Volume that actually means something

> **RELATIVE VOLUME**
>
> Today's volume against the name's own recent average, read at the same time of day. Raw share counts are unreadable across names and meaningless against mechanical flow; the ratio to the name's own normal is the version that carries information - and even it says only that something is different, never what.

Commodities gave you open interest to pair with volume. Equities does not have it - so the reading discipline leans entirely on making volume itself honest, and the lever is normalisation.

Raw volume is noise twice over

Across names, share counts are incomparable - a million shares is a quiet hour in one name and a month in another. And within a name, module 1's mechanical flows set a baseline that means nothing: the indexers, rebalancers and buyback programmes churn shares daily with no view. Raw volume is mostly this machinery running at its usual pace, plus the closing auction's obligated crescendo.

The honest version

Relative: today against the name's own average - 8 million shares on a 2 million average is 4 times normal, and that ratio, not the count, is the signal that something differs.Time-adjusted: volume accumulates on a known daily curve, so noon's total is compared to noon's normal - not to full days.Auction-separated: the close's volume is benchmark machinery and belongs out of the intraday reading; a name doing four times normal by lunch is news, four times normal in the closing cross is Tuesday.

What elevated volume can and cannot say

High relative volume says attention has arrived: something - news, a flow event, an index change - has pulled the name out of its routine. It does not say which, and it does not say direction: module 1's decomposition still applies, and a volume surge on an index reconstitution day is flow, not opinion. The reading habit: relative volume flags the names worth a question; the answer comes from the news tape and the sector context, never from the bar itself.

Check your understanding

1. A name trades 8 million shares against a 2 million daily average. What is the honest reading?

a. Strong conviction behind the day's move

b. Attention has arrived - volume is four times normal, which flags a question, but the bar says neither what happened nor which direction matters

c. Institutional accumulation

Answer: b. Relative volume detects departure from routine; it carries no content about cause or direction. The answer lives in the news and the decomposition, not the histogram.

2. Why does the closing auction's volume belong outside intraday volume reading?

a. It is reported with a delay

b. It is benchmark machinery - obligated index and NAV flow that crescendos every day regardless of news

c. It trades at a different price feed

Answer: b. The close is where module 1's mechanical flows concentrate by design. Folding that scheduled surge into the day's reading buries the signal under the calendar.