



## Market Profile ©

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# Agenda

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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

# Trader Types - The LDB

- Market Profile (MP) was developed by Peter Steidlmayer, an American Technical Analyst, in the early 1980's. Steidlmayer 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 LDB

www.cisco-futures.com/sample\_cbotldhourly.html

liquidity data bank

Sample of CBOT Hourly LDB Reports

HOURLY LDB REPORTS FOR CBOT CONTRACTS

DOWNLOAD NUMBER 6

TRADING DATE: 06 26 98

CONTRACT: SEP 98 US T BOND (CBOT) DAY

TRADING BEGINS 0720 (CST);CLOSES 1405;TPO SYMBOLS ARE Z\$ABCDEFGHIJKL  
FIRST PERIOD IS 10 MINS;SUBSEQUENT PERIODS ARE ALL 30 MINS

PRICE	VOLUME	%VOL	%CTI1	%CTI2	%CTI3	%CTI4	BRACKETS(*)
12323	2860	0.6	54.1	7.7	1.0	37.2	F
12322	5844	1.2	54.2	16.5	0.8	28.4	FJ
12321	12880	2.7	61.7	9.3	1.7	27.2	FGJK
12320	25616	5.4	54.9	9.1	3.5	32.4	FGHJK
12319	33746	7.2	55.0	9.4	3.8	31.8	FGHIJKL
12318	24836	5.3	50.3	10.7	1.9	37.0	FGHIJKL
12317	15068	3.2	55.1	11.1	1.1	32.7	EFHIJL
12316	2460	0.5	62.8	1.0	2.9	33.3	EFJL
12315	5306	1.1	54.7	4.7	0.8	39.7	EJ
12314	9914	2.1	52.3	2.9	0.1	44.8	E
12313	4598	1.0	63.1	1.8	3.1	32.0	OE
12312	17494	3.7	52.2	6.9	1.5	39.4	OE
12311	22484	4.8	57.6	8.5	2.0	31.9	ODE
12310	17042	3.6	51.4	6.1	3.0	39.6	ODE
12309	22920	4.9	53.0	9.0	1.7	36.3	OD
12308	12260	2.6	46.7	7.0	1.7	44.7	OCD
12307	17028	3.6	54.4	13.3	3.0	29.4	OBCD
12306	16926	3.6	58.8	8.0	2.8	30.4	OABCD
12305	27262	5.8	54.1	9.9	3.4	32.6	ABC
12304	27436	5.8	57.7	12.5	2.8	27.0	ABC
12303	23804	5.0	53.9	5.4	4.9	35.8	\$ABC
12302	33810	7.2	58.9	8.3	6.2	26.6	\$AB
12301	20598	4.4	45.3	5.6	2.6	46.5	\$AB
12300	10148	2.2	45.2	13.3	2.3	39.2	Z\$
12231	23580	5.0	48.4	11.0	4.0	36.7	Z\$
12230	20050	4.3	52.8	5.8	3.6	37.8	Z\$
12229	10354	2.2	53.7	8.7	2.4	35.3	Z\$
12228	5064	1.1	42.7	11.5	1.0	44.8	Z\$
12227	368	0.1	39.9	0.3	0.0	59.8	\$

  

	%CTI1	%CTI2	%CTI3	%CTI4	
VOLUME FOR SEP 98 US T BOND (CBOT) DAY	471756	53.8	8.8	2.9	34.5
VOLUME FOR ALL US T BOND (CBOT) DAY	471968	53.8	8.8	2.9	34.5

70% VOLUME SUMMARY

PRICE	VOLUME	%VOL	%CTI1	%CTI2	%CTI3	%CTI4	BRACKETS
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**CTI 1 - "Locals"**  
**CTI 2 - "Paper"**  
**CTI 3 - "Other"**  
**CTI 4 - "Retail\*"**

# The LDB

- The Liquidity Data Bank was available on subscription from the CME/CBOT
  - Assumptions can be made based on what trader types were playing at what levels as to whether developing moves have the “legs” to continue
- The “simplified” version of the LDB is the basic Market Profile, which is widely available on professional charting systems such as CQG, Bloomberg and e-signal.
- It doesn’t differentiate the trader types, but does give a breakdown of time, price and volume
- Many of the assumptions of Market Profile, as we’ll see later, are based on what type of trader is active at any time, hence we’ve already introduced this idea
- The Profile’s make-up and the reading of the Profile is based on the “Statistical Bell Curve”

# Market Profile

- Statistical Bell Curve – “classic” example

