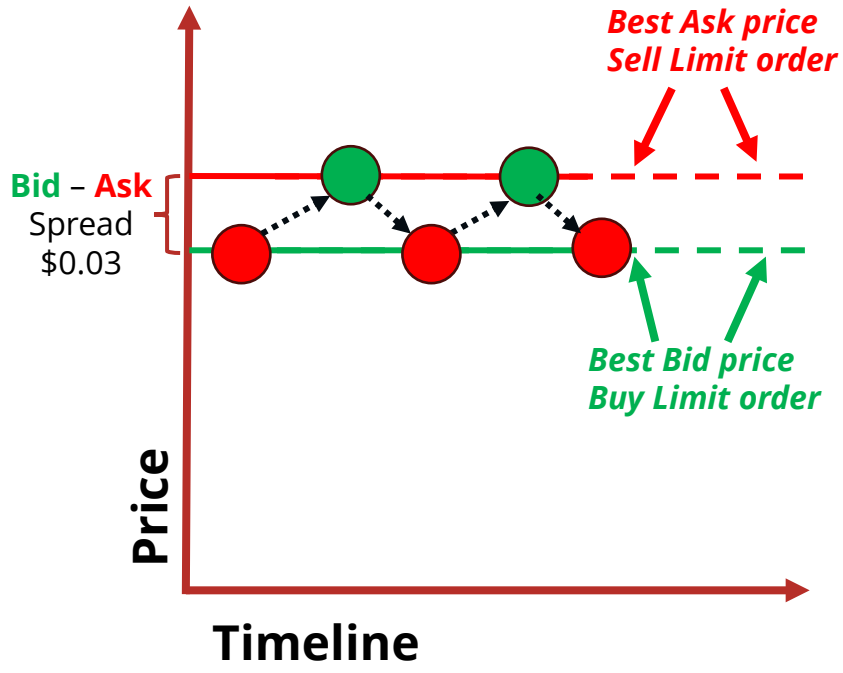
Accumulation and price cycle

TRADING TERMINAL.COM
FROM BEAR BULL TRADERS

Presented by: RTrades (Roko)

Balanced Order book and agressive participation: even though price moves higher-lower for some amount, no significant large price movement allowing larger profit is expected.



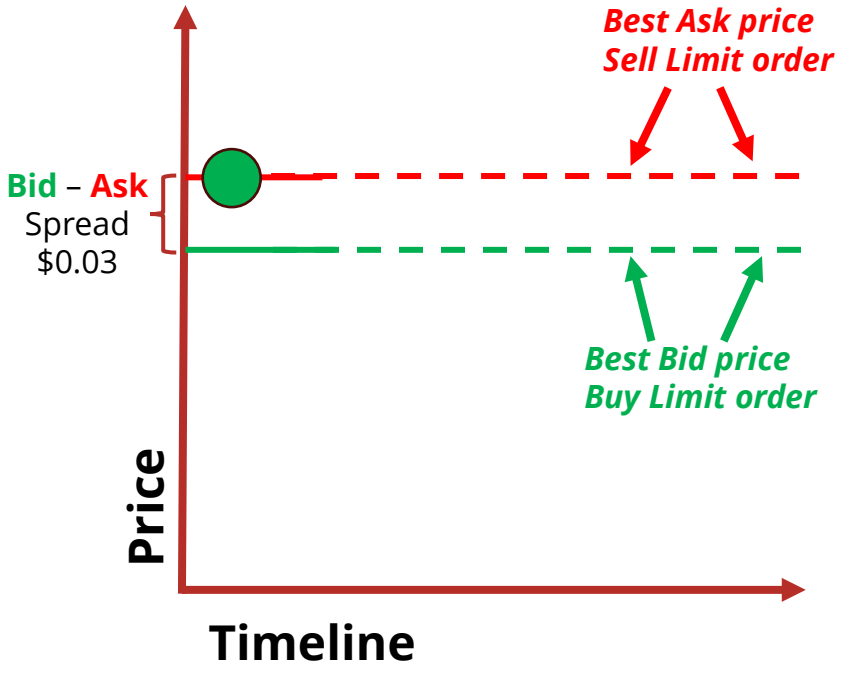
COB

Price	Size
41.29	37
41.27	25
41.25	41
41.22	63
41.19	62
41.17	42
41.13	23
41.12	39

Balanced Limit Order Book between Asks (red, top) and Bids (green, bottom).

Note:
*This phenomenon of short-term aggressive **buyers** and **sellers** is possible algorithmic trading, especially if back-and-forth orders filled are same number of shares (volume size).*

Accumulation: even though market buy orders are being filled, they are not lifting the Ask and price is not moving.



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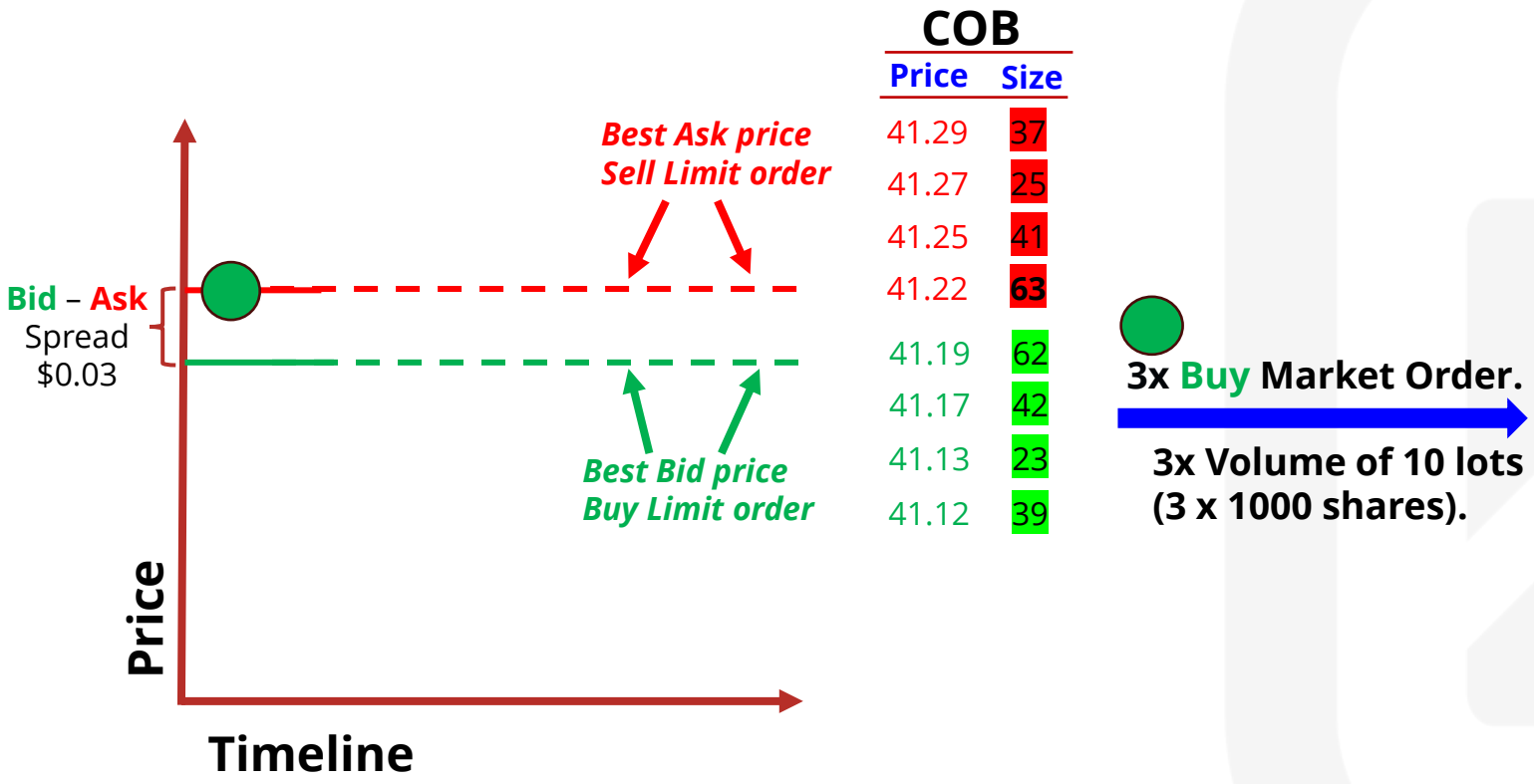

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3x Buy Market Order.

3x Volume of 10 lots (3 x 1000 shares).

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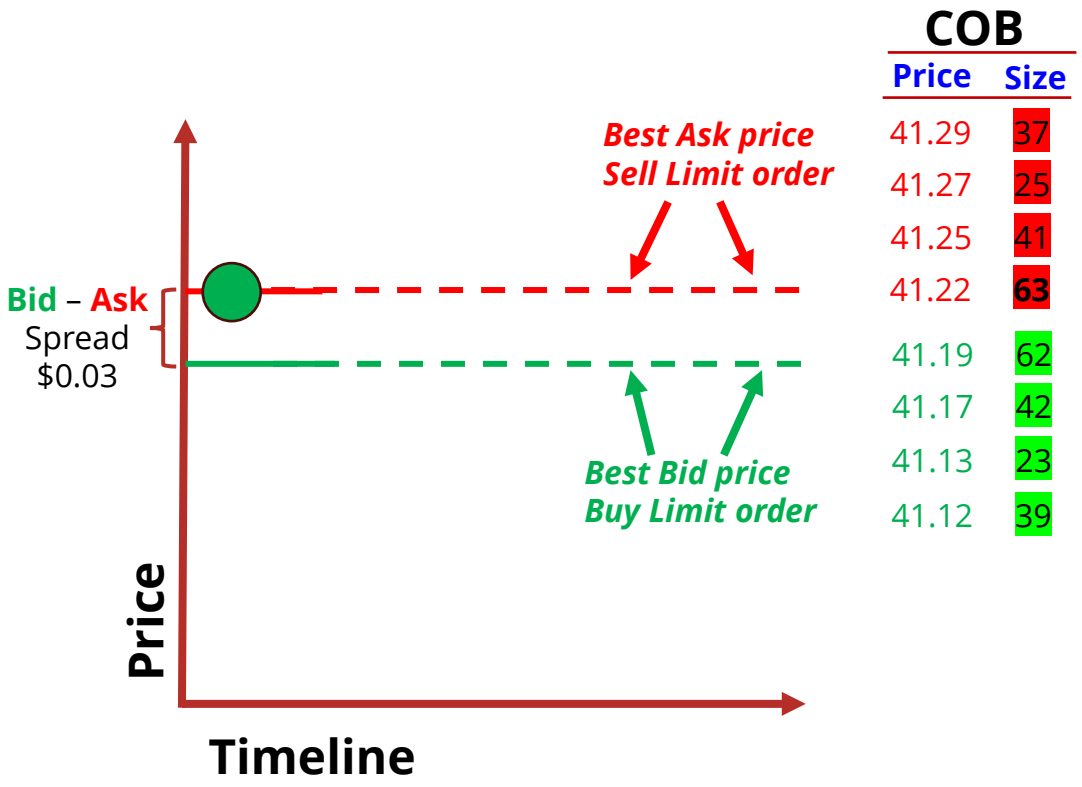

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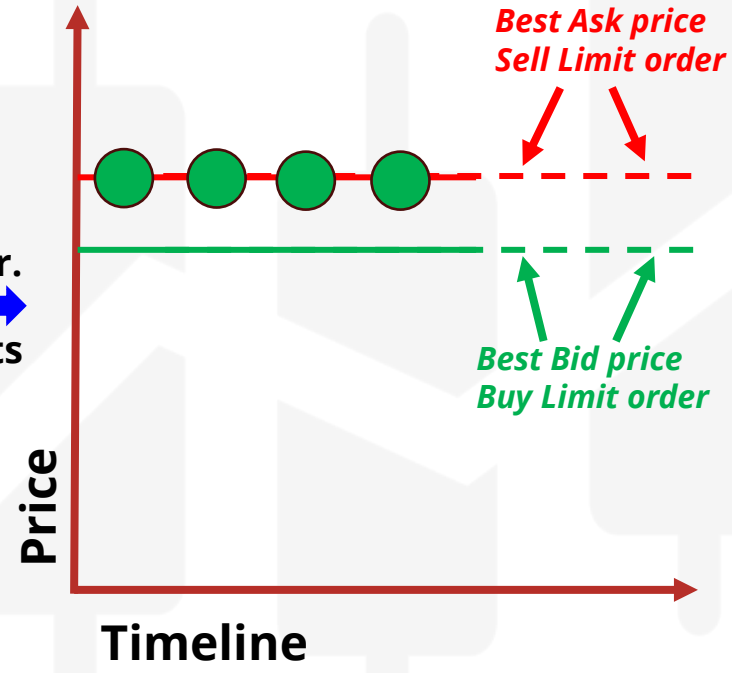

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Note:
*These are short-term **aggressive** **buyers** that do not want that price to start moving higher now as they are accumulating shares, little by little, before the real bullish move starts.*

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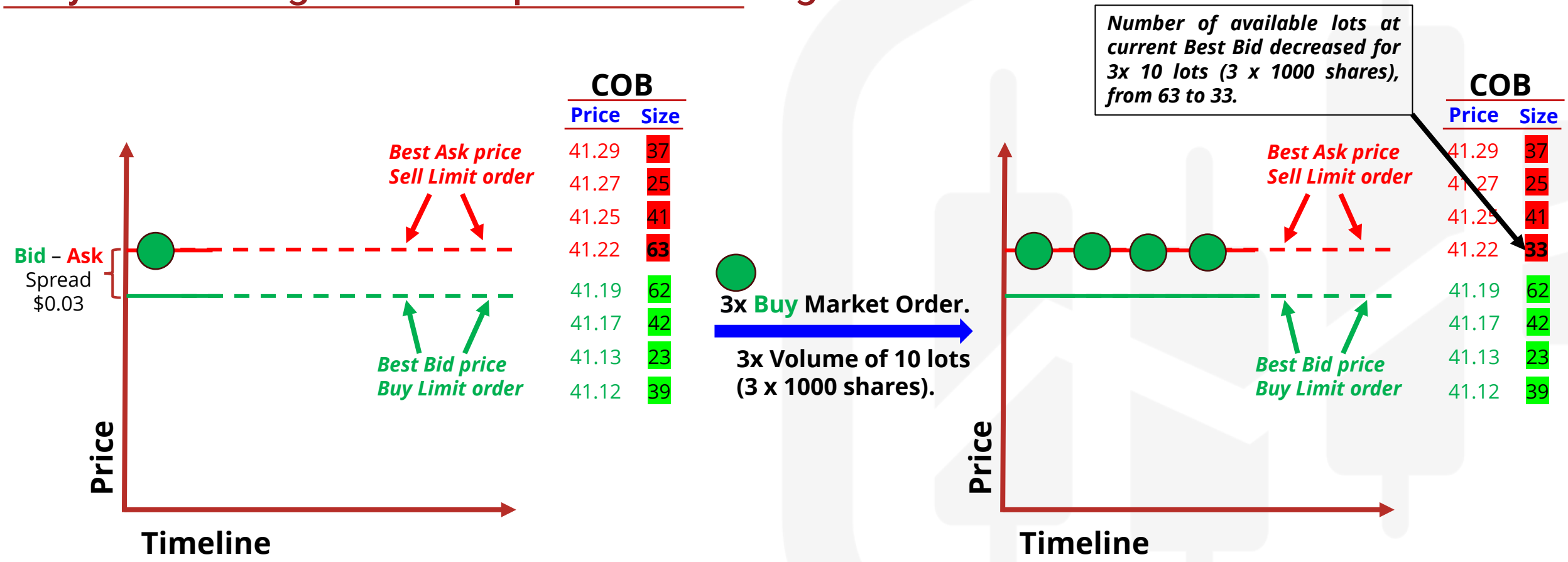

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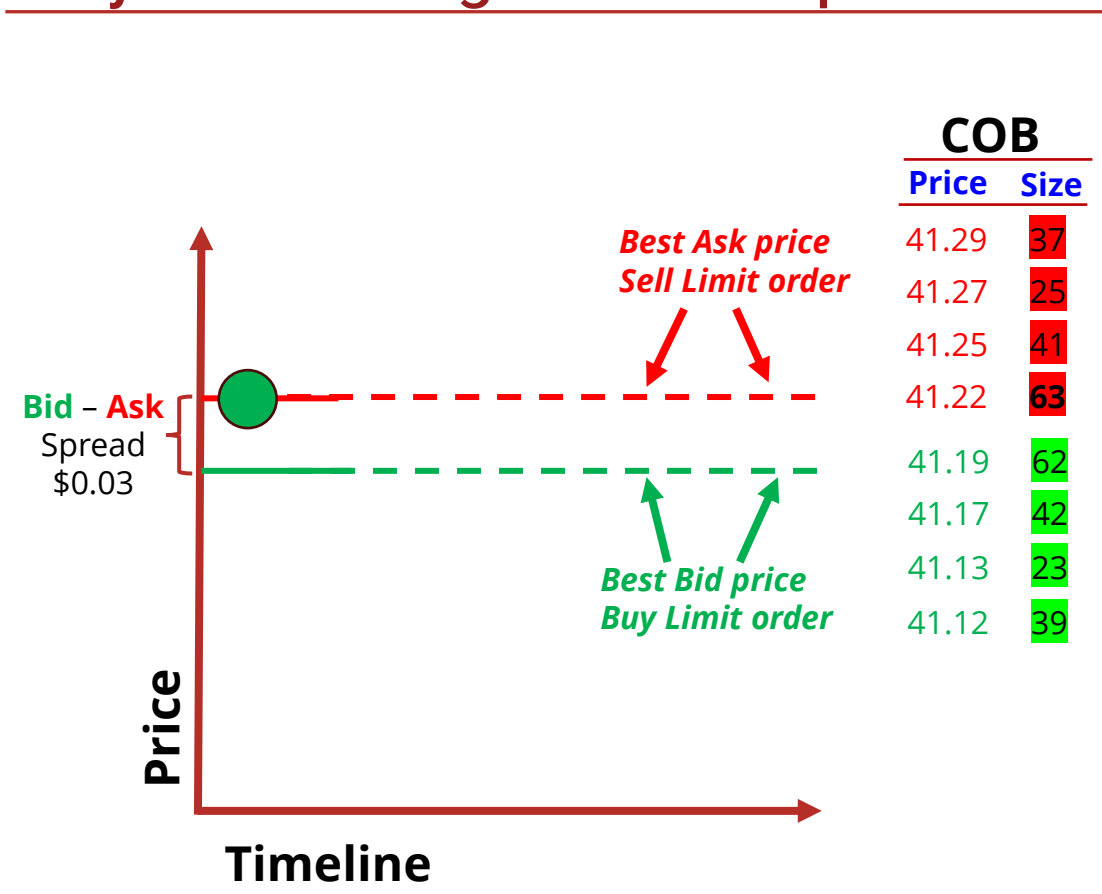

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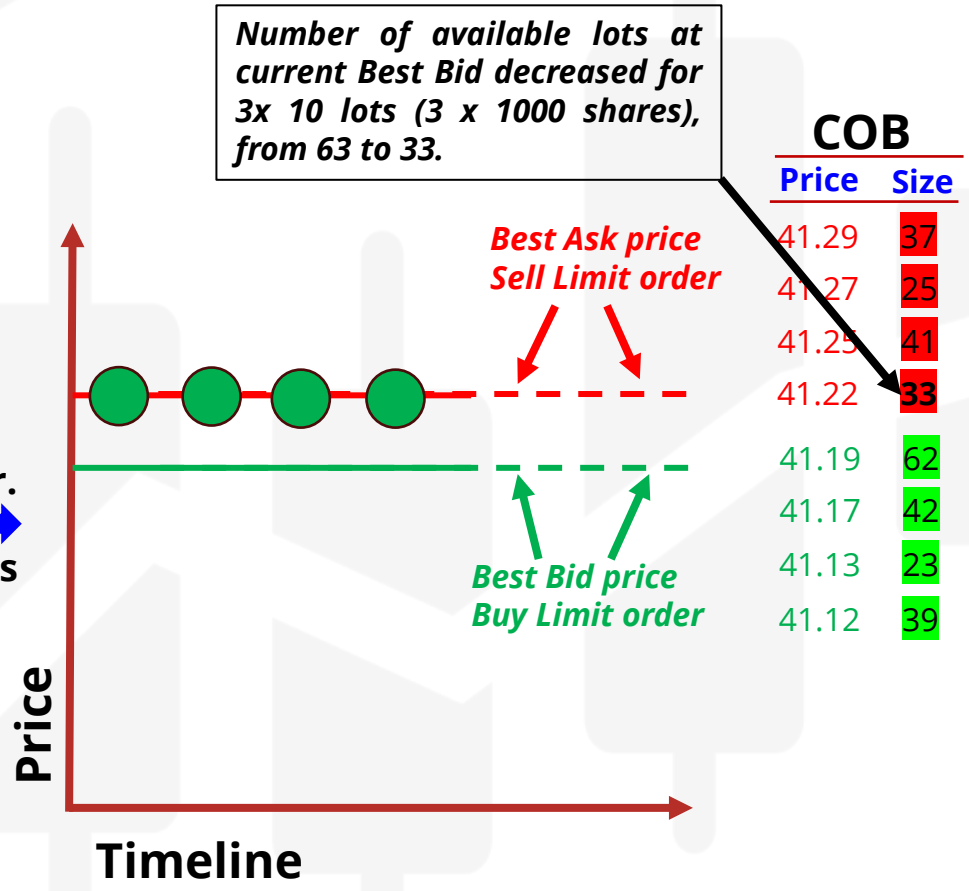

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Buying huge number of shares at once may result in missing out on a better price. This, so called "**bite-sized**" buying approach is sometimes be a better strategic choice than buying humongous number of shares at once.

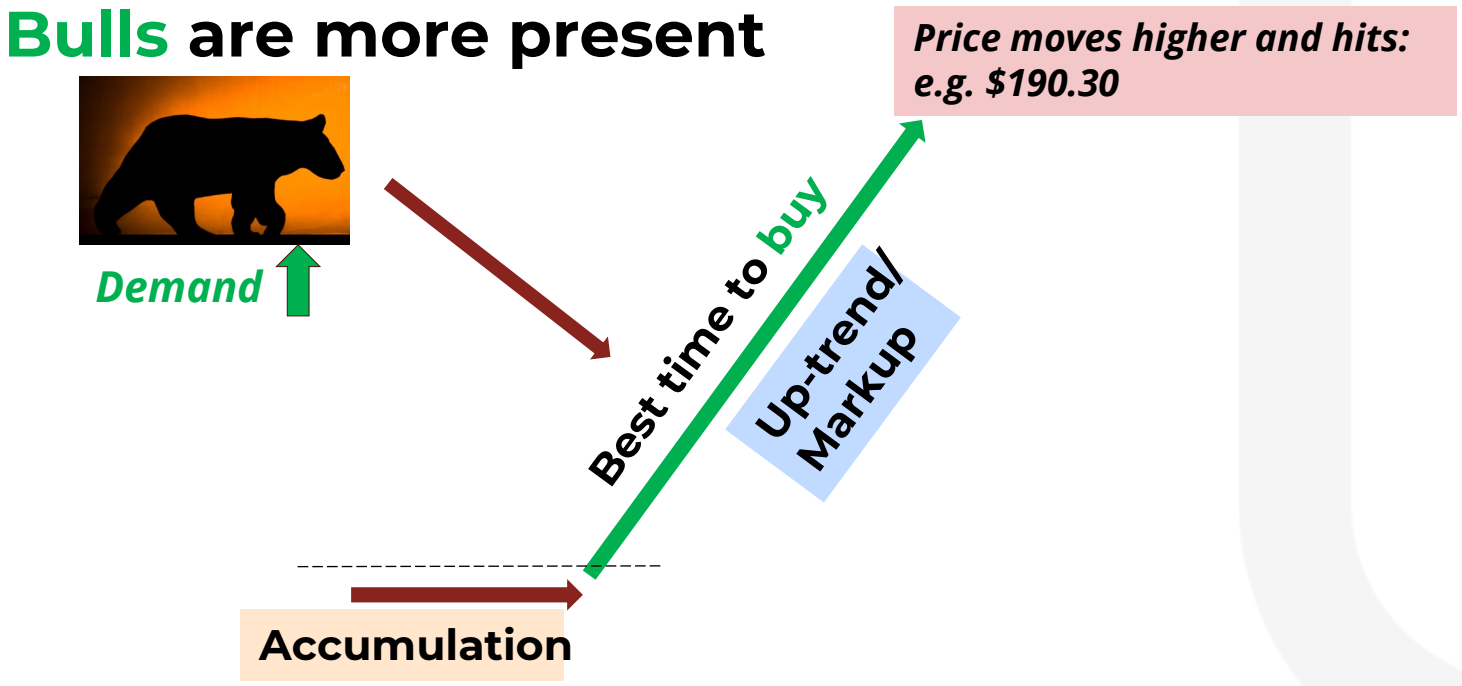
Market phases: Accumulation

Price range:
e.g. $180.20 to $180.40

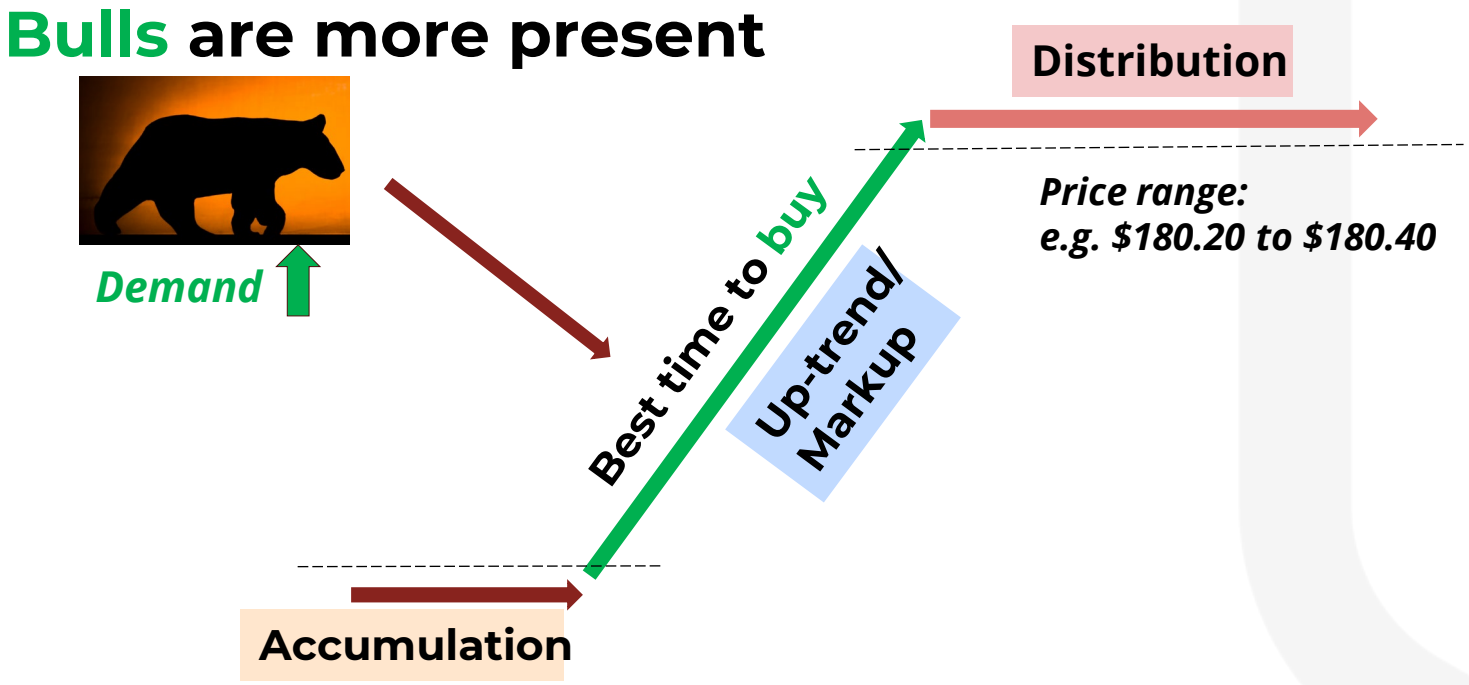


Accumulation

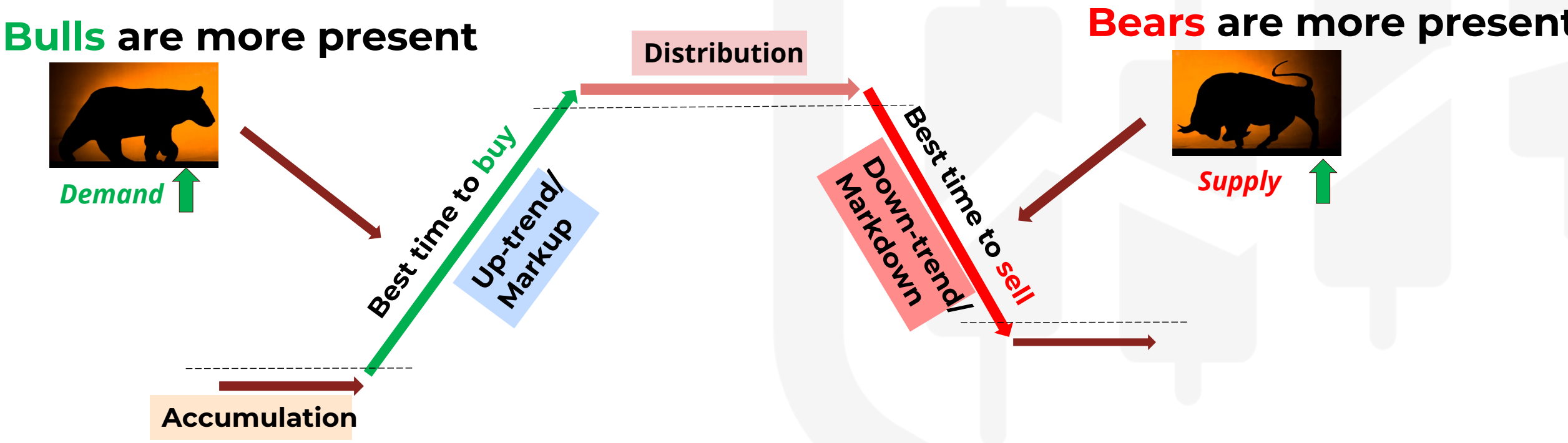
Market phases: Up-trend (Mark-Up)



Market phases: Distribution

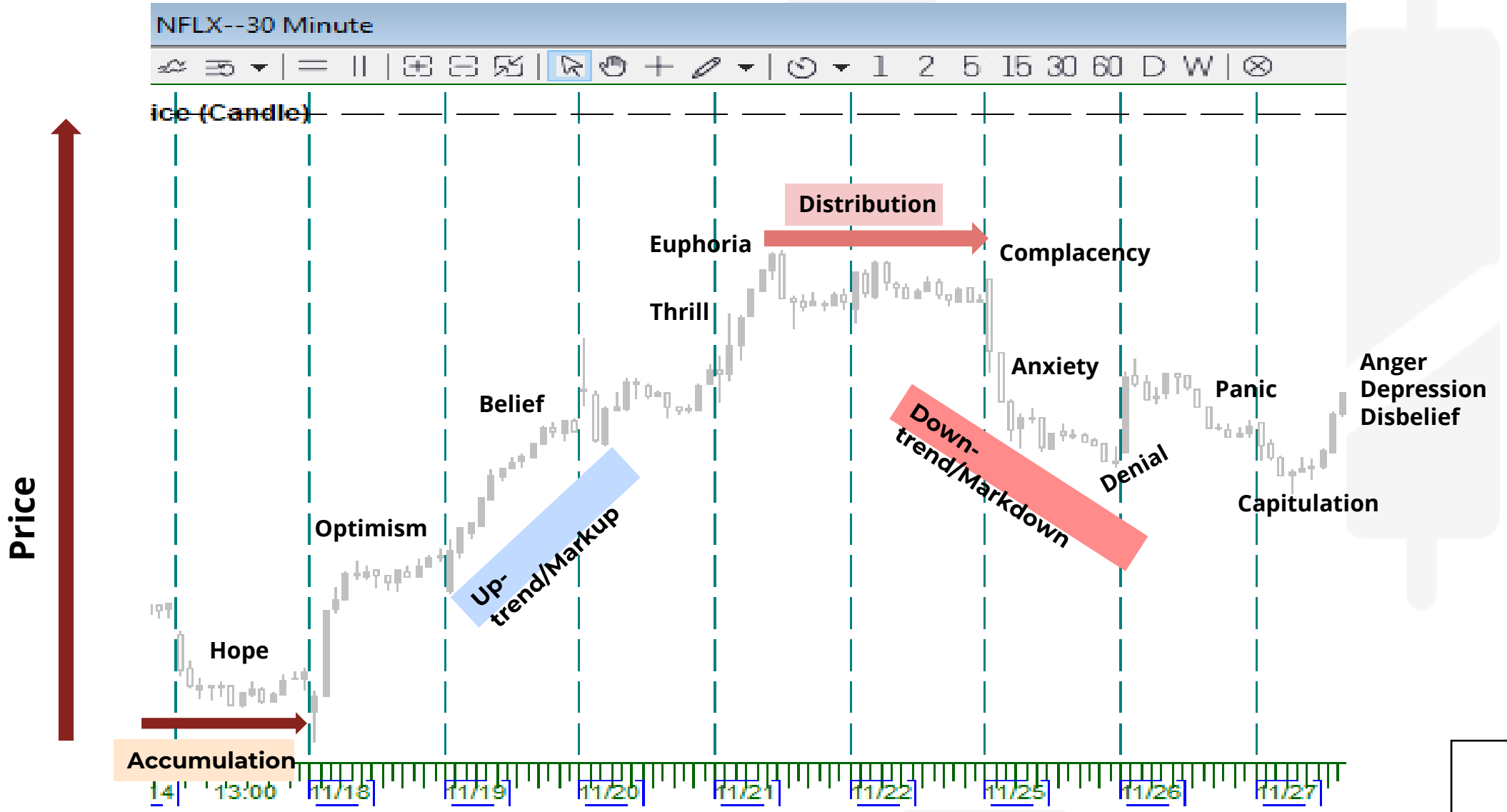


Market phases: Down-trend (mark-down)

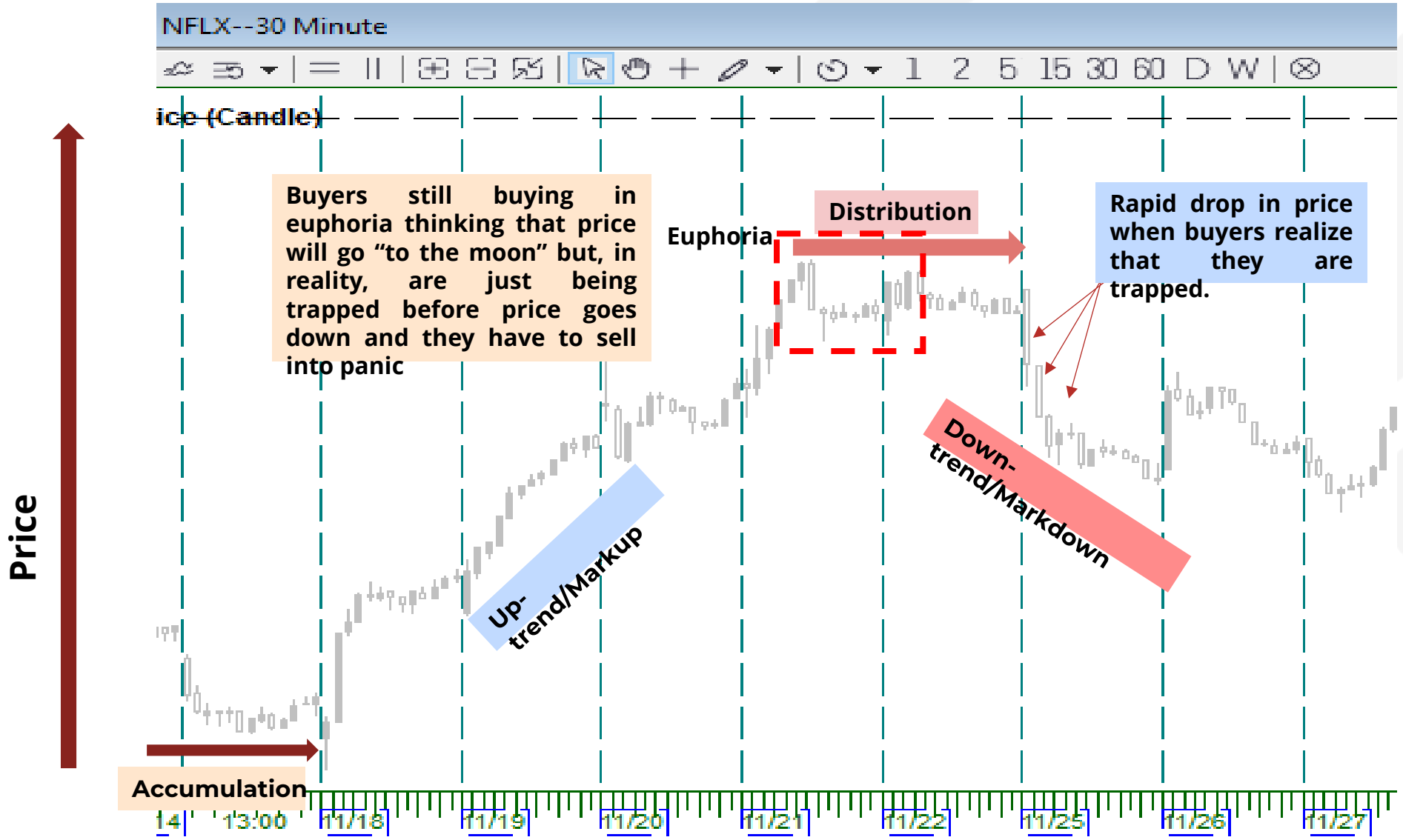


NOTE: Presented price cycle is also known as Wyckoff price cycle.

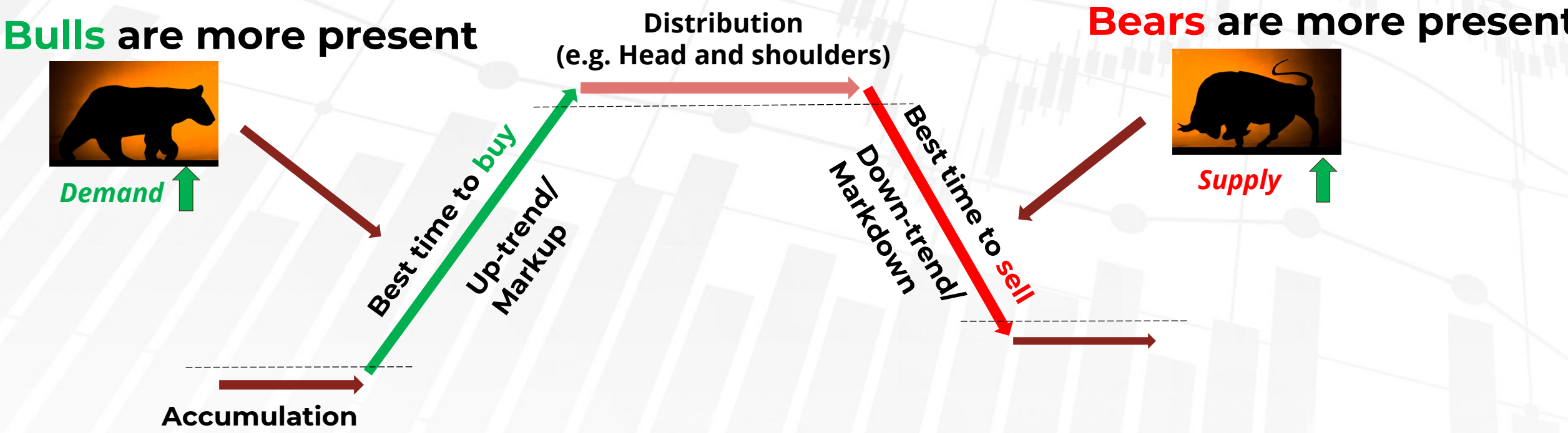
Price cycle is a reflection of the psychology of participants



Introducing idea of “trapped buyers”



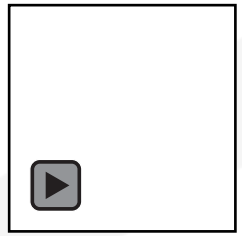
Market phases
(Price movement cycles)



Summary

- Balanced Order book may allow insignificant movements of the price.

- **Accumulation** phase of the price cycle is when large **buyers** are buying chunks of shares to accumulate larger amount prior to price moving higher.
- **Uptrend** (Markup) is phase of price cycle when **Demand** is higher than **Supply**.



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- **Accumulation** and **Distribution** will have price moving in a range.
- Markdown starts when price makes lower high and no new high.