3 FOREX CANDLESTICK PATTERNS



THAT'LL **BOOST** YOUR TRADING PROFITS

Exclusive Cheat Sheet

DailyPrice ACTION

Understanding the hidden meaning behind Forex candlesticks is paramount if you intend to become consistently profitable.

But instead of showing you dozens of candlestick patterns, most of which are ambiguous at best, I've decided to share my three favorite with you.

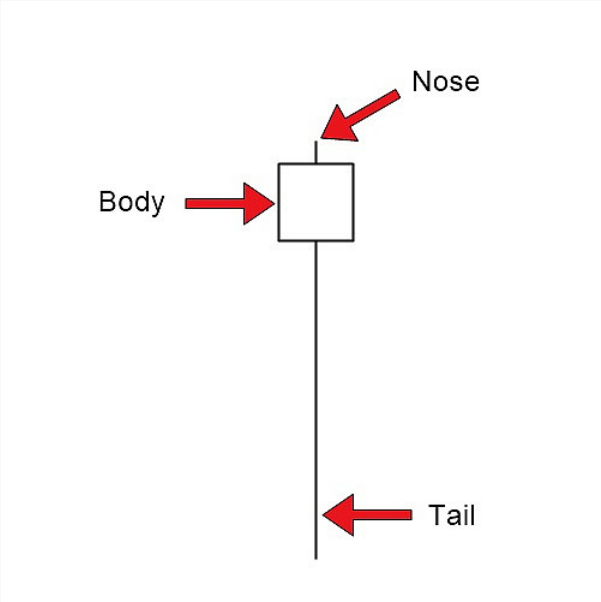
Be sure to visit http://dailypriceaction.com/free-forex-trading-lessons/forex-candlestick-patterns to read the full lesson.

1 The Pin Bar (reversal or continuation candlestick pattern)

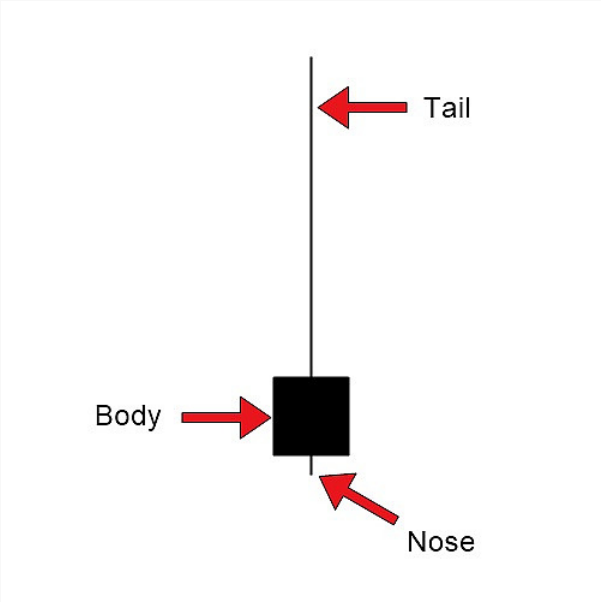
The pin bar is my favorite of the three. These patterns consist of the following characteristics.

- Tail, which should be at least two-thirds of the entire candle
- The body, which is the space between the open and close (the color is irrelevant when distinguishing between bullish and bearish patterns)
- The nose, which is the much smaller wick on the opposite side as the tail

Bullish Pin Bar



Bearish Pin Bar



While pin bars can form anywhere on a chart, the best and most effective formations occur at key support or resistance.

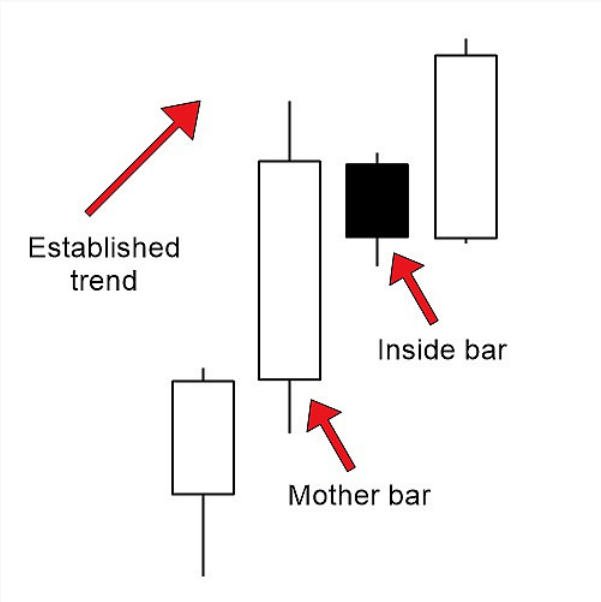
In this way, the location of the pin bar is the most important aspect. For more on this, visit http://dailypriceaction.com/free-forex-trading-lessons/forex-pin-bar-trading-strategy to learn how I trade pin bars.

2 The Inside Bar (continuation candlestick pattern)

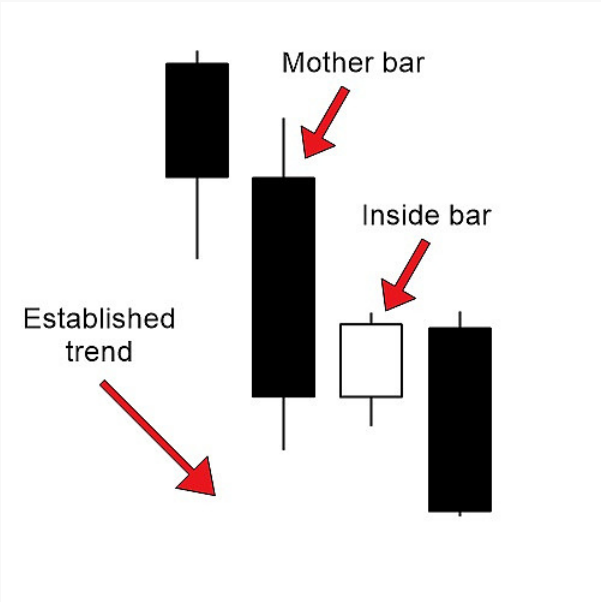
Although a bit trickier to trade than the pin bar, the inside bar can be an excellent continuation signal if it forms within the right context.

- Hence its name, the range (low to high) should be completely inside of the mother bar, which is the larger of the two candles
- What makes the inside bar bullish or bearish is not how it forms but rather where it forms with respect to the current trend
- The color of the inside bar (bullish or bearish) does not matter

Inside Bar (bullish continuation)



Inside Bar (bearish continuation)



The bullishness or bearishness of the inside bar comes from the direction of the established trend, not whether the inside bar itself is bullish or bearish.

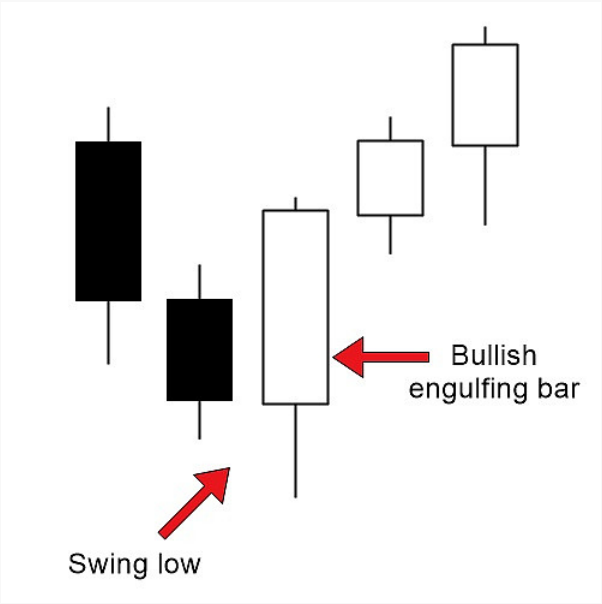
Be sure to visit http://dailypriceaction.com/free-forex-trading-lessons/inside-bar-trading-strategy to learn how I trade the inside bar pattern.

3 The Engulfing Bar (reversal candlestick pattern)

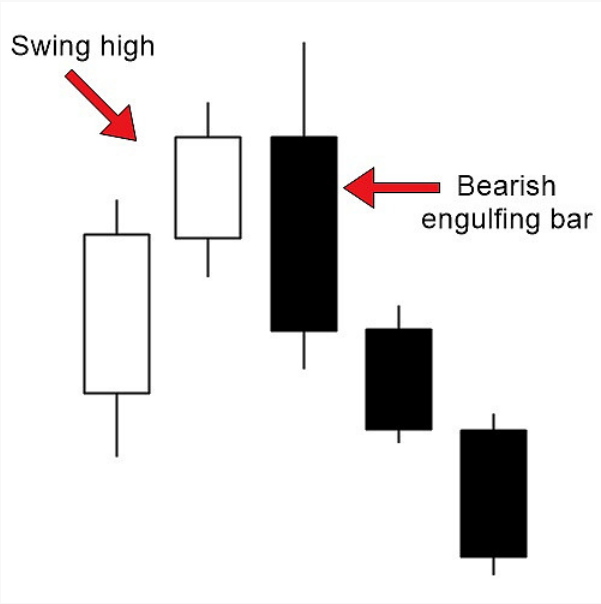
Last but not least are the bullish and bearish engulfing patterns. Here's what you need to know:

- The range (high to low) of the engulfing bar must completely surround or engulf the range of the previous candle to be deemed valid
- To be effective, a bullish engulfing bar must form at a swing low while the bearish engulfing bar must occur at a swing high

Bullish Engulfing Bar



Bearish Engulfing Bar



Always remember that the bullish and bearish engulfing patterns must form at a swing low or swing high respectively. The pattern is untradable otherwise.

http://dailypriceaction.com/free-forex-trading-lessons/how-to-trade-the-bullish-engulfing-pattern

http://dailypriceaction.com/free-forex-trading-lessons/how-to-trade-the-bearish-engulfing-pattern

HERE'S WHAT TO DO NEXT

1

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Well done!

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