

MARKET TIMING USING CANDLE PATTERN STRATEGIES IN VOLATILE MARKETS (ITC BARCELONA 2012)



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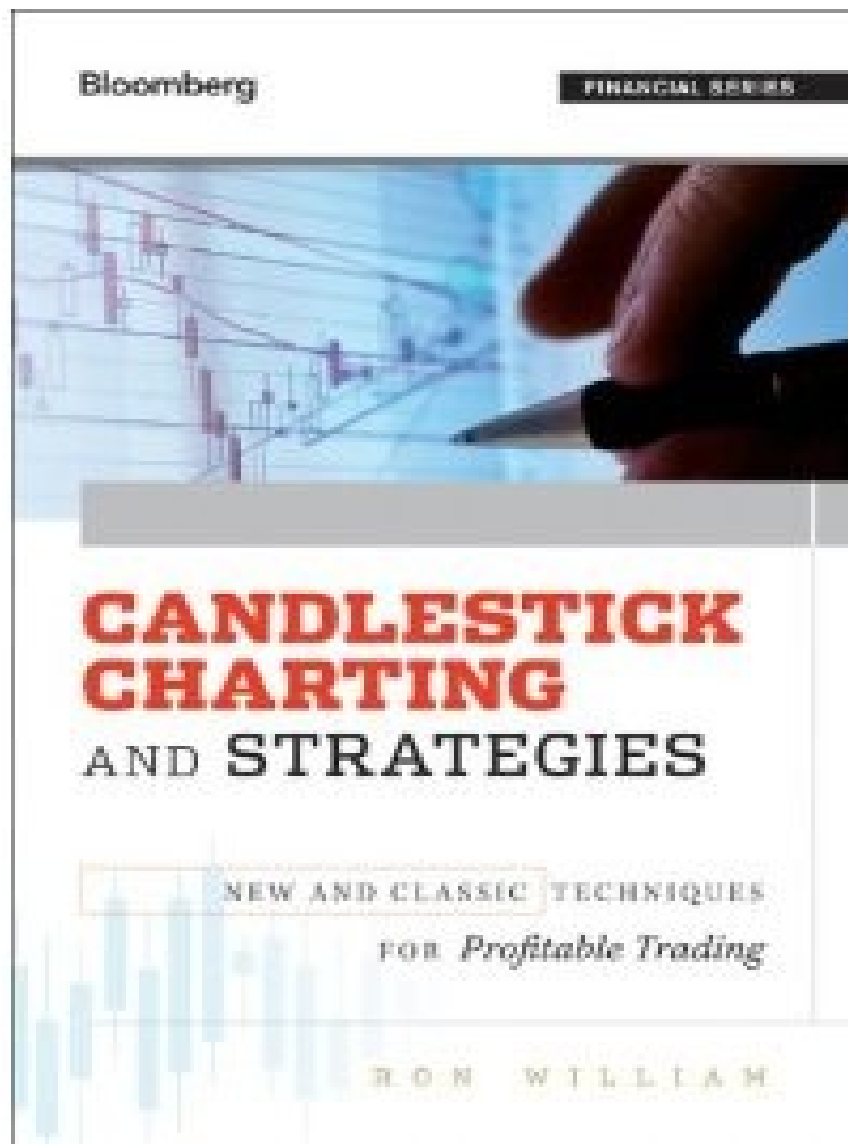
NEW HORIZONS



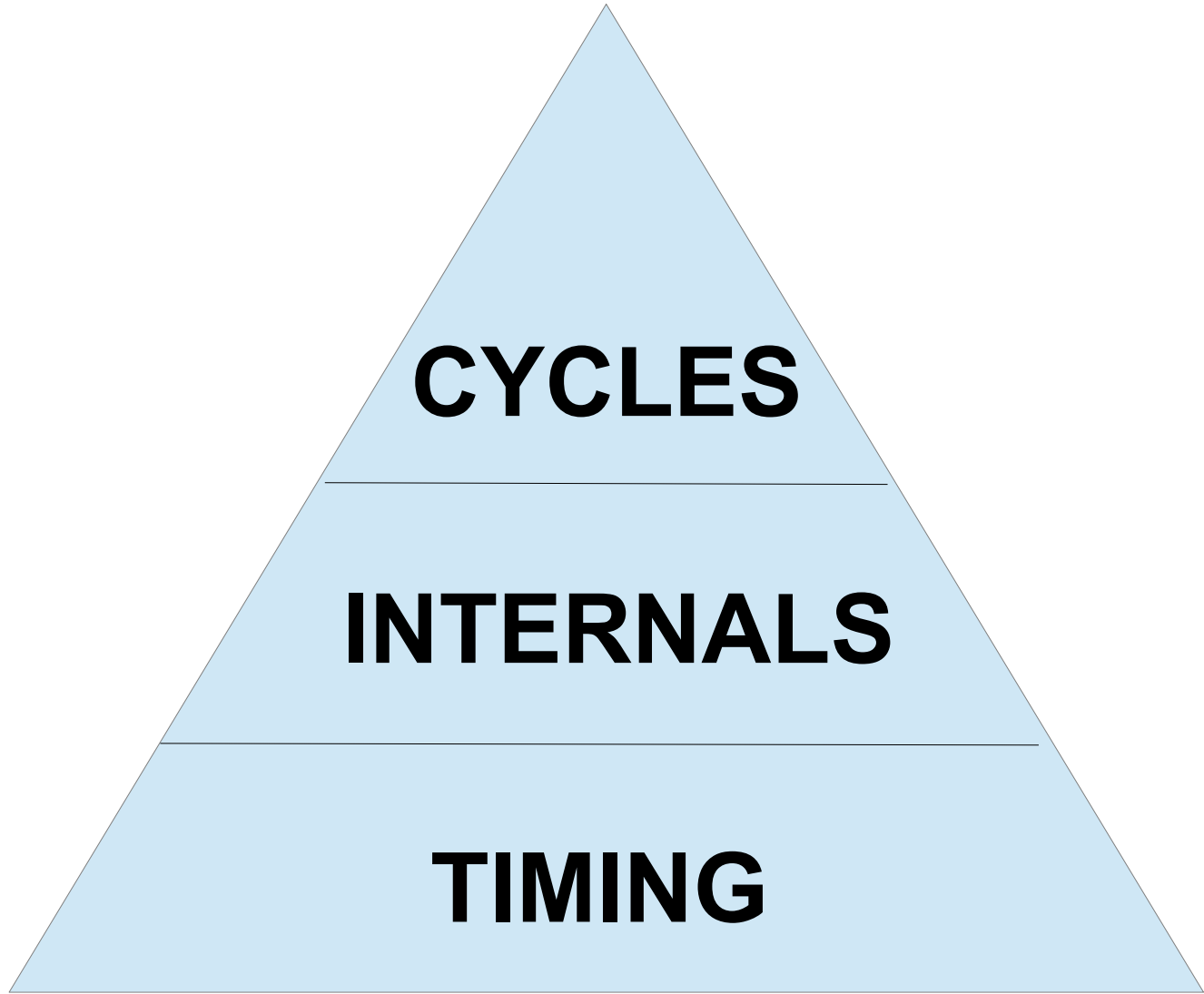
EXPERIENCE



TRADING BOOK



MARKET TIMING



WHERE IN THE WORLD...?

GLOBAL ITC EVENT



THE GOAL....

PART 1

*Probabilities NOT Certainties
The True Nature of TRENDS
Market Timing is Everything*

PART 2

*Candle Patterns give YOU an edge
Family Tree
Location, Location, Location*

PART 3

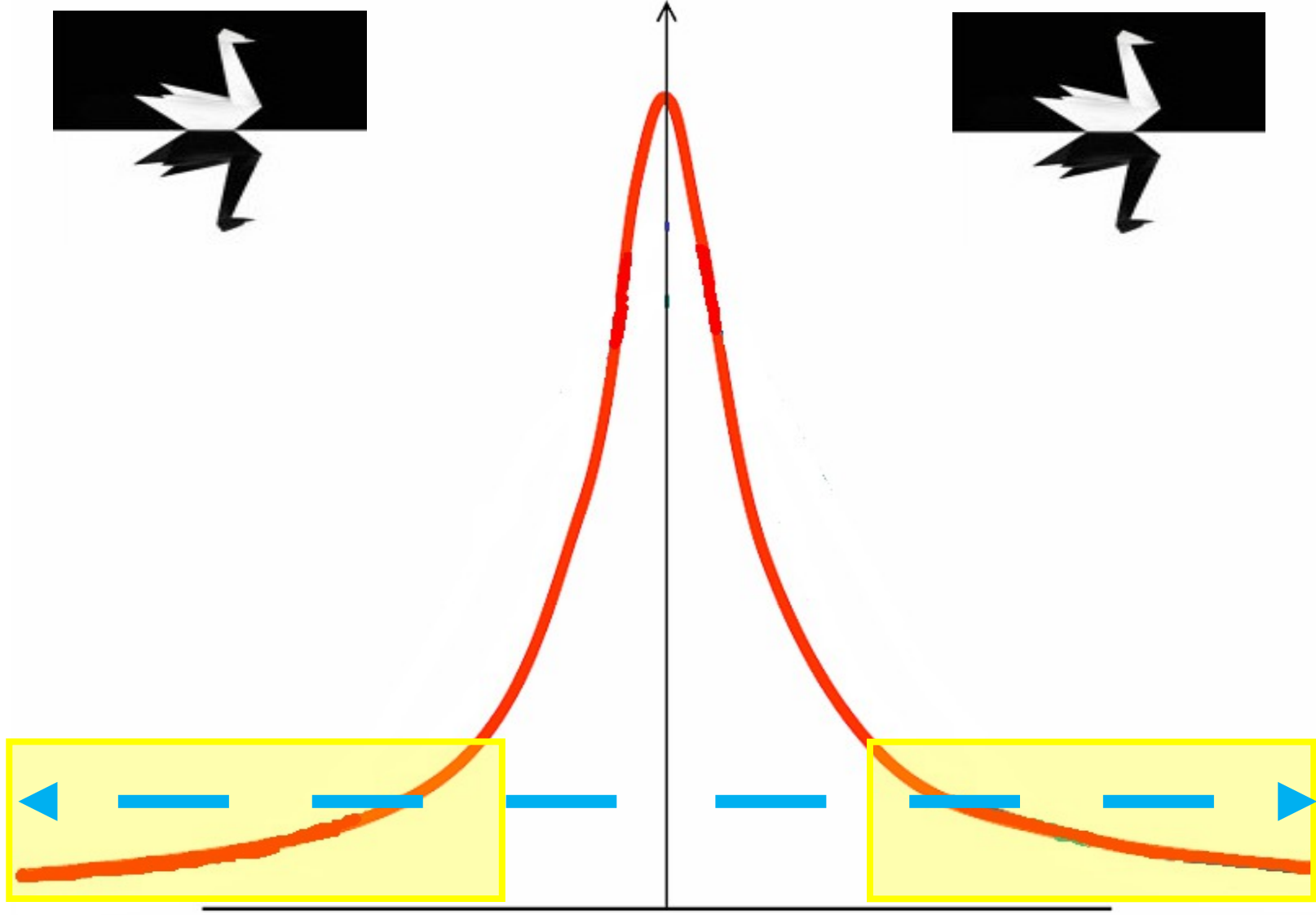
*The Cyclicalality of Markets
Exhaustion Zones
Trading Rules*



SUNRISE



PROBABILITY

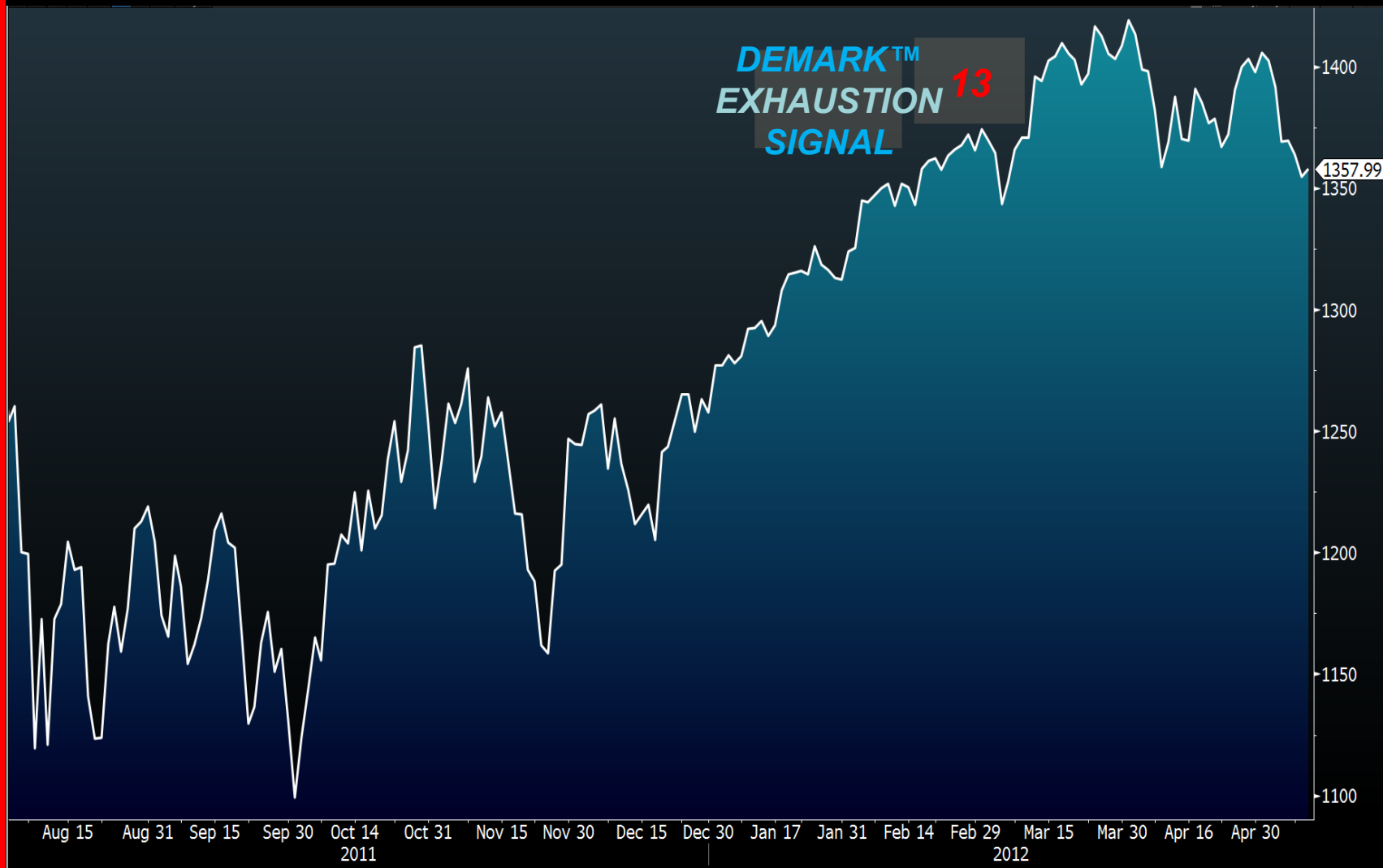


TREND PERSONALITY



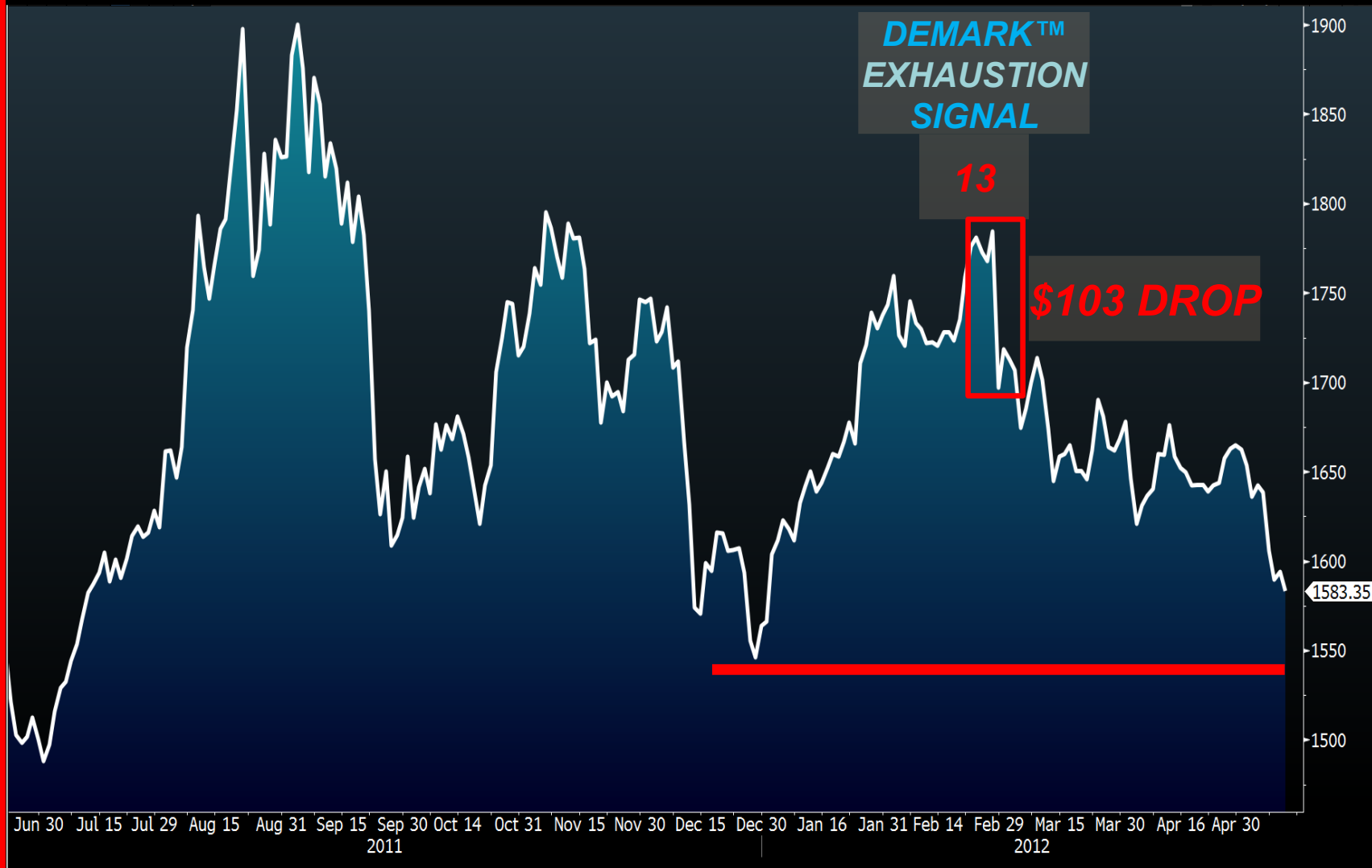
TRENDS END

S&P500 **REVERSAL**



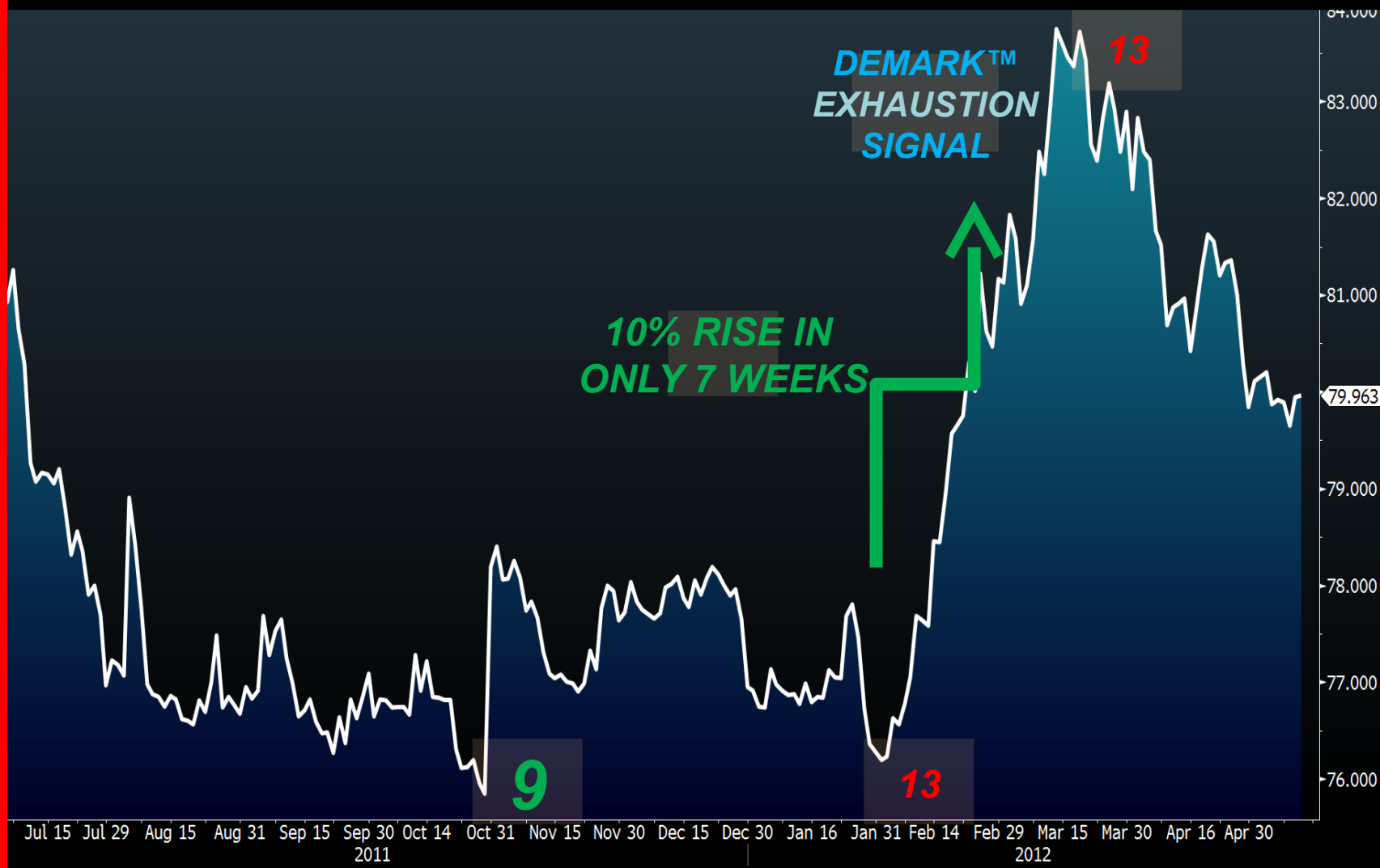
GOLD

GOLD CYCLICAL DOWNSIDE RISK



USDJPY

USDJPY 40 YEAR **CYCLE** AWAKENS



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A BRIEF HISTORY



***Trading Technique used
over 400 years ago
in Japan***

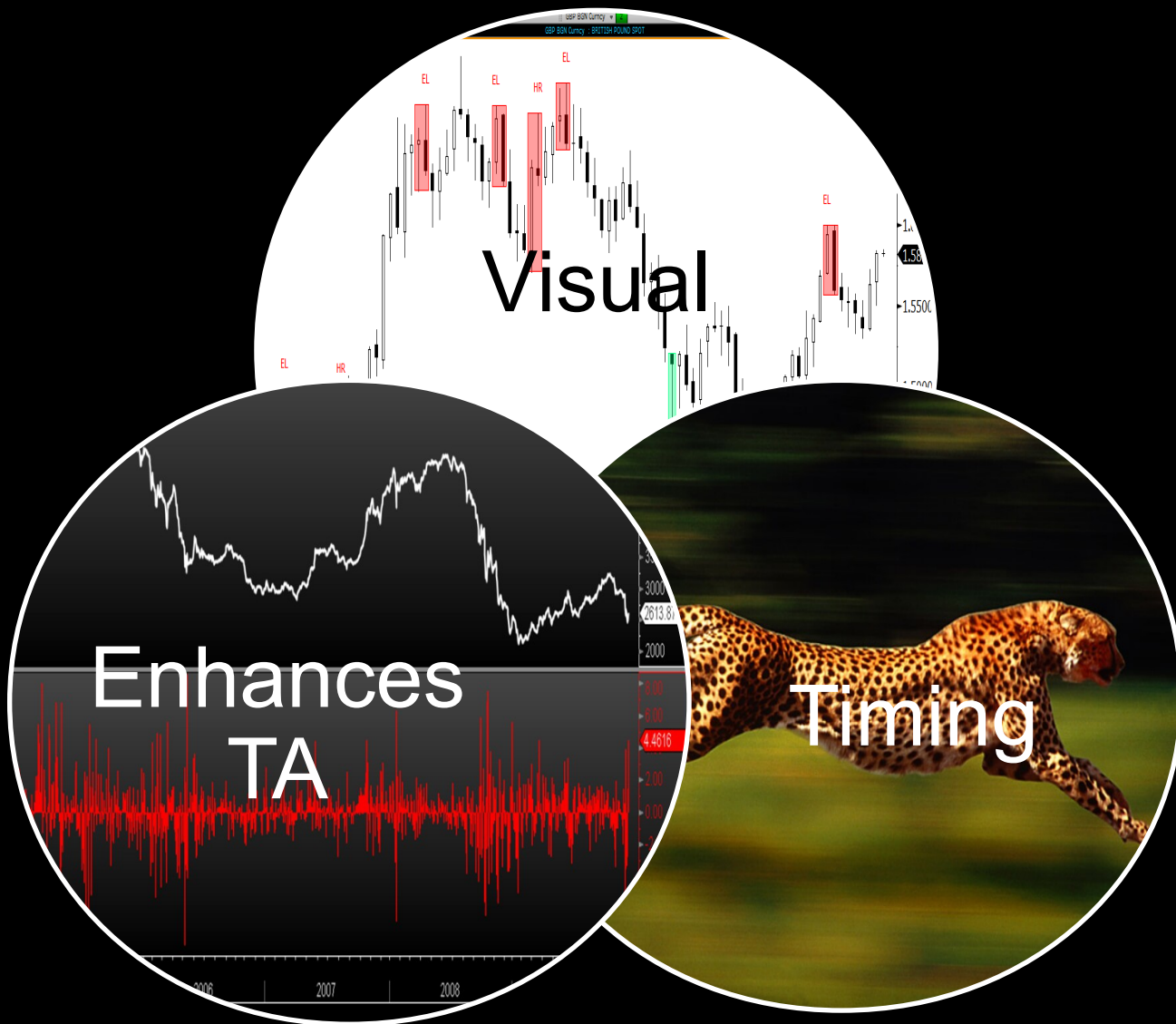
***Rice Farmers observed
market psychology and
seasonal cycles to forecast***



***Widely based on military
tactics of the time.***

***Most trading signals are
“contrarian” & anticipate
price reversals.***

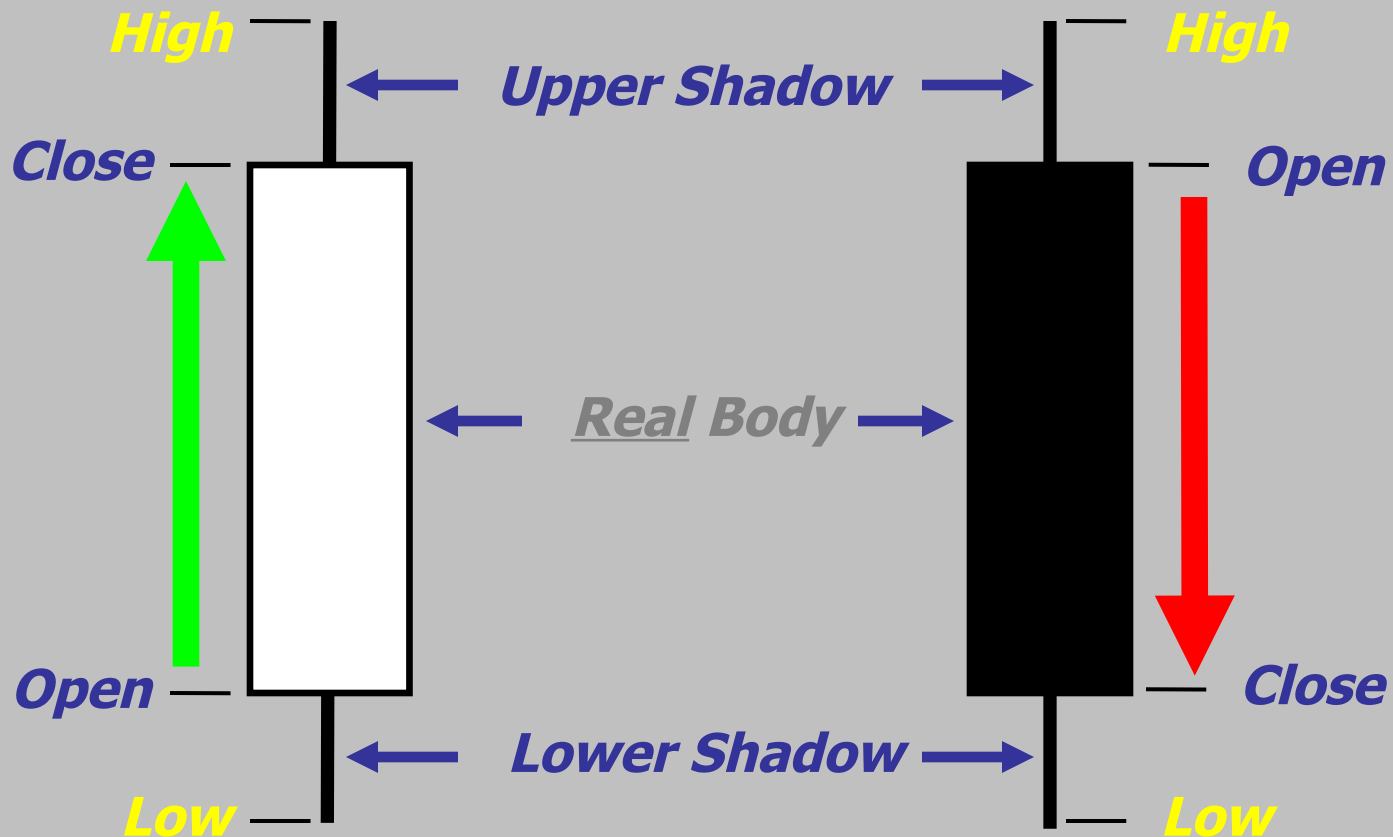
TRADING EDGE



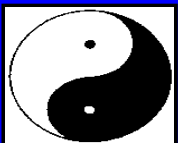
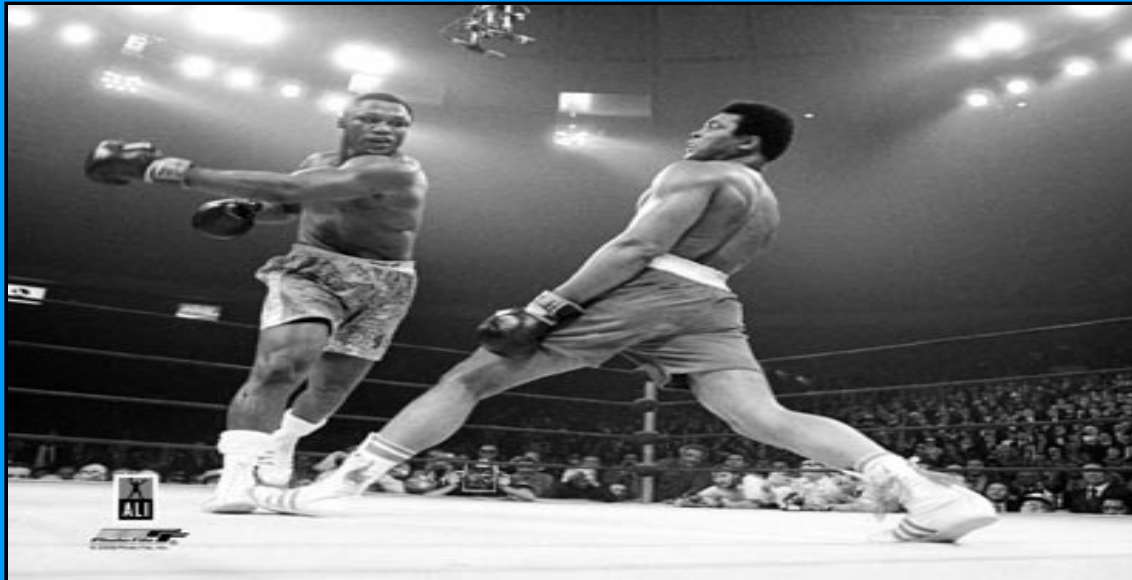
Candle Construction

Bullish Candle
White Real Body

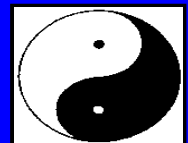
Bearish Candle
Black Real Body



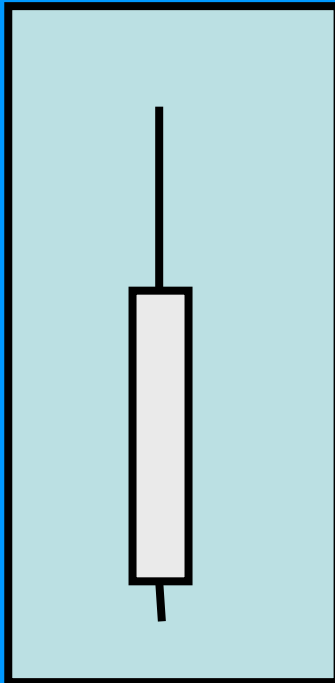
*The Real Body is the essence
of market psychology*



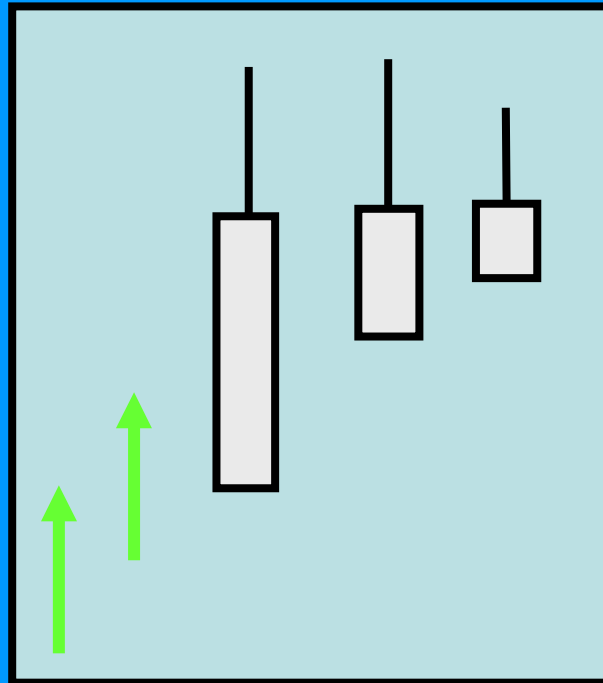
Who's in control?



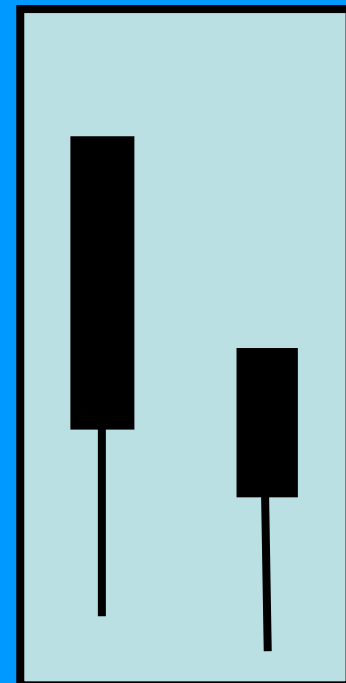
Shadows decreases momentum



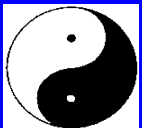
*Bearish long
upper shadow*



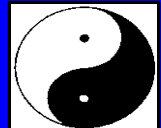
*Bearish long upper shadow
"decreases rallying strength"*



*Bullish long
lower shadow*

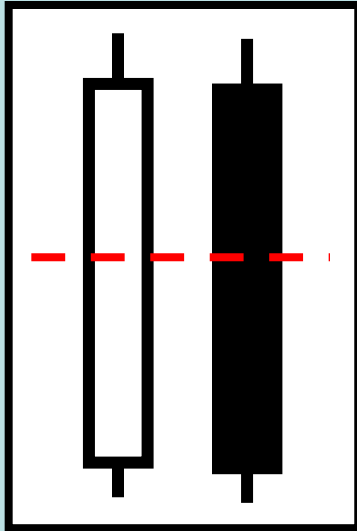


Who's losing control?



Basic Candles

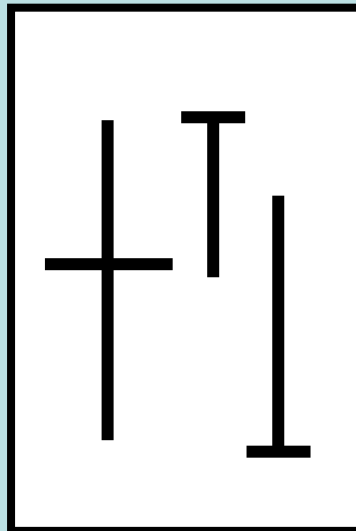
Long Day



Strong buy/sell

Midpoint used as support/resistance

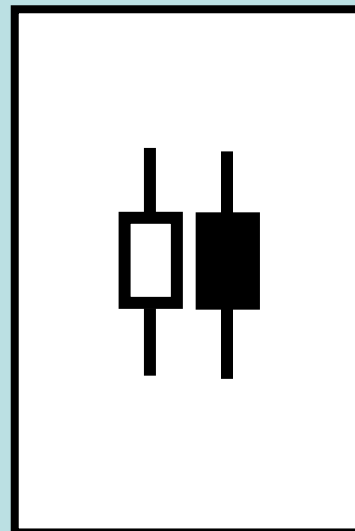
Doji



Open and close are narrow/same

Market is tired

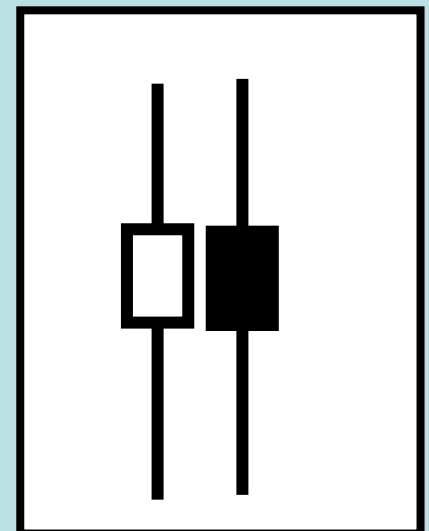
Spinning Top



**1. Small real body
2. Colour not imp.**

Prior trend weak

High Wave



**1. Small real body
2. Colour not imp.
3. Long shadows**

Indicates confusion

Many Candle Patterns

(Over 100)

Reversal Patterns

One Day

Long White/Black Morning Star

Marabuso Morning Doji Star

Doji Evening Star

Hammer Evening Doji Star

Inverted Hammer Tri Star

Shooting Star Three White Soldiers

Hanging Man Three Black Crows

Two Day Upside Gap Two Crows

Abandoned Baby

Engulfing Stick Sandwich

Harami Advance Block

Harami Cross Deliberation Four Day

Dark Cloud Cover Unique Three Rivers

Piercing Line Three Stars in the South

Counter Attack

Meeting Lines

Five Day

Kicker Concealing Baby Swallow

Tweezers

Doji Star

Three Day

Continuation Patterns

Two Day

Rising Window

Falling Window

Seperating Lines

On/In Neck Line

High/Low Price Gapping Play

Three Day

Upside/Downside Tasuki Gap

Side By Side White lines

Upside/Downside Gap Three Methods

Four Day

Three Line Strike

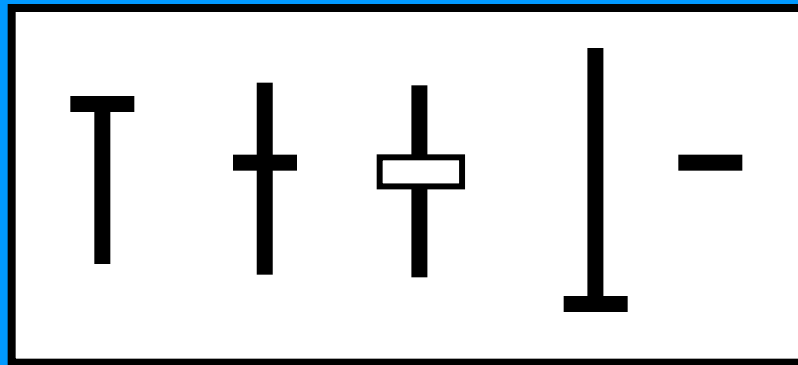
Five Day

Rising/Falling Three Method

FAMILY TREE

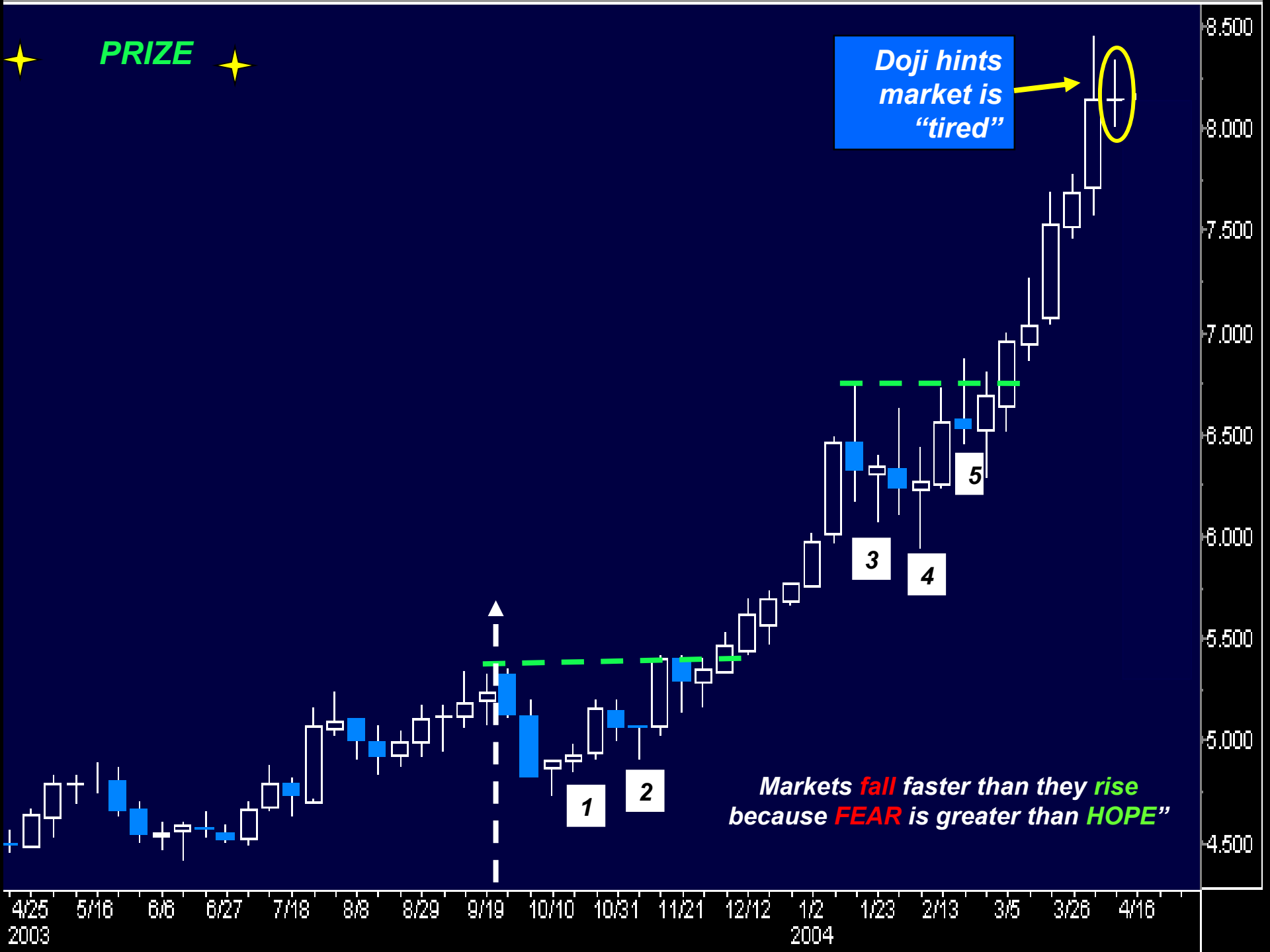


THE DOJI



Criteria: *Open and close are
narrow or the same*

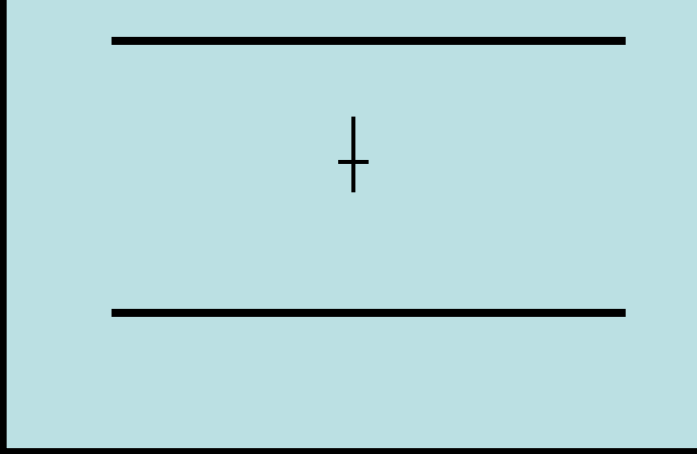
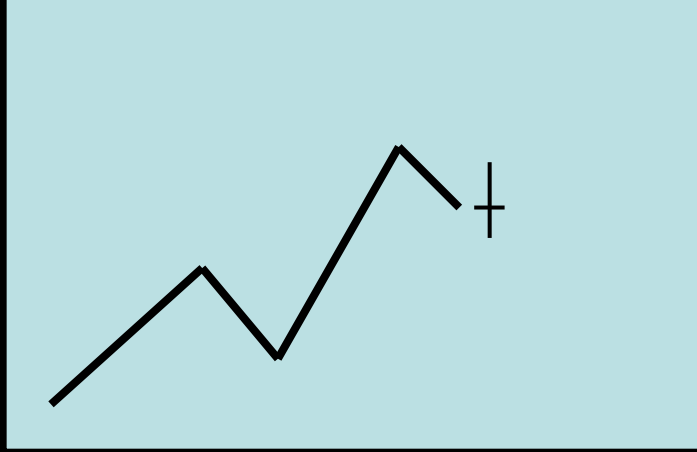
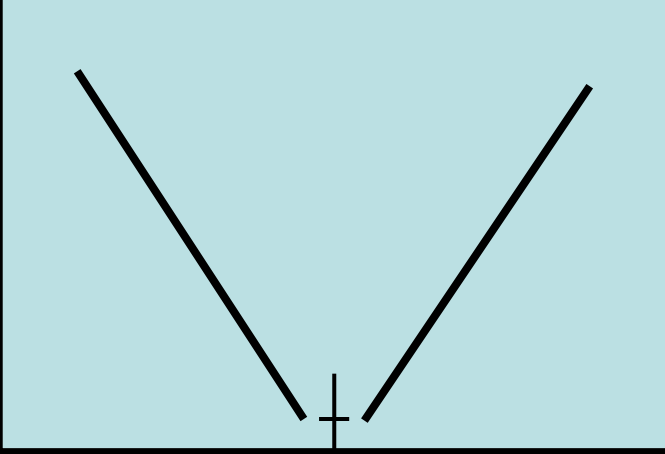
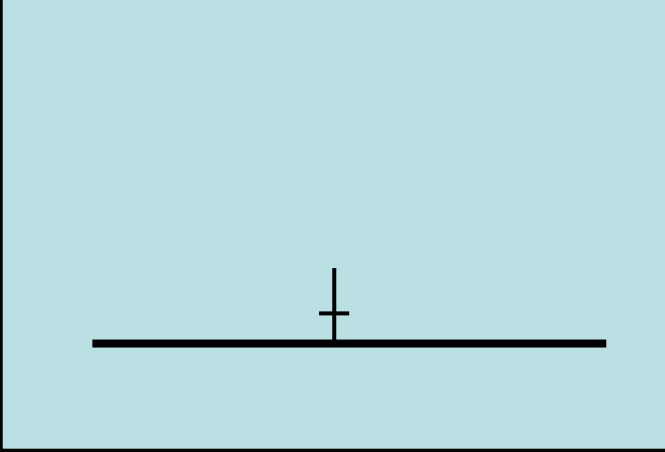
Psychology: *Market is "tired"*



LOCATION

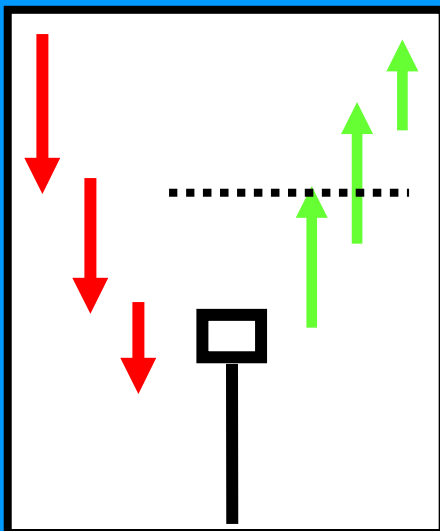


LOCATION



One Day Pattern

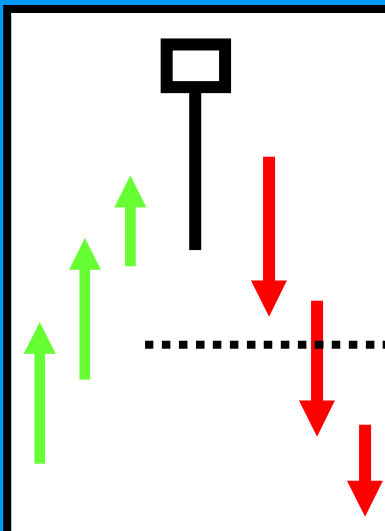
Hammer



1. Lower Shadow 2X length of Real Body
2. RB at upper end, colour not important
3. No/very small upper shadow
4. Confirmed with a strong bullish day

Hammering a base

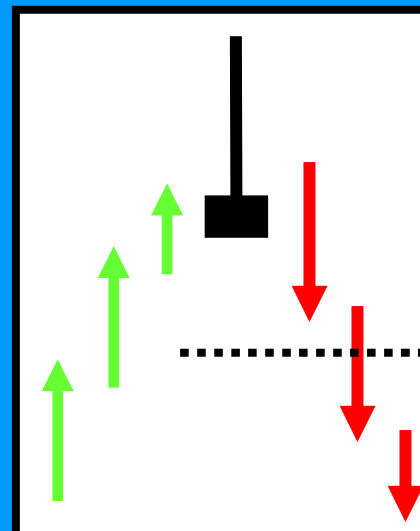
Hanging Man



Same as Hammer

TOP reversal pattern

Shooting Star

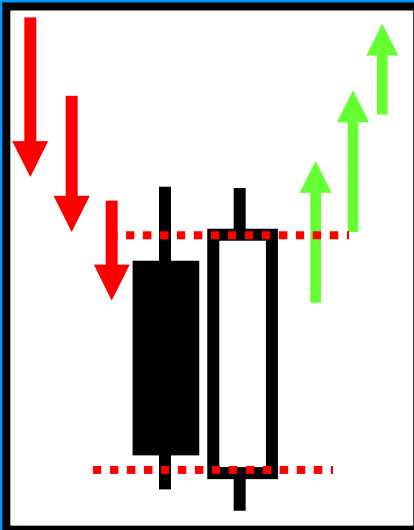


1. Upper Shadow 2X length of Real Body
2. RB at lower end, colour not important
3. No/very small lower shadow
4. Confirmed with a strong bearish day

Trouble overhead

Two Day Pattern

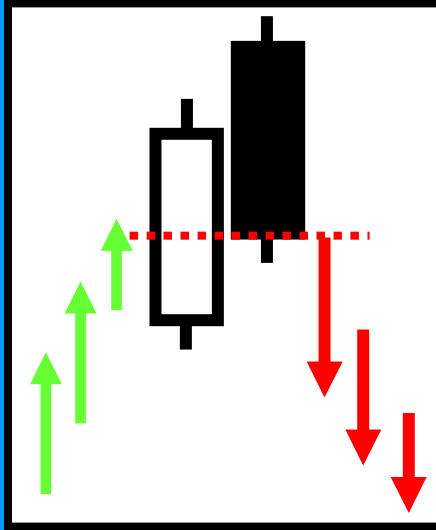
Engulfing



1. Large RB wraps around small RB
2. Opposite colours
3. Up/Down trend

Arresting control

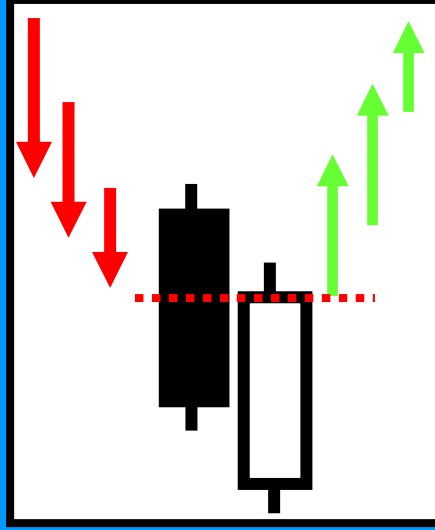
Dark Cloud Cover



1. Uptrend evident
2. Session opens > prior high
3. Bearish RB closes > 50% into bullish RB

Sentiment reversal

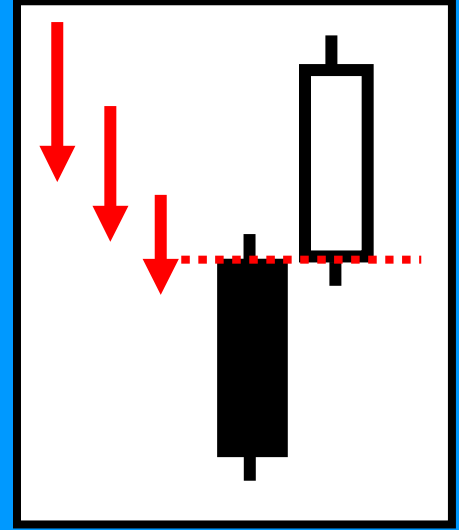
Piercing Line



1. Downtrend evident
2. Session opens < prior low
3. Bullish RB closes > 50% into bearish RB

Sentiment reversal

Kicker

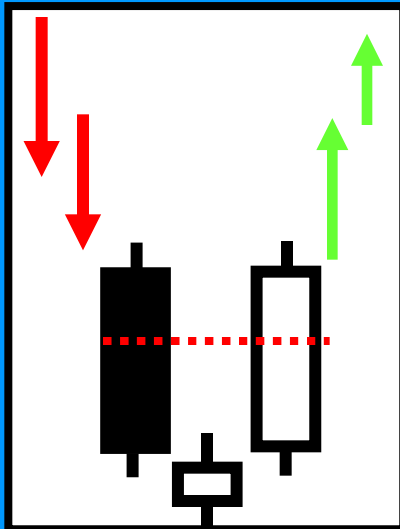


1. Same opening price
2. Market trades in opposite direction.
3. Does NOT retrace into prior session.

Dramatic Reversal

Three Day Pattern

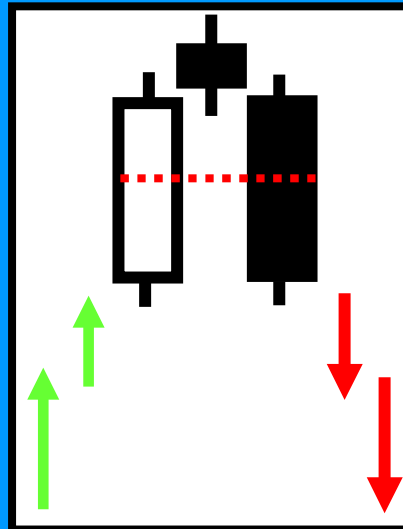
Morning Star



1. Downtrend evident
2. Bearish session is followed by indecision.
3. Bulls close > 50% into prior Bear RB

Mercury before sun

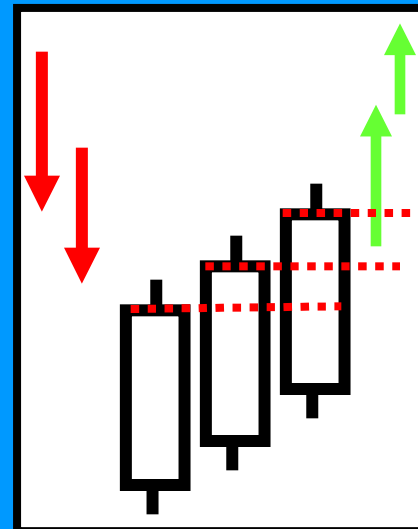
Evening Star



1. Uptrend evident
2. Bullish session is followed by indecision.
3. Bears close > 50% into prior Bull RB

Venus before dark

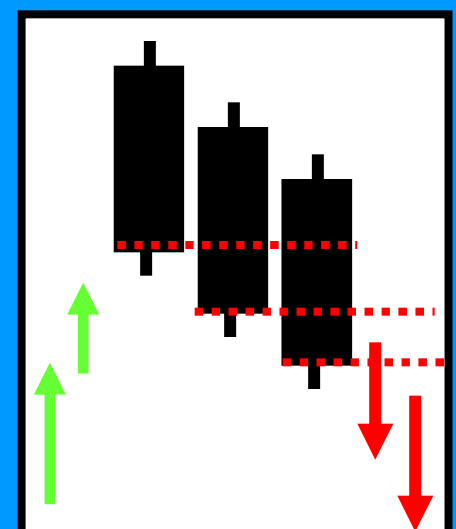
3 White Soldiers



1. Three bullish RB's, all of similar size
2. Prior trend is down
3. Each session opens with recent RB & closes near high

Uptrend

3 Black Crows



1. Three bearish RB's, all of similar size
2. Prior trend is up
3. Each session opens with recent RB & closes near lows

Downtrend

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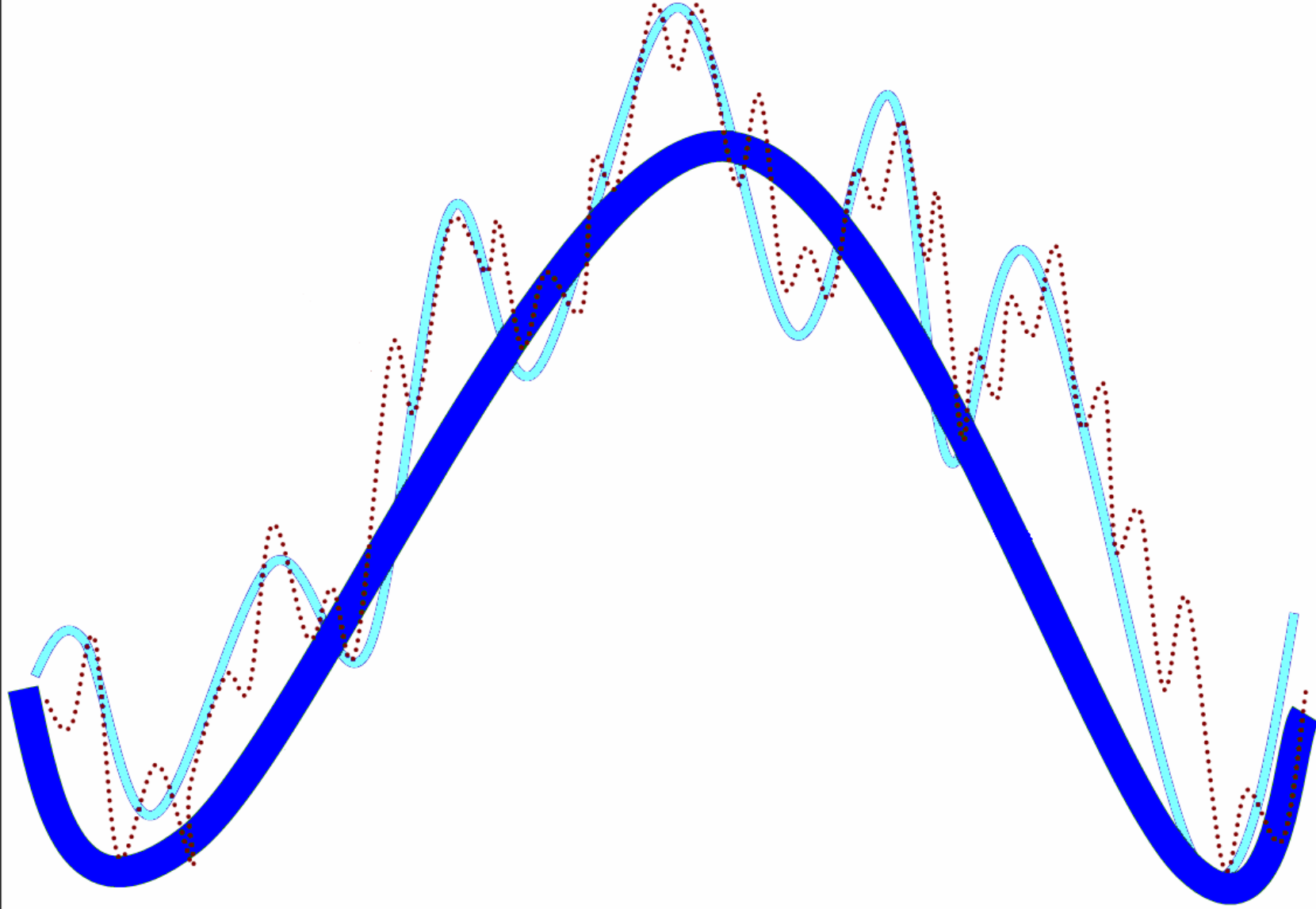
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CYCLES



TRADING RULES

- *Wait for the session's close to confirm*
- *DO NOT use candles in isolation*
- *Always consider Risk/Reward ratios before placing a trade with a candle signal*
- *Candles DO NOT offer price targets*
- *Remember the importance of stops*

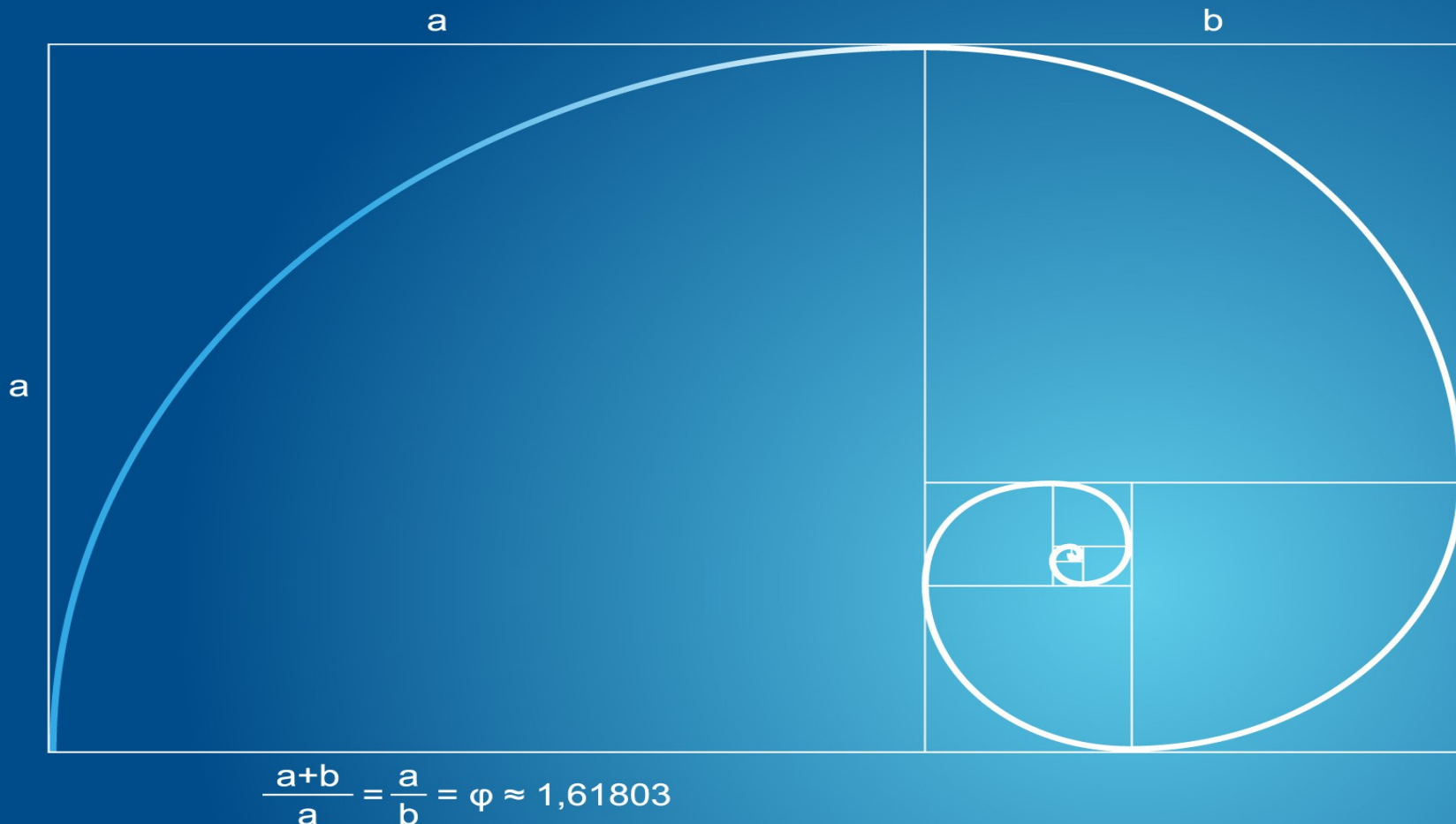
KNOWLEDGE

***"ENLIGHTENMENT THROUGH REALISED
KNOWLEDGE"***



THE SECRET BEHIND FIBONACCI ANALYSIS

Thursday 12th July 15.00GMT



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