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, 279–290
closing 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)
technical indicators (continued)
  reversal candlestick patterns, 279–290
  sell indicators, 279–290
  stochastics, 285–290
  trendlines, 303–308
three-stick patterns
  abandoned baby, 229–231
  doji star, 226–229
  downside gap filled pattern, 242–245
  downside tasuki gap, 240–242
  evening star, 226–229
  side-by-side black line, 234–237
  side-by-side white line, 237–239
  squeeze alert, 231–233
  three black crows, 223–226
  three inside down, 218–220
  three outside down, 220–223
  winning day, 20
beating the market, 17, 318
being long, 121. See also long trading
  belt holds, 112–117
  BigCharts.com Web site, 52–54
  Biotech Holders, 115–116
  Bollinger, John (Bollinger band inventor), 265–266
  Bollinger bands, 265–266
book
  about, 1–2
  author assumptions, 3
  conventions used in, 2
  icons, 5
  next steps, 6
  organization, 3–5
  what to skip, 2
Briefing.com, 46
Bristol-Myers Squibb, 209–210
brokers
  discount, 318, 322
  electronic, trial accounts with, 15
  electronic communication networks (ECNs), 20
  futures, 35
  stock exchanges, 33
  TradeStation, 70
uneven playing field for small investors, 321–322
bull market, defined, 22
bullish state
  belt hold, 113
  buy signals
    harami, 129–130
    harami cross, 131–134
    long legged doji, 100–101
    spinning top, 109–110
    technical indicators, 267–277, 292–297
  candlestick charting and patterns, 20–22,
    272–277, 291–302
  closing price as body of candlestick, 38
double-stick patterns
  doji star, 137–139
  engulfing patterns, 124–128
  harami, 128–130
  harami cross, 130–134
  inverted hammer, 134–137
  meeting line, 140–142
  neck lines, 150–153
  piercing line, 142–144
  separating lines, 147–150
  thrusting lines, 145–147
  reversals, 272–277
single-stick pattern
  doji, 80–84
  dragonfly doji, 81–84
  long white candle, 74–79
  white marubozu, 74–79
stochastics, 272–277
technical indicators
  buy indicators, 267–277
  for buying, 292–297
  for confirmation, 292–299
  long exit, 294–297, 301–302
  moving averages (MA), 297–302
  relative strength index (RSI), 267–272
  reversal candlestick patterns, 267–277
  stochastics, 272–277
  stop levels, 294–297, 300–302
trendlines, 292–297
three-stick patterns
  abandoned baby, 199–201
  doji star, 196–198
  morning star, 196–198
  side-by-side black lines, 207–210
  side-by-side white lines, 204–207
  squeeze alert, 201–204
  three inside up, 188–190, 268–270
  three outside up, 191–193
three white soldiers, 193–196
upside gap filled pattern, 214–216
upside tasuki gap, 210–213
as white candle on candlestick chart, 11, 12, 21
winning day, 20
Burlington Northern Santa Fe Corp., 143, 144
buy signals. See also bullish state
harami, 129–130
harami cross, 131–134
long legged doji, 100–101
spinning top, 109–110
technical indicators, 267–277, 292–297

• C •
calculating
移动 average (MA), 257
relative strength index (RSI), 261
stochastic oscillators, 263
Canadian dollar futures, 100, 102–103
candlestick charting
advantages, 10–11, 18–25
alternative charting methods, compared to, 26–30
bar charts, compared to, 19, 20, 317–320
bearish trends, 20–22
trend偏向, 20–22
components, 11–12, 31–39
data requirements, 321
fundamental information on, 43–48
history of, 18
misconceptions regarding, 317–324
patterns, 12–13
prediction of future price moves, 22–23
price patterns, 23–25
reading ease, 19–20
risks, 25–26
technical analysis, relationship to, 14
understanding trading, 14–16
candlestick patterns
about, 12–13
bearish
continuation patterns, 303–313
reversal patterns, 279–290
single-stick pattern, 84–94
three-stick patterns, 217–245
bullish
continuation patterns, 291–297
reversal patterns, 267–277
single-stick pattern, 74–84
three-stick patterns, 187–216
continuation patterns
bearish, 303–313
bullish, 291–297
double-stick patterns
bearish, 155–183
bullish, 123–153
reversal patterns
bearish, 279–290
bullish, 267–277
single-stick pattern
bearish, 84–94
bullish, 74–84
market context dependency, 95–122
three-stick patterns
bearish, 217–245
bullish, 187–216
Capital One Financial Corp., 104–105
Caterpillar, Inc., 135, 136
CBOE (Chicago Board Options Exchange), 34
CenturyTel, 236–237
Chartered Market Technician (CMT), 317
charts. See also candlestick charting
bar charts
candlestick chart, compared to, 19, 20, 317–320
defined, 10, 27–28
single line, 28
on Web sites, 53
creation of
BigCharts.com Web site, 52–54
CNBC.com Web site, 54–55
Reuters.com Web site, 56–57
Yahoo! Finance Web site, 50–52
line charts
defined, 10, 27
on Web sites, 51, 54–55, 56
point and figure charts, 10, 29–30
Chicago Board Options Exchange (CBOE), 34
Chicago Mercantile Exchange (CME), 33, 34
Citigroup Inc., 312–313
closing price
as body of candlestick, 38
as candlestick component, 12, 38–39
defined, 38
closing white marubozu, 79
CME (Chicago Mercantile Exchange), 33, 34
CMT (Chartered Market Technician), 317
CNBC, 180
CNBC.com Web site, 54–55
Coca-Cola, 233
combination technical indicators
bearish patterns, 303–313
for confirmation, 303–308
moving averages (MAs), 310–313
for selling, 303–308
short trading
entry, 306–308
exit, 306–308, 311–313
stop levels, 311–313
trendlines, 303–308
combined moving average (MA), 258–260
Comcast, 216
commissions, 322
commodities, futures markets
brokers, 35
high and low prices, 36
lawnmower example, 35
open interest on candlestick charts, 40–42
price on the open, 32–35
trading day on, 20
components of candlestick charting, 11–12
computers. See software; Web sites
confirmation
bearish
technical indicators, 283, 287, 289, 290, 303–308
three-stick, 234, 236
bullish
candlestick patterns, 292–297
double-stick, 123, 134–137, 145–153
technical indicators, 291–299
three-stick, 187, 204, 214
combination technical indicators, 303–308
double-stick, 123, 134–137, 145–153
single stick, 119–122
technical indicators
bearish, 283, 287, 289, 290, 303–308
bullish, 291–299
combination, 303–308
three-stick
bearish, 234, 236
bullish, 187, 204, 214
trendlines for, 292–297
continuation
bearish
double-stick patterns, 174–183
downside gap filled, 242–245
downside tasuki gap, 240–242
neck lines, 180–183
separating lines, 178–180
side-by-side black line, 234–237
side-by-side white line, 237–239
single-stick patterns, 88
three-stick patterns, 234–245
thrusting lines, 175–177
bullish
double-stick patterns, 145–153
inverted hammer, 134
neck lines, 150–153
separating lines, 147–150
side-by-side black line, 207–210
side-by-side white line, 204–207
three-stick patterns, 204–216
thrusting lines, 145–147
upside gap filled, 214–216
upside tasuki gap, 210–213
double-stick patterns
bearish, 174–183
bullish, 145–153
single-stick patterns, 88
three-stick patterns
bearish, 234–245
bullish, 204–216
Convergys Corporation, 286
cost
money needed to start trading, 318
price of software, 67
real-time data, 68
of trading, 14–15
currency futures, 36–37
dark cloud cover, 172–174
data
candlestick charting requirements, 321
integrity of, 108
for Microsoft Excel charts, 57–59
software, 68
day trading, risks of candlestick charting, 25
Dell, 119–120, 174
Devon Energy, 270–271
DIA (Dow Jones Industrial Average ETF), 126, 157, 166
Direct TV, 235–236
direction of trendlines, 249–250
discipline of trading, 15–16
discount brokers, 318, 322
Disney, 195–196
divergencies, relative strength index (RSI), 262–263
dividend dates, as fundamental information, 44–45
doji
bearish pattern, 90–94
bullish, 80–84
as change signal, 80
defined, 98, 161
doji star
bearish, 167–168
bullish, 137–139
dragonfly doji, 81–84
evaluating, 104–107
gravestone doji, 90–94
harami
bearish, 159–161
bullish, 128–130
harami cross
bearish, 161–164
bullish, 130–134
long legged, 98–103
long trading, 104–105, 106
market context for, 98–107
short trading, 105–107
double-stick patterns
bearish state
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
bullish state
doji star, 137–139
engulfing patterns, 124–128
harami, 128–130
harami cross, 130–134
inverted hammer, 134–137
meeting line, 140–142
neck lines, 150–153
piercing line, 142–144
separating lines, 147–150
thrusting lines, 145–147
Dow Jones Industrial Average ETF (DIA), 126, 157, 166
downside gap
filled pattern, 242–245
tasuki gap, 240–242
downtrend signal, identifying, 96–97
See also confirmation
See also continuation
See also reversal
See also sell signals
See also trading, successful and failing patterns
dragonfly doji, 81–84
drawing trendlines, 248–249
DuPont, 244–245
earnings calendar web sites, 46
earnings dates as fundamental information, 45–46
earnings seasons, 38
Earnings.com, 46
eBay, 230
ECN (electronic communication network), 20
Edison International, 200–201, 214–215
efficiency of markets, 318
Electronic Arts, 192
electronic communication network (ECN), 20
electronic resources. See software; Web sites
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, 282–285
bullish long technical indicators, 294–297, 300–302
long trading
bullish technical indicators, 294–297, 300–302
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

• F •
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, 40–42
price on the open, 32–35
trading day on, 20

• G •
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
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
international data on Reuters.com Web site, 56–57
International Paper Co., 146, 241
Internet. See Web sites
intraday chart and long white candle, 74–75
intraday 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
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) on Microsoft Excel charts, 60–62
periods for, 253
simple, 253–255
stochastic oscillators, compared to, 264
as technical indicator
bearish, 310–313
bullish, 297–302
overview, 43–44, 253–260
utilizing, 253–260
weighted, 257
market, beating the, 17, 318
market context and trends
belt holds, 112–117
confirmation. See confirmation continuation. See continuation
dojis, 98–107
hammer, 118–122
hanging man, 118–122
identifying, 96–97
market trend, 96–97
reversal. See reversal
single-stick pattern, 95–122
spinning tops, 108–112
state of market, 96
market efficiency, 318
market states, 96
Market Technicians Association (MTA), 317
MarketWatch.com Web site, 46, 108
marubozus
long marubozus, 86–88
white marubozu, 74–79
Masco, 280–281
McDonald’s, 299
meeting line
bearish, 168–172
bullish, 140–142
Merck & Co Inc., 310–310
MetaStock software, 69–70
Microsoft, 38
Microsoft 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
Millennium Pharmaceuticals, 222–223
momentum, 175
momentum oscillator, 261
money needed to start trading, 318
Monsanto, 238–239
morning star, 196–198
Mortimer, Thomas (commentator), 22
Motorola Inc., 305–306
moving average (MA)
bearish technical indicators, 310–313
bullish technical indicators, 297–302
calculating, 257
defined, 253
exponential moving average (EMA), 255–257
on Microsoft Excel charts, 60–62
periods for, 253
simple, 253–255
stochastic oscillators, compared to, 264
as technical indicator
bearish, 310–313
bullish, 297–302
overview, 43–44, 253–260
utilizing, 253–260
weighted, 257
MTA (Market Technicians Association), 317
myths, 317–324
NASDAQ (National Association of Securities Dealers Automated Quotation System), 33, 68
NBC, 179–180
neck lines
bearish, 180–183
bullish, 150–153
New Concepts in Technical Trading Systems (Wilder), 261
New York Mercantile Exchange (NYMEX), 34
New York Stock Exchange (NYSE)
function of, 33
real-time data, 68
trading day on, 20
Nison, Steve
Japanese Candlestick Charting Techniques, 18
NYMEX (New York Mercantile Exchange), 34
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)

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 traders
short trading, 322
success of, 318–319
QQQQ (Nasdaq-100 Index ETF), 293–295
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
exit
  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)
bearish (continued)
  inverted hammer, 164–167
  meeting line, 168–172
  piercing line, 172–174
  squeeze alert, 231–233
  technical indicators, 279–290
  three black crows, 223–226
  three inside down, 218–220
  three outside down, 220–223
  three-stick patterns, 217–233
bullish
doji, 137–139
double-stick patterns, 124–145
engulfing patterns, 124–128
harami, 128–130
harami cross, 130–134
inverted hammer, 134–137
meeting line, 140–142
piercing line, 142–144
squeeze alert, 201–204
stochastics, 272–277
technical indicators, 267–277
  three inside up, 188–190, 268–270
  three outside up, 191–193
  three-stick patterns, 187–204
  three white soldiers, 193–196
  thrusting lines, 145–147
double-stick patterns
  bearish, 155–174
  bullish, 124–145
fading or moderating trend, 159, 189
single-stick patterns
  belt holds, 112, 113
doji, 98, 104
  hanging man, 121
  open interest on candlestick charts, 42
  spinning top, 109–110
stochastics, 272–277
technical indicators
  bearish, 279–290
  bullish, 267–277
three-stick patterns
  bearish, 217–233
  bullish, 187–204
risks of candlestick charting, 25–26
Rockefeller, Barbara
  Technical Analysis For Dummies, 14, 248
rolling over, 102

RSI (relative strength index)
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
exit
  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
rules for trading, 15–16, 164

• S •
sell signals. See also bearish state
  common, 23–24
  long legged doji, 102, 103
reversal candlestick patterns, 279–290
  technical indicators
    bearish, 279–290
    combination, 303–308
separating lines
  bearish, 178–180
  bullish, 147–150
short-term trading, 318
short-term trends, candlestick charting, 25
short trading
  bearish technical indicators, 280–282, 285–290
  combination technical indicators, 304–306, 310–313
entry
  bearish technical indicators, 280–282, 286–290
  combination technical indicators, 306–308
Index

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
spinning tops, 108–112
state of market, 96
slow stochastic oscillators, 263
software. See also Microsoft Excel software
data demands, 68
eSignal, 69
MetaStock, 69–70
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, 300–302
trendlines, 213
successful patterns. See trading, successful
and failing patterns
support, defined, 76
Swiss Franc currency futures, 36–37, 308
T. Rowe Price Group, 224–225
Target, 203
technical analysis
art of, 325
backup system development, Red
candlestick charting, relationship to, 14
complications and indecision, 325–326
data sources, 326
differing points of view, 324
false signals, 323
multiple charts, 324–325
past results and future performance, 327
ridicule from other investors, 324
science of, 325
as silly system, 317, 326–327
single charts, 324–325
tips, 323–327
Technical Analysis For Dummies
(Rockefeller), 14, 248
technical indicators
about, 42–43
bearish
entry, 280–290
exit, 282–290
moving averages (MA), 310–313
relative strength index (RSI), 279–285
reversal candlestick patterns, 279–290
sell indicators, 279–290
stochastics, 285–290
trendlines, 303–308
Bollinger bands, 265–266
bullish
buy signals, 267–277, 292–297
for confirmation, 292–299
exit, 294–297, 300–302
long trading, 294–297, 300–302
moving averages (MA), 297–302
relative strength index (RSI), 267–272
reversal candlestick patterns, 267–277
stochastics, 272–277
stop levels, 294–297, 300–302
trendlines, 292–297
combinations
for confirmation, 303–308
entry, 306–308
moving averages (MA) and bearish
patterns, 310–313
selling signals, 303–308
short trading, 304–313
stop levels, 311–313
trendlines and bearish patterns, 303–308
moving average (MA)
bearish, 310–313
bullish, 297–302
overview, 43–44, 253–260
reversal patterns, 279–290
RSI. See relative strength index (RSI)
sell signals, 279–290, 303–313
stochastics
bearish, 285–290
bullish, 272–277
overview, 263–265
trendlines, 248–250, 291–297
Texas Instruments, 271, 272
three black crows, 223–226
three-day pattern. See three-stick patterns
tree inside down, 218–220
tree inside up, 188–190, 268–270
tree outside down, 220–223
tree outside up, 191–193
three-stick patterns
bearish
abandoned baby, 229–231
doji star, 226–229
downside gap filled pattern, 242–245
downside tasuki gap, 240–242
evening star, 226–229
side-by-side black line, 234–237
side-by-side white line, 237–239
squeeze alert, 231–233
tree inside down, 218–220
tree outside down, 220–223
bullish
abandoned baby, 199–201
doji star, 196–198
morning star, 196–198
side-by-side black lines, 207–210
side-by-side white lines, 204–207
squeeze alert, 201–204
tree inside up, 188–190, 268–270
tree outside up, 191–193
tree white soldiers, 193–196
Index

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

• U •
upside gap filled pattern, 214–216
  tasuki gap, 210–213
uptrend signal, identifying, 96–97
See also confirmation
See also continuation
See also reversal
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

• V •

  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

• X •

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

• Y •

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

• Z •

  Zen in the Markets (Toppel), 102