2 Powerful Price Patterns
&
Simple Truth About Trends
Price Action Analysis

Interpreting the **OPEN**, **HIGH**, **LOW**, & **CLOSE** on a Price Bar or Candlestick & comparing it to the Prior Price Bar or Candlestick provides insight into what the Market may likely do next.

**BAR CHARTS (Price Bars) or CANDLESTICKS**

**RANGE**: Confirms Momentum

**CLOSE**: Confirms Price Action

Price Action Analysis helps a Trader...

*Identify insight into what the Market is likely going to do next.*
BULLISH Outside Vertical Bar (BUOVB) / BULLISH Engulfing Pattern

- HIGH & LOW must exceed Prior Bar’s HIGH & LOW; CLOSE in Top Quarter of Bar
- USED at logical SUPPORT in an established UPTREND

BUOVB (BULLISH OVB)

BUOVB (BULLISH OVB)

BULLISH ENGULFING

BULLISH ENGULFING
Inside Vertical Bar (IVB) at SUPPORT / BULLISH Harami

- HIGH & LOW both INSIDE Prior Bar’s Range
- Does NOT MATTER where the Bar Closes
- USED at logical SUPPORT in an established UPTREND

**BUY ENTRY**

**PROFIT OBJECTIVE**
(2X Range of IVB)

**ISL**

IVB (Inside Vertical Bar)
BEARISH Outside Vertical Bar (BEOVB) / BEARISH Engulfing Pattern

- LOW & HIGH must exceed Prior Bar’s LOW & HIGH; CLOSE in Bottom Quarter of Bar
- USED at logical RESISTANCE in an established DOWNTREND
Inside Vertical Bar (IVB) at RESISTANCE / BEARISH Harami

- LOW & HIGH both INSIDE Prior Bar’s Range
- Does NOT MATTER where the Bar Closes
- USED at logical RESISTANCE in an established DOWNTREND

IVB (Inside Vertical Bar)
The Simple Truth About Trends

Only 3 Primary Waves (or Trends) in the Markets:

1) UPTREND – Higher Highs & Higher Lows
2) DOWNTREND – Lower Highs & Lower Lows
3) SIDEWAYS Market – Relatively Equal Highs & Equal Lows

Identifying which Wave the Market is in is vital to successful trading. The Simple Truth About Trends is all about pure Price Action! These simple principles form the cornerstone of any consistently successful Trading Methodology.
UPTREND: Higher Highs (HHs) & Higher Lows (HLs)
DOWNTREND: Lower Lows (LLs) & Lower Highs (LHs)
SIDEWAYS Market: Relatively Equal Highs & Equal Lows
UPTREND reversing into DOWNTREND

DOWNSIDE Penetration of the most recent Higher Low (HL)

UPTREND potentially reversing into a DOWNTREND with DOWNSIDE penetration of most recent HL
HL (most recent Higher Low)

HH

LL (Lower Low)
DOWTREND reversing into UPTREND

UPSIDE Penetration of the most recent Lower High (LH)

DOWNTREND potentially reversing into an UPTREND with UPSIDE penetration of most recent LH
2 Powerful BULLISH Price Patterns

@ logical SUPPORT in an established UPTREND

BUOVB (BULLISH OVB)

IVB (INSIDE Vertical Bar)

BULLISH ENGULFING

BULLISH HARAMI
2 Powerful BEARISH Price Patterns

@ logical RESISTANCE in an established DOWNTREND

BEOVB (BEARISH OVB)

BEARISH ENGULFING

IVB (INSIDE Vertical Bar)

BEARISH HARAMI

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