BEFORE THE TRADE — VOLUME 5

CANDLESTICKS & PATTERNS

A Visual Guide to Reading Price Action



LEARN • PRACTICE • DECIDE

How to Use This Guide

This visual guide begins with candle anatomy and then develops single-candle, multi-candle, structural, and chart-pattern recognition. Every lesson separates description from interpretation and requires context, confirmation, invalidation, and risk planning.

Read for understanding before testing recognition. Explain each idea in your own words, compare it with the illustration, and verify product specifications, market hours, platform procedures, and firm rules through current official sources. The examples are educational and are not trade recommendations. Futures and other leveraged products involve substantial risk, and no pattern, rule, or mindset technique guarantees a profitable result.

This guide is intentionally informational. The separate Before the Trade question bank is where the reader can test recall, classification, and decision quality. Use the final checklist to identify material that should be reviewed before progressing.

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A coordinated roadmap for this volume

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Candle Anatomy

Foundation lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

Open, high, low, close, real body, upper wick, and lower wick describe what price did during one chosen interval. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Read the candle relative to location, prior structure, session, and volume; a shape alone is not a signal. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

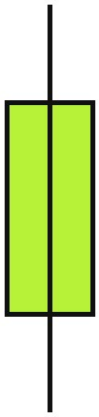
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Bullish and Bearish Bodies

Foundation lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A bullish body closes above its open; a bearish body closes below its open. Body size shows distance, not motive. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Compare body size with nearby candles and ask whether the close created acceptance beyond a meaningful area. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Wicks and Rejection

Foundation lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A wick shows price traded beyond the body before the interval closed. It may reflect rejection, testing, profit-taking, or volatility. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Require location and follow-through before calling a wick a reversal. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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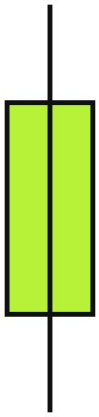
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Doji

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

Open and close are nearly equal, showing balance or indecision during that interval. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

At a key location it may warn that momentum paused; confirmation must come from later price action. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Spinning Top

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A small real body with wicks on both sides shows two-way trade and limited control. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Use it as a context clue, not an automatic reversal command. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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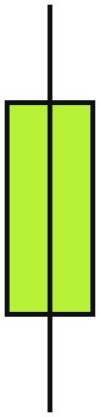
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Hammer

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A small body near the high with a long lower wick can show rejection of lower prices after weakness. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

The pattern is stronger at support or after a decline and needs a confirming close or structural response. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Hanging Man

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

The hammer shape appearing after an advance can warn that sellers were able to push price sharply lower. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Confirmation requires subsequent weakness; shape and location change the interpretation. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

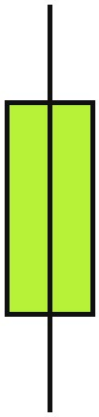
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Inverted Hammer

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A small body with a long upper wick after decline shows an attempt to move higher that requires confirmation. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Look for later acceptance above the pattern rather than assuming the upper wick is immediately bearish. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Shooting Star

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A small body near the low with a long upper wick after an advance can show rejection of higher prices. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

It matters most at resistance or exhaustion and should be confirmed by later bearish behavior. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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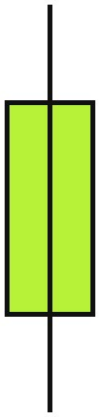
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Marubozu

Single lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A large body with little or no wick shows directional control through most of the interval. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Do not chase an extended candle; evaluate whether it is a breakout, climax, or ordinary expansion. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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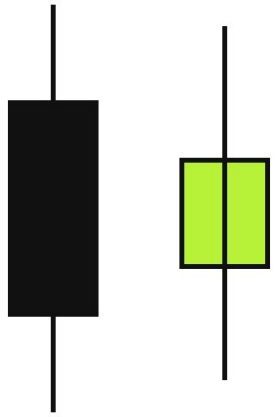
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Bullish Engulfing

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A bullish real body wraps around the prior bearish real body and can show a forceful shift in control. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Location, relative size, and follow-through determine whether the shift is meaningful. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

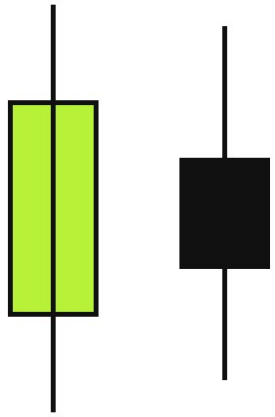
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Bearish Engulfing

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A bearish real body wraps around the prior bullish real body and can show a forceful shift toward sellers. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Require context and avoid treating every overlap in congestion as a reversal. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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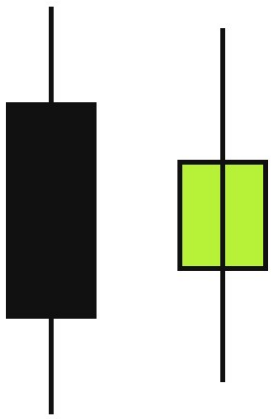
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Harami

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A smaller body forms within the prior large body, showing contraction after expansion. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

It signals pause more reliably than direction; wait for a break and acceptance. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

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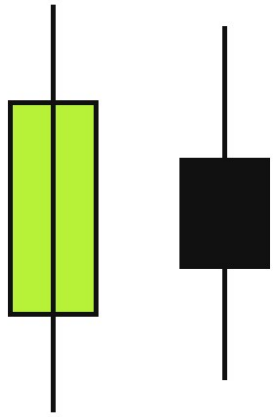
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Piercing Pattern

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

After weakness, a bullish candle closes deeply into the prior bearish body. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

The deeper recovery can show buying response, but structural confirmation remains necessary. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

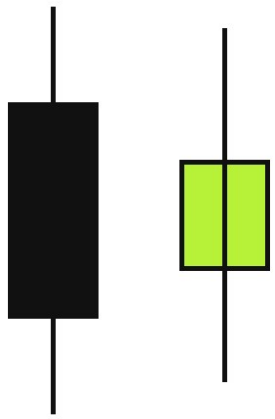
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Dark Cloud Cover

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

After strength, a bearish candle closes deeply into the prior bullish body. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Use resistance, trend maturity, and follow-through to judge significance. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

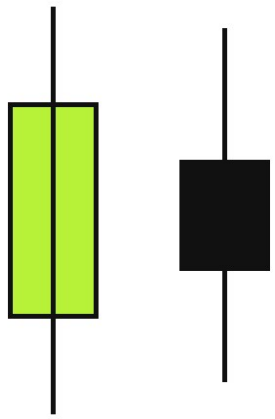
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Tweezer Top and Bottom

Double lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

Two candles test a similar extreme, suggesting a repeated response at one price area. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Treat the shared level as information and wait for structure to confirm rejection. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

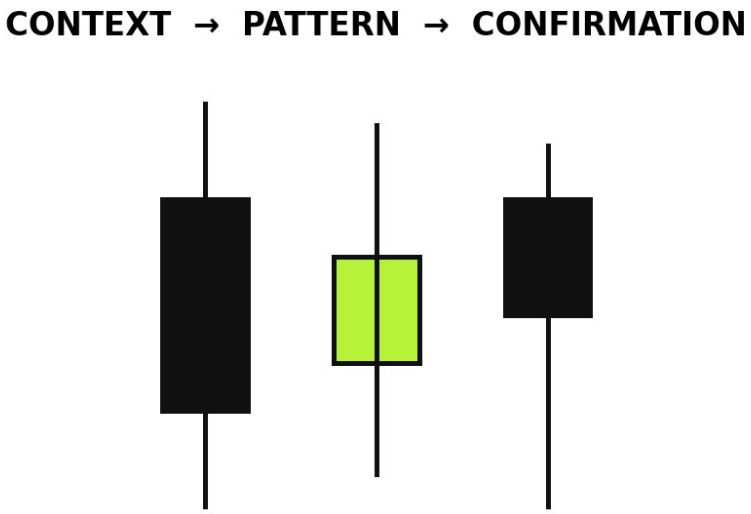
Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Morning Star

Triple lesson



Illustrative only - candle shape does not guarantee direction

A strong bearish candle, small transition candle, and strong bullish candle can mark a shift after decline. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

The pattern is strongest when the third candle recovers meaningful structure and closes decisively. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

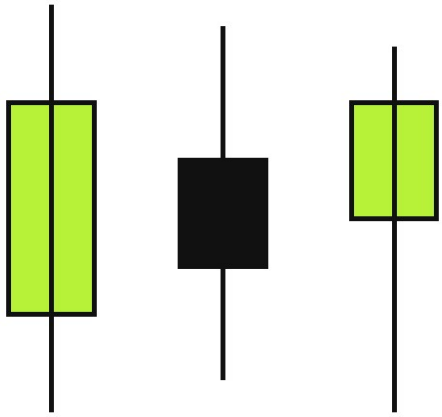
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Evening Star

Triple lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

A strong bullish candle, transition candle, and strong bearish candle can mark a shift after advance. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Context at resistance and decisive bearish follow-through are more important than perfect textbook spacing. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

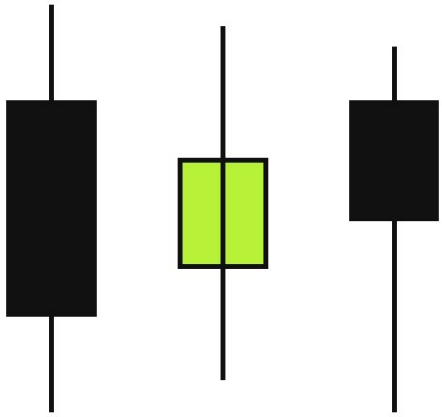
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Three White Soldiers

Triple lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

Three strong bullish candles with progressive closes can show sustained buying pressure. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Check whether the move begins from a base or is already extended and vulnerable to exhaustion. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

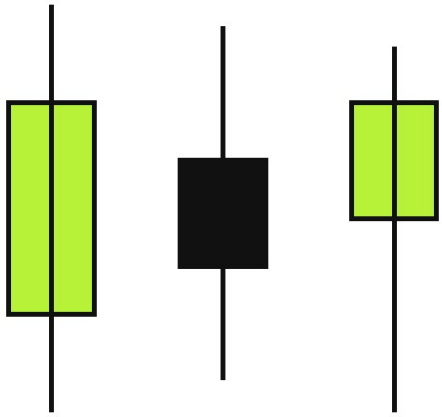
Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Three Black Crows

Triple lesson

CONTEXT → PATTERN → CONFIRMATION



Illustrative only - candle shape does not guarantee direction

Three strong bearish candles with progressive closes can show sustained selling pressure. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Check location and extension before assuming continuation. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

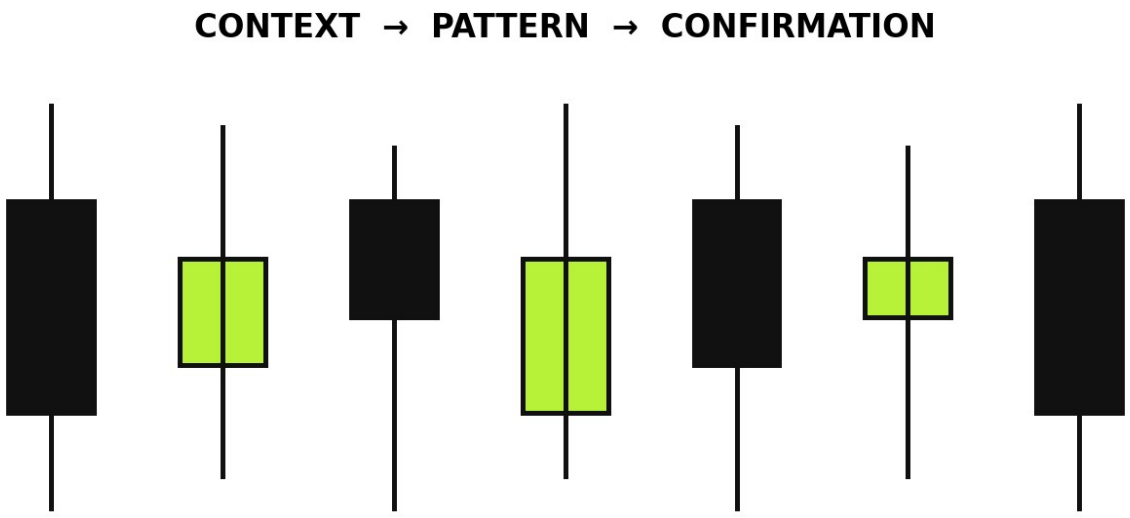
Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Inside Bar

Structure lesson



Illustrative only - candle shape does not guarantee direction

The candle high and low remain within the prior candle, showing range contraction. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Trade the later break only when direction, location, risk, and acceptance align. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

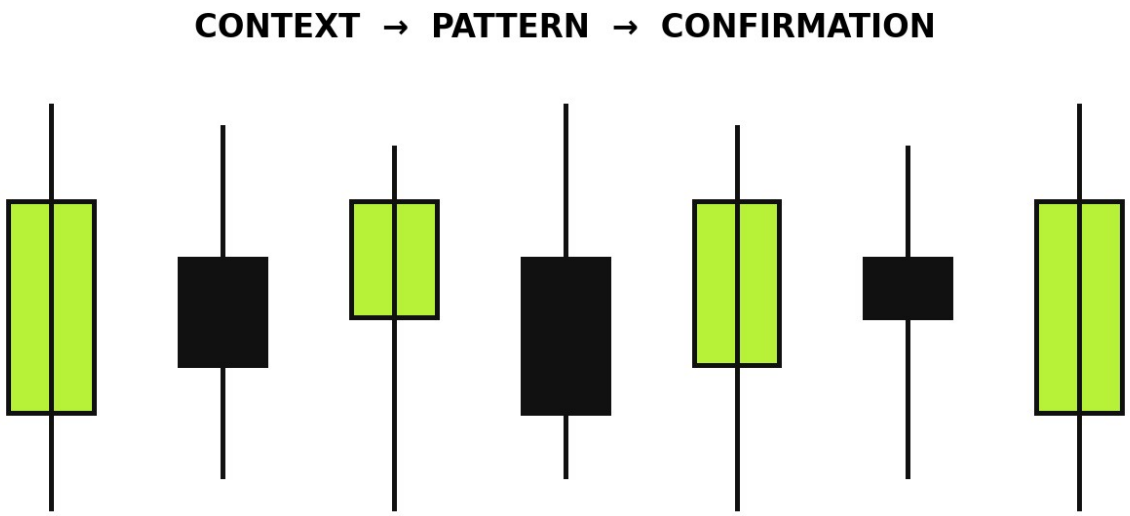
Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Outside Bar

Structure lesson



Illustrative only - candle shape does not guarantee direction

The candle exceeds both the prior high and low, showing expanded two-way range. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

The close and surrounding structure determine whether it is continuation, reversal, or volatility. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

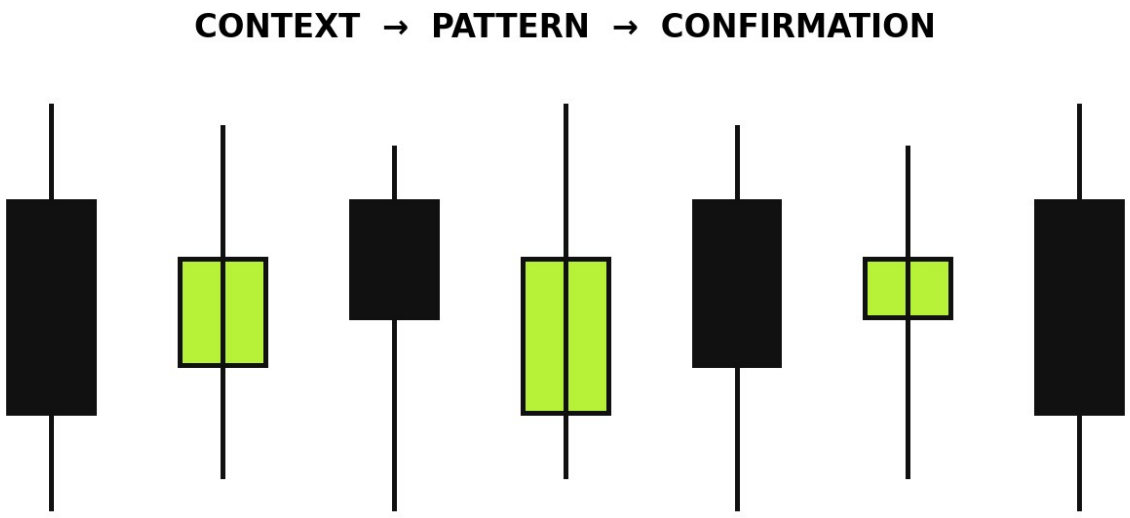
Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Double Top and Double Bottom

Chart lesson



Illustrative only - candle shape does not guarantee direction

Price tests a similar extreme twice and fails to sustain beyond it. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Confirmation comes from the intervening swing or neckline, not merely the second touch. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

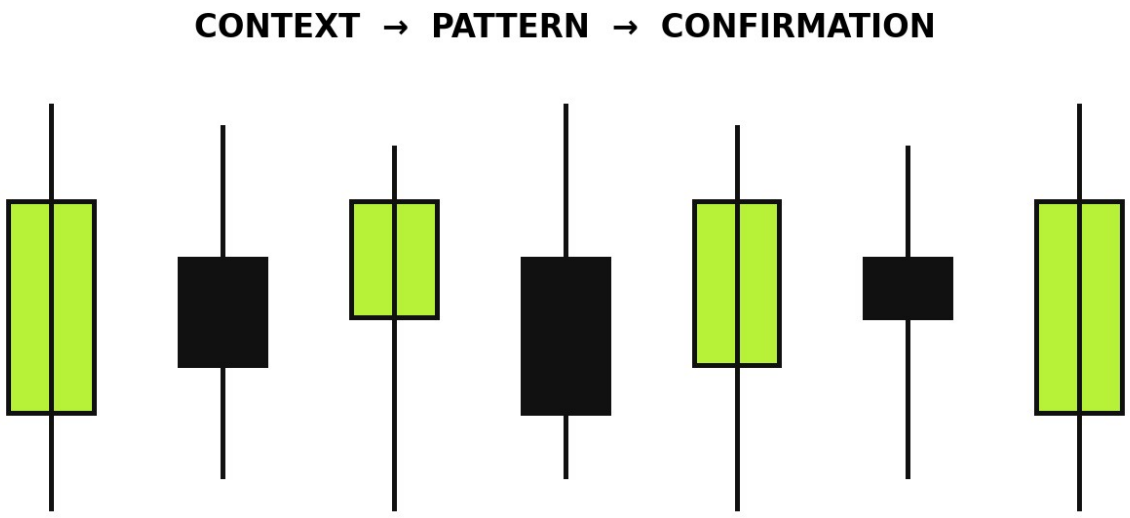
Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Head and Shoulders

Chart lesson



Illustrative only - candle shape does not guarantee direction

Three peaks form with the center peak highest; the inverse version uses three troughs. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Treat the neckline break, acceptance, and retest as conditions rather than assuming the shape must complete. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

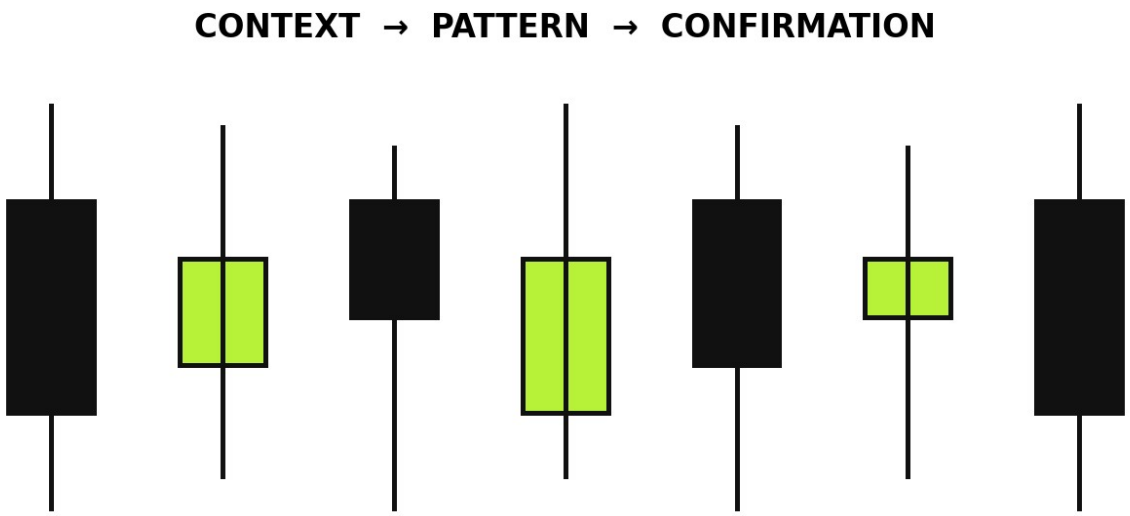
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Triangles

Chart lesson



Illustrative only - candle shape does not guarantee direction

Converging boundaries show contraction: ascending, descending, or symmetrical. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Wait for a confirmed break and account for false breaks near the apex. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

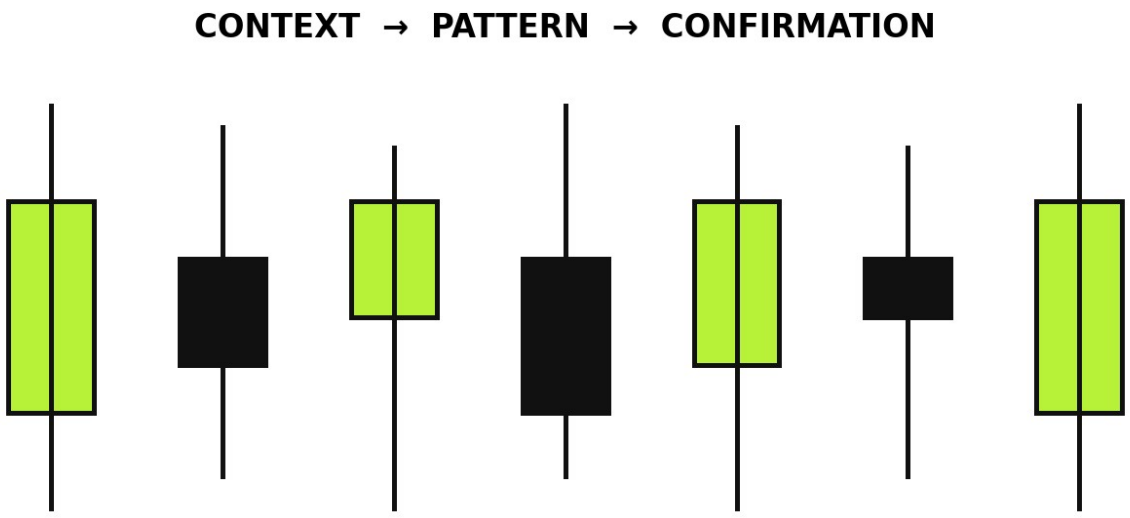
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Flags and Pennants

Chart lesson



Illustrative only - candle shape does not guarantee direction

A sharp directional move pauses in a compact countertrend or sideways structure. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Continuation is only a hypothesis until price breaks and accepts beyond the pause. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

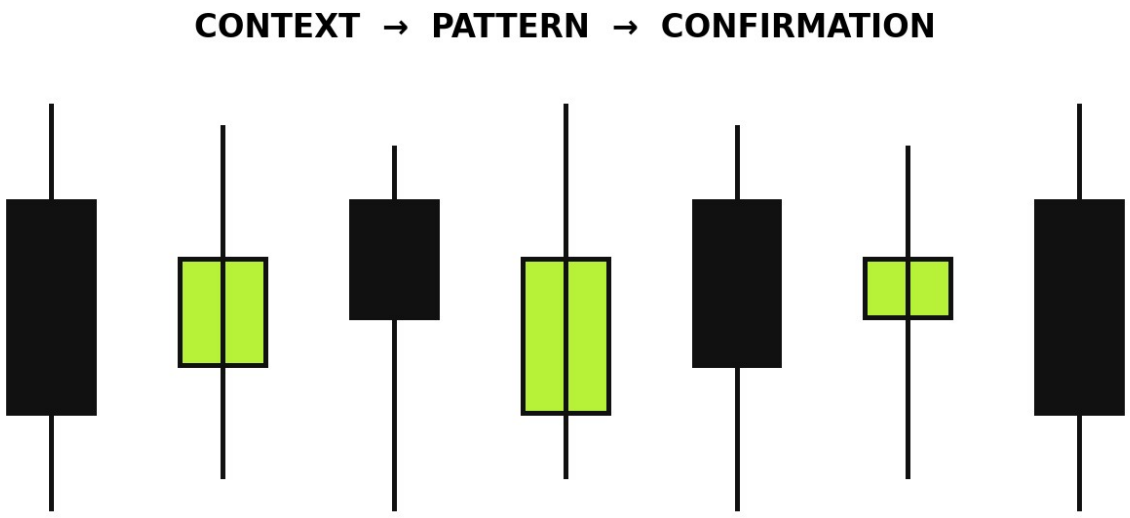
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Wedges

Chart lesson



Illustrative only - candle shape does not guarantee direction

Both boundaries slope in the same direction while the range narrows. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Wedges may resolve either way; use trend maturity, break quality, and retest behavior. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

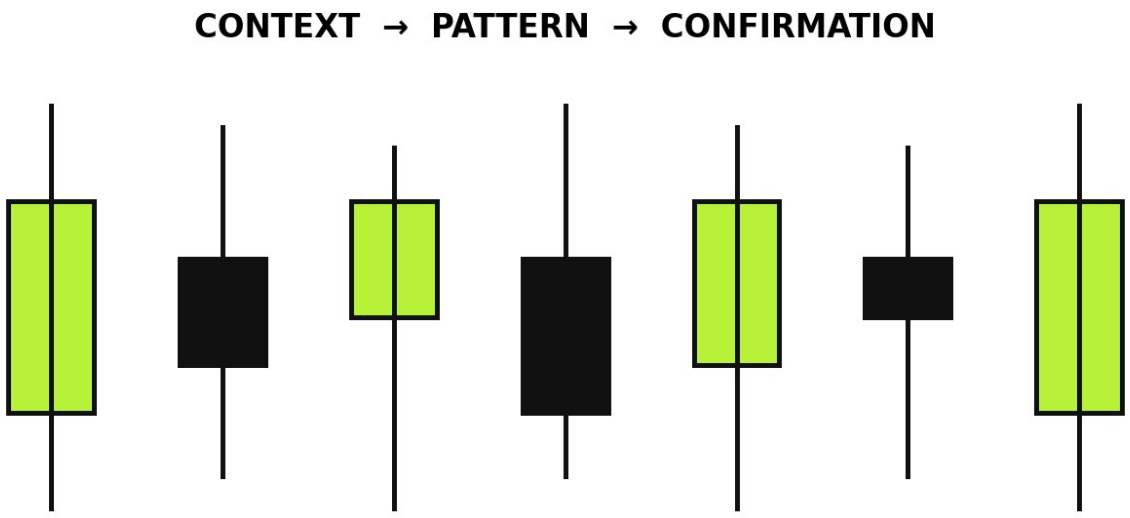
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Channels

Chart lesson



Illustrative only - candle shape does not guarantee direction

Parallel boundaries organize repeated swings in a directional or horizontal path. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Use the channel as a location framework and recognize that a break needs confirmation. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

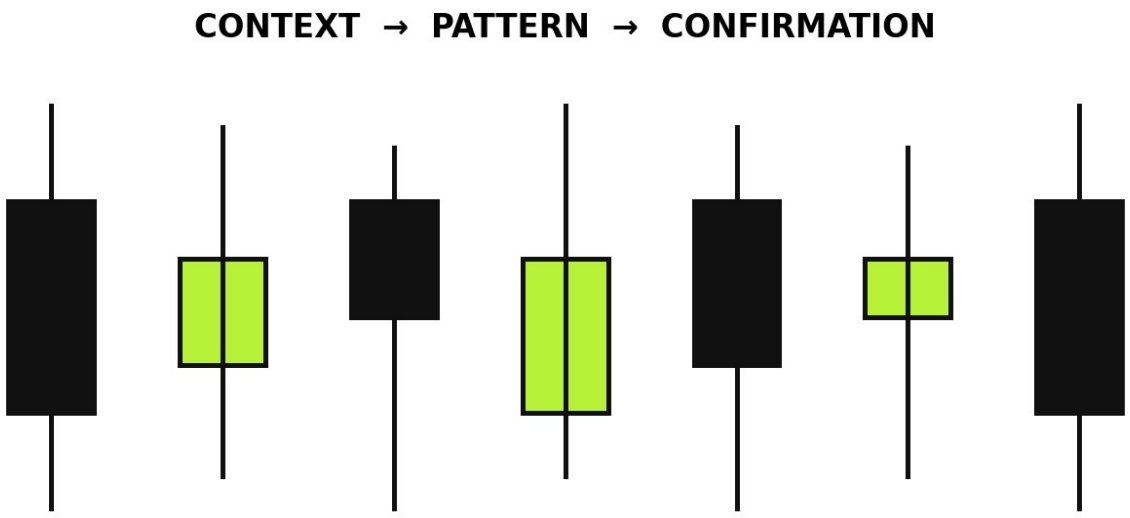
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Breakout and Retest

Process lesson



Illustrative only - candle shape does not guarantee direction

Price leaves a defined range or level, then returns to test whether the old boundary changes role. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Look for acceptance beyond the level, an orderly retest, and a trigger aligned with risk. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

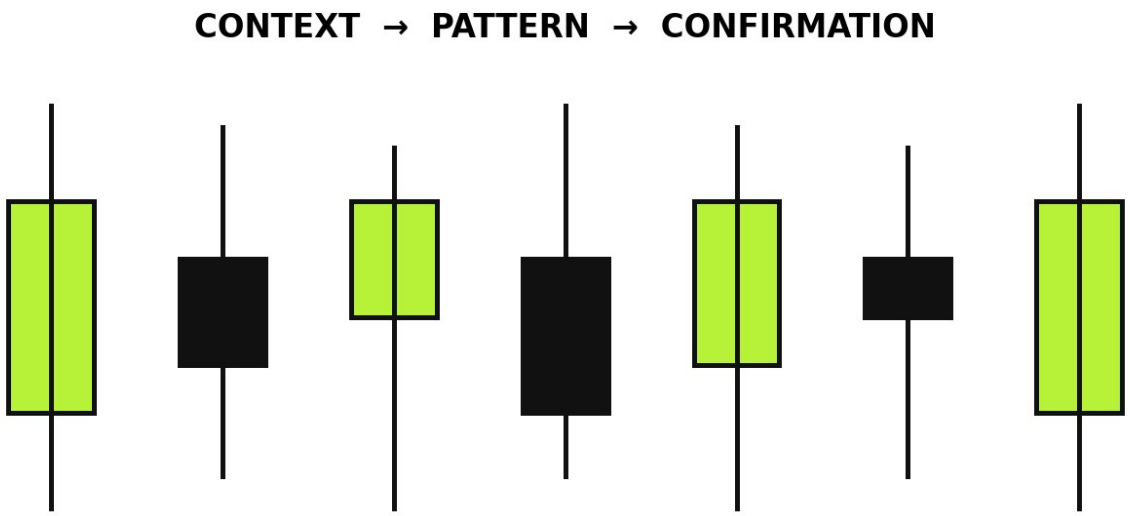
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Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

False Breakout

Process lesson



Illustrative only - candle shape does not guarantee direction

Price briefly moves beyond a boundary but fails to hold and returns inside. The correct first task is description: identify the open, high, low, close, relative range, and position inside the surrounding structure. Naming the pattern before describing the price behavior encourages the reader to import a prediction that the chart has not earned.

Distinguish a wick from accepted closes and watch how quickly price reclaims or rejects the level. Confirmation is not a promise. It is additional evidence that makes one interpretation more reasonable while preserving a clear point of invalidation.

How to Evaluate the Pattern

Location. Ask whether the pattern occurs at support, resistance, a prior high or low, VWAP, a supply or demand area, the edge of a range, or in the middle of noise.

Trend and condition. Classify the market as trending, ranging, compressing, or expanding. The same shape can have different meaning in each condition.

Confirmation. Define the close, structural break, retest, volume response, or next-candle behavior required before the interpretation becomes actionable.

Invalidation. Identify the price behavior that disproves the idea. The stop belongs where the thesis fails, and quantity must be calculated from that distance.

Follow-through. Observe whether price accepts beyond the relevant level. Immediate failure, overlapping candles, or return to the prior range can weaken the pattern.

Candlestick and Pattern Checklist

- [ ] I describe the price behavior before naming the pattern.
- [ ] I identify the higher-timeframe and session context.
- [ ] I know where the pattern sits relative to structure.
- [ ] I require confirmation appropriate to the setup.
- [ ] I define invalidation before calculating quantity.
- [ ] I distinguish a wick beyond a level from acceptance beyond it.
- [ ] I do not chase an extended confirmation candle.
- [ ] I record false patterns as information, not betrayal.
- [ ] I recognize that no pattern guarantees direction.

“Read the behavior first. Name the pattern second. Protect the risk always.”

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