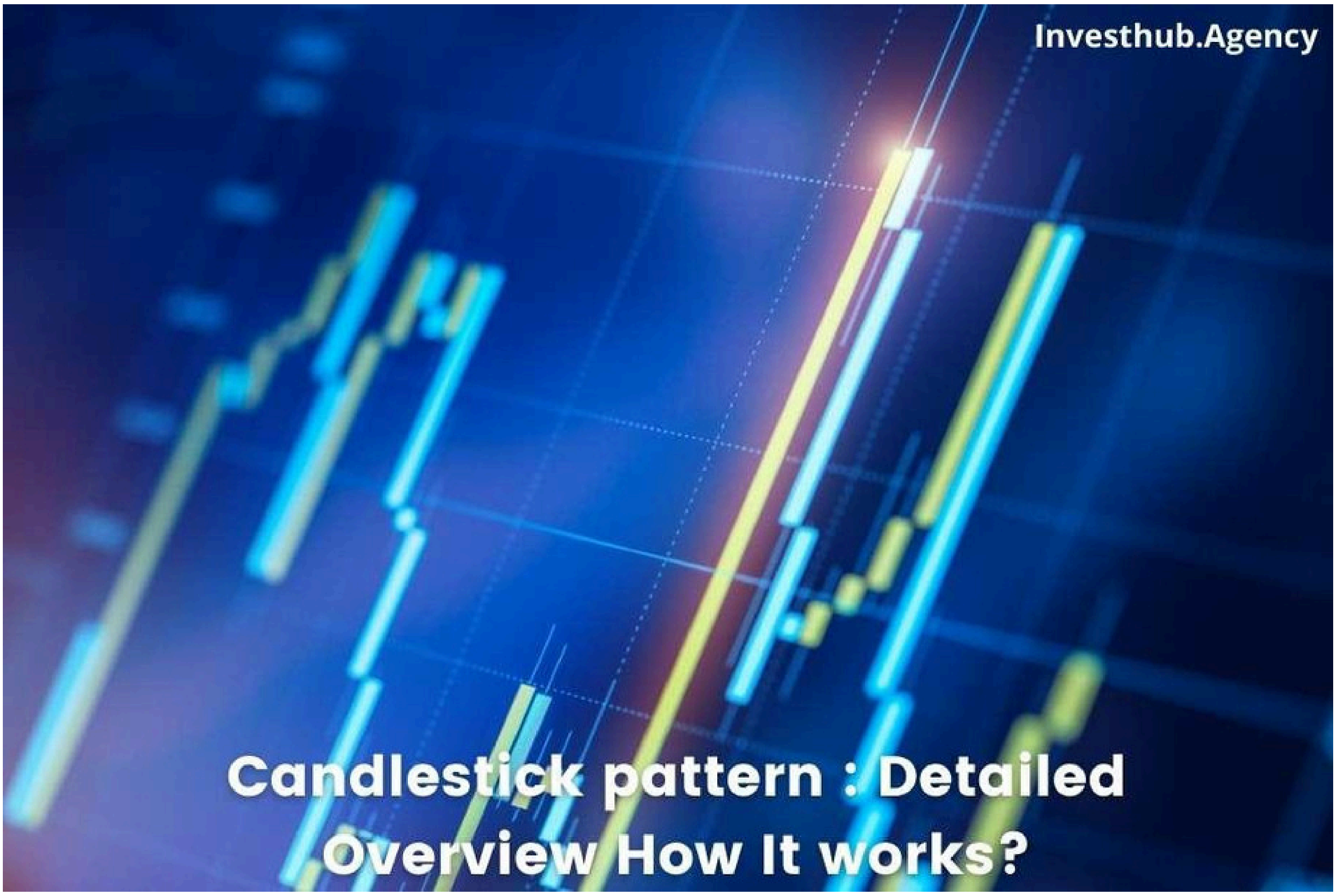
Candlestick Pattern: Best Guide for finding patterns in 2021



In this article, we discuss the variety of candlestick patterns, and each pattern has unique features and benefits for the traders. It can be helpful to predict future markets by the traders.

What are candlestick patterns?

A candlestick pattern is a kind of price chart that the trader uses for technical analysis. The charts show the (high, low, opening and closing) price of the assets for a specific period of time.

What are the components of the Candlestick patterns?

The components of the candlestick patterns are closing, opening, high or low price of the asset. With the help of these components, the charts are made for the investors.

What is a bearish candlestick pattern?

The bearish market candlestick pattern shows the uptrend and in which the signal is a point of resistance. These are the only charts that consider holding a short position in trading and making a high profit.

How many types of bearish candlestick patterns?

These are the bearish candlestick patterns for the investors:

- **Hanging man**
  The hanging man is entirely the same as the equivalent to a hammer. The shape of the chart is also the same in the hanging man, but it is formed at the end of the uptrend. The chart indicates that there was a significant sell-off within a day, but on the other hand, the purchasers were able to push the price up again.

- **Shooting star**
  The shooting star is entirely the same as an inverted hammer, and it is formed in an uptrend. The chart has a small lower body and a long upper wick. Usually, the market trend is higher on the opening value of the asset as before closing at a different price.

- **Bearish engulfing pattern**
  A bearish engulfing pattern occurs at the end of an uptrend. In the chart, the first candle has a green body that is engulfed by a long red candle. It indicates a peak and also shows a slow down of price movement

- **Evening star**
  The evening star is generally a three candlestick pattern which is equal to the bullish morning star. The evening star is made of a short candle sandwiched (which is between a long green candle and a large red candle). It indicated the reversal trend, and it is specifically strong when the time the third candlestick erases.

- **Three black crows**
  The three black crows candlestick which is composed of three consecutive long red candles with short wicks. Each chart is based on the asset's previous price, but the selling pressure pushes the lower price with each close. The investor interprets this pattern as the start of bearish downtrends.

- **Dark cloud cover**
  The dark cloud cover candlestick indicates the bearish reversal. This pattern requires two candlesticks, such as a red candlestick and a green candlestick. In simple words, if the wick of the candles is shorter, then suggest that the downtrend is extremely decisive.

What are bullish candlestick patterns?

The bullish candlestick pattern shows the market downtrend in which the signal of reversal price movement. These are the only candlestick patterns which consider opening a long position for profit-making.

How many types of bullish candlestick patterns?

These are the bullish candlestick patterns for the investors:

- **Three white soldiers**
  The three white soldiers occur after three days. In which are consecutive long green candles with a small wick and open and close progressively higher than yesterday's. It is one of the most vital bullish signals that occurs after a downtrend.

- **Morning star**
  The morning star candlestick pattern is considered a sign of hope and it is made of three stick patterns such as one short-bodied candle between a long red candle and long green candle. It indicates whether the bull market is on the horizon and the asset's selling pressure.

- **Piercing line**
  The piercing line also sticks with the two lines, made of a long red candle and followed by a green candle. A long red candle shows the asset's closing price, and a green candle shows the opening price of the asset.

- **Bullish engulfing pattern**
  The bullish engulfing candlestick pattern is formed with the two candlesticks. The chart is the candle of a short body compared to the engulfed by a larger green candle.

- **Inverse hammer**
  The inverse hammer candlestick is basically formed of a long body with a long wick, and it shows the buying pressure, which is followed by selling pressure. It is suggested that the buyers will soon have control of the market.

- **Hammer**
  The hammer candlestick is basically formed of a short body with a lower wick, and it is located at the bottom of the downtrend. The hammer shows how much selling pressure throughout the day. In the chart, the green hammer shows better indicators as compared to the red hammer.

These are the four continuation candlestick patterns.

- **Doji**
  In the candlestick pattern, the market opens and closes based on the same price, and the candlestick represents the cross or plus sign. The investor should lookout for a short body with a wick length.
  The Doji patterns show the struggle between the buyers and sellers in the market. But on the other side, Doji is a neutral signal, and it is found in reversal patterns like the bullish and bearish morning star.

- **Spinning tops**
  The spinning tops candlestick patterns indicate the internal market decision, and the result is not meaningful (in terms of change in price). In simple words, it is a period of consolidation and following a major uptrend or downtrend.

- **Falling three methods**
  In falling three methods, requires three method formation patterns which is used to predict the continuation of the current trend. The bearish pattern is also known as the Falling three method. The three patterns are a long red body, three green body and another red body.
  The patterns show that the bull does not have the strength to reversal the market trends.

- **Rising three methods**
  The bullish pattern is also known as the Rising three method, which requires three short reds sandwiched but within the range of two green candles.

What are the pros of the candlestick pattern?

- **Easy to understand:** It is very easy to understand by the investors; it requires normal knowledge that helps to predict the market.
- **Superior to traditional charts:** Traditional charts are the simple representation that has less meaning, but when we talk about the candlestick charts, it is the advanced level of charts that shows everything and easily predicts the market.
- **Identify market patterns quickly:** The candlestick pattern shows the bearish and bullish reversal patterns that are only shown by these charts compared to the other charts.
- **Analyze the direction easily:** The candlestick chart is full of colour; every bar is represented the market price with a different colour, so it easy to observe by the investors.

What are the cons of the candlestick pattern?

- **Not all charts give price:** In the candlestick pattern, all the charts shown by the broker are not giving an opening price, so it will be difficult to predict the market conditions by the traders.
- **Lagging of indicators:** Most of the time, the trader uses the candlestick pattern to predict the market's future prediction. But in case if lagging happens before executing a trade, then they can't make an opportunity to earn money from the market.

What are chart patterns?

A chart pattern is the graphical representation of the price. It played a very important role in studying the market price, and it is part of the technical analysis.

How many types of chart patterns are there?

Basically, there are three types of chart patterns which are used by the investor during technical analysis such as chart pattern. Harmonic pattern. Candlestick pattern.

Are dark cloud cover and shooting stars part of the bearish candlestick pattern?

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