

Next Level Order Flow
Module 11:
Risk Management

Disclaimer

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Risk management? I prefer the term trading.

What you care most about is where am I going to risk my money that will give me the least amount of risk with the highest amount of reward.

The easiest way to do that is trade along with the market.

Trade monitoring

Traders often get too caught up in looking for the ideal entry or even exit. The one thing that differentiates and changes traders from average to excellent is the ability to monitor a trade for continuation or lack of continuation. Once a trader is able to monitor for continuation, they have more confidence in their trading. They are not afraid of a trade.

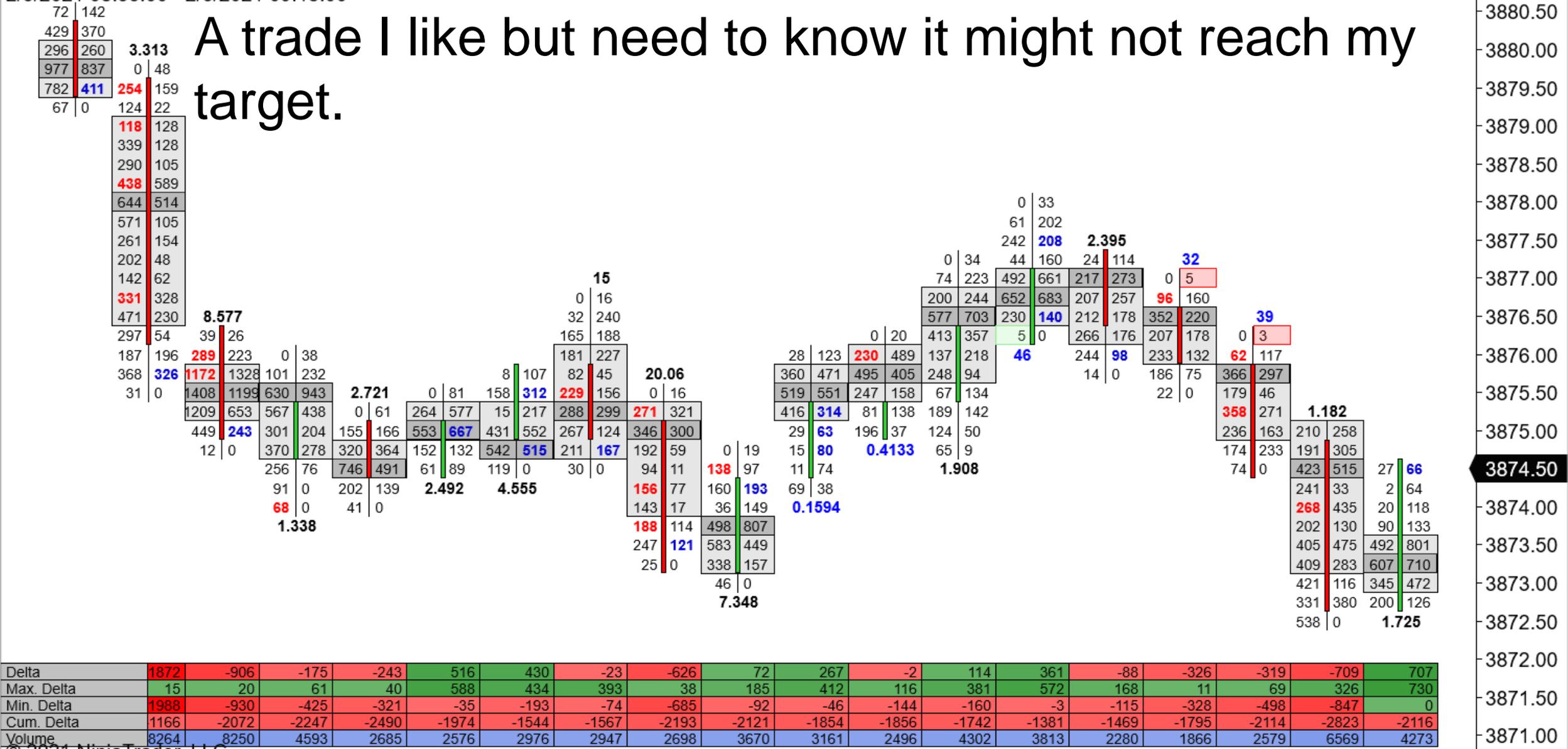
Trade monitoring

We can control risk of a trade, but we can't control the reward. We monitor trades to help control our risk. But what we can't control is how far a trade can really go. We can always move our stops to control the risk. But our take profits level is out of our hands in a way. We want to maximize every trade whenever possible. That is why it is important to monitor a trade, to look for continuation.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/5/2021 08:55:00 - 2/5/2021 09:13:00

A trade I like but need to know it might not reach my target.



Delta	1872	-906	-175	-243	516	430	-23	-626	72	267	-2	114	361	-88	-326	-319	-709	707
Max. Delta	15	20	61	40	588	434	393	38	185	412	116	381	572	168	11	69	326	730
Min. Delta	1988	-930	-425	-321	-35	-193	-74	-685	-92	-46	-144	-160	-3	-115	-328	-498	-847	0
Cum. Delta	1166	-2072	-2247	-2490	-1974	-1544	-1567	-2193	-2121	-1854	-1856	-1742	-1381	-1469	-1795	-2114	-2823	-2116
Volume	8264	8250	4593	2685	2576	2976	2947	2698	3670	3161	2496	4302	3813	2280	1866	2579	6569	4273

Trade Entry

You don't need just an opinion on the market. You need a good location to act on your opinion. That has to be built into your set up and strategy. Think of where you will be getting long (short) and where you are going to be wrong. You should always know where you are wrong.

By finding a good location to get into a trade I don't mean analyzing every single tick that comes through. What I mean is if you are bullish you want to see bullish order flow. If you are bearish you want to see bearish order flow.

Beginning traders often ask, “can you just tell me where to buy or sell and where to place my stop.”

But what they are missing and not asking is “is the order flow showing continuation?” Is the move that is expected to be happening, happening.

Orderflows Flowscalper(ES 03-21 (30 Second))

2/23/2021 07:48:30 - 2/23/2021 09:59:00

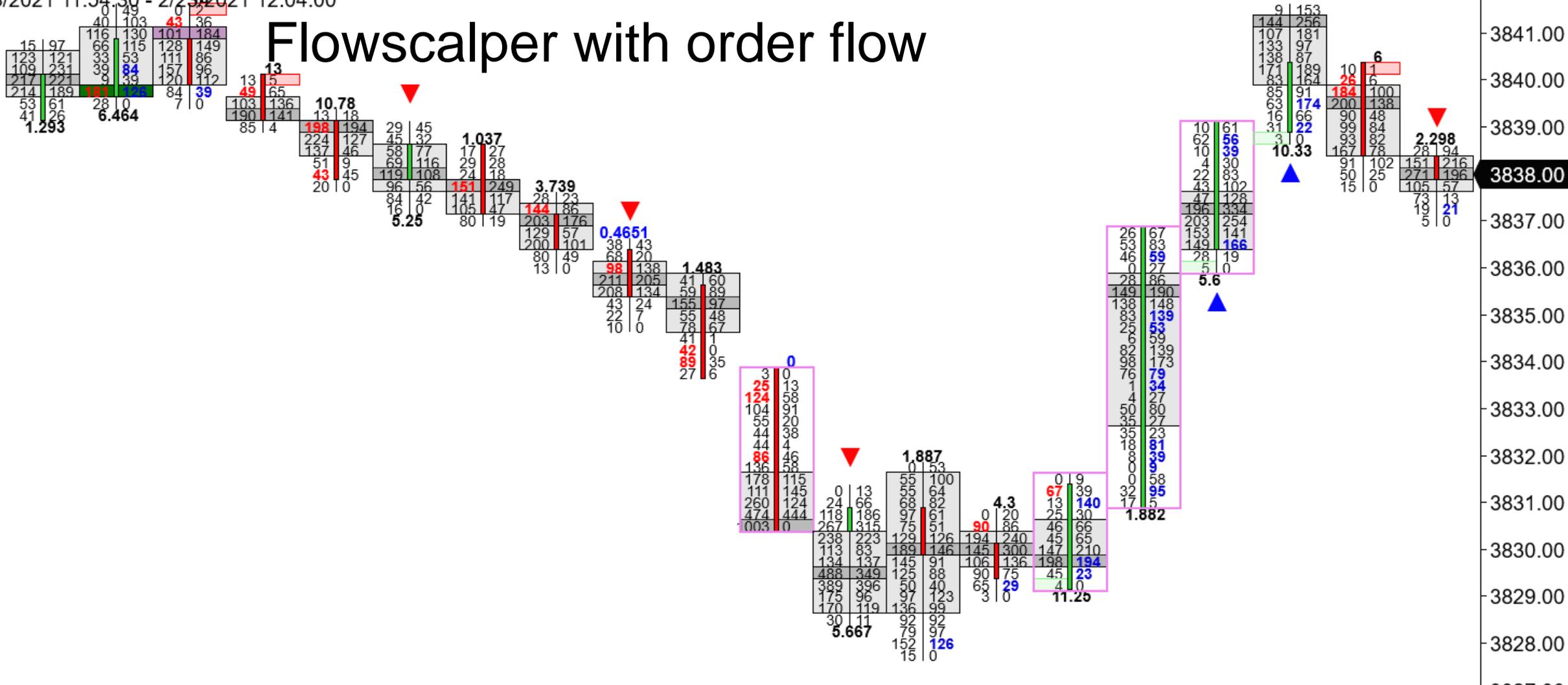
Flowscalper



Order Flows Trader(ES 03-21 (30 Second)), Current day OHL(ES 03-21 (30 Second)), Orderflows Flowscalper(ES 03-21 (30 Second))

2/23/2021 11:54:30 - 2/23/2021 12:04:00

Flowscalper with order flow



Delta	187	-47	-89	-247	-40	-42	-305	-127	-184	-1491	-152	-120	193	186	770	481	497	-361	-55
Max. Delta	238	37	17	0	56	30	0	0	58	0	5	92	225	238	770	495	543	0	34
Min. Delta	-76	-160	-126	-278	-68	-100	-312	-138	-187	-1491	-653	-205	-18	-21	-5	-32	-2	-379	-120
Cum. Delta	7393	7346	7257	7010	6970	6928	6623	6496	6312	4821	4669	4549	4742	4928	5698	6179	6676	6315	6260
Volume	1211	1455	791	1125	992	1052	1289	1269	990	3803	4140	2998	1579	1366	2790	2345	2463	1689	1249

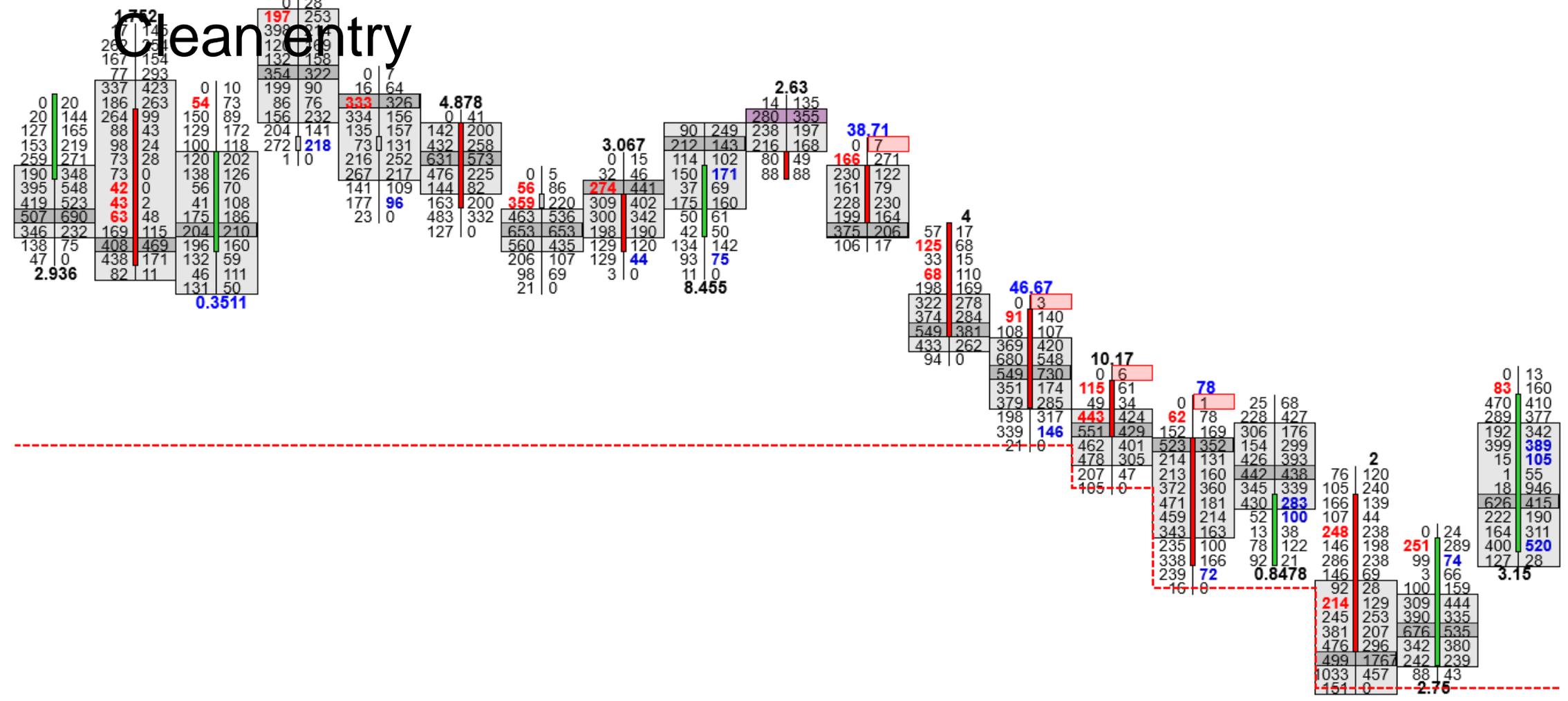
Entries – A problem traders have with entry is they often try to find the perfect price level for entry, and they miss the move.

A trend is a change in market perception, and as a result key levels are over forgotten or overrun. As a trader you have to also forget about those levels, at least for now.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/16/2021 09:01:00 - 2/16/2021 09:19:00

Clean entry



Delta	-345	72	-218	-200	-687	-305	226	114	76	-369	-669	-215	-703	-1490	113	52	88	1255
Max. Delta	486	128	276	18	7	1	355	216	165	16	0	306	43	0	411	418	256	1289
Min. Delta	-345	-166	-234	-221	-773	-572	-13	-74	0	-388	-698	-313	-716	-1498	-62	-1113	-169	-52
Cum. Delta	1028	1100	882	682	-5	-310	-84	30	106	-263	-932	-1147	-1850	-3340	-3227	-3175	-3087	-1832
Volume	5429	3416	4020	3230	4509	4527	2974	2330	1908	2561	3837	5955	4117	5784	5295	8794	5088	7267

09:05

09:10

09:15

3929.00

3930.00

3931.50

3932.00

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3937.00

3938.00

3939.00

3940.00

3941.00

3942.00

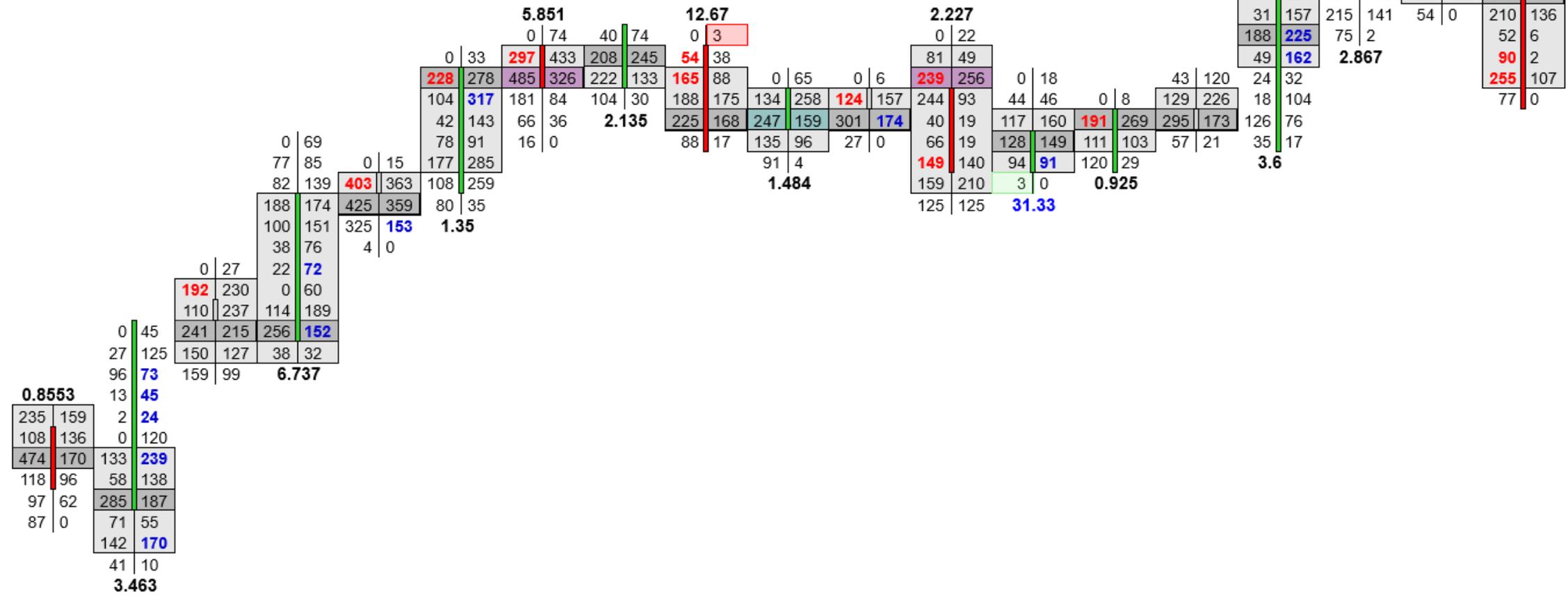
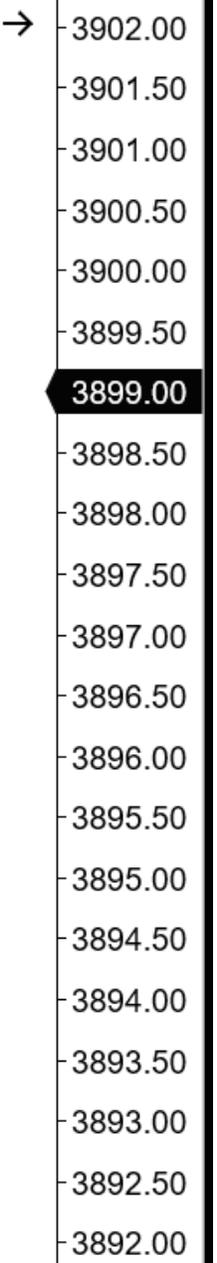
3943.00

3944.00

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/11/2021 13:40:00 - 2/11/2021 13:58:00

No clear entry



Delta	363	83	284	-267	624	-92	-92	-231	-25	-115	-170	78	-13	16	573	60	-123	-584
Max. Delta	373	130	446	2	634	51	4	6	39	12	25	104	42	58	604	375	0	0
Min. Delta	-106	-18	-91	-323	-78	-176	-160	-259	-175	-125	-327	-22	-45	-79	-54	-47	-214	-594
Cum. Delta	2120	-12037	-11753	-12020	-11396	-11488	-11580	-11811	-11836	-11951	-12121	-12043	-12056	-12040	-11467	-11407	-11530	-12114
Volume	2099	1787	2114	2047	2258	1998	1056	1209	1189	789	2036	850	831	1064	1933	3404	1265	1362

Entries – It is important to talk about trade entries for a moment. There is a lot of talk on getting out of trades, but often little about how to get into trades.

There are three types of orders to get into a trade.
Market order, limit order, stop order.

Entries – Market orders are the simplest to execute, but the price is sometimes the worst possible.

You cross the two-way auction.

There is a lag between the price on your screen and what you trade at. A market order can be filled at a worse price than you think you are getting. You are not guaranteed the current offer because it could trade out and you get the next offer.

Entries – Limit order give you a better entry, but you run the risk of not getting filled.

The drawback with a limit order (other than not getting filled) is you are trading contrary to market direction.

If the market is moving up and you enter a limit order to buy, the market must pull back to your bid level, trade all the contracts in front of you and then fill you and then resume in the direction you expected it to go.

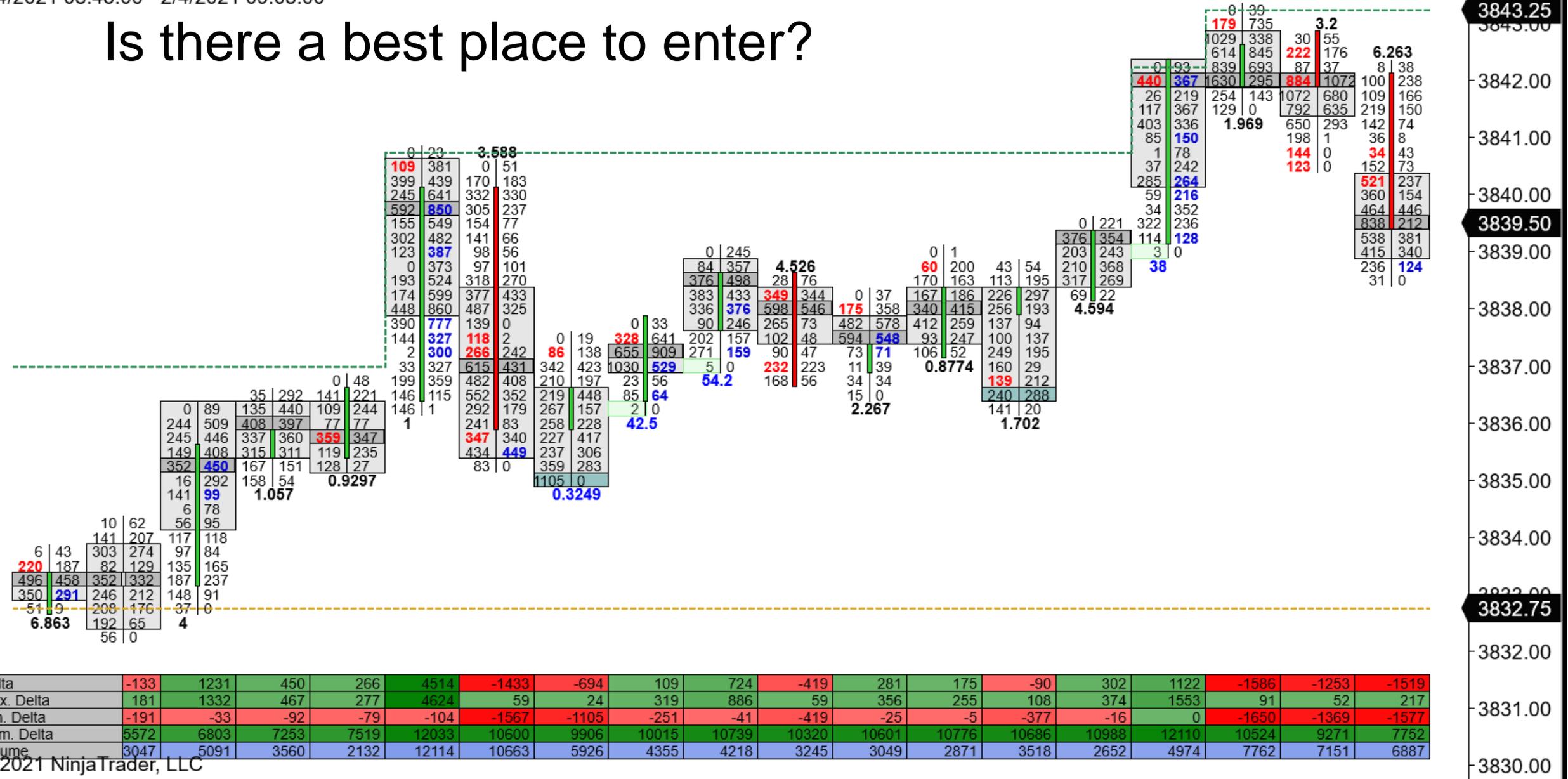
Entries – Limit order if you miss out on getting filled you may find yourself chasing the market to get into the position. If you are looking for a rally and through a bid in to buy and then the offers start getting lifted, your order to buy at 4 is unfilled and the market is now trading 8. You just missed your trade.

Entries – There is no perfect way to enter the market where you are going to get the optimal fill possible. With limits you can miss the market, with market orders you can get in but can find your entry filled at worse price than you expected. With a stop order you can also experience slippage but at least the market start to move in your direction.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/4/2021 08:45:00 - 2/4/2021 09:03:00

Is there a best place to enter?



Delta	-133	1231	450	266	4514	-1433	-694	109	724	-419	281	175	-90	302	1122	-1586	-1253	-1519
Max. Delta	181	1332	467	277	4624	59	24	319	886	59	356	255	108	374	1553	91	52	217
Min. Delta	-191	-33	-92	-79	-104	-1567	-1105	-251	-41	-419	-25	-5	-377	-16	0	-1650	-1369	-1577
Cum. Delta	5572	6803	7253	7519	12033	10600	9906	10015	10739	10320	10601	10776	10686	10988	12110	10524	9271	7752
Volume	3047	5091	3560	2132	12114	10663	5926	4355	4218	3245	3049	2871	3518	2652	4974	7762	7151	6887

08:45

08:50

08:55

09:00

3844.00
3843.25
3843.00
3842.00
3841.00
3840.00
3839.50
3839.00
3838.00
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3832.75
3832.00
3831.00
3830.00

Trade entry

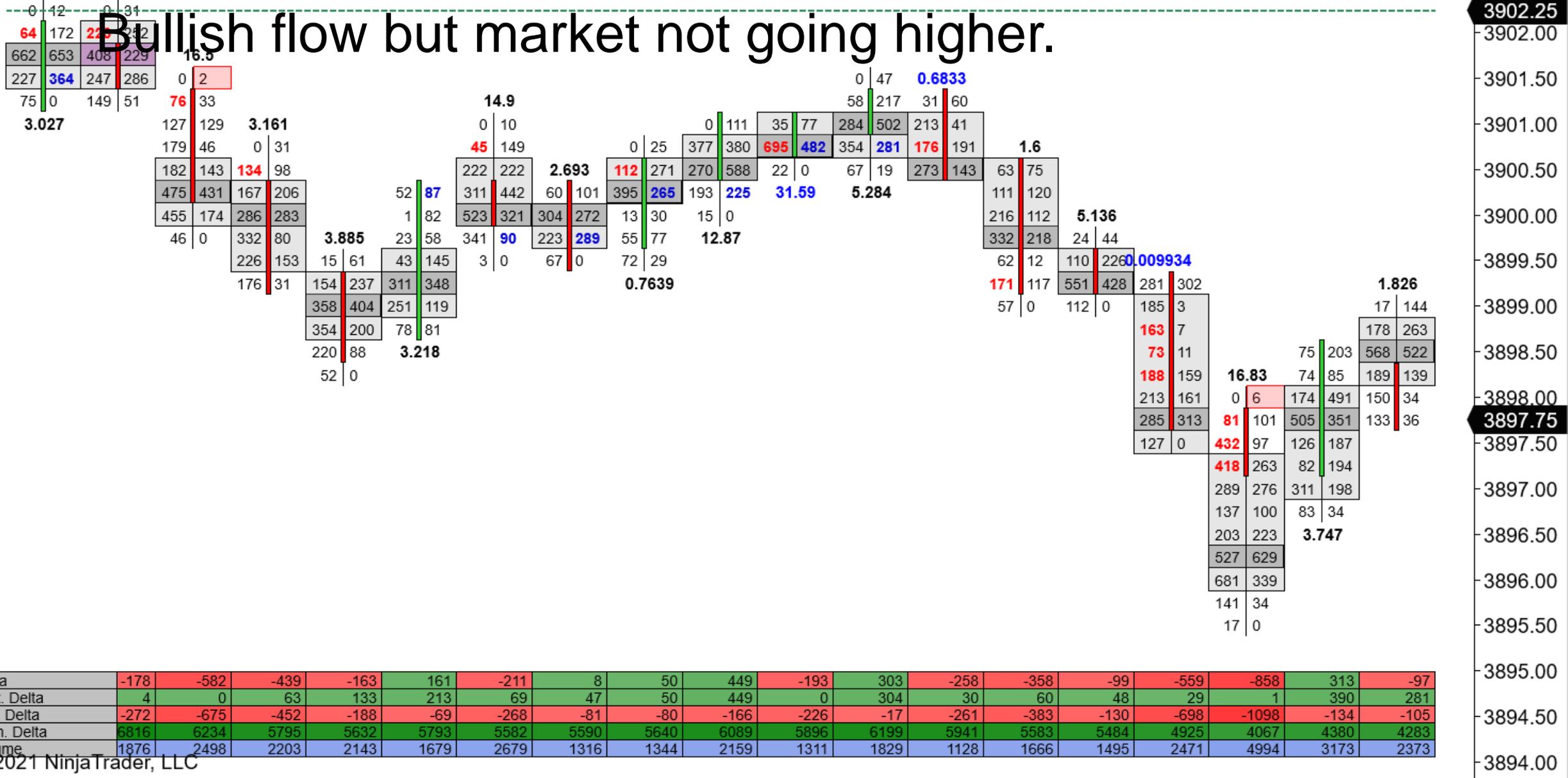
If you see bullish order flow but the market doesn't go up what does that tell you?

Same with bearish order flow that can't move the market down.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

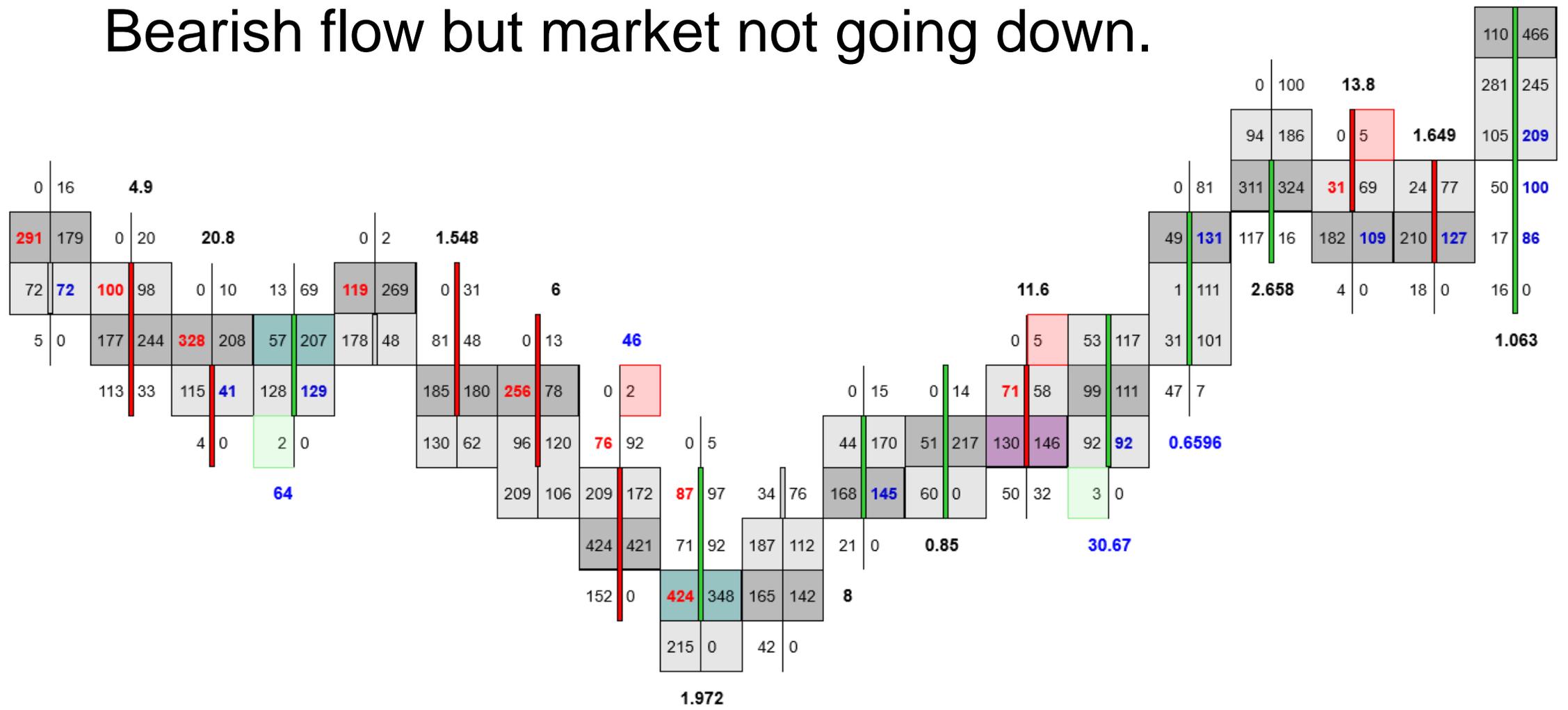
2/8/2021 09:10:00 - 2/8/2021 09:28:00

Bullish flow but market not going higher.



2/9/2021 12:43:00 - 2/9/2021 13:01:00

Bearish flow but market not going down.



3908.25
3908.00
 3907.75
 3907.50
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 3906.75
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 3906.00
 3905.75
 3905.50
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 3905.00
 3904.75
 3904.50
 3904.25

Delta	5	-188	205	22	-75	-244	-174	-255	-98	97	120	-10	73	303	104	-34	-48	527
Max. Delta	53	11	206	34	15	9	25	0	49	126	120	46	86	328	187	23	51	648
Min. Delta	-76	-188	-20	-135	-168	-331	-196	-292	-167	-20	-49	-42	-39	-23	-110	-145	-68	-14
Cum. Delta	4862	-5050	-4845	-4823	-4898	-5142	-5316	-5571	-5669	-5572	-5452	-5462	-5389	-5086	-4982	-5016	-5064	-4537
Volume	785	706	605	616	717	878	1548	1339	758	563	342	492	567	559	1148	400	456	1685

Trade entry

Too often, traders want to have a green light, red light trading system. Just tell me where to buy and sell. But think about it for a moment. When you are on the sidewalk and you get to an intersection and the don't walk sign is lit up, you stop. But when it changes to walk, do you immediately walk, or do you check to the left and right before starting to walk across the street? You take the signal in context. You check for other cars before crossing.

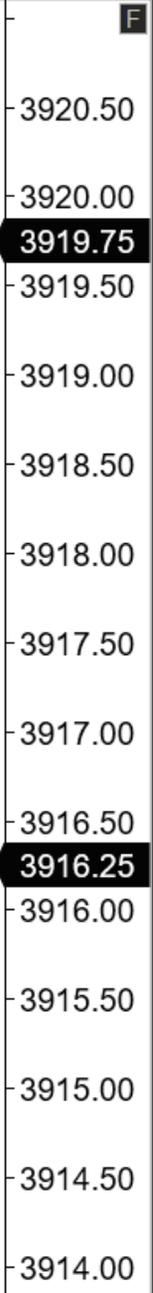
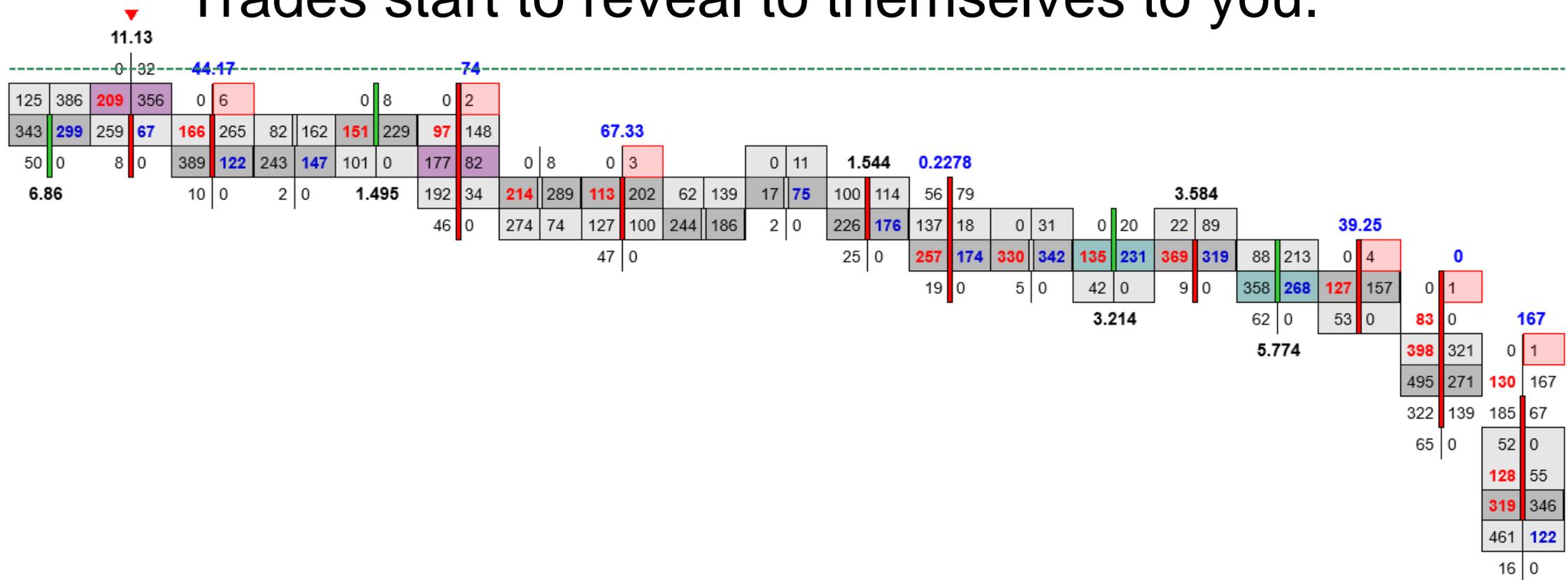
Risk

The best trading opportunities reveal themselves to you in the order flow. A lot of traders will say “of course I look for trades, doesn’t everyone?” But that is the difference between traders who are in sync with the market and those who are not. When you are in sync with the market, what is happening in the market becomes clear and you see trades start to develop and you know the trade opportunity.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/12/2021 11:03:00 - 2/12/2021 11:21:00

Trades start to reveal to themselves to you.



Delta	-21	-172	-18	-15	-246	-117	18	19	67	-61	-198	38	74	8	-27	-19	-631	-533
Max. Delta	189	70	20	49	11	1	103	116	73	0	36	83	121	95	2	43	1	77
Min. Delta	-31	-254	-101	-34	-246	-192	-13	-30	0	-85	-220	-2	0	-89	-198	-59	-649	-540
Cum. Delta	8584	8412	8394	8379	8133	8016	8034	8053	8120	8059	7861	7899	7973	7981	7954	7935	7304	6771
Volume	931	958	636	489	778	859	592	631	105	641	740	708	428	808	989	341	2095	2049

Monitoring The Market – Most traders think that they only need to monitor the market once they are in a trade. While you should always monitor a trade for the follow through order flow. You should always be monitoring the market at important levels, OHL, S/R, etc.

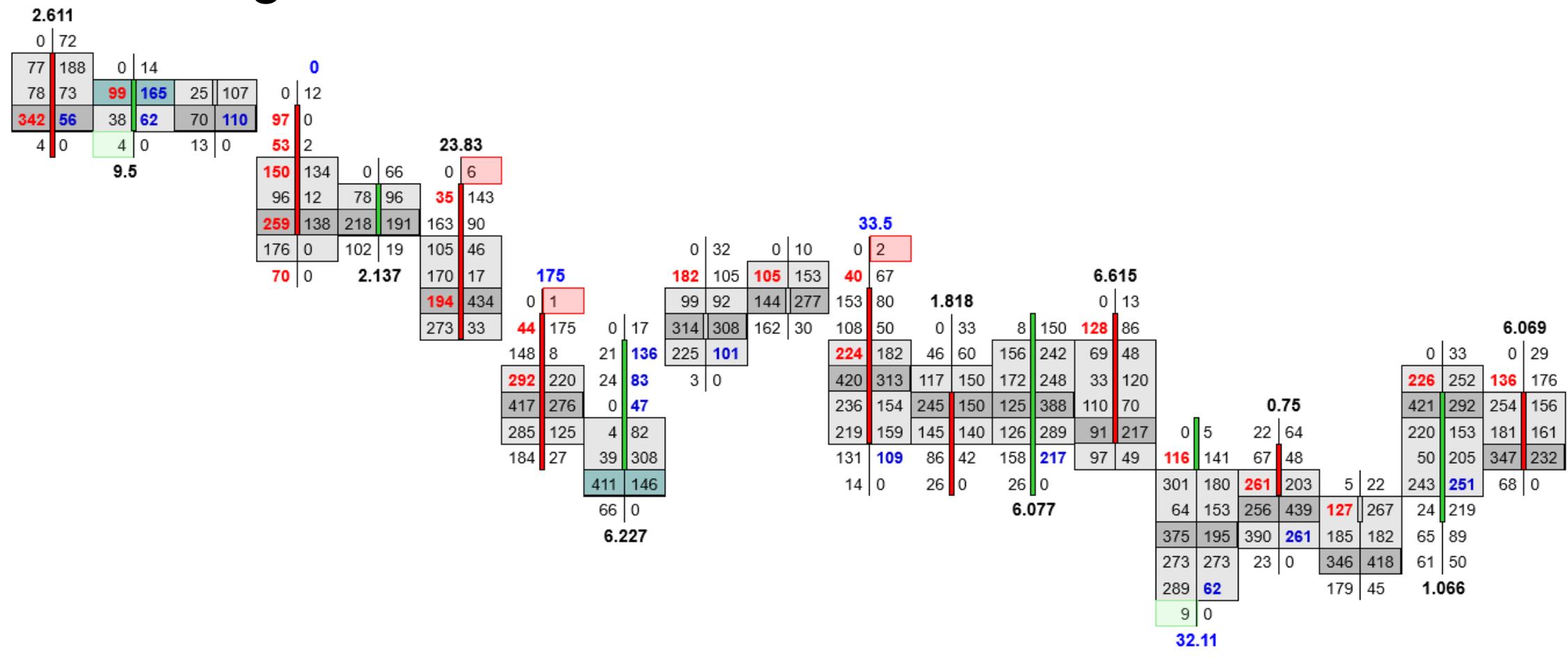
This will help you to understand what the market is doing in terms of structure and development.

Monitoring The Market keeps you involved and engaged in the market. You will not only be monitoring for continuation, but when the continuation stops you will be among the first to see the reversal.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/12/2021 12:51:00 - 2/12/2021 13:09:00

Recognize when a trade doesn't work.



Delta	100	109	-603	-26	-171	-538	254	-185	59	-429	-90	763	75	-418	-4	92	234	-232
Max. Delta	125	116	0	102	95	121	268	97	157	4	106	771	87	0	40	100	522	85
Min. Delta	0	-70	-619	-46	-365	-565	-253	-233	-38	-603	-102	-1	-145	-548	-246	-175	-82	-449
Cum. Delta	5358	5467	4864	4838	4667	4129	4383	4198	4257	3828	3738	4501	4576	4158	4154	4246	4480	4248
Volume	382	325	1199	770	1709	2202	1384	1461	881	2661	1240	2305	1131	2436	2034	1776	2854	1740

12:55

13:00

13:05

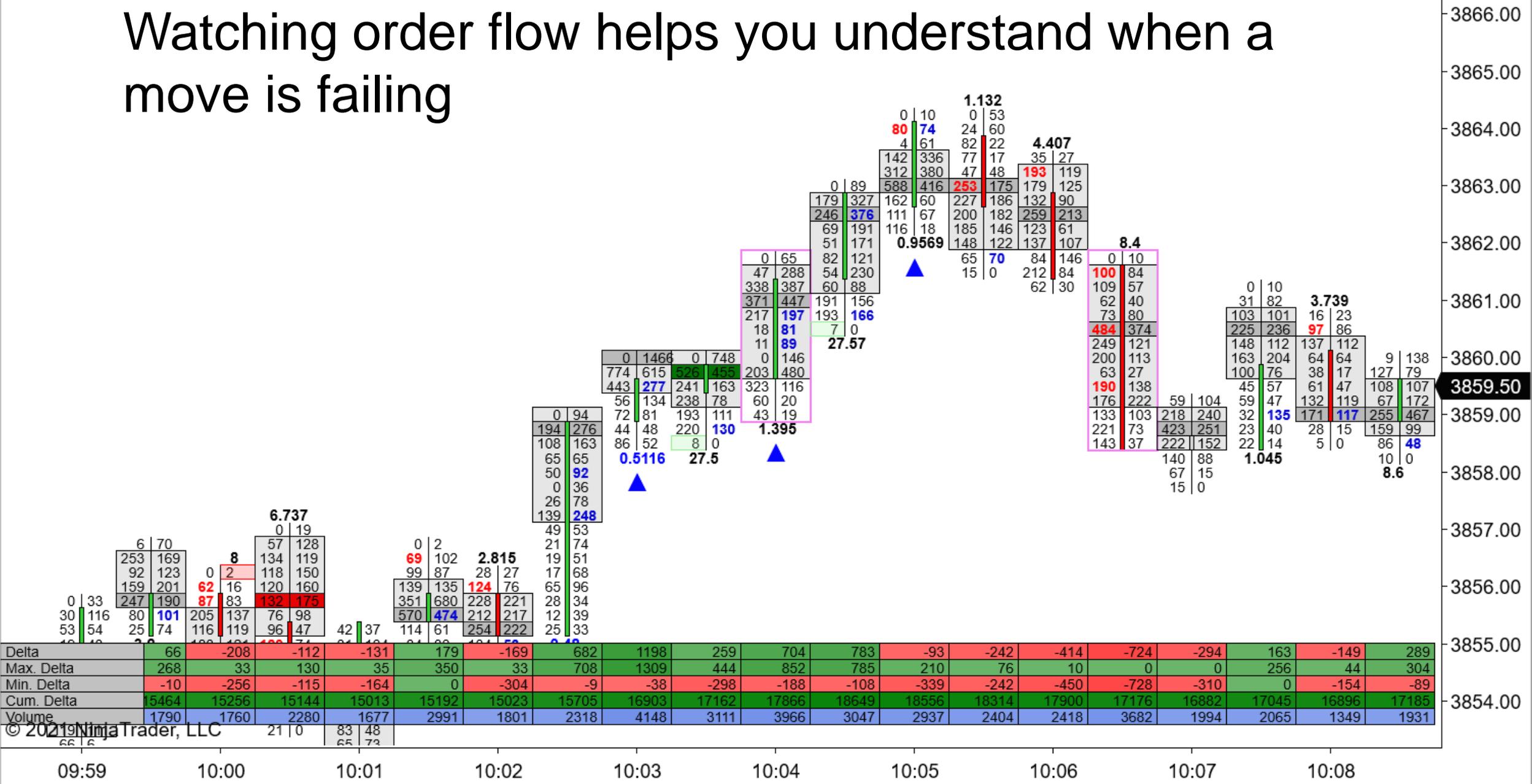
Monitoring The Market – The market, while sometimes seems to move in a mechanical fashion, it is dynamic and constantly in a state of motion.

Having an attitude of just “tell me where to buy, put my stop and take my profit” will leave you with something to be desired in your trading. You will not be maximizing the market information available to you.

Order Flows Trader(ES 03-21 (30 Second)), Current day OHL(ES 03-21 (30 Second)), Orderflows Flowscalper(ES 03-21 (30 Second))

2/23/2021 09:59:00 - 2/23/2021 10:08:30

Watching order flow helps you understand when a move is failing



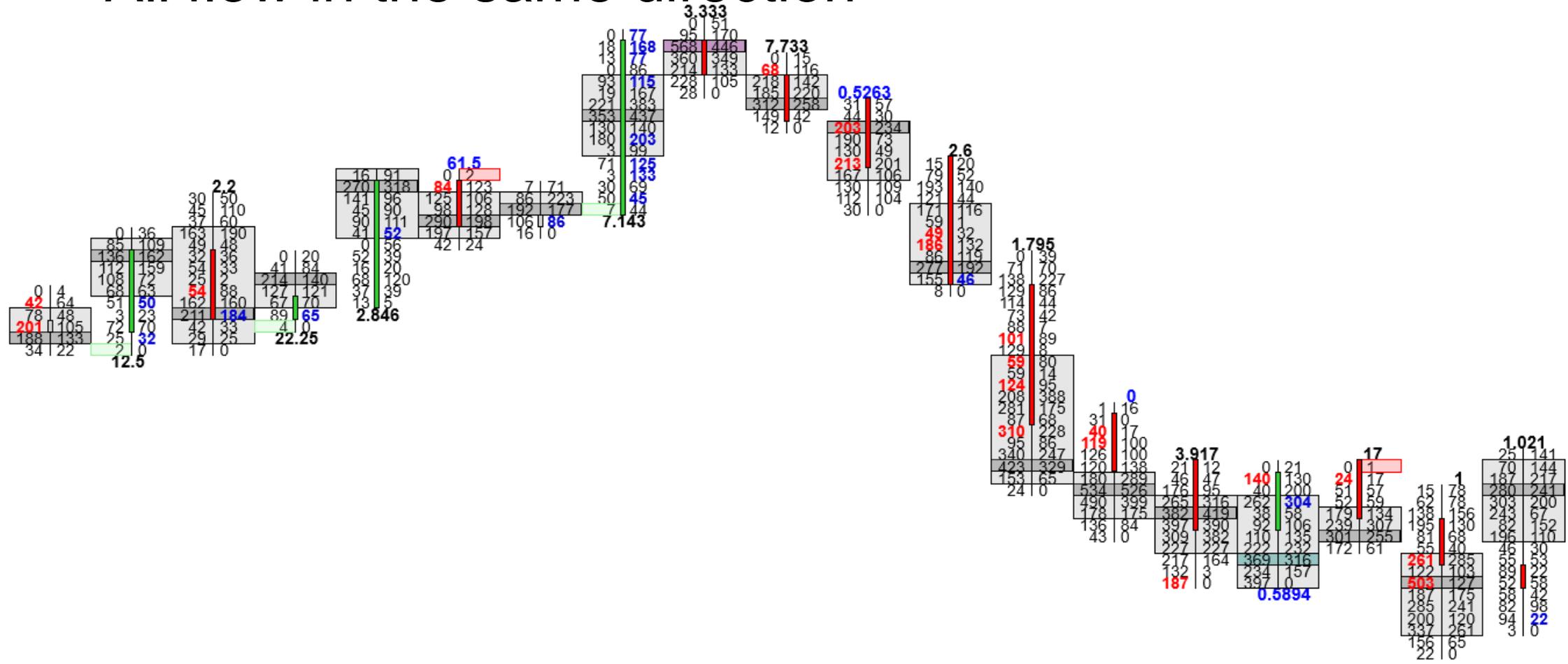
Monitoring The Trade – POC and Value should be migrating in the direction of the trade. Delta and imbalances should be in the direction of the trade.

Overall, the delta, imbalances and POC should be going in the direction of the market.

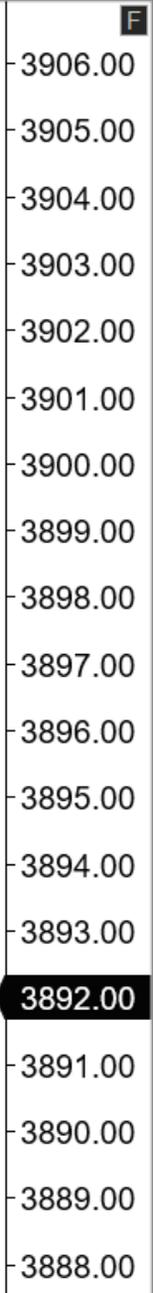
Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/10/2021 10:49:00 - 2/10/2021 11:07:00

All flow in the same direction



Delta	114	69	-42	248	-98	150	1177	-239	-151	-287	-505	-619	-154	-304	-245	-127	-692	-268
Max. Delta	149	208	84	303	16	209	1177	96	52	32	15	87	15	0	0	25	45	292
Min. Delta	-8	0	-46	-11	-200	-2	0	-250	-211	-362	-505	-831	-231	-736	-636	-152	-938	-292
Cum. Delta	3438	-13369	-13411	-13163	-13261	-13111	-11934	-12173	-12324	-12611	-13116	-13735	-13889	-14193	-14438	-14565	-15257	-15525
Volume	1438	1969	1042	1826	1574	964	3559	2747	1737	2213	2293	5393	3842	4414	3563	1909	4546	3462



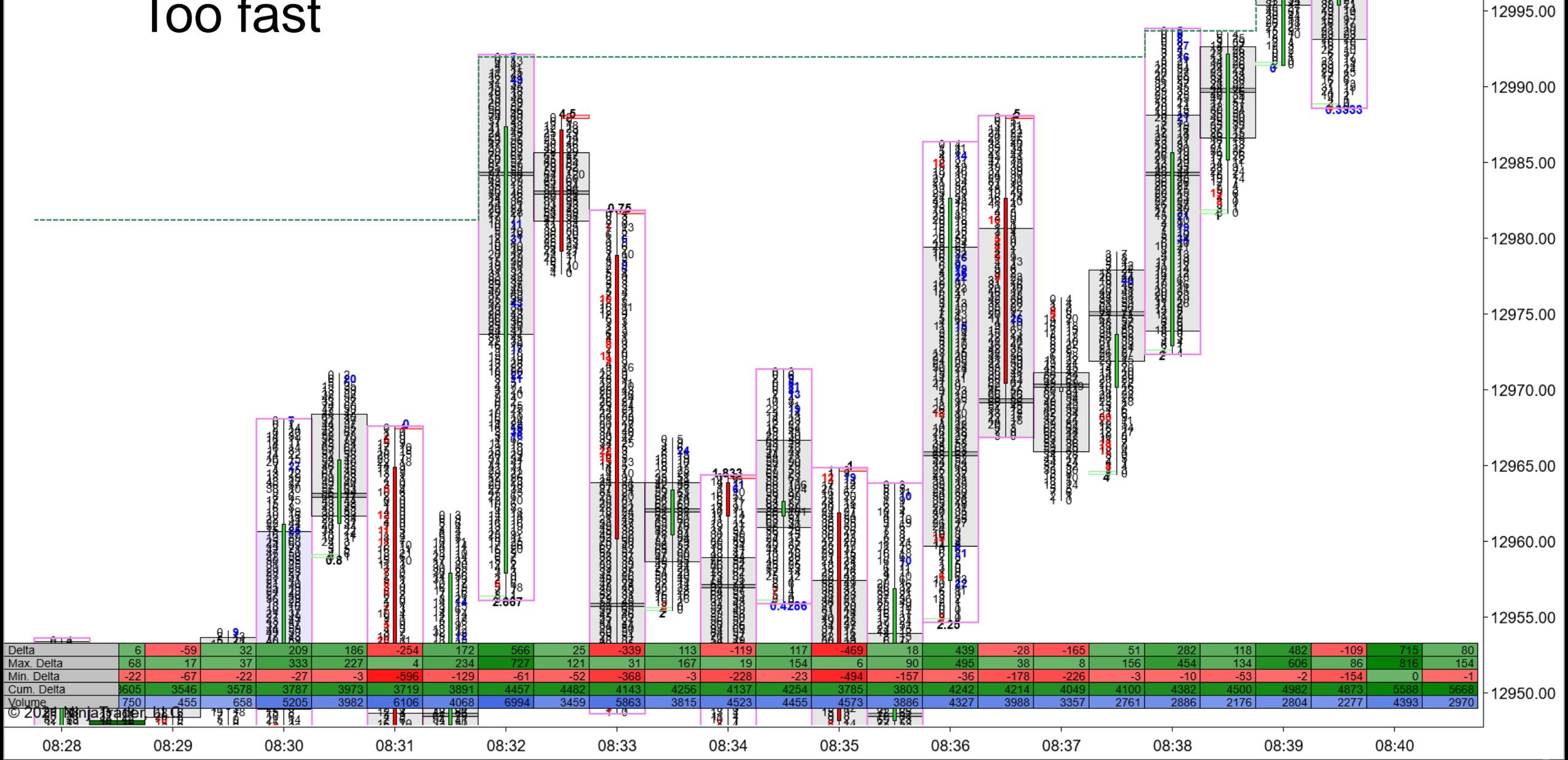
Trade monitoring

If a market is too hard for you to monitor for continuation, then stop trading that market. There are plenty of other markets to trade that better suit your personality. I see a lot of traders fail in NQ and the reason being it is too hard because it moves too fast for them to get a handle on and understand what is happening.

Order Flows Trader(MNQ 03-21 (30 Second)), Current day OHL(MNQ 03-21 (30 Second))

2/26/2021 08:28:30 - 2/26/2021 08:41:00

Too fast

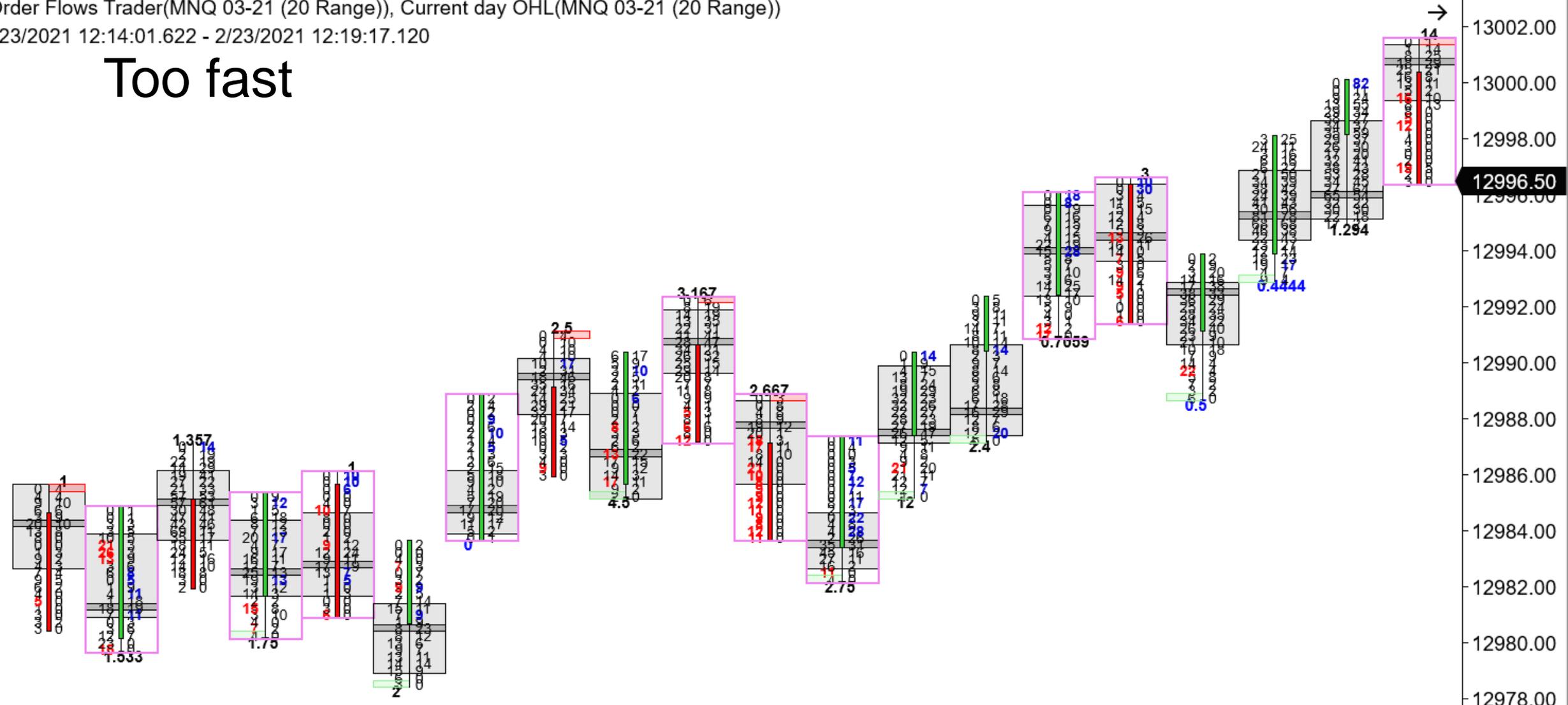


Delta	6	-59	32	209	186	-254	172	566	25	-339	113	-119	117	-469	18	439	-28	-165	51	282	118	482	-109	715	80
Max. Delta	68	17	37	333	227	4	234	727	121	31	167	19	154	6	90	495	38	8	156	454	134	606	86	816	154
Min. Delta	-22	-67	-22	-27	-3	-596	-129	-61	-52	-368	-3	-228	-23	-494	-157	-36	-178	-226	-3	-10	-53	-2	-154	0	-1
Cum. Delta	1605	3546	3578	3787	3973	3719	3891	4457	4482	4143	4256	4137	4254	3785	3803	4242	4214	4049	4100	4382	4500	4982	4873	5588	5668
Volume	750	455	658	5205	3982	6106	4068	6994	3459	5863	3815	4523	4455	4573	3886	4327	3988	3357	2761	2886	2176	2804	2277	4393	2970

Order Flows Trader(MNQ 03-21 (20 Range)), Current day OHL(MNQ 03-21 (20 Range))

2/23/2021 12:14:01.622 - 2/23/2021 12:19:17.120

Too fast



Delta	-36	-29	9	19	9	101	25	22	23	-163	66	21	68	91	-16	-7	146	183	-30
Max. Delta	20	23	19	28	18	101	86	26	74	0	66	31	78	91	32	31	165	183	53
Min. Delta	-48	-33	-27	-2	-23	0	0	-21	-6	-163	-44	-34	0	0	-16	-26	0	-9	-30
Cum. Delta	293	-7322	-7313	-7294	-7285	-7184	-7159	-7137	-7114	-7277	-7211	-7190	-7122	-7031	-7047	-7054	-6908	-6725	-6755
Volume	302	1037	373	213	297	273	525	270	623	293	382	647	402	399	276	675	1210	1343	308

Risk Management

Order flow is extremely helpful for risk management because it will show you when a trade has been invalidated.

Risk and stops

Trade management is stop management and is important. The best place to put your stop is where a trade is invalidated. You don't want to get in the habit of placing your stop based on an arbitrary dollar amount based on an average movement. That is where order flow helps you where and when a trade become invalidated.

Entries – Stop orders. There are two types of stop orders. Stop, market and stop, limit.

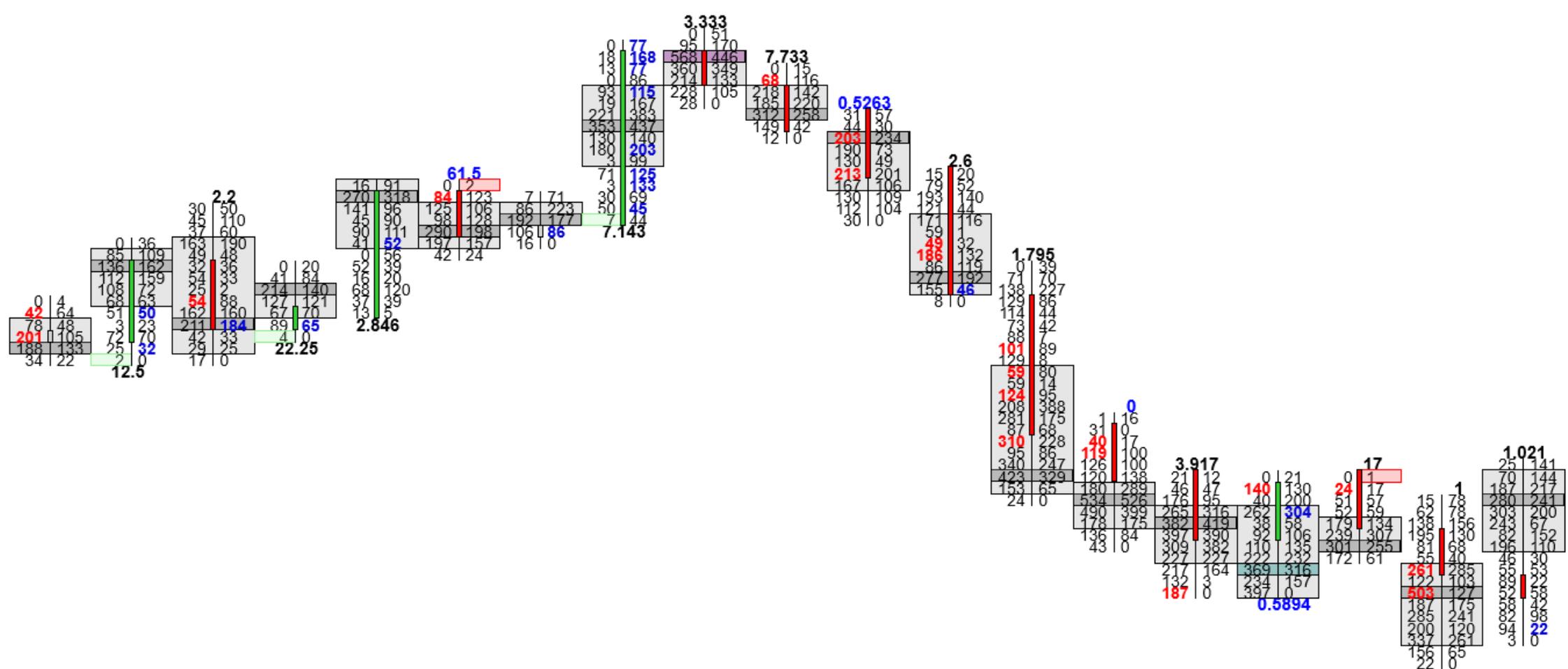
Stop orders are often associated with getting out of trades, often losing trades. But stops can be used to get into trades.

Entries – Stop entries are a good way to trade order flow as the market will be moving in the direction of the order flow to get you into the market.

For a trade to be successful the market needs to exhibit follow through order flow. If after entering into a trade, the order flow is complimentary to your position the trade will probably succeed.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/10/2021 10:49:00 - 2/10/2021 11:07:00



Delta	114	69	-42	248	-98	150	1177	-239	-151	-287	-505	-619	-154	-304	-245	-127	-692	-268
Max. Delta	149	208	84	303	16	209	1177	96	52	32	15	87	15	0	0	25	45	292
Min. Delta	-8	0	-46	-11	-200	-2	0	-250	-211	-362	-505	-831	-231	-736	-636	-152	-938	-292
Cum. Delta	3438	-13369	-13411	-13163	-13261	-13111	-11934	-12173	-12324	-12611	-13116	-13735	-13889	-14193	-14438	-14565	-15257	-15525
Volume	1438	1969	1042	1826	1574	964	3559	2747	1737	2213	2293	5393	3842	4414	3563	1909	4546	3462

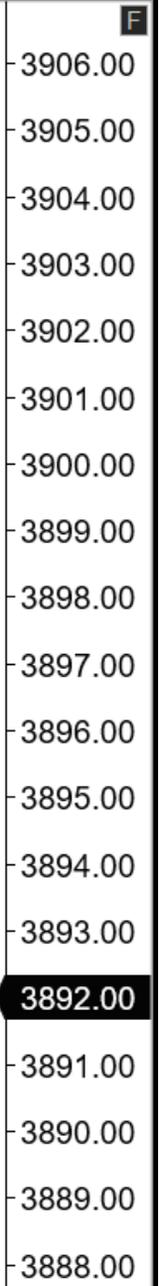
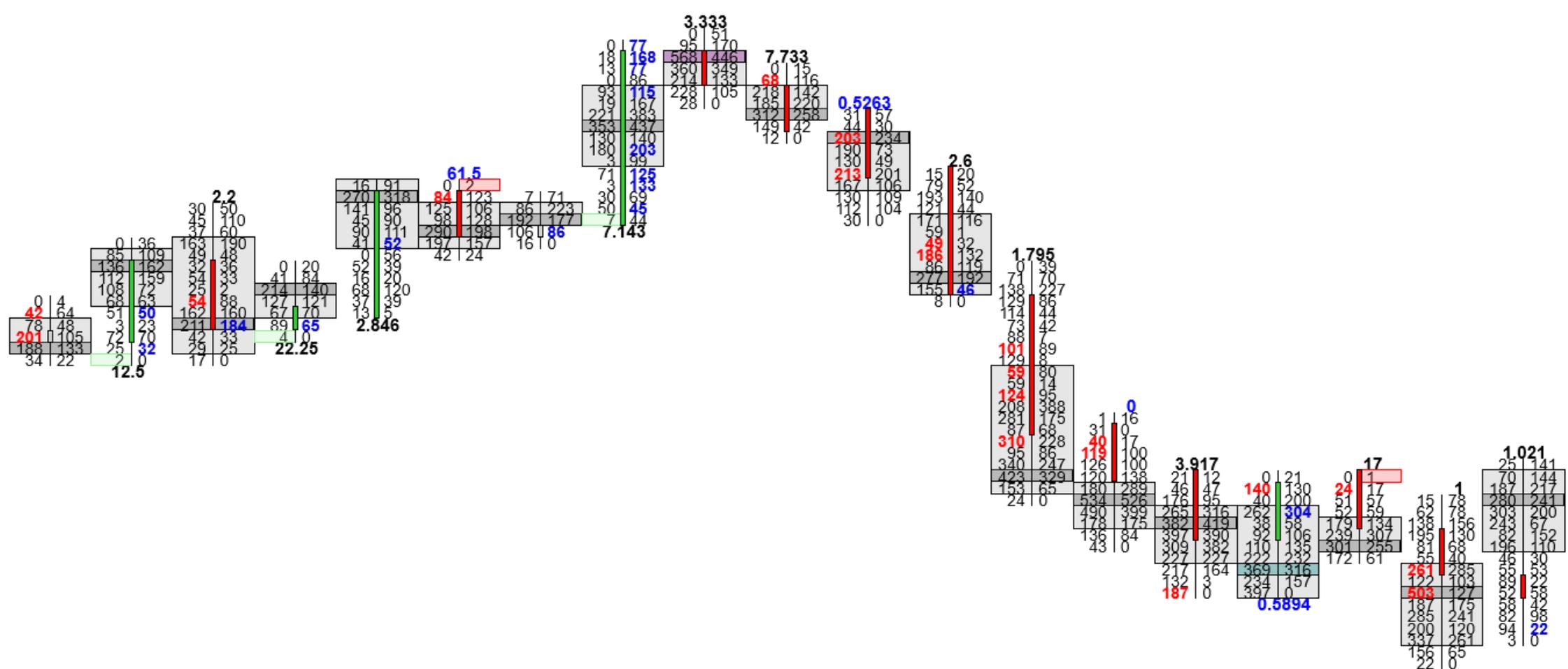
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Stops

Even though your trading set up may have a 75%-win rate, the chances the trade you just got into will work is still 50%-50%. So, deciding where to place your stop is still important. You want to put your stop where the reason for being in the trade is no longer valid and/or a place where the market must work to get to. Don't put your stop where it is easy to get elected.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/10/2021 10:49:00 - 2/10/2021 11:07:00



Delta	114	69	-42	248	-98	150	1177	-239	-151	-287	-505	-619	-154	-304	-245	-127	-692	-268
Max. Delta	149	208	84	303	16	209	1177	96	52	32	15	87	15	0	25	45	292	
Min. Delta	-8	0	-46	-11	-200	-2	0	-250	-211	-362	-505	-831	-231	-736	-636	-152	-938	-292
Cum. Delta	3438	-13369	-13411	-13163	-13261	-13111	-11934	-12173	-12324	-12611	-13116	-13735	-13889	-14193	-14438	-14565	-15257	-15525
Volume	1438	1969	1042	1826	1574	964	3559	2747	1737	2213	2293	5393	3842	4414	3563	1909	4546	3462

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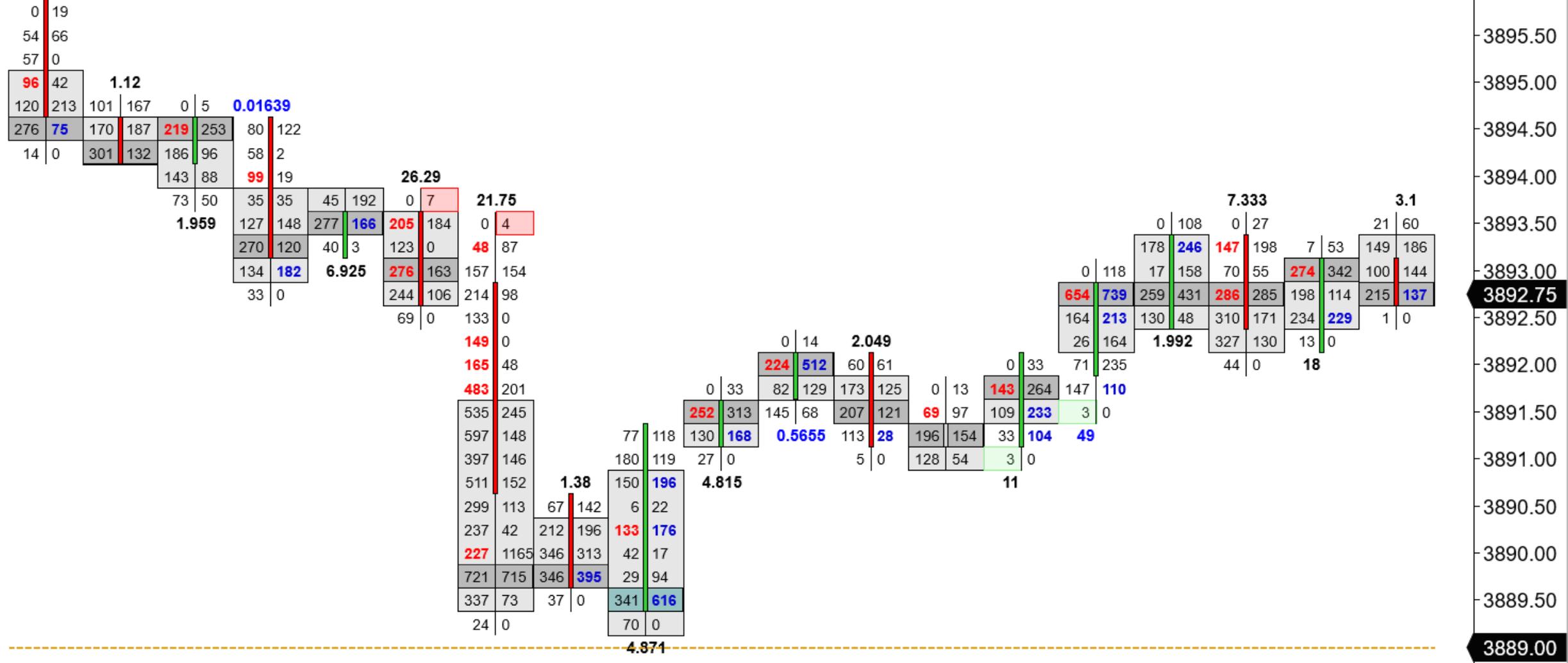
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Stops

A good place to have your stop is an area the market has to work hard to get to. It could be an area based on volume, an area where there is consolidation. Ideally your stop should be in an area where the market structure supports the trade and if the trade starts to fail the market structure would need to collapse.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/8/2021 12:48:00 - 2/8/2021 13:06:00



Delta	-86	-129	-208	-1	-457	-1843	38	330	105	272	-223	-75	346	514	407	-318	12	41
Max. Delta	0	29	40	35	41	154	84	443	115	272	33	0	366	647	436	90	156	78
Min. Delta	-132	-239	-355	-100	-545	-2260	-188	-54	0	-63	-229	-131	-20	-19	-28	-374	-142	-7
Cum. Delta	5119	4990	4782	4781	4324	2481	2519	2849	2954	3226	3003	2928	3274	3788	4195	3877	3889	3930
Volume	1058	1113	1464	723	1377	8625	2054	2386	923	1174	893	711	922	2644	1575	2050	1464	1013

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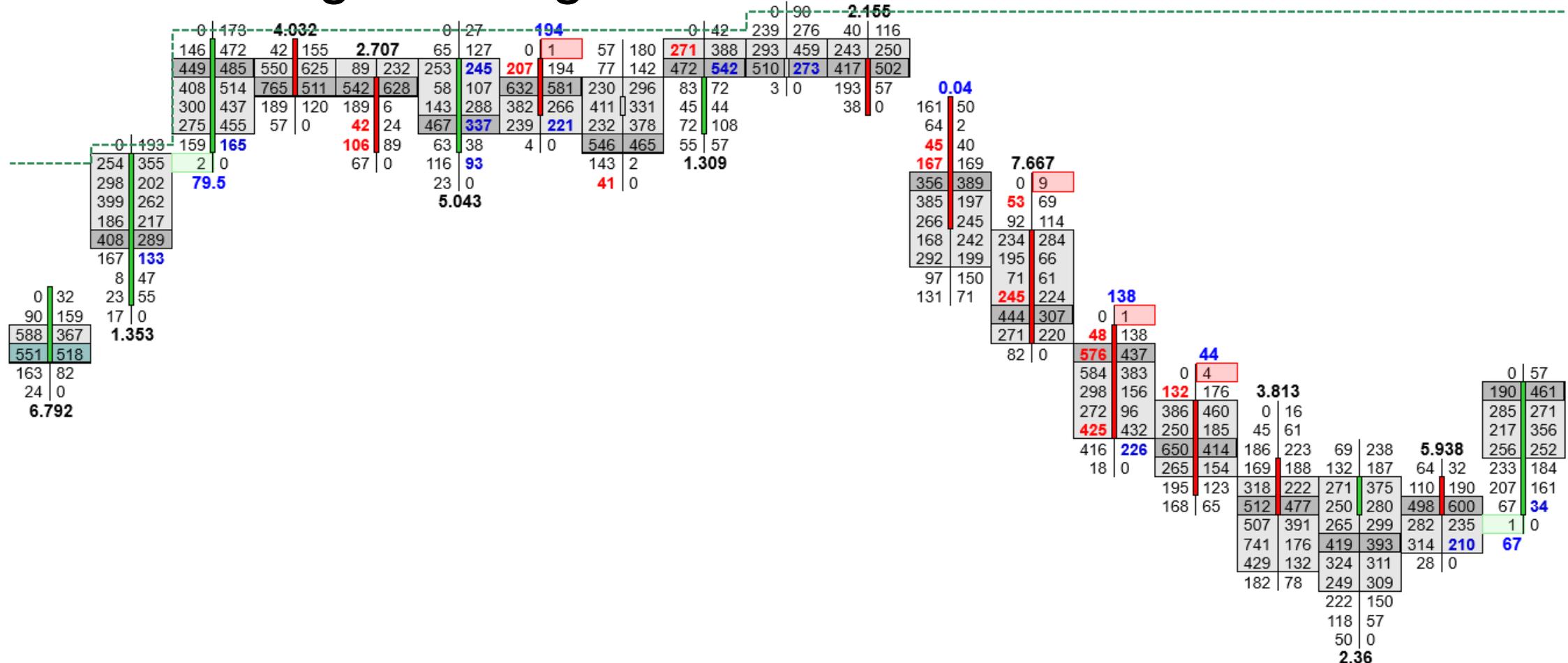
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Stops

What does it mean “the market has to work hard to get to my stop?” It would have to work hard to get through support / resistance or a POC or Prominent Point of Control an area of resting liquidity. Putting a stop a recent high or low is an area that traders look to take a market to. A recent high or low is not necessarily support or resistance.

Hard to get through



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Delta	-7	962	-192	-56	74	-201	57	255	53	-6	-378	-333	-768	-465	-1125	230	-29	320
Max. Delta	163	1044	109	116	135	0	338	375	257	219	0	48	29	65	96	284	66	359
Min. Delta	-213	0	-239	-136	-144	-285	-210	-45	-84	-33	-630	-376	-777	-515	-1166	-340	-123	-124
Cum. Delta	7545	8507	8315	8259	8333	8132	8189	8444	8497	8491	8113	7780	7012	6547	5422	5652	5623	5943
Volume	3513	4440	3014	2014	2450	2727	3531	2251	2143	1856	3886	3041	4506	3627	5053	4968	2563	3232

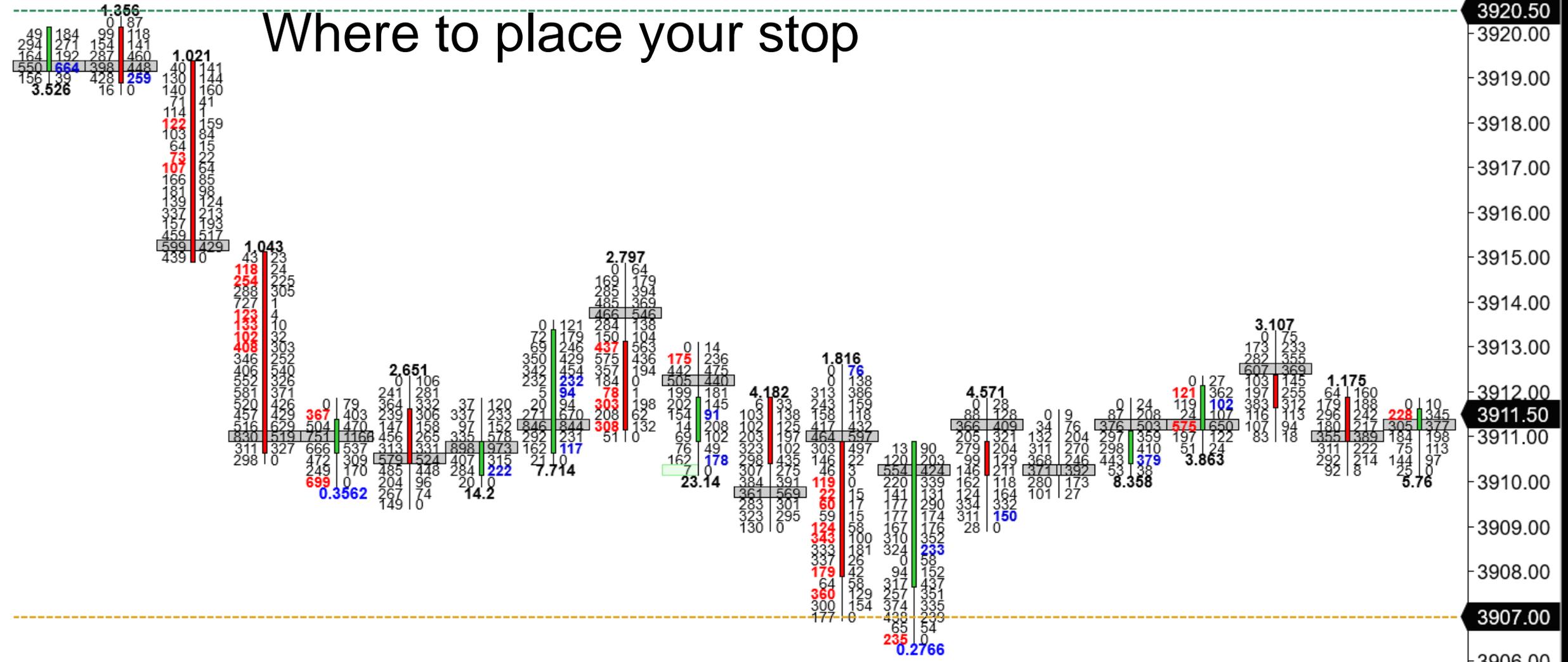
Stops

Where do you (easily) place your stops? Place them at the low (high) of the entry bar. If things change in the market and prices revert back to the low (high) of the entry bar it means something has changed in the market conditions. It doesn't mean the strategy is bad or you read the market incorrectly and that you should throw order flow away. That is the nature of the market. Something could have happened in the world and the market is reacting to it. There is unpredictability in the market at times that you can't always avoid.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/11/2021 08:49:00 - 2/11/2021 09:08:00

Where to place your stop



Delta	131	-951	-2267	-574	-523	178	1029	-960	114	38	-1344	55	52	-200	367	307	-82	-129	179
Max. Delta	249	140	0	59	291	303	1094	547	369	83	417	332	345	59	402	320	297	169	243
Min. Delta	-10	-994	-2323	-1026	-580	-19	-12	-1026	-139	-426	-1557	-437	-33	-247	0	-51	-120	-196	-47
Cum. Delta	740	789	-1478	-2052	-2575	-2397	-1368	-2328	-2214	-2176	-3520	-3465	-3413	-3613	-3246	-2939	-3021	-3150	-2971
Volume	2895	5931	11759	6842	6365	5008	6393	7720	4124	5684	7790	8021	4336	2994	3475	2481	4020	3409	2101

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Risk

The hardest thing for a trader to do is hit the close button to exit at a loss. Being forced to admit you were wrong. When you follow the order flow and can see that the market flow is shifting being knowing you are caught offside and then exiting the trade at a smaller loss is liberating. You have reached a higher level in your trading that allows you to have more control and confidence.

Risk

One of the differences between successful traders and unsuccessful traders is the successful traders don't get out of the trade until the market proves them wrong. What that means is they stay in trades until the market conditions change from their view. If they are bullish, they stay bullish until the market shows them bearish information.

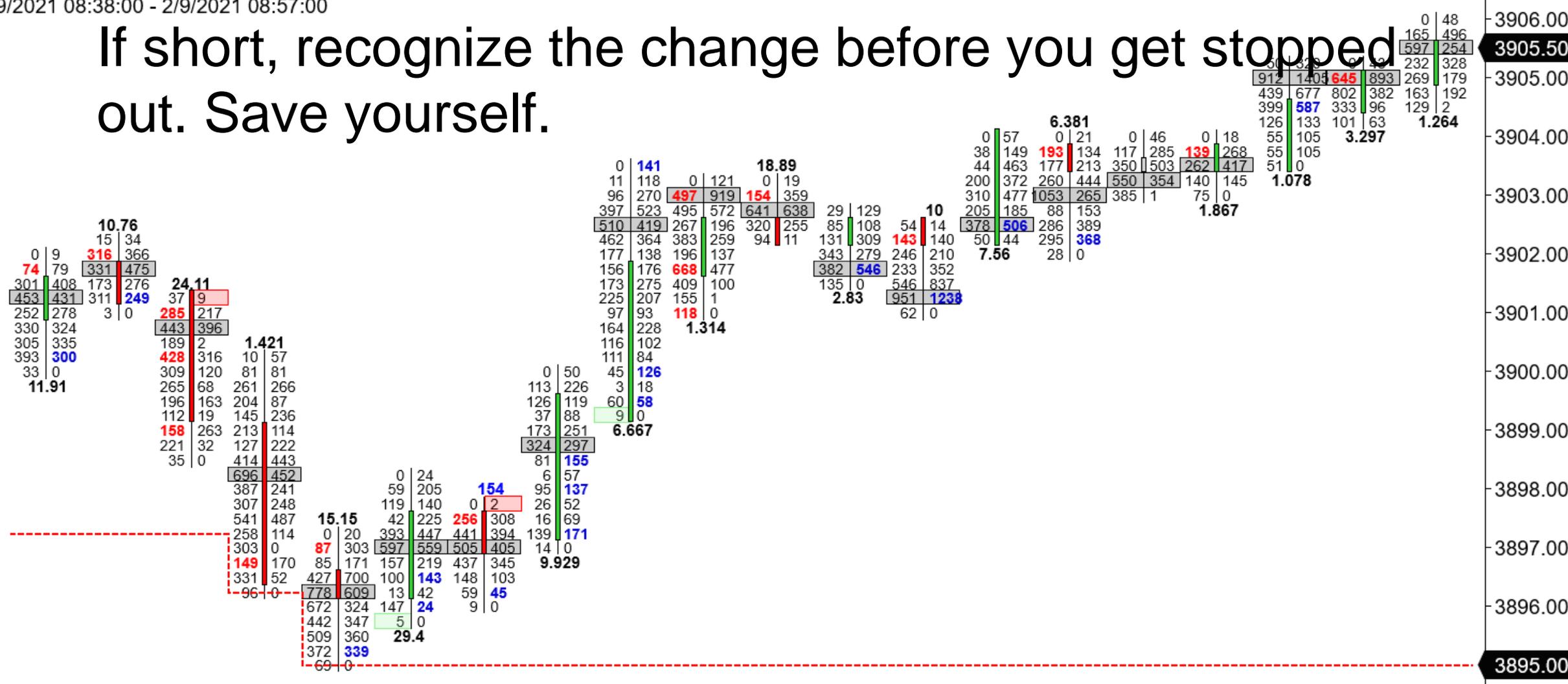
Risk

Becoming a successful trader isn't about how much money you make on each winning trade. Being a successful trader is about being able to stop losing more money than you should on bad trades. Traders that consistently struggle are always trying to dig themselves out of deeper holes than they should be in.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/9/2021 08:38:00 - 2/9/2021 08:57:00

If short, recognize the change before you get stopped out. Save yourself.



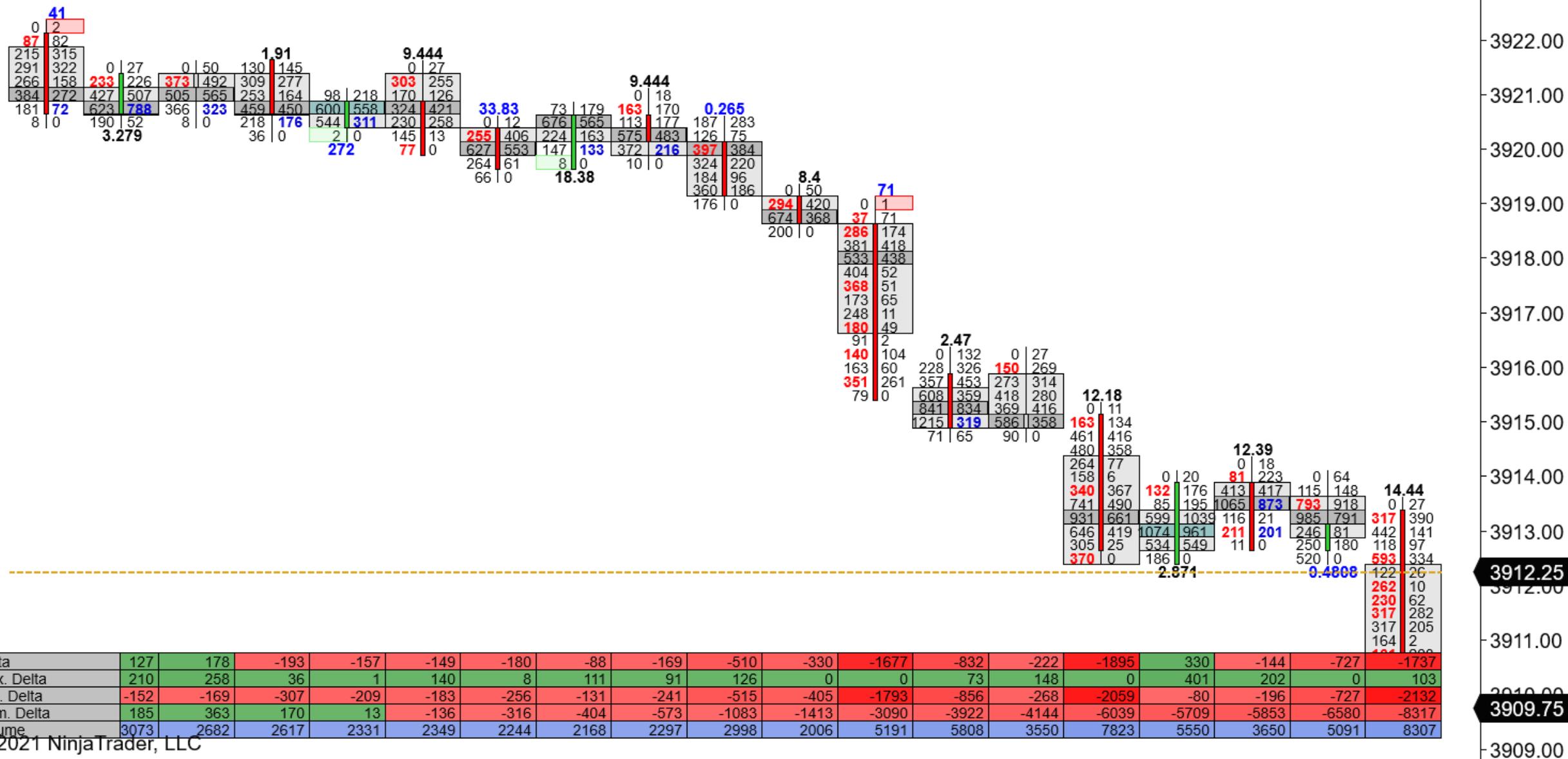
Delta	251	-1073	-1253	-268	396	-253	522	528	-406	73	266	556	1028	-393	-213	232	1245	-404	-56
Max. Delta	288	0	205	83	510	0	593	916	531	212	270	600	1028	156	0	279	1451	5	408
Min. Delta	-26	-1105	-1347	-567	-125	-386	0	-33	-644	-29	-148	-452	-41	-607	-503	-35	-50	-504	-229
Cum. Delta	784	-6857	-8110	-8378	-7982	-8235	-7713	-7185	-7591	-7518	-7252	-6696	-5668	-6061	-6274	-6042	-4797	-5201	-5257
Volume	549	4283	7793	6614	3660	3457	2822	6152	5970	2491	2476	5026	3478	4367	2591	1464	5419	3358	3054

Trade awareness

You got into a trade based on something, for example, aggressive buying imbalances. You need to keep two things in your mind, 1, you don't want it to go against you right away and 2, you want it to move in your favor sooner rather than later. If you are stuck in a trade for 10-15 minutes barely breaking even or even underwater, what is really going on with your trade?

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/10/2021 09:02:00 - 2/10/2021 09:20:00



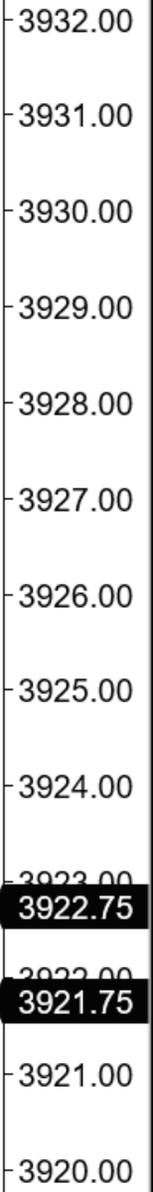
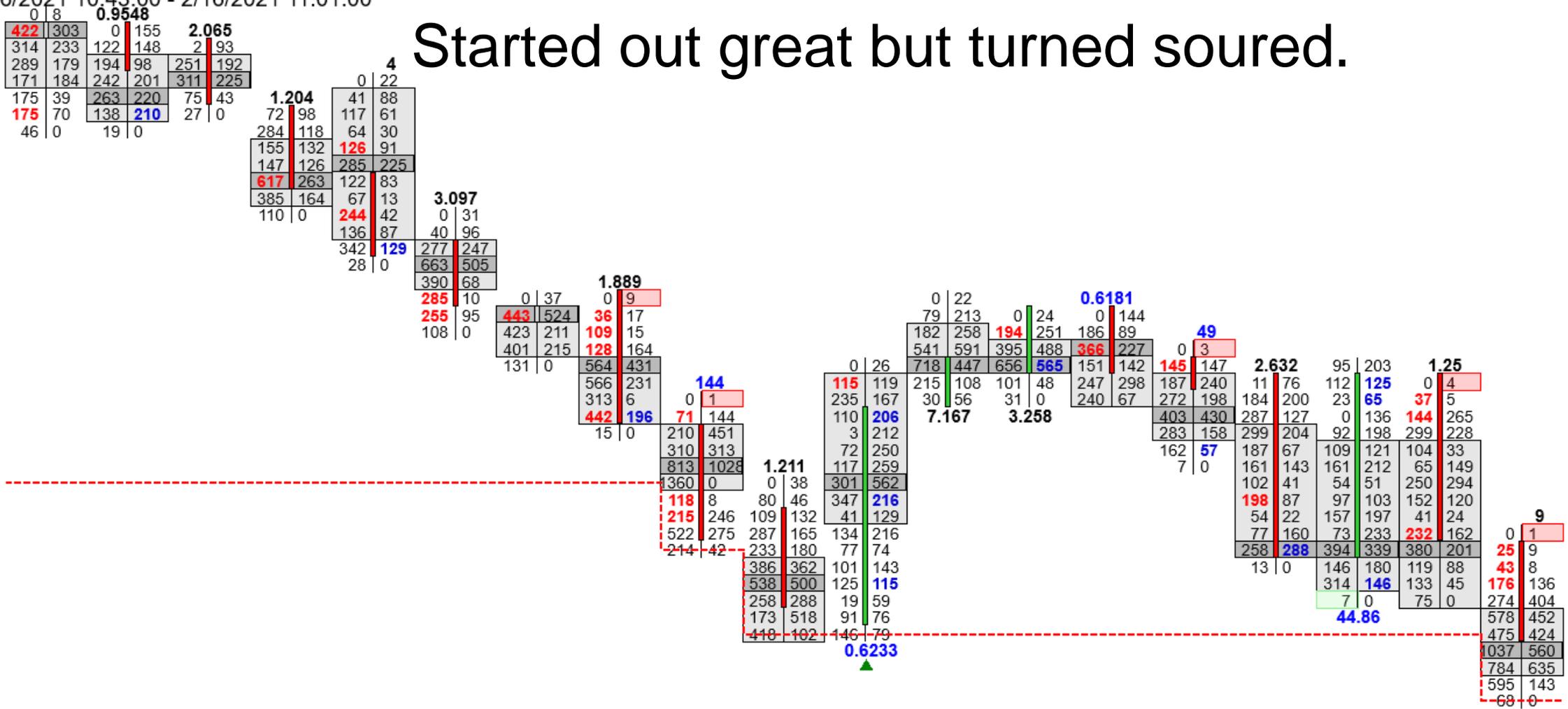
Risk

There is always a risk in a trade. Any trade at any random time may not work. You have to accept that as a trader. That is the reality of the market.

Order Flows Trader(ES 03-21 (1 Minute)), Current day OHL(ES 03-21 (1 Minute))

2/16/2021 10:43:00 - 2/16/2021 11:01:00

Started out great but turned soured.



Delta	54	-113	-869	-701	-966	-411	-1104	-1325	-151	874	-70	-1	-223	-226	-416	475	-413	-1283
Max. Delta	149	38	0	131	14	82	3	135	63	1050	176	39	1	0	63	582	125	0
Min. Delta	-167	-113	-912	-720	-1019	-544	-1188	-1350	-555	-178	-131	-194	-278	-463	-544	-256	-535	-1558
Cum. Delta	5369	-5482	-6351	-7052	-8018	-8429	-9533	-10858	-11009	-10135	-10205	-10206	-10429	-10655	-11071	-10596	-11009	-12292
Volume	2010	1219	2671	2443	3070	2385	3242	6341	4813	4942	3460	2753	2157	2692	3246	4143	3649	6827

Risk

What really is risk? Everyone uses the terms, but what is it? To me risk is the point where my trade is invalidated. So as a trader what do we want to do? We want to reduce risk. How can we do that? Better trade entry, better in the sense that we know quickly whether we are right or wrong.

Risk

There are two types of losses, smart loss and stupid loss. A smart loss is when you do everything you were supposed to do and the trade didn't work. The stupid loss is when you didn't do what you were supposed to do and you lost money. There are stupid wins, but you just don't want to do stupid trades to begin with.

Risk

You have all heard this before “Most successful traders are dispassionate.” They are not emotionally attached to a trade. It’s almost as if they don’t care about making money. Have you ever got emotional about a trade and moved your stop and taken a bigger loss? The reality is that many traders are emotional. I can be emotional at times. Maybe if its not your money it is easier to not be emotionally attached to a trade.

Risk management

How many losing trades in a row can you suffer financially and mentally? For many traders, going through 4 or 5 consecutive trades is very tough on them mentally. They run out of patience, sometimes money and they want to stop trading their setups and trading plan. You should not be trading in such size that 5 consecutive losses have you reassessing your trading career.

Risk

There is often less risk getting in a little late to a trade because the trade is now starting to work. All too often what I see is a market gets over extended and traders start looking for a reason to short instead of having a reason for getting short. For example, 10 consecutive higher POCs. They think it can't go any higher. They start thinking the market can't go higher instead of seeing the order flow come in and tell them the market is not going higher.

Risk

Better to be a little late to a trade than too early. You may be trying to fade a move that is not quite over yet.

Many traders often go looking for trades, they are too impatient (early). They should be more patient and let the trade come to them instead (late).

Risk

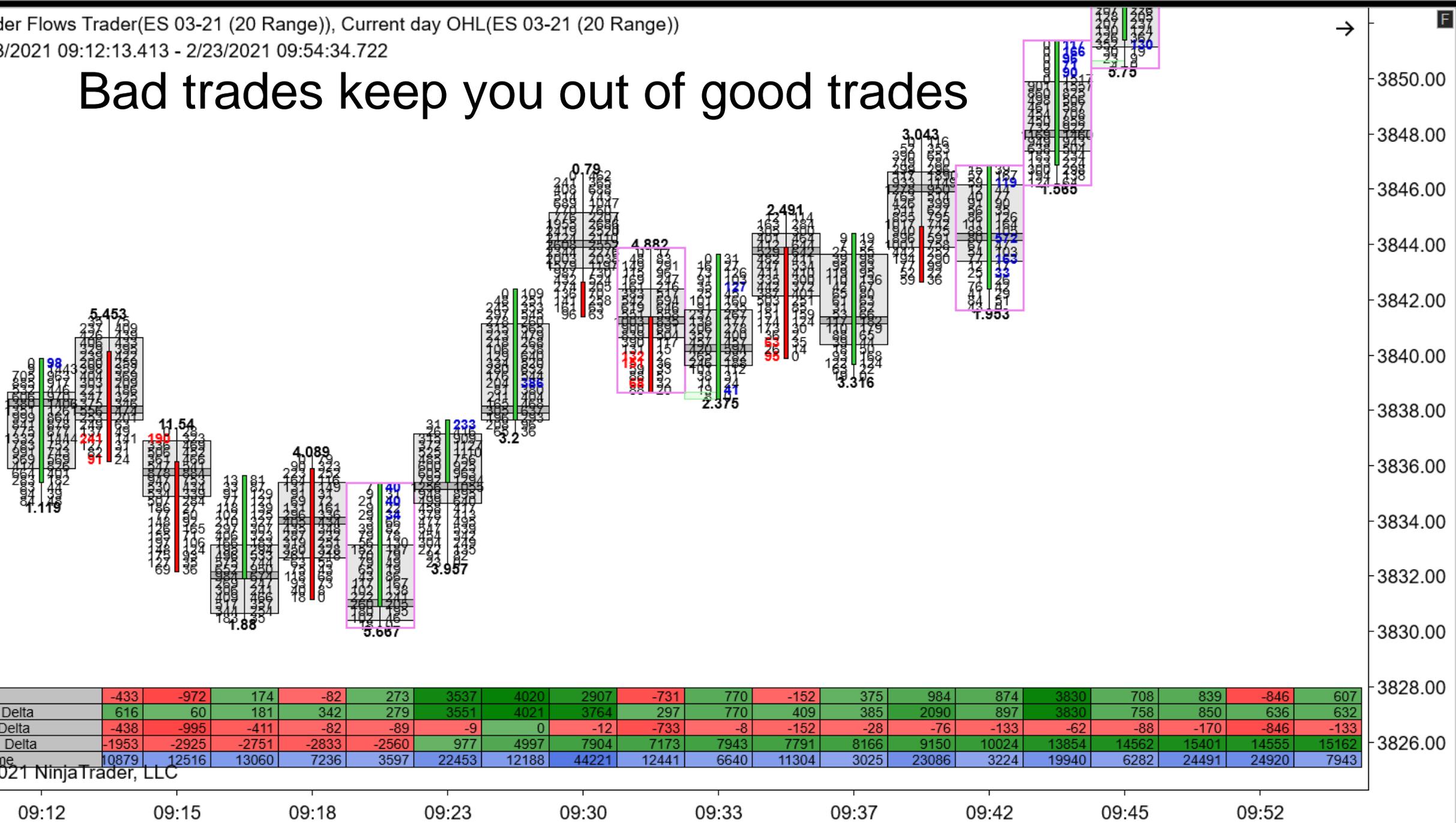
Being in a bad trade not only keeps you out of good trades, but also affects you mentally.

Getting out of a bad trade is a good trade you can make. Overstaying in a bad trade is damaging to your emotional capital and trading capital.

Order Flows Trader(ES 03-21 (20 Range)), Current day OHL(ES 03-21 (20 Range))

2/23/2021 09:12:13.413 - 2/23/2021 09:54:34.722

Bad trades keep you out of good trades



Delta	-433	-972	174	-82	273	3537	4020	2907	-731	770	-152	375	984	874	3830	708	839	-846	607
Max. Delta	616	60	181	342	279	3551	4021	3764	297	770	409	385	2090	897	3830	758	850	636	632
Min. Delta	-438	-995	-411	-82	-89	-9	0	-12	-733	-8	-152	-28	-76	-133	-62	-88	-170	-846	-133
Cum. Delta	-1953	-2925	-2751	-2833	-2560	977	4997	7904	7173	7943	7791	8166	9150	10024	13854	14562	15401	14555	15162
Volume	10879	12516	13060	7236	3597	22453	12188	44221	12441	6640	11304	3025	23086	3224	19940	6282	24491	24920	7943

Risk

The longer it takes for a trade to go to target, the more impatient you get with the trade. You become uncomfortable and anxious, and you start thinking more of getting out of it because you see other traders getting out.

Risk

Trades that have the potential for greater reward often have less confirmation, at least initially and that is to be expected. As a trader, the more experience you gain the more you see how these trades develop early and are able to give you the bigger reward.

This concludes the Module 11: Risk Management.

In the next module we wrap everything up.