

Module 2 – Chapter 10 – Bullish Abandoned Baby

The Bullish Abandoned Baby is a rare but reliable candlestick reversal pattern that typically appears at the end of a downtrend. As its name suggests, it conveys a strong shift in investor sentiment from bearish to bullish. This pattern is similar in nature to the Morning Doji Star but is distinct due to the presence of gaps on either side of the middle candle.

What The Pattern Looks Like

The Bullish Abandoned Baby consists of three candles:

- 1) A long bearish (red) candle, reflecting a continuation of the prevailing downtrend.
- 2) A small Doji candle that gaps below the close of the previous bearish candle. The Doji represents indecision in the market and does not overlap with the previous day's trading range.
- 3) A long bullish (green) candle that gaps above the close of the Doji, indicating a strong reversal and potential start of a new uptrend.

In essence, the pattern visually portrays a scenario where the "baby" (Doji) is left abandoned, distanced from the previous and subsequent trading sessions.

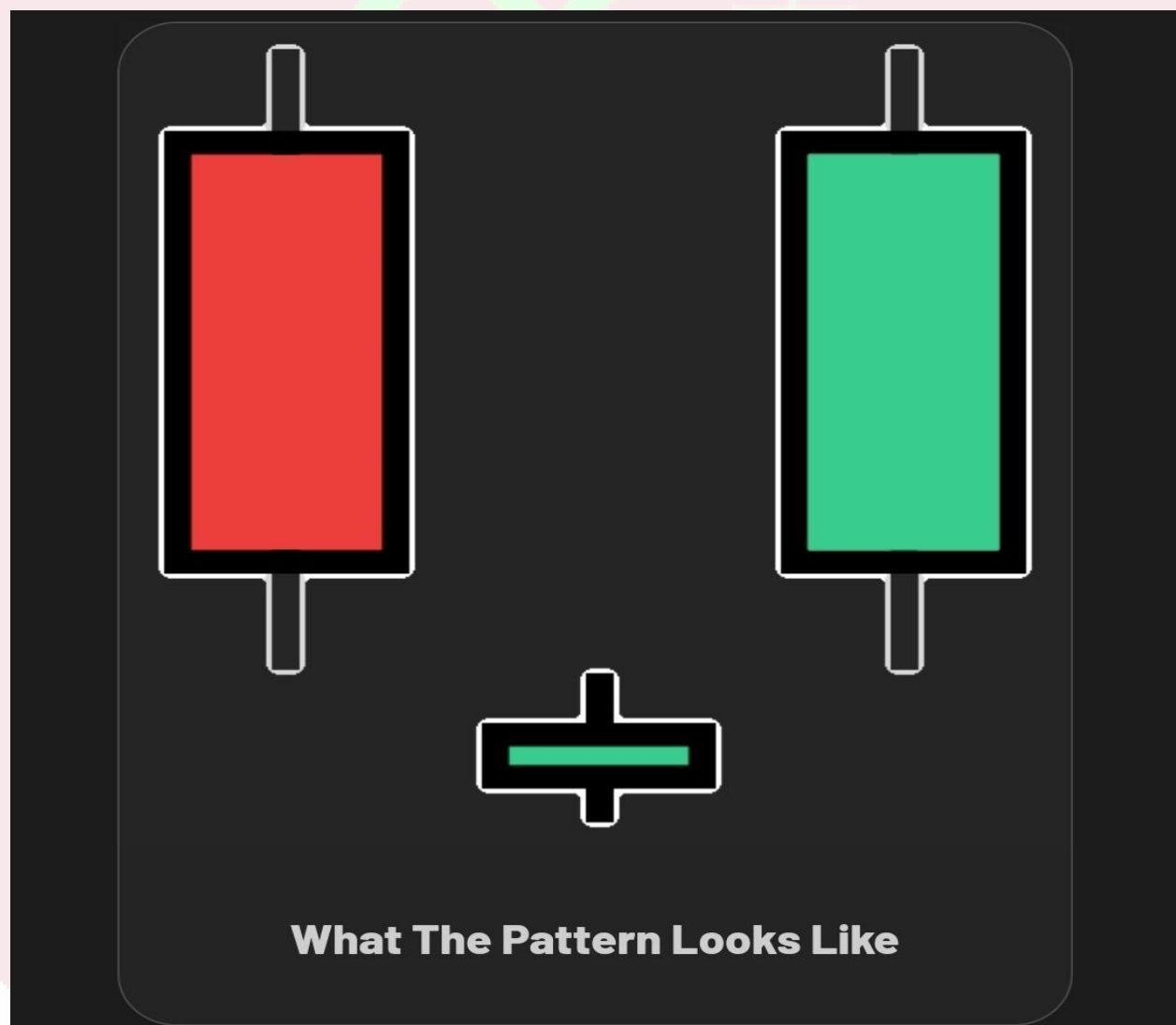
Pattern Psychology


The psychology behind the Bullish Abandoned Baby pattern reflects a drastic shift in market sentiment:

- 1) **First Candle:** The prevailing downtrend is still in control, with bears pushing the price lower, resulting in a long bearish candle.
- 2) **Second Candle (Doji):** After the market opens with a gap down from the previous session's close, the bears start to lose momentum. Throughout the session, neither the bulls nor the bears gain an upper hand, resulting in a Doji. This suggests uncertainty and indecision in the market, signaling that the bears might be losing their grip.
- 3) **Third Candle:** The bullish candle that follows the Doji opens with a gap up, indicating a strong resurgence of the bulls. This shift signifies that not only have the bears lost control, but the bulls are now dominating, pushing the

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prices higher. The result is a strong bullish candle, confirming the reversal.





In summary, the Bullish Abandoned Baby pattern encapsulates a narrative of bearish exhaustion, market indecision, followed by bullish resurgence. Recognizing this pattern can provide traders an early indication of a potential bullish reversal after a sustained downtrend.

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