

BEARISH REVERSAL CANDLESTICK PATTERNS

Bearish reversal candlestick patterns indicates that sellers are in control now. However, this doesn't mean you should sell immediately when you spot such kind of pattern because you should consider the market conditions (more explanation explained below).

For now, these are the important five bearish reversal candlestick patterns that we will be discussing here.

1. Shooting star
2. Bearish Engulfing pattern
3. Dark cloud cover
4. Tweezer top
5. Evening star

Let's deep dive into the details...

1. Shooting Star candlestick pattern

A **shooting star** is a single candle bearish reversal pattern that forms after a surge in price. Here's how to recognize it:

- There is little or no lower shadow.
- The price closes at the bottom quarter of the range.
- The upper shadow is about two or three times the length of the body .

Here in the picture you can see what a shooting star means:



Shooting Star Pattern

- a. When the market opened, the buyers took control and surged the price higher.
- b. During Buying period, sellers entered massively and huge selling pressure stepped in and pushed the price lower.

c. The selling pressure was so strong that it closed below the opening price.

In Conclusion, a shooting star is a bearish reversal candlestick pattern that shows rejection of higher prices.

Now what next?

What will be the next candle and trend after shooting star is formed?

Here is your answer..

After a shooting star, sellers are in control and next candle will be a bearish trend so, you should start selling your holding. Or else if you are a trader then start buying PUT options.

2. Bearish Engulfing candlestick pattern

A bearish engulfing pattern is a (two-candle) bearish reversal pattern that forms after an advance in price. Here's how to recognize it:

- The first candle has a bullish close.
- The body of the second candle completely "covers" the body first candle (without taking into consideration the shadow).
- The second candle closes bearish

And this is what a bearish engulfing pattern means:



Bearish Engulfing Pattern

1. On the first candle, the buyers were in control since they closed higher for the period.
2. On the second candle, strong selling pressure stepped in and the price closed below the previous candle's low, which tells you that the sellers have won the battle for now. In essence, a bearish engulfing pattern tells you the sellers have overwhelmed the buyers and are now in control.

3. Dark Cloud Cover Candlestick pattern

A dark cloud cover is a two-candle reversal pattern that forms after a surge in price. Unlike the bearish engulfing pattern that closes below the previous open, the dark cloud cover closes within the body of the previous candle. Thus, in terms of strength, dark cloud cover isn't as strong as the bearish engulfing pattern.

Here's how to recognize it:

- The first candle has a bullish close.

Bearish Engulfing Pattern How to Master Candlestick Patterns Like a Pro

- The body of the second candle closes beyond the halfway (More than 50%) mark of the first candle.

And this is what a dark cloud cover means:



Dark Cloud Cover Pattern

1. On the first candle, the buyers are in control because they closed higher for the period.
2. On the second candle, selling pressure stepped in and the price closed bearishly (more than 50% of the previous body), which tells you there is some selling pressure.

4. Tweezer Top Candlestick Pattern

A tweezer top is a two-candle reversal pattern that occurs after an advance in price.

Here is how to recognize it:

- The first candle shows rejection of higher prices.
- The second candle re-tests the high of the previous candle and closes lower.

And this is what a tweezer top means:



Tweezer Top Pattern

1. On the first candle, the buyers pushed the price higher and were met with some selling pressure.
2. On the second candle, the buyers again tried to push the price higher but failed and were finally overwhelmed by strong selling pressure. In short, a tweezer top tells you the market has difficulty trading higher (after two attempts) and it's likely to head lower.

5. Evening Star Candlestick pattern

An evening star is a (three-candle) bearish reversal pattern that forms after an advance in price. Here's how to recognize it:

- The first candle has a bullish close.
- The second candle has a small range.
- The third candle closes aggressively lower (more than 50% of the first candle)

And this is what an evening star means:



Evening star pattern

1. The first candle shows the buyers are in control as the price closes higher.
2. on the second candle, there is indecision in the markets because both the selling and buying pressure are in equilibrium (that's why the range of the candle is small).
3. on the third candle, the sellers won the battle and the price closed lower. In short, an evening star tells you the buyers are exhausted, and the sellers are momentarily in control.

Now, the purpose of going through these individual patterns is to teach you how to analyze them step by step. You might be thinking, “Gosh, there are so many candlestick patterns to learn!”

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