

Bag Holding:

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Supplementary Comments:

High volume on a down bar closing on the highs after a down move has already taken place would indicate panic selling from those traders on the wrong side of the market while the market makers have decided to buy this stock, this accounts for the high volume and the market holding.

Tip:

Caution: If the volume is Ultra High, markets do not like very high volume. Supply can swamp the demand and overwhelm even the market makers.

Any testing now on low volume at this price level becomes a very strong sign of strength in the market.

A gap down bar after you have already seen falls (probably on 'bad news') can also shake the market out. If the volume is low then there is no supply and the market is likely to go up.

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Climactic Action:

1. Buying Climax

Supply appears to be overcoming demand. A high volume up bar closing in the middle indicates professional selling.

Look at the next few bars and let the marketmakers tell you what is going on:

Low volume up bars show no demand, which is an unwillingness of the market makers to participate in a rising market because they know the market is weak.

High volume up bars, and if on that high volume the market is closing in the middle or lows, then supply is overcoming the demand and this is a further confirmation of weakness.

Supplementary Comments:

As with all red arrows the market can suddenly 'Test'. If the volume is low then you would expect higher prices.

2. Climactic Action

High volume on down bars can indicate that there has been professional buying hidden in the high volume. Professional money buying into the selling plus covering short positions will create high volume on a down bar.

If the next bar is up bar on a wide spread closing on the high would tend to confirm this.



Supplementary Comments:

Follow the bars carefully now and ask yourself, "What is the reaction of the market makers to this signal?"

Low volume up bars now show 'no demand'.

Any testing should be on reduced volume to indicate a bullish interest from the main players.

High volume up bars with a narrow spread shows supply.

3. Climactic Action

A down bar on very high volume with the next bar up shows professional intervention. This is stopping volume.



Supplementary Comments:

If the very high volume had been selling volume then the next bar would hardly be up.

This is where the concept of 'buying and selling volume falls down. They assume that if the bar is a down bar then the volume must have been selling. This example blows that theory out of the water

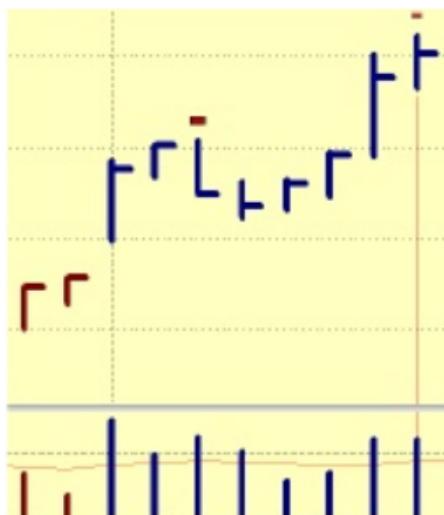
Tip:

Stopping volume may originally enter the market in the early stages of accumulation. There may be a lot of whipsawing to come as they accumulate more stock.

Also keep in mind that markets do not like very high volume on up bars as supply may be swamping demand.

4. Climactic Action

There appears to be some supply in the market. If there is an old top to the left, you are probably seeing absorption volume from those traders that had been locked into a poor trade and are now selling. If the market is a strong one then market makers will buy into this supply, giving the impression that the market could be weak because of the high volume.



Things to Look Out For:

The following bars are important. Let the market makers tell you what is going on.

Low volume up-bars show no demand, which is an unwillingness of the market makers to participate in a rising market, because they know that it is weak.

High volume up-bars, closing in the middle or lows, indicates that supply is overcoming the demand and represents a further confirmation of weakness.

Any down-bars with low volume, closing near the highs will show that strength is returning to the market.

5. Climactic Action After Down Move

This type of action can appear on high or better volume. If the volume is high, very high or ultra high this could easily be CLIMATIC ACTION, however do not rush in when the volume is high, wait and observe the reaction of the market makers on the following bars.

Supplementary Comments:

If the next bar rallies strongly but the close is well off the highs and again the volume is high or better, this will tell you that there is heavy selling in the market (remember weakness always appears on up bars) and you would not expect higher prices at that moment.

If the following bars are going up on LOW VOLUME this tells you that there is no demand in the market from the marketmakers or main players and you would certainly not expect higher prices. NO DEMAND shows unwillingness of the main players to participate in any bullish behavior, despite the indication of strength that has appeared. Why? Because they know more about the market than you do and are probably still expecting lower prices.

If the market starts to whipsaw and is basically going sideways, the market may be building a cause for the next move up. Low volume down bars within the same price range of the area of the first high volume down bar (arrow bar) is telling you that the market is strong. It is strong because there is no supply in the market. If there is no supply then the market is going to go up.

6. Climactic Action/Selling Climax

To stop a down move demand has to overcome the supply that is causing the down move. This by its very nature has to be on down bars and is seen after a down move has already taken place.

High volume on a down bar closing on the highs after a down move has already taken place would indicate panic selling from those traders on the wrong side of the market while the marketmakers have decided to buy this stock, this accounts for the high volume and the market holding. This indicator must have evidence that the supply seen in the very high volume is gone.



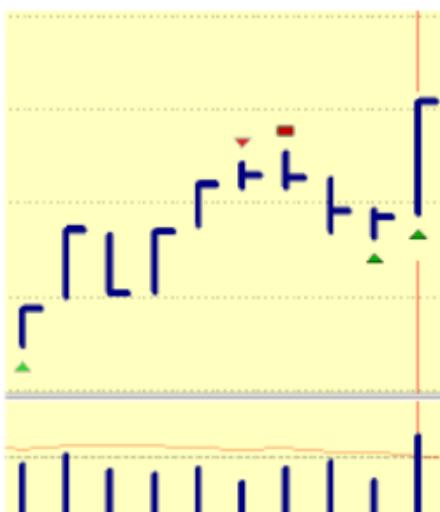
Any testing now on low volume at this price level becomes a very strong sign of strength in the market.

Supplementary Comments:

A gap down bar after you have already seen falls (probably on 'bad news') can also shake the market out. If the volume is low then there is no supply and the market is likely to go up. However, you need a base to form after a bear market. You have to have a cause for the market to go up.

Demand:

1. Demand coming in, overcoming supply



This can appear as a failed test. A failed test looks like an ordinary test but the volume is too high. Markets do not like high volume when the spreads are wide. The high volume shows supply. The question is, are the marketmakers willing to absorb the supply.

Supplementary Comments:

The following bars should tell you:

Low volume up-bars: The market is not going up very far right now, and will want to test the high volume area.

Up-Thrusts: The market still looks weak.

Effort:

1. Effort to Rise with No Result

Any down-bar, with a high that is higher than the previous bar, and the price closing on the lows, indicates weakness.

Things to Look Out For:

Follow the bars carefully. What are the market makers doing on this weakness?

If the volume is very high to ultra high, then this could be professional buying. You will know by following the next few bars. Down bars closing in the middle or high, especially if on a narrow spread, indicate returning strength.

Any subsequent up bars, on volume less than the previous 2 bars, indicates 'no demand' and confirms the weakness seen on this red indicator.

Please see the TradeGuider Primer for more information.

1. End of a Rising Market

This is only valid if you have already seen a substantial up move take place.

As markets keep on rising a point will be reached at some time when those traders that have missed out of the move will rush in a buy before missing out on this fantastic bull move. Even traders that are already long the market will buy more. This does not just include small traders but banks, mutual funds, fund managers and the like, they can all be sucked into a bull market at the tops.

The spread has to be narrow, the volume has to be high and will probably close on the highs. Also you need to be into new high ground. There should be no old trading ranges at or near this level.

Supplementary Comments:

We know that there is buying going on by the high volume. However, to create a narrow price spread on an up-bar it would require the marketmakers to have supplied all these buyers without marking the price up against the buyers (which if the marketmakers were bullish they certainly would do) so we have to assume that most of the buying has been satisfied by the marketmakers unloading stock this is a bearish sign.

The news will be "good".

2. End of Rising Market

Supply appears to be overcoming the demand.



Things to Look Out For:

The following bars are very important. Let the marketmakers tell you what is going on.

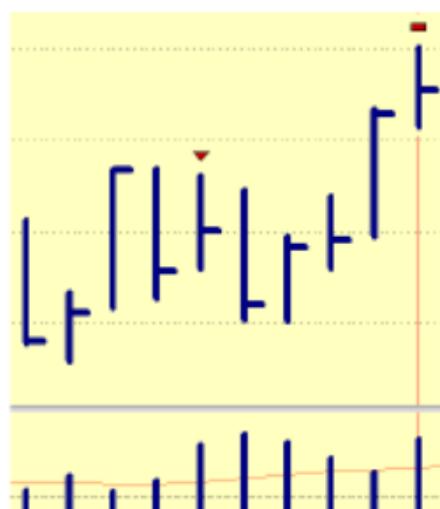
Low volume up-bars show no demand, which is an unwillingness of the market makers to participate in a rising market because they know the market is weak.

High volume up-bars, closing in the middle or lows, show that supply is overcoming the demand and is a further confirmation of weakness.

Please see the TradeGuider Primer for more information.

3. End of rising market

High volume up-bars closing off the highs indicate supply present. If the volume is ultra high this will indicate additional weakness.



and through the old top.

Supplementary Comments:

Weakness can suddenly change if the market is still strong. Any immediate down bar with reduced volume would indicate that, yes there was supply present, but the supply must have been quickly absorbed by the main players.

A down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

This can also be seen as absorption of the supply to the left. Is there an old top at this level, or near it? There will be those traders that were locked into poor positions who are likely to sell. Marketmakers will have to absorb any selling if they want higher prices, and have been prevented from gapping up

4. End of Rising Market

This indicator responds to HIGH VOLUME on a NARROW SPREAD up bar, while the next bar is down.

Weakness always appears on an up-bar because to stop an up move supply has to swamp the demand. These signals often mark the tops of rallies - even the market tops.

When not appearing in genuinely NEW HIGH GROUND this indicator might be showing absorption volume.

Supplementary Comments:

Absorption volume is seen when there is an old top to the left, there are always traders locked into any old high, if the marketmakers are still bullish they will have to absorb any selling from these traders for the market to go higher.

If the market fails to fall and the lows are higher, perhaps a very high volume bar appears while the next bar refuses to fall. This indicates that there is supply, however the marketmakers are prepared to absorb the supply as they are expecting higher prices.

5. End of Rising Market

High volume up-bars closing off the highs indicate supply present.

Supplementary Comments:

This can suddenly change if the market is still strong. Any immediate down bar with reduce volume would indicate that yes there was supply present but the supply must have been quickly absorbed by the main players and a down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

The market is an ongoing story unfolding bar by bar. Even in a weak market and the marketmakers are distributing they have to stop selling, even having to buy back stock to maintain prices to allow them to sell more on the next wave up. This means that markets can change quickly. If you follow the preceding bars you can see what the market makers are doing.

6. End of Rising Market

Supply appears to be present, or there is a lack of demand. This indicator refers to the previous bar.

A high volume up-bar closing off the highs indicates supply present.

Low volume up bar indicates lack of any demand from professional players.

Supplementary Comments:

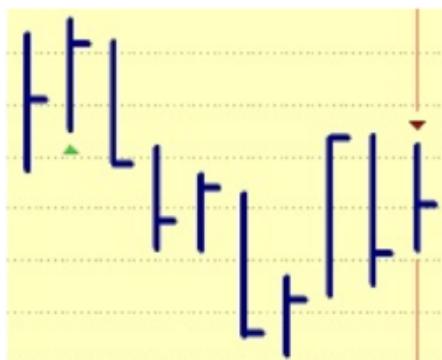
This can suddenly change if the market is still strong. If within the next few bars there is a down bar with reduce volume and narrow spreads, especially if closing in the middle would indicate that yes there was supply present but the supply must have been quickly absorbed by the main players and a down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

1. No Demand

The market appears to be in a No Demand Up Move; moving back up into an area of previous weakness. This indicates weakness (no demand). You might expect lower prices.

2. No Demand

Any up bar which closes in the middle or low, especially if the volume has fallen off, is a potential sign of weakness.



Things to Look Out For:

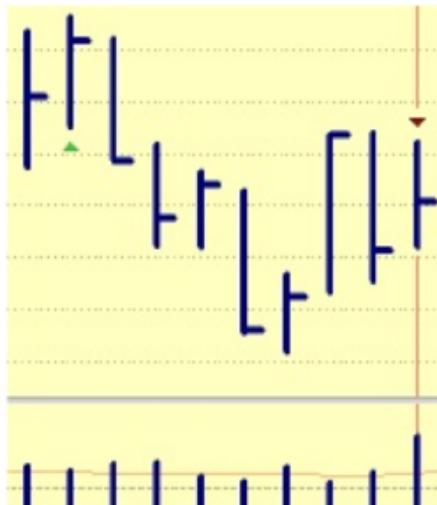
If the market is still strong, you will normally see signs of strength in the next few bars, which will most probably show itself as a:

Down bar with a narrow spread, closing in the middle or high.

Down bar on low volume.

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Down bar with a narrow spread, closing in the middle or high.

Down bar on low volume.

Please see the TradeGuider Primer for more information.

3. No Demand

Any up bar that closes in the middle or low must be viewed as weakness, especially if the spread is narrow and the market close up (or if the volume is low.)

This indicates that the market makers are not interested in higher prices right now.

Things to Look Out For:

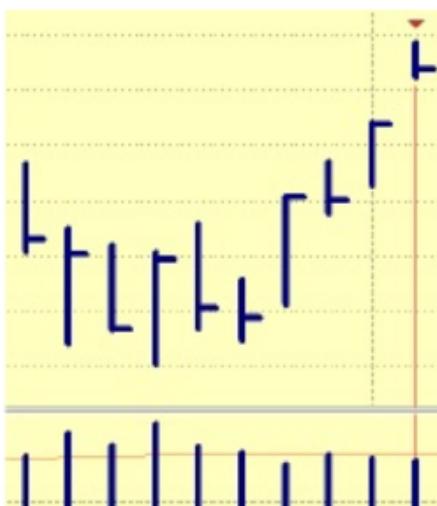
Strength can suddenly appear over the next few bars if the market is strong. Remain vigilant for a sudden switch in the imbalance of supply and demand, which may show itself as a:

Down bar on high volume, closing in the middle or high.

Please see the TradeGuider Primer for more information.

4. No Demand

No demand is normally seen as an up bar, closing in the middle or low, especially if the spread is narrow, and the volume is low. Market makers are always moving prices around, and here they have marked the price up, but there is no following at this time.



Things to Look Out For:

Many TradeGuider signals will show a response during the next five bars with a countermoving signal.

Why? Well, if a market is going up and there is a sudden indication of weakness, but a green countermoving signal appears during the next five bars, it is usually showing that the market is still a strong one.

Compare it to a boxer: He gives a good punch, but if his opponent immediately throws back a good punch, then you can assume that he is still strong.

Tips:

As soon as 'bad news' appears, think bullish.

As soon as 'good news' appears think bearish.



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Tips:

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As soon as 'good news' appears think bearish.

The reason for the above tips is because news encourages the transfer of the underlying stock that makes up an Index. This may be from Weak Holders back to professional traders (i.e. Strong Holders); making the market a strong one rather than the weak one the news is implying.

If the transfer of stock is from the professional traders to the 'herd', there is little or no support in the market from the players that matter and the market will fall. Those who buy at this time can easily become 'weak holders' on any sudden down move.

Please see the TradeGuider Primer for more information.

5. No Demand

Supply appears to be overcoming the demand.

Things to Look Out For:

The following bars are important, let the marketmakers tell you what is going on:

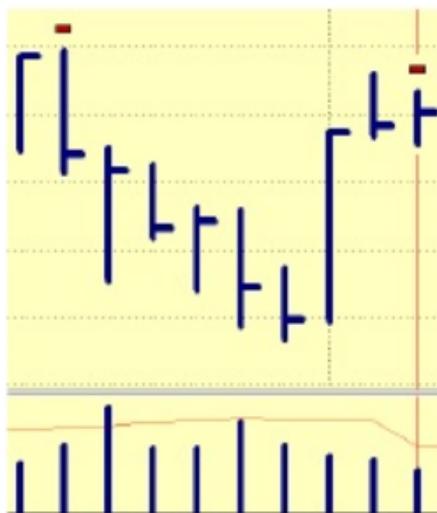
A low volume up-bar shows no demand, which is an unwillingness of the market makers to participate in a rising market, because they know the market is weak.

A high volume up-bar, closing in the middle or lows, shows that supply is overcoming the demand and is a further confirmation of weakness.

A down-bar with low volume, closing near the highs during the next few bars will show strength.

Please see the TradeGuider Primer for more information.

6. No Demand



A low volume up-bar indicates no demand from the market makers. Generally you would be pushing your luck to go long in a market with no demand.

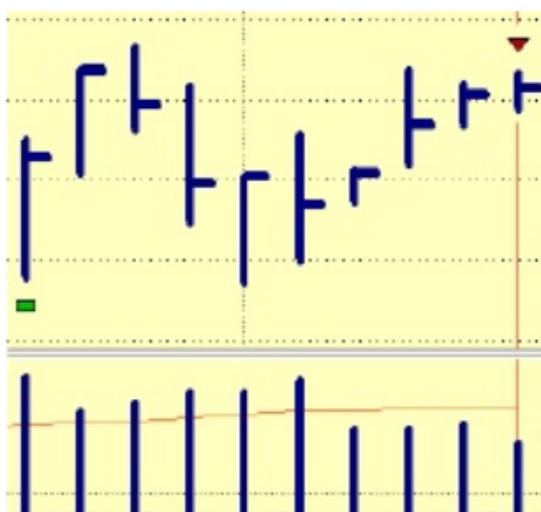
Things to Look Out For:

Do you have weakness in the near background? If so, this will tend to confirm the lack of demand.

Please see the TradeGuider Primer for more information.

7. No Demand

A low volume up-bar, especially on a narrow spread is 'no demand'.



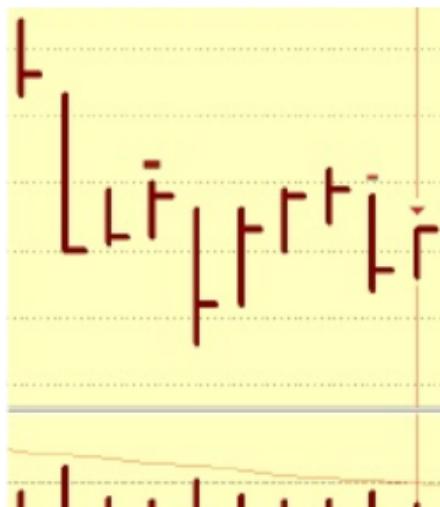
Things to Look Out For:

If, over the next few bars, you notice down-bars, with narrow spreads, accompanied by low volume, this shows no selling pressure after some temporary weakness. Any up move may now continue.

Tips:

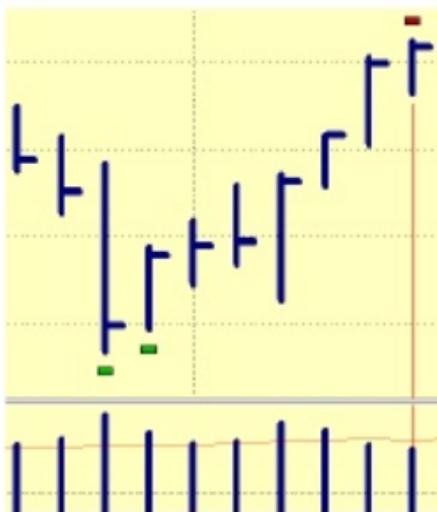
Many people fail to link human behavior (in this case, of professional traders) to the price spreads and the volume, but would rather believe the mass of

incoming 'news' from the media, which inevitably differs from what supply and demand is telling you.



Please see the TradeGuider Primer for more information.

8. No Demand



A low volume up-bar especially on a narrow spread indicates 'no demand' from the professional players.

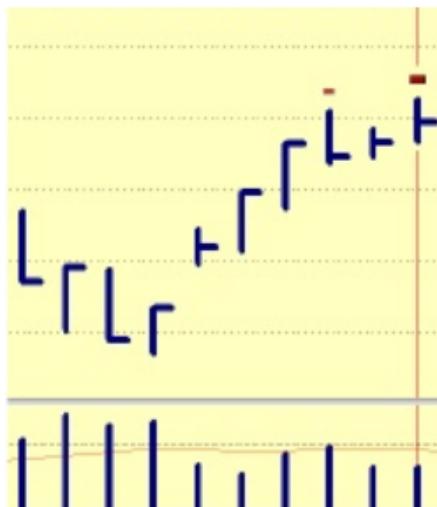
Things to Look Out For:

If over the next few bars, you see down-bars on a narrow spread, accompanied by volume less than the previous two bars, this shows no selling pressure after some temporary weakness. Any up move may now continue.

Please see the TradeGuider Primer for more information.

9. No Demand

A low volume up-bar generally tells you that there is 'no demand' in the market. The market makers have withdrawn their buying. They have marked it up yes, but the volume tells us that there is little genuine buying in the up move.



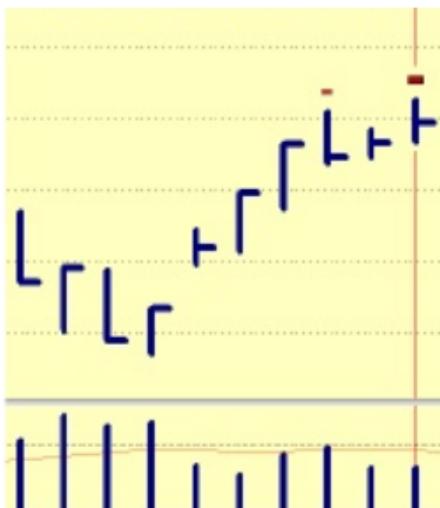
Things to Look Out For:

If there is major shake-out in the background, this could create a low volume up move. Basically, this shows us that there is little stock at these levels to be found, so the market makers can mark the prices up with no resistance.

If the market has pushed up and through a recent old top to the left within the last four or five bars, this indicates strength and it may now be hesitating before the resumption of the up move.

Many red indicators will be quickly tested. Any testing within the next five or six bars will indicate strength has returned.

Do not be fooled if the market goes up on 'no demand', as it is unlikely to go up very far. The market may go sideways and rest before any up move can take place.



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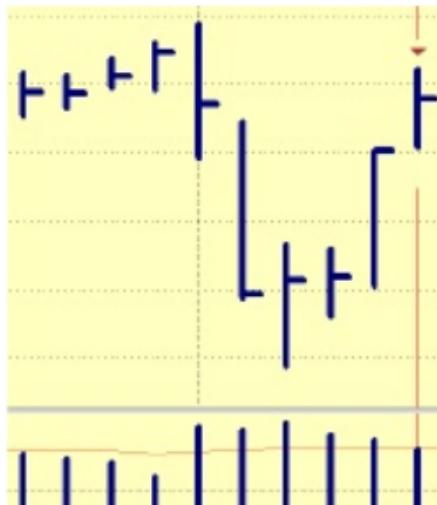
Do not be fooled if the market goes up on 'no demand', as it is unlikely to go up very far. The market may go sideways and rest before any up move can take place.

Be especially cautious if you are approaching, or near the price levels of an old top to the left. Market makers can gap the market up and through these old areas to avoid the resistance of locked in traders selling. Market makers do not want to have to buy stock at what appears to them to be high prices to keep a rally going.

If the next bar is down and the volume is less than the two previous bars this could indicate strength. The reduced volume can show lack of selling. If there is no supply then the market will go up.

10. No Demand

If the market is marked up, or gapped up at the opening, and the volume is low, this can be a "trap mark-up". This is done by the marketmakers to mislead as many traders as possible, and to catch stops.



Supplementary Comments:

The following bars should tell you what is going on.

Is there an old top to your left?

Testing - the market is probably strong.

Upthrusts - the market is weak.

A low volume up bar can also be caused by a shortage of stock at these levels. This can be caused by a shake out in the near background. True no demand arrives after you have seen weakness not strength.

Any low volume down bar now within the next few bars will tell you that there is no selling pressure, if there is no selling then the market is going up.

11. No Demand

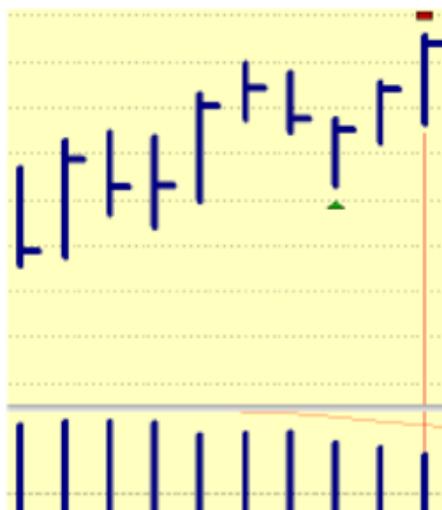
An up bar on a narrow spread shows no demand in its own right. Add reduced volume and closing in the middle gives a very strong signal of weakness.

However, if the market is still bullish this may only result in a hesitation to the up move. You will know by looking at the next few bars and see the reaction of the market makers.

Down bars on reduced volume. on narrow spreads shows that there is little interest in the downside.

12. No demand

A low volume up bar indicates no demand from the marketmakers. Generally you would be pushing your luck to go long in a market with "no demand" but there must be a reason for the lack of demand.



Supplementary Comments:

This signal may not mark the top. There is always some momentum allowing a market to continue up, but you would be well advised to close your stop up.

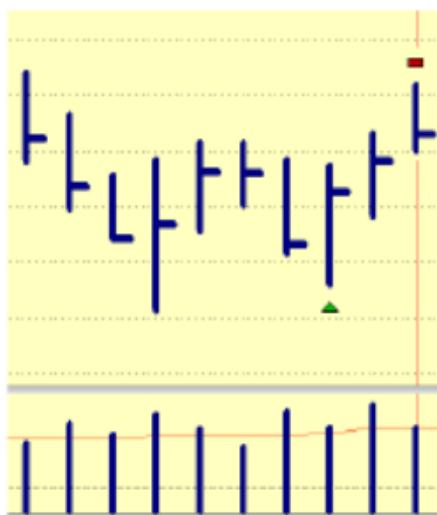
Look to the following bars.

Low volume down bars especially if the bar has closed in the middle or high indicates lack of selling and a continuation of higher prices.

High volume down or level bar with the next bar holding can show demand overcoming the supply.

A wide spread down now closing on the lows with an increase in volume would tend to confirm the weakness as the marketmakers attempt to lock traders into poor positions.

13. No demand



A low volume up bar (it can in fact be a down bar if the high is higher than the previous bar) indicates "no demand" from the market makers. Generally you would be pushing your luck to go long in a market with no demand.

Supplementary Comments:

"No demand" does not indicate going into a major bear market, just that the main players are not active in the market, and prices have just been marked up by the market makers.

If you are at or near an old top to the left it is highly unlikely that a market with no demand can go up and through the old top to the left.

14. No Demand after Weakness

This is a sign of weakness, and can be gapped up on low volume.

Things to Look Out For:

What do you have in the background?

If the market is trending up with persistent higher lows - the trend is still up.

High volume up-bars in the background, with the market refusing to go up is a sign of weakness.

Sometimes a market is so strong that the prices gap up at the opening, only to fall back and rest, giving the appearance of an upthrust. With the appearance of an up-thrust you would certainly be paying attention to your trade and your stops.

On many up-thrusts you will find that the market will 'test' almost immediately.

If the volume is low on any TEST after a red indicator, take this as a strong sign and a return to strength.

A wide spread down bar immediately after any sign of weakness tends to confirm the weakness (the market makers are locking traders into poor positions.)

15. No Demand After Previous Weakness

Supply appears to be present. High volume up-bars, closing off the highs, indicates that supply is present.

Things to Look Out For:

The situation can suddenly change if the market is still strong.

Any immediate down-bar with reduced volume would indicate that, yes, there was supply present, but the supply must have been quickly absorbed by the main players.

A down bar on low volume shows that there is no more selling - if there is no selling then the price is very likely going to rise.

This may look like an up-thrust, however, remember that true up-thrusts occur after signs of weakness, not strength.

Please see the TradeGuider Primer for more information.

No Result:

1. No Result After Strong Effort

Any down-bar, with a high that is higher than the previous bar, and the price closing on the lows, indicates weakness.



Things to Look Out For:

Follow the bars carefully. What are the market makers doing on this weakness?

If the volume is very high to ultra high, then this could be professional buying. You will know by following the next few bars. Down bars closing in the middle or high, especially if on a narrow spread, indicate returning strength.

Any subsequent up bars, on volume less than the previous 2 bars, indicates 'no demand' and confirms the weakness seen on this red indicator.

Please see the TradeGuider Primer for more information.

No selling pressure:

1. No selling pressure

This can appear as a failed test. A failed test looks like an ordinary test but the volume is too high. Markets do not like high volume when the spreads are wide. The high volume shows supply. The question is are the marketmakers willing to absorb the supply.

Supplementary Comments:

The following bars should tell you:

Low volume up-bars: The market is not going up very far right now, and will want to test the high volume area.

Up-Thrusts: The market still looks weak.

A sudden wide spread down bar closing on the lows is a sign of weakness as the marketmakers attempt to lock in traders into poor positions.

No Supply:

1. Lack of Supply

If the market is marked down to close on the highs and the volume is low, it indicates a 'test' and is a sign of strength. The market should now go up.

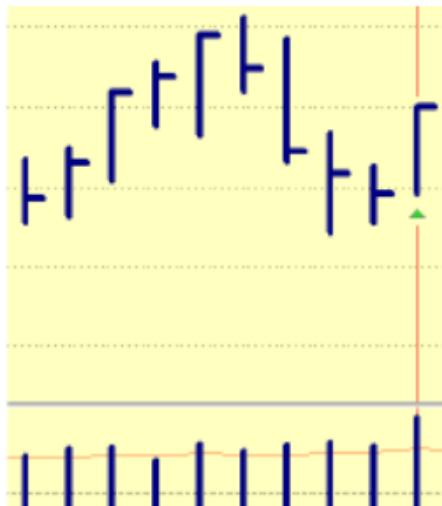
If the market does not go up immediately then this also tells you something. We have seen a sign of strength but the main players do not appear to be interested. Do they know something we don't? This can easily indicate more weakness to come.

2. No Supply

indicate more weakness to come.

2. No Supply

To be really effective the low of this bar should be lower than the previous few bars.



Supplementary Comments:

A rapid mark down, coming back to close on the highs, especially if the low is down into fresh new ground, is a sign of strength. If the volume is low volume this adds to the strength.

The news around this time will be "bad news". Do not be influenced, you have to believe your charts not what others tell you.

If the next bar is up on a wide spread to close on the high is also a sign of strength because we assume the mark-up is done by the marketmakers to lock traders out of the move and why should they do this if they were not bullish.

3. No supply in the market

There has been an effort to stop the down move.

Supplementary Comments:

This can appear as a "failed test". A failed test looks like an ordinary test but the volume is too high. Markets do not like high volume when the spreads are wide. The high volume shows supply. The question is are the market makers willing to absorb the supply.

The following bars should tell you:

Low volume up-bars: The market is not going up very far right now, and will want to test the high volume area.

Up-Thrusts: The market still looks weak.

Down bars closing in the middle or high within the next few bars indicates strength.

4. No supply

A simple test. The prices have been marked down at the opening, the volume has been low and on that volume the market has closed on the highs.

There is no selling on this bar and is a sign of strength. The mark down on low volume shows no selling pressure. To close on the highs also shows no down side selling pressure.

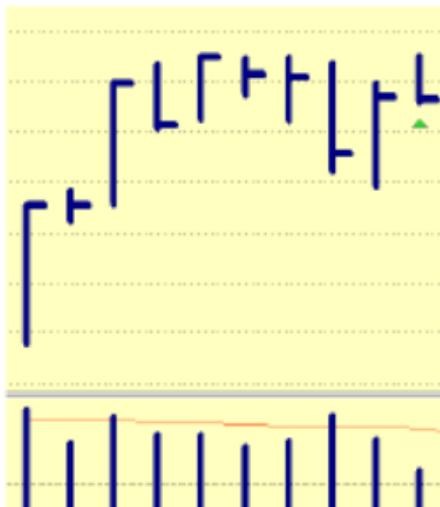
5. No Supply

This indication shows no supply as the market is driven down, into an area where once there was supply. Therefore demand must be greater than supply and you can expect higher prices.

This is a very strong signal. So strong in fact, that if it appears to fail you should treat your data as suspect before writing off this indication.

6. No Supply

There appears to be no supply present or demand is overcoming the supply. This is a strong signal.



Supplementary Comments:

Look to the following bars, what are the marketmakers doing?

Low volume up-bars: indicates no demand and you would not expect higher prices with no demand.

Up-thrusts: The market is still weak and the market has been marked up to catch stops and to mislead as many traders as possible.

Traders often get caught in a whipsawing action in the market. Stops should be placed under the last support.

7. No Supply Following Bottom Reversal

This can appear as a "Failed Test". A failed test looks like an ordinary test but the volume is too high. Markets do not like high volume when the spreads are wide. The high volume shows supply. The question is are the marketmakers willing to absorb the supply?

The following bars should tell you.

Low volume up-bars: The market is not going up very far right now, and will want to test the high volume area.

Up-Thrusts: The market still looks weak.

Reversals:

1. Reversal

These are really shake-outs over two bars. The first down bar puts fear in those traders on the wrong side of the market, catches stops, and encourages traders to short the market. The following up bar tends to lock traders into a poor trade if they shorted. The rapid up bar also cuts many traders out of taking a long position as they now feel the market has gone up too far to get a safe position.

Add more strength if the news is 'bad'

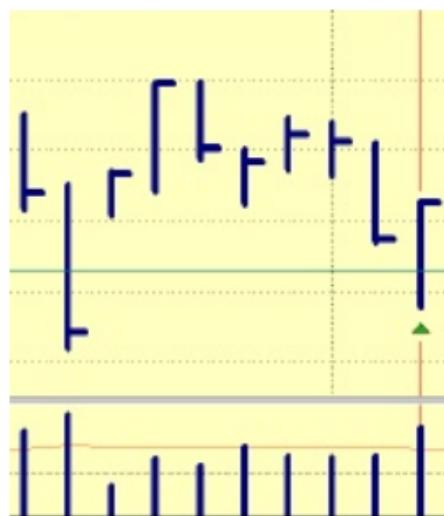
Add more strength if the spreads are wide to ultra-wide.

If the market is still a weak one then although this looks like strength the market can die on you over the next few bars.

2. Bottom reversal

As a market falls, at some point the 'herd' will panic and sell. If professional money decides to buy into this selling because the price levels now look attractive to them, this action will create high volume on a down bar.

The news will be 'bad'



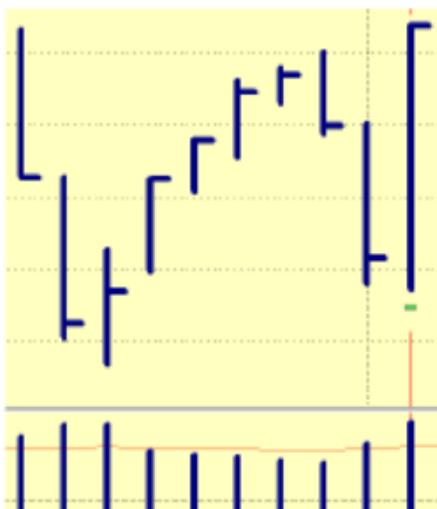
If the next bar is up on a wide spread closing on the highs this has the hall mark of a bottom reversal and a sign of strength.

Supplementary Comments:

If the program fails to pick up this subtle indicator it is unlikely you will see this because the news will have bad and lower prices predicted. It is not easy to be a good trader!

3. Bottom reversal

A Bottom Reversal or a 'Test over two bars', is designed to shake you out of the market, catch your stops or to mislead you as much as possible. They mostly happen on the market lows. If the next bar is wide and up with volume average to high (as interpreted by the program) you would expect higher prices.



If the next bar is reluctant to go up on low volume and perhaps a narrow spread then this is 'NO DEMAND'. You may have strength but the market is not ready to go up yet.

What are the following bars telling you?

Testing into the same area: Strength.

Low volume up-bar: No Demand.
Up-thrusts: additional weakness.

4. Reversal After Effort to Rise, Followed by Drive Down

High volume up-bars closing off the highs indicates that supply is present.



Things to Look Out For:

The situation can suddenly change if the market is still strong.

Any immediate down-bar with reduced volume would indicate that, yes, there was supply present, but the supply must have been quickly absorbed by the marketmakers. This is now a sign of strength.

A down-bar on low volume shows that there is little or no more selling from the market makers. If there is no selling then the market is very likely to go up.

However, an immediate down-bar on high volume would indicate further weakness.

Please see the TradeGuider Primer for more information.

5. Top Reversal

Markets often have a turning point on a sharp up bar, closing on the high, into recent new high ground. This is then followed by a sharp down bar, closing on the lows. We call this a Top Reversal.

This action tends to encourage traders to go long in a weak market, or frighten those traders that have a short position into covering it. This is liable to happen on the first up bar. The second down bar, closing on the lows, then locks the traders into a poor position.



For this signal to be a legitimate one, there should be some sort of weakness in the near background, like:

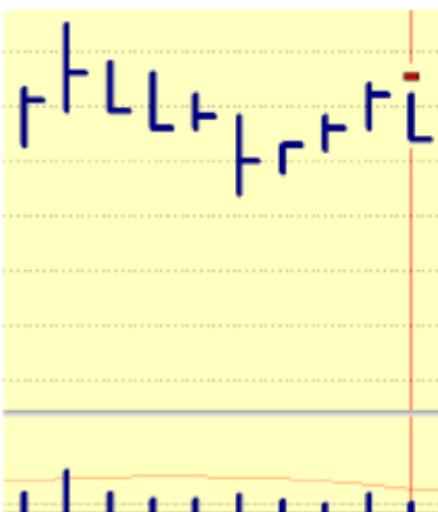
high volume up bars
narrow spreads
a marked decrease in volume

Things to Look Out For:

Look to the following few bars for clues as to the sentiment of the market makers. For example, if the very next bar is down on a narrow spread, and the volume is less than the two previous bars (which is considered "low"

volume in TradeGuider), then you would see that professional money has little or no interest in lower prices, despite the weakness.

This action tends to encourage traders to go long in a weak market, or frighten those traders that have a short position into covering it. This is liable to happen on the first up bar. The second down bar, closing on the lows, then locks the traders into a poor position.



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Look to the following few bars for clues as to the sentiment of the market makers. For example, if the very next bar is down on a narrow spread, and the volume is less than the two previous bars (which is considered "low" volume in TradeGuider), then you would see that professional money has little or no interest in lower prices, despite the weakness.

Tip:

Remember, it is the activity of professional traders that we are interested in. Are they showing interest in this sign of weakness?

Please see the TradeGuider Primer for more information.

6. Top Reversal

Top Reversals are often seen after there has been a rally. They appear as a wide spread up-bar which closes on the highs, sometimes even gapping up. The news will be 'good', which prevents you from seeing that this is a top. This type of price-action is designed to catch stops, panic premature shorts, and encourage traders to go long.

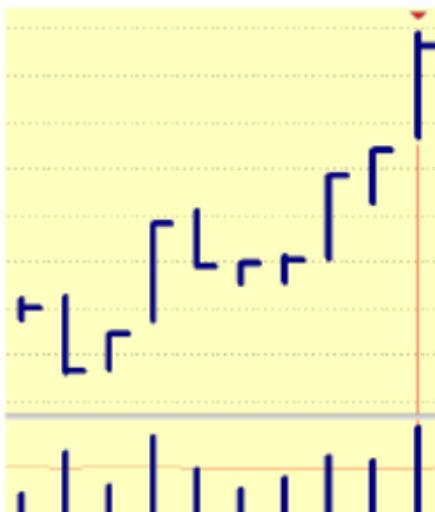
Things to Look Out For:

This is an especially strong indication if the first leg up was on low volume, showing 'no demand'

Please see the TradeGuider Primer for more information.

1. Selling pressure

This is the opposite of stopping volume. Here the high volume is on an up bar. Give more emphasis if the volume is ultra high.



Things to Look Out For:

Once this sign of weakness has appeared, if the market is still strong, expect the prices to drift down, or sideways, with little or no selling pressure from the professional players until the market has recovered from this bout of selling.

On rare occasions ultra-high volume on up bars can be bullish. This is practically always in a futures contract. Without knowing exactly what the professionals are up to in the pits, it is best to step aside and let it pass by.

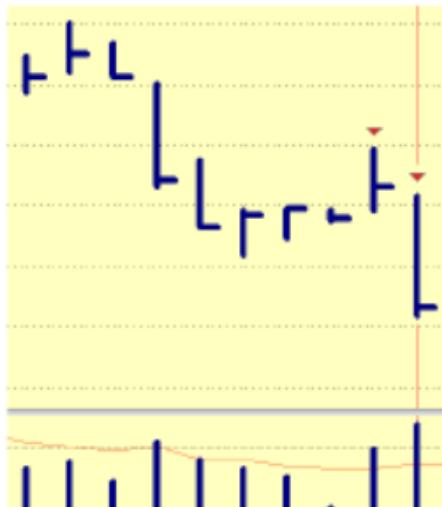
If the market starts to go up, closing on the highs after ultra-high volume, it is best to assume you have a bullish market. It is possible that the data has been withheld and when released it is appearing on up bars when in fact it should have appeared sooner, on previous down bars.

Please see the TradeGuider Primer for more information.

2. Increased Selling, Supply Present

Supply appears to be present (may refer to the previous bar).

A high volume up bar, especially on a narrow spread, closing in the middle or low, indicates weakness.



Things to Look Out For:

If the next bar is down closing on the low, this adds to the weakness (the professionals want to lock you into a poor trade).

If the market is still strong, you would expect to see a down bar during the next few bars, accompanied by low volume. If you see a down-bar on a narrow spread, closing in the middle or high, this will add to the strength.

These down bars on low volume show that there is no more selling. If there is no selling, then the market is very likely to go up.

Please see the TradeGuider Primer for more information.

3. Possible Hidden Selling in High Volume

Supply appears to be present.

Here, we see a rapid mark-up on either low volume (no demand), or very high volume (supply swamping demand). The next bar is down, closing on the lows, indicating that supply is present.



Things to Look Out For:

The situation can suddenly change if the market is still strong.

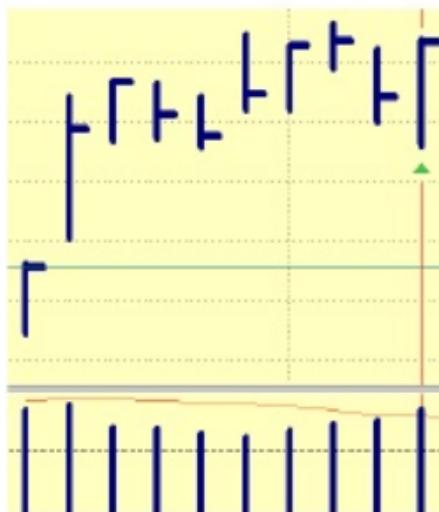
Any immediate down-bar, with reduced volume, would indicate that, yes, there was supply present, but the supply must have been quickly absorbed by the main players. This is a sign of strength.

A down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

However, if the market is weak, then 'no demand' up-bars will be present during the next few bars, showing that the main players are withdrawing from the market.

Shake-Out:

1. Shake-out



This appears over two bars and indicates strength.

Supplementary Comments:

The previous bar has shown strength, this has caused interest with professional traders. Ignore this signal if the previous bar is up on very high to ultra-high volume (supply swamping demand)

We always have to look at what the market makers are doing. Here they have marked the market up because of the strength on the previous bar.

2. Shake-out



Supplementary Comments:

This might be tricks by market makers or others. You can tell by following the next few bars because any false move by market makers cannot be sustained more than a few bars before the true nature of the move is given away.

Look for up bar on very high volume with the next bar down closing on the low.

Look for up bar closing middle or low especially on a narrow spread.



Look for up bar with the volume is less than the previous two bars, especially is the spread is narrow.

3. Shake-out

For markets to keep going up there has to be periodic shake-outs. They will arrive when least expected on BAD NEWS.

Supplementary Comments:

After you have already seen substantial falls, sudden bad news will result in an additional sharp down move. This creates panic selling from many traders who refused to sell earlier. However, if the lows have fallen down into recent new lows and the price reverses to close on or near the highs either on low volume (little or no supply) or high volume (market makers absorbing the supply) this is usually now a good point to enter the market.

To keep going up the markets must have LOSERS. Somebody has to pay for the higher prices. This is how the markets work. A selling climax, shakeouts, testing, bottom reversals are all signs of strength because this kind of price action frightens many traders into selling their holdings at low prices, catch stops and encourage many to go short in a strong market.

You may see a 'test' in a very weak market and to recognize these you will have weakness in the background not strength. A main rule associated with a 'test' in a weak market or a bear market. The market should respond to a test in a positive way. That is, immediately going up on average to high volume.

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After you have already seen substantial falls, sudden bad news will result in an additional sharp down move. This creates panic selling from many traders who refused to sell earlier. However, if the lows have fallen down into recent new lows and the price reverses to close on or near the highs either on low volume (little or no supply) or high volume (market makers absorbing the supply) this is usually now a good point to enter the market.

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You may see a 'test' in a very weak market and to recognize these you will have weakness in the background not strength. A main rule associated with a 'test' in a weak market or a bear market. The market should respond to a test in a positive way. That is, immediately going up on average to high volume.

If the market is reluctant to go up after a 'test' then the market is still weak. Market makers will have seen the apparent lack of supply on the 'test' if they were bullish they would buy the market fast after any green signal in a falling market.

The market will tell you if it is really bullish or this is just a pause in a weak market.

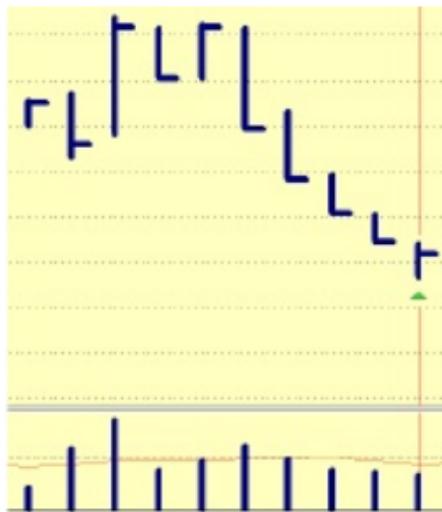
Low volume up-bars.

Upthrusts

Very high volume up-bars with a narrow spread.

4. Shake-out

A Bottom Reversal or a shake-out over two bars.



Supplementary Comments:

It is designed to shake you out of the market, catch your stops, or to mislead you as much as possible.

They mostly happen on the market lows. If the next bar is wide and up with volume average to high (as interpreted by the program) you would expect higher prices. If the next bar is reluctant to go up on low volume and perhaps a narrow spread then this is NO DEMAND. You may have some strength but the market is not ready to go up yet.

What are the following bars telling you?

Low volume up-bar: No Demand.

Up-thrusts: additional weakness.

5. Shake-out

This type of action can appear on high or better volume. If the volume is high, very high or ultra high this could easily be CLIMATIC ACTION however do not rush in when the volume is high, wait and observe the reaction of the market makers on the following bars.



Supplementary Comments:

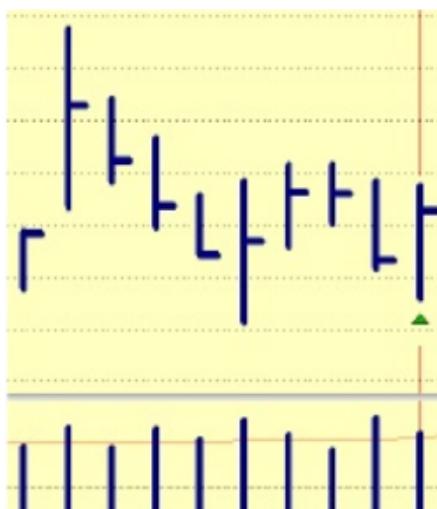
If the next bar rallies strongly but the close is well off the highs and again the volume is high or better, this will tell you that there is heavy selling in the market (remember weakness always appears on up bars) and you would not expect higher prices at that moment.

If the following bars are going up on LOW VOLUME this tells you that there is no demand in the market from the marketmakers or main players and you would certainly not expect higher prices. NO DEMAND shows unwillingness of the main players to participate in any bullish behavior, despite the indication of strength that has appeared. Why? because they know more about the market than you do and are probably still expecting lower prices.

If the market starts to whipsaw and is basically going sideways, the market may be building a cause for the next move up. Low volume down bars within the same price range of the area of the first high volume down bar (arrow bar) is telling you that the market is strong. It is strong because there is no supply in the market. If there is no supply then the market is going to go up.

6. Shake-out

Demand appears to be overcoming supply. The following bars are important, let the marketmakers tell you what is going on. Low volume up bars shows no demand, which is an unwillingness of the marketmakers to participate in a rising market because they know the market is still weak. Low volume is considered to be volume less than the two previous bars.



Supplementary Comments:

A high volume up bar, and on that high volume, the market is closing in the middle or lows, Supply is overcoming the demand.

Down bar with low volume closing near the highs during the next few bars will show strength.

Additional testing is also a sign of strength.

You would expect the market to respond to a sign of strength. If the market now dies on you due to these weak bars appearing this would indicate lower prices.

7. Shake-out/Springboard

This has the appearance of a shake-out. Exercise caution if the bar has gapped down as this could indicate hidden weakness.

Supplementary Comments:

Caution if you are using a short timeframe. The mark down may look substantial on the screen but may in fact be small.

Shake-outs usually occur on bad news of some sort. The market has been rapidly marked down on the news, however, to close on the highs would indicate strength. Basically the prices have been marked down to shake the market out, to test the supply in the market, to catch stops and to mislead as many traders as possible in the process. If the price now recovers to close on the highs this would indicate that either supply had dried up (low volume) or that demand overcame the supply (high volume).

As with all the indications now follow the bars carefully and see how the market makers are responding to the sign of strength. Low volume up bars indicate their withdrawal from the market. The market failing to respond upwards, or even lower prices indicates unwillingness of the marketmakers and main players to participate in a bullish market despite the indication of strength. An up-bar closing in the middle or lows on high volume will show weakness. All these indications happen within the next few bars.

Stopping Volume:

1. Stopping volume

Rapid falls on high volume will shake the market out. Any down bars on low volume especially closing in the middle or high indicates that there is little or no professional selling. If there is no supply then the market is likely to go up.

2. Stopping Volume

2. Stopping Volume

This indicator should appear after a substantial fall has already taken place.

As a market falls a point will be reached when weak holders (traders on the wrong side of the market) will start to panic and start selling their holdings. This is seen on a down bar after there have already been falls. If the price closes well off the lows then we have to assume that the market makers stepped in and have absorbed most of the selling from these weak holders.



Supplementary Comments:

Markets do not like very high volume because it always indicates that there is supply in the market.

As with all indicators read the following few bars carefully (next 4 or 5 bars.)

If the market is still weak you will see:

Up thrusts, especially on very high volume.

Up bars on low volume shows weakness (no demand.)

A high volume up bar followed by a down bar, perhaps with a reluctance to go up.



Supplementary Comments:

Markets do not like very high volume because it always indicates that there is supply in the market.

As with all indicators read the following few bars carefully (next 4 or 5 bars.)

If the market is still weak you will see:

Up thrusts, especially on very high volume.

Up bars on low volume shows weakness (no demand.)

A high volume up bar followed by a down bar, perhaps with a reluctance to go up.

A reluctance to go up is seen in up bars on low volume and narrow spreads AFTER a sign of strength has appeared.

If the market is strong you will see:

Low volume down bars.

Testing on low volume.

None of the signs of weakness as described above.

3. Stopping Volume

To stop a down move demand has to overcome the supply that is causing the down move. This by its very nature has to be on down bars and is seen after a down move has already taken place.

High volume on a down bar closing on the highs after a down move has already taken place would indicate panic selling from those traders on the wrong side of the market while the marketmakers have decided to buy this stock, this accounts for the high volume and the market holding. This indicator must have evidence that the supply seen in the very high volume is gone.

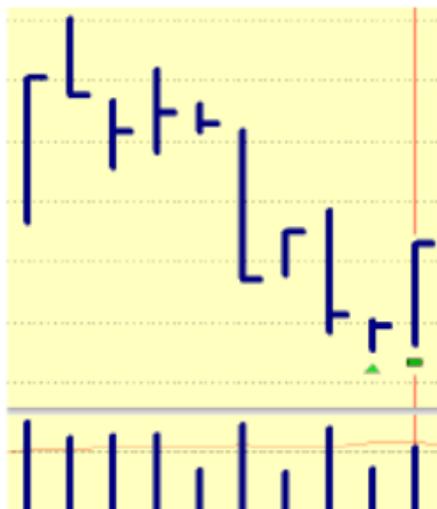


Any testing now on low volume at this price level becomes a very strong sign of strength in the market.

Supplementary Comments:

A gap down bar after you have already seen falls (probably on 'bad news') can also shake the market out. If the volume is low then there is no supply and the market is likely to go up. However, you need a base to form after a bear market. You have to have a cause for the market to go up.

4. Stopping Volume



A down bar into fresh low ground followed by an up bar on a wide spread closing above the previous bar tends to show marketmakers trying to shake the market out.

Supplementary Comments:

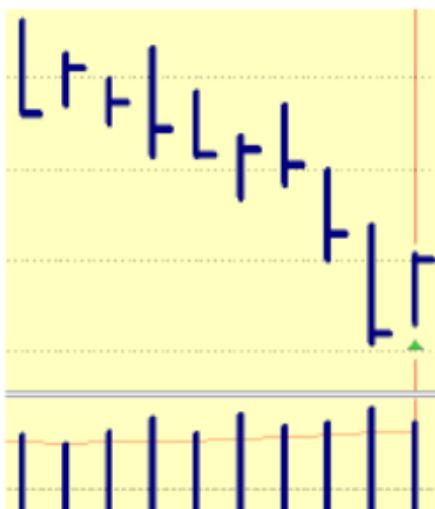
The first down bar is a mark-down then a rapid reversal is the marketmakers doing their best to lock traders out of the market by a rapid move up.

Those that shorted on the first down bar now have to cover at a loss. Those that have hesitated feel they have missed the up move so wait. They are liable to be sucked in at a higher price.

5. Stopping Volume

To stop a down move, demand has to overcome the supply that is causing the down move. This by its very nature has to be on down bars and is seen after a down move has already taken place.

High volume on a down bar closing on the highs after a down move has already taken place would indicate panic selling from those traders on the wrong side of the market while the marketmakers have decided to buy this stock; this accounts for the high volume and the market holding.



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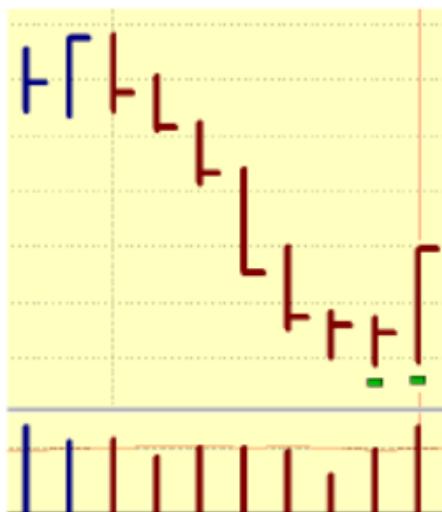
Some types of stopping volume are seen over two bars. The first down bar is on very high volume closing on the lows, while the second bar is up.

If the volume on the down bar is Ultra High this could show that there is such high selling going on that even the market makers have been unable to absorb the selling (they make mistakes as well).

6. Stopping Volume

Down bars with the volume high while the next bar is up closing on the highs indicates some support or buying has taken place.

You would expect a clear Test to take place before any up-move.



Supplementary Comments:

Look to the following bars. Let the marketmakers tell you what their view is.

Up bars on low volume indicates No Demand.

Up bar on high volume and a narrow spread indicates weakness.

Up-Thrust indicates weakness.

All these signs are very important after any green signals.

7. Stopping Volume

You would expect to see a positive result from this sign of strength.



Supplementary Comments:

If the market is still weak you will see up bars closing in the middle or low, especially if the volume is low (volume less than the two previous bars is considered low).

This shows that although the market has made an attempt to go up professional money is not backing the move. If there is 'No Demand' from the professional players then the market is not going up very far.

8. Stopping Volume

These are mini-shakeouts by market makers.

Supplementary Comments:

A sharp down bar followed by an up bar with the high and close higher than the previous bar must be looked upon as strength.

Or a down bar on very high volume followed by a decent up bar must also be looked upon as strength.

They may want to test this so now lookout for down bars on low volume or on narrow spreads closing in the middle or high showing no selling pressure.

This signal may only produce a minor rally. This you can also see coming by up bars on narrow spreads closing middle or low on low volume.

9. Stopping Volume (Climactic Action)



Looks like a bottom reversal or a test over two bars. It is designed to shake you out of the market, catch your stops or to mislead you as much as possible. They mostly happen on the market lows.

Supplementary Comments:

If the next bar is wide and up with volume not low you would expect higher prices.

If the next bar is reluctant to go up on low volume and perhaps a narrow spread then this is 'NO DEMAND' Caution if the volume is ultra-high. Markets do not like ultra-high volume on up bars supply may be swamping demand.

What are the following bars telling you?

Low volume up-bars: 'No Demand'.

Up-thrusts: additional weakness.

1. Strength coming in

A down bar closing in the middle or high must be considered as a strong indication of strength; especially if you are now into fresh new low ground. The volume should be very high to ultra high. If the volume is low this is also strength because there is little or no selling pressure from professional traders.



If the volume is very high add more strength if the 'news' is very bad.

If the price spread is very wide and the volume very high this could be stopping volume, even a 'Selling Climax' and can mark a low point in the market.

Supplementary Comments:

If the volume is very high then normally you would expect this area to be retested at some time in the future.

If you have weakness in the near background and the market now drifts sideways with little or no demand on up bars this will show that the market is still a weak one.



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If the price spread is very wide and the volume very high this could be stopping volume, even a 'Selling Climax' and can mark a low point in the market.

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If the volume is very high then normally you would expect this area to be retested at some time in the future.

If you have weakness in the near background and the market now drifts sideways with little or no demand on up bars this will show that the market is still a weak one.

To stop a major bear market weak holders have to be shaken-out of the market. A weak holder is a trader that has entered the market at some previous high point, if he sold he would be showing a loss. Traders do not like the thought of this so hang on waiting for a recovery. As the market falls even lower and the news starts to get 'bad' brokers will start phoning up asking for more margin money. This is usually enough to make these weak holders dump their holding onto the market. If professional money now buys into this selling you will have a strong market not a weak one.

2. Strength after sign of weakness

Frequently in a rising market you may see a red arrow. If this is a temporary weakness due to some taking profits but the market is still bullish, you will find that the next bar is down on narrow spread, closing in the middle or high, on low volume (less than previous 2 bars). This shows a lack of professional selling.

3. Sign of strength

Some strength is entering the market. Wait for confirmation.



Supplementary Comments:

Markets do not like very high volume especially on an up bar, Discount this signal if there is very high volume on an up bar.

You have to believe that there is an army of professional traders out there taking opportunities to better their own accounts. Great concentration is needed to make sure this is not at a loss to you.

4. Potential strength

This is a free-range signal, indicating that there is no professional supply in the market - at this moment. It could easily show trading syndicates and the like are supporting the market to allow further distribution to take place.

However, many times the market will respond sharply to this type of indication.

5. Potential strength

If the market has been marked down on bad news into fresh new low ground to close on the highs would indicate that this is a shake out.

The market is now a strong market rather than the weak market that the news might be inferring.

6. Professional buying

After a bear market has been running for some time at some point professional money will buy into the market.

Supplementary Comments:

They buy into the selling from panic selling from the 'herd'

You will never be told about this, in fact all indications from the news media will still be bearish. The last thing they want is for you to know what is going on. However, they cannot hide their actions.

A down bar, on high volume after a fall in the market has already taken place, closing in the middle or high, indicates professional money is now buying into the market..

The volume must be ultrahigh and into fresh low ground. This is then climatic action and will mark the low point of the market..

Watch the following bars now, let them tell you if the market is bullish. Look for testing, down bars on low volume, even closing in the middle or high.

Supply:

1. Supply in the Market

The indicator may be referring to the previous bar. High volume on an up bar with a narrow spread shows supply in the market.

Things to Look Out For:

Up-thrusts are a sign of weakness designed to catch stops and mislead as many traders as possible. You must remain vigilant for these.

Please see the TradeGuider Primer for more information.

2. Supply coming in

We have seen an increase in volume on an up bar. The market has turned to close lower than the previous bar. Strong markets do not behave like this. Supply is overcoming demand.

If the next bar is down on low volume (no selling) then you may have seen a 'shake out', especially if the news has been 'bad'.

You may see an 'up-thrust' or a 'no demand' up bar during the next few bars if so this will confirm the weakness in the market.



These sharp down moves are caused by marketmakers attempting to lock in traders into poor positions.

Supplementary Comments:

If the market now rallies, expect the market at some time in the future, to react back down into this area and re-test this area of high volume... If the volume is low on any re-action into an old area of supply then you can expect higher prices.

3. There appears to be supply



High volume up-bars closing off the highs indicate supply present. May refer to the previous bar.

Supplementary Comments:

This can suddenly change if the market is still strong. Any down bar within the next few bars with reduce volume (low is better) would indicate that yes there was supply present but the supply must have been quickly absorbed by the main players and a down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

4. Supply Present

A wide spread up bar closing on the high, while the next bar is a wide spread down bar closing on the lows is a top reversal and usually indicate weakness has appeared.

5. Supply has hit the market

High volume up bars, especially if closing off the highs, indicates supply present.

If the next bars are up on a narrow spread and high volume this is also weakness.



Supplementary Comments:

This can suddenly change if the market is still strong. Any immediate down bar with reduce volume would indicate that yes, there was supply present, but the supply must have been quickly absorbed by the main players and a down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

A wide spread down bar closing on the lows now would confirm the weakness. The wide spread down bar is designed to lock in traders into poor positions.

Additional upthrusts now usually confirms weakness.

6. Supply Swamping Demand

For a market to be marked up by the market makers, to then collapse onto the lows on very high volume, must be weakness. The mark-up catches stops and misleads many traders as to the true direction of the market.

Markets do not like very high volume on up bars.

Supply may be swamping demand.



Things to Look Out For:

If the market ignores the high volume and continues up, then you would expect the market to re-test this area at some time.

If the volume is low on the test, then this shows that there is little or no supply. If there is no supply the market is going to go up.

Any 'no demand' up moves will confirm the weakness.

IMPORTANT: Make sure the volume figures are correct.

b. Supply Swamping Demand

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Please see the TradeGuider Primer for more information.

7. Supply Swamping Demand

If you have already seen an up move and are now into fresh high ground, any down bar, on a wide spread, closing on the lows, must be considered as weakness. This is especially true if the close of the bar is lower than the previous bar.



Things to Look Out For:

These rapid down bars are designed to lock you into a poor trade. Most traders do not like the loss if they cover now, but would rather wait hoping for a recovery. However, these recoveries rarely take place and the trader is usually locked in deeper, eventually being shaken-out as the market falls lower.

Caution: If there is no volume on these bars the signal may be flawed.

Please see the TradeGuider Primer for more information.

8. Supply Swamping Demand

Market makers love to swing the market around if possible. This catches stops above the market and generally misleads many traders into losses.



Things to Look Out For:
If the market is strong look for:

Down bars closing in the middle or high.
Down bars where the volume is less than the previous 2 bars.

Please see the TradeGuider Primer for more information.

9. Supply Swamping Demand

High volume up bars, especially if closing off the highs, indicate that supply is present.

Things to Look Out For:

If the next few bars are up on narrow spreads with high volume, this is also weakness.

This situation can suddenly change if the market is still strong.

Any immediate down-bar with reduced volume would indicate that yes, there was supply present, but the supply must have been quickly absorbed by the main players. This now indicates strength.

A down-bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

A wide spread down-bar closing on the lows would confirm the weakness. The wide spread down is designed to lock in traders into poor positions.

Additional upthrusts will confirm the weakness.

1. Possible support coming in

This is a bottom reversal or a test over two bars. It is designed to shake you out of the market, catch your stops or to mislead you as much as possible. They mostly happen on the market lows. If the next bar is wide and up with volume not low or ultra-high you would expect higher prices. If the next bar is reluctant to go up on low volume and perhaps a narrow spread then this is NO DEMAND You may have strength but the market is not ready yet



Supplementary Comments:

It is always important to follow the reactions of the marketmakers after any signal.

For example if the market now starts to rally but the volume is low then this tells you that there is no demand from the main players. If there is no demand then the market is not going up very far.

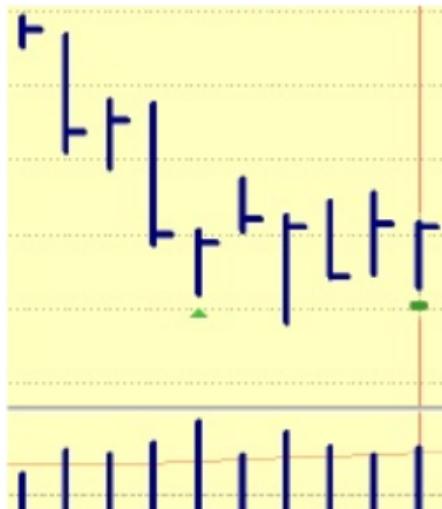
If the market is strong they will want to shake you out:

Sudden down bars on reduced volume (low is better) indicates no selling pressure and may be part of a shakeout.

Test:

1. Test

A rapid mark down coming back to close on the highs - especially if the lows are down into fresh new ground. If the volume is low volume this adds to the strength. The news should be 'bad news'.



Supplementary Comments:

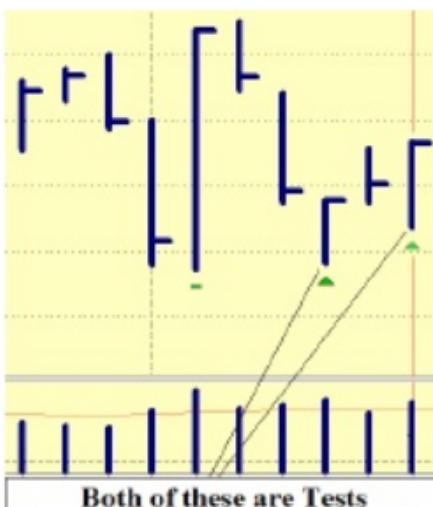
If the next bar is up on a wide spread to close on the highs this is also a sign of strength because we assume the mark-up is done by the market makers to lock traders out of the move and why should they do this if they were not bullish.

Tips:

Do not be influenced by advice from well meaning friends, brokers, news. Believe your charts first because your chart tells you what has really happened.

2. Basic Test

Looks like a shake-out but can also appear as a test, or a failed test. This is a stronger signal if it appears on a down bar.



In a true shake-out you would expect the price spread to be wide to ultra-wide, so caution if the spread is narrow as this will have less impact.

Supplementary Comments:

All shake-outs usually occur on 'bad news' of some sort. The market has been rapidly marked down on the news, however closing on the highs indicates strength. Basically the prices have been marked down to shake the market out, to test the supply in the market, to catch stops, and to mislead as many traders as possible in the process. If the price now recovers to close on the highs, this would indicate that either supply had dried up (low volume) or that demand overcame the supply (high volume).

As with all the indications, follow the bars carefully and see how the marketmakers are responding to the sign of strength. Low volume up bars indicate their withdrawal from the market. The market failing to respond upwards, or even lower prices indicates unwillingness of the marketmakers and main players to participate in the market despite the indication of strength. A high volume up bar closing in the middle or lows, especially on a narrow spread is weakness.

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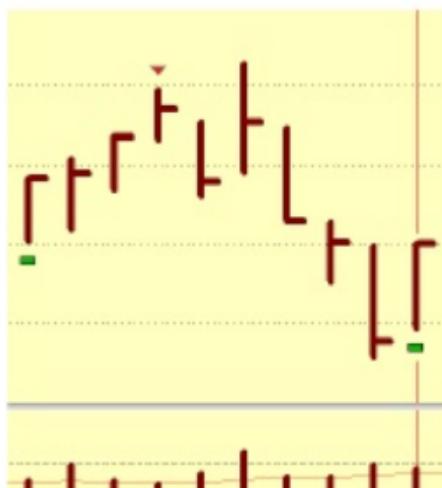
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For a market to go up you need a base built; you need a cause for the next move up. Testing is seen after a cause has been built for the next move up. They are really mini shake-outs or to test weakness that has

appeared in the market. They also catch stops and overall they are money making maneuvers that benefit the marketmakers accounts.

If you are following a future, remember that the future is a derivative of the cash market - the equity lies in the cash market and not the future. The future will move first, however, because the main players will know in advance if the cash market is becoming either weak or strong and will trade the future accordingly.

3. Test After Bounce



Looks like a bottom reversal or a test over two bars. These are designed to shake you out of the market, catch your stops or to mislead you as much as possible. They mostly happen on the market lows.

Supplementary Comments:

If the next bar is wide and up with volume not low or ultra-high you would expect higher prices.

If the next bar is reluctant to go up on low volume and perhaps a narrow spread then this is 'NO DEMAND'. You may have strength but the market is not ready yet.

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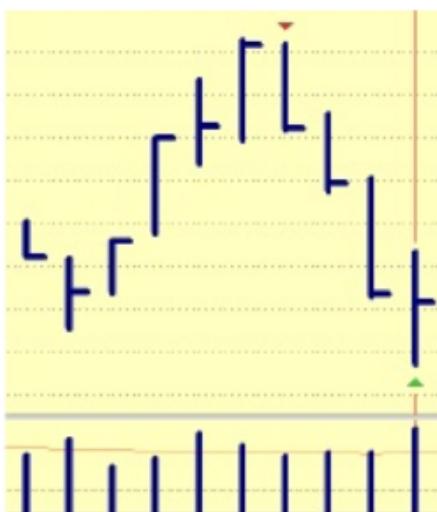
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4. Test after Shake-out

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The prices have been marked down at the opening, if the volume has been low and on that volume the market has closed on the highs this is a sign of strength. More strength if the news is 'very bad'. There is little or no professional selling on this bar. The mark down shows no selling pressure. To close on the highs also shows no down side selling pressure.



Supplementary Comments:

If the volume has been very high to ultra high and the news is 'bad' then this could very well be a 'selling climax' and a strong buy signal.

The very next bar to any arrow is very important because it is showing you the immediate response of the marketmakers.

An immediate up move, closing on the high, confirms strength.

An immediate up-thrust would indicate weakness .

Low volume up bar, indicates 'no demand' and a sign of weakness .

This indicator may show the start of accumulation if it has appeared after a down move. Following low volume down bars would confirm this.

5. Test After Upthrust

Careful, this may be a Failed Test. A failed test looks like an ordinary test but the volume is too high. Markets do not like high volume when the spreads are wide. The high volume shows supply. The question is are the market makers willing to absorb the supply?

The following bars should tell you.

Low volume up-bars: The market is not going up very far right now, and will want to test the high volume area.

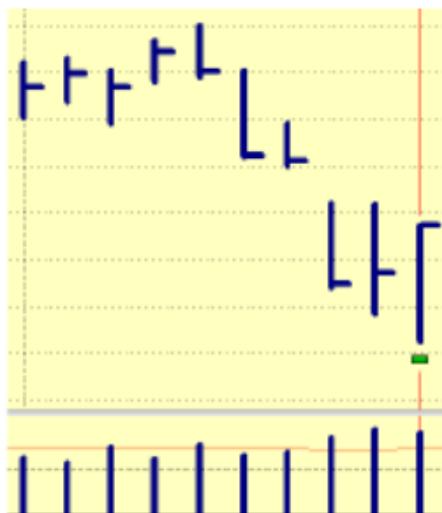
Up-Thrusts: The market still looks weak.

Up bars on very high volume is also weakness.

6. Test in a rising market

After a successful test the market is ready to go up.

Testing is stronger on a down bar when the volume is seen to be low. This type of test may be followed by signs of weakness (red arrow) and then becomes an indication that the market is weak.



Supplementary Comments:

The perfect test comes after you have seen a down move, you have seen stopping volume, the market drifts sideways and then a test appears on low volume. The down move makes the market oversold. Professional money steps in and buys the market (stopping volume). It then drifts sideways as more of the market is bought.

A test triggers stops and shakes the market out, as well as indicating that there is no supply.

7. Test of Bottom Reversal

A wide spread down bar into recent new low ground, which then closes on the highs must always be considered as strength.

Supplementary Comments:

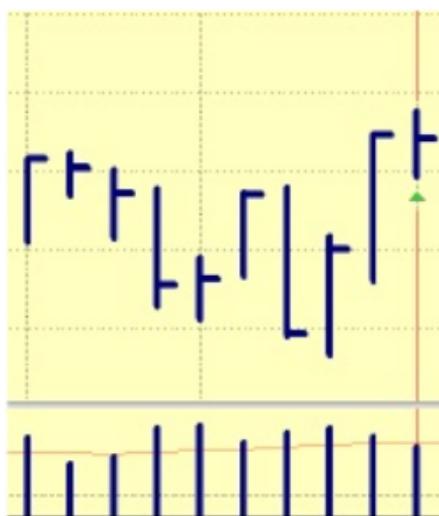
It is the next few bars that tell you what the marketmakers are thinking about this.

An Up bar closing in the middle indicates no demand.

A down bar on low volume narrow spreads, closing in the middle or high is confirming strength.

8. Test of Break-out

Volume can be low or high. This signal looks like a test in a rising market. The prices have been marked down at the open. If the volume has been low and the bar has closed on the highs this shows that there is little or no professional selling during a rally in the market.



If professional money is not interested in the down-side expect higher prices.

If the market is a weak one you will see over the next few bars 'no demand' or any down bar with a close lower than the signal bar shows weakness. The test has become a 'failed test'.

9. Test of climactic action

This type of action can appear on high or better volume. If the volume is high, very high or ultra high this could easily be CLIMATIC ACTION however do not rush in when the volume is high, wait and observe the reaction of the market makers on the following bars.

Supplementary Comments:

If the next bar rallies strongly but the close is well off the highs and again the volume is high or better, this will tell you that there is heavy selling in the market (remember weakness always appears on up bars) and you would not expect higher prices at that moment.

If the following bars are going up on LOW VOLUME this tells you that there is no demand in the market from the marketmakers or main players and you would certainly not expect higher prices. NO DEMAND shows unwillingness of the main players to participate in any bullish behavior, despite the indication of strength that has appeared. Why? because they know more about the market than you do and are probably still expecting lower prices.

If the market starts to whipsaw and is basically going sideways, the market may be building a cause for the next move up. Low volume down bars within the same price range of the area of the first high volume down bar (arrow bar) is telling you that the market is strong. It is strong because there is no supply in the market. If there is no supply then the market is going to go up.

10. Test of no supply after shake-out

This can be a general shakeout but can also appear as a test.



Supplementary Comments:

Shakeouts usually occur on bad news of some sort. The market has been rapidly marked down on the news, however to close on the highs would indicate strength. Basically the prices have been marked down to shake the market out, to test the supply in the market, to catch stops and to mislead as many traders as possible in the process.

If the price now recovers to close on the highs this would indicate that either supply had dried up (low volume) or that demand overcame the supply (high volume).

As with all the indications now follow the bars carefully and see how the marketmakers are responding to the sign of strength.

Low volume up bars indicate their withdrawal from the market. The market failing to respond upwards, or even lower prices indicates unwillingness of the marketmakers and main players to participate in a bullish market despite the indication of strength.

11. Test of shake-out

A simple test. The prices have been marked down at the opening, the volume has to be low and on that volume the market has closed on the highs.

If the volume high this could be a failed test. Markets do not like high volume, especially on a 'test'.



Supplementary Comments:

Discount this signal if there is very high volume on an up bar. Supply could be swamping demand.

Also the bar should be seen to have closed near the high. If the volume is low on a 'test' there is no selling on the bar and is a sign of strength. The mark down to close onto the highs on low volume shows no selling pressure.

Let the marketmakers tell you what is going on. Check the following bars:

Low volume down bars the market is strong. Additional testing shows strength,

Up-thrusts - not ready to go up right now,

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Let the marketmakers tell you what is going on. Check the following bars:

Low volume down bars the market is strong. Additional testing shows strength,

Up-thrusts - not ready to go up right now,

High volume up bars on a narrow spread - supply is present.

Low volume up bar - no demand from the main players and weakness.

12. Test of supply

A test is a markdown of prices, coming back to close on or near the highs. If you are looking at a cash market the volume should be low - indicating that supply is not present. If you are looking at a future then the volume may be low or high.



Supplementary Comments:

If you are a market maker trading the cash market (stocks) you will have a good idea of when a top or bottom has been reached because you are handling the buying and selling and know the true balance of supply and demand in the market. You will certainly recognize a test on low volume, and will immediately enter the futures market to better your own accounts. It is this increased activity that can cause high volume in the futures where the cash market shows no professional selling.

Low volume up bars following any signal is 'no demand' and will usually show weakness.

Additional up-thrusts will also show weakness.

13. Test of support in the market

Support has appeared or the market has been marked down and there has been little supply present.

Supplementary Comments:

A low volume down bar shows lack of selling pressure. If this occurs after a down move it does not say 'I am now bullish' a base has to be built first.

Markets do not like high volume on wide spreads, it shows supply present. High volume areas are usually tested before any up move can take place.

14. Test no supply



There appears to be no supply present, or demand is overcoming the supply.

Supplementary Comments:

Look to the following bars, what are the market makers doing?

Low volume up-bars indicate no demand and you would not expect higher prices with no demand.

No demand can appear as an up-bar on volume less than the green arrow bar May close well off the highs or even close on the lows.

Up-thrusts.

15. Failed Test



A down-bar, on a wide spread, closing on the low, with the low and the close lower than the previous few bars, indicates weakness.

Things to Look Out For:

This may be a short lived move unless you have further weakness in the background.

If the news is bad this might be a shake-out.

Tips:

It is the activity of professional money that we are interested in. Always ask yourself whether the professionals are showing an interest in this move.

Trap Up Move:

1. Trap up move



Beware, this is a classic trap by the market-makers to lead you into a long position.

Things to Look Out For:

If the market has already fallen for some time, this can be the start of a shake-out. If the news is 'bad' the professional operators may be taking the opportunity to shake you out of the market.

This could be the first bar of a bottom reversal which indicates strength.

Immediate testing on low volume shows strength.

Please see the TradeGuider Primer for more information.

UpThrust:

1. Upthrust

Upthrusts are a sign of weakness and can be gapped up with wide spreads and high volume. The way to judge these upthrusts is to look at the background information on your chart. Do you have accumulation, testing, shakeouts, low volume down bars in the background (all signs of strength)? If you have strength in the immediate background upthrusts can be short lived.

Supplementary Comments:

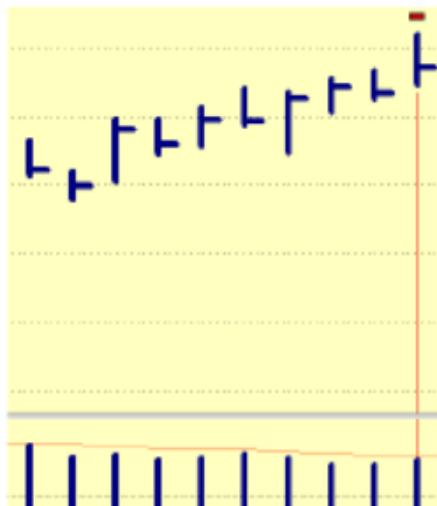
Upthrusts can be tested quickly if the market is still bullish. If this happens you need to change your view quickly as the market is likely to go up. Upthrusts have the annoying habit of turning up when they should not. The market can be so strong that prices are marked up only to fall back to their lows for a rest, or the market reacts for one or two bars, only to race ahead again.

2. Upthrust

Do you have high volume up-bars in the back ground and on that volume was the market is refusing to go up? You would expect to see true 'upthrusts' after signs of weakness.

Sometimes a market is so strong that the prices have gaped up at the opening only to fall back and rest giving the appearance of a false upthrust.

With the appearance of an upthrust you would certainly be paying attention to your trade and your stops.



Supplementary Comments:

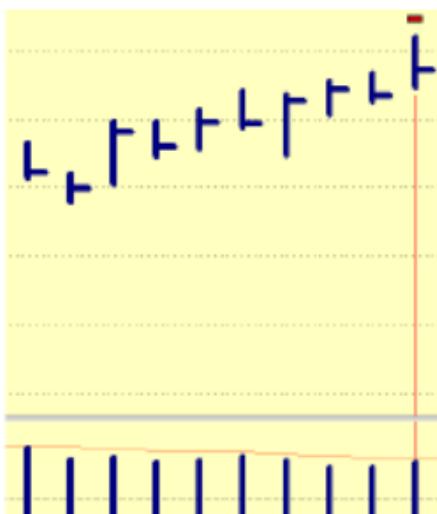
On many upthrusts you will find that the market will 'test' almost immediately. If the volume is low on any 'test' after a red arrow you would take this as a strong signal of strength. The program may not be able to pick up all testing. But, is especially important immediately after a red arrow.

Upthrusts are designed to catch stops and to mislead as many traders as possible and are normally seen after there has been weakness in the background. The market makers know



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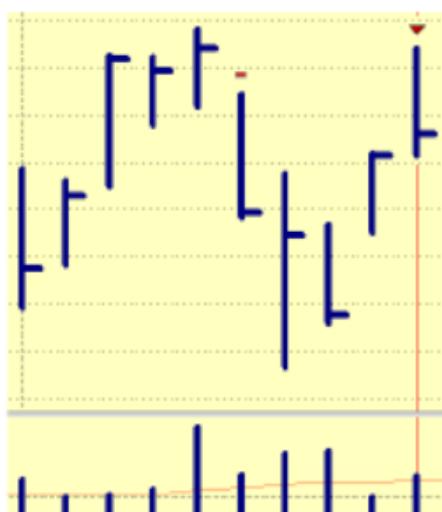
that the market is weak so the market is marked up to catch stops, encourage traders to go long in a weak market, panic traders that are already short into covering their very good position.



3. Upthrust

Prices are marked up rapidly and then fall back to the low. Sometimes a market is so strong that the prices have gapped up at the opening only to fall back and rest, giving a false upthrust.

With the appearance of an upthrust you would certainly be paying attention to your trade and your stops.



Supplementary Comments:

Do you have high volume up-bars in the background and on that volume was the market refusing to go up? You would expect to see true 'upthrusts' after signs of weakness.

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4. Upthrust After Previous Weakness

Upthrusts are a sign of weakness and can be gapped up on low volume.



Things to Look Out For:

Upthrusts can be misleading at times. What do you have in the near background?

If the market is trending up with persistent higher lows, the trend is still up.

Do you have high volume up-bars in the background, whilst the market was refusing to go up? This is a sign of weakness and confirms the up-thrust.

Sometimes a market is so strong that the prices have gapped up at the opening, only to fall back and rest, giving the appearance of an upthrust.

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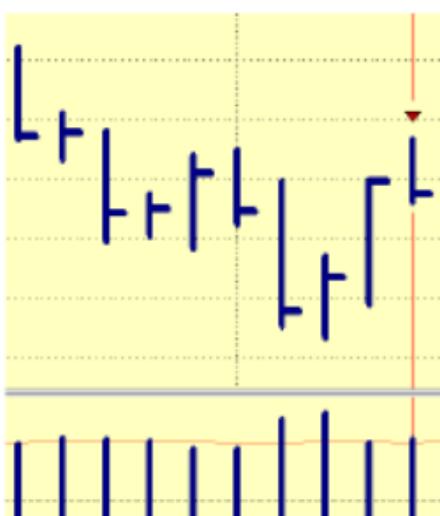
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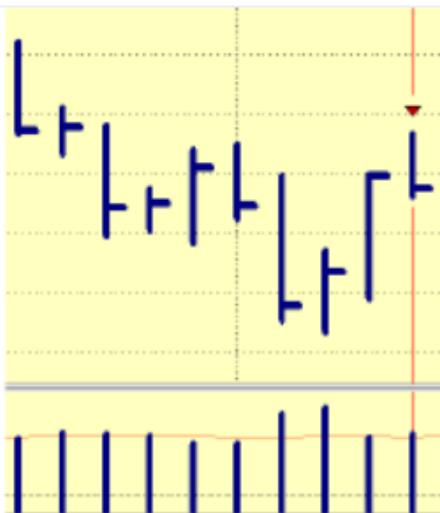
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If the volume is low on any 'test' after a red indicator, you would take this as a strong signal of strength.

Up-thrusts are designed to catch stops and to mislead as many traders as possible. They are normally seen after there has been weakness in the background. The market makers know that the market is weak, so the price is marked up to catch stops, encourage traders to go long in a weak market, and panic traders that are already short into covering their very good position.

A wide spread down-bar that appears immediately after any up-thrust, tends to confirm the weakness (the market makers are locking in traders into poor positions).

6. Hidden Up-thrust

Supply appears to be overcoming demand. This is a 'hidden up-thrust'.



Things to Look Out For:

Follow the bars carefully and let the market makers tell you what is going on.

Low volume up bars show no demand, which is an unwillingness of the market makers to participate in a rising market because they know the market is weak.

High volume up bars, closing in the middle or low are also signs of weakness.

Low volume down bars, or down bars closing in the middle or high, show a lack of selling. There is no carry through with the weakness. If there is no supply you would expect higher prices.

An immediate 'test' is bullish.

7. Hidden Upthrust

The high of this bar should be higher than the previous bar. Up-thrusts are a sign of weakness and this type can be gapped up with wide spreads and high volume.

Things to Look Out For:

The way to judge these up-thrusts is to look at the background information on your chart. Maybe you can see signs of strength, such as:

Low volume down bars in the background

Up-thrusts can be tested quickly if the market is still bullish. If this happens you need to change your view as the market is likely to go up.

If the next bar is down on reduced volume this can also show that there is no carry through with the weakness.

Remain vigilant for signs of weakness. For instance:

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Remain vigilant for signs of weakness. For instance:

A sharp down bar following any 'up-thrust' is designed by the market makers to lock traders into poor positions and tends to confirm the weakness.

Additional 'up-thrusts' would also confirm weakness.

8. Hidden Upthrust

Upthrusts are a sign of weakness.

Do you have high volume up bars and on that volume the market is refusing to go up? Have you seen low volume up bars during the last few bars? These indicate weakness and would tend to confirm the signal. You would expect to see true upthrusts after signs of weakness.

Supplementary Comments:

Some times a market is so strong that the prices have gaped up at the opening only to fall back and rest giving the appearance of an upthrust.

Frequently after a sign of weakness the market continues up. Low volume up bars will confirm the weakness. Additional upthrusts may also be seen. If they are seen on up bars on low volume the market is weak.

There may be an immediate 'test' which can appear over two bars. The same principle is at work. The market has not attracted selling. If there is no supply seen by low volume then the market is likely to go up.

Sudden wide spread down bar closing on the low will usually confirm the weakness as the market makers attempt to lock traders into poor positions.

9. Hidden Upthrust

Reading the market is not so difficult. This, for example, shows heavy supply on the previous bar.

Professional money is selling - this is not good for higher prices. Even if the market is basically bullish and prices rise, you would expect this price level to be tested at some time in the future.

Things to Look Out For:

It is always important to watch the following bars carefully. Let the market tell you what is going on.

Now you should be looking for signs of 'no demand', secondary up-thrusts, or an 'effort to go down.'

Please see the TradeGuider Primer for more information.

Weakness:

1. Market Weakness

High volume up bars, closing off the highs, indicates supply present.

Supplementary Comments:

This can suddenly change if the market is still strong. Any immediate down bar with reduce volume would indicate that yes there was supply present but the supply must have been quickly absorbed by the main players and a down bar on low volume shows that there is no more selling. If there is no selling then the market is very likely to go up.

Look for Testing. You can have an immediate test, however you can also have a long term test of any high volume area where the market has rallied only to fall back into this price level. If the volume is low as the market falls back into any area where originally the volume had been high it then becomes a very strong sign of strength.

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If this is the start of a distribution phase expect a cause to be built for the next down move. Markets can whipsaw while this is going on. If the market now falls only to start a rally again this does not say that this signal is invalid, you may be seeing only small part of a distribution phase. Low volume up bars, additional up-thrusts, top reversals, high volume on narrow spreads up bar will confirm the original weakness seen here.

2. Weakness Coming In

High volume up-bars closing off the highs indicate that supply is present.



Things to Look Out For:

If this signal is followed by a down-bar on a wide spread, closing on the lows you can expect lower prices.

This situation can suddenly change if the market is still strong.

Any immediate down-bar with reduced volume would indicate that, yes, there was supply present, but the supply must have been quickly absorbed by the main players. This is a sign of strength.

A down bar on low volume shows that there is no more selling. If there is no selling then the market will very likely go up.

Please see the TradeGuider Primer for more information.

3. Weakness has appeared

A sharp down move, closing on the lows, with the low and the close lower than the previous few bars is usually a sign of weakness. This is especially true if you are already in a down trend, or if you have seen weakness in the background.



Things to Look Out For:

Now you should be looking for signs of 'no demand', secondary up-thrusts, or an 'effort to go down.'

Please see the TradeGuider Primer for more information.

4. Weakness + Upthrust



Up-thrusts are designed to catch stops and to mislead as many traders as possible. This signal is normally seen after there has been some form of weakness in the background. The market makers know that the market is weak so the price is marked up to catch stops, encourage traders to go long in a weak market, and panic traders that are already short into covering their very good position.

Please see the TradeGuider Primer for more information.

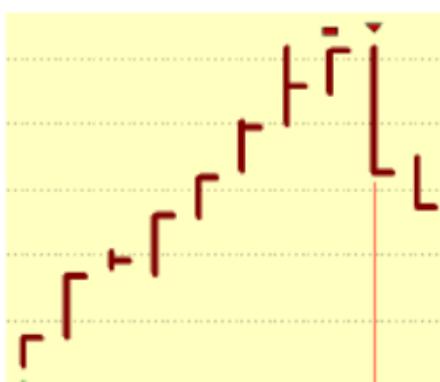
5. Weakness Based on Price Action Only

This indicator is based on price action only. The market should have closed on the lows. The following bar should be down to confirm.

If the price has been visibly marked up at the opening by the market makers to attract a following, or to catch stops, then this represents weakness.

For the market to fall, on a wide spread down, closing on the lows, indicates weakness.

This is usually an entrapment which encourages traders to go the wrong way at first and then lock them in with a sudden wide spread down.



Things to Look Out For:

We may now be entering a Distribution Phase. How can I tell a Distribution phase?

First you must have seen a bull market. A distribution phase is then started with high volume up bars, and on that volume the market will up. A market under distribution has frequent upthrusts and low bars. The market tends to whipsaw, but is basically moving.

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Things to Look Out For:

We may now be entering a Distribution Phase. How can I tell a Distribution phase?

First you must have seen a bull market. A distribution phase is then started with high volume up bars, and on that volume the market will refuse to go up. A market under distribution has frequent upthrusts and low volume up bars. The market tends to whipsaw, but is basically moving.

The news will be 'good', putting you off seeing any weakness.

Please see the TradeGuider Primer for more information.

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