SIGMA SYNDICATE

THE LEVEL GAME

How Pros Read Volume Profile & Market Structure

Turn chaos into a map. Trade with precision.

BY THE TAKE PROPHET

AUTHOR'S NOTE

Most traders are taught to misread the market.

They chase indicators, follow noise, and complicate what is actually simple. The truth is that the market leaves clear footprints: institutions show you exactly where they're active, if you know how to look.

This book isn't hype or a shortcut. It's a framework for clarity, discipline, and mastery: how to read the market the way professionals do, and trade with confidence instead of chaos.

Sigma Syndicate is more than a brand. It's a philosophy. We stand for discipline over impulse, clarity over confusion, and self-mastery through trading. Commit to the process, and you won't just become a better trader. You'll become a stronger version of yourself.

Welcome to Sigma Syndicate.

— **The Take Prophet**

HOW THIS BOOK IS BUILT

One book. Three levels.

Trading education usually assumes you're either a total beginner or already fluent, rarely both at once. The Level Game is structured so you can enter where you are and keep going without switching books.

I

PART I · BEGINNER

Foundations

The vocabulary and mental model of Volume Profile: what it is, why it works, and the mistakes that sink new traders before they get started.

II

PART II · INTERMEDIATE

Application

The five core profile shapes, concrete trade setups, risk and position sizing, and how day types and value shifts change your read.

III

PART III · ADVANCED

Mastery

Advanced structural reads, a full trading plan, backtesting and journaling systems, and the mindset that lets you scale without blowing up.

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PART ONE

BEGINNER

Foundations

Before you can read the market, you need the vocabulary and the mental model professionals use to see it. This part builds both from zero.

PART I · BEGINNER

01 The Foundation of Volume Profile

Every price on a chart tells you *when* something happened. It says nothing about *where* the real battles took place: which prices the market fought over, which it brushed past without a second look. Volume Profile answers that question. This chapter gives you the vocabulary, the two market states you'll be reading for the rest of the book, and the discipline to practice it until it's second nature.

IN THIS CHAPTER

1.1 Why Volume Profile Matters

BOTTOM LINE *Volume Profile shows **where** the market did business, not just when: that's the real edge.*

Most new traders read a chart for *when* price moved. Volume Profile shows *where* it moved, and that difference is the entire edge.

Standard volume tools measure activity over time: a bar per minute, a bar per day. Volume Profile maps that same activity against **price** instead, showing exactly which levels the market accepted and which it rejected.

That matters because price action and Volume Profile answer two different questions. **Price action tells you what happened. Volume Profile tells you why**, by revealing the footprints of the institutions, funds, and large traders who actually moved the market. A price move with no volume behind it is often a false signal; Volume Profile is what lets you tell the difference.

What it gives you that a price chart alone can't

- **Institutional interest, pinpointed.** High-volume zones mark where big players built or defended positions.
- **Real support and resistance.** Levels drawn from actual trading activity, not a lagging indicator.
- **A forecast of where price is likely to react**, before it gets there.

1.2 The Vocabulary of Volume

> **BOTTOM LINE** *Four terms (POC, VAH/VAL, HVN, LVN), and the rest of the book reads like plain English.*

Four terms carry the rest of this book. Learn them here and every later chapter reads like plain English instead of jargon.

Point of Control (POC)

The single price level with the highest traded volume in the range. It acts as the market's center of gravity. In balanced conditions, price is repeatedly pulled back to it.

Value Area High / Low (VAH / VAL)

The upper and lower bounds of the zone containing roughly 70% of traded volume. Price above VAH is priced expensive by the market; price below VAL is priced cheap.

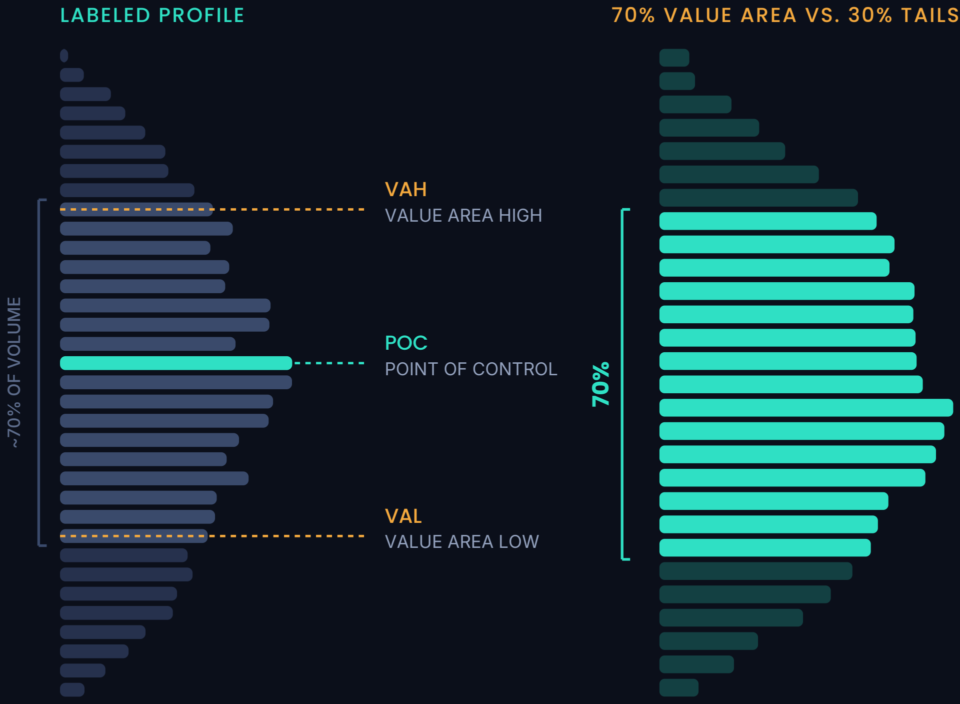
High Volume Nodes (HVNs)

Zones of heavy accumulation. They act as magnets. Price tends to slow down and get drawn back to them.

Low Volume Nodes (LVNs)

Thin zones the market moved through quickly. Think of them as speed lanes: when price returns, it tends to move through them fast rather than pausing.

1.2 The Vocabulary of Volume: Visualized



Lighter shade = the other ~30% (tails)

PRO TIP

Think of HVNs as magnets and LVNs as speed lanes. HVNs slow the market down and create rotation around the POC; LVNs let price accelerate through them when retested.

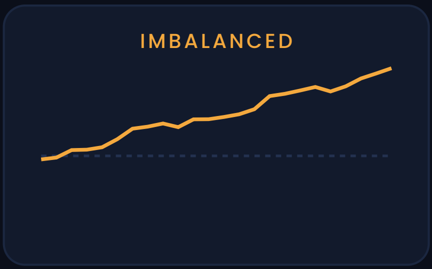
PRO TIP

Most charting platforms (TradingView, NinjaTrader, thinkorswim, Sierra Chart) ship Volume Profile as a built-in indicator, often listed as “Volume Profile” or “Volume by Price.” Two settings matter most: a **Session Volume Profile** resets every day (what this book assumes unless stated otherwise), while a **Fixed Range Volume Profile** lets you anchor it by hand across a swing or range, the version several setups in Ch.3 call for. Turn one on now: everything from here lands better with a real chart in front of you.

1.3 Reading the Market's Mood

BOTTOM LINE *Every profile is either balanced (fade the extremes) or imbalanced (join the trend).*

Once you can name the parts, the next skill is reading the *state* they describe. A profile is almost always telling you one of two stories: balance, or imbalance.



BALANCED: fade the extremes

- Price rotates around the POC; neither side dominates.
- Often institutions quietly building or distributing.
- Trade it: short near VAH, long near VAL, target the POC.
- Why it works: buying at VAL (or selling at VAH) trades toward value, not away from it, so the move back to the POC is usually bigger than the risk beyond the level. An asymmetric trade, not just a directional guess.

IMBALANCED: join the dominant side

- Price is driven away from value and fails to return.
- One side is clearly in control: initiative buying or selling.
- Trade it: join on pullbacks to volume clusters; avoid fading without strong reversal confirmation.

KEY IDEA

A balanced profile turns imbalanced when price breaks away from value on high volume with acceptance. An imbalanced profile reverts to balanced once momentum slows and price starts rotating around a new POC. Watch for that shift, since it's the moment your plan should change.

1.4 Mistakes That Sink New Traders

> **BOTTOM LINE** *Four beginner mistakes all trace back to one thing: trading the shape without the context.*

Volume Profile is simple to learn and easy to apply badly. These four habits account for most of the damage, and all four have a direct fix.

1. Ignoring market context

Treating every profile signal the same regardless of the higher-timeframe trend (e.g. shorting a VAH fade in a strong uptrend).

Fix: Confirm the overall trend before acting on any profile signal.

2. Overtrading low volume nodes

Assuming every LVN is an automatic entry. Most fail without a supporting trend, order flow, or catalyst.

Fix: Only trade LVNs that line up with another confluence: trend direction or a tested level.

3. Focusing only on shape

Believing the profile's shape alone (D, P, b) is enough to call the next move.

Fix: Use shape as one clue among several. Combine it with location and recent price action.

4. Neglecting the POC

Ignoring how the POC shifts session to session.

Fix: Track the POC daily. A rising POC in an uptrend confirms it; a falling POC in a downtrend confirms that too.

1.5 The 9-Day Drill

BOTTOM LINE *Nine sessions of marking levels and journaling reactions turns theory into instinct.*

Theory becomes instinct through repetition. For your next nine trading sessions, run this drill before and during market hours.

1 Mark key levels

Draw the prior session's POC, VAH, and VAL on your chart. Highlight any major HVNs or LVNs from the overnight session.

2 Observe price behavior

Watch how price interacts with your marked levels. Note whether each acts as support, resistance, or gets broken with momentum.

3 Record reactions

Log every interaction in your trading journal, with annotated screenshots for later review.

4 Identify patterns

By day nine, review your notes for repeating behavior: correlations between profile type, day type, and how levels reacted.

PRO TIP

Treat this drill like reconnaissance. The more you map the battlefield before entering, the more prepared you are to win.

CHAPTER 1 RECAP

The Foundation of Volume Profile

- Volume Profile shows **where** the market does business, not just when, which reveals acceptance, rejection, and institutional footprints.
- **POC** is the market's center of gravity. **VAH/VAL** mark the expensive and cheap edges of value. **HVNs** are magnets; **LVNs** are speed lanes.
- **Balanced** profiles reward fading extremes back to the POC. **Imbalanced** profiles reward joining the dominant side on pullbacks.
- The four most common beginner mistakes all trace back to one thing: trading the shape without the context.

Foundations Checklist: before Chapter 2

Clear it here, then take the Chapter 1 Test in the app to start your streak.

- [ ] Identify POC, VAH, and VAL on any chart.
- [ ] Recognize balanced vs. imbalanced profiles on sight.
- [ ] Explain the difference between an HVN and an LVN.
- [ ] Name the four most common beginner mistakes, and their fixes.
- [ ] Complete the 9-Day Drill without hesitation.

PART TWO

INTERMEDIATE

Application

With the vocabulary in place, it's time to apply it: the five shapes a profile takes, the setups built on them, how to size and protect a trade, and how day types and value shifts change your read.

PART II · INTERMEDIATE

02
The Five Core Profile Types

A profile's shape is a photograph of the fight between buyers and sellers. Learn to recognize the five recurring shapes on sight and you'll know, often before the session is half over, which side is winning and what kind of trade the market is offering you.

IN THIS CHAPTER

2.1 Overview of Profile Types

BOTTOM LINE *Five shapes, one glance: D balances, P and b lean one way, B breaks out, Thin trends.*

A Volume Profile's shape is more than a visual pattern. It's a reflection of market psychology and institutional activity during that session. Recognizing the type early gives you a real edge on what's likely to happen next.

The five core shapes, at a glance

TYPE	SHAPE	FORMS WHEN	BEST TRADE
D	Bell curve	Balanced, sideways	Fade extremes; target the POC
P	Tall top	Uptrend / reversal	Buy pullbacks; watch for late reversals
b	Wide base	Downtrend / top	Sell rallies; buy confirmed bottoms
B	Two peaks	Breakout → balance	Trade the breakout direction
Thin	Narrow	Strong trend	Join the trend on pullbacks

2.2 D-Profile (Balanced Market)

BOTTOM LINE *A balanced bell curve: fade the extremes, target the POC.*

D-Profile

Characteristics

- Symmetrical, bell-curve-like distribution.
- Price rotates around the POC; neither side is significantly more aggressive.
- Often forms during sideways price channels, while institutions quietly accumulate or distribute.

Institutional Activity & Market Psychology

- HVNs near the highs or lows of the profile become strong support/resistance zones.
- At VAH, responsive sellers tend to step in; at VAL, responsive buyers do. The market is searching for a reason to break away from balance, but no side has won yet.

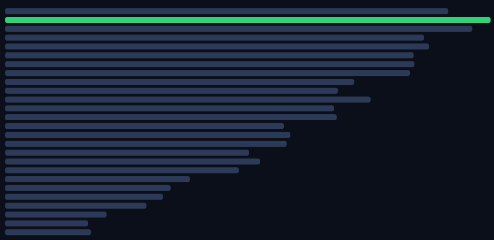
Trade Setups

- **Fade extremes:** short near VAH at an HVN, long near VAL at an HVN, target the POC for mean reversion.
- **POC magnet:** if price moves away on light volume, expect a return to the POC.
- **Breakout anticipation:** watch for initiative buying or selling at the edges of balance; enter in that direction once acceptance is confirmed.

2.3 P-Profile (Aggressive Buyers)

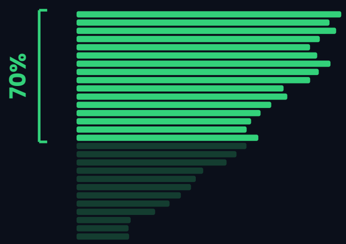
BOTTOM LINE *Heavy volume up top means aggressive buyers in control: join pullbacks, watch for late exhaustion.*

P-PROFILE SHAPE



P-Profile

70% VALUE AREA VS. 30% TAILS



Lighter shade = the other ~30% (tails)

Characteristics

- Tall top with a thin base: heavy volume high in the range, light volume low.
- Price often trends upward before forming a balance area near the highs.
- Common during uptrends, or at the end of a downtrend reversal.

Institutional Activity & Market Psychology

- Aggressive buyers push price upward with strong initiative buying; thin areas mark where they absorbed selling pressure quickly.
- Buyers are confident and willing to pay higher prices; sellers are passive. Early formation signals trend initiation, while late formation can signal buying exhaustion.

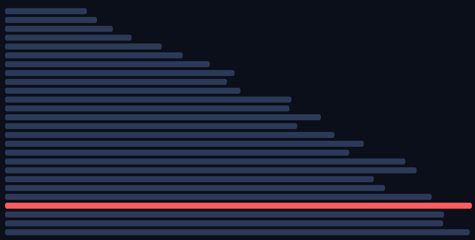
Trade Setups

- **Pullback to POC/VAH:** if the next session opens above the POC, pullbacks to POC or VAH are buying opportunities.
- **Thin-zone defense:** if price returns to the thin lower section, look for renewed buying.
- **Reversal signal:** a P-Profile after an extended uptrend where buyers fail to defend VAH/POC can be a mean-reversion short.

2.4 b-Profile (Aggressive Sellers)

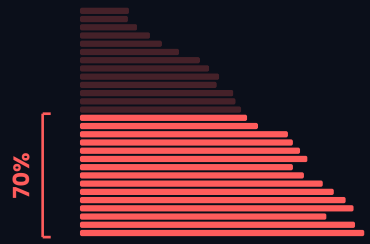
BOTTOM LINE *Heavy volume down low means aggressive sellers in control: sell rallies, watch for late exhaustion.*

B-PROFILE SHAPE



b-Profile

70% VALUE AREA VS. 30% TAILS



Lighter shade = the other ~30% (tails)

Characteristics

- Wide base with a thin top (the mirror image of the P-Profile).
- Price typically trends downward before forming balance near the lows.
- Common in downtrend continuation, or at the end of an uptrend.

Institutional Activity & Market Psychology

- Aggressive sellers push price lower with strong initiative selling; thin upper zones mark where buying attempts were absorbed quickly.
- Sellers are confident and willing to accept lower prices; buyers are passive. Early formation signals downside initiation, while late formation can warn of selling exhaustion.

Trade Setups

- **Rally to POC/VAL resistance:** if the next session opens below the POC, rallies to POC or VAL are selling opportunities.
- **Thin-zone defense:** if price returns to the thin upper section, watch for renewed selling.
- **Reversal signal:** a b-Profile after an extended downtrend where sellers fail to defend VAL/POC can be a mean-reversion long.

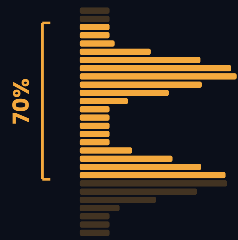
2.5 B-Profile (Two High-Volume Peaks)

BOTTOM LINE *Two peaks, one gap: a breakout that relocated value. Trade pullbacks to the second peak.*

B-PROFILE SHAPE

B-Profile

70% VALUE AREA VS. 30% TAILS



Lighter shade = the other ~30% (tails)

Characteristics

- Two clearly defined HVNs separated by a thinner, low-volume gap.
- The first HVN forms during an initial balance; the second forms after a sharp rejection relocates value.
- Often associated with double-distribution trend days.

Institutional Activity & Market Psychology

- Price starts in one value zone, then breaks away with initiative activity; aggressive buyers (uptrend) or sellers (downtrend) defend the breakout.
- The first balance represents hesitation and testing; the breakout shows conviction; the second HVN is where the market accepts new value, often leading to continuation.

Trade Setups

- **Breakout continuation:** enter on pullbacks to the second HVN in the breakout direction.
- **Mid-zone bounce:** the low-volume gap between the two HVNs often acts as a springboard for continuation trades.
- **Failed relocation:** if price fails to hold the second HVN and returns to the first, expect a deeper retracement.

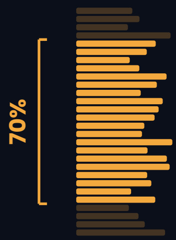
2.6 Thin Profile (Fast Trends)

BOTTOM LINE *Volume spread thin means price moved fast: join the trend, don't fade it.*

THIN PROFILE SHAPE

Thin Profile

70% VALUE AREA VS. 30% TAILS



Lighter shade = the other ~30% (tails)

Characteristics

- Narrow, elongated shape: volume spread thinly across many price levels because price moved so fast.
- Few, if any, areas of prolonged balance.
- Often appears during news events, breakout continuation, or trend acceleration.

Institutional Activity & Market Psychology

- Institutions add to positions while the market moves; small volume clusters mark where they paused briefly to reload, and those clusters often become trend support or resistance.
- One side is in full control; the other is capitulating. Participants care more about getting in or out than negotiating price, so pullbacks are short-lived.

PRO TIP

Thin Profiles chase momentum, not “fair value”: join the flow, don't fade it.

2.6 Thin Profile (Fast Trends) (cont.)

Trade Setups

- **Cluster pullback entries:** identify volume clusters within the profile; enter on pullbacks in the trend direction.
- **Breakout alignment:** combine Thin Profile recognition with higher-timeframe breakout confirmation.
- **Stay in the trade:** Thin Profiles signal momentum is likely to persist, so don't exit early.

CHAPTER RECAP

The Five Core Profile Types

- **D-Profile:** balance; fade VAH/VAL extremes toward the POC.
- **P / b-Profiles:** one side in aggressive control; join early, watch for exhaustion late.
- **B-Profile:** breakout and relocation; the second HVN becomes the new home for price.
- **Thin Profile:** strong one-sided control; ride it, don't fight it.

Checklist: before the next chapter

Take the Chapter 2 Test in the app to bank XP and keep the streak alive.

- [ ] Identify all five profile types at a glance.
- [ ] Link each type to its likely institutional behavior.
- [ ] Match each type to its optimal trade setup.
- [ ] Recognize when context suggests continuation vs. reversal.

PART II · INTERMEDIATE

03
Trading Setups & Strategies

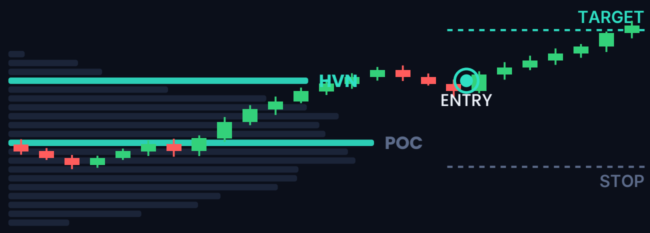
A profile type tells you the market's mood. A setup tells you what to actually do about it. These four patterns cover the large majority of high-probability trades built on Volume Profile: accumulation, trend continuation, rejection, and reversal.

IN THIS CHAPTER

3.1 Accumulation Setup

BOTTOM LINE *Institutions build quietly in a range: trade the breakout, then the retest of that range.*

This setup identifies areas where institutions are quietly building positions during sideways price action. When the market eventually breaks from that balance zone, those levels often act as strong support or resistance as institutions defend their entries.



Characteristics

- Forms during sideways channels or rotational markets.
- Price repeatedly bounces between clear highs and lows.
- HVNs develop in the middle or near the edges of the range, and often precede a large breakout.

Institutional Behavior

- Large players use balanced markets to accumulate without moving price excessively.
- Aggressive buying inside the range leads to bullish breakouts; aggressive selling leads to bearish breakdowns.

PRO TIP

Anchor a Fixed Range Volume Profile on the range to find its mean; it's a strong entry when price comes back to retest it.

3.1 Accumulation Setup (cont.)

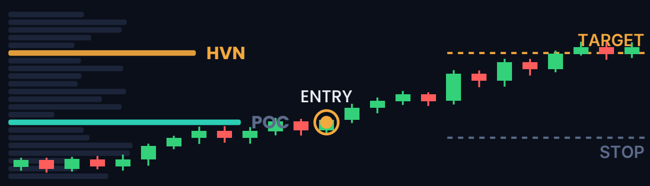
Trade Triggers

- **Breakout confirmation:** wait for price to close beyond the range with strong volume.
- **Retest entry:** enter when price retests the high-volume accumulation area from the breakout side.
- **Stop placement:** just beyond the opposite side of the accumulation range.
- **Worked example (MES):** stop 4 points beyond the range ($20 risk), target the next HVN 12 points away ($60): a 1:3 reward-to-risk, the same trade shown in the diagram above.

3.2 Trend Setup

BOTTOM LINE *In a strong trend, enter on pullbacks to the volume clusters institutions defended on the way.*

The Trend Setup identifies high-probability continuation trades during strong directional markets, using volume clusters within thin profiles to find where institutions are adding to positions, and where you can safely join them.



Characteristics

- Forms in imbalanced markets where one side is clearly in control.
- Price moves quickly, creating elongated (thin) profiles with few pauses.
- Small consolidations within the trend form volume clusters that become future support/resistance.

Institutional Behavior

- Aggressive buyers (uptrends) or sellers (downtrends) continuously push price forward.
- Institutions add to positions during brief pauses, creating defended volume zones that become reaction points on return.

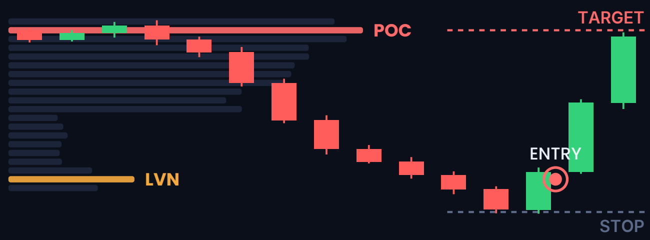
Trade Triggers

- **Confirm trend direction:** higher-timeframe bias, and the POC shifting in the trend's direction.
- **Cluster entry:** enter on pullbacks to clusters formed during the trend, ideally with confluence at prior support/resistance.
- **Stop & target:** stop just beyond the defended cluster; target the next HVN or the trend leg's continuation.
- **Worked example (MES):** 6-point stop ($30 risk), 18-point target at the next HVN ($90): a 1:3 reward-to-risk for staying with the flow.

3.3 Rejection Setup

> **BOTTOM LINE** *A snap-back through a thin, low-volume extreme back to the POC is your countertrend signal.*

The Rejection Setup identifies moments when the market violently rejects higher or lower prices. These rejections often mark key turning points and create powerful countertrend opportunities when confirmed with volume.



Characteristics

- Price tests an extreme level, then snaps back with force.
- Often accompanied by pin bars, wicks, or failed breakouts.
- Volume Profile often shows a low-volume node right at the rejection zone: price has little reason to linger there, so it moves through fast and snaps back to the POC or nearest HVN.

Institutional Behavior

- At rejected highs, aggressive sellers step in to defend the level.
- At rejected lows, aggressive buyers absorb selling and reverse price upward.
- The rejection zone is often exactly where smart money entered to reverse the imbalance.

3.3 Rejection Setup (cont.)

Trade Triggers

- **Identify the rejection candle:** a pin bar, engulfing bar, or sudden reversal after a breakout attempt.
- **Apply a Fixed Range Volume Profile:** anchor it around the rejection swing and locate the low-volume node where price has little reason to linger.
- **Entry & stop:** enter in the direction of rejection once confirmed; stop just beyond the extreme wick.
- **Targets:** first target the POC of the rejection profile; extend to the opposite side of the prior balance.
- **Worked example (MES):** 5-point stop beyond the low-volume node ($25 risk), 15-point target at the POC inside the HVN above ($75): a 1:3 reward-to-risk, the same low-volume-node bounce shown in the diagram above.

3.4 Reversal Trade Setup

> **BOTTOM LINE** *When a stop run blows through a level and price comes back to retest it, flip your bias.*

The Reversal Trade Setup takes advantage of moments when the market ignores volume-based support or resistance and surges straight through it (usually a stop run or forced liquidation), giving you a chance to flip bias and trade the new direction.

Characteristics

- Price blows through an HVN or strong level without hesitation, triggering stops that fuel further movement.
- Once the stop run completes, price often retraces to the original level.
- Works best in futures markets, where liquidity hunts are common.

Institutional Behavior

- Large players trigger stops to generate liquidity for their own positions.
- Weak hands are flushed out, leaving fewer traders left to defend the level.
- Institutions then defend the new direction after the reversal.

3.4 Reversal Trade Setup (cont.)

Trade Triggers

- **Failed defense:** price breaks through a key HVN or profile level without reaction.
- **Wait for the return:** price pulls back to retest the broken level.
- **Enter the reversal:** if the level now acts as resistance (after a breakdown) or support (after a breakout), enter opposite the original move.
- **Stops & targets:** a fixed R/R (e.g. 3-point stop, 10-point target), or stop behind the broken level with a target at the next HVN.
- **Worked example (MES):** the same 3-point stop ($15 risk) and 10-point target ($50) as above: just over a 1:3 reward-to-risk.

CHAPTER RECAP

Trading Setups & Strategies

- **Accumulation:** sideways ranges where institutions build positions; trade the breakout and retest.
- **Trend:** thin profiles with one-sided control; join pullbacks to defended clusters.
- **Rejection:** violent snap-backs at an extreme, confirmed by a volume spike at the level.
- **Reversal:** a stop run through a key level, followed by a retest that flips your bias.

Checklist: before the next chapter

This unlocks the Chapter 3 Test in the app: pass it to extend your streak.

- [ ] Identify which setup fits the current profile type.
- [ ] Mark HVNs, VAL/VAH, and thin zones as potential triggers.
- [ ] Apply Fixed Range Volume Profile to confirm rejections and reversals.
- [ ] Place stops and targets from volume zones, never guesses.
- [ ] Backtest at least 20 examples of each setup before trading it live.

PART II · INTERMEDIATE

04 Risk Management & Position Sizing

The fastest way to fail as a trader isn't a bad strategy. It's ignoring risk. Even the best Volume Profile read collapses under overexposure and emotional decision-making. This chapter makes risk fully quantifiable, so protecting capital becomes a formula, not a feeling.

IN THIS CHAPTER

4.1 Why Risk Management Matters

> **BOTTOM LINE** *Traders don't survive by avoiding losses; they survive by controlling them.*

Professional traders don't survive and grow by avoiding losses. They survive by controlling them.

Without proper risk management, even the best setups collapse under the weight of overexposure. Poor risk habits show up as blown accounts after a string of losses, revenge trading and doubling down, and small, manageable losses that spiral into catastrophic ones.

The real purpose of risk management

- Protect capital so you can stay in the game.
- Keep emotions in check by defining risk before entry, not during it.
- Build long-term consistency instead of chasing short-term wins.

> **KEY IDEA**
>
> Risk isn't the enemy: it's the price of participation in the market. Your job isn't to eliminate it, but to decide exactly how much you're willing to pay on every trade. That decision is what separates a disciplined trader from a gambler.

4.2 Profit Target Strategies

> **BOTTOM LINE** *Fixed R/R keeps it simple; volume-based targets exit before the next HVN gets in the way.*

Defining a profit target is as important as defining a stop. Targets provide structure, prevent greed, and let you trade with clarity instead of impulse. Two approaches cover most situations.

Fixed Risk/Reward targets

- Set the target relative to your stop: risk 3 points to target 9 points, for example (a 3:1 R/R).
- **Benefit:** removes emotion and creates consistency in trade evaluation.
- **Limitation:** doesn't adapt to the market's actual structure.

Volume-based targets

- Use the volume landscape to find natural stopping points for price.
- HVNs often act as magnets where price slows or reverses, so exit before a major HVN, not into it.
- LVNs let price travel quickly to the next HVN, which is often your real target.

Best practice: in a balanced market, fixed R/R often works best; in a trending market, volume-based targets are more accurate. Either way, place exits before major HVNs. Don't try to squeeze the very last tick.

4.3 Stop-Loss Placement

BOTTOM LINE *Put your stop behind a level the market actually defends, not a random number of points away.*

A stop-loss isn't just a safety net, but the line in the sand that defines your risk. The key is aligning stops with market structure and volume, not a random number of points.

Fixed vs. volume-based stops

- **Fixed stops** (e.g. 3 points in ES) are simple and consistent, but ignore market structure and can get hit before the idea plays out.
- **Volume-based stops** sit behind HVNs or defended levels, because a trade through a major HVN invalidates the thesis.
- **Adjust for volatility:** a stop that works in a quiet session may be too tight in a volatile one, so use ATR or recent swing size to scale it.

COMMON MISTAKE

Never place stops directly at obvious round numbers, since they're liquidity magnets. And once a stop is hit, the idea has failed: don't widen it mid-trade to give it “more room.”

4.4 Position Sizing for Futures

BOTTOM LINE *One formula converts account size, stop distance, and risk % into a contract count.*

Position sizing determines how many contracts to trade based on account size, risk tolerance, and stop placement, which is where risk management becomes fully quantifiable.

The risk formula

Position Size = (Account Size × Risk %) ÷ (Stop Distance × Tick Value)

- **Account Size:** total capital in the account.
- **Risk %:** the amount you're willing to risk per trade (commonly 1–2%).
- **Stop Distance:** the difference between entry and stop, in points/ticks.
- **Tick Value:** dollar value per tick for the contract (e.g. ES = $12.50/tick).

KEY IDEA

Worked example: $10,000 account, 1% risk ($100), a 5-point stop in ES (20 ticks) at $12.50/tick → 100 ÷ (20 × 12.50) = 0.4 contracts. Result: you can safely trade 1 micro contract (MES), not a full ES.

PRO TIP

Trading a funded or evaluation account? The formula still works the same way, but it's usually not what limits you first. Most firms add their own rules on top: a daily loss limit, a drawdown limit (the most you're allowed to lose before you lose the account, either a fixed amount or one that trails your gains), and a cap on how many contracts you can hold. Before you size a trade, check both numbers: your own risk %, and the firm's daily loss and drawdown limits. Then trade whichever size is smaller.

CHAPTER RECAP

Risk Management & Position Sizing

- A trader's job isn't to avoid losses; it's to control them.
- **Targets:** fixed R/R for structure and consistency; volume-based targets to align exits with HVNs and value.
- **Stops:** fixed stops are simple but rigid; volume-based stops protect you behind levels institutions actually defend.
- **Position sizing** ties account size, stop distance, and tick value into one formula: never risk more than 1–2% per trade.

Checklist: before the next chapter

Confirm it here, then lock in the Chapter 4 badge with the in-app test.

- [ ] Risk per trade is defined in dollars and % of account, before entry.
- [ ] Stop is placed behind a logical market-structure zone.
- [ ] Profit target is set in advance, not guessed mid-trade.
- [ ] Position size is calculated with the formula, not emotion.
- [ ] You're risking survival capital, never chasing thrills.

PART II · INTERMEDIATE

05

Market Day Types & The Open

Every session falls into a small number of recognizable personalities. Naming the day type early (often from how it opens relative to yesterday) tells you whether to expect rotation or a trend, and which of your setups actually applies today.

IN THIS CHAPTER

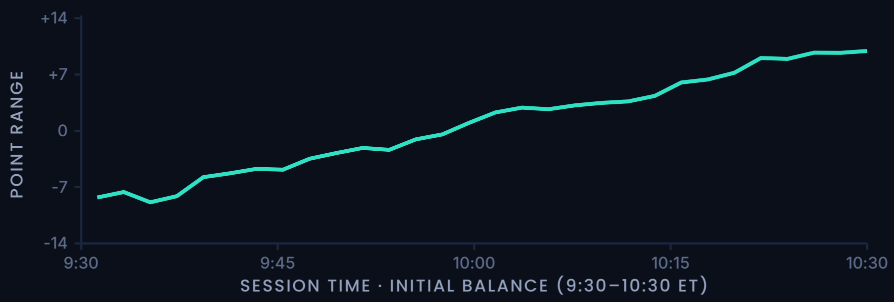
KEY IDEA

All four day types in this chapter are really one mechanism: **Range Extension**, any move that pushes the session beyond the Initial Balance set at the open. No extension and the range holds (5.3). Extension that keeps going (5.1). Extension, a pause, then a second extension (5.2). A failed, unsustained extension (5.4). Learn to spot it in real time and you're watching one mechanism play out four ways, not memorizing four day types.

5.1 Trend Day

BOTTOM LINE *Open near one extreme, close near the other: ride the momentum, don't fade it.*

The most aggressive day type: sustained movement in a single direction, with initiative participants dominating and little room for mean reversion.



Characteristics

- Price often opens near one extreme and closes near the opposite: bullish trend days open low and close high; bearish trend days do the reverse.
- Volume builds directionally, not rotationally, with narrow, shallow pullbacks.

Institutional Behavior

- Large participants drive price aggressively in one direction; responsive traders fading extremes are quickly overwhelmed.
- Often fueled by news, economic releases, or another catalyst.

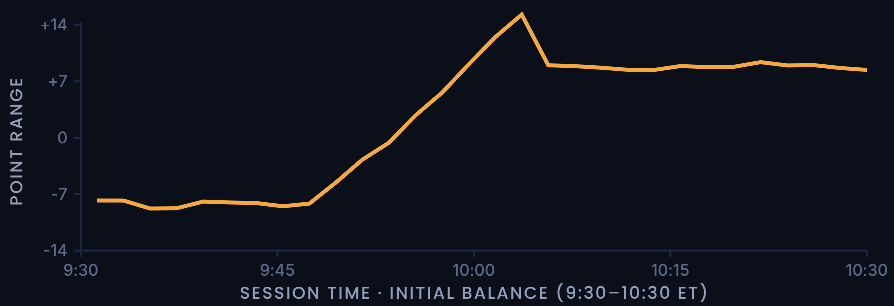
Trading Implications

- **Entry:** align with the trend early; use volume clusters from brief pauses as re-entry zones.
- **Stops:** behind defended clusters or session extremes.
- **Targets:** let it run, since trend days often carry further than expected. Trail stops to capture the extension.

5.2 Double-Distribution Trend Day

BOTTOM LINE *Balance breaks into a second, relocated value area; trade the pullback into the new one.*

The market transitions from balance into a strong trend, creating two distinct value zones in the same session, first testing balance, then forcing a relocation of value.



Characteristics

- Early session trades in a tight initial balance, then breaks out on initiative buying or selling.
- Price establishes a second balance area in the new range, leaving two high-volume peaks separated by a low-volume gap.

Institutional Behavior

- Institutions test liquidity in the opening balance, then drive price into a new zone once conditions confirm.
- Large participants accumulate in the second distribution, preparing for continuation.

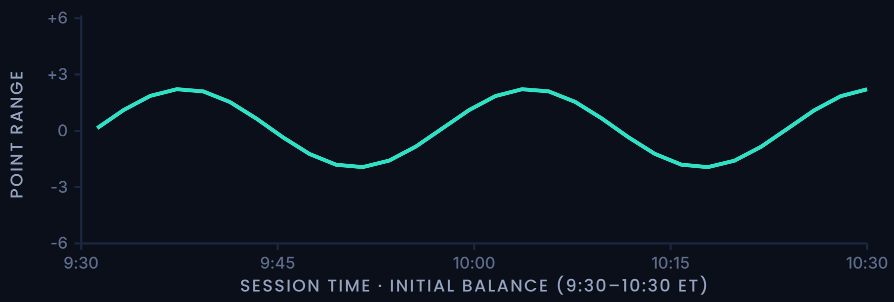
Trading Implications

- **Breakout entry:** enter as price leaves the initial balance with confirmation; the low-volume gap often acts as a springboard.
- **Cluster defense:** the second HVN is usually defended as new value, so look for pullback entries into it.
- **Failed relocation:** if price returns to the first distribution and stays, expect a range day instead of continuation.

5.3 Typical Day

BOTTOM LINE *A wide early range holds for the rest of the day: fade the extremes, skip the breakout plays.*

A wide initial balance sets the session's high and low; after that early expansion, price trades quietly within those extremes for the rest of the day.



Characteristics

- A strong opening move establishes the initial balance extremes.
- Responsive traders defend them (buyers at the low, sellers at the high), with little to no range extension after.
- The resulting profile resembles a D-Profile: equilibrium after the early move.

Institutional Behavior

- Institutions allow price to expand early, testing both ends of value, then defend those levels once set.
- The day becomes dominated by responsive activity rather than initiative activity.

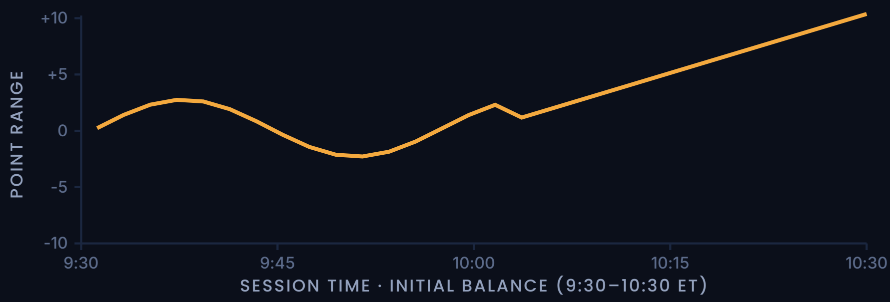
Trading Implications

- **Fade extremes:** short the day's high, long the day's low, targeting the midpoint or POC.
- **Avoid breakout plays:** continuation past the initial balance is unlikely and tends to fail.
- **Patience pays:** wait for extreme tests before entering.

5.4 Expanded Typical Day

BOTTOM LINE *One extreme fails and the range stretches further, but it's not a real trend. Keep targets modest.*

The day begins like a normal balance day, then fails at one extreme and lets the range expand: a tug-of-war where one side briefly gains control.



Characteristics

- The initial balance is neither very wide nor very narrow.
- Price tests one extreme, fails, and extends beyond it, ending with a wider range than a Typical Day, but without a sustained trend.

Institutional Behavior

- Institutions test extremes to gauge conviction; responsive traders control the session at first, but initiative activity pushes past one boundary.
- The market accepts the expanded range without transitioning into a true trend.

Trading Implications

- **Extreme failures:** watch for failed auctions at the initial balance's highs/lows and trade the expansion direction.
- **Controlled risk:** stop just behind the failed extreme; keep targets modest, aiming for the next HVN or the midpoint of the extension.
- **Don't confuse it with a Trend Day:** expect rotation to resume once the extension plays out.

5.5 The Three Opening Relationships

BOTTOM LINE *How today opens against yesterday's range and value previews which day type is coming.*

How today's open compares to yesterday's range and value area sets the tone for the entire session, and gives you an early read on what day type is likely to follow.

RELATIONSHIP	IMPLICATION	LIKELY DAY TYPE	APPROACH
In range, in value	Sentiment unchanged; balanced	Typical / Range / Sideways	Fade extremes; avoid breakouts
In range, out of value	Sentiment shifting, unproven	Expanded Typical, or Trend if accepted	Wait for acceptance of new value
Out of range, out of value	Clear shift; initiative in control	Trend, Double -Distribution	Trade with the breakout

PRO TIP

Think of opening relationships as the market's morning briefing. They don't guarantee the outcome, but they set the agenda for the day. Build your bias from them, then confirm or discard it as price action develops.

CHAPTER RECAP

Market Day Types & The Open

- **Trend Day:** open near one extreme, close near the other; ride momentum, don't fade it.
- **Double-Distribution:** balance, then a relocation of value; the second HVN is usually defended.
- **Typical Day:** a wide initial balance, then quiet rotation; best for fading extremes.
- **Expanded Typical Day:** a failed extreme widens the range without becoming a true trend.
- The opening relationship (in range/value, or out of either) previews which of these you're likely to get.

Checklist: before the next chapter

The Chapter 5 Test in the app turns this checklist into your next streak day.

- [ ] Identify the overnight high/low and prior day's value area before the open.
- [ ] Classify today's opening relationship.
- [ ] Set a bias: balanced vs. directional.
- [ ] Prepare tactics that fit the likely day type.
- [ ] Stay flexible: adjust bias the moment the market rejects the expected scenario.

PART II · INTERMEDIATE

06
Value Area Relationships

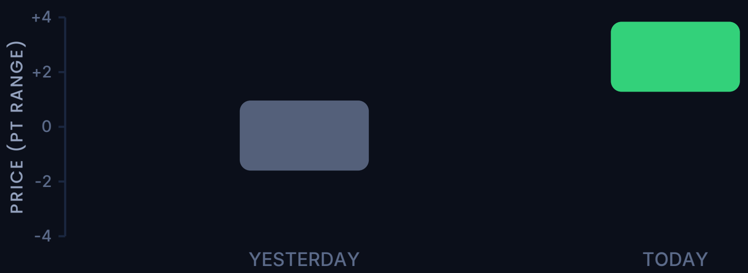
Comparing today's value area to yesterday's is one of the fastest ways to build a pre-market bias. Seven relationships cover every way one session's value can sit against the last, each with its own bias and playbook.

IN THIS CHAPTER

6.1 Higher Value (Bullish)

BOTTOM LINE *Value fully shifted higher: buy pullbacks, bias stays bullish.*

Today's Value Area Low sits above yesterday's Value Area High: the market has fully migrated to a higher area of value, confirming strong bullish sentiment.



Characteristics

- Today's value area sits entirely above yesterday's; buyers were willing to consistently transact at higher prices.
- The POC often shifts upward across consecutive sessions, which is typical in sustained uptrends.

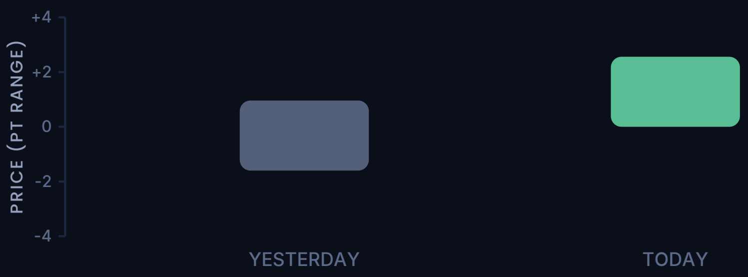
Trading Implications

- **Bias:** bullish, favoring longs.
- **Entries:** pullbacks to today's VAL, POC, or yesterday's VAH.
- **Stops:** below defended zones or prior value. **Targets:** the next HVN, or trend continuation.

6.2 Overlapping Higher Value (Moderately Bullish)

BOTTOM LINE *Value shifted higher but still overlaps: bullish, just with less conviction.*

Today's value area shifts upward but still overlaps yesterday's. That's bullish, but with less conviction than a clean Higher Value day.



Characteristics

- Today's VAH exceeds yesterday's, but today's VAL is still below yesterday's VAH, meaning buyers are pushing, just not decisively.
- Often appears mid-to-late in an uptrend, as momentum starts to slow.

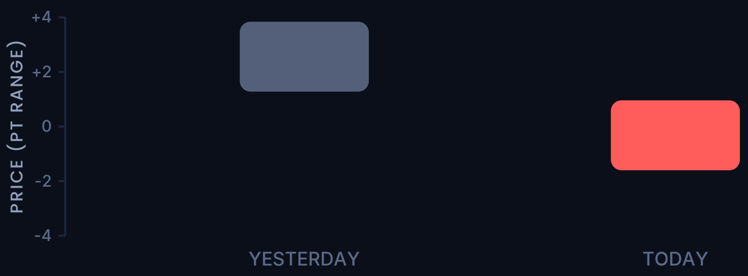
Trading Implications

- **Bias:** cautiously bullish.
- **Entries:** longs on pullbacks to POC or VAL, expectations kept modest.
- **Stops:** below VAL or the prior POC. **Targets:** the next HVN, or a short extension higher.

6.3 Lower Value (Bearish)

BOTTOM LINE *Value fully shifted lower: sell rallies, bias stays bearish.*

The mirror image of Higher Value: today's Value Area High sits below yesterday's Value Area Low.



Characteristics

- Today's value area sits entirely below yesterday's; sellers consistently transacted at lower prices.
- The POC often shifts downward across sessions, a pattern typically seen in sustained downtrends.

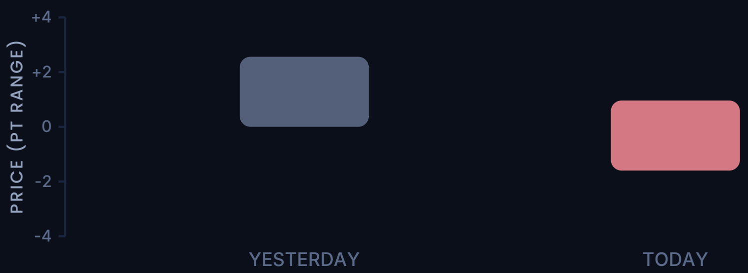
Trading Implications

- **Bias:** bearish, favoring shorts.
- **Entries:** pullbacks into today's VAH, POC, or yesterday's VAL.
- **Stops:** above defended zones or prior value. **Targets:** the next HVN below, or trend continuation.

6.4 Overlapping Lower Value (Moderately Bearish)

BOTTOM LINE *Value shifted lower but still overlaps: bearish, just losing momentum.*

Today's value area shifts downward but still overlaps yesterday's: bearish, but losing momentum.



Characteristics

- Today's VAL is below yesterday's, but today's VAH still sits above yesterday's VAL.
- Sellers remain in control, but buyers are starting to step in and absorb pressure.

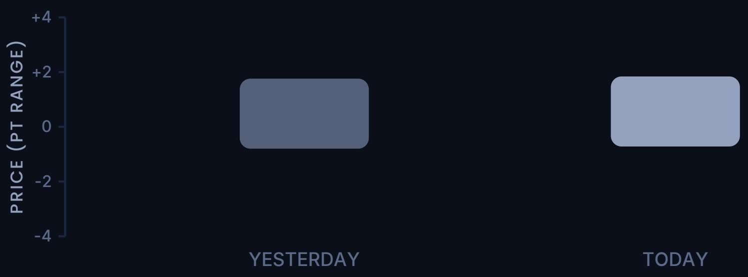
Trading Implications

- **Bias:** cautiously bearish.
- **Entries:** shorts on rallies into POC or VAH, with smaller targets.
- **Stops:** above VAH or the prior POC. **Targets:** the next HVN below, if momentum persists.

6.5 Unchanged Value (Sideways / Breakout Potential)

> **BOTTOM LINE** *Value barely moved: agreement on price now, energy stored for the next breakout.*

Today's value area is nearly identical to yesterday's. Buyers and sellers agree on fair value, a balance that often precedes a major breakout.



Characteristics

- Today's VAH and VAL sit almost exactly where yesterday's did; sentiment is neutral and both sides are satisfied.
- The longer value stays unchanged, the more energy builds for the eventual break.

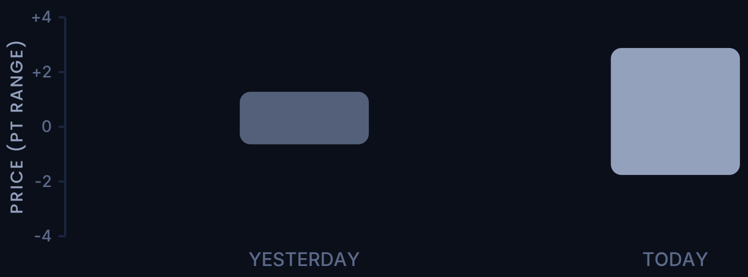
Trading Implications

- **Bias:** neutral; prepare for a breakout in either direction.
- **Entries:** range trades inside the value area until it breaks.
- **Stops:** just outside VAH/VAL when fading. **Targets:** the next HVN in the breakout direction, once it comes.

6.6 Outside Value (Sideways Expansion)

BOTTOM LINE *Today's value swallows yesterday's whole; the range is expanding without a direction yet.*

Today's value area completely engulfs yesterday's. The market is comfortable trading a broader range, but without clear directional conviction.



Characteristics

- Today's VAL sits below yesterday's and today's VAH sits above it; the accepted price range has simply expanded.
- Often follows a period of tight balance or volatility compression, with both sides active testing new territory.

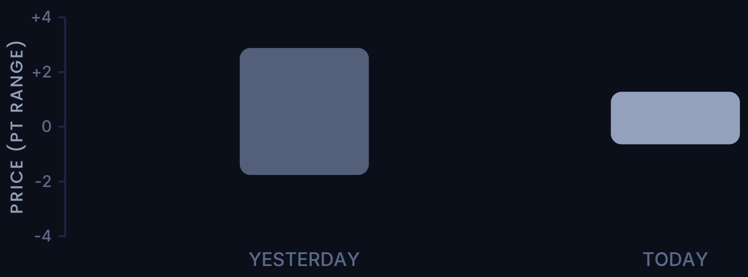
Trading Implications

- **Bias:** neutral to range-bound.
- **Entries:** fade the extremes of the expanded value area.
- **Stops:** just beyond the outer edge of value. **Targets:** the opposite side of value, or a midpoint rotation.

6.7 Inside Value (Breakout Setup)

> **BOTTOM LINE** *Today's value sits entirely inside yesterday's: low volatility, likely setting up a breakout.*

Today's value area sits completely within yesterday's, a day of low volatility and tight balance that often sets up a breakout in the next session.



Characteristics

- Today's VAH is below yesterday's and today's VAL is above it, reflecting reduced participation and low volatility.
- Common right before major news events, or before a trend resumes.

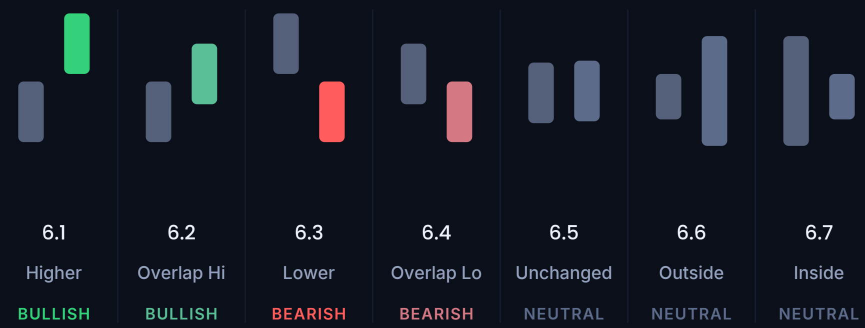
Trading Implications

- **Bias:** neutral for today.
- **Entries:** range trades inside value, if volume confirms the balance.
- **Stops:** just outside VAH/VAL. **Targets:** the opposite edge of value, or the next HVN if tomorrow brings the breakout.

6.8 All Seven, At a Glance

> **BOTTOM LINE** *Same two bars, seven positions: once the shape is familiar, you won't need to reread the definitions.*

Every relationship in this chapter answers the same question: where does today's value area sit compared to yesterday's? Lined up side by side instead of one per page, the seven positions are easy to tell apart on sight. Come back to this page whenever two of them start to blur together.



CHAPTER RECAP

Value Area Relationships

- **Higher / Lower Value**: a full migration of value, the clearest bullish or bearish signal in this chapter.
- **Overlapping Higher / Lower**: the same bias, with less conviction.
- **Unchanged Value**: agreement on fair value; energy stores up for a breakout.
- **Outside / Inside Value**: the range expands or compresses without picking a clear direction yet.

Checklist: before the next chapter

Run the Chapter 6 Test in the app while the seven relationships are still fresh.

- [ ] Compare today's value area to yesterday's before you trade.
- [ ] Classify the relationship: higher, lower, overlapping, unchanged, inside, or outside.
- [ ] Set your bias accordingly: bullish, bearish, neutral, or breakout watch.
- [ ] Combine with profile type and opening relationship for real confluence.

PART THREE

ADVANCED

Mastery

The last stretch: structural reads most traders never learn, a full trading plan you can actually run, and the mindset that lets you scale a real edge without blowing it up.

PART III · ADVANCED

07 Advanced Volume Profile

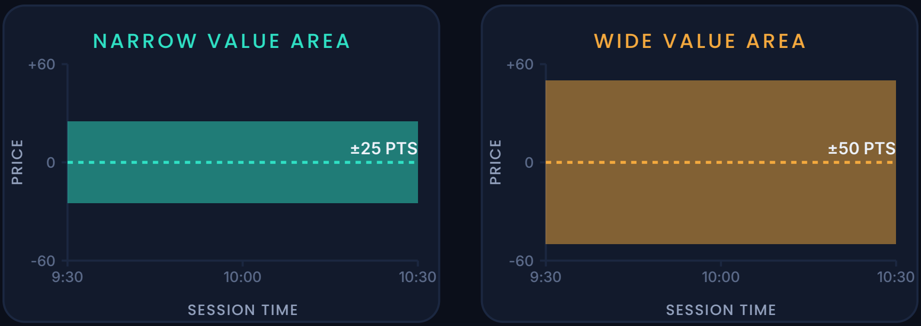
The core vocabulary gets you reading a single session. These four ideas extend that read across sessions, spotting compression before it breaks, untested levels the market hasn't forgotten, and the difference between a POC that's resting and one that's about to move.

IN THIS CHAPTER

7.1 Value Area Width Analysis

BOTTOM LINE *Wide value means a quiet rotational session; narrow value means energy compressing for a breakout.*

How wide or narrow the value area is tells you whether to expect a quiet, range-bound session or a compressed one that's storing up energy for a breakout.



Reading width

- **Wide value:** broad participation across many price levels; often follows a high-volatility day and tends to lead to a slower, quieter session next.
- **Narrow value:** tight agreement on price; the market is compressing and storing volatility for a breakout. Institutions often accumulate quietly here before forcing a move.

Trading Implications

- **Wide value areas:** expect range trading and rotation; fade extremes rather than chase a breakout.
- **Narrow value areas:** prepare for a breakout; use the opening relationship plus profile type to confirm direction.

7.2 Virgin Money Zone Levels

BOTTOM LINE *The first retest of an untested value area gets the strongest reaction; it fades after that.*

A Virgin Money Zone is a prior session's value area that price hasn't come back to test. Because no one has transacted there since, the first retest tends to draw a strong reaction.

Characteristics

- Formed when the market sets a value area, then moves away without revisiting it, staying “virgin” until the first test.
- The first test is high-probability; reliability fades with each retest after that.
- Acts as support or resistance depending on which direction price approaches from.

Institutional Behavior

- Institutions remember their prior value areas and often defend them aggressively when price returns.
- If initiative players don't push beyond the level, responsive traders take over and pull price back toward fair value.

Trading Implications

- Treat the first retest of a Virgin Money Zone as a high-probability reaction zone.
- Long on retests of a zone below current price; short on retests of one above it.
- Stop just beyond the zone's boundary; first target the midpoint of current value, extended target the opposite extreme.

7.3 Unchanged VPOC Strategy

BOTTOM LINE *A POC stuck in place across sessions is a standstill that often precedes a big directional move.*

An Unchanged VPOC is a Point of Control that holds at virtually the same price across multiple sessions: a temporary standstill that often precedes one of the month's biggest directional moves.

Characteristics

- The POC price is nearly identical for two or more sessions; participants are content trading around it.
- Volume is heavy at the POC but shows little directional conviction. Imbalance is quietly building underneath.

Institutional Behavior

- Institutions quietly transact at the unchanged POC, absorbing liquidity until enough positioning has built up.
- Once ready, they drive price away with conviction, usually producing a sustained directional move as one side gives up.

KEY IDEA

Bias: neutral until the breakout. Enter once price breaks decisively above or below the unchanged POC and shows acceptance; stop behind the POC if trading the breakout direction; target the next HVN or the extended move.

7.4 Using Volume at Price in Trends

BOTTOM LINE *In a real trend, POC and value keep migrating with it: trade pullbacks to defended clusters.*

Volume Profile gets even more useful inside a clear trend: aligning volume at price with trend direction lets you confirm momentum, filter trades, and avoid false setups.

Characteristics

- The market is already in a defined uptrend or downtrend; the POC shifts consistently in that direction.
- Value areas migrate upward in uptrends, downward in downtrends; thin profiles confirm one-sided initiative activity.

Trading Implications

- **Qualify the trend** with a real series of higher highs/lows (or the reverse), keeping the session's open and close aligned with it relative to the POC.
- **Enter on pullbacks** to HVNs or defended clusters within the trend; confluence with prior support/resistance strengthens it.
- **Invalidate** the setup if the session opens or closes against the trend direction relative to the POC.

CHAPTER RECAP

Advanced Volume Profile

- **Value area width**: wide means balance and slower sessions; narrow means compression before a breakout.
- **Virgin Money Zones**: untested value areas are high-probability reaction zones, strongest on the first touch.
- **Unchanged VPOC**: a POC stuck across sessions is a deadlock; the eventual breakout can be a large move.
- **Volume at price in trends**: POC and value migration confirm real trend strength; pullbacks to defended clusters are the safer entries.

Checklist: before the next chapter

Chapter 7 Test, in the app: pass it and the Advanced badge is yours.

- [ ] Identify wide vs. narrow value areas to gauge volatility.
- [ ] Mark every Virgin Money Zone on your charts.
- [ ] Watch for an unchanged POC as a breakout warning sign.
- [ ] In a trend, confirm POC and value migration before entering.
- [ ] Always align these advanced tools with your core setups: accumulation, trend, rejection, reversal.

PART III · ADVANCED

08 The Master Plan

Everything so far has been about reading the market. This chapter is about running yourself: the written plan, the checklist, the review systems, and the mindset that turns everything in this book into a repeatable edge instead of a pile of things you know but don't do.

IN THIS CHAPTER

8.1 Building Your Personal Trading Plan

BOTTOM LINE *A written plan turns trading into a repeatable process instead of a series of impulse calls.*

A trading plan is more than a document: it's the blueprint of your discipline. Without one, you're trading emotions, not markets.

A good plan removes impulse and guesswork, defines exact criteria for entries, exits, and risk, and turns your trading into a repeatable process instead of a gamble.

Core elements

- **Market focus:** which products you trade (ES, NQ, CL, futures only...) and which timeframe drives your bias.
- **Setups:** exactly which setups you trade, such as Accumulation, Trend, Rejection, or Reversal, and the conditions each requires.
- **Risk rules:** max % risk per trade, and a max daily loss limit that stops you for the session.
- **Execution rules:** when you enter (time of day, confirmation required) and how you manage a trade once you're in it.
- **Review process:** a daily journaling checklist and a weekly review of setups and stats.

PRO TIP

Keep the plan written, simple, and accessible. Avoid vague language like “when it looks right”; be specific instead. Update it as your skill evolves, but never bend a rule mid-trade.

8.2 The Sigma Syndicate Trading Checklist

> **BOTTOM LINE** *Run the same pre-market, execution, and post-market checklist every session.*

Discipline comes from repeatable routines. Run this checklist every session (before, during, and after) to stay aligned with process, not emotion.

Pre-Market

- [ ] Review the overnight session: highs, lows, volume clusters.
- [ ] Mark the prior day's VAH, VAL, and POC.
- [ ] Identify today's opening relationship.
- [ ] Classify the likely day type.
- [ ] Note any economic events or news catalysts.
- [ ] Define which setups you'll look for today.

Execution

- [ ] Only take trades that match a defined setup.
- [ ] Confirm entries with volume clusters or rejection zones.
- [ ] Set the stop-loss before entering. Never widen it after.
- [ ] Place the profit target in advance.
- [ ] Monitor POC shifts for continuation or warning signs.

Post-Market

- [ ] Screenshot every trade with notes.
- [ ] Log results in your journal: PnL, setup type, emotions.
- [ ] Note whether the trade followed the plan, yes or no.
- [ ] Review POC migration and day-type accuracy.
- [ ] Plan adjustments for the next session.

8.3 The Master Decision Map

BOTTOM LINE *One map: what the open tells you now, and what it usually leads to.*

Every framework in this book compresses into two questions: which way is the market trying to go, and is it succeeding? This map is those two questions made concrete. Read it left to right at the open: what you see right now, and what it tends to lead to.

OPENING RELATIONSHIP	LIKELY DAY TYPE	LIKELY PROFILE	SETUP FAMILY
In Range, In Value →	Typical Day →	D-Profile →	Fade / Accumulation
In Range, Out of Value →	Expanded Typical Day →	B-Profile →	Rejection (confirm first)
Out of Range, Out of Value (bullish) →	Trend Day (up) →	P-Profile / Thin →	Trend-Follow (long)
Out of Range, Out of Value (bearish) →	Trend Day (down) →	b-Profile / Thin →	Trend-Follow (short)

Read left to right: what the open tells you now, and what it usually leads to.

8.3 The Master Decision Map (cont.)

PRO TIP

This is a probability map, not a guarantee. Use it to set your bias and shortlist which setups to watch for, then confirm with what price actually does. When the market breaks its own pattern, trust the market over the map.

8.4 Worked Examples: Profile + Day Type + Setup

BOTTOM LINE *Two full trades and one that isn't: study the structure, and know when there's no structure to trade.*

Theory builds understanding; worked examples build conviction. These use round ES numbers to illustrate the logic. Study the structure, not the specific price level: ES trades at different levels over time, but rotational days still move a few points, trend days still cover more, and not every session gives you a clean read at all.

Case 1: D-Profile + Typical Day → Fade Setup

Overnight builds a balanced D-Profile: POC 5,000, value area 4,994–5,006 (a 12-point width, a normal rotational range). The open prints inside both the prior range and value, an in-range, in-value open, and the first hour sets a Typical Day's initial balance, IB high 5,005 / IB low 4,997.

Setup: price pushes into the IB high and the prior VAH cluster at 5,006 on fading volume, with no new buyers stepping in to accept it.

Entry: short 5,006 · **Stop:** 5,010 (4-point risk, above the rejection wick) · **Target:** POC at 5,000 (6-point reward) · **R:R:** 1.5:1

Lesson: balanced profiles plus Typical Days reward patience: fade the extremes and let the POC do the work instead of chasing.

Case 2: Thin Profile + Trend Day → Trend-Following Setup

The market opens outside both the prior range and value (an out-of-range, out-of-value open) at 5,018, well above yesterday's VAH of 5,006. Initiative buying holds the open; IB high 5,023 / IB low 5,016 forms above the prior day's entire range, and the session builds a thin, elongated profile as one-directional volume dominates.

Setup: price pulls back to the IB high at 5,023, a defended volume cluster, instead of filling back into yesterday's value: confirmation the breakout is holding, not failing.

Entry: long 5,023 · **Stop:** 5,016 (7-point risk, below the defended cluster) · **Target:** 5,048 as the range extends (25-point reward) · **R:R:** 3.6:1

8.4 Worked Examples: Profile + Day Type + Setup (cont.)

Lesson: a thin profile confirms trend control, so join pullbacks, don't fade them. Unbalanced days can run 15–30 points past the initial balance.

Case 3: A Messy Session, No Clean Signal

Overnight prints a B-Profile with two nearly equal HVNs, 5,010 and 5,022, twelve points apart with no dominant POC between them: a rare true coin-flip profile. The open at 5,014 sits inside yesterday's value but right on the low edge, an in-value open that could argue either way. The first hour never resolves it: IB high 5,019 / IB low 5,011 sits between both HVNs without committing to either.

Setup: price tags 5,019 and stalls, the classic Rejection Setup trigger, but volume doesn't spike and the next two bars hold instead of reversing. Ten minutes later the same non-answer plays out at 5,011 on the other side.

Trade: none. Two rejection attempts with no volume confirmation isn't a weak Rejection Setup: it's the absence of one. The right move is to stand aside, or cut size to a fraction of normal, until one HVN gets rejected with real volume or gives way completely.

Lesson: most of the setups in this book describe a market that has already made a decision. Some sessions haven't. Recognizing an undecided, split-profile day is its own skill, and standing aside is a position, not a missed trade.

8.5 Backtesting Framework

> **BOTTOM LINE** *Prove a setup on historical data before risking real money on it.*

Backtesting proves your setups on historical data before you risk real money on them. Without it, every trade feels uncertain; with it, every trade feels structured.

How to structure a backtest

- **Choose your setup:** e.g. the Rejection Setup in ES futures.
- **Define criteria clearly:** entry, stop, and target rules with no guessing.
- **Sample size:** 20–30 trades minimum per setup; 100+ for stronger validation.
- **Record results:** win/loss, R/R, drawdowns, profit factor.
- **Evaluate:** is it profitable and consistent, and does it fit your tolerance for drawdown?

> **COMMON MISTAKE**
>
> Don't cherry-pick perfect trades, don't curve-fit rules to past data, and don't skip the losers, since they're where the real lessons are.

8.6 Journaling System for Growth

> **BOTTOM LINE** *Backtesting proves the setup; journaling proves how you actually execute it.*

Backtesting proves your setups; journaling reveals how you actually execute them in real time, turning mistakes into lessons and patterns into profit.

Core elements of a journal entry

- **Trade details:** date, instrument, setup type, entry, stop, target.
- **Context:** profile type, day type, value area relationship.
- **Execution notes:** why you entered, what you saw, your confidence level.
- **Outcome:** win/loss, R/R achieved, exit notes.
- **Psychology:** patient, rushed, fearful, greedy?

Review it daily (did you follow the plan?), weekly (spot recurring mistakes and strengths), and monthly (track consistency and adapt).

> **PRO TIP**
>
> Your journal is a mirror. If you don't like what you see, change your behavior, not the market.

8.7 Mindset & Discipline for Trading Success

> **BOTTOM LINE** *Technical skill gives you an edge; mindset and discipline are what keep it.*

Technical skill gives you an edge; mindset and discipline determine whether you keep it. The best setup means nothing if fear, greed, or impatience are making your decisions. Trading mastery is mastering yourself.

The trader's mindset

- **Detachment from outcomes:** one trade doesn't define you; judge yourself by consistency.
- **Patience:** wait for setups that match your playbook, and sit out when there's no edge.
- **Resilience:** accept losses as part of the game and bounce back without tilt or revenge trades.

Discipline principles

- Every trade aligns with your setups and rules.
- Never raise risk mid-trade; a daily stop-out means you're done for the session.
- Routine over emotion: discipline is a habit, not a feeling.

Common pitfalls: overconfidence after wins leading to oversized risk, fear after losses leading to hesitation, and forcing trades out of boredom or ego instead of a real signal.

8.8 Scaling from Small to Large Accounts

BOTTOM LINE *Grow size only after consistency, never out of confidence after a hot streak.*

Mastery isn't just winning trades. It's growing capital safely. Scaling lets you move from small contracts to larger size without changing your strategy, letting discipline and consistency dictate growth instead of emotion.

The scaling path

- **Start small:** trade micros (MES, MNQ) until your results are consistent.
- **Build a track record:** at least three months of positive expectancy before scaling.
- **Step up gradually:** micros → one full contract → multiple contracts, adding only after consecutive profitable weeks or months.

Prop firms let you scale without risking personal capital, but treat that capital with the same discipline as your own; don't over-leverage just because it “isn't your money.”

⚠ COMMON MISTAKE

Never risk more than 1–2% of account equity per trade regardless of size, never add to a losing trade, and avoid stacking correlated positions (e.g. long ES and NQ at the same time).

8.9 Avoiding Common Pitfalls

BOTTOM LINE *Four traps catch almost everyone; knowing them in advance is most of the fix.*

Every trader faces the same traps. What separates professionals from amateurs is recognizing and avoiding them before they derail progress.

1. Overtrading

Taking trades outside your setups out of boredom or greed dilutes your edge and creates unnecessary losses.

Fix: Trade only what's in your playbook. No setup, no trade.

2. Ignoring stops

Moving or removing a stop to "give the trade room" lets small losses snowball into account-destroying ones.

Fix: Define risk before entry. If the stop is hit, the idea was wrong. Move on.

3. Emotional bias

Letting fear or greed override your signals causes missed trades, premature exits, and overconfidence.

Fix: Use journaling to track emotional triggers; execute on process, not feelings.

4. Lack of review

Failing to analyze trades for improvement means the same mistakes repeat with no growth.

Fix: End every week with a structured review of trades, setups, and execution.

CHAPTER RECAP

The Master Plan

- Your written plan is your discipline in a form you can actually follow: simplicity gets executed; complexity breeds hesitation.
- The Sigma Syndicate checklist runs pre-market, execution, and post-market, removing emotion at each stage.
- Case studies show how profile, day type, and setup combine into real trades. Backtesting and journaling separate a tested system from a hopeful guess.
- Success depends less on finding setups and more on controlling yourself. Grow size gradually, and always respect risk.

Checklist: before the next chapter

Clear the Chapter 8 Test in the app and the 30-Day Challenge unlocks.

- [ ] A written trading plan exists: simple, clear, actionable.
- [ ] The checklist guides daily prep, execution, and review.
- [ ] Setups are tested and journaled with conviction.
- [ ] Mindset is resilient, patient, detached, and disciplined.
- [ ] Risk stays the priority: survival before profit.

CAPSTONE

The 30-Day Sigma Challenge

Everything in this book is now a set of rules on a page. The only thing left is to run them, without exception, for thirty days.

1. Trade only setups from your playbook.
2. Risk no more than 1% of your account per trade.
3. Journal every trade: execution notes and psychology, not just PnL.
4. Review your progress weekly, and adjust only after the full 30 days.

The goal was never just profit. It's consistency, clarity, and control. Follow this challenge without breaking your own rules, and you'll have proven you're ready to scale and build your legacy.

A–Z Glossary

BOTTOM LINE *Every term this book uses, alphabetized: flip back here any time a name from an earlier chapter doesn't click right away.*

This book leans on a specific, recurring vocabulary. Rather than make you hunt back through chapters for a definition, every term is collected here in one place.

Backtesting

Testing a setup's rules against historical price data before risking real money on it, to prove (or disprove) an edge exists.

B-Profile

A profile with two high-volume peaks separated by a low-volume gap, formed when the market relocates from one balance area to a second.

b-Profile

A wide-based, thin-topped profile with heaviest volume near the session low: aggressive sellers in control.

D-Profile

A balanced, bell-shaped profile with volume concentrated in the middle. The market's most neutral, rotational shape.

Double-Distribution (Trend) Day

A session with two distinct balance areas separated by a sharp directional move; the second high-volume area is usually defended.

ES / MES

The E-mini S&P 500 futures contract (each point worth $50) and its smaller Micro E-mini counterpart, MES (each point worth $5), used throughout this book's worked examples.

Expanded Typical Day

A day where price tests one extreme, fails, and extends beyond it, ending wider than a Typical Day without becoming a true trend.

A–Z Glossary (cont.)

Fixed Range Volume Profile

A Volume Profile anchored by hand across a specific swing or range, instead of resetting every session.

High Volume Node (HVN)

A zone of heavy accumulation that acts like a magnet, slowing price down and pulling it back on a retest.

Higher Value

Today's value area sits entirely above yesterday's with no overlap: a clear bullish shift.

Initial Balance

The price range set in a session's first hour; the reference point every day type is measured against.

Inside Value

Today's value area sits entirely within yesterday's: a breakout setup, since the market is coiling inside a known range.

Journaling

Recording every trade's details, execution notes, and psychology, not just win or loss, to turn mistakes into lessons.

Low Volume Node (LVN)

A thin zone the market moved through quickly: a speed lane price tends to snap through rather than pause in on a return visit.

Lower Value

Today's value area sits entirely below yesterday's with no overlap: a clear bearish shift.

Opening Relationship

How today's open compares to yesterday's range and value area, previewing which day type is likely to follow.

A–Z Glossary (cont.)

Outside Value

Today's value area sits entirely outside yesterday's with no overlap in either direction: a sideways-expansion signal.

Overlapping Higher Value

Today's value area sits mostly above yesterday's but overlaps it some: a moderately bullish shift.

Overlapping Lower Value

Today's value area sits mostly below yesterday's but overlaps it some: a moderately bearish shift.

P-Profile

A tall-topped, thin-based profile with heaviest volume near the session high: aggressive buyers in control.

Point of Control (POC)

The single price level with the highest traded volume in the range. The market's center of gravity.

Position Sizing

Converting account size, risk tolerance, and stop distance into a contract count, so risk is quantified before entry.

Range Extension

Any move that pushes the session beyond its Initial Balance; the mechanism behind every day type in this book.

Risk/Reward (R:R)

The ratio between a trade's planned risk (stop distance) and planned reward (target distance); this book favors roughly 1:3 setups.

Session Volume Profile

A Volume Profile that resets every trading day, the default most charting platforms assume.

A–Z Glossary (cont.)

Thin Profile

A narrow, elongated profile with volume spread thinly across many price levels because price moved fast, leaving few pauses.

Trend Day

A day that opens near one extreme and closes near the other, driven by sustained one-directional Range Extension.

Typical Day

A day with a wide Initial Balance followed by quiet rotation and little to no Range Extension.

Unchanged Value

Today's value area sits at virtually the same price as yesterday's: a sideways signal that often precedes a breakout.

Unchanged VPOC

A Point of Control that holds at nearly the same price across multiple sessions: a standstill that often precedes a large directional move.

Value Area (VA)

The price zone containing roughly 70% of a session's traded volume. Price outside it is priced expensive or cheap relative to that session.

Value Area High / Low (VAH / VAL)

The upper and lower bounds of the Value Area.

Virgin Money Zone

A prior session's value area that price hasn't come back to retest; the first retest tends to draw the strongest reaction.

Volume at Price

The record of how much volume traded at each price level during a session: the raw data a Volume Profile visualizes.

Volume Profile

A charting tool that plots traded volume horizontally by price instead of vertically by time, revealing where the market actually built consensus.

You've Built a Real Edge. Now Put It to Work.

Most trading education stops at signals, indicators to follow without understanding what's driving them. This book gave you something more durable: a framework for reading the market's actual structure, the same auction logic institutions rely on every session.

That knowledge compounds with repetition. Volume Profile and the auction logic behind it reward traders who keep studying live sessions, refining their reads, and holding themselves to process over impulse, not the ones chasing the next shortcut.

Come back to this book as your sessions demand it. The frameworks hold up; what changes is how quickly you recognize them in real time.

Your training doesn't stop here.

Continue with the Sigma Syndicate community, comparing session reads, trade recaps, and feedback with traders doing the same work.