

__ VWAP

The volume weighted average price (VWAP) is the price that represents the average trading volume during the session. This is an attractive level often sought after by institutions and funds because it provides markets with an effective measure of the average price of an index over a period of time. It can be observed on the DOM, here in yellow at 3821.33.

| | | | | | |
|------|-----|---------|--|--|--|
| | 472 | 3823.00 | | | |
| | 590 | 3822.75 | | | |
| | 650 | 3822.50 | | | |
| | 548 | 3822.25 | | | |
| | 356 | 3822.00 | | | |
| | 156 | 3821.75 | | | |
| | 104 | 3821.50 | | | |
| VWAP | 107 | 3821.33 | | | |
| | 171 | 3821.00 | | | |
| | 312 | 3820.75 | | | |
| | 224 | 3820.50 | | | |

It theoretically acts like a magnet. The farther away we are, the more likely it is that we will return to Him.

1. If the price is **above** VWAP, we are good sellers.
2. If the price is **below**, we are good buyers.

Remember the principle of auctioning with houses. VWAP can be considered the average price, so any offer below VWAP is attractive to a buyer, and any sale above VWAP is attractive to a seller.

TIPS

In a waiting market (before a big announcement: FED, FOMC, ECB ...), the price often comes back around its VWAP to go in one direction once the announcement is made.

___ ABSORPTION

As we have seen, the inside print represents aggressive orders, actually executed on the market.

It allows us to see price levels marked by interest. Indeed, the price levels where many orders were executed show that there was an interest and a struggle between sellers and buyers at this level.

Absorption occurs when the number of orders increases significantly in the camp of sellers or buyers and the price does not rise or fall. This can be observed in the inside print by an increasing number of orders displayed in the box with a price that does not move.

| | |
|------|-----|
| 47 | 60 |
| 112 | |
| 4 | 4 |
| 29 | 150 |
| 1123 | |
| | |
| | |