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Advanced Order Flow Trading
Module 8
Active Trade Management & Exits

Michael Valtos – Orderflows.com

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Active trade management – there is no put on a trade and walk away.

If a trade is not moving in your favor, you must deal with that position.

The ability to minimize your losses is key to becoming a successful trader.

Most traders cannot handle the emotional distress that comes with getting out early of a trade with a small loss when taking the small loss is the best trading decision they can make.

When faced with a decision to take a small loss on a trade and move on versus let the trade keep going nowhere, most traders will let the trade keep going nowhere in hopes that it will turn around.

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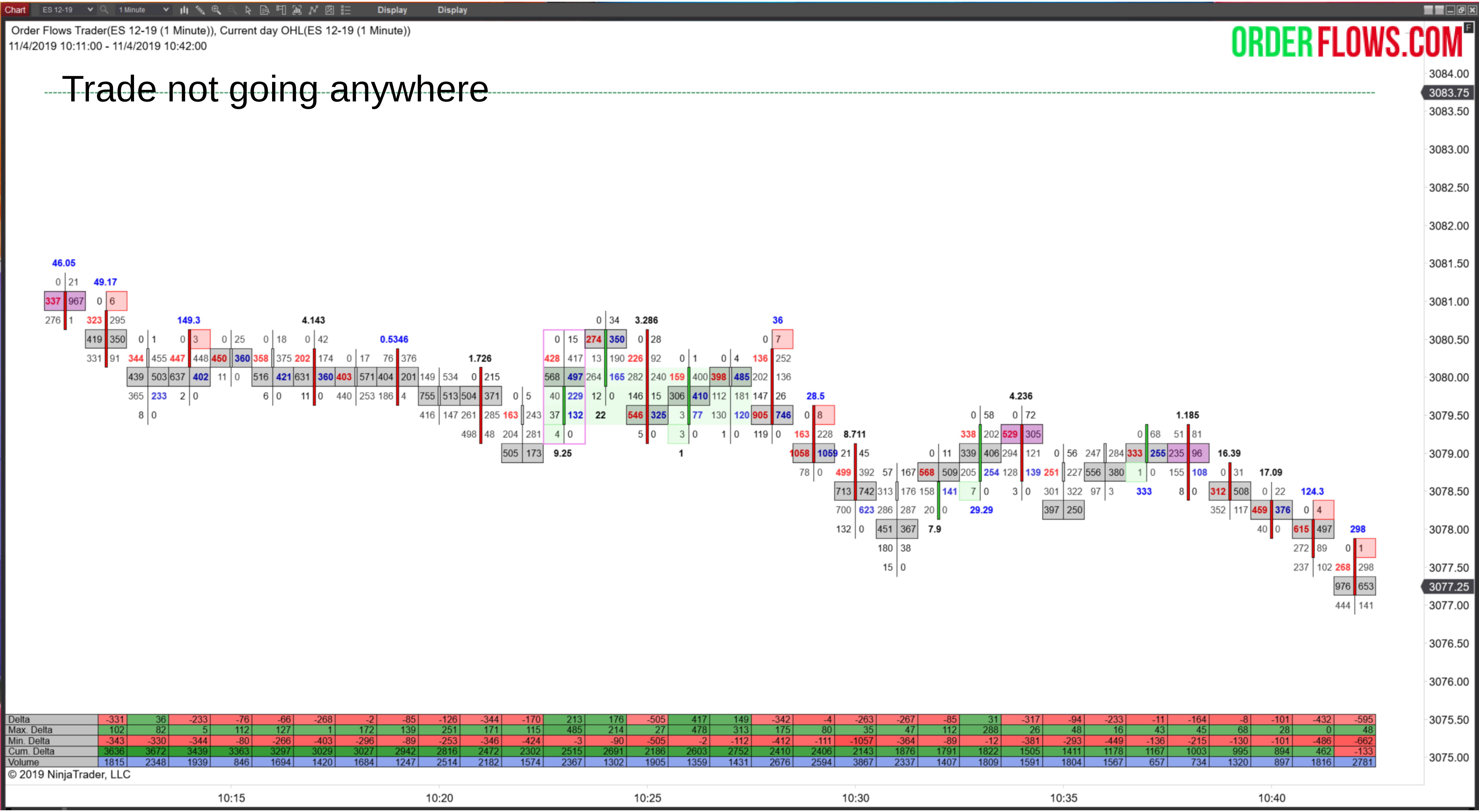
Truly mastering trading is not about finding the perfect trade setup, but rather understanding what to do once you are in the trade.

Once in a trade, a trader needs to keep an eye on what happens over the next series of bars with the intention of either staying in the trade as it goes to a profit level or getting out based on what is happening.

The true master of trading is not concerned with what happens on one particular trade because it is one of many, his trading is not based on the results of one trade.

When you can identify continuation order flow coming into the market during a trend that is a trading setup that can make you consistent profits.

You will be able to enter the market with a tight stop as the market trend continues.



Order Flows Trader(ES 12-19 (1 Minute)), Current day OHL(ES 12-19 (1 Minute))
11/4/2019 10:11:00 - 11/4/2019 10:42:00
Trade not going anywhere
ORDERFLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
10:15
10:20
10:25
10:30
10:35
10:40

Chart ES 12-19 1 Minute Display Display

Order Flows Trader(ES 12-19 (1 Minute)), Current day OHL(ES 12-19 (1 Minute))
11/5/2019 09:12:00 - 11/5/2019 09:44:00

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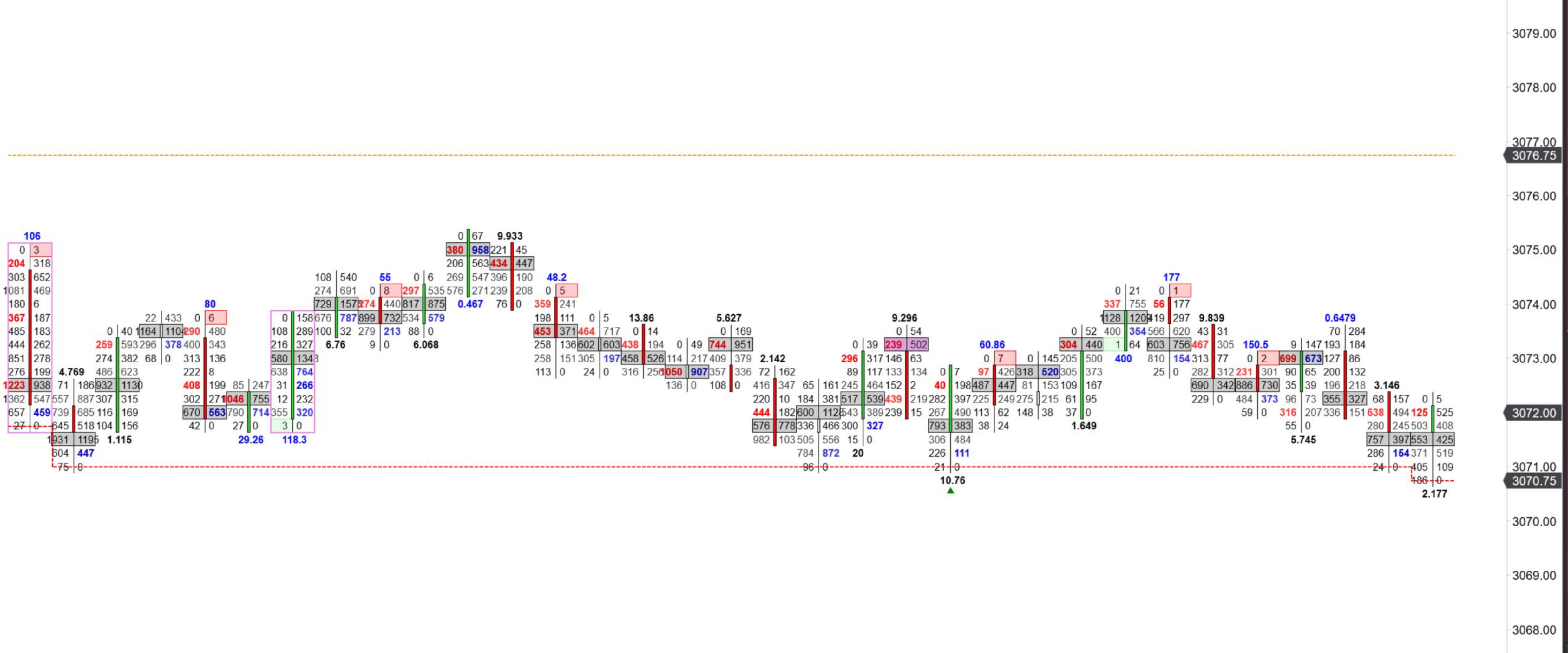
Any continued order flow after the multiple imbalances?

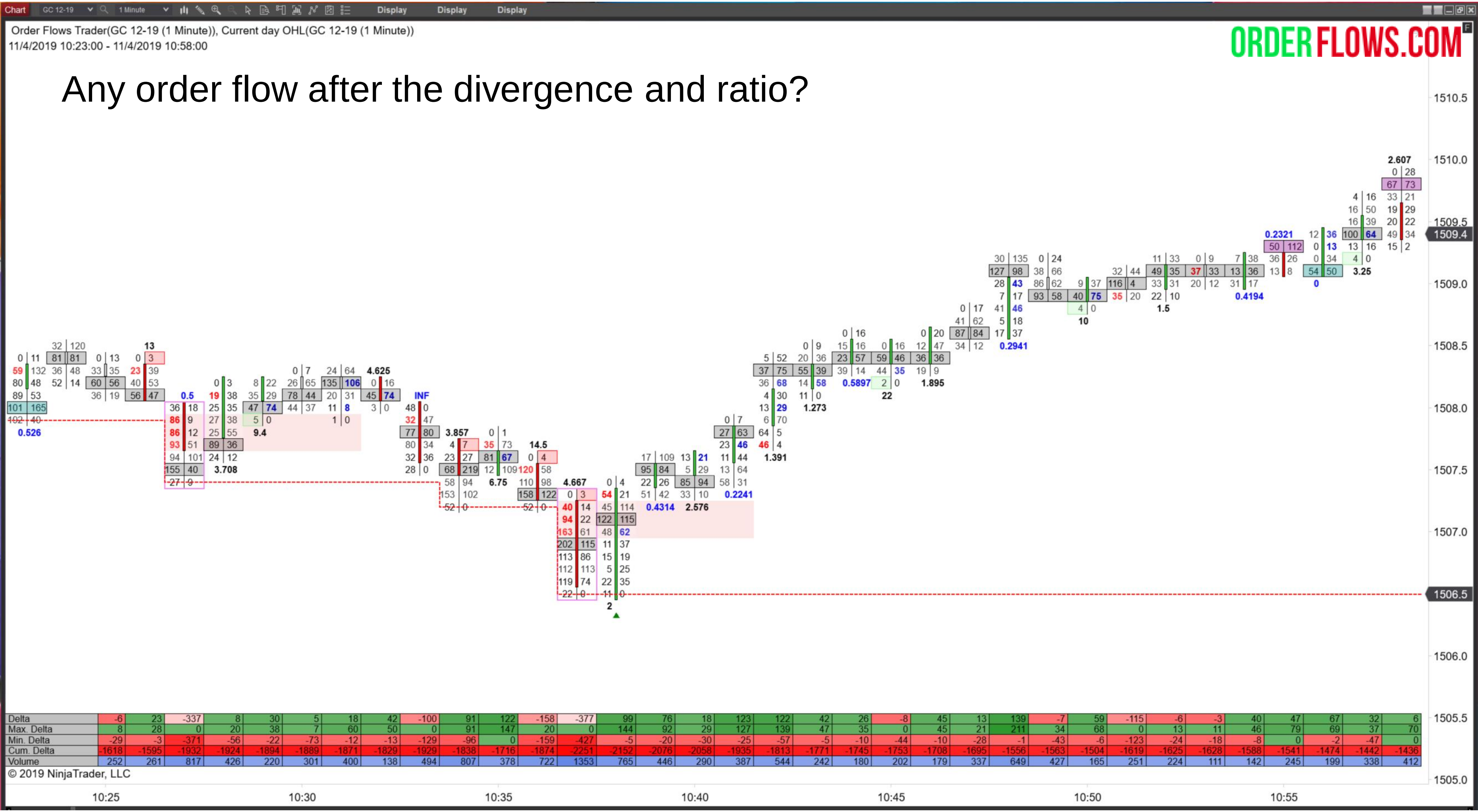


Delta	-704	930	365	-641	-232	1761	1741	-68	259	975	-476	-624	127	-222	-127	217
Max. Delta	316	932	544	167	62	1761	1742	220	342	1027	0	0	268	121	112	538
Min. Delta	-893	0	-71	-732	-315	-112	-59	-342	-40	-85	-536	-788	-56	-344	-157	0
Cum. Delta	2864	3794	4159	3518	3286	5047	6788	6720	6979	7954	7478	6854	6981	6759	6632	6849
Volume	8540	5886	3465	4653	3664	5647	5515	2854	3731	3837	2256	2654	2917	2202	2473	3453

Delta	-1128	994	187	-359	135	255	249	606	537	-474	-957	-254	-96	-95	-606	-152
Max. Delta	130	995	323	275	135	287	346	621	683	224	0	80	0	196	54	0
Min. Delta	-1132	-8	-200	-360	-552	-70	-91	-36	0	-906	-1094	-373	-253	-232	-760	-614
Cum. Delta	5721	6715	6902	6543	6678	6933	7182	7788	8325	7851	6894	6640	6544	6449	5843	5691
Volume	4292	6134	4197	2337	4005	2175	1893	2648	4269	4484	3091	3066	2504	2859	3500	4134

09:15 09:20 09:25 09:30 09:35 09:40

Any order flow after the divergence and ratio?



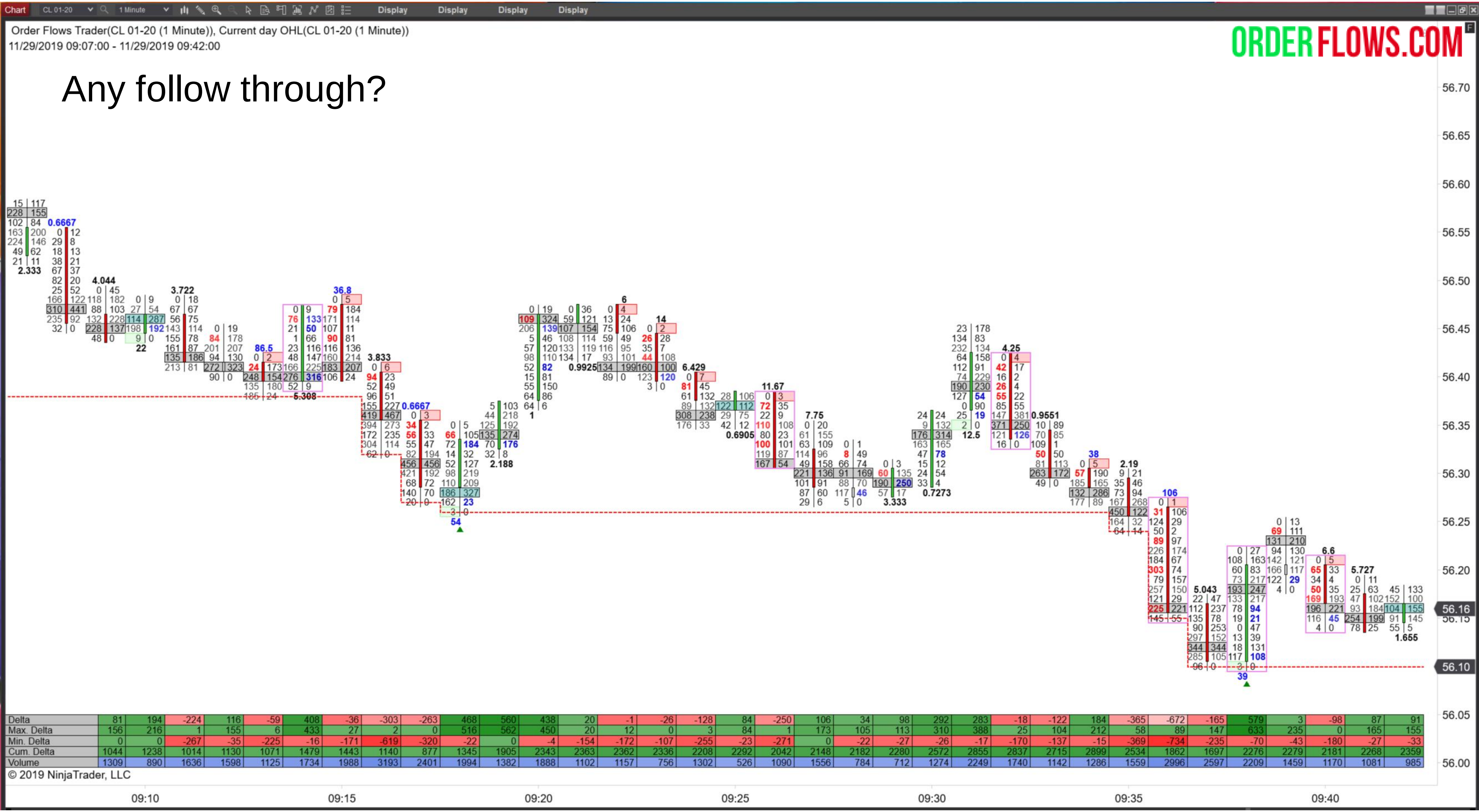
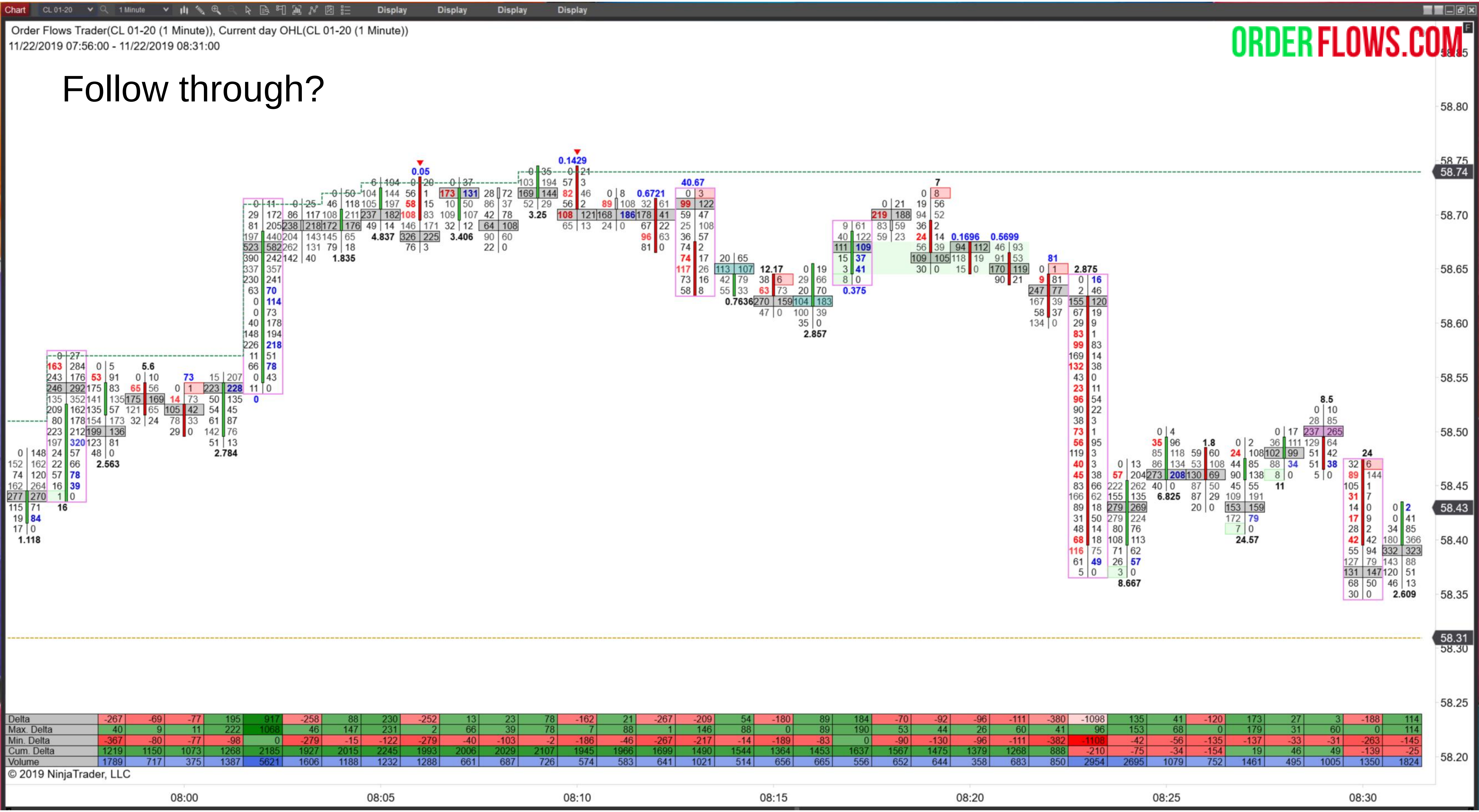


Chart
CL 01-20
1 Minute
Display
Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))
11/29/2019 09:07:00 - 11/29/2019 09:42:00
ORDER FLOWS.COM
Any follow through?
Delta 81 194 -224 116 -59 408 -36 -303 -263 468 560 438 20 -1 -26 -128 84 -250 106 34 98 292 283 -18 -122 184 -365 -672 -165 579 3 -98 87 91
Max. Delta 156 216 1 155 6 433 27 2 0 516 562 450 20 12 0 3 84 1 173 105 113 310 388 25 104 212 58 89 147 633 235 0 165 155
Min. Delta 0 0 -267 -35 -225 -16 -171 -619 -320 -22 0 -4 -154 -172 -107 -255 -23 -271 0 -22 -27 -26 -17 -170 -137 -15 -369 -734 -235 -70 -43 -180 -27 -33
Cum. Delta 1044 1238 1014 1130 1071 1479 1443 1140 877 1345 1905 2343 2363 2362 2336 2208 2292 2042 2148 2182 2280 2572 2855 2837 2715 2899 2534 1862 1697 2276 2279 2181 2268 2359
Volume 1309 890 1636 1598 1125 1734 1988 3193 2401 1994 1382 1888 1102 1157 756 1302 526 1090 1556 784 712 1274 2249 1740 1142 1286 1559 2996 2597 2209 1459 1170 1081 985
© 2019 NinjaTrader, LLC
09:10
09:15
09:20
09:25
09:30
09:35
09:40
56.70
56.65
56.60
56.55
56.50
56.45
56.40
56.35
56.30
56.25
56.20
56.16
56.10
56.05
56.00



Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))
11/22/2019 07:56:00 - 11/22/2019 08:31:00
ORDER FLOWS.COM
Follow through?
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
08:00
08:05
08:10
08:15
08:20
08:25
08:30

The master trader is only thinking of two things: get in and get out.

The losing trader’s mind is filled with a lot of other things: hope, greed, fear, stress, anxiety, euphoria, revenge, desperation and more. The list goes on and on. When there is so much on a trader’s mind that leaves little space left for finding a trade to get into and out of with a profit.

When you stop worrying about the outcome of one trade, you free up a lot of space in your mind which will allow you to trade better.

Think of it this way, if you own a restaurant, there are going to be nights that you have very few customers. That doesn’t necessarily mean your food is bad and you should shut everything down. There will also be days that you have a line of customers out the door.

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Trading in favorable conditions versus unfavorable conditions.

Favorable conditions are when everything goes according to plan. Most of what is written about trading occurs under favorable conditions. However, in real trading, a lot of times the market seems to be trading in unfavorable conditions when things don’t go as expected.

What are the differences and how can you detect them beforehand?

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When a market is in favorable conditions there is usually no structure in the way of a trade's target and there can be support/resistance right ahead of your stop level that you can hide behind.

Stop levels aren't tested. Break-even levels, if tested, are only tested for short periods of time.

If support or resistance levels are in the way of a profit target, the market gets through them easily, without much struggle.

This is why it is important to watch how the market acts at reference levels, support and resistance, the opening price, the previous close, the day's high and low, the previous day's high and low, etc.

You want a trade with a clear path.

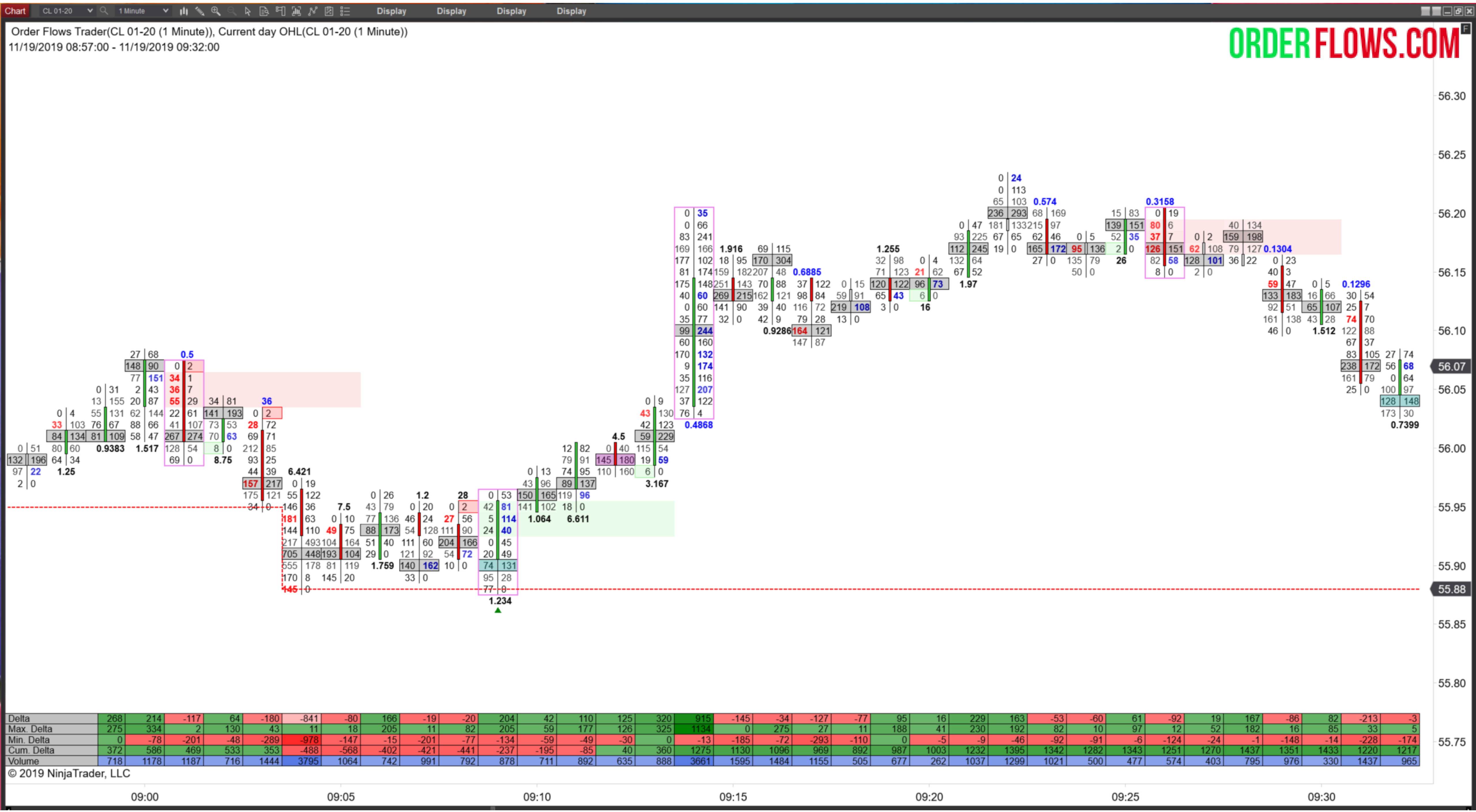


Chart
CL 01-20
1 Minute
Display
Display
Display
Display
Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))
11/19/2019 08:57:00 - 11/19/2019 09:32:00
ORDER FLOWS.COM
56.30
56.25
56.20
56.15
56.10
56.07
56.05
56.00
55.95
55.90
55.88
55.85
55.80
55.75
Delta 268 214 -117 64 -180 -841 -80 166 -19 -20 204 42 110 125 320 915 -145 -34 -127 -77 95 16 229 163 -53 -60 61 -92 19 167 -86 82 -213 -3
Max. Delta 275 334 2 130 43 11 18 205 11 82 205 59 177 126 325 1134 0 275 27 11 188 41 230 192 82 10 97 12 52 182 16 85 33 5
Min. Delta 0 -78 -201 -48 -289 -978 -147 -15 -201 -77 -134 -59 -49 -30 0 -13 -185 -72 -293 -110 0 -5 -9 -46 -92 -91 -6 -124 -24 -1 -148 -14 -228 -174
Cum. Delta 372 586 469 533 353 -488 -568 -402 -421 -441 -237 -195 -85 40 360 1275 1130 1096 969 892 987 1003 1232 1395 1342 1282 1343 1251 1270 1437 1351 1433 1220 1217
Volume 718 1178 1187 716 1444 3795 1064 742 991 792 878 711 892 635 888 3661 1595 1484 1155 505 677 262 1037 1299 1021 500 477 574 403 795 976 330 1437 965
© 2019 NinjaTrader, LLC
09:00
09:05
09:10
09:15
09:20
09:25
09:30

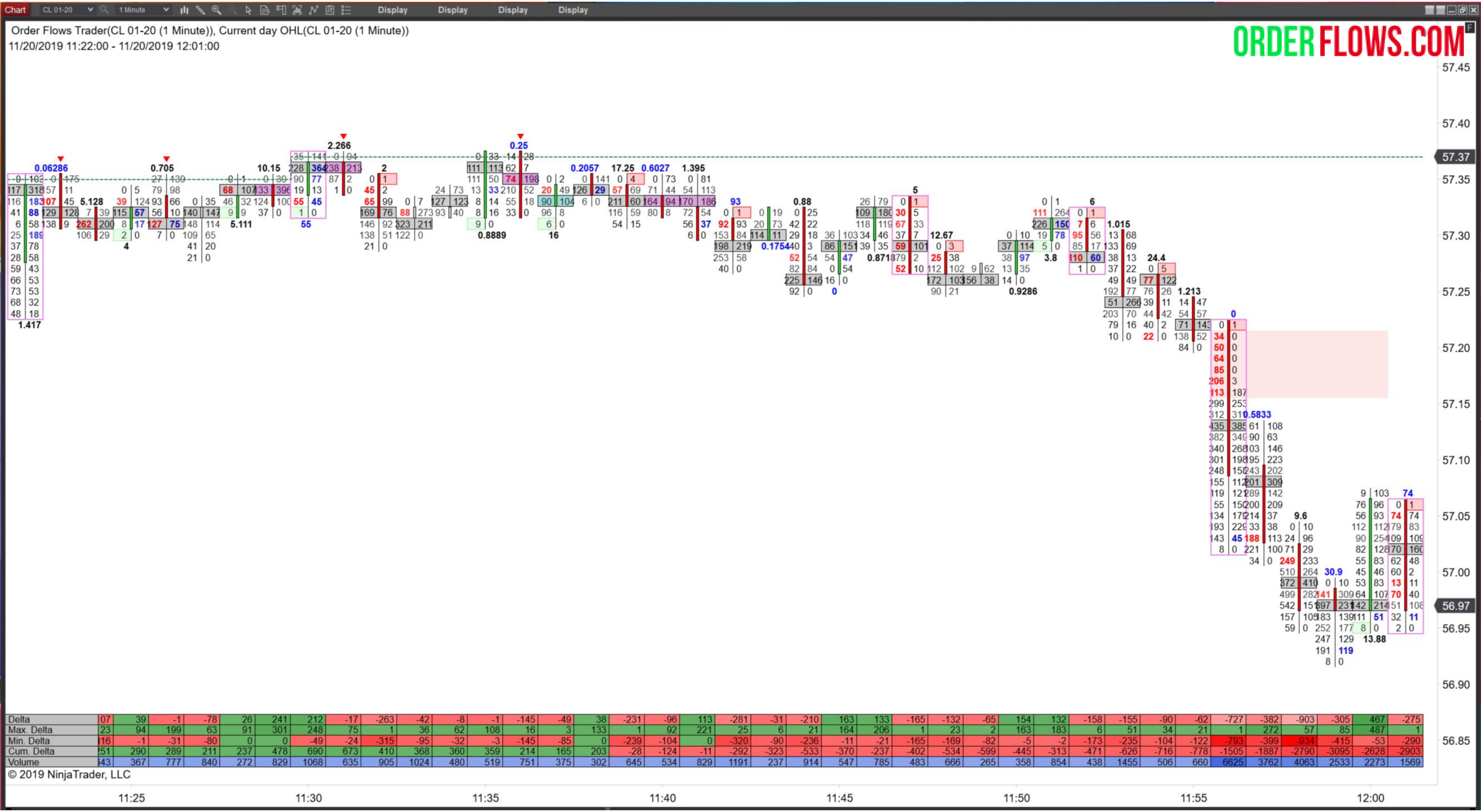
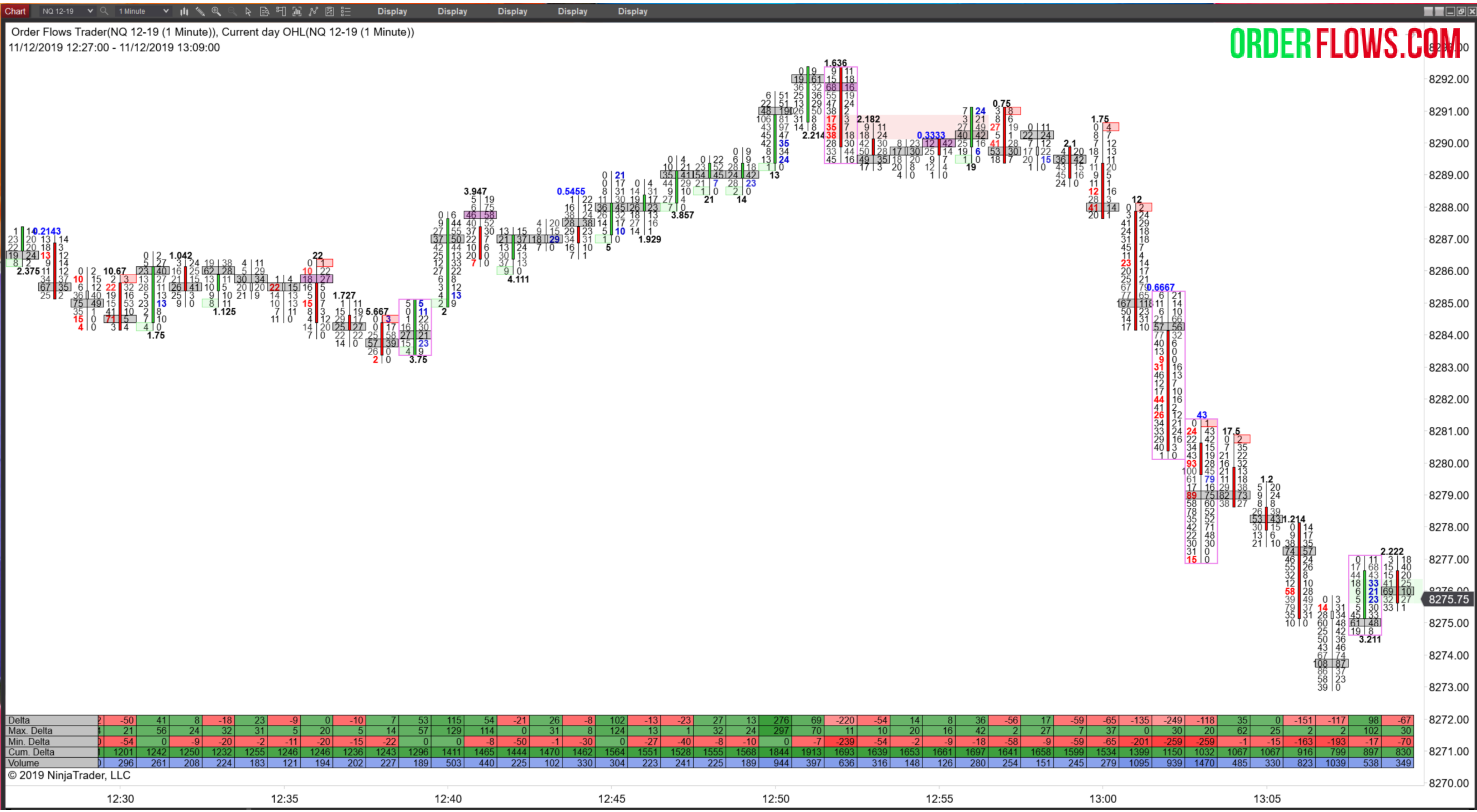


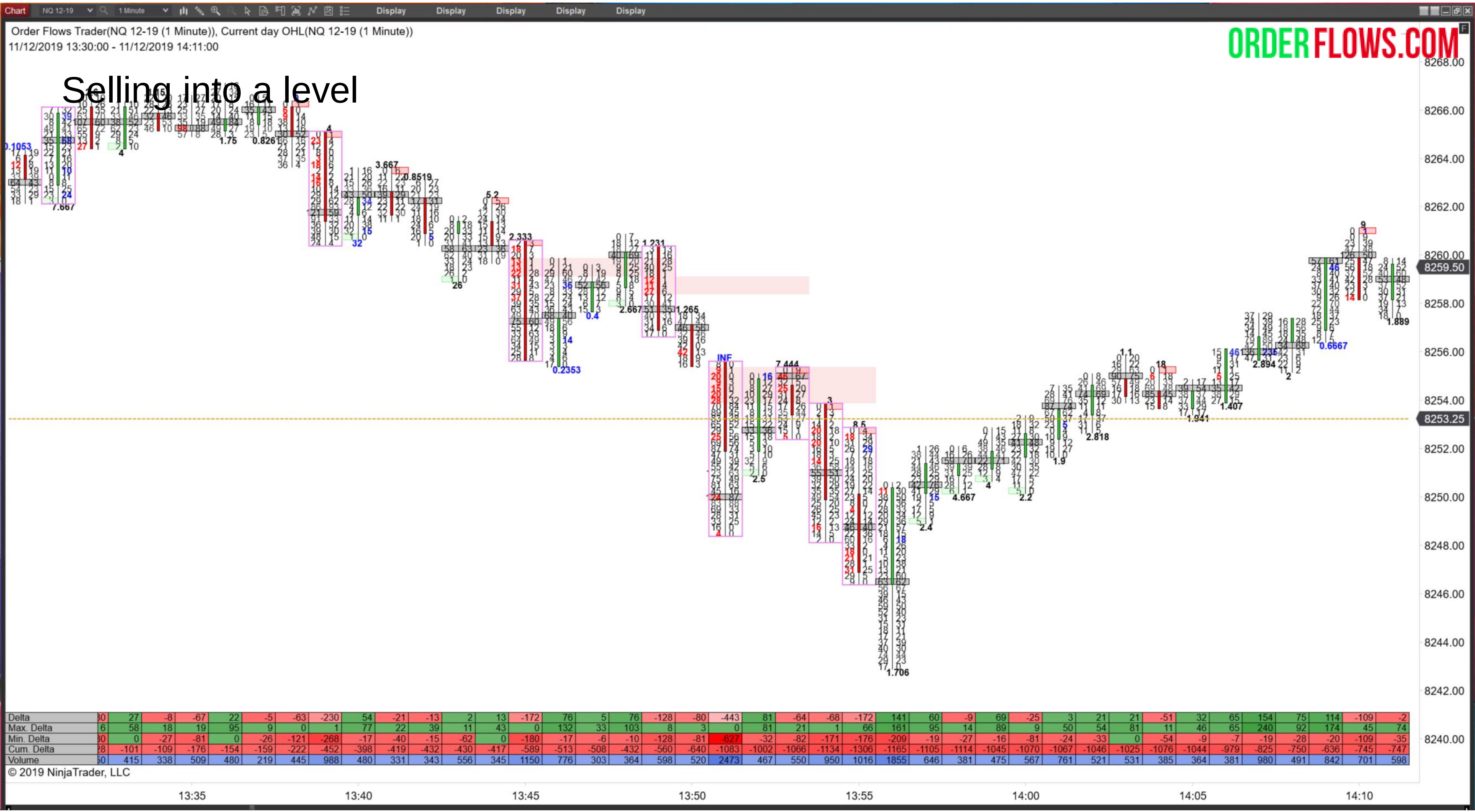
Chart CL 01-20 1 Minute Display Display Display Display
Order Flows Trader(CL 01-20 (1 Minute)), Current day OHL(CL 01-20 (1 Minute))
11/20/2019 11:22:00 - 11/20/2019 12:01:00
ORDERFLOWS.COM
Delta 07 39 -1 -78 26 241 212 -17 -263 -42 -8 -1 -145 -49 38 -231 -96 113 -281 -31 -210 163 133 -165 -132 -65 154 132 -158 -155 -90 -62 -727 -382 -903 -305 467 -275
Max. Delta 23 94 199 63 91 301 248 75 1 36 62 108 16 3 133 1 92 221 25 6 21 164 206 1 23 2 163 183 6 51 34 21 1 272 57 85 487 1
Min. Delta 16 -1 -31 -80 0 0 -49 -24 -315 -95 -32 -3 -145 -85 0 -239 -104 0 -320 -90 -236 -11 -21 -165 -169 -82 -5 -2 -173 -235 -104 -122 -793 -399 -934 -415 -53 -290
Cum. Delta 251 290 289 211 237 478 690 673 410 368 360 359 214 165 203 -28 -124 -11 -292 -323 -533 -370 -237 -402 -534 -599 -445 -313 -471 -626 -716 -778 -1505 -1887 -2790 -3095 -2628 -2903
Volume 343 367 777 840 272 829 1068 635 905 1024 480 519 751 375 302 645 534 829 1191 237 914 547 785 483 666 265 358 854 438 1455 506 660 6625 3762 4063 2533 2273 1569
© 2019 NinjaTrader, LLC
11:25 11:30 11:35 11:40 11:45 11:50 11:55 12:00


Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/12/2019 12:27:00 - 11/12/2019 13:09:00
ORDER FLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
12:30
12:35
12:40
12:45
12:50
12:55
13:00
13:05

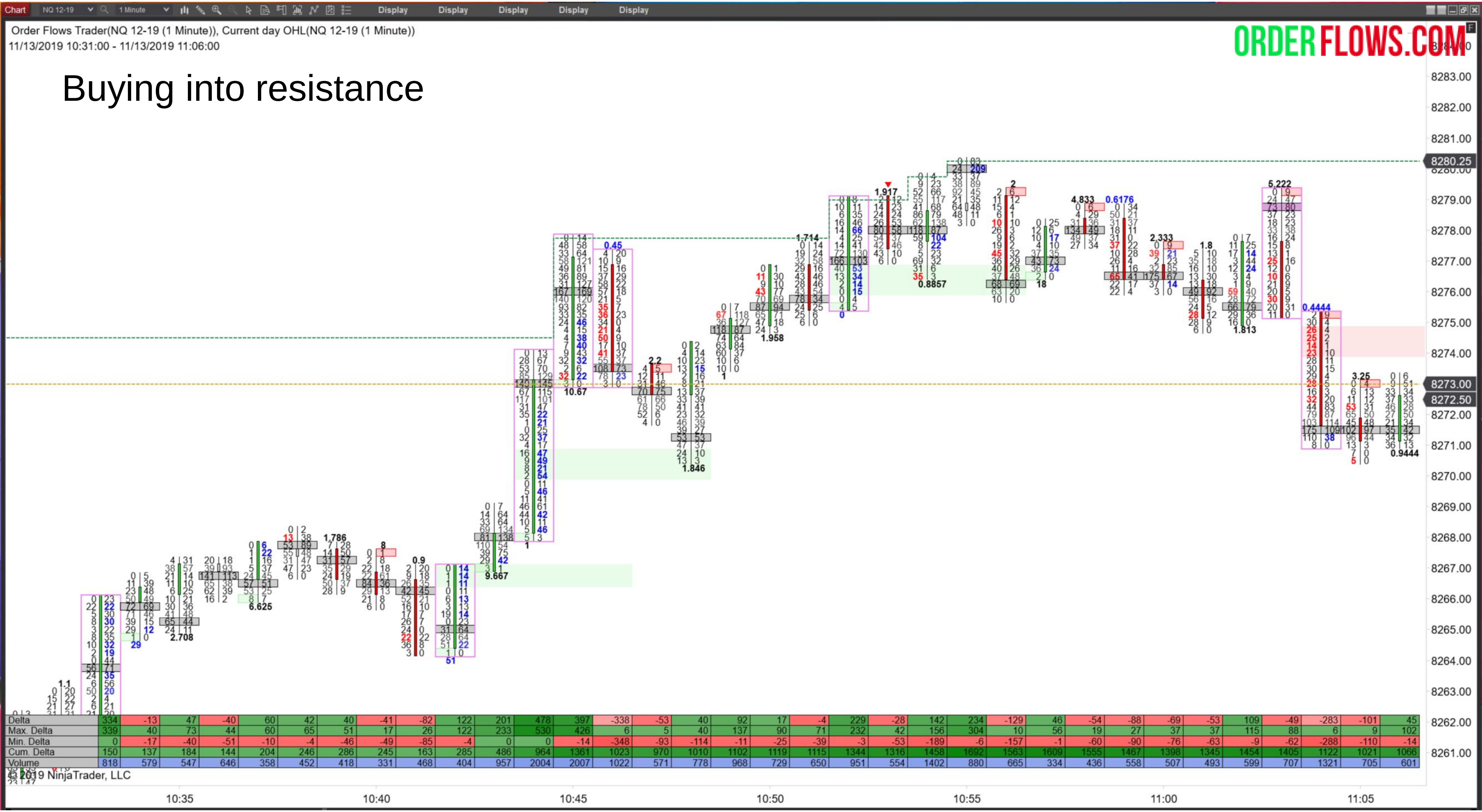
When a market is in unfavorable conditions it is going to be harder to trade. Your emotions and patience will be tested as will your stops. On these days, the market will often stop you out because there is a bit more volatility in the market. These are the days when the market hits your stop almost immediately, then turns right there and blows past your take profit level right after stopping you out.

These are the days when the market spikes to your take profit level but doesn’t fill you because you are last in the queue and it traded small only. Or the market got within a tick or two before reversing.

These are the days when you get a beautiful trade opportunity, but to get to your take profit level the market has to eat through a lot of volume or get through support or resistance.


Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/12/2019 13:30:00 - 11/12/2019 14:11:00
ORDERFLOWS.COM
Selling into a level
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
13:35
13:40
13:45
13:50
13:55
14:00
14:05
14:10
8268.00
8266.00
8264.00
8262.00
8260.00
8259.50
8258.00
8256.00
8254.00
8253.25
8252.00
8250.00
8248.00
8246.00
8244.00
8242.00
8240.00

Buying into resistance



Another sign of a market exhibiting unfavorable conditions is multiple opposite signals in the order flow occurring in quick succession.

What usually causes unfavorable markets? Outside factors such as FED days, NFP, fundamentals such as WASDE, etc. Anything that adds volatility. Any structure levels. New lifetime highs. Big market selloffs.

While some of the factors such as structure and volume you can see once you get in a trade. Unfortunately, some of the other factors that contribute to unfavorable markets cannot be predicted before hand. It is precisely their unpredictability that makes them important.

While it is ideal to trade in favorable markets, we have to face unfavorable markets. That is the reality of trading.

Does this mean you should avoid trading in unfavorable markets? Actually, no. Often times, unfavorable market conditions make for bigger profit opportunities.

But bear in mind that volatility is a double-edged sword. It can kill you if you are not careful.


Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/14/2019 10:23:00 - 11/14/2019 10:55:00
ORDERFLOWS.COM
Selling into a low
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC

Bad trades, trading going nowhere and quick opposite signals that you don't take keep you out of good trades. That is why it is important to recognize when you are in a bad trade. But recognizing you are in a bad trade is one thing, you have to have the ability to take the loss and move on.

Often when you are in a bad trade, you stick with it even though a new opportunity presents itself. There are times when you are in a trade and its hanging around break even, maybe even a tick or two in the money but the signs are there to get out and go in the opposite direction. Most traders will stick with the original position.

There is also emotional capital being lost the longer you stay in a losing trade.

Trade going nowhere keeping you out of a good trade.


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
ORDERFLOWS.COM
Failed trade keeping you out of a good trade
Delta 62 -84 -5 -38 -138 -75 16 -21 19 1 121 -6 262 -83 -141 -143 -56 21 -17 -66 -2 29 -27 -314 8 -23 45 -146 -168 98
Max. Delta 67 9 29 113 15 27 24 3 53 50 167 9 266 34 0 5 17 71 0 0 20 69 0 20 57 6 99 17 8 109
Min. Delta -32 -109 -20 -38 -160 -83 -3 -40 -10 -14 -3 -34 0 -86 -141 -145 -79 -20 -24 -104 -34 0 -34 -330 0 -69 0 -156 -246 -43
Cum. Delta 1689 1605 1600 1562 1424 1349 1365 1344 1363 1364 1485 1479 1741 1658 1517 1374 1318 1339 1322 1256 1254 1283 1256 942 950 927 972 826 658 756
Volume 392 446 353 604 474 577 360 251 345 381 519 432 696 541 381 595 526 429 201 428 222 291 179 890 328 415 477 400 744 390
© 2019 NinjaTrader, LLC
09:02 09:03 09:04 09:05 09:06 09:07 09:08 09:09 09:10 09:11 09:12 09:13 09:14 09:15 09:16 09:17

Most traders lose money. We know that. But have you ever wondered why that it is?

Traders spend a lot of time trying to control risk, but they are not controlling their profits.

A sports analogy is this: controlling risk is playing defense, managing profits is offense. Coaches like to say, “defense wins championships.” But you still need to put points on the board. In trading, to consistently make money, you need both offense and defense.

Traders are always cursing themselves for not staying in a winning trade long enough.

In the quest to control risk, traders often set their stops too tight. This actually works against them as they increase their overall risk because their stops are too tight, and they get stopped out more often. All these little losses add up quickly and when you factor in commissions and exchange fees, the losses grow even bigger.

To avoid rinky dink losses, focus on violations of market structure and order flow to place your stops.

The problem that I see most losing traders making over and over is overcomplicating things. Trading is not complicated. Trading is about 1) identifying opportunities and 2) taking them.

If it goes as expected you make money. If it doesn't start going as expected, then you cut it as soon as you can and look for the next opportunity.

There will be several opportunities each day. It is up to you to act on. We all know people who became successful and we say, "there were in the right place at the right time." The truth is they saw an opportunity and acted on it.

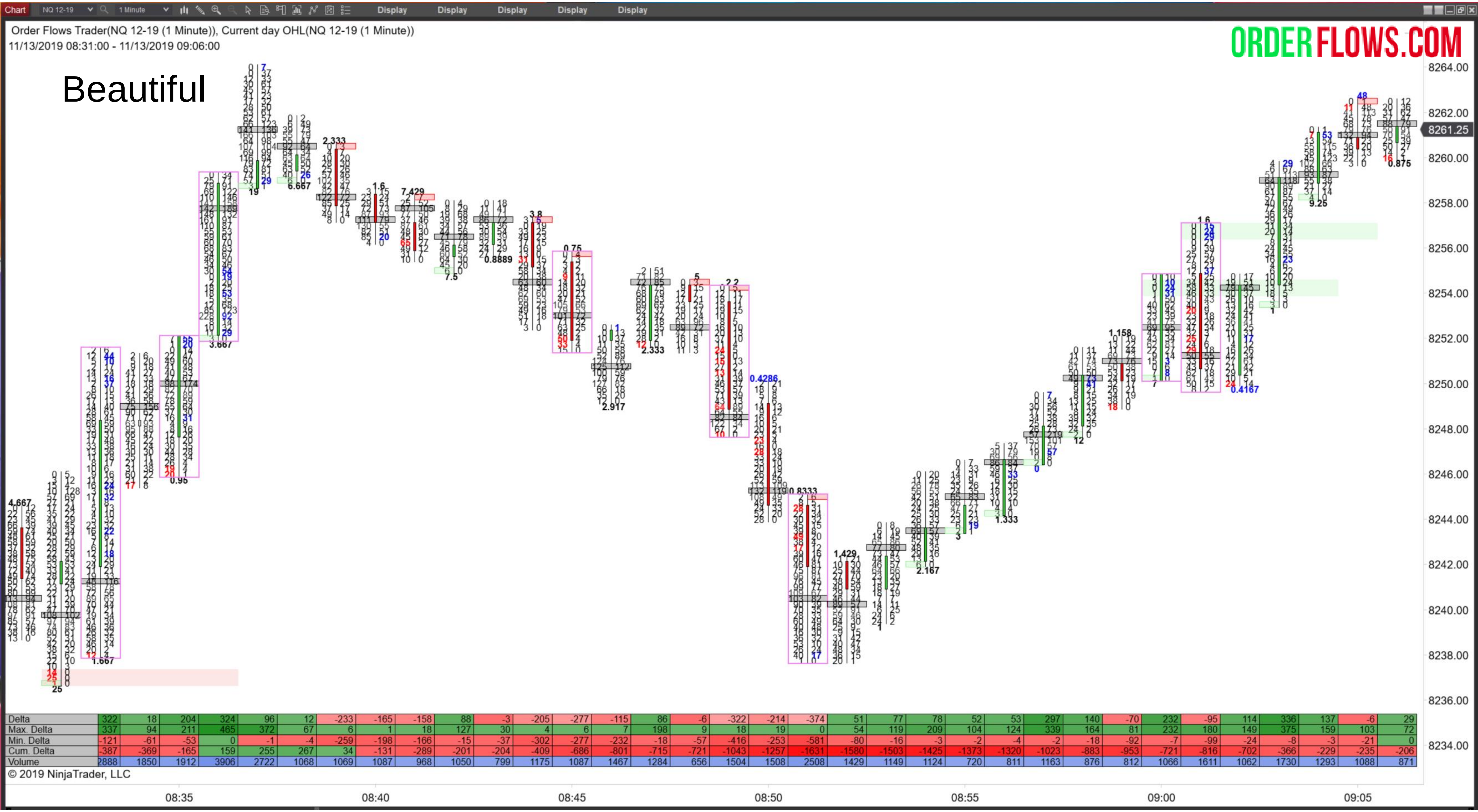


Chart
NQ 12-19
1 Minute
Display
Display
Display
Display
Display
Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/13/2019 08:31:00 - 11/13/2019 09:06:00
ORDERFLOWS.COM
Beautiful
Delta 322 18 204 324 96 12 -233 -165 -158 88 -3 -205 -277 -115 86 -6 -322 -214 -374 51 77 78 52 53 297 140 -70 232 -95 114 336 137 -6 29
Max. Delta 337 94 211 465 372 67 6 1 18 127 30 4 6 7 198 9 18 19 0 54 119 209 104 124 339 164 81 232 180 149 375 159 103 72
Min. Delta -121 -61 -53 0 -1 -4 -259 -198 -166 -15 -37 -302 -277 -232 -18 -57 -416 -253 -581 -80 -16 -3 -2 -4 -2 -18 -92 -7 -99 -24 -8 -3 -21 0
Cum. Delta -387 -369 -165 159 255 267 34 -131 -289 -201 -204 -409 -686 -801 -715 -721 -1043 -1257 -1631 -1580 -1503 -1425 -1373 -1320 -1023 -883 -953 -721 -816 -702 -366 -229 -235 -206
Volume 2888 1850 1912 3906 2722 1068 1069 1087 968 1050 799 1175 1087 1467 1284 656 1504 1508 2508 1429 1149 1124 720 811 1163 876 812 1066 1611 1062 1730 1293 1088 871
© 2019 NinjaTrader, LLC
8264.00
8262.00
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8244.00
8242.00
8240.00
8238.00
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8234.00
08:35
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08:50
08:55
09:00
09:05

On the other side of the take small losses coin is letting your profits run.

Some traders take profits too early while others wait too long. It is easy to get out of a profitable position with a small profit because it reinforces your decision but getting out too early over and over hurts your overall profitability.

Other traders try and squeeze every single tick out of the market that the market reaches its apex and then moves away and instead of getting out at an advantageous price, they ride the market back to break even and get out with a small profit when they finally cover.

Emotional trading

Gaining the level of market experience and knowledge is just one part of the trading equation. A trader also must learn to control their trading emotions.

Finding and putting on trades is one thing. Once you are in a trade it can be a roller coaster ride psychologically to your target or stop. For some traders being in a trade is the most stressful part of trading.

Unfortunately, the act of getting out of a losing trade early is not thought of a winning formula by many traders. Taking a loss, even a small one, means defeat to many traders.

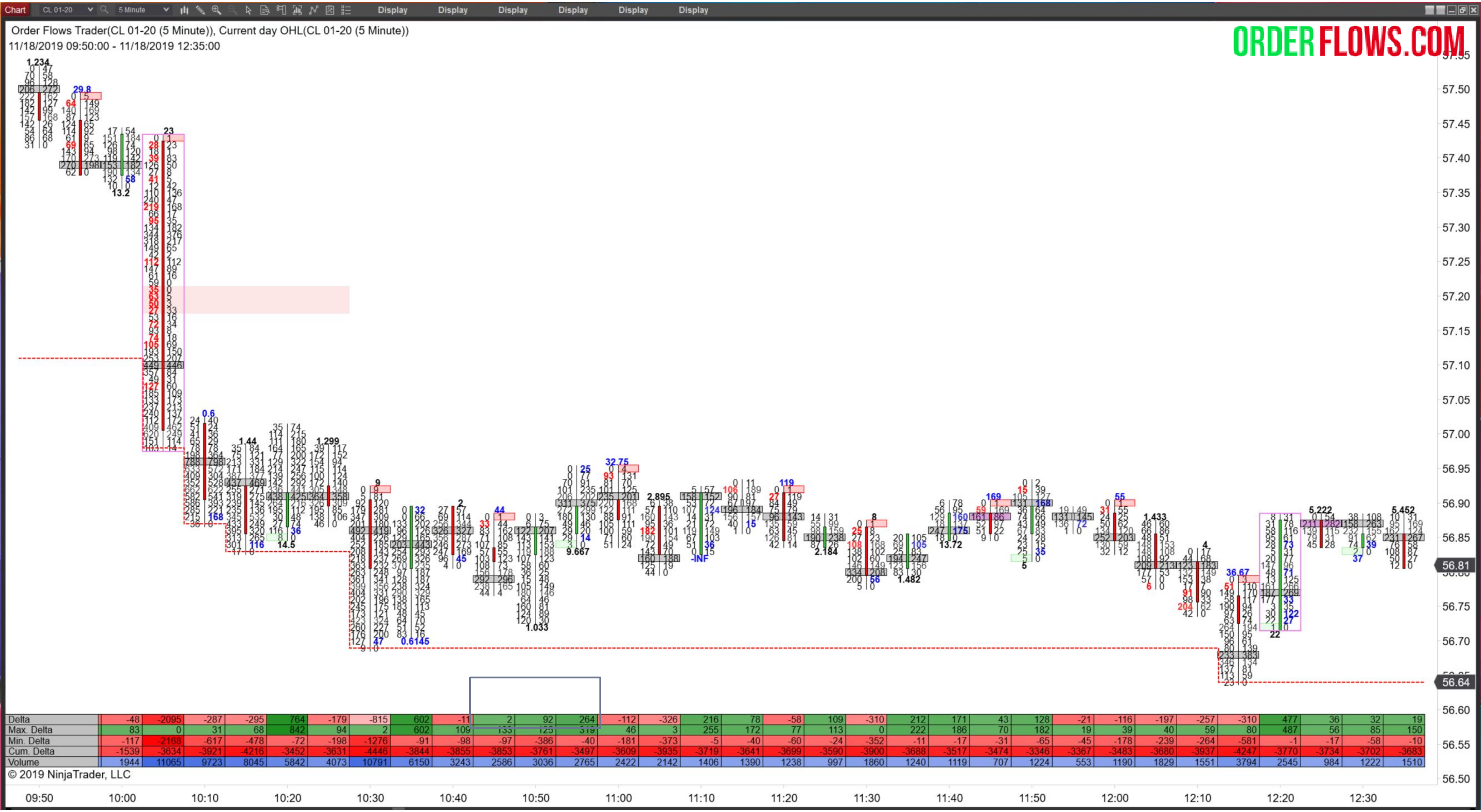
Many traders fall into the trap, that if they just hold a little longer, the trade will turn around and they will be right.

One of the most difficult part of trade management is handling the pullbacks to your entry on trades that are in your favor. What can often happen is the trade starts to go sideways. The longer the market goes sideways around your entry level the higher chance the trade will fail. What is happening is the trade validity is expiring.

Look for possible reversal signs in the order flow coming into the market.

It is important to keep in mind that you don’t want to bail out of a profitable trade at the first sign of weakness because in just about every trade, there will be a sign of weakness that is going to test your patience.

Pullback to break even


Order Flows Trader(CL 01-20 (5 Minute)), Current day OHL(CL 01-20 (5 Minute))
11/18/2019 09:50:00 - 11/18/2019 12:35:00
ORDERFLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
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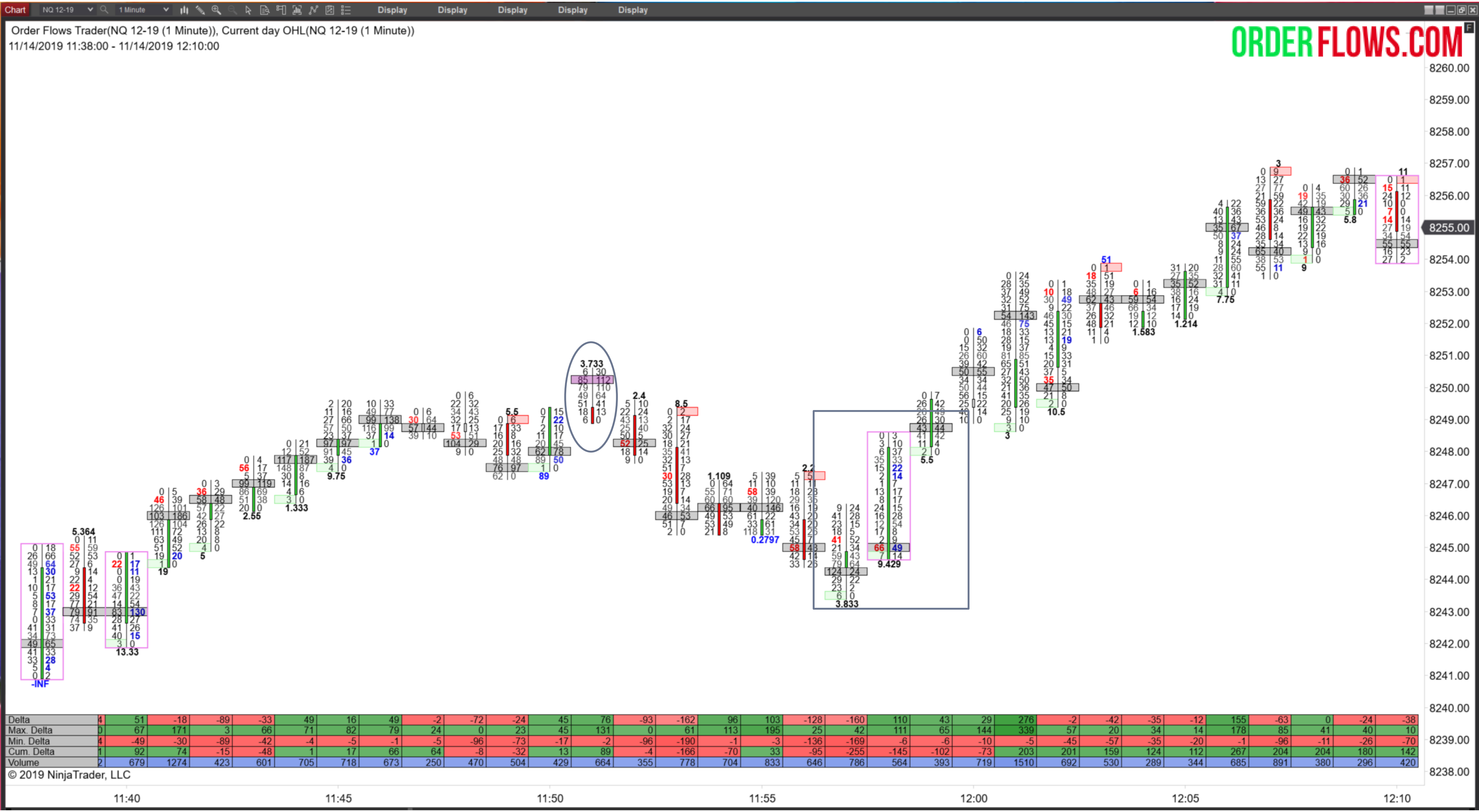
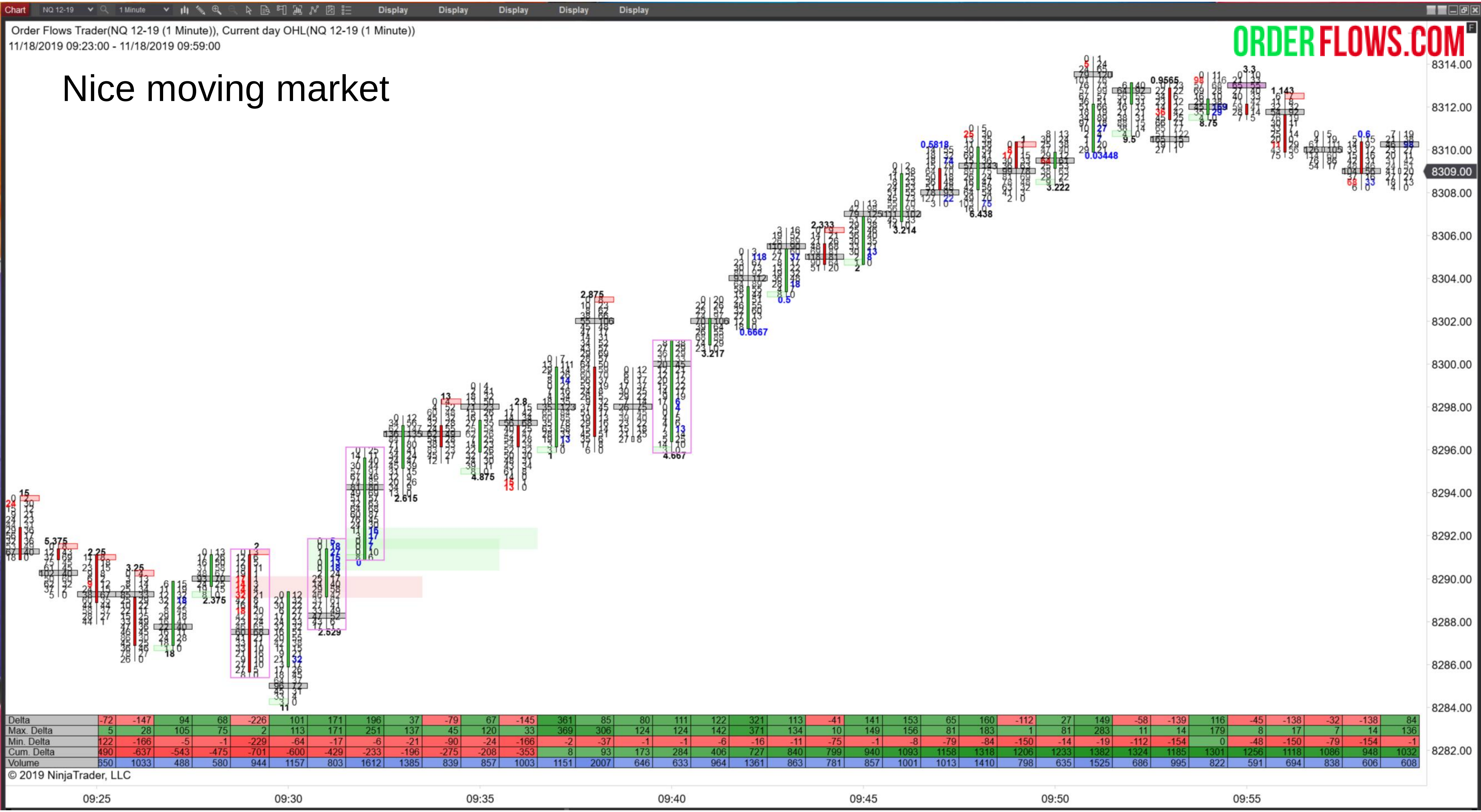
When managing a trade, you need to see subsequent POCs migrating in the direction of the trade or going sideways, but definitely, you don’t want to see them migrating in the opposite direction.

Your position should easily get through levels rather than pausing. For example, for a long position, the market should at a minimum get past and stay past the high of the bar you bought in at.

I am going to show you different examples of trade management. When to exit a trade and when not to exit a trade. Keep in mind, the important part of trade management to understand is when a trade is not paying you that it is time to get out.



Delta	4	51	-18	-89	-33	49	16	49	-2	-72	-24	45	76	-93	-162	96	103	-128	-160	110	43	29	276	-2	-42	-35	-12	155	-63	0	-24	-38
Max. Delta	0	67	171	3	66	71	82	79	24	0	23	45	131	0	61	113	195	25	42	111	65	144	339	57	20	34	14	178	85	41	40	10
Min. Delta	4	-49	-30	-89	-42	-4	-5	-1	-5	-96	-73	-17	-2	-96	-190	-1	-3	-136	-169	-6	-6	-10	-5	-45	-57	-35	-20	-1	-96	-11	-26	-70
Cum. Delta	1	92	74	-15	-48	1	17	66	64	-8	-32	13	89	-4	-166	-70	33	-95	-255	-145	-102	-73	203	201	159	124	112	267	204	204	180	142
Volume	2	679	1274	423	601	705	718	673	250	470	504	429	664	355	778	704	833	646	786	564	393	719	1510	692	530	289	344	685	891	380	296	420

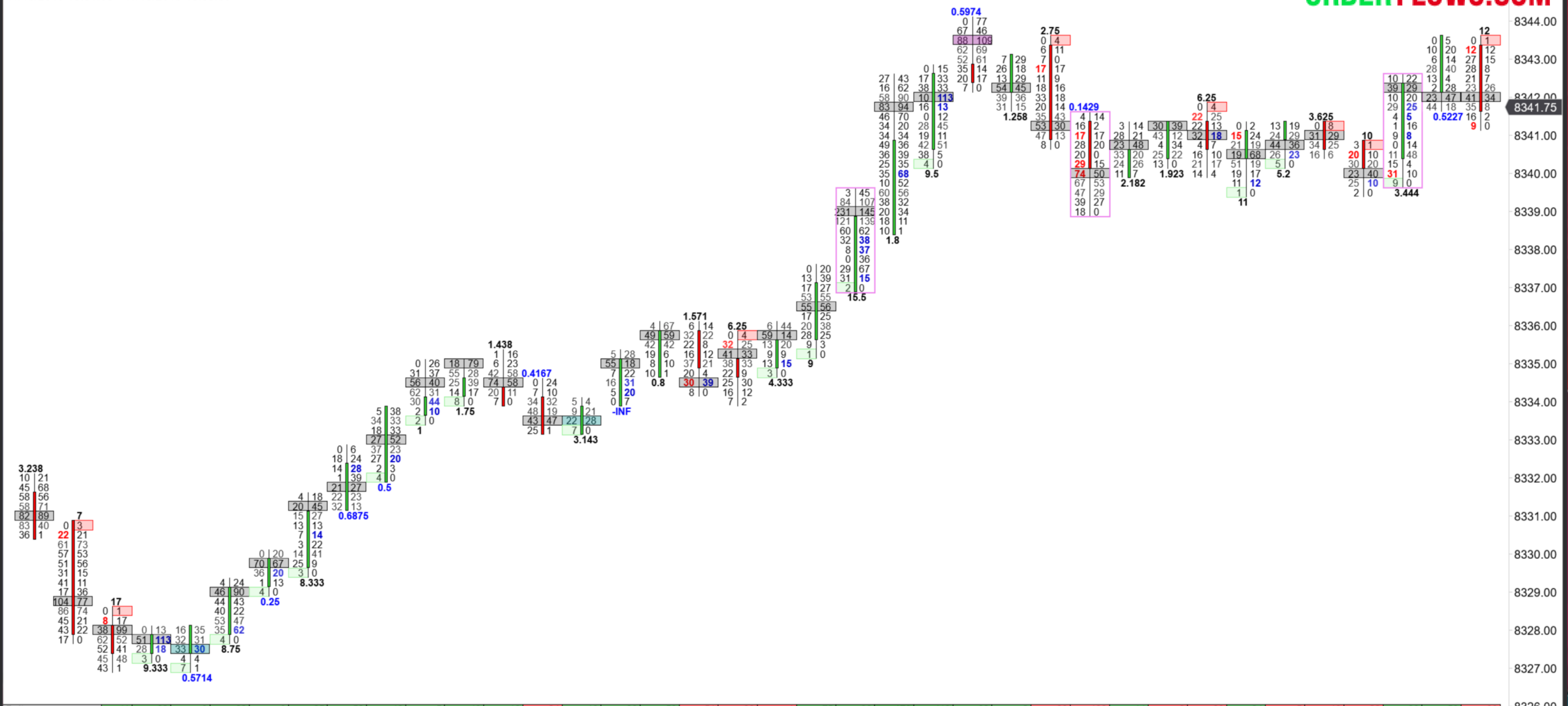

Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/18/2019 09:23:00 - 11/18/2019 09:59:00
Nice moving market
ORDERFLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
09:25
09:30
09:35
09:40
09:45
09:50
09:55

Probably should not take the trade to start with but if you did…

Delta	-80	-5	-18	118	-14	-155	45	216	140	-87	-19	-44	-134	-210	-35	136	2	206	54	-74	-97	-72	-147	94	68	-226	101	171	196	37	-79	67	-145	361	85
Max. Delta	38	18	48	145	53	2	52	233	238	4	15	26	10	60	14	142	32	206	158	7	1	5	28	105	75	2	113	171	251	137	45	120	33	369	306
Min. Delta	-87	-46	-20	-24	-99	-267	-40	-5	-6	-107	-31	-51	-136	-271	-90	-2	-115	-58	-4	-74	-143	-122	-166	-5	-1	-229	-64	-17	-6	-21	-90	-24	-166	-2	-37
Cum. Delta	443	-448	-466	-348	-362	-517	-472	-256	-116	-203	-222	-266	-400	-610	-645	-509	-507	-301	-247	-321	-418	-490	-637	-543	-475	-701	-600	-429	-233	-196	-275	-208	-353	8	93
Volume	838	695	680	736	1036	1311	659	926	1086	709	433	472	592	1220	1037	696	812	820	1114	668	785	650	1033	488	580	944	1157	803	1612	1385	839	857	1003	1151	2007

Chart NQ 12-19 1 Minute Display Display Display Display Display

Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/18/2019 13:01:00 - 11/18/2019 13:38:00



Delta	11	62	9	62	9	85	52	48	5	43	16	-24	10	38	53	-51	-33	-1	75	90	178	119	62	2	-80	-132	14	-8	-33	24	-5	-13	-22	33	50	-99
Max. Delta	33	77	14	81	36	94	52	57	47	63	36	20	12	67	60	10	10	29	101	182	298	124	132	3	12	10	46	22	3	30	6	7	0	56	50	0
Min. Delta	-25	-1	-18	-32	0	-8	-9	-18	0	0	-5	-29	-6	0	-14	-85	-45	-5	0	-2	-8	-39	0	-23	-108	-142	-3	-15	-42	-27	-28	-21	-40	-42	-15	-115
Cum. Delta	937	999	1008	1070	1079	1164	1216	1264	1269	1312	1328	1304	1314	1352	1405	1354	1321	1320	1395	1485	1663	1782	1844	1846	1766	1634	1648	1640	1607	1631	1626	1613	1591	1624	1674	1575
Volume	507	226	193	514	231	293	268	356	371	283	316	290	96	214	317	291	329	205	501	1292	1376	543	724	342	430	586	258	222	229	298	219	149	184	369	302	325

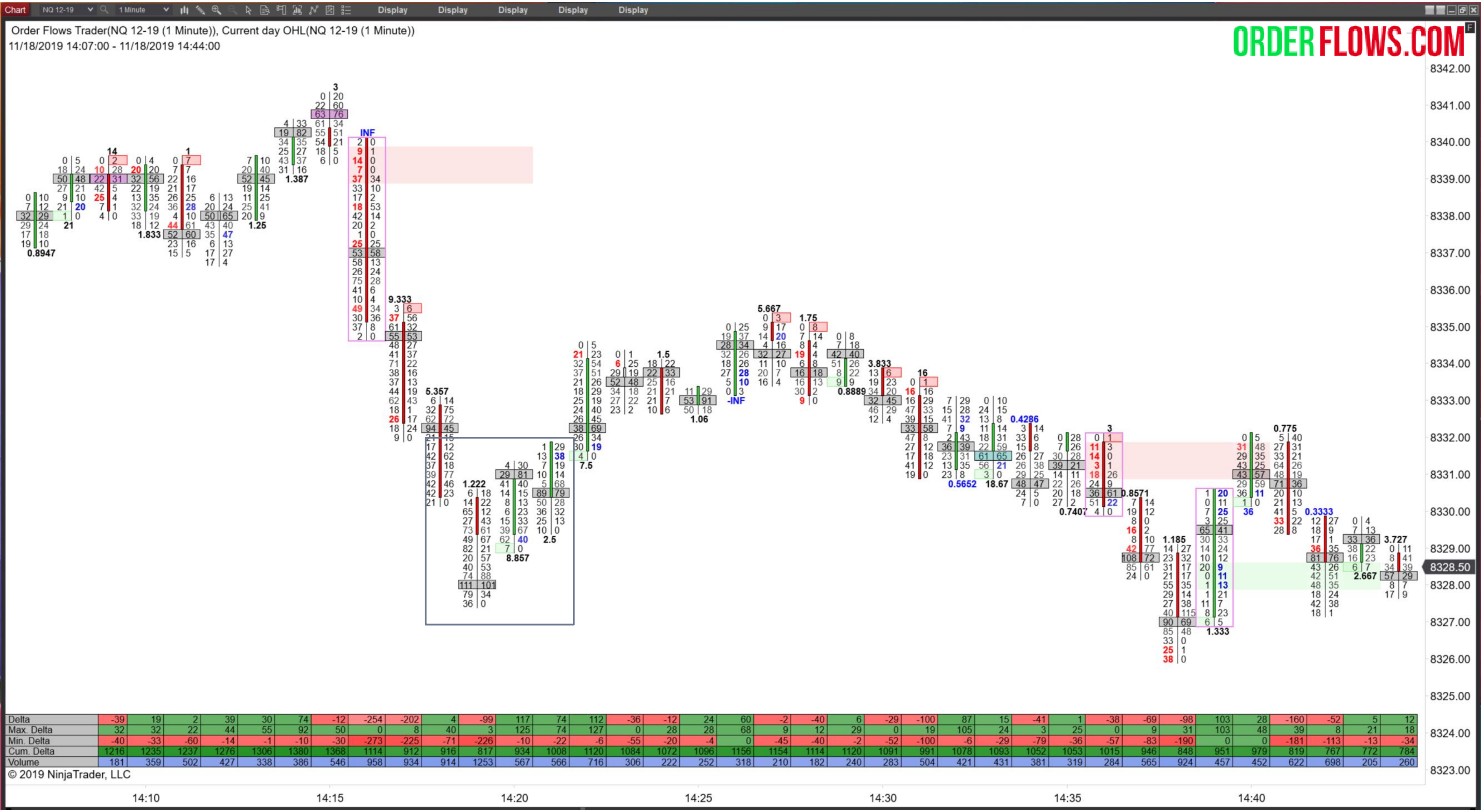
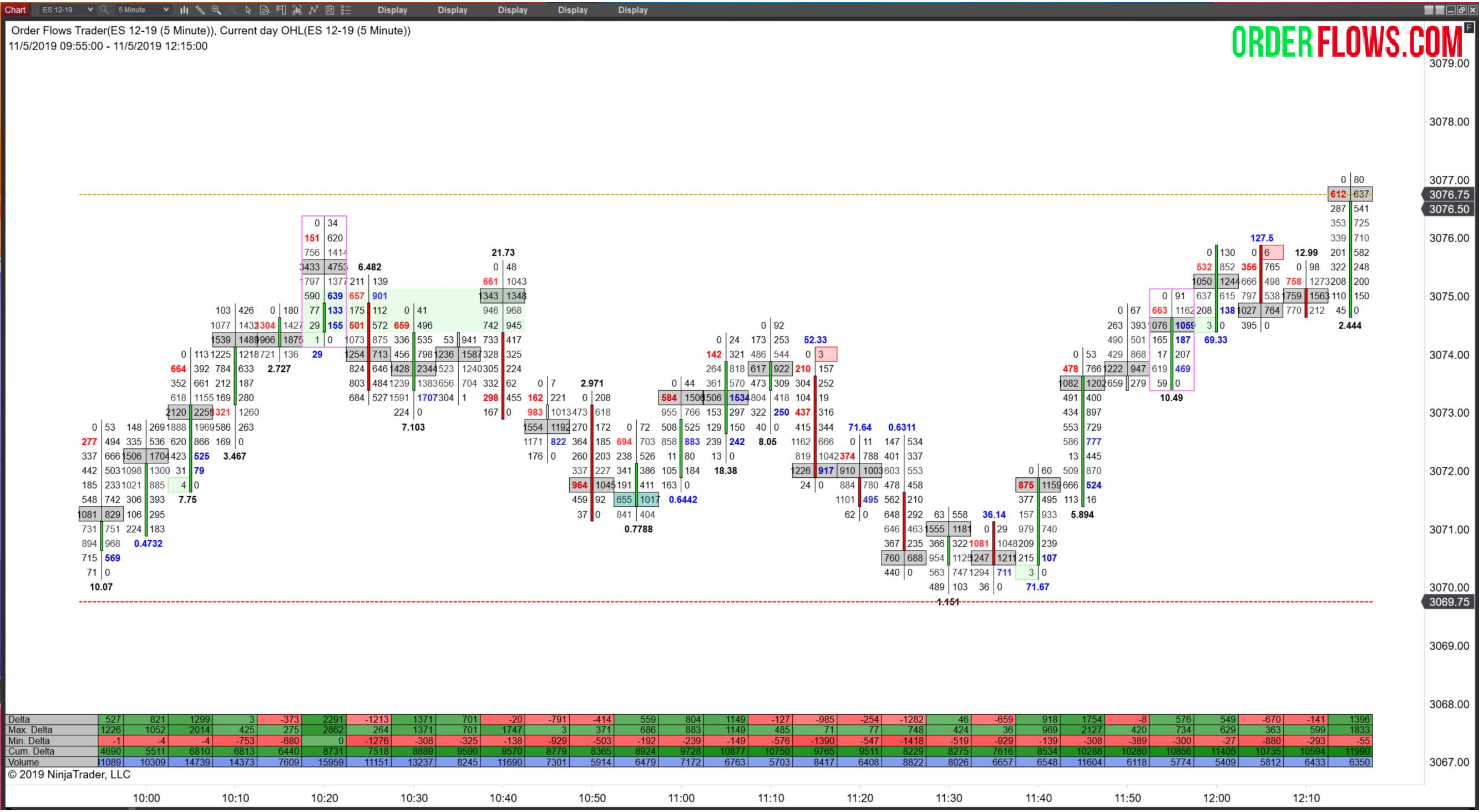
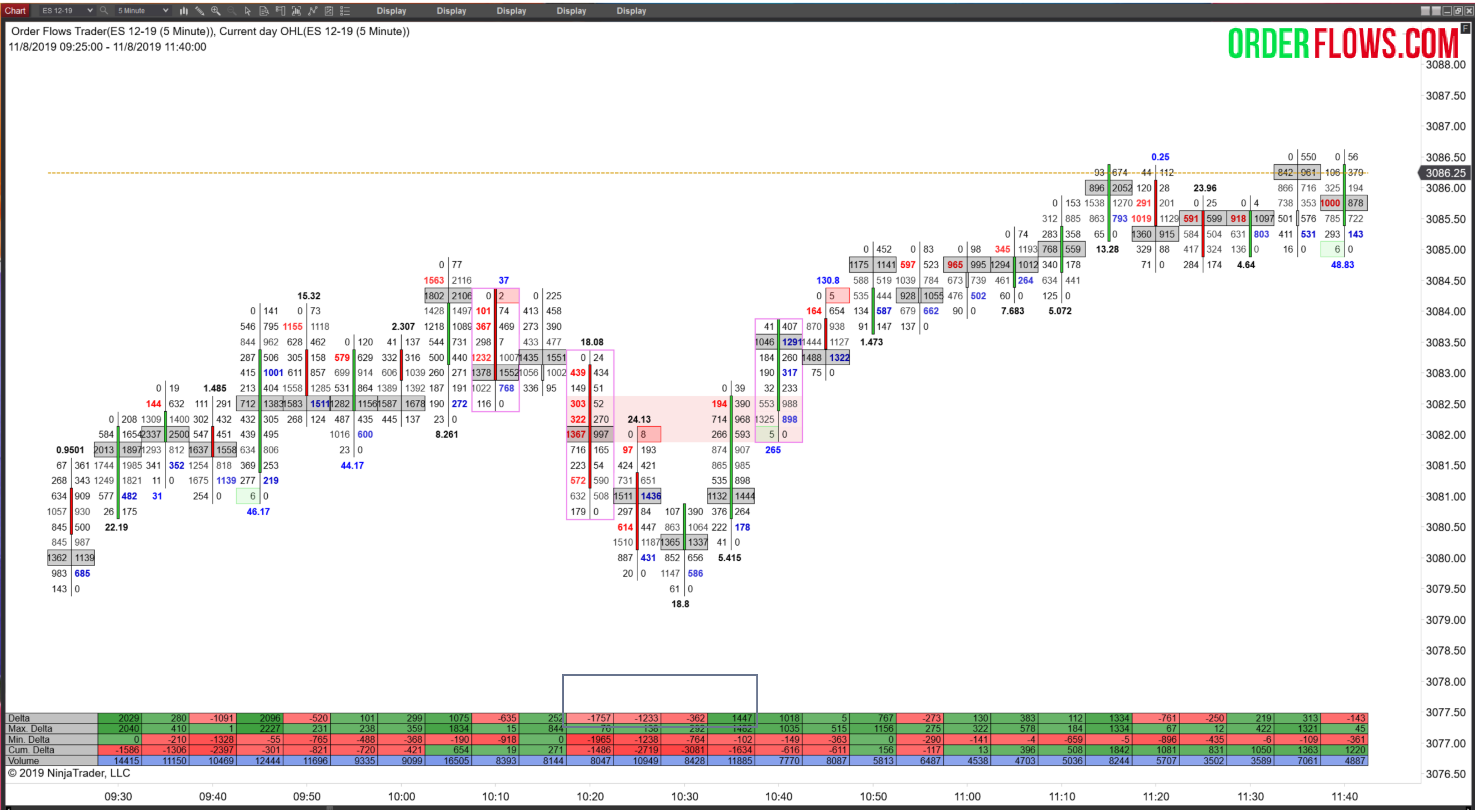


Chart
NQ 12-19
1 Minute
Display
Order Flows Trader(NQ 12-19 (1 Minute)), Current day OHL(NQ 12-19 (1 Minute))
11/18/2019 14:07:00 - 11/18/2019 14:44:00
ORDER FLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC
14:10
14:15
14:20
14:25
14:30
14:35
14:40


Order Flows Trader(ES 12-19 (5 Minute)), Current day OHL(ES 12-19 (5 Minute))
11/5/2019 09:55:00 - 11/5/2019 12:15:00
ORDERFLOWS.COM
Delta 527 821 1299 3 -373 2291 -1213 1371 701 -20 -791 -414 559 804 1149 -127 -985 -254 -1282 46 -659 918 1754 -8 576 549 -670 -141 1396
Max. Delta 1226 1052 2014 425 275 2862 264 1371 701 1747 3 371 686 883 1149 485 71 77 748 424 36 969 2127 420 734 629 363 599 1833
Min. Delta -1 -4 -4 -753 -680 0 -1276 -308 -325 -138 -929 -503 -192 -239 -149 -576 -1390 -547 -1418 -519 -929 -139 -308 -389 -300 -27 -880 -293 -55
Cum. Delta 4690 5511 6810 6813 6440 8731 7518 8889 9590 9570 8779 8365 8924 9728 10877 10750 9765 9511 8229 8275 7616 8534 10288 10280 10856 11405 10735 10594 11990
Volume 11089 10309 14739 14373 7609 15959 11151 13237 8245 11690 7301 5914 6479 7172 6763 5703 8417 6408 8822 8026 6657 6548 11604 6118 5774 5409 5812 6433 6350
© 2019 NinjaTrader, LLC
10:00 10:10 10:20 10:30 10:40 10:50 11:00 11:10 11:20 11:30 11:40 11:50 12:00 12:10


Order Flows Trader(ES 12-19 (5 Minute)), Current day OHL(ES 12-19 (5 Minute))
11/8/2019 09:25:00 - 11/8/2019 11:40:00
ORDER FLOWS.COM
Delta
Max. Delta
Min. Delta
Cum. Delta
Volume
© 2019 NinjaTrader, LLC

How a data release can wreck a good trade…

Delta	153	204	483	-8	-70	-211	-558	-416	-281	-115	-207	24	-115	148	116	-33
Max. Delta	262	204	515	61	138	29	9	61	55	213	60	292	267	223	250	104
Min. Delta	-176	-78	-44	-164	-117	-248	-759	-652	-295	-116	-391	-84	-288	-8	-1	-47
Cum. Delta	368	572	1055	1047	977	766	208	-208	-489	-604	-811	-787	-902	-754	-638	-671
Volume	3613	1996	3463	2520	2878	1703	4468	6166	2545	2397	2905	2974	4413	1970	2322	1855

Delta	-363	-147	1096	451	-1452	268	986	903	370	-561	-117	-822	1380	-698	408	-511
Max. Delta	0	66	1413	1339	397	646	1099	970	564	460	288	151	1860	668	1541	308
Min. Delta	-365	-242	0	0	-1569	-3	-49	-241	-240	-849	-318	-824	-24	-749	-74	-516
Cum. Delta	-1034	-1181	-85	366	-1086	-818	168	1071	1441	880	763	-59	1321	623	1031	520
Volume	2101	3745	17712	18971	11700	6150	7760	9891	12910	11397	8107	7446	10816	11210	15812	6723

Once you have entered into a trade, there are 5 possible scenarios that can occur:

1. The trade immediately goes against you.
2. The trade goes sideways; hanging around break-even.
3. The trade immediately takes off in your favor.
4. The trade started off going in your favor, but now pulling back to break-even.
5. The trade started off going in your favor, but now is going sideways.

As a trader, you must have in your mind that at some point a trade will go against you. Not every trade is going to immediately take off and go in your favor and to your take profit level. We dream about that, but the reality is that is just not proper thinking.

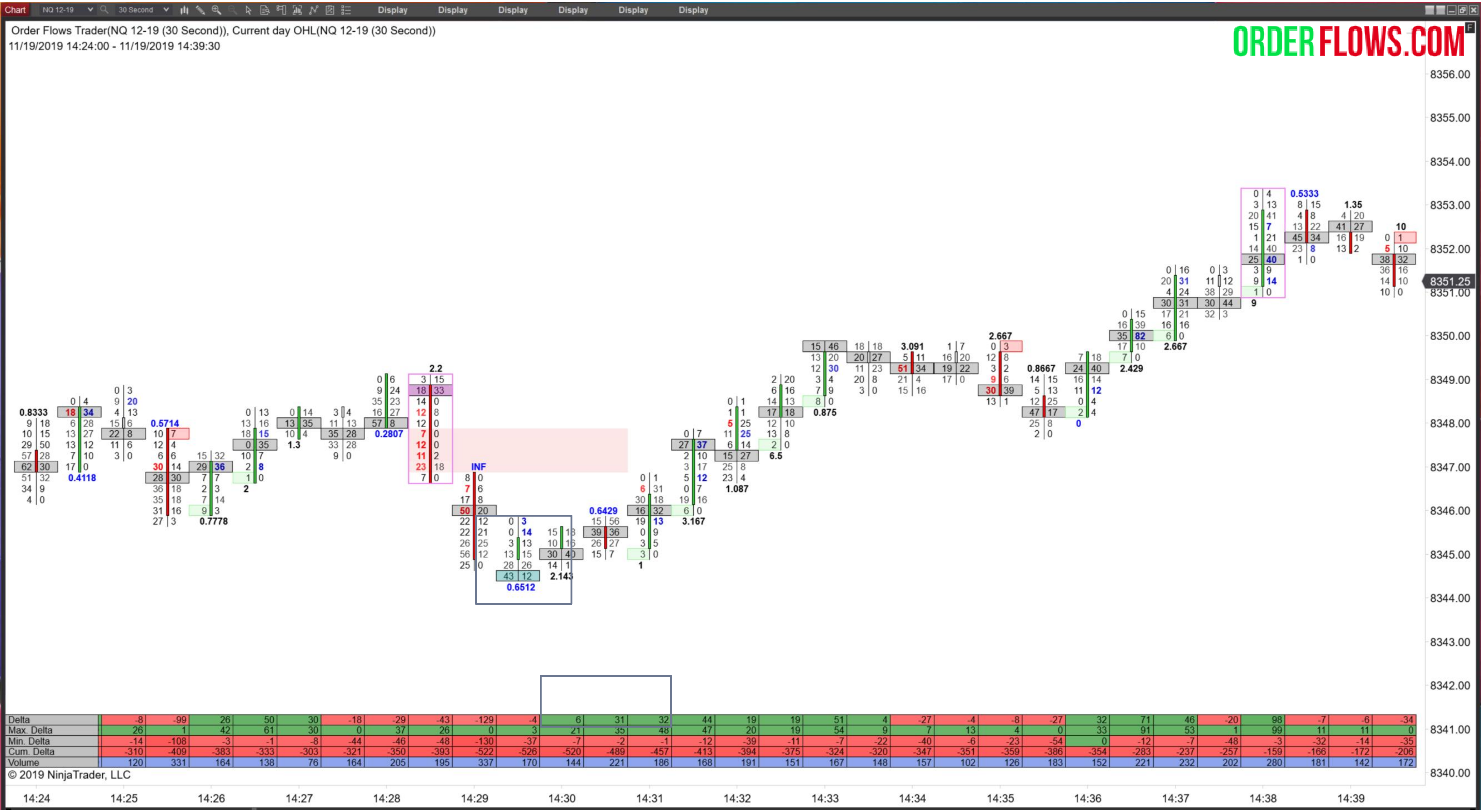


Chart
NQ 12-19
30 Second
Display
Order Flows Trader(NQ 12-19 (30 Second)), Current day OHL(NQ 12-19 (30 Second))
11/19/2019 14:24:00 - 11/19/2019 14:39:30
ORDER FLOWS.COM
Delta -8 -99 26 50 30 -18 -29 -43 -129 -4 6 31 32 44 19 19 51 4 -27 -4 -8 -27 32 71 46 -20 98 -7 -6 -34
Max. Delta 26 1 42 61 30 0 37 26 0 3 21 35 48 47 20 19 54 9 7 13 4 0 33 91 53 1 99 11 11 0
Min. Delta -14 -108 -3 -1 -8 -44 -46 -48 -130 -37 -7 -2 -1 -12 -39 -11 -7 -22 -40 -6 -23 -54 0 -12 -7 -48 -3 -32 -14 -35
Cum. Delta -310 -409 -383 -333 -303 -321 -350 -393 -522 -526 -520 -489 -457 -413 -394 -375 -324 -320 -347 -351 -359 -386 -354 -283 -237 -257 -159 -166 -172 -206
Volume 120 331 164 138 76 164 205 195 337 170 144 221 186 168 191 151 167 148 157 102 126 183 152 221 232 202 280 181 142 172
© 2019 NinjaTrader, LLC
14:24 14:25 14:26 14:27 14:28 14:29 14:30 14:31 14:32 14:33 14:34 14:35 14:36 14:37 14:38 14:39

When deciding to exit a trade it comes down to two things:

1. Is the reason for the trade invalidated based on the order flow?
2. Is there are valid reason based on the order flow?

They sound alike, right? But they are actually vastly different. In the first reason, when a trade is not working out, for example, you bought because of stacked buying imbalances, but instead of rallying right after the stacked imbalances, the market traded through and below the imbalances and then took out the low of the bar with the stacked imbalances. That is clearly a situation where the reason for being in the trade is invalidated and you must exit.

But in the 2nd situation, if you are long and the market is in your favor, but now you are starting to see stacked selling imbalances coming in you should consider exiting the trade.

It is important that a trader learns to read what the market is telling them, so they know to get out early. When the reason for being in a trade weakens, the time has come to get out. Instead of holding on to losing trades long and getting out of winning trades early, learn to do the opposite and you will instantly improve your trading results.

Bail out on losing trades quickly based on what the order flow is showing you. Hold on to winning trades as long as the order flow is telling you to stay in the trade, when conditions change, then it is time to get out.

The fallacy of the break-even stop. A lot of traders like to move their stop to break-even once their trade is in the money. Their thought is “I now have a free trade.” While no one likes to see a winning trade turn into a loser, on any given trade there is a high chance the trade will rotate back to your entry level, the break-even level and you will be getting out early.

Basically, you are taking all the initial risk once you get into the trade because it can just immediately fail and stop you out. As soon as the market is in your favor by moving your stop to break-even you have reduced your risk, but you have also reduced your potential profit because now you have a higher chance of getting stopped out. At this point you are not exiting based on the order flow or the reason for the trade being invalidated.

You have reached the end of Module 8. In Module 9 I will discuss 11 advanced order flow trade setups.