

Candlestick Power Signals

Doji Dynamite; power Doji combos

1. **DOJI BFF (Best Friend)**- Doji in the oversold condition followed by a gap up

Traders should be alert for this opportunity to get into new long positions! A Gap Up after a Doji or Spinning Top formation while prices are in the oversold area (stochastics preferably below 20) is an excellent alert. Expect the strength of the uptrend to be greater if the Doji closed above the 8ema! Exit the trade if subsequent trading closes the price below the 8ema or any trading back below the Doji signal.

Specific criteria that created this alert are;

- a. Prices are in the oversold area, stochastics below 20 preferably
- b. A Doji or spinning top forms
- c. The next day, prices gap up above any of the previous days trading range of the Doji.

Enhancements

a. The further AWAY the Doji occurs the BELOW the eight exponential moving average, AKA the T-line, the higher the probability a reversal has occurred.

or

b. If the day after the Doji gapped up above the T line or closes above the T line, the higher the probability of a strong uptrend is.

2. **Left/right combo bullish**- a Doji followed by a bullish engulfing signal. Traders can take advantage of this signal and look to go long on this Left/Right Bullish Combo. With prices in the oversold area (stochastics below 20 but not a necessity) a Doji (or Spinning top) forms, followed by a Bullish Engulfing signal setting the stage for a great trading opportunity as buying remains evident on the third day. Long positions should stay above the close of the Bullish Engulfing Signal. The strength of the potential move increases with the size of the engulfing signal and *if it occurs at a major technical level* (major moving average, trend line, etc.) you may see an even greater reversal. Positive trading should continue, but close the trade

should prices close more than half-way down the body of the Engulfing Candle.

Specific criteria that created this alert are;

- a. Prices are in the oversold area, stochastics below 20 preferably, but not a necessity
- b. A Doji or spinning top forms
- c. The second day, a bullish engulfing signal forms.
- d. The third day, buying remains evident, trading above the close of the bullish engulfing signal.

Enhancements

- a. The bigger the bullish engulfing signal a more powerful the new uptrend will be.
- b. If the signal occurs at a major technical level, moving average, trend line, Fibonacci number, etc. the more powerful the uptrend will be.

3. Left/right combo bearish - a Doji followed by a bearish engulfing signal

Traders can take advantage of this powerful signal and consider a short position on a Left/Right Bearish Combo. With prices in an obvious uptrend and stochastics preferably in the overbought area (but not a necessity), you'll spot the Doji (or spinning top) has been immediately followed by a Bearish Engulfing Signal. Selling continues to keep prices below on the Bearish Engulfing signal the next day; setting up a strong scenario for a short position. Exit should trading close more than half-way up the body of the Engulfing Signal.

Specific criteria that created this alert are;

- a. Prices are in uptrend, with stochastics in the overbought area preferably
- b. A Doji or a spinning top forms
- c. The second day, a bearish engulfing signal forms
- d. The third day, selling continues, trading below the close of the bearish engulfing signal.

Enhancements – same as bullish

4. **The Doji at the top** – followed by a gap down

Traders can go short after this Doji at the top followed by a Bearish Gap down. With prices in the overbought area, stochastics above 80 (but not required) a Doji or spinning top forms with prices gapping up above any of the previous days trading range of the Doji. This short opportunity is further enhanced IF the Doji occurs below the 8ema. Exit if there is any trading above the high of the previous day's Doji signal.

Specific criteria that created this alert are;

- a. Prices are in the overbought area, stochastics above 80 preferably but not a necessity
- b. A Doji or spinning top forms
- c. The next day, prices gap up above any of the previous days trading range of the Doji.

Enhancements

a. The further always the Doji occurs the BELOW the eight exponential moving average, the T line, the higher the probability a reversal has occurred.

or

b. If the day after the Doji gapped up above the T line or closes above the T line, the higher the probability of a strong uptrend is.

4a. **Series of Doji's bullish**

Traders can take a long position upon this formation of prices breaking out to the upside with excessive strength. A buy stop above the tops of the Doji's trading range is an effective entry point. Place your exit on any trading below the last Doji body.

Specific criteria that created this alert are;

- a. After an extended down trend, a Doji forms, producing an alert.
- b. Stochastics are in the oversold condition, below 20
- c. Doji's continue to form on a relatively flat basis for the next 2 to 6

trading days.

- d. Prices break to the upside with excessive strength, a buy stop above the tops of the Doji's trading ranges is an effective entry point.

4b. **Series of Doji's bearish**

Traders can enter a short position upon this formation of prices breaking out to the downside with excessive strength. A sell stop below the bottom of the Doji's trading range is an effective entry point with your exit on any price above the last Doji body.

Specific criteria that created this alert are;

- a. After an extended up trend, a Doji forms, producing an alert.
- b. Stochastics are in the overbought condition, above 80
- c. Doji's continue to form on a relatively flat basis for the next 2 to 6 trading days.
- d. Prices break to the down side with excessive strength, a sell stop below the bottom of the Doji's trading ranges is an effective entry point

5. **Bullish kicker**

This Bullish Kicker presents consistent trading opportunities for long positions. This signal is even more powerful when it forms at a major support level. The bigger the dark candle at the bottom, the more powerful the reversal.

Your exit strategy should be swift upon any trading below the open of the previous days candle body.

Specific criteria that created this alert are;

- a. A moderate to large dark candle forms at the end of a downtrend.
- b. The next day prices gap open at or above the previous days open and continues in an upward direction.

Enhancements

- a. If a kicker signal forms at a major support level, much more powerful
- b. The bigger the dark candle at the bottom, the more powerful the reverse.

6. **Bullish flutter kicker**

An immediate buy signal! Similar to a Bullish Kicker signal, this Bullish Flutter Kicker alerts traders for an opportunity to take a long position. With moderate (to large) dark candle formations at the end of a downtrend, the next trading period gaps up on the open at, or above, the previous days open forming a Doji (or spinning top). You have an immediate buy signal on the third day when prices open above the body of the Doji.

A buy stop above the tops of the Doji trading range is an effective entry point with your exit on any price below the last Doji body.

Specific criteria that created this alert are;

- a. A moderate to large dark candle forms at the end of a downtrend.
- b. The second day prices gap open at or above the previous days open and forms a Doji/spinning top.
- c. The third day opens positive, above the body of the Doji.
- d. buy immediately

7. Bearish kicker

This Bearish Kicker presents excellent shorting opportunities. This signal is even more powerful when it forms at a major support level. (major moving average, trend line, etc.)

Exit on any trading above the open of the black body of the previous days candle body

Specific criteria that created this alert are;

- a. A moderate to large bullish candle forms at the end of an uptrend
- b. The second day gaps down below the open of the previous day and prices move immediately to the downside.

8. Bearish flutter kicker

An immediate sell signal! Similar to a Bearish Kicker signal, this Bearish Flutter Kicker alerts traders to take a short trade. With moderate (to large) dark candle formations at the end of an uptrend, the next trading period gaps down below the previous days open, forming Doji (or spinning top). You have an immediate short signal upon seeing prices open on the third day below the body of the Doji.

Exit on any trading above the open of the previous days candle body

Specific criteria that created this alert are;

- a. A moderate to large candle forms at the end of an uptrend
- b. The second day gaps down below the previous days open and forms a Doji/spinning top.
- c. The third day opens below the body of the Doji.
- d. Short immediately

9. **Frypan bottom – bullish trading pattern**

This visually Bullish Trading pattern captures the psychology behind the price movement as a slow rounding bottom illustrates indecisive trading. As the pattern approaches the same level where it began the trader sentiment is hinting at a favorable bias to the upside. Watching for any breakout indicators, such as a Gap UP, large Bullish Candle, a Belt Hold, etc. creates the alert that its time to go long.

Exit on any trading that closes below the trajectory (breakout) of the rounding bottom formation and wait for more strength to come back into the pattern formation.

Specific criteria that created this alert are;

- a. A slow rounding bottom consisting of indecisive trading.
- b. As the end of the pattern approaches the same levels as when the pattern started, watch for breakout signals
- c. Breakout indicators, gap up, big bullish candle, a candlestick signal combination, a belt hold, etc.

10. **Bullish J--hook pattern**

A long position may be taken upon spotting this Bullish confirmation following a period of flat trading. The visual pattern forms after a stronger than normal uptrend, followed by several days of indecisive selling. As prices turn slightly positive they begin forming the "J" in the J-Hook. A more conservative entry is to wait for prices to come back up through the previous high.

Exit at any bearish candlestick signal that closes below the previous high.

Specific criteria that created this alert are;

- a. After a strong up move, stronger than a normal uptrend, a candlestick sell signal appears.
- b. Indecisive selling days occur for the next few days, Doji's, spinning tops, small hammers, etc.
- c. The next few days start showing flat trading were slightly positive trading, the

- price starts forming a J.
- d. Reentry into a trade can start upon the first bullish confirmation after the flat trading area.
- e. More conservative entry area, when prices come back up through the previous high

11. **Bullish Frypan bottom/J-hook classic**

- a. A slow rounding bottom consisting of indecisive trading.
- b. As the end of the pattern approaches the same levels as when the pattern started, watch for breakout signals
- c. Breakout indicators, gap up, big bullish candle, a candlestick signal combination, a belt hold, etc. which produces a strong uptrend, the prerequisite for a strong uptrend.

This is the prelude for a J hook pattern.

- d. After a strong up move, stronger than a normal uptrend, a candlestick sell signal appears.
- e. Indecisive selling days occur for the next few days, Doji's, spinning tops, small hammers, etc.
- f. The next few days start showing flat trading were slightly positive trading, the price starts forming a J.
- g. Reentry into a trade can start upon the first bullish confirmation after the flat trading area.
- h. More conservative entry area, when prices come back up through the previous high

12. **Dumpling Top**

This visually Bearish Trading pattern captures the psychology behind the price movement as a slow rounding top illustrates indecisive trading. As prices approach the same level where the pattern began, trader sentiment is hinting at a bias to the downside. Shorting opportunities present upon

seeing any breakout indicators, such as a Gap Down, large Bearish Candle, a Bearish Belt Hold, etc.

Exit on any trading above the rounded trajectory that formed the dumping top

Specific criteria that created this alert are;

- a. Opposite of a frypan bottom, slow rounding top consisting of indecisive trading.
- b. As the and the pattern approaches the same levels as when the pattern started, watch for hard selling.
- c. Breakout indicators, gap down, big bearish candle, a candlestick sell signal combination, a bearish belt hold, etc.

13. The Cradle pattern

Traders can take advantage of this early buy alert! The Cradle pattern begins taking shape when a large Bearish Candle forms at the bottom of a downtrend. Several days of Doji, spinning tops, small hammers, or small inverted hammers all in a flat trading range sets the stage when this large Bullish candles breaks to the upside. (should be with similar magnitude as the large Bearish Candle prior to the series of Doji).

Exit on a close below the half-way point of the previous days bullish candle

Specific criteria that created this alert are;

- a. After a downtrend, a large bearish candle forms at the bottom.
- b. The next day forms a Doji at the bottom of the previous days large candle
- c. The next 2 to 6 trading days form Doji's, spinning tops, small hammers or small inverted hammers all in a flat trading range.
- d. A large bullish candle breaks to the upside with somewhat near the same magnitude as the large bearish candle prior to the Doji's.

14. The Scoop pattern

Aggressive entry can be intitiated at the bottom of the scoop at the first buy signal. Exit if there is a close back below the bottom of the scoop and wait for a more conservative entry.

Exit on a close below the last candle where the pattern broke out through

the handle portion of the pattern.

Specific criteria that created this alert are;

- a. A candlestick buy signal appears after a short term pullback.
- b. Prior to the short term pullback, the trading has remained in a relatively flat trading range for an extended period of time.
- c. Prices move back up to the flat trading range,(the handle)
- d. Prices breaching the handle trading area produce a strong price move.

15. **The Bullish Belt Hold Signal** presents a long opportunity as the pattern psychology suggests a reversal after an extended downtrend. The bullish movement seen after the previous gap down in prices indicate good long opportunities over the next 1 to 3 trading days as prices continue to close above the Belt Hold Signal.

Specific criteria that created this alert are;

- a. There has been an extended downtrend
- b. Prices gap down extensively below any of the previous days trading or trading range.
- c. Prices immediately start moving bullish back into the trading range.
- d. Positions can be established the next 1 to 3 trading days after the belt hold signal, as prices move positive over the closing price of the belt hold signal.

16. **The Bearish Belt Hold Signal** presents good short opportunity as the pattern psychology suggests a price reversal after an extended uptrend. The bearish movement seen after the previous gap up in prices indicate good short opportunities over the next 1 to 3 trading days as prices continue to close below the Bel Hold Signal.

Specific criteria that created this alert are;

- a. There has been an extended uptrend.
- b. Prices gap up extensively above any of the previous day's trading or trading

- range.
- c. The price immediately starts selling off, coming back to the previous trading range.
- d. Positions can be established to the short side during the next 1 to 3 trading days when prices continued to move below the close of the bearish belt hold signal.

17. **The T- Line crunch** is a trend line created by the 8 exponential moving average. Traders can take advantage of long positions after the profit-taking brings prices back to touch the uptrending T-line. Exit on any close below the T-Line.

Specific criteria that created this alert are;

- a. Prices have had a strong price move up to a major resistance level, a moving average, trend line, congestion area.
- b. Profit-taking brings prices back to in uptrending T line.
- c. The price remains above the T line as it slowly moves up to the resistance level.
- d. A position can be bought as the T line approaches the resistance level with prices being pushed through the resistance level.

18 **The Slow Curve** produces a long trading opportunity as the slow upward curve receives support from the T-Line (8 ema). Exit on any price close back below the T-Line (8 ema)

Specific criteria that created this alert are;

- a. Prices are pushing up toward a resistance level.
- b. A slight slow curving consolidation appears over a 5 to 15 day trading timeframe.
- c. The T line is slowly curving up, acting as a support for the slow curve.
- d. Positions can be bought as the slow upward trend progresses.