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Here we go,

I am an Intraday and Options Trader, trading for over the last 4 years, and I observe that **“I need to trade for more than 7 profitable days in a Bullish Market to make the same amount of money that I can make in 1 day in a Bearish Market”**.

Because,

When the market starts Rising – people do a lot of research, studies, and predictions, and also get cautious before investing their money – As a result market rises Slowly, but in reverse, when the market starts falling, everyone wants to get out of it and starts selling in Panic resulting in a market crash and that’s what a trader need to identify – and for this we need to identify **Bearish Candlesticks Patterns** to capture such moves.

So, I am here to share my top “**7 Bearish Candlestick Patterns**” that give me the most predictable results in day to day Trading.

Top 7 Bearish Candlestick Patterns

1. Hanging Man
2. Shooting Star
3. Dark Cloud Cover
4. Bearish Engulfing
5. Bearish Harami
6. Bearish Belt Hold
7. Evening Star

Let's discuss them one by one.

Note:-

Single or Double Candlesticks (as mentioned in this article) are mostly short-term Signals [often 2 – 5 candlesticks (details below)] either Bearish or Bullish because these Candlestick Patterns don't give any Exit levels – so it is better to exit the trade once the price starts rising again or closes above the previous Red Candle.

You can take [this article](#) as a reference for finding the right Entry and Exits based on the type of trading strategy you are using.

01. Hanging Man



Hanging Man Candlestick Pattern (On The Daily Chart Of HDFC Bank On 15-Feb-2023)

Hanging Man Candlestick at a Glance,

- **Formation:** During an Uptrend/Top of the Trend
- **Result:** Bearish Reversal
- **Potential Direction:** Downward
- **Confirmation:** Sometimes needs a Following Bearish Candle
- **Drawback:** It doesn't give any Targets/Exit Levels

What is a Hanging Man Candlestick Pattern?

The hanging man is a Bearish Candlestick Pattern that appears during an Uptrend which signals a potential reversal in an Uptrend. It formed at the end of an uptrend where a Candle opens a Gap Up but the price starts falling immediately leaving no wick on the upper side (as shown in the image above).

It consists of a small body with a lower wick that is doubled or even larger the size of the body – suggesting that the sellers have entered the market and the Buyers have lost control and the price should fall from here.

Where Does the Hanging Man Candlestick Form?

Hanging Man Candlestick forms during an Uptrend/top of the trend (not an aggressive Bull Run needed, but a mild rise in price or a few Bullish Candle, and then it forms – it works well) which tells that the price will likely fall from here.

Is Hanging Man Candlestick Bullish or Bearish?

Hanging Man Candlestick is a Bearish Candlestick Pattern, which forms at the top of the bullish/positive trend, indicating Profit Booking at the upper levels – which will ultimately turn the Market Bearish.

Q. Does Hanging Man Candlestick need Confirmation?

Often, No – the Hanging Man Candlestick Pattern, doesn't need confirmation, if formed at the current high levels and is separated from the rest of the chart (like, a Gap Up open forms a Hanging Man) – but sometimes it needs confirmation with a Bearish Candle whose wick wouldn't get higher than the Hanging Man Candlestick's wick.

How to Trade Hanging Man Pattern?

As you know, Hanging Man is a Bearish Candlestick, So you need to enter a short trade upon seeing a Hanging Man, but remember that this Candlestick is a short-term reversal pattern, usually 3 to 5 following Candles.

So, the best way to trade Hanging Man is to enter a short trade near the low of the next

Red Candle or an aggressive approach is to enter the trade near the day/candle closing of the Hanging Man or at the opening of the next day/candle and stay in the trade till the downward movement remains intact.

But Remember – **Hanging Man Candlestick doesn't provide any price targets** – so Exit the trade once the price starts moving up/closes above the previous red candle/or if the price moves higher than the Hanging Man Candlestick.

Here is an example of a Hanging Man Candlestick.



ICI Bank Fell Nearly 7% After The Formation Of Hanging Man Candlestick Pattern

02. Shooting Star



Shooting Star Candlestick Pattern

Shooting Star Candlestick at a Glance

- **Formation:** On Top of the Trend
- **Result:** Bearish Reversal
- **Potential Direction:** Downward
- **Confirmation:** Often needs a Following Bearish Candlestick
- **Drawback:** Shooting Star does not give any Exit or Target

What is a Shooting Star Candlestick Pattern?

A shooting Star candlestick indicates a possible reversal in an uptrend and the price of the asset may start to fall shortly.

Shooting Star forms when an asset price is pushed higher significantly (as the new buyers enter in FOMO) but then rejected (as the sellers become active) from the higher levels and closed near the opening price, leaving a very small red/green body and a long upper wick – indicates that the current uptrend might not continue.

Where Does the Shooting Star Candlestick Form?

A shooting star candlestick forms normally during an uptrend or end of an uptrend which indicates a possible reversal in the price of the asset class. (It can be formed anywhere but when Shooting star forms, it means sellers will now dominate from here)

Is Shooting Star Candlestick Bullish or Bearish?

Shooting Star Candlestick is a Bearish candlestick that indicates a reversal in the price of the security and possibly the end of the uptrend/bull run.

Does Shooting Star Candlestick need Confirmation?

Usually not, but sometimes it needs confirmation following a red candlestick that closes below the body of the Shooting Star pattern indicating that the sellers are strong enough to outrank the buyers and the price will fall from here.

How to Trade Shooting Star Patterns?

First of all, find the pattern and analyze the current trend, as shown in the image below, when a shooting star forms during an uptrend and appears red, and the next candle opens gap down – then just go for a short trade depending upon which time frame you are measuring (take [this article](#) as a reference).

But when the shooting star occurs and appears green, wait for the next candle to close below the body of the shooting star candlestick, and then initiate a short trade only after two to three candles.

Here is a Perfect Example of a Shooting Star Candlestick

Candlestick



Share Of ITC Fell More Than 24% After A Shooting Star Candlestick Formation On The Chart

03. Dark Cloud Cover



Dark Cloud Cover Candlestick at a Glance

- **Formation:** During an Uptrend
- **Result:** Shift in momentum to the Downside following a price rise.
- **Potential Direction:** Downward/Bearish
- **Confirmation:** somewhere Needed (a following Red Candle)
- **Needed:** Both the Green and Red Candle should be Typically Large (as shown in the image) and the red candles should Open the Gap up following the green candle
- **Drawback:** No Exit or Target is predefined.

What is a Dark Cloud Cover Candlestick Pattern?

A Dark Cloud Cover candlestick is a potential Bearish reversal candlestick that indicates a reversal in the trend from Upwards to Downward.

Dark Cloud Cover consists of two candlesticks, The first is a green candle (usually a big candle), and the second is a red candle that opens GapUp due to the current uptrend but closes half below the previous Green Candlestick – and combining both green and red candle known as Dark Cloud Cover.

Where Does the Dark Cloud Cover Candlestick Form?

Usually Dark Cloud Cover forms at the end of the uptrend/higher levels but it can also be formed after a short-term price rise (basically it can be formed during a bullish trend) indicating a bearish reversal/shift in momentum from upward to downward.

Is Dark Cloud Cover Bullish or Bearish?

Dark Cloud Cover is a Bearish Reversal Candlestick pattern consisting of one green and one red candlestick indicating a pause in the uptrend and a fall in the price of the security.

Does Dark Cloud Cover Candlestick need Confirmation?

Usually Yes, Dark Cloud Cover Candlestick needs confirmation with a following red candlestick that at some point moves below the body/wick of the Pattern's Red candle (the candle can be doji or something but it should be red), and if not then the next candle needs to open Gap Down for a validation of the trend reversal.

How to Trade Dark Cloud Cover Pattern?

First of all, Spot the Dark Cloud Cover Candlestick Pattern, then wait for confirmation following – either a gap down candlestick or a red candle moving below the pattern's red candle and only then enter the trade. Next, determine your strategy based on your trading style, and remember – you need to stay for only three to four candlesticks or exit when the price starts rising again.

Example of Dark Cloud Cover Candlestick.



Reliance Industries Fell More Than 16% After The Formation Of Dark Cloud Cover Candlestick Pattern

04. Bearish Engulfing



Bearish Engulfing Candlestick at a Glance

- **Formation:** During an Uptrend / During Consolidation
- **Result:** Fall in the Price / Downward / Bearish
- **Potential Direction:** Downward
- **Confirmation:** Usually no confirmation is needed but a following red candle would be better to enter the trade.
- **Drawback:** Again, No Exit or Target provided

What is a Bearish Engulfing Candlestick Pattern?

The Bearish Engulfing Candlestick is a powerful Bearish candlestick pattern that indicates a possible reversal of the trend from upwards to downward. It is a

technical chart pattern that indicates that the control of the security has changed the hand from Buyers to Sellers, and the price will start to fall from here.

It consists of a small Green Candle following a big Red Candle that completely engulfs/covers the previous Green Candle suggesting that the seller has taken over that buyer and now the lower price is on the way.

Where Does the Bearish Engulfing Candlestick Form?

During a tense situation. Bearish Engulfing Candlestick usually forms during an uptrend or top of the chart, but it can also form during a consolidation where the buyers will be outnumbered by the sellers.

Is Bearish Engulfing Candlestick Bullish or Bearish?

Bearish Engulfing Candlestick is a bearish Candlestick as mentioned in the name which occurs when Buyers lose control after pushing the market higher and bears pull the price down completely covering the previous green candle – indicating that the price will fall from here.

Does Bearish Engulfing Candlestick need Confirmation?

Often No, Bearish Engulfing Candlestick doesn't need confirmation at all, but a following Red Candlestick moving below the body of the pattern's red Candlestick would be like icing on the cake to enter the trade with confidence.

How to Trade Bearish Engulfing Pattern?

First of all, identify the trend, set your Entry point after the confirmation, and then initiate a short trade but analyzing the situation is a must-do part, because then only it is

clear how long the reversal trend will continue, and exit once the price starts rising again or closes above the previous candle.

Here is an example of a Bearish Engulfing Candlestick.



HDFC Bank Fell Nearly 6% After Bearish Engulfing Candlestick Formation

05. Bearish Harami



- **Formation:** On the Top of the Trend
- **Result:** Reverse in the Upward Momentum and the price starts to fall
- **Potential Direction:** Downward / Bearish
- **Confirmation:** Yes, A following Red Candle

What is a Bearish Harami Candlestick Pattern?

Bearish harami is a Bearish Reversal Candlestick that occurs on top of the Bullish Trend that indicates a possible Trend Reversal to the Downside.

It is a Japanese term that means a Pregnant Lady, as the Pattern consists of two candles which the first candle is a big Green candle and the second one is a small Red Candle appearing inside the Green candle that combined look like a Pregnant woman.

Where Does the Bearish Harami Candlestick Form?

The Bearish harami Candlestick forms at the top of the Bullish Trend which indicates a possible Trend Reversal or sometimes it also forms when the price starts to fall indicating a strong Bearish market ahead.

Is Bearish Harami Candlestick Bullish or Bearish?

It is a Bearish Candlestick where the candles form in such a way that the Buyers want to move the price higher but sellers are strong enough to hold the price and outnumber the buyers and it is time to book profit – hence the price starts to fall.

Does Bearish Harami Candlestick need Confirmation?

Yes, Bearish Harami Candlestick needs confirmation following a Red candlestick that either opens the gap down or moves below the Pattern's Red Candle

How to Trade Bearish Harami Pattern?

First of all, as usual, Identify the Pattern and the Trend, and if the pattern occurs on top of the trend and a following red candle appears then initiate a short trade immediately after the following candle exits and stay in the trade till the price rises again or closes above the previous candle. And if you are a risky trader then you can place the stop loss at the high of the Pattern's red candle.

Here is an example of a Bearish Harami Candlestick.



TCS Fell More Than 33% After The Bearish Harami Candlestick Formation On The Daily Chart

06. Evening Star



- **Formation:** On top of the Trend, and mostly formed by a GapUp
- **Result:** Shift in momentum from Bullish to Bearish
- **Potential Direction:** Downward / Bearish
- **Confirmation:** Yes, a Following Red Candle would be better
- **Drawback:** No Entry and Exit Provided

What is an Evening Star Candlestick Pattern?

The Evening Star is a Technical Candlestick Pattern that is used to determine a potential shift in the asset price from upward to Downward. It is usually formed at the top of the trend after a long Bullish Trend or near the reversal level.

It forms occasionally but is a very reliable indicator for a technical analyst to identify a potential Bearish Reversal in the price of a security. It is just the opposite of [Morning Star Candlestick](#).

Where Does the Evening Star Candlestick Form?

Evening Star Candlestick forms at the top of the Trend, mostly after a long Bullish trend, and indicates a potential shift in the momentum of the asset from upwards to downward.

Is Evening Star Candlestick Bullish or Bearish?

Evening Star is a Bearish Reversal Candlestick pattern that is used by technical analysts to predict a future reversal in the trend.

Does Evening Star Candlestick need Confirmation?

Yes, the Evening Star Candlestick needs confirmation following a red candlestick drowning lower from the Evening Star candlestick. Here is what it looks like –

1. **A large Green Candle** – that represents a strong Bullish Trend
2. **A small Candle** – Either Red or Green which is known as Star
3. **A large Red Candle** – That closes half below or totally covering the first Bullish Candle.

How to Trade Evening Star Patterns?

Trading Evening Star is relatively easy as you just need to find the pattern and confirm it along with indicators like RSI, MACD, and Price Oscillator and then initiate the trade after the close of the third Red Candle and stay in the trade till the price again starts rising.

Here is an example of an Evening Star Candlestick.



Share Of Infosys Tanks 15% After Double Evening Star Candlestick Formation On The Daily Chart

07. Bearish Belt Hold



- **Formation:** Top of the Bullish Trend
- **Result:** Usually Bearish (Confirmation Needed)
- **Potential Direction:** Downward
- **Confirmation:** (Must) A following RED Candle closing with a body lower than the Bearish belt hold's wick.

What is a Bearish Belt Hold Candlestick Pattern?

Bearish Belt Hold is a Single Candlestick Pattern that signals a potential shift in the momentum from Bullish to Bearish as seems an aggression of a seller or indicates that the sellers now became active and the price may start to fall.

Bearish Belt Hold is not as reliable as others because it forms frequently but when it forms at the start of the day/First Candle of the day and a following lower red candle forms then it becomes super strong signaling a significant fall in the price of that asset.

Where Does the Bearish Belt Hold Candlestick Form?

Bearish Belt-hold Candlestick forms can form at any point of the chart but its real potential will be seen when it forms as the first candle of the day.

Is Bearish Belt Hold Candlestick Bullish or Bearish?

Bearish Belt Hold Candlestick Pattern as the name suggests – is a Bearish candlestick Pattern that indicates a reversal in the price of the asset from bullish to bearish.

Does Bearish Belt Hold Candlestick need Confirmation?

Yes, the Bearish Belt Hold Candlestick Pattern needs confirmation at all with a following red candle that moves and closes lower from the real pattern.

How to Trade Bearish Belt Hold Pattern?

A trader should initiate a short trade after the close of the following red candle and wait for max to max Two to Three candlesticks and look for 2:1 Profit and Loss Ratio, and the stop-loss should be placed at the open of the Bearish Belt Hold Candlestick Pattern.

Important: Bearish Belt Hold works well on the Daily Time Frame.