

# TradeFlow™ in an Up Trend on CQG

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**The first article showed** TradeFlow patterns for a market trading in a sideways trend. Now we will show how TradeFlow bars notify traders that buyers are stepping up just as the market is about to rally.

Figure 1 shows an E-mini S&P 500 futures contract using TradeFlow bars, TradeFlow Volume and TradeFlow On-balance Volume line with a 20-bar exponential Moving Average. Figure 2 is a 1-minute chart with volume as a comparison.

In Figure 1, the market is slipping and breaks support at point A, which we see in Figure 1 and Figure 2. Next, the market tests support at 1283.25 bid and 1283.50 offered. In Figure 1, we see that with TradeFlow Bar B, the bar is green and wider than the previous Bid Ask range of 1283.25 bid and 1283.50 offered. The wider bar and nearly all green coloring indicates that the buyers are the aggressors. They lifted more offers than traders hit bids.

**TradeFlow bars give you a better view of what is unfolding in the market than any other charting technique.**

The market then began to advance, and we see three more green bars between 1283.00 and 1284.00. This appraisal of what traders are actually doing, lifting bids or hitting offers, is not available in the 1-minute bar chart shown in Figure 2.

Also, notice that just before TradeFlow Bar B, the TradeFlow Volume (second window in Figure 1) was tracing out a second higher red bar. This indicates that traders hit fewer bids right before the market went 1283.25 bid and 1283.50 offered. In other words, the lower price action failed to attract additional selling and sharp traders lifted offers, which we see in the wider green TradeFlow Bar B.

The market advances, and traces out a trading range, bid 1284.25 and offered at 1284.50. TradeFlow Bar C is one moment when the market went 1284.00 bid and 1284.25 offered. Not one trader hit the bid, but 63 contracts traded up at 1284.25 and the market went back to 1284.25 bid and offered at 1284.50. No one was willing to sell at a lower price. Again, this action in the market cannot be seen looking at a regular bar chart in Figure 2 at point C. In fact, the low volume on the 1-minute bar chart could be bullish or bearish.

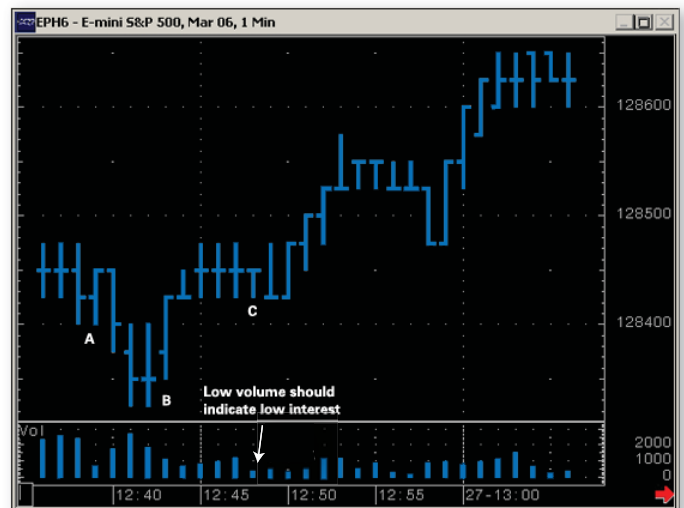
At point D traders started lifting offers again just before the price advanced to a new high for the move. The TradeFlow On-balance Volume line started climbing above the moving average just before the market broke out.

Figure 1 Source: CQG, Inc. © 2007 All rights reserved worldwide. www.cqg.com



E-mini S&P 500 futures contract using TradeFlow bars, TradeFlow Volume and TradeFlow On-balance Volume line with a 20-bar exponential moving average.

Figure 2



E-mini S&P 500 futures contract on a 1-minute chart with volume as a comparison.

## Summary

If the market is in an uptrend, and moves into a trading range, a sign the market may be starting to advance again occurs when traders start lifting offers and the TradeFlow bars turn green. Also, traders may hit bids, but there will not be any follow-through selling. TradeFlow bars give traders a better view than any other charting technique of what is happening in the market. ■

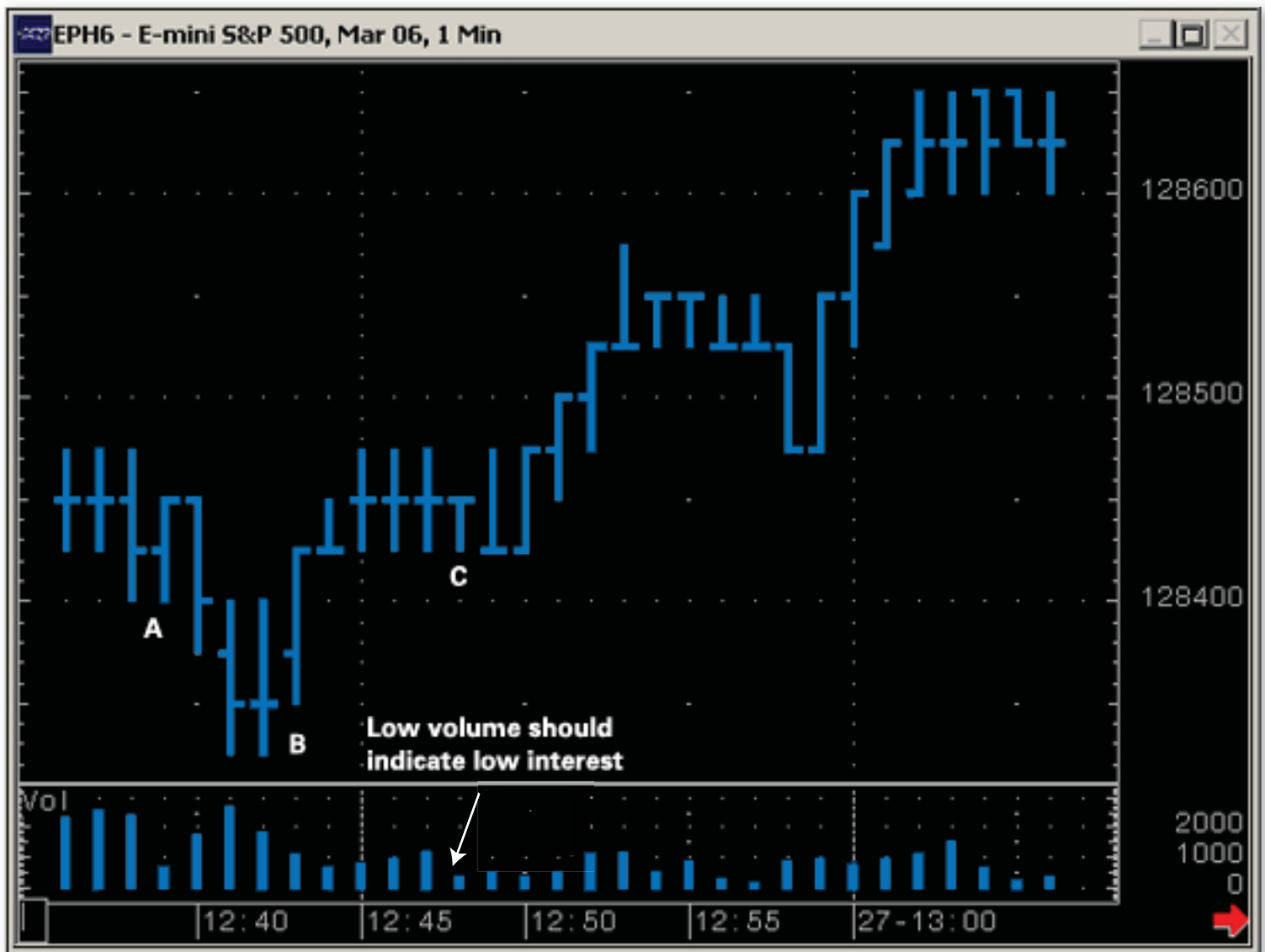
The following are full page views of the screen captures for your reference.

Figure 1

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