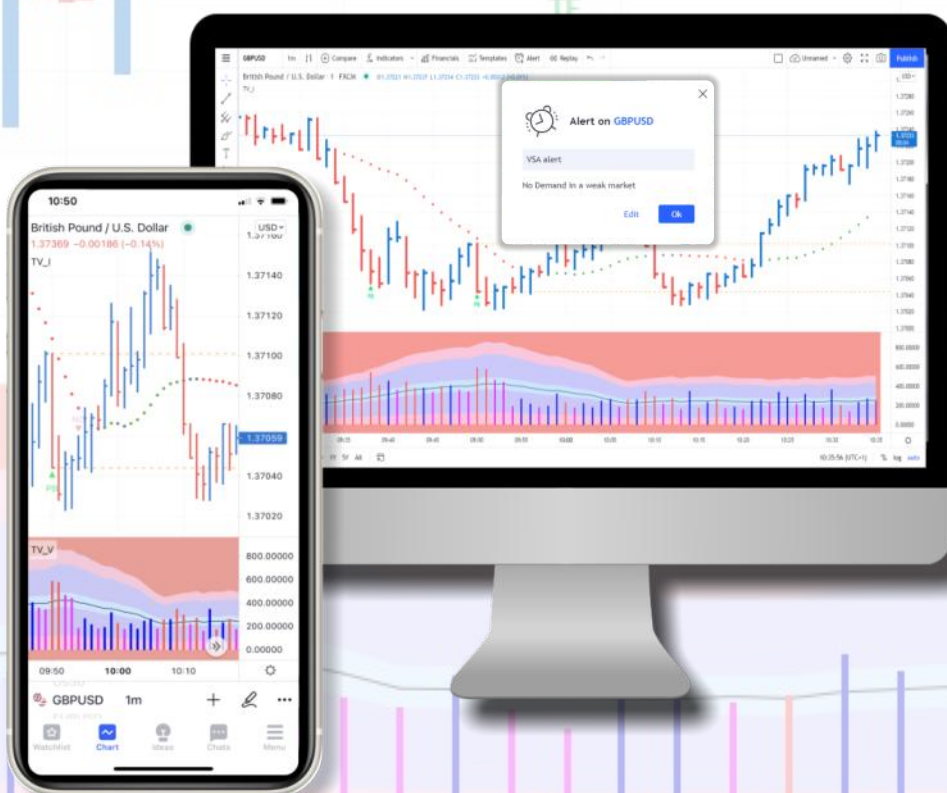




TradeGuider VSA Lite for TradingView

Operational Manual



Tradeguide VSA Lite for TradingView

Operational Manual

DISCLAIMER

Tradeguide VSA Lite for TradingView is NOT a buy sell signal system. It is a decision support system to help traders and investors trade the markets in the footsteps of “smart money”.

Trading all markets contains substantial risk. An investor could potentially lose all or more than the initial investment. Risk capital is money that can be lost without jeopardizing ones’ financial security or life style. Only risk capital should be used for trading and only those with sufficient risk capital should consider trading. Past performance is not necessarily indicative of future results.

Hypothetical performance results have many inherent limitations, some of which are described below. no representation is being made that any account will or is likely to achieve profits or losses similar to those shown; in fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk of actual trading. for example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all which can adversely affect trading results.

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Overview

This Operational Manual provides detailed information about the TradeGuider VSA Lite for TradingView package which consists of two indicators, **TradeGuider VSA Lite** (VSA Lite) and **TradeGuider VSA Relative Volume** (VSA Relative Volume). Both indicators are based on the Volume Spread Analysis methodology (VSA) developed by Tom Williams.

Getting Started

Once you have subscribed to TradeGuider VSA Lite for TradingView you will receive a confirmation email from TradeGuider. From that point you have access to all the indicators included in the package. Then do the following:

1. Log in to the Customer Area of the www.tradeguider.com website. Under the **Software** menu click on the **Access Now** button on the right-hand side of the package name ('TradeGuider VSA Lite for Tradingview').
2. Download and read the documentation provided.
3. Install all indicators following the instructions provided in the installation sections for the [TradeGuider VSA Lite indicator](#) and the [TradeGuider VSA Relative Volume indicator](#).
4. We recommend setting up VSA Lite alerts either if you would like to trade them or if you would just like to learn the VSA methodology. It will help you understand the logic behind VSA principles and VSA Setups. Do it as follows:
 - a. Connect to the TradingView paper trading account as described in this link: <https://www.tradingview.com/support/solutions/43000479975-how-do-i-connect-disconnect-a-paper-trading-account/>
 - b. Set VSA Lite alerts as described in the [Alerts](#) section further down in this document.
 - c. If you would like to trade VSA Lite alerts, wait for the alert to arrive and trade it following the recommendations provided in 'The Guide to VSA Lite Alerts' document.
Please DO NOT USE live accounts to trade alerts UNTIL you have consistently traded your paper account successfully.
5. We recommend that you also read some of the books that give detailed explanations of Volume Spread Analysis and how it works. These books can be found in the TradeGuider Resource Center https://www.tradeguider.com/resource_center.asp

Two additional publications that you won't find there but that we also recommend are: "[My Journey of Discovery to Wyckoff Volume Spread Analysis](#)" and "[A Guide To The Basics Of Volume Spread Analysis: How The Professionals Operate In The Financial Markets](#)", both written by Philip Friston and available on Amazon.

TradeGuider VSA Relative Volume Indicator

General Description

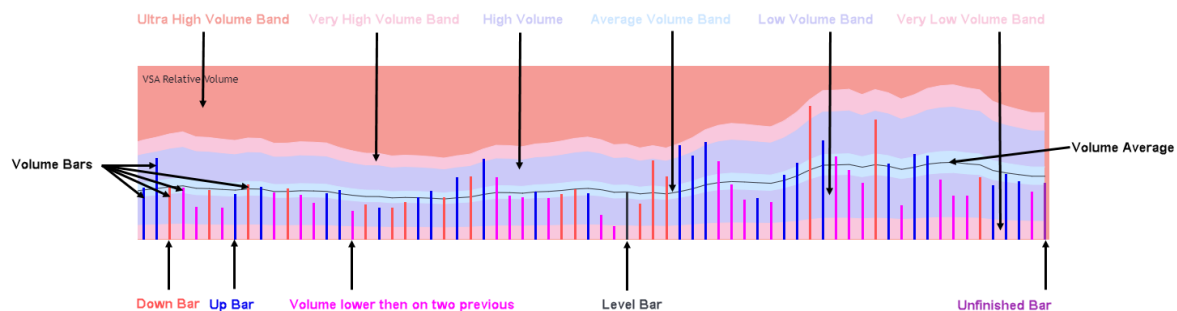
Together with other VSA indicators and tools, the TradeGuider VSA Relative Volume indicator helps to determine the interaction between [supply](#) and [demand](#) as well as assisting traders in their trading decisions.

In the VSA methodology, all analysis is based on Relative Volume. This means that the exact values of the volume on the price bars are not nearly as important as their volume in relation to the previous volume bars.

The following classifications of Relative Volume are used in VSA:

- Ultra High Volume
- Very High Volume
- High Volume
- Average Volume
- Low Volume
- Very Low Volume

Users can easily see how any volume bar is classified by observing which color band in the volume indicator is reached by the top of any given volume bar.



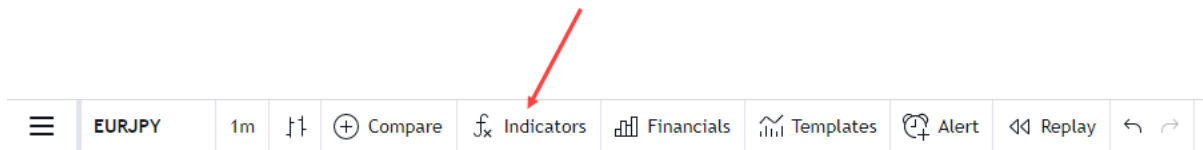
Apart from the Relative Bands, this indicator provides additional information about the type of price bar where the volume has appeared ([up bar](#), [down bar](#), [level bar](#)), volume average as well as showing one very important VSA condition: when the volume is less than on the two previous volume bars.

The default colors, location of the bands and other additional indications are shown on the image above.

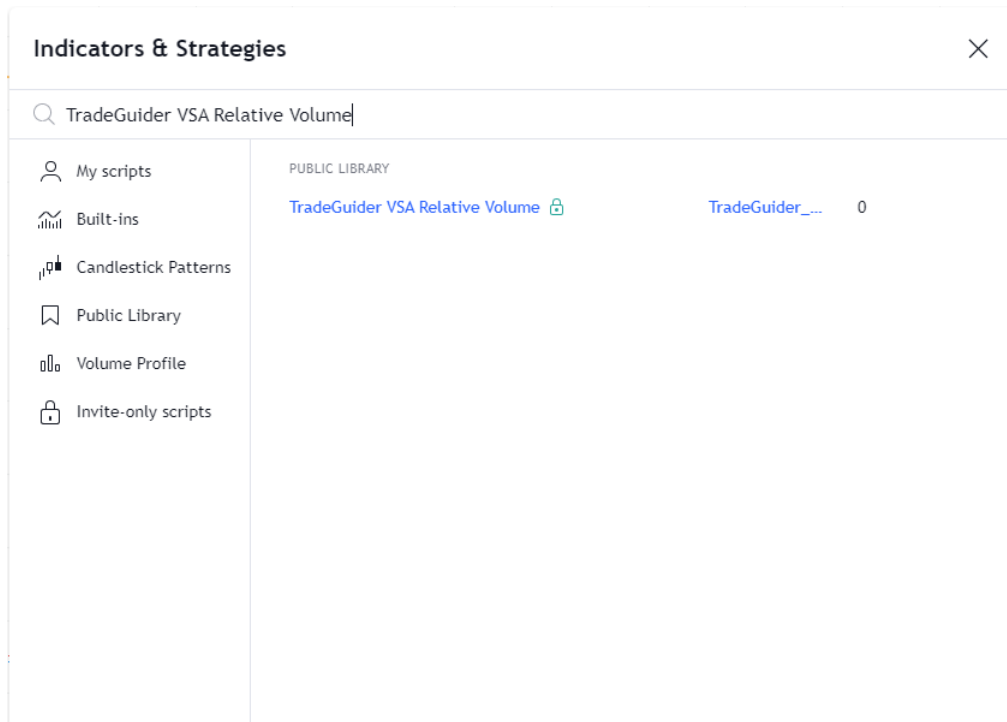
Please note that the TradeGuider VSA Relative Volume indicator does not modify the volume values. The volume appears exactly as it was provided by the broker.

Installation

Open any price chart and in the top Tool Bar click on the **Indicators** button.



In the open dialog box under the **Search** box type **TradeGuider VSA Relative Volume**.



TradeGuider VSA Relative Volume name with the green-colored lock will appear in the right-side area of the dialog box. Click on it once to attach to the chart and wait until it appears there.

Note: If the color of the lock is red, you do not have access to the indicator yet. Activation may take up to one working day (but is usually less). After 24 hours, please contact TradeGuider Technical Support by email to the address support@tradeguides.com or go to the TradeGuider web site, click the support tab on the menu bar and fill in a support ticket.

Parameters

The following parameters are implemented in this indicator:

Show relative volume areas – This switches Relative Bands on or off.

Show average volume line – This switches the Average Volume line on or off.

Show volume lower than on two previous bars – If this parameter is checked, the indicator identifies the condition when the volume is less than on the two previous volume bars. This condition is used in the VSA methodology to identify the price bars where [professionals](#) are either testing specific price areas or staying away from the market. In conjunction with a corresponding price bar structure and [Climactic Actions](#) in the background, such bars might become the final confirmation of a [VSA trade setup](#) and, as a result, could be a great place for a high-probability, low-risk long or short trade entry.

It must be noted that if this parameter is checked, and the corresponding condition is found on a particular volume bar, the coloring of this volume bar based on the bar type (see next parameter) is omitted. It is then painted with the color defined by the parameter **Volume lower than on 2 prev bars**.

Color volume based on the bar type – If this parameter is checked, the volume bars will be colored according to the bar type ([up bar](#), [down bar](#), [level bar](#)). The corresponding color can be set by the parameters **Up Bar**, **Level Bar**, and **Down Bar** (see description below).

Ultra High Volume Zone – If the parameter **Show relative volume areas** is checked, this sets the color of the Ultra High Volume Zone.

Very High Volume Zone – If the parameter **Show relative volume areas** is checked, this sets the color of the Very High Volume Zone.

High Volume Zone – If the parameter **Show relative volume areas** is checked, this sets the color of the High Volume Zone.

Average Volume Zone – If the parameter **Show relative volume areas** is checked, this sets the color of the Average Volume Zone.

Low Volume Zone – If the parameter **Show relative volume areas** is checked, this sets the color of the Low Volume Zone.

Very Low Volume Zone – If the parameter *Show relative volume areas* is checked, this sets the color of the Very Low Volume Zone.

Average Volume – If the parameter *Show average volume line* is checked, this sets the color of the Average Volume line.

Up Bar – If the parameter *Color volume based on the bar type* is checked, this defines the color of the volume bar when the price bar on the chart is an [up bar](#).

Level Bar – If the parameter *Color volume based on the bar type* is checked, this defines the color of the volume bar when the price bar on the chart is a [level bar](#).

Down Bar – If the parameter *Color volume based on the bar type* is checked, this defines the color of the volume bar when the price bar on the chart is a [down bar](#).

Volume lower than on 2 prev bars – If the parameter *Show volume lower than on two previous bars* is checked, this sets the color for the condition when the volume is less than on the two previous volume bars.

Unfinished Volume Bar – This sets the color of the currently ongoing (non-closed) volume bar.

TradeGuider VSA Lite Indicator

General Description

TradeGuider VSA Lite is an indicator that provides information about the balance between [supply](#) and [demand](#) on the price charts based on Tom Williams' Volume Spread Analysis methodology (VSA).

The VSA principles introduced in this indicator can be divided into two groups: [Signs of Strength](#) (SOS) and [Signs of Weakness](#) (SOW). By default, each SOS is shown on the chart with a green triangle below the price bar and identifies the condition when either [demand](#) is overcoming [supply](#) or when there is very little or no [supply](#) on that particular price bar. SOW is shown on the chart with red triangles above the price bar and identifies the condition when either [supply](#) is overcoming [demand](#) or when there is very little or no [demand](#) present on that particular price bar.

SOSs and SOWs can be either major or minor. The major SOSs/SOWs are VSA principles on Ultra High Volume ([Climactic Action](#)), showing significant buying or selling activity by the [smart money](#). Very often, major VSA principles mark the beginning of [accumulation](#) or [distribution](#) and in the VSA methodology are called [Trigger Bars](#). The minor SOSs/SOWs appear on Low or Very Low Volume, identifying either the testing of specific areas for the presence of [supply](#) or [demand](#) by [professionals](#) or when [professionals](#) are staying away from the market.

The VSA methodology implies that VSA principles need to be confirmed. One of the ways to obtain such confirmation is to look for the closing position of the next price bar. If the price bar following a SOS is an [up bar](#), the VSA principle is considered to be confirmed. Similar logic applies to a SOW. If the price bar following a SOW is a [down bar](#), the VSA principle is considered confirmed. Confirmed and non-confirmed SOSs/SOWs are distinguished on the price chart by the color of the triangles. The default coloring for confirmed SOSs is a dark green triangle below the price bar; confirmed SOWs will show a red triangle above the price bar; unconfirmed SOS/SOWs will show a light green or light red triangle below or above the price bars respectively.

Note that the number of SOS and SOW principles implemented in this indicator is significantly less than in our core VSA software (see www.tradeguider.com). Despite that, we have selected for the users six principles which are among the best and most powerful. Moreover the TradeGuider VSA Lite indicator has two modes of operation:

- The VSA Learning Mode wherein all found VSA principles are displayed on the chart. This mode provides users with the opportunity to read or to learn how to read the price chart.
- The VSA Expert Mode wherein minor [Signs of Strength](#) are displayed in an uptrend after significant buying identified in the background. Minor [Signs of Weakness](#) are displayed in a downtrend after significant selling in the background. This mode is especially useful while trading.

The user may switch between modes by checking (selecting) and unchecking (deselecting) the 'Filtered Tests and No Demands' parameter of this indicator.

The following six VSA principles are implemented in this indicator:

SOSs:

- [Potential Professional Buying \(PB\)](#) - Major VSA principle

- [Shakeout \(SO\)](#) – Depending on market conditions, this can either be a major or minor VSA principle
- [Test \(TE\)](#) - Minor VSA principle

SOWs:

- [Potential Professional Selling \(PS\)](#) - Major VSA principle
- [Upthrust \(UT\)](#) – Depending on market conditions, this can either be a major or minor VSA principle
- [No Demand \(ND\)](#) - Minor VSA principle

It must be understood that **VSA principles ARE NOT BUY and SELL SIGNALS** on their own, but in combination may create [VSA Setups](#) which are used in the VSA methodology to identify low-risk entries and optimal exits from the trade. In other words, users will see many VSA principles on any given chart, but only some of them are valid for opening a trade. You will learn how to tell the difference as you progress through this and 'The Guide to VSA Lite Alerts' manual and practice via paper trading.

The TradeGuider VSA Lite indicator is also equipped with several types of alerts that inform users of key VSA principles or [VSA Setups](#) as they appear, as well as a Short Term Trending Tool. The Short Term Trending Tool, which is the only tool in the VSA Methodology using moving averages, has several purposes:

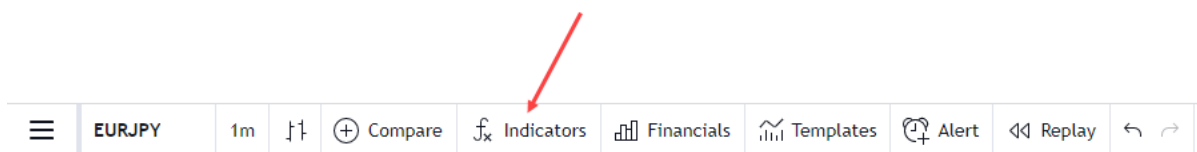
- To display the trend direction identified over the past 10-25 price bars.
- To show the generic activity of retail traders. Many retail traders use moving averages and they buy above or sell below them. With their understanding of [herd](#) behaviour, professional traders know this fact and often use it to trap retail traders and lock them into losing trades.

The following shows the main elements of the TradeGuider VSA Lite indicator:

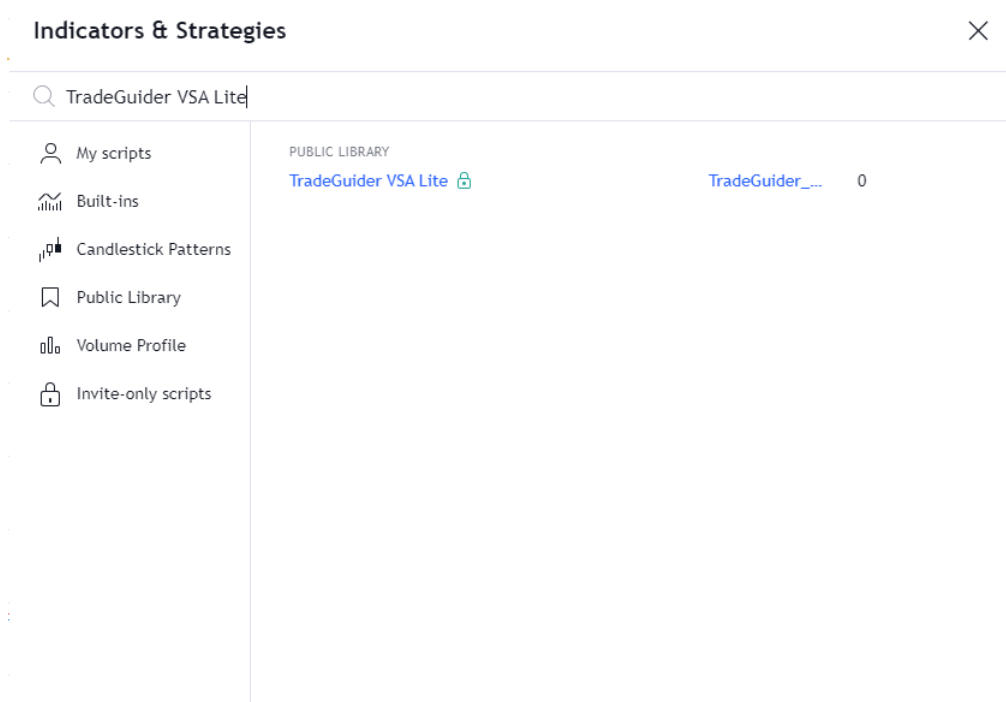


Installation

Open any price chart and in the top Tool Bar click on the **Indicators** button.



In the open dialog box in the **Search** box type the following: **TradeGuider VSA Lite**.



TradeGuider VSA Lite name with the green-colored lock will appear in the right-side area of the dialog box. Click on it once to attach to the chart and wait until it appears there.

Note: If the color of the lock is red, you do not have access to the indicator yet. Activation may take up to one working day (but is usually less). After 24 hours, please contact TradeGuider Technical Support by email to the address support@tradeguiders.com or go to the TradeGuider web site, click the support tab on the menu bar and fill in a support ticket.

Parameters

The following parameters are implemented in this indicator:

Alert PS/PB – When an alert is created and this parameter is checked, all identified [Trigger Bars \(Potential Professional Buying \(PB\) / Potential Professional Selling \(PS\)\)](#) will be alerted.

Alert Tests/No Demands – When an alert is created and this parameter is checked, [Tests/No Demands](#) will be alerted. Please see the description of the **Alert Tests above PB and No Demands below PS only** parameter for more details.

Alert Shakeouts/Upthrusts – When an alert is created and this parameter is checked, all identified [Shakeouts](#) and [Upthrusts](#) will be alerted. Please see the description of the **Alert Shakeouts above PB and Upthrusts below PS only** parameter for more details.

Alert Tests above PB and No Demands below PS only – When an alert is created and this parameter is checked alongside the **Alert Tests/No Demands** parameter, only [Tests](#) found above or on the high of the [Potential Professional Buying \(PB\) VSA principle](#), as well as [No Demands](#) found below or on the low of the [Potential Professional Selling \(PS\) VSA principle](#), will be alerted. If this parameter is unchecked, the Tests will be alerted above or on the high and No Demands below or on the low of either the [Potential Professional Buying \(PB\) or Potential Professional Selling VSA principle \(PS\)](#).

Alert Shakeouts above PB and Upthrusts below PS only – When an alert is created and this parameter is checked along with the **Alert Shakeouts/Upthrusts** parameters, only [Shakeouts](#) found above or on the high of the [Potential Professional Buying \(PB\) VSA principle](#), as well as [Upthrusts](#) found below or on the low of the [Potential Professional Selling \(PS\) VSA principle](#), will be alerted. If this parameter is unchecked, the Shakeouts will be alerted above or on the high while Upthrusts are below or on the low of either the [Potential Professional Buying \(PB\) or Potential Professional Selling VSA principle \(PS\)](#).

Cancel UHV bar on higher Volume – Even though Ultra High / Very High Volume shows the activity of the [professionals](#), not all [Climactic Bars](#) become [Trigger Bars](#). At the same time, after a [Climactic Bar](#), the price can reverse, go sideways or continue in the same direction with sharp moves. To prevent false trade entries, when this parameter is checked and when a price bar is generated which has a higher volume than the previous [Trigger Bar](#), but which does not itself meet the [Trigger Bar](#) definition, it will cause the previous [Trigger Bar](#) to be cancelled. [Trigger lines](#) are also removed from the price chart and are only restored after the next [Trigger Bar](#) is identified.

Filtered Tests and No Demands – This sets the mode of the indicator. If this parameter is checked it turns on Expert Mode in which:

- [Tests](#) will be shown above the low of the [Trigger Bar](#) last identified.
- [No Demands](#) will be displayed below the high of the last-found [Trigger Bar](#).

When this parameter is unchecked, it turns on Learning Mode and all of the identified [Tests/No Demands](#) principles will be drawn on the price chart irrespective of their relation to the last-identified [Trigger Bar](#).

It has to be noted that when the **Show Shakeouts** parameter is checked, [Shakeouts](#) will be displayed in either mode of the indicator. Likewise, when the **Show Upthrusts** parameter is checked, [Upthrusts](#) will be displayed in either mode.

Show Short Term Trend – If this parameter is checked, the Short Term (Diamond) Trending Tool will be shown on the price chart.

Show Tests – If this parameter is unchecked, [Tests](#) will not be shown on the price chart. Otherwise, [Tests](#) will be displayed.

Show Shakeouts – If this parameter is unchecked, [Shakeouts](#) will not be shown on the price chart. Otherwise, [Shakeouts](#) will be displayed.

Show No Demands – If this parameter is unchecked, [No Demands](#) will not be shown on the price chart. Otherwise, [No Demands](#) will be displayed.

Show Upthrusts – If this parameter is unchecked, [Upthrusts](#) will not be shown on the price chart. Otherwise, [Upthrusts](#) will be displayed.

Show Last Trigger Lines – If this parameter is checked, two [trigger lines](#) through the high and low of the last-found [Trigger Bar](#) will be drawn on the price chart.

Note that when the **Cancel UHV bar on higher Volume** parameter is checked, there might be situations when [trigger lines](#) are not displayed (see the description for that parameter).

Up Trend – This sets the color of the dots (diamonds) of the Short Term Trending Tool when an uptrend is identified on the price chart.

Unknown Trend – This sets the color of the dots (diamonds) of the Short Term Trending Tool when the trend is identified as neutral on the price chart.

Down Trend – This sets the color of the dots (diamonds) of the Short Term Trending Tool when a downtrend is identified on the price chart.

Non-confirmed SOS – This sets the color of the SOS triangles on the price chart when they are not confirmed by the next price bar.

Confirmed SOS – This sets the color of the SOS triangles on the price chart when they are confirmed by the next price bar.

Non-confirmed SOW – This sets the color of the SOW triangles on the price chart when they are not confirmed by the next price bar.

Confirmed SOW – This sets the color of the SOW triangles on the price chart when they are confirmed by the next price bar.

Trigger Lines – This sets the color of the [trigger lines](#).

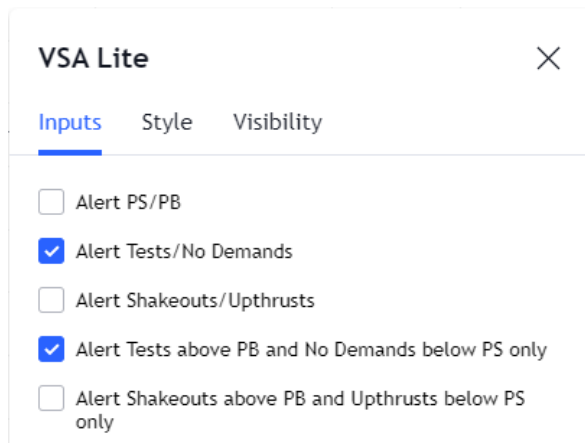
Trigger Lines Style – This sets the style (solid, dotted, or dashed) of the [trigger lines](#).

Trigger Lines Width – This sets the width of the [trigger lines](#).

Alerts

The TradeGuider VSA Lite indicator includes an alert system providing users with notifications about identified VSA principles or specific [VSA Setups](#).

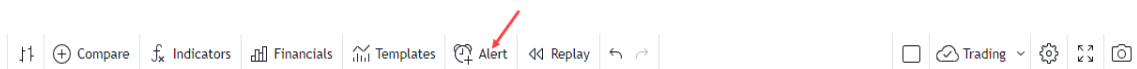
Default alert settings are shown on the picture below and inform users of potential trade setups based on the VSA Lite Strategy (see details in 'The guide to VSA Lite Alerts' document in your TradeGuider Customer Area at www.tradeguider.com).



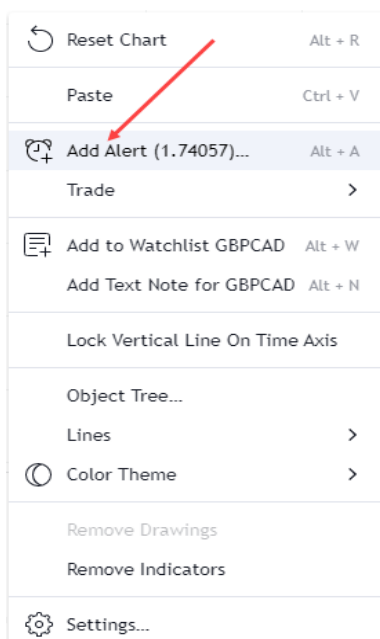
Details about each alert option can be found in the [Parameters](#) section above.

To set up an alert do the following:

1. Open the price chart you would like to generate an alert on.
2. Either click the **Alert** button on the top Tool Bar.



or right-click your mouse in an empty area of the chart and select the **Add Alert** menu item.



The following dialog box will appear on the screen:

The dialog box is titled "Create Alert on GBPCAD" with a close button (X) in the top right corner. It contains the following fields and options:

- Condition:** A dropdown menu showing "GBPCAD". Below it is another dropdown menu showing "Crossing".
- Value:** A dropdown menu showing "Value" and a text input field containing "1.74057" with up and down arrow buttons.
- Options:** Two buttons: "Only Once" (highlighted with a blue border) and "Every Time".
- Expiration time:** Two date/time pickers showing "2021-08-16" and "13:46".
- Alert Actions:** A list of checkboxes:
 - ☒ Open-ended
 - ☒ Notify on App
 - ☒ Show Pop-up
 - ☐ Send Email
 - ☐ Webhook URL
 - ☐ More Actions (with a downward arrow)
- Alert name:** A text input field.
- Message:** A text area containing "GBPCAD Crossing 1.74057". Below it is a note: "You can use special placeholders such as {{close}}, {{time}}, {{plot_0}}, etc. ?" with a question mark icon.
- Buttons:** "Cancel" and "Create" (highlighted in blue) at the bottom right.

3. In the dialog box under **Condition** open the dropdown list and select **VSA Lite**.

This shows a partial view of the "Condition" dropdown menu. The top dropdown shows "VSA Lite (dash..." with a downward arrow. The bottom dropdown shows "Any alert() function call" with a downward arrow and a question mark icon to its right.

This will cause the **Any alert() function call** value to appear in the lower dropdown list.

- Set the required alert expiration time or check **Open-ended** (if applicable for the Tradingview service subscription) to make it available until a manual stop or cancellation.

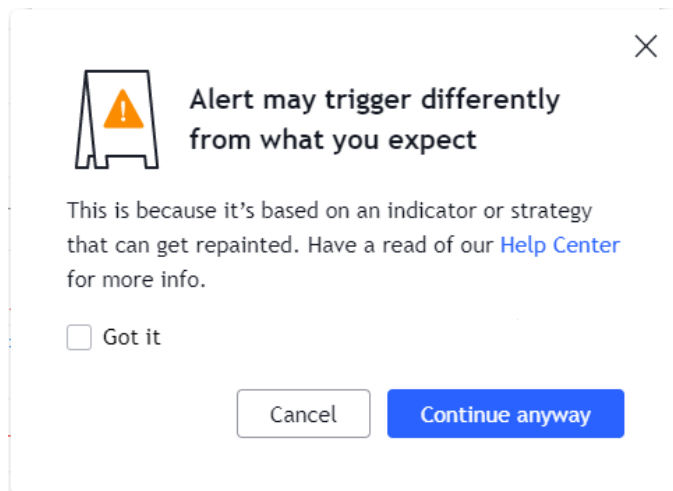
Expiration time

☒ Open-ended

- Optional: change the name of the alert to something you prefer.

Alert name

- Click **Create** button to submit an alert. The following message box will appear:



Please read this message carefully and click on **Continue anyway** if you agree.

Important note: Due to the above notice, before opening any trade, please check that all conditions described in the 'The Guide to VSA Lite Alerts' document are present on the chart. Also, be aware that there might be situations when a FALSE ALERT is generated.

Appendix 1. Description of Key VSA Principles

Potential Professional Buying (PB)

Bar Description

A [down bar](#) with High to Ultra High Volume must contain buying from the [professionals](#) especially if it is into [fresh new low ground](#) and the next [bar is up](#).

One or more [professional groups](#) will have decided that the underlying market is now good value and will step in and buy absorbing the [supply](#). Covering of shorts will add to the volume.

Background

There should be a clear down move in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price.

Only buying by the [professionals](#) can stop a down move. Covering shorts will add to the volume. This has to be done on [down bars](#) so as not to move prices against them. Study the background carefully.

Future

The next [bar should be up](#) to confirm this principle. The market may need to [accumulate](#) further before an up move can begin so be patient. The [professionals](#) do this by selling small amounts of their holdings to push prices back down to the lows. However, overall, they are buying more than they are selling.

Remember this principle picks up [demand](#) coming in but there is still [supply](#) present. A market will not rally far until the [professionals](#) have checked to see if this [supply](#) has disappeared. This they do with Shakeouts and testing.

Remember if the market is still weak you would expect High Volume [up bars](#) closing off the highs with the next [bar down](#), [Upthrusts](#) especially on High Volume and [No Demand](#).

Shakeout (SO)

Bar Description

A Shakeout is a mark down on a Wide Spread closing up near the high to shake out [Weak Holders](#). High volume suggests [demand](#) overcame the [supply](#) but remember this [supply](#) will hold back future upward progress. If the [spread](#) is narrow, it will have less impact.

Exercise caution if the bar has [gapped down](#) as this can indicate hidden weakness.

If volume is Ultra High this can be [Climactic Action](#) and the start of [accumulation](#).

Background

The background is extremely important. You should see [strength](#) in the background with [Stopping Volume](#) or a [Selling Climax](#). Are there some minor [SOW](#) in an uptrend or has [supply](#) hit the market?

Future

A Shakeout on High Volume shows [demand](#) was prepared to absorb the [supply](#) on that bar but they will likely want to test that [supply](#) in the future. Any Low Volume testing back into the area of the Shakeout would be a strong [SOS](#).

Be cautious if the Shakeout is followed by Low Volume [up bars](#), or High Volume [up bars](#) closing in the middle especially on a narrow [spread](#).

If the market starts to whipsaw and goes [sideways](#) it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

Test (TE)

Bar Description

A Test is a mark down during the bar (often on [bad news](#)) to challenge any [Weak Holders](#) to panic and sell. If they do not sell the price rebounds up towards the middle or high and the Volume is low (can be high in the futures market). This lack of selling gives the [professionals](#) confidence that they do not have to absorb large amounts of supply.

Add extra weight if the Low of the bar is into [fresh new low ground](#) and also if it is a [down bar](#).

Tests on Low Volume in the cash market will cause the [professionals](#) to enter the futures market resulting in higher volumes there.

Background

The background is extremely important.

Tests work best when there is [strength](#) in the background or following minor [SOW](#) in an uptrend.

With [weakness](#) in the background this principle carries less importance and at best may only cause the market to rest for a few bars as the [professionals](#) stand aside before resuming the down move.

Future

Following a Test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up.

If the Volume was too high for a reliable test you need to decide whether the [market makers](#) are prepared to absorb that [supply](#) and take prices higher.

If there is [strength](#) in the background and the Test Bar is back down into the area of buying a successful Test is a strong indication of [strength](#) showing [supply](#) has disappeared.

If you are in an uptrend and the Test follows some minor [Signs of Weakness](#) you would anticipate the up move to continue.

[Supply](#) appearing after an up move is often tested. If the [supply](#) is sufficient to stop the up move expect any subsequent Test to fail which in itself is a [Sign of Weakness](#).

Give extra weight to a second Test in a bullish phase if the second Test has lower volume than the first.

Be cautious if the Test is followed by Low Volume [up bars](#), [Upthrusts](#) or High Volume [up bars](#) closing in the middle especially on a narrow [spread](#).

Remember you need to look at the overall picture not just the individual bars.

Potential Professional Selling (PS)

Bar Description

A High to Ultra High Volume [up bar](#) closing in the middle shows [supply](#) overcoming [demand](#) and indicates professional selling.

In order to sell the [professionals](#) have to unload into a rising market by selling to the herd. If they sold on [down bars](#) prices would fall too rapidly against them.

This bar should be into [new fresh high ground](#).

Background

There should be an up move behind you. Eventually the herd panic for fear of missing out on higher prices and buy on the [good news](#). The [professional groups](#) will then sell into this frenzy of buying.

Look carefully to the background. Do you have [strength](#) or [weakness](#) behind you? After a period of rising prices this could be the start of [distribution](#) by one or more [professional groups](#).

Is there an old top to the left as this could be absorption volume.

Future

If the next [bar is down](#) closing near its lows this confirms the [weakness](#). Also High Volume [up bars](#) on narrow [spreads](#) show further selling.

Subsequent [No Demand](#) Up Bars or [Upthrusts](#) confirm the [weakness](#).

The market may need to [distribute](#) further before a down move can begin so be patient. The [professionals](#) do this by supporting the market until they have sold their remaining holdings. But remember this [weakness](#) will not suddenly disappear.

If there is [strength](#) in the near background or a breakout this supply may be tested so look for Low Volume [down bars](#) closing in the middle or high, or for [Shakeouts](#). If the market is still strong it should follow the path of least resistance which is up.

Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly.

If the market pushes up through this area of [supply](#) it may come back down to test it again later. A successful [Test](#) would then be bullish.

Upthrust (UT)

Bar Description

The bar is marked up but falls off rapidly to close on or near its low normally with an Average to Wide price [Spread](#).

The Upthrust is a money making manoeuvre by the [market makers](#) to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on [good news](#). High Volume shows selling by the [professionals](#) while Low Volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

Background

Be very careful here. True Upthrusts appear when you have [WEAKNESS](#) in the background. This would be characterised by High Volume [up bars](#) closing in the middle and [No Demand up bars](#).

If there is [strength](#) in the background be very cautious. It is likely to be tested or may be a false Upthrust.

However if the market has already fallen for some time this could be the start of a [Shakeout](#) especially if the [news is bad](#).

Future

Following a true Upthrust expect lower prices. Further [SOW](#) e.g. [No Demand](#) adds to the [weakness](#). Be wary of a [Test](#) with [SOW](#) in the background as it may well fail.

Be cautious if following the Upthrust you see a [down bar](#) with a narrow [spread](#) with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see [down bars](#) on High Volume closing off the lows with the [next bar up](#) this shows potential [strength](#). This would need to be tested.

No Demand (ND)

Bar Description

An [up bar](#) on a narrow [spread](#) closing in the middle with Low Volume or volume lower than the last two bars. It can be a [down bar](#) if the high is higher than the previous bar. This shows the [professional](#) money is not interested in higher prices at this time.

If the price [spread](#) is greater than narrow this can still show [weakness](#).

Background

Pay particular attention to the background.

With [strength](#) in the background, this indicator may only cause the market to rest for a few bars as the [professionals](#) stand aside before resuming the up move.

If there has been a major [Shakeout](#) in the near background or heavy buying the next bar can be a Low Volume [up bar](#) meaning prices are marked up with minimum resistance as there is little immediate supply.

If there is [weakness](#) in the background this [SOW](#) becomes more important.

Future

The next bar should be [down](#) to confirm this indicator.

With [strength](#) in the background expect testing or an [up bar](#) on increased volume to push through this [SOW](#) (effort).

If there are other [SOW](#) in the background expect lower prices. The [professionals](#) have noticed this [weakness](#) and are not interested any longer in the up move. Further [SOW](#) such as [Upthrusts](#) will confirm the [weakness](#).

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on No Demand.

Be cautious if following No Demand you see a [down bar](#) with a narrow [spread](#) with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see [down bars](#) on High Volume closing off the lows with the next [bar up](#) this shows potential [strength](#). This would need to be tested.

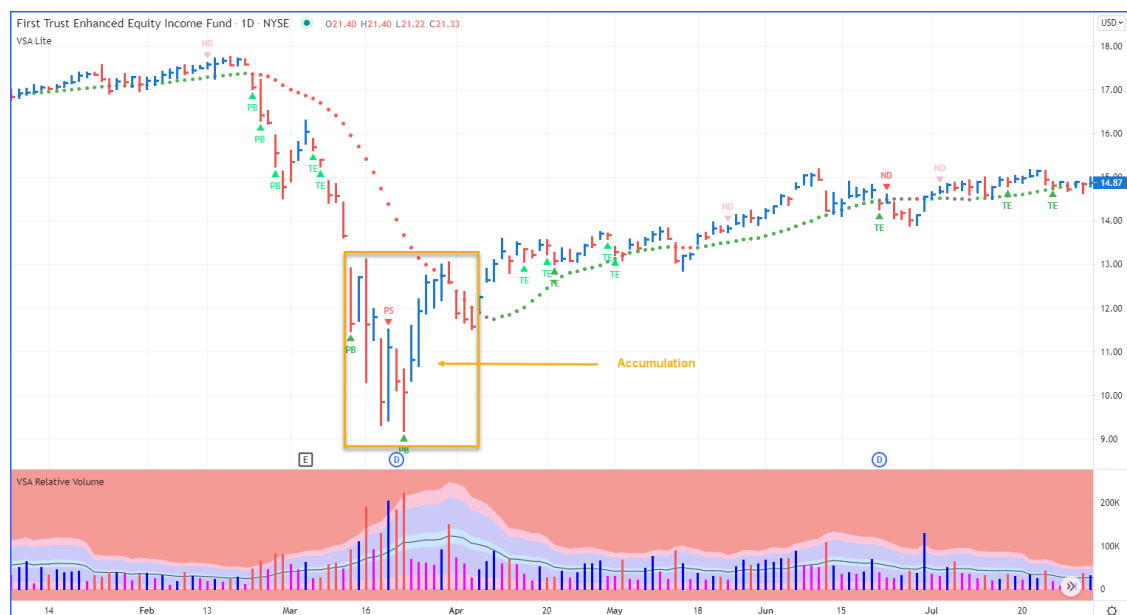
Appendix 2. Volume Spread Analysis Glossary

Accumulation

This is the process with which professional traders are trying to build up their position in the market. During accumulation, the price may go up and down to create enough liquidity on the one hand but without significantly putting price against their position on the other.

In accordance with the classic Wyckoff method and VSA methodology, accumulation takes place at the bottom of the market after a significant down move.

How long this process will continue for depends on different factors such as, for example, the expected size of the position, the liquidity of the market etc. and may vary from several hours to several months or even years.



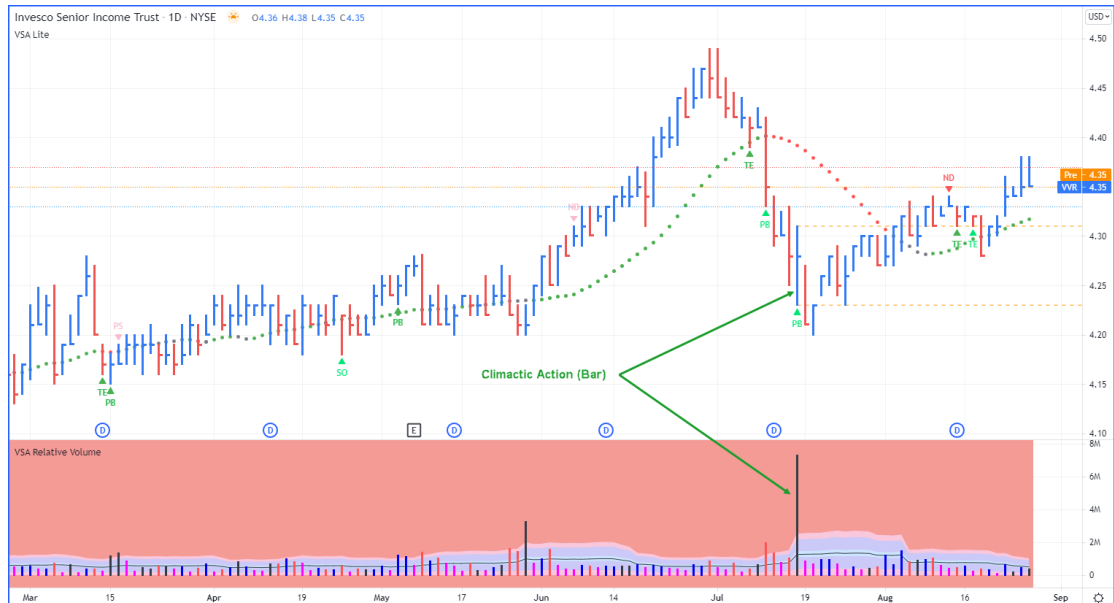
Bad News

This is the type of news that creates a negative feeling in the trader towards a particular asset, or about trading, or their own environment in general. Some examples of bad news are a published quarterly report of the company with significantly lower profit than previously expected; a dramatic fall in the value of all goods and services produced by a country's economy (GDP); a global pandemic; a significant change in a currency exchange rate. There are many others.

Negative sentiments usually cause the trader to close long positions, giving the professionals the opportunity to buy from them. This is the reason why bad news is widely used by smart money as an 'excuse' to trick traders and lock them into losing short trades.

Climactic Action (Climactic Bar)

This refers to activity in the market on exceptionally big Ultra High Volume which mostly takes place on bars with a Wide Spread (range). Very often one or several consecutive Climactic Action bars are accompanied by extreme news and can mark the end of the trend and the beginning of the accumulation or distribution phases.



Demand

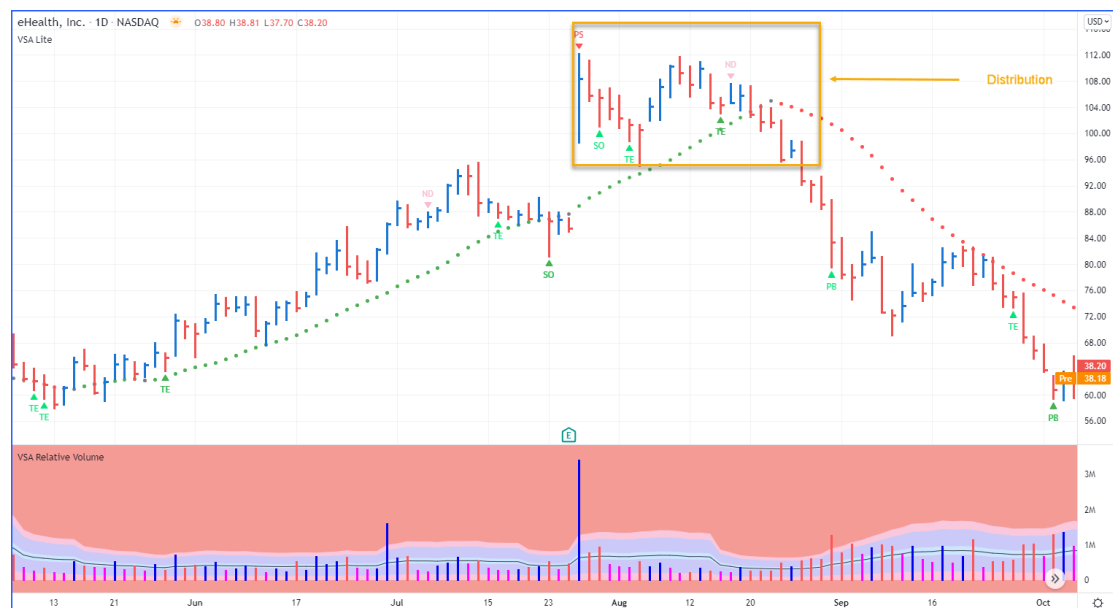
This is the quantity of the product (for example, shares, currency pairs, commodities etc.) that a buyer is willing to and can purchase at a specific price. In other words, it tells us how much an instrument is wanted by traders in the market at a point of time. Demand is a cornerstone of VSA because in this methodology all market activities are analyzed by considering the balance between supply and demand. In general, if demand exceeds supply, prices rise and conversely, if supply prevails over demand, the price falls.

Distribution

This is the process by which professional traders try to reduce or completely unload their position in the market. At the time of distribution, the price may go up and down to create enough liquidity on one hand, but without significantly putting price against their position on the other.

In accordance with the classic Wyckoff method and VSA methodology, distribution takes place at the top of the market after a significant up move.

How long this process takes depends on different factors such as, for example, the expected size of the position or how much liquidity there is in the market and it may vary from several hours to several months or even years.



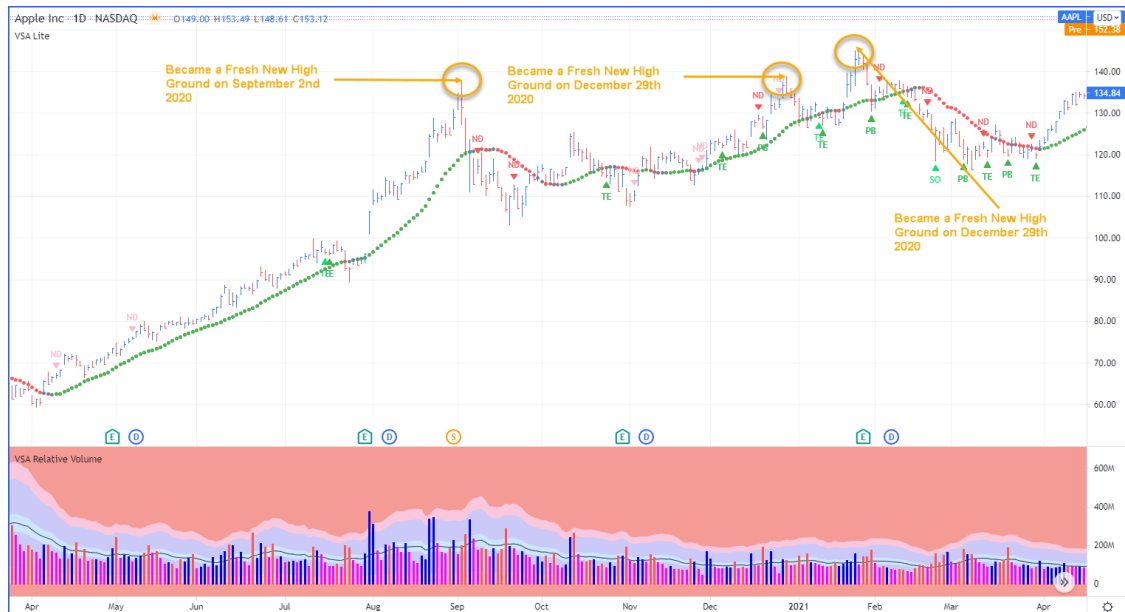
Down Bar

This is a bar on the price chart which has a closing price lower than the closing price of the previous bar.



Fresh New High Ground

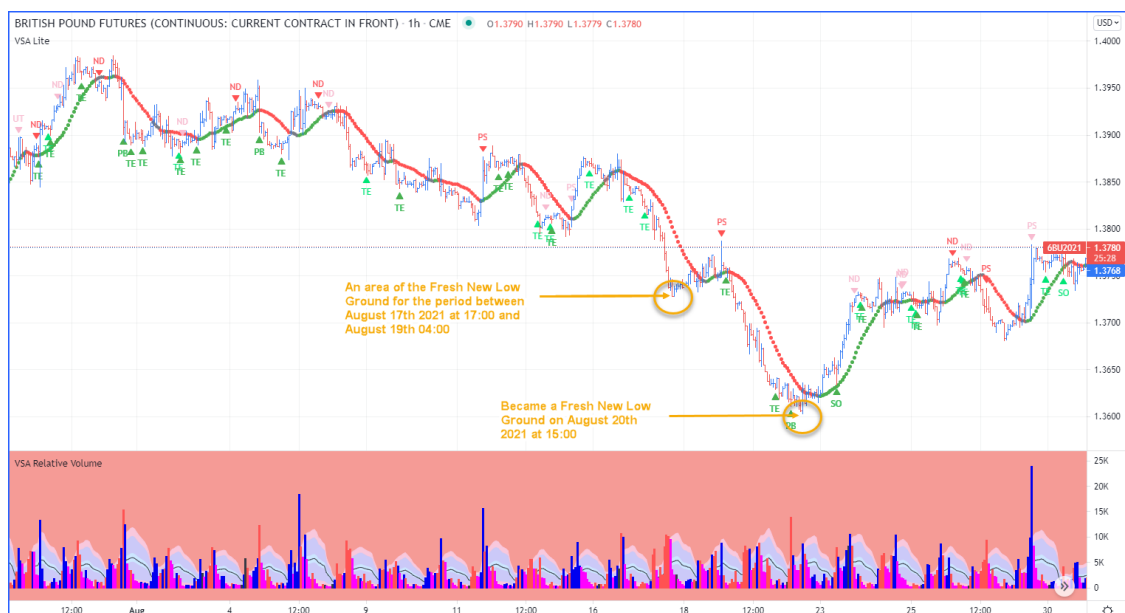
Fresh new high ground is an area on the chart where the price breaks out into new highs and creates new tops compared to a relatively long time previously in the background.



The top of the area is marked by the high price of one or several bars.

Fresh New Low Ground

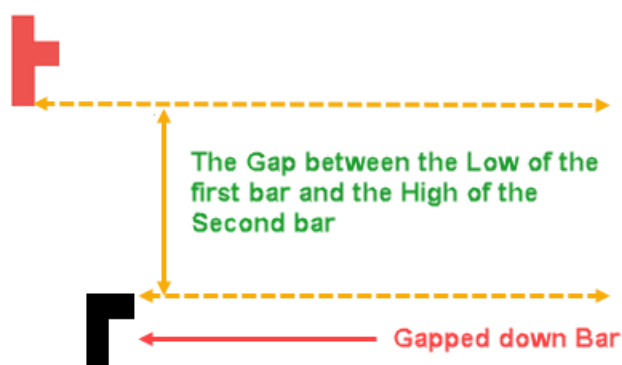
Fresh new low ground is an area on the chart where the price drops to new lows and creates new bottoms compared to a relatively long time previously in the background.



The bottom of the area is marked by the low price of one or several bars.

Gap Down

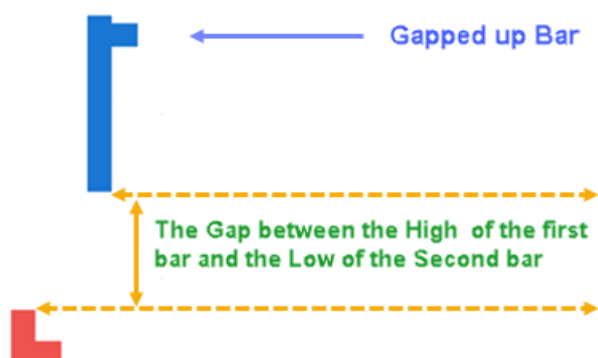
In the VSA methodology a gap down is where there is a space (gap) between the low price of one bar and the high price of the following closed bar.



It must be noted that since VSA does not use the open price of the bar, the definition of this term in this methodology differs from its generic definition in trading.

Gap Up

In the VSA methodology the gap up is where there is a space between the high price of one bar and the low price of the following closed bar.



It must be noted that since VSA does not use an open price of the bar, the definition of this term here differs from its generic definition in trading.

Good News

This type of news creates positive feelings toward a particular asset or about trading or in general. An example of good news are: a published company report with higher profits than previously expected; a decrease in the national unemployment rate; the end of a global crisis; a significant change in the currency exchange rate, and many others.

Positive sentiments usually cause a trader to open new long positions or add more to existing ones, giving the professionals the opportunity to unload their holdings to retail traders. This is why good news is widely used by smart money as an 'excuse' to trick the traders and lock them into losing long trades.

Herd

In the VSA methodology this term refers to traders or investors who do not understand the real market situation and make trading decisions either based on their own feelings (excitement, fears, greed, reaction to good or bad news), or blindly trust the opinion and follow the suggestions of those who, from their point of view, are well informed and know what to do.

Smart money often uses herd emotions (sometimes called herd instinct or crowd behaviour) to significantly raise or lower market prices, to lock traders into non-profitable losing positions and make a large profit from them in the end.

To be successful, the trader must isolate themselves from the herd and become a predator rather than a victim.

Level Bar

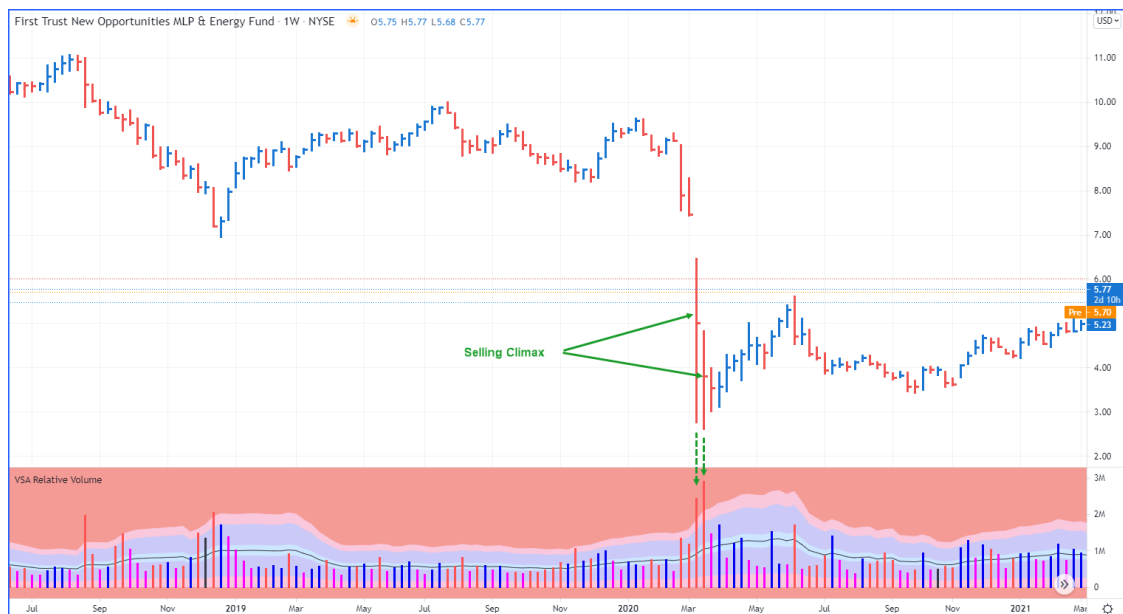
This is a bar on the price chart which has its close price equal to the close price of the previous bar.



Selling Climax

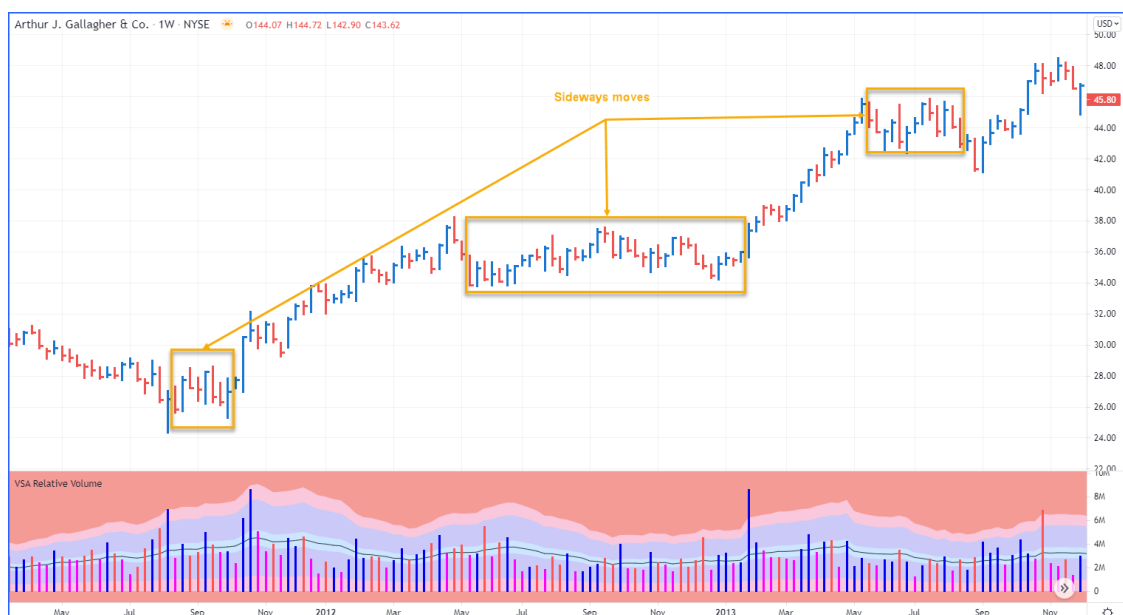
Selling Climax is the imbalance of supply and demand causing a bear market to transform into a bull market. It is the huge panic selling of an asset by the uninformed public to the professionals very often on bad news.

In the VSA methodology a Selling Climax is indicated by down bars after a period of down move with Ultra Wide Spread on exceptionally high volume, usually closing on or above the middle of the bar and with the price entering fresh new low ground.



Sideways Move

A sideways move is a situation in the market when the price moves horizontally. Very often it takes place when professionals are re-distributing/re-accumulating and do not want the price to go significantly up or down immediately. Therefore, it is sometimes called a 'period of consolidation'.



Sign of Strength (SOS)

Sign of Strength is the VSA principle that identifies the strength on the chart of the particular asset at the time when the price bar is closed. There are three SOSs in TradeGuider VSA Lite: Potential Professional Buying (PB), Shakeout and Test. The description of these VSA principles can be found in [Appendix 1. Description of Key VSA Principles](#).

Sign of Weakness (SOW)

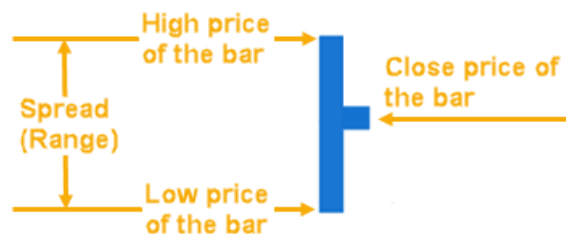
Sign of Weakness is the VSA principle that identifies weakness on the chart of a particular asset at the time when the price bar is closed. There are three SOWs in TradeGuider VSA Lite: Potential Professional Selling (PS), Upthrust and No Demand. The description of these VSA principles can be found in [Appendix 1. Description of Key VSA Principles.](#)

Smart Money (Professionals, Professional Groups, Market Makers, Composite Operator)

A generic term, smart money refers to major players in the market. These individual investors or groups of traders are well-informed professionals in the trading business. They have enough capital to move the markets significantly in any direction and often have the capability to generate or impact key news. Very wealthy individuals, institutional investors, pension funds, central banks, trading syndicates are all examples of what is termed smart money.

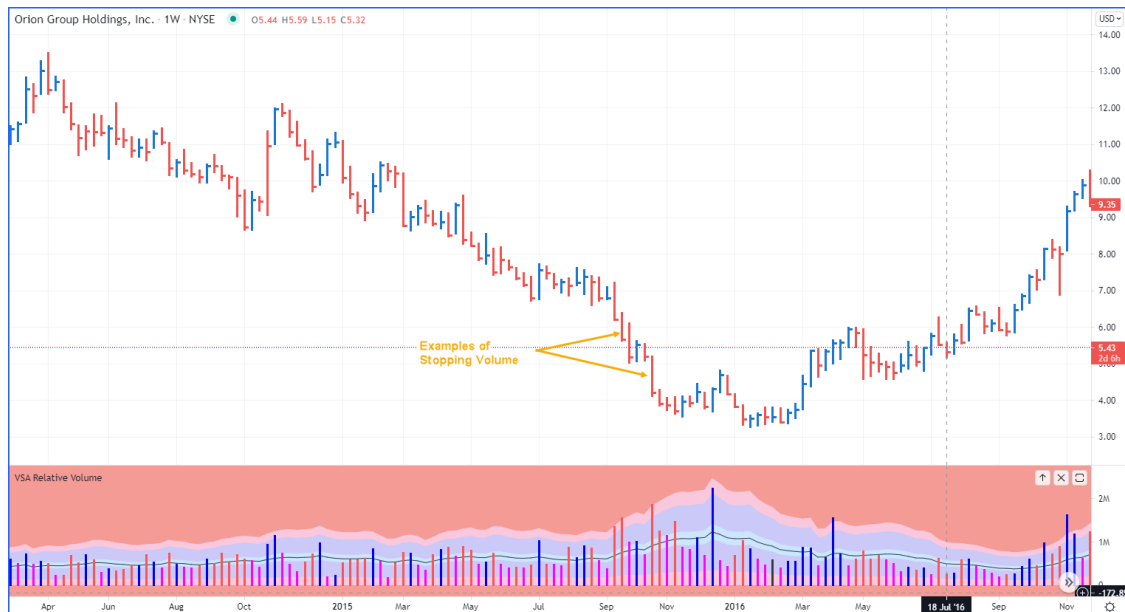
Spread (Range)

In the VSA methodology, the distance between the high and the low of the price bar is called the spread or the range of the bar.



Stopping Volume

To stop the price after a down move the professionals need to step in and buy. The VSA principle showing this activity is called Stopping Volume and is characterised by the down bar on high, increasing volume.



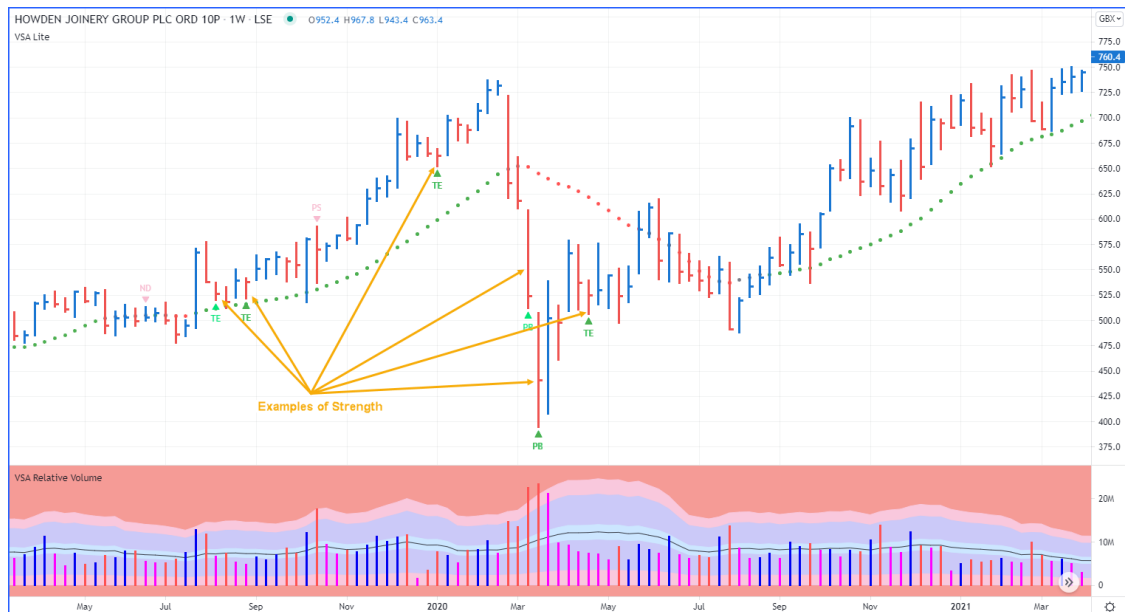
Usually, Stopping Volume is less dramatic than a Selling Climax and may either cause the price to move sideways or even reverse the trend.

As stated in the book 'Master the Markets' by Tom Williams:

"Stopping volume can be compared to a downhill skier who, as he finishes his long run, has to stop by turning the skis sharply. This is spectacular, throwing up plenty of snow, which eventually stops him."

Strength

In the VSA methodology strength identifies the condition when either demand overcomes supply or when there is very little or no supply on the particular price bar.



Supply

This is the quantity of a particular asset that is available for sale at a particular point of time at a specific price level. Together with demand, supply is one of the cornerstones of VSA because in this methodology all market activities are evaluated against the imbalance of supply and demand. In general, if supply exceeds demand, price falls and vice versa, if demand prevails over supply, the price rises.

Trigger Bar

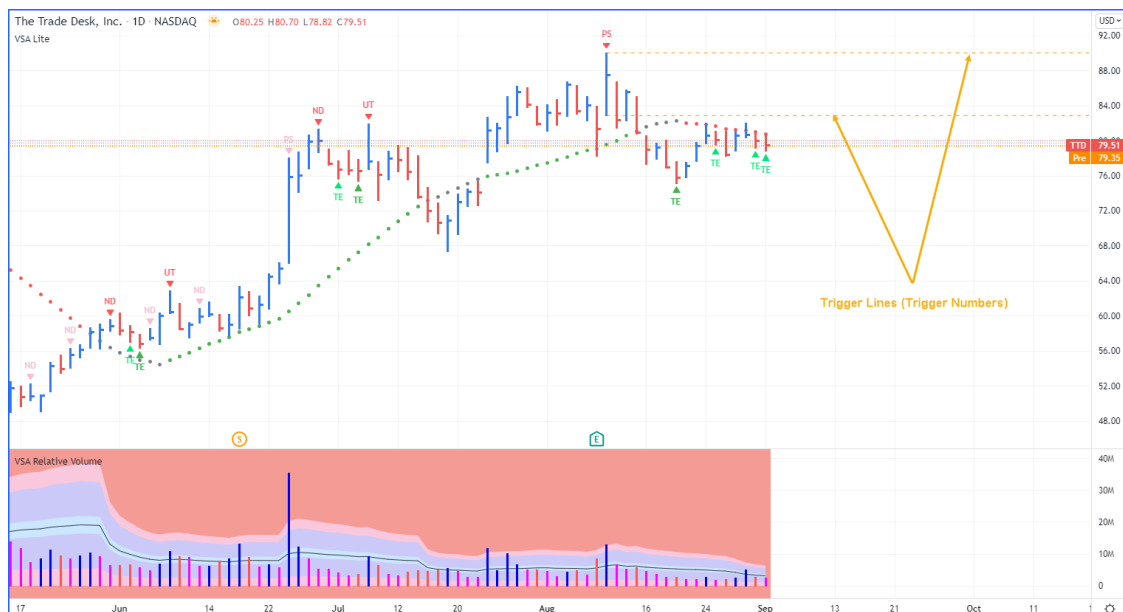
In the VSA methodology this is the price bar with very significant volume located in specific areas of the chart which identifies either the buying or selling activity of the professionals from or to the uninformed public, and marks the beginning of a potential VSA sequence. In many cases Trigger Bars start the accumulation or distribution process causing the market to reverse its direction.



In the TradeGuider VSA Lite indicator, Trigger Bars are represented by Potential Professional Buying (PB) and Potential Professional Selling (PS) VSA principles.

Trigger Lines (Trigger Numbers)

Trigger lines are horizontal price levels on the chart which mark the high, the low and, in some cases, the close prices of the bars with very significant volume (Trigger Bars). Re-approaching trigger lines on low volume after the price has moved away may create high-probability low-risk trade setups.



In the TradeGuider VSA Lite indicator trigger lines are drawn on the high (top) and on the low (bottom) of the last identified Potential Professional Buying (PB) or Potential Professional Selling (PS) VSA principle.

Up Bar

An Up Bar is a price bar on the price chart with its closing price higher than the closing price of the previous bar



VSA Setup (VSA Sequence)

A VSA Setup is a group of particular VSA principles that follow each other, are found in specific areas of the price chart and identifies high-probability low-risk trades. In general, a VSA Setup may consist of two or more VSA principles, but it always starts from the Trigger Bar that is later joined by one or several confirmation VSA principles around support/resistance levels.



In the TradeGuider VSA Lite indicator a VSA Setup always consists of two VSA principles.

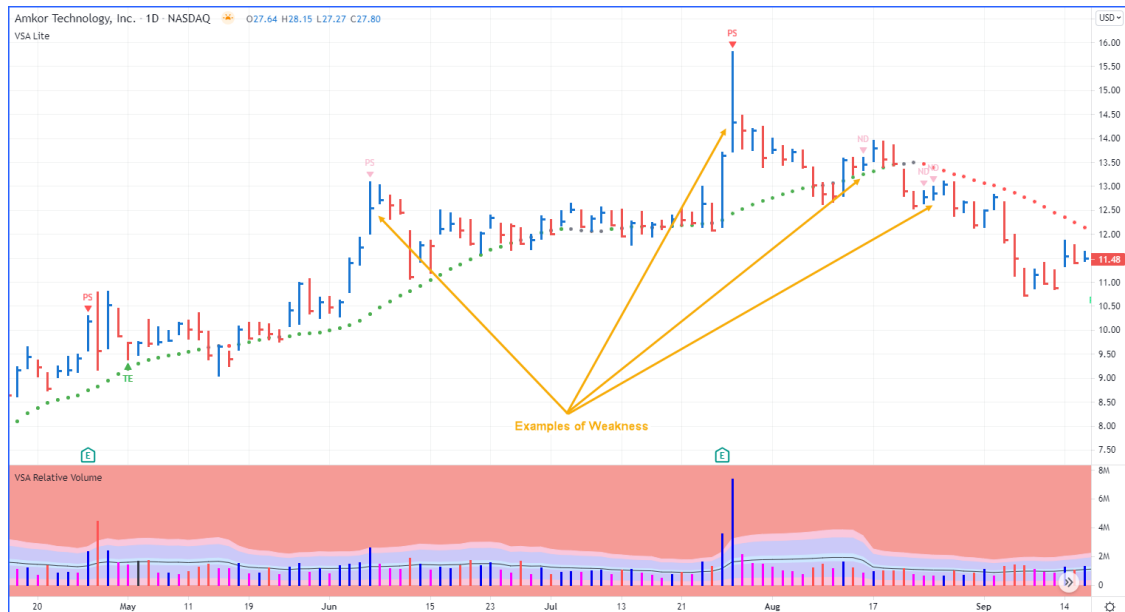
Weak Holders

In his book 'Master the Markets', Tom Williams provides the following definition of this term:

"Weak holders are traders who have been locked in at higher prices, suffering the fear and pressure of losses, which cannot be tolerated any longer. These weak holders gladly sell to the strong holders. This then gives the strong holders, who are on the right side of the market, the opportunity to buy and to cover their short positions without putting the price up against their own buying."

Weakness

In the VSA methodology weakness identifies a condition when either supply overcomes demand or when there is very little or no demand on that particular price bar.



Revision History

<i>Data</i>	<i>Version</i>	<i>Creator</i>	<i>Changes</i>
20/07/2021	0.0	Grigory Margolin	Initial document created
30/07/2021	0.1	Arthur Robinson	Document update
02/08/2021	0.2	Jean Loftus	Document update
05/08/2021	0.3	Grigory Margolin	Document update
06/06/2021	0.4	Arthur Robinson	Document update
12-20/08/2021	0.5	Elizabeth Biddlecombe	Document edit
03/09/2021	0.6	Grigory Margolin	Document update
06/09/2021	0.7	Elizabeth Biddlecombe	Document edit
10/09/2021	0.8	Grigory Margolin	Document edit
13/09/2021	0.9	Elizabeth Biddlecombe	Final proof
14/09/2021	0.9.1	Elizabeth Biddlecombe	Final proof with addenda
15/09/2021	1.0	Grigory Margolin	First edition