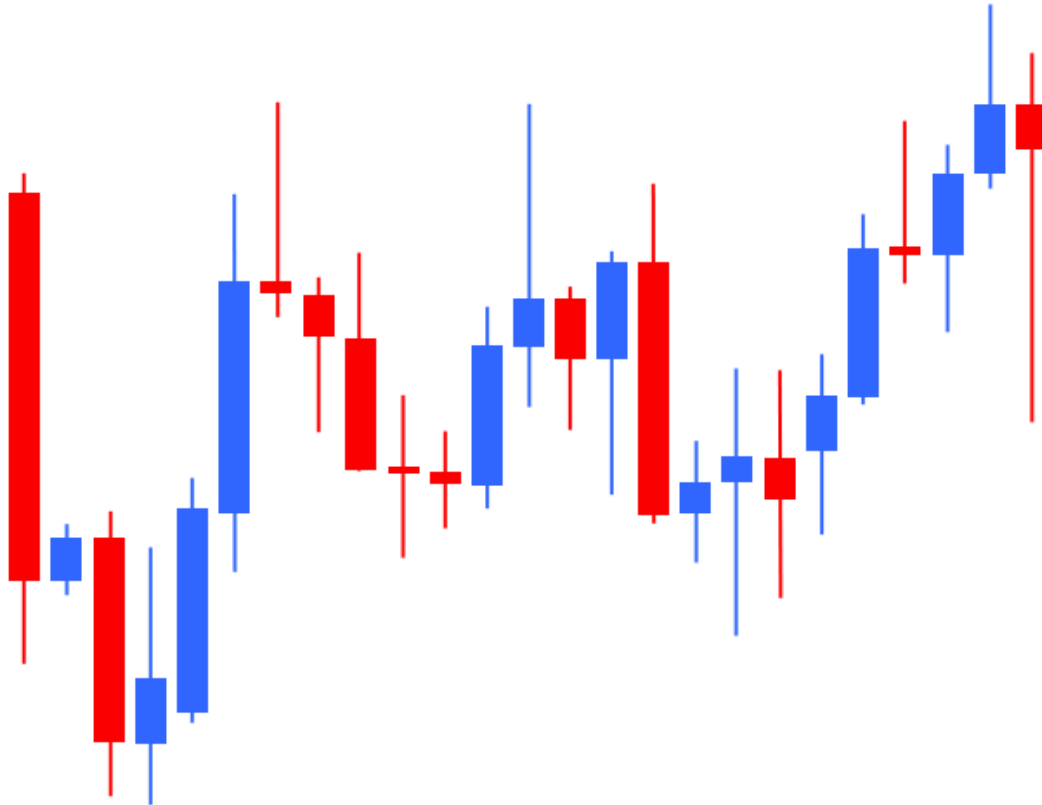


# Forex Terminologies – Lesson 8

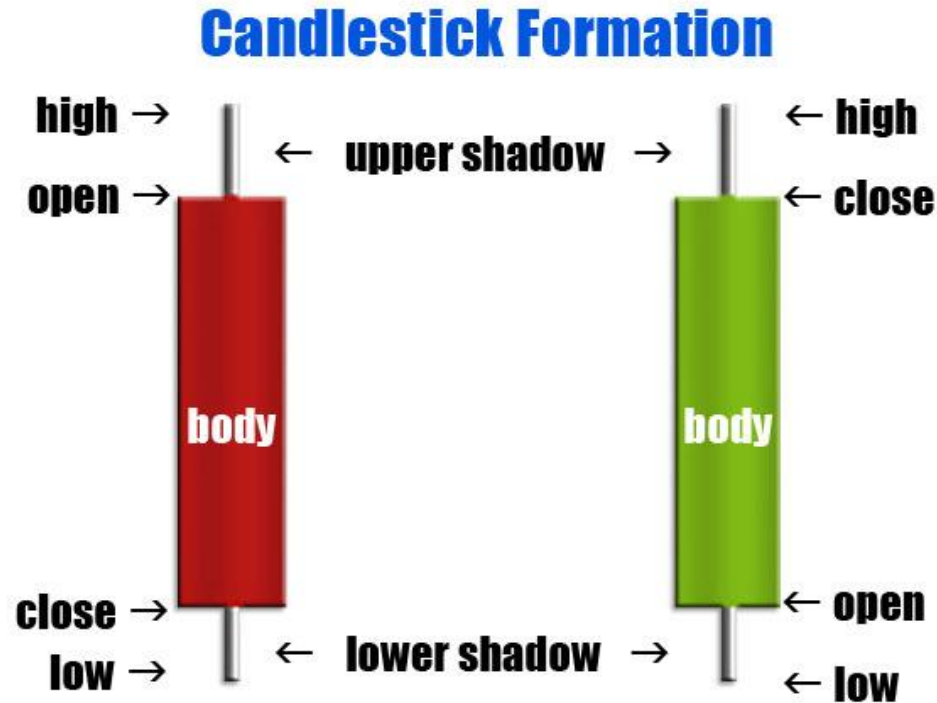
## What is a Japanese Candlestick?



In this lesson, we'll talk about the Japanese Candlestick Chart...

If you have traded any kind of financial instruments before, there is a chance you've seen a Japanese Candlestick chart in action, because it's probably the most widely used form of charting in the financial market today.

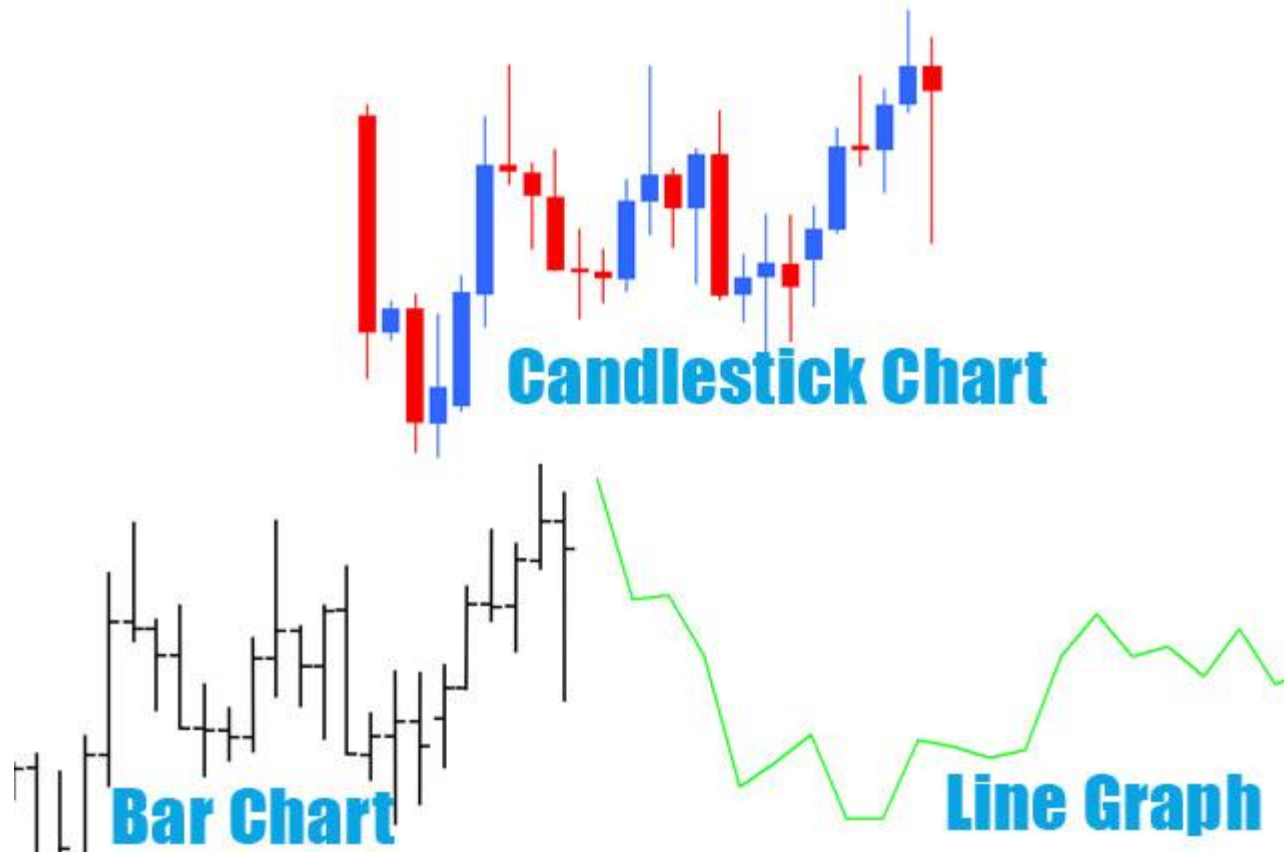
## What is a Japanese Candlestick?



And if you guessed that the candlestick chart originated from Japan, you are absolutely right! It was first used in the 17th century for rice trading and then introduced to the U.S. by Charles Dow in the 1900s.

A candle consists of body and shadows... The body is also known as the “real body” which shows that in a specific period of time, anywhere from 1 minute to 4 hours, where the price action was... If the price moved up, you will see a BLUE CANDLE (or white, or green), and if the price moved down, you’ll see a red candle (or black, or yellow)...

# What is a Japanese Candlestick?

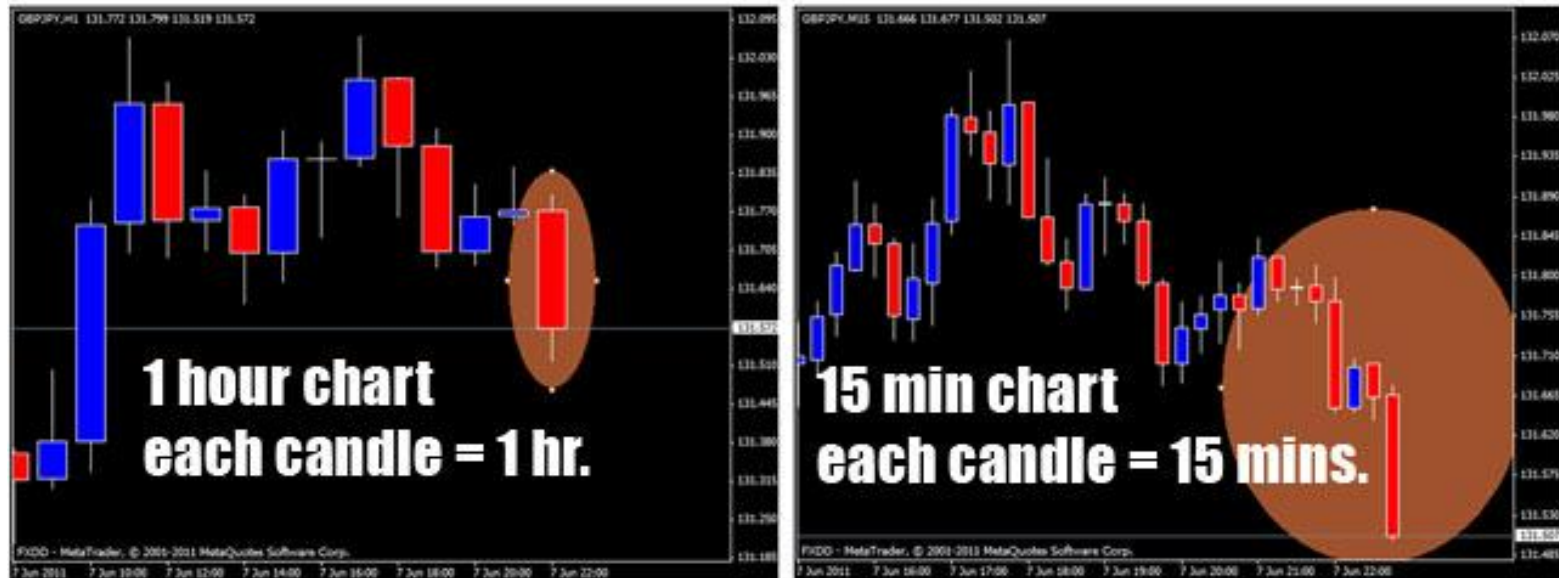


The shadows, also known as wicks (if they are on top) or tails (if they are on the bottom), represent the high and low of the price action during the same time period...

When you compare Japanese Candlestick against others, such as a bar chart or line graph, it is obvious that the Japanese Candlesticks are more appealing visually.

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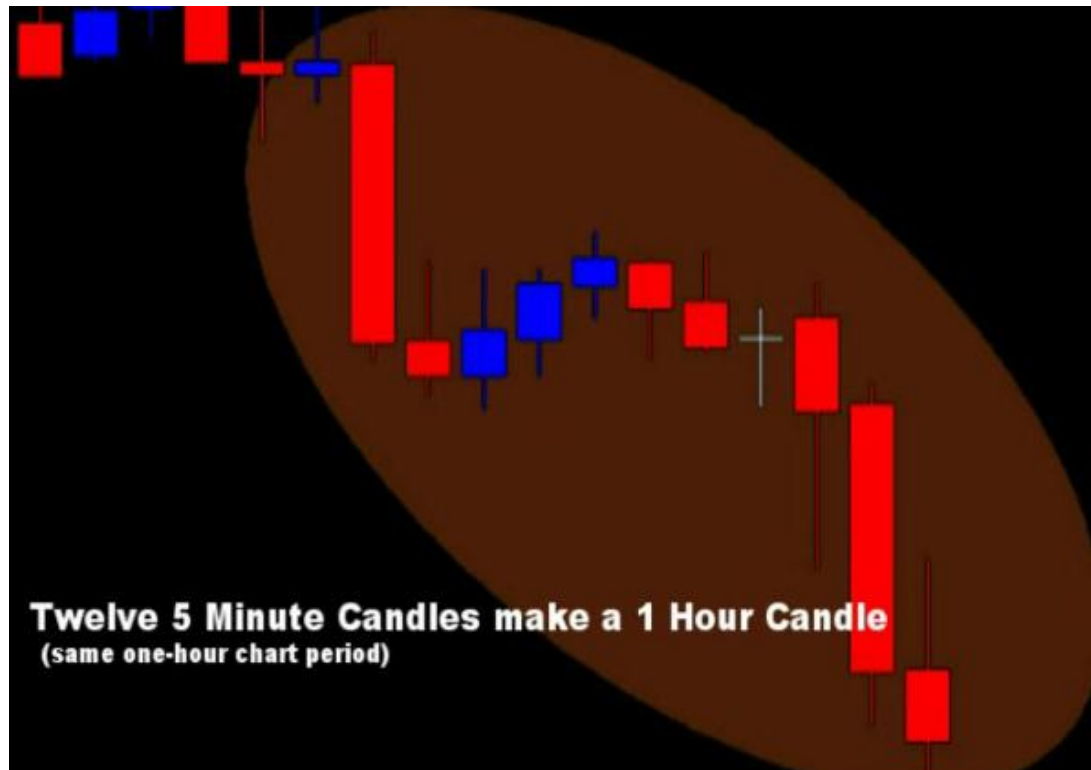
## What is a Japanese Candlestick?



It is important to understand that each candlestick represents a period of time. And in order to understand this, let me demonstrate by starting from a higher timeframe...

This is a 1 Hour Chart, which means that each candle represents the price action of 1 hour...

# What is a Japanese Candlestick?



And staying with the same time period, still 1 hour, but this time in 5 minute candlesticks, this is what we see.... or about 12 candles to make up one 1-hour candle.

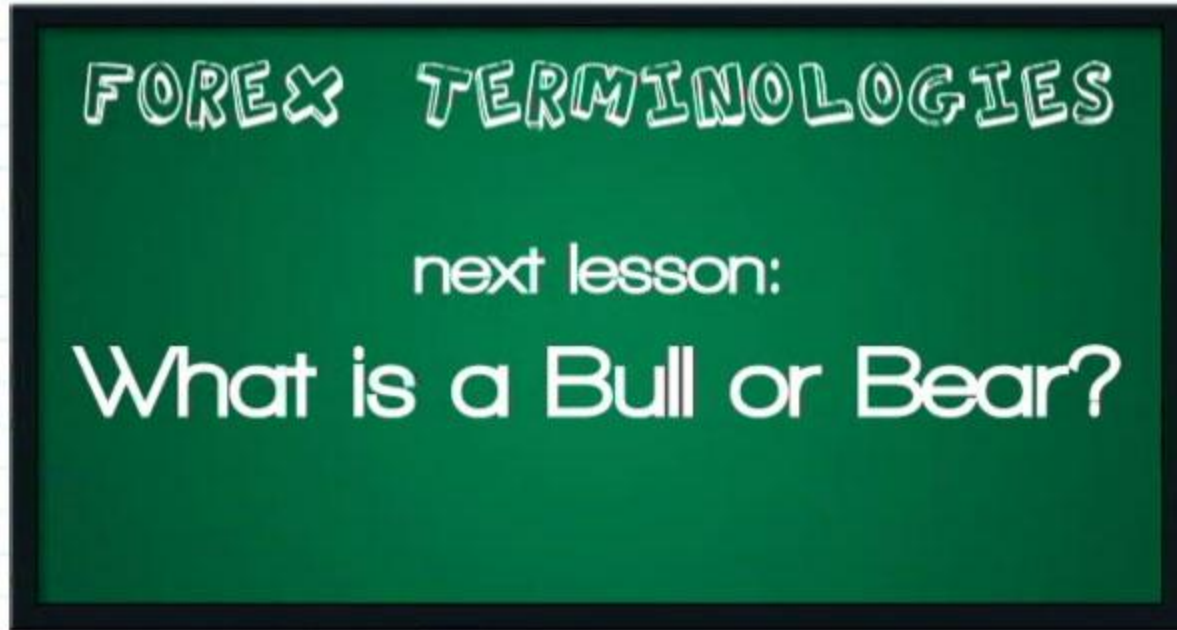
You can use 5 minute chart or 4 hour chart, it all depends on your trading strategy, which will be covered in future videos on technical analysis...

To sum it up, Japanese Candlestick chart is probably the most visually attractive, easiest to understand, and most widely used form of charting in the Forex market...

# Forex Terminologies – Lesson 8

## What is a Japanese Candlestick?

 with Henry Lin



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