

Volume price action from Bookmap's perspective:

- 1) Absorption of **buyers**.
- 2) Exhaustion of **buyers**.
- 3) **Buyer's** sweep.



Outline

- 1) Traditional Volume Price Analysis (VPA) with candlesticks.
- 2) Validating **green** candlesticks as bullish with the volume.
- 3) Anomaly of **green** candlesticks based on the volume.
- 4) Anomaly in practice: absorption of **buyers**.
- 5) Exhaustion of **buyers**.
- 6) **Buyer's** Sweep.

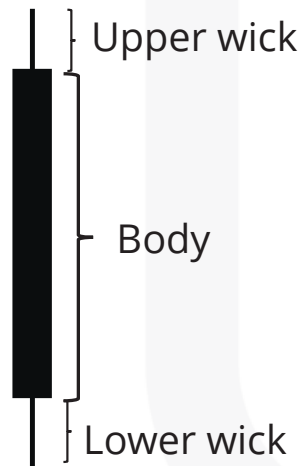


Candlesticks

- **Candlestick representation of price action** were invented in Japan in the 18th century.
- **Candlestick** is representing the most important facts of price action within a defined time frame (e.g. within 1 minute, 5, 10, 15 minutes, even up to hours, days, weeks, months, years....)

Anatomy of every candlestick:

- 1) **Upper wick.**
- 2) **Body.**
- 4) **Lower body.**



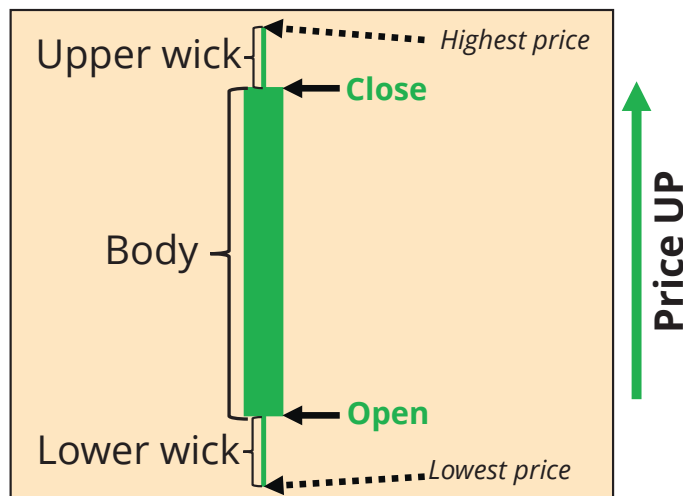
Within a defined time frame, every candlestick gives us information on:

- 1) **Open price level.**
- 2) **Highest price level.**
- 3) **Lowest price level.**
- 4) **Close price level.**



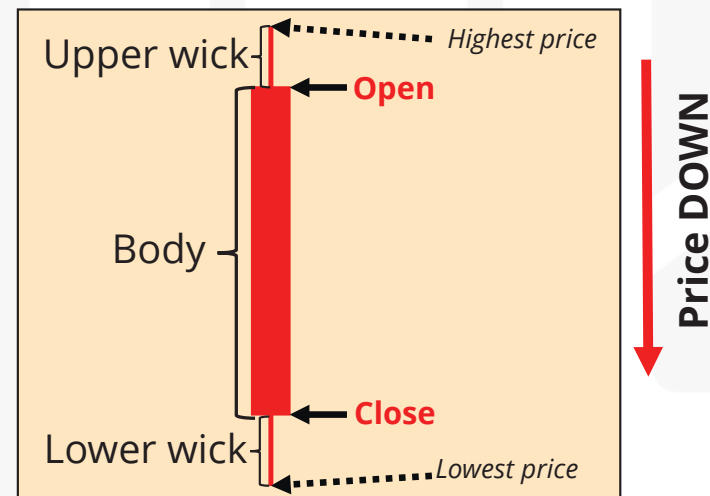
Candlesticks: green vs red

Candles that represent price moving **higher** within a defined time frame are marked in **green** color.



Price moved **up** within the timeframe
(1, 5, 15, 30 minutes, 1 hour,...)

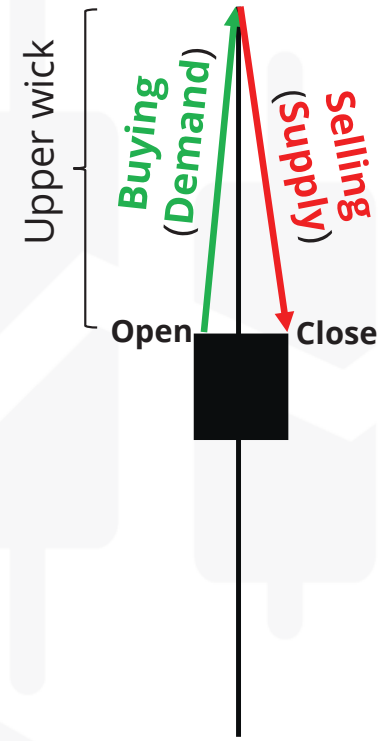
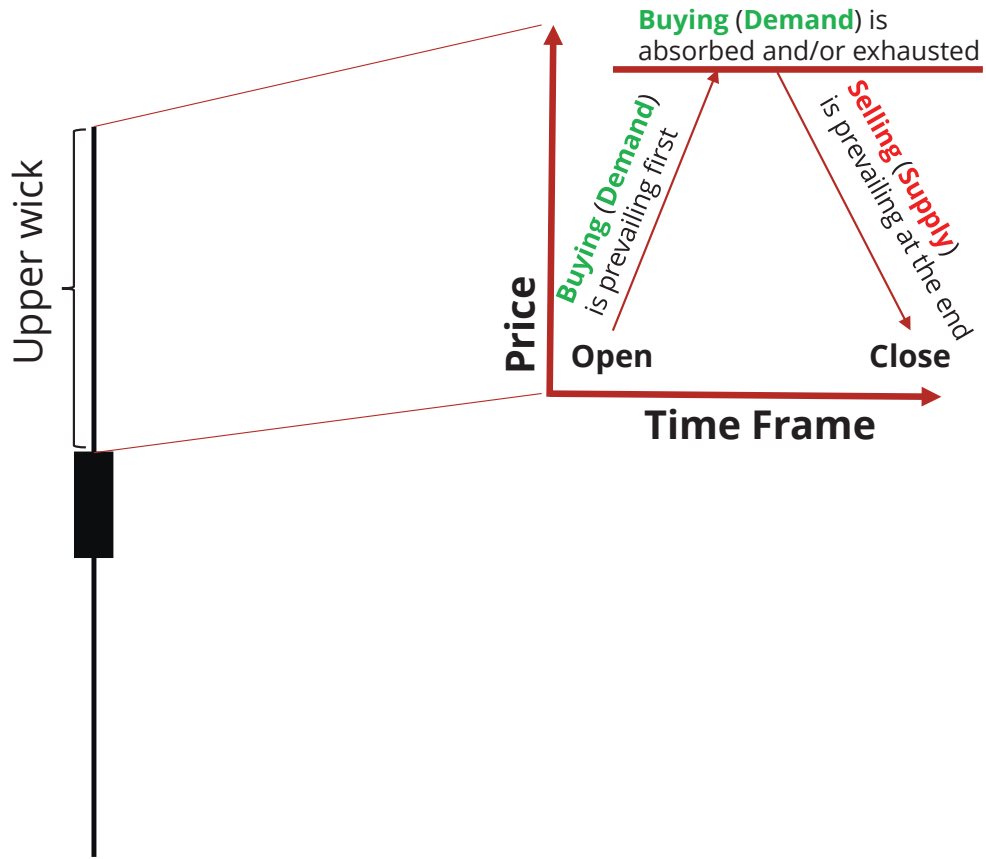
Candles that represent price moving **lower** within a defined time frame are marked in **red** color.



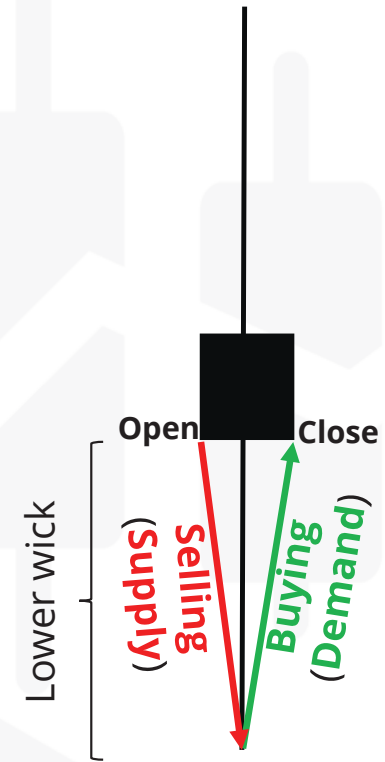
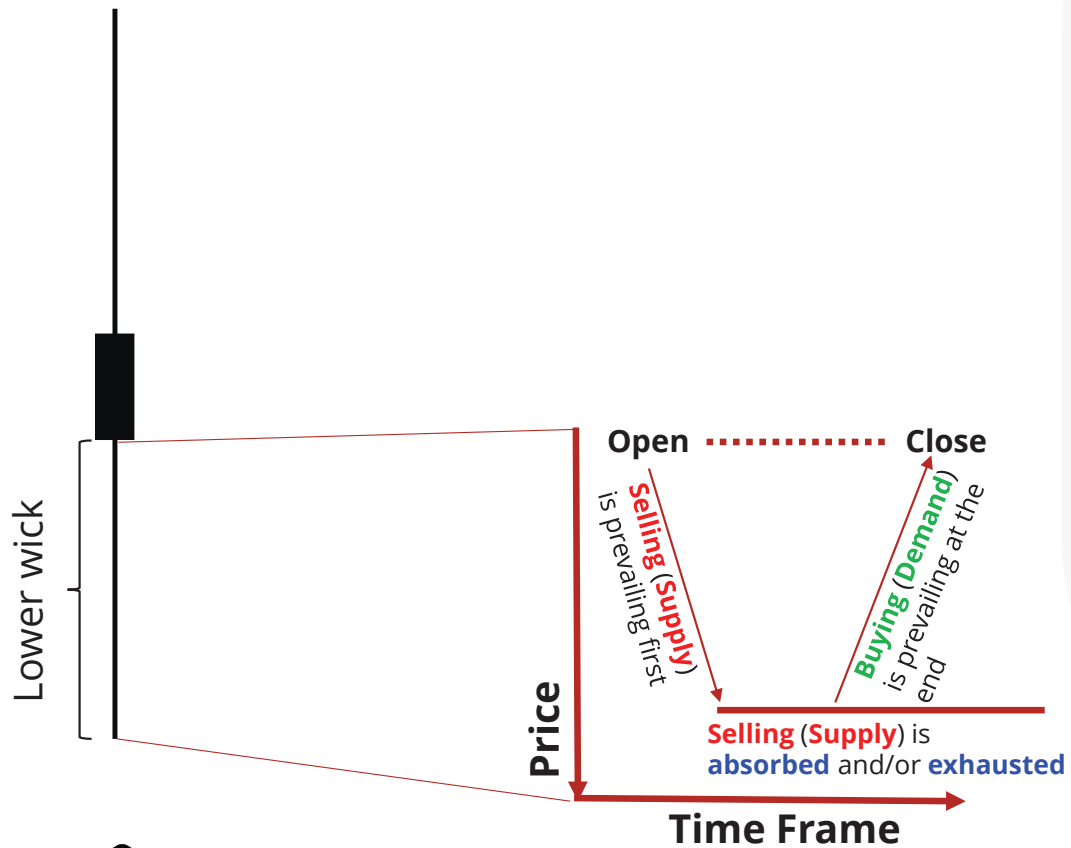
Price moved **down** within the timeframe
(1, 5, 15, 30 minutes, 1 hour,...)



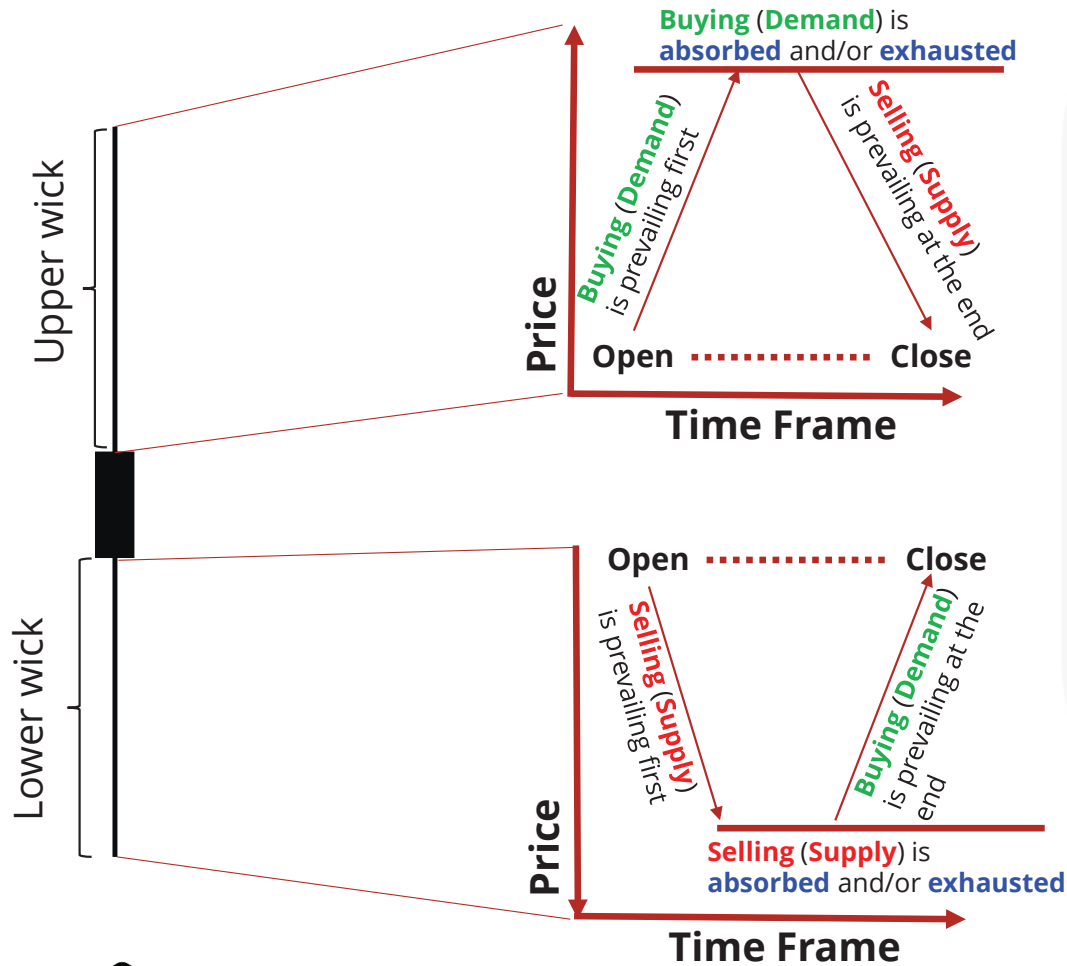
Understanding **UPPER** wick in candlesticks



Understanding LOWER wick in candlesticks



Understanding **UPPER** and **LOWER** wicks in candlesticks

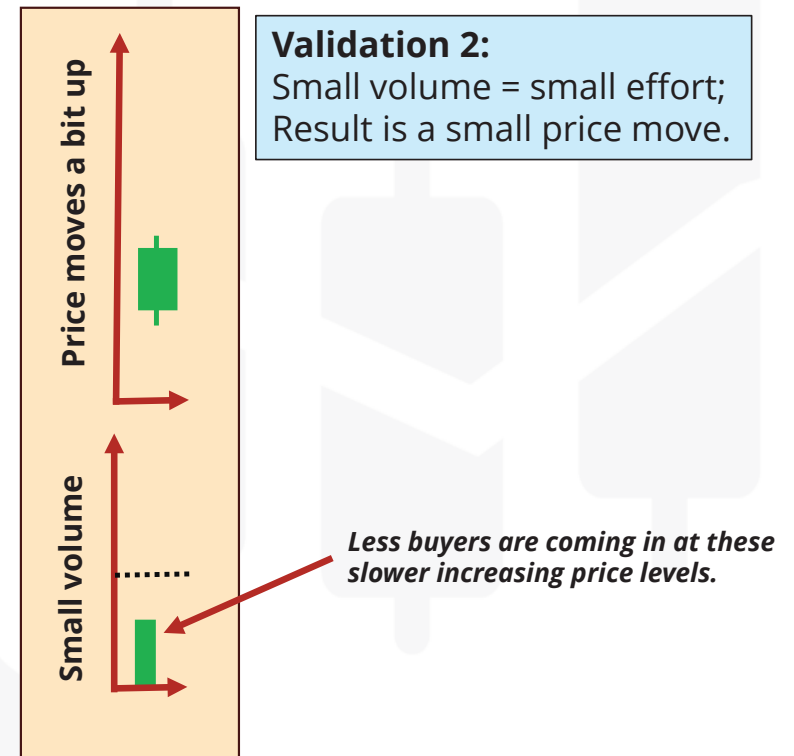
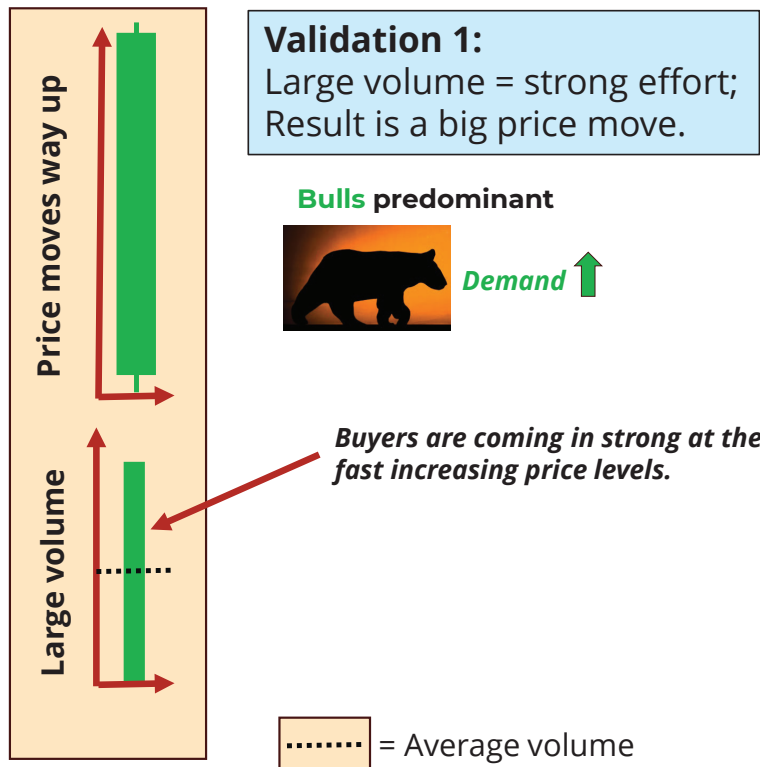


“Price cycle” re-stated in wicks 😊

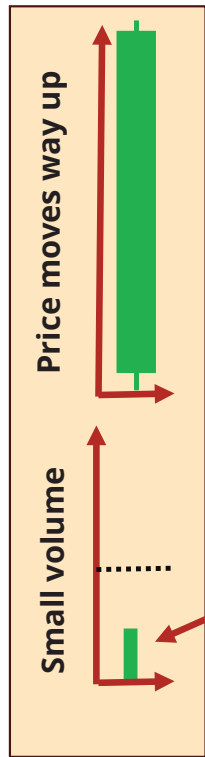


Bullish green candles: validation by volume increases bullish probability!

Volume validates **bullish** price action within a green candlestick!



Bullish green candles: anomaly **decreases** bullish probability!



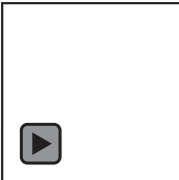
Anomaly 1:
Small volume = small effort;
But result is still a big price move.

Possible testing of buyer's interest by large players in the market...

Something is wrong here, isn't it?

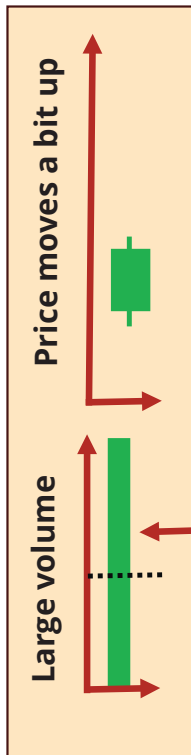
Buyers are not coming at this price level (price is too high!)

..... = Average volume



Bullish green candles: anomaly **decreases** bullish probability!

Anomalies shown below are signaling a possible **trap** for buyers before reversing!



Anomaly 2:

Large volume = strong effort;
But result is still a small price move.

Anomaly 2 can usually be found at
the top of a bullish uptrend
(Markup).

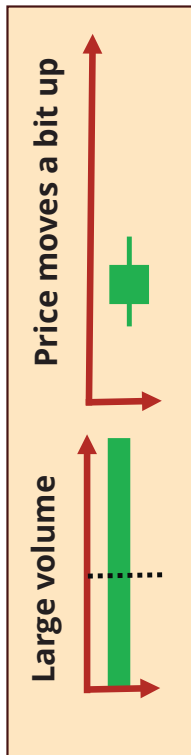
*Something is wrong
here again, isn't it?*

Buyers are coming in at these price levels.



Bullish green candles: anomaly **decreases** bullish probability!

Anomalies shown below are signaling a possible **trap** for buyers before reversing!



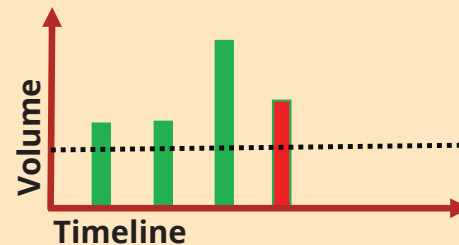
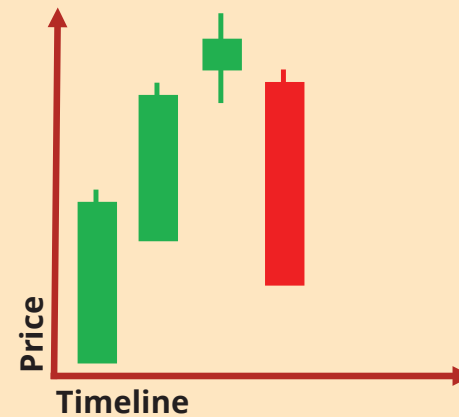
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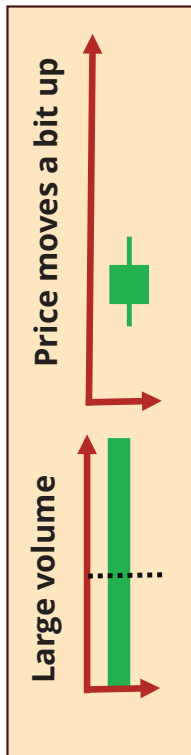
Something is wrong here again, isn't it?

Anomaly 2 is sometimes called *isolated pivot* when found at the top of a bullish uptrend - signaling possible price reversal.



Bullish green candles: anomaly **decreases** bullish probability!

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Anomaly 2:

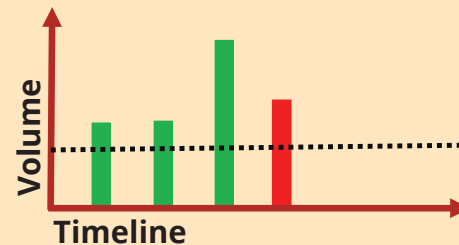
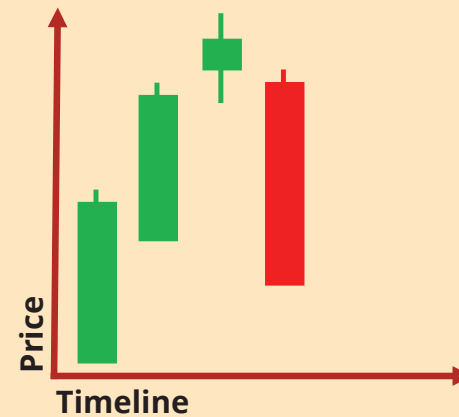
Large volume = strong effort;
But result is still a small price move.

Anomaly 2 can usually be found at the top of a bullish uptrend (Markup).

Something is wrong here again, isn't it?

Think of it that previous buyers that bought at lower prices decided to take profits; they become strong large seller(s) at this price level and are "**absorbing**" new buyers.

Anomaly 2 is sometimes called isolated pivot when found at the top of a bullish uptrend, signaling price reversal.



Bullish green candles: anomaly **decreases** bullish probability!

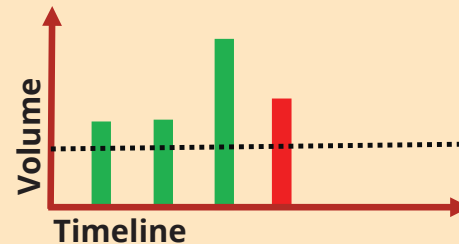
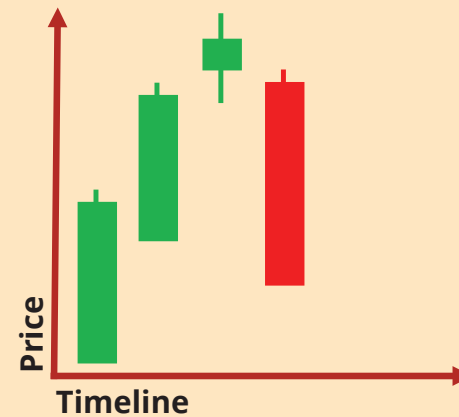
Anomalies shown below are signaling a possible **trap** for buyers before reversing!

Think of this important scenario/concept like this:

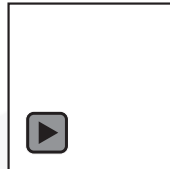
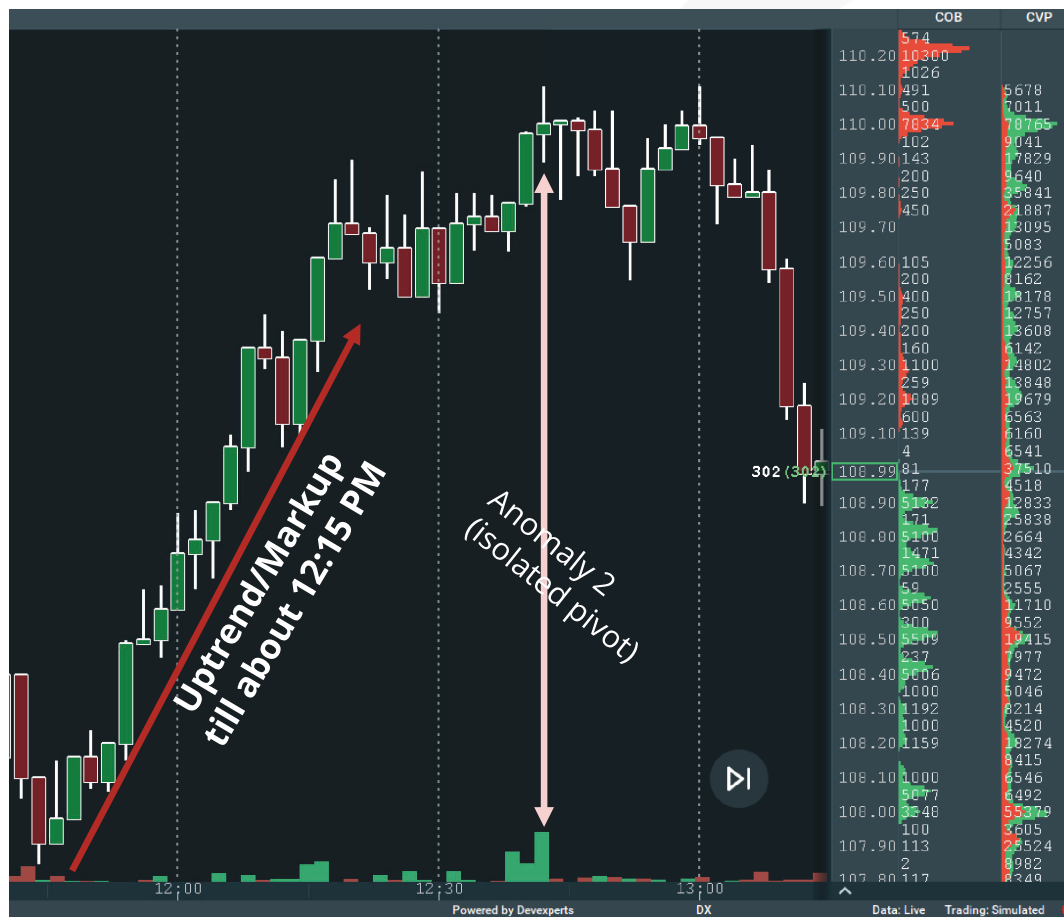
Previous aggressive **buyers** that bought at much lower prices long time ago decided to take profits at this higher price level.

So, previous **buyers** just decided to become strong, large **sellers** at this price level and are producing a phenomenon called "**absorption**" of new incoming aggressive buyers, not letting the price go higher.

Anomaly 2 is sometimes called isolated pivot when found at the top of a bullish uptrend, signaling price reversal.

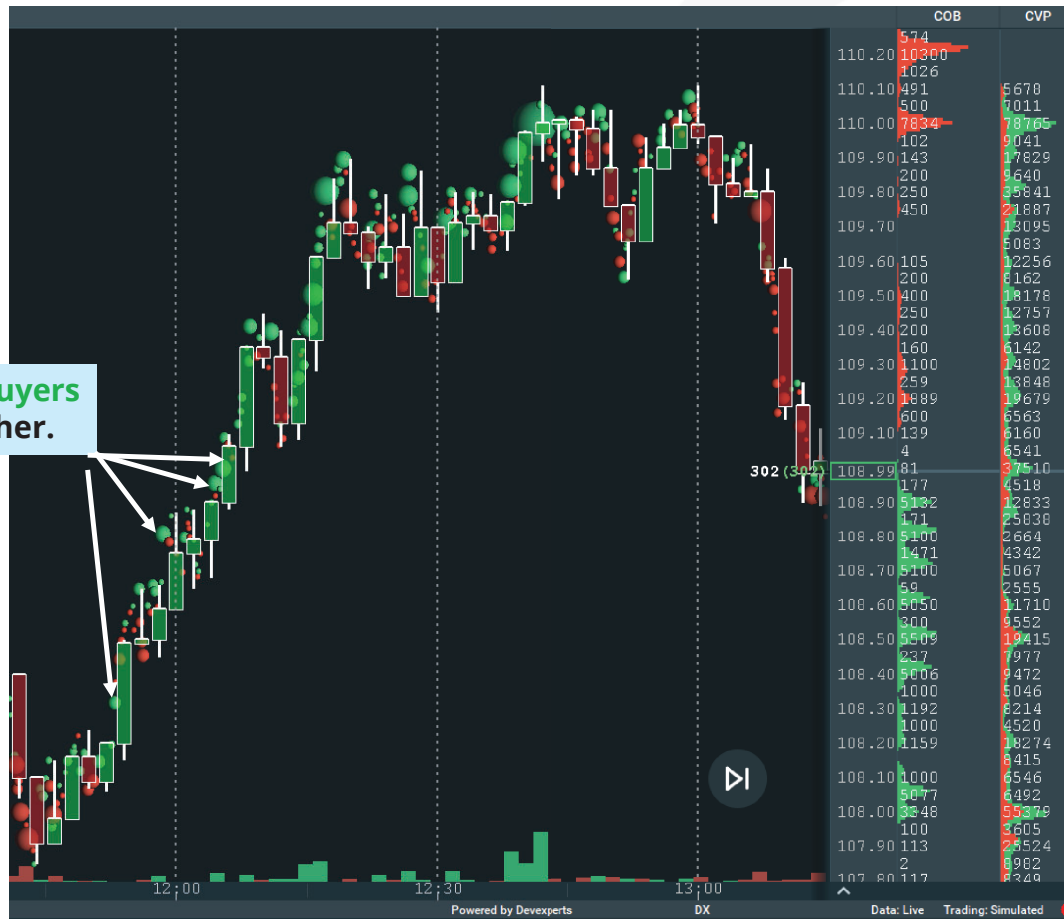


Bookmap example of Absorption (Anomaly 2): 1-minute candlesticks.



Bookmap example of Absorption (Anomaly 2): 3D Volume bubbles and candlesticks.

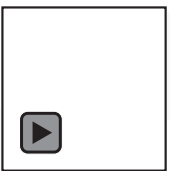
Large aggressive buyers that move price higher.



Bookmap example of Absorption (Anomaly 2): 3D Volume dots.

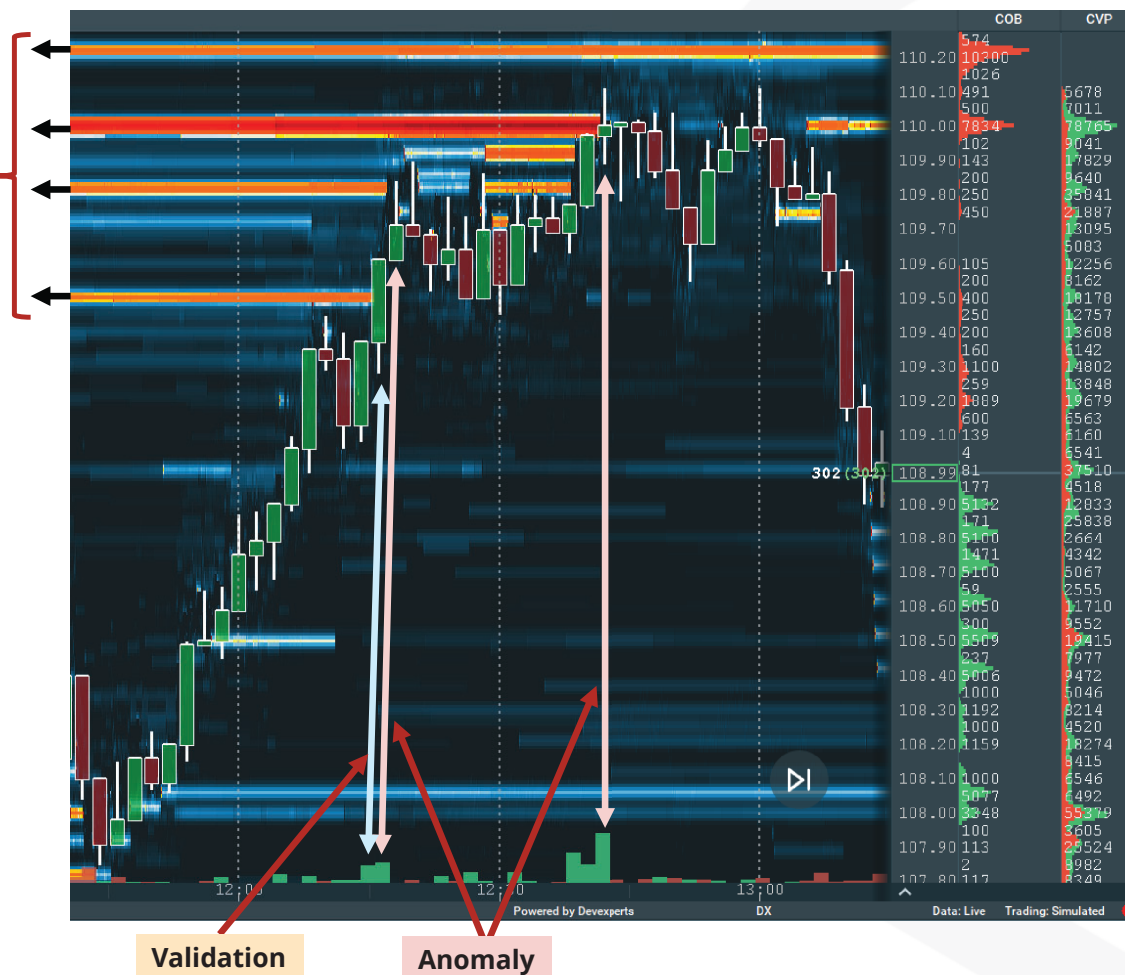
Huge, aggressive buyers that can not move price higher.

Large aggressive buyers that move price higher.



Bookmap example of Absorption (Anomaly 2): Heatmap of Level 2.

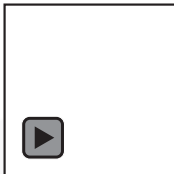
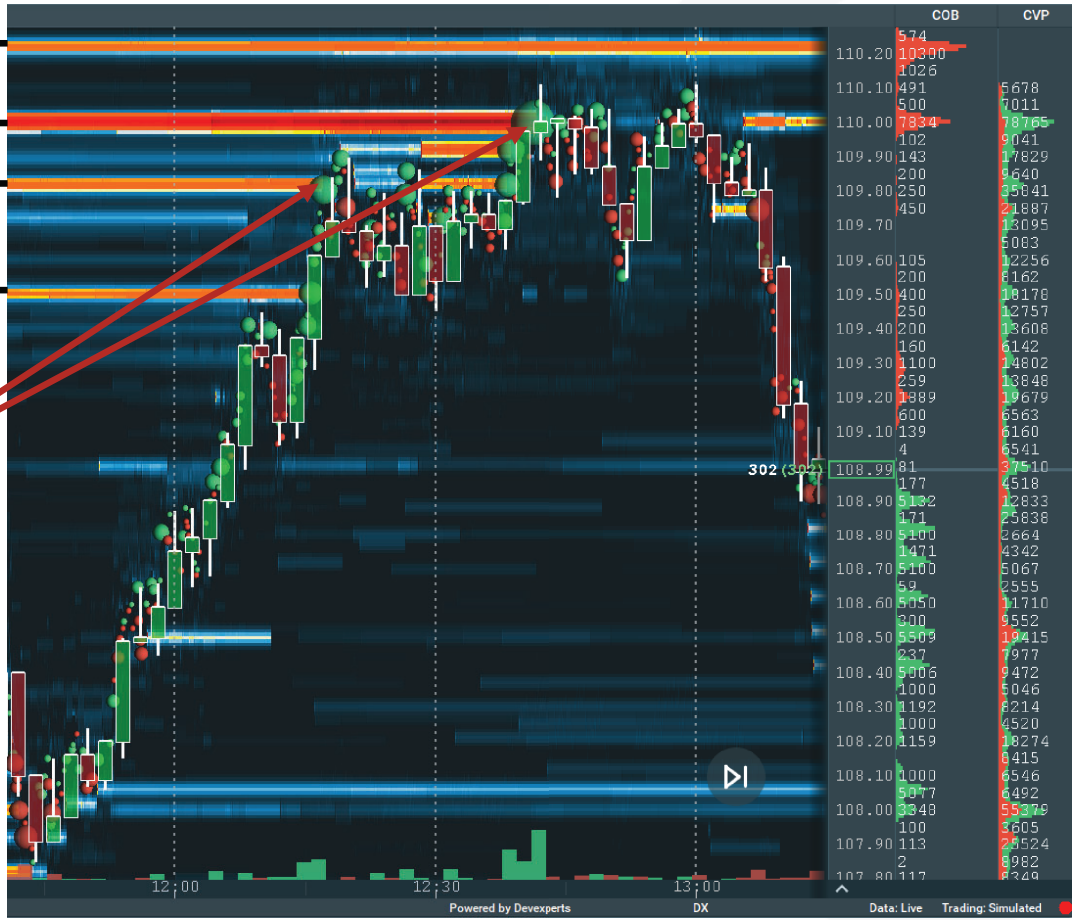
Large Underlying **Asks**:
Bullish sign before
12:00 PM.



Bookmap example of Absorption (Anomaly 2): All together.

Large Underlying **Asks**:
Bullish sign before
12:00 PM.

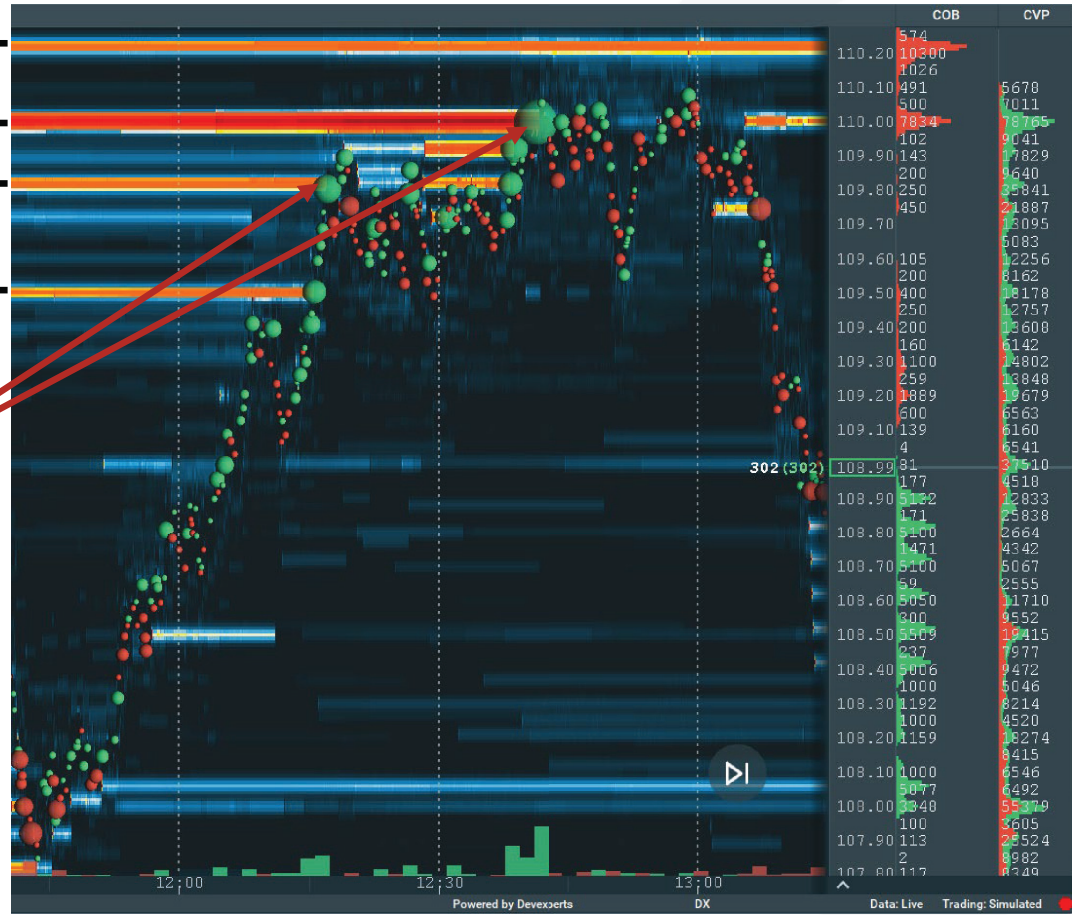
Around 12:15 PM,
price gets to them and
these limit **Ask** sell
orders, the sellers, are
absorbing new aggressive
buyers.



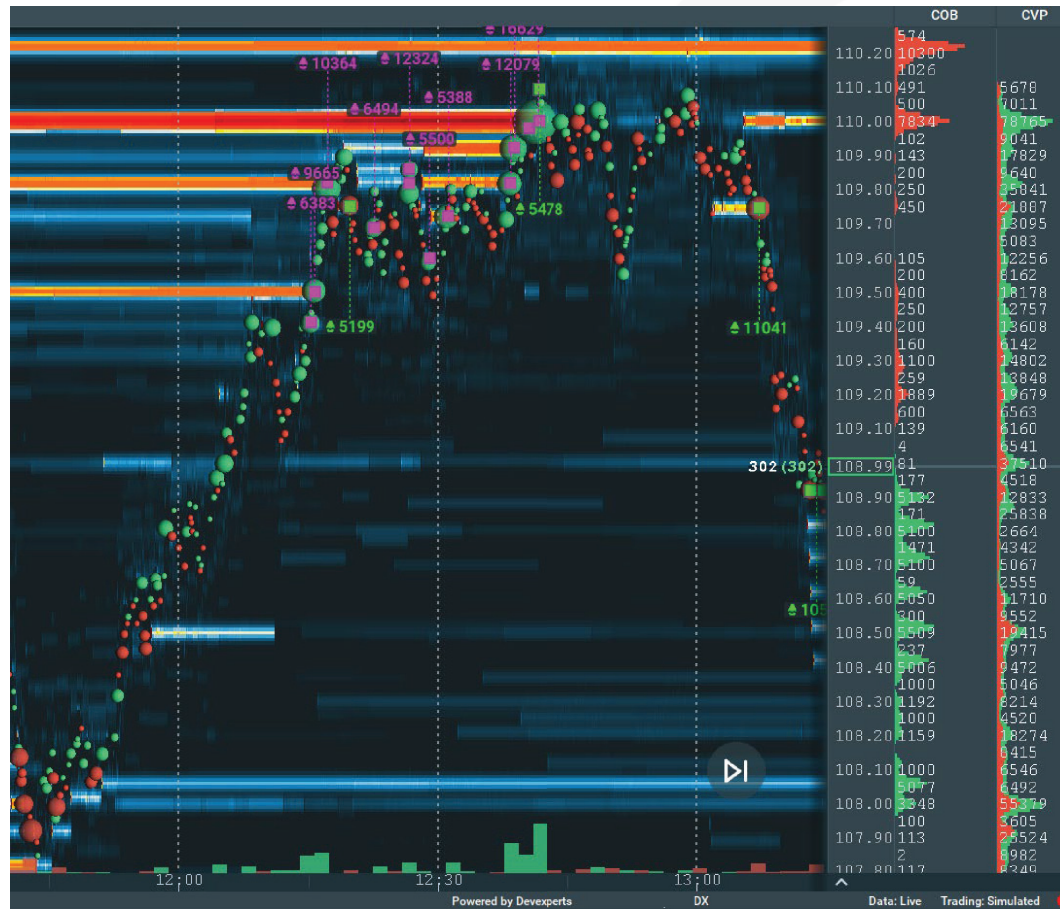
Bookmap example of Absorption (Anomaly 2): No candlesticks.

Large Underlying **Asks**:
Bullish sign before
12:00 PM.

Around 12:15 PM,
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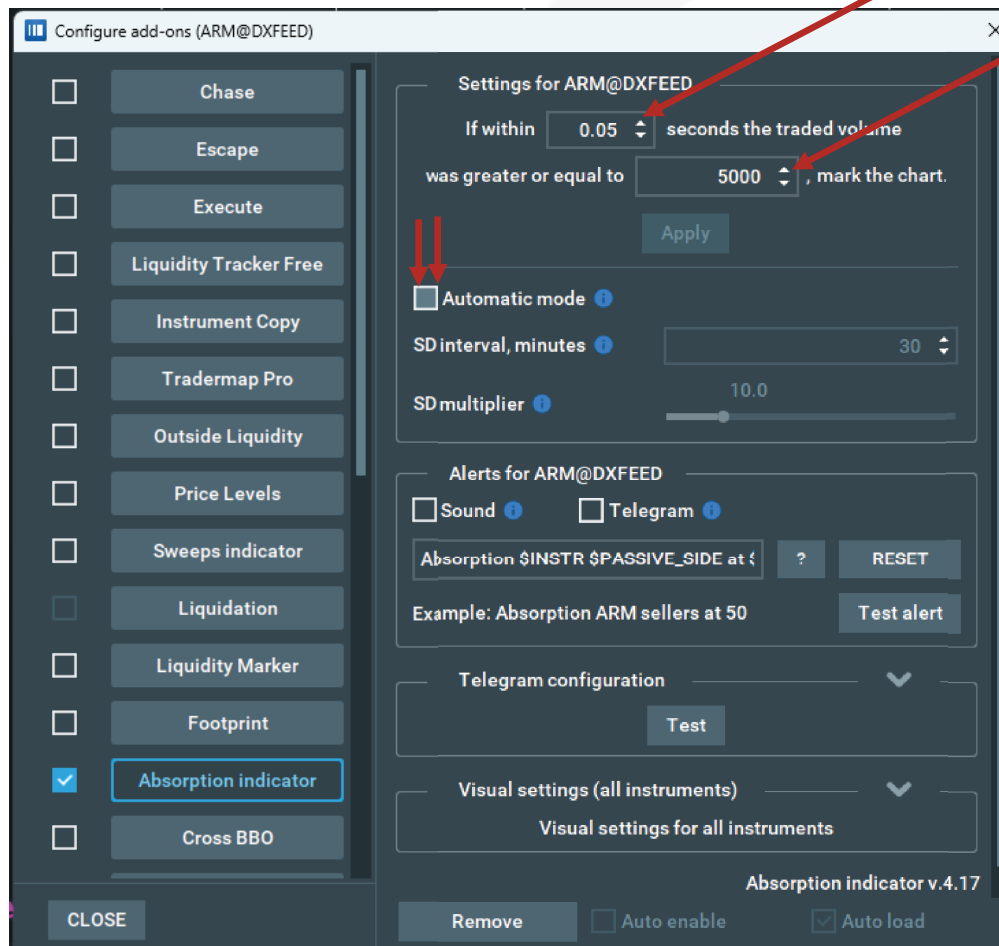


Bookmap example of Absorption (Anomaly 2): Absorption Indicator Add-on.

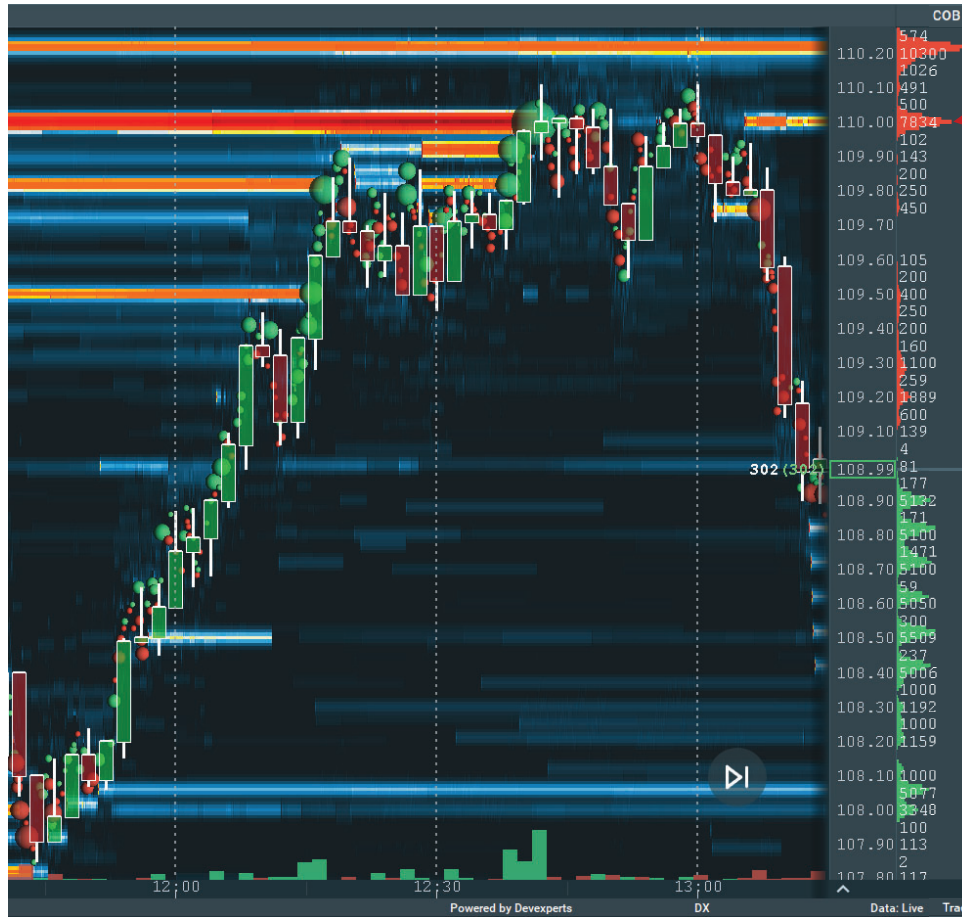


Where is **Absorption** indicator in Bookmap? “Settings tab → Configure Add-Ons → Absorption Indicator.

Absorption indicator can be customized to help increase the probability of wins in your strategy and Tradebook.



Absorption of **buyers** created a **Resistance** level!



Price could not go above or hold above \$110.00.

Definition:
Resistance is the price level where an up-trending price will stop due to concentration of **sellers (Supply)**.

(Bookmap allows us to visualize this clearly)

In other words, Resistance is created by inability to keep buying.



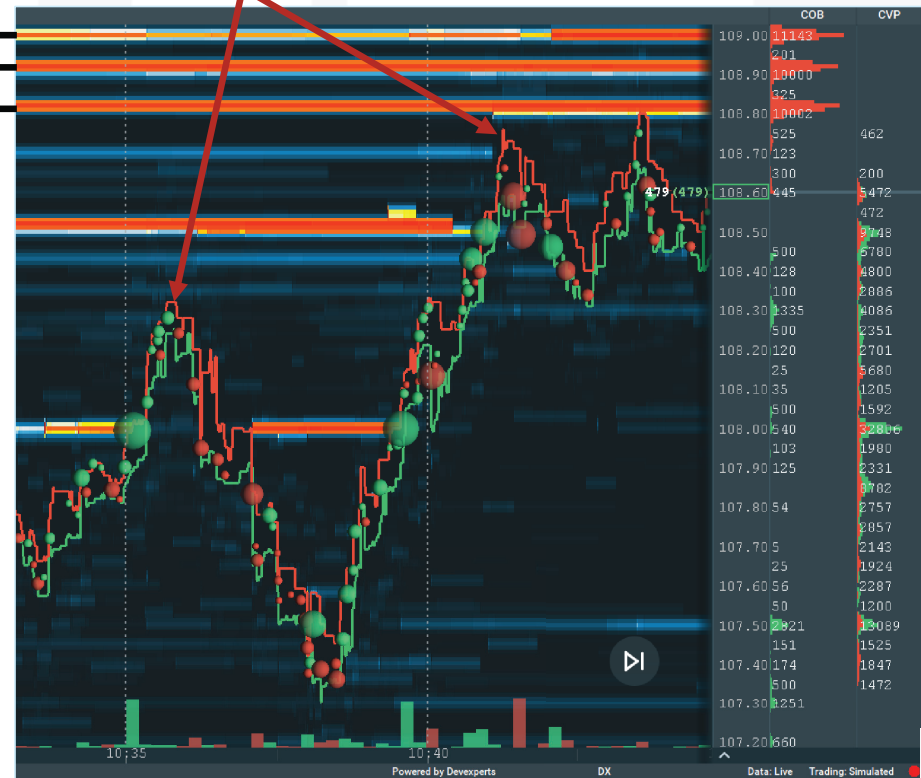
Exhaustion of **buyers** also stops price moving higher

Large Underlying **Asks**:
Bullish sign before
10:40 AM.

Therefore, alternatively to absorption, price can stop moving up because **buyers** loose interest, they literally disappear, which is a phenomenon known as "Exhaustion".

In other words, Exhaustion on the **Ask** is lack of aggressive **buying**.

Exhaustion:
Price is hitting higher-highs but there is no aggressive **buyers** trying to lift the best **Ask**.



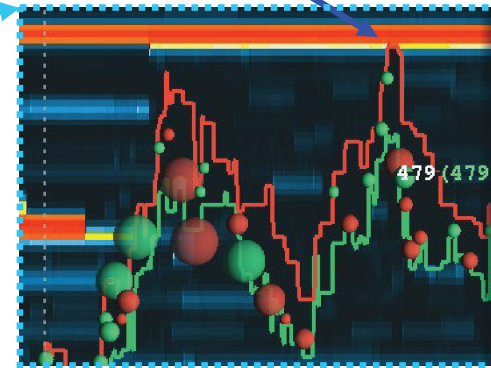
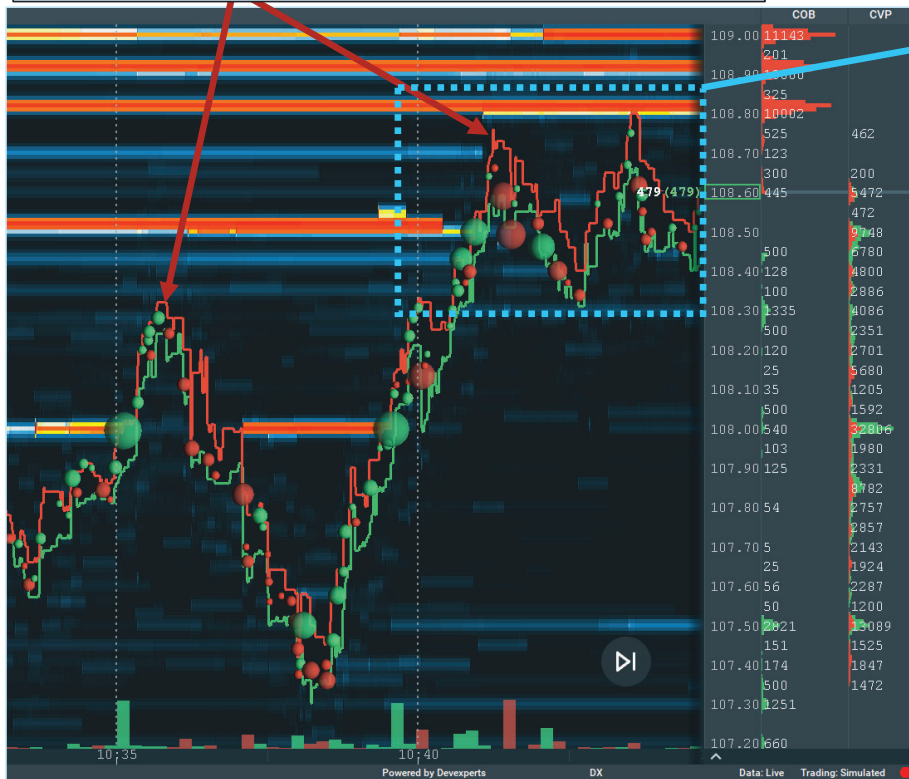
Exhaustion of **buyers** stops price moving higher

Exhaustion:

Price is hitting higher-highs but there is no aggressive **buyers** hitting best **Ask**. Price desired by the sellers is too "high" for the buyers.

Exhaustion:

No aggressive **buyers** even when there is high liquidity on best **Ask**.



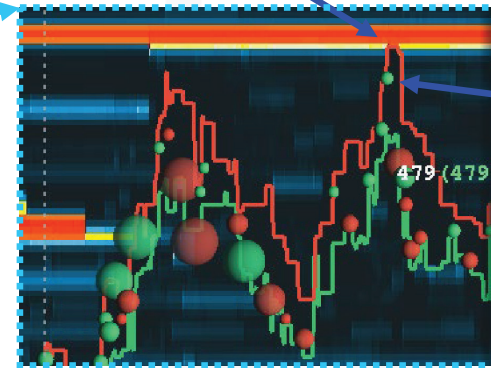
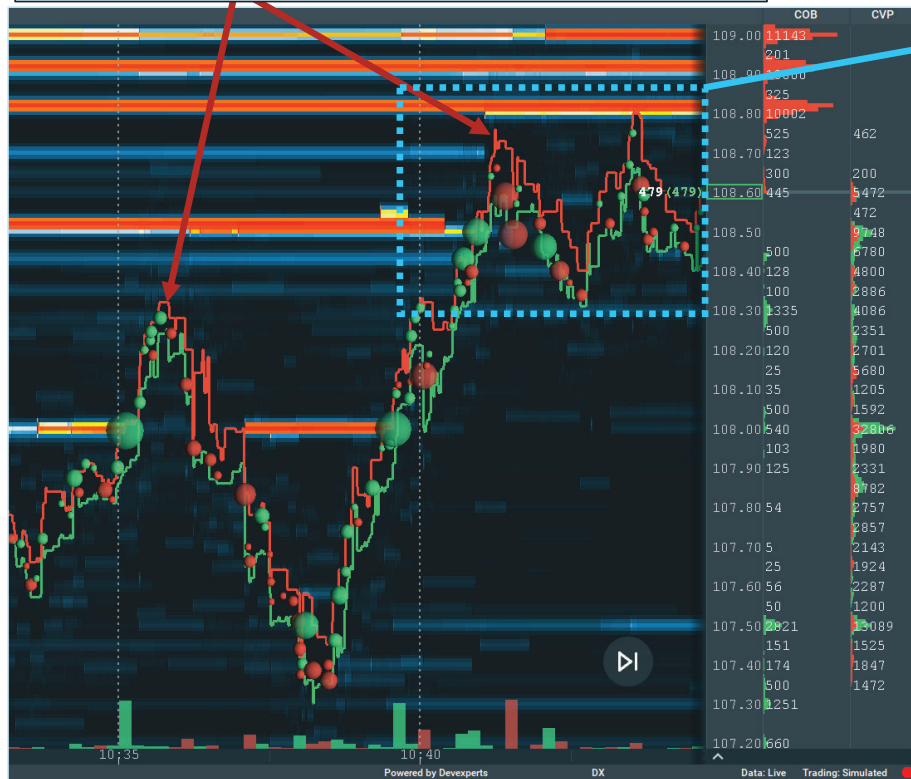
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Exhaustion:

Small volume aggressive buyer. Buyers are "drying up" compared to previous, lower price levels.



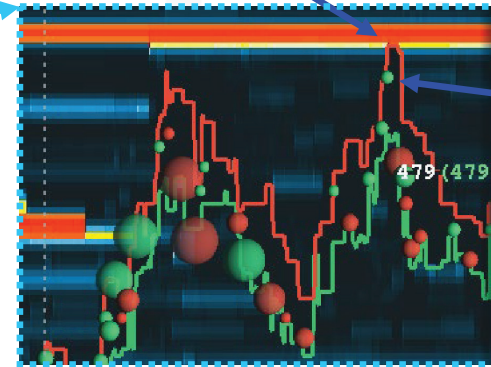
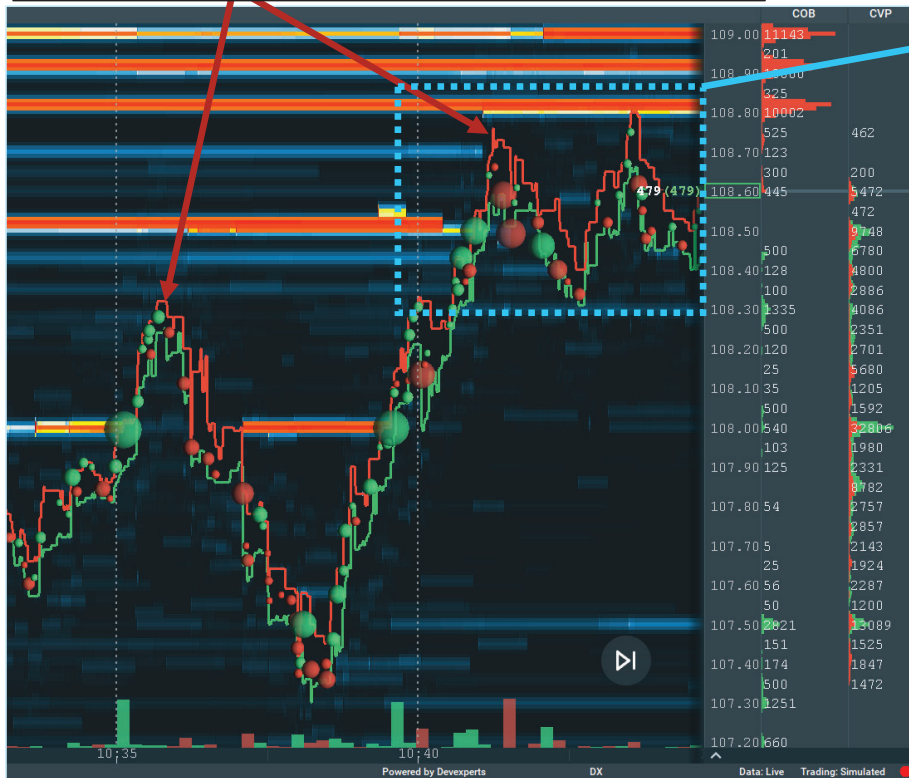
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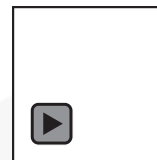
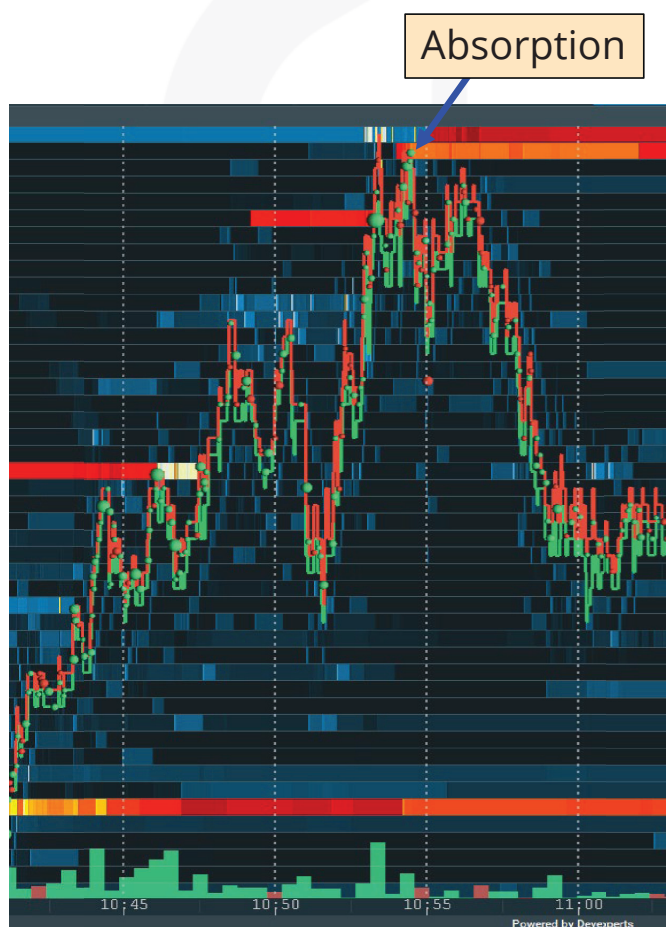
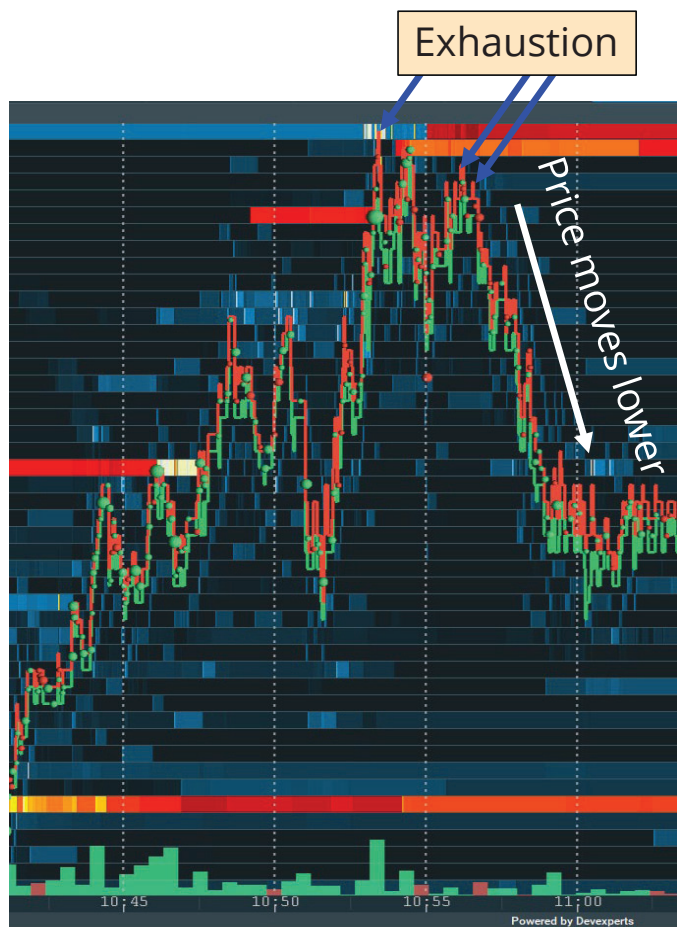
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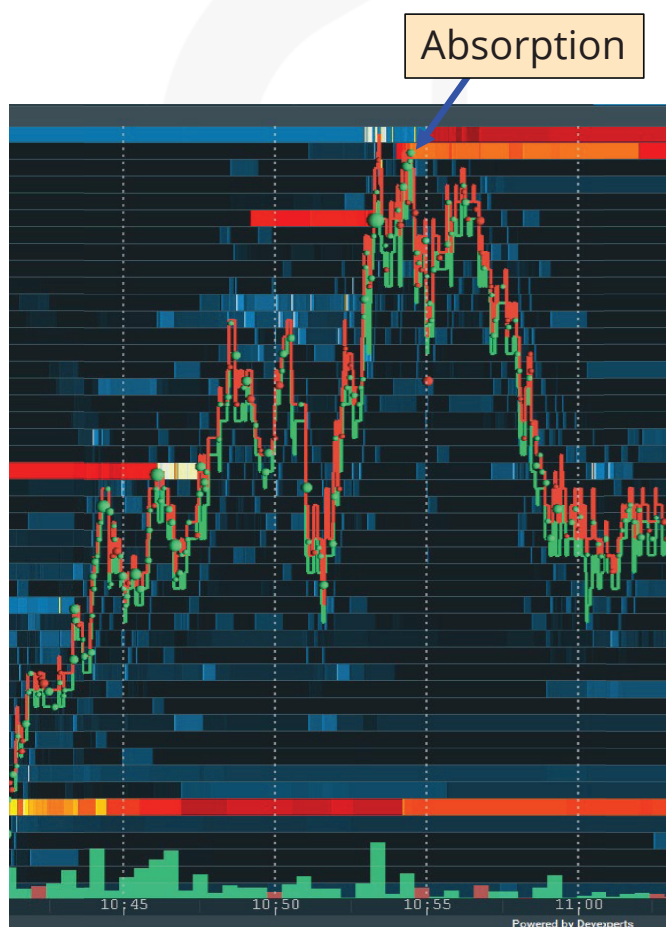
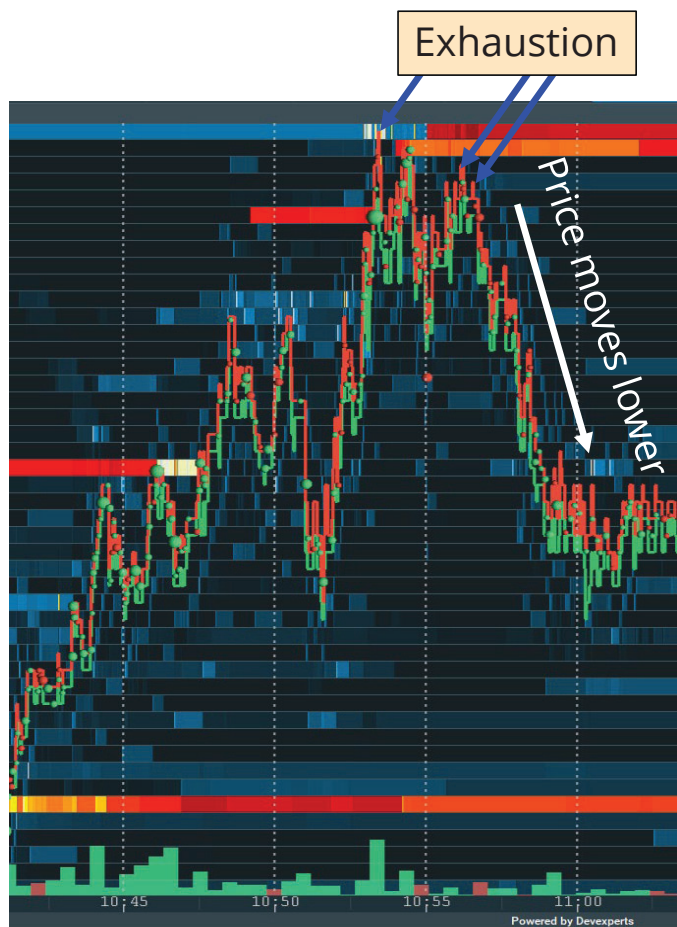
In other words, alternative to the absorption, Resistance can be created because there is no interested buyers.



Together, **Absorption** and **Exhaustion** of **buyers** can stop price moving higher.



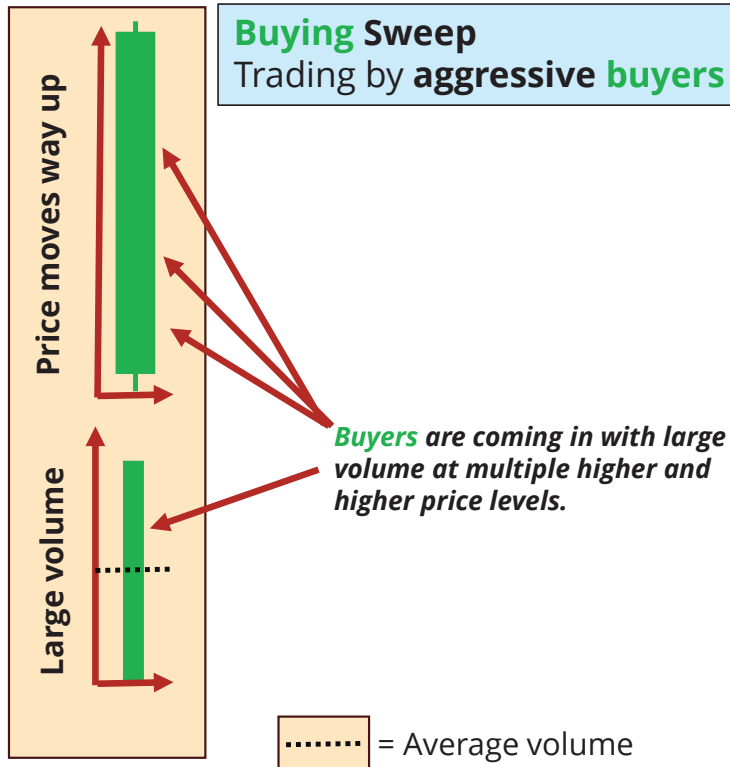
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Bullish green candles: Buying Sweep on Bookmap (Validation)

Buying Sweep

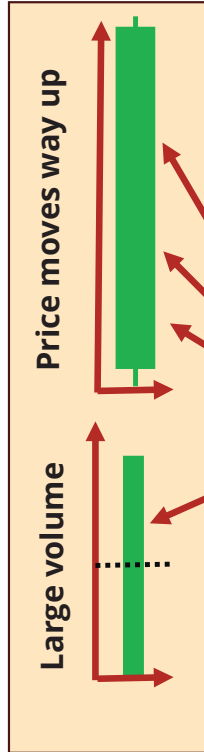
Trading by aggressive buyers through multiple price levels higher.



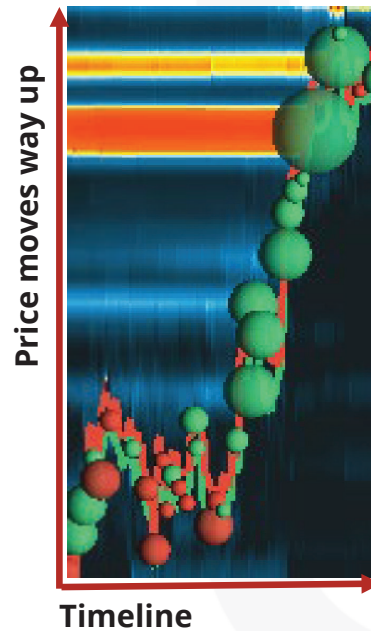
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Buying Sweep

Trading by **aggressive buyers** through multiple price levels **higher**.



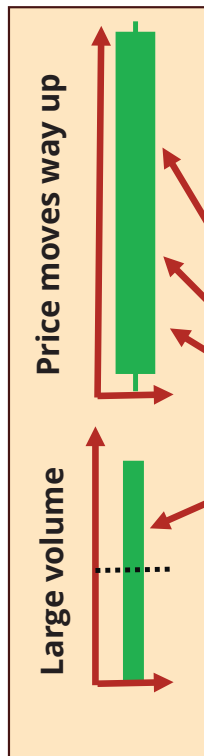
Buyers are coming in with high volume at multiple price levels.



Bullish green candles: Buying Sweep on Bookmap

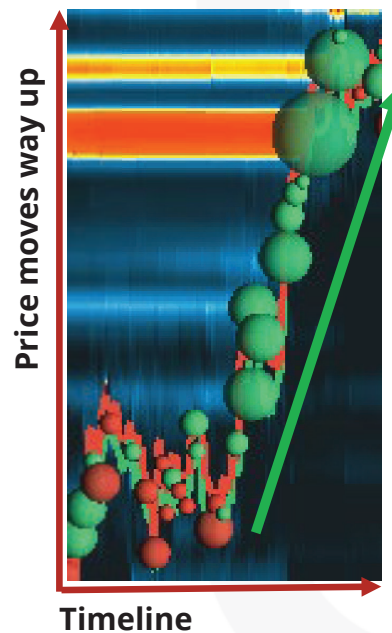
Buying Sweep

Trading by aggressive buyers through multiple price levels higher.



Buyers are coming in with large volume at multiple higher and higher price levels.

..... = Average volume



Buying sweep is the phenomenon how usually price moves from one value to another, the higher one.

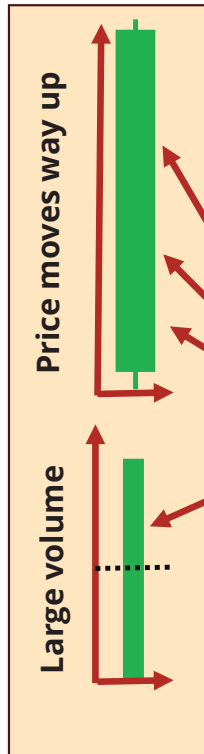
Move of the price into the new higher value needs strength provided by the volume of the aggressive **buyers**.



Bullish green candles: Buying Sweep on Bookmap

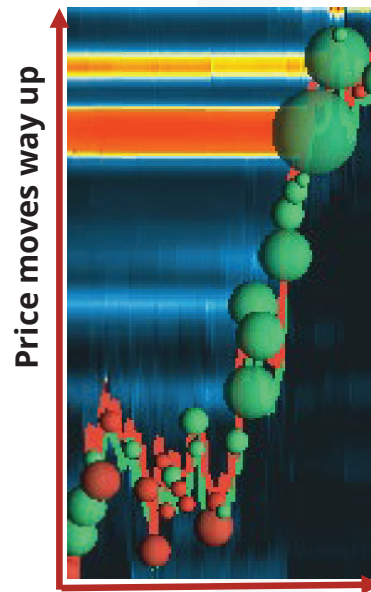
Buying Sweep

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Timeline

Two main characteristics of **buyer's sweep**:

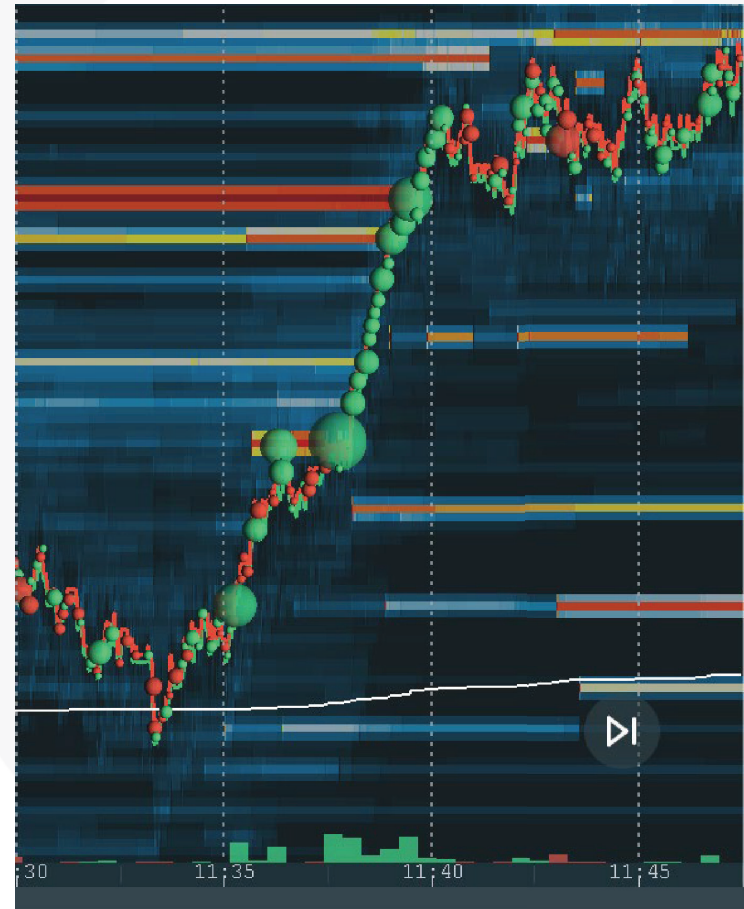
- 1) Order book is **bullish** (higher large Underlying **Asks**)
- 2) Large to huge aggressive **Buy** market orders.



Buyer's **sweep** AMZN @ 05/07/2024

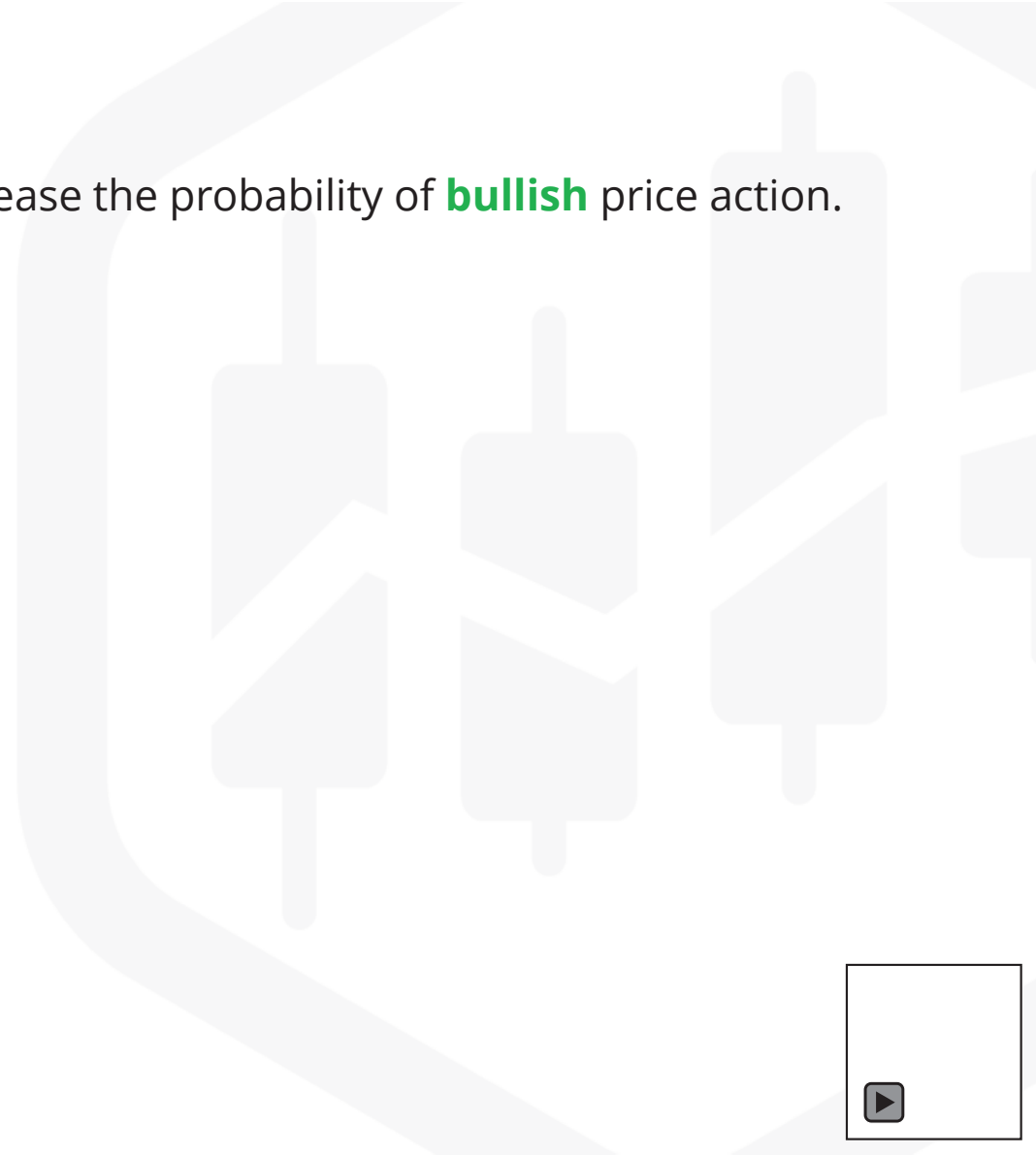
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Summary

- **Validation** of **green** candle by volume will increase the probability of **bullish** price action.



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- **Validation** of **green** candle by volume will increase the probability of **bullish** price action.
- **Anomaly** like **Absorption** of buyers will **stop** price moving **higher**.
- **Anomaly** like **Exhaustion** of buyers will **stop** price moving **higher**.



Summary

- **Validation** of **green** candle by volume will increase the probability of **bullish** price action.
- **Anomaly** like Absorption of buyers will **stop** price moving **higher**.
- **Anomaly** like Exhaustion of buyers will **stop** price moving **higher**.
- **Buying sweep** will move price to a new, **higher** value and is characterized by both **large Underlying Asks** and **large aggressive Buy** market orders.

