Exploit the market price by Volume reading
Fragment of Sonic R System and PVSRA

Chapter 1: Introduction into "PRICE"

If we want to talk about volume, we have to start with the price first. How the price makes and how the price up and down? I'll give you example on "How the price make?" at a simplified simulation.

Simulation of: "HOW PRICE CHANGE?" in simplified.
Name of multi-Currency: **GBPJPY**
Present price: 172.354 bid, 172.379 ask (example only)
Name of Institution that look into this price: MM1, MM2, MM3.
MM1 already hold their position open in market as long. They have 20 open long already. Here is the list of their offer (bid) price:

172.600 (2 Position)

172.750 (3 Position)

173.100 (4 position)

173.300 (11 position)

MM2 and the other looking for Short position, so, they look to Short at highest price as possible. What happened next when some of the MM fill or do a deal in market?

MM2 Open short by fill order MM1 at 172.600. The price jump up from 172.354 bid into 172.600 bid and 172.620 ask. This order makes the new price now updated into 172.600 (bid) and 172.620 (ask). This is the new price.

Then MM3 Open short by fill order MM1 at 172.750. The price jump up from 172.600 bid into 172.750 bid and 172.780 ask. This order makes the new price now updated into 172.750 (bid) and 172.780 (ask). This is the new price.

The prices itself already SHOW the position that MM look for in the future. As you see from example above, price jump up when the MM opening short. Jump up again, when another MM opening short again. I ask you to keep this as a secret (Ha ha ha ha….). So, no wonder if retail trader 90% suffered loss. The trend that many retail trader follow, actually is the result of the opposite position from MM. They know the future, but retail trader not. Then, if we are in the same page here, we can conclude with: "**price trend up, we looking for short; price trend down, we looking for long.**"

By understand "**price up, we looking for short; price down, we looking for long.**", doesn't mean that we should blindly jump in, and open position. At the birth of PVSRA, many just throw the scout position when they see MM intention. Actually, I see this as an infant PVSRA. Then PVSRA is just only

a **SUPPORT** for Sonic Classic System, that's growing up and more mature. But then, how to make the edge sharpen more?

I often read some cynic comment on Sonic R system forum, questioning TAH and the other positions when price evidence makes their trade temporarily in "red". Some of the newcomer will ask deeper question in their mind, when the trade they're take goes red temporarily; "Will the price show again in my position? I hope so, then, how if it's never happened?" Here the example trade that I did wrong and decide to cut in red (Price showed up again after near a month – quite bit stressful without quick decision to stop out and avoid larger "temporarily" drawdown that can possible lead into un - objectivity position and possible margin call).

21st May, 2014 cut in red

The cliché question ("Will the price will show again in my position? I hope so, then, how if it's never happened?") often doing a massive damage into our mental, our decision, and makes us did "un – logical", "fear driven", and "impulsive" follow up action.

Actually, by <u>understand</u> "How the price makes?" we can position ourselves in line with the intention of MM either MM opened short or long. But we are all face the same problem here, our trade still often goes in red, red, and **BIG RED**. Haters of SONIC R system share the common problem that all True Sonicers struggle with. The difference is, "Haters" **never** took a lesson from it, but we "True Blue Sonicers" do. "Haters" will face the same failure again with another system; even they know "How the price makes?" The rule is: "KNOWING MM OPENING SHORT DOESN'T MEAN WE HAVE TO JUMP INTO MARKET WITH SHORT POSITION AT THE SAME TIME WITH MM."

New question arrives: "When?" This question will brings us into chapter 2.

<h1 style="text-align:center;">Chapter 2: "VOLUME"</h1>

Having a gun doesn't make you a professional hunter. Having a computer doesn't make you a programmer. Have a metatrader and opening 1.000.000 USD account doesn't make you a trader. Download and apply SONIC R System Indicator in your chart **DOESN'T** make you a "**TRUE BLUE SONICERS**".

Because we talk about "**Volume**", then I will only explain the Sonic R. PVA here. The other indie on sonic template, please refer to page 1 of the forum. SONIC System, marked several notable volume so that's easier to see at a glance. Let's initial our mindset now, **RED and PURPLE are DOWN candle**, **GREEN and BLUE are UP candle**. RED and PURPLE marks the DOWN candle; GREEN and BLUE mark the UP candle. On chapter 1 we already learn that when price down, MM actually opening Long. On Chapter 1, we also know that when price up, MM actually opening short. **THAT COLOR MARKING MAKES US EASIER TO SEE AT A GLANCE**, what they doing in realtime, what they open in realtime? Quite dizzy? Read again... from Chapter 1.

In another word that's easier to understand, when a repeatable **Red and Purple** often shows up, prepare to **Long**. When repeatable **Green and Blue** shows up, prepare for **short**. But **WAIT**.... Not so easy Mate... If that so easy, then 5 years old child can do it. What? Are you kidding me? Seriously, not. I just start to explain the edge here.

Are we on the same page here? Good... Then let us continue next.

What is volume? Without knowing the definition of "Volume" we're unable to dig deeper and use it properly. **VOLUME IS THE COUNT OF TICK** (forex spot, Gold spot, and index spot on MT4 platform). What is tick? I choose to answer by throwing again a simple example from page 1, with a note of course.

Simulation of how price change in simplified.
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2nd dealing

Then MM3 Open short by fill order MM1 at 172.750. The price jump up from 172.600 bid into 172.750 bid and 172.780 ask. This order makes the new price now updated into 172.750 (bid) and 172.780 (ask). This is the new price.

Each dealing price (1st and 2nd) makes the tick count add +1. In easier word, "**tick = each price change.**" If in a minute, there are 459 price changes, then the volume will show 459. Each candle formed in every TF, has a volume that count the amount of price change.

Even the greens marked appear on m5, it doesn't guarantee that green mark will appear on m15 candle that time. Why? Because maybe the average volume when green appear on m5 still not overvalued the average volume candle on m15.
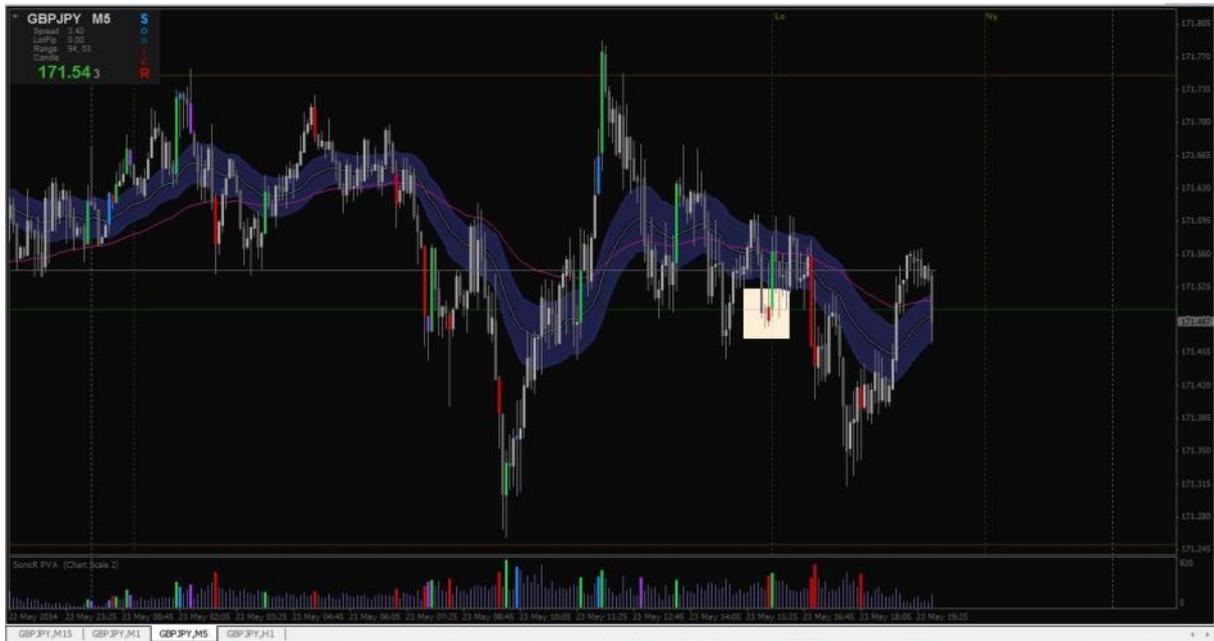
Green appear at m5

Green not appear on m15

Okay, I do understand if this quite hard to understand, but read again overtime.

Then after we know all of this, what next?

After we all know about volume, about tick, about price, about how the price and volume correlated with MM, then how to apply this into trade positioning?

STEP 1:

Identify the intention of MM. Price down, repeatable red and purple, then MM Long. Price up, repeatable green and blue, then MM Short. Avoid enter right now, too premature. Identify at the bigger TF; H1 – H4 – and daily. Sometimes daily gives no clue at all, then down to H4. If still no clues, down to H1. Why bigger TF? It gives you a clearer picture, a true picture of volume activity. More clearer and crystal clear the clue, more easier to handle. How if there are no clue at all? STAY AWAY...

Price down, MM opening long

If MM is long, then ignore for a while the green and blue. If MM is short then ignore for a while Red and Purple. By doing this, actually we focus to find something. Look at the examples below…

This the unfiltered screen

This the filtered screen on volume

If MM long, find the evidence that red and purple start to decrease. If MM short, find the evidence that green and blue start to decrease.

Switch into smaller TF (M15 recommended), Look for Classic Setup, execute it. Averaging method: look for classic setup again.

Know your exit, both on red trade (Looser) or green trade (profitable). Exit on Long (green trade) is there are sign of green and blue start decreasing in the higher TF (H1 – H4 – D1). Exit on Long (red trade) is there are sign of Red and Purple increasing on higher TF (H1 – H4 – D1). Exit on short (green trade) is there are sign of Red and Purple decreasing on higher TF (H1 – H4 – D1). Exit on short (red trade) is there are sign of Green and Blue Increasing on higher TF (H1 – H4 – D1). Theoretically like that, but somehow, not every trader patient enough to wait when and where, so the RDH and RDL can be a target to exit on green trade. Pay special attention on red trade. I recommend turn off trade level Indicator and turn off trade level line on Metatrader. Look at your chart, just pretend no position open, look what you see there. If you see MM intend doing a position against yours, cut all your position. Never wait and hope that price will somehow back into the level. By doing so, a margin call and a larger drawdown can be avoided. Why turn off all trade level? To be objective into price action and PVSRA. PA and PVSRA never lie to us; the only one that deceives us is our analysis.

Stoploss point:

Old traders wise word say's that avoid placing stop at big figure. Big Figure mean double 0 (00). Why? Because many of MM place either their Bid or Ask into that double 0. If the price ranging from 50 – 25, and MM prepare to open LONG, mostly the double 0 will be visited to be the lowest place to open Long by MM.

By knowing this, we can barely place a limit order into area when MM tend to visit if your risk management still can breath and safe.

Four screen:

I do recommend a four screen layout to quickly monitor MM activity. The layout is up to you, but at least the four screens are consisting of M15 TF, M5 TF, H1 TF, H4 / D1 TF.
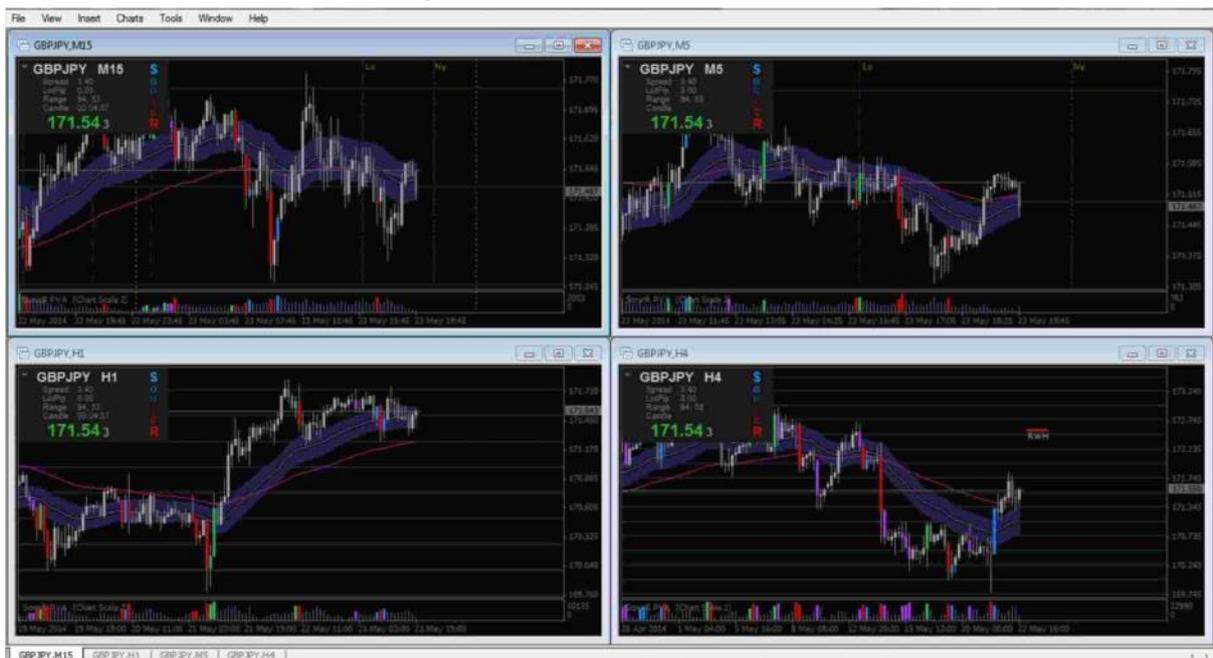
Evidence bias:

Foremost, H4 TF will provide a good clue about "Evidence" we talk about in Chapter 3: Step 3. But if there are no "Evidence" clue there, H1 TF will give the clue. Cross check again with daily if necessary.

Volume Smoothing:

This becomes new issue on Sonic R forum. One of our members posts the evidence that maybe a broker manipulate the count of tick. I just want to share some opinion about brokerage firm. Many brokerage firms said that they win "A" award, "B" award, etc. That's doesn't make their firm is legitimate, and pure a brokerage firm. I found some evidence in my country, a broker that even a regulated brokerage, acting as MM (we short, they long; we long then they short; against us). The result is, price manipulation above and far beyond average. I just want to share, how to find a legitimate and good broker. First, look if your brokerage has a DMA (Direct Market Access) system. A brokerage that have a DMA usually have a faster execution, lag free even at the peak tick (Big news like US NFP). Second, check your broker type of execution on metatrader.
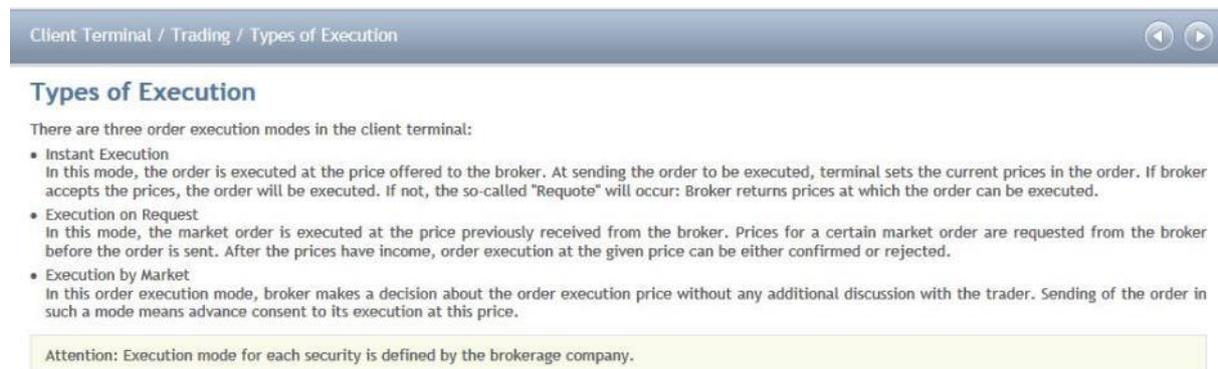
Instant execution and execution on request sometimes make a good indication that your brokerage act as your opponent. The last type, Execution by market seems hazard, but usually, a broker that use "execution by market" has DMA System. How to check type of execution? Just press F9, look upon the order type. If there is some evidence of evil broker, just say goodbye ASAP after got a clear position. DMA system needs the best infrastructure to operate. By that DMA, the reason to smoothing the volume will be unnecessary.

Make money:

A good tip to make money is : "Don't miss often…"

GLOSSARY

Green Trade:	A trade that already in positive pips / profit.
Long:	Buy the reference currency and sell the opposite currency. Long GBPJPY mean that: Buy the GBP at the same time Sell the JPY.
MM:	Market Manipulator / Market Mover.
PVSRA:	Price, Volume, Support, Resistance Analysis.
Red Trade:	A trade that already in negative pips count / loss.
Short:	Sell the reference currency and buy the opposite currency. Short GBPJPY mean that: Sell GBP at the same time buy the JPY.
TF:	Time Frame