Index

• Symbols & Numerics •

%K (fast) stochastic oscillators, 263
%D (slow) stochastic oscillators, 263
5-day moving average, 253–254, 256, 257, 258–260
10-day moving average, 259–260
20-day moving average, 255, 256, 258–260
24-hour electronic trading high and low prices, futures, 36–37 volume, relationship to, 25
30-minute chart, 74–75
200-day moving average, 253

• A •

abandoned baby bearish, 229-231 bullish, 199-201 affordability and trading choices, 15 after-hours trading high and low prices, futures, 36-37 volume, relationship to, 25 Alcoa, 170, 171 Altera Corp., 304 Amazon.com, 269 American Express, 310–311 American Stock Exchange (AMEX), 33, 68 Amgen, Inc., 151–152 Analog Devices Inc., 206-207 Apple Computer, 93–94, 168, 169, 276, 292-293 Applebee's International, 221–222 Applied Materials, 268 Archer Daniels Midland, 227-228 Australian dollar currency futures, 129-130, 131-133, 190 automated trendlines, 250

• B •

bar charts candlestick chart, compared to, 19, 20, 317-319 defined, 10, 27-28 single line, 28 on Web sites, 53 BEA Systems, 220 bear market, defined, 22 Bear Stearns Companies, Inc., 147 bearish state candlestick charting and patterns, 20–22, 279 - 290closing price as body of candlestick, 38 defined, 96 double-stick patterns dark cloud cover, 172-174 doji star, 167-168 engulfing pattern, 156-158 harami, 159-161 harami cross, 161-164 inverted hammer, 164–167 meeting line, 168–172 neck lines, 180-183 piercing line, 172-174 separating lines, 178–180 thrusting lines, 175–177 sell indicators, 279-290 single-stick pattern belt hold, 113 doji, 90-94 gravestone doji, 90-94 long black candle, 84–90 long marubozus, 86-88 technical indicators entry, 280-290 exit, 282-290 moving averages (MA), 310–313 relative strength index (RSI), 279-285

bearish state (continued)	bullish state
technical indicators (continued)	belt hold, 113
reversal candlestick patterns, 279–290	buy signals
sell indicators, 279–290	harami, 129–130
short trading, 280–282, 285–290	harami cross, 131–134
stochastics, 285–290	long legged doji, 100–101
trendlines, 303–308	spinning top, 109–110
three-stick patterns	technical indicators, 267–277, 292–297
abandoned baby, 229–231 doji star, 226–229	candlestick charting and patterns, 20–22 272–277, 291–302
downside gap filled pattern, 242–245	closing price as body of candlestick, 38
downside tasuki gap, 240–242	double-stick patterns
evening star, 226–229	doji star, 137–139
side-by-side black line, 234–237	engulfing patterns, 124–128
side-by-side white line, 237–239	harami, 128–130
squeeze alert, 231–233	harami cross, 130–134
three black crows, 223–226	inverted hammer, 134–137
three inside down, 218–220	meeting line, 140–142
three outside down, 220–223	neck lines, 150–153
winning day, 20	piercing line, 142–144
beating the market, 17, 318	separating lines, 147–150
being long, 121. See also long trading	thrusting lines, 145–147
belt holds, 112–117	reversals, 272–277
BigCharts.com Web site, 52–54	single-stick pattern
Biotech Holders, 115–116	doji, 80–84
Bollinger, John (Bollinger band inventor),	dragonfly doji, 81–84
265–266	long white candle, 74–79
Bollinger bands, 265–266	white marubozu, 74–79
book	stochastics, 272–277
about, 1–2	technical indicators
author assumptions, 3	buy indicators, 267–277
conventions used in, 2	for buying, 292–297
icons, 5	for confirmation, 292–299
next steps, 6	long exit, 294–297, 301–302
organization, 3–5	moving averages (MA), 297–302
what to skip, 2	relative strength index (RSI), 267–272
Briefing.com, 46	reversal candlestick patterns, 267–277
Bristol-Myers Squibb, 209–210	stochastics, 272–277
brokers	stop levels, 294–297, 300–302
discount, 318, 322	trendlines, 292–297
electronic, trial accounts with, 15	three-stick patterns
electronic communication networks	abandoned baby, 199–201
(ECNs), 20	doji star, 196–198
futures, 35	morning star, 196–198
stock exchanges, 33	side-by-side black lines, 207–210
TradeStation, 70	side-by-side white lines, 204–207
uneven playing field for small investors,	squeeze alert, 201–204
321–322	three inside up, 188–190, 268–270
bull market, defined, 22	three outside up, 191–193

three white soldiers, 193–196	bullish
upside gap filled pattern, 214–216	continuation patterns, 291–297
upside tasuki gap, 210–213	reversal patterns, 267–277
as white candle on candlestick chart, 11,	single-stick pattern, 74–84
12, 21	three-stick patterns, 187–216
winning day, 20	continuation patterns
Burlington Northern Santa Fe Corp., 143,	bearish, 303–313
144	bullish, 291–297
buy signals. See also bullish state	double-stick patterns
harami, 129–130	bearish, 155–183
harami cross, 131–134	bullish, 123–153
long legged doji, 100–101	reversal patterns
spinning top, 109–110	bearish, 279–290
technical indicators, 267–277, 292–297	bullish, 267–277
	single-stick pattern
• C •	bearish, 84–94
	bullish, 74–84
calculating	market context dependency, 95–122
moving average (MA), 257	three-stick patterns
relative strength index (RSI), 261	bearish, 217–245
stochastic oscillators, 263	bullish, 187–216
Canadian dollar futures, 100, 102–103	Capital One Financial Corp., 104–105
candlestick charting	Caterpillar, Inc., 135, 136
advantages, 10–11, 18–25	CBOE (Chicago Board Options Exchange),
alternative charting methods, compared	34
to, 26–30	CenturyTel, 236–237
bar charts, compared to, 19, 20, 317–320	Chartered Market Technician (CMT), 317
bearish trends, 20–22	charts. See also candlestick charting
bullish trends, 20–22	bar charts
components, 11–12, 31–39	candlestick chart, compared to, 19, 20,
data requirements, 321	317–320
fundamental information on, 43–48	defined, 10, 27–28
history of, 18	single line, 28
misconceptions regarding, 317–324	on Web sites, 53
patterns, 12–13	creation of
prediction of future price moves, 22–23	BigCharts.com Web site, 52–54 CNBC.com Web site, 54–55
price patterns, 23–25	
reading ease, 19–20	Reuters.com Web site, 56–57
risks, 25–26	Yahoo! Finance Web site, 50–52 line charts
technical analysis, relationship to, 14	defined, 10, 27
understanding trading, 14–16	on Web sites, 51, 54–55, 56
candlestick patterns	point and figure charts, 10, 29–30
about, 12–13	Chicago Board Options Exchange (CBOE),
bearish	34
continuation patterns, 303–313	Chicago Mercantile Exchange (CME), 33, 34
reversal patterns, 279–290	Citigroup Inc., 312–313
single-stick pattern, 84–94	om510up mc., 012 010
three-stick patterns, 217–245	

closing price	technical indicators
as body of candlestick, 38	bearish, 283, 287, 289, 290, 303–308
as candlestick component, 12, 38–39	bullish, 291–299
defined, 38	combination, 303–308
closing white marubozu, 79	three-stick
CME (Chicago Mercantile Exchange), 33, 34	bearish, 234, 236
CMT (Chartered Market Technician), 317	bullish, 187, 204, 214
CNBC, 180	trendlines for, 292–297
CNBC.com Web site, 54–55	continuation
Coca-Cola, 233	bearish
combination technical indicators	double-stick patterns, 174–183
bearish patterns, 303–313	downside gap filled, 242–245
for confirmation, 303–308	downside tasuki gap, 240–242
moving averages (MAs), 310–313	neck lines, 180–183
for selling, 303–308	separating lines, 178–180
short trading	side-by-side black line, 234–237
entry, 306–308	side-by-side white line, 237–239
exit, 306–308, 311–313	single-stick patterns, 88
stop levels, 311–313	three-stick patterns, 234–245
trendlines, 303–308	thrusting lines, 175–177
combined moving average (MA), 258–260	bullish
Comcast, 216	double-stick patterns, 145–153
commissions, 322	inverted hammer, 134
commodities, futures markets	neck lines, 150–153
brokers, 35	separating lines, 147–150
high and low prices, 36	side-by-side black line, 207–210
lawnmower example, 35	side-by-side white line, 204–207
open interest on candlestick charts,	three-stick patterns, 204–216
40–42	thrusting lines, 145–147
price on the open, 32–35	upside gap filled, 214–216
trading day on, 20	upside tasuki gap, 210–213
components of candlestick charting, 11–12	double-stick patterns
computers. See software; Web sites	bearish, 174–183
confirmation	bullish, 145–153
bearish	single-stick patterns, 88
technical indicators, 283, 287, 289, 290,	three-stick patterns
303–308	bearish, 234–245
three-stick, 234, 236	bullish, 204–216
bullish	Convergys Corporation, 286
candlestick patterns, 292–297	cost
double-stick, 123, 134–137, 145–153	money needed to start trading, 318
technical indicators, 291–299	price of software, 67
three-stick, 187, 204, 214	real-time data, 68
combination technical indicators,	of trading, 14–15
303–308	currency futures, 36–37
double-stick, 123, 134–137, 145–153	,
single stick, 119–122	

• /) •	engulfing pattern, 156–158
•	harami, 159–161
dark cloud cover, 172–174	harami cross, 161–164
data	inverted hammer, 164–167
candlestick charting requirements, 321	meeting line, 168–172
integrity of, 108	neck lines, 180–183
for Microsoft Excel charts, 57–59	piercing line, 172–174
software, 68	separating lines, 178–180
day trading, risks of candlestick charting,	thrusting lines, 175–177
25	bullish state
Dell, 119–120, 174	doji star, 137–139
Devon Energy, 270–271	engulfing patterns, 124–128
DIA (Dow Jones Industrial Average ETF),	harami, 128–130
126, 157, 166	harami cross, 130–134
	inverted hammer, 134–137
Direct TV, 235–236	meeting line, 140–142
direction of trendlines, 249–250	neck lines, 150–153
discipline of trading, 15–16	piercing line, 142–144
discount brokers, 318, 322	separating lines, 147–150
Disney, 195–196	thrusting lines, 145–147
divergencies, relative strength index (RSI),	Dow Jones Industrial Average ETF (DIA),
262–263	126, 157, 166
dividend dates, as fundamental	
information, 44–45	downside gap
doji	filled pattern, 242–245
bearish pattern, 90–94	tasuki gap, 240–242
bullish, 80–84	downtrend signal, identifying, 96–97
as change signal, 80	See also confirmation
defined, 98, 161	See also continuation
doji star	See also reversal
bearish, 167–168	See also sell signals
bullish, 137–139	See also trading, successful and failing
dragonfly doji, 81–84	patterns
evaluating, 104–107	dragonfly doji, 81–84
gravestone doji, 90–94	drawing trendlines, 248–249
harami	DuPont, 244–245
bearish, 159–161	
bullish, 128–130	• <i>E</i> •
harami cross	
	earnings calendar web sites, 46
bearish, 161–164	earnings dates as fundamental information,
bullish, 130–134	45–46
long legged, 98–103	earnings seasons, 38
long trading, 104–105, 106	Earnings seasons, 36 Earnings.com, 46
market context for, 98–107	
short trading, 105–107	eBay, 230
double-stick patterns	ECN (electronic communication
bearish state	network), 20
dark cloud cover, 172–174	Edison International, 200–201, 214–215
doji star 167–168	efficiency of markets, 318

Electronic Arts, 192 electronic communication network (ECN), 20 electronic resources. See software; Web electronic trading, 32–35 EMA (exponential moving average), 255-257 engulfing pattern bearish, 156-158 bullish, 124-128 entry points bearish technical indicators, 282–285 long trading relative strength index (RSI), 268-270 stochastics, 271-274 short trading RSI, 280-285 stochastics, 286-290 technical indicators, bearish, 282-285 eSignal software, 69 ETF (exchange traded funds), 126 Euro currency futures, 111, 127, 171–172, 194–195, 197 evening star, 226-229 Excel software building chart, 59-60 data for, 57-58 format of data, 58-59 moving average (MA) on, 60-62 readability, 65–66 trendlines, 61, 63, 250 volume data, 64-66 exchange traded funds (ETF), 126 exit points bearish short technical indicators, 282 - 285bullish long technical indicators, 294–297, 300-302 long trading bullish technical indicators, 294-297, relative strength index (RSI), 270-272 stochastics, 274-277 short trading bearish technical indicators, 286-290 combination technical indicators, 306-308, 311-313

relative strength index (RSI), 282–285 stochastics, 288–290 Exxon Mobil, 239, 300–301



failing pattern. See trading, successful and failing patterns fast stochastic oscillators, 263 FedEx Corporation, 143, 144, 212-213 figure charts. See point and figure charts Financial Select Sector SPDR (XLF ETF), 135, 136, 164–165 First Horizon National, 288–289 focus and trader success, 318-317 Ford Motor Company, 306–305 full-time professional traders, 318-317 fundamental information on candlestick charts, 43-48 dividend dates, 44-45 earnings dates, 45-46 legal insider trading, 44, 47–48 stock splits, 46-47 futures markets brokers, 35 high and low prices, 36 lawnmower example, 35 open interest on candlestick charts, 40 - 42price on the open, 32-35 trading day on, 20



Gannett, 208–209
gap opening
gapped higher, 24
gapped lower, 24
prediction, 22–24
General Electric, 179–180, 295–296
get rich quick, trading to, 321
Globex, 33, 34
Google, 38–40
gravestone doji
bearish, 90–94
relative strength index (RSI), 280–281

• H •

hammer, 118-122 hanging man, 118-122 harami bearish, 159–161 bullish, 128-130 harami cross bearish, 161-164 bullish, 130-134 Harrah's Entertainment, 241–242 Hewlett Packard Co., 138, 139, 192-193 high price as candlestick component, 11, 12, 35–37 as wick on candlestick, 36 The Home Depot, Inc., 149–150 homework as practice, 15 Homma, Munehisa (rice trader), 18

•] •

IBM, 107, 130, 131 Illinois Tool Works, 211-212 Inco, 178, 179 indicators. See technical indicators Ingersoll Rand, 243-244 inside day, 159 Insider Trading Newsletter, 48 Intel, 168-169, 172-174, 225-226, 262, 264, international data on Reuters.com Web site, 56-57 International Paper Co., 146, 241 Internet. See Web sites intraday chart and long white candle, 74 - 75intraday trends, 25 inverted hammer bearish, 164–167 bullish, 134–137 Investor's Business Daily, 318 ITT, 199–200

Janus Capital Group, 198 Japanese Candlestick Charting Techniques (Nison), 18

Japanese Yen currency futures, 105, 106, 117, 158 Johnson Controls, 271 JP Morgan Chase, 232



Kohl's Stores, 122

• / •

Lane, George (mathematician), 263 left-handed mouse clicking, 49 legal insider trading, as fundamental information, 44, 47–48 line charts defined, 10, 27 on Web sites, 51, 54-55, 56 long black candle, 84–90 long legged doji, 98-103 long marubozus, 86–88 long trading belt hold, 114–117 doji, 104-105, 106 entry relative strength index (RSI), 268–270 stochastics, 271-274 exit bullish technical indicators, 294–297, 300-302 relative strength index (RSI), 270-272 stochastics, 274-277 hammer pattern, 119–120 long white candle, 74–79 low price as candlestick component, 11-12, 35-37 as wick on candlestick, 36

• M •

MA (moving average) bearish technical indicators, 310-313 bullish technical indicators, 297–302 calculating, 257 combined, 258-260 defined, 253 exponential moving average (EMA), 255-257

MA (moving average) (continued)	Millennium Pharmaceuticals, 222–223
on Microsoft Excel charts, 60–62	momentum, 175
periods for, 253	momentum oscillator, 261
simple, 253–255	money needed to start trading, 318
stochastic oscillators, compared to, 264	Monsanto, 238–239
as technical indicator	morning star, 196–198
bearish, 310–313	Mortimer, Thomas (commentator), 22
bullish, 297–302	Motorola Inc., 305–306
overview, 43–44, 253–260	moving average (MA)
utilizing, 253–260	bearish technical indicators, 310–313
weighted, 257	bullish technical indicators, 297–302
market, beating the, 17, 318	calculating, 257
market context and trends	combined, 258–260
belt holds, 112–117	defined, 253
confirmation. See confirmation	exponential moving average (EMA),
continuation. See continuation	255–257
dojis, 98–107	on Microsoft Excel charts, 60-62
hammer, 118–122	periods for, 253
hanging man, 118–122	simple, 253–255
identifying, 96–97	stochastic oscillators, compared to, 264
market trend, 96–97	as technical indicator
reversal. See reversal	bearish, 310–313
single-stick pattern, 95–122	bullish, 297–302
spinning tops, 108–112	overview, 43–44, 253–260
state of market, 96	utilizing, 253–260
market efficiency, 318	weighted, 257
market states, 96	MTA (Market Technicians Association), 317
Market Technicians Association (MTA), 317	myths, 317–324
MarketWatch.com Web site, 46, 108	•
marubozus	• N •
long marubozus, 86–88	· /v ·
white marubozu, 74–79	NASDAQ (National Association of
Masco, 280–281	Securities Dealers Automated
McDonald's, 299	Quotation System), 33, 68
meeting line	NBC, 179–180
bearish, 168–172	neck lines
bullish, 140–142	bearish, 180–183
Merck & Co, Inc., 310–310	bullish, 150–153
MetaStock software, 69–70	New Concepts in Technical Trading Systems
Microsoft, 38	(Wilder), 261
Microsoft Excel software	New York Mercantile Exchange (NYMEX), 34
building chart, 59–60	New York Stock Exchange (NYSE)
data for, 57–58	function of, 33
format of data, 58–59	real-time data, 68
moving average (MA) on, 60–62	trading day on, 20
readability, 65–66	Nison, Steve
trendlines, 61, 63, 250	Japanese Candlestick Charting
volume data, 64–66	Techniques, 18
,	NVMEY (New York Mercantile Eychange) 3/

• 0 •

one-stick patterns. See single-stick patterns O'Neil, William (publisher), 318 open interest, 40–42 opening price as body of candlestick, 32 as candlestick component, 11, 12, 32–35 opening white marubozu, 79 Option Price Authority, 68 orange juice futures, 162–163 overbought or oversold security, 279–280, 285. See also relative strength index (RSI)

• p •

paper trading, 15 patterns. See candlestick patterns Peabody Energy, 282–283 Pep Boys, 228-229 %D (slow) stochastic oscillators, 263 %K (fast) stochastic oscillators, 263 periods for moving average (MA), 253 piercing line bearish, 172-174 bullish, 142–144 pit trading, 32-35 Plumb Creek Timber, 275, 276 point and figure charts, 10, 29–30 Post Properties, Inc., 140–141 price of software, 67 price on the close as body of candlestick, 38 as candlestick component, 12, 38-39 defined, 38 price on the open as body of candlestick, 32 as candlestick component, 11, 12, 32-35 professional fees for real-time data, 68 professional traders short trading, 322 success of, 318-319

• Q •

QQQQ (Nasdaq-100 Index ETF), 293–295

• R •

Radio Shack, 283 range bound, 96 readability of Microsoft Excel charts, 65-66 real-time data, 68 relative strength index (RSI) bearish, 279-290 bullish, 268-272 calculating, 261 on candlestick charts, 43, 44 defined, 43, 267-268 entry long trading, 268–270 short trading, 280-285 long trading, 270–272 short trading, 282-285 long trading entry, 268-270 exit. 270-272 short trading entry, 280–285 exit, 282-285 stochastic oscillators, compared to, 264 as technical indicator bearish, 279-285 bullish, 267–272 overview, 260-263 resistance level as signal, 89 resources. See Web sites retail stock ETFs, 160-161 Reuters.com Web site, 56-57 reversal bearish abandoned baby, 229-231 dark cloud cover, 172-174 doji star, 167-168, 226-229 double-stick patterns, 155–174 engulfing pattern, 156–158 evening star, 226–229 harami, 159-161 harami cross, 161-164

reversal (continued)	RSI (relative strength index)
bearish (continued)	bearish, 279–290
inverted hammer, 164–167	bullish, 268–272
meeting line, 168–172	calculating, 261
piercing line, 172–174	on candlestick charts, 43, 44
squeeze alert, 231–233	defined, 43, 267–268
technical indicators, 279–290	entry
three black crows, 223–226	long trading, 268–270
three inside down, 218–220	short trading, 280–285
three outside down, 220–223	exit
three-stick patterns, 217–233	long trading, 270–272
bullish	short trading, 282–285
doji, 137–139	long trading
double-stick patterns, 124–145	entry, 268–270
engulfing patterns, 124–128	exit, 270–272
harami, 128–130	short trading
harami cross, 130–134	entry, 280–285
inverted hammer, 134–137	exit, 282–285
meeting line, 140–142	stochastic oscillators, compared to, 264
piercing line, 142–144	as technical indicator
squeeze alert, 201–204	bearish, 279–285
stochastics, 272–277	
technical indicators, 267–277	bullish, 267–272
	overview, 260–263
three inside up, 188–190, 268–270	rules for trading, 15–16, 164
three outside up, 191–193	
three-stick patterns, 187–204	• 5 •
three white soldiers, 193–196	
thrusting lines, 145–147	sell signals. See also bearish state
double-stick patterns	common, 23–24
bearish, 155–174	long legged doji, 102, 103
bullish, 124–145	reversal candlestick patterns, 279–290
fading or moderating trend, 159, 189	technical indicators
single-stick patterns	bearish, 279–290
belt holds, 112, 113	combination, 303–308
doji, 98, 104	separating lines
hanging man, 121	bearish, 178–180
open interest on candlestick charts, 42	bullish, 147–150
spinning top, 109–110	short-term trading, 318
stochastics, 272–277	short-term trends, candlestick charting, 25
technical indicators	short trading
bearish, 279–290	bearish technical indicators, 280–282,
bullish, 267–277	285–290
three-stick patterns	combination technical indicators,
bearish, 217–233	304–306, 310–313
bullish, 187–204	entry
risks of candlestick charting, 25–26	bearish technical indicators, 280–282,
Rockefeller, Barbara	286–290
Technical Analysis For Dummies, 14, 248	combination technical indicators,
rolling over, 102	306–308

relative strength index (RSI), 280–285 stochastics, 286–290 technical indicators, bearish, 280–282, 286–290 exit bearish technical indicators, 286–290 combination technical indicators, 306–308, 311–313 relative strength index (RSI), 282–285 stochastics, 288–290 technical indicators, bearish, 286–290 mechanics of, 26 as only for professionals, 322 reversal patterns, 156 technical indicators bearish, 280–282, 285–290 combination, 304–306, 310–313 side-by-side black lines bearish, 234–237 bullish, 207–210 side-by-side white lines bearish, 237–239 bullish, 204–207 simple moving average (MA), 253–255 single-stick patterns bearish doji, 90–94 gravestone doji, 90–94 long black candle, 84–90 long marubozus, 86–88 bullish doji, 80–84 dragonfly doji, 81–84 long white candle, 74–79 white marubozu, 74–79 market context dependency belt holds, 112–117 dojis, 98–107 hammer, 118–122 hanging man, 118–122 market trend, 96–97	price, 67 TradeStation, 70 what you will be trading, 68–69 Southern Company, 202, 203 soybean futures, 41–42, 115, 116 S&P 500 (Standard & Poor's 500 Index), 17 S&P 500 (Standard & Poor's 500 Index) futures, 109–110 specialist, 33 spinning tops, 108–112 squeeze alert bearish, 231–233 bullish, 201–204 standard deviation, 265–266 stochastics bearish technical indicators, 285–290 bullish technical indicators, 272–277 long trading entry, 271–274 exit, 274–277 reversals bearish, 279–290 bullish, 272–277 short trading, 285–290 technical indicators bearish, 285–290 bullish, 272–277 overview, 263–265 stock market, 33 stock screener, 57 stock splits as fundamental information, 46–47 stop orders and levels bearish engulfing pattern, 158 bullish technical indicators, 294–297, 300–302 combination technical indicators, 311–313 failed signal, 78 long black candle, 89 technical indicators bullish, 294–297
hammer, 118–122 hanging man, 118–122	failed signal, 78 long black candle, 89
market trend, 96–97 spinning tops, 108–112 state of market, 96	technical indicators, bullish, 294–297, 300–302 trendlines, 213
slow stochastic oscillators, 263 software. <i>See also</i> Microsoft Excel software data demands, 68	successful patterns. <i>See</i> trading, successful and failing patterns support, defined, 76
eSignal, 69 MetaStock, 69–70	Swiss Franc currency futures, 36–37, 308

• 7 •	exit, 306–308, 311–313
• •	moving averages (MAs) and bearish
T. Rowe Price Group, 224–225	patterns, 310–313
Target, 203	selling signals, 303–308
technical analysis	short trading, 304–313
art of, 325	stop levels, 311–313
backup system development, Red	trendlines and bearish patterns, 303–308
candlestick charting, relationship to, 14	moving average (MA)
complications and indecision, 325–326	bearish, 310–313
data sources, 326	bullish, 297–302
differing points of view, 324	overview, 43–44, 253–260
false signals, 323	reversal patterns, 279–290
multiple charts, 324–325	RSI. See relative strength index (RSI)
past results and future performance, 327	sell signals, 279–290, 303–313
ridicule from other investors, 324	stochastics
science of, 325	bearish, 285–290
as silly system, 317, 326–327	bullish, 272–277
single charts, 324–325	overview, 263–265
tips, 323–327	trendlines, 248–250, 291–297
Technical Analysis For Dummies	Texas Instruments, 271, 272
(Rockefeller), 14, 248	three black crows, 223–226
technical indicators	three-day pattern. See three-stick patterns
about, 42–43	three inside down, 218–220
bearish	three inside up, 188–190, 268–270
entry, 280–290	three outside down, 220–223
exit, 282–290	three outside up, 191–193
moving averages (MA), 310–313	three-stick patterns
relative strength index (RSI), 279–285	bearish
reversal candlestick patterns, 279–290	abandoned baby, 229–231
sell indicators, 279–290	doji star, 226–229
short trading, 280–282, 285–290	downside gap filled pattern, 242–245
stochastics, 285–290	downside tasuki gap, 240–242
trendlines, 303–308	evening star, 226–229
Bollinger bands, 265–266	side-by-side black line, 234–237
bullish	side-by-side white line, 237–239
buy signals, 267–277, 292–297	squeeze alert, 231–233
for confirmation, 292–299	three black crows, 223–226
exit, 294–297, 300–302	three inside down, 218–220
long trading, 294–297, 300–302	three outside down, 220–223
moving averages (MA), 297–302	bullish
relative strength index (RSI), 267–272	abandoned baby, 199–201
reversal candlestick patterns, 267–277	doji star, 196–198
stochastics, 272–277	morning star, 196–198
stop levels, 294–297, 300–302	side-by-side black lines, 207–210
trendlines, 292–297	side-by-side white lines, 204–207
combinations	squeeze alert, 201–204
for confirmation, 303–308	three inside up, 188–190, 268–270
entry, 306–308	three outside up, 191–193
J.	three white soldiers 193–196

upside gap filled pattern, 214–216	three black crows, 224–226
upside tasuki gap, 210–213	three inside down, 219–220
three white soldiers, 193–196	three inside up, 189–190
thrusting lines	three outside down, 221–223
bearish, 175–177	three outside up, 192–193
bullish, 145–147	three white soldiers, 194–196
Time Warner, 311–312	thrusting line, 145–147, 176–177
Toll Brothers, 121, 176	upside gap filled, 214–216
Toppel, Edward A.	upside tasuki gap, 211–213
Zen in the Markets, 102	trading day, defined, 20
traders	Trading Places (film), 162
electronic trading, 32–35	Transocean, Inc., 148–149, 163
success of professional, 318–317	trend confirmation. See confirmation
uneven playing field for small investors,	trend continuation. See continuation
321–322	trend followers, 145
TradeStation software, 70	trend reversal. See reversal
trading, misconceptions regarding,	trendlines
317–322	automated, 250
trading, successful and failing patterns	bearish technical indicators, 303-308
abandoned baby, 199–201, 230–231	bullish technical indicators, 292–297
belt hold, 117–118	direction of, 249–250
cost of, 14–15	drawing, 248–249
discipline, 15–16	on Microsoft Excel charts, 61, 63
doji	as stop indicators, 213
doji star, 138, 168	technical indicators
dragonfly doji, 83–84	bearish, 303–308
gravestone doji, 92–94	bullish, 292–297
long trading, 104–105, 106	overview, 248–250, 291–297
short, 105–107	trial accounts with electronic brokers, 15
doji star, 197–199, 227–229	triangle in bullish squeeze alerts, 202
engulfing pattern, 126–127, 157–158	Tribune Corporation, 219
evening star, 227–229	triple-stick patterns. See three-stick
harami, 129, 160–161	patterns
harami cross, 131, 162–164	two-stick patterns. See double-stick
inverted hammer, 134, 164–167	patterns
long black candle, 88–90	TXU, 274
long legged doji, 101–102	Tyson, 205–206
meeting lines, 140–141, 170–171	4.0
morning star, 197–199	• <i>U</i> •
neck lines, 151, 181–183	~
paper trading, 15	upside gap
piercing line, 143–144, 172–174	filled pattern, 214–216
rules for, 15–16, 164	tasuki gap, 210–213
separating lines, 148, 178–180	uptrend signal, identifying, 96–97
side-by-side black lines, 208–210	See also confirmation
side-by-side white lines, 205–207	See also continuation
spinning top, 110–112	See also reversal
squeeze alert, 202–204, 232–233	See also trading, successful and failing patterns

U.S. Steel, 182 U.S. Treasury bonds doji, 105, 106, 138–139 meeting line, 141–142 neck lines, 152–153, 181 short entry points, 279–282 stochastics, 275 three-stick patterns, 189 utility stocks, 202



volatility and gap opening, 22 volume after-hours trading as risk of candlestick charting, 25 on candlestick chart, 39–40 defined, 39 on Microsoft Excel charts, 64–66 Vornado Realty Trust, 289–290

• W

Wal-Mart, 114–115
Wall Street Journal, 1
Web sites
BigCharts.com, 52–54
Briefing.com, 46
candlestick resources, 50–57
CNBC.com, 54–55
data integrity, 108
earnings dates and calendars, 46

Earnings.com, 46
Investor's Business Daily, 320
MarketWatch.com, 46, 108
Reuters.com, 56–57
Yahoo!, 108
Yahoo! Finance, 46, 50–52
weighted moving average (MA), 257
white marubozu, 74–79
wick, on candlestick chart, 11, 12
Wilder, J. Welles
New Concepts in Technical Trading
Systems, 261



Xerox, 286–287 Xilinx, 230–231 XLF ETF (Financial Select Sector SPDR), 135, 136



Yahoo! Finance Web site, 46, 50–52 Yahoo! Web site, 108 Yum! Brands, 297–298



Zen in the Markets (Toppel), 102