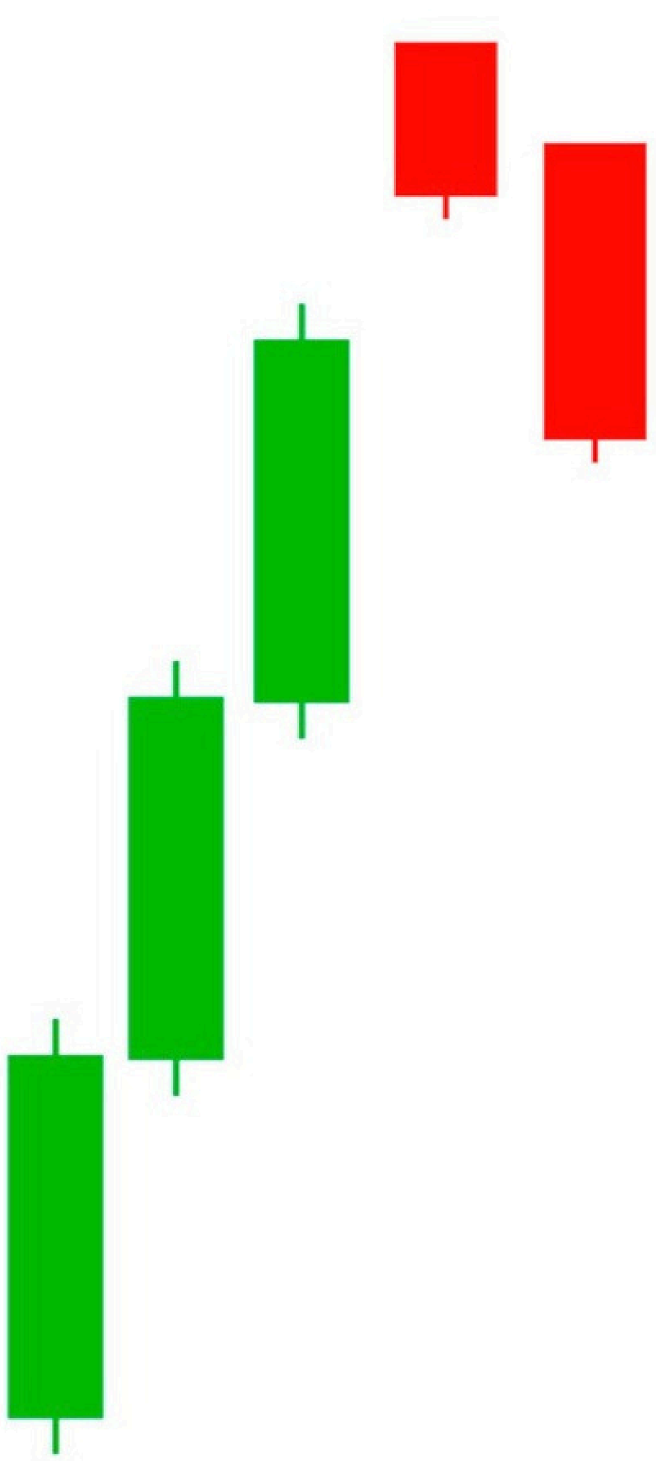


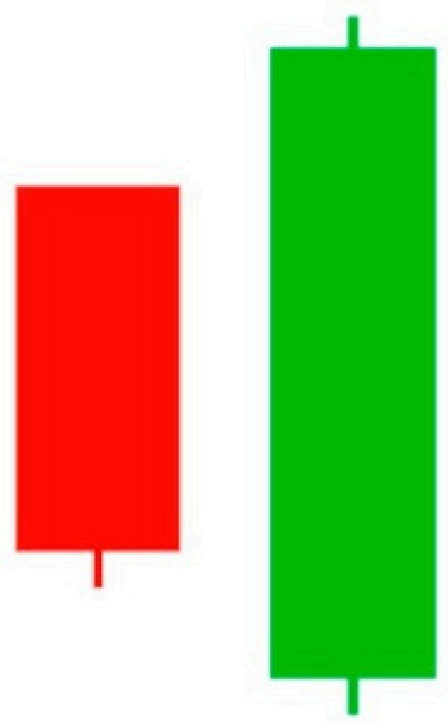


TWO CROWS

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- The second candle is red and gaps relative to the previous candle, which is long and green. The third candle opens within the body of the second and closes within the body of the first.
- The confirmation of the pattern/entry trigger for the sell is when the low of the third candle is broken.

ILLUSTRATIVE CONTEXT: TWO CROWS

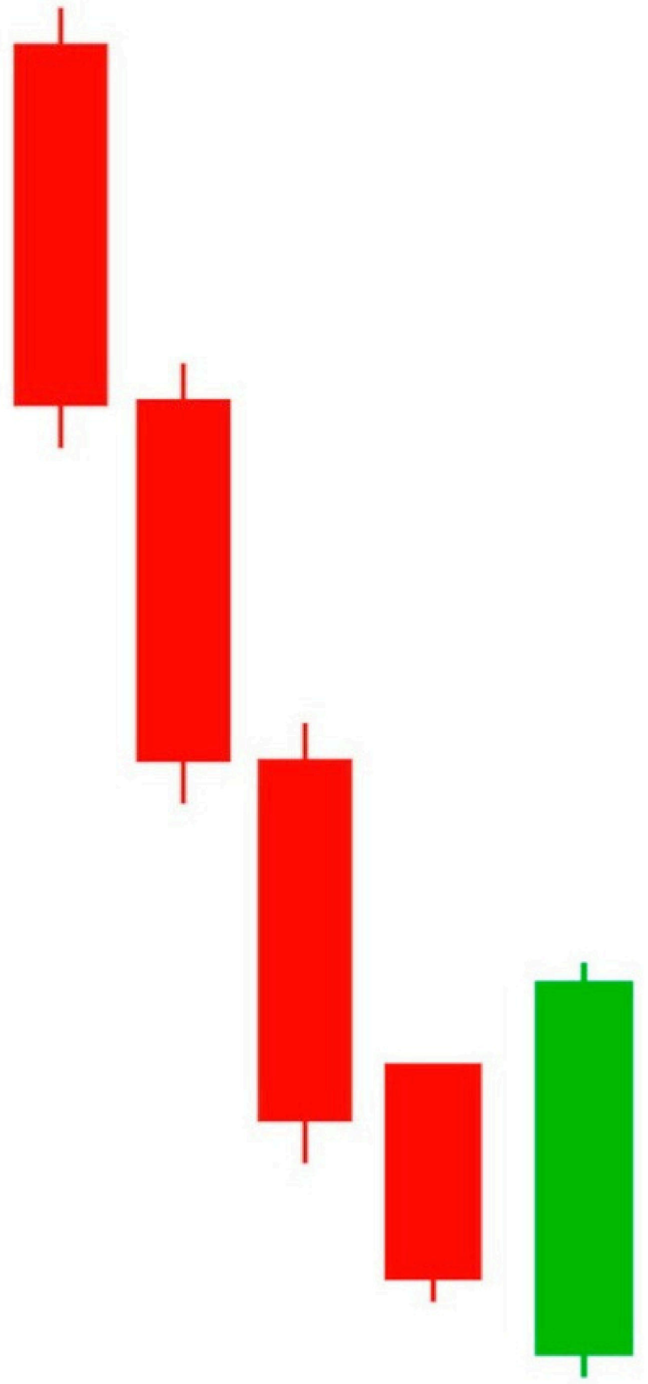




BULLISH ENGULFING

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- The first candle is red, with its open and close within the body of the second candle, which is green.
- Confirmation of the pattern/entry trigger for buying is when the following candle breaks the high of the second candle.

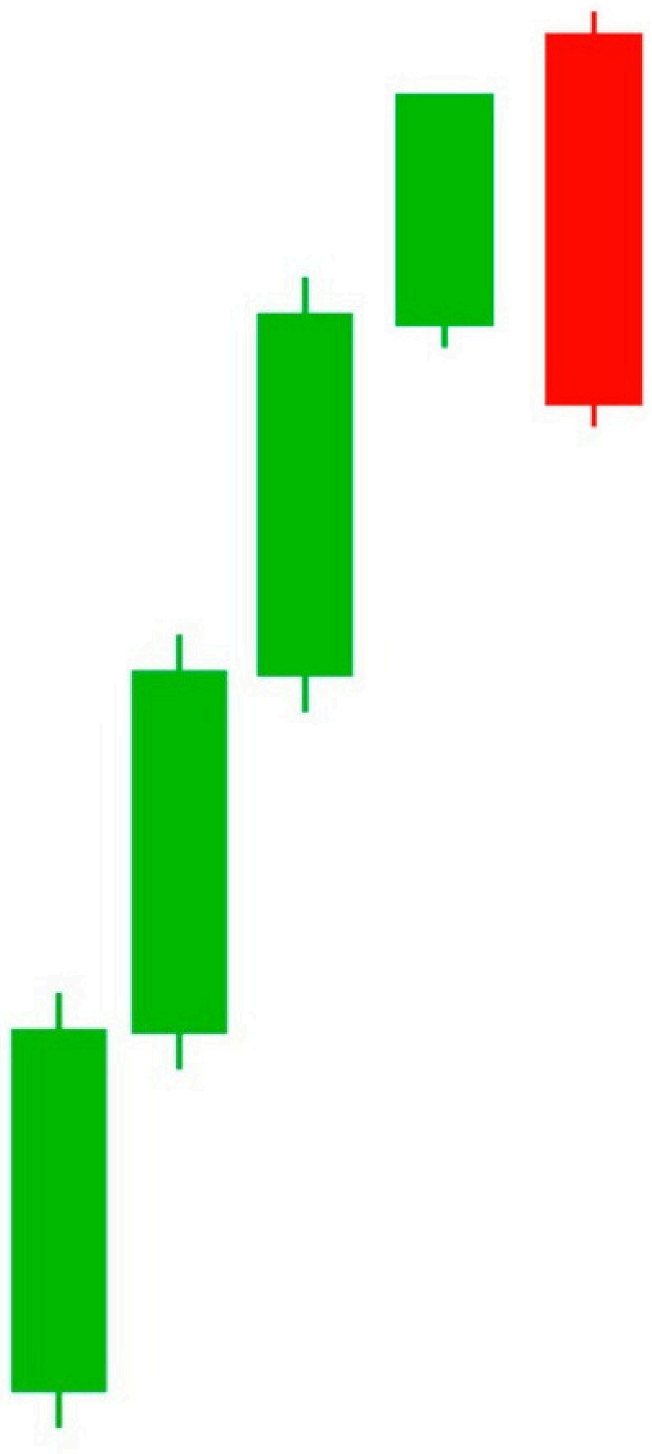
ILLUSTRATIVE CONTEXT: BULLISH ENGULFING

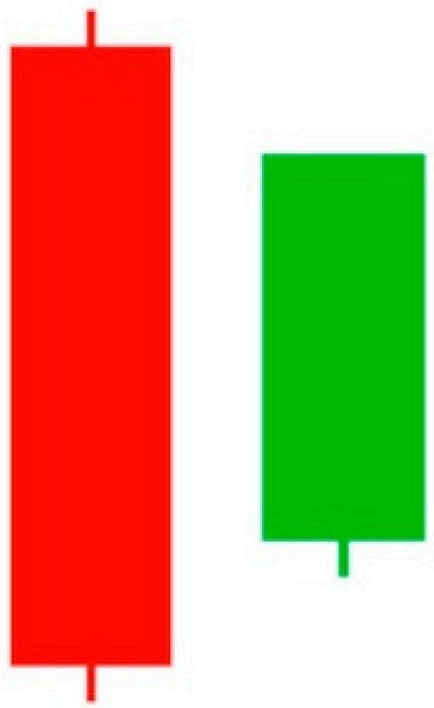


BEARISH ENGULFING

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- The first candle is green, with its open and close within the body of the second candle, which is red.
- Confirmation of the pattern/entry trigger for the sell is when the low of the second candle is broken.

ILLUSTRATIVE CONTEXT: BEARISH ENGULFING

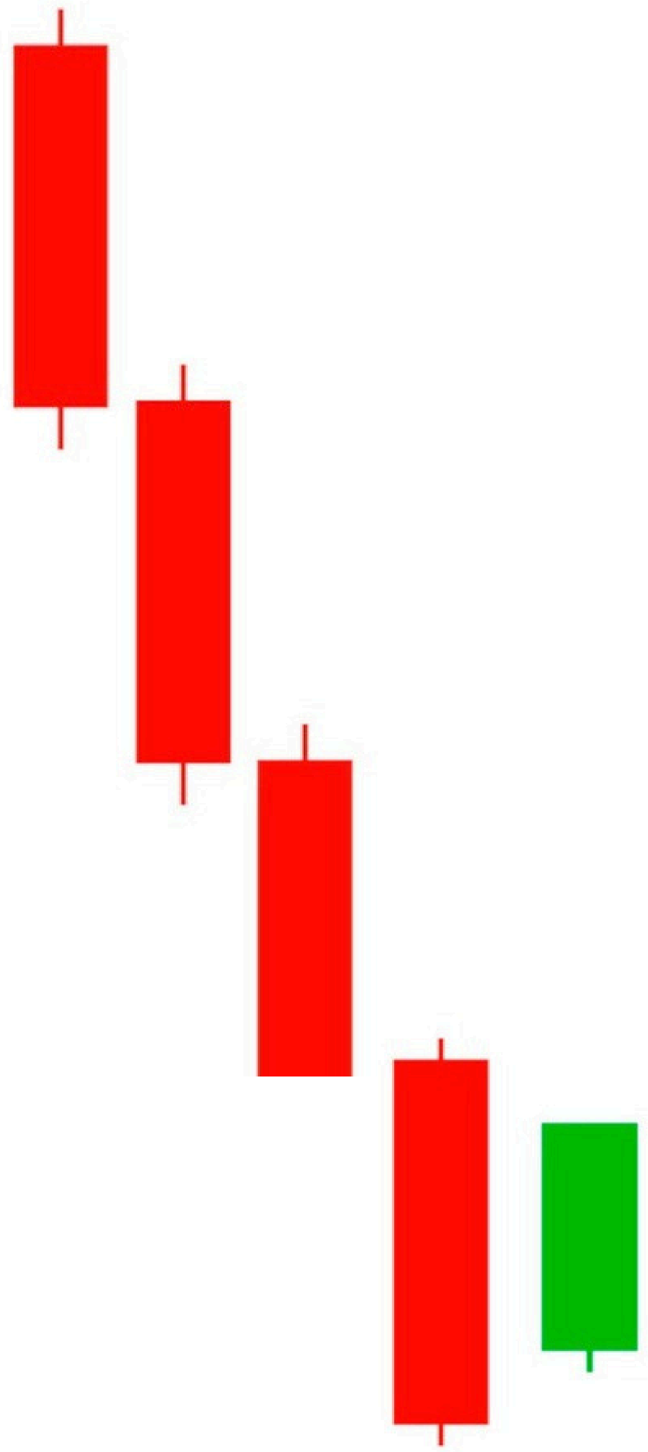


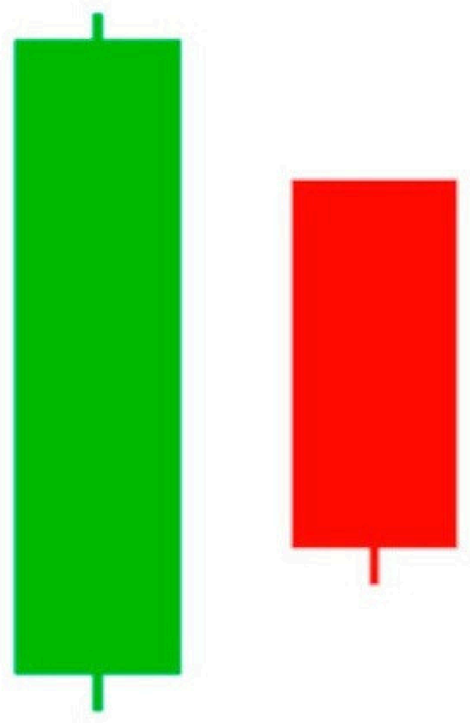


BULLISH HARAMI

- ***Reversal***
- Context: Appears in a downtrend, indicating a bullish reversal.
- The second candle is green, with its open and close within the body of the first candle, which is red.
- The confirmation of the pattern/entry trigger for a buy is when the high of the second candle is broken.

ILLUSTRATIVE CONTEXT: BULLISH HARAMI

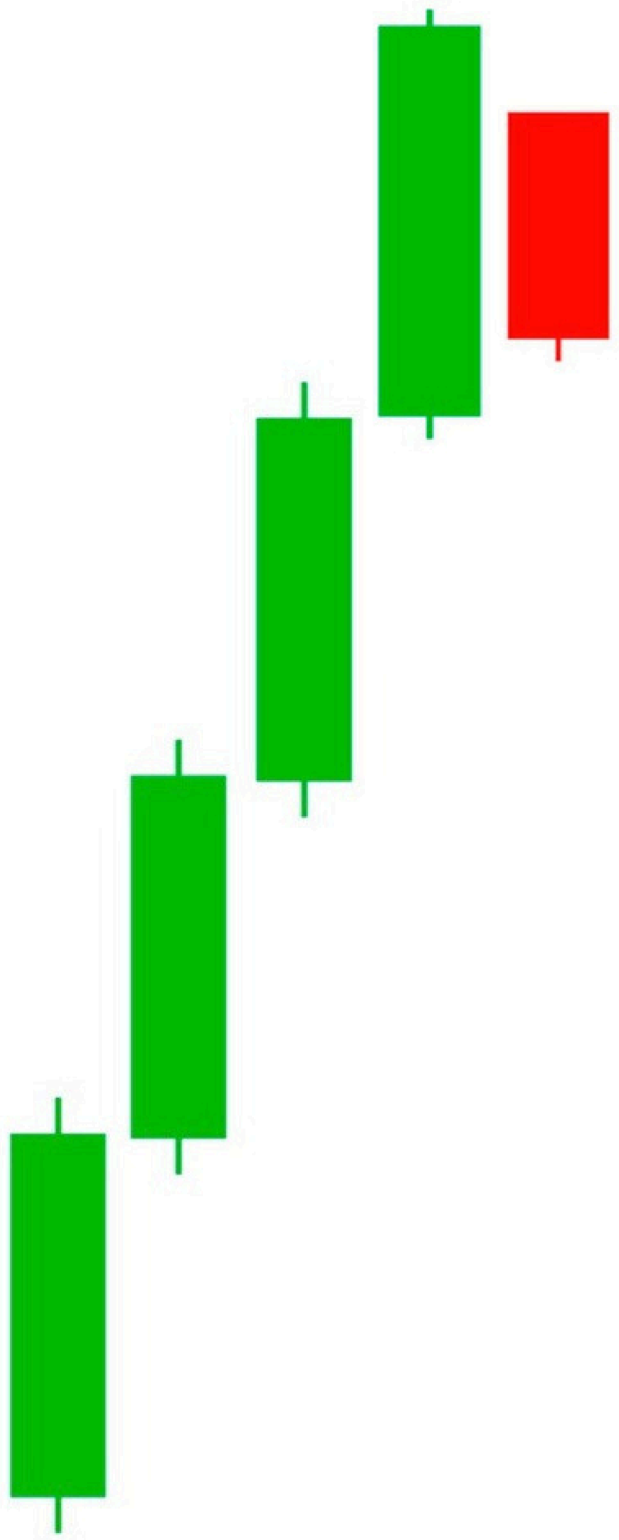


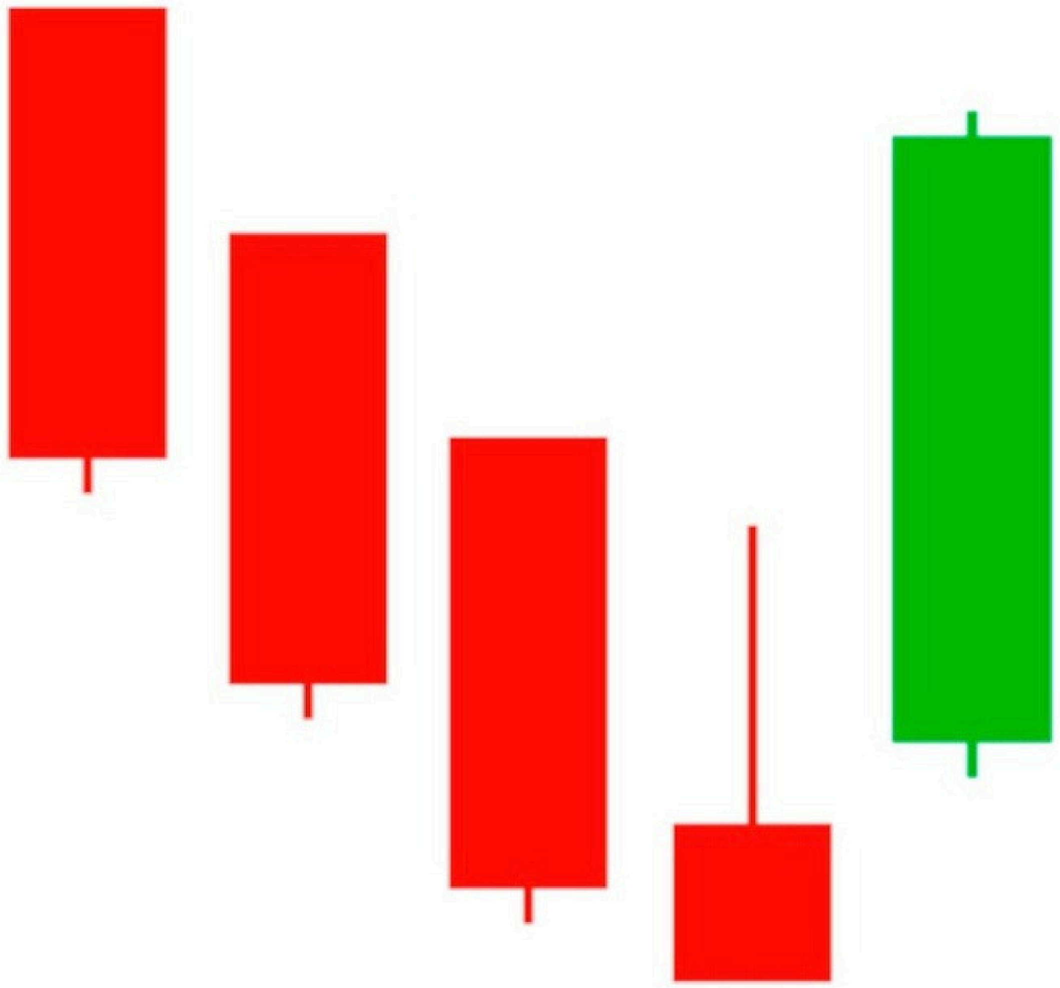


BEARISH HARAMI

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- The second candle is red, with its open and close within the body of the first candle, which is green.
- Confirmation of the pattern/entry trigger for the sell is when the following candle breaks the low of the second candle.

ILLUSTRATIVE CONTEXT: BEARISH HARAMI





LADDER BOTTOM

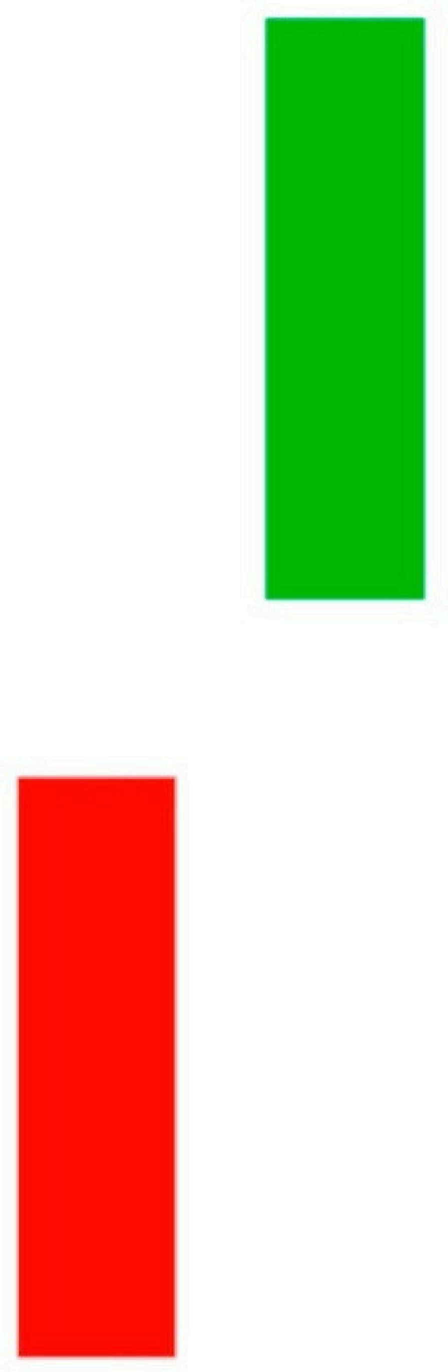
- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- 4 consecutive red candles with lower opens and closes, with the fourth candle leaving a large upper shadow.
- A long green candle cancels out almost all of the decline from the previous candles.
- Confirmation of the pattern/entry trigger for buying is when the last candle has its high broken.

ILLUSTRATIVE CONTEXT: LADDER BOTTOM

LADDER TOP

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- 4 consecutive green candles with higher opens and closes, with the fourth candle leaving a large lower shadow.
- A long red candle erases almost all the gains of the previous candles.
- Confirmation of the pattern/entry trigger for selling is when the next candle breaks the low of the last candle.

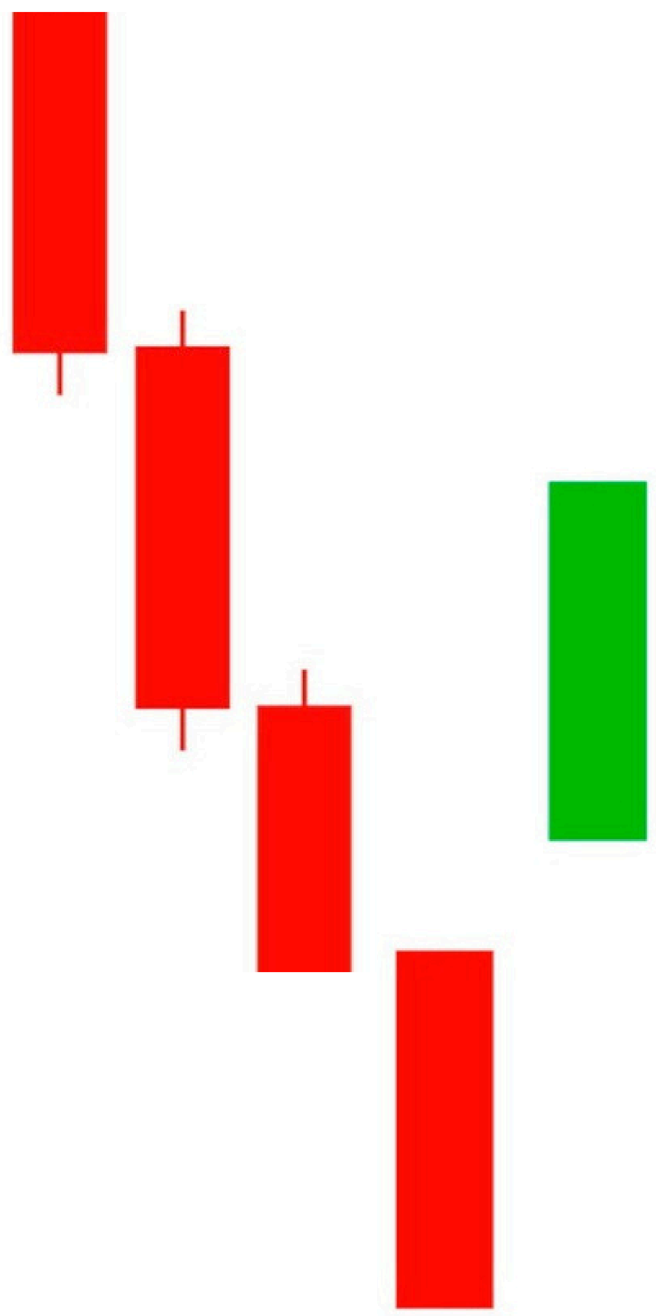
ILLUSTRATIVE CONTEXT: LADDER TOP

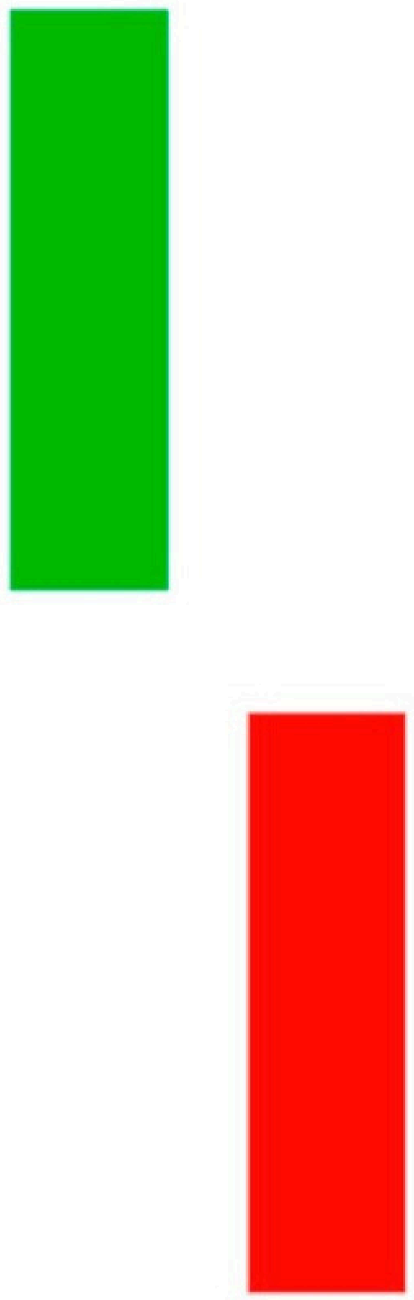


BULLISH KICKING

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- A red Marubozu followed by a green Marubozu with an upward gap.
- The pattern confirmation/entry trigger for buying is when the next candle breaks the high of the last candle.

ILLUSTRATIVE CONTEXT: BULLISH KICKING

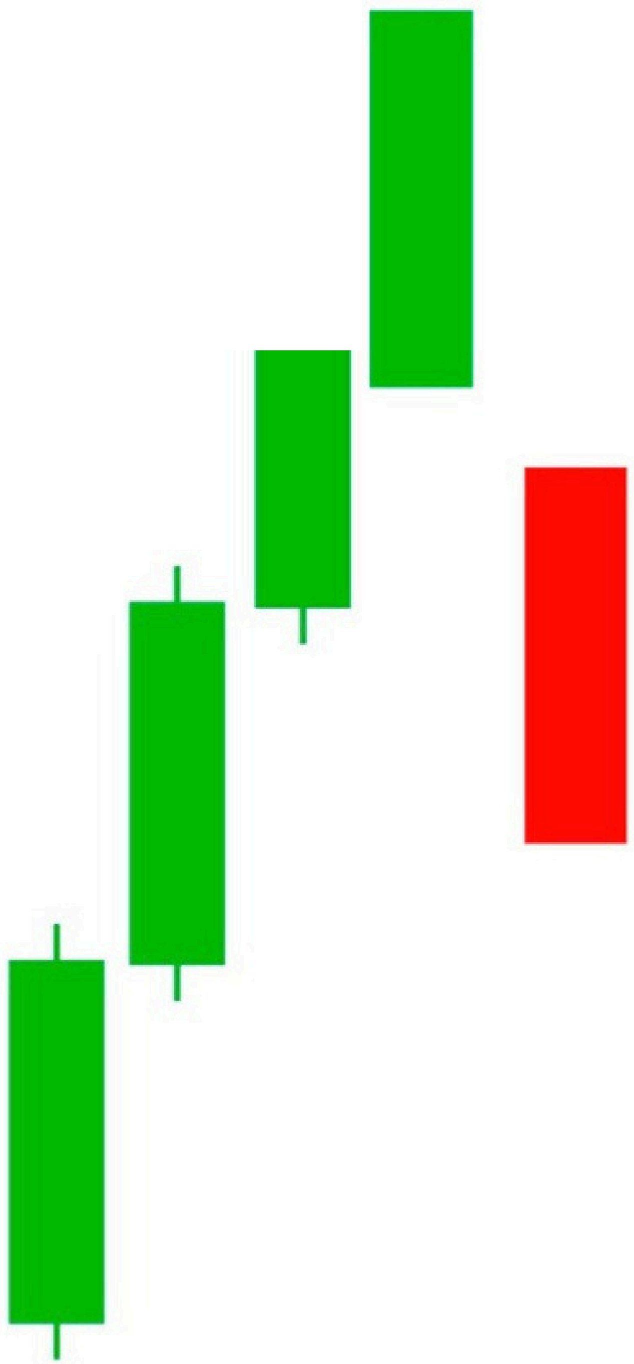


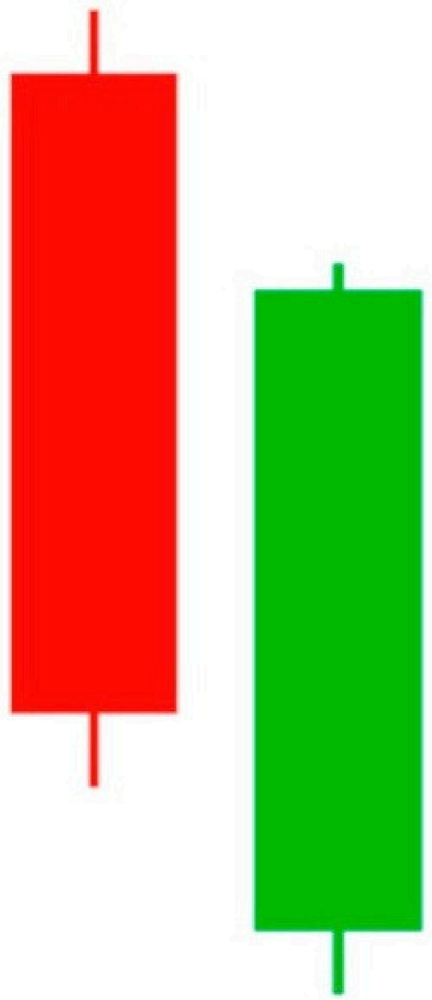


BEARISH KICKING

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- A green Marubozu followed by a red Marubozu with a gap down.
- The pattern confirmation/entry trigger for the sell is when the next candle breaks the low of the last candle.

ILLUSTRATIVE CONTEXT: BEARISH KICKING

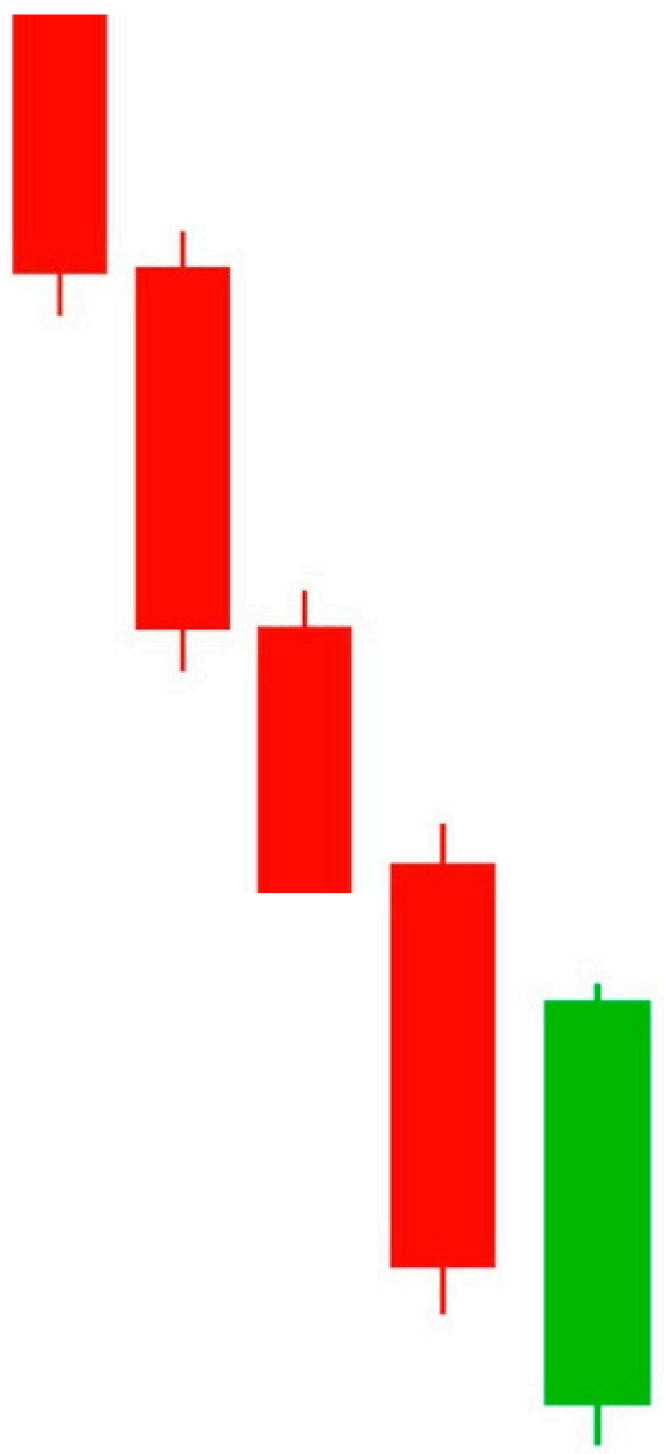


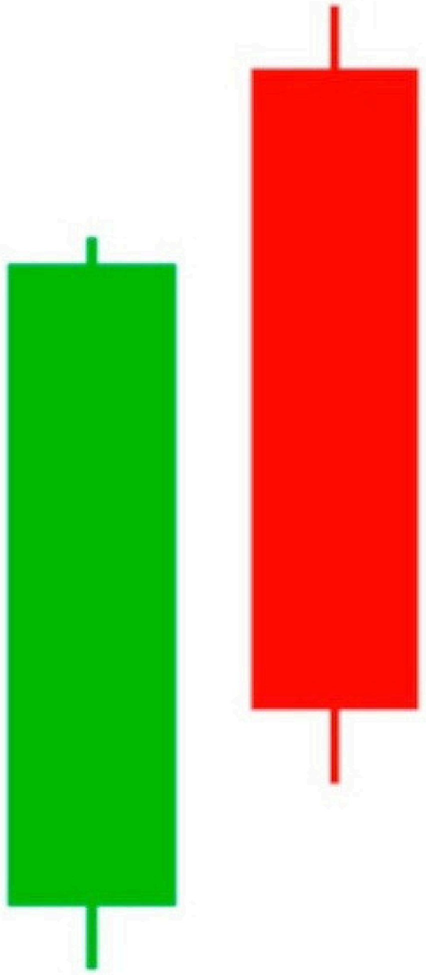


PIERCING LINE

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- The first candle is red, the second is green and opens below the previous candle's low, but closes above the midpoint of the first candle's body.
- Confirmation of the pattern/entry trigger for buying is when the second candle has its high broken.

ILLUSTRATIVE CONTEXT: PIERCING LINE

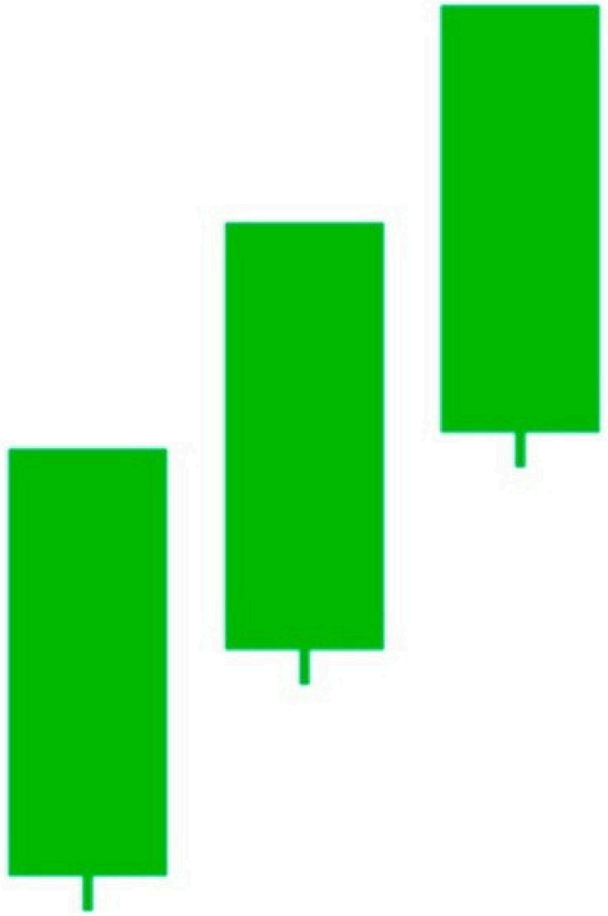




DARK CLOUD COVER

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- The first candle is green, the second is red and opens above the previous candle's high, but closes below the midpoint of the first candle's body.
- Confirmation of the pattern/entry trigger for the sell is when the next candle breaks the low of the second candle.

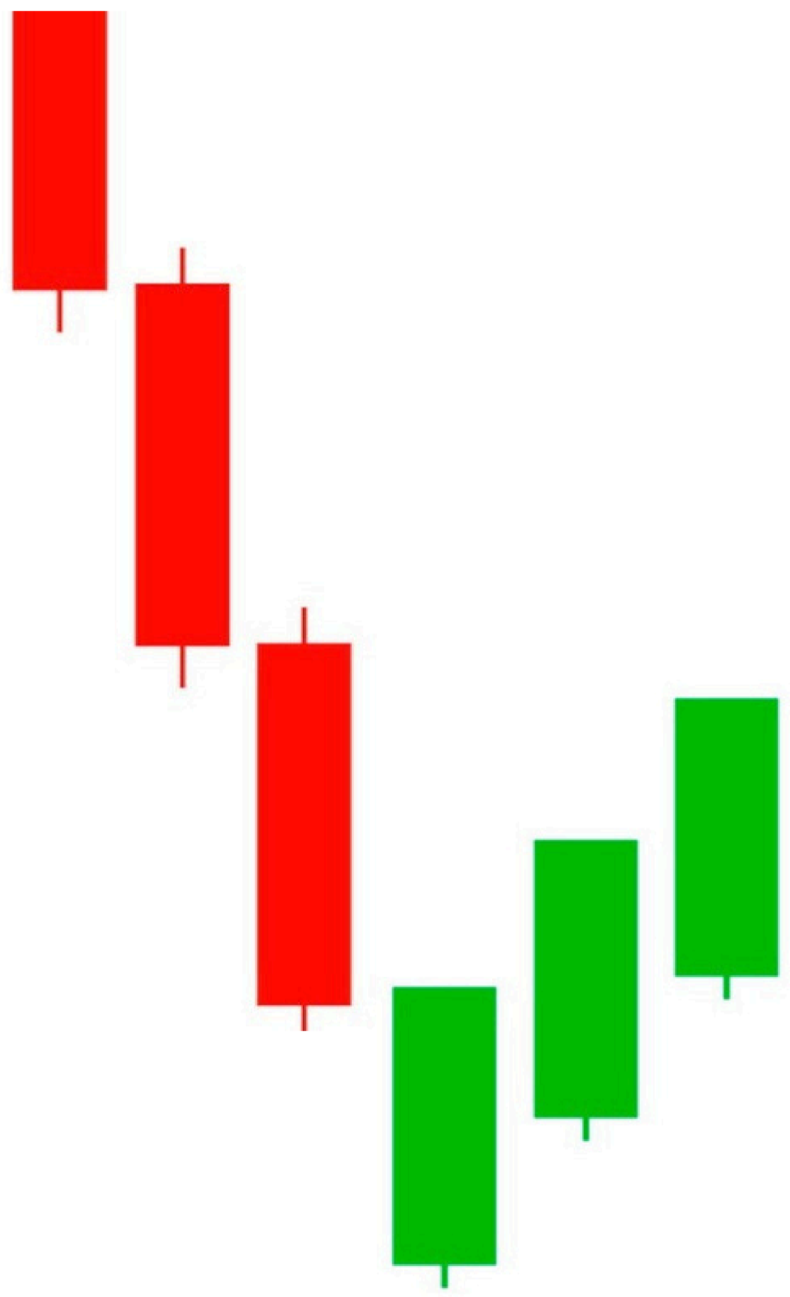
ILLUSTRATIVE CONTEXT: DARK CLOUD COVER

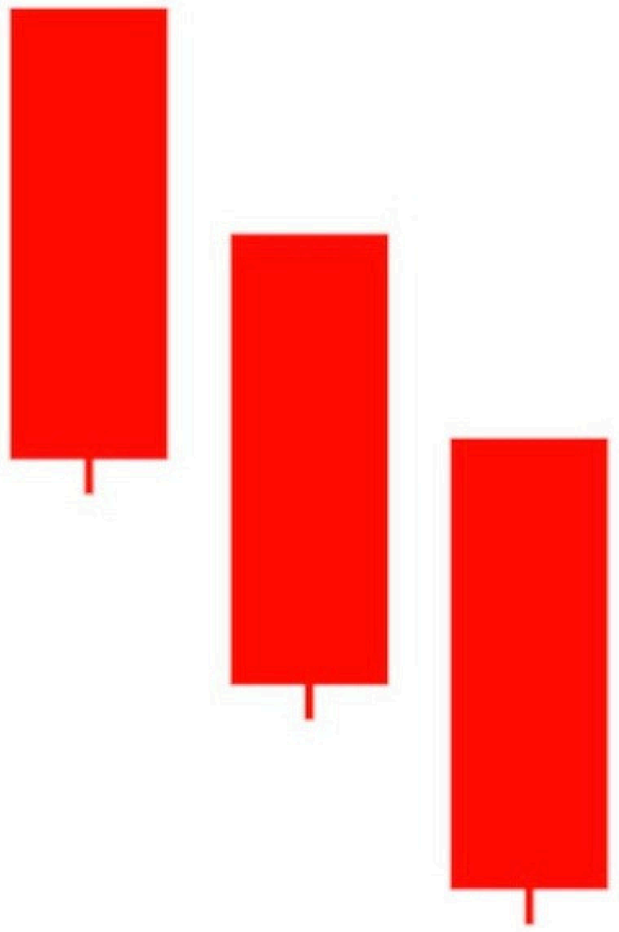


THREE WHITE SOLDIERS

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- A sequence of green candles with higher closes.
- The open of each candle is within the body of the previous one.
- Confirmation of the pattern/entry trigger for a buy is when the next candle breaks the high of the last candle.

ILLUSTRATIVE CONTEXT: THREE WHITE SOLDIERS

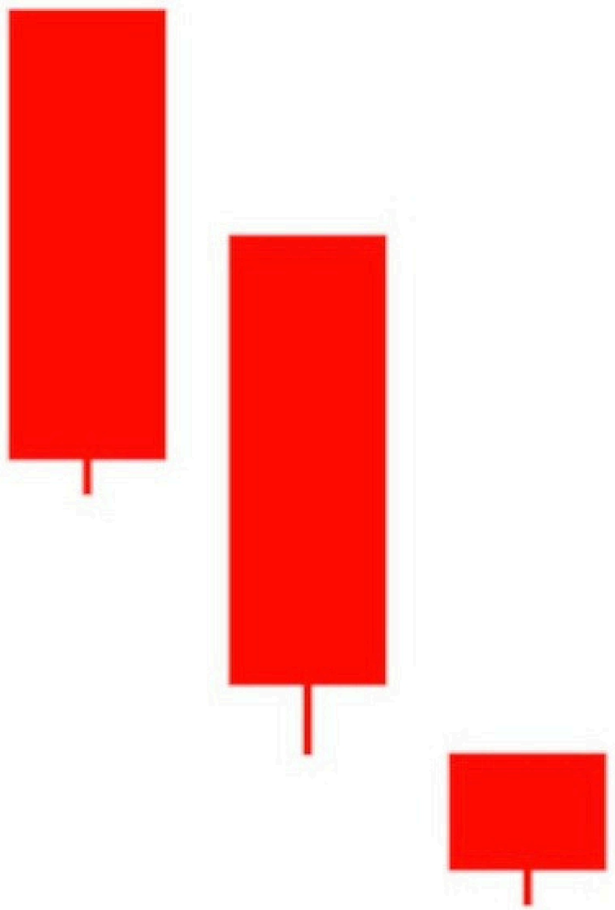




THREE BLACK CROWS

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- A sequence of red candles with lower closes.
- The open of each candle is within the body of the previous one.
- Confirmation of the pattern/entry trigger for the sell is when the third candle has its low broken.

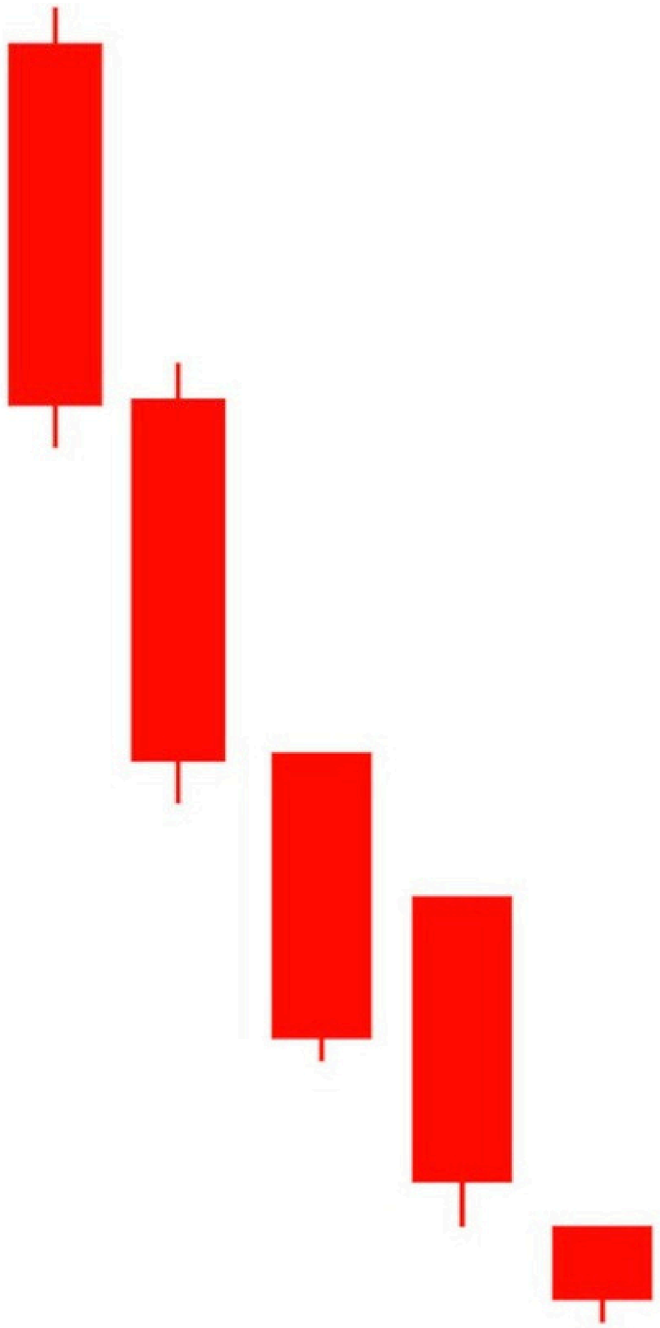
ILLUSTRATIVE CONTEXT: THREE BLACK CROWS

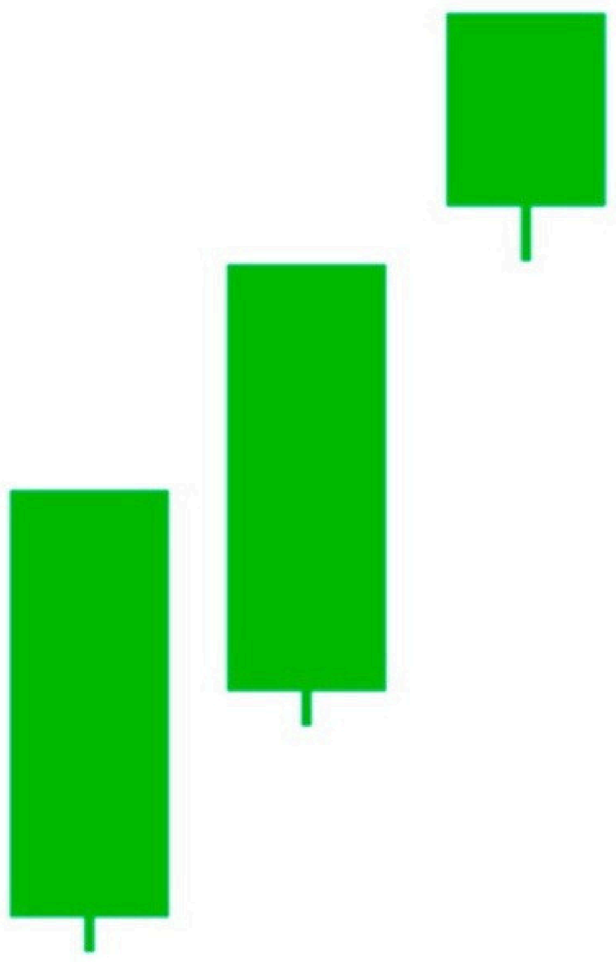


BULLISH DELIBERATION

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- Two long red candles followed by a small candle with a gap relative to the previous candle's body.
- Confirmation of the pattern/entry trigger for buying is when the third candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH DELIBERATION

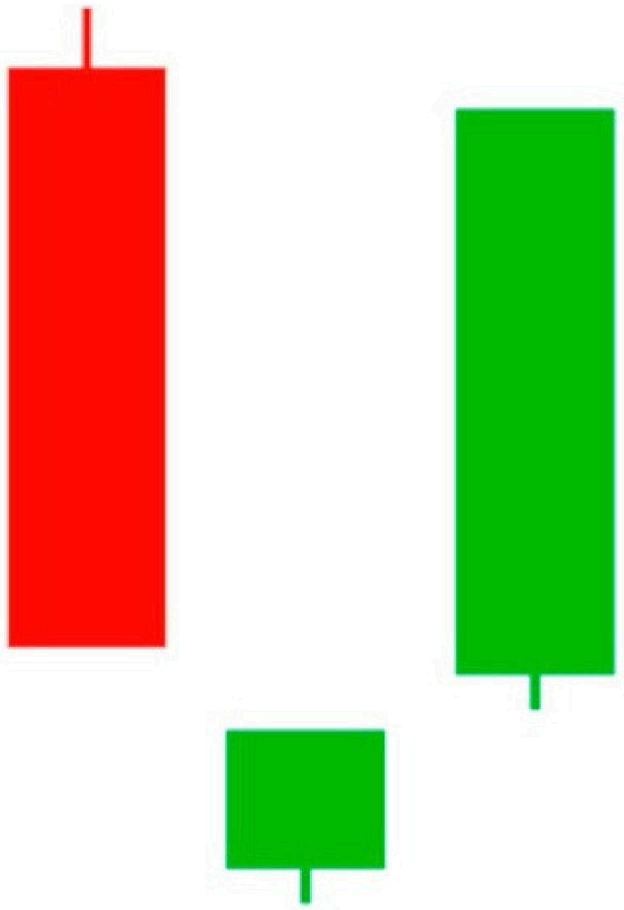




BEARISH DELIBERATION

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- Two long green candles followed by a small candle with a gap relative to the body of the previous one.
- The pattern confirmation/entry trigger for selling is when the third candle has its low broken.

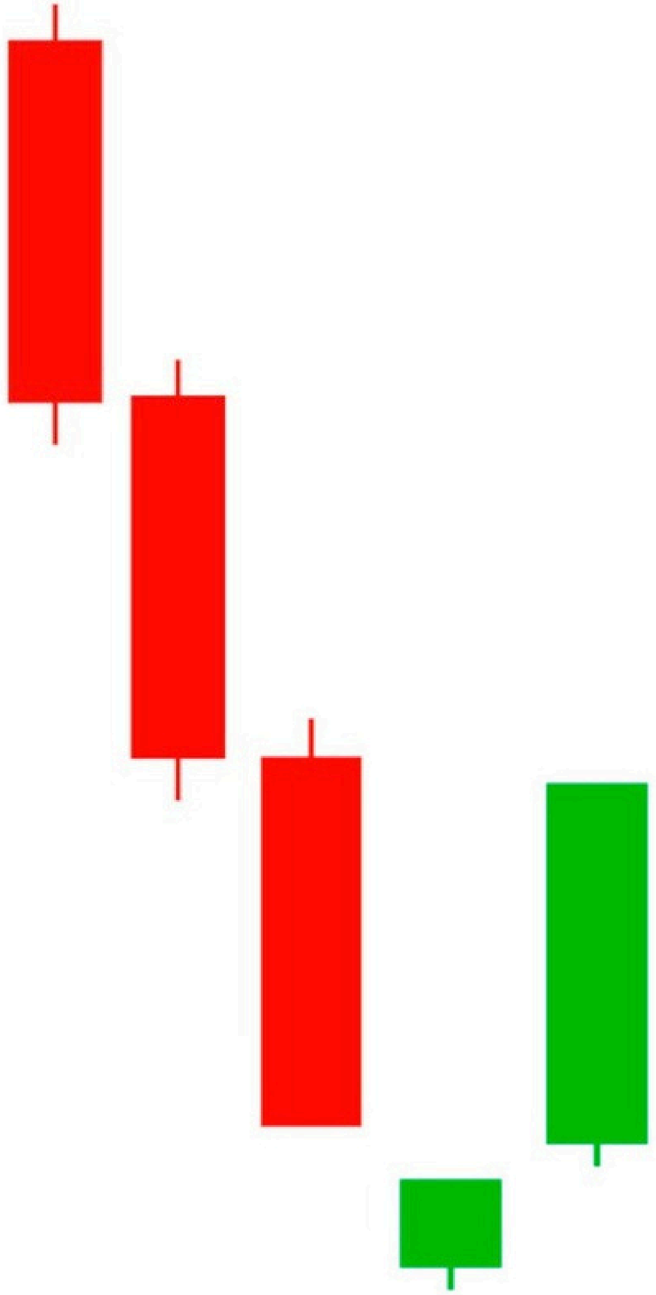
ILLUSTRATIVE CONTEXT: BEARISH DELIBERATION

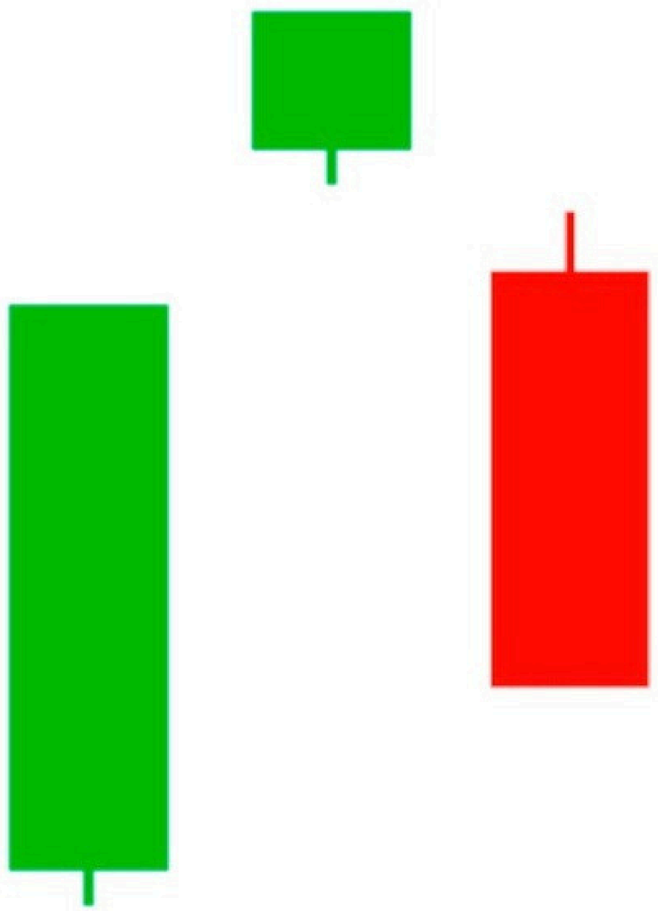


MORNING STAR

- ***Reversal***
- Context: Appears in a downtrend, indicating a bullish reversal.
- A small candle with a gap in relation to the previous one (red) and the following one (green).
- The color of the middle candle does not matter; in the figure beside it, it is green, but it could be red.
- Confirmation of the pattern/entry trigger for buying is when the third candle has its high broken.

ILLUSTRATIVE CONTEXT: MORNING STAR

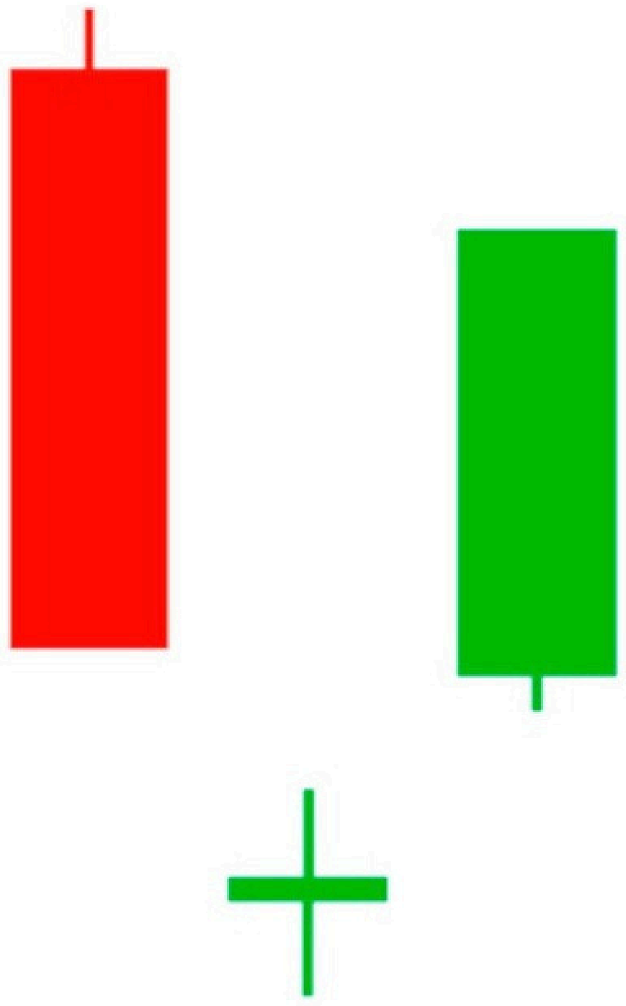




EVENING STAR

- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- A small candle with a gap in relation to the previous one (green) and the following one (red).
- The color of the middle candle does not matter; in the figure beside it, it is green, but it could be red.
- The pattern confirmation/entry trigger for selling is when the third candle has its low broken.

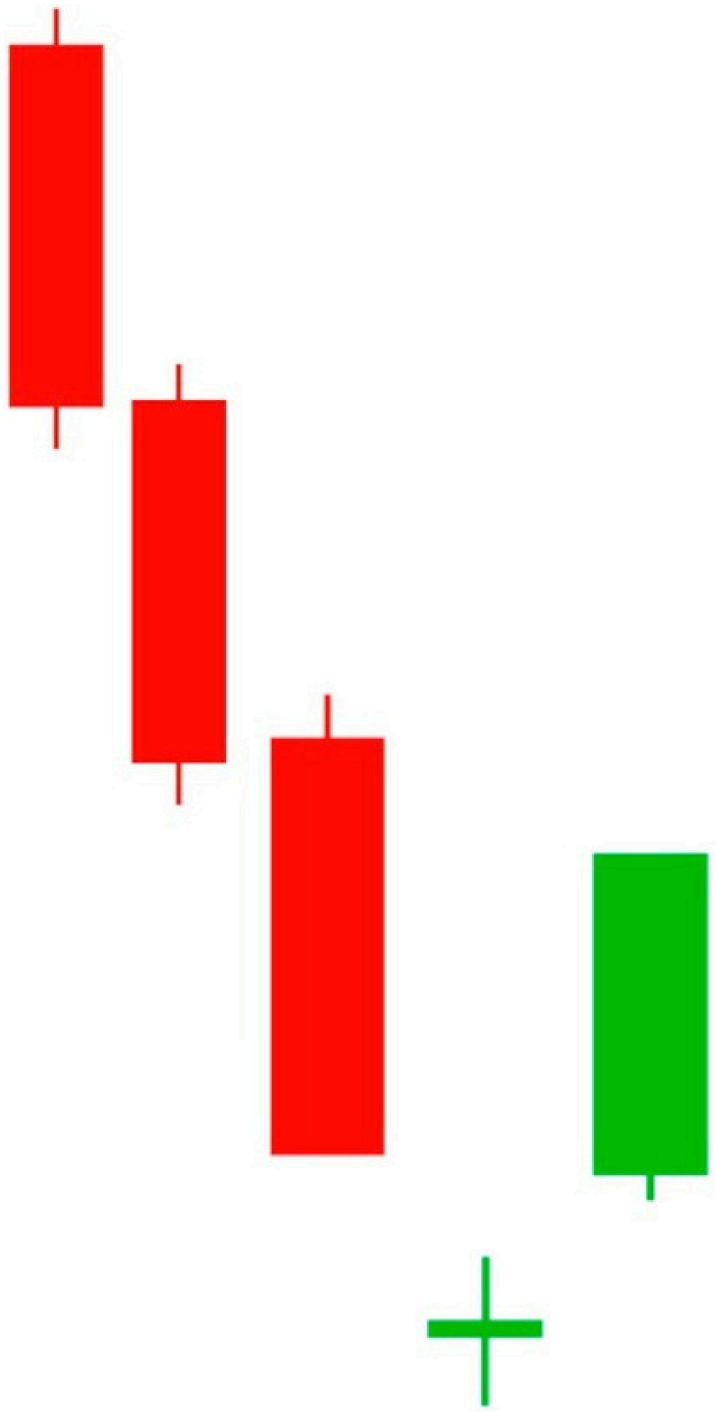
ILLUSTRATIVE CONTEXT: EVENING STAR

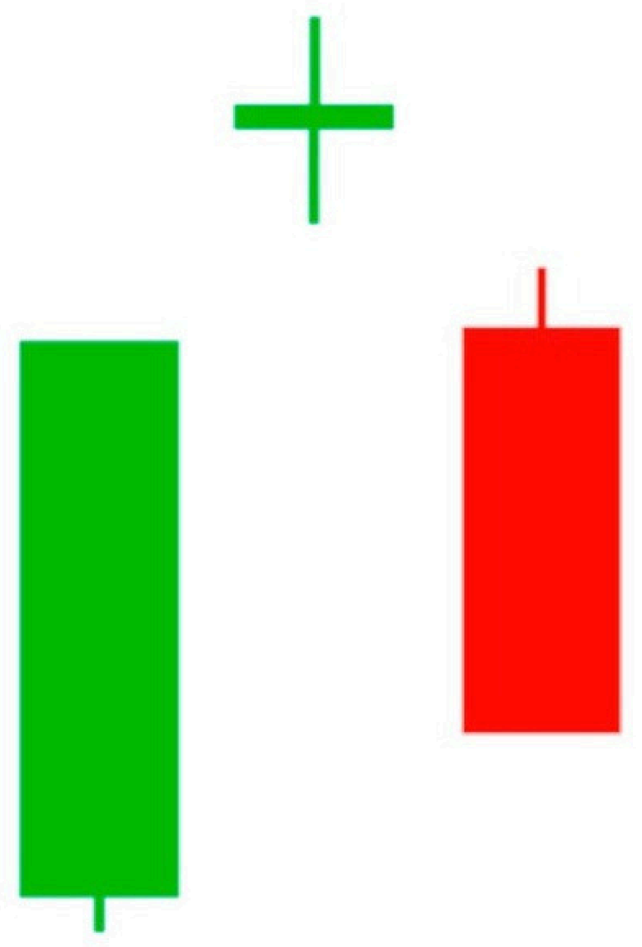


ABANDONED BABY BOTTOM

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- A Doji in a gap relative to the previous candle (red) and the following one (green).
- The pattern confirmation/entry trigger for a buy is when the high of the third candle is broken.

ILLUSTRATIVE CONTEXT: ABANDONED BABY BOTTOM

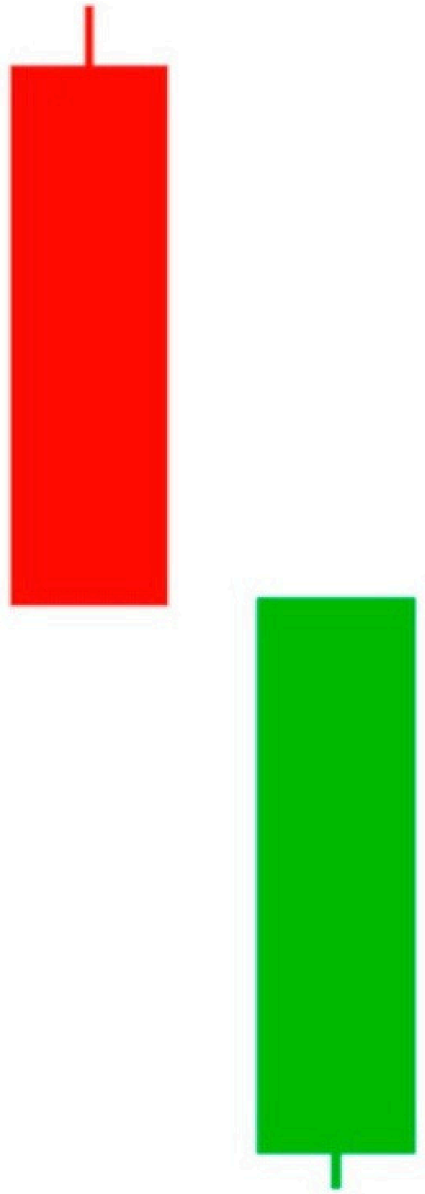




ABANDONED BABY TOP

- ***Reversal***
- Context: Appears in an uptrend, indicating a bearish reversal.
- A Doji with a gap in relation to the previous candle (green) and the following one (red).
- The pattern confirmation/entry trigger for selling is when the third candle has its low broken.

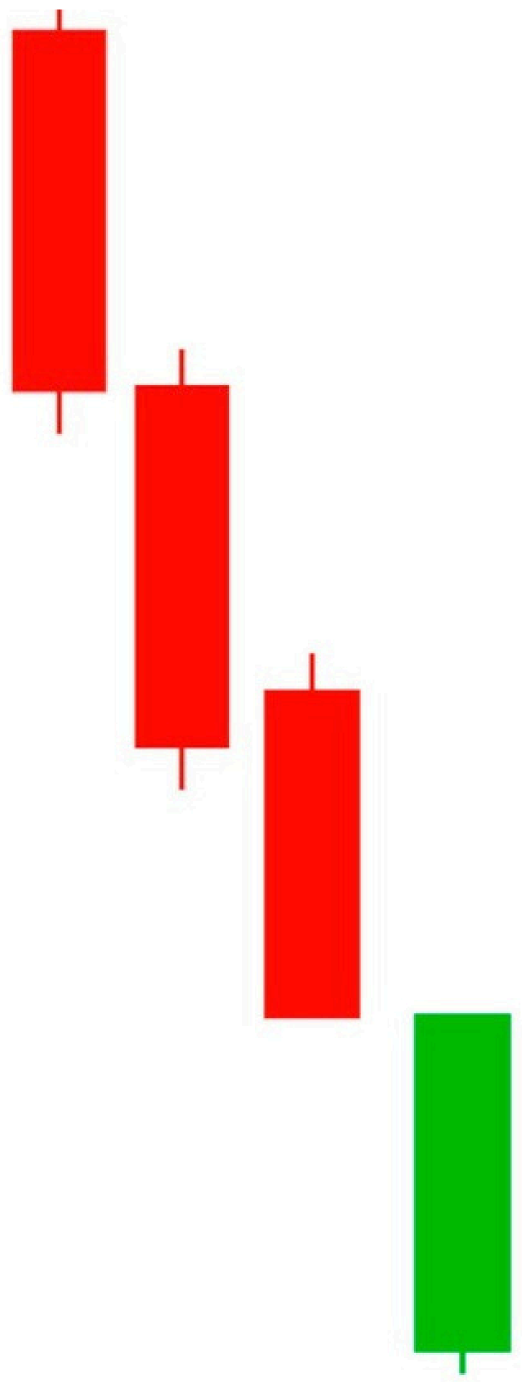
ILLUSTRATIVE CONTEXT: ABANDONED BABY TOP

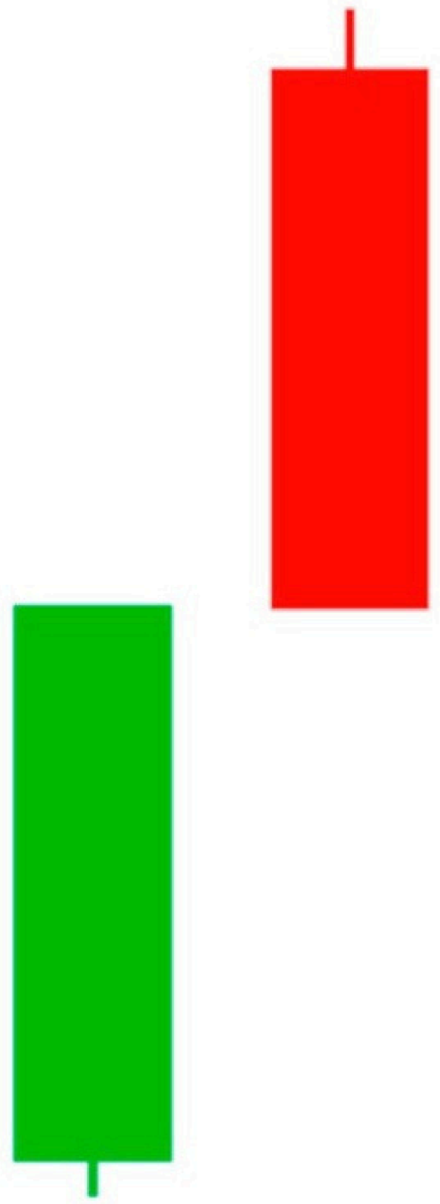


BULLISH MEETING LINES

- ***Reversal***
- Context: Appears in a downtrend, indicating a reversal to the upside.
- Two candles of opposite colors closing at the same point.
- The first candle is red and the second is green.
- The pattern confirmation/entry trigger for buying is when the second candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH MEETING LINES

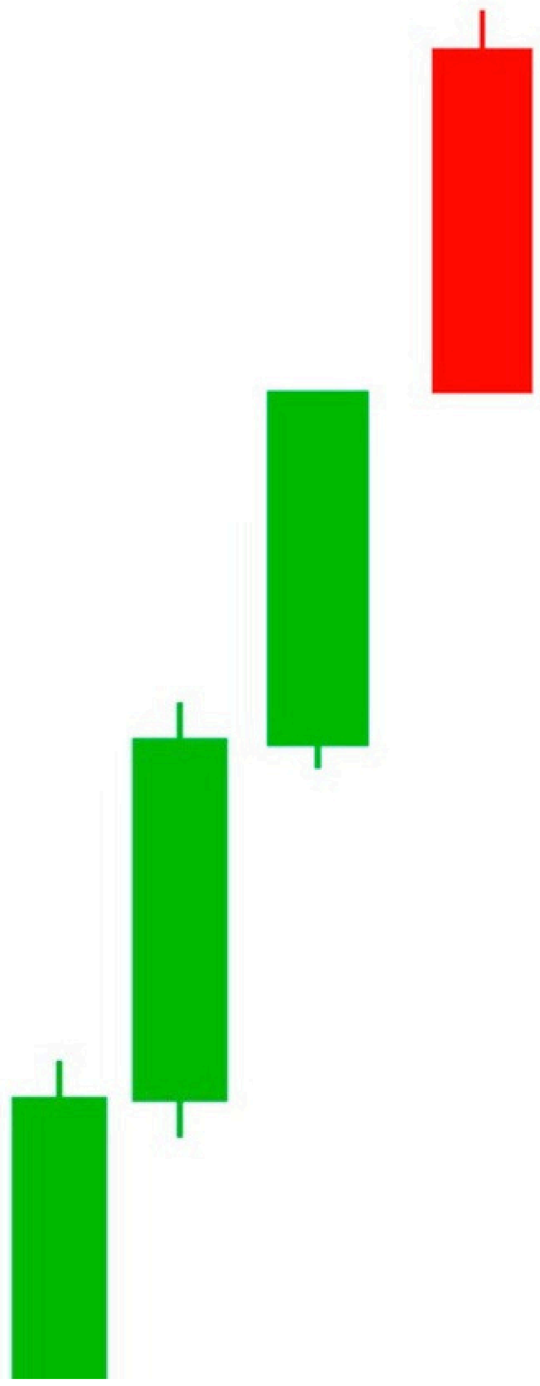




BEARISH MEETING LINES

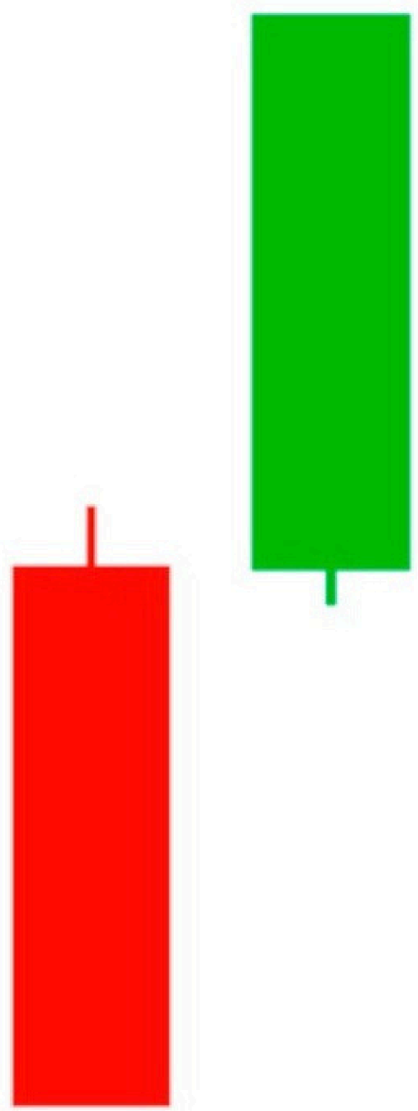
- ***Reversal***
- Context: Appears in an uptrend, indicating a reversal to the downside.
- Two candles of opposite colors closing at the same point.
- The first candle is green and the second is red.
- The pattern confirmation/entry trigger for selling is when the second candle has its low broken.

ILLUSTRATIVE CONTEXT: BEARISH MEETING LINES



CONTINUATION PATTERNS

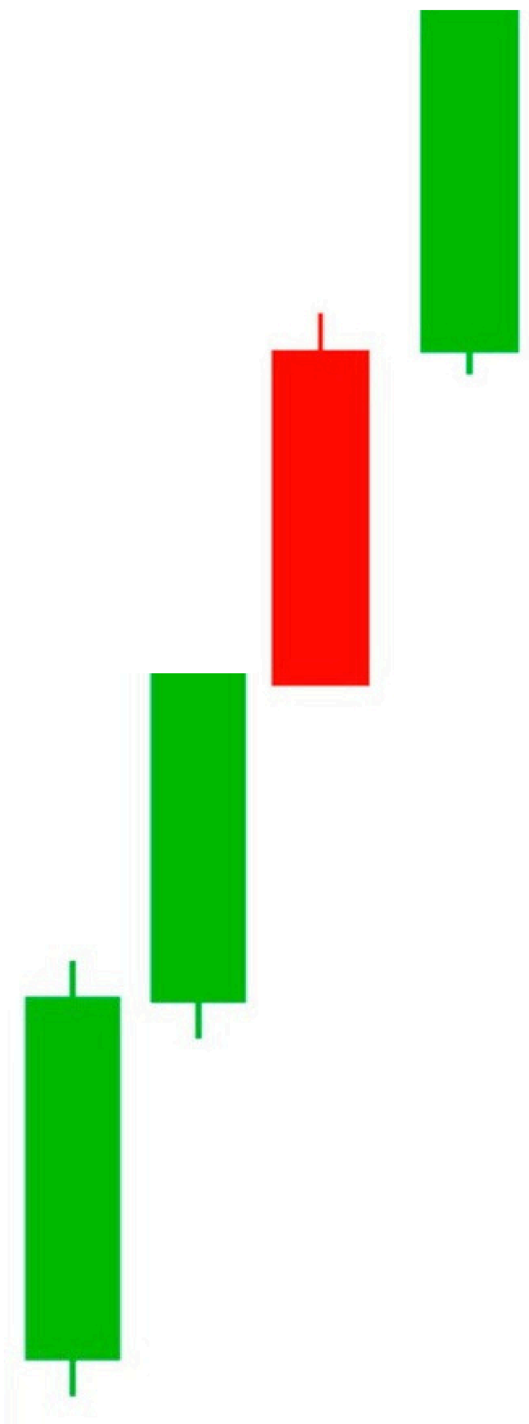
All the following patterns are continuation patterns, meaning they point to the continuation of the current trend.

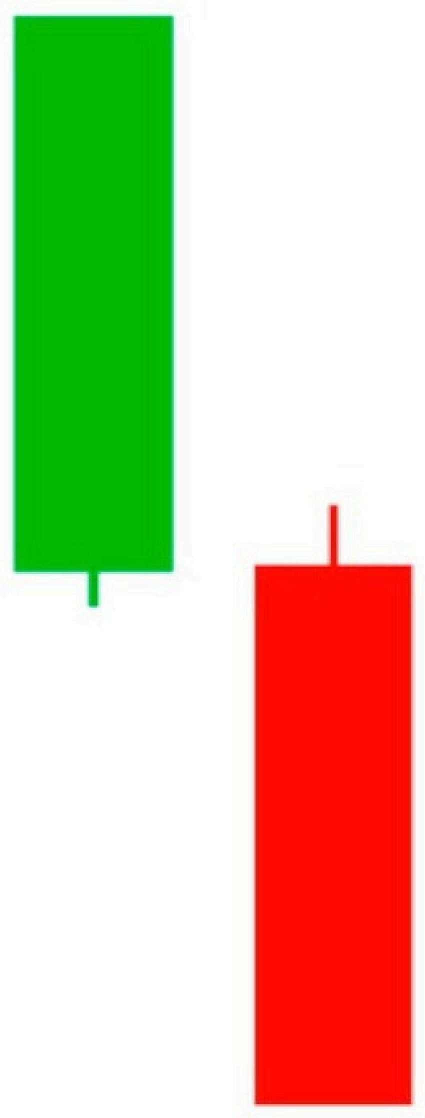


BULLISH SEPARATING LINE

- ***Continuation***
- Context: Appears in an uptrend, indicating the continuation of this trend.
- Two long candles of opposite colors with the opening at the same point.
- The first candle is red, the second is green.
- Confirmation of the pattern/entry trigger for buying is when the second candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH SEPARATING LINE

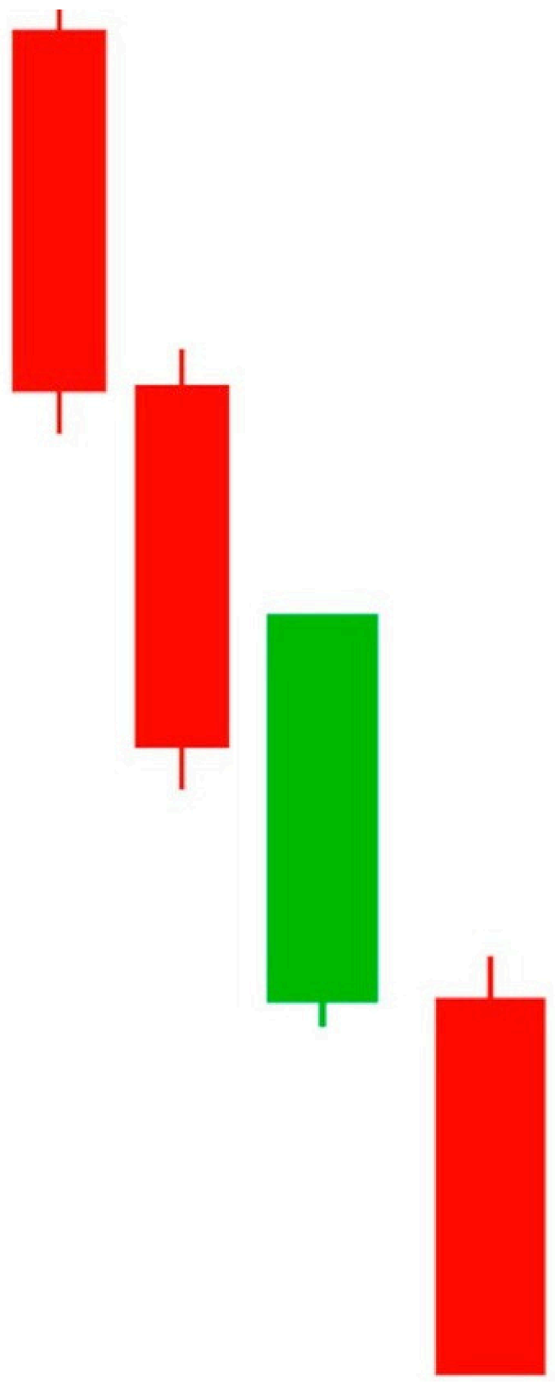


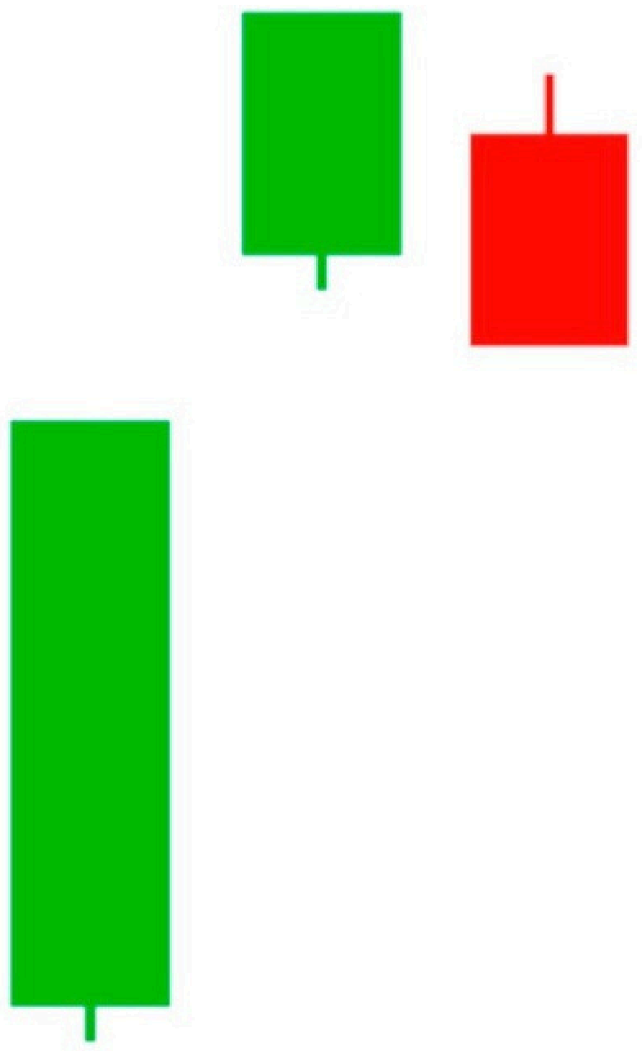


BEARISH SEPARATING LINE

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- Two long candles of opposite colors with the open at the same point.
- The first candle is green and the second is red.
- Confirmation of the pattern/entry trigger for selling is when the second candle has its low broken.

ILLUSTRATIVE CONTEXT: BEARISH SEPARATING LINE

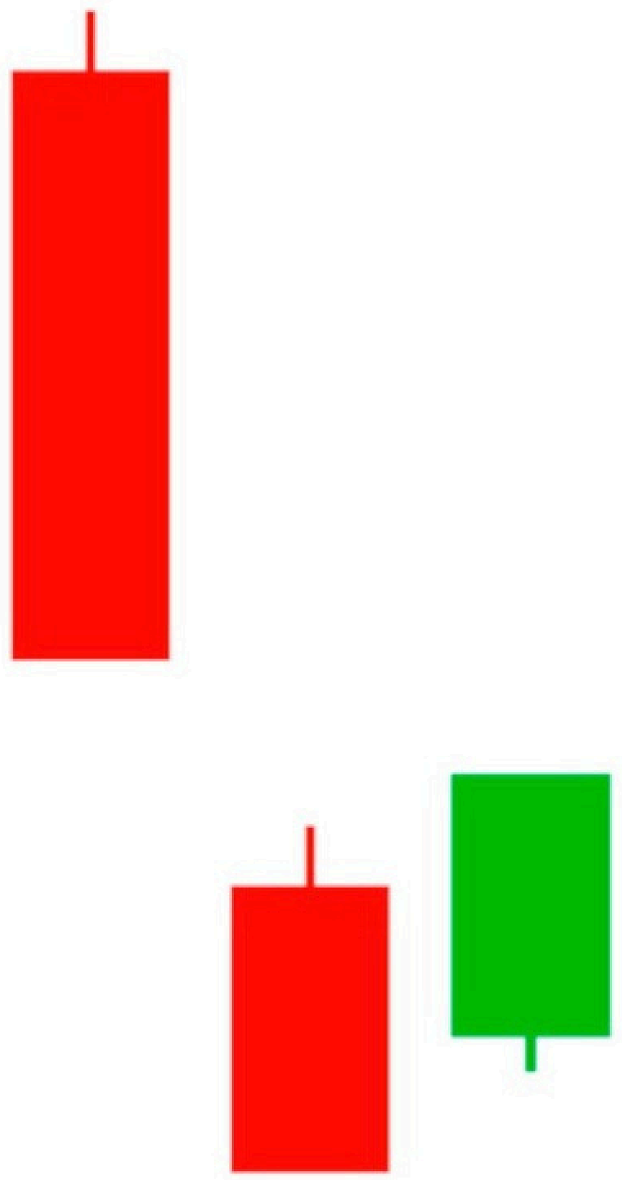




UPSIDE TASUKI GAP

- ***Continuation***
- Context: Appears in an uptrend, indicating continuation of this trend.
- A green candle in an upward gap coming from another green candle.
- The third candle is red, opens within the body of the previous one, and closes below it, but does not close the gap.
- Confirmation of the pattern/entry trigger for buying is when the third candle has its high broken.

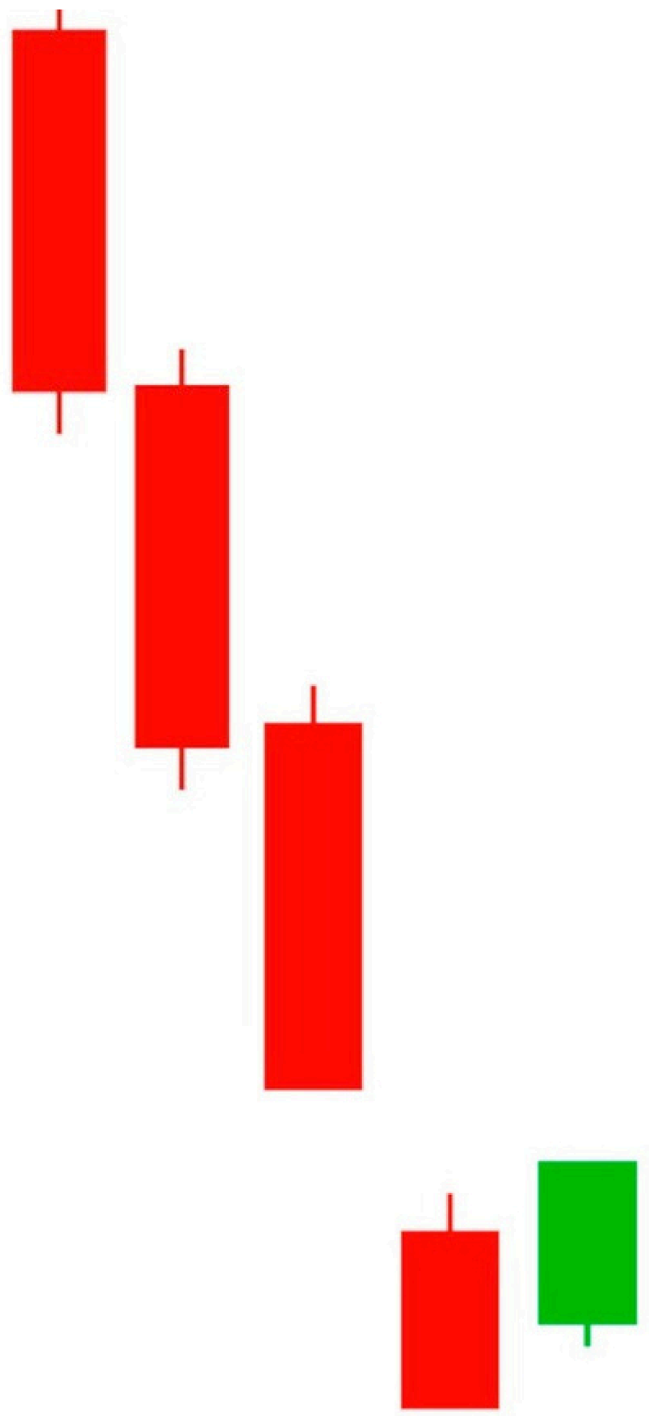
ILLUSTRATIVE CONTEXT: UPSIDE TASUKI GAP

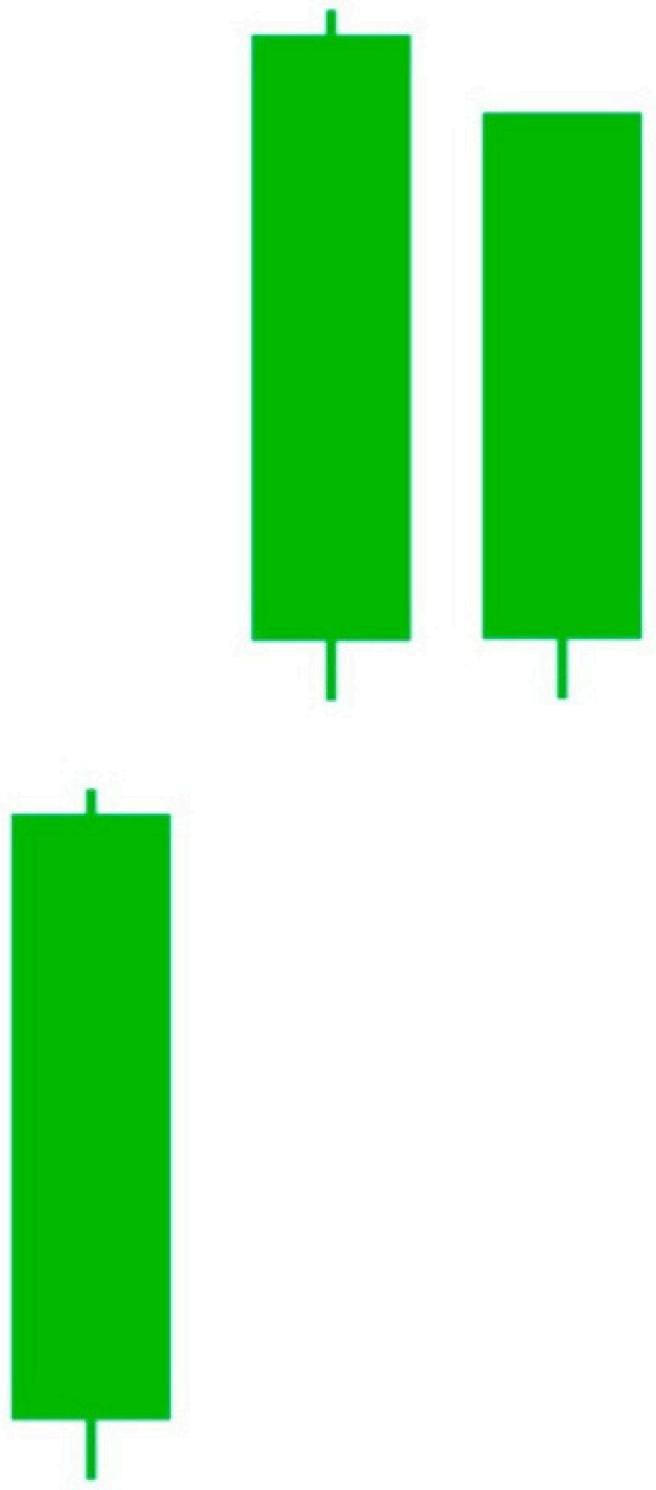


DOWNSIDE TASUKI GAP

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- A red candle in a downside gap coming from another red candle.
- The third candle is green, opens within the body of the previous one and closes above it, but does not close the gap.
- Confirmation of the pattern/entry trigger for selling is when the third candle has its low broken.

ILLUSTRATIVE CONTEXT: DOWNSIDE TASUKI GAP

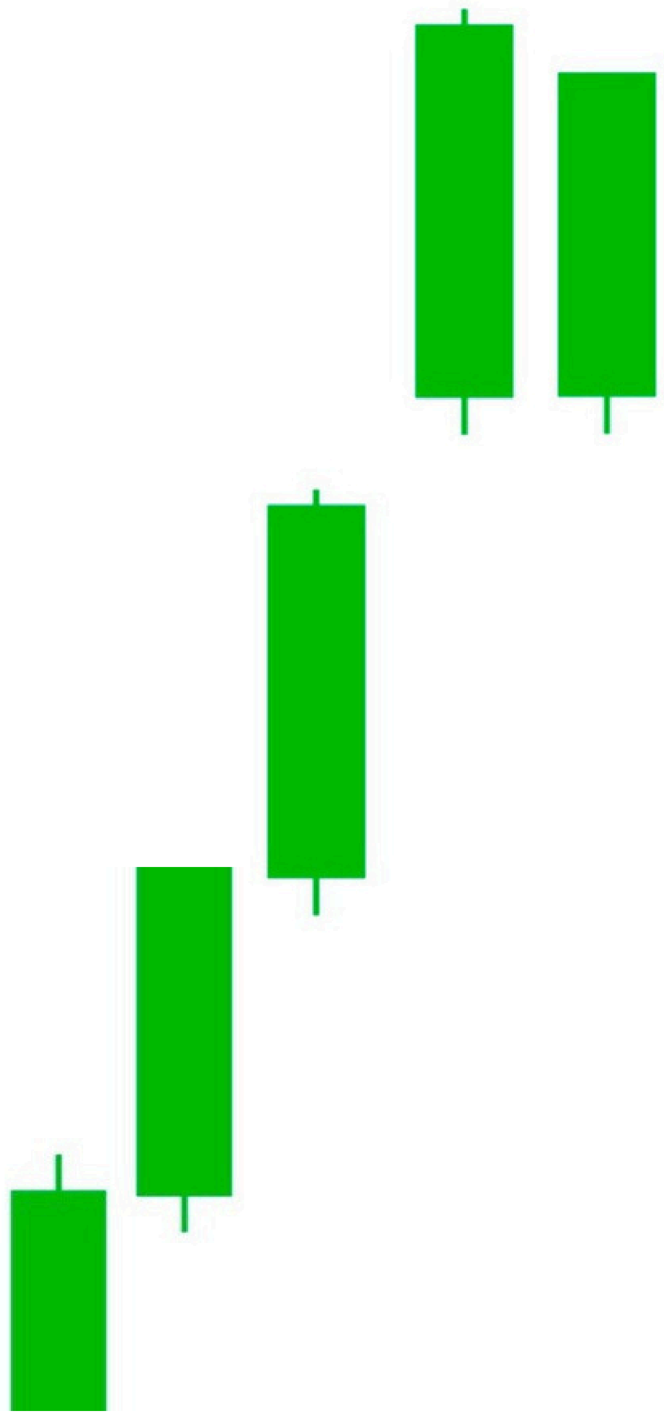


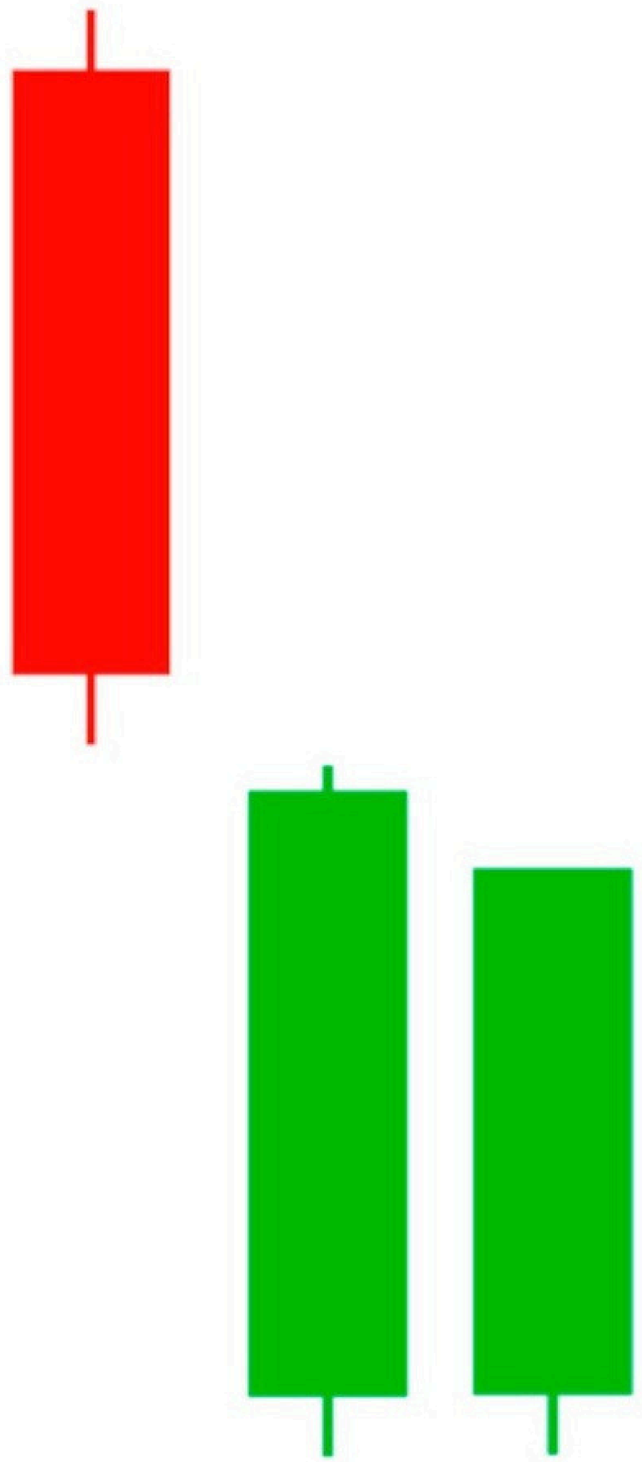


BULLISH SIDE BY SIDE WHITE LINES

- ***Continuation***
- Context: Appears in an uptrend, indicating continuation of this trend.
- A long green candle followed by another green candle with an upward gap; the third candle is also green and opens at the same point as the previous one.
- The gap is not closed.
- Confirmation of the pattern/entry trigger for a buy is when the third candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH SIDE BY SIDE WHITE LINES

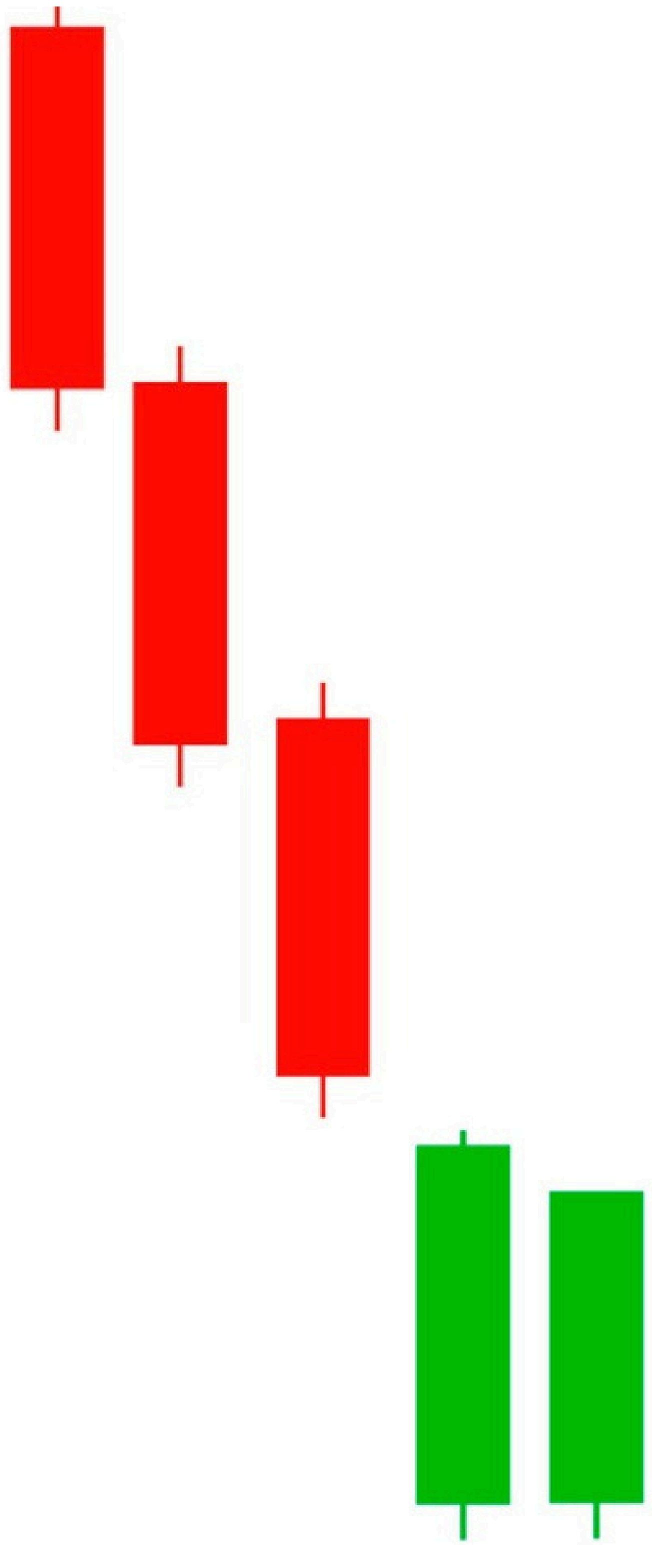


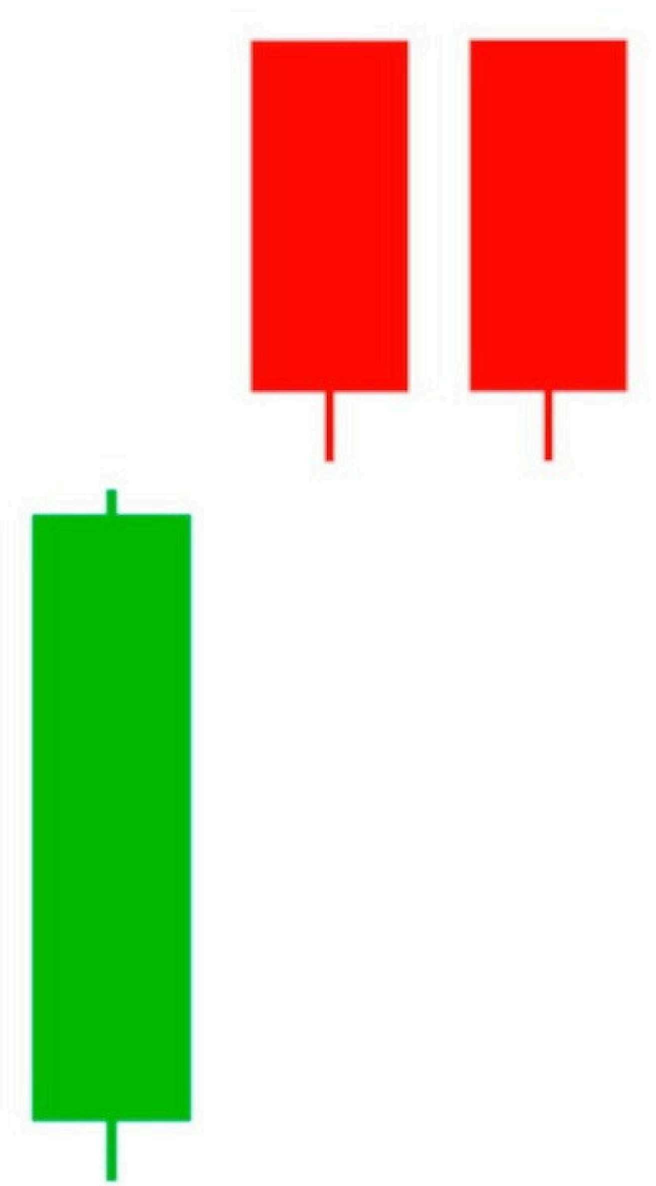


BEARISH SIDE BY SIDE WHITE LINES

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- A long red candle followed by a green candle with a downward gap; the third candle is green and opens at the same point as the previous one.
- Gap is not closed.
- Confirmation of the pattern/entry trigger for selling is when the third candle has its low broken.

ILLUSTRATIVE CONTEXT: BEARISH SIDE BY SIDE WHITE LINES

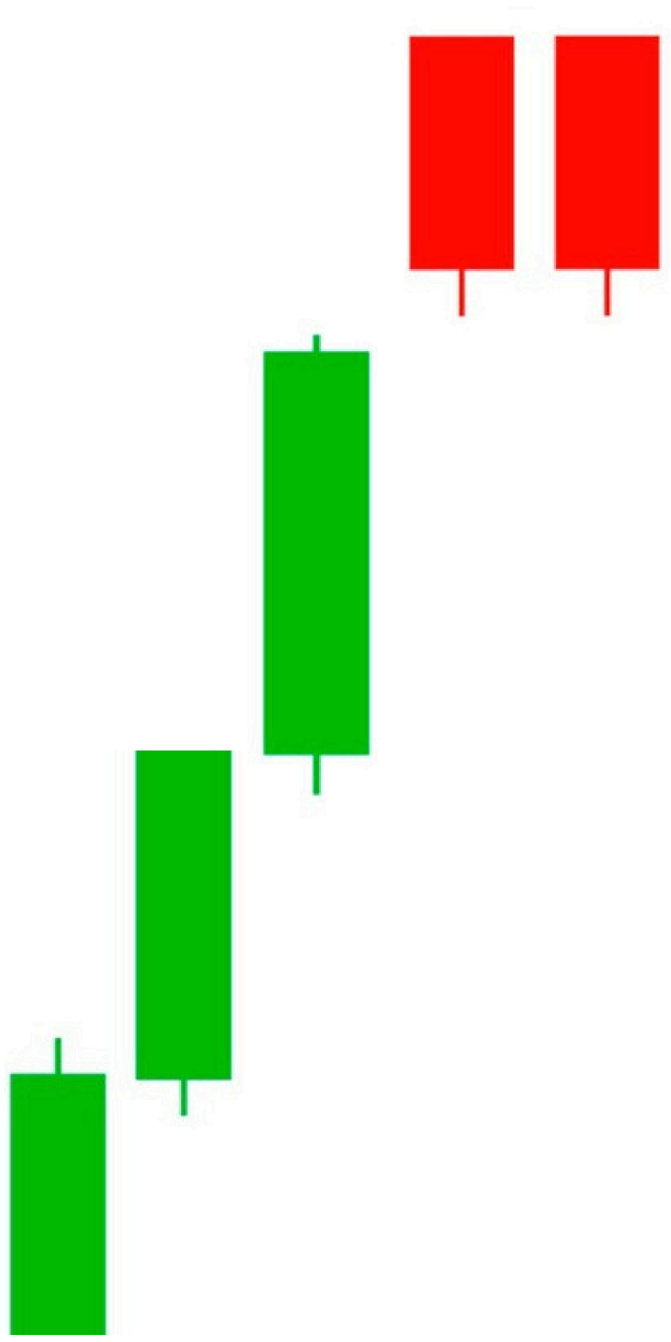


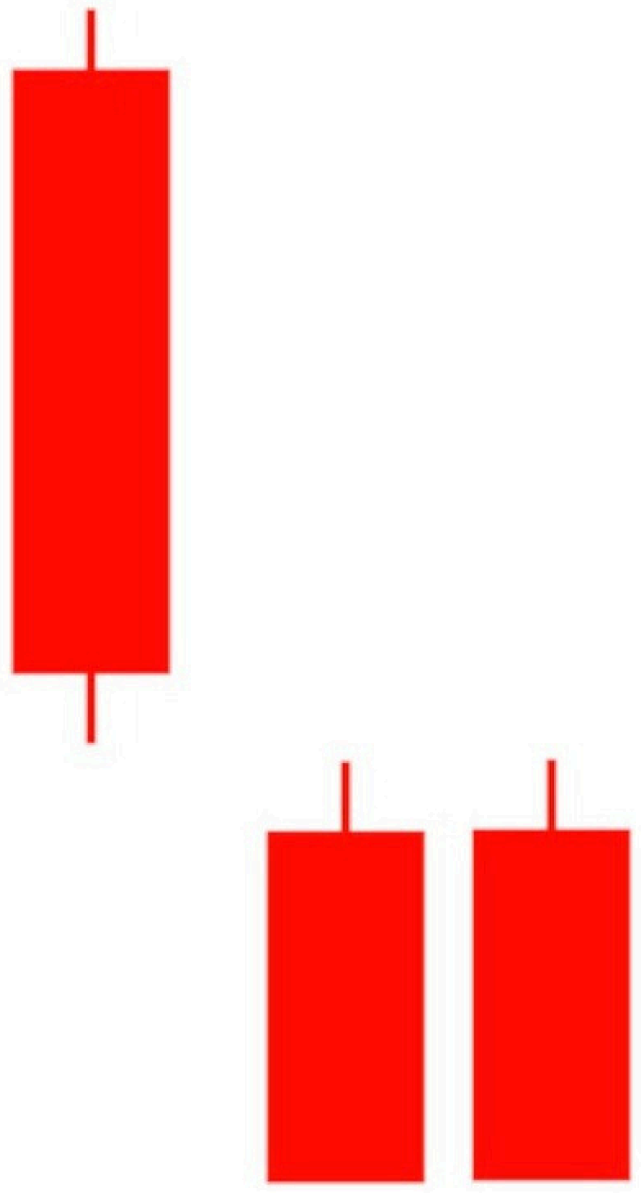


BULLISH SIDE BY SIDE BLACK LINES

- ***Continuation***
- Context: Appears in an uptrend, indicating continuation of this trend.
- A long green candle followed by a red candle with an upward gap; the third candle is also red and opens at the same point as the previous one, not closing the gap.
- The pattern confirmation/entry trigger for buying is when the third candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH SIDE BY SIDE BLACK LINES

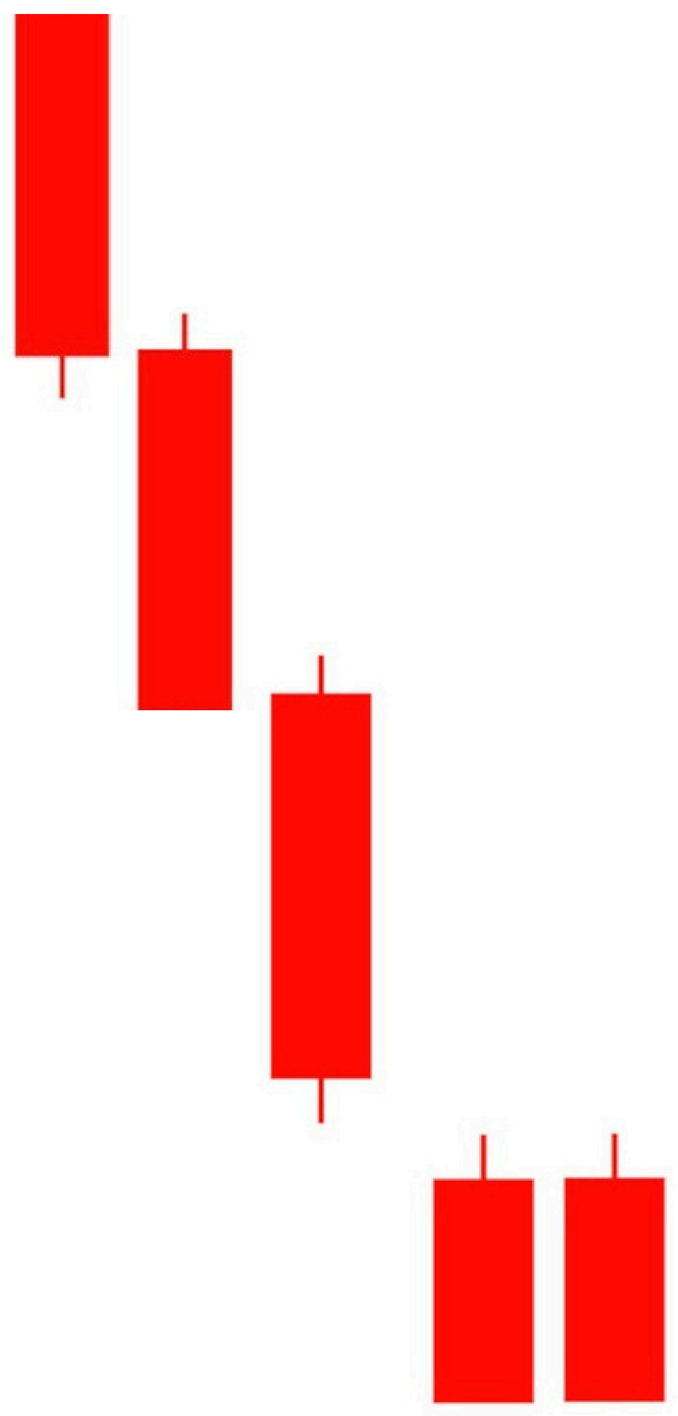




BEARISH SIDE BY SIDE BLACK LINES

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- A long red candle followed by another red candle with a downward gap; the third candle is also red and opens at the same point as the previous one, and does not close the gap.
- The pattern confirmation/entry trigger for selling is when the third candle has its low broken.

ILLUSTRATIVE CONTEXT: BEARISH SIDE BY SIDE BLACK LINES



BULLISH MAT HOLD

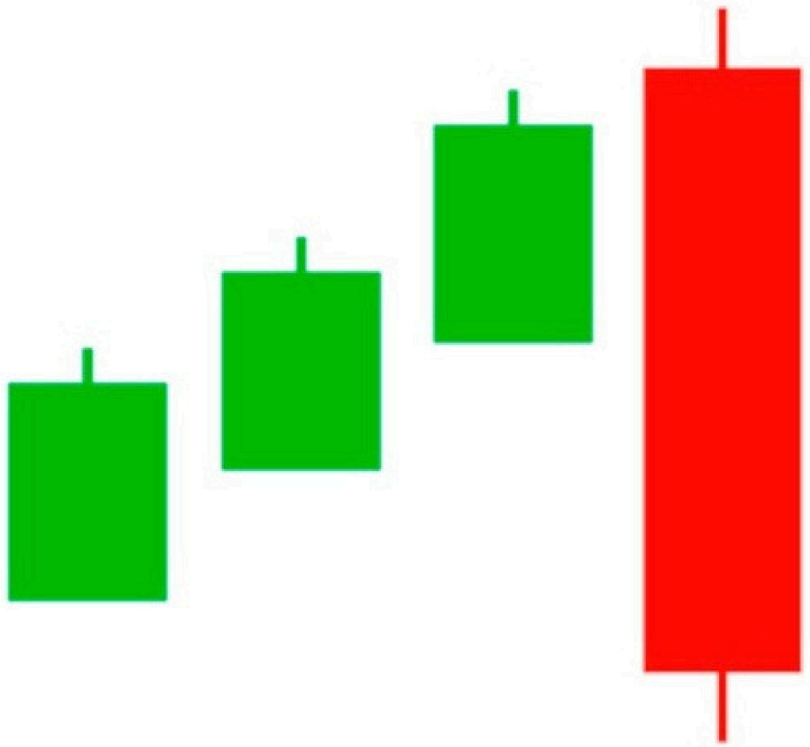
- ***Continuation***
- Context: Appears in an uptrend, indicating continuation of this trend.
- A long green candle followed by a red candle with an upward gap. The third candle's color does not matter; in the example it is red, but it could be green. It closes the gap. The fourth candle is red, the fifth is green and long.
- Confirmation of the pattern/entry trigger for buying is when the last candle has its high broken.

ILLUSTRATIVE CONTEXT: BULLISH MAT HOLD

BEARISH MAT HOLD

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- A long red candle followed by three candles with higher highs and higher lows. Another long red candle opens below the previous close and closes at new lows. The color of the third candle is the only one that does not matter.
- The pattern confirmation/entry trigger for selling is when the low of the last candle is broken.

ILLUSTRATIVE CONTEXT: BEARISH MAT HOLD



BULLISH THREE-LINE STRIKE

- ***Continuation***
- Context: Appears in an uptrend, indicating continuation of this trend.
- Three green candles with higher highs and higher lows. A long red candle opens at new highs but closes below the first candle.
- The pattern confirmation/entry trigger for buying is as soon as the last candle closes; there is no need to wait for a breakout.

ILLUSTRATIVE CONTEXT: BULLISH THREE-LINE STRIKE

BEARISH THREE-LINE STRIKE

- ***Continuation***
- Context: Appears in a downtrend, indicating continuation of this trend.
- Three red candles with lower highs and lower lows. A long green candle opens at new lows but closes above the first candle.
- The pattern confirmation/entry trigger for selling occurs when the last candle closes.

ILLUSTRATIVE CONTEXT: BEARISH THREE-LINE STRIKE

FINAL CONSIDERATIONS

Candlestick patterns always depend on context. It makes no sense to see a hammer in the middle of an uptrend if the hammer is a bullish reversal pattern. It is important to wait for confirmation. In practice, a hammer can only truly be considered a hammer when its high is broken, so the name of the game is patience.

Count on me in your journey through the world of trading. You can find me on YouTube on the channel "Thon Trader PRO". If you want to contact me and ask any questions, even if they are not related to candlestick patterns, just send an email to: