# I SPEAK CANDLESTICK

LEARN THE LANGUAGE OF THE MARKETS

GLOSSARY · EVERY TERM, A TO Z




STUDY GUIDE



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# I Speak Candlestick

Learn the language of the markets. Glossary: Every term, A to Z. The companion study guide to the 14-module I Speak Candlestick course.

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Chart examples are simplified illustrations, not records of real trades.

BEFORE YOU START

# How to use this glossary

This is the companion glossary to the I Speak Candlestick course and its study guides. It lists every term used across all fourteen modules, in alphabetical order.

Each entry is tagged with the module that introduces it: **M5** means Module 5. If a definition refers to an idea you haven't met yet, that module is where it's explained in full.

Where a word is used in two ways, it has two entries, for example **Range (candle)** and **Range (market)**.

### Four books

**Part 1**: Modules 1–3 (free). **Part 2**: Modules 4–9. **Part 3**: Modules 10–14. Plus a separate **Glossary of terms**, A to Z.

REFERENCE

# Glossary

Every term used in the course, with the module that introduces it (M1 = Module 1).

## 1

**1R / R-multiple** M13
The distance from entry to stop, used as a unit. A 2R target is twice as far from entry as the stop; results are often recorded in R.

## A

**Accumulation** M6
Phase 1 of the Power of Three: a reference candle sets the range (CRH and CRL).

**Asian range** M10
The high and low made during the quieter Asian session, often used as reference levels at the London open.

**Average True Range (ATR)** M4
An indicator that averages recent candle ranges, used to judge whether a candle is unusually large. Optional; not needed for this course.

## B

**Backtesting** M14
Applying a strategy's rules to historical charts, trade by trade, to measure its results before risking money.

**Bearish** M1
Describes sellers being in control, or an expectation that price will fall.

**Bearish candle** M1
A candle that closes lower than it opened, usually drawn red. Sellers won the session.

**Bearish engulfing** M3
A bullish candle followed by a larger bearish candle whose body completely covers it. Control passes to sellers.

**Bias** M8
Your view of the likely direction of the market, based on structure and confirmed by tools such as a moving average.

**Body** M1
The thick part of a candle, spanning from the open to the close. Shows conviction.

**Body-dominant** M4
A candle whose body makes up most of its range (roughly two-thirds or more). Shows conviction.

**Body-to-range ratio** M4
The body divided by the range, as a percentage. Near 100% = conviction; near 0% = indecision.

**Break of Structure (BOS)** M7
Price closing beyond the previous swing high (uptrend) or swing low (downtrend). Confirms the trend is continuing.

**Break-even win rate** M13
The win rate at which a strategy neither makes nor loses money: 1 ÷ (1 + reward-to-risk), before costs.

**Breakout** M4
Price moving decisively through a level or out of a range, usually on an expansion candle.

**Breakout and continuation** M9
Scenario 1: price breaks a key level, retests it, holds, and keeps going.

**Breakout, fail and reverse** M9
Scenario 2: price breaks a level, cannot hold it, and reverses to the opposite side of the range.

**Bullish** M1
Describes buyers being in control, or an expectation that price will rise.

**Bullish candle** M1
A candle that closes higher than it opened, usually drawn green. Buyers won the session.

**Bullish engulfing** M3
A bearish candle followed by a larger bullish candle whose body completely covers it. Control passes to buyers.

# C

**Candle Range High (CRH)** M6
The high of the reference candle in a CRT setup; the upper boundary of the range.

**Candle Range Low (CRL)** M6
The low of the reference candle in a CRT setup; the lower boundary of the range.

**Candle Range Theory (CRT)** M6
A model in which price sweeps one boundary of a reference candle's range, closes back inside, and moves towards the other boundary.

**Candlestick** M1
A chart symbol that compresses the open, high, low and close of one period into a single shape.

**CFD** M13
Contract for difference: a leveraged product that lets you trade price moves without owning the asset.

**Change in State of Delivery (CISD)** M6
A lower-timeframe signal: price closes back through the opening level of the candles that drove the previous move, showing direction has switched.

**Change of Character (CHoCH)** M7
The first break of the trend's swing pattern, e.g. price breaking below the last higher low in an uptrend. A warning of possible reversal.

**Circuit breaker** M14
A pre-set rule that stops trading after a set loss, e.g. −3R in a day or three losses in a row.

**Close** M1
The last price of the period. The most important of the four prices: it shows who won the session.

**Confirmation** M3
Evidence from a following candle or pattern that supports what an earlier signal suggested.

**Confluence** M5
Several independent reasons pointing to the same price or decision, e.g. a gap sitting on a level that is being retested.

**Consolidation** M4
A period where price moves sideways within a range with no decisive break. One of the three market scenarios.

**Contraction** M4
Successive candles with shrinking ranges. Volatility compressing; the market coiling before its next move.

**Conviction** M1
Commitment by one side, shown by a long body relative to the range.

**Crossover** M8
A fast moving average crossing a slow one. Up = bullish momentum, down = bearish. Lags; use as confirmation only.

**Curve-fitting** M14
Adjusting a strategy's rules until past results look perfect; usually fails on future data.

## D

**Dead zone** M10
The thin, quiet period between one session's close and the next open, when moves are less reliable.

**Demo account** M13
A practice trading account using virtual money.

**Distribution** M6
Phase 3 of the Power of Three: price rejects the sweep, closes back inside the range and expands the other way.

**Doji** M2
A candle whose open and close are almost equal, with wicks on both sides. Signals indecision; after a strong move, fading momentum.

**Downtrend** M7
Lower highs and lower lows. Sellers in control.

**Drawdown** M13
The fall in an account from its peak, usually expressed as a percentage.

**Dynamic support / resistance** M8
A level that moves with price, such as a moving average that price repeatedly bounces off.

## E

**Evening star** M3
Three-candle top reversal: a bullish candle, a small indecision candle, then a strong bearish candle.

**Expansion** M4
A sudden large-range candle after a period of small ones. Volatility returning; often sets the direction of the next leg.

**Expectancy** M13
Average result per trade, in R: (win rate × average win) − (loss rate × average loss).

**Exponential moving average (EMA)** M8
A moving average that weights recent closes more heavily, so it reacts faster than an SMA.

**External liquidity** M6
Resting orders beyond the current range, e.g. above an older high or below an older low; a possible target beyond the opposite boundary.

## F

**Failed breakout** M9
A breakout that cannot hold and falls back through the level, often reversing to the opposite side of the range. Scenario 2.

**Fair Value Gap (FVG)** M5
A three-candle price zone left untraded by a fast middle candle: between Candle 1's high and Candle 3's low (bullish), or Candle 1's low and Candle 3's high (bearish).

**Fast MA** M8
A moving average with a short period (e.g. 20), which follows price closely.

**Fill** M5
Price returning into a Fair Value Gap. A partial fill enters the zone; a full fill crosses it.

**Follow-through** M4
Continued movement in the direction of a breakout on the candles after it.

**Forward testing** M14
Trading a strategy in real time on a demo or simulator account to check results and execution.

## H

**Hammer** M2
A small body near the top of the candle with a long lower wick. Sellers were rejected; a potential bottom signal after a downtrend, at support.

**Hanging man** M2
Another name some traders use for the hammer shape when it appears at the top of an uptrend.

**Harami** M3
A large candle followed by a smaller one that sits inside it. In this course, the same as an inside bar. Signals momentum pausing.

**High** M1
The highest price reached during the period; the tip of the upper wick.

**Higher high (HH)** M7
A swing high above the previous swing high.

**Higher low (HL)** M7
A swing low above the previous swing low.

**Higher timeframe** M5
A longer candle period than the one you are trading on, used to judge the bigger picture.

**Hindsight bias** M14
Seeing a setup clearly only because you already know what happened next.

**Hold** M11
At a retest: price rejects the level and does not close back through it. Confirms continuation.

## I

**Imbalance** M5
A zone where one side dominated so heavily that little two-sided trading took place. Another name for an FVG.

**Indecision** M1
Neither buyers nor sellers won the period, shown by a short body with long wicks.

**Inside bar** M3
A candle whose whole range (high to low) sits within the previous candle's range. Signals momentum pausing.

**Invalidation point** M5
The price at which a setup is proven wrong. For a bullish FVG, a close below the gap bottom.

**Inverse FVG** M5
A Fair Value Gap that price has closed through. The zone flips, so old support acts as resistance or vice versa.

**Inverted hammer** M2
Another name some traders use for the shooting-star shape when it appears at the bottom of a downtrend.

## K

**Key level** M3
A price that matters to the market, such as a previous high or low, support, resistance or a moving average.

## L

**Lag** M8
The delay between price turning and an indicator reflecting it.

**Level flip** M9
A broken level changing role: resistance becoming support after a break up, or support becoming resistance after a break down.

**Leverage** M13
Controlling a large position with a small deposit. Magnifies gains and losses.

**Liquidity** M6
Clusters of resting orders, typically stop-losses and breakout orders, just beyond obvious highs and lows.

**Losing streak** M14
A run of consecutive losing trades. Normal, even for profitable strategies.

**Low** M1
The lowest price reached during the period; the tip of the lower wick.

**Lower high (LH)** M7
A swing high below the previous swing high.

**Lower low (LL)** M7
A swing low below the previous swing low.

**Lower wick** M1
The line from the bottom of the body to the low. A long one shows rejection from below.

## M

**Manipulation** M6
Phase 2 of the Power of Three: price sweeps beyond the range to take liquidity and trap breakout traders.

**Market structure** M7
The pattern of swing highs and lows that shows whether a market is trending up, down or ranging.

**Market Structure Shift (MSS)** M6
Price breaking its most recent swing high or low in the opposite direction to the prior move; an early sign of reversal on a lower timeframe.

**Marubozu** M2
A candle with little or no wick: one side controlled the session from open to close. Bullish opens at the low and closes at the high; bearish the reverse.

**Measured move** M13
A target set by projecting the height of a range from its breakout point.

**Momentum** M2
The strength and persistence of a move in one direction.

**Morning star** M3
Three-candle bottom reversal: a bearish candle, a small indecision candle, then a strong bullish candle.

**Moving average (MA)** M8
A line showing the average closing price over a set number of candles, updated each candle. Smooths noise but lags price.

## O

**OHLC** M1
Open, high, low, close: the four prices every candle summarises.

**Open** M1
The first price of the period.

**Opening range** M10
The high and low of the first period (commonly 15, 30 or 60 minutes) after a session opens.

**Opening Range Breakout (ORB)** M10
Trading a break of the opening range, ideally in the direction of your bias and after a retest holds.

**Order block** M6
The last opposite-coloured candle before a strong move, treated by some traders as a zone of large orders and a place to look for entry.

**Overlap** M10
The hours when two sessions are open at once; the London–New York overlap (about 13:00–16:00 UK) is usually the busiest.

## P

**Paper trading** M14
Another name for forward testing with simulated money.

**Pattern** M3
Two or more candles read together, showing control shifting or pausing. Also called a combination.

**Period** M8
The number of candles a moving average (or other indicator) uses in its calculation.

**Pip** M13
The standard small unit of price movement in a currency pair (usually the fourth decimal place).

**Position size** M13
How much you trade, set so that hitting your stop loses only your chosen percentage of the account.

**Power of Three** M6
The three phases of CRT: accumulation, manipulation, distribution.

**Pre-trade checklist** M12
A written list of conditions that must all be met before taking a trade (see Module 12).

**Process goal** M14
A target about following your plan (e.g. no rule breaks this week), rather than about money.

**Pullback** M5
A temporary move against the trend before it resumes. Also called a retracement.

## R

**R (unit of risk)** M14
The amount risked on a trade, from entry to stop. Results are recorded as multiples of R, e.g. +2R or −1R.

**Range (candle)** M1
The distance from a candle's high to its low, wicks included. Not the same as the body.

**Range (market)** M7
A market state where highs and lows are roughly equal and neither side is winning.

**Reclaim** M11
At a retest: price closes back through the broken level to its original side. Confirms the breakout failed.

**Rejection** M1
Price reaching a level and being pushed back, shown by a wick.

**Rejection candle** M11
A candle that shows price was pushed away from a level, e.g. a hammer, shooting star or engulfing.

**Resistance** M2
A price level where selling has previously stopped a rise. Covered fully in later modules.

**Retest** M11
Price returning to a level it has just broken, to test whether it now holds from the other side.

**Retracement** M5
Price moving back against the most recent move, e.g. back into a Fair Value Gap, before continuing.

**Revenge trading** M14
Trading to win back a loss by forcing setups, increasing size or removing stops.

**Reversal** M3
A change in direction: an up move turning down, or a down move turning up.

**Reward-to-risk** M13
The potential profit of a trade divided by its potential loss. 2:1 means 2 units of reward per 1 of risk. Also written risk-to-reward 1:2.

## S

**Sample size** M14
The number of trades used to judge a strategy. At least 50–100 are needed before drawing conclusions.

**Scenario** M9
One of the three things a market can be doing: continuing, failing and reversing, or consolidating.

**Session** M10
In Module 10: one of the major trading periods (Asia, London, New York) tied to a financial centre's opening hours.

**Session (candle)** M1
The period a single candle covers.

**Setup** M3
A pattern or signal forming at a key level, worth considering as a potential trade.

**Shadow** M1
Another name for a wick.

**Shooting star** M2
A small body near the bottom of the candle with a long upper wick. Buyers were rejected; a potential top signal after an uptrend, at resistance.

**Signal** M2
A candle or pattern that suggests something may be about to change. A prompt to pay attention, never a command to trade.

**Simple moving average (SMA)** M8
The plain average of the last n closing prices.

**Slippage** M10
An order filling at a worse price than expected, common in fast markets and around news releases.

**Slow MA** M8
A moving average with a longer period (e.g. 50 or 200), which changes direction more slowly.

**Smart money** M5
Informal term for large institutional traders whose orders can move the market.

**Spinning top** M2
A small body with long wicks on both sides; like a doji with a slight lean. Signals indecision.

**Spread** M13
The difference between the buy and sell price; a cost paid on every trade.

**Spread bet** M13
A UK leveraged product where you stake an amount per point of price movement.

**Stop-loss** M13
An order that closes a trade automatically at a set price to limit the loss. Placed at the invalidation point.

**Strategy hopping** M14
Repeatedly abandoning strategies after normal losing streaks, so none is ever properly tested.

**Support** M2
A price level where buying has previously stopped a fall. Covered fully in later modules.

**Sweep** M6
A move beyond a range boundary that takes resting orders and then fails to hold. Also called a raid or liquidity grab.

**Swing high** M7
A turning point: a peak with lower highs on both sides.

**Swing low** M7
A turning point: a trough with higher lows on both sides.

## T

**Timeframe** M1
The length of time each candle represents, e.g. 1 minute, 1 hour or 1 day.

**Top-down read** M12
Reading a chart from the big picture down: structure, bias, level, scenario, candle, confirmation.

**Trading journal** M13
A record of every trade, its setup, result and whether the plan was followed.

**Trading plan** M13
A written set of rules covering what, when and how you trade, and how much you risk.

**Trend** M7
A sustained directional move, defined by its swing structure.

**Tweezer bottom** M3
Two candles with almost identical lows. Sellers tried twice to push lower and failed: support defended twice.

**Tweezer top** M3
Two candles with almost identical highs. Buyers tried twice to push higher and failed: resistance defended twice.

## U

**Upper wick** M1
The line from the top of the body to the high. A long one shows rejection from above.

**Uptrend** M7
Higher highs and higher lows. Buyers in control.

## V

**Volatility** M4
How much price moves. High volatility = large ranges; low volatility = small ranges.

**Volume** M10
The amount traded in a period. Higher volume usually means more decisive moves.

## W

**Whipsaw** M8
A signal flipping one way and then straight back, often repeatedly; common with crossovers in a range.

**Wick** M1
The thin line above or below the body, marking how far price travelled before being rejected. Also called a shadow.

**Wick-dominant** M4
A candle whose wicks make up most of its range (body roughly a third or less). Shows indecision and rejection.

## Z

**Zone** M11
A level treated as a small band of prices rather than an exact line, since price rarely turns to the exact tick.