FOREX FUNDAMENTALS — MODULE 3

Reading a Chart

Candlesticks, timeframes, support and resistance, and trend — just enough charting knowledge to trade with clarity.

MODULE 3 OF 7

Reading a Chart

You don't need to become a technical analyst to trade well. You do need to be able to read what price is doing right now, and recognize a handful of recurring patterns. This module covers the essentials — not the exhaustive list.

Candlesticks

Each candlestick shows four prices over a chosen time period: open, high, low, and close. A green (or hollow) candle means price closed higher than it opened. A red (or filled) candle means it closed lower.

The body shows the open-to-close range. The thin lines above and below — the wicks — show the high and low reached during that period, including moves that were later reversed.

Timeframes

The same chart looks completely different depending on the timeframe you view it on. A 1-minute chart shows noise; a daily chart shows the trend. Beginners should anchor their analysis on higher timeframes (4-hour, daily) and only use lower timeframes to fine-tune entries — not to make the core decision.

Higher timeframes (4H, Daily)	Show the real trend, filter out noise, better for beginners.
Lower timeframes (1M, 5M, 15M)	Show granular price action, higher noise, easy to overtrade.

Support and Resistance

Support is a price level where buying pressure has repeatedly stopped price from falling further. Resistance is the opposite — a level where selling pressure has repeatedly capped price from rising. These levels form because traders collectively remember and react to them.

Price doesn't respect these levels perfectly — think of them as zones, not exact lines. The more times a level has been tested, the more significant it tends to be, though every level eventually breaks.

Trend

A trend is the general direction price is moving over time — up, down, or sideways. Higher highs and higher lows mean an uptrend. Lower highs and lower lows mean a downtrend. Trading in the direction of the higher-timeframe trend removes a lot of unnecessary difficulty for beginners.

KEY TAKEAWAY

- Candlesticks show open, high, low, close — learn to read the story in a single candle before chasing patterns.
- Anchor your view on higher timeframes; use lower timeframes only to refine entries.
- Support, resistance, and trend direction are the three things worth mastering before anything more advanced.

Next up: Module 4 — Risk Management: the discipline that determines whether you last long enough to improve.