

# Candlestick Patterns Cheat Sheet

The 12 most reliable patterns - bias, context, and what to do.

## Single-Candle Reversals

Hammer: small body, long lower wick at support. Bullish reversal. Wait for the next candle to close above the hammer's high to confirm.

Shooting Star: small body, long upper wick at resistance. Bearish reversal. Confirm with a red close below the star's body.

Doji: open and close are nearly equal. Indecision - only meaningful at a trend extreme, never mid-range.

Marubozu: full body, no wicks. Strong momentum continuation in the body's direction.

## Two-Candle Patterns

Bullish Engulfing: a green body fully engulfs the prior red body. The stronger the engulf and the closer to support, the better.

Bearish Engulfing: a red body fully engulfs the prior green body - the mirror image at resistance.

Tweezer Top/Bottom: two candles with matching highs (top) or lows (bottom) at a level. Signals exhaustion.

## Three-Candle Patterns

Morning Star: red candle, small-body indecision candle, then strong green close above the midpoint of the first red. Reliable bullish reversal.

Evening Star: the mirror image at a top - strong bearish reversal.

Three White Soldiers: three strong green candles closing near their highs. Bullish continuation, especially after a base.

Three Black Crows: three strong red candles closing near their lows. Bearish continuation.

## Context Rules

1. Always check the higher timeframe trend first - a pattern with the trend is 3x more reliable.
2. Patterns at clear support/resistance, supply/demand zones, or trendlines are 3x more reliable than mid-range patterns.
3. Volume should expand on reversal patterns - flat volume usually means the move dies.
4. Never enter on the pattern candle itself - wait for the next candle to confirm.
5. Place your stop just beyond the pattern's invalidation point (above a shooting star, below a hammer).

## Common Traps

Hammers in a strong downtrend get run over - wait for structure to shift first.

Dojis in choppy markets mean nothing - they only matter at extremes.

Engulfing candles formed by news spikes often retrace within an hour.

