

Candlesticks

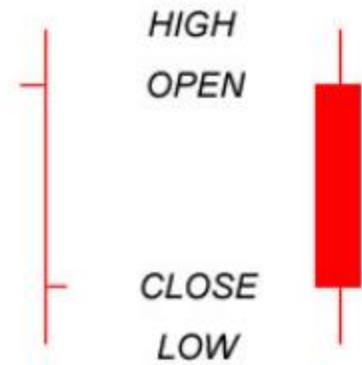
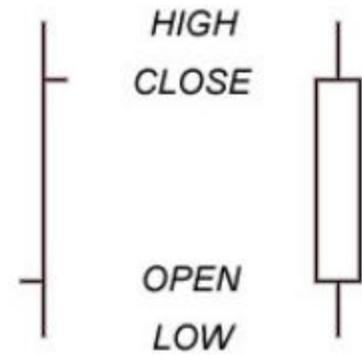
Candlestick charts are the graphic depiction of what is occurring in investor sentiment

It is the Perception of fundamentals
makes a market, stock or
commodity move up or down

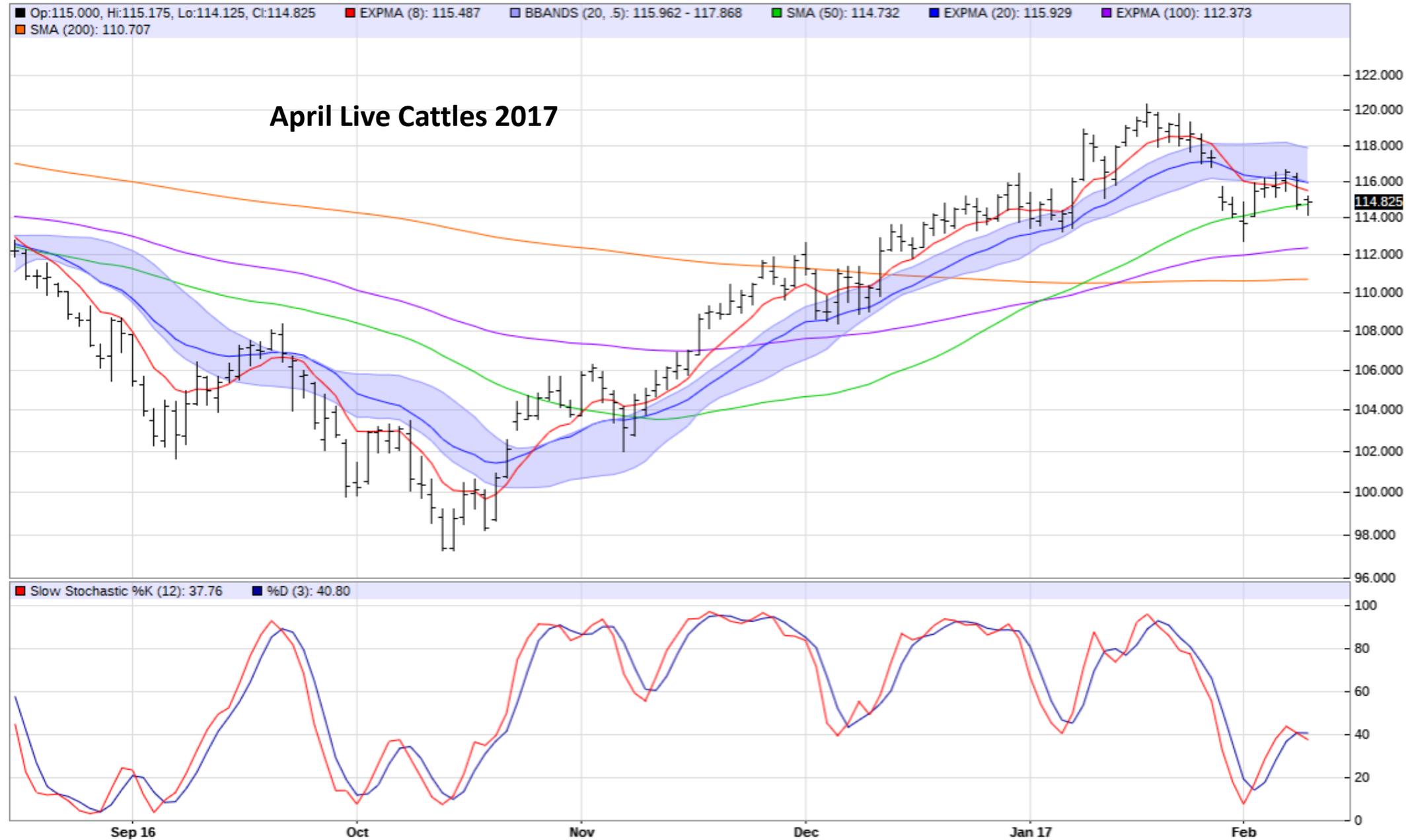
Charts and Technical Analysis works because
technicians make it work

Bar Chart vs Candlestick Chart

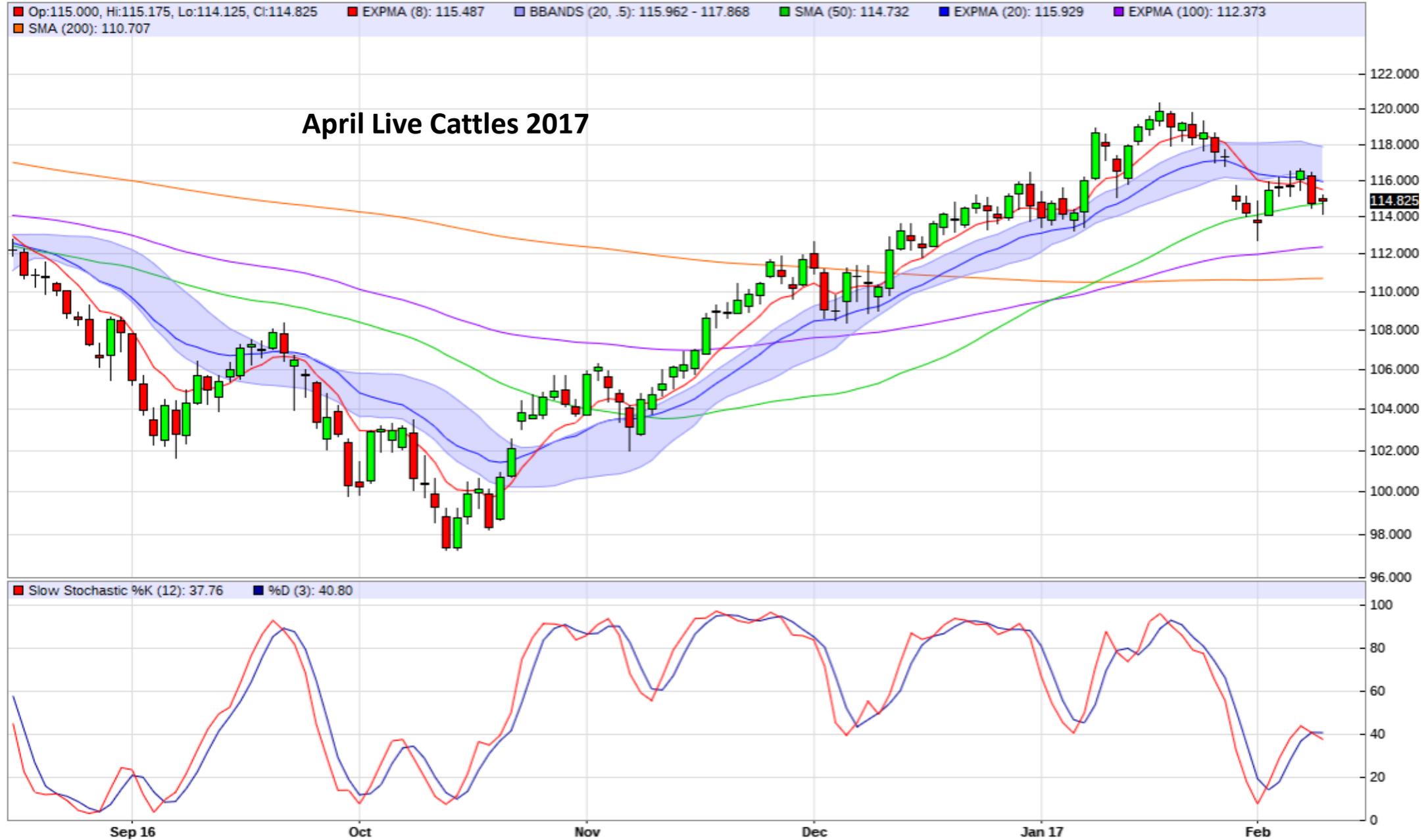
Bar Chart *Candlestick*

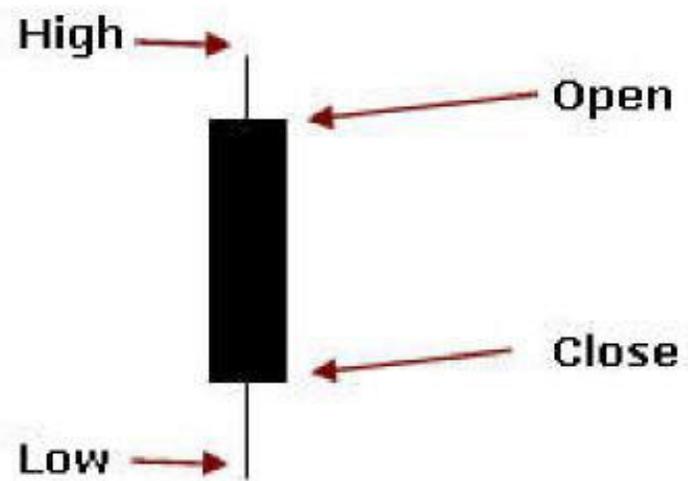


LEJ17 - Live Cattle - Daily OHLC Chart

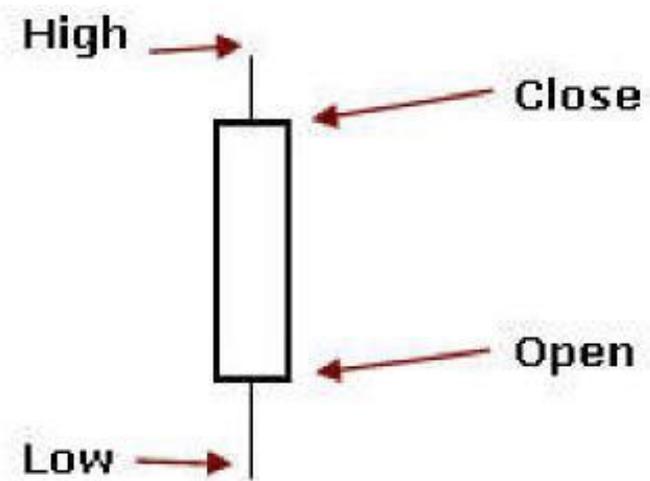


LEJ17 - Live Cattle - Daily Candlestick Chart



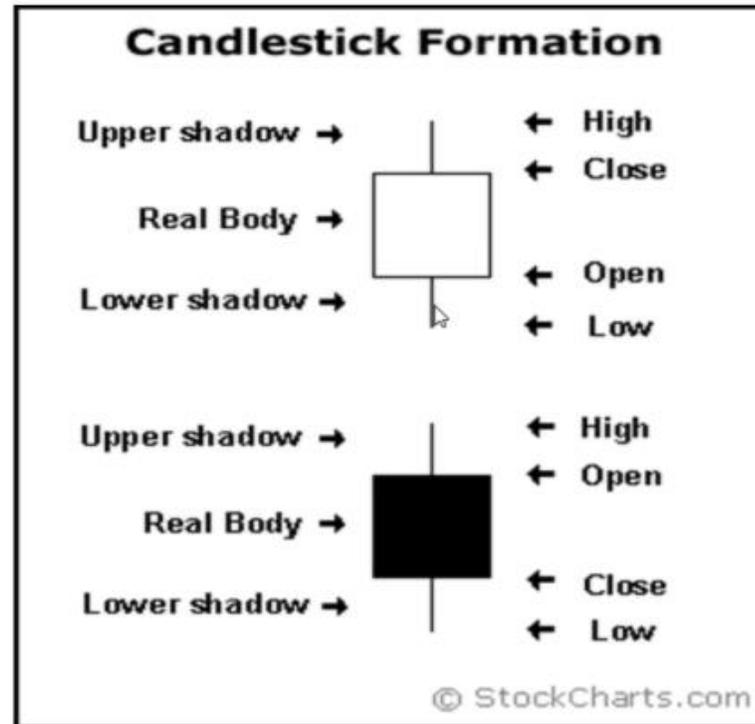


BEARISH



BULLISH

Price Action

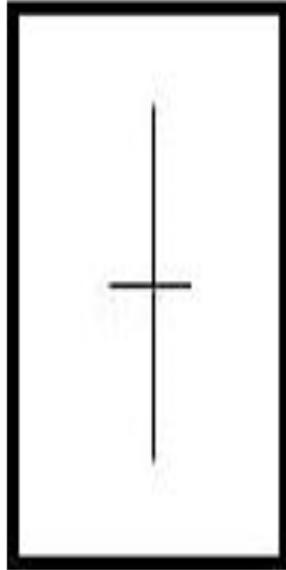


Each candlestick provides an easy-to-decipher picture of price action



Doji

A doji means indecision and a series of Dojis means greater indecision and look for a breakout and/or a reversal



DOJI Recognition: The open and close are the same or very close to the same.

Pattern Psychology: The Bulls and the Bears are conflicting. This is an alert to investors to take heed for possible trend reversal.

DOJI RULES

- See a Doji at the Top – SELL
- Doji at the Bottom – Needs confirmation, or the Japanese say that the weight of the market can keep the trend moving down.
- Always pay heed whenever a Doji appears



The trend will usually move in the direction of the open the next day after a Doji

Doji Star



Long-legged Doji



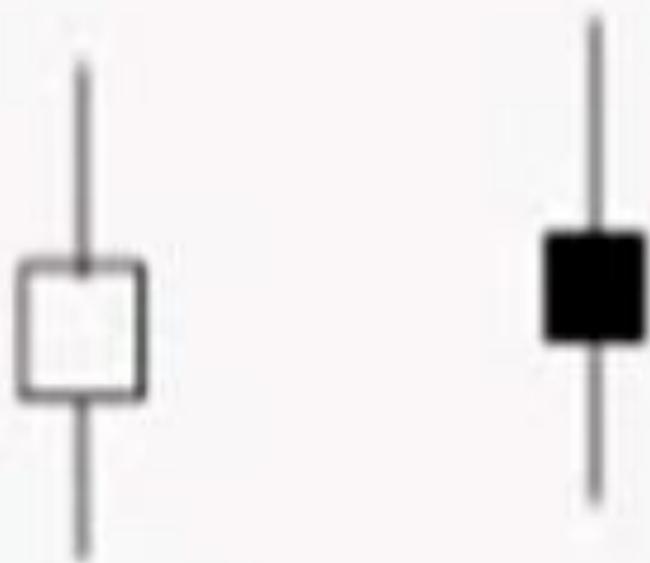
Dragonfly Doji



Gravestone Doji



Spinning Top



Doji Signals

CANDLESTICK

Trading Forum



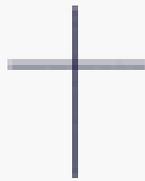
12 Major Signals ...



Windows Media P...



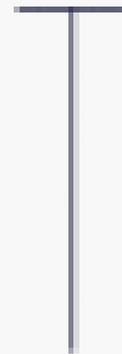
Doji's



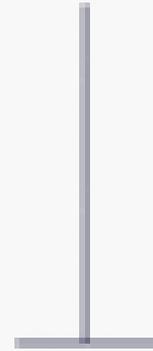
Doji



Long
Legged
Doji



Dragonfly
Doji

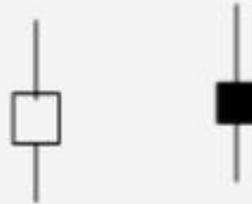


Gravestone
Doji



4 Price Doji

Spinning Top



Spinning Tops are depicted with small bodies relative to the shadows. This demonstrates some indecision on the part of the bulls and the bears. They are considered neutral when trading in a sideways market. However, in a trending or oscillating market, a relatively good rule of thumb is that the next days trading will probably move in the direction of the opening price. The size of the shadow is not as important as the size of the body for forming a Spinning Top.

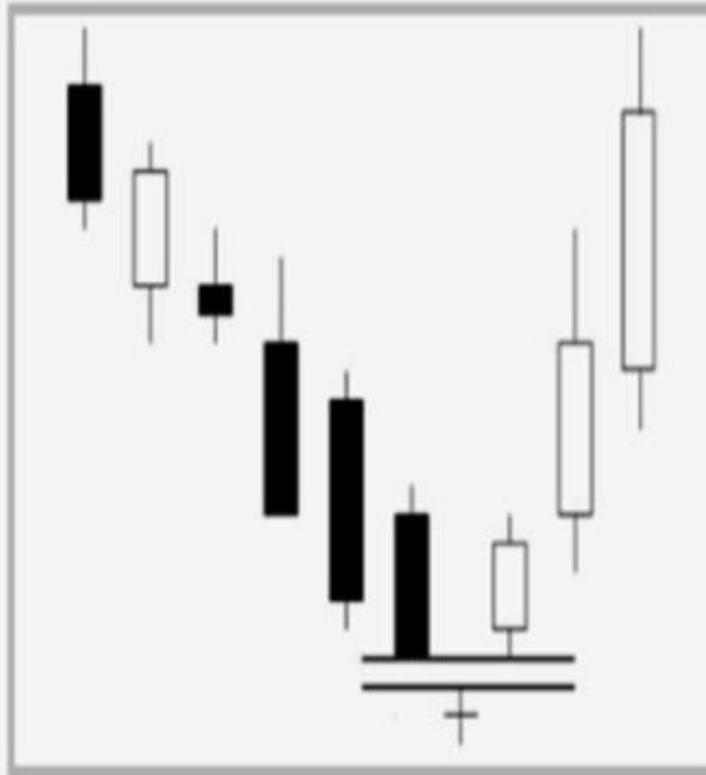
Doji at Top with Gap Down



- After an extended uptrend, a Doji at the top means to 'take heed'.
- A gap down after a Doji at the Top, indicates strong selling pressure ahead

Gap Down Doji at the Bottom

Gap Down Doji at the Bottom



- After an extended downtrend, a Gap Down Doji at the bottom, means to 'take heed'
- Followed by a gap up the next day, indicates strong buying pressure ahead

DOJI RULES

- **1. Doji at the top – Take Profits**
- **2. Doji's at the Bottom require Bullish confirmation**
- **3. If 1 Doji means indecision, a number of Doji's mean greater indecision**
- **4. The trend will usually move in the direction of the next open**



ZCK15 | Commodity ...

Candlesticks



Document1 - Word

Windows Media Player



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TIPS

Trends

Indicators

Patterns

Signals

Trend lines

Support and Resistance
Direction

LEJ17 - Live Cattle - Daily Candlestick Chart



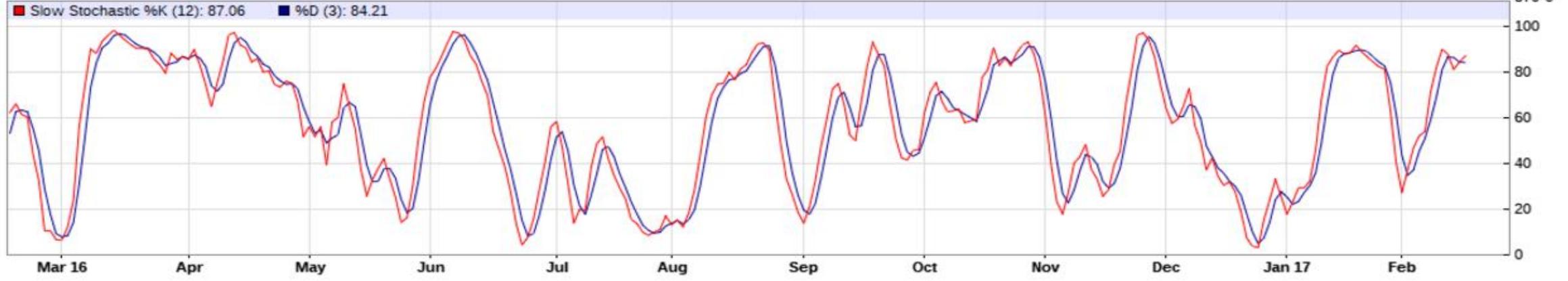
ZSK17 - Soybeans - Daily Candlestick Chart



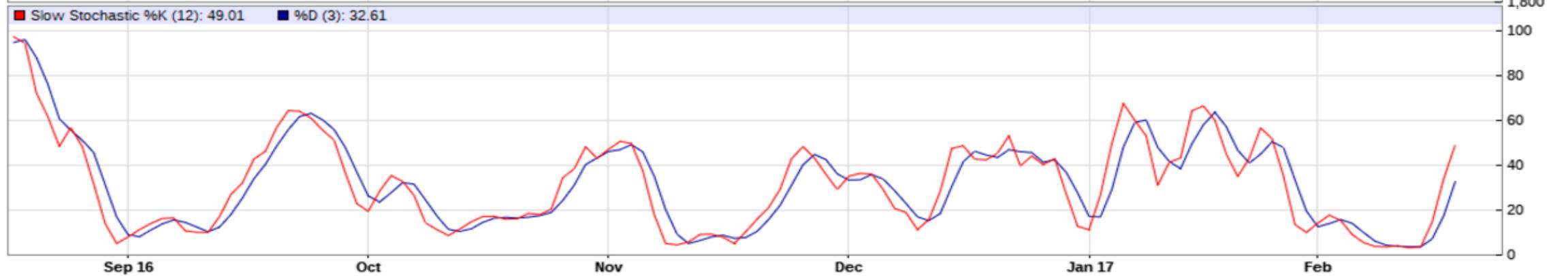
ZCK17 - Corn - Daily Candlestick Chart



ZSX17 - Soybeans - Daily Candlestick Chart



CCK17 - Cocoa - Daily Candlestick Chart



Indicators

Momentum Indicators – Slow Stochastics 12,3,3

Moving Averages – 8,20,100 exp, 50, 200 simple

8 EXP – T-Line or trigger line

Fib Retracements

ZSK17 - Soybeans - Daily Candlestick Chart



ZSK17 - Soybeans - Daily Candlestick Chart



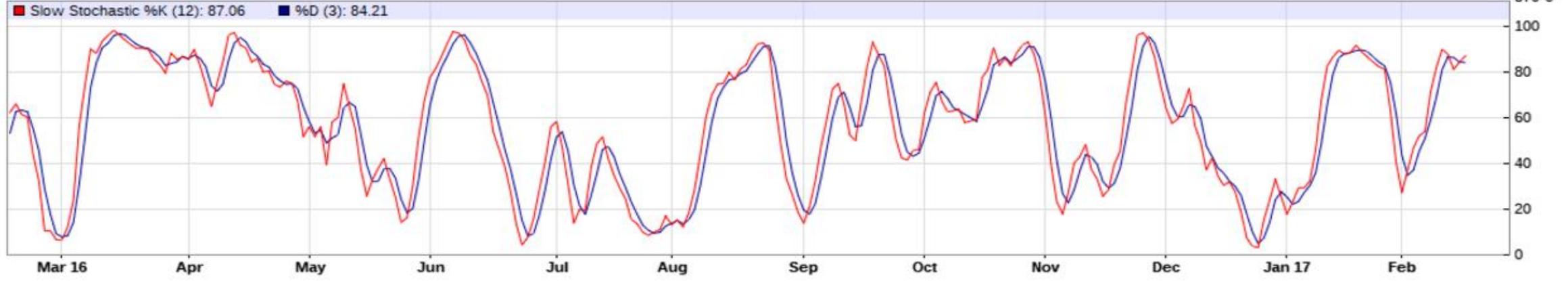
ZSK17 - Soybeans - Daily Candlestick Chart



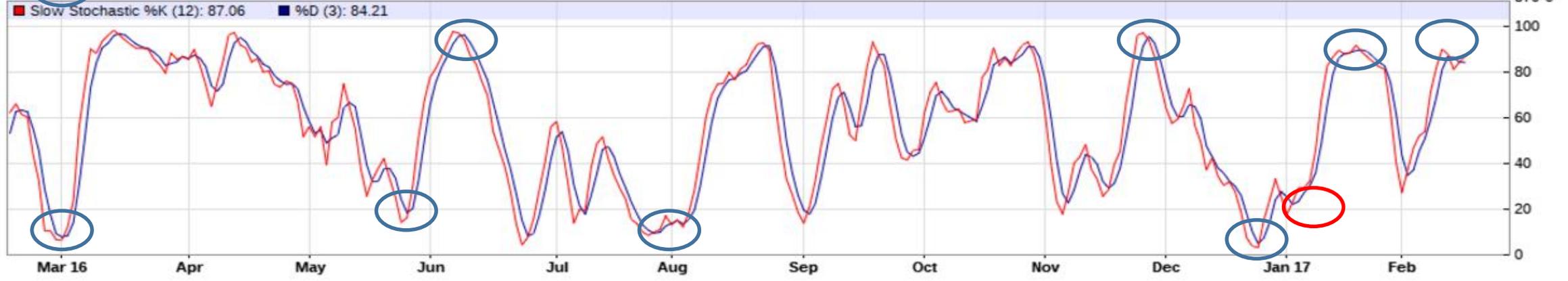
ZSK17 - Soybeans - Daily Candlestick Chart



ZSX17 - Soybeans - Daily Candlestick Chart



ZSX17 - Soybeans - Daily Candlestick Chart



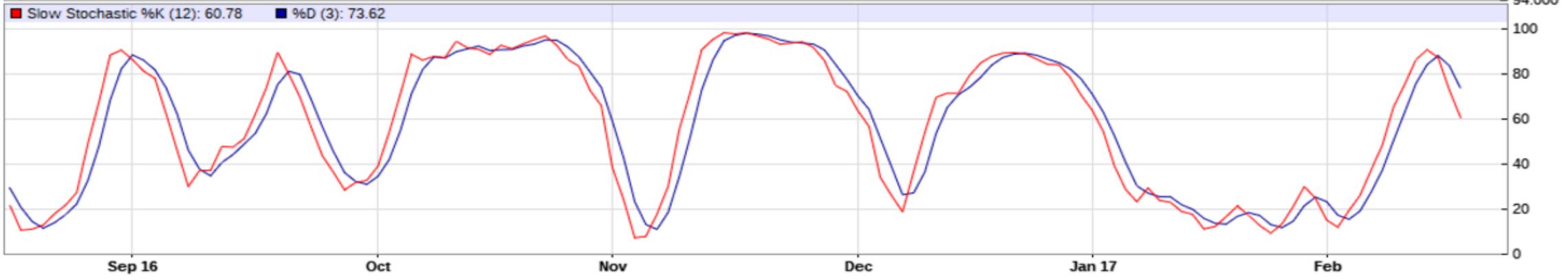
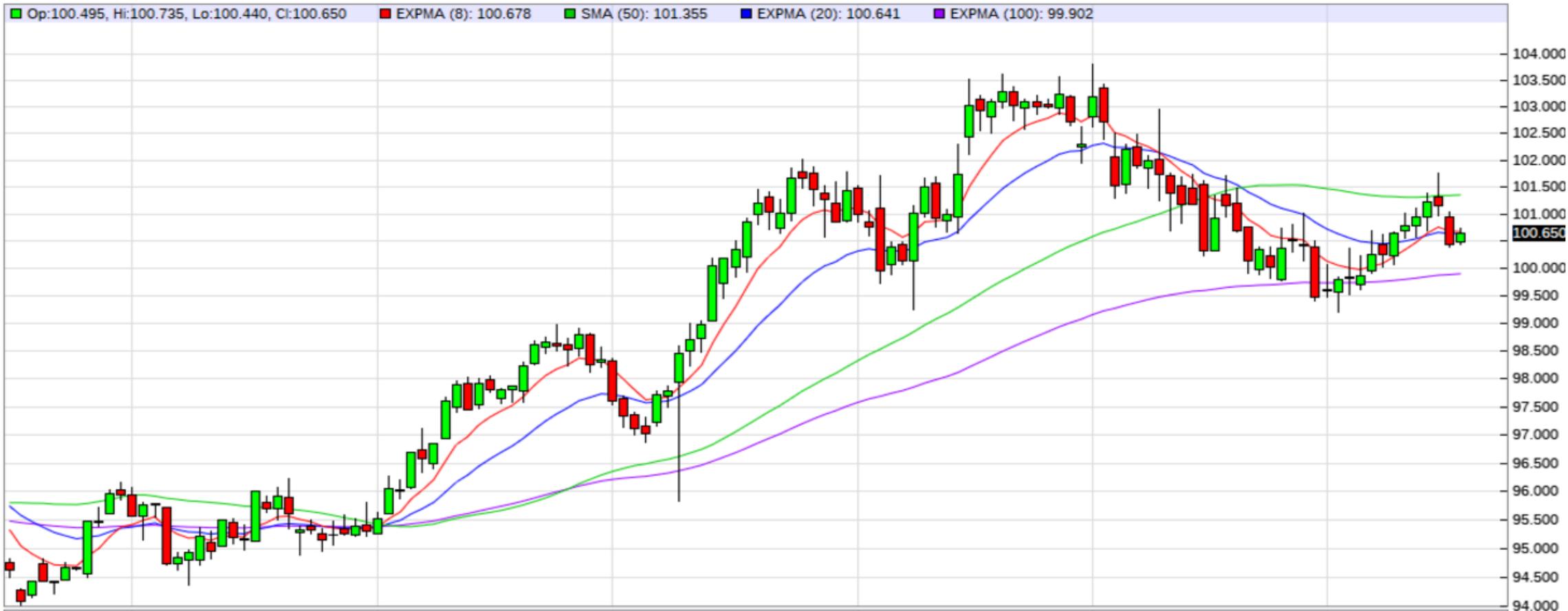
ZWN17 - Wheat - Daily Candlestick Chart



ZWN17 - Wheat - Daily Candlestick Chart



DXH17 - U.S. Dollar Index - Daily Candlestick Chart



DXH17 - U.S. Dollar Index - Daily Candlestick Chart



Patterns

Gaps

Cradles

J-Hooks

Saucer Bottom or Flat Bottom

Rounded Bottom or Dumping Top

T-Line Crunch

Cup and Handle

Head and Shoulders

Flags/Pennants

Triangles and Wedges

Pattern

T-Line Crunch



J-Hook

Jay Hook Pattern



- The first move of the uptrend is very strong.
- A candlestick sell signal indicates a pullback about to occur.
- After a few days, small indecisive candles start to appear
 - Doji, small Hammers, Bullish Engulfing signals

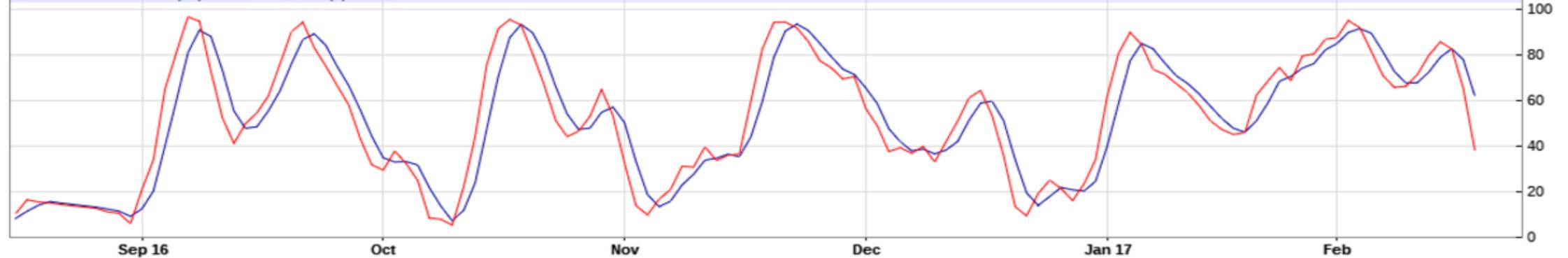
Op:76.81, Hi:76.93, Lo:75.75, Cl:75.91 EXPMA (8): 76.80 SMA (50): 73.70 EXPMA (20): 76.10 EXPMA (100): 72.68 SMA (200): 70.05

Scoop and J- Hook Pattern

$74 - 70 = 4 + 74 =$
78 target



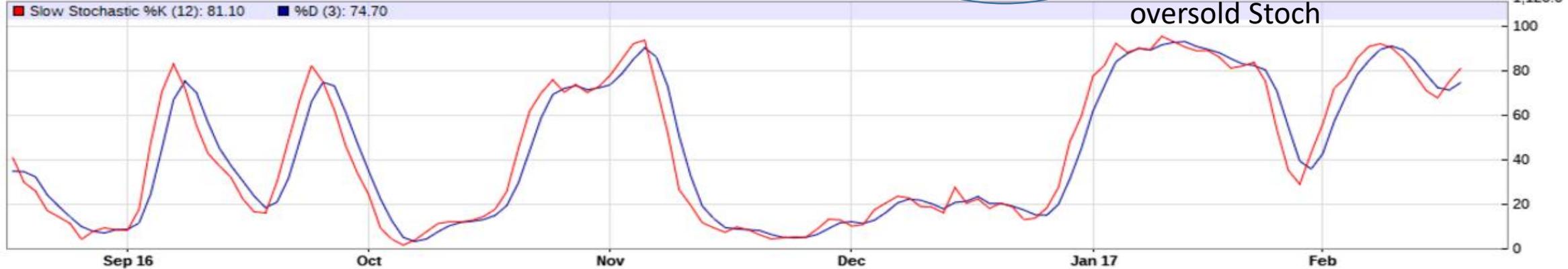
Slow Stochastic %K (12): 38.58 %D (3): 62.22



RSK17 - Canola - Daily Candlestick Chart

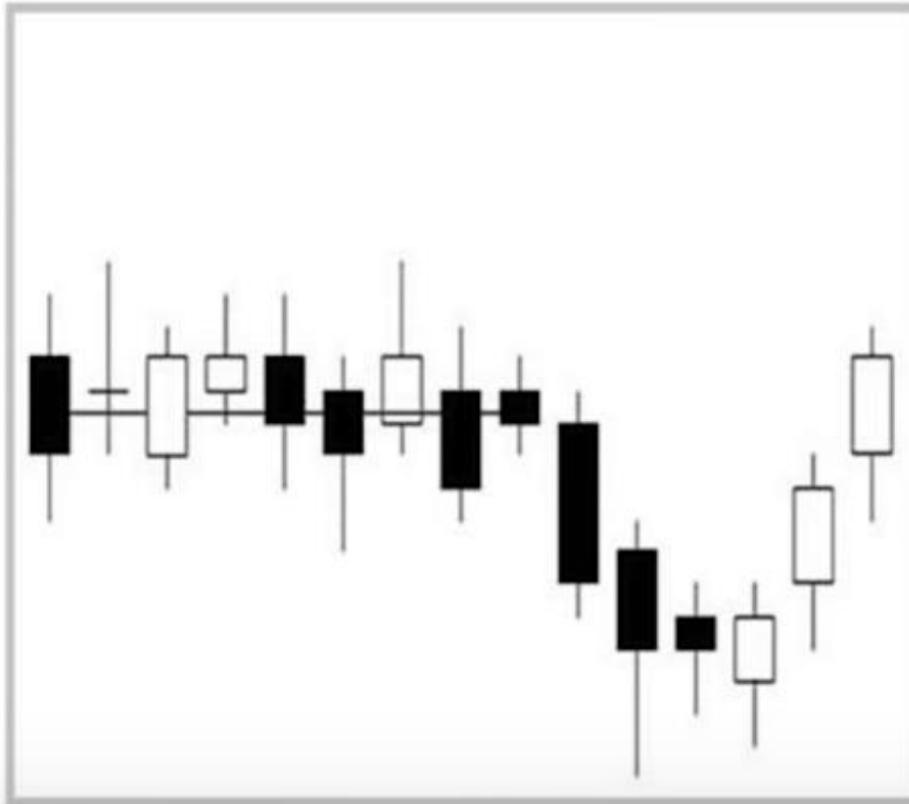


GCJ17 - Gold - Daily Candlestick Chart



Scoop

Scoop Pattern



Scoop Pattern

- An extended flat trading area
 - Followed by a pullback
- Buy signals bring price back up to flat trading range
- Once price breaks above flat range, look for strong uptrend

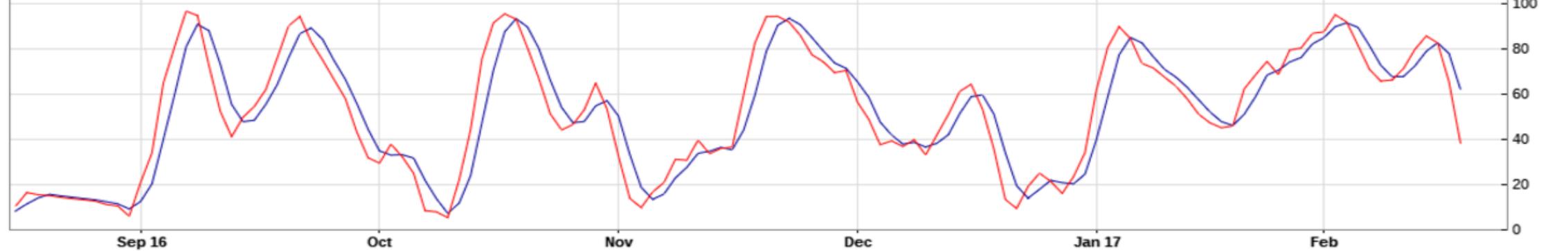
CTK17 - Cotton #2 - Daily Candlestick Chart

Op:76.81, Hi:76.93, Lo:75.75, Cl:75.91 EXPMA (8): 76.80 SMA (50): 73.70 EXPMA (20): 76.10 EXPMA (100): 72.68 SMA (200): 70.05

Scoop and J- Hook Pattern

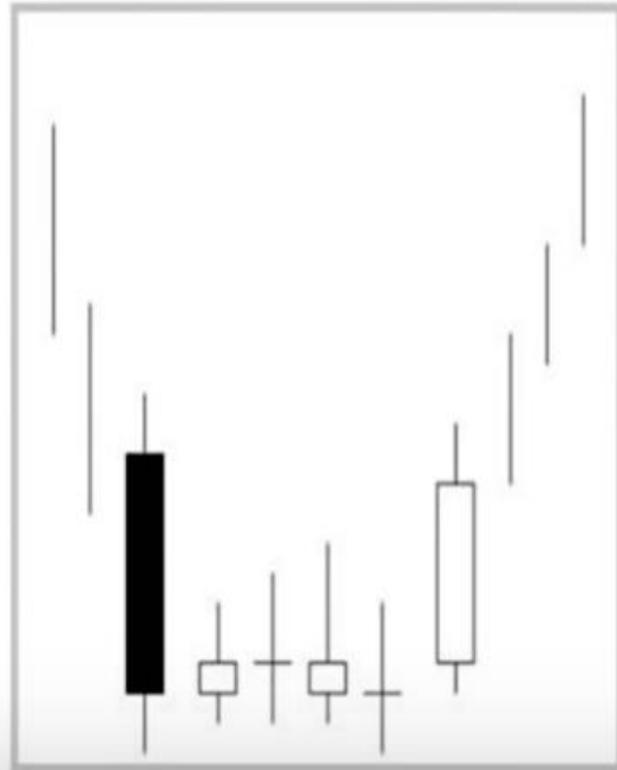


Slow Stochastic %K (12): 38.58 %D (3): 62.22



Cradle

Cradle Pattern



- The Cradle Pattern is a symmetric bottom pattern that is easy to identify.
 - A downtrend becomes obvious with a large black candle at the bottom.
 - A series of small or indecisive trading days trade in a flat area.
 - A bullish candle, more powerful with a Bullish Engulfing signal, is formed of approximately the same magnitude as a Bearish candle at the end of the downtrend.
- This signifies that the Bulls have come out of the indecisive trading area with decisive force.

SIH17 - Silver - Daily Candlestick Chart



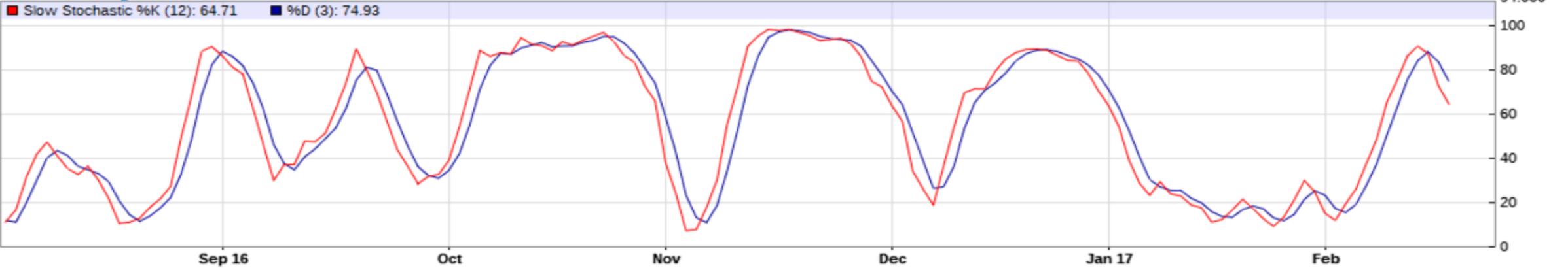
Triangles

DXH17 - U.S. Dollar Index - Daily Candlestick Chart



Triangle

$$J\text{-Hook} - 99 - 95 = 4 + 99 = 103$$



Sauce or Flat Bottom

HGH17 - High Grade Copper - Daily Candlestick Chart



HGH17 - High Grade Copper - Daily Candlestick Chart



Flag and Pennants

SBK17 - Sugar #11 - Daily Candlestick Chart



Gaps

Trading Gaps

- Gaps represent enthusiasm to get into a position to the point that investors will pay prices away from any of the previous day's trading range.
- Great for identifying panic selling at the bottom and exuberant buying at the top.

TRADING GAPS

What is the definition of a GAP?

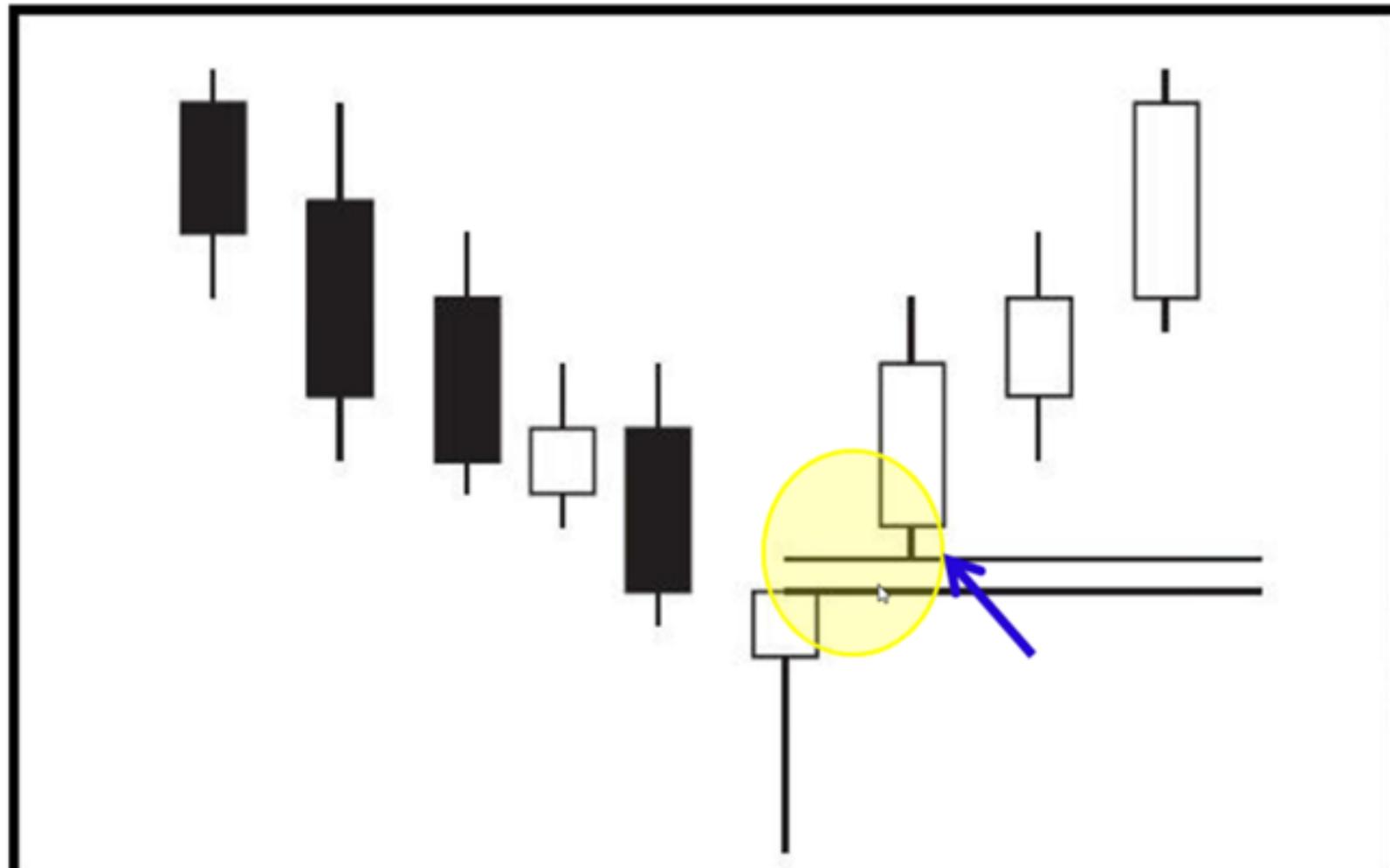
Gap or 'window' occurs when there is a 'gap' in price within a specific time frame.

In a rising chart, it illustrates prices opening higher than previous trading range. The buyers have stepped in with great enthusiasm

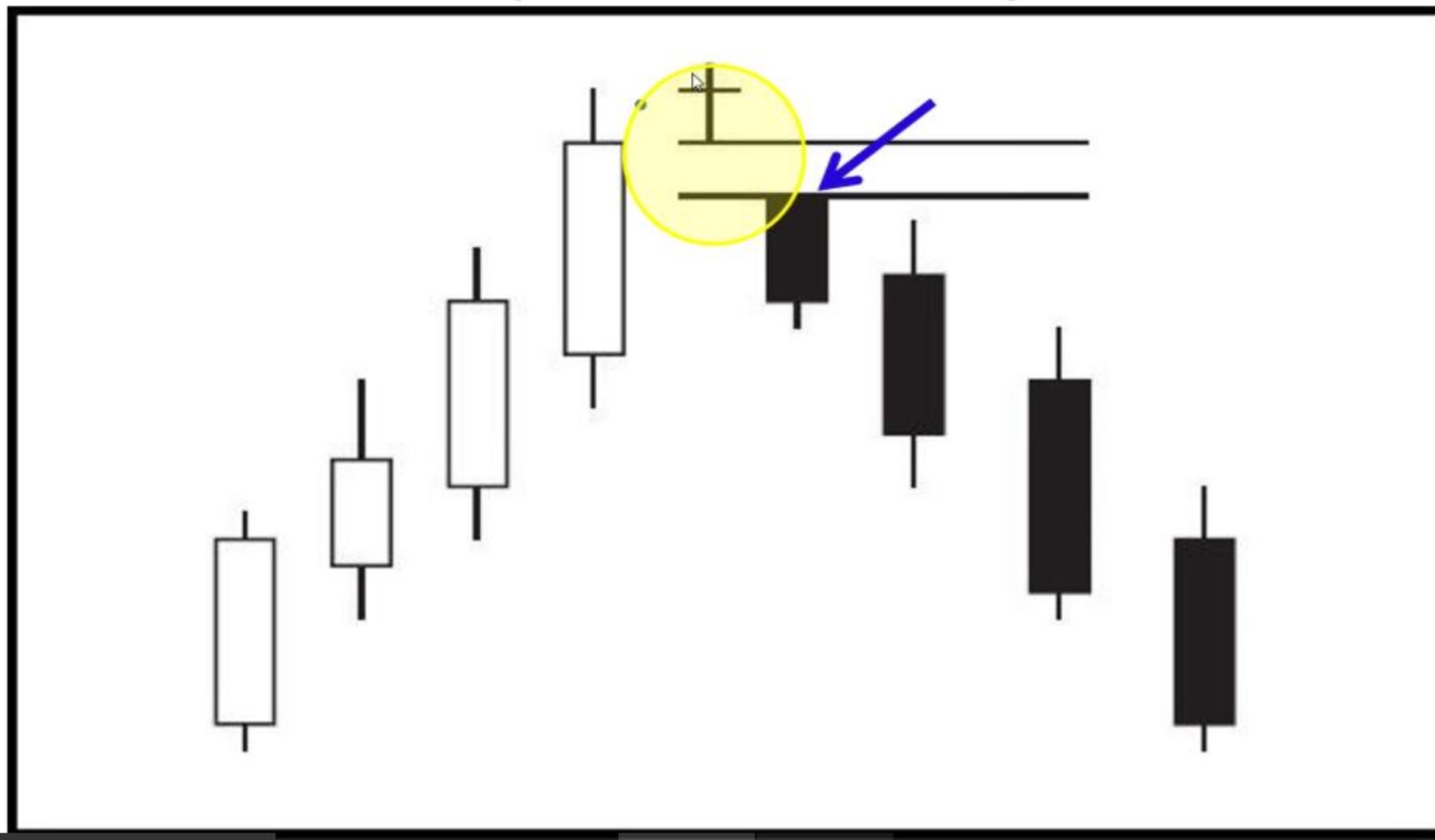
In a declining chart, it illustrates prices opening lower than previous trading range. The sellers are getting out at any cost.



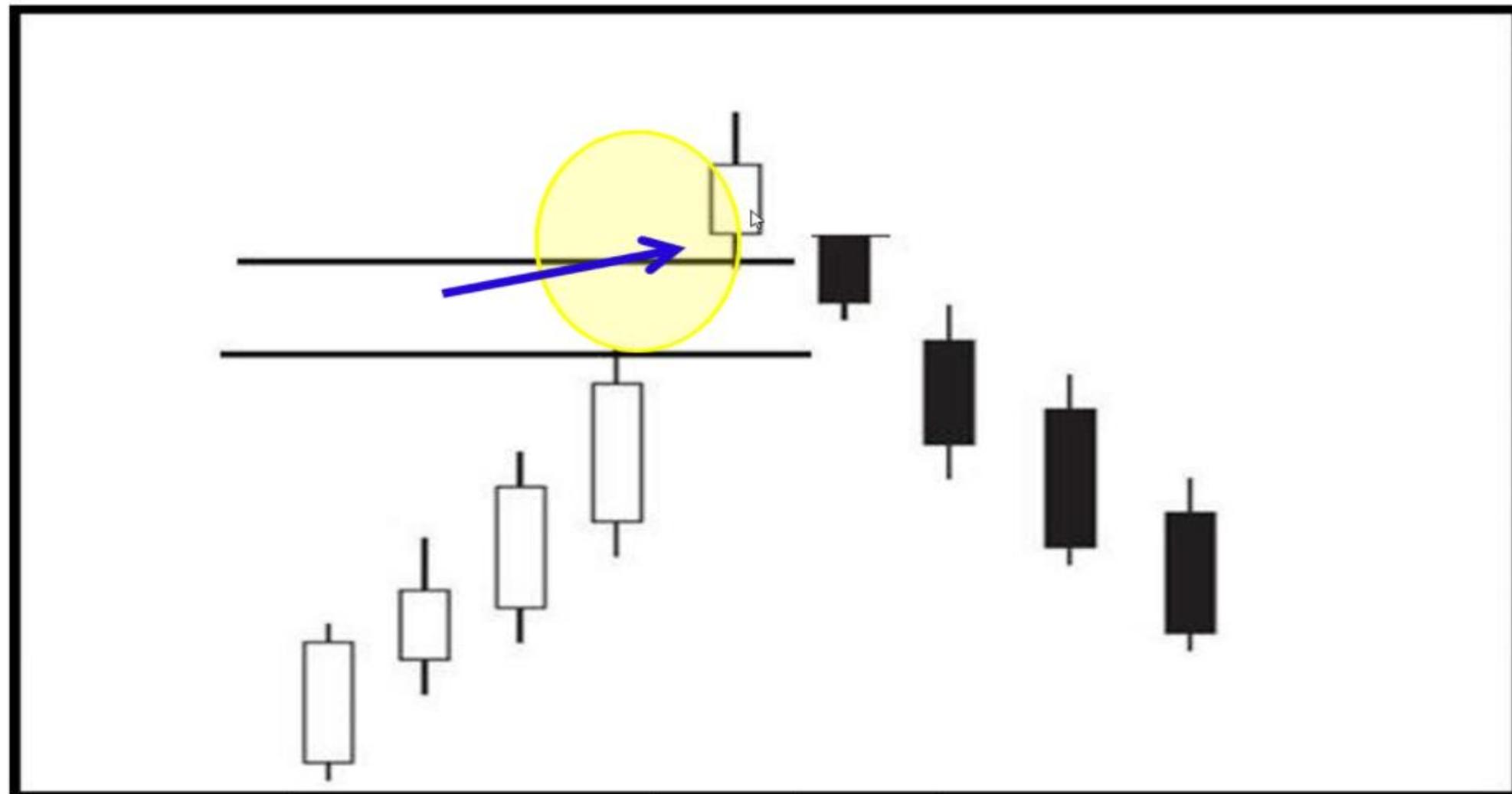
Gap Up at Bottom



Gap down at Top



Gap Up at Top



Signals

The Major Candlestick Signals

- Doji
- Bullish & Bearish Engulfing Signals
- Hammer
- Hanging Man
- Piercing Pattern
- Dark Cloud
- Bullish Harami
- Bearish Harami
- Morning & Evening Stars
- Kicker Signals
- Shooting Star
- Inverted Hammer

CANDLESTICK

Trading Forum



The Strongest Signals

- 1. Your Best Friend**
- 2. Left/Right Combo**
- 3. Series of Doji's.**
- 4. Candlestick signals followed by gap ups**
- 5. Kicker Signal**
- 6 Bullish Flutter Kicker**
- 7. Steady Eddie Trends**
- 8. Magnitude of a signal**



What is the optimal criteria?

1. signals
2. Stochastics oversold
3. gap up from the Doji/signal
4. close above the T-line

Kicker



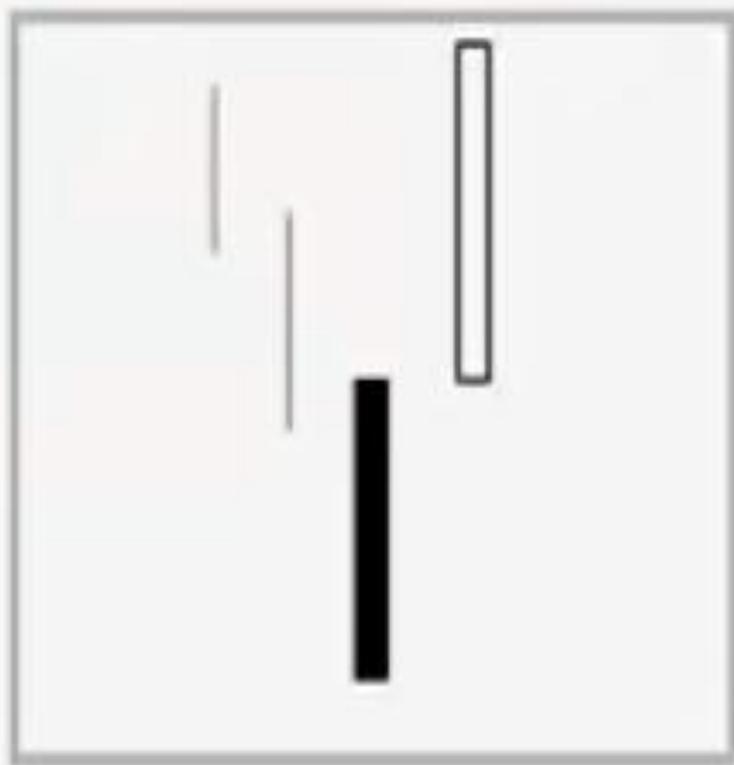
Kicker Signals

Bearish and Bullish

Recognition: The first day's open and the second day's open are the same BUT the price movement is in opposite directions.

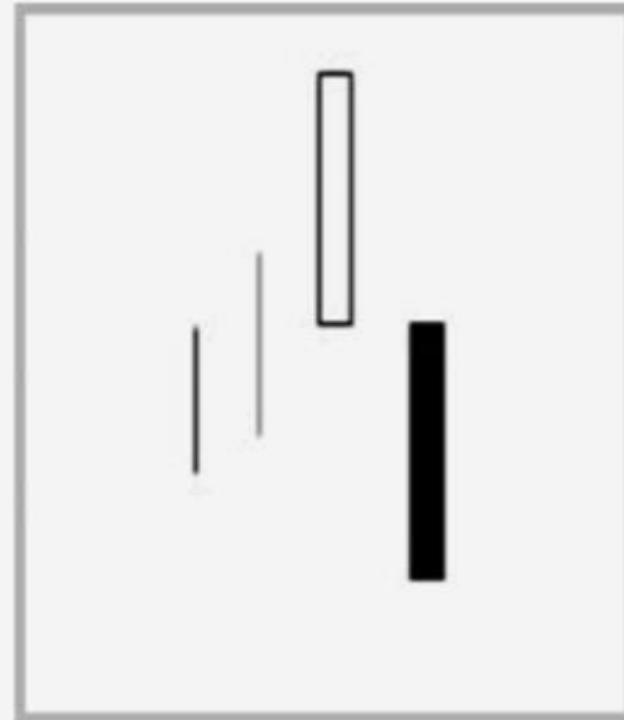
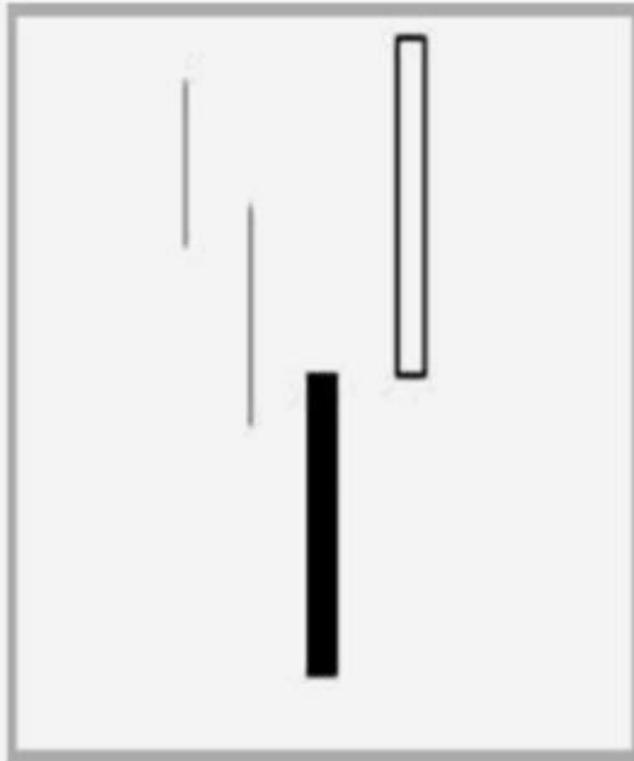
Pattern Psychology: The Kicker Signal demonstrates a dramatic change in investor sentiment. The longer the candles, the more dramatic the price reversal.

Bullish Kicker Signal



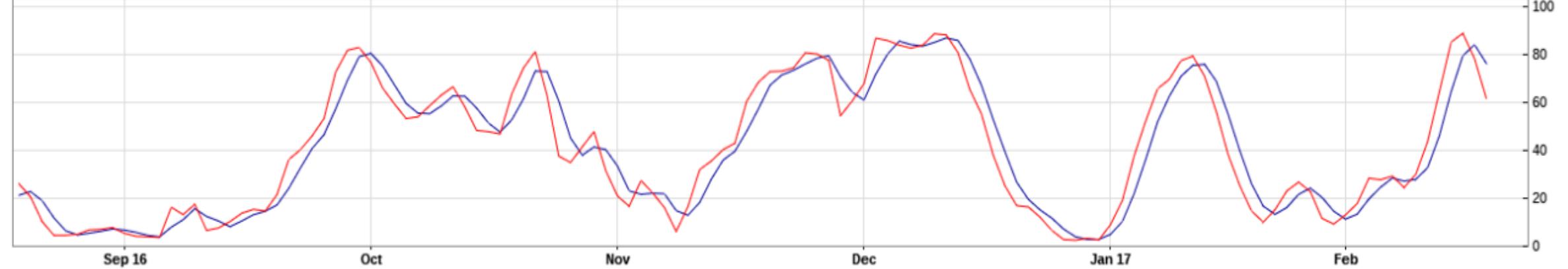
- Something has ***KICKED*** investor sentiment positive

Bullish + Bearish Kicker Signals





■ Slow Stochastic %K (12): 61.75 ■ %D (3): 76.31

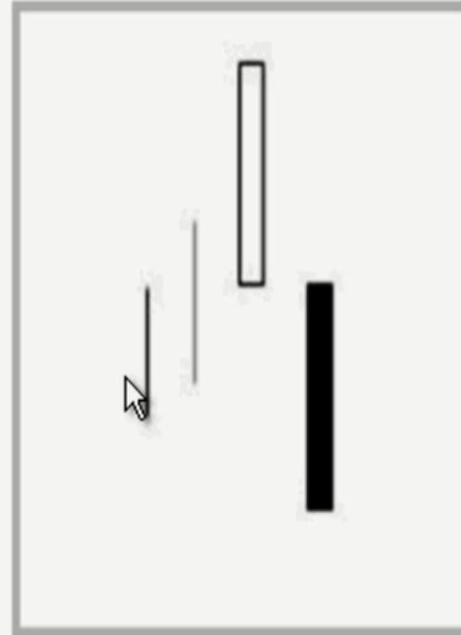
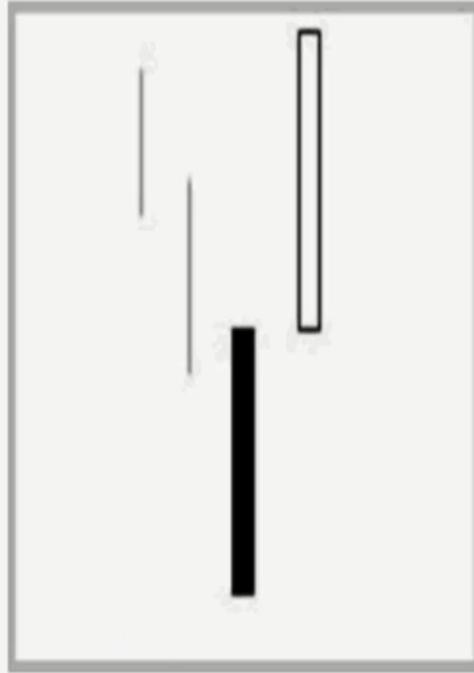


Bearish Kicker Signal

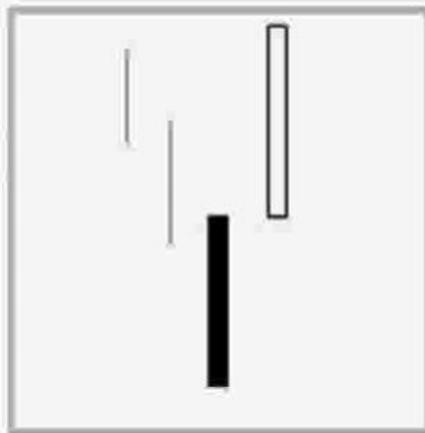


- Something has kicked investor sentiment negative and with great force

Bullish + Bearish Kicker Signals



Bullish Kicker Signal



- Something has ***KICKED*** investor sentiment positive

Left Right Combo

Doji followed by an Engulfing

CTK17 - Cotton #2 - Daily Candlestick Chart



Doji Sandwich

Big up day, Doji, followed by another big up day

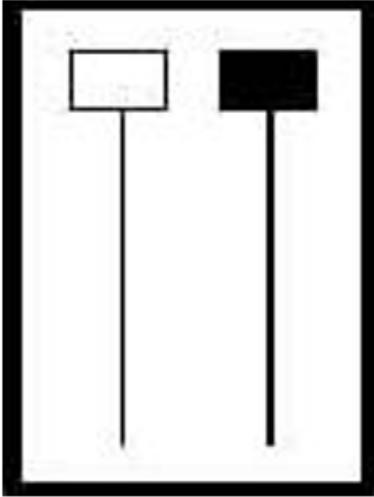
ZSK17 - Soybeans - Daily Candlestick Chart



Hammer

Hammer out a Bottom

price will move



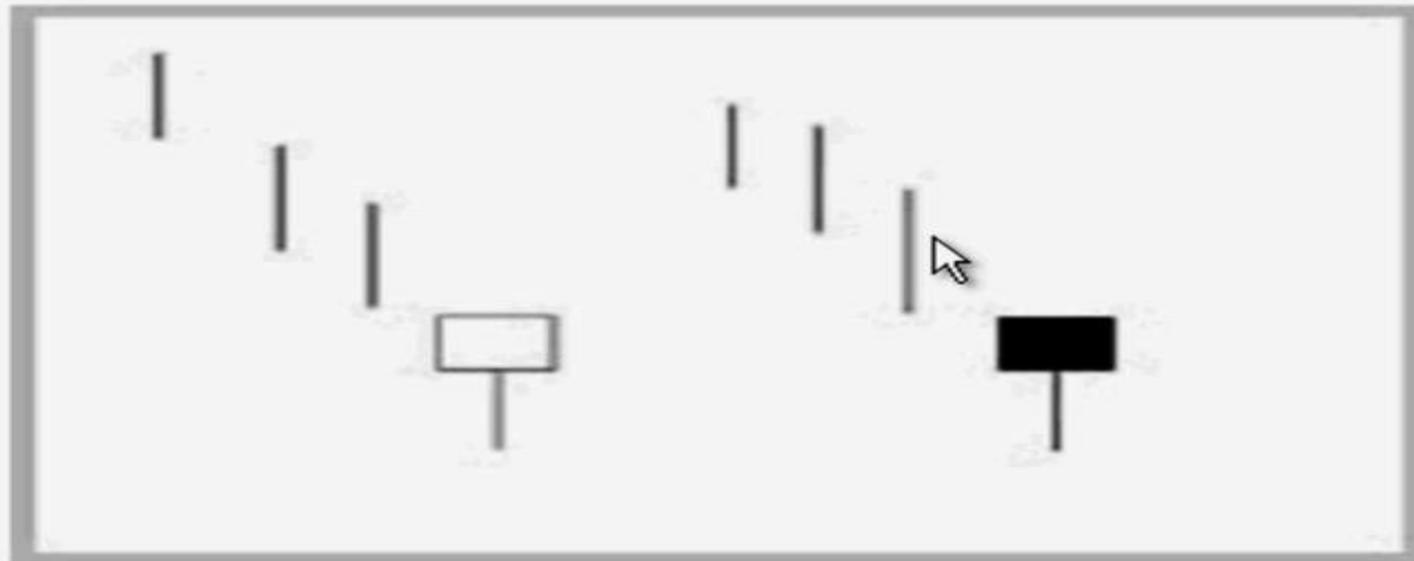
HAMMERS and HANGING-MAN

Recognition: The lower shadow (or tail) should be at least two times the length of the body. The color of the body is not important although a black body has slightly more Bearish indications and a white body has slightly more Bullish indications.

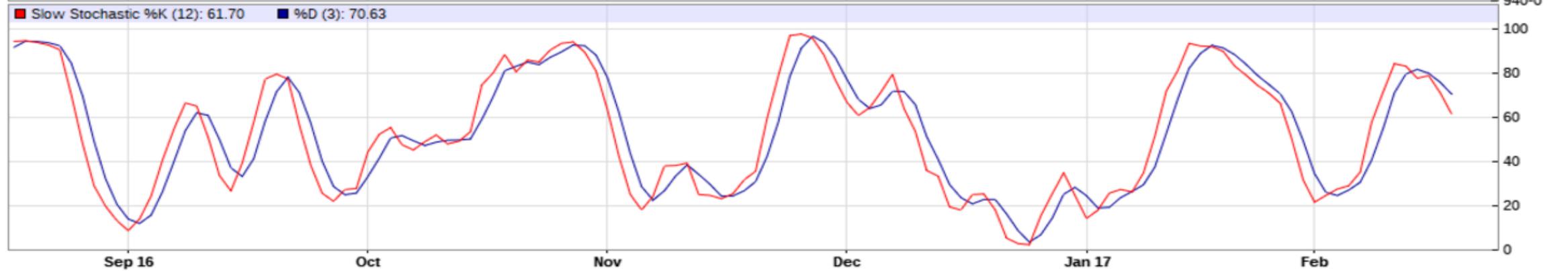
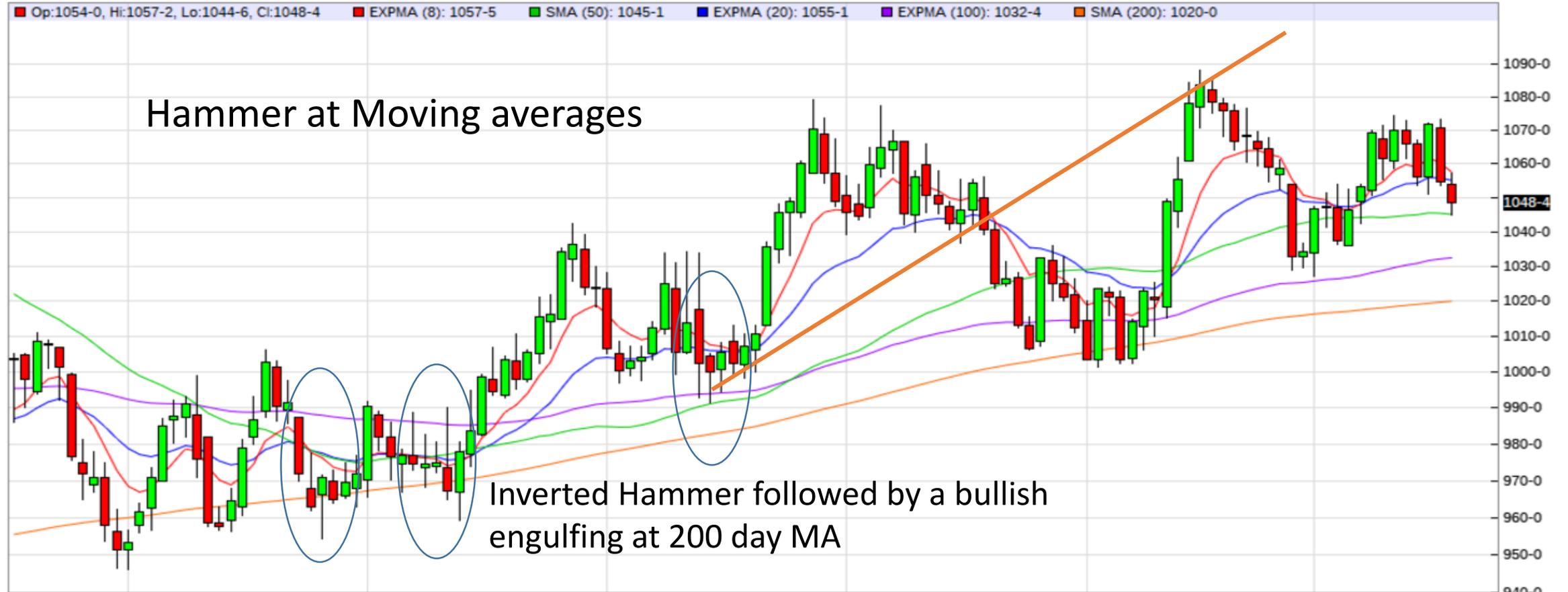
Pattern Psychology: This pattern at the bottom of a down trend is called a Hammer. This pattern at the top of an uptrend is called a Hanging-Man

The Hammer Signal

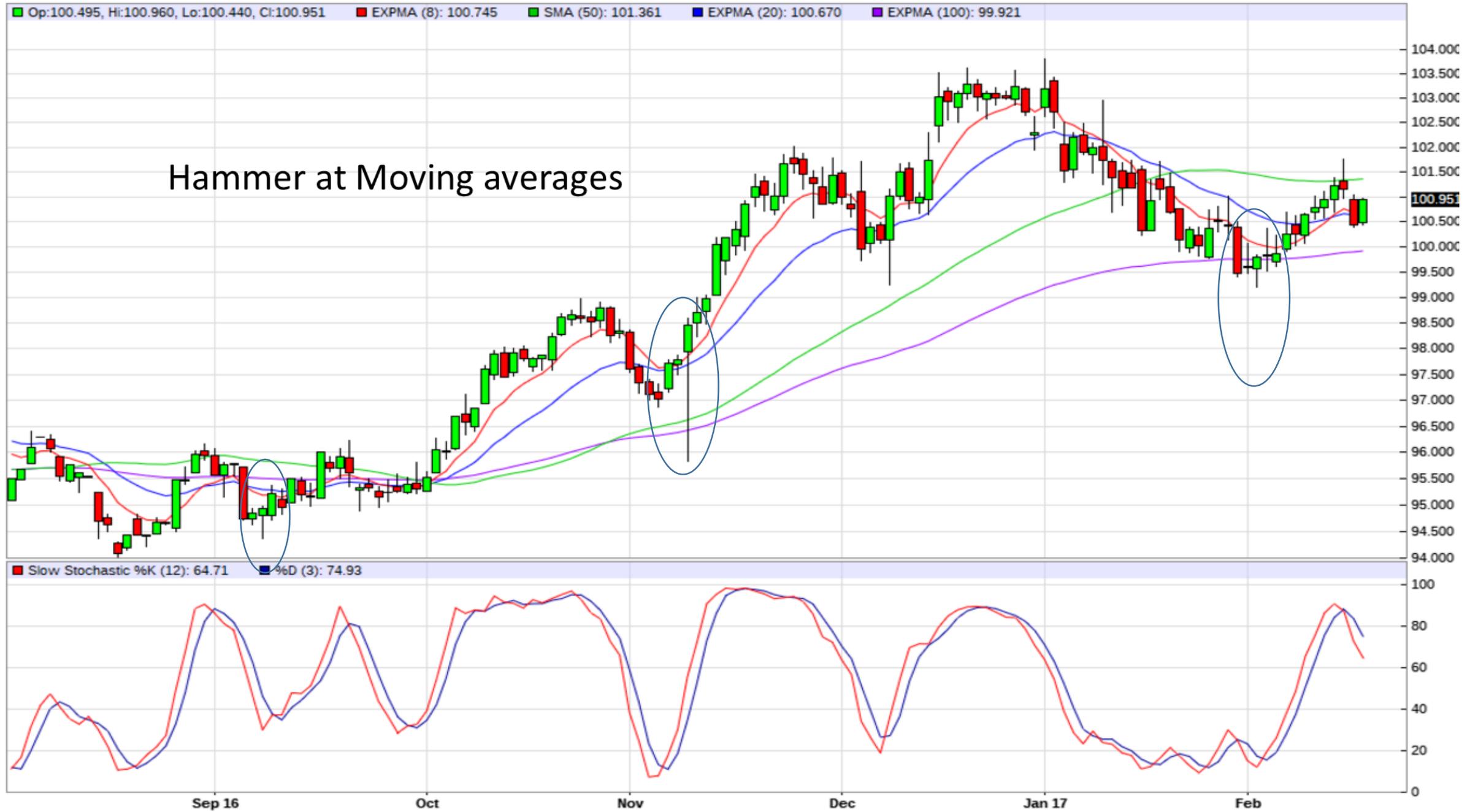
One of the most visually compelling signals is the Hammer signal. The hammer signal is easily recognized by the lower shadow (the tail) protruding to the downside after an extended downtrend.



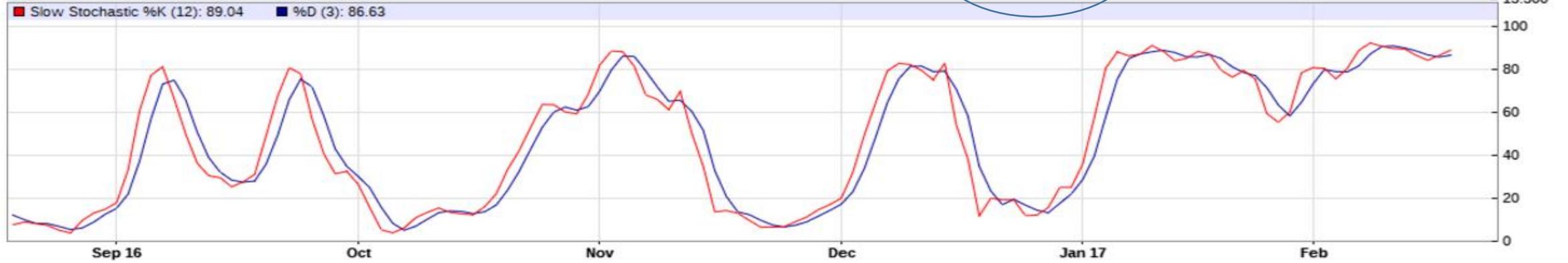
ZSK17 - Soybeans - Daily Candlestick Chart



DXH17 - U.S. Dollar Index - Daily Candlestick Chart



SIH17 - Silver - Daily Candlestick Chart



Gap Down Hammer

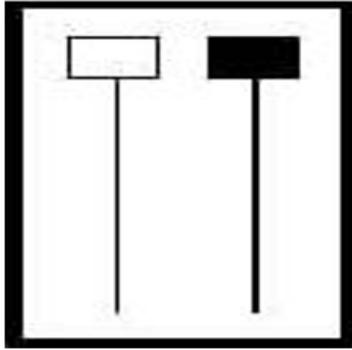
Gap Down Hammer



- After an extended downtrend, a Hammer will indicate that the selling has stopped
- Confirmation Needed
 - Continued buying the next day
- The gap down open is the alert to watch for a candlestick “buy” signal.

Hangman

price will move

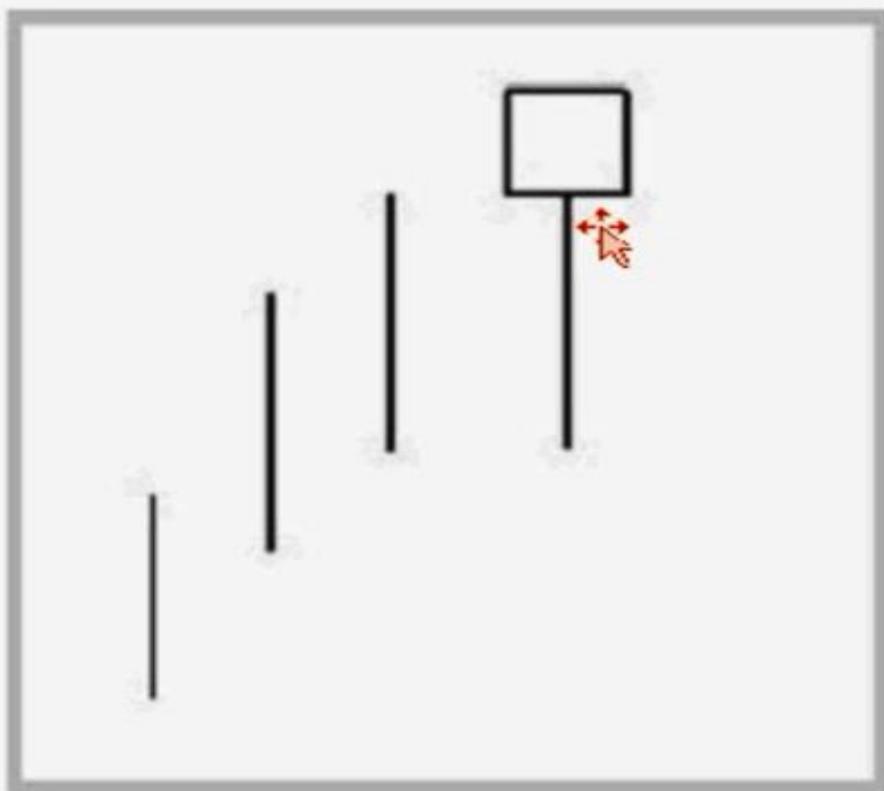


HAMMERS and HANGING-MAN

Recognition: The lower shadow (or tail) should be at least two times the length of the body. The color of the body is not important although a black body has slightly more Bearish indications and a white body has slightly more Bullish indications.

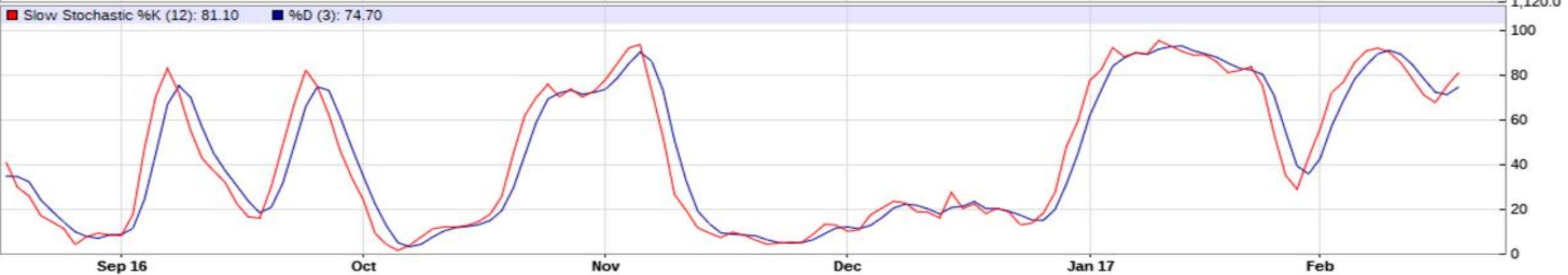
Pattern Psychology: This pattern at the bottom of a down trend is called a Hammer. This pattern at the top of an uptrend is called a Hanging-Man

Hanging Man



- **Looks like a Man Hanging**
- **Lower shadow 2 times greater than the body**

GCJ17 - Gold - Daily Candlestick Chart



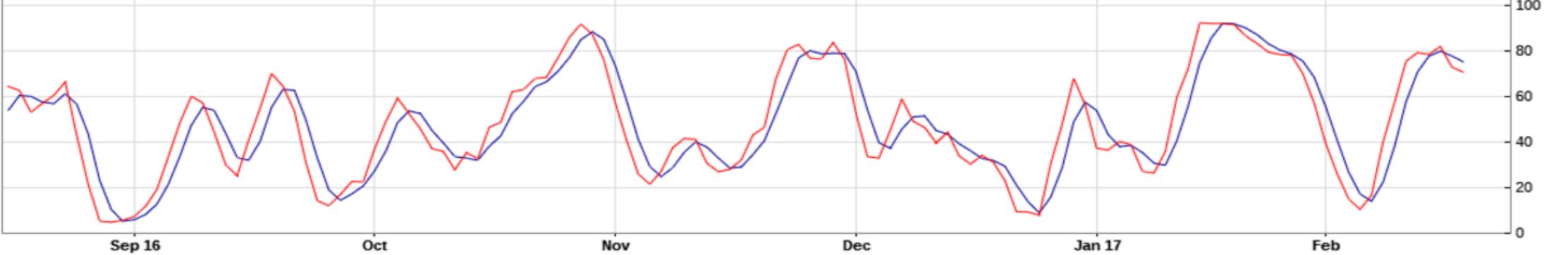
ZMK17 - Soybean Meal - Daily Candlestick Chart

Op:345.4, Hi:346.6, Lo:343.2, Cl:345.3 EXPMA (8): 345.4 SMA (50): 332.3 EXPMA (20): 342.3 EXPMA (100): 328.7

Hangman



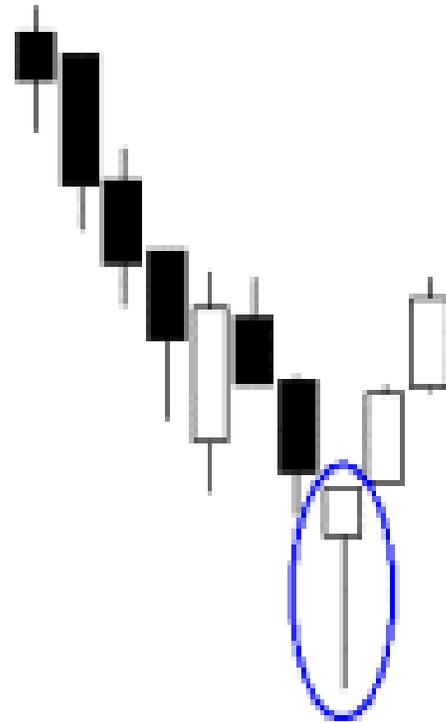
Slow Stochastic %K (12): 70.73 %D (3): 75.23



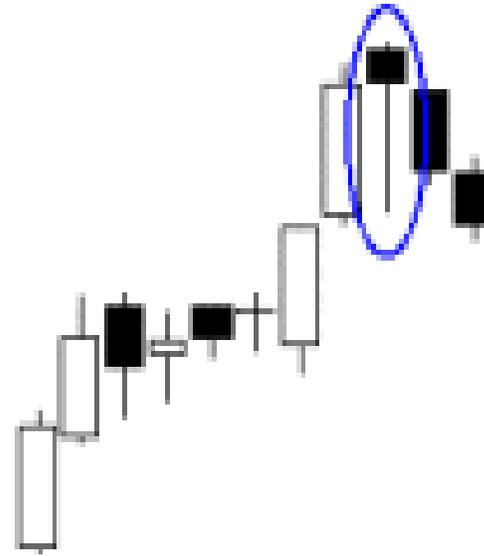
LEJ17 - Live Cattle - Daily Candlestick Chart



Hammer



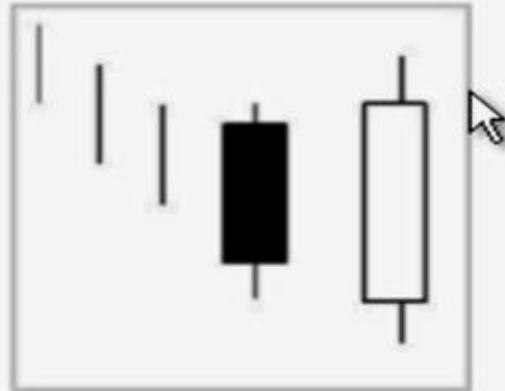
Hanging Man



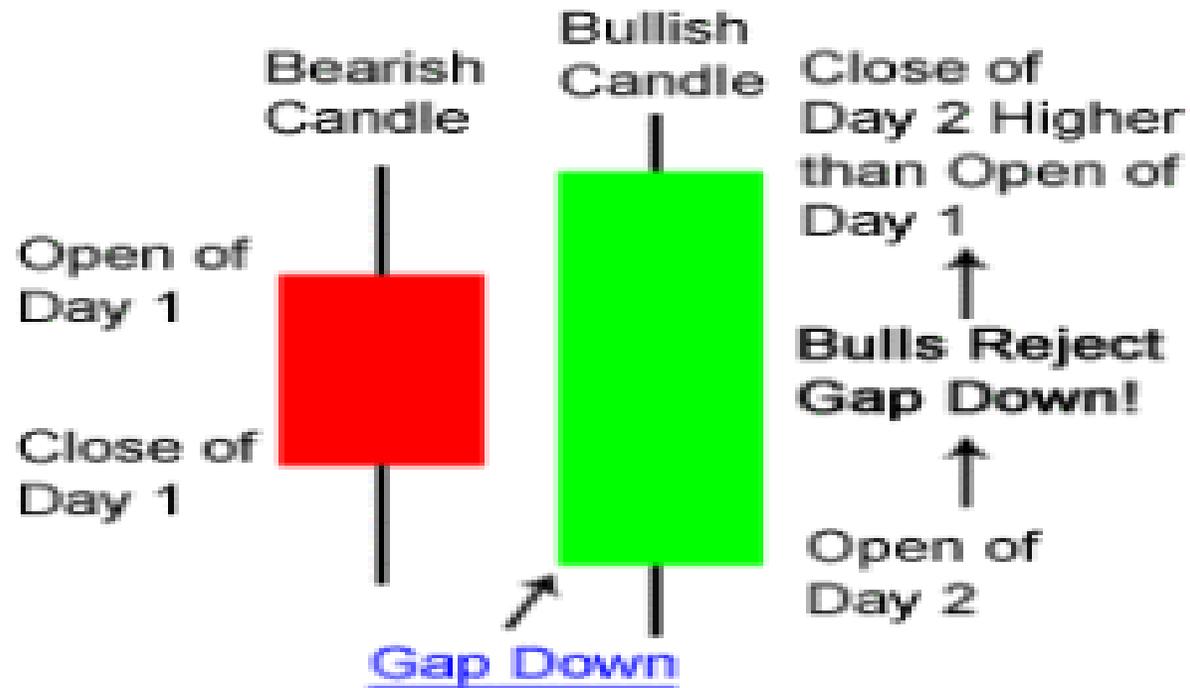
Bullish Engulfing

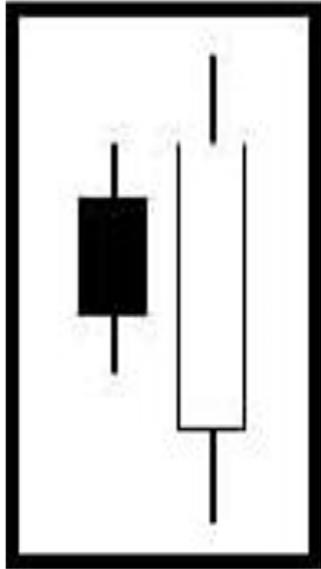
Bullish Engulfing Signal

A Bullish Engulfing signal is one of the major signals. When the elements out of a Bullish Engulfing signal are broken down, an investor can clearly understand what was going on in investor sentiment to cause a reversal. 400 years of observations from Japanese Rice traders has recognized the Bullish Engulfing signal as a very high probability reversal signal.



Bullish Engulfing Pattern





BULLISH ENGULFING Recognition: The body of the second day completely engulfs the body of the first day. Shadows are not a consideration.

Pattern Psychology: This pattern suggests the Bulls are stepping in with force, suggesting prices will move up.

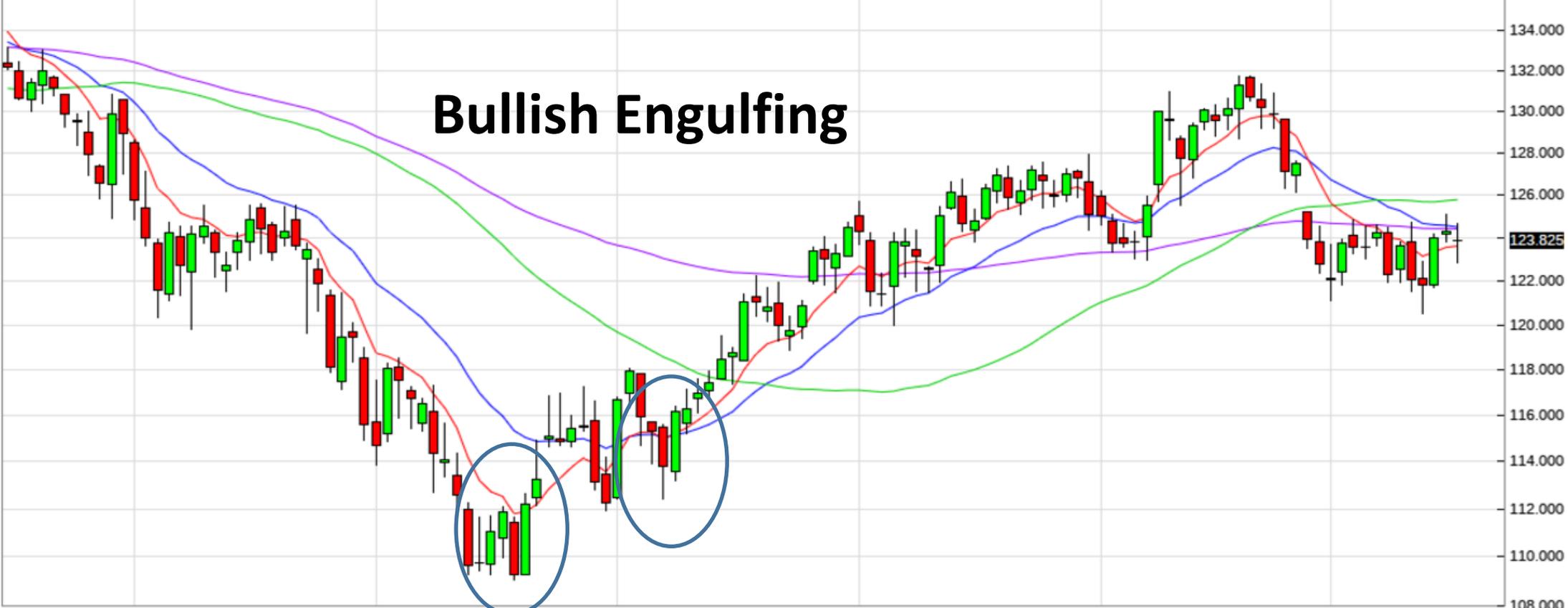
CTZ17 - Cotton #2 - Daily Candlestick Chart



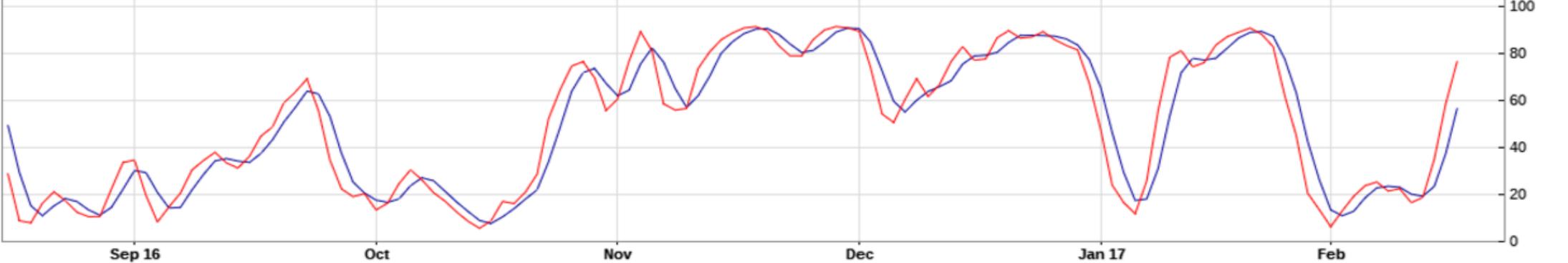
GFH17 - Feeder Cattle - Daily Candlestick Chart

Op:123.875, Hi:124.650, Lo:122.800, Cl:123.825 EXPMA (8): 123.599 SMA (50): 125.764 EXPMA (20): 124.488 EXPMA (100): 124.398

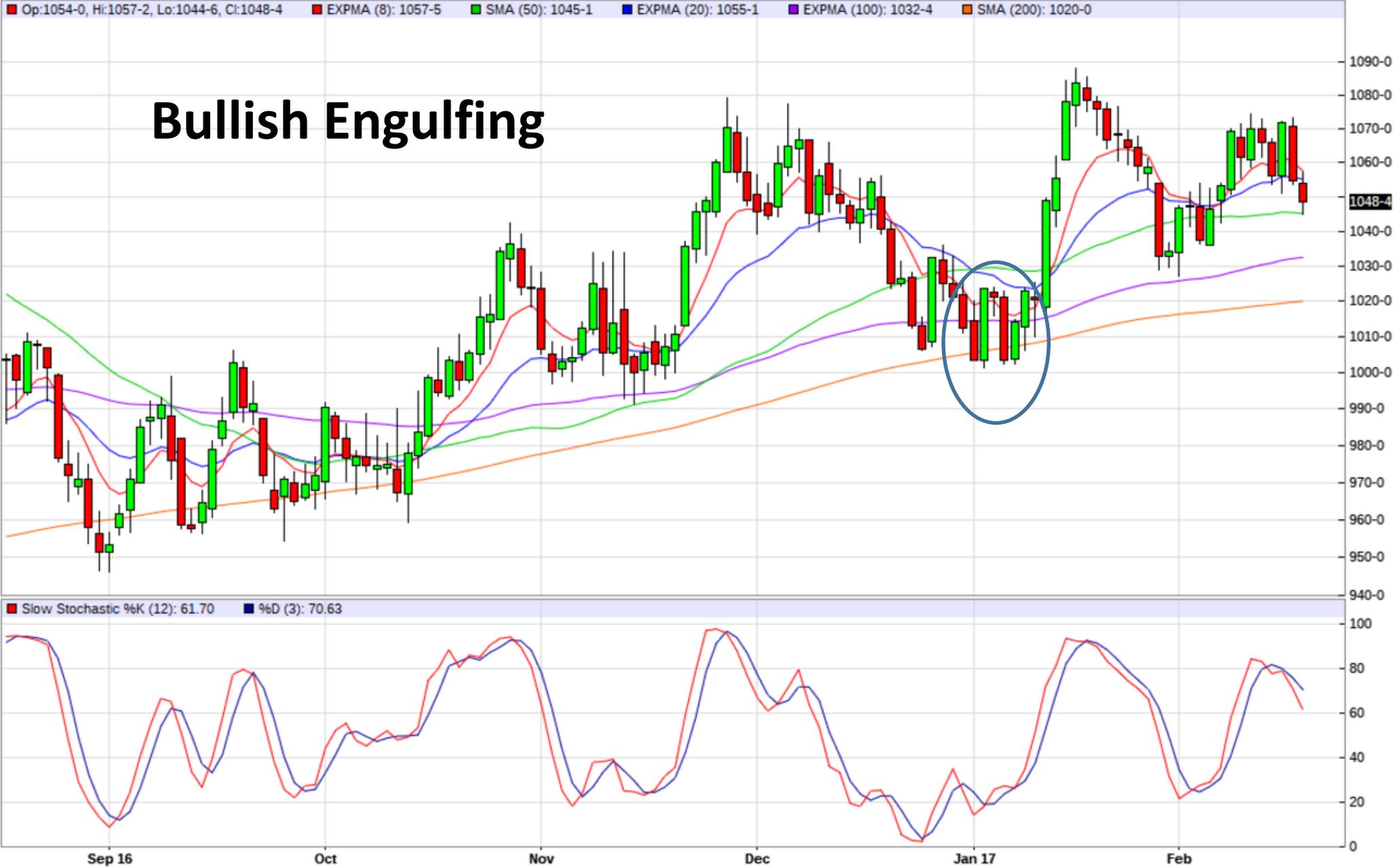
Bullish Engulfing



Slow Stochastic %K (12): 76.84 %D (3): 56.84

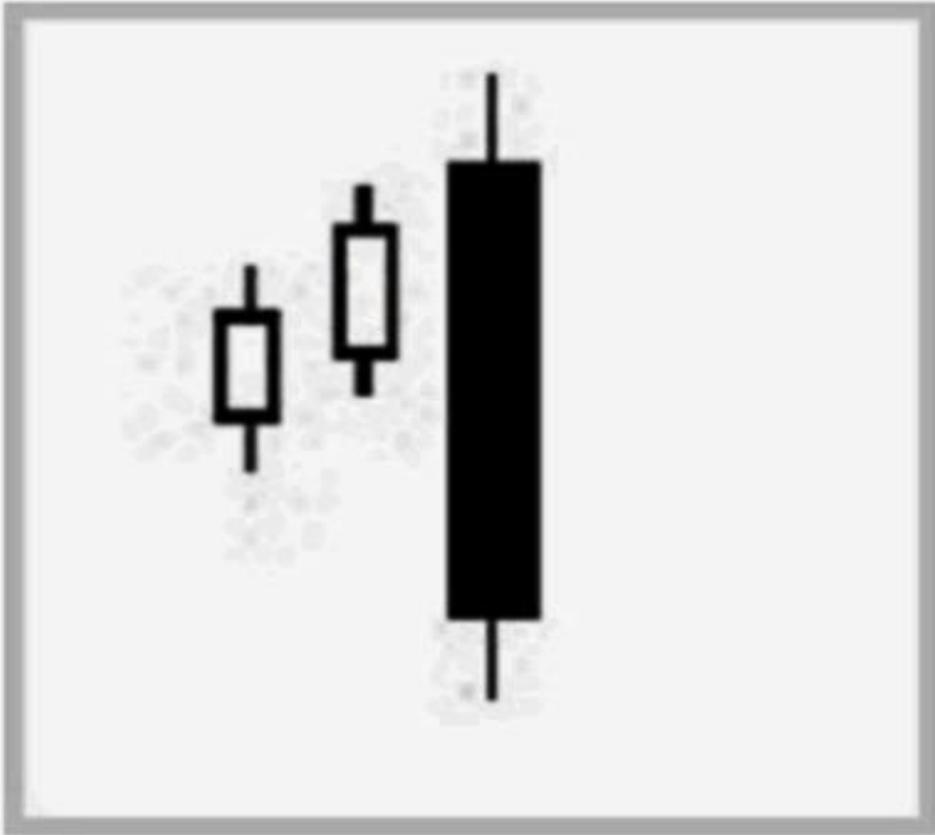


ZSK17 - Soybeans - Daily Candlestick Chart



Bearish Engulfing

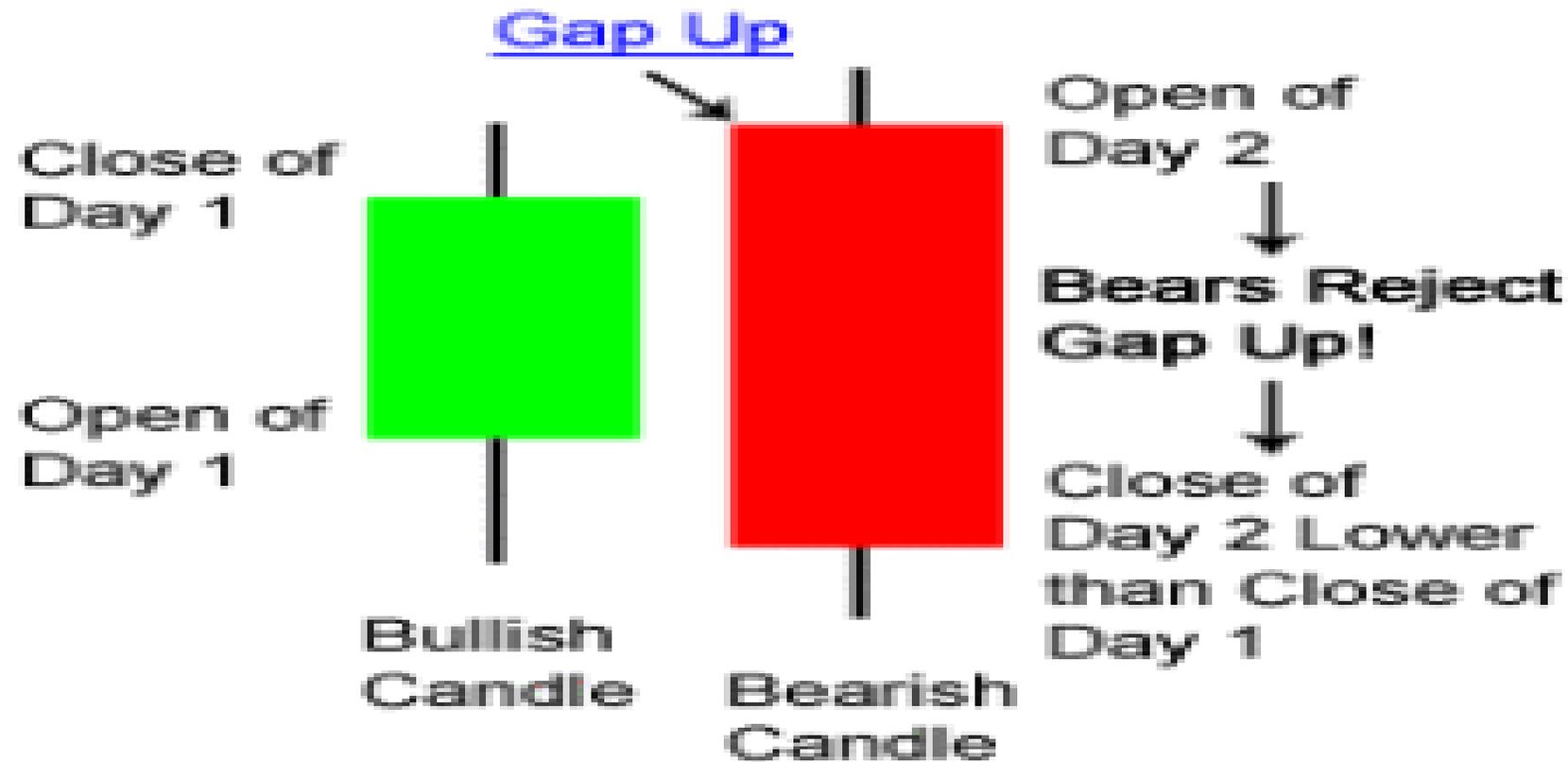
Bearish Engulfing Signal

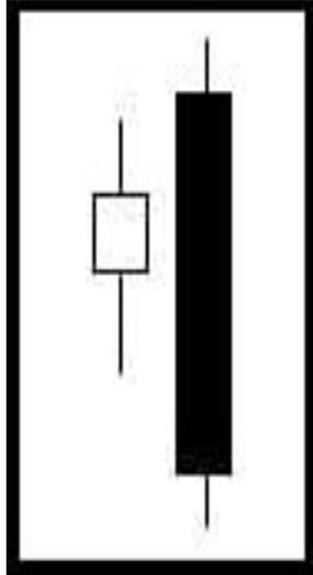


- **Completely Engulfs the previous days Body**



Bearish Engulfing Pattern





BEARISH ENGULFING

Recognition: The body of the second day completely engulfs the body of the first day.

Shadows are not a consideration.

Pattern Psychology: This shows the Bears are overwhelming the Bulls, suggesting prices will move

ZOK17 - Oats - Daily Candlestick Chart



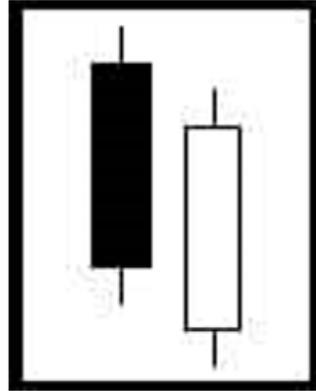
KCK17 - Coffee - Daily Candlestick Chart



Bearish Engulfing

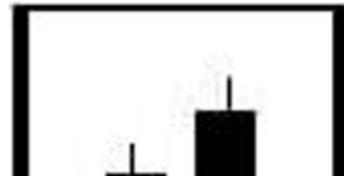
149.55

Piercing Line



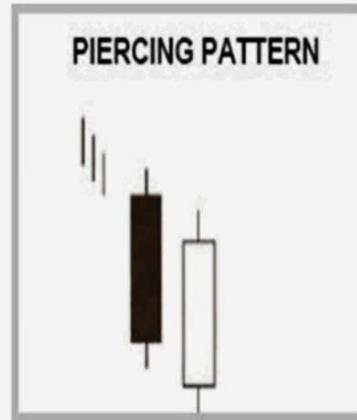
PIERCING PATTERN

Recognition: A two candle pattern, the body of the first candle is black and the body of the second candle is white. The white day opens lower, under the trading range of the previous day. The price closes above the 50% level of the black body.



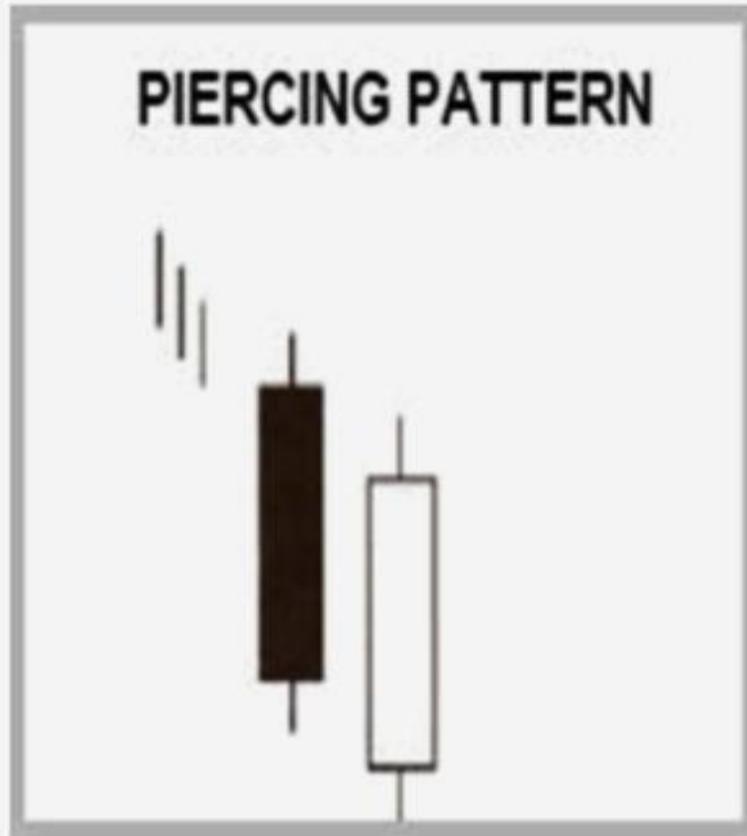
Pattern Psychology: After a strong downtrend, the atmosphere is Bearish but before the end of the day the Bulls step in and price closes near the high of the day.

Piercing Line



- Price opens lower than any previous days trading
- Close more than half way up the previous body

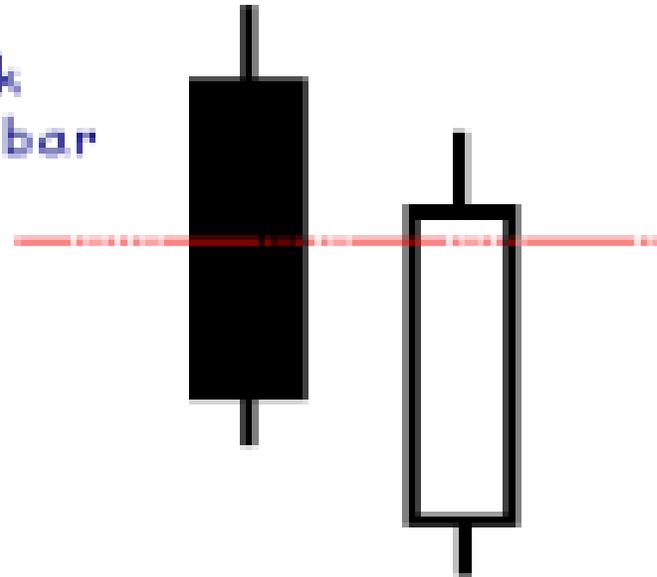
Piercing Line



- **Price opens lower than any previous days trading**
- **Close more than half way up the previous body**

Piercing Line - Reversal

Strong black
body on 1st bar



The close on the 2nd
bar must be more than
half-way up the
body of the 1st bar

Reversal signal after a down-trend

Silver



Piercing Line

Rectangle

77.09

Slow Stochastic %K (12): 100.00 %D (3): 93.99

Sep 16

Oct

Nov

Dec

Jan 17

Feb

0

100

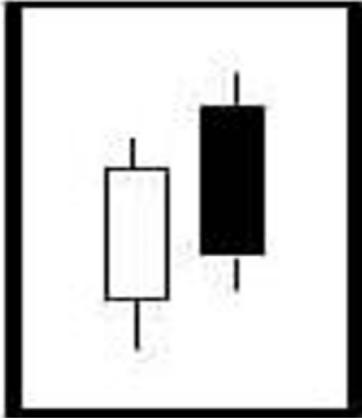
80

60

40

20

Dark Cloud



Pattern Psychology: After a strong downtrend, the atmosphere is Bearish but before the end of the day the Bulls step in and price closes near the high of the day.

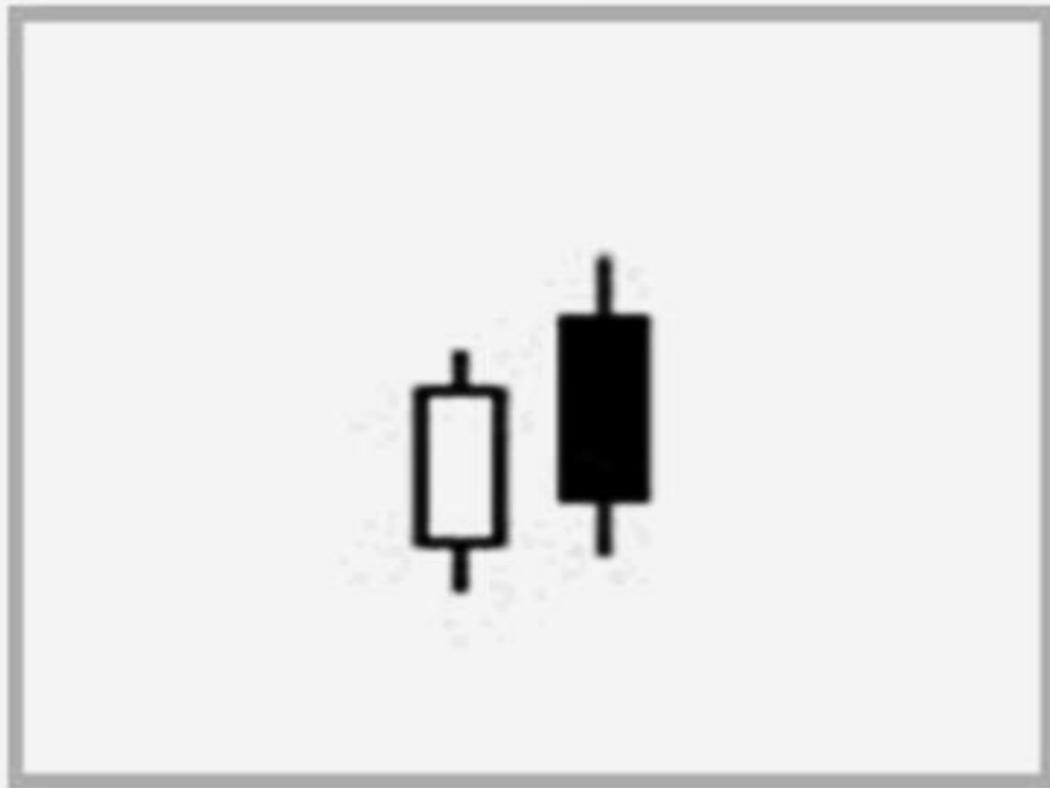
DARK CLOUD

Recognition: A two candle pattern, the body of the first candle is white and the body of the second candle is black. The black day opens higher, above the trading range of the previous day. The price closes below the 50% level of the white body.

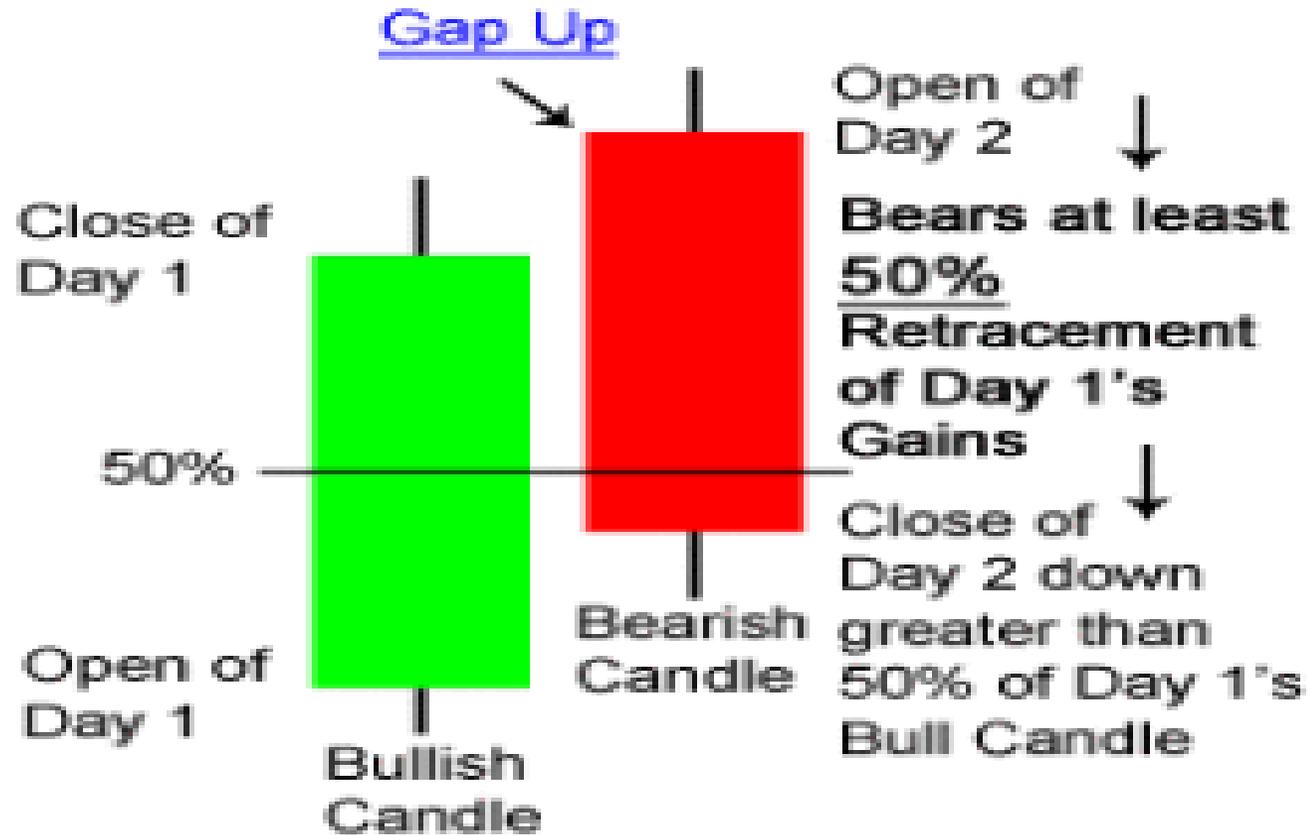
Pattern Psychology: After a strong uptrend, the atmosphere is Bullish but before the end of the day the Bears step in and price closes near the low of the day.

Dark Cloud Cover

The Dark Cloud signal is a signal that tells an obvious reversal of a trend. It is named because it looks like a dark cloud over a nice bright sunny



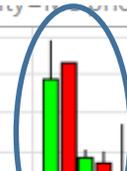
Dark Cloud Cover



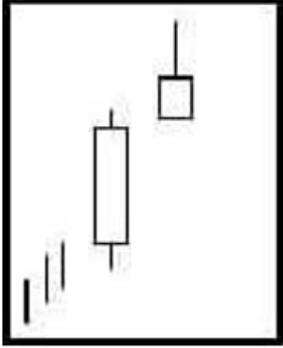
Centrus Energy

Dark Cloud Cover

Flat and Saucer bottom, above the MA, Inverted hammer, breakout



Shooting Star



SHOOTING STAR

Recognition: One candle pattern appearing in an uptrend. The shadow (or tail) should be at least two times the length of the body. The color of the body is not important, although a black body has slightly more Bearish indications.

Pattern Psychology: After a strong uptrend the Bulls appear to still be in control with price opening higher, but by the end of the day the Bears step in and take the price back down to the lower end of the trading range.

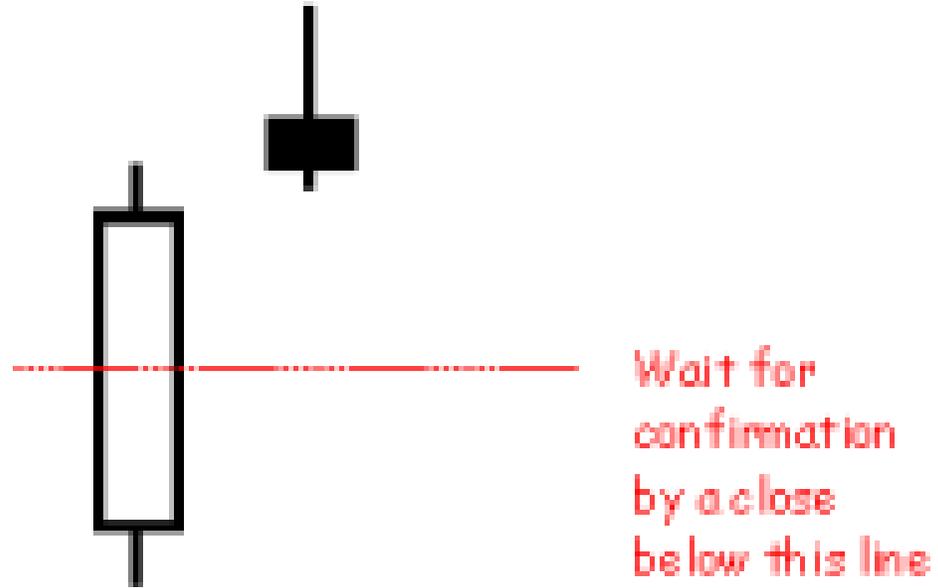
Lower trading the next day reinforces the probability of a pullback.

Shooting Star



- **A Shooting Star looks like a shooting star coming down out of the sky**

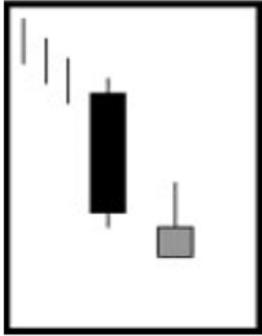
Shooting Star



CLH17 - Crude Oil WTI - Daily Candlestick Chart



Inverted Hammer

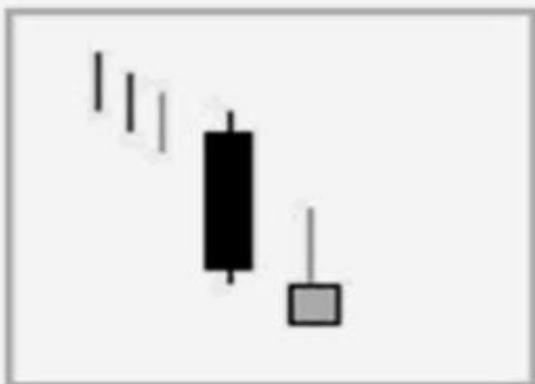


Inverted Hammer

Recognition: The upper shadow should be at least two times the length of the body. The real body is at the lower end of the trading range. There should be no lower shadow or a very small lower shadow.

Pattern Psychology: After a downtrend has been in effect, the atmosphere is Bearish. The price opens and trades lower but before the end of the day, The Bulls step in and take the price back up. A higher open or a white candle the next day reinforces buying.

Inverted Hammer



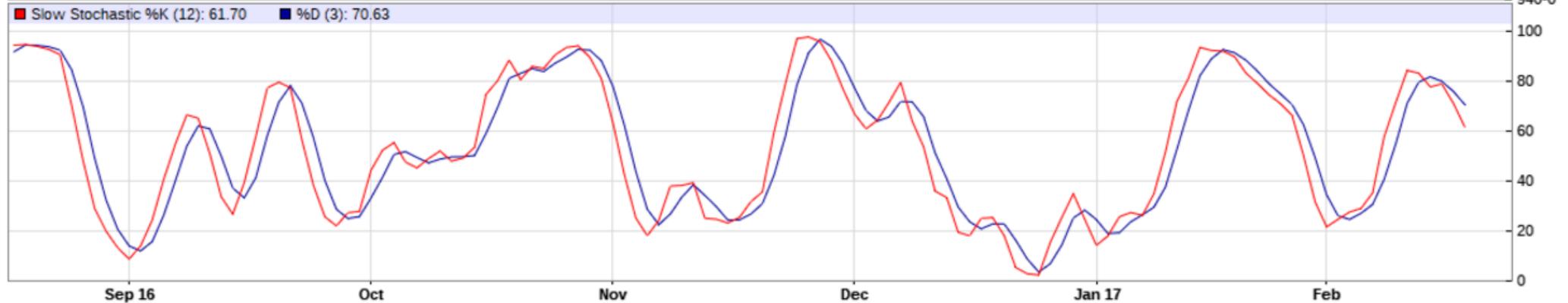
- **The Inverted Hammer starts to concern the Bears**



SBK17 - Sugar #11 - Daily Candlestick Chart



ZSK17 - Soybeans - Daily Candlestick Chart



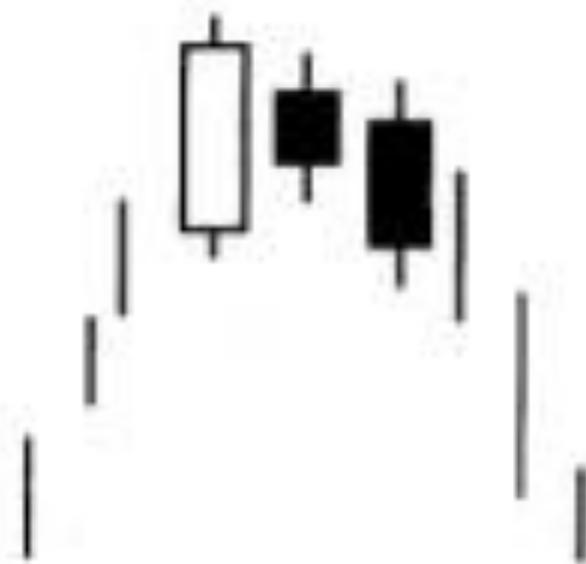
Bullish Harmi

Bullish Harami

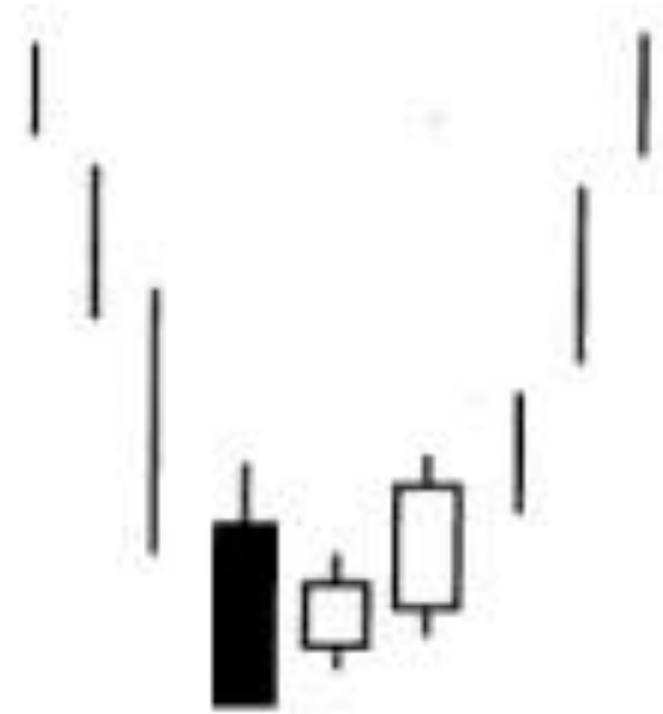


- Tells us the selling has stopped

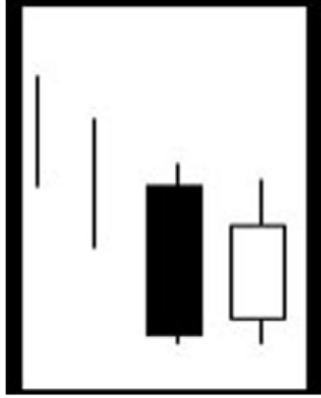




Bearish Harami



Bullish Harami



BULLISH HARAMI

Recognition: A two candle pattern forming in a down trending price pattern. The body of the first candle is the same color as the current trend and should be a long black candle.

The body of the second candle is white and opens and closes within the body of previous day's candle.

Pattern Psychology: After a strong downtrend the Bulls step in and open the price higher than the previous day's close. This concerns the Bears and the shorts start covering their positions. A strong day after that would convince everybody that the trend may be in a reversal.

LEJ17 - Live Cattle - Daily Candlestick Chart

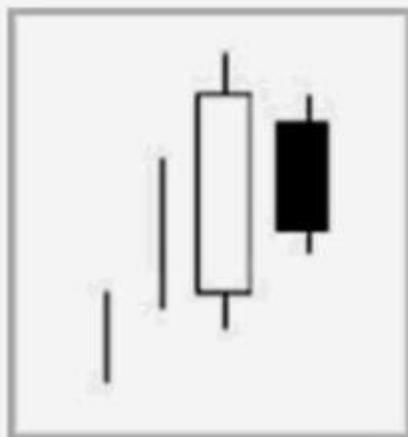


ZCZ17 - Corn - Daily Candlestick Chart



Bearish Harmi

Bearish Harami



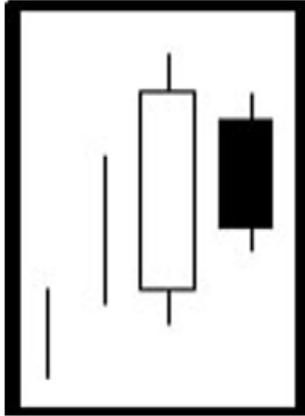
- Tells us that the buying has stopped

Gap Down after Bearish Harami

Gap Down after Bearish Harami



- After an extended uptrend, a Bearish Harami indicates the uptrend has stopped.
- Confirmation Needed
 - More selling the following day

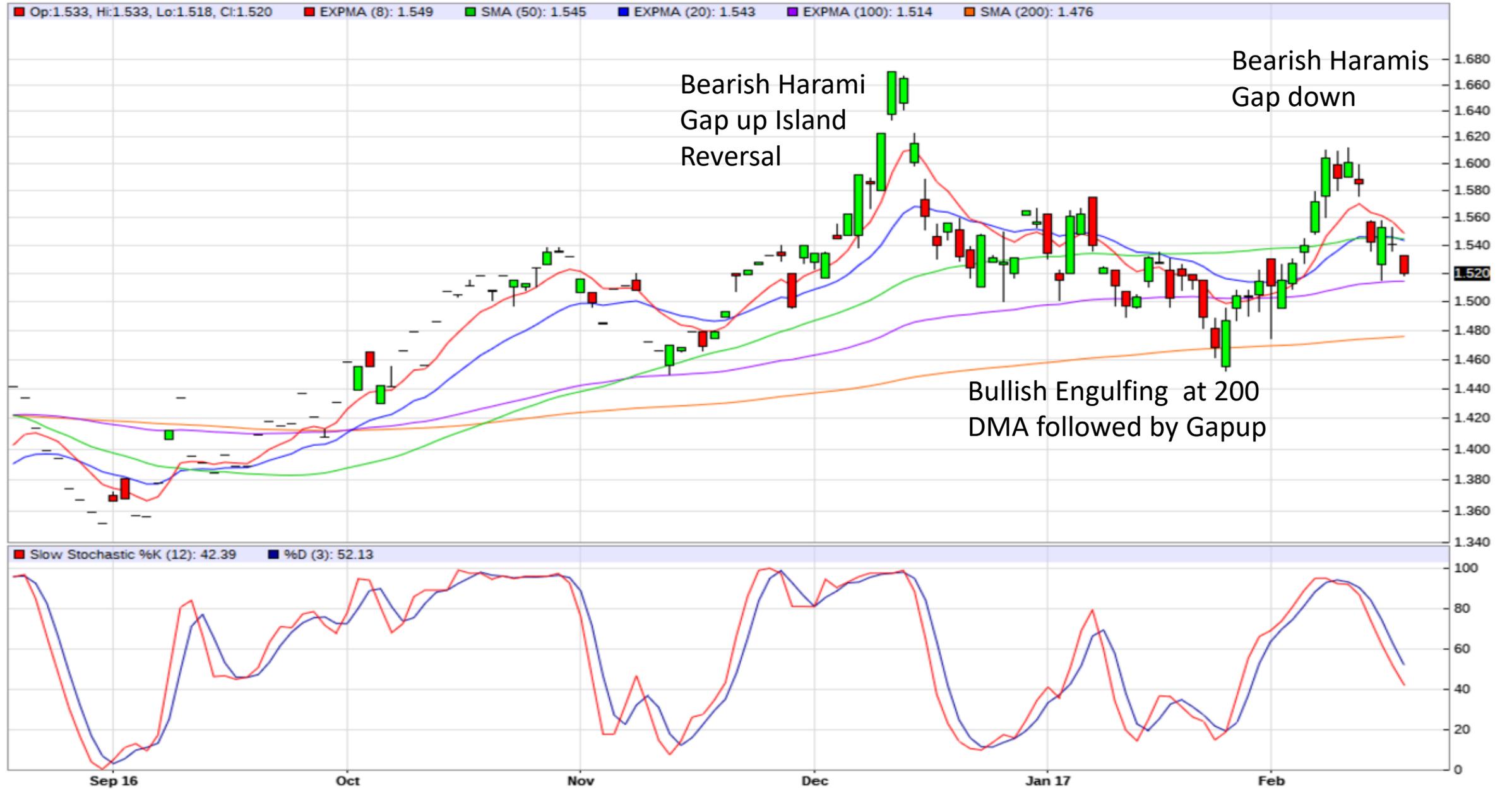


BEARISH HARAMI

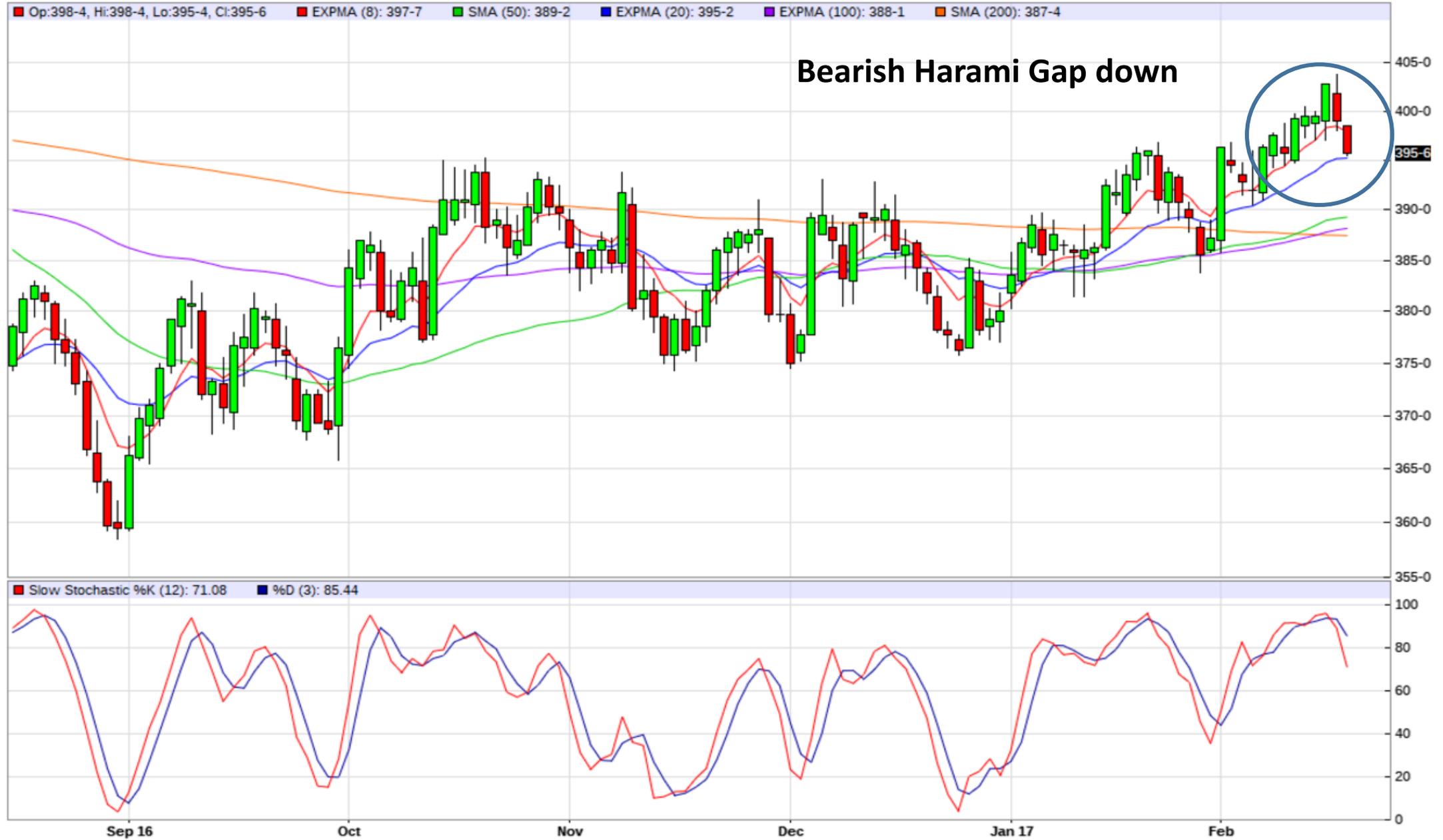
Recognition: A two candle pattern forming in an uptrending price pattern. The body of the first candle is the same color as the current trend and should be a long white candle. The body of the second candle is black and opens and closes within the body of the previous day's candle.

Pattern Psychology: After a strong uptrend the Bears step in and open the price lower than the previous day's close. The price finishes lower for the day and the Bulls are concerned and begin taking their profits.

ZKH17 - Ethanol Futures - Daily Candlestick Chart

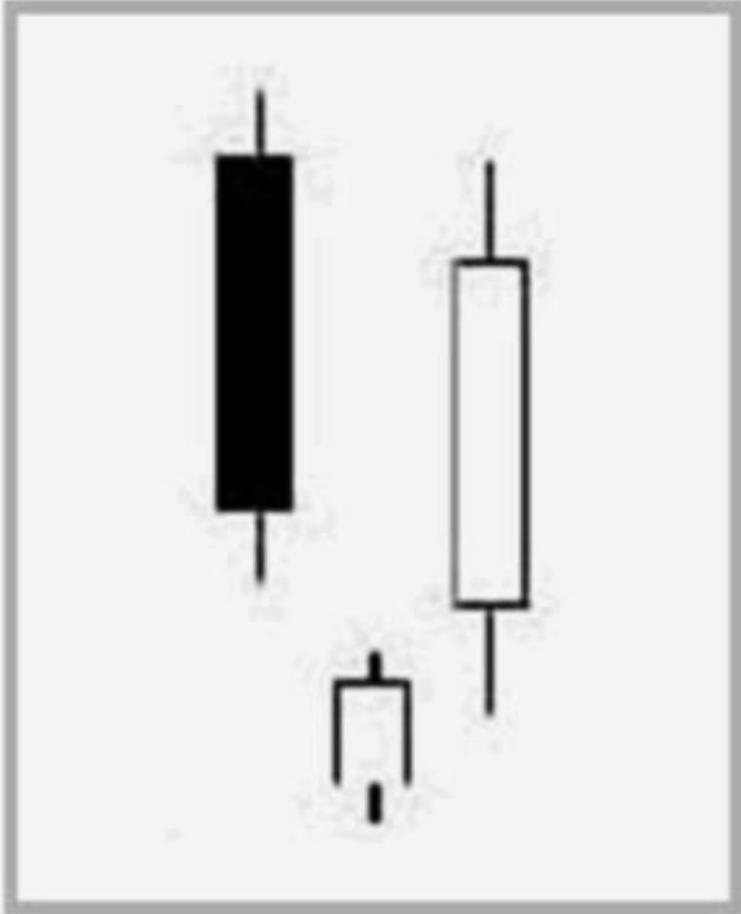


ZCZ17 - Corn - Daily Candlestick Chart

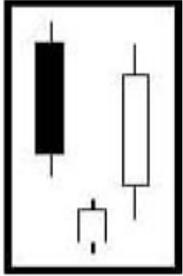


Morning Star

Morning Star Signal



- Tells you there is coming sunny day



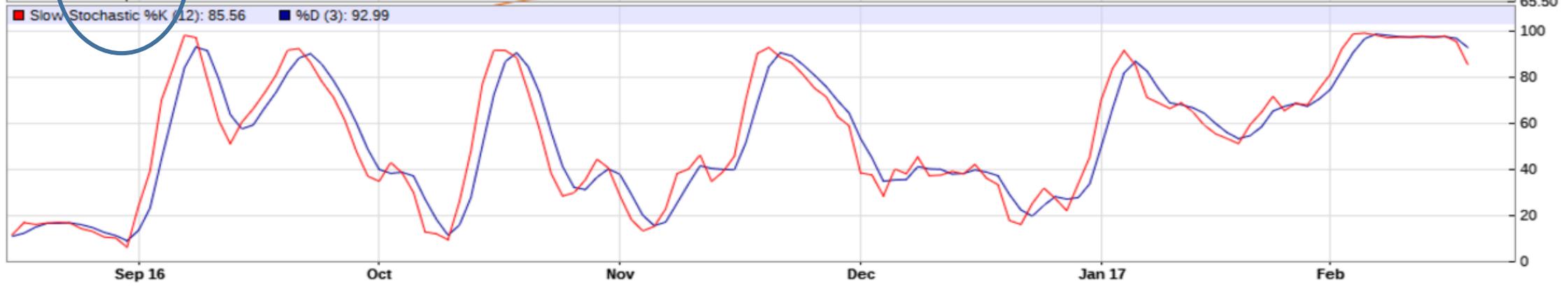
MORNING STAR

Recognition: A three candle pattern at the bottom of a downtrend. The body of the first candle is black, confirming the current downtrend. The second candle is an indecisive formation. The third candle is white and should close at least halfway up the black candle.

Pattern Psychology: After an apparent downtrend the Bulls step in and open the price higher than the previous day's close. The price finishes higher for the day and the Bears are concerned and begin covering their short

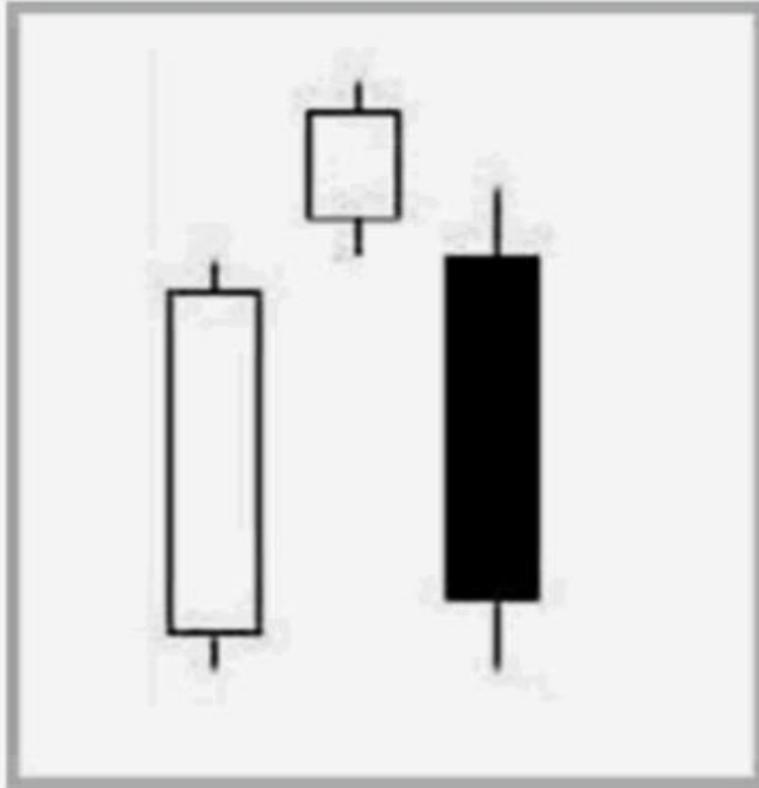
ZCZ17 - Corn - Daily Candlestick Chart





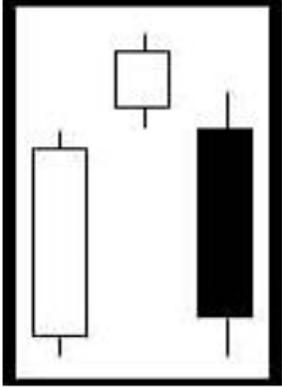
Evening Star

Evening Star Signal



- **Darkness is to come**





EVENING STAR

Recognition: A three candle pattern at the top of an uptrend. The body of the first candle is white, confirming the current uptrend. The second candle is an indecisive formation. The third candle is black and should close at least halfway down the white candle.

Pattern Psychology: After an apparent uptrend the Bears step in and open the price lower than the previous day's open. The price finishes lower for the day and the Bulls are concerned and begin selling to take their profits.

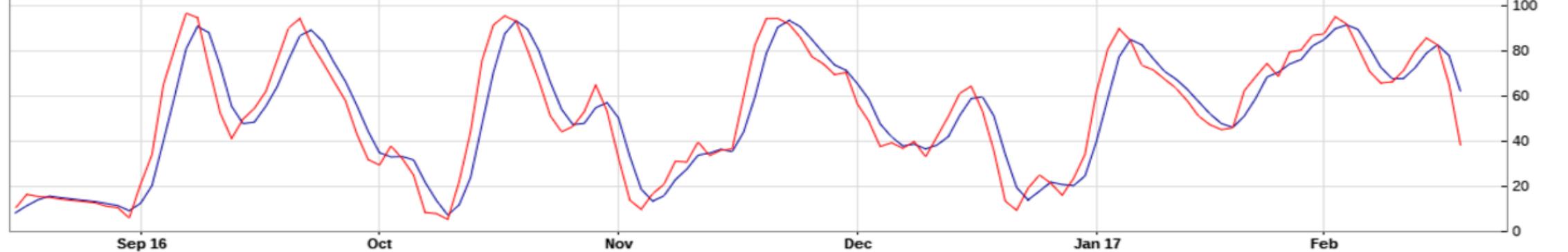
CTK17 - Cotton #2 - Daily Candlestick Chart

Op:76.81, Hi:76.93, Lo:75.75, Cl:75.91 EXPMA (8): 76.80 SMA (50): 73.70 EXPMA (20): 76.10 EXPMA (100): 72.68 SMA (200): 70.05

Evening Star



Slow Stochastic %K (12): 38.58 %D (3): 62.22



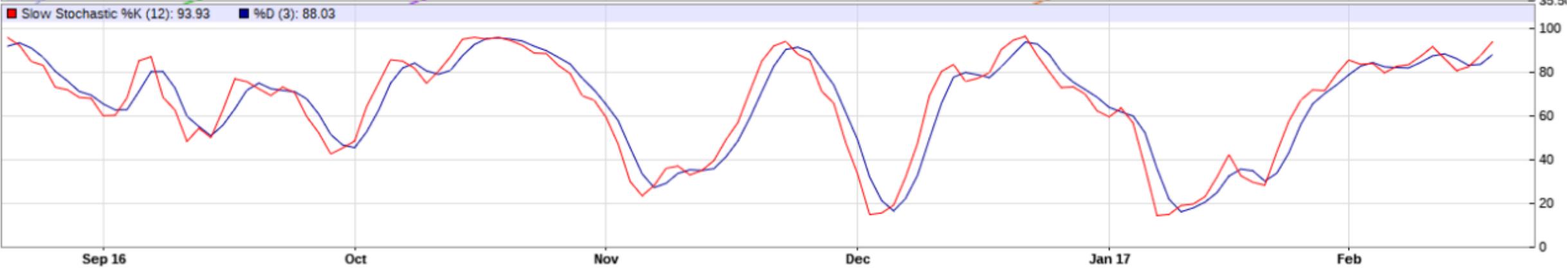
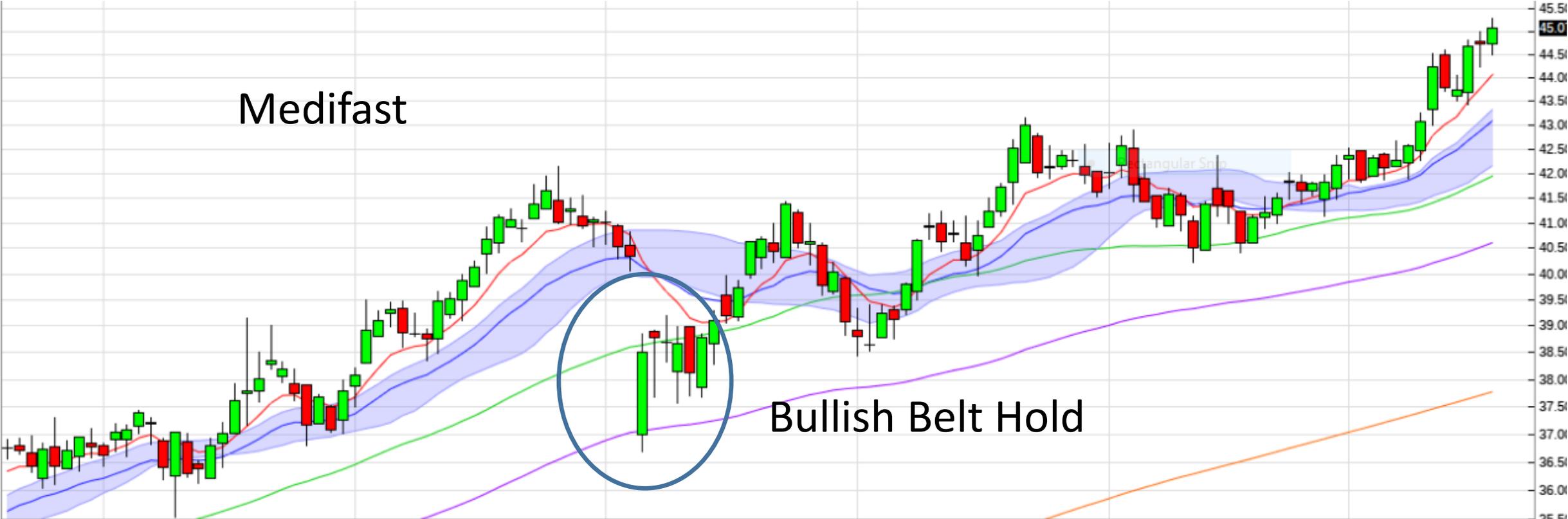
Belthold

Belt Hold Pattern



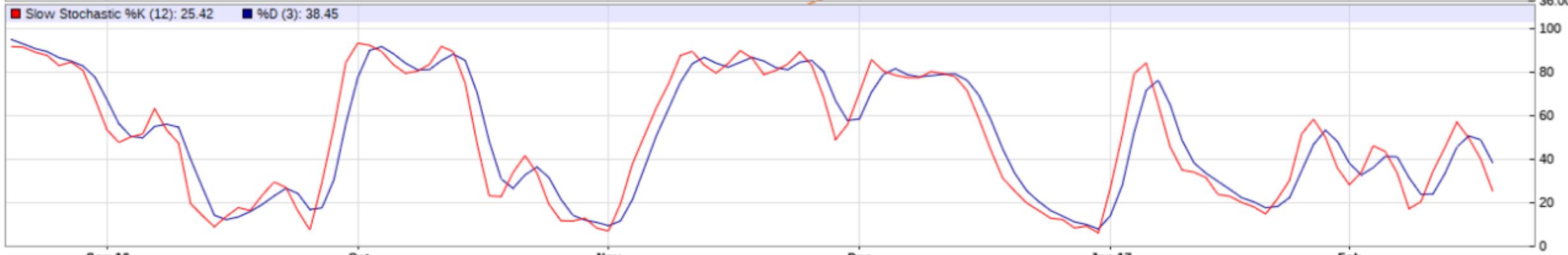
- Strong prevailing trend
- The candlestick body should be the opposite color of the prevailing trend
- Gap on the open, continuing the trend
- The open is the high or low of that trend
- The length of the body should be a long body.

Medifast



Devon Energy

Bearish Belt Hold



Sep 16

Oct

Nov

Dec

Jan 17

Feb

Series of Dojis

SBK17 - Sugar #11 - Daily Candlestick Chart

