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Three White Soldiers Candlestick Pattern in Trading Explained

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What Do Three White Soldiers Mean?

Three white soldiers is a bullish [candlestick](#) pattern that is used to predict the reversal of the current downtrend in a pricing chart. The pattern consists of three consecutive long-bodied candlesticks that open within the previous candle's [real body](#) and a close that exceeds the previous candle's high. These candlesticks should not have very long [shadows](#) and ideally open within the real body of the preceding candle in the pattern.

KEY TAKEAWAYS

- Three white soldiers are considered a reliable reversal pattern when confirmed by other technical indicators like the [relative strength index \(RSI\)](#).
- The size of the candles and the length of the shadow is used to judge whether there is a risk of [retacement](#).
- The opposite pattern of three white soldiers is three black crows, which indicates a reversal of an uptrend.



Bullish Candlestick Patterns Examples

What Do Three White Soldiers Tell You?

The three white soldiers candlestick pattern suggests a strong change in market sentiment in terms of the stock, commodity or pair making up the price action on the chart. When a candle is closing with small or no shadows, it suggests that the bulls have managed to keep the price at the top of the range for the session. Basically, the bulls take over the rally all session and close near the high of the day for three consecutive sessions. In addition, the pattern may be preceded by other candlestick patterns suggestive of a reversal, such as a [doji](#).

Here is an example of three white soldiers appearing in a pricing chart for the VanEck Vectors Fallen Angel High Yield Bond exchange traded fund (ETF).^[1]



Image by Sabrina Jiang © Investopedia 2020

The ETF had been in a strong bearish downtrend over the course of several weeks before the three white soldiers pattern marked a sharp bullish reversal. The pattern may suggest that the rally will continue, but traders may also look at other relevant factors before making a decision. For example, the stock may have reached an area of resistance or the move may have been on low volume.

Example of How to Trade Three White Soldiers

As three white soldiers is a bullish visual pattern, it is used as an entry or exit point. Traders who are short on the security look to exit and traders who are waiting to take up a bullish position see the three white soldiers as an entry opportunity.

When trading the three white soldiers pattern, it's important to note that the strong moves higher could create temporary overbought conditions. The relative strength index (RSI), for example, may have moved above 70.0 levels. In some cases, there is a short period of consolidation following the three soldiers pattern, but the short- and intermediate-term bias remains bullish. The significant move higher could also reach key [resistance levels](#) where the stock could experience consolidation before continuing to move higher.

The Difference Between Three White Soldiers and Three Black Crows

The opposite of the three white soldiers is the [three black crows](#) candlestick pattern. Three black crows consist of three consecutive long-bodied candlesticks that have opened within the real body of the previous candle and closed lower than the previous candle. Whereas three white soldiers catch the momentum shift from the bears to the bulls, three black crows show the bears taking control from the bulls. The same caveats about volume and additional confirmation apply to both patterns.

Limitations of Using Three White Soldiers

Three white soldiers can also appear during periods of consolidation, which is an easy way to get trapped in a continuation of the existing trend rather than a reversal. One of the key things to watch is the volume supporting the formation of three white soldiers. Any pattern on low volume is suspect because it is the market action of the few rather than the many.

To combat the limitation of visual patterns, traders use the three white soldiers and other such candlestick patterns in conjunction with other technical indicators like [trendlines](#), moving averages and [bands](#). For example, traders may look for areas of upcoming resistance before initiating a long position or look at the level of volume on the [breakout](#) to confirm that there was a high amount of dollar volume transacting. If the pattern occurred on low volume with near-term resistance, traders may wait until there is further confirmation of a breakout to initiate a long position.

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Related Terms

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Three black crows is a bearish candlestick pattern that is used to predict the reversal of a current uptrend. [more](#)

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What Is a Doji Candle Pattern, and What Does It Tell You?

A doji is a trading session where a security's open and close prices are virtually equal. It can be used by investors to identify price patterns. [more](#)

Run

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Ladder Bottom/Top Definition

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