

The PVSRA project is by no means complete. This is an "in-work" project to identify and clarify the method of analysis. The analysis is a Price, Volume, S&R Analysis (hence the acronym PVSRA). PVSRA uses absolutely no other indicators because all other indicators are nothing more than derivatives of price. They are all lagging indicators that frequently point you in the wrong direction. They waste computer resources and serve only to inhibit your success that can only be achieved by properly analyzing the three most important datum in trading, and then setting up your strategy to trade based on that analysis, and that analysis alone!

The method of analysis is to look for notable volume changes, then to look at the general price action (PA) and the individual price bars within that PA before during and after notable volume changes, and finally to look to see where all this PA is taking place relative to important S&R levels. That is it in a nutshell, but there are important specifics involved.

The area of important specifics involved include what is meant by "notable volume changes", what are we looking for in the general PA, what are we looking for in the way of individual candle configurations within that PA, and what are we looking for when we bring the S&R factor into all of this? Finding out the best answers to these questions is what this "in-work" PVSRA project is all about; what works and what does not work.

In the following text I am going to discuss some specifics, some considerations being tried. In time, some may be discarded as unreliable and some as yet unidentified specifics may come to light through discoveries to be made by traders that have embraced this project and are trading based on PVSRA.

Volume Specifics

By "notable" volume changes we mean relative volume changes that stand out. These do not have to result in tall volume bars, just taller volume bars compared to within a short time before they occur. The color coded volume histogram helps to identify such notable changes, regardless of the actual height of the bars, which is why short bars can appear as color coded bars. Certainly, when very tall color coded volume bars appear, even among other tall volume bars, this is not only a notable change in relative volume, it has the possible added indication of being "stopping" volume. This of course must be confirmed by studying the candle associated with such a volume bar. Relative to important S&R, where the end of the candle strikes can be a form of confirmation. More will be said on this in the section on S&R below.

Price and PA Specifics

When a notable volume event occurs what does the specific candle look like and what has PA been doing in general? Here are some considerations. If the specific candle strikes into lows, or is low, or is coming up off of lows in PA that is generally declining, this is an indication lower prices are favored more than higher prices, which implies bulls are building long positions. If the specific candle strikes up into highs, or is high, or is coming down off of highs in PA that is generally rising, this is an indication higher prices are favored more than lower prices, which implies bears are building short positions. Sometimes the general drift of PA is neither declining nor inclining, but doing both or doing neither. At such times you might still be able to see if high or low prices seem to be favored. However, there are times when this aspect of PVSRA does not yield clear results. It is not a failing of PVSRA. It is the strength of PVSRA! At such times PVSRA is telling you there is no clear "signal" and no trade entry should be under consideration by you!

S&R Specifics

Currently, there are two S&R considerations: discrete S&R levels and where has price come from. The discrete S&R levels are whole, half and quarter numbers, in that order of priority. Bears like to move price above these levels to close longs/build shorts. Bulls like to move price below these levels to close shorts/build longs. So, if price has been moved above/below any of these levels and notable volume changes then occur, this is an indication bears/bulls reign. Where price has come from is also a consideration because you will see, using the Levels on your SonicR template and viewing H1 charts, that inter-day swings tend to be birthed in the area of these Levels, and tend to die in the area of these Levels. The way to use this information is to see the progress of PA from the birth of the current swing. Inter-day swings tend to be 100+, 150+, 200+, 250+, etc. pips in length. If a swing has just started, the odds are for more progress. If a swing is already mature, the odds increase for price to reverse. Unfortunately, we cannot know how far a swing might progress. Nevertheless, this sometimes does add confirmation to what other aspects of PVSRA are indicating. And it sometimes boldly refutes what other aspects of PVSRA are indicating. For this latter situation, suppose the price and volume specifics are indicating the MMs are bulls, with notable volumes occurring at prices at lows, and maybe even in the very short term prices are starting to drift low. What would you conclude if your S&R part of the PVSRA showed price had already performed a 250+ pips inter-day swing upwards? Could the MMs be putting on "bullish looking PA" as part of a last effort to coax longs into the market to give the bear MMs liquidity for their final round of short building before they start their run for profits downwards? You see, it is not just price and volume that can be analyzed. S&R must be a part of the analysis for the analysis to yield reliable indications!

Conclusions

As I have repeated over and over again, PVSRA can determine if MMs are bulls or bears, but we cannot ever know how far they might move price as they build their positions (by screwing other traders into giving them the liquidity they need to build). Therefore we can never know when the MM will start their run for profits. What this means is, we Sonicers can both build positions as the MMs build, or we can trade opposite the MMs. For example, if the MMs are pushing up prices and building shorts as they go, we can also or we can be in a counter-MM long trade. If the MMs are pushing down prices and building longs as they go, we can also or we can be in a counter-MM short trade. PVSRA is used to determine if the MMs are bulls or bears. Once you determine that, you are best able to set your strategy for trading, with the MMs or counter-MMs, as price achieves landmark S&R levels (whole, half, quarter levels), which are good places to make your trade entries.

Sonicer, I hope this "current state" tutorial helps, and that the effort of other PVSRA traders will eventually yield a PVSRA that is simple and as effective as the Sonic R. System it is intended to serve.