CANDLESTICKS, PLAINLY — FIRST OF THE PRIMER SERIES

How to Read a Daily Bar Without the Mysticism

A candlestick is four facts in one drawing: where a session opened, the highest and lowest prices anyone paid, and where it closed. That is all it is. The vocabulary is genuinely useful – it compresses a day's fight into a glance – and it has accumulated more folklore than any other tool in retail trading. This primer teaches the vocabulary and leaves the folklore at the door. Every example that follows is a real Tesla bar, with its date.

The form is old – Japanese rice merchants are usually credited, and Steve Nison's 1991 book carried it west – but the content is just arithmetic. Open, high, low, close. The *body* is the distance between open and close: how far one side actually moved the price by the bell. The *wicks* are the ground fought over and surrendered – prices that traded but did not hold. A wide body says one side was in charge; long wicks say the day was contested. By print convention, a hollow body closed above its open and a filled body closed below. Below, two real Tesla sessions from last week, drawn to scale.

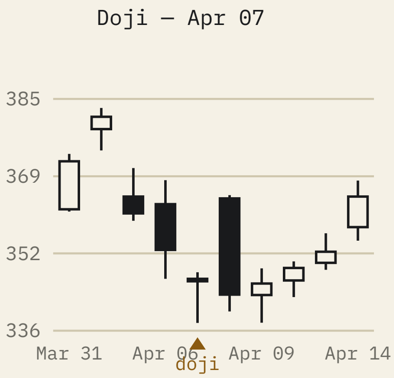
THE SAME FOUR NUMBERS, TWO DIFFERENT SENTENCES

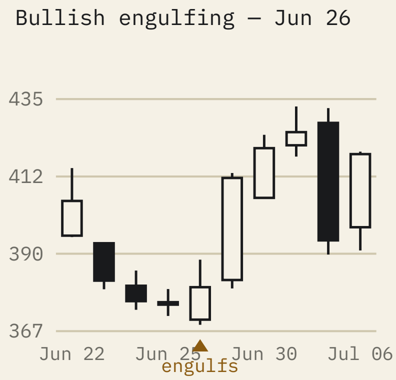
Read the right-hand candle first: July 2. Tesla opened at $428.01, traded as low as $389.30, and closed at $393.45 – a filled body nearly the full height of the bar, down 8.1% on the day. Sellers were in charge from the first hour and were still in charge at the close. Now July 6: opened $397.32, dipped to $390.50, closed $418.83 – a long hollow body with the close pinned near the high. Whoever was selling in the morning had been absorbed by the afternoon; buyers finished in control. Same four numbers each day; entirely different sentences.

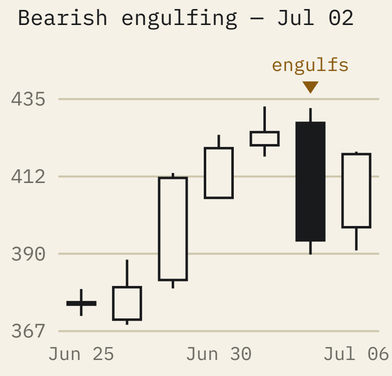
$43.05 The July 2 high-to-low range – Tesla's widest daily bar of the past quarter. It has a name and a cause: the arbitrage crowd repricing SpaceX's index-inclusion arithmetic in a single session. **The tape's biggest candles usually have mechanical explanations,** not psychological ones. Note No. 002 maps that particular flow; the point here is narrower – before reading meaning into a dramatic bar, ask first whether something was *obliged* to trade that day.

That is the discipline this primer wants to leave you with. A candle records *that* a fight happened and who won it. It does not record *why* – and the why is usually knowable: an earnings print, a delivery number, an index rebalance, a forced seller. The shape is the beginning of the question, never the answer.

THREE SHAPES WORTH KNOWING — EVERY EXAMPLE REAL, AND DATED







A *doji* opens and closes near the same price after a real fight – April 7 traded a $10.78 range and settled almost where it began, at the floor of the April selloff. A *bullish engulfing* bar swallows the prior day's red body whole – June 26 did it at the June low, and two sessions later the tape printed a 7.9% up day. A *bearish engulfing* is the mirror – July 2 swallowed July 1's green body on its way to that $43 range. The honest ledger, same ninety sessions: June 26 "worked"; the engulfings of April 24, 30, and May 6 led nowhere; July 2 was an index flow with a date on it, not psychology; and no textbook hammer printed at all, because **the tape does not owe you examples.** Same shapes, different outcomes, mostly mechanical causes.

WHAT A CANDLE CAN AND CANNOT TELL YOU

It can tell you the day's range and who finished in control – the fastest way to read a tape you were not watching. It cannot tell you tomorrow: tested across decades of data, isolated candlestick signals show edges that are small, unstable, and largely gone after costs. Treat the shapes as vocabulary, not prophecy. When a bar is truly extraordinary, the explanation is usually an obligation somewhere – an index add, a lockup, a forced seller – and finding those is the discipline we practice.

When the candle has a mechanical cause, we write it down.

Primer No. 002 covers support and resistance the same way – real levels, real dates, no mysticism. The research notes map the flows that draw the biggest bars.

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Sources & method: All price data — TSLA daily OHLC, July 2025 through July 6, 2026, split-adjusted, via public market-data feeds; bars drawn to scale from the actual figures shown. Pattern definitions — Nison, *Japanese Candlestick Charting Techniques* (1991). Pattern-efficacy evidence — Marshall, Young & Rose, "Candlestick technical trading strategies" (Journal of Banking & Finance, 2006) and subsequent replication literature. July 2 index-flow attribution — see Ananke Alpha Research Note No. 002 and sources therein.