

VWAP BASICS – WHAT IS VWAP?

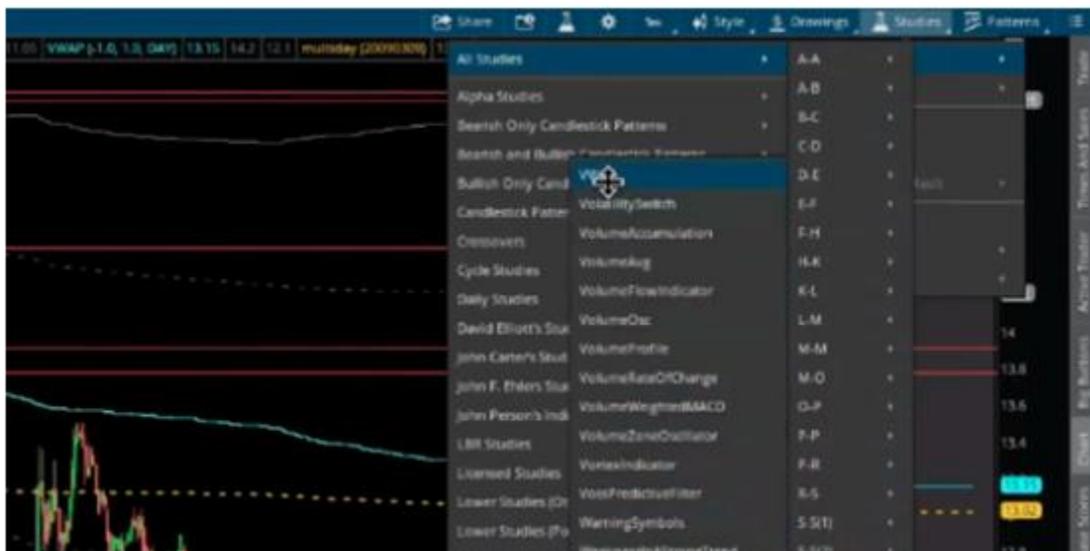
VWAP stands for **V**olume **W**eighted **A**verage **P**rice.

The blue line on my charts is the 1-minute VWAP, and it's THE ONLY LINE THAT MATTERS IN THE STOCK MARKET.

I'll explain why that is in just a moment.

I also employ a multi-day VWAP that requires a custom ThinkorSwim code – exclusively available to all **Warlock's World** members – but the 1-minute VWAP is the basis for almost ALL of my trading; ***you don't need the multiday to make money trading VWAP.***

If you have ThinkorSwim, you can add the 1-minute VWAP on your charts by going to **Studies/All Studies/V/VWAP** and looking at a **1-minute chart**.



Here's how VWAP is calculated, according to TD Ameritrade's ThinkorSwim (TOS) platform, which is what I use on my show:

VWAP

Description

The Volume-Weighted Average Price (VWAP) is calculated using the following formula:

$$VWAP = \frac{\sum_{i=1}^N price_i \cdot size_i}{\sum_{i=1}^N size_i}$$

where $size_i$ is the volume traded at $price_i$.

For the majority of us too stupid to understand ^{^^that^^}, it boils down to this:

While most indicators show a stock's average price or relative strength over a comparatively lengthy period of time, VWAP offers a REAL-TIME look at the underlying volume – showing me price points at which the transactions are happening.

VWAP is expressed as a trendline, and the stock's location relative to this line tells me whether the buyers or sellers are in control... and which side of the aisle I should be on to make money as a day trader (more on that in a minute).

Many trading platforms outside of ThinkorSwim also have the 1-minute VWAP available; call your broker or your platform's customer service line if you're unsure, and make sure you COMPLAIN if they don't.

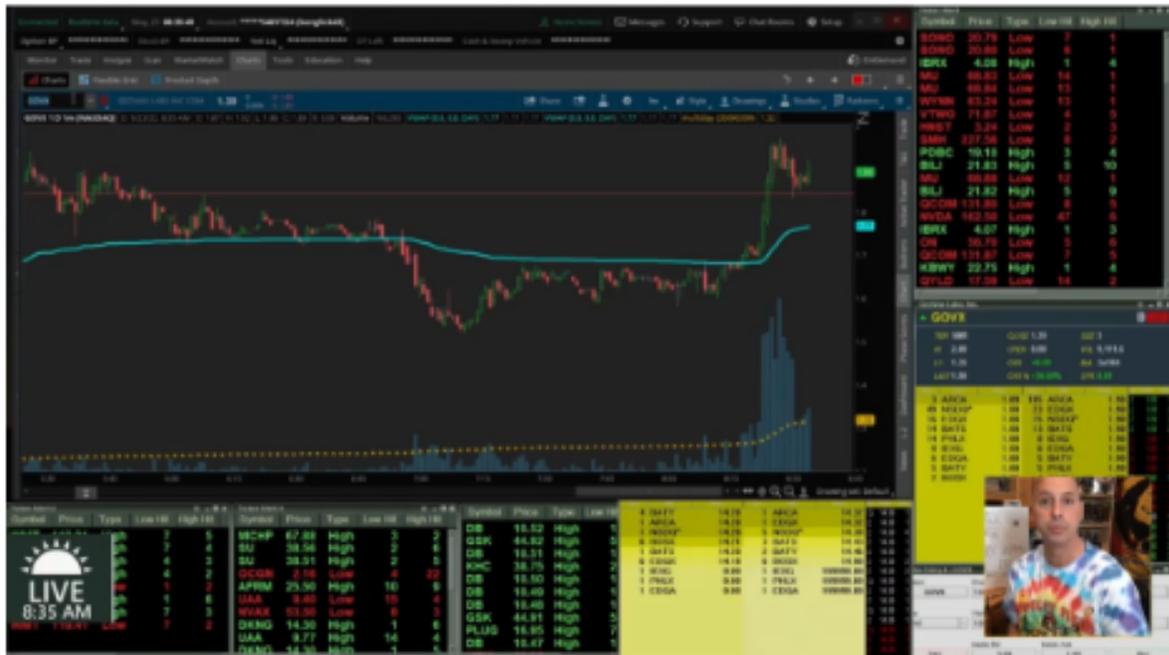
WHY IS VWAP IMPORTANT?

The entire market is RIGGED and revolves around institutional algorithms.

The blue line – the 1-minute VWAP – is telling you where **institutional money is going into the market.**

Take **Geovax Labs (GOVX)**, for example.

You can see on the chart below that once **GOVX** shares broke back above the 1-minute VWAP, volume increased and moved even higher.



That's no coincidence.

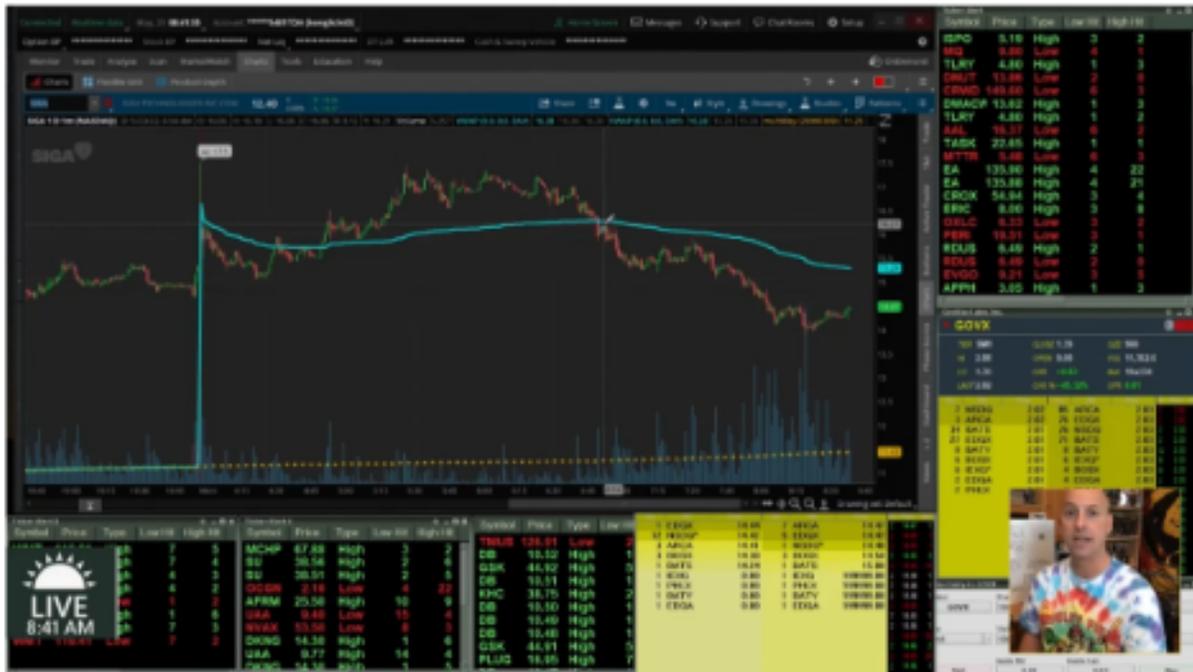
When a stock makes a definitive move back above the 1-minute VWAP, that tells us that BIG, institutional money is coming into the stock, and that's what gives us the volume.

We're not looking to move markets or find the next hidden gem, we're using VWAP to ride the wave of institutional money flow causing spikes in price action.

When a stock moves back *below* the 1-minute VWAP, it tells us the big boys are hitting the exits, and that there could be further downside follow through in price.

Take this chart below from **SIGA Technologies (SIGA)** for example.

You can see on the chart once **SIGA** broke the 1-minute VWAP to the downside, volume increased and price action accelerated.



Pretty neat, right?

But Kenny, how do I use this in my every day trading?

I wasn't finished, Blanche.

HOW DO I TRADE VWAP?

Now that we've established the importance of VWAP, if I say "*This stock is breaking back over VWAP*" during one of my **Warlock's World** sessions, you might think, "*Institutional money is getting into this stock – maybe I should buy it.*"

On the flipside, stocks making decisive moves **back BELOW** the **1-minute VWAP** often present opportunities on the bearish side – which is when I tend to short shares.

A handwritten signature in black ink that reads "Kenny Glick". The signature is written in a cursive, fluid style with a large, prominent 'G'.

Kenny "The Warlock" Glick