

## CANDLESTICK LIBRARY

### Introduction:

Candlestick signals hold an immense amount of information in their formations. Over the past few centuries, Japanese Rice traders have made fortunes by recognizing reoccurring patterns in investor sentiment. These signals are as accurate for defining the time to sell as they are for showing the time to buy. Considering that the signals are still around after hundreds of years of utilization and producing profits, it should be assumed that there is something in the signals that work.

### Benefits:

Candlesticks provide specific visual cues that make understanding price movement easier. Offering a wider range of information than traditional bar charts, candlesticks give emphasis to the relationship between close price and open price. Traders who use candlesticks are likely to more quickly identify different types of price action that tend to predict reversals or continuations in trends. Combined with other technical analysis tools, candlestick pattern analysis can be a very useful way to select entry and exit points.

Know what the next trading bar brings so you can make good decisions in your trading. Know the magnitude of the move coming as Candles not only identify direction, but also the force of the move coming. See the powerful patterns in a small window of data. No need to look over an entire chart when you have the most important signal all in a 1 or 2 bar window. Filter and find any market setup with a specific candle pattern formed right now. Candle patterns have stood the test of time as powerful patterns in identifying market moves before they happen. They have been successfully used for hundreds of years now. We have added support and resistance to the Candles library to combine the western and eastern trading methods. Now you can see when a market is forming a candle pattern as it approaches support or resistance based on swing points. You can use these candle patterns to build specific mechanical trading strategies. (requires Trade Navigator Platinum) All code is open for you to view or copy. In case you want to make changes or study the patterns every detail and design.

## Included in this Library:

### Candlestick Criteria

- Dark Cloud Cover
- Doji Dragonfly
- Doji Gravestone
- Engulfing Bull
- Engulfing Bear
- Evening Doji Star
- Hammer
- Morning Doji Star
- Shooting Star

### Indicators

- Abandoned Baby Bottom
- Abandoned Baby Top
- Bearish 3
- Bullish 3
- Dark Cloud Cover
- Doji
- Doji Dragonfly
- Doji Four Price
- Doji Gravestone
- Doji Long Legged
- Engulfing Bull
- Engulfing Bear
- Evening Doji Star
- Hammer
- Harami Bear
- Marabozu Black
- Marabozu Closing White
- Marabozu Opening Black
- Marabozu Opening White
- Marabozu White
- Morning Doji Star
- Piercing Line
- Shooting Star
- Three Black Crows
- Three White Soldiers
- Tweezer Bottom
- Tweezer Top
- Near Upper Support
- Harami Bull
- Harami Cross Bear
- Harami Cross Bull
- Near Lower Support
- Marabozu Closing Black
- Inverted Hammer
- Hanging Man

## Function Descriptions

### **Abandoned Baby Bottom**

A large down move followed by a doji or small candle, then a third candle heading in the opposite direction. This is a rare bullish reversal pattern.

### **Abandoned Baby Top**

A large move up followed by a doji or small candle and then a third candle heading in the opposite direction. This is a rare bearish reversal pattern.

### **Bearish 3**

A long black body followed by several small bodies and ending in another long black body. The small bodies are usually contained within the first black body's range. This is a bearish continuation pattern.

### **Bullish 3**

A long white body followed by three small bodies, ending in another long white body. The three small bodies are contained within the first white body. This is a bullish continuation pattern.

### **Dark Cloud Cover**

A long white body followed by a black body. The following black candlestick opens higher than the white candlestick's high and closes at least 50% into the white candlestick's body. This is a bearish reversal signal during an uptrend.

### **Doji**

Open equal to the close with a tolerance level to allow for some flexibility. This candlestick assumes more importance the longer the vertical line becomes.

### **Doji Dragonfly**

A variation of Doji where the open, high and close are equal.

### **Doji Four Price**

A rare variation of Doji where the open, high, low and close are equal.

### **Doji Gravestone**

The open and close are at the low of the bar. This is a top reversal signal. The longer the upper wick, the more bearish the signal.

### **Doji Long Legged**

A variation of the Doji where the open and close are mid price.

### **Engulfing Bull**

A small black body followed by and contained within a large white body. This is a bottom reversal signal.

### **Engulfing Bear**

A small white body followed by and contained within a large black body. This is a top reversal signal.

### **Evening Doji Star**

A large white body followed by a Doji that gaps above the white body. The third candlestick is a black body that closes 50% or more into the white body. This is a *top reversal signal*.

### **Hammer**

A small body near the high with a long lower wick with little or no upper wick. This is a bullish pattern during a downtrend..

### **Hanging Man**

A small body near the high with a long lower wick with little or no upper wick. The lower wick should be several times the height of the body. This is a bearish pattern during an uptrend.

### **Harami Bear**

Made up of the opposite arrangement of bars as an Engulfing Pattern, similar to an inside bar. This pattern should be used when the trend is up.

### **Harami Bull**

Made up of the opposite arrangement of bars as an Engulfing Pattern, similar to an inside bar. This pattern should be used when the trend is down.

### **Harami Cross Bear**

Similar to Harami Bear Pattern except bar 0 becomes a Doji which uses a tolerance level variable. This is a bearish reversal pattern.

### **Harami Cross Bull**

Similar to Harami Bull Pattern except bar 0 becomes a Doji which uses a tolerance level variable. This is a bullish reversal pattern.

### **Inverted Hammer**

An upside-down hammer with a white or black body. This is a bottom reversal signal.

### **Marabozu Black**

No shadow at the closing end of the body. Candle is black.

### **Marabozu White**

No shadow at the closing end of the body. Candle is white.

### **Marabozu Closing Black**

No shadow at the closing end of the body. Candle is black.

**Marabozu Closing White**

No shadow at the closing end of the body. Candle is white.

**Marabozu Opening Black**

No shadow at the opening end of the candle. Candle is black.

**Marabozu Opening White**

No shadow at the opening end of the candle. Candle is white.

**Morning Doji Star**

A large black body followed by a Doji which gaps below the black body. The next candlestick is a white body that closes 50% or more into the black body. This is a bottom reversal signal.

**Piercing Line**

A black candlestick followed by a white candlestick that opens lower than the black candlestick's low, but closes 50% or more into the black body. This is a bottom reversal signal.

**Shooting Star**

A candlestick with a small body, long upper wick, and little or no lower wick. This is a bearish pattern during an uptrend.

**Three Black Crows**

Three long black candlesticks with consecutively lower closes that close near their low. This is a top reversal signal.

**Three White Soldiers**

Three white candlesticks with consecutively higher closes that close near their highs. This is a bottom reversal signal

**Tweezer Bottom**

Two or more candlesticks with matching bottoms. The size or color of the candlestick does not matter. This is a minor reversal signal.

**Tweezer Top**

Two or more candlesticks with similar tops. The size or color of the candlestick does not matter. This is a reversal signal.

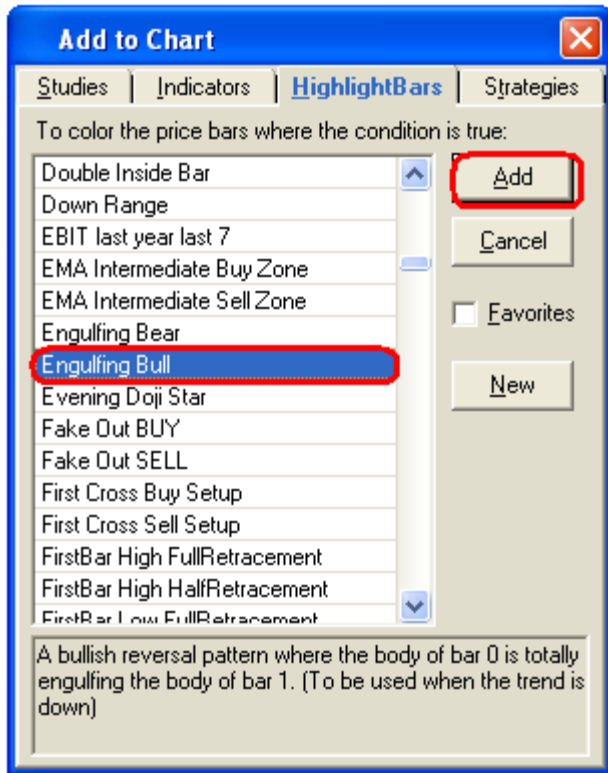
**Near lower Support**

Used in the criteria to make sure your signals are within a certain percentage of the previous swing low.

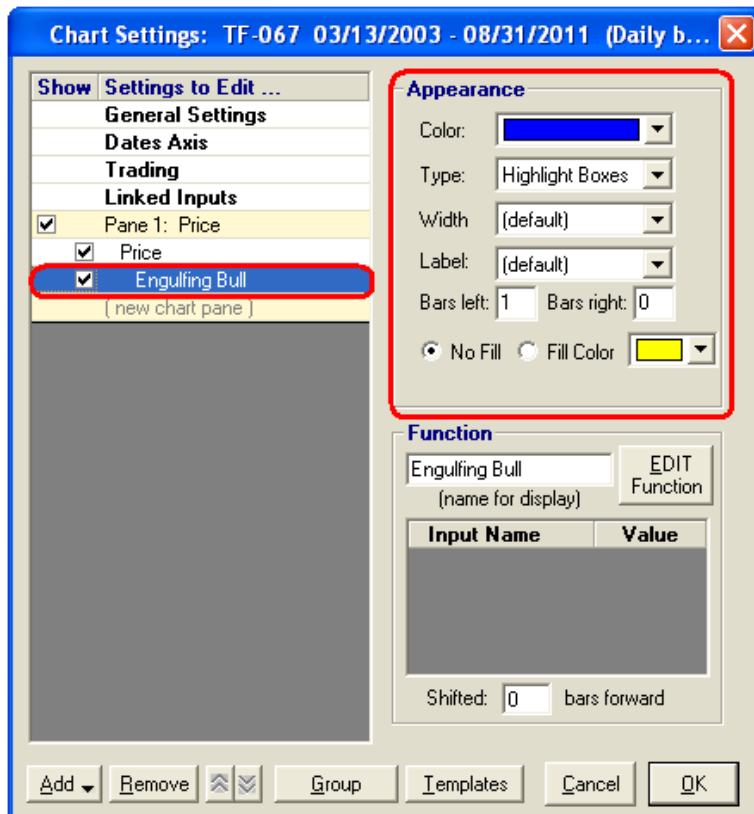
**Near Upper Support**

Used in the criteria to make sure your signals are within a certain percentage of the previous swing high.

Adding a Candles highlight bar is simple. Click on an active chart. You can hit the A key on your keyboard or click on the Add to Chart button.



In the Add to Chart window click on the HighlightBars tab. Scroll through the list to find the highlight you are looking for and left click to make your choice. Once your choice is made click on the Add button to add the highlight bar to the chart.



When you have the highlight bar you want on your chart, You can hit the E key on your keyboard or right click and in the pop up, click on Edit Chart Settings at the top. This will open the chart settings window so that you will be able to change the appearance of the highlight bar. ( Highlight markers, boxes, zones, etc.) Since this is a 2 bar pattern, this example is set as a highlight box set to highlight the current bar and the previous bar.

Below is an example of the above setup. You are able to customize the highlights to your preference.

