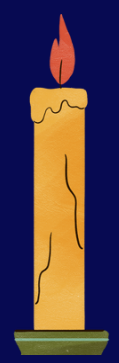


CANDLESTICK PATTERNS

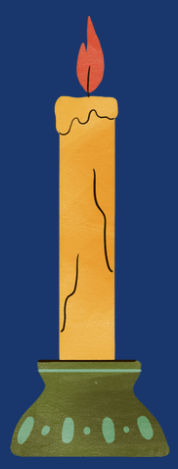
-Harami Candlestick Pattern

VOLUME-3

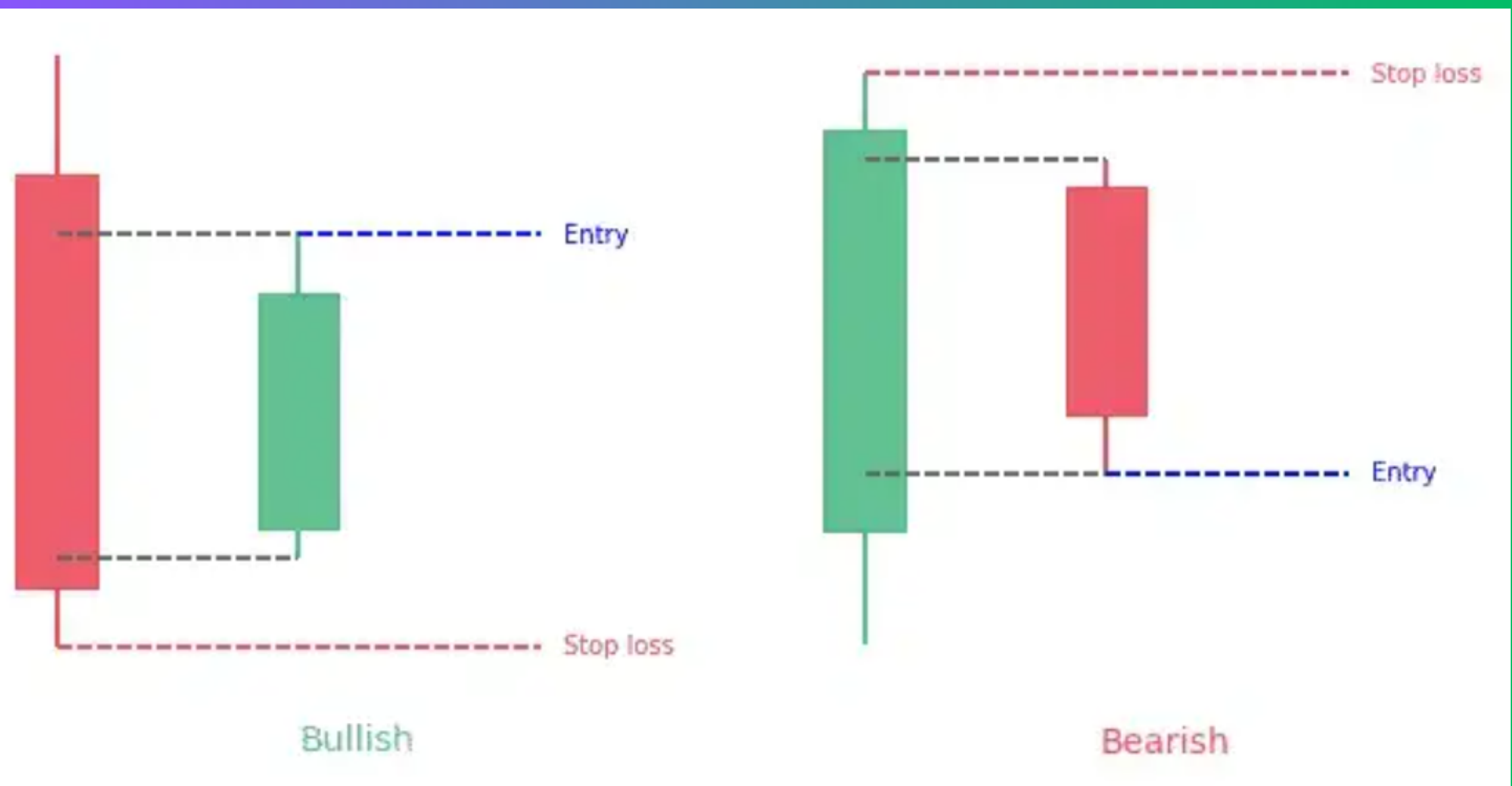


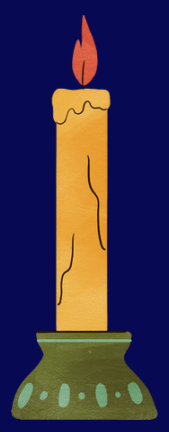
WHAT IS THE HARAMI CANDLESTICK PATTERN?

Although the term "Harami" is of Hindi origin, it is used in a different context in this video. In this particular context, **"Harami"** refers to an ancient Japanese term that denotes the concept of pregnancy or conception. By understanding this imagery, it becomes easier to grasp the candlestick formation being described. Specifically, we are referring to a two-candle pattern, where the first candle is larger in size and the second candle is noticeably smaller. To facilitate comprehension, the second candle is of a different color than the first. The Harami candlestick pattern suggests the possibility of a trend reversal. Moreover, there are two types of Harami patterns: the bearish and the bullish patterns.al through the utilization of additional indicators.



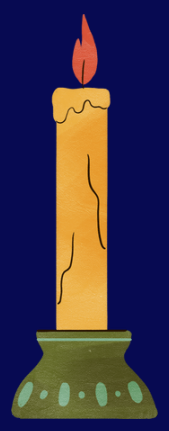
BULLISH & BEARISH HARAMI PATTERNS





HOW TO IDENTIFY THE HARAMI CANDLESTICK PATTERN?

The Harami candlestick pattern consists of two distinct candlesticks. The first candlestick is characterized by its substantial size, while the second one is noticeably smaller. Importantly, the second candlestick is entirely enclosed within the body of the first candlestick. This formation draws parallels to the Japanese word "Harami," which signifies the concept of pregnancy or conception. Conceptually, this pattern can be visualized as a depiction of a maternal figure represented by the larger body of the first candlestick, with the smaller body of the second candlestick contained within it.n order to accurately identify the Harami candlestick pattern and make informed trading decisions, several key criteria should be taken into consideration. Firstly, it is important to note the presence of an established trend, whether it be a downtrend or an uptrend.

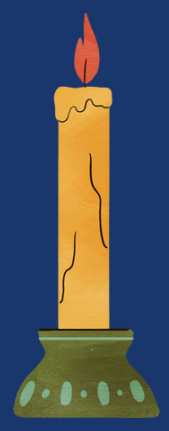


HOW TO IDENTIFY THE HARAMI CANDLESTICK PATTERN?

IThe first candle, also referred to as the main body, should align with the direction of the prevailing trend. This candle will exhibit the same color as the ongoing trend and possess a long body.

To qualify as a Harami candlestick pattern, the second candle must be entirely encompassed within the body of the first candle. All the price action, including the opening and closing prices, will occur within the boundaries of the first candle. The second candle will display a different color and have a smaller body compared to the larger candlestick.

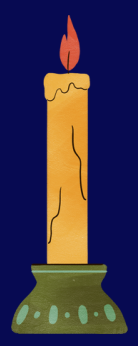
The primary condition for a Harami pattern is that the body of the second candlestick is contained within the body of the first candlestick. By carefully assessing these criteria, traders can effectively identify and interpret the Harami candlestick pattern in their trading strategies.



WHAT DOES THE HARAMI PATTERN TELL TRADERS?

The second or confirming candle holds significant importance in trading, serving as a valuable tool for traders to assess potential reversals or continuations. The Harami pattern, widely recognized in technical analysis, stands out for its ability to promptly signal a reversal, presenting traders with advantageous risk-reward ratios within a controlled risk framework. This early indication provides traders with substantial benefits and opportunities for gains.

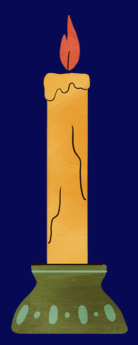
Utilizing the Harami candlestick pattern in technical analysis enables traders to swiftly identify ongoing downtrends and seek indications of momentum slowdown or potential reversals. During this analysis, it is crucial to observe that the size of the smaller candle does not exceed 25% of the larger candle. Moreover, traders will notice that the entire bullish candle is enclosed within the body of the preceding bearish candle, further strengthening the significance of this pattern in identifying potential trend reversals or slowdowns.



HOW TO TRADE WHEN YOU SEE THE HARAMI PATTERN?

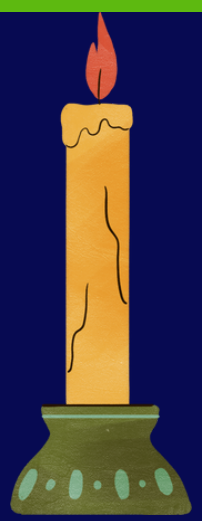
Following the occurrence of a bullish Harami pattern, accompanied by a price increase on the subsequent day, it may indicate an opportune moment to consider buying. In particular, when a bullish Harami pattern coincides with a break in the trendline, it can be interpreted as a potential buy signal. Conversely, if a bearish Harami pattern occurs, and on the day after there are further price reductions resulting in closures below the upward support trendline, it may suggest a possible sell opportunity. Therefore, the combination of a trendline break and a bearish Harami pattern can be viewed as a potential sell signal.

A bullish Harami pattern typically signifies a reversal and often manifests following a downtrend. Conversely, a bearish Harami pattern also indicates a reversal and tends to appear after an uptrend. It is prudent to adopt a comprehensive trading strategy that includes confirming each signal with other corroborating trading indicators, such as a trendline break, to enhance the validity and reliability of the trading decision.



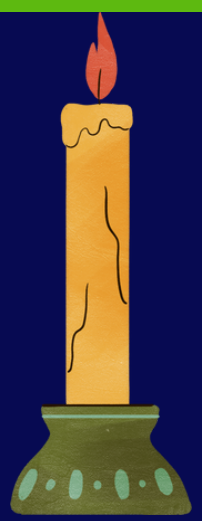
WHAT YOU SHOULD KNOW MORE FOR HARAMI

Technical analysts strive to efficiently analyze the vast amount of daily market performance data. To expedite this process, they rely on patterns observed in candlestick charts, which provide a valuable tool for gaining insights and making timely decisions. Among these patterns, the bullish Harami and its counterpart, the bearish Harami, play a significant role. These patterns are employed to effectively forecast potential reversals in price trends. Candlestick chart analysis offers a wide array of patterns that can offer reliable predictions regarding future trends. By leveraging these patterns, analysts can obtain valuable information for informed decision-making.



ANY OTHER PATTERNS RELATED TO HARAMI?

Two other significant candlestick patterns in technical analysis are the dark cloud cover and the piercing pattern. The dark cloud cover is a bearish reversal pattern consisting of two candles. In this pattern, the first candle has a long green body, and the market opens with an upward gap from the previous day's close. However, momentum weakens, and the gap quickly fills. Traders interpret this as a bearish signal. To confirm the dark cloud cover, the downward movement should continue, and prices should close below the midpoint of the previous day's body.



ANY OTHER PATTERNS RELATED TO HARAMI?

Conversely, the piercing pattern is a bullish pattern that contrasts with the dark cloud cover. This pattern is often observed in bear markets, characterized by long red candles. Similar to a typical bear market day, prices open lower than the previous day's close. However, bears lose control as the gap fills swiftly. When bulls take charge, prices continue to rise, resulting in a close above the midpoint. The red candle from the previous day serves as an indicator of this reversal.

Both the dark cloud cover and the piercing pattern offer valuable insights into potential market reversals, allowing traders to make informed decisions based on these observed patterns.

HOW DOES THE HARAMI PATTERN LOOK IN REAL LIFE?



The stock HSY printed a bearish Harami on 2000-07-26. It confirmed on 2000-08-16 (meaning price closed below entry level). It retested the trade entry level on 2000-08-17. Then it failed to reach the 2:1 R/R target and got stopped on 2000-09-18.



HOW DOES THE HARAMI PATTERN LOOK IN REAL LIFE?



The stock EVRG printed a bullish Harami on 2019-05-14 16:30:00. It confirmed on 2019-05-15 13:30:00 (meaning price closed above entry level). It retested the trade entry level on 2019-05-16 13:30:00. Then it successfully reached the 2:1 R/R target.



HOW DOES THE HARAMI PATTERN LOOK IN REAL LIFE?



The stock ES printed a bearish Harami on 1989-02-02. Unfortunately it invalidated on 1989-02-23 before the trade could trigger (it triggered the stop before entering).



HOW DOES THE HARAMI PATTERN LOOK IN REAL LIFE?



The stock SNA printed a bearish Harami on 2019-04-10 16:30:00. Unfortunately it invalidated on 2019-04-11 13:30:00 before the trade could trigger (it triggered the stop before entering).



HOW DOES THE HARAMI PATTERN LOOK IN REAL LIFE?



The stock CTAS printed a bullish Harami on 2019-06-10 17:30:00. Unfortunately it invalidated on 2019-06-11 14:30:00 before the trade could trigger (it triggered the stop before entering).



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