

# **The ABC's of VSA: Subtlety and Nuance**

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# Today's Objectives

1. Finding **nuance** in the charts to help analyze VSA Sequences
2. Showing how failed SOS is actually confirming **weakness**
3. **The mother of all VSA Indicators – Bag Holding: What is it? How to trade it?**

# Nuance

- A subtle difference in or shade of meaning, expression, or sound.

## **Application to VSA**

- Applying a broader meaning to the whole picture
- Apply the meaning and not the exact sequence

# Using the Shorting Set Ups

1. Supply Coming In, Supply Coming In,  
No Demand
2. Possible Hidden Selling, Supply Coming In,  
No Demand
3. Buying Climax, Supply Coming In,  
No Demand
4. No Demand, UpThrust, No Demand

# Move from exact to general

- What do all of these set ups have in common?



# They tell a story

## **The First Indicator**

- We need rising prices
- We need high volume/Ultra high volume
- We need Up Bars with Wide Spreads
- We start the selling/distribution phase

# The Middle Indicators

- The prices rise, but the volume does not
- Effort to push prices up fails
- There is a **mushroom over phase** when prices begin to fall – can be gradual or volatile
- Smart Money is not interested in higher prices

# The Confirmation

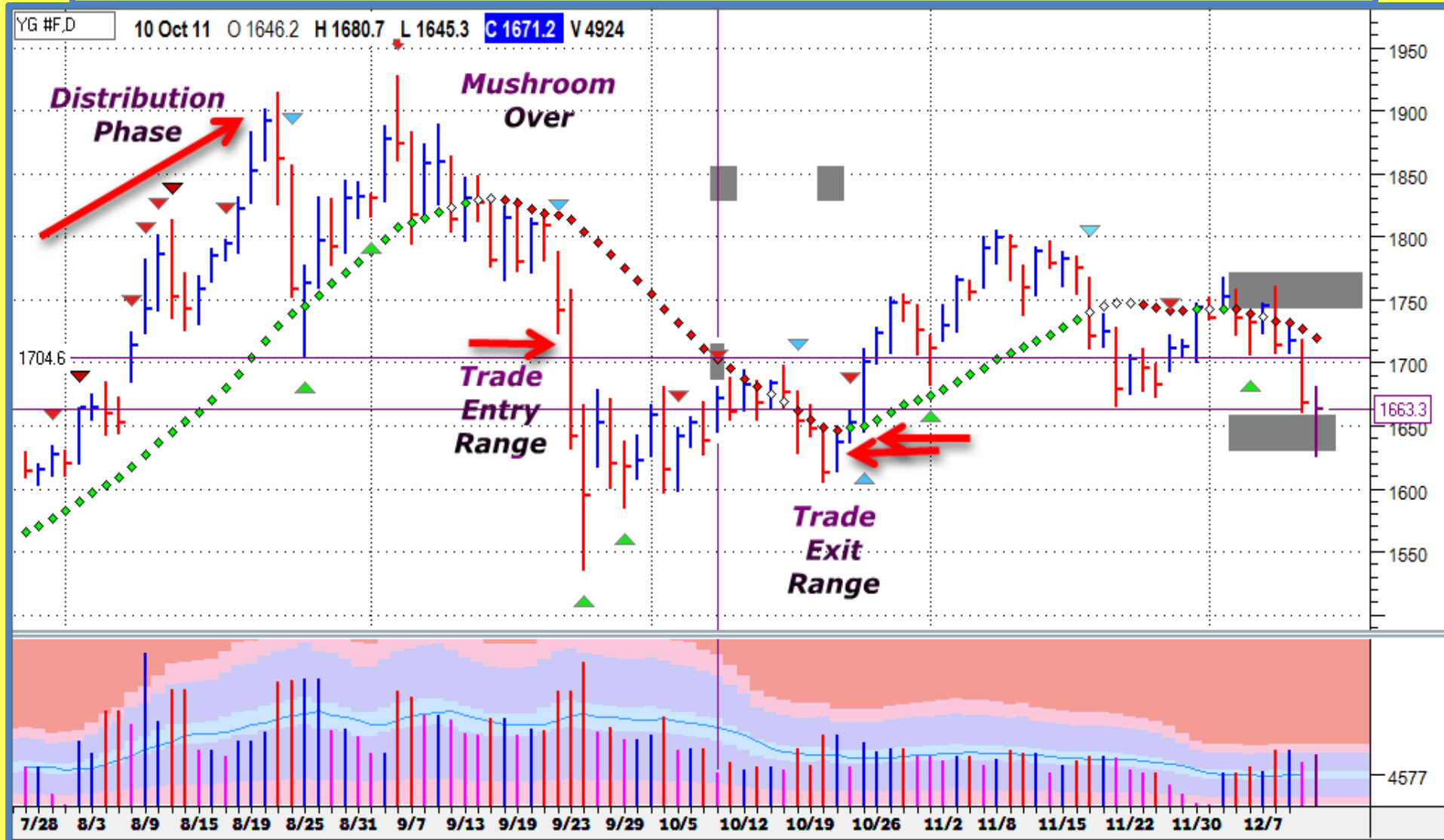
- A failure for prices to rise
- They push up off old tops and come down
- Now in a DOWNTREND
  
- Exact – No Demand bar
- Nuance – Failed Tests, Trap Up Move, widespread down bars slicing through old areas, lower volume



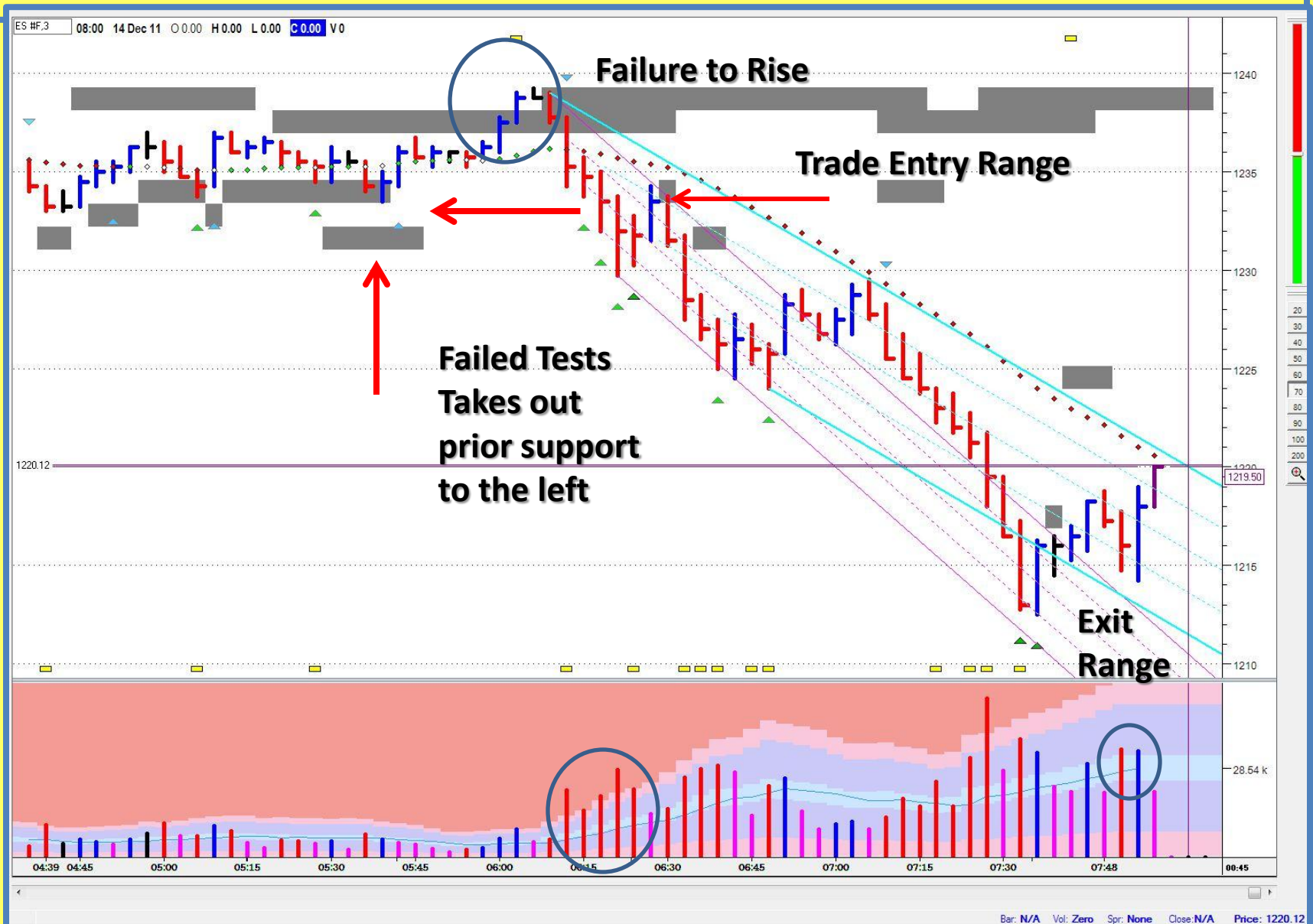
# Example #1 - Exact



# Example #2 - Nuance

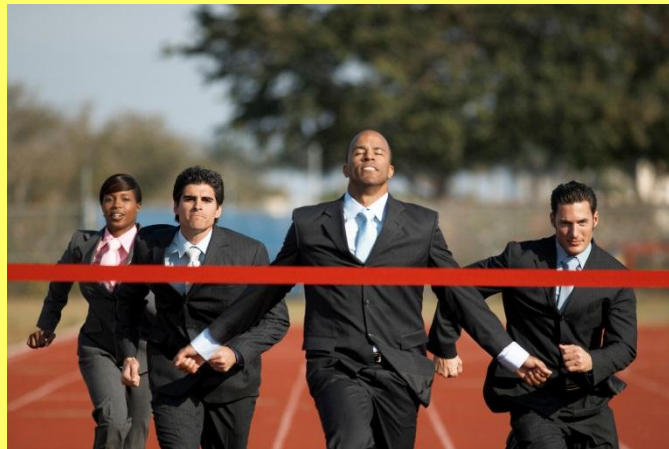


# Example #3 - Nuance



# Take Aways

- Use the Sequence Set Ups as Guidelines
- Picture the chart and what it looks like
- Avoid “It must” or “It has to” thoughts
- Use trend clusters or support/resistance areas
- Trade the Trend

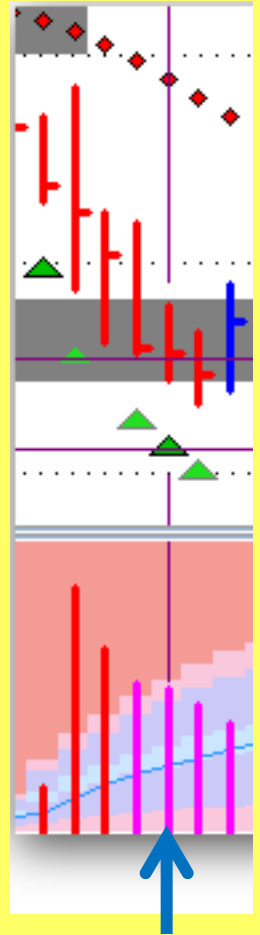


# Bag Holding

- What is it?
- Why are we talking about it?
- How do we trade it?

# What is Bag Holding?

- Narrow Spread
- Down Bar
- Ultra High Volume
- Fresh New Low Ground
- **Rare & Strong Sign**



# What does Bag Holding mean?

- This occurs when the herd panic and unload at rock bottom prices
- The narrow spread = Smart Money absorbing all that unloading by the herd



# Bag Holding - Background

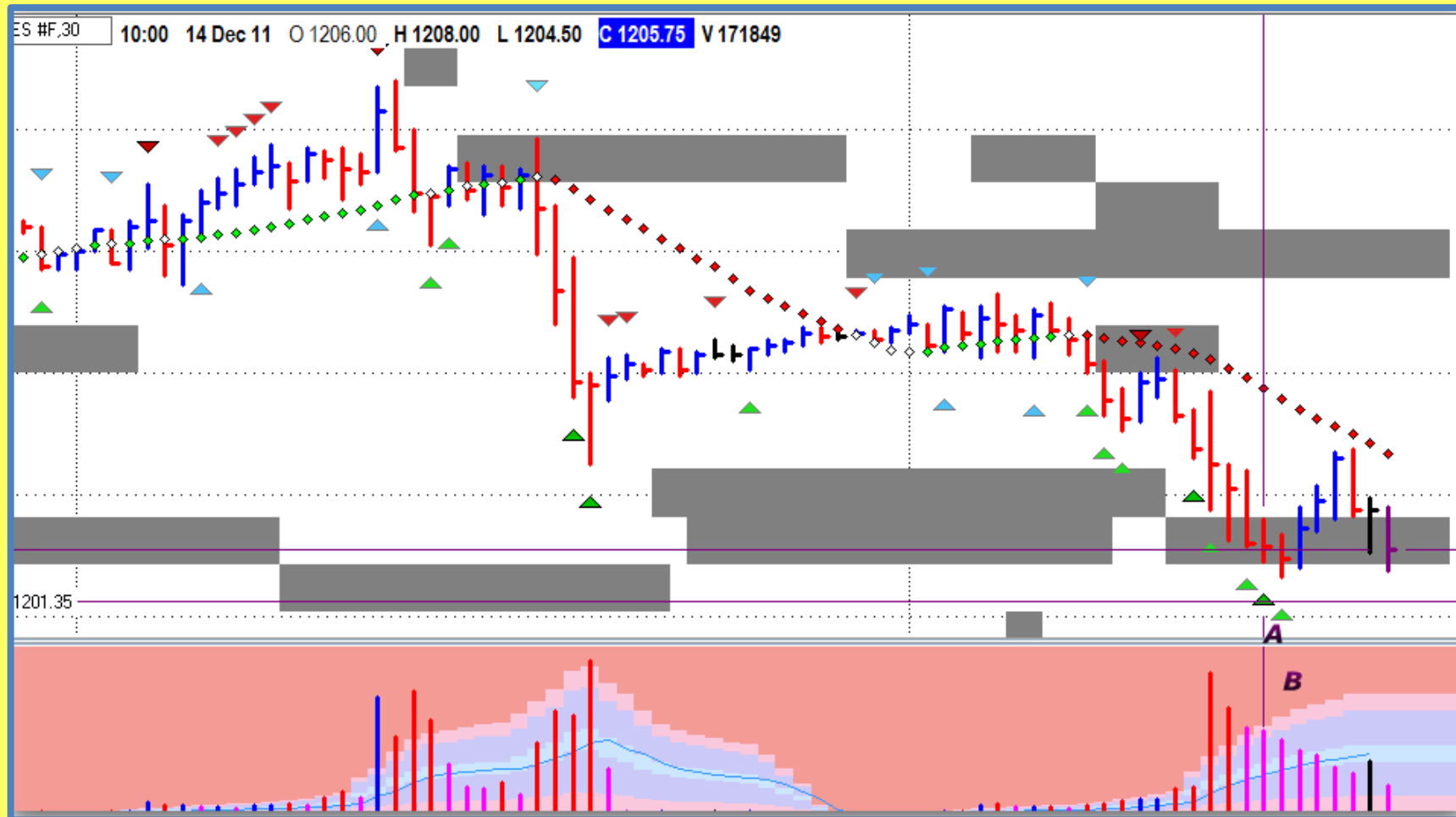
- Must must must have a clear downtrend in place
- This is the stop of falling prices OR
- Demand by the Smart Money overcoming the Supply being sold at bottom prices by the Herd



# Bar A = Bag Holding



# Bar B = No Supply



# Bar C = Strength Coming In



# How to Trade a Bag Holding

- Need to volume to decrease = shows Smart Money has tested all the supply and it's mostly gone
- Look for Shakeouts or Tests back into area of Bag Holding is a very strong Sign of Strength

# Thank you!

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