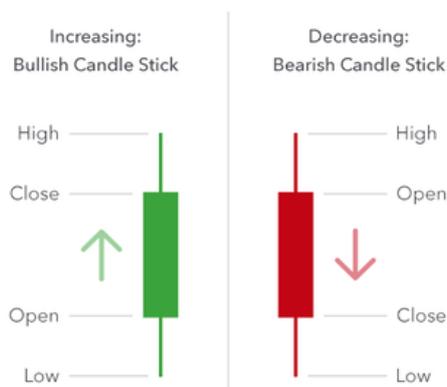


CANDLESTICK CHART

These show exactly the same data as bar charts but represent the information slightly differently. Here the body of the candle signifies the open to close range, the wick is the high/low range, and the colour displays whether the price has gone up or down.

Traditionally, candlesticks charts were always shown in black and white, but most charting platforms now use red and green instead.

- A red (or black) body signifies a period in which the price has decreased
- A green (or white) body signifies a period in which the price has increased

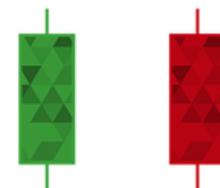


Candlesticks are generally the most popular type of chart with traders, as they are able to convey a large amount of data quickly, in a visually pleasing and easily-digestible format. Certain patterns also tend to be easier to spot on a candlestick chart compared to a line or bar chart. Looking at that same five-minute FTSE chart, it's arguably easier to distinguish the market movements and trends on the candlestick chart than on the bar chart.



The shape of each candlestick can also give you clues as to the balance between buying and selling pressure in the market. For example, if a candlestick has a long green body, it shows there's a lot of buying pressure. If it has a long red body, there's considerable selling pressure.

Long Body Candles



Candlesticks with short bodies and long wicks indicate that there was considerable pressure in one direction, but for some reason, the price was pushed back before the end of that period.

Long Shadows

