

**vsa with Malcolm**

**December 29<sup>th</sup> Quiz**

[http://www.forexfactory.com/showthread.php?  
p=6327769#post6327769](http://www.forexfactory.com/showthread.php?p=6327769#post6327769)

All answers are the views of each individual



## 2. Scipio:

<http://www.forexfactory.com/showthread.php?p=6328153#post6328153>

OK I'll try...

1 - E - Climatic Action: I see a wide spread down bar on ultra high volume closing off the lows, the next bar is narrow and up. Some demand hits the market. I also see that the first bar closes under a pink horizontal line. I don't know what TCL means, but this bar is a sort of a "Pushing through support". Next bar is up, on narrow range and decreasing volume. I can't see but I bet that to the left there was at this level an old swing point. The SM are absorbing the herd buying (LOL is it possible?).

2 - K - Selling Climax: Another wide spread down bar on ultra high volume closing off the lows, again some demand is hitting the market, the next bar is down, but it is an inside bar that confirms that. The SM are switching their positions.

3 - I - Supply Coming In: High volume UP bar on increasing volume that makes new highs, but you have to look at the close. It is well off the lows. Why some supply is entering the market? Who at this point is selling? Sorry I don't really know...

The market, 4 bars later, reaches new lows with a wide spread down bar on increasing volume, but look at the volume: it is high but much less than the bar 2. The next bar is up, also here some demand is entering.

Now we are looking for an invasion. The market moves sideways, then:

4 - C - Test: I really don't know the difference between a test and a basic test, but this bar is a test despite its volume is not less than the previous two, it is low (under average). The SM are looking for sellers. No floating supply left in the market as the next bars are up: test confirmed.

The market is strong.

5 - H+B+J - LOL: This is an outside bar on wide spread and increasing volume that closes near the high. It makes a new LL compared to the previous 5 bars and a HH compared to the previous (OKR). I think this is a move to catch stops (Shake Out) and buy more (DSS). I can't see because you are using bars, but I bet that this bar engulfs the previous.

6 - P+A - Buying Climax - A wide spread up bar on climatic volume that closes in the middle of its range, with next bar down I think that SM are taking some profit here as the next bar is a no selling pressure. So the SM are still bullish

7 - M - No Selling Pressure - A narrow spread inside down bar on volume less than the previous two. The SM took some profit on the previous bar, but they are still bullish. I don't like the volume since it is well over average. However a good place to enter the market since the next bar is up confirming the NSP.

The market is moving up, but the volume is decreasing when new highs are reached.

8 - G+N+F+A - Up Thrust - A narrow spread down bar on increasing volume (squat). This is at the moment, the market top, the best place to see an UT. Some serious supply is entering the market...is this supply enough to reverse the market? I don't know...but some serious signs of weakness are appearing. At this point I would like to see a test, and I would like to see how the market reacts to this test. The next bar is narrow and UP on low vol. I can't see if it makes a LL, if not it is ND

showing further weakness.

The market confirms weakness because the up bars have low volume, the down bars high.

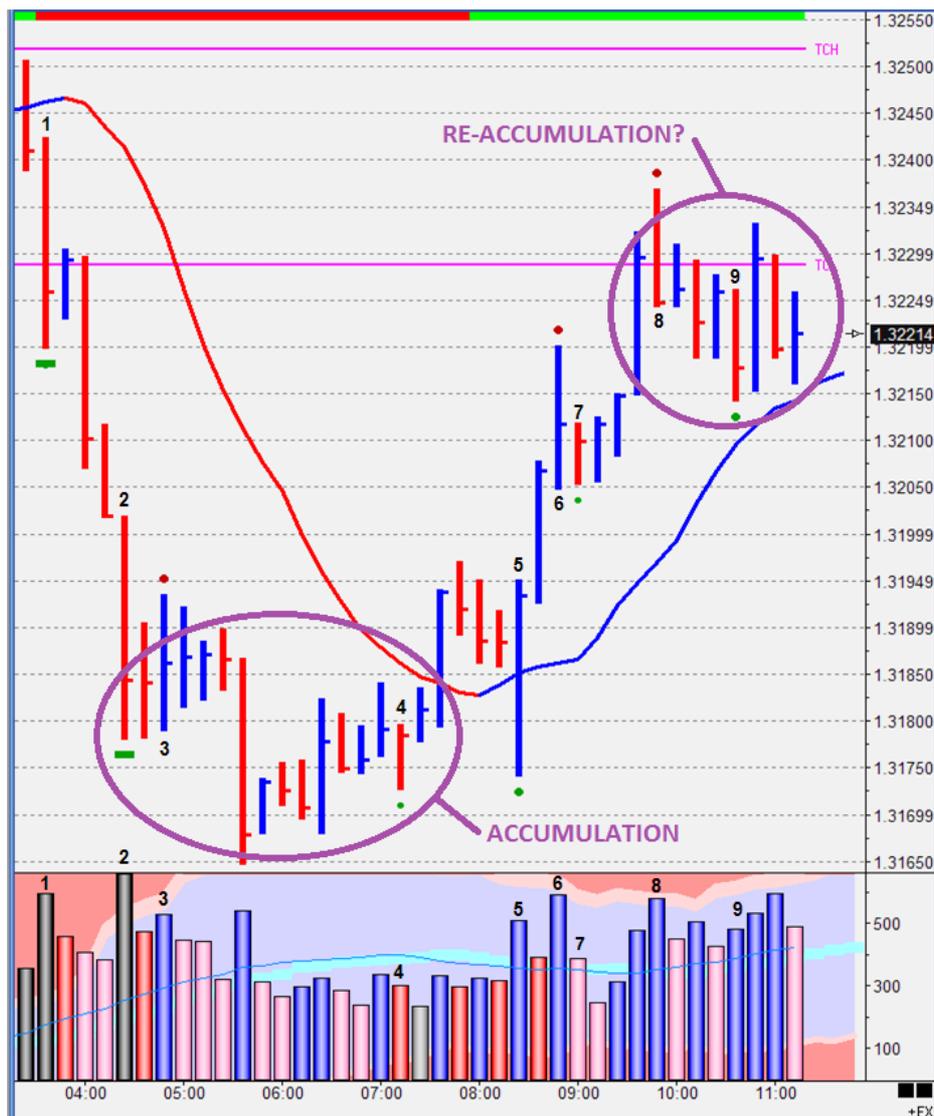
9 - L - I like this 2 Bars Reversal, I think this means strength. The close is the key: the close is higher than the high of the four previous four bars. I also think that the up bar engulfs five previous bars (I HATE BARS!) However no HH is reached (in regard of the previous swing point (bar8)), the close is off the high, the close happens on the pink line (that I repeat I don't know what means) and the next bar is down. I am doubtful...

(9+2) - Though is a down bar, I like the down bar after the 2 bars reversal, it is showing strength. It is a narrow spread down inside bar on very high volume. Something here is going on (demand is swamping supply)...

The last bar is an horrible ND (for those that are unable to read a chart). Since it makes a LL and closes up I like to call this kind of bars "hidden no selling pressure". this is not a hidden test because it closes in the middle of its range.

The background is confused for me because I am not able to read a chart...but the bar 9, (9+2) and the last bar if confirmed, are showing strength...

THE TREND IS STILL UP



### 3. LO-Trader:

<http://www.forexfactory.com/showthread.php?p=6328642#post6328642>

Hi HG,

This is my first post here. I have been snooping here for sometime. Let me give a try. I feel you guys are doing a nice job.

**1 - K. Potential Selling Climax.** This is a down bar on high volume. Volume indicates the transfer of positions. All the weak holders(who bought at higher prices are locked in) are selling their position here because of fear of losing more. This helps SM to buy here without putting the prices up against their buying. Next bar is up confirms that there was a lot of buying happened in bar 1.

**2 - E. Climatic Action.** Down-bar with ultra high volume. Next 5 bars prove that there has been a lot of buying happened in 2.

**3 - F. Supply Swamping Demand.** An up bar with more volume than previous bar. Supply is coming and suppressing the demand.

**4 - C. Basic Test.** Price is marked down to see the activity. Test was successful because of the less activity(volume) comparatively. This shows SM has already absorbed most of the supply in the market and is ready to move up.

**5 - J. Shake Out.** This is a sudden move to catch the stops of those who are on the long side. This is usually done before the real move happens. Next two bars confirm this. Also we have strength in the background. Since the volume is not that high we can call this a Reverse Upthrust also.

**6 - P. Buying Climax.** Price made a new high but came back to close in the middle. Probably SM started unloading their long positions.

**7 - M. No Selling Pressure.** Down bar with low spread and low volume. This shows smart money is not interested in the down side.

**8 - G. Upthrust.** High volume bar making a higher high but closing at its low. SM is unloading their long positions further.

Waiting for your results.

Thanks,  
LO-Trader

#### 4. pres78:

<http://www.forexfactory.com/showthread.php?p=6328750#post6328750>

Bar 1. **F.** DSS - can't call this a selling climax since it was part of an already present bear market sell off. Too high up. This bar could also be seen as an effort to fall (per MTM) (this should have been on your list HG) as we took out support on this bar. We pushed down through the 3230 support (important level from previous days) and this was also the low of the Asian session and HG's TCL (pink line). We didn't close on the low but the demand on the next bar was taken over by supply

Bar 1a. **A.** Squat - huge volume no real result, lots of effort to rise right back into 3230 now resistance

Bar 2. **K.** Potential Selling Climax (also could be **E.** Climatic Action based on volume) - this is the first real support seen in this drop, now we need to see if the SM are really buying or just supporting the fall. This could be the start of distribution.

Bar 3. **B.** SSD - huge volume no result, made a higher high but the close is basically the same as the previous 2 bars, then we see 2 ND's before further drop

Bar 3a. Four bars after bar #3 is what could be called a true selling climax as we have seen a substantial fall and a series of wide spread downbars on very high volume. This bar is the first time however that the next bar was an upbar. For those that want the selling climax to close off the low (not noted as a requirement in MTM) then we could also call this bar stopping volume.

Bar 4. **A.** Call this one a squat based on spread and volume or could be looked at as a higher volume test

Bar 5. **J.** Shake Out - this is everything we want a SO to be... Page 168 if you want to read the full definition. We all know the panic this bar created. Those already long most likely got stopped or had to cover, those that saw that bar take off down after three previous downbars and jumped on the moving train and shorted the market would have been very upset when that bar ended up closing on the highs... most of them would have been stopped out on this very bar or the next one. (This also technically speaking completes one hell of a **L.** 2 bar reversal)

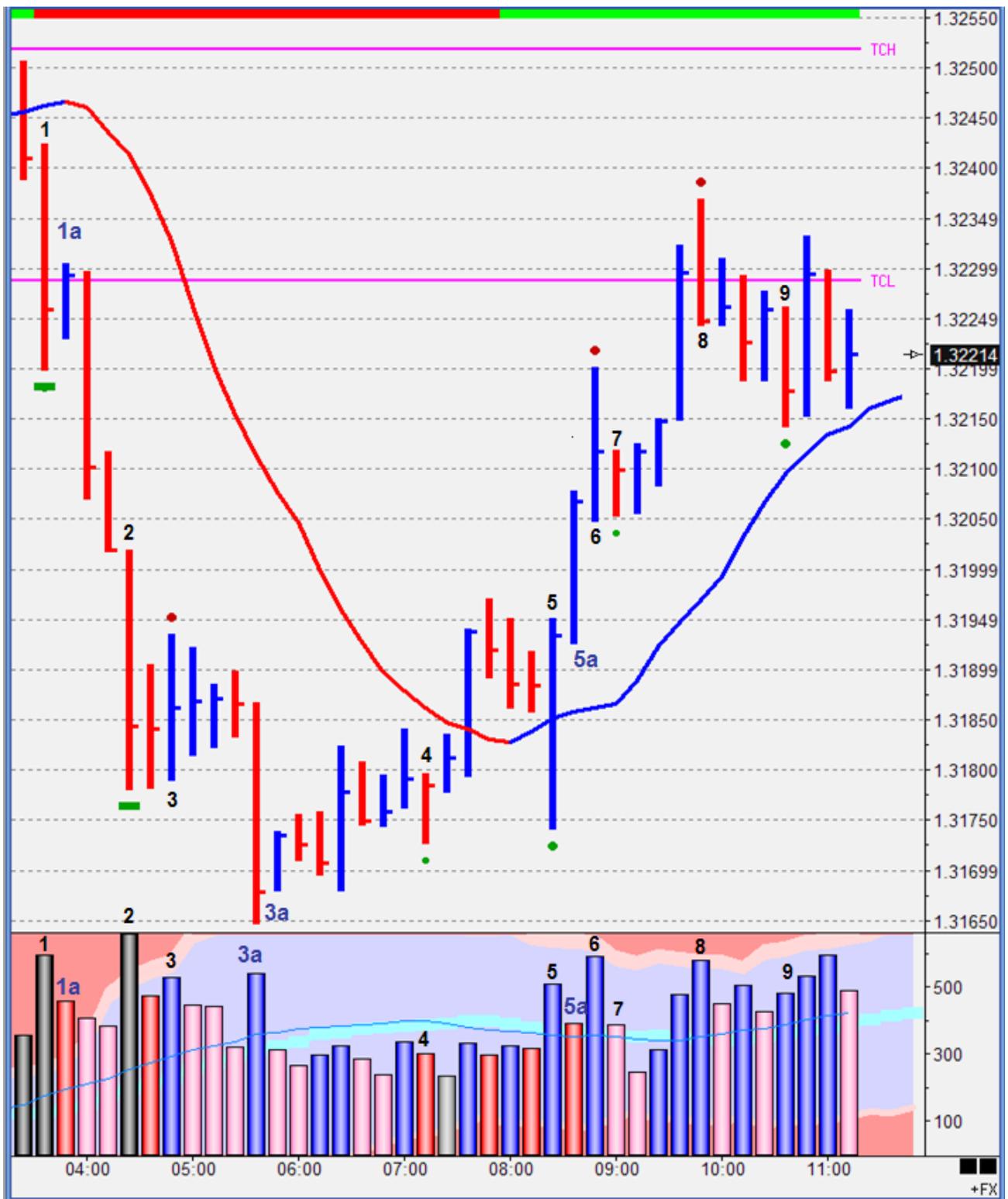
Bar 5a. Not on the list but this is a nice example of effort to rise as we close on the high above the resistance formed by the high of bar #2, the volume was high but not climatic.

Bar 6. **P.** Buying Climax (should call it potential) - there was some obvious supply that came in on that bar otherwise we would have closed much higher. The high of this bar hits to the pip on the low of bar #1 so supply should be expected. Is the next bar down? The volume on this bar is extremely high.

Bar 7. **C.** Basic Test - the volume is high by comparison but it is lower than the previous 2 bars and we close on the highs with the next bar up, test passed.

Bar 8. **G.** Up Thrust - Looks like an UT to me

Bar 9. This one is also **F.** DSS we know this was the case after the next bar which again failed at 3230...



## **5. Gxp1:**

<http://www.forexfactory.com/showthread.php?p=6329346#post6329346>

- 1 - E.** Climatic Action , WIDE SPREAD DOWN BAR CLOSING OFF THE LOW WITH HIGH/VERY HIGH VOLUME
- 2 - K.** Potential Selling Climax -WIDE DOWN BAR CLOSING OFF LOWS WITH UH VOLUME
- 3 - B.** Demand Swamping Supply (DSS) UPBAR IN A DOWN TREND CLOSING ABOVE PREV 2 DOWN BARS BARS & HIGHER THAN AVG VOL
- 4 - M.** No Selling Pressure-LOW VOL THAN AVG DOWN BAR CLOSING NEAR HIGH
- 5 - J.** Shake Out.WIDE UP BAR CLOSING AT/NEAR HIGH& VOL IS HIGH-THE LOW IS LOWER THAN PREV 4 BARS
- 6 - I.** Supply Coming in-VOL IS HIGHER THAN#5 CLOSING NEAR MIDDLE SO EXTRA VOL CAN ONLY BE SUPPLY COMING IN
- 7 - O.** Test -TESTING FOR SUPPLY SEEN AT#6 NARROW RANGE CLOSING NEAR HIGH-(THE NEXT BAR IS NO DEMAND)
- 8 - G.** Up Thrust -IN UPTREND WITH HIGH HIGHER THAN PREV BAR CLOSING AT LOW AND VOL IS HIGH
- 9 - C.** Basic Test- NOT SURE OF THIS ANSWER DIFFICULT TO ANALYSE BUT ITS TESTING AFTER UPTHURST
- 10.** HAPPY NEW YEAR TO ALL ON THE FORUM & PROSPEROUS TRADING!!

## 6. Intel:

<http://www.forexfactory.com/showthread.php?p=6329621#post6329621>

1 - Climactic action + Supply swamping demand - wide spread down closing off the low on ultra high volume gives us the climactic action bar. The fact that it is pushing down through the Tokyo channel support tells us that supply is swamping demand.

2 - Climactic action + Potential selling climax - wide spread down closing off the low on ultra high volume gives us the climactic action bar. This is recognisable as a selling climax (potential) due to it's position compared to the background. We appear to be in recent new lows. Had we been approaching a support level, this would still be valid but, we need to see how the market reacts to this bar before we can say whether it is a selling climax or a supply swamping demand style bar as above.

3 - This bar is more puzzling. Pres has it as a Supply swamping demand bar. I disagree with this but only with the degree that supply is winning the battle. It shows that supply is winning but, there's nothing about the bar that says supply is SWAMPING demand. For me it just says that the market isn't ready to go up quite yet.

4 - Basic test - narrow to medium spread down bar, closing towards the high on average volume. This bar should make a new low. The only real difference between this and a test is that, the volume is a little higher and can look very close to being a failed test. Also, these are often used to simply check if there is any supply still about. We can see by the volume that there is some but not a huge amount. SM may decide to take advantage of this later.

5 - Shake out + demand swamping supply - wide spread down bar closing on the high on high volume. This is an up bar which actually makes it a HIDDEN shake out. This is a mark down in price to fool the herd into selling. Once SM are happy that they have absorbed all the supply they will sharply mark the price back up again to lock in the herd. Shake outs are not always a 'demand swamping supply' bar. We are in an up trend (just) so there isn't a huge amount of supply to be 'swamped', but this case is a little different. Look where SM have marked the price down to.....our earlier Basic test. Remember we said that the volume was a little high. SM have come back to see off the herd and make some more money out of them! So in this case there is supply about, the SM hit it and swamped it!

6 - Supply coming in - wide spread up bar closing in the middle on high volume. Some of that volume has to be selling or it would have closed near the high.

7 - Test - narrow to medium (narrow is better) spread down bar, closing towards the high on low volume. Here SM are testing the supply found on the previous bar.

8 - Up thrust + supply swamping demand - wide spread up bar closing on the low on high volume. This is a down bar which actually makes it a HIDDEN up thrust. Finding new high ground is much better. SM have realised their new price and have sold off their holdings to the herd by swamping the market with supply. This has the affect of sharply dropping the price to lock in the herd.

KRB and OKR - You're a bit naughty asking about these on a chart with no opening prices shown I will guess at the OKR being number 5!

## 7. KinsaleForex:

<http://www.forexfactory.com/showthread.php?p=6329642#post6329642>

1. **F.** Supply Swamping Demand (SSD). This and the next bar creates a hidden gap and continues the move down from the previous bar. For a high volume that has the *potential* to be strong the reaction is poor and the low is taken out within two bars.
2. **K.** Potential Selling Climax. Higher volume than at 1, a sure sign that something is cooking, slightly better reaction with the next few bars closing up but still not showing a lot of strength.
3. **I.** Supply Coming in - not really sure what this is, we see an increase in volume and it closes in the middle before pushing down after ND.
4. **O.** Test - High (not less than previous two) volume test, low dips below previous 3 bars before closing on the high.
5. **J.** Shake Out - market is driven down quickly, almost to the low of the test on bar 4 before closing near the highs. Catching stops and or sucking people in short.
6. **P.** Buying Climax - Big spike in volume but the bar closes in the middle. Some weakness in this bar but this fails as the next bar is...
7. **C.** Basic Test - Test in it's simplest form, volume less than previous two, closes on the high. It doesn't make a lower low though, which would have been nice.
8. **G.** Up Thrust - Hidden up thrust. It thrust up. Closed on the low.
9. No idea.

## 8. HiddenGap Answers:

<http://www.forexfactory.com/showthread.php?p=6330386#post6330386>

👍 Awesome. Really awesome.👍

Kudos to all who participated in this little exam.

I have to say that there is some real gold in the responses. If I was tech savvy enough, I would take all the responses and put them in a PDF.

I hope nobody gets too upset after reading what follows.

One of the intents of this test was to convey that in most cases names don't matter. If you look at the intervals in question, there was at least two possible responses for every one of them. That's why the second part was to include some "justification". The idea was to get into the mind of the posters and understand how he or she saw the interval (and in some cases the surrounding intervals).

If one sees a wide spread up interval on volume that is greater than average, that closes in the middle of its range, makes a higher high than the previous two intervals and is followed by the next bar being down, one has to see this as weakness. Whether this interval is Supply Swamping Demand (SSD) or Supply coming in or a Buying Climax matters less than the fact that one is able to see the weakness the interval represents.

To be sure, there are some names that are more appropriate than others at various times. A Buying Climax, for example, really does need a substantial up trend behind it. Whereas Supply Swamping Demand (SSD) would not.

Here are a few thoughts.

**#1:** Because we have a wide spread interval that closes off its low on climatic volume (black), this is Climatic Action. If you see this as a squat, then you are using some advanced reasoning. We tend to use the short hand definition for squat- narrow range on increasing volume. However the actual definition of a squat is decreasing MFI and increasing volume. But here's the rub. Under that definition *any* interval with increasing volume is potentially a squat.

**#3:** Supply Swamping Demand. I see this as a very telling bar. What's missing is the fact that the next interval is not down. Nevertheless, this interval makes a higher high, has an increasing spread, has increasing volume greater than average and closes up but in the middle of its range. The middle close tells me that there has to be supply on this interval. Otherwise the close should be higher.

**#4:** This for me is a Basic Test. Intel's "justification" is the best I have ever seen.

**#5:** Yes this is a Outside Key Reversal (OKR), but more importantly it is a Shake Out. Pres78 gives a brilliant explanation here that is truly worth study.

**#6:** Supply Swamping Demand (SSD), Supply Coming In or Buying Climax all work for this interval. I like Supply Swamping Demand or Supply Coming in better because the volume is not black or into the salmon colored area of the volume histogram. And the very next interval is a Test. A Test of how much supply actually swamped demand on the previous interval.

**#7:** This is the most straight-forward interval. It is a Test. As noted by KF, we would prefer this interval to make a lower low, but that is not a requirement.

**#8:** This interval is an Up Thrust. I was looking to see "justifications" that noted the close is down and therefore this would best be termed a Hidden Up Thrust.

**#9:** I thought more people would responded to this as a Two Bar Reversal. I really don't know what to call this one. I know there is evidence of strength. The interval is a wide spread down bar that closes off its low. It makes a lower low than the previous two intervals, and the next interval is up. In fact, the next interval does not make a lower low or even an equal low. It closes above the high of this interval and has increasing volume. This could only be if the previous interval had some "hidden buying".

KRBs. Once again, Intel is all over this one. The true definition of a KRB includes the open of the interval. I use H-L-C charts so there is no open and therefore no way to see a true KRB.

OKR: I am not concerned with the open on an OKR so they can still be seen on a H-L-C chart. Note this definition:

**#5:** Outside Key Reversal (up). Makes a lower low than the previous two bars. Makes a higher high than the previous bar. Closes higher than the previous bar's high and closes in the upper 80% of its range on increasing volume greater than average with the next bar up.

#### OFFICIAL KEY:

1. SOS
2. SOS
3. SOW
4. SOS
5. SOS
6. SOW
7. SOS
8. SOW
9. SOS

## 9. Bonus Content:

pres78: <http://www.forexfactory.com/showthread.php?p=6329586#post6329586>

I realized after my post that I missed something very cool that I wanted to show everyone. We all know the market works on supply and demand and based on this very simple premise if we know where the supply and demand was we will know where it most likely will be again in the future.

HG's chart shows this perfectly.

What do we know leading up to bar # 5?

We know that bar 3 was overtaken by supply causing a sideways market on 3 decreasing volume bars making no progress (bearish) and then then we get bar 3a as the final selloff and ultimate support. I hope everyone knows why support at 3165 makes sense based on the past 10 or so trading days... This is important, in fact look today's PA that is happening right now we have once again picked up demand at the 3180-3160 support zone.

Back to the point of this post...

As I said bar 3 was overtaken by supply causing a sideways market on 3 decreasing volume bars making no progress (bearish) and then then we get bar 3a as the final selloff and ultimate support. We worked our way back up to the area where supply was and saw a failed effort to rise followed by 3 downbars on varying volume. Now what we don't know yet is whether SM are willing to absorb / wipe out this supply for higher prices or will we fall back down towards the low?

What we do know is that we are seeing based on volume and bar prints / closes that SM are supporting the market at the high of bar 3a which is roughly the close of bar 3. This is bullish but we also know that there is still supply... So we know that bar 3 had supply but bar 3a had demand.

Once we see bar 5 print we know that SM are in fact interested in higher prices as we just watched them SO the market. It didn't take them long to take the market up 40+ pips after that SO as the supply was removed and the path was now clear... SM take the path of least resistance but aren't afraid to flex a little muscle to clear the path either. They are the market's bouncer.

