

# WYCKOFF ANALYTICS

## Comments from students:

Sessions remain super interesting, - and challenging, especially Distribution

I must say, the level of detail and information is incredible. And even though the information you give is complex and advanced, you make it fun and easy to understand. Impressive!



## Wyckoff Trading Course (WTC)

January 28, 2019

Next webinar sessions for **WYCKOFF PRICE STRUCTURE** series:

February 4<sup>th</sup> at 3:00-5:30pm PST

Homework submission: **All homework assignments should be submitted in ONE file per person in .pptx, .pdf or .doc formats.** Please include your first name and the first letter of your last name in the homework file name, e.g., "Thomas B\_WTC Homework 1". All assignments should be submitted to Roman's personal email.

The remainder of the WTC classes will be more interactive; students who would like to participate in discussions should have a working headset with a built-in microphone.

# Disclaimer

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It should not be assumed that the methods, techniques, or indicators presented will be profitable or that they will not result in losses. Past results of any individual trader or trading system published by Presenter are not indicative of future returns by that trader or system, and are not indicative of future returns which will be realized by you. In addition, the indicators, strategies, articles and all other features of Presenter's products are provided for informational and educational purposes only and, again, should not be construed as investment advice. Accordingly, you should not rely solely on the Presenter's information in making any investment. Rather, you should use the Presenter's information only as a starting point for doing additional independent research in order to allow you to form your own opinion regarding investments. You should always check with your licensed financial advisor and tax advisor to determine the suitability of any investment.

HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING AND DO NOT INCLUDE BROKERAGE AND OTHER FEES, OR SLIPPAGE. ALSO, IN SIMULATED PERFORMANCE RESULTS NO TRADES HAVE ACTUALLY BEEN EXECUTED, AND THEREFORE THE RESULTS MAY HAVE UNDER- OR OVER-COMPENSATED FOR THE IMPACTS OF A VARIETY OF MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS, IN GENERAL, CAN ALSO BE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN.



Justin

1. In accumulation, does the BU action happen on lower volume all the time and if it does, is that where you want to enter a position?
2. Do springs/LPS always happen on a reversal candle (ie hammer)?
3. In the diagram below it looks like the circle is a major SOW but then it continues upward back into the trading range forming a higher low. Does that make this circled a Spring instead?



# WYCKOFF ANALYTICS

## WYCKOFF TRADING COURSE

### Session 4

#### PRICE STRUCTURAL ANALYSIS

1. Homework Review (HD)
2. Price Structural Analysis
  - Phase Boundaries
  - Phase |C| Identification
  - Springs and Shakeout
  - Sign of Strength (SOS)
  - Upsloping/Downsloping TRs
3. Price Structural Analysis
  - Distribution
4. Homework #4: MSFT

### Session 5

#### PRICE STRUCTURAL ANALYSIS

1. Homework Review (Distribution)
2. Price Structural Analysis
  - Upsloping/Downsloping TRs
  - Upthrust and Upthrust Action
3. Homework #4: Labeling (MSFT)



# WYCKOFF ANALYTICS



## Homework #2:

due on January 21<sup>st</sup> , 2019

1. **Exercise #1:** Stock: Home Depot (HD)

**Assignment:** Label trading ranges with Wyckoff Phases and Events, and **CHoCH**

2. Watch recording of January 14<sup>th</sup> session again (optional assignment)

Email your home work to Roman to [simplekot@hotmail.com](mailto:simplekot@hotmail.com).

Access instructions will be sent out tonight or tomorrow morning.

## HD - Daily

**Homework Assignment:**

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character



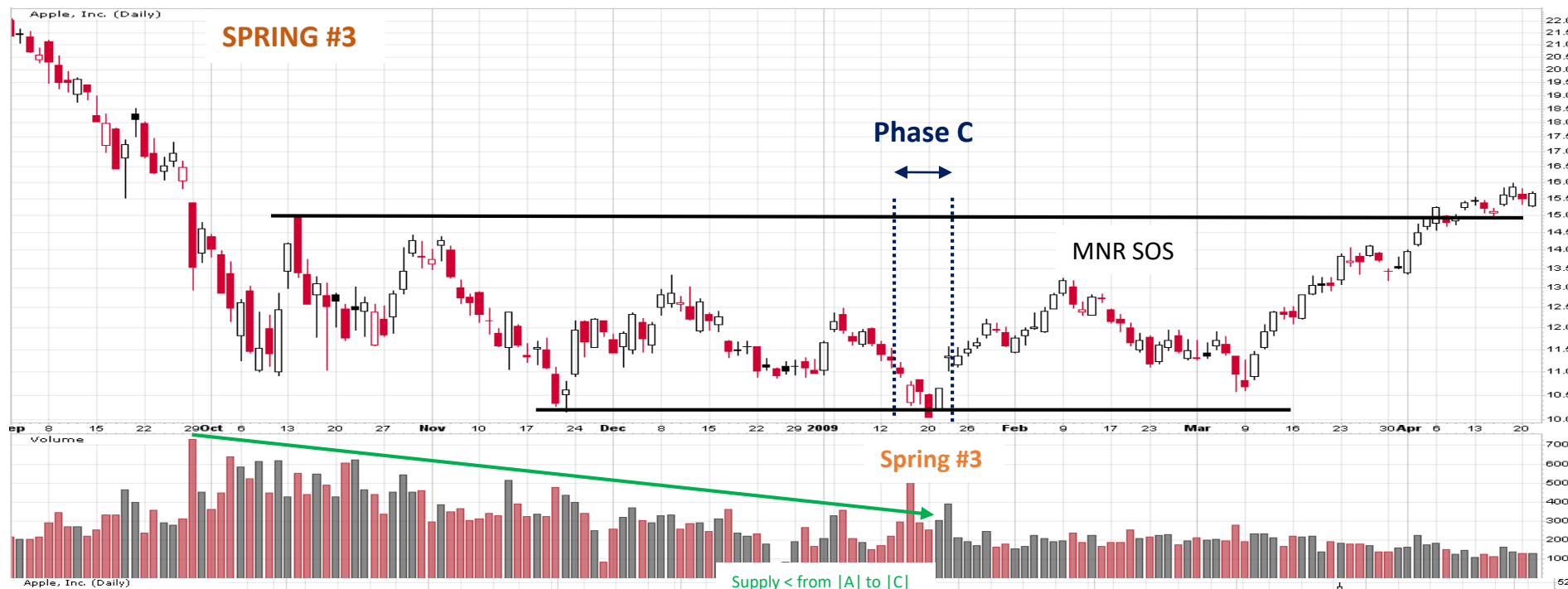
## HD - Daily

### Homework Assignment:

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character

## Home assignment #1 – Solution slide 3





## Types of Springs (Accumulation/Re-accumulation)

### SPRING #3:

#### Definition and Characteristics:

An attempt or a temporary price commitment below a TR support level on relatively light volume.

#### Confirmation and Trading Tactics:

Immediate return to the trading range above the support level acts as a confirmation. The return of price above support could represent a point of entry.

### SPRING #2:

#### Definition and Characteristics:

A temporary price commitment below a TR support level on moderate volume.

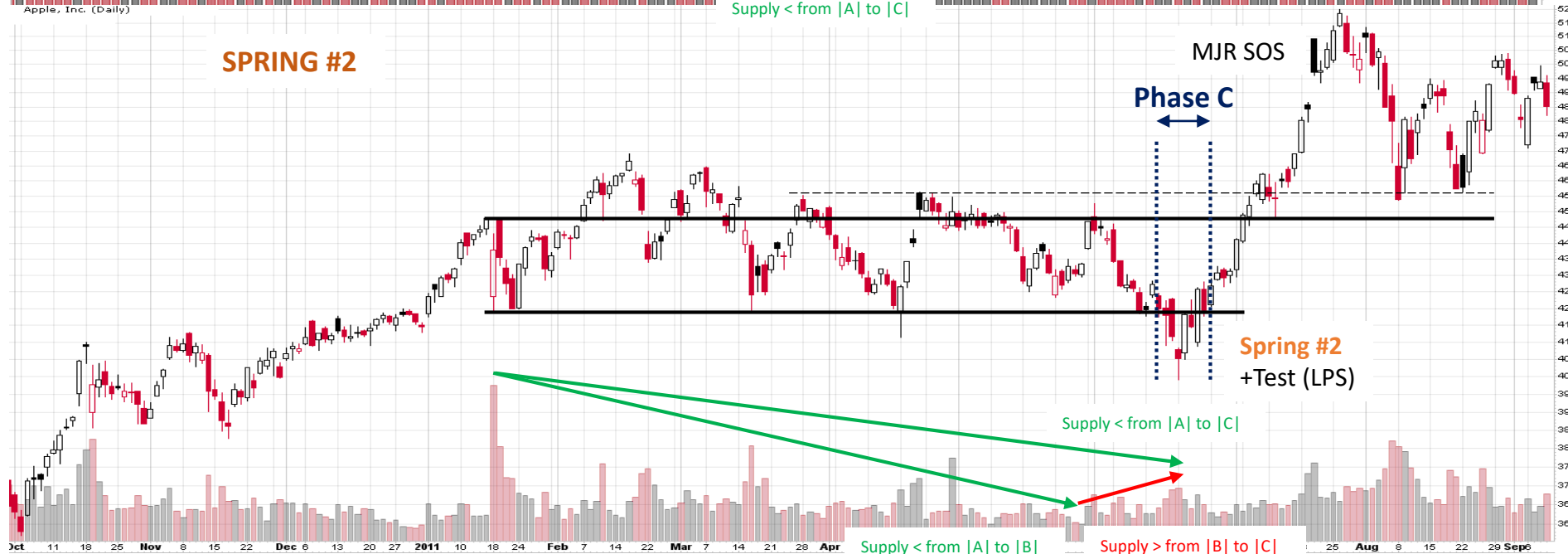
#### Confirmation and Trading Tactics:

A test or a series of tests around support level act as a confirmation. Reversal of a test's low could represent a point of entry.

### SPRING #1:

#### Definition and Characteristics:

A price breakdown below a TR support level on substantial volume. Effectively a Sign of Weakness followed by a Last Point of Support rally that fails. This definition of a spring is confusing and should be eliminated from the Method!

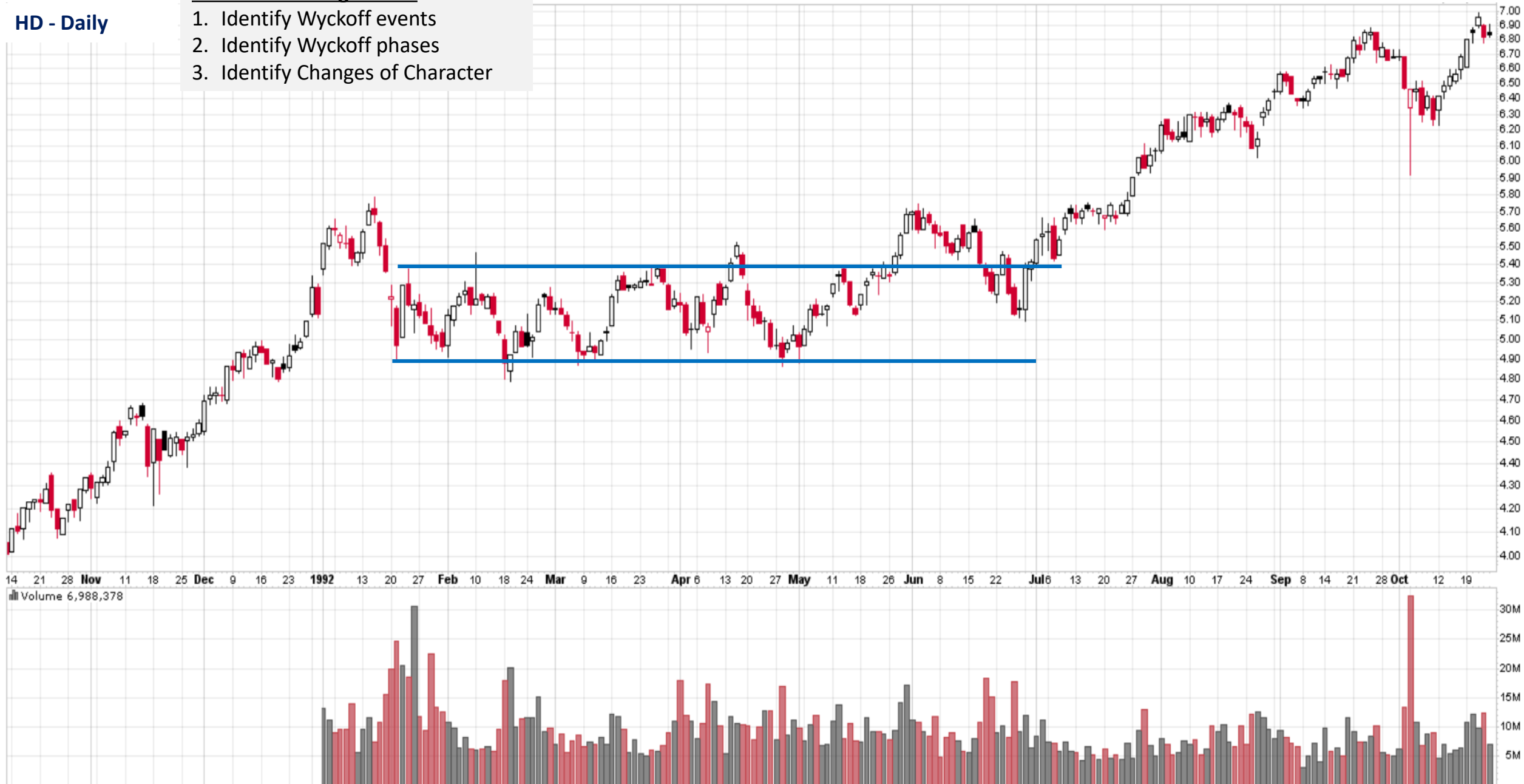




**Homework Assignment:**

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character

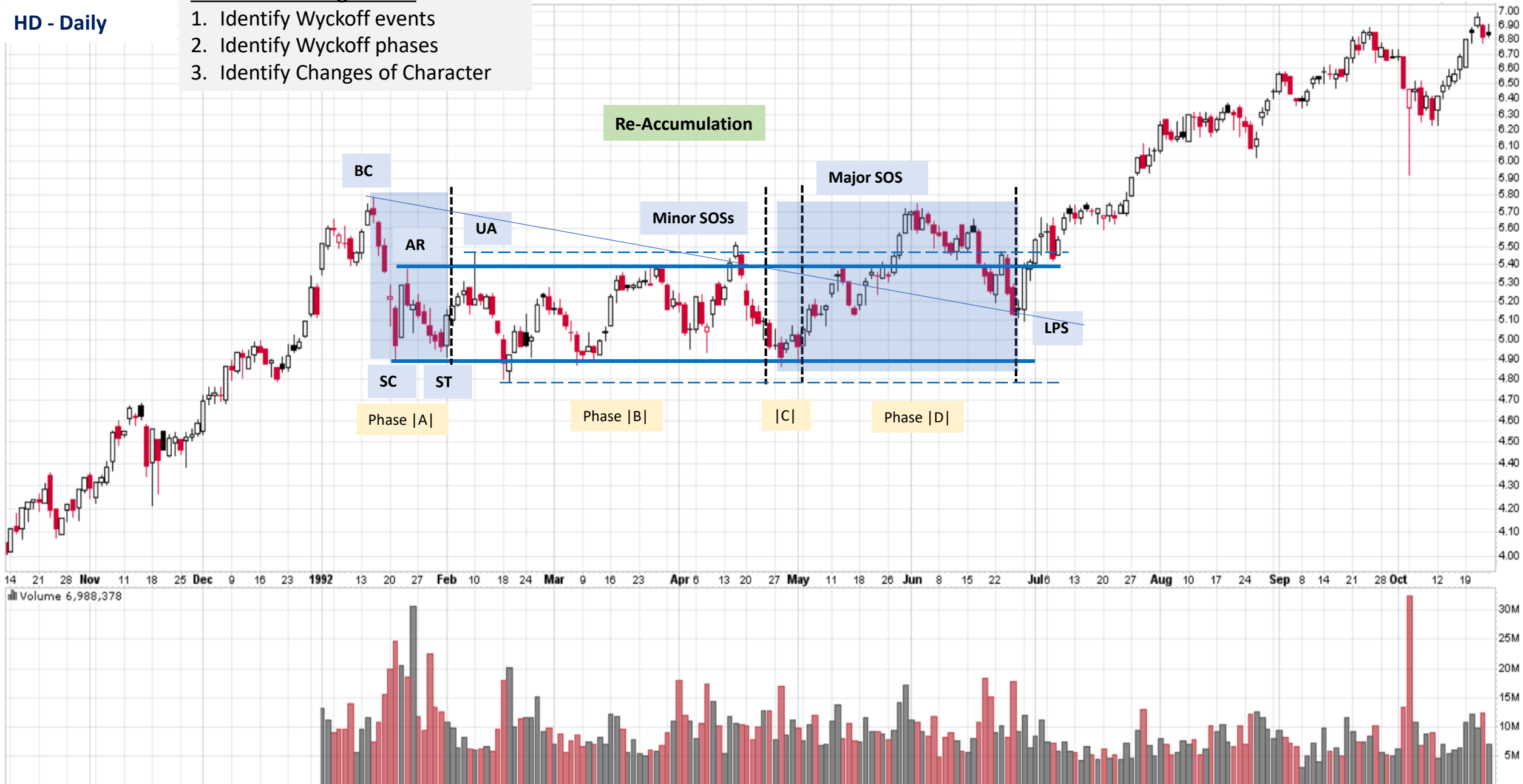
HD - Daily



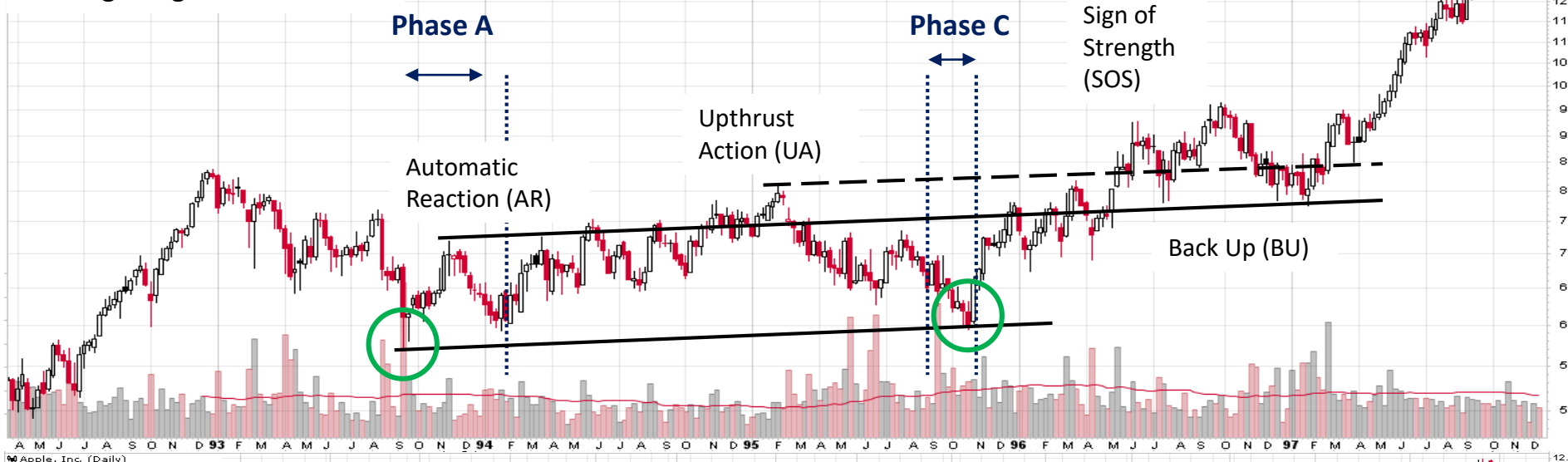
HD - Daily

**Homework Assignment:**

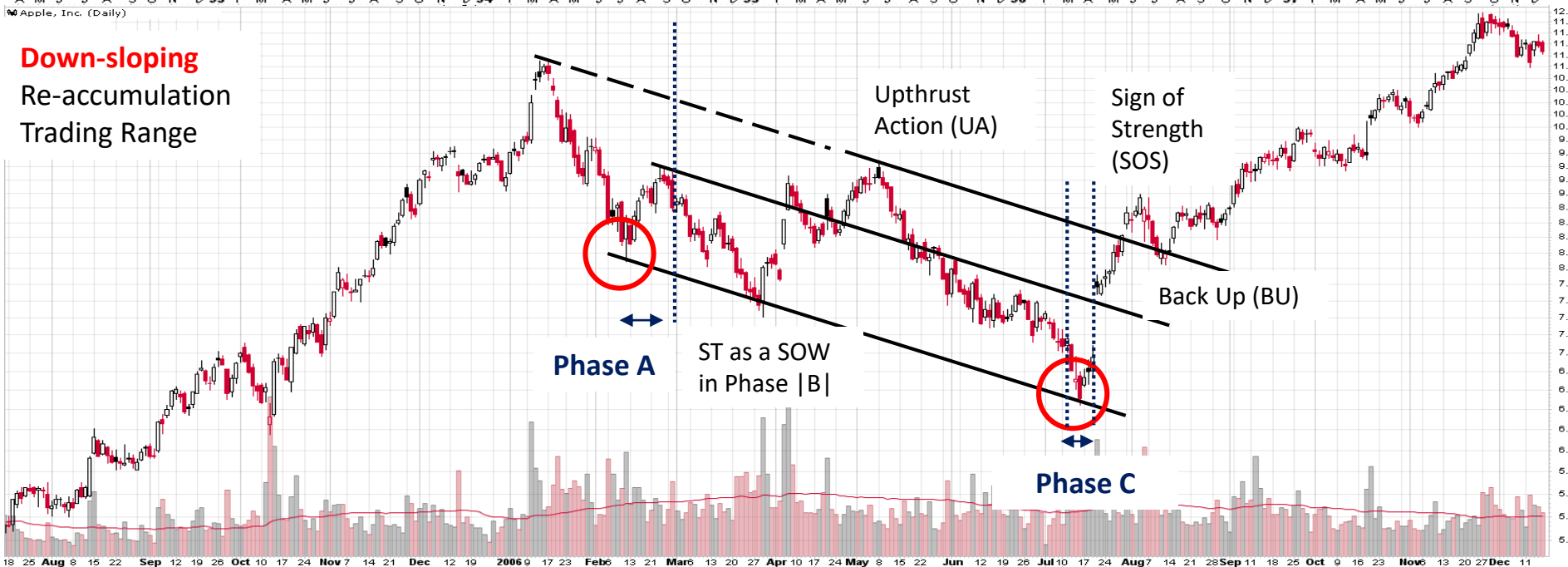
1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character



## Up-sloping Re-accumulation Trading Range



## Down-sloping Re-accumulation Trading Range



## Up-sloping and Down-sloping Trading Ranges (Accumulation/Re-accumulation)

The price structure of an accumulation (or re-accumulation) trading range can take different forms and will not always be horizontal. Presence of Supply and absorption of Supply ultimately define a trading range price structure.

### Up-sloping Accumulation TR\*

- Phase |C| low is higher than Phase |A| low
- To mark the lower bound of the TR, connect the lows in Phases |A|, |B| and |C|
- A SOW in |B| or a Spring/Shakeout action in |C| might temporarily break support
- To draw the upper bound(s) of the TR, extend to the right parallel line(s) originating at the AR high in |A| and at any UA high in |B|
- SOS and BU should conform with their definitions

### Down-sloping Accumulation TR\*

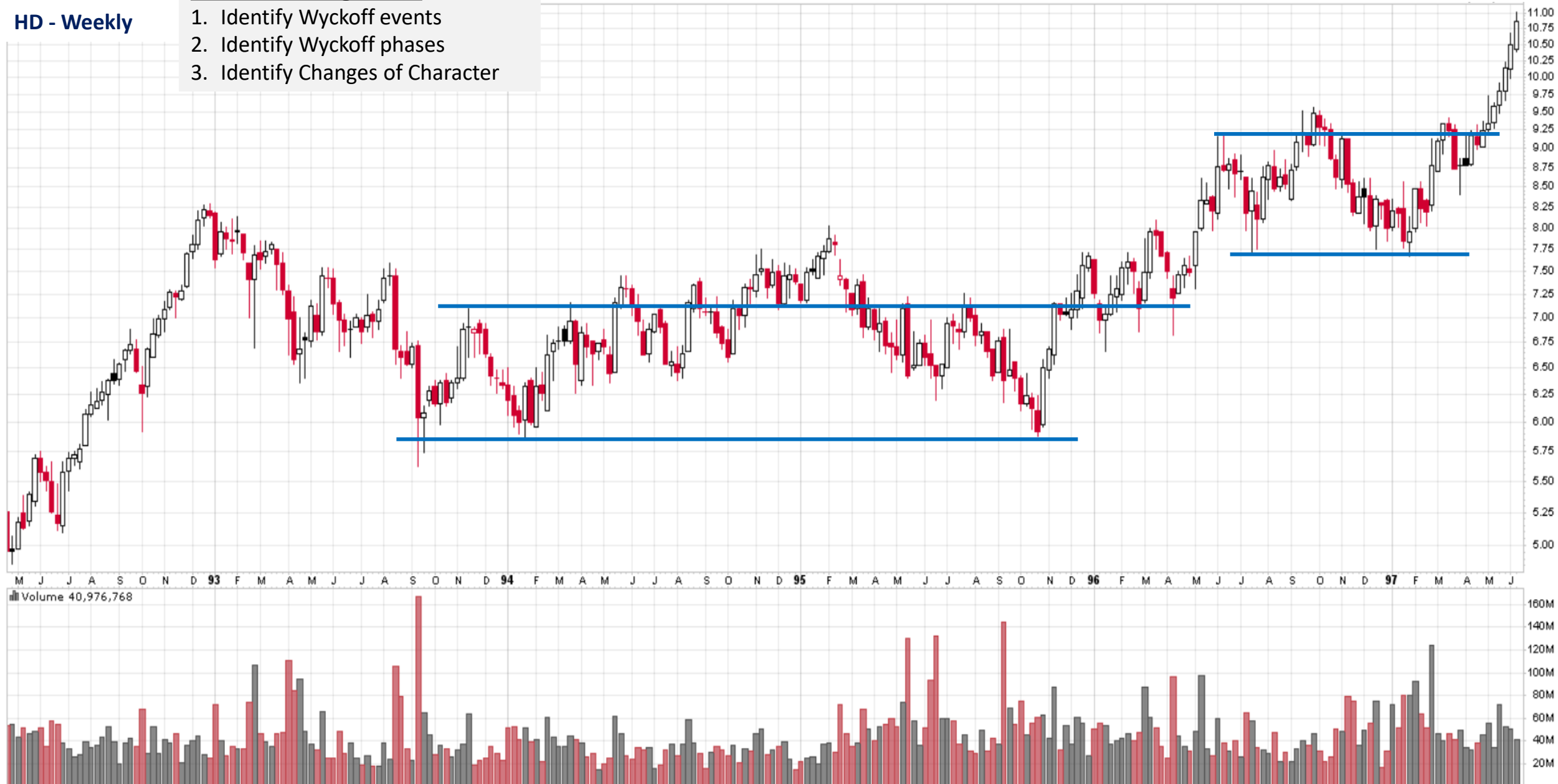
- Here the Phase |C| low is lower than Phase |A| low, but support and resistance levels can be drawn using the same process as that used for the Up-sloping Trading Range

\*Romanism

## HD - Weekly

**Homework Assignment:**

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character



## HD - Weekly

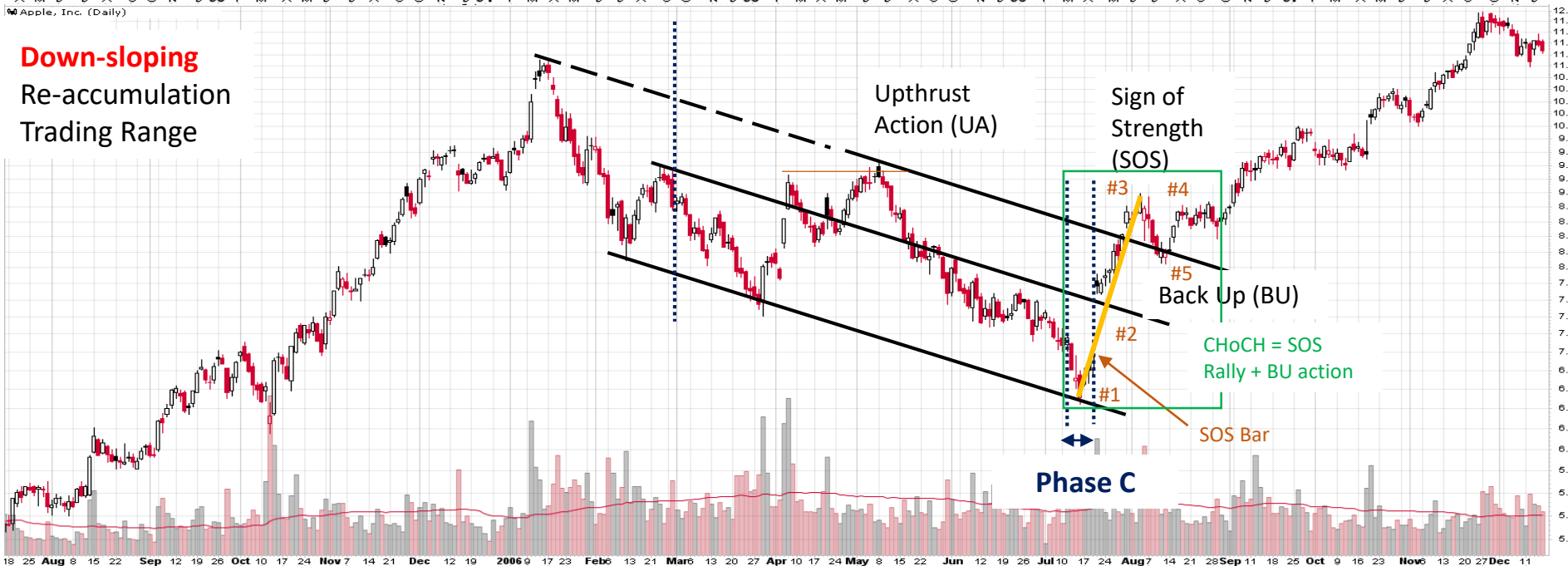
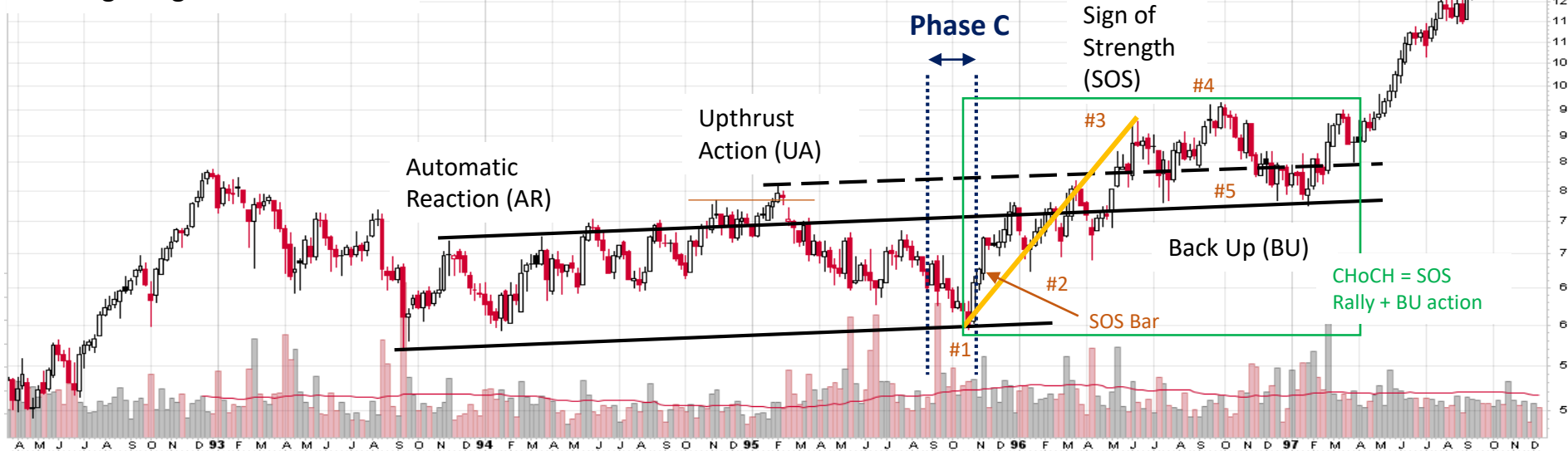
**Homework Assignment:**

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character





## Up-sloping Re-accumulation Trading Range



## Down-sloping Re-accumulation Trading Range

### Sign of Strength (SOS): Definition and Characteristics (Accumulation/Re-accumulation)

**Definition:** **Sign of Strength (SOS)** is a rally that: (1) starts at the lows of Phase |C|; (2) marks up the price through the whole trading range; (3) commits above the resistance (cluster) created by the highs in Phases |A+B|; (4) is followed by price's ability to stay above resistance (cluster); and (5) is followed by price reacting to new support (cluster) that had previously acted as resistance (Back Up action)

**\*Pure Romanism!**

### Characteristics of the SOS rally:

- This is a first sign of the Change of Character in Phase |D| (or the first leg of the CHoCH)
- Preferably, the SOS rally should be accompanied by increasing price spread and volume signature. Not always!!!

### SOS Bar\*:

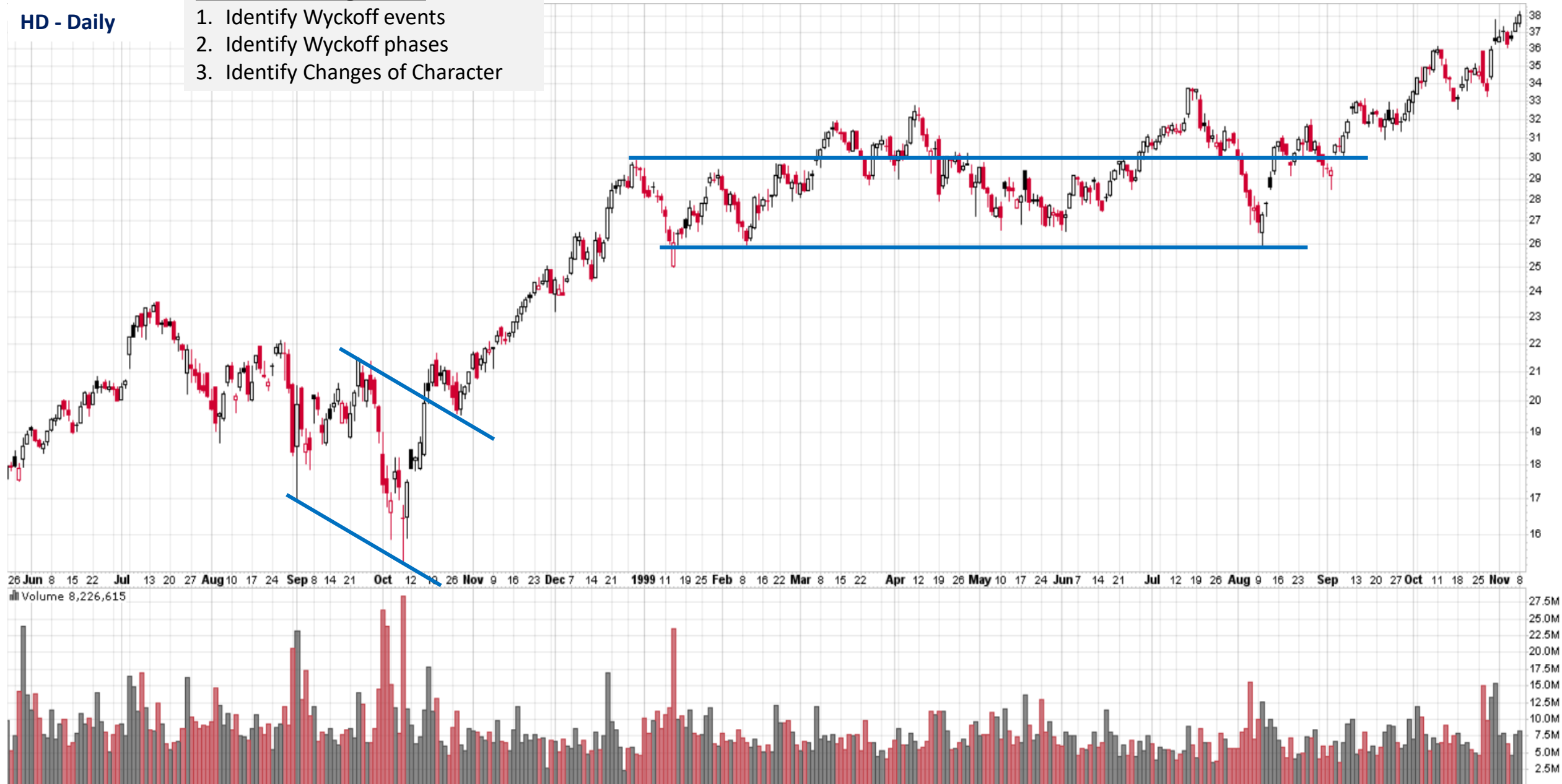
- A SOS rally price bar with characteristics of expanding spread and volume signature
- Momentum characteristics
- A point of no return as an institutional Point of Entry

**\*Romanism**

## HD - Daily

**Homework Assignment:**

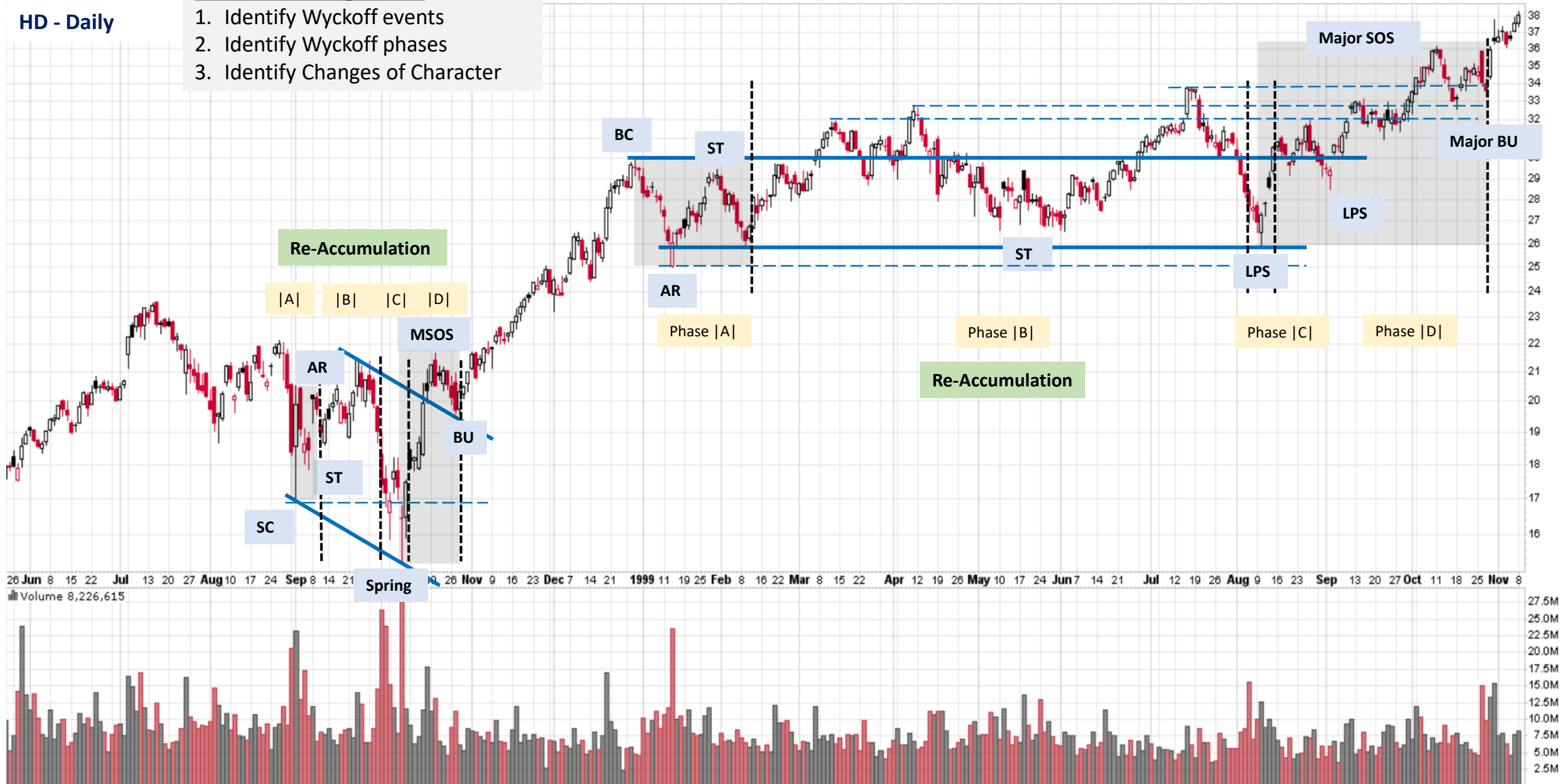
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2. Identify Wyckoff phases
3. Identify Changes of Character

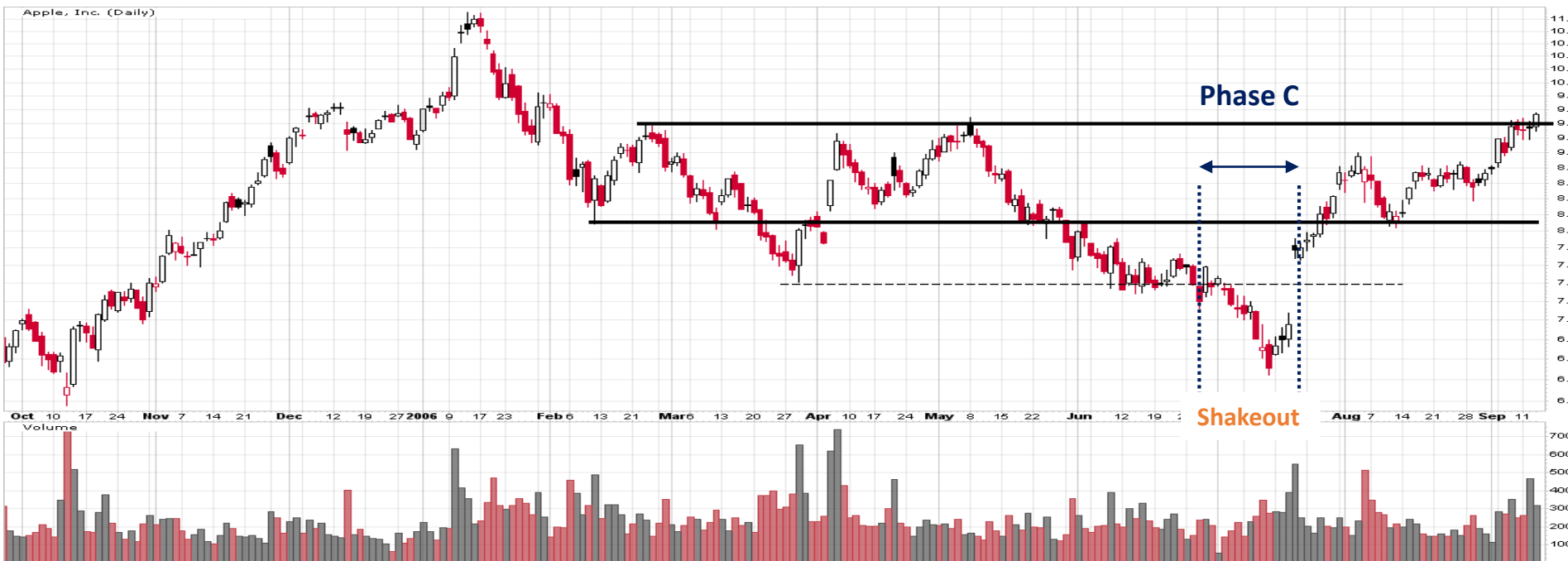


HD - Daily

**Homework Assignment:**

1. Identify Wyckoff events
2. Identify Wyckoff phases
3. Identify Changes of Character





## Shakeout and Spring-type Action

(Accumulation/Re-accumulation)

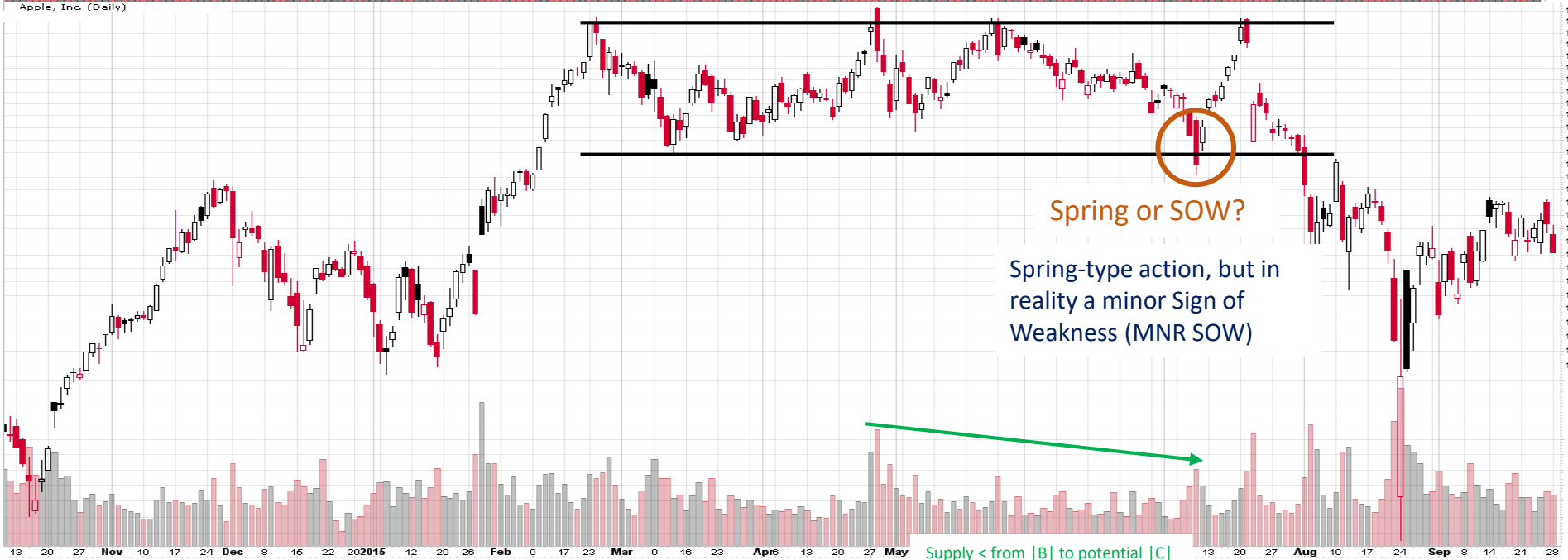
### SHAKEOUT:

#### Definition and Characteristics:

A pronounced price commitment below levels of support on above-average volume with further price recovery back into the trading range.

#### Confirmation and Trading Tactics:

A test (or a series of tests) around the TR support level(s) as well as the return of price into the trading range act as a confirmation of the Shakeout labeling. The reversal of a test's low could act as a point of entry.



Spring or SOW?

Spring-type action, but in reality a minor Sign of Weakness (MNR SOW)

Supply < from [B] to potential [C]

### SPRING-TYPE ACTION:

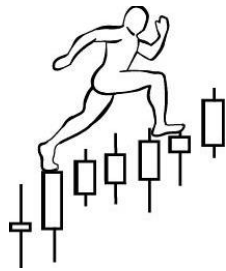
#### Definition and Characteristics:

A Spring-type action has the characteristics of a regular Spring, but the subsequent advance does not rise far enough to become a SOS rally.

#### Confirmation and Trading Tactics:

Only the failure of a potential SOS rally will confirm the Sign of Weakness labeling. Usually such a failed signal will produce strong momentum to the downside as buyers unload their long positions. The reversal marking the failure of the potential SOS rally could act as a point of entry.

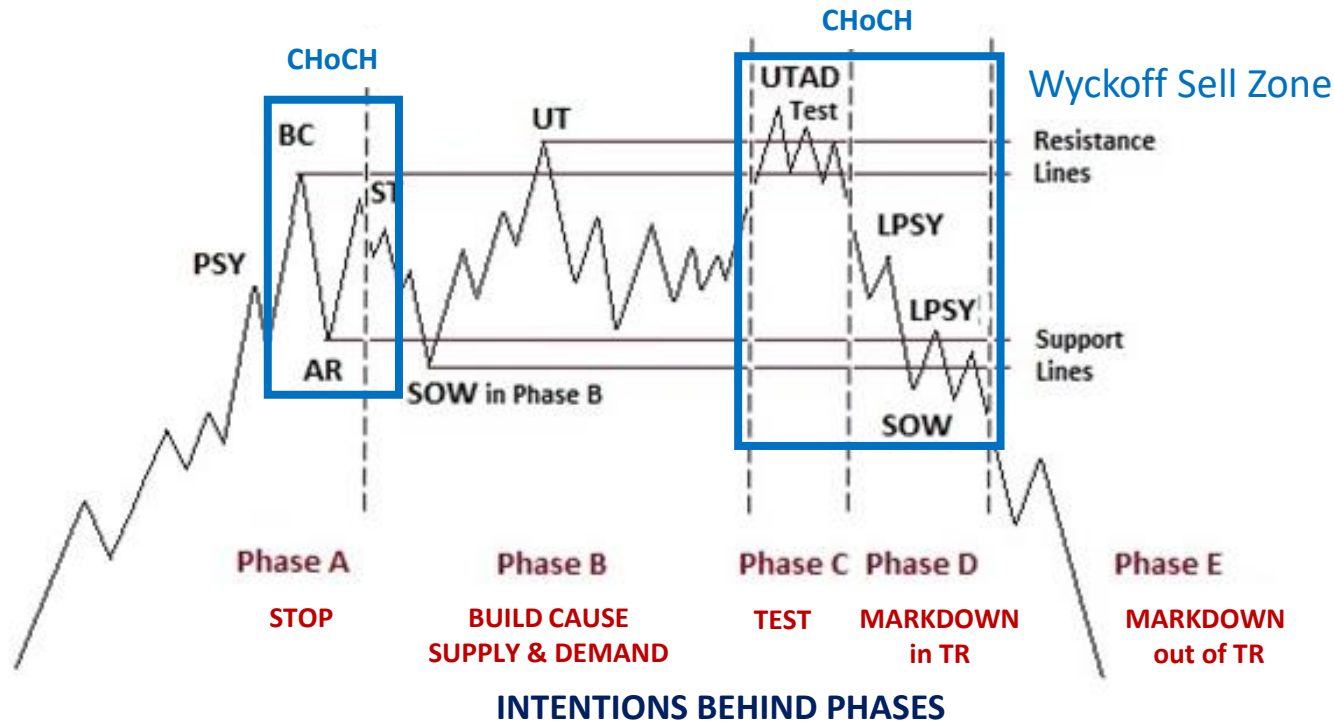
# WYCKOFF ANALYTICS



## Wyckoff Distribution Events and Distinctions



## Distribution Schematic #1: Wyckoff Events and Phases



## TEN WYCKOFF EVENTS IN A DISTRIBUTION TRADING RANGE

**1. PSY – Preliminary Supply.** Substantial selling begins to provide pronounced resistance after an up-move. Volume and spread may widen and signal that the up-move may be ending in the near future.

**2. BC – Buying Climax.** This is the point at which the force of buying climaxes, and is often characterized by gaps up, widening spread, and increased volume and price velocity. Heavy demand by the public is being filled by larger professional interests at prices near a top. This event often occurs on good news or in apparent response to stellar earnings.

**3. AR – Automatic Reaction.** With the urgent buying pretty much exhausted and heavy supply continuing, an AR follows the BC. The low of this selloff helps define the lower boundary of the distribution trading range (TR).

**4. ST – Secondary Test(s).** Price revisits the area of the Buying Climax to test the demand/supply balance at these price levels. If a top is to be confirmed, supply will outweigh demand; volume and spread should diminish as the market approaches the resistance area created by the BC. Secondary tests of demand occur multiple times as the TR unfolds.

**5. SOW – Sign of Weakness.** A SOW at or below the level of the AR will usually occur on increased spread and volume. Supply is dominant, but sufficient demand remains to elevate price into the TR again.

**6. UT – Upthrust (as a ST).** In a distribution

TR, an upthrust occurs when the price rallies above the level of the BC, and subsequently falls (often immediately) back into trading range.

**7. UTAD – Upthrust After Distribution...** Similar to the *Spring or Shakeout* in an Accumulation TR, a UTAD may occur late in a Distribution TR. It is a false breakout above the upper resistance line of the TR, orchestrated by dominant interests to provide a more definitive measure of remaining demand.

**8. Test** – Professional interests may test to assure themselves that there is poor-quality demand again after a UTAD or LPSY.

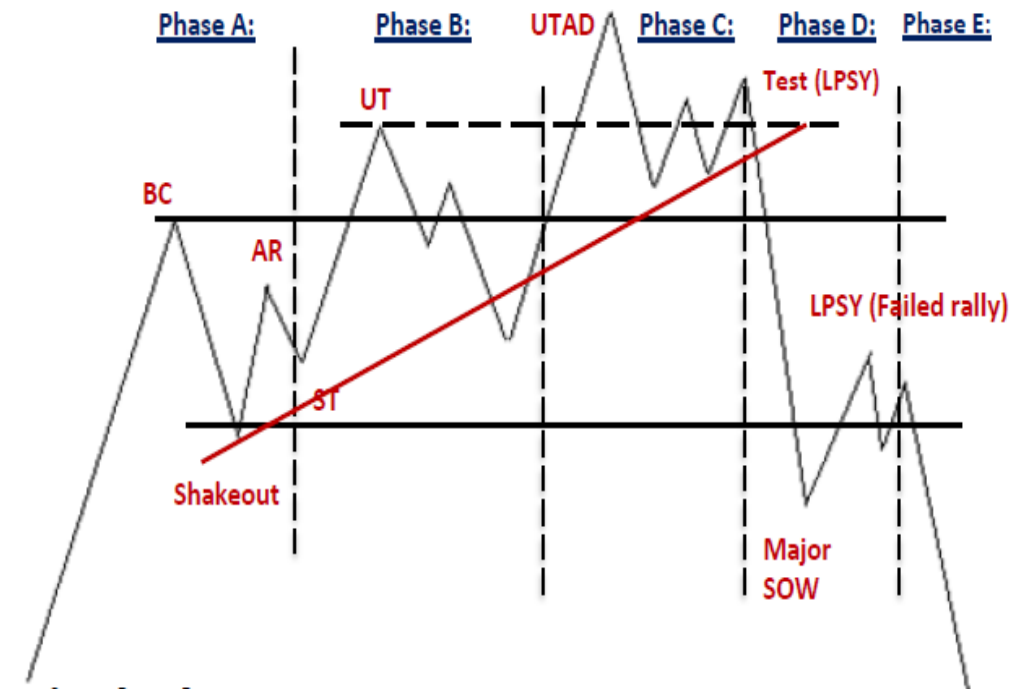
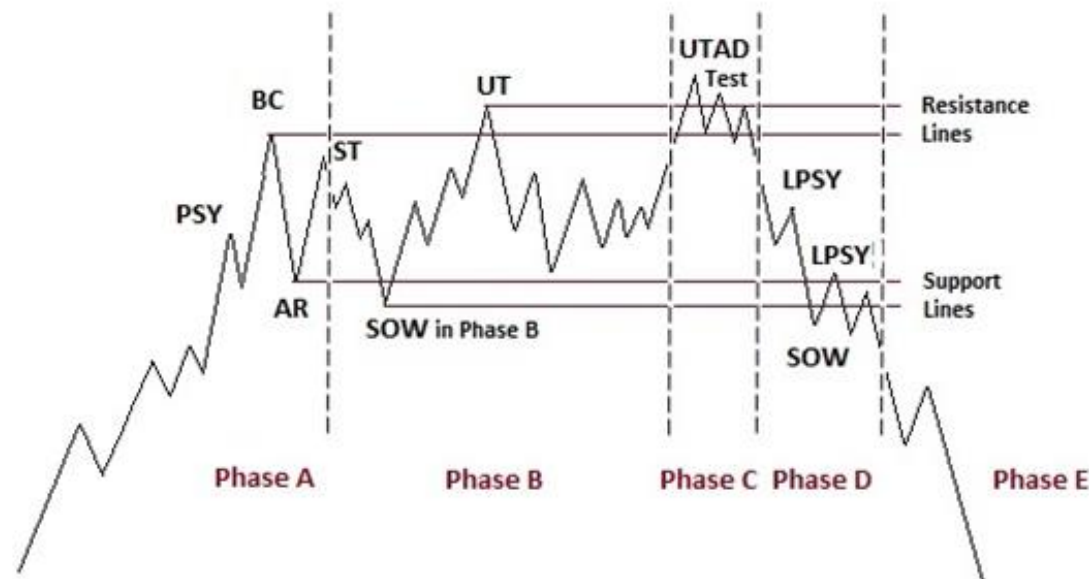
**9. LPSY – Last Point of Supply.** After a UTAD or MSOW, a feeble rally attempt with narrow spreads and low volume shows the difficulty the market is having in going up. Volume may be light or heavy, showing weak demand or substantial supply. LPSYs can be considered as tests of the demand/supply balance, and represent the last waves of distribution before markdown begins. (Despite the adjective “last,” there can be multiple LPSYs in a TR.)

**10. MSOW – Major sign of weakness.** A pronounced break below the low of the TR will likely be followed by (generally unsuccessful) attempts to get back above it. The LPSY following a MSOW is analogous to the Backup in an Accumulation TR, and often represents a good place to initiate short positions or to add to profitable ones.

# SCHEMATICS OF DISTRIBUTION WYCKOFF TRADING RANGE PHASES:

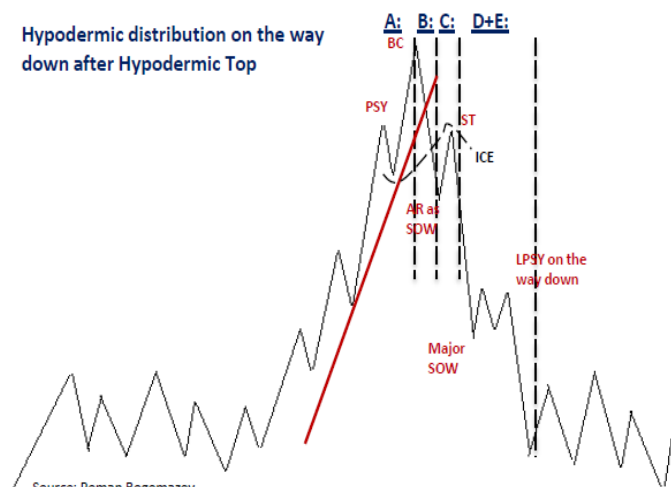
## Conventional Distribution Trading Range

### Distribution Schematic #1: Wyckoff Events and Phases

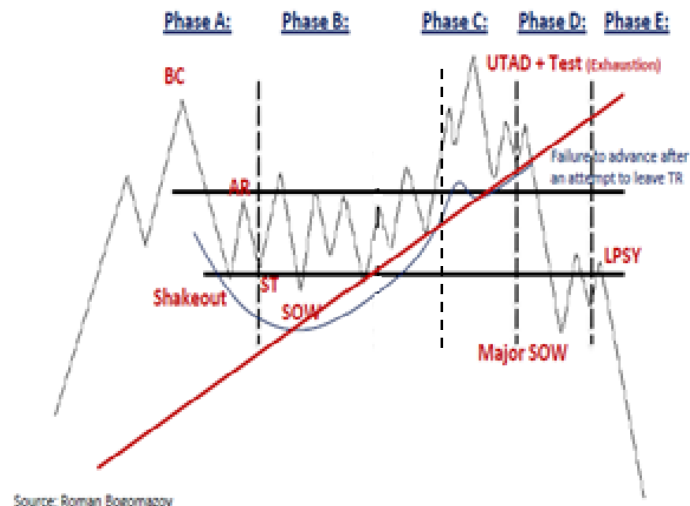


Source: Roman Bogomazov

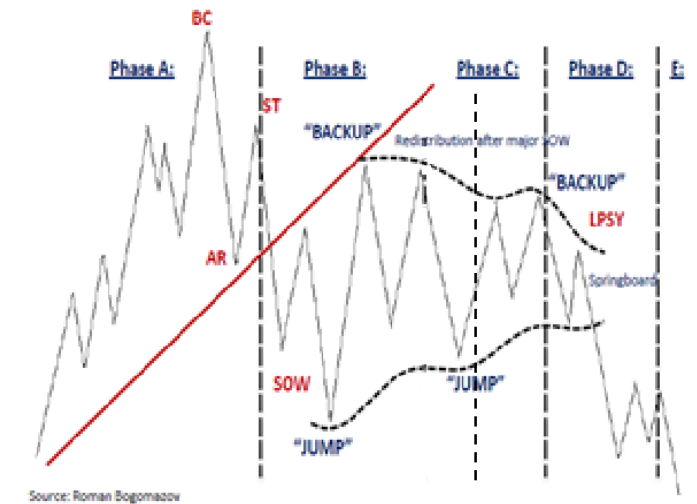
### Hypodermic distribution on the way down after Hypodermic Top



Source: Roman Bogomazov



Source: Roman Bogomazov

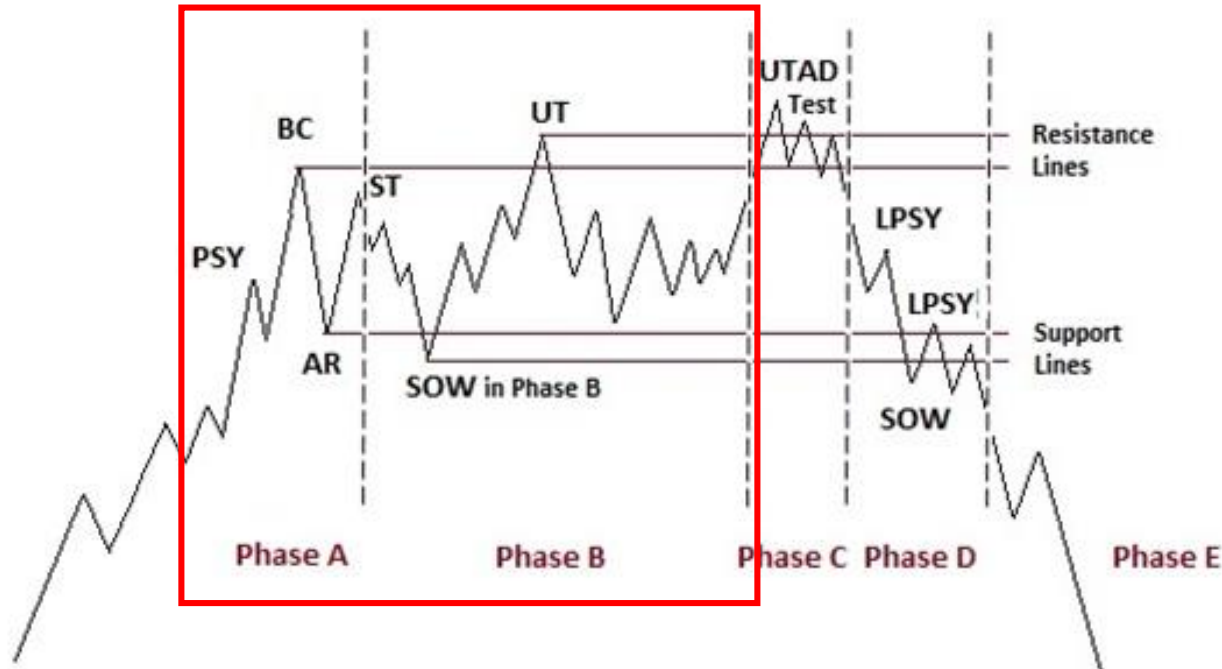


Source: Roman Bogomazov

## CHEAT SHEET

(Distribution: Phases A and B)

### Distribution Schematic #1: Wyckoff Events and Phases

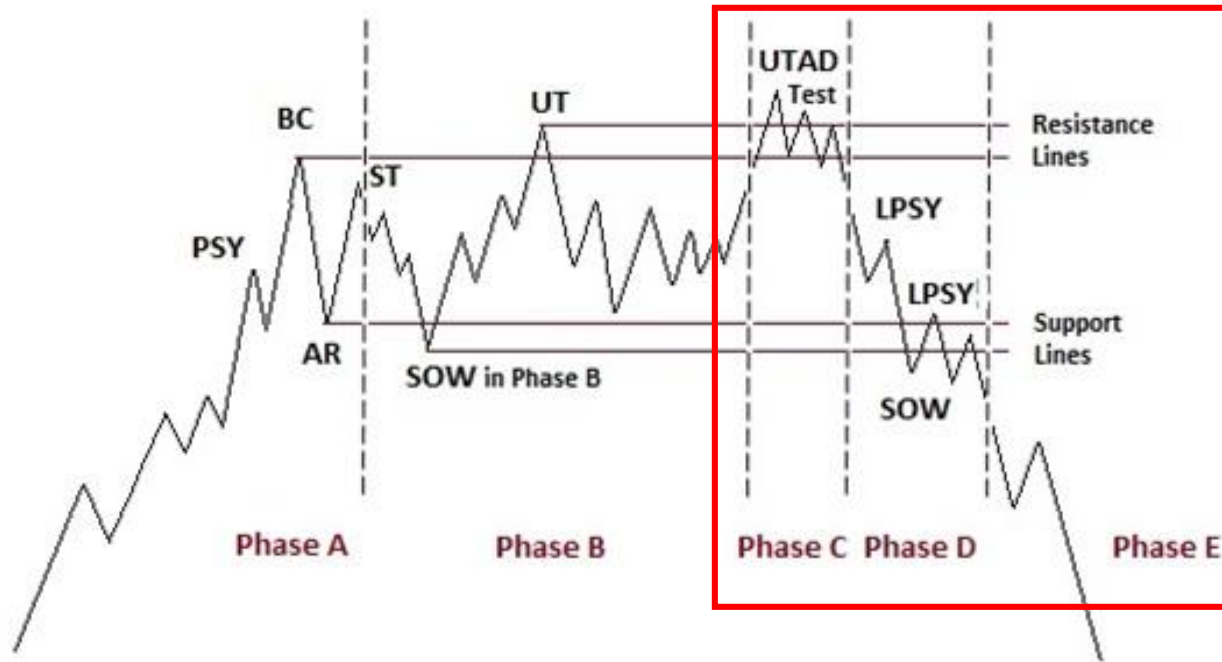


1. INTENTIONS behind Phases A and B:
  - i. Phase A: Stopping action
  - ii. Phase B: Test of Demand and emergence of Supply
2. WYCKOFF EVENTS:
  - i. Phase A: PSY, BC, AR, ST
  - ii. Phase B: UT, ST and SOW
3. PRELIMINARY SUPPLY (PS):
  - i. First attempt to stop an advance
  - ii. It always fails as price goes higher to BC high
4. BUYING CLIMAX (BC):
  - i. Big spread / big volume
  - ii. Exception1: Series of consecutive up bars, but not necessarily on big spread and higher volume
  - iii. Sometimes BC action is more visible on higher time frame (Daily-Weekly-Monthly)
  - iv. The high of BC defines resistance line of a trading range
- iv. AUTOMATIC REACTION (AR):
  - i. It could take 1-2 days or a period of time
  - ii. Exhaustion of demand creates an initial decline off BC high
  - iii. which is continued later by covering of long positions at lower prices
  - iv. The low of AR defines the support line of a trading range
5. SECONDARY TEST (ST):
  - i. ST can be a local event to SC+AR
  - ii. and can occur later as a bigger confirmation
  - iii. It can create a small trading range as a testing action
6. UP THRUST (UT):
  - i. It leaves a trading range above resistance and quickly comes back – failure and supply
7. SIGN OF WEAKNESS (SOW):
  - i. Indication of potential supply
  - ii. Possible retest of lows in the future
  - iii. Minor SOW(s) could occur in Phase |B|. Major SOW occurs in Phase |D|.

## CHEAT SHEET

(Distribution: Phases C, D and E)

### Distribution Schematic #1: Wyckoff Events and Phases



1. INTENTIONS behind Phases C, D and E:
  - i. Phase C: TEST
  - ii. Phase D: MARKDOWN in TR
  - iii. Phase E: MARKDOWN outside of TR
2. WYCKOFF POINTS:
  - i. Phase C: UTAD, Failed UT, test of UTAD, high LPSY
  - ii. Phase D: LPSY, MSOW
  - iii. Phase E: downtrend
3. UPTHURST AFTER DISTRIBUTION (UTAD):
  - i. Test of the upper boundaries of a range
  - ii. Price travels out of the range and can stay there for some time
  - iii. Draws a lot of public following
4. Test of UTAD:
  - i. Failed rally after UTAD
  - ii. It looks like a healthy pause in a rally, but fails right afterwards
5. Failed UPTHURST (Romanism):
  - i. Upthrust action with an intention to create UTAD
  - ii. Always fails to advance above the higher range point – SOW
  - iii. It can have a test as UTAD
  - iv. It can be also labeled as high LPSY
7. SIGN OF WEAKNESS (SOW):
  - i. One of the characteristics for high probability Wyckoff setup
  - ii. It can be identified by increasing volume, spread, velocity and price penetration
  - iii. Usually will produce a new lower low
  - iv. It could be a second, third or fourth attempt to break the ice and it is the most successful one
  - v. Minor SOW(s) could occur in Phase |B|. Major SOW occurs in Phase |D|.
8. LAST LPSY:
  - i. Failed rally and lower high
  - ii. Lower volume and decreasing spread
  - iii. It can occur at different levels in a range signifying strength or weakness

# WYCKOFF ANALYTICS



## Homework #4:

due on February 4<sup>th</sup> , 2019

### 1. **Exercise #1:** Labeling - MSFT

**Assignment:** Label trading ranges with Wyckoff Phases and Events, and **CHoCH**



## Exercise: MSFT - 1



## Exercise: MSFT - 2



## Exercise: MSFT - 3



Exercise: MSFT - 4



Exercise: MSFT - 5





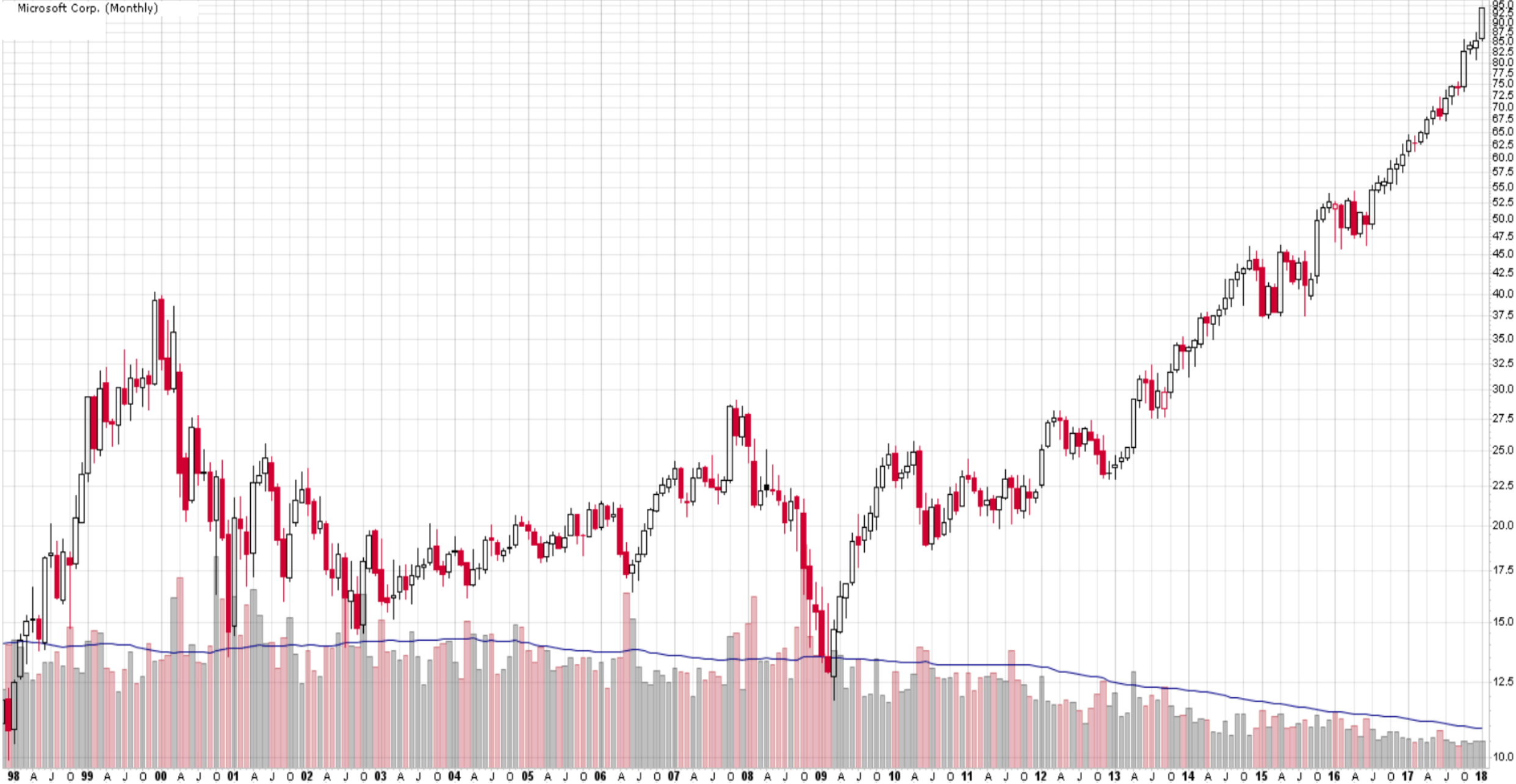
## Exercise: MSFT - 6



Exercise: MSFT - 7



Exercise: MSFT - 8



## Exercise: MSFT – 9

