

What the Candle Discards Worksheet

Signal Pilot Education — companion to Lesson 6: The Candle Is a Summary.

A candle keeps five numbers and throws away everything else that happened in its interval. Two intervals that behaved nothing alike can produce the same five numbers, pixel for pixel. This worksheet finds out how much your own chart is discarding, and which of your questions the discarded part was carrying the answer to.

Educational only. Trading involves substantial risk of loss. Not financial advice. Past performance does not guarantee future results. Every number in this worksheet is one you measure on your own data.

1. Take one bar apart

Choose **one bar** on the timeframe you trade, and pull the trades inside it.

	Your number
Timeframe of the bar	
Open, high, low, close	
Volume	
Trades inside the interval	
Numbers the bar keeps	5
Ratio of what happened to what is kept	

2. Find where the high and low actually fell

The five numbers say what the extremes were. They do not say when.

	Your number
Seconds into the bar the high printed	
Seconds into the bar the low printed	
Which came first	
Would the bar look different if they had swapped?	no

A rule that treats the bar as though price went one way then the other is reading an order the bar never recorded.

3. Build the twin

Construct a second interval, on paper, with the **same** open, high, low and close but a different path: reach the high first, then the low, then close.

	Bar A	Bar B
Open, high, low, close		same
Path		reversed
Would your entry rule fire on it?		
Would your stop have been hit?		

If the two answers differ while the five numbers do not, your rule depends on something the chart is not showing you.

4. Price the discard

	Your number
Rules you run that use only open, high, low, close and volume	
Rules that would change answer on the twin	
Share of your rules exposed to the path	

What you are holding when this is filled in

One ratio and one share. The ratio is how much of the interval your chart threw away; the share is how much of your method depends on the part that was thrown away. Neither is a reason to stop using candles, and both are a reason to know which questions to stop asking them.

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