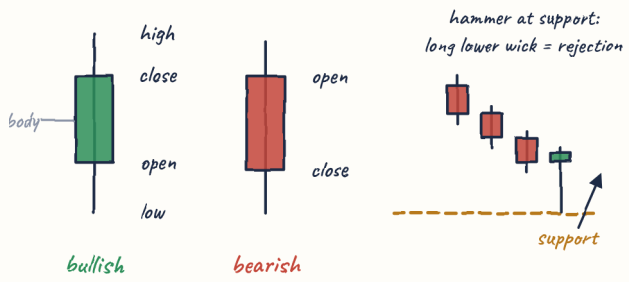
XAUUSD Global · study note

Candlesticks

A candle shows four prices for one period: open, high, low and close. The body runs from open to close; the wicks show how far price travelled and came back.



Key points

- Bullish candle: close above open. Bearish candle: close below open. (Colours are a chart setting.)
- Where the candle closes inside its range says the most: near the high, buyers finished in control; near the low, sellers did.
- A long lower wick shows price pushed down and rejected; a long upper wick shows rejection from above.
- Judge size against recent candles and the ATR, not in dollars alone: a $10 candle is big on a quiet day and normal on CPI day.
- Gold trades almost 24 hours, so each candle usually opens at the previous close. Gap rules from stock books rarely apply.

How traders use it

1. Mark your level first: support, resistance or a swing.
2. Wait for the candle to close at the level. A hammer or engulfing candle there means more than one in the middle of nowhere.
3. Put the stop beyond the candle's wick plus a buffer. A close beyond the wick proves the idea wrong.

Watch out

- ✗ Acting before the candle has closed.
- ✗ Reading patterns on the release candle of CPI or NFP.
- ✗ Forgetting the timeframe: an M1 hammer means far less than an H4 one.

Key line: **Location first, pattern second: a candle only matters where it forms.**