

The Secret of the 3-Candle Play

Practical Candlestick Trading
Strategies for Real Markets

CREST



Website
www.crest.kr

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Prologue

A Word Before We Begin...



Welcome! This is CREST.

I hope this booklet helps you build wealth through trading. Here, we reveal one of CREST's proprietary trading strategies: The 3-Candle Play.

Initially, I wanted to include various strategies that yield massive returns.

However, due to the nature of a free public booklet, there were limits to what I could openly share.

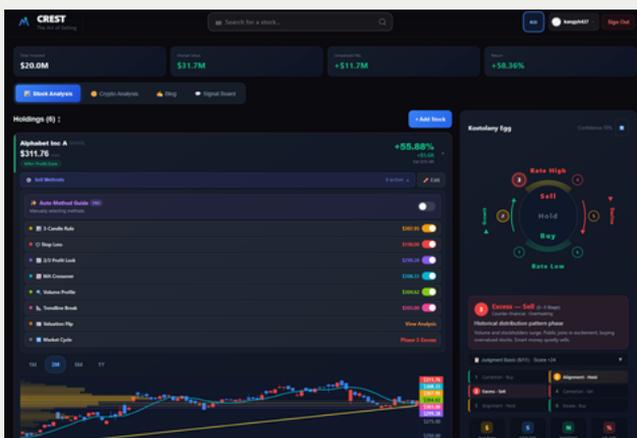
You can find more advanced exit strategies for free on the CREST website, allowing anyone to easily leverage these methods for greater profits.

That said, the content here is by no means light.

The 3-Candle Play will definitively sharpen your eye for market trends.

I wish massive profits to everyone reading this.

1. What is Technical Analysis?



The encyclopedia defines it as:

A traditional method of analyzing securities by studying past price and volume data to discover trends and forecast future price movements.

It starts from the assumption that prices are determined by supply and demand.

Traders use charts of past trading data to spot trends and predict future prices.

Because prices tend to move in repetitive patterns, even a fundamentally weak company can yield profits if you time your entries and exits right.

The goal is to identify when a trend begins based on historical price and volume.

A bit too academic?

Simply put, it's forecasting future prices by analyzing historical volume and price action.

However, the way I utilize technical analysis is slightly different.

I'll explain more later.

But is price prediction via technical analysis foolproof?

Critics often point out limitations:

"Assuming past economic conditions or market psychology will repeat identically is unrealistic."

"Analysts can interpret the same chart differently."

"Ignoring fundamental value and obsessing only over price fluctuations means you fail to understand the root cause of market movements."

But these are just the words of fundamental analysts who don't understand technical analysis.

Both technical and fundamental analysis hold unique value.

With the mindset that "the more you know, the more you earn," you shouldn't dismiss either discipline.

Countless secrets are hidden within the charts.

The historical chart and today's closing price are essentially the company's history.

Charts vividly reflect the good times, the hard times, and the footprints of institutional money (Smart Money).

Today's closing price at the very end of the chart isn't just the past—it's the final price reflecting future value.

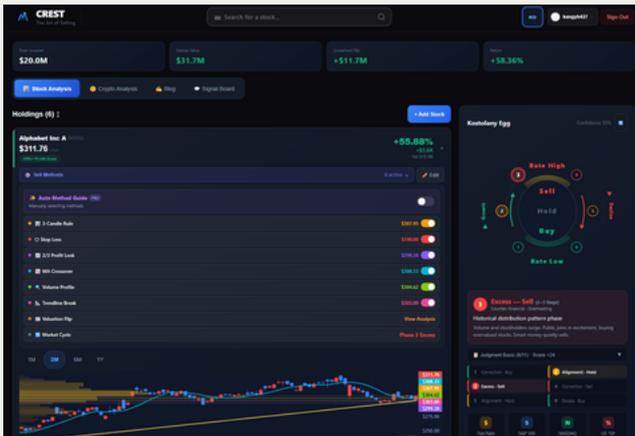
Fundamental analysts sometimes dismiss technicians.

But ignoring a chart is like ignoring an entire year of quarterly reports.

A chart is the condensed visual record of a company's massive history.

In this book, we will focus primarily on Candlestick Charts.

2. Understanding Market Participants by Timeframe



Understanding Market Participants by Timeframe

1. 1-Minute Chart (Scalping) => When volume is extremely high.
2. 3-Minute Chart (Scalping, Day Trading, Swing)
3. 5-Minute Chart (Scalping, Day Trading)
4. 10-Minute Chart (Scalping, Day Trading)
5. 20-Minute Chart (Scalping, Day Trading)
6. 30-Minute Chart (Scalping, Day Trading)
7. 60-Minute Chart (Scalping, Day Trading)
8. 120-Minute Chart (Scalping, Day Trading)
9. Daily Chart (Scalping, Day Trading, Swing, Short/Mid/Long-term)
10. Weekly Chart (Swing, Short/Mid/Long-term)
11. Monthly Chart (Mid/Long-term)

Candlestick charts vary based on perspective and timeframe.

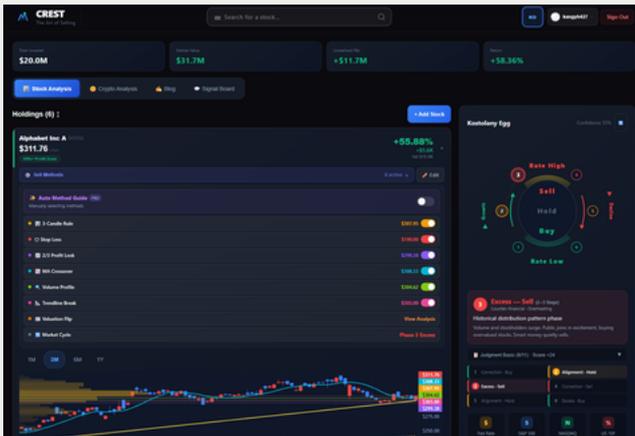
Different traders prioritize different charts based on their trading style.

The Daily Chart is the gold standard for scalpers, day traders, swing traders, and even long-term investors.

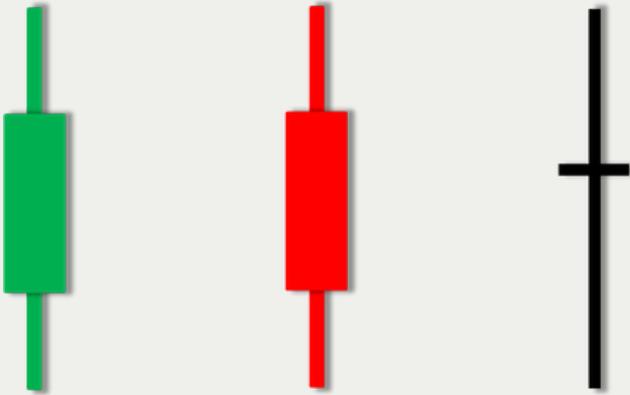
For Swing trading, I personally use the Daily chart as my base, while referencing the 3-minute and Weekly charts.

Therefore, the technical analysis explained here is based on the Daily Chart.

3. The Basics: How to Read Candlestick Charts



This is the foundation of technical analysis.
In this book, we will focus on Japanese
Candlestick charts.



1. Open: The first traded price of the day.
2. High: The highest traded price of the day.
3. Low: The lowest traded price of the day.
4. Close: The last traded price of the day.
5. Bullish Candle: Closes higher than the open
(Displayed in Red/Green depending on the platform).
6. Bearish Candle: Closes lower than the open
(Displayed in Blue/Red depending on the platform).

Reading Gaps:

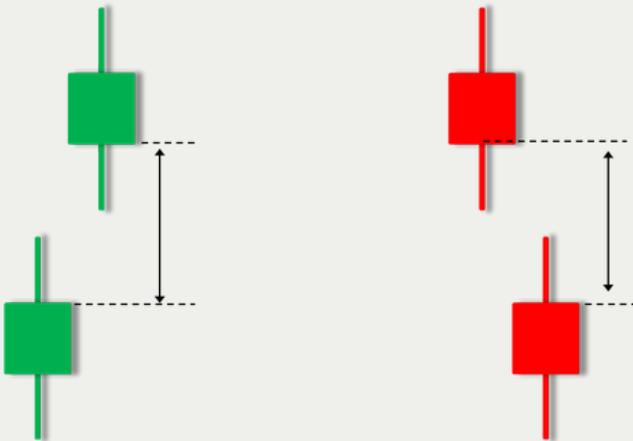
A "Gap" occurs when today's open is higher than yesterday's high (Gap Up) or lower than yesterday's low (Gap Down).

Gaps are created by sudden news or catalysts, causing a massive imbalance in supply and demand where buying or selling pressure overwhelmingly dominates.

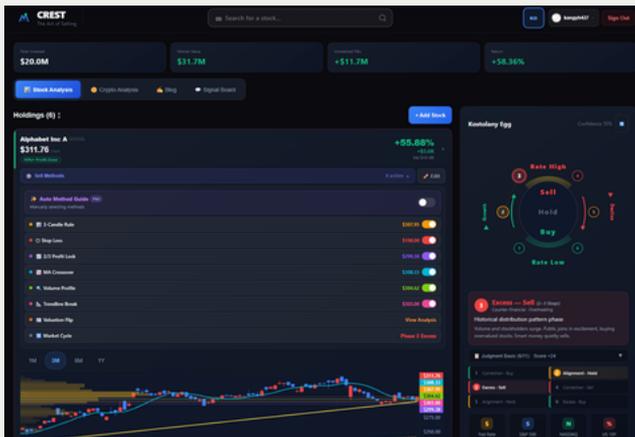
A Gap Up means Bulls are in control, while a Gap Down means Bears are in control.

Why are Gaps important?

Because I love buying the second bullish candle—the one that gaps up after the first bullish candle.



4. Candlestick Patterns and Their Meanings



This part might get a bit complex or dry.

Don't try to memorize every pattern at first. Just read through to understand the logic.

Focus on the shape and the context rather than the names.

Once you understand the "3-Candle Play" revealed at the end of this book, all these candlestick patterns will make sense instantly.

But don't skip this section!

You need a basic understanding of these patterns to properly apply the 3-Candle Play.

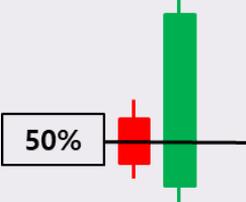
These patterns have been compiled by analysts over decades in the US and Japanese markets.

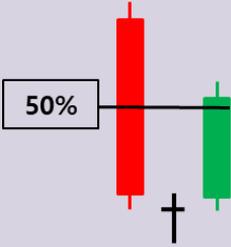
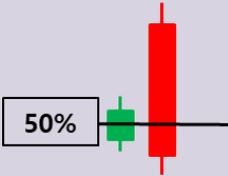
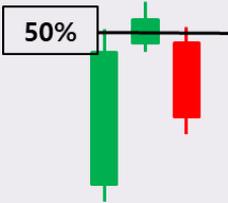
Swing and day traders treat these charts as gospel.

A stock that goes up the moment you buy it—don't you want to trade like that?

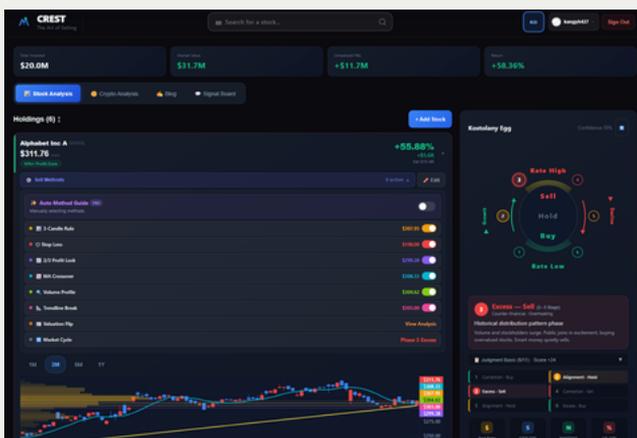
Let's dive into the patterns.

<p>Long Days</p>		<p>Represents large or small price movement between the open and close.</p>
<p>Short Days</p>		
<p>Spinning Tops</p>		<p>Small bodies with long wicks indicating indecision between bulls and bears. Often seen near support/resistance.</p>
<p>Long-Legged Doji</p>		<p>Open and close are identical. Indicates total market indecision. A Long-legged Doji shows extreme volatility but no clear winner.</p>

<p>Grave Stone Doji</p>		<p>Open and close are at the low of the day. A bearish reversal signal if found at the top of an uptrend.</p>
<p>Dragon Fly Doji</p>		<p>Open and close are at the high of the day. A bullish reversal signal at the bottom of a downtrend.</p>
<p>Marubozu</p>		<p>A candle with no wicks. A White (Bullish) Marubozu indicates extreme buying pressure; a Black (Bearish) Marubozu indicates extreme selling pressure.</p>
<p>Hammer & Inverted Hammer</p>		<p>Found at the bottom of a downtrend. Indicates selling exhaustion and potential reversal.</p>
<p>Bullish Belt Hold</p>		<p>A large green candle completely engulfs the previous red candle's body. A very high-probability reversal signal.</p>

<p>Morning Star</p>		<p>A 3-candle pattern (Red -> Gap down Doji/Star -> Green). Indicates the bears have lost control and bulls are taking over.</p>
<p>Bearish Engulfing</p>		<p>A large red candle completely engulfs the previous green candle. A strong signal to take profits or short.</p>
<p>Evening Star</p>		<p>A 3-candle pattern (Green -> Gap up Doji/Star -> Red). Indicates the rally is over.</p>

5. The Secret of the 3-Candle Play



Great job getting this far.

Now, I will reveal the 3-Candle Play.

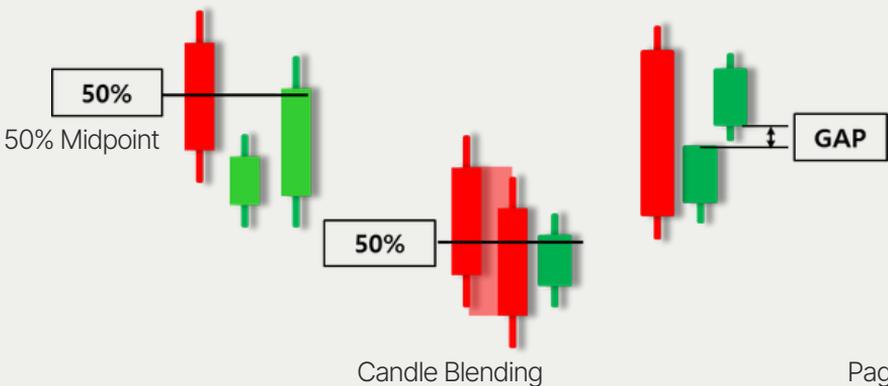
This is CREST's proprietary method, strictly confidential.

The 3-Candle BUY Setup (Buying the Bullish Candle):

1. The 50% Rule: Buy when a new Bullish (Green) candle closes above the 50% midpoint of the previous Bearish (Red) candle's body.
2. The Gap-Up Add: Add to your position if the second Bullish (Green) candle gaps up from the first one. (Note: If there are two consecutive red candles, combine them and use their total range as the benchmark).

Remember the "50%" markers in the pattern charts earlier?

This is exactly how the 3-Candle play applies to all reversal patterns.



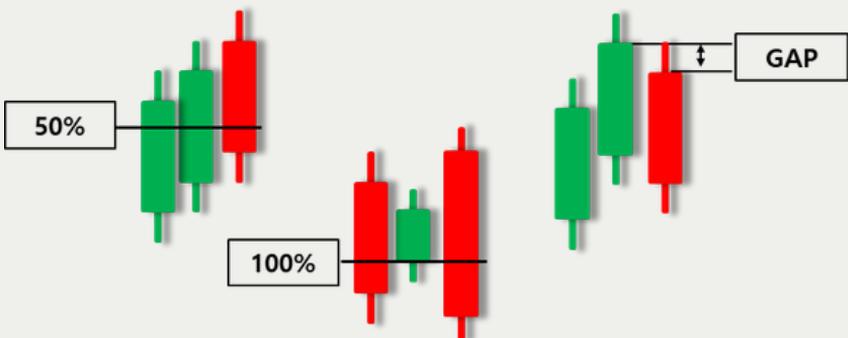
The 3-Candle SELL Setup (Selling the Bearish Candle):

1. The 50% Rule: Sell half of your position when a Bearish (Red) candle closes below the 50% midpoint of the previous Bullish (Green) candle's body.
2. The Gap-Down Exit: Liquidate your entire position (100%) on the first Gap Down. If it opens lower than yesterday's close, get out immediately.

This rule applies universally across all stocks and timeframes.

Test it on any chart right now.

You'll quickly see how it yields a high probability of success.



Closing Thoughts...

I hope this guide has been helpful.

These are standard candlestick concepts.

However, most books just list them endlessly without telling you how to directly translate them into profit.

I don't know if they hide it intentionally or just don't know how.

A single candlestick holds an immense amount of a market's story.

This one strategy alone won't make you perfectly wealthy in every trade.

However, it will definitely fill a crucial gap in your trading arsenal.

For more discussions and insights, visit the CREST website (sellsignal.kr).

I wish you massive success in your trading journey.

CREST