
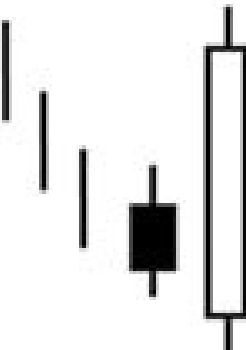
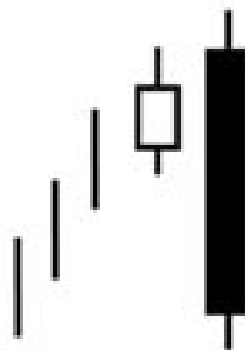
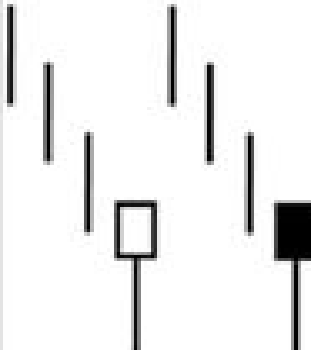
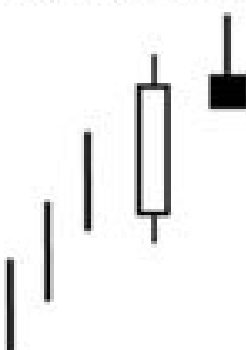
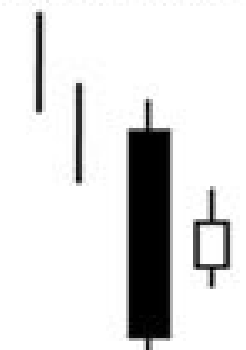
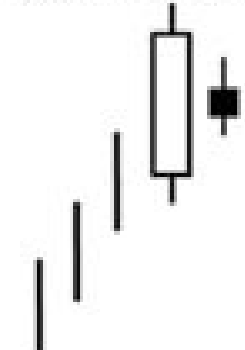
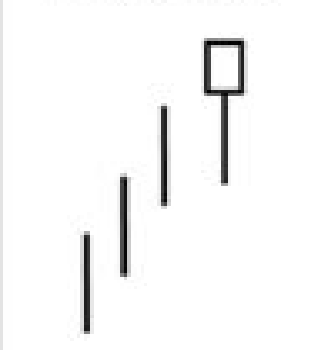
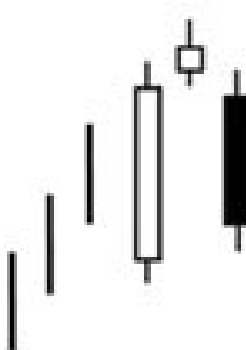
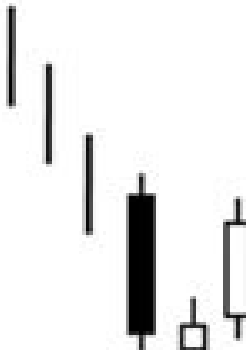
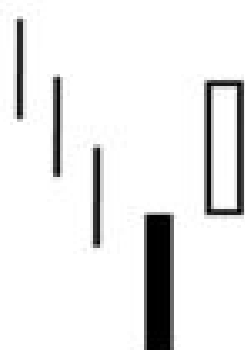
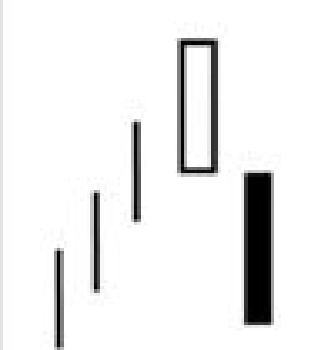
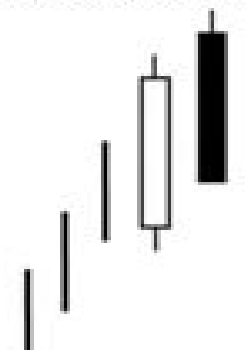
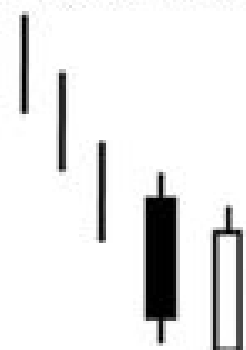
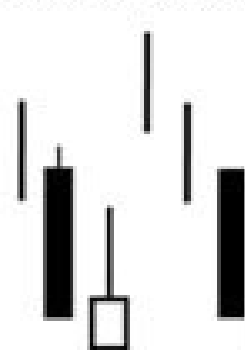


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MAJOR SIGNALS

<p>THE DOJI</p> 	<p>BULLISH ENGULFING</p> 	<p>BEARISH ENGULFING</p> 	<p>HAMMERS</p> 
<p>SHOOTING STAR</p> 	<p>BULLISH HARAMI</p> 	<p>BEARISH HARAMI</p> 	<p>HANGING MAN</p> 
<p>EVENING STAR</p> 	<p>MORNING STAR</p> 	<p>BULLISH KICKER</p> 	<p>BEARISH KICKER</p> 
<p>DARK CLOUD COVER</p> 	<p>PIERCING PATTERN</p> 	<p>INVERTED HAMMERS</p> 	<p>CandlestickForum.com with Stephen W. Bigalow is the leading web site on the internet for educating investors about Candlestick investing.</p> <p>Learning the signals is visual and easy. Understanding how the signals are formed provides tremendous insights into evaluating price movements. Control your own investment future. These major candlestick signals will alter your investment perspectives forever.</p> <p>www.CandlestickForum.com</p> <p><small>Copyright © 2001 Stephen W. Bigalow. All Rights Reserved.</small></p>

Stock Investing Basics of Japanese Candlesticks.

Candlestick trading analysis does not require knowing intricate formulas or ratios. Candlestick analysis does not require massive amounts of education to effectively utilize the signals. The stock investing basics of Japanese Candlesticks result in clear and easy to identify patterns that demonstrate highly accurate turns in investor sentiment. The average investor does not have to be dependent on the investment professional, a professional whose recommendation does not always have your interest at the forefront. Whether totally unfamiliar with investment concepts or very sophisticated in investment experience, the Japanese Candlestick trading formations are easily utilized. The signals and patterns are easy to see.

As illustrated, a stock price closing higher than where it opened will produce a white candle. A stock price closing lower than where it opened creates a black candle. The boxes formed are called "the body". The extremes of the daily price movement, represented by lines extending from the body, are called "shadows or tails."

A stock price closing where it opened or very close to where it opened is called a 'doji.'

Memorizing the Japanese Candlesticks names and descriptions of the candlestick trading formations is not necessary for successful trading. Reading about the Japanese Candlesticks signals is interesting and it aids in remembering them.

The Candlestick Forum is the foremost aid in learning how to use the Japanese Candlestick trading signals correctly. Stephen W. Bigalow has studied, analyzed and developed simple methods for profiting from the signals. His published book, **PROFITABLE CANDLESTICK TRADING: PINPOINTING MARKET OPPORTUNITIES TO MAXIMIZE PROFITS**, incorporates the common sense, logical disciplines that most investors are aware of but ignore.

Throughout history, investors have acted in the same manner through all market conditions. Investment behavior is a function of the market conditions. The Candlestick Forum helps investors recognize those market conditions, explains how human weakness creates those conditions and instructs the investor to take command of those weaknesses. The Japanese viewed patterns developing over a number of centuries. The patterns produced predictable results. Learning the patterns is a simple process. Utilizing the underlying knowledge built into the signal formation provides an immense advantage for amassing wealth.

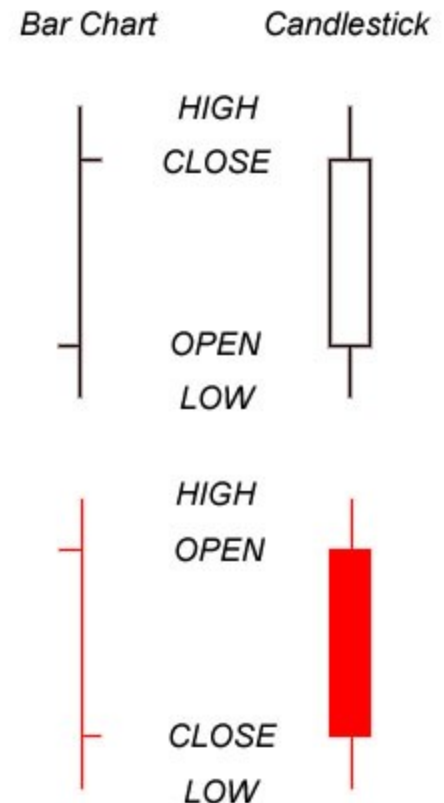
You now have the forum to learn how to direct your own investment results. This website is established for the continuation of the learning process. Any services that you utilize from The Candlestick Forum's expertise can always be confirmed and reinforced through constant contact with the Candlestick Forum's staff.

Becoming proficient at any trading method requires constant exposure to training and practice. The Candlestick Forum staff acts as a constant source of signal analysis confirmation as well as an educational taskmaster to keep subscribers alert to highly profitable trade situations.

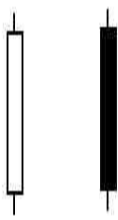
Learn the intricacies that make the signals so powerfully effective. The Candlestick Forum's library of E-books provide detailed insights into mastering the Candlestick methodology in-depth. Over a decade of learning procedures have been developed into a fast and easy method for becoming profitably proficient. Discover the potency a price move produces when knowing the psychology behind a reversal formation. Cultivate inordinate profits from a portfolio by exercising simple stop-loss methods made obvious by the Candlestick formations.

The magnitude of your profit potential is limited only to the level of leverage you want to partake. The Candlestick Forum's e-books provide clear descriptions of how to use options, futures, commodities and margin in conjunction with reversal patterns. Consistent use of high probability trades can produce massive returns. The compounding effect of well designed, high profit potential trading programs turn singles into home run returns. Become educated in trading practices that eliminate destructive emotional intervention.

Take advantage of the benefits that Japanese Candlestick trading provides. Opportunities are easily identified, Somebody will take advantage of the information the signals provide. Once you learn the valuable benefits revealed by Candlestick formations, the rewards will be overwhelming.



Japanese Candlestick charting dramatically increases the information conveyed to the visual analysis. Each candlestick trading formation or series of formations can clearly illustrate the change of investor sentiment. This process is not apparent in standard bar chart interpretation. Each candle formation has a unique name. Some have Japanese names, others have English names. When possible in this book, the English name and Japanese name will be given. The Japanese names will be done in Romanji writing so that English speaking people can say the names.



Long days

A long day represents a large price move from open to close. Long represents the length of the candle body. What qualifies a candle body to be considered long? That is a question that has to be answered relative to the chart being analyzed. The recent price action of a stock will determine whether a "long" candle has been formed. Analysis of the previous two or three weeks of trading should be a current representative sample of the price action.

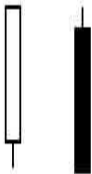
Black Marubozu

A long black body with no shadows at either end is known as a Black Marubozu. It is considered a weak indicator. It is often identified in a bearish continuation or bullish reversal pattern, especially if it occurs during a downtrend. A long black candle could represent the final sell off, making it an "alert" to a bullish reversal setting up.



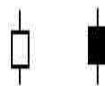
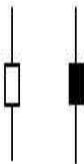
Closing Marubozu

A Closing Marubozu has no shadow at its closing end. A white body will not have a shadow at the top. A black body will not have a shadow at the bottom. In both cases, these are strong signals corresponding to the direction that they each represent.



Spinning Top

Spinning Tops are depicted with small bodies relative to the shadows. This demonstrates some indecision on the part of the bulls and the bears. They are considered neutral when trading in a sideways market. However, in a trending or oscillating market, a relatively good rule of thumb is that the next days trading will probably move in the direction of the opening price. The size of the shadow is not as important as the size of the body for forming a Spinning Top.



Short Days

Short days can be interpreted by the same analytical process of the long candles. There are a large percentage of the trading days that do not fall into either of these two categories.

White Marubozu

The White Marubozu is a long white body with no shadows on either end. This is an extremely strong pattern. Consider how it is formed. It opens on the low and immediately heads up. It continues upward until it closes, on its high. Counter to the Black Marubozu, it is often the first part of a bullish continuation pattern or bearish reversal pattern.



Opening Marubozu

The Opening Marubozu has no shadows extending from the open price end of the body. A white body would not have a shadow at the bottom end, the black candle would not have a shadow at its top end. Though these are strong signals, there are not as strong as the Closing Marubozu.



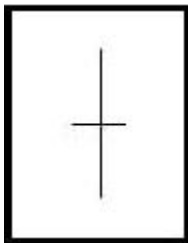


The Doji is one of the most important signals in candlestick analysis. It is formed when the open and the close are the same or very near the same. The lengths of the shadows can vary. The longer the shadows are, the more significance the Doji becomes. More will be explained about the Doji in the next few pages. ALWAYS pay attention to the Doji. The dimension of knowing what the formations signify magnifies the potential for profits. The bodies, unlike the bars of bar charts, reveal an immense amount of information.

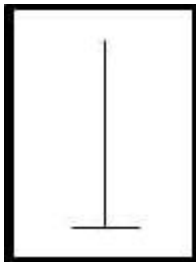
There are really only 12 major Candlestick patterns that need to be committed to memory. The Japanese Candlestick trading signals consist of approximately 40 reversal and continuation patterns. All have credible probabilities of indicating correct future direction of a price move. The following dozen signals illustrate the major signals. The definition of "major" has two functions. Major in the sense that they occur in price movements often enough to be beneficial in producing a ready supply of profitable trades as well as clearly indicating price reversals with strength enough to warrant placing trades.

Utilizing just the major Japanese Candlesticks trading signals will provide more than enough trade situations for most investors. They are the signals that investors should contribute most of their time and effort. However, this does not mean that the remaining patterns should not be considered. Those signals are extremely effective for producing profits. Reality demonstrates that some of them occur very rarely. Other formations, although they reveal high potential reversals, may not be considered as strong a signal as the major signals.

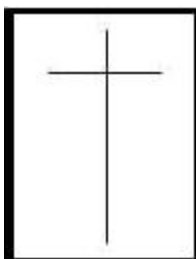
Here are a few of the major candlestick formations:



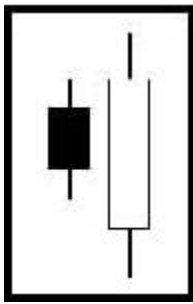
A Doji is formed when the open and the close are the same or very close. The length of the shadows are not important. The Japanese interpretation is that the bulls and the bears are conflicting. The appearance of a Doji should alert the investor of major indecision.



The Gravestone Doji is formed when the open and the close occur at the low of the day. It is found occasionally at market bottoms, but its forte is calling market tops. The name, Gravestone Doji, is derived by the formation of the signal looking like a gravestone.



The Long-legged Doji has one or two very long shadows. Long-legged Doji's are often signs of market tops. If the open and the close are in the center of the session's trading range, the signal is referred to as a Rickshaw Man. . The Japanese believe these signals to mean that the trend has "lost it's sense of direction."



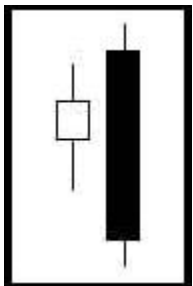
The Bullish Engulfing Pattern is formed at the end of a downtrend. A white body is formed that opens lower and closes higher than the black candle open and close from the previous day. This complete engulfing of the previous day's body represents overwhelming buying pressure dissipating the selling pressure.

The Bearish Engulfing Pattern is directly opposite to the bullish pattern. It is created at the end of an up-trending market. The black real body completely engulfs the previous day's white body. This shows that the bears are now overwhelming the bulls.

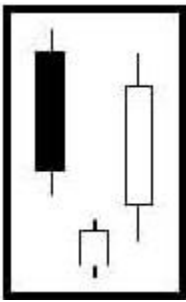
The Dark Cloud Cover is a two-day bearish pattern found at the end of an upturn or at the top of a congested trading area. The first day of the pattern is a strong white real body. The second day's price opens higher than any of the previous day's trading range.

The Piercing Pattern is a bottom reversal. It is a two candle pattern at the end of a declining market. The first day real body is black. The second day is a long white body. The white day opens sharply lower, under the trading range of the previous day. The price comes up to where it closes above the 50% level of the black body.

Hammer and Hanging-man are candlesticks with long lower shadows and small real bodies. The bodies are at the top of the trading session. This pattern at the bottom of the down-trend is called a Hammer. It is hammering out a base. The Japanese word is takuri, meaning "trying to gauge the depth".



The Morning Star is a bottom reversal signal. Like the morning star, the planet Mercury, it foretells the sunrise, or the rising prices. The pattern consists of a three day signal.



The Evening Star is the exact opposite of the morning star. The evening star, the planet Venus, occurs just before the darkness sets in. The evening star is found at the end of the uptrend.

A Shooting Star sends a warning that the top is near. It got its name by looking like a shooting star. The Shooting Star Formation, at the bottom of a trend, is a bullish signal. It is known as an inverted hammer. It is important to wait for the bullish verification. Now that we have seen some of the basic signals, let's take a look at the added power of some of the other formations.

Technical analysis is the pursuit of finding indicators or chart patterns that anticipate when a reversal may occur. Adding Candlestick analysis to any conventional technical method improves the return results multifold. The weak link in most technical analysis is the “anticipating” factor.

Trend lines, for example, become established when they connect previous peaks or bottoms and a relatively straight line can be drawn through those points. This is one of the most widely used techniques in technical analysis, because it is simple and obvious to even the inexperienced investor. When a trend line becomes so obvious, it can become a self-fulfilling support or resistance level due to the number of people buying or selling once the line is hit. However, the subjective part of this investing technique relies upon whether that level is going to maintain as a support or resistance level again.

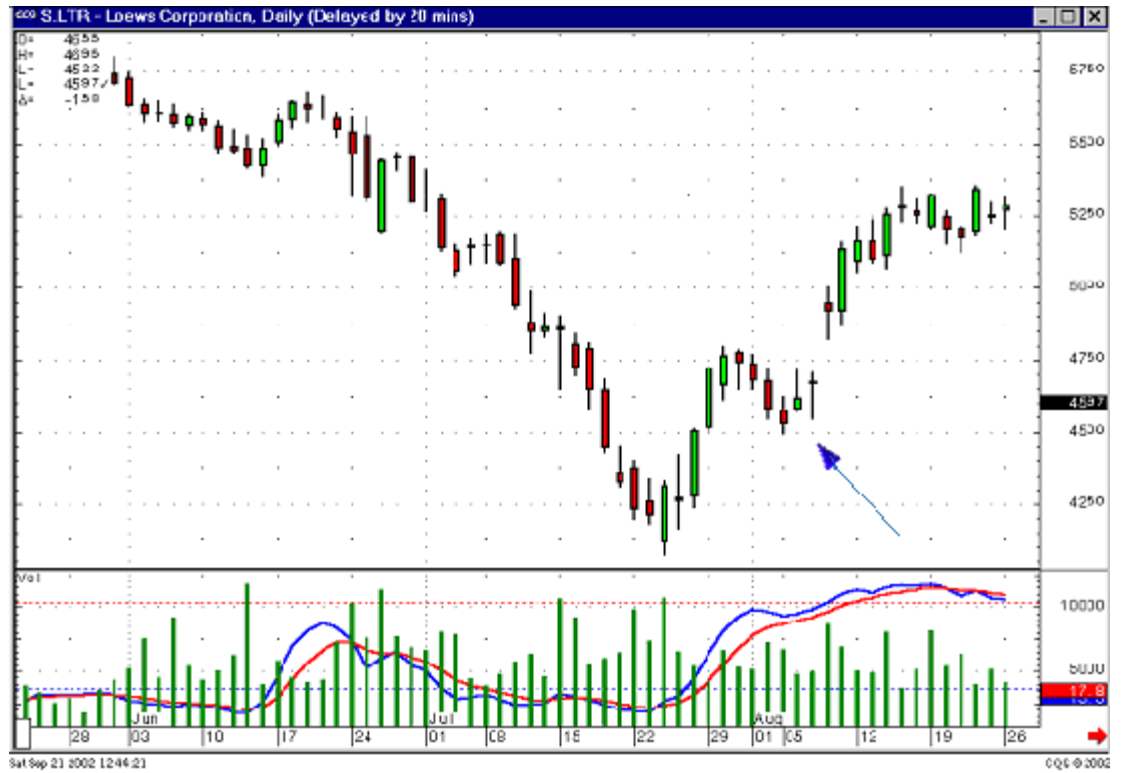
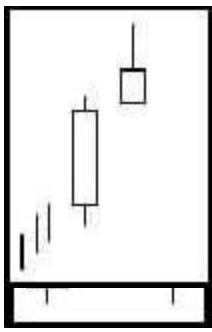
Candlestick analysis dramatically reduces the subjectivity of that technique. Simple observations are all that is required. First, where are the stochastics as a price approaches the trend line? Next, is there the semblance of a Candlestick signal formation about to develop? Upon the approach of a support line, if stochastics appear to have no indication altering its downward course and the candle formations show no signs of a reversal potential, at least the investor has the warning that maybe this time the support level may not hold. However, if the stochastics show signs of the downward trajectory starting to wane, and a candlestick “buy” signal developing, the investor has an early indication that the support level is going to hold once again. This allows the Candlestick investor to step in prior to the rest of the support line watchers, who need to have more confirmation that the support level held.

This visual evidence creates opportunities for investors to take advantage of numerous patterns. It allows the Candlestick investor to establish positions at the extreme bottoms of a potential move. The conventional technicians add profits for the Candlestick investor as they commit money to the move after their indicators confirm the move. What the candlestick signal makes obvious today, the conventional technical investor may not see for another two or three days.

The added visual information provided by the candlestick formations produces profitable pattern opportunities that other techniques do not even identify or only recognize well after the move has begun.

The J-Hook pattern is an example. See Figure 1, LTR - Loews Corporation. Once the trend started up, the pattern formed when the price pulled back for a few days. However, the stochastics never reached the oversold area and they came down only part way before hooking back up. The signals indicated buying before it pulled back too much, showing the buyers were going to test the high of the previous week. The gap above the recent high indicated that the buyers were very anxious to see prices go to much higher levels.

Figure 1, LTR - Loews Corporation.



A J-Hook pattern provides a double profit opportunity. First, the move has a good probability of testing the recent high. This move alone could be a 4%, 6%, or 10% profit potential. Once it gets to the recent high level, the Candlestick investor has another immediate advantage. Analysis of the stochastics and observation of whether a signal is forming gives the Candlestick investor the ability to maximize profits. If a weak signal occurs as the recent high is being approached again, and the stochastics are flattening out or, even worse, curling down, that is usually an indication that the high is not going to be breached. Take profits here. If, however, no selling is indicated and the stochastics have curled upward and appear strong, that is a good indication that the high will be broken. When that happens, the conventional technicians, watching to see if a breakout will occur at the old high, start piling in.

Strong patterns that are not obvious to investors, other than the Candlestick investor, are Fry-Pan Bottoms and Dumpling Tops. See Figure 2 and Figure 3. The combination of white bodied days and black bodied days that set up the Fry-Pan Bottom and Dumpling Top, provides insights to a reversal that the conventional technical methods do not have to ability to identify. Tower Tops and Tower Bottoms are additional patterns that are more apparent using Candlesticks. (See "Profitable Candlestick Trading", pages 168 - 175, for more information on all the formations mentioned here.)

Figure 2, Fry Pan Bottom.

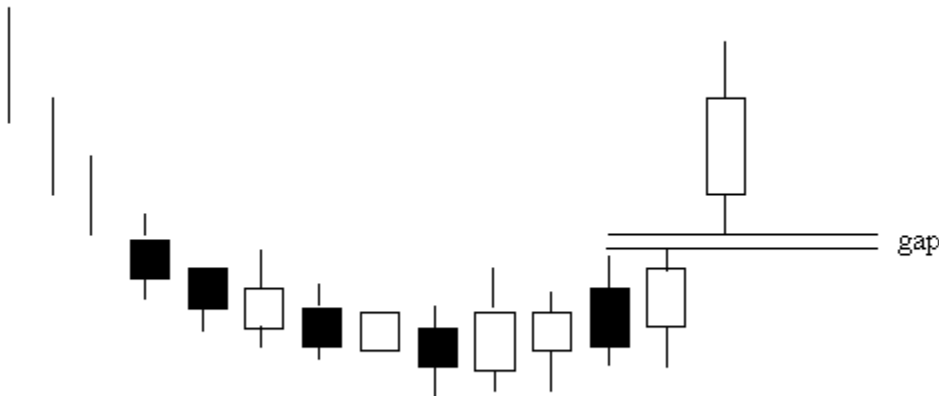
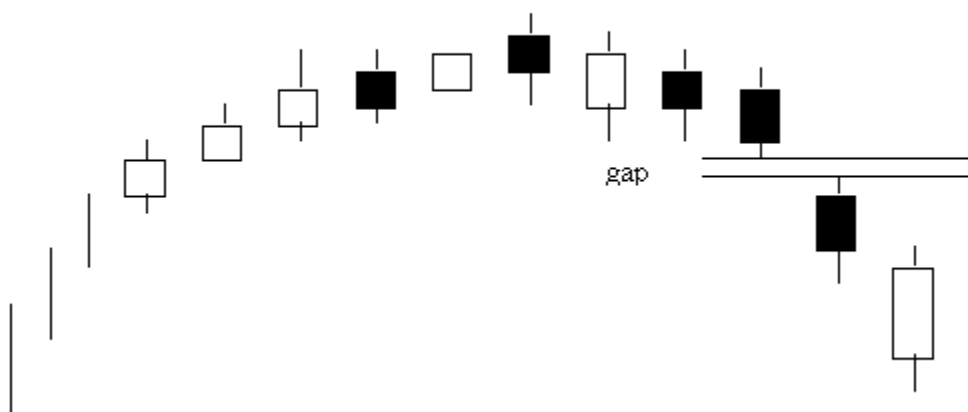


Figure 3, Dumpling Top.



Whether one is using simple trend line techniques or more sophisticated Elliot Wave analysis, the Candlestick formations provide immediate information allowing more intelligent use of those techniques. The same approach, analyzing where the stochastics are and if a signal is forming, better pinpoints which Fibonacci retracement level will be the reversal level.

Studying and becoming familiar with the different patterns can boost profits immensely. Knowing when to commit funds ahead of the rest of the crowd takes advantage of their buying or selling after you have established your position. Being able to anticipate where buying or selling will occur from investors using the conventional technical methods, now acts as alert indicators versus being the main impetus for putting on a position. Your correct trade ratio will climb dramatically.

The Candlestick Trading Forum Stock Pick of the Day utilizes the patterns to spot potential trades ahead of conventional technical analysis. Reiterating the purpose of investing, maximizing returns with the minimization of risk, the use of profitable patterns is another element for putting more of the probabilities in our favor. If you follow the Stock Pick of the Day, you will become familiar with the different high-profit patterns. Our soon-to-be-published e-book "High Profit Candlestick Patterns" provides in-depth insights on how and why the patterns work so successfully. These patterns are what the professional traders use to extract consistent profits out of the markets.

Candlesticks make "relatively" high probability trades into "extremely" high probability trades. The fact that a pattern has been identified through the years with conventional technical analysis provides the format for taking full advantage of a candlestick formation. The difference between anticipating or wondering whether a potential reversal point will be effective becomes immediately apparent if a candlestick signal is witnessed at the same point. Beating the crowd adds profits almost at the initiation of a trade.

Learn the patterns and you will create a constant source of income for the rest of your life.

The Reversal Stock Pattern and Candlestick Reversal Signals.

Remember back in March of 2000, when "irrational exuberance" was in the air, Internet stocks were going to the sky, and the bull market was going to go on forever? Well, the astute investor would have recognized the reversal stock pattern using Japanese Candlestick reversal signals and would have seen an entirely different story starting to take place in the NASDAQ market.

Around March 8, a very obvious negative "Evening Star" signal appeared. This would have put the Candlestick investor on the alert, maybe closing out a few long positions and taking profits. Then, around March 27, the "Doji" confirmation signal appeared, marking the beginning of the bear market we are now in.



As you can see, the signals are extremely powerful indicators of change in market direction.

Finding Stock Enter Signals With Japanese Candlesticks.

Learning the psychology behind accurate stock enter signals will truly alter your investment aptitude. You will start looking for "buy" signals in oversold stocks. You will start anticipating when to take profits in overbought stock positions. Remember, you are not being shown "secrets" of the investment world. You will be learning a trading program concept that will educate you on how the common investor thinks, then turn that thinking into huge profits. And you will learn how to do it without having to experience all the learning bumps that I did.

Coming around full circle, thinking what I would be thinking if I was reading all of this, is the same question that I would pose to all the other magnificently sounding investment programs that are on the market, "If this trading program is so great, why are you exposing it to everybody else?"

The One Major Drawback to Japanese Candlesticks.

Through the years it became apparent to me that the Candlestick trading signals were truly profitable trading indicators. So accurate that this system should be catching on like wildfire. However, the more I became convinced that the Candlestick methodology outperformed all other technical methods, the more I was surprised that very few people knew about its benefits. Very few. It was hard to find anybody who could intelligently converse about the signals. I can count on one hand the number of people that I could talk Candlestick trading with over the past ten years. And most of them had published books on the subject. The problem was that there was nobody to analyze my analysis, to confirm or reject what I saw in a signal formation. Essentially nobody knew how the Candlesticks worked and how positively effective they were.

It became apparent that this lack of knowledge would be detrimental in trying to establish a hedge fund using the Japanese Candlestick trading method. Convincing investors to invest in a fund that produces extraordinary returns, using Japanese Candlesticks, not a sophisticated sounding trading method, would be an uphill battle if trying to market to an uninformed public.

The truth of the matter is that teaching thousands of investors to utilize Candlestick investing will never affect any investments that the Candlestick Forum would be participating in. Each investor has their own specific areas of investment interest. Large cap stocks, bonds, grains, currencies, meats, options, and dozens of other investment vehicles will be the object of their investments. Even thousands of new Candlestick investors out in the investment arena would be a drop in the bucket compared to the many millions of investors in the world.

Take advantage of this candlestick investing knowledge. It will not take weeks or months to verify whether the signals work. They will prove themselves instantly. If you always keep in mind that the signals are the result of a change in investor sentiment, your road to extracting great amounts of profits from the markets will occur very quickly.