

# Understanding the market with **PVSRA**

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## PVSRA

PVSRA stands for Price, Volume, Support, Resistance Analysis. Price includes consideration of individual candlestick configurations as well as the pattern, or flow of price action in general. Volume (count of trades on the broker server) that increases notably relative to immediately preceding volumes is what to look for. Support and resistance refers primarily to the quarter divisions between whole numbers, with whole numbers, half numbers and finally the 1/4 and 3/4 numbers being important in that order. Other support and resistance areas formed by past price action are also to be considered.

The premise behind the analysis is that those entities that move prices have established habits. When the price moving entities are bulls they like to move prices below key S&R to do their buying. When they are bears they like to move prices above key S&R to do their selling. So, we can determine if the price moving entities are bulls or bears by finding out where (above or below key S&R) they are doing most of their trading. Once we determine the bull/bear status of the price moving entities, we can analyze further to see if they are in a "position building" mode, or if they are in a "run for profits" mode. It is the "run for profits" mode that we want to trade.

Bulls can repeatedly move prices down for buying (position building) before they start moving prices up for profit, but even during their run up for profits they can repeatedly pull prices back down to add more longs (trading opportunity). Bears can repeatedly move prices up for selling (position building) before they start moving prices down for profits, but even during their run down for profits they can repeatedly pull prices back up to add more shorts (trading opportunity). We can determine if these entities are bulls or bears, but we cannot know when they will finish position building and turn prices in the profit making direction. To avoid getting trapped in a prolonged position building phase by these entities, it is best to wait for a trading opportunity in the run for profit phase instead.

There are clues as to which mode, position building or profit making, the price moving entities are in. For example, if they are bulls and prices are generally falling and they are doing most of their trading below key S&R and other lows, then they are position building. If prices are generally rising and they are doing most of their trading below key S&R and other lows on pullbacks, then they are running the price for profits. Now if they are bears and prices are generally rising and they are doing most of their trading above key S&R and other highs, then they are position building. If prices are generally falling and they are doing most of their trading above key S&R and other highs on pullbacks, then they are running the price for profits.

The various colors used by the PVA Candles and PVA Volumes indicators (and regardless of the actual color), denote when notable increases in volume occur to help you conduct your PVSRA to determine if the price moving entities are bulls or bears, and if they are position building or making a run for profits.

## Understanding the market phases

To understand the market, we need to know how it works. Market moves in cycles, and they do the same over and over again. The time of the cycles is not fixed, but the behavior it's always the same. We can divide these cycles in different phases.

**Accumulation:** The establishment of an investment or speculative position by professional interest in anticipation of an advance in price

**Markup:** A sustained upward price movement

**Distribution:** The elimination of a long investment or speculative position

**Markdown:** A sustained downward price movement

Of course, the shape of every phase doesn't have to be always the same. Sometimes the accumulation and distribution phases are in a perfect range but sometimes they are not that "perfect". In these phases we can see wedges, channels, "W" patterns, etc.

It's extremely important to identify in what phase the market is, because it will help us a lot to determine our strategy. And we also have to study the "shape" of that phase. Is the price forming a range, a wedge? This will allow us to follow the most important rule in forex: "Buy low, sell high".

How can you do that? Back to basics! Use S/R areas, trend lines, volume or Fibonacci to identify those phases. You won't need 900 indicators, you only need to hear the tale that the price is telling you.



Once you have established in what phase the market is, it's time to set up your strategy. We strongly recommend you, especially if you are a novice trader, to wait until the phase is over.



With time and experience, you will learn to enter the market even when the accumulation/distribution phase is still in progress. But now is not time to rush, be patience and wait to have more skill, now it's time to learn.

If you want further information about market phases and how the market works, I suggest you to watch [this](#) petafaders' video serie called "The Truth Behind Price Movement"

### The details are the key, identifying the phase

We need experience to master our system. To master PVSRA will take time, but once you do it, it will help you a lot, even if your trading system is different. Fortunately, TAH has discovered some *hints* to help us to determine if MM's are bull or bears. Let's see those tricks.

#### Volume increases at the highs or at the lows

This could be our first hint to discover if MM's are bulls or bears. Where is the volume rising regardless the price zone? Is it increasing at the tops or at the bottoms. If you see repeatedly the volume increasing at the tops, that could mean MM's are bears. Same in the opposite side, if the volume is rising at the lows, this could mean MM's are bulls. This is just an initial hint, and we need further confirmation to be sure about MM's.



### Volume increases above or below S/R areas

The second hint, the volume and the zone. Another way to determine if MM's are bull or bears is to observe if the volume rises above or below S/R areas such as historical S/R zones, whole numbers (1.5200), half numbers (1.5250) or quarter numbers (1.5225-1.5275).

Why is that? After hours and hours of observation, we know MM's like to close longs/add shorts above this numbers and to close shorts/add longs below them.

If we see the volume increasing just after the price is below these zones, it could mean MM's are bulls. Same with the other situation. If we see the volume rising above those numbers described before, it could mean MM's are bears. Of course, we have to pay attention to individual candlesticks and the PVA color. It's not the same if the price crosses a full number with a green huge candle than if it crosses without volume and then we have a lot of small candles with huge volume. Pay attention to the details and if you need to go to a lower timeframe to gather information, do it!

### Off hours Activity

The "off hours" of the market is when prices can be moved more easily, and therefore the MMs can take prices to where it advantages them with less investment (read that as also meaning market makers can do the same to get where orders to be filled are located).

If you see the price is drifted lower after the close of the London session. Do not think the MMs have decided to sell off in a weak market where doing so would quickly drop the price on themselves while trying to keep the price up while they sell. If the price

drifts lower it is to advantage the MMs, and it is because they can close shorts and/or open longs at lower prices, i.e., at more profit! Therefore, a lower drifting price is confirmation the MMs are bulls.

### Use different timeframes

We will need to analyze different timeframes to determine if MM's are bull or bears. For example, we can use a big timeframe (like H1, H4 or D1) to see where is the price and the important zones it has around.

After that, we can start to observe the price behavior in M15 and to observe the current trend, where is the volume rising and why. Finally, we can go to M5 or even M1 to observe the price in specific situations and zones, it will help us to determine if the MM's are bulls or bears.

### Put everything inside the pot

With all those hints, you will need to analyze the price. If the price is repeatedly being pushed up and down in a range, wedge, etc, that could be an accumulation phase. But if you see the price being pushing up and doing pullbacks (still with high volume at bottoms), that could be a markup phase. Same with the bearish case.

Draw lanes, don't be afraid, they are free. Try to find the logic in the price behavior. If you can't find it, be careful and do not trade (or wait until proper SonicR classic entry) because you are missing something, and if you are missing information, that will cost you money.

## PVSRA Candles

The candles are an essential part of the PVSRA analysis. We have to analyze the color, the size, the shape, the zone and the reaction to that candle. Wow, that's a lot! Yes, this is not easy. But again, with time and practice you will do this faster. Let's dig into every part of the candle analysis.

### Color

When we use SonicR system and PVSRA, we will find 6 different colours in our candles:

- Grey: Bullish normal candle
- Dark Grey: Bearish normal candle
- Blue: Bullish candle grade 1
- Green: Bullish candle grade 2
- Purple: Bearish candle grade 1
- Magenta: Bearish candle grade 2

To define the difference between blue and green or purple and magenta as grade 1 and 2 is not the perfect way to do it, it's a little more complex than that. But, for now, all you have to know is that grade 2 has more power than grade 1. So a green candle will have more power than a blue one. Same with magenta and purple.

The color of the candles are related to their volume. Therefore, colored candles will have more importance than a grey candle. The color is just a part of the puzzle, and just the color won't tell us a lot. We need more information. Remember, this is all about information. To gather that information, we need to analyze as well other parameters.

## Size

The size of the candle is also important. If we see a huge magenta candle that could mean a big sell off. On the other hand, if we see a really tiny candle with huge volume, we know that candle is important. We have to analyze the size and compare it with the volume associate to that candle. We already have the color and size information, but if we don't know the zone of that candle, we are losing a lot of information. Same with the shape.

## Shape

We have to pay attention to the shape of the candle because as you may know, there is several one candle patterns. There are a lot of shapes, and we won't describe them all here because that is something you have to know and study on your own. But as you can imagine, it's not the same a normal candle than a colored pin bar with huge volume. The information that we get is completely different.

## Zone

The last part of the candle analysis is the zone. We have to pay attention and where is that candle. Is it in an important S/R zone? Touching a channel? A fibo level? Again, the candle information will be different if it's in an important zone or not.

## Reaction

What is the reaction in the market after an important candle? This simple question will help you a lot to determine MM's thoughts. If we see a huge bearish candle with a big volume and right after that we see a serie of small grey candles without volume, that could be a continuation sign and that could mean that MM's are bears. However, if we see a bearish candle followed by a green pin bar, we have to be careful about adding shorts.

As you can see, a single parameter won't tell us a lot of things. Because of that, we need to pay attention to everything. If we put together the analysis about the color, the size, the shape, the zone and the reaction to that candle, the amount of information will be awesome, and it will tell us a lot about MM's intention.

Before to continue, let's see an example.



Let's take a look to the previous image. We have 4 zones highlighted where we can see different behavior in the price regarding candles composition.

- Look the first circle. Big bearish candle, magenta, with more volume than the previous candles, and followed by small candles with way less volume. Of course we need further information to determine if MM's are bulls or bears. But that first magenta candle is showing us that MM's **could be** bears.
- Second circle. Volume rising again. We see a small candle with huge volume. It's magenta. What is the reaction to that candle? Boom, big bearish candle with big volume as well. Second time that the candle analysis is showing us MM's **could be** bears.
- Third circle. Pay attention about how the price is rising without volume (grey candles) and then the volume start to increase (at the top). See the shape of the higher candle, it's green but it's a pin bar. Sometimes we will have confuse candles, and we have to be smart. We have a pin bar, and what is the reaction to that pinbar? Two bearish candle, the second one with a nice size and with ever more volume than the pin bar. Again, the candle analysis showing us that MM's **could be** bears.



- The last circle and the more obvious. Price is being pushed up without volume and then the volume start to increase with a few green candles. Normally, that would be a classic long entry using SonicR System, but previously we saw bearish signs, so I would wait to further confirmation. That is why PVSRA is so important!

What do we have after the green candles? More volume, a couple of pin bars or semi pin bars and a huge bearish reaction. One more time, MM's doing their work. Why do they push the price up then? Well, they need to do it so they can add shorts at a better price.

This is a good example about how a candle analysis can help us to determine if MM's are bulls or bears. But we can't do only this, we need to use all the information we can gather, in different timeframes, to confirm MM's thoughts and intention.

## PVSRA Volume

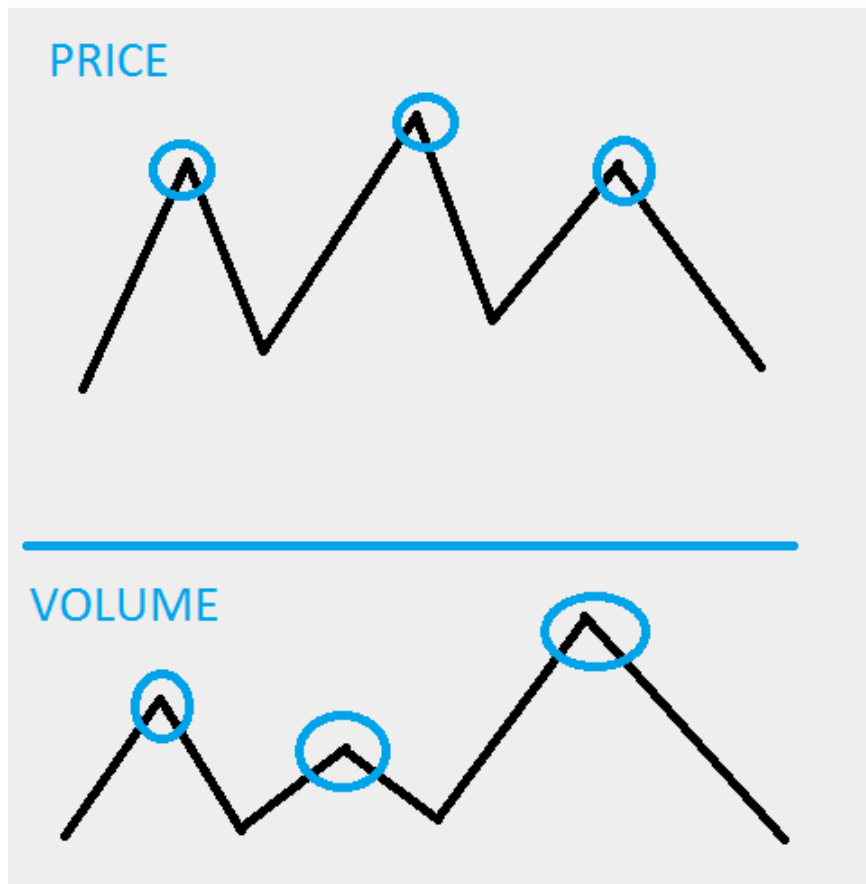
Like we just saw with candles, volume is equal important in our analysis, and we have to pay attention to it. In this case, we have to see where is the volume higher, the relation about volume activity and price activity, etc.

### Where is the volume higher?

This is a nice tool to see if MM's are bulls or bears. Again, and I know I repeat this a lot, but only because it's needed. To analyze a single part of the puzzle won't give us the MM's intention normally, we need to analyze every single part.

As we know, MM's like to drive up prices to add shorts and to push down to add longs. This will create swings or waves in the price, as the result of the supply/demand battle. It's very important to analyze where is the volume higher. If the volume is repeatedly higher at the tops, this could mean that MM's are bears, because it would be stupid to add shorts at the tops of the swings. Same happen when they are bulls, the volume will be normally higher at the lows of the swings for the same reason.

As I said, it's very important to detect this more than one time. If they are building positions, they will do this process more than once, so take your time to detect it and don't precipitate.



The previous image is an example about how the volume increases at the tops, showing that MM's could be bears.

#### Price activity vs volume activity

Another thing we have to take into account is the overall relation between volume and price. We have to detect if the volume is rising or decreasing when it is going down or up.

If the volume is rising when the price is going down (not only in 1-2-3 candles like we explained before, in overall) and the volume is decreasing when the price is going up, it could mean that bearish has more strength. On the other hand, if the volume is increasing when the price is going up and decreasing when it's going down, that could mean that bullish has more strength. This simple thing seems stupid, but sometimes it helps us a lot to determine the overall MM's intention.

## Everything needs a context

When we are using PVSRA, nothing is written in stone. We can have simple rules, but the price is the price and we have to put our signals and analysis in a context. The same candle could mean two completely different things in 2 different places. Same happens with volume.

It's very important to understand the situation and the context of our signals. Unfortunately, there isn't a tutorial for that because it's simply impossible. You need to practice and to get experience, easy as that. But I remember you we all use the forum, so do not hesitate to ask your questions because there will be someone to help.

## Analysis of different timeframes

A trader always needs information, and sometimes we can get all the information we want looking just one timeframe. Normally, we will have a main timeframe (some guys use 5 minutes, others 15 minutes) to have the overall view, but we need to look into different timeframes to gather more information.

It's important to watch higher timeframes such as 1H, 4H or Daily to have an overall view about what's going on in that currency, what's the overall trend and so on. And sometimes, we have specific moments when we need to look into lower timeframes like 1 minute to gather more information. The normal order is to go from the bigger to the smaller and then to go back to your main timeframe and make the trade.

## Bank management

This is the most important lesson you have to learn in trading, to keep an excellent bankroll management. You can have the best system in the world, but if you don't have discipline or you don't have a correct bank management plan, you won't be a successful trader, I assure you that.

This system do not use an initial SL, so you have to be **very very very careful** with your trades and the amount of money you are investing. My recommendation is to divide your normal trading lots per 10, so in the case you put 10 entries and they are going wrong, you are losing the same as a normal single trade. There will be draw downs, but you have to calculate them approximately and adapt your trades.

There is not a single rule for this, because we don't know how many entries we will do and where will be our final SL, so always trade with very small orders. It will be good for your bank and your mind.

One more time, with time and experience you will create your own rules. But if you do not respect a good bank management, there will be no future to create them, so please be very careful.

### Examples compilation

This is just a small overview about PVSRA. In the future we will have more written information but at this moment, the system is in progress and it evolves every single day. However, guys in the forum are very active, and they contribute a lot to help them each other and to help the new traders.

[Here](#) you have a 130 pages compilation with the most relevant posts in the forum regarding PVSRA. Theory, examples, tips, etc. You need to study now, it's the only way to become a perfect trader.

Good luck!!