

Free Tutorial

- How To Read Signals From A Chart -

by Oleg Alexandrov

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Disclaimer

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The latest version of this document could be downloaded from chartreading.pro/tutorial.pdf

Introduction

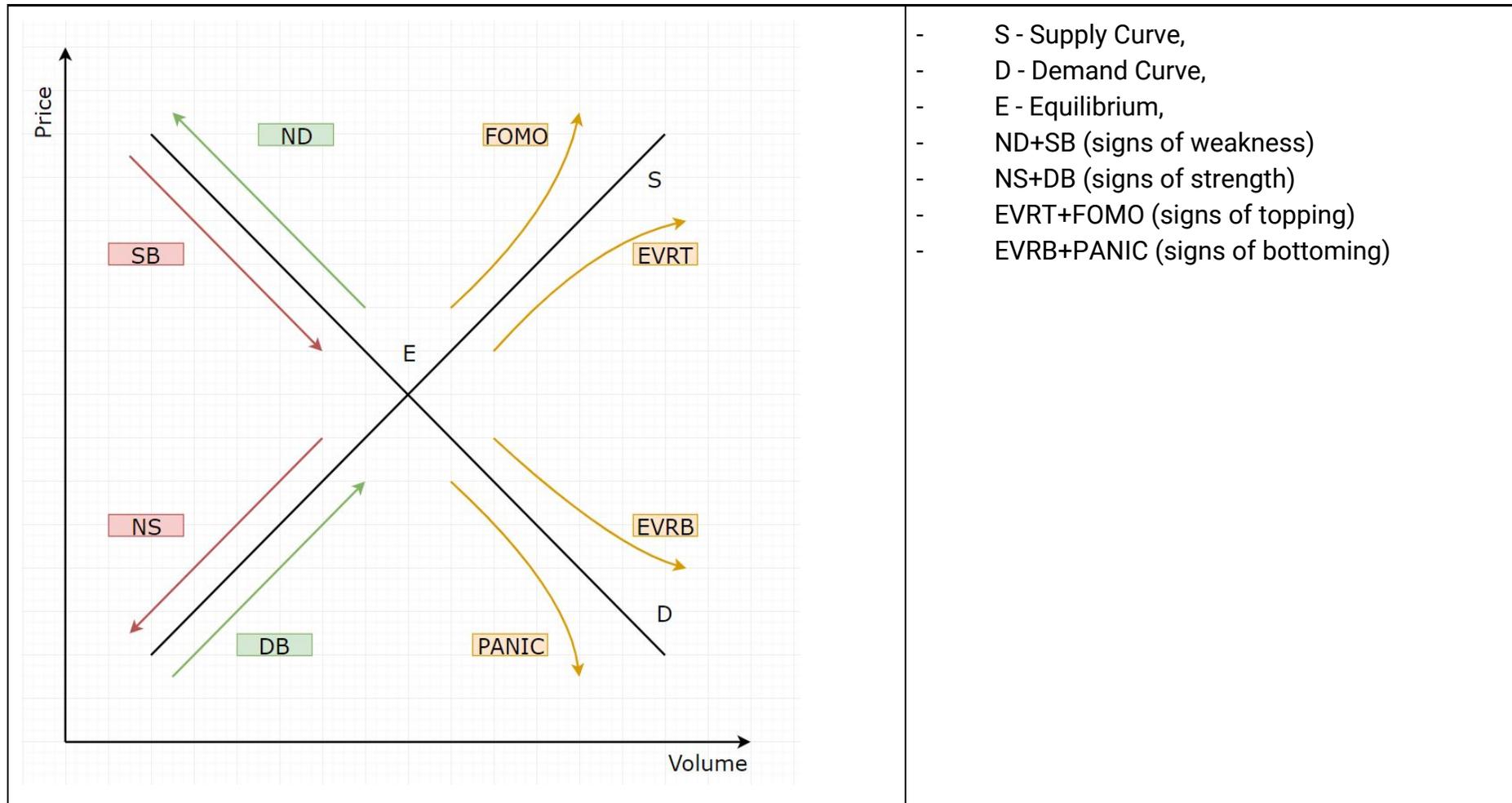
See what happens when markets stop being polite and start printing you messages what to do - buy or sell.



Does this look fantastic?

It can be real, if you'll master the Chart Language.

The Secret Key to hear messages from Chart - The Law of Supply and Demand



By Reading the Charts you will be work with Causes of Price Moves, instead of following lagging indicators. Deal directly with inner working of markets. In the following pages you will get a Universal Instructions of how to interpret Price & Volume dynamics.

About

I am Oleg Alexandrov, market analyst, author of this Doc. I use Chart Reading Techniques to produce market overviews for public and private clients. Here are some feedback from REAL people.

By the way I practice your method every day for 2 hours on Historical charts! :). Loving your method. Getting precise day by day :)

13:36

September 9

Hello Oleg. The charts I upload at main group if you find I am doing it wrong please do correct me. I know you don't have to do it. But if you got time and think it's important to point out my mistakes. I would really appreciate it. I wouldn't mind at all. :)

Last month was my best month for my manual trading. :) Just because of your course and guidance. ❤️

17:28

Hi Oleg. Just a few words of appreciation. I totally like your naked volume analysis style, your charts are on point and imho you're the biggest gift for our community.

You're simply awesome. I hope you'll stay with us for a very long time.

Yours sincerely,
E fanboy Z

edited 23:17

 **Martin Nezadal** Super, this is what I have been looking for..

2 years ago  Like  Reply  Edit

 **Martin Nezadal** Maybe Panic and Euphoria could be added...

2 years ago 2 people like this.  Like  Reply  Edit

 **Seghir Abderrahmane** thanks for your sharing and support

2 years ago  Like  Reply  Edit

 **Nikolai Litvin** Brilliant! Worth another year's membership

2 years ago 3 people like this.  Like  Reply  Edit

 **G. Grunewald** Great content! Learning so much! The waiting worth it!

1 year ago 1 person likes this  Like  Reply  Edit

I hope, you will enjoy Chart Reading too.

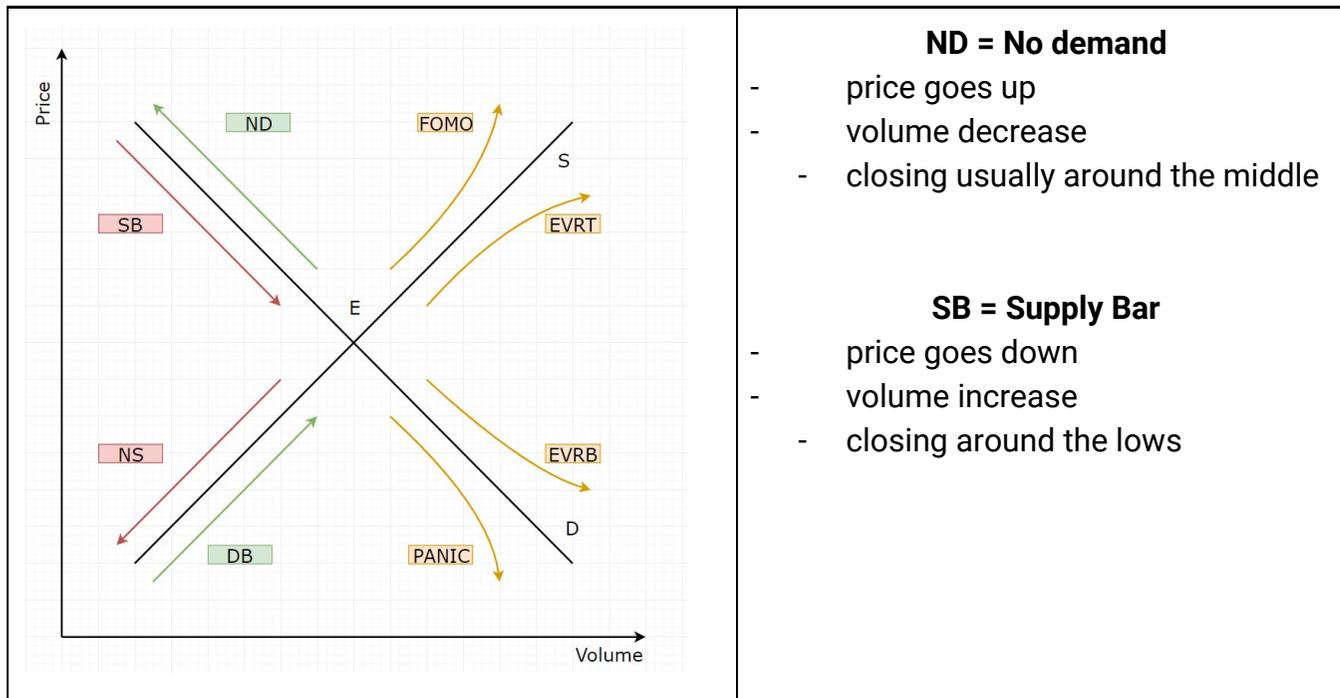
Chart Reading Concepts

1. Chart Reading works well on every market / timeframe
2. Chart Reading did work fine 100 years ago, it is working now, and it will work 100 years later, guaranteed.
3. Chart Reading is not simple Strategy like MA Crossover. Chart Reading is an approach to analyze market and build your own judgement. Great Trading ideas will arise as consequence.
4. Market moves made from waves. One bar/candle could consist of several waves. One wave could cover several bars.
5. Read Chart from left to right, from slow timeframe to faster
6. Failed Sign of Strength = Sign of Weakness. Failed Sign of Weakness = Sign of Strength.
7. Markets are not effective. Current price is not equated to ideal Equilibrium. Current price made by bids and asks from live traders, and people tend to mistake.
8. Chart never lie. Don't argue with Chart.
9. If situation is unclear - stay aside.
10. **The main goal of market - is to make losers of as many traders as possible**

Ok. Let's start making you professional Chart Reader right now!

The journey begins with ND+SB.

Chart Reading Signs (1 of 5) - ND+SB (Signs of weakness)



ND - or No Demand - is a Lack of Buyers. Usually, ND appears on Charts in form of up-bars, not wide spread/range, closing in the middle, exhausting of volume. Stock/coin/whatever is overvalued. Expect decline

SB - or Supply Bar - is a Pressure of Sellers. Usually, SB appears on Charts in form of down-bars with closing on lows, spread/range increases, and volume slightly above average. SB confirms previous ND.

Transition from ND to SB means **Bearish Change in Character** (Bearish Cha Cha).



Green arrows - ND. Red arrows - SB (here and in following charts of current chapter). Chart warns you - "sudden" bad news are coming. BTW, the green bar before Bad News - also ND.

ND means attempt of buyers (demand of bad quality) to push price higher. But volume is low (lower than volume on previous bars). SB (supply of good quality) confirms that attempt was failed.



ND+SB is the Classical sign of the bearish character of the market. It means, Equilibrium goes down and sellers chase it by pushing current price down.

ND has more weight during existing Down-trend. During Up-Trend, ND could produce only minor pullback (see chart below)



ND around resistance line is a clue, it tells resistance will hold and reject price down (see chart below).



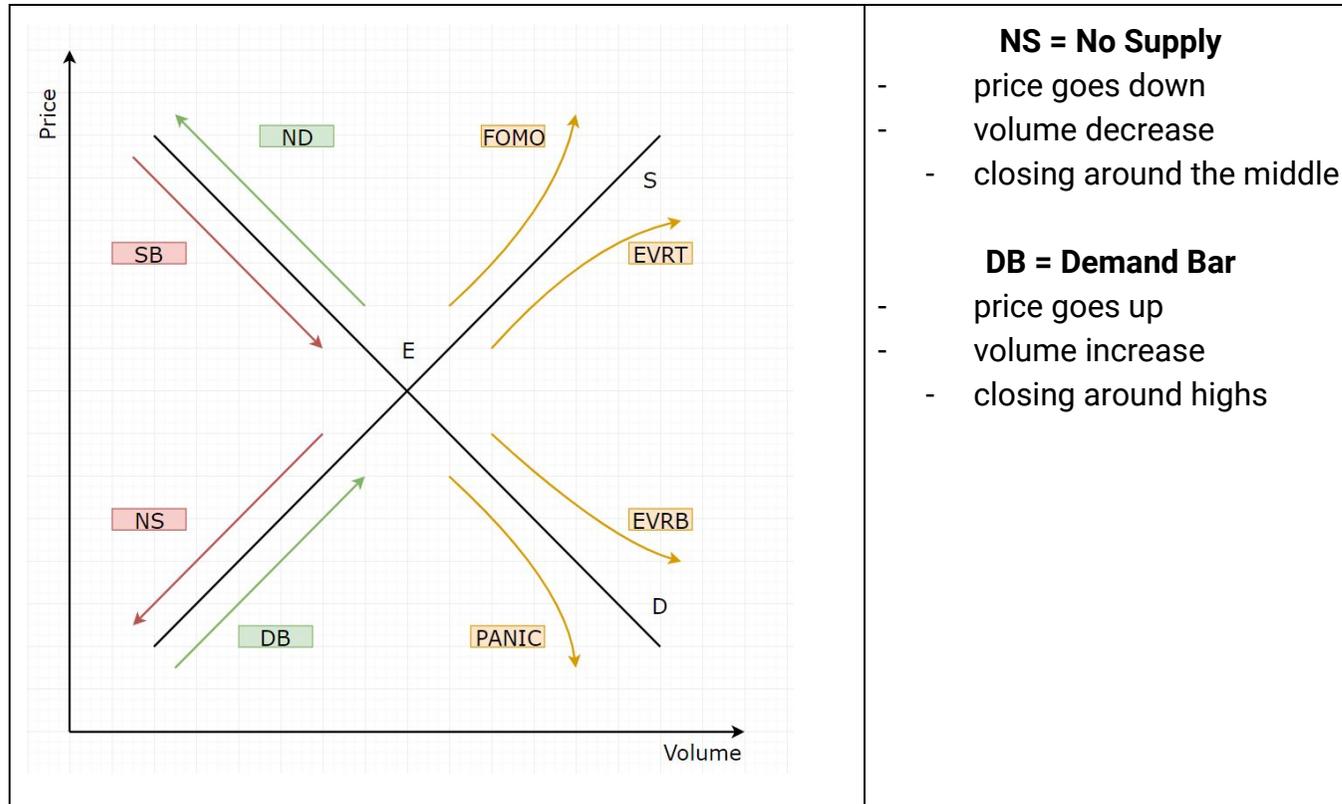
The inability of price to bounce up from support line (such as former resistance) - is a bearish sign. Market can not bounce on ND (see chart below).



Let's go further.

More talking charts are coming.

Chart Reading Signs (2 of 5) - NS+DB (Signs of strength)



NS - or No Supply - is a Lack of Sellers. Usually, NS appears on Charts in form of down-bars, not wide spread/range, closing in the middle, exhausting of volume. Stock/coin/whatever is undervalued. Expect advance.

DB - or Demand Bar - is a Pressure of Buyers. Usually, DB appears on Charts in form of up-bars with closing on highs, spread/range increases, and volume slightly above average. DB confirms previous NS.

Transition from NS to DB means **Bullish Change in Character** (Bullish Cha Cha).

NS often can be found before breakouts. Professionals see on charts, price is ready to breakout.

The following up-bar on increasing volume (DB) confirms the strong character of the market (example on the chart below).



Remember the bitcoin big bottom on Jan-Mar/2018? Chart gave signals of exhausting of selling pressure (see chart below).



Chart warns you from following fake breakdowns of support line (chart below)



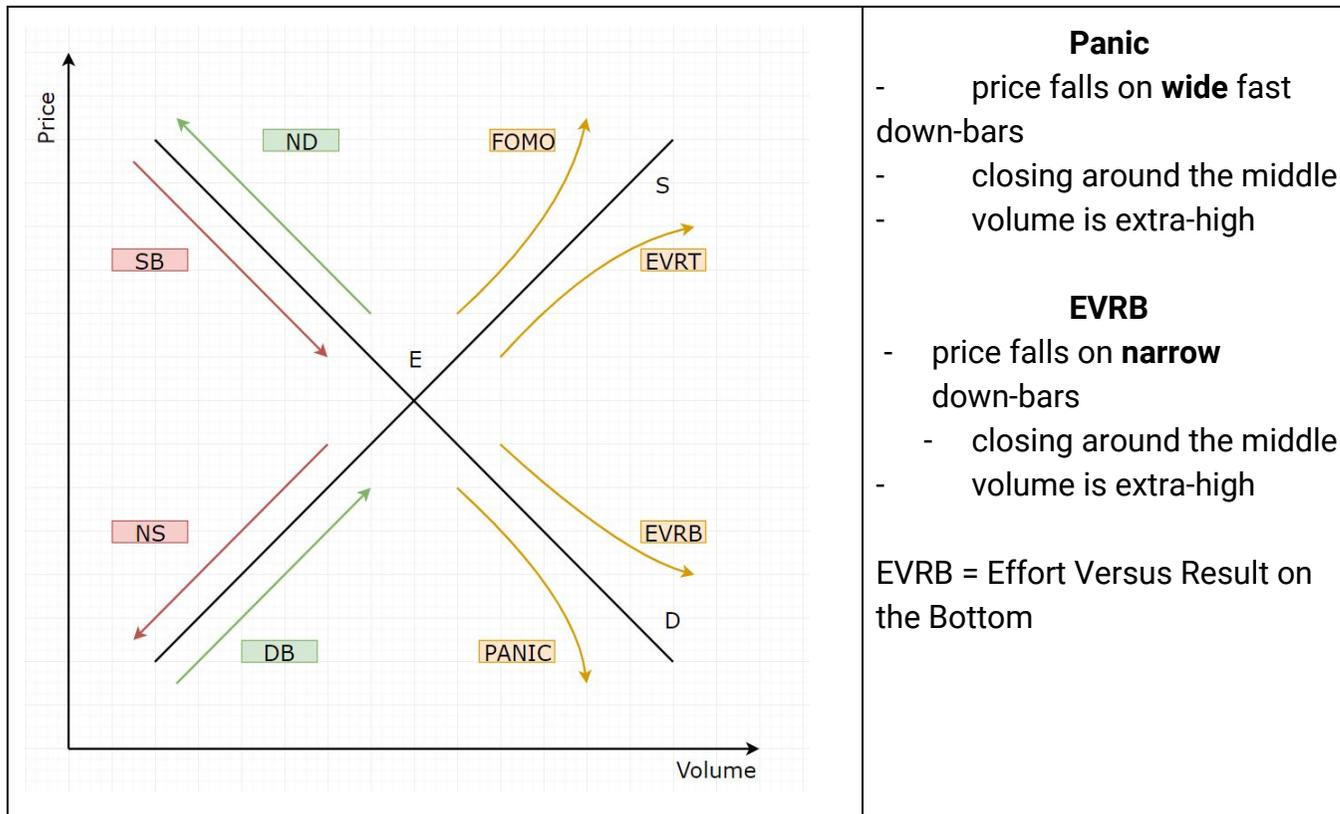
Look, the supply disappeared within 1h after breakdown of support line. Then you get signs of Genuine Bullish character of the market.



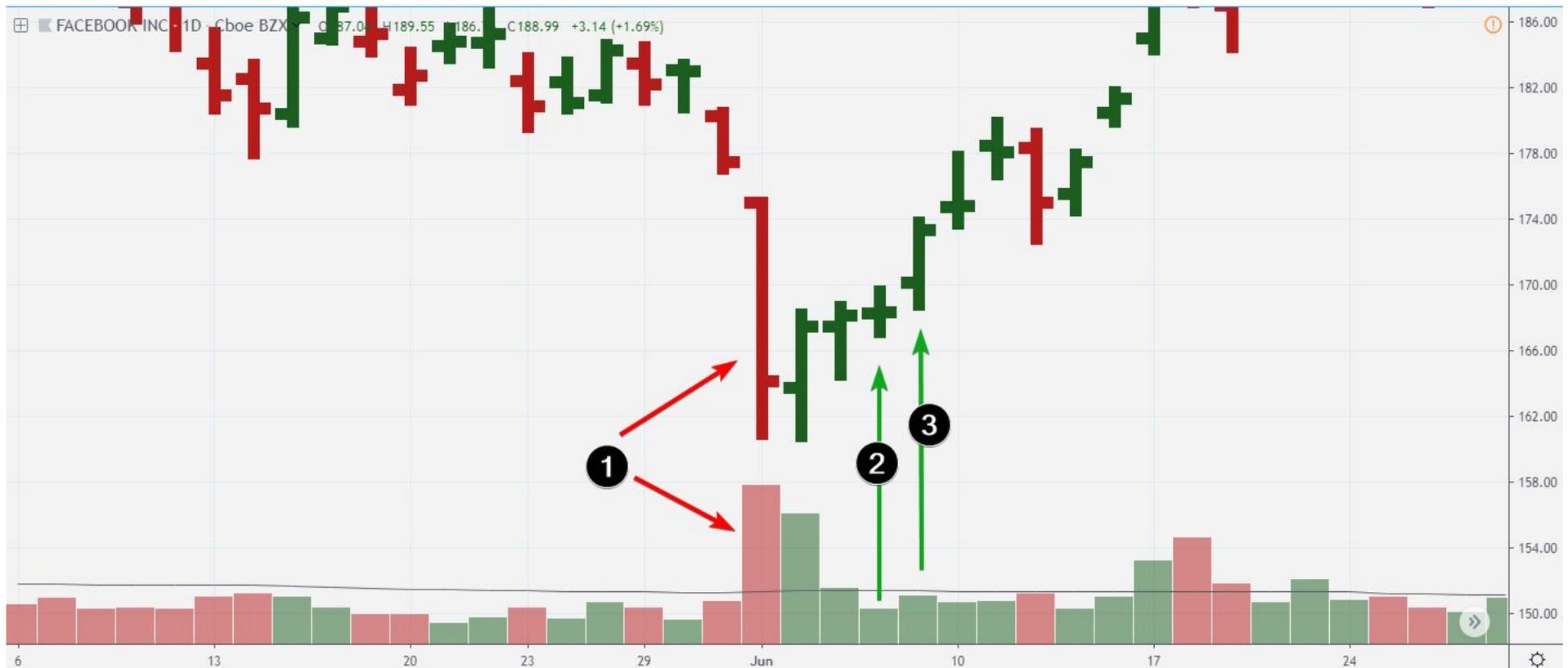
The chart above is similar to the previous one. Compare them. You see, the bottoming can from in endless number of variations, but concept of NS and DB remains the same. You can rely on them.

Next, we will continue with Panic+EVRB

Chart Reading Signs (3 of 5): Panic + EVRB (Signs of Hidden Strength)



When lot of small traders start mass selling, “big guys” get opportunity to accumulate at the best prices stocks/coins/contracts/whatever.



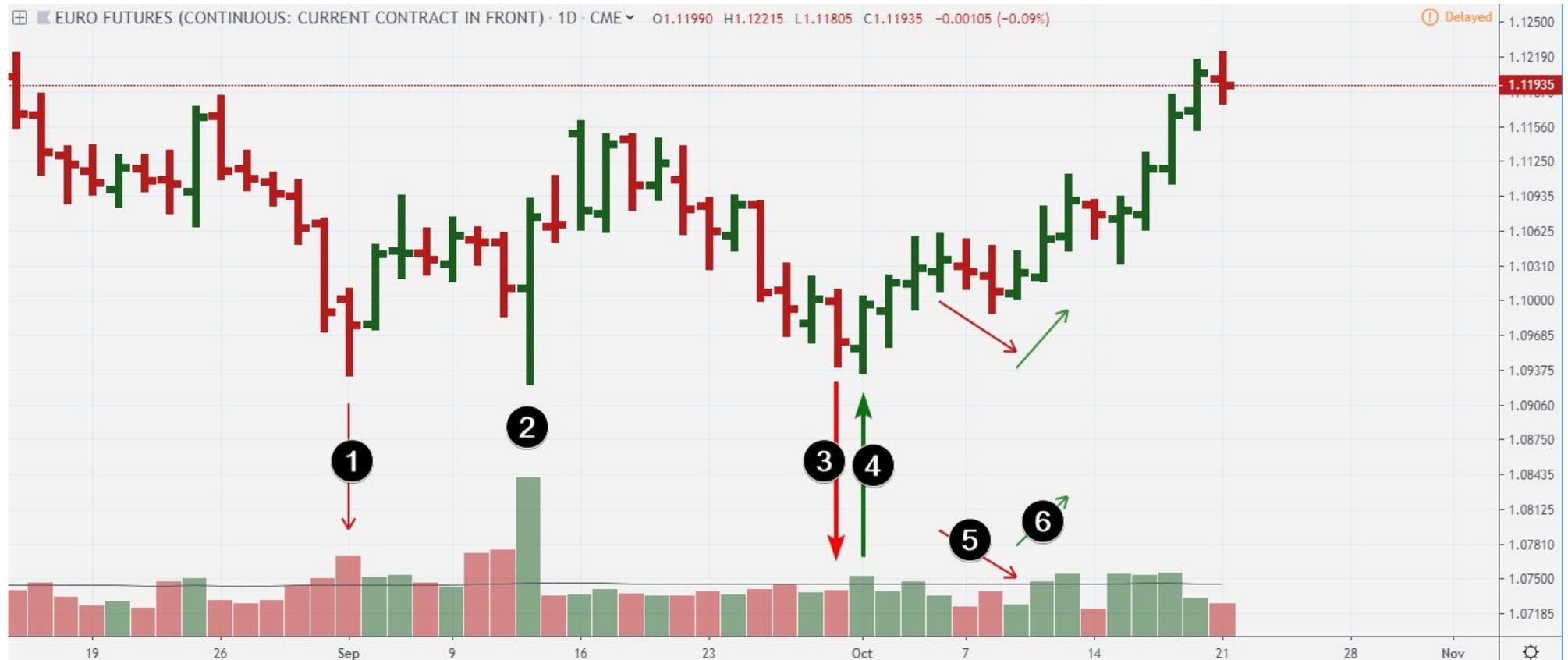
1. Panic Selling bar usually accompanies with "Bad News" in media. If this huge fearful bar was really bearish, why next two bars closed higher?
2. Indecision bar. Demand and Supply perfectly balanced
3. Demand bar. The win of buyers was predetermined by Extremely-high volume on wide Panic bar (Hidden Strength).



1. Vertical red arrow - Panic bar (I plot a Zone from it)
2. Oops. Can you see it? 2 arrows depict NS-wave. Supply Pressure 'suddenly' disappeared after Panic Selling. Actually, pounds transferred from small fearful retail traders to professional pockets. Not surprisingly, the bullish move developed after Panic+NS sequence.

Ok, you are reaching 50% if this Tutorial. Now, introducing EVRB.

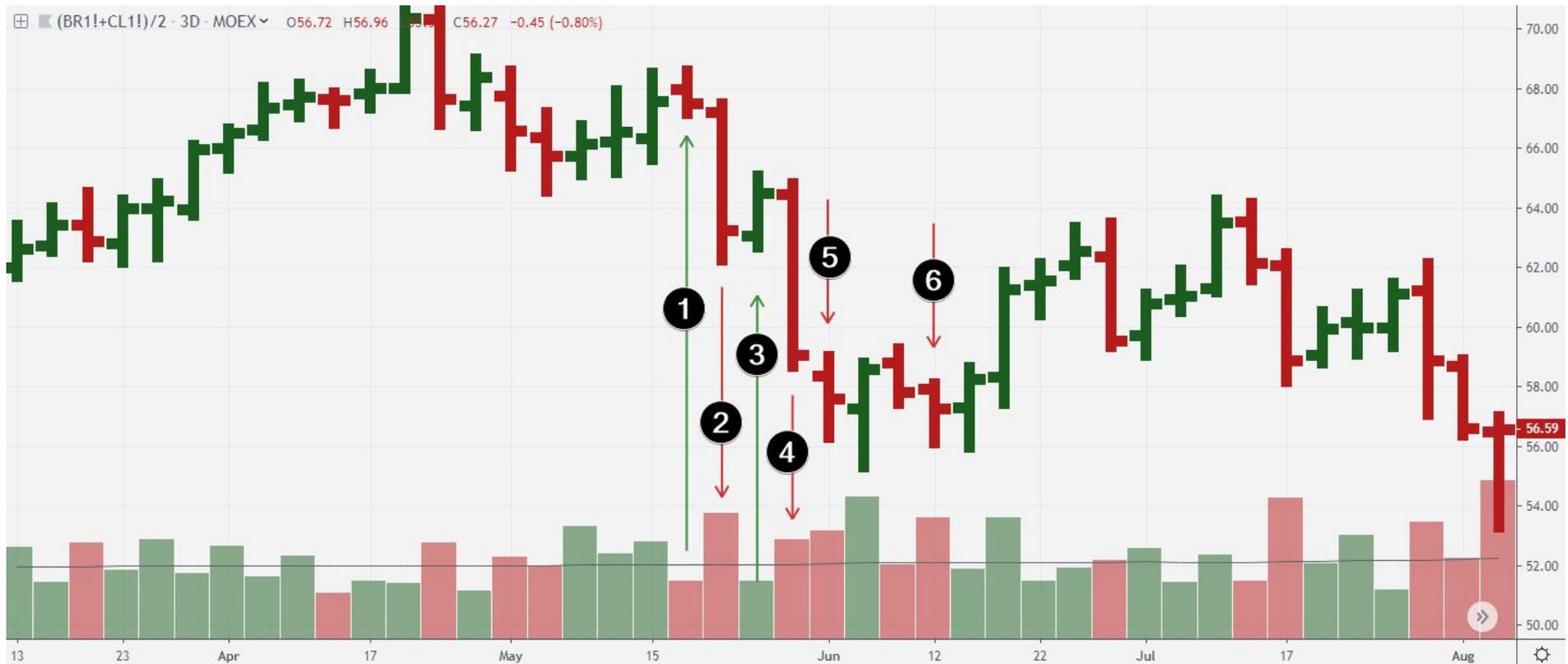
Think if Volume = measure of Effort to push price, and Price Progress = Result of the effort. Let's see how this logic will help you to identify changes in market behavior before they will become obvious for masses.



1) here is EVRB. Compare this red bar with previous bar. Both down, but the progress of decline stalled (worse result), amid volume increase (efforts spent). This is a sign of professional wall of Buy-Limits orders. "Big guys" meet the flow of sellers.

2) So, after big News-day (closing on the highs) - market demonstrated its bullish intention. It can be seen by NS+DB sequences (3+4 and 5+6).

So, it was a story of upward reversal from 1.1 round number. And story was started by EVRB.



1 - ND, 2 - SB, 3 - ND, 4 - SB.

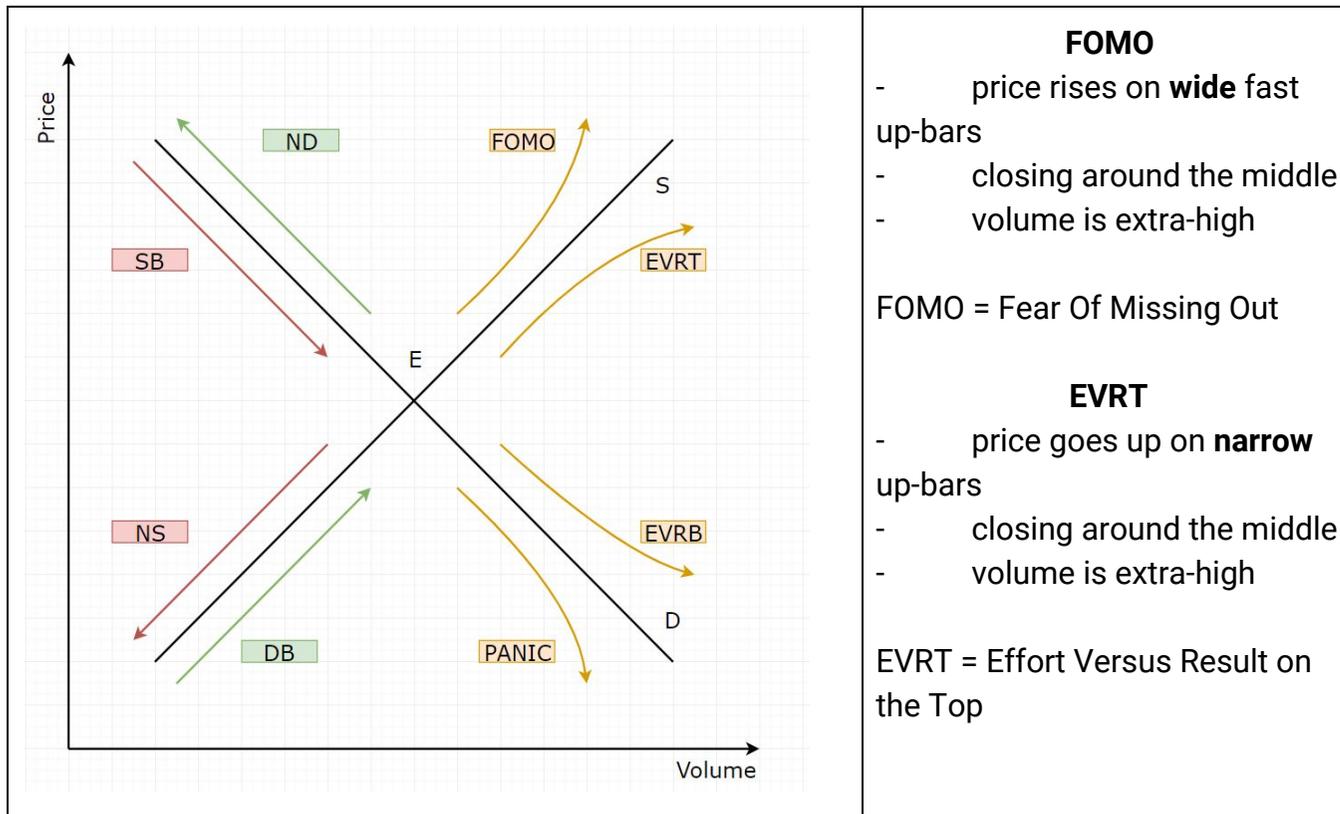
5 and 6 - both EVRBs. Note price stalled its falling. Professionals fix profits from positions while late bears join decline. These two EVRBs (Hidden Strength) predetermined a start of minor upward 50% correction within existing major downtrend.



During major up-trend (1), minor signs of hidden strength help you to understand how professional bulls overcome levels of resistance.

Note on particular chart above, NS (3) and DB (4) appeared after EVRB (2). By this sequence, chart sent you a message - professionals successfully removed a portions of floating supply from market levels and up-trend is going to resume (5) to breakout through resistance more easily.

Chart Reading Signs (4 of 5): FOMO + EVRT (Signs of Hidden Weakness)



FOMO

- price rises on **wide** fast up-bars
- closing around the middle
- volume is extra-high

FOMO = Fear Of Missing Out

EVRT

- price goes up on **narrow** up-bars
- closing around the middle
- volume is extra-high

EVRT = Effort Versus Result on the Top

When lot of small public traders feel Euphoria and rush into market to buy everything (like Bitcoin in December of 2017), "big guys" get opportunity to unload their longs and distribute their stocks /coins /contracts /whatever at the best prices on market highs.

Here is FOMO Euphoria from GBPUSD market (follow black arrows)



Extra-high volume amid wide range, closing far from highs. Probably, some bullish news for GBP was released those days. But if that bar did represent real strength, why price declined under its low on the next 2 bars?

People think: high volume on up-bars is strong signal. True for DB (normal increase of volume on up-bars). False for FOMO and EVRT (abnormal increase of volume on up-bars). Professionals use buying rush from public in order to close huge longs. That is why FOMO is a sign of Hidden Weakness amid overall happiness.

Now, let's study the EVRT.

Suppose, the volume on up-bars mean the quantity of Effort. And price progress = Result.



On picture above, the first marked up-bar has big progress. But the progress gradually diminished on the very next up-bar.

However, the Effort remains high (volume 2 times higher than average). It means, the buying wave encountered the wall of Sell-Limits orders from Professionals.

In other words, "Smart Money" are not interested in buying because they know 0.3\$ per coin is too expensive, and some bad news are coming.

Here is another chart from crypto industry, it has built quite similar pattern.



1. Study three upbars. The first one attracted breakout buyers. The following two are ERVTs. They tell that hard supply met buyers. This is an early bearish indication.
2. Here is confirmation in form of ND+SB arch
3. Manipulative SLKT movement (will be observed in the next chapter) before decline.

While majority follows buy-signals from lagging indicators, Chart readers watch for shorting.

The next chart shows the simple EVRT example from AUDNZD market.



Arrow points at EVRT bar. Compare the volumes (efforts) and bullish progress (results) on EVRT bar with the previous one. Bulls pushed price higher easily on the previous bar. But EVRT shows that upmove met heavy Supply Zone around 1.08. It can be seen by small progress (narrowing bar) amid big volume. What does it mean? Professional SELL-limits cover the flow of BUY-market orders from novice traders.

The next example from USDJPY market has a Christmas feeling.



14/Dec (1st arrow) was extremely-strong up-bar after long bullish run. This is FOMO sign - a Culmination of up-wave. Not surprisingly, subsequent arrows show ND+SB sequences (bearish behavior).

Note, it was Christmas time. Holidays distorts a vision of price/volume patterns on charts. Nevertheless, the Law of Demand and Supply works forever, even during Christmas days.

Chart Reading Signs (5 of 5): SLKs + Traps (Signs of Manipulations)

Previously, we discussed about “natural signs”. I call them natural, because they based on the Universal Law of Supply and Demand.

Here is the chapter of “UN-natural signs”. The Law of Demand becomes powerless when encountering market manipulations. Okay, someone can say, markets are regulated. I am not so naive about fair rules for the biggest-money game in the World.

Remember the Concept 10. The main goal of market - is to make losers of as many traders as possible.

Well, what is SLKs+Traps? SLKs = SLKT or SLKB.

SLKT - Stop Loss Killing on the Top. It aimed to:

- Kill SLs on Sellers
- Mislead Buyers, Lock them in **Trap**, Trap for Bulls
- As a rule, it appears in form of wide up-bars, touching new highs, closing in the middle
- Usually SLKT appears before/during decline. This is why we have interpret it as a warning/confirming sign of Weakness.

SLKB - Stop Loss Killing on the Bottom. It aimed to:

- Kill SLs on Buyers
- Mislead Sellers, Lock them in **Trap**, Trap for bears
- As a rule, it appears in form of wide down-bars, touching new lows, closing in the middle
- Usually SLKT appears before/during strong rally. This is why we have interpret it as a warning/confirming sign of Strength.

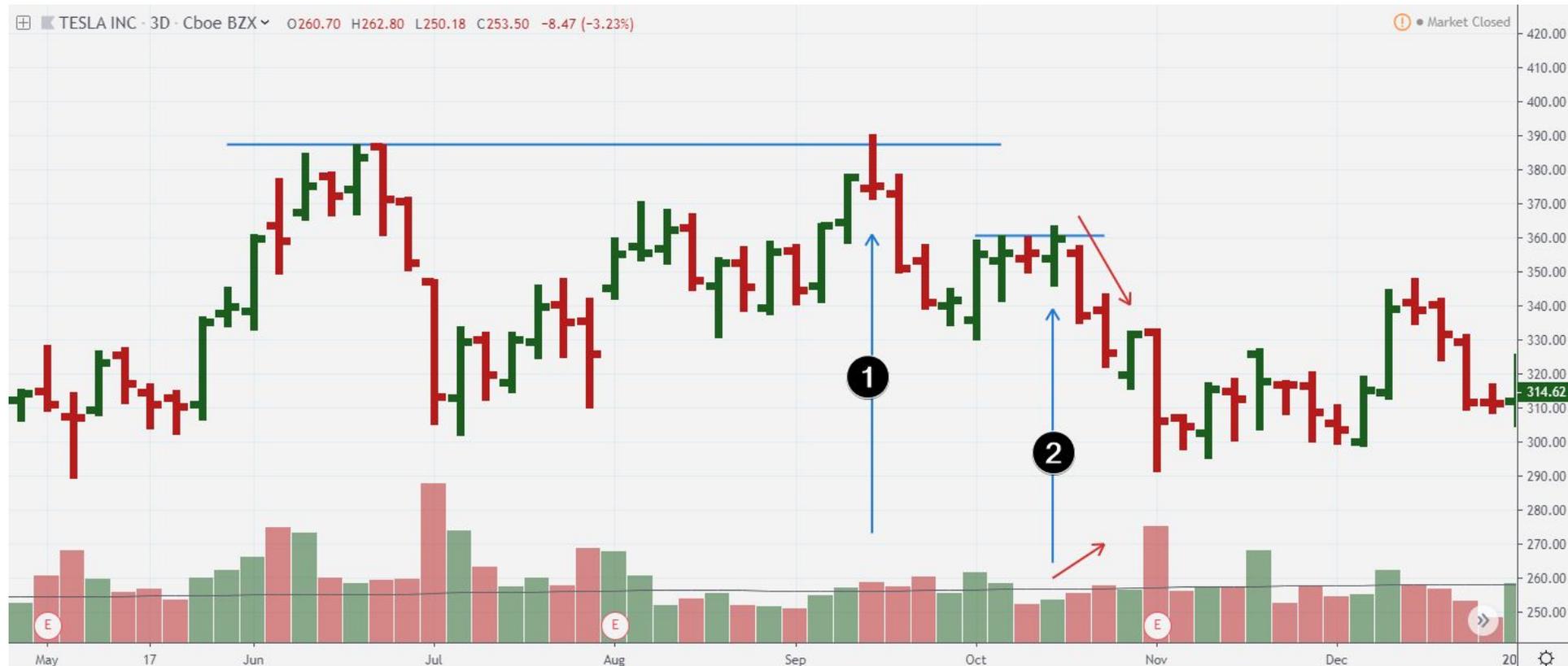
Here is typical SLKB, example from Bitcoin market.



Someone can say - "oh, this is crypto. It is badly regulated".

Well, just search "Flash Crash" in Google Pictures. You'll see a lot of similar charts from traditional markets. Google doesn't lie).

Here is SLKT example from Tesla stock market. We have ND high on background. Look, what did happen next:



1. SLKT above ND high. S-wave followed after SLKT-1.
2. SLKT above the high of the previous 3 days. Another S-wave followed after SLKT-2.

The next example (chart below) shows double SLK strikes:

1. SLKB. Note, how easily manipulators can move price down in order to trigger SLs under the multi-day lows.
2. SLKT. Just several ticks of penetration - and mission completed.
3. Not surprisingly, we got ND+SB (Bearish Cha Cha) after SLKT.



SLK strikes into the zones of congestions of SLs:

- fresh minor extremums
- round numbers (people tends to think they are safe heaven)

The following example came from EURUSD market.



It shows the SLKB under round number 1.1. Do you spot an idea how you can join up-trend? Right - when a big portion of minor buyers are stopping out.

Whoa! You've achieved the last chart! Great, thanks for your interest.



Here are two manipulations on crude oil market: SLKB (the first arrow) and SLKT (the second one). They did happen amid some news event in major media.

Congratulations, you are completed all charts in this Tutorial. What is the next?

Conclusions. How to Use. Links

Now let's make some summary.

How to judge up-bars

- low-volume - weakness (ND - No Demand)
- normal increase in volume - strength (DB, Demand Pressure)
- extremely high-volume - hidden weakness (FOMO or EVRT. Maybe SLKT)

How to judge down-bars

- low-volume - strength (NS - No Supply)
- normal increase in volume - weakness (SB, Supply Pressure)
- extremely high-volume - hidden strength (Panic or EVRB. Maybe SLKB)

You have become familiar with Chart Reading Signs:

- Signs of Weakness: ND, SB, EVRT, FOMO, SLKT
- Signs of Strength: NS, DB, EVRB, PANIC, SLKB

They are - like the Letters. Now you have to train to combine them into words in order to read the Stories from Charts.

How to Develop you Chart Reading skills:

1. Study the charts as hard/often as possible.
2. Follow me in Socials/Forums, you can find links in my blog chartreading.pro.