Candlestick Basics for Beginners

How to Read Candlestick Charts, Spot the Patterns That Matter and Trade With a Plan in Forex, Stocks and Crypto

The No Job Lifestyle

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First edition.

Contents

Welcome: What to Expect From This Book 6

How a Candle Is Built 15

Timeframes: Zooming In and Out 24

Trend, Support and Resistance: The Context 33

Single Candle Patterns 42

Two and Three Candle Patterns 52

Confirmation: Waiting for Proof 62

Stops, Position Size and Risk Per Trade 72

Your Simple Trading Plan and Trade Journal 81

Common Beginner Mistakes and Practicing on a Demo Account 90

Next Steps: Your Action Plan 102

Your Bonus Pages 114

CHAPTER 1

Welcome: What to Expect From This Book

Charts can look like a wall of noise. Red and green bars jump around, lines cross each other, and every video seems to assume you already know the basics. If that sounds like you, welcome. We're glad you're here, and we wrote this book with you in mind.

Before we start building skills, we want to be clear about what this book can do for you, what it can't, and how to use it safely. A few minutes spent here will save you a lot of confusion later.

Who this book is for

This book is for people who find charts confusing and have never placed a trade. You don't need to know any trading words yet. We explain each term the first time it shows up, in plain English.

Forex is our main example, because it's where many beginners start. You'll see currency pairs like EUR/USD on most of our charts. But candlesticks work the same way on stocks and crypto. A candle on a share price chart is built exactly like a candle on a currency chart. So what you learn here carries over to all three.

- You don't need math beyond simple percentages. If you can work out 1% of a number, you're ready.
- You don't need any trading experience. Starting from zero is fine.
- Each chapter builds on the last, so read in order the first time. The pattern chapters make much more sense once you know

how a candle is built and what the surrounding chart is telling you.

What candlesticks can and can't tell you

A candle is a record of what buyers and sellers just did. Over a set stretch of time, it shows where price started, how high and low it went, and where it finished. That's all. Think of it as a scoreboard for a period that has already ended.

A candle is not a prediction of what happens next. No shape can tell you that. If someone says a certain candle always leads to a certain move, they're guessing, or they're trying to sell you something.

So how do patterns help? They work as clues. A single clue rarely solves anything, so we place candle patterns beside other clues, like the direction of the trend and the price levels where the market has turned before. We cover those clues in Chapter 4. The same

pattern means more when it shows up in a sensible place than when it appears out of nowhere.

Patterns also fail often. That's normal. It doesn't mean you're doing something wrong. Even a clean pattern in a good spot will be wrong again and again. That's why we show you how to plan for it. You'll learn to wait for confirmation, to place a stop (an order that closes a trade when it loses a set amount), and to risk only a small slice of your account on any one trade. Those ideas come in Chapters 7 and 8.

> *Example. Example: You're looking at EUR/USD and you spot a candle with a small body and a long lower wick, a shape called a hammer. You feel a rush. It looks like the textbook picture, so you buy right away. Price keeps falling and you lose money. Now picture a more careful reader looking at the same candle. They see that buyers pushed back for one candle, which*

is a real clue. But they also see that price has been dropping hard and there's no support level nearby. So they treat the hammer as a weak clue, wait for the next candle, and decide in advance how much they're willing to lose. Same candle. Very different decision.

Risk comes first

We're putting this before any chart lessons on purpose. Trading carries a high risk of loss. You can lose all the money you put in, and it can happen quickly. That's true in forex, in stocks and in crypto. Knowing how to read candles does not remove that risk.

- Nothing in this book promises profits. We don't promise or quote a win rate, and you should be wary of anyone who does.
- Only trade money you can afford to lose completely. Rent, bills, debt payments and emergency savings stay out of it.