Twitter Thread by Divyansh Mishra



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VWAP is the single most important filter which I've used in my trading system for a long time now.

Here are my 2 cents about it. Just reiterating the practical uses of VWAP ❤■

Following is the MEGA Thread on VWAP ■■

Importance of VWAP in intraday trading

VWAP stands for Volume Weighted Average Price, it takes in account the price average with volume included in it. Let’s not stick to the mathematical part and focus on the practical uses of the same.

VWAP is reset everyday, however the previous day VWAP also plays an important role as you’ll see later in this thread.

If any price is trading above the VWAP for 1 hour, it shows that more or less buyers are in net gains for that day so far, so as a filter: I never buy anything which is below the VWAP or sell anything that is above the VWAP

I do have many criteria for taking a trade, but I hope you understand that VWAP can be a really good Filter to clear out 50% of your wrong trades.



As you can see This is the hourly chart of Reliance, price once above VWAP continued to trend in the same direction, now if you have that rule of not selling anything below the VWAP you are saved if you are a short player.

I on the other hand took longs when price came near VWAP with SL of just 1 candle closing below the VWAP, do not get afraid price will not go below the VWAP so easily if its moving at an upward angle of 45 degrees, since smart money will also get trapped if that happens.

So the best entry was near the VWAP in the second half.

If price breaks previous day VWAP also, it signifies some strong move coming in that direction

The CE I gave on reliance was based on the same logic.

VWAP signifies who is in net gains on that day above VWAP buyers and below VWAP sellers. It's a pretty helpful filter if you add it to your trading setup. VWAP is also a reaction zone for price as in many sharp movements originate from that zone.

Apply it, check it and then believe anything ❤■■

Hope you found it useful, if yes then feel free to share with others for their benefit❤■❤■