

Sign of Exhaustion

Errrrr, I found that hard to explain this, but I'll try my best. I'll start with the volume definition so everybody have the same exact definition in mind. Let's start with a basic....

Volume

Simulation of how price change in simplified.

Name of multi-Currency: GBPJPY

Present price: 172.354 bid, 172.379 ask (example only)

Name of Institution that look into this price: MM1, MM2, MM3.

MM1 already hold their position open in market as long. They have 20 open long already. Here is the list of their offer (bid) price:

172.600 (2 Position)

172.750 (3 Position)

173.100 (4 position)

173.300 (11 position)

MM2 and the other looking for Short position, so they try to Short at highest price as possible. What happened next when some of the MM fill or do a deal in market?

MM2 Open short by fill order MM1 at 172.600. The price jump up from 172.354 bid into 172.600 bid and 172.620 ask. This order makes the new price now updated into 172.600 (bid) and 172.620 (ask). This new price being capture by our broker as one change. One change noted in our metatrader as one tick. In other word, the volumes of tick raise 1 count.

Then MM3 Open short by fill order MM1 at 172.750. The price jump up from 172.600 bid into 172.750 bid and 172.780 ask. This order makes the new price now updated into 172.750 (bid) and 172.780 (ask). This new price being capture by our broker as one change. One change noted in our metatrader as one tick. In other word, the volumes of tick raise 1 count.

So, each one tick change in volume, that's mean that some doing activity in the market that cause the price change. That's the definition of volume. If, we are on the same page here, then let's go into the next chapter.

Exhaustion (sign of reversal - PVSRA compliment)

We all already know in PVSRA, Bear MM activity is signed by a green / blue Volume bar on our sonic system. Bull activity is signed by a red / purple volume bar. In other word, Price down with extreme volume is the sign of bull activity, and price up with extreme volume is the sign of bear activity. If all of you still confused, read chapter 1 again.

While PVSRA show the intention of the MM, that doesn't mean that we can jump into the market every extreme bar. Look upon "Chapter Volume", MM1 still got a position that not being absorbed by the other. Even the price jump up from 172.354 (bid) into 172.750 (bid), MM1 still offer asset at 173.100 and 173.300. If, we blindly jump short into market at 172.750, then price still goes up into 173.300, that's not PVSRA fault. PVSRA indicated the MM2 and MM3 bearish, a 100% correct, but, the other MM all over the world has not goes into play. The story then continue when the other MM fill the order from MM1, so the price is still up until 173.300.

Then how to find almost closer spot to entry? The answer is classic sonic setup. TAH warn over and over, classic setup, classic setup. That's just because classic is less risk. Then what about scout? Here, on my experience, I share some as compliment with Sonic Classic and PVSRA edge. If we want to find the long position, we search the sign that shows only a little order to fill by the MM in the market. How? Volume... Confused? Chart will show.



Let's see the first original chart without filter. Then move into the second Chart. What you see? If looking for long, then find only red or purple, if the volume is decrease, it's a sign that left a little order on market that not filled, and then prepare to enter long. How if the volume keep increase? It's the sign of the opposite from exhaustion. It's the sign of breakaway. Stay away from long, but short averaging. Understand what I mean? How to find a short? Find the green and blue, look for the sign of exhaustion (decreasing volume).

The rule is, if you want to find spot for long, then look upon red and purple, ignore the green and blue. If looking for short, look upon green and blue, ignore red and purple. That's it.

Then when we should exit to liquidate profit (assume your setup is right)? Long being closed by short, and short being closed by long. If we have long position to close, it means that we look for the spot for short (in another word look for decrease on green and blue). If we have short, then look for decrease in red and purple.

That's all about weakness, exhaustion, and volume to compliment Sonic Classic setup and PVSRA scout.