

Volume price action from Bookmap's perspective:

- 1) Absorption of **sell**ers.
- 2) Exhaustion of **sell**ers.
- 3) **Seller's** sweep.



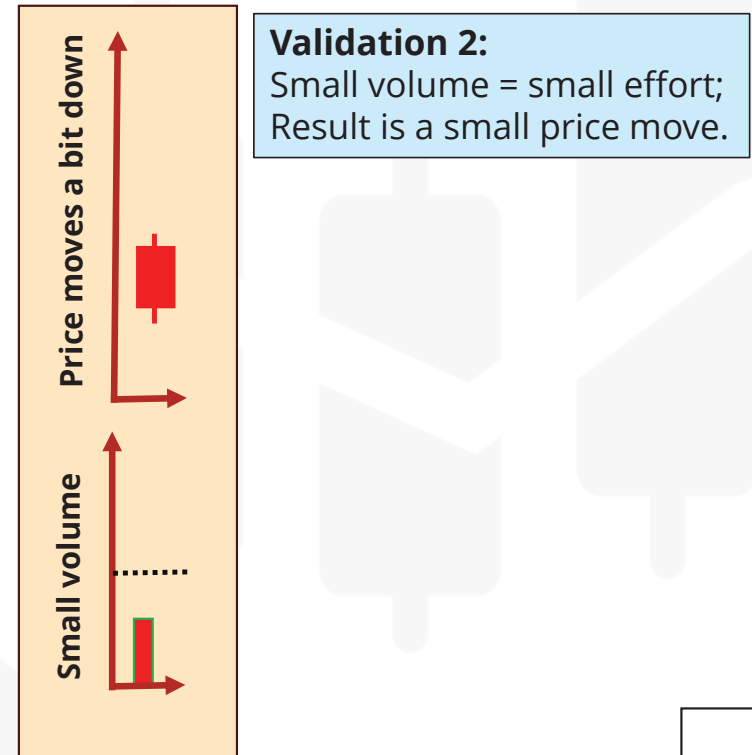
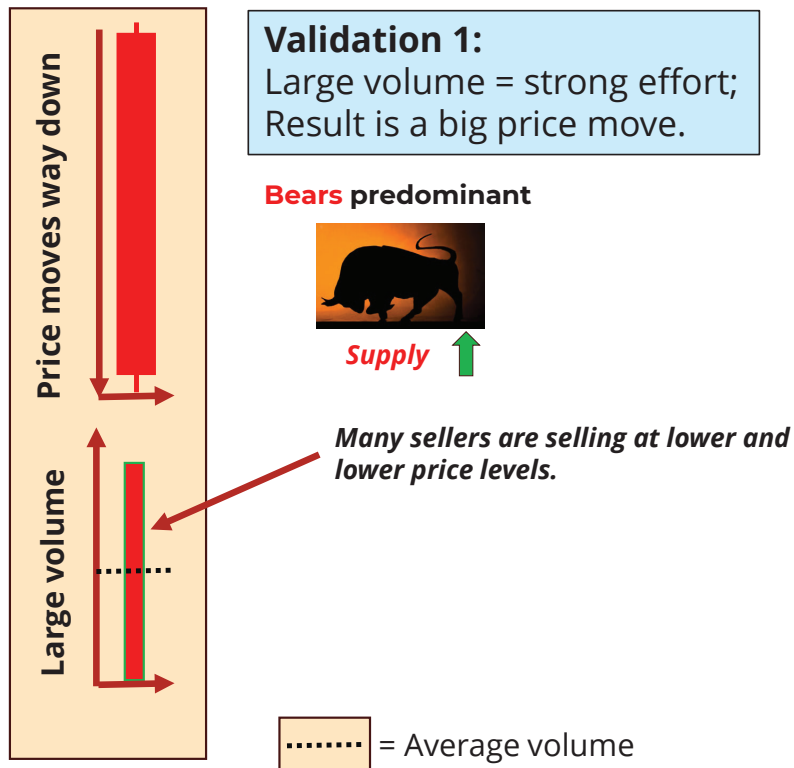
Outline

- 1) Traditional Volume Price Analysis (VPA) with candlesticks.
- 2) Validating **red** candlesticks as bearish signal with the volume.
- 3) Anomaly of **red** candlesticks based on the volume.
- 4) Anomaly in practice: absorption of **sellers**.
- 5) Anomaly in practice: Exhaustion of **sellers**.
- 6) **Seller's** Sweep.

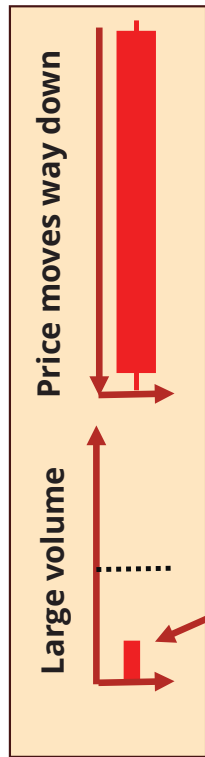


Bearish red candles: validation by volume **increases** bearish probability!

When volume validates **red** candle, it indicates **bearish** price action!



Bearish red candles: anomaly **decreases bearish** probability!



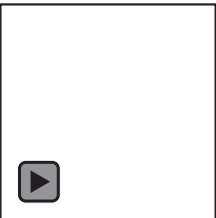
Anomaly 1:
Small volume = small effort;
But result is still a big price move.

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

***Somethings is wrong
here, isn't it?***

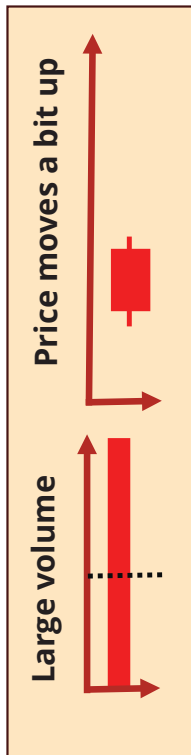
*Sellers are not coming in at this price level
(price is too low!)*

..... = Average volume



Bearish red candles: anomaly **decreases bearish** probability!

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



Anomaly 2:

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

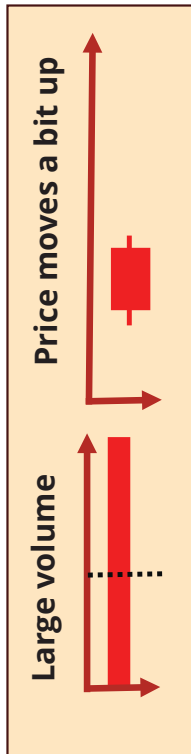
Anomaly 2 can usually be found at
the **bottom** of a **bearish**
downtrend (Markdown).

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



Bearish red candles: anomaly **decreases bearish** probability!

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



Anomaly 2:

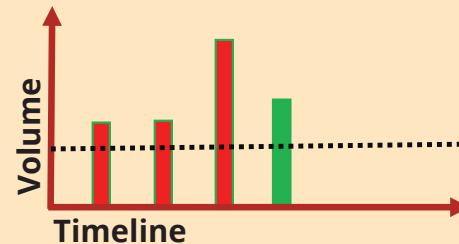
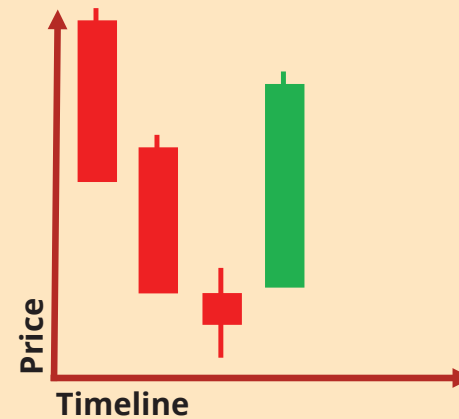
Large volume = strong effort;
But result is still a small price move.

Anomaly 2 can usually can be found at the bottom of a bearish downtrend (Markdown).

Something is wrong here again, isn't it?

Think of it that that buyers now feel that this new, low price level is a good deal opportunity and they are stepping in to buy slowing down the bearishness of the move.

Anomaly 2 is sometimes called **isolated pivot** when found at the bottom of a **bearish** downtrend, signaling **reversal**.



Bearish red candles: anomaly **decreases bearish** probability!

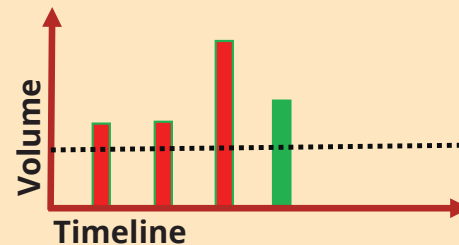
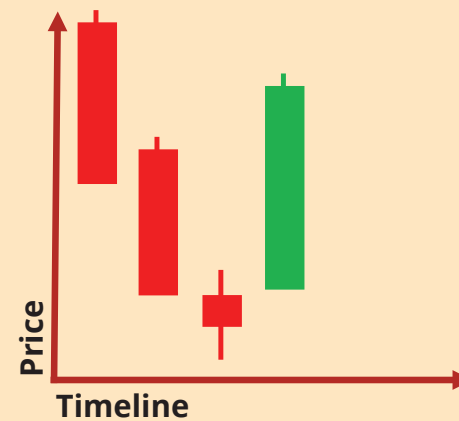
Anomalies shown below are signaling a possible **trap** for **sellers** before reversing!

Think of this important scenario/concept like this:

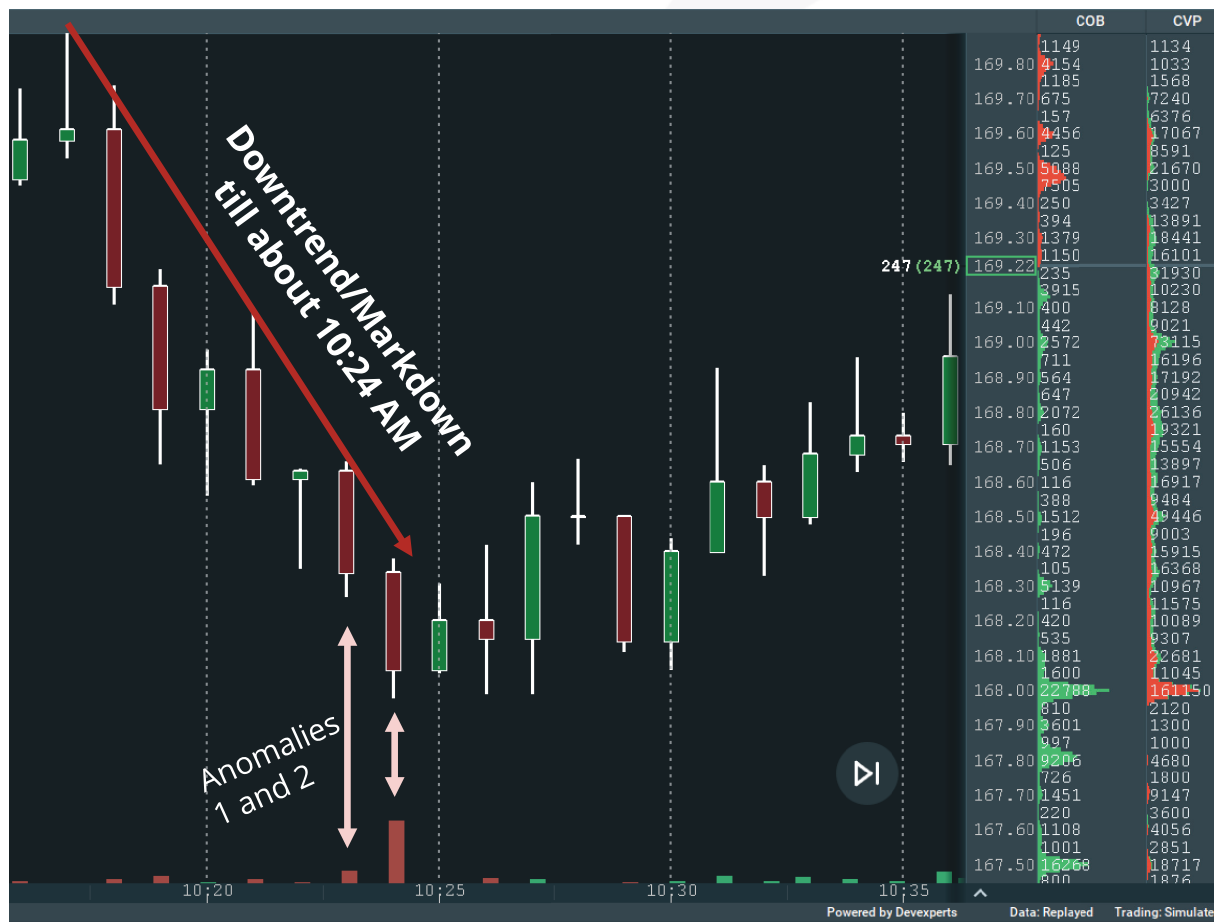
Buyers are willing to buy at this, new low price as they think that it is a **bargain** and they anticipate to make large profits. Basically, the stock is "**oversold**".

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

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



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

Large aggressive sellers that are able to move price lower.



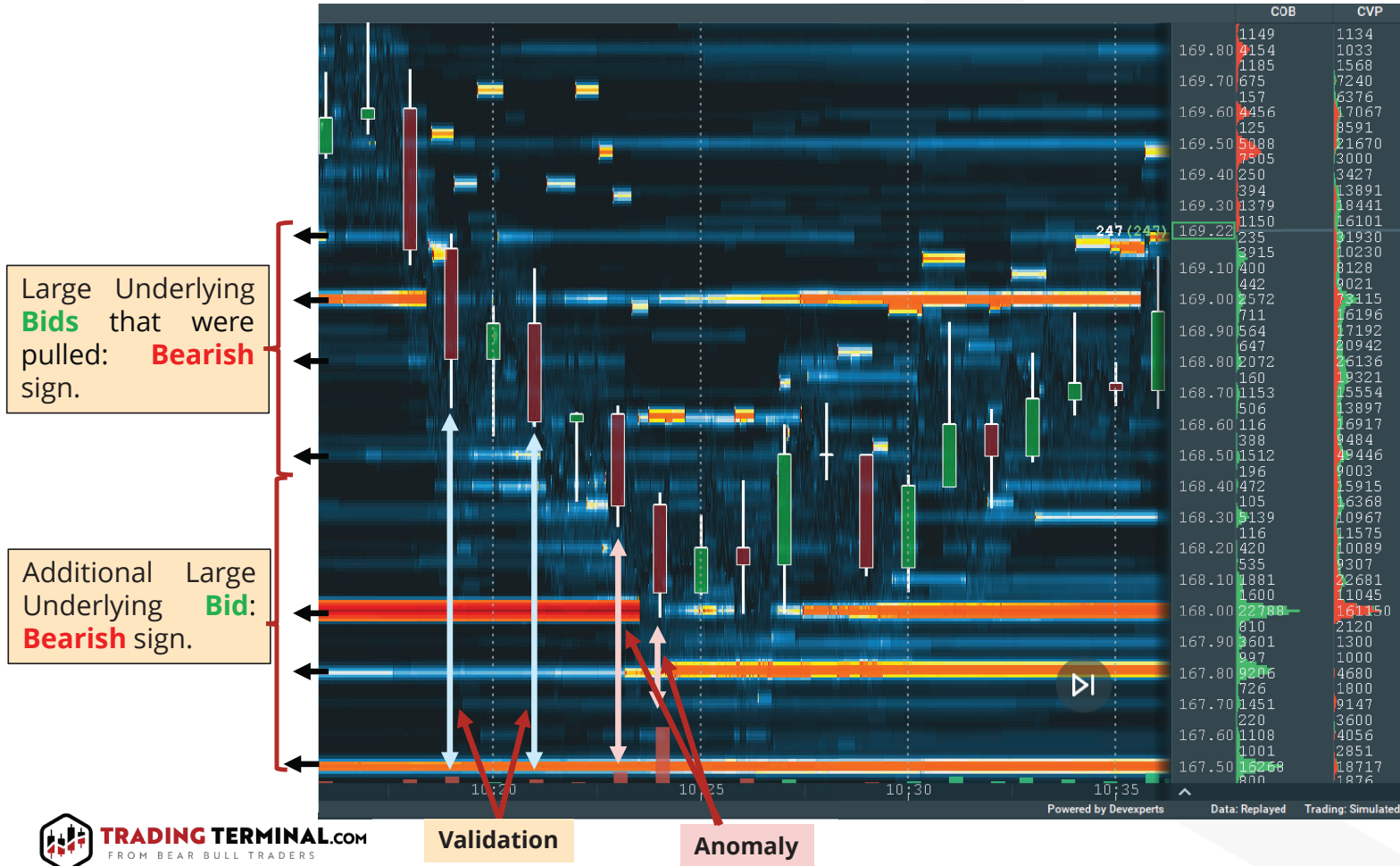
Bookmap example of Absorption (Anomaly 2): 3D Volume dots.

Large aggressive sellers that move price lower.

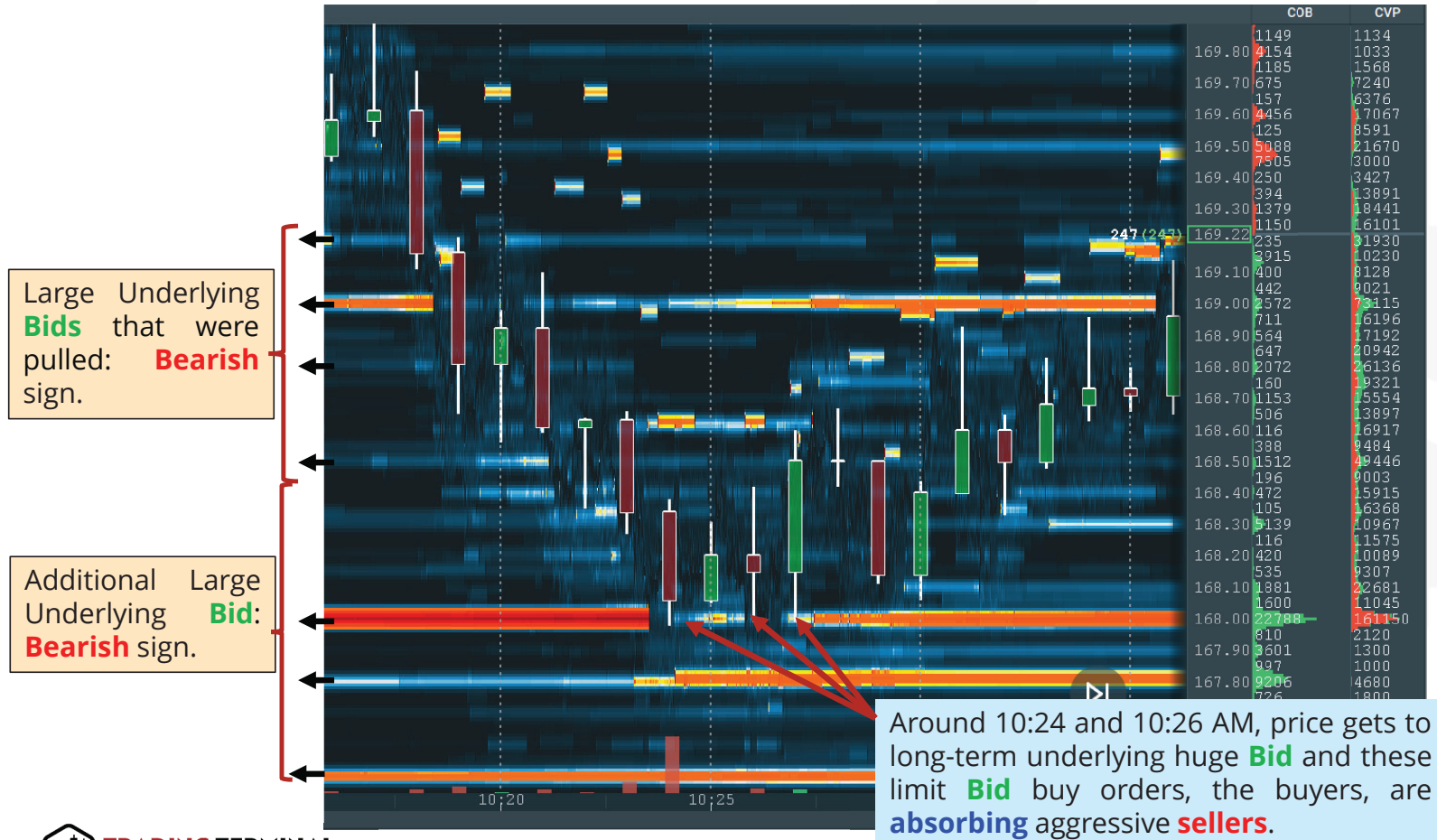
Huge, large aggressive sellers that can not move price lower.



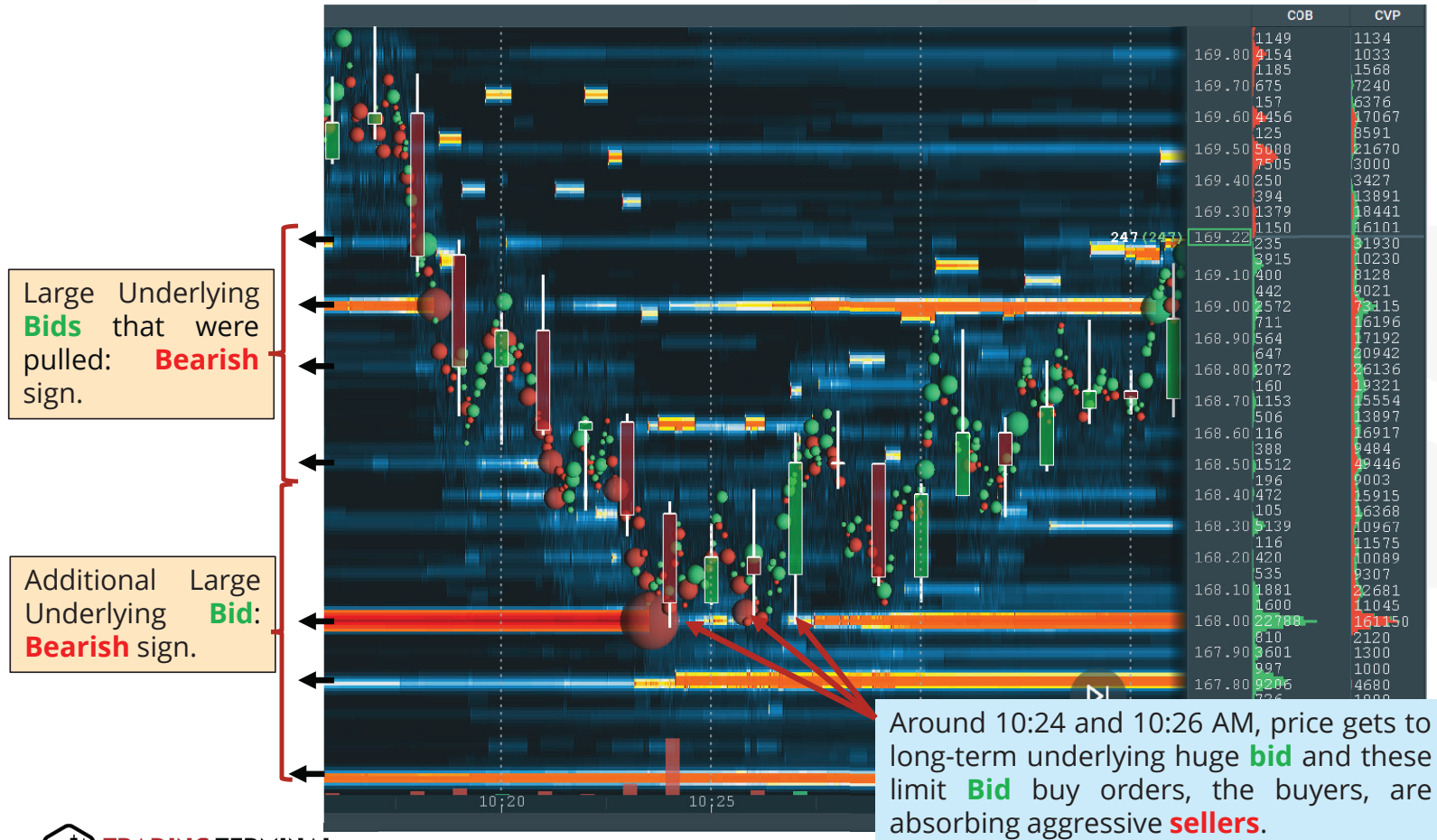
Bookmap example of Absorption (Anomaly 2): Heatmap of Level 2.



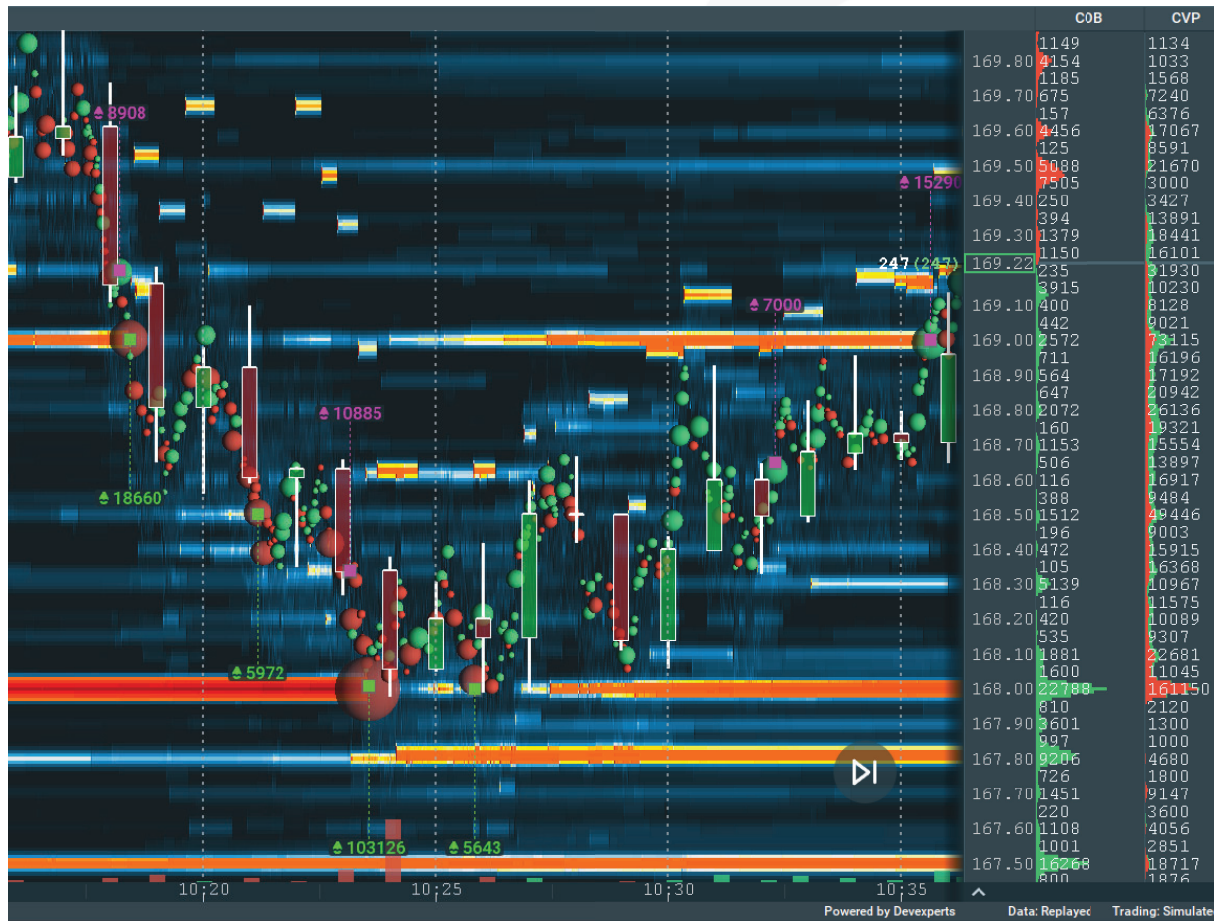
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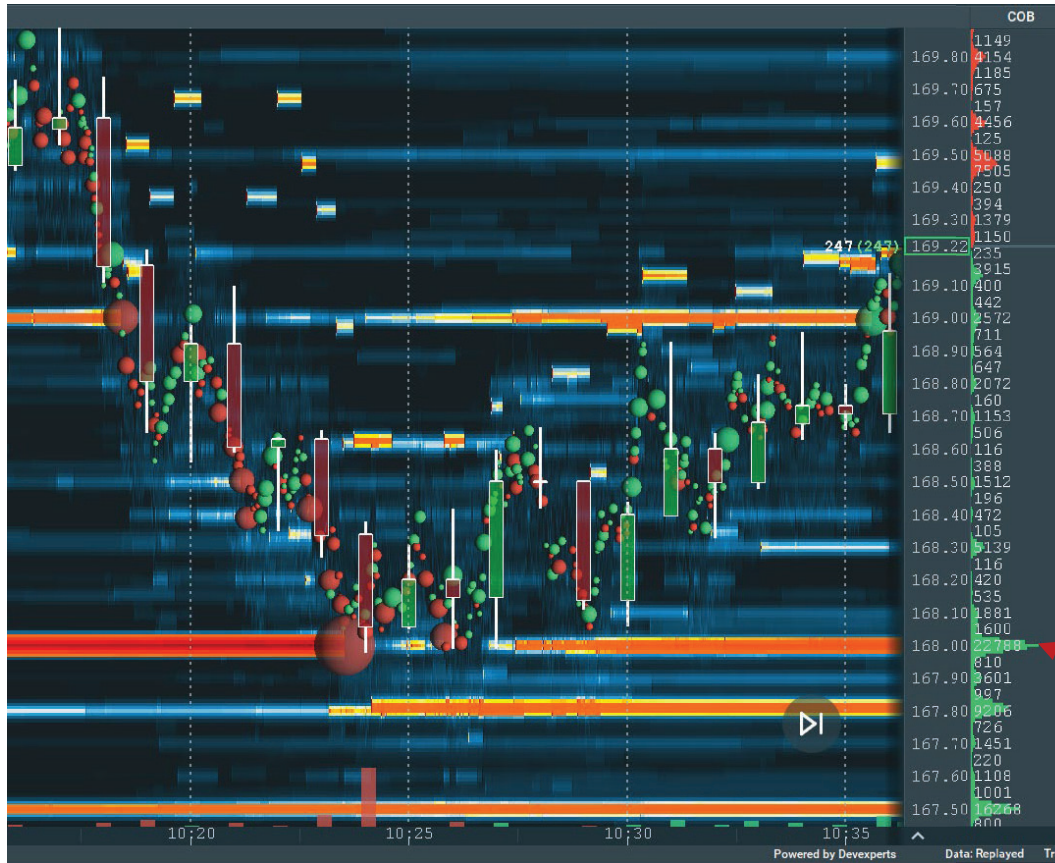
Bookmap example of Absorption (Anomaly 2): All together.



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



Absorption of **sell**ers created a **Support** level!



Definition:
Support is the price level where a down-trending price will stop due to concentration of **buyers (Demand)**.

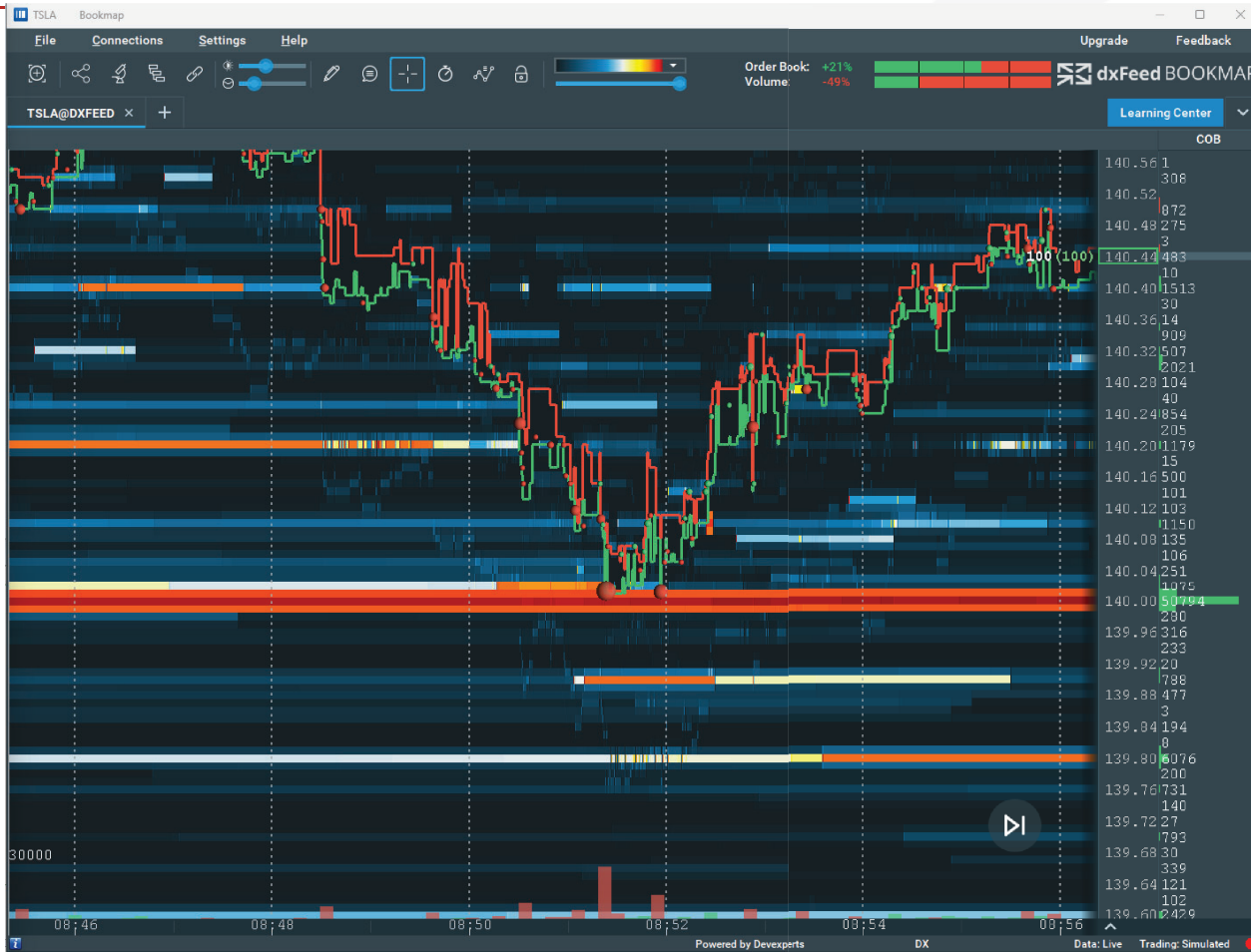
(Bookmap allows us to visualize this clearly)

*In other words, Support is created by inability to keep **selling**.*

Price could not go below or hold above \$168.00.



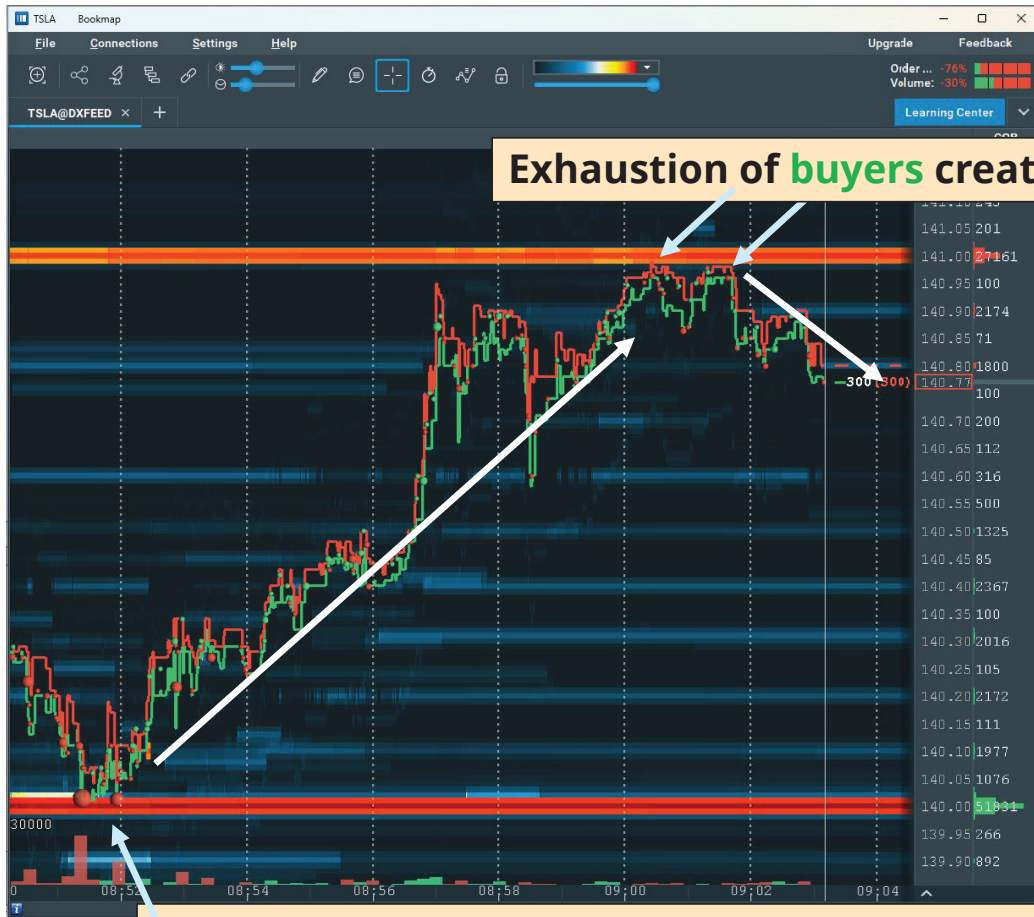
Bookmap Example 2: Absorption of **sellers** created a **Support** level!



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Integration Bookmap Example: Trading ranges.

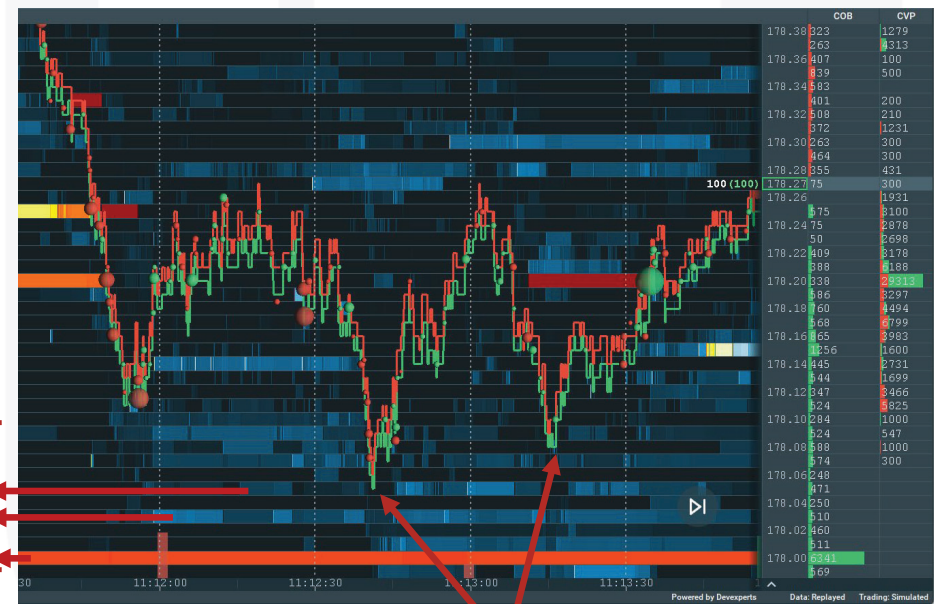


Exhaustion of **sellers** stops price moving lower.

Alternatively, lowering price process can stop because sellers' do not want to sell lower than they already did. Basically, sellers are losing interest and start realizing that they can get better prices for their inventory of shares that they own. So, they literally disappear, which is a phenomenon known as "Exhaustion".

In other words, **Exhaustion on the Bid** is lack of aggressive **selling**.

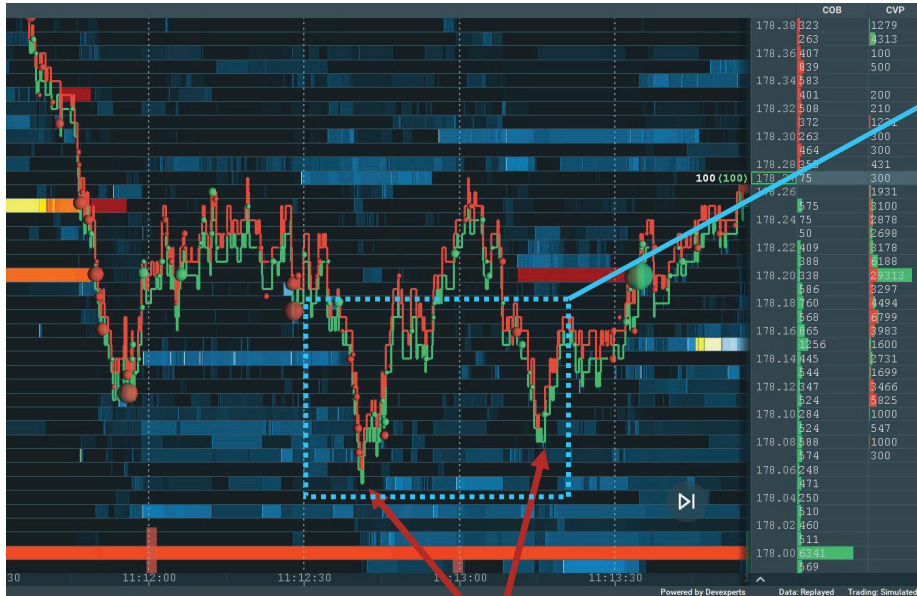
Huge and Large Underlying **Bids**:
Bearish sign before 11:12 AM.



Exhaustion:
Price is hitting lower-lows but there is no large aggressive **sellers** trying to hit the best **Bid**.



Exhaustion of **sellers** stops price moving lower.

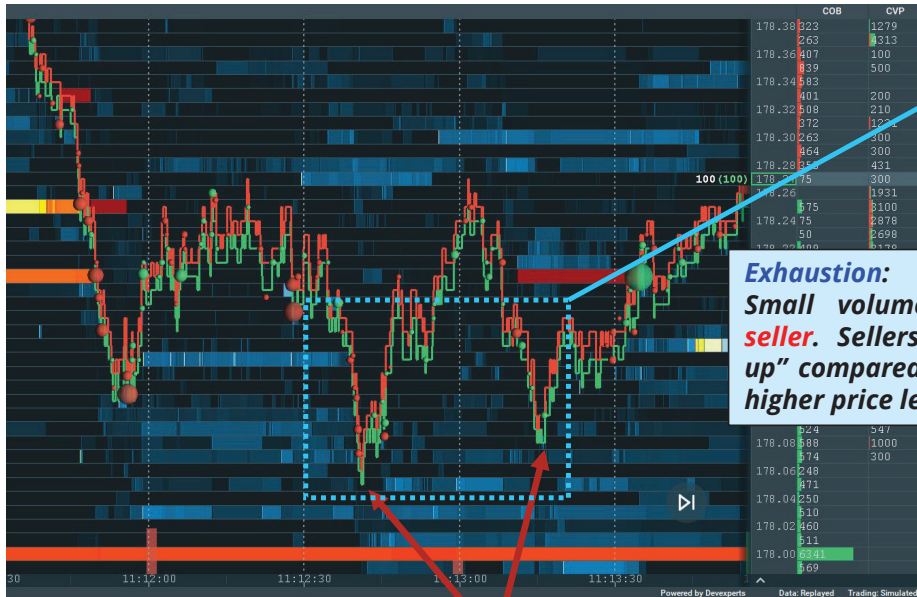


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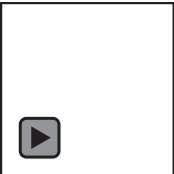


Exhaustion:
Small volume aggressive **seller**. Sellers are "drying up" compared to previous, higher price levels.



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In other words, alternative to the **absorption**, Support can be created because there is no eager **sellers**.



Absorption plus exhaustion at high liquidity **Bid** zone stops price moving lower.



Absorption: Large aggressive **sellers** can not move price lower past the best **Bid**.

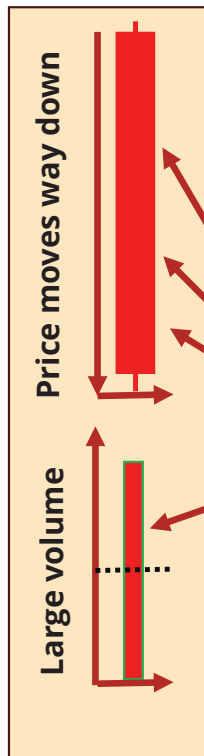
Exhaustion:
No aggressive **sellers** even when there is high liquidity on best **Bid**.



Bearish red candles: Selling Sweep on Bookmap.

Selling Sweep

Trading by aggressive **sellers** through multiple price levels lower.



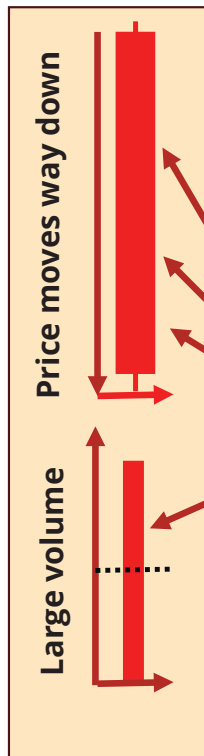
..... = Average volume



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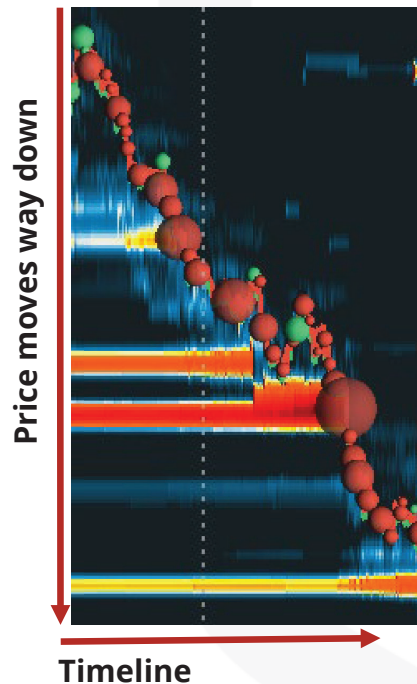
Selling Sweep

Trading by aggressive **sellers** through multiple price levels lower.



Sellers are coming in with large volume to sell, sell, sell at multiple lower and lower price levels.

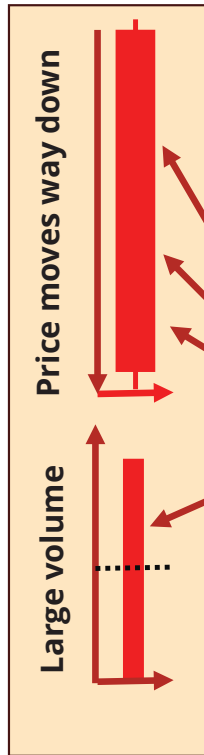
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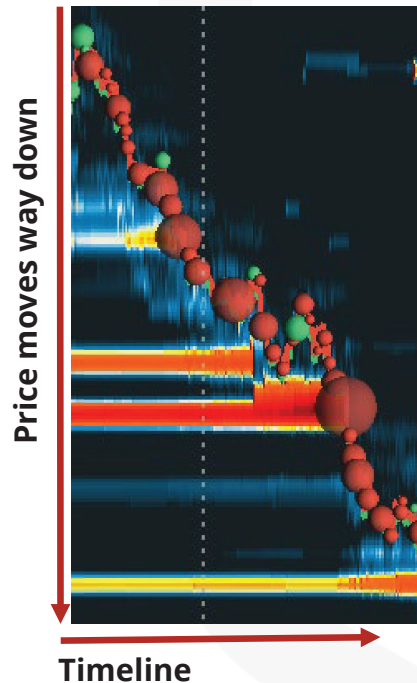
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Selling sweep is the phenomenon how usually price moves from one value to another, the lower one.

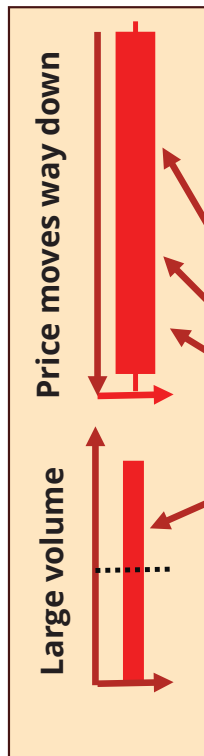
Move of the price into the new lower value needs strength provided by volume of the aggressive **sellers**.



Bearish red candles: Selling Sweep on Bookmap

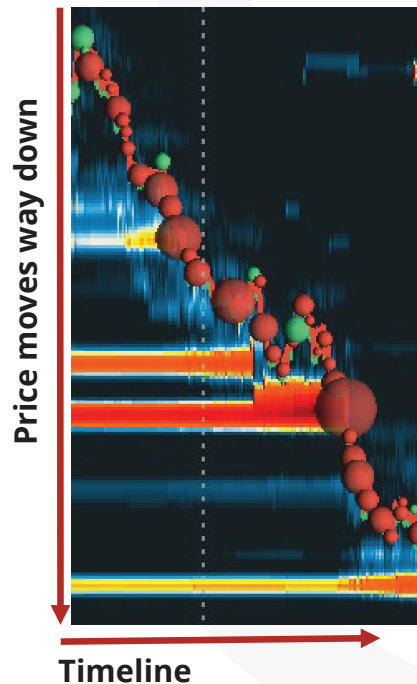
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Two main characteristics of **seller's sweep**:

- 1) Order book is **bearish** (higher large Underlying **Bids**)
- 2) Large to huge aggressive **Sell** market orders.

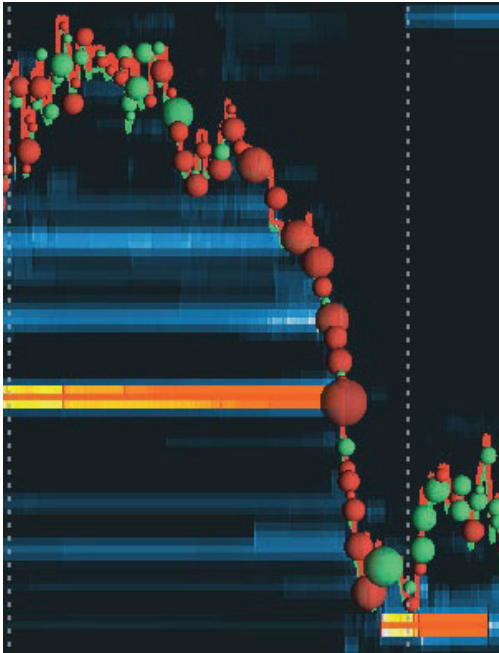


Seller's sweep

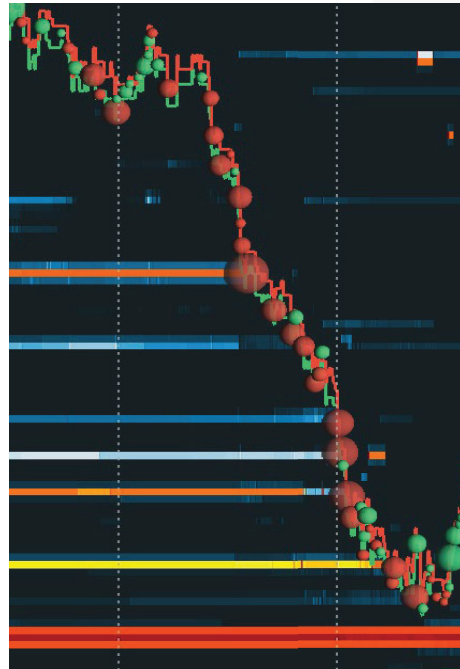
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Seller's sweep example 2:



Seller's sweep example 3:



Summary

- **Validation** of **red** candle by volume will increase the probability of **bearish** price action.
- **Anomaly** like **Absorption** of **sellers** will **stop** price moving **lower**.
- **Anomaly** like **Exhaustion** of **sellers** will **stop** price moving **lower**.
- **Selling sweep** will move price to a new, **lower** value and is characterized by **large Underlying Bids** and **large aggressive Sell** market orders.

