

Lecture 16

Volume

The Importance of volume

- Why Volume is Important
- Volume and Chart Patterns
- Volume Precedes Price



Average volume: The average daily quantity of shares that have been traded for the past X period. Usually this is calculated on the past 3 months.

Relative volume: Relative volume compares the current volume to the average volume that the stock should have at the same time of day. If the relative volume is over 1 this means the stock is experiencing more than its usual volume. If for example the relative volume is 4, this means the stock is experiencing 4 times its usual volume.
