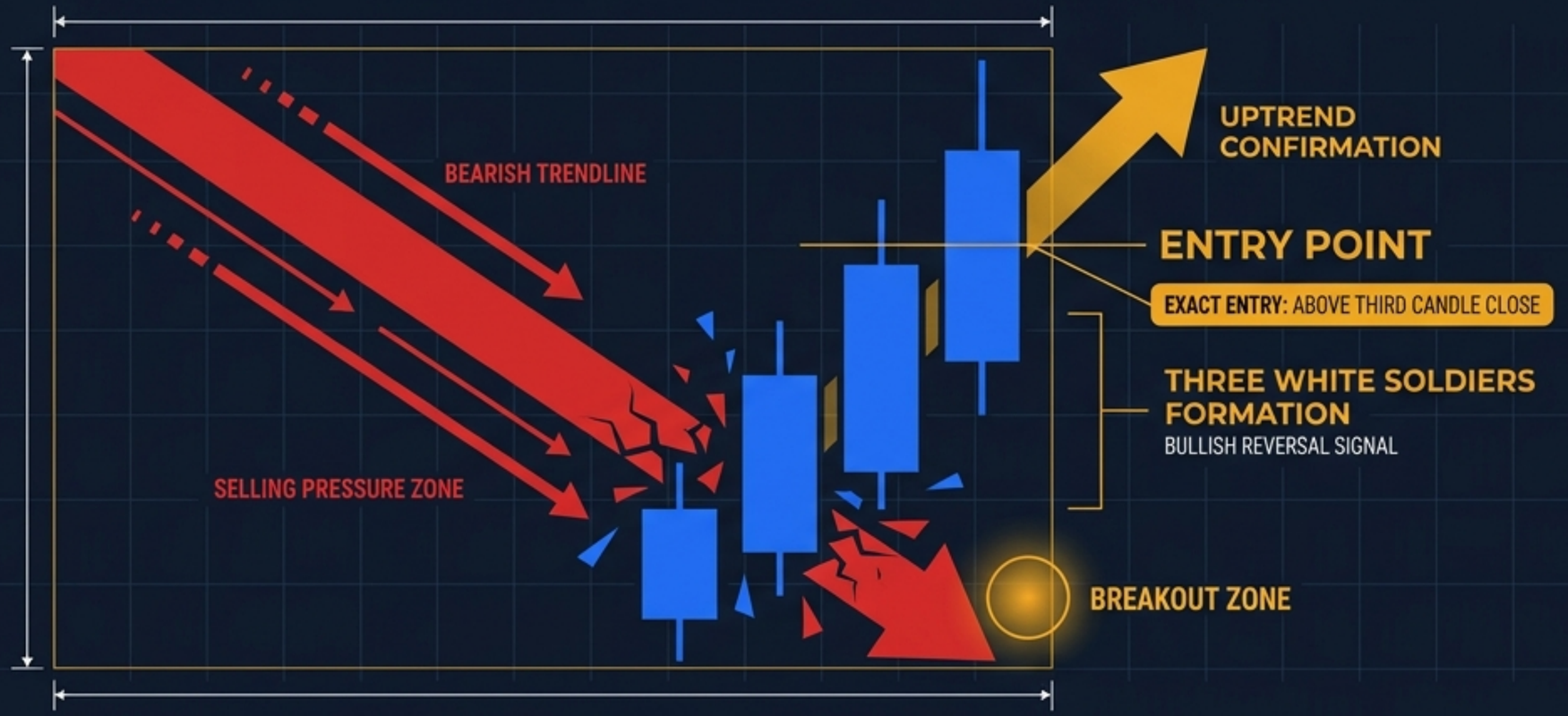
THE THREE WHITE SOLDIERS

TACTICAL REVERSAL PLAYBOOK FOR HIGH-PROBABILITY BREAKOUTS



MARKET CONTEXT

PREV. DOWNTREND: Strong bearish momentum characterized by lower highs and lower lows.

RED TRENDLINE: Represents key resistance level and selling pressure.

SENTIMENT: Shift from bearish control to bullish dominance.

PATTERN IDENTIFICATION

1. Three consecutive long blue candlesticks.
2. Each candle opens within previous candle's body.
3. Each candle closes progressively higher.

KEY CRITERIA: Strong bodies, minimal upper wicks, closing near highs.

STRATEGY OVERVIEW

ACTION: Enter LONG at close of third blue candle.

TARGETS: Measure height of formation, project upwards from breakout point.

RISK MANAGEMENT: Place STOP LOSS below the low of the first blue candle.

RISK/REWARD: High probability setup with defined entry and exit parameters.

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Pattern DNA



Bullish Reversal

Signals the end of selling pressure.



3 Consecutive Candles

Requires sustained momentum.



Prior Downtrend

Must form at the bottom of a bearish move.

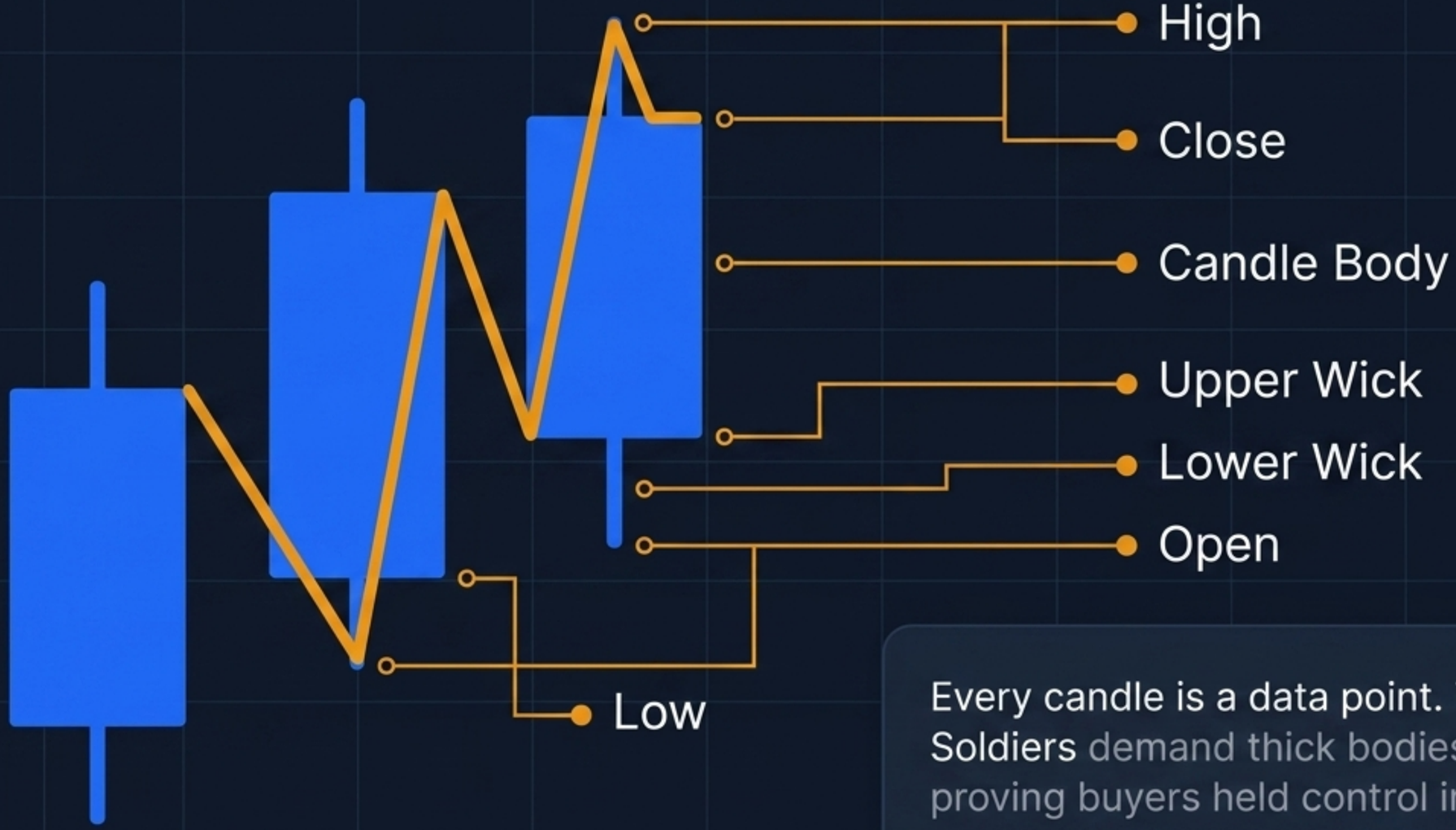


High Confidence

✓ M15 ✓ H1 ✓ H4 ✓ Daily

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The Price Action X-Ray



Every candle is a data point. The Three White Soldiers demand thick bodies and minimal wicks, proving buyers held control into the close.

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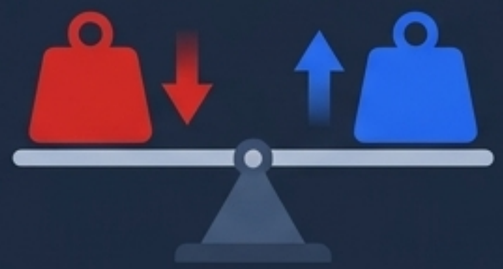
Market Psychology: The Momentum Staircase

Stage 1: Prior Trend



Sellers are exhausted.

Stage 2: Initial Push



Buyers step in at discount prices, trapping short sellers.

Stage 3: Momentum Takeover

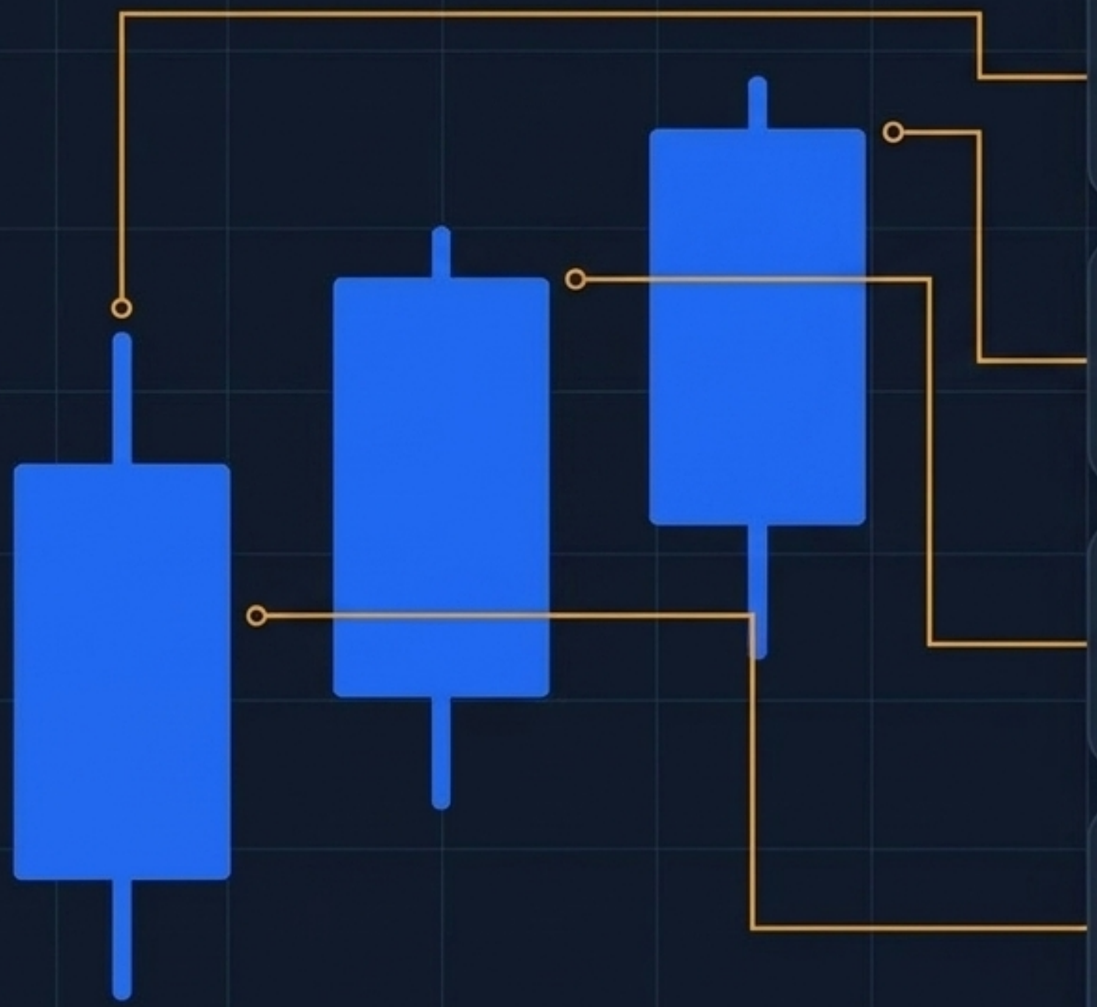


Panic buying ensues as bears cover their positions.

This pattern represents a **complete psychological shift from panic to greed**. As short sellers are forced to cover their positions, aggressive new buyers step in, creating a cascading wave of upward momentum that systematically absorbs all remaining selling pressure.

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Formation Rules



Consecutive Higher Opens
Each candle must open within the real body of the previous candle.

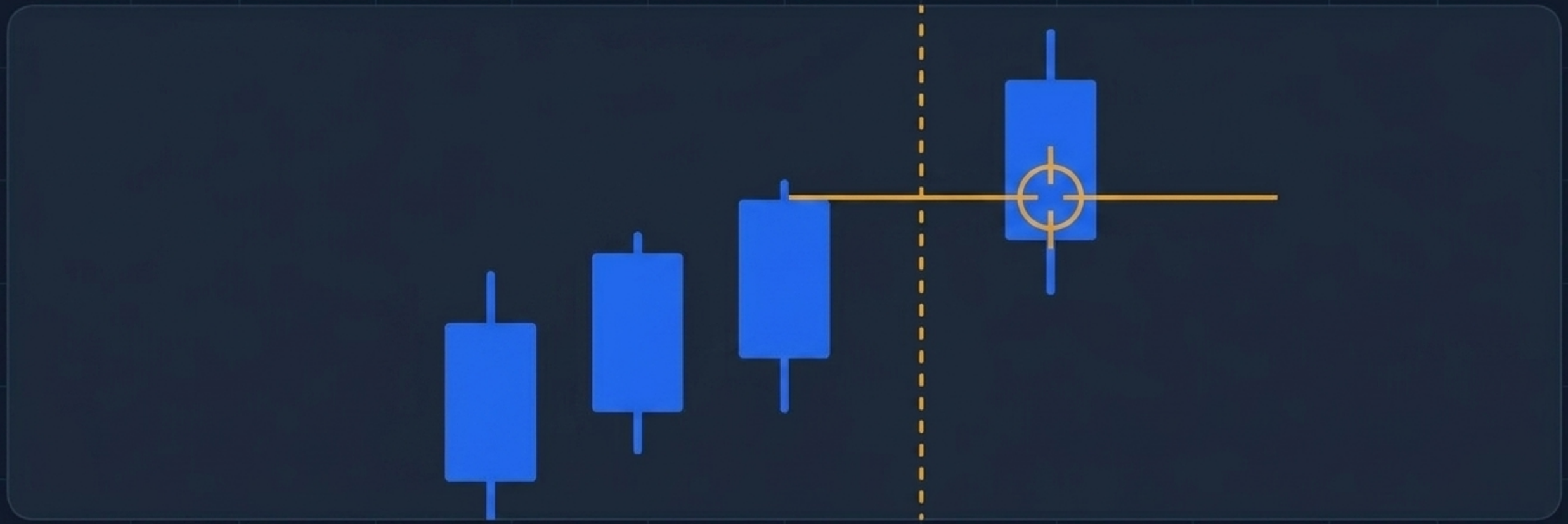
Consecutive Higher Closes
Each candle must close above the previous candle's high.

Minimal Upper Wicks
Price must close near its absolute high, showing zero rejection from sellers.

Healthy Body Size
Candles must be roughly equal in size; shrinking bodies indicate fading momentum.

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Pattern Confirmation



Never anticipate; always confirm. Traders must wait for the subsequent price action to break and close above the high of the third soldier before executing. This proves the reversal has genuine market follow-through.

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Diagnostic Matrix: Valid vs. Fakeout

The Ideal ✅



Thick bodies, closing near highs.

Mistake 1: The Rejection ❌



Long upper wicks indicate aggressive selling pressure stepping in. This is a trap.

Mistake 2: Fading Momentum

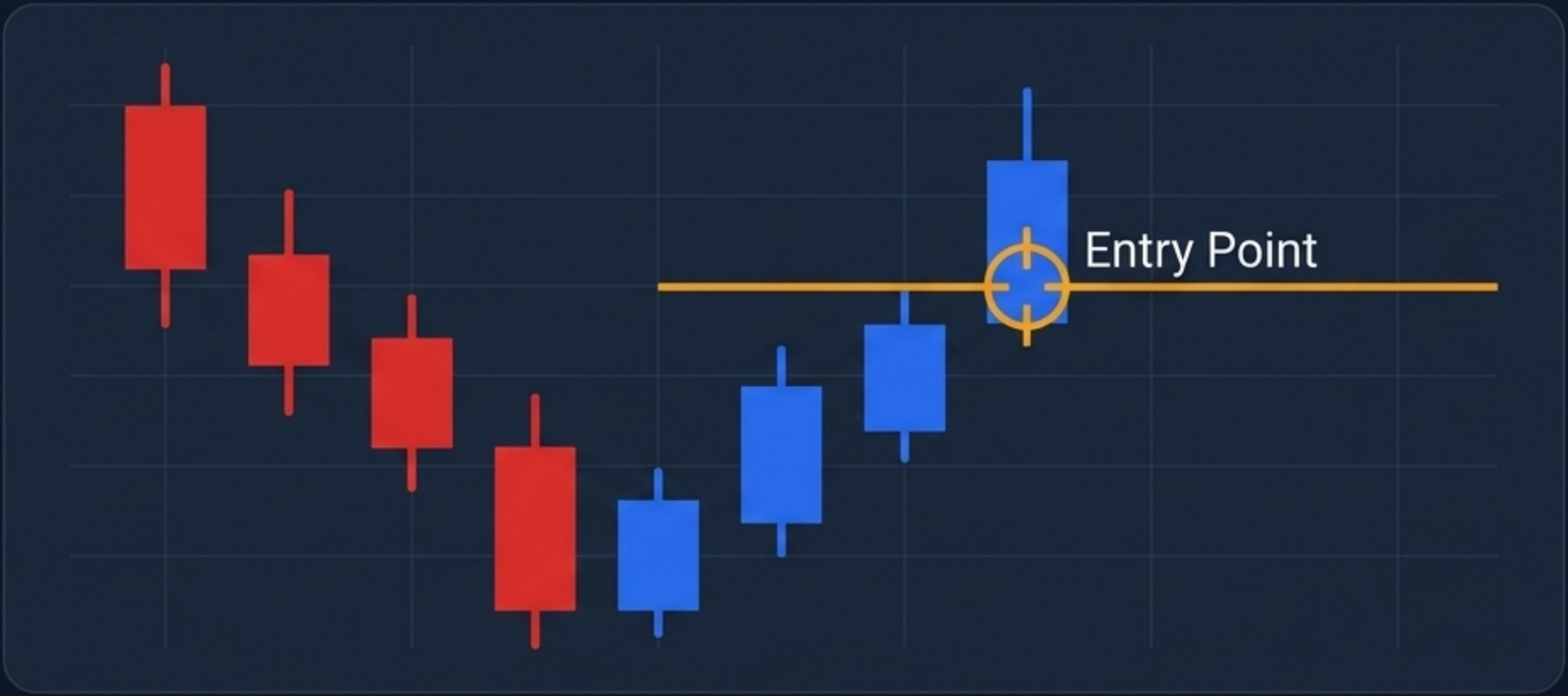


Shrinking bodies show buyers are losing conviction before the reversal is confirmed.

❌ **Mistake 3: Context is King**. Never trade this pattern in a sideways, ranging market. It strictly requires a prior downtrend to act as a reversal.

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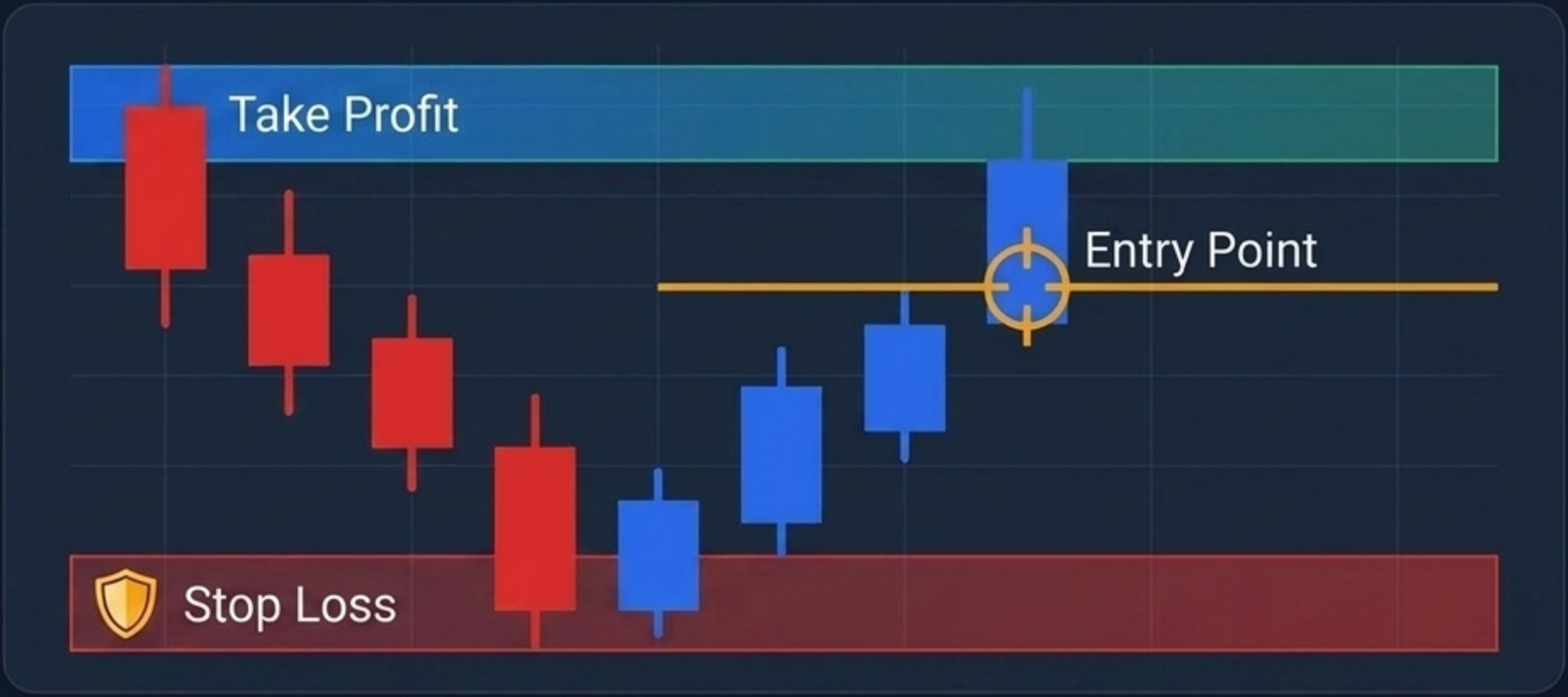
Execution: The Setup & Entry



The Sniper's Entry: Wait for the pattern to print fully. Execute the long position exactly when price breaches the high of the final soldier.

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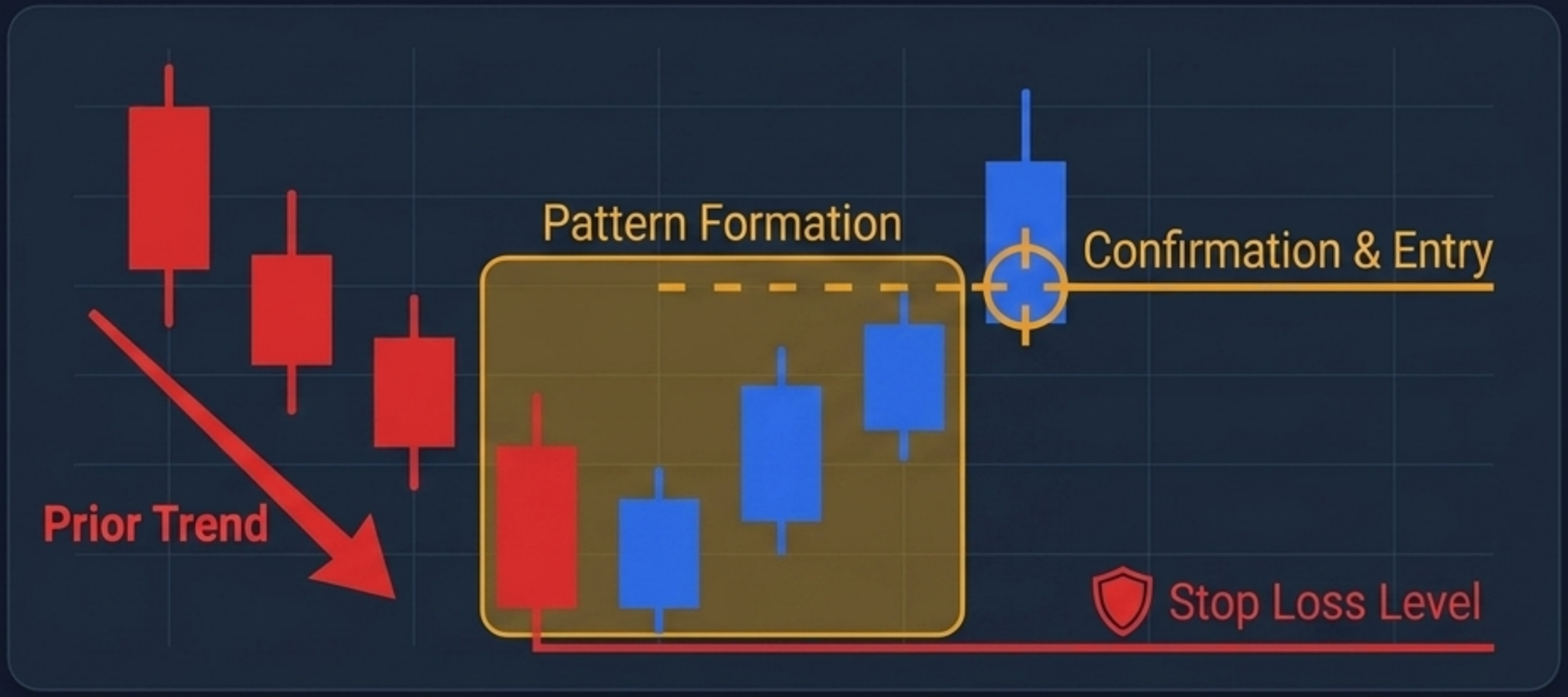
Execution: Risk Management



A validated pattern **does not guarantee success**. Hard-stop placement below the initial reversal point invalidates the setup if breached, ensuring capital preservation.

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Master Trade Blueprint



The **Three White Soldiers** is not just a pattern; it is a complete narrative of market exhaustion, rapid buyer absorption, and confirmed momentum shift. When traded with strict entry filters and hard stops, it is one of the highest-conviction setups in technical analysis.

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Tactical Summary



Requires a Downtrend

Never trade in a sideways market; context is mandatory.



Demand Thick Bodies

Watch out for long upper wicks or shrinking candle sizes.



Wait for Confirmation

Enter only when price breaks the high of the third soldier.



Protect Your Capital

Place a strict **Stop Loss** below the low of the first soldier.

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