

SPONSOR CANDLE

QUANTUM STONE
CAPITAL





SPONSOR CANDLE

What is a Sponsor Candle

Sponsor candle is a set of orders to buy or sell, as appropriate, set by an institutional price to make the reverse and drives hard in the direction of the trend. The Sponsor candle is a specific price level, is a specific candle.

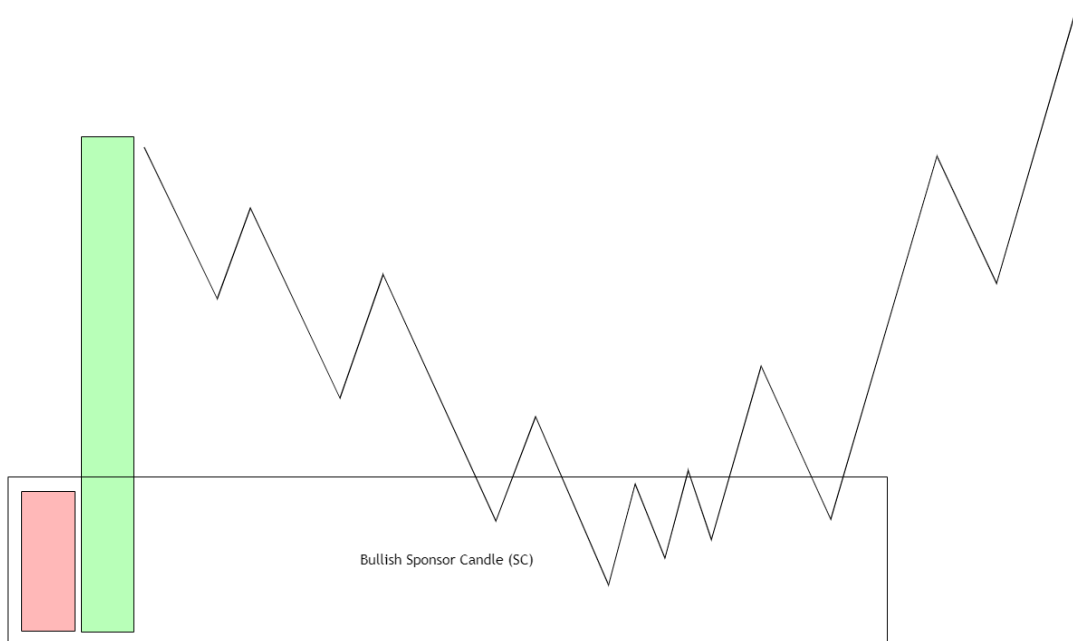
The usefulness of this concept is to provide high-precision inputs. A Sponsor candle provides you with information on where there is a high probability of price reversal. It's a technique for taking pullbacks in trend with high precision input, allowing inputs of low risk and high benefit ratio.

There are two types of SC, Bullish and Bearish SC. A Bullish SC is specifically a red bearish candle preceding the upward movement. The bullish SC is the last bearish candle before the bullish movement, that breaks market structure higher. This illustrating a high possibility of holding price when price returns to it.

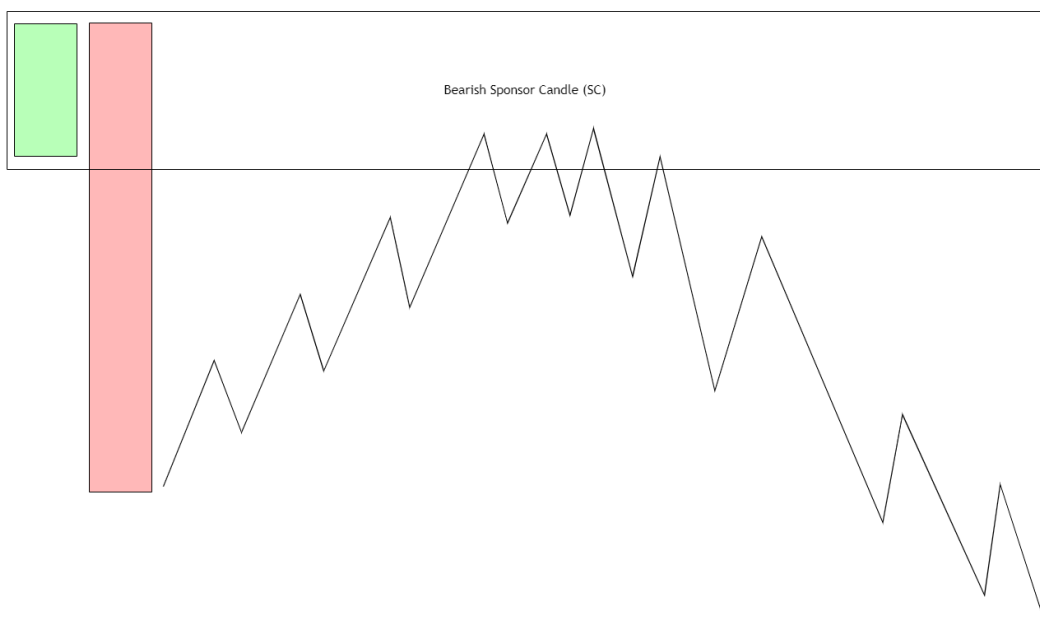
A Bearish SC is highlighted in the same way, but instead of a down move preceding an up move, a bearish SC is created by an up move before a down move, which resumes the downtrend, makes new lows and/or breaks market structure. These levels are created by institutional short sellers, who will bring the price up to create liquidity from breakout.



Here is a diagram of a bullish Sponsor candle:



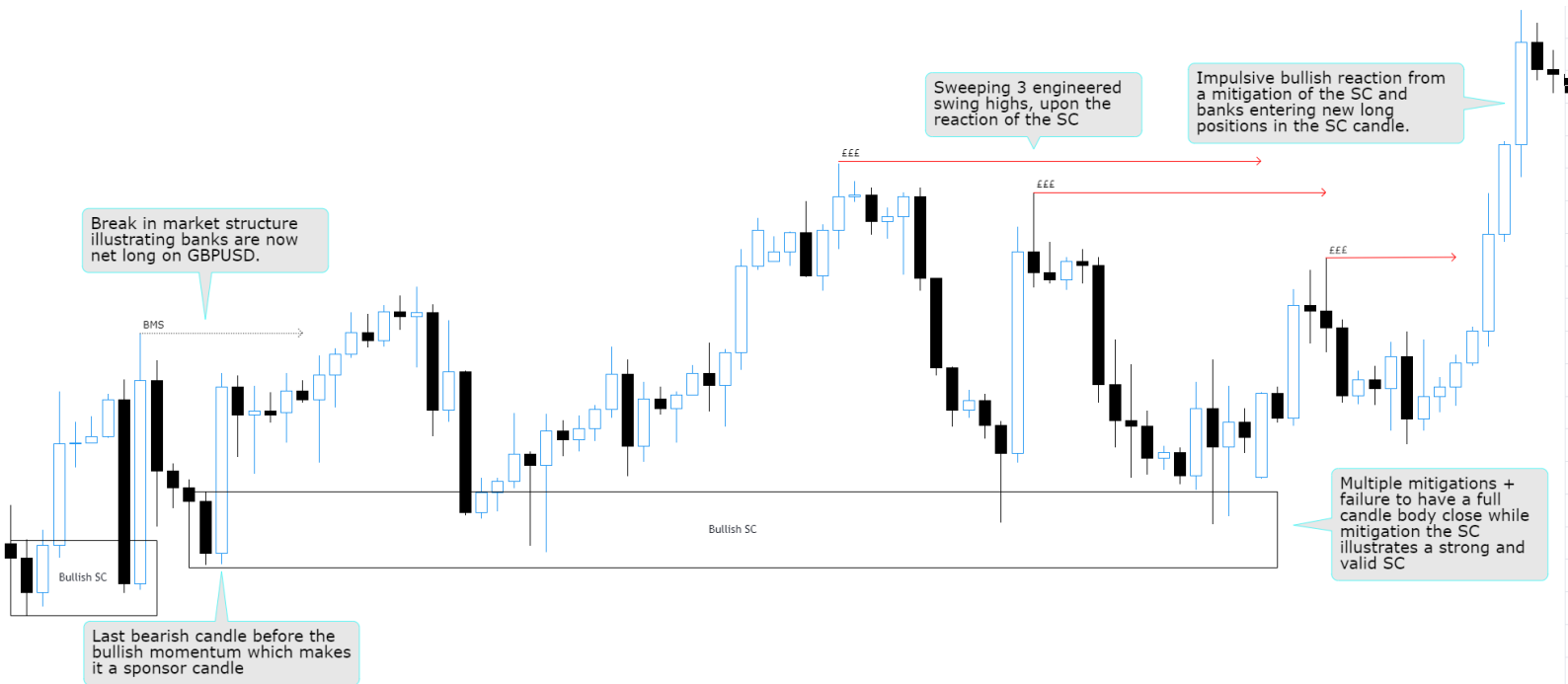
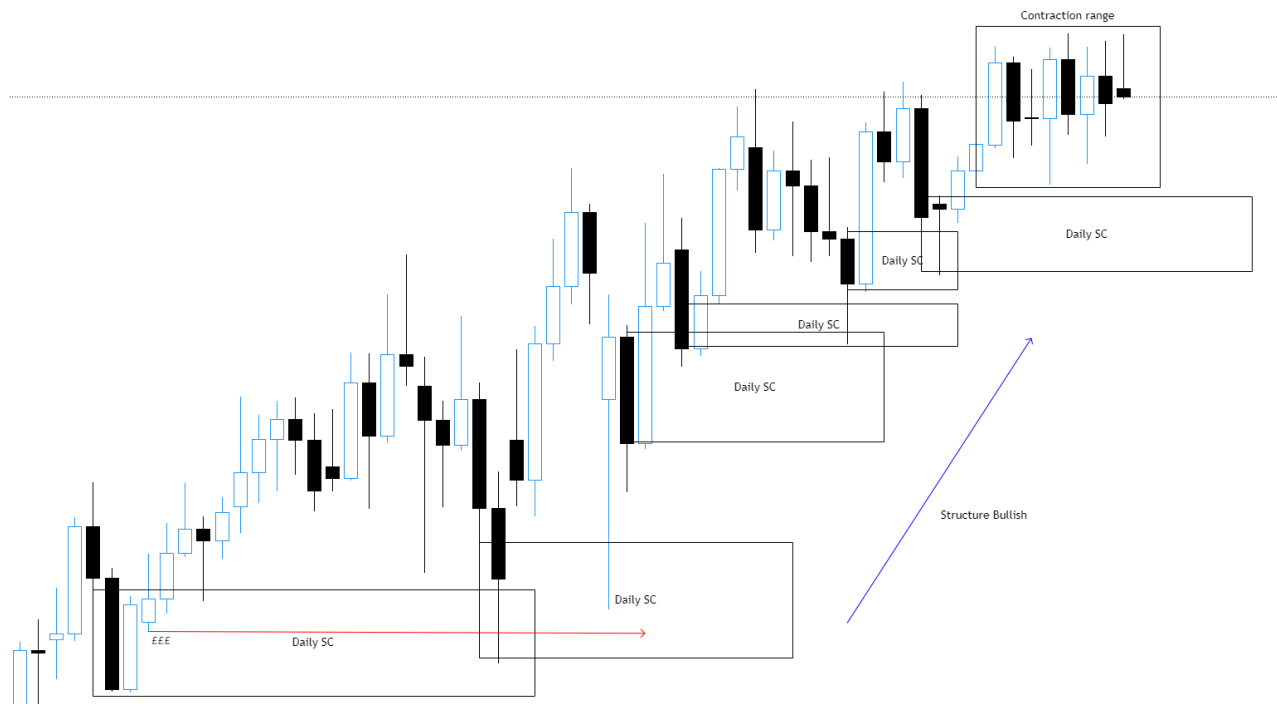
Here is a diagram of a bearish Sponsor candle:



Sponsor Candle

Quantum Stone
Capital

Images below show few examples of Sponsor candles:



Sponsor Candle

Quantum Stone
Capital



Sponsor Candle Observations

A SC can be valid for a very long time unless it's already been mitigated/depleted. Remember, a SC is created because there wasn't enough liquidity to fill all the orders before a break of structure. Price will want to come back to pick those leftover orders and continue the movement.

Higher time frame sponsor candles tend to be respected more than the ones on the smaller time frame. Also sponsor candles in direction of overall trend on HTF will work out more often.

To determine the strength of SC, ask these questions:

- How fast has the price moved away from SC?
- When price moved away, has it created strong imbalances?
- Has price broken minor or major market structure?