

ORDERFLOWS.COM
PRESENTS

USING ORDER FLOW TO FIND HIDDEN TRADE OPPORTUNITIES

HIDDEN TRADE OPPORTUNITIES

What I am going to show you is just a part of what I use to trade with every day. There are many different styles of trading the futures markets and no one style is right or wrong. What I am showing you is how I trade. What I have to say may either make total sense to you and be similar to how you already trade or I may make no sense to you whatsoever and you will think I am a crackpot. I am not saying my way is the best way for you to trade, but it just happens to be what works best for me.

These trade setups have a very high probability of success. They occur every day and put up some impressive profits. I use these set up in all major futures markets: ES, YM, ZN, 6E, ZC & ZW.

A major problem that many traders have is that they use so many indicators that their screen is too cluttered that it is difficult to make a good trading decision. Sometimes one indicator says buy and another one says sell. I like to keep my screen clean and easy to see. That is why I created the Orderflows.com software. I wanted an uncluttered screen without a lot of squiggly lines to blur my trading decisions.

All of these setups can easily be seen when they occur in real time with the Orderflows.com software which is the only order flow or footprint style chart that will highlight the setups.

Traders often get caught up using complex technical indicators that are based on price to try and predict the market movements. What they tend to forget is that the main driver of price direction comes down to simple supply and demand. If we see demand for a product, service, commodity, or currency accelerate, we will begin to see increasing prices for that product. Economists call it “The LAW of demand”, not the “theory of demand”, or the “idea of demand”. The Law of demand, like the law of gravity is a proven concept.

I will show you how supply and demand affects price and how to use order flow to predict market moves that would otherwise not be noticed with traditional charting methods.

The main focus of this book is to show you how I identify hidden trading opportunities that have low risk entries. The techniques here are simple and direct so that they can easily be seen with order flow charts.

Order flow charts tell the actual story of what is happening in the market as it shows the actual trades by the market participants.

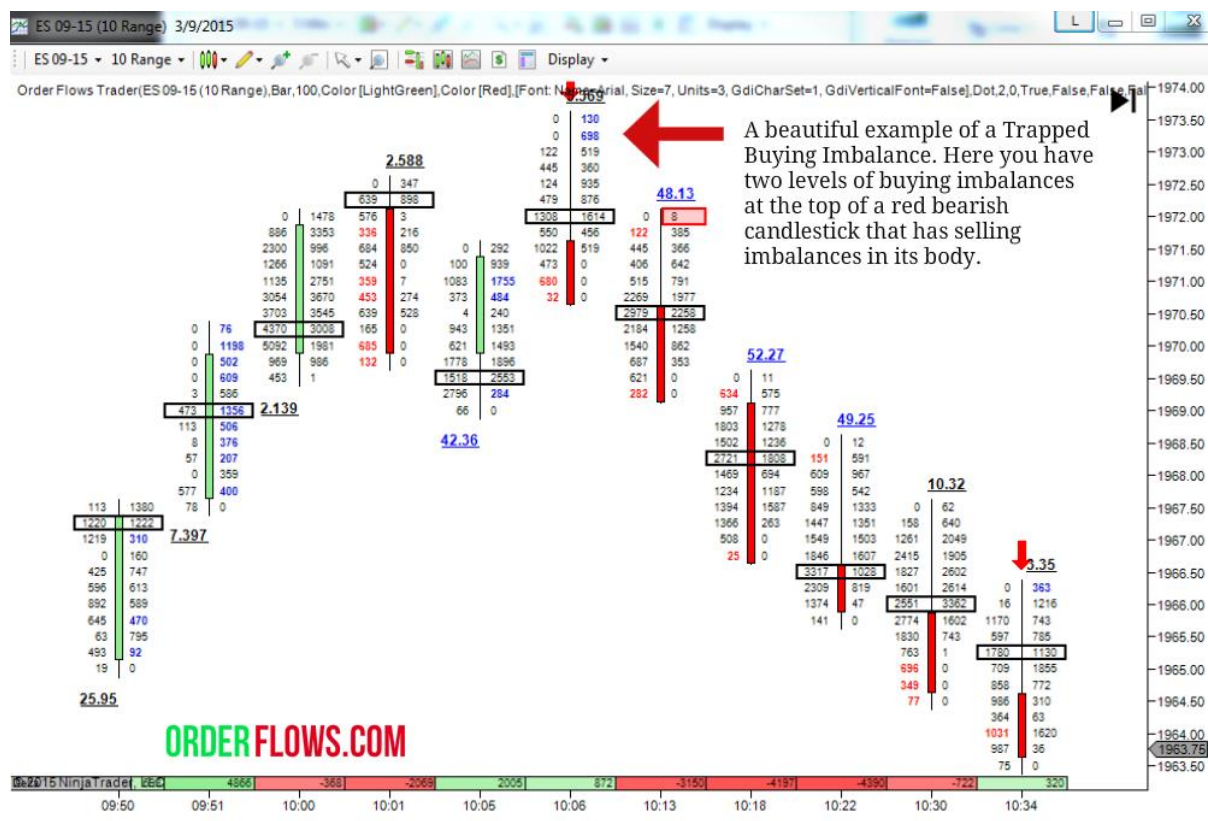
Although these setups are best suited to short term trading, they can be traded on just about ANY futures market with decent volume and ANY intraday time frame or range or volume chart. I have used them on longer term 50 range and 60 minute charts with success. Mostly I use the setups for intraday trading with 5 minute charts or 10 range charts.

The first hidden trade opportunity set up is called the **Trapped Traders Imbalance**. This setup occurs when there is a buying imbalance at the top of a bar that closes lower than it opened or when there is a selling imbalance at the bottom of a bar that closed higher than it opened.

Take a look at the candlestick chart on the next page. Can you tell by looking at the candlesticks that the market was ready to turn around between 10:43 and 10:50am? It is easy to look back at a chart well after the fact and say “oh yeah, the market looked like it was ready to turn around.” But why would you say that? Is there any evidence other than the bar closed lower than where it opened? A Japanese candlestick trader will say “oh, that is a doji pattern which indicates market indecision. But it is at a top so it may go down.” I like candlesticks, I find the whole study of candlesticks fascinating, but they as often as they work. I don’t need a chart to tell me the market is in an “indecisive moment.” As far as I am concerned every moment the market is being indecisive.



Now look at the order flow footprint chart.



Do you see those 2 big red numbers at the top? 130 lots traded at 1973.50 and 698 lots at 1973.25. Those are buying imbalances greater than 400%. These could be people who got into the move at the very end. Or these could be people who tried to push the market higher to continue its upward move. It doesn't really matter what the people were thinking that sold that low. Someone has to buy the high. In other words these traders are trapped. What makes this Trapped Buying Imbalance even better is there are selling imbalances in the body of the candle.



What is important is that we have an imbalance at a recent high. It doesn't need to be the high of the day; it can be the high of a swing move. You have all these people that bought at the high and the market couldn't go any higher. This is a Trapped Buyers Imbalance, for a Trapped Sellers Imbalance the opposite would be true.

So how do we trade this?

1. You look for buying imbalance at the top right on a high.
2. The bar has to close lower than the open. If there are some selling imbalances in the bar, even better, but it is not necessarily needed.
3. Wait for confirmation of the high by waiting for the bar to close. There will be times when it looks like you have a set up and want to get in early but the bar hasn't closed yet and the market reverses and the setup is erased and you are in a position you shouldn't be in.
4. Choose your entry. There are many ways you can enter. You can just enter at the market once the next bar has begun. You can try and scale in the length of the setup bar, but you run the risk of missing the trade when it just shoots straight up. The way I trade it is I like to get involved no matter what, so I will sell 2 contracts at

the market then I will scale the rest in between the low and high of the setup bar.

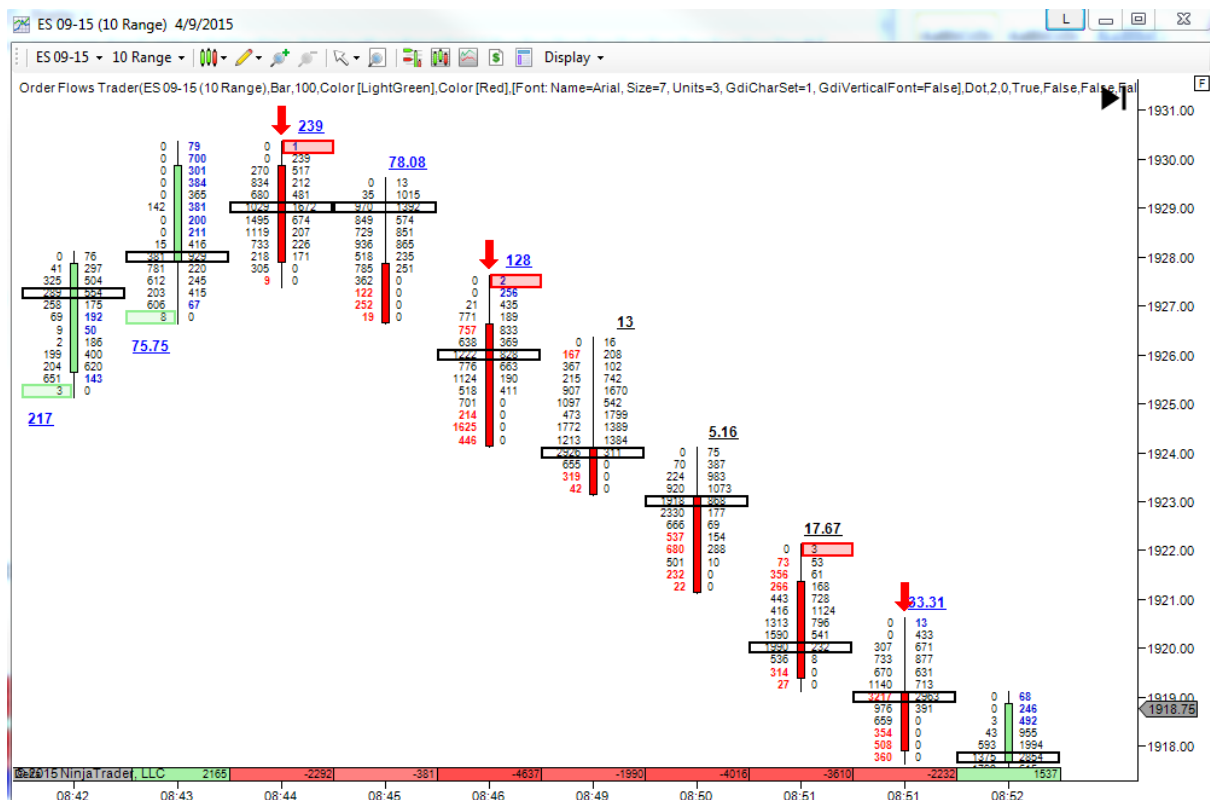
5. Place your stop. I like to place my stop 2 ticks above the buying imbalance price in the setup bar just to give it some room. This is more generous than I really should. You can place your stop at the imbalance price or a tick above it since that would invalidate the set up. Once in while price does go back up to retest the high before going lower.
6. Take profit level. You can be either mechanical or discretionary in deciding where to get out. It really depends on the market. For example, in the ES I will put in a take profit level 5 points away. In Corn and Wheat I like to start at 5 cents away. Once I get into a position I monitor it and see if the conditions change. If they do I just get out. For example I may get a setup in the opposite direction.

Orderflows software is programmed to draw a green arrow on the screen when a Trapped Sellers Imbalance appears to prompt you to go long and a red Arrow when a Trapped Buyers Imbalance appears to prompt you to go short.

The second hidden trading opportunity is called **Single Prints**. This set up occurs when there is a single print at a high and the bar closed lower than it opened or when there is a single print at a low and the bar closed higher than it opened.

A single print is when a single digit (volume number) traded at a low of a bar that closed higher or when a single digit traded at the high of a bar that closed lower.

The concept behind this trade setup is that the last buyer has bought at a high or the last seller has sold at a low. Literally the last buyer has bought or seller has sold. The market has an uncanny ability to turn at these levels. There is just no more interest by traders to move the market any higher or lower.

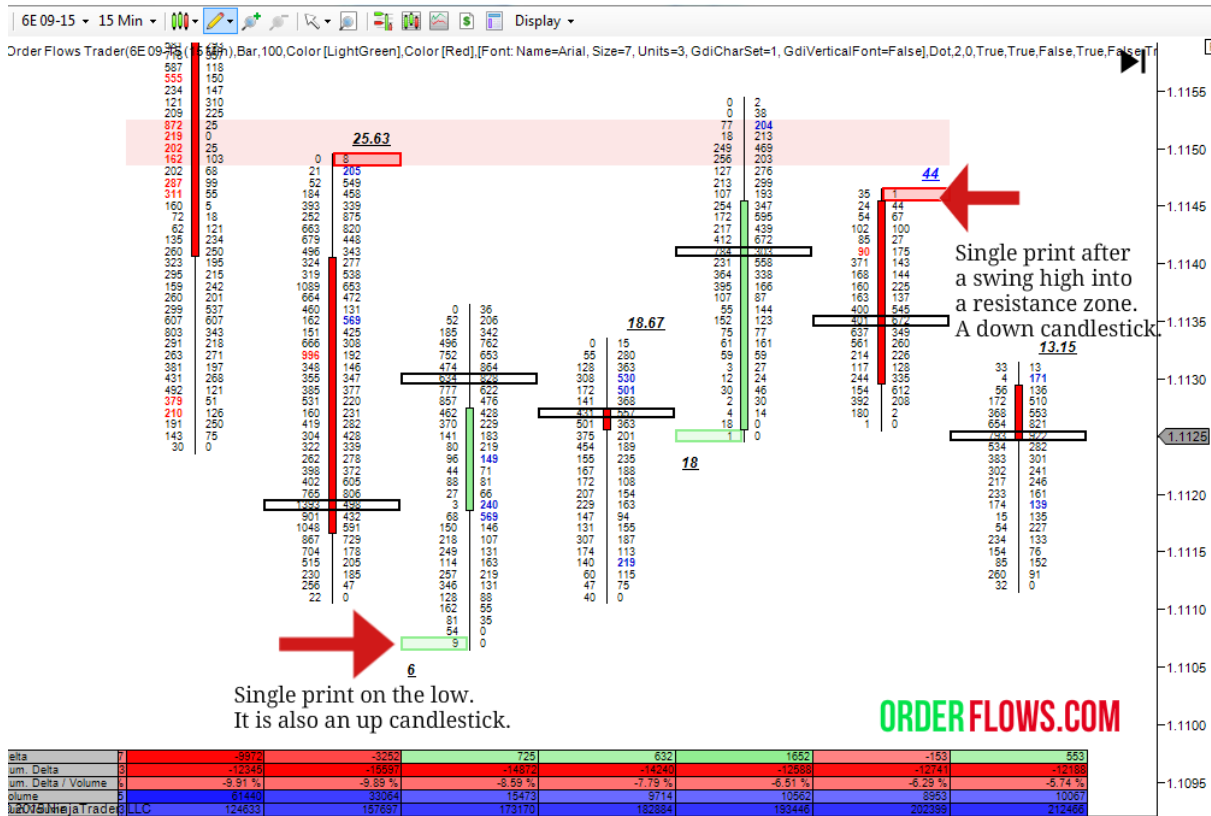


Sometimes the cause of these single prints is a trader wants to try and trigger stops at a level. Other times it could be because stops were already triggered and the single print is caused by the diminishing trade from the stop. Other times traders want to probe the market. Ultimately the reason why the single print happened is not so important, what is important is where it occurs. I like to see it at a high or low (swing high or low is fine) or just following a high or low.

So how do we trade this?

1. You look for single prints in the bottom left of bar that closed higher than they opened or single prints at the top right of bars that closed lower than they opened. It is better if the market is at a recent high or low as opposed to just range trading.
2. Wait for the bar to close before entering the market on the next bar. A lot of times it may look like a single print top or bottom is forming only for the trading in the bar to continue and the single print setup to get erased.
3. Place your stop. I like to place my stop 1 ticks outside of the single print. I am strict with the stop placement on this setup because once the single print is taken out the setup is invalid.
4. Take profit level. You can be either mechanical or discretionary in deciding where to get out. It really depends on the market. For example, in the ES I will put in a take profit level 5 points away. In Corn and Wheat I like to start at 5 cents away. Once I get into a position I monitor it and see if the conditions change. If they do I just get out. For example I may get a setup in the opposite direction.

In simple terms, you would enter the market on the next bar, the bar that follows the bar with the single print. Your stop goes just behind the single print.

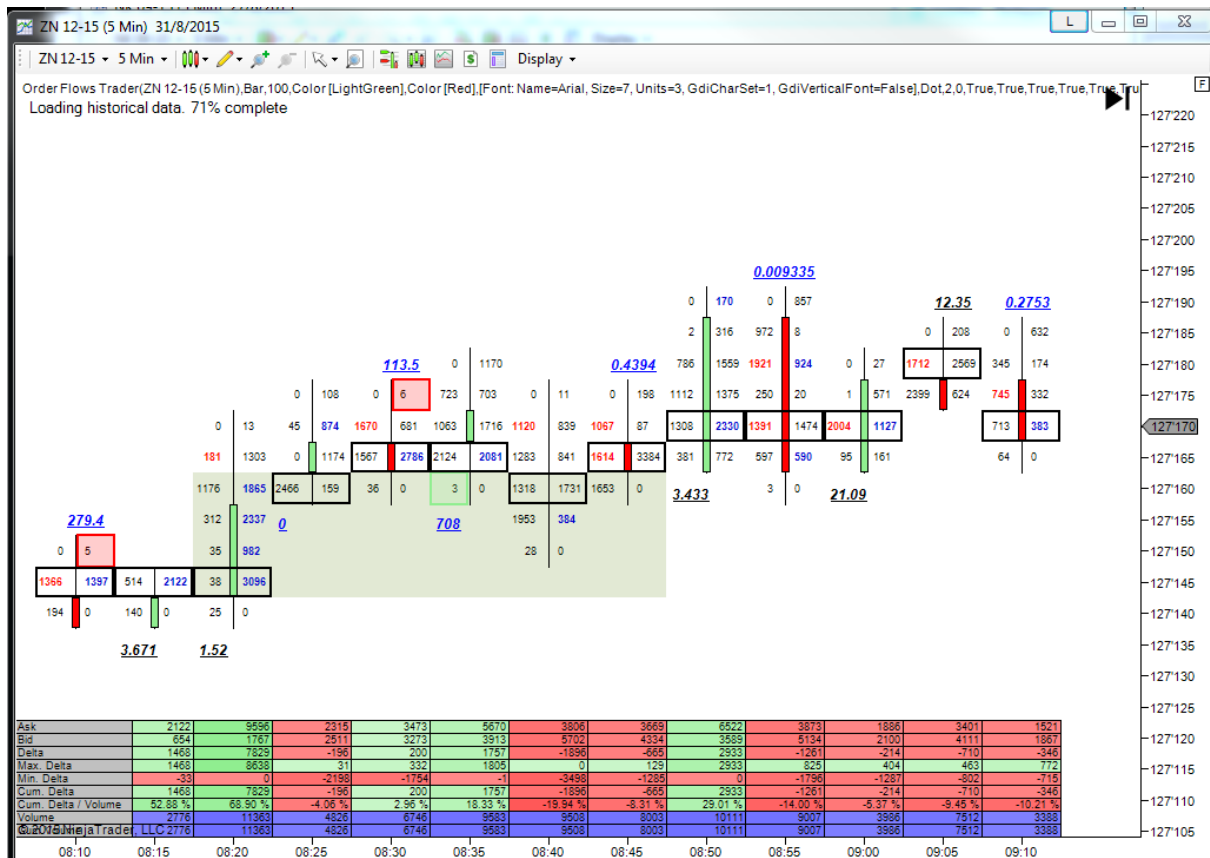


It doesn't have to be a print of 1 only, it can be 2,3,4,5,6,7,8 or 9. The key is it needs to be a single digit. It is visually obvious.

The Orderflows software is programmed to draw a red box around a single digit on the bottom and a green box around a single digit at the top. This will easily highlight to you when a single print occurs.

The last hidden trading opportunity presented in this book is called **Stacked Imbalance Zones**. This setup occurs when there are 3 or more stacked imbalances in a bar. A zone is extended out on the chart to highlight this level.

These are great levels to trade off of when the market retraces into them.



A stacked imbalance acts as support or resistance because the buying or selling was very aggressive. Stacked imbalance zones are tricky though as they can occur one right after another. For example, you can have a stacked buying imbalance followed by a stacked selling imbalance where it seems like they are just running into each other and make no sense. But I digress.

For a stacking buying imbalance, you will buy on a retracement into the stacked imbalance zone. For a stacked selling imbalance, you will sell on a retracement into the stacked imbalance zone.

So how do we trade this?

1. You look for stacking buying imbalances or stacked selling imbalances of 3 or more in a bar.
2. If it is a stacked selling imbalance the zone becomes resistance and you will look to short when there is a retracement into the zone. If it is a stacked buying imbalance the zone becomes support and you will look to buy during a retracement into the zone.
3. Place your stop. I like to place my stop 1 ticks outside of the stacked imbalance zone. You can be a little more flexible by using a 2 or 3 tick stop if you want especially if you are trading a market that has a higher volatility, like ES.
4. Take profit level. You can be either mechanical or discretionary in deciding where to get out. It really depends on the market. For example, in the ES I will put in a take profit level 5 points away. In Corn and Wheat I like to start at 5 cents away. Once I get into a position I monitor it and see if the conditions change. If they do I just get out. For example I may get a setup in the opposite direction.

The beautiful part of this setup is you can place a tight stop of 1 tick if you wanted to. There are very few setups I have ever known that can successfully utilize a one tick stop.

Orderflows trading software draws a green zone out from where a stacked buying imbalance occurred to indicated support and draws a red zone out from where a stacked selling imbalance occurred to indicated resistance.

As you will see there will be some trades that seem so obvious they are “slam dunks.” These are the trades with high probability, low risk and high reward.

I like setups that generate signals with winners that are at least twice the size of losses and a minimum 50% winning average, however, I have that 60%+ winning averages are optimum and realistic.

Once your entry setups have been defined, don't fiddle around with them trying to make them marginally better. What you should do is focus your attention and work on making your exits better.

You can pick tops and bottoms and have a high success rate if you are quick to realize when you are wrong. You won't be getting in at the exact low, but pretty darn close, usually in the next bar.

What I like about these Hidden Trading Opportunities is that they provide low risk entries to the market because you know exactly where you want to get out if the trade breaks down. Not adhering to a defined money management stop is the most common cause of failure among traders.

Great set-ups like these are not something that happens once in a while, but just about every day, sometimes several times a day. Some days there might be only one or two trading opportunities. Some days there might be 5-10.

As I mentioned in the beginning, order flow trading is not for everyone. But I think it is a useful skill and tool for traders to learn and understand.

The downside of order flow trading is that it can be a labour intensive style of trading. Depending on your time frame you may end up spending a good deal of your time paying attention to the order flow as it occurs.

You should try to avoid the marginal trades and concentrate on the good set-ups.

Each day in the market is different. Some days the market will have periods of choppy trading followed by slightly larger trends. On other days the market will trade in one direction most of the day. While some

days will be more challenging than others, you should still have profitable days using these set-ups.

So there you have it – a simple, easy to understand setup. You are not going to get instantly rich from using it. Just use it to give yourself an extra trade or two a day depending on the time frame you are using it with.

A key point to keep in mind is that order flow trading is not an exact science. You still need to trade in the direction of the market and be flexible.

At first sight, trading from order flow charts may seem laborious or tedious. No one ever said profitable trading was glamorous. Over time, as you get more comfortable with what to look for in the order flow you will find yourself making more high probability trades and making more money.

As a kid I used to watch almost every Chicago Cubs baseball games during the summer. What is interesting about baseball is that while all the players are “baseball players” each player is a specialist in his position. They can all hit and run, but you don’t expect a short stop to come in and play catcher, or the left fielder to come in and pitch the last 2 innings for the save. Trading is just like baseball. You have to find the position you are most comfortable in and play it. You have to find the style of trading you are most comfortable with and become that type of trader.

Successful traders are patient and disciplined. Successful trading begins in your mind. Develop patience and discipline if you want to be successful. You might ask me why does patience play such an important role in trading? In order to answer that question, you should look and compare the different ways that institutional traders and retail traders trade. Generally speaking, retail have shorter time frames to hold losing positions because they tend to be leveraged more than institutional traders and just don’t have the financial resources to take too much heat when a position goes against them.

Remember the best traders always trade when they feel they have an edge to put the odds in their favour and they trade for one reason only

and that is to make money. They don't trade simply because the market is open and they have a need for action. They have discipline.

Just wait for the right setup whenever it happens and take what the market gives you. After all that is the nature of trading – taking what the market gives you.

Before you get too excited: these setups, while impressive, ARE NOT the Holy Grail traders are always looking for. Sometimes they do appear as beautiful as they do in the example. Other times they are a little more spread out. The nice thing about order flow set ups is that they have their own built in stop loss i.e. your stop loss is basically the high or low of the set up bar.

This book is just a small present from me to you to show you that I am really willing to assist you in making serious profits from futures trading. I am always available via e-mail to answer your questions. Just remember, though, that I am a one man show. I might not reply right away, but I will answer any questions as soon as I can.

If you think the Orderflows trading software is something you would like to add to your trading arsenal, I am offering you a limited time special price of \$599, which is 25% off the regular price. Just follow this link here: <http://www.orderflows.com/special.html>

Trade well,

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