

Market Profile

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Introduction

- Market Profile is unlike any other charting method as it organises the data in a very different way to Bars, Candles or Point and Figure, the usual “canvases” that analysts use
- It still uses the principles of organising price and time, but doesn’t attempt to give firm buy and sell signals, rather it builds up a picture of how the day is developing, which can then be compared to previous sessions
- In short it gives the trader an indication of the market sentiment at any time – whether the Bulls or the Bears are dominating, and what type of trader is active



FuturesTechs Trader Types - The LBD

- Market Profile (MP) was developed by Peter Stiedlmeyer, an American Technical Analyst, in the early 1980's. Stiedlmeyer was a trader on the Floor of the CBOT

- It's worth pointing this out because Market Profile is based on different types of traders and how they affect the market over the course of a trading session

- He split trader types into 4 CTI's (Customer Type Indicators)



Trader Types - The LBD

- Steidlmeyer categorised traders into different types:
 - CTI1
 - “Local” or “Proprietary” traders
 - Own account – don’t take large positions
 - “Liquidity providers” - facilitating trade
 - Can’t “move markets” in any sustainable way



Trader Types - The LBD

- Steidlmeyer categorised traders into different types:
 - CTI2
 - “Commercial” traders
 - Trades executed by CBOT/CME commercial clearing members trading for their house account
 - Banks/Institutions
 - **CAN “move markets” – and do!**
 - The most important group, as their activity is the thing that can give us clues as to future direction

