Reading the Session

A handbook of intraday market structure — what the board shows, why it carries information, and how to practise it.

Most trading education teaches patterns. This teaches organisation: how a stock exchange actually discovers a price, why some prices are remembered and others forgotten, and what the first five minutes of a session can and cannot tell you. Every idea here is one you can verify yourself on a replay, which is the only kind worth having.

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PART ONE — WHY THIS IS HARD

01

The market moves once

Every other skill lets you rehearse. Trading gives you one live take, every morning.

A surgeon operates on cadavers before patients. A pilot logs hundreds of hours in a simulator before carrying passengers. A musician plays a passage two hundred times before performing it once. In every serious discipline, the expensive thing is practised cheaply first, many times, until the expensive version is almost boring.

Trading has no such tradition. The market opens, it moves once, in real time, and you are asked to decide while it is moving. There is no second take. Worse, the feedback is delayed and noisy: a good decision can lose money and a careless one can make it, so you cannot even reliably tell which of your decisions were sound. Experience accumulates, but slowly and expensively, and much of what accumulates is superstition.

The one-take problem

Consider what actually happens in a live session. Price is moving. You are simultaneously trying to read what it means, decide what to do, manage what you already hold, and control the physical sensation of money changing value. Understanding usually arrives afterwards — at four o'clock, calmly, when it is useless.

This is not a discipline problem. It is a structural one. The moment of understanding and the moment of decision are forced into the same instant, and they need different conditions. Understanding needs time and repetition. Deciding needs speed. Live markets will only ever give you the second.

> *Separate the two, and both get easier. That is the entire argument for replay.*

What a replay actually changes

A replay is not a chart of a past day — you can get that anywhere, and it teaches almost nothing, because a completed chart shows you the answer. Hindsight makes every turn obvious and every level look decisive. Studying finished charts mostly trains you to recognise things that were only knowable afterwards.

A replay is different in one specific way: the future is hidden. The session unfolds at whatever speed you choose, with everything that was knowable at 09:20 visible at 09:20, and nothing that came later. You can stop. You can say out loud what you think happens next. Then you roll it and find out.

That single property — being wrong, cheaply, with a record of having been wrong — is what turns watching into learning. A trader who has been wrong two hundred times on replay and knows why has something a trader with two hundred live sessions usually does not: a calibrated sense of their own reading.

> **HOW TO USE THIS BOOK**
>
> Each chapter explains one idea and what it looks like on a board. None of it is a strategy, and none of it tells you what to do. It tells you what you are looking at, which is the part most people skip and then spend years paying for.

PART ONE — WHY THIS IS HARD

02

Price is not value

The two words are used interchangeably by almost everyone. Keeping them apart is the beginning of reading a session.

A price is one number, agreed by one buyer and one seller, for one instant. It is a fact, and it is very nearly useless on its own. The last traded price of a stock tells you what the most recent pair of participants agreed — nothing about whether anybody else agrees, or whether the price will survive contact with the next hundred participants.

Value is different. Value is the region where a great deal of business actually got done: where buyers and sellers, in size, over time, kept finding each other. It is not one number but an area, and it is discovered rather than declared.

Why the distinction is not academic

A session's high and its low are both prices, and both are outliers by construction — the extremes are exactly where the fewest participants agreed, which is why the market turned around and left. Between them sits the price the stock kept returning to, where the volume actually happened. That region carries far more information than either extreme, and almost every chart draws your eye to the extremes instead.

A prepared board before the session runs. Yesterday sits on the left; today's pane is empty because it has not happened yet. Every line was drawn from the previous session, before this one opened.

Once you separate price from value, a whole class of questions becomes askable. Is price near value or far from it? Is it returning to value or leaving it? Has value itself moved since yesterday? None of these questions have automatic answers, but they are the right questions, and a trader who is asking them is doing something different from one watching a line wiggle.

> *Price tells you where the market is. Value tells you where the market has been willing to do business. The distance between them is the day's tension.*

PART TWO — THE OPENING AUCTION

03

Before the bell

The opening price is not traded. It is agreed, by a mechanism most traders have never looked at.

On the National Stock Exchange, the continuous session begins at 09:15. But the day begins earlier. Between 09:00 and roughly 09:08, the exchange runs a pre-open call auction: orders are collected — placed, modified, cancelled — but nothing is matched. No trade occurs. The order book simply fills up.

The exchange then closes collection at a randomised moment between 09:07 and 09:08 — randomised precisely so nobody can time the final instant — matches the book, and computes one number: the price at which the greatest quantity of shares can change hands. That is the equilibrium price, and it becomes the day's opening price.

Why this matters more than it sounds

The opening price is therefore a negotiated result, not a transaction between two willing parties in the ordinary sense. It is the market's collective overnight opinion, resolved by arithmetic. Every participant who wanted to be involved before the bell has expressed themselves in that one number.

This has a consequence people rarely think through. At 09:15:00, the market has already told you something — but it has told you an opinion formed in the dark, without price discovery, by people reacting to news, to overnight markets, to positions they wanted out of. Nobody has yet had to defend that opinion against a live market.

> *The auction is what everyone agreed to overnight. It is not yet what anyone is willing to do about it in daylight.*

A call auction exists to solve a real problem: without one, the first minutes of a session are chaotic, and the opening print can be set by whoever happens to be fastest rather than by genuine supply and demand. The auction compresses overnight information into a single fair-ish number and hands the continuous session a sane starting point. It is a good mechanism. It is also, for the purposes of reading a day, an opinion rather than evidence.

PART TWO — THE OPENING AUCTION

04

The first tick

Between the auction price and the first real trades lies the day's first piece of genuine information.

At 09:15 the continuous market opens and, for the first time, somebody has to actually pay. The auction produced a number; now the tape produces transactions. The distance between the two is small, brief, and more informative than almost anything else that happens in the first hour.

If the tape immediately trades away from the auction price, some set of participants disagreed with the overnight consensus strongly enough to pay to say so. If it holds near the auction price, the consensus is being confirmed by people spending real money. Either is useful. Neither is a direction.

A disagreement, not an instruction

This is the most commonly abused observation in intraday trading. A gap between the auction and the early tape is read as a signal — the market is 'strong', the market is 'weak' — and traded accordingly. But a disagreement resolves in both directions. Sometimes the tape is right and the auction was stale; sometimes the auction was right and the early tape is a handful of impatient participants who will be faded within minutes.

The previous day's average, highlighted. Where the stock opens relative to lines like this one is the first question of the session — not because the line predicts anything, but because it tells you whether the day is starting inside or outside recent value.

What you can say honestly is this: a large early disagreement means the day begins unsettled, and an unsettled day resolves somewhere. That is a reason to pay attention, not a reason to act. The reason to learn to read it is that the resolution usually happens within the first hour, and if you were not watching you will spend the rest of the day guessing.

> **WHAT TO WATCH ON A REPLAY**
>
> Stop the tape at the open. Note the auction price. Then run one minute and note where the tape actually went, and on how much volume. Do that on twenty sessions and you will have a feel for your stock that no amount of reading provides.

PART TWO — THE OPENING AUCTION

05

The opening range

The first period of a session sets a frame the rest of the day is measured against.

Market Profile practitioners call the first hour the initial balance: the range established while the day's early participants sort themselves out. Shorter-horizon traders use the first five, fifteen or thirty minutes and call it the opening range. The exact window matters less than the idea, which is that early trade establishes a frame.

The frame is useful because of what happens at its edges. A session that spends the whole day inside its opening range is a different animal from one that leaves the range in the first hour and never returns. The first is a market that has found agreement quickly. The second is a market where the early consensus was wrong and is being repriced.

Day types, briefly

Profile traders classify sessions — trend days, normal days, neutral days, double distributions — and the taxonomy can be taken too seriously. The durable insight underneath it is simpler: sessions come in a small number of shapes, and the shape is usually apparent well before the close.

- A day that leaves its early range decisively and keeps going is being driven by participants with a longer horizon than the intraday crowd.
- A day that keeps returning to the middle of its early range is one where nobody with size is in a hurry.
- A day that leaves the range and immediately comes back has told you the move was not supported — that failure is itself information.

You are not trying to predict which shape a day will take. You are trying to notice which shape it has taken, earlier than you did last month. That is a skill, it is learnable, and it is learnable much faster on replay than live.

PART THREE — VALUE

06

Where a stock spends its time

Auction Market Theory, and the single idea from it that changes how you read a chart.

In the 1980s a Chicago Board of Trade floor trader named J. Peter Steidlmayer formalised something the pit had always known informally. Price, he argued, told you almost nothing on its own — but time spent at a price told you a great deal. A market that trades at a level briefly and leaves has rejected it. A market that trades there repeatedly, over hours, has accepted it. Working with Kevin Koy, he published this as Market Profile in 1984–85.

The framework underneath is Auction Market Theory, and its premise is that a market is an auction running continuously in two directions. Price moves up to find sellers and down to find buyers. When it finds them in size, it slows and does business. When it cannot, it keeps travelling. Everything a chart shows you is the residue of that search.

Value area and point of control

Two terms are worth knowing because you will meet them everywhere. The value area is the price band containing roughly seventy percent of a session's activity — the region where the market did the bulk of its business. The point of control is the single price with the most activity: the level the session kept coming back to.

> *The extremes tell you where the market went. The value area tells you where it agreed.*

You do not need a profile chart to use the idea. Any honest measure of where a session concentrated its trade will do, and a well-built board gives you one. What matters is that you stop treating yesterday's high and low as the important numbers, and start treating yesterday's centre of gravity as the important number.

Reading distance

Once you have that centre, the useful question is distance. A stock trading well above where it spent yesterday is somewhere it has not recently agreed to be. One of two things must eventually happen: either the new area attracts real business and becomes value, or it does not and price returns. Both outcomes are common. Neither is predictable from the distance alone.

What the distance does tell you is how much is at stake. A day opening inside yesterday's value is a day where very little has changed. A day opening far outside it is a day where something has, and the session will be spent finding out whether it sticks.

07

Two days of value

One session's centre is a fact. Two sessions' centres are a direction.

A single day's value area tells you where business was done yesterday. It says nothing about whether that is where business has been drifting. Add the day before, and you have something better than a level: you have a rate of change.

The same board with the day-before-that average highlighted. Two days of value, read together, say whether the region where business gets done has been moving up, down, or not at all.

If value yesterday sat higher than the day before, the region where participants are willing to transact has migrated upward — slowly, by agreement, not by a spike. That is a different statement from 'the price went up'. Price can rise while value stays put, which is the signature of a move nobody has confirmed.

Migration versus excursion

This distinction is worth sitting with. A stock can make a large price excursion — a fast run to a new high — while the bulk of its trade remains where it was. When the excursion ends, price has nowhere to be except back where the business is. Conversely, a stock can grind sideways while value quietly migrates, and that grind is often more meaningful than the spike everyone noticed.

Two averages, two days. Read together they answer one question: has the market been changing its mind, or merely fidgeting? Most days, it is fidgeting. The days when it is genuinely changing its mind are the ones worth having recognised.

PART THREE — VALUE

08

Magnets and corridors

Price does not travel at a constant speed through the range. It lingers in some places and runs through others.

If you tally how much trade happened at each price over a period, the picture is never flat. Some prices accumulate enormous volume. Others are barely touched — price passed through them on the way to somewhere else. These are often called high-volume and low-volume nodes, and the distinction has a practical reading.

- A price where a lot of business was done is a place both sides have historically been willing to transact. Price returning there tends to slow down, because there are participants with positions and opinions at that level.
- A price where almost no business was done is a corridor. There is nobody there. Price crossing such a region tends to cross it quickly, because there is nothing to slow it.

> *Thin regions are travelled. Thick regions are contested. That is most of what a volume distribution is telling you.*

Why this is not a prediction

It is tempting to convert this into a rule: buy at the high-volume node, expect acceleration through the low-volume gap. Resist it. The distribution describes where business happened, in the past, under conditions that may no longer hold. A heavy node from three weeks ago in a stock that has since had results is a historical curiosity, not a magnet.

The honest use is expectational rather than directional. If price is entering a thin region, expect movement to be faster and stops to be less reliable. If price is entering a thick one, expect it to slow, and expect more two-way trade. Neither tells you which way it will go. Both tell you what the next few minutes are likely to feel like, and being unsurprised is worth a great deal.

09

Levels are memory

Support and resistance are not walls. They are places where the market stopped, once, and everybody saw it.

The standard explanation of support and resistance is that there are buyers waiting at one price and sellers at another. Sometimes that is literally true. More often the mechanism is reflexive: a level matters because a great many participants watched the market stop there last time, and are now watching to see whether it stops again.

Support and resistance drawn from the previous session, highlighted against the live day. Both were computed from what the market actually did — the price where selling stopped, and the price where buying stopped — not drawn by eye to fit a story.

This matters because it tells you what kind of thing a level is. It is not a physical barrier. It is a shared reference point: a place where enough people have the same question that their collective answer becomes the event. The level does not hold or break of its own accord. Participants hold it or break it, and the level is just where they have agreed to have the argument.

Drawn, or derived?

A level you drew by hand, choosing the touch points that suited you, tells you mostly about yourself. A level derived from what the session actually did — the price where an established move stopped, the extreme that held — is at least an observation about the market. Everyone looking at that session saw the same moment.

This is the difference between a level being a reference and being a rationalisation. If you can only find the level after price has reacted to it, you have not found a level; you have found a memory of a reaction.

> *A level is a question, not an answer. The answer arrives when price gets there, and not before.*

PART FOUR — LEVELS

10

Acceptance and rejection

When price arrives at a level, only two things can happen, and both are informative.

Arriving at a level is not the event. Every level gets reached eventually. The event is what happens in the minutes after arrival, and it takes one of two forms.

Rejection: price touches the level, trade there is thin or brief, and it leaves. The market has looked at that price and declined to do business. The level held — this time, for now, for reasons that may or may not persist.

Acceptance: price reaches the level and then trades there. Volume accumulates. Time passes. The market is doing business at a price it previously refused, which means something has changed about who is willing to transact and at what.

Time is the tell, not the touch

This is why Steidlmayer's insight was about time and not price. A single print through a level tells you nothing — one impatient participant can produce it. Sustained trade beyond the level tells you a great deal, because sustained trade requires two willing sides, repeatedly, at a price that was previously contested.

> **THE PRACTICAL VERSION**
>
> Do not ask 'did it break the level'. Ask 'is it doing business beyond the level'. Those are different questions and they often have different answers, especially in the first minutes after a touch.

Both outcomes are common. A trader who has watched a hundred arrivals on replay has a feel for the difference between a probe and an acceptance that cannot be written down as a rule, and is worth more than any rule. That feel is the actual skill. Everything in this book is scaffolding for acquiring it.

PART FIVE — THE LAST LEG

11

Yesterday ended with a move

Most charts hand you a closing price. The close is the end of a sentence — and the sentence is the information.

Ask a trader where a stock closed and they will give you a number. Ask what the stock was doing when it closed and they usually pause. Yet the second question is far more useful, and the answer is sitting in plain view on any intraday chart.

A session does not end at a random price. It ends with a move: a final sustained leg that began somewhere, ran some distance, and stopped. That leg is the most recent thing the market did with conviction. Everything earlier in the session has been superseded by it.

> *The close is a number. The last leg is a sentence. Today opens into the sentence, not the number.*

Why recency dominates

Markets are made of participants with positions, and positions are recent. The people who bought during the last hour of yesterday are the ones with live opinions, live risk, and live reasons to act this morning. The people who traded at ten o'clock yesterday have mostly gone. An average over the whole session dilutes the recent, active participants into a crowd that has largely dispersed.

This is not an argument against averages — chapters six and seven exist for a reason. It is an argument for reading them alongside something recent. A day's value tells you where business was done. The last leg tells you what the market was doing when the bell rang, and who is still holding the consequences.

Reading the leg itself

Three things about a final move are worth noting, and none of them require a formula: where it began, how far it travelled, and where it stopped relative to the session's range. A leg that ran hard into the close and finished at its extreme is a different statement from one that ran and then gave half of itself back in the final minutes.

Note also that a hard close is ambiguous by nature. It can mean genuine demand that ran out of time — the move continues in the morning. It can equally mean exhaustion: the last participants who were going to act have acted. Both look identical on a closing chart. Distinguishing them is a skill built by watching many of them resolve.

12

Continuation and contradiction

A new session either continues yesterday's sentence or contradicts it. Recognising which, early, is most of the first hour.

If yesterday ended with a sustained move in one direction, today's open is a response to it. The response is not free — the participants holding positions from that move are watching the same open you are, and their behaviour is part of what you are reading.

Continuation looks like this: the day opens in the direction of the closing move, early trade holds there, and the region where business gets done shifts further along. The market has picked up the sentence where it left off.

Contradiction looks like this: the day opens against the closing move, or opens with it and immediately fails to hold. The participants who acted late yesterday are now offside, and their exits become the morning's supply or demand.

Why the failed continuation is the most instructive day

Of the two, the second is more valuable to study, because it is where most money is lost. A stock that closes strongly and opens strongly and then fails has trapped everyone who read the close as an instruction. The tape gives its warning early — the failure to hold is visible well before the damage — and learning to see that warning is worth more than learning to spot the continuation.

> **AN HONEST EXAMPLE**
>
> A large Indian consumer stock opened above its previous day's average and above its resistance, on nineteen times its usual opening volume, and the first candle was green. Everything a breakout reader is taught to want. It ran further, then spent the rest of the session giving all of it back and closed below both lines. The confirmation everyone waits for was present. It still was not an answer.

Days like that are the reason this book keeps refusing to turn observations into rules. The observations are real. The conversion into 'therefore buy' is where the money goes.

PART SIX — VOLUME

13

Effort and result

Richard Wyckoff's oldest idea, and still the most useful thing anyone has said about volume.

Richard Wyckoff, writing in the 1920s and 30s, framed volume and price as effort and result. Volume is the effort expended. The price movement that follows is the result achieved. In a healthy move the two are in proportion: large effort produces large result.

The insight is in the exceptions. When effort and result disagree, something is absorbing the effort — and whatever is absorbing it is not visible on the chart, which is precisely why the divergence is worth noticing.

The two disagreements

- Large volume, small movement. Enormous effort has produced almost nothing. Someone is meeting that effort with equal and opposite size. In Wyckoff's language the move is being absorbed, and absorption near the end of a trend is the classic warning.
- Small volume, large movement. Price has travelled a long way on very little participation. Nobody had to be convinced because nobody was there. Such moves are structurally fragile — not wrong, but unsupported.

> *Effort without result means someone is on the other side in size. Result without effort means nobody is on either side.*

Volume Spread Analysis

The tradition that grew out of Wyckoff — Volume Spread Analysis, associated with Tom Williams — reads each bar as a relationship between three things: the volume, the range of the bar, and where it closed within that range. A wide bar closing at its high on heavy volume says one thing. A wide bar closing in the middle on heavier volume says something quite different — the effort was met.

You do not need the full vocabulary of VSA signal names to use this. You need the habit of asking, every time volume expands: what did it achieve? A market that spends a great deal of effort and gains no ground has told you something about who is standing there.

PART SIX — VOLUME

14

A stock against its own crowd

Absolute volume is nearly meaningless. Relative volume is where the information lives.

Four million shares is a large number in one stock and a rounding error in another. Even within one stock, four million at the open is ordinary and four million at two in the afternoon is extraordinary. Absolute volume, quoted without context, is one of the most misleading numbers on a screen.

What carries information is volume relative to that stock's own recent behaviour, at that time of day. A stock trading three times its usual opening volume is telling you that unusual numbers of participants have arrived — which is a fact about participation, and a strong one.

The session's volume-weighted average price, highlighted. Volume is not only a measure of interest; it is the weight in the average that institutional execution is judged against.

What heavy participation does and does not mean

Heavy relative volume means the day is being decided by more people than usual. It does not mean the decision will go the way the early move suggests. This is the trap: unusual volume feels like confirmation, and is often quoted as such, but it is confirmation only that something is happening — not of what.

The most useful pairing is relative volume with the effort-and-result question from the previous chapter. Heavy volume plus sustained movement is a market being repriced. Heavy volume plus a stalled price is a market where someone large is quietly taking the other side. The volume number alone cannot tell those apart, and reading it alone is how people end up buying the top of a distribution.

PART SIX — VOLUME

15

When effort produces nothing

The stall on heavy volume is the single most useful pattern in this book, and the least discussed.

Picture a stock climbing steadily. Volume expands. The bars get wider. Then a bar arrives with the heaviest volume of the session so far — and it barely moves. It closes in the middle of its own range, or gives back most of its gain.

Everything about the first half of that description says strength. The last sentence contradicts it entirely. A very large number of shares changed hands and price finished roughly where it started, which means for every eager buyer there was a seller of equal size willing to meet them.

Who is on the other side

Somebody with size and patience is filling a large order into the enthusiasm. They are not chasing; they are being paid to supply. In Wyckoff terms this is distribution — and its signature is exactly this mismatch between effort and result near the end of a move.

> *The market rarely announces a top. It announces that a great deal of effort has stopped producing progress, which is as close as it gets.*

The mirror image happens at lows: heavy volume, a long tail down, and a close back near the top of the bar. Enormous selling met by enormous buying, with the buyers finishing in control of the price. Wyckoff called it stopping volume.

Neither pattern is a signal to act, and neither works in isolation. Both are reasons to stop assuming the move continues — which, in a discipline where most losses come from assuming exactly that, is worth a great deal. And both are learnable purely by watching, which is what a replay is for.

PART SEVEN — REFERENCES

16

The benchmark everyone is measured against

VWAP is not an indicator. It is how large institutions are graded, which is why price behaves around it.

The volume-weighted average price is exactly what its name says: the average price of the session, weighted by how much traded at each price. What makes it structurally important has nothing to do with technical analysis.

When a pension fund buys half a million shares, the execution cannot happen in one print without moving the market against itself. It is worked over hours, and the quality of that work is judged against the session's VWAP. A buy filled below VWAP is a good execution. Above it is a poor one. Careers are measured this way.

Why a benchmark becomes a magnet

Because of that, every large brokerage runs VWAP execution algorithms, and an enormous quantity of institutional order flow is actively trying to fill near that line. The behaviour around VWAP is therefore not superstition — it is the mechanical consequence of how large orders are graded.

> *Most lines on a chart matter because traders watch them. This one matters because institutions are paid according to it.*

The retail reading follows: price above VWAP means the average participant who bought today is in profit; below means they are not. That changes how people behave — comfortable holders sit still, uncomfortable ones look for exits — which is why the line influences a session even for traders who never plot it.

What it is not

VWAP is not support, and it is not a signal. It is an accounting fact about the session that happens to influence the session. Price crosses it constantly on quiet days and ignores it entirely on trending ones. Treating it as a line that 'holds' is a category error, and an expensive one.

PART SEVEN — REFERENCES

17

What stretched means

To say a move is large, you need something to measure it against — and the something has to be current.

'The stock is up two percent.' Compared to what? Two percent is an ordinary morning in a small-cap and an event in a large one. It is unremarkable on results day and remarkable on a quiet Tuesday. The number alone is not a measurement; it is half of one.

A moving reference price, highlighted. A line like this does not say what a stock is worth. It gives you something current to measure distance from, so that 'far' and 'near' mean something specific rather than something felt.

A useful reference has two properties. It must be current — a line computed from last month cannot tell you about this morning. And it must be independent of the thing being measured — a reference that simply follows price cannot tell you when price has run away from anything.

Learning a stock's normal

Here is the part that cannot be shortcut. Every stock has its own relationship to its references. Some routinely travel a long way from any reasonable centre and come back. Others almost never leave, and when they do, the move continues. There is no universal number for 'stretched'.

This is not a defect in the tooling. It is a fact about markets, and it has a direct consequence for how you should spend your time: knowledge of one stock's behaviour does not transfer cleanly to another. Depth beats breadth. A trader who genuinely knows six stocks has something a trader who superficially follows sixty does not.

> **THE EXERCISE**
>
> Pick one stock. Replay twenty of its sessions and note, each time, the furthest it travelled from its reference and whether it returned. You will finish with a distribution in your head that no book can give you, and it will be specific to that stock — which is the only form in which it is worth anything.

PART EIGHT — PRACTICE

18

Decide before you roll

The single discipline that separates replay-as-learning from replay-as-entertainment.

A replay's value is destroyed the moment you scroll ahead. Once you know the outcome, everything preceding it rearranges itself into an obvious story, and you learn the story rather than the reading. Hindsight is not a mild contaminant here; it is a complete one.

The protocol that prevents it is uncomfortable and simple. Stop the tape at a moment that matters. Say out loud — or better, write down — what you think happens next and why. Then roll it and find out.

Why writing it down is not optional

Because memory edits. A trader who thought 'this probably fails' and watched it fail will remember having been confident. A trader who thought 'this continues' and watched it fail will often remember having had doubts. Neither is dishonesty; it is how memory works. The written prediction is the only thing that survives contact with the outcome.

> *Being wrong on a replay costs nothing and teaches more than being right. Being wrong live costs money and teaches almost nothing, because you are too busy to learn.*

What to stop on

- The open, before the first minute has resolved.
- The first arrival at a level drawn from the previous session.
- Any bar where volume expands sharply.
- The moment a move that had been working stops working.

Four stops per session is plenty. Twenty sessions of four honest predictions is eighty data points about your own reading — enough to notice patterns in how you are wrong, which is far more useful than knowing how often.

PART EIGHT — PRACTICE

19

One stock, many days

A session teaches you a session. A month of the same stock teaches you the stock.

Studying one session carefully is worth doing. Studying twenty sessions of the same stock, in order, is worth considerably more, and it teaches something a single session structurally cannot: how the references themselves move.

All the prepared references at once. Walking the same stock day after day shows how these lines migrate — which is a different lesson from watching price move within them on any one day.

Watched in sequence, you begin to see the stock's habits. How far it typically travels. Whether it tends to open near yesterday's close or gap away. Whether its levels are usually respected or usually ignored. Whether volume arrives early or late. None of this is visible in one session, and all of it is obvious after twenty.

Consolidation and turns

The other thing a sequence reveals is structure above the session. A stock that has spent two weeks with its value area in the same place is coiled in a way no single day shows. A stock whose value has migrated steadily for six sessions is trending in a way that is invisible if you only ever look at one day at a time.

This is the level at which most genuinely useful intraday context lives, and it is the level almost nobody studies, because studying it live takes a month of mornings. On replay it takes an evening.

PART EIGHT — PRACTICE

20

The journal, and what to put in it

Most trading journals record what happened. The useful ones record what you thought would happen.

A journal full of entry prices, exit prices and profit is an accounting record. It tells you the outcome of decisions without preserving the decisions, which means it cannot teach you anything about how you decide.

The version that teaches contains four things, and only the first two are written before the outcome is known.

- What you saw. The board state at the moment you stopped: where price sat relative to the references, what volume was doing.
- What you expected, and why. One sentence. The 'why' is the part that becomes valuable later.
- What happened. Recorded plainly, without adjectives.
- Where the reading was wrong — not the decision, the reading. These are different, and confusing them is why most journals stop being kept.

Reading the journal is the point

A journal you write and never read is a diary. The value arrives when you sit down with thirty entries and look for the pattern in your errors. Almost everyone has one — a systematic bias that shows up repeatedly and is invisible from inside any single decision.

> *You are not trying to be right more often. You are trying to find out how you are wrong.*

A closing word

Nothing in this book will make you money on its own, and any book that claims otherwise is selling something. What these ideas do is change what you see when you look at a session: from a line moving unpredictably, to a market of participants searching for prices at which business can be done, leaving evidence of that search as they go.

That change in perception is the prerequisite for everything else. It cannot be bought, it cannot be signalled, and it cannot be rushed. But it can be practised — cheaply, repeatedly, on sessions that already happened, before it costs you anything to be wrong.

> **WHERE THE IDEAS HERE CAME FROM**
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> Auction Market Theory and Market Profile: J. Peter Steidlmayer, with Kevin Koy, Chicago Board of Trade, 1984-85. Effort and result: Richard D. Wyckoff, 1920s-30s. Volume Spread Analysis: Tom Williams. Call-auction price discovery: NSE pre-open session rules. VWAP as an execution benchmark: standard institutional practice. Each is worth reading in the original.