

1. VWAP = Fair Value of the Day

VWAP represents the average price weighted by volume.

Institutions use it as a benchmark to execute large orders.

2. Acts as Dynamic Support & Resistance

Above VWAP: Buyers in control (bullish bias)

Below VWAP: Sellers in control (bearish bias)

3. Trend vs Mean Reversion Tool

In trending markets → VWAP works as trend guide.

In ranging markets → Price often reverts back to VWAP.

4. Ideal for Intraday Trading

Based on intraday volume, so works best for:

Scalping, Intraday setups, Institutional analysis

5. VWAP Anchoring

You can anchor VWAP to:

A swing high or low - Breakout point - Earnings event - Major news Helps identify true institutional levels.

6. Multi-VWAP Strategy

Using multiple VWAPs:

Daily VWAP - Weekly VWAP - Monthly VWAP

Helps understand short-term vs long-term fair value.

7. VWAP Bands / Standard Deviations

VWAP \pm 1 SD → Normal volatility range

VWAP \pm 2 SD → Extreme zones (possible reversals)

Useful for entries, stop-loss zones, and take-profits.

8. Breakout & Breakdown Confirmation

Price staying above VWAP after breakout = strong trend

Price failing to hold VWAP = fake breakout / reversal signal

9. Shows Institutional Intent

Heavy volume at VWAP levels indicates:

Smart money accumulation

Distribution

Absorption

10. Works Best with Volume Profile & Order Flow

VWAP shows fair price

Volume Profile shows value

Order Flow shows aggression

Combining all → professional-level trading decisions