

Best Candlestick PDF Guide – Banker's Favorite Fx Pattern

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The **best candlestick PDF guide** will teach you how to read a candlestick chart and what each candle is telling you. Candlestick trading is the most common and the easiest form of trading to

understand. The **candlestick patterns strategy** outlined in this guide will reveal to you the secrets of how bankers trade the Fx market.

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When you first start out on your trading journey, you're bombarded left and right with new concepts. It can be very confusing to assimilate everything and certainly it's a daunting task. This trading tutorial will show you how to read candlestick charts for beginners.

We're going to explain it in a simple manner and a way that it will get imprinted in your mind. If you're a more advanced trader, this candlestick PDF guide is for you as well. We're going to share with you a powerful **candlestick patterns strategy**.

Stay tuned, because we're going to use some of the **best candlestick patterns** that only institutional traders know about.

Let's first start with the basic of candlestick trading and how to properly read candlestick charts.

See below:

• **Understanding Candlestick Charts for Beginners**

If you strip away everything you have on your charts, you're left with a simple candlestick chart. What you're seeing on the chart below is the raw price data that in the Forex jargon is also referred to as the naked price action chart.





Note #1: Unlike [Renko charts](#), which we have covered in our previous chart trading guide, candlestick charts incorporates the time element.

The most important information you need as a trader is the price and historical prices. And candlestick price will tell you exactly what the price is doing at any given time. The candlestick price chart gives you a unique insight into the market sentiment.

A candlestick price chart is made of lots of individual candles that have different shapes, which form different candlestick patterns.

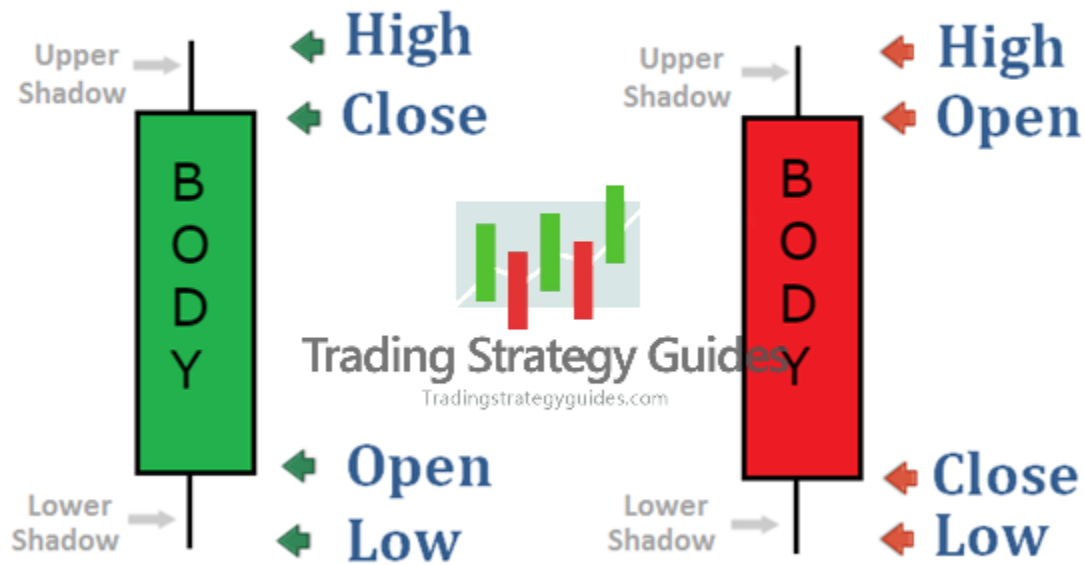
There are three types of candlestick candles:

- Bullish candlestick – These are green candles and it shows that that the price has increased over the selected time period. In other words, the closing price is higher than the opening price.

- Bearish candlestick – These are red candles and it shows that the price has decreased over the selected time period. In other words, the closing price is lower than the opening price.
- Neutral candlesticks – These are candles without a body and the opening price is equal to the closing price.

Beside the opening and the closing price, the candlestick chart also gives us information about the highest and lowest price during the time period selected.

Bullish Candlestick Bearish Candlestick



The bars above and below the body are called shadows. In the Forex jargon they are also called wicks or tails.

In technical analysis, the Japanese candlesticks can display different types of price formation that are at the base of many **candlestick patterns strategy**. If you want to explore the most popular chart patterns, please check out our step-by-step trading guide here: [Chart Pattern Trading Strategy Step-by-Step Guide](#).

For now, we're going to focus on the **best candlestick patterns** that many banks use against retail traders.

· Candlestick Patterns Strategy


If you want to get the most out of what the candlesticks are showing, let's explore the **best candlestick patterns** you can ever use. If you understand the psychology behind what the candlesticks are showing it can make your life as a trader a lot easier.

Not only that you get a possible insight into the battle between the buyers and sellers, but chart patterns can also be used to trigger your trades.

In this **best candlestick PDF guide** we're going to reveal the most favorite candlestick pattern among bank traders. The candlestick patterns forex, we're talking about is the ORB Nr4 pattern developed by hedge fund manager Toby Crabel.

Toby Crabel is probably one of the less unknown profitable traders. Even though in 2005, Toby Crabel was described by the Financial Time as "the most well-known trader on the counter-trend side," but it still remains an unknown name in the retail industry.

The reason why we mention Toby Crabel work is because he is the father of the ORB pattern aka the Opening Range Breakout pattern, which is regarded as being the most powerful tool of the last 25 years.

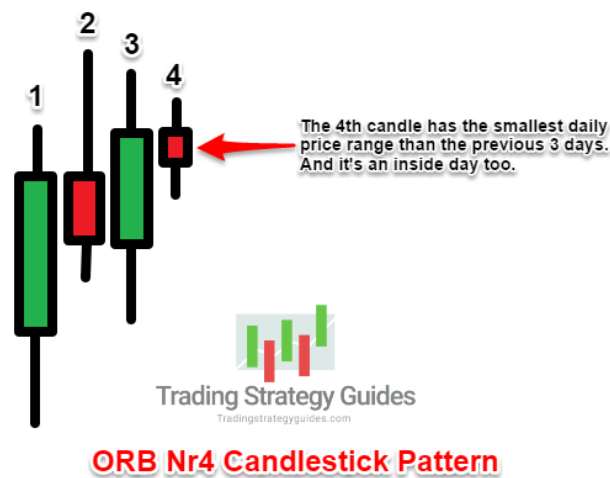


This powerful trading technique has helped legendary guru trader Larry Williams to turn \$10,000 into \$1 million in less than a year.

Step #1 How to Identify the ORB Nr4

The ORB pattern is defined as a trade taken at a fixed value of the opening range.

The Opening range Breakout trade is more effective if taken after an inside day that has its daily range smaller than the previous 3 days, which is where the Nr4 stands for. You have three candles followed by another candle with a daily range narrower than the previous three days.



Note #2: The 4th day doesn't necessarily need to be an inside day, it only needs to have its daily range smaller than the previous 3 days. However, inside days tend to produce a higher success rate.

Here is how an actual ORB Nr4 pattern looks like on a Forex candlestick chart:



What if we told you that, 40% of the time the first trading hour can tell you what is the high and the low of the day. Our candlestick patterns strategy incorporates this price behavior so you can better manage your risk and set your targets.

Basically, you can become a proficient trader.

Like with all our trading strategies we're going to give you first the trading rules by going through an actual live trade example that uses the best candlestick patterns mentioned through this PDF guide.

Step #1: Identify the best candlestick patterns and mark the high and the low of the 4th candle

When you search for the ORB Nr4 candlestick chart pattern keep in mind two things:

- The Daily range of the 4th candle needs to be narrow and smaller than the previous 3 candles.

- The 4th candle price range also needs to be inside the candle number 3.



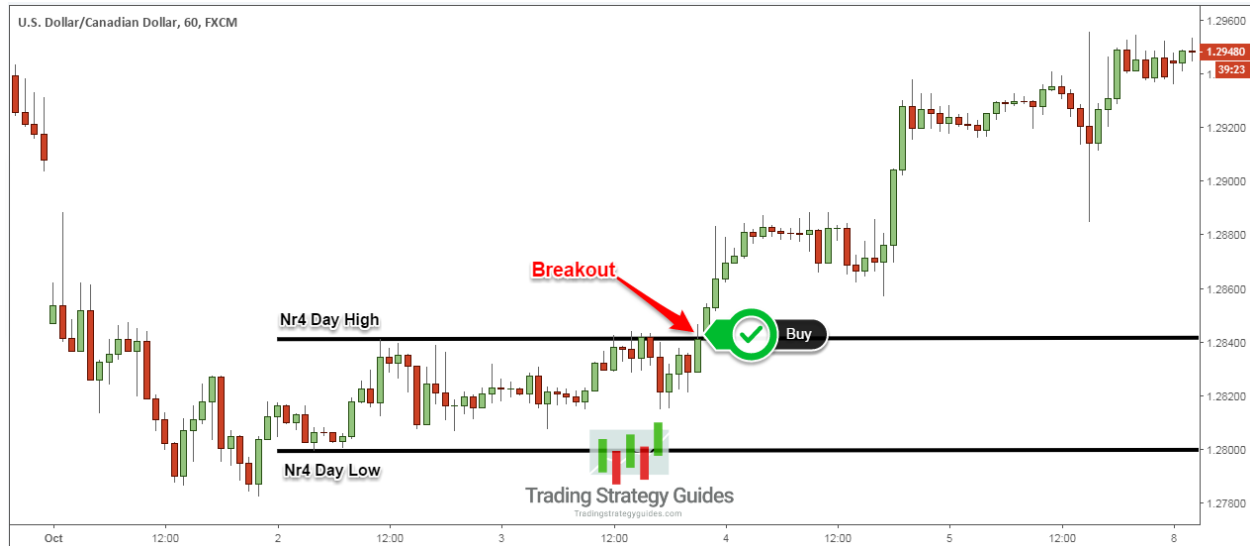
Narrow daily trading ranges suggest contraction. And contraction always leads to expansion. This is kind of a general rule because the markets do move from periods of contractions to periods of expansion.

This is the reason why this ORB Nr4 candlestick pattern is so powerful.

Step #2: Switch to 1h TF and Buy if we break the high, Sell if we break the low of the Nr4 candle.

Our trade is taken the next day after the Nr4 pattern showed up. In order to have a clear view of the short-term price action we need to switch our focus to the 1 hour time frame.

Note #3: Only Buy or Sell if the breakout happens during the first 5 hours of the new trading day.



We use the Opening Range Breakout technique to time the market and have an effective trade entry.

Trades based on the ORB – Nr4 candlestick chart pattern will show you a profit instantly.

Now, if the trade is not showing you a profit right away than your trade becomes more vulnerable. As a general rule, if after the first trading hour your trade is not in the green, you can safely close the trade at the market.

Of course, you can only do that if your stop loss hasn't been triggered in the meantime.

Now, let's outline where to place our protective stop loss and where to exit our profitable trade.

See below:

Step #3: Place SL below NR4 day low, Take profit using a trailing SL below each 1h candle low

For buy trades, hide your stop loss below Nr4 day low. The ORB – Nr4 pattern tends to precede strong trend day activity, so your stop loss should be rarely hit.

Our take profit strategy is fairly easy and it's slightly modified from the original strategy highlighted in the "Day Trading with Short Term Price Patterns and Opening Range Breakout" book written by Toby Crabel.



Even though the ORB nr4 pattern tends to lead to trend trading days we're more conservative and want to quickly take profits. We would trail our SL below each 1h candle low and wait for the market to reverse to take profits.

• Conclusion – Best Candlestick Patterns

The **best candlestick PDF guide** is a result of a series of researches that has lead us to find tradable market tendencies. The price of any market follows some mechanical laws that can be

observed through candlestick chart patterns. Having some definable rules of entry based on candlestick patterns can really help the aspiring trader.

Some of the **best candlestick patterns** are more predictable once you have a framework developed around these chart patterns. As a trader, your obligations are to apply these trading concepts inside your own understanding of the market.

If you manage to combine the two things you should have at your disposal a candlestick patterns strategy.

Thank you for reading!

Feel free to leave any comments below, we do read them all and will respond.

Also, please give this strategy a 5 star if you enjoyed it!

[ratings]

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