

Bullish Japanese Candlesticks & Strategies

A guide to using this popular and trusted Technical Analysis tool
Examples of Forex and CFD Strategies



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About the Author

FXTM's Head of Education, Andreas Thalassinos, is a respected FX educator and Certified Technical Analyst. He is a recognised authority in the forex industry, and renowned for his expertise in algorithmic trading. After years of consulting with FXTM on a number of key projects, Andreas officially joined the company in June 2016 and is the principal driver and architect of FXTM's extensive educational programme. His department's international seminars and workshops, provide clients across the world with on-location support, while his webinars, e-books, educational articles and videos, form the cornerstone of FXTM's multilingual, open access training resources. The training is tailored to traders' needs by region and experience level.

Thalassinos has played a key role in the development of forex education within the industry, training tens of thousands of traders and forex professionals around the world. Traders of all levels value his seminars and workshops for both content and his passionate and lively presentations. As Head of Education, Thalassinos also plays a pivotal role in FXTM's research and development team. In this capacity, he led the development of the FXTM Trading Signals and FXTM Pivot Points Strategy tools, which are designed to help traders' spot potential trading opportunities across various trading instruments.

Thalassinos has been awarded a number of international professional certificates including: MSTA by the Society of Technical Analysts (UK), CFTe and MFTA by the International Federation of Technical Analysts (USA) – the highest qualifications in the technical analysis community. He also holds a BSc and MSc in Computer Science from University of Louisiana at Lafayette and Bowie State University, respectively.





06 BULLISH REVERSALS

“ A TECHNICAL ANALYST’S GOAL
IS TO IDENTIFY THE TREND
IN ITS EARLY STAGES. ”

- Andreas Thalassinos

- 6.1 Long White Body
- 6.2 Hammer
- 6.3 Belt Hold
- 6.4 Engulfing Pattern
- 6.5 Harami
- 6.6 Piercing Lining
- 6.7 Tweezers
- 6.8 Homing Pigeon
- 6.9 Three White Soldiers
- 6.10 Morning Star



06 BULLISH REVERSALS

6.8 HOMING PIGEON

The decline continues to record lower prices as reflected by the long black candle. Next session is characterized by a smaller black body that is completely engulfed by the previous long black body, signalling weakness, setting the stage for further descent.

Meaning

Sellers take advantage of the falling market, entering or adding onto their short positions. Buyers find prices attractive entering the market with long positions. They do this in order to take advantage of the opportunity; pushing away from the low levels of the previous session, as the market action is contained in the range of the previous open and close. As sellers demonstrate reluctance to push prices lower, a possible bullish reversal could be in the making.

Supply/Demand

Equilibrium.

Direction

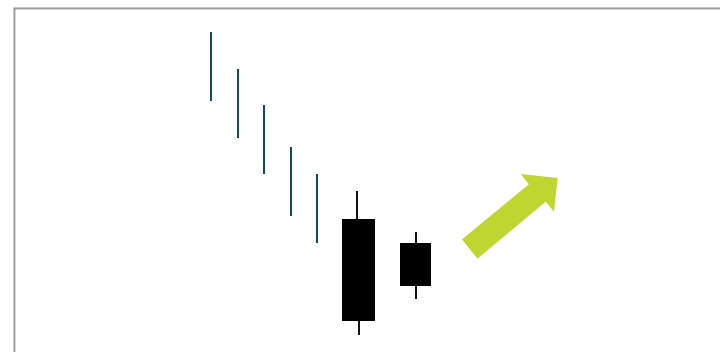
Possible bullish reversal.

Sentiment

Neutral.

Trigger

Consider buying if the next candlestick exceeds the high of the pattern.



Color of the body	Black
Range of the body	Long
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	End of downtrend or decline

Color of the body	Black
Range of the body	Small
Range of the upper shadow	Small
Range of the lower shadow	Small
Location	Follows along black candle. The small candle is engulfed within the previous candle's body.



07 BULLISH STRATEGIES

“ TO RELY ON RUSTICS AND NOT
PREPARE IS THE GREATEST OF CRIMES;
**TO BE PREPARED BEFOREHAND FOR
ANY CONTINGENCY IS THE GREATEST
OF VIRTUES.** ”

- Sun Tzu

- 7.1 Contrarian entry with Hammer, RSI and SMA (50)
- 7.2 Contrarian Entry with Piercing Line, RSI and SMA(50)
as Take-Profit target
- 7.3 Harami with RSI filtering and SMA(20) as Take Profit Target
- 7.4 Tweezers with RSI and SMA(20)
- 7.5 Homing Pigeon with CCI and SMA(20)
- 7.6 Resistance with Long White Body and LWMA(50)
- 7.7 Three White Soldiers with RSI and SMA(20)
- 7.8 Morning Star filtered by Stochastics and EMA(50)
- 7.9 Engulfing with Stochastics and LWMA(20)
- 7.10 Belt Hold with Stochastics and EMA(20)



07 BULLISH STRATEGIES

7.5 Homing Pigeon with CCI and SMA(20)

During the course of a decline the appearance of the Homing Pigeon pattern filtered by CCI at the oversold area.



One could consider buying when the next candle exceeds the high price of the pattern. Place a protective stop loss at the bottom of the pattern.

You can consider the following actions, bearing in mind that a Take-Profit strategy is heavily dependent on the trading profile of each individual.

1. Close 50% of the position when price travels 100% the length of the pattern.
 - a. Close the remaining 25% when price reaches the 200% of the length of the pattern above SMA(20).
 - b. Move the protective stop-loss at the top of the pattern.
 - c. Close the remaining 25% of the position at the presence of a reversal candlestick or when price falls below the SMA(20).
2. Other combinations may be applied



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