

Tick Volume – Technical Analysis Indicator

Tick Volume Definition

What is tick volume? The tick volume indicator is measuring every trade whether up or down and the volume that accompanies those trades for a given time period. If you are a day trader or a short term swing trader, tick volume analysis will assist you in sizing up the market on an intraday basis. Some traders also refer to tick volume as on-balance volume.

When analyzing the market at large, traders often focus on pivot points to look for changes or continuation in trends. This is where all the money is made and lost.

In order to trade this effectively, a trader will want to obtain an edge that will assist them in determining whether a pivot has the strength to hold the current trend.

While many traders have access to volume on a chart, the one thing that volume charts do not show you is the volume that takes place at a given price. Would you want to buy a break of the last swing point, if you knew that it was broken on high volume?

Well maybe you would, but it does not hurt to know what is going on at this critical level.

The tick volume indicator provides traders with this detailed breakdown of the trading activity at a given level. The tick volume indicator is critical for futures traders, because it is used to assess pivot points, since tick volume is not available for the futures markets.

How to Trade Using Tick Volume

- Identify a pivot point
- Analyze tick volume of pivot point
- Compare volume on retest of pivot point
- Analyze price action on retest of pivot point
- Initiate trade based on price and tick volume at pivot point