

**Candlestick Forum
Boot Camp**

■ **High Profit Patterns**

**Why is it important
to know the
patterns?**

**Eliminates
emotions**

Advanced Candlestick Patterns

- Fry Pan Bottom
- Dumpling Top
- Cradle Pattern
- Jay-Hook
- Scoop Pattern
- Belt Hold
- Breakout Patterns

High Probability Patterns

- Pennants
- Channels
- Fibonacci
- Distance from MA's
- Double Bottoms/Tops

Fry Pan Bottom



- The downtrend starts waning with the appearance of small trading bodies
- As the trend starts slowly curling up, a gap up in price indicates that strong buying sentiment has now returned

Fry Pan Bottom



Fry Pan Bottom – minutes, days, months



Fry Pan Bottom - Past Analysis



Fry Pan Bottom expectations



Fry pan Bottom – Failure



Fry Pan Bottom – where to buy?



Fry Pan Bottom with MA confirmation



Fry Pan Bottom - A Break Out or Failure?



Fry Pan Bottom can become a Cup and Handle



What shows a Fry Pan Bottom failure?



Fry Pan Bottom – Exuberant buying



Fry Pan Bottom –What to expect?



Fry Pan Bottom – What is expected?



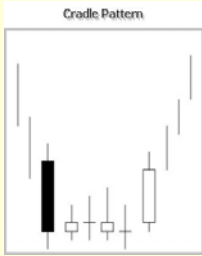
Opposite the Fry pan Bottom

Dumpling Top

The Dumpling Top- an identifiable characteristic



Cradle Pattern



- The Cradle Pattern is a symmetric bottom pattern that is easy to identify.
 - A downtrend becomes obvious with a large black candle at the bottom.
 - A series of small or indecisive trading days trade in a flat area.
 - A bullish candle, more powerful with a Bullish Engulfing signal, is formed of approximately the same magnitude as a Bearish candle at the end of the downtrend.
- This signifies that the Bulls have come out of the indecisive trading area with decisive force.

Cradle pattern



Cradle Pattern



Cradle Pattern



Cradle pattern



Cradle Pattern at the MA's



Cradle pattern



Cradle Pattern

PLAY



What is expected after a Cradle pattern?



Jay Hook Pattern



- The first move of the uptrend is very strong.
- A candlestick sell signal indicates a pullback about to occur.
- After a few days, small indecisive candles start to appear
 - Doji, small Hammers, Bullish Engulfing signals

Jay Hook Pattern

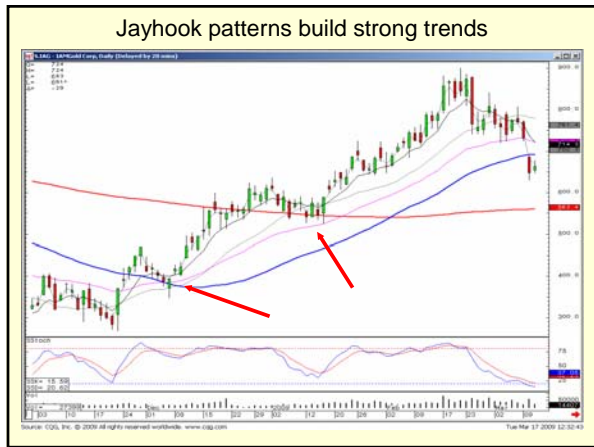


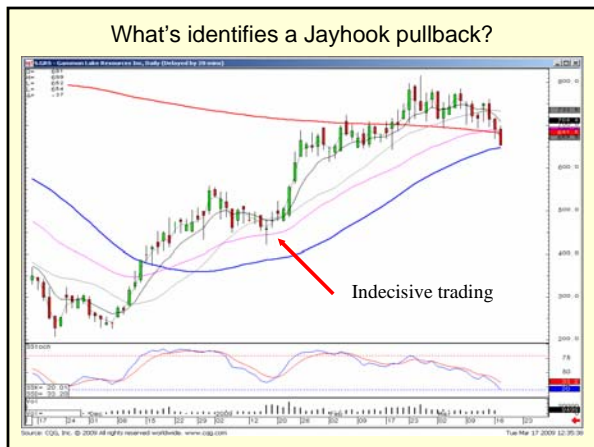
- The first test becomes the recent high
- Indecision as found in candlestick sell signals at the recent high becomes a quick indicator to get out of the position
- A Bullish candle breaching the recent high illustrates that investor sentiment is taking prices up

Jay Hook Pattern

- How to differentiate between profit taking and a full-scale reversal.







J-Hook – What forewarns a possible J-Hook?



J-Hook with added confirmation



J-Hook – Easy Expectations



J-Hook Relatively Quick Pull Back and Reversal



J-hook - No Decisive selling on the pull back



J-Hook – The signals make identifying easy



J-Hook – what is next target?



Bearish J-hook



Scoop Pattern



- An extended flat trading area
 - Followed by a pullback
- Buy signals bring price back up to flat trading range
- Once price breaks above flat range, look for strong uptrend

Scoop pattern



Scoop pattern off the MA's



Scoop pattern - Do not scan for a Scoop



Scoop pattern Use it to analyze



Scoop Pattern - What should happen upon confirming?



Scoop Pattern - A strong trend to potential targets



Scoop pattern - And if it doesn't work





Scoop – where are the targets?



Scoop – Where are the targets?



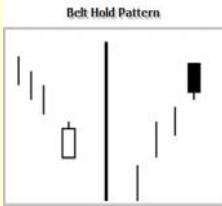
Longer term chart makes shorter term chart easier to read



Scoop = Targets



Belt Hold Pattern



- Strong prevailing trend
- The candlestick body should be the opposite color of the prevailing trend
- Gap on the open, continuing the trend
- The open is the high or low of that trend
- The length of the body should be a long body.

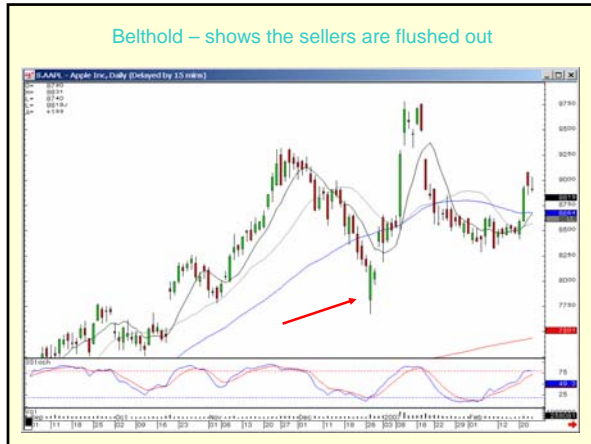
Belthold



Belthold - Adds strength to existing trends



Belthold – shows the sellers are flushed out



Belthold – gets rid of the last of the sellers



Belthold



Belthold



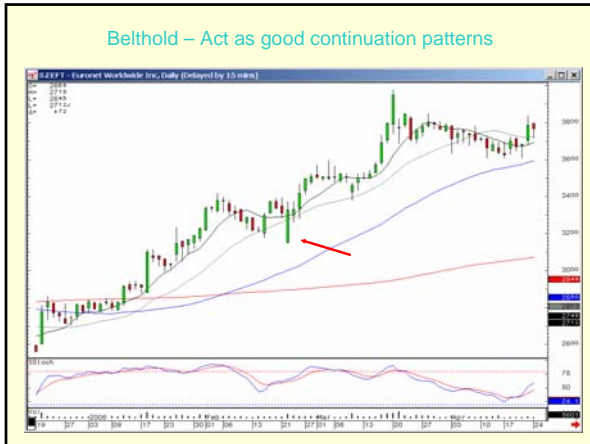
Belthold Bearish



Belthold

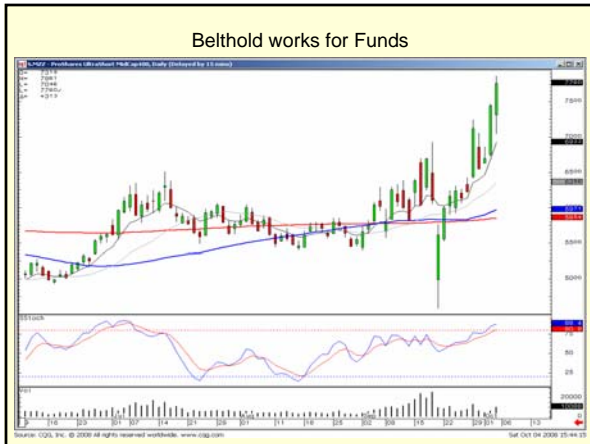


Belthold – Act as good continuation patterns





Belthold works for Funds



Breakout Patterns

- Knowing when to get on board and when to take profits.

Breakouts



Breakouts



Break Out or gap up at top?



Breakout? What is previous chart showing?



Breakout when is the profit taking over?



Breakout – where to buy?



Breakouts tell you something



Analyzing The Market

DOW what pattern?



DOW – where could it go?



DOW where can it go?



Where did it go?



Trendlines are watched by everybody



Gold



Trading Gaps

- Gaps represent enthusiasm to get into a position to the point that investors will pay prices away from any of the previous day's trading range.
- Great for identifying panic selling at the bottom and exuberant buying at the top.

Gaps – when they are meaningful



Gaps – with signals at major technical levels



Gaps – or they can be very obvious



Gaps – Doji followed by a gap down, get out asap



Gaps – when to get out, when to watch for buy signals



Gaps – at bottom, look for the signals



Gaps – Kickers signals are the strongest signals



Trading Channels

Trading channels – signals that tops and bottoms



Trend channels



Trading channels -- breakout



Trading channel -- breakout



Trading channels – buy and sell points



Pennant breakouts









Double Bottoms



Double Tops tell the same story



Moving Averages - Magnets

MA's support and targets



MA's act as magnets



MA's and patterns



MA's once breached , will come back and test



MA's Targets



MA's – first attempts usually fail



MA's once breached , act as support



Targets – when pattern is identified



Fry Pan Bottom can become a Cup and Handle



Wave 1-2-3





Why is it important to know the patterns?

It prepares you to react to an expected results
