Best Candlesticks Pattern to Trade Stocks

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Abstract

This research examines whether candlesticks patterns can predict trends swings. Our results indicate that well known two days "Engulfing" pattern have failed to produce a positive gain while the "Harami" pattern has barely succeeded to do so. A more complex patterns known as the "Kicker" barley achieved a positive average gain and was also outperform by the simple B&H strategy. We found that the "Stairs" pattern developed here, has achieved a positive gain for all twenty examined stock and has outperformed the B&H strategy for sixteen out of the twenty stocks.

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