Volume — Practice Worksheet

Compare real volume against its average and rate a move's conviction.

Part 1 — Rate the Conviction

For each scenario (price change, day's volume, normal average volume), work out the volume multiple and rate the move as High Conviction, Low Conviction, or Ordinary.

1. +4.2% move · 6.1M shares traded · 1.8M average volume

Volume multiple + your rating

2. -1.1% move · 2.0M shares traded · 1.9M average volume

Volume multiple + your rating

3. +0.3% move · 5.5M shares traded · 1.7M average volume

Volume multiple + your rating

Part 2 — Research a Real Chart

Pick a stock or index you're familiar with. Pull up a chart with a volume panel and answer:

1. Ticker / index and the date of the largest volume spike you can find in the last few months:

Your answer

2. What was the price move on that day, and roughly how many times the normal average volume was it?

Your answer

3. Was there news that day (earnings, announcement) that could explain the spike?

Your answer

4. Find a day where price rose but volume was below average. Would you call that high or low conviction?

Your answer

Part 3 — Reflection

Why might a breakout through a trend line on low volume be less trustworthy than the same breakout on high volume?

Your answer