What Are the Benefits of Candles?

- Easy to Understand
- Early Reversals
- “Safety First”
- East + West
- All FX markets
- All Time Frames
- Accelerates Analysis
Benefits of FX

- Current volatility in FX very high. Especially good time to trade
- Almost purely technical
- Largest financial market
- No “insider” information
- Longer running trends
- Far fewer instruments
- Trade all hours while the market is open (5 ½ days a week)
- Trade just as easily in up or down markets
- Provides an alternative
- Easy entry: $50 minimum account size

"Forex trading is highly speculative in nature and Forex market should only be conducted with risk capital you can afford to lose"
Nison Candlesticks for FX
What you will learn:
Part 1 - Nison Candlesticks for FX

- Quick review of candlestick essentials
- Doji essentials
- Using real bodies to gauge force of trend
- Importance of shadows
- Correctly using single, double and triple candlestick patterns
- Avoiding “Profit Leakers”
- Helping to avoid buying on false breakouts
- Candlestick pattern variations for FX
- When to use a candlestick signal for a new trade and when to use to exit an existing trade.
- Using candlesticks as protective stops
- Importance of short term trend
Frontline FX:
Key Candlestick Strategies for Profitable FX Trades
Candlestick Essentials and Beyond for FX

Candlestick Charting Techniques

Steve Nison’s Trading Triad Success System® For Forex

Candlesticks + Western Indicators

Candlesticks + Trade Management

www.nisonforexacademy.com
What you will learn:
Part 2- Nison Candlesticks + Western Indicators

✓ Using candlesticks + West for increased trade confidence

✓ Candlesticks with moving averages

✓ Candlesticks with Bollinger Bands

✓ Candlesticks with trendlines
  ✓ Change of Polarity
  ✓ Falling off the Roof
  ✓ Crack and Snap

✓ Candlesticks with Oscillators

✓ Candlesticks with Retracements
What you will learn:
Part 3- Nison Candlesticks + Trade Management

- Candlesticks in context
- Adapting to the market
- Candlestick confirmation
- Steve’s most important trade management rule
- Avoiding #1 mistake made by FX traders
- If… Then trading rule
- Importance of Trend
- Adapting to the Market
- Identifying is support/resistance is strong or weak
Candles are Complicated
Benefits of Nison Candlesticks

Simple to use

© Steve Nison’s Candlecharts.com
The Framework:  
Analyzing Real Bodies and Shadows
“Without oars you cannot cross in a boat”
ANATOMY OF THE CANDLESTICK LINE

Real Bodies / Shadows
### Reading the Market’s Message

Using the data below, draw the candlestick lines and then analyze what each candlestick line says about who’s in control of the market.

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Use candlesticks to read market psychology
"The Real Body is the Essence of the Price Movement"

Who’s in control?
**Small Real Bodies (also called “Spinning Tops”)**

**Basic Criteria:**
Small real body - black or white

**Market Implication:**
Immediately preceding trend losing momentum.
READING THE MARKET’S MESSAGE
**Basic Criteria:**

- Market in up or down trend
- Open and close prices are the same (or nearly the same)

**Market Implication:**

Market at a point of indecision
Doji = Caution
Candles, like a bar chart, shows price – PLUS candles reveal the force of the current move.
WHAT DOES THIS MEAN TO YOUR FX TRADING?
What does this bar chart say?

Holding the highs very well so looks fine

Chart courtesy of Genesis FT
Saved by the light of the candles!

Who is in charge at the green arrow sessions?

Who is in charge here?
Warren Buffet’s Rules of Money Management

Rule 1 – Not to lose money
Rule 2 – Don’t forget rule 1
One of the Best Ways to Make Money.....

What are the candle signals at the new highs?

Resistance zone
Candles and early reversals

Image of a candlestick chart with a doji signal indicated. The chart shows a MACD indicator beneath the candlestick chart.
Doji compared to spinning tops in FX
Reading the Market’s Message

What is happening at the 1.25 area?
Using candles only to enter a trade
Candles to Exit

[Chart showing candlestick patterns and a yellow arrow indicating a trend change.]
Doji to lock in profits
What is the Market Telling Us?

Use Nison Candles to Read the Markets Message
NISON CANDLES GIVE YOU X-RAY VISION
Think this market had trouble near 91.90?

$USD-JPY: US Dollar/Japanese Yen (60 minute bars)

Think this market had trouble near 91.90?
A doji does not mean the market will go down
**DOJI AS RESISTANCE**

**Criteria:** Use the highest high of those two sessions (top of upper shadow) as resistance

**Implication:** Close over that area: market is “refreshed”
DOJI AS RESISTANCE

$EUR-USD: Euro/US Dollar (60 minute bars)
TradeNavigator.com © All rights reserved

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Doji as resistance
Doji as resistance
Doji as resistance
Doji as Resistance
Doji and Trend

Is there a trend to reverse?

Doji in a “Box Range” is not a trading signal
Candles in Context

Middle of range
Isn't this doji in a trading range?
Doji in context of trend
Candles in Context

Analyze these doji in the context of what happened before. Are any of these a more likely reversal and why?
FX Profit Leaker

Ignoring shadows
Reading the Message of the candle line

The longer the real body the stronger the momentum.

The relative size and position of the shadow displays the extent of price rejection.
Shadows

Remember: location and size of the shadow should be considered when analyzing the market psychology.

Implication: Bearish long upper shadow offsets “rallying strength.”
Bullish long lower shadows hints bears losing force.
Bull shadows

Long lower shadows reflect where market rejects lower levels
Bull shadows reinforce support
Bearish Shadows

Chart courtesy of Genesis FT
Bear shadows and lower highs

$EUR-CAD$: Euro/Canadian Dollar (30 minute bars)

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www.nisonforexacademy.com
Importance of Shadows/Hammer

$USD-JPY: US Dollar/Japanese Yen (10 minute bars)
TradeNavigator.com ©
The Hammer

Basic Criteria

- Market in a downtrend
- Small real body (either color) at, or near, top of range.
- Lower shadow at least 2x height real body

Market Implication

“A chance to buy at the bottom“

Support or Resistance

Low of hammer as support
Hammer

$USD-CHF: US Dollar/Swiss Franc (120 minute bars)

TradeNavigator.com ©
Quickly reading the “Mood of the Market”

Hammers confirming support
Dual hammers

$EUR-USD: Euro/US Dollar (10 minute bars)

TradeNavigator.com ©
Dual Hammers
DUAL HAMMERS - EXPANDING ON A BASE

$USD-CHF: US Dollar/Swiss Franc (Daily bars)
TradeNavigator.com ©
Hammer at a higher low
Hammer to Enter - Doji to Exit

GBP-USD: British Pound/US Dollar (Daily bars)

TradeNavigator.com ©
Did this hammer work?

SEUR-USD: Euro/US Dollar (60 minute bars)

If this was target, then no

If this was target, then yes
Not taking short term trend into account
A candlestick line or pattern requires two criteria:

- The shape of the line or pattern
- The preceding trend
Hammer Shape Wrong Trend

$AUD-USD: Australian Dollar/US Dollar (60 minute bars)

TradeNavigator.com
Introducing: Nison Candle Highlighter for MT4

With 28 Nison Certified Candlestick Signals
Is it a valid Nison candle?

Not hammers!

nisoncandlescanner.com/mt4/
Not taking advantage of a candle’s support or resistance area
Hammer as support
Increasing confidence factor

$USD-CHF: US Dollar/Swiss Franc (120 minute bars)

Hammer and building a base
Hammer as Support

$AUD-USD: Australian Dollar/US Dollar (120 minute bars)

Hammer as Support

www.nisonforexacademy.com
Hammers as Support

$EUR-USD: Euro/US Dollar (10 minute bars)

www.TradeNavigator.com
Hammers as Support

$GBP-USD: British Pound/US Dollar (Daily bars)

TradeNavigator.com ©

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Candlestick Essentials and Beyond for FX
Advanced Nison Strategy

The market will often retest the lower shadow of the hammer
Patience to lower risk

Will often retest lower shadow
Expanding on a base

$EUR-USD: Euro/US Dollar (60 minute bars)

Will often retest lower shadow
Dragonfly Doji

Which three prices of the session are on the high?
Hammer your way to profits

Dragonfly doji
**The Inverted Hammer**

**Basic Criteria:**
Same shape as Hammer but market in downtrend

**Market Implication:**
In theory, potential bottom reversal

**Support or Resistance:**
Not used as support
Inverted hammer with bullish confirmation
Inverted hammer with bullish confirmation
Inverted hammer with bullish confirmation
Inverted hammer w/o confirm

$EUR-USD: Euro/US Dollar (120 minute bars)
www.TradeNavigator.com © 1999-2012 All rights reserved
Inverted hammer w/o confirm
Evolution of Charts: The 1st Dimension

Line chart
Evolution of Charts: The 2ND Dimension

www.candlecharts.com
Evolution of Charts: The 3rd Dimension

www.candlecharts.com
The Shooting Star

Basic Criteria:
- Market in up trend
- Small real body (black or white) at, or near, bottom of session
- Upper shadow at least twice height of the real body

Market Implication:
Potential top reversal

Support or Resistance:
High of signal as resistance
These are NOT shooting stars! - Why?
Dual shooting stars

$EUR-CAD: Euro/Canadian Dollar (Daily bars)

www.TradeNavigator.com ©
LOOKING AT THE STARS
“Trouble Overhead”

Think the £ had trouble here?
THINK THE £ HAD TROUBLE NEAR 1.7040?

If I had only seen this!
Shooting Star confirms resistance
Candles as support/resistance

$GBP-USD: British Pound/US Dollar (Daily bars)

www.TradeNavigator.com ©
SHOOTING STAR AS RESISTANCE
Increasing the confidence of your trade
Shooting Star shape – wrong trend
Gravestone Doji

Which three prices of the session are on the low?

What happened during the session and by session’s end?
Shooting Star near resistance
Gravestone doji

Close under m.a. support area but note how we got an earlier reversal with the gravestone.
Importance of correct knowledge
**The Hanging Man**

**Basic Criteria**
- Same shape as Hammer but market in uptrend

**Market Implication**
- In theory, potential top reversal

**Support or Resistance**
- Not used as resistance
“If it appears from below, buy. If it appears from above then sell.”
There must be bearish confirmation for the hanging man. This means waiting for an open– or even better – a close under the bottom of the hanging man’s real body.
Hanging Man with bear confirm
Hanging Man without confirm

$NZD-USD: New Zealand Dollar/US Dollar (Daily bars)

Why is this not a hanging man

TradeNavigator.com

www.nisonforexacademy.com
Hanging Man without confirm
High Wave Candle

- Shooting star
- Hammer
High Wave Candles

Criteria: very long shadows and lower small real body - color not important

Implication: Trend is losing force
Long Legged Doji – “Rickshaw Man”

Criteria: very long shadows and lower small real body - color not important

Implication: “Market has lost it’s sense of direction”
High Wave candles

Market is confused
What we learned so far:

- Review of FX and candle benefits
- Using real bodies to gauge force of recent move
- How candles can preserve trading capital
- How candles can be used not only for early entries, but also for exiting
- Shadows as part of your candle analysis
- Importance of short term trend to define candle signals
- Single candle signals
- Why the hanging man and inverted hammer need price confirmation
- Using candles as support or resistance
“Combinations of bullish and bearish candle lines indicate the direction of the market and investors psychological conflicts at important turning points.”
Non FX Bullish Engulfing Pattern

Criteria:
- White real body wraps around preceding black real body
- Market in down trend
- Implication: Market bottoming out

![Diagram of Non FX Bullish Engulfing Pattern](image-url)
FX Bullish Engulfing Pattern

Criteria:
- White real body wraps around preceding black real body
- Market in down trend
- Implication: Market bottoming out
Bullish Engulfing

$AUD-USD: Australian Dollar/US Dollar (10 minute bars)

www.TradeNavigator.com
Bullish Engulfing Pattern

$AUD-USD: Australian Dollar/US Dollar (60 minute bars)

TradeNavigator.com ©
**Bullish Engulfing Pattern**

Chart courtesy of Genesis FT

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Candlestick Essentials and Beyond for FX
Bullish Engulfing Pattern

$AUD-USD: Australian Dollar/US Dollar (60 minute bars)

www.TradeNavigator.com ©
Getting into the market before it makes its move
Bullish Engulfing Pattern as Support

$GBP-CHF: British Pound/Swiss Franc (60 minute bars)
TradeNavigator.com ©
Bullish Engulfing Pattern as Support

Chart courtesy of Genesis FT
Candle signals do not predict what will happened the next session
Power of Education
Non FX Bullish Engulfing Pattern

Criteria:
- Black real body wraps around preceding white real body
- Market in up trend

Implication: ‘Bulls have been constrained’
**FX Bullish Engulfing Pattern**

Criteria:
- Black real body wraps around preceding white real body
- Market in up trend

Implication: ‘Bulls have been constrained”
Bullish Engulfing Pattern to Bearish Engulfing Pattern
Bearish Engulfing

$AUD-USD: Australian Dollar/US Dollar (60 minute bars)
www.TradeNavigator.com ©
Bearish Engulfing Pattern

$GBP-USD: British Pound/US Dollar (15 minute bars)

www.NisonForexAcademy.com
Bearish Engulfing

$USD-JPY: US Dollar/Japanese Yen (60 minute bars)

www.TradeNavigator.com ©
Bearish Engulfing Pattern

Chart courtesy of Genesis FT
Bearish Engulfing Pattern
Bearish Engulfing Pattern as resistance
Western Outside Reversals

Bottom outside reversal

Top outside reversal
Engulfing Patterns compared to Outside Reversal

Chart courtesy of Genesis FT
Bearish Engulfing near resistance
Reading the Market’s Message: Quickly and Accurately
Engulfing Patterns

For engulfing patterns, the second real body does not have to wrap around the first candle's shadow.

Bullish

Bearish
Engulfing Patterns

Bullish  Bearish
Both are Bearish Engulfing
Bullish Engulfing Pattern
Misinformation can cost you

This mistake would have cost you 50 to 150 pips!
Is it a valid Nison candle?

Not Bullish Engulfing Pattern!
1. What gave us a hint bulls losing force during rally?

2. What pattern is this?

3. What candle signals gave u a hint the market was basing out even before the bullish engulfing?
**Non Forex Dark Cloud Cover**

Criteria:
- Opens above prior high (or close)
- Black real body closes deeply into prior long white candle
- Market moving north

Implication: “Advance is exhausting itself”
Forex Dark Cloud Cover

Criteria:
• Opens at (or within few pips) of prior close
• Black real body closes deeply into prior long white candle
• Market moving north

Implication: “Advance is exhausting itself”
Dark Cloud Cover

Chart courtesy of Genesis FT

Not dark cloud covers
Dark Cloud Cover

Close – open 1 pip

Didn’t get deeply into white candle
Dark Cloud Cover
Dark Cloud Cover as Resistance
Dark Cloud Covers

$AUD-USD: Australian Dollar/US Dollar (60 minute bars)

www.TradeNavigator.com ©
Frontline FX: 
Key Candlestick Strategies for Profitable FX Trades 
Candlestick Essentials and Beyond for FX

Dark Cloud Cover as Resistance

Chart courtesy of Genesis FT
Non Forex Piercing Pattern

Criteria:
• Market moving south
• Opens below prior low (or close)
• White candle closes more than halfway into prior long black candle

Implication: “hint that the decline is exhausting itself”
**Criteria:**
- Market moving south
- Opens at (or near) prior close
- White real body close more than halfway into long prior black candle

*Implication: “hint that the decline is exhausting itself”*
Piercing Pattern

Chart courtesy of Genesis FT

Not a piercing pattern

Piercing pattern
Piercing Pattern Confirming Support
Piercing pattern at support
Piercing Pattern as support
Non Forex Harami

Criteria:
• First candle is unusually long
• Second real body spinning top or doji
• Second real body within prior real body
• Second real body can be black or white

Implication: ‘Change in flow of market”
Forex Harami

Criteria:
• First candle is unusually long
• Second real body spinning top or doji
• Second real body within prior real body
• Second real body opposite color

Implication: ‘Change in flow of market’
Bear Harami

Chart courtesy of Genesis FT
Bull Harami

Chart courtesy of Genesis FT
Bull Harami

$GBP-USD: British Pound/US Dollar (Daily bars)
Harami

Bearish

Bullish
Harami confirms resistance

Chart courtesy of Genesis FT
Candles in Context: Increasing your confidence

$GBP-USD: British Pound/US Dollar (Daily bars)

We have two harami – where would you be confident?
Non FX Morning Star

Criteria:
- Market in down trend
- First candle long black
- Second real body (spinning top, black or white) doesn’t overlap first session’s real body
- Third candle (white) closes deeply in first black real body

Implication: Bulls are taking control
**FX Morning Star**

Criteria:
- Market in down trend
- First candle long black
- Second real body is black or doji
- Third candle (white) closes deeply in first black real body

Implication: Bulls are taking control
Morning Star Confirms Support
Morning Star variation
Morning Star at support
Evening Star
Evening Star
Evening and Morning Stars

$EUR-USD: Euro/US Dollar (Daily bars)

TradeNavigator.com ©
Early Reversals

Chart courtesy of Genesis FT

www.nisonforexacademy.com
Variation of Evening Star

Chart - GBPUSD - 1 Day
Evening Star

Chart courtesy of Genesis FT
Evening Star as resistance area
Windows

- Go in the direction of the window
- Corrections stop at the window
Corrections stop at the window

A rising window is support
Corrections stop at the window

A falling window is resistance
Large and small windows

Large window with the bottom of this window as pivotal support

Small window
Windows

SEUR-USD: Euro/US Dollar (Daily bars)

Closed over resistance

TradeNavigator.com
Closed under the window’s support

Breaks the rising window’s support area
How education saves you money

Bearish engulfing pattern, but you must not sell here!
How it all comes together – The highs in the NASAQ

1- Rising Resistance Line
2- Shooting Star
2a – Bearish Engulfing
3- Falling Window
4- Bearish Divergence
5- High-Wave Candle
Leverage
Nison Candlestick strategies for long calls

Scenario 1 – buy at hammer
Mkt @ $395: 400 call @ $11.30
Exit at doji (red arrow 13 days after hammer) mkt @ 447: 400 call @ $47.50 (320% return)

Scenario 2 – buy based on MACD
Mkt @ $418: 420 call @ $13.45
Exit at doji (5 days later) mkt @ 447: 420 call @ $31.20 (132% return)

Result: Nison candlesticks generated over 2x the profit!
Nison Candlestick Secrets For Profiting in Options

www.nisonoptionsacademy.com/wp/frontline/
A- What candle signals at 1 to 4 reflect trouble near 1.9550?
What 3 signals hint of a reversal?
What are the candle patterns at 1 and 2 and what do you say about them?

Name the reversal signals at resistance near 1.4950 (remember this is FX so we are more flexible with the patterns) at 3 and 4.
FX Chart Challenge

$EUR-USD: Euro/US Dollar (60 minute bars)

What patterns are at 1, 2, 3 and 4? Of those four patterns which are the best trade candidate and why?
What we learned so far:

- Effectively using double and triple candle patterns including:
  - Engulfing patterns
  - Dark cloud cover
  - Piercing pattern
  - Harami
  - Stars
  - Windows

- How each of these patterns is different in forex compared to non forex markets

- Chart Challenges