PREVIEW

Issam Algo

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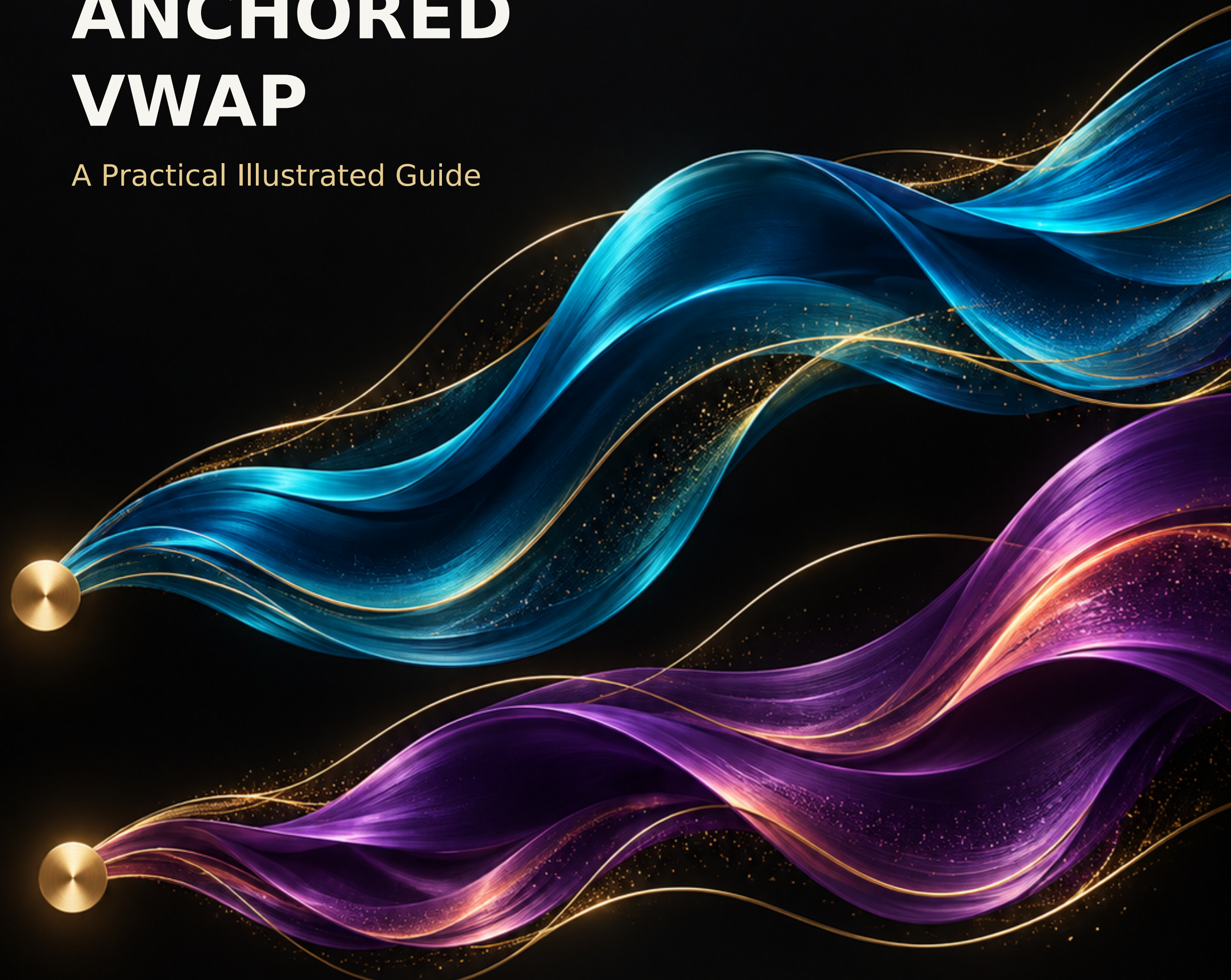
# VWAP AND ANCHORED VWAP

A Practical Illustrated Guide

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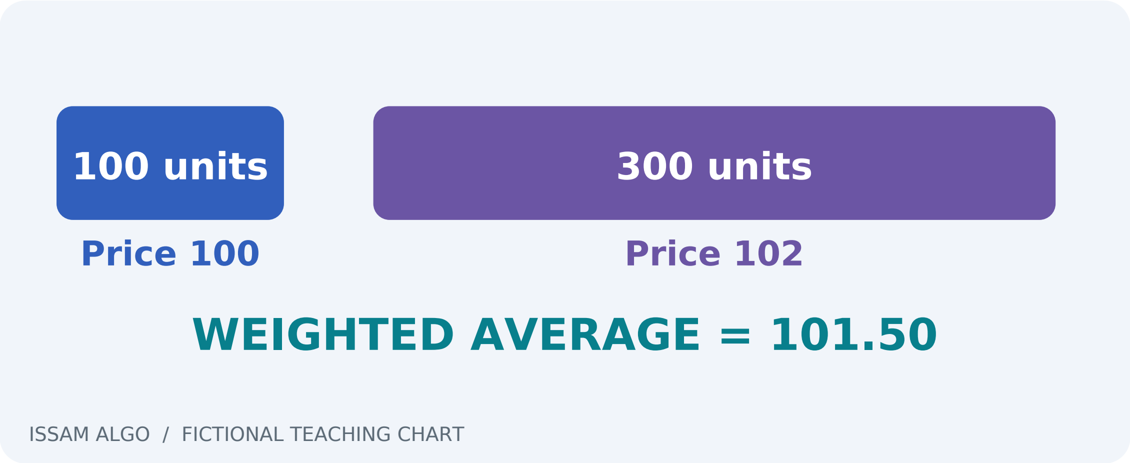
# Volume changes the average

VWAP means volume-weighted average price. Larger quantities receive more weight. It describes the selected data since a start; it does not predict the next price. [1]




Fictional trades: 100 units at 100 and 300 units at 102. The weighted average is 101.50.

An ordinary average of the two prices is (100 + 102) / 2 = 101. The volume-weighted result is (100 x 100 + 102 x 300) / 400 = 101.50.

The second price has three times the weight. That pulls the answer toward 102, even though there are only two price observations.

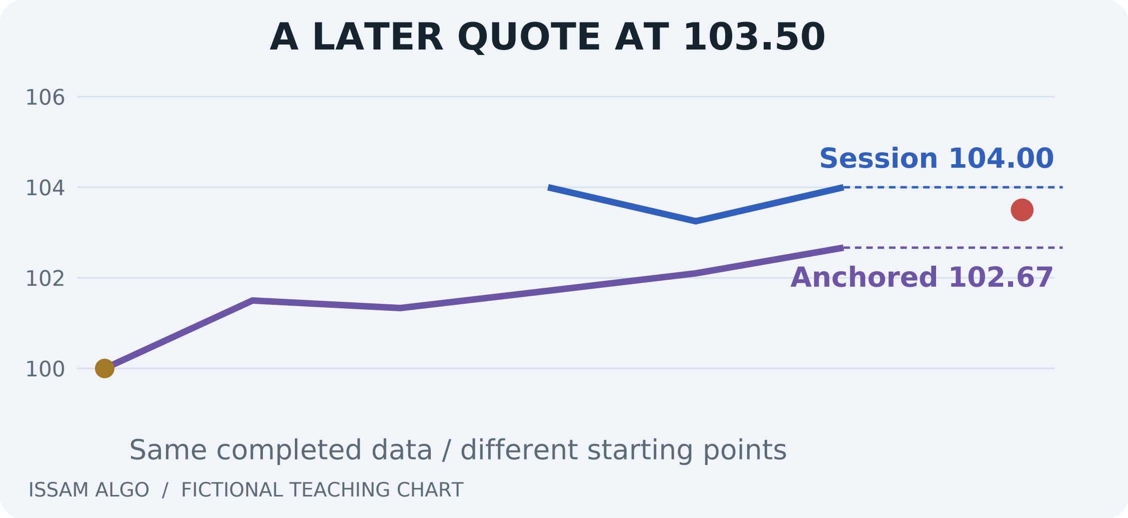
Above or below this average is a location description. It does not prove that everyone is in profit, that institutions hold a position, or that price must return.

**COMMON MISTAKE**

Treating VWAP as the exact average entry of all current market participants.

# One chart.
# Two starting points.

Two valid starting points can produce different reference values on the same chart. That is a consequence of the included history, not a contradiction to hide.




Later quote 103.50: above AVWAP 102.67, but below Day B session VWAP 104.00. Same moment, different windows.

The last completed bar has high 108, low 103.50 and close 105.00, giving HLC3 105.50. The comparison uses a separate later quote at 103.50, after that bar has closed.

The later quote is observed before its new bar closes. The two lines shown are the last completed-bar references; no partial new-bar volume is added.

One line summarises today; the other includes earlier trading. Name the window first. Agreement between two related averages is not two independent proofs that a trade will work.

**COMMON MISTAKE**

Selecting whichever line makes the current position look correct.