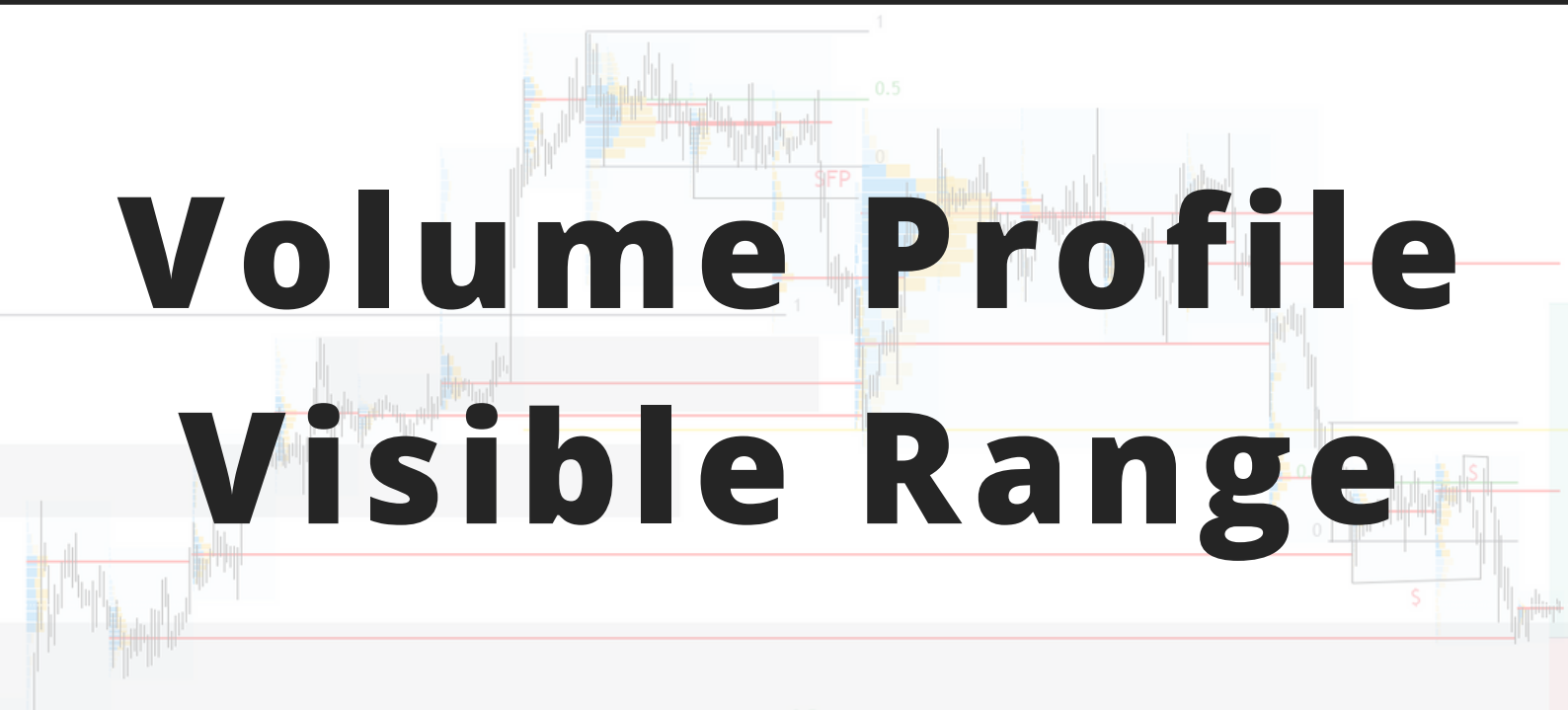


Volume Profile Series

Tutorial 1



Volume Profile Visible Range

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UNDERSTANDING THE MARKET AUCTION.

In this 3 part series, we will try to master volume Profile. After you've completed, you'll be able to understand where the interest lies and use the same knowledge to scalp or swing trade with high probability.

A successful trader must establish where the market is interested in buying or selling and find the area of interests.

Drawing a line had little inside edge and volume Profile provides an insight into the interest of the market.

I will tell you how to use volume Profile even if you don't have the paid version of trading view, it's completely fine.

Please read slow, Learn and master it. This will add an edge to your trading IF you continuously use it, a lot.

Thank you.



INTRODUCTION

Trading is nothing but a continuous auction.

Instead of the auctioneer continuously shouting, we have orderbooks representing the people, showcasing the rates at which the market (individuals) are interested in buying and selling.

When price goes up, its looking for sellers to balance it (A lot of aggressive buying pushes the price up) and vice versa.

Something that needs to be realized is assets are rarely too cheap or too expensive. For an asset to stay at a certain price, there has to be a buyer and a seller at that point. When the market assumes that the asset is rationally priced, the price ranges. Price ranges are created by market acceptance of the price of the asset. This stage is called Balance. Price generally stays in the balance zone.



When there is speculation and uncertainty about the real price of the asset, we see an imbalance in the market. This leads to sudden trends and break of the trend.

This is where volume Profile comes into the picture, as it helps us gauge the volume of the auction (trades) at a certain price range.





What is Volume Profile?

Volume Profile is just information on how much volume was traded at a specific price point within the defined range.

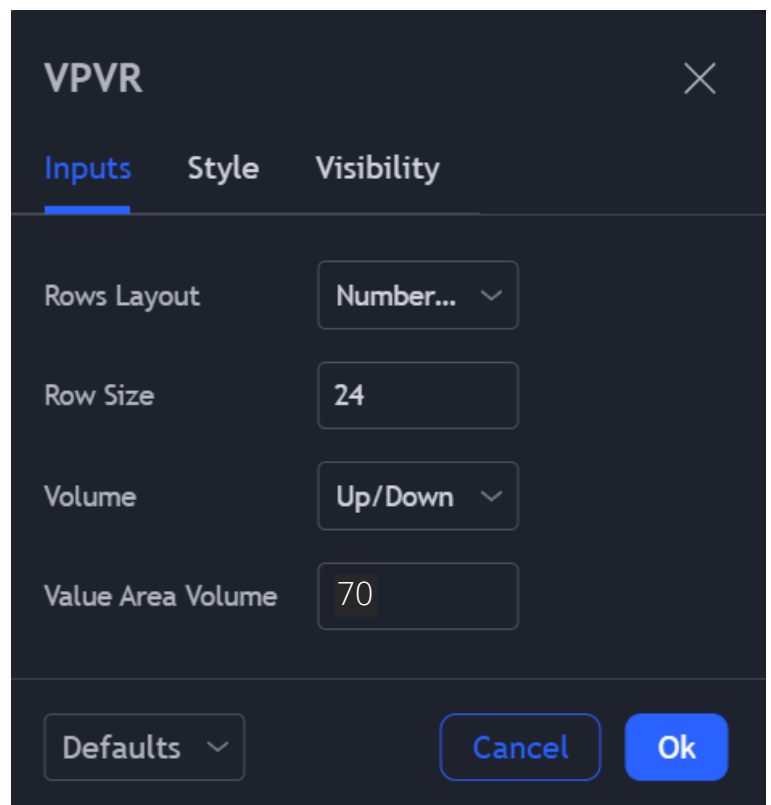
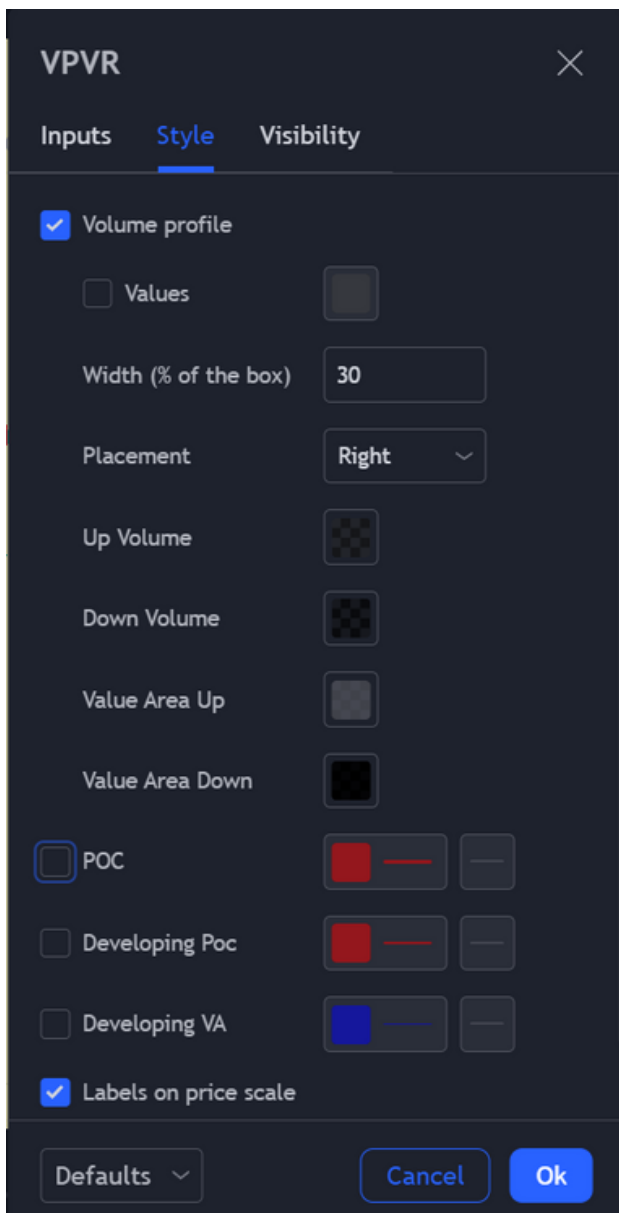
There are many Volume Profile indicators:

VPFR - Volume Profile Fixed Range

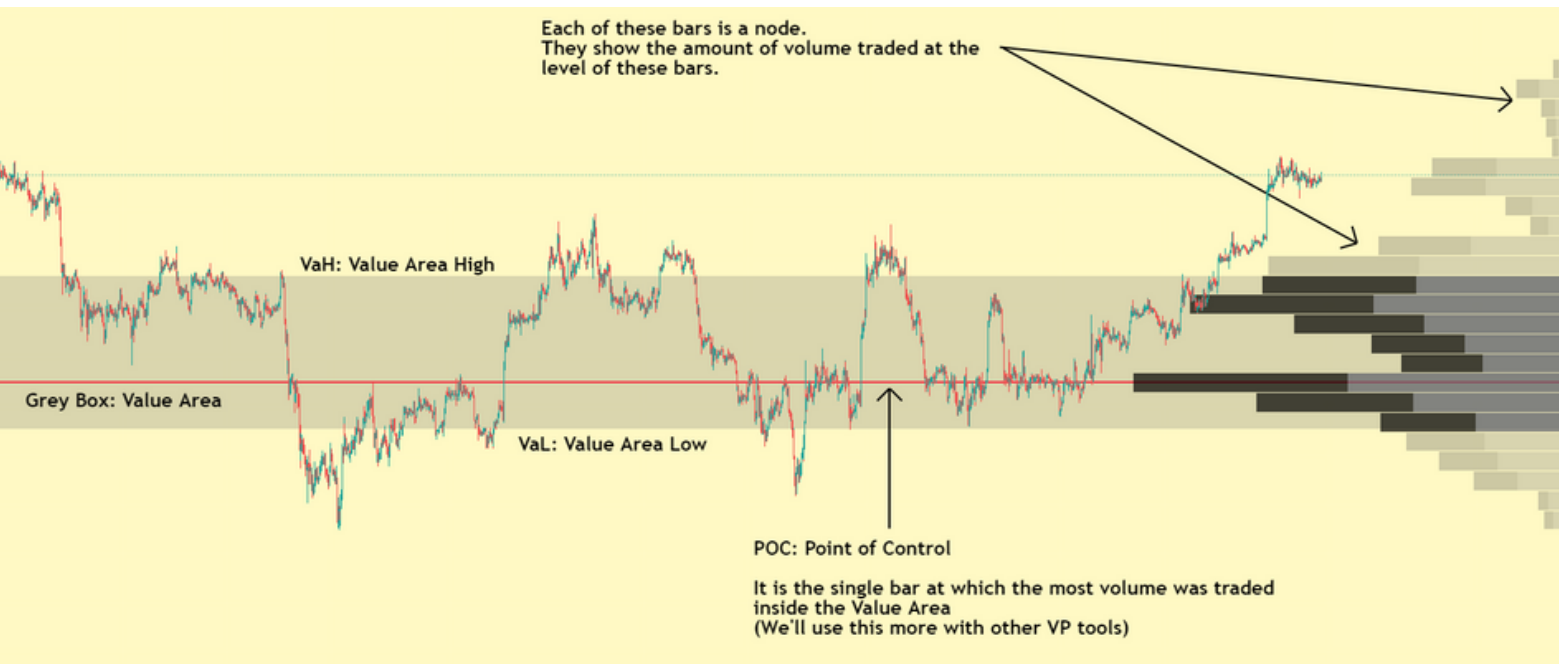
VPSV - Volume Profile Session Volume

VPVR - Volume Profile Visible Range

In this tutorial we'll cover one aspect of Volume Profile, VPVR. A tool that is very important and one of the most 'logical' indicators as it's based on hardcore data.



These are my settings for the VPVR tool on TradingView. Apart from the colour scheme, only the value area volume default is different.



Even from first glance, it is apparent how price has rotated from one side of the Value Area to another.

The VPVR in short just shows you HORIZONTAL volume for the visible price action on your chart. This is also very beneficial to use alongside the Levels PDF. When a support is reached, most traders long. When the support is broken and price retest it as support, everyone is happy to close the long at BE. There would be a lot of volume transacted at that price, VPVR will help you see that visually.

Link to Levels PDF: <https://t.me/EmperorbtcTA/528>

Terms

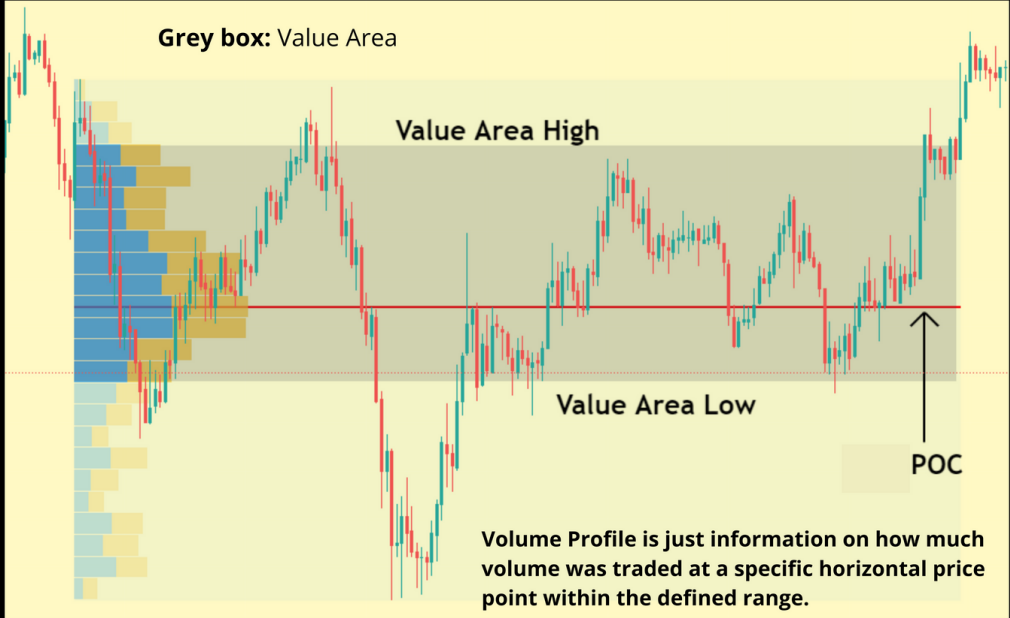
GLOSSARY OF TERMS

Value Area: 70% of the volume for the range drawn is transacted in the Value Area.

POC: Point of Control, it is the single price point(horizontal level) at which the maximum volume was traded at.

HVN: High Volume Node (Not the POC but a specific horizontal level with high volume, these may also act like the POC and stand out as a level of interest.

LVN: Low Volume Node





IMPORTANT!

Trading Competition for our community



As promised, We will start a trading competition for our community from next week.

Everyone in the community can participate, no conditions.

Winners will get 1 Bitcoin. Up to 20-30 winners.

The prize will go higher if more people participate.

Use this competition to practice, trade a lot and earn that prize.

I want all of you to participate and let the most active trader win.

Register for the competition through the link below.

<https://partner.bybit.com/b/TradingBitcoin>



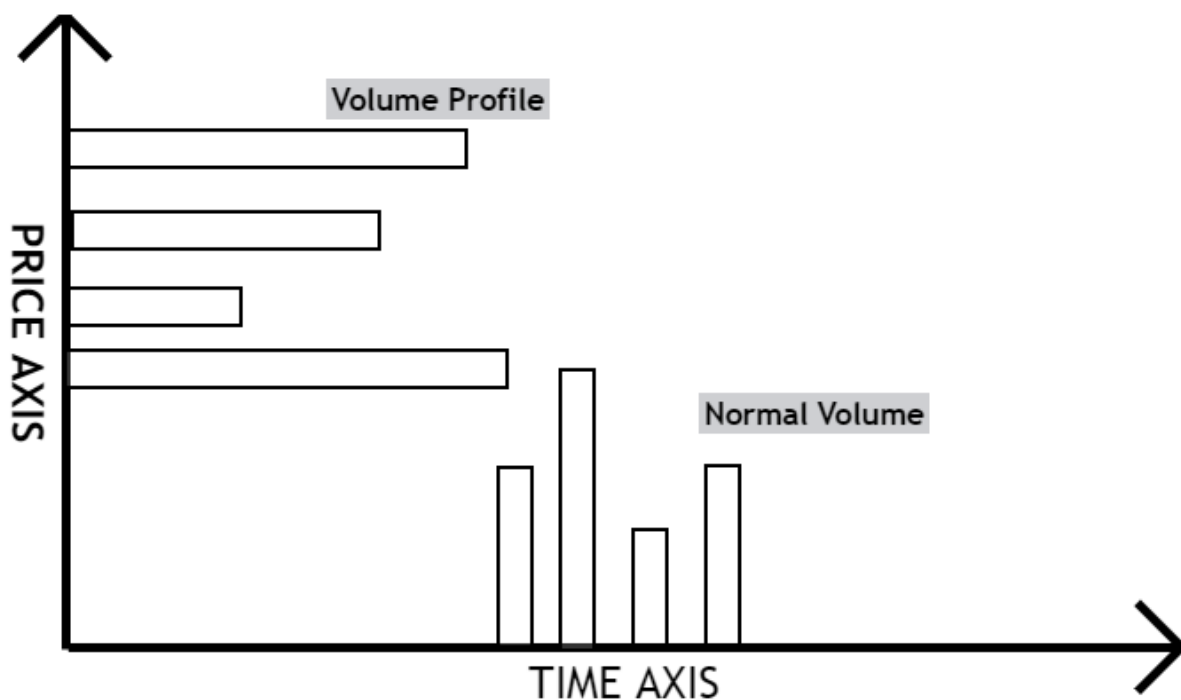
1) HOW TO TRADE THE VALUE AREA RANGE

It is important to use VPVR in combination with the conventional volume tool.



As you can see, Normal volume is plotted with the time axis, showing how much volume entered the market at a particular time.

Volume Profile is charted with the price axis, showing the volume at a particular price.





Note how if we use our normal long triggers like an SFP of range low, we can easily get high probability entries. In this case, you could have caught a generational bottom before Bitcoin All Time Highs. Flipping the POC is a compounding opportunity as seen.

SFP tutorial link: <https://t.me/EmperorbtcTA/493>

NOTE: VPVR can be used to increase confluence to your existing trading strategy easily.

You need to use these concepts:

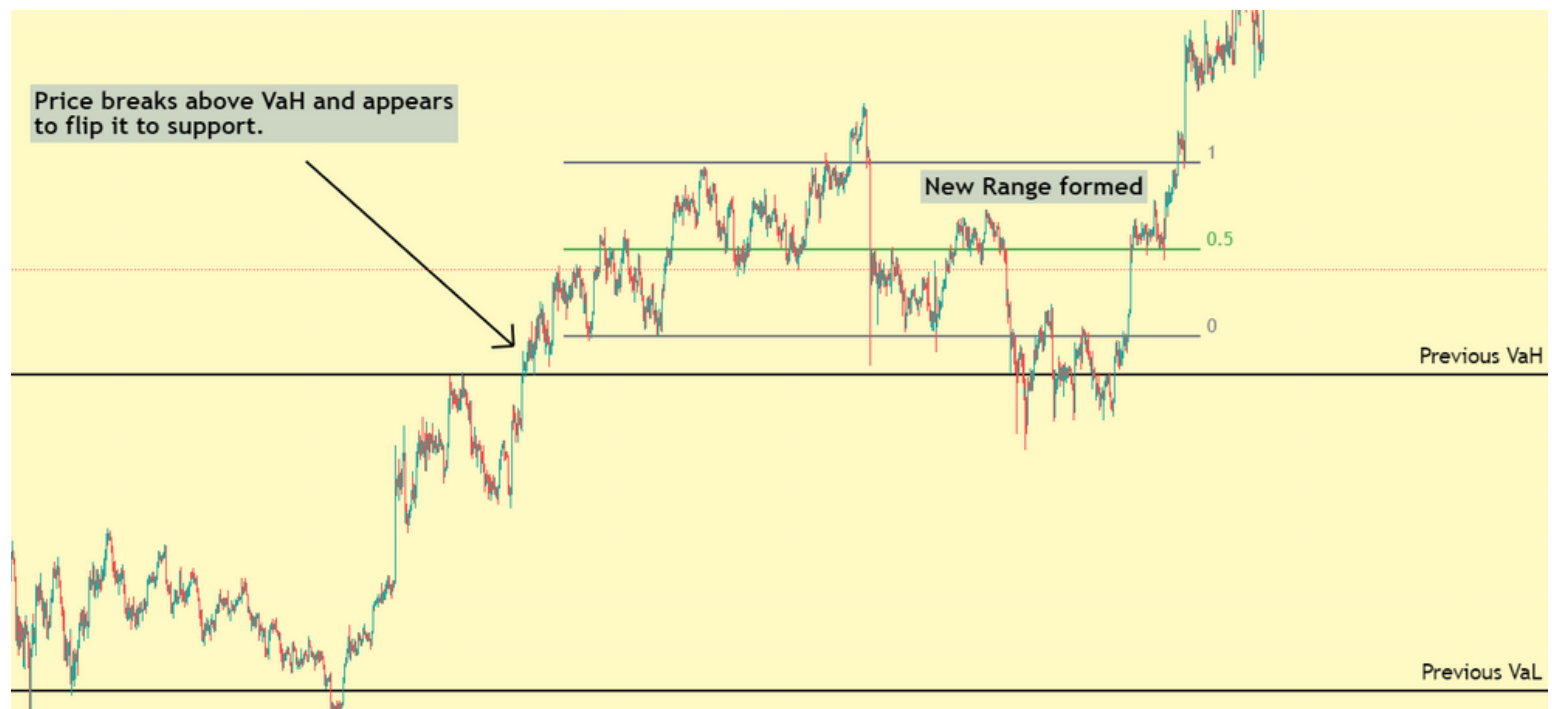
- **Above VaH** – Trading above 'Fair Value' so look for shorts
 - **Below VaL** – Trading below 'Fair Value' so look for longs
-



2) BREAKOUTS OF VALUE AREA RANGE

Price will eventually break out of the range. No asset can go sideways forever. One simple rule to follow is stick to above mentioned plans. Don't predict breakouts, ever.

Example:



When price breaks out of VaH and holds, we would be in either of 2 positions:

- We already took profit on a long at VaH and may feel some FOMO of getting out too early.
- We shorted the VaH and are now underwater.

For the 1st case, I have one thing to say. No one went broke taking profits. I have lost more money "letting trades run" than having strict exit points.

If you are in the 2nd situation, you would have a stop loss already. When you see "acceptance" above Value Area, get out and eat the loss. Value area trading will give you a high hit rate, trade the range till it's broken, manage risk and one loss will a minor scratch.

For both the cases, when prices move beyond value area and appears to hold those levels, this is called acceptance. Just wait for a new range to form and rinse-repeat the same process.



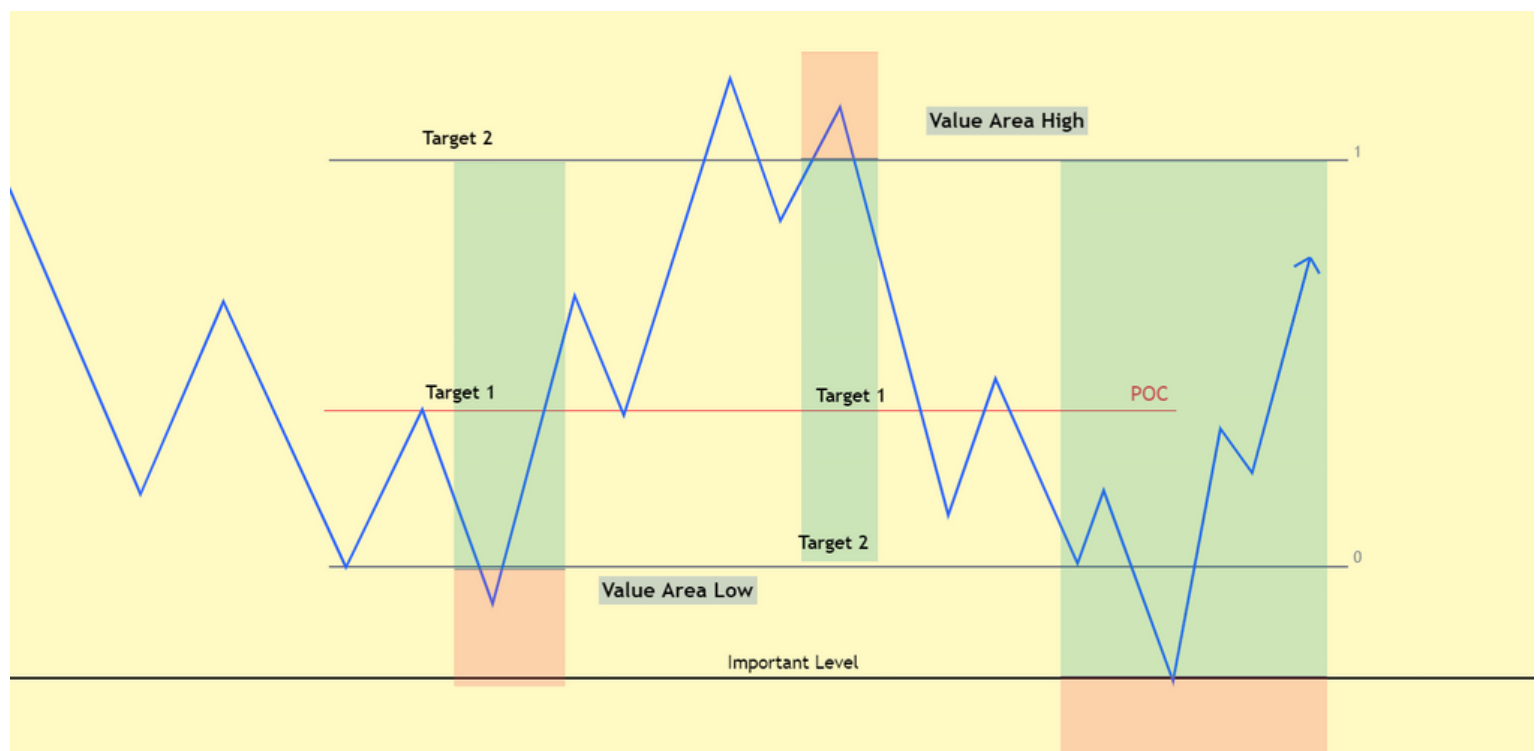
3) WHAT IS THE ROLE VPVR WILL PLAY IN YOUR TRADING?

There is a simple method to be a great trader. Use more confluence (like VP), manage risk and trade often. VPVR is one of the best LTF tools to hand you a bias. Once you see where price is trading with respect to the value area, that's when you decide whether you'll look for longs or shorts.

Once you have a bias, what do you do? You use levels, oscillators, patterns, etc to get entry triggers.

NOTE: POC being an area where the most the volume was traded becomes crucial as it can be resistance/support very often.

Reason: The place where most volume was traded previously will probably be the area where most bids/orders are placed now



A practical illustration of how you'll trade the Value Area.



THANK YOU FOR READING

I hope this tutorial introduced volume Profile to you.

If you don't have a paid tradingview, don't worry, you can use FRVP, which I will explain in the next tutorial.

Please trust me, using volume Profile for trading a lot will add a logical edge to your trading.

Read, share and please wait for the next tutorial.

Love, EmperorBTC

