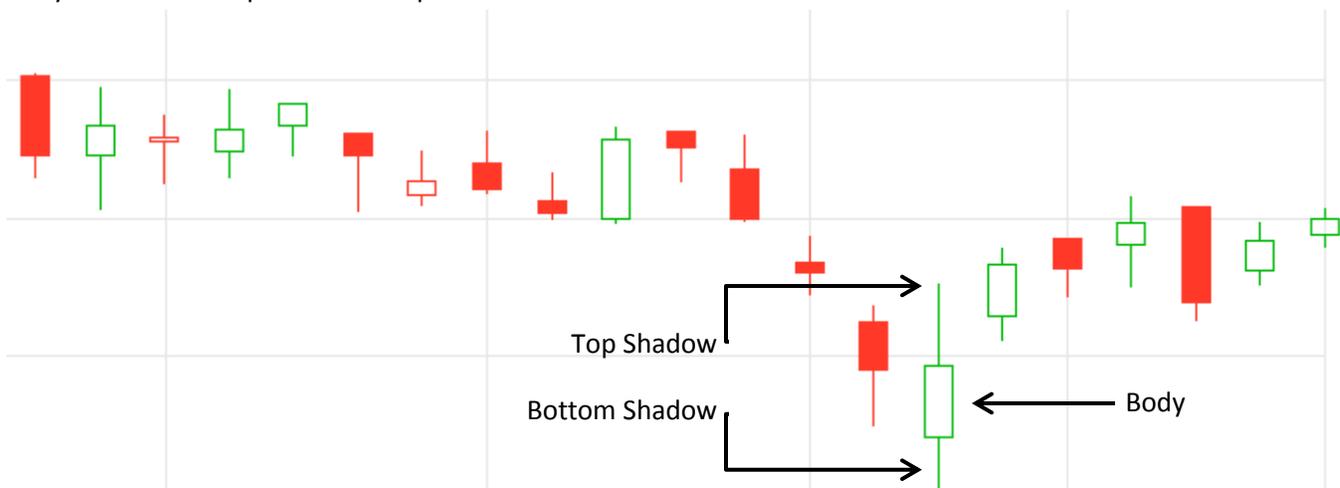


Candlestick Charts



One aspect of Technical Analysis is reading Candlestick Charts. Candlestick charts are a basic chart format that is comprised of daily “candles”. Each candle is represented by a body and two shadows: top and bottom. The top shadow indicates the highest daily trade price, the bottom shadow indicates the lowest daily trade price and the body indicates the open and close prices.



Body

The filled or hollow box portion of the candle is called the "body". It represents the open and close prices.

When the colour of the body is green, the buyers are in majority. This also indicates that the close was higher than the open. Alternatively, the sellers are in majority when the body of the candle is red. It would also indicate that the close was lower than the open.

The longer the body of the candlestick is, the more intense the buying or selling pressure is. Short candlesticks reflect small price movements and are representative of consolidation.

Filled candlesticks

Closing price is less than the opening (selling pressure).

Hollow candlesticks

Closing price is greater than the open (buying pressure).



Shadows

Shadows are the thin lines above and below the body. The top shadow indicates the highest daily trade price. The bottom shadow indicates the lowest daily trade price.

Top and bottom shadows can range between short and long. For bodies that are red and have a short top shadow, this indicates that the opening price during that trading day was closer to the high of the day. For green candles with a short top shadow, it indicates that the closing price during that particular trading day was closer to the high of the day.

