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.

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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.
- Many people lose money when they start. Practicing first on a demo account gives you room to make mistakes without paying for them.
- This book is educational only. It is not financial advice, and we don't know your situation, your goals or your finances.

> Tip. Before you read on, write one sentence in your notebook: 'The most I could lose is ____, and I'm okay losing all of it.' If you can't fill in the blank comfortably, don't trade real money yet. Stick to a demo account until you can.

How to use this book

Reading about charts is not the same as looking at charts. The skill comes from seeing candles on a real screen, again and again, until

the shapes feel familiar. Here's a simple routine that works well for beginners.

1. Open a chart on a demo account while you read. A demo account uses pretend money with live price charts, so you can practice with no risk to your savings. Keep one chart of a single currency pair open and stick with it.
2. Spend about 5 minutes a day. Short, steady sessions work better than one marathon on the weekend. Your eyes learn shapes through repetition, and a tired brain at hour three learns very little.
3. Take notes in a simple notebook or spreadsheet. Each day, write the date, what you looked at, one thing you noticed and one thing you're still unsure about. This will be the start of the trade journal we build in Chapter 9.
4. Finish each chapter before you move on. Re read the key points at the end and check them against your chart. If a point doesn't make sense on the screen, go back a page.

One more note on how we work. We do not recommend brokers, bots, signal services or products. You won't find a shopping list in these pages. Our job is to teach you to read the chart yourself, so you can judge any tool or promise you meet later with a clear head.

That's the plan. In the next chapter, we build a single candle piece by piece, so every shape you meet afterward has a reason behind it.