

Volume Profile Series

Tutorial 3

Volume Profile Session Volume

A background image of a volume profile chart, showing a series of vertical bars in various colors (red, green, blue, yellow) representing volume at different price levels. The chart is overlaid on a white background with a yellow bar at the bottom.

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1. Introduction

Volume Profile Session Volume is another volume profile tool that can add a lot of more data backed reasoning to your trading. It is crucial that you follow the entire Volume Profile Series sequentially.

Link to tutorial 1 (VPVR): <https://t.me/EmperorbtcTA/538>

Link to tutorial 2 (FRVP): <https://t.me/EmperorbtcTA/549>

This is tutorial 3 of the series, Volume Profile Session Volume (VPSV).

1.1 What does “Session Volume” imply?

Sessions refer to the duration of time classified as trading sessions (24 hour periods for crypto). This indicator also allows you to gauge the volume of the auction in a certain price range. If you remember this image from tutorial 1, the same logic and understanding applies but the range we take is the formed by the previous day's high and low.



Figure 1. Market Buyers (aggressive buyers) take away liquidity while limit orders add liquidity to the market



Session Volume is essential for day trading. For day trading, you don't really have clear cut levels and thus it makes no sense to assign a lot of importance to the price points that 15 minute candle wicks react to.

The VaH (Value Area High), VaL (Value Area Low) and the **nPOC (naked POC which is the point of control for a previous session that hasn't been tapped ever since that session concluded)** are pivotal levels for intra-day trading. This adds a completely new level of confluence to intra day or shorter time frame trades. Each of these can act as support and resistance.

1.2 How to get it on your chart?

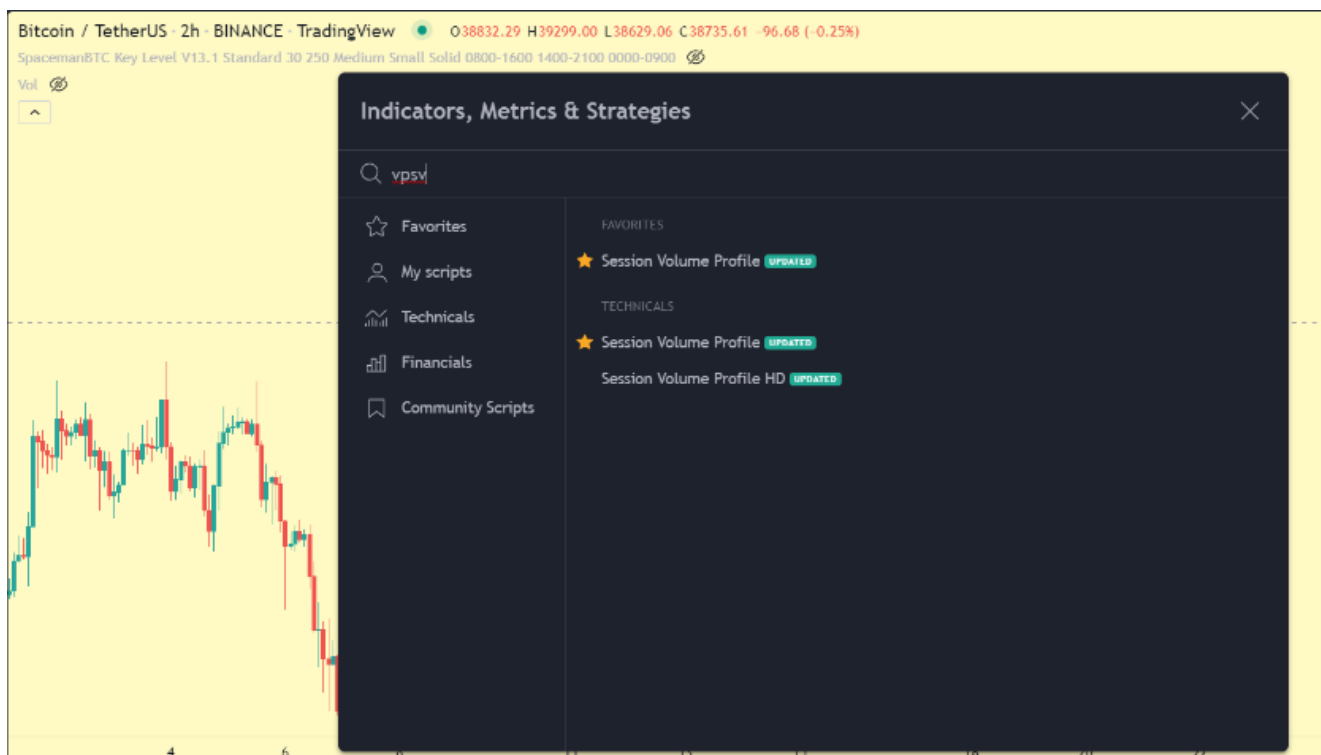


Figure 2. Session Volume Profile on Trading View

Just search for this on Trading View. You could also star mark it like it shows in Figure 2 for ease of access. Figure 3 shows how it looks like in default settings. Also, you need to make sure to check the “Extend POC Right” option (See Figure 4).

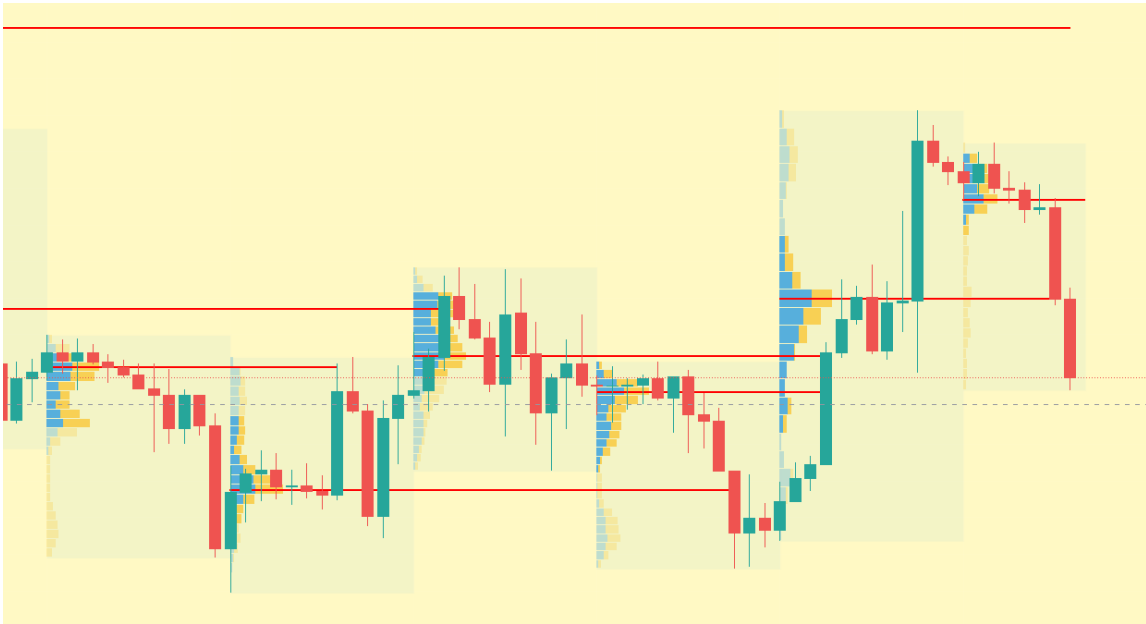


Figure 3. Default Setting for Session Volume Profile

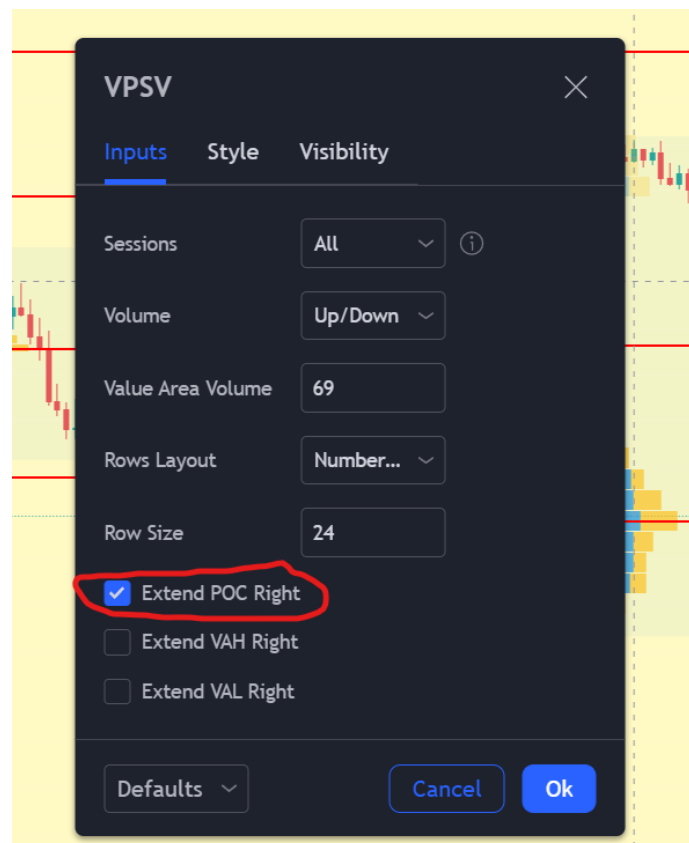




Figure 4. Extend POC Right Option

For swing traders, the most important levels are formed by the nPOCs. Even nPOCs from 20 sessions ago have relevance. On larger trends, price tends to retrace just enough to tag these high-volume areas before reversing.



Giveaway ANNOUNCEMENT



Trading Competition Part 2 is starting in the coming weeks. Last time, **20 Winners** competed for almost 1 BTC.

One Lucky Winner will get an iPhone. Just sign-up using the link below and start trading. One person will win the latest iPhone.

https://www.bybit.com/en-US/bybitgame/emperorcompete/?affiliate_id=31889



**SIGN
UP
NOW**

We would like to see everyone from the community to participate and win.

P.S: More giveaways on the way too. Will announce in the next lesson.



2. Confluence And Set-Ups

As always, it is ESSENTIAL to have additional layers of confluence.

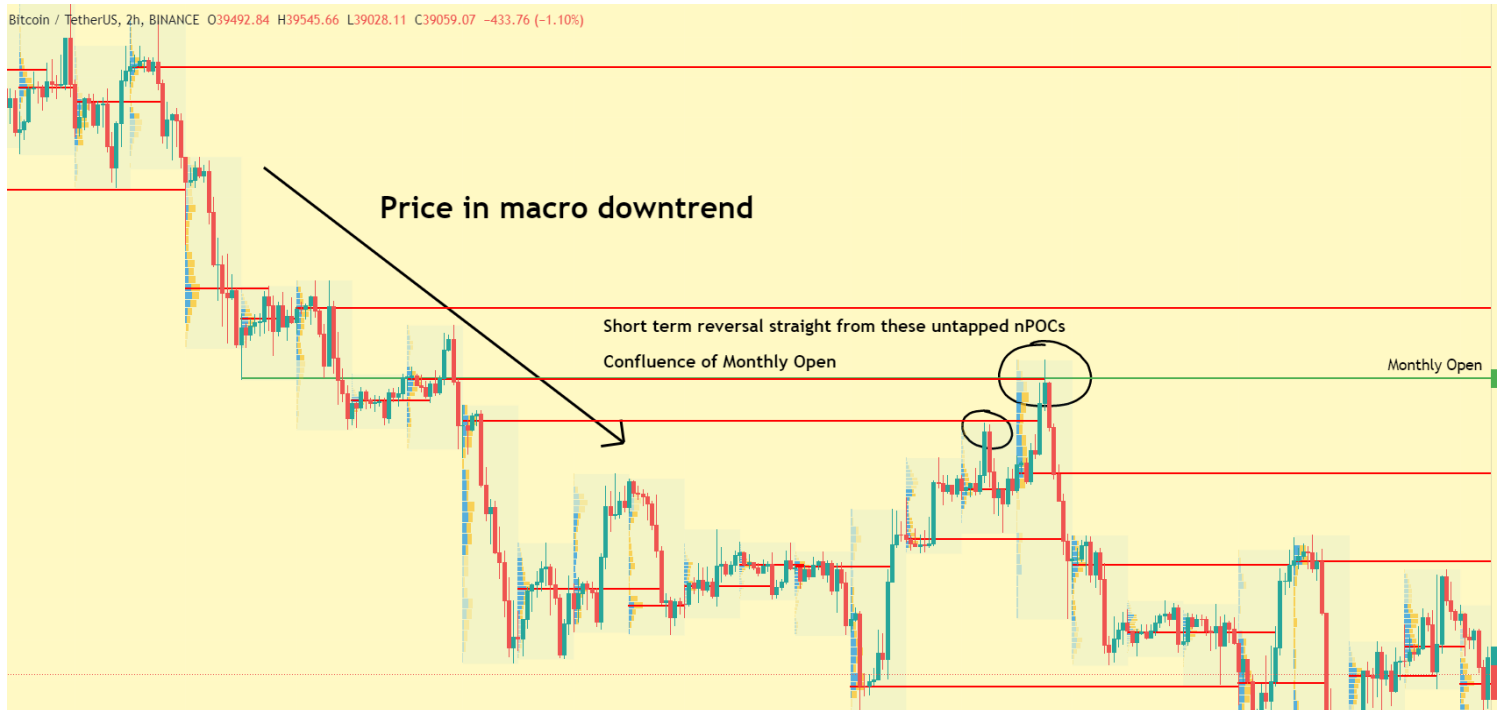


Figure 5. Importance of untapped nPOCs from previous sessions

2.1 Why does this work?

nPOCs is where you have the most number of positions being entered. 95% of people who got the direction wrong would be happy to exit at breakeven. Therefore, as soon as the price taps these areas, there is a high chance of reversal. Thus, having more confluence to an already crucial level is what makes a high probability set-up.





2.2 Set-ups

There is no one specific way to trade using VPSV. So let's break down more set-ups and see what to look for.

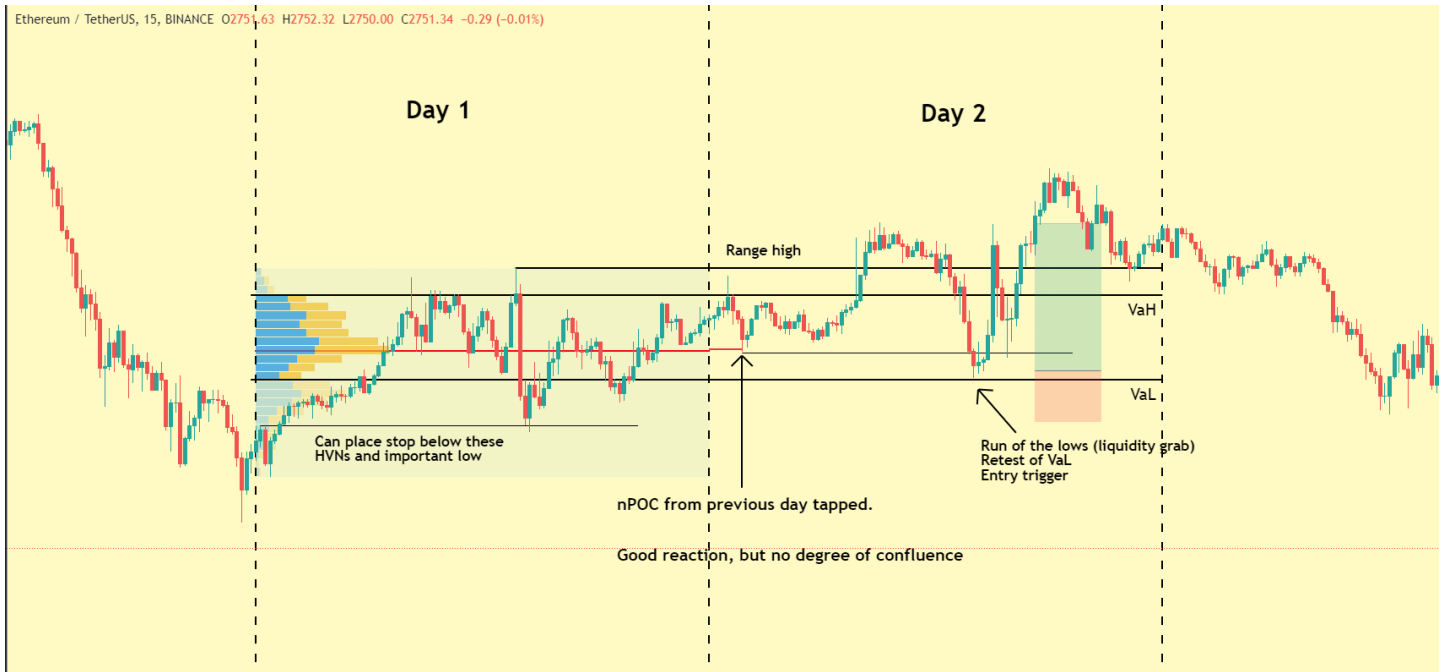


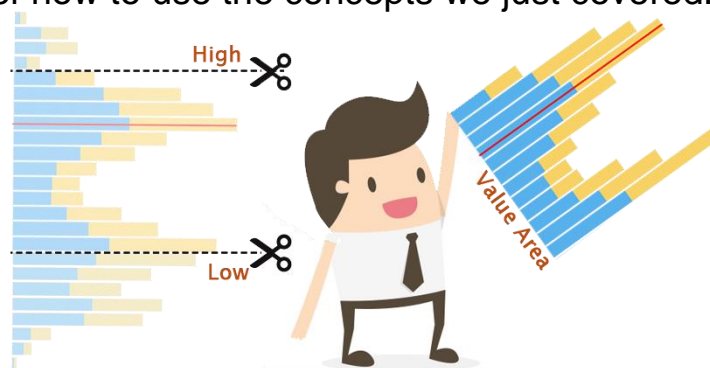
Figure 6. Using nPOC, VaH and VaL for Trade Set-up

Practical Day trading example of how to use the concepts we just covered.

VaH: Value Area High

VaL: Value Area Low

HVN: High Volume Node



Thus, it is clear how you can use levels that Session volume gives you for actionable trades. If we used only conventional TA here, we would not have as high confidence levels.

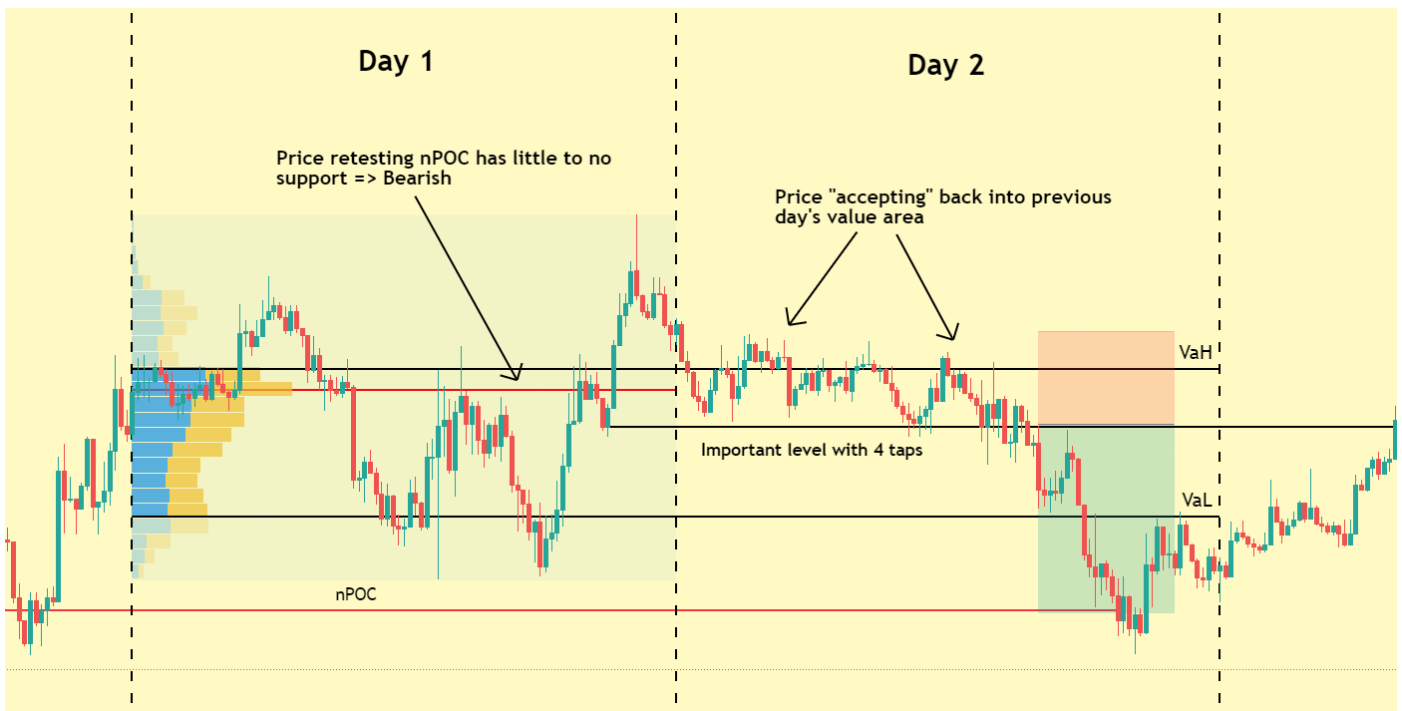


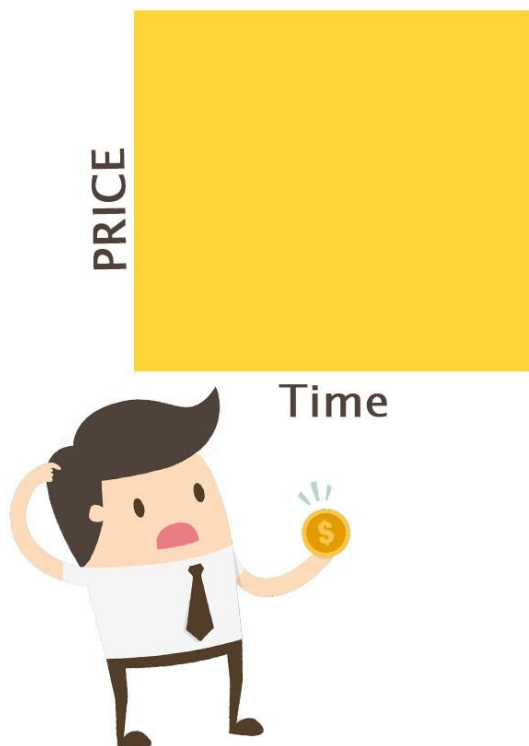
Figure 7. Trade Set-up with Value Area Rotation

This kind of set-up where price falls back into the value area of a previous day is called value area rotation.

VaH starts acting as resistance. You also form an intra-day level which you can short on a retest. Now, if a 15m chart shows this kind of level, you will not place much importance to it. But in combination with the VPSV tool this level gains importance as an entry trigger.



without Volume Profile



Using Volume Profiles



Figure 8. Trading with Indicators alone does not provide insights on the quality of price from volume of transactions. Volume profiles gives the third dimension in trading

Again, to get better, you need to understand why this works. Remember how we talked about price being in an auction?

Traders are not interested in selling above an area that had high volume yesterday, thus, price “distributes” or simply fails to get above yesterday’s VaH. This implies that your current price or range of price is “fair value” and the oscillation of price from Value area High to low will probably continue.

If you didn’t understand why the level is important, I highly suggest you read the levels pdf first.

Link: <https://t.me/EmperorbtcTA/528>



Thank You For Reading

I hope this helps you understand Volume Profile Sessions.

nPOC is an incredibly important concept for day trading.

I hope you read it, use it a lot in day trading and find your own edge.

Love,

EmperorBTC