Bullish Reversal Candlestick Pattern pdf

Bullish reversal candlestick patterns indicate that buyers have temporarily taken control. However, it's important not to buy immediately upon spotting such a pattern, as market conditions must also be considered (more on that later).

For now, let's discuss five bullish reversal candlestick patterns:

1-Hammer Candlestick Pattern

2-Bullish Engulfing pattern

3-Piercing Candlestick pattern

4-Tweezer bottom candlestick pattern

5-Morning star candlestick pattern

There are numerous bullish reversal candlestick patterns, but you don't need to learn them all. The main goal is to understand how to read these patterns, rather than memorizing each one. So, let's dive in and get started.

1-Hammer Candlestick Pattern

A hammer is a single-candle bullish reversal pattern that appears after a price decline. Here's how to identify it:

- Little or no upper shadow.
- The price closes in the top quarter of the range.
- The lower shadow is about two to three times the length of the body.

And this is what a hammer means:

1. When the market opened, the sellers took control and pushed the price lower.

2. At the selling climax, huge buying pressure stepped in which pushed the price higher.

3. The buying pressure was so strong that it closed above the opening price.

In short, a hammer is a bullish reversal candlestick pattern that shows rejection of lower prices.

2-Bullish Engulfing pattern

A bullish engulfing pattern is a two-candle bullish reversal pattern that appears after a price decline. To identify it, look for the following characteristics:

The first candle closes bearishly, indicating continued selling pressure.

The second candle opens lower but then closes higher, completely covering the body of the first candle without considering the shadows.

This second candle closes bullish, signaling a strong shift in momentum from sellers to buyers.

This pattern suggests that buyers have taken control, potentially leading to a price increase.

And this is what a bullish engulfing pattern means

1. In the first candle, sellers dominate, closing the price lower for the period.
2. In the second candle, strong buying pressure emerges, closing above the previous candle's high, indicating that buyers have taken control.

In essence, a bullish engulfing pattern signifies that buyers have overpowered sellers and are now in control.

3-Piercing Candlestick pattern

A piercing pattern is a two-candle reversal pattern that appears after a price decline. Unlike the bullish engulfing pattern, which closes above the previous candle's open, the piercing pattern closes within the body of the previous candle, making it slightly less strong in terms of reversal signal.

Here's how to identify a piercing pattern:

1. The first candle closes bearishly, indicating continued selling pressure.
2. The second candle opens lower, but strong buying pressure pushes the price up, closing beyond the halfway mark of the first candle's body.
3. The second candle closes bullish, signalling a significant shift in momentum from sellers to buyers.

In essence, a piercing pattern suggests that buyers are starting to gain control, but the signal is not as strong as a bullish engulfing pattern.

on the first candle, the sellers are in control because they closed lower for the period.

on the second candle, buying pressure has stepped in. and the close was bullish (more than half of the previous candle), which suggests you there is buying pressure present.

4-Tweezer bottom candlestick pattern

When I mention "tweezer," I'm not referring to the tool for plucking nose hairs (though it does resemble one). Instead, a tweezer bottom is a two-candle reversal pattern that appears after a price decline.

Here's how to identify it:

- The first candle indicates a rejection of lower prices.
- The second candle re-tests the low of the previous candle and closes higher.

Here's what a tweezer bottom signifies:

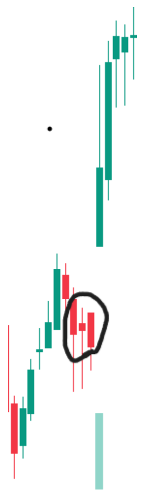
1. In the first candle, sellers drive the price lower but encounter some buying pressure.
2. In the second candle, sellers attempt to push the price lower again but fail, ultimately being overwhelmed by strong buying pressure.

This pattern indicates a potential reversal, suggesting that buyers are starting to take control after a period of selling pressure.

5-Morning star candlestick pattern

A morning star is a three-candle bullish reversal pattern that appears after a price decline. To identify it, look for these characteristics: the first candle closes bearishly, indicating selling pressure. The second candle has a small range, showing indecision. The third candle closes aggressively higher, covering more than 50% of the first candle's body, signaling a strong shift in momentum from sellers to buyers.

Here's what a morning star signifies:



1. In the first candle, sellers dominate, closing the price lower.
2. In the second candle, market indecision is evident as selling and buying pressures are balanced, resulting in a small range.
3. In the third candle, buyers prevail, pushing the price higher.

In essence, a morning star indicates that sellers are exhausted, and buyers are temporarily in control.