

"Testing" confuses me, too.

1. In an area of strength, a test is supposed to be represented by an up bar that thrusts into lows, before being pushed up (the same as a shake-out). If the volume is low, then the test is supposed to have been successful and we should expect higher prices. If volume was high, then not.

Oh, while writing this, I realized now why low volume is better than high volume at a test. In both cases, there is practically unlimited smart money that wants to buy at low prices (by definition, smart money is only limited by the capacity of the market and tries to avoid moving the price too much). Therefore, the volume seen is the total amount available for selling at that time.

Now I also understand, why, after a no-supply bar, we should enter only after the bar's high has been reached again: Because this ensures that supply was larger than demand. So, a no-supply bar plus reversal is similar to a test bar, spread over several bars.

So, a shake-out by itself (with high volume) is not sufficient to enter long. A confirmation by a low volume test or no-demand bar is better.

2. Imagine, we would quote all the pairs the other way around, like USDEUR instead of EURUSD, then it becomes clear that tests also apply the other way around after signs of weakness. (In the original developed VSA this was not possible, as it was developed on stocks, which can not be shorted so easily).

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