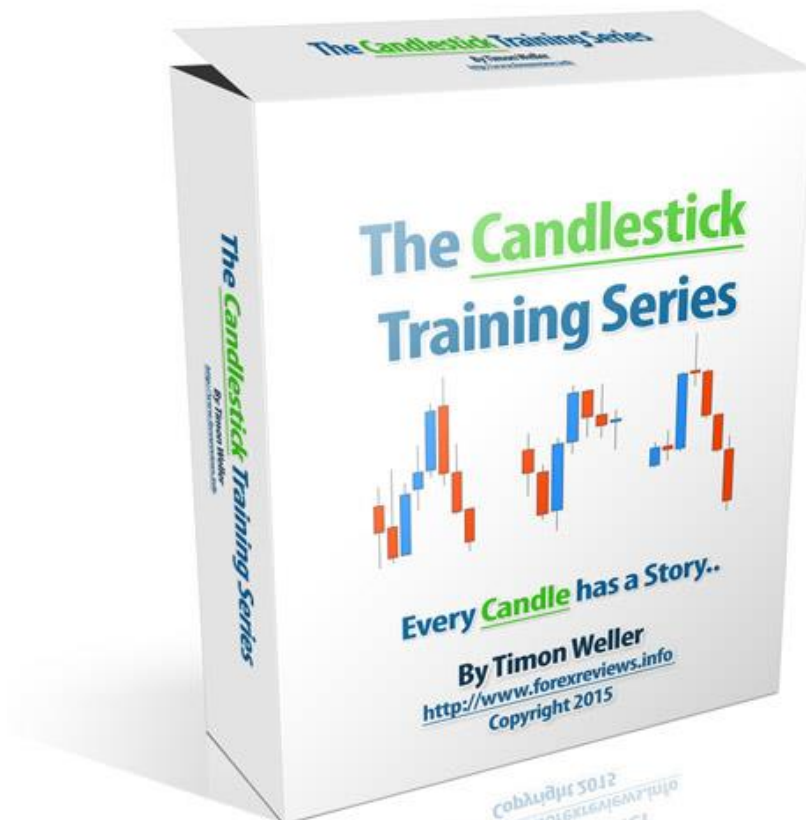


The Candlestick Training Series

By Timon Weller
<http://www.forexreviews.info>



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Introduction To The Candlestick Training Series

Welcome to the Candlestick Training Series, a guide to understanding Candles and how to use Candles in your trading. Firstly, for those not aware, my name is Timon Weller, Teacher of Price Action Trading and also a trader myself.

I have been Teaching Trading for many years and also writer behind the blog - [Forex Reviews](#). Not to mention that I am also the creator of other trading series such as the Popular [The Engulfing Trader](#) and [The 5 Day Trend Training Series](#).

In this training I turn my focus to Candles as this is a common question by many traders, what does this Candle mean what does that Candle mean and so on?

This Series answers that by breaking down Candles and the sentiment they represent, to me Candles are so much more than just generic meanings, they are a representation of Price Action at the core of every price chart and it is crucial for all traders to have an understanding of what really they represent.

In this series I simplify that process by breaking down meanings and more so focusing on two core aspects and that is who is in control and how to read indecision points at certain high probability zones.

By doing this process we eliminate the false concept which is perceived by many Candlestick Teachers or Traders that every candle needs to fit into a certain criteria. This is just simply not true and has many traders learning Candlesticks to believe that without seeing the perfect Candlestick that they cannot trade.

Instead I break it down into three main driving forces of the market shown by the candles and what they represent to us as a trader.

First one being who has control more so than the other, whether bulls or bears and asking yourself this question in each and every candle.

Second one being that we focus on that control up to an indecision point that aligns with Major Structure or Trend Major Structure.

And third and most important premise asking that question when at an indecision point that do we have a decision on the candles by a break below or break above?

Now, I urge all traders to learn this process in detail as it is the fundamental key to all trading when looking at Candles.

What are the Candles saying?

Are we at a Indecision point in Trend or Major Structure?

Are the Candles suggesting a change in Transition?

And, what is the potential profit?

All important questions as a trader and one that defines success to many traders that approach this subject as well.

Good luck and good trading..

Regards,

Timon

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How Candles Get Their Name?

First aspect I would like to address before showing examples of the many types of Candlesticks is to define why and how Candles get their name. This is important and demonstrates the importance also of why one should not see candles as having to fit into an exact criteria.

Candles themselves have characteristics because they look a certain way and each characteristic leads to a potential future outcome. Like I refer to as well, that every candle has a story, this is true in all candles. Defining whether bulls have control or whether the bears have control or vice versa. This leads me to the point that traders need to be careful not to put generic value like a robot would to these Candles as each story represented in the Candles and in the moves of the market (transitions) are driven by humans. This also relates to why no robot driven script can trade like a professional trader or simply put, a robot cannot read the market and story like a human brain can.

So with that being said, this brings us back to why Candles get their name?

Well, they get their name from what they look like, a Pin bar looking like a pin bar just like a shooting star candle looks like a shooting star and also called a bearish pin bar. Each name represents its look as a candle and because of this every trader can have slight variations of what defines each Candle to fit into this division of definition.

These names then help identify a part of the story on the chart to a trader and thus helping to read the chart better or in other words read the story of the market better.

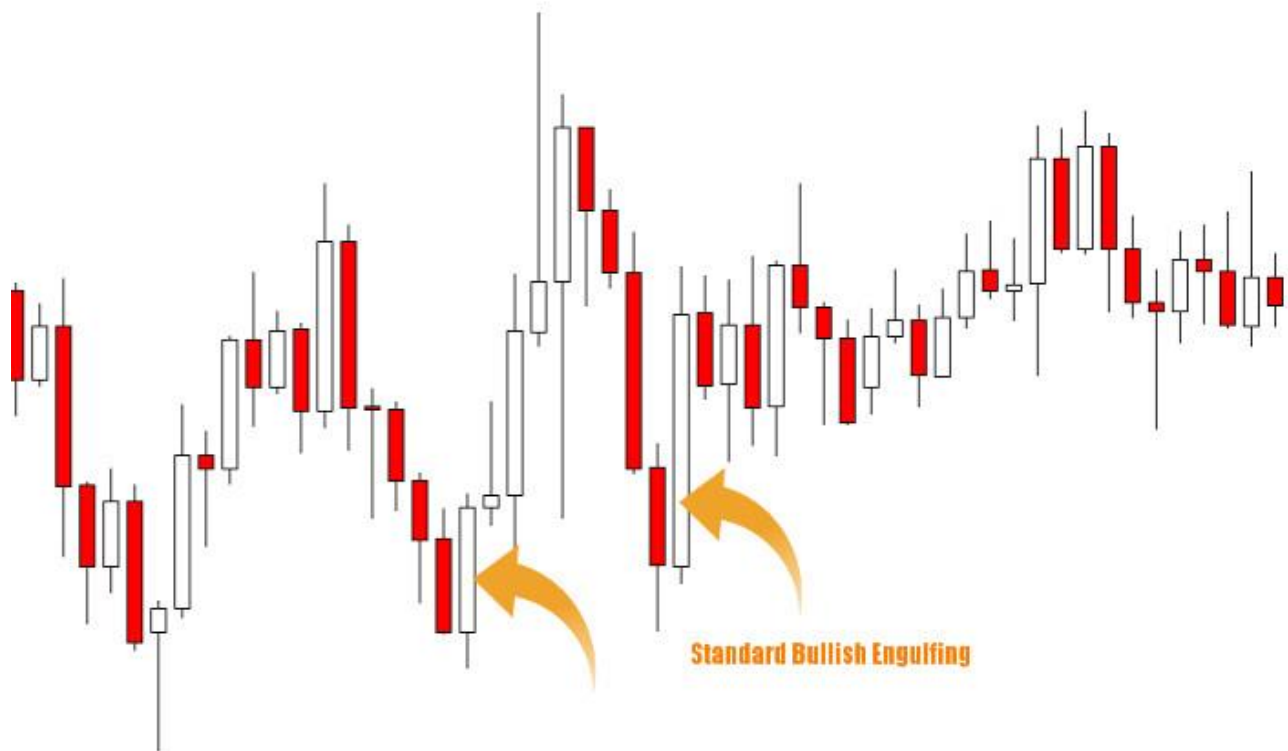
However, whatever name a trader gives on definition to a particular Candle does not change the story in anyway of what the Candle represents on the Chart.

Overall a Candle can best be defined as a way of reading sentiment and sentiment shifts making it one of the greatest tools on the Forex Chart.

The CandleStick Guide

In this part of the guide I go over the basic meanings of common Candles including the most important candles which are gone over in the training in Video Part 2.

Bullish Engulfing



Bullish Engulfing Highlighted Above on Chart, bearing in mind that there are two main types of Bullish Engulfing Candles, one that Engulfs previous candle body at a low and the other type that engulfs most of previous candle body at low and high for bullish. Large engulfing's I have also referred to as a significant engulfing.

Bearish Engulfing



Bearish Engulfing Candle Highlighted above engulfing previous candle body. Baring in mind that there are two main types of bearish engulfing candles, one that engulfs previous candle like image above at high and the other type that engulfs most of previous candle body and low.

Bullish Pinbar



Above highlighting a bullish pinbar, also referred to as a hammer in some instances or a bullish rejection candle. They are depicted by strong rejection of the lower end of the candle causing a huge wick. To me, a pin bar is defined by there being more than double the wick than the body size on the candle.

Two examples above. Bullish pin bars at lows are bullish signals, however if appearing at a high can be referred to as a hanging man. If wondering why, well that is because it looks like a hanging man from a noose.

Bearish Pinbar



A example of a strong bearish pin bar above testing a high, a very bearish signal on a break below this type of candle. Depicted by sellers pushing the bulls lower on candle forcing a large wick and visually showing us traders rejection of higher prices. This type of candle has also been named shooting star, inverted hammer and bearish rejection candle.

Bullish Railroad



A example of a Bullish Railroad shown above, the reason for its name because it looks similar to a railroad line. This is a powerful reversal pattern seen at lows. To define a railroad it must appear at a low and be close to previous candle body size. A very common pattern, which has also had other names in the past but I prefer railroad over others.

Bearish Railroad



An example above of a Bearish Railroad Pattern above, a powerful reversal signal at a high such as resistance in the market. On a break below on pattern seen above the bears take control.

Doji / Spinning Top at Low



Above showing a example of a Doji / Spinning Top Candle at a low, these types of candles are neutral in the market and often appear before a transition. That transition can either be continuation or a change of power from bears to bulls like seen above. Both Doji and Spinning Top type candles I see as in the same category.

Doji / Spinning Top at High



Above showing a Doji / Spinning Top at a high in the market and showing a small transition to the downside after. The best way of describing a Doji type candles is it represents a close to neutral battle between buyers and sellers. To a trader this can be a clue of a transition is about to happen.

More Doji / Spinning Top Examples



Above showing some more examples of Doji like candles, one attribute being that they are usually very small in size showing that who has previously had control in the market is most likely running out of steam. Decision from a Doji is defined by what happens next on a Doji or Spinning Top.

Full Body Candle



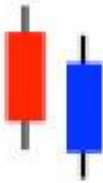
Above showing an examples of a full body candle, sometimes referred to as White Marubozu for bullish and Black Marubozu for bearish. In above example white being bullish and red being bearish candle examples. These candles are defined by no wicks and therefore only a full body.

Other Rare Candle Patterns

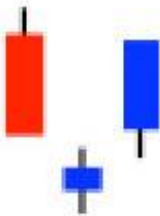
These types of Candle Patterns do not appear often on the Forex Chart so are of less value learning as a trader. In some instances some of these patterns only appearing once a year or even less.

Because of that reason I wanted to separate them as patterns in this candle guide.

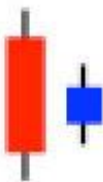
Bullish



Piercing Pattern: A Piercing Pattern is a rare bullish pattern that forms at a low in the market and is depicted by second bullish candle closing lower and piercing low. In order to be a valid piercing pattern it must close at least halfway up bearish candle to the left.

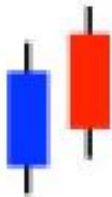


Morning Star: A Morning Star pattern appears at a low with a Doji / Shooting Star Below. Given the name by looking like a star below the left and right candle. This is a bullish reversal pattern.

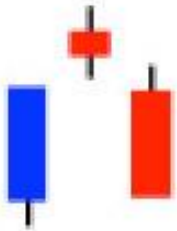


Harami: A bullish Harami appears at a low or a congestion point in the market, a break above inside candle indicating a potential bullish move. This can also be referred to as an inside bar.

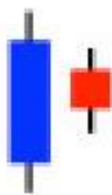
Bearish



Dark Cloud Cover: A dark cloud cover is a very rare bearish pattern in Forex and appears at a high depicted by the bearish candle body closing higher and closing with body at least halfway down previous bullish candle. Opposite to a Piercing Pattern.



Evening Star: A Evening Star Pattern is depicted by a Doji spinning top type candle appearing at a high in the market looking like a star above the left and right candle. This is a bearish reversal pattern.



Harami: Same as a bullish Harami except appearing at a high or congestion point, a break below bearish candle indicating a potential bearish move.

Final Remarks

As final remarks I would like to leave you with highlighting that trading overall is a process of trades and because of that reason to be aware that some trades will be losses, just like some trades will also be winners.

This is a part of process of trading overall.

However by sticking to the process and the discipline of what works long term, then the profits in trading are limitless.

I wish you all the best in your trading...

Regards,

Timon

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P.S. I always recommend traders to back test when learning trading, this is a great way of building confidence and seeing the process long term without risking real money. The program I recommend for back testing is

[Forex Tester 2](#).