

Candlestick VI: Using Candlestick Patterns in Trending Markets

Contributed by Administrator
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Using candlestick patterns to trade trending markets can be an extremely useful tool to profit from exchange rate movement. The process is simple:

Identify the overall trend

Look for a retracement

Look for a candlestick pattern to confirm a reversal at the retracement level

The candlestick pattern serves to confirm the fact that the market is acknowledging the importance of the retracement level. Traders should look to enter the position just outside of the reversal candle's range. At that point, there is sufficient reason to believe that the retracement is over and that the primary trend is ready to resume.

