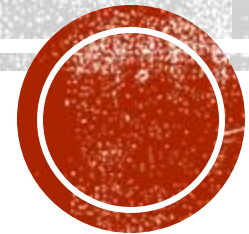


WYCKOFF ACCUMULATION & RE ACCUMULATION

Kathleenon Gatt



PRINCIPLES & TERMS USED IN WYCKOFF



Line A & B (bottom horizontal lines)

Defines support of the Trading Range

Line C & D (top horizontal lines)

Defines the Resistance of the Trading Range

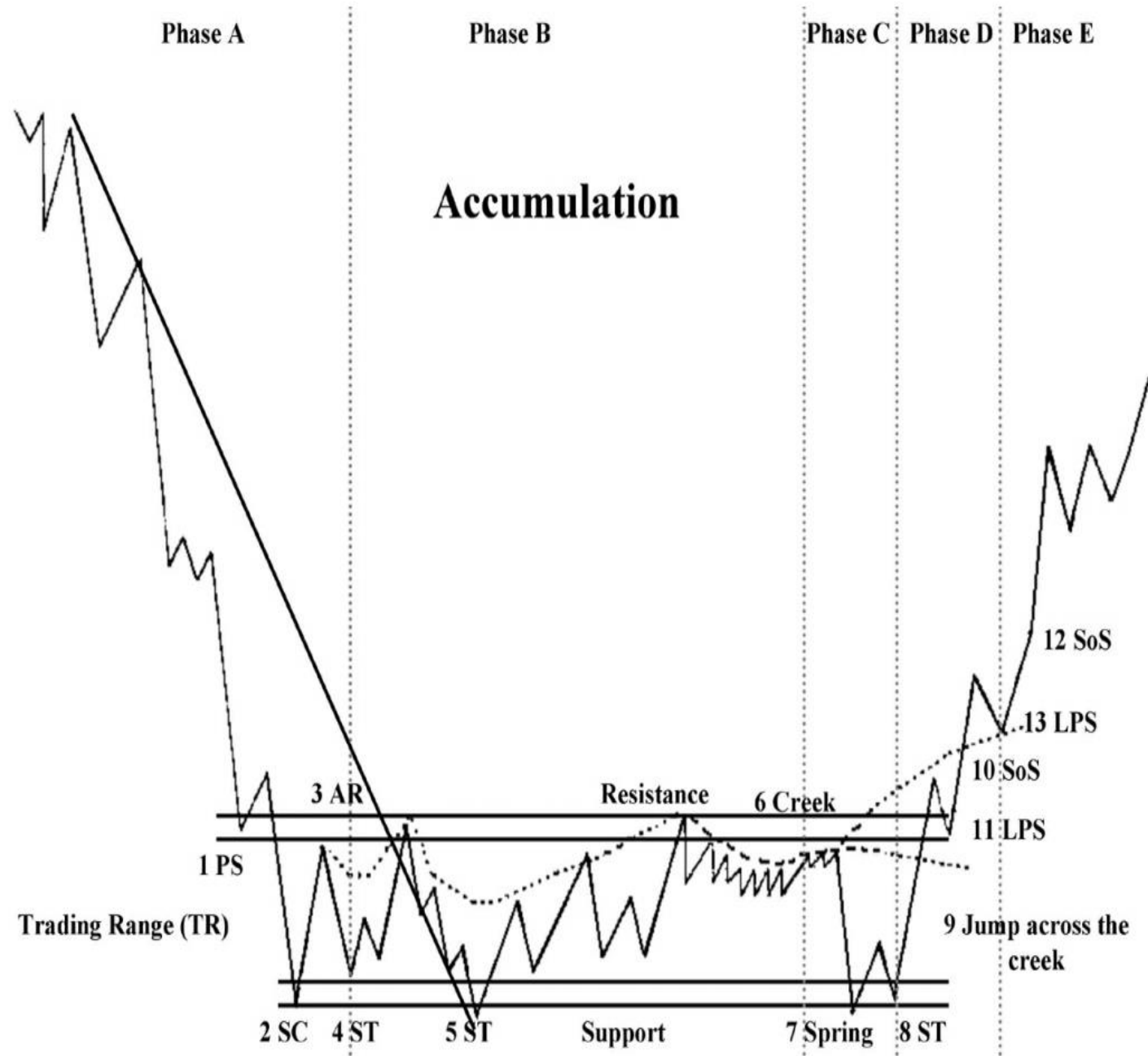
Preliminary Support (PS)

Buyers are in play and provides pronounced support after a move down.

Volumes & Spreads widens to provide signals that the down move may be coming to an end

Selling Climax (SC)

This is when selling pressure and widening spreads climax & Any sellings by the public are being absorbed by larger players near a bottom



Automatic Rally (AR)

- *Selling Pressure is exhausted & Buying pressure takes place to push price up. The high of the rally usually defines the top of the trading range.*

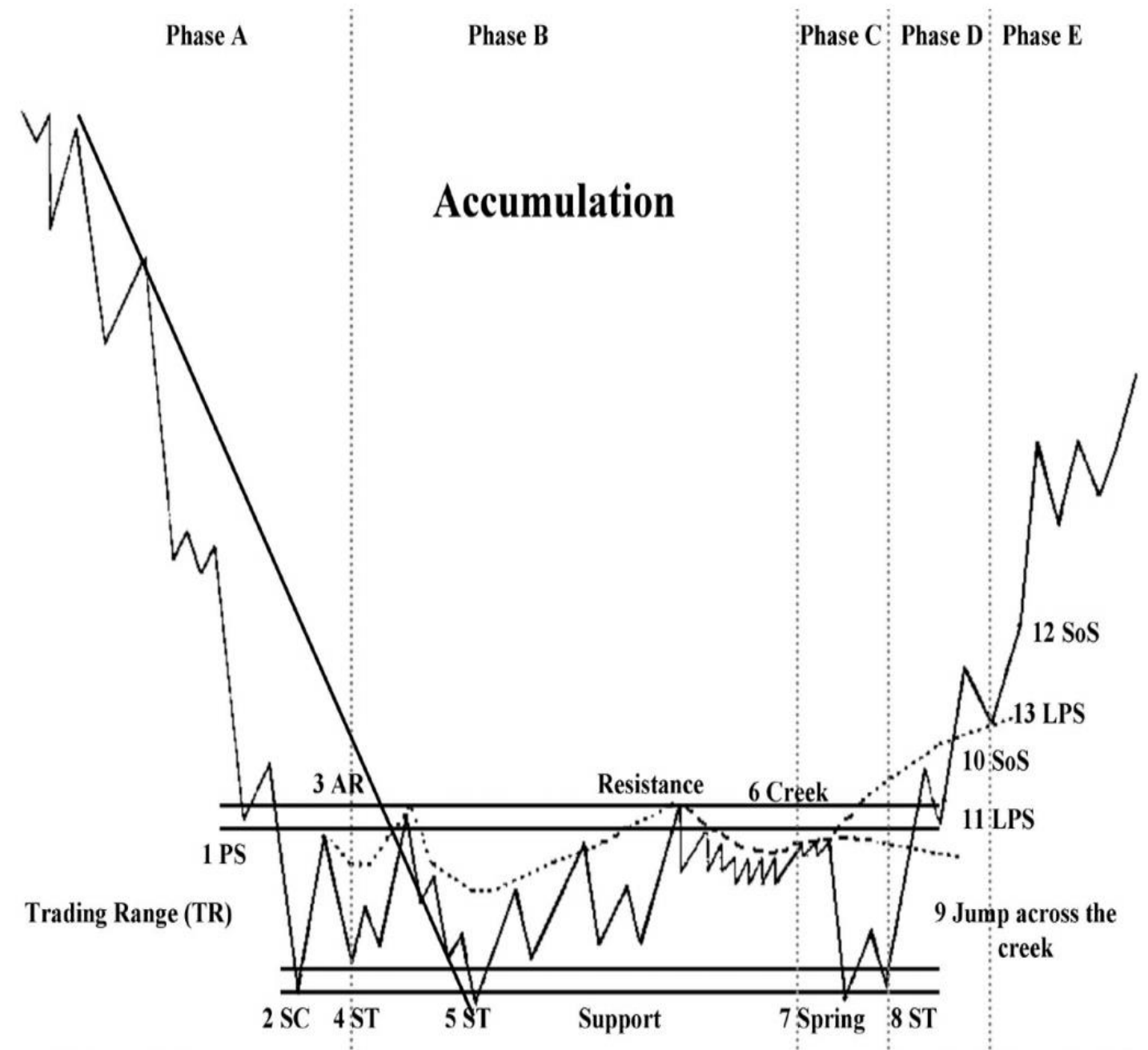
Secondary Test(s) (STs)

- *This comes back to the SC area to test the supply & demand price levels. Any large supplies should not take place*

- *Volume & Spreads should be significantly diminished as it creates a "Support" by the SC area*

The Creek

- *This is a wavy line of resistance drawn across highs within the Trading Range*

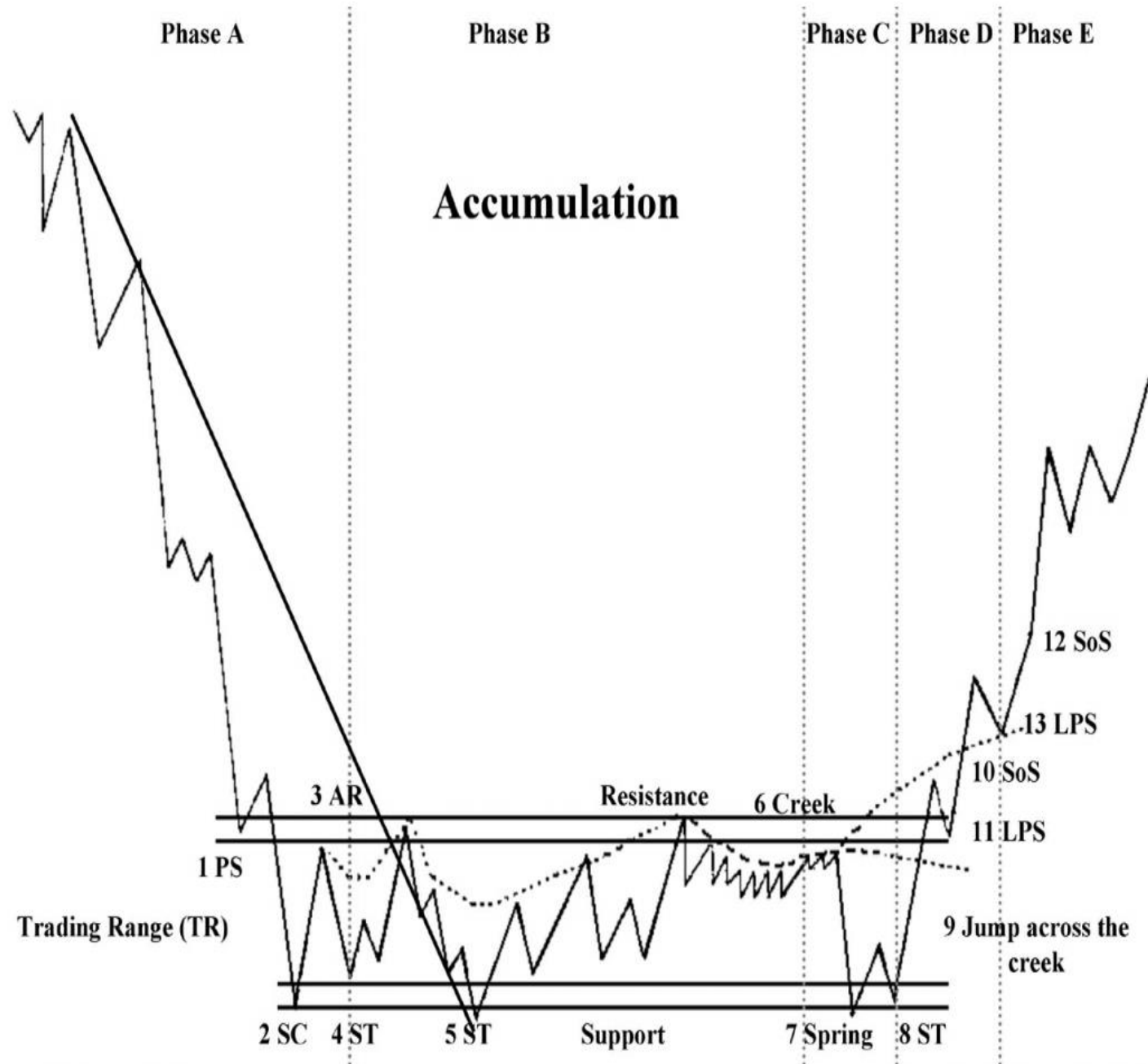


Springs/Shakeouts

- *This happens late within the trading range. This is when the market tests the supply zone or the level of support before a Mark up happens.*
- *If a spring has low volume then the way for a mark up is clear.*
- *"The Spring or shake outs also serves the purpose of providing dominant interests with additional supply from weak holders at a lower price"*

Jump Across the Creek (JAC)

- *This is when price jumps to/above a level of resistance and is a good indication that price is moving upwards*
- *The story of this is when price is at the resistance of the Trading Range, The market would retreat in order to get a running start to "Jump Across the Peak" to break resistance. This move would be measured by price spread & volume*
- *The volume & spread of this "jump" would be comparatively high to penetrate the resistance area*



Signs of Strengths (SOS)

- *Price is starting to rally up & has increased volume & spread*

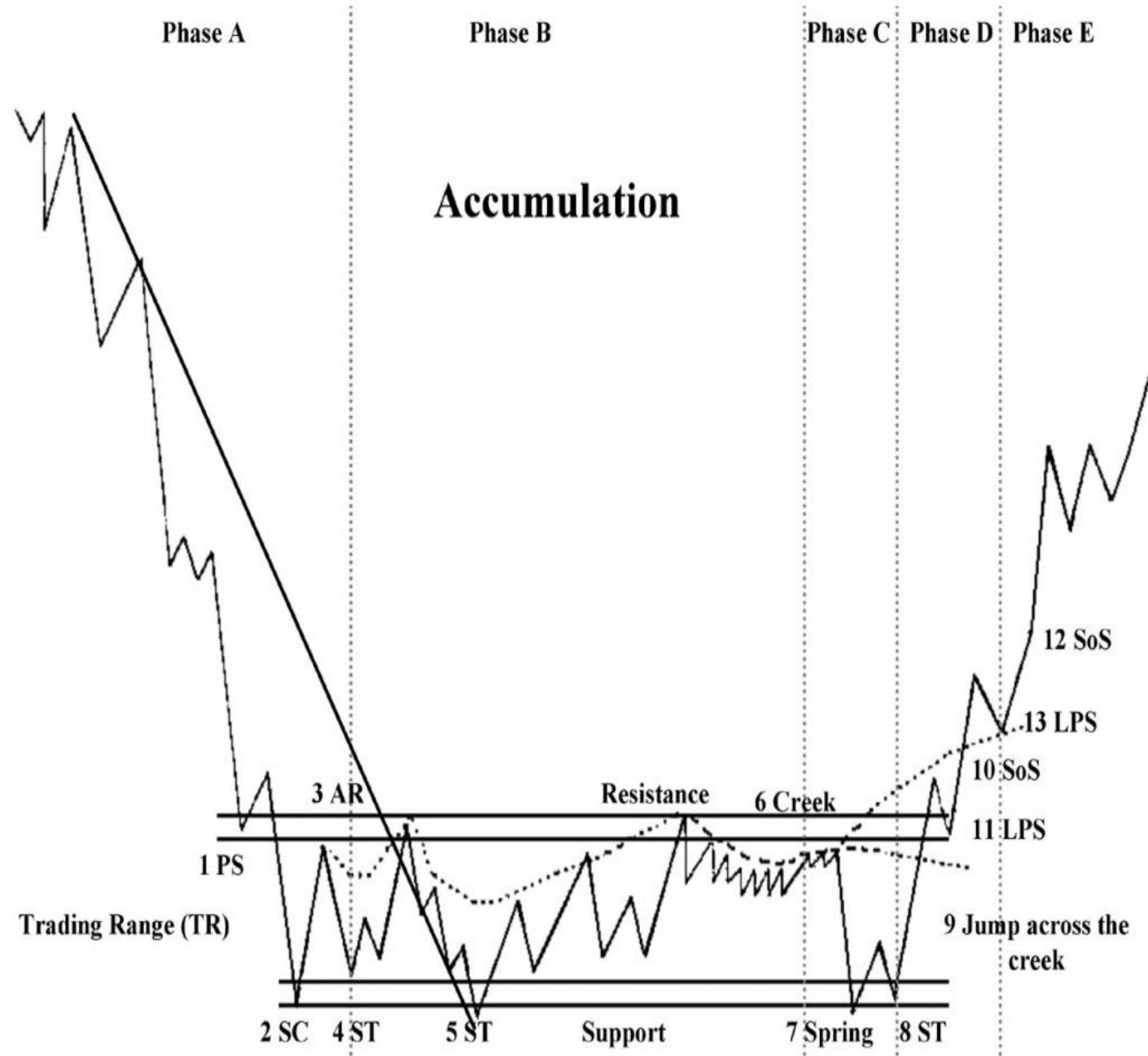
Last Point of Support (LPS)

- *This is when price pullbacks to a previous resistance n has diminished spreads & volumes after a SOS*
- *This is a good place to initiate long positions*

Mark Up

- *Market has broken the Trading Range and is now moving in a uptrend with a series of SOS and LPS*

- ***A SERIES OF SOS & LPS IS GOOD EVIDENCE THAT PRICE MARK UP HAS BEGUN***



PHASES IN WYCKOFF ACCUMULATION

PHASE A - E

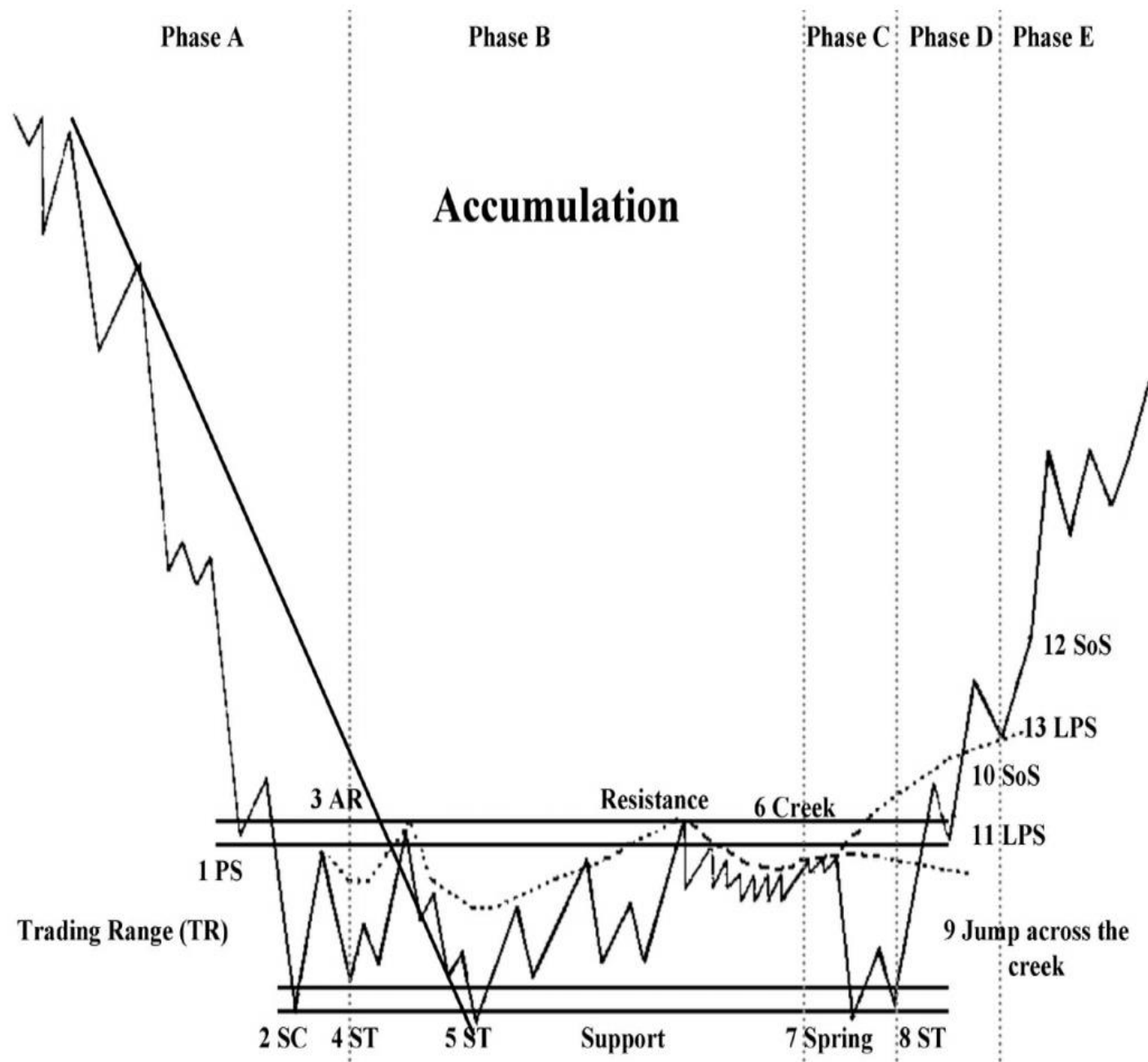


PHASE A:

- Supply shows the dominance of the supply & the exhaustion of the supply is becoming clear, meaning this is the stoppage of the mark down or down move
- A series of SC, AR & ST takes place showing signs of the stoppage of the previous move & Sellers are being taking out getting ready for a move up

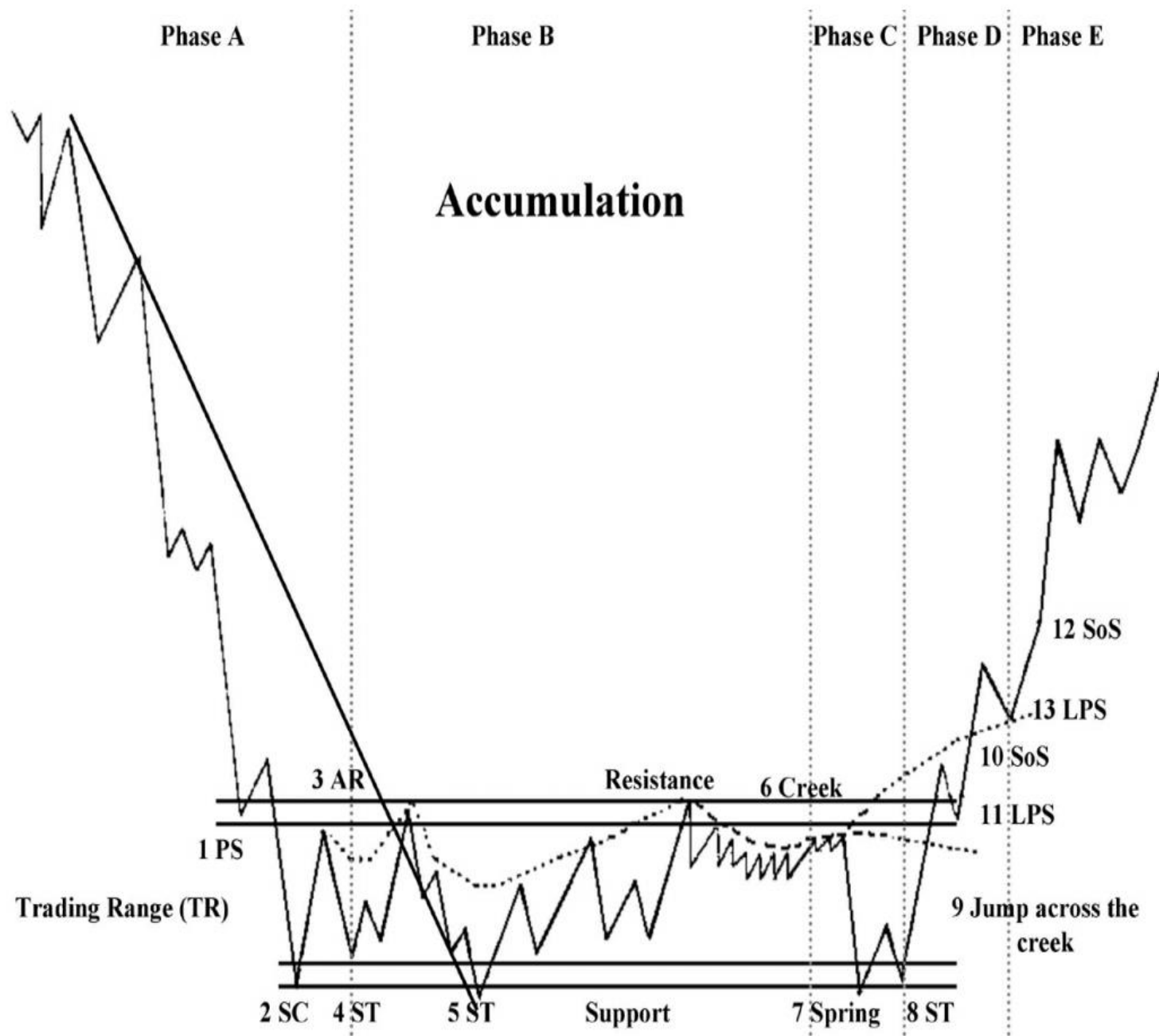
PHASE B:

- Supply & Demand are balanced causing price to go up & down showing no decisive trend however;
- In the early stages of phase B price swings are usually wide causing the volume to increase & behave erratic within the Trading Range
- Support & Resistance lines usually contains the price in Phase B within the trading Range
- Towards the end of phase B, Supply becomes weaker & Demand becomes stronger as Larger Players in the market are absorbing the supply
- Volume tends to diminish as you get to the end of Phase B
- The break or lack of penetration of the Trading Range will help us identify the quality of Supply & Demand



PHASE C:

- Phase C the market may begin to come out of the Trading Range towards the upside with higher tops & bottoms
- Or it may come down to clear out remaining supply from weak holders creating false impression as to the direction of the actual move. This is when a Spring or Shake Out occurs. This move is preferably than the one above as the Spring usually moves below the support level to trap late sellers then quickly reverse backs up. This is called a "bear trap"
- We cannot be sure if the Trading Range is ACCUMULATION until the first paragraph mentioned occurs or this testing in Phase C is processed.
- The Shakeout in point 8 is our first entry to take a long position as Supply will be exhausted.

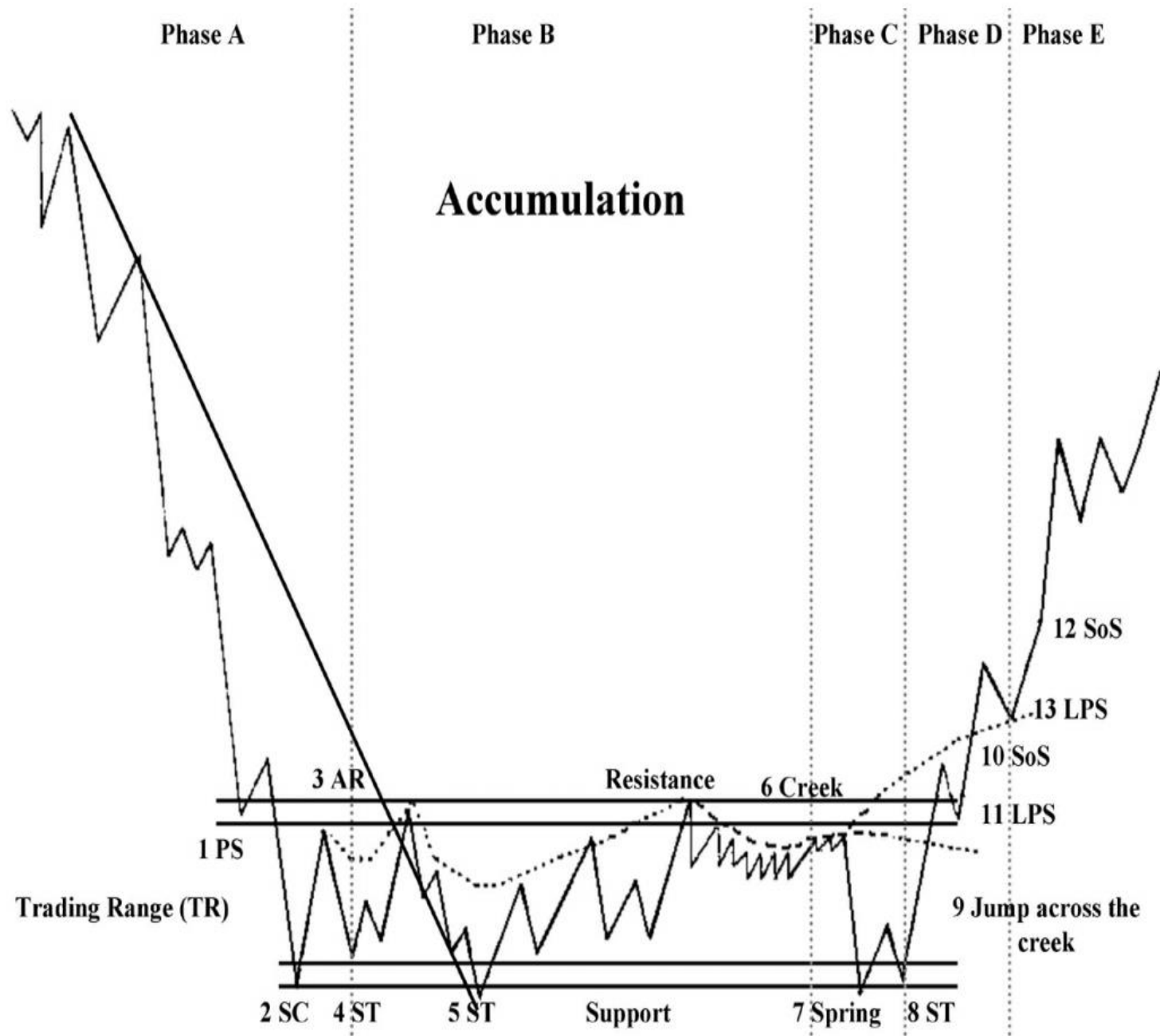


PHASE D:

- *If our analysis & judgement are correct then a series of SoS (widening spreads & increasing volume) should take place which is then followed by LPS (decreasing spreads & diminishing volume). This pattern will tell us that Demand is greater than Supply.*
- *If this pattern occurs then we are able to add buy positions at LPS, if this pattern does not occur then we are advised to close our original position & not add any positions*
- *Our objective is to add buy positions as the market leaves the Trading Range to increase our success and maximise our Trading Capital*
- *This opportunity also comes at point 12 on the LPS after the JUMP ACROSS THE CREEK occurs*

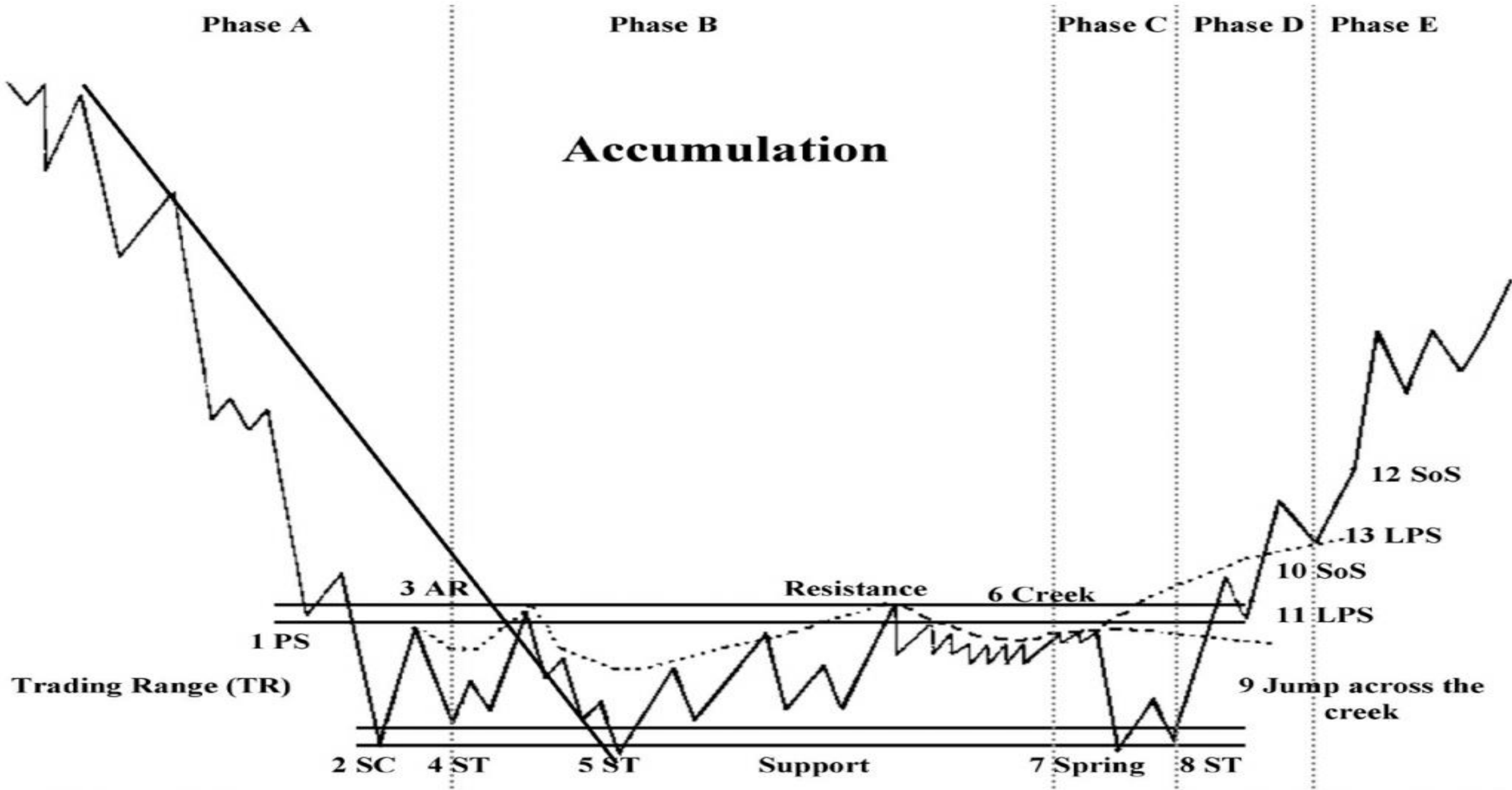
PHASE E

- *The market leaves the trading Range and Demand are now in full control. We observe & monitor the market and can also add more position if LPS LPS occurs*



**FOLLOW THE NEXT TWO SLIDES FOR
THE THEORY N LIVE GRAPH OF THE
ACCUMULATION SCHEMATIC 1**







- ***Remember Schematic 1 only shows us just one idealised model of the accumulation phase, there are more modules of the accumulation schematic***
- ***The principle of a Selling Climax does not confirm that accumulation is in play but it increases the chance of it occurring***
- ***It either may be ACCUMULATION or RE distribution or nothing. THE principles used in WYCKOFF will help you identify this including whether the demand or supply is more dominant when the market is ready to leave the Trading Range***



WYCKOFF ACCUMULATION SCHEMATIC #2

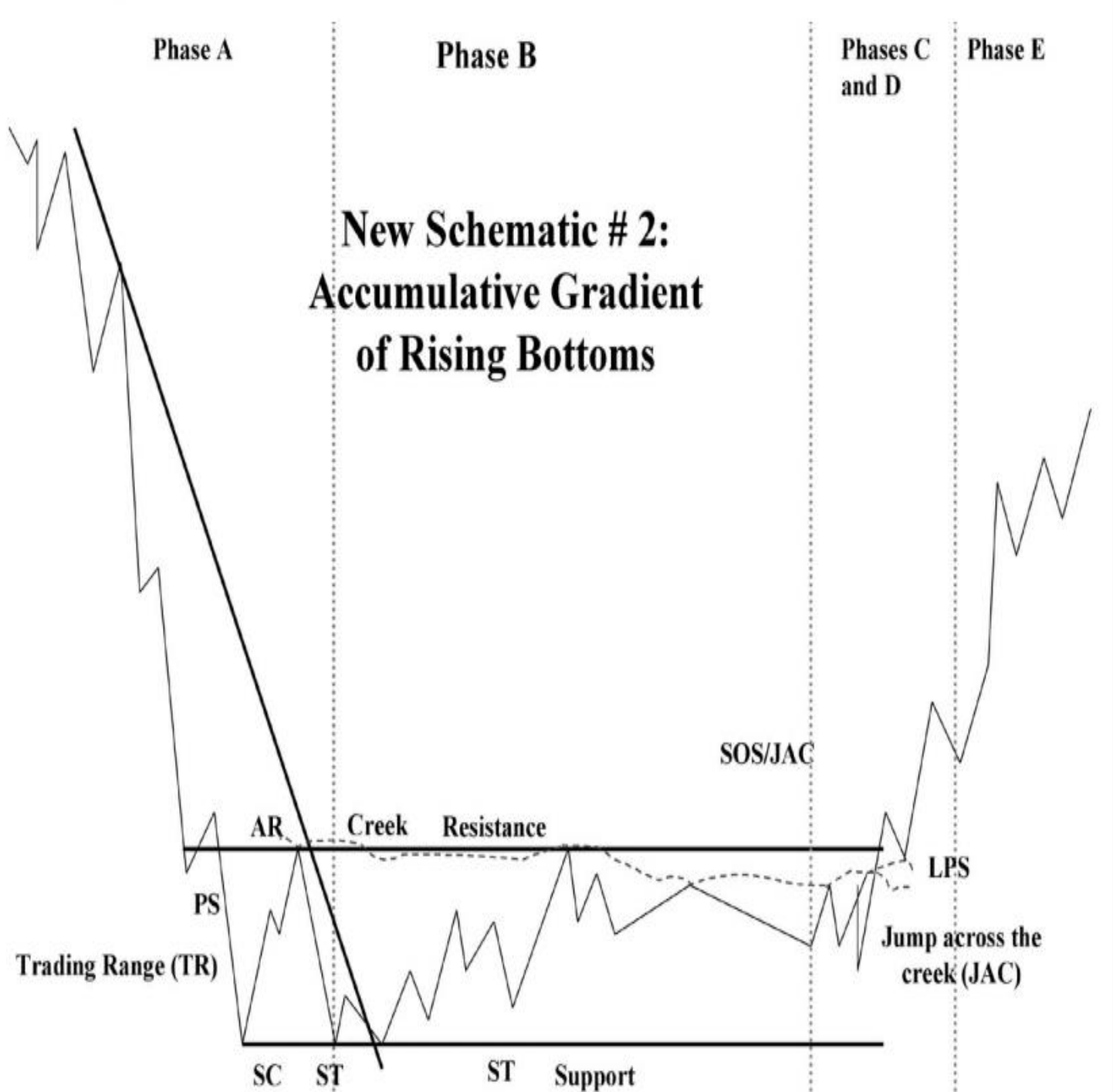
GRADIENT OF ASCENDING BOTTOMS



Everything remains the same but the only difference is what happens in Phase C

Phase C:
As mentioned earlier, Phase C the market may begin to come out of the Trading Range towards the upside with higher tops & bottoms

In the previous schematic, market had dropped below testing the supply n breaking support, where as in this schematic price did not come down but creates higher tops & bottoms



**HERE IS THE THEORY & RELATIVE LIVE
EXAMPLE OF SCHEMATIC 2 ACCUMULATION**



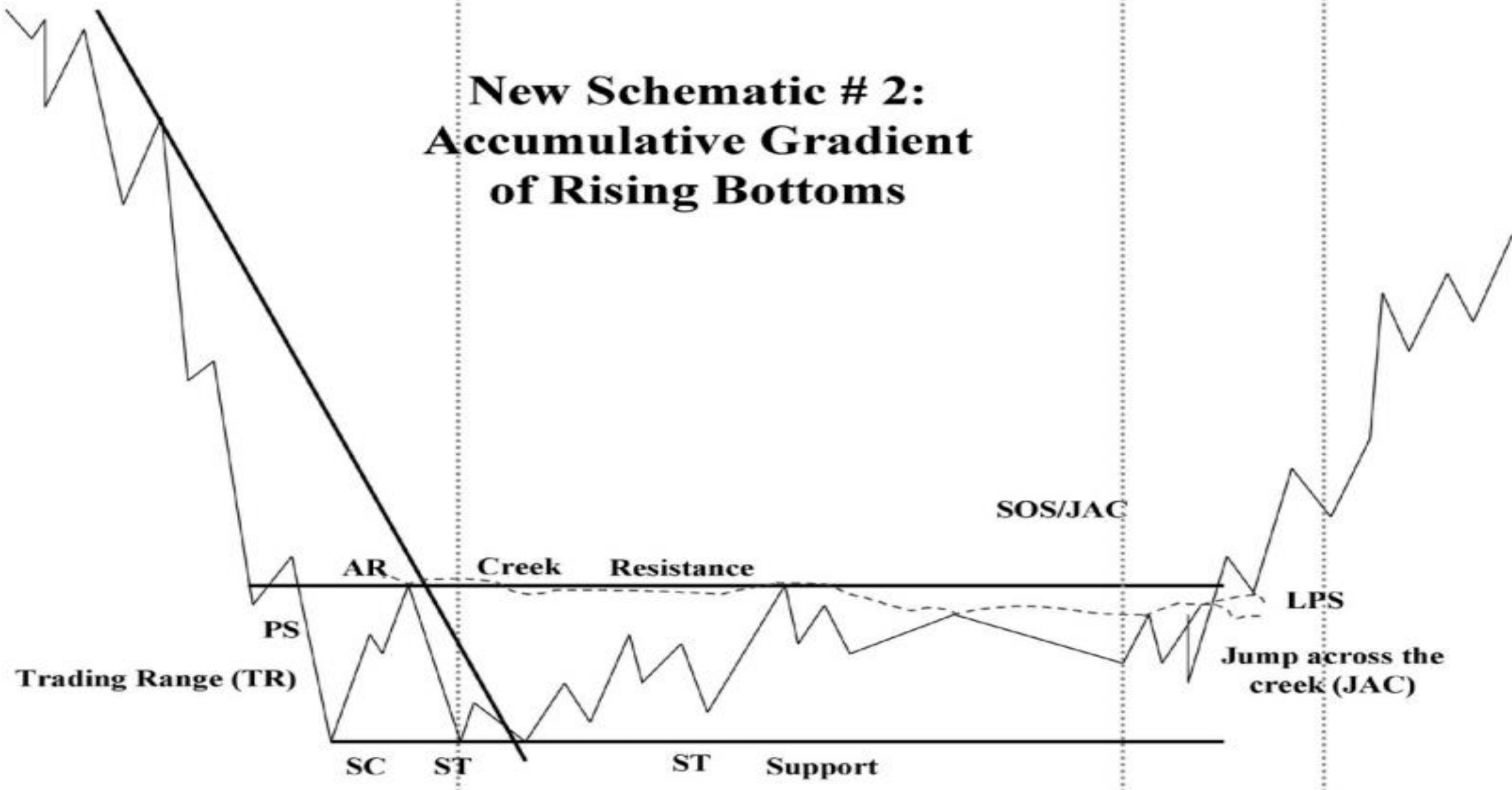
Phase A

Phase B

**Phases C
and D**

Phase E

New Schematic # 2: Accumulative Gradient of Rising Bottoms



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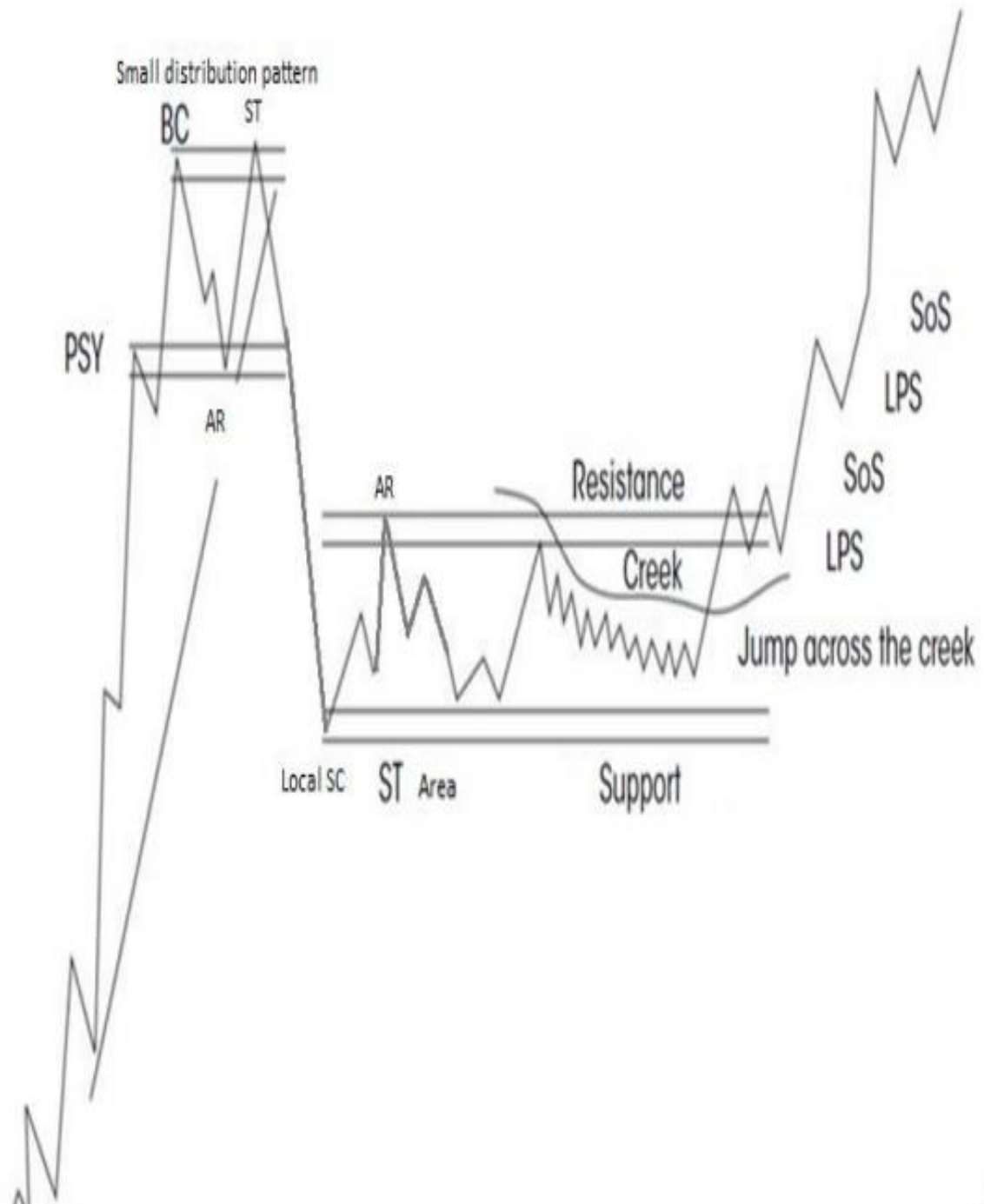
RE ACCUMULATION

- Re ACCUMULATION is a small trading Range that occurs during the mark up once price has left the ACCUMULATION trading range
- There are 4 types of re accumulation which I will go through
- Re accumulation set ups has less supply than a accumulation set



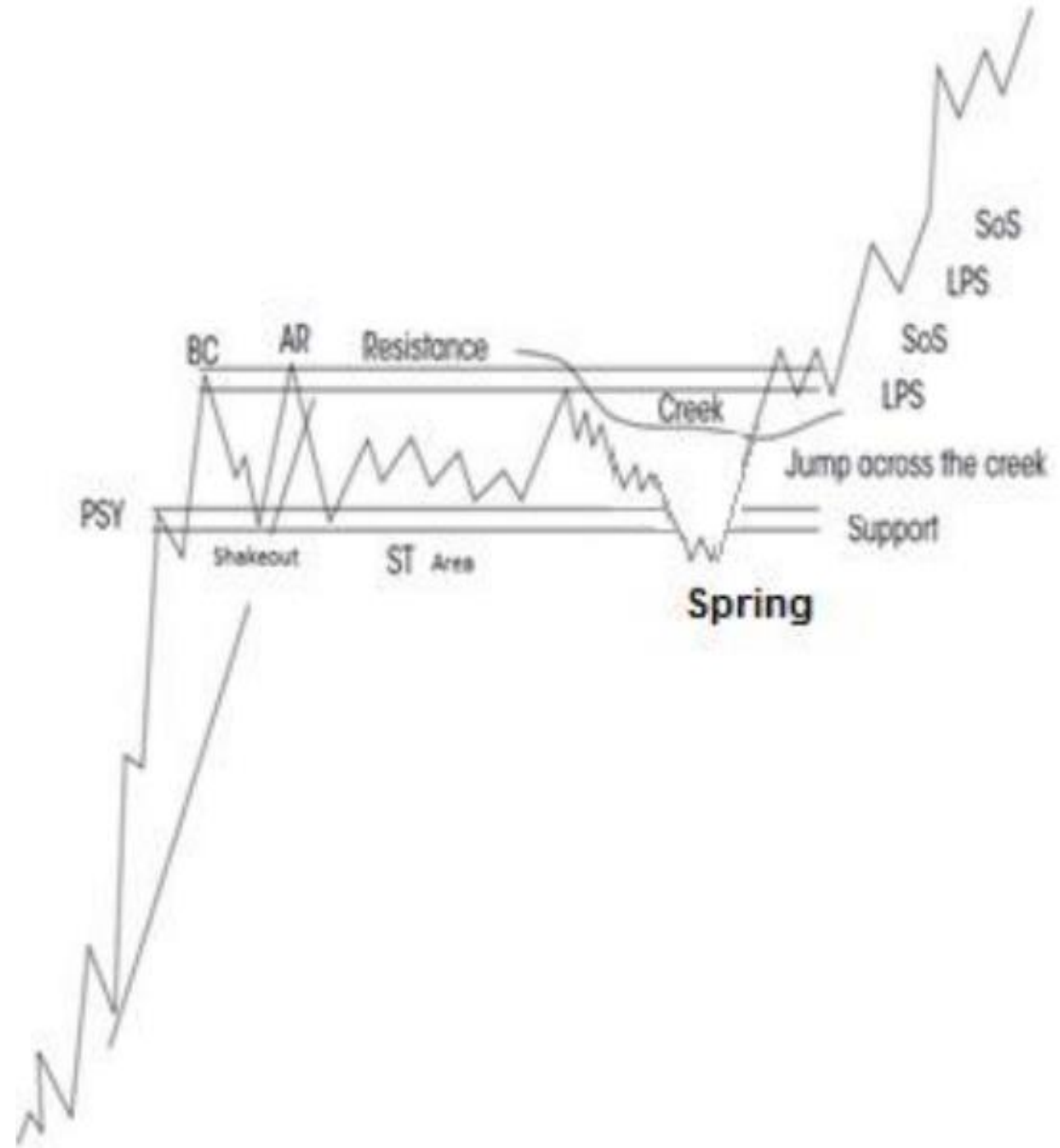
Re accumulation after decline:

- This is the weakest re accumulation type*
- Decline started from a small distribution pattern*



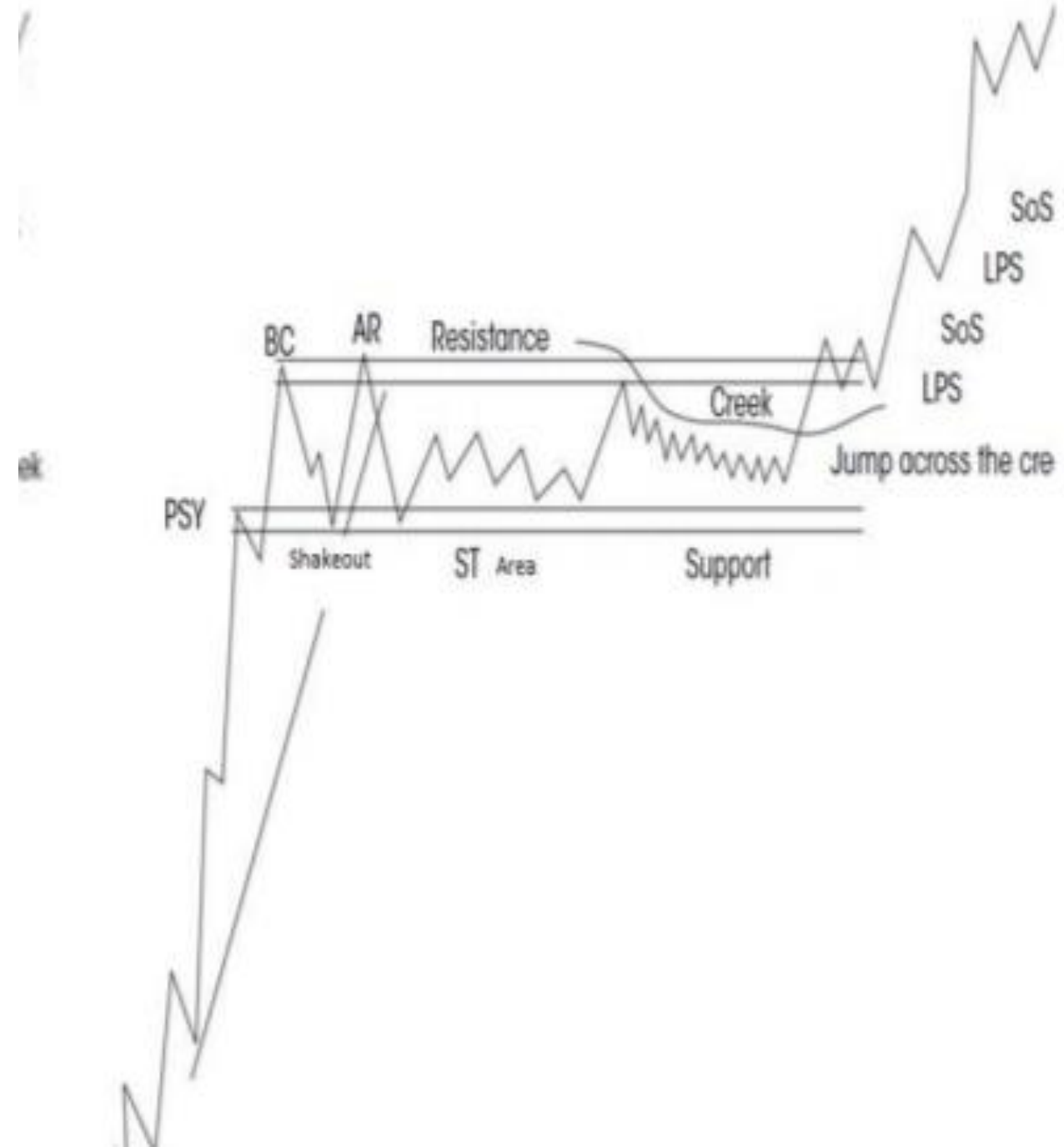
Re accumulation with spring action:

- Can have a few lower lows with a spring breaking other lows/support as well as the trading Range
- This re ACCUMULATION schematic has no SC but a BC



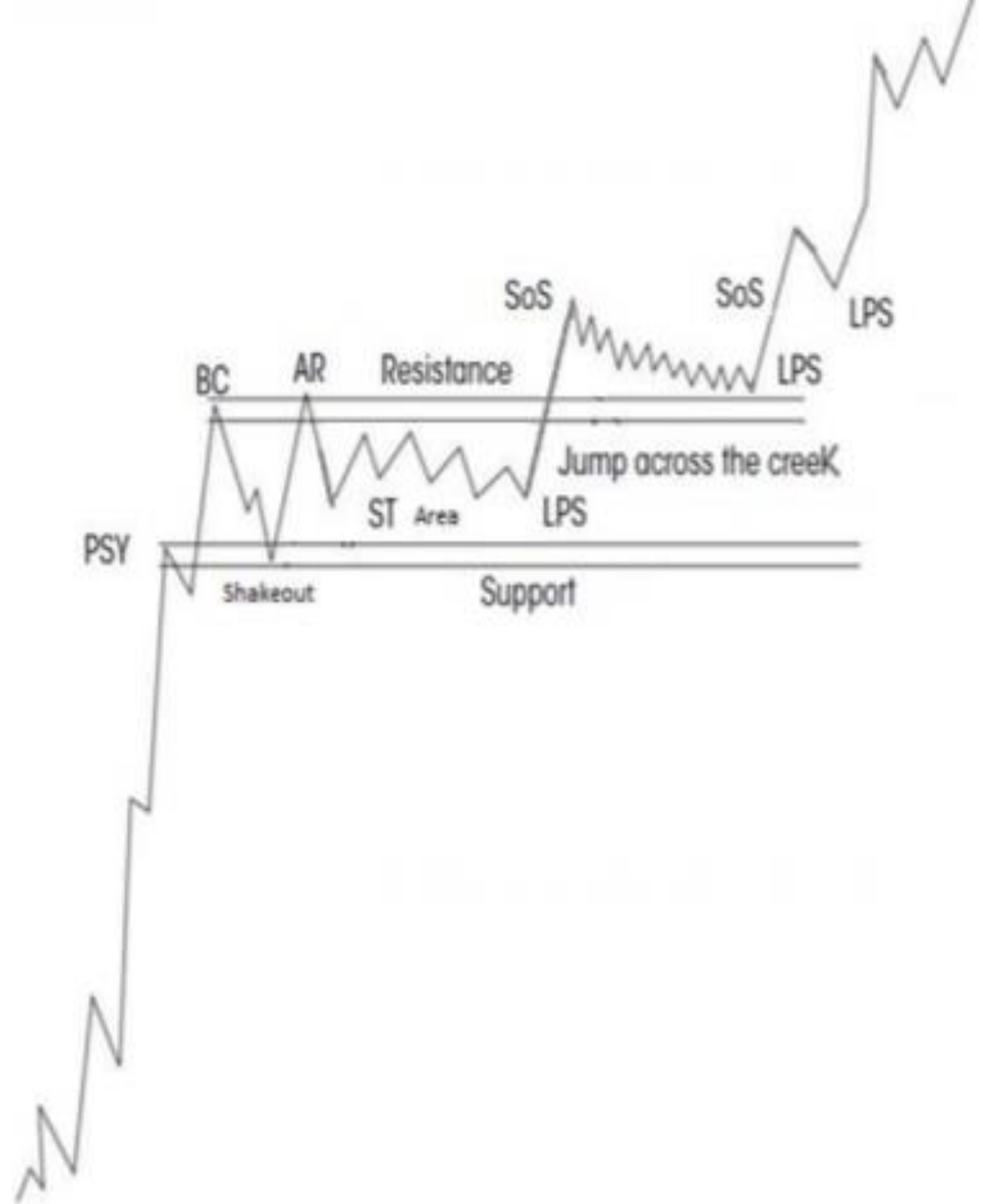
Re accumulation after shake out

- Absorption of supply happens within the trading range without breaking the support



Re accumulation with uprise:

- *This is the strongest re accumulation schematic*
- Structure will create higher highs & higher lows



**HERE IS AN EXAMPLE OF RE ACCUMULATION WITH SPRING ACTION AND RE
ACCUMULATION AFTER SHAKE OUT**



