

OFFICIAL STRATEGY GUIDE

Pattern Recognition Master

A complete trading framework for reading candlestick pattern signals, confirming them with market context, and managing trades with discipline — built for the M1, M5, H1 and H4 timeframes.

01

Introduction

Pattern Recognition Master scans your chart in real time and automatically marks recognized candlestick formations as they close, so you no longer have to eyeball every candle for a setup. This guide shows you how to turn those markings into a repeatable, rules-based trading process rather than reacting to every signal that appears.

WHAT THIS GUIDE COVERS

How the indicator classifies patterns, how to read its signals in context, entry and exit rules for M1/M5 scalping and H1/H4 swing setups, risk management, and a pre-trade checklist.

Why candlestick patterns still matter

A candlestick pattern on its own is not a trading signal — it is a snapshot of the tug-of-war between buyers and sellers over one or more candles. Pattern Recognition Master's job is to find that snapshot for you instantly. Your job as the trader is to judge whether the surrounding context (trend, structure, session, momentum) gives that snapshot any real weight. This guide is built around that division of labor.

Recommended timeframes

Timeframe	Trading style	Best used for
M1	Ultra-short scalping	Fast reversal entries inside an already-established M5 trend; requires tight spreads and full attention.
M5	Scalping / intraday	The indicator's core timeframe — enough noise filtering to be reliable, enough signals to trade actively.
H1	Intraday / short swing	Higher-quality signals with fewer false positives; good for traders who can't watch M1/M5 all day.
H4	Swing trading	Highest-conviction signals; used mainly for trend-confirmation and larger swing entries.

RULE OF THUMB

The lower the timeframe, the more signals you'll see and the more of them will be noise. Always confirm a lower-timeframe signal against the trend on the next timeframe up.

02 Pattern Library

Below are the core formations Pattern Recognition Master detects, grouped by the signal they typically carry. Treat "bullish" and "bearish" as a bias, not a guarantee — a bullish pattern in a strong downtrend on H1 is a much weaker signal than the same pattern at a known support level.

BULLISH REVERSAL

Bullish Engulfing

A large bullish candle fully engulfs the prior bearish candle's body, signaling a sudden shift in control to buyers.

BEARISH REVERSAL

Bearish Engulfing

Mirror of the above at the top of a move — a bearish candle swallows the prior bullish candle's body.

BULLISH REVERSAL

Hammer

Small body near the top of the range with a long lower wick after a decline; suggests sellers were rejected.

BEARISH REVERSAL

Shooting Star

Small body near the bottom of the range with a long upper wick after an advance; buyers were rejected.

INDECISION

Doji

Open and close nearly equal. Signals hesitation; most useful as a warning that the current move is losing steam.

BULLISH REVERSAL

Morning Star

Three-candle bottoming pattern: decline, small-bodied indecision candle, then a strong bullish close.

BEARISH REVERSAL

Evening Star

Three-candle topping pattern: advance, small-bodied indecision candle, then a strong bearish close.

CONTINUATION

Harami

A small candle contained inside the prior candle's range; often a pause before the trend resumes.

MOMENTUM

Marubozu

A candle with little to no wicks, open equals the low/high; shows strong one-sided conviction.

REVERSAL WARNING

Tweezer Top / Bottom

Two candles sharing nearly identical highs (top) or lows (bottom); marks a short-term rejection level.

ON-CHART DISPLAY

Each detected pattern is marked directly above or below the relevant candle, colour-coded by bias, so you can scan a chart for setups in seconds instead of reading every candle manually.

03 The Core Strategy

This is the central framework of the guide: a single, repeatable process for turning a raw pattern signal into a qualified trade. Use it on every timeframe — only the specific indicators used for confirmation change.

1 Identify the higher-timeframe trend

Before looking at any pattern, check the trend one timeframe above the one you intend to trade (e.g. check H1 before trading M5). Use price structure (higher highs/higher lows, or the reverse) or a simple moving average as your trend filter.

2 Wait for a pattern signal in the direction of that trend

Only act on bullish patterns in an uptrend and bearish patterns in a downtrend. Counter-trend signals are lower-probability and are best skipped by less experienced traders, or reserved for identifying exhaustion at key levels rather than fresh entries.

3 Confirm the pattern formed at a meaningful level

A pattern in the middle of empty space carries little weight. Look for confluence with a prior swing high/low, a round number, a session open, or a well-tested support/resistance zone.

4 Enter on confirmation, not on the pattern alone

Enter on the close of the candle following the pattern, once price has moved slightly beyond the pattern's high (for bullish setups) or low (for bearish setups). This avoids entering on patterns that fail to follow through.

5 Place a structural stop-loss

Stop-loss goes just beyond the extreme of the pattern (below the hammer's wick, above the shooting star's wick, etc.), not an arbitrary pip value. This ties your risk directly to where the setup is actually invalidated.

6 Target a logical level, not a fixed R multiple only

Use the next visible structure level (prior swing, range boundary) as your primary target, and treat a minimum 1:1.5 risk-to-reward as your baseline filter for whether the trade is worth taking at all.

COMMON MISTAKE

Trading a pattern the moment it appears, before the candle closes. Signals should always be read on confirmed, closed candles — an in-progress candle can still change shape completely.

04 Timeframe Playbooks

M1 / M5 — Scalping Playbook

Use single-candle patterns (engulfing, hammer, shooting star) as your primary triggers. Because noise is high on these timeframes, restrict trading to periods of decent volatility — typically the London and New York session opens — and avoid trading through major news releases.

- Confirm bias using the M15 or H1 trend before taking any M1/M5 signal.
- Skip patterns that form with unusually large wicks relative to recent candles — they often reflect a spread spike or thin liquidity rather than genuine rejection.
- Keep stops tight and proportionate to the M5 average candle range; oversized stops on a scalp defeat the purpose of the timeframe.
- Close out scalps manually if a session ends or volatility clearly dies down, even if the target hasn't been hit.

H1 / H4 — Swing Playbook

Multi-candle patterns (morning/evening star, engulfing at a tested level) carry more weight here because each candle represents a full hour or four hours of order flow. These setups can be held through minor pullbacks.

- Use the H4 or daily trend as your directional filter for H1 entries.
- Give the trade room to breathe: a stop just beyond the pattern's extreme, sized appropriately for H1/H4 volatility, will naturally be wider than an M5 stop.
- H4 patterns at major weekly or monthly levels are the highest-conviction signals this tool will produce — treat them as your priority setups.

SCALPING MINDSET

Volume of opportunity, tight risk, fast decisions, no attachment to any single trade.

SWING MINDSET

Fewer, higher-quality setups, wider stops, patience through short-term noise.

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Risk Management

No pattern-recognition tool improves your edge if position sizing and risk control aren't fixed first. These rules apply regardless of which timeframe or pattern you're trading.

Rule	Guideline
Risk per trade	1% or less of account equity, sized from your stop-loss distance — never a fixed lot size.
Minimum reward-to-risk	1:1.5, with 1:2 or better preferred on swing setups.
Daily loss limit	Stop trading for the day after 2-3 consecutive losing trades, regardless of setup quality.
News exposure	Avoid new entries in the minutes around high-impact news releases; existing positions should have stops already in place.
Correlation	Avoid stacking multiple trades on correlated pairs (e.g. EURUSD and GBPUSD) in the same direction at the same time.

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Pre-Trade Checklist

Run through this list before every entry. If you can't tick every box, skip the trade — there will always be another setup.

- ☐ Pattern was confirmed on a fully closed candle, not a forming one.
- ☐ Higher-timeframe trend supports the direction of the pattern.
- ☐ Pattern formed at a meaningful level (structure, round number, or tested zone).
- ☐ Stop-loss is placed beyond the pattern's structural extreme.
- ☐ Trade offers at least 1:1.5 reward-to-risk to the next logical level.
- ☐ Position size is calculated from account risk %, not guessed.
- ☐ No major news event due within the expected life of the trade.
- ☐ Daily loss limit has not already been reached.

FINAL NOTE

Pattern Recognition Master finds the setups — it does not manage your risk for you. Combining consistent pattern rules with consistent risk rules is what turns a good indicator into a profitable process.