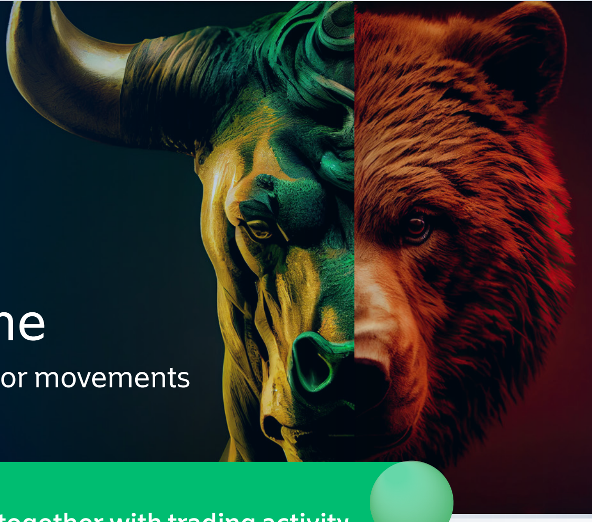
momentum
securities



Price and Volume

Primary, secondary and minor movements

GUIDE 3
Reading market direction together with trading activity

Price tells you what the market is doing. Volume adds context by showing the level of trading activity behind that movement. Read together, these two data points can help you assess whether participation is supporting an established trend.

Price first, volume second

1 Read the price
Establish whether the instrument is rising, falling or moving sideways.

2 Review the volume
Observe whether trading activity is increasing, decreasing or remaining broadly stable.

3 Compare the two
Consider whether volume supports the price movement or sends a different signal.

Core principle:

Price remains the primary data point. Volume is best used as confirmation, not as a standalone decision rule.

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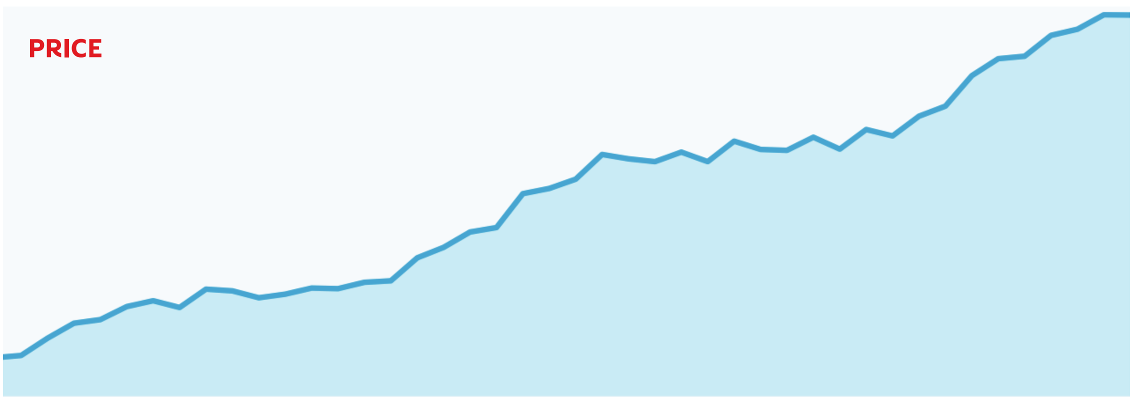
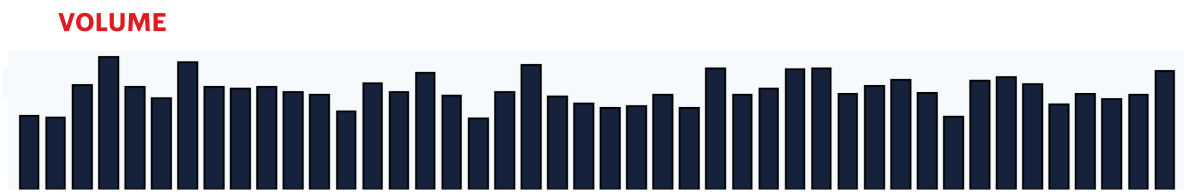
1. Price: The primary data point

Price records the market's movement over time. Begin by identifying its direction and structure before introducing a supporting indicator.

Price is the primary data point





1 Establish direction

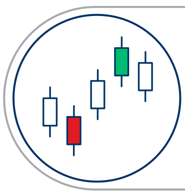
Is the overall path rising, falling or sideways?

2 Mark turning points

Identify the clearest peaks and bottoms.

3 Keep the timeframe consistent

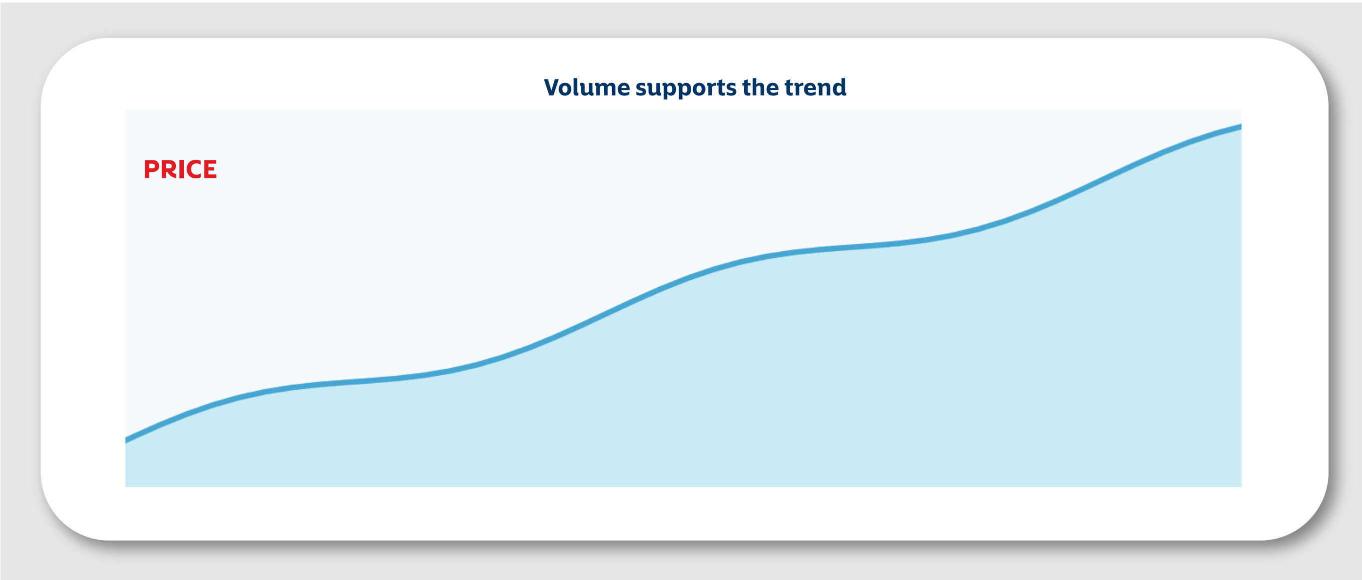
Compare price and volume over the same chart period.



Start with what happened:
Price is the direct record of the market movement shown on the chart.

2. Volume: evidence of participation

Volume reflects the amount of trading activity in the underlying instrument. In a rising trend, improving volume may provide additional support for the price move.



1 Observe the trend

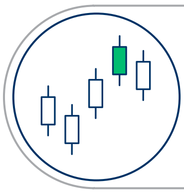
Confirm that price is advancing.

2 Check participation

Look for an increase in trading activity as the trend develops.

3 Seek alignment

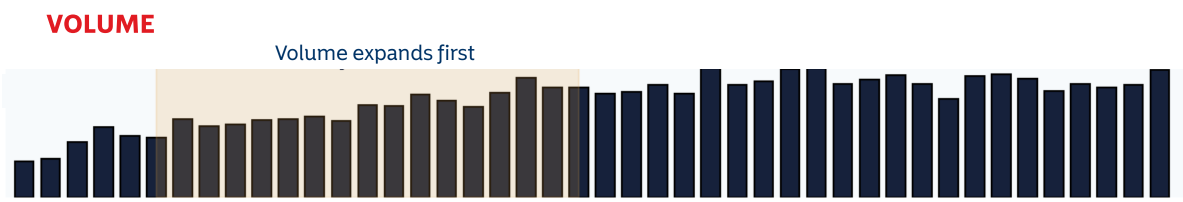
Rising price accompanied by improving volume can strengthen the chart evidence.



Confirmation, not certainty:
Volume can support a trend interpretation, but no single indicator guarantees that the trend will continue.

3. When volume moves before price

The source material introduces the principle that volume can precede price. In practice, expanding activity before a price response may be worth monitoring as an early signal, but it still requires confirmation from subsequent price behaviour.



1 **Spot the change in activity**

Identify a clear expansion in volume.

2 **Check the price response**

Determine whether price has started to move in the same direction.

3 **Wait for confirmation**

Use subsequent price action to test whether the early signal develops into a meaningful move.

Stay evidence-led:
An increase in volume alone is not proof that price will rise. Treat it as information to monitor.

A practical price-and-volume routine

1 Select the instrument and timeframe
Use the same period for both price and volume.

2 Classify the price trend
Up, down or sideways?

3 Describe the volume direction
Increasing, decreasing or broadly stable?

4 Assess confirmation
Does trading activity support the price trend?

5 Note divergence
If price and volume do not align, record the difference and wait for further evidence.

Quick reference

Price behaviour	Volume behaviour	How to interpret
Rising	Improving	Volume supports the rising trend
Rising	Weakening	The trend has less volume confirmation
Stable	Expanding	Monitor price for a subsequent response

Remember:
Interpret price and volume as a relationship. Avoid drawing a conclusion from either data point in isolation.