

*Advanced Order Flow Trading*  
*Module 10*  
*Pragmatic Trading*

Michael Valtos – [Orderflows.com](https://orderflows.com)

## Disclaimer

This presentation is for educational and informational purposes only and should not be considered a solicitation to buy or sell a futures contract or make any other type of investment decision. Futures trading contains substantial risk and is not for every investor. An investor could potentially lose all or more than the initial investment. Risk capital is money that can be lost without jeopardizing one's financial security or life style. Only risk capital should be used for trading and only those with sufficient risk capital should consider trading. Past performance is not necessarily indicative of future results.

CFTC Rules 4.41 - Hypothetical or Simulated performance results have certain limitations, unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown.

Trading and technical analysis looks easy, especially when you watch videos on YouTube. Simply buy here and sell there and you just made \$1000.

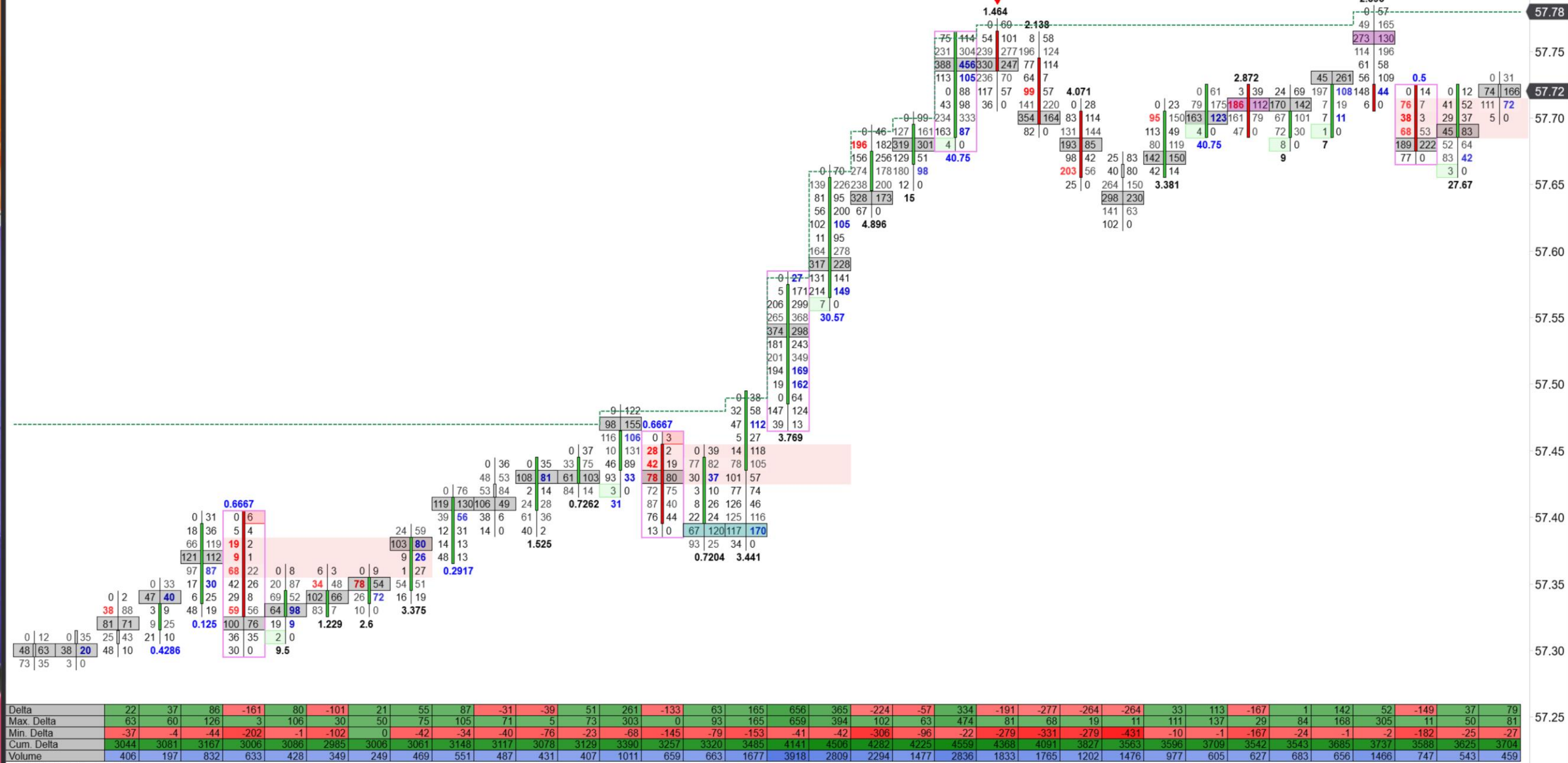
But the reality is that successful trading takes dedication and concentration.

Sometimes the signals that the market gives are so clear and easy to see as they unfold right before your eyes in the order flow that you will be nodding in agreement as you see them play out.

Some of the best trading opportunities are often hidden in the ambiguity of market generated information. When you are so focused on price that you overlook what is happening around you in a broader context of volume, aggressiveness, imbalance and bid ask volume you are going to miss the nonlinear opportunities.



Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))  
11/21/2019 07:44:00 - 11/21/2019 08:19:00

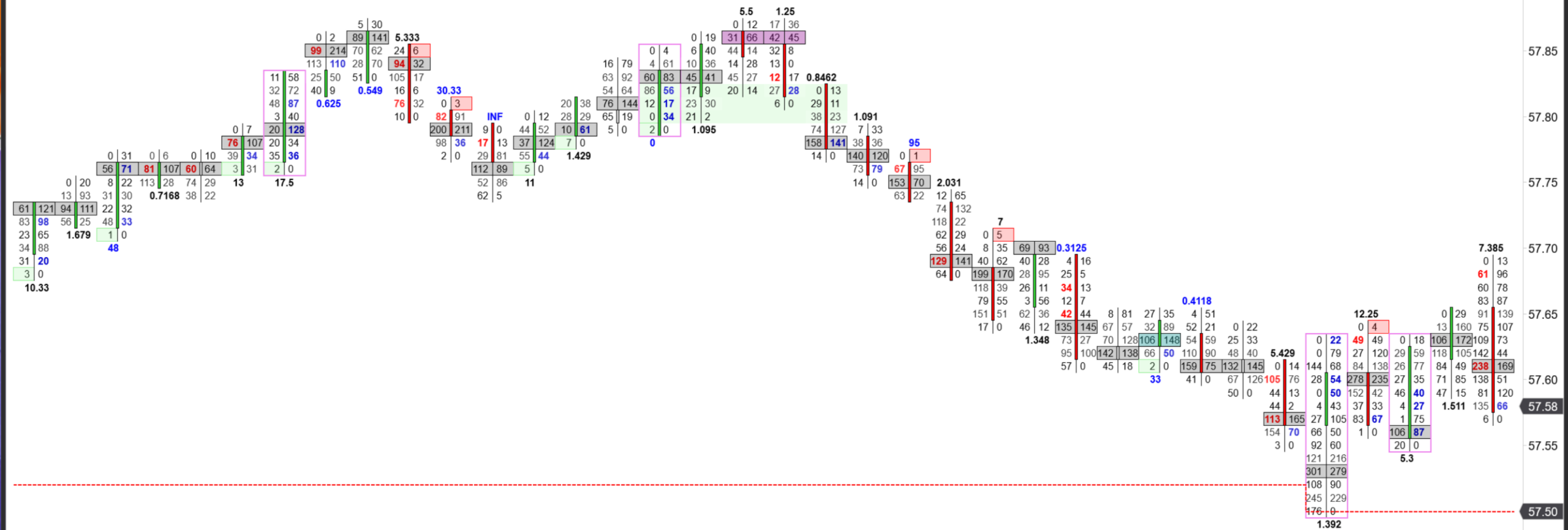


Has anyone ever told you “we don’t pay you to think.”

You don’t get paid extra for knowing why there is more supply right now or if there are multiple imbalances occurring in the current bar. You get paid for knowing when they are occurring.

The **WHY** is not as important as the **WHEN**.

Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))  
11/22/2019 12:51:00 - 11/22/2019 13:26:00



|            |     |      |      |      |     |     |     |      |     |     |     |     |     |     |     |     |     |     |     |      |      |      |     |      |     |     |      |     |      |      |      |     |      |      |
|------------|-----|------|------|------|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|-----|------|-----|-----|------|-----|------|------|------|-----|------|------|
| Delta      | 53  | -53  | -47  | 61   | 284 | 108 | 60  | -232 | -41 | -7  | 91  | 63  | 119 | 91  | 55  | 7   | -15 | 2   | -4  | -95  | -102 | -195 | 57  | -120 | 90  | 89  | -124 | 44  | -123 | 33   | -23  | 159 | 176  | -176 |
| Max. Delta | 73  | 32   | 12   | 89   | 292 | 160 | 86  | 0    | 0   | 0   | 113 | 91  | 171 | 109 | 56  | 27  | 55  | 9   | 38  | 12   | 46   | 19   | 92  | 12   | 123 | 96  | 60   | 70  | 2    | 148  | 67   | 160 | 176  | 169  |
| Min. Delta | -32 | -83  | -60  | 0    | -22 | -16 | -51 | -232 | -95 | -98 | 0   | 0   | -5  | -1  | -50 | -40 | -27 | -81 | -30 | -106 | -132 | -200 | -55 | -158 | -3  | -41 | -125 | -22 | -219 | -380 | -59  | -28 | -1   | -220 |
| Cum. Delta | -94 | -147 | -194 | -133 | 151 | 259 | 319 | 87   | 46  | 39  | 130 | 193 | 312 | 403 | 458 | 465 | 450 | 452 | 448 | 353  | 251  | 56   | 113 | -7   | 83  | 172 | 48   | 92  | -31  | 2    | -21  | 138 | 314  | 138  |
| Volume     | 385 | 335  | 297  | 297  | 626 | 662 | 546 | 418  | 723 | 555 | 373 | 193 | 677 | 419 | 299 | 315 | 283 | 628 | 540 | 471  | 928  | 1029 | 605 | 834  | 754 | 555 | 716  | 688 | 803  | 2657 | 1399 | 677 | 1054 | 2262 |

If you are seeing mixed signals in the order flow or nothing stands out directionally, just sit it out. There is a saying “when in doubt, stay out.”

If the footprint does not look right (in the sense of trying to understand what is happening) or if you are uncertain to take a trade, just sit it out.

Don't force a trade. You don't have to always be in a trade. Sometimes the best trade to be made is to do nothing.

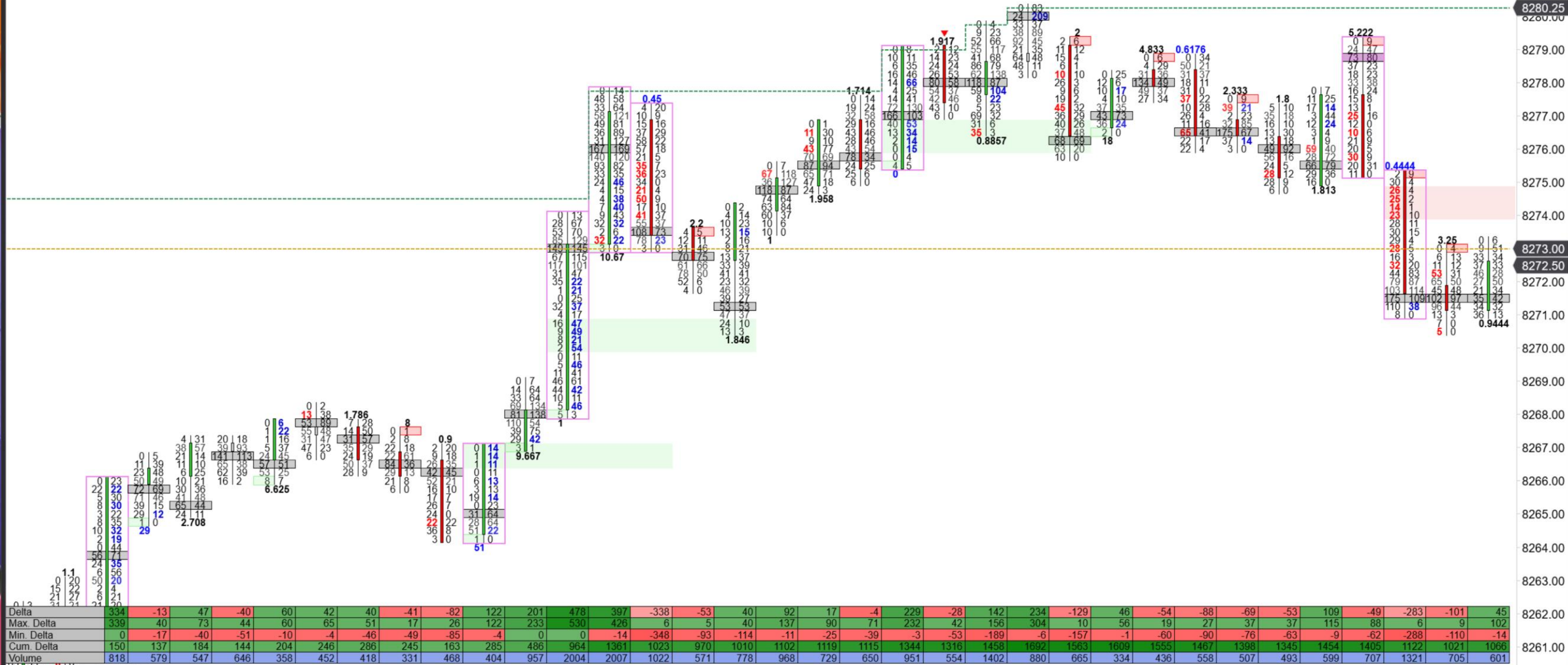
Its like taking the bus, you are down the street and you see a bus pull up and a big crowd of people rushing to get on. You don't have to run to the bus stop, another one will come along and you might even get a better seat.

Yes, you might miss out on a trade, but the more likely scenario is you won't lose on trades that are highly suspect to begin with.



Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))  
11/13/2019 10:31:00 - 11/13/2019 11:06:00

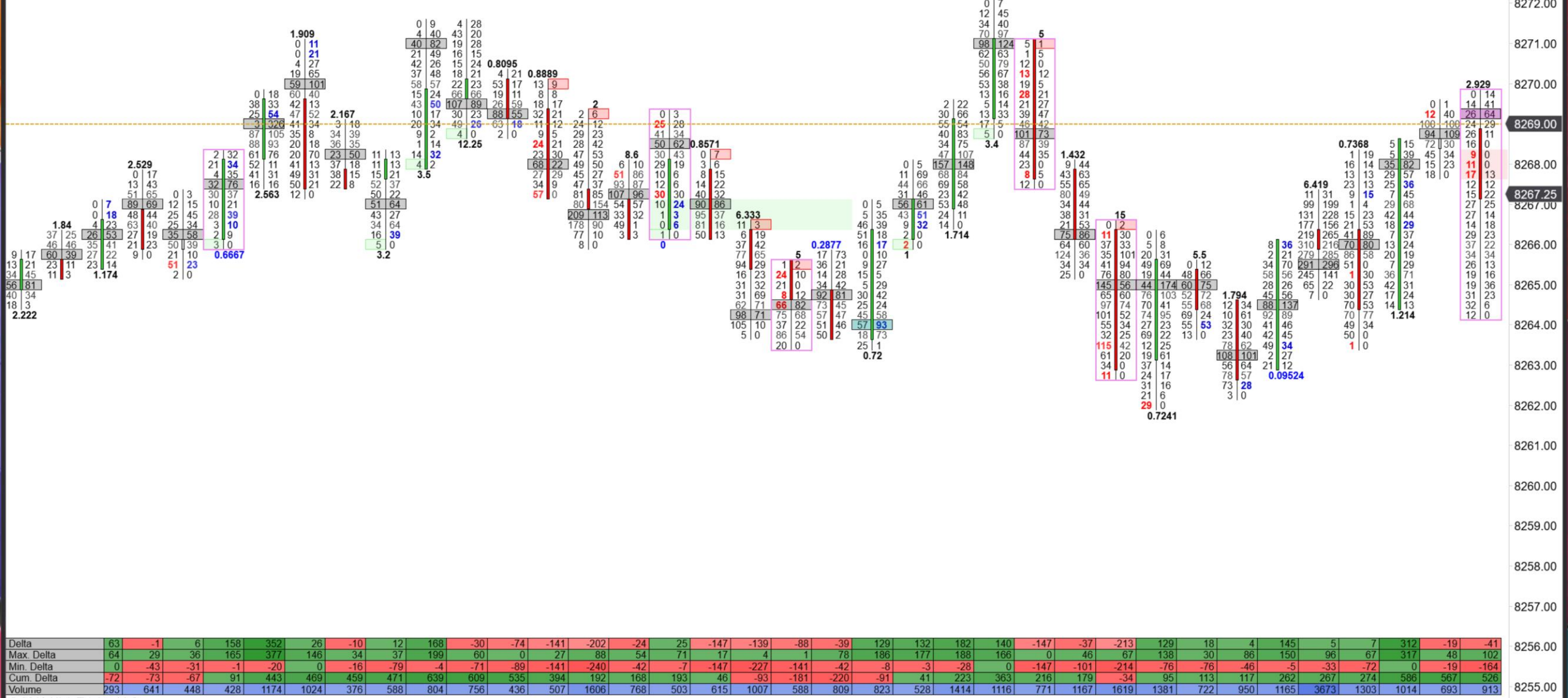
# Mixed signals



|            |     |     |     |     |     |     |     |     |     |     |     |      |      |      |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Delta      | 334 | -13 | 47  | -40 | 60  | 42  | 40  | -41 | -82 | 122 | 201 | 478  | 397  | -338 | -53 | 40   | 92   | 17   | -4   | 229  | -28  | 142  | 234  | -129 | 46   | -54  | -88  | -69  | -53  | 109  | -49  | -283 | -101 | 45   |
| Max. Delta | 339 | 40  | 73  | 44  | 60  | 65  | 51  | 17  | 26  | 122 | 233 | 530  | 426  | 6    | 5   | 40   | 137  | 90   | 71   | 232  | 42   | 156  | 304  | 10   | 56   | 19   | 27   | 37   | 37   | 115  | 88   | 6    | 9    | 102  |
| Min. Delta | 0   | -17 | -40 | -51 | -10 | -4  | -46 | -49 | -85 | -4  | 0   | 0    | -14  | -348 | -93 | -114 | -11  | -25  | -39  | -3   | -53  | -189 | -6   | -157 | -1   | -60  | -90  | -76  | -63  | -9   | -62  | -288 | -110 | -14  |
| Cum. Delta | 150 | 137 | 184 | 144 | 204 | 246 | 286 | 245 | 163 | 285 | 486 | 964  | 1361 | 1023 | 970 | 1010 | 1102 | 1119 | 1115 | 1344 | 1316 | 1458 | 1692 | 1563 | 1609 | 1555 | 1467 | 1398 | 1345 | 1454 | 1405 | 1122 | 1021 | 1066 |
| Volume     | 818 | 579 | 547 | 646 | 358 | 452 | 418 | 331 | 468 | 404 | 957 | 2004 | 2007 | 1022 | 571 | 778  | 968  | 729  | 650  | 951  | 554  | 1402 | 880  | 665  | 334  | 436  | 558  | 507  | 493  | 599  | 707  | 1321 | 705  | 601  |

Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))  
11/14/2019 14:28:00 - 11/14/2019 15:04:00

# Mixed signals



|            |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |      |      |      |      |     |     |      |      |      |      |      |      |     |     |      |      |      |      |     |      |         |
|------------|-----|-----|-----|-----|------|------|-----|-----|-----|-----|-----|------|------|-----|-----|------|------|------|------|-----|-----|------|------|------|------|------|------|-----|-----|------|------|------|------|-----|------|---------|
| Delta      | 63  | -1  | 6   | 158 | 352  | 26   | -10 | 12  | 168 | -30 | -74 | -141 | -202 | -24 | 25  | -147 | -139 | -88  | -39  | 129 | 132 | 182  | 140  | -147 | -37  | -213 | 129  | 18  | 4   | 145  | 5    | 7    | 312  | -19 | -41  | 8256.00 |
| Max. Delta | 64  | 29  | 36  | 165 | 377  | 146  | 34  | 37  | 199 | 60  | 0   | 27   | 88   | 54  | 71  | 17   | 4    | 1    | 78   | 186 | 177 | 188  | 166  | 0    | 46   | 67   | 138  | 30  | 86  | 150  | 96   | 67   | 317  | 48  | 102  |         |
| Min. Delta | 0   | -43 | -31 | -1  | -20  | 0    | -16 | -79 | -4  | -71 | -89 | -141 | -240 | -42 | -7  | -147 | -227 | -141 | -42  | -8  | -3  | -28  | 0    | -147 | -101 | -214 | -76  | -76 | -46 | -5   | -33  | -72  | 0    | -19 | -164 |         |
| Cum. Delta | -72 | -73 | -67 | 91  | 443  | 469  | 459 | 471 | 639 | 609 | 535 | 394  | 192  | 168 | 193 | 46   | -93  | -181 | -220 | -91 | 41  | 223  | 363  | 216  | 179  | -34  | 95   | 113 | 117 | 262  | 267  | 274  | 586  | 567 | 526  |         |
| Volume     | 293 | 641 | 448 | 428 | 1174 | 1024 | 376 | 588 | 804 | 756 | 436 | 507  | 1606 | 768 | 503 | 615  | 1007 | 588  | 809  | 823 | 528 | 1414 | 1116 | 771  | 1167 | 1619 | 1381 | 722 | 950 | 1165 | 3673 | 1303 | 1014 | 693 | 913  | 8255.00 |

You have to learn to get out of losing trades as soon as possible.

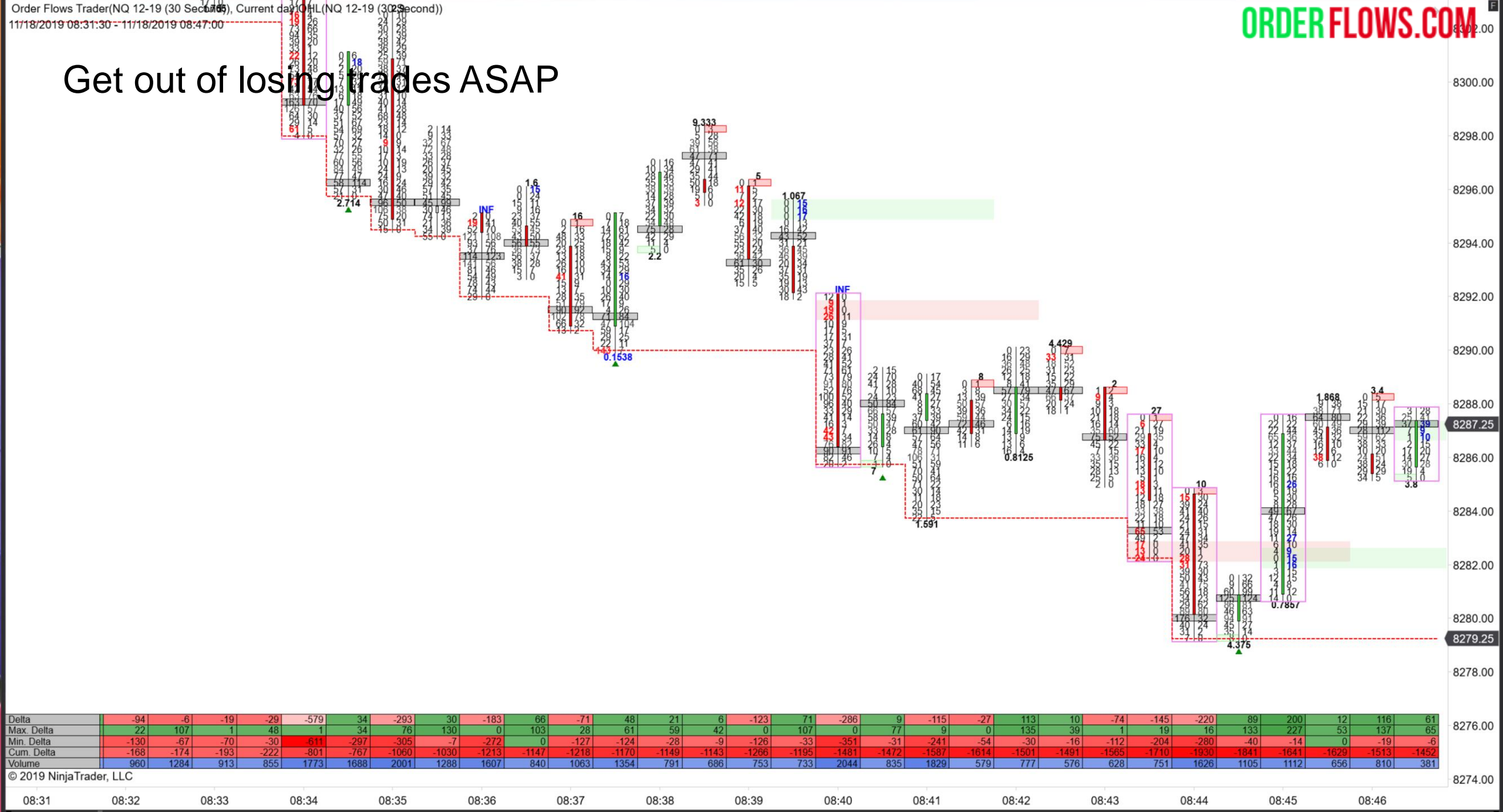
You also have to learn to avoid trades that have a higher chance of failing.

The way to be successful is to trade when everything appears in your favor.

Don't chase a trade because you missed your entry. I have seen so many traders lose money over and over because they did not take action when they should have and chased the market to a price level where the move was practically and effectively over.

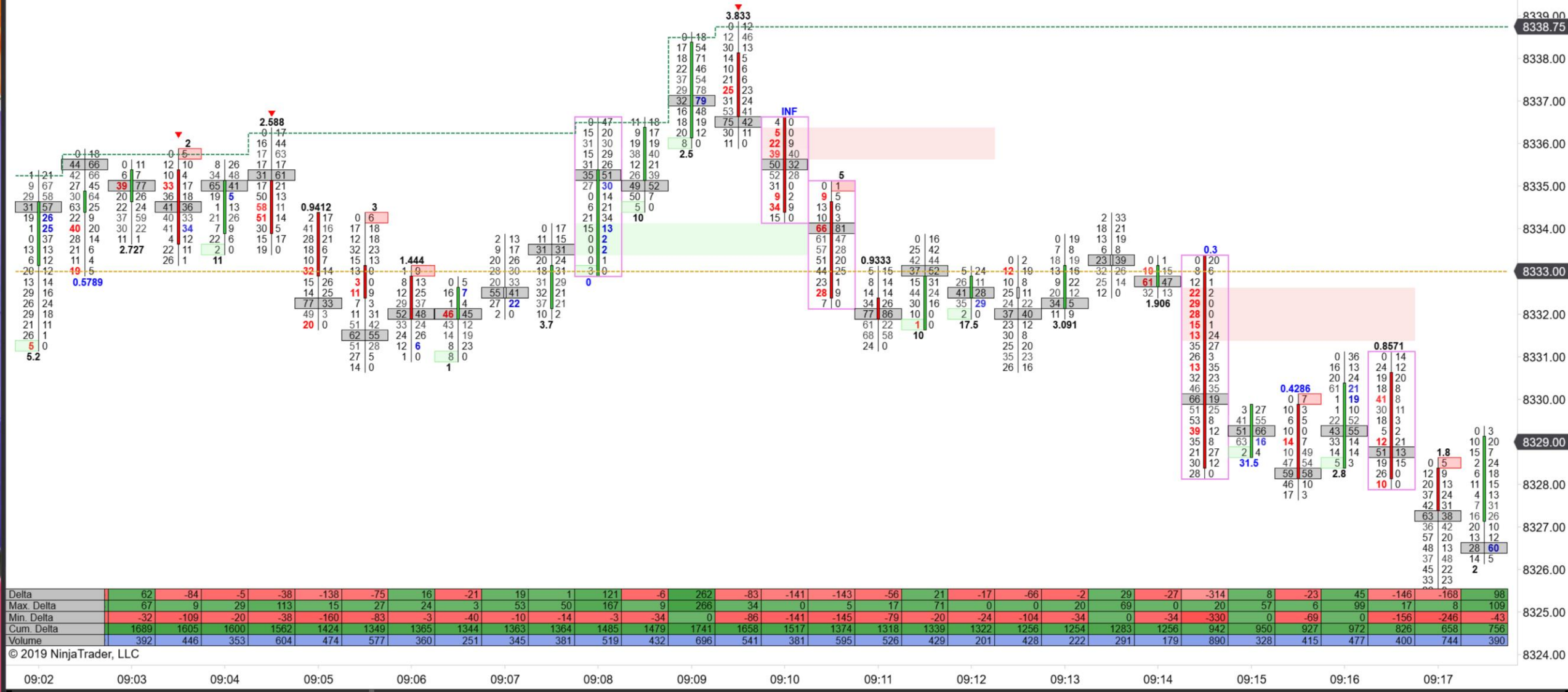


Get out of losing trades ASAP



Order Flows Trader(NQ 12-19 (30 Second)), Current day OHL(NQ 12-19 (30 Second))  
11/20/2019 09:02:00 - 11/20/2019 09:17:30

Wait for the trades that are more clear





I never worry about trades I got out of early for a small loss or small profit that would have turned out to be a big winner later because I know the trade could have gone the opposite way.

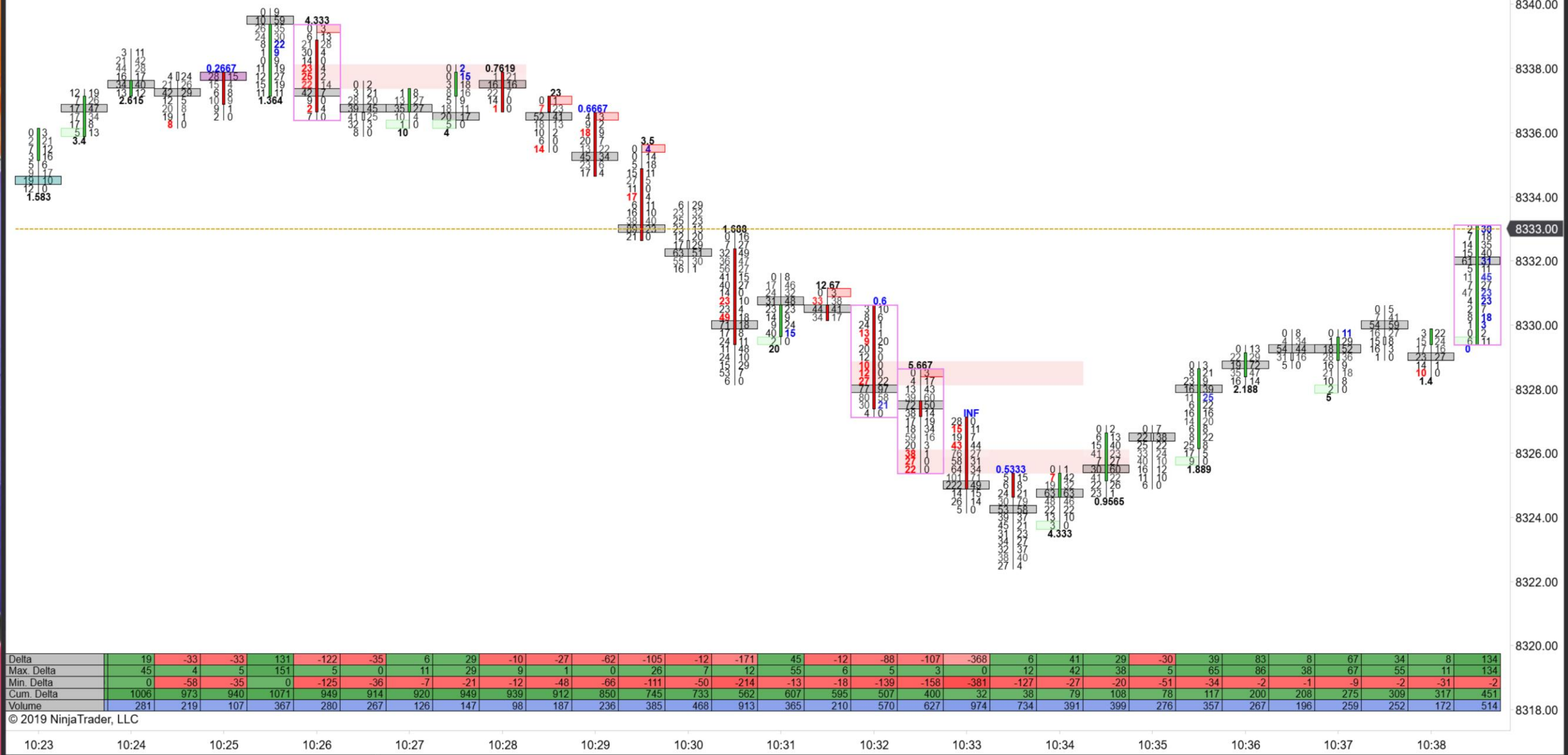
I quit a trade when the order flow gives me a reason to.

The single best piece of advice I can offer you is this:

**Trade what you see and just go with the order flow.**

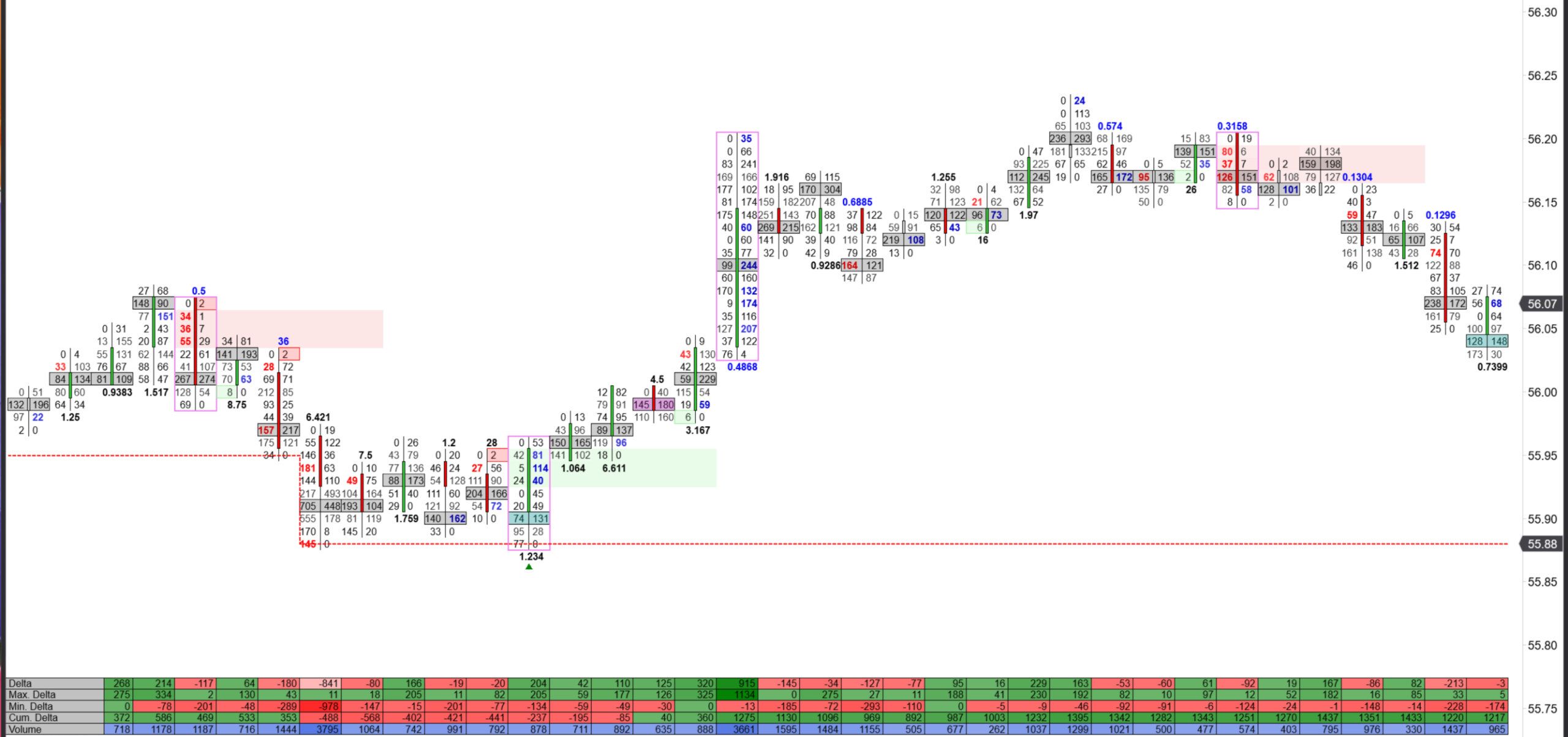
Some of the best traders I have met are not the ones who graduated first in their class, instead it is the traders with common sense or street smarts. They have learned to recognize when the crowd is wrong and look for the market to correct itself.

Order Flows Trader(NQ 12-19 (30 Second)), Current day OHL(NQ 12-19 (30 Second))  
11/20/2019 10:23:00 - 11/20/2019 10:38:30



Disciplined trading is only successful if you are consistently disciplined. You must create a plan and stick to it. Constantly changing your strategy will not maximize your trading results and is just going to lead to frustration, confusion and destroy your account balance.

Order Flows Trader (CL 01-20 (1 Minute)), Current day OHL (CL 01-20 (1 Minute))  
11/19/2019 08:57:00 - 11/19/2019 09:32:00



09:00

09:05

09:10

09:15

09:20

09:25

09:30

My thoughts on order flow and algorithmic trading.

Algos have definitely increased the overall trading volume. But I think on a more micro level, intra-bar in the order flow, there is little effect. The overall volumes have increased over time. Order sizes have gotten bigger as more money has flowed into the futures markets.



Losses are part of the trading business, but they have to be kept under control if you want to last a long time.

The biggest mistake losing traders make is when they are in a bad trade and don't get out of it immediately when it is so obvious that they are wrong.



*You have reached the end of the Advanced Order Flow Trading Course, but it should not be the end of your training. Always try to improve, no matter what you do in life.*