

A Beginner's Guide to Candlestick Patterns

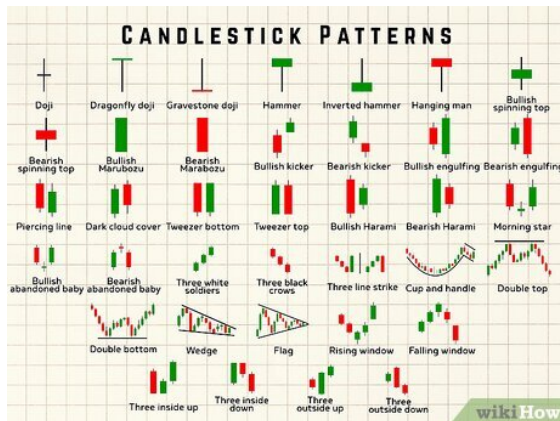
Your technical analysis cheat sheet to all types of chart patterns

Co-authored by **Andrew Lokenauth**  and **Eric McClure**

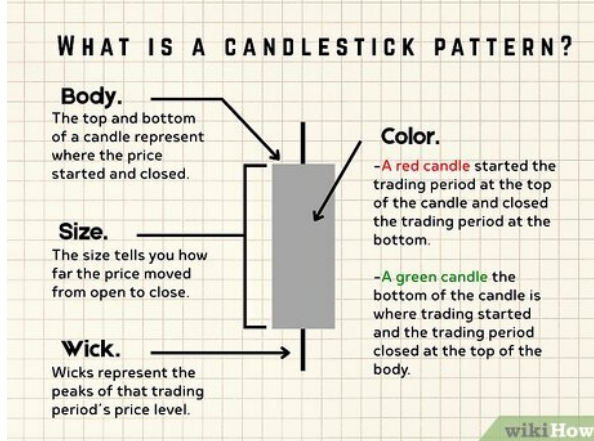
Last Updated: May 20, 2026  **Fact Checked**

There are two basic forms of information that traders rely on: fundamental analysis (FA), the study of a company's financial books and ratios, and technical analysis (TA), the study of a stock's price behavior. With FA, the aim is to identify undervalued companies that should grow in the future, while TA aims to predict future price action based on past behavior. To do this, traders track candlestick patterns. In this article, we'll explain how to read candles and cover the 37 most essential patterns that every active trader and chartist needs to know.

Common Candlestick Patterns Cheat Sheet



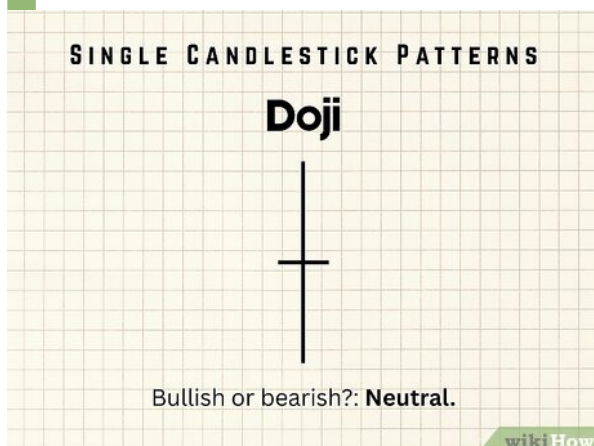
What is a candlestick pattern?



To understand candle patterns, you must know how to read a candle. Candlesticks themselves contain a wealth of information. Ever since they were invented in the 1700s by Japanese rice traders, they've helped investors and traders everywhere visualize price action. Here are the components of a candle:[1]

- **Duration.** This one isn't actually *on* the candle, but the duration of your chart determines the duration of the candle, so it's important to keep in mind. For example, on a weekly chart, a single candle represents one week. On a daily chart, a candle represents one day, etc.
- **Body.** The body of the candle refers to the filled-in blocky part that makes up most of the candle itself.
 - The **top** and **bottom** of a candle represent where the price started and closed.
- **Color.** The color of the candle determines whether the price went up or down.
 - A **red** candle started the trading period at the **top** of the candle and closed the trading period at the bottom.
 - A **green** candle is the opposite. The **bottom** of the candle is where trading started and the trading period closed at the top of the body.
- **Size.** The size tells you how far the price moved from open to close.
 - A **small** candle represents relatively little price movement.
 - A **large** candle represents a lot of price movement.
- **Wick.** The wick is the little line that pops out of the top and bottom of the candle's body. Wicks represent the peaks of that trading period's price level.
 - A **short** wick means the price didn't move very far away from the opening or closing price (depending on the color).
 - A **long** wick means the price moved well outside of the range of the open or close (depending on the color).

Single Candlestick Patterns

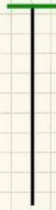


Doji A doji has basically no body, indicating the open and close price were basically identical. The size of the wick may indicate how much volatility occurred over the session, but this neutral candle often indicates uncertainty (or lack of trading interest).[2]

- Bullish or bearish? **Neutral.**

SINGLE CANDLESTICK PATTERNS

Dragonfly doji



Bullish or bearish?: **Bullish.**

wikiHow

Dragonfly doji A dragonfly doji refers to a doji with an extremely long bottom-side wick, indicating there was a of intrasession price action below the open and close.

- Bullish or bearish? **Bullish.**

SINGLE CANDLESTICK PATTERNS

Gravestone doji



Bullish or bearish?: **Bearish.**

wikiHow

Gravestone doji Also known as the inverted dragonfly, this doji has a long wick above the body. This is universally noted as a bearish pattern, since it means there was a larger attempt for the price to move higher that ultimately failed.

- Bullish or bearish? **Bearish.**

SINGLE CANDLESTICK PATTERNS

Hammer



Bullish or bearish?: **Bullish.**

wikiHow

Hammer A hammer is always green. It has a small body with a wick sticking out through the bottom of the candle. That wick may be relatively short or kind of on the longer side.[3]

- Bullish or bearish? **Bullish.**

SINGLE CANDLESTICK PATTERNS

Inverted hammer



Bullish or bearish?: **Bullish.**

wikiHow

Inverted hammer People assume the inverted hammer is bearish since it's the "opposite" of a hammer, but it's not. The green body with the wick on top indicates the market is trying to push the price higher, even if there might have been a return to lower levels heading into close.

- Bullish or bearish? **Bullish.**

SINGLE CANDLESTICK PATTERNS

Hanging man

Appears after a dedicated uptrend.



Bullish or bearish?: **Bearish.**
Potential reversal indicator.

wikiHow

Hanging man The hanging man looks identical to the hammer except it can be red or green. The key with the hanging man is *when* it appears. It only counts as a hanging man candle if it appears after a dedicated uptrend.

- Bullish or bearish? **Bearish.**
- The hanging man is often considered a potential **reversal indicator**, meaning that it's possible the uptrend will become a downtrend.

SINGLE CANDLESTICK PATTERNS

Bullish spinning top

Appear after a prolonged downtrend.



Bullish or bearish?: **Bullish.**
Reversal indicator.

wikiHow

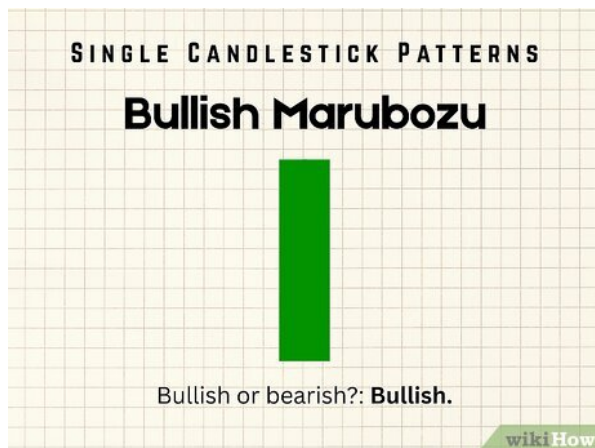
Bullish spinning top Nicknamed the spinning top after its shape (it looks kind of like a children's top), the bullish spinning top has a small, green body and a wick sticking out of both ends. It can only appear after a prolonged downtrend.

- Bullish or bearish? **Bullish.** Also, a **reversal indicator**.



Bearish spinning top The bearish spinning top is the inverse of a bullish spinning top—it's just a red body and it appears after a prolonged uptrend.

- Bullish or bearish? **Bearish.** Also, a **reversal indicator.**



Bullish Marubozu The bullish Marubozu stands out prominently on charts. It's got a very large body and no wick on either side (or an extremely tiny wick). The bullish Marubozu is a huge sign that the market is moving with conviction in one direction.^[4]

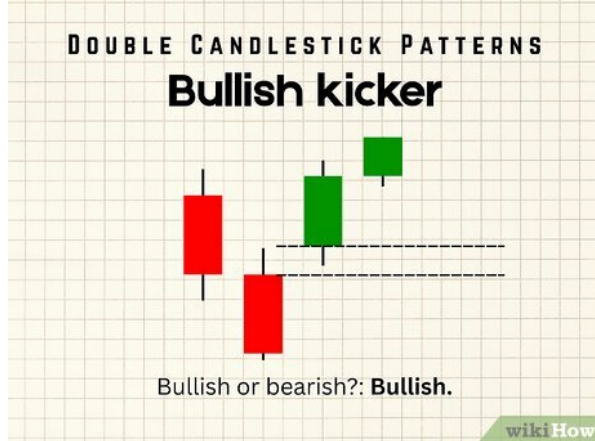
- Bullish or bearish? **Bullish.**



Bearish Marubozu The only difference between the bullish and the bearish Marubozu is the color of the body. The **bullish version** is green; the bearish version is red.^[5]

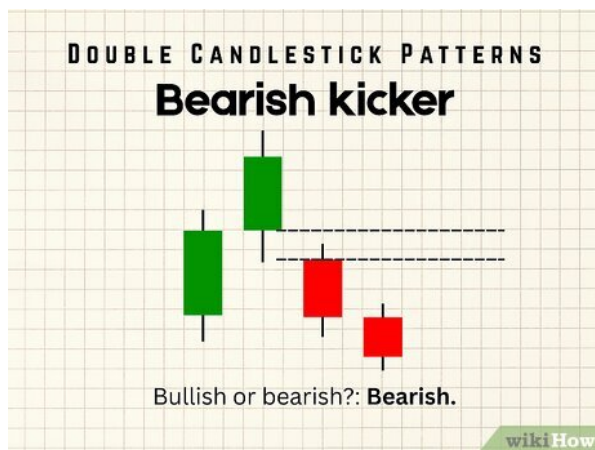
- Bullish or bearish? **Bearish.**

Double Candlestick Patterns



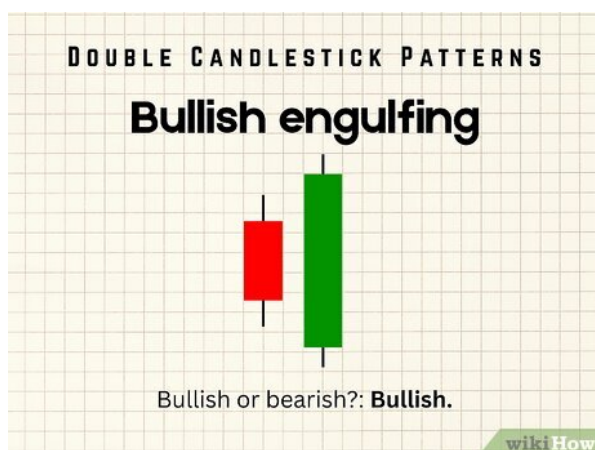
Bullish kicker The bullish kicker occurs when a red candle is followed immediately by a green candle with a gap between the two.^[6]

- Bullish or bearish? **Bullish.**
- **What is a gap?** A gap refers to a specific phenomenon that occurs between candlesticks. Normally, one candle overlaps with the next one, indicating that the price is moving in increments. A **gap** occurs when there's open space separating one candle and another. This occurs when the price jumps way up (or way down) between sessions.



Bearish kicker A bearish kicker is the opposite of a bullish kicker—a green candle is followed by a red candle that gaps down.^[7]

- Bullish or bearish? **Bearish.**



Bullish engulfing A bullish engulfing candle occurs when a green candle follows a red candle. The “engulfing” part is where the green candle is bigger than the red candle in terms of the body. The green candle has a lower low and a higher high.^[8]

- Bullish or bearish? **Bullish.** This is also considered a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Bearish engulfing



Bullish or bearish?: **Bearish.**

wikiHow

Bearish engulfing The bearish engulfing candle occurs when a green candle is completely engulfed by a larger red candle.

- Bullish or bearish? **Bearish.** This is widely accepted as a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Piercing line



Bullish or bearish?: **Bullish.**

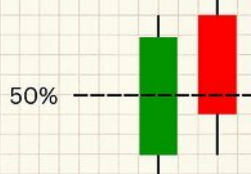
wikiHow

Piercing line The piercing line is one of the more difficult patterns to spot just because it seems kind of innocuous at first. It requires a long red candle with short wicks, followed by a smaller green candle that punctures the base of the previous candle's bottom.^[9]

- Bullish or bearish? **Bullish.** This is also considered a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Dark cloud cover



Bullish or bearish?: **Bearish.**

wikiHow

Dark cloud cover Dark cloud cover is the opposite of a piercing line—a green candle with a large body is followed by a red candle with a smaller body. The top of the red candle must be higher than the top of the green candle, and the bottom of the red candle must hit roughly around the midpoint of the green candle.^[10]

- Bullish or bearish? **Bearish.** This is also a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Tweezer bottom



Bullish or bearish?: **Bullish.**

wikiHow

Tweezer bottom The tweezer bottom is easy to spot by the two long wicks that stop at the same price level. This pattern also must occur at the bottom of a downtrend, and the two candles must have relatively similar tops. The first candle must be red and the second candle must be green.^[11]

- Bullish or bearish? **Bullish.** This is also considered to be a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Tweezer top



Bullish or bearish?: **Bearish.**

wikiHow

Tweezer top The tweezer top is the inverse of the tweezer bottom. Two long wicks must sit at the same price level, the first candle must be green, and the second candle must be red. Also, this pattern only counts if it appears at the top of an uptrend.^[12]

- Bullish or bearish? **Bearish.** This is a **reversal** pattern.

DOUBLE CANDLESTICK PATTERNS

Bullish Harami



Bullish or bearish?: **Bullish.**

wikiHow

Bullish Harami The bullish Harami is noted by its large red candle, followed by an engulfed green candle. The green candle must be small, and there must be a wick hanging from the bottom of the candle.^[13]

- Bullish or bearish? **Bullish.**

DOUBLE CANDLESTICK PATTERNS

Bearish Harami



Bullish or bearish?: **Bearish.**

wikiHow

Bearish Harami The bearish Harami requires a large green candle followed by an engulfed red candle with a tiny wick on top.^[14]

- Bullish or bearish? **Bearish.**

Triple Candlestick Patterns

TRIPLE CANDLESTICK PATTERNS

Morning star



Bullish or bearish?: **Bullish.**

wikiHow

Morning star The morning star pattern is considered a classic **reversal** pattern. It is noted by a substantial red candle, a smaller green candle that gaps down, and a larger green candle that gaps up. The last candle must close higher than the midpoint of the first candle.^[15]

- Bullish or bearish? **Bullish.**

TRIPLE CANDLESTICK PATTERNS

Bullish abandoned baby

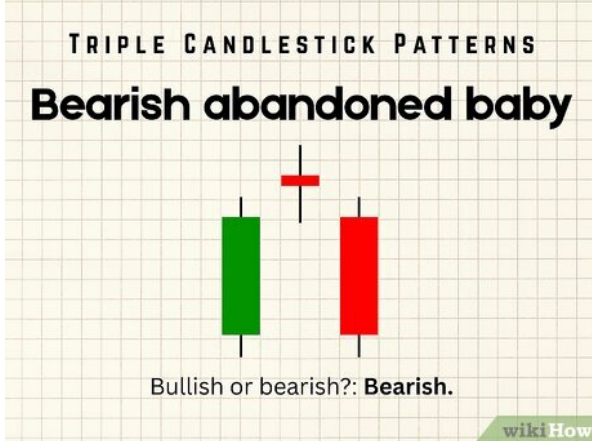


Bullish or bearish?: **Bullish.**

wikiHow

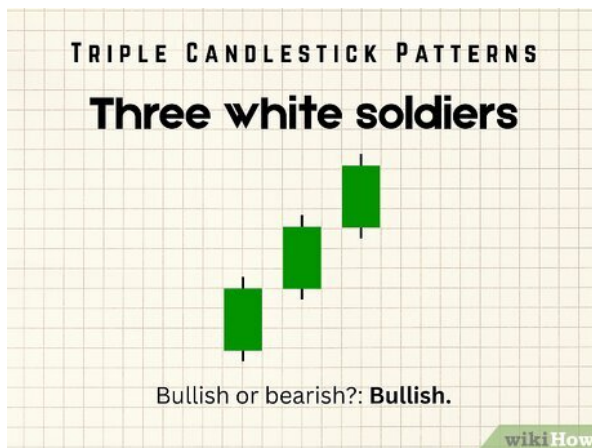
Bullish abandoned baby If you see a substantial red candle and a gap down to a green doji followed by a gap up and a huge green candle, you're looking at a bullish abandoned baby. You can remember this pattern by noting that the tiny doji looks like it has been "abandoned" by the red and green "parents" above it.^[16]

- Bullish or bearish? **Bullish.**



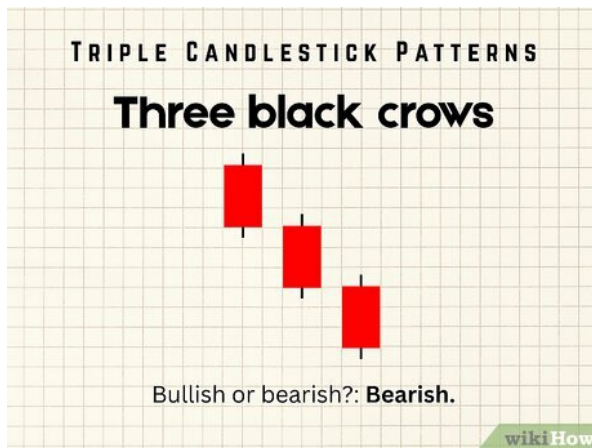
Bearish abandoned baby The bearish abandoned baby is the reverse of the bullish abandoned baby. The first candle is green, the “baby” will be a doji floating above, and the last candle below will be red.^[17]

- Bullish or bearish? **Bearish.**



Three white soldiers Three white soldiers is pretty easy to remember because it's just three green candles. The candles must all be green and either matching or drifting upwards.^[18]

- Bullish or bearish? **Bullish.** This is considered one of the more consistent patterns in TA.

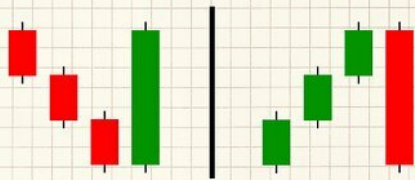


Three black crows Three black crows is the opposite of three white soldiers. You've got three red candles with large bodies all matching levels or slowly drifting downward.^[19]

- Bullish or bearish? **Bearish.**

TRIPLE CANDLESTICK PATTERNS

Three line strike



Bullish or bearish?: **Depends on the trend.**

wikiHow

Three line strike Three line strike is actually a four-candle pattern. It is sort of an extension of the three black crows or three white soldiers and is considered a **reversal** pattern. It occurs when a large engulfing candle overtakes the three previous candles of a different color. So, with three white soldiers, you'd need a large red candle to overtake the previous three. With three black crows, you'd need a giant green candle to overtake the previous three.^[20]

- Bullish or bearish? **Depends on the trend.**

Larger Patterns

LARGER PATTERNS

Cup and handle



Bullish or bearish?: **Bullish.**

wikiHow

Cup and handle The cup and handle is a larger pattern consisting usually of 20+ candles. It appears kind of like an old school coffee cup: there's a large downtrend that smooths out at the bottom of the "cup." Then, there's an uptrend that matches the downtrend symmetrically. At the end of the "cup," a sharp downturn marks the "handle," which is often followed by a new bullish trend.^[21]

- Bullish or bearish? **Bullish.**

LARGER PATTERNS

Double top



Bullish or bearish?: **Bearish.**

wikiHow

Double top A double top simply refers to any extended series of candles where the peak of the uptrend stops at a specific price level twice. These are typically easy to spot because the wicks will poke out from the chart and touch the same price level twice.^[22]

- Bullish or bearish? **Bearish.**



Double bottom The inverse of the double top is the double bottom. It's any pattern where two wicks in a channel touch down at the same price level.^[23]

- Bullish or bearish? **Bullish.**



Wedge Wedges are a type of channel. They are noted by an upward or downward trend where the channel slowly feeds down into a narrower point. As the wedge tightens, it gets closer to a decision area where the trend can break up or down.^[24]

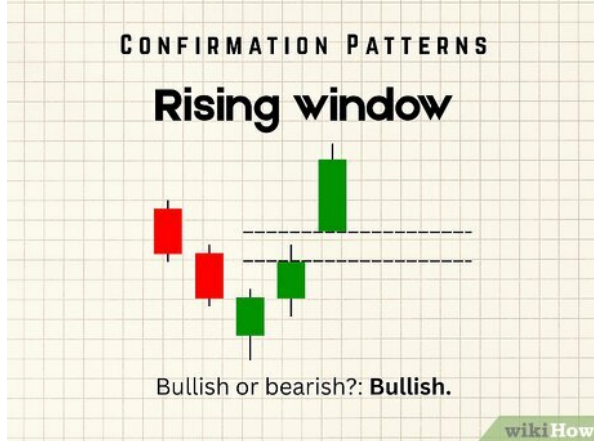
- Bullish or bearish? **Neutral.** The shape of the wedge can help you identify confirmations and reversals, but the wedges themselves aren't bearish or bullish.
- **What is a channel?** A channel is sort of like a lane on a road. It refers to two lines that contain all of the price action in an area. The edges of a channel are often the source of resistance or support points.



Flag Flags, also known as pennants, are a kind of extremely tight wedge that often appears after large moves up or down. The shape of the flag is more of a triangular boat flag as opposed to a standard national flag.^[25]

- Bullish or bearish? **Neutral.** Flags don't signal anything other than decision points where investors and traders are unsure of what to do.

Confirmation Patterns



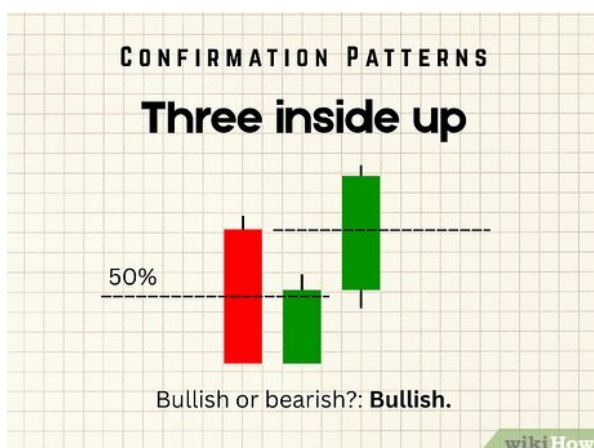
Rising window The rising window is a two-candle confirmation signal that occurs when a candle gaps up past a support or resistance line following an uptrend.^[26]

- Bullish or bearish? **Bullish.**
- **What is a confirmation?** In technical analysis, a confirmation refers to any event which affirms the previous signal. So, take three white soldiers—a classic bullish signal. If the three white soldiers sit on a resistance line and then a rising window breaks that line, it is considered a confirmation—the bullish trend is set to continue.



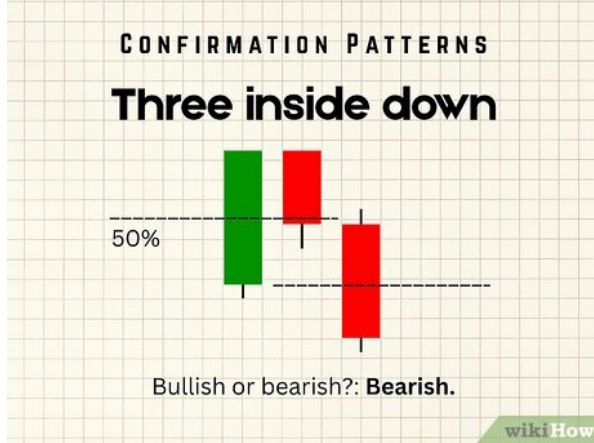
Falling window The falling window (sometimes casually and incorrectly called a **falling dagger**) is the reverse of a rising window. It's a two-candle confirmation that breaks a trend or support/resistance line by gapping down past it.^[27]

- Bullish or bearish? **Bearish.**



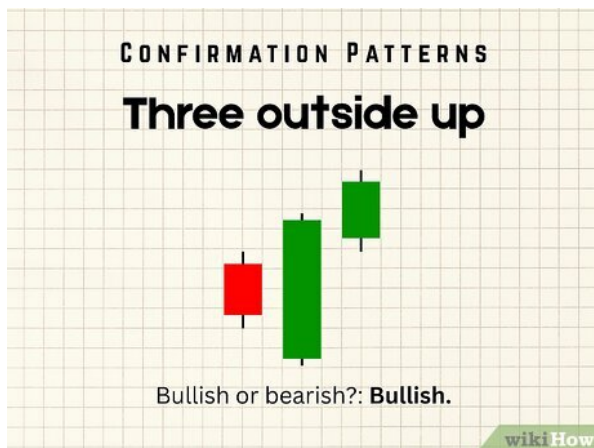
Three inside up Following a period of consolidation or a downward trend, you can spot a reversal confirmation with the three inside up pattern. This is a large red candle, a smaller green candle that sits around the base of the first candle, and then a green candle rising above the first candle's high.^[28]

- Bullish or bearish? **Bullish.**



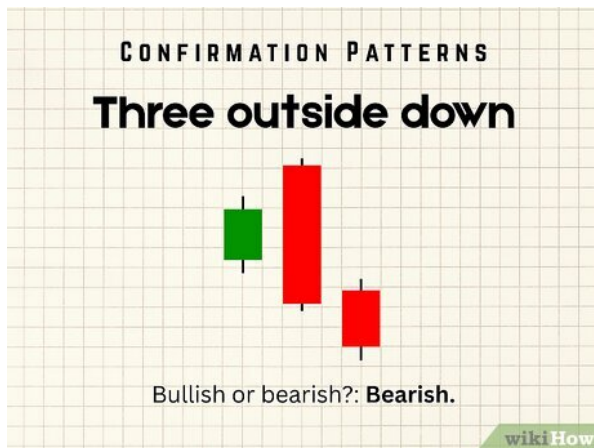
Three inside down Three inside down is the bearish version of the three inside up. A large green candle is followed by a rising red candle, then a red candle that breaks the previous low of the initial green candle.^[29]

- Bullish or bearish? **Bearish.**



Three outside up Three outside up is a bullish confirmation signal that requires a red candle, an engulfing green candle, and a third green candle with a midpoint higher than the top of the previous candle.^[30]

- Bullish or bearish? **Bullish.**



Three outside down Three outside down is the reverse of the three outside up. A green candle is engulfed by a large red candle, then there's a third red candle trending down and passing the base of the engulfing candle.

- Bullish or bearish? **Bearish.**

Does reading candlestick patterns really work?

The answer is “kind of,” but this is more of an art than a science. No technical analysis method (including candlestick patterns) is 100% accurate. To put it simply, *you cannot predict future prices based on past prices*. However, when integrated with other trading strategies, TA can be a helpful tool to help affirm or refute a thesis for a trade. On top of that, studies have shown that mutual funds and hedge funds that incorporate TA have (on aggregate) slightly outperformed their peers.^[31] The TLDR here is that TA can be helpful, but it's not an exact science.

- **Why TA patterns can be accurate:**

- Every active trader knows these patterns. That can create some self-fulfilling prophecies as traders universally follow one another.
- A lot of patterns just play into probability. If a stock breaks down and you see something like the three black crows, the odds more red is on the horizon are high.

- **Why TA patterns can be inaccurate:**

- Price action isn't the only thing driving price action. Stock news, currency failures, macro variables, beta drift, etc.—none of these factors care about candles. This is why things like Bitcoin are such popular trading vehicles—there is no exterior element to guide price action.
- The less efficient a market is, the less likely active traders are to look for patterns to trade.^[32]
- Any trading strategy that consistently beats the market will eventually become unprofitable as other traders latch on to the same strategy, and people have an easier time predicting reversals.

EXPERT TIP



Andrew Lokenauth
Finance Executive

You make money with candlestick charts based on trends and patterns. So, charting is based on data and patterns over time. You would need to learn the different types of patterns, and then once you learn them, you'll be better at executing when and how to trade.



Tips

- The most infamous investor of all time, Warren Buffett, famously never used any kind of technical analysis. If this kind of active trading doesn't vibe with you, don't sweat it. There are tons of investors and traders (notably value investors) who succeed in financial markets without TA.^[33]



Warnings

- Only 3% of active day traders make a profit.^[34] If you are going to incorporate TA into your trading or investing strategy, you're likely best off using candlestick patterns to identify entries, exits, or key price areas where you may want to adjust your portfolio holdings. You will likely lose money trying to actively trade markets on a short time frame.

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About This Article



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This article was co-authored by [Andrew Lokenauth](#) and by wikiHow staff writer, [Eric McClure](#). Andrew Lokenauth is a Finance Executive who has over 15 years of experience working on Wall St. and in Tech & Start-ups. Andrew helps management teams translate their financials into actionable business decisions. He has held positions at Goldman Sachs, Citi, and JPMorgan Asset Management. He is the founder of Fluent in Finance, a firm that provides resources to help others learn to build wealth, understand the importance of investing, create a healthy budget, strategize debt pay-off, develop a retirement roadmap, and create a personalized investing plan. His insights have been quoted in Forbes, TIME, Business Insider, Nasdaq, Yahoo Finance, BankRate, and U.S. News. Andrew has a Bachelor of Business Administration Degree (BBA), Accounting and Finance from Pace University. This article has been viewed 225,313 times.

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100 votes - 95%

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