

SHARP SHOOTER

Wyckoff / Volume Spread Analysis

*Scalping Strategy
Public Version*



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The Wyckoff / VSA Scalping Trading Strategy

Background by Gavin Holmes

When I first met Tom Williams in the year 2000 and began to take an interest in the financial markets, Tom made a statement I will never forget.

He said, "Gav, the fact that you know absolutely nothing about trading and investing and have no pre- conceived ideas will make you an excellent student for me to teach and one day you will be a great success in this business".

Looking back, it has been a great journey and it continues to be so, but before Tom passed away in 2016 he had one wish.

He said, "The biggest danger to a human being trading and investing in the markets is actually themselves. We need to create an automated trading system that takes much of the analysis away from the human being and let the computer do the work. A computer does not have flaws in its logic".

Tom was describing to me what was on his mind. An automated Volume Spread Analysis trading system that found trade set ups based on the key principles of Wyckoff and computerized by Tom.

This trading system would intuitively trade alongside and in harmony with the "Smart Money" players who move and manipulated all markets.

It was during 2016 that our Chief Technology Officer, Grigory Margolin, showed me the latest development of a product to be used in our fund, called SMART Center Pro.

The concept was simple. Find trade set ups based on Wyckoff / Volume Spread Analysis that are in harmony with the trend of multiple time frames using the proprietary tools in the TradeGuider software toolset.

At the launch of SMART Center Pro, live at The CME Group Headquarters (Chicago Mercantile Exchange) in downtown Chicago in October 2016, we were able to demonstrate live trading with the system using timeframes starting with weekly charts, daily charts, four hour charts, hourly charts, fifteen, five and one minute charts.

This was by far the most successful launch of any TradeGuider software product in the 16 years since we started the business.

The SharpShooter Strategy



Smart Center

The scalping strategy is only designed to work with V4.7 Release of the Tradeguide SMART Center VSA software

This latest implementation turns the package into a very powerful semi-automated trading package that finally lives up the vision that Tom Williams had.

The system now automatically scans multiple markets for trend alignment in multiple time-frames. When it identifies alignment it then scans that particular market for key VSA principles. When one is detected the system then looks for VSA confirmation signals which appear under specific, proprietary criteria.

When they do the SMART Center issues an audible and visual signal which highlights a significant trading opportunity.

At this point the trader gets involved and after checking the set of simple Rules, described in the following section, a trade can potentially be taken and managed.

For full details of the process please see appendix 1

Before going any further

Ensure you have one of the following trading platforms installed:

Infinity AT, MT4, MT5 64-bits, NinjaTrader 7, Sierra Chart, Tradestation

Ensure you have the TradeGuider VSA SMART Center software installed on the trading platform you have chosen.

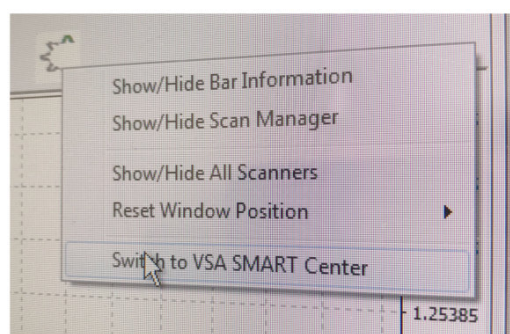
If you do not have TradeGuider VSA software yet installed, please refer to V4.7 Installation Manual

Once it is installed you can then set up the system with the correct timeframes

To use the package start up your trading platform and right click the TG Icon



Select the “Switch to VSA SMART Center “ option



The SMART Center trading system now follows a continuous, automated 2 step process at the end of which it will provide a trading signal. For a detailed description of this process please see appendix 1.

Whilst you are waiting for an alert you are free to do other things.

The Timeframes

For FOREX the Timeframes being monitored and scanned by system.

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For Futures the Timeframes being monitored and scanned by system.

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For intraday stocks trading the suggested timeframes are:

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The Trading Process

Rule 1.

LIVE ACCOUNTS

Do not trade a live account until you have made 100 trades on a trading simulator, recorded the results and taken screenshots of each trade with risk amount, profit target and actual results achieved.

Rule 2.

BEWARE OF THE NEWS – BE A PREDATOR AND NOT THE PREY.

Do not trade at or near major news events unless you want to do so. The big volume happens at the events, whip saws the markets and catches stops. Be clever and wait. You are paid to be patient. The trend often starts days after a big announcement such as the BOE or FED announcement, but not always, so watch the charts, the CHARTS DON'T LIE.

Check the major news bulletins and stories connected to the markets you are interested in. The strategy would recommend you use a reliable economic calendar / news feed. For example:

<https://www.financialjuice.com/>

<https://www.bloomberg.com/markets/economic-calendar>

Rule 3.

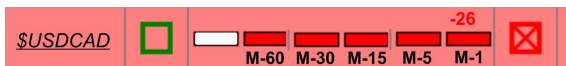
When You receive an audible alert

For a short trade

You will get an audible message saying

Sign of Weakness has arrived”.

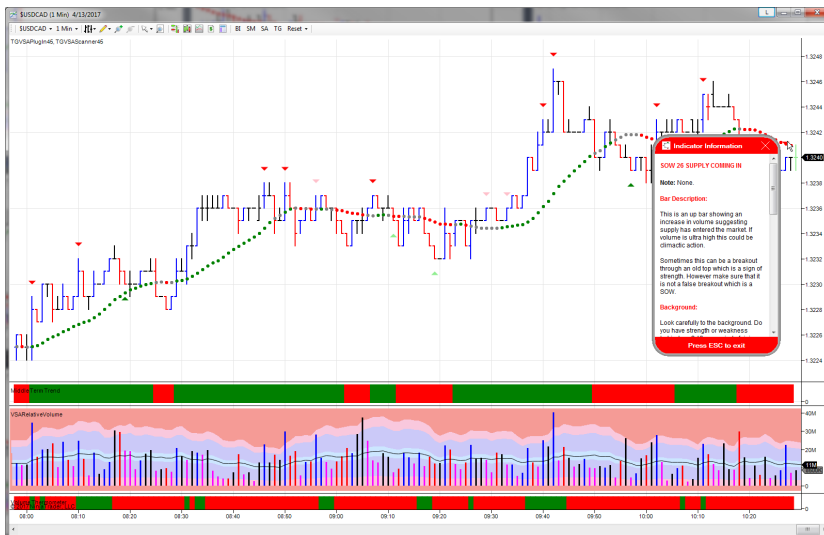
The SMART Center box will be flashing pink with an audible alert confirming a VSA indicator has appeared in the trend. This signal should now be considered as a serious trading opportunity. Remember, the bigger the timeframe the signal has appeared in the likelihood of a bigger move can be expected.



When you get a signal, follow these rules:

The signal will be above a particular time-frame bar.

Next, go to the chart the confirmation signal has appeared in (the example shown above a 1 minute chart has identified sign of weakness 26 in a down trend.)

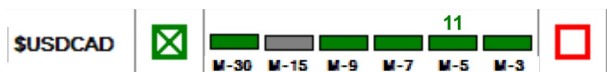


For a long trade

Wait for a VSA Confirmation signal alert. You will get an audible message saying

“Sign of Strength has arrived”.

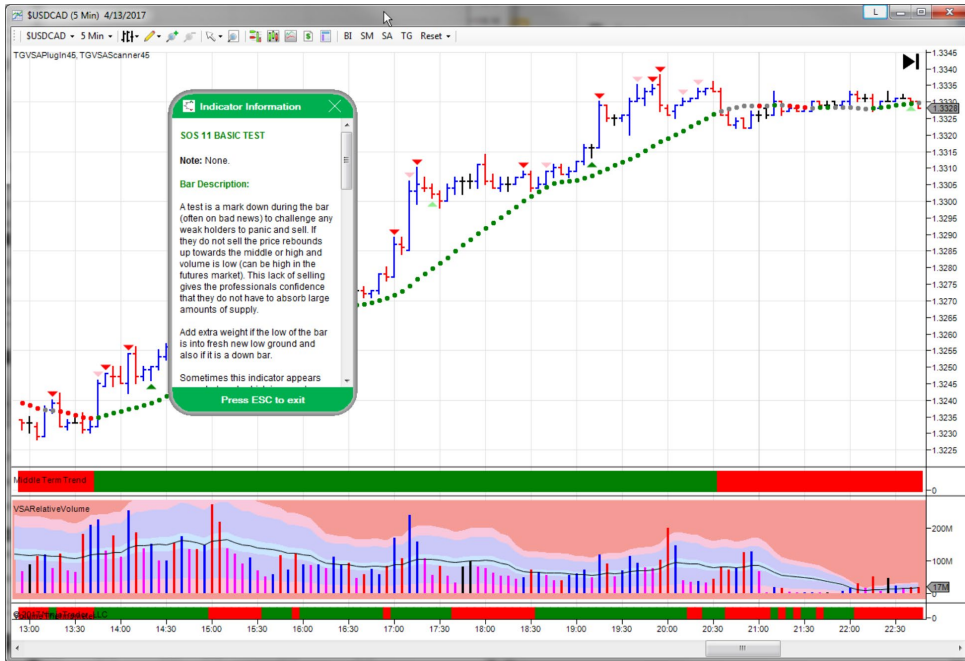
The SMART Center Pro box will be flashing pink with an audible alert confirming a VSA indicator has appeared in the trend. This should now be considered as a serious trading opportunity.



When you get a confirmation signal, follow these rules:

The confirmation signal will be above a particular time-frame bar.

Next, go to the chart the confirmation signal has appeared in (the example shown above a 5 minute chart has identified sign of strength 11 in an up trend.)



Rule 4.

The bigger the timeframe the Volume Spread Analysis signal appears in the bigger the move is likely to be.

Remember for a signal to be confirmed you need to check the following:

Does the next bar close....

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Does the next bar close....

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The volume on the second bar is not as important as the volume on the signal bar and can be low, average, high or ultra high.

Rule 5

If you see signs of strength as the market is falling this is to be expected as Smart Money attempt to accumulate at lower prices.

This is why you MUST wait for the change in behaviour as detailed in the book "Trading in the Shadow of the Smart Money". This often forms a saucer shape on the chart as price action moves higher because of the accumulation phase.

If you see signs of weakness as the market is rising this is to be expected as Smart Money attempt to distribute at higher marked up prices. This is why you MUST wait for the change in behaviour as detailed in "Trading in the Shadow of the Smart Money". This often forms a mushroom shape on the chart as price action moves higher because of the accumulation phase.

After you have seen the signal.....

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If alert is triggered on the smallest timeframe such as one minute

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If it is not confirmed the set up has not been triggered and you need to look for the next trade.

If it is confirmed you can place your trade if you are happy the trade will meet your own trading criteria and fits within the parameters of your trading plan.

Rule 6.

STOP LOSS

Use a stop loss and remember there is no guarantee that the stop loss you put in will get filled especially during very volatile market conditions. Speak to your broker about this if you have any concerns.

The strategy does not suggest exact stop placement because of the many markets it is capable of analysing and the thousands of customers trading different account sizes with different personal tolerances.

Suggested stop loss strategy

For long trades

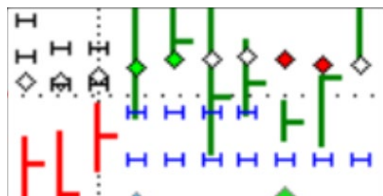
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For short trades

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The software has two important tools to assist you in the placement of stops.

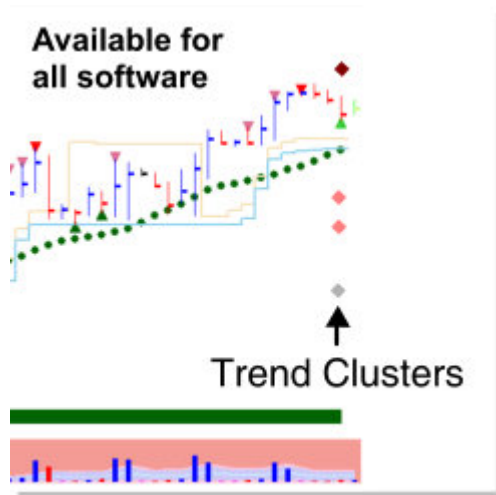
The first tool is called the H Stops and are switched off in the default settings when you install the software. To set them to show on your charts, follow instructions at www.youtube.com/tradeguider and watch the video in the Techbytes area of the channel.



The H Stop system follows price up or down depending on whether you are long or short. There are 2 stops on each bar – either above the bar for short trades or below for long trades. If the stops straddle the bar then the chart is in congestion.

The Stops further from the bar is more conservative and has less risk than the H Stop nearest the bar. The H Stop system is very effective when used on a 5 minute chart.

The second tool which utilises previous support and resistance is called Trend Clusters.



When these appear the software has picked up intersecting trend lines and channels and plots 3 coloured dots either above the price action, showing resistance to higher prices, below price action, which shows support below price action, or straddling above and below price action which often indicates congestion as price bounces of both the upper and lower trend clusters.

For more detailed information about Trend Clusters please visit
[Http://www.tradeguides.com/trendclusters.asp](http://www.tradeguides.com/trendclusters.asp)

APPENDIX 1 – The 2 step semi-automated trading system explained

The Trading Concept

SMART Center performs all necessary checks in the background and informs the User by audio as well as by visual alert (if not configured otherwise) when:

1. Trend Alignment of the instrument is found (there is an option to bypass this alert and for the system to automatically proceed to 2.)
2. Confirmation VSA Principle is found (TESTS in an UP Trend or NO DEMANDS in a Down Trend or other principles (see Appendix 4) set by the User in the professional version)

If not configured otherwise, before alerting for found confirmation VSA Principle, SMART Center filters signals as follow:

- On each monitored Time Frame, it searches for the Trigger Bars and defines corresponding Trigger Numbers (please note that SMART Center does not draw the lines on the Charts).
- Checks that Price is above the Top (when analysis is performed in the Up Trend) or below the Bottom (when analysis is performed in the Down Trend) of Trigger Bar on the Timeframe, where Confirmation VSA Principle is found.
- Checks if the retracement (correction) of Price against the trend or sideways move on the Timeframe, where Confirmation VSA Principle is found, has taken place.
- Checks that volume on retracement (correction) is decreasing or low
- Checks that the Price is not below the Low (when analysis is performed in the Up Trend) or not above the High (when analysis is performed in the Down Trend) of the last found Trigger Bar in all Timeframes, higher than the one where Confirmation VSA Principle is found

If all above conditions are at place, an alert is generated.

The SMART Center System performs the scan and confirmation process seamlessly and continuously on up to 25 trading candidates in all scanned timeframes.

APPENDIX 2 – Key source of information

General background of Wyckoff Volume Spread analysis:

<http://www.volumespreadanalysis.com>

General background on Market Manipulation

<http://www.marketmanipulation.com>

Information on Money Management

<https://www.amazon.co.uk/Against-Gods-Remarkable-Story-Risk/dp/0471295639>

Appendix 3 – My Money Management regime

Money Management

When it comes to managing and growing a trading or investment account this is one of the most important and often least understood topics for a trader and investor, especially if you are just starting out.

TRADING INVOLVES RISK OF LOSS AS DETAILED AT THE BEGINNING – BELOW ARE THE RULES THAT I FOLLOW BUT YOU MUST ADAPT TO THE ACCOUNT SIZE YOU TRADE.

When you fund your trading and investment account one of the first things you must understand is the nature of RISK.

I could write a whole book on this subject but fortunately an excellent book on this very subject, called “Against The Gods – The Remarkable Story of Risk” by Peter L Bernstein is where I learnt much of what I apply to our Hedge Fund today. In addition of course to the remarkable knowledge imparted to me by the late, Tom Williams, Inventor of Volume Spread Analysis and a former syndicate trader.

One of the key takeaways from Bernstein’s bestselling book is that in today’s modern world there are some remarkable tools available to us all which can help us mitigate risk to the best of our ability.

So when I am asked by a new trader or investor to summarize what I mean by money management, I tell them that this is simply the preservation of your capital investment in the market or markets you are trading or investing in. To be supported by a written trading plan, a strategy or strategies that have been tested in simulation mode and a detailed analysis of each trade or investment.

Keeping a track of your equity curve and knowing when things are working well and when they are not working well allows you to adjust to market conditions and to diversify if required.

A written and committed trading plan is vital in my opinion and in the thousands of online and live seminars I have hosted I always ask who has a written trading plan and I am always surprised how few people have taken the time to write one.

Trading is a business not a hobby. Fail to plan, plan to fail. You are going to be participating in one of the biggest businesses in the world, trading and investing, so be prepared.

Here are my money management guidelines:

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Appendix 4 - The best trades for this strategy

The best trades for this strategy can be described as follows:

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