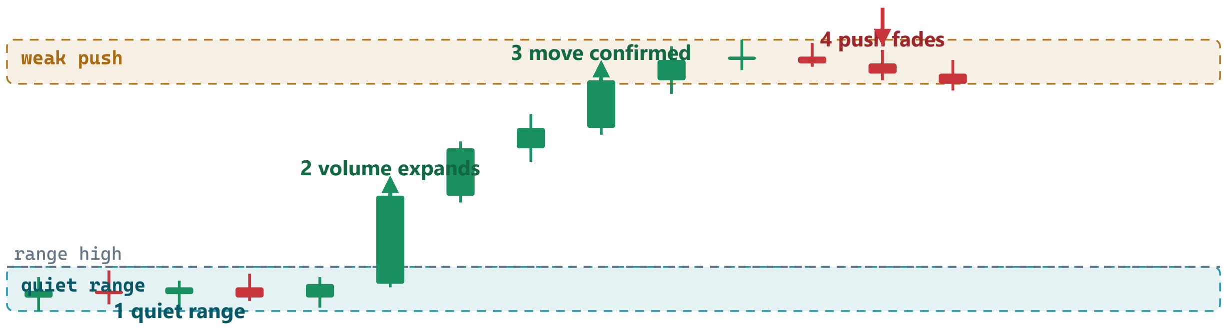
FIELD GUIDE · FOUNDATIONS

Volume basics: reading the conviction behind a move

Volume is how many units trade in a period. On its own it says nothing about direction, but paired with price it hints at how much participation, or conviction, sits behind a move.

QUANTREEF
market microstructure



PHASE 1 · THE QUIET RANGE

Contraction

Price drifts sideways in a tight band and volume stays low. Fewer units change hands because buyers and sellers roughly agree on value, so each candle is small and overlaps the last. Low, flat volume is the visual signature of a range.

`low participation`

PHASE 2 · THE EXPANSION

Volume expands

Price pushes out of the range on a much larger candle, and volume rises sharply at the same time. Expanding volume on the breakout candle is what traders mean by conviction: more participants are acting in the same direction at once.

`rising participation`

PHASE 3 · THE FOLLOW-THROUGH

Move confirmed

The next candles keep progressing and volume stays elevated rather than collapsing straight back. Sustained volume alongside continued price movement is often described as the move being confirmed by participation, not just a single spike.

`sustained`

PHASE 4 · THE WEAK PUSH

Volume denies

A later attempt higher comes on shrinking candles and fading volume, and price stalls. When a push lacks expanding volume, the move is described as unconfirmed or lacking conviction, and it often gives back ground.

`thin`

Key terms

Volume — The number of units traded during a set period, drawn as the height of each bar.

Expansion — Volume rising well above its recent average, signalling heavier participation.

Contraction — Volume falling below its recent average, typical of quiet, balanced ranges.

Confirmation — A move on expanding volume, versus one on thin volume that is unconfirmed.

How to read & use it

Compare, don't count

A volume number means little alone. Read each bar against its recent neighbours: is this candle trading on more or less participation than the ones before it?

Pair volume with price

Ask what price is doing at the same time. Expanding volume on a strong candle and contracting volume in a drift tell different stories about conviction.

Watch breakouts closely

A breakout on expanding volume is described as confirmed; one on shrinking volume is often called weak or unconfirmed and may fade back into the range.

HOW QUANTREEF USES THIS

Where Quantreef highlights volume expansion or contraction, it is descriptive context to help you read the chart and learn the concept. It is educational information, not a signal, recommendation, or prediction, and it never tells you to buy or sell.