Hidden Gap

Chart analysis

in

FX Factory VSA forum

1) First chart:

A: Wide spread down candle on climatic volume closing off its lows with the next bar up-Demand enters here.

B: Key Reversal Bar: candle makes a lower low, opens higher than the previous close, closes higher than the previous candle and closes higher than it opens. More demand is seen here. Volume is still climatic, but it is lower than the previous bar.

C: We have just seen major signs of strength and the next bar is a down bar on volume less than the previous two bars, on a narrow (NR4) range. This is no supply.

D: Not VSA, but this candle engulfs the body of the no supply candle on increasing volume. This happens in the place we would like to see it- the supply/demand delta zone. Or put another way, within the range of previously high volume, we are now seeing little volume.

This means that the activity triggered by trading into this area (to the down side) has now dried up. The path of least resistance is up. Get long.

2) Second chart shows some of the key areas for Monday. If you were trading late in the day, there's a great entry/add on at the No demand within the Supply/Demand Delta Zone.

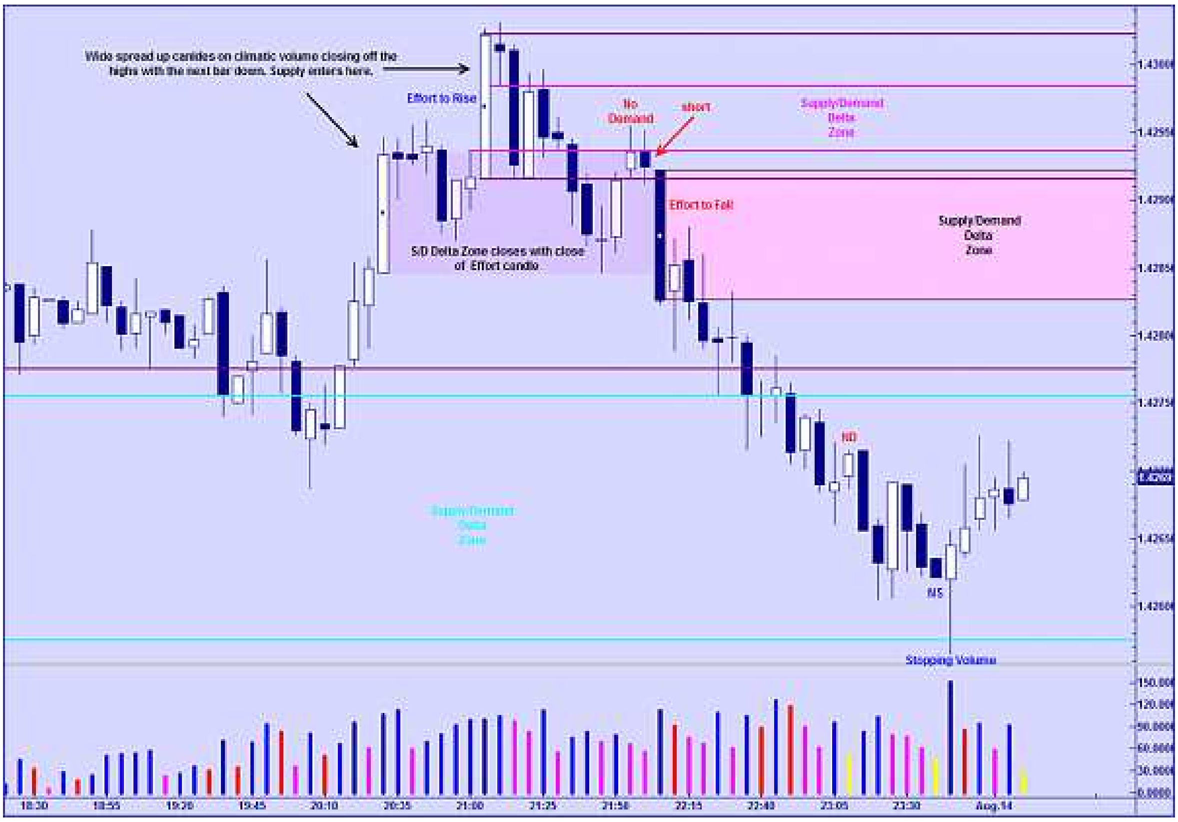
I am going to reveal something that has never been revealed: If you place a Fib retracement tool on the low and use the No demand on the upper left as the top, the 50% line is on that Effort to Fall candle. Put simply, it acts like a "measuring" gap. Some would be afraid to enter hear, but those in the know have reason to believe that the move is only half over.

3) Here's a look at a really nice set up.

First we get a wide spread up candle on very high volume. We note that the next candle is down. Supply (weakness) must have entered here. Momentum takes us higher, then we see a second wide spread up candle on very high volume with the next bar down. More supply entering the market. Note that the next bar in addition to being down, it is a narrow range bar on increased volume: a squat.

We don't enter here. What we want to see is a narrow range up bar on volume less than the previous two bars: no demand. Two bars later we do get an up candle with volume less than the previous two candles, but the range is not really narrow.

The better entry comes 7 candles later. A narrow (NR4) candle on volume less than the previous two bars closing in the lower portion of its range. This candle also makes a higher high and not a lower low. This is the ideal type of no demand bar. Note that we are now seeing a low volume candle in the range of a previously high volume candle. To the extent that there was buying on that second wide spread candle, we see no return of the buyers as price trades in this area again. The Smart Money is not interested in higher prices at this time. Two candles later, we see a dark candle that is an effort to fall confirming there has been a change in the supply/demand dynamic.



4) First, I do not use the term WRBs. I use Expansion Body 4s (EB4) and Expansion Body 7 (EB7).

Many have heard or seen the terms Narrow Range 4 (NR4), Narrow Range 7 (NR7), Wide Range 4 (WR4) and Wide Range (WR7). These terms are ways of talking about price volatility. To these I add EB4 and EB7. EB7 refers to the width (range) of the open to close rather than the entire width or range (high to low) of the price candle/bar.

The basic idea is that volatility ebbs and flows. Periods of high volatility follow periods of low volatility and vice versa. That is why some traders look for NR4 or NR7 bars and will trade the breakout of that bar expecting to profit from the volatility increase. Conversely, some traders would look to exit on WR7s expecting the volatility (price movement) to lessen.

What does this have to do with VSA?

Well, the ideal no demand or test bars will be NR4s or NR7s with volume less than the previous two candles. Yes, there is a correlation between volatility and volume.

Let's move back to the EB7. Many contend that the distance between the open and the close most accurately displays the actions of the Smart Money. Hence, leaving volume aside for a moment, the wider the range between open and close (the body) the more active are the players that matter most: the Smart Money. Well another way to see this activity is to see it as volatility (price movement).

An EB7 creates a "pocket" of high volatility, measured from the open to the close. We would expect that as price returns to this pocket of high volatility, volatility would decrease. This is a refinement of the low volume signal within the range of a high volume bar. The range has been refined from high to low to mean only the open to close. And volume (for now) has been replaced with volatility. Ultimately we combine both volume and volatility of course. So, we are looking to trade the breakout of low volatility that occurs within a once high volatility area. This is seen on the chart were we have a EB7 whitch is an Effort to Fall followed by sideways movement in price. Price then moves back into the range of the body of our EB7 candle and we see a NR4 bar closing off its highs on volume less than the previous two candles: No Demand. This is our "high probability" trade set up area.

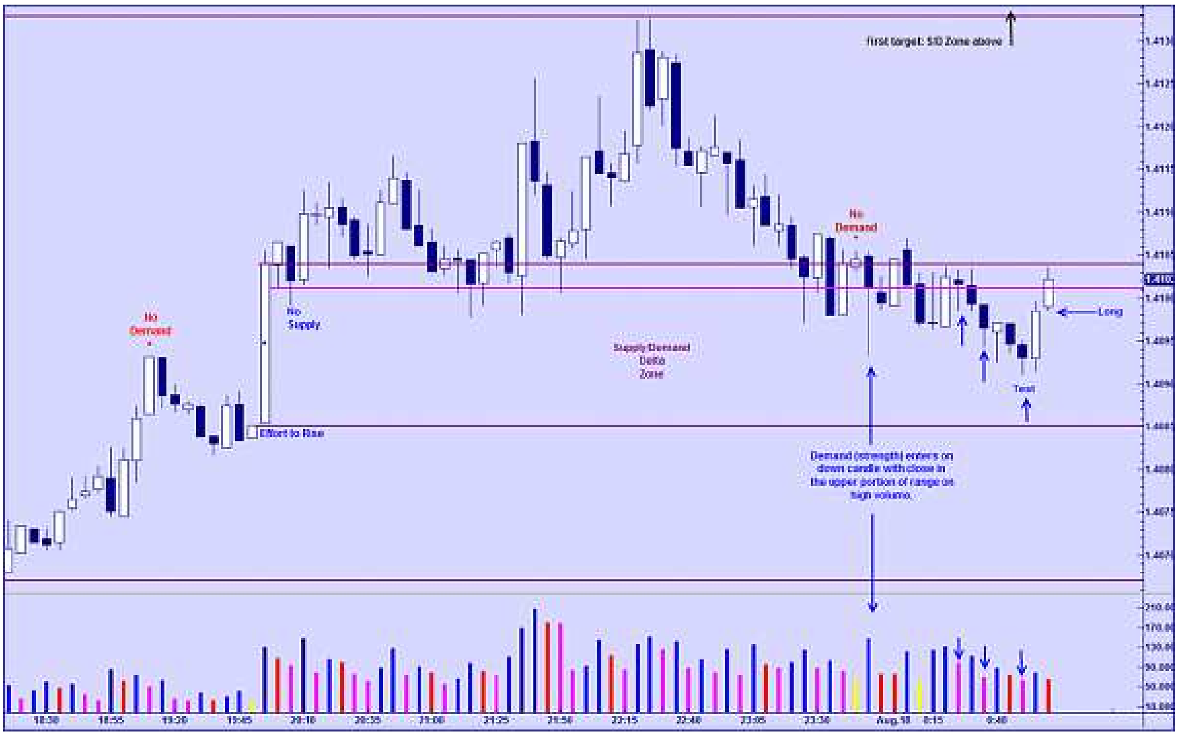
Let's bring some more VSA into the equation. Notice that this EB7 (yellow rectangle) has increasing volume, but the volume is not that high. We know in general that bearish volume is increasing volume on down candles and decreasing volume on up candles. We also note that the close to open range almost encompass the entire candle's range. Plus we note that the midpoint of the candle is lower than the low of the previous candle. All this tells us that this is a bearish bar. Supply enters here. However there was some buying as the next bar is up and prices start to drift sideways.

Now skip ahead to the no demand bar at the top of our zone. As price has moved into an area where there was increasing activity, we now see activity decreasing. If there were a lot of *buyers* on that Effort to Fall bar, a return into this area of the price chart has not brought them back or brought new ones in. Therefore there has been a change in the Supply/Demand dynamic in the market as evidenced by the candles within this range. The Smart money that were actually selling on the Effort to Fall are still bearish and therefore are not interested in higher prices, so we see little activity on an up bar. Which we call no demand. We can look for high probability set ups within this area until it is closed. A close both above and below with price action thru it would close the zone. Some zones are special and do not close, for example the zone with the black and green lines is not closed even though price has closed on both sides of it.

5) First quick look at the Euro/USD (5 min.):
The BBs pushed thru supply on a wide spread (EB7) candle with very high volume. This candle was also an Effort to Rise candle and also tells us that there has been a change in the supply/demand dynamic in the market.
Edit*:
Markets don't like high volume up candles, because they could contain hidden selling. Sometimes, however, high volume up bars mean strength. If we look to the left and see tops and see an immediate test after the up candle, it is more likely strenght not weakness. Absorbption volume.

6) We have seen a wide spread (EB7) candle on very high volume push thru supply. This is strength. When weakness enters, it enters on up bars. This up bar is strength, however, and we see an immediate no supply bar confirming this.
The thing we notice is a wide spread down candle that closes in the upper portion of its range, creating a long shadow in the process. Buyers stepped in and pushed price up. We know strength, when it enters, enters on down bars. If this bar had been weakness, then the close should be lower in the range.

Next look at the series of there blue arrows. Each is a form of test/No supply. Notice how with each on the volume decreases. Simply, sellers become more and more disinterested.
Our last clue (not vsa), the last test bar is basically engulfed by a white candle with increasing volume. From a pure VSA perspective, it is an up candle closing near its highs on higher volume following a test: Strength.



7) Here's a chart of the Euro (5 min). Just wanted to compare and contrast two candles.
A: Narrow range up bar on volume less than the previous two candles. The close is off of the high, which shows weakness. But notice the low. It is lower than the previous candle and the close is up from there. Support enters the market here causing the candle to move off its lows.
The next bar is an Up Thrust, which goes to confirm the overall weakness in the market.

B: In my opinion, this is the best place to take a short. We see a narrow (NR7) candle closing near its low on volume less than the previous two candles. This no demand turns out to be a Doji. Knowing that is not VSA, but it does make add extra weight. Since we know Dojis are signs of indecision. We also note that this candle is an inside bar. Making a lower low, would not be good, making a higher high would be best, but making neither is also good.
The point: Not all up candles on volume less than the previous two candles are created equal. Obviously, A gets you a few more pips, but we can give a few pips for increased probability.

8) Test: an ideal test will be a narrow range candle that closes lower and in its middle or high on volume less than the previous two candles. It is confirmed with a higher close in one of the next two candles. Ideally, a test will make a lower low than the previous candle. As the BBs are probing lower to find supply (Sellers). They can however, be inside candles: not making either a higher high or lower low.

A: This is a test. It is a narrow range bar (NR7). It does not close near the high of its range, however. It also does not make a lower low.

B: Up bar on increased volume closing off the highs and in the lower portion of its range. The up close confirms the previous bar as a test. The increased volume with a close in the lower portion, however, shows weakness.

C: Wide spread candle that closes below the low of the test bar. This is NO RESULT FROM A TEST. There are two way a test can fail:

1. no up close in the next one or two bars
2. Volume can be too high.

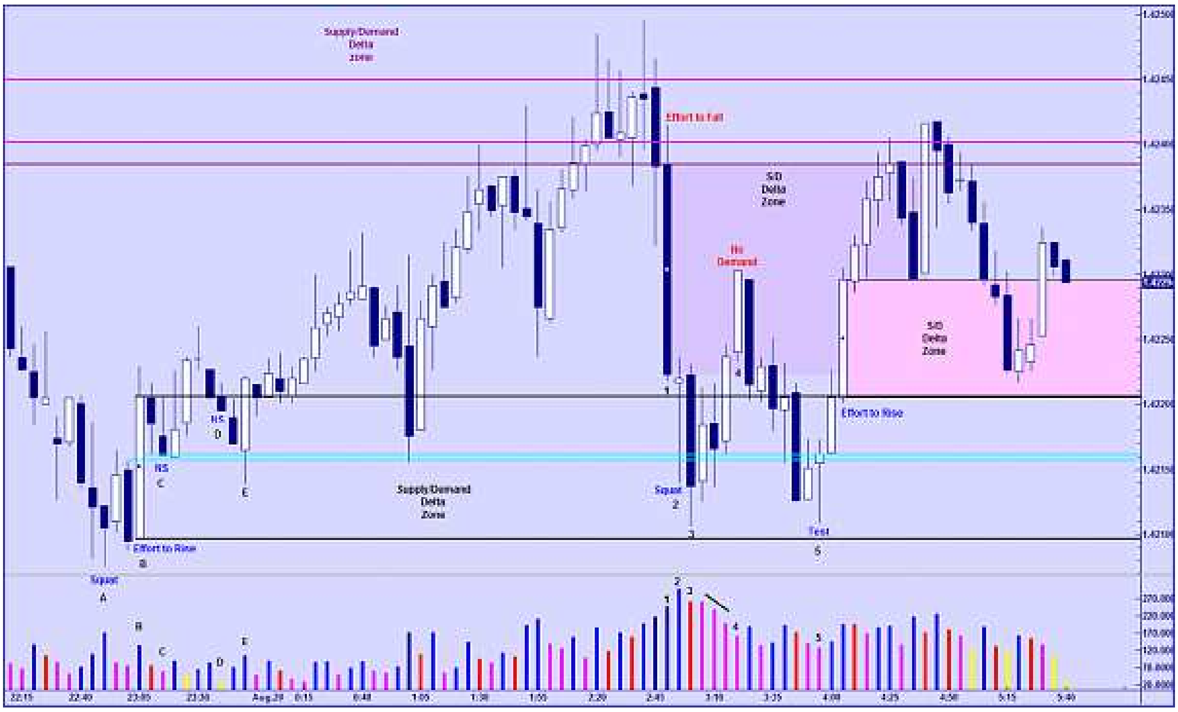
What we see here is a positive test, but no result. Once we see the up candle we know the test was good. Once we see the effort to fall close lower than the low of the test, we know we are not getting the results we should from a successful test. We bring a little Japanese Candlestick analysis in and note that the VSA effort to fall candle is also engulfing the test candle and the up candle. Serious weakness.

9) Euro/USD had been range bound.
That doesn't mean there weren't a few pips available
But let's take a look back. 2 trades here to the long side.
Trade 1 :

A: Narrow Spread on a down candle that closes in it upper 1/3 on increased volume. This is a squat. Strength (demand) enters here.
B: Wide Spread (EB7) that closes up but off its highs with the next candle down. Volume is not that high, so although the close off the high and the next candle down signal some weakness, we know there was more strength in the candle. Markets don't like up candles on very high volume, because there could be hidden selling within them. However, bullish volume would be increasing volume on an up candle (and decreasing volume on a down candle). It changes when the amount of volume reaches relatively high levels.
C: First place to look for an entry. Narrow spread down bar on volume less than the previous two candles. We have strength in the background and now we see no supply.
D: Price moves up a bit and then starts to fall slightly. On D we see another no supply. Again, volume is less than the previous two candles and the range is narrow (NR7). The next candle, however, is not up. This might be a place to enter, if you enter without confirmation. But if you were entering on a breach of the high, it did not happen on the next candle.
Note that the volume on D is yellow: lowest volume bar in the last 20 bars. No desire for lower prices here.
E: Wider spread candle that opens lower than the previous bar and makes a lower low then closes on it highs and higher than the previous close on increasing volume. Professional support (for higher prices) enters here.
We also note that this candle engulfs not only the previous candle but the no supply candle which is two candles back from E.
If you are not yet long, this is it. Prices are likely to move up to the S/D zone above us, so we have a price target in place......

Trade 2:

1: We see a very wide spread (ER7) down bar on ultra high volume that is also and Effort to Fall. The close is off of the lows and the next candle is down. So we know that some buying must be hidden in this down candle. This is a candle of strength.
2: A narrower candle that closes near its highs and closes down from the previous bar on increased volume. This is a squat. The Long Shadow tells us that buyers stepped in as prices fell. If this bar was bearish, the close should be on the low of the candle, not in the upper portion.
3: This candle is down. The volume is less than our squat candle and the close is off of the low with the next candle up. This is a sign of strength. It's a bit tricky but what weakness this candle shows is not yet enough to swamp the strength we have just seen.
4: Things get even trickier. 4 is a no demand within a S/D zone created by the Effort to Fall. In addition, notice that the candles leading up to 4 all have decreasing volume as they rise. This signals that there is not a lot of interest in the up side just yet. However, it still appears that there is more strength than weakness.
One would be justified in taking a short here, regardless of outcome.
5: This is a key reversal candle and a test all in one. From a "test" point of view, we have a candle with volume less than the previous two candles that is marked down and then marked back up to close off its lows and in the upper 1/3 of its range. Making a lower low than the previous candle, but closing higher signals that support came in at the lows and pushed prices up. From a key reversal candle standpoint, we have a candle that makes a lower low, opens above the close of the previous candle and close higher than both its open and the previous candles close. And off of its high. If you got short the no demand, time to stop and reverse. If you saw the strength and ignored the no demand, now you have confirmation of that strength. Get long.
Two candles later, we have an Effort to Rise candle (EB7) confirming the change in the supply/demand dynamic in the market. Our target, the same Delta zone as the first trade.



10) VSA teaches us that the ideal place to initiate a trade is a within the range (H-L) of a very high/ultra high volume candle (technically bar since VSA does not use the open). Using a completely different form of analysis, Expansion body analysis, we can refine this concept in such a way as to define the ideal trade location to be not the entire range, but the body (open to close).

We want our Expansion body to have certain characteristics that detail certain VSA principles and some other principles of price action in general. This affords us a better understanding of the price action prior to the appearance of a signal and thus gives us more confidence in said signal. This is a VSA thread, so we want to keep things along those lines. But, once we understand the price action and the significant expansion body, we could take any type of signal. In other words, if you used a cross of MAs to enter the market, the ideal entry would be a cross of the MAs within the Supply/Demand Delta Zone. This of course makes sense by definition.

The Ideal Expansion bodies will first be EB7s. That is, the body will be the largest body of the last 7 candles. Again, this relates to volatility and NR4 and NR7 bars.

We also like the bar to be a "buying" or "selling" candle. So if it is an up candle, we do not want it to make a lower low than the previous candle but we do want a higher high. If it is a down candle, we do not want it to make a higher high but we do want a lower low.
Next we would like to see that the body (Open to Close) makes up the majority of the entire candle's range. Hence we like to see the close in the 80,85, or 90% of the range with the open in the lower 20,15, or 10%.
From a VSA perspective, this generally means that an up candle closing at these percentages is showing strength. As volume increases, however, the close hints at supply swamping demand. (more on this in a minute).
As volume increases the requirements for the close ease up. At the base level, volume less than a Moving average of volume, we would want the highest close requirement which is 90%. This is because we would be looking at an "Effort" candle. I also added the additional requirement that such a candle with this amount of volume have an increasing MFI (range/V). This basically shows ease of moment, or the ratio to volume to range. We also use range X volume to determine climatic action.
So let's cut to the chase.
Attached is a 5 min chart of the Euro.
At 10:00 NY time the Fed Chairman begins speaking. As a result we get a Wide Spread up candle on climatic volume (dark blue) closing off its high with the next bar down. VSA tells us that when weakness appears, it appears on up candles. Since the next candle is down, there must have been some selling in that candle. This is the reason markets do not like up candles on ultra high volume. We know the Smart Money is active because of the volume AND because of the width of the candle body.
Taking a closer look at the close. We see that it is off its highs, but it is at least in the 80% of the candle's entire range. Had the volume been less, an 80% close would be seen as bullish. In this case it can not be completely viewed as such because the volume is so high.
So we have a candle with a bit of duality. On the one hand it is an Effort to Rise which is bullish. On the other hand it represents new supply coming into the market from the BBs and is therefore bearish. So there is something going on in the supply/demand dynamic in this candle.

Price does indeed fall. But that is not what we are actually concerned about at this moment. What we are concerned with is the fact that this area now represents an area where changes in the supply/demand dynamic have happened, and therefore should continue to be an area of change until it is closed. In other words, what happens we price enters this area (either from above or below) the next time?So when we look at this candle we see that there was a change in the supply/demand dynamic. Prices went form moving up to moving down. Will sellers continue to step in at this region and force prices down the next time they reach this level? Or will new demand enter in the form of buyers and push prices up?

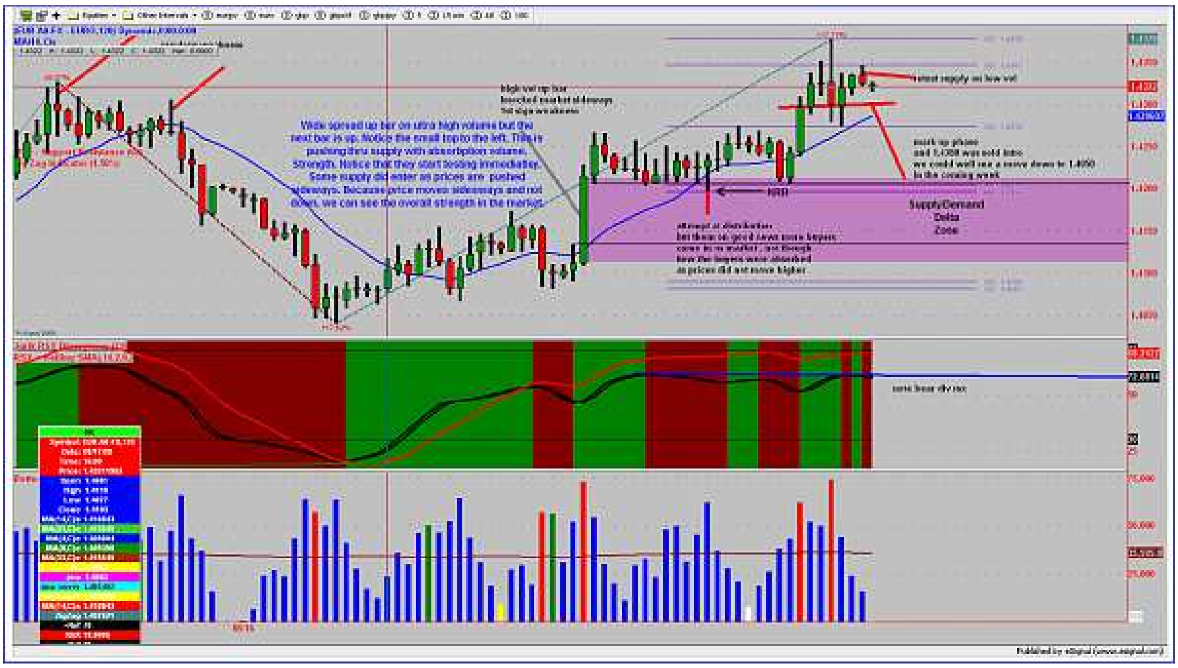
That is what the Supply/Demand Delta Zones are all about. They represent the market's own best interpretation of where the current support and resistance can be found. More importantly, and what is actually ment by support and resistance, this is the area where any changes (or contiuation of the current) supply/demand dynamic would show themselves.

As expansion body analysis is independant of VSA, one could define significant EBs thru price action alone. Like swing points (there are many ways to define swing points). That is not what I am doing, however.

11) I would agree that the wide spread up candle on ultra high volume is Strength. While markets do not like up bars on ultra high volume, in this case it is "pushing thru supply". The heavy volume represents a willingness of the BBs to buy at higher prices. If the BBs are willing to buy at high prices they must be expecting EVEN HIGHER prices.

Note that this EB7 creates a Supply/Demand Delta Zone and note how price has reacted as it has tried to move into it. Clearly a change in the supply/demand dynamic happened on that EB7.

To be sure, some supply did enter on that candle. However note that the supply only moves the market sideways. The fact that it moves the market sideways and is not able to move it down, bespeaks of an underlying strength in the market. The bar marked attempt at distribution is a "Key Reversal Bar" type. Notice that it makes a lower low than the previous bar. Opens higher than the previous close and closes higher than the previous bar, and higher than its open. This is bullish. In this case there is not down move to reverse from, but it still shows the strength. Once again, headfake, nice work. Looking forward to many more charts and analysis from you.



12) Interesting set up in the Euro/USD on the 5 min.

A: Effort to Fall candle. Wide spread down candle on climatic volume that closes slightly off its low with the next candle up. Some Demand (buying) is hidden in this candle. Why else would the next candle be up? However, the sellers were in charge on this interval.

B: Up candle showing that there was some buying on the first candle. Notice that the range is narrower than the first candle and the volume is higher. This is a squat. Also note that the close is in the lower portion of the candle. This is bearish. The long upper shadow shows supply entering this candle as well. Is the supply/demand imbalance on the side of supply or demand? We don't know. So what do we do?

C: We test. Narrow range down candle closing in the upper 1/3 of its range on volume less than the previous two candles. So we have tested. But we need it confirmed.

D: Equal close to the test bar, with a long upper shadow showing some more supply. The candle does not make a lower low and volume increases.

E: This candle is down and closing lower than the close of the test. Our test has failed. We have now seen a candle closing lower on increasing volume after our test. Our test has failed.

F: Down candle on increasing volume, but the close is roughly in the middle of the range. There is buying (demand) on this bar.

G: Down candle on equal volume that again closes off its lows. Here again this candle makes a lower low, but demand steps in and pushes the close off the low. Ultimately we have a down candle on high volume. Generally speaking, increasing volume on down candles is bearish. Since our test (failed) candle, we have seen 3 candles with lower shadows. In other words, although they have closed lower, they have closed off the lows as volume increased. There had been some buying in them.

H: This is a test. To Japanese candlestick traders this is a hammer. From a VSA perspective. This is a candle on volume less than the previous two candles that makes a lower low but closes higher than the previous candle and in the upper 1/3 of its range. Prices were marked down to look for supply and none was found. If there had been supply in the market, the volume should be higher and the close should be lower in the range.

I: This is a key bar. Note that this is a down candle. We close lower than the previous bar. Since the previous candle was up, our test is confirmed. More confirmation comes here. There is no volume on this down candle. Notice the amount of volume on all the down candles since the first test (failed). Volume on down candles had been increasing or equal, now it is dried up. The supply is gone.

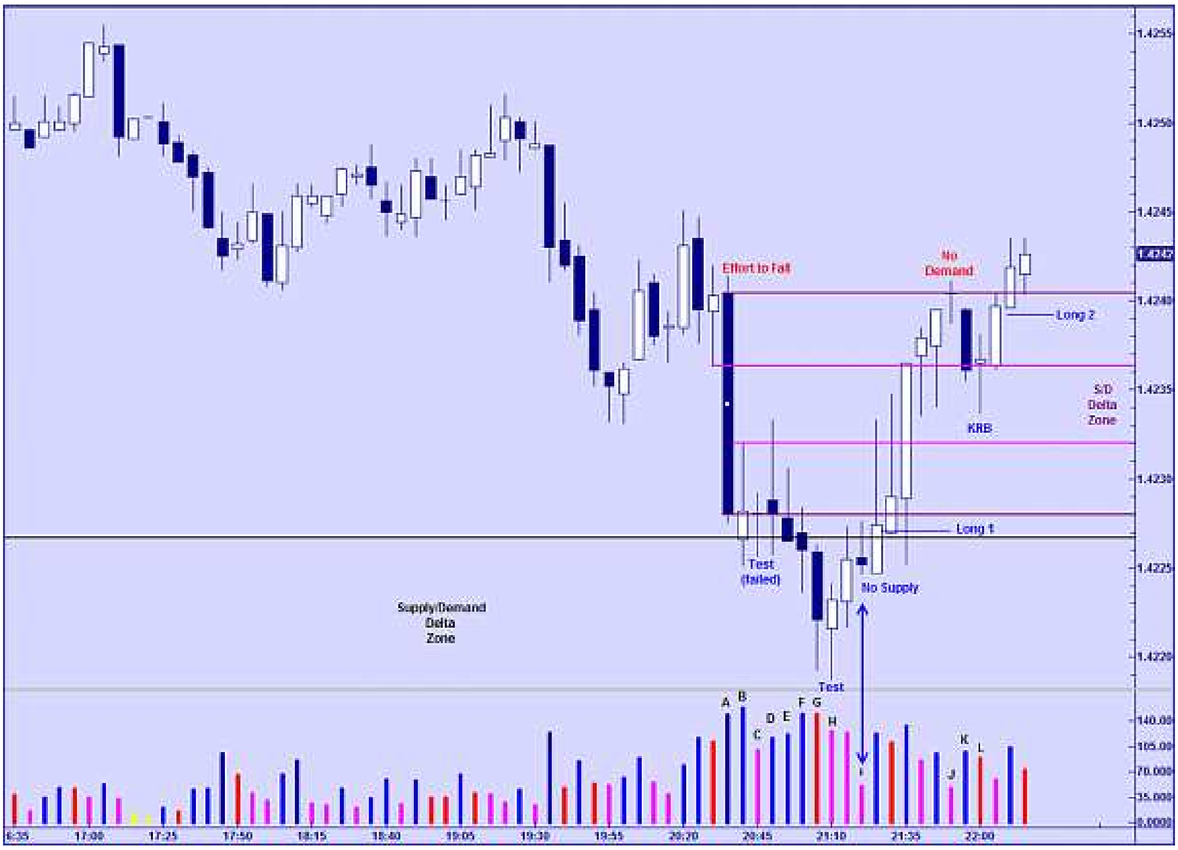
We also note that the next candle is engulfing this down candle. Long at the close of this candle.

J: As the market moves up, we see a narrow range doji on volume less than the previous two candles at the edge of the supply/demand zone. If we look back to the Effort to Fall candle, we see that in the price area where it began and brought in ultra high volume, we are now seeing no volume. Simply, sellers rushed into the market in this area, but are not rushing in to sell again. The BBs are not very active on this bar, just in case.

K: Down candle on increasing volume. One last ditch effort for the sellers to regain control of the market.

L: This is a key reversal candle. The open of the candle is higher than the close of the previous candle and the close is higher than the open and the close of the previous candle. The low is lower than the previous candle, yet the close is in the upper portion of the range. This is not quite a doji but pretty close.

If you viewed this as a test candle, then the volume is not less than the previous two candles and is a bit high. However, this candle is ultimately bullish. Again we see the next candle engulfing and closing up. Another chance to enter or add-on.



13) First we note the wide spread down candle. Although it closed on its lows, the next candle is up. Some demand (buying) entered on this candle. Volume is down from the previous bar, but it is still high.

Also note that the purple and pink lines are the lower lines of a larger Supply/Demand Delta Zone created by an expansion body from yesterday's large move.

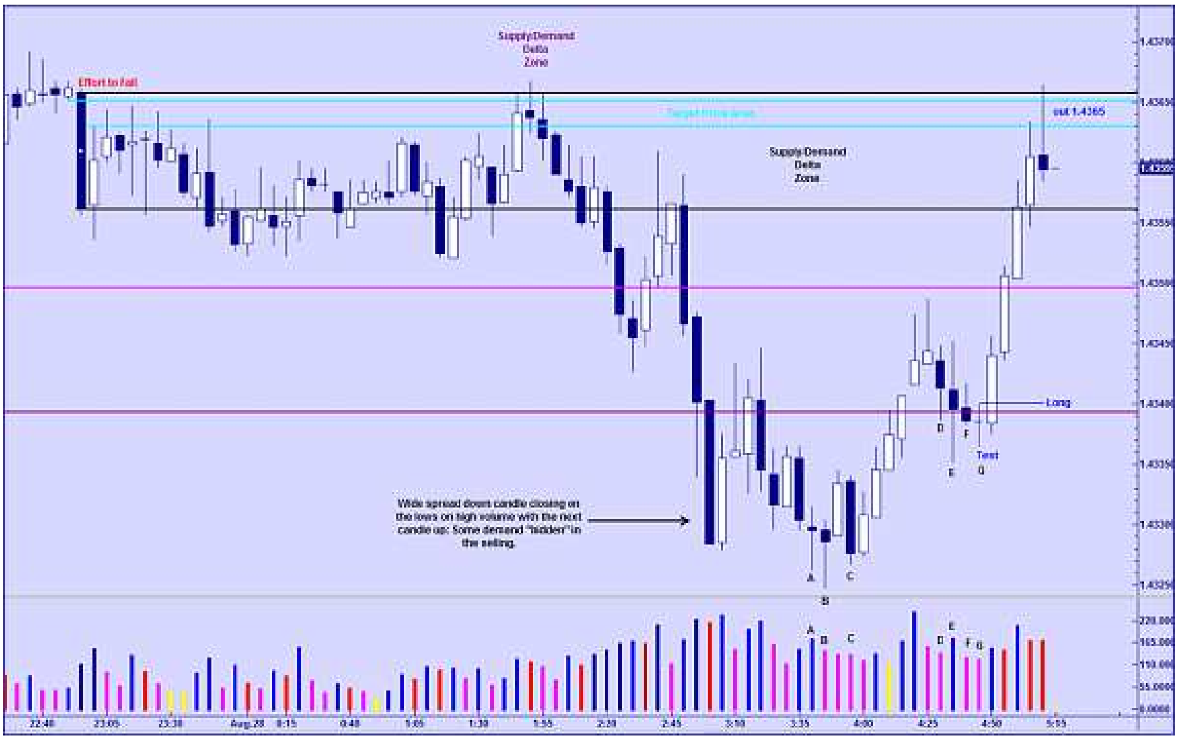
<u>The set-up</u>

A: Narrow (NR7) range down candle closing in the upper 1/3 of its range, but the volume is high. This is a failed test. Price can rise from a high volume test, but the rise is usually muted and likely to come back down an test again.

B: Tricky candle here. This candle makes a lower low on volume less than the previous two candles, closes down and closes in the upper 1/3 of its range. Could be another test. This makes sense as the previous candle (test) failed due to high volume. Some aggressive traders might enter on a breach

of this candle's high.
C: Increasing range on a down candle with volume less than the previous two candles. This is no selling pressure. Two things of note here. First, it closes lower than the two previous tests candles. Second, it does not make a lower low. It does 1 & 2 on lower volume. This tells us that the BBs are not interested in lower prices at this time.The market starts its charge upward (at this point without me).
D: Gaps are filled. This candle fills the gap. It is a down candle on volume less than the previous two candles and closes in the middle of its range. Both the volume and the close are bullish signs. Note that the volume on D is lower than the volume on C. Down candles are coming on decreasing volume at this point.
E: This candle breaks the down volume trend. It is a wide spread candle on increasing volume with the close in the middle of its range. VSA teaches us that high volume candles closing in the middle of their range and down are signs of strength. Notice the lower low. Support (demand) came in here and pushed price back into the middle of the range.
The herd sees the lower close on increasing volume and thinks selling. VSAers know better.
F: Back to low volume down candles. This candle does close near its lows but again the volume is low. Also note that the range narrows and it does not make a lower low than the previous candle. There is a correlation between volume and range and here both show little signs of Smart Money enthusiasm for lower prices.
Witness that price had re-entered the Supply/Demand Delta Zone and is now just barely peeking back out. Ideally, our test candle would be completely inside the zone. We don't get that.
G: What we do get is a narrow range down candle that closes equal to its open on volume less than the previous two bars that makes a lower low and not a higher high. This is a test. Note that the high of the candle is within the zone. Note also that the low, while lower than the previous candle, is no where near the low of the high volume down candle at E.
This is it: the price action we want to see, occurring pretty much where we want to see it. The first test at A failed. Price has moved up, but can only go so high without a re-test. Price did not need to fall all the way back down

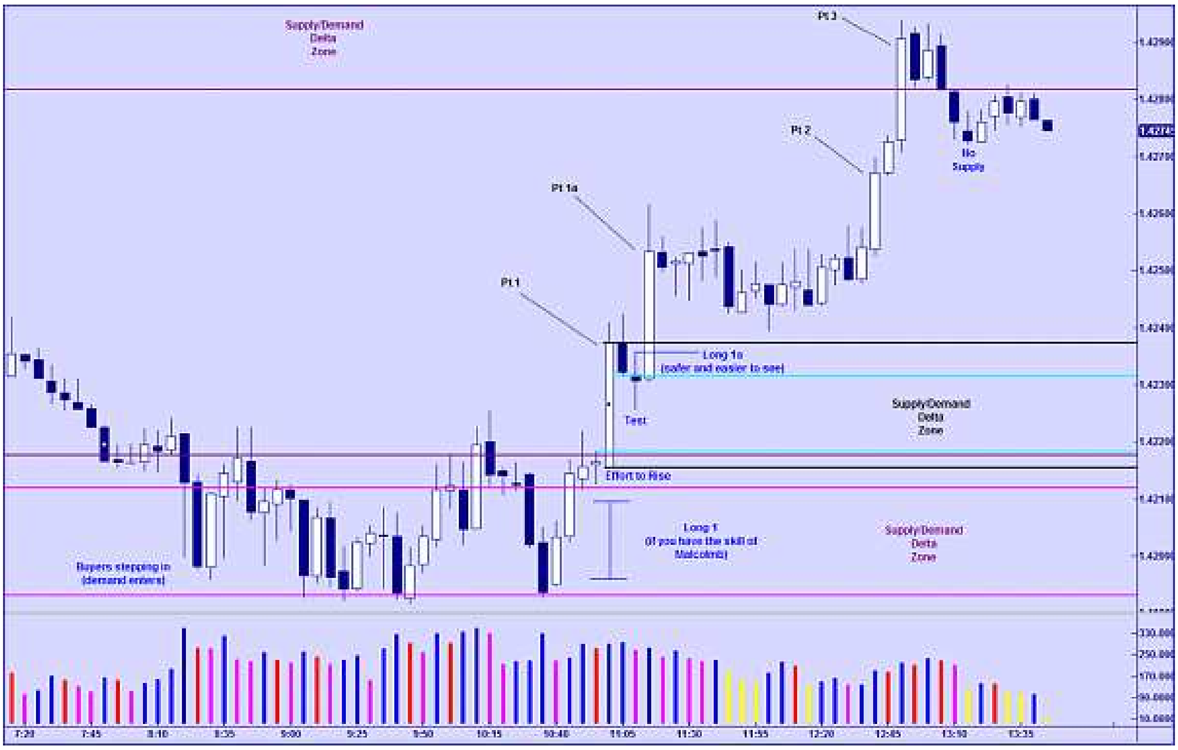
into the area of A to do this, however.
It "dipped" its toe just out of the support area and looked for sellers. None were found. The green light for higher prices was given.
Enter on next candle with a break of the high of our test candle.
Our target price is the Supply/Demand Delta Zone above us. Looking to our left, we can see the expansion body Effort to Fall that created this zone. We can also see how the prior down move came out of this zone.
Simply, it looks like a reasonable target area. Price shoots up and the trade is exited near the top of the Zone



14) This post is about an alternative way to put some pips in your pocket when the market proves you are in tune with it.
Let's first consider a couple of things about expansion bodies:
1. EB7s represent changes in volatility. Specifically spikes or increases in volatility.There is an ebb and flow to volatility. High periods follow low periods and vice versa.

2. EB7s represent key changes in the underlying supply/demand dynamic in the market. This is one reason thy make good places to look for trade set-ups. Markets move on supply and demand. Targeting entries in those areas, or zones, where there is a change in that supply/demand relationship only makes sense.
If you believe 1&2, then something else naturally comes in to play.
Once in a trade, we could use the appearance of an expansion body as a place to scale out of some of our position. After all, if an expansion body appears, #2 tells us that there may be a change in the supply/demand dynamic. #1 tells us that increased volatility has occurred and we might soon see a decrease in volatility. Two reason we might want to lock in some profits.
Take a look at the chart below.
Again, this post is not about entering the market. It is about ONE way to manage a trade for those who like to scale out.
But first, we do have to say something about entering this trade.
Notice how price moves down into a Supply/Demand Delta created by a significant EB7. We see buyers stepping in and price moves sideways. I am sure malcolmb would see an entry somewhere in this area. I have noted the area as long1. If you see an entry, more power to you (please post it).
The clearer entry point to me is on the test that happens as price pushes thru supply on an effort to rise candle. This entry is labeled long 1a. Gavin would call this the "safer" entry as the trend is up when the test appears. Or at least the evidence is to that fact. On to the scale outs.
With the appearance of an EB7, one can exit a partial piece of the position.
Pt 1: first partial exit, if you entered below.
Pt 1a: If you entered on the breach of the high of the test candle, then this is your first partial exit. Note that the same candle that brings you into the market also takes a partial out.
Also note in this case, what followed: Volatility decreased. In point of fact, volatility decreased after the effort to rise which set up the long entry 1a. But here it is does so even more. This decrease in volatility does not mean change in trend. It just means price for the moment is not going anywhere fast.
Pt 2: Following the natural ebb and flow, volatility picks up again after the

contracting period. The close of this candle is another place to partial out.
Pt 3: This EB7 is interesting. Not only is this an EB7 which would trigger a third scale out, it closes within the Supply/Demand Delta Zone of another EB7.
Another way to scale out or exit completely is to target the nearest overhead (in this case) Supply/Demand Delta Zone. So those who entered at either Long 1 or Long 1a could be targeting this area as an exit point anyway.
There is more than one way to skin a cat. For those who do like to scale out, expansion bodies offer a unique and market driven way to do it. In fact, you don't actually have to believe 1&2 to use them this way. 1&2, however, are about the "why".
edit*
To be clear, if you enter at Long 1 then there are 4 pts available. So Pt 1a is actually Pt 2, and Pt 2 is Pt 3, and Pt 3 is Pt 4



15) Beautiful trade.

"The downfall of most traders is to believe that the purpose of trading is to predict the future; rather than to identify trade set-ups within the context of their trading methodology."

News trading is a bit of a fool's game for the retail trader. VSA teaches us that the SM uses the news to their advantage. Many tops occur on good news and many bottoms are created when the news is at its bleakest.

That is why VSAers attempt not to focus on the reaction to the news, but instead the reaction to the reaction of the news.

Take a look at the chart below. This was a pretty interesting trade set-up that started on the NFP release. There was no need to know what a "good" number was or what a "bad" number was. All that was needed was an understanding of volume, range (spread), and close. Add to that a "place" where you would like to see what you are looking for and then you can pull the trigger.

A: This candle ends at 0830 hrs. The time of the release. Note that this candle already has very high volume. It closes down and makes a lower low than the previous candle. However, the close is in the upper portion on the range. There is demand (Strength) in this candle.

B: Things change. This candle has a wider range. It is an outside candle, making both a higher high and a lower low than the previous candle. Volume spikes up to ultra high. While the close is up from the previous candle it is well of the high of the range. Supply enters here. What is likely happening here is some SM bought into the report and are taking profits on the next candle.

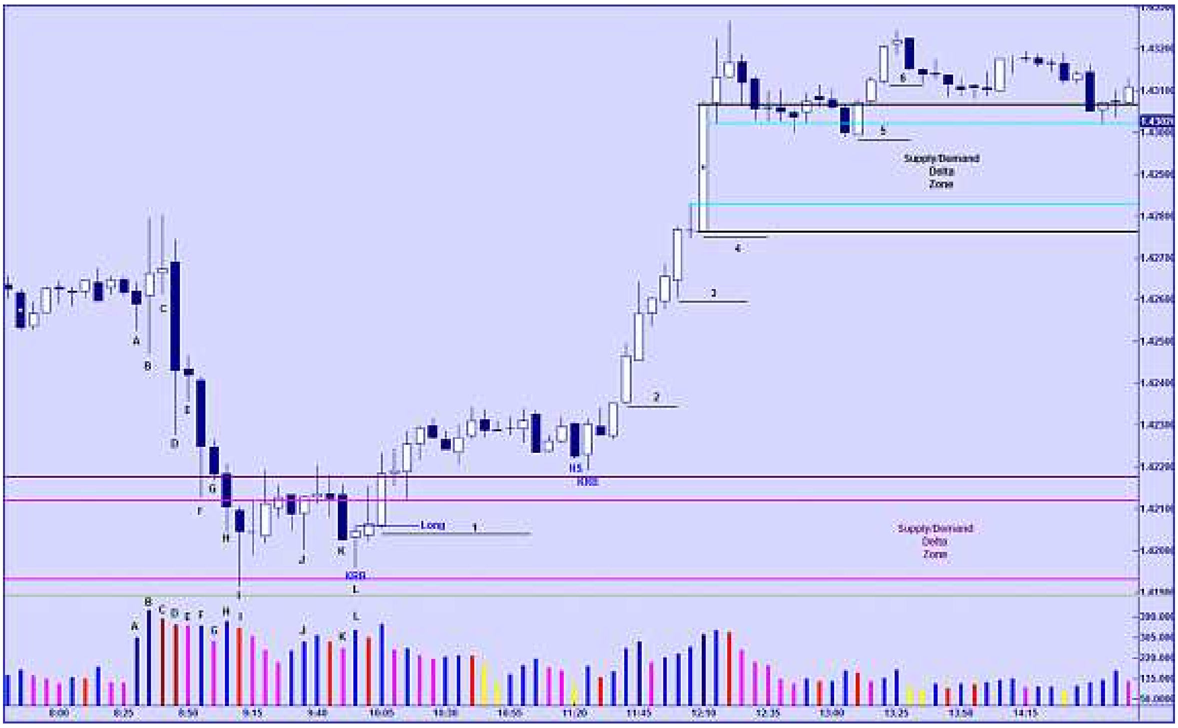
C: While volume is still climatic and very high, it is down on this candle. But the range is narrowing. This candle makes a higher high, then price is pushed down to close below the midpoint of the range (although still up from previous candle). the BBs are selling on this candle: weakness.

D: Supply swamped demand on the previous interval and prices now fall. We see a wide spread down candle. Note that the volume is actually decreasing and the close is well off the low. The close tells us that there is likely some buying "hidden" in this down candle.

E: The BBs see this, so what do they do? They test. A narrow range down candle closing in its upper 1/3 on volume less than the previous two candles

is a test. Although volume is less than the previous two candles, it is still relatively high. Which is one reason this test ultimately fails.
F: Down candle with increased range and volume. The range and the volume are only 2/3s of the picture, however. Look at the close. Here again we see a close that is well off of its low. Even as price is falling, demand is entering.
G: Another narrow range down bar with volume less than the previous two bars. This is another test. This time, the close is near the low of the range. Thus the problem with this test is the close.
H: Increasing range and increasing volume on this candle. Yet again, we have to look at the close. And again, we see that the close if off of the low.
I: This is an interesting candle. Volume is lower than the previous candle, but the candle makes a lower low. In fact, this candle makes the lowest low thus far. That is key. It's key because, while it makes the lowest low so far, it closes in the upper portion of its range more so than any of the previous candles. In other words, more support (strength) can be found in this candle even as it makes a lower low.
Even with 6 straight dark (close<Open) and down candles, we have seen buyers (strength) stepping in. This is our background.
J: Up candle closing on its high on increased volume. Here again we see a large wick. As before the wick shows buyers stepping in. Unlike before, however, the close is up and the candle is white. This is a place for a very aggressive entry.
K: Wide spread down candle closing near its lows on volume less than the previous two candles. This is no selling pressure. The supply has been taken out of the market now. If this candle was truly bearish, the volume would be higher. As VSA tells us, generally speaking, bullish volume is increasing volume on up bars and decreasing volume on down bars. This is an example of the latter.
J: Key Reversal Bar. This candle makes a lower low. But the open is higher than the close of the previous candle and the close is higher than both the open and the close of the previous candle. And this is done on increasing volume.
We have seen signs of buying as prices fell and now within the supply/demand delta zoned we see signs that the supply/demand dynamic has changed. This is our signal to get long.

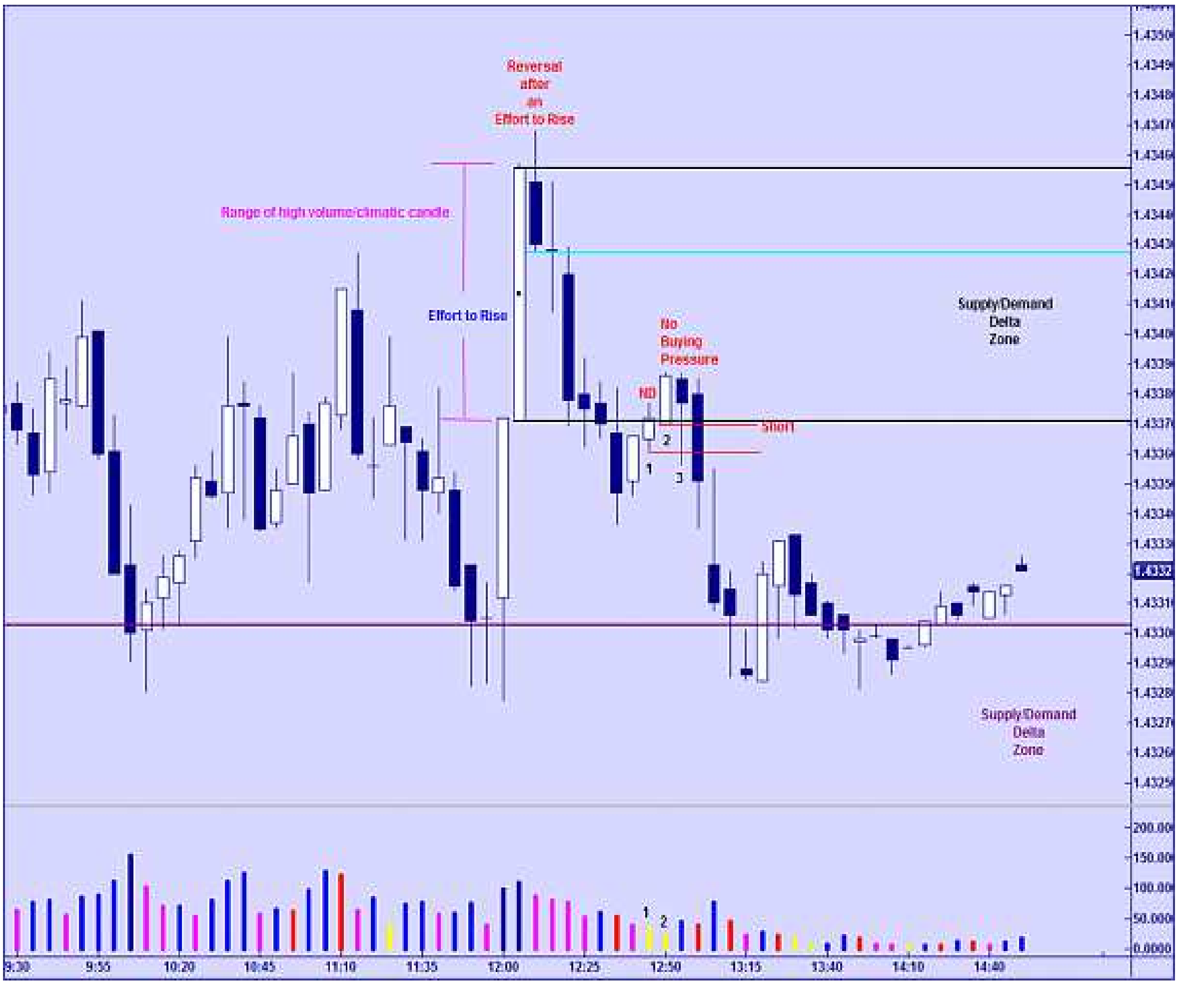
In my previous post I mentioned using expansion bodies for partial exits. Here I have shown an alternative method for those who like to trail their stop.
As we see expansion bodies in the direction of our trade, we move our stop to just below the low of that candle. So once we see #2 we move our stop to #1. After #3 is formed, we move our stop to #2. and so on. The key is that each successive expansion body must be making a higher high.
At #6, therefore, we have moved our stop to #5. But no more expansion bodies close higher than #6. Price meanders sideways and then moves down enough to take us out at #5.



16) Expansion body analysis (aka WRB analysis) is independent of both candlestick analysis and volume spread analysis. Therefore expansion body analysis can be done with OHLC bars and without regard to volume. One can define significant EBs and the resulting Supply/Demand Delta Zones thru price action alone. Expansion body analysis is a form of volatility analysis. Volatility is correlated to volume. In fact, some say volatility is

better than volume and you can "see" volume in expansion bodies.
I disagree with that. So most of the ones I am concerned with have a volume component in their definition. One sub-group has climatic volume as one of its requirements.
* I spent most of yesterday watching Tradeguider webinars on the site and at Youtube. Gavin repeatedly said, "the best place to take a short is on a no demand (or low volume signal) within the **range** of a high volume bar".Expansion bodies and the resulting supply/demand delta zones are a refinement of the range. The body is the O-C of a bar/candle. VSA does not look at the open.
Take a look at the chart below. This is not a great trade, but that is not the point. But I will say this about the trade itself (not taken); Time of day on a Holiday should be reason enough not to take it.
We see a wide spread up candle on high/climatic volume. We know the volume is climatic because of the color of the volume bar. This candle is an Effort to Rise. The very next candle is a reversal after an Effort to Rise. We know markets don't like high volume up candles because there could be "hidden" selling within them. This must be the case here, otherwise the next bar would not be down.
Let's skip to candle #1: prices have fallen and now begin to move back up. This candle is a narrow range up candle on volume less than the previous two candles. Note also that it is yellow (extremely low volume). This is No demand. Note that this candle is not contained by either the Supply/Demand Delta Zone nor the range of the candle itself. In either case, it does close within those areas and is close enough.
Again, According to Gavin, this is the best place to short after a sign of weakness.
However, the next candle,#2, does not close down confirming #1 as No Demand. But let's assume you were looking to go short on a breach of the low of #1. Candle #2 does not make a lower low so you are not brought into the market. #2 is an increasing spread candle closing up and near its high on decreasing volume that is both less than the previous two and extreme. This is No Buying Pressure. We note that we have moved "deeper" into both the range of the candle and the body(supply/demand delta zone). In this case, the supply/demand delta zone and the range are almost identical.

This is another and better low volume signal within the range of a high volume candle.
#3 is the confirmation candle as it closes down. If you looked to enter at a breach of the low of #2, this candle brings you into the market. Note also that if you were still looking for a breach of candle #1, that comes as well on candle #3.
While in this example the range (H-L) and the body (O-C) are almost identical, the point is that use of an expansion body and the resulting supply/demand delta zone is just a refinement of range.



17) Obviously, there is a bit more going on with expansion bodies that result in significant changes in the supply/demand dynamic in the market. What qualifies any expansion body as significant?

As I have said before, significant expansion bodies can be identified thru price action alone, volume alone, a combination of price action and volume, and some other esoteric criteria.

Before I explain one sub-group, a word on the esoteric criteria. It is perfectly reasonable for a trader to define significant expansion bodies as the first expansion body after the hour. So the clock turns to 0300 hrs and the first expansion body after that is viewed as *the* significant expansion body that might create a supply/demand zone. I say might because regardless of definition something must be true about the interval prior and the interval after the expansion body.

There are much better definitions to be sure, but this could be used. The point here is that one should not get caught up in definitions used by me or someone else. There are many sub-groups and often times a significant EB (as defined by me) will also be a significant EB as defined by another.

Take a look at the chart from the my previous post.

The reasons this is a significant expansion body:

1. EB7: the body is the largest body (O-C) of the last 7 bodies.
2. It is a "buying" candle. That is, it makes a higher high than the previous candle and not a lower low.
3. The close is in the upper 80% of the candle's range.
4. The open is in the lower 20% of the candle's range.
5. The midpoint of the range (H-L) is greater than the high of the prior candle.
6. volume is climatic, as defined by better volume (greatest V*range for last 20 intervals).
7. MFI is greater than the previous interval. MFI measures v/range. This is akin to an ease of movement calculation.
8. undisclosed. This has to do with the intervals immediately prior and following the EB7. The answer is on all my charts. Take a look at any chart where there are 4 (hint) lines in the supply/demand delta zone. What do the

two inner (pink or cyan) lines represent?
From a VSA point of view, the above definitions (1-7) result in Effort to rise candles. Of course, VSA does not look at the open so some don't count. For me this is defined as a climatic volume expansion body.
An Effort to rise expansion body has these rules:
1. same as above
2. same as above
3. The close is in the upper 85% of the range
4. The open is in the lower 15% of the range
5. same as above
6. Volume is increasing and greater than average.
7. Same as above
8. undisclosed (same as above)
9. the candles range is greater than the previous interval.
Notice that in this case, both sub-groups define that candle as a significant expansion body.
The opposite is true of course for a down candle. The midpoint should be lower than the low of the prior interval. and the open an close change positions. And we would be looking at a "selling" bar.
All expansion bodies that have something true with respect to the prior interval and the immediately following interval represent some type of change in the supply/demand dynamics in the market. Individual traders can define which of this sub set they want to define as significant.
On to the chart:
A: Wide spread down candle on climatic (high) volume closing off its low. The close off the low tells us some buying (demand) entered here. This is a strong candle therefore.
B: This candle is down slightly form the previous candle. The spread remains wide and volume is a bit lower. However, the close is in the middle of the range or above. The lower shadow tells us that buyers stepped in this candle. This is effort. The close is our result. A down bar closing in the middle or upper portion of the range is strength.
First to candles we see are strong. Why would you want to be looking to take a short?
C: A narrower range on a up candle with volume less than the previous two

candles. Looks like no demand. Problems here though. While the range is smaller than the previous candle, it is still wide. And we have just seen strength in the background.

If you interpret this as no demand, then you would want to enter when the next candle brakes the low. (More on this).

D: A narrow range up candle on volume less than the previous two candles. Here again, we have seen strength in the recent back ground, so it is not the correct place to see no demand.

If you do interpret this as no demand, then you would want to enter when the next candle brakes the low.

Notice that the next candle does not make a lower low, not close down. So D does not confirm nor bring you into the market. If you were looking to enter at the low of C, you are again not brought in.

E: This is a strong candle. The range is increasing as the volume increases and the close is in the upper 1/3 of the range.

F: This candle shows some weakness as volume is increasing on a down candle. However, the initial strength still remains.

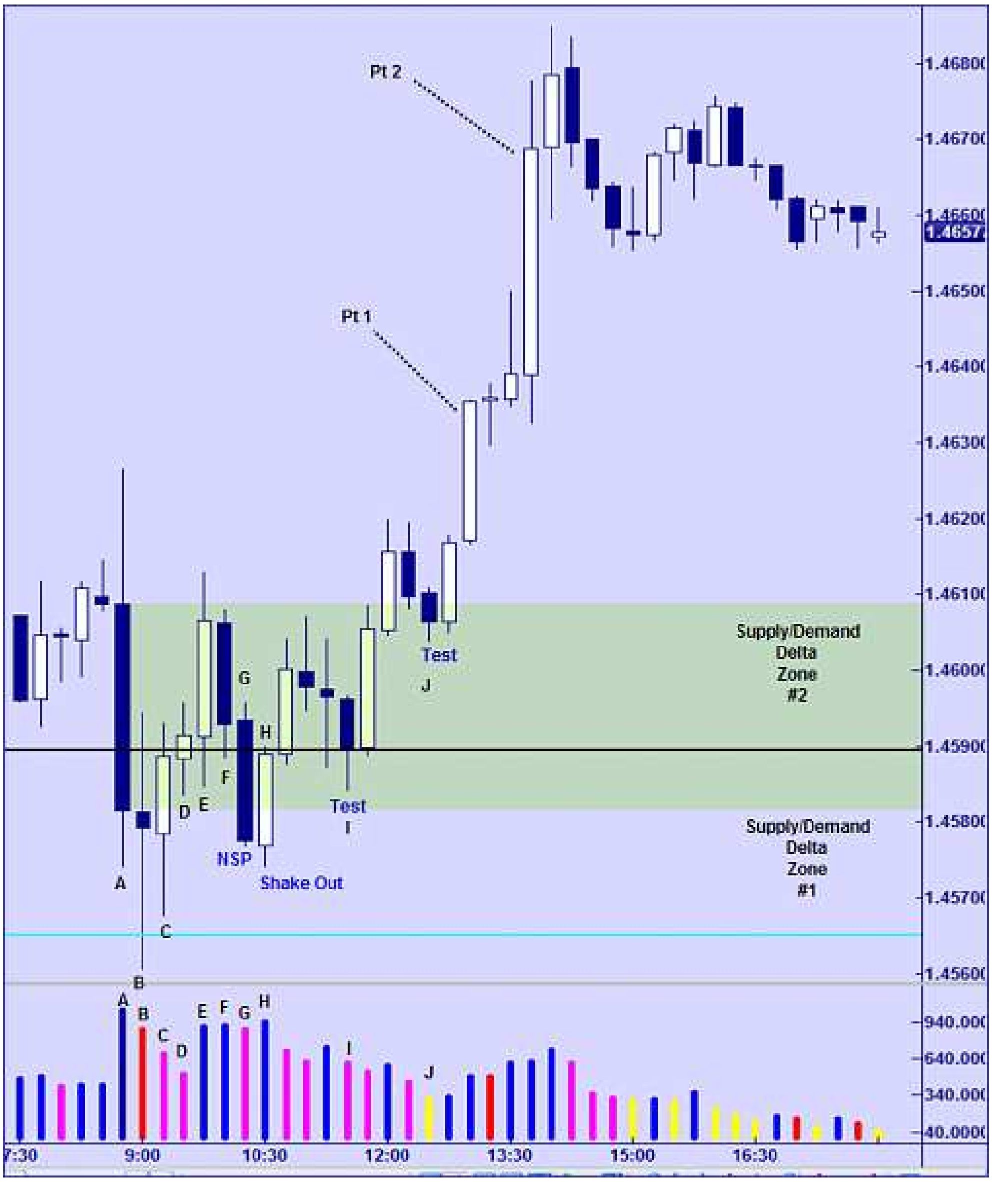
G: No Selling Pressure (NSP). The market falls on a wide spread down candle with volume less than the previous two candles that closes near its low. If this was a bearish candle, then the volume should be increasing not decreasing. Volume is activity. Activity is therefore decreasing. Hence, the BBs are not participating in this down candle. They can't be bearish then.

H: This is a shake out. Increasing volume on a wide spread candle that makes a lower low and closes near its high. Kudos if you catch this candle and get long. We know this is a bullish candle once we see that the next candle is up.

I: Skip a few candles to I. A narrow range down candle closing in the middle of its range on volume less than the previous two candles. This is a test. Notice that the low of this candle trades down into the area of our shake out. We know markets don't like up candles on high volume. Even though it was a shake out, it needs to be tested because of the high volume. A breach of the high of our test candle brings us into the market.

J: The market can be kind at times. This is a very nice second chance entry. The range is narrow and the close is down. But look at the volume. It is extremely low (lowest in 20 intervals) and of course less than the previous

two candles.
One more thing about D. It takes us until the appearance of G for there to be a lower low. This is three candles later. Many traders would not wait more than two before re-analyzing the desire to go short. Simply, if the market makes two consecutive higher lows after the would-be no demand, the market is strong not weak.

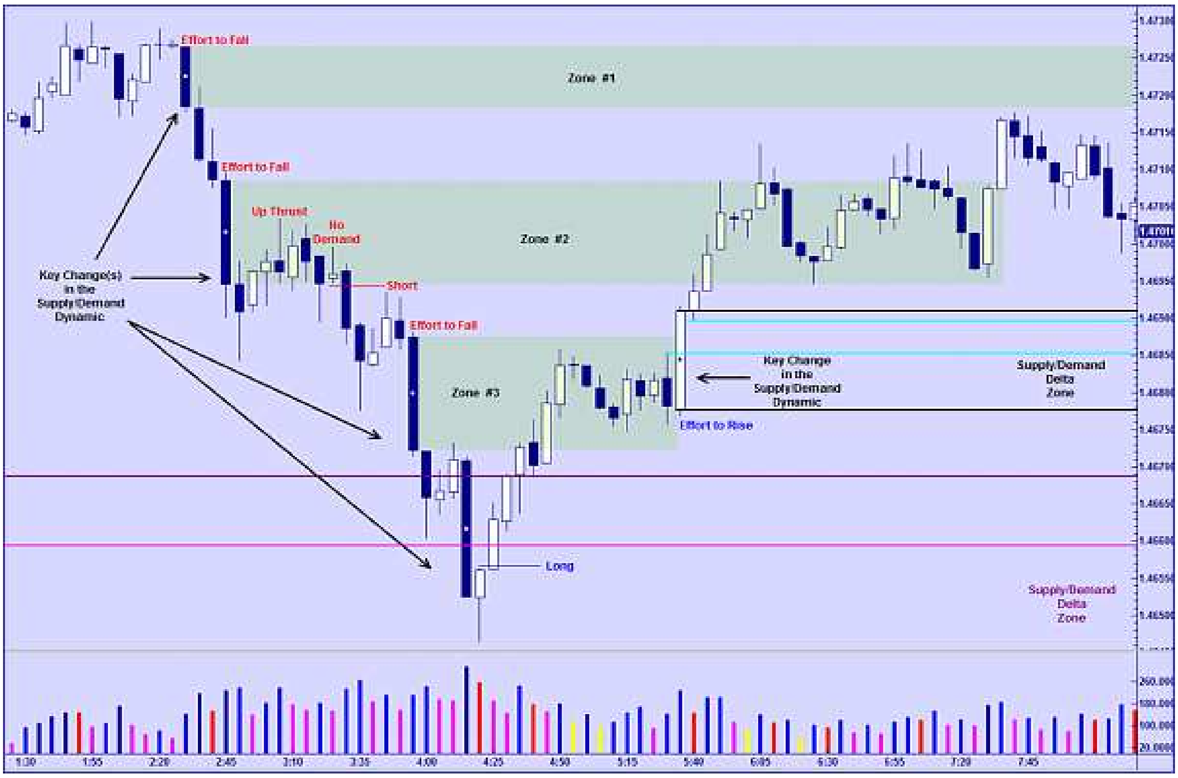


18) Zones 1,2, and 3 (shaded green areas) are closed as they all have closes below, closes above and action thru them. Zone #2 is a very interesting zone. We see our low volume signal within the range. of a high (climatic) volume candle. Of course for me it is not the range but rather the body that is key. We have weakness in the background which started with a climatic up candle closing off its high with the next bar down. Things get interesting with the candle just prior to the first effort to fall. It is either a no demand or a failed test. Either way it speaks of weakness and is immediately followed by a bearish candle in the form of effort to fall.

3 down (and dark) candles later we see another effort to fall candle on climatic volume. While the close is off the low, the next candle is down. Having seen 4 down (and dark) candles, the price action is showing strong downside momentum. This is more background weakness. Zone #2 is created by this effort candle. Within the zone we see an Up Thrust followed shortly by an NR7 up candle closing near the low on volume less than the previous two candles. No Demand.

How an individual trader manages a trade is up to him or her. So some might be out by the time the long trades sets up (yours or mine). Some might choose to stop and reverse. Some might simply use the long signal to exit the short. The long entry shown on my chart is a bit aggressive for many. In truth I prefer your entry. As luck would have it, your entry doesn't set up on my platform as the test is not less than the previous two candles.

That's one of the "powers" of Supply/Demand Delta Zones. They are ideal places to look for trade set ups whatever a trader's trade methodology may be. Going back to Zone #2, notice the action as price re-entered the zone from below (right side of chart). Of course Supply/Demand Delta Zones don't always act like this, but it is clear that something changed in this area when the effort candle first appeared.



19) Pretty nice set up here. The result, not so much.

A: Climatic Action down candle closing in the upper portion of its range. The high volume and close hint that buyers are stepping in. When strength appears it appears on down candles.

B: Volume falls off a bit as this candle closes down. The close is in the lower portion of the range, but VSA teaches us that in general decreasing volume on down candles is bullish.

C: Interesting candle here. We make a lower low and not a higher high than the previous candle. The volume is less than the previous two candles and the close is almost in the middle of the range. Making a lower low and then closing off the low shows some demand entering to support price.

D: No Selling Pressure (NSP). Wide spread down candle closing on the low but with volume less than the previous two candles. If the SM was bearish then the volume should be higher. 80-90% of the volume bar represents the SM and from the volume here we don't see their active participation. If they are not interested in lower prices, they might be interested in higher prices.

E: This is Stopping volume. Wide spread candle on climatic volume closing near its high. The long shadow shows Sm support coming in and demand swamping supply.
The signs of strength seem to be in place.
F: Key Reversal Bar (KRB). Here again we see a candle make a lower low than the previous candle, but this one closes near its high. It also opens higher than the previous close and closes higher than it opens. Note also that the low doesn't trade into the shadow of our stopping volume candle. Looks like a shake out.
We can look to put a long entry on just above the high of this candle and a stop loss a couple of pips below it. The very next candle brings us into the market as it makes a higher high. It also closes down. However, the volume is less than the previous two candles so this looks like no supply. The candle after this, closes up on less volume on a narrower range. This is no demand. Not what we want to see.
Eventually, price moves down and stops us out.

20) VSA teaches us to be mindful of the news. The BBs use the news to position themselves against the herd. The news usually generates high volume and the BBs need to be active when volume is high, so they don't push price up or down against themselves.

When thinking about the news, we should break it down into two broad categories:

1. General news. This is a broad category and encompasses many things. Things like CBS evening news doing stories on "oil supplies are tight and many analysts see prices going to $200.00 a barrel"..

VSA tells us that we should be contrarians in such situations-When The cover of Time says the bull is back, it probably means a top is near. The oil market in '08 gave a nice End of a Rising Market signal even as many analysts were in the news prognosticating "super spikes" in the price.

2. News reports. Here we are talking about those scheduled releases like Durable goods, Non farm payrolls, GDP, Trade balances, Fed minutes and consumer confidence to name just a few.

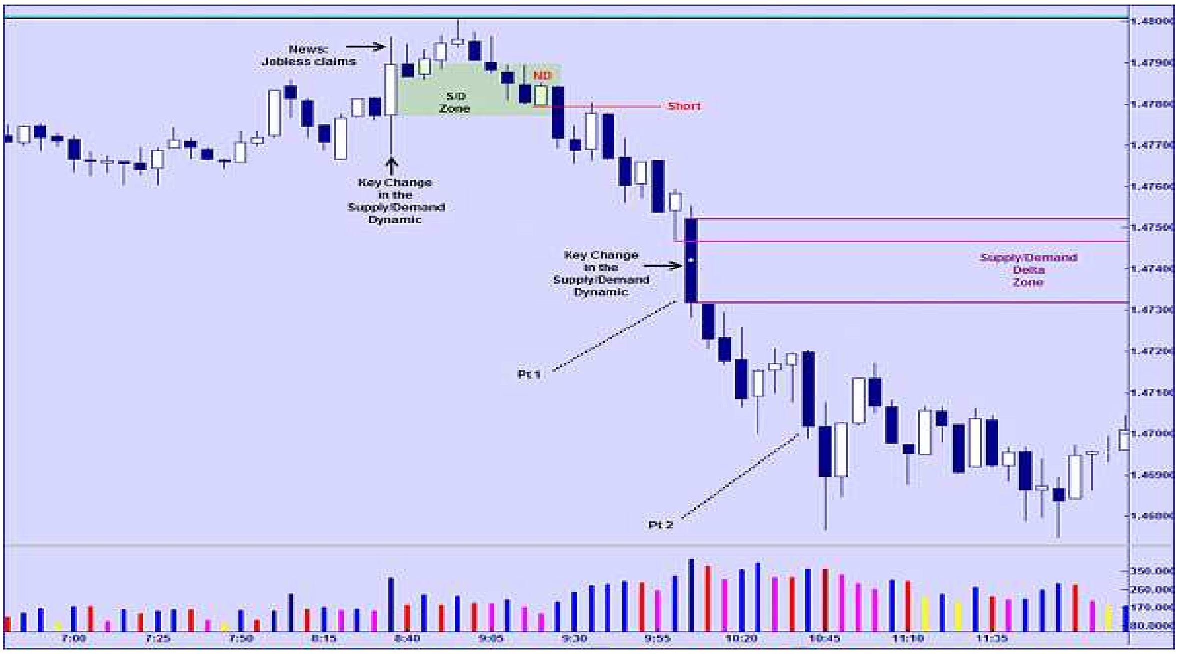
With such news reports, the "bullishness or bearishness" of the report matters little. We are not looking to trade the report, but the reaction to the report.

Since we know the BBs use such reports to take their positions, we can pretty much assume that we are dealing with a key change in the supply/demand dynamic. At 0830 jobless claims were released.

We see a wide spread up candle on climatic volume closing off the high with the next candle down. This is weakness. Did the report come in less than expected? Don't know. Don't care. The SM is selling on this candle whatever the case may be. Therefore we should be looking to get short.

With a bit of momentum, price moves up. It knocks up against some resistance (a prior supply/demand delta zone) and then rolls over. As price enters the zone created by the news release candle, we are looking for our low volume sign. Price is now making lower lows and lower highs. From a candle perspective, we are seeing dark (close<open) candles.

Then our old friend shows up: a narrow range up bar on volume less than the previous two candles-No Demand. Ideal trade location. After climatic action and after a change in trend.



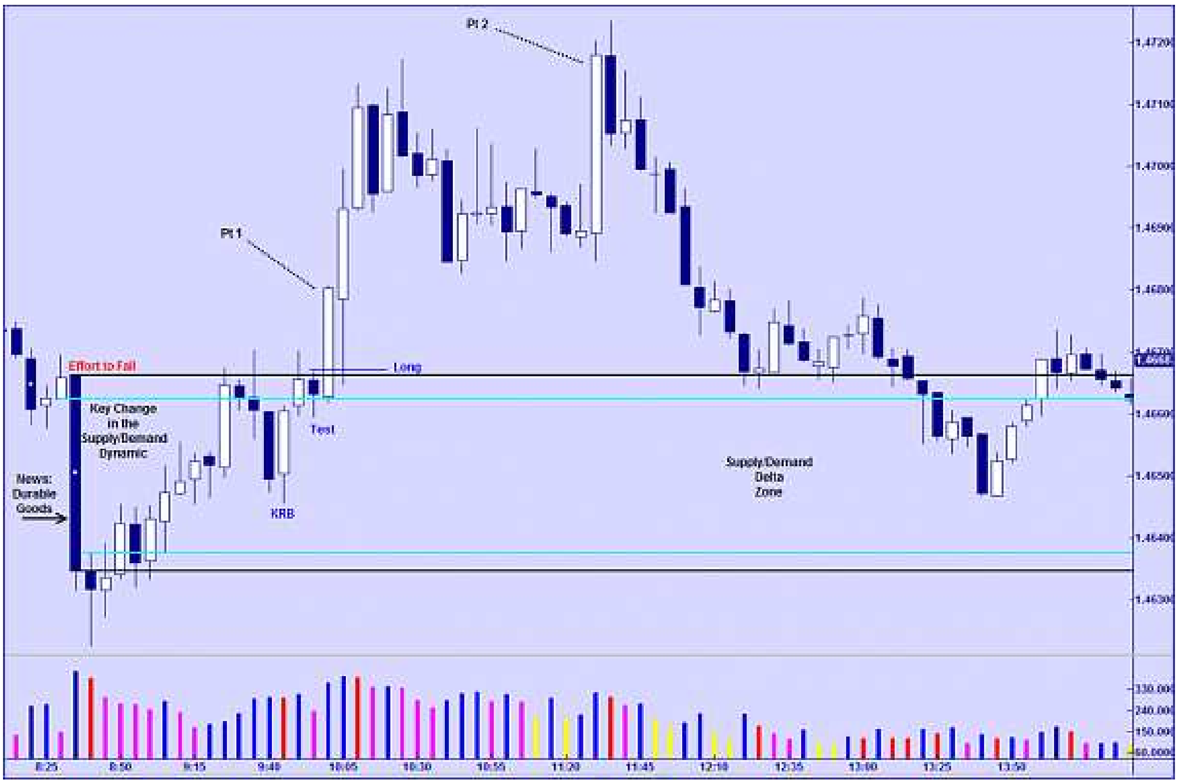
21) Again, we have a news release at 0830 hrs. This time it is Durable goods. On the report we see a wide spread down candle on climatic volume closing off the low. However, the next candle is down. But take a look at that next candle. The volume is lower and the close is in the upper 1/3 of the range. This is a strong candle and tells us there must have been some buying in the first candle. And more buying came in on this candle as it makes a lower low, but closes so high within its range.

Did the report exceed expectations? Don't know. Don't care. What we do care about is the fact that the BBs are buying.

Price begins to move up on low volume (volume less than the previous two), but we have seen strength in the background. These no demand candles (by definition) represent merely a pause and are not signs to go short.

Eventually we see a nice Key Reversal Bar (KRB). This candle makes a lower low, opens higher than the previous close, and closes higher than both its open and the previous candle's close. Note it also closes slightly off its high, which is a good thing for this particular reversal bar type. An aggressive trader could get long here. A better place to get long occurs two candles later when we see a narrow range down candle that makes a lower low and closes in the upper portion of its range on volume less than the

previous two candles-a Test.
By the time we see this test, the market has made a swing point. In other words, the trend is now up. So we have seen climatic action and a change in trend followed by a test. This is our low volume signal within the range of a previously high volume candle.
When dealing with category 1, the prudent trader should beware of the news.
When dealing with category 2, the prudent trader should be aware of the news (release).



22) News trading has a special place in VSA. However, VSA is not about trading the news. It is about a fundamental concept. Indeed, a "first principle". The Smart Money uses news releases to take positions against the herd. They need such news releases because the usually increased volume surrounding them allows the SM to get into a positions cheaply. Because the Sm trades in such size, they run the risk of bidding up (or down) price against themselves on a typical candle.

Therefore, a news release is the ideal opportunity for the SM to show their true intentions and is almost always a key change in the supply/demand dynamic. Currencies are especially good in this way.

Take a look at the chart below:

On the NFP report, we see ultra high volume on a down candle closing off its low with the next candle up. This is clear strength. The report was worse than "expected" and would seem to be bearish. We can debate what the true Smart Money knew and when they knew it, but the candle speaks for itself-THEY WERE BUYING.

The next candle is on volume less than the previous two and the range is increasing. The volume should not fool you. We have just seen strength, this can't be a no demand worth shorting. It represents a pause. The SM is taking a breath if you will. Then we get the candles in the yellow ellipse.

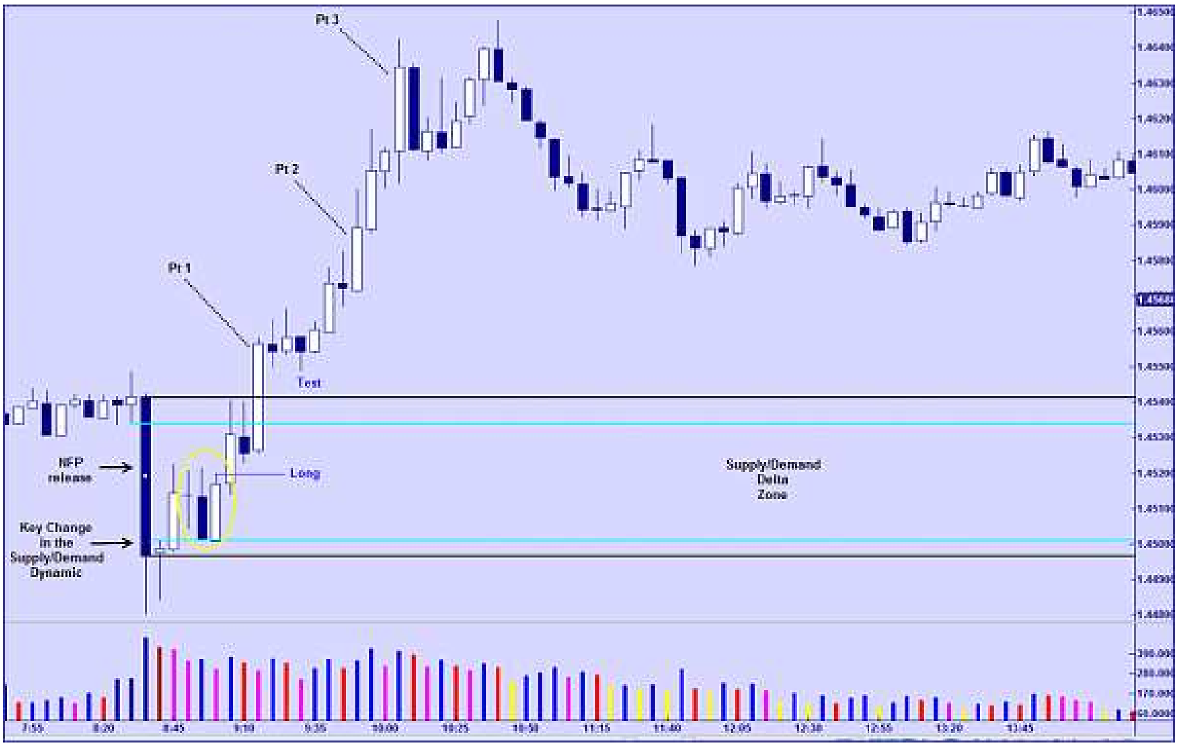
The first candle is a narrower range candle on volume less than the previous two candles and a slightly lower close. This is a Test. The aggressive trader could be looking to get long on a breach of the high on the next interval.

The next interval makes a slightly higher high, which may bring in the aggressive. However, the interval is down. The down close does not confirm the test. But check out the volume. It is lower and less than the previous two candles. This is No Selling pressure.

The third candle confirms the Test and the No Selling Pressure candles. Remember, for a Test to be valid we need 1 of the next 2 candles to close higher. This candle in conjunction with the prior candle forms a 2 candle reversal pattern. Again, we are seeing bullish price action. Now we can look to get long on a breach of the high of this candle.

For those who need more proof, we do get a nice Test bar where a reasonable entry could take place. Note how the candle marked Pt1 is actually a No Buying Pressure candle as it has an increasing range on volume less than the previous two and closes up and near its high. Now note that the Test is testing the validity of this candle. If there was no buying pressure, than there must a reason. That reason might be residual supply in the market. So the SM tests for that residual supply and finds none. Off to the races.

Reaction to Action. The news candle is the action. The reaction is a rejection of lower prices as the SM was buying into the news.



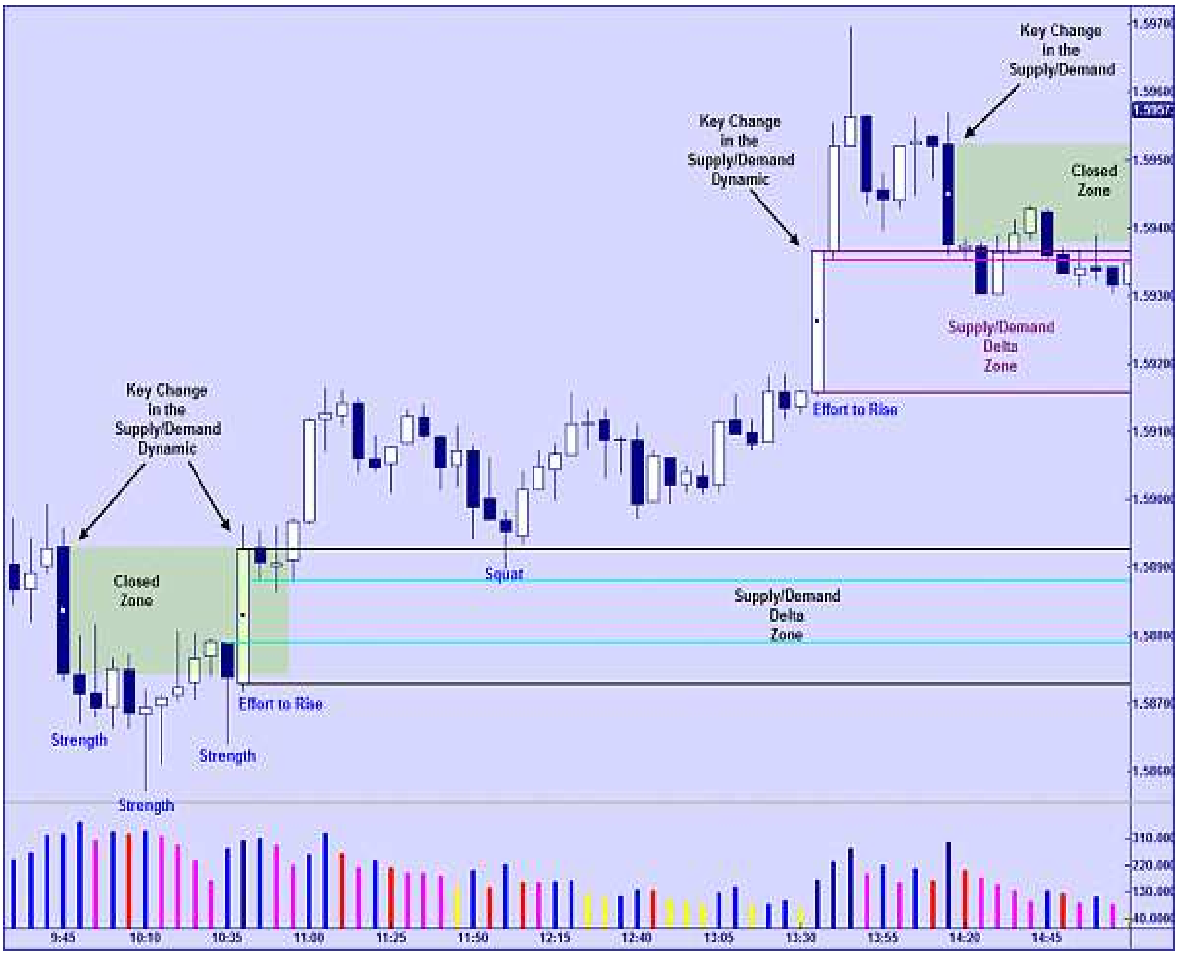
23) Just a few things. You want to pay more attention to the background. There were many signs of strength prior to your short entry. As you pointed out, #5 shows demand (buying). In fact, on the chart below it is labeled a squat and is a good place to enter long. The following candle is an engulfing candle which is a nice non-vsa confirmation sign.

Let's take a closer look at the left side.

Strength candle 1 (from the left): A narrow range down bar on increasing volume that closes off its low. This is a squat and shows some support (buying) entering.

Strength candle 2 (from the left): Up candle on increasing volume closing near its high. Note that this candle makes a lower low. The long lower shadow here is a sign of buyers entering. One might call this candle a Shake Out. Before we get to the last marked candle, let's look at the up candles leading up to it. While they all have volume less than the previous two candles, we have to be aware of two things. First, we have seen strength in the background. Second, these candles are not being confirmed as no demand because there are no down closes after them. Note also that we are

making higher lows (higher lows is bullish).
Now we get to Strength candle 3 (from the left): Here we do get a down close and lower lows, but this is another Shake Out type candle. The volume is increasing and the close is in the upper 1/3 of the range. Here again, the long lower shadow shows support (buying). The next candle is a nice engulfing candle as well.
Simply, a look at the background should prompt you to be looking for longs and not shorts in the first place. If you were going to look for a counter trend short, you should be looking for a high to ultra high climatic action volume type candle to start off with.



24) **"The market takes the stairs up and the elevator down"....**

There is a reason for this and Tom explains it in MTM. This post is not so much about that, but the concept can be plainly seen in the chart below.

On to this really nice set up.

Like most of the truly best VSA set ups, this one starts with climatic action. Here we have a wide spread down candle closing near its high on ultra high volume. This candle is stopping volume. The market is plummeting down then the BBs step in and become buyers. Whilst the close is down from the previous close, it is in the upper 80% of its own range. Simply, if all the volume was selling the candle could not close so high.

The next candle is down. This, however, is not confirmation of selling on the previous candle. In fact, if you look at the volume on this candle you see that it is less than the previous two candles. This is No Supply.

We have to be careful here. The really aggressive might want to enter here. There is a better enter. Despite the fact that the volume on the stopping volume candle is bullish, we know that it MUST BE TESTED as all high volume is tested. Therefore, we are waiting for the test. Some might want to wait for a confirmed sign of a trend change as well. This is where Gavin would be saying look for a change in the color of the diamonds.

As expected the next candle is up. But we have not missed anything here. The market begins to meander sideways to slightly down for a bit. 5 intervals later, we get an interesting candle. It is a dark (open>close) candle on increasing volume closing on its low. For those using WRB Analysis, this sets up a "fading volatility opportunity". From a VSA perspective, this candle is not as bearish as it looks. Why? Well, the close is not lower than our No Supply candle. So while the volume is increasing on a down candle, the market is failing to make a lower low than an area that found no supply.

The next candle is what we have been looking for. This is a test. not an ordinary test, however, a hidden test. Why is it hidden? Well the close is up and the candle makes a lower low on volume less than the previous two candles. And we are not only within the Supply/Demand Delta Zone, we are also within the shadow of our stopping volume candle. Note how this candle does trade lower than the No Supply candle's low, but it gets rejected closing up and near its high. A breach of the high of this candle is the entry.

The next candle brings us into the market. This candle happens to close

down, but the range is narrow with increasing volume. This candle is a squat. The narrowing range as price tries to fall, shows that there is support from the BBs in this candle.
Stops are personal. With that said, I think the ideal place to put the initial stop is a few ticks under the low of the Stopping Volume candle. If this candle was not lower than the low of the S/D Zone, I would place the stop just below the low of the Zone.
Another personal issue now comes into play: managing the trade. Some will look for a profit target. Some will take partials and some will trail a stop. Still others will use a combination of two or all three. There will also be those that will only look to exit upon the appearance of a signal in the opposite direction. No method is perfect but the choice is the traders to make. I guess I will end this post as it began. Note how easily (quickly) the market seemed to fall on the left side and how much more time it took for the market to get back to the level of the lower Delta Zone. There are VSA reasons for this phenomenon and all VSAers should be aware of this. Keep reading MTM people. It's not a Holy Grail but it certainly is our Bible.

25) There are some interesting things here. Let's take a look at the chart.

A. I know I have said it many times before, but it bars repeating. The best place to start with is an ultra high/ high volume climatic action candle. This is what we have here. Note that it closes off the high but the next candle is up. VSA tells us that markets don't like high volume up candles. Because they may contain "hidden" professional selling. This one did. Our first clue is the close. If volume represents effort, then the result is the close and in this case it doesn't match what we would expect with respect to the effort involved.

B. The next candle is up and making a higher high. Yet the range narrows and the close this time is in the lower half of the candle's range. Volume is decreasing here as well. The low close here shows supply swamping demand in the upper region of the range. This candle is an Up Thrust, although it is not an ideal example. We would prefer a lower close but the location (after an uptrend and after a climatic action candle are enough to signal that this is an UpThrust).

C. Here the range narrow further and the close remains in the lower portion of this candle, but this time the volume is less than the previous two candles. This is No Demand.

Since we have seen climatic action (effort to rise) we have seen two up candles both on decreasing volume. The market can't be strong as the BBs are withdrawing from the upside. We know they are withdrawing because volume is decreasing.

1. After seeing three straight dark (open>close) candles closing lower, see this narrow range up candle closing on its high with volume less than the previous two candles. This is No Demand. We do not get confirmation as the next candle is up.

2. As stated this candle is up. The range is narrow and the volume continues to decrease. This is another No Demand candle. Like the previous candle, it too does not confirm.

3. Three is the No Demand of consequence. Unlike the previous two it does confirm with the next candle down. From my perspective this is the better short, because not only is this candle within the supply/demand delta zone, it is also within the body of A-our high volume climatic action candle that started it all off. And we have seen the turn in trend.

1a.-3a. Show the first series of three (3) consecutive higher closes with lower lows and higher highs. Even though 3a has volume less than the previous two candles and is the lowest volume in 20 (yellow), this is the place to get flat. Especially since profit has already been taken on at least two (2) EB7s.

26) VSA tells us that such news releases are used by the Smart Money to take positions against the herd, and usually in the opposite direction of the initial reaction. We always want to keep that in mind.

Now the chart:

A. NFP comes out at 0830 hrs. This is the candle that starts at 0830 and ends at 0835, thus this is our news candle. We can see that the previous candle has climatic volume as well, but is of little import to us. This candle, is an ultra wide spread down candle closing well off its low on ultra high climatic volume.

If all the volume here is negative, then the close should not be off the low and certainly not in the middle of the range. The long shadow represents support (buyers entering). This is a strong candle. We should note that the initial reaction of the news is a down candle.

B. This candle closes up from A. If A was truly weak, then B should not close up. This candle also has a long lower shadow showing support (demand entering) even as it makes a lower low than the previous candle. Volume decreases but is still high. This is a shake out type candle.
C. Skip ahead two candles to C. This is an ultra wide spread down candle closing on its low, but with volume less than the previous two candles. This is no selling pressure. The Smart Money is not selling on this candle. In other words, they are disinterested in lower prices at this time. If the SM is not interested in lower prices, they must expect prices to rise. That would be the path of least resistance, and price always moves in the path of least resistance.
D. A narrower range candle closing off its low and in the upper portion of its range on increased volume. This is a Squat. Note that while this candle makes the lowest low of all candle we've seen since 0835, it does not close lower than the previous lows.
If we step back for just one minute we see an interesting thing. The previous candle, C, closes within the long shadows of A and B, but had LESS volume than either candle. Candle D also closes within the shadows but the volume is higher than C yet still LESS than either A or B. But since the volume is increasing as the range decreases, we know that something must be supporting the market-demand.
From a non-vsa perspective, the next candle after the squat is engulfing and offers an entry signal to some.
E. High volume up candle that closes off its low with the next candle down. Markets do not like up candles on high to ultra high volume. While the volume is a bit high here, we must note that the market is pushing into an area of support. VSA tells us that volume needs to increase when price pushes thru support/resistance. So this in itself is not a signal to short. To know if this high volume is weakness or strength pushing thru support, the SM needs to test.
F. This is a narrow range up candle on volume less than the previous two candles. It does not make a higher high nor a lower low, it is an inside candle and a hidden test. Not easy to see. The previous candle had volume less than the previous two and a closed down but off its low. This candle showed no supply as it also closed in the middle of its range.

F has even less volume.
We know the market is strong. The background is littered with strength. Even E is not truly weak. So with strength all around and a hidden test, we can get long on the breach of the high of our hidden test.
Therefore there is an entry where you were looking. Low volume is defined as volume less than the previous two volume bars. It does not need to be yellow.
As for the second circled area on the right. The entry is a bit more suspect. However there is a good test at 1. We get no results from this test however. Just prior to the large dark candle, we get a No demand. Notice here that there is a series of yellow candles. The no demand has the least volume of all the yellow candles.
This side is much harder(subtle) to see, but you were already looking in this area so you might have been able to pick it up.