

## Candlestick V: Using Candlestick Patterns in a Range bound Market

Contributed by Administrator  
Friday, 12 September 2008

In a range bound market - meaning a market that does not possess a clear directional trend, but rather moves back and forth between support and resistance -

traders are essentially looking to short at the top of the range, and buy at the bottom of the range.

It is worth noting that this strategy often results in limited profits, as it does not seem to rely on identifying a trend. Nevertheless it can be useful in capturing many small moves for the trader who can maintain discipline and self-control while trading this strategy.

Traders should start by identifying a range bound market.

Once the market is identified to be range bound, traders should look for oscillators suggesting overbought/oversold levels at support and/or resistance.

Traders should then look for a candlestick pattern that also suggests a reversal at the top/bottom of the market's range. When this has been identified, traders can enter once the reversal is confirmed.

