



# **Volume Spread Analysis Trade Set Ups**

## **Gavin Holmes and Sebastian Manby**

# Volume Spread Analysis Trade Set Ups

- Introduction.
- Points to Remember.
- Main Principles of VSA
- The 5% Who Win.
- Identifying “Trigger Numbers”.
- The Playing Field & Multiple Time Frames
- Shorting after weakness
- Going Long after strength

# Some Points to Remember

- Each of us are unique. We have different account sizes, loss tolerance levels, experience levels, different ways of viewing things (two people can look at the same mountain from the same place and see entirely different perspectives), and different levels of self discipline.
- VSA principles apply to all markets where there is volume available and in all timeframes.
- KISS – Keep It Simple Stupid. Nothing here is rocket science. VSA is very logical and is based on principles that have been around for decades.
- Take a holistic approach to your chart analysis.
- Definition of Holistic -
  - Emphasizing the importance of the whole and the interdependence of its parts.
- Think like a predator and not the prey.
- Always BELIEVE you CAN make money and have the right to make money.
- ~~DO NOT trade if you are in a bad mood!!~~
- Visualize your winning trades and study previous winners closely.

# Points to Remember - Contd

- Start with a top down approach, looking for areas of accumulation and distribution in the larger timeframe.
- Always trade in harmony with the trend, unless you are very experienced at counter trend trading.
- Put the odd's in your favour, watch the parent index. If the parent is falling and a stock is rising you would be pushing your luck to go long against the parent.
- Select stocks to buy that are outperforming the parent when the parent is moving up as these are being heavily supported by professionals.
- Select stocks to short that are underperforming the parent and seem to refuse to go up with the parent, these are not being supported by the professionals or maybe still undergoing distribution so are not ready.
- Identify turning points using support and resistance areas, noting any unusual volume activity.
- Always look at the background of a chart, it holds vital clues to the right edge.
- Remember, anything seen in hindsight will be there again at the right edge.

# Main Principles of a VSA Strategy

- All patterns seen in the past will be there at the right edge of your chart, but they will come in different intensities.
- VSA is a discretionary methodology that still requires discipline and money management.
- VSA is much more effective when used with support and resistance and with Elliot Wave analysis. (Used by Wyckoff).
- You must use more than one timeframe to see the bigger picture.
- If you listen to news, have a very contrarian view of the contents when taking a position.
- The chart never lies, rely on your charting skills.
- Become familiar with the “personality” of the instruments you trade.
- Always use a stop loss, you can never be 100% right.
- Always pay extra attention to Ultra High/Low volume on the chart when it appears.
- Ask yourself, what are the “Smart Money” doing here.
- Many VSA patterns require 2 or 3 bars for confirmation, like candlesticks, so don't rush in.
- Volume is the key to the truth, ignore it at your peril.



# The 5% Who Win

- Belief
- Visualization – seeing the winners/cutting losers
- Contrarian – Think as an individual
- Expert Chart Reading Skills
- Highly Disciplined
- Spiritual
- Open minded and willing to help others.
- Expect to receive and do so graciously
- Excellent Risk Management Strategies.
- Always able to stay in the game!!
- Take consistent and small profits – NOT GREEDY. (Ali Baba)
- Are always happy and content.

# Identifying Trigger Numbers

# What is a “Trigger Number”

- An area of ultra high or ultra low volume at a price level seen in the past where the market responded or turned and is now at the same price level at the right edge of the chart.
- This price level will be seen by “Smart Money” and often these areas act as strong areas of support/resistance.
- Pivot Points / Top & Bottom of Trend Channels / Trend Clusters uncannily appear at these areas.
- Higher probability trades and stop positioning set up at these levels.





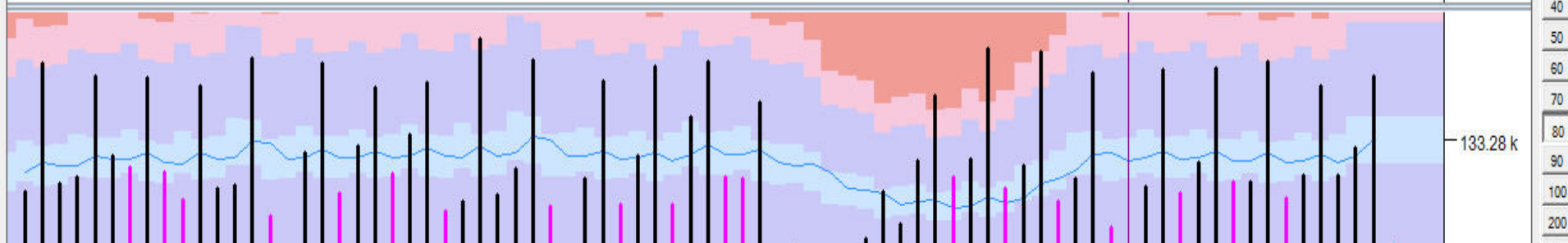
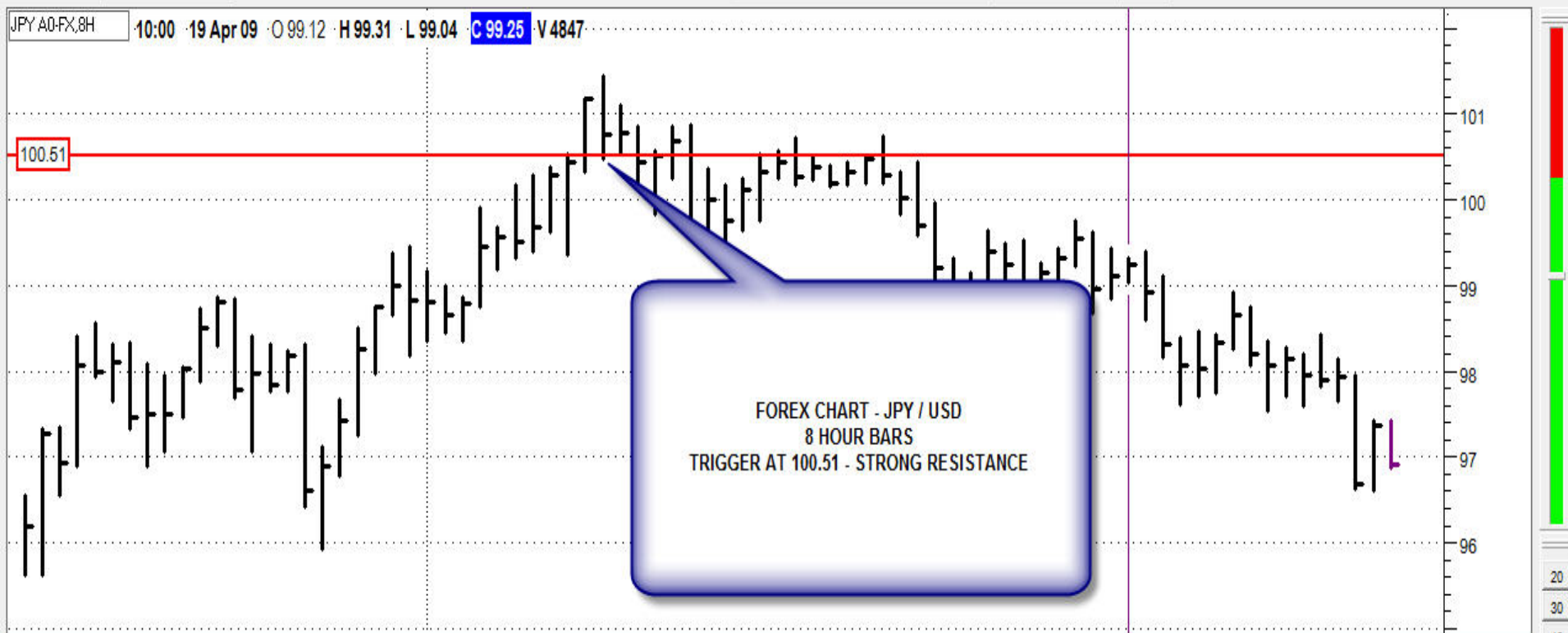
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Pivot FIB

>> WL RS New tab

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TradeGuider RT - JPY A0-FX, 8H

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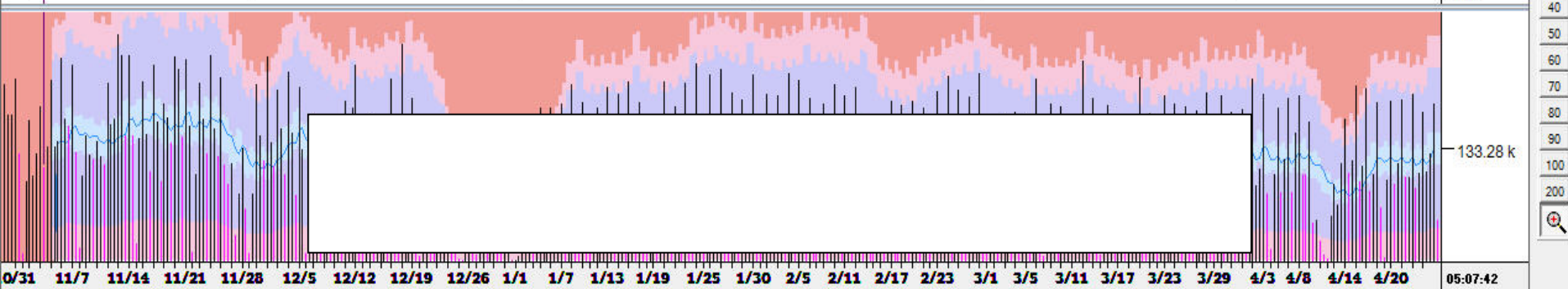
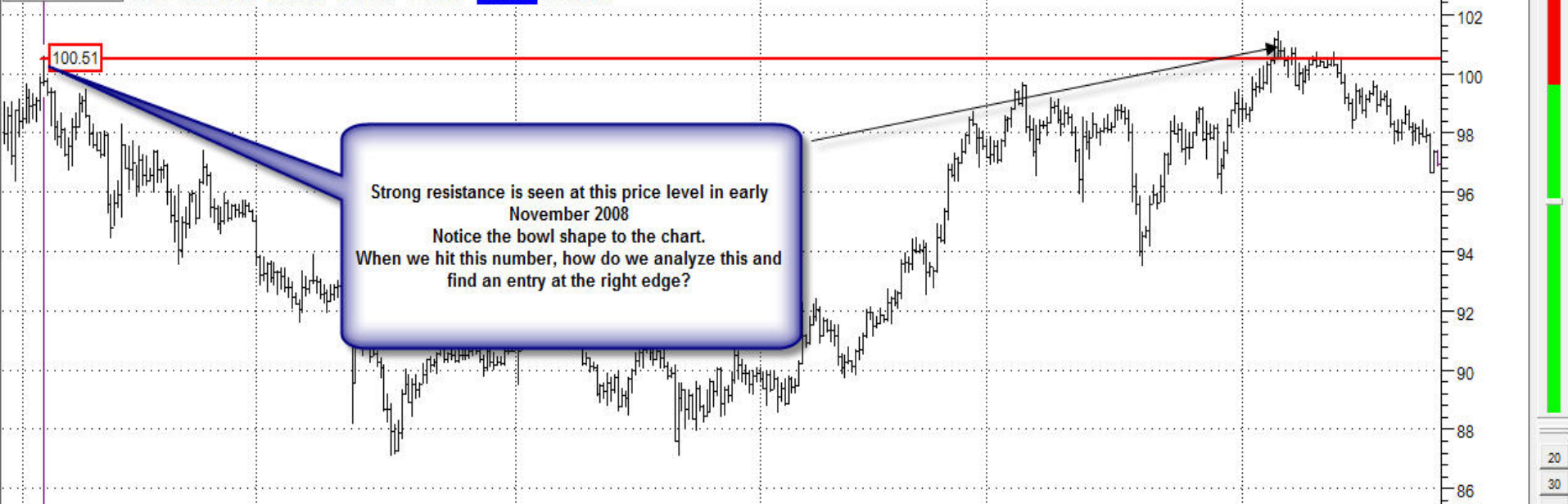
WL RS New tab Search

Pivot FIB

MAv MAE BOL MACD RSI STO ADX

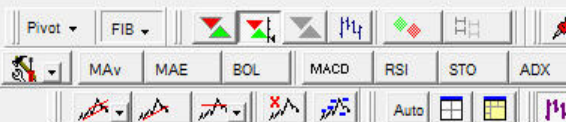
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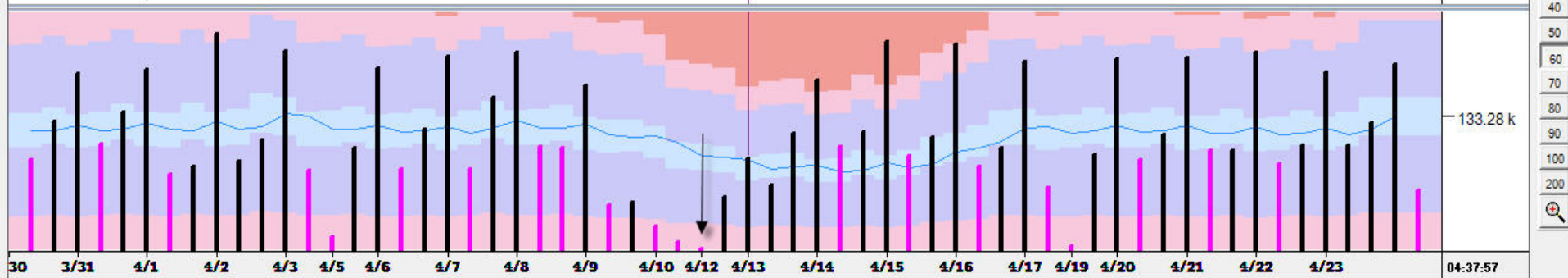
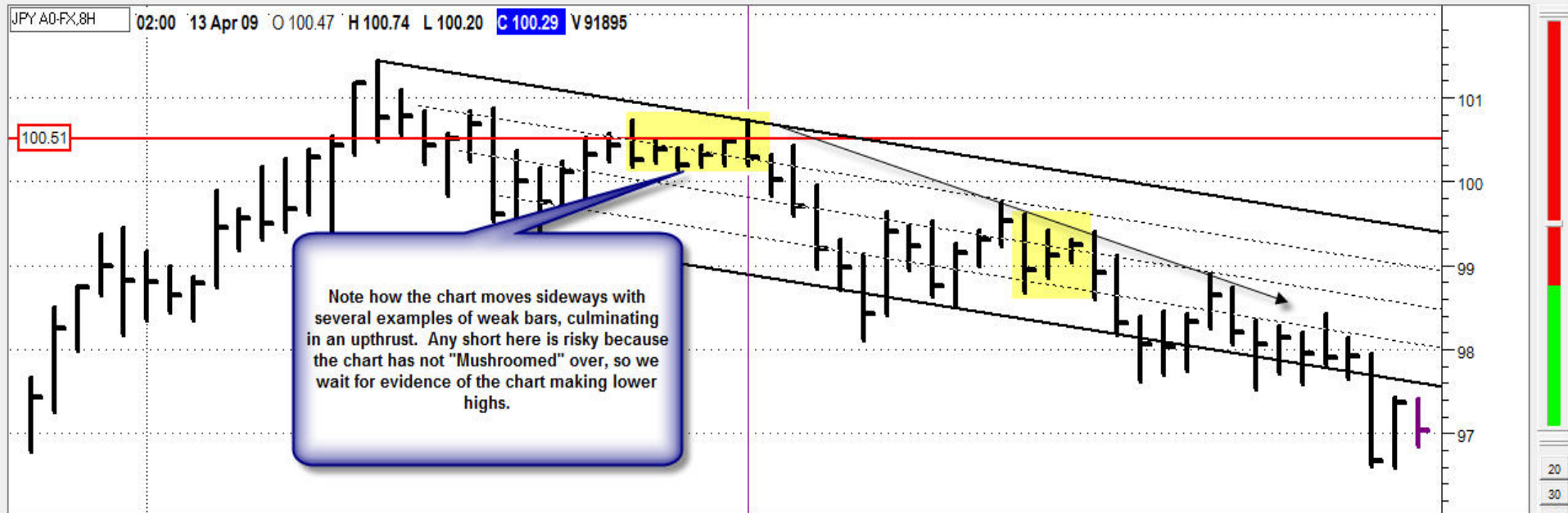


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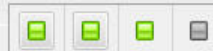
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ESIGNAL, 36 Symbols

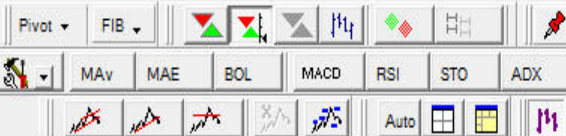


Bar: Down Vol: Avg Spr: Average Close: Low



TradeGuider RT - [JPY A0-FX,4H]

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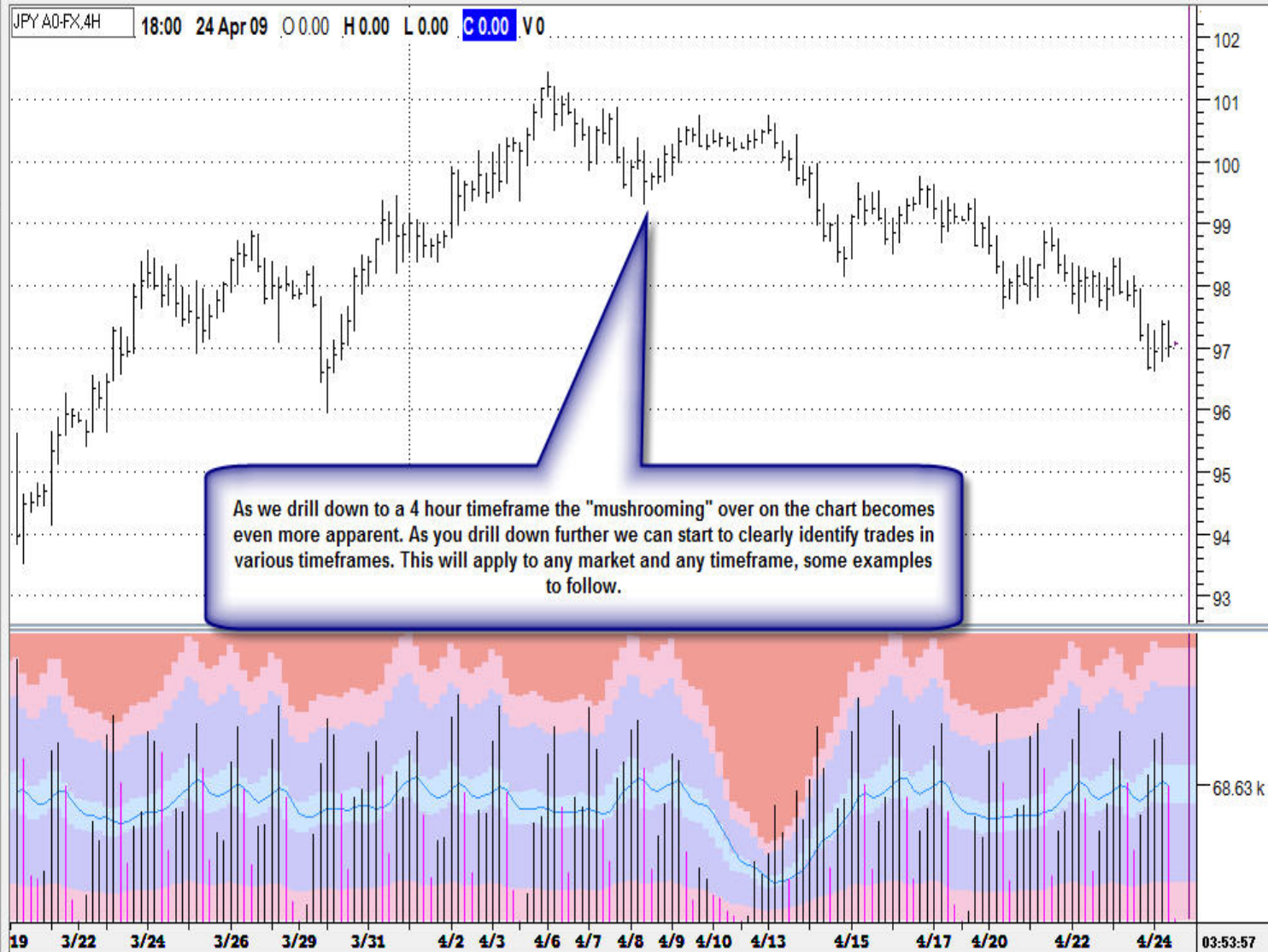
Watch List MS + -

E-Mini Futures  
SPOT FX PAIRS  
UK Stocks  
Default  
Stock Close Watch

Symbols + -

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Symbol.Period	VSA Scan
EURJPY@TDFX A0-FX	♦ ♦ ♦ ♦
GBP A0-FX,2	♦ ♦ ♦ ♦
GBP A0-FX,5	♦ ♦ ♦ ♦
GBP A0-FX,9	♦ ♦ ♦ ♦
GBP A0-FX,15	♦ ♦ ♦ ♦
GBP A0-FX,1H	♦ ♦ ♦ ♦
GBPEUR A0-FX,4H	♦ ♦ ♦ ♦
GBPJPY A0-FX,5	♦ ♦ ♦ ♦
GBPJPY A0-FX,9	♦ ♦ ♦ ♦
GBPJPY A0-FX,15	♦ ♦ ♦ ♦
GBPJPY A0-FX,1H	♦ ♦ ♦ ♦
JPY A0-FX,5	♦ ♦ ♦ ♦
JPY A0-FX,9	♦ ♦ ♦ ♦
JPY A0-FX,15	♦ ♦ ♦ ♦
JPY A0-FX,1H	♦ ♦ ♦ ♦
JPY A0-FX,4H	♦ ♦ ♦ ♦
JPY A0-FX,8H	♦ ♦ ♦ ♦



# Drawing The Playing Field

~CHF A0-FX 17:00 04 Sep 06 O 1.2283 H 1.2289 L 1.2270 C 1.2280 V 2972

**Overbought and Oversold Zones**

TradeGuider RT - JPY A0-FX,1H

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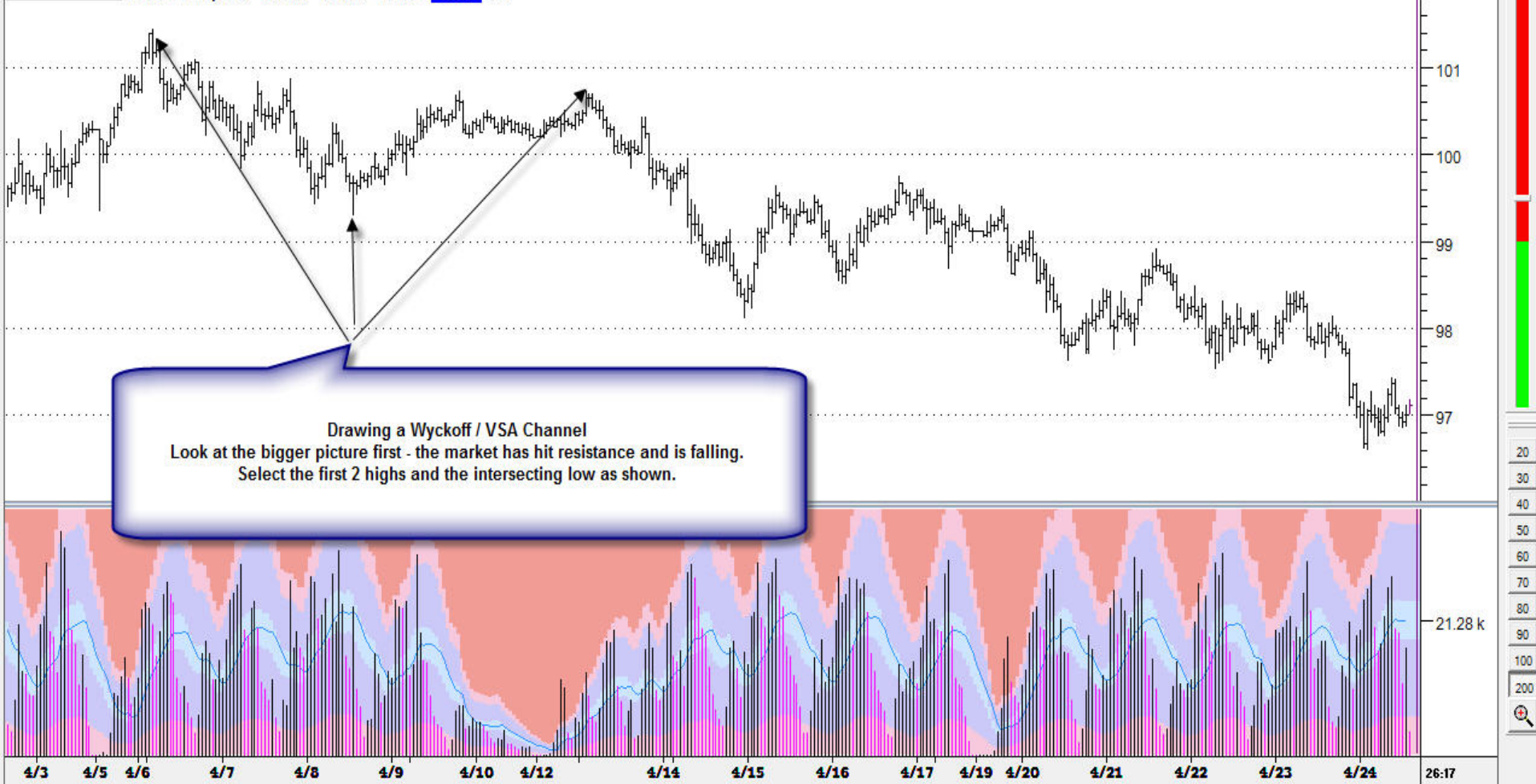
WL RS New tab Search

Pivot FIB

MAv MAE BOL MACD RSI STO ADX

Auto

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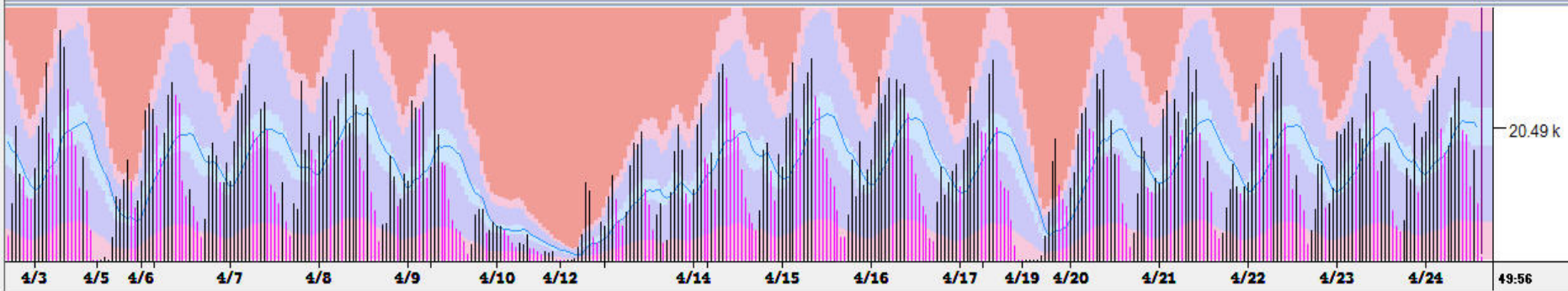
# Live Trading Boot-Camps & VSA Workshops

TradeGuider RT - [JPY A0-FX,1H]

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Chart navigation and analysis tools including Pivot, FIB, MA, MAE, BOL, MACD, RSI, STO, ADX, and various chart styles (Auto, Grid, etc.).

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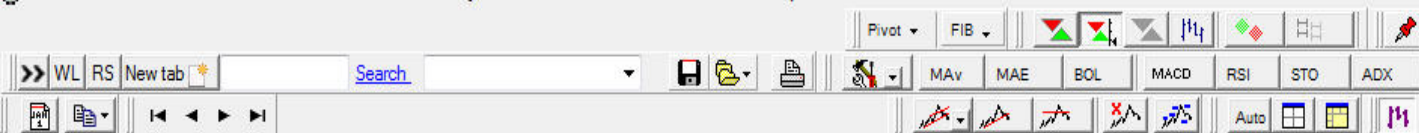
ESIGNAL, 36 Symbols

Bar: Up Vol: VLow Spr: VNarrow Close: Middle

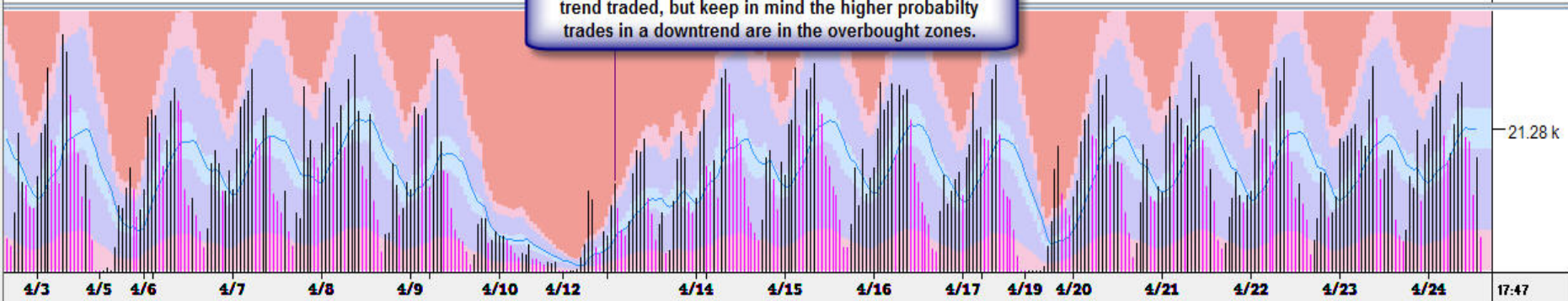
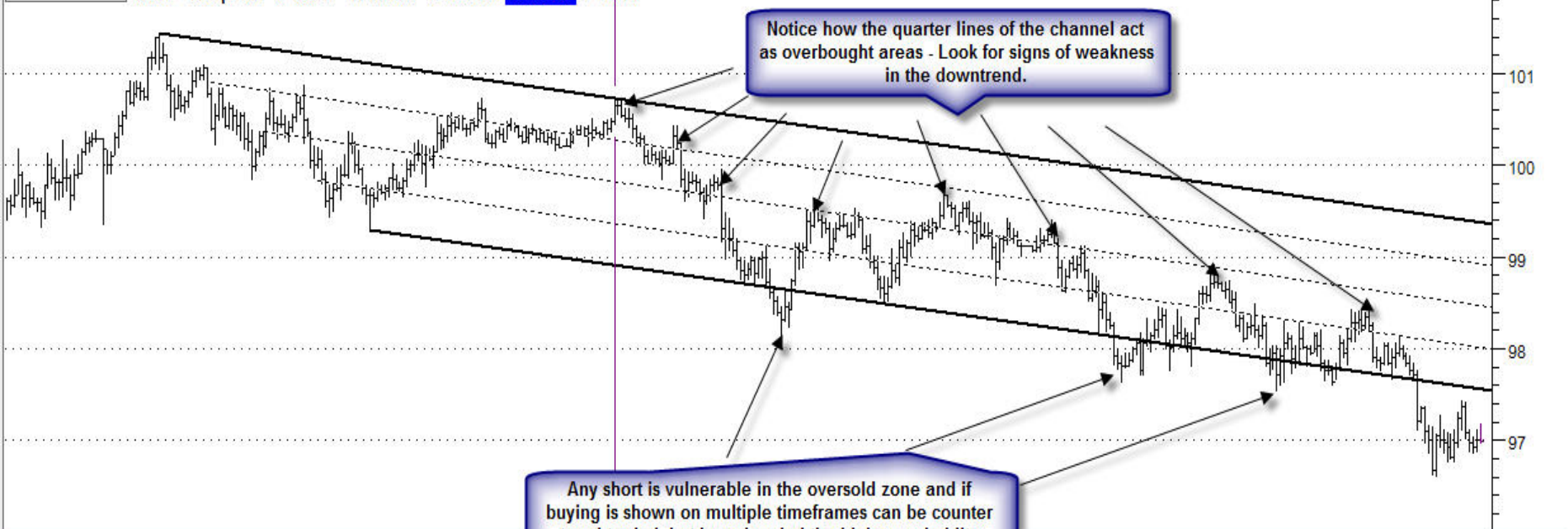


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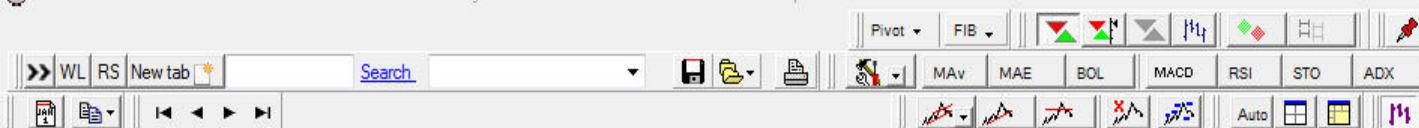


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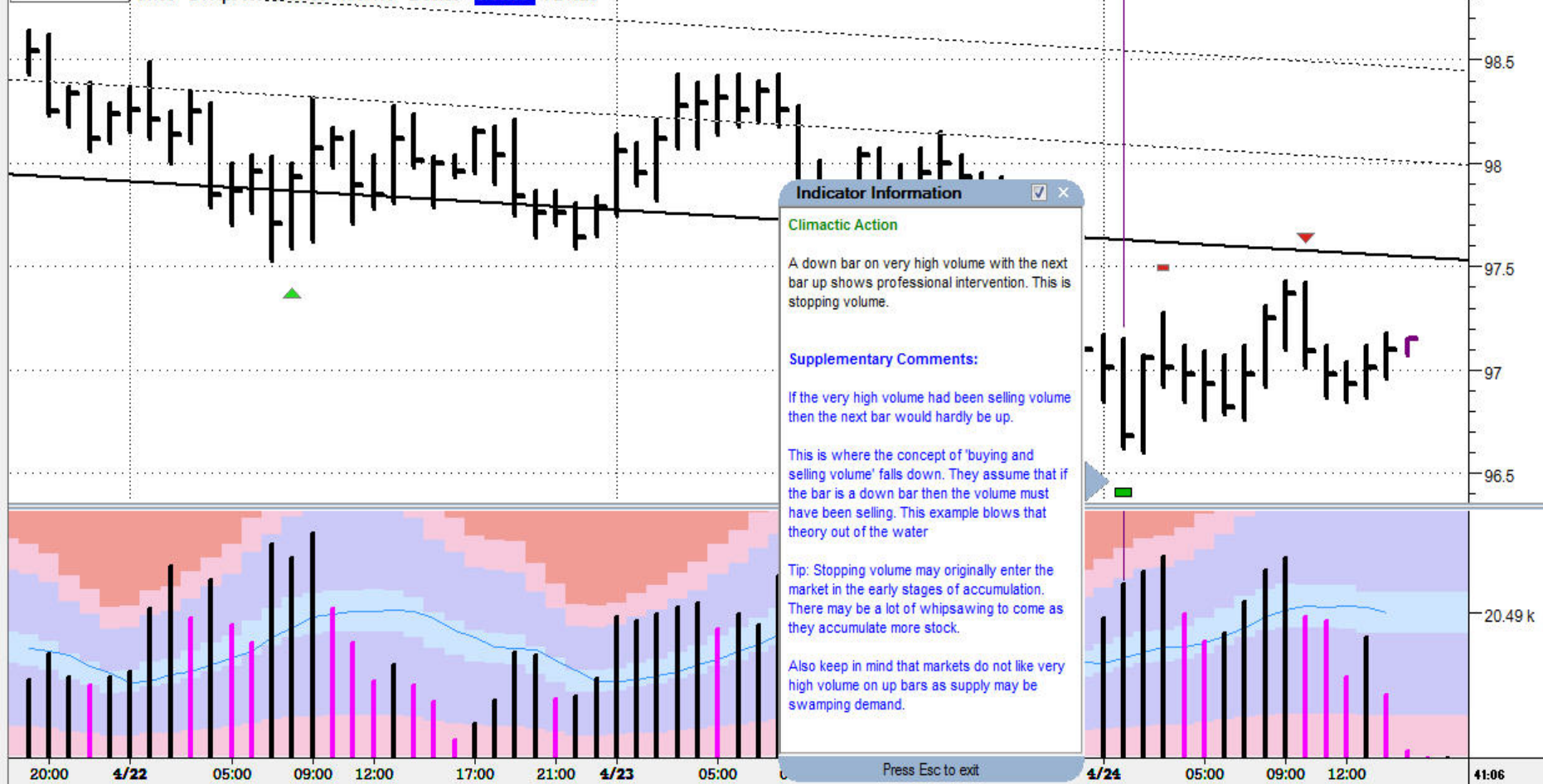


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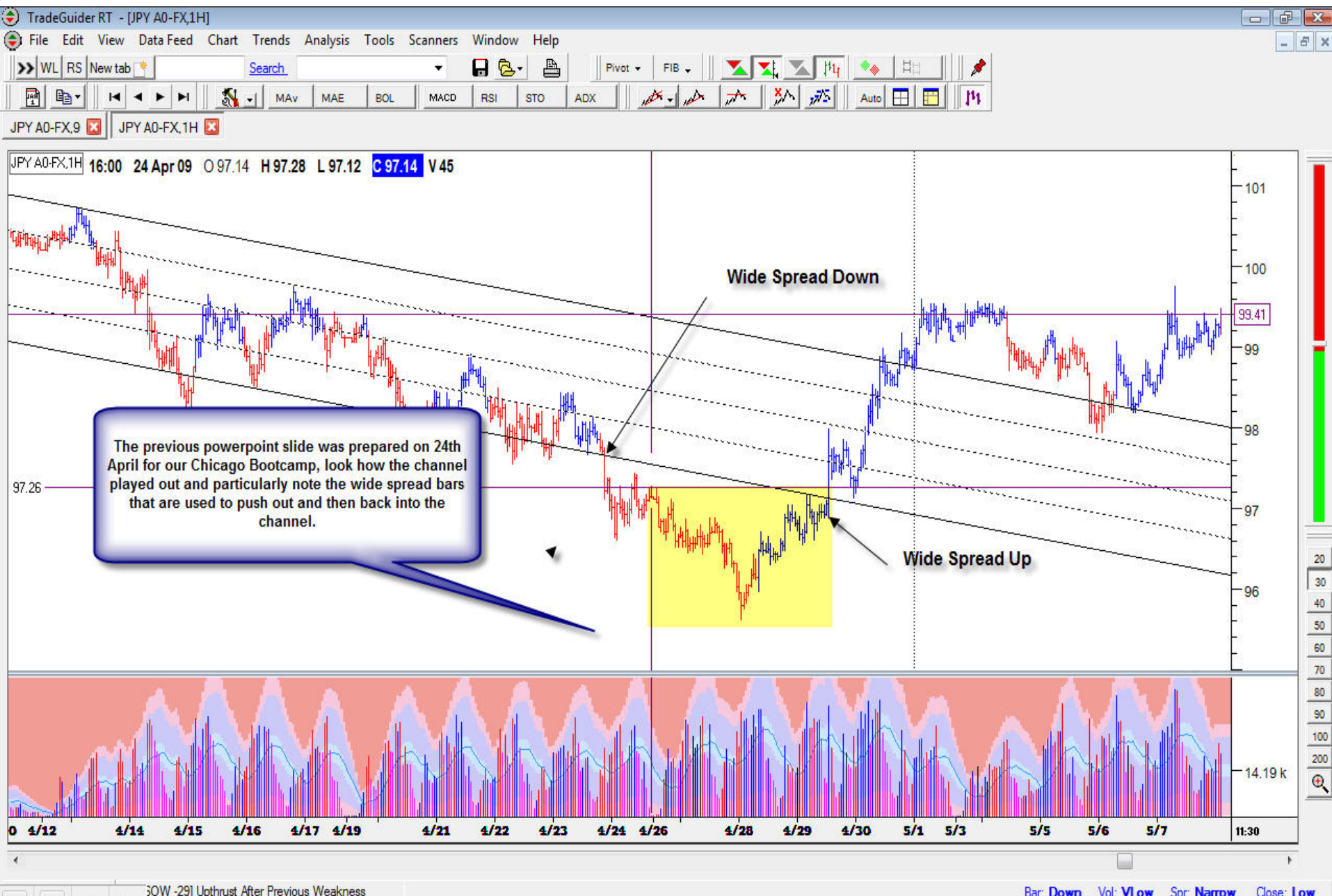
JPY A0-FX,1H - 01:00 - 24 Apr 09 - O 97.03 H 97.15 L 96.63 C 96.69 V 24620



ESIGNAL, 36 Symbols [SOS 129] Climactic Action

Bar: Down Vol: VHigh Spr: VWide Close: Low





TradeGuider RT - [JPY A0-FX,1H]

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WL RS New tab Search Pivot FIB MAv MAE BOL MACD RSI STO ADX Auto

JPY A0-FX,9 JPY A0-FX,1H

JPY A0-FX,1H 01:00 28 Apr 09 O 95.94 H 95.96 L 95.60 C 95.80 V 32347







TradeGuider RI - [JPY A0-FX,1H]

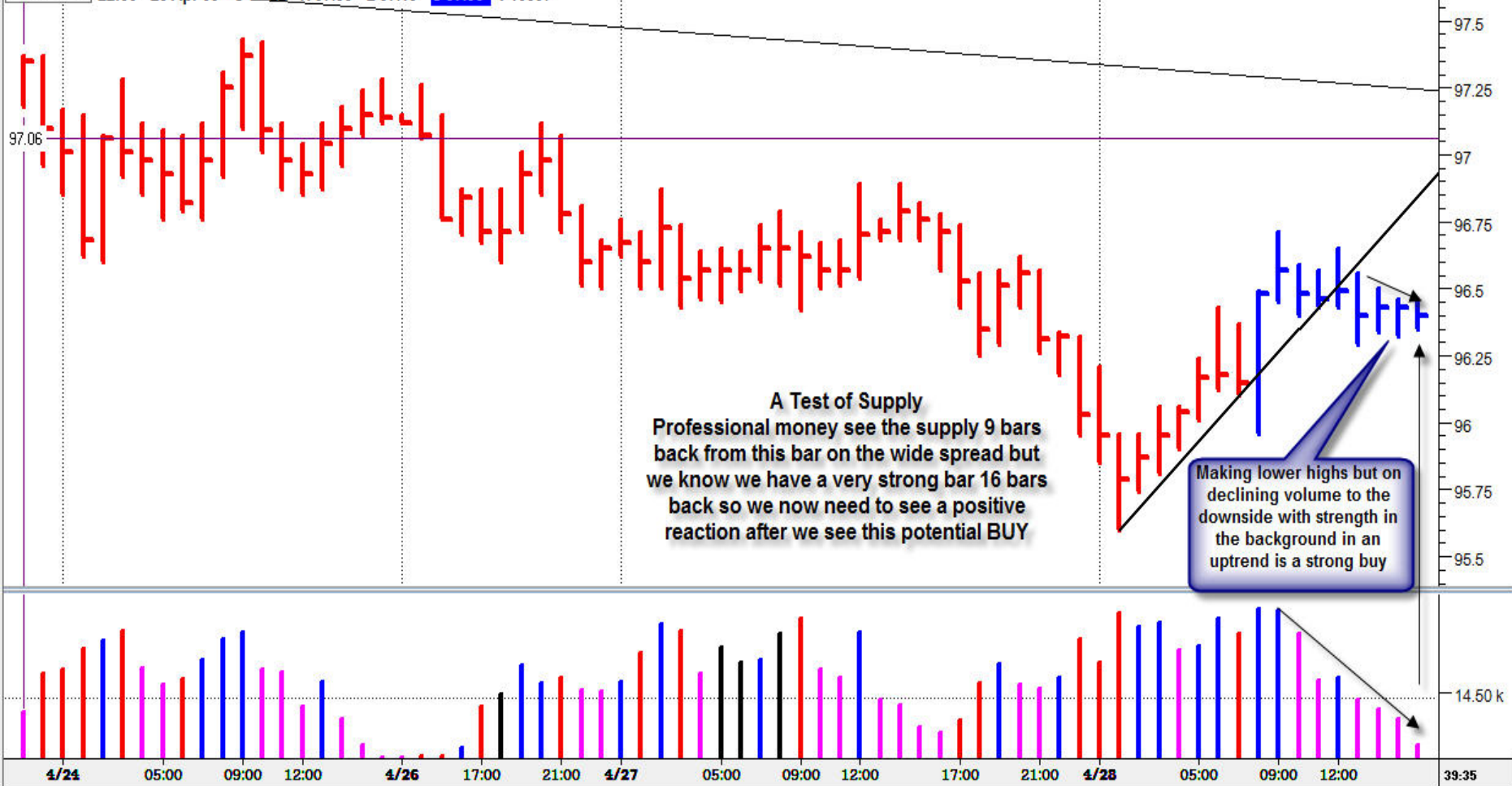
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Search

JPY A0-FX,9 JPY A0-FX,1H

JPY A0-FX,1H 22:00 - 23 Apr 09 O 97.22 H 97.38 L 97.19 C 97.36 V 10397



JPY A0-FX,1H]

Data Feed Chart Trends Analysis Tools Scanners Window Help

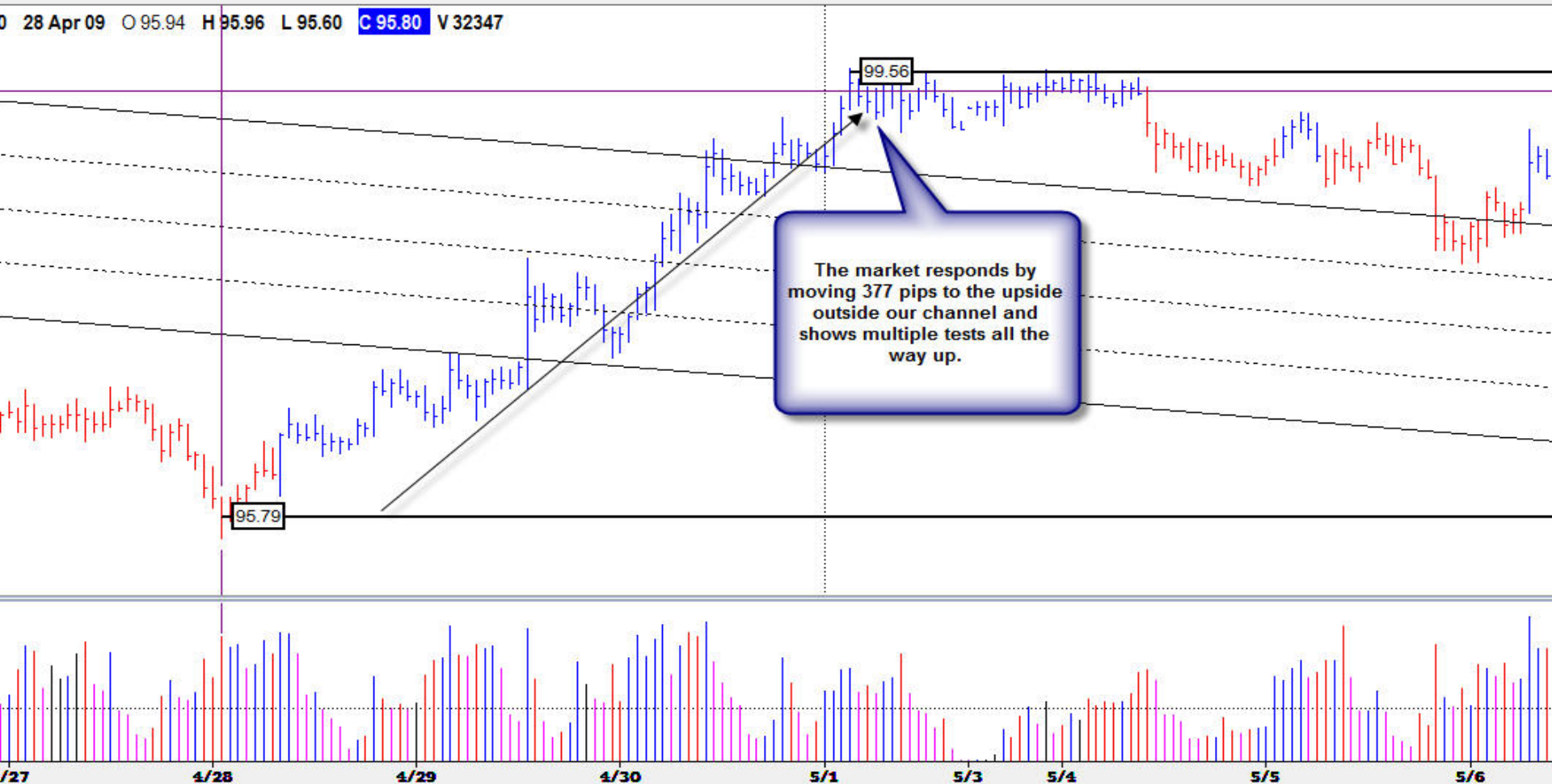
Search

MAv MAE BOL MACD RSI STO ADX

Auto

JPY A0-FX,1H

28 Apr 09 O 95.94 H 95.96 L 95.60 C 95.80 V 32347



Bar: Down Vol: VHigh Spr: Wide

# **VSA Set Ups Long and Short**

- **The Test After The Shake Out.**
- **Professional Money Bag Holding**
- **The Hidden Upthrust After Weakness**
- **End of a Rising Market Followed By No Demand.**



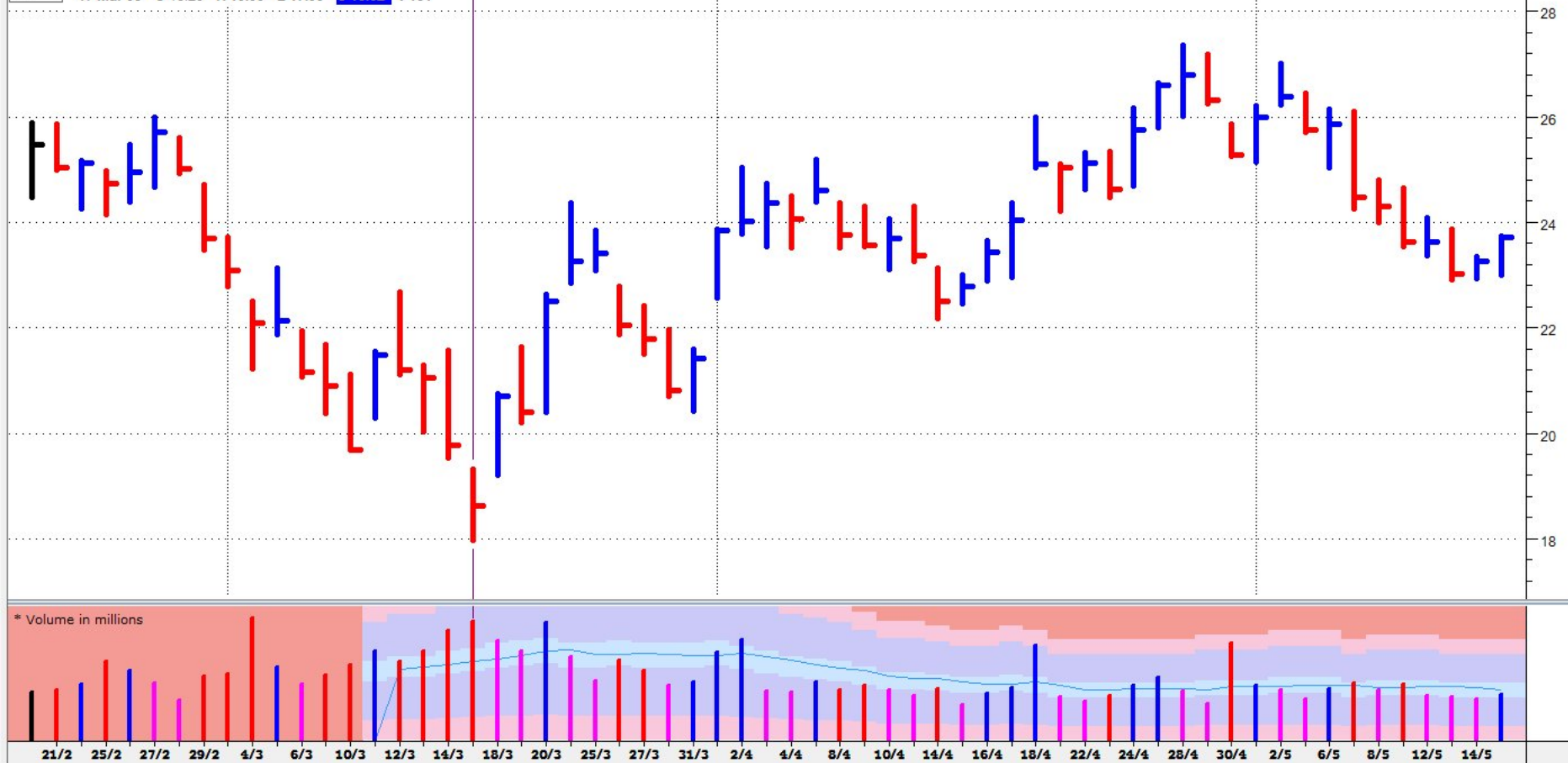
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C,D

C,D 17 Mar 08 O 18.25 H 19.33 L 17.99 C 18.62 V 181



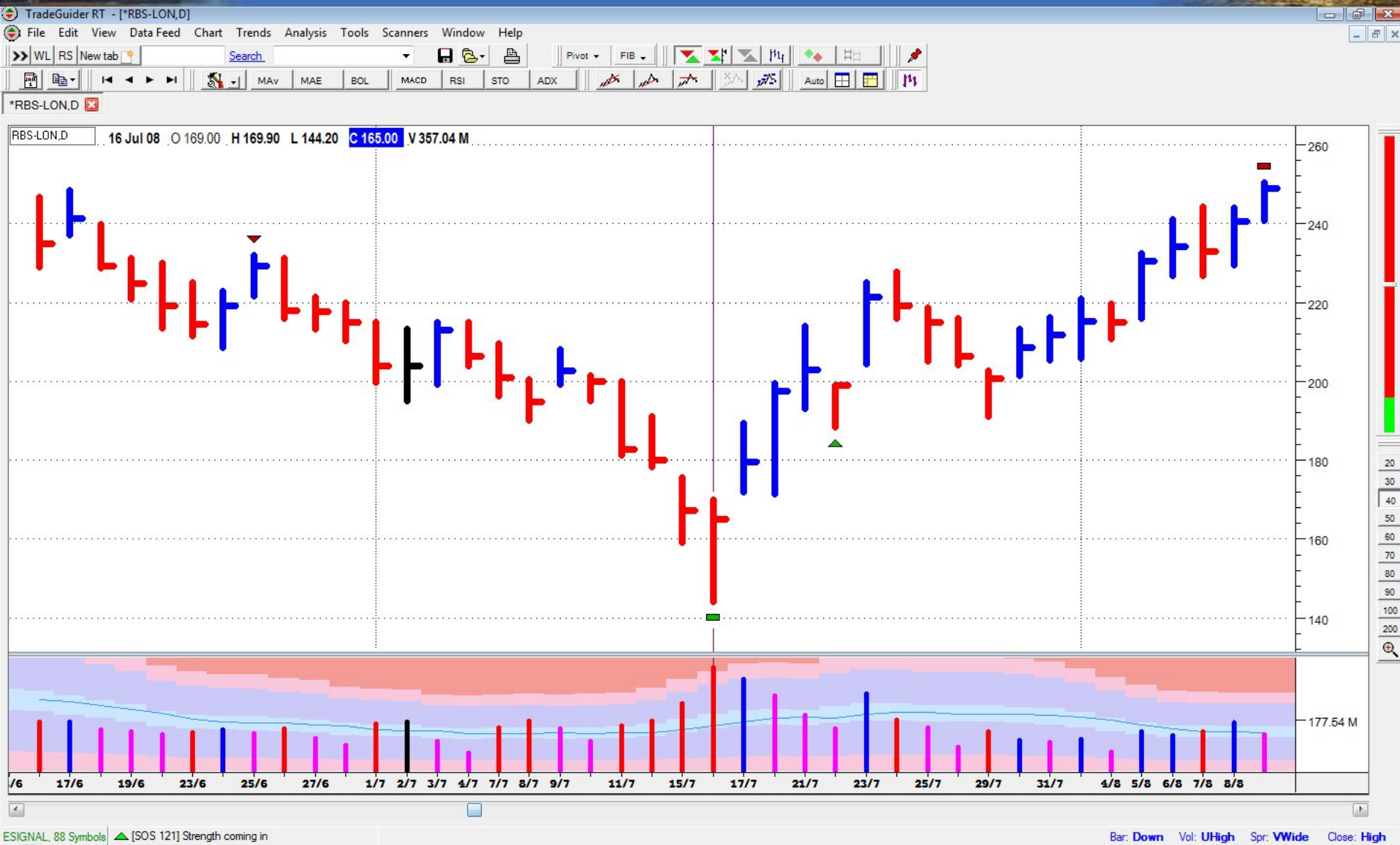
ESIGNAL 88 Symbols

Bar: N/A Vol: Zero Spr: None Close: N/A

# Bag Holding – Professional Money Opening The Bag To Catch The Sell Orders



# The Hidden Upthrust – A Strong Sign of Weakness



# The Test After The Shakeout - A Strong Sign of Strength





**End of a Rising Market Followed By No Demand – Gavin's Favorite Short Set Up**