



Brainy's Articles on BullCharts Candle Patterns Indicator

Article No:
BC-08-200
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31 Jan 2010
Rev: Mar 2010
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Introduction

There are a few challenges that face the budding technical analyst. One of these is the challenge to understand the huge range of technical chart indicators to choose from (or simply choose none). Another one is to understand the extensive range of candlestick patterns that can be useful in spotting certain conditions in the market.

BullCharts includes one specific indicator which can help with all this because it identifies and flags about 50 specific candlestick patterns. The indicator can be applied to a price chart with all of these candle patterns flagged, or just some of them. The sample chart in Figure 1 below shows a daily chart of the S&P/ASX 200 index (ie. the XJO) throughout the month of January 2010, with the BullCharts Candle Patterns indicator applied and flagging a number of candlestick patterns.

This article in Brainy's series on BullCharts (number BC-08-200) provides a brief overview of the concept of candlestick patterns — including both single-candle patterns, and multi-candle patterns — and information on the BullCharts Candle Patterns indicator and how to use it.

For a basic explanation of candlesticks, refer to Brainy's Article TA-3110, "Candles Explained".

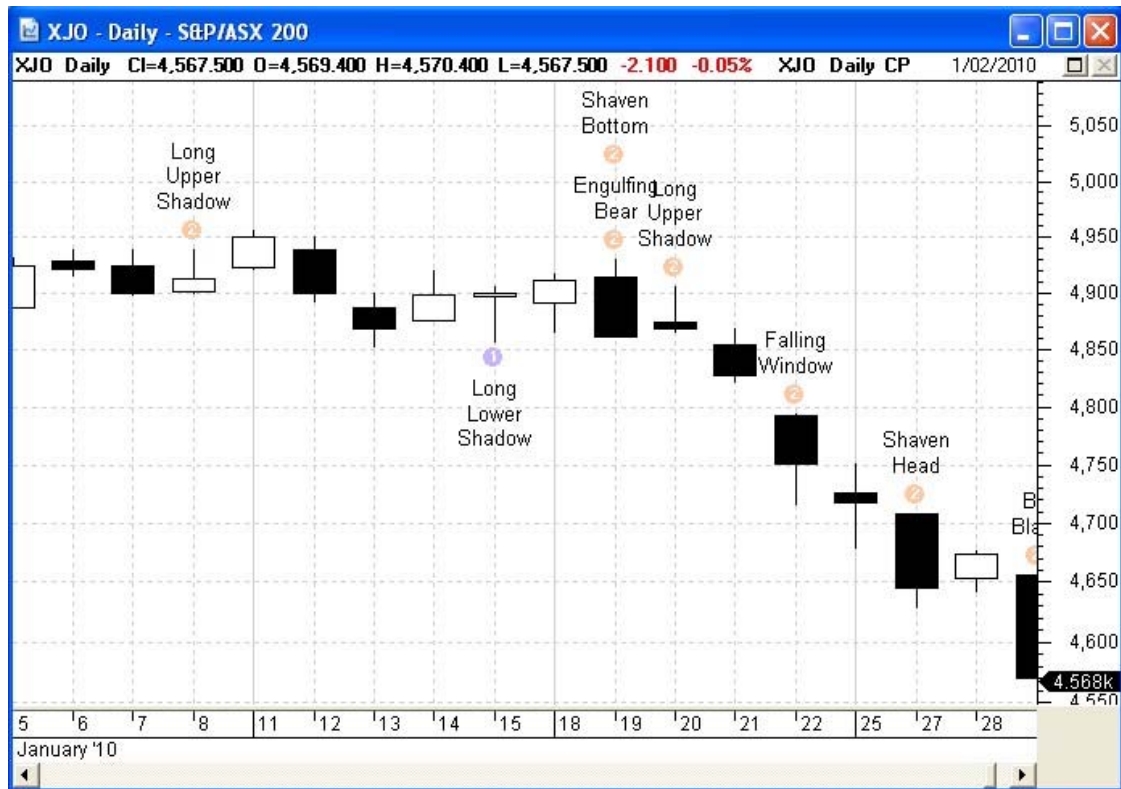


Figure 1: The Candle-Pattern indicator in BullCharts identifies many candle patterns.

What is the definition of each pattern?

You might wonder exactly how the BullCharts indicator software determines whether a pattern is present or not. This is defined inside the BullCharts system. Each pattern is allocated a BullScript variable name, and these names are used within the indicator and in the relevant scans.

Which candle patterns are included?

Refer to the table on page 4 for a list of the candle patterns that are included in this indicator.



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