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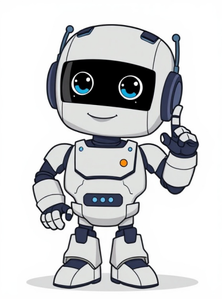

Bar patterns are useful tools for price action traders to time trades and find logical stop-loss points. Learning about these patterns can help traders improve their skills. Here are 10 bar patterns that you need to know. 1. **Reversal Bar Patterns**: These bars indicate a change in market direction, such as a bullish reversal bar going below the low of the previous bar before closing higher, or a bearish reversal bar going above the high of the last bar before closing lower. 2. **Key Reversal Bar**: A key reversal bar is a specific instance of a reversal bar with clearer signs of a reversal. It has a price gap and indicates a strong change in market sentiment. 3. **Exhaustion Bar**: An exhaustion bar shows a failed last-ditch attempt by bears or bulls, leading to the other side taking over. 4. **Pinocchio Bar (Pin Bar)**: This bar pattern looks like Pinocchio's nose and is used to identify trick traders who are caught in the wrong direction. 5. **Two-Bar Reversal**: A two-bar reversal pattern consists of two strong bars closing in opposite directions, indicating a clear rejection of a downward or upward thrust. 6. **Three-Bar Reversal**: This three-bar reversal pattern shows a turning point and is more conservative than other patterns, using the third bar to confirm the market's direction change. 7. **Three-Bar Pullback**: A pullback pattern consists of three consecutive bearish bars forming a bullish pullback or vice versa, indicating that the trend is ready to resume. 8. **Volatility Bar Patterns**: These bars indicate changes in price volatility and can be used as trading opportunities. 9. **Inside Bar**: An inside bar is a contraction in price range/volatility within the same unit time frame and indicates a pause in price action. 10. **NR7**: This pattern is similar to other reversal patterns but with different characteristics, making it essential for traders to learn more about it. according to market trend,Wait for a breakout of the inside bar and trade its failure.Read: A Twist on the inside BarWhat does it look like?An outside bar pattern is the polar opposite of an inside bar.Its range must exceed that of the previous bar with a higher high and a lower low.What does it mean?It is a short-term expansion in price range/volatility. It shows strength in both directions.In most cases, it is uncertain if the bulls or the bears have won. The only certainty is the increased volatility.How do we trade it?10. NR7 What does it look like?This bar pattern requires seven bars. If the last bar has the smallest bar range within the sequence, it is an NR7 pattern.To clarify, bar range refers to the difference between the high and the low of a bar.What does it mean?Like the inside bar, it indicates decreasing volatility.As the lower volatility comes within the context of seven bars, instead of a single bar like in the case of an inside bar, the NR7 pattern is a stronger sign of decreasing volatility.However, while the inside bar shows no strength in either direction, the NR7 pattern might drift upwards or downwards. In such cases, the NR7 represents a price thrust with decreasing volatility.As the market alternates between range contraction and range expansion, the NR7 alerts us to standby for explosive moves.How do we trade it?Buy break-out of the high of the last bar if the trend is upSell break-out of the low of the last bar if the trend is downRead: NR7 Trading StrategyWhat’s Next? Hybrid Patterns These ten patterns are not mutually exclusive. In fact, many combinations produce valid bar patterns.Here are some examples:Beyond Bar Patterns Bar patterns alone will not offer a trading edge.Common strategies incorporate market bias analysis, chart patterns, and volume analysis into the mix. Bar patterns form just one facet of a price-based trading approach.Bar patterns represent just one aspect of a price-based trading plan. The Pin Bar Pattern (Reversal or Continuation)A pin bar pattern consists of one price bar, typically a candlestick price bar, which represents a sharp reversal and rejection of price. The pin bar reversal as it is sometimes called, is defined by a long tail, the tail is also referred to as a “shadow” or “wick”. The area between the open and close of the pin bar is called its “real body”, and pin bars generally have small real bodies in comparison to their long tails.The tail of the pin bar shows the area of price that was rejected, and the implication is that price will continue to move opposite to the direction the tail points. Thus, a bearish pin bar signal is one that has a long upper tail, showing rejection of higher prices with the implication that price will fall in the near-term. A bullish pin bar signal has a long lower tail, showing rejection of lower prices with the implication that price will rise in the near-term.How to Trade with Pin BarsWhen trading pin bars, there are a few different entry options for traders. The first, and perhaps most popular, is entering the pin bar trade “at market”. That simply means you enter the trade at the current market price.Note: the pin bar pattern must be closed out before entering the market based on it. Until the bar is closed as a pin bar pattern, it’s not really a pin bar yet.Another entry option for a pin bar trading signal, is entering on a 50% retrace of the pin bar. In other words, you would wait for price to retrace to about the halfway point of the entire pin bar’s range from high to low, or its “50% level”, where you would have already placed a limit entry order.A trader can also enter a pin bar signal by using an “on-stop” entry, placed just below the low or above the high of the pin bar.Here’s an example of what the various pin bar entry options might look like:Trading Pin Bar Signals in a Trending MarketTrading with the trend is arguably the best way to trade any market. A pin bar entry signal, in a trending market, can offer a very high-probability entry and a good risk to reward scenario.In the example below, we can see a bullish pin bar signal that formed in the context of an up-trending market. This type of pin bar shows rejection of lower prices (note the long lower tail), so it’s called a “bullish pin bar” since the implication of the rejection reflected in the pin bar is that the bulls will resume pushing price higher…Trading Pin Bars against the Trend, From Key Chart LevelsWhen trading a pin bar counter to, or against a dominant trend, it’s widely accepted that a trader should do so from a key chart level of support or resistance. The key level adds extra ‘weight’ to the pin bar pattern, just as it does with counter-trend inside bar patterns. Any time you see a point in the market where price initiated a significant move either up or down, that is a key level to watch for pin bar reversals.Pin bar Combo PatternsPin bars can also be traded in combination with other price action patterns. In the chart below, we can see an inside pin bar combo pattern. This is a pattern in which the inside bar is also a pin bar pattern. These inside pin bar signals work best in trending markets like we see below…The pattern in the chart below could be considered the ‘opposite’ of the inside-pin bar, it’s an inside bar inside a pin bar signal. It’s relatively common to see an inside bar form within the range of a pin bar pattern. Often, a large breakout move will follow an inside bar formed within a pin bar’s range, for this reason, the pin bar + inside bar combo setup is a very potent price action trading pattern, as we can see in the chart below…Double Pin Bar PatternsIt is not uncommon to see back-to-back or “double pin bar patterns” from at key levels in the market. These patterns are traded just like a normal pin bar, except they provide a trader with a little more ‘confirmation’ since they reflect two consecutive rejections of a level…Pin Bar Trading TipsAs a beginning trader, it’s easiest to learn how to trade pin bars in-line with the dominant daily chart trend, or ‘in-line with the trend’. Counter-trend pin bars are a bit trickier and take more time and experience to become proficient at.Pin bars basically show a reversal in the market, so they are a very good tool for predicting the near-term, and sometimes long-term, direction of price. They often mark major tops or bottoms (turning points) in a market.Not every pin bar is going to be one worth trading. The best ones occur in strong trends after a retrace to support or resistance within the trend, or from a key chart level of support or resistance.As a beginner, keep your eyes peeled for daily chart time frame pin bars as well as 4 hour chart time frame pin bars, as they seem to be the most accurate and profitable.Longer tails on a pin bar indicate a moreTailed bars are crucial in understanding market trends and making informed trading decisions. They offer a wealth of information about the market's potential movements, allowing traders to make data-driven decisions. The proper stop loss placement is vital before starting live trading. A well-placed stop loss can save you from getting stopped out before the trade becomes a huge winner. Small tailed bars and long tailed bars, excluding pin bars, are crucial to consider. These bars have significant tails but lack perfection to be considered as pin bar signals. A classic example of a tailed bar is shown in the chart below. It was a bullish tailed bar that formed at a support level within an overall uptrend; it led to a strong push higher. Note, however, that it was not a bullish pin bar because the lower tail wasn't quite long enough and the upper tail was slightly too long. Other common tailed bar patterns include inside bar patterns, where an inside bar forms after a pin bar and within its structure, and fakey pin bar combo setups. These patterns can be identified on charts and used to enter trades. Letterman patches on polyester jackets are a symbol of achievement for students who excel in their chosen subject or sport. These jackets were originally designed for high school and college athletes to showcase their varsity team affiliation, but they have become popular among students across various institutions. The cost of letterman jacket patches is $30 each, and varsity jackets themselves can be quite warm due to their thick fabric. However, the warmth is also part of their appeal, making them a stylish and functional piece of clothing. Varsity letters are highly valued in colleges as they demonstrate a student's capabilities and dedication to their sport or field. Including varsity letters in college applications can significantly improve one's chances of admission. Sleeve stripes are an alternative to chevrons on some jackets, but chevrons remain the most traditional option for recognizing academic or athletic achievements. Varsity letter recipients typically receive a certificate and a pin or patch, which serve as symbols of their accomplishment. The cost of a varsity jacket varies depending on the type, with standard collared jackets starting at $259 and hooded jackets priced at $279. Participating in junior varsity (JV) sports can also earn students a letter, although this is usually denoted by a different pin or patch than those earned for varsity teams. Chevrons are insignia used by military forces and police to denote rank, but on varsity jackets, they typically appear on the sleeve. Varsity letters can be earned in various fields beyond sports, including academics, marching band, and other extracurricular activities. The number of games or competitions required to earn a letter varies depending on the sport or activity, but generally, it involves participating in at least half of the scheduled events during a season. The Coaches Award is an annual recognition given by coaches to athletes who demonstrate exceptional spirit and dedication throughout the season. This award serves as a culmination of one's hard work and achievements. The psychology behind pin bar patterns is rooted in market manipulation by big players. A bullish trend is disrupted when sellers trigger sell orders at the resistance level, but market makers fake out retail traders by taking the price above this zone before dropping it below, initiating a bearish trend. This long wick on the pin bar represents the fake-out tactic. A key aspect of trading with pin bars is understanding their difference from Doji candles. While both indicate indecision in the market, pin bars signify a reversal in the trend. Retail traders should avoid following big banks or institutional traders to profit, as they often engage in stop-loss hunting. Pin bar candlesticks can be used to draw important key levels by analyzing high or low points on their tails. These levels are significant because they represent strong support and resistance areas left behind by market players. To increase the probability of winning trades, use a higher timeframe analysis. A good method for trading these levels is by using a S&R flip level drawn from the high or low of the pin bar's long tail on a lower timeframe. Engulfing patterns at these key levels can indicate profitable trades in the direction of the main trend. Support and Resistance Levels in Trading: Understanding Price Action Signals ###ENDARTICLEThe pin bar pattern is a chart pattern that can be easily understood, much like Pinocchio's long nose. The small body and long wick indicate that the market has been "lying" to us, resulting in a long wick, similar to Pinocchio's nose. Some may confuse the pin bar pattern with the spinning top candlestick pattern, but they are different. While both patterns have a small body, the spinning top has upper and lower wicks, whereas the pin bar does not. The spinning top signals indecision between buyers and sellers, whereas the pin bar indicates that the market is likely to move in a specific direction. When it comes to the direction of price action after the appearance of the pin bar, there are two types: Reversal and Continuation. The reversal pin bar suggests that the price will likely reverse and change trends, often found at the bottom of trends or close to important key levels such as support and resistance. A bearish reversal pin bar has its long wick facing upward, typically preceding a bullish reversal. On the other hand, a bullish reversal pin bar has its long wick facing downward, usually before a continuation. The continuation pin bar indicates that the current trend will likely continue, often seen during strong trends near strong dynamic support and resistance levels like the 9 EMA. Like its counterpart, the continuation pin bar has its wick in the opposite direction to the continuation pattern. For instance, a bullish continuation pin bar has its wick beneath, while a bearish continuation pin bar has its wick above. To identify valid pin bars on your chart, consider the following factors: Pin bars tend to be more reliable when they appear on higher timeframes, such as the 4-hour or daily charts. When trading pin bars on smaller timeframes, wait for confirmation from the larger timeframe. Pin bars that form around key levels, like support and resistance zones, Fibonacci retracement zones, moving averages, or pivotal price areas, are more reliable. Market conditions also play a crucial role in identifying valid pin bar patterns. Ideal scenarios include: A bearish continuation pin bar below strong resistance, a bullish reversal pin bar near a strong area of support, or a bullish continuation pin bar above a strong support level. In its bearish version, the pattern is valid when the pin bar appears between the bullish and bearish candles. Trading pin bars can be confusing due to false signals and patterns that often act as continuations rather than reversals. To ensure it provides a reversal signal, use technical indicators like RSI, Stochastics, or Fibonacci levels. Combining chart patterns with Fibonacci retracements is effective in spotting perfect reversals. The bullish pin bar pattern appears in a downtrend, marking the end of the bearish trend and signaling a bullish trend reversal. In conclusion, understanding pin bar patterns can be crucial for traders looking to identify trends and make informed trading decisions. By combining this knowledge with technical indicators and market conditions, traders can increase their chances of success. The Pin Bar Trading Strategy is an effective approach for beginners and experienced traders alike, as it reduces the burden of overanalysis when getting out of the trade. This pattern occurs at the end of an uptrend or during a correction in the market, suggesting a bearish reversal and providing a short-sell trading signal. The appearance of a pin bar candle formation indicates weakening bullish momentum, making it an opportune time to enter a short sell position or exit a long position.

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