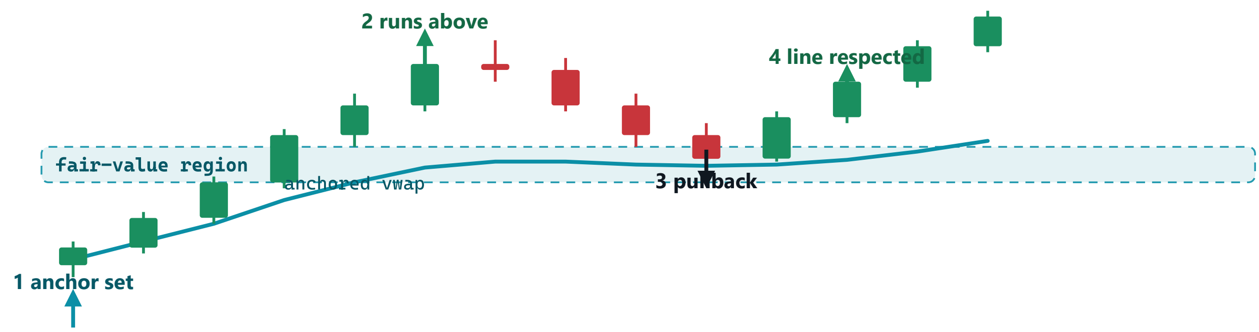
INDICATORS & TOOLS

Reading the volume-weighted average price

VWAP is the average price weighted by how much volume traded at each level, measured from a chosen starting point. It draws one line that many chart-readers treat as a moving idea of average price paid.

QUANTREEF
market microstructure



1
Set the anchor
An anchored VWAP starts its calculation from one chosen moment, such as a swing low or a session open. From that anchor forward, every candle's price and volume feed the running average.

2
Price runs above the line
As buying builds, price climbs and pulls ahead of the VWAP line. The line rises too but more slowly, because it blends all the volume traded since the anchor rather than just the latest candle.

3
Pullback toward VWAP
Price cools off and drifts back down toward the line. Because the VWAP marks the volume-weighted average paid since the anchor, this is a level many participants watch as a possible area of interest.

4
The line is respected
Here price dips to the VWAP and turns back up, closing above it again. When this pattern repeats, chart-readers describe the line as acting as support, a description of what happened, not a promise it will repeat.

Key terms

VWAP — the average traded price weighted by volume, measured from a starting point forward.

Anchor — the chosen moment a VWAP calculation begins, such as a swing low or session open.

Fair-value reference — the idea that VWAP roughly marks the average price paid by participants since the anchor.

Dynamic level — a reference line that moves candle by candle instead of sitting at one fixed price.

How to read & use it

It moves with the market
Unlike a flat horizontal level, VWAP updates every candle. A pullback to VWAP means price meeting a line that has itself been rising or falling.

Distance can be telling
How far price sits above or below its VWAP describes how stretched it is from the average paid since the anchor. Bigger gaps are simply larger distances, not signals.

The anchor changes everything
Anchor from a low and from a high on the same chart and you get two different lines. Always note where a VWAP is measured from before reading it.

HOW QUANTREEF USES THIS

On Quantreef, any VWAP line or fair-value context is shown to help you describe and understand price behaviour. It is educational, descriptive context, not a signal, recommendation, or prediction, and it never tells you to buy or sell.