

Market Profile Charts – Pro Version

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Introduction

The Market Profile charts have the potential to take your market understanding and trading skills to new levels. The profile enables you to see who is doing what and to whom (what the big traders are doing). You will also be able to recognize when the market is about to pause, as well as when it is on the ready to move.

The Market Profile charts consist of TPO's (Time Price Opportunity) letters organized into rows. Each letter represents a 30 minute time frame.

Key attributes of Market Profile charts are:

- 1) **Distribution:** this shows where the trading takes place at particular prices within a specified start and end time.

There are 4 stages of development within the distribution of the Market Profile:

1. The Initial Move
2. The Top (or Bottom) of the Distribution
3. The Reversal from the top
4. The Bottom of the Distribution

When the market is trading in balance the distribution will stay within a particular range. When the market breaks out of the balance either up or down, eventually it will come into a new balance or new distribution.

The distribution shape tells a story about how the market is trading and if it is ready to break out of a trading range.

- 2) **Splits:** represent the starting point of a new distribution. Splits can be intraday, daily, monthly, or yearly. The default split on your Market Profile will be daily.
- 3) **Creating Splits:** You can create manual splits intraday by clicking on a TPO within the market profile. This will start a new distribution and create an independent Market Profile with the start time of the selected TPO.

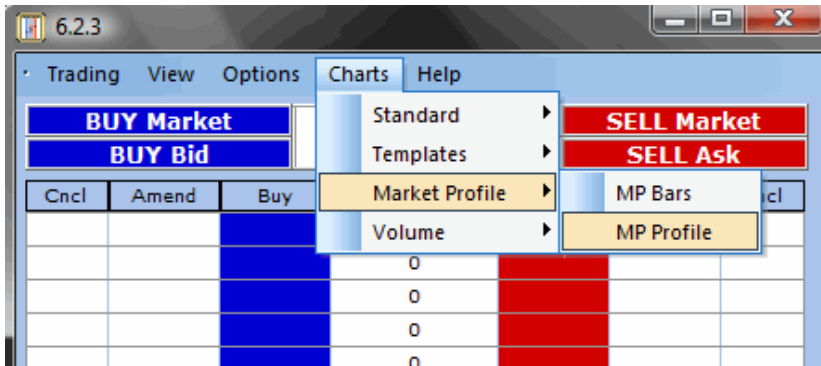
Weekly and monthly splits can also be created easily by right clicking on the chart and choosing your time frame. This will be explained in more detail later in this guide.

Getting Started

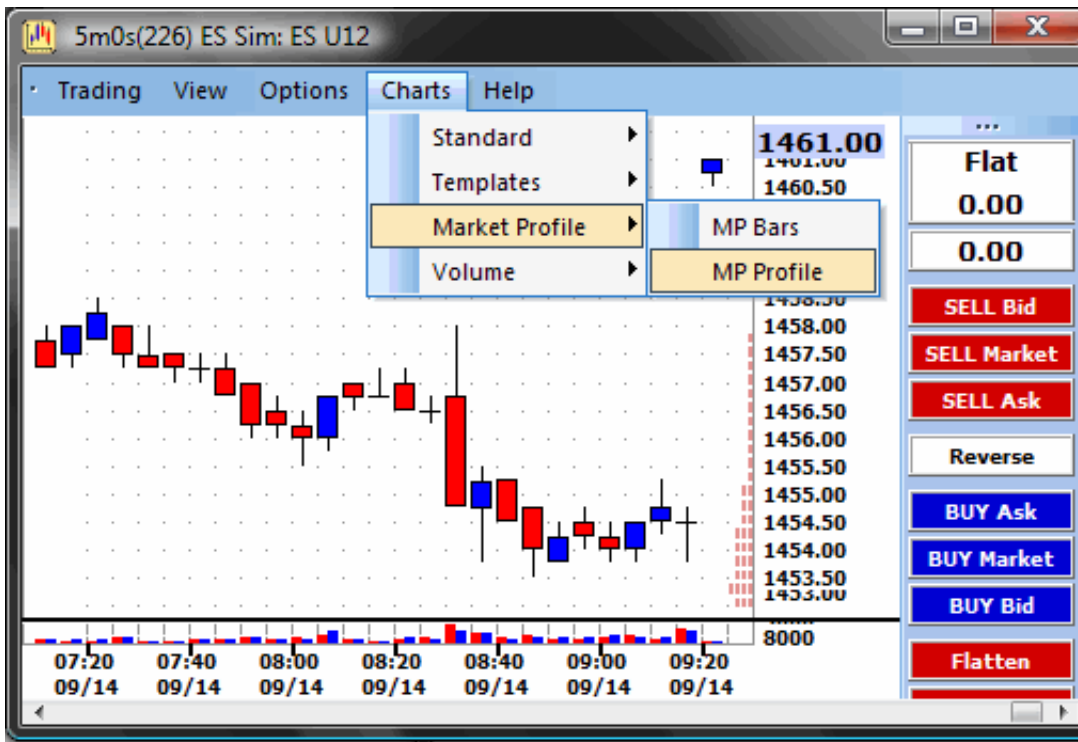
The Market Profile charts are opened from a Trade Chart or Trade Window. You cannot trade from the Market Profile Charts.

From the “Charts” menu on the Trade Chart or Trade Window scroll down to Market Profile and select “MP Profile”.

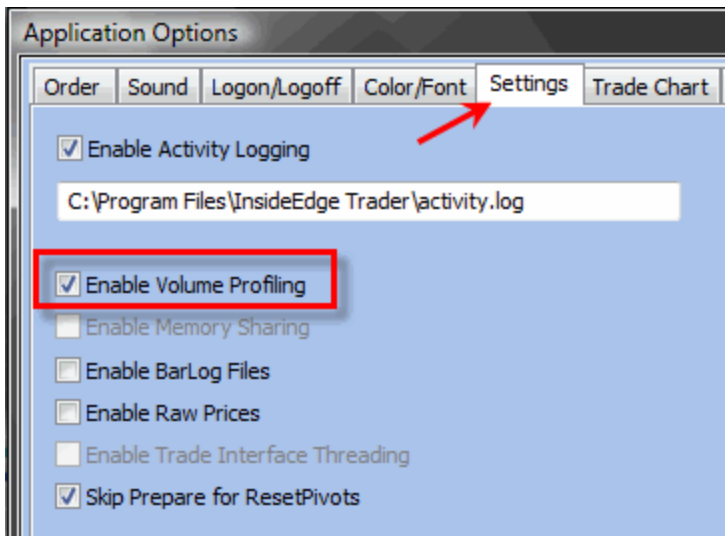
Trade Window



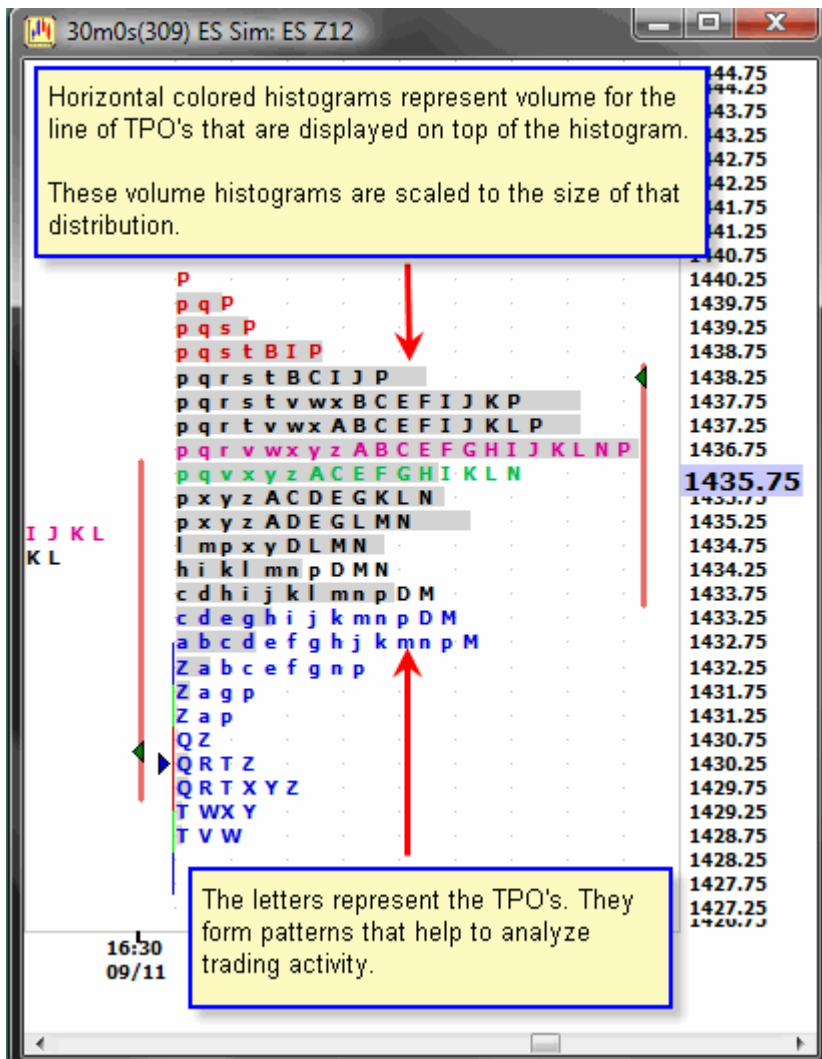
Trade Chart



Make sure the “**Enable Volume Profiling**” is checked in Application Options under the “Settings” tab. If this is unchecked you will not be able to use the Market Profile options in this software.



Volume and TPO's on Market Profile Chart with Default Settings



Note: You can scroll back or enlarge your chart to the start of the day (globex session) to see the volume histogram on your chart. You will see all the volume histograms for the day when the first TPO is in view. If you only have a part of the day showing on the chart the volume histogram will not show up.

The example below shows the same Market Profile chart above but the TPO's on the left do not have the volume showing because the first TPO's of the day session are not showing.

Note: The volume histograms are scaled to the size of the distribution. It is a relative scaling of volume rather than absolute volume scaling.

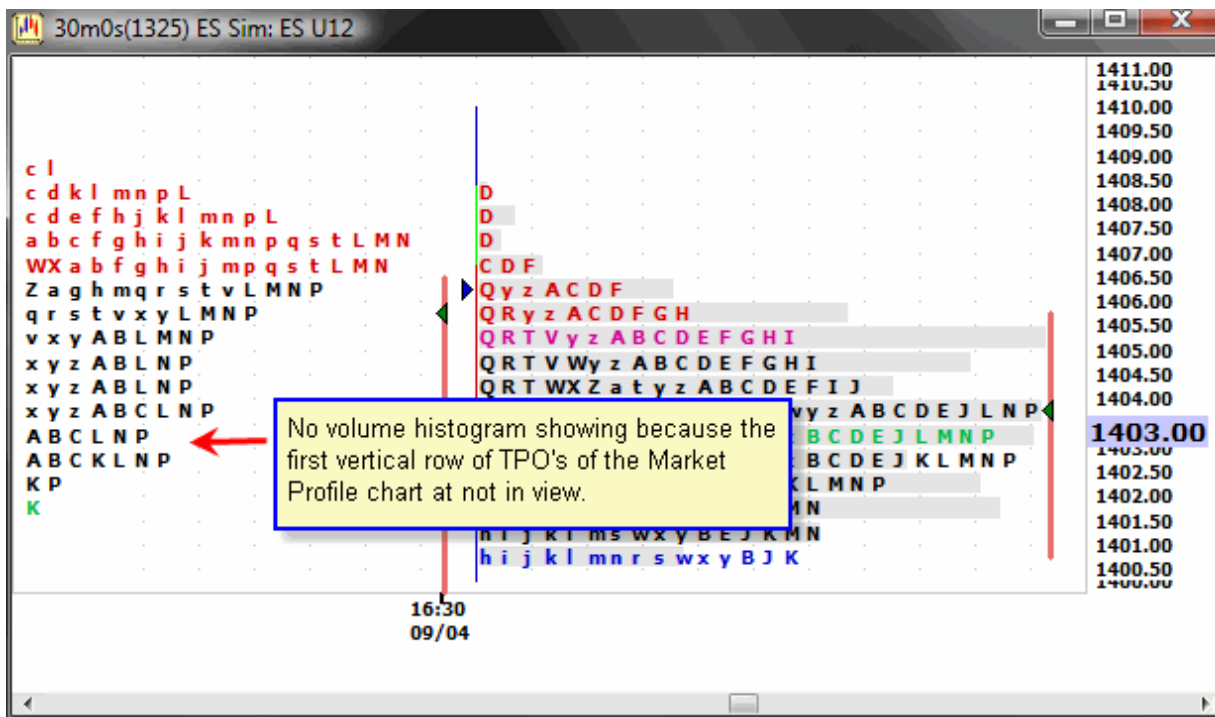
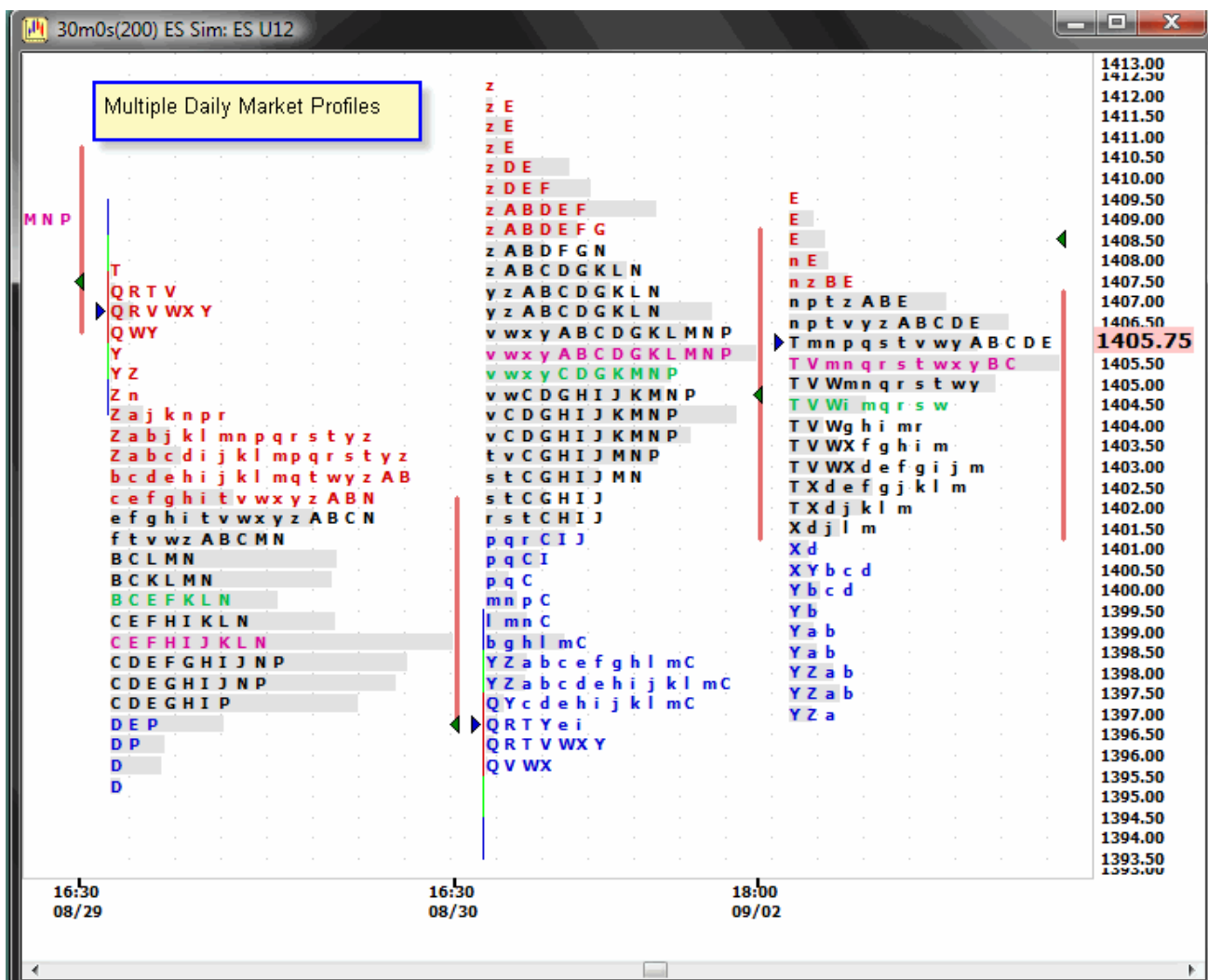
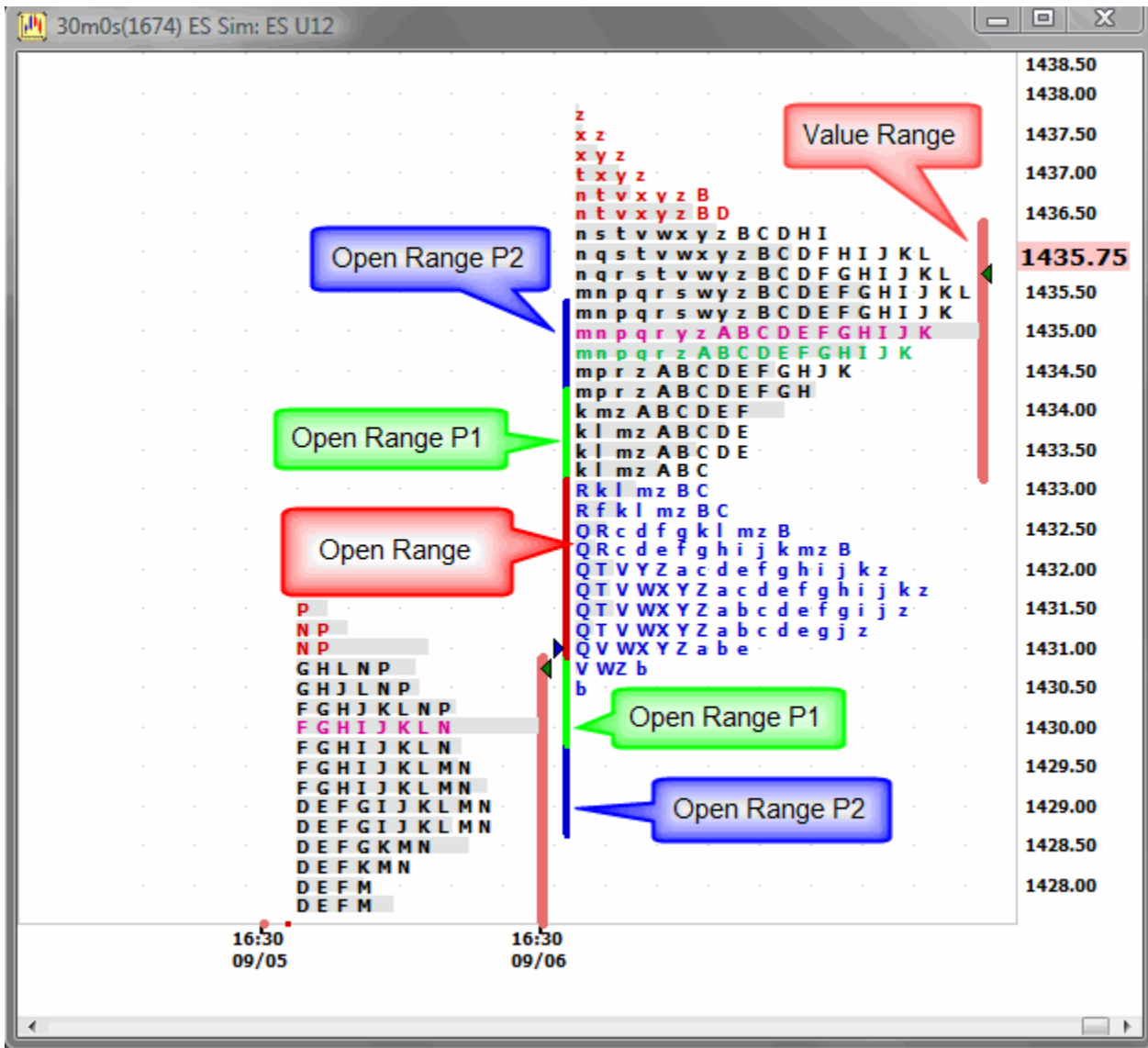


Chart with Multiple Daily Market Profiles



You can see from the window above how each day will form a different distribution shape showing where the market has spent the most time trading at various prices.

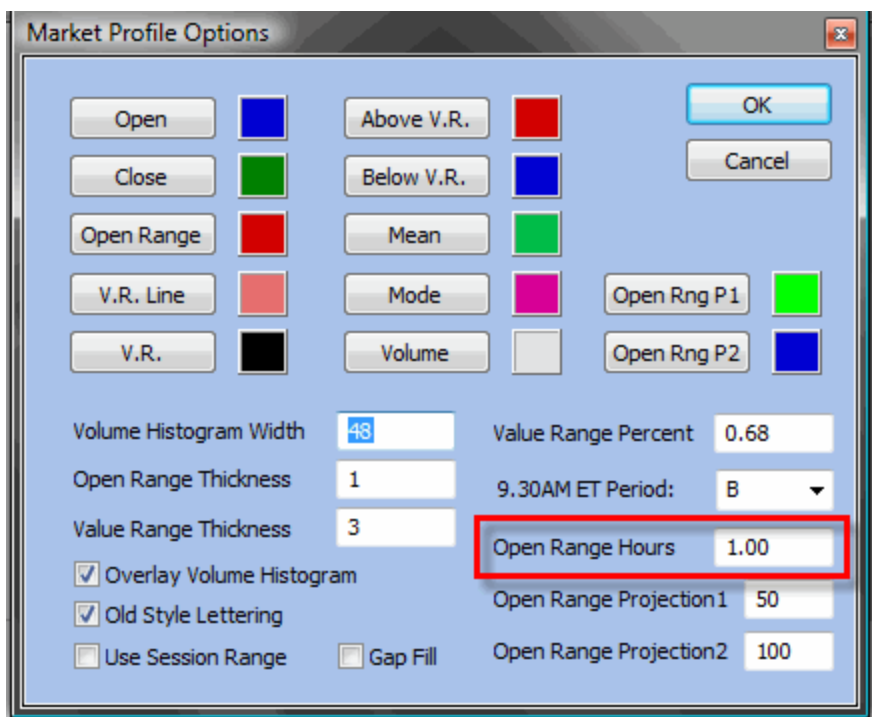
Value Range. Open Range, Open Range P1, Open Range P2



Value Range: Most traded area of the Market Profile. This range is ~70% of the volume in distribution calculated from the Mean (volume weighted price).

The bottom and top prices of the Value Area show important support and resistance.

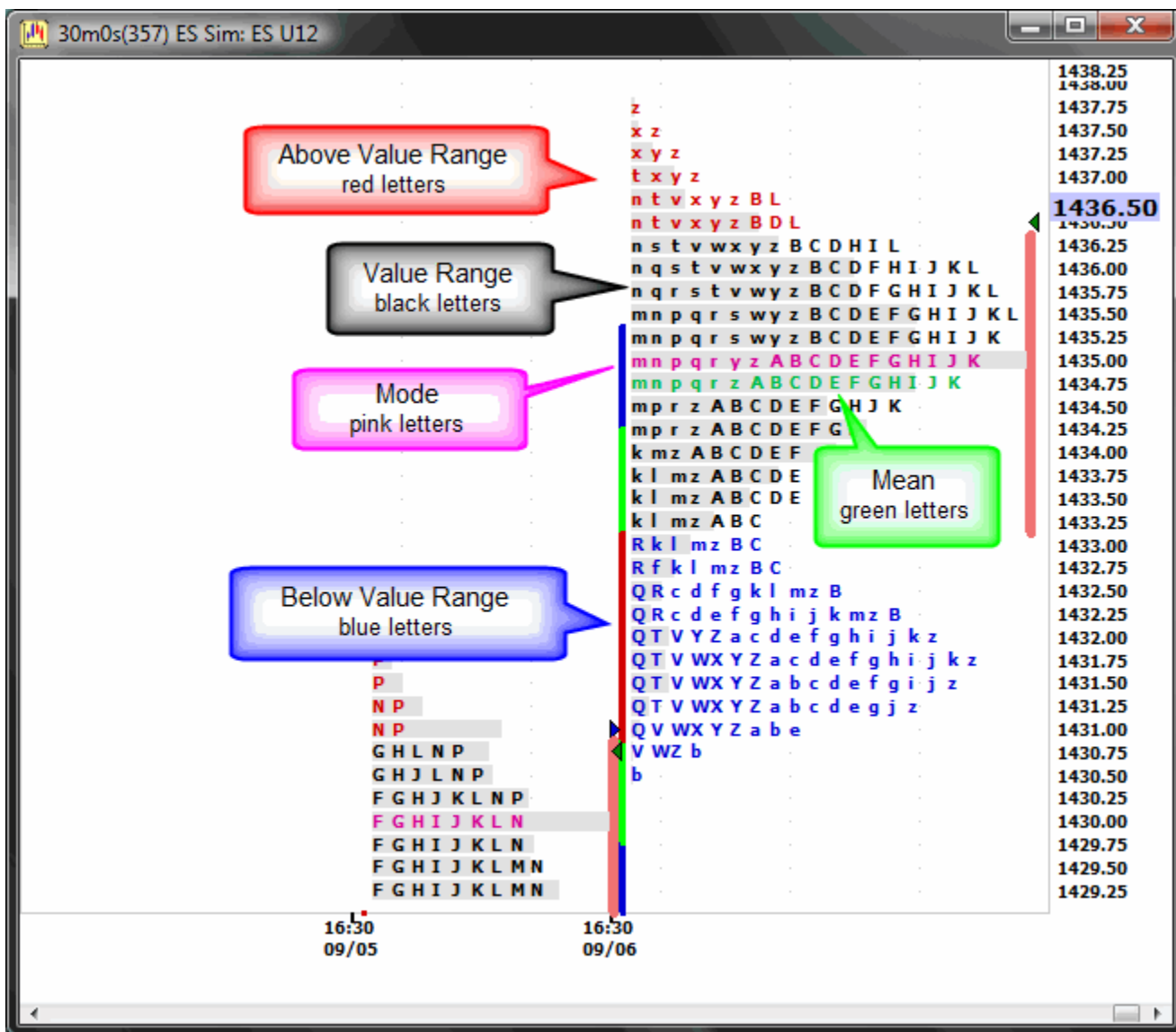
Open Range: Range of prices for the first hour of trading when the market opens (as defined on Market Profile “Options” window. The default is one hour).



Open Range P1: 50% extension of the Open Range above and below the Open Range acts as support and resistance.

Open Range P2: 100% extension of the Open Range above and below the Open Range acts as support and resistance.

Value Range, Mean and Mode



Mean: Average Volume weighted price.

Mode: Price which has the largest volume in the distribution.

Customizing Your Market Profile Charts

Set Day and Session times for the contract you are trading

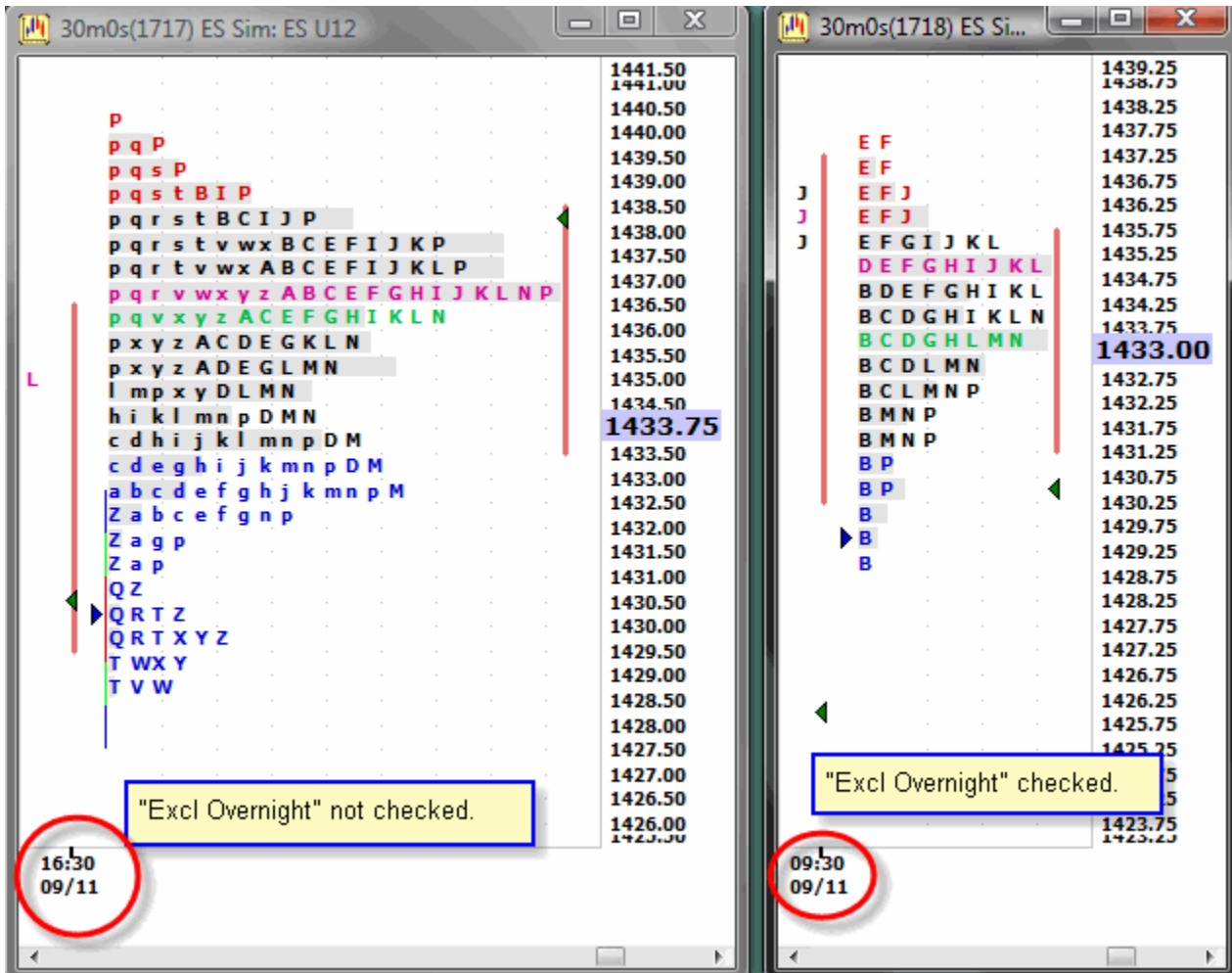
Make sure you chart time is set correctly to the particular market you are trading. For example you would want to set a different time for the ES market compared to the Euro market. You can set your Day Start and Day End sessions in the Application Options under Logon/Logoff tab as you would for any chart.

Click [here](#) to see the TPO Alphanumeric Assignments with different markets.

Use Globex or Exclude Overnight Sessions

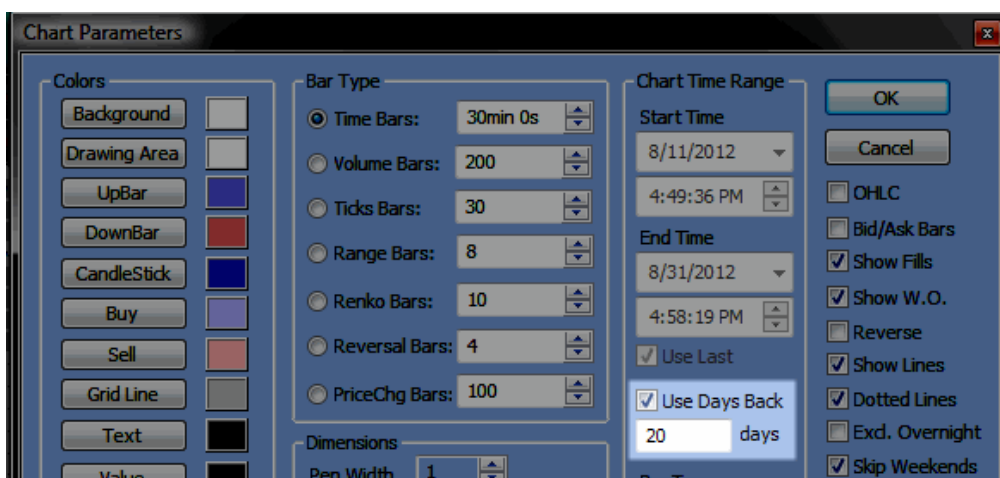
Right click on Market Profile chart and choose Chart Parameters. Check "Excl Overnight" to see only the day session on your charts.

If "Excl Overnight" is not checked you will see the Globex start time on the horizontal time scale and the bottom of your chart. If "Excl Overnight" is checked, you will see the day start time at the bottom of your chart.



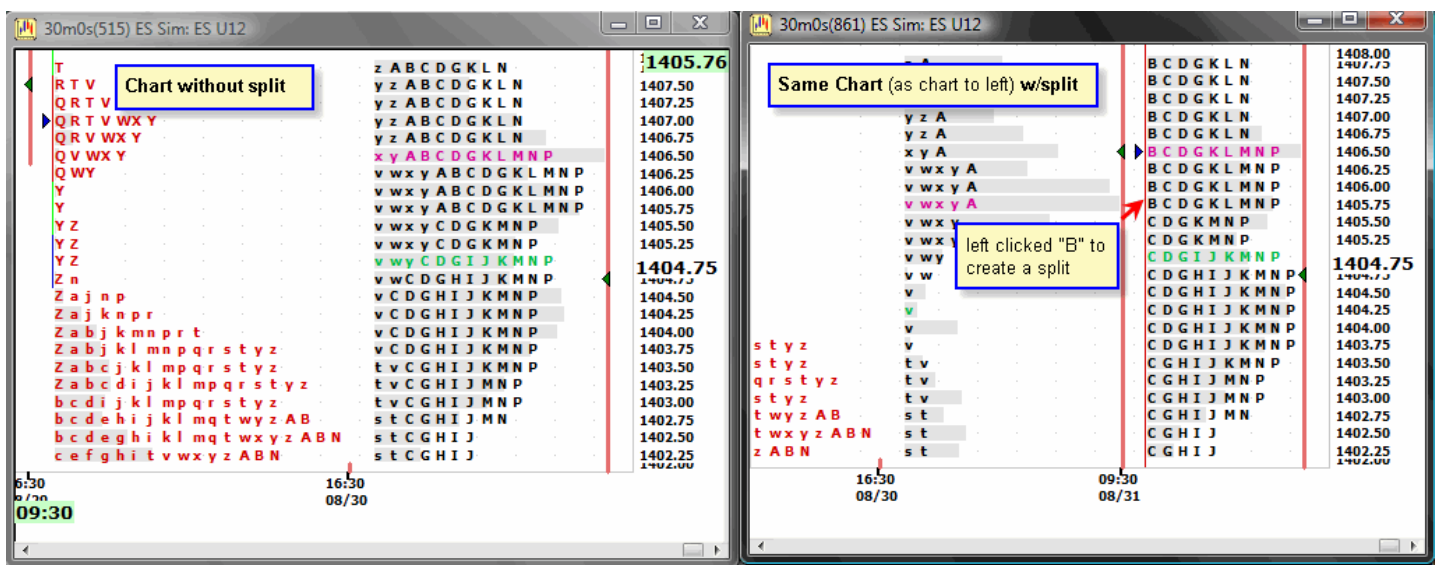
Changing the number of days of TPO's

- Right click on any WHITE space on the Market Profile chart
- Choose "Chart Parameters" from the drop down list
- Make sure "Use Days Back" is checked.
- Type the number of days you want to see in the "days" box
- You will need to scroll the chart back and forth to see the different days. (Left clicking and dragging on the time frame at the bottom of the chart does not change the size of the TPO bars like the other types of charts.)



Splitting the TPO's on Your Market Profile Chart

You can split the TPO's for the day by LEFT clicking on any TPO.



You can undo the last split by RIGHT clicking on any TPO.

Note: If you have the Drawing Tools open with a drawing tool selected, you will not be able to split the Market Profile because the drawing tools are overriding splitting the profile by clicking on a TPO.

To be able to split the Market Profile by clicking on a TPO with the drawing tools window open, simply deselect that drawing tool by clicking on that specific tool or by clicking the white arrow in the upper right hand corner of the drawing tools window. Now you can easily split the Market Profile clicking on a TPO of your choice.

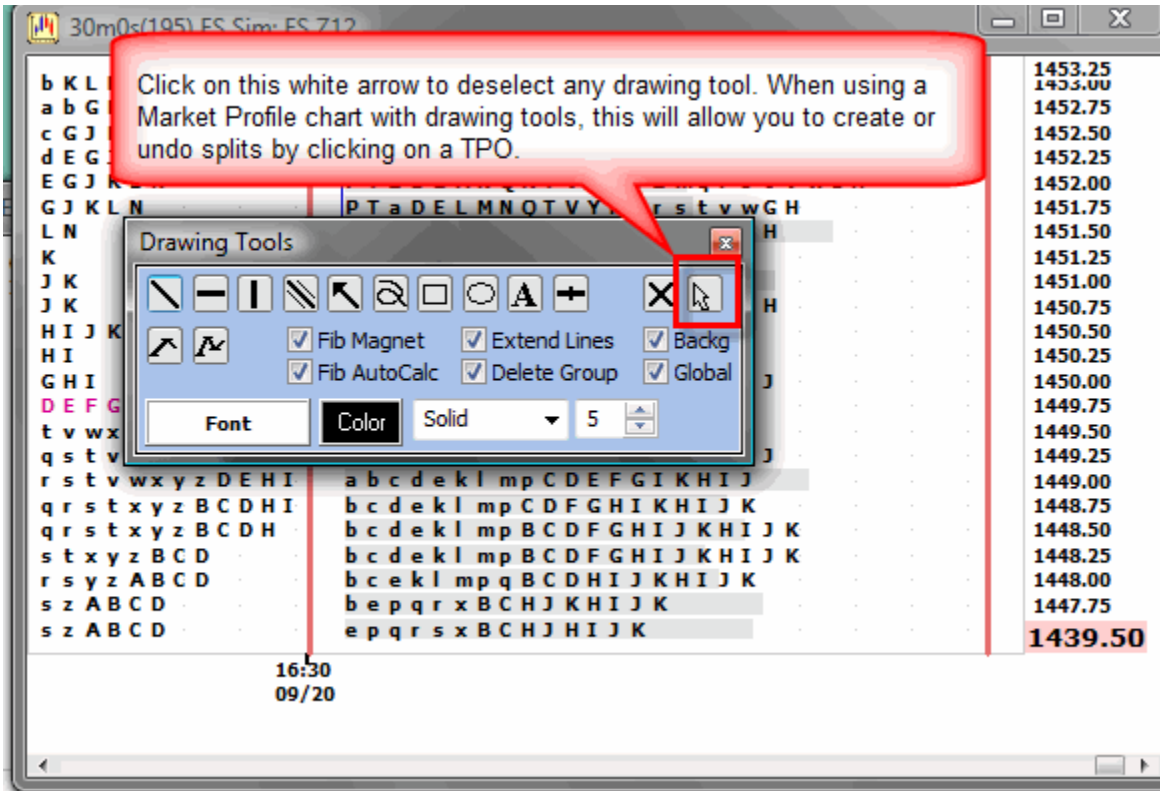
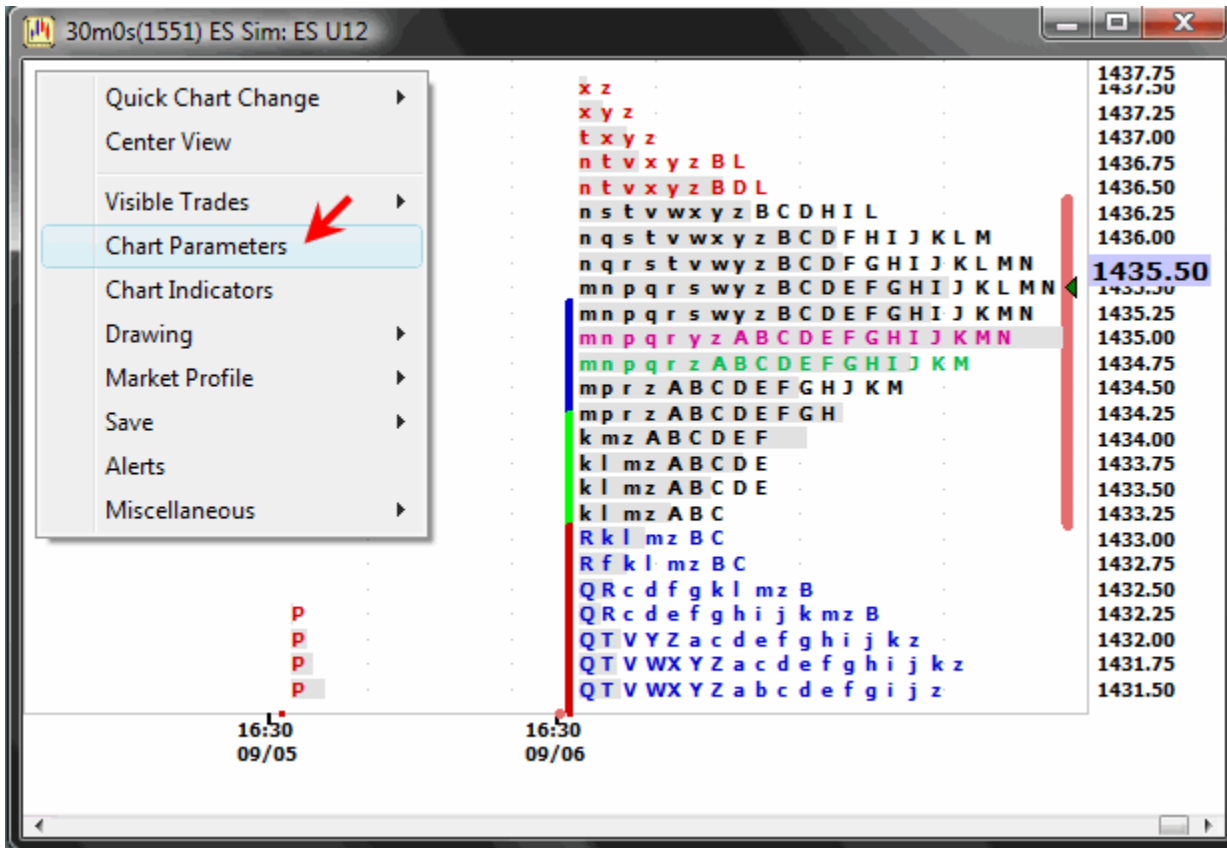
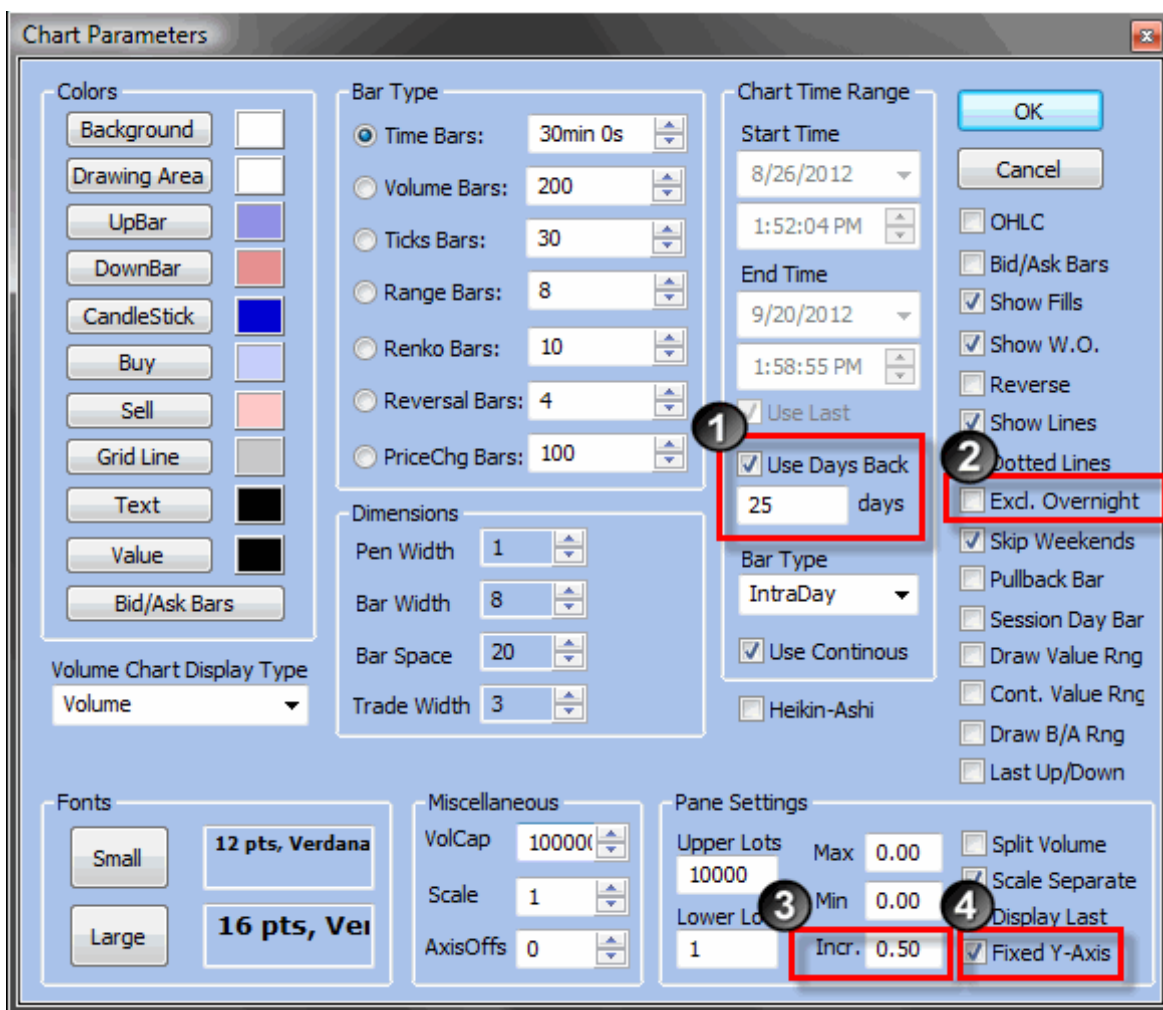


Chart Parameter Options with Market Profile Charts

Right click on a white space in the Market Profile chart and select "Chart Parameters" from the drop down menu.



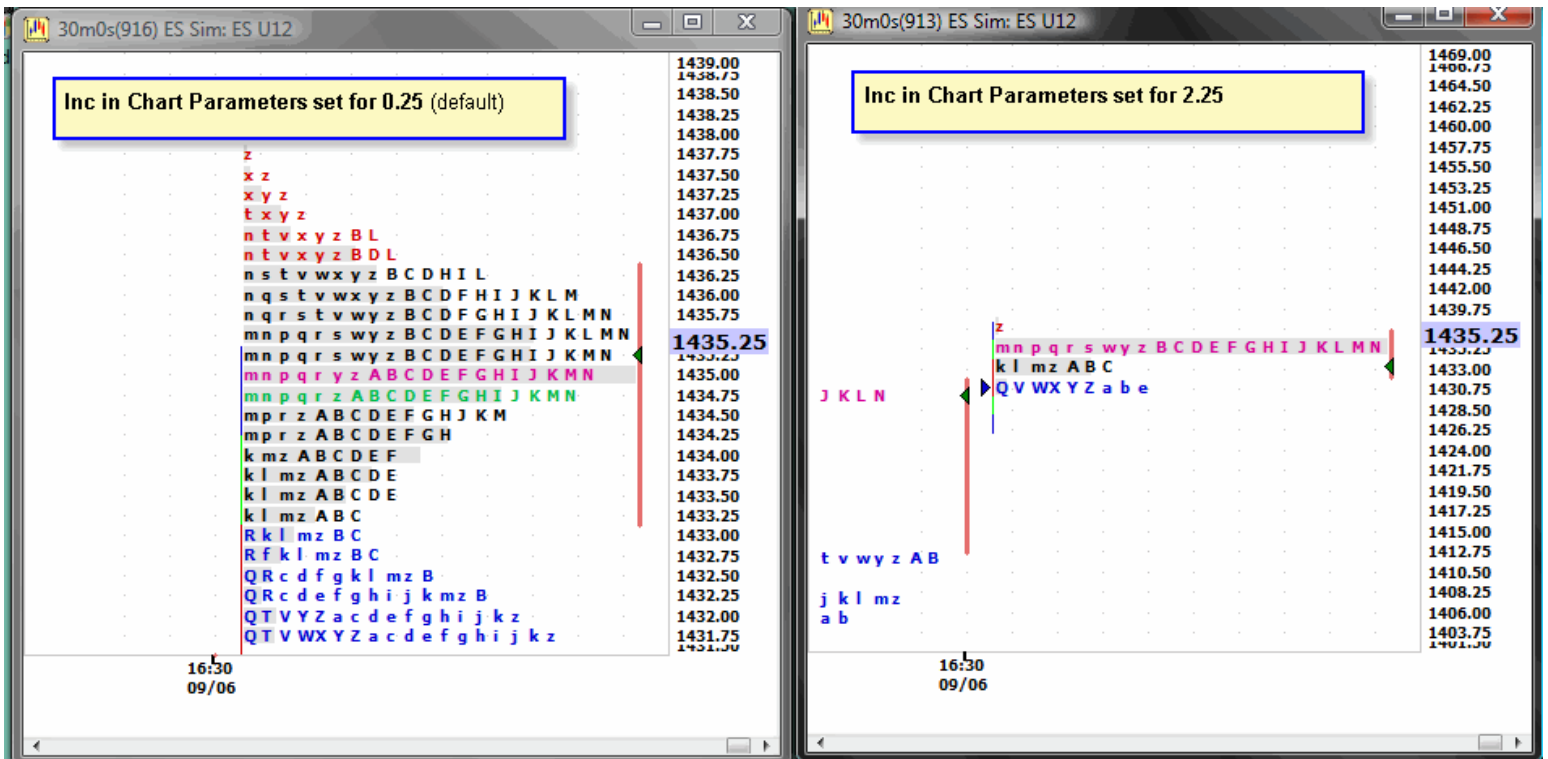


1. **“Use Days Back”** is checked by default. You can put a number of your choice into the “days” window to see more or less days of Market Profiles. The default is 5 days. In the example above the number of days back is changed to 25 days back.

You can also set the time frame of the chart to a specific Start Time and End Time as in any other chart.

2. **“Excl. Overnight”** – with this checked you will only see the Market Profile for the day session. With this unchecked you will see the Market Profile with the globex session and the day session.
3. **“Incr.”**. You can use this to compress the data in the Market Profile. This number must be increased in tick values. For example, use .25 increments for the S & P eMini contract.

See examples below.



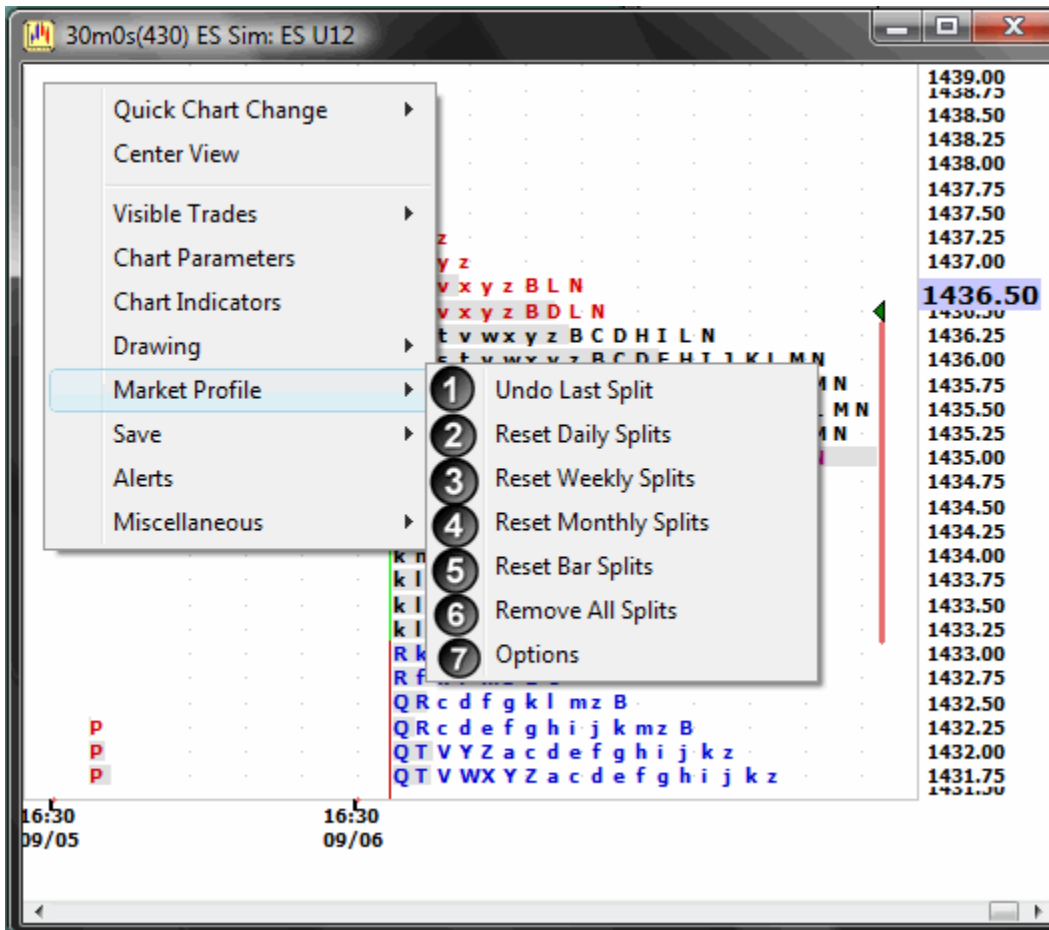
1. **“Fixed Y-Axis”** is checked by default. With this checked you cannot expand or contract the Y (vertical) axis on your chart. This keeps the Market Profile in an orderly shape without any distortion as the profile develops and as you scroll back and forth on the X-axis.

If this is unchecked you can expand and contract the Y axis by left clicking on the vertical column of numbers on the right side of the chart and drag down to expand and drag up to contract.

Note: To move the market profiles vertically, right click on the price values vertical column and holding the mouse click move the mouse up and down to move the market profile up and down in the chart window.

Market Profile Drop Down Menu and Options

Right click on a blank space on the MP chart, scroll down to “Market Profile” and a drop down menu will appear.



1) “Undo Last Splits”

If you left click on a TPO it will split the TPO’s. By selecting this option you can undo the split. If you have created multiple splits, it will undo the last split. You can click on this again to undo the next to last split and keep repeating until there are no more splits.

2) “Reset Daily Splits”

If you have made several splits (or clicked “Remove All Splits”), clicking this option will reset all the splits to daily splits.

3) “Reset Weekly Splits”

You can set the TPO’s to weekly splits here. No matter how many other splits you have created, this will reset to the default weekly splits.

4) “Reset Monthly Splits”

This will set the TPO’s to monthly splits instead of daily, weekly, monthly or bar splits. Again this will reset any number of splits you have done to the default monthly splits.

5) “Reset Bar Splits”

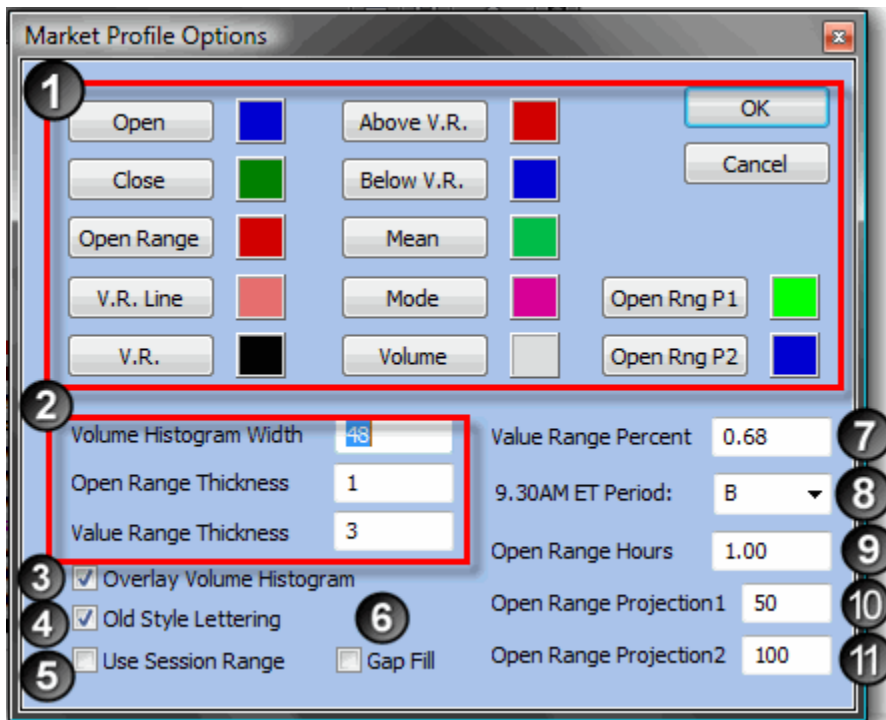
This will create splits for each TPO.

6) "Remove All Splits"

This will remove *all* splits and group all TPO's into one Market Profile for the entire period of time you have set in your Chart Parameters.

7) "Options"

This opens up a window where you can change colors, line thickness, and various other options explained below.



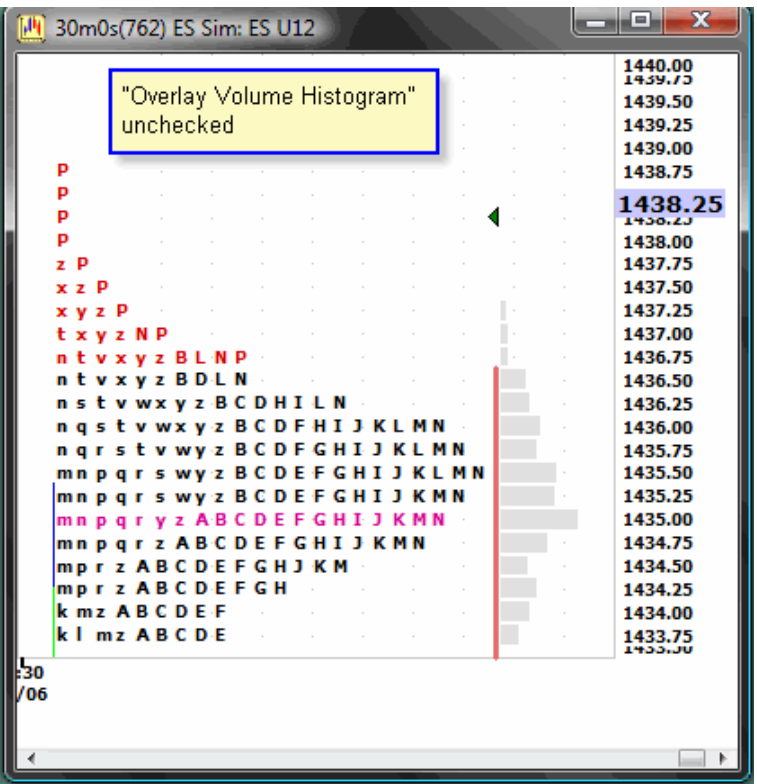
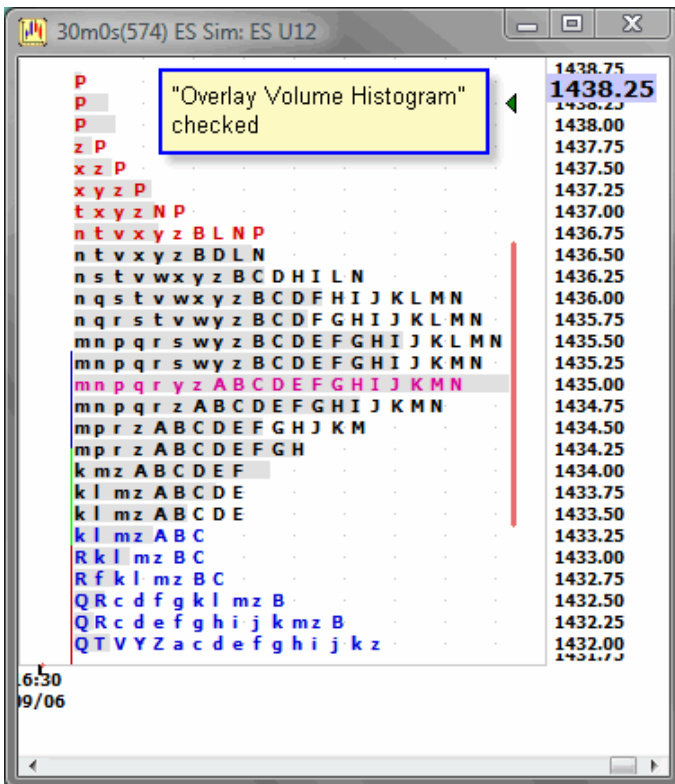
1. You can change the **colors** of the various Market Profile Chart elements here. Just click on a button and a color window will open where you can select a color of your choice or create a custom color to use.

2. You can **adjust the width of the different chart element options** available here. Type in a number to change the line thickness of the width of the volume histogram.

3. Overlay Volume Histogram

This is checked by default. When checked the volume histogram for the chart will be shown behind the TPO's.

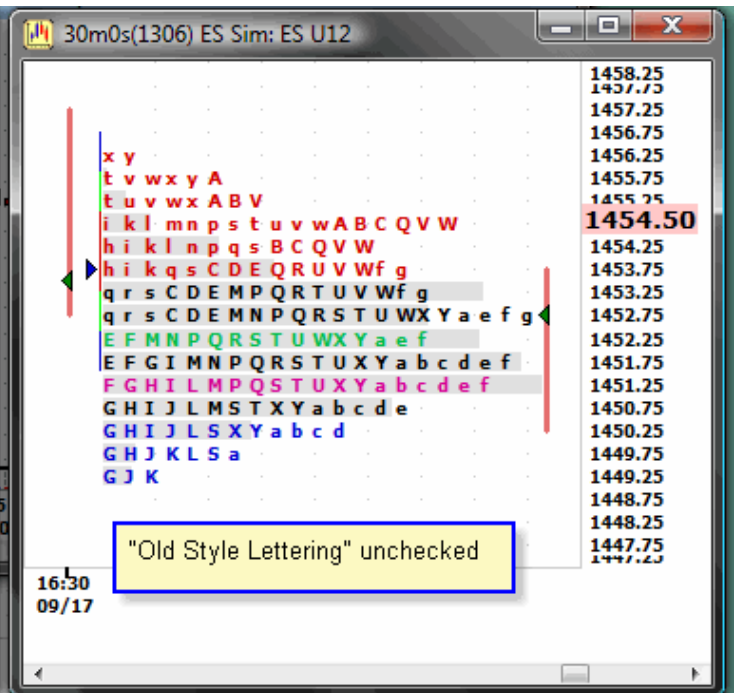
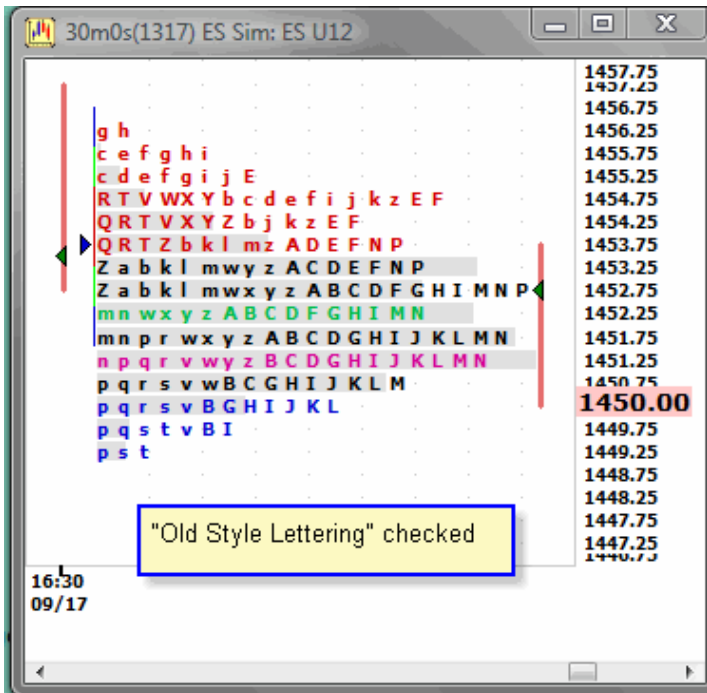
When this is unchecked the volume histogram for the chart will be shown to the right of the TPO's.



4. Old Style Lettering

“Old Style Lettering” is checked by default. The TPO letters are assigned different times depending on whether the “Old Style Lettering” is checked or unchecked.

You can view the **Chicago Board of Trade Market Profile Symbols** table showing the time brackets with the old and new bracket codes by clicking [here](#).



5. **“Use Session Range”** – not currently used
6. **“Gap Fill”** – fills price gap even though market has not traded there.
7. **“Value Range Percent”** – Typically you would not change this value.
8. **“9:30AM ET Period”** - Typically you would not change this value
9. **“Open Range Hours”** - Typically you would not change this value
10. **“Open Range Projection1”** - Typically you would not change this value
11. **“Open Range Projection2”** - Typically you would not change this value