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Trading strategies in terms of continuous rising (falling) prices or continuous bullish (bearish) candlesticks emitted

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ABSTRACT

We argue that either continuous rising (falling) share prices or continuous bullish (bearish) candlesticks released might cause either herding behaviors due to investors' sentiments stimulated or stock prices rebounded due to stock price overreaction. In this study, we explore the trading strategies used as either continuous rising (falling) prices or continuous bullish (bearish) candlesticks emitted, which seems rarely explored even unexplored in the existing literature. By using the constituent stocks of DJ 30, FTSE 100, and SSE 50 as our samples, we reveal that contrarian strategies are proper for either continuous falling prices or bearish candlesticks shown. We argue that the results revealed might benefit for investors in trading stocks.

JEL Classification: G02; G11; G14

Keywords: Market efficiency; Continuous rising prices; Candlestick trading

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