ANNA COULLING

STOCK TRADING & INVESTING USING VOLUME PRICE ANALYSIS

OVER 200 WORKED EXAMPLES

Stock Trading & Investing Using Volume Price Analysis

Over 200 worked examples of this extraordinary methodology

By

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In this section we look at other markets which were part of the presentation I gave to a group of private traders and investors in London in 2016. Here we move to consider examples from commodities, indices, bonds and currency futures, with the weekly example then brought up to date using the monthly chart.

Section 4 - Trading the daily charts

In this section we focus on stocks once more, but on the daily timeframe.

Section 5 - Speculative markets

In the final section we look at examples from the daily charts for commodities, bonds, indices and currency futures.

My other books

Here you will find details of my other books which are currently available on Amazon.

Thank you & acknowledgements

Thank you to all of those people who have helped and provided images and made this book possible.

Foreword

By Anna Coulling

Hello and welcome to this book on volume price analysis for investors and traders which I hope you enjoy reading and find useful, either to underpin your existing knowledge of this approach, or perhaps to introduce it to you as a new concept and methodology.

What I have tried to do here is to illustrate as many of the volume price analysis concepts as possible using examples from a variety of markets and from a wide variety of timeframes, from the longer term weekly charts to shorter intra day charts. I decided from the outset not to add any indicators to the charts, but focus purely on the relationship between volume and price. As you may know, volume price analysis also embraces support and resistance, candles and candle patterns. However, I felt in creating this book of examples, I wanted to focus on the first principle of the volume price relationship itself, and to explain each example with simple and clear annotations.

In addition, I also wanted to demonstrate how this approach applies equally, whether you are a longer term swing or trend trader, or even an investor for the longer term. In fact the first series of examples are all taken from the weekly charts for stocks in the S & P 500. Each page has one chart with a description of the key points below. The charts are grouped by market and by timeframe, but as I'm sure you appreciate, the concepts of volume price analysis apply in any market and in any timeframe. So whilst a weekly chart may show an example of a test or accumulation and distribution, the same principle will apply equally to a five minute or hourly chart in a different market.

I hope you enjoy studying these examples, but if this is a new and fresh approach to trading and investing you might find my first book, A Complete Guide To Volume Price Analysis, helpful in explaining these concepts and ideas from first principles, which will then help to give you a more detailed understanding of the examples covered here.

Please note I use the terms market makers, insiders, big operators freely throughout the book. Where I use the term insiders it simply means just that - either market makers or big operators. In other words, those groups on the inside who manage and manipulate the markets.

In the book I have included some examples from the major US indices, and in addition you can find further examples on my personal site at http://www.annacoulling.com as these are instruments I write about on my blog on regular basis. Moreover, equity markets have been in a huge bull run since 2009, when the S&P 500 hit a low of 666, with the Dow Jones Industrial Average testing 7,000, and the Nasdaq 100 at 1,100. All these charts, along with other indices such as the FTSE100, are classic examples of volume price analysis in action, and testament to Warren Buffet's famous quote of being greedy when others are fearful. The Great Financial Crisis of 2007/2008 had terrified both traders and investors, yet by March 2009, classic volume price analysis signals appeared on the charts and the new bull market was born. Bull markets start during periods of great pessimism and despair, with volume price analysis signals there and on the charts for all to see.

Since 2009 many analysts and commentators have called what I refer to as the 'Great Short' - in other words the indices have risen to much, the top must now be due. I have always begged to disagree, and you can read my thoughts and analysis on my blog. It is there for all to see, and written at the time. And the reason why I have disagreed is because no volume price analysis signals were there to warrant the 'Big Short'. The Big Short will happen, and volume price analysis will herald its arrival, just as it signaled the recovery following the Great Financial Crisis.

And please also remember all the examples here are based on single charts, but I would suggest you would apply a multiple time based approach in order to view the price action and volume analysis across the time horizon.

In addition, for many of these markets, and in particular stocks, the primary indices and sectors also influence the longer term direction, as would the many and varied fundamental metrics. But here again volume price analysis would always provide the key to the dominant trends for both the slower and faster timeframes. Relational analysis also plays a part here, with volume price analysis in related markets helping to provide us with a three dimensional view.

And I cannot stress too strongly that in order to become proficient using the volume price analysis methodology, takes practice, time and effort. I would always suggest using a fast chart for practice, such as a five or fifteen minute chart, in any market, as this will allow you to study and learn in real time. The lessons of volume price analysis are universal and apply to all markets which is why I have included them all here - to simply make the point. And if you have read any of the public reviews on Amazon, then you will be able to see for yourself how the volume price analysis approach has transformed the lives of many traders and investors who were struggling, perhaps not moving forward, but whose trading and investing has been revolutionized by simply reading my first book. And perhaps more importantly, many of these traders and investors simply added this methodology to their existing approach, which has helped them see the markets clearly from the perspective of the insiders, thereby increasing their confidence and chart reading as a result. I hope you will now join these traders and investors, and regardless of whether you are a newcomer to investing and trading or you are a more seasoned professional with years of experience, volume price analysis has something for everyone.

Therefore, may I take this opportunity of wishing you every success and good fortune in your own trading and investing journey, and I hope that in reading this book, volume price analysis will now form the cornerstone of your own approach to the markets.

Thanks again and best wishes

Anna Coulling

Introduction to volume price analysis

For many traders and investors, price and the price chart itself are the beginning and the end of technical analysis, and this perhaps best describes those traders who classify themselves as price action traders, because all they consider is the price and nothing else. However, for myself, and many others, this approach completely ignores the extension of price to its logical association with volume, which together then reveals the truth behind the raw data of price.

The explanation generally given is that technical analysis is based on the underlying philosophy that all market sentiment is contained within a simple price chart. That a price chart encapsulates the views of every market participant at a given moment. Moreover, that technical analysis is simply price analysis, and that traders can forecast the future direction of price by analysing and studying where it has been in the past.

And whilst this is undoubtedly true, what it fails to account for is the market manipulation that occurs in all markets and in all timeframes. And in order to see inside the market, and what the insiders and market makers are doing, we have one tool at our disposal which reveals their activity instantly, and that tool is volume. Volume is the catalyst which when combined with price, provides the foundation stone that is volume price analysis.

But if you think this is a new approach, think again.

This method was first developed by the founding father of technical analysis, Charles Dow, more than a century ago, and then further developed by one of the greatest traders of all time, Richard Wyckoff. And iconic traders such as Jesse Livermore and Richard Ney used the same approach, and all had one thing in common. All used the ticker tape, reading the prices and associated volumes to interpret and forecast future direction through the prism of volume and price.

And indeed as Richard Wyckoff wrote in the introduction to his own course in the 1930s ‘ you draw from the tape or from your charts, the comparatively few facts which you require for your purpose. These facts are…the price movement, the intensity of trading, the relationships between price movement and volume, and the time required for all the movements to run their respective courses.’

The concept of this technical approach to trading is very simple. It is based on the idea that every market is manipulated, and in accepting this fact, we can then conclude the market makers, the insiders and the big operators know where they are taking the market next. If so, then all we need to do to succeed as traders and investors is to follow them. In other words, to buy when they buy, to sell when they sell, and to stay out when they are not participating. These are the simple underlying concepts of this approach to technical analysis, and their participation or lack of participation is all revealed through the prism of price and volume and what we call volume price analysis, or VPA for short.

Now if you are already familiar with these concepts and ideas which I explain fully in 'A Complete Guide To Volume Price Analysis' then the worked examples here will provide further insights and explanations and expand on these basic concepts. However, if these are new to you, and you are perhaps already a longer term investor, but have not applied these ideas before, let me try to provide a brief overview of some of the terminology and concepts which underpin this methodology.

And the first idea is very simple in that embracing volume price analysis, we are also embracing the concept that every major market is managed by those on the inside. For stock markets the insiders here are the market makers, who are tasked to 'make a book' in the stock, and therefore can see both sides of the market, and the balance of supply and demand. The analogy I always use is to think of them as wholesalers with a warehouse of stock that is constantly being refilled and then emptied before being restocked once again. The sole purpose of the market maker is to make money for themselves, and as they sit in the privileged position of seeing both sides of the market, this is relatively simple to achieve. After all, as they see both sides of the buy and sell equation, if they themselves are short of stock and wish to replenish their warehouse, all that's required is to create a panic move in the market, which then shakes investors out of strong positions with the market makers then gratefully stepping in to buy. And the mechanism they use to great effect is the constant stream of news which drives sentiment 24 hours a day.

And whilst the market makers can hide in relatively obscurity at the centre of the market, there is one activity they cannot hide, and that is volume. As the market makers are by nature large in size, their participation, or lack of participation is very clear, as price moves on large volume signal the market makers are joining the move. Conversely large moves on low volume signal a trap, with the market makers simply moving the price, but with no participation themselves. Their involvement or lack of involvement is clearly signaled through the analysis of one indicator, namely volume, which when combined with an understanding of price, allows us to interpret precisely what the market makers are doing and why. And in doing so, we have a clear picture of where the market is heading next.

This methodology was codified by Richard Wyckoff in his three laws. The third law of effort and result, the second law of cause and effect and the first law of supply and demand.

In the third law, this states that effort and result must be in agreement. In other words the volume which is the effort, must be in agreement with the outcome of the price move, or the result. If there is high volume, then we should expect to see a significant move in the price which matches the effort. If not, then this is an anomaly and is sending a signal that something is wrong. From this anomaly in price and volume we can then interpret whether the market makers are buying or selling at this point.

Wyckoff's second law then introduces the concept of time as enshrined in the law of cause and effect. Here the law states that if the cause is large then the effect should also be large if the two are in agreement. In other words, if the time taken to build the next phase of a campaign by the market makers is large, then we should expect to see this reflected in an extended move in the price action as a result. You can think of this as the effect of winding the spring of a clockwork toy. The more the spring is wound, the greater the energy stored, and the greater the distance the car will travel, once it is released. This is the basic principle of cause and effect.

Finally we come to Wyckoff's first law of supply and demand, which states simply that when supply outweighs demand, then prices will fall, and when demand outweighs supply, the prices will rise.

These three laws then combine to explain and describe the constant journey of price, which moves in an endless journey from bearish to bullish and back again in all timeframes. This journey is self similar and follows the same pattern, whether on a 1 minute chart or a 1 month chart, and a complete cycle is defined as moving from the selling climax to the buying climax and back again. And we always view volume and price from the market makers perspective, in other words from the inside out, when we talk of a selling climax, this is when the market makers are selling out at the top of a rally higher, and equally a buying climax occurs at the bottom of a move lower. This is the opposite to what traders and investors understand, and is the reason most sell at the buying climax and buy at a selling climax.

In the selling climax, the market or stock has been rising very strongly, and those nervous investors and traders can wait no longer. Their fear of missing out is rising constantly, before finally they are drawn in to buy at the top, just at the point the market makers are selling into an increasingly weak market. Climatic price action is then created using volatility and news, allowing the market makers to clear their warehouses in preparation for the next phase of the campaign which will be to move the price lower in due course, when they are ready. The emotion that is used here to trigger buying by the weak hands, is the fear of missing out or FOMO! This is a powerful emotion, and one the market makers and insiders use to great effect.

The buying climax occurs when the market makers wish to restock their empty warehouse, and here the trigger is fear of a loss. The market is generally moved fast into a price waterfall, usually on news, with investors then selling in panic, and with the market makers then stepping in, to buy and stop the stock or market falling further. Again the climax will be characterised with volatile price action and spikes in volume. Once the buying climax is complete and the warehouses are full once more, the next phase of price action begins.

This is also the reason markets fall far more quickly than they rise. The market makers can take their time in the move higher, and so maximise their profits. In the move lower, they are in a hurry to re-stock the warehouse and repeat the process, and you can think of this as an old fashioned game of, what we call in the UK, snakes and ladders. Up the ladders slowly and down the snakes very quickly. In the US I believe it is known as ‘chutes and ladders’.

I have used the word campaign in many of these examples, as this is precisely how it is planned by the market makers. In other words just like a military campaign with nothing left to chance. After all, the worst thing that could happen, once a campaign has begun, is for the market makers to be overwhelmed with increased selling or buying and so bringing the development of the new trend to an abrupt halt. And this is where the test becomes all important.

Once an extended phases of accumulation has come to an end in the buying climax and before the campaign begins, the market makers and insiders will test in order to ensure all the selling pressure has been absorbed. This ensures the bullish trend can develop slowly and smoothly with no chance of any lingering sellers driving the market lower. The test is executed with a move to the downside, with the candle closing back near the open, and is always confirmed if volume is low. What we call a test of supply, and if it is a successful test on low volume, then the campaign can be launched.

Equally at the end of a distribution phase (selling climax), and prior to development of the bearish trend, a test of demand is executed. Here the market makers push the price higher, and if there is little or no demand, then the price closes back near the open on low volume. This confirms the test has been successful and the campaign can begin.

Moving on, if the primary principle for accepting volume price analysis as a valid methodology, is that of accepting all markets are managed and manipulated from the inside out, the second principle then follows, in that all we are looking to achieve is to identify when the market makers are buying or selling, or simply not participating in any move. This is done very simply by considering the price action and volume both individually and over time, and also by considering whether the two are in agreement or disagreement. If price and volume are in agreement, then all is well and the market makers are driving the move and participating. If not, then we have disagreement, from which we can then draw some logical conclusions as to whether they are buying or selling, and if so to what extent, based on the preceding price action.

And one of the most important areas on the price chart is when a market is in congestion as markets spend 70% to 80% of their time in such regions, and only 20% of the time trending. The reason for this is very simple. These are the areas where trends are born, and where the market makers and insiders are preparing for the next stage of a campaign. They may be major areas, such as the selling or buying climax, or they may be minor where a market has paused in the primary trend and developed into a second trend reversal before returning to the primary trend.

Understanding congestion phases along with support and resistance is a key element of volume price analysis, and one which many traders and investors do not understand or simply ignore in the constant search for a trend. Indeed, breakout trading is often condemned as futile and risky by those traders and investors who have not embraced volume as part of their approach. When any breakout occurs, volume will confirm whether the move is genuine or false. It is very clear and very simple. Traditional support and resistance based on price is an integral part of volume price analysis, but in my own trading and investing, I also incorporate volume, price and time in the same way, with the volume point of control which displays volume on the 'Y' or price axis of the chart, and so describes the volume histogram at the various price regions. This is based on the concept of market profile where 'fair value' occurs at the highest concentration of volume on the chart, and which also introduces the concept of time in the volume, price, time relationship. In other words, the longer a stock or market remains at a price level, then the greater the concentration of volume, and price will only continue to move on, once the balance of bearish or bullish sentiment shifts.

I refer to this as the volume point of control as it is the fulcrum point at which a stock is balanced. In other words, the bullish and bearish sentiment is equally balanced. At higher and lower price levels, high volume and low volume nodes are also created, and these can then be used in the same was as for price resistance and support. In other words, if a low volume node is approached in due course, then we can expect the market to move through relatively quickly as there is little in the way of transacted volume to cause a pause in price action. In addition, if the market considered this area to be a of little significance in the past, then it is unlikely to be of great significance in the present or future. Equally if we have a high volume node then the opposite is expected, with a pause and move into congestion then likely. Using volume in this was on the Y axis of the price chart, gives us two perspectives on support and resistance with one based on price, the traditional approach, and the other based on volume using the volume point of control indicator.

And finally, just a word or two about what we mean by volume.

For stocks and ETF's, this is the volume reported through the physical exchange. For futures, it is the futures volume, and for spot forex, it is the proxy volume of tick activity. The latest addition to the volume family is for cryptocurrencies, which again has no central exchange, and indeed has many exchanges. Here volume represents the buyers and sellers in the marketplace, and neatly encapsulates Wyckoff's first law of supply and demand, and explained fully in one of my latest books 'Investing & Trading Cryptocurrencies Using Volume Price Analysis' which you can find on Amazon along with all my other books.

All are very different but all report activity and volume, and if you have a price chart with volume, then you can apply this methodology to any instrument and to any timeframe. However, volume is always comparative, both to the session and the time of year. At seasonal periods we see a general decline in volume - this is to be expected, and when markets are closed for holidays we see low volume.

Volume reveals the truth behind price action. It reveals precisely what the market makers or insiders are planning to do next, or the buying and selling activity in cryptocurrencies. And as a trader or investor, there is really only one thing we ever want to know, which is simply this - where is the market going next? And if we can answer this question with some degree of confidence, then you will take your investing and trading to a new and exciting level. And remember, there is nothing new in trading. This approach has been around for over 100 years. It has stood the test of time, and has been adopted by some of the greatest traders in the past.

For myself, I have used this approach for over twenty years, and for me, a chart without volume only tells half the story. And even more important, if you have an existing approach which you use currently, there is no need to change. Simply add VPA to your toolkit, and I know it will help you enormously in your own investing and trading.

Section 1 - What happened next?

In this first section of the book we start with some weekly and monthly charts primarily taken from US stocks, but with some additional markets.

The reason we have charts for two timeframes is very simple. As you will see, the weekly charts are taken from 2016, whilst the monthly charts are generally from late 2015 to 2017, and the reason for this is as follows.

All the weekly charts were part of a presentation I made in London in 2016, to a private group of traders and investors, and in creating this book of examples I thought it would be interesting to include them, and then look forward using the monthly chart to bring them up to date, to see what happened to each of these stocks in the following months.

However this section not only includes a wide selection of stocks from the major US indices, but also includes a selection of commodities and currency futures. And finally to indices and bonds that highlight many different lessons using volume on these slower timeframes, which I hope demonstrates the application of volume price analysis from an investing and longer term speculative perspective.

I hope this section also reinforces the point that volume price analysis can be applied to any market and to any timeframe, and makes no distinction whether you are an investor or speculator in any of the four major capital markets. The principles are the same whatever the market and whatever the timeframe.

AAP - weekly Jan 2016 - Aug 2016

Weekly chart for Advance Auto Parts - S&P 500

A nice example with two strong hammer candles on high volume. The January price action ended with a two bar reversal followed by the first hammer candle in the second week in February on high volume, as the insiders moved in to buy the market.

The rally however was relatively weak with the wide spread up candle of the second week in March showing average volume, and the weak rally duly confirmed in April.

The second hammer then appeared in mid May on ultra high volume, with the wide spread up candle of early July driving through resistance and taking the stock higher. The final week of price action suggests bullish sentiment remains in place as evidenced by the wick to the underside of the candle.

This bullish sentiment is also reinforced by the technical picture on the price chart, as the stock breaks higher with a solid platform of support now in place below.

Support and resistance is of course another key aspect of volume price analysis.

AAP - monthly Nov 2015 - Nov 2017

This was indeed the case with the stock rolling over to November before rallying again to a high of $177.83 into 2017, before finally developing a bearish trend lower following further congestion at this level, with the stock price falling relentlessly to trade at $81.77 at the time of writing this book.

This is a perfect example of price and volume being in agreement as the price waterfall develops, with rising volume as the price falls. It takes effort for a market to fall, just as it does for one to rise, and here we see this displayed in a text book way.

What is interesting now is we are starting to see the first signals of sustained stopping volume appearing in this timeframe, first in July and then more heavily in August as the market makers begin the task of buying this weakened market. The expectation now is for an extended phase of accumulation to develop with further buying by the market makers as the 'mopping up' operation continues and into the buying climax before a new cycle starts into a bullish up trend.

ADM - weekly Jan 2016 - Aug 2016

Weekly chart for Archer Daniels Midland - S&P 500

I chose this chart as one which describes price action in a classical rising trend and with VPA clues and signals along the way. The rally starts in late January and early February with the selling pressure of the first weeks of February duly absorbed by the market makers and falls away, with the initial move away from this region during the first week in March.

Rising volume and rising price action confirms and validate. A congestion period then follows into early April, but selling is once again absorbed with narrow spreads, wicks to the bottom of the candles and gently rising volume, with this price action repeated as the classical steps of higher highs and higher lows develop the trend.

ADM - monthly Nov 2015 - Nov 2017

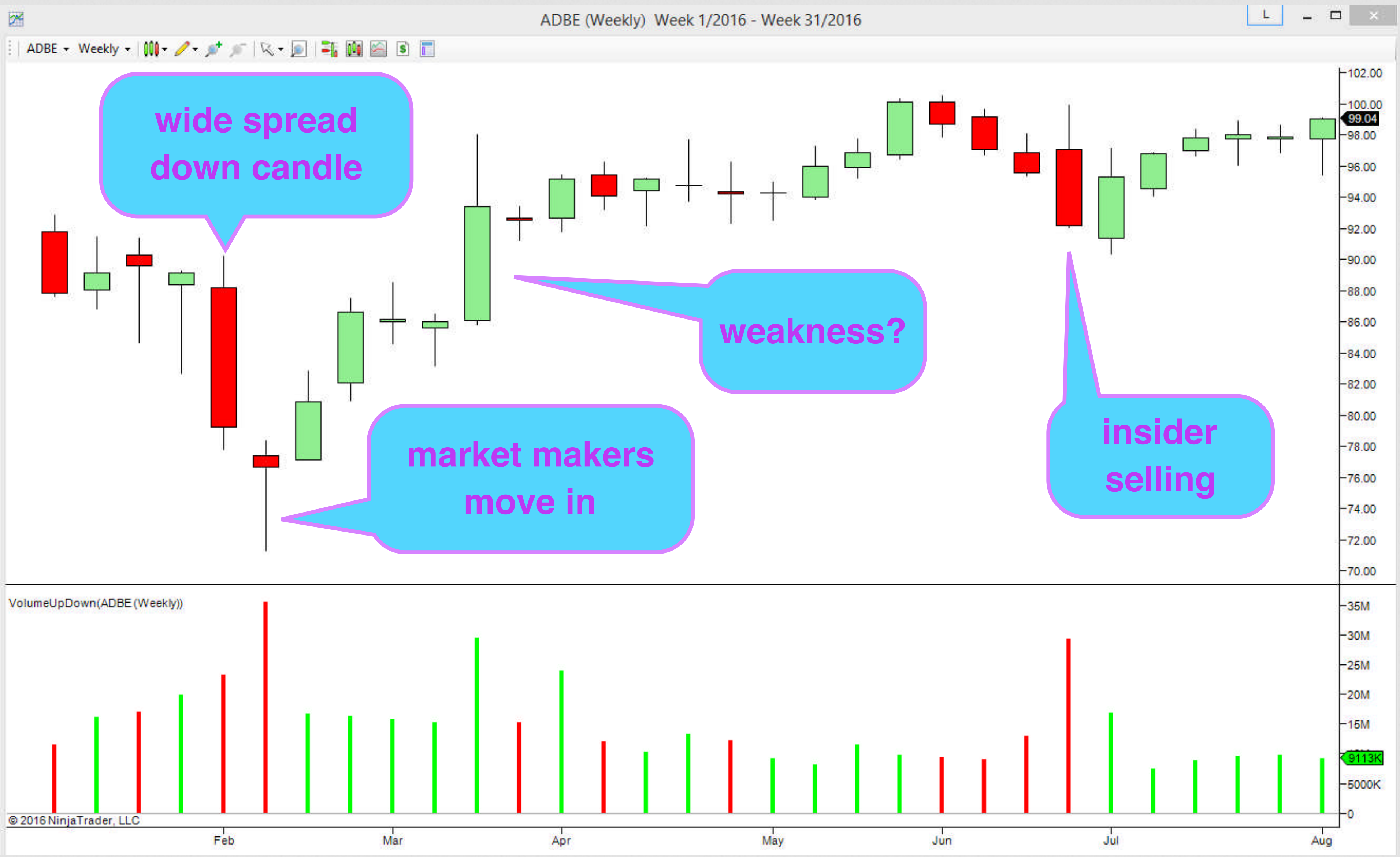
The key point here is there is no suggestion of any attempt to distribute by the insiders, and each move lower is a minor reversal on relatively low volume. The stock looks set to develop this trend further.

And the trend did develop albeit in a very labored way as the trend higher finally ran out of steam at the 2016 levels of $48 per share. The interesting candle here is the volatile price action of November 2016 on high volume and sending a clear signal of indecision and possible exhaustion with subsequent price action failing to break out of this range and as each attempt to rally fails, adding further to the negative picture for this stock.

The heavy selling in May then confirmed this weakness under high volume, and with both September and October now sending further signals of weakness, with deep upper wicks to both candles on high volume as the market makers sell into weakness, this stock looks set to break below the $40 level and move deeper, back to price levels last seen in 2016.

Any move through the floor of support in the current price region is likely to open the way to an extended bearish trend for this stock into 2018.

ADBE - weekly Jan 2016 - Aug 2016



Weekly chart for Adobe - S&P 500

A further example of the power of the hammer candle. January's price action saw ADBE falling on rising volume with the wide spread down candle of early February confirming the bearish picture. The market makers then moved in firmly to buy on ultra high volume, and reversing this sentiment fast.

However, the price action of late March was significant with the high volume and associated wick to the top of the candle, which suggested this weakness ahead. As did the first candle in April, with the price failing to move higher on good volume.

Since then the stock price has moved into a significant congestion phase, suggesting distribution, with heavy insider selling in late June under the down candle and again with a wick to the upper body following rising volume. The price action in July has been weak with narrow spreads and low volume, reflecting seasonality, but remaining bullish if $102 is cleared.

ADBE - monthly Nov 2015 - Nov 2017

The price level of $102 was duly cleared in mid September on very strong volume and though this region was retested, the support platform held firm with Adobe duly rallying and currently trading at $180.94 at the time of writing. This is also a stock that received a boost over the period with excellent earnings, which was reflected in the price and volume relationship on the extended move high. With the recent high volume and supportive price action in October 2017, there is more to come from this stock in 2018.

Note in the trend higher, the market makers support to the move higher which arrived in June as the market retraced during the month only to close back near the open on very high volume. This is the market makers buying on the weakness in the month and driving the price higher once again. They are not finished with this campaign just yet and those sellers who have taken their profits early, are now left to regret their decision. Remember the words of Jesse Livermore as no stock is ever too high to buy or to low to sell. This is the fear when trends like this develop as the fear of losing a profit already gained becomes overwhelming, and investors close out too early as a result. This is one of the most powerful applications of volume price analysis, which is to help you as an investor or trader, hold a position and only exit on a signal from the insiders.

AIV - weekly Jan 2016 - Aug 2016

Weekly chart Apartment Investment & Management - S&P 500

Once again with AIV we can see the market makers moving into this stock in late January. The stock is clearly weak as we have candles with wicks to the upside and high volume. The first week of February then adds further confirmation to week 1, with the insiders moving in on week two with clear stopping volume as they buy on the highest volume of the period.

Mopping up then follows with further accumulation before the rally begins on gently rising volume and associated price action.

The congestion phase of May and June was then broken with a wide spread up candle and above average volume, confirming the bullish sentiment, before the price action again moved into a secondary congestion period.

With no evidence of distribution at present, AIV looks set to rally further provided the price action breaks and holds above the current region on rising volume.

AIV - monthly Nov 2015 - Nov 2017

In fact this never occurred, and this is an example of a stock which has developed an extended congestion phase and has remained rangebound for 18 months. The ceiling of resistance is in the $47 region, with the floor of support in the $42.50 area and until one of these regions is taken out with volume on a breakaway move, patience is required, and with its present price action, this is a stock that would be an excellent candidate to consider for writing covered calls.

AJG - weekly Jan 2016 - Aug 2016

Weekly chart Arthur J Gallagher - S&P 500

Hard to miss this anomaly with the volume spike standing out like a telegraph pole. Clearly a signal to pay attention to, and whilst the reversal has not been savage, certainly enough for traders and investors to be stopped out of a longer term position.

Another reason I included this chart is to highlight the time delay that can often occur on signals such as these. The reversal was not immediate, and took two weeks to develop with ten days of congestion on the daily chart. The bullish engulfing candle of late June then signaled a possible recovery and continuation higher. However note the price action since - which is extremely narrow.

A final point from this chart is the distortion that can occur when such extreme volume appears. A slower timeframe or faster timeframe will smooth this out and provide a more balanced volume perspective.

AJG - monthly Nov 2015 - Nov 2017

The bullish engulfing candle did its work here, and since mid 2016 the stock has been rising steadily and currently trades at $63.40.

One of the interesting facets of the trend higher, is the price action of December, January and February, which saw the trend continue, but under falling volume over these three months.

This would have set the alarm bells ringing as we should see generally rising volume with rising prices, but note the price action in March. Higher volumes here, but the price spread is narrow, so this must be the market makers stepping in to buy to ensure the stock continues higher. After all, if they were selling here we should expect to see the market fall on such volumes, yet the price remains contained in a narrow range. This also applies to the candle of May where we have above average volume once again, but the price is maintained at this level. The volume in August is low on the small down candle but this is to be expected and seasonal.

September then confirms the market makers are back in control with a steady up candle on good volume and with a continuation in October, with AJG now developing another leg up into the end of 2017.

AMAT weekly Jan 2016 - Aug 2016

Weekly chart Applied Materials inc - S&P 500

If you are a breakout or breakaway trader this is a great example of the power of volume price analysis and how it can help to give you the confidence to join price action as it moves away from a congestion region.

Volume will confirm, and here we have a classic example in early May. The stock price has rallied, then moved to congestion, but continues to look bullish. The candle the third week in

May then confirms with a nice wide spread up candle, no wicks, and excellent volume. The market makers are participating!

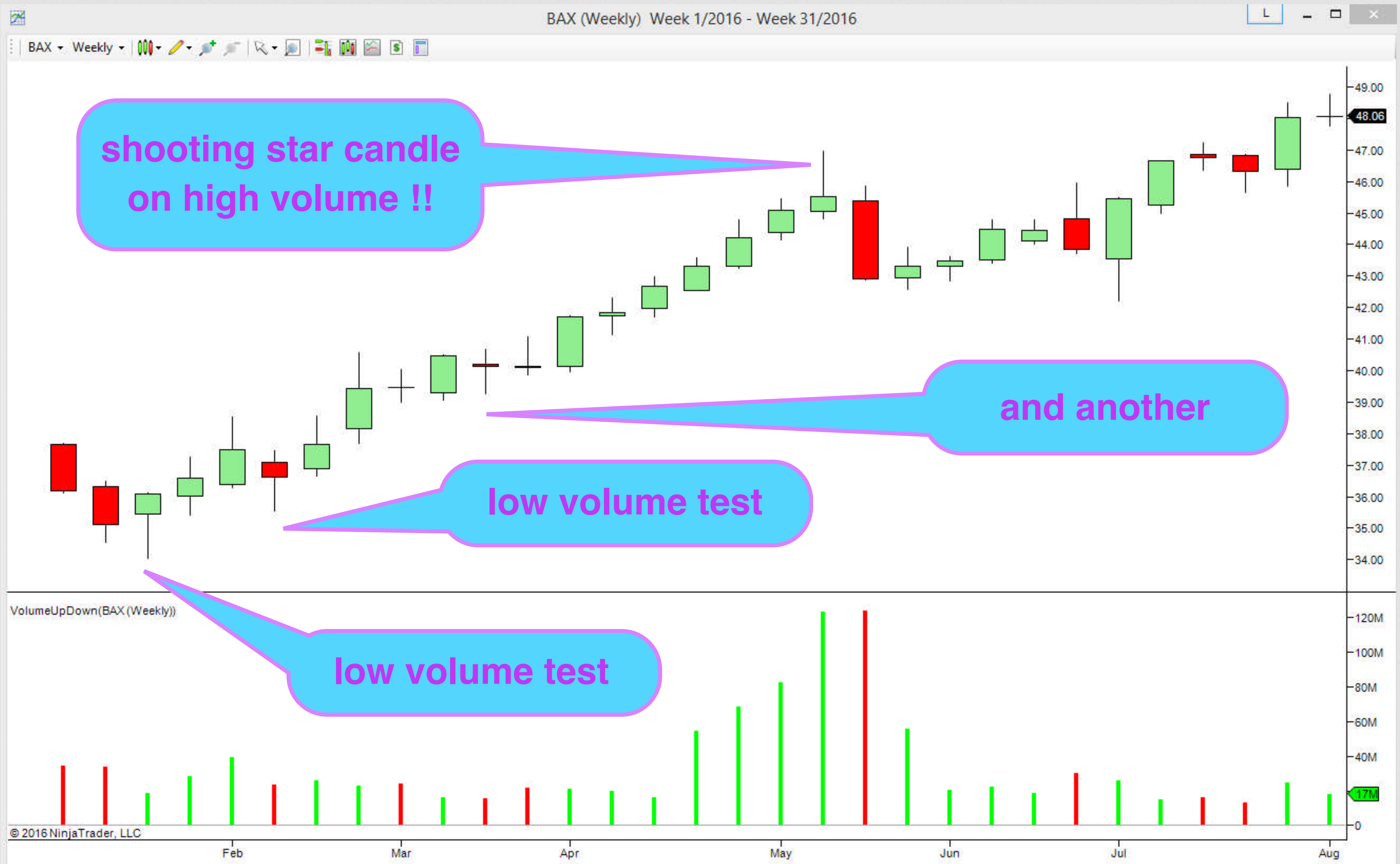
A further congestion phase then builds on profit taking, which is then followed in early July with a further sustained move higher on solid volume. Note the selling volume falling towards the end of July with the final candle suggesting preparation for a continuation in due course. Again this is seasonal and to be expected, but overall the longer term outlook remains bullish.

AMAT - monthly Nov 2015 - Nov 2017

Seasonal variations in volume have to be read and understood in the context of the chart, with volume picking up and driving this stock higher as expected, and developing an extended bullish trend. Since mid 2016 AMAT has continued to climb and currently trades at $56.20 with the most recent injection of insider participation in September and October 2017 helping to drive the market higher.

With the strong platform of potential support now in place below, this stock looks set for further gains moving into 2018.

BAX - weekly Jan 2016 - Aug 2016



Weekly chart Baxter International Inc - S&P 500

Several nice examples here of some low volume tests as the BAX stock price moves higher.

The first occurred in mid January followed by a second in early February on the small down candle and lower wick. At this point the market is primed and ready to go. A further test then appeared in mid March, again with the small candle and lower wick.

From mid April volume begins to rise fast, and indeed suggests weakness given the well above average volume, but in relatively narrow spread price action. This is not a good sign. The second week in May then confirms the end of the rally with ultra high volume and a shooting star candle. There is strong selling the following week, but no follow through as the market makers step in on high volume and resume the move higher. This is just a shake out and the stock looks set to continue higher once through the current level.

BAX - monthly Nov 2015 - Nov 2017

And this also is one of those examples where it can be difficult to read volume and price in one timeframe as the volume profiles have been distorted by an extreme volume bar, which is certainly the case here.

This does happen from time to time, and is of course a feature we see daily on the electronic indices, with volumes on Globex being relatively light, and volume bars then hugely reduced when the cash markets open alongside. This does not invalidate volume price analysis, since all volume is comparative to the time and session we are considering, and is simply indicative of higher volumes which then 'squash' any preceding volume, or distort future volumes as here. This aspect of volume price analysis can be handled in two ways.

First is to enlarge the chart and so remove this candle from the analysis. Second to move to a different timeframe, such as the weekly chart for further analysis.

So setting the May candle to one side for a moment, volume and price continue to remain supportive of the trend higher and there is nothing to suggest any change in the current trend, which is moving steadily higher at a nice even pace.

BBBY - weekly Jan 2016 - Aug 2016

Weekly chart Bed Bath & Beyond - S&P 500

And how about an example of a nice trap move sprung over three weeks as traders and investors are drawn into the move higher, only to be left stranded!

The trap up move started in mid February with three wide spread up candles so taking BBBY firmly higher. However, given the range of the price action, and compared to other bars, the volume looks very low for such strong price action, and confirmed as a trap with the price topping out on a long legged doji candle in early March. This weakness was further confirmed in early April with the extreme wick on the down candle and very high volume. Note also the low volume on the third down candle of the price waterfall of early May as selling pressure subsides. The insiders are now accumulating through June and July with wicks below and high volume building a platform of support as they prepare the next phase of price action.

BBBY - monthly Nov 2015 - Nov 2017

The accumulation phase developing here was one where the insiders were preparing for the next leg of the campaign. In other words stepping in to absorb the selling pressure before driving the market higher on low volume, then selling heavily once again, and the key candle here was that of December 2016 which has a deep wick to the upper body and associated with well above average volume. Indeed at the time this would have been the highest volume of the period.

This weakness then developed into the price waterfall from April onwards, and note the generally rising volume as panic selling continues. The interesting phase of price action now developing is from September 2017 onwards, where we start to see the first signs of market maker support and buying with the very high volume and narrow spread candle. After all, on such high volume we should expect to see a wide spread down candle, benchmarked against previous price action and volume. But this is not the case. October 2017 sees a fall in volume, and suggests bearish pressure is waining, so this may be one to watch into 2018 with a possible move higher after the congestion phase has developed.

CFG - weekly Jan 2016 - Aug 2016

Weekly chart Citizens Financial Group - S&P 500

Here we are seeing an extended congestion phase for this stock, but this could apply equally to a five minute chart or a monthly chart. The principles are the same.

The initial buying from the insiders takes place at the end of January with the ultra high volume bringing the price waterfall to a shuddering halt. The oil tanker of price action then continues with further insider buying during February.

Further buying and selling then takes place as the mopping up operation continues, with further selling in June duly absorbed by the market makers on the hammer candle of early July. With a double bottom now in place, a break above the ceiling of resistance is now being tested, and if taken out with rising volume, a platform of support is then built for a trend higher.

This is classical VPA price action in an accumulation phase. Note also the classic double bottom pattern which is forming here in this timeframe.

CFG - monthly Nov 2015 - Nov 2017

And as we moved towards the end of 2016 and into 2017 so the bullish trend for this stock developed as expected, moving from the accumulation region at $23 to reach a high of $39.75 in February 2017.

Since then the stock has traded in a narrow congestion region with a floor of support in the $33 region, and the ceiling of resistance in the $39 area. Once again this is an example where patience is now required as any breakaway from this price range will be confirmed with volume and price. October and November continue to maintain a bullish tone, and should the ceiling of resistance be taken out, then expect this stock to move higher and develop the primary trend further into 2018, once the $40 per share level has been breached, and confirmed with volume.

CHD - weekly Jan 2016 - Aug 2016

Weekly chart Church & Dwight - S&P 500

Another one that is hard to miss, and an interesting chart.

The initial buying appears early in January on high volume and narrow spreads with the rally duly starting in early February. However note the classic anomaly with the move higher in February accompanied by falling volume.

So we have a rising market and falling volume - which is not a good sign. Price action in March and April moves in a tight range before the volume spike in mid May - a huge upthrust candle on ultra high volume. To date the stock price remains in this region, but for how much longer? Any further signals of weakness are likely to be the portent to a significant move lower in due course.

CHD - monthly Nov 2015 - Nov 2017

And once again this was the case with the move into September proving to be the catalyst as the price collapsed to $42.56 very quickly before the market makers stepped in once again in January 2017 and February 2017 to buy this time, and rally the market into 2017 and back to the highs of 2016 in the $54 area, before topping out once again with CHD rolling over into a sustained bearish trend once again.

The weakness in the summer of 2017 was signaled in several ways.

First we had three months of rising prices and falling volume, but this could have partially been as a result of seasonal variations. Second, the candle of July was weak with the classic shooting star on high volume. Third, this level was testing an old region of price resistance which had held in the past.

What is perhaps more interesting in this example is to consider this price action over an even longer term, and what we are seeing here, is congestion - no more no less. A congestion phase over months and years, but nevertheless congestion, and if we were to consider this stock with many more candles on the chart, this may indicate where we are in the longer term cycle. And to save you checking this, CHD stock was trading at $10 in 2008 since when it has had an extended run higher. So what we are looking at here in close detail is possible climactic price action in a much longer term cycle. It appears we have more of the same to come!

COST - weekly Jan 2016 - Aug 2016

Weekly chart Costco Wholesale Grp - S&P 500

Some classic price action here with examples of two bar reversals. These are easy to do mentally, and also helps to confirm the power of bearish and bullish engulfing candles.

The first is in February with the two bar reversal pushing the market higher after the move lower. The second is on the March to April crossover with the two candles combining to form a perfect shooting star, before the price waterfall of April and May with the stopping volume arriving in the third week as the market makers moved in. The initial candle higher on excellent volume looked a little weak as evidenced by the wick to the upper body, but solid volumes pushed the subsequent candles higher, with an excellent breakout on good volume in the second week in July. We then move into congestion on profit taking, and note we have rising prices and falling volumes, so an anomaly and highlighting potential weakness ahead.

COST - monthly Nov 2015 - Nov 2017

A rising market on falling volume is indeed a strong signal, and a further example where the relationship of price action and volume over several candles can be so powerful. Rising prices and falling volume is an anomaly, as both should be rising, and a signal of a lack of market maker participation. COST duly fell sharply into November before the market makers stepped in to buy the market, and rally prices into early 2017. And this is perhaps where the chart becomes more difficult to read.

If we start with the candle in January, this looks to be in agreement as we have a narrow spread up candle and average volume. Then we see the price action in February which is a wide spread up candle, but look at the volume - it is 'average' and would suggest this is a trap of some kind. After all we would expect to see higher volume for such a move, and yet the volume is relatively low when compared to other candles and volume bars on the chart.

Then March arrives with sustained selling on above average volume thereby creating a two bar reversal, a sure sign of weakness. The April candle then reverses, but look at the volume - it is low! And worse to come in May with a gapped up open and a hanging man candle on the close. All signals of tricks being played.

The trap has been laid, and is triggered in June as panic selling plays into the hands of the market makers, who duly step in to buy in July, August and October as they prepare for the next phase of the campaign for COST.

Now they have the warehouse filled, expect to see the price rally and test the highs of 2017 in due course, and if this level is breached, expect more bullish momentum to come in 2018.

CRM - weekly Jan 2016 - Aug 2016

Weekly chart Salesforce - S&P 500

V shaped rallies are unusual, but they do happen, and we have seen several examples on the prime US indices on the daily charts. January delivers the price waterfall on rising volume in classical fashion, with the market makers then stepping in to buy in the second week in February where we have ultra high volume, and a narrow spread candle with a deep wick.

Then we're off with momentum injected on high volume before a subsequent congestion phase in April.

Volume then confirmed the breakaway in mid May with a nice wide spread candle and above average volume before the price moved into a secondary congestion phase at the higher level.

Further modest insider buying appears in early July on a narrow spread candle on good volume.

At this point the move is looking a little weak, and only a strong move higher will confirm the current trend.

CRM - monthly Nov 2015 - Nov 2017

This weakness duly developed with the stock finally moving lower in September on a gapped down open, with the market makers then stepping in on a classic candle with ultra high volume in October and consequent mopping up through to the end of 2016.

This is a example of a classic device the market makers and insiders deploy, the gap up or gap down open, which is designed to trigger emotional buying or selling on fear - the fear of missing out or the fear of a loss. Both are equally powerful emotions because once fear has been triggered, the market makers simply step in and buy as was the case here in October on ultra high volume with further buying in November and December.

2017 then signaled the start of the bullish trend, as it moved firmly away from the $68 region to currently trade above the psychological $100 price point on rising volume. A trend that looks set to continue and develop into 2018.

CTAS - weekly Jan 2016 - Aug 2016

Weekly chart Cintas Corporation - S&P 500

There are some interesting lessons in this example, as sometimes volume does not give us the whole story. A steady rally in late February and March on rising volume looks fine, which then moves into a congestion phase. The price action in April and early May is very narrow indeed, but on above average volumes, so caution is required, and certainly a cause for some concern. However, the subsequent breakout candles of early and late July confirm the bullish picture once again.

One candle that would have concerned at the time was that of the first week in June. High volume and a very small doji candle would have set the alarm bells ringing, but is a difficult one to judge, as it was certainly not looking too strong, but not too weak either, so both patience and caution required here. However, the subsequent two wide spread up candles do confirm the continuation of the bullish trend, as the market makers inject volume and momentum, suggesting further upside to come.

CTAS - monthly Nov 2015 - Nov 2017

And indeed so it proved for the remainder of 2016 and much of 2017, with the stock developing an extended bullish trend to trade at $147.55 at the time of writing.

This is also a classic example of primary and secondary trends which Wyckoff explained and codified in his writing and teaching, and is one of the most powerful applications of volume price analysis as it helps to keep us in a trend, and not exit on any reversal or correction lower.

In this case the CTAS stock trends higher to August, then pauses and reverses in September and October, but note the volume. It is falling with price which is an anomaly. Why? Because if the insiders were selling heavily here, then the volume would have been rising. It is not, it is falling, and so the conclusion is simple. This is a secondary reversal in the longer term primary trend higher, and therefore the primary trend is likely to be re-established in due course which is indeed the case.

The current bullish momentum remains strong, and we can expect more from this stock towards the end of 2017 and into 2018.

CTXS - weekly Jan 2016 - Aug 2016

Weekly chart Citrix Systems Inc - S&P 500

Another chart where we appear to be building to a climax.

The initial rally higher from February through to early April was on rising price action, but generally falling volume, and a longer term sign of weakness.

The insiders then moved in with selling into the rally with topping volume in the third week of April where we have a candle with a deep wick to the upper body, and ultra high volume. And note the high of the candle has yet to be taken out and with further selling from the insiders in both late May and early June, the battle is in full swing.

A trap move followed in the latter weeks of July with further selling by the insiders into the highs.

It is an interesting chart and one which demonstrates the selling climax as it builds, with the initial signal firing the starting pistol back in April!

CTXS - monthly Nov 2015 - Nov 2017

CTXS continues to develop climactic price action and throughout 2017 has traded in a narrow range with a ceiling of resistance building in the $87 area and a floor at the $74 level. This stock is not going anywhere until the market makers have finished preparing the ground for the next phase of the campaign to start.

However, what is interesting is the price action that developed in February and March with clear market maker participation on high volumes, with the February 2017 candle failing to follow through, and the March 2017 candle then confirming this weakness with the classic deep wick to the upper body. This weakness is further confirmed in May with high volume and a second shooting star candle to add to that of March.

The market makers then step in to support the stock in August and drive the price back higher once again in October. Now we are waiting for them to reveal their hand as this phase of congestion develops. If we clear the $87 region, then this will provide the requisite platform of support for a move higher supported by the market makers.

CVX - weekly Jan 2016 - Aug 2016

Weekly chart Chevron Corp - S&P 500

I selected this chart simply to highlight how volume price analysis helps to keep you in as a trader or investor, as this is one of the hardest things to do.

The initial buying from the market makers arrives in February and is clear to see. The breakaway on high volume confirms the price action is valid as the insiders are participating. The pause in late March is on falling volume suggestion continuation, with the next leg up on good volume on the breakout. The trend higher then continues in July on solid price action and volume before the pullback arrives. But the volume on the last three candles suggests this too is a temporary move lower, given the rising volume and narrow candles with deep wicks to the lower candle body.

The spreads are narrowing, and in addition we are moving to test the platform of support now in place below, and if this holds we can expect the trend higher to develop further.

CVX - monthly Nov 2015 - Nov 2017

The market maker buying and participation continued into mid October before the stock rallied strongly moving away from this region to touch an intraday high of $118.99 before sliding lower for much of 2017 and back to the 2016 levels. However, the strong support area at $102 then stepped in with a further rally taking the price back to $120.

The trigger for the move lower in 2017 was the two bar reversal of December and January with market maker selling then rising in March and continuing lower before finding support in the $102 area. What is interesting now is the rally of September with a wide spread up candle but on average volume. This looks suspicious, and indeed was followed in October by a doji candle. Compare the volume on this candle with an equivalent candle in say April 2016. The price spread is much the same, as is the shape, but the volume here is substantially higher. This is our benchmark in this timeframe, and so gives us a warning that the price and volume of September may be a market maker trap being set.

This is also an example of how we can apply volume price analysis to give us a benchmark to what can be considered high medium or low volume, and more importantly, as here, to highlight times when the insiders and market makers are not participating and instead preparing a trap for the unwary.

DLTR - weekly Jan 2016 - Aug 2016

Weekly chart Dollar Tree Inc - S&P 500

Here we have a very nice example of the validation of price action by volume, which can give us the confidence to join a trend as it develops away from a congestion phase.

In this case the congestion period was extended with DLTR trading in a narrow range from the start of the year until mid May.

Throughout this period the market makers were absorbing the selling pressure on each wave, and building a firm base of support. Then the breakaway developed in late May when we had a wide spread up candle with no wicks. A strong signal and confirmed with the significant volume spike, with the follow through confirming market maker participation as the trend developed further.

The danger with any breakaway or breakout is the pullback, but volume can provide that level of confidence to take the position.

DLTR - monthly Nov 2015 - Nov 2017

The rally here saw the stock move from $77 to just below $100 in very rapid time, before an equally aggressive move by the market makers saw it fall and return to the same level by the end of the year. DLTR is also a stock that is subject to volatile whipsaw price action and one which reflects the speed market makers can shift their position. Buying strongly over several weeks, before selling equally aggressively to reverse the trend. Volume reveals this clearly, and whilst perhaps not a stock to trade as a buy and hold, having such a volatile characteristic is likely to develop rapid momentum driven trends in the short term.

The key to the sharp reversal was the associated volume on the move higher which encompassed the phase of price action on the weekly chart, and this highlights the advantages of trading and investing using a multi timeframe approach. Here we can see the monthly price action rising on falling volumes which would have raised some warning signals before the rapid move lower in August. So, whatever the timeframe under consideration, a slower or faster timeframe will always provide that all important second view.

This is another stock approaching a key level, and if resistance in the $100 region is breached we can expect a further rapid move higher for the stock.

DNB - weekly Jan 2016 - Aug 2016

Weekly chart Dun & Bradstreet - S&P 500

And here is an example which leads on from the previous one, and picks up the thread of having the confidence to hold a position in the market.

The key here is the volume once the trend has started and moved into early May. We see a strong candle with high volume, but as the month progresses, the volume starts to decline week by week which is a worrying sign, as we do not want to see a rising market and falling volume.

The selling duly arrives in June, and it is relatively strong, but it is expected, because this is what volume price analysis is all about - it anticipates what is ***likely*** to happen. Finally, in the last week of June the market makers buy in the narrow up candle on high volume, and confirm they are preparing to continue the trend.

The final candle confirms once again as it is a good strong wide spread up candle with very good volume.

DNB - monthly Nov 2015 - Nov 2017

But this is where this move came to an end, and is unusual in the sense there was no signal of a selling climax or indeed of any climactic price action with DNB duly selling off from this region to close the year at $120.

The bearish sentiment for the stock continued into 2017 with February ending with a wide spread down candle on high volume, but with the market makers stepping in to buy in April having absorbed the selling pressure of January.

However, note the subsequent volume and price relationship from April onwards. Here we have rising prices and falling volumes, so this rally looks a little weak. But note the final candle which appears to be building some buying on the price action, and if this is confirmed with volume, may be the market makers stepping in to support the rally and take this price to the next level and up through the $120 area again.

EBAY - weekly Jan 2016 - Aug 2016

Weekly chart Ebay - S&P 500

As you will have read in The Complete Guide To Volume Price Analysis, congestion phases are where trends are created and born, and is a phase of price action where patience can pay rich rewards, assuming of course you are looking to trade a trend, as these are also regions for swing and directionless tactics whilst waiting for a trend to develop.

In this example the market makers took their time, with the mopping up congestion lasting 5 months. The initial stopping volume arrived in February and March with further phases throughout this period as the warehouse was replenished.

The strong move away in July then developed with classical price action of widening spreads and rising volume with one confirming the other, and rising strongly through the resistance area on the left of the chart.

And a neat example where patience can pay off.

EBAY - monthly Nov 2015 - Nov 2017

EBAY is perhaps not a spectacular stock, but one which is even paced and steady, and which since mid 2016 has continued to climb in a measured way to trade at $37 as we move to the end of 2017. And once again this is a chart characterized with classical secondary trends with falling price and falling volume, which confirm this Wyckoffian principle clearly. This helps to convey in clear and simple terms, that the primary trend remains intact for the time being as the market makers continue to move prices higher in the campaign.

The example here is in October and November 2016 where we have a falling price and falling volume, thereby sending a clear signal the market makers are not participating in the move, and so we can expect the price to recover and return to the primary trend in due course.

Finally, note the volume in October 2017 which is rising on the month with the wick to the lower body of the candle. There is some market maker buying here, and provided support below remains intact, the stock looks set for further gains in 2018.

EIX - weekly Jan 2016 - Aug 2016

Weekly chart Edison International - S&P 500

Here we have an example of volume price analysis reinforcing and supporting the trend allowing you to maximize the gain, which is probably the most difficult thing to do in trading and is another of the huge benefits of VPA. The trend here develops nicely with the up candle of late February confirming insider participation. The rally then stalls with rising price action and falling volume, so we are expecting a pause at the very least - but no heavy selling follows. Indeed volume is falling on the move lower, so telling us this is probably just that - a pause point and secondary trend. Insider buying is signaled in the third week in May, followed by a low volume test immediately after.

The trend higher continues on solid volume with further insider support in late July. No selling is apparent yet and with support now in place below, we should see further gains provided the resistance developing is breached. So a nice trend to ride with help from volume price analysis!

EIX - monthly Nov 2015 - Nov 2017

In fact, this resistance duly took effect with EIX moving lower in the short term, before rallying off the two bar reversal in November and December, and thereafter developing an extended congestion phase that remained throughout 2017 at a higher level.

However, what is interesting about this phase of price action, is there is no climactic price or volume associated here. The price action is measured and calm, as is the associated volume, which suggests this is not a top, but merely an extended pause point.

The key now is the ceiling of resistance, and if and until this is breached this is probably not a stock to consider for a longer term buy and hold at present.

GRMN - weekly Jan 2016 - Aug 2016

Weekly chart Garmin Ltd - S&P 500

This is an interesting chart which has some nice examples of tests, and even some failed tests.The initial move higher in the third week in February is confirmed with high volume on the wide spread up candle, but note the wick to the top - clearly not an overwhelming response and some selling has to be absorbed. The congestion phase of March then takes shape, with a test mid month, followed by the attempt to move higher. However, the candle of late April confirms selling pressure has not been absorbed as the effort to rise is knocked back and further selling appears into early May. The April low is retested in early July and holds, with the insiders then taking the price action upwards quickly on excellent volume, with little evidence of further selling. Now we are expecting a pause point following this rapid move higher, and perhaps further congestion at the $55 level. Once again an example of patience being rewarded.

GRMN - monthly Nov 2015 - Nov 2017

And indeed a pause point is precisely what we got, with GRMN trading in a narrow range within the spread of the candle for the remainder of 2016 and for much of 2017, before finally breaking higher in October to currently trade at $58.86 at the time of writing. So most certainly one where patience is definitely required.

But again this was no surprise given the volume and price relationship of July 2016 which we saw on the weekly chart, and which is clearly anomalous. After all, here we have a very wide spread up candle which is dramatic, but look at the volume - it is half that of the price candle in February 2016, where the volume was ultra high but the price only moved half the distance of the candle in July. The question therefore is why? And the answer is that the market makers are not participating in the move. They have moved the price higher and merely accelerated the price in the last week of July. But the monthly chart gives us the complete picture of the four weeks combined into the one month candle!

It was therefore no surprise when considering the monthly chart to see the price action reverse in August and then move sideways. However, with the recent price action now breaking through resistance the stock looks set for further bullish momentum to develop into 2018.

HBAN - weekly Jan 2016 - Aug 2016

Weekly chart Huntingdon Bancshares - S&P 500

A classical example of stopping volume here and whilst the price action is relatively narrow, the chart delivers some interesting lessons. First is the stopping volume. Four candles in January with the third delivering the initial signal and the fourth then confirming on ultra hight volume. So expected. Mopping up then takes over the next two weeks, as the insiders buy the selling pressure and so take the sting out of the market, with a subsequent rally. However, what is also interesting here is the second price waterfall of June. The January low is now being revisited but the volumes are much lower, which tells us selling pressure in this area is weak, and is one of the nuanced aspects of VPA. When price action revisits a previous area of high volume, which then sees lower volume, this confirms the selling pressure has been absorbed. Plus we also have a nice double bottom formed here also! So expect a rally to develop in due course.

HBAN - monthly Nov 2015 - Nov 2017

This was a nice example for several reasons. First it demonstrated the importance of chart patterns, and in this case the double bottom duly delivered. Second, a good example of the time a campaign can take to build before the market makers are ready to move. Third and last, we are seeing volume price analysis in action on a sub $10 stock, which reinforces the fact that volume price analysis can be applied to any stock whatever the price. Here the stock moved higher into 2017 touching a high of $14.74, since when it has traded at this level for most of the year, but if this level is breached then expect further upside momentum to develop.

Again there are several lessons here.

First note the rally from October to February with a rising price and falling volume relationship, so the pause and reversal was expected. Second, note the subsequent price action. It is smooth and even paced in the congestion phase, as is the volume, so this suggests a pause point and not a climactic top. Hence the outlook for this stock remains bullish once the ceiling of resistance is breached.

HRB - weekly Jan 2016 - Aug 2016

Weekly chart H & R Block - S&P 500

As VPA traders and investors we know that when a price waterfall starts, it can often be difficult to judge the entry point if trading short and following the trend lower. But this is where volume price analysis steps in to help.

The lesson here is on the second candle in March. The first week confirms the bearish sentiment for the stock, and the wide spread down candle on high volume confirms the market is selling off heavily. Then comes the reaction higher with the small up candle. But note the volume - it is almost as high as the preceding down candle. The market makers are selling having absorbed the stock in the fast move lower. Having cleared out at this level, they are ready to continue with rising volume in a downwards trend.

These are the candles and volume combination to watch for in a downtrend. They confirm insider selling into weakness as buyers come in thinking the bottom has been reached. It hasn't.

HRB - monthly Nov 2015 - Nov 2017

And indeed this was not the case here with HRB stock duly touching a low of $19.18 before finally rallying in 2017 to a high of $31.80, but with bearish sentiment now rising again and with the stock looking set to fall once again as the market makers reverse their positions and drive the stock lower.

Note the classic evening star candle pattern created in the summer months of 2017 as the bearish trend develops.

IR - weekly Jan 2016 - Aug 2016

Weekly chart Ingersoll Rand Inc - S&P 500

A neat example of stopping volume, development of the trend and market maker buying to support the trend.

Once again the buying from the market makers is clear and unequivocal, beginning in January and climaxing in early February. There is no test here, as the stock price rises nicely on solid volumes and price agreement. The minor reversal in early April is supported by the insiders and we see the extended congestion phase develop. The first week in July then confirms the market makers are buying and preparing to rally higher with the deep wick and high volume confirming. This is repeated in the penultimate candle of July, with August preparing for further gains for IR stock, and provided the resistance area is breached with good volume, the price should continue to rise, as there is an excellent platform of support now in place.

IR - monthly Nov 2015 - Nov 2017

And rise it has in a steady and measured way with market maker buying and support in both September and October helping to propel the price towards the $100 price region. In both cases the market moved lower during the month, only to close back near the open on high volume, and sending a clear signal the market makers were buying the weakness and preparing to move the price higher in due course. November 2016 proved to be the breakaway month on excellent volume with no wicks to the candle confirming the bullish sentiment and market maker participation, which has remained intact with congestion now building in the $85 to $95 region.

But the October 2017 candle has added uncertainty with the attempt to rally on high volume before closing with a shooting star candle, and a first sign of weakness.

And should we see further examples of weakness this may be the precursor of a bearish trend in the medium term.

JWN - weekly Jan 2016 - Aug 2016

Weekly chart Nordstrom Inc - S&P 500

Timing is everything in trading and investing and volume will always help you with entries, exits and of course staying in. The lesson here is of the weakness that becomes apparent over time. The JWN stock price is moving higher, but in February we see three shooting star formations, one after the after. The price action is clear enough and the volumes of mid February also confirms this weakness, so giving us an early warning signal. The market then rallies, but note the volume of March. It is falling away, and the key candle is the first candle of April - a tiny up candle on very low volume. And many say that it is impossible to 'time' the market, but volume price analysis gives us this insight.

At this point the stock is looking dangerously weak, given the initial weakness first seen in late February. The price waterfall then begins with insider selling in May into the weakness, and cascading lower to the bottom of the move.

Simple lesson - never assume the market will react instantly to signs of strength or weakness. The warning was there, with the accumulation phase now building.

JWN - monthly Nov 2015 - Nov 2017

JWN is also an example of a volatile stock market makers delight in whipsawing around! The initial accumulation phase duly delivered with the stock moving quickly higher to touch $62.82, before the market makers moved in to sell heavily and take the stock lower equally fast and back to the $40 level where it has remained rangebound for much of 2017. To date there is no evidence of further accumulation, so we can expect further downside momentum to develop.

November and December 2016 provide the two defining candles, with November delivering the first signal of sustained weakness with the deep wick to the upper body and high volume, with December then adding further weakness, with a second failed attempt to rally on reduced seasonal volume.

With the stock now testing the support platform in the $40 area, this is now becoming key. If this holds we may see further congestion develop with a bounce higher once again, but if this is breached will add further downwards pressure.

K - weekly Jan 2016 - Aug 2016

Weekly chart Kellogg Co - S&P 500

Another example where patience is rewarded.

Congestion phases can deliver in spades if you are waiting for the trend to develop, but as always patience is critical. And whilst we are considering a weekly chart, this could equally be a 5 minute chart on a commodity, a spot forex pair or an index. The principle is the same. And the extent of the move will generally reflect the time the market has been in congestion, in other words the coiled spring effect.

In this case the breakaway was confirmed in early July and given further impetus during the month. However, note the two bar reversal on high volume (on both candles) so we expect to see a pause before a possible major correction. The two subsequent doji candles signal indecision and if long, may be the time to close out and wait for further signals.

K - monthly Nov 2015 - Nov 2017

And Kellogg also demonstrates the importance of using a multi timeframe approach, as the insider selling in July on the monthly chart is now much clearer, and so reinforces what we see on the weekly chart. The bearish sentiment duly developed in September, and confirmed through the latter part of 2016 and into 2017 with each rally adding further strong signals of structural weakness developing in the stock. Note in particular the attempted rally in November which looks weak, and a similar attempt in February which also failed to hold.

In the second half of 2017 we have seen this bearish trend accelerate with prices falling on rising volume and confirming heavy selling by the market makers with the stock now trading at $62.38 at time of writing. And there are several interesting signals as we come towards the end of 2017.

First note the heavy selling increasing in August and September with volumes rising (partly seasonal) but the deep wicks to the upper bodies of the two candles, confirming the very bearish sentiment. But in October, what do we see? The market makers stepping in to buy on very high volume and closing the month with the classic hammer candle. This may be the first sign of the start of an accumulation phase, and a period of consolidation to follow with a rally in the price of the stock in due course.

KR - weekly Jan 2016 - Aug 2016

Weekly chart Kroger Co - S&P 500

There are several nice lessons here in the move lower for this stock. The initial weakness in early January is further confirmed in early February with the wick to the upper body of the down candle, and even though buying does appear on the subsequent up candle, the response looks weak, and confirmed with high volume on the down candle of the first week in March.

The move lower comes to a temporary pause in early May, but note the response on the narrow spread up candles which are accompanied by falling volume in a secondary trend. Moreover, overhead resistance is solid, so sustained volume would be required to breach this level. Indeed this is tested once again in July, with resistance holding on a two bar reversal. The price waterfall then develops in classic fashion with widening spreads and rising volume confirming the bearish picture, and breaking through the potential platform of support below, with further downside momentum looking likely.

KR - monthly Nov 2015 - Nov 2017

KR stock followed the pattern set by Kellogg (K). The classic price waterfall of August duly developed into September before

KR rallied on weak volume, on the classic anomaly of rising price and falling volume and sending a clear signal of a secondary trend developing within the primary.

This is the power volume price analysis can give when holding an investment or position for the longer term, as the truth behind any rally in the longer term trend is then revealed. Because if a secondary trend develops with characteristics where an anomaly is created between what we see in terms of price, and what the associated volume is telling us, then we have a clear signal, and the confidence to stay in and not to exit on the rally.

As expected bearish sentiment picked up once again into 2017. The stock then crashed under extreme selling pressure from the market makers in June, and has continued to wallow ever since and currently trading at $21.18. However, note the pick up in volume as we move towards the end of the year, and in particular September with high volume but narrower spreads than the preceding candle, with further volume arriving in October. The market makers are moving in here, so expect to see the stock bounce higher in the short term.

M - weekly Jan 2016 - Aug 2016

Weekly chart Macy's Inc - S&P 500

Here we have a further example of timing, and how volume can help to signal the end of the trend, and ensure we don't over-stay our welcome!

The trend of January and February is certainly higher, but note the warning signals. First we have a rising market and generally declining volume. Second the first two candles of the sequence in January do not bode well as there is most definitely insider distribution here, and when viewed against the volume of early March this starts to look a little ominous. Then the selling begins on rising volume and the weak attempt to rally in mid April tells its own story, with selling increasing dramatically in early May.

The subsequent rally then starts, but looks weak and of course this also has to be seen in the context of the seasonal volumes, with some support arriving in, the final week of August, but overall not a strong picture.

M - monthly Nov 2015 - Nov 2017

This is also confirmed on the monthly chart where we have a long legged doji candle in August. November and December then confirmed this weakness with a clear two bar reversal and from there developing a sustained bearish trend.

As this trend builds the interesting candle here is that of January 2017. Here we see the stock rally but note the spread of the price and the volume. The volume here is the highest of any up candle in the sequence, yet the price action is narrow, and signaling the insiders are selling into weakness here. In other words they are forced to sell stock they have acquired in the heavy selling of December 2016 and January 2017, and into a weak market. The analogy here is of driving a car up a hill on an icy road, with increasing pressure on the accelerator finally reaching a point at which the car fails to move forward, no matter how much pressure is applied. It is the same here.

The insiders are selling into weakness and dumping stock in preparation of the next phase of the campaign, which in this case is firmly lower. Always remember, the market makers have to buy or sell, they have no option and so have to accept stock in all conditions. Here they are not buying to stop the fall, but simply selling to clear some stock, and give the illusion of a bottom having been reached.

The question here is where is this stock heading next into 2018, and we are already seeing some clues, and the most interesting candle and price action of recent months is that for October. Here we see a narrow spread down candle, but with substantially higher volume than in the past. On such volume we should expect to see a much wider spread on the candle, but we do not, and this suggests the market makers are absorbing the selling pressure, and taking the sting out of the market. If this is indeed the case expect to see the stock consolidate at this level, and begin to move higher in due course as we move into 2018.

MHK - weekly Jan 2016 - Aug 2016

Weekly chart Mohawk Industries inc - S& P 500

Yet more classic price action with volume completing the picture. And for a change let's look at the trend higher in July - the perfect move higher in even measured steps with gently rising volume confirming the trend. An almost perfect example and one guaranteed to give anyone confidence to maintain a position.

To the left of the chart in January, we have a great example of stopping volume, and where we also see an 'over run to a move'. This is because markets rarely stop instantly, and it can be a struggle even for the market makers, as it may take two bites at the cherry to remove the selling pressure from the market.

Finally in the middle of the chart, we have an arching trend which then flattens, suggesting weakness as the volume falls away. The first candle in May is also a portent to forthcoming weakness, so when weakness does arrive, it comes as no surprise.

MHK - monthly Nov 2015 - Nov 2017

Here we have another nice example of stopping volume in February 2016, and in fact this was repeated in November 2016 with the MHK price duly continuing to rise and develop a strong bullish trend in 2017. At the time of writing this stock is trading at $257.79 and looking set to develop further bullish momentum towards the end of 2017 and into 2018.

But what is perhaps most interesting about the trend is how steady this is, with no extreme price action or any spikes in volume, so an even trend develops, and only punctuated with minor profit taking as in September 2017.

NEM - weekly Jan 2016 - Aug 2016

Weekly chart Newmont Mining Corp - S&P 500

I could not resist this chart, given the relentless trend that has developed for the stock since January.

But what is perhaps the takeaway lesson from this chart is that nowhere in the trend have we seen any obvious signs of insider selling or weakness. And although there have been minor pull-backs and reversals, not one has been pre-empted by any sign of weakness, either in terms of the price action, or in terms of associated volume. Indeed where the market has retraced, the spread of the candles has been narrow, with volume above average, and therefore signaling a lack of selling from the market makers who clearly have other plans for the stock, as they buy on the dips from traders and investors selling on profit taking.

As each leg of the trend develops, a minor platform of support is created before the price action moves on. A steady, even trend with opportunity to maximize profits.

NEM - monthly Nov 2015 - Nov 2017

And by a curious coincidence this was the point at which the trend finally ran out of steam, with the signal of a pause arriving via the bearish engulfing candle of August, with the stock then sliding lower towards the end of the year and into an extended congestion phase that has remained in place for all of 2017.

This is often the case after such a strong move higher, which saw the NEM price move from $16 to $46 in the space of a few months, before settling to trade sideways in the $32 to $37 region.

Patience is now required and the breakaway from this region, when it occurs, will of course be confirmed with volume.

NI - weekly Jan 2016 - Aug 2016

Weekly chart Nisource Inc - S&P 500

This is a great example that highlights how the market makers plan a campaign, and the early warning signals which appear in advance.

The first of these is in early February with the high volume signaling weakness ahead. This does not arrive immediately but several weeks later as the volume declines in a rising market. The sharp move lower in mid April was probably on news, or earnings, and simply an opportunity for further buying by the market makers. Replenished, the move continues, with a repeat performance. The selling occurs in the first week of June, a sign of weakness.

Remember in volume price analysis, the reaction is not always immediate, but the signals are there. Sometimes the reaction is instant, but often it is not, as is the case here, and indeed with volume now building on the move lower, this looks as though a top has been reached.

NI - monthly Nov 2015 - Nov 2017

Which was in fact the case with this stock accelerating into the bearish trend which continued to the end of 2016, with a rally in September that is so typical and gives us such a strong signal of a continuation of the move lower. September's high volume and candle with a deep wick to the upper body telling its own story. The market makers are selling into weakness, selling the accumulated stock they have been forced to buy in the selling of July and August. The move then continues lower with the market makers then moving in October, November and also December, and in enough volume to bring the move to an end.

The start of 2017 saw a return to bullish sentiment with strong market maker buying in February which injected momentum into the move higher, with the stock now trading at $26.94 at the time of writing, and looking set to break higher once again and through the ceiling of resistance in place immediately ahead in the $27 area. Note also the gapped up open here, and if this holds with a close above this area and with strong supportive volume, we can expect further upside momentum to develop into 2018.

Finally of course, and indeed as is the case with many such charts, this phase of price action could also be considered as congestion over the much longer term!

NVDA - weekly Jan 2016 - Aug 2016

Weekly chart Nvidia Corp

And staying with the trending theme, here is another. Of particular note is the price action towards the end of each congestion phase in the move higher, and in particular the selling pressure which is muted in both.

As always the benchmark is previous volume bars which can be considered to be high and as seen on the down candles in February compared with the volume on the down candles in January where the narrow spreads suggested both stopping volume and some buying. Low volume such as this is a great confidence boost to hold through the pullback.

The price spreads are narrow, and the volume average, and suggesting selling pressure is minimal. The same occurs in late June with narrow spreads and relatively low volume and signaling support from the market makers.

And once resistance levels are breached support platforms reinforce confidence as the market continues higher once again, with further upside momentum now looking likely.

NVDA - monthly Nov 2015 - Nov 2017

NVDA was another stock which had all the classic signs of a strong trend continuing to hold, and this was indeed the case, with December 2016 closing in the $100 region. The first quarter of 2017 then saw a period of congestion develop in this region, before the market makers injected further momentum with a strong move higher on high volume in May. Since then the stock price has more than doubled to trade at $205.94 at the time of writing. However, note the volume. Here we have rising prices and falling volume, which signals possible weakness ahead. Consider the candle and volume of October 2017.

The spread is wide but the volume is ‘average’ and given our benchmark candles and volume we should have expected to see substantially more volume than shown here. So a worrying signal now developing, as the market makers continue to push the price higher but withdraw, so perhaps a trap is being laid, and a short term reversal in prospect.

In this vein, what is also interesting on this chart is the June 2017 candle which signaled weakness ahead, but which failed to follow through immediately. Certainly at the time this would have been a signal to watch carefully for any confirming signs in the following weeks. In this case none appeared with July’s price action fully supported on good volume. All we can conclude is that this was primarily profit taking following the very strong move in May, and the market makers were not ready to move this stock away from the longer term trend at that point. However, with the signal of October this may have been the precursor to a longer term campaign. We will see in 2018.

NWL - weekly Jan 2016 - Aug 2016

Weekly chart Newell Brands Inc

I selected this chart for several reasons, first to show how aggressive the market makers can be, and second to highlight the testing which is a constant and ongoing feature of any campaign.

Following the accumulation in January and early February, the campaign gets underway with the market moving higher to April, but when selling appears in the second week, the market makers step in quickly, buying to support on the narrow spread candle and snuffing out the selling. They then test in early June, but selling remains on the next candle with more sustained selling in late June, but which is reversed on a two bar configuration.

Immediately they test again on low volume, with a confirmation retest two candles later again with a low volume result. With the selling now absorbed it is safe to move higher and take prices on to the next level in the move.

NWL - monthly Nov 2015 - Nov 2017

NWL had in fact been developing a strong trend from the early part of 2016 with the price moving from $34 to $55 over the six month period before topping out towards the end of August. The month itself closed on a weak shooting star candle, immediately following in September with a hanging man candle, which is often the precursor combination to a possible move into a congestion phase and ultimately to a reversal.

This was indeed the case here with the stock congesting in a wide range, retesting the high of $55 in mid 2017, before developing into a classic price waterfall of widening price spreads and rising volume as the price finally collapsed to trade at $30.01 at the time of writing.

And as we can see from the chart there are no signs yet of any market maker buying here, with November's candle trading with no wick to the lower body. So should the month close with the candle as shown, then expect further downside momentum for this stock in 2018, with the prospect of a congestion phase to follow.

OI - weekly Jan 2016 - Aug 2016

Weekly chart Owens Illinois Corp - S&P 500

Some great volume price analysis lessons from Owens Illinois lessons and confidence builders all the way! First we have the accumulation in January and early February as the campaign is prepared. Early March sees the market makers step in as selling arrives with two deep wick hammer candles, before the market is driven higher on high volume with an injection of momentum. A solid trend then develops supported with excellent volume until the first week in May where we have a shooting star candle on very high volume. A second arrives, followed by a third three candles later which is a sure sign of weakness. Note also the two up candles of late May rising on falling volume, also confirming this weak picture. The market then rolls over, but the market makers step in again and drive it higher once more, but fail to break above the resistance line. Finally in late July further selling by the market makers. Conclusion? This trend is looking very weak and is perhaps one that has run its course.

OI - monthly Nov 2015 - Nov 2017

And indeed the trend had run its course for the time being with OI stock then moving into a congestion phase at this level until the end of the year, with a ceiling of resistance being created at the $20 level and the floor of support in at $17.

The interesting candle here was in December, with extreme volume appearing, and yet on a narrow spread candle, and the conclusion here was simple. The market makers were moving in and buying and therefore not allowing the market to fall. Here they are absorbing all the selling and buying as the sell orders appear.

Once ready, the stock can then be advanced with a gentle bullish trend developing taking the price up to a high of $25.90 in late 2017. From the current price action this now looks set to be moving into a further congestion phase at this level and with no climactic price action or associated volume, this is appears to be another pause point, before a continuation higher in due course.

ORLY - weekly Jan 2016 - Aug 2016

Weekly chart O'Reilly Automotive - S&P 500

Here we have a classic chart which demonstrates the importance of the wick and the introduction of volume which then paints the complete picture.

The price candle of the second week in February would signal buying, but how much? Volume helps to answer this question and confirms this is significant and therefore driven by the market makers. However, as the trend develops note the number of candles with upper wicks through March, April and into May. This is not a good sign given the associated volumes, and tells us it is a move lacking conviction. Note the change in sentiment and trend as we move into June and July. The wicks have now moved to below the body of the candle, and signal support and buying as a price falls and closes back higher or near the open. The penultimate candle is in agreement, but the final candle suggests no follow through as it is a hanging man candle, highlighting possible weakness ahead.

ORLY - monthly Nov 2015 - Nov 2017

The hanging man was indeed the first sign of weakness which then developed into major resistance in this region with the stock struggling to hold on to these gains at the end of 2016. In early 2017 following further sustained market maker selling, the stock price finally collapsed and hit a year low of $170.68 before recovering as the market makers stepped in once again to buy, and reverse the price higher and back over the $200 level to trade at $207.56 at the time of writing. Further market maker buying is now evident in November, and likely to propel the stock higher once again and through the ceiling of resistance now in place at the $220 level.

The classic stopping volume candle of July really sets the tone for the rest of the year, and is a signal that would be hard to miss. This is the market makers moving in to buy in volume after the price waterfall has developed. But it takes effort to stop such a dramatic fall in price, so is a classic example of the 'mopping up' that is required. All the buying pressure cannot be absorbed in one candle, which is why it often takes several candles, and sometimes at lower price levels.

As I have said and written many times before, the market is like an oil tanker which has momentum even when the engines are switched off suddenly, the tanker will continue on for many miles after. The same is true in the market, and here we see the market makers buying in July and again in October with the stage now set for a rally higher in 2017 and into 2018.

PH - weekly Jan 2016 - Aug 2016

Weekly chart Parker Hannifin Group - S&P 500

Here we have a delightful example which really does describe volume price analysis as the music of the market. The rally begins on candles 4 and 5 with the market makers then buying the selling pressure on candle six in the sequence from the left, with a narrow spread on high volume. The rally resumes. Weakness then appears in mid April on high volume as the market makers struggle to make progress and sell into the weakness. Congestion follows, with the selling finally arriving in earnest in early June, but not for long as the market makers step in once again in early July and buy the selling, and so take the market higher. Volume is falling on the rally in July, so to make sure, the selling has been absorbed they test on the small down candle on low volume. Successful test over, it's time to move on, and the two last candles take the market higher still on good strong volume. A complete story revealed by volume and price. And as always, remember volume can be seasonal, but the trend looks set to continue.

PH - monthly Nov 2015 - Nov 2017

PH is another stock that has continued to develop the bullish trend of 2016, and extended this into 2017 with the stock price rising by almost $100 to currently trade at $187.12 at the time of writing.

The bullish injection of market maker buying which was first signaled in August, was duly repeated in October with further strong buying in November resulting in a wide spread up candle as the stock price continued to rally. What was interesting here was the precursor to August in July, with the market makers moving in to buy and support prior to the rally developing. Here we see a narrow spread candle and high volume in an uptrend, sending us a strong signal of market maker support and buying as they absorb any selling pressure in the market.

We can deduce this is because had they themselves been selling, then the price would have been wide and down. It is not, it is narrow and therefore we can conclude they are buying and preparing for the next leg higher in the trend. Indeed there are several repeats of this in the trend higher in May 2017, and again in August 2017. Finally note in September and October 2017 we now have a rising market with falling volume so we are potentially reaching a pause point or even building to a top into 2018. However, with no market maker selling in evidence just yet, this stock looks set to make further gains into 2018, but the fall in recent volume may be the first signal of weakness ahead for this stock.

QCOM - weekly Jan 2016 - Aug 2016

Weekly chart Qualcomm Inc - S&P 500

The market makers are never ever in a hurry in a move higher (unlike in a falling market where they are) and this is an excellent example of this aspect of volume price analysis in action.

The rally of March is clearly in some difficulty and is an example of the comparative nature of the methodology. The volume on the three up candles is more or less the same, yet the price action is narrowing. Clearly this is not a good sign, and as we move into March the market weakens slightly. However, the market makers have no intention of taking prices lower so buy the move lower aggressively on high volume. Then they wait....and wait. Further minor selling is absorbed, before we arrive in July.

And bang - the market breaks higher on strong volume and firmly away from the congestion phase of price action.

Again patience is the key, and we have to be just as patient as they are.

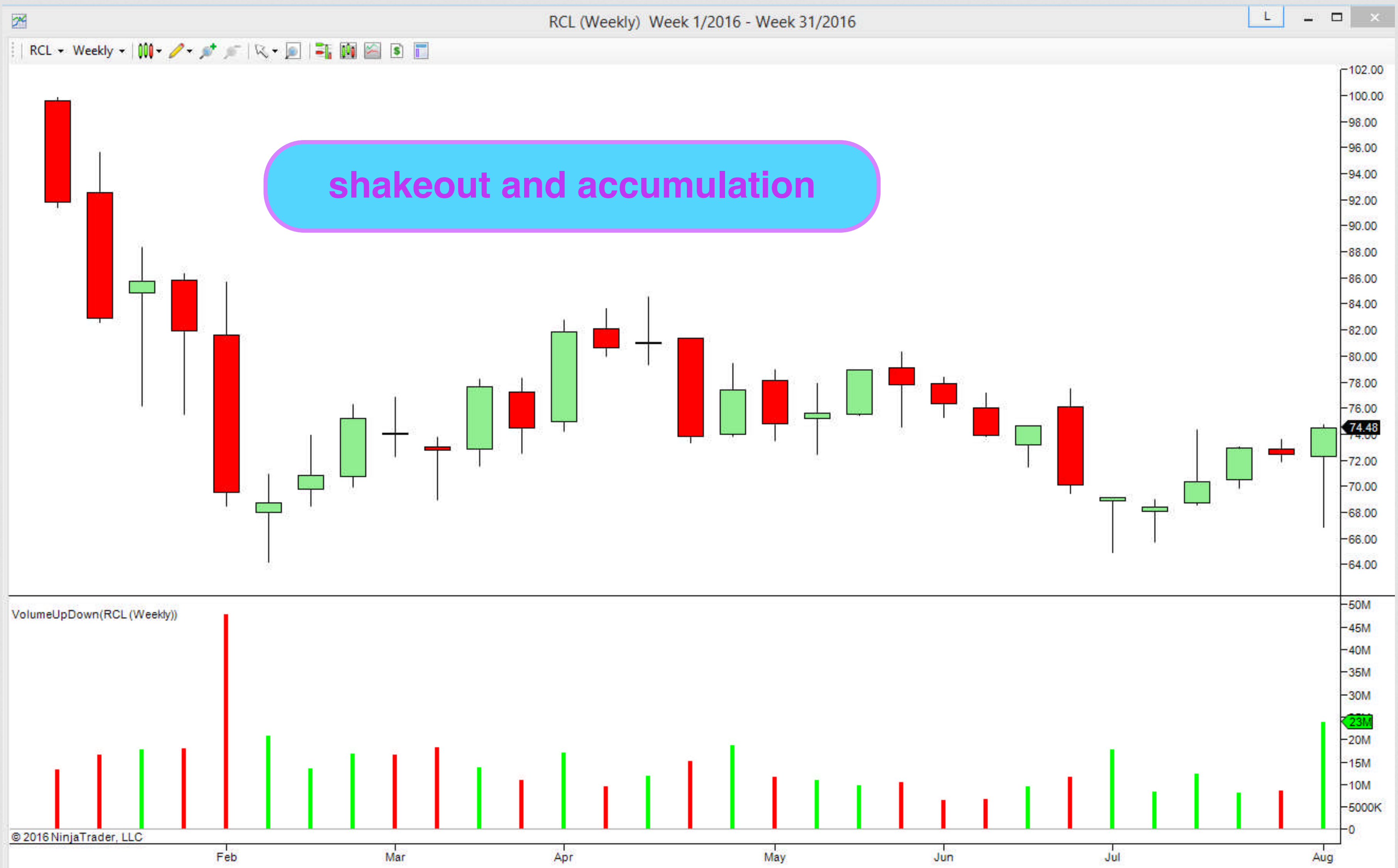
QCOM - monthly Nov 2015 - Nov 2017

The trend higher developed in September with a further surge higher which was when the stock price touched a high of

$70.40, before developing some classic climactic price action as the price was whipsawed around by the market makers in this price region for the remainder of the year, closing 2016 with a doji candle, a hanging man and finally a weak candle with a deep wick to the upper body.

2017 began with heavy market maker selling which saw the price collapse from this selling climax, and fall rapidly to $53 before developing rangebound price action in this region for the remainder of 2017 as bearish sentiment wanes. The stock is now building a floor of support in the $51 area, and should this continue to hold we can expect this stock to move higher and develop a bullish trend into 2018

RCL - weekly Jan 2016 - Aug 2016



Weekly chart Royal Caribbean Cruises - S&P 500

An example here of the patience of the market makers, this time in a phase of accumulation. First comes the shock, as the weak hands are shaken out of the market on some dramatic news event. Traders and investors are shaken out and panic selling ensues. The accumulation phase then develops, as the remnants of the selling pressure are mopped up with testing to ensure that selling has now been absorbed before preparing for the next phase of the campaign. Early July reveals two tests - the first which failed with selling coming to the market once again requiring buying from the insiders, the second into the same price area, which confirmed a lack of selling pressure, and therefore a successful test of supply. The final candle of the chart now appears to be preparing for a move higher to test the resistance area now overhead. If the $80 level is taken out, then we can expect a trend move higher with support in place below.

RCL - monthly Nov 2015 - Nov 2017

And this was indeed a classic phase of market maker accumulation which continued into September and October 2016, before the start of the new campaign finally took place in November

2016 and supported with good volume. Since then the trend has developed strongly and in a classic way, with an injection of market maker buying driving the initial move in January 2017, followed by congestion and consolidation before this is repeated in April and more recently in August, and taking RCL to fresh highs. Since August 2016 the stock price has risen from $65 to currently trade at $123.09 at the time of writing, and looks set to be preparing for a further move higher as we come to the end of 2017, and look forward to 2018.

SJM - weekly Jan 2016 - Aug 2016

Weekly chart Smucker J.M. Co - S&P 500

In this chart we have several excellent examples of volume price analysis in action. First we see a classic period of price congestion with a well defined floor and ceiling, and one where only one thing is required...patience!

And the conclusion throughout this congestion, is that the breakout, when it arrives, will be to the upside. Why?

Well on each move lower throughout this phase, the down candles are all supported with high volume, but if the market makers were planning a move to the downside, then the candles would have been wide, not narrow so we can conclude they are buying throughout and supporting the price.

This is confirmed in June with the strong move higher, and again in mid July we see supportive buying by the market makers when selling arrives, with a test, before moving higher into August.

Again, the power of volume price analysis gives us all the signals we need to draw sound conclusions, and the confidence to trade.

SJM - monthly Nov 2015 - Nov 2017

This was an example where the sudden move lower was unexpected and may have been triggered by some fundamental news, with the stock price collapsing in late August in a wide spread down candle with sustained market maker selling on high volume, and into the price waterfall.

The stock attempted to rally in early 2017, but the interesting candle here was in February, with substantially higher volume than in January, but with only the same equivalent price spread for the month. Clearly the market makers are driving volume into the market to move it higher, but the market is resistant to higher prices, so the market makers are struggling here, hence the high volume with a price spread that is an anomaly. It should be much wider. After all, note the same volume in June 2016 and the associated price action, which is twice the range. So clearly something is wrong here.

And so it proves to be the case with the price waterfall developing once again with the price collapsing on extreme volume and taking the stock down to trade at $103.13 at the time of writing. However, we have some interesting price action developing in the last few months and in particular in October 2017, with the high volume and narrow spread candle hinting at buying by the market makers. If so we may see the stock consolidate and bounce higher from this level in the short term, with a congestion phase then developing in due course in this region.

SNI - weekly Jan 2016 - Aug 2016

Weekly chart Scripps Network Interactive - S&P 500

The reason I selected this chart was to highlight some excellent examples of both hammers and shooting stars in action, and in addition, the swift price action that can result. As I have explained in earlier examples, this is often not the case, but it does happen.

On the first price bar of the chart we see solid buying by the insiders, followed by the four candle move higher. However, on the last of these, a shooting star, we see equivalent volume to the first candle in the sequence. The selling is swift and like the children's board game of snakes and ladders. or chutes and ladders. Up the ladders and all the way down on the snakes when the rally resumes.

Mid March sees weakness appearing again with the shooting star candle once more on high volume, and here the market drifts lower.

Finally in July we see the market rally but on falling volume - a weak sign - and duly validated by the final shooting star candle of the session so we can expect more weakness ahead.

SNI - monthly Nov 2015 - Nov 2017

The shooting star candle of the first week in August 2016 did indeed deliver weakness, and in fact the following week we saw the SNI stock move from $66.32 to $60.11 before declining further into September to touch a low of $59.78.

The stock duly rallied from November through to February, but note the volume which is falling, in part due to seasonal factors. January saw the stock rally strongly and up to $83.42 before reversing with the market makers then stepping into the market on widening spreads and rising volume, before the dramatic rally in June triggered by merger news with the Discovery channel, which saw the price rocket during the month on strong market maker buying and support. Since then much of the bullish gloss for this stock has waned, with SNI now sliding lower, but nonetheless maintaining longer term bullish momentum.

STX - weekly Jan 2016 - Aug 2016

Weekly chart Seagate Technology - S&P 500

Here we have a further example of the comparative nature of volume price analysis.

The volume through the rally in March looks weak when compared to the volume in February which saw the stock price rally. In addition the first up candle in February saw some selling, described by the upper wick on above average volume, and further confirmed two candles later with another sign of weakness. So we can see a top of exhaustion is being reached here! The selling, when it arrives, is sustained and aggressive and no great surprise. The heavy volume and wide spread down candle signals no bottom yet with three further candles then shaking out further weak hands on rising volume, with the insiders then stepping into the market to buy in early May.

The congestion phase builds in June with a nice test in the second week of July. The test proves positive and shows all the selling has been absorbed and off we go.

STX - monthly Nov 2015 - Nov 2017

And indeed off we went all the way up to $49 per share into 2017 before heavy market maker selling in April delivered a sharp reversal which saw the price descend back to the levels of August 2016 at the $31 level. This was the key candle of the first quarter of 2017, with the deep wick to the upper body and coupled with good volume. This candle and volume combination is sending a clear signal of future weakness to come.

Market maker buying arrived in mid September with a more recent gapped up move on higher volume taking the stock back to trade at $36.77 at the time of writing. However, we now have a repeat of the April 2017 price action in October 2017, this time in the rally phase, but again this looks weak so we can expect further bearish sentiment to develop in due course in the short term and a continuation of the trend lower, which has been in place for much of 2017.

TSS - weekly Jan 2016 - Aug 2016

Weekly chart Total System Services - S&P 500

An example of putting volume price analysis all together. The buying appears in January, and into early February before the rally starts.

The rally takes us all the way up to the end of April when a strong signal appears on the shooting star candle with volume rising well above the previous volume bars. The market makers are selling into weakness here, and although the rally continues for a little longer, the weakness does materialize in June and is followed by a two bar reversal in early July.

However, note the rally is on very weak volume, which is not a good sign - and again confirmed with heavy insider selling in late July, and also testing the support region.

And all stemming from the initial signal of late April.

TSS - monthly Nov 2015 - Nov 2017

And once again the monthly chart helps to provide perspective with price action in July confirming the weakness with the

August candle, then taking the price lower. But note the volume in August, which is high, and with the narrow spread candle suggests the market makers are now buying into the move lower, with a similar picture in September. See also how the bearish volume is declining from September onwards, all suggesting that bullish momentum is likely to develop in due course.

Which is then the case with the trend starting to take shape in early 2017.

Since then the stock has developed a strong bullish trend moving through the $70 price point to trade at $72.17 at the time of writing. Moreover, this stock looks set for further gains as we come towards the end of 2017 and into 2018 with the current price action supported with strong insider buying.

UHS - weekly Jan 2016 - Aug 2016

Weekly chart Universal Health Services - S&P 500

A similar example to the previous TSS chart, with a strong signal appearing, which then gives us a heads up to the likely direction longer term.

Here the warning signal arrived in the penultimate week of April where we see a deep upper wick to the candle on high volume. This was subsequently followed by a series of weak candles on high volume with the price action failing to respond as the market makers continue selling to buyers eager not to miss out on what they believe to be is the next leg of the trend higher, which represents the mass of traders and investors, who buy at tops and sell at bottoms, which is exactly what the market makers want them to do!

Then it's time to trap them with a sharp move lower in late July, as panic selling ensues as the market makers step in to buy on the final candle of the chart, and clearly preparing for the next move in the campaign.

UHS - monthly Nov 2015 - Nov 2017

And indeed the next phase of the campaign started almost immediately thereafter with further heavy selling from the market makers, as the price was moved quickly and dramatically from the $138 area of mid August to a low of $99.72 by the end of 2016.

Since then, 2017 has been characterised by volatile swings in both directions, with a rapid move higher in the early part of the year followed by an equally rapid and volatile move later, and as we move towards the end of 2017, VHS stock now looks very bearish and set to move through the $100 region and lower in the longer term.

And there is also another classic lesson here from the school of volume price analysis, and it is from the price action in February, and the associated volume. First the price action, where we see a very wide spread candle, comparable with that of March 2016 which was in fact even wider. But the volume is lower, and indeed much the same as for the preceding month of January. This is a warning signal. The market markets are not participating and merely marking the price higher to trap traders into believing this is a strong move and the prelude to a bullish trend higher. The fear of missing out is triggered and so traders and investors are trapped as the reversal then arrives from March onwards.

The key point here for the medium term and for 2018, is the potential support platform now building just below the $100 area, and if this holds, we may see a bounce higher in due course. This has occurred twice before, and so a repeat would not be unexpected and confirmed with volume.

URI - weekly Jan 2016 - Aug 2016

Weekly chart United Rentals Inc - S&P 500

In this example we see how volume price analysis can help us to ride the trend.

First selling is absorbed in January and early February and URI then rallies to mid March. Notice the reversal lower on rising volume, but the price action is narrow and signals market makers are buying here, with the next leg higher then developing. The minor weakness in mid June is on falling volume, with buying appearing on the first week in July followed by a low volume test in the second week.

The rally then continues with high volume under the wide spread up candle, so confirming that bullish sentiment remains unbroken. Also key here is the move through the ceiling of resistance and looking positive for a sustained move higher longer term.

URI - monthly Nov 2015 - Nov 2017

Which is precisely what occurred with this stock now trading at $147.55 at the time of writing and looking set to rise further. November 2016 provided the first trigger with a wide spread up candle on excellent volume signaling market maker buying and participation. This was repeated in January 2017 and September 2017, and with no evidence yet of any selling from the market makers at this level, we can expect the stock to continue higher through to the end of 2017 and into 2018.

Note also the market maker buying in both June and August which saw them move in to support the trend, and buy as sellers took their profits off the table.

XEC - weekly Jan 2016 - Aug 2016

Weekly chart Cimarex Energy Company - S&P 500

When a buying climax arrives we will see it, and this chart delivers a classic example that is hard to miss!

So if we just focus on the eight candles on the left of the chart. Week one is simply selling pressure, there is no buying here. Week two is where we have the first signal of buying. In other words, much higher volume as the market maker buying pushes the price higher, something they always have to manage. Week three sees further selling which is absorbed, before they push the market higher in week four. Selling does reappear in week five, but is absorbed once again in weeks six, seven and eight.

Finally in March we begin to pull away and into the congestion phase in June and July.

The final candle of the chart in August then confirms the bullish pick up once again with a nice wide spread up candle, no wicks, and good volume. There is more to come here and all from the buying climax in January and early February.

XEC - monthly Nov 2015 - Nov 2017

The buying climax of early 2016 was enough to drive XEC from the $72 price point all the way to $146, almost doubling in price by the end of the year, and revealing the power such signals can deliver. December and January were then characterised with a congestion phase with two weak candles on rising volume and coupled with October's initial sign of weakness, the stock price developed into the price waterfall of May and June before stopping volume arrived in July and August, and driving the market off the lows of this phase of price action.

What is interesting here are the candles of September 2017 and October 2017 where we have rising price and falling volume and it will be interesting to see how this develops into 2018. This suggests clear weakness in the rally, and a possible resumption of the bearish sentiment of earlier in the year, with possible congestion now on the horizon.

ZION - weekly Jan 2016 - Aug 2016

Weekly chart Zions Bancorp

Another example of a buying climax in action with the market makers moving firmly into ZION in late January and early February, with the stock developing some classical trend relationships in the move higher. First notice the volume in early April, which is falling under a falling market, suggesting this is simply a pullback on the longer term bullish trend. In other words this is a secondary trend and is always something to look out for.

However, this is in sharp contrast to the reversal in June which is more severe, and confirmed with the price action itself, and is coupled with rising volume on the move lower.

Ultimately the market makers step in during the first and second weeks in July, and with the buying completed, then take the stock higher once more. For the longer term the resistance area now awaits above, but if breached on good volume, then the longer term outlook remains bullish for ZION.

ZION - monthly Nov 2015 - Nov 2017

And bullish it has continued to be with the stock price gathering momentum throughout 2016 and 2017 to trade at $46.85 at the time of writing. The real injection of momentum arrived in November with the wide spread up candle on high volume, with the trend then developing in a more measured way during 2017.

What was interesting here was the price action and volume in the second quarter, where we saw a gapped up open to March and consequent fall, triggering selling with the wick to the lower body suggesting buying within the down candle. This was confirmed in April and more so in May on rising volume, but with no consequent follow through on price, thereby sending a clear signal of further strong buying by the market makers with the price contained in a narrow range.

The key now is the technical resistance level building in the $48 per share area, and if this is taken out on high volume which looks increasingly likely, then expect further gains for ZION stock in 2018.

ZTS - weekly Jan 2016 - Aug 2016

Weekly chart Zoetis Inc - S&P 500

And finally just to round off on the weekly timeframes with stock charts, a further example of a buying climax, which this time extends well into March.

The move higher then develops but it's on falling volume and begins to look a little weak before selling appears. However, the market makers are not reversing just yet, and step in to buy the selling pressure in early May before the trend is re-established in early July with nicely rising volume. The final candle however has delivered a long legged doji, which is a sign of indecision and is not a reversal, but certainly a pause point. Patience is required here to see what the next few candles may reveal. And always remember, a doji candle such as this is simply market indecision, it is not a sign of a reversal - it may reverse in due course, but the candle itself is not a signal of such - just indecision.

ZTS - monthly Nov 2015 - Nov 2017

And this is also a stock where the market makers have set their stall out for a longer term campaign, and since the buying climax of early 2016, the stock price has been climbing steadily from the $40 region up to the current price of $67.31 which looks set to continue higher towards the end of 2017 and into 2018. Again it is the insider buying and support in the move higher that has extended the trend here, with further momentum injected in April and May of 2017 on rising price action and rising volumes.

Also note the strong support from the market makers which appeared at the start of the year in February 2017 following the three month rally in the last quarter of 2016. Here they are buying to support once again. After all, if they were selling, then the price action would be wide. It is not and remains even more compressed into March 2017.

Given the current price action, this stock looks set to continue higher for 2017 and into 2018.

Section 2 - Monthly stock charts

In this section I would like to consider further stock examples, based on the monthly timeframes as we move towards the end of 2017 and a longer term investing perspective.

All of these examples are drawn from the primary indices, of the S & P 500, the Nasdaq 100, the Dow 30 and the Russell 2000.

Each has been selected to show a specific aspect of volume price analysis in this timeframe, and demonstrate once again how volume price analysis can be applied to any timeframe.

By now I hope you are starting to gain a deeper understanding of volume price analysis, and its application, regardless of whether you are a trader or investor, and regardless of the market or instrument.

AAL - monthly: Sept 2015 - Nov 2017

The reason I chose this chart is that it's an excellent example of a 'complete' VPA cycle, where the buying period is much shorter than the selling phase which is now developing, so there are several lessons here.

First we have the classic price waterfall that developed in early 2016 from March through to June with rising volume, with the market makers stepping in strongly in June to buy, so preventing any further selling. What is interesting here is that AAL does indeed rally immediately thereby creating a 'V' shaped rally which is unusual, but which we have seen in the primary indices on occasion. It is unusual, because selling pressure generally takes time to absorb, and more often than not, develops into the more common congestion phase and 'mopping up'.

The rally then begins through the summer, but note the decline in volume as we move towards the end of 2016 with December then delivering the first shooting star candle. January confirms the selling with a second weak candle on higher volume and wick to the upper body. March then confirms further selling, but note also how the market makers have stepped in here to provide some support. They are buying as they are not ready yet to move this stock lower with speed. Next comes a further shooting star candle in April, followed by a rally in May, and June but on average volume. Notice the volume in May and compare this with the price action and volume of October 2016 where we had a narrower spread on the candle, but with higher volume.

July arrives with further weakness, and yet another shooting star candle with the final one arriving in October. This is a classic congestion phase of distribution with the market makers selling, absorbing, then selling again into a weak market as they prepare the next phase of the campaign. The stock looks weak and should the floor of support be taken out in the $41 region, expect a bearish trend to develop in 2018.

AVAV monthly: Sept 2015 - Nov 2017

Here we have the opposite of the previous example.

In this example we have an extended accumulation phase that extends for over a year, and is in sharp contrast to the chart for AAL. What is also interesting here are the number of tests which have occurred in this phase of price action. The first occurs in May and AVAV looks set to rise, and in June the market makers attempt to rally the market, but selling drives the market lower on high volume which then has to be absorbed in August and September. We then have a second test in October, and on this occasion the market makers are able to rally the market higher in November before absorbing further selling in that month and followed by another test in January 2017.

The campaign then begins in earnest in May 2017 and continues through to September on strong and rising volume and combined with supportive price action as the trend develops. And not surprisingly after such an explosive move, profit taking then ensues with the stock coming off the highs and trading lower during November.

AVAV stock looks as though it has more to deliver and much now depends on the close of the candle in November and whether the market makers step in to buy and support the stock. If so, expect to see this stock gain further in 2018, and any move beyond the $55 region will then open up further development of the bullish trend.

BA monthly: Sept 2015 - Nov 2017

This chart could best be described as steady and unexciting, and really exemplifies what longer term investors are searching for in a trend that develops without volatility or major corrections.

The buying climax for the stock is self evident here, and takes place over three months from January 2016 to February 2016, with the mopping up phase then extending out to September as the market makers absorb and accumulate further stock as they prepare to launch a longer term campaign. This is classic Wyckoff and his second law in action, which is the law of cause and effect, whereby if the cause is large the effect is likely to be large too. In other words, time is the primary arbiter here. The longer a phase takes to build, then the longer the time any development from the phase should last, and this is certainly the case here. To date, the trend higher has been in place for over 12 months, and shows no signs of stopping just yet, moving ever higher in even steps and supported by regular volume, and an injection of momentum in July 2017.

Once the market makers launch a campaign they like to take their time in developing bullish momentum to ensure they maximize their profits in the move higher. After all why should they rush, and this is why markets generally fall much faster than they rise. In a move lower, panic selling is the quickest way for the market makers to restock the warehouse.

And note, in the three months the stock price fell dramatically from around $160 down to almost $100, you can imagine the selling that was encapsulated here, with investors dumping their stock and fearful of a collapse. The market makers then calm the price action once the primary phase has been completed. The ‘mopping up’ follows, and after a period of calm and congestion, the trend starts to develop higher as nervous investors are slowly drawn back into the market. A perfect example of how a campaign is prepared and then executed!

This is how the market makers operate. After all, if investors were constantly in a state of flux, either panic selling or panic buying, the market makers could quickly kill the goose that lays their golden egg. Panic phases are short and dramatic. Then all is calm as the bullish trend develops slowly, and investors are gently drawn back to the market as their confidence returns. The market makers are well aware the emotional levers can only be used in short bursts for maximum effect. If used all the time, investors would eventually seek out other markets.

And so for BA, the longer term outlook remains bullish as we come to the end of 2017, with this stock set to continue higher as we move into 2018.

CAT monthly: Sept 2015 - Nov 2017

CAT is a stock I've written about several times on my personal site over the last year, and I have included it here for several reasons.

First of all, it was a stock I wrote about prior to the US presidential election, and suggested at the time that if Donald Trump were to be elected then one of the beneficiaries might be companies such as Caterpillar given the prospect of spending on major infrastructure projects such as the wall between the US and Mexican border. And you can read my post here:

http://www.annacoulling.com/stock-trader-tips/caterpillar-delivers-in-bucket-loads/

At the time the stock was trading in the $80/$90 area and since then has risen strongly to develop a longer term trend, in much the same way as the previous example.

What is interesting here is the price action in March 2017, which clearly shows the market makers moving in to buy and support the move higher as profit takers close positions, with April then moving higher still with an injection of momentum, which was repeated again in October. The wick to the top of the candle suggests some profit taking once again, and it will be interesting to see how this stock develops into 2018, but there is little on the chart to suggest that we are approaching a climactic top just yet.

So as we move towards the end of 2017 and into 2018, and given the political drivers, we can expect to see Caterpillar deliver yet more bucketloads of upwards momentum!

DISCA monthly: Sept 2015 - Nov 2017

In an earlier example we considered Wyckoff's second law in action, namely the law of cause and effect with time defining the extent of any subsequent trend development away from the congestion phase. In that example it was cause and effect in an accumulation phase, but in this example it is in a phase of distribution.

The distribution phase is characterised with typical whipsaw price action, designed to draw in traders and investors, and in this case has extended from late 2015, through the whole of 2016, before finally breaking down in early 2017.

In this example, the climactic price action of the distribution phase is classic, with candles with wicks to the upper body, rapid reversals plus a hanging man candle and several doji candles, all failing to break above the $31 per share area, and thereby building a very strong resistance level as a result.

Then the selling begins in May, and for short speculative traders, rather than longer term investors, the key candle was that of July 2017, and is a perfect example of the candle and volume bar to look for in all down trends. Why? Because it is the signal the insiders are selling stock they have been forced to acquire in the rapid move lower, as panic selling ensues which has to be sold back into a very weak market. This takes effort which is reflected in the volume, with the deep wick confirming that the effort of tempting the buyers in is being overwhelmed by further selling. Once the market makers have cleared out the forced purchase of stock, they can then open the floodgates again and let the market sell off hard.

For short traders this is the perfect signal to enter on the July candle, as it signals further weakness to come and appears in all timeframes.

So what can we expect for this stock in 2018?

Given the strongly bearish sentiment, we are unlikely to see a V shaped rally, and far more likely in this case would be an extended phase of congestion in this region. What we are looking for now are signs of buying and accumulation from the market makers, and once this develops a possible test of supply before any strong reversal in trend begins.

DISH monthly: Nov 2015 - Nov 2017

Another very interesting example with some simple and clear volume price analysis lessons.

If we start with the first series of candles to the left of the chart, here we see the price waterfall develop as we come to the end of 2015 on widening spreads and rising volume which is a great confirming signal. Then in February 2016 comes our first clear signal the market makers are stepping in to buy on the deep hammer candle and good volume. Remember at this point the 'compressing effect' of the volume of March 2017 would not be present, and therefore the relative volume at the time would be much higher. The accumulation phase then develops and we see further strong accumulation in May 2016 on higher volume, with the reversal into the bullish phase of price action then starting.

August and September are certainly interesting with the two bar reversal which gives the stock further impetus and momentum to develop the trend further to the end of the year. However, as we approach this period, note the weakness appearing in January 2017, and repeated in February 2017. The price action looks very weak with deep wicks to the upper body of the candles, and which are also narrow, suggesting the market makers are selling into weakness here on good volume. Then we see the volume and price action of March. Ultra high volume and a narrow spread candle. The market makers are truly struggling here selling in ever greater volume into a market which is very weak as they clear their warehouses in preparation for the next campaign.

This inherent weakness is further confirmed in April and May which both end with the hanging man candle, and reinforced further with two shooting star candles in June and July. Then the price waterfall starts with rising volume and widening spreads, before in November we start to see the classic weak rally with the upper wick forming to the candle. Too early to tell how this candle will complete at the end of the month, but this is the classic pattern of price one expects after a strong move lower, as the market makers have to sell stock they have been forced to acquire in the price waterfall, but have not finished the move lower just yet. So the price action pauses as they sell into a very weak market, and which in turn signals further downside momentum to come. This is the perfect entry point for speculative short traders to enter the market and sell with the market makers.

This also highlights the different characteristics of bullish and bearish trends. Bullish trends develop more slowly as the market makers like to take their time and extract maximum profits in the move higher. By contrast the bearish trend develops quickly as the market makers are in a hurry to fill their warehouses again, and repeat the performance once more.

The November candle now forming looks weak, and if associated with strong volume there may be further downside momentum to come for DISH as we move into 2018.

EARN monthly: Sept 2015 - Nov 2017

This is a chart I selected for several reasons.

First and perhaps self evident, the price of this stock is very different to many of the others we have considered, yet the same principles apply even though this could be thought of as a 'pink sheet' stock.

Second, it also demonstrates how historic volume can be distorted by the appearance of a high volume bar, as we have here. This is something we have to deal with as volume traders, and in no way invalidates what has gone before. It is simply a statement of fact that when this occurs all preceding volume will be ‘compressed’.

And so to the candles of May and June 2017, with the massive injection of volume telling its own story and one of heavy market maker selling at this point. June then confirms this with another classic shooting star candle on equally extreme volume. Finally in August we have a hanging man candle with the selling then following in October and November.

And given the extent of the selling here, we can expect to see this stock move lower into 2018, but of course, being a cheap stock, the extent of such a move is limited by the ‘headroom’ available below, and it will be interesting to see at what point the market makers step back into this one.

EFX monthly: Sept 2015 - Nov 2017

This is another extreme example, but one which is very different to the last. If you are familiar with EFX they are a credit reporting agency which offers customers detailed reports on their credit status.

The reason for the sudden and dramatic drop in the price was as a result of a data leak when millions of customer records were hacked following a breach of security. But it was also the perfect opportunity for the market makers to step in as panic selling ensued, and helped by the insiders themselves, resulting in a collapse in the price. What you need to remember here is this price action is over a four week period, and the strength of the stopping volume and market maker buying is evidenced by the depth of the wick to the lower body of the candle.

Here we can see the market makers stepping in to buy and taking the price back off the lows of $90 and up to trade at $107.77 at the time of writing.

The insiders and market makers will use every scrap of news, large or small, in order to create panic and fear in equal measure. Either to trigger heavy selling which is when it is easy to accumulate and buy, or to create the fear of missing out, which is the ideal opportunity to sell into weakness as investors buy. In this case it was the former, and study of the weekly chart would instantly reveal the stopping volume and accumulation taking place driven by the panic.

A great example, but again is another where the volume has been distorted by this extreme move, meaning we have to recalibrate our analysis accordingly moving forward.

EPAM monthly : Sept 2015 - Nov 2017

This is another excellent example of the accumulation phase of price action, and reinforces once again Wyckoff's second law of cause and effect, and the importance of time when building a campaign.

Here we can see the start of the accumulation beginning in January 2016, which is then further reinforced with sustained buying in February on the highest volume of the period. Further accumulation then follows in August, and again in November with December then completing the mopping up process. What is also important to note, and which provides further confirmation of the absorption of any selling, is when the price action moves back at a later stage, into what has previously been an area of heavy selling. In other words in the past we had seen sustained selling in this price area, but now the volumes have declined in the same region of price. What this is signaling is that the selling pressure has now been removed from the market and so we are coming to the end of the accumulation phase.

The campaign higher is then able to start and as you can see from the chart, continued from February 2017 on the initial move supported with strong volume, up into July with volumes falling suggesting some weakness which duly arrived in August.

However, the market makers moved in to support this move lower on profit taking, and have since driven the stock higher once more, and into the end of the year, so we can expect to see further upside momentum in this stock into 2018.

FN monthly: Sept 2015 - Nov 2017

And to counterbalance the previous example, here we have a classic example of the distribution phase, which again reinforces the importance of time, as one campaign ends and another campaign begins.

Here the initial weakness first appears in August 2016 which is unusual as we would normally expect volumes to be seasonally lower, so this would have set the alarm bells ringing purely from this perspective. This is then followed by a repeat over two months with the two bar reversal of September and October. A hanging man then follows in January 2017 followed by the highest volume of the chart in February 2017 with the market then selling off in April. But the market makers are not done yet, and drive the price higher, but on falling volume, which is a classic anomaly.

Then we are off, and once the market breaks below the potential support platform in the $35 region, this then adds further weight to the analysis and confirms the bearish picture for FN stock.

It is also important to remember, support and resistance, candles and candle patterns are all part of volume price analysis and help to complete the technical picture of the chart. In addition we can also include other volume based tools such as volume at price or use a market profile inspired indicator such as a volume point of control, which considers volume price and time on the 'Y axis' of the chart.

You can find further details on this indicator at Quantum Trading http://www.quantumtrading.com

GD monthly: Sept 2015 - Nov 2017

I selected this example to show how Wyckoff's second law reflects the importance of time, and in particular in the accumulation phase.

Wyckoff's second law states that cause and effect must be in agreement and so introduces the aspect of time. The longer the cause is building (time) then the greater should be the effect (the result). And this is certainly the case here for GD stock, which started the development of the accumulation phase to the left of the chart in late 2015, with the market makers stepping firmly in on high volume in January 2016, and creating the classic hammer as the ‘stopping volume’ effect takes hold.

This is repeated in February 2016 with further buying, moving the price higher, which is something the market makers constantly have to deal with, and is why these phases are punctuated with buying and selling. In other words putting the price up as a result of their own buying.

It is a delicate process buying in volume, but not too much that this forces the price higher. This is the same issue large institutional buyers or sellers have when moving large blocks of stock, as they try to avoid putting the price up or down against themselves. It is one where stealth and cunning are required to break large volumes into smaller more manageable sizes the market can easily absorb, and without moving the price dramatically. This is the problem all market makers face on a daily basis.

The accumulation continues with further heavy buying in June, before the trend higher starts, but it looks a little weak at first glance? After all, we have a rising market and falling volume which is true. However, remember, this is the summer, and we expect volumes to be lighter. So never forget this point. Then comes the injection of volume and momentum with a nice wide spread up candle. And off we go. Some minor weakness is appearing, but nothing to suggest GD stock is about to turn.

The key here for 2018 is the resistance region now building in the $205 to $210 area, and for a solid continuation, this price area needs to be breached with a close above on good volume. If this occurs, the platform of support is then in place for a further solid move higher, but for buy and hold investors, one where patience is now required.

And remember the words of Jesse Livermore, *‘prices are never too high for you to begin buying, or too low to begin selling’.*

GE monthly: Sept 2015 - Nov 2017

I've included GE as it was always a favourite of mine for writing covered calls, and from this chart you can start to see why as the rangebound period here lasted for over twelve months.

Once again we have an example of a distribution phase, and the time this can take to develop, and secondly the patience we have to apply once the initial signals begin to develop, and in this case, the first of these arrived in November 2015. The anomaly here is clear to see. Extreme volume with a price candle which has closed in a narrow range. This occurs when the market makers are selling heavily into weakness. The market is not receptive to higher prices, so the market makers are having to work hard in selling out the stock at this level. Remember too this is a ‘blue chip’ stock, and depending on the amount of floating supply available may take considerable effort and time to develop any campaign.

What then develops is classic whipsaw price action which goes nowhere, but oscillates in a tight range while duly building strong areas of both resistance and support. In this case the trading range was contained within three to four dollars of the stock price for over a year.

Finally in April 2017 the price waterfall begins to develop, building both pace and momentum on widening spreads and rising volume. Again in June 2017 we have the classic signal for short traders as the market makers sell stock they have been forced to buy, rallying the market on the month, and clearing out at this level, before accelerating lower.

And with no sign yet of any buying by the market makers GE looks set to fall further to the end of 2017, and into early 2018.

GILD monthly: Sept 2015 - Nov 2017

I've included this example as there are more powerful lessons to be learned here.

And let's start with the first candle of the chart which signals weakness. If this candle is weak then the candle of October 2015 is weaker still and confirms the initial signal as it is trading inside the range of the first, and in addition has higher volume. A classic price waterfall then develops over three candles on rising volume, and following the strong move in January 2016, the market makers are then forced to sell stock they have acquired in this phase of price action, and sell into a market that is weak.

The volume in February 2016 is higher still, and with the narrow spread of the candle coupled with the wick to the upper body, is sending a clear and unequivocal signal that this market is not finished in the move lower just yet. This is repeated in March with another narrow spread candle on very high volume, and finally in April 2016 the trap is set where we have a candle with a deep upper wick on high volume.

The trend lower then begins, punctuated throughout with the classic rally as the market makers sell stock they have been forced to buy, before continuing lower once again. This can be seen in several of the candles notably in July, September, November 2016 and finally in January 2017. February then sees the start of the buying on stopping volume, with the stock then moving higher from June to August. Since then resistance overhead has paused the rally, so we may expect a congestion phase at this level into 2018.

GS monthly: Sept 2015 - Nov 2017

And a similar example to the last, but with some additional clear lessons for us for Goldman Sachs GS.

If we start to the left of the chart, here we see classic stopping volume develop as the bearish trend comes to a shuddering halt in the space of two candles. Remember, this may not look much on this timescale, but the price of this stock has fallen from $190 to close to $140 in the space of three months. Investors would have been selling in panic here, creating huge momentum, with the market makers then having to step in to buy under a market which is collapsing. Even the market makers with all their muscle will find this hard to stop. The stock has enormous momentum and to bring it to a halt takes a huge amount of effort. This is the oil tanker effect - switch off the engines, and the tanker will continue for several miles under its own momentum. It is the same here which is why we have the ‘mopping up’ phase. This continues into June with further sustained market maker buying here before the campaign is ready, and the stock begins to move higher and into the upwards trend.

The price action at the start of 2017 is then interesting. First we have the two bar reversal which suggest weakness, but note the subsequent volume of April and May which is falling. Here we see the anomaly of price and volume on the down trend, with falling prices and falling volume. Clearly this is not going to develop further, and is simply a reversal into the secondary trend as the primary trend is re-established as we move to the end of 2017. The key here is now a break and hold above the $250 region, and if this occurs then the bullish trend will continue based on the depth of support below, provided it is confirmed with further market maker participation to the long side.

KR monthly: Sept 2015 - Nov 2017

This is a terrific example of a long term bearish trend and the phases of price action that develop within such a trend, and in particular the volume and price relationships which tells us so much by signaling further weakness or a weak rally.

If we start in the middle of 2016, with the three candle pattern of July, August and September. Here we see falling prices and rising volume, a strong signal this stock is weak, and likely to remain so. Then comes the three candle rally of October, November and December 2016, but look at the volume and price action. We have widening spreads and falling volume. This is an anomaly. The second candle in the sequence looks weak anyway, and with the third candle which has a nice wide spread, we should expect to see an increase in volume and not a decrease. This is a strong signal of further weakness to come. The market makers are not participating here, and simply marking prices higher and selling.

Then KR rolls over as 2017 starts with a further three candles lower on rising volume. The bearish sentiment continues with June then delivering the dramatic fall, with August 2017 and September 2017 moving lower again on rising volume.

However, notice the rising volume on September 2017 and the narrowing spread of price action, which is starting to signal a move to buy from the market makers. And indeed October would suggest the same with increasing volume and even narrower spread here, suggesting they have moved in to support the price to prevent any deeper moves, with November starting to see some upside momentum develop.

If this closes on good volume with no deep wicks, then we can expect this move to develop further into 2018.

LEG monthly: Sept 2015 - Nov 2017

This example can be viewed in two different ways.

First note the price spread which is relatively narrow with the stock oscillating between $42 and $54 approximately over the period. So we could consider this as a congestion phase and one which swing traders might trade accordingly. Second however we can look at the lessons that volume price analysis delivers within such price action. And the first signal to catch the eye is the market maker buying in January 2016 on the precise hammer candle, and in this case the stock rises immediately. No waiting to pause or development into a longer congestion phase of accumulation.

Then up we go into the bullish trend of the next few months with the volume declining gently before we reach the candle and price action of July 2016. This looks a little weak, and is further confirmed in August with the high volume and narrow spread candle. The market makers are selling into weakness here after the rally higher.

September then delivers the move lower, but note the price action and volume of October 2016. Here we have the highest volume on the chart and yet the price action is very contained and has failed to fall further. This looks as though the market makers have stepped in to buy, and so it proves, but note the volume in the rally higher. On the first three candles it falls, and then into 2017 we have further signs of weakness with the candle of April a very strong signal coupled with high volume. This weakness duly arrives in July 2017 and is further reinforced on the October 2017 candle with very high volume and a deep wick to the upper body. LEG stock has not reached the bottom yet and is likely to fall further into 2018.

M monthly: Sept 2015 - Nov 2017

This is an unusual example as bearish trends generally develop momentum relatively quickly, as the market makers and insiders are normally in a hurry to move to the bottom of the cycle in order to develop the reversal into the bullish trend. However, this was not the case here with the bearish phase extending over two years from late 2015 to the end of 2017.

The rally of January 2016 to March 2016 is almost textbook, as the price spreads narrow on the three consecutive candles and the volume falls in step. Rising prices and falling volume are classic signals of weakness to come which arrives in April and May.

The next strong signal then appears in November and December 2016 with the two bar reversal confirming a return of bearish sentiment with the price for M moving lower once again into 2017, and continuing lower on rising volume.

What is interesting here is the volume associated with the price action of October which is narrow, and when compared with the volumes and price action on the chart suggests an anomaly here and as such this may be the first sign of buying by the market makers. Normally we would expect to see a typical candle with a deep lower wick as the market makers ‘put the brakes’ on the market to try to bring it to a pause. But here there is little momentum, only a general gentle trend lower, and hence any major buying by the market makers is executed in a relatively narrow price range.

So again, an interesting lesson. Market maker buying and selling comes in all shapes and sizes and it is the lack of momentum which resulted in this particular candle in this case. So where can we expect to see this stock over the next few months? Well given the buying that we are now seeing in October 2017, providing this continues, we are likely to see a congestion phase develop, followed by a rally once the accumulation phase is complete. In this case this could be relatively short given the lack of momentum in the downwards trend.

MAT monthly: Sept 2015 - Nov 2017

And this is another chart with some textbook price action with the focus on the development of the bearish trend, that has extended over 12 months.

The standout feature of this chart is the constant rise in volume throughout the period, rising ever higher as MAT continues to fall. This is classic Wyckoff where all is in agreement. And remember it takes just as much effort for a market to fall as it does to rise, and as we start to approach the end of 2017 we can now see the market makers moving in to buy in October with the compressed price action and ultra high volume. After such heavy selling it is no surprise to see the market continue on lower, but for the time being, the price looks contained and in a narrow range. What we expect to see moving forward, is further buying with the development of the congestion phase which may continue for some time into 2018.

As an investor, this is a stock that would be on the radar or watchlist to be checked on a regular basis for signs of further buying, looking for tests of supply, and ultimately the time to buy once the new campaign gets underway. MAT stock traded at $35 in the last year, and can achieve the same levels once again in time, and more, but only if the market makers are participating, and only when they are ready. So patience here is the key. The accumulation phase might last 3 months, 6 months or a year or more, and all we can be certain of is that at some point this stock will rally. It's not a question of if, but when, and this will be signaled through the prism of volume and price.

And once again what we see is the classic sign of weakness in the downtrend, and a perfect entry point for shorting this stock as a speculative trader, with the price action of January 2017 telling its own story.

MRK monthly: Sept 2015 - Nov 2017

If we start with the left of the chart, here we can see market maker buying towards the end of 2015 and into early 2016, with the hammer candle of February 2016 marking the end of this phase.

The trend higher then develops with the first signs of weakness then appearing in October and November 2016. Both candles have deep wicks to the upper body and good volume. MRK then attempts to rally in January and February 2017, but note the volume in February, it is lower than that of January, yet the price action on the February candle is much wider. So clearly the market makers are marking the price higher, but not participating. Because if they were, we should expect to see higher volume here - we are not, it is lower. This is a warning signal and when added to the first, all paints a picture of weakness ahead. This is given yet more weight in July, August and September with two hanging men candles, and a shooting star, before the price finally rolls over and into the wide spread down candle of October 2017.

Now what we are expecting is a minor rally as the market makers sell stock they have been forced to buy in the panic selling. As such we are likely to see high volume and narrow spread candles, or a classic narrow body candle with a deep upper wick, before the bearish trend develops further.

So for 2018, expect further downside momentum in this stock and if the potential support area at $48 is taken out, the price is likely to continue lower.

MSFT monthly: Sept 2015 - Nov 2017

A well known stock, and in this example we see how the market makers step in for an extended period to support Microsoft and buy during the congestion phase before building the next phase of the campaign higher.

The rally here began in late 2015, and as the stock sold off in January 2016, so the market makers stepped in to buy, duly re-peating this in February on a narrow spread down candle. And further confirmed in June with strong buying once again prior to launching the price higher in July on supportive volume.

This trend higher has then developed in a calm and measured way in a series of neat steps. There is no volatile price action here, and what is perhaps most interesting is the price action of October 2017. Here we see a wide spread up candle, but the volume looks rather low and perhaps not in line with what we should expect. After all, if we consider the price spread and volume of October 2015, this was an equivalent candle in terms of the price action, but note the volume - it is almost double that of the October 2017 candle. So an interesting contrast two years apart!

As a longer term investor, this could be the first warning signal of danger ahead. This is not to say Microsoft stock will reverse immediately - it will not. However, as each monthly candle builds this may reinforce this initial signal and confirm that we are indeed moving into a possible congestion phase, and perhaps a selling climax in the longer term. Time will tell, and all will be revealed and confirmed in the charts in 2018.

MTRN monthly: Sept 2015 - Nov 2017

Some interesting volume price examples here, and again if we start with the first two candles on the left of the chart, a classic signal that is hard to miss. The stock had tried to rally in both cases, but failed to hold closing near the open with volume on the second occasion rising, and confirming the market makers are struggling to sell into a weak market. Then the price rolls over and moves into the congestion phase of early 2016. The interesting candle here is March which was the highest volume of the chart, and yet the price action remained very narrow, and it was also gapped up. Clearly the rally is weak with further weakness then confirmed in April. The rally finally begins in the summer of 2016, but looks weak again given September's price action where we have a narrow spread candle and high volume. The move does continue, but then reverses towards the end of 2016, with the market makers stepping in to buy in March 2017.

And in August we see the low volume test appear, and despite this being seasonal volume, this is very low when compared with the previous August, for example. The test is successful and the response is immediate with MTRN rallying strongly in both September and October 2017 and breaking away from the congestion region in the $35 to $40 area.

This stock looks set to deliver further upside momentum into 2018, but given the sharp rally in October 2017, a period of congestion and consolidation may follow in this area, before the bullish tone is picked up once again.

NCLH monthly: Sept 2015 - Nov 2017

Another chart that reveals some classic market maker tricks and traps as well participation in genuine moves, and here we start with the first candle on the left of the chart.

Note the volume here which is very weak. The market makers are moving price higher into the trap, yet not participating or even selling into weakness here. This is a fake move higher on low volume to draw in those nervous trader who are frightened of missing out after the move higher, and so jump in. The fear of missing out is used once again. Then we have the two bar reversal over the next two candle with the market makers selling stock they have been forced to buy in the move lower in November 2015, and selling in December 2015 on high volume but on a narrow spread candle. Then the selling starts in January 2016 on higher volume, with buying appearing in February absorbing the selling but note the volume in March, it is falling on rising price action, so clearly this move is not going far, with the resumption of selling continuing in April on the two bar reversal.

The accumulation phase then develops in September, October and November of 2016 with NCLH stock then driven higher through 2017.

However, we now have an interesting phase of price action developing, and note the candle of October 2017 which has the highest volume of the chart and associated with the classic shooting star candle. This is a strong sign of market maker selling and the precursor to weakness ahead. This rally now appears to be running out of steam with the market makers selling heavily into weakness, and if this is confirmed into 2018, expect this stock to move lower in due course.

NWL monthly: Sept 2015 - Nov 2017

A fascinating chart which I have repeated from an earlier example, as it has some additional great examples which I wanted to expand on here, and once again we begin on the left, as we move towards the end of 2015. And the interesting candle here is for December 2015 with the long legged doji on high volume, and as I have explained in other examples, the doji candle is NOT a signal of a reversal, but merely one of indecision.

The price may reverse or indeed move sideways, and it is a case of being patient and waiting for confirmation. Here it is selling that arrives in January 2016 on equally high volume with stopping volume then arriving in February 2016 signaled by the classic deep wick to the lower body of the candle.

NWL stock duly rallies, but note the decline in volume in July, which is certainly seasonal, but is followed by weakness in August. September then confirms this weakness with a hanging man candle, before the move lower is contained with further buying in February 2017 with the $55 price region retested with yet another weak candle.

The price waterfall then develops in late 2017 in the classic way on rising volume and accelerating price spreads, and with no sign of any further buying at this stage, expect further bearish momentum to develop.

What is also interesting here is the classic example of a double top candle pattern, with the first appearing in mid 2016, and the second a year later in mid 2017. Double top and double bottom patterns are significant patterns to be aware of in all time frames, and with the complementary triple top or triple bottom then adding even stronger confirmation to the volume and price signals.

ORLY monthly: Sept 2015 - Nov 2017

This was another chart we looked at earlier, and this chart really demonstrates the power of Wyckoff's second law in terms of the cause and effect and the impact of time. In other words, the greater the time taken in building the cause, then the consequent effect is likely to be dramatic and in proportion to the time taken to create the effect.

The congestion phase here lasted for eighteen months, with the stock oscillating between $240 and $280 during this period, and punctuated with weak rallies and weak price action. Finally in April 2017 this period of price action comes to a shuddering halt with the collapse in the price of ORLY which fell to a low of $170 by mid July in the space of four months. Indeed July 2017 was the defining month as this was also the point at which the market makers stepped back in to buy on panic selling, before taking the price well off the lows of the month to close above $200.

Since then bullish momentum has returned, and with further buying clearly in evidence in October 2017, we can expect to see ORLY rally further as we move into 2018. In this case the next aspect of price behaviour to consider will be when the stock approaches the strong resistance levels now in place and developed during the extended congestion phase of 2016 and 2017.

It was the time spent in this congestion that dictated the extent of the fall, with a dramatic move lower, but Wyckoff's second law applies equally well to any accumulation phase of price action, where the time spent here will have a direct relationship on the extent of any bullish trend that follows. And follow it surely will given the extent of buying over the last few months of 2017.

TRIP monthly: Sept 2015 - Nov 2017

I have included this stock for one specific reason, as it makes the point that in investing and trading there is no rule which 'always' applies, and here we have a case in point. Normally when we see a bearish trend develop, it will generally move at speed, as the market makers drive the price lower quickly to panic sellers into releasing their holding on emotion, which is then bought to replenish the warehouse. However, here we have a stock which is trending lower, at the sort of speed we would expect to see a stock trend higher. Bursts of momentum and then pauses. So it is unusual in that sense.

What this chart also gives us is some very simple examples of the comparative nature of price and volume, which then helps to give us our benchmarks against which to consider various candles and volume bars.

In this sequence we have four wide spread down candles which all help to provide us with relevance of the price action and volume. And if we start with the first candle to the left of the chart, this sets the standard. Here we have a wide spread down candle and associated volume in January 2016. This acts as our benchmark.

Then the candle of August 2016 arrives. Here we have a narrower spread candle and slightly lower volume, so this looks to be in agreement. Perhaps we might expect to see even lower volume here given our benchmark candle. Then the candle of November 2016 arrives with a similar spread to our benchmark, but on higher volume. This suggests the selling pressure is increasing, and higher than before. Finally we have a repeat in February 2017 with equivalent volume and a narrow spread, but confirming the strength of the selling. And finally of course, but not from a comparative perspective, the volume of May 2017 and the weak price action confirms bearish price sentiment remains firmly in place.

From a longer term investing perspective, the interesting price action of the last few months is that of August 2017. Under normal circumstances we would expect to see volumes lower based on the seasonal aspects. However, we have substantial volume and clearly signaling the market makers are stepping in to buy here with further evidence appearing in the following months. So for late 2017 and into 2018, expect to see TRIP rally into a primary bullish trend.

UBSI monthly: Sept 2015 - Nov 2017

I could not have found a better example than this chart to illustrate the market makers at their very best, as they create the perfect trap move!

And it's not hard to see where it appears, with the wide spread up candle in November 2016. The price on the month's move is almost $10, which is a huge move in percentage terms, yet look at the volume associated with such as move. We should expect to see a significant volume bar associated with such a price candle, and yet all we have is average volume. Clearly this is a glaring anomaly as enshrined in Wyckoff's third law of effort and result. In other words effort and result should be in agreement. Clearly in this case they are not, and hence the alarm bell is ringing loud and clear. The market makers are clearly not participating in the price action and simply marking the price higher as a trap move designed to draw traders in on the fear of missing out on this rapid move higher.

The follow through in December 2016 is simply the market makers selling out stock acquired from early profit takers who have exited after the strong move higher. The price waterfall then develops and on rising volume, with the candle of June 2017 confirming further weakness to come.

This is such a great example of the power of volume price analysis, and one where seeing the lack of participation, is just as important. Trap moves are common, which VPA will reveal. All we need to do is follow the market makers. in other words, buy when they buy, sell when they sell, and stay out when they are not participating, as indeed is the case here.

ULTA monthly: Sept 2015 - Nov 2017

Another chart that perhaps on first glance may appear to be 'un-exciting', but consider the price spread, with the stock moving from $160 to over $300 in just over a year!

The accumulation starts on the first candle for the chart, and extends into 2016 with February seeing the primary buying by the market markers, as the trend higher gets underway, but there are several interesting points to note here.

We have five up candles, one after the other, but all very different. If we start with March 2016, this sets our 'benchmark' of price spread and volume.

Then we note the next candle for April. This candle has a narrower spread, but higher volume. Whilst not an instant signal, certainly this would be of concern given our benchmark. Then we have May, the price spread is the same as for March, but the volume is lower. This is a worrying sign, after all we should expect to see the same volume as for our benchmark candle, but this is not the case.

Then comes June. A narrow spread candle, and low volume, but then price and volume are in agreement at least, although volume is falling in the move higher, so some concern again. Finally comes July, and the volume here is even lower than June, but with a wider spread on the candle, so a very worrying sign now.

After all, compare July with April where we have very similar price action, but the volumes are very different, and whilst this is the summer the difference here is extreme. Then the weakness arrives in August and September, but the rally continues although with reduced momentum before arriving at the two bar reversal of May and June 2017. Then the market maker selling starts with a vengeance as panic selling sets in, with the stock falling over $100 on rising volume.

However, note the price action and volume of August and October. Both candles have wicks suggesting some buying here, and both have very high volume. The November candle has yet to complete, but again this suggests a pause and reversal building, so perhaps the development of a congestion phase or bounce higher is now in prospect.

V monthly: Sept 2015 - Nov 2017

And another stock which demonstrates the application of Wyckoff's second law of cause and effect.

The accumulation phase here is long and extended, starting in January 2016 and finally coming to a close in February 2017 as the bullish trend develops.

The buying by the market makers is very clear in both January and February 2016 with further mopping up then appearing in both June and November 2016, along with December. The trend higher is then launched, with the market makers stepping in to support the move higher in June 2017, and there is nothing here to suggest that this trend is likely to pause any time soon.

Volume and price are broadly in agreement throughout, and with no evidence of market maker selling, this is one which is likely to continue higher into 2018 provided the broad risk on sentiment for US equities continues.

VZ monthly: Sept 2015 - Nov 2017

A horrid chart for any longer term investor or trend trader, and very typical of the sort of climactic price action one might expect to see at a major top. The difference here is we do not have extremes in volume which we might expect in a selling climax, so the conclusion here is that we are merely in an extended period of congestion in a 'longer term' trend.

As you can see from the price chart, the range here is once again narrow and contained within a $10 band, so one where a great deal of patience is required. This would certainly be on the watchlist, as no stock can trade in a range forever, and the key would be the establishment of the support and resistance regions. That said, there are several signals here as the price action whipsaws back and forth.

First note the rising price action and falling volume of early in 2016 from January through to March. Not a very strong signal. Then we see the wide spread up candle of June 2016, but look at the volume, which is only marginally higher than on the candle of March. So clearly the market makers are not participating here, if March is our benchmark candle.

Then we have the reversal of June, July and August 2016, and a nice example of the evening star candle at the top.

The two bar reversal of December 2016 and January 2017 signals weakness once again, with the equivalent in June and July 2017 then reversing the price action once again.

The key here is patience and wait for any longer term breakout confirmed with volume.

WBA monthly: Sept 2015 - Nov 2017

And this is an example which really follows on from the last and highlights how patient we do have to be, whether as speculative traders or longer term investors.

Once again, we have a stock that is trading in a very narrow range over an extended period of almost 2 years. Then the breakout finally develops on very high volume in October 2017, and would also be signaled and be seen clearly on the weekly timeframe. The platform of potential support has been breached and is now resistance. The price action of November 2017 to date suggests weakness is set to continue, provided the candle closes as it is at present with the deep wick to the upper body and with high volume.

This would then signal a continuation of the bearish sentiment and the development of a longer term bearish trend. After such an extended period of congestion, Wyckoff's second law which embraces time, would signal this is what we should expect to see, with WBA moving lower in the medium term and into 2018.

Section 3 - What happened next in other markets?

These were some more examples from the presentation I gave to a group of private investors and traders in London in 2016, and in this case for some associated markets.

Once again we have the weekly charts from the presentation, which are brought up to date with what happened next on the monthly chart.

This is a mixture of markets from commodities and indices to bonds and currency futures, and are all from the futures markets. However, as you will see, the principles of volume price analysis apply equally well here. The only difference is that whilst we have the market makers as the 'insiders' who we shadow, here it is the big operators. Everything else in terms of analysis is precisely the same.

Oil weekly: Oct 2015 - Aug 2016

WTI futures contract CL

One of the great commodity trends with the price of oil falling relentlessly from $100 per barrel driven by a combination of fundamental factors, the technicals and a price war. And perhaps one of the hardest things to do in such a trend is to identify when the market is reaching a bottom, and likely to reverse the longer term trend. And once again volume price analysis steps in, and here it was the stopping volume of late January and early February which provided the clues, as the big operators moved in to buy in strength. They then stepped in again in early April on the two bar reversal taking oil prices higher once again, before the shooting star candles under high volume signaled insider selling and weakness ahead, with the oil price then rolling over. And note the heavy selling into weakness in mid July.

The candle of the first week in August marks insider buying once again with a rally now likely in the short term.

Oil - monthly Sept 2015 - Nov 2017

And indeed this is what we saw for crude oil which managed to rally for the remainder of 2016, moving from the $43.34 per barrel price on the weekly chart in August to trade at just under $60 per barrel by the end of the year.

To date, 2017 has been a year of two halves, with the decline in prices in the first half, matched by a rally in the second as crude oil moved back to test the highs of 2016 once again.

The buying by the big operators is clearly evident in this phase, as they move in to buy the market in both May and June 2017 on high volumes, with further buying in August as the market reverses lower around the $50 per barrel region. However, note the weak candle now forming in November, and should this complete as here with high volume, this may signal the end of the rally as we run into resistance on this timeframe.

Oil, of course is unique in many ways, not least in the management of the market over the last few years, with over supply depressing prices, and countered by OPEC setting targets for both members and non members. And against this backdrop, the alternative energy suppliers are growing increasingly important, and now play a significant role in the longer term direction and price for oil.

That said, even here, volume price analysis is both valid and powerful, helping oil traders and investors make timely decisions as they follow the big operators in this market.

Gold weekly: Oct 2015 - Aug 2016

GC futures contract

There are, of course, many drivers for the price of gold, but once again volume reveals where this commodity is heading next.

November, December and January saw the mopping up accumulation phase in full swing, in readiness for the move higher which began in late January and into early February on solid rising volume.

Support appears in early March as the congestion phase develops, before breaking higher on rising volume, with the long legged doji candle in June a reaction to Brexit. Note the follow through here with the market continuing higher but on narrow spread candles. This looks weak as the big operators sell into weakness.

The volume of the penultimate candle and reinforces this weakness and signals the potential for a reversal in due course.

Gold - monthly Aug 2015 - Nov 2017

Which was indeed the case as we move to the monthly chart and up to date. The price action of July and August 2016 developed into a two bar reversal with a bearish engulfing candle in August, with September's candle then confirming this weakness as the candle has a deep wick to the upper narrow body and on good volume. The bears then took control with gold prices falling rapidly in October, and faster still in November with the wick to the top of this candle telling its own story. December duly saw gold prices move to $1150 per ounce with the selling volume declining, before rallying into 2017.

What is interesting now is the price action of the last few months, and in particular the dramatic increase in volume for both August and September 2017. Once again, we have the creation of a two bar reversal, this time on dramatically higher volume than for the same two bar pattern in 2016, but with November's candle now also looking weak, the longer term outlook for gold is taking on an increasingly bearish tone, and should the US dollar recover its bullish momentum, this is likely to add further downwards pressure to the precious metal in 2018.

In addition September's price candle looks particularly weak with the wick to the upper body and the highest volume on the chart, so an interesting year ahead for gold bugs, although I suspect not a very enjoyable one for them.

Silver weekly: Nov 2015 - Aug 2016

SI futures contract

The chart for silver once again gives us two excellent examples of volume price analysis at work, and the advance warning signals that are delivered using this methodology.

The first of these appears as the trend higher develops, with the up candle in mid-April telling its own story. In other words, we have a candle with a deep upper wick and the highest volume on the chart. Clearly the market is weak and the big operators are selling into this weakness in volume, and even though the market does move higher on the next candle, ultimately it reverses for four weeks before finding support in early June.

The second signal appeared in early July following the breakaway on rising volume. Here we see the shooting star candle on high volume with the prospect of weakness ahead once again. This is repeated with less definition in the penultimate candle of the chart suggesting silver is likely to follow gold lower.

Silver - monthly Sept 2015 - Nov 2017

And once again, as expected, silver followed gold lower in much the same way, but with some more nuanced price action on the monthly chart.

If we begin with the price action of July and August 2016, once again we have the two bar reversal, with the weak candle of September adding further weight to the preceding pattern, with silver selling off strongly in both October and November 2016.

Since then, whilst we have seen a rally in gold during 2017, it has not been the case for silver which has remained largely rangebound. The big operators certainly moved in to buy in both May and also July, but in both cases the rally has failed to materialize, and indeed September's price action coupled with that of October, is now aligning with the outlook for gold which is looking increasingly bearish on this longer term monthly chart.

The key now from a technical perspective, is the platform of support that has been built in the $16 per ounce region, but if this breached then expect to see silver prices decline further in 2018 as they follow gold lower. And again, the US dollar may play a pivotal and additional role in due course.

Corn weekly: Oct 2015 - Aug 2016

ZC futures contract

I added this chart as I want to try to highlight the comparative nature of volume, and what it can reveal when we consider one volume region with another.

And the place to start here is on the left of the chart, with the ultra high volume on candle three in November. This really sets the benchmark for selling, and also gives us a guide for the future as every other area of selling and consequent buying can be benchmarked against this volume. And this is where it comes into play during July and early August. Yes volumes will be lighter in this seasonal period, but not this light! A wide spread down candle should have significant volume, and whilst it is high, the equivalent price action under the November candle is one third the move on almost twice the volume which suggests a trap. Yes, the market falls, but on relatively low volume, which is also falling. The conclusion is simple. We can expect the market to rally from here.

Corn - monthly Nov 2015 - Nov 2017

And rally it did, almost immediately, with both September and October closing with neat up candles on rising volume, and taking the price from $3.33 per bushel to over $4.00 per bushel by the end of the year, with the big operators stepping in in November to provide further price support into early 2017.

For the first half of 2017 the price remained rangebound with the long legged doji candle and high volume of June 2017 confirming this general lack of direction, before July's candle signaled potential weakness ahead, although the volume here was only average. Nevertheless this was sufficient to see the commodity sell off strongly in the second half of the year, but notice the narrow spread candle of October and the associated volume, which suggests the big operators are moving back in to buy, given the narrow spread of this candle.

Take note also of the candle of November, which although not complete with either price or volume, suggests a pause point and possible congestion ahead, and which may develop into an accumulation phase in due course. In addition there is now a strong ceiling of resistance in place in the $3.80 per bushel region, so any rally through this area will need to be accompanied by strong volume and price action.

Remember also, that commodities and soft commodities in particular are one market where the true principles of supply and demand remain, and which influence price directly, with the big operators then moving in to buy and sell on these drivers.

Soybean weekly: Nov 2015 - Aug 2016

ZS futures contract

This was a chart I highlighted in April 2016 at a paid event as a guest speaker, where I suggested Soybean was set for a strong rally. And I hope the attendees made notes! At the time we were waiting for a breakaway from the well defined extended congestion phase we see on the chart, and this was duly confirmed with excellent volume as the big operators joined the move, and despite some initial weakness in mid April, the rally continued for several weeks on gently declining volume before reaching a peak in June.

However notice once again the decline in volume in the move lower, and whilst some of this is most certainly due to the seasonal factors, we would expect to see much higher volumes on such a significant move in price. A warning perhaps that something is amiss here!

Soybean - monthly Dec 2015 - Nov 2017

And indeed it was, and perhaps can be seen even more clearly here on the monthly chart which takes us towards the end of 2017.

As we can see, the volume under the move of July and August 2016 were very low, and although rising over the two months, well below the expected levels. In other words, by any benchmark, whether a down candle or an up candle, these volumes looked odd to say the least, with July a very clear anomaly.

The rally during the remainder of 2016 was therefore to be expected, with Soybean prices rising from September, to the end of the year, but with increasing weakness being signaled. The three candles of December 2016 and January and February of 2017, coupled with well above average volume were sending a strong signal of weakness to come which arrived in March 2017. Note the feeble rally of June and July on rising prices and very weak and falling volume. This weakness was further confirmed in October's candle with yet another attempt to rally higher, with high volume signaling the big operators are selling into weakness here.

And as each rally looks ever weaker, so the prospect of a bearish trend developing becomes stronger, and the outlook for Soybean in 2018 is now looking increasingly bearish from a technical perspective. Should the $9.00 region be taken out, then this bearish sentiment and momentum is likely to increase.

2 year note weekly: Nov 2015 - Aug 2016

ZT futures contract

And so to the 2 year Treasury note, where once again we have a chart with volume.

I have mentioned seasonality before, but it is always very easy to see a low volume bar and assume this is perhaps a test or lack of demand. So it is important to check the date, and here we have a low volume bar as the new year starts, but this is purely seasonal. January gets underway with a nice rally before weakness appears in early February with heavy selling on the shooting star candle. This is further reinforced two candles later with even higher volume.

The congestion period then builds before the buyers move in to buy in towards the end of May, taking the market higher once again, but with weakness developing in mid June, and an extended congestion phase of price action then developing.

And given the extent of the wicks to the upper body of the candles in June, we can expect further consolidation at this level, and a potential longer term reversal in due course.

2 year note - monthly Sept 2015 - Nov 2017

And this was indeed the case as we can see from the monthly chart.

From a comparative viewpoint there are some important lessons to be learned here, starting with the two wide spread up candles of December 2016 and June 2017. Note the volumes on both which are much the same with similar price action. Now compare these with the up candle of August 2017. Here we have a very narrow spread body with volume which is almost twice that of these two candles. Clearly this is a very strong signal given such high volume, and so gives us the comparison with the two candles referenced here. Therefore, we should have expected to see the market rise dramatically. It has not, and so we can conclude the big operators are selling heavily into weakness.

August's candle is a great example of the analogy of a car driving uphill on a steep icy road. At some point increasing power delivers nothing as the wheels spin faster and faster, but with no forward momentum. It is the same here with the market then collapsing in September, October and November 2017 with further weakness looking likely in 2018. But much of course will depend on the FED.

5 year note weekly: Nov 2015 - Aug 2016

ZF futures contract

We have a similar technical picture to the 2 year note, but this is no great surprise, and I have simply added this chart for completeness.

Once again we see the initial weakness in early February as the shooting star candle stands on the top of the hill under higher volume, before ultra high volume appears two candles later to further validate and confirm this weakness.

Major buying then appears in late May, but subsequent weakness appears once more following the deep wick candle of mid June, and proving yet again that whatever the market or instrument, volume price analysis can be applied equally well.

5 year note - monthly Sept 2015 - Nov 2017

Here again, it is the comparative nature of volume and price which is important with the relationship between the two in August 2017, which are at odds with other candles and volume bars, and in particular the December 2015 candle, and the June 2016 candles as before.

YM emini weekly: Nov 2015 - Aug 2016

YM futures contract

Returning to equity markets, I now want to look at the three primary US indices starting with the YM emini, the futures contract for the DOW 30, and one which is a very popular contract. Of course, one of the advantages of trading a futures index is it gives us the opportunity to mirror the volumes in the cash market equivalent index, which is where I started. On the YM chart the stopping volume of early January through to February is self evident with the subsequent rally developing nicely. Big operator buying to support the rally was also in evidence in late May and again in late June, with the breakaway then developing in early July on sustained volumes.

Since then the index has moved into a congestion phase in new high ground, but with support on the penultimate bar the index looks set for a further move higher on the strong platform of support now in place below. This technical picture is mirrored in many of the stocks featured earlier, with a move through the current level then extending the bullish trend further.

YM emini monthly - Sept 2015 - Nov 2017

And so it proved to be, with both the cash markets and the futures market extending this bullish trend deep into 2017, and which shows no signs of slowing just yet. It is at this point, that investors and speculative traders become very nervous, applying the principle that a market 'cannot go any higher'. But of course it can. Throughout this period there has been a constant stream of analysts and experts who have called the 'big short' - in other words the top of the market, but I have never been one of them whenever there has been a correction, and indeed you can read all of my analysis on my personal site at http://www.annacoulling.com. Here you will read that each time a correction has occurred, the big operator buying has been self evident and clear.

As far as the monthly chart is concerned, the buying climax of January and February 2016 is self evident, with the trend duly developing. September and October are then key months as the big operators step in to buy and support the minor reversal lower, with November then injecting both volume and momentum back into the trend.

As we move into 2018, volumes continue to remain in line with price action, with no signals of any heavy big operator selling. When the selling climax does arrive it will be associated with volatility, volume spikes and is likely to extend for some time. From there, the ‘big short’ will develop, on the current chart it has not yet arrived. And when it does, I will be writing about it in great detail on my site at http://www.annacoulling.com

For the time being bullish sentiment remains in place as we approach the end of 2017 and into 2018 and helping to propel many stocks higher across all sectors.

ES emini weekly: Nov 2015 - Aug 2016

ES futures contract

The ES emini futures contract is the most heavily traded of all the US indices, and is a derivative of the S&P 500, and as you would expect presents a similar technical picture to the YM.

An interesting aspect on this chart is the high volume in mid December following the two hanging man candles.

The major buying then arrives in January and early February with a similar pattern of price action and volume profiles as the index develops the trend higher with the secondary phase now developing into new high ground.

Of particular note is the two bar reversal candle of late June and the first week in July, with the wide spread up candle on high volume confirming the insider participation and driving the market higher as a result.

ES emini monthly - Dec 2015 - Nov 2017

And as you would expect, the ES emini which is the futures contract for the S&P 500 exhibits the same general trend and profile as the YM emini. Here the big operator buying can be seen clearly in the January and February 2016 candles as the buying climax develops. And as the bullish trend begins to build, the big operators step in once again in June 2016 which is repeated in November 2016.

Since then the trend higher has remained intact and unbroken. At the time of writing we have Christmas ahead, with the Santa Claus rally waiting in the wings as we move towards the end of 2017 and into 2018, with further buying once again in evidence in August 2017.

This chart reinforces the fact the big short is not on the horizon just yet, and equity bears will have to be patient for a little while longer. The VIX of course is the ultimate arbiter of sentiment, and while it continues to test the single figure region on the slower timeframe charts, ‘risk on’ sentiment prevails in the longer term.

NQ emini weekly: Nov 2015 - Aug 2016 chart

NQ futures contract

And so to the NQ emini which is the derivative futures contract for the Nasdaq 100. I have added this for completeness and once again we have a repeat of the YM and ES charts. As an aside it is always interesting to have these charts running in parallel intraday, as there are some nuances which can help to confirm price action and sentiment across the three.

These indices generally do mirror one another, but on occasion they do diverge, and indeed one can often lag whilst another leads. But once again we have the sustained buying early in the year and the development of the trend with that of July and August very well defined on steady price action higher on even volume as we move up and through the resistance region to the left of the chart. And as I have highlighted on the chart, this wonderful trend higher on steady volume is a classic example. There is no volatility here, just steady and even paced price action in regular steps higher.

NQ emini - monthly Dec 2015 - Nov 2017

And for completeness, here is the monthly chart for the NQ emini. Note the strong big operator buying in June 2017 to support the current trend and which will help extend it into 2018.

6A AUD/USD weekly: Nov 2015 - Aug 2016

6A futures contract

Many traders forget when trading the spot forex market, that the futures market can provide excellent validation of price action and volume, and in this case on the Aussie dollar contract.

Here we have several excellent examples of volume price analysis in action. First note the accumulation in early 2016 which begins with the initial wide spread down candle on high volume, which is then exceeded on the following candle with higher volume still, but on a narrow spread candle. Despite the upper wick this is buying and duly confirmed by the subsequent up candle on equally high volume. The move develops with the break away of early March on high volume on the wide spread up candle.

Weakness then arrives mid April, but note the buying and stopping volume of mid May, before the rally resumes with minor weakness in mid July reversed on a two bar candle configuration and on to test the resistance level once again.

6A AUD/USD - monthly Oct 2015 - Nov 2017

For the Aussie dollar on the monthly chart, sideways price action has been the order of the day.

The resistance level of 0.7750 was tested repeatedly throughout 2016 and was finally breached in July 2017, but on average volume, with an almost immediate reversal back into this trading range once again.

The weak candle of September 2017 was the signal for further selling in October and November, with the pair now ending the year on a bearish tone, and looking set to move back into the trading range of the last two years. The short term outlook remains bearish , but with the deep area of congestion to the left of the chart now coming into play, this may provide potential support to any further move lower.

6B GBP/USD weekly: Nov 2015 - Aug 2016

6B futures contract

It is the Brexit candle that dominates the chart for the British pound, and this type of extreme price action is something we have to deal with as volume traders in terms of the distortion this then creates. Nevertheless, it is another facet of price behavior, and often associated with news releases and economic data. And as we can see here, the market had moved into a congestion phase before the referendum. Following the vote, the British pound continued to remain under pressure with three consecutive weeks of heavy selling, before the up candle of mid

July arrived, but note the response, it was very weak; a candle with a deep wick to the upper body on very high volume. Clearly the big operators are not done with the British pound and selling into 'bottom fishers' buying on a speculative bounce higher. Another weak effort to rise appears two candles later, before normal service is resumed once again on bearish volume. A break of support in the 1.2950 area sees further bearish selling develop.

6B GBP/USD - monthly Nov 2015 - Nov 2017

Which was indeed the case as we can see from the monthly chart taking us through to the end of 2017. The September 2016 candle closed on rising volume with a wick to the upper body is sending a strong signal of further weakness to come, which duly arrived in October 2016 with the wide spread down candle under high volume, but with a hint of some support and buying by the insiders. This was the precursor to an extended congestion phase, with the attempt to rise in November and December looking weak. However this is followed by insider buying in January 2017, and repeated again in March 2017.

April then saw the first signs of a sustained rally from this region with further support and buying from the big operators arriving in June 2017 on high volume, with the pair then propelled higher in September on good volume. However, note the selling pressure on this candle as evidenced by the upper wick and reflected in October and November with a minor reversal.

However note once again the big operator buying and support arriving in October on high volume, and suggesting that this is simply a temporary pause for the pair, as bullish sentiment looks set to take precedence and drive the pair through the 1.3500 region into 2018 on the strong platform of support now in place below.

6C CAD/USD weekly: Nov 2015 - Aug 2016

6C futures contract

Here we have the CAD/USD and not the USD/CAD, because in the futures world all currencies are quoted against the US dollar. And this chart is an excellent example of the price waterfall developing in late 2016 with rising volume in a falling market, but an important point here is the seasonal volume of the holiday period. It is very easy to forget this when studying a chart. Volumes do fall in the summer and around major holidays such as Christmas, and on days when some markets are closed. The selling resumes in January, and again this is an example where the reversal in the down trend is reflected in a two bar candle pattern - in effect a hammer over two weeks on high volume. The subsequent rally is strong, but runs into weakness in early March on the high volume narrow spread candle. The big operators are struggling to keep the market moving higher, with sellers hitting them. This results in a pause point, but the resulting down candle is on low volume, and the rally resumes. Finally the bearish engulfing candle signals weakness in the rally and a drift lower, with support levels then becoming key to any continuation, but now looking increasingly bearish.

6C CAD/USD - monthly Dec 2015 - Nov 2017

And indeed bearish momentum picked up pace, with August's closing candle on the monthly chart sending a very strong signal, and given added weight with a repeat in September on significantly increased volume. This also highlights the importance of using multiple timeframes in any analysis, which often provide a clear and unequivocal signal of the price action and volume on a faster chart.

The bearish tone for CAD/USD picked up momentum in October 2016, and despite a minor move higher in January 2017, continued lower until the big operators stepped in to buy in May 2017, taking the pair higher on strong volume.

And now we have some interesting price action developing, with heavy selling by the big operators in September 2017 with the classic shooting star candle, coupled with very high volume signaled. The selling into weakness then delivering the wide spread down candle in October on strong volume. The current attempt to rally in November looks a little weak at present, but with the very strong platform of potential support now in place below, this may be sufficient to provide a technical platform for a recovery, and buying of the CAD in the longer term, with much now depending on the fundamental landscape for the Canadian economy, helped by oil prices rising.

6E EUR/USD weekly: Nov 2015 - Aug 2016

6E futures contract

This is not the easiest chart to read given the price action of the euro over this period, which had been subdued for some time and trading in a longer term congestion phase. Nevertheless there are always lessons to learn.

The first here is on the rally in March which starts with three up candles. The second has high volume and with a well developed wick to the body below, signaling the buying has been absorbed and the market driven higher, so we can expect higher prices as a result. Higher prices are delivered on the next candle, but the subsequent down candle is on low volume telling us the big operator selling here is weak as the upwards trend resumes the following week. Finally, we do see the trend reverse, and slide lower, but note there is no heavy selling as a precursor, nor is the selling volume high. This lacks conviction, so all we can deduce is that consolidation will follow, and more likely further weakness.

6E EUR/USD - monthly Dec 2015 - Nov 2017

And as we can see from the monthly chart, this was indeed the case, with August closing as a very weak candle, with this weakness confirmed in September 2016 as the big operators sold into weakness on high volume and a narrow spread candle. October and November then duly delivered with the first signs of big operator buying then arriving in the gravestone doji candle of December 2016. This was repeated in March 2017 on even higher volume, with the rally finally getting underway in April 2017, and rising steadily on rising volume, and taking the pair from the lows of 1.0800 to over 1.2000 in the period.

This rally came to a halt in August wth the long legged doji candle arriving to signal indecision, followed by September's candle and volume which confirmed a return to bearish sentiment once again with the deep wick to the upper body and high volume.

So what can we expect for the euro in 2018? Much will now depend on the price action of November and December and whether this holds in the current price region with support from the big operators and the potential development of a two bar reversal.

6J JPY/USD weekly: Nov 2015 - Aug 2016

6J futures contract

One of the great advantages of considering price action in the futures market for pairs such as this, is simply that is provides an inverse view of the spot market. A mirror image which helps to give a different perspective on the VPA relationship.

The insider buying in January for the 6J provides the benchmark for selling volume, and the move higher in February is confirmed with high volume. Congestion then follows in March but note the volume of late March which is low, and indeed the reversals in the trend higher reflect this, with each move reflecting average volume, and not supported by heavy selling pressure giving us a strong signal the upward trend remains intact. Note the weakness signaled in late June, followed by falling volume. Even the selling in mid July is relatively modest and supported immediately after with a narrow spread candle, with the price action then pushing higher once again.

6J JPY/USD - monthly Dec 2015 - Nov 2017

As I have said many times before, it is always interesting to view price action across the timeframes, and even more so here on the monthly chart for the JPY/USD. And the particular candle to note here is that for June 2016. On the weekly chart this is perhaps less clear, but as soon as we move to the monthly chart the weakness for this pair becomes more self evident and apparent. The depth of the wick to the upper body of the June candle signals selling, which then develops into weakness over the next three months.

First we have the hanging man candle of July, followed by the shooting star candle of August, and finally the narrow spread candle of September on high volume with the deep wick to the upper body. The last quarter of the year then delivers the price waterfall before the pair move into an extended congestion phase for 2017.

What is interesting here is the weakness signaled in April and more recently in September. Throughout this phase of price action the pair has repeatedly tried to rally, but failed on each occasion, falling back on weak price action and strong volume. September's candle is the highest volume of the chart, and reflects the bearish sentiment now taking hold with the JPY/USD moving lower.

This is now likely to set the tone moving into 2018 with further weakness likely for the pair which equates to Japanese yen weakness as this is quoted in the reverse to the spot market.

And a weak or falling Japanese yen generally correlates with risk on sentiment, and rising equity prices. This is one relationship many stock investors and traders ignore, and yet it is so powerful and even more so when considered against the Nikkei 225, where ‘risk on’ and ‘risk off’ flows through the prism of the Japanese yen reveal sentiment so clearly.

Section 4 - Trading the daily charts

In this section we move to consider many examples using the daily timeframe for stocks.

Whether you are a day trader in stocks or a longer term investor, the daily chart can provide many clues and signals as to future direction, whether for the short or longer term. However, using a multi timeframe approach, whether as a speculative trader or investor is essential, and as the lessons of volume price analysis are universal, whatever the timeframe, will help to build long term confidence and success.

Here again are a selection of examples from the principle US markets.

AAP daily: May 2016 - Aug 2016

Advance Auto Parts

All the following daily charts for stocks are based on an approximate three month period from late May 2016 through to mid August 2016 and were also part of the same presentation mentioned earlier.

And here we have an interesting charts with several volume price analysis signals. The first is on the initial three candles on rising volume as they appear to the immediate left of the chart, and the key here is the volume. On the third candle we have the highest volume of the three, yet the spread is narrower than the previous two, so perhaps this is suggesting weakness ahead, since we should expect the price action on the third candle to be much wider than the other two - so this looks weak. The key point here is the spread of the price action, and on the third candle we have the narrowest price spread, but the highest volume, so at the very least we expect to see some short term weakness.

What this price action and volume is telling us is the market makers are struggling here and selling into weakness. This is Wyckoff's third law in action which is the law of effort and result. After all, if the first two candles and volume bars are our benchmark, then the volume required for the price action in the third candle should be much lower, somewhere near the average perhaps. It is not, and therefore is an anomaly.

The reversal arrives on falling volume, but it is only a temporary move lower as again this is an anomaly. Then we see a repeat performance of three up candles. This time the third candle has even higher volume, on a relatively narrow spread. Again temporary weakness follows, before moving into congestion once more. Finally the price is able to break away, moving up and developing an extended congestion phase.

Some moderate weakness then appears in late July on the up candle with wick to the upper body. The market makers are struggling here, and again this reinforces the fragile nature of the price action. Finally note the last three candles. On the first two volume is falling, so selling pressure is declining here, but the third very narrow spread candle is associated with reasonable volume suggesting support for AAP.

AAPL daily: May 2016 - Aug 2016

Apple

Some interesting price action here. A nice run higher in May on rising volume before we see a narrow spread candle with well above average volume, and a minor reversal follows. Then we see the trap being set. A rapid move higher on the day on low volume, with the candle closing with a tall wick to the upper body. A classic trap to draw traders and investors in to the move on the fear of missing out. This is a classic trap and only apparent when considering the volume. Clearly the market makers are not participating here. Weakness follows with the Apple stock moving lower before the gapped down candle of late June is met with buying on the day and a subsequent resumption of the trend higher. The reversal lower in July again is interesting. Rising volume in a falling trend, but the price spreads are narrow. This is anomalous as spreads should be increasing, and the reason is made clear very quickly. The market makers are preparing for the gapped up open! Cynical but simple. The gap up volume confirms their intent and up goes the trend.

Many traders and investors find it difficult to make sense of gapped up and gapped down price action, and this is because they have little or no appreciation of volume, and its importance in helping to reveal the precise intent of the insiders and market makers.

Gaps appear constantly, particularly on the daily charts where cash markets are moving to catch up on overnight price action on the electronic indices and so present many opportunities for the market makers to trick and trap, and hence there is a great truth in the old saying that ‘gaps get filled’. They do indeed and this is often the reason why, as the market makers have not participated in the move. That said, many times they will be participating, but this is clear to see with volume, as indeed is their lack of participation which is equally important.

ABC daily: May 2016 - Aug 2016

Amerisource Bergen Corp

Gaps are a fact of life with stock charts, with the cash market prices catching up with the sentiment of electronic trading overnight on the indices, and it can be difficult to interpret these correctly. Sometimes the interpretation is obvious, and at other times less so, and here are a couple of examples.

As I have already mentioned, the indices themselves will often give clues, but earnings season is another factor which often triggers such moves. Moreover, gaps on stock charts also occur during the earnings season, on broker recommendations or as a result of after hours trading.

The first is in late June where we have a gap down with a narrow up candle on the day. Not very clear perhaps, and here we have to be patient and wait for the following day's price action to unfold. The down candle follows with only average volume, suggesting that the selling pressure has been absorbed, before the buying develops and the trend picks up. When you are not sure, just wait. In this case once the trend had broken through resistance, then this confirms the buying.

The second example is in early August to the extreme right of the chart. Here we have an established trend in place, and then the market gaps open and higher with extreme volume. This has taken effort and clearly the market makers are participating here in order to drive the price by this distance.

However, note the resulting candle, a doji, and there is certainly no follow through on the day. Indeed, the following day has excellent volume but a narrow price spread, which suggest weakness with the market makers selling. Over the following days we see signs of weakness developing with the stock price moving lower and appearing to begin to fill the gap created in the move.

Caution is now required as this looks very suspicious and patience is once again required, and in this case confirming the old adage that ‘gaps can and do get filled’.

AMGN daily: May 2016 - Aug 2016

AMGEN Inc

There are several points to note in this example on the daily chart.

Once again we have the gap down on high volume to the centre of the chart. This is followed by a second down day, but with a narrow spread on high volume, and as such suggests the market makers are buying here. The gap down shocks investors into panic selling with the market makers then stepping in to buy in preparation for the rally which duly starts, and the gap is then filled.

What is interesting here is that this is associated with falling volume, but is then given an injection of momentum with the gapped up candle through resistance. Note the candle, it is wide and with no wicks on good volume which looks very encouraging and signals the market makers are participating here.

And there is a further positive signal as we simultaneously clear the resistance area. So two good signals combining.

The trend higher then develops on rising volume before we reach the top of the trend in late July with a huge volume bar appearing on a narrow spread candle to the right of the chart. This is a warning signal that is very hard to miss. This looks very weak so time to take some profit off the table. Such a signal is often the first, which is then repeated with others in a congestion phase before the real move starts, and in this case a price waterfall seems likely in due course.

Remember, distribution takes time, and is rarely achieved on one candle, so from here we would be expecting congestion to develop with further signals then validating our initial sign of weakness.

AMP daily: May 2016 - Aug 2016

Ameriprise Financial Inc

This is one chart I could not resist as it reveals just how cynical the market makers can be, and why you need to be on your guard all the time. But what is the the clue?

And once again it is the gap move, and in this case a gap up open on low volume in late June starts the move. And it's a big gap too! Does this look genuine? And the answer is no. And the following day reveals why.

It is revealed as a cynical trap move higher to draw investors and speculators in on the prospect of higher prices, before the price is slammed lower, not just once, but twice.

Note on the first candle the wick to the upper body. Here the market makers have shocked investors into selling, and this selling has to be absorbed and sold back into the market, with some drawn in on the prospect of buying at a bargain price. This gives the market makers the opportunity to sell stock they have acquired back to these willing buyers, as evidenced by the wick to the upper body. But they are not done yet. The following day is a repeat performance but note the volume, it is lower than the previous day. Then the real buying appears as the market makers step in on day three with a narrow spread candle and the highest volume of the chart. Here the market makers are buying and buying heavily to stop the stock falling further.

Over the next few days the mopping up operation begins with further buying in the accumulation phase, and from there the trend higher begins with the warehouse now replenished. This is how a campaign is planned and executed and is a simple way to frighten investors into selling and transferring stock from the weak hands to the strong hands.

APH daily: May 2016 - Aug 2016

Amphenol Corp

And here is a further example which is very similar to the previous one, and again you can see the power of the gaps. The market makers use these traps and tricks to great effect. They are easy and quick, and appear all the time for various reasons, so present excellent opportunities for manipulation.

The first clue arrives in late May with the high volume bar on a narrow spread candle. A signal of weakness ahead. The market makers are preparing the ground and selling into weakness.

Clearly this is an anomaly. According to Wyckoff's third law, effort and result should be in agreement. Clearly here they are not. Effort is very high (volume), but the price reaction (result) is very small in comparison. The stock continues higher for a few days before weakness appears.

Some accumulation follows in mid July before we see the gap up candle on average volume once again. And in precisely the same way as we saw on the previous chart, the market is crashed lower with the buying appearing on the two consecutive hammer candles.

The ceiling of price resistance is created again with more weakness with the high volume bar and deep wick candle of late July. Caution ahead as the rally appears to be topping out. However, notice the market maker support and buying of later in the month with the wicks to the lower body, so perhaps this is just a temporary pause before developing the bullish trend.

It is also interesting to note the general decline in volume from the 'weakness' candle as we move to the right of the chart, which would generally be a sign of weakness. However, in this case the price action here is taking place towards the end of

July and into early August, so the seasonal aspect has to be taken into consideration.

Never forget volumes are seasonal, and will be reflected accordingly, making it easy to jump to the wrong conclusion.

AVB daily: May 2016 - Aug 2016

Avalon Bay Communities Inc

This is perhaps a more subtle example of the application of volume price analysis. The price waterfall of May as we start from the left of the chart drives the price lower and into stopping volume and accumulation, before starting the rally higher. The volume bars set the benchmark.

As the rally stalls we see the low volume down candle develop in late June, which is followed the day after with the gap down candle, which has a wick to the upper body, and having opened gapped down then recovered to close up on the day, and there are two points to consider here.

First, the preceding down candle is in a recent area of high volume selling. If you look to the left of the chart for comparison you can see in this area of price, we have had high volume of selling, and in the same region we now have relatively low volume. The conclusion? Selling pressure is weak and has been absorbed.This then gives clues to the gapped down candle which closed up on the day. The conclusion is this is probably the market makers simply 'refueling' en route.

A more obvious example then follows in late July with ultra high volume on the down candle as the market makers move in and buy on the gapped down candle.

The key here is now the resistance level which is building at the current level, and as we can see, one that has been tested three times over the recent weeks, so this would certainly be of growing concern for any longer term development of the bullish trend. If this resistance is breached, then a solid platform of support is created. If not, then the stock is likely to struggle at this level in the short term.

AWK daily: May 2016 - Aug 2016

American Water Works Inc

A more straightforward example here with no major shocks or surprises.

The market maker buying is self evident, initially in mid to late May to the left of the chart with the high volume bar, and then further into mid June with the trend having developed nicely. The buying is on the two volume bars of equal height with 'more buying' and providing support to the trend.

Then we see the wide spread up candle on high volume. A gapped down open, which then closes well above the resistance area, so a solid signal on two fronts. First the volume on the candle confirms the support and buying by the market makers, and second it also closes above the potential resistance region, and so gives us a strong signal of further development of the trend.

Through July the trend does start to weaken, and fails to break through the resistance area above. It begins to look weak, and note the general decline in volume on the up candles which also narrow in spread in late July. The decline in volume is to be expected owing to the seasonal nature of volume, so this it not a signal 'per se'. However, the price action then develops sideways and drifts lower, so is starting to look weak. Note the rally to the right of the chart with the three up candles on narrow spreads and low volume and therefore a possible warning signal.

The price waterfall then develops in classic style with rising volume, but seems to be finding support on the platform below. Our expectation is for congestion given the support region to the left of the chart, with any breach here then opening the way to a trend move lower in due course.

AZO daily: May 2016 - Aug 2016

Autozone Inc

Yet more classic gap price action with the market makers in full swing.

The first is in late May to the left of the chart with heavy selling on the down candle preceding it. Then a gapped down open followed by a strong rally on the day to close with a wide spread up candle on high volume as well as a bullish engulfing signal. This is a neat trick - shake the weak hands out early in the session and then move in to buy. A shock tactic used to great effect. Further selling is absorbed as the accumulation phase continues. The trick is then repeated once agin in late June.

The stock opens gapped down and is then snapped back to close with a wide spread up candle on the day. Remember, on the intraday chart you would see this reflected with a strong trend higher on good volume after the initial gap down.

Two candles later the price is driven higher again on strong volume with a nice wide spread up candle, with no wicks to top or bottom and so confirming the bullish sentiment on the day, as well as the participation of the market makers.

Finally we move to the congestion phase which is now developing on the second half of the chart, and this appears to be developing into a climax, and possible selling climax. The injection of volume is a classic example where rapid moves introduce volatility with whipsaw type of price action associated with climatic price action allowing the market makers to sell into weakness as traders and investors are drawn into weak positions and buy. Once this continues for some time, and if further volatile price action develops with spikes in volume, this then confirms the selling climax, and the prospect of a strong move lower in due course.

BLL daily: May 2016 - Aug 2016

Ball Corp

More naughty tricks from the insiders here, but again the truth is revealed in the volume.

Take note of the spinning top candle of late June and gapped up candle. Now take a look at the associated volume. Does this make sense? No. So clearly this must be a trap. It takes effort to open a gap, up or down and there is none here. The conclusion is clear. It is a trap! And so it proves to be the following day, and is simply a mechanism to shake out more weak hands as the stock moves from the weak to the strong. Further buying in the accumulation phase then follows as the market makers prepare the campaign for the launch in early August. A gap up on high volume with a nice wide spread candle to confirm.

The accumulation phase of price action is once again very typical and extends for some time, with the market makers 'shaking out' weak hands and buying accordingly. What is also interesting here is the shape of the volume profile over the period, and is often as we see here. The initial volume is often very high, with stopping volume, where we see a dramatic increase as the market makers move in to begin the buying. Then the mopping up phase begins with further buying but gradually over time this diminishes as the selling is finally all absorbed, before the reversal begins. And it is much the same here. You can think of this as the bow wave from a boat. Up close the bow wave is large and then gradually weakens as the boat moves on.

This is how a campaign is prepared and launched, and all revealed through the prism of volume price analysis.

BXP daily: May 2016 - Aug 2016

Boston Properties Inc

This is a further example of the gapped down opportunity, used to trigger selling which is then absorbed by the market makers as they prepare the campaign.

And once again they use a familiar trick.

In late July following an extended congestion phase, preceded by major accumulation in late May, BXP is gapped up on low volume on a narrow spread candle. This should raise an immediate warning signal, as it is a clear anomaly because such a move should require effort. Clearly a trap is being set, and the market makers have not participated.

The following day it is gapped down on ultra high volume with the buying pushing the price up against them. This is something they always have to manage, as their buying tends to push prices higher. The following day sees further buying by the market makers on high volume.

The trend then develops nicely with low volume selling on the move higher confirming the maintenance of the trend. A simple trick yet so powerful.

Gaps are used in many different ways, and in this case to set a trap, and trick traders into believing this was a breakout from congestion. This is one reason many traders and investors decry the tactic of trading the breakaway as they are often caught in ‘fake outs’ as here. But volume always reveals the truth, and a fake out with no volume is very clear. Then the real intent becomes apparent with the gap down with the market makers then stepping in to buy.

CAT daily: May 2016 - Aug 2016

Caterpillar Inc

I don’t want to labour the point here, but gaps are a fact of life when stock trading and investing, and understanding how the market makers use this simple mechanism will help you enormously in both timing, and also avoiding some of their tricks. That said, they do appear in all markets and even from time to time in the world of forex. Here are some more examples, and this is one of my favourites and indeed a stock I have referenced elsewhere in the book, and also on my personal site, as it was a stock I suggested would do well should Donald Trump be elected.

The first gap down occurs in early May with the narrow spread down candle on high volume, so this looks clear enough and confirms the market makers are buying.

Early June sees a gapped up candle on good volume. This is followed by many gap up and gap down candles.

The major buying then appears on the dramatic gap down and largest volume on the chart, with the following day then closing with a narrower spread candle, but once again on very high volume. This is the shake out, to frighten investors into selling. It is the quickest and easiest way to ‘shake the tree’ and then simply pick up the stock as it falls into their laps!

The rally then develops nicely with further major buying as we move to the right of the chart, plus we have an injection of momentum from the market makers coupled with a nice wide spread up candle which moves the trend firmly higher and onto the next phase of price action.

CERN daily: May 2016 - Aug 2016

Cerner Corp

The question you always have to ask yourself whenever gaps appear is simply this - does this gap make sense? Does the effort match the result? What has occurred before, and do I have any benchmarks against which to measure the price and volume? Support and resistance also place a key part here and can help to provide confidence when the outcome is less clear.The example here is very clear, which is why I chose it after the previous examples.

The stock price has been in congestion with low volumes, which is what we expect to see.

And note the low volume tests which have also appeared.

Then we see the gapped up open and the price continues higher on high volume and closing near the high of the day. This looks fine. There will always be some profit taking after such a move, so we should expect a pause point, and even more so if associated with a move outside the ATR (average true range) for the stock, as price often moves back inside the spread of the candle, whenever this happens.

My only concern here would be the dramatic volume associated with the price. After all, whilst this was a gap up, and a solid candle with a wide spread, compare this to similar candles on the chart, and one wonders why the volume is so extreme. Is this another form of trap, and perhaps the start of some climactic price action, prior to a move lower? This could certainly be one reason for such an extreme spike in volume, and having seen this, I would certainly be cautious before jumping in too soon. Spikes in volume and volatile price action are classically associated with the selling climax, and this could be the first warning of the start of such a phase.

CNC daily: May 2016 - Aug 2016

Centene Corp

Once again we have a gapped down candle with the low volume gapped up candle as the precursor to the main event in late July. And, by now, I’m sure you are getting the picture.

Here we see market maker buying on a massive scale, as the gap down is created, but as always, such a savage move is likely to draw in reversal traders looking to buy dips or sell rallies. The trigger here would have been either an earnings announcement, a broker downgrade, or perhaps company news. Whatever the catalyst the effect is dramatic and extreme with the stock price plunging over $20 from the previous close, with investors then selling in panic. Notice the depth of the wick on the candle, and the effort required by the market makers to buy and stop the price falling further.

Further buying is evident on the subsequent candle but the market fails to break above the high and continues to build a strong ceiling of resistance in the $72 price region. The key here is to wait for further evidence of insider selling into weakness with possible trap moves higher. Any wide spread up candles on low volume would be one example to look for, along with shooting star candles on high volume.

And after such a dramatic move lower, we could see a period of consolidation and further accumulation develop with the market makers using this shock tactic once again to gather more stock, before developing into the trend higher.

This is another example where patience is key, and waiting for confirmation signals once the market has settled, and we have a clearer view of direction.

CNP daily: May 2016 - Aug 2016

Centrepoint Energy inc

Moving to a more ‘traditional’ price action chart, we do still have gaps, but it is not so dramatic with this stock.

This is simply a nice example of a steady trend developing beginning with the two bar reversal of mid May, and a solid move through the resistance level and on up into secondary congestion, before the small gapped up candle of late June takes the move higher. The selling pressure begins to develop in late July where we have a falling market on rising volume, and looks set to fall further still.

This is indeed the case, and finally we move to the dramatic volumes to the right of the chart. The first candle closes with a deep wick to the lower body on well above average volume, and sending a clear signal that the market makers have stepped in here.

The following day volume is even more extreme, but the price spread is very narrow, and given the fall of the previous day suggests the market makers are buying once more. Volumes then return to regular levels and suggests this has come to a pause and may well develop into further congestion and accumulation.

DOW daily: May 2016 - Aug 2016

Dow Chemical

Some excellent examples here, and in particular of how a consideration of the daily chart, whether as an intraday trader or longer term investor, the daily timeframe can provide guidance and clues to the next few days of price action.

The weakness of late May is signaled with the high volume shooting star candle, and the price duly reverses. But we are not expecting major weakness and simply a pause point perhaps. The market rallies again into early June, with a rising volume and rising prices with the four up candles. However, note the last two of these. On the first we have a nice wide spread up candle with good volume. Then the following candle is very narrow, but with almost the same height volume bar. Clearly there is weakness here. After all, if the previous day's volume was sufficient to drive the market higher on a wide spread up candle, the same should have occurred the following day. It has not, so this is an anomaly from which we can conclude the market makers are selling into weakness here. And so it proves with the stock rolling over and lower.

The price then rallies again, but we have weakness once more on the shooting star candle. The chart is increasingly looking weak and appears to be adopting the selling climax pattern of selling by the market makers into weakness. This is also confirmed with the resistance level being created.

The weakness is finally confirmed and crashes into the buying climax of late June and early July from which the next phase of the campaign then develops, as the bullish trend is established once the mopping up has been completed.

DPS daily: May 2016 - Aug 2016

Dr Pepper Snapple Group

We have some wonderful classic congestion examples here, but as always patience is the key, and in addition we also have some more tricks from the market makers.

May and June sees the congestion phase build with buying evident on the higher volume candles with lower wicks. Then we arrive at the breakout.

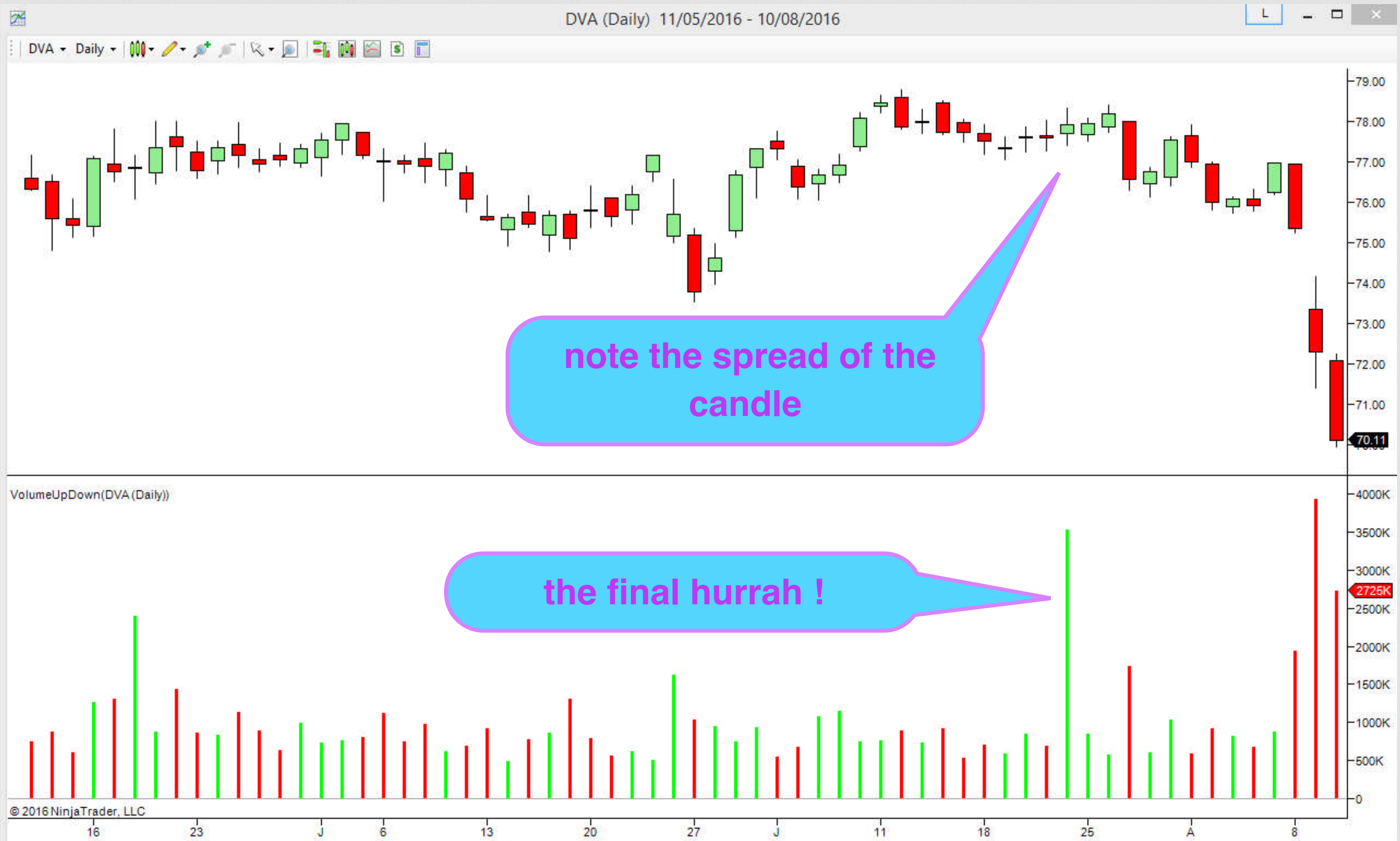
The first candle is a low volume test - the market makers are ready. Next comes the gapped down open with the close back near the open on good volume, which is a strong signal of support. The market makers have stepped in to buy and are simply using the gap down to trigger panic selling and so deliver stock into their hands on the gap down open.

Then we have the breakout on high volume, and no wicks to the wide spread candle. Profit taking follows on the two down candles but we also have falling volume, suggesting the profit taking has been absorbed by the market makers, and we are ready for the next leg up which arrives on the following candle on more regular volume.

A further move higher then follows before we begin to develop into an extended congestion phase of rally and reversal. This does not look encouraging and even though there is market maker support in evidence, there are also signs of weakness.

This is where patience is now required, and to wait for either the ceiling of resistance or the floor of support to be breached.

DVA - daily: May 2016 - Aug 2016



DaVita HealthCare Partners Inc

Another example of an extended distribution phase of price action, with the selling climax lasting for almost three months, and I call this one, the final hurrah for very clear and obvious reasons.

This chart really does describe in graphic detail two things. First why support and resistance levels are so important, as they define the distribution and accumulation regions which then develop into the next phase of price action. And the second factor is that of time, because the longer this phase continues, then the more dramatic will be the reaction when the phase ends. It's what I also call the coiled spring effect. The same is true in pennant and triangle formations. The energy builds up, and is then released suddenly.

For many investors in this stock, the collapse in price would have come as a shock and complete surprise, and yet using volume price analysis, might have saved them a great deal of pain and money, as the anomaly in price and volume could not be more clear.

Here the market makers have put in one last huge effort to sell all their remaining stock. Then we have the plunge lower, and through the floor of support, but with no buying here, there is more downside to come! Oh so simple:-)

From such a dramatic move we would expect to see a further move lower, and into an extended accumulation phase before any immediate recovery in the price. Many traders and investors say, trying to pick tops and bottoms is impossible, but volume and price at least gives us the insight to make a judgement based on common sense and logic, and not simply emotion.

ESS daily: May 2016 - Aug 2016

Essex Property Trust

Some interesting gapping price action here.

If we start with late June and the initial gap down with the wide spread candle, the conclusion here is simple. With no wick to the candle we can expect further downside momentum in due course. The market makers are selling, and the selling continues into the second wide spread down candle in this sequence which is a repeat of the first, but on higher volume. The buying then appears as the spreads narrow on falling volume.

The next gap down comes later in the month.

Here the gapped down open is met with buying by the market makers, as the candle closes positively. Yes we have some weakness to the top of the candle, so caution is required. The following day sees another gapped down open, but closes higher once again on good volume. This looks more positive. Up we go and the trend develops before it comes to a halt with the bearish engulfing gapped up candle at the top of this rally.

The final gap of note is the gap down in late July, with strong buying on the narrow spread candle. Here the market makers have stepped in immediately, and are buying to stop the price falling further and so absorbing all the selling, and filling up their warehouses once again.

The market makers react and drive the price higher quickly back to resistance. This is a chart we would need to consider on the slower timeframes as the daily chart contains some very choppy price action, and until the ceiling of resistance is taken out with supportive volume and price action, this congestion phase could well extend for a longer period.

ETR daily: May 2016 - Aug 2016

Entergy Corp

Here we move to a chart with some more 'regular' price action and with less gapping.

The price action to the left of the chart begins in May with a move lower and into the two bar reversal on good volume. This is immediately followed by strong market maker buying on the narrow spread down candle with the stock price rising into the trend, and duly gapping up into the congestion phase.

Consolidation then follows as we move into June with the break away coming late in the month on excellent volume, and supported by a wide spread up candle with no wicks.

Since when the price has continued to consolidate in a tight range, and again is typical of climactic price action and volume. Here we see reversal candles almost on a day by day basis, as the price is racked higher and then lower, on both volume spikes and low volumes as the market makers push prices back and forth, while constantly building a resistance area in the $82 region, which is becoming ever stronger.

Note also, going back to gaps, the gap down on the last two candles of the chart which tend to suggest weakness ahead, so if the $77 region is breached, then this is likely to see a bearish trend develop in due course.

EXC daily: May 2016 - Aug 2016

Exelon Corp

I selected this example as it is reveals an expanded view of a selling climax developing, and as you can see from the chart, this is in fact a very narrow range, and perhaps not quite as dramatic as appears at first glance. Indeed, we often forget that a rally and reversal on one timeframe is actually congestion on a slower one.

The price action here is in a $3 range approximately. This phase describes the constant buying and selling that is required before the next phase of the campaign can develop. This is hard work for the market makers, selling into weakness, while still trying to convince buyers the market is moving higher longer term.

High volume market maker buying comes in to support in early and late May as we move from the left of the chart. The minor rally then starts with the market makers selling into weakness in early June on the gap up. We have further selling into weakness in late June, before we have a move higher on good volume with further selling into weakness in late July at the top of the phase, before weakness drives the market lower.

On the last candle the market makers are selling heavily which could be the start and development of the major trend lower on rising volume.

Once again this is typical climactic price action as the congestion phase develops, with the market makers first buying, driving the stock higher for a period and selling once again, before driving the price lower. This is where support and resistance levels play a key role, and once breached, volume is then used to confirm whether any breakaway from such a region is valid or fake. And a final thought, imagine this on a weekly chart which then compresses this phase further, so is a further strong reason for using multiple timeframes in any analysis of charts, whether as an investor or as a trader.

FSLR daily: May 2016 - Aug 2016

First Solar Inc

This is a stock that has been in decline for some time, so the longer term general trend has been bearish, and this is really reflected in the price action. Picking bottoms and tops is not easy, but with volume price analysis we have all the tools necessary to see when and where the market makers are stepping in and preparing their campaigns.

Returning to the chart, whilst the volume has been distorted by the reaction in early August, the price action confirms the weakness, with failure to breach each resistance level so moving to a lower region with further testing and retesting. Note the move higher in July on generally falling volume - not a good sign, and clearly a secondary trend and confirming the longer term bearish sentiment, which is reinforced shortly after on the first high volume spike under the wide spread down candle of early July.

The rally higher however from this candle looks weak again, as it is accompanied with generally falling volume and testing of the old resistance area at $48.

Then comes the reaction lower, on ultra high volume and through the platform of support with the wide spread down candle. This tells us the price is only going one way from here. On the final bar we do have some buying appearing as the market makers absorb the pressure, so we may see a reaction higher and into further congestion, but note the gap down too confirming the very bearish picture.

The outlook here is simple. Expect a congestion phase to develop, followed by further selling by the market makers of stock they have been forced to acquire in the panic selling, and no doubt to be followed by the establishment of the bearish trend once again in due course.

GGP daily: May 2016 - Aug 2016

General Growth Properties Inc

A further great example of the buying climax and subsequent development of the trend higher.

Here the market maker buying climax appears in May immediately to the left of the chart, with high volume buying and accumulation on the falling price action. The first candle denotes heavy selling, before the market makers step in for the first time on the third candle. Further stopping volume then continues on candles five, six and seven in the sequence, before the extended mopping up phase gets underway and develops over a three week period.

The rally starts with a simple up candle on good volume with no wicks to top or bottom with the trend developing gently.

High volume support appears in mid and late July with the latter on a gapped down open and recovery during the session, with further buying appearing in the small down candle on high volume at the end of the month.

As we move into August we now see signs of strong selling by the market makers with the initial down candle on high volume confirming the weakness. Rising volume is now appearing suggesting a move lower in due course, and with little support below the prospect of a trend reversal now likely.

GIS daily: May 2016 - Aug 2016

General Mills Inc

I selected this example to show how volume price analysis can help to give you the confidence to stay in a position through a pullback which is the hardest thing to do in trading. Here the trend has been moving gently higher from the left of the chart. Then some possible weakness appears as we have a gap down, but the price recovers some of the loss. The following day we have another up day with a narrow spread candle which does look weak, but one which has good volume. A down day follows, but again the candle has a narrow spread price with higher volume - this looks like buying and support from the market makers. And this is the key candle. The market has fallen on the day, but closed off the lows, as the market makers step in to stop the price falling further. Clearly there is buying and support from the market makers as evidenced by the associated volume. This alone would give some confidence to hold any position for the time being.

And having worried through three days of pressure we are rewarded with a strong move higher on very good volume. Profit taking follows as the price builds a resistance level. Now it's time to read the signals again, and what is interesting here is the volume associated with the strong move higher itself. Once again it is extreme which is a worrying signal. Yes we can expect to see volume rising, but this seems excessive, and note the following three candles, they all have very narrow spreads and high volume which in turn suggests weakness to come. The market makers are certainly selling into weakness here. The stock is unresponsive to any move higher, yet large volumes are being sold at this price, which is failing to move higher as the market makers force more stock into the market.

This chart now looks increasingly weak, and with the rally to the right of the chart also looking very tame, a bearish trend seems likely soon.

HUM daily: May 2016 - Aug 2016

Humana Inc

A great example of how the weak holders can be shaken out in a sudden and dramatic move, which is followed by the consequent buying climax and quick reversal higher. It is savage, but effective, and clearly confirmed with volume. This is the power of volume price analysis.

Note the crescendo of rising volume on the initial move lower in late June with a minor rally sandwiched between two candles on average volume, followed by the dramatic and sudden move lower on ultra high volume. Notice this candle has a very small wick to the bottom, so clearly the market makers are not done yet. The next two candles look weak, both having wicks to the upper body and high volume before the final buying arrives. The mopping up phase then begins and we see the same ultra high volume as before, but on a narrow spread candle at the end of the sequence.

This must be serious buying intent, and is a great example of the comparative nature of volume and price. Here we compare this selling volume (which is the same as the earlier extreme bar) and the price candle which is much smaller and so signals very strong buying.

And then up we go with serious momentum on ultra high volume and on into the next recovery phase and back to test the highs of May and June.

Finally, imagine this price action condensed over a weekly price chart. Note also the resistance now ahead in the $190 region, but if this is cleared expect this stock to continue on higher in the longer term driven by the accumulation of stock in this dramatic section of price action.

IRM daily: May 2016 - Aug 2016

Iron Mountain Inc

In this example we have the rhythm of the market described with volume.

Here sustained market maker buying appears in late May in preparation for the move higher, following accumulation earlier in the period with the hammer candle on high volume, and two candles later further buying. The rally begins and prices move higher, but the momentum stalls on falling volume, and a gap up trap move follows, on low volume, with the following day shaking out the weak holders on the gapped down open, and delivering more stock to the market makers on high volume.

The rally picks up momentum before there is further buying in early July on high volume, and the stock moves up into the next phase of the rally.

Finally weakness is signaled with the high volume bar of late July on a small doji candle, and the selling starts with the price waterfall on high and rising volume. This is a classic sign of weakness with the market makers selling into a relatively weak rally before rolling the stock price over, and into the price waterfall.

What we can also say is the bullish trend throughout this phase of price action has never looked very strong, and remember this has been spread over three months with the stock moving slowly higher by only $4. The top of the rally also looked weak with the price spreads on up days narrowing on rising volume, and adding to a generally weak outlook.

The price waterfall then develops on rising volume with a pause now building. But note the final day on the chart - high volume and a candle with a deep wick to the upper body, and sending a strong signal of further downside momentum to come.

LMT daily: May 2016 - Aug 2016

Lockheed Martin

This is a fascinating chart and highlights once again the power of volume and what it can reveal. Imagine as an investor you are considering buying this stock at the current price of $261, which looks fine from a price perspective, but without an appreciation of volume, any decision would be based on the technical and fundamental outlook for the stock and broader markets and indices.

The right hand side of the chart is the area to concentrate on here. July has delivered the rally higher, which has continued into early August with the long legged doji candle of late July merely a pause point, but confirming the indecision on high volume, and which follows the earlier warning signal of weakness ahead. This was the first sign the market makers were preparing a reversal with the spike on volume and the weak price action, and as a result, sending this early warning.

The stock then moves into congestion, and we see a sudden expansion of volume in August. It is dramatic and rising fast, but the price action has remained in a narrow range. This looks very suspicious, and symptomatic of heavy selling by the market makers, as willing buyers enter the market frightened of losing out on some easy gains. These are the 'Johnny come latelies' who are perfect fodder for the market makers.

These are the traders and investors who have sat on the sidelines and watched this stock move rapidly higher by over $30, but are also frightened of missing out on further gains, so they buy.

The fear of missing out is a powerful driving force, and one that is used constantly to draw traders and investors into weak positions. And with fear and greed in equal measure, we are building into a major selling climax, of which we have a classic example here. So this is time to reduce or close any positions, and wait for the inevitable fall which is likely to be dramatic and sudden.

O daily: May 2016 - Aug 2016

Realty Income Corp

A great example of reading the market, and staying in the trend, but which is now showing signs of structural weakness, with the possibility of the development of a bearish trend now on the horizon.

If we start at the left of the chart, once again we have a gap down candle which triggers panic selling and delivers the volume to the market makers. Here it arrives in late May, with further selling duly absorbed at the start of June as the accumulation phase develops during the 'mopping up' process.

The trend then begins to develop with further buying support appearing later in the month, and the trend then moving on to the next level on steady volume and in line with the price action, before the congestion phase begins to build at a higher level.

The first sign of weakness is the heavy selling by the market makers immediately the top has been reached with the price then moving back inside the spread of this candle, and development of the congestion phase.

The second very strong signal then appears to the right of the chart with the spike in volume coupled with a very narrow spread candle. Here the market makers are selling heavily into a weak market, which is not receptive to higher prices. The stock duly sells off once again, and in doing so develops the resistance region further, and also breaches the support platform built below.

However, the selling pressure wanes in early August, which is to be expected, but having moved through the floor of support may add further downwards pressure in due course, with volume then confirming any subsequent development of the bearish trend which now seems likely.

SEE daily: May 2016 - Aug 2016

Sealed Air Corp

Further volume price analysis signals in this piece of price action which is taking place in the broader context of consolidation. But first we must note the spread of the price action here which is taking place within a $6 range, and if considered on a weekly chart would reinforce this point even more clearly. This is a stock that has been rangebound for some time, and exhibits the classic whipsaw and volatile moves associated with the market maker buying and selling, which is relentless and unremitting. First buyers are drawn in, then the market sells off sharply, at which point speculative short sellers are drawn in to the price action. The price is then moved higher, where those weak holders who were long close out, happy to have closed the position at a small loss or breakeven, and also having recovered from a potentially larger loss. More buyers enter, and this is then repeated. They too become trapped in weak positions, and at the bottom of the move lower, these short sellers then exit themselves for the same reason. It is a constant process of rinsing both the buyer and the sellers.

The first signal is in mid July as the price action moves firmly higher on two candles of equal size and shape, but on double the volume on the second candle. This is a red flag. After all, if the volume on the first is sufficient to drive it X, but the second on double the volume only drives it X distance also, then something is amiss. It is a warning. The gapped up doji candle on very low volume is the pre cursor. It is a clear warning this time, and bang, down goes the market with worse to follow.

The rally begins and takes the stock back to the $50 region. Then we see the gap down, rally and fall, all on one candle. This is followed the day after by increased volume as the market makers are forced to buy stock being sold. Then on the penultimate candle a large volume spike on a narrow spread candle signals yet more heavy selling into a weak market with the conclusion this stock is set to fall further once again.

STJ daily: May 2016 - Aug 2016

St Jude Medical Inc

The trend on this chart took a while to develop with the humped price action of May suggesting the rally was not quite ready to develop, as strong volume on small narrow spread candles at the top of the 'hump' duly took effect and signaled weakness.

The market makers then moved in to support and buy this weakness with the final effort in late July with a shakedown move on two consecutive gapped down days.

With sufficient fuel then on board the rally begins and moves through the resistance area to the left of the chart on rising volume and into the secondary congestion of mid July. Here the price action pauses once more, with the market makers stepping in to absorb any selling as profit takers close out. The small gap down is minor, and the price action is contained on well above average volume as the market makers absorb this minor bout of selling, as they prepare to launch the rally once more.

The bullish trend resumes, but then we see weakness signaled ahead - note the candle with the deep wick to the upper body and on high volume. This is not necessarily a reversal signal, but certainly one of potential weakness ahead as the market makers sell into the rally which is now starting to weaken.

And as we would expect, the next congestion phase then starts to build, as we come to the right hand side of the chart.

And provided any selling pressure is absorbed here, expect to see the trend develop once it is clear of the current resistance region now building in the $84 area.

STZ daily: May 2016 - Aug 2016

Constellation Brands Inc

Another chart where gaps are common and are also accompanied by some volatile price action as the trend develops.

The initial weakness appears on the first candle on the left of the chart, and is a shooting star candle on good volume. The price waterfall then develops with heavy selling before the initial stopping volume arrives as the price action develops into the accumulation phase.

A gapped down move then triggers further selling, with the market makers stepping in to buy again.

The campaign is now ready and is launched with a further injection of volume coupled with gapped up moves to take the price swiftly to the next level, and given the rapid move higher it has been no surprise to see a strong congestion phase develop.

However, there is nothing at present to suggest this is a selling climax, as volume spikes and volatile price action are lacking, so we can conclude that, for the time being, this is simply a pause point following the strong move higher.

The key now is to consider the support and resistance levels now developing. If the ceiling of resistance is breached on high volume, then we can expect this stock to move higher in the longer term.

ZTS daily: May 2016 - Aug 2016

Zoetis Inc

And finally to round of this section of the daily charts for stocks, some interesting price action in early August which describes another facet of the gap up so beloved by the market makers.

The price action to focus on here is at the start of August, and to the right hand side of the chart.

The gap up follows some serious buying the previous day, so it is expected. But first we have the gap down which triggers selling by investors, and the market makers duly step in and buy.

The spread of the candle is narrow, and with a wick to the lower body is clearly sending a strong signal of buying.

The following day the price opens gapped up on equivalent volume with the rapid move higher then generating selling which is absorbed by the market makers. After all, they have put effort into buying the previous day, and now want to maintain the price at the higher level. Over the next few days, the market makers continue to buy to support the price at this level, when on the final candle on the chart, the stock is given an injection of volume by the market makers who are participating in the move higher, as this closes with a wide spread up candle on excellent volume.

And the key point is this. Here we have a gapped up move, but one which is further reinforced with strong signals of market maker buying, and even more so on the final candle. The conclusion is very simple - we can expect higher prices in due course, and once the resistance in the $52.50 area is breached, then the trend is likely to develop further. As an investor, this is the time to buy, or perhaps wait for the move through resistance if you were more cautious.

Section 5 - Speculative markets

In this section we stay with the same timeframe of the daily chart, but consider some other markets, and in particular the world of futures. Once again we have examples from commodities, bonds, indices and currency futures.

The volume here is based on the futures contracts traded, but as with all the other examples, the principles remain the same, and it is the big operators who drive the volume in this market.

I hope you are beginning to gain a deeper understanding of volume price analysis, and how it can be applied to any style of trading and investing, or indeed to any market or instrument.

So let's get started with the final group of examples, starting with soft commodities where the dynamic of supply and demand and price discovery still holds firm.

Soybean daily: May 2016 - Aug 2016

ZS futures contract

And here we move back to futures volume once again starting with commodities, and the daily Soybean contract. As with the daily charts for stocks, all these charts cover an approximate three month period. If we start on the left of the chart it is interesting to note the general price reaction following each solid move higher, with the wide spread up candle then moving into short term consolidation, with any profit taking absorbed by the big operators in preparation for the next move higher.

The first candle of the chart sets the tone, and is a wide body candle. It has no wicks, and has excellent volume supporting the daily price action. The big operators are participating here and joining this bullish price move.

The congestion phase then develops before we see the big operators inject volume and momentum, which drives the price higher from this region on rising price and rising volume. However, note what follows next. We have two shooting star candles on high volume, which is not an encouraging signal, and potentially an early warning of weakness to come. The rally continues with another wide spread up candle supported by high volume. However, two days later we see yet another sign of weakness, and the shooting star candle on high volume is repeated. Adding this to the earlier signals, the price action is now beginning to look rather weak, and bearish momentum develops into the trend lower.

And the takeaway point here is this - at this point on the chart we have no way of gauging how significant this volume truly is. In other words, it is only afterwards that we see how significant the selling was in this region, as we now have more ‘regular’ volume in the subsequent months to compare to that which has already passed. It is only after we have seen volume decline and return to these levels that we then appreciate just how extreme was the volume in the early phase of price action on this chart. And this also raises the issue of the comparative nature of volume, which is always something we have to consider carefully.

In this example, we could check this extreme volume by moving to a slower timeframe chart, as this would highlight immediately whether it was indeed extreme or simply ‘normal’. We would also be able to see instantly from the weekly or the monthly chart, whether the volume was average high, very high or extreme. This would then give us the information we need to judge what this volume is telling us on the daily timeframe. The alternative to this, and just as effective, is to scroll back in history on the daily chart for comparison - in other words include more days of data, as this would also reveal whether the volume here was regular or extreme.

It is a constant process of comparison and one we must always consider, and by using multiple timeframes in this way, helps to frame the volume profiles on a faster chart in the context of the slower timeframe and volume history.

Corn daily: May 2016 - Aug 2016

ZC futures contract

This is a great chart for corn, and one of my favourites in this book as it is almost a 'game of two halves'; and has some wonderful lessons. As we can see the selling climax builds over late May and into June. The volumes here are building very fast, and to extreme levels which is simply not reflected in the price action, which remains narrow throughout this period. Once again this follows on from the previous example where we need to understand whether volume is extreme or simply high on the daily chart.

At the top of the trend we see the final battle play out, with the big operators selling very, very hard into weakness and desperate to keep the market there until they are ready to develop the next phase of the campaign. The three shooting star candles, coupled with the two bar reversal at the end confirm weakness, before the price finally rolls over, and the price waterfall develops.

Then we begin the classic move lower with falling prices and rising volume, and note the confirmation of weakness at the first pause point towards the end of July, before momentum picks up again, and takes the price down to the second level before the selling pressure finally diminishes.

The ‘confirmation of weakness’ candle is one of the most powerful signals in the downtrend and the perfect place to enter a short position, and one that provides huge confidence the trend has not yet completed the move lower. Either way, it is one of the strongest signals the bearish trend is set to continue, and indeed further down, we have a repeat.

What is actually happening here, is the big operators are selling into weakness in preparation for a deeper move, before the next leg begins, and so sell heavily into a weak market, thereby creating the wick to the upper body as they struggle to sell.

Gold daily: May 2016 - Aug 2016

GC futures contract

Whilst the chart for gold is dominated by the Brexit candle in the centre, there are other lessons here.

If we start at the left of the chart, the market is already looking weak in May, with the attempt to rise on high volume, and is followed by the hanging man candle, with the market then selling off hard, and into the bearish trend on rising volume following the gap down.

However, note how the volumes start to fall as the market moves lower. Clearly the selling pressure is falling as we now have a falling market with falling volume, and it is no surprise to see the big operators step in on the hammer candle and buy and immediately after the very low volume down candle that signaled the end of the selling.

The move higher starts with the wide spread up candle on good volume, and develops nicely before indecision arrives with the long legged doji candle on high volume. This is not a signal of a reversal, but simply of a pause and indecision ahead of the Brexit vote. What is interesting on the Brexit candle itself is the extent of the wick to the top of the candle, and given the volume below, the strength of selling within the candle. This was a dramatic and volatile day with the result sending shock waves across all markets including gold, and resulted in a rush to a safe haven asset.

But gold prices failed to follow through, and remain in congestion, with August signaling bearish sentiment with the initial down candle on high volume followed by two shooting star candles. In addition a ceiling of resistance is building ever more strongly at this level, and signaling sustained weakness ahead for the precious metal.

Cocoa daily: May 2016 - Aug 2016

C futures contract

More classic volume price analysis action on the daily chart for cocoa futures.

And starting on the left of the chart once again, note the volume on the initial move lower, and the volume as the price action moves back into the same area almost immediately. Clearly the selling pressure has been absorbed by the big operators, and the campaign is being prepared. This is something those new to volume price analysis studies often miss. And here is an example. The volume in the move lower is higher than the repeat in the same area shortly after. In other words, the area of price that had previously been one of high selling volumes is now one where these volumes are lower. In other words, the same area of price now has reduced selling in the same region.

The rally then begins, and moves higher before some sustained selling appears in mid June, which is duly absorbed. This is the down candle with the deep lower wick.

Now imagine the price action intraday here. There would have been strong selling early in the session followed by a recovery later to close back near the open of the session. And the conclusion is simple - the big operators are buying on high volume. There then follows a small low volume test, before the market is gapped up on high volume, with further buying support coming in at the end of the month.

July starts the next leg up, but with volume at extreme levels this looks weak, as the narrow spread up candle on ultra high volume is a warning signal. The market falls and rallies, but note the repeat in early August where we have another narrow candle on very high volume. This looks like further weakness to come, and the development of a longer term bearish trend for the commodity.

Natural gas daily: May 2016 - Aug 2016

NG futures contract

Natural gas is also known as the widow maker, and a contract where, perhaps more than any other, volume is key. Many traders have made and lost fortunes in this market, hence the name.

If we start to the left of the chart, May sees a strong phase of accumulation with the big operators buying on the dips.

The move higher starts with two strong up candles with no wicks on excellent rising volume. So rising volume and nice wide spreads is a very positive sign. Further volume is then injected in early July, but perhaps a note of caution here. The volume is extreme, and whilst the price spread is wide, compared with the two candles at the start of the campaign is anomalous. The price spread is wider, but not in proportion to the increase in volume if we take the two earlier candles as our benchmark.

So the conclusion here might be the big operators are selling hard, into a market that is perhaps weakening. After all, if this were not the case, then based on our benchmark candles and volume bars earlier, we should expect the price spread to be wider.

The market does indeed carry on higher, but then moves into congestion and starts to look weak. And as we move to the right of the chart we see another big injection of volume. Again, this looks excessive and once again suggests a weak market with the big operators selling out in volume. This is indeed the case with the price waterfall then developing at the extreme right of the chart on rising volume, and confirming the big operators are selling, with the final candle confirming this weakness further with the attempt to rally on high volume.

Lean hogs daily: May 2016 - Aug 2016

HE futures contract

Some wonderful volume and price action here.

If we start in May to the left of the chart, the initial selling pressure is absorbed on narrow spread down candles and high volume, before the market is pushed higher, but on falling volume and narrow spread up candles.

Then comes the surge in volume with a two bar reversal. The starting gun has been fired, and the campaign lower begins with the price waterfall developing, but on falling volume. By mid

July we would be anticipating a pause and possible buying, but the huge and sudden surge in selling on a single day reveals the true plan. More selling, which picks up momentum as a result, and continues to move the market ever lower.

The final candle to the right of the chart looks very weak. Here we have high volume, but with no pre-cursor of buying volume, so we can expect to see further downside momentum before any sustained buying climax takes hold.

This is certainly an interesting contract and an interesting chart with some wonderfully descriptive volume and price action, but once again, a chart which simply confirms that whatever the market or instrument, provided you have volume and price on the chart, then volume price analysis will reveal the truth of where the market is likely to be heading next.

Silver daily: May 2016 - Aug 2016

SI futures contract

This is perhaps one of my favorite charts, not because of the clarity of signal it delivers, but simply because it reminds us that as volume traders we do have to be patient. It is very easy to see such a clear signal of weakness and jump straight into the market and assume it will reverse off the high immediately (or indeed the low with a hammer).

Sometimes this does happen, but often it does not. So all we can do is wait and be patient, and the trigger for entry is generally a move beyond a clearly defined area of support or resistance, and one which is then confirmed with volume.

The initial signal here is self evident, with the single extreme volume bar and candle with the deep upper wick and narrow body telling its own story. But whilst we might be very excited to see such a signal, we have to be patient and wait. During the subsequent phase of price action we see further signals and clues, as each attempt to rally fails, but moves to the downside are associated with rising volume.

In this case we are looking for the platform of support to be breached. Once the price action is clear of this region, then a price waterfall may develop, and we can then join a fast moving trend.

But as always patience is the key, and reading the chart with the associated volume for the clues to any trigger.

Platinum daily: May 2016 - Aug 2016

PL futures contract

This is such a great example of classic price action as a market consolidates in the first phase of accumulation. It then breaks away into the second phase, with buying support arriving, moves into consolidation, and then breaks higher again as the trend develops.

Such trends only break down when a selling climax arrives, and that will depend on the big operators or insiders and the scope of the campaign. So if we start at the left of the chart, here we see the accumulation phase develop in May with any selling pressure absorbed as the platform of support builds at the same time.

Platinum then develops into the trend higher on an injection of volume and solid price action higher, and into congestion and price support in late July. The point to note here in this congestion phase is the price action, and in particular the lack of any spikes in price to the upside. In other words all the wicks are to the lower body of the candles, so sending a very clear signal that this is buying support.

Each time the market falls on the day, the big operators step in to buy and take the market back higher to close near the open, so creating the wick to the bottom of the candle body.

Once they are ready, the big operators launch the next phase of the campaign with a further injection of volume on the breakaway, and on up to the next price level and phase in August. The two bar reversal of the last three candles signals some weakness with increased selling volume, and coupled with the final gapped down candle on high volume suggests Platinum is beginning to look increasingly bearish, but this will be confirmed with rising volume.

And should Platinum move lower, support at lower levels will then become key, and if breached open the way to a deeper move in the longer term.

Oil daily: May 2016 - Aug 2016

CL futures contract

Oil can be a tricky market to trade given all the fundamental influences, the politics, and management of supply. Indeed crude oil has never been a market of true price discovery, given the management of supply by OPEC. Management of supply is now all embracing and dominates OPEC's thinking, given the impact of the alternative sources of oil from sands and through fracking above ground.

With low extraction costs, the alternative energy producers are now becoming an increasing threat to the more traditional suppliers, as OPEC tries to balance keeping its members happy, whilst at the same time trying to keep prices low in order to force the alternative suppliers out of business. This is a tricky task.

What is interesting on the chart however, is the power of the two bar reversal which many traders often fail to notice, and which is one reason I chose this market, as it has some excellent examples coupled with the associated volume.

The first two candles on the chart make the point on excellent volume, and the new trend duly develops. This tops out in early June with another, and note the volume on the up candle which is a narrow spread on high volume.

Other examples follow in late June with the price waterfall then developing in July. The most recent example appears on the penultimate candle pair with a solid rise on the last candle of the chart.

When viewed with the associated volume, the two bar reversal gives us an excellent view on the development of the next trend or reversal. The two bar reversal is a simple and classic overlay of two candles, which then reveal the candle as described on a two day chart, and in addition, this pattern also represents a bearish and bullish engulfing arrangement.

Copper daily: May 2016 - Aug 2016

HG futures contract

On this chart we are trading in a relatively narrow consolidation phase at the bottom of a longer term bear trend, so what we are witnessing is the accumulation phase at the micro level. And in this example we can see the typical whipsaw price action of the accumulation phase, where prices are moved up and down quickly to shake out traders, thereby allowing the big operators to accumulate.

The interesting price action here is at the centre of the chart as the rally develops, and ends with the long legged doji candle. This is followed by the wide spread down candle on the highest volume of the chart, but what is interesting here is the development of the price waterfall over the next three candles which is associated with falling volume. Falling prices and falling volume are an anomaly, and so we do not expect this move to gather pace, which is the case here, as the downtrend runs out of steam.

A rally then begins with the three up candles, and whilst this is on rising volume, the third candle looks ominous. Candle one and candle two look perfect. The first candle sets the tone with the body of the candle and volume in agreement. The second candle then confirms this agreement, with a wider spread to the body and increased volume. This is what we expect to see according to Wyckoff's third law of effort and result. All is in agreement here with more effort yielding a greater result.

Then comes the third candle in the sequence. Higher volume still, but look at the price action. This should have closed with an even wider spread than the second candle - it has not, and has developed a deep wick to the upper body. Clearly the big operators are selling heavily here, and into weakness. This is confirmed two candles later with a classic shooting star candle on high volume, and followed three candles later with a hanging man. Then down we go.

US 2 year note: May 2016 - Aug 2016

ZT futures contract

Moving to Treasuries this is the daily chart for the 2 year note, and once again we have some excellent examples of volume price analysis in action.

We begin with a classic price waterfall to the left of the chart and the big operators stepping in to buy the market. At first we have rising volume, nice widening spreads confirming the weakness, and then the buying arrived with the narrow spread candles on ultra high volume. The breakaway in early June on the wide spread up candle is a solid signal as we have high volume and neat price action as the candle had no wicks. Then we hit weakness. Two signals appear, one after the other - small brother and big brother in mid June.

The first is the initial sign of weakness, with the market duly weakening. Then the second candle arrives, which is even more dramatic than the first and is in fact the reaction to Brexit and the decision by the UK to leave the EU.

Since then the market has come off the highs of this candle, and is now in congestion, and building a channel ahead of the next move for the 2 year note. But given the extreme volatility created by Brexit resulting in a move outside the average true range, we can expect to see further consolidation of the price action inside the spread of this candle, and a possible deeper move lower in due course.

US 5 year note daily: May 2016 - Aug 2016

ZF futures contract

As you might expect we have some similar volume and price patterns for the 5 year note, as for the 2 year note, but it is not identical, which is why when trading, it pays to watch related markets. All the information is there, it just needs to be filtered and added to the jigsaw puzzle, so we can try to complete the picture.

And as I always say - trading is a puzzle, but with no picture. It is our job to create the picture from all the pieces.

Once again we have accumulation, and a rally, before weakness appears in mid June with three candles on high volume, but with no price follow through. The first candle is the initial signal of weakness with the wick to the upper body and the close back at the open.

Then we see the second candle on slightly lower volume, but again the price action looks weak as the candle has a wick to the upper body once again. Finally, comes the third candle on higher volume than the previous two candles, and it is also gapped up. This is now sending a strong signal of weakness to come, which arrives a few days before the UK vote.

Then comes Brexit, and the move into congestion with a lack of direction in the summer months as we wait for volume to confirm the direction, (along with the fundamentals of course). Note also that support and resistance levels will once again be key here.

US 10 year note: May 2016 - Aug 2016

ZN futures contract

And here is the US 10 year note, where we can see the ceiling of resistance is well defined with the high of the Brexit candle then retested before moving into the current congestion phase, along with the other primary Treasuries.

The Brexit candle really defines this, and indeed many other price charts, giving insiders and market makers the opportunity to drive prices very fast on the day, on the shock news, only to then leave traders and investors stranded as markets calmed. This is classic insider market tactics and behaviour.

YM emini daily: May 2016 - Aug 2016

YM futures contract

Once again it is the Brexit candle that dominates here, but one where the V shaped rally did indeed take place with the two bar reversal on high volume signaling the reversal in global equity markets after the shock vote for the UK to leave Europe.

And whilst it is never a guarantee that all stocks rise and fall with the major indices, strength and weakness in the index or sector will always influence the general direction for stock markets in general. Some stocks may rise in a falling market, but as a general rule, stocks will rise and fall with the tide of sentiment in the broader market and reflected in the index itself. That said, most indices do not directly reflect the home economy as many companies will earn their revenues from overseas, and not in the home country.

The US indices, and in particular these futures contracts are ones I have written about extensively on my personal site over the years, and always at the time such events occurred and not with hindsight. You can read my analysis there, and check out what I said at the time. And this was one such event, and as I wrote at the time, this was not the start of the big short, but merely an opportunity for the market makers and insiders to re-stock from the panic selling.

Since then the rally higher in YM futures has continued almost unbroken, with the trend rising more gently in late July as price action flattened.

However, as we can see from the chart, whilst the selling volume is rising on the down candle, spreads are relatively narrow, and also signaling buying from the insiders on the dip lower. This is a clear anomaly and one that appears over a number on candles.

All we are waiting for now on this chart is a break above the resistance level currently being tested, and provided this occurs with strong volume, the next leg of the move higher will then get underway.

NQ emini daily: May 2016 - Aug 2016

NQ futures contract

And as you would expect, we have much the same in terms of price action on the NQ emini, which is the futures contract for the Nasdaq 100, with the Brexit candle again dominating the chart, and again we have the two bar reversal.

However, what is interesting here, and another reason for watching related markets or associated indices is the bullish sentiment that has remained firmly in place for this index. The 'arching reversal' of the YM emini is not visible here, and with the big operators clearly stepping in to buy in early August, this merely confirms that US equities have some way to go. There is no sign yet of any sustained selling climax, and until there is, risk on assets such as equities are likely to climb further.

The big short will come one day, but not just yet. And when it does you will see if first with volume price analysis and climatic price action as the pre cursor.

Moreover those stocks in the Nasdaq 100 are often those associated with sectors that perform well in the early expansion phase of any economic recovery, and indeed this is certainly a facet that has been in evidence currently, with the NQ emini leading the way higher for other markets such as the Dow and S & P 500.

This in itself also helps to confirm bullish sentiment when other indices and stocks are perhaps pausing and moving into a congestion phase. After all, if the Nasdaq is leading and moving higher with momentum, then the others are likely to follow in due course.

ES emini daily: May 2016 - Aug 2016

ES futures contract

And finally to the last of the three principle US indices, and the most heavily traded, namely the ES emini. Once again we have the plunge on the Brexit candle, and the two bar reversal on high volume with excellent volume then driving the index higher and back above the level of the previous resistance. From there we move into the congestion phase with catenary price action, but the big operators move in to buy the market and drive the index higher once more. Now all we are waiting for is a move out into new high ground, and provided this is accompanied with solid volume, more bullish sentiment for US equities now awaits.

6A AUD/USD daily: May 2016 - Aug 2016

6A futures contract

This is an interesting chart where reversal, rally, reversal best describes the price action, with the big operators moving in to buy on the reversal phases of price action.

As always with currency futures, they also provide an alternative view for spot traders and vice versa. The interesting aspects here are the repeated and significant doji candles. The doji candle itself is merely signaling indecision, and is not a reversal signal. The market may indeed reverse or may just continue, so patience is required, and here we have several doji examples.

One is in late June on high volume where the trend continued higher. Another in mid July which saw a minor reversal lower. Finally in late July saw the congestion break away, and resumption of the longer term trend higher. If the doji is associated with high volume, this confirms insider participation, and once the move away is confirmed, then we can conclude the direction is being supported.

Once again on this chart we have the ‘Brexit’ candle at the centre of the chart with massive big operator selling on the news, before equally large buying within the same 24 hour period, thereby creating the very deep wick to the lower body of the candle, Further buying then follows the day after, as the market recovers quickly from the shock news, and continues higher.

6B GBP/USD daily: May 2016 - Aug 2016

6B futures contract

And this is the currency pair which perhaps had most relevance to the events in the UK namely as the GBP/USD futures contract, and once again it is the Brexit candle that dominates here, which is no great surprise given this is the futures contract for the British pound But perhaps more than any other chart really confirms the awesome power of volume price analysis.

After all, this could be a one minute candle or a one month candle, the principles apply equally.

Extreme selling pressure confirms the price action, with only minor buying as evidenced by the wick to the bottom of the candle.

The selling pressure has continued, with the minor rally of mid July running into weakness as the big operators sell again on two consecutive candles with wicks to the top of the body.

Bearish momentum picks up again in August with the wide spread down candle on high volume, and break down to test the floor of support once again, which also signals further bearish momentum to come. Note the weakness of the last few candles in the sequence, with wicks to the upper body on rising volume.

This chart also highlights the issue of comparative volume once again, and how volume is distorted by an extreme move as seen here. This means we have to recalibrate our analysis. And remember, subsequent volume that is high or extreme, will always appear average or high as a result of the distorting effect of a single volume bar or group of volume bars.

6C CAD/USD daily: May 2016 - Aug 2016

6C futures contract

This is another chart which zooms and explodes the typical price and volume behavior when a selling or buying climax is in process. It also illustrates what we expect to see in such a phase of price action, namely the ongoing struggle as the insiders, market makers and big operators battle away selling or buying in a repeated saw tooth of price action, before finally the campaign begins and the trend starts to develop. This can only occur once the buying or selling has all be absorbed, and then confirmed with a test.

If we start at the left of the chart, the first three candles signal weakness ahead because we have rising price action on spreads that are narrowing on rising volume, with the third candle also closing with a wick to the upper body. A price waterfall develops with the big operators stepping in after several days to buy on the narrow spreads and high volume down candles.

Then we see a weak rally, which reverses into more big operator buying, before a more sustained rally of four up candles on good volume. The market then reverses again on the hanging man on high volume, and confirmed one candle later with strong volume and a wick to the upper body, with the 6C then falling.

At the bottom of this fall, the buyers step in again, and up we go to the candle that preceded the Brexit event. Now the question to ask is whether the insiders and big operators have any inside knowledge here? Who knows, but strange that such a strong signal of weakness should appear before the result was known.

Since then, the pair has moved sideways in classic fashion, building floors and ceilings of resistance and support, which will duly be broken and confirmed with volume.

6E EUR/USD daily: May 2016 - Aug 2016

6E futures contract

Here we have more really nice examples of two bar reversals, with the first appearing to the left of the chart in early May, resulting in the 6E falling.

We then have a repeat performance in early July, and this move also delivers a classic lesson in the comparative nature of volume and price. Consider the wide spread up candle and the volume associated with this candle. Here we have a big move on the day and volume that looks 'correct' given the move in price. But scroll forward three more candles, to the narrow spread up candle just ahead of the two bar reversal and consider the volume here. It is very high, and almost as high as that under the wide spread up candle. So what can we conclude here?

Well, first this is clearly an anomaly if we assume the wide spread up candle and volume are ‘correct’, as it is our benchmark. If so, the volume on our subsequent up candle here should be much lower than it is. As according to Wyckoff’s third law, effort and result should be in agreement. Clearly here they are not, because we have a huge effort, but with a limited result. The conclusion is clear. The market makers are selling into weakness here and ‘dumping’ into the market. The following day heavy selling then appears, and creates the two bar reversal, and off we go to the downside, before the big operators step in once again on the hammer candle before the rally into the Brexit candle.

The final candle of the chart is signaling a reversal once more as rangebound conditions prevail with the price action contained in a relatively narrow range, but continuing to look weak, with any move outside the spread of the Brexit candle then confirming bearish sentiment.

6J USD/JPY daily: May 2016 - Aug 2016

6J futures chart

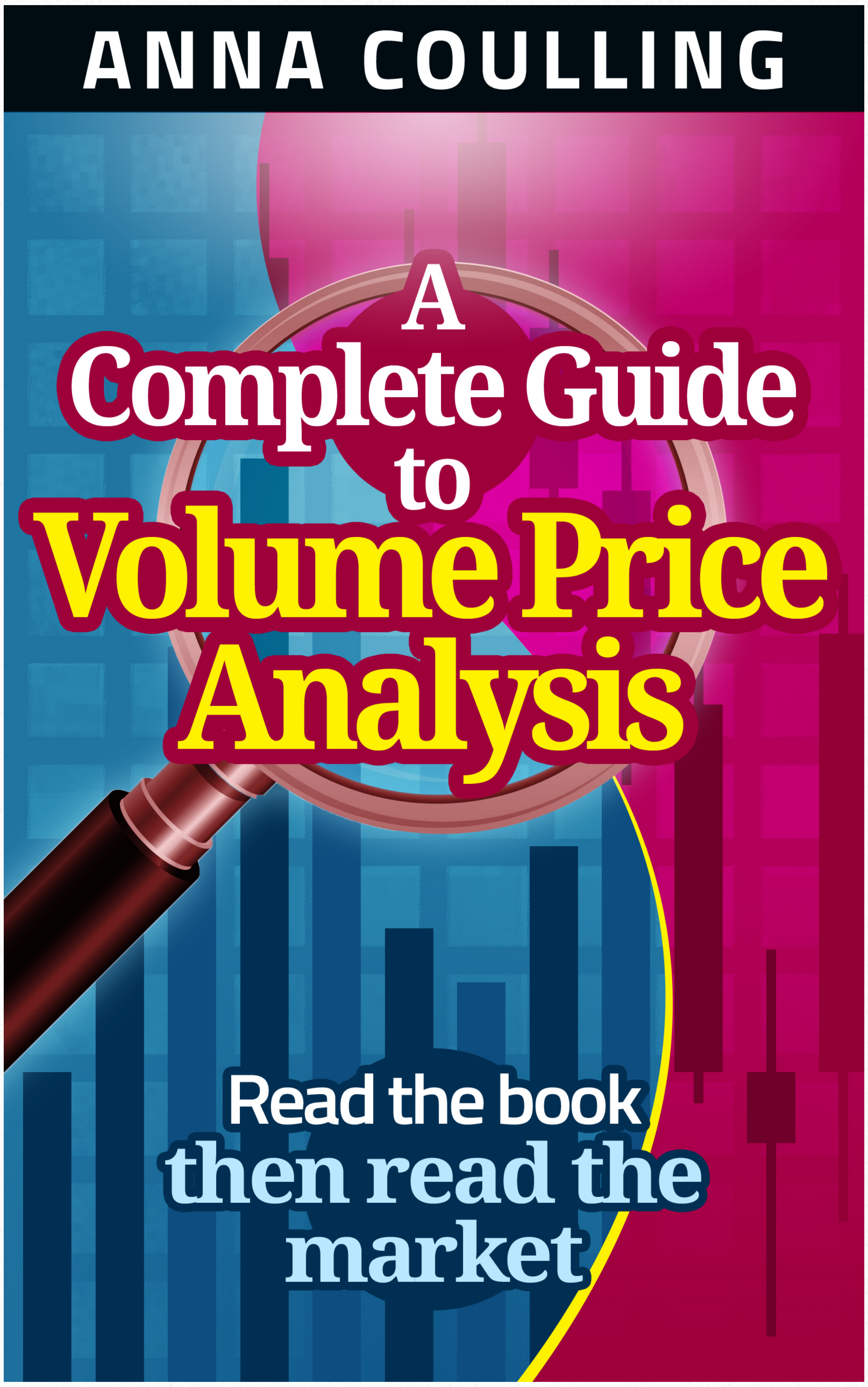
More excellent examples of volume price analysis in action here on the JPY/USD futures chart.

If we start with May to the left of the chart, the gap down candle of late in the month signals strong buying on high volume on the hammer candle. This also completes the accumulation phase and the breakout is then confirmed on excellent volume. However note the comparative volume of mid June as the move runs out of steam. Here we have higher volume, but a wick to the top of the candle. It is not a reversal signal, but suggesting a pause point. And indeed leading on from this point to the Brexit candle itself, the volume here is only marginally higher than the other two with selling evident on the deep wick above. Once again, this reinforces the concept of the comparative nature of volume and price and what it reveals. On this particular chart we have four examples of extreme volume, and in comparing these as they arrive on the chart then gives us a sense of whether the associated price action is in agreement, or whether it is in disagreement.

The market duly reverses with further buying in late July and a rally once more, again with extreme volume. To summarize, we have four extreme volume candles and a lack of progress. But of course we can always move to the weekly chart which will then ‘contextualize’ this price action and more importantly, the volume on a slower timeframe, which may well give us a much clearer perspective on the future for the pair. However, given the extreme volume being driven into the pair, and with no associated move higher overall, the outlook can only be bearish. Remember this is the JPY/USD not the USD/JPY so we can expect to see US dollar strength develop as a result.

My other books

A Complete Guide To Volume Price Analysis



In the UK we have a product called Marmite. It is a deeply divisive food, which you either love or hate. Those who love it, cannot understand how anyone could live without it - and of course, the opposite is true for those who hate it! This sentiment could be applied to volume as a trading indicator. In other words, you are likely to fall into one of two camps. You either believe it works, or you don't. It really is that simple. There is no halfway house here! I make no bones about the fact that I believe I was lucky in starting my own trading journey using volume. To me it just made sense, and the logic of what it revealed was inescapable. And for me, the most powerful reason is very simple. Volume is a rare commodity in trading - a leading indicator. The second, and only other leading indicator, is price.

As traders, investors or speculators, all we are trying to do is to forecast where the market is heading next. Is there any better way than to use the only two leading indicators we have at our disposal, namely volume and price? In isolation each tells us very little. After all, volume is just that, no more no less. A price is a price. However, combine these two forces together, and the result is a powerful, analytical approach to forecasting market direction.

However, as I say at the start of the book, there is nothing new in trading, and the analysis of volume has been around for over 100 years. After all, this is where the iconic traders started. People like Charles Dow, Jesse Livermore, Richard Wyckoff, and Richard Ney. All they had was the ticker tape, from which they read the price, and the number of shares traded. In other words, Volume Price Analysis (VPA), short and simple.

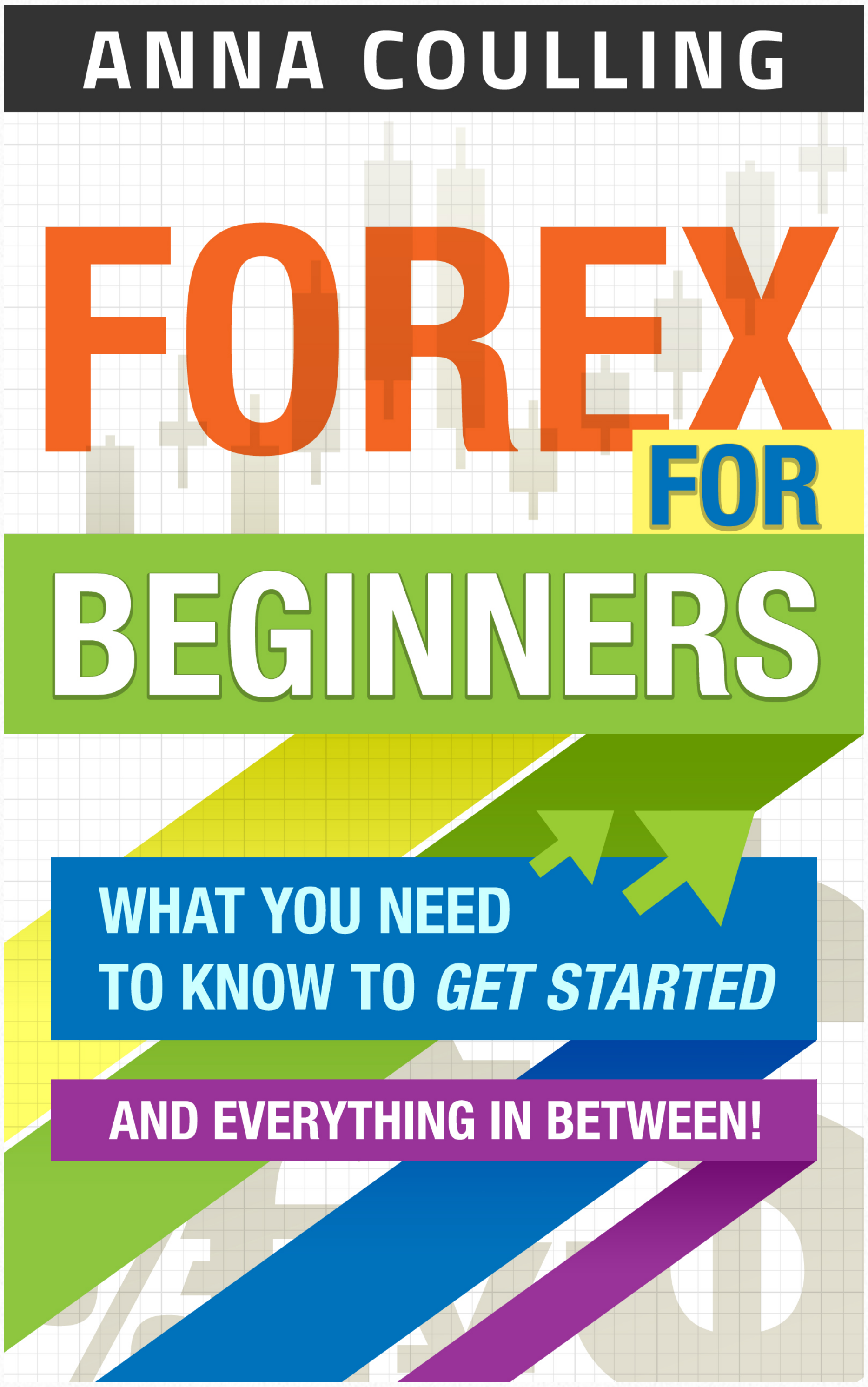
The book has been written for traders who have never come across this methodology, and for those who have some knowledge, and perhaps wish to learn a little more. It is not revolutionary, or innovative, but just simple sound common sense, combined with logic. And here is a typical comment from one of my readers:

“I loved your book on VPA. I have read many books on the markets but yours was the only one that generated an 'aha' moment for me. I have deployed VPA in my trading strategies and I have been delighted with the results.”

This is just one of the many hundreds of emails I have received since writing this book, and you can read many more comments on Amazon where the book is a number one best seller.

And you can find out more about me, and how I use VPA in my own trading and market analysis at www.annacoulling.com

Forex For Beginners



There are, of course, many books about forex trading. What is different about this book, is the focus on those aspects of trading which I believe are fundamental. After all, there are only two questions we need to answer when considering a position in the market:-

What is the likely outcome on this trade, and what is my confidence in my analysis - is it high, medium or low?

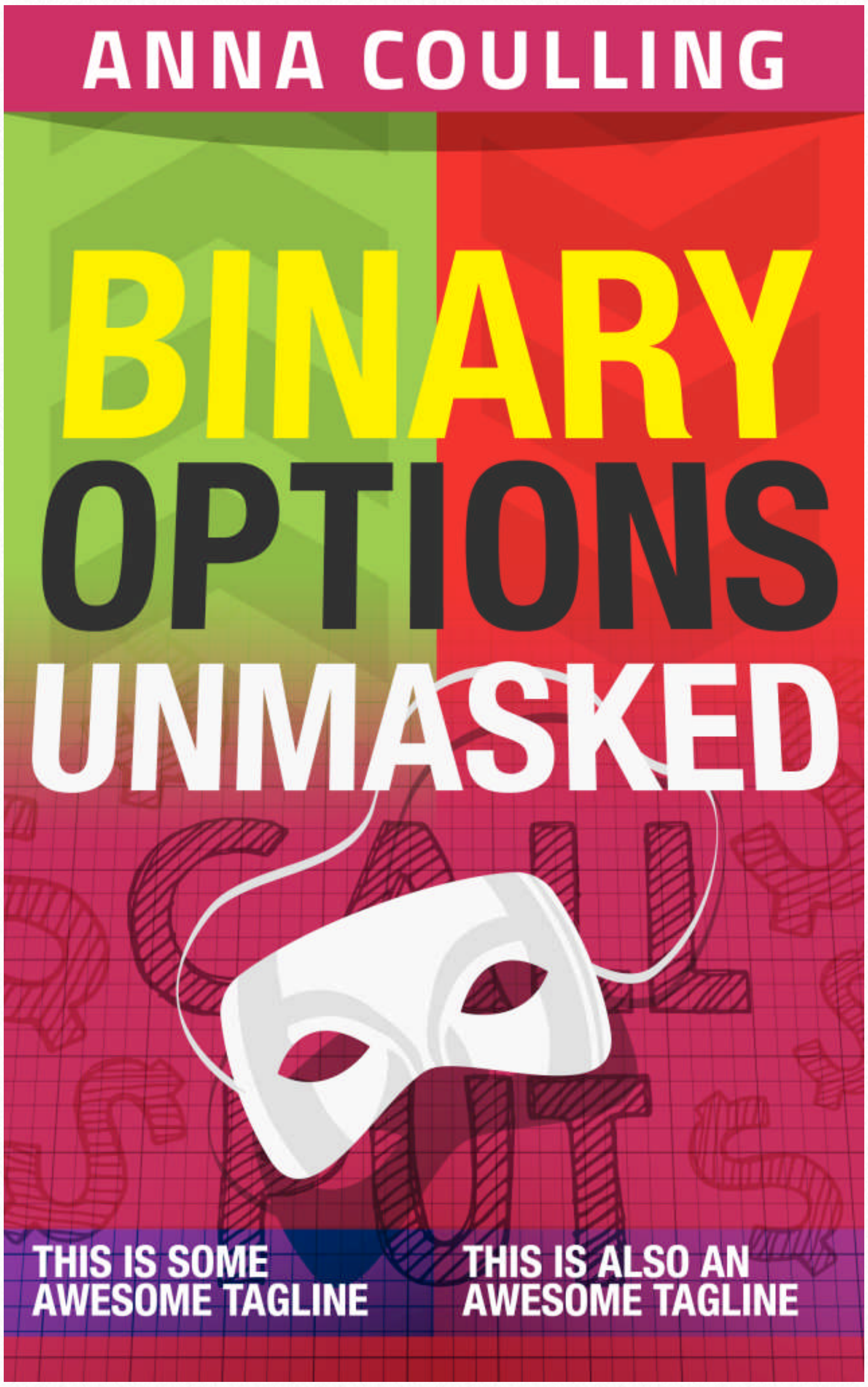
And second and just as important, what is the financial risk on this trade?

The first is the hardest question to answer, but the book will explain in detail the analysis and approach to use, in order to answer this question with confidence. The second question is more straightforward, and is answered provided you have an understanding of risk, money management and position sizing in relation to your trading capital. Again, this is covered in detail in the book. As the tag line on the front cover says 'What you need to know to get started, and everything in between' which really sums up what you will learn.

The book explains everything, from the mechanics of trading to the trading methodology that I advocate, and which I have used in all my own trading and investing for over 20 years. Forex For Beginners is also dedicated to all those traders who have asked me to write such an introduction, based on my knowledge and my methodology.

And you can find out more about me, and how I use VPA in my own trading and market analysis at www.annacoulling.com

Binary Options Unmasked



Binary options - is is betting or trading? A debate that has been raging ever since binary options exploded onto the market, sweeping away convention, tearing up the rulebook, and dividing opinion. Indeed, simply mention the word binary, and instantly a heated debate will ensue.

But love them or loathe them, binary options are here to stay, and Binary Options Unmasked has been written to provide traders with a balanced and considered view of these deceptively simple yet powerful instruments. There are many traps for the unwary, but there are also some solid gold nuggets, if you know where to look.

So are binary options for me? This is the question I hope will be answered for you in this book. In writing it, I have tried to provide a complete introduction to the subject, with practical examples of how to approach these innovative instruments. Every aspect of this market is explained - both the good and the bad. Nothing is left unsaid. Binary options have much to offer, and used with common sense and thought, are perfectly valid trading instruments. Applied unthinkingly, they become like any other instrument - a quick way to lose money fast.

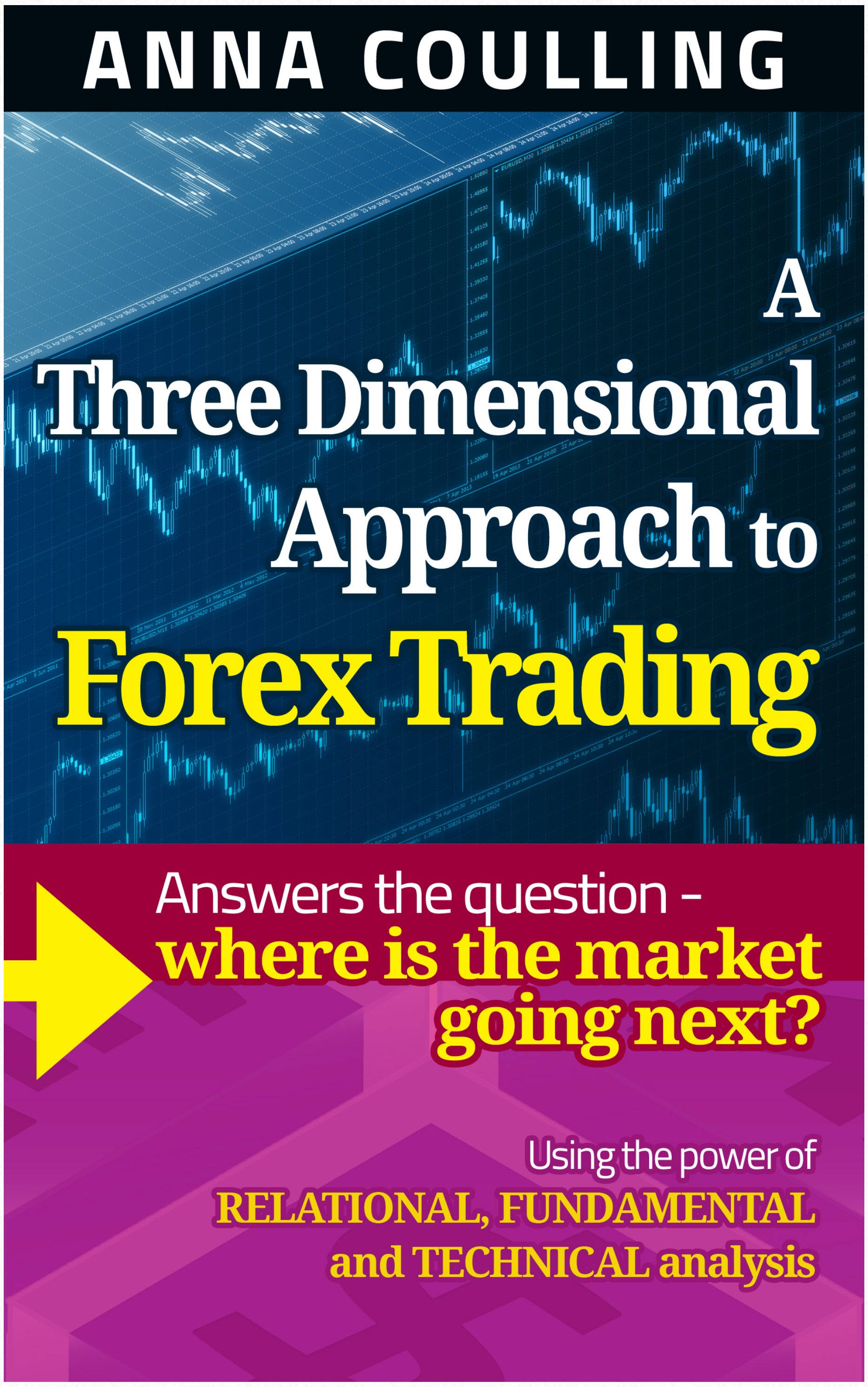
Binary Options Unmasked reveals the true characteristics of this market. It covers the current market participants, along with their product offering. Moreover, not only are binary options explained in detail, but their application as a trading instrument is also illustrated. Trading strategies and approaches too are explored, along with an innovative and practical approach to interpreting volatility, a key component of any options trading. And as one reader said....

“Thank you Anna - reading your book has truly opened my eyes to the dangers ahead. I can now approach this market armed with your invaluable knowledge. I feel I have my own personal guide on this journey.”

This book, will give you the confidence at least to consider these instruments in more detail for yourself, with an open mind and your eyes wide open.

And you can find out more about me, and how I use VPA in my own trading and market analysis at www.annacoulling.com

A Three Dimensional Approach To Forex Trading



If you aspire to becoming a full time forex trader, then this is the book for you. Even if your dream is perhaps more modest, and you simply want to have a second income trading the forex markets, then again, this book is for you.

And perhaps you have some questions such as:-

What will I learn?

How will it help me?

So, let me answer these for you.

The book has been written with one clear objective. To explain how and why the currency markets move in the way they do - the forces, the factors and the manipulators.

Many aspiring traders, simply do not realize that the forex market sits at the heart of the financial world, which when you think about it logically, is really common sense. After all, this is the biggest money market in the world, and if the financial markets are about one thing, they are about money. Making it, protecting it, or increasing the return.

It's no surprise therefore, that the forex market connects all the others. Put simply, the forex market is the ultimate barometer of risk.

So how will this book help me to become a better forex trader? Well, in several ways.

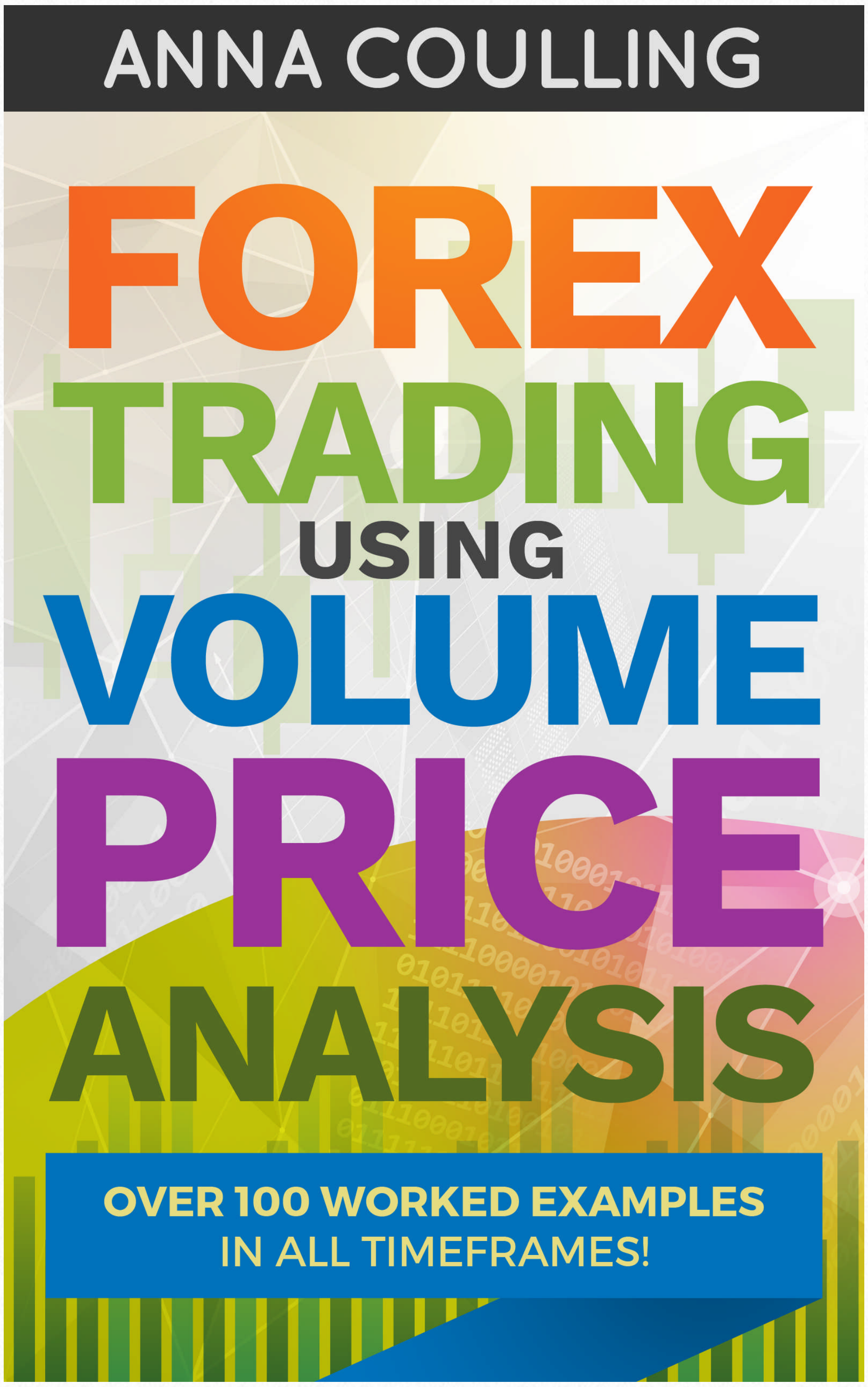
First, you will discover how changes in market sentiment in the primary markets of commodities, stocks, bonds and equities, are then reflected in the currency markets. This is something which often surprises novice traders. After all, why look at a stock index, or the price of gold, or a bond market? And the answer is very simple. It is in these markets that you will find all the clues and signals, which then reveal money flow. After all, the financial markets are all about risk. In other words, higher returns for higher risk, or lower returns for lower risk.

It really is that simple. And yet, how many forex traders ever consider associated markets? The answer is very few. After reading the book, you will be one of those few enlightened traders who truly understands money flow and risk, and your confidence as a trader will grow exponentially as a result.

The next thing you will learn is that trading in one dimension or using one trading technique, is rather limiting. You have probably met people who trade, who then make a bold statement such as: 'I only trade using the fundamentals' or perhaps that 'technical analysis is a self fulfilling prophecy'. To trade successfully in the forex world requires a three dimensional approach which embraces the fundamental, the relational and the technical, and is what this book is all about.

And you can find out more about me, and how I use VPA in my own trading and market analysis at www.annacoulling.com

Forex Trading Using Volume Price Analysis



The forex market is perhaps the most complex of all the four principle capital markets. So it is little wonder so many traders struggle to achieve longer term consistency, and profitability in this most challenging of markets.

And indeed some of these very traders, ignore volume as they mistakenly believe it has no validity, given the fact the forex market operates with no central exchange. But in the world of forex, volume is tick activity, and activity is volume.

In this book I aim to demonstrate that volume price analysis is a valid and powerful solution, and one which will help you become consistently profitable in the forex market. The application of volume price analysis can be traced back to the iconic traders of the past century. Trading greats such as Charles Dow, Jesse Livermore, Richard Wyckoff and Richard Ney. All used volume and price to build their fortunes.

Today, we have brought this methodology up to date and based on the codified laws of Richard Wyckoff. Here you will find over 100 worked examples in all timeframes, clearly annotated and with detailed descriptions, to illustrate how the power of volume price analysis can help you in your forex trading.

And better still, VPA or volume price analysis is an approach you can integrate into your existing trading style. There is no need to change or abandon your existing trading tactics, something many of my readers have confirmed with their public comments on my other books on Amazon.

Investing & Trading In Cryptocurrencies Using Volume Price Analysis

If you have not yet discovered the world of cryptocurrencies, in the next few years you almost certainly will, as they are the latest phenomenon to take the financial markets by storm. And they follow in the footsteps of binary options.

But like all new instruments and markets, there are many pitfalls and traps for the unwary, and even more so here. And for many reasons.

First, we have an unregulated market, and one which has no central exchange with no transparency, and little in the way of investor protection. Second, we have a group of instruments that are extremely volatile. Third, none of the major regulators have been able to agree on how to classify and regulate this instrument, with some suggesting it is an asset, others a commodity, and to some a currency.

Finally, and perhaps most worryingly of all, hundreds of new cryptocurrencies are being launched weekly, adding to a market that is already chaotic and largely driven by the fear of missing out. Many have already suggested this is nothing more than a replica of the dot com bubble or tulip mania, and one which will all end in tears.

So, what are the facts? Should you even consider this market, either as an investor, speculator or trader? And if so, how you can make logical common sense investment or trading decisions in such an uncertain market.

In this book, I aim to show you how, whether your purpose is to invest for the longer term, or to trade the markets intraday. And the only approach which can give you the insight to anticipate future market direction with confidence for cryptocurrencies, is by application of volume price analysis.

In the world of cryptocurrencies, volume represents the buyers and sellers in the market, and so takes us directly to the heart of supply and demand, as described in Wyckoff's first law.

The application of volume price analysis can be traced back to the iconic traders of the past. Trading greats such as Charles Dow, Jesse Livermore, Richard Wyckoff and Richard Ney. All used volume and price to build their fortunes.

Today, we have brought this methodology up to date, and based it on the codified laws of Richard Wyckoff. Here you will find over 100 worked examples in all timeframes and for a variety of the most popular cryptocurrencies, clearly annotated and with detailed descriptions, to demonstrate how you can leverage the power of volume price analysis for trading this market.

And better still, it is an approach you can apply to your existing trading style. There is no need to change or abandon your existing approach, something many of my readers have confirmed with their public comments on my other books on Amazon.

So if you are considering entering the world of cryptocurrencies, grab your copy now. Here you will find out what they are, and perhaps what they are not. And just as important, where the opportunities are to be found, and how to take advantage.

Thank you & acknowledgements

Thank you for investing in this book and I hope you have found the worked examples helpful in expanding your knowledge and understanding of volume price analysis.

If you would like to discover more of my work, you can find me on my personal site at http://www.annacoulling.com where I write regular market analysis using volume price analysis across all the markets. There you will find my Facebook pages and also my Twitter feed which is http://twitter.com/annacoull and below are details of my other books which are all available on Amazon both in Kindle format and as paperbacks :

A Complete Guide To Volume Price Analysis

Forex For Beginners

A Three Dimensional Approach To Forex Trading

Binary Options Unmasked

I'm also the founder of Quantum Trading along with the hus-band and trading partner David, and here you will find a range of tools and indicators developed by traders for traders. Here you will find indicators such as the Volume Point Of Control

which develops the idea of volume to embrace the volume/ price/ time relationship on the Y axis of the price chart, thereby creating a very different view of support and resistance based on the principles of market profile and the value area. And you can find all the details here:

http://www.quantumtrading.com

https://ninjaindicators.quantumtrading.com/product/volume-point-of-control-vpoc-indicator-for-ninjatrader-7/

https://mt4.quantumtrading.com/product/volume-point-of-control-vpoc-indicator-for-mt4/

You may also be interested to know David and I have developed a complete course of education for aspiring forex traders, and this is called The Complete Forex Trading Program. The program includes the full suite of tools and indicators from Quantum Trading along with a comprehensive online learning resource of videos and video podcasts to help you understand all you need to know to succeed in this uncompromising market. All the details are here:

http://www.quantumtradingeducation.com

And to this program we will soon be adding future programs, including one for stock traders and investors, so do keep checking the site for upcoming program details.

I would like to thank NinjaTrader and MetaQuotes Software for allowing me to present charts using their software. Many of the chart examples in this book are from my NinjaTrader trading platform. The NinjaTrader platform with the Kinetick data feed is one of the most powerful combinations in the market, and is available on a free, end of day basis. You can find further details on the platform and feeds at http://www.ninjatrader.com

The MT4 and MT5 platforms are the most popular trading platforms in the world, and the perfect place to get started if you are new to the trading world. You can find all the details at

https://www.metatrader4.com/

Finally it only remains for me to wish you every success and good fortune in your own trading and investing,

Kindest regards

Anna