Chart ES 09-20 Y 1 Minute Y III 4. C. L. B. H. M. K. E Dis	play			
Order Flows Trader(ES 09-20 (1 Minute)), Current day OHI (ES 09-20 (1 Minute)				
Order Flows Trader(ES 09-20 (1 Minute)), Current day OHL(ES 09-20 (1 Minute)) 6/22/2020 13:02:00 - 6/22/2020 13:28:00				TRUCK FLUWD-GUIWP
				0 53 3103.50
				0 49 69 80
				0 49 69 80 36 136 222 79 <b>3103.00</b>
				36 144 307 150 3102.75
				0 103 105 159 308 266 3102.50
				217 154 101 168 26 0
				25 102 228 81 3102.00 29 124 8 0
				29 124 8 0
			97 3	342 58 72 28.5 3101.50
			470 2	297 140 117
			128 2	211 250 143 3101.00
			66 1 9 5	
667 30 112 0 18 45 176 201 97	303 57 190 107 0 4		95	
3667    45    176    201    97      115    185    249    254    191    3.3      1    2.26    242    261    200    150    56      8    37    77    78    100    119    22    216      1327    114    174    0    44    0    92    31    50    256      1329    0.14    292    231    50    256		0 22		
	33	28 165 <b>21</b>	0 44 55 192 8.5	3100.00
78 100 119 22 216		26 165 21	80 112 171 149	3099.50
8 87 77 78 100 119 22 216 327 114 174 0 44 0 92 31 59 256	107 0 4			0000.00
2 327 114 174 0 44 0 92 31 59 256 339 9 114 282 239 89 152 <b>3,077</b> 149 148 77 40 75	1 62 63	0 14 31 69 90 96 33 105	1.13 134 75 4 48 29 11 2 74 40 54 122 176 84 91 4 0	3099.00
	46 61 25 4.571	12 83 3 15 178 113 68 105 1	2    74    40    54    122    176    84    81    4    0      166    104    183    61    10    36    50    98    7.25	
382    28    63    380    256    13    75    308    602    21    26    86    126    0.4026    56      13    261    266    916    146    246    235    216    352    67    80    91    138    56	4 37 56 0 7	12 <b>\$3</b> 3 <b>15</b> 778 113 68 105 1 18 <b>56</b> 1 0 180 105 117 <b>\$3</b> 1	127 97 102 24 1 24 80 84	3098.50
277 418 217 469 98 6.833 286 314 387 592 141 94 239 286 39		12 83 3 44 21 68 20	5 0 93 35 0 48 64 38	
334 197 96 1 <b>13 35 0 9 221 181 115 145 535 403 149 114</b> 118	73 230 170 93 95 32 63		113 108 2 63	3098.00
2    277    418    217    469    96    6.833    266    314    387    592    141    94    239    286    39      3    34    197    96    113    35    0    6    227    181    115    145    535    405    149    114    118      3    116    18    0    25    38    78    36    96    47    190    126    150    3    0    30 </td <td>0 98 56 232 153 136 103</td> <td></td> <td>113 100 60 32</td> <td></td>	0 98 56 232 153 136 103		113 100 60 32	
5 132 <b>10.94</b> 70 63 132 301 8 34 55 16 149 53 49.67	<b>19 0</b> 78 0 132 166	6 17 39	150 <b>57 0.03333</b>	3097.50
254 132 17 123 108 <b>12.25 6 0</b>	61 69 202 192	2 0 25	13 0	0007.00
	172 89 216 78	<b>1</b> 6 <b>1</b> 1 <b>2 22 0</b>		3097.00
	100100 0.002	0.7273		3096.50
		0.7473		5050.54
				3096.00
				3095.50
Ask 1140 1767 886 2031 806 904 997 478 Bid 1640 1994 972 1360 1108 717 788 774	516 53 481 \$02	2 532 590 357 313	275 439 610 349 497 11	183 821 737 628 789 776 514 932
Bid 1640 1934 872 1360 1108 717 788 774 Delta -500 -177 14 1671 -302 1877 209 296 1	902 H 515 002 10 1386 H 62 -401 -11F	<u>5 264 103 -172 27</u>	-25 -368 201 67 205	394 45 223 -304 3095.00
Delta -300 -177 14 671 -302 167 209 206 Max Delta 125 62 178 705 145 247 235 11 7	<b>HINGE</b> 42 3 20		36 17 268 73 219	518 136 224 34
Min Delta 449	7464 7402 7001 6885	5 7149 7252 7080 7107	7182 6714 6915 6982 7187 7	-2 -22
Volume 2780 3491 1758 3391 1914 1621 1785 1252	1418 1168 1363 1320	5 7149 7252 7080 7107 0 800 1077 886 599	7082 6714 6916 6982 7187 75 575 1246 1019 631 789 19	972 1597 1251 1560
				3094.00
13:0 <u>5</u> 13:10	13:15		13:20 13:2	.5

# **Order Flow Dynamics**

By Michael Valtos – www.orderflows.com

Module 7 : Recognizing Initiative & Responsive Order Flow



### Disclaimer

This course 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 ones 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.



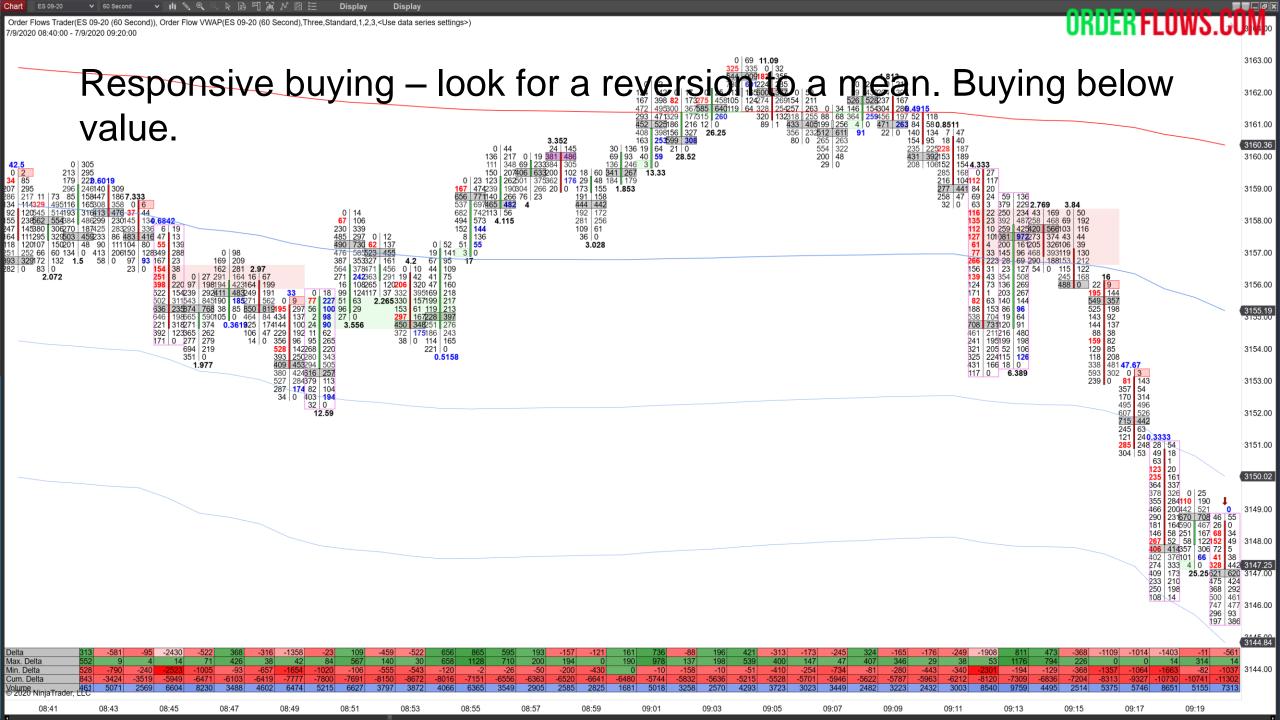
The terms initiative and responsive trading come from Market Profile analysis and define the type of buying or selling occurring in the market and where it occurs.

But the drawback with looking at initiative or responsive activity in Market Profile terms is you spend a lot of time on the sidelines. When you trade order flow you are much more active in the market.



Initiative versus responsive. If open above the previous value area and go sideways, what is the market telling you? Responsive selling should take the market back to value area, but the market is not moving back to the value area. Instead initiative buying is keeping it above the value area, chances are stronger for a move away from the value area.

This is the reason why initiative activity lead to trends.





Display

Display

Chart ES 09-20

Delta Max. Min. I Cum. Volun

60 Second

### **4.818** 0 22 **141** 106 42 114 72 97 **174** 33085.75 3173.00 Responsive selling – look for a reversion to the mean. Selling above 3172.00 141 3171.00 4321 407 79 60289 31219 2874.538 47 0 179 137 0 13 6.149 50 3 71 59 4953 103 4.2 232 163 20 55 26.75 229 26691 231 0 4 98 0 615 812 67 107 1549 91275 198 −161 69 363 556,7649 104 111278 14998 268 138 132 143 3170.00 3169.50 0.7654 18248 53 39.5 27 260 3169.00 127 222 30 0 32 202 48 0 104 883<u>19</u> 24 0 92 106 65 48 0 91 21 3<sup>4</sup> 32 0 82 3168.00 147 12060 7012 13 1.158119 86 89 64 0 14.33 24 332 535 26 11 28668 87 1.923 254 10 46 106 16.8 3167.00 357832 15 88 82 0 3 467 25 142 1 160 1 79 0 128 1.923 164 13933 33 0 22 68 2.891 254 2.025 3166.00 32 100 11/2/43 133 197 20 82 32 15 87 99 80 23 46 72 9 14 73 55 242 11 8 0 246 187 260 7.333571 25918.7 341 228 0 19454 399 3165.00 31 0 9.125 17 0 82 38 77 1.2 191 47 | 150

URDER FLOWS.CUM

330207 180 19544 97

3164.00

3162.00

3161.00 3160.44

2.492 197 77 117 52 132 14 267 372 10 329 3163.00

181 234 82 0 145 100 28 0

5.179

																																									-:	3160.00
																																									- ;	3159.00
																																									- (	3158.00
																																									-1	3157.00
																																									-:	3156.00
	1000	51	501	252	200	70	270	74	05	210	60	05	150	05	00	210	40	000	404	244	01	202	101	507	1000	105	151	200	051	202	000	475	226	174	44	20	700	444	204	105	17	3155.00
elta av. Delta	-1299	116	-521	-232	290	420	13	136	129	219	125	-25	-159	-00	158	355	108	239	-431	367	145	202	36	-307	2	198	182	-299	285	358	379	-475	-330	266	45	-30	-123	-444	-304	260	114	
n Delta	-1509	-250	-686	-256	-165	-51	-370	-131	-7	-18	-92	-118	-165	-113	-154	0	-85	-18	-502	0	-210	-46	-180	-568	-1130	-13	-302	-300	0	-28	0	-552	-497	200	-86	-78	-830	-539	-393	-145	-57	
um. Delta	3084	3033	2512	2260	2558	2630	2260	2334	2429	2648	2710	2685	2526	2441	2352	2671	2711	2950	2519	2860	2779	2981	2850	2343	1254	1359	1208	909	1160	1363	1629	1154	818	992	981	951	228	-216	-600	-475	-458	3154.00
ax. Delta n. Delta um. Delta Jume 2020 NinjaTrader, L	LC <sup>4077</sup>	2211	2565	2550	2420	1964	1534	1500	1093	1449	1086	755	947	1021	1369	1421	1592	1193	1117	1617	1487	1534	1507	2131	4615	2925	1735	1759	1549	1255	1326	1503	2152	1194	915	728	2837	2264	1966	1521	905	5154.00
10:31	10:33		10:35		10:37	1	0:39	1	10:41		10:43	1	0:45	1	0:47	1	0:49	1	0:51	1(	0:53	1(	):55		10:57	1	10:59		11:01	11	:03	1	1:05		11:07		11:09		11:11		11:13	

The key is understanding if the order flow is initiative or responsive.

Initiative activity you buy/sell break outs.

Responsive activity you trade off support/resistance back into the day's range and day's value area.



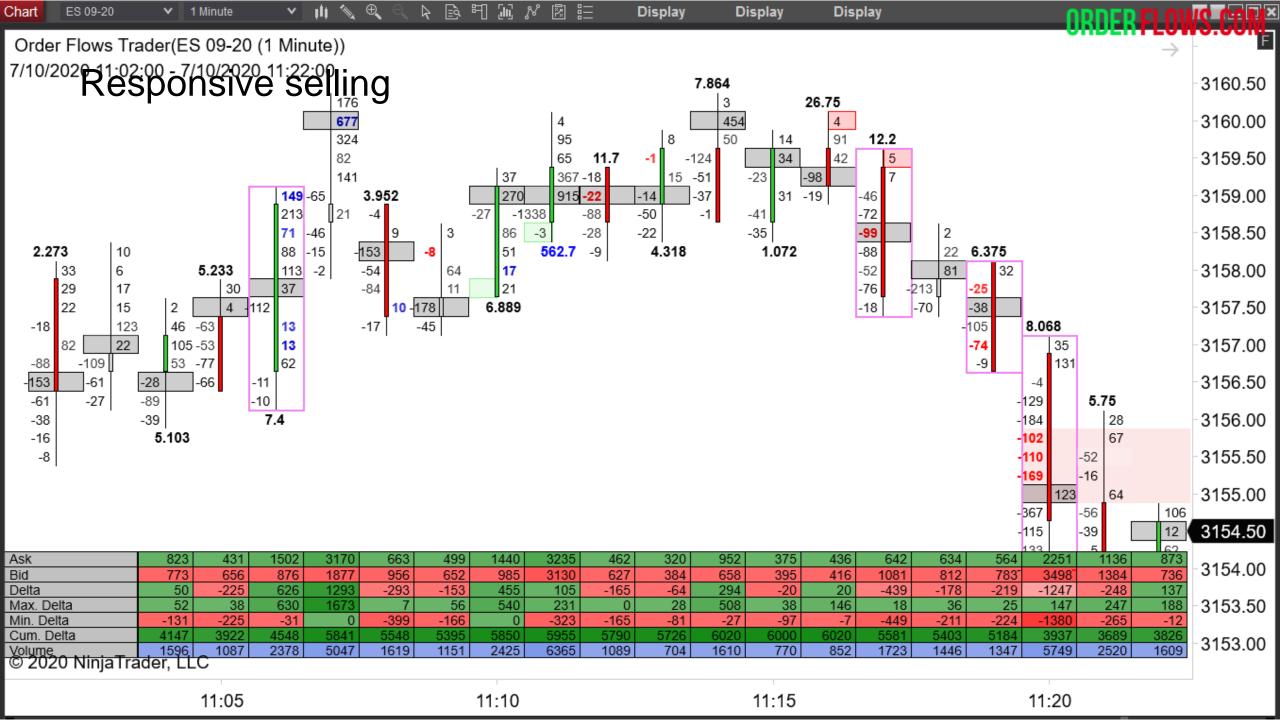
I have a simple way of differentiating between initiative versus responsive activity by looking at the order flow, specifically the order flow delta footprint chart, POCs.

A bar's POC is a form of recognizing value in the market.

Think back to Module 5, about new money in the market. Demand Lows are like responsive buying. Supply Highs are like responsive selling.



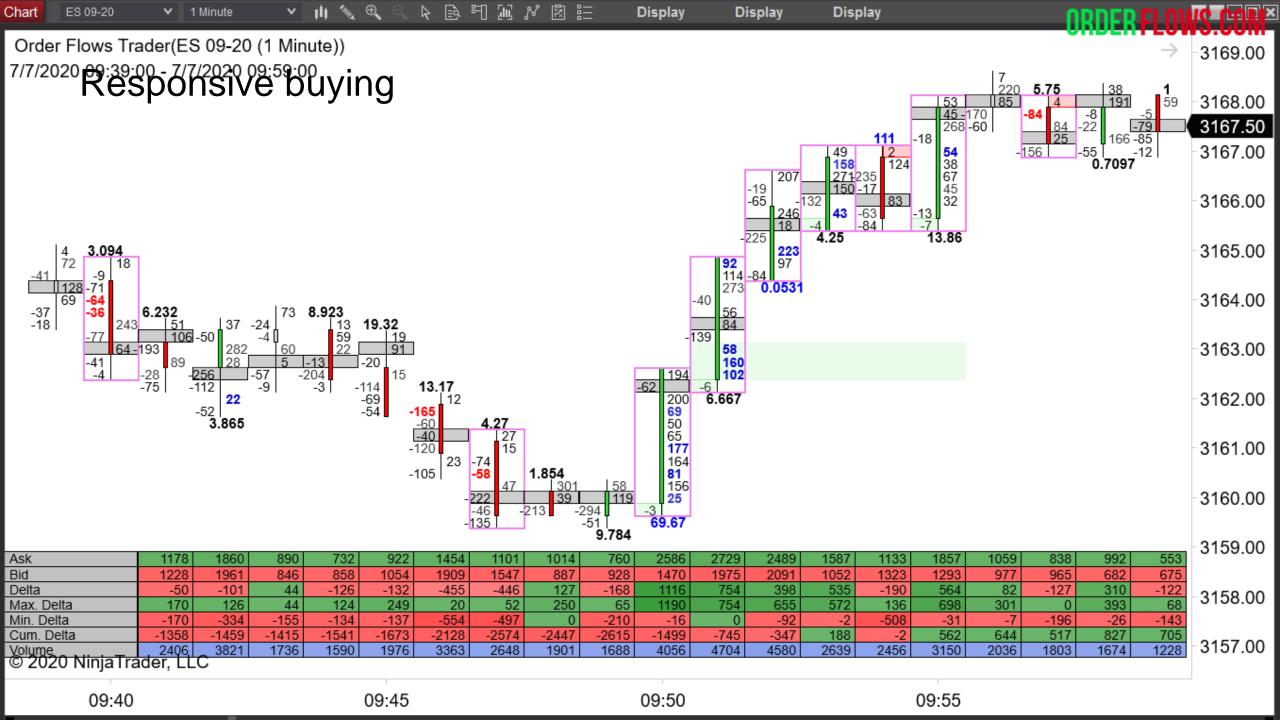
What I like to look for in the order flow for responsive selling is an area I define as resistance by Prominent Points of Control, then footprint delta in the bar showing hitting just about all bids.

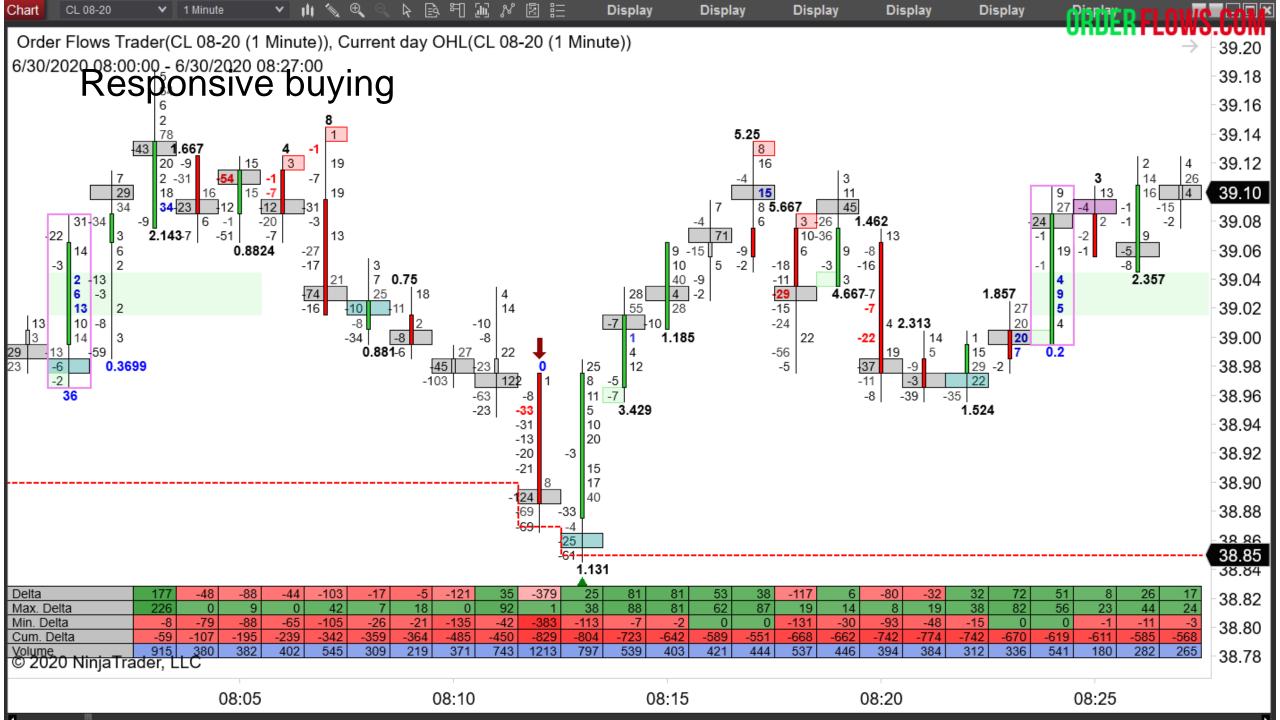






What I like to look for in the order flow for responsive buying is an area I define as support by Prominent Points of Control, then footprint delta in the bar showing lifting just about all offers.







Initiative buying – initiative activity can signal a trend. Go with the direction of the initiative activity to maximize it. Don't trade mean reversion.

Trade around previous levels – swing highs/lows, pivots, etc.

Order Flows Trader(ES 09-20 (60 Second)), Order Flow Volume Profile 7/5/2020 19:44:00 - 7/5/2020 20:34:00

Volume © 2020 NinjaTra 19:45

19.47

### ORDER FLOWS.COM

3158.00



19:55

19:57

19:51

19.49

19:53

19:59

20:01

20:03

20:05

20:07

20:09

20:11

20:13

20:15

20:17

20:19

20:21

20:23

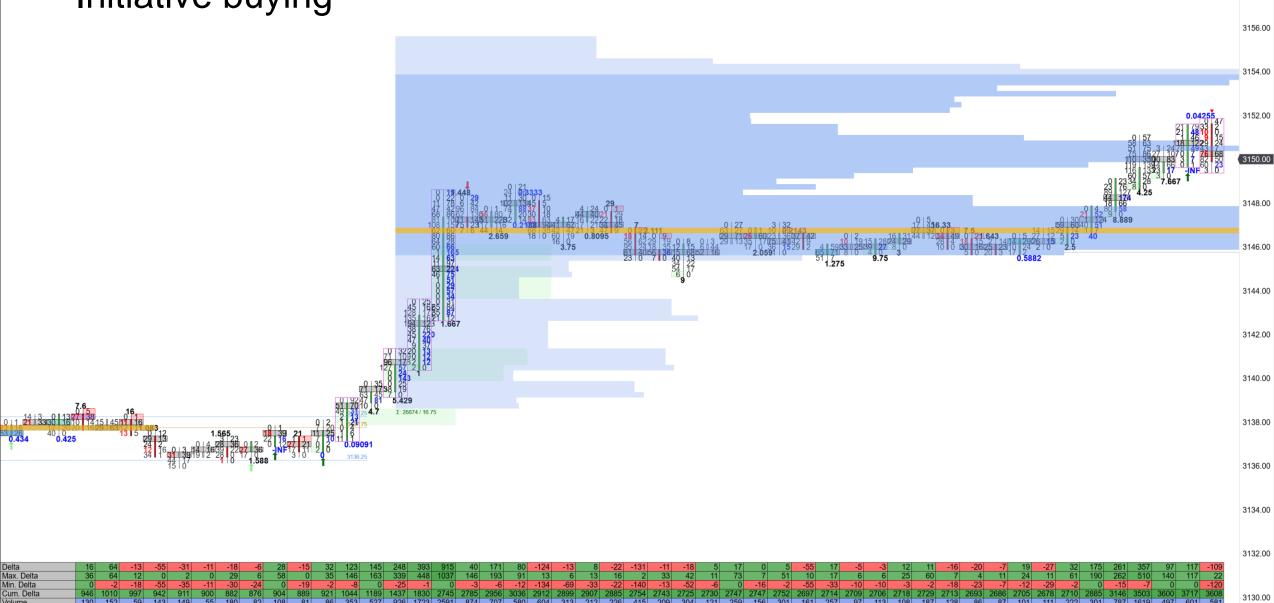
20:25

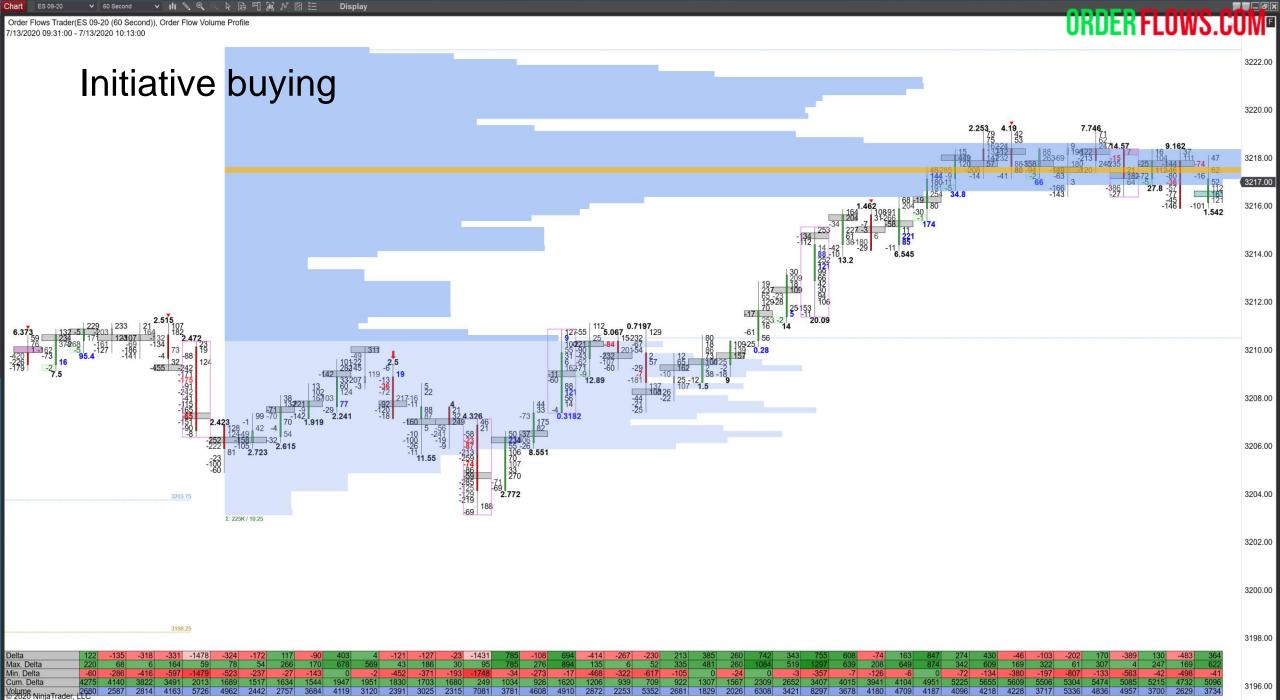
20:27

20:29

20:31

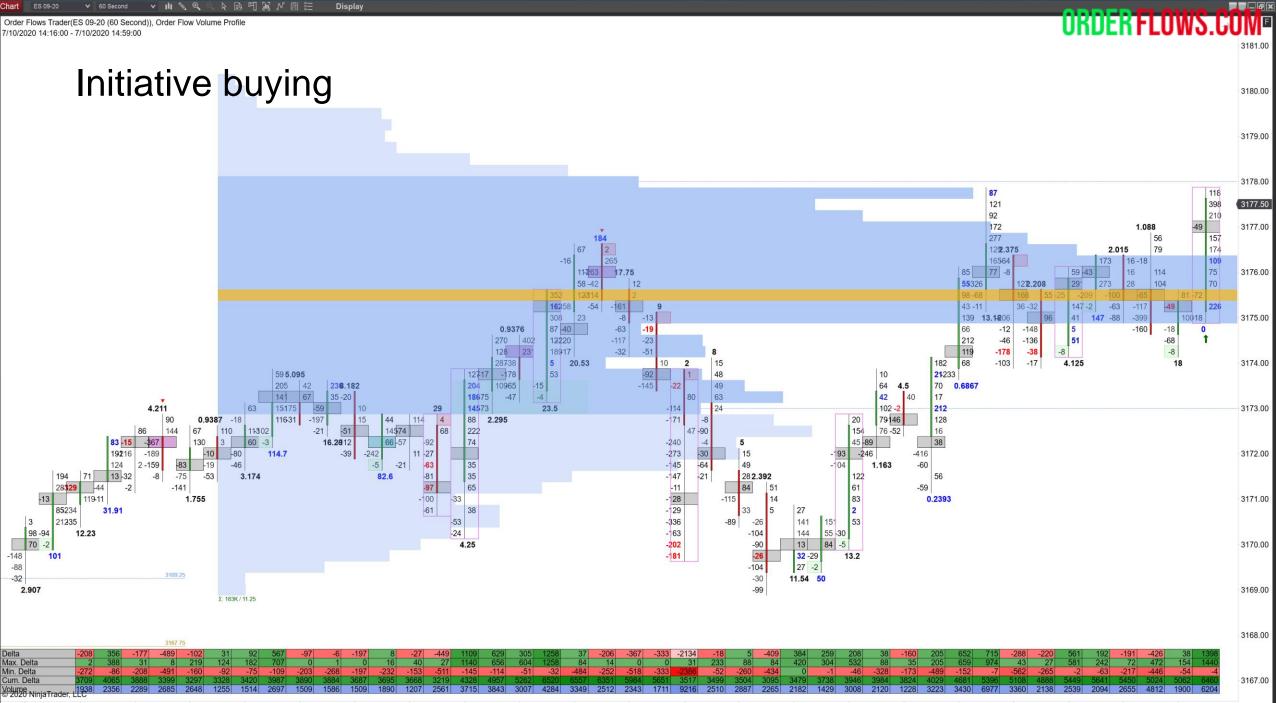
20:33





09:31 09:33 09:35 09:37 09:43 09:45 09:47 09:51 09:53 09:57 09:59 10:01 10:03 10:05 10:07 10:09 10:11 09:39 09:41 09:49 09:55

10:13



14:40

14:42

14:44

14:46

14:50

14:48

14:52

14:54

14:56

14:58

14:32

14:34

14:36

14:38

14:30

14:20

14:16

14:18

14:22

14:24

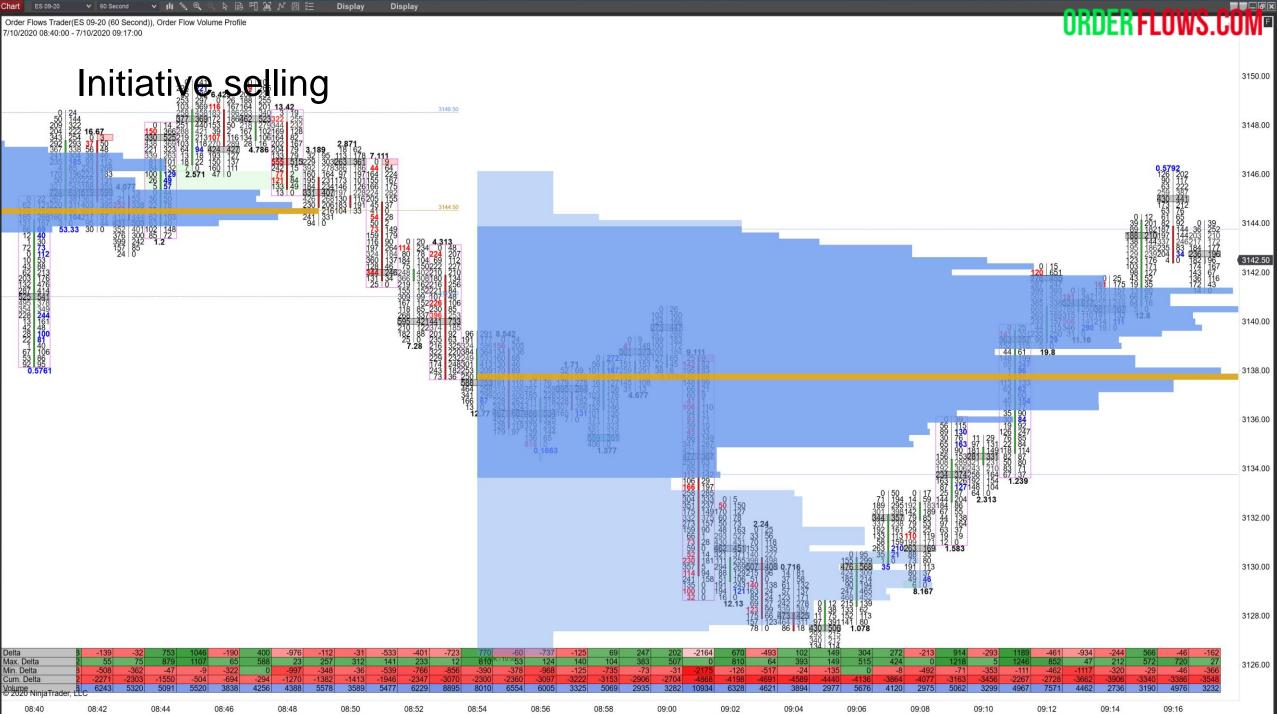
14:26

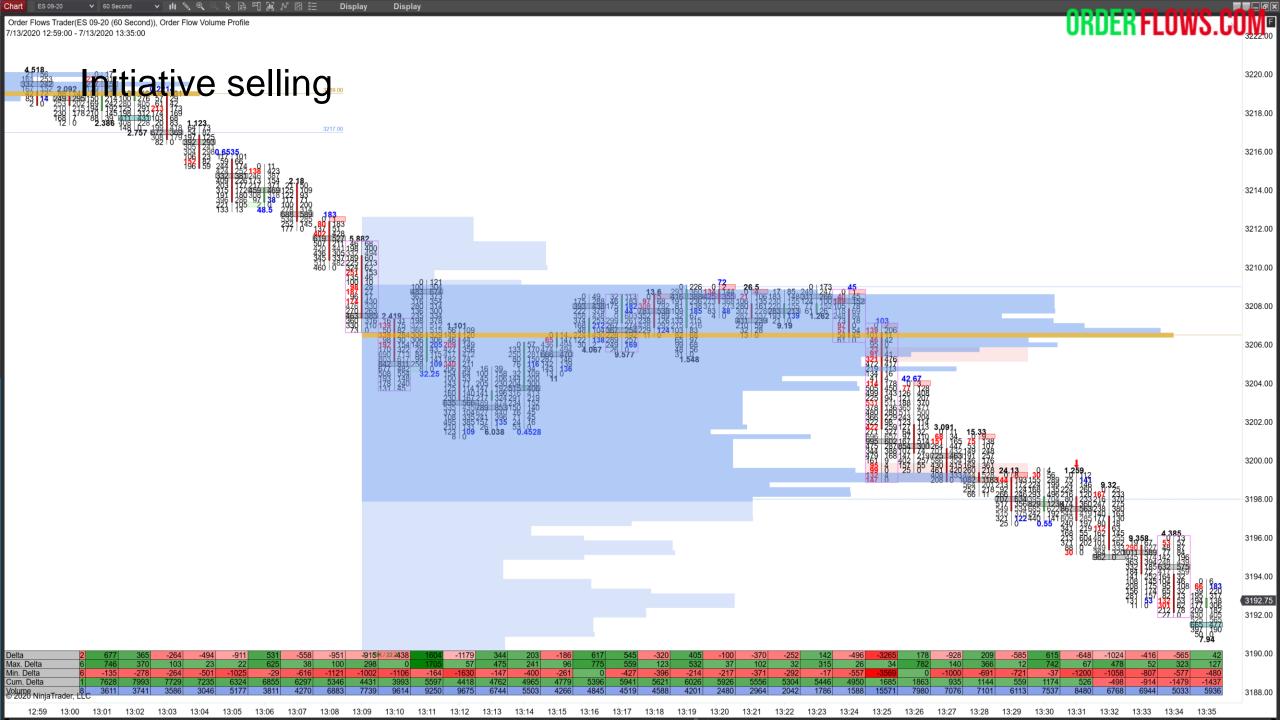
14:28



Initiative selling – when you open out of value and below a key level, for example, yesterday's low. Look for the move away to keep going as new money comes into the market.



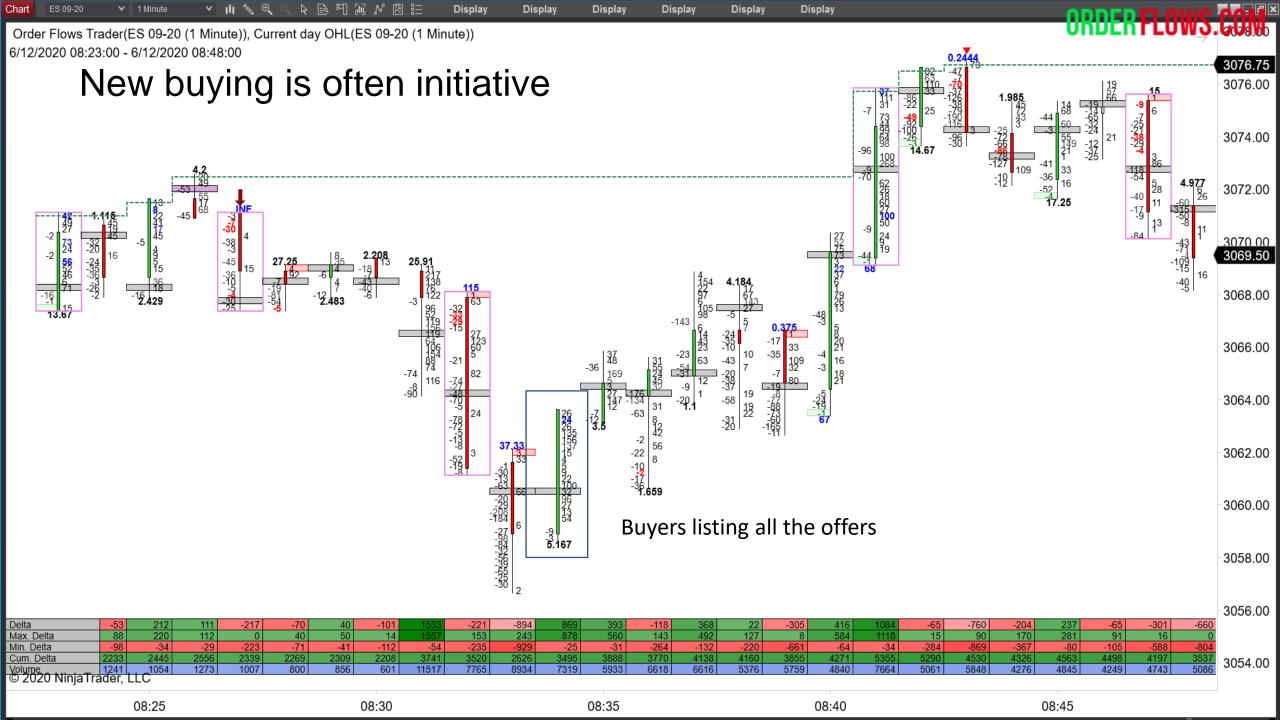






When long-term traders are getting into new positions.

When long-term traders are getting out of positions – could be winning trades, could be losing trades they are exiting. We don't know why they are getting out. That is why you need to understand market context.





Initiative trades should take place sooner rather than later since the move is already happening. Holding periods vary, you can hit and run or ride the trend.

Responsive trades take longer to work out as the market is often rotating back into value. Responsive trades often need to be held longer.



# This concludes Module 7. In Module 8 we will discuss trading the stop hunt.