MONEY DOOR GOLD SHELF

Candlestick Basics

How to read gold (XAUUSD) price candles, from zero

Free learning guide

Inside: candle anatomy, timeframes, 12 key patterns, context, a 7-day demo practice plan and a cheat sheet.

For complete beginners | Simple English

www.moneydoorfxacademy.com

Education only. Not investment advice. Practise on a demo account.

WELCOME

What is inside

Every candle on a gold chart tells a short story: where price started, how far each side pushed, and who was ahead when the time ran out. This guide teaches you to read that story, one small step at a time. Read it slowly, open a demo chart next to it, and find each idea on the screen before you move on.

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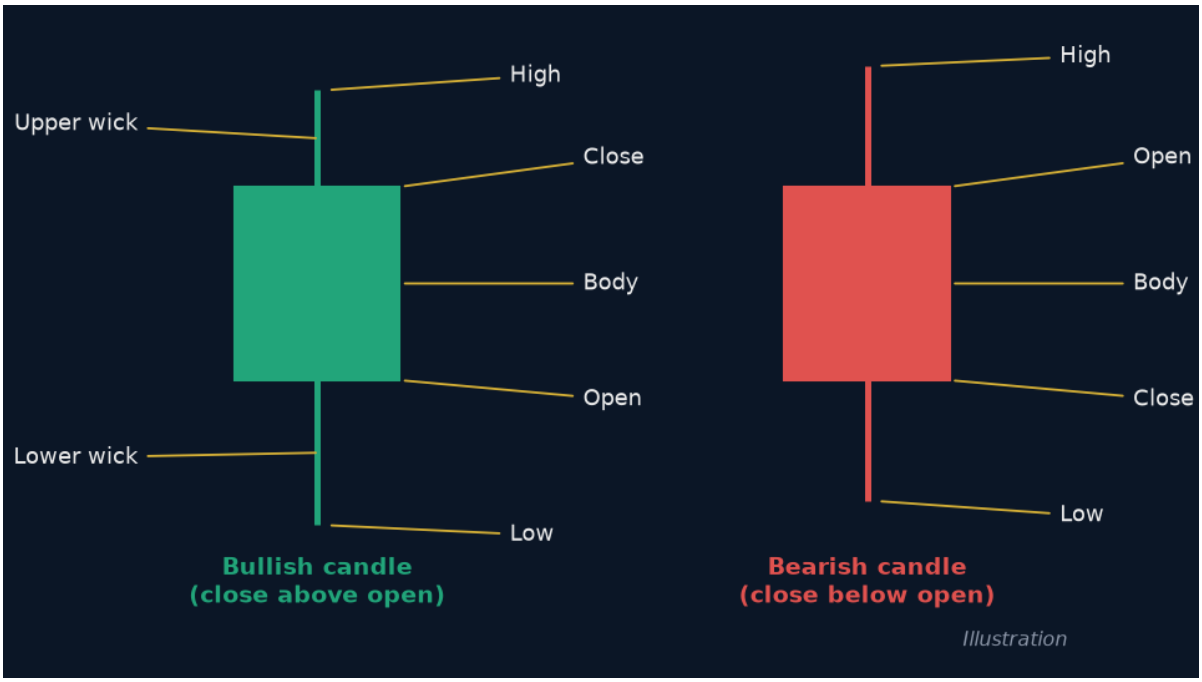
How to use this guide. Learn the shapes first, then learn where they matter. A pattern is a clue, not an instruction. All charts here are drawn illustrations, not real market data. Practise everything on a demo account (play money) before you think about anything else.

THE BUILDING BLOCK

What a candle is

A candle is a picture of price during one fixed period of time, for example one hour. It is built from four prices, often written as **OHLC**:

Price	Meaning
Open	The first price when the period started.
High	The highest price reached in the period.
Low	The lowest price reached in the period.
Close	The last price when the period ended. This is the most important one.



Body: the thick part, between the open and the close. **Wicks** (also called shadows): the thin lines above and below the body. They show prices that were reached during the period but did not hold until the close.

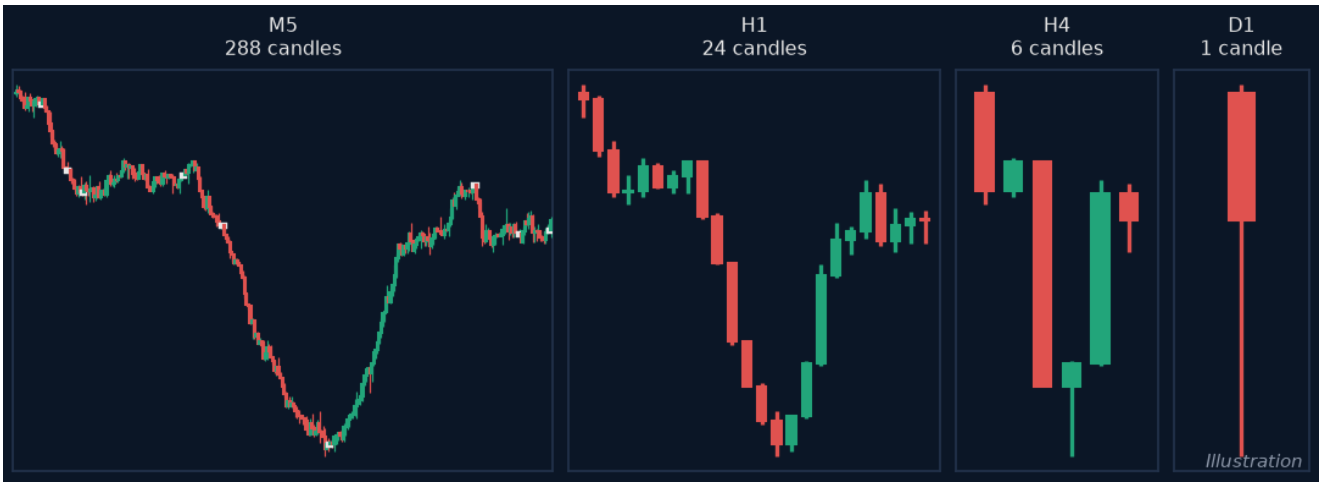
Bullish candle (green here): the close is higher than the open, so price went up during the period. **Bearish candle** (red here): the close is lower than the open, so price went down. Colours can be changed in your chart settings, so always check which colour means up on your own screen.

ONE MARKET, MANY VIEWS

Timeframes: same price, different candles

The timeframe is how much time each candle covers. The price moves are exactly the same; only the size of the 'box' changes. Twelve M5 candles make one H1 candle. Four H1 candles make one H4 candle.

Code	Each candle covers	Good for
M5	5 minutes	Seeing small details inside the day
H1	1 hour	The main shape of the day
H4	4 hours	The wider swing of the week
D1	1 day	The big picture and important levels



The same made-up gold day drawn four ways. The D1 candle on the right holds every M5 candle on the left.

Note for India: when does the gold daily candle start?

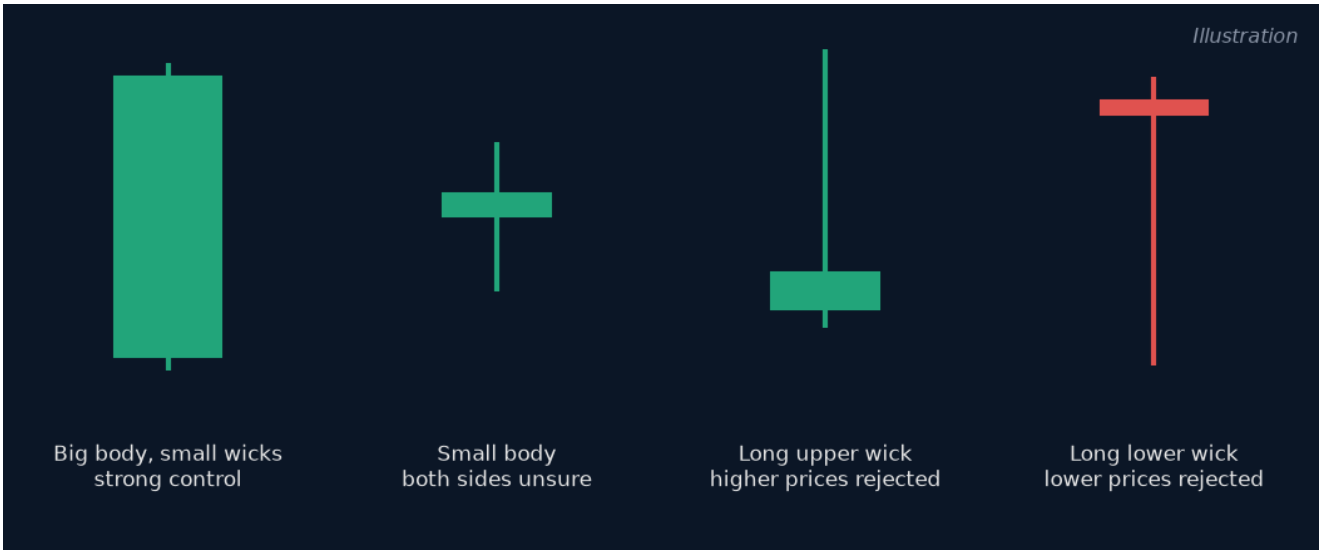
Most gold broker charts use server time of GMT+2 in winter and GMT+3 in summer. So in winter (about November to March) a new daily candle starts around **3:30 AM IST**, and in summer around **2:30 AM IST**. That is why the daily candle on your chart may not match the Indian calendar day. Check the server time shown by your own platform.

Tip: start on H1 to learn the shapes. Very small timeframes like M1 and M5 move quickly and show many patterns that mean very little.

READING THE STORY

Reading candle size and wicks

Before you learn any pattern names, learn to read two things in every candle: how big the body is, and where the long wicks are.



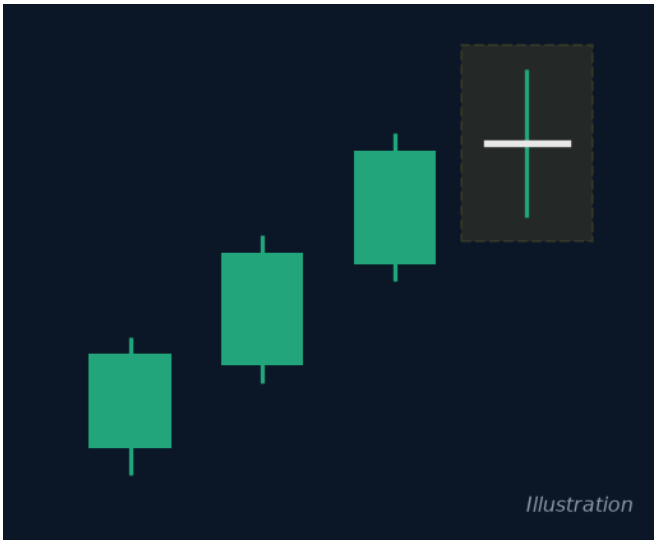
What you see	What it usually tells you
Big body, small wicks	One side was in control almost the whole period. Strong effort in that direction.
Small body	Neither side made much progress. The market is unsure or resting.
Long upper wick	Price went up, but sellers pushed it back down. Higher prices were rejected.
Long lower wick	Price went down, but buyers pushed it back up. Lower prices were rejected.
Bodies getting smaller in a trend	The move may be slowing down. It is a warning, not a turn.
One candle much bigger than recent ones	Something changed, often news or a session opening. Be careful near it.

Compare, do not judge alone. A candle is only 'big' or 'small' compared with the candles just before it. A 5-dollar candle on gold can be huge on a quiet day and tiny on a busy one.

Wait for the close. A candle can change shape many times before its period ends. A long wick can become a big body in the last minute. Read a candle only after it has closed.

PATTERN 1 OF 12 | ONE CANDLE | INDECISION

Doji



Shape check

Open and close are almost the same price, so the body is just a thin line. Wicks can be on both sides.

What it shows

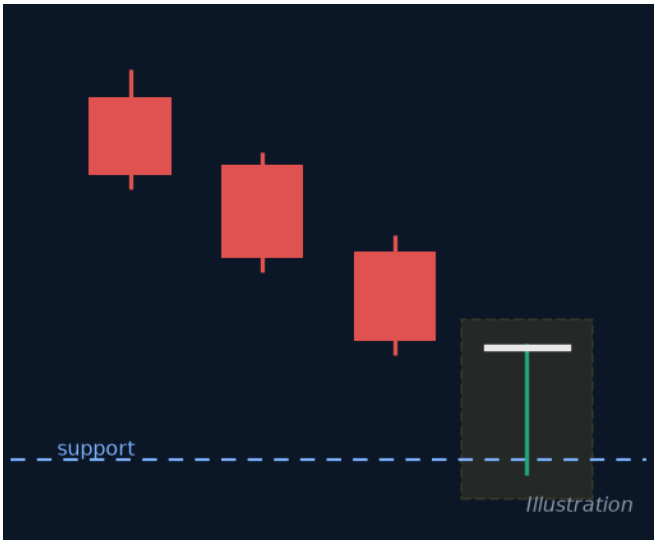
Buyers and sellers ended the period level. Nobody won the round. After a strong run, it can mean the push is getting tired.

Where it matters: Most useful after a clear move and close to a support or resistance level. In the middle of a quiet range it usually means nothing.

Common mistake: Treating every doji as a turning point. A doji only says 'pause'. Wait to see what the next candles do.

PATTERN 2 OF 12 | ONE CANDLE | LOWER PRICES REJECTED

Dragonfly doji



Shape check

Open, high and close are at about the same price at the top. There is a long lower wick and almost no upper wick.

What it shows

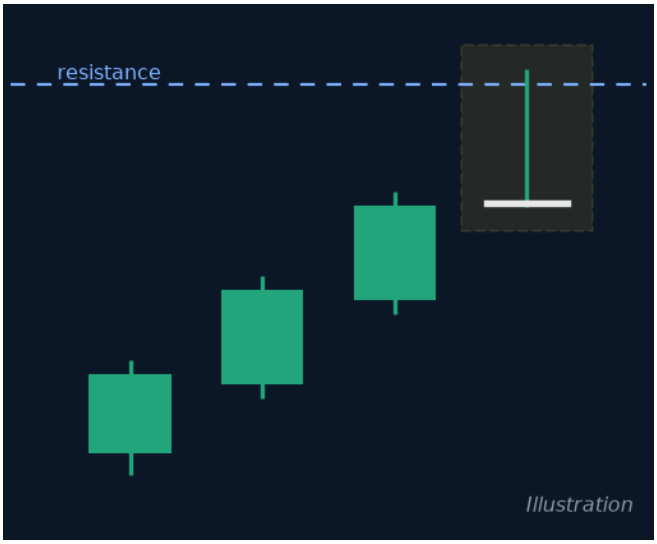
Sellers pushed price well down during the period, but buyers brought it all the way back to the open.

Where it matters: At the bottom of a fall, on or near a support level. The longer the lower wick into the level, the clearer the rejection.

Common mistake: Ignoring the trend. In a strong downtrend, one dragonfly does not end the fall. Look for the next candle to close higher.

PATTERN 3 OF 12 | ONE CANDLE | HIGHER PRICES REJECTED

Gravestone doji



Shape check

Open, low and close are at about the same price at the bottom. There is a long upper wick and almost no lower wick.

What it shows

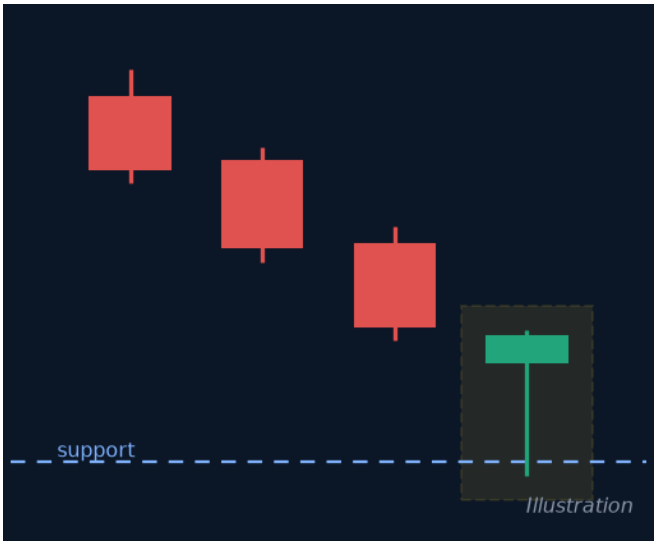
Buyers pushed price well up during the period, but sellers pushed it all the way back down to the open.

Where it matters: At the top of a rise, on or near a resistance level. It is the mirror picture of the dragonfly doji.

Common mistake: Calling it on a small chart in the middle of a range. Without a level above it, it is just a spike.

PATTERN 4 OF 12 | ONE CANDLE | POSSIBLE TURN UP

Hammer



Shape check

Small body at the top of the candle, a long lower wick at least about two times the body, and little or no upper wick.

What it shows

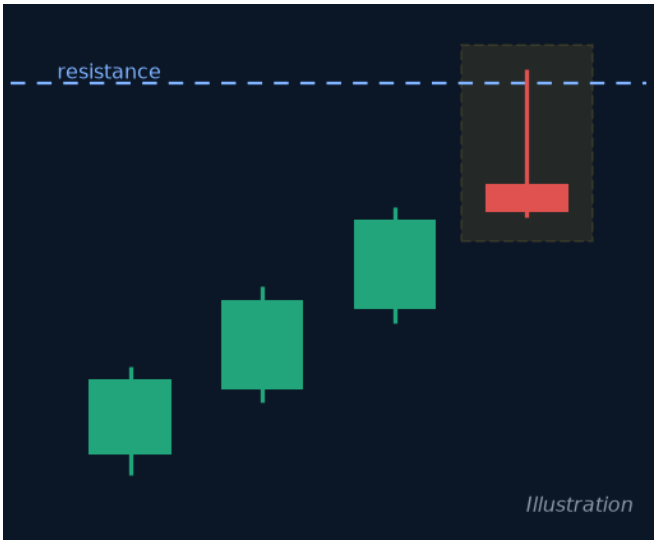
Price fell sharply during the period, then buyers stepped in and closed it near the high. The fall was rejected.

Where it matters: After a fall, at a support level. The body colour matters less than the long lower wick and the close near the top.

Common mistake: Mixing it up with the shooting star (wick on the wrong side), or acting before the candle has closed.

PATTERN 5 OF 12 | ONE CANDLE | POSSIBLE TURN DOWN

Shooting star



Shape check

Small body at the bottom of the candle, a long upper wick at least about two times the body, and little or no lower wick.

What it shows

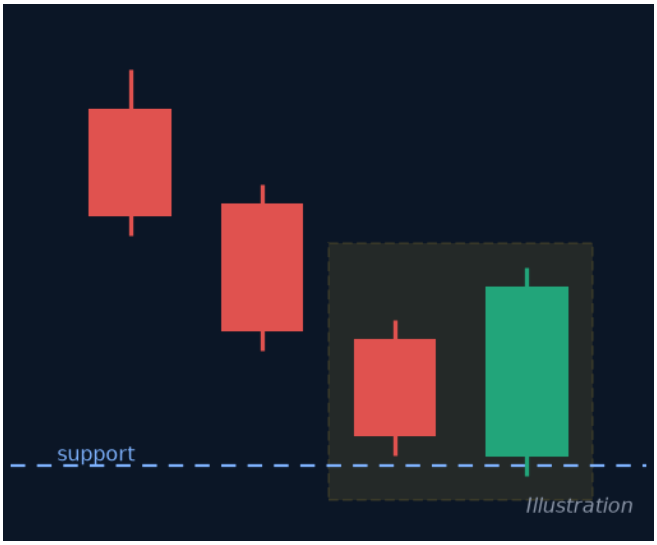
Price rose sharply during the period, then sellers pushed it back and it closed near the low. The rise was rejected.

Where it matters: After a rise, at a resistance level. It is the opposite of the hammer.

Common mistake: Seeing it after a fall. A long upper wick at the bottom of a fall is not a shooting star.

PATTERN 6 OF 12 | TWO CANDLES | BUYERS TAKE OVER

Bullish engulfing



Shape check

A bearish candle, then a bigger bullish candle whose body fully covers the body of the bearish candle.

What it shows

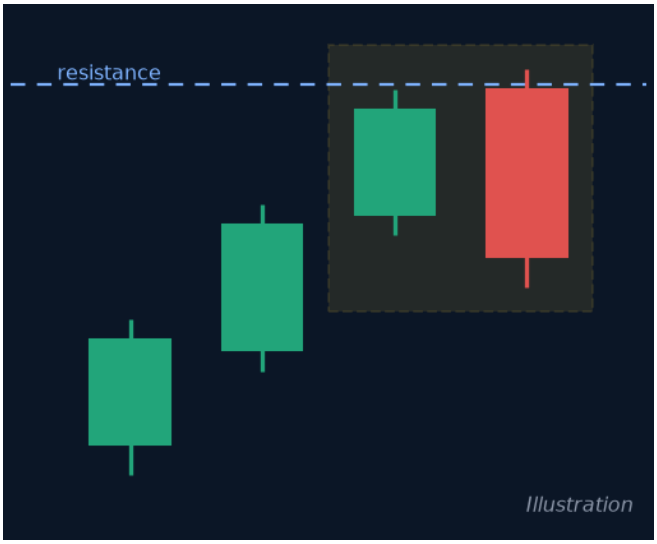
Sellers had the first period. In the second, buyers not only undid the whole move but closed above where it started.

Where it matters: After a fall, at a support level. A larger second body, compared with the candles before it, shows more effort.

Common mistake: Counting it when the second body only covers part of the first body. The whole body must be covered.

PATTERN 7 OF 12 | TWO CANDLES | SELLERS TAKE OVER

Bearish engulfing



Shape check

A bullish candle, then a bigger bearish candle whose body fully covers the body of the bullish candle.

What it shows

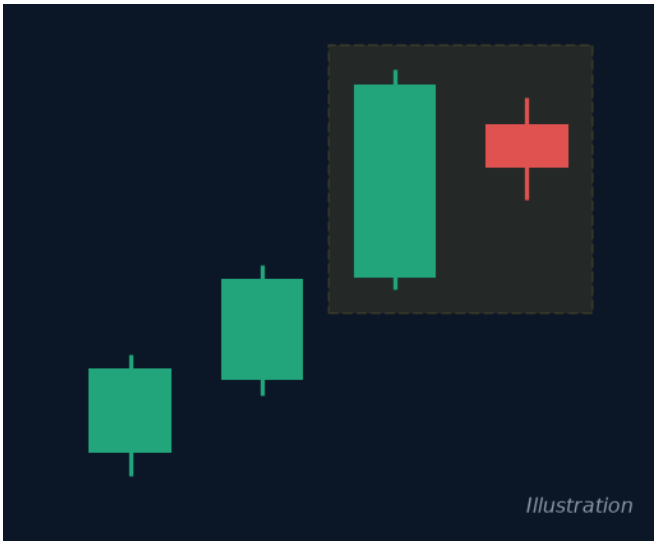
Buyers had the first period. In the second, sellers undid the whole move and closed below where it started.

Where it matters: After a rise, at a resistance level. It is the mirror picture of the bullish engulfing.

Common mistake: Counting it in the middle of a sideways range, where engulfing candles appear often and mean little.

PATTERN 8 OF 12 | TWO CANDLES | THE MARKET PAUSES

Inside bar (harami)



Shape check

A large candle, then a smaller candle whose high and low both stay inside the range of the large candle.

What it shows

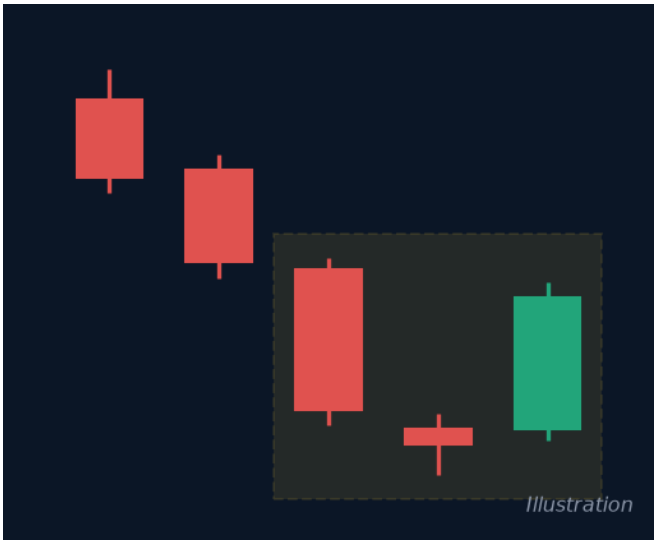
After a big move, price stopped and went quiet. The market is waiting. A break of the large candle's high or low shows which side wins.

Where it matters: After a strong move, or close to a key level. On gold it often forms before a busy news time or a session open.

Common mistake: Guessing the direction before the break. Many inside bars break one way, fail and then go the other way.

PATTERN 9 OF 12 | THREE CANDLES | TURN UP

Morning star



Shape check

A long bearish candle, then a small candle lower down (the 'star'), then a strong bullish candle closing well into the first body.

What it shows

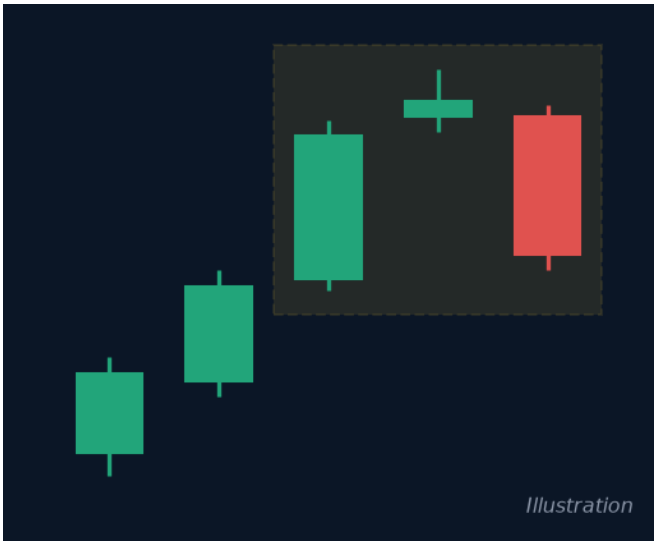
Sellers were in control, then they ran out of steam (the small candle), then buyers took over. You can see the whole hand-over.

Where it matters: At the end of a fall, on support. The deeper the third candle closes into the first one, the clearer the change.

Common mistake: Counting it when the third candle is weak and closes only a little higher than the star.

PATTERN 10 OF 12 | THREE CANDLES | TURN DOWN

Evening star



Shape check

A long bullish candle, then a small candle higher up, then a strong bearish candle closing well into the first body.

What it shows

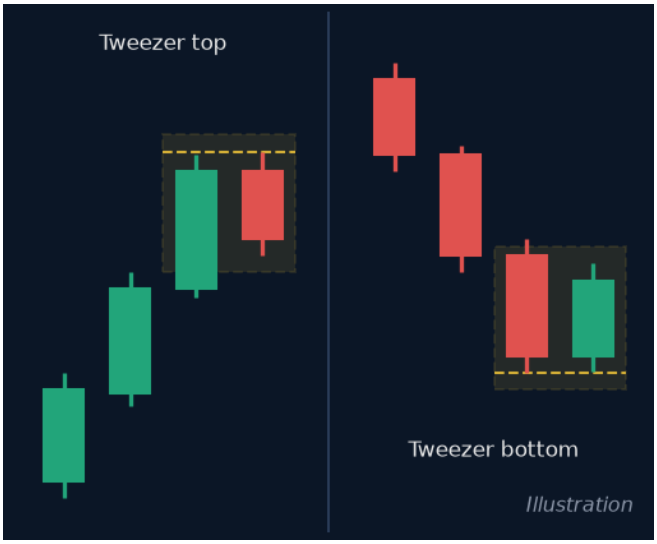
Buyers were in control, then they ran out of steam, then sellers took over. It is the mirror of the morning star.

Where it matters: At the end of a rise, on resistance.

Common mistake: Seeing it in a sideways market where there was no real rise before it.

PATTERN 11 OF 12 | TWO CANDLES | SAME PRICE TESTED TWICE

Tweezer top and bottom



Shape check

Two candles side by side with almost the same high (tweezer top) or almost the same low (tweezer bottom).

What it shows

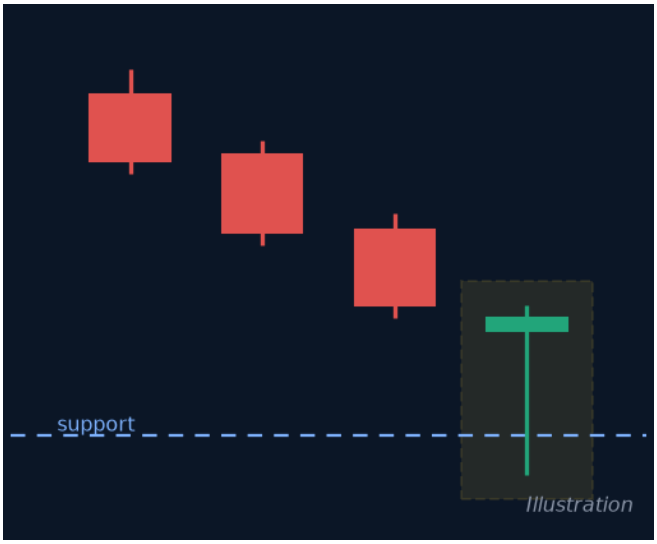
Price tried the same level two times and could not go past it. That price is being defended.

Where it matters: At a level you already marked. A tweezer at the edge of a range is more meaningful than one in the middle.

Common mistake: Expecting the two prices to match to the cent. Close is enough; what matters is the clear failure to break the level.

PATTERN 12 OF 12 | ONE CANDLE | SHARP REJECTION OF A LEVEL

Pin bar



Shape check

A candle with one very long wick (about two thirds of the whole candle or more) and a small body at the other end.

What it shows

Price poked through a level, found strong orders on the other side and was pushed back. The long wick points at the rejected price.

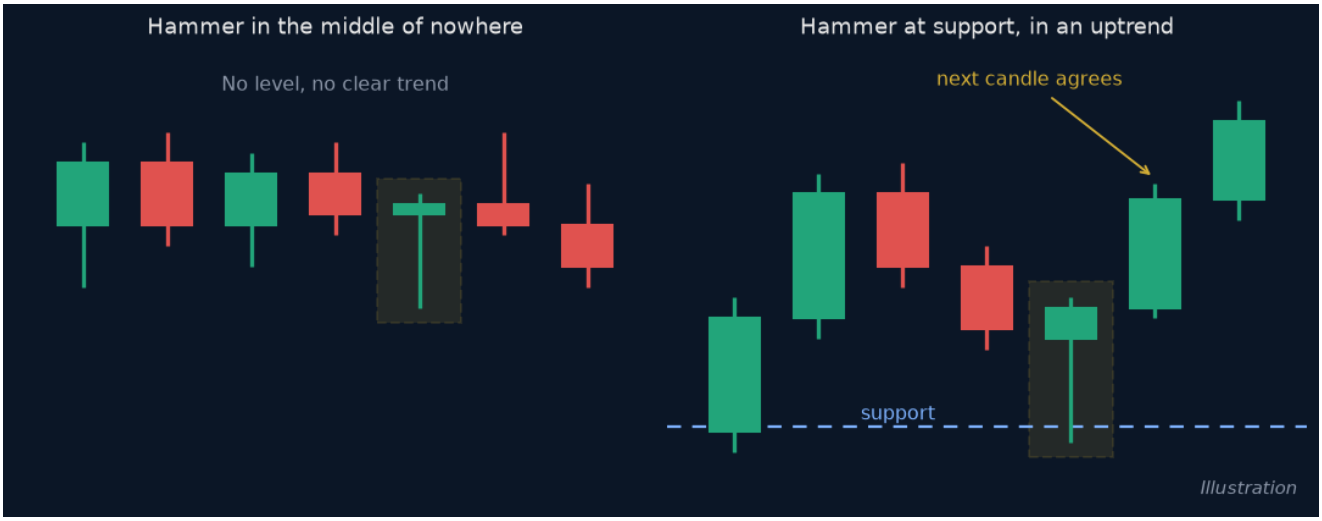
Where it matters: The wick should pierce a clear level and the body should close back on the other side of it. Hammers and shooting stars are types of pin bar.

Common mistake: Calling any long wick a pin bar. If the wick does not touch a level you marked earlier, it is just noise.

THE MOST IMPORTANT PAGE

Context matters

A pattern alone is not a signal. The same hammer can be meaningful in one place and meaningless in another. What changes is the **context**: where the candle forms and what the market was doing before it.



Both highlighted candles are hammers. Only the one on the right has a reason to matter.

Check these three things every time

1. **Level.** Is the pattern at a support or resistance level that you marked **before** the pattern appeared? Yesterday's high and low, and clear turning points on H1 and H4, are good places to start.
2. **Trend.** What is the bigger timeframe doing? A turn-up pattern against a strong downtrend on H4 is weaker than one that agrees with the bigger picture.
3. **Confirmation.** Did the next candle agree? A hammer followed by a strong bearish close has failed. Patience costs nothing.

Test before you trust. Before you rely on any pattern, go back through old charts on your demo platform and write down 20 or more examples: where it formed and what happened in the next few candles. You will quickly see when it tends to work and when it does not. Your own notes are worth more than any book.

LEARN BY DOING

Your 7-day demo practice plan

Open a free **demo account** (play money) on any trading platform and add the XAUUSD chart. Spend 20 to 30 minutes a day. The goal this week is to **see** and **write down**, not to place trades.

Day	Task
1	Set up the H1 chart. Find 10 bullish and 10 bearish candles. Point to the open, high, low and close of each.
2	Switch between M5, H1, H4 and D1. Find where today's daily candle starts on your chart's clock.
3	Mark yesterday's high and low with lines. Watch how price behaves when it comes near them.
4	Find dojis, hammers and shooting stars on H1. Note if each one formed near a line you marked.
5	Find engulfing patterns and inside bars. Check that the body or range rule is really met.
6	Find morning stars, evening stars, tweezers and pin bars. Use the cheat sheet on page 15.
7	Read your journal. Which patterns near a level were followed by a move in their direction?

Pattern journal (print this page, or copy it into a notebook)

Date	TF	Pattern	Near a level?	Bigger trend	Next 5 candles	Notes

Example of one line: 3 Nov | H1 | Hammer | Yes, yesterday's low | Up | Went up, then sideways | Wick touched the line.

QUICK REFERENCE

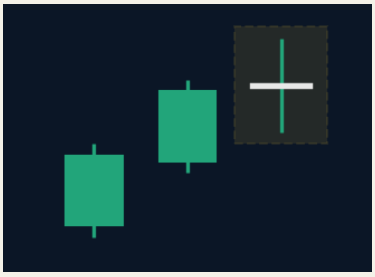
Key words in plain English

Word	Simple meaning
XAUUSD	The price of one ounce of gold in US dollars. 'XAU' is gold, 'USD' is the US dollar.
Candle	A drawing of price during one period, built from open, high, low and close.
Body	The thick part of a candle, between the open and the close.
Wick / shadow	The thin line above or below the body. Prices that were reached but not kept.
Bullish / bearish	Going up / going down. A bullish candle closes above its open.
Timeframe	How much time one candle covers, such as M5, H1, H4 or D1.
Support	A price area where falling price has stopped and turned up before.
Resistance	A price area where rising price has stopped and turned down before.
Trend	The general direction: higher highs and higher lows (up), or lower highs and lower lows (down).
Range	A sideways market moving between a ceiling and a floor.
Rejection	Price tries a level and is pushed back, usually leaving a long wick.
Confirmation	A later candle that agrees with what a pattern suggested.
Server time	The clock your trading platform uses for its candles. It may differ from IST.
Demo account	A practice account with play money. The best place to learn, with nothing at risk.

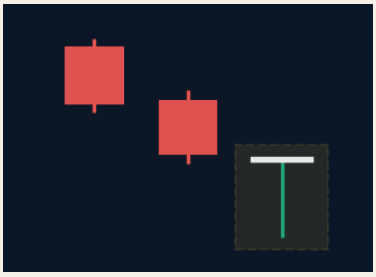
If a word in a lesson or video is new to you, write it down with its meaning in your own words. That simple habit makes learning much faster.

KEEP IT NEXT TO YOUR SCREEN

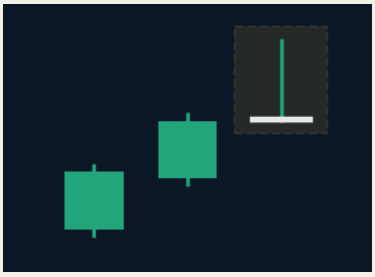
Quick cheat sheet



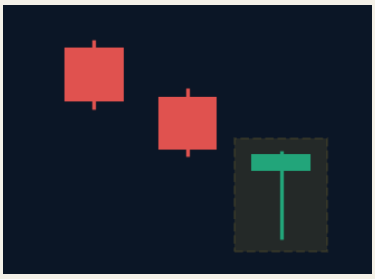
1. Doji
Open = close. Pause.



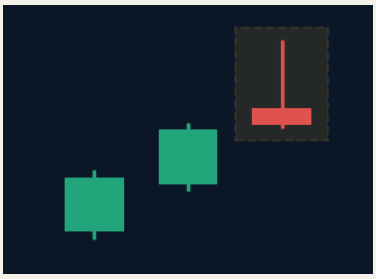
2. Dragonfly doji
Long lower wick, body at top.



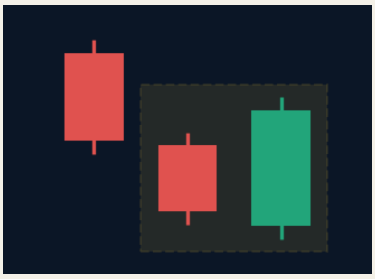
3. Gravestone doji
Long upper wick, body at bottom.



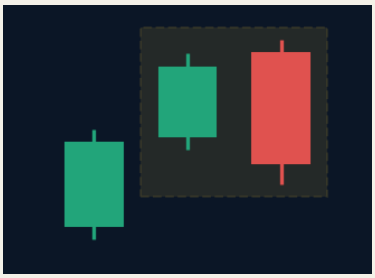
4. Hammer
After a fall. Small body on top.



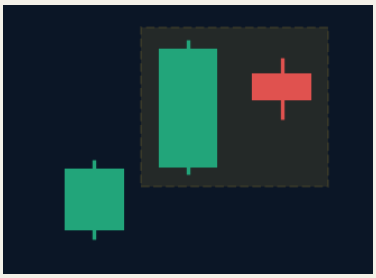
5. Shooting star
After a rise. Small body at bottom.



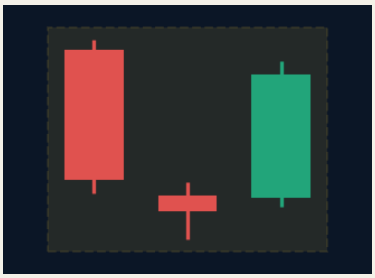
6. Bullish engulfing
Green body covers red body.



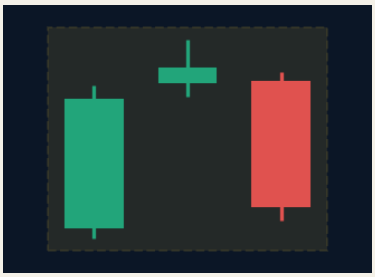
7. Bearish engulfing
Red body covers green body.



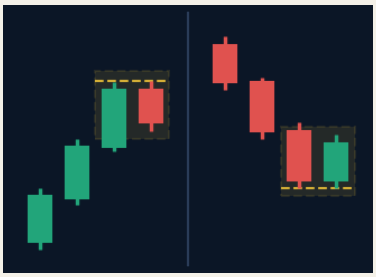
8. Inside bar (harami)
Small range inside big range.



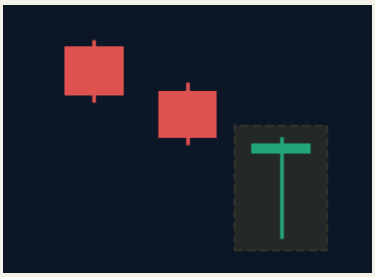
9. Morning star
Down, small star, strong up.



10. Evening star
Up, small star, strong down.



11. Tweezer top and bottom
Same high or same low twice.



12. Pin bar
Long wick through a level.

Remember: shape + level + trend + next candle. A shape on its own is only a shape. (Pictures are illustrations.)

Next steps

1. Watch the Gold Vault Level 1 lessons

Our Gold Vault video lessons take you from candle basics to reading price levels, one step at a time.

2. Try your ideas in the Money Door AI Lab

Describe an idea in simple words and test it on past gold charts before you trust it. A learning tool only.

3. Keep practising on a demo account

Fill in the 7-day journal. Repeat it with one pattern at a time until you can spot it without looking at this guide.

Questions? Talk to our customer care

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