JWS TRADING SERIES

02

CHARTS & CANDLESTICK PATTERNS

Learn to read what the market is telling you.

LEARN · PRACTISE · PROTECT

VOLUME 02 OF 03

WELCOME

Before we start

A price chart looks like chaos until someone shows you what you're looking at. After that, it's a story: every candle is a small battle between buyers and sellers, and patterns are just battles that tend to end the same way often enough to be worth knowing.

This volume teaches you to read that story — candle anatomy, the handful of patterns worth learning first, and the two ideas that make patterns meaningful: trend and support/resistance.

One warning before we start: patterns tilt the odds, they never guarantee anything. Anyone who tells you otherwise is selling something.

— Shannon

CHAPTER ONE

Anatomy of a candlestick

Each candle summarises one block of time — a minute, an hour, a day, whatever timeframe you've chosen. It shows four prices: where that period opened, the highest it reached, the lowest it reached, and where it closed.

- Body — the thick part, drawn between the open and close. A green body closed higher than it opened (buyers won); a red body closed lower (sellers won).
- Wicks (shadows) — the thin lines above and below, showing the extremes price reached before being pushed back.
- Big body, small wicks = conviction. Small body, big wicks = a fight with no winner.

Timeframes

The same market looks different on different timeframes. Beginners do best on the 4-hour and daily charts — slower, less noisy, and far fewer false signals than the 1-minute chart that burns out new traders.

SHANNON'S NOTE

Read the chart right to left. What's the last candle saying, and does the story behind it agree?

VISUAL GUIDE

Six patterns to recognise first

Green = bullish (buyers in control) · Red/hollow = bearish (sellers in control)

Hammer

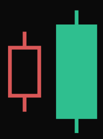
Long lower wick after a fall — sellers pushed price down, buyers slammed it back. Possible reversal up.

Shooting Star

Long upper wick after a rise — buyers tried, sellers won. Possible reversal down.

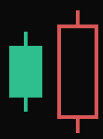
Doji

Open and close almost equal. Indecision — wait for the next candle to confirm.



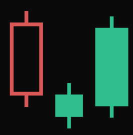
Bullish Engulfing

A green body fully swallows the prior red body. Buyers have taken over.



Bearish Engulfing

A red body fully swallows the prior green body. Sellers have taken over.



Morning Star

Down candle, small pause candle, strong up candle — a classic bottoming pattern.

No pattern works on its own. Location is everything: a hammer sitting on a support level that price has bounced from before means far more than a hammer floating mid-chart. Treat patterns as evidence, never as guarantees.

CHAPTER THREE

Trend, support and resistance

Trend

An uptrend makes higher highs and higher lows; a downtrend makes lower highs and lower lows. The oldest advice in trading is also the most ignored: trade with the trend. A bullish pattern inside an uptrend is a tailwind; the same pattern fighting a downtrend is usually a trap.

Support and resistance

Support is a price area where falling markets have repeatedly stopped and bounced; resistance is where rising markets have repeatedly stalled. They're visible memory — levels where lots of traders previously acted, and tend to act again.

- Patterns matter most AT these levels. A hammer at strong support is a real signal; a hammer in the middle of nowhere is noise.
- When resistance finally breaks, it often becomes new support (and vice versa).

> **SHANNON'S NOTE**
>
> Draw your levels on a clean chart before you look for patterns. Levels first, patterns second, trade ideas last.

CHAPTER FOUR

Putting it together — a simple reading routine

This is the exact sequence to run every time you open a chart. It takes five minutes and prevents most impulsive trades:

- 1. Zoom out (daily chart). What's the trend? Up, down, or sideways?
- 2. Mark the two or three most obvious support and resistance levels.
- 3. Where is price right now relative to those levels? Near a level = interesting. Mid-range = usually nothing to do.
- 4. Only now look for a candlestick pattern at the level, agreeing with the trend.
- 5. If all three line up — trend, level, pattern — you have a setup worth considering. If not, close the chart. 'No trade' is a position.

Practise without paying for it

Use your exchange's demo mode or simply mark predictions on the chart and journal the outcome. Fifty journalled practice reads will change how you see charts forever — and cost you nothing.

KEY TAKEAWAYS

My chart-reading routine

- [ ] I checked the trend on the daily before anything else
- [ ] My support and resistance levels are drawn
- [ ] Price is actually at a level — not mid-range
- [ ] The pattern agrees with the trend
- [ ] I've journalled the setup, including if I chose NOT to trade
- [ ] I remembered: patterns are odds, not promises

ABOUT

Journey With Shannon

I'm Shannon — founder of JWS and a lifelong learner sharing the journey as I go. This series documents what I'm learning about trading, in plain language, the same way my fitness guides document exactly how I train. I'm not a financial adviser and I'm not selling a strategy. I'm sharing the homework.

If these guides help you, the best way to support the journey is to follow along:

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IMPORTANT

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Cryptocurrency is high-risk and largely unregulated. Prices are extremely volatile, and leverage multiplies both gains and losses. You can lose all of the money you put in — never trade with money you cannot afford to lose.

Crypto assets and the platforms that offer them may not be protected by the consumer safeguards that apply to regulated financial products in your country. Consider speaking with a licensed financial adviser before making investment decisions.

Past performance — mine, anyone's, or any pattern's — is not an indicator of future results. Shannon and JWS accept no liability for any loss arising from the use of this material.

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Keep going.

Next: Volume 03 — risk management and psychology, the part that actually decides whether you survive.

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