

MARKET CONDITION CALCULATOR

**this calculator is not a replacement to technical analysis, and only identifies current direction and volatility to accompany your strategy.*

- This tool is for seasoned professionals to counter cognitive bias, or for beginner traders wanting to learn to read market conditions.
- Asserts Top Down Analysis accuracy, identifying the market condition in every timeframe of recent price action.
- Using this tool will preempt market conditions, adapting your strategy to changing market conditions.
- Allows for objective, emotion-free decisions, giving the user an edge in volatile or uncertain markets.
- Justifies discipline and patience in dangerous or sideways markets.
- This tool adds confidence to our trading.

When analysing the market as professional traders, we want to get a scope of the direction the trend is moving in, entering and exiting with precision and accuracy. We are taught that losses are part of the game, but as a fact we can share no one gains pleasure from losing. Though, there are lessons amongst the dirt in what mistakes we made from human error, to correct course and prevent repeating.

The problem with our own analysis as traders is cognitive bias. We may be influenced by previous trends when price action is clearly indicating a change of direction or a slowing of volatility. This can not only be confusing for our perception, but can also further affect our emotions when price runs away from our ideal point of entry.

This tool was made because of that fact - underestimating the direction and indications of price action, misreading the volatility of the current market conditions, and missing entries that cost both time and money.

The market condition calculator has been rigorously tested and defined for the most recent price action identification in direction and volatility, so you can overcome cognitive bias.

Introduction

To profit from the correct side of the liquid market we need to determine the current market condition before choosing to enter, and ride the structure. This is identified from the trend price forms, and even earlier is the volatility price shows.

Identifying the current trend and telling volatility gives us accuracy and confidence in our trades - reading liquidity, predicting price movements, and executing systematically for consistent profitability.

The system in which we approach this market is best interpreted by identifying the market condition, using a specific style with our strategy, defining and attacking the volatility we recognise to slice the market for our gain.

Typically, most people attempt to develop one 'holy grail' strategy that works in all types of markets, not accounting for different types of moving liquidity, most usually fail for that reason.

The good news is it's not that hard to develop multiple strategy variations, so you can have one that will work in each kind of market.

What's difficult is to try to find one that will work in all conditions.

Simply monitor market conditions objectively.

With multiple variations of your strategy depending on liquidity/volatility, we are then proficient in benefiting from every market condition with asserted adaptivity and confidence in our decisions.

Market Types

Through technical analysis, consistently profit from the market by objectively measuring the strength of direction and the type of volatility current price shows us.

To determine and identify the current trend and volatility price is in, we have found there are 20 different market types to base analysis on.

- For direction, there are five types of moves:
very bullish, bullish, sideways, bearish, very bearish.

- As for volatility, we see four conditions:
super volatile, volatile, normal, quiet.

For any given period, the market is a combination of those two criteria.
Examples such as 'very bullish normal', 'sideways volatile', or 'bearish super volatile'.

Note: we have yet to find any bullish super volatile periods.

(Very volatile conditions have not occurred in strong bull or bear markets. Similarly quiet conditions are very rare in strong bear markets)

Due to there being 20 different market types, you can now see why one 'holy grail' strategy is not only difficult to execute consistently, but would take intense focus in adapting 'on and off' energy when deciding if to enter the market.

To be realistic and accessible to the mindset of the most successful professional traders, we have concluded that generally 3 strategy variations are good to profit in all market conditions.

So now that you can see the market for what it truly is, shapeshifting liquidity, the first question is:

How do we consistently identify objective market trends and volatilities so we can align the right strategy variation for the current market condition?

AI Prompt

Through rigorous testing in the most challenging market conditions, we have created an AI prompt to paste alongside your chart timeframes when doing your Top Down Analysis.

So to remove cognitive bias, we then identify the current market condition, objectively seeing the volatility, and determining the direction price and liquidity is moving in.

Paste this AI prompt, with your chart screenshot, into your chosen AI program (Grok, Claude, GPT-4o, Gemini etc.) to identify the direction and volatility of the market's timeframe:

You are a seasoned professional technical analyst with 20+ years experience specializing in pure price action and market structure.

Examine the attached chart image in detail.

****CRITICAL INSTRUCTION:****

Prioritize the MOST RECENT 1-6 candles (the rightmost portion of the chart) for BOTH direction and volatility. Use the full chart only for overall context and to identify major structure. The recent candles carry 70% of the weighting.

****Task 1: Determine the current market DIRECTION**** (choose only one)

- Very Bullish: Strong sustained uptrend in the last 1-6 candles (clear higher highs AND higher lows, steep upward slope)
- Bullish: Moderate uptrend or clear upward bias in the last 1-6 candles (higher highs/lows but less steep)
- Sideways: Recent candles are oscillating between support and resistance with no clear net direction or slope (flat or very shallow channel)
- Bearish: Moderate downtrend or clear downward bias in the last 1-6 candles (lower highs/lows)
- Very Bearish: Strong sustained downtrend in the last 1-6 candles (clear lower highs AND lower lows, steep downward slope)

****Task 2: Determine the VOLATILITY/CONDITION**** (choose only one)

- Super Volatile: Extreme price swings in the last 1-6 candles (very large candle bodies and wicks, high choppiness or gaps)
- Volatile: Significantly larger-than-average swings and candle sizes in the last 1-6 candles compared with the rest of the visible chart
- Normal: Typical/average candle sizes and range for the last 1-6 candles
- Quiet: Very small ranges, tiny candles, low activity, tight consolidation in the last 1-6 candles

Output ****ONLY**** in this exact JSON format (no extra text, no explanations outside the JSON):

```
{
  "direction": "Very Bullish" | "Bullish" | "Sideways" | "Bearish" | "Very Bearish",
  "volatility": "Super Volatile" | "Volatile" | "Normal" | "Quiet",
  "confidence": 85,
  "reasoning": "Short 1-2 sentence explanation that MUST reference the most recent 1-6 candles, key price action, structure, slope, and candle sizes."
}
```

Base your analysis solely on what is visible in the image. Never assume continuation of an older trend if the recent candles have changed character.

****ADDITIONAL REVERSAL PRIORITY RULE (CRITICAL):****

Within the most recent 1-6 candles (especially the final 1-3 candles), actively scan for and give overriding weight to strong reversal candlestick patterns at key structure levels. Prioritize these signals above pure lower highs/lows or slope if they are present:

- Bullish engulfing (large green candle that completely engulfs the prior red candle)
- Hammer / inverse hammer / pinbar with long lower wick rejection
- Indecision candles (doji, spinning top, long-legged doji) followed by bullish confirmation/close
- Any absorption or strong rejection candle at support or after a ChoCH.

If a high-probability reversal pattern appears in the rightmost 1-3 candles, it overrides continuation of the prior structure/slope and shifts the direction call accordingly (e.g., a clear bullish engulfing at the low turns the call Bullish or Very Bullish). Never ignore obvious reversal candle character in favor of the broader recent slope.

This prompt is battle-tested for consistency across vision models giving us both the classification and transparent reasoning to align with the correct perception.

We have made sure the most recent price (previous 6 candles) gives precise calculations so we can determine whether '3 white soldiers' or '3 black crows' have recently entered the market; also adding a conviction percentage to give you the freedom and clarity to make your own choice in especially tough market conditions where a reversal has occurred.

Top Down Analysis Rules:

- Align lower timeframes with your highest timeframe (Top Down Analysis)
- Be discretionary with lower timeframe sniper entries (before AI or humans know certain direction)

Conclusion

Developing several variations of your strategy that fit your view of the big picture, and understanding how each of them will perform in various market types is one of our strongest edges as a professional trader.

The ultimate goal of this step is to focus on objective perception, shortening the learning curve, and showing traders that developing variations of your strategy to work in every possible market condition, will give more opportunities and availability to trade.

It's not that hard to develop a good strategy for any particular market condition (including quiet and sideways).

What's difficult (and maybe impossible) is to develop one 'holy grail' strategy that works well in all market conditions, which is what most people attempt to do.

Using the market condition calculator, objectively identify and assist the user in profiting in every market condition, so they don't focus on psychological issues such as analysis paralysis when battling cognitive biases.

This calculator gives the user an edge in volatile or uncertain markets. The purpose of this tool is to further increase confidence to profit systematically.

Example 1: Continuation

Top Down Analysis with AI prompt:

**here we show intraday/swing style timeframes, however because the market moves fractally, this can be adapted to scalping and position style trading*

Lower time-frame:



TV

18:00 21:00

Thought for 36s

```
{
  "direction": "Bearish",
  "volatility": "Normal",
  "confidence": 77,
  "reasoning": "Most recent 1-6 candles (rightmost on 15M) show clear downward bias after rejection near 159.95 high with dominant red candles forming lower highs/lows and moderate negative slope pulling back to close at 159.706; bodies/wicks are typical average size and no bullish engulfing/hammer reversal appears in final 1-3 candles."
}
```

2.8s Expert

Medium time-frame:



```
Thought for 29s
{
  "direction": "Bearish",
  "volatility": "Normal",
  "confidence": 79,
  "reasoning": "Most recent 1-6 candles (rightmost) show clear downward bias after stalling near 159.9-160.0, with dominant red candles forming lower highs/lows and moderate negative slope pulling back to close at 159.623; no bullish engulfing/hammer reversal in final 1-3 candles and bodies/wicks are average size relative to the chart."
}
```

2.2s Expert

Higher time-frame:



```
Thought for 47s
{
  "direction": "Bearish",
  "volatility": "Normal",
  "confidence": 78,
  "reasoning": "Most recent 1-6 candles (post-ChoCH) show clear downward bias with lower highs/lows and moderate negative slope after failing at the BOS level near 160.5, closing on a red candle at 159.623; no strong reversal patterns (engulfing/hammer) in final 1-3 candles and candle bodies/wicks are typical/average size vs rest of chart."
}
```

2.1s Expert

Result:



Example 2: Reversal

Top Down Analysis with AI prompt:

**here we show intraday/swing style timeframes, however because the market moves fractally, this can be adapted to scalping and position style trading*

Lower time-frame:



Thought for 42s

```
{
  "direction": "Bullish",
  "volatility": "Volatile",
  "confidence": 72,
  "reasoning": "Most recent 1-6 candles (rightmost) display a sharp capitulation low with large red candle, immediately followed by strong green recovery candles forming a V-shaped bottom and clear bullish reversal at the structure low, producing upward bias and higher close at 158.582 (+0.10%). This overrides the prior downtrend slope; recent candle bodies/wicks are significantly larger than the preceding consolidation phase."
}
```

1.9s Expert

Medium time-frame:



TV

12

Thought for 1m 0s

```
{
  "direction": "Bullish",
  "volatility": "Volatile",
  "confidence": 75,
  "reasoning": "Most recent candle (rightmost) is a large green body (+0.47, ~52-pip range) with close near highs after brief dip below the 158.78 horizontal support, creating strong rejection/absorption at key level following 4-5 prior red candles' lower lows and steep down slope; this reversal pattern overrides prior bearish structure per priority rule while recent candle sizes remain significantly larger than mid-chart averages."
}
```

1.7s Expert

Higher time-frame:



TV

11

Thought for 56s

```
{
  "direction": "Bullish",
  "volatility": "Normal",
  "confidence": 78,
  "reasoning": "Most recent candle (rightmost of the 1-6) is a small-bodied red pinbar with long lower wick rejection (~21 pips) at the key dotted support (158.532) after ChoCH-driven down-move from prior candles; this strong reversal pattern at structure overrides the bearish slope/lower highs-lows of the earlier recent candles, while candle sizes stay typical/average vs the chart."
}
```

1.9s Expert

Result:

U.S. Dollar / Japanese Yen - 4h - OANDA ◀ O 159.680 H 159.747 L 159.546 C 159.633 -0.047 (-0.03%)

159.633
SELL

0.000

159.633
BUY

