

# Chapter 3: Why You Need Elephant Tracks?

## What you will learn in this chapter:

- Traditional Volume Chart
- Time & Sales Window
- How Elephant Tracks is Different
- Creating multiple tranches and combinations on a single chart

### Traditional Volume Chart

A traditional volume chart displays the volume (# shares or # contracts, etc.) on each bar, regardless of the individual size of each trade. So, for example, assume the total volume on a single bar was 1000 contracts.

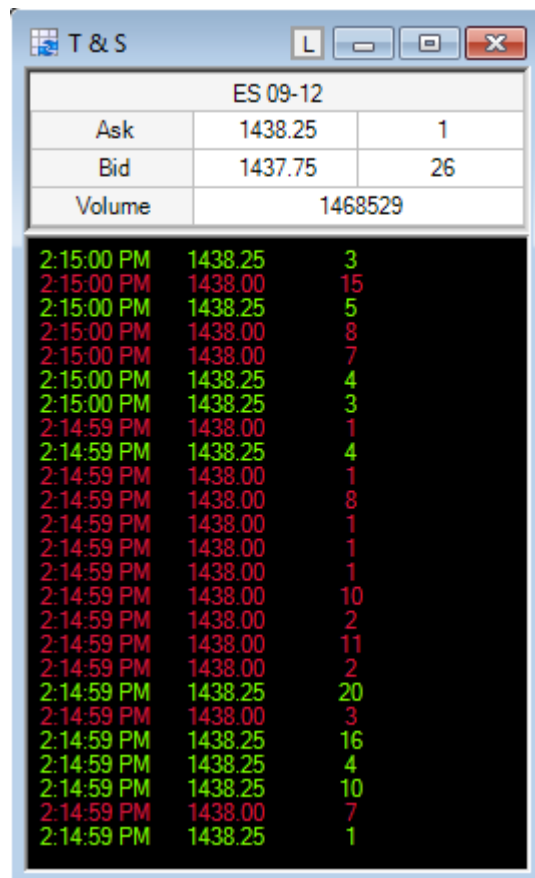
With a traditional volume chart, you don't know whether the 1000 was from 4, 40 or 400 trades nor do you know if there were 1000 trades of 1 contract each or if there were say 4 trades of 250 contracts each. Without this visibility, you can't easily determine whether the price action was participated in by mainly small traders or if large trades were involved.

**This is important to know because it is the activity of the large traders that can move or stop price action.**



### Time & Sales Window

Some traders turn to the Time & Sales (T&S) window to watch for the individual trades. The T&S window prints each trade from the exchange, showing the time stamp, price and volume of each trade. Unfortunately, in a fast market it is almost impossible to keep track of the individual trades because the tape is moving so fast and scrolls off screen.



ES 09-12		
Ask	1438.25	1
Bid	1437.75	26
Volume	1468529	

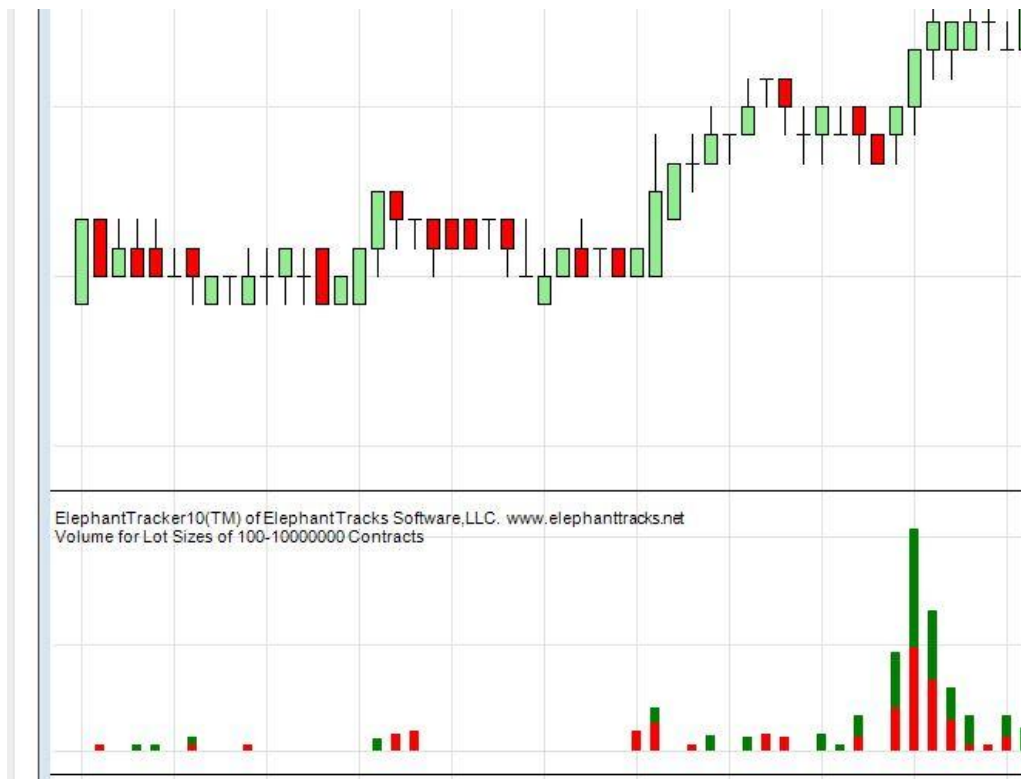
2:15:00 PM	1438.25	3
2:15:00 PM	1438.00	15
2:15:00 PM	1438.25	5
2:15:00 PM	1438.00	8
2:15:00 PM	1438.00	7
2:15:00 PM	1438.25	4
2:15:00 PM	1438.25	3
2:14:59 PM	1438.00	1
2:14:59 PM	1438.25	4
2:14:59 PM	1438.00	1
2:14:59 PM	1438.00	8
2:14:59 PM	1438.00	1
2:14:59 PM	1438.00	1
2:14:59 PM	1438.00	1
2:14:59 PM	1438.00	10
2:14:59 PM	1438.00	2
2:14:59 PM	1438.00	11
2:14:59 PM	1438.00	2
2:14:59 PM	1438.25	20
2:14:59 PM	1438.00	3
2:14:59 PM	1438.25	16
2:14:59 PM	1438.25	4
2:14:59 PM	1438.25	10
2:14:59 PM	1438.00	7
2:14:59 PM	1438.25	1

## How Does Elephant Tracks Indicator Eliminate These Limitations?

Elephant Tracks Indicator eliminates these limitations by allowing the user to configure the size trades to use. Also the user can select to show volume or # of trades.

This allows you to 'dial-in' the settings for each market you trade (stocks, futures, etc.). You can select to track only the very large trades, the very small trades or both on a chart. N You can easily track both volume and # of trades on the same chart.

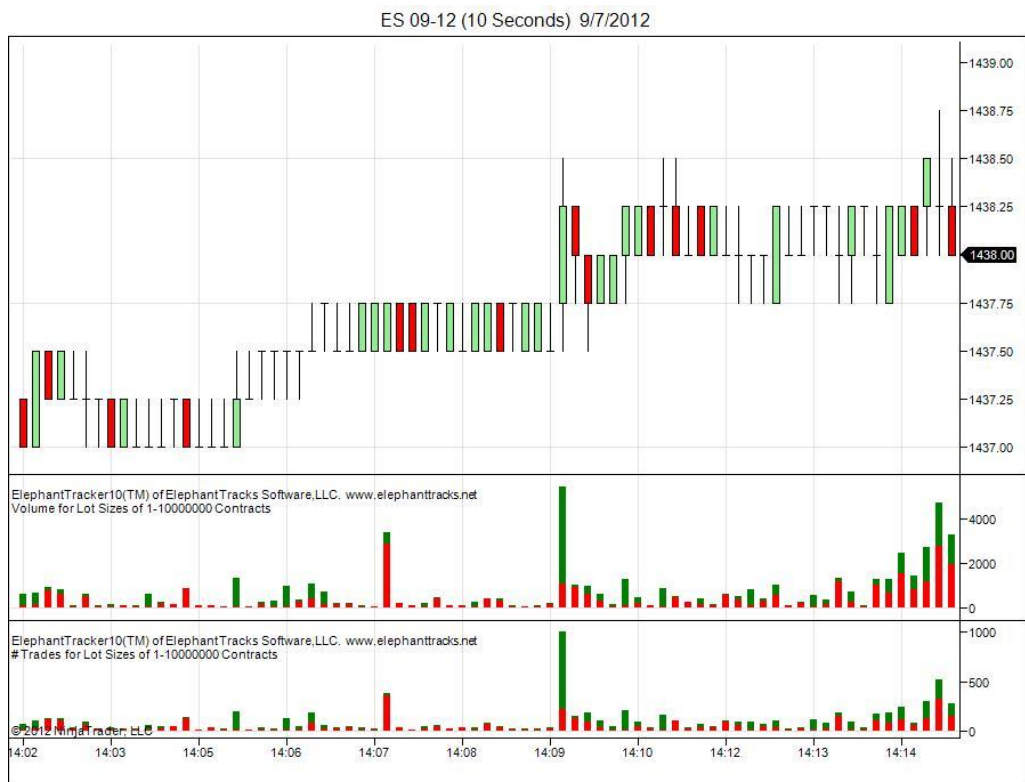
In the example below the user has decided to show the volume from trades of 100 contracts and above:



### Setting Multiple Tranches

You can place multiple instances of the Elephant Tracker on the same chart in individual 'tranches', each tranche is independent of the other and can be configured individually.

The following is an example of 2 tranches, 1 with volume and 1 with # of trades:



### Putting it All Together: Why Elephant Tracks?

- Elephant Tracks allows you to isolate and focus on the size trades you want.
- This allows you to separate the activity of various size trades.
- You can now "see" what has been invisible using traditional volume and T&S windows.
- You can place multiple instances of the Elephant Tracker on the same chart in individual 'tranches', each tranche is independent of the other and can be configured individually.

**Notes:**

**Real time data feed limitation:** Currently the real-time data feeds do not store the best bid and best ask prices for historical data. Thus, the indicator only displays in real time and every time the chart is changed all existing data is lost. This is a limitation of the data feed and we currently cannot change this behavior.

**Red / Green Bar Colors:** the data collected by the indicator is split into 2 'buckets', one red, the other green. This is a purely mechanical allocation based on the trade price and the best ask and best bid at the moment of the trade. This is the same mechanical approach Ninja's Time and Sales (T&S) uses and may or may not be representative of buying or selling sentiment as the 'best bid' and 'best ask' can and often changes faster than the data feed can track.

**Chapter Number References:** the chapter numbers used in this document are from the "**Elephant Track Owner's Manual**".

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