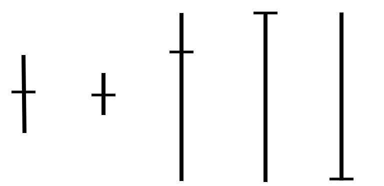
# Doji and Pin Bars

The lesson on the Doji and Pin Bars is combined because they basically represent the same thing and it is the most important concept in the Delta 1-2-3 trade. The Doji and the Pin Bar represent indecision in the marketplace. In other words, the market doesn't know if it wants to go up or down so it ends up at the same price (Doji), or nearly the same price (Pin Bar).

A Doji is a candlestick that has no real body color. It looks like a cross and is formed when the opening price and the closing price are the same price. A Pin Bar look like a Doji but there is a little bit of a price difference.

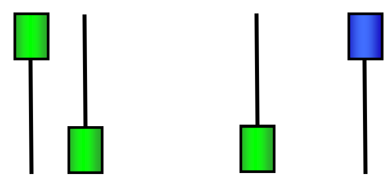
What is important is the length of the wick (also called the leg or shadow) The longer the wick of the Doji in one direction the more significant of a price rejection just took place and the more significant the indecision is in the marketplace.

**Doji Candlestick Patterns:**



Common Star Long Wicked Dragonfly Gravestone

**Pin Bar Candlestick Patterns**



Hammer/ Inverted Hammer Shooting Star Hanging Man

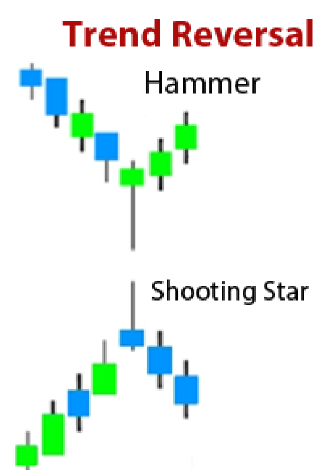
**Indecision represents the end of a short-term trend**

The stronger the price rejection the more likely that there will be a price movement in the opposite direction. However, just because you have a Doji or Pin Bar, doesn't necessary mean that the price will change.

On the chart there will be a colored line beneath the Doji or Pin Bar indicating the direction of the price rejection, if the price is rejected in an upward movement the line beneath the candlestick will be green. If the price is rejected in a downward movement the line above the candlestick will be blue.

**These Candlestick Patterns signal a trend reversal**

1. **Hammer Candlesticks** - This pattern is formed when a price moves significantly lower after the open, but the price is rejected. The resulting Pin Bar looks like a square lollipop with a long stick. After the rejection, we would be looking for the price to go up.
2. **Shooting Star Candlesticks -** This pattern forms when the price moves significantly higher after the open and then is rejected. The resulting Pin Bar looks like an upside-down lollipop. After the rejection, we would be looking for the price to go down.



# Doji and Pin Bars cont.

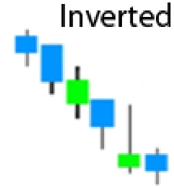
**These candlestick patterns are often misinterpreted as reversals**

3. **Inverted Hammer candlesticks -** This pattern forms when a price moves significantly lower after the open, but the price is rejected up. We will expect that the price will continue down. This is not the pattern that we will utilized during our basic Delta123 trade. If the price is going down and we had a rejection of the price going up, we would ignore this signal.

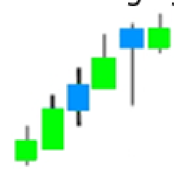
4. **Hanging Man candlesticks -** This pattern forms when a price moves significantly higher after the open, but then the price was tested down and rejected, therefore we will expect the price to go up. This pattern also does not make sense

**Non Reversal**

Inverted Hammer



Hanging Man



When we see the Inverted Hammer and Hanging Man patterns we ignore them and do not take trades based on these patterns because we are looking for a trend change. In both of these patterns, the price rejection does not indicate a directional change.

Just because there is a Doji or Pin Bar it doesn't necessarily mean that the trend will change, however before every price change you will see signs of indecision often displayed as either a Doji or Pin Bar.

Doji and Pin Bars are valuable tools when it comes to price action trading as they can indicate indecision and possible directional changes. By identifying indecision symbols and trend change patterns, you can maximize trade potential by getting in at the beginning of a trend change.

Make it your goal to review playbacks and practice identifying the Doji and Pin Bar patterns. Observe price action changes and reversals.

*"Change is the law of life. And those who look only to the past or present are certain to miss the future."*

– John F. Kennedy