

MDZ Price Action Indicator

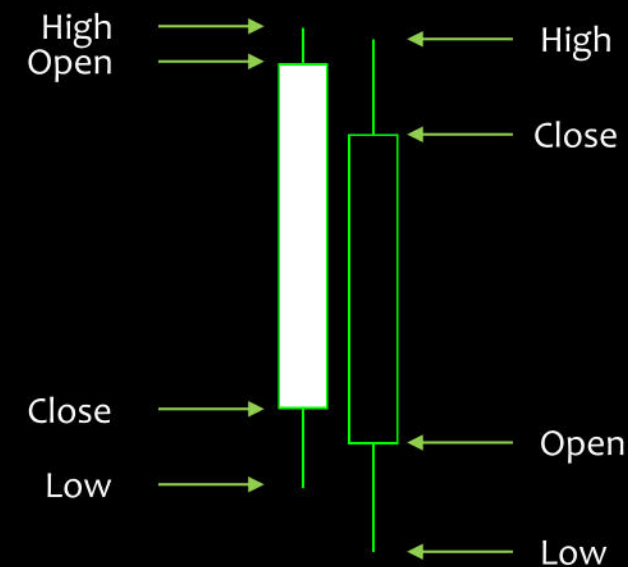
Chapter 04 – Candlestick

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Introduction

- A candlestick consists of **Open**, **High**, **Low** and **Close**
- Only **completely closed** candlestick can be used for analysing the market
- Candlestick can be used in any timeframe, however, **H4 and above** are more reliable
- **Formation** of candlestick **must** be at the **right location**



Types of Candlesticks - Basic

Categories

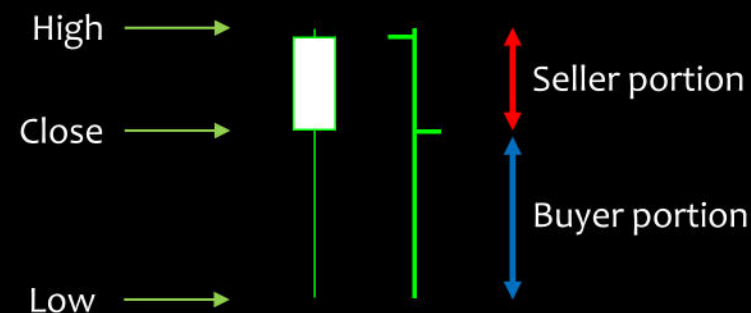
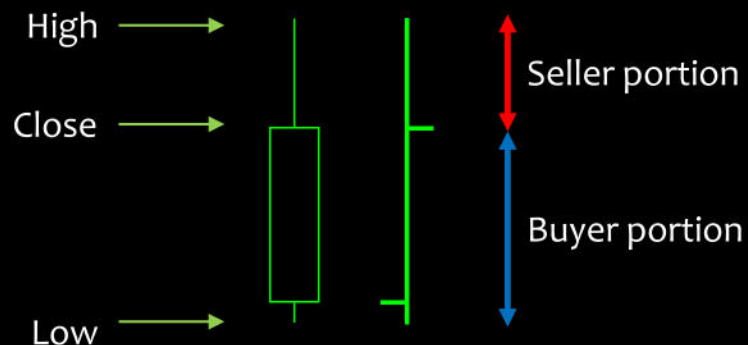
- Bullish candlestick
- Bearish candlestick
- Duo candlestick

Portion of a Candlestick

- A candlestick consists of **two portions**:
 - **Buyer**
 - **Seller**
- These portions can be identified from the **close price** of the candle
- Usually, the **colour** of the candle is **disregarded**

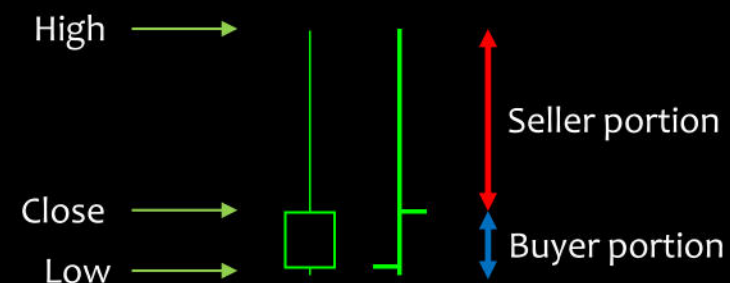
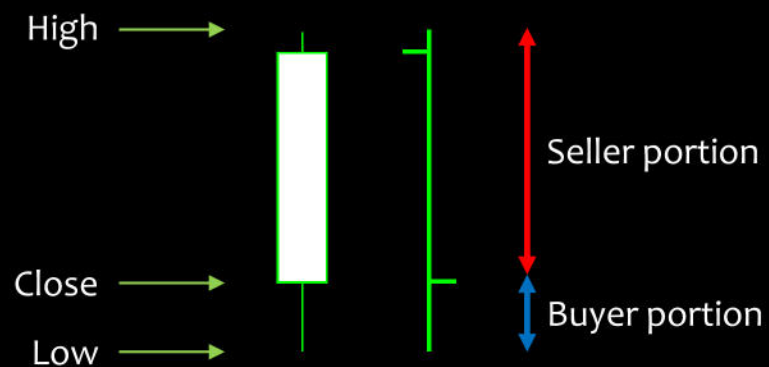
Bullish Candlestick

- Buyer portion must be more than seller portion
- Meaning: Buyer dominates the market



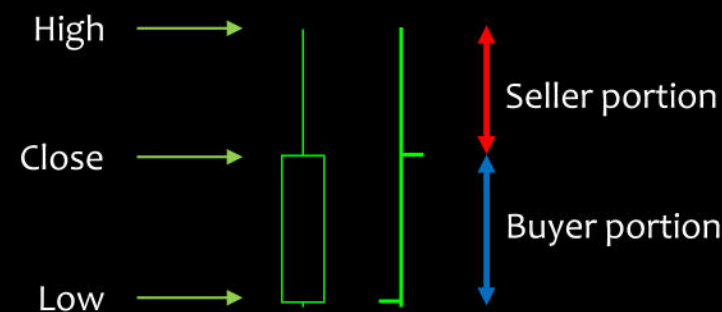
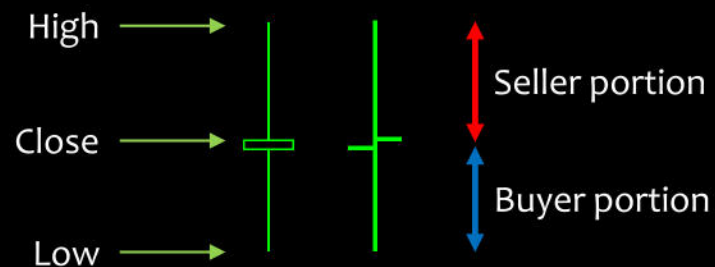
Bearish Candlestick

- **Seller** portion must be **more** than **buyer** portion
- Meaning: Seller dominates the market



Duo Candlestick

- The **portions** of buyer and seller are quite **similar**
- Meaning: Uncertainty, potential sign of reversal

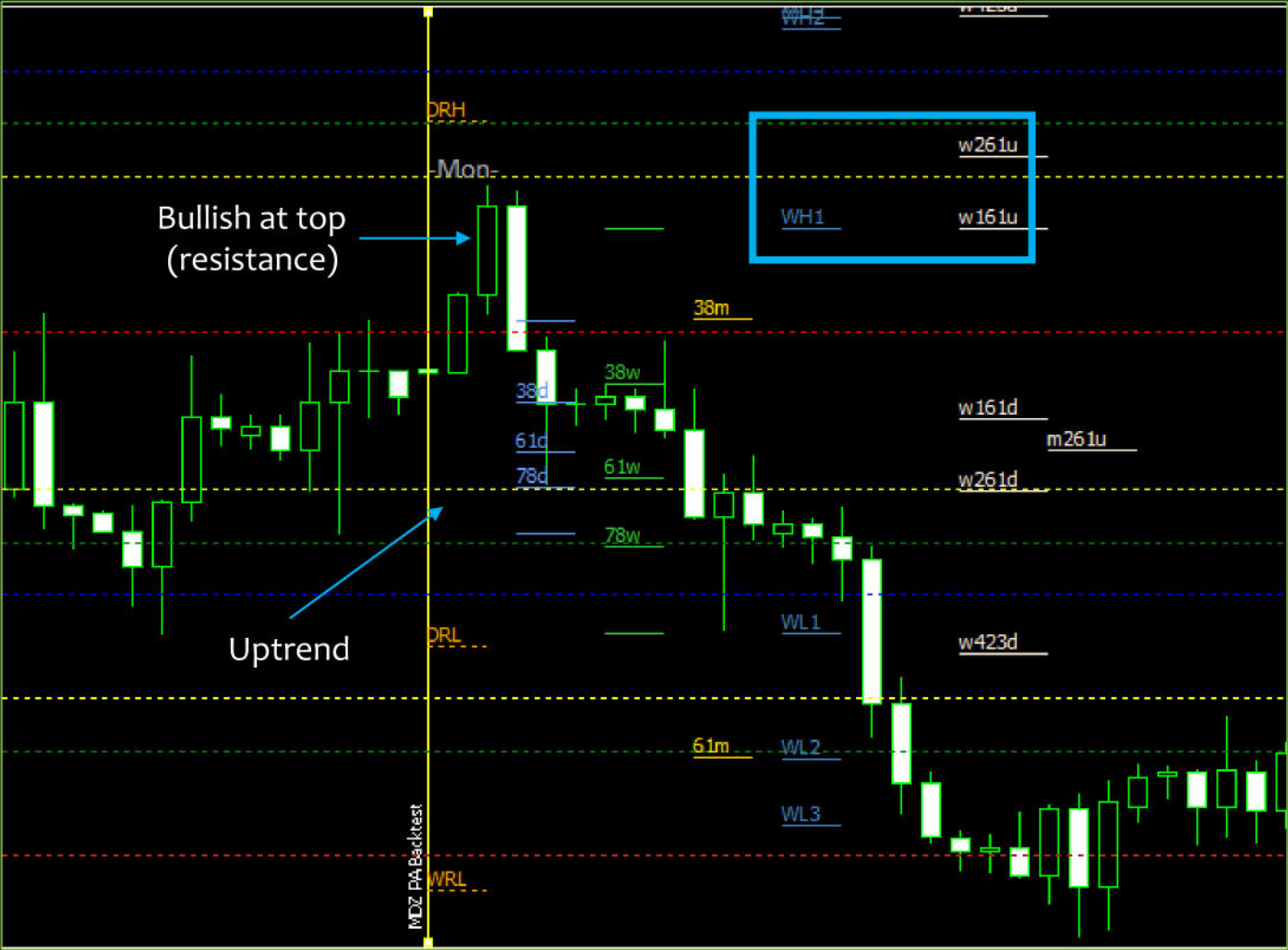


- **This candlestick is known as Doji*

Type of Candlesticks - Reversal

Introduction

- Two different type of reversals
 - Uptrend
 - Downtrend
- The formation of candlestick **MUST** be occurred at the **right location**
 - **Uptrend** reversal – candlestick formed at **resistance** level
 - **Downtrend** reversal – candlestick formed at **support** level

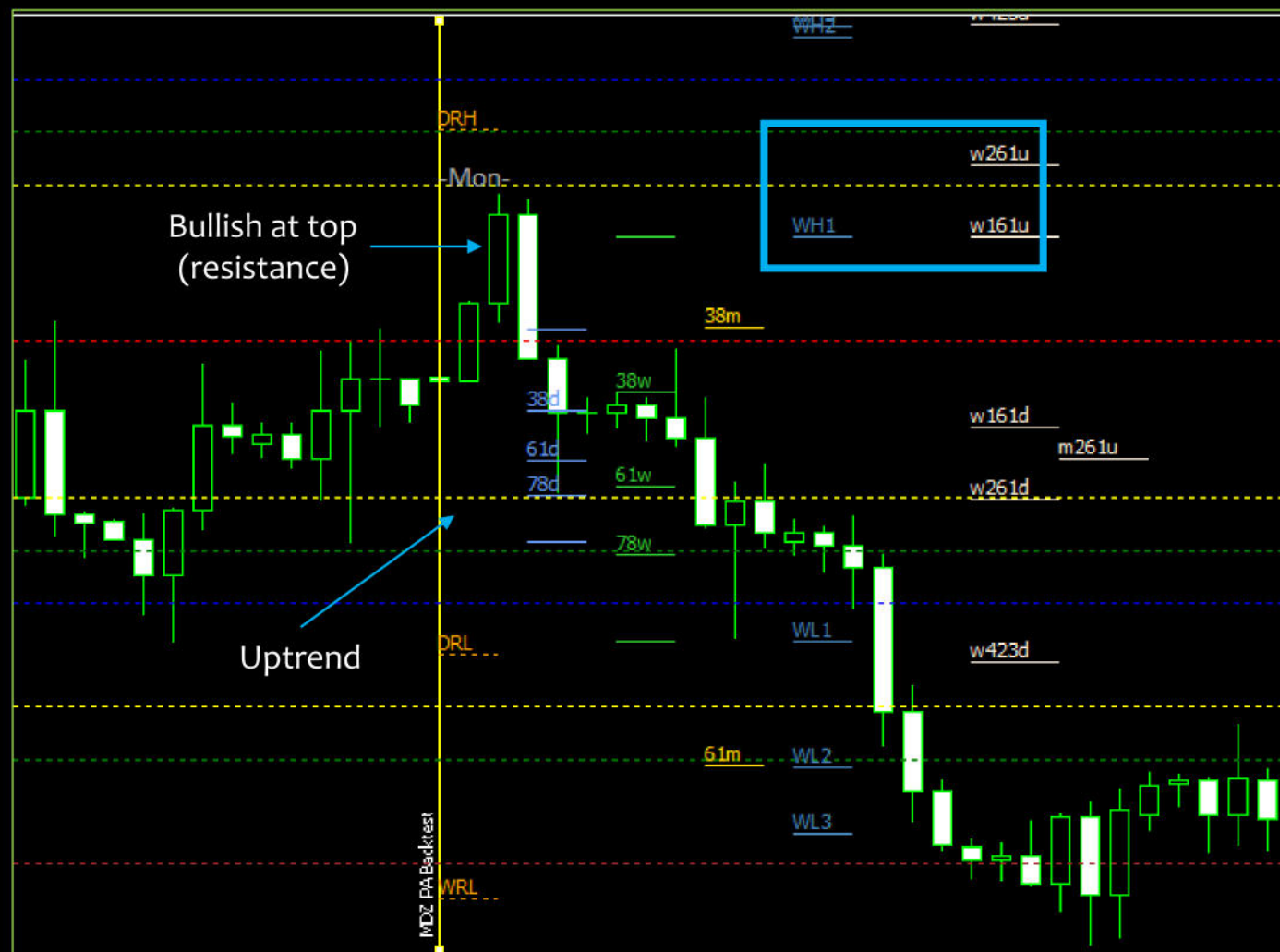




Uptrend Reversal – Selling Opportunity

- Example of uptrend reversal candlesticks
 - Bullish at top (resistance)
 - Pin bar
 - Engulfing

Bullish at top - Example

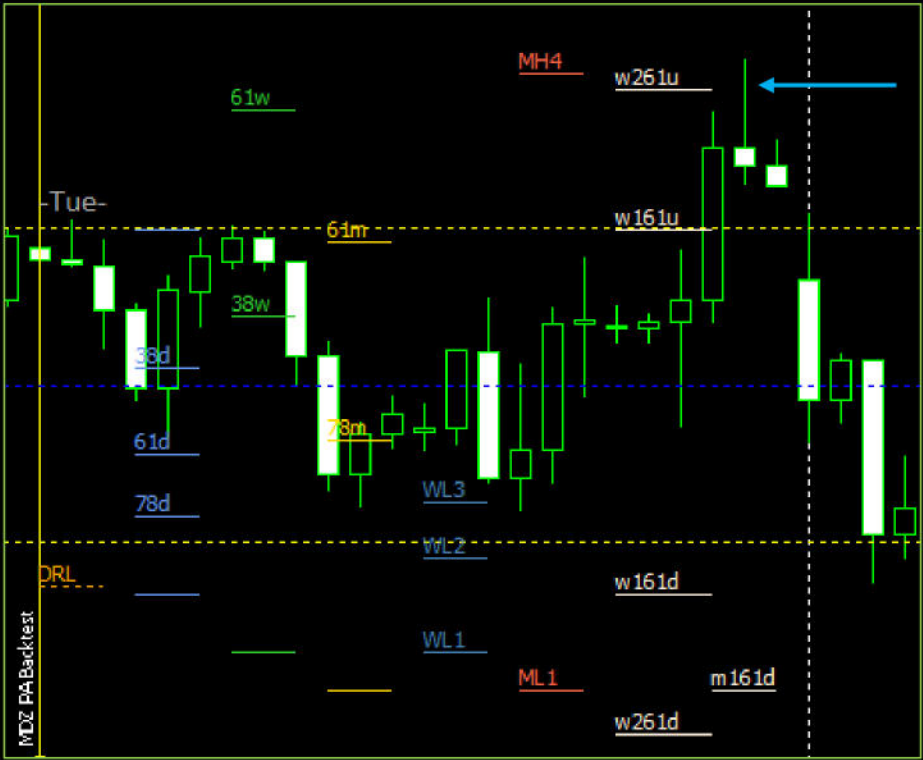


Pin Bar

Pin Bar High 1



Pin Bar High 2 - Preferred



Engulfing

- Bearish candle engulfs bullish candle



Downtrend Reversal – Buying Opportunity

- Example of downtrend reversal candlesticks
 - Bearish at bottom (support)
 - Pin bar
 - Engulfing

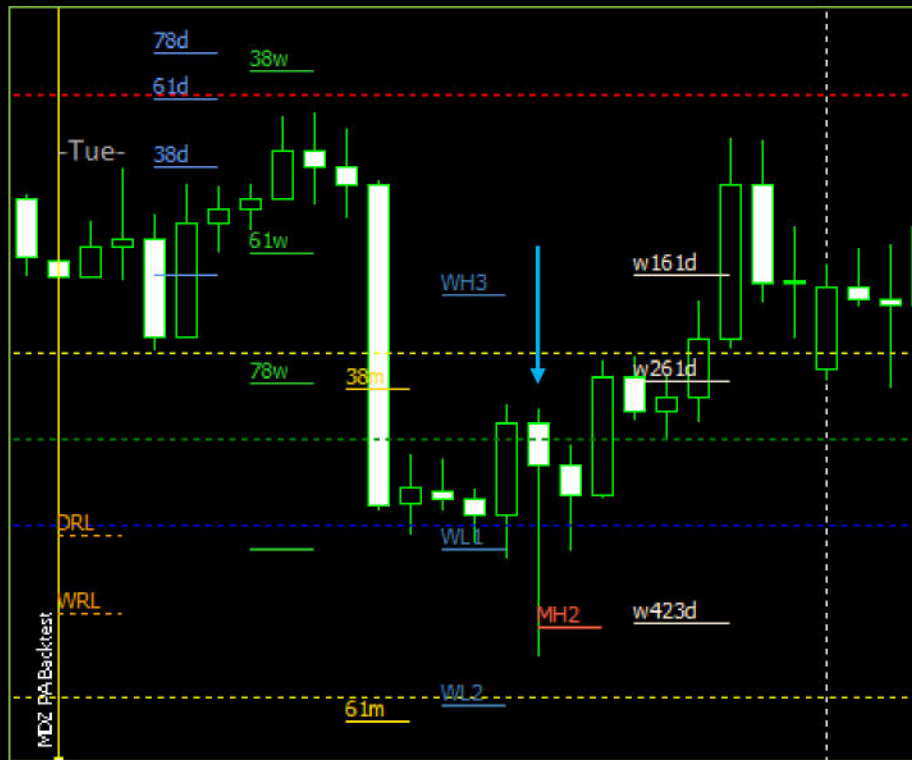
Bearish at bottom - Example



Bearish at bottom (support)

Pin Bar

Pin Bar Low 1

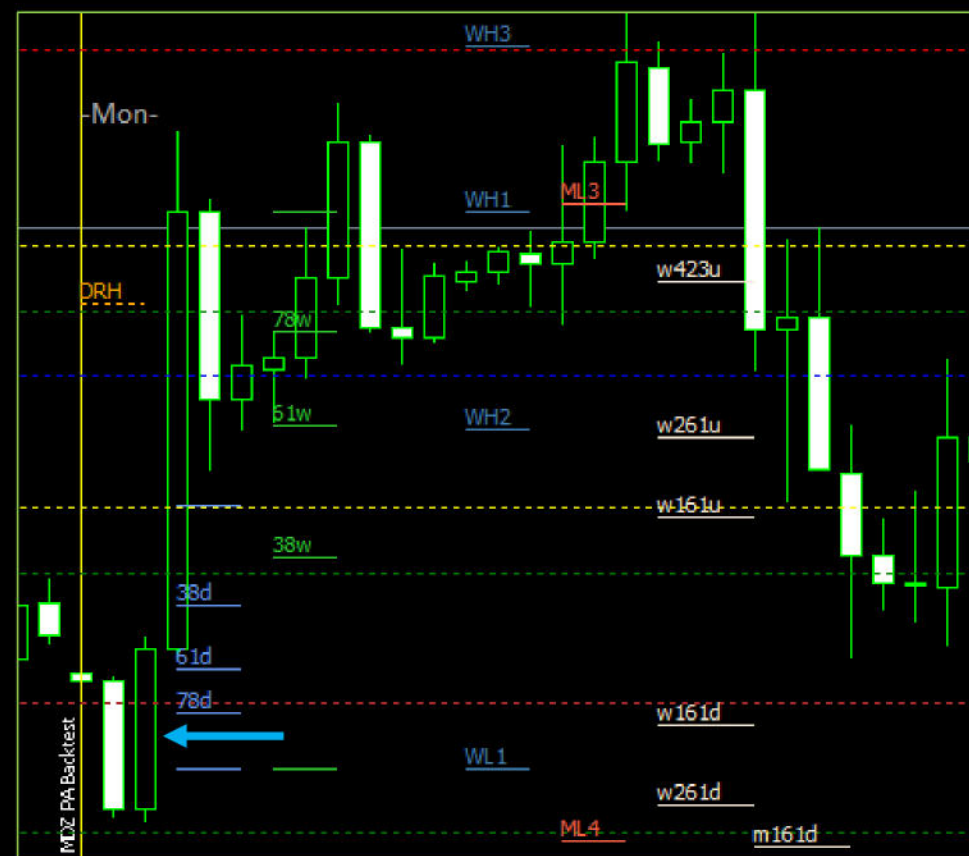


Pin Bar Low 2 - Preferred



Engulfing

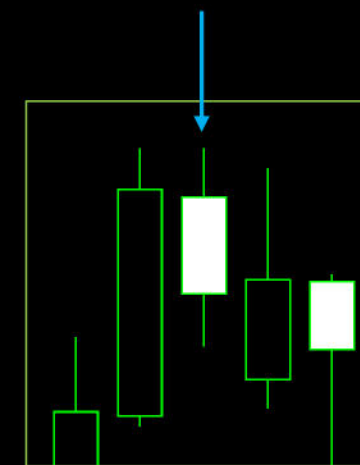
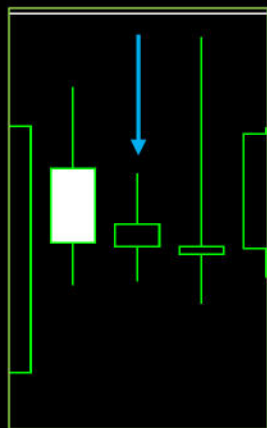
- Bullish candle engulfs bearish candle



Other Types of Candlesticks

Inside Bar (IB)

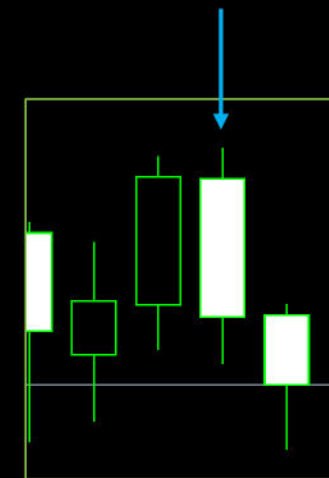
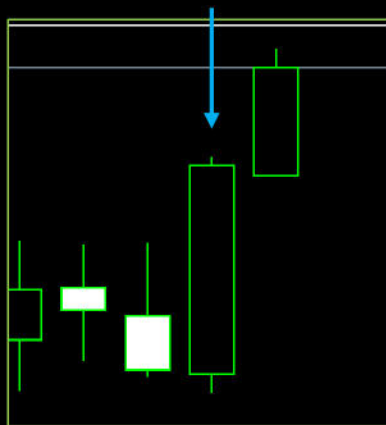
- The size of **current** candle is **smaller** than **previous** candle
- Meaning: Uncertainty, potential to break high or low of the candle
- You may place buy stop at high of the candle and sell stop at low of the candle



Outside Bar (OB)

- The size of **current** candle is **bigger** than **previous** candle
- Meaning: Price tends to follow the direction of OB candle
- You may place buy stop at high of the candle (bullish OB) or sell stop at low of the candle (for bearish OB)

Candlestick Pattern	
Daily	SELL ST
Weekly	BUY OB ←
Monthly	SELL



Candlesticks in MDZ Indicator

- D – Doji - (uncertainty, potential sign of reversal)
- ST – Spinning Top - (uncertainty)
- HH – Hammer/Hanging Man - (potential sign of reversal)
- IS – Inverted Hammer/Shooting Star - (potential sign of reversal)
- IB – Inside Bar
- OB – Outside Bar

GBPAUD		
1.82678		
<hr/>		
Spread	13	
Point Value	USD 0.77	
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Range		
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Daily	1463 62%	
Weekly	3072 75%	
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Candlestick Pattern		
<hr/>		
Daily	SELL ST	
Weekly	BUY OB	
Monthly	SELL	