

Candlestick Cheat Sheet

8 patterns every new trader should know

How to read one candle

The body shows the open and close. The thin lines (wicks) show the high and low. A green body means price closed higher than it opened; a red body means it closed lower.

Eight patterns and what they suggest

Doji	Open and close nearly equal. Buyers and sellers are balanced; a turn may follow.
Hammer	Small body, long lower wick after a fall. Sellers pushed down, buyers pushed back.
Shooting star	Small body, long upper wick after a rise. Buyers failed to hold the highs.
Bullish engulfing	A green candle fully covers the prior red one. Buyers took control.
Bearish engulfing	A red candle fully covers the prior green one. Sellers took control.
Morning star	Three candles: red, small, green. A possible bottom after a fall.
Evening star	Three candles: green, small, red. A possible top after a rise.
Marubozu	Full body, almost no wicks. Strong, one-sided momentum.

Rules of thumb

A pattern is a clue, not a signal. Confirm with the trend, volume and a nearby support or resistance level before you act.