

Wyckoff Terms and their definitions

Term:	Definition:
Accumulation (Acc.)	An area where Informed forces buy stocks or futures with the intention to mark-up prices. At the same time less informed forces tend to sell in that area.
Automatic Rally (AR)	The rally that occurs after a Selling Climax. It occurs without previous preparation, hence the word "automatic." The top of an AR usually marks the beginning of the coming creek.
Automatic Reaction (AR)	The reaction that occurs after a Buying Climax. It occurs without previous preparation, hence the word "automatic." The bottom of an Automatic Reaction usually marks the beginning of the coming ice.
Bar Charts	Vertical charts of price movement (OHLC) and their corresponding volume. Wyckoff only discussed linear price axes.
Buying Climax (BC)	A major panic that occurs at the end of a steep ascent in prices. In its classical form it is typified by large range reversal in prices accompanied by large volume.
Continuation Charts	In commodities—long-term charts that are constructed by concatenating expiring contracts with front month contracts to create continuity over time.
Composite Man (C.M.)	Wyckoff's name to the total sum of more informed forces that move the market. Akin to "The market," or "They" in other parlance.
Creek	A general area of resistance. It indicates the band of prices at the top of accumulation area.
Demand	Buying power.
Distribution	An area where informed forces sell stocks or futures with the intention to mark-down prices. At the same time less informed forces tend to buy in that area.
"Falling" (breaking) thru the Ice	A vigorous penetration of the ice area (support) that held prices throughout the process of distribution. Usually associated with a wide price range, weak closes and large volume
Four phases of the market	Any market according to Wyckoff is in one of four phases: Accumulation; Mark-up; Distribution; Mark-down.
Ice	The mirror image of a creek. It is a general area of support. It indicated the band of prices at the bottom of distribution area.
Jump Across the Creek (JAC)	A vigorous penetration of a creek (resistance) that was capping prices throughout the process of accumulation. Usually associated with wide price range, strong closes and large volume.
Last Point of Supply (LPSY)	A point at the end of the process of distribution where the CM recognizes that demand forces have exhausted themselves and it is safe to start marking down prices.
Last Point of Support (LPS)	A point at the end of the process of accumulation where the CM recognizes that supply forces have exhausted themselves and it is safe to start marking up prices.
Mark Down	The phase of the market where prices decline, from the beginning of a bear market to its bottom.
Mark up	The phase of the market where prices rise, from the beginning of a bull market to its top.
News	Wyckoff said: "Unless you completely discard all news, reports, tips, corporate statements, crop situations and other types of news-you will be unable to get the best results from your market operation."

Preliminary Supply (PSY)	The first significant reaction that occurs after a prolonged rally that indicates budding supply showing up. It is usually associated with a minor buying climax.
Preliminary Support (PS)	The first significant rally that occurs after a prolonged decline that indicates budding demand showing up. It is usually associated with a minor panic preceding that rally.
Point and Figure charts (P&F)	A chart that records price reversals of a predefined magnitude. It records up-moving prices in a box called "X" and down-moving prices in a box called "O". The box is the minimum price fluctuation. The reversal is the size of the predefined magnitude. It is indicated as the number of boxes. E.g. if the box size is 2 cents than a reversal of 3 boxes will be 6 cents. According to Wyckoff, P&F charts measure the energy stored in trading ranges and is often correlated with the extent of the ensuing move.
Rally	A phase in the market that experiences rise in price. That is, higher highs and higher lows.
Rally back to the Ice	The rally that follows breaking (falling) through the Ice. The nature of that rally should indicate whether demand is indeed scarce and it is safe to sell.
Reaction	A phase in the market that experiences decline in prices. That is ,lower highs and lower lows.
Reaction back to the creek	The reaction that follows Jump across the creek. The nature of that reaction should indicate whether supply is indeed scarce and it is safe to buy.
Resistance	An area where supply overcomes demand.
Right Hand Side	A time zone when the processes of accumulation or distribution are likely to terminate.
Risk Management	Part and parcel of the business of good trading. Each trade should be evaluated by its risk reward ratio. The convention says that if reward is 3 times the risk involved-then the trade has business merit.
Secondary Test (ST)	A name given by Wyckoff to the reaction following Automatic Rally, (or rally following the Automatic reaction.) If that test is associated with small range and light volume—it increases the likelihood that the previous trend is over.
Selling Climax (SC)	A major panic that occurs at the end of a steep decline in prices. In its classical form it is typified by large range reversal in prices accompanied by large volume.
Sign of Strength (SOS)	A rally towards the creek during the process of accumulation that is associated with wide range, strong close and higher volume.
Sign of Weakness (SOW)	A reaction towards the ice during the process of distribution that is associated with wide range, weak close and higher volume.
Spring	A form of a test of a trading range. Characterized by pushing prices below support by the CM in order to check the status of supply. The market's response to the spring indicates the nature of supply and demand forces for the near future.
Stop Loss	An order to exit a trade if the market does something that proves your initial decision to enter the trade as wrong. According to Wyckoff stop losses are best placed at points where previous market definitions fail to materialize.
Supply	Selling power.
Support	An area where demand is overcoming supply.
Terminal Shakeout (TSO)	A decline below area of accumulation, which reverses itself rather quickly and vigorously back into the accumulation area. A true TSO is followed by a strong rally back to the creek.
Terminal Upthrust (TUT)	A poke above the area of distribution, which reverses itself rather quickly, and vigorously back into the distribution area. A true TUT is followed by a strong reaction back to the ice area.

Trading Range (TR)	A period of balance between supply and demand forces. Prices move within a range where the bottom represents demand and the top represents supply forces.
Trend-lines (TL)	Oblique (diagonal, not horizontal) lines combining important points of extreme support or resistance. According to Wyckoff, the way a market reacts and responds to trend-lines is a good indication of the status of supply and demand forces. It is not <u>what</u> the market does around a trend-line, but <u>how</u> it does it that counts.
Upthrust	The mirror of a spring. It is a form of a test of a trading range. Characterized by pushing prices above resistance by the CM in order to check the status of demand. The market response to the upthrust indicates the nature of supply and demand forces for the near future.
Volume (VOL)	Number of units bought and sold, or the quantity of trading. According to Wyckoff it is the force which moves the market. An essential component in any Wyckoff analysis.
Wyckoff (W)	Richard D. Wyckoff lived around the turn of the 20 th century. He was a bond trader who was curious about the logic behind market action. Thru conversations with successful traders of his time he arrived at his methodology which concentrated on Volume-Price analysis, Point and Figure analysis and a process of sifting and ranking among sectors and individual stocks or commodities within each sector (relative strength) for the best trade possible. He wrote his original thesis, which turned into the Wyckoff course.
Wyckoff Wave (WW)	A proprietary indicator (of SMI). It is a bar chart of an index comprised of a few selected stocks (he called them "the most sensitive") with their combined volume. It is somewhat similar to the Dow Jones averages when plotted with bar chart and volume. There is no Wyckoff wave for commodities. You have to comprise it yourself.