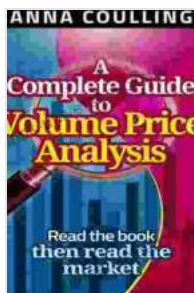


# Complete Guide To Volume Price Analysis

Volume price analysis is a technical analysis method that uses volume data to identify potential trading opportunities. By studying the relationship between price and volume, traders can gain insights into the strength of a trend, the likelihood of a reversal, and the potential for a breakout.



## A Complete Guide To Volume Price Analysis: Read the book then read the market by Anna Coulling

★★★★☆ 4.6 out of 5

Language	: English
File size	: 4604 KB
Text-to-Speech	: Enabled
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 195 pages
Lending	: Enabled
Screen Reader	: Supported



## What Is Volume?

Volume is the number of shares or contracts that are traded over a specific period of time. It is typically measured in units of 100 shares for stocks and 1 contract for futures and options.

Volume can be used to assess the strength of a trend. A strong trend is characterized by high volume on both up days and down days. This indicates that there is a lot of interest in the security and that the trend is likely to continue.

Conversely, a weak trend is characterized by low volume on both up days and down days. This indicates that there is little interest in the security and that the trend is likely to reverse.

## **How To Use Volume Price Analysis**

There are a number of different ways to use volume price analysis to identify trading opportunities. Some of the most common techniques include:

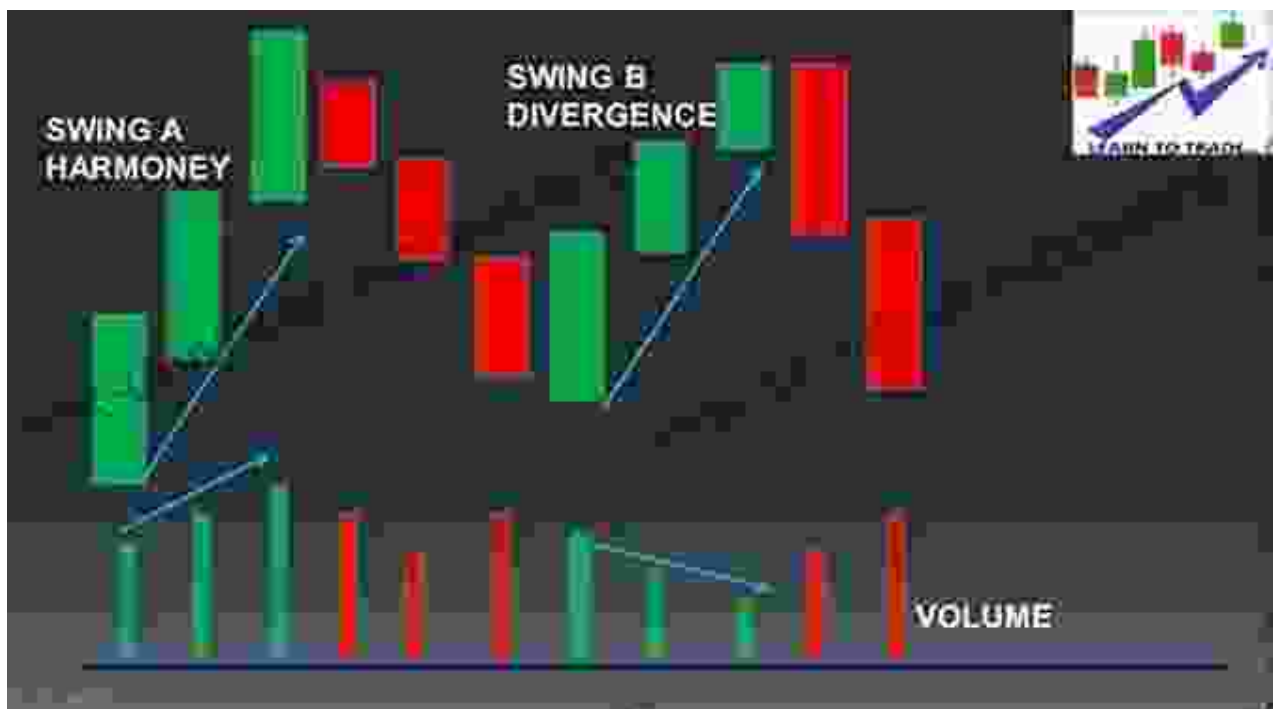
- **Volume spikes:** A volume spike is a sudden increase in volume that occurs over a short period of time. Volume spikes can be bullish or bearish, depending on the context. A bullish volume spike occurs when volume increases on an up day, and it indicates that there is strong buying pressure. A bearish volume spike occurs when volume increases on a down day, and it indicates that there is strong selling pressure.
- **Volume divergence:** Volume divergence occurs when the price of a security moves in one direction while the volume moves in the opposite direction. Volume divergence can be bullish or bearish, depending on the context. Bullish volume divergence occurs when price makes a higher high but volume makes a lower high. This indicates that there is underlying buying pressure that is not being reflected in the price. Bearish volume divergence occurs when price makes a lower low but volume makes a higher low. This indicates that there is underlying selling pressure that is not being reflected in the price.
- **Volume support and resistance:** Volume support and resistance levels are areas where the price of a security has difficulty breaking

through. Volume support is an area where there is a high volume of buying, and it acts as a floor for the price. Volume resistance is an area where there is a high volume of selling, and it acts as a ceiling for the price.

## Examples Of Volume Price Analysis

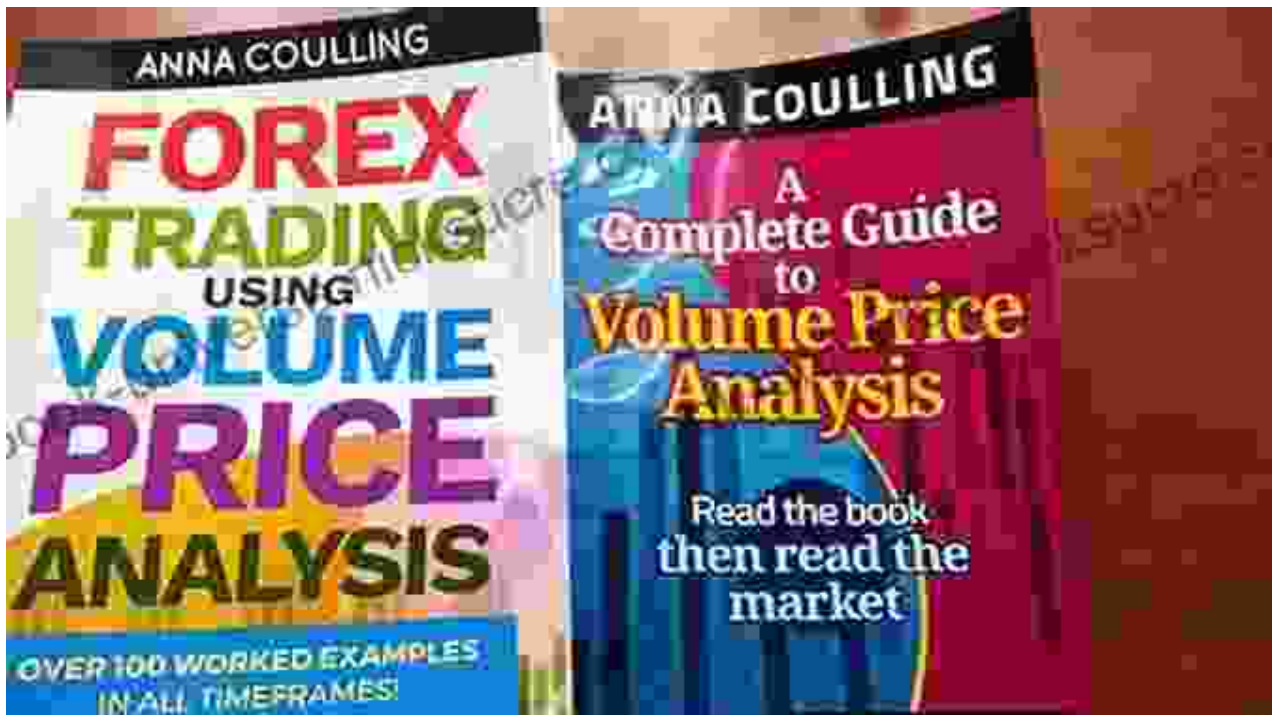
The following are a few examples of how volume price analysis can be used to identify trading opportunities:

- **Bullish volume spike:** In the following example, the price of a stock makes a higher high on increased volume. This is a bullish volume spike that indicates that there is strong buying pressure and that the trend is likely to continue.

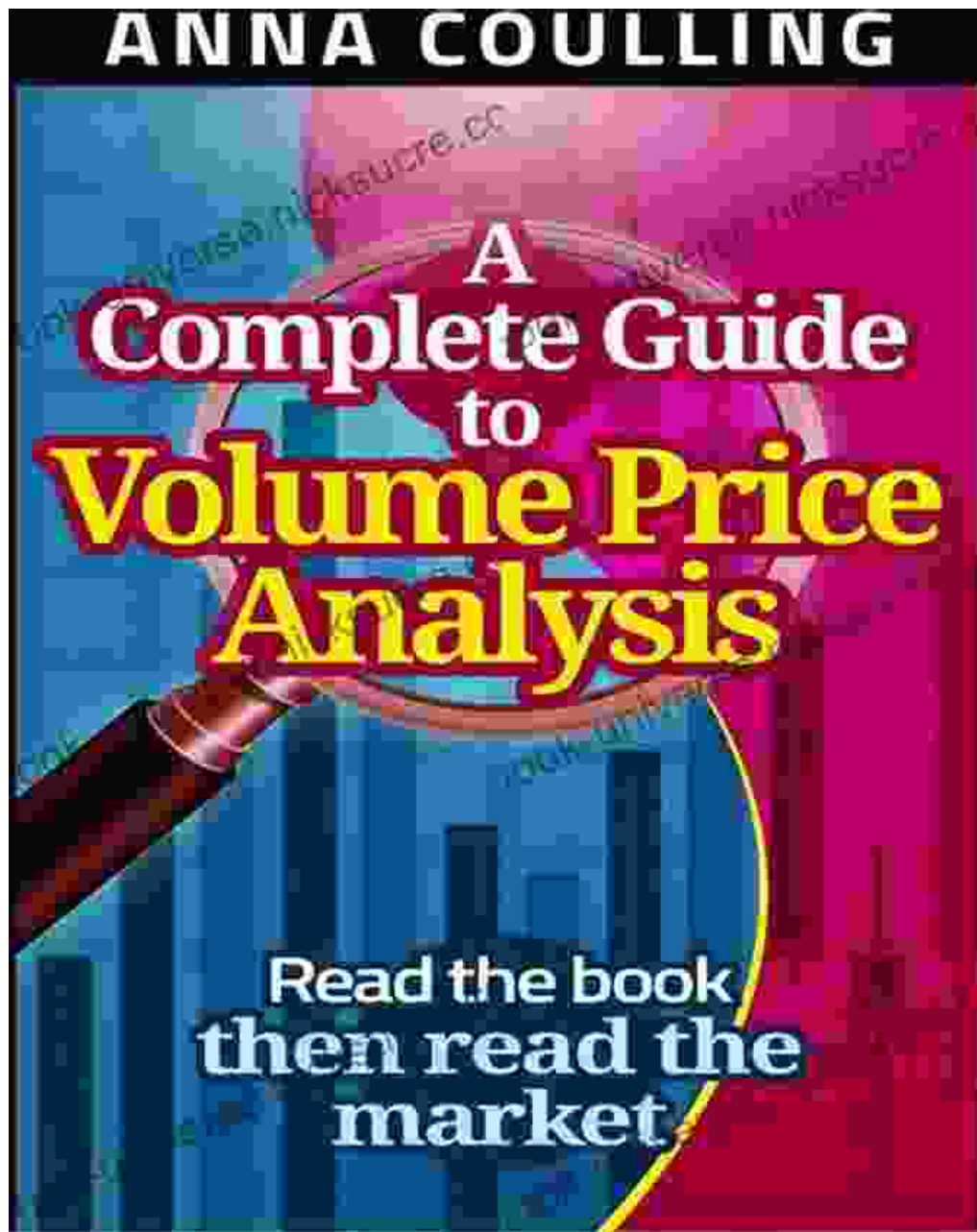


- **Bearish volume divergence:** In the following example, the price of a stock makes a lower low while the volume makes a higher low. This is

a bearish volume divergence that indicates that there is underlying selling pressure that is not being reflected in the price.



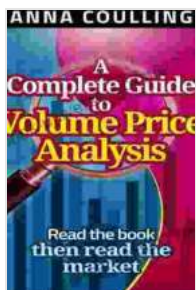
- **Volume support:** In the following example, the price of a stock finds support at a volume support level. This indicates that there is a high volume of buying at this level and that the price is likely to bounce.



Volume price analysis is a powerful technical analysis tool that can help traders identify potential trading opportunities. By studying the relationship between price and volume, traders can gain insights into the strength of a trend, the likelihood of a reversal, and the potential for a breakout.

However, it is important to remember that volume price analysis is not a perfect science. There are many factors that can affect the price of a

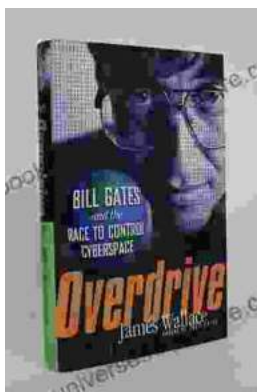
security, and volume is just one of them. Traders should always use multiple forms of technical analysis to confirm their trading decisions.



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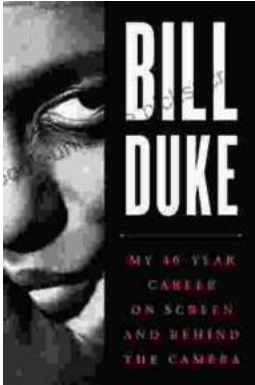
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