

NISON

RESEARCH INTERNATIONAL

About Steve Nison

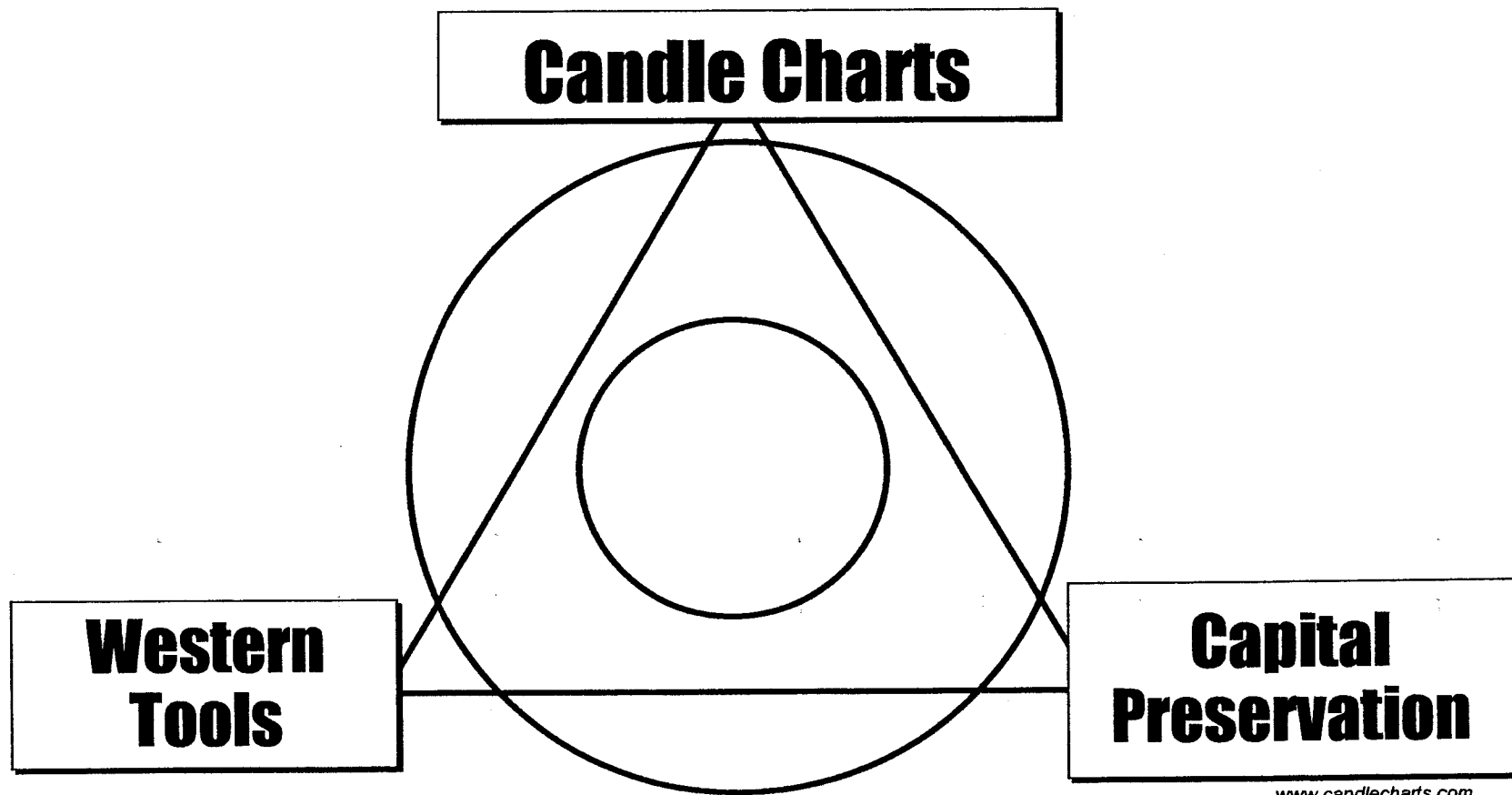
Steve Nison, CMT, the first to reveal candle charts to the West, is acknowledged as the world's authority on the subject. He is the author of the two internationally best-selling books, *Japanese Candlestick Charting Techniques* and *Beyond Candlesticks*. These books have been translated into eight languages.

Steve's work has been highlighted in financial media around the world including the *Wall Street Journal*, *Worth magazine*, *Barron's*, and *Institutional Investor*.

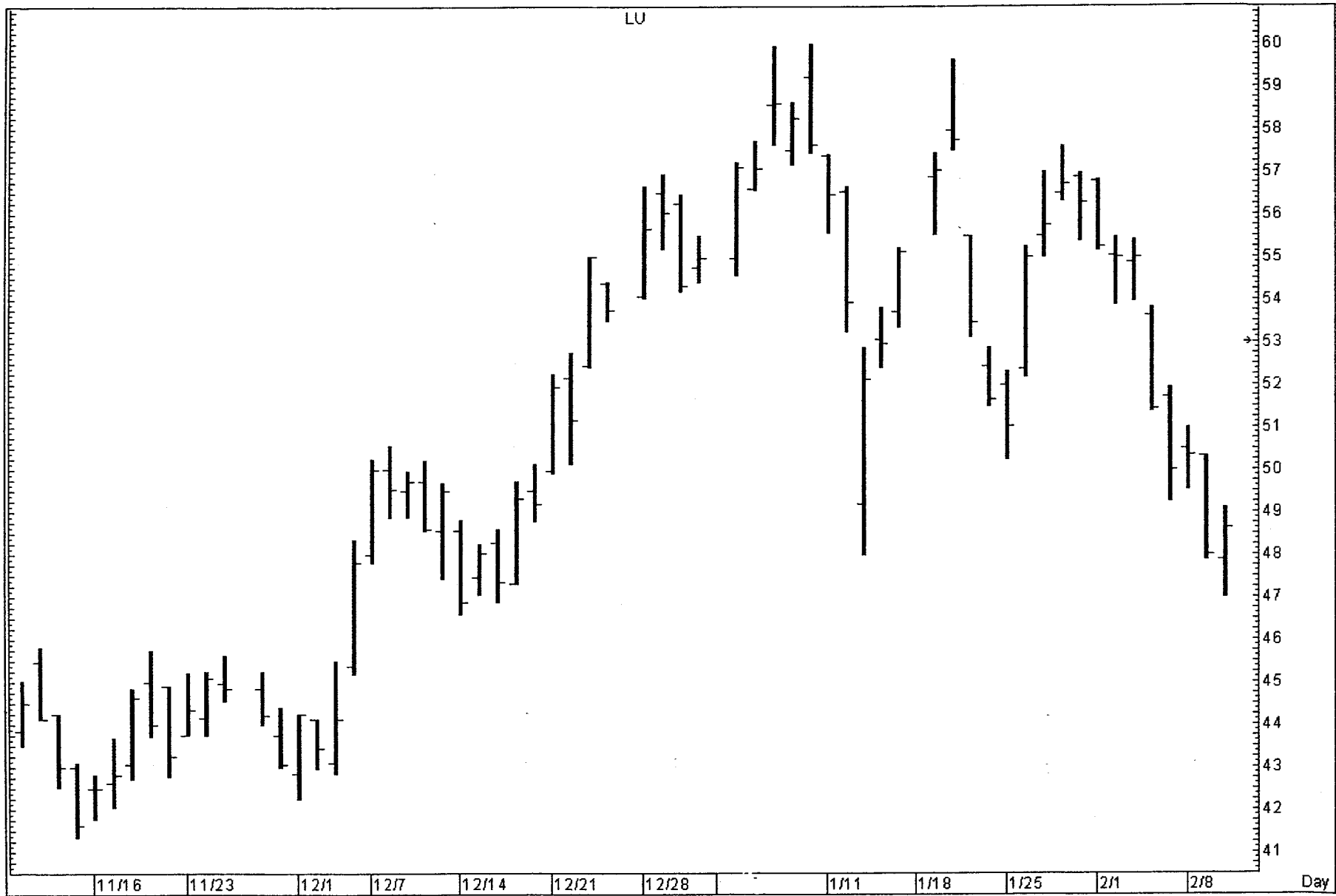
As a sought after speaker, he has presented his trading strategies in 18 countries to thousands of traders and analysts including the World Bank and the Federal Reserve.

Steve is founder and President of Nison Research International, which provides customized advisory and on-site seminar services. The firm's exclusive strategies combine the most effective tools of Eastern and Western technical analysis to help improve profits and decrease risk exposure. Their web site is www.candlecharts.com.

The Trading Triad®

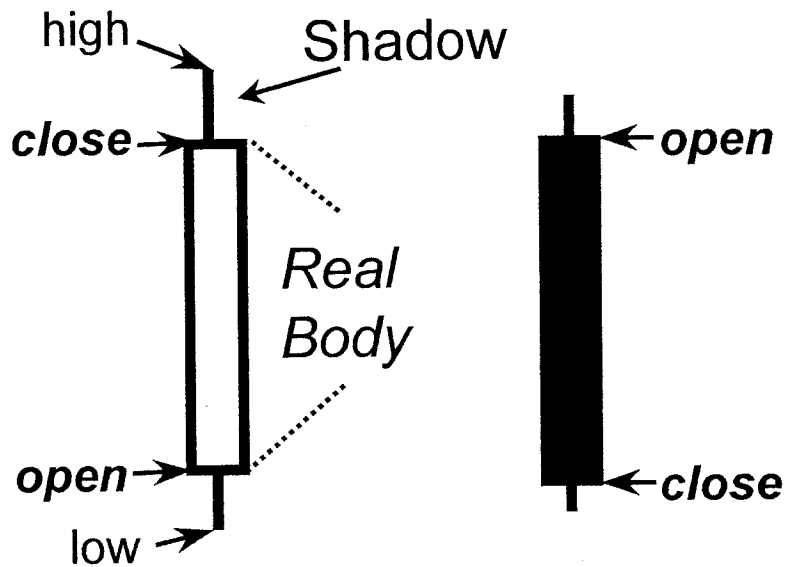


www.candlecharts.com

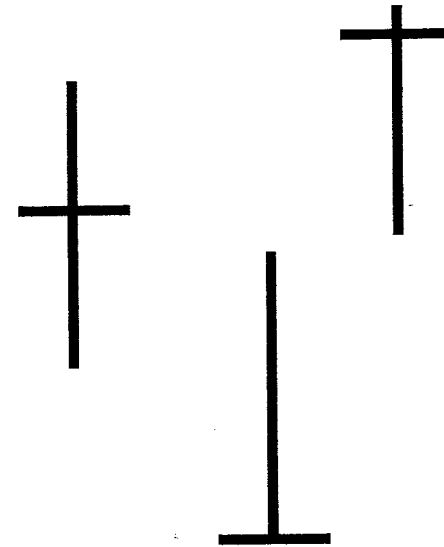




Constructing the Candle Line



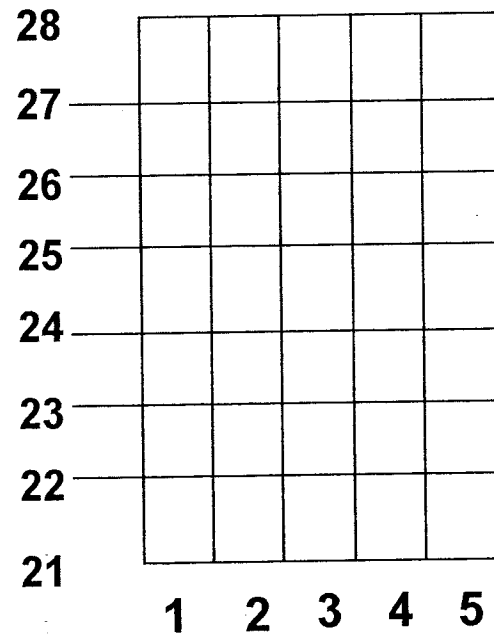
Real Bodies and Shadows



Doji

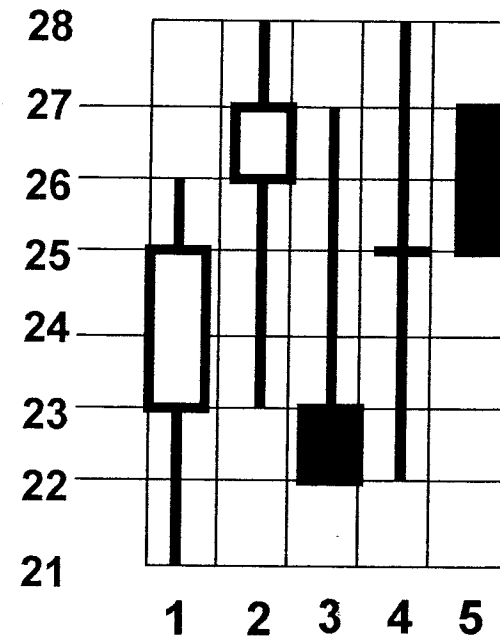
Drawing Candle Lines

<u>session</u>	<u>open</u>	<u>high</u>	<u>low</u>	<u>close</u>
1	23	26	21	25
2	26	28	23	27
3	23	27	22	22
4	25	28	22	25
5	27	27	25	25



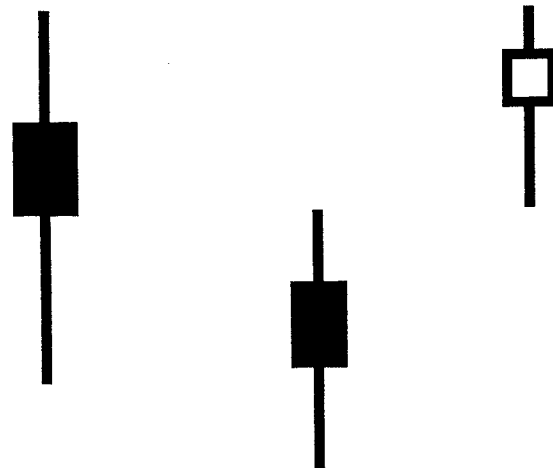
Drawing Candle Lines

<u>session</u>	<u>open</u>	<u>high</u>	<u>low</u>	<u>close</u>
1	23	26	21	25
2	26	28	23	27
3	23	27	22	22
4	25	28	22	25
5	27	27	25	25



Small Real Bodies

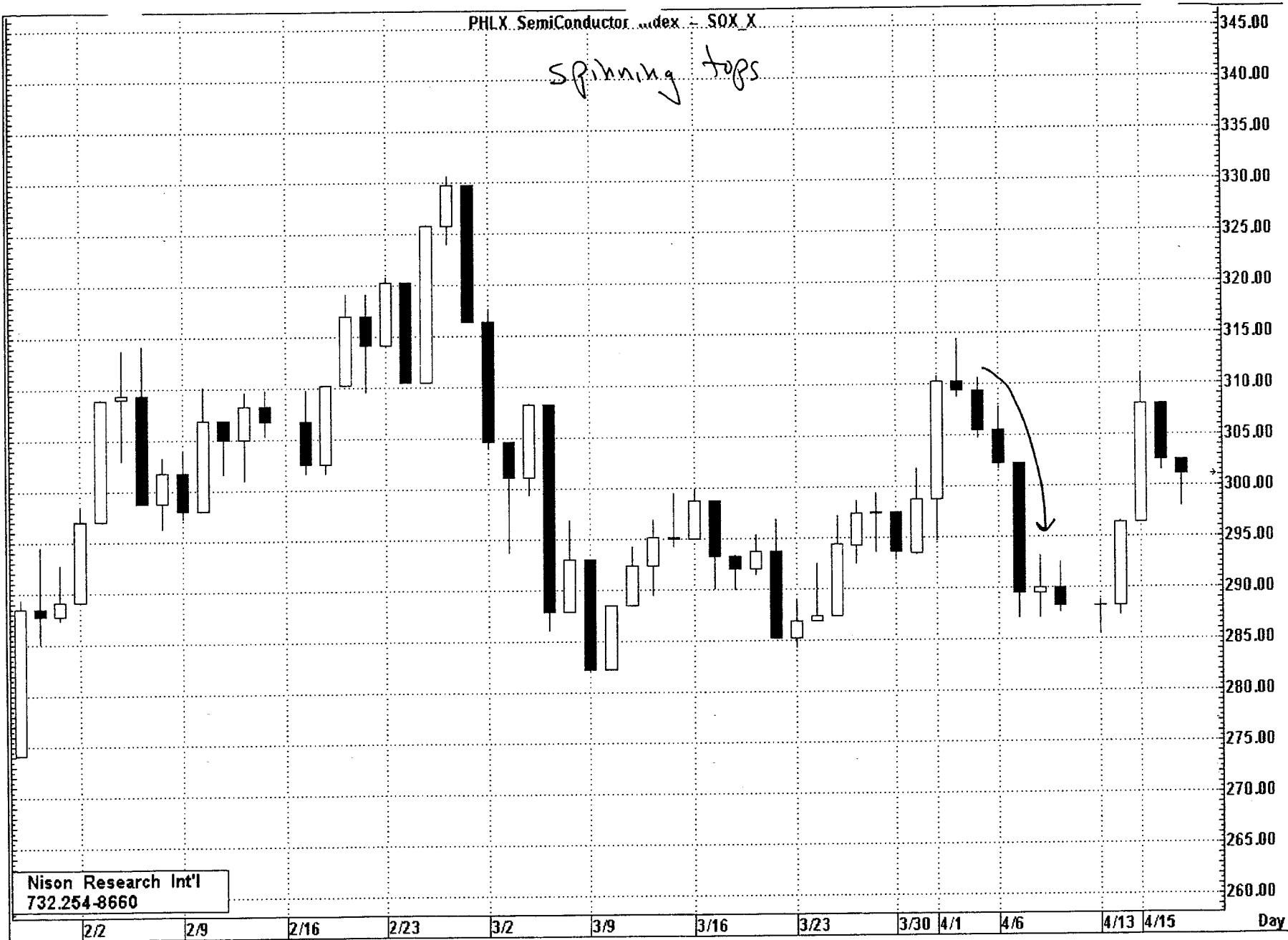
(SPINNING TOPS)





PHLX.SemiConductor index - SOX_X

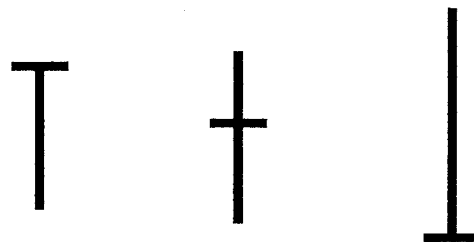
Spinning tops



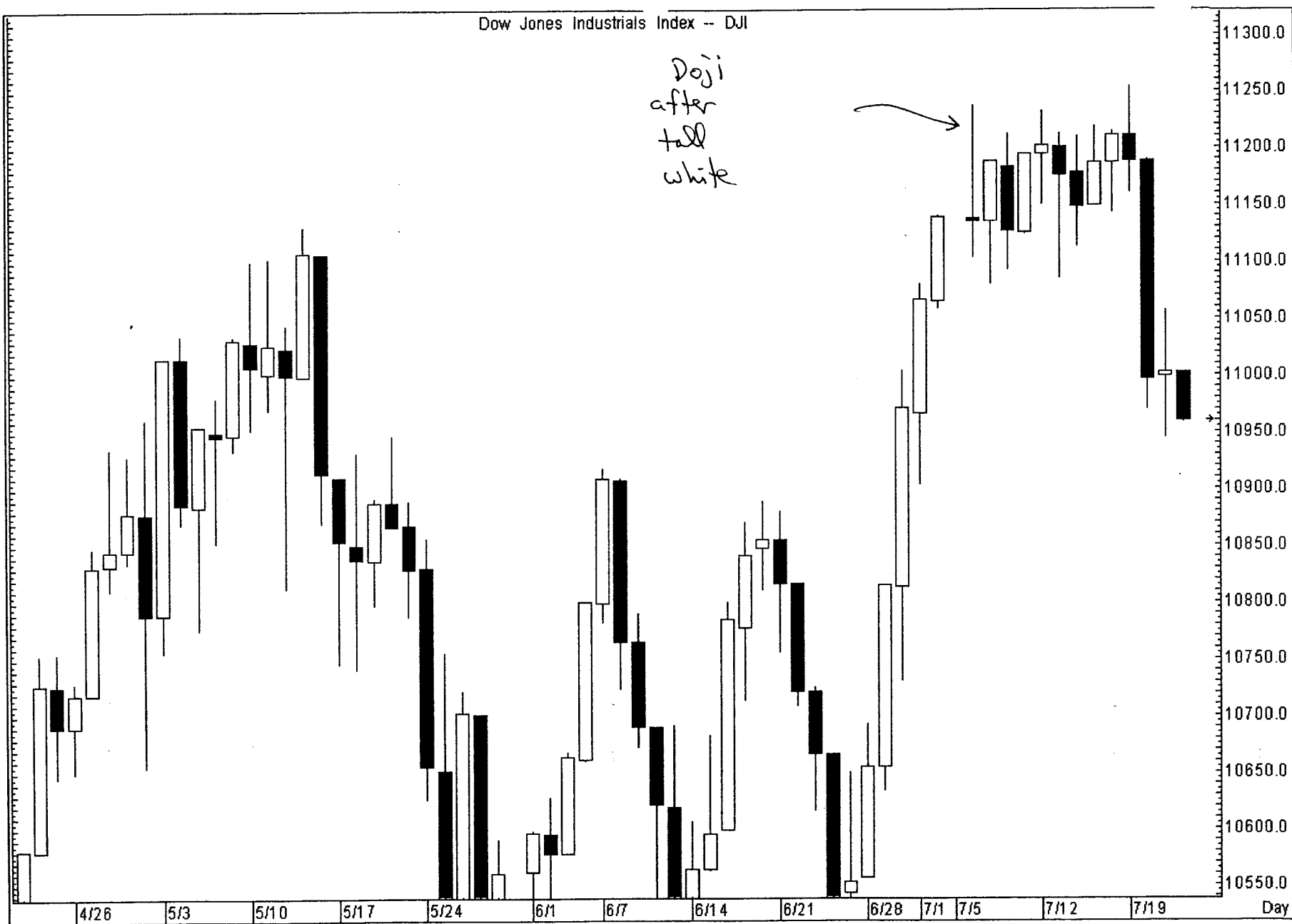
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732.254-8660



Doji



Dow Jones Industrials Index -- DJI

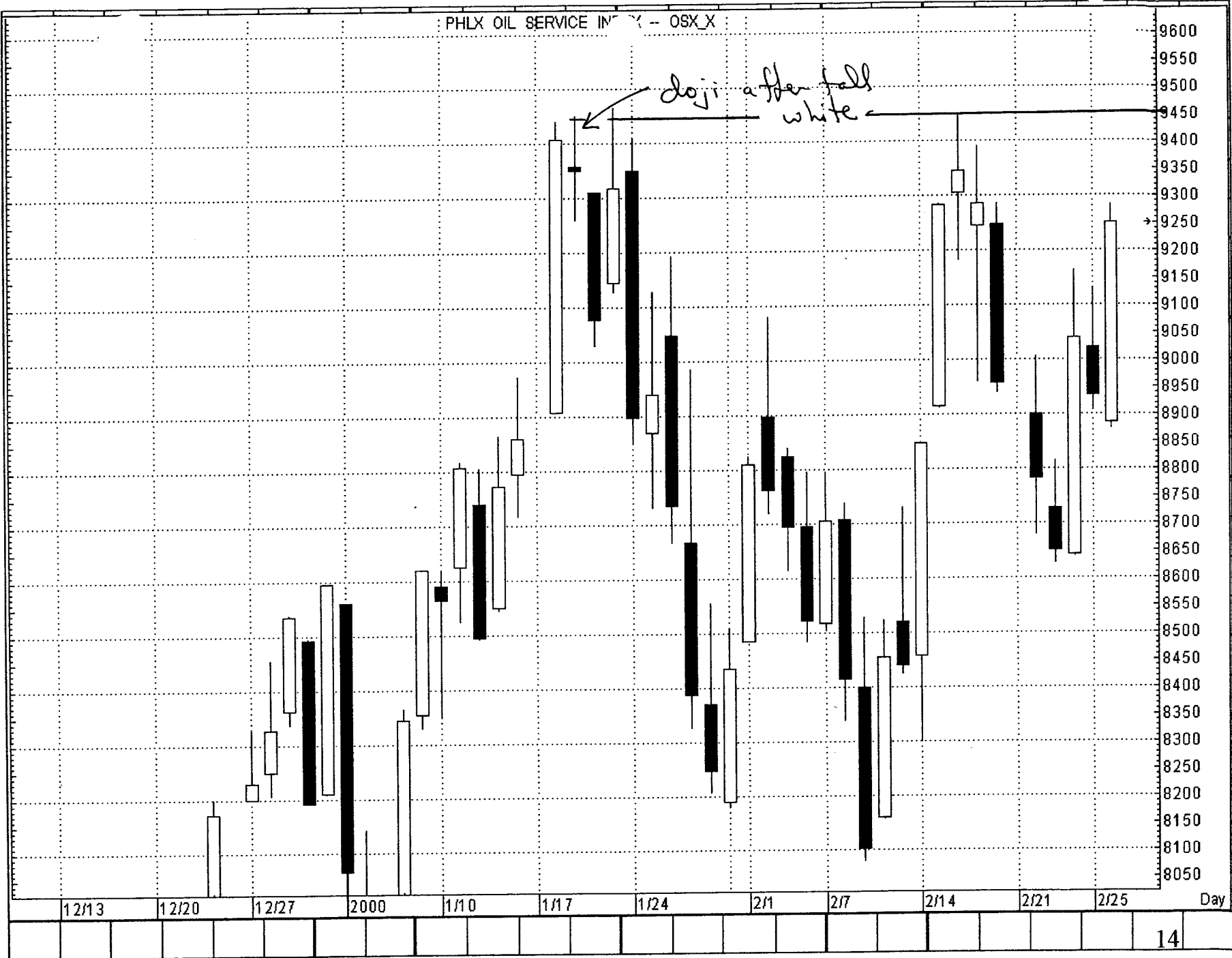


NASDAQ Composite 10⁰ Index - NDX_X

Doji after tall white



PHLX OIL SERVICE INDEX - OSX_X

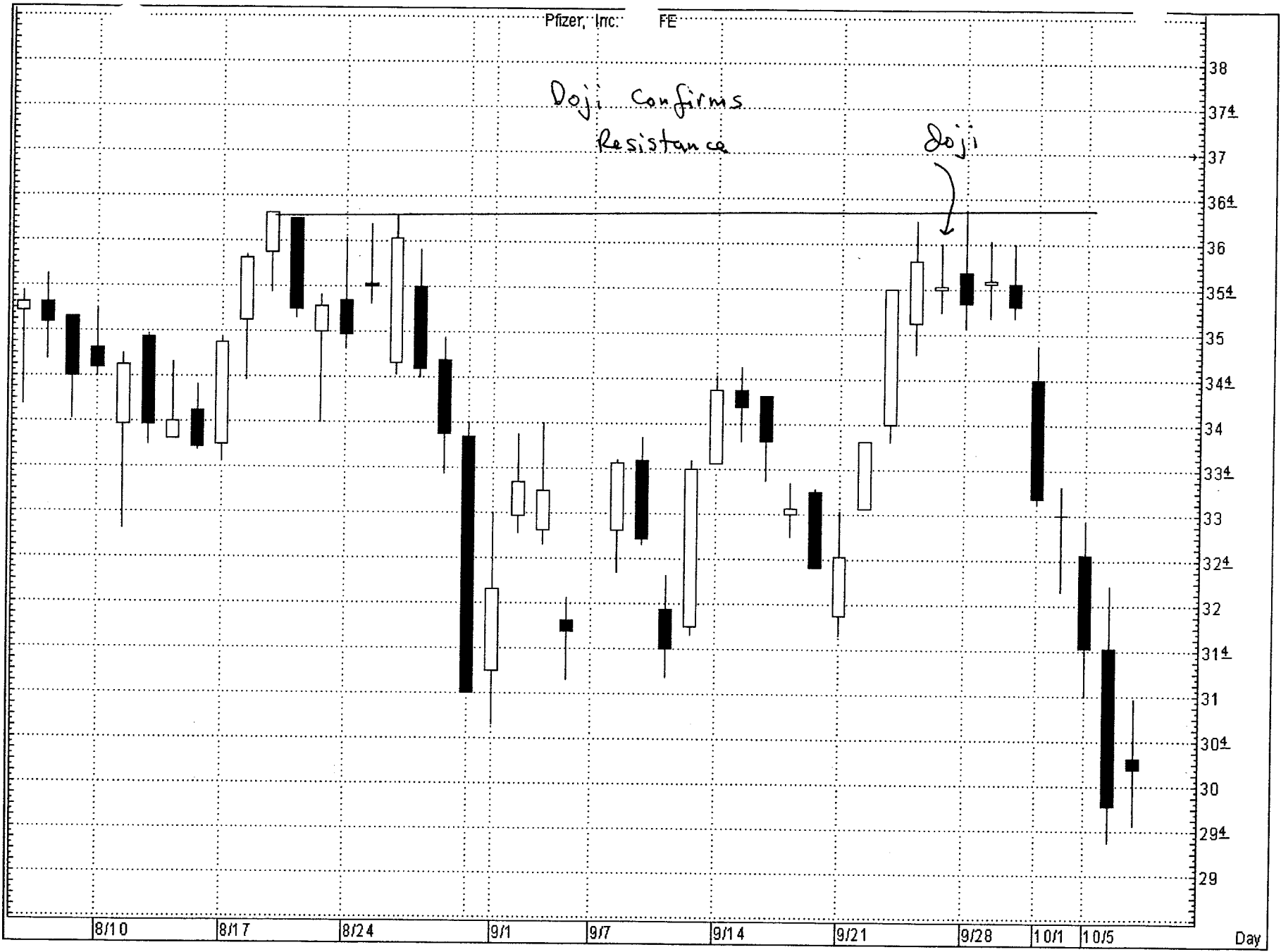




Pfizer, Inc.: FE

Doji Confirms
Resistance

Doji



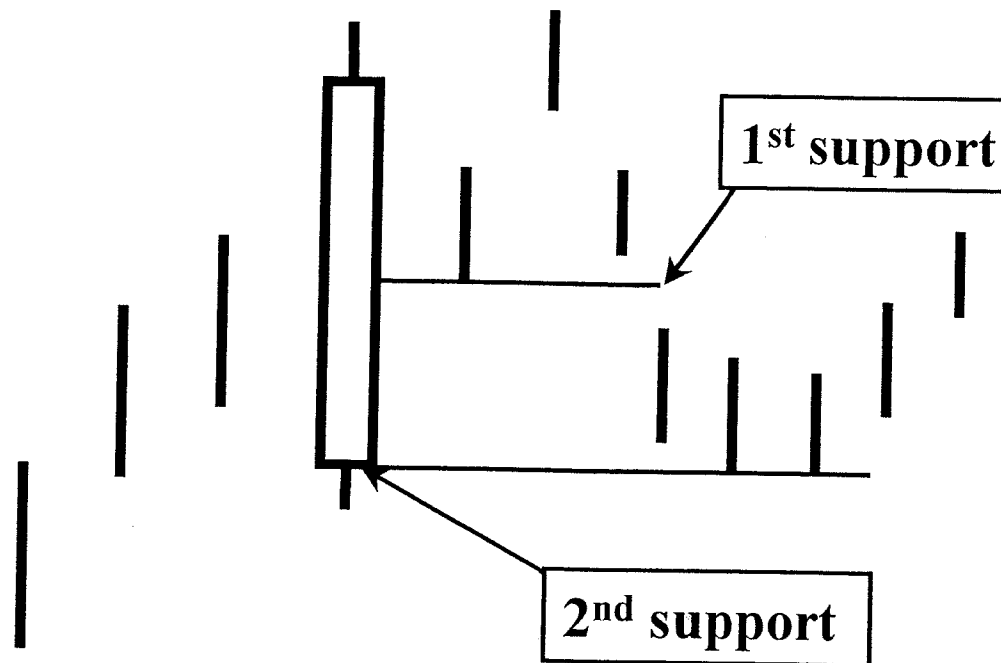




Inktomi Corp INKT



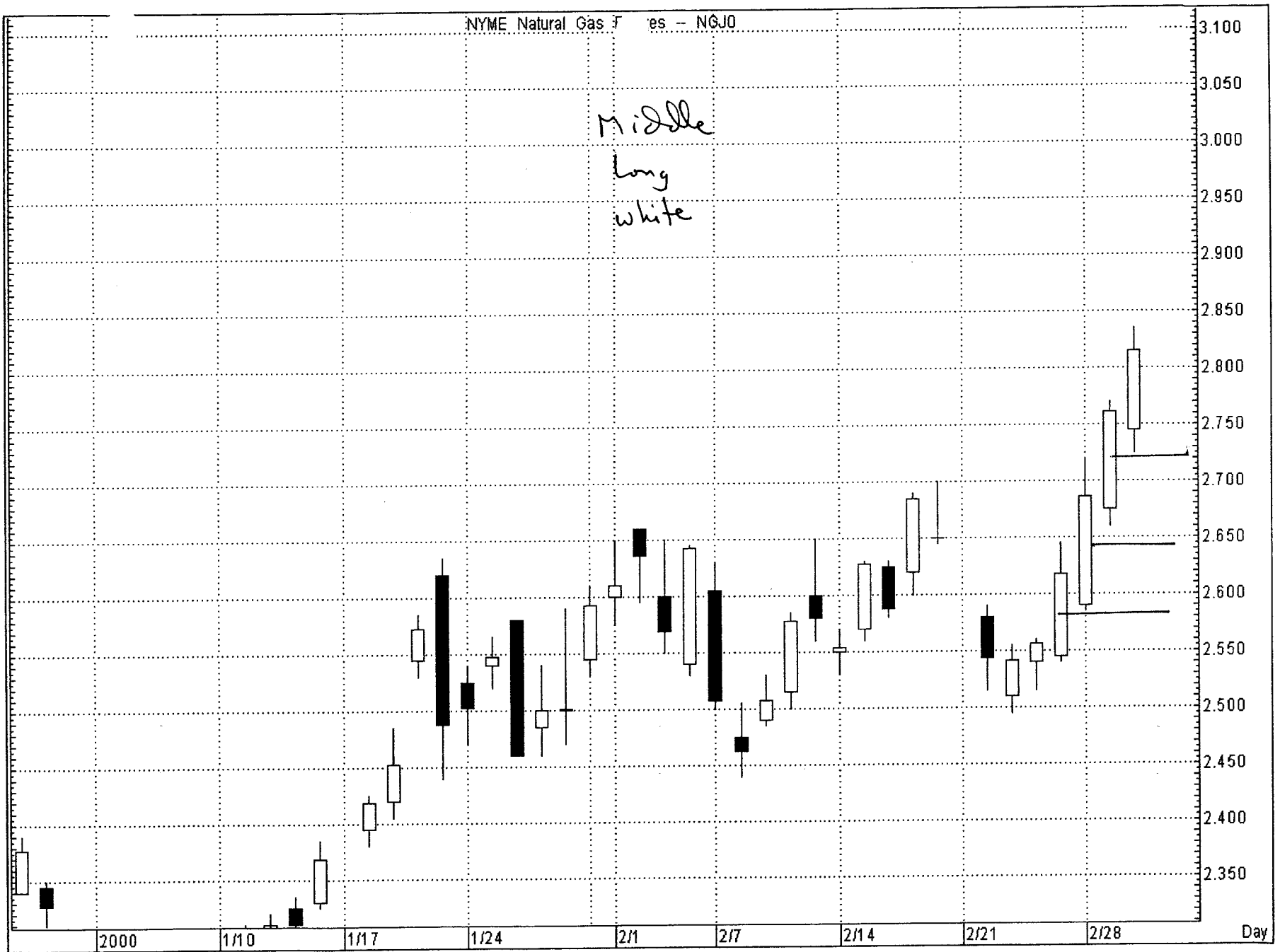
Long White Real Body As Support



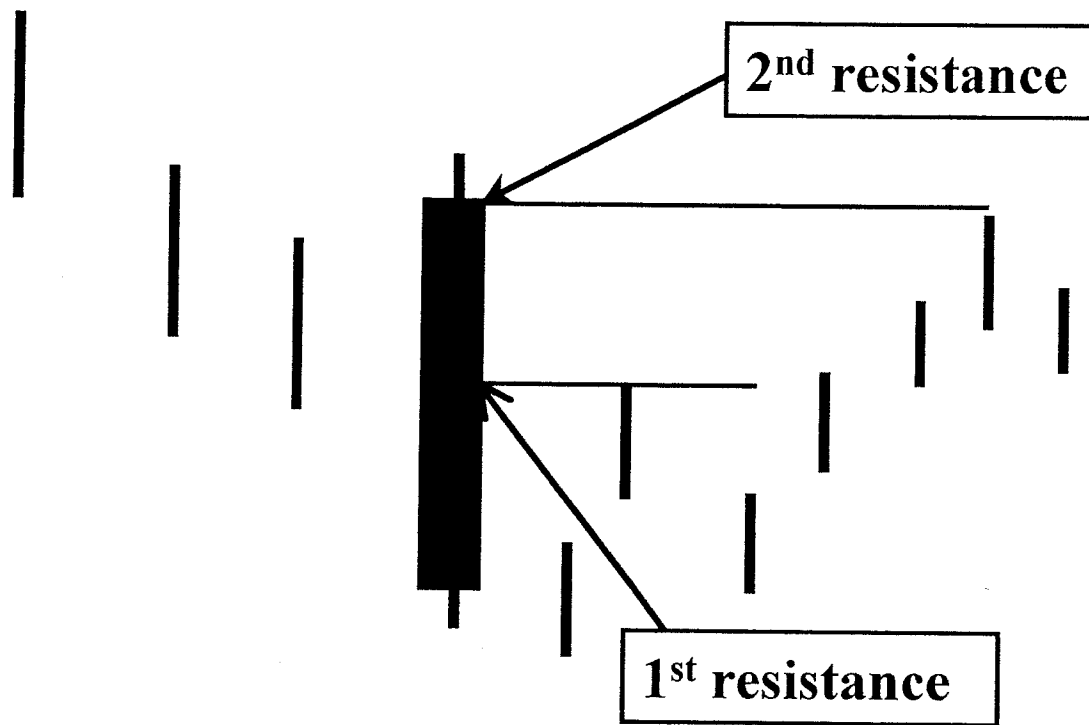
Fluor Corporation : FLR

Center Tall white



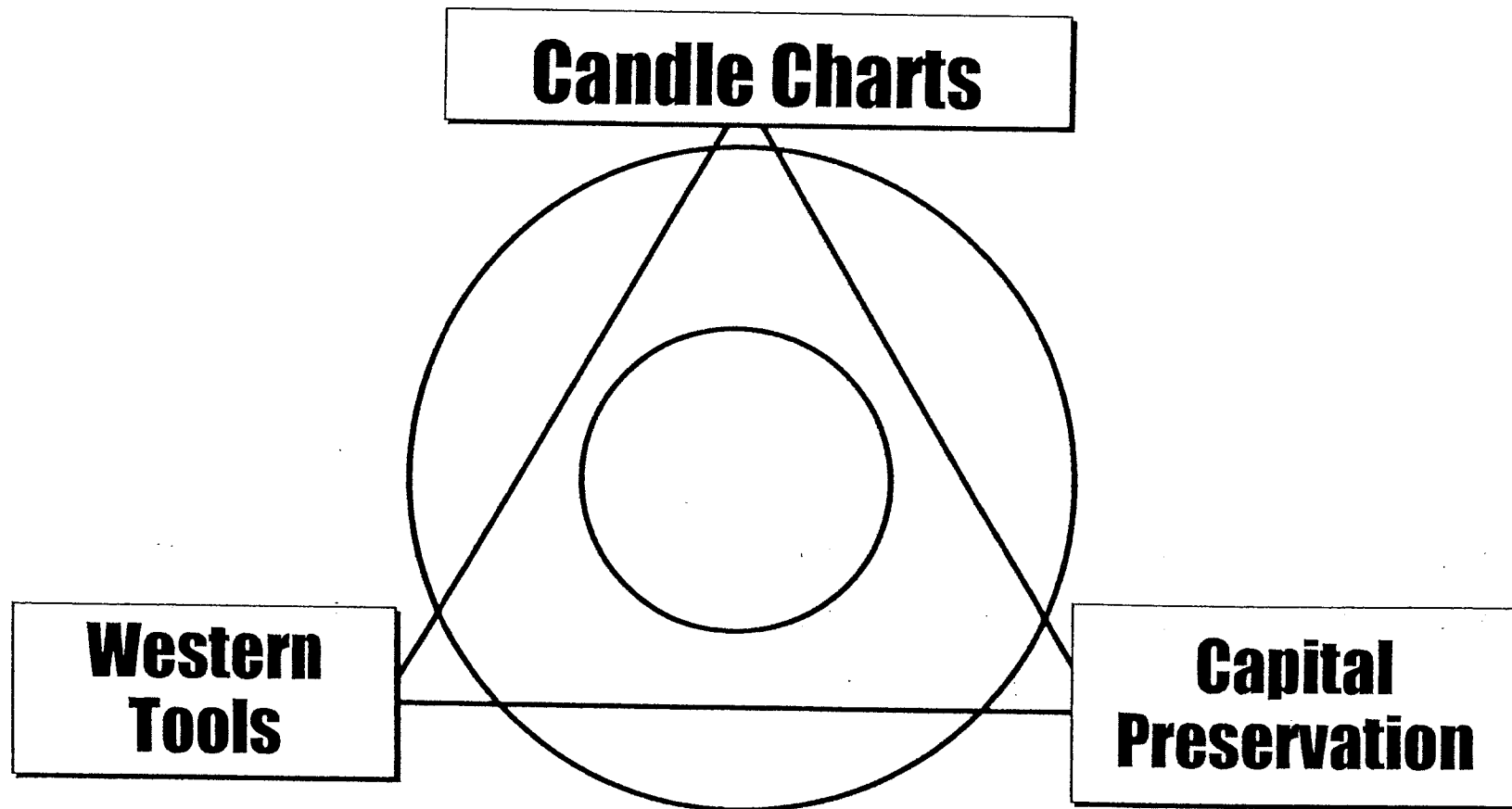


Long Black Real Body As Resistance



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The Trading Triad®



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International Business Machine -- IBM

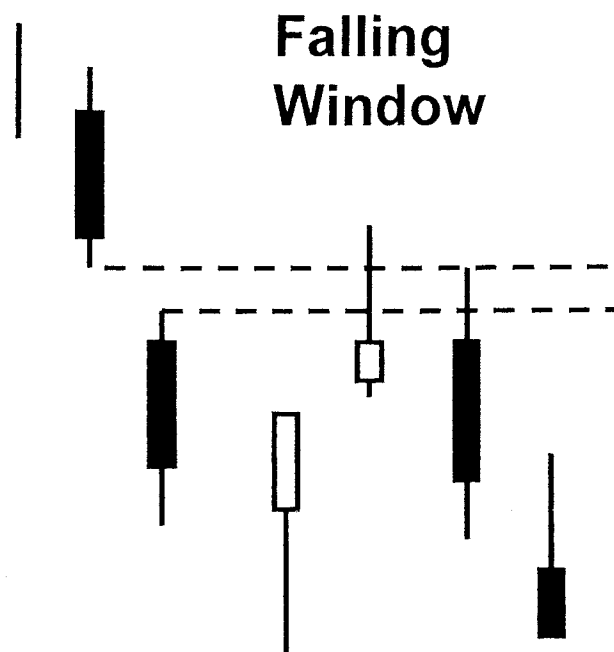
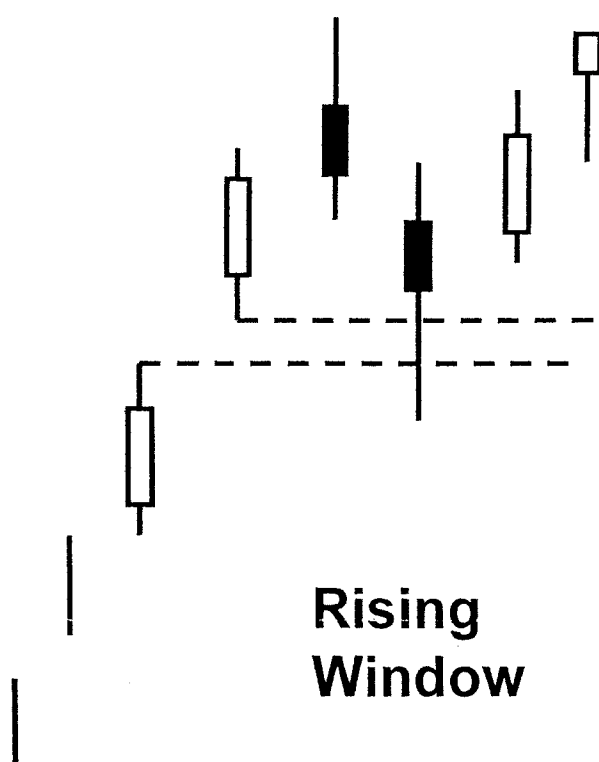
Using Individual Candle Lines



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6/7 6/14 6/21 6/28 7/1 7/12 7/19 7/26 8/2 8/9 8/16 8/23 9/1 9/6 9/13 9/20 9/27 10/1 10/11 10/18 10/25 11/1 2 Day

Windows - Continuation Patterns



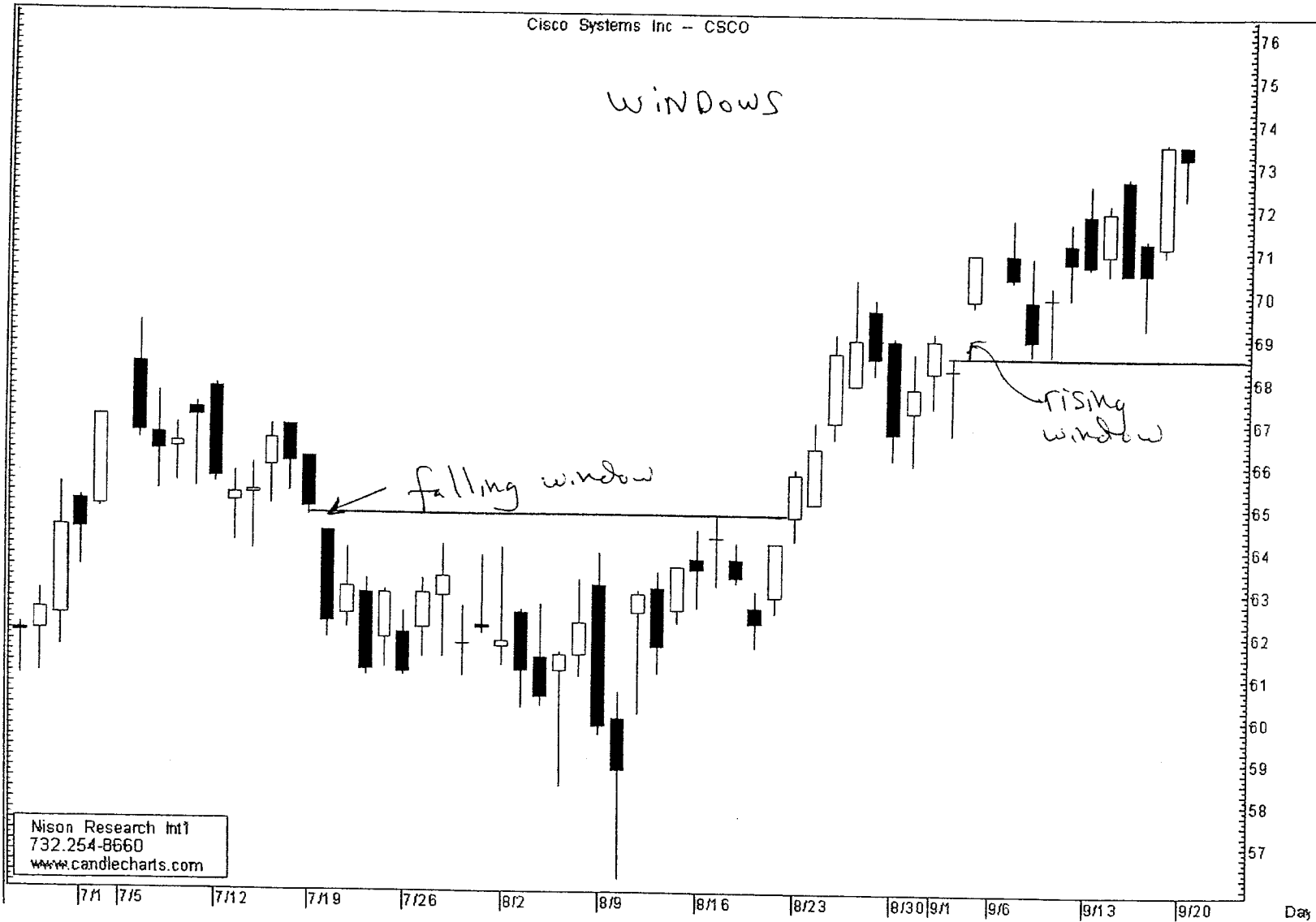
NASDAQ Composite 100 Index - NDX_X

Rising Window



Cisco Systems Inc -- CSCO

wINDOWS





Amazon Com Ir - AMZN

WINDOW



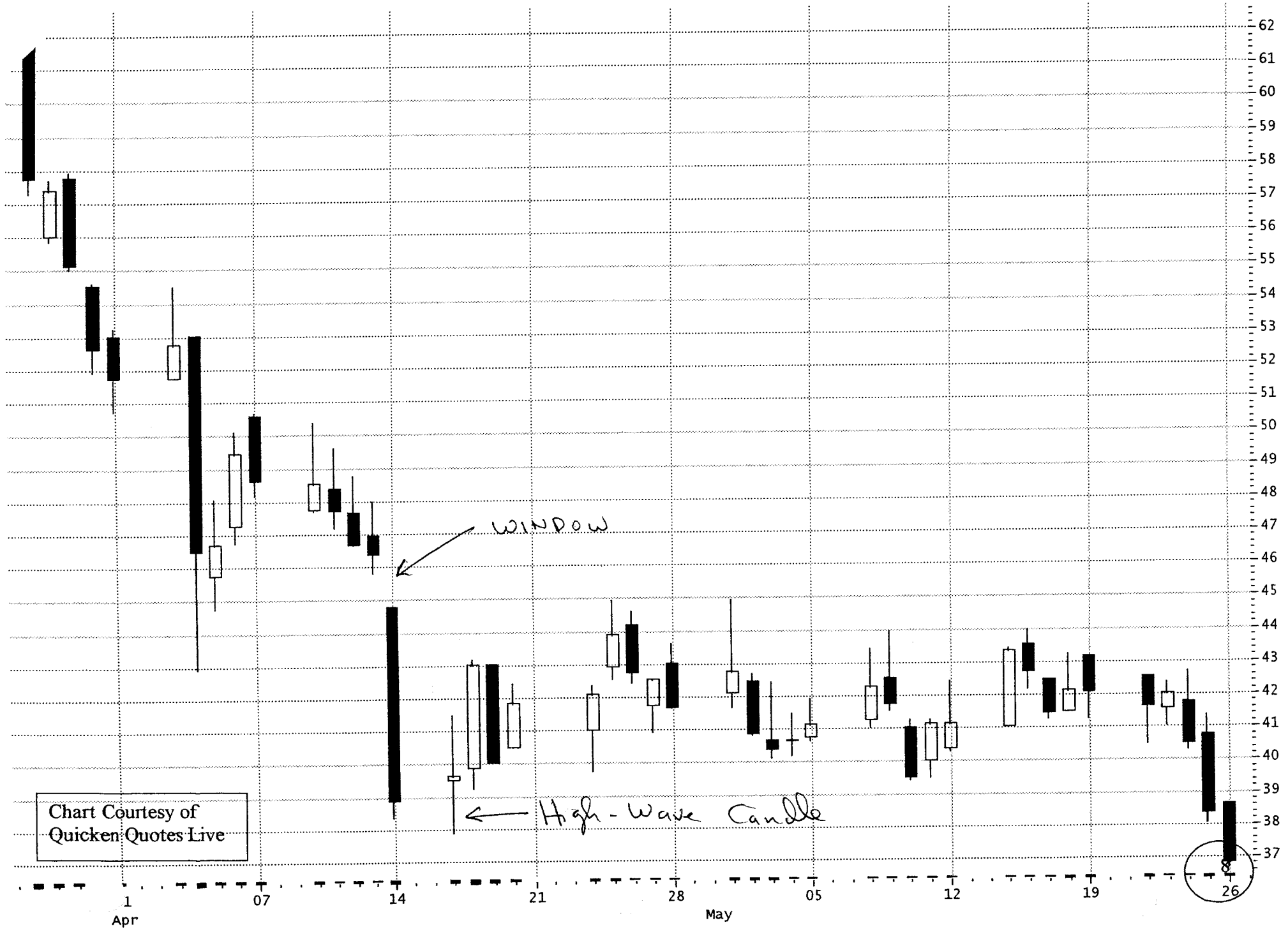


Chart Courtesy of
Quicken Quotes Live



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2/8 2/15 2/22 3/1 3/8 3/15 3/22 3/29 4/1 4/5 4/12 4/19 4/26 5/3 5/10 5/13 Day

CME S&P 500 Stock Index -- SPM0





Home Depo HD

Breakaway
Gaps

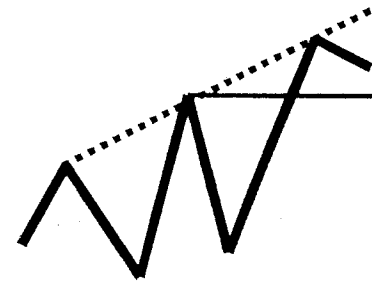
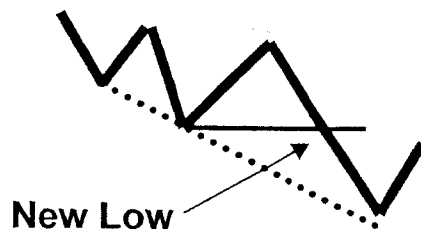
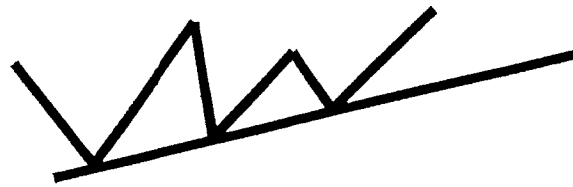








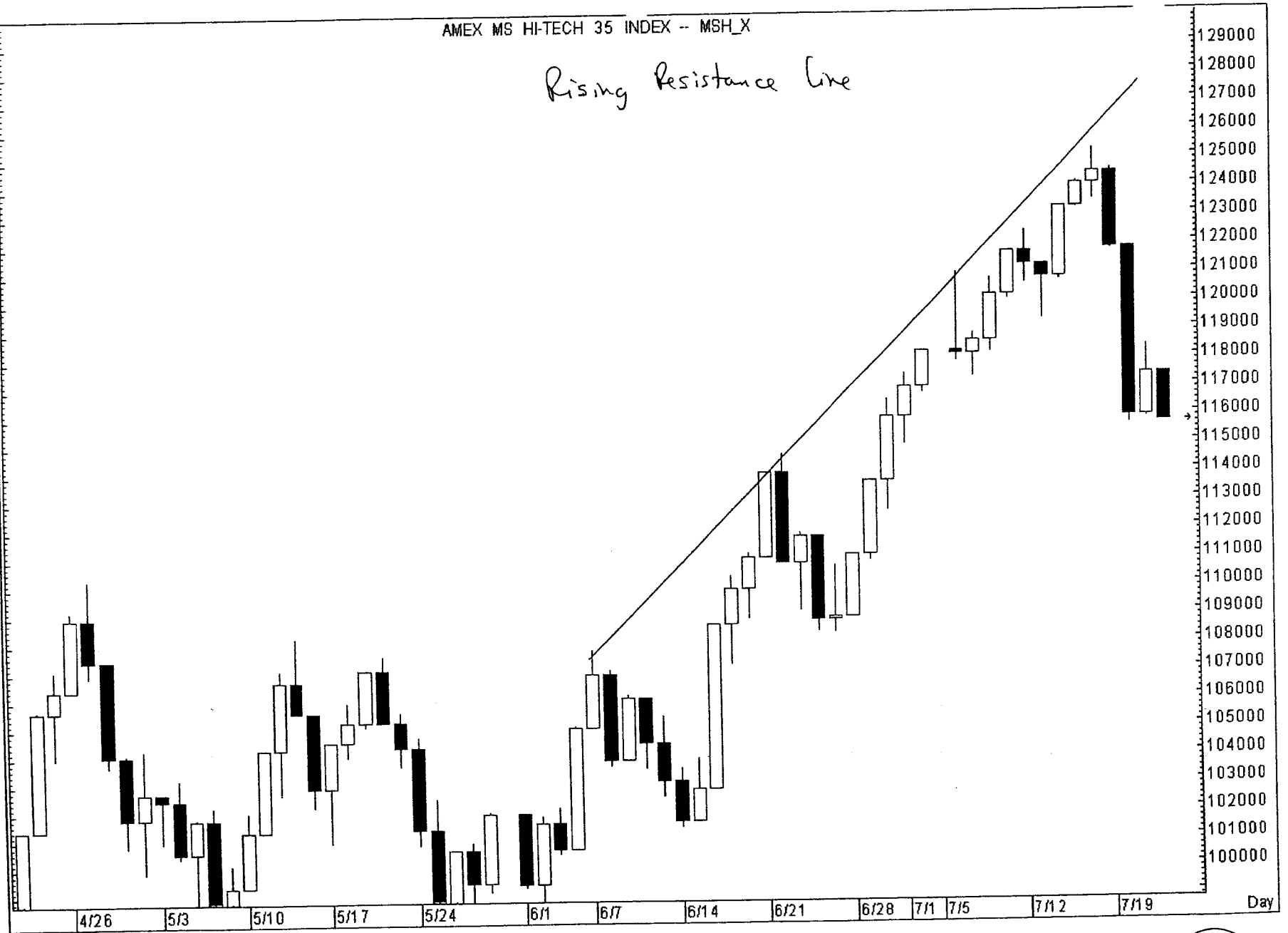
Support / Resistance Lines



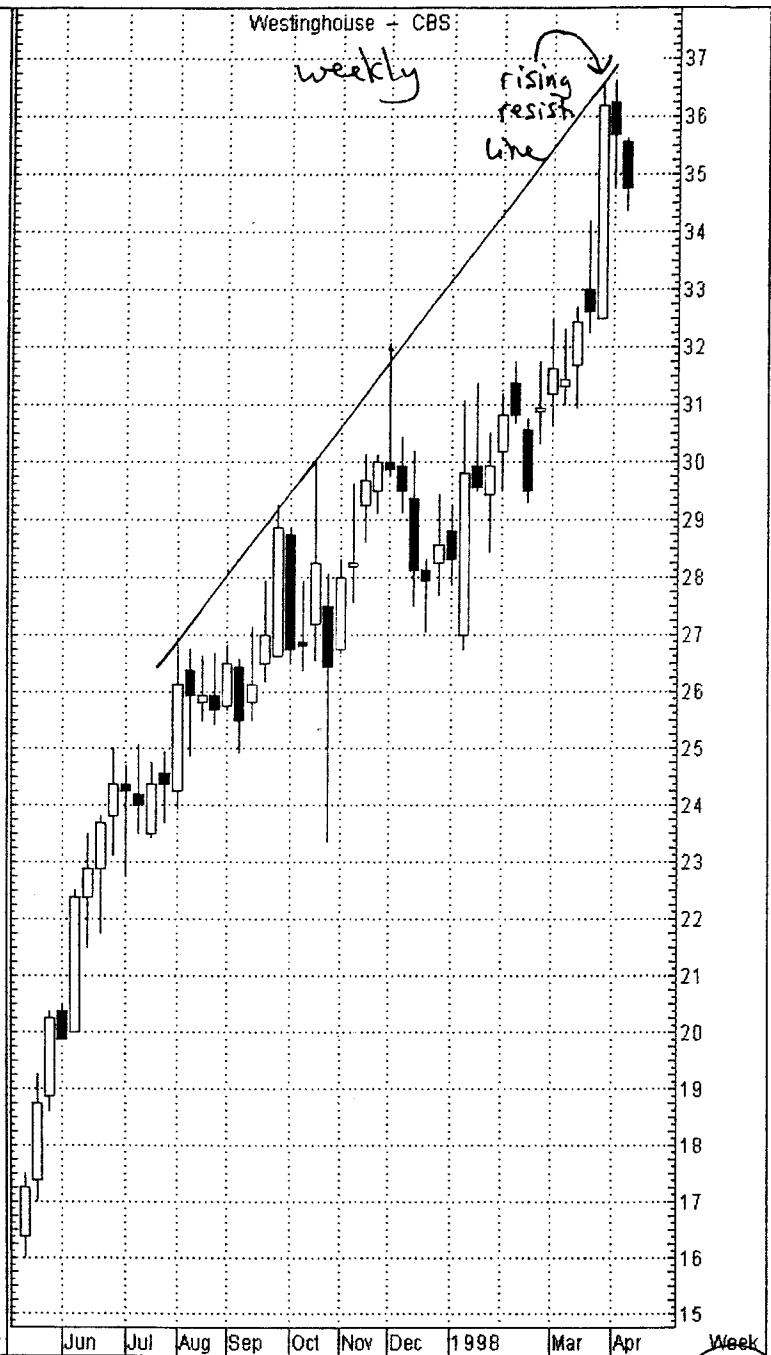


AMEX MS HI-TECH 35 INDEX -- MSH_X

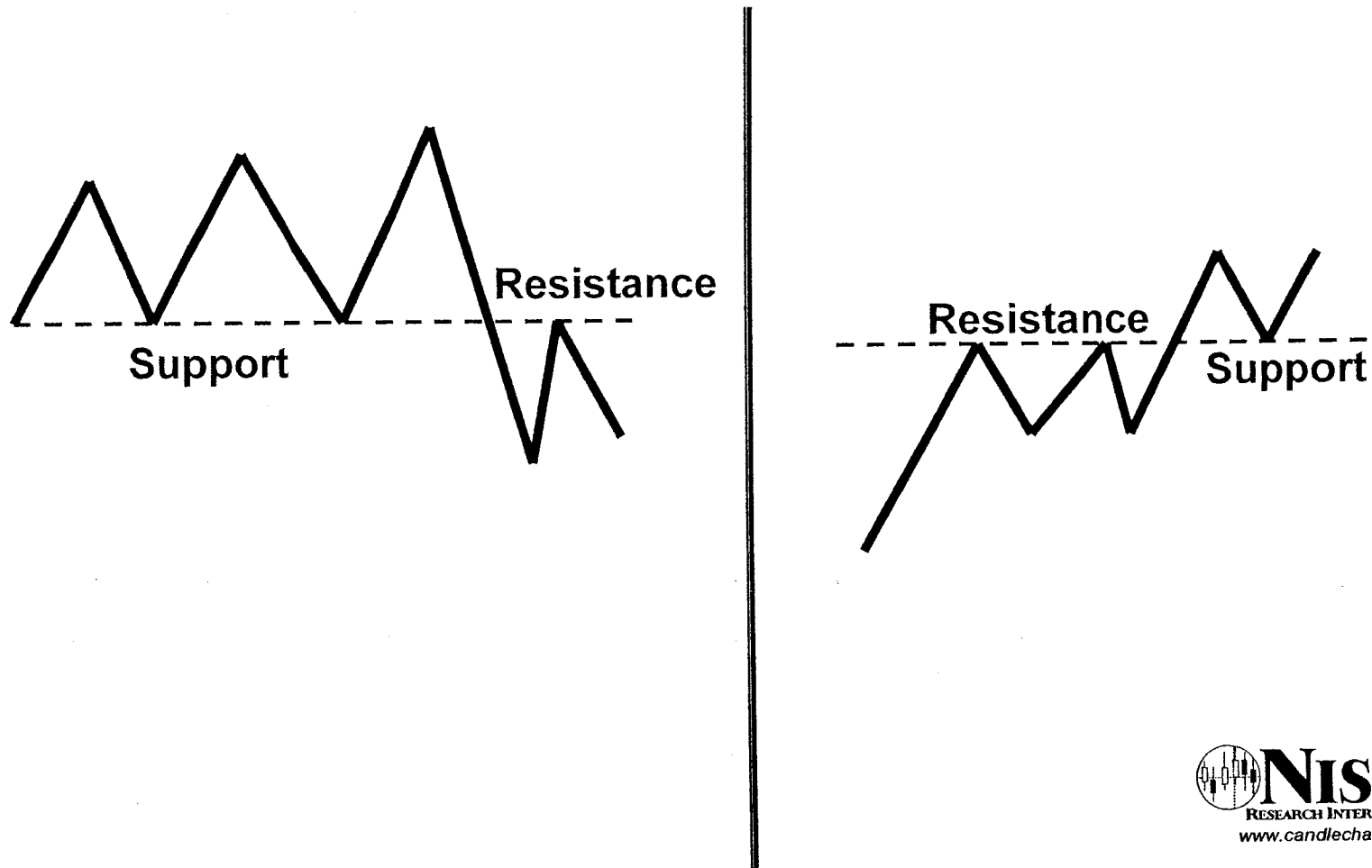
Rising Resistance Line







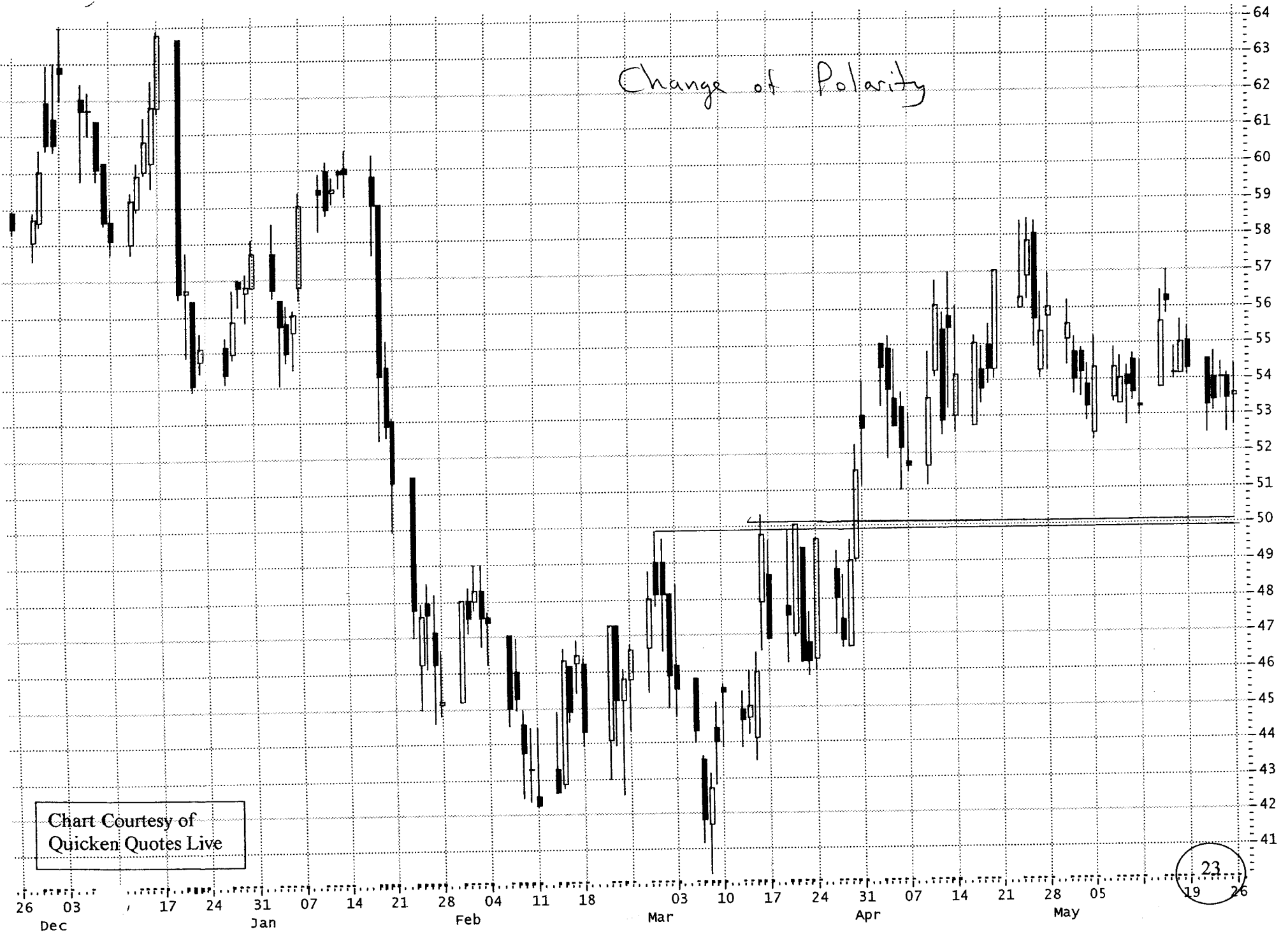
Change of Polarity



McClatchy Newspaper, Inc. - CI A - MNI

Change of Polarity





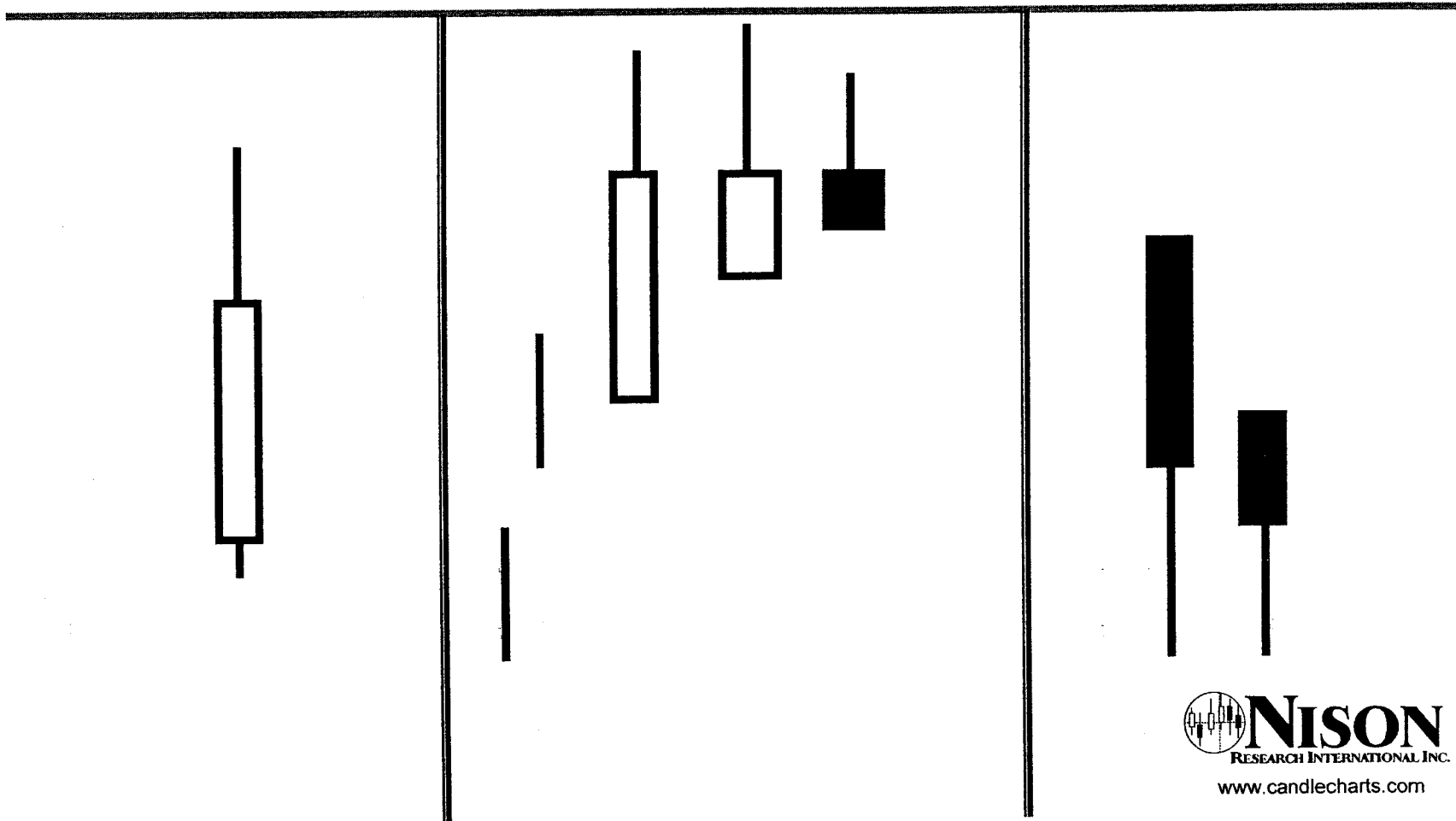




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Shadows



Pennzoil Co. - PZL

New Highs, but....

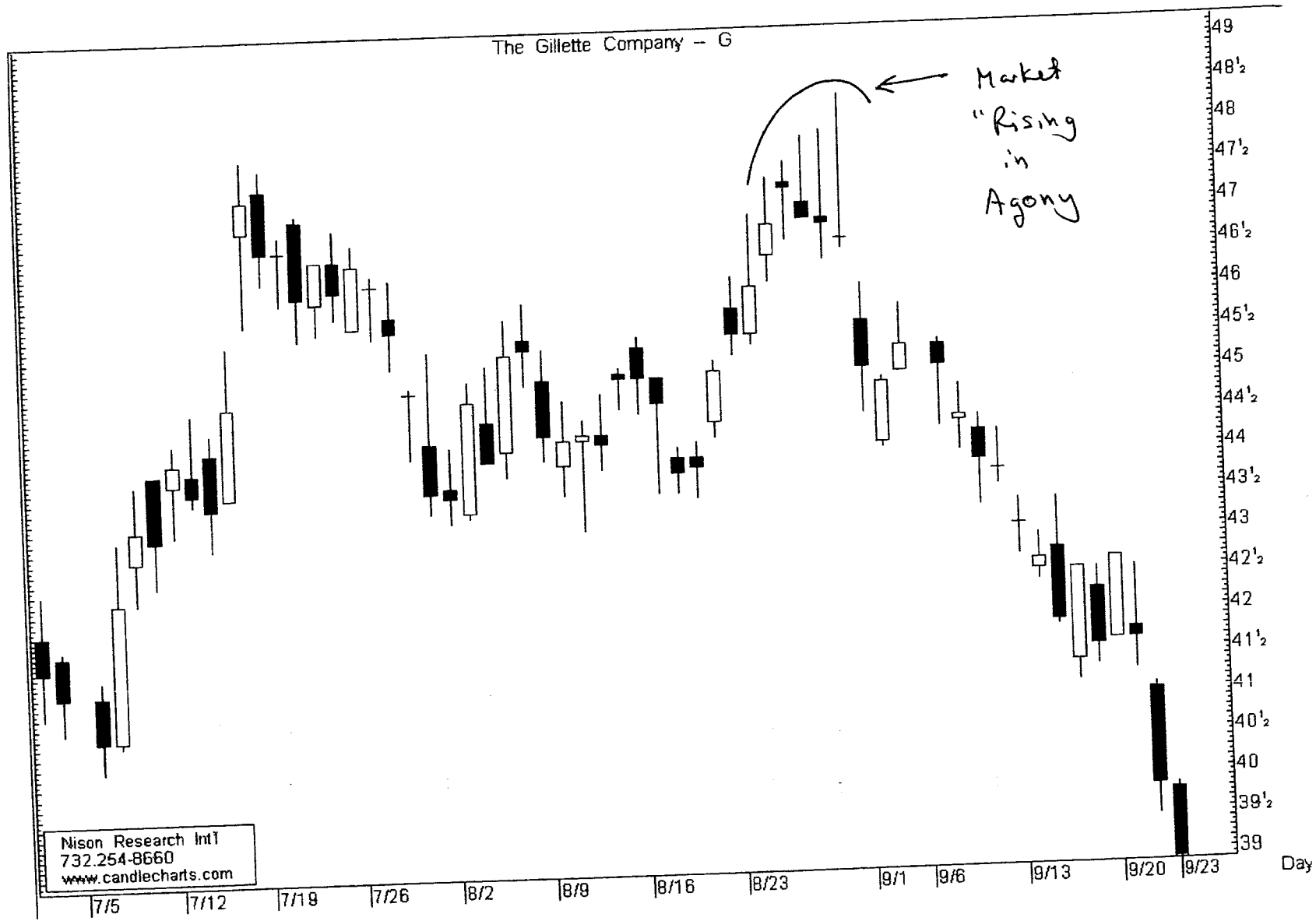




Long Upper Shadow

Chart Courtesy of
Quicken Quotes Live

27





LU

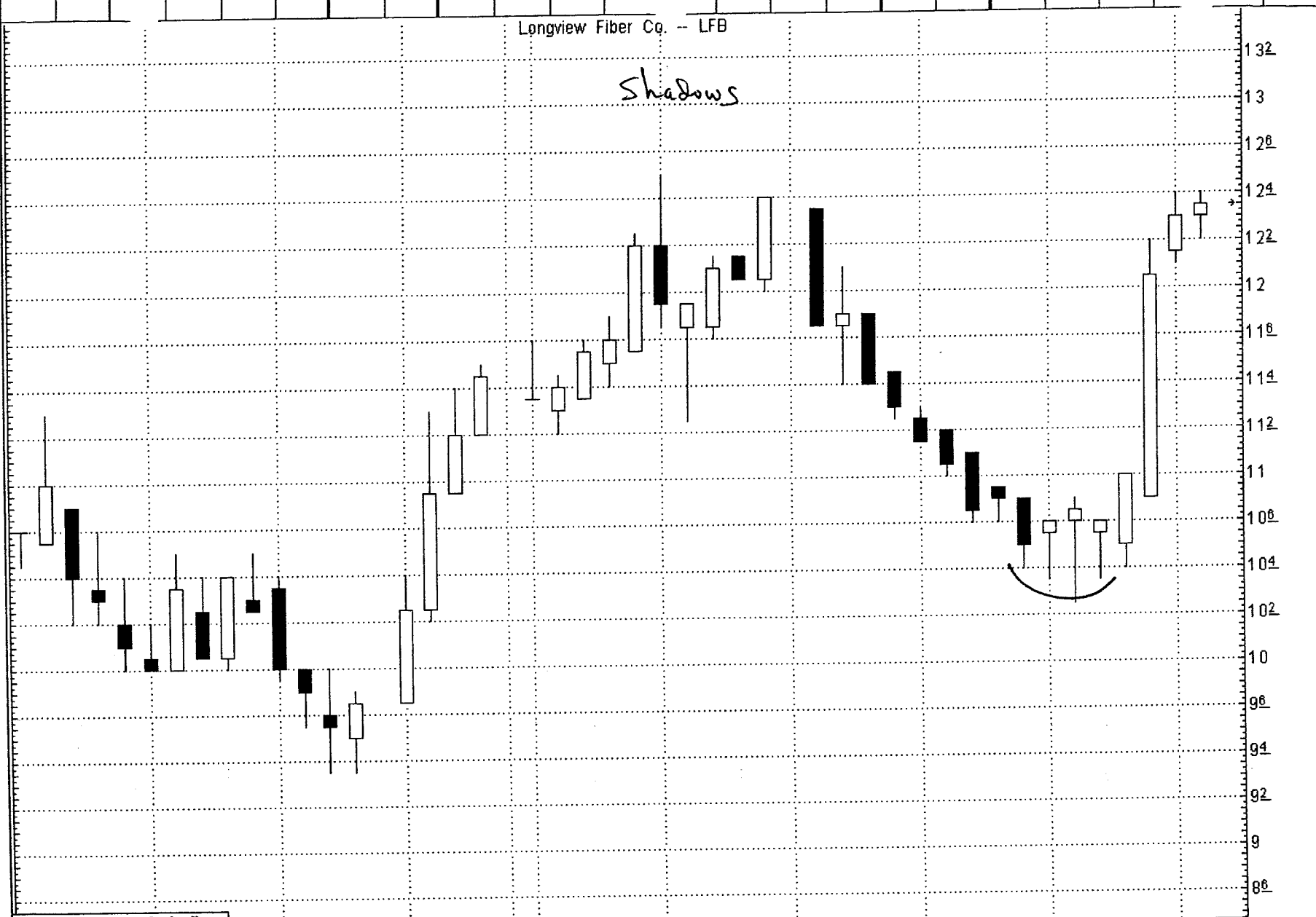
Shadows



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Longview Fiber Co. -- LFB

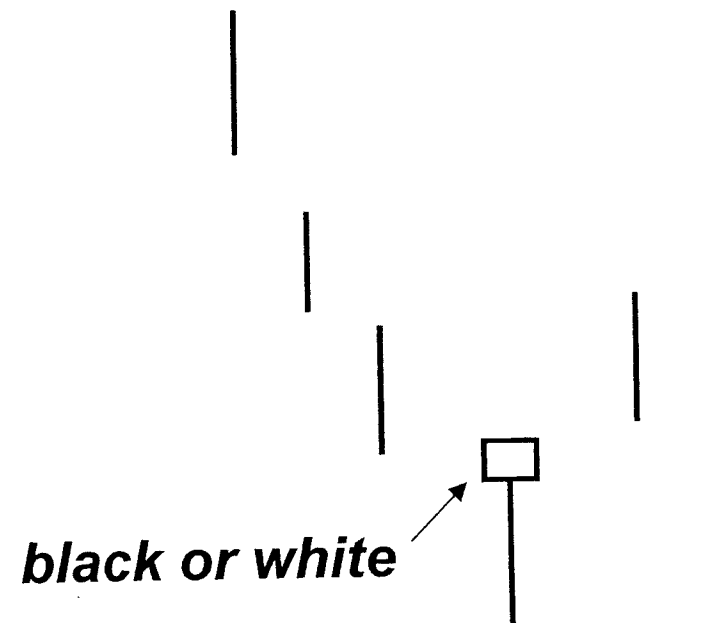
Shadows



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12/21 12/28 1999 1/11 1/18 1/25 2/1 2/8 Day

Hammer









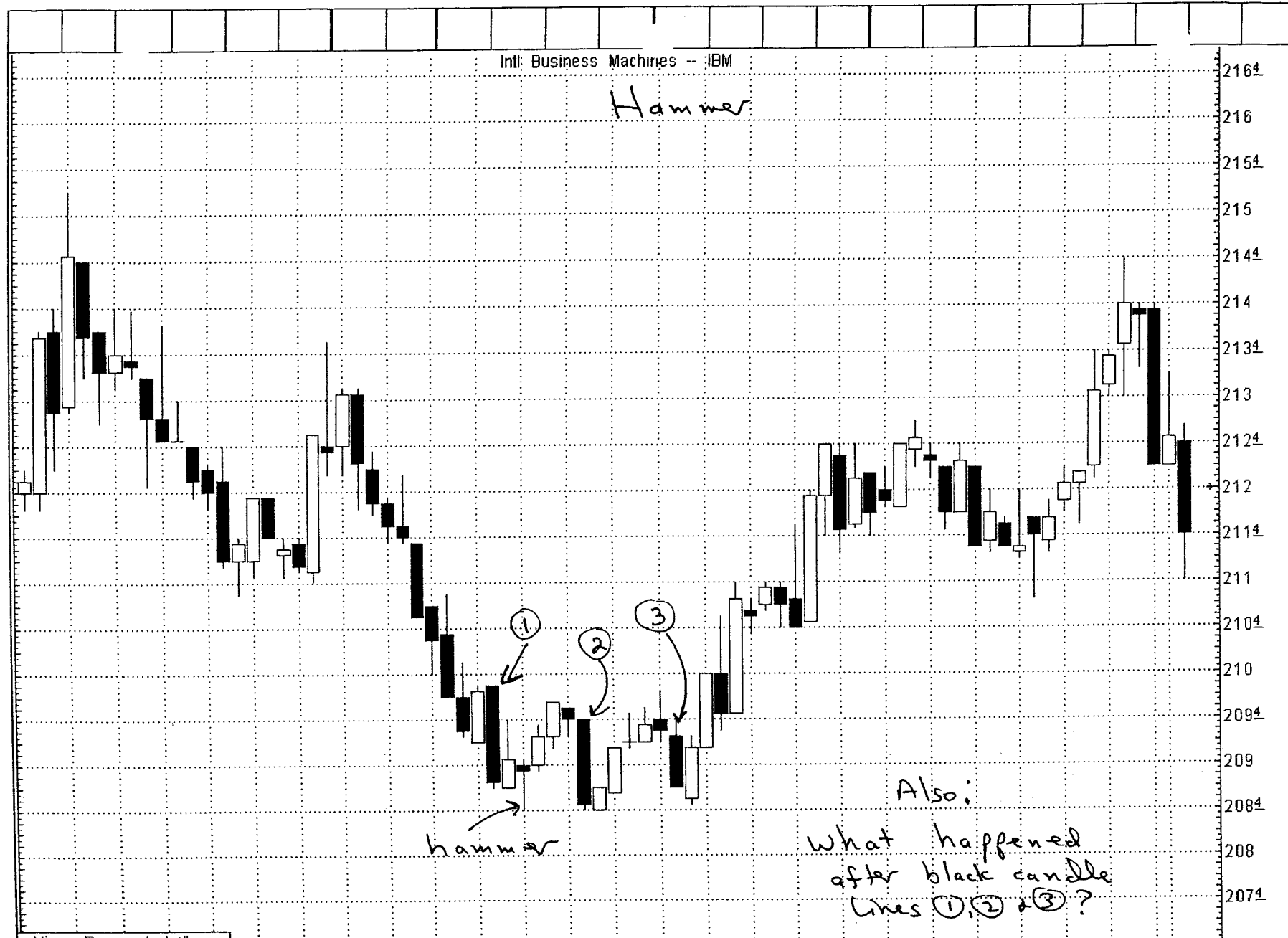
NASDAQ Composite 1' Index - NDX_X

Hammer confirming support



Intl: Business Machines -- IBM

Hammer



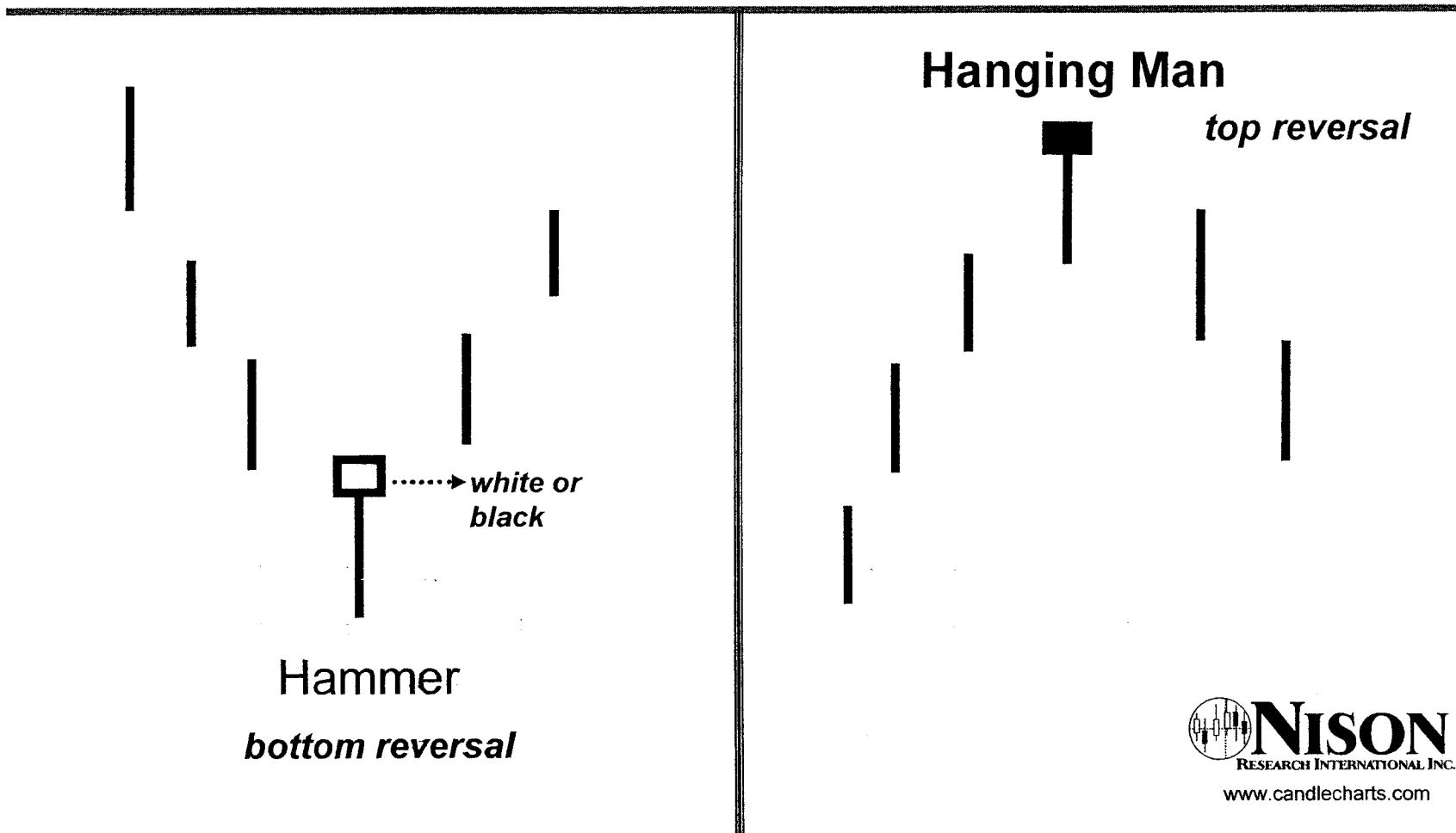
hammer

Also:
What happened
after black candle
lines ①, ② & ③?

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:30 11:00 11:30 12:00 12:30 13:00 13:30 14:00 14:30 15:00 15:30 15:50 5 min

Hammer and Hanging Man Lines



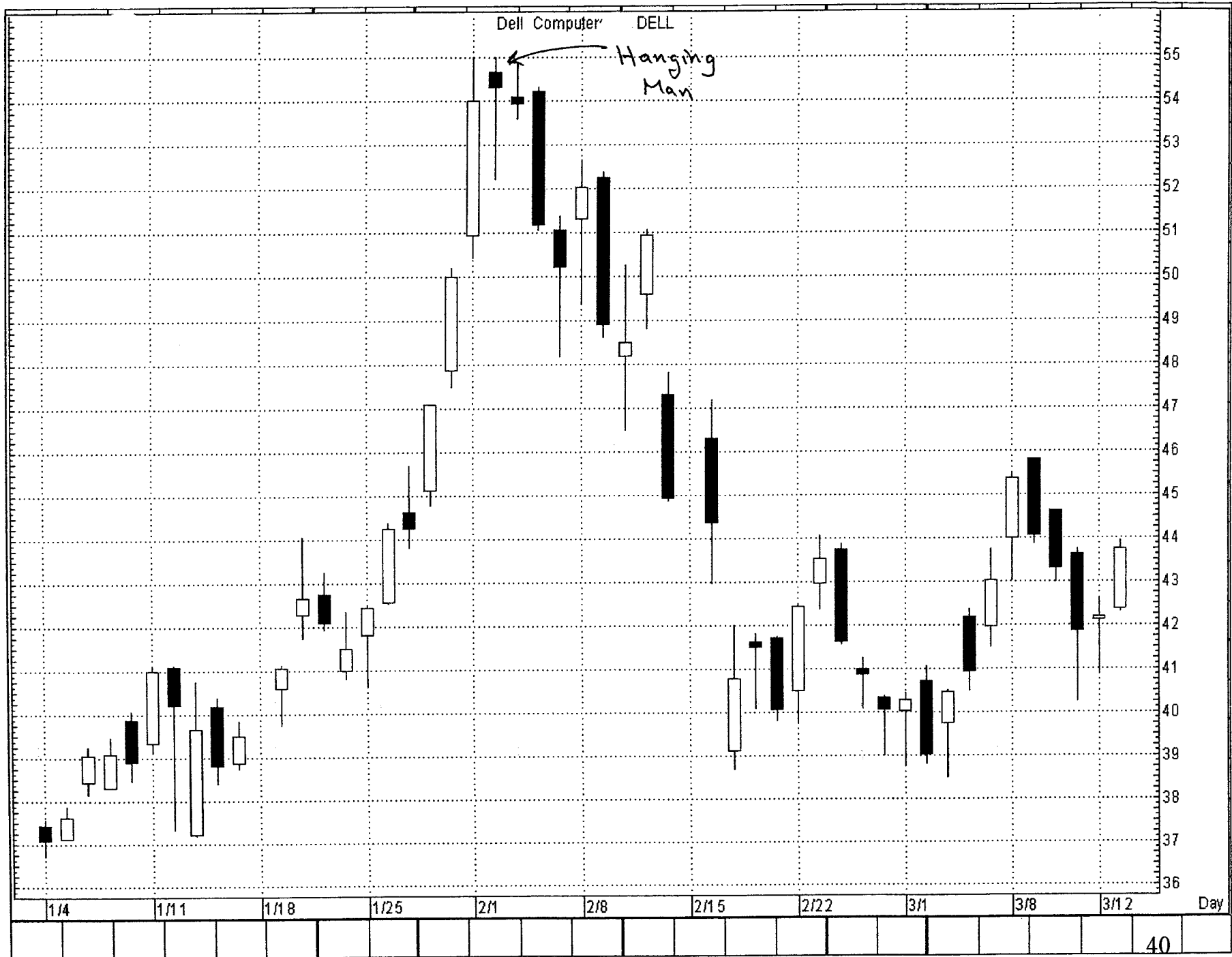
Microsoft Corp MSFT

Handwritten: Hanging Man / Hammer

①

②







Hanging Man Confirmation

Important Concept:

Since the shape of the hanging man is a bullish shape, wait for close under the hanging man's real body for bearish confirmation

GABELLI ASSET MANAGEMENT - GBL

*Hanging Men -
Non Confirmation*



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General Motors Corp. GM

How technicals Complement Fundamentals

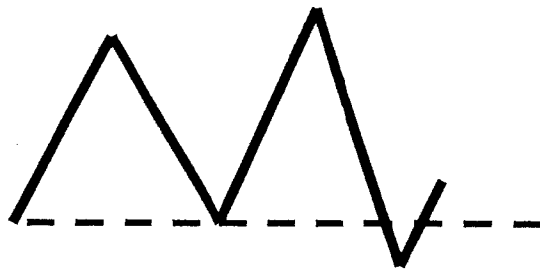


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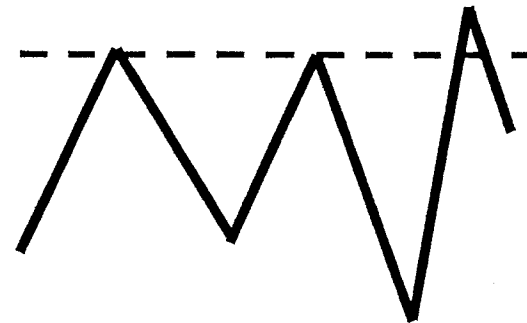
23 6/1 6/6 6/13 6/20 6/27 7/1 7/11 7/18 7/25 8/1 8/8 8/15 8/22 9/1 9/12 9/19 9/26 10/3 10/10 10/17 10/24 Day

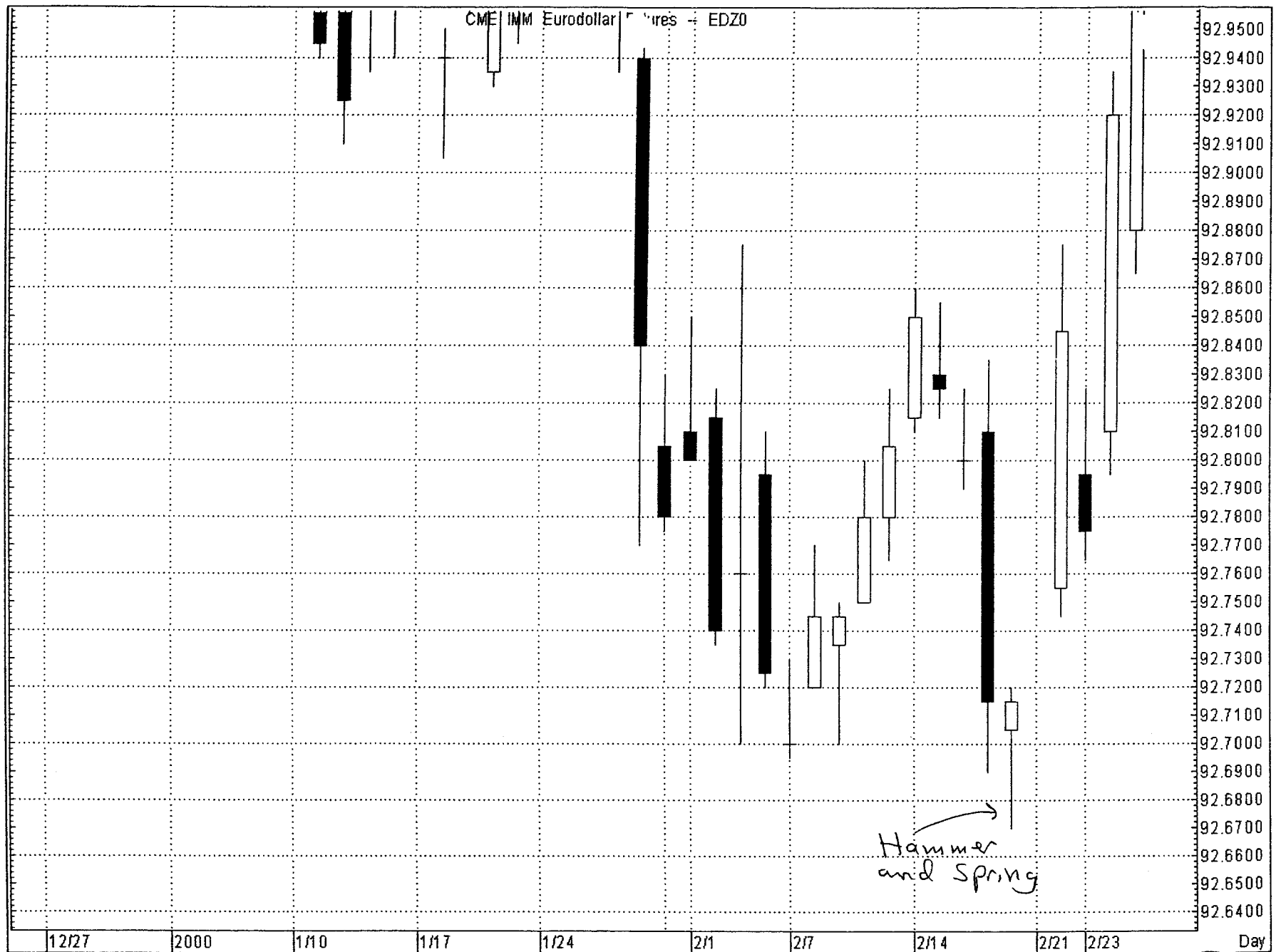
Springs and Upthrusts

Spring



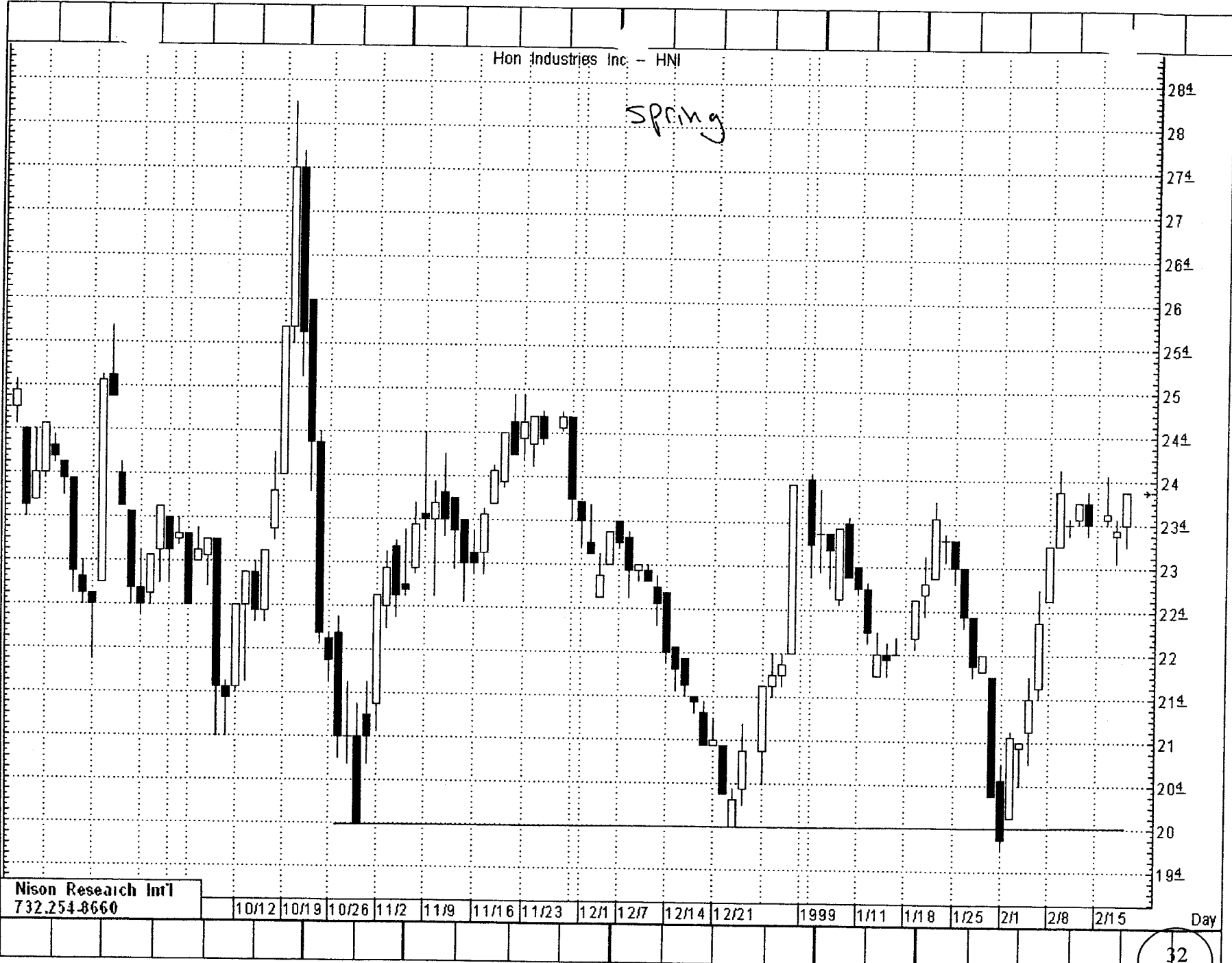
Upthrust





Hon Industries Inc - HNI

SPRING



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10/12 10/19 10/26 11/2 11/9 11/16 11/23 12/1 12/7 12/14 12/21 1999 1/11 1/18 1/25 2/1 2/8 2/15

Day



Cisco Systems Inc. CSCO

upthrust

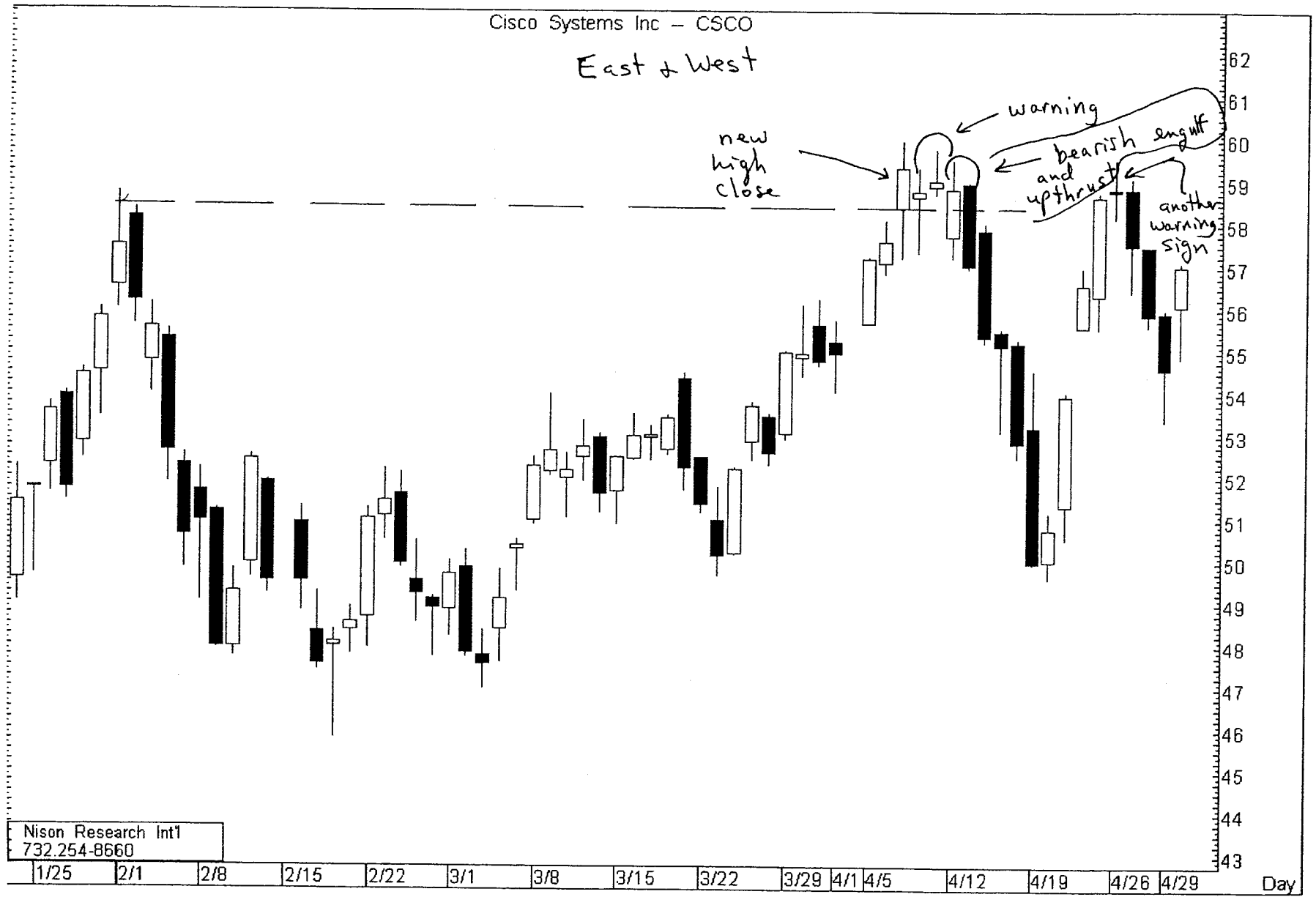


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3/1	3/8	3/15	3/22	3/29	4/1	4/12	4/19	4/26	5/3	5/10	5/17	5/24	6/1	6/7	6/14	Day
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Cisco Systems Inc - CSCO

East & West



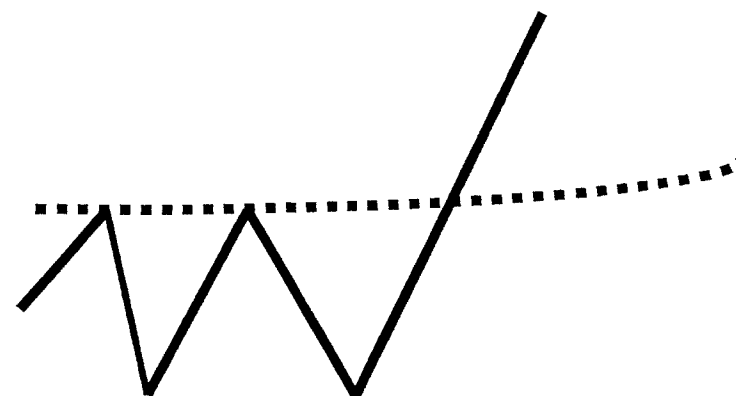
Nison Research Int'l
732.254-8660

1/25 2/1 2/8 2/15 2/22 3/1 3/8 3/15 3/22 3/29 4/1 4/5 4/12 4/19 4/26 4/29 Day

Moving Averages



Trend Indicator



Support / Resistance

Medicis Pharm. Co. - MRX

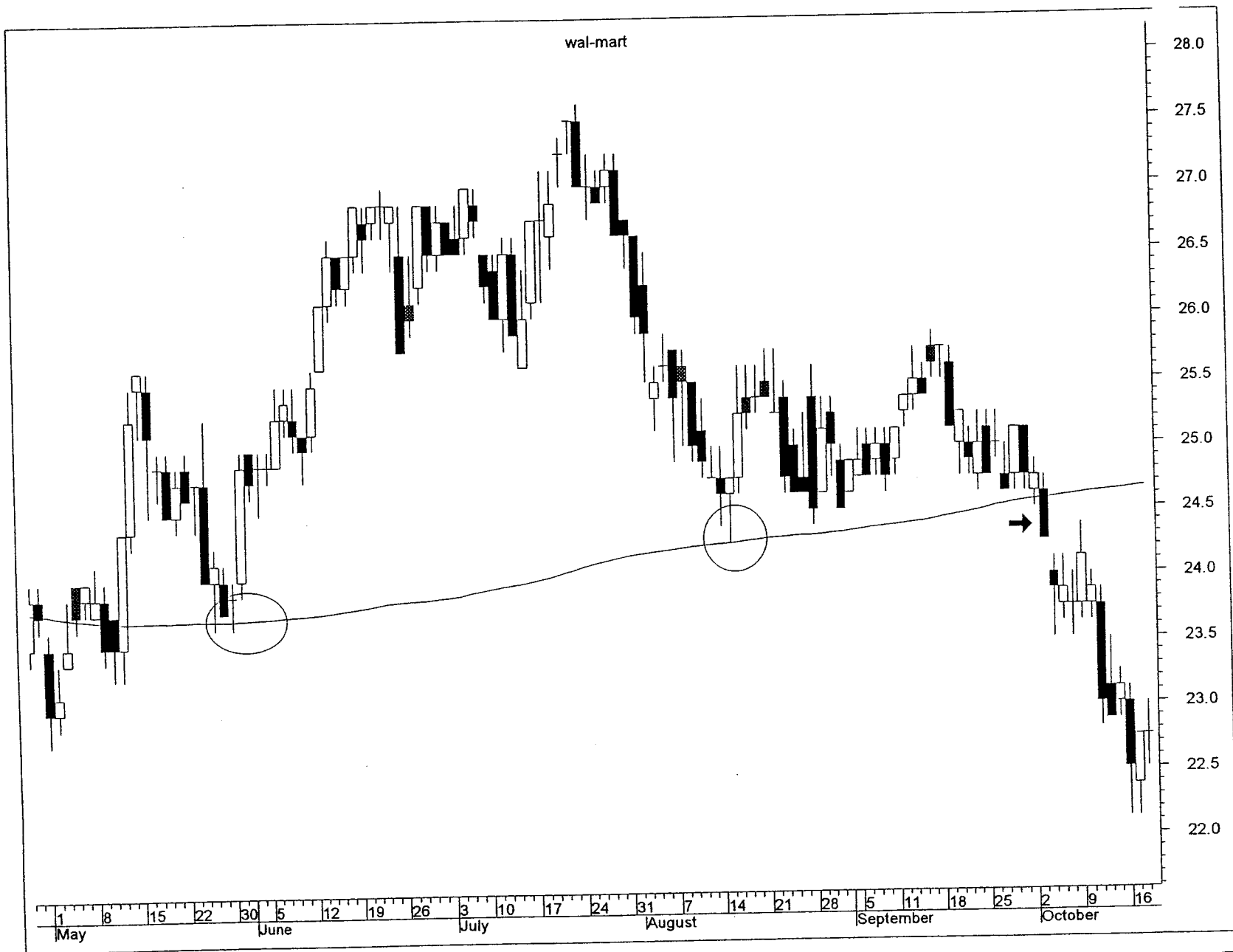
Moving
Averages





EATON VANCE CORPORATION NYSE -- EV







HOME DEPOT INCORPORATED NYSE - HD

Volume



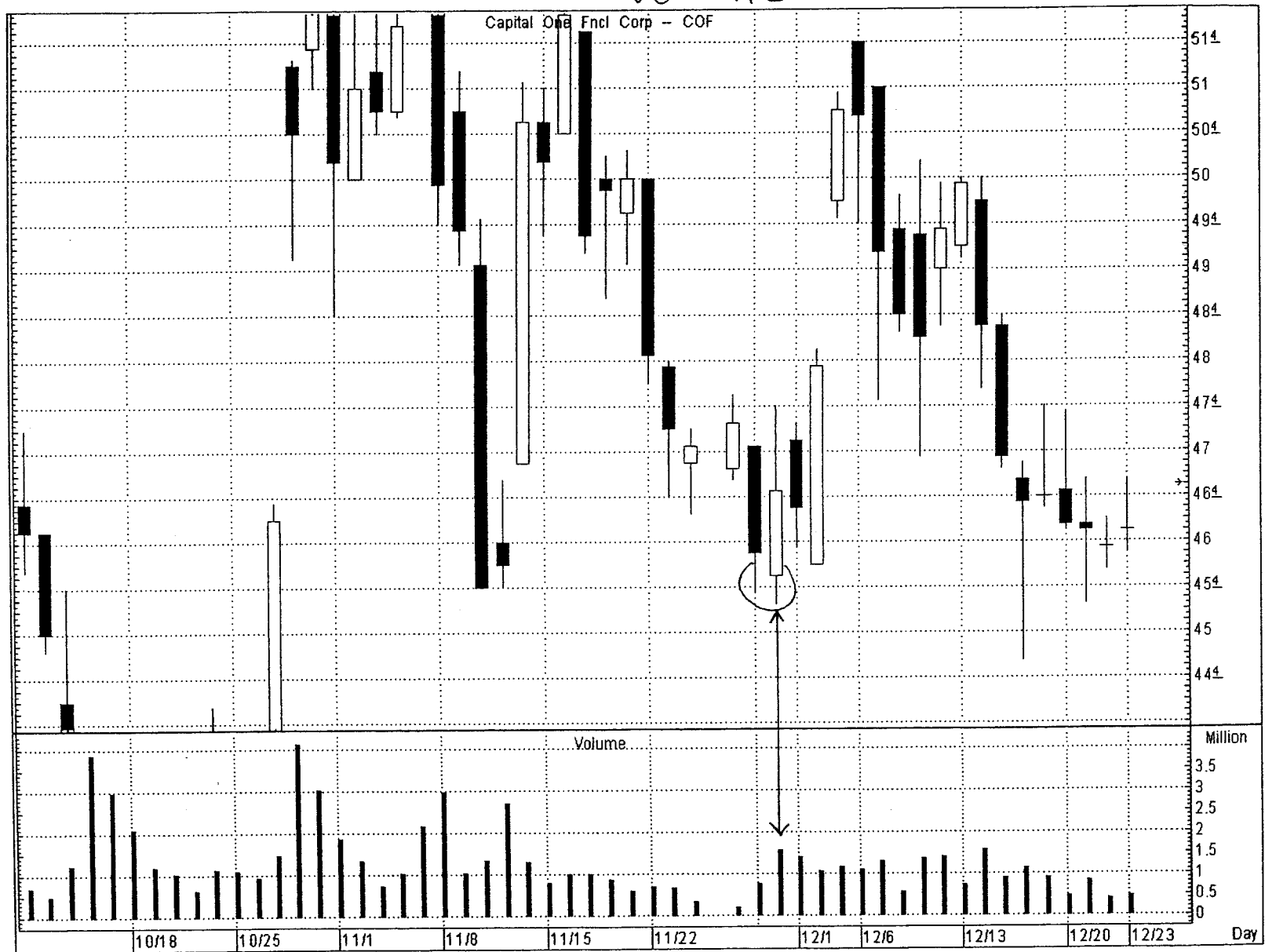
EATON VANCE CORPORATION NYSE -- EV

Volume

high volume
doji

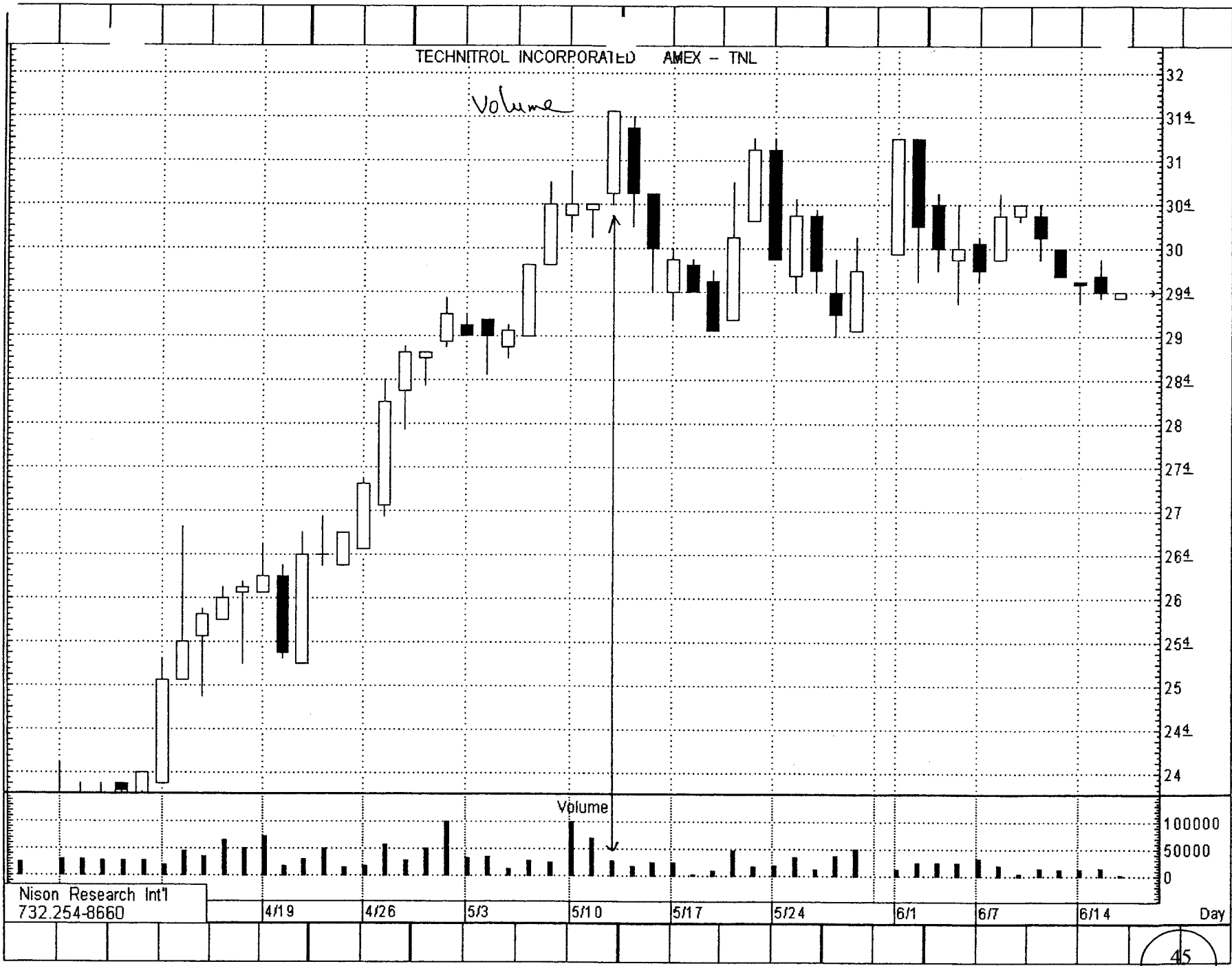


VOLUME



TECHNITROL INCORPORATED AMEX - TNL

Volume

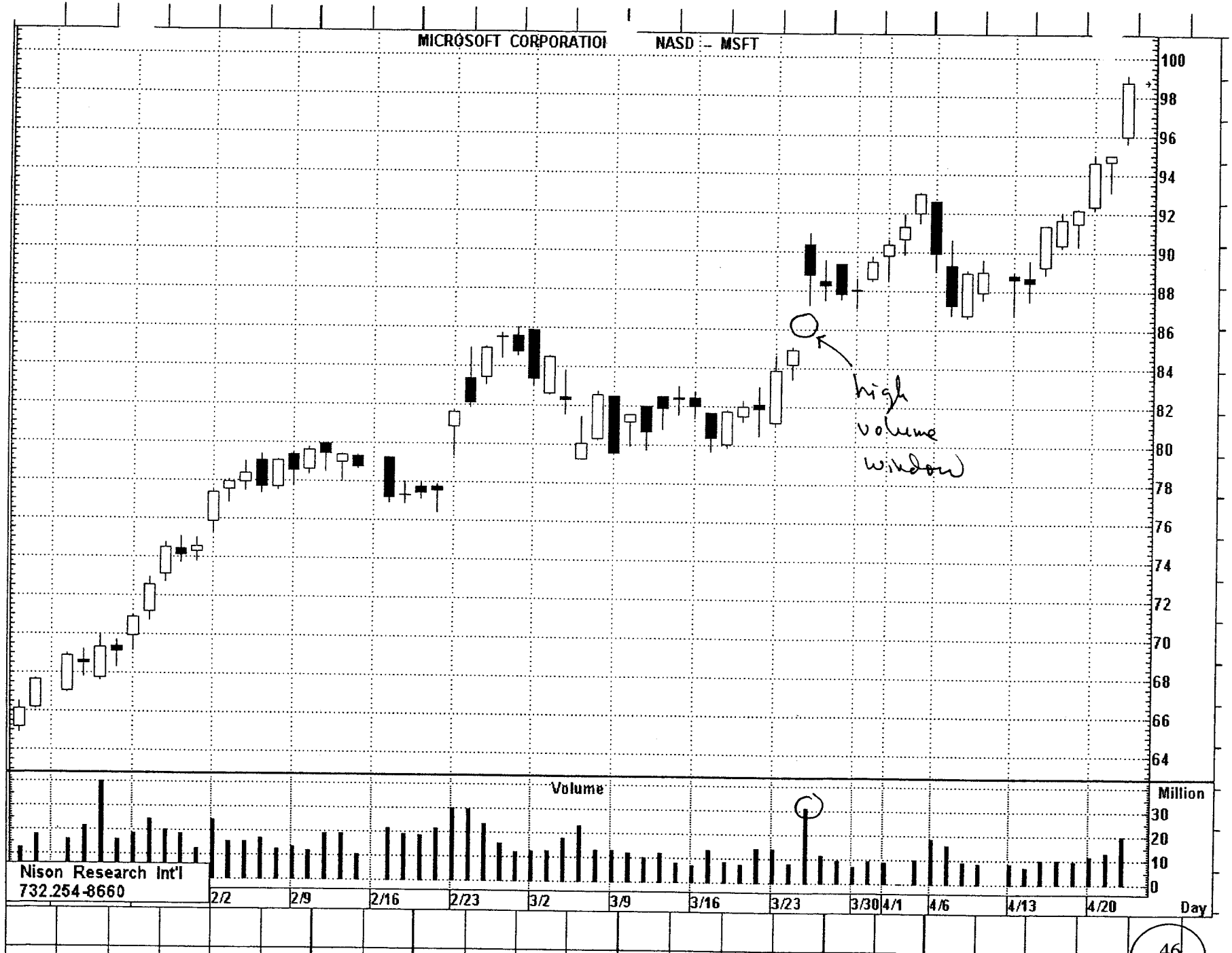


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4/19 4/26 5/3 5/10 5/17 5/24 6/1 6/7 6/14 Day

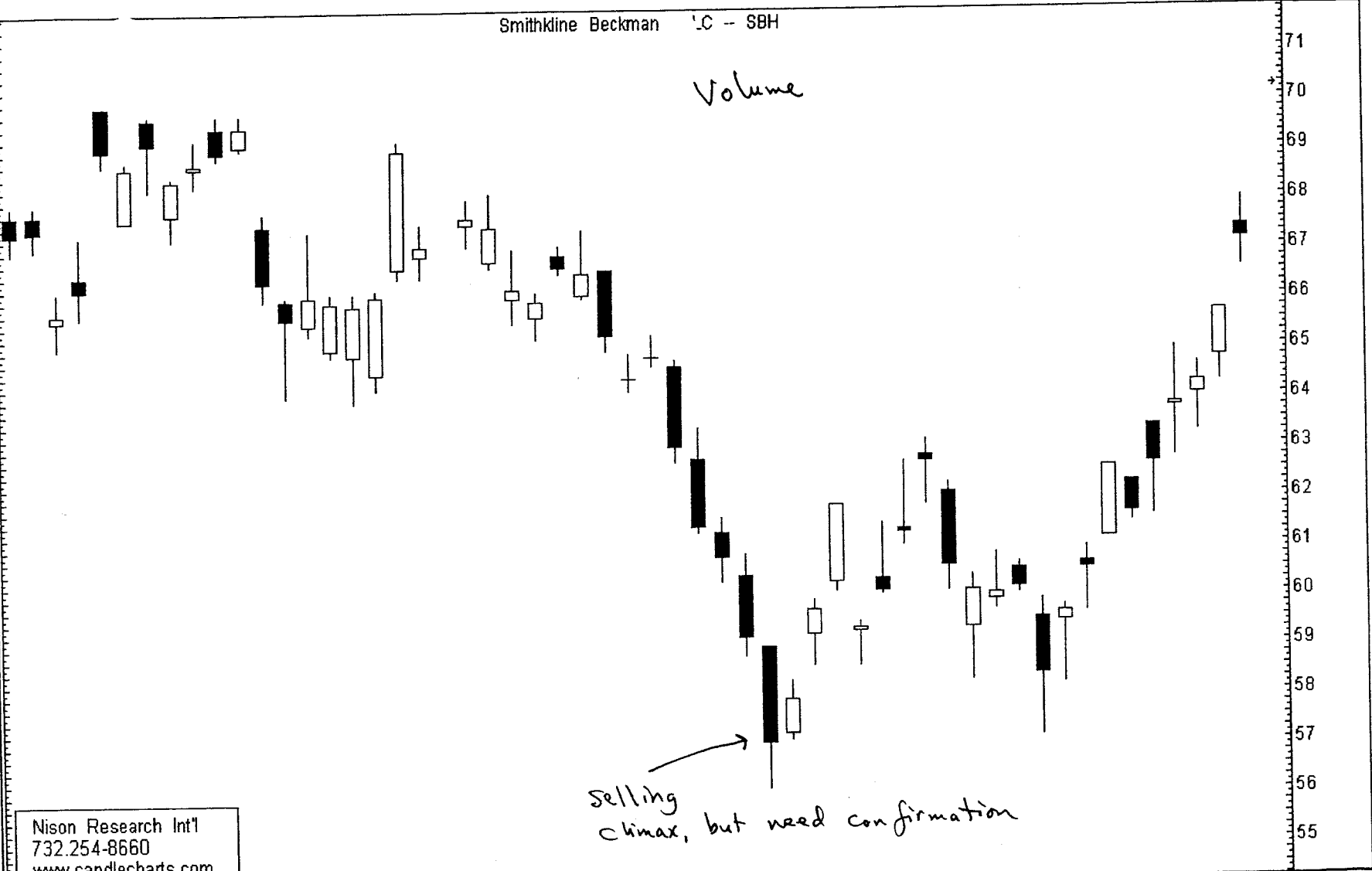
MICROSOFT CORPORATION

NASD - MSFT



Smithkline Beckman 'LC -- SBH

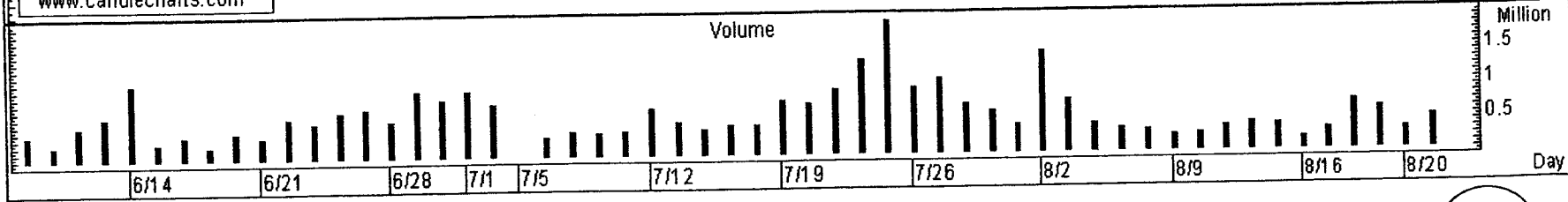
Volume



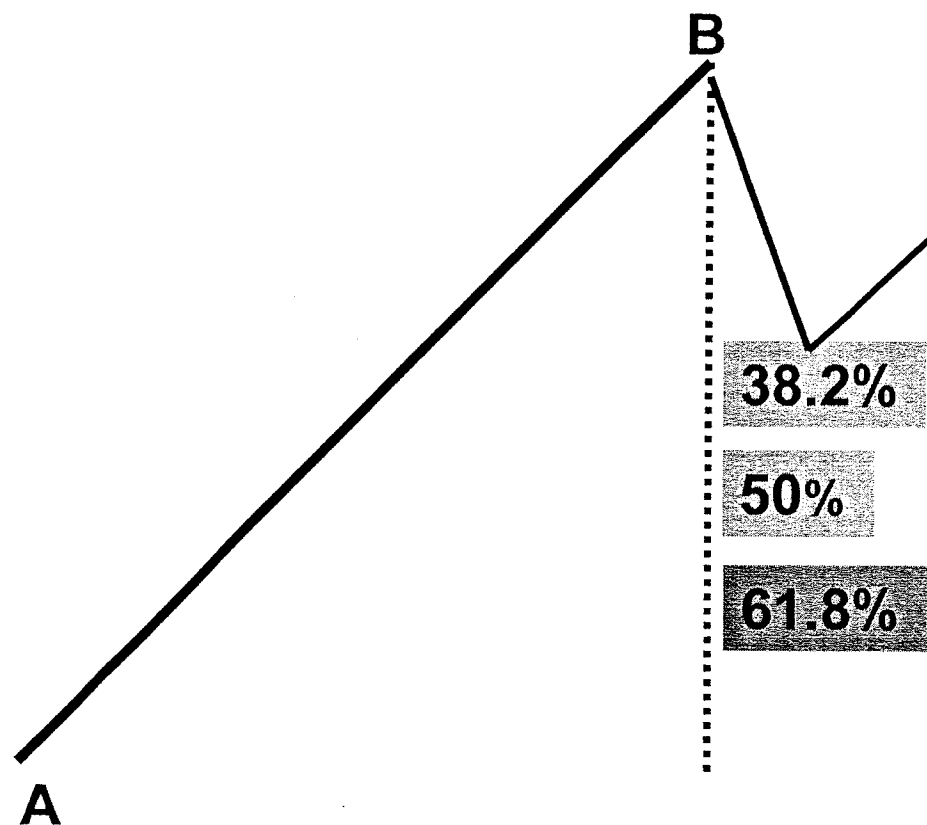
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selling
climax, but need confirmation

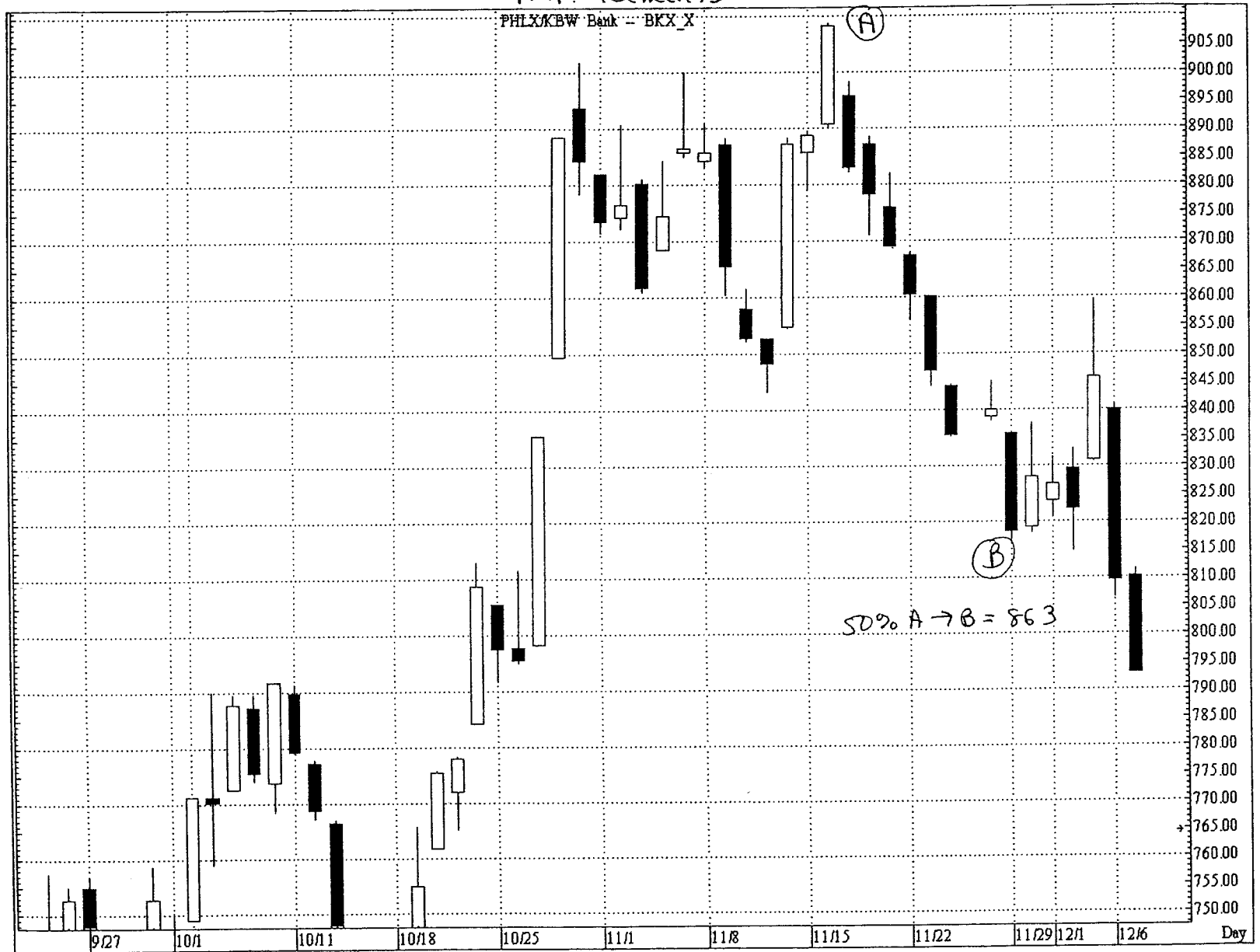
Volume



Retracements



Retracements



IDEX Corporation - IEX

Retracements



8/3

8/10

8/17

8/24

9/1

9/7

9/14

9/21

9/28

10/1

10/12

10/19

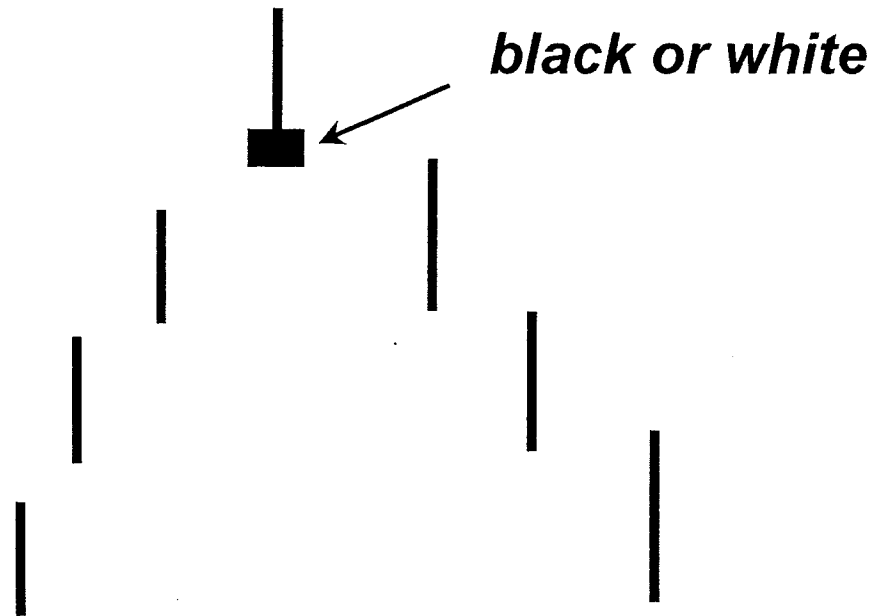
10/26

11/2

Day

[click here to go to next section](#)

Shooting Star - Top Reversal



Ascen Communications -- ASND

shooting star

hammer



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Day

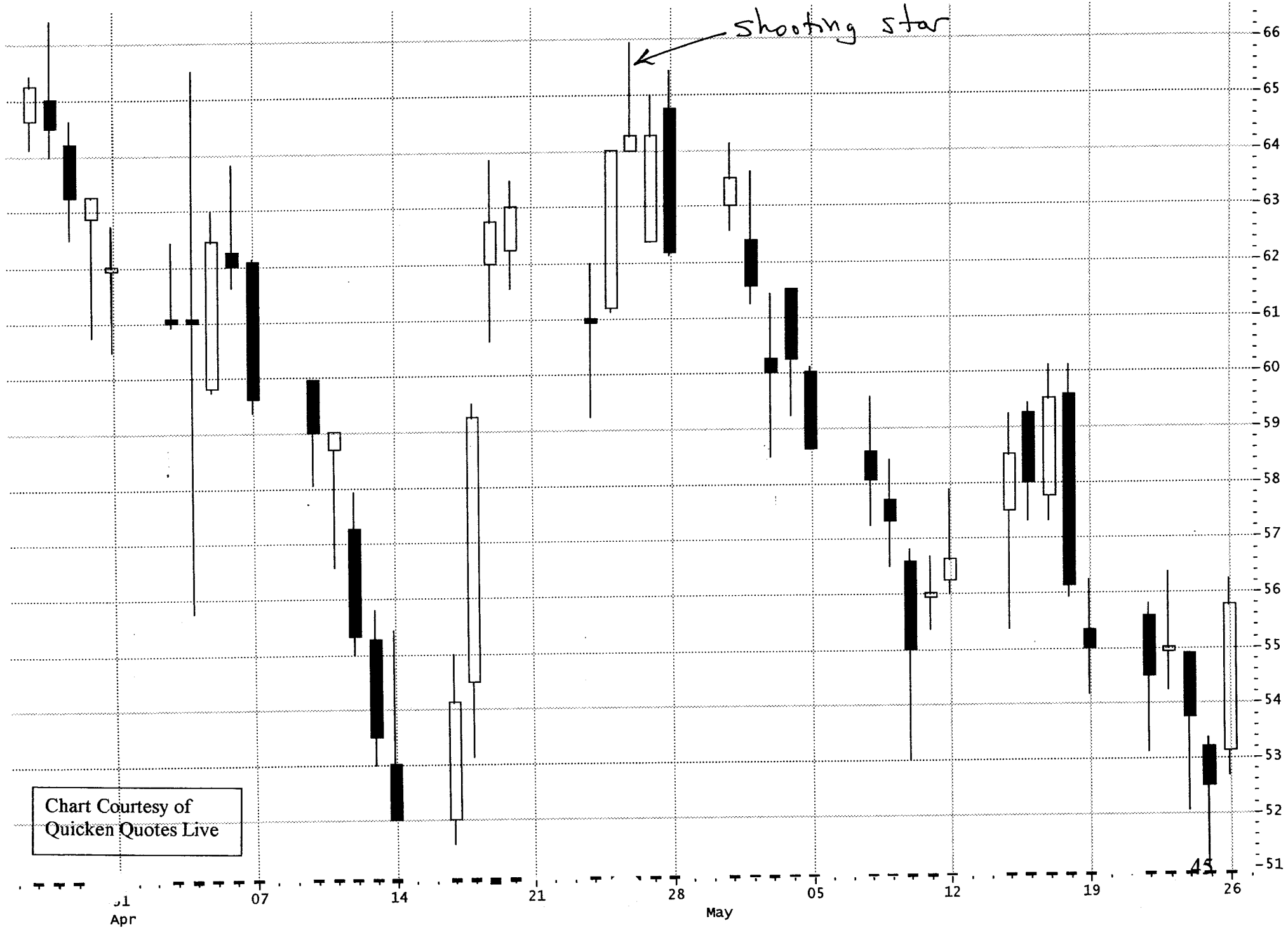


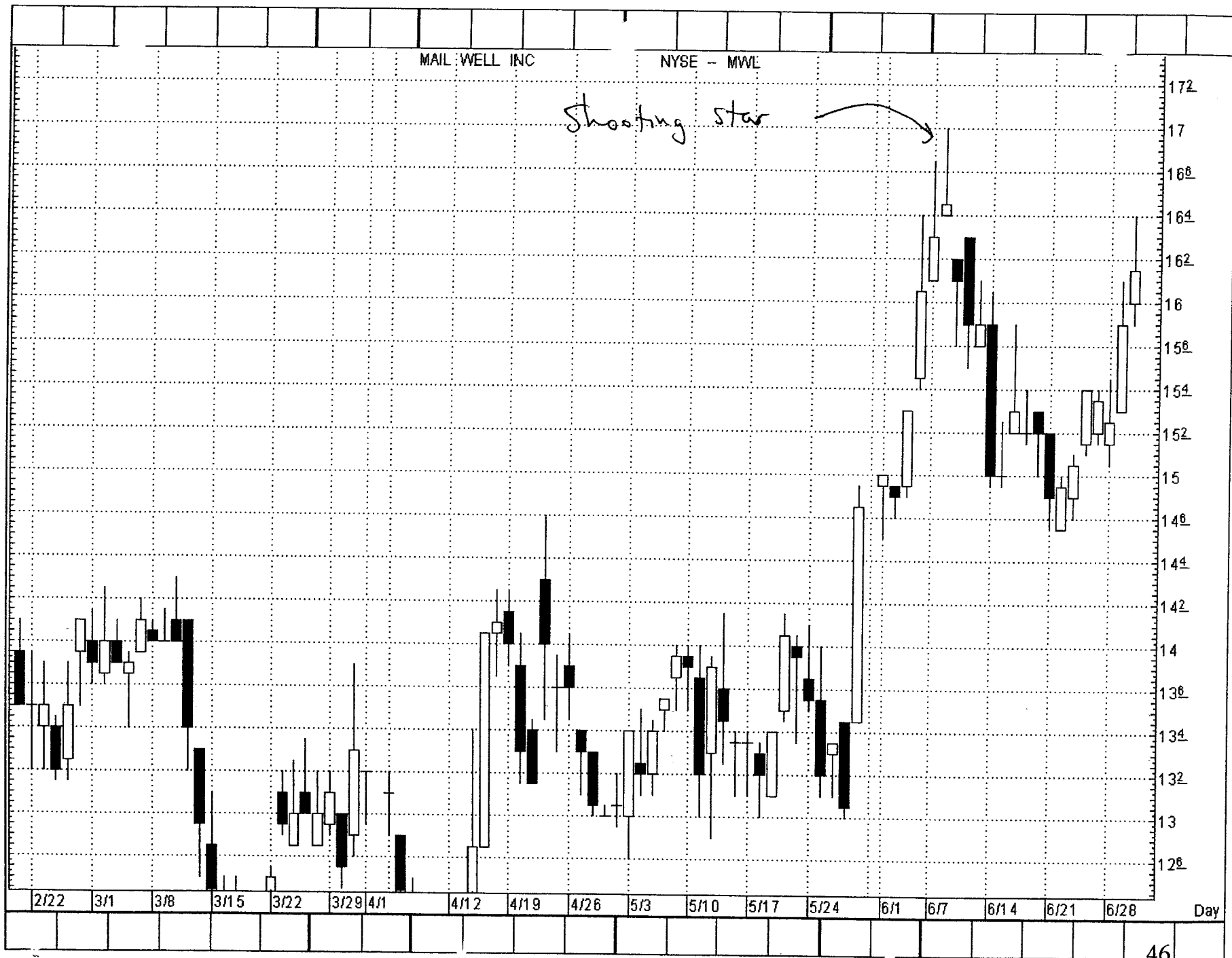
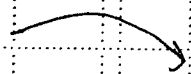
Chart Courtesy of
Quicken Quotes Live

45

MAIL WELL INC

NYSE - MWL

Shooting star



NASDAQ Composite: x - COMPX

Shooting star →



Harman Intl Industries - HAR

shooting stars

think this stock had trouble near 45-46?



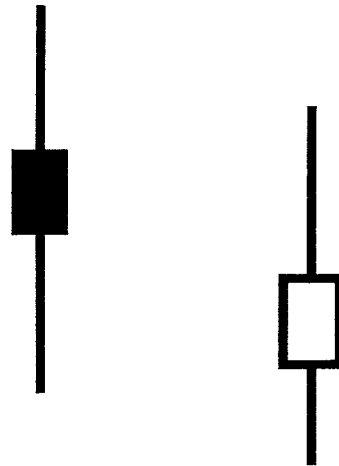
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Day

Chase Manhattan, p. -- CMB



High Wave Candles



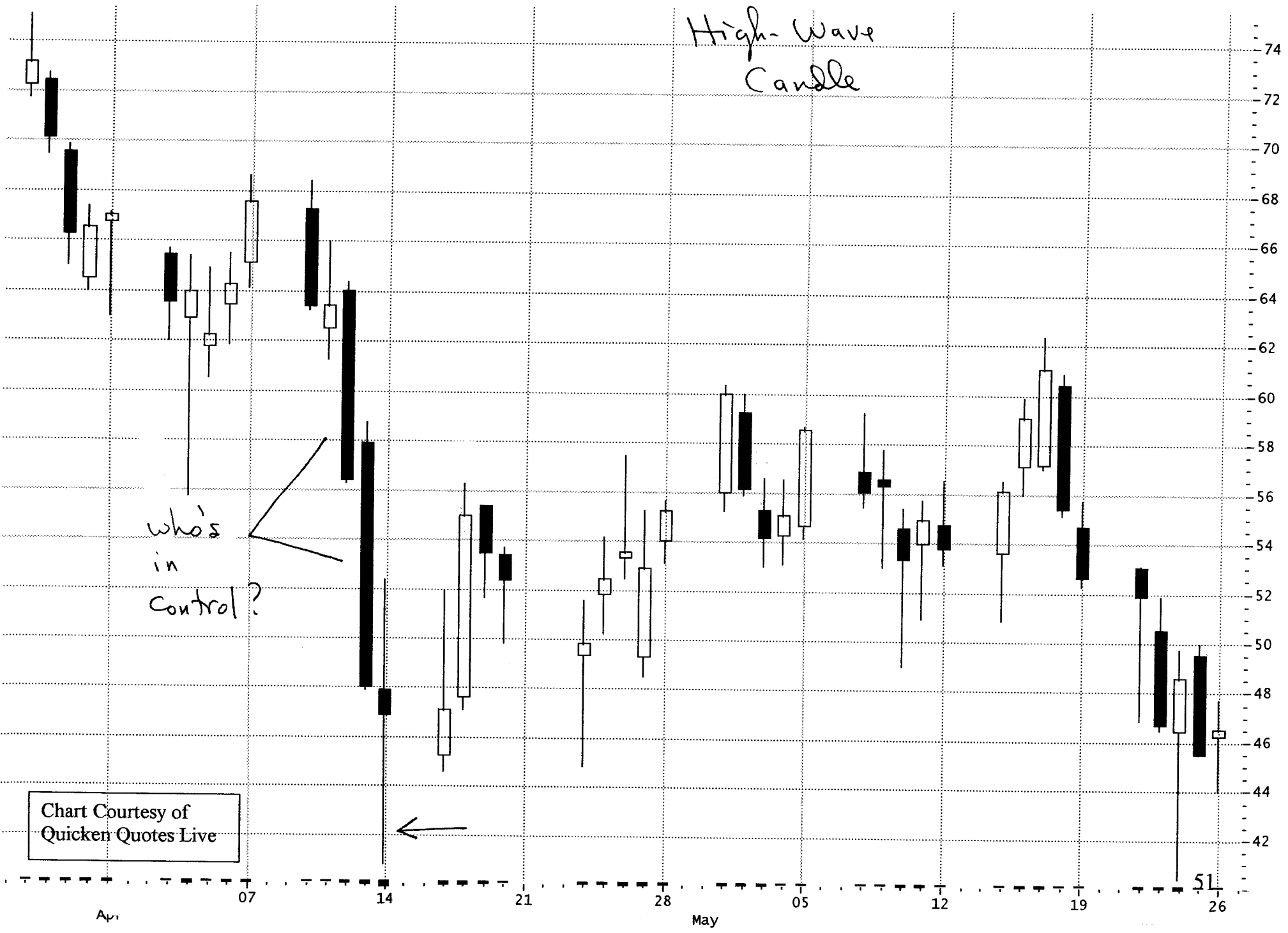


Chart Courtesy of Quicken Quotes Live



Chart Courtesy of
Quicken Quotes Live



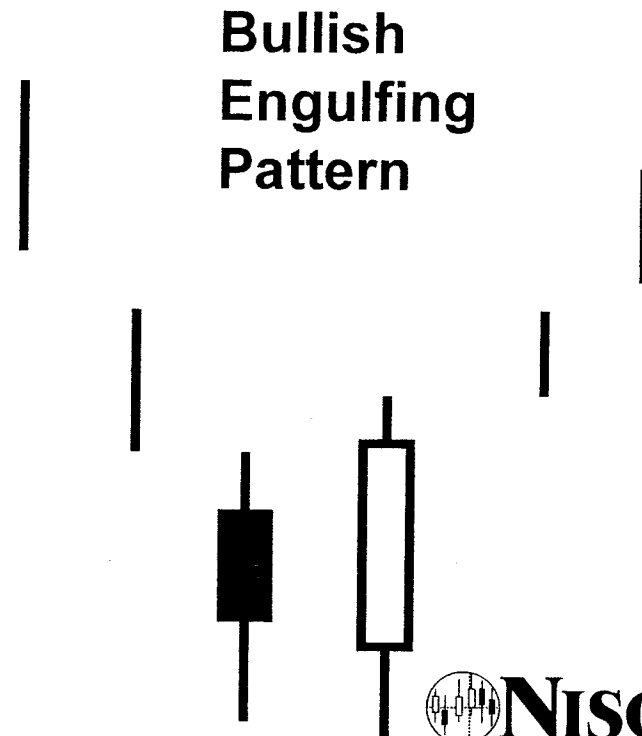
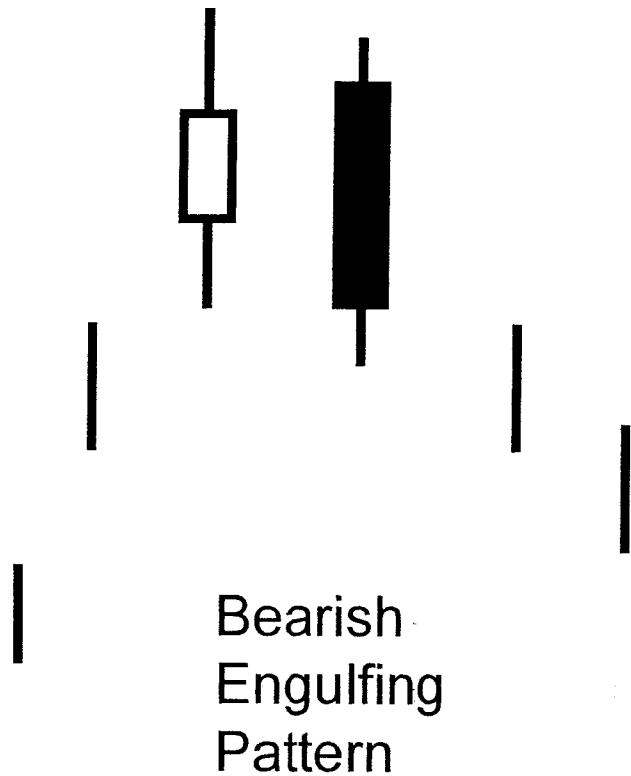


Micron Technology, Inc. -- MU





Engulfing Patterns



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50% retracements



1995	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Feb	Mar	Week	

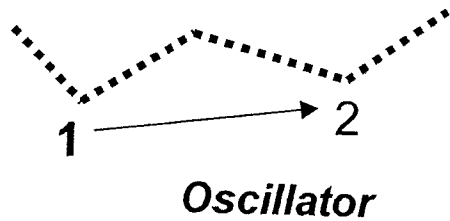
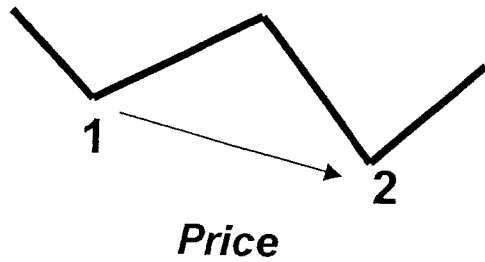
Oscillator Signals

⇒ *Divergence*

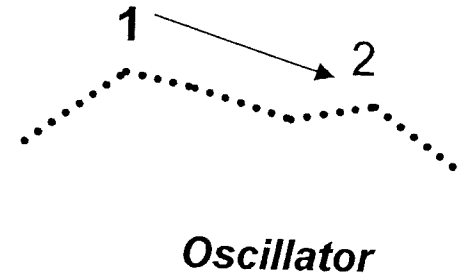
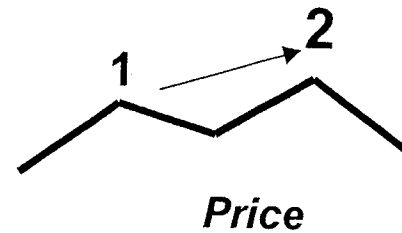
⇒ *Overbought / Oversold*

Divergence

Positive Divergence



Negative Divergence

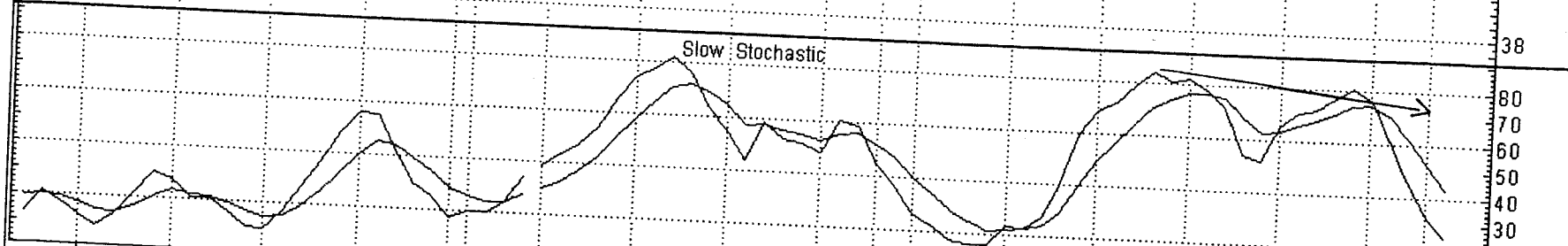


Schlumberger NV - SLB:

Bearish
Divergence



Slow Stochastic



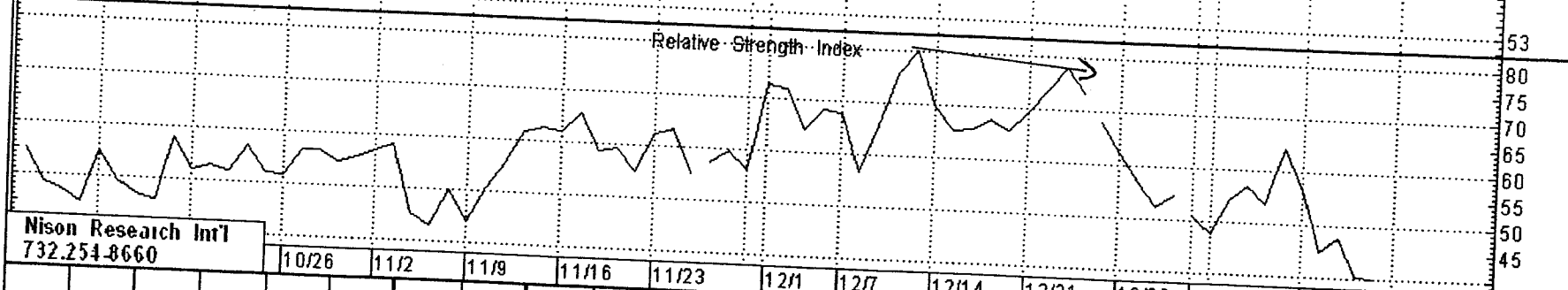
8/3 8/10 8/17 8/24 9/1 9/7 9/14 9/21 9/28 10/1 10/12 10/19 10/26 11/2 11/9 11/12

Albertson's, Inc. - ABS

Bearish Divergence



Relative Strength Index



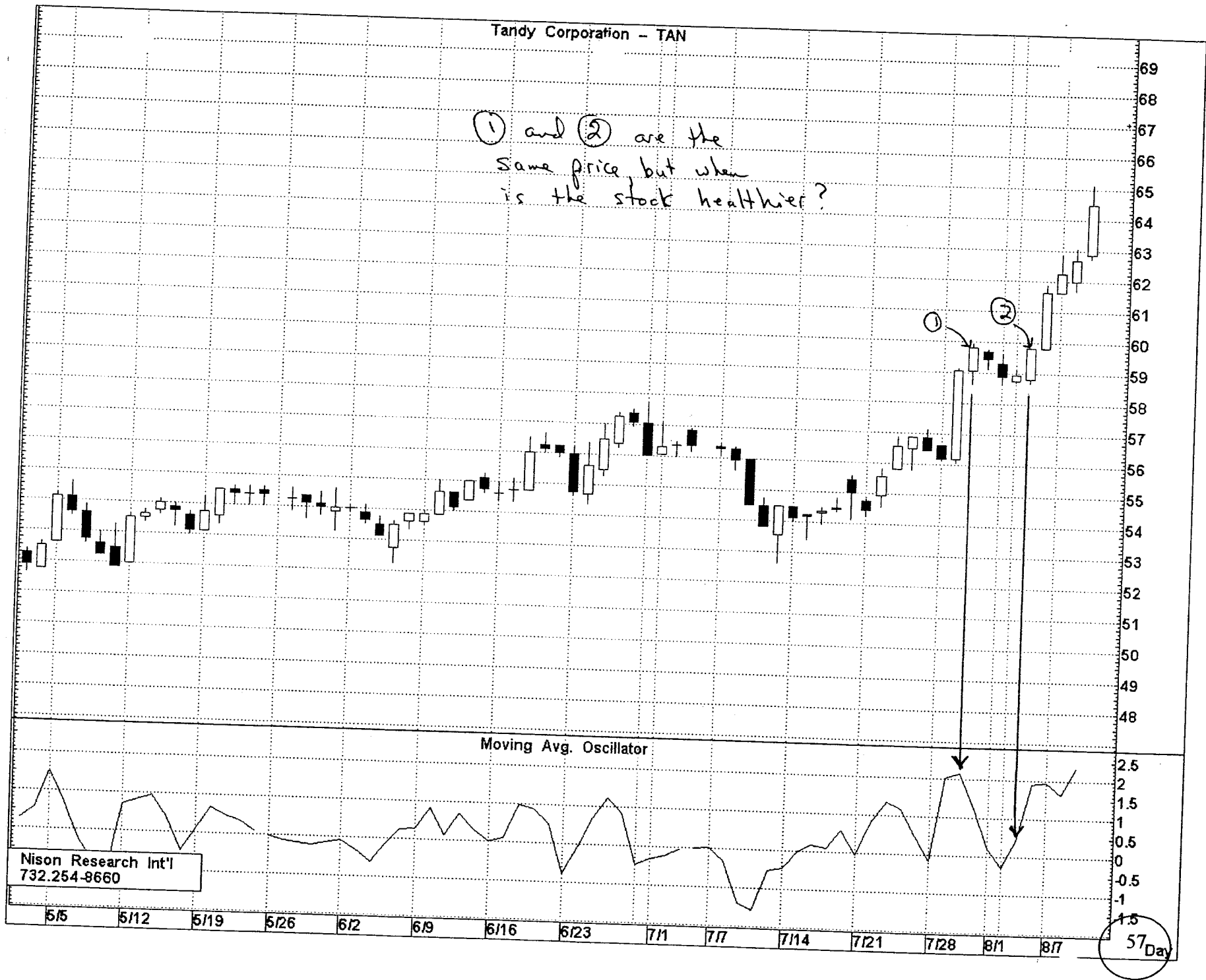
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10/26 11/2 11/9 11/16 11/23 12/1 12/7 12/14 12/21 12/28 1999 1/11 1/18

Day

Tandy Corporation - TAN

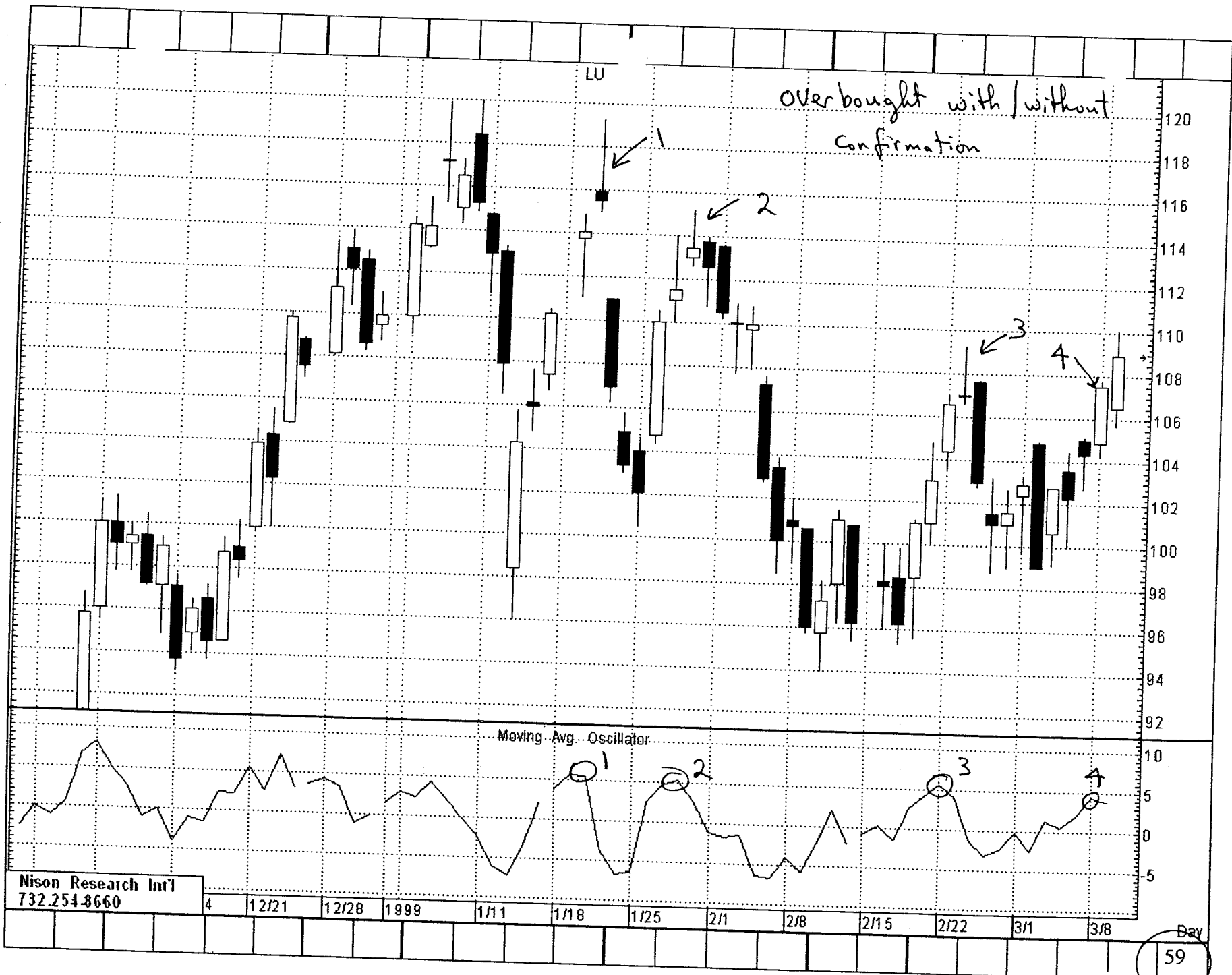
① and ② are the same price, but when is the stock healthier?



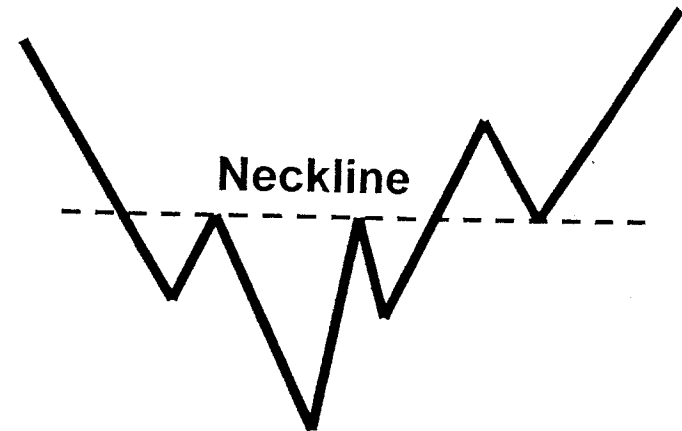
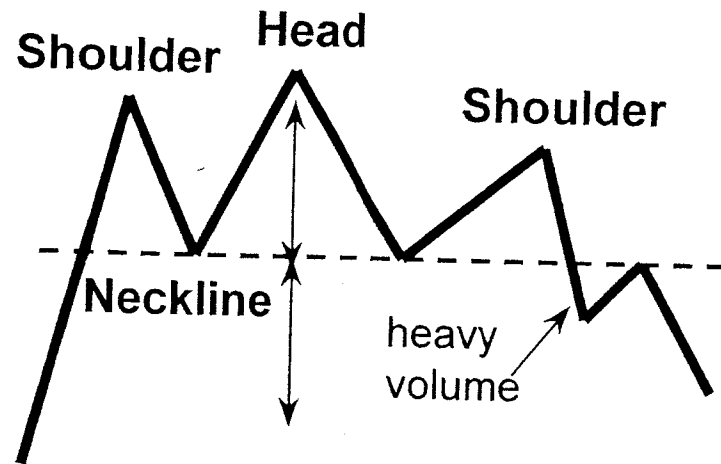
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732.254-8660

5/5 5/12 5/19 5/26 6/2 6/9 6/16 6/23 7/1 7/7 7/14 7/21 7/28 8/1 8/7

57 Day



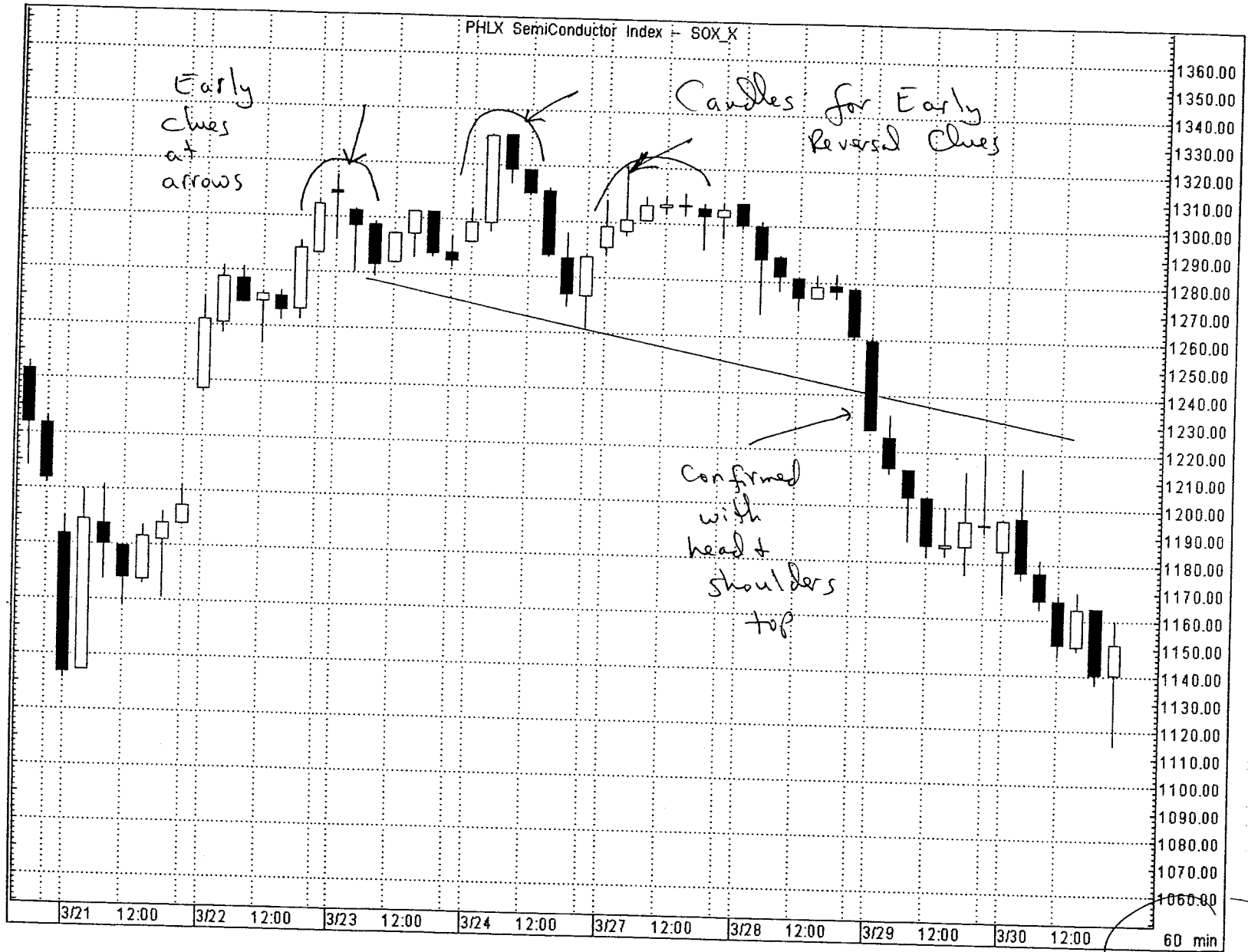
Head and Shoulders



Chase Manhattan; CMB

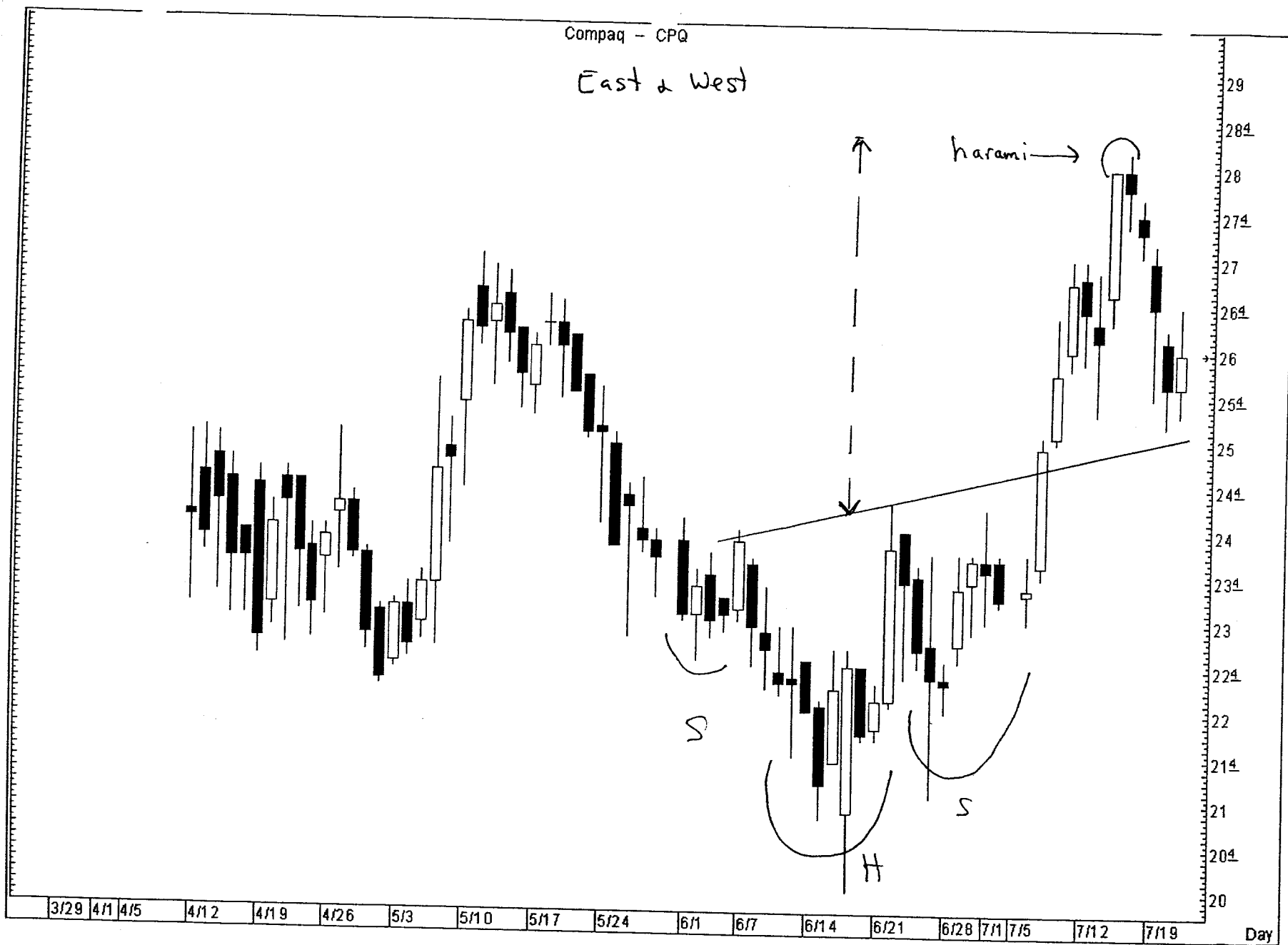






Compaq - CPQ

East & West



Dow Jones Industrials Index - INDU

①

Head & Shoulders Top?



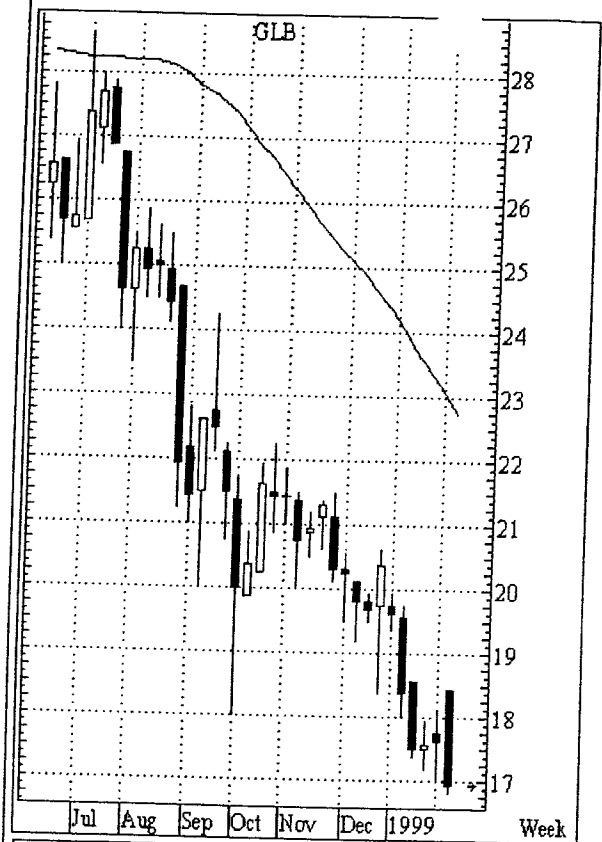
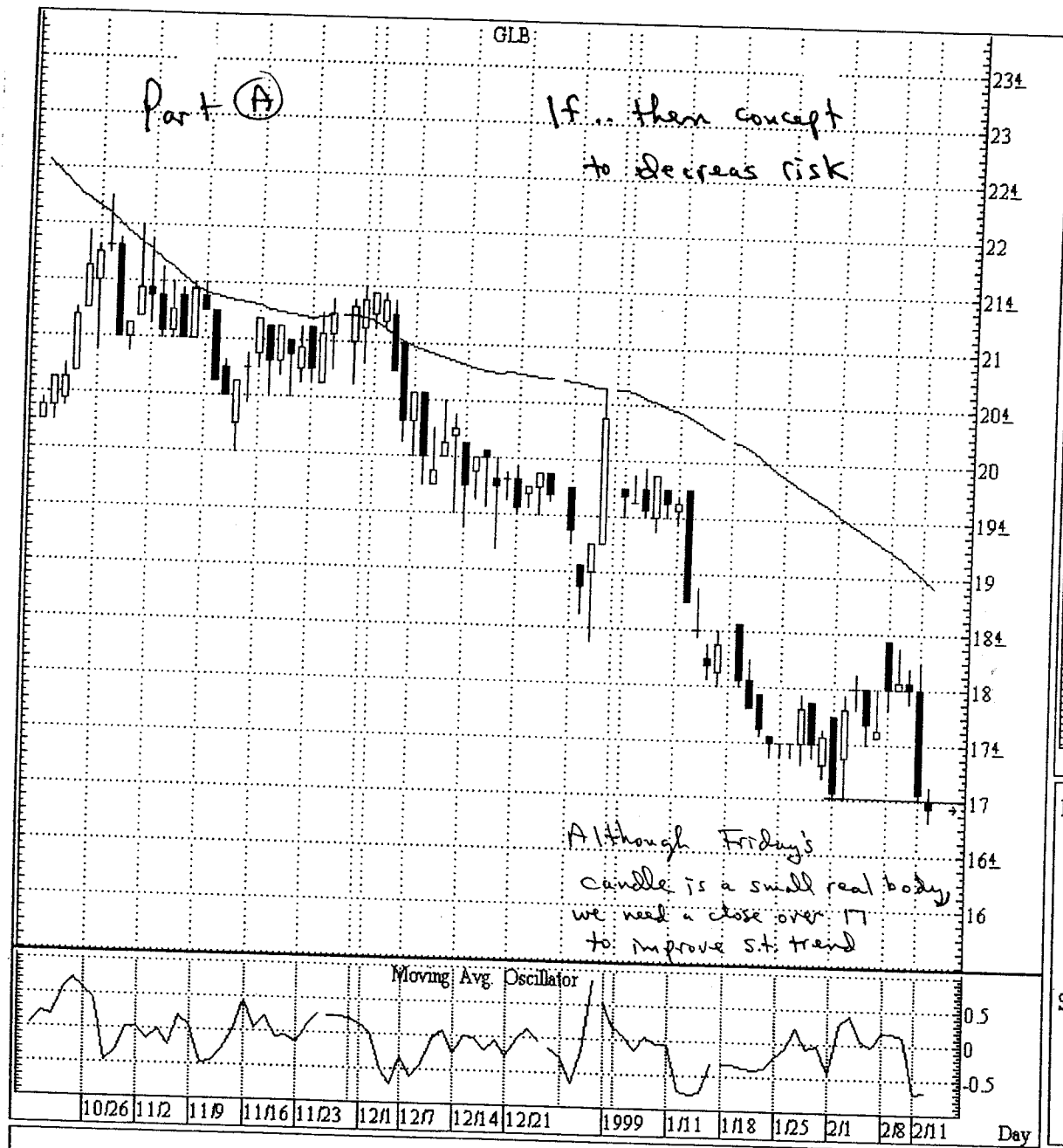
Dow Jones Industrials Index - INDU

2



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11/23 12/1 12/7 12/14 12/21 12/28 1999 1/11 1/18 1/25 2/1 2/8 2/15 2/22 3/1 3/8 Day

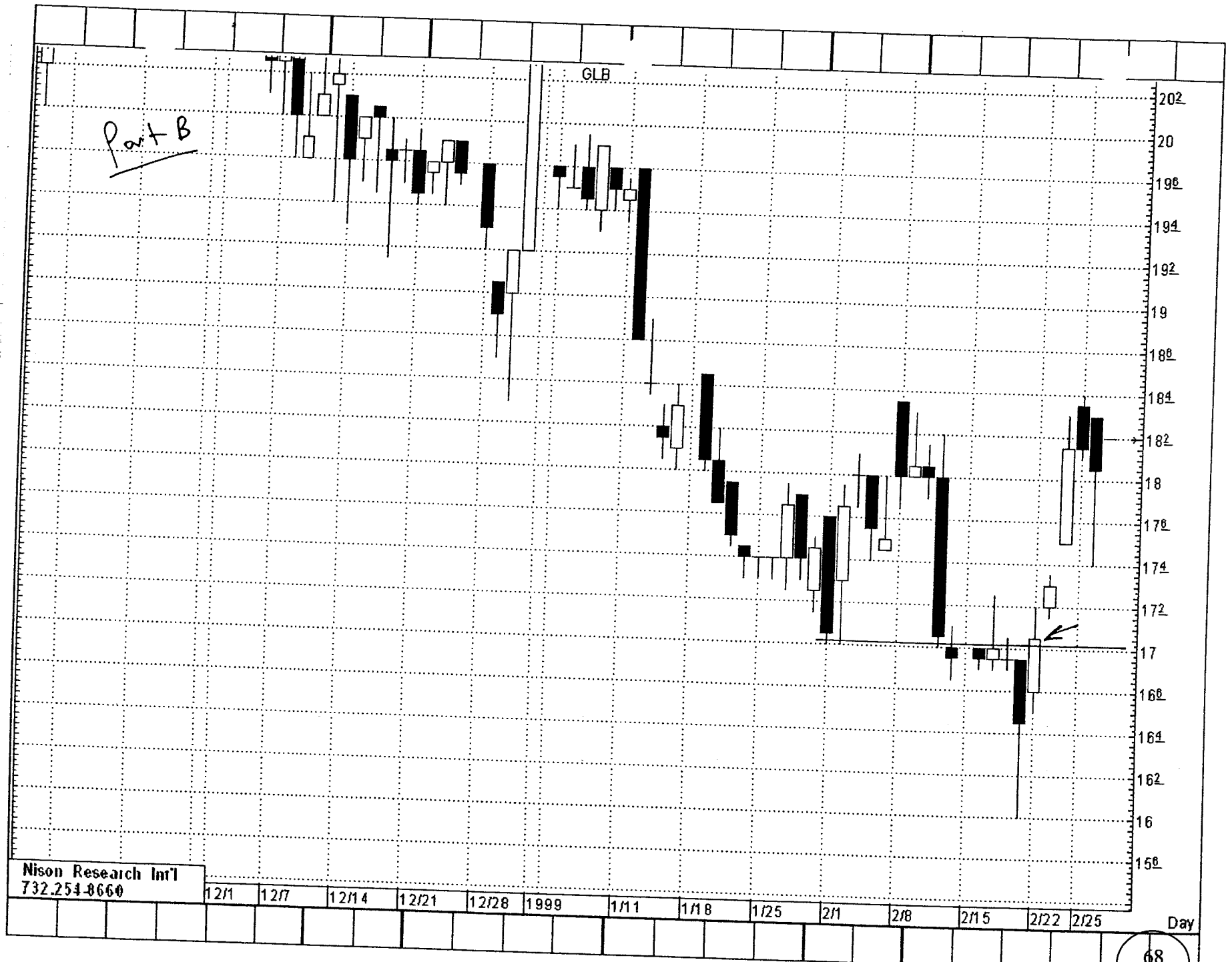


RESISTANCE	TREND
3- 18 1/2	short term ↓ ↔
2- 17 1/2	intermediate ↓
1- 17-17 1/8	long term (weekly chart) ↓
SUPPORT	
1- 16 3/4 - 5/8	
2- 15 1/2	
3- 15 1/4	

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Part B

GLB



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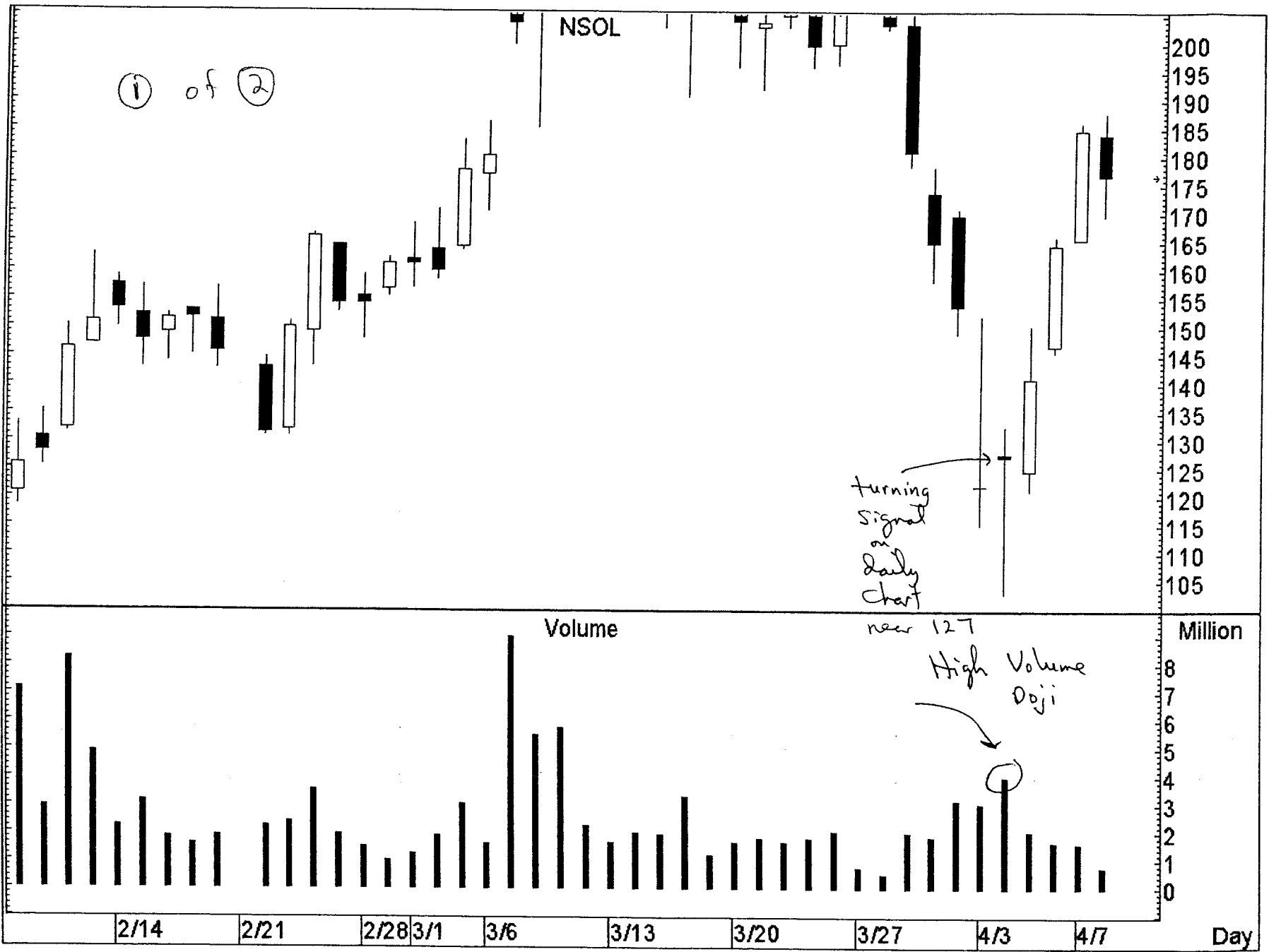
12/1 12/7 12/14 12/21 12/28 1999 1/11 1/18 1/25 2/1 2/8 2/15 2/22 2/25 Day

AMEX AIRLINE IND^X - XAL_X



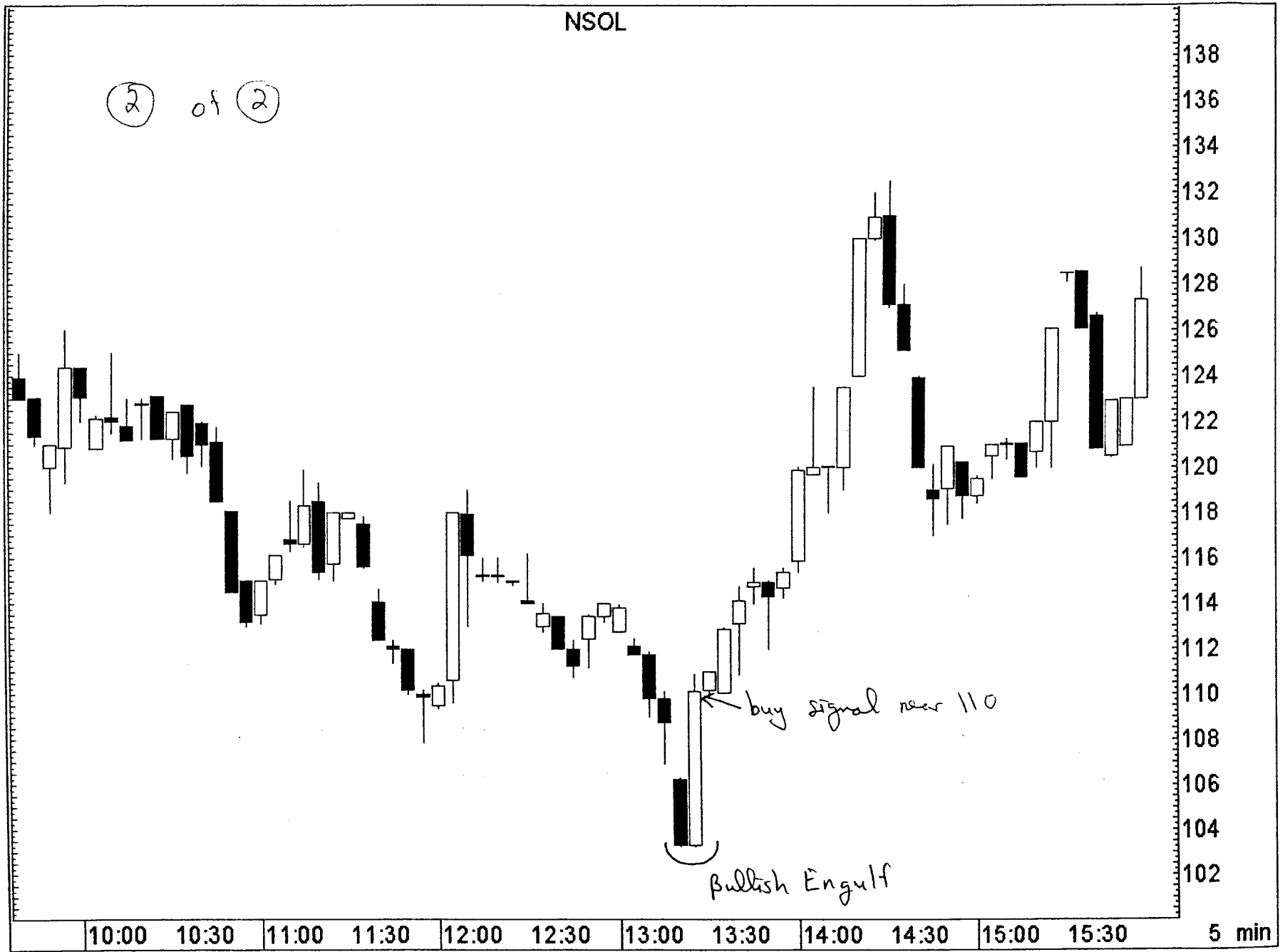
AMEX AIRLINE INDTM - XAL_X





NSOL

(2) of (2)





Pfizer, Inc. PFE

Hourly Chart

where's S_1 ?

Jan. 7



Pfizer, Inc. 'FE



[click here to go to next section](#)



Bullish Engulfing Pattern



Chart Courtesy of Quicken Quotes Live





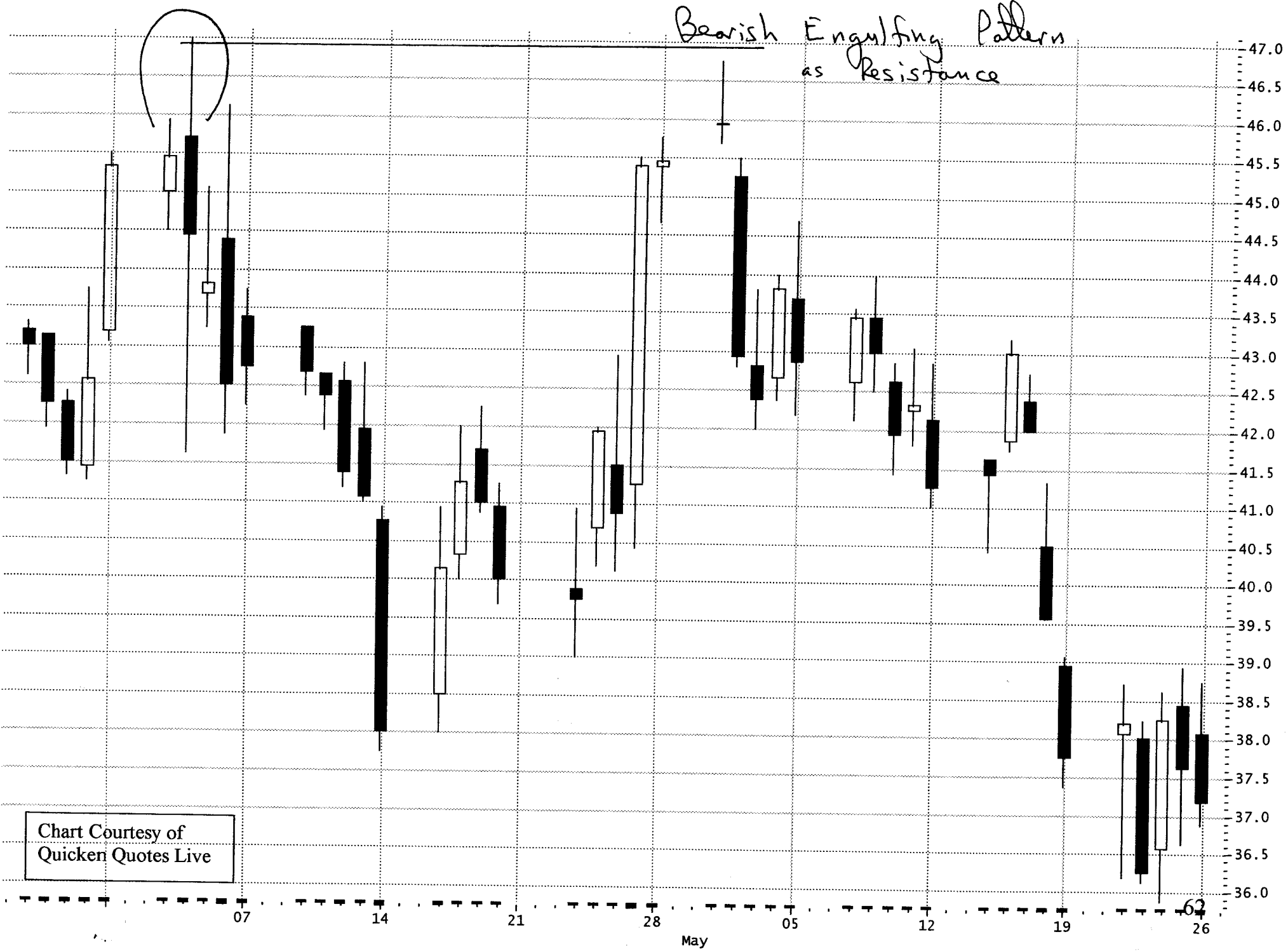


Chart Courtesy of
Quicken Quotes Live

Wal-Mart Store WMT

Let the bulls prove their strength

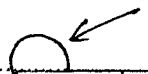






BROADCOM CG - BRCM

Bearish Engulfing pattern



McDonald's Corp. -- MCD

Bullish Engulfing
Pattern

on this
day the
Dow was
Down 150

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2/23

3/2

3/9

3/16

3/23

3/30

4/1

4/6

4/13

4/20

4/27

4/29

Day

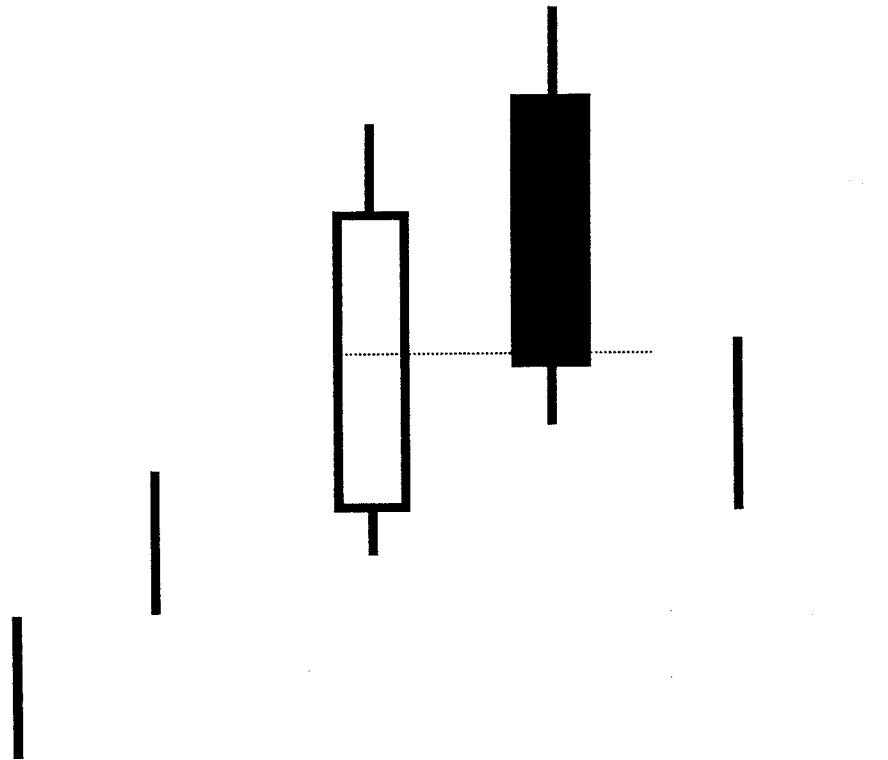
CME Lumber(random length) -- LBU1



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4/15 4/22 5/1 5/6 5/13 5/20 5/27 6/3 6/10 6/17 6/24 7/1 7/8 7/15 7/22 7/29 Day

Dark Cloud Cover





Yahoo! inc. - YHOO



Nison Research Inc.
731.294.600
www.candlestickcharts.com



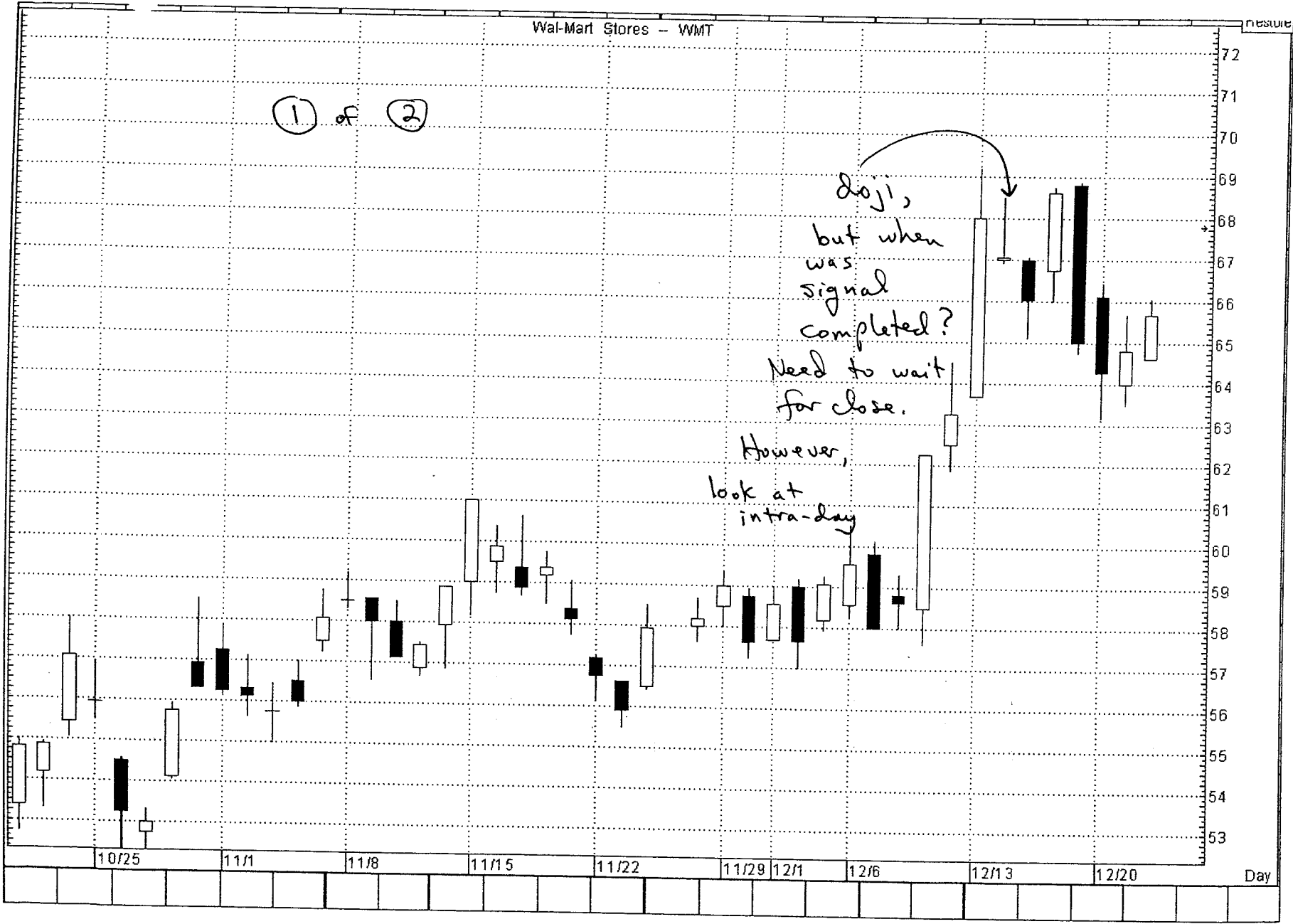
Wal-Mart Stores - WMT

Price

① of ②

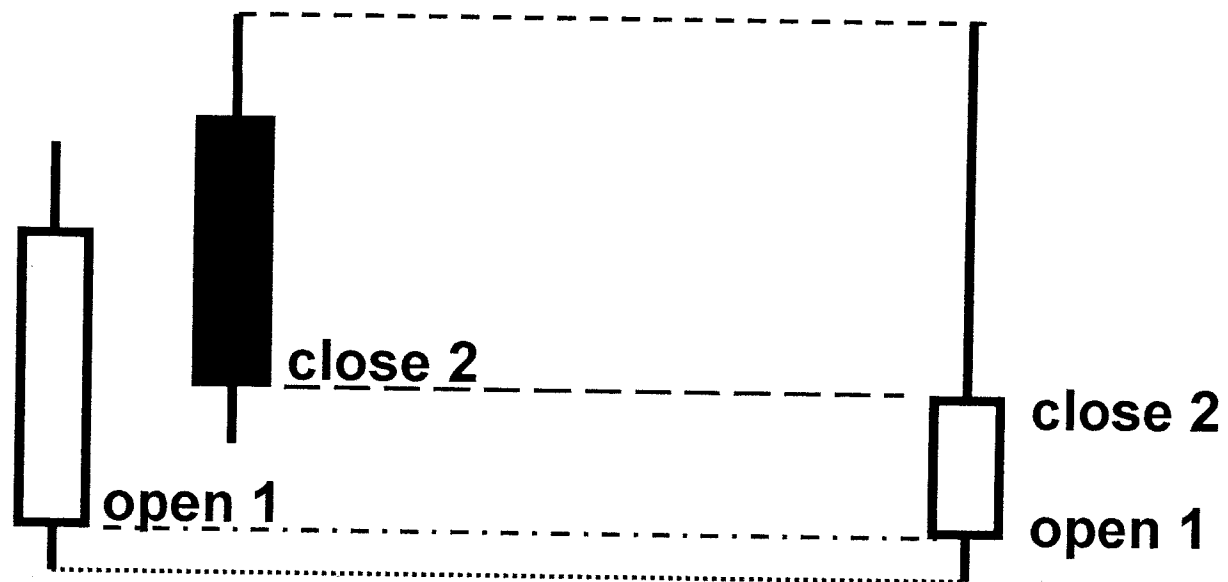
doji,
but when
was
signal
completed?
Need to wait
for close.

However,
look at
intra-day





The Blended Candlestick



Piercing Pattern

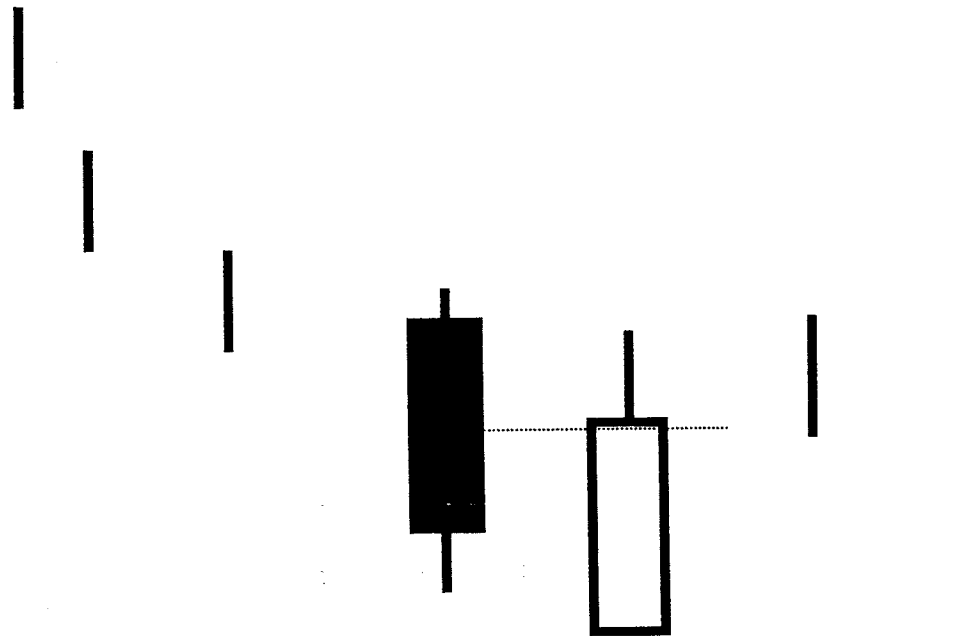




Chart Courtesy of
Quicken Quotes Live

Dark Cloud
Cover

piercing pattern



Chart Courtesy of
Quicken Quotes Live

↑
piercing
pattern



AMERICA ONLINE INC - AOL

Piercing
pattern



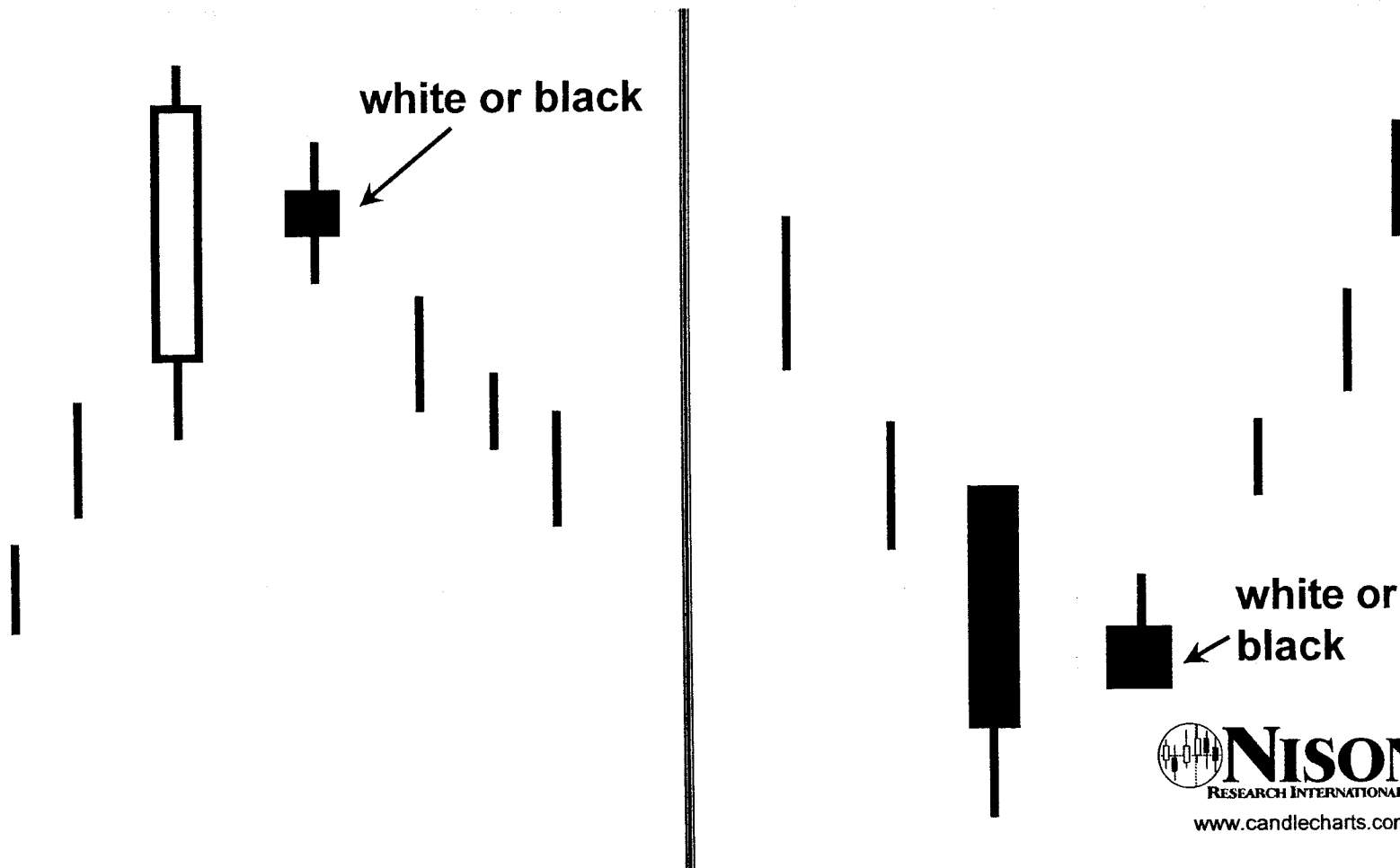
CBOT U.S. T-Bond Futures - USM

32nd's

Piercing pattern



Harami





[click here to go to next section](#)

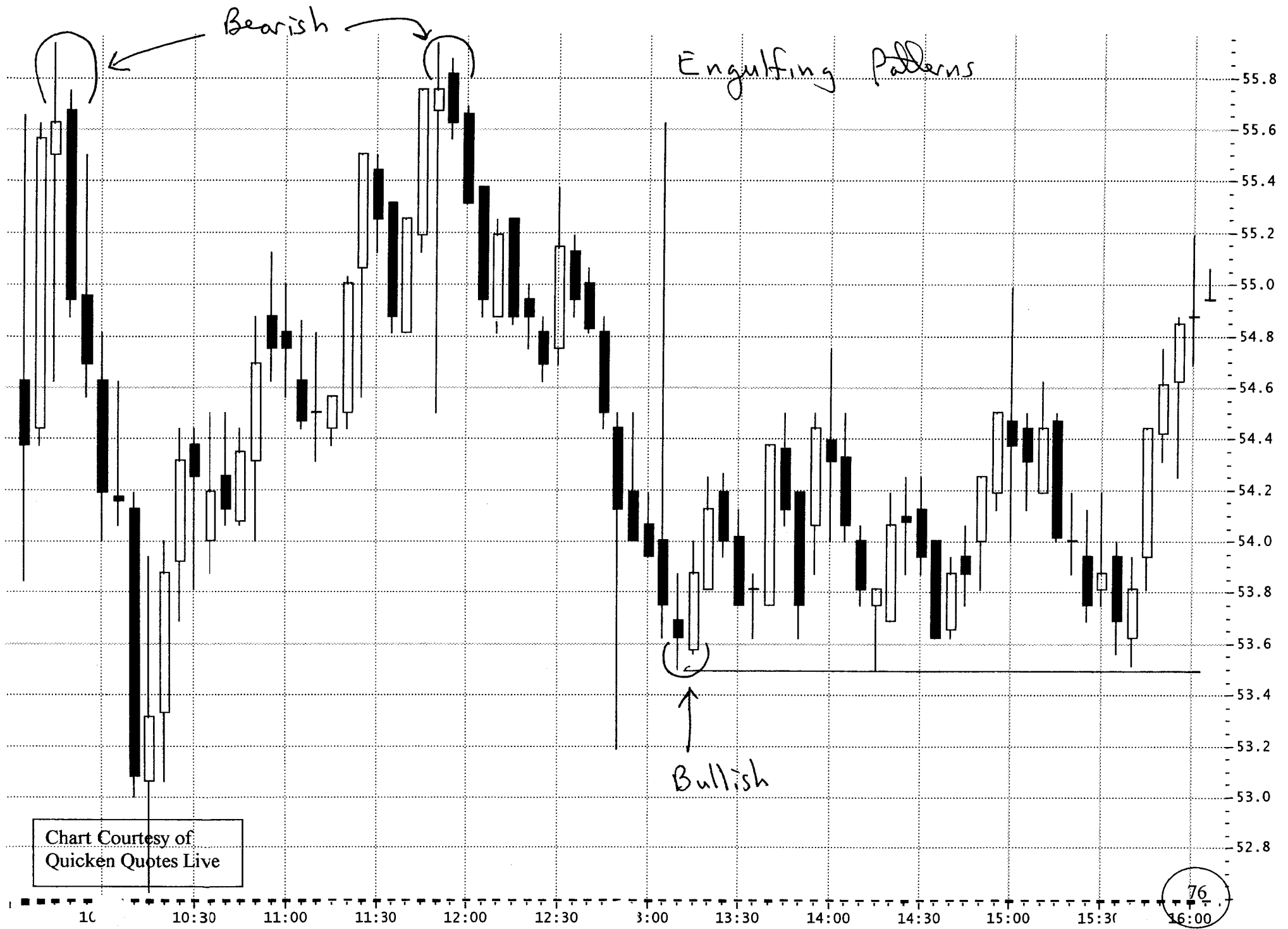


Chart Courtesy of
Quicken Quotes Live

AMERICA ONLINE G - AOL

High-Wave Candle

exit

entry

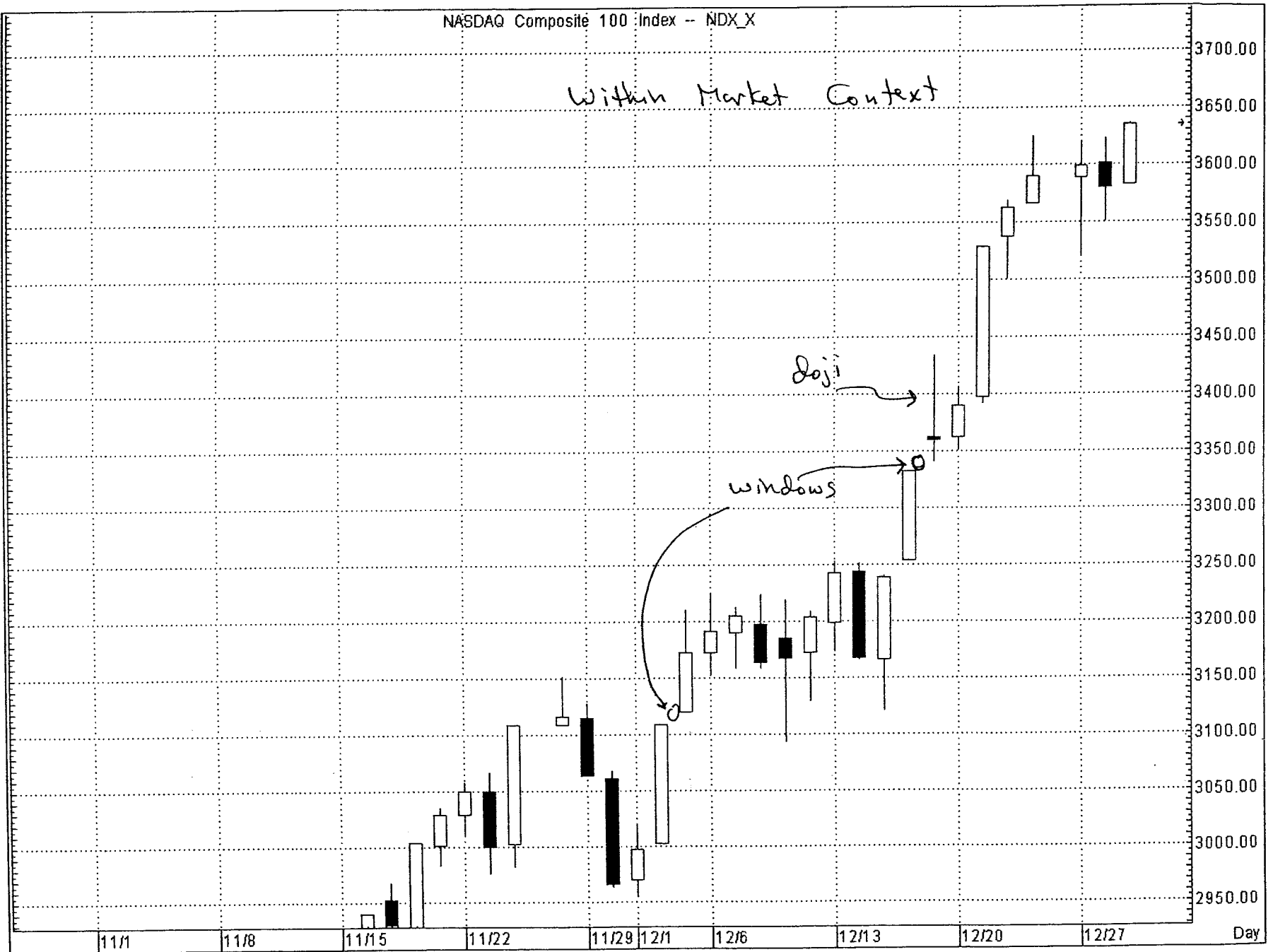


*piercing
pattern
Buying after successful test
& exiting*



NASDAQ Composite 100 Index -- NDX_X

Within Market Context



Patterns within Markets Context



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732.254.8660





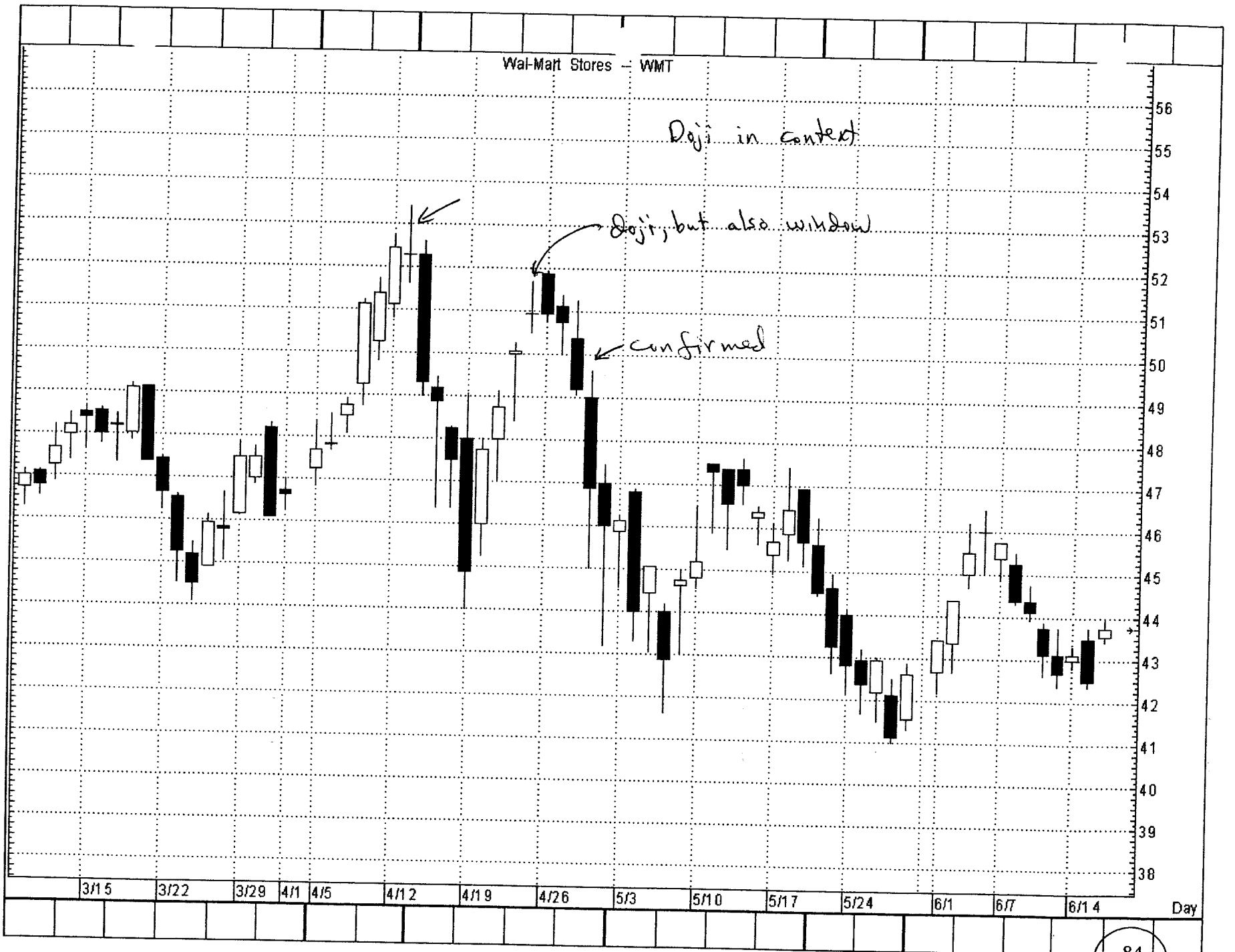
Eastman Kodak Co. -- EK

Subjectivity



Nison Research Int'l
732.254-8660

Wal-Mart Stores - WMT



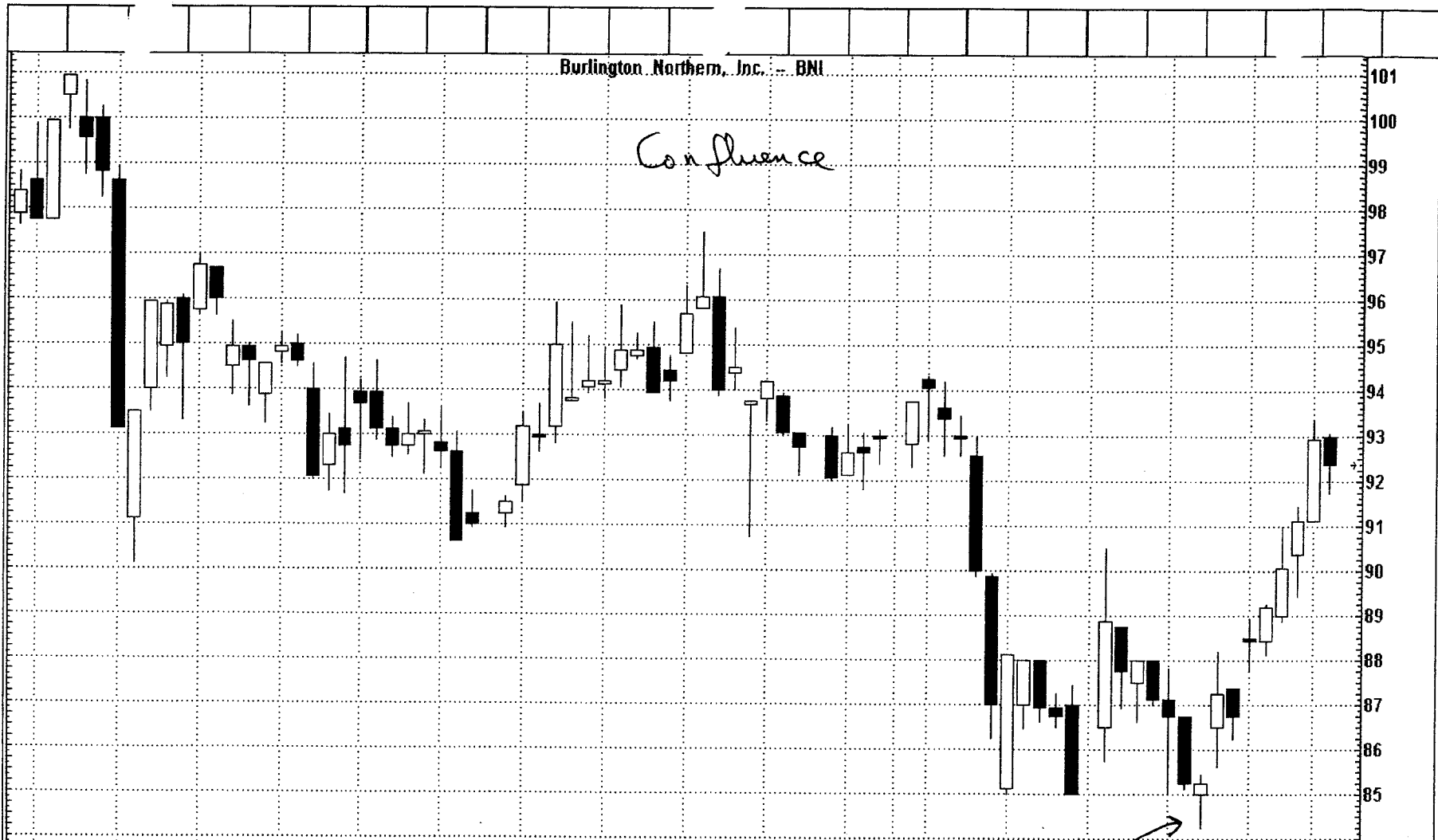
Candles in
Context

Not ideal dark cloud
cover, but was also
a failure to
sustain new
highs

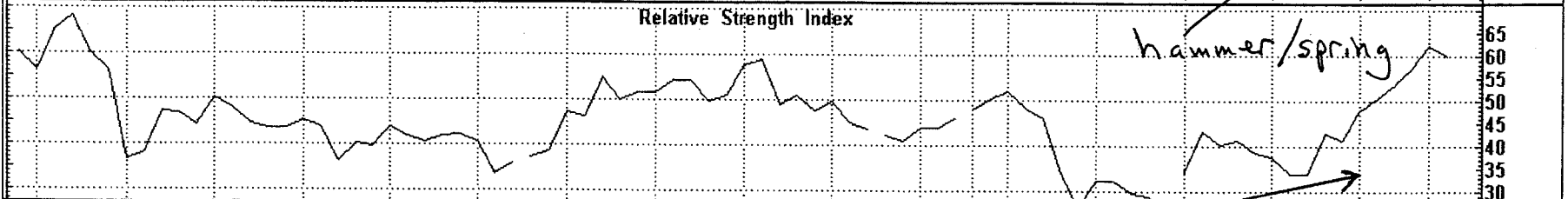


Burlington Northern, Inc. - BNI

Confluence



Relative Strength Index



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732.254-8660

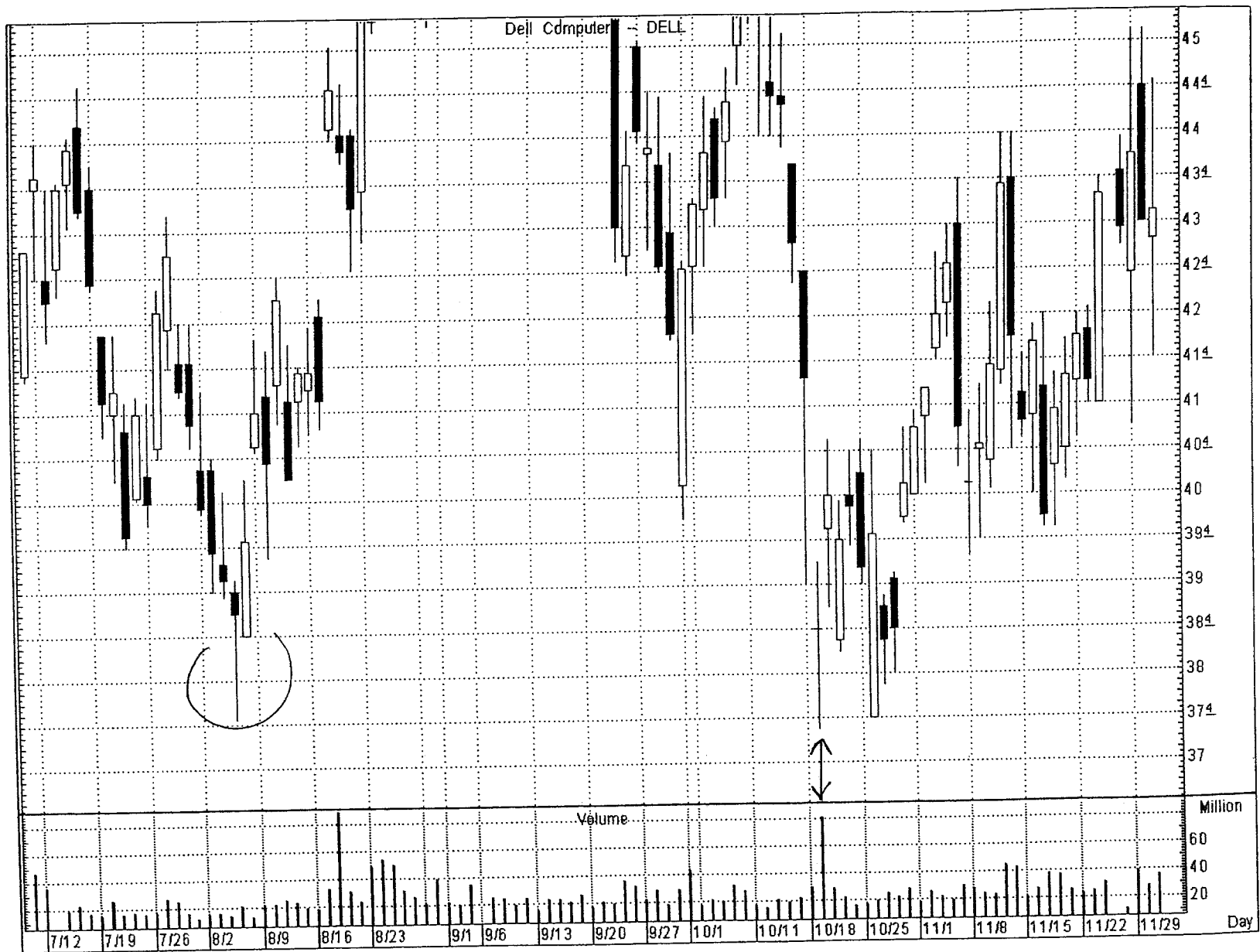
11/10 11/17 11/24 12/1 12/8 12/15 12/22 12/29 1998 1/12 1/19 1/26 2/2 2/6 Day

Sealed Air Corp 1 - SEE



Bullish engulfing pattern

Harami cross



Catalina Marketing Corp. - POS

Confluence

Small
roof
bodies



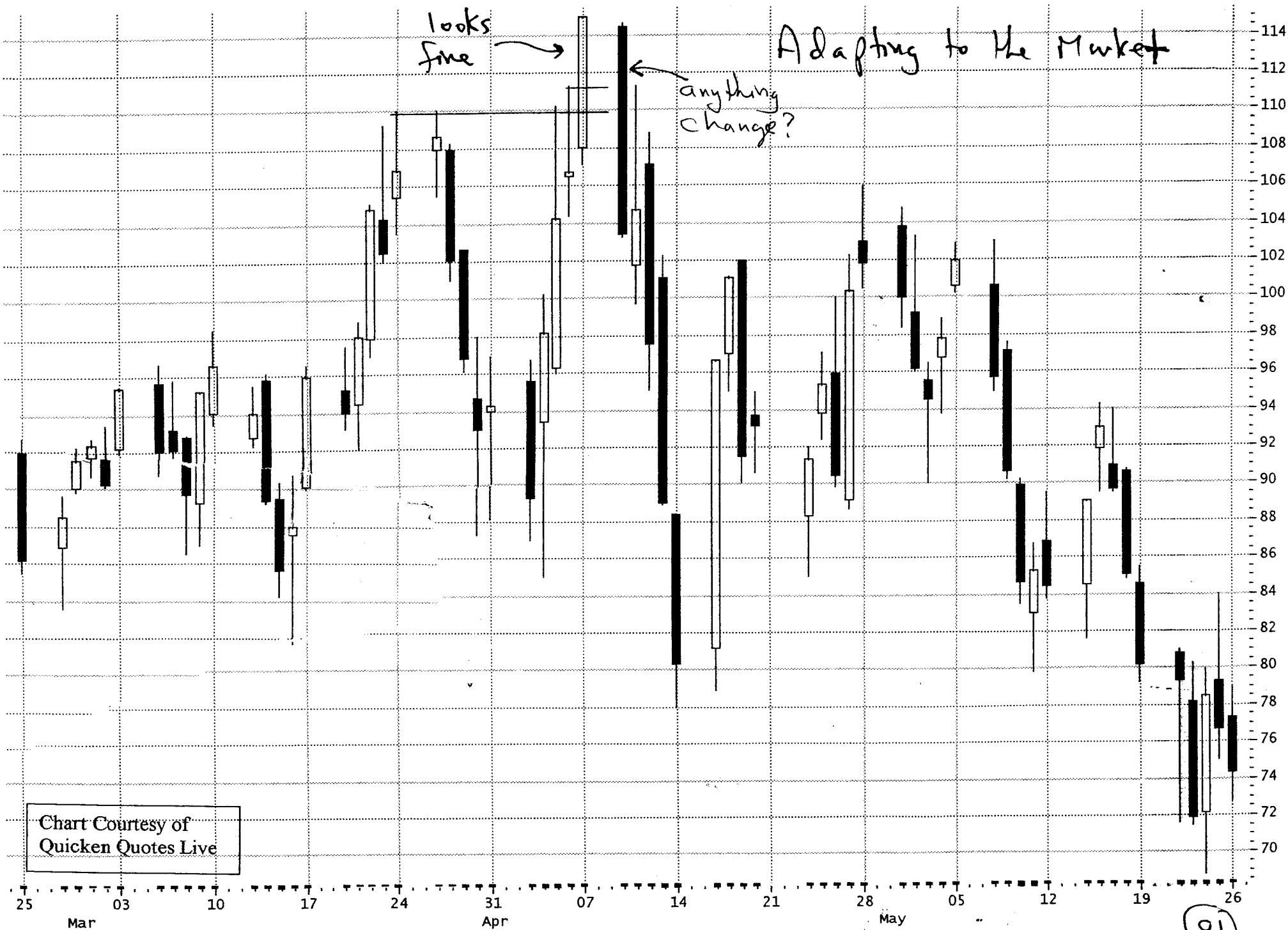
The Gillette Company -- G

Adapting to Market

closed over window



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732.254-8660





CISCO SYSTEMS INC

NASD -- CSCO

Let Bulls
Prove their
Strength

Bearish Engulf

shooting
star

small
real
bodies

resistance

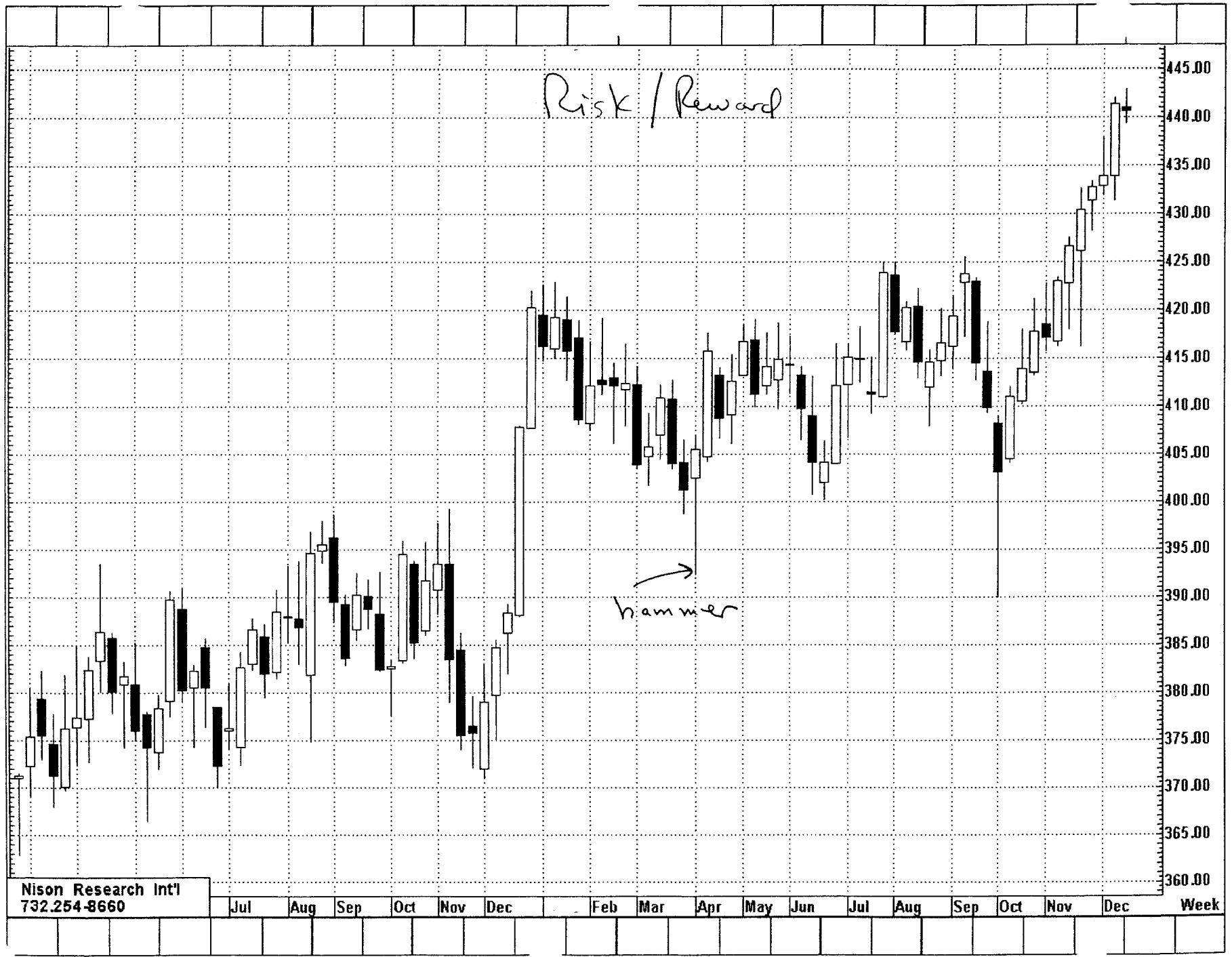
buy

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6/1 6/8 6/15 6/22 7/1 7/6 7/13 7/20 7/27 8/3 8/10 8/17 8/24 9/1 9/3

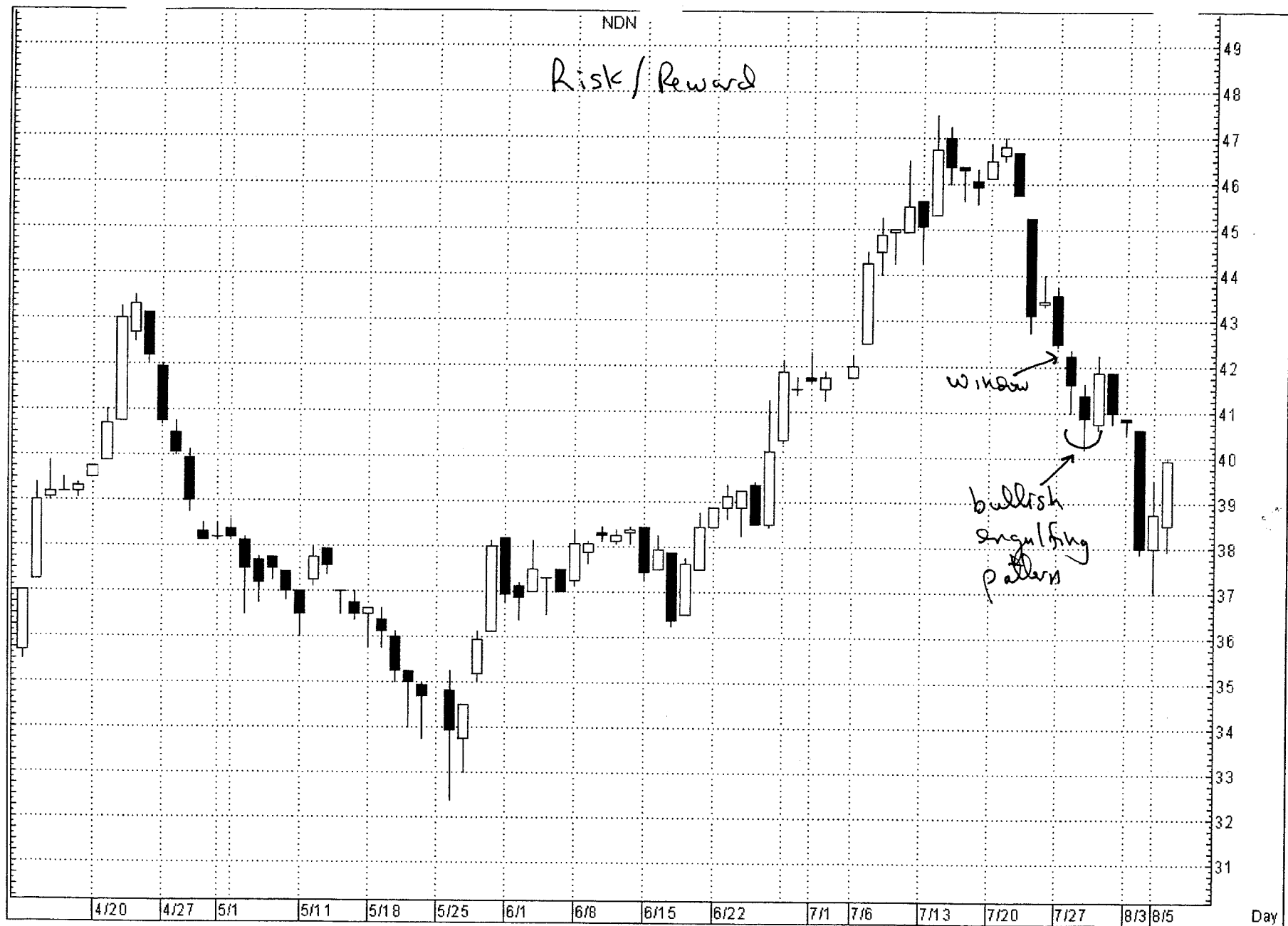
Day





NDN

Risk/Reward



Wal-Mart Stores - WMT

Risk/Reward

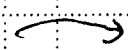
Bearish Engulf

Dark cloud Cover

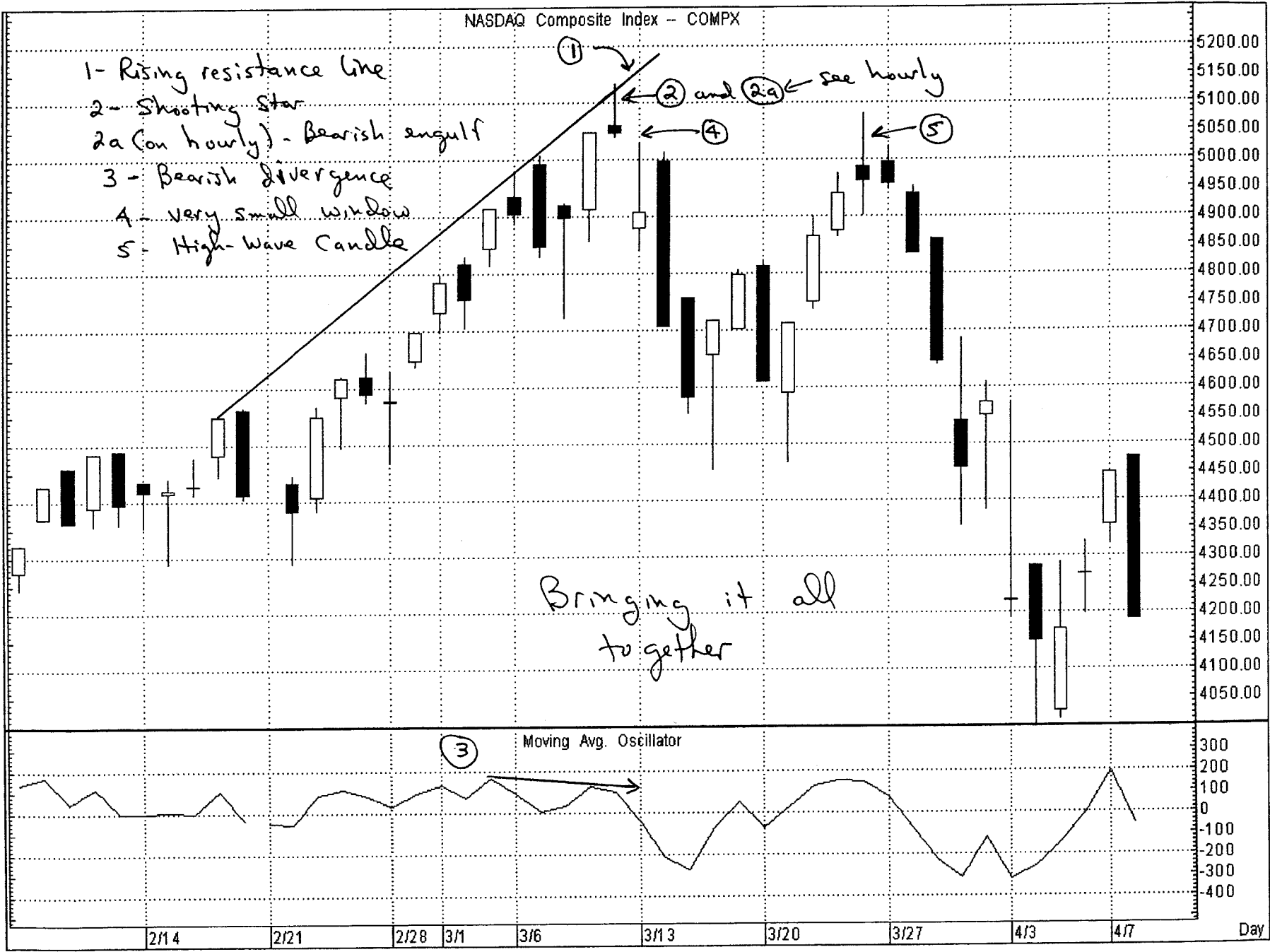


Pfizer, Inc. - PFE

*Candles + Capital
preservation*



Nison Research Int'l
732.254.8660



NASDAQ Composite Index - COMPX



Hourly

Bearish Engulfing Pattern

98a

Marsh & McLennan - MMC

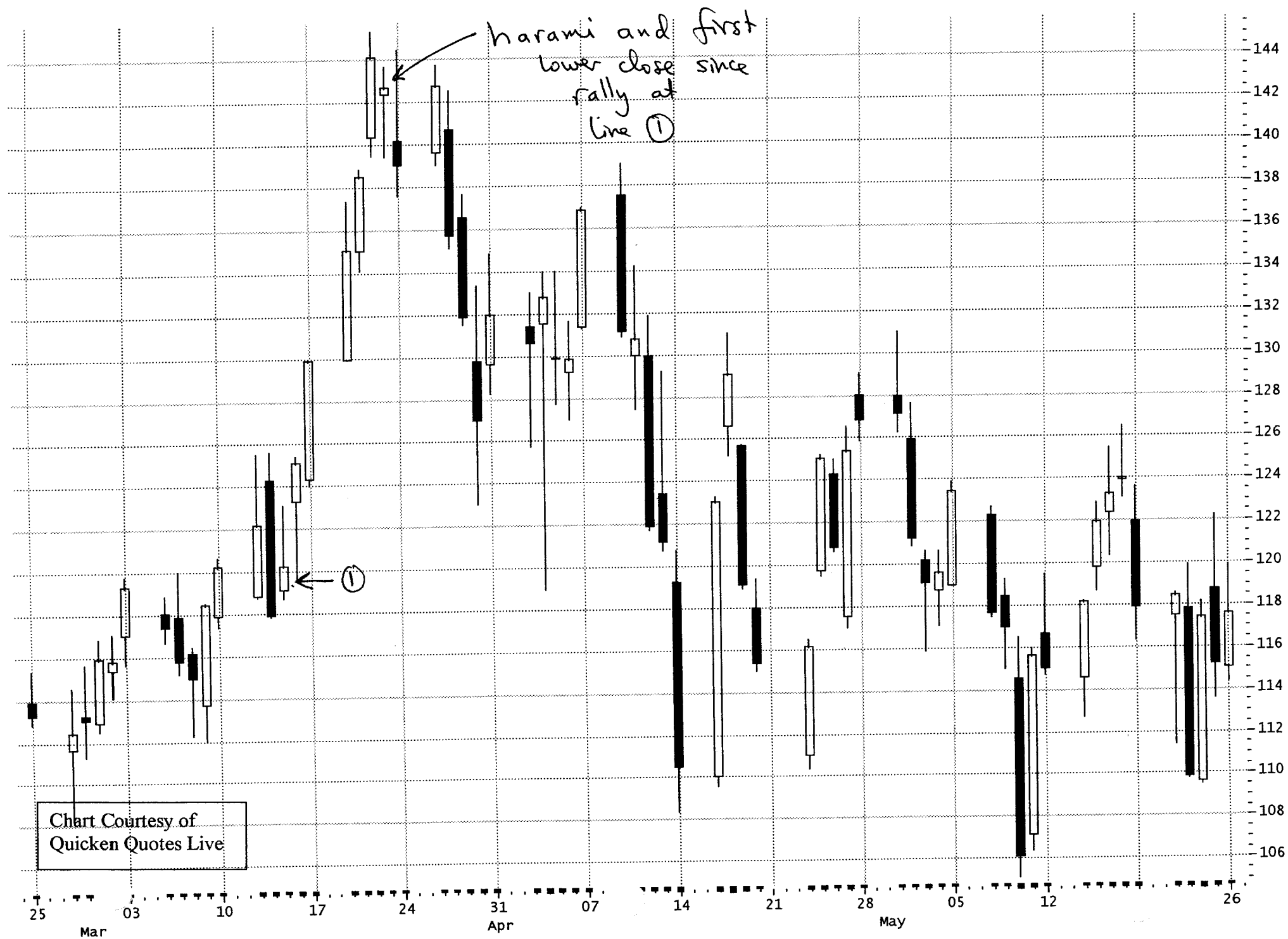
Harami



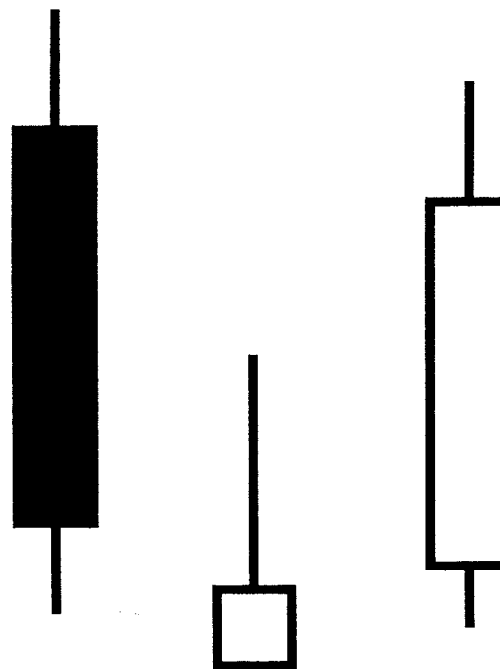
Amazon Com Inc -- AMZN

Harami





Morning Star - Bottom Reversal

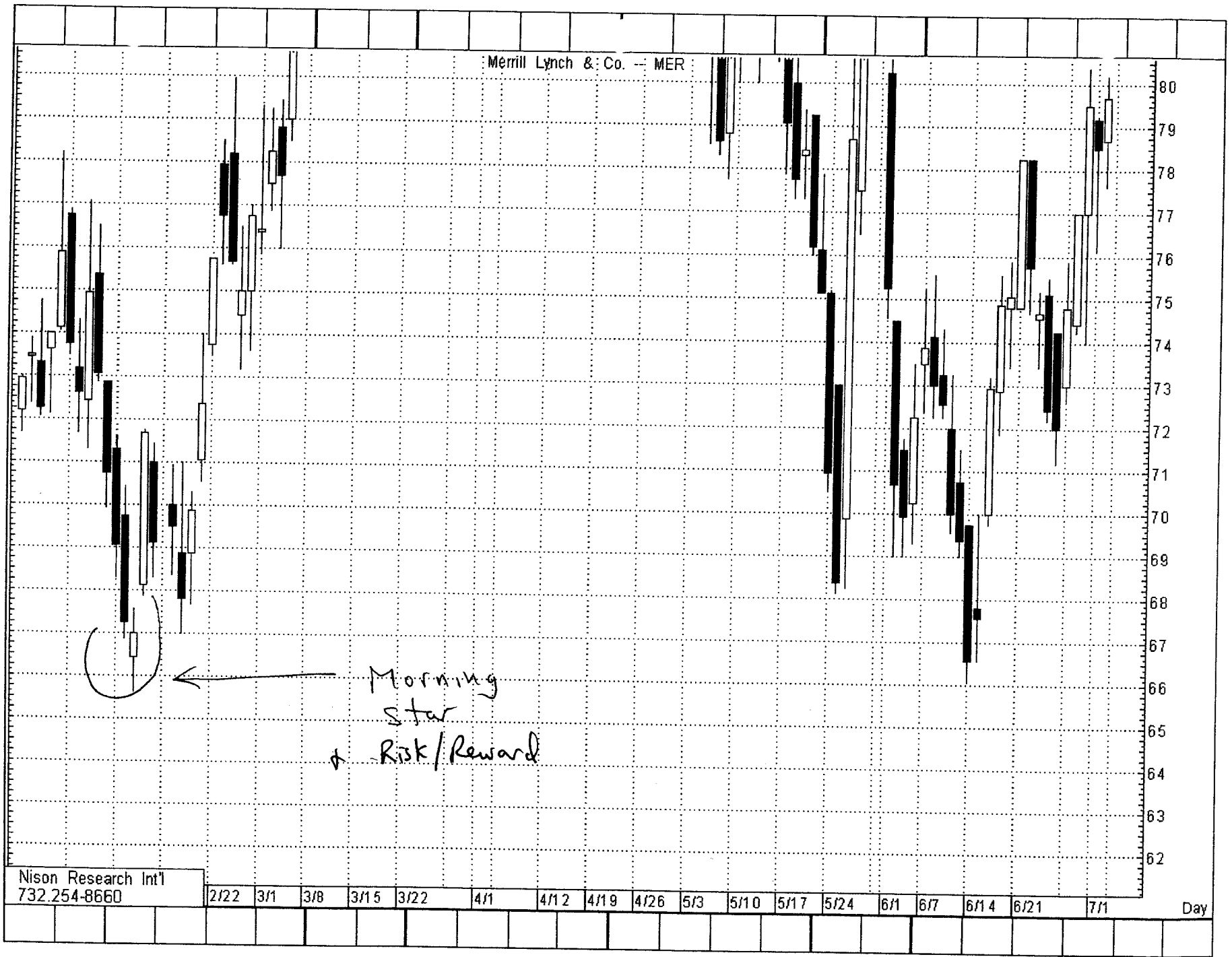


↑
white or black





Merrill Lynch & Co. -- MER



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2/22 3/1 3/8 3/15 3/22 4/1 4/12 4/19 4/26 5/3 5/10 5/17 5/24 6/1 6/7 6/14 6/21 7/1

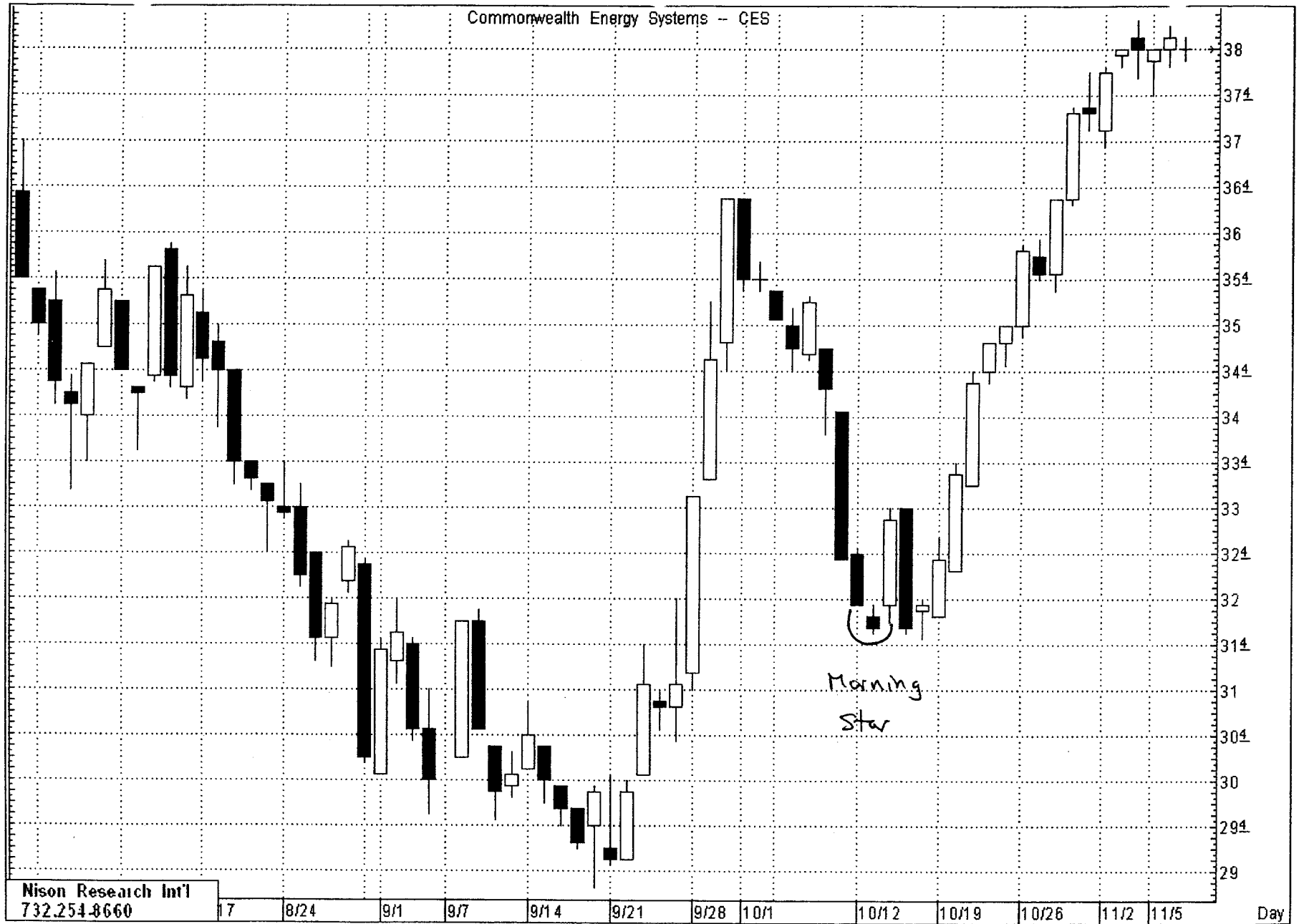
Day

Procter & Gambl 2. -- PG

Morning Doji
Star



Commonwealth Energy Systems - CES



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732.254.8660

17 8/24 9/1 9/7 9/14 9/21 9/28 10/1 10/12 10/19 10/26 11/2 11/5 Day

Compaq - CPG

The water looks fine!



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3/8

3/15

3/22

3/29

4/1

4/5

4/12

4/19

4/23

Day

Bank of New York, Inc. -- BK



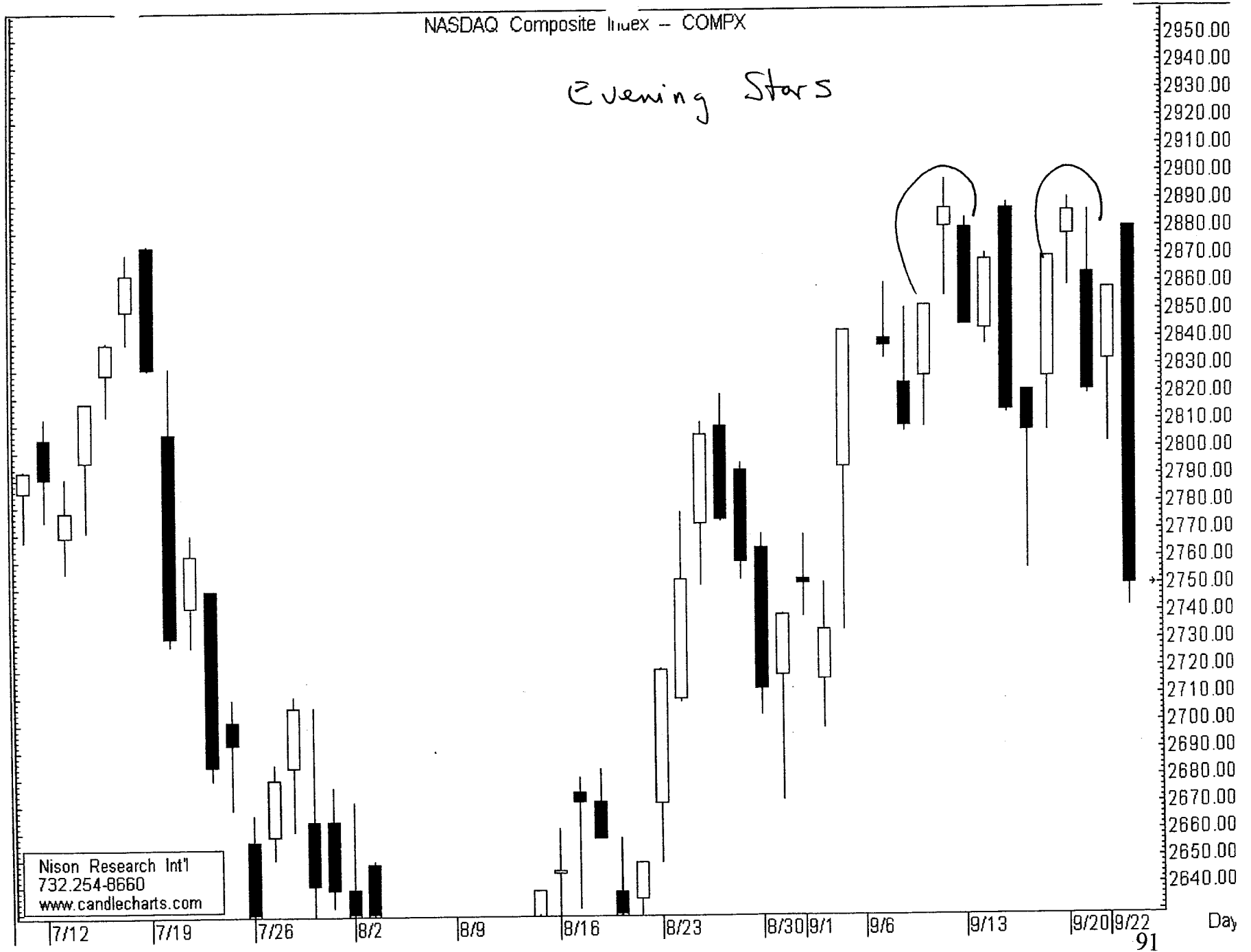
Nison Research Int'l
732.254-8660

Day



NASDAQ Composite Index -- COMPX

Evening Stars



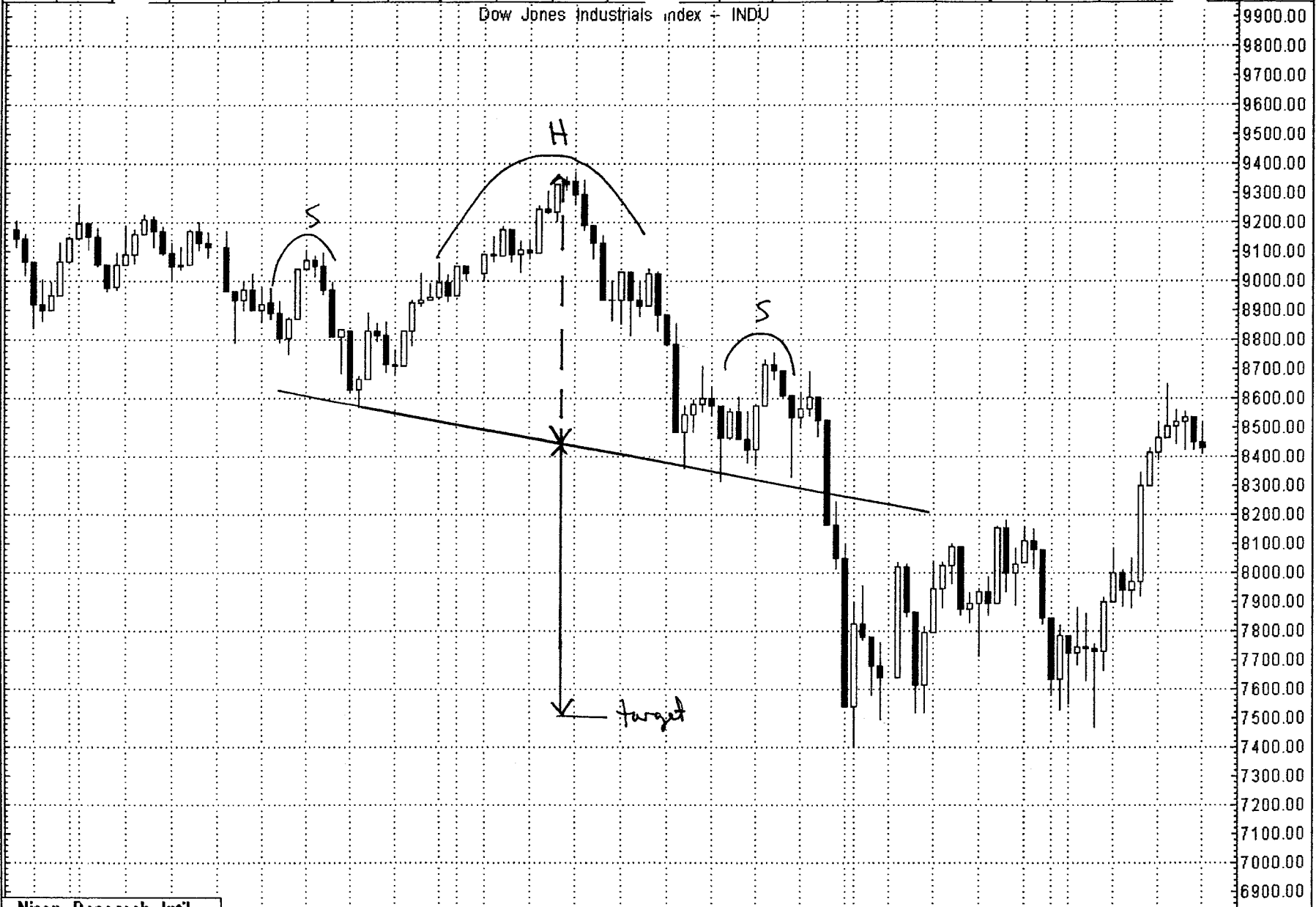
CME S&P 500 Stock Index - SPH9

Evening Star vs. Island Top



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Dow Jones Industrials index - INDU

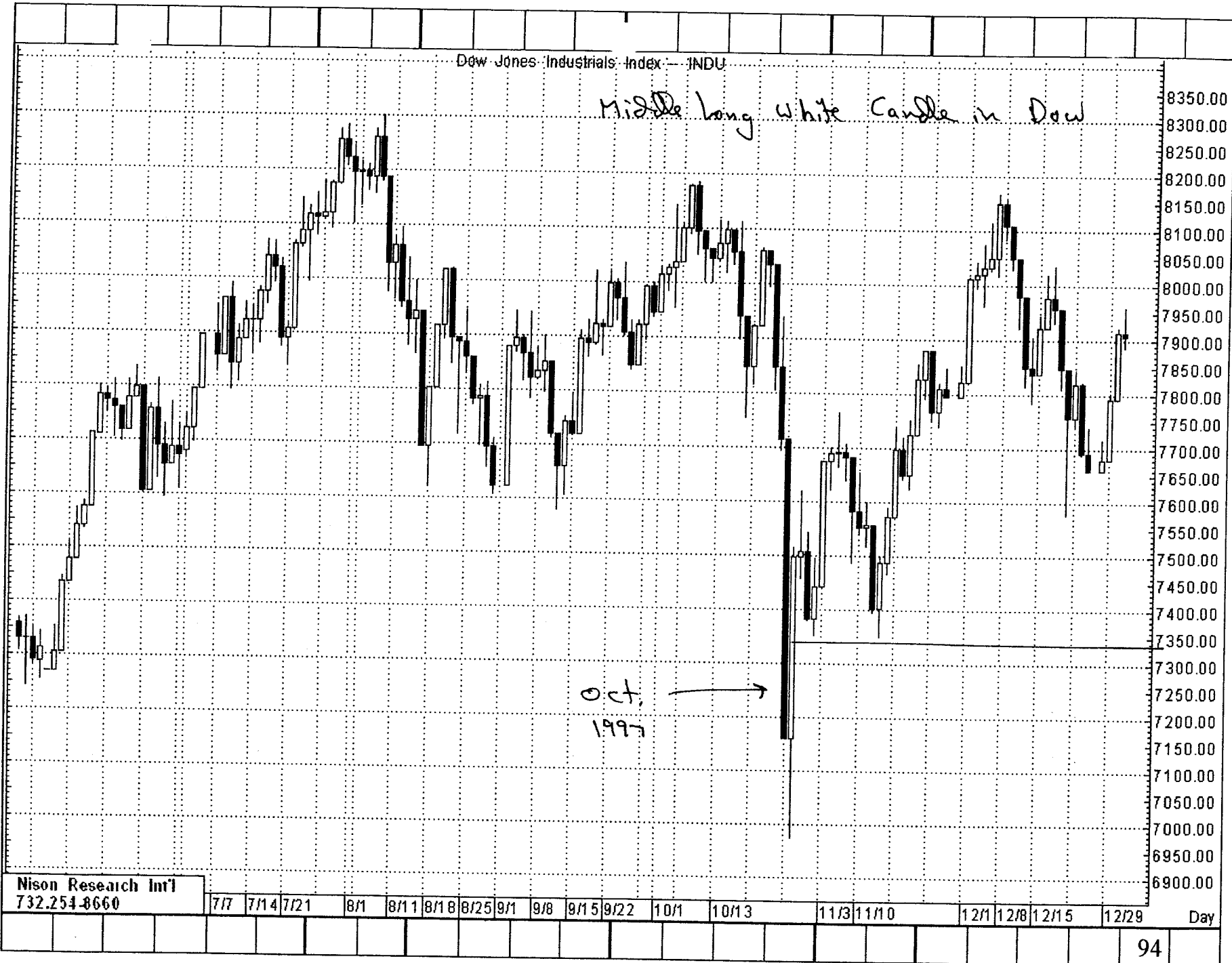


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5/25	6/1	6/8	6/15	6/22	7/1	7/6	7/13	7/20	7/27	8/3	8/10	8/17	8/24	9/1	9/7	9/14	9/21	10/1	10/12	Day
------	-----	-----	------	------	-----	-----	------	------	------	-----	------	------	------	-----	-----	------	------	------	-------	-----

Dow Jones Industrials Index -- INDU

Middle long white candle in Dow



8350.00
8300.00
8250.00
8200.00
8150.00
8100.00
8050.00
8000.00
7950.00
7900.00
7850.00
7800.00
7750.00
7700.00
7650.00
7600.00
7550.00
7500.00
7450.00
7400.00
7350.00
7300.00
7250.00
7200.00
7150.00
7100.00
7050.00
7000.00
6950.00
6900.00

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7/7 7/14 7/21 8/1 8/11 8/18 8/25 9/1 9/8 9/15 9/22 10/1 10/13 11/3 11/10 12/1 12/8 12/15 12/29 Day

[**click here to go to session 2**](#)