PSEDYS | TECHNICAL REFERENCE MANUAL V3.0

VOL — Volume

VOL — Volume

Technical Reference Manual v1.0

PSEDYS | Complete Edition
Volume Raw · SMA Volume · Volume Spike · Buy/Sell Volume · Relative Volume · Trend Confirmation · MTF · Bot vs TradingView

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1. What is Volume? Concept

Volume represents the **number of units traded** in a period (a bar). It is the only indicator not derived from price — it reflects **participant activity** (how many and how much they bought/sold).

Basic Principle: Price moves in the long term in the direction where there is the most volume (interest). A price movement without volume = weak, likely false movement.

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2. Types of Volume

Type	Description	Availability
Raw Volume	Total units traded per bar	Any exchange
Buy Volume	Volume on buy transactions (taker buy)	Footprint/CVD
Sell Volume	Volume on sell transactions (taker sell)	Footprint/CVD
Dollar Volume	Volume × Close (value in USD)	Calculated
Tick Volume	Number of transactions (not quantity)	Forex/index

On crypto spot: volume = cryptocurrency traded (BTC, ETH)
On crypto futures: volume = contracts (often in USD or units)

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3. Average Volume and Relative Volume (RVOL)

```
Volume_SMA[i] = SMA(Volume, period)[i]    (standard period=20)

RVOL[i] = Volume[i] / Volume_SMA[i]

RVOL > 2.0: double the average volume → significant spike
RVOL > 3.0: triple the volume → major event
RVOL < 0.5: half the volume → low activity
```

Example:

```
Volume_SMA(20) = 5000 contracts
Current Volume  = 12500 contracts
RVOL = 12500 / 5000 = 2.5 (250% of average) → significant spike
```

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4. Volume + Price Interpretation

Price	Volume	Interpretation
Rising	Rising	**Confirmed bullish trend** — active buyers
Rising	Falling	Weak bullish trend — buying interest weakening
Falling	Rising	**Confirmed bearish trend** — active sellers
Falling	Falling	Weak bearish trend — selling pressure decreasing
Sideways	Rising	Accumulation or distribution (direction unknown)
Sideways	Falling	Disinterest — market without active participants

Volume Climax (Exhaustion):

```
Price rises sharply + extreme volume (RVOL > 5) + next bar = reversal
→ "Selling Climax" or "Buying Climax"
→ Signals exhaustion of buyers/sellers
```

5. Trading Signals

5.1 Volume Spike (Breakout Confirmation)

```
Breakout from range/resistance + RVOL > 2.0:
  → Valid breakout with real participants
  → Entry Long with SL below breakout level

Breakout without volume (RVOL < 1.0):
  → Suspect — possible false breakout
  → Wait for retest or confirmed volume
```

5.2 Volume Divergence

```
Price makes HH but volume decreases compared to previous HH:
  → Buyers weakening at new highs → bearish divergence
  → Confirm with RSI or MACD divergence

Price makes LL but volume decreases compared to previous LL:
  → Sellers weakening at new lows → bullish divergence
  → Possible bullish reversal
```

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5.3 Volume Dry-up (Exhaustion)

```
Volume progressively decreasing on pullback (in bullish trend):
  → Sellers losing interest → pullback on low volume = healthy
  → Entry Long at first sign of increased volume on bullish bar

Volume decreasing at High (in bullish trend):
  → Buyers losing interest at high level → possible top
```

5.4 Combined Filters

```
# Confirm entry with volume
entry_long_confirmed = (
    breakout_signal and
    volume > volume_sma_20 * 1.5 and    # volume 50% above average
    close > open and                     # bullish bar (close > open)
    ema_stack_bullish
)

# Volume spike filter
vol_spike = volume > volume_sma_20 * 2.5  # significant spike

# Volume dry-up on pullback
pullback_healthy = (
    close < prev_high * 0.98 and          # pullback
    volume < volume_sma_20 * 0.7          # low volume (weak sellers)
)
```

---

6. Volume in Different Regimes

Active Trend: Impulsive bars have high volume; pullback bars have low volume (asymmetric volume). Ideal pattern for entries.

Sideways: Relatively uniform volume. Occasional spikes at range extremes = participants testing support/resistance.

Breakout: Volume explodes. RVOL > 3 at breakout = most reliable new trend signal.

Reversal: Volume climax → huge volume bar at extreme + reverse bar = possible reversal.

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7. MTF

Level	Timeframe	Volume Usage
Macro	4H/1D	Large volume bars = major event (accumulation/distribution)
Meso	1H	RVOL > 2 = setup confirmation
Entry	5M	RVOL > 1.5 on entry bar = timing confirmation

MTF volume:

```
1D volume spike (RVOL > 3): major event → structural change
4H increasing volume in trend: healthy trend
5M low volume on 4H pullback: healthy pullback → entry
```

8. PSEDYS — Volume as Confirmation

```
# RVOL calculation
def rvol(volumes, period=20):
    n = len(volumes)
    vol_sma = [None]*n
    for i in range(period-1, n):
        vol_sma[i] = sum(volumes[i-period+1:i+1])/period
    return [volumes[i]/vol_sma[i] if vol_sma[i] else None for i in range(n)]

# Spike detection
vol_spike = lambda v, avg, mult=2.0: v > avg * mult

# Screening
for symbol in screener_symbols:
    if rvol_current[symbol] > 2.0 and price_breakout[symbol]:
        add_to_watchlist(symbol)
```

Volume in PSEDYS screener: RVOL > 1.5 as minimum filter for any generated signal.

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9. Bot vs Exchange Validation

```
□ Volume from GM API: 'volume' field in OHLCV candle
□ Crypto futures: volume = number of contracts (check USD vs coin)
□ RVOL = Volume[i] / SMA(Volume, 20)[i]
□ SMA Volume: window [i-20+1:i+1] including current bar
□ Volume 0: occurs on inactive symbols or weekend gap → exclude
```

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10. Practical Exercises

Exercise 1: Breakout with RVOL = 0.7 — entry?

Situation: BTC/USDT 4H. Close > major resistance (3 months). RVOL = 0.7 (below average volume). Breakout bar = bullish.

Answer: Skip or minimal sizing (25%). Breakout without volume = likely false breakout. Wait for either a retest of resistance as support with confirmed volume, or the next bar with RVOL > 1.5 confirming the breakout.

Exercise 2: Pullback in trend with low volume

Situation: ETH/USDT 4H active bullish trend. 6% pullback over 3 bars with RVOL = 0.4, 0.3, 0.5 (low volume on pullback).

Answer: Healthy pullback — Long entry. Pullback on low volume = sellers lack conviction, buyers temporarily retreat. Ideal pattern for trend entry. Entry on the first bullish bar with RVOL > 1.0. SL below the last significant Low.

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11. Cheat Sheet — Quick Summary

Concept	Value / Rule
Volume SMA	`SMA(Volume, 20)`
RVOL	`Volume / Volume_SMA`
RVOL > 2	Significant spike
RVOL > 3	Major event
RVOL < 0.5	Minimal activity
Confirmed trend	Price ↑ + Volume ↑
Weak trend	Price ↑ + Volume ↓
Valid breakout	Close > resistance + RVOL > 1.5
False breakout	Close > resistance + RVOL < 1.0
Healthy pullback	Price ↓ + Low volume → trend entry
Volume climax	RVOL > 5 at extreme + reversal bar
Bearish divergence	Price HH + Volume LH
Buy/Sell vol	Taker buy/sell → from CVD/Footprint
Error Cause #1	USD vs coin volume (futures)

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