



**ANALYTICAL  
TRADER**

# **VSA System**

## **User Guide**

[www.analyticaltrader.com](http://www.analyticaltrader.com)

# Table of Contents

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<b>1. Getting Started .....</b>	<b>6</b>
<b>2. Guide Overview .....</b>	<b>9</b>
2.1 Demo or Full version?.....	9
2.2 Suggestions to approaching the guide .....	10
2.3 What to expect from this system? .....	10
<b>3. Brief VSA Methodology .....</b>	<b>11</b>
3.1 How do professional traders really trade?.....	12
3.2 So how do we detect what the smart money is doing, and how can we profit from it? .....	13
<b>4. Installation Guide.....</b>	<b>14</b>
4.1 troubleshooting installation .....	15
<b>5. VSA Indicator .....</b>	<b>16</b>
5.1 Supply/Demand signs .....	17
Multi-timeframe .....	17
5.2 Colors .....	18
How to use? .....	18
5.3 Market Background .....	19
Multi-timeframe .....	19
Colors and meaning.....	19
How to use? .....	20
5.4 Alerts.....	20
5.5 Settings .....	21
General .....	21
Signals Module .....	22
Background Module .....	22
Alerts Module .....	22
Other settings .....	23

<b>6. Advanced Volumes / Color Bars .....</b>	<b>24</b>
6.1 Types of volume and their meaning.....	25
6.2 How to Use?.....	31
Closing the position .....	31
6.3 Settings .....	32
General settings.....	32
Alerts Module .....	32
<b>7. Alert System .....</b>	<b>34</b>
7.1 Alerts.....	35
Activating Alerts.....	36
Stop-loss, TP1 and TP2 .....	36
Locking Alert .....	37
7.2 Exit warnings.....	38
Symbols and Colors .....	39
Wide bar + high volume Warning.....	39
Time-based Warning .....	39
VSA Signal Warning .....	40
SR Breakout Warning.....	40
Weak Action.....	40
7.3 Supports/Resistances .....	40
Supports/Resistances Colors .....	41
7.4 Dynamic Trend.....	41
Dynamic Trend Colors .....	41
7.5 Settings .....	43
General Settings .....	43
Module VSA Signals .....	43
Module Dynamic Trend .....	43
Module Supports/Resistances.....	44
Module Congestions.....	44

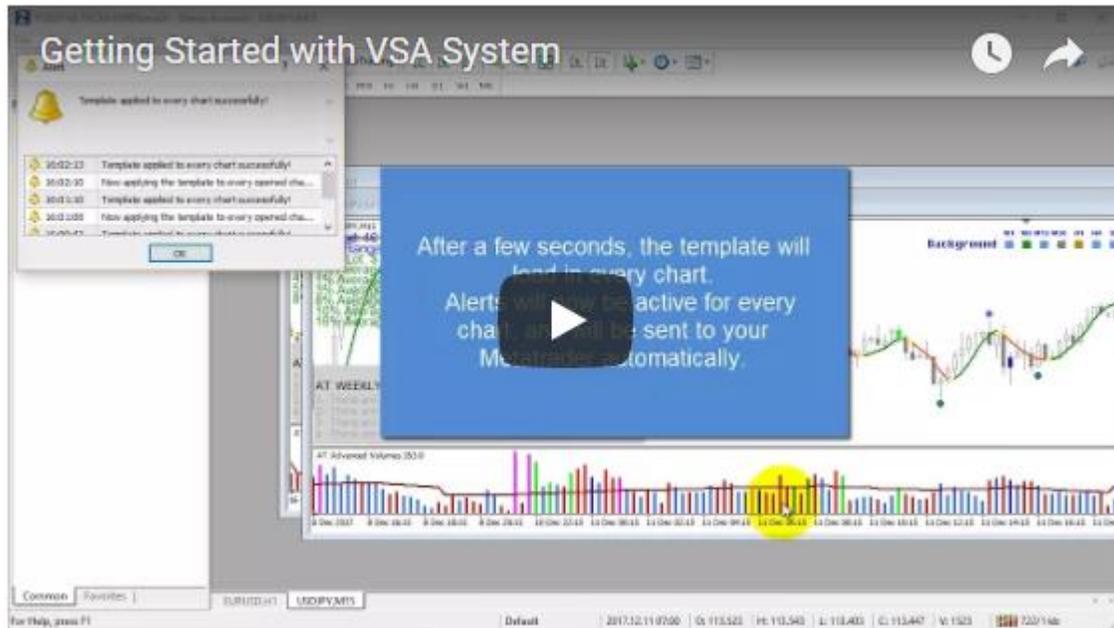
Module Exit Warnings .....	45
Module Colors and Styles .....	45
Others .....	45
<b>8. Available Templates.....</b>	<b>47</b>
8.1 'AT Congestions ONLY' .....	47
8.2 'AT Alerts' .....	47
8.3 'AT Reversals ONLY' .....	48
8.5 'AT Vsa no alerts' .....	48
<b>9. Trading with VSA System .....</b>	<b>50</b>
9.1 Accumulation/Distribution (pre-requisite 1).....	51
Identifying accumulation .....	52
9.2 Short-term Trend (Pre-requisite 2).....	55
9.3 'Supply/Demand Signal + Background' Alert .....	58
How to trade with VSA + Background Alert .....	59
9.4 'Dynamic Trend' Alert.....	64
How to trade with Dynamic Trend Alert .....	64
9.5 'Support/Resistance Nearby' Alert.....	69
How to trade with Support/Resistance Nearby Alert .....	69
9.6 'Support/Resistance Breakout' Alert.....	75
How to trade with 'Support/Resistance Breakout' Alert .....	76
9.7 'Congestions Nearby' Alert.....	80
How to trade with 'Congestions Nearby' Alert .....	80
9.8 'Congestions Breakout' Alert.....	82
How to trade with 'Congestions Breakout' Alert .....	82
9.9 Other signs to look out for .....	84
9.10 Closing the Trade .....	86
9.11 Statistics on the Alerts.....	90
9.12 Alerts FAQ.....	91
<b>10. Help &amp; Suggestions .....</b>	<b>93</b>



# 1. Getting Started

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Video available:



We recommend following these steps to quickly get started:

1. Download and install the indicators in Metatrader 4, [following these instructions](#) in the guide

## Downloading

You can download the setup file and also a manual installation ZIP file here:  
[http://www.analyticaltrader.com/download/download\\_demo.php?v=e87c8445](http://www.analyticaltrader.com/download/download_demo.php?v=e87c8445)

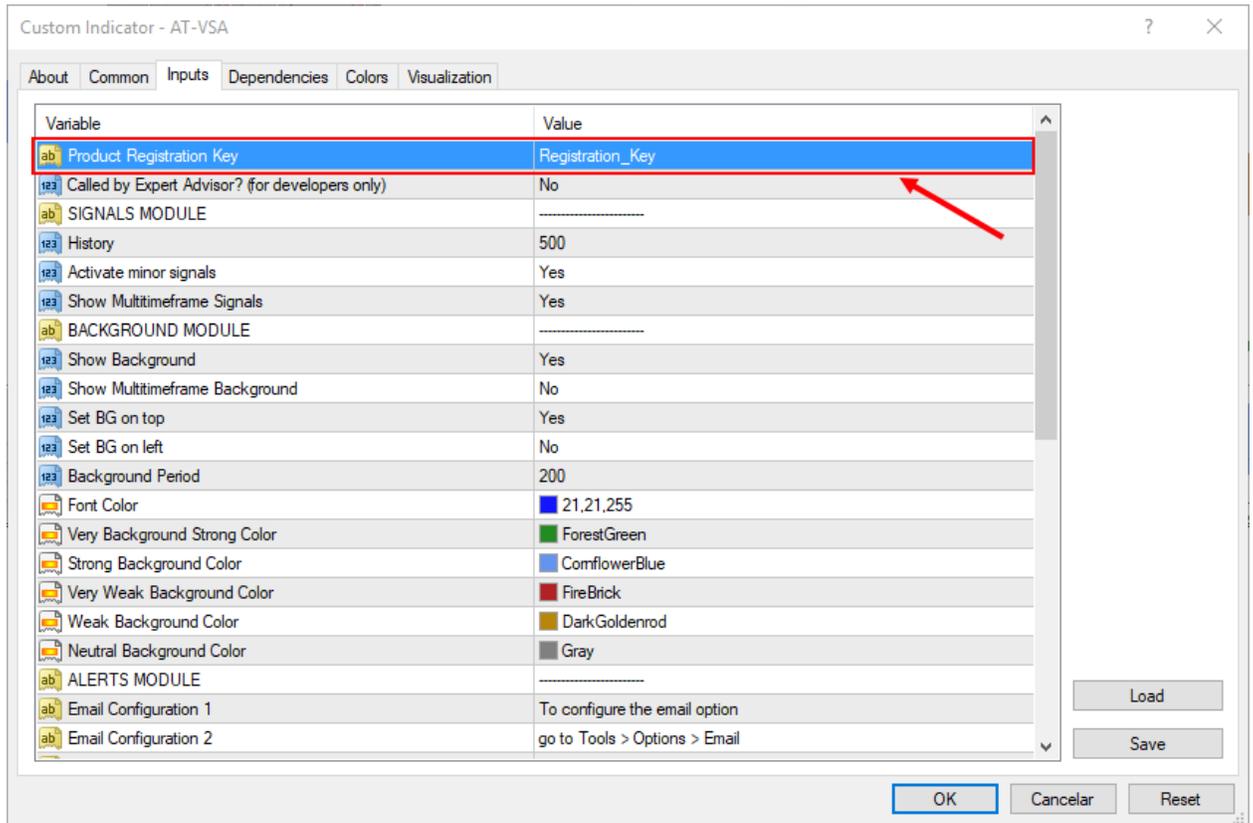
## Installing

The indicators should be installed to Metatrader's data folder. You can check the following page for a detailed guide.

**How to Install:** <http://www.analyticaltrader.com/products/how-to-install-our-indicators/>

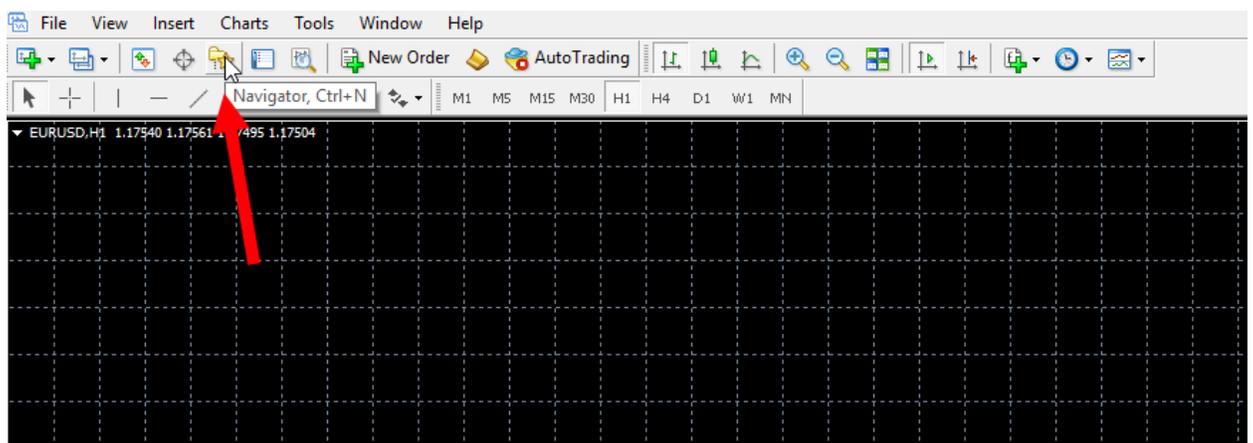
*1 Email received after the purchase*

2. Activate the indicators 'AT-VSA', 'AT-Congestions' and 'AT-Reversals' by inserting the user key in the indicator inputs (first setting)

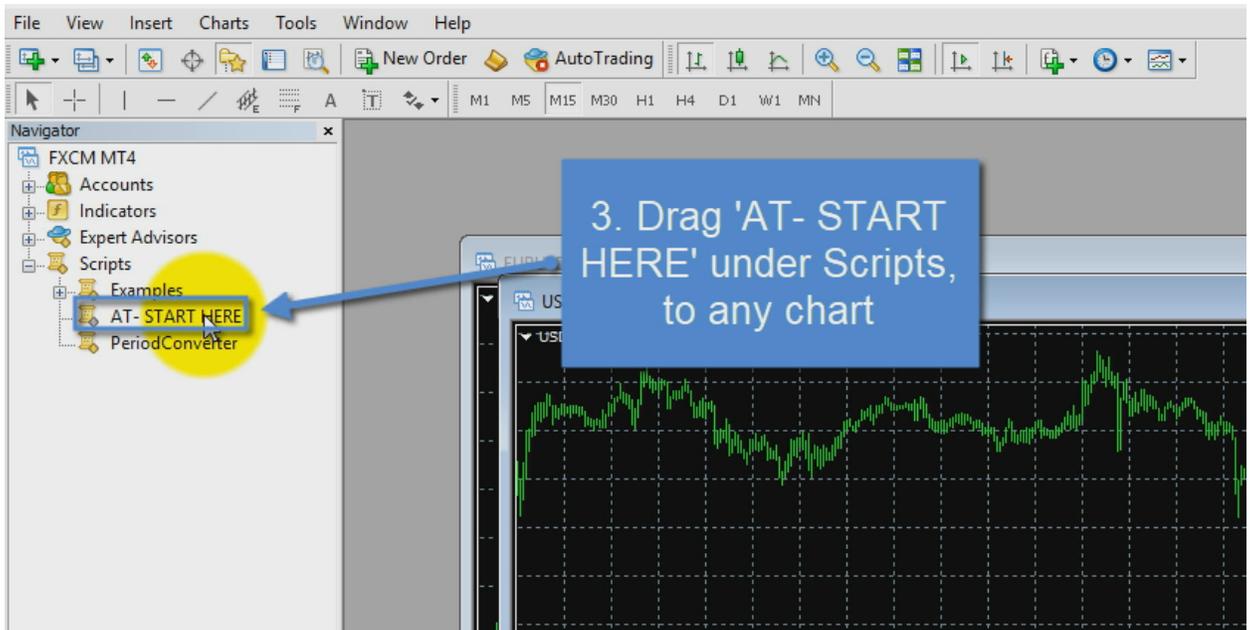


3. Open the charts (example: EURUSD H1, EURUSD M15, USDCHF D1) you wish to trade in

4. Open the navigator



5. Run **'AT- START HERE'** to apply the default template to all the loaded charts.  
Alerts will now automatically show for any opened chart.



6. Check the [trading strategy](#) in this guide as you get alerts

## 2. Guide Overview

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This is a user guide for Analytical Trader's VSA users that aims to:

1. **Explain the purpose and technical functionalities of each indicator in the package:**
  - a. The meaning of signals, colors, and settings
  - b. What each indicator tells us, and how each one of them is integrated in the trading system
  
2. **Give an overview of VSA methodology in a clear way:**
  - a. Explain the logic behind this method
  - b. Accumulation/distribution
  - c. How to use the indicators to read the market
  
3. **Explain the VSA Trading System:**
  - a. When to enter
  - b. How to manage trades
  - c. Avoiding pitfalls
  - d. Signals frequency, winrate, statistics

### 2.1 DEMO OR FULL VERSION?

This guide was thought for both the **DEMO** and **FULL** users. In the DEMO version, you can trade by following the guidelines of each setup. In the FULL version, the Alert System will instead look for the setups automatically.

## **2.2 SUGGESTIONS TO APPROACHING THE GUIDE**

We are aware that the guide can be extensive, but that's because it includes every minor technical detail. We recommend trying out the indicators first, in a few charts, and consult the guide to progressively understand the different indicators and alerts.

## **2.3 WHAT TO EXPECT FROM THIS SYSTEM?**

VSA (volume spread analysis) looks for entirely different patterns than most trading systems, and that's why it can provide leading indications of market reversals, and hence, timely alerts. It's a comprehensive system based on sound, tested rules, which aim for a profitability in the long-term, covering both trade setups and how to manage/close positions, with favorable risk to rewards and winning rates.

### 3. Brief VSA Methodology

---

**VSA (Volume Spread Analysis)** is a proven set of techniques of analyzing financial markets. First developed by Richard D. Wyckoff, one of the most successful Wall Street traders of all time, in the 1900s, and perfected by Tom Williams, during the time he was a syndicate trader for 15 years based in London in the 1960s-1970s. Other very successful Wall Street traders like William O’Neill use it as well. It’s based on supply and demand, which governs any market, and not anything else: no technical indicators, no price patterns, just **pure price and volume action**.

Any business where there is money to be made has professionals: Art has professional traders, poker has professional players, betting has professional betters, and financial markets have professional traders. **Being successful in the markets is all about following the footsteps of the ‘sharks’ of this game:** market operators, pit traders, market-makers, syndicate traders and top professional traders. The purpose of VSA analysis is to show you what the professionals, also named ‘smart money’, are doing, to profit with that knowledge.



1 Distribution before major turn in Gold. These patterns show in every timeframe across different markets

### 3.1 HOW DO PROFESSIONAL TRADERS REALLY TRADE?

Consider yourself in the seat of a professional trader, with a large capital pool: you are long on a given stock, in a very large position (the same logic applies to currencies and commodities, stocks are used in the example to simplify). Now, because the analysis you did tells you should close positions, how will you do it? If you sell all the shares you have in a single order, that will cause panic in the market and the prices will depress, rapidly going against you.

A smarter way of doing it is to sell, say, 5% of all the shares you own at a given period of time, and repeat it until you sold everything. That way you won't cause a panic in the market, and you have more chances of selling the shares at a more interesting price! This is called **distribution**, also named institutional selling, whereas the reverse (timely

buying) is called accumulation. And when is the best time to do this? Well, since you want to sell the most amounts of shares in the least amount of time, without putting the price against you, the best time to do it is when the public is buying, since they will absorb all the supply. Note that in **forex accumulation and distribution happen at a much faster pace**, since these are very liquid markets. Nonetheless, VSA applies just as well and you can see when exactly when it happens.

One really **fast way to check this**: open up any random chart with volume, zoom out, and check the volumes (real or tick volume for forex, both work) on the bottoms and tops. You'll notice the volumes are unusually high at these turns: and there you have your accumulation and distribution.

### **3.2 SO HOW DO WE DETECT WHAT THE SMART MONEY IS DOING, AND HOW CAN WE PROFIT FROM IT?**

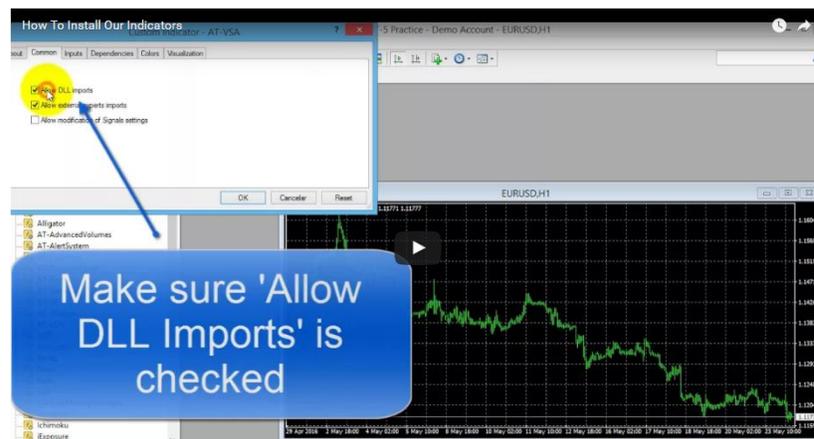
Well one thing about professional traders, is that they usually have a lot of money to invest, otherwise they wouldn't be making a living out of the markets. Sure there are not-so-rich starting professional traders, but the mature ones are and those are the ones you want to be keeping the track of anyway – so following volume is essential to see their activity! **High volume** (high institutional activity) and **low volume** (low institutional activity) are very important signals which can tell you what the big boys are doing. You can also detect their activity in the **spread** (High – Low) and **closing of the bars**. You **won't need to do any classical technical analysis or fundamental analysis, since that has already been done**: you just have to follow their footsteps!

# 4. Installation Guide

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1. In Metatrader 4, go to File -> Open Data Folder -> And copy the data folder's location.
2. Inside the downloaded ZIP file, open the "AT-VSASystem-Setup.exe" file.
3. Follow through the Installation Wizard, and when it asks the folder where to install to, paste the data folder's location copied above
4. Continue through Installation Wizard
5. Return to your Metatrader 4. The indicators should appear under Indicators after refreshing

**Setup Video available:** [Click here to watch in Youtube](#)



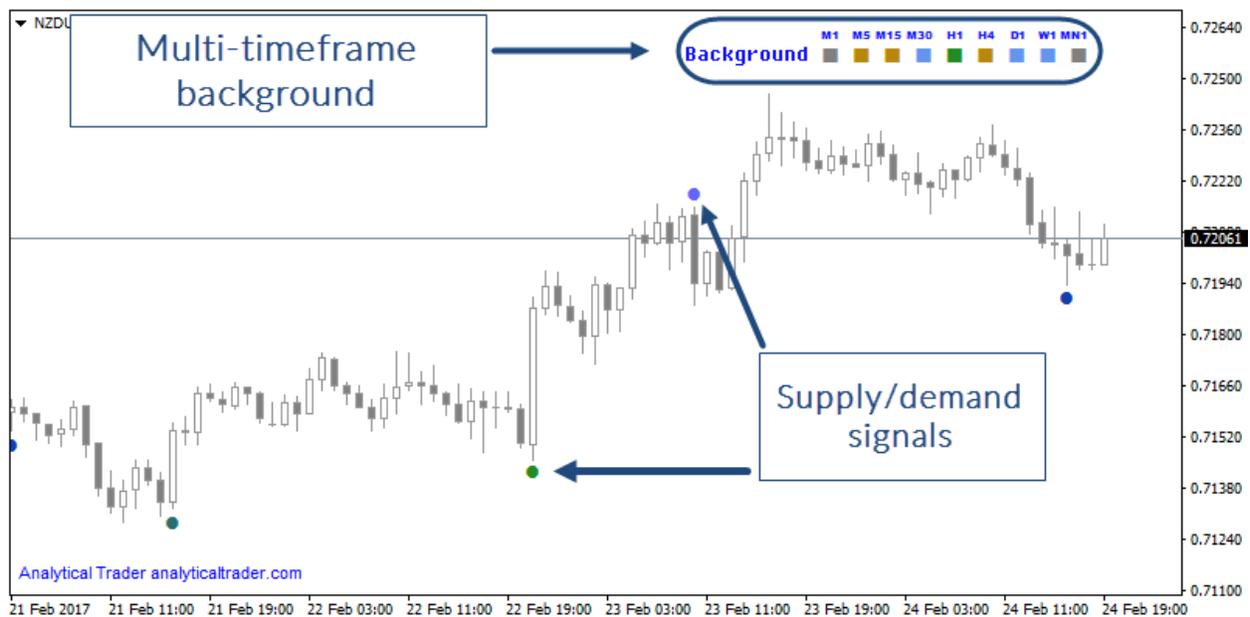
## 4.1 TROUBLESHOOTING INSTALLATION

If you couldn't get the indicators to run, kindly check our [troubleshooting page](#) for the most common issues, or contact us directly through the website.

# 5. VSA Indicator

The **VSA indicator** ('AT-VSA') has 2 main functions:

1. Identify supply/demand signs in the chart
2. Identify the market background, based on supply/demand and trend



2 VSA Indicator

**Video available:** [Click here to watch in Youtube](#)



## 5.1 SUPPLY/DEMAND SIGNS

VSA identifies various supply/demand signs based on the candles price and volume formation. These are candles that show a high institutional traders activity, and so, they are essential to decide when to trade.

### Multi-timeframe

The VSA signals are taken from **3 different timeframes**:

1. Current timeframe – drawn as a dot ●
2. Above timeframe – drawn as a circle ○
3. 2-Above timeframe – drawn as a square ■

The above timeframe's signals also take the current timeframe into account, to keep them as reliable as possible in signaling a market reversal. This means that they may not show up in the same places as in the above timeframe chart.

## 5.2 COLORS

Each **signal's color** has a different meaning:

STRONG	WEAK
 Major Demand	 Major Supply
 Demand	 Supply
 Minor Demand	 Minor Supply
 No Supply	 No Demand

- Strong signals always appear below candles, while weak signals always appear above candles.
- Current timeframe, and multi-timeframe signals use the same color scheme

### How to use?

The signs should not be traded directly. They should be used with the background and short-term trend as explained ahead.

## 5.3 MARKET BACKGROUND

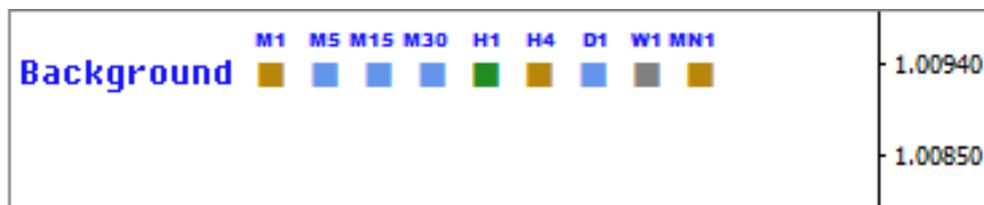
The market background analyzes two factors to determine whether the market is strong, weak, or neutral:

1. Supply/demand signs present in the chart
2. Market trend

The background period, set as 200 as default, sets the number of bars to look back, for both of these factors. This is an appropriate period for this trading system.

### Multi-timeframe

The background is shown in multiple timeframes in the top-right corner of the chart:



*2 Multi-timeframe Background*

### Colors and meaning

 Very strong	 Very weak	 Neutral
 Strong	 Weak	

- ✓ A very strong background gives more confidence in a long trade than just a strong or neutral background. This is measured by the trend and strength of recent demand signs

## How to use?

The background should be used as a filter. Generally:

1. When the background is very strong/strong, look for long positions
2. When the background is very weak/weak, look for short positions
3. When the background is neutral, stay on the sidelines
4. If the upper timeframe's background is in line with the current timeframe's background, it's more likely to be a strong market
5. In the full version, the alert system takes the background into account before sending out an alert.

## 5.4 ALERTS

VSA indicator implements standalone alerts that trigger when there is a VSA signal. It has the option to filter these alerts with the background. Additionally it has the options:

- Send alert by e-mail
- Send alert by push notification

To activate these alerts, set the below settings to 'Yes':

Variable	Value
 SMSConfiguration	To configure the SMS option
 SMSConfiguration2	Go to Tools > Options > Notifications
 Activate Signals alerts	Yes
 Filter Signal alerts using background	Yes
 Send alert by e-mail	No
 Send push notification	No
 Write alert in chart	No
 AlertsByType	Unselect the signals types that you don't w...
 Alert Major Supply/Demand Signals	Yes
 Alert Supply/Demand Signals	Yes

### 3 Activating Alerts in VSA

- In the full version, these alerts are deactivated as default, since 'Alert System' indicator includes this type of alert, with suggested stop-loss and take-profit levels.

## 5.5 SETTINGS

The settings allow to change the look-back period of the indicator, change the background period, to set the alerts, and to customize colors. You can find their use below:

### General

**Product Registration Key** – Insert your user key

**Called by Expert Advisor?** – If calling VSA from an expert/indicator, choose the option 'Yes'. That will prevent conflicts with drawn objects (background). Leave 'No' when using the indicator normally in the chart.

## Signals Module

**History** – Number of bars to be drawn in the chart

**Activate minor signals** – Set to 'Yes' to draw minor VSA signals

**Show Multiframe Signals** – Set to 'Yes' to show MTF VSA signals

## Background Module

**Show Background** – Set to 'Yes' to show the background in the chart

**Show Multiframe Background** – Set to 'Yes' to show the background in every timeframe

**Top & Left** – Choose the background corner with these settings

**Background Period** – Number of bars to be used in the background calculation

**COLORS** – In the below settings you can choose the colors of each background type, along with the font color

## Alerts Module

**Activate Signals alerts** – When set to 'Yes', VSA will alert of any VSA signal that appears

**Filter Signal alerts using background** – When set to 'Yes', strong signals will only be alerted when the background is strong, and vice-versa for weak signals. When the background is neutral, it won't alert of any signal

**Send alert by e-mail** – Send alerts by email

**Send push notification** – Send alerts by push notification

**Write alert in chart** – Each alert will be written in the top-left corner of the chart

**Alert Major Supply/Demand signals** – Set or unset the alerts for these signals

**Alert Supply/Demand signals** – Set or unset the alerts for these signals

**Alert One Timeframe Above Signals** – Set or unset the alerts for these signals

**Alert Two Timeframe Above Signals** – Set or unset the alerts for these signals

**Alert Minor Signals** – Set or unset the alerts for these signals

## Other settings

**Set to 'Yes' to set GMT offset** – If setting GMT offset manually, set this setting to 'Yes'. It's not necessary to set GMT offset manually if no warning message appears on the chart. The indicator automatically detects it and saves it for further use.

**Set your broker's GMT offset** – If setting GMT offset manually, set your broker's GMT offset here

**Check for updates automatically** – If set to 'Yes', the indicator will automatically check and notify when there is a new update

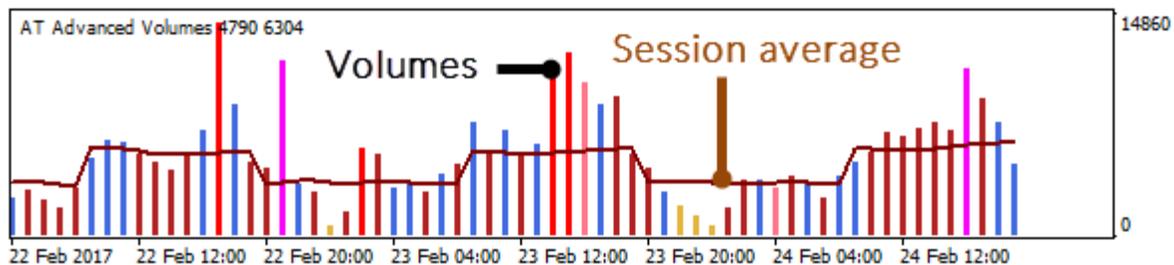
**Reset data file** – If set to 'Yes', the data file with the signals will be deleted. Set to 'Yes' only if suggested by the support

**Check for too many loaded bars (performance)** – If set to 'Yes', VSA will show a warning when too many loaded bars are hindering performance (memory usage)

**Using Renko/special chart** – Set to 'Yes' in case you are using VSA on a renko or other type of chart. VSA is supported on historical (non-updating) Renko charts.

## 6. Advanced Volumes / Color Bars

**Advanced Volumes** ('AT-AdvancedVolumes') is an indicator that plots the volumes histogram, and categorizes them into different types. It plots an average for the London/New York and Tokyo's sessions to use as benchmark.



4 Advanced Volumes Indicator

**Color Bars** ('AT-ColorBars') paints the chart's candles/bars to highlight these same volumes, for an easier visualization.



5 Color Bars Indicator

Both indicators highlight the same bars – Color Bars just doesn't draw the 'regular volumes' bars as default in the price chart, hence the missing blue bars in the price chart.

## 6.1 TYPES OF VOLUME AND THEIR MEANING

The volume type bars are more context-dependent than the VSA signs, and that's the major difference between VSA and Advanced Volumes/Color Bars. A test or low volume bar can mean different things, depending on where they appear. This indicator can show supply/demand signs when VSA doesn't, and vice-versa, and so, it's good to keep track of both.

### Churn

A **churn** is a **narrow range bar with high volume**.

Bars like this often **denote supply** as the smart money prevents the price from moving further by dumping sell orders into the market – that's why it has a narrow range and high volume (vice-versa for demand patterns, after a market downtrend).



Due to this, churns often show up before market corrections and significant trend changes.

- ✓ These are more significant if the market is making new highs or lows, so that the high volume doesn't come from locked-in traders waiting to get out at a profit or break-even in a former support/resistance.

### Upthrust/Downthrust

**Upthrusts** are bars which, at the right place, can be a **confirmation of weakness** in the market (vice-versa for downthrusts, in a market bottom).

They're maneuvers to get stop-losses and stop orders, as well as to test the supply/demand in a given price level. They have more meaning when they appear:

- Near a support/resistance
- Near a price area where there was previous supply/demand
- On new highs/lows in the market

## High Volume

These bars signal that the volume is significantly **higher than the session's average**.

- If the market is rising and there is high volume, with no further price progress, it shows supply. Vice-versa for falling markets
- A wide range bar, closing on the highs, with high volume, shows demand

These bars are important to prevent risky trades, and to close trades, as we will see ahead.

## Low Volume

**Low volume bars** show a temporary **lack of demand or supply** in the market. These are often good long (short) entry spots after significant demand (supply) has been seen. When breaking out a support/resistance, it's important that the volumes are average to high, and so, these bars in those areas signal a likely reversal.



## 6 Low volume bars on new highs

## Supply Test

A **'supply test'** is a bar that tests the market for supply. This happens by taking the market to lower prices, usually to a demand/high volume area.

Low volume and a quick reaction to the upside means that there is likely no supply left, otherwise the volume would have fired when prices were getting to a lower point (by long traders closing in their positions, or traders shorting on a breakout).

A supply test happens near a significant level:

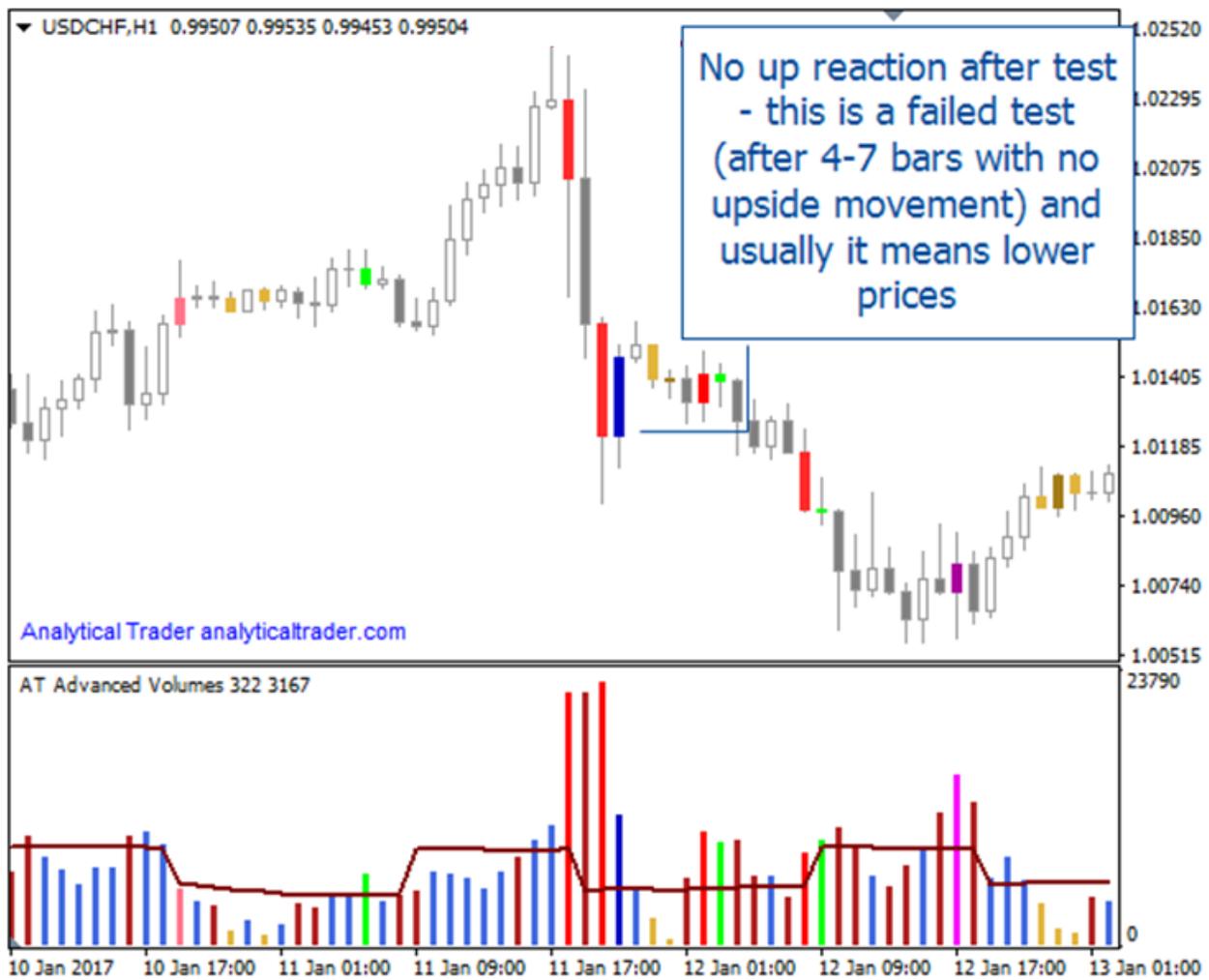
1. Previous demand in the market (VSA demand signs)

2. High volume area (red bars)
3. Support or up trendline



7 Supply test

On the other hand, when you don't see a quick up reaction after a 'supply test', you can expect lower prices, and likely, further testing in lower prices.



*8 No reaction after bullish test shows weakness*

## Demand Test

A 'demand test' is the exact opposite of 'supply test'. It tests for demand, by taking prices higher. You would expect to see a quick down reaction if the market is weak, otherwise higher prices are to be expected.



*9 Successful Demand Test*

## 6.2 HOW TO USE?

**Advanced Volumes/Color Bars** is used to time positions closing and opening. After strong indications, and failing to enter when the alert appears, you could still **enter in a**:

- Low volume down bar
- Down churn
- 'Downthrust'
- Supply test with its high broken in the next 3 bars

### Closing the position

You should exit after 2 or more weak signals, when holding a long position. These could be for instance, a churn and a low volume up bar, or an upthrust and a churn. As an exception, a 'failed test' (failure to rally between 4-7 bars) is a sufficient reason to close a trade.

VSA and supports/resistances also play a role when closing a trade. This is discussed ahead in the trading section.

## 6.3 SETTINGS

In Advanced Volumes settings, you can set alerts for each of these bars, change moving average period, and customize the colors. 'Color Bars' settings are similar.

### General settings

**Product Registration Key** – Enter your user key here

**Set to 'Yes' to set GMT Offset** – Set to 'Yes' to set GMT offset manually. It's not necessary to set GMT offset manually if no warning message appears on the chart. The indicator automatically detects it and saves it for further use.

**Set your broker's GMT Offset** – If the above setting is 'Yes', the value inserted here should be your broker's offset. It's not necessary unless there is an error retrieving automatically.

**History** – Number of bars to calculate the volumes for

**Moving Average Period** – Period of the volumes moving average. For the H4 timeframe and above, it should be set to 20, due to a higher variability in volumes on high timeframes. Otherwise, 50 is a good value.

**Check for updates automatically** – Set to 'Yes' for the indicator to check and notify of updates automatically

### Alerts Module

**Low Volume Alert** – Set to 'Yes' to alert of low volume bars

**High Volume Alert** – Set to 'Yes' to alert of high volume bars

**Churn Alert** – Set to 'Yes' to alert of churn bars

**Test Alert** – Set to 'Yes' to alert of test bars

**Thrust Alert** – Set to 'Yes' to alert of thrust bars

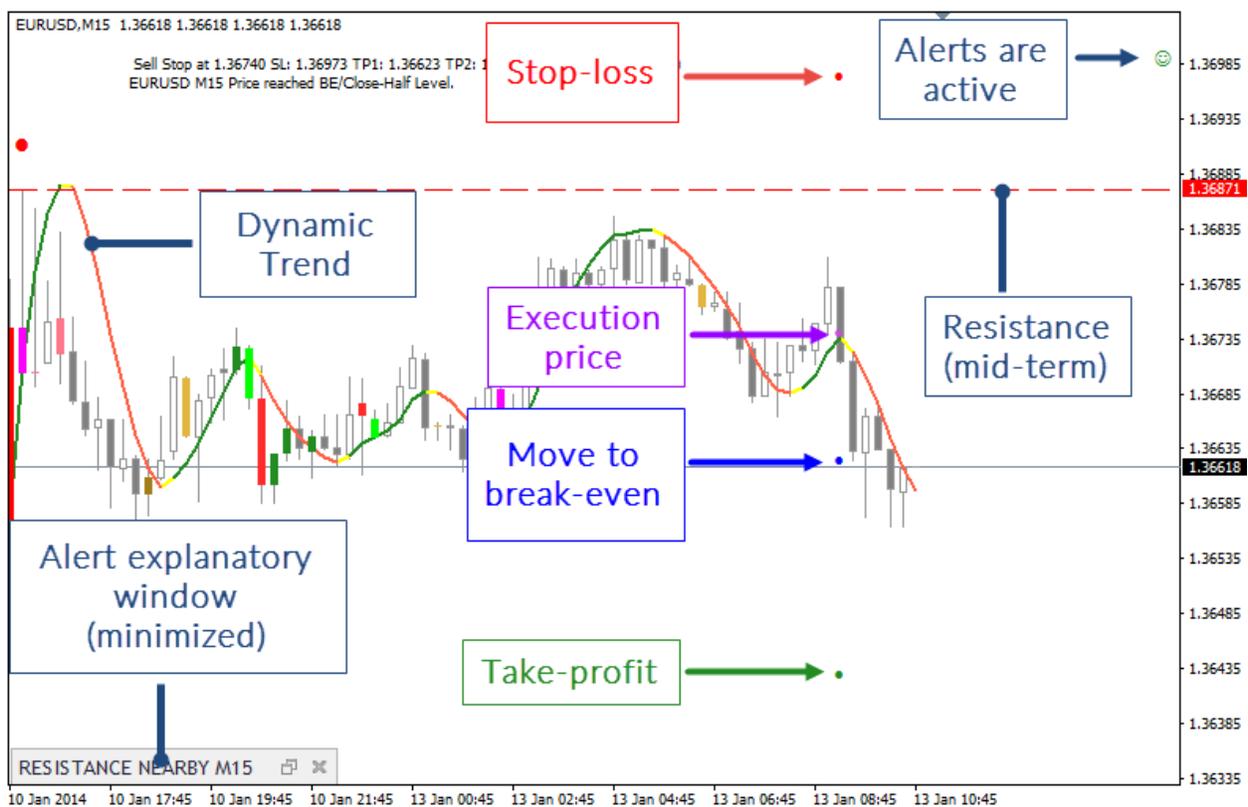
**Email Alerts** – Set to 'Yes' to email alerts. In Metatrader, go to Tools > Options > Email tab to configure it

**Push Notification Alerts** – Set to 'Yes' to send alerts to your Smartphone. In Metatrader, go to Tools > Options > Notifications tab to configure it

# 7. Alert System

**Alert System** ('AT-AlertSystem') is a multi-functions indicator that draws supports/resistances, dynamic trend, and alerts of various VSA setups.

Alert System is limited to the **FULL version** (unavailable on demo).



**10** Alert example in Alert System. Shows suggested SL, TP and an aiding text.

- To learn in detail what each alert means, kindly check the section 'Trading with VSA Package'.

## 7.1 ALERTS

Alert System's **alerts** look for various factors, such as **supply/demand**, **background**, **short-term trend** and **price action**. They greatly ease the trader's work by scanning for the alerts automatically, while maintaining usefulness by showing alerts with profitability and a good frequency. They can be optionally sent by email and/or push notification for convenience.

The indicator alerts of different trading setups. They are:

1. Supply/Demand + Background Alert
2. Dynamic Trend Alert
3. Support/Resistance Nearby Alert
4. Support/Resistance Breakout Alert
5. Congestion Zone Nearby Alert
6. Congestion Breakout Alert

Each type of alert has an optimized **stop-loss** and **take-profit**, and an explanatory description on the most important factors to look out for.

Alerts are sent to your Metatrader platform, by email and by push notification, optionally.

## Activating Alerts

The alerts are scanned while the indicator is inserted in a given chart. They work for every timeframe above (and including) 5 minutes, though an adaptation to higher timeframes will be discussed ahead in the guide.

- You should insert the Alert System indicator in the pairs and timeframes you wish to trade

The **alerts are activated automatically**, and they will remain active whether there are other indicators in the chart or not.

## Stop-loss, TP1 and TP2

Each alert shows a stop-loss, TP1 and TP2 points:

**Take-profit 1 (TP1)** – When the price reaches this level, you should move your stop-loss to break-even, or to close half the trade for some alerts.

**Take-profit 2 (TP2)** – You should set the take-profit in this level when you open the trade.

**Stop-loss (SL)** – You should set the stop-loss here in most cases. The only exception is when there is a support nearby, in which case you should set the stop-loss below it instead (vice-versa for resistances).

Refer to the **‘Trading with VSA System’** section to learn more about each alert.

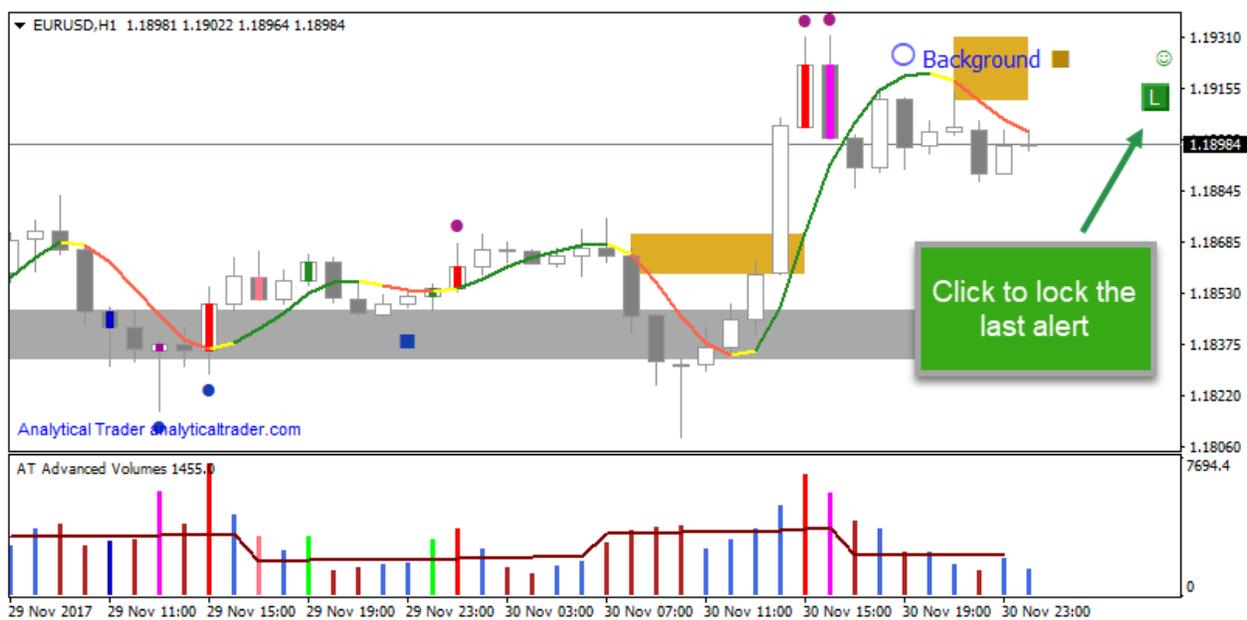
## Locking Alert

Once you receive an alert on your platform, you'll be able to lock it. Locking an alert assures:

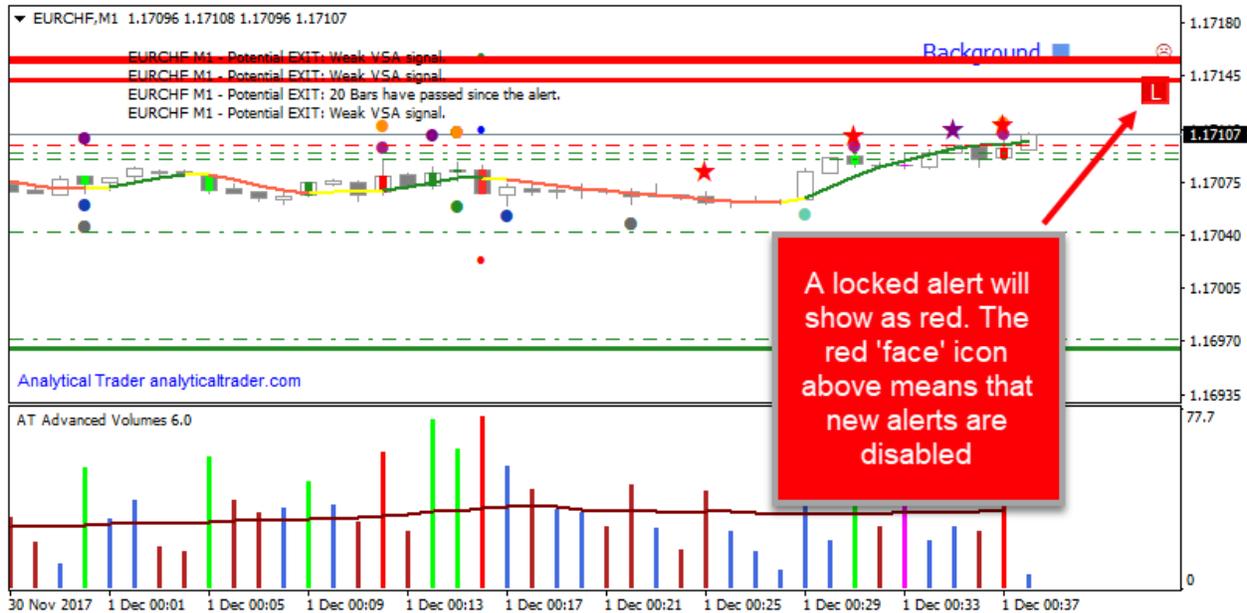
1. That it won't be replaced by a new alert
2. You will receive the exit warnings accordingly

**TIP:** When tracking or trading on the last alert, make sure to lock it!

**To lock an alert,** simply click 'L' button in the top-right corner of your chart:



Once locked, the button will show up as red and new alerts will be disabled (until the current alert is unlocked again):



## 7.2 EXIT WARNINGS

Exit warnings show up when there is a potential exit signal (i.e. a signal to close the trade). They are:

1. Wide bar + high volume Warning
2. Time-based Warning
3. VSA signal Warning
4. SR Breakout Warning
5. Weak Action Warning

Below you can read a brief description of each, and how it shows in the chart. For more information on how to use each warning, refer to 'Trading with VSA System' section.

**Note:** Exit Warnings will only show up when there is an active alert (i.e. stop-loss and take-profit weren't yet hit)

## Symbols and Colors

	Close Long (above candles)	Close Short (below candles)
Wide bar + high volume	★	★
Time-based	★	★
VSA signal	★	★
SR Breakout	★	★
Weak Action	★	★

On the chart, by hovering the mouse over each symbol you'll also be able to see what it means.

### Wide bar + high volume Warning

This warning appears when there is a wide down bar, with high volume, after a long alert (vice-versa for short alerts). It's a sign of supply that many times precedes a downturn.

### Time-based Warning

Warning that shows when 20 bars have passed since the alert, without hitting the target. If the price isn't moving in your direction, and it's not even close to it, it's usually a good idea to close the trade.

## VSA Signal Warning

This warning shows when there is a supply VSA signal after a long alert, or vice-versa.

## SR Breakout Warning

Support/Resistance Breakout warning is set off when an important support is broken (for a long alert). It's a sign that your trade might be at risk of turning into a loser pretty quickly.

## Weak Action

After a long alert, this warning shows up either when:

1. There is a successful bearish test
2. There is a failed bullish test

In any of the cases, it's a solid sign to close your position.

## 7.3 SUPPORTS/RESISTANCES

'Alert System' automatically draws **supports/resistances** (from short-term to long-term).

These are **old lows/highs** in the market, which are zones with **significant order clusters**. This makes it a prone area for stop-loss hunting on fake-out movements, and entices traders to play for the break-out or the reversal. Due to this increased liquidity, it's profitable for large traders, many of whom have access to the order book, to come in.

**Supports/resistances** are categorized in:

- Short-term - - - (Dotted line)

- Medium-term  (Dashed line)
- Long-term  (Solid line)

## Supports/Resistances Colors



Support



Resistance

## 7.4 DYNAMIC TREND

This is a short-term **trend indicator** drawn by Alert System, that smooth out prices and pinpoints the trend by color. This is nothing like a simple or exponential moving average – Dynamic Trend has a **low lag**, and it's still **smooth** unlike the exponential average. It's **used as filter** to confirm strength or weakness by VSA signals and the background.

The most important setting indicator is the **period**. It's the amount of bars it will take for the calculation – a low value will mean it'll be more sensitive, and it will signal shorter trends. The default period, 15, is the ideal period for this trading system, as it captures the 'medium-term' trends.

## Dynamic Trend Colors



Uptrend



Downtrend



Trend Changing



**11** Alert System draws Dynamic Trend and Supports/Resistances

## 7.5 SETTINGS

**Product Registration Key** – Enter your user key here

**Called by Expert Advisor?** – If calling Alert System from an expert/indicator, choose the option 'Yes'. Leave 'No' when using the indicator normally in the chart.

### General Settings

**Alerts Activated** – Set to 'Yes' to activate alerts

**Alert when Price reaches BE/TP Level** – If 'Yes', the indicator will alert when price reaches to the break-even/take-profit level

**Email alert** – Send alerts by email

**Push Notification alert** – Send alerts to smartphone

**Text in chart on Alert** – Show alerts on the chart

**Show Alert window** – Show explanation window of alert

**Alert window's corner** – Corner for alert description window to appear

**Panel Font** – Font style of the window's text

**Panel Font Size** – Font size of the window's text

### Module VSA Signals

**Activate VSA with Background Alerts** – Activates alerts of VSA Signal + Background

**Max price change in ATR's to activate this alert** – When there is a VSA signal, price cannot move more than this number in average true range's in order for the alert to activate

### Module Dynamic Trend

**Draw Dynamic Trend** – Draws dynamic trend

**Activate Dynamic Trend Alerts** – Activates dynamic trend change alerts, using background and other factors as filter

**Dynamic Trend Period** – choose dynamic trend period to use

**Max distance from VSA signal** – For the alert to activate, price must be within this number of average true range's from the VSA signal's close

## Module Supports/Resistances

**Draw long-term S/Rs** – Choose 'Yes' to draw long-term supports/resistances

**Draw medium-term S/Rs** – Choose 'Yes' to draw mid-term supports/resistances

**Draw short-term S/Rs** – Choose 'Yes' to draw short-term supports/resistances

**Activate long-term S/Rs Nearby Alerts** – If 'Yes', it will alert of nearby supports/resistances, using background and other factors as filter

**Max distance from long-term S/R to activate alert (ATR's)** – Maximum distance in average true range's from the S/R for the alert to be activated

**Activate long-term S/Rs Breakout Alerts** – If 'Yes', it will alert of supports/resistances breakouts, using background and other factors as filter

**Max distance from long-term S/R to activate breakout alert (ATR's)** – Maximum distance in average true range's from the S/R for the alert to be activated

## Module Congestions

**Activate Congestions Nearby Alerts** – Choose 'Yes' to activate congestions nearby alerts

**Max distance from CZ to activate alert (ATR's)** – Maximum distance from price to congestion zone for the alert to be activated

**Max distance for stop-order (ATR's)** - Maximum distance from stop-order price to congestion zone for the alert to be activated

**Activate Congestions Breakout Alerts** – Choose 'Yes' to activate congestions breakout alerts

**Max distance from CZ to activate breakout alert (ATR's)** - Maximum distance from price to congestion zone for the alert to be activated

## Module Exit Warnings

**Activate 'Wide up/Down bars' Exit Warning** – Choose 'Yes' to activate this exit warning (more info on exit warnings section)

**Activate 'Time-based' Exit Warning** – Choose 'Yes' to activate this exit warning (more info on exit warnings section)

**Activate 'VSA' Exit Warning** – Choose 'Yes' to activate this exit warning (more info on exit warnings section)

**Activate 'SR Breakout' Exit Warning** – Choose 'Yes' to activate this exit warning (more info on exit warnings section)

**Activate 'Weak Action' Exit Warning** – Choose 'Yes' to activate this exit warning (more info on exit warnings section)

## Module Colors and Styles

**Bullish alerts description font color** – Color for bullish alert

**Bearish alerts description font color** – Color for bearish alert

**Resistance line color** – Color for drawn resistances

**Support line color** – Color for drawn supports

**S/R Lines Styles and colors** – Choose your preferred style and color for each support/resistance line

Note: The colors for the dynamic trend and SL/BE/TP dots are set in the 'Colors' tab.

## Others

**Set to 'Yes' to set GMT offset** – If setting GMT offset manually, set this setting to 'Yes'. It's not necessary to set GMT offset manually if no warning message appears on the chart. The indicator automatically detects it and saves it for further use.

**Set your broker's GMT offset** – If setting GMT offset manually, set your broker's GMT offset here

**Check for updates automatically** – Automatically checks and notifies of new updates, if set to 'Yes'

**Check for too many loaded bars (performance)** – If set to 'Yes', it will alert if the number of loaded bars are hindering performance (memory usage)

# 8. Available Templates

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The VSA system brings various templates tailored for specific needs. Below you can find what each one of them includes, and their uses. Note that all the templates include both light and dark variations as color schemes.

To find and insert templates in Metatrader, go to Charts > Template, or search for the templates icon in the top toolbar.

## 8.1 'AT CONGESTIONS ONLY'

It includes AT-Congestions indicator only, with the default settings. Use it if you want to test anything specific having to do with this indicator.

## 8.2 'AT ALERTS'

This is the standard template to look for setups. It includes:

- Alert System **(limited to the full version)**
- VSA
- Color Bars
- Spreads
- Congestions
- Advanced Volumes
- News

You will want to use this one when looking for opportunities in the market.

This template should be used either when:

1. There was an alert that you have missed, and you are now looking for another entry opportunity
2. Managing an open trade

It includes:

- VSA
- Congestions (just zones)
- Reversals
- Color Bars
- Advanced Volumes
- Spreads
- Supports/Resistances
- Dynamic Trend
- News

### **8.3 'AT REVERSALS ONLY'**

It includes AT-Reversals indicator with a Dynamic Trend of period 250. Use it if you want to test anything specific having to do with this system (check Reversals manual for more information).

### **8.5 'AT VSA NO ALERTS'**

This template doesn't include Alert System, in case you just want to check for supply/demand signs or congestion zones. It includes:

- VSA
- Color Bars
- Advanced Volumes
- Congestions
- Spreads
- News

# 9. Trading with VSA System

The alerts from the 'Alert System' indicator analyze the most important factors in order to trade the various strategies (setups). These setups can also be traded without the Alert System (in the demo), by following the instructions below.

Here's how a typical alert looks:



3 A typical alert in Alert System

**Dynamic Trend** – this is a short-term trend indicator to filter some signals

Alert explanatory window

**Alert explanatory window:** When maximized, shows the most important factors to look for, and how the trade should be placed (market or stop order), for the given alert

**Resistance** – Alert System draws supports/resistances. This is a mid-term resistance

**Alert are active** – When there is a ‘smiley face’, the alerts are active. If the user deactivates them, it will appear as a ‘sad face’.

**Stop-loss** – this is where the stop-loss should be placed

**Execution price** – it’s where the trade should be opened. Some alerts use market orders, while others use stop orders. Check the explanatory window for info.

**Move to break-even** – When the price reaches this point, you should move the stop-loss to break-even (an alert is set off when price reaches it).

**Take-profit** – You should place the take-profit at this price

Apart from the alerts, there are some things to look out for in each strategy in order to be profitable, which we explain below. The pre-requisites apply to every alert, so make sure to understand those first before reading on the specifics of each alerts.

## 9.1 ACCUMULATION/DISTRIBUTION (PRE-REQUISITE 1)

For every type of alert, the most important is to check the chart for what it’s called accumulation/distribution.

Simply put, accumulation is the presence of multiple demand signals in the same “price area”. It shows that professionals are buying heavily, which usually can’t be said when there is just a single demand signal. Vice-versa for distribution.

The basic rule is:

- **If there is a long alert**, make sure there is **no distribution**.
- **If there is a short alert**, make sure there is **no accumulation**.

## Identifying accumulation

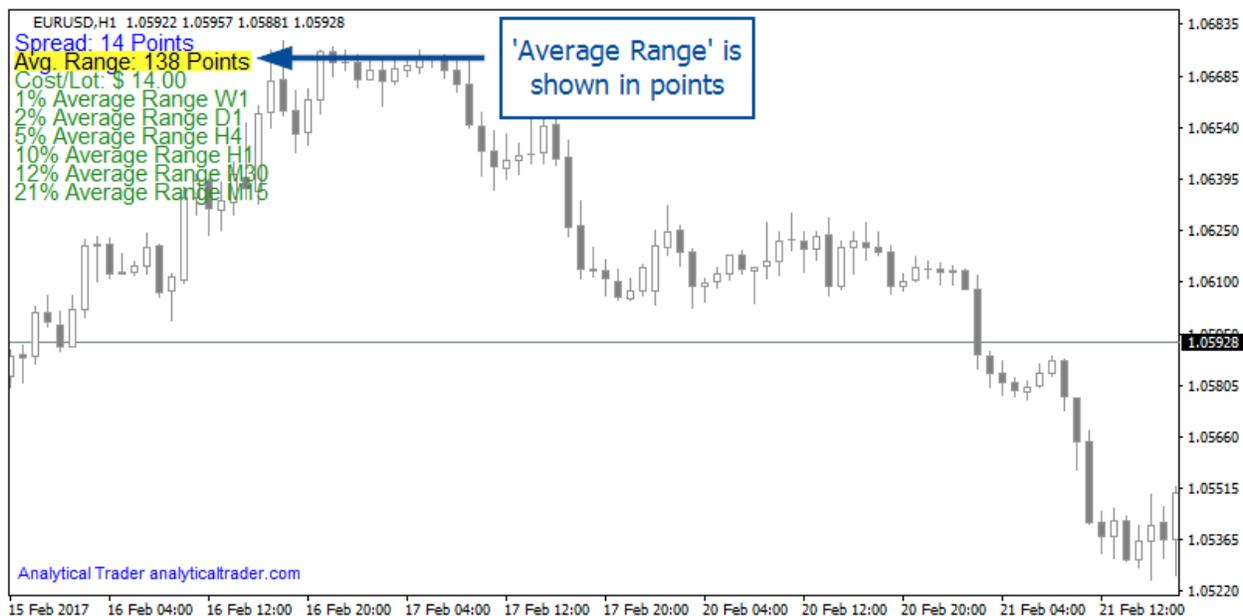
So, how do we go about identifying accumulation? We should check for three main signs:

1. **BELOW** current prices, there are 3+ demand signals, and at least 1 'demand'/'major demand'
  - a. Or 1 major demand signal + price reversal with 2x or more the avg. volume
2. The demand signals are within 3 ATR's from each other
3. Sideways or slight uptrend after the last demand signal

A little digression on what ATR stands for: ATR stands for 'average true range' and it measures the candles average range. We refer to ATR's since speaking in pips isn't appropriate when referring to different symbols and timeframes – a 10 pips distance between 2 different closing prices is considered to be very near in a daily timeframe, whereas in 1 minute timeframe it can be considered as far, due to the scale factor. Likewise for symbols (some have much higher average pips range than others). By using ATR, we are correcting for this scale factor.

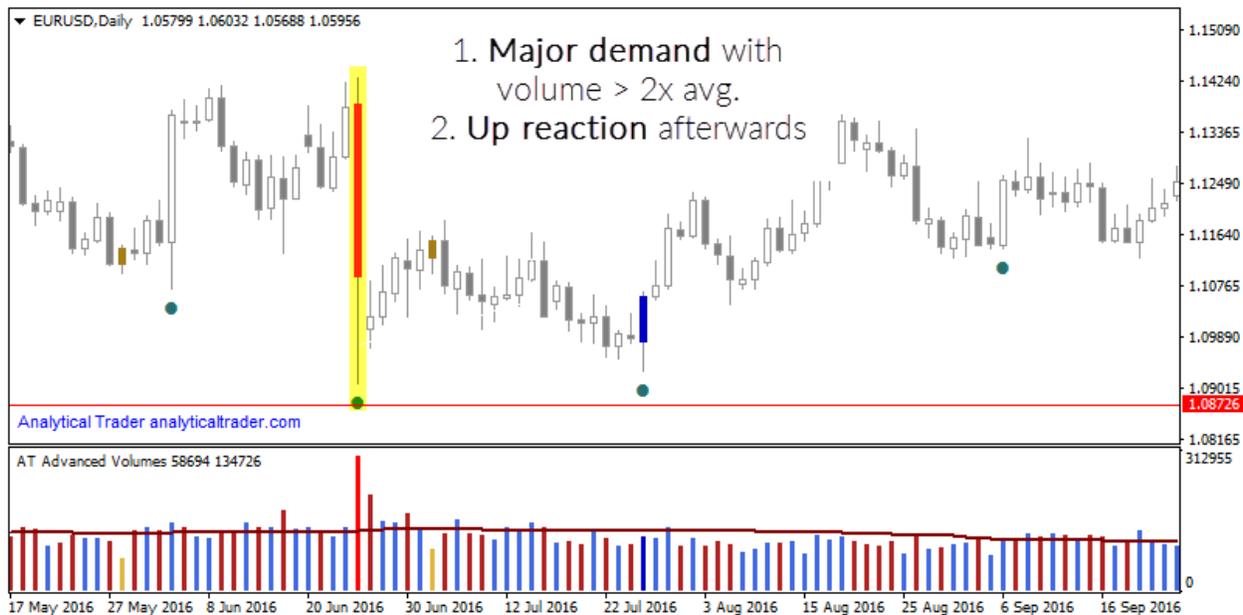
The ATR, or average range, can be checked in:

1. A Metatrader included indicator (ATR), with a recommended period of 100 bars.
2. The included indicator 'AT-Spreads'



4 Average true range in 'AT-Spreads'

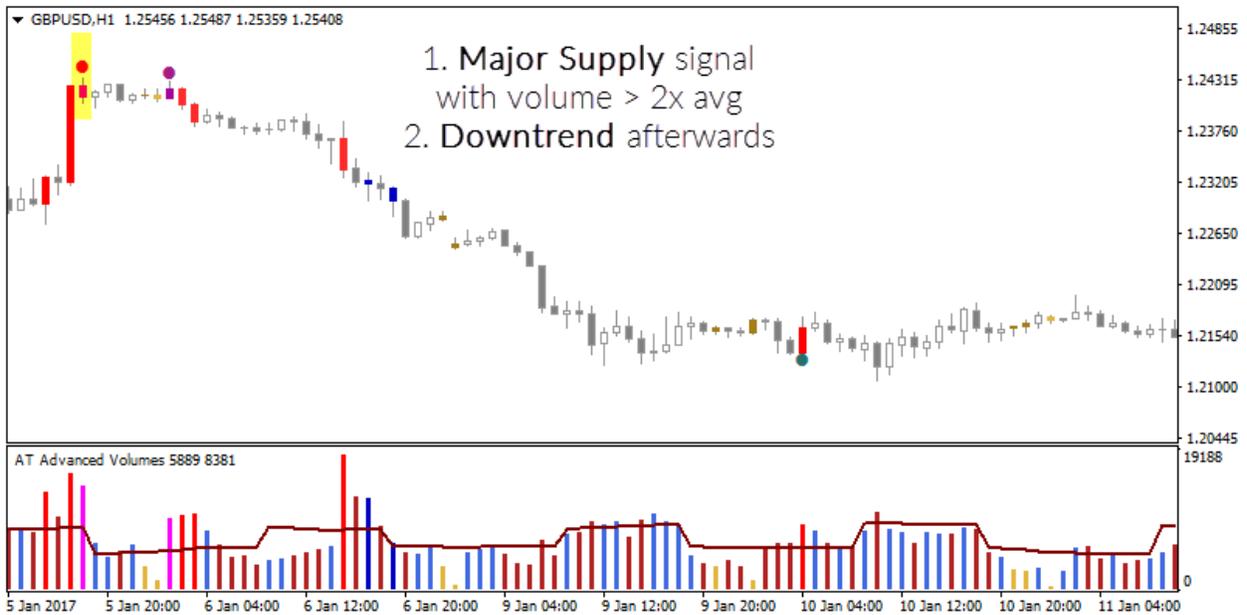
Now let's see some **accumulation and distribution** examples:



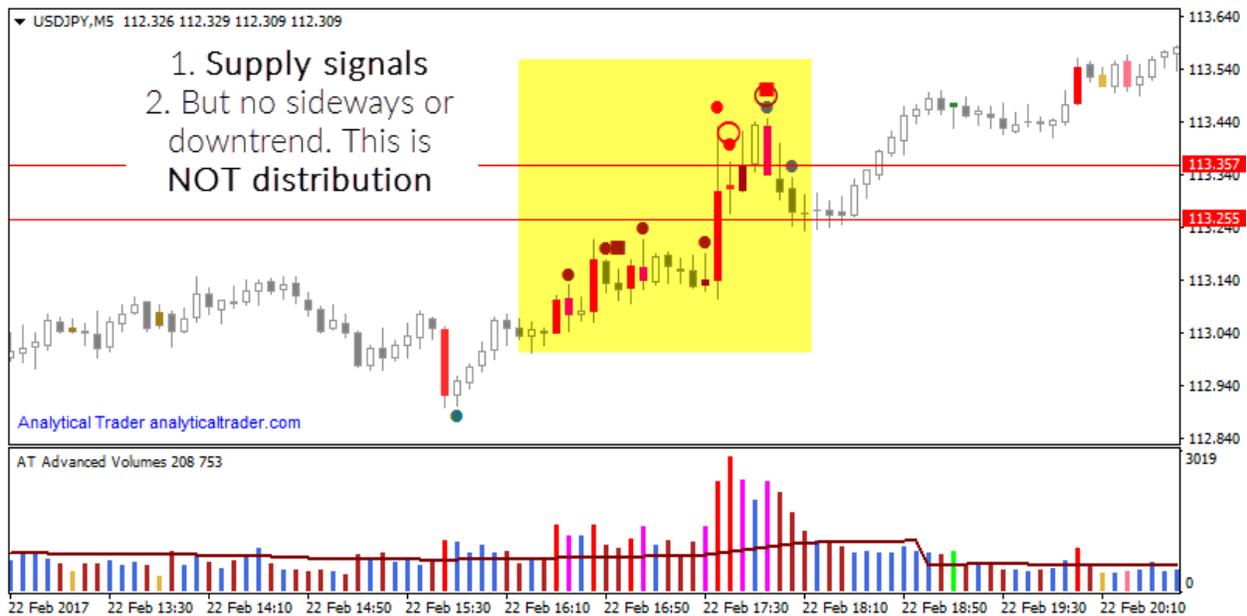
5 Accumulation in EUR/USD Daily



6 Accumulation in USD/CAD M30



7 Distribution in GBP/USD Hourly



8 Non-distribution example in USD/JPY M5. Usual near previous resistances (red lines)

Concluding, when looking for a long position, make sure there aren't multiple supply signals above current prices, with a subsequent sideways or downtrend market.

## 9.2 SHORT-TERM TREND (PRE-REQUISITE 2)

When having received a long alert, you should check if the market hasn't been making lower highs OR lower lows. Such would signal that the market isn't as strong as it could first appear, and that going long should be avoided.

## Examples:



9 Lower lows before long alert



*10 Higher highs before short alert*

### 9.3 'SUPPLY/DEMAND SIGNAL + BACKGROUND' ALERT

This alert is activated when:

1. The **background is strong**
2. There is a minor demand/demand/major demand **VSA signal**
3. There **isn't nearby weakness**

Use a **Long stop order** on the **purple dot**.

Alert expires after 3 bars.

**On Blue Dot:** When it reaches the blue dot, move stop-loss to break-even

## How to trade with VSA + Background Alert

1. This long trade fits all the conditions. This alert is **VALID**.



*11 VSA + Background Long alert in EUR/AUD H1*



3. Make sure the price isn't on new lows for a SHORT position. Often the price won't get to the target when this happens. This alert is **INVALID**

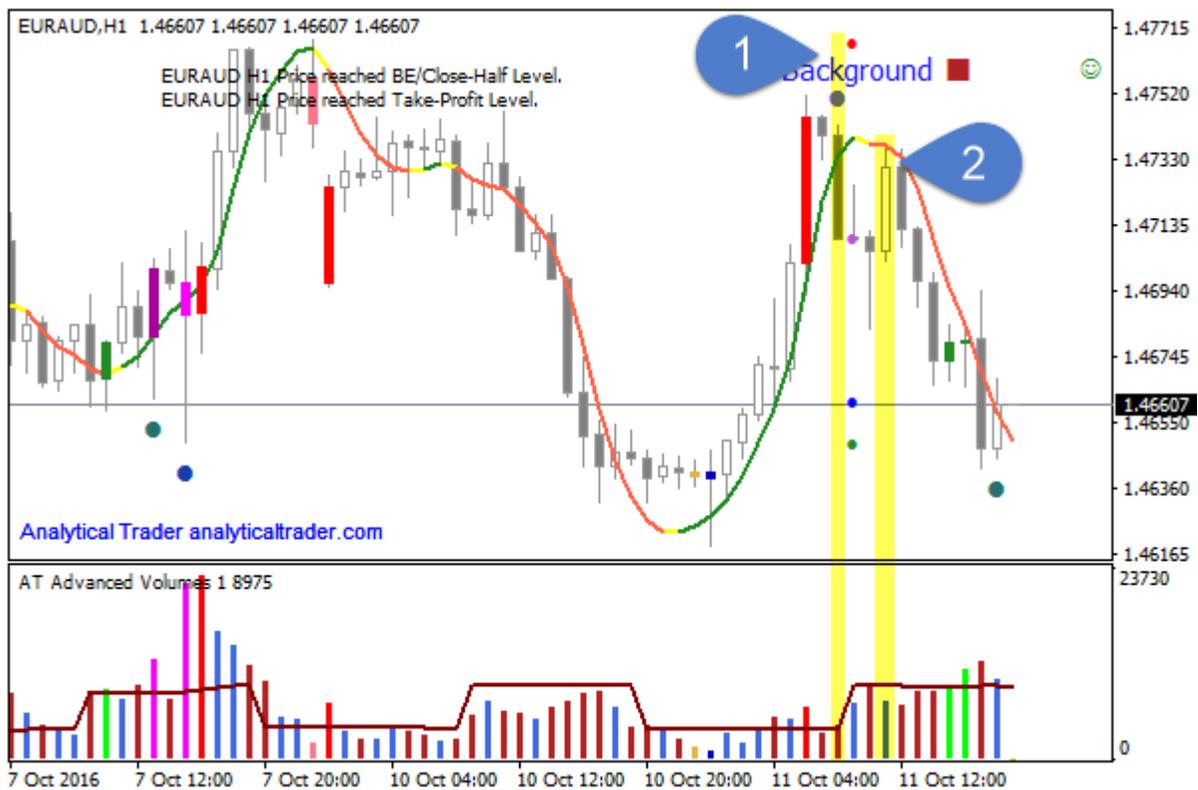


*13 Price is on new lows. Avoid taking the short trade*

4. If the alert was on a wide range up bar, wait for a slight correction to go in. This alert is **VALID**.

In the picture below, we can see:

1. The alert was activated after a wide range down bar. We can wait for a low volume up bar to short at a better price
2. There was a low volume up bar. **Short** (market order) on the close



*14 VSA + Background Short alert - shorting in a low volume up bar after the alert*

5. If price hits stop-loss point (red dot) before execution point (purple dot), the alert is **INVALID**.



*15 Price hit stop-loss before execution price. Alert INVALIDATED*

## 9.4 'DYNAMIC TREND' ALERT

This alert is activated when:

1. The **background is strong**
2. There is one or more minor demand/demand/major demand **VSA signals**
3. The dynamic **trend turned from downtrend to uptrend**
4. There **isn't nearby weakness**

Use a **Long market order**.

**On Blue Dot:** When it reaches the blue dot, close half the trade

### How to trade with Dynamic Trend Alert

In this alert, you should close half the trade when reaching the blue dot, instead of moving the stop-loss to break-even. This is because usually the market may shift suddenly after this alert, and so the stop-loss shouldn't be moved at all.

1. All the conditions were met for this trade. In the dynamic trend alert, the blue dot should be used to close ½ the trade. This alert is **VALID**.



*16 Dynamic Trend Long Alert - notice how the blue dot was hit, and after a reversal, market continued rallying*

2. All the conditions were met for this short trade. This alert is **VALID**.



17 Dynamic Trend Short Alert in GBP/USD H4

3. Make sure the price isn't on new highs for a LONG position; nor new lows for SHORT position. This alert is **INVALID**.



*18 Dynamic Trend Long Alert - AVOID going long when the alert is near new highs in the market such as in this picture*

4. Like in any of the other alerts, avoid taking a SHORT when there is ACCUMULATION nearby (vice-versa for long positions). This alert is **INVALID**.



19 Dynamic Trend Short Alert - AVOID taking a short with ACCUMULATION nearby

## 9.5 'SUPPORT/RESISTANCE NEARBY' ALERT

This alert is activated when:

1. There is a medium-term or long-term **support just below current price**
2. Market is **showing strength in the volumes**
3. The background for specific periods (not limited to the default 200) is **strong**

Use a **Long stop order** on the **purple dot**.

Alert expires after 5 bars.

**On Blue Dot:** When it reaches the blue dot, close  $\frac{1}{2}$  the trade.

### How to trade with Support/Resistance Nearby Alert

Like in the Dynamic Trend alert, in this alert, you should close half the trade when reaching the blue dot, instead of moving the stop-loss to break-even. The price will sometimes oscillate near the support, and so the stop-loss should be kept below it.

1. All the conditions were met for this long trade. This alert is **VALID**.



*20 Support Nearby Long Alert in EUR/USD M15*

2. All the conditions were met for this short trade. This alert is **VALID**.



21 Resistance Nearby Short Alert in AUD/USD H1

3. If the price is making new lows when the alert is activated, avoid taking the trade.  
This alert is **INVALID**.



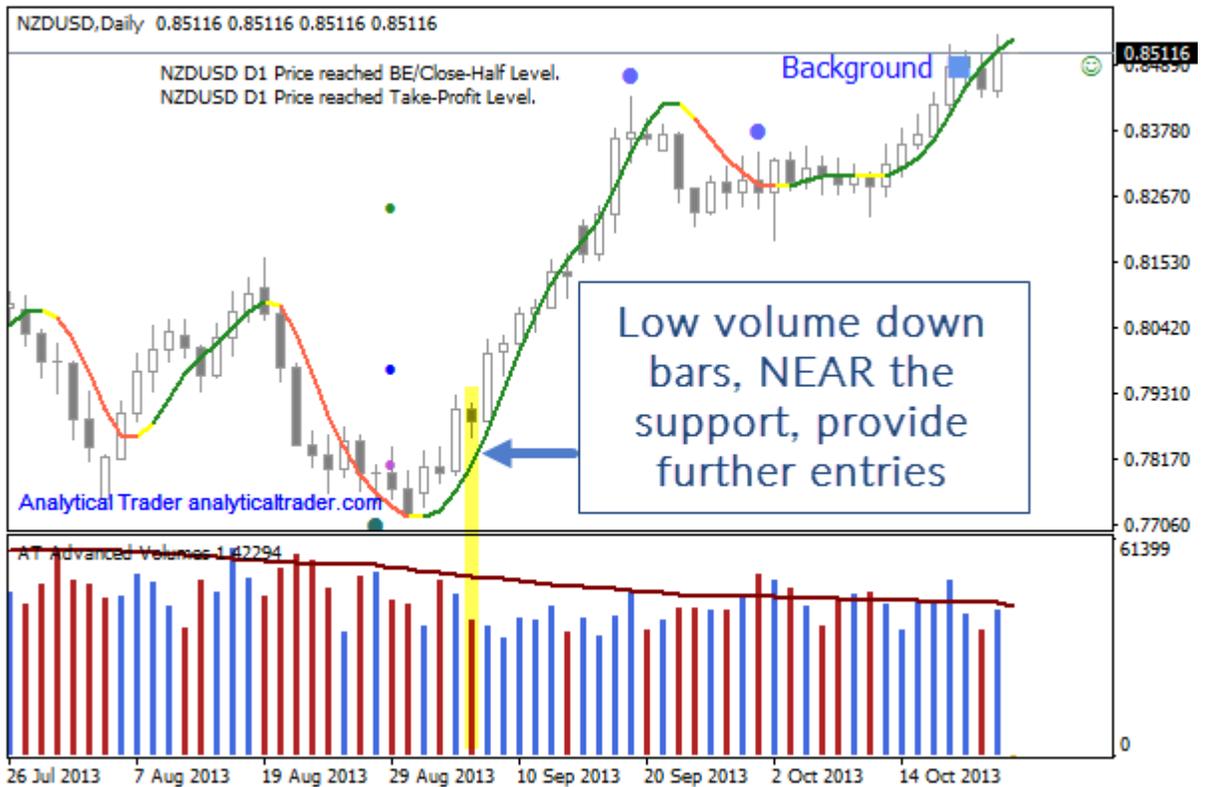
22 Support Nearby Alert - Price making new lows, avoid taking a long trade

4. Expect the support being shaken-out. The stop-loss gives some margin to allow that to happen. This alert is **VALID**.



*23 Support Nearby Alert - support being shaken-out*

5. Low volume down bars NEAR the support provide another entry point. This alert is **VALID**.



*24 Support Nearby Long Alert - Low volume down bar provides an entry point*

## 9.6 'SUPPORT/RESISTANCE BREAKOUT' ALERT

This alert is activated when:

1. There is a **broken resistance** (close above previous resistance)
2. The **background is strong**
3. Market is **showing strength on the volumes**, on the breakout and before the breakout

Use a **Long market order**.

**On Blue Dot:** When it reaches the blue dot, move stop-loss to break-even

The alert can still be active even after the resistance is broken, if the prices are still nearby. Thus, it's usual to see this alert being set off many times after a breakout, and all of them provide valid entries.

## How to trade with 'Support/Resistance Breakout' Alert

1. Long alert after the breakout. The alert can be activated both on the breakout or afterwards, as long as prices keep close to the resistance. This alert is **VALID**.



25 SR Breakout Long Alert – the alert can appear after the breakout (1)

- Prices approach the resistance on wide ranges and high volumes (red bars). This alert is **VALID**.



*26 Price approaching resistance on a wide range, high volume bar is a bullish indication*

- There is a Demand/Major Demand signal OR 2 minor demand signals, in the last market low, before the breakout. This alert is **VALID**.



*27 Major Demand signal before the breakout shows strength (1)*

4. If there was no strength before the breakout, don't take the alert. This alert is **INVALID**.



28 (1) Weakness before the breakout (supply signals). (2) low volume on the 1st breakout (more weakness)

## 9.7 'CONGESTIONS NEARBY' ALERT

This alert is activated when:

1. There is a congestion zone **just below current price**
2. Market is **showing recent demand**

Use a **Long stop order** on the **purple dot**.

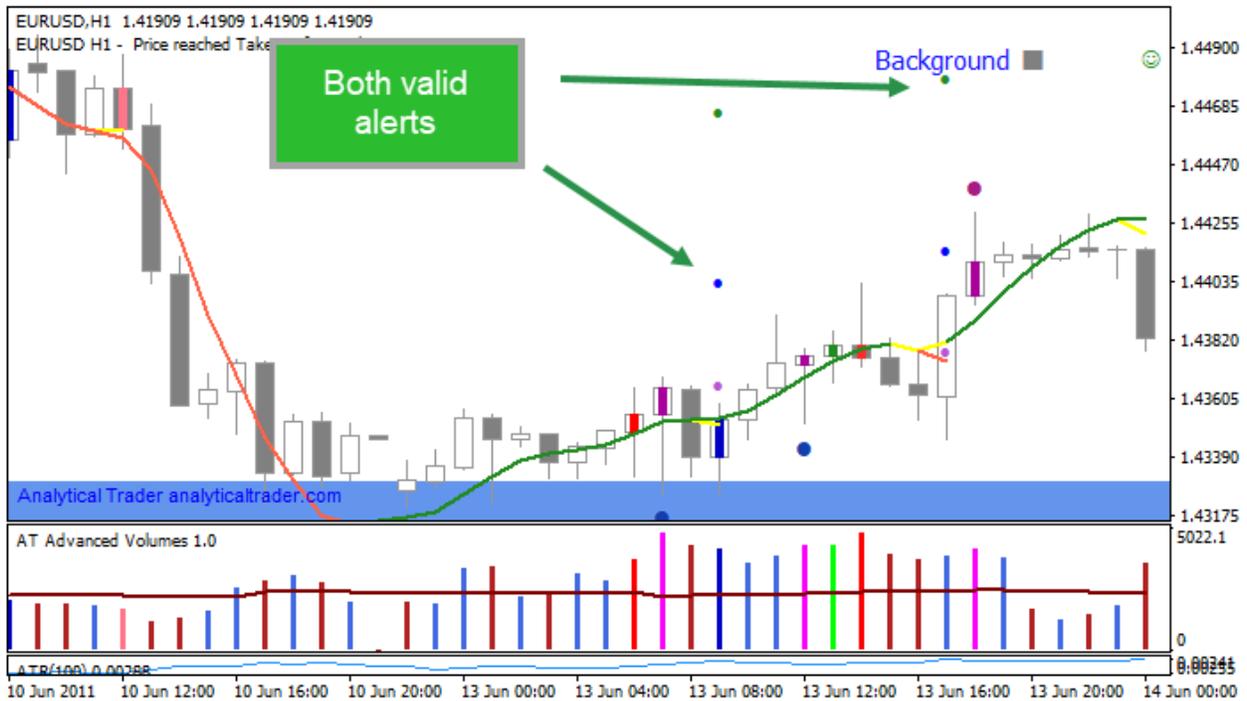
Alert expires after 3 bars.

**On Blue Dot:** When it reaches the blue dot, close  $\frac{1}{2}$  the trade.

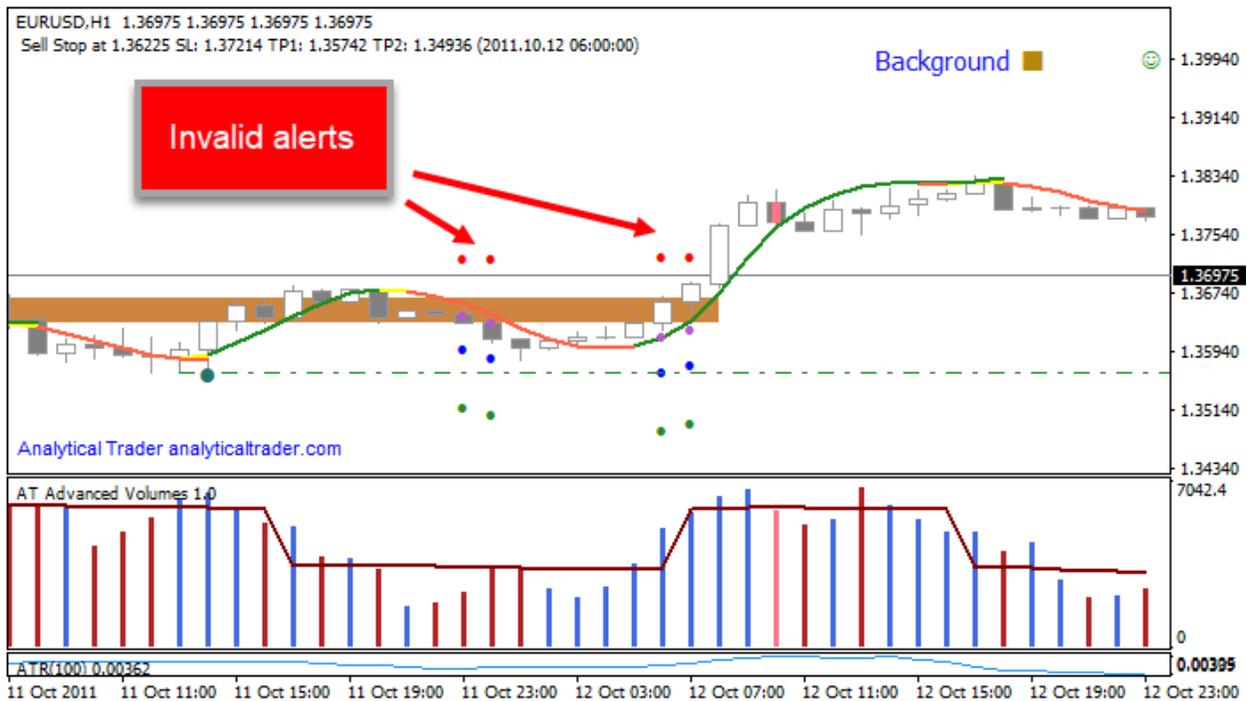
### How to trade with 'Congestions Nearby' Alert

With this alert, you should close half the trade when reaching the blue dot. The price will sometimes oscillate near the support, and so the stop-loss should be kept below it.

1. Two **VALID** 'Congestion Nearby' alerts. Use long stop orders on the purple dot.



2. There were no VSA supply signals nearby before any of the alerts. These alerts are **INVALID**.



## 9.8 'CONGESTIONS BREAKOUT' ALERT

This alert is activated when:

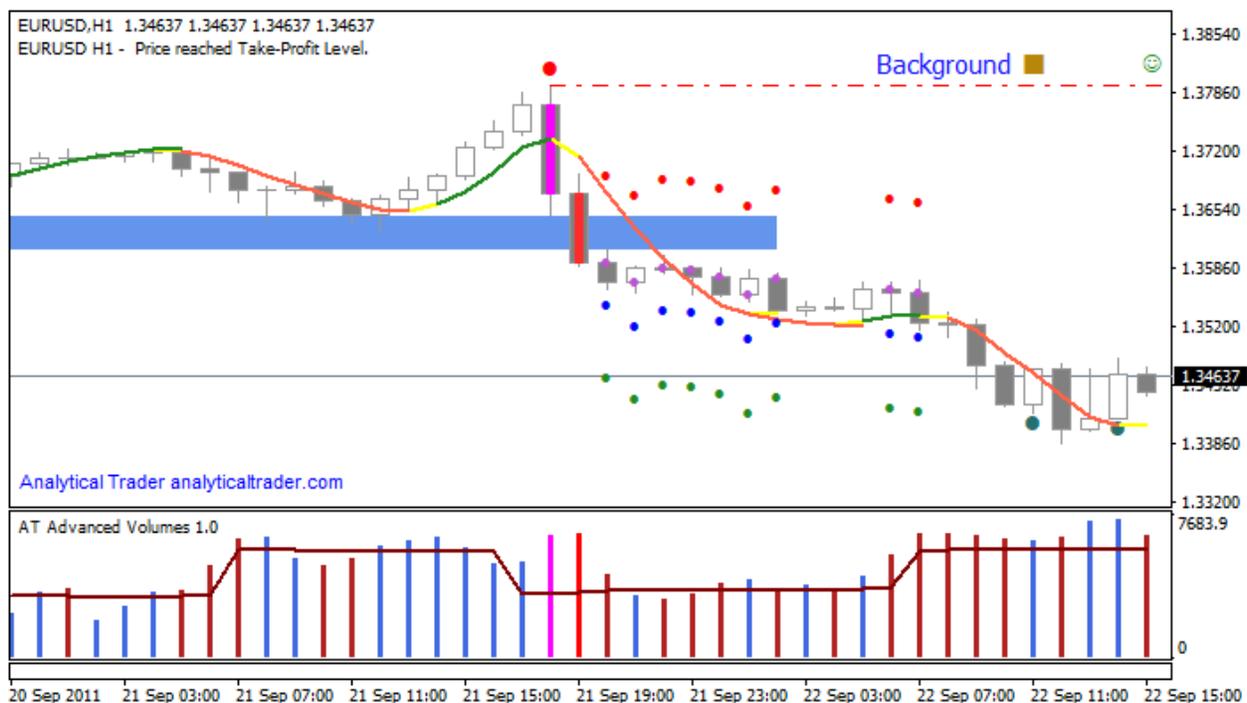
1. There is a **broken congestion zone** (close above previous resistance)
2. The **background is strong**
3. Market is **showing strength on the volumes**, on the breakout and before the breakout

Use a **Long market order**.

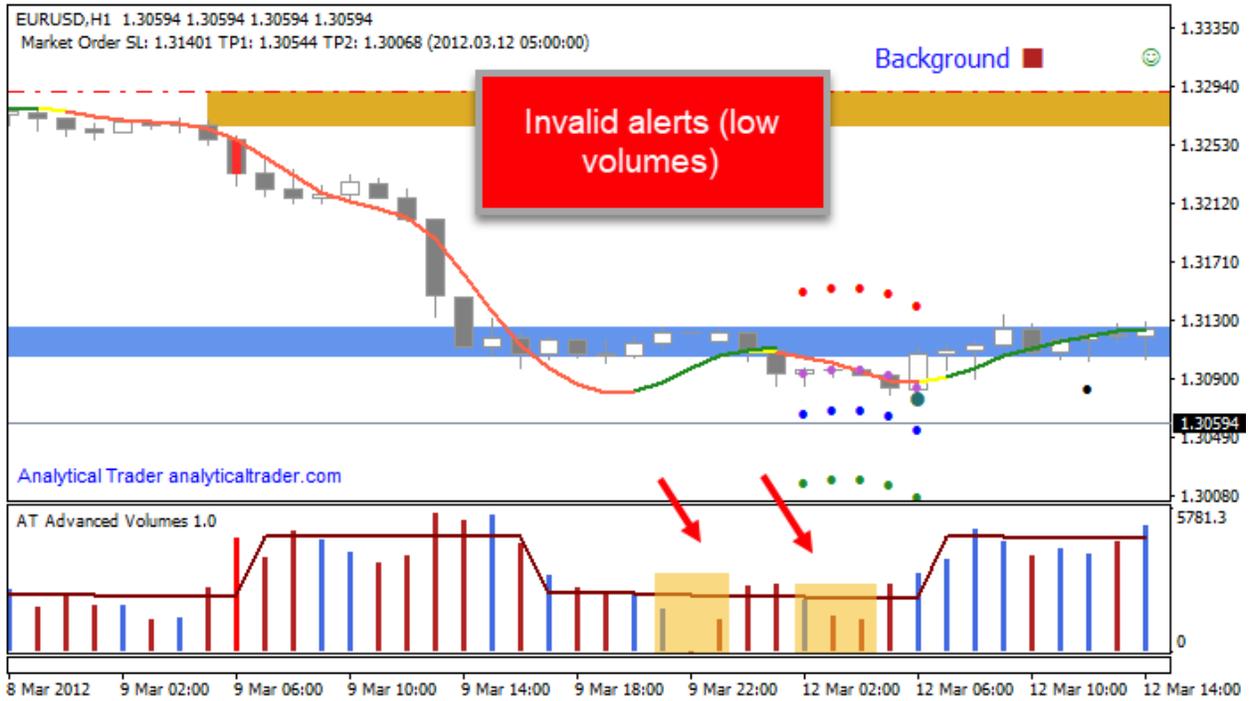
**On Blue Dot:** When it reaches the blue dot, move the stop-loss to break-even.

### How to trade with 'Congestions Breakout' Alert

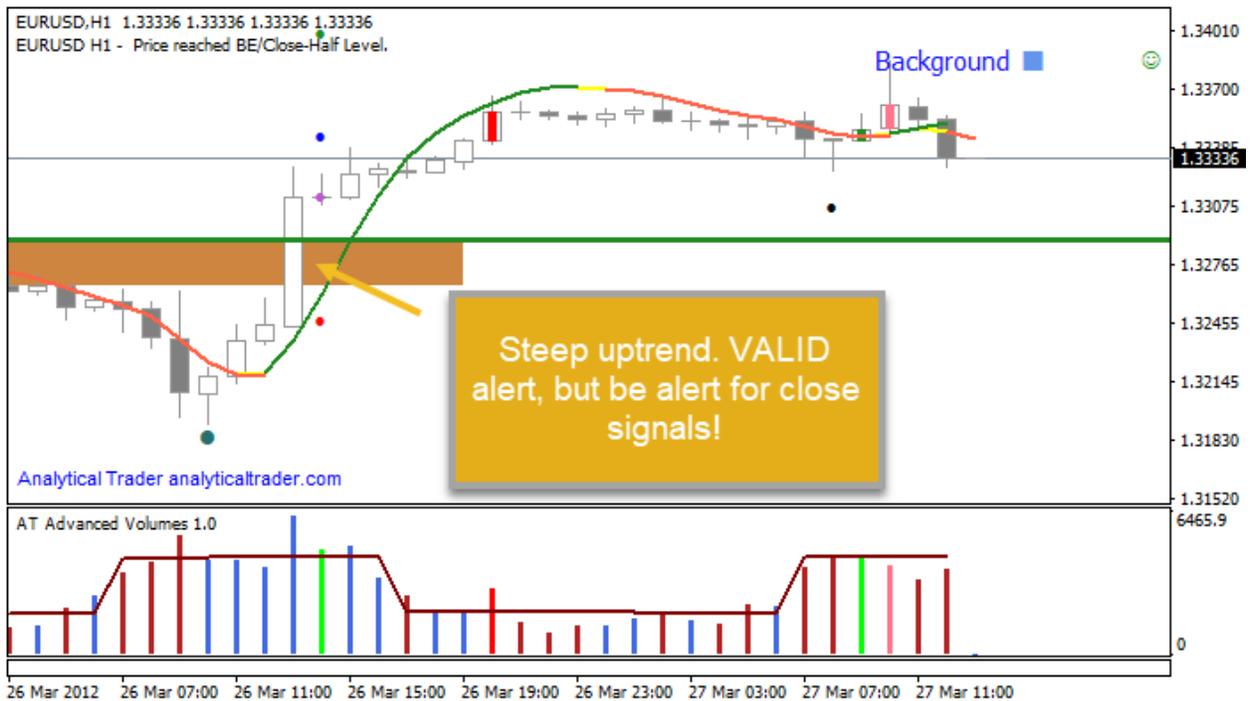
1. Use a market order to enter the trade. These short alerts were **VALID**.



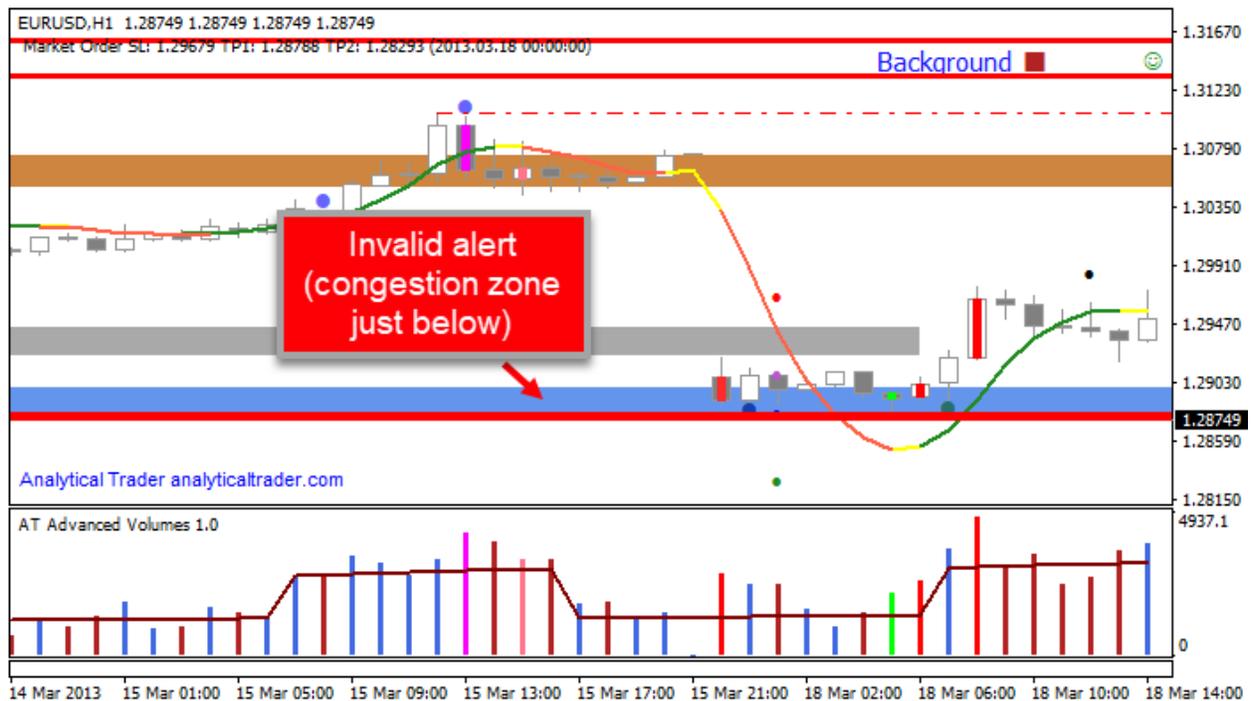
2. Look-out for low volumes near the breakout. These alerts are **INVALID**.



3. There was a steep uptrend (very wide bar) on the breakout. **Be alert for close signals for an early exit.** The alert is **VALID**.



4. There was another congestion zone just below the alert. Avoid taking any alert when this happens. The alert is **INVALID**.



## 9.9 OTHER SIGNS TO LOOK OUT FOR

Other signs that you should NOT take a trade:

- There was a very high volume bar (> 2x average volume) nearby
- If taking a long, don't take the trade too far from the closest short-term support (closest low)
- Avoid taking a long trade if there is a long-term resistance below the take-profit point.
- Avoid taking a trade if there is an important news coming

- Trade in a timeframe with a spread < 25% average range (use 'Spreads' indicator)
- Careful taking a long trade if prices are making new highs already (an exception is, of course, the break-out alerts)

## 9.10 CLOSING THE TRADE

The market conditions can change very quickly, and one should be able to react quickly when they do. Even before reaching the take-profit or stop-loss, there are some signs that should make you consider closing the trade:

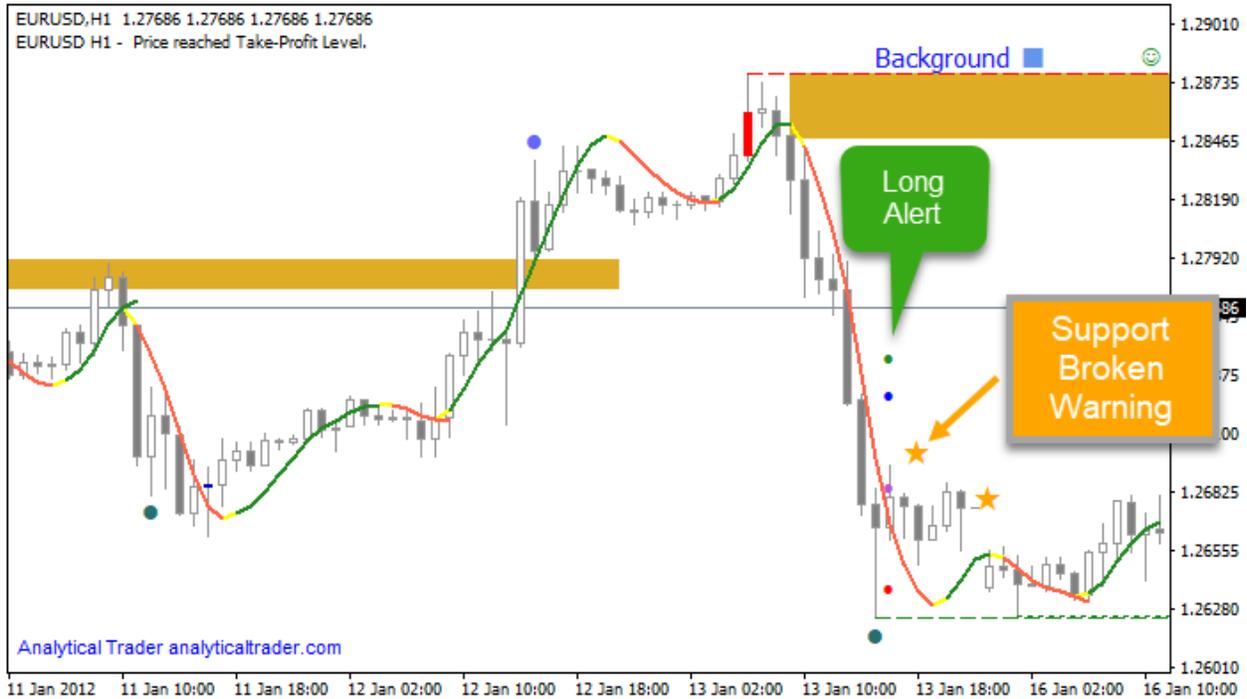
1. A **wide down bar, on high volume**, can be an early warning to close the trade.



2. If the price isn't moving towards the target, and **20+ bars have passed**, it's a sign to close the trade.



3. When a **support is broken** after a LONG alert, it's usually a good sign to close the trade earlier.



4. **Strong VSA signals** often provide an early warning of a reversal.



5. 'Strong action' after a short alert is not the most common warning, but it's a very powerful one that tells you should close the trade rapidly.



6. Important news. **CLOSE position** 5 minutes before the release.

## 9.11 STATISTICS ON THE ALERTS

As of VSA version 4.72,

- The **winrate** for the alerts is in average between **65%-70%**. 'VSA Signal + Background' has the lowest winrate, at 62%, while the breakout has the highest winrate at 70%.
- The average **reward-to-risk** is **1.4** (1.4x higher reward than risk).
- In the 15 minutes timeframe, **the frequency of VALID alerts is 1 alert per 2 sessions**. That means that using 6 pairs just in the 15 minutes timeframe, you would be expected to get 3 alerts a day. Merging other timeframes and more pairs, you can easily be looking at 10 valid alerts a day.
- Comparatively, the **difficulty to trade** 'VSA Signal + Background' and 'Dynamic Trend' is lower than in 'S/R Nearby' and 'S/R Breakout'. As difficulty, it means the attention and number of factors/bars that you need to check before going in.
- The **alerts efficacy** doesn't change significantly by pair.
- In lower **timeframes** (hourly and below), 'VSA Signal + Background' and 'Dynamic Trend' tend to be more effective than the others. In higher timeframes (4 hours and above), the S/R alerts perform better. Nonetheless, the difference isn't a major one, and they can all be used interchangeably.
- For the sake of **diversity**, it's recommended to use at least 3 strategies.
- The results can be reproduced in the Metatrader 4 tester. The brokers tested were Oanda and FxPro.

## 9.12 ALERTS FAQ

Below you can see the most common users' questions and answers:

### **1. If there is a new alert, and the older one gets erased, does it invalidate the previous one?**

No, an alert is never invalidated just because there was a more recent alert. The indicator just shows the most recent alert all the times, so you can focus on it; but if you were following the previous alert, you can still trade it. To find the previous values, you can go to View > Terminal > 'Experts', and the message with the alert information will be there. If you lock the alert, you will also prevent this from happening.

### **2. When is an alert invalidated?**

An alert is invalidated when either:

1. It goes against the pre-requisites and rules explained above.
2. 3-5 bars have passed since the alert
3. There are closing positions signs since the time of the alert. For example, if there are supply signs after a long alert, you shouldn't take it anymore.
4. For STOP orders alerts, price touching the stop-loss dot before the execution price dot invalidates the alert

### **3. What win-rates and alerts frequency can I expect?**

Kindly check the section 'Statistics on the alerts'.

### **4. What pairs and timeframes are recommended?**

Every single one of our indicators analyze supply and demand, which can be applied to every pair. We also use scale-less variables which adapt to any chart. Because of this, you can use them in any pair and timeframe, of course, AS LONG as the spread is right – the 'Spreads' indicator will give this information. Some alerts perform better in certain timeframes, check 'Statistics on the alerts' section for more information.

### **5. Do I lose the alert if I switch timeframe?**

No, Alert System saves the dots of the most recent alert, so that you can switch timeframes freely.

### **6. Are alerts sent by push notification and/or email?**

Yes, you can set it in the indicators settings so that the alerts are sent to your smartphone and/or email.

### **7. How can I lock an alert, and when should I do it?**

The last alert can be locked by clicking a small button 'L' in the top-right corner of your chart. You will receive an alert saying you have locked the last alert. Locking an alert prevents other entry alerts from showing up, and it will make sure the closing warnings will always refer to that alert.

It's recommended to lock an alert when you opened a position, so that you can always see the SL/BE/TP levels, and closing warnings are activated.

### **8. How can I unlock an alert?**

An alert can be unlocked by clicking a small button 'L' in the top-right corner of your chart. You will receive an alert saying you have unlocked the alert.

# 10. Help & Suggestions

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Feel free to contact us through the website (email or social networks), for any questions related to the guide and indicators. We realize that the guide is extensive, and that you may want to get help understanding the concepts.

Looking back from 2014, when Analytical Trader was founded, we implemented most of the features due to clients' feedback, and so, we are also always open to receive your feedback and suggestions.