

# Trading in the Shadow of the Smart Money Series

The  
Complete  
Volume  
Spread  
Analysis  
System Explained



Although VSA produces a signal on an individual bar, there are sequences of signals that give a much higher probability of a market turn or a trend change. Now they can be revealed.

By  
Gavin Holmes

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# **TradeGuider VSA**

## **Trade Set-Up Sequences**

*Introduction to VSA - From the book  
"Trading in the Shadow of the Smart  
Money"*

*By Gavin Holmes*

**WWW.TRADEGINTHESHADOW.COM**

## **BACKGROUND ABOUT VOLUME SPREAD ANALYSIS AND TRADEGUIDER SYSTEMS INTERNATIONAL**

This is a brief explanation about TradeGuider and the underlying methodology of Volume Spread Analysis. We will be showing examples of how professional activity is clearly visible in all markets and in all timeframes, if you know what you are looking for.

TradeGuider is based on a methodology called Volume Spread Analysis.

Volume Spread Analysis (VSA) is a proprietary market analysis method that was conceived by Tom Williams (Chairman of TradeGuider Systems). VSA is utilized in the TradeGuider software to analyze a market by observing the interrelationship between volume, price, and spread of the price bar (often known as the range of a price bar). This method is particularly good at highlighting imbalances of supply and demand.

TradeGuider was previously known as Wyckoff VSA (Volume Spread Analysis) and has been in existence for over 20 years. TradeGuider is unique due to it being driven by an artificial intelligence engine. This software is capable of analyzing any liquid market, in any time frame, and extracting the information it needs to indicate imbalances of supply and demand on a chart. In doing so, TradeGuider is able to graphically show the essential force that moves every market.

The software works in either Real-Time (RT) or End-of-Day (EOD) modes, and enables users to see when professional

money is entering, exiting, or not participating in the market they are trading. This empowers clients to make more intelligent, timely, and informed decisions. TradeGuider is a revolutionary concept that can be used on its own or in conjunction with other trading software platforms, making it an ideal choice for decision support and adding value to data vendor platforms. The software combines ease of use with the best supply and demand analysis in the business. The extensive Expert System has an innate understanding of market dynamics combined with volume, which means that it is capable of analyzing supply and demand in any liquid market.

The indicators are displayed automatically on the chart. There is no configuration, no setting of parameters, and no optimization. We believe if a system requires optimization to make it work, then the base methodology of that system cannot have been sound in the first place, since the process of optimization is used to cover up a whole range of flaws in an original analysis method(s). Instead, our concepts are robust and can be applied to any timeframe, with consistent results. The sophisticated Expert System is augmented by a novel set of proprietary tools, which confirm trade set-ups as they appear in any time frame and in any market.

As we said earlier, this is not a new concept, and Tom Williams who invented VSA was himself a syndicate trader who could see that the markets were manipulated and that the key to unlocking the truth lay in the relationship between the volume, the range (or spread) of the bar, and the closing price. Tom spent many years studying the concepts of Richard Wyckoff who was a trader during the 1920 and 30's, and wrote several books on the Market, eventually setting up

the "Stock Market Institute" in Phoenix, Arizona. At its core, Wyckoff's work is based on the analysis of trading ranges, and determining when stocks are in *basing*, *markdown*, *distribution*, or *markup* phases. Incorporated into these phases are the ongoing shifts between 'weak hands' (public ownership) and 'composite operator', now commonly known as *Smart Money*.

Tom left Beverly Hills in the early 1980's and went back to England. Once there, he began to investigate the possibilities of computerizing the system he had learnt as a syndicate trader. This began the evolution of Volume Spread Analysis. Together with an experienced computer programmer, Tom carefully studied many thousands of charts to recognize the obvious patterns that were left when professional or smart money was active. This methodology, although simple in concept, took many years to write and is now taught as a methodology combined with the software called TradeGuider.

Volume Spread Analysis seeks to establish the cause of price movements. The 'cause' is quite simply the imbalance between Supply and Demand or strength and weakness in any liquid market, which is created by the activity of professional operators, or Smart Money. If you use the TradeGuider software you will see that it does an excellent job of detecting these key imbalances for you, taking the hard work out of reading the markets and enabling you to fully concentrate on your trading.

The significance and importance of volume appears little understood by most non-professional traders. Perhaps this is because there is very little information and limited teachings available on this vital part of technical analysis. To use a

chart without volume is similar to buying an automobile without a gasoline tank.

For the correct analysis of volume, one needs to realize that the recorded volume information contains only half of the meaning required to arrive at a correct analysis. The other half of the meaning is found in the price range or spread. Volume always indicates the amount of activity going on; the corresponding price spread shows the price movement on that volume. Many traders believe you cannot analyze volume in the FOREX markets because it is unavailable, but we will show you how TradeGuiders proprietary system can do something that most traders thought were impossible (I will discuss more about this later).

Some technical indicators attempt to combine volume and price movements together. Rest assured that this approach has limitations, because at times the market will go up on high volume, but can do exactly the same thing on low volume. Prices can suddenly go sideways, or even fall off, on exactly the same volume! So, there are obviously other factors at work.

Price and volume are intimately linked, and the interrelationship is a complex one, which is the reason TradeGuider was developed in the first place. The system is capable of analyzing the markets in real-time (or at the end of the day) while displaying any one of 400 indicators on the screen to show imbalances of supply and demand.

(For more information please visit [www.tradeguider.com](http://www.tradeguider.com)).

## **WHAT IS A VOLUME SPREAD ANALYSIS SEQUENTIAL TRADE SET UP**

Volume Spread Analysis, or VSA as I shall now refer to it, was developed to analyze imbalances of supply and demand in any market and in any timeframe, however, what many traders and investors seem to miss is that the VSA methodology does not just analyze one price bar at the right edge of the chart but actually analyzes price bars in sequences.

Since Tom Williams developed the system over twenty years ago, many very clever individuals have attempted to program in their own version of VSA. I have downloaded several so-called VSA programs that have made claims to being the same as Toms original work, and you can bet that they are so inaccurate and incorrectly programmed that they show the true VSA method in a poor light.

Tom Williams' genius approach to programming VSA the right way was he knew when to put in restrictions so that you do not get signals appearing on every bar. It is a bit like developing a computer program to plan the perfect garden party. The program would need to ask questions of the person inputting the information to give the correct output, such as:

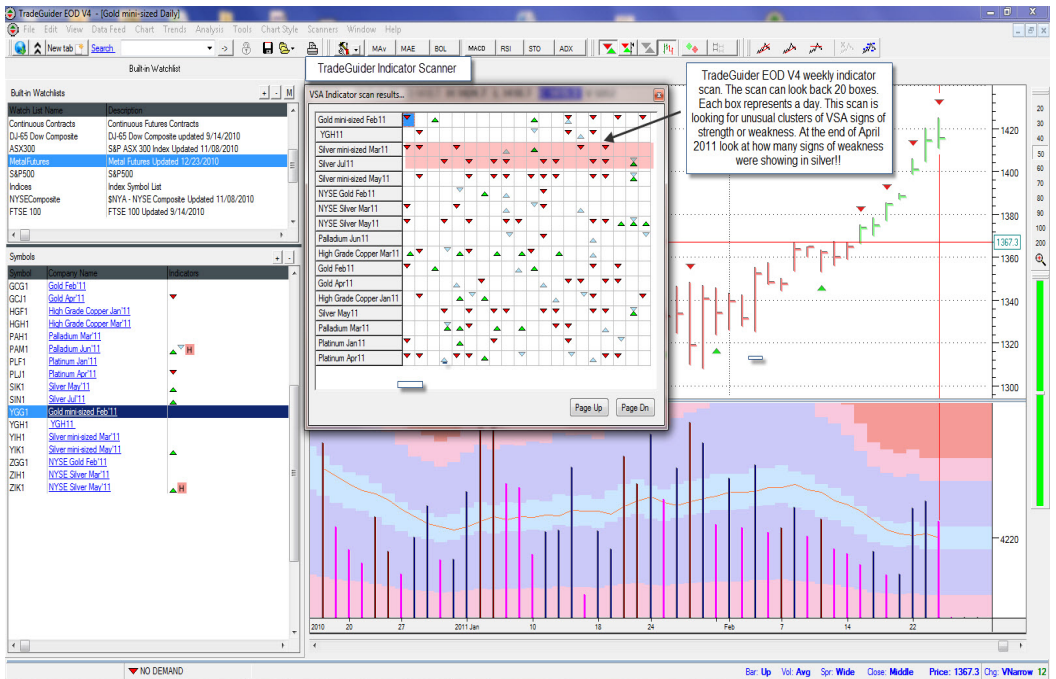
1. How many people attending the party?
2. Is the weather forecast good or bad?
3. Are there vegetarians that require a special menu? Etc.



The wonderful thing about the TradeGuider system is that Tom, through his extensive experience as a former syndicate trader using the Wyckoff method, has answered all the questions for us, and so we get signals in the TradeGuider software and add in studies for TradeStation, eSignal, Metatrader4, and other packages we are working on. Although VSA produces a signal on an individual bar, there are sequences of signals that give a much higher probability of a market turn or a trend change. If rules are followed, as explained in my book “Trading in the Shadow of the Smart Money”, then you begin to trade in harmony with the big players that are moving the market and not against them.

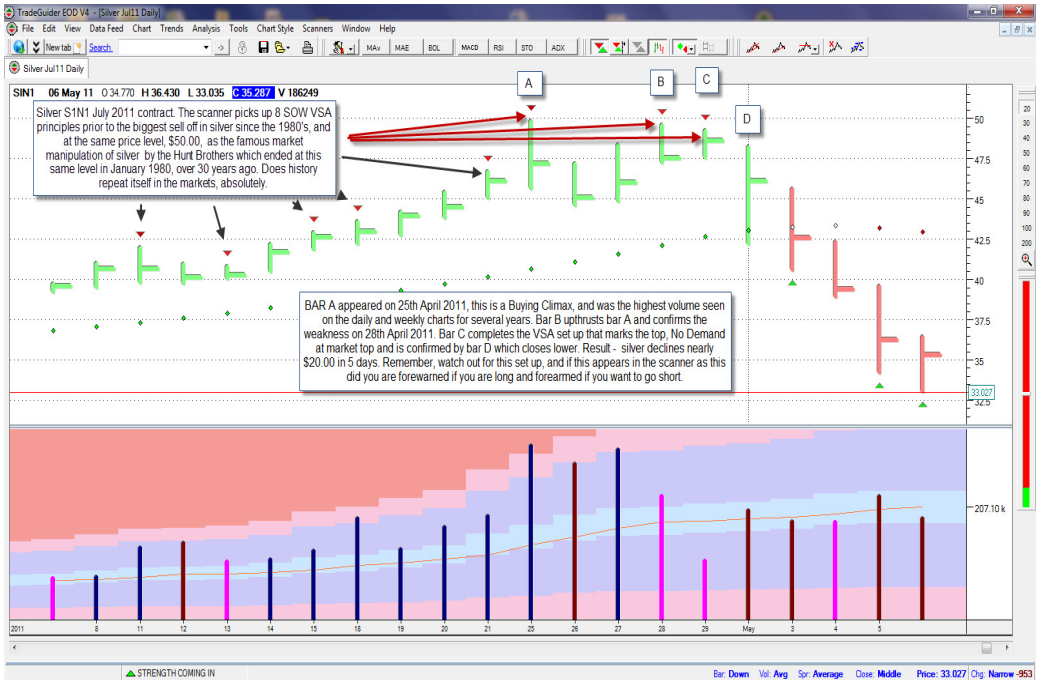
Let me give you an example of a sequence that recently appeared in the Silver market that was picked up by the scanner in the end of day version of TradeGuider on the 25<sup>th</sup> of April, a week BEFORE the 27% collapse in the commodity silver. Note that the scanner picks up a cluster of red indicators, which is extremely significant. When accumulation or distribution occurs, it takes some time for Smart Money to complete the process, which is why the sequences I am going to share with you appear within 25 bars of the market turn. Every traders and investors dream is to know when a market top or bottom is being formed, and in this short book you have the sequences that mark the top and bottom of the market.

(Please Zoom In)



This is the TradeGuider chart of silver showing the scanner that picked up several Signs of Weakness (SOW) during late April 2011. This was showing “Smart Money” distribution at the end of April – The result was a 27% fall in silver prices in early May 2011. So what was the sequential VSA set up? Lets look...

(Please Zoom In)



*This chart is courtesy of TradeGuider Systems –  
TradeGuider EOD chart of daily silver contract.*

The sequence at A, B, and C marks a market top. The VSA indicator numbers are as follows (in this little book you will find an explanation for each indicator that can be found in the TradeGuider software and VSA add in studies):

- **Point A** – SOW 1 – The Buying Climax (Start of distribution)
- **Point B** – SOW 104 – Supply Coming In (also has the appearance of an Upthrust)
- **Point C** – SOW 199 – No Demand (No Demand at market top)

VSA sequence is SOW 1 followed by SOW 104 and SOW 199. It is confirmed at point D, which closes lower than point C. (Note – when you see a No Demand bar DO NOT short at market, place a sell order a few ticks below the No Demand bar. No Demand needs confirmation from the next bar, which should close or move lower).

(Please Zoom In)



*Chart courtesy of Infinity AT charts – silver SI N1 intraday chart showing signs of weakness sequence 2.*

You may ask why I would be revealing this powerful information publicly, why not just keep it to myself and trade the sequences. Well, we are going to do exactly that, open a fund and auto trade the system and I have a team in place to do that, but as I explained in my book, I made a promise to Tom in 2002 that I would not be selfish with the information he taught me and would always share willingly the knowledge I have gained.

By doing so I have had the good fortune to make new friends, meet some of the most interesting people in the world and be blessed with the ability to help others which is the most rewarding thing any human being can do. So you can prove to yourself that this system can help you, I am giving you a chance to try it for the futures or FOREX market absolutely free for one month, including the charting software, the VSA signals as detailed in this book, the data feed and the training for one month. At the end of the month, if you have put in the necessary effort on your part, you will be a “Smart Money” trader.

**With the kindness of Russ Carlson and Andy Delap, my brokers at Infinity Futures in Chicago, you can get an incredible 75% savings on the Infinity Futures/Trade Guider VSA signal and data package. Pay only \$24.95 instead of the regular price of \$79.95 for the first 30 days.**

**You can email them at [a.delap@infinityfutures.com](mailto:a.delap@infinityfutures.com) or [r.carlson@infinityfutures.com](mailto:r.carlson@infinityfutures.com). In the subject line write "TradeGuider VSA Offer", or you can call them directly in Chicago at 312-373-6268 or 312-373-6253.**

**If you are a FOREX trader we also can provide the same system in MetaTrader 4 with the consideration of FX Internals in Beverly Hills. Please contact my broker Josh Davidson. His email is [josh@fxinternals.com](mailto:josh@fxinternals.com) or you can call him directly at 310-606-2055.**

**You can also simply visit  
WWW.TRADINGINTHESHADOW.COM**

Once you are set up with the charts please email Darren Holmes at [darrenh@tradeguider.com](mailto:darrenh@tradeguider.com) or call him directly at 312-373-6296. Darren will set you up with the VSA signals and training materials with my best wishes.

I look forward to teaching you how to trade in harmony with the "Smart Money".

# THE TWENTY VSA SEQUENCES FOR LONG AND SHORT TRADE SET UPS

## ***SHORT TRADE SET UPS: SOW - SIGNS OF WEAKNESS***

### **Sequence 1 – (example shown in silver)**

SOW 1	The Buying Climax (Start of distribution)
SOW 104	Supply Coming In (also has the appearance of an Upthrust)
SOW 199	No Demand (No Demand at market top)

### **Sequence 2 – (example silver intraday Infinity AT chart)**

SOW 26	Supply Coming In
SOW 7	Supply Coming In
SOW 146	No Demand

### **Sequence 3**

SOW 90	Possible Hidden Selling
SOW 26	Supply Coming In
SOW 198	No Demand

### **Sequence 4**

SOW 134	No Demand
SOW 10	Upthrust
SOW 134	No Demand

### **Sequence 5**

SOW 5	End of a Rising Market
SOW 2	Upthrust
SOW 6	No Demand



### **Sequence 6**

SOW 89	Potential Climactic Action
SOW 86	Failed Test
SOW 96	Upthrust After Weakness

### **Sequence 7**

SOW 97	Reversal After Effort To Rise
SOW 10	Upthrust
SOW 106	No Demand

### **Sequence 8**

SOW 108	Top Reversal
SOW 10	Upthrust
SOW 193	No Demand

### **Sequence 9**

SOW 159	Supply Overcoming Demand
SOW 101	Upthrust
SOW 127	No demand

### **Sequence 10**

SOW 21	End of a Rising Market
SOW 28	No Demand
SOW 34	No demand

## ***LONG TRADE SET UPS: SOS - SIGNS OF STRENGTH***

### **Sequence 1**

SOS 147	Demand Overcoming Supply
SOS 134	No Supply / Test
SOS 198	No Supply

### **Sequence 2**

SOS 137	Potential Climactic Action
SOS 135	Stopping Volume
SOS 96	Test

### **Sequence 3**

SOS 78	Bottom Reversal
SOS 116	Test
SOS 86	No Supply / Test

### **Sequence 4**

SOS 74	Potential Climactic Action / Shakeout
SOS 146	Test
SOS 199	No Supply

### **Sequence 5**

SOS 57	Two Bar Reversal
SOS 134	Test / No Supply
SOS 198	No Supply

### **Sequence 6**

SOS 45	Shakeout
SOS 49	Test of Supply After Shakeout
SOS 199	No Supply

### **Sequence 7**

SOS 36	Bag Holding
SOS 29	Test of a Breakout
SOS 30	Test in a Rising Market

### **Sequence 8**

SOS 122	Potential Professional Buying
SOS 11	Basic Test
SOS 81	No Supply / Test

### **Sequence 9**

SOS 83	Potential Selling Climax
SOS 134	No Supply / Test
SOS 147	Demand Overcoming Supply

### **Sequence 10**

SOS 99	Reversal Over Two Bars
SOS 198	No Supply
SOS 199	No Supply

# **GLOSSARY**

## **PART 1: SIGNS OF WEAKNESS**

## **SOW 1: POTENTIAL BUYING CLIMAX**

**NOTE:** None.

### **Bar Description:**

A high to ultra high volume up bar closing in the middle shows supply overcoming demand and indicates professional selling. In order to sell the professionals have to unload into a rising market by selling to the herd. If they sold on down bars prices would fall too rapidly against them. This bar should be into new fresh high ground.

### **Background:**

There should be an up move behind you. Eventually the herd panic for fear of missing out on higher prices and buy on the good news. The professional groups will then sell into this frenzy of buying.

### **Future:**

The next bar should be down to confirm this indicator. Look to the next few bars for confirmation. You would expect to see upthrusts, no demand up bars and further up bars on high volume closing in the middle to confirm the weakness. Remember the professionals may have further sell orders to execute. This will require them to support the market in the short term. If you see low volume down bars or high volume down bars closing in the middle the market is not yet ready to fall. High volume up bars on a wide spread closing up and through the old highs represent absorption volume and strength.

## **SOW 2: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 5: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 6: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume, or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance, as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 7: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar closing off the high showing an increase in volume suggesting supply has entered the market. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top, which is a sign of strength. However make sure that it is not a false breakout, which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups, or is there an old top to the left? This could be absorption volume.

### **Future:**

If the next bar is down this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. If this is the start of a distribution phase expect whipsawing whilst a cause is built to the downside. Look for other SOW to confirm this indicator such as upthrusts and no demand.

If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance, which is up. Also watch for down bars closing off the lows with high volume that show potential strength. These would need to be tested.

Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 8: UPTHRUST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low, normally with an average to wide price spread. Also if the bar closes down this is normally a sign of strength but the high being higher than the previous bar's high makes it a weak bar (hence the term hidden upthrust). The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. However, if the market has already fallen for some time this could be the start of a shakeout especially if the news is bad.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 9: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. This indicator appears after no demand in the recent background.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 10: UPTHRUST**

**NOTE:** This indicator needs the next bar for confirmation even in live bar mode.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. Also if the bar closes down this is normally a sign of strength but the high being higher than the previous bar's high makes it a weak bar (hence the term hidden upthrust). The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying.

Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterised by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. This indicator appears after no demand in the recent background.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 11: UPTHRUST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 14: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 15: UPTHRUST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterised by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 21: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.



## **SOW 22: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is **ONLY VALID** if you have **ALREADY SEEN A SUBSTANTIAL UP MOVE** having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested. But remember this weakness will not suddenly disappear.

When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 23: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 24: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 25: SELLING PRESSURE**

**NOTE:** None.

### **Bar Description:**

The bar should be an up bar on high volume and closing off the highs. This shows supply has entered the market. If volume is ultra high this adds to the weakness. Sometimes this can be a breakout through an old top, which is a sign of strength. However make sure that it is not a false breakout, which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance, which is up.

Also watch for down bars closing off the lows with high volume that show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 26: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar showing an increase in volume suggesting supply has entered the market. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top, which is a sign of strength. However make sure that it is not a false breakout, which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance, which is up.

Also watch for down bars closing off the lows with high volume that show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 27: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar showing an increase in volume suggesting supply has entered the market. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top, which is a sign of strength. However make sure that it is not a false breakout, which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance that is up.

Also watch for down bars closing off the lows with high volume that show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 28: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume, or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background, expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 29: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. Also if the bar closes down this is normally a sign of strength but the high being higher than the previous bar's high makes it a weak bar (hence the term hidden upthrust). The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 30: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs. Also it should be into new fresh high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 32: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 33: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar showing an increase in volume suggesting supply has entered the market. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However, make sure that it is not a false breakout which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance, which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 34: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply.

If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 36: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 37: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 38: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 40: HIDDEN UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low with an average to wide price spread. Closing as a down bar is normally a sign of strength but the high being higher than the previous bar's high makes it a weak bar (hence the term hidden upthrust). High volume shows selling and low volume indicates lack of interest at the higher levels by the professionals.

The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. However if the market has already fallen for some time this could be the start of a shakeout especially if the news is bad.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 48: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar closing off its high showing an increase in volume suggesting supply has entered the market. Often these bars appear as an upthrust. The bar is marked up but falls off rapidly to close on or near its low with an average to wide price spread. High volume shows selling and low volume indicates lack of interest at the higher levels by the professionals. The upthrust is a money making maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news and the professionals use this to sell. The bar resembles a telegraph pole.

### **Background:**

Are you currently in an up-trend or a down-trend? Have you seen other signs of weakness prior to this indicator? Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

The next bar should be down to confirm this indicator. However if the next bar is up on a narrow spread with high volume this is also weakness. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up. Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 49: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is an up bar closing off the high showing an increase in volume suggesting supply has entered the market. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the next bar is down this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. If this is the start of a distribution phase expect whipsawing whilst a cause is built to the downside. Look for other SOW to confirm this indicator such as upthrusts and no demand.

If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume that show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 50: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 51: UPTHRUST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 52: SELLING PRESSURE**

**NOTE:** None.

### **Bar Description:**

The bar should be an up bar on high volume and closing off the highs. It shows supply entering the market. If volume is ultra-high this adds to the weakness. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 53: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 54: SUPPLY SWAMPING DEMAND**

**NOTE:** None.

### **Bar Description:**

This is a high volume up bar closing off its highs. Strong markets do not behave in this way. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the bar represents a genuine breakout the supply present will need to be tested. A false breakout would be a sign of weakness. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture.

If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 55: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 57: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 58: TRAP UPMOVE**

### **NOTE:**

This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is up and closing off the highs. The next bar is a wide spread down bar closing near the lows with its high higher than the first bar.

This is designed to lock traders who are long into poor positions.

### **Background:**

Pay particular attention to the background. After a period of rising prices this could be the start of distribution by one or more professional groups. However if the market has already fallen for some time this could be the start of a shakeout especially if the news is bad. If there are other SOW in the near background this adds to the weakness.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply.

High volume up bars closing off their highs, no demand and upthrusts would confirm the weakness. Low volume down bars shows lack of selling. This would only lead to a strong rally if a cause has been built with buying in the background.

## **SOW 59: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

A high volume up bar usually closing off the highs with the previous bar up on high volume indicates supply is overcoming demand. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

*(Continued on the next page)*

*(SOW 59: SUPPLY COMING IN continued)*

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 63: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of 2 bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into new fresh high ground. If the high of the down bar is higher than the previous high this also adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness.

With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 67: NO RESULT FROM EFFORT**

**NOTE:** None.

### **Bar Description:**

A down bar following an up bar with high plus volume shows weakness. This is effort with no result.

### **Background:**

There should be up bars with increased volume in the immediate background. These show an effort to push prices higher. Failure to follow through on the current bar indicates weakness.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 68: NO RESULT FROM EFFORT**

**NOTE:** None.

### **Bar Description:**

A down bar following an up bar with high plus volume shows weakness. This is effort with no result.

### **Background:**

There should be up bars with increased volume in the immediate background. These show an effort to push prices higher. Failure to follow through on the current bar indicates weakness.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 71: END OF RISING MARKET**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar with high volume and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). We know that there has been buying by the high volume. If the market makers were bullish they would have marked prices up on this buying. For the price spread to be narrow they must have been willing to supply the market without marking prices up. This type of action is bearish.

### **Background:**

This is ONLY VALID if you have ALREADY SEEN A SUBSTANTIAL UP MOVE having taken place. After a period of rising prices you are vulnerable to one or more professional groups taking profits. Also as markets rise a point will be reached when those traders who have missed out on the up move will rush in to buy before losing out on this fantastic bull run. Even traders that are already long will add to their positions. They can all be sucked into a bull market at the top. The news will be 'good'. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

Prices should now decline. Any up move back into the area of supply on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

But remember this weakness will not suddenly disappear. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 76: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 78: WEAKNESS BASED ON PRICE ACTION**

**NOTE:** None.

### **Bar Description:**

This bar is a wide spread down bar closing on its low. Volume is not taken into account when producing the indicator. Prices are marked up at the opening to attract a following and catch stops.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? This signal works best when there is weakness in the background. However if the market had already fallen for some time this could be the start of a shakeout especially if the news is bad.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness.

With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. These all suggest a distribution phase which may whipsaw until complete. Remember the news will be good to confuse you. If there is strength in the near background expect this supply to be tested so look for low volume down bars closing in the middle or high. If the market is still strong it should follow the path of least resistance which is up.

Also watch out for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later. A successful test would then be bullish.

## **SOW 84: WEAKNESS HAS APPEARED**

**NOTE:** None.

### **Bar Description:**

An up bar closing off its highs is a potential SOW. If volume is lower than the two previous bars this is no demand but higher volume shows selling.

### **Background:**

Pay more attention to this indicator when you have other signs of weakness in the near background. If there are SOS in the background be cautious as the market may just move sideways for a few bars.

### **Future:**

Look to the following bars for confirmation. Low volume up bars back into the area of weakness show no demand. Upthrusts and further high volume up bars closing in the middle are also signs of weakness. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested. Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 86: FAILED TEST**

**NOTE:** None.

### **Bar Description:**

A wide spread down bar closing on or near its low, with the low and close lower than the previous few bars, indicates weakness.

### **Background:**

There should be a test in the immediate background (last few bars). The test has failed which in itself is a sign of weakness. This indicator works best with other weakness in the background. Study the background carefully and look at the trend. Are there signs of strength behind you?

### **Future:**

Any down move may be short lived unless you have further weakness in the background. Subsequent no demand up bars or upthrusts confirm the weakness. If there is strength in the near background this weakness may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 89: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

The previous bar was an up bar showing an increase in volume (ultra high volume adds to the weakness). For the current bar to close off its highs still with high volume suggests supply coming into the market. This is especially true if you are into new fresh high ground. Strong markets do not behave in this way. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

The previous bar was an up bar with high volume. Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. The market may need to distribute further before a down move can begin so be patient. The professionals do this by supporting the market until they have sold their remaining holdings. But remember this weakness will not suddenly disappear.

If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market pushes up through this area of supply it may come back down to test it again later. A successful test would then be bullish.

## **SOW 90: POSSIBLE HIDDEN SELLING**

**NOTE:** None.

### **Bar Description:**

This is a level or up bar showing an increase in volume (supply) or low volume (no demand).

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture.

If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up. Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested.

Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 92: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of 2 bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into fresh new high ground. If the high of the down bar is higher than the previous high this adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling.

Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 94: TWO BAR REVERSAL**

**NOTE:** This indicator is based upon the action of two bars

### **Bar Description:**

The first bar is an up bar closing near its high followed by a down bar closing near its low giving the appearance of a top reversal. If the high of the first bar is into fresh new high ground and volume is high or greater this can be climactic action.

Add more weight if volume is higher on the up bar. If the high of the down bar is higher than the previous high this also adds to the weakness.

### **Background:**

There should be a period of rising prices before this indicator appears.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. Look to the following bars for confirmation. Low volume up bars back into the area of the top reversal show no demand and weakness. Upthrusts and further high volume up bars closing in the middle are also signs of weakness.

Be wary if this indicator is immediately followed by down bars on reduced volume especially closing in the middle with a narrow spread. These show potential strength. Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 96: UPTHRUST AFTER WEAKNESS**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread.

The upthrust is a money making maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterised by high volume up bars closing in the middle and no demand up bars.

If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. The previous bar was a high volume up bar which in itself showed supply.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 97: REVERSAL AFTER EFFORT TO RISE**

**NOTE:** This indicator is based upon the action of two bars

### **Bar Description:**

The first bar is an up bar closing on its high followed by a down bar retracing most of the previous bar's gain. Sometimes this can appear as a top reversal. Add more weight if the volume is higher on the up bar and is into fresh new high ground. If the high of the down bar is higher than the previous high this also adds to the weakness.

### **Background:**

Have you seen any previous SOW in the background? There has been an effort to rise from the increased volume but for the next bar to be down shows supply has appeared. Strong markets do not behave in this way.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling.

Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. If there is strength in the near background this weakness may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish. Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 100: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply overcoming demand. Strong markets do not behave in this way. If volume is ultra high on the up bar this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture.

If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up. Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested.

Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 101: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 102: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 103: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread.

The upthrust is a moneymaking maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars.

If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. This indicator usually follows a high volume up bar in the immediate background which when combined with the upthrust shows supply.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail.

Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested..

## **SOW 104: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into fresh new high ground. If the high of the down bar is higher than the previous high this adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling.

Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 106: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort).

If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 107: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 108: TOP REVERSAL**

**NOTE:** This indicator is based upon the action of two bars

### **Bar Description:**

The first bar is an up bar closing near its high followed by a down bar closing near its low giving the appearance of a top reversal. If the high of the first bar is into fresh new high ground and volume is high or greater this can be climactic action. Add more weight if volume is higher on the up bar. If the high of the down bar is higher than the previous high this also adds to the weakness.

### **Background:**

There should be a period of rising prices before this indicator appears.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. Look to the following bars for confirmation.

Low volume up bars back into the area of the top reversal show no demand and weakness. Upthrusts and further high volume up bars closing in the middle are also signs of weakness. Be wary if this indicator is immediately followed by down bars on reduced volume especially closing in the middle with a narrow spread. These show potential strength.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 115: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 119: UPTHURST**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low with an average to wide price spread. Also if it closes as a down bar this is normally a sign of strength but the high being higher than the previous bar's high makes it a weak bar (hence the term hidden upthrust).

High volume shows selling and low volume indicates lack of interest at the higher levels by the professionals. The upthrust is a money making maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

Be very careful here. True upthrusts appear when you have WEAKNESS in the background. This would be characterized by high volume up bars closing in the middle and no demand up bars. If there is strength in the background be very cautious. It is likely to be tested or may be a false upthrust. However if the market has already fallen for some time this could be the start of a shakeout especially if the news is bad.

### **Future:**

Following a true upthrust expect lower prices. Further SOW e.g. no demand adds to the weakness. Be wary of a test with SOW in the background as it may well fail. Be cautious if following the upthrust you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 121: WEAKNESS HAS APPEARED**

**NOTE:** None.

### **Bar Description:**

With the previous high volume up bar usually closing off the highs with this bar down indicates supply is overcoming demand. This can appear as a top reversal. Add more weight if the volume is higher on the up bar and is into fresh new high ground.

If the high of the down bar is higher than the previous high this also adds to the weakness. Be cautious if volume on the down bar is ultra high as this could contain buying albeit with a lot of supply present.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

Look to the following bars for confirmation. Ultra high volume on the down bar with the next bar up shows some buying although still a lot of supply present. Low volume up bars back into the area of the supply show no demand and weakness. Upthrusts and further high volume up bars closing in the middle are also signs of weakness.

Be cautious if following the weakness you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 122: SUPPLY COMING IN**

**NOTE:** None.

### **Bar Description:**

This is a high volume up bar (often gapped up) The high volume shows professional activity in the market.. If volume is ultra high this could be climactic action. Sometimes this can be a breakout through an old top which is a sign of strength. However make sure that it is not a false breakout which is a SOW.

### **Background:**

The previous bar was up on high volume. Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness.

With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background or a breakout this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 123: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into fresh new high ground. If the high of the down bar is higher than the previous high this adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture.

If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up. Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly.

If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 126: TWO BAR REVERSAL**

**NOTE:** This indicator is based upon the action of two bars

### **Bar Description:**

The first bar is an up bar closing near its high followed by a down bar closing near its low giving the appearance of a top reversal. If the high of the first bar is into fresh new high ground and volume is high or greater this can be climactic action.

Add more weight if volume is higher on the up bar. If the high of the down bar is higher than the previous high this also adds to the weakness.

### **Background:**

There should be a period of rising prices before this indicator appears.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. Look to the following bars for confirmation.

Low volume up bars back into the area of the top reversal show no demand and weakness. Upthrusts and further high volume up bars closing in the middle are also signs of weakness. Be wary if this indicator is immediately followed by down bars on reduced volume especially closing in the middle with a narrow spread. These show potential strength.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 127: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 128: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into fresh new high ground. If the high of the down bar is higher than the previous high this adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness.

With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 129: UPTHURST AFTER SUPPLY**

**NOTE:** None.

### **Bar Description:**

The bar is marked up but falls off rapidly to close on or near its low normally with an average to wide price spread. The upthrust is a money making maneuver by the market makers to catch stops of those who are short and trap the unwary into buying. Prices are marked up at the open often on good news. High volume shows selling by the professionals while low volume shows their lack of interest in the upside. The bar resembles a telegraph pole.

### **Background:**

The previous bar was up with high volume. Look carefully to the background. After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume?

### **Future:**

If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling. Subsequent no demand up bars or upthrusts confirm the weakness.

With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW 130: SUPPLY COMING IN**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

A high volume up bar usually closing off the highs with the next bar down indicates supply is overcoming demand. This can appear similar to a top reversal. Add more strength if the volume is higher on the up bar and it is into fresh new high ground. If the high of the down bar is higher than the previous high this adds to the weakness.

### **Background:**

Look carefully to the background. Do you have strength or weakness behind you? After a period of rising prices this could be the start of distribution by one or more professional groups. Is there an old top to the left as this could be absorption volume.

### **Future:**

This set up shows weakness. However be cautious if volume on the down bar was very high to ultra high with the next bar up. This would confirm there was buying in the down bar although still a lot of supply. If the next bar is down closing near its lows this confirms the weakness. Also high volume up bars on narrow spreads show further selling.

Subsequent no demand up bars or upthrusts confirm the weakness. With weakness in the background this indicator carries more weight. No demand up bars and upthrusts will add to the negative picture. If there is strength in the near background this supply may be tested so look for low volume down bars closing in the middle or high, or for shakeouts. If the market is still strong it should follow the path of least resistance which is up.

Also watch for down bars closing off the lows with high volume, which show potential strength. These would need to be tested. Remember the market is an unfolding story bar by bar. You need to adjust your analysis accordingly. If the market moves up through this area of supply it may come back down to test it again later (low volume down bars closing in the middle or high). A successful test would then be bullish.

## **SOW: 134 NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 142: WEAKNESS HAS APPEARED**

**NOTE:** None.

### **Bar Description:**

The bar should be a narrow spread up bar and closing off the highs and be into fresh new high ground. There should be no old trading ranges at or near this level (see below). If volume is low it shows lack of interest in the upside whereas higher volume shows some selling.

### **Background:**

This is **ONLY VALID** if you have **ALREADY SEEN A SUBSTANTIAL UP MOVE** having taken place. Ideally there should be other signs of weakness in the background. Do you have an old top to the left? If so this could be absorption volume.

### **Future:**

This indicator shows weakness but is the volume high enough to stop the up move?. Any up move back into this area on low volume with narrow spreads or with upthrusts is a further SOW. Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested. When not appearing in genuinely new high ground this can represent absorption volume. Here the professionals are willing to absorb the supply of locked in traders who had bought at higher prices. This becomes a sign of strength.

## **SOW 143: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time.

If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand.

Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 145: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply.

If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 146: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move. If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply.

If there is weakness in the background this SOW becomes more important

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.



## **SOW 148: WEAKNESS HAS APPEARED**

**NOTE:** None.

### **Bar Description:**

An up bar closing off its highs is a potential SOW. If volume is lower than the two previous bars this is no demand but higher volume shows selling.

### **Background:**

Pay more attention to this indicator when you have other signs of weakness in the near background. If there are SOS in the background be cautious as the market may just move sideways for a few bars.

### **Future:**

Look to the following bars for confirmation. Low volume up bars back into the area of weakness show no demand. Upthrusts and further high volume up bars closing in the middle are also signs of weakness.

Be cautious if you now see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure. Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

Remember you need to look at the whole picture rather like slotting together the pieces of a jig-saw.

## **SOW 159: SUPPLY OVERCOMING DEMAND**

**NOTE:** None.

### **Bar Description:**

This indicator is trying to pick up subtle changes in the balance of supply and demand. Remember weakness, when it appears will be on an up bar. The bar has noticed some selling entering the market. Sometimes this can be a breakout through an old top to the left which is a sign of strength. However make sure it is not a false breakout which is a SOW.

### **Background:**

Look for other signs of weakness in the immediate background to support this indicator. On its own it may not be sufficient to lead to a fall especially if you are in an up trend. Is there an old top to the left as this could be absorption volume.

### **Future:**

The next bar should be down to confirm this indicator. With weakness in the background give this indicator more weight. There may still need to be further selling on up bars and no demand before the market can fall.

With strength in the background there may well be too much support for a fall to take place. If you see low volume down bars especially on a narrow spread or high volume down bars closing in the middle or high this confirms the strength.

Always remember to look at the whole picture and not the last few bars.

## **SOW 192: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort).

If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness. If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 193: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 194: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar on a narrow spread closing in the middle with low volume or volume lower than the last two bars. It can be a down bar if the high is higher than the previous bar. This shows the professional money is not interested in higher prices at this time. If the price spread is greater than narrow this can still show weakness.

### **Background:**

Pay particular attention to the background. With strength in the background this indicator may only cause the market to rest for a few bars as the professionals stand aside before resuming the up move.

If there has been a major shakeout in the near background or heavy buying the next bar can be a low volume up bar meaning prices are marked up with minimum resistance as there is little immediate supply. If there is weakness in the background this SOW becomes more important.

### **Future:**

The next bar should be down to confirm this indicator. With strength in the background expect testing or an up bar on increased volume to push through this SOW (effort). If there are other SOW in the background expect lower prices. The professionals have noticed this weakness and are not interested any longer in the up move. Further SOW such as upthrusts will confirm the weakness.

If you are at or near an old top to the left it is highly unlikely that a market will go up through this old top on no demand. Be cautious if following no demand you see a down bar with a narrow spread with volume lower than the two previous bars. This shows lack of selling pressure.

Also if you see down bars on high volume closing off the lows with the next bar up this shows potential strength. This would need to be tested.

## **SOW 198: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar with volume lower than the two previous bars shows lack of interest as the market rises.

### **Background:**

Study the background carefully and look at the trend. This indicator works best when there is weakness in the background, or following minor SOS in a downtrend. With strength in the background the indicator alone carries less significance.

### **Future:**

The next bar should be down to confirm this indicator. In a downtrend this indicator carries more weight. Here you would expect lower prices. In an uptrend it may lead to a pause or a small decline back down to support at best.

Look at the full picture rather than just the individual bar.

## **SOW 199: NO DEMAND**

**NOTE:** None.

### **Bar Description:**

An up bar with volume lower than the two previous bars shows lack of interest as the market rises.

### **Background:**

Study the background carefully and look at the trend. This indicator works best when there is weakness in the background, or following minor SOS in a downtrend. With strength in the background the indicator alone carries less significance.

### **Future:**

The next bar should be down to confirm this indicator. In a downtrend this indicator carries more weight. Here you would expect lower prices. In an uptrend it may lead to a pause or a small decline back down to support at best.

Look at the full picture rather than just the individual bar.

# **GLOSSARY**

## **PART 2: SIGNS OF STRENGTH**



## **SOS 199: NO SUPPLY**

**NOTE:** None.

### **Bar Description:**

A down bar with volume lower than the two previous bars shows lack of selling pressure as the market falls.

### **Background:**

Study the background carefully and look at the trend. This indicator works best when there is strength in the background, or following minor SOW in an uptrend. With weakness in the background the indicator alone carries less significance.

### **Future:**

The next bar should be up to confirm this indicator. In an uptrend this indicator carries more weight. Here you would expect higher prices. In a downtrend it may lead to a pause or a small rally back up to resistance at best.

Look at the full picture rather than just the individual bar.

## **SOS 198: NO SUPPLY**

**NOTE:** None.

### **Bar Description:**

A down bar with volume lower than the two previous bars shows lack of selling pressure as the market falls.

### **Background:**

Study the background carefully and look at the trend. This indicator works best when there is strength in the background, or following minor SOW in an uptrend. With weakness in the background the indicator alone carries less significance.

### **Future:**

The next bar should be up to confirm this indicator. In an uptrend this indicator carries more weight. Here you would expect higher prices. In a downtrend it may lead to a pause or a small rally back up to resistance at best.

Look at the full picture rather than just the individual bar.

## **SOS 147: DEMAND OVERCOMING SUPPLY**

**NOTE:** None.

### **Bar Description:**

This indicator is trying to pick up subtle changes in the balance of supply and demand. Remember strength, when it appears will be on a down bar. The bar has noticed some buying entering the market.

### **Background:**

Look for other signs of strength in the immediate background to support this indicator. On its own it may not be sufficient to lead to a rally especially if you are in a down trend.

### **Future:**

The next bar should be up to confirm this indicator. With strength in the background give this indicator more weight. There may still need to be shakeouts and testing to remove any further supply.

With weakness in the background there may well be too much supply for a rally to take place. If you see low volume up bars especially on a narrow spread or high volume up bars closing in the middle or low this confirms the weakness.

Always remember to look at the whole picture and not the last few bars.

## **SOS 146: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 144: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 143: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 137: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 135: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.



## **SOS 134: NO SUPPLY/TEST**

**NOTE:** None.

### **Bar Description:**

This is a test like bar with a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. No supply works best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following no supply expect higher prices provided there is strength in the background.. Failure to do so is a sign that the market is not yet ready to go up. If there is strength in the background and the no supply bar is back down into the area of buying this is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the no supply follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent no supply bar to fail which in itself is a sign of weakness.

Be cautious if the no supply bar is followed by low volume down bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 133: STRENGTH COMING IN**

**NOTE:** None.

### **Bar Description:**

This indicator is a more general SOS which can appear in a number of forms. A down bar closing in the middle or high must be considered a strong SOS especially if you are into new low ground. Volume should be high to ultra high. If the volume is low this is also strength because there is little or no selling pressure. If volume is high, add more strength if the news is very bad. The professionals are prepared to absorb the supply.

When the price spread is very wide and volume is very high this can be stopping volume or climactic action which may mark the low of the market.

### **Background:**

The background is extremely important. Do you have strength, minor SOW or has supply hit the market? If there is weakness in the background those who bought at a higher price (weak holders) reach a point where they will dump their holdings at a loss just to recover whatever money they can. As they panic the professionals will absorb these at cheap prices.

### **Future:**

The next bar should be up to confirm this indicator. If volume was high on this bar it may be the start of accumulation so be patient as the market may not yet be ready to go up. Look for shakeouts and testing once the professionals have finished their buying.

If volume was low on this bar this may be a test of supply in the background. If so, you would expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. Be cautious if you now see weak bars.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 132: TWO BAR REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is a down bar closing near its low followed by an up bar closing near its high giving the appearance of a bottom reversal. If the low of the first bar is into fresh new low ground and volume is high or greater this can be climactic action. There comes a point when the herd will panic and sell usually on bad news. If the professionals now decide the price levels are attractive they will step in and absorb that selling creating the high volume. Add more weight if volume is higher on the down bar..

If the low of the up bar is lower than the previous low this also adds to the strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a period of falling prices before this indicator occurs.

### **Future:**

Remember although buying has appeared there is still a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish. If volume on the up leg of the bottom reversal is low this can be a type of 'test' in itself.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.

## **SOS 131: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 129: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 127: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 124: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the chance to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 123: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.



## **SOS 122: POTENTIAL PROFESSIONAL BUYING**

**NOTE:** None.

### **Bar Description:**

A down bar with ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the following bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 119: SHAKEOUT**

**NOTE:** This indicator occurs over 2 bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Sometimes this can give the appearance of a bottom reversal.

Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 116: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 113: SHAKEOUT**

**NOTE:** This indicator occurs over 2 bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Sometimes this can give the appearance of a bottom reversal. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 112: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 107: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 106 SHAKEOUT**

**NOTE:** This indicator occurs over 2 bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 102: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.



## **SOS 101: STOPPING VOLUME**

**NOTE:** This indicator is based upon the action of 2 bars.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. The professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. This type of stopping volume appears over two bars. The first being a down bar on high volume closing on the lows with the second bar up. The first bar should be into fresh new low ground. If the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator but proceed with caution if volume is less than the two previous bars. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. This indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared. Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 99 REVERSAL OVER 2 BARS**

**NOTE:** This indicator is based upon the action of 2 bars.

### **Bar Description:**

The first bar should be down into fresh new low ground. Remember the professionals have to buy on down bars. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. This type of stopping volume appears over two bars. The first being a down bar with the second bar up on a wide spread and ideally closing above the high of the first bar. This is designed to lock traders out of the market by a rapid up move. Those short on the down bar now have to cover their positions at a loss. Buyers hesitate feeling they have missed the up move and are vulnerable to being sucked in at higher prices. If volume on the down bar is ultra high this can be climactic action. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared. Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 97: BOTTOM REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is a down bar closing near its low followed by an up bar closing near its high giving the appearance of a bottom reversal. If the low of the first bar is into fresh new low ground and volume is high or greater this can be climactic action. There comes a point when the herd will panic and sell usually on bad news. If the professionals now decide the price levels are attractive they will step in and absorb that selling creating the high volume. Add more weight if volume is higher on the down bar. If the low of the up bar is lower than the previous low this also adds to the strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a period of falling prices before this indicator occurs.

### **Future:**

Remember although buying has appeared there is still a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish.

If volume on the up leg of the bottom reversal is low this can be a type of 'test' in itself.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.

## **SOS 96: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there. This indicator is showing support has entered the market and it has been marked down with little supply present.

### **Background:**

There should be support in the background or the market has been marked down with little selling pressure. The background is important because the market cannot rally without a cause. There needs to be buying by the professional groups. Tests work best when there is strength in the background or following minor SOW in an uptrend.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 94: 2 BAR REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is marked down sharply with the second bar up and closing near its high. This can give the appearance of a bottom reversal or a test over two bars. It is designed to shake you out of the market and catch stops. It works better when volume is higher on the down bar. Also add strength if the low of the first bar is down into fresh new low ground. If the volume on the up leg of the reversal is low this can be a type of 'test' in itself. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

This indicator should take place after a market fall and mostly happens on market lows. Your skill as a trader/investor has to decide if volume on the down bar is sufficient to give cause to an up move.

### **Future:**

Remember that although buying has appeared there may still be a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.

## **SOS 91: POTENTIAL STOPPING VOLUME/CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. Remember the professionals have to buy on down bars. If they find prices attractive they will absorb panic selling from those traders on the wrong side of the market. Covering of shorts will add to the volume.

### **Background:**

There should be a clear down move in the background. As the weak holders panic only buying by the professionals can absorb their selling and stop a down move. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing.

Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 89: TEST/SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first.

Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 87: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. This particular signal is more general and does not need to close near the high of the bar. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.



## **SOS 86 NO SUPPLY/TEST**

**NOTE:** None.

### **Bar Description:**

This is a test like bar with a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. No supply works best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following no supply expect higher prices provided there is strength in the background.. Failure to do so is a sign that the market is not yet ready to go up. If there is strength in the background and the no supply bar is back down into the area of buying this is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the no supply follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent no supply bar to fail which in itself is a sign of weakness.

Be cautious if the no supply bar is followed by low volume down bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 85: TEST AFTER SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. If the news was bad and volume was high this can appear as a shakeout, or even a selling climax which would mark the start of accumulation. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. If the bar appeared as a selling climax expect future shakeouts and testing.

## **SOS 84: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 83: POTENTIAL SELLING CLIMAX**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into new fresh low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 82: SHAKEOUT**

**NOTE:** This indicator occurs over 2 bars..

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 81: NO SUPPLY/TEST**

**NOTE:** None.

### **Bar Description:**

This bar has fallen off on low volume and a narrow spread showing a lack of selling pressure at that point. Sometimes it may close up on the middle or high which represents a test.

### **Background:**

The background is extremely important. No supply works best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following no supply expect higher prices provided there is strength in the background. Failure to do so is a sign that the market is not yet ready to go up. If there is strength in the background and the no supply bar is back down into the area of buying this is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the no supply follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent no supply bar to fail which in itself is a sign of weakness. Be cautious if the no supply bar is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 79: BOTTOM REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is a down bar closing near its low followed by an up bar closing near its high giving the appearance of a bottom reversal. If the low of the first bar is into fresh new low ground and volume is high or greater this can be climactic action. There comes a point when the herd will panic and sell usually on bad news. If the professionals now decide the price levels are attractive they will step in and absorb that selling creating the high volume.

Add more weight if volume is higher on the down bar. If the low of the up bar is lower than the previous low this also adds to the strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a period of falling prices before this indicator occurs.

### **Future:**

Remember although buying has appeared there is still a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish. If volume on the up leg of the bottom reversal is low this can be a type of 'test' in itself.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.

## **SOS 78: BOTTOM REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is a down bar closing near its low followed by an up bar closing near its high giving the appearance of a bottom reversal. If the low of the first bar is into fresh new low ground and volume is high or greater this can be climactic action. There comes a point when the herd will panic and sell usually on bad news. If the professionals now decide the price levels are attractive they will step in and absorb that selling creating the high volume.

Add more weight if volume is higher on the down bar. If the low of the up bar is lower than the previous low this also adds to the strength.

Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a period of falling prices before this indicator occurs.

### **Future:**

Remember although buying has appeared there is still a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish. If volume on the up leg of the bottom reversal is low this can be a type of 'test' in itself.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.



## **SOS 77: SIMPLE TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders.

If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS: 76 POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 74: POTENTIAL CLIMACTIC ACTION/SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness.

If volume is ultra high this can be climactic action and the start of accumulation in which case a narrow spread adds to the strength if it is into new fresh low ground.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

The next bar should be up to confirm this indicator. A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices.

A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 70: SHAKEOUT**

**NOTE:** This indicator occurs over 2 bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Sometimes this can give the appearance of a bottom reversal. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 63: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness.

If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread.

If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 57 TWO BAR REVERSAL**

**NOTE:** This indicator is based upon the action of two bars.

### **Bar Description:**

The first bar is a down bar closing near its low followed by an up bar closing near its high giving the appearance of a bottom reversal. If the low of the first bar is into fresh new low ground and volume is high or greater this can be climactic action. There comes a point when the herd will panic and sell usually on bad news. If the professionals now decide the price levels are attractive they will step in and absorb that selling creating the high volume. Add more weight if volume is higher on the down bar..

If the low of the up bar is lower than the previous low this also adds to the strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

There should be a period of falling prices before this indicator occurs.

### **Future:**

Remember although buying has appeared there is still a lot of supply. No market can rally far with supply present. Expect shakeouts to remove the remaining weak holders followed by testing to ensure supply has disappeared. Only then can the market turn bullish. If volume on the up leg of the bottom reversal is low this can be a type of 'test' in itself.

Be very cautious if you now see low volume up bars, or high volume up bars closing in the middle especially on a narrow spread, which all indicate weakness.

## **SOS 56: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. This particular signal is more general and does not need to close near the high of the bar.

Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread.

If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 54: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. This particular signal is more general and does not need to close near the high of the bar.

Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.



## **SOS 53: POTENTIAL CLIMACTIC ACTION/SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness.

If volume is ultra high this can be climactic action and the start of accumulation in which case a narrow spread adds to the strength if it is into new fresh low ground..

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

The next bar should be up to confirm this indicator. A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices.

A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 52: CLIMACTIC ACTION/SHAKEOUT**

**NOTE:** This indicator occurs over two bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation in which case a narrow spread adds to the strength if it is into new fresh low ground. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength.

Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 51: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. This particular signal is more general and does not need to close near the high of the bar.

Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 49: TEST OF SUPPLY AFTER SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 45: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread.

If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 44: SHAKEOUT**

**NOTE:** This indicator occurs over two bars.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation. This indicator occurs over two bars. The first has shown strength which has caused interest with the professional traders, the second bar is up which confirms that strength. Be very careful if the second bar is up but closes off its highs on high volume. This suggests a lot of supply and you would expect that supply to be tested. If the close of the second bar is higher than the first bar's high this adds to the strength. It can often give the appearance of a bottom reversal.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS. Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread. If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 43: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread normally closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. This particular signal is more general and does not need to close near the high of the bar.

Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would then expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread.

If the market starts to whipsaw and goes sideways it may be building a cause for the next up move. Remember you need to look at the overall picture not just the individual bars.

## **SOS 36: BAG HOLDING**

**NOTE:** None.

### **Bar Description:**

A narrow spread down bar with ultra high volume. This is a rare indicator but one of the strongest to appear. It should be into fresh new low ground. A point is reached when the herd panic and unload their holdings at rock bottom prices. The narrow spread tells you that the professionals absorb all the supply coming onto the market (effectively holding out a 'bag' to collect the panic selling, hence the term). If they had not done this the spread would have been wide.

### **Background:**

There should be a clear down trend in the background.. Remember to stop a fall in the market demand has to overcome the supply that is causing that fall. By its very nature this has to appear on down bars.

### **Future:**

Prices are now expected to rally strongly. Any shakeout or successful testing back into the area of the bag holding is a very strong SOS.



## **SOS 34: SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A shakeout is a mark down on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply but remember this supply will hold back future upward progress. If the spread is narrow it will have less impact. Exercise caution if the bar has gapped down as this can indicate hidden weakness. If volume is ultra high this can be climactic action and the start of accumulation.

### **Background:**

The background is extremely important. You should see strength in the background with stopping volume or a selling climax. Are there some minor SOW in an uptrend or has supply hit the market?

### **Future:**

A shakeout on low volume is really a violent test and has the same effect. It shows supply has disappeared and you would expect higher prices. A shakeout on high volume shows demand was prepared to absorb the supply on that bar but they will likely want to test that supply in the future. Any low volume testing back into the area of the shakeout would be a strong SOS.

Be cautious if the shakeout is followed by low volume up bars, or high volume up bars closing in the middle especially on a narrow spread.

If the market starts to whipsaw and goes sideways it may be building a cause for the next up move.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 33: POTENTIAL CLIMACTIC ACTION**

**NOTE:** None.

### **Bar Description:**

A down bar with high to ultra high volume must contain buying from the professionals especially if it is into fresh new low ground and the next bar is up. One or more professional groups will have decided that the underlying market is now good value and will step in and buy absorbing the supply. Covering of shorts will add to the volume.

### **Background:**

There should be a clear downtrend in place in the background. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Only buying by the professionals can stop a down move. Covering shorts will add to the volume. This has to be done on down bars so as not to move prices against them. Study the background carefully.

### **Future:**

The next bar should be up to confirm this indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared.

If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared. Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 32: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 30: TEST IN A RISING MARKET**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. This indicator is usually testing high volume in the recent background. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 29: TEST OF BREAKOUT**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if it is a down bar. This indicator follows a breakout from a trading range. It is a test in a rising market. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. The previous bar should be a breakout from a recent trading range. The test may well fail if the breakout proves to be false.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. It may also show the breakout to be false. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 28: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 23: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 22: BASIC TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.



## **SOS 21 SIMPLE TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first.

Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 19: TEST AFTER UPTHURST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. This particular indicator occurs after a recent upthrust. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 16: TEST AFTER SHAKEOUT**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. If the news was bad and volume was high this can appear as a shakeout, or even a selling climax which would mark the start of accumulation. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. If the bar appeared as a selling climax expect future shakeouts and testing.

## **SOS 13: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 12: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

This indicator appears following a recent sign of weakness. Is this SOW minor? Remember tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue.

Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 11: BASIC TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Sometimes this indicator appears as a shakeout, which is a mark down but on a wide spread closing up near the high to shake out weak holders. If volume is low then supply has dried up. High volume suggests demand overcame the supply. If the spread is narrow it will have less impact. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. A high volume test/shakeout may need to be re-tested. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first.

Be cautious if the test or shakeout is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 9: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.

## **SOS 8: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness. Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread.

Remember you need to look at the overall picture not just the individual bars.



## **SOS 7: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 6: TEST**

**NOTE:** None.

### **Bar Description:**

A test is a mark down during the bar (often on bad news) to challenge any weak holders to panic and sell. If they do not sell the price rebounds up towards the middle or high and volume is low (can be high in the futures market). This lack of selling gives the professionals confidence that they do not have to absorb large amounts of supply. Add extra weight if the low of the bar is into fresh new low ground and also if it is a down bar. Tests on low volume in the cash market will cause the professionals to enter the futures market resulting in higher volumes there.

### **Background:**

The background is extremely important. Tests work best when there is strength in the background or following minor SOW in an uptrend. With weakness in the background this indicator carries less importance and at best may only cause the market to rest for a few bars as the professionals stand aside before resuming the down move.

### **Future:**

Following a test expect higher prices. Failure to do so is a sign that the market is not yet ready to go up. If volume was too high for a reliable test you need to decide whether the market makers are prepared to absorb that supply and take prices higher. If there is strength in the background and the test bar is back down into the area of buying a successful test is a strong indication of strength showing supply has disappeared. If you are in an uptrend and the test follows some minor signs of weakness you would anticipate the up move to continue. Supply appearing after an up move is often tested. If the supply is sufficient to stop the up move expect any subsequent test to fail which in itself is a sign of weakness.

Give extra weight to a second test in a bullish phase if the second test has lower volume than the first. Be cautious if the test is followed by low volume up bars, upthrusts or high volume up bars closing in the middle especially on a narrow spread. Remember you need to look at the overall picture not just the individual bars.

## **SOS 4: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

### **SOS 3: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

#### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

#### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

#### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

## **SOS 1: POTENTIAL STOPPING VOLUME**

**NOTE:** None.

### **Bar Description:**

This should be a down bar on volume greater than the last few bars which can be gapped down often on bad news. The bar should close well off the lows to show demand has absorbed the supply. Remember the professionals have to buy on down bars and will also cover shorts which adds to the volume. Panic selling from those traders on the wrong side of the market is absorbed by the market makers who now find prices attractive. The bar should be into fresh new low ground.

### **Background:**

There should be a down move behind you. Weak holders will eventually panic and sell out regardless of the price offering the professionals the opportunity to acquire holdings at a good price. Study the background carefully.

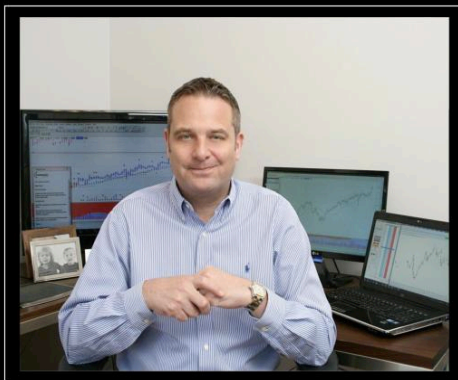
### **Future:**

The next bar should be up to confirm the indicator. The market may need to accumulate further before an up move can begin so be patient. The professionals do this by selling small amounts of their holdings to push prices back down to the lows on bad news days. However, overall they are buying more than they are selling. Remember this indicator picks up demand coming in but there is still supply present. A market will not rally far until the professionals have checked to see if this supply has disappeared. This they do with shakeouts and testing. Shakeouts are usually on a wide spread down closing near the highs. If volume is low this becomes a test like bar and shows supply has disappeared. If volume on the shakeout is high expect testing at a later date. An ideal test is back into the area of the stopping volume. The test should be a mark down with a narrow to average spread closing in the middle or high on low volume. This sends a message to weak holders to show their hand. The low volume suggests the supply has disappeared.

Remember if the market is still weak you would expect high volume up bars closing off the highs with the next bar down, upthrusts especially on high volume and no demand.

# Trading in the Shadow of the Smart Money.....

## The Author Gavin Holmes



In 2002 Gavin Holmes had the good fortune to meet Tom Williams, a former syndicate trader who traded with one of the largest stock trading funds in America during the late 1950s and early 1960s.

Tom wrote two books that he self published, "The Undeclared Secrets that Drive the Stock Market" and "Master the Markets". Both books have now sold or been distributed to over 100,000 traders and investors as an estimate worldwide.

Tom connected with Gavin, and at their first meeting Tom explained that the markets were being manipulated on a daily basis by the "Smart Money". As a result Gavin and his business partner Richard Bednall did due diligence and formed a company called TradeGuider Systems and purchased all the intellectual property rights to Toms work and books.

Tom was himself a "Smart Money" insider, and he had developed a trading system that could see the activity of the "Smart Money" as they were manipulating the markets by observing the interrelationship between volume, price action and the closing price on a price chart. Tom developed a methodology called Volume Spread Analysis and computerized his system with amazing results. Gavin became Tom's protégé and over the last 9 years Gavin has become recognized as a worldwide expert in the Volume Spread Analysis methodology and market manipulation.

Gavin's passion is to enlighten the uninformed and uneducated traders and investors who have no idea how the markets "really" work. In this book Gavin has built upon the pioneering work of Richard Demille Wyckoff, Richard Ney and Tom Williams.