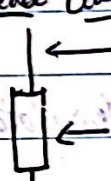


A Guide to Mastering Candlestick Charts - Koran Ak

- How to Read Candlestick Charts

-  ← Wicks - The highest/lowest prices for the time interval
- ← Body - The difference between open and close

- Will be red if down for the day, green if up.
- Candles could be a day, 5 minutes, a week, etc.

- Why do we use Candlestick Charts?

- Line Graphs vs Candlestick

- Line graphs only show true and close
- Candlesticks show the entire range of movement in a time interval
- Allows you to analyze better

- Key Principles of Data Analysis

- Context -

- Data w/out context is meaningless especially ~~when~~ when analyzing price data

- Sample Size

- The more data supporting your hypothesis that you have, the more likely you are to be correct.

- Quality

- Data always comes w/ noise.
- Learn what's important and what isn't.

- Keep It Simple

- When building framework for analysis, simplicity makes consistency easy.
- Avoid over complication whenever possible

- Time

- Higher time frames - (1mo, 1w, 1d) incorporate more data
 - Reduces variance and deviation from the mean and makes higher time frame data more significant
- Lower time frames - (1h, 15min, 5min, 15sec) Incorporate less data, more volatile, less significant
- Recent Data - More relevant, more accurate representation of the players in the market

- Visualization Techniques

- Pretend as if the chart is a battlefield and bull candlesticks are one side and bear sticks are another
 - Goal of each stick is to get to the other side.
 - **PAY ATTENTION TO WICKS**
 - They show rejections and are a big piece of technical analysis
 - You can always wait for more data.

- Mastering All Chart Patterns

- Example



← Huge bullish wick (win for bulls)

Keep It Simple - large wick disproportionately larger than candle body. Candle supports bullish bias.

Context - Isolated candle therefore meaningless

Sample Size - 1 candle

Quality - No other info provided therefore quality can't be determined

- Homework

- Take notes on what you learn, use bull/bear meter to paint story
- Look up chart patterns online and guess their meaning using these techniques.