

Accumulation and price cycle



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Presented by: RTrades (Roko)

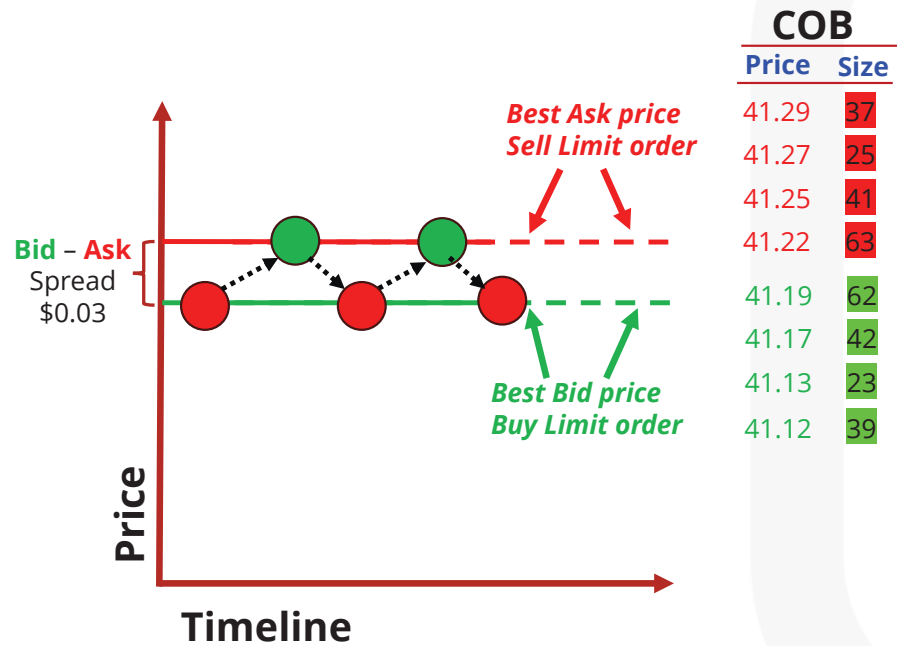


Outline

- Balanced price fluctuation.
- Understanding **Accumulation**.
- Cell cycle phases (Wyckoff): accumulation, uptrend (Upmark), distribution and downtrend (Downmark).



Balanced Order book: even though price moves higher-lower for some amount, no significant large price movement allowing larger profit is expected.



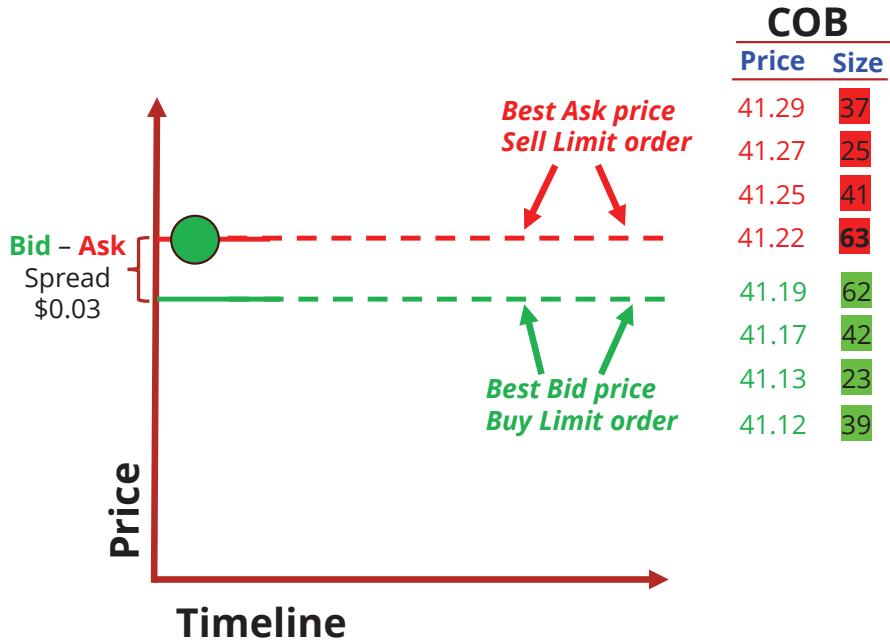
Balanced Limit Order Book between Asks (red, top) and Bids (green, bottom).

Note:

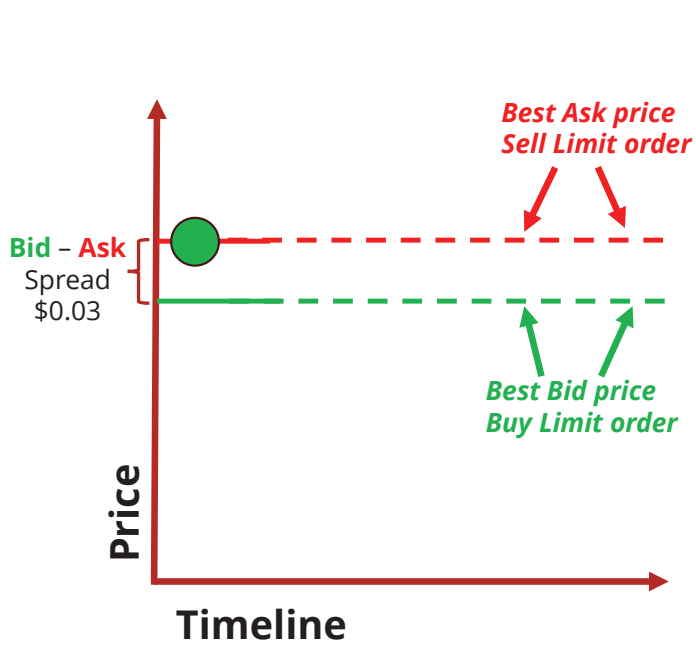
*This phenomenon of short-term aggressive **buyers** and **sellers** is possible algorithmic trading, especially if back-and-forth orders filled are same number of shares (volume size).*



Accumulation: even though market **buy** orders are being filled, they are not lifting the Ask and price is not moving.

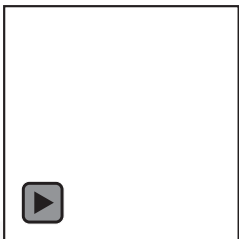


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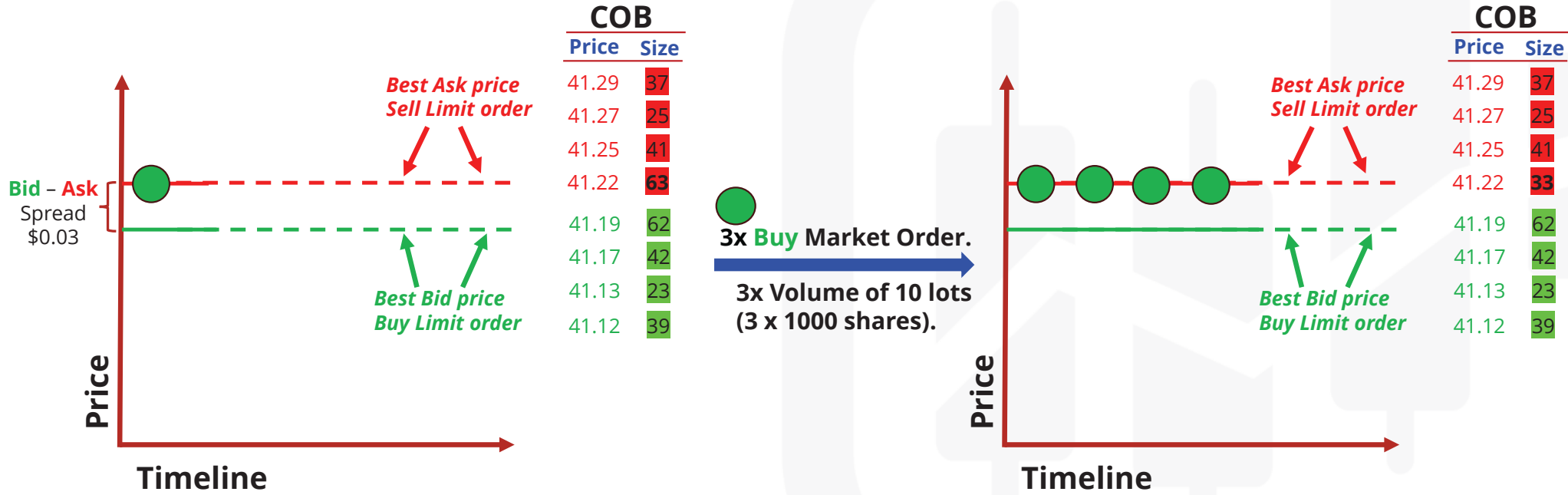


COB	
Price	Size
41.29	37
41.27	25
41.25	41
41.22	63
41.19	62
41.17	42
41.13	23
41.12	39

3x Buy Market Order.
 3x Volume of 10 lots
 (3 x 1000 shares).



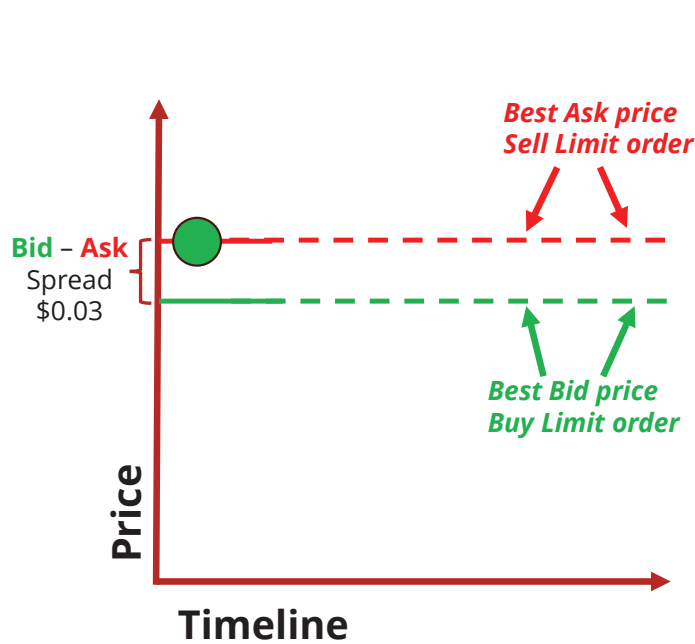
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Note:
 These are short-term **aggressive buyers** that do not want that price to start moving higher now as they are accumulating shares, little by little, before the real bullish move starts.



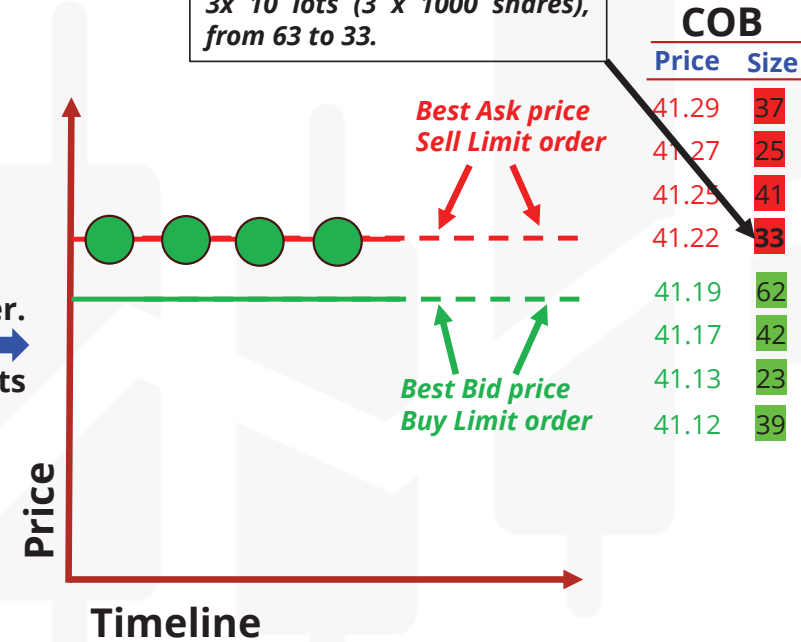
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Number of available lots at current Best Bid decreased for 3x 10 lots (3 x 1000 shares), from 63 to 33.

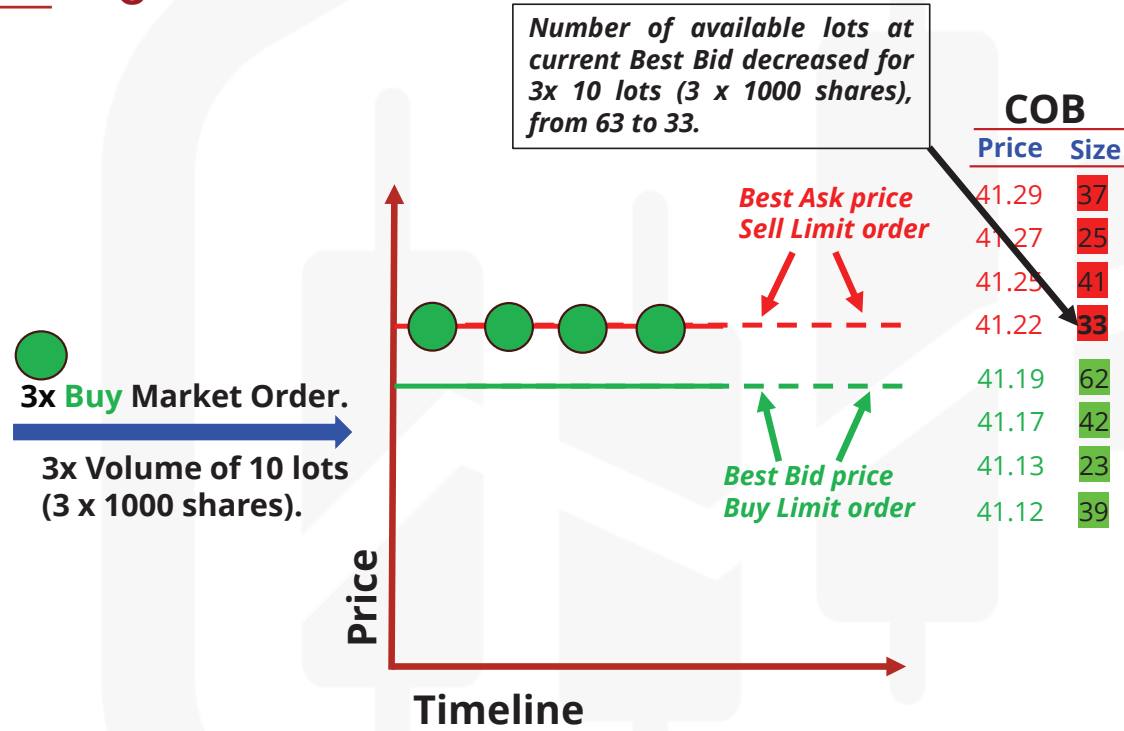
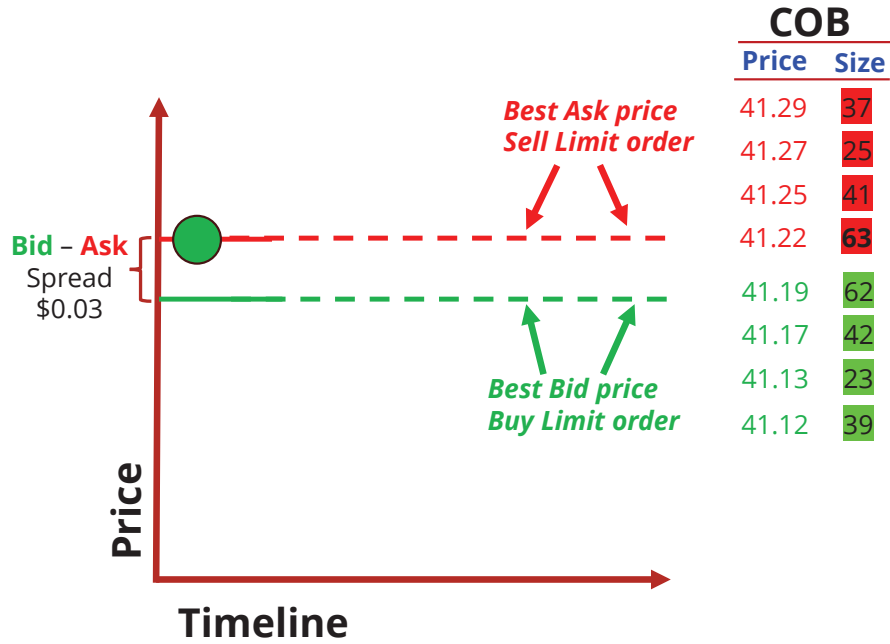


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Buying huge number of shares at once may result in missing out on a better price. This, so called "**bite-sized**" buying approach is sometimes be a better strategic choice than buying humongous number of shares at once.

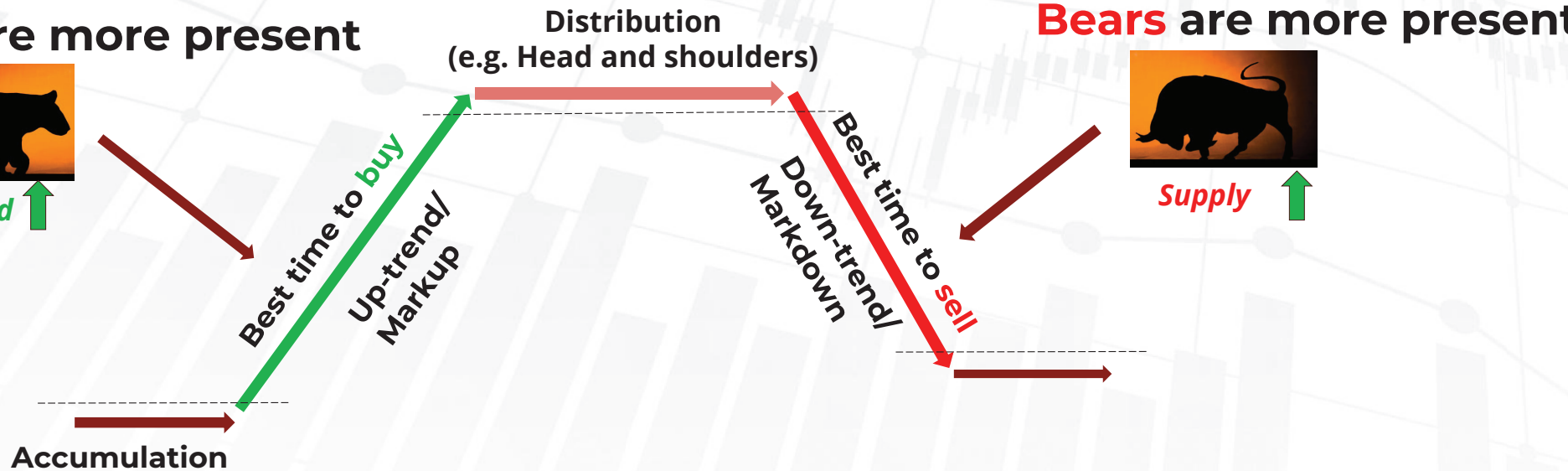


Market phases (Price movement cycles)

Bulls are more present



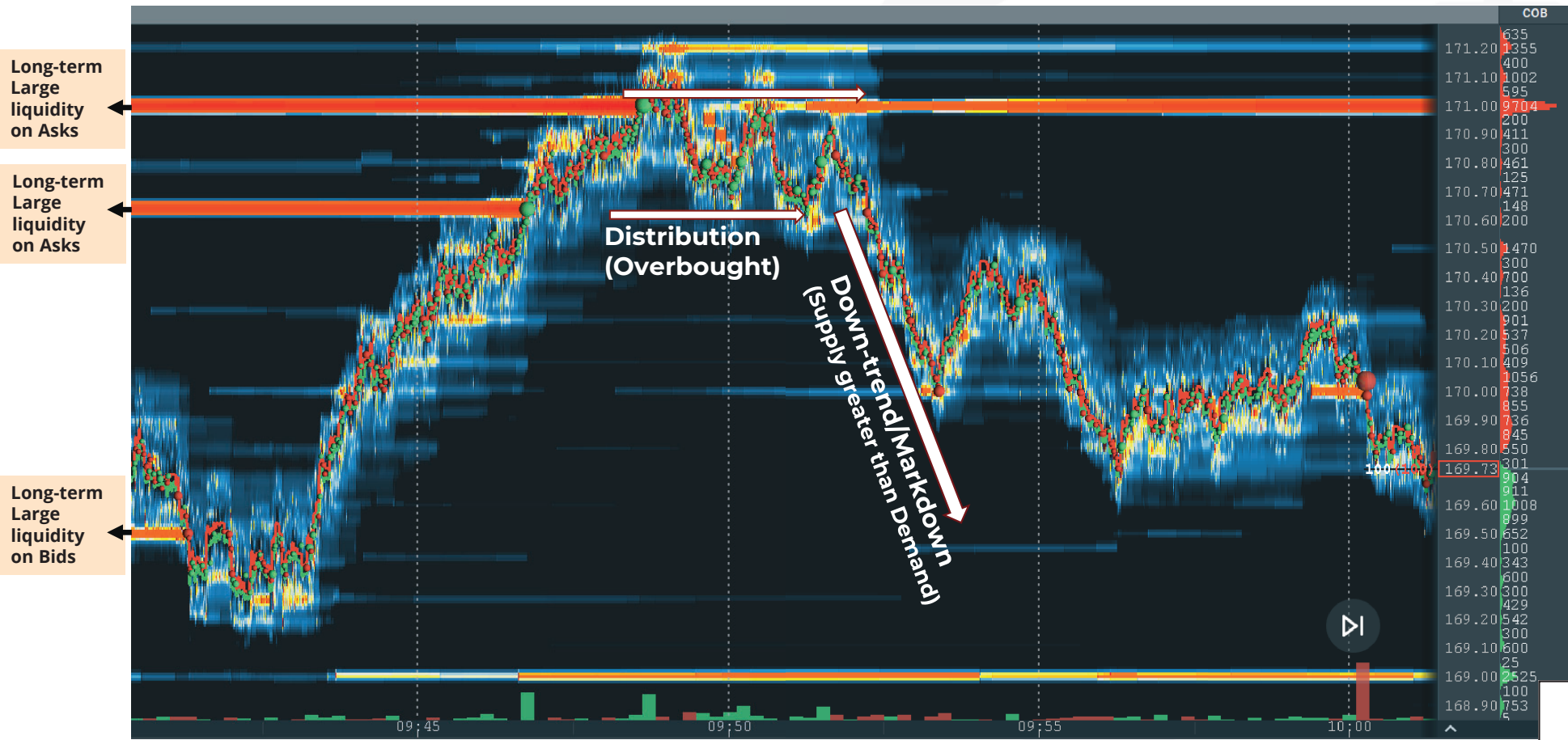
Demand ↑



Price movement cycle in Bookmap: GOOGL on 05/07/2024



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- Balanced Order book may allow insignificant movements of the price.
- **Accumulation** phase of the price cycle is when large **buyers** are buying chunks of shares to accumulate larger amount prior to price moving higher.
- **Uptrend** (Markup) is phase of price cycle when **Demand** is higher than **Supply**.



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- **Downtrend** (Markdown) is phase when **Supply** is higher than **Demand**.



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- **Distribution** is the price cycle phase when stock shares were overbought (price can not move higher on a higher volume).
- **Downtrend** (Markdown) is phase when **Supply** is higher than **Demand**.
- **Accumulation** and **Distribution** will have price moving in a range.
- Markdown starts when price makes lower high and no new high.

