

SHARP SHOOTER

Wyckoff / Volume Spread Analysis

Scalping / Swing Trading Strategy



Written By Gavin Holmes

Head Trader Wyckoff / Williams Investment Portfolio

Author "Trading in the Shadow of the Smart Money"

Copyright, Legal Notice and Disclaimer:



Copyright 2018 By Gavin Holmes. All rights reserved.

This publication is protected under the US Copyright Act of 1976 and all other applicable international, federal, state and local laws, and all rights are reserved, including resale rights.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under section 107 or 108 of the US Copyright Act of 1976, without either the prior written permission of the publisher.

All charts herein are provided with the permission of TradeGuider Systems International (www.tradeguider.com)

Limit of Liability and Disclaimer of Warranty: The publisher has used its best efforts in preparing this book, and the information provided herein is provided for educational purposes only. The publisher makes no representation or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaims any implied warranties of merchantability or fitness for any particular purpose and shall in no event be liable for any loss of profit or any other commercial damage, including but not limited to special, incidental, consequential, or other damages.

Important Disclaimer

Trading Stocks, Options on Stocks, Futures, Options on Futures, retail off-exchange foreign currency transactions (FOREX) and Crypto Currencies involves substantial risk of loss and is not suitable for all investors. Past performance, whether actual or indicated by historical tests of strategies, is no guarantee of future performance or success. There is a possibility that you may sustain a loss equal to or greater than your entire investment regardless of which asset class you trade (equities, options, futures or forex); therefore, you should not invest or risk money that you cannot afford to lose.

The Wyckoff / VSA Scalp & Swing 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.

Before going any further

Ensure you have one of the following trading platforms installed:

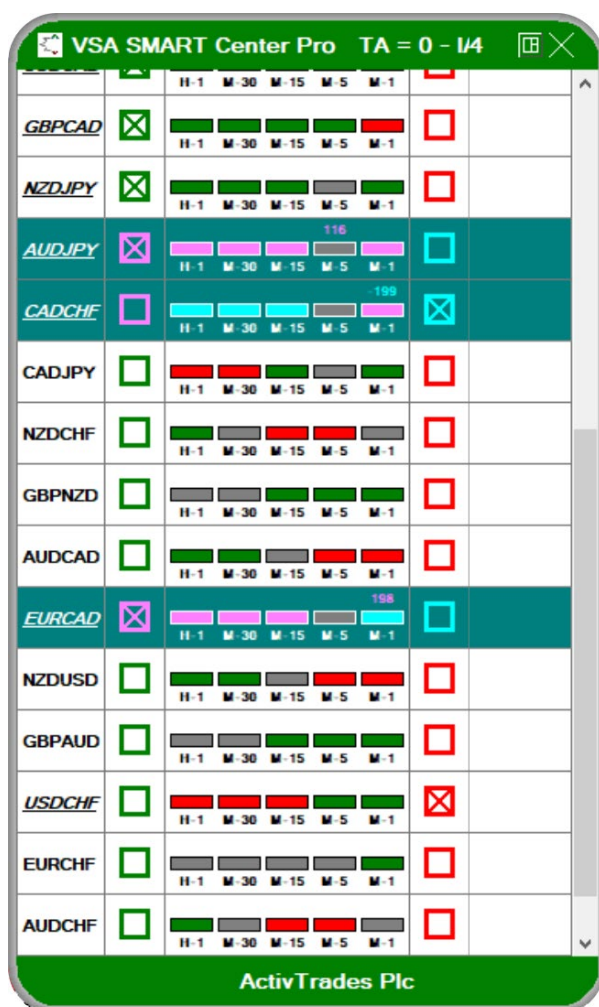
Infinity AT, MT4, MT5 64-bits, NinjaTrader 7, Sierra Chart, Tradestation

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

The SharpShooter Concept



Smart Center

The scalping / swing trading strategy is only designed to work with V4.7 Release of the TradeGuider SMART Center VSA software

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

The system automatically scans multiple markets for trend alignment of an instrument Once it is found, the system scans for Confirmation VSA principles and filters the signals using specific, proprietary criteria.

When a confirmation principle meets accepted criteria the SMART Center issues an audible and visual alert 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

The Timeframes

For FOREX the Timeframes being monitored and scanned by system.

- 60 minute chart
- 30 minute chart
- 15 minute chart
- 5 minute chart
- 1 minute chart

For Futures the Timeframes being monitored and scanned by system.

- 30 minute chart
- 15 minute chart
- 9 minute chart
- 7 minute chart
- 5 minute chart
- 3 minute chart.

For intraday stocks trading the suggested timeframes are:

- 240 minute chart
- 60 minute chart
- 30 minute chart
- 15 minute chart
- 5 minute chart
- 3 minute chart.

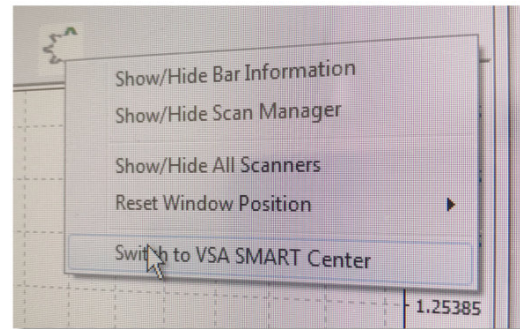
The Trading Process

Step 1.

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.

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>

Step 2.

You receive an audible alert

For a short trade

When all conditions are aligned, you will get an audible message saying
“Sign of Weakness has arrived”.

The SMART Center window will be flashing pink, showing VSA confirmation principle above the timeframe it is found



This alert 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.

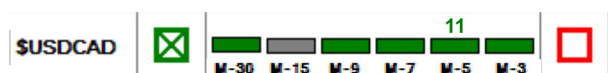
When alert is triggered go to the chart the confirmation signal has appeared in

For a long trade

When all conditions are aligned, you will get an audible message saying

“Sign of Strength has arrived”.

The SMART Center window will be flashing pink, showing VSA confirmation principle above the timeframe it is found



This alert 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 alert is triggered go to the chart the confirmation signal has appeared in

Rule 3

Look for the confirmation

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

Closed around its Top above the Close price of previous bar on safe (Average or High) volume (long trades)

Closed around its Bottom below the Close price of previous bar on safe (Average or High) volume (short trades)

Rule 4

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 o-f the accumulation phase.

After you have seen the signal, move to one timeframe lower on your charts and wait for the proprietary dot short term trending system to turn consecutively green on 5 price bars for long trade set ups and red on 5 price bars for short trade set ups.

If alert is triggered on the smallest timeframe such as one minute chart wait for the proprietary dot short term trending system to turn consecutively green for long or red for short on 7 price bars.

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 5.

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.

Neither does the strategy focus on take profit or risk-reward ratios as these decisions are for individual traders bearing in mind trading plans, account sizes and attitude to risk.

Rule 6

MANAGING THE TRADE

For long trades

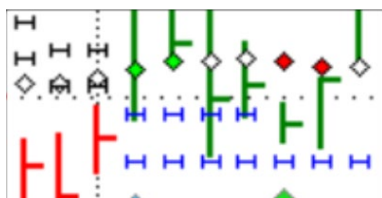
On the first spike of high volume move the stop to the bottom of the price bar, repeat until you get stopped out.

For short trades

On the first spike of high volume move the stop to the top of the price bar, repeat until you get stopped out.

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.

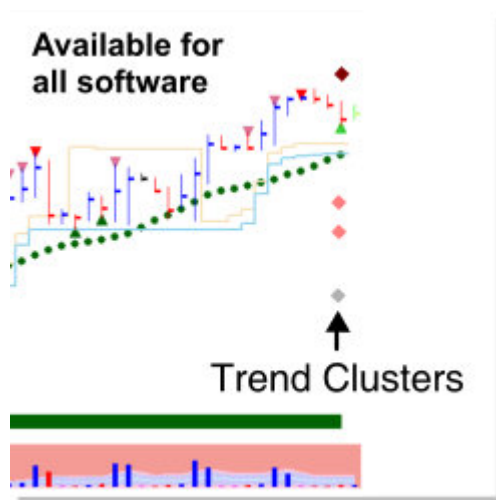


The H Stop system follows price up or down depending on whether you are long or short. There are 2 levels on each bar – either above the bar for short trades or below for long trades. If the stops straddle the bar then the chart is in congestion.

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.

PLEASE NOTE: THE H-STOP TOOL CAN ONLY BE USED IF ITS LINES ARE ABOVE (FOR THE LONG) OR BELOW (IF THIS IS BELOW) THE ORDER OPEN PRICE. H_STOPS CAN NOT BE USED TO SET UP INITIAL STOP.

The second tool which utilises previous support and resistance is called Trend Clusters, which are significant points of Support/Resistance



When these appear the software has picked up intersecting trend lines and channels 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. On the right edge of the chart you will see a maximum of 10 Clusters on with up to 3 different severity levels

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 Process

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). Trigger Numbers become significantly stronger when the trend of an Instrument is aligned. In such situations, after the break of the Trigger Number, corresponding retracement, found Test Principle around High Price level (for the Long trend) or No Demand Principle around Low Price level (for the Short Trend) of the Trigger Bar, are additional confirmations for the continuation of move in the direction of the Trend.

- 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. (See pic1)



Pic 1

- 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. (See Pic 2)



Pic 2

- Checks that volume on retracement (correction) is decreasing or low. (See Pic 2)
- 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 . (See Pic 3)



Pic 3

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:

I will not risk more than 2.5% of my capital in any one account in any one trade

I will not risk more than 6% of my capital in any one account in multiple trades.

I will close a losing trade quickly and treat it as a cost of doing business in the market.

I will never take a loss personally.

I will never get angry because a trade went against me.

I will learn from the losing trade but will not dwell on it.

If I make three consecutive losing trades I will cease trading and re-examine my plan.

I will never revenge trade.

I will allow a winning position to run using the H stops in Sharp Shooter on 5 minute chart.

My key objective is to get my stop to break even then small profit without getting stopped out.

I will use a minimum of a 2:1 risk reward ratio

I will evaluate my trades every Saturday and will identify high probability set ups for the following week.

Appendix 4 - The best trades for this strategy

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

IN A DOWN-TRENDING MARKET WITH WEAKNESS IN THE BACKGROUND

- **NO DEMAND IN A DOWNTREND**
- **UPTHRUST IN A DOWNTREND**

IN AN UP-TRENDING MARKET WITH STRENGTH IN THE BACKGROUND

- **NO SUPPLY IN AN UPTREND**
- **SHAKEOUT AT SUPPORT FOLLOWED BY TESTS**
- **TEST IN A RISING MARKET IN AN UPTREND**
- **SUCCESSFUL TEST IN AN UPTREND**