



THE CANDLESTICK VERDICT

Companion Guide

A concise reference to the book's principal findings

1 Findings Summary

The Candlestick Verdict measured classic candlestick patterns across 106 stocks and 140,871 candle-days from February 17, 2021 through June 2, 2026, tracking what each pattern was followed by over five- and ten-day horizons.

The central idea is fair comparison. A finding is never judged against zero. Single candles are compared with ordinary candles of the same color. Two- and three-candle patterns face a stricter component-adjusted baseline that accounts for their color sequence, component candles, embedded pairs, and relevant context. A named pattern earns a claim only when the relationship adds information beyond the parts from which it is built. A final confidence-interval gate, resampled in blocks by symbol, determines whether the direction is statistically supported.

Every tested claim is sorted into one of five verdict tiers:

- **Anchor** — a primary finding that withstands the book's strictest test.
- **Confirmed secondary** — real and passes the same test, but plays a supporting role.
- **Suggestive** — points in a consistent direction, but the interval still includes zero. Worth noting, not worth banking on.
- **Control** — not a finding, but a deliberate comparison held up next to a survivor to show what is actually doing the work.
- **Null** — no usable support: true no-effects, wrong-sign effects, and effects too small or unstable to support the claim.

No finding — not even an anchor — is a trade signal or a prediction of the next candle. Read it as a discipline for reading candles honestly.

2 The Two-Gate Anchor: The Wicky Large Green Body

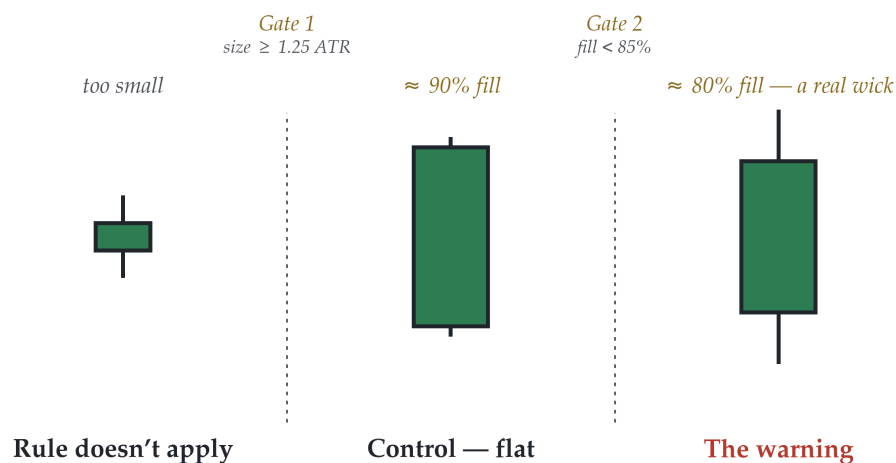
The single strongest one-candle finding in the book is a warning hidden inside a candle that looks strong. A large green body that leaves a real wick behind — a weak large green candle — underperformed its baseline by **6.55 percentage points on the five-day win rate**. A large green candle of the same size and color, but with a clean structure, was approximately flat. The warning is *structure, not size*.

To qualify, **both gates** must be met:

1. **Size** — a green body at least 1.25 times the average true range.
2. **Structure** — a body filling less than 85% of the candle's range, leaving a genuine wick.

Small candles and dojis do not qualify, and weak structure means more than the mere presence of a wick.

The weak large green body — two gates



The two nonqualifying examples fail different gates: the small candle fails the size gate; the clean large candle passes size but fills too much of its range to pass the structure gate. Only the third — large by size and weak in structure — passes both.

3 What Survived

After every test, the list of survivors is short.

Survived (confirmed)

- **The wicky large green body** — the main single-candle warning. Not because green or large is bad, but because weak internal structure changes the meaning of a large green bar.
- **The strict bearish harami** — the only two-candle pattern to earn a component-adjusted claim. Even so, it is a containment effect, strongest in the middle of the range, not a blanket bearish reversal at resistance.
- **Three Black Crows** — the only clean three-candle survivor. The finding belongs to the strict descending structure — not merely to three red candles. Three red candles usually bounced; the crows identified the red run that refused to.
- **Confirmed secondaries** — an extreme green range reads as turbulence, not strength; an extreme red body is a rare capitulation washout seen on only a few hundred days, not a rule that red is bullish.

Suggestive (a watch item, not a confirmed finding)

- **A stalled advance near twenty-day resistance** — a green run that did not extend when pressed against short-term resistance. Directionally stable and structurally plausible, but it did not clear the confidence-interval gate.

4 What Did Not Survive

- **Engulfing** — the dramatic second candle added nothing beyond the sequence it created.
- **Morning and evening stars** — the recovery was already contained in the recovery bar and its baseline.
- **Three inside and three outside patterns** — confirmation added no new information; the confirming candle was often the move itself, arriving too late.
- **Loose three white soldiers and loose three black crows** — equal to their own color floors by construction. Only the strict descending form of three black crows beat its parts.
- **Hammer, shooting star, doji, spinning top, dragonfly, and gravestone** — null as single candles.
- **Piercing line, dark cloud cover, tweezers, and inside/outside bars** — among the two-candle forms that showed no edge beyond their components.
- **Moving-average reclaims and rejections** — mostly clean nulls; they did not behave as the traditional support/resistance story predicts.
- **Tasuki gaps** — inverted, behaving opposite to the traditional claim.
- **Rare gapped patterns** — too thin to promote. Rarity was the verdict.

A famous name can make the chart feel like it has spoken. The evidence shows the chart usually speaks in smaller, more measurable ways — through structure, location, sequence, and context. The name may organize the observation, but it does not create the edge.

Seven Questions for Reading a Candle

Read a candle from the top down. The name is the last question, not the first — and only if the structure earned it.

1. **Baseline.** What normally follows a candle like this? Green is not automatically bullish and red is not automatically bearish. Start with the color and sequence floor, not the label.
2. **Structure.** How large are the range and body relative to recent volatility? Where did the candle close? How much of the range did the body fill, and how much remained as wick? Separate measurable magnitude and structure from the familiar silhouette. A wick by itself is not a signal.
3. **Location.** Does this exact structure add information at this exact location, beyond the ordinary behavior of that location? Location is measured, not invoked.
4. **Parts.** Does the named pattern add anything its individual candles did not already tell you? If the parts carry it, the name does not.
5. **Confirmation.** What did the confirming candle add that the earlier candles did not? Did it create new information, or was it simply the move itself, arriving after the edge was spent?
6. **The split.** Does this hold across regimes, or is it a full-sample artifact held together by one tape, a few symbols, or a period that did not repeat? Treat every finding as regime-aware.
7. **The name.** Only now — does the name earn its place? A name is acceptable shorthand only when the named combination held up on the evidence. The right to use it comes from evidence, not tradition.

The findings above describe historical tendencies, not guarantees, trading signals, or recommendations concerning any individual security.