The Imbalance Course

Module 2: Individual, stacked and multiple imbalances.

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In order flow there are three types of recognizable imbalances:

1. Single imbalance
2. Stacked imbalance
3. Multiple imbalance

Module 2

A single imbalance is the most basic imbalance. It occurs when there are more aggressive buyers than sellers over a set threshold and vice versa.

A stacked imbalance is the most visual imbalance. It occurs when there are 3 or more imbalances stacked neatly on top of each other in the same direction.

A multiple imbalance is the most hidden imbalance. It occurs when there are 3 or more imbalances spread out in the bar in the same direction.

Module 2

A single imbalance does have significance at certain places in a bar which I will explain in the module about trade setups.

A single imbalance by itself, while often important, can be the result of lack of liquidity more than a big order hitting the market. There could be no or very little counter trading occurring. Volume does play a part when imbalances occur.

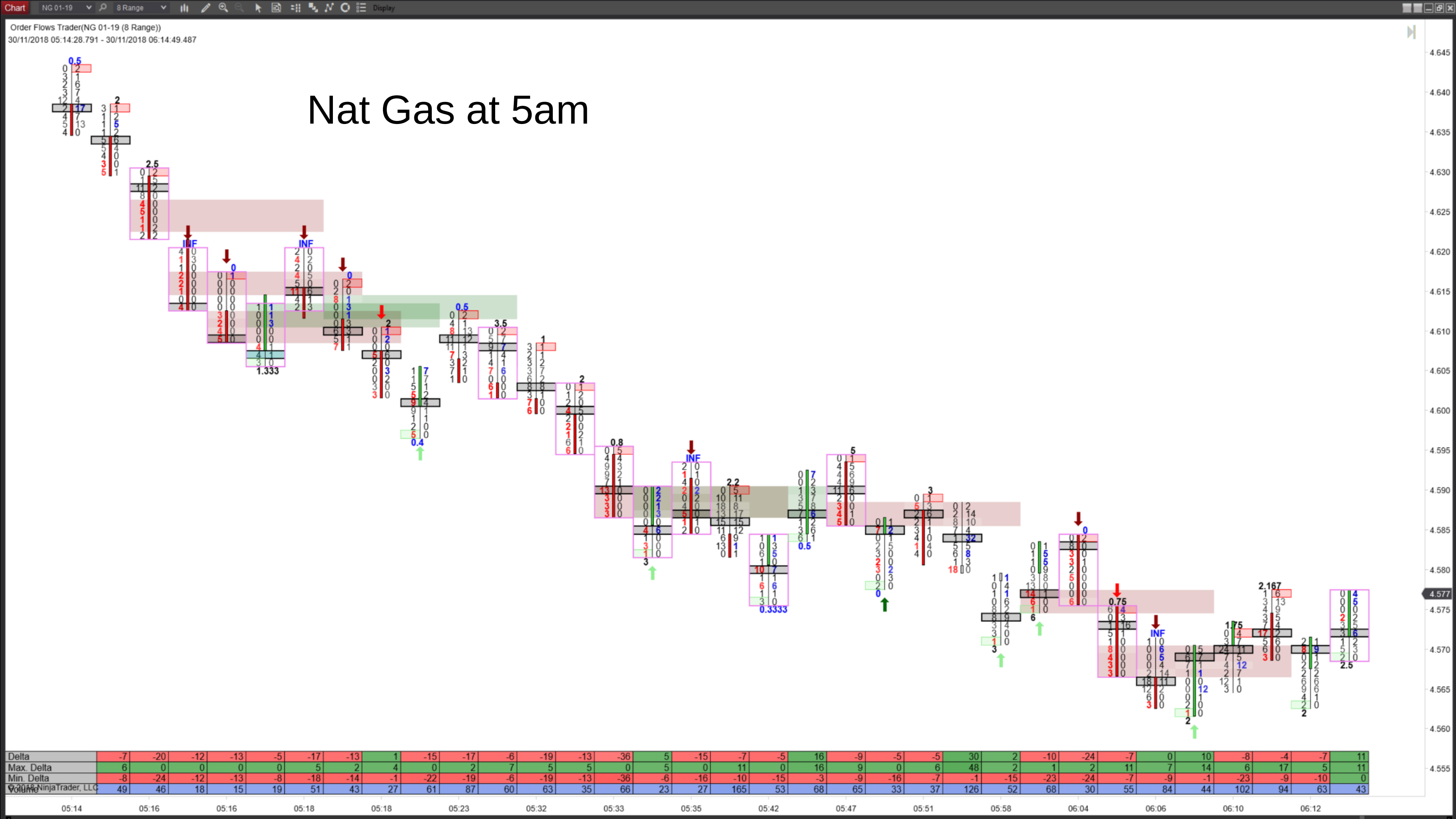
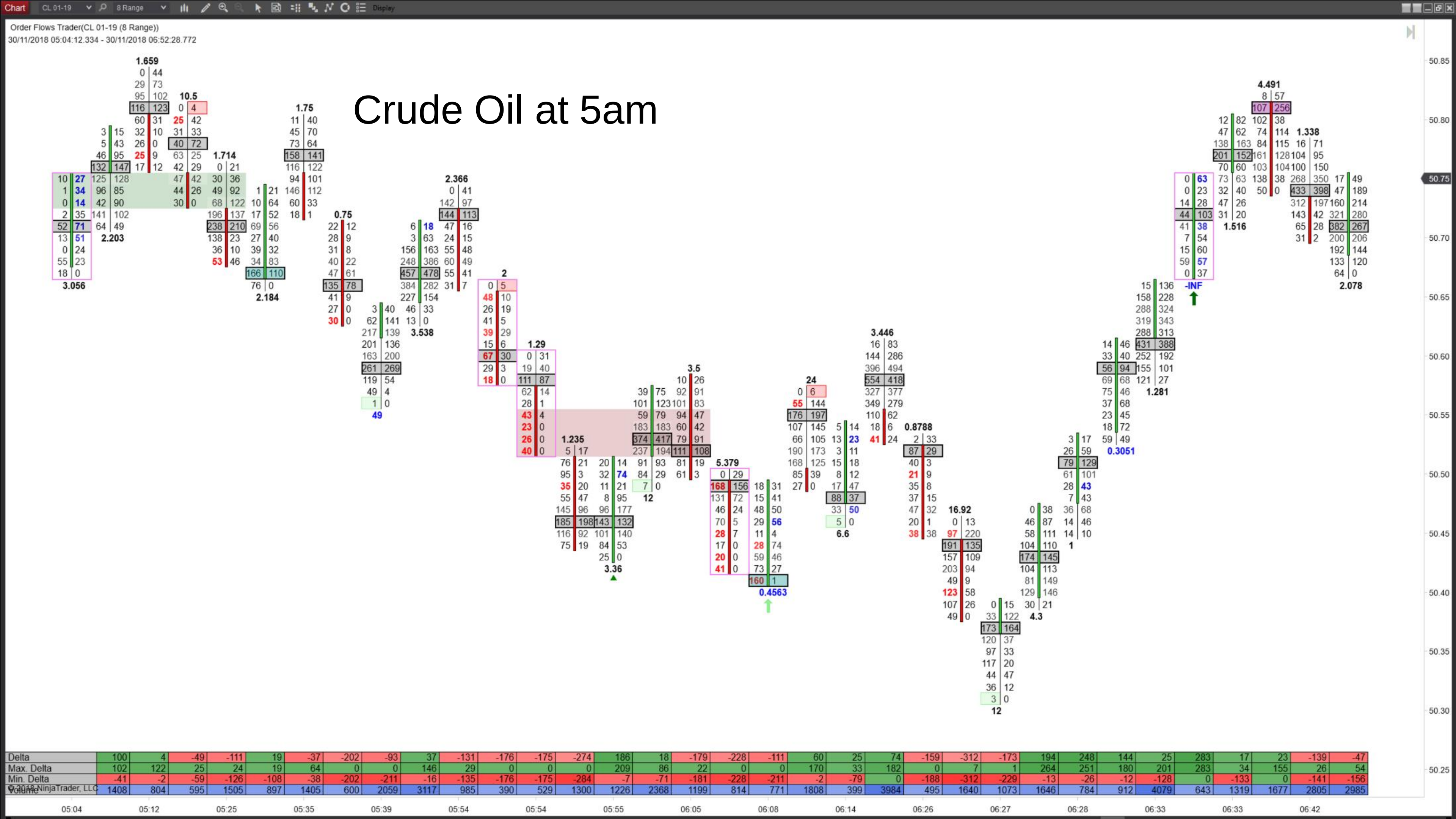


Chart
NG 01-19
8 Range
Display
Order Flows Trader(NG 01-19 (8 Range))
30/11/2018 05:14:28.791 - 30/11/2018 06:14:49.487
Nat Gas at 5am
Delta -7 -20 -12 -13 -5 -17 -13 1 -15 -17 -6 -19 -13 -36 5 -15 -7 -5 16 -9 -5 -5 30 2 -10 -24 -7 0 10 -8 -4 -7 11
Max. Delta 6 0 0 0 0 5 2 4 0 2 7 5 5 0 5 0 11 0 16 9 0 6 48 2 1 2 11 7 14 6 17 5 11
Min. Delta -8 -24 -12 -13 -8 -18 -14 -1 -22 -19 -6 -19 -13 -36 -6 -16 -10 -15 -3 -9 -16 -7 -1 -15 -23 -24 -7 -9 -1 -23 -9 -10 0
Volume 49 46 18 15 19 51 43 27 61 87 60 63 35 66 23 27 165 53 68 65 33 37 126 52 68 30 55 84 44 102 94 63 43
© 2018 NinjaTrader, LLC
05:14 05:16 05:16 05:18 05:18 05:23 05:32 05:33 05:35 05:42 05:47 05:51 05:58 06:04 06:06 06:10 06:12
4.645 4.640 4.635 4.630 4.625 4.620 4.615 4.610 4.605 4.600 4.595 4.590 4.585 4.580 4.577 4.575 4.570 4.565 4.560 4.555


Crude Oil at 5am
Order Flows Trader(CL 01-19 (8 Range))
30/11/2018 05:04:12.334 - 30/11/2018 06:52:28.772
Delta
Max. Delta
Min. Delta
Volume
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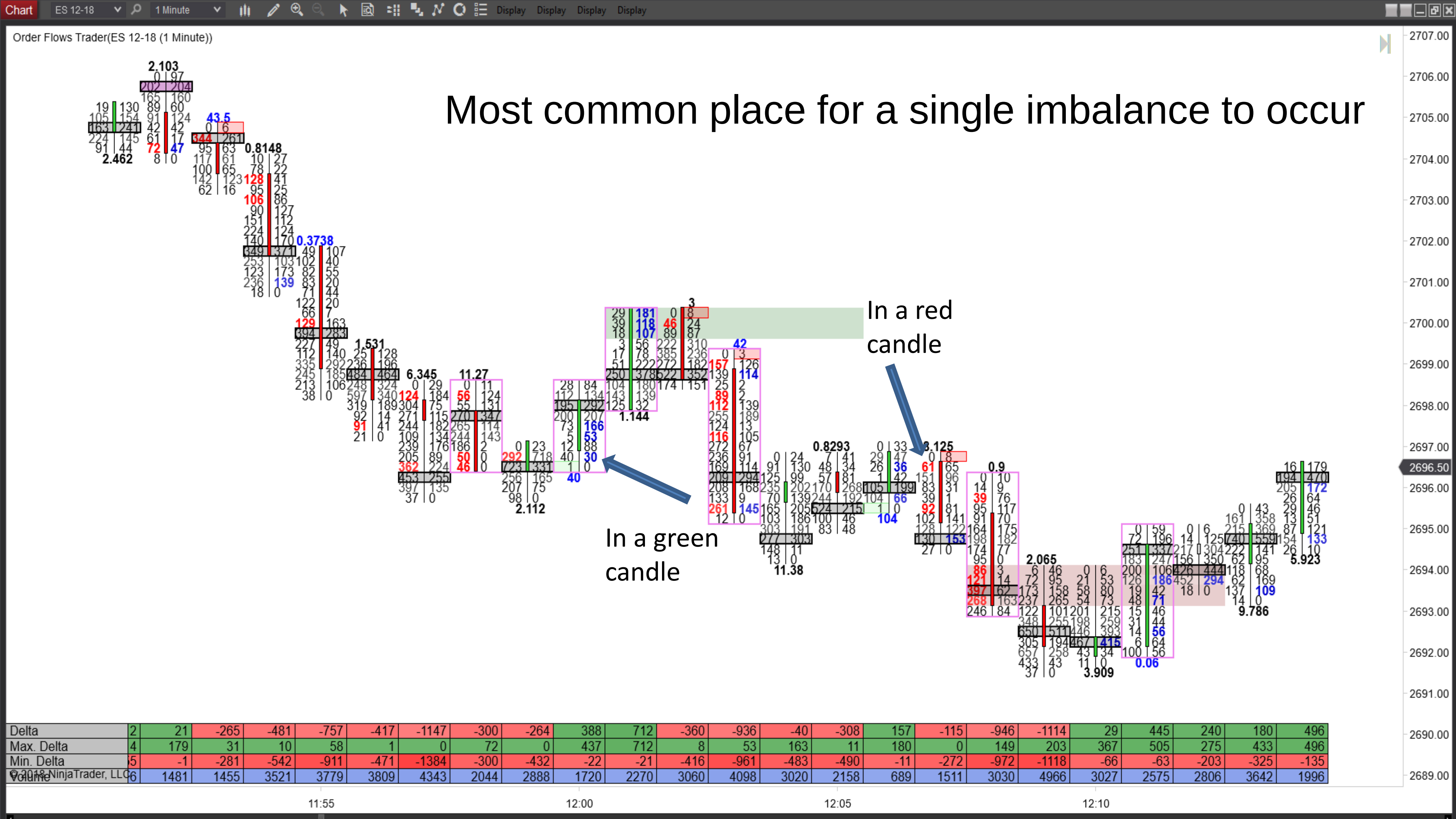
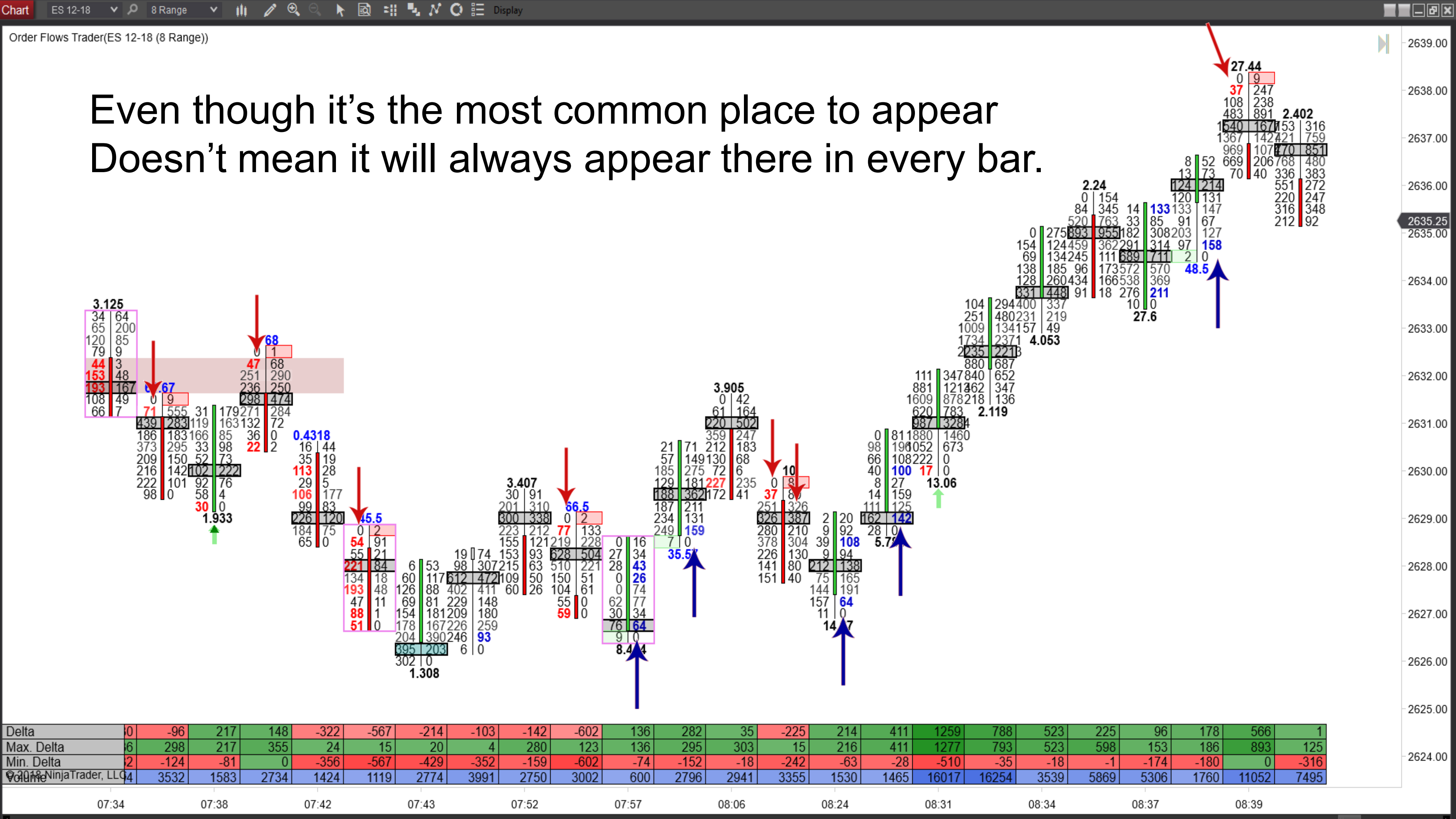
Module 2

The place where imbalances are most likely to occur are one level off the top bid side on a red candle and one level off the bottom offer side on a green candle.


Most common place for a single imbalance to occur
In a red candle
In a green candle
Chart
ES 12-18
1 Minute
Display
Order Flows Trader(ES 12-18 (1 Minute))
Delta 21 -265 -481 -757 -417 -1147 -300 -264 388 712 -360 -936 -40 -308 157 -115 -946 -1114 29 445 240 180 496
Max. Delta 179 31 10 58 1 0 72 0 437 712 8 53 163 11 180 0 149 203 367 505 275 433 496
Min. Delta -1 -281 -542 -911 -471 -1384 -300 -432 -22 -21 -416 -961 -483 -490 -11 -272 -972 -1118 -66 -63 -203 -325 -135
Volume 1481 1455 3521 3779 3809 4343 2044 2888 1720 2270 3060 4098 3020 2158 689 1511 3030 4966 3027 2575 2806 3642 1996
© 2018 NinjaTrader, LLC
11:55
12:00
12:05
12:10

Even though it’s the most common place to appear Doesn’t mean it will always appear there in every bar.



Module 2

A single imbalance generally occurs as the result of a big order being executed. That causes a imbalance in the 2 way auction.

Not every imbalance matters. A single imbalance can happen anywhere as orders are always hitting the market.

Use a bit of thinking in understanding why there is an imbalance.

Generally speaking, as a market moves higher there should be buying imbalances on the way up and as a market moves lower there should be selling imbalances appearing.

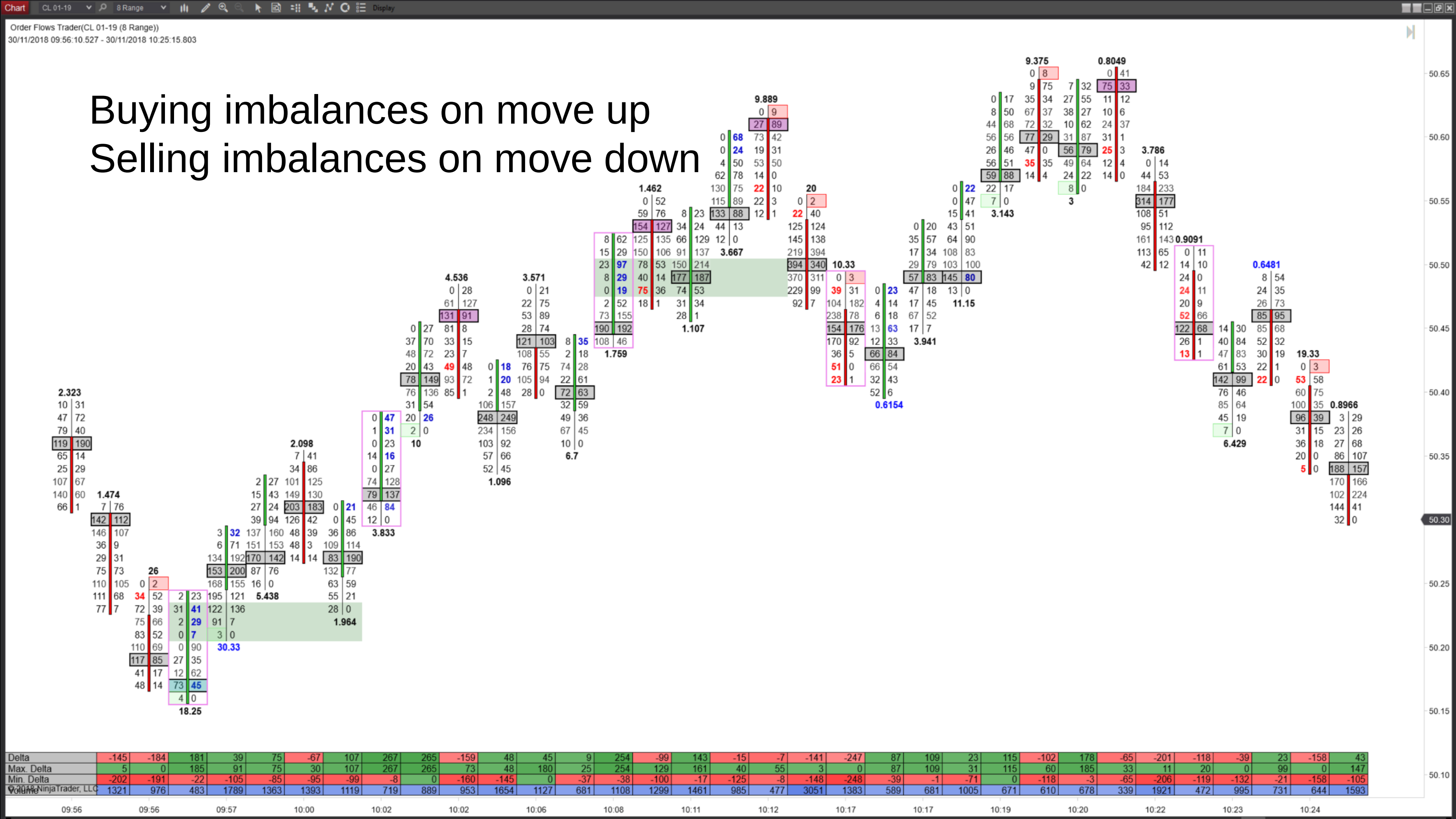


Chart
CL 01-19
8 Range
Display
Order Flows Trader(CL 01-19 (8 Range))
30/11/2018 09:56:10.527 - 30/11/2018 10:25:15.803
Buying imbalances on move up
Selling imbalances on move down
Delta
Max. Delta
Min. Delta
Volume
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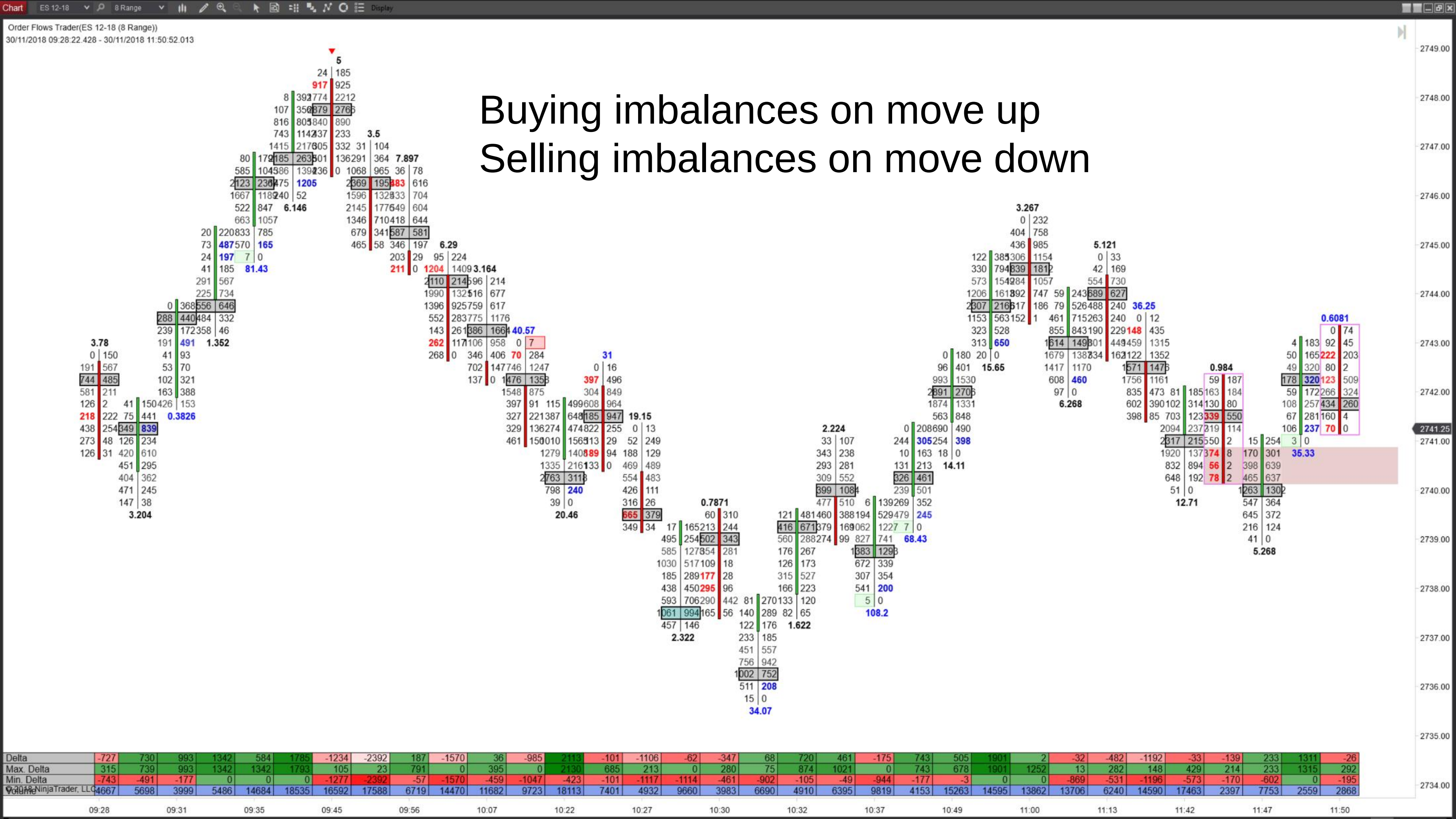
Order Flows Trader(ES 12-18 (8 Range))
30/11/2018 09:28:22.428 - 30/11/2018 11:50:52.013
Buying imbalances on move up
Selling imbalances on move down
Delta
Max. Delta
Min. Delta
Volume
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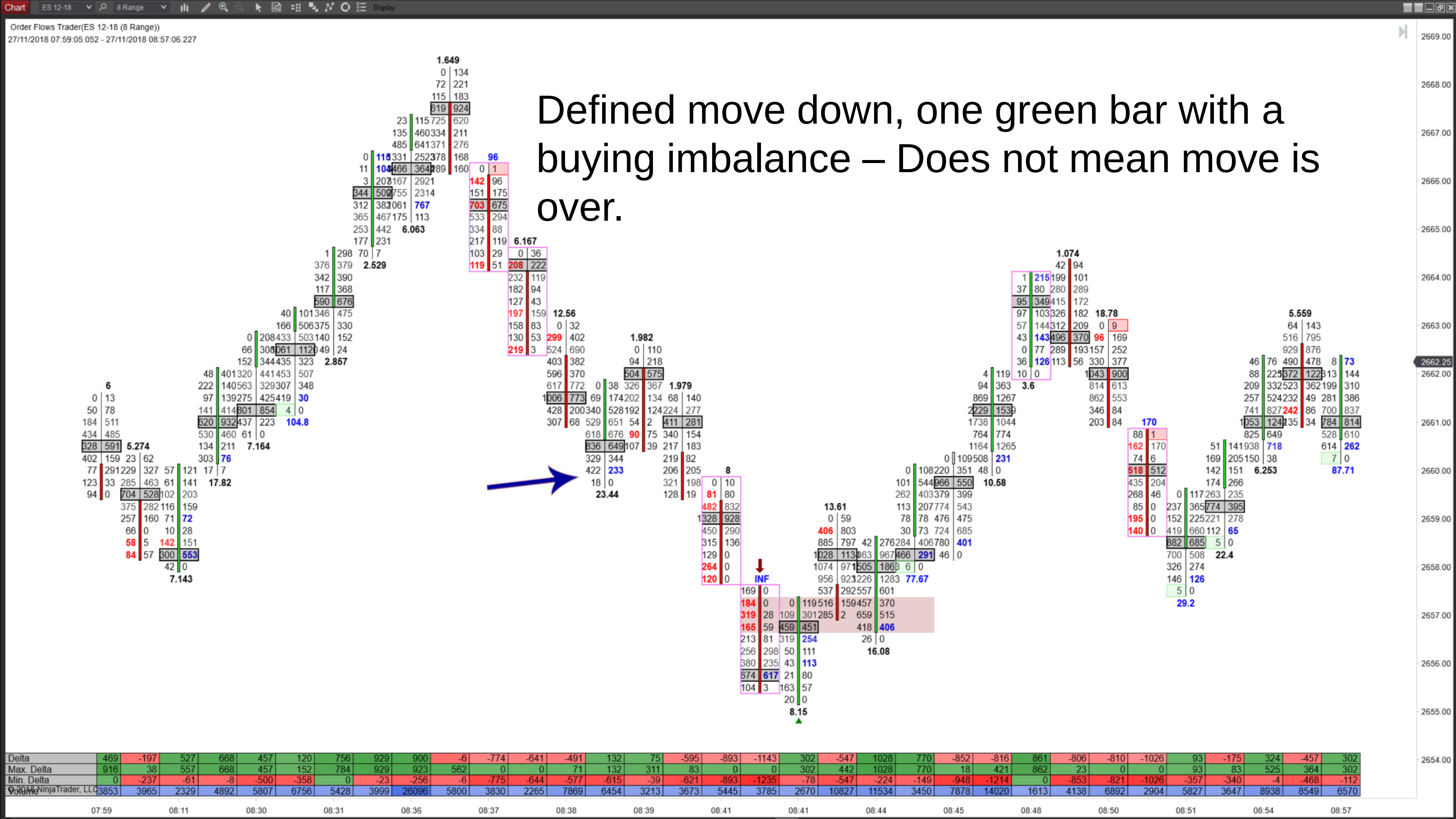
Module 2

A single imbalance that doesn't match the direction of a defined move doesn't mean the trend is over i.e. a buying imbalance in a move down



Defined move down, one green bar with a buying imbalance – Does not mean move is over.

A stacked imbalance occurs when there are 3 or more imbalances in the same direction neatly stacked on top of each other.

Most order flow software will highlight this area for you.

It is a very visual area.

Can act as near term support or resistance over the short term.

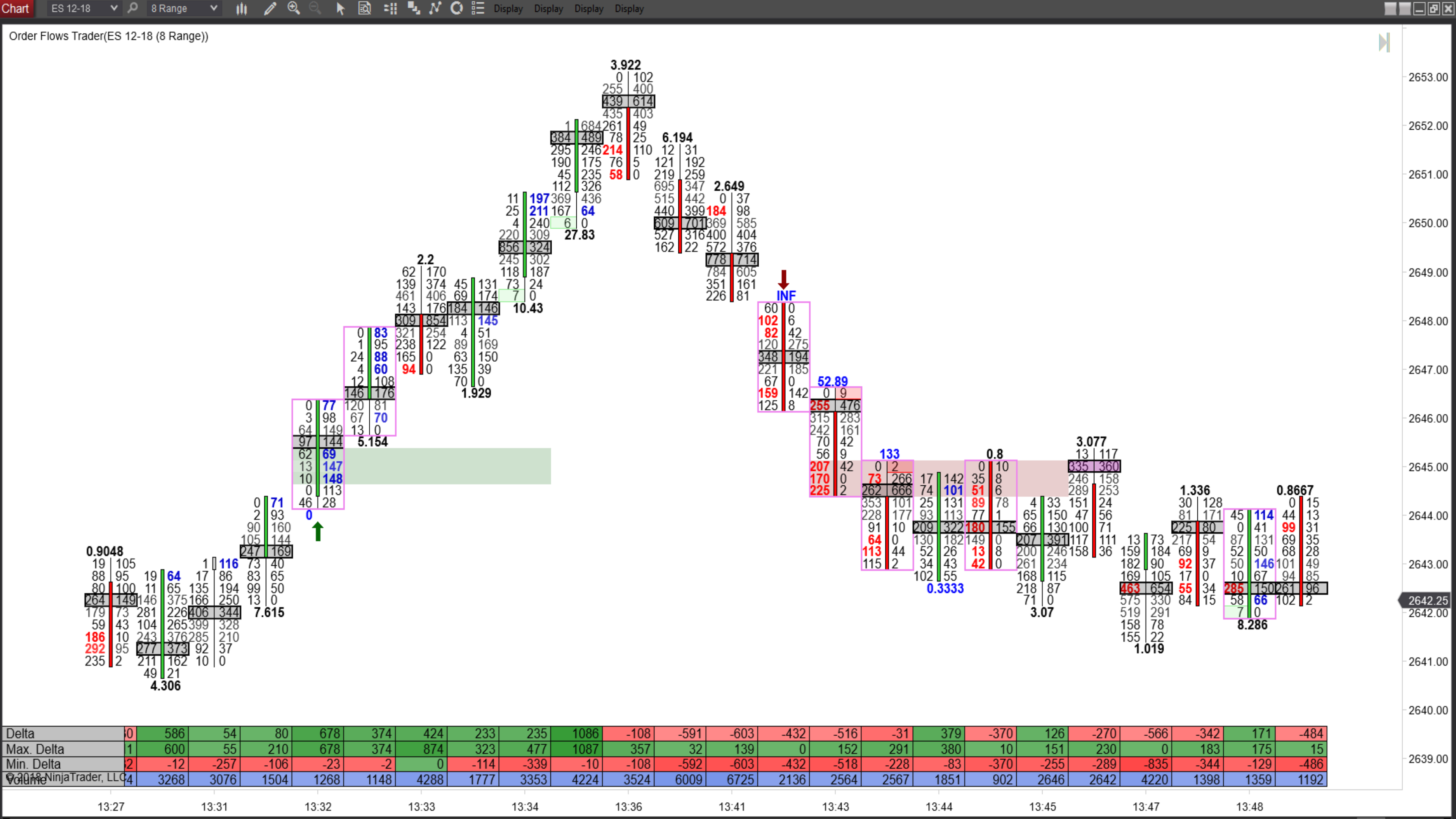
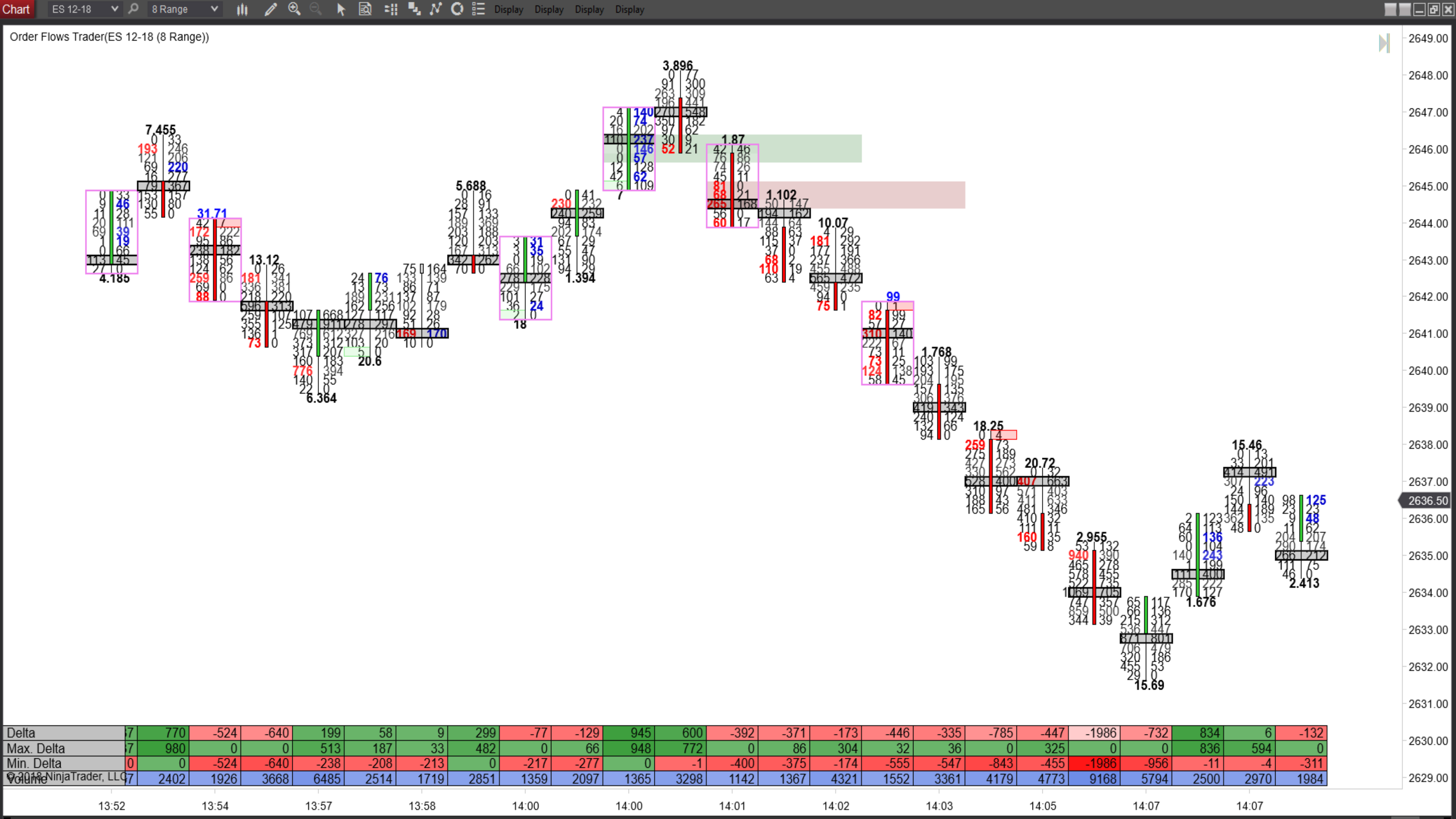


Chart
ES 12-18
8 Range
Display Display Display Display
Order Flows Trader(ES 12-18 (8 Range))
Delta 586 54 80 678 374 424 233 235 1086 -108 -591 -603 -432 -516 -31 379 -370 126 -270 -566 -342 171 -484
Max. Delta 600 55 210 678 374 874 323 477 1087 357 32 139 0 152 291 380 10 151 230 0 183 175 15
Min. Delta -12 -257 -106 -23 -2 0 -114 -339 -10 -108 -592 -603 -432 -518 -228 -83 -370 -255 -289 -835 -344 -129 -486
Volume 3268 3076 1504 1268 1148 4288 1777 3353 4224 3524 6009 6725 2136 2564 2567 1851 902 2646 2642 4220 1398 1359 1192
©2018 NinjaTrader, LLC
13:27 13:31 13:32 13:33 13:34 13:36 13:41 13:43 13:44 13:45 13:47 13:48
2653.00 2652.00 2651.00 2650.00 2649.00 2648.00 2647.00 2646.00 2645.00 2644.00 2643.00 2642.25 2642.00 2641.00 2640.00 2639.00


Order Flows Trader(ES 12-18 (8 Range))
Delta 770 -524 -640 199 58 9 299 -77 -129 945 600 -392 -371 -173 -446 -335 -785 -447 -1986 -732 834 6 -132
Max. Delta 980 0 0 513 187 33 482 0 66 948 772 0 86 304 32 36 0 325 0 0 836 594 0
Min. Delta 0 -524 -640 -238 -208 -213 0 -217 -277 0 -1 -400 -375 -174 -555 -547 -843 -455 -1986 -956 -11 -4 -311
Volume 2402 1926 3668 6485 2514 1719 2851 1359 2097 1365 3298 1142 1367 4321 1552 3361 4179 4773 9168 5794 2500 2970 1984
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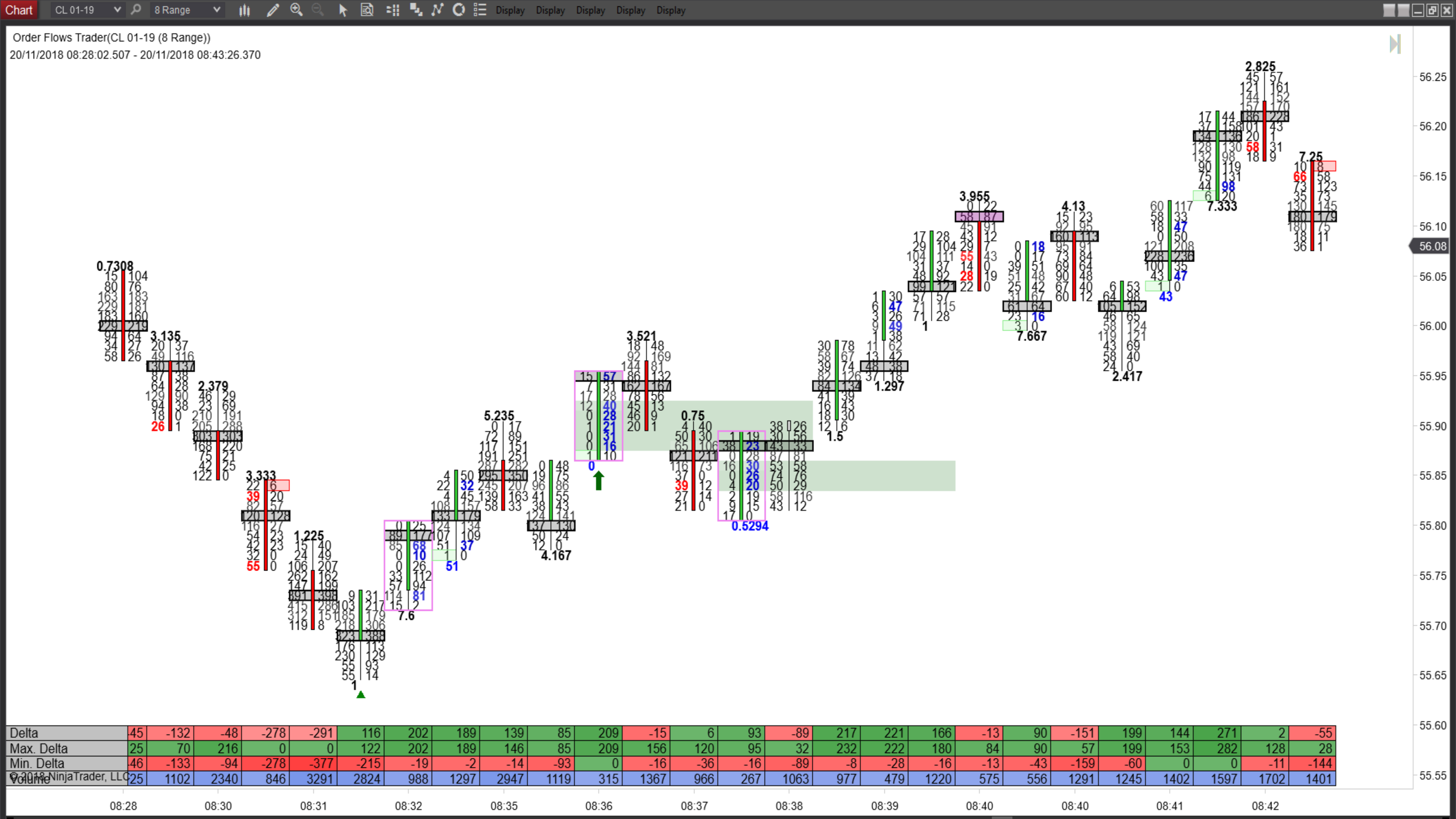


Delta	45	-132	-48	-278	-291	116	202	189	139	85	209	-15	6	93	-89	217	221	166	-13	90	-151	199	144	271	2	-55
Max. Delta	25	70	216	0	0	122	202	189	146	85	209	156	120	95	32	232	222	180	84	90	57	199	153	282	128	28
Min. Delta	46	-133	-94	-278	-377	-215	-19	-2	-14	-93	0	-16	-36	-16	-89	-8	-28	-16	-13	-43	-159	-60	0	0	-11	-144
Volume	25	1102	2340	846	3291	2824	988	1297	2947	1119	315	1367	966	267	1063	977	479	1220	575	556	1291	1245	1402	1597	1702	1401

I expect a stacked imbalance to hold at least over the next 5 bars.

If price is hanging around the imbalance level over the next bars that is a sign of a weak imbalance. It may work, it may not work.

The best imbalances are the ones where the market immediately moves away from that level.

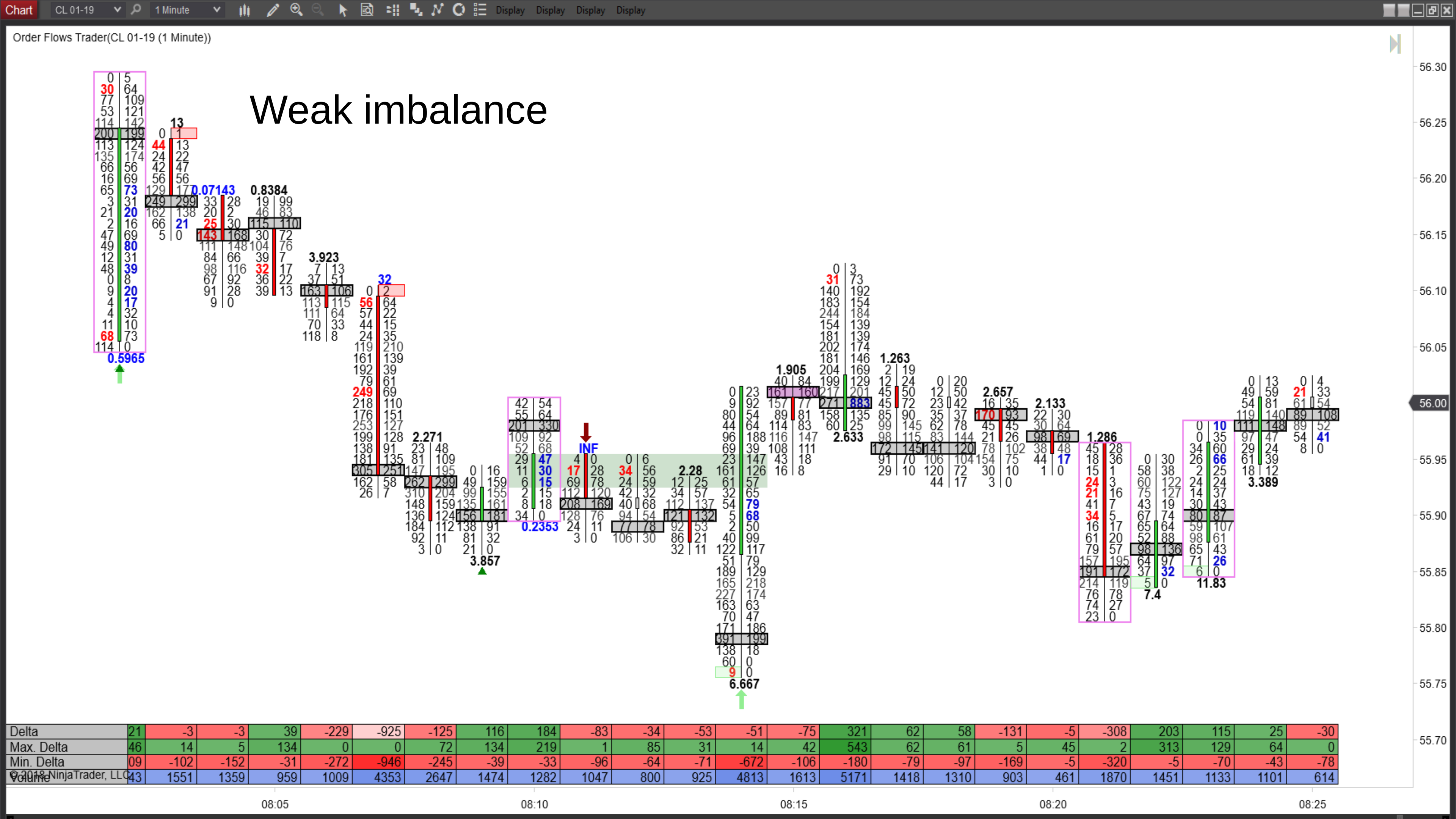
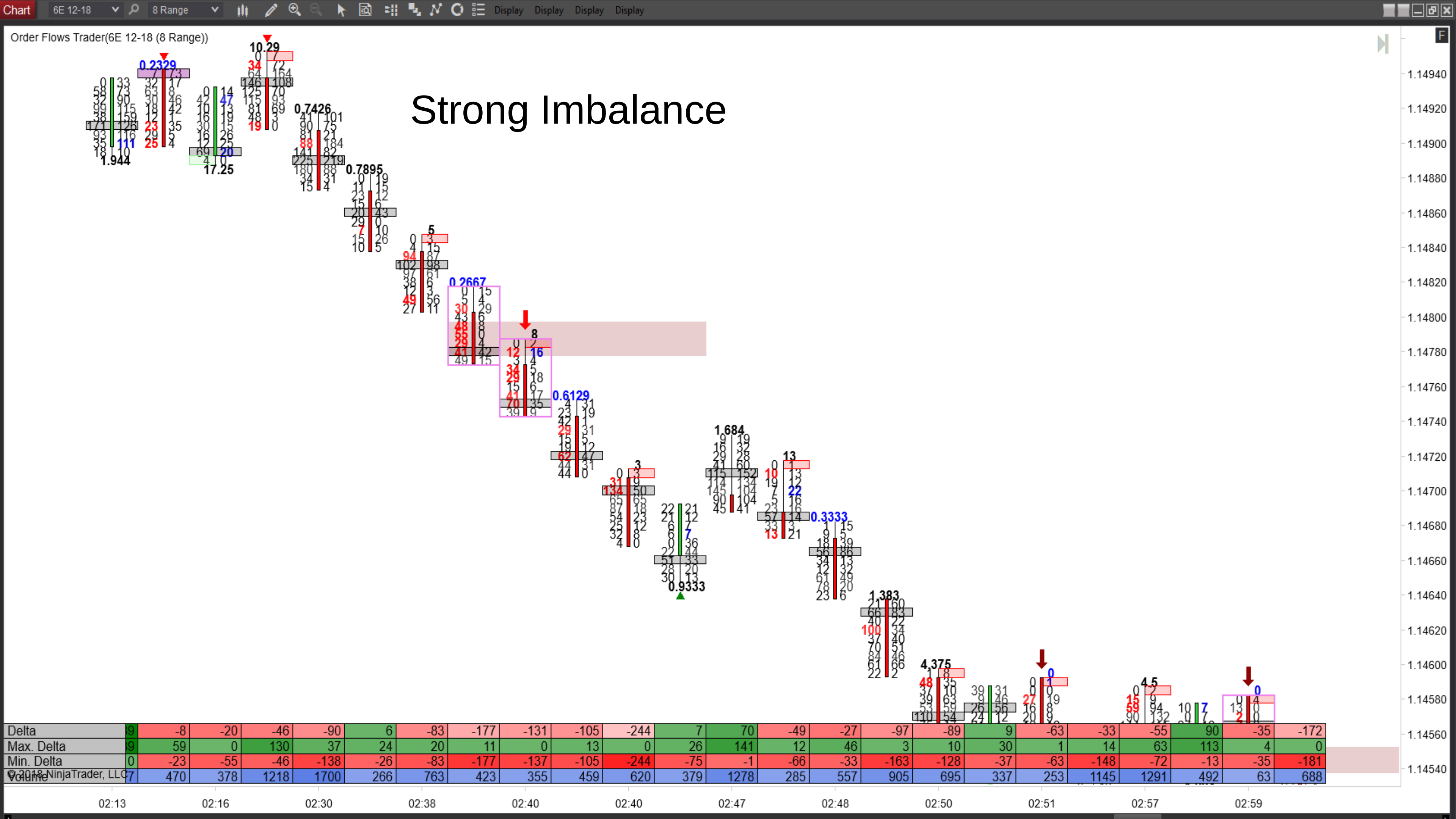


Chart
CL 01-19
1 Minute
Display
Order Flows Trader(CL 01-19 (1 Minute))
Weak imbalance
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
08:05
08:10
08:15
08:20
08:25
56.30
56.25
56.20
56.15
56.10
56.05
56.00
55.95
55.90
55.85
55.80
55.75
55.70


Order Flows Trader(6E 12-18 (8 Range))
Strong Imbalance
Delta
Max. Delta
Min. Delta
Volume
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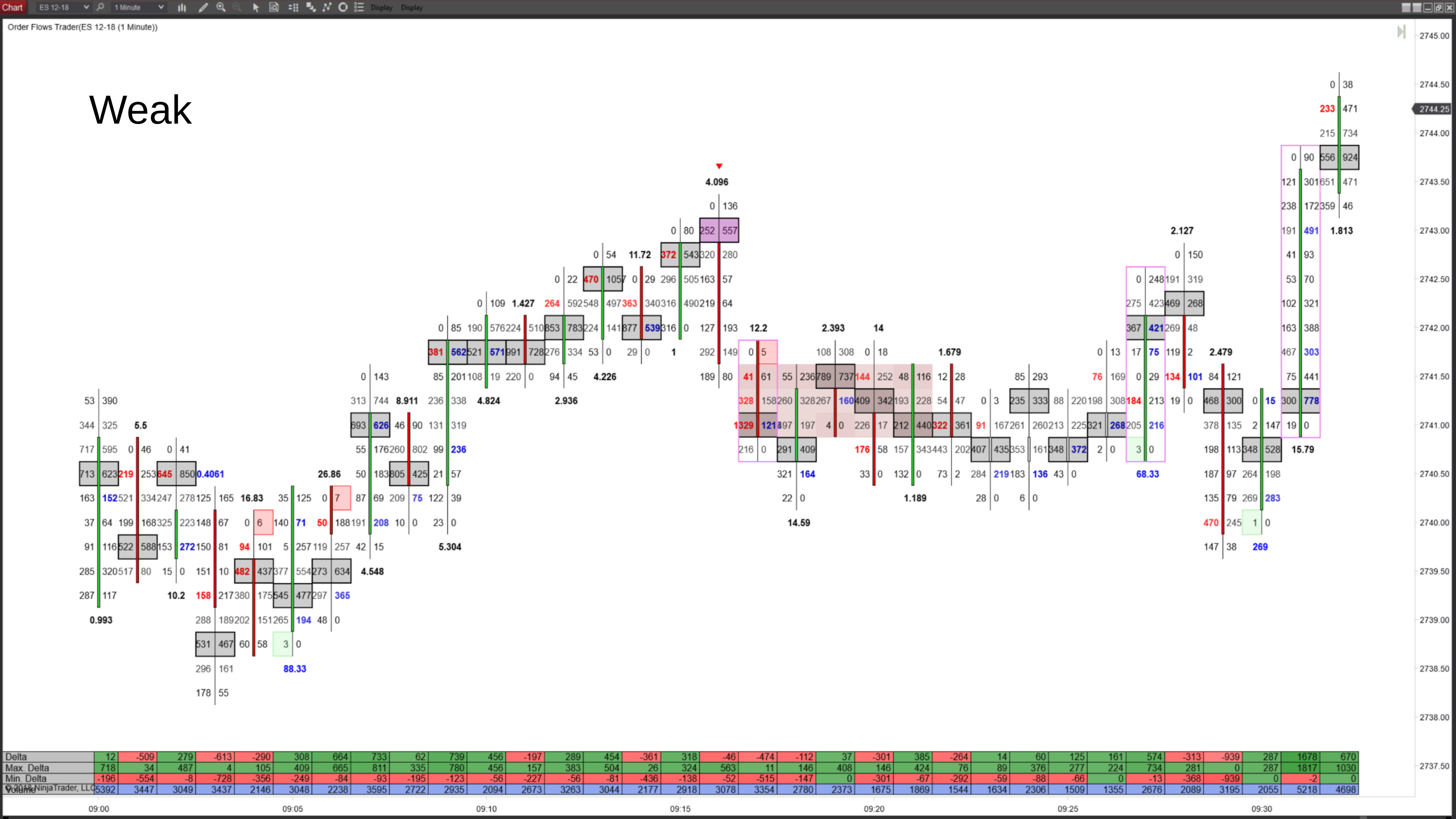
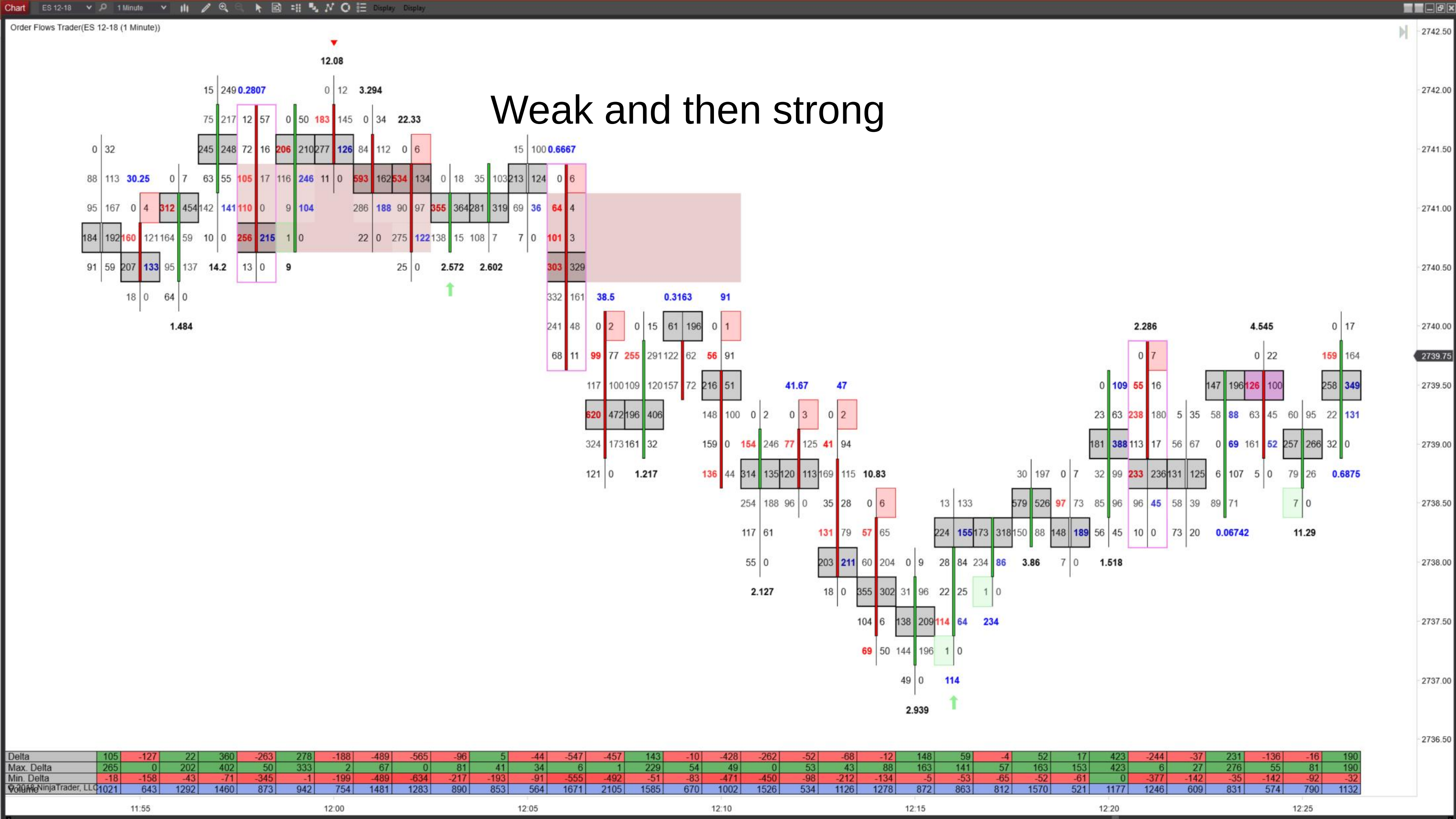
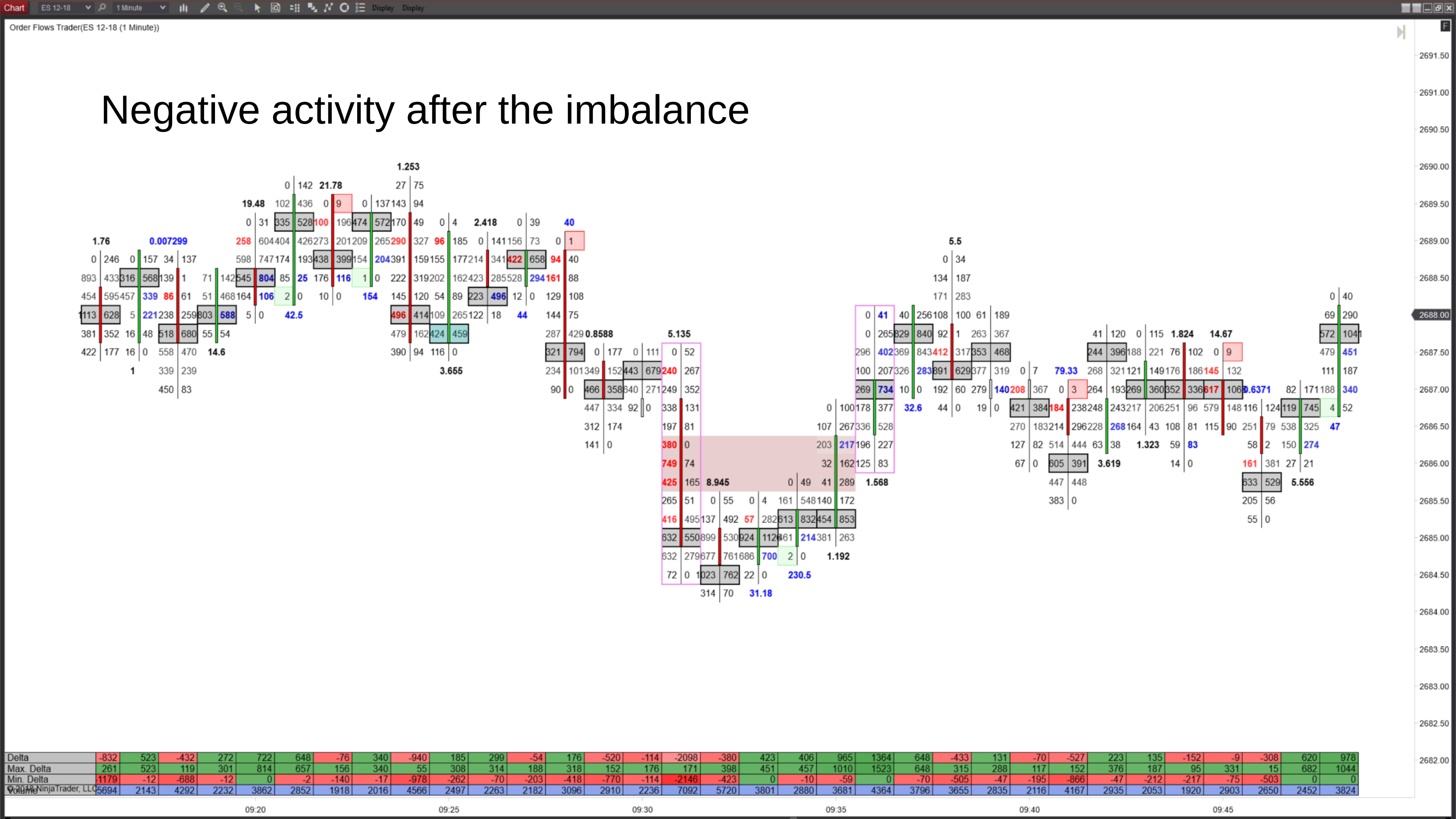

Order Flows Trader(ES 12-18 (1 Minute))
Weak
Delta 12 -509 279 -613 -290 308 664 733 62 739 456 -197 289 454 -361 318 -46 -474 -112 37 -301 385 -264 14 60 125 161 574 -313 -939 287 1678 670
Max. Delta 718 34 487 4 105 409 665 811 335 780 456 157 383 504 26 324 563 11 146 408 146 424 76 89 376 277 224 734 281 0 287 1817 1030
Min. Delta -196 -554 -8 -728 -356 -249 -84 -93 -195 -123 -56 -227 -56 -81 -436 -138 -52 -515 -147 0 -301 -67 -292 -59 -88 -66 0 -13 -368 -939 0 -2 0
Volume 5392 3447 3049 3437 2146 3048 2238 3595 2722 2935 2094 2673 3263 3044 2177 2918 3078 3354 2780 2373 1675 1869 1544 1634 2306 1509 1355 2676 2089 3195 2055 5218 4698
© 2018 NinjaTrader, LLC
09:00 09:05 09:10 09:15 09:20 09:25 09:30

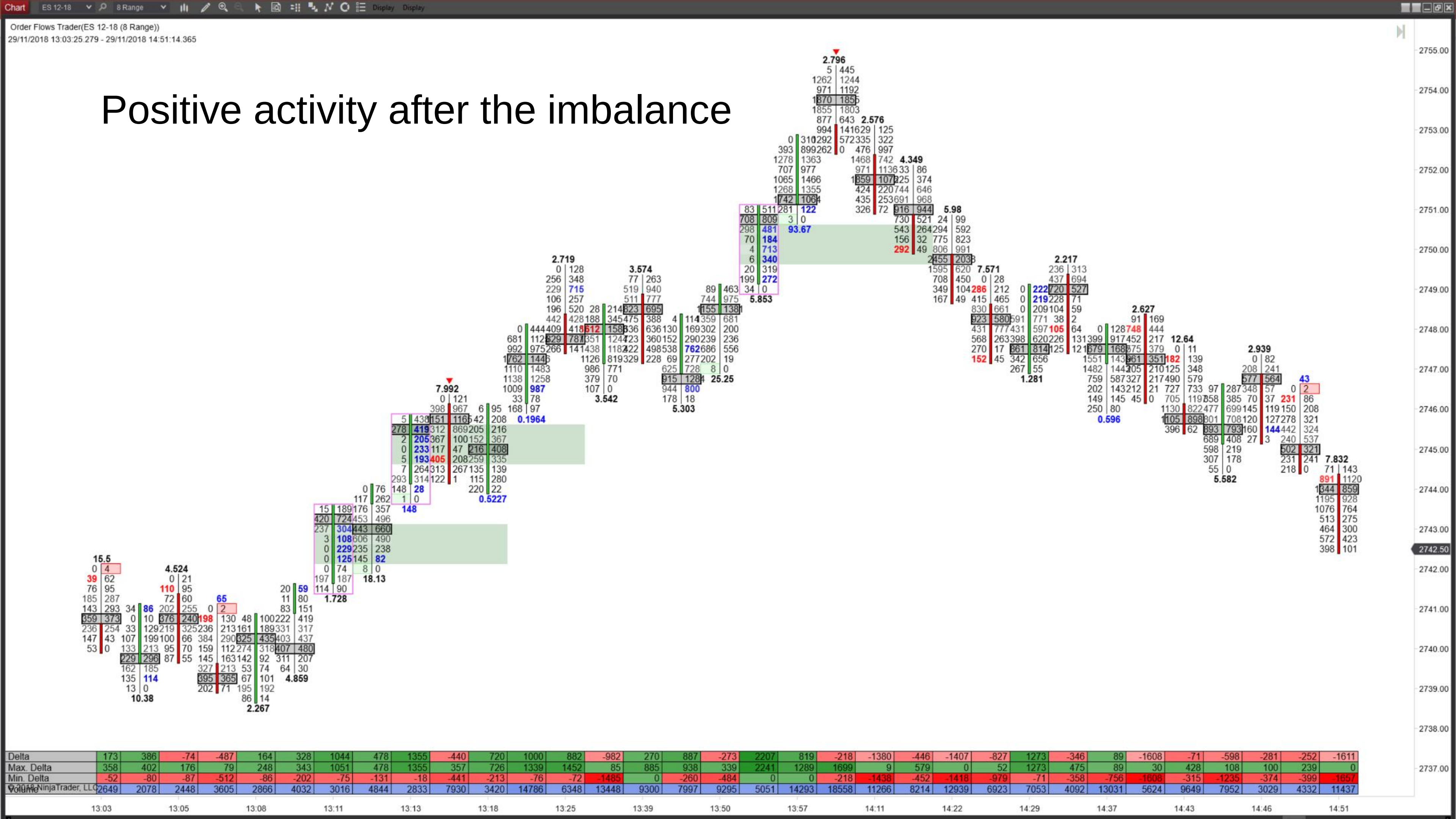
Weak and then strong



Negative activity after the imbalance



Positive activity after the imbalance

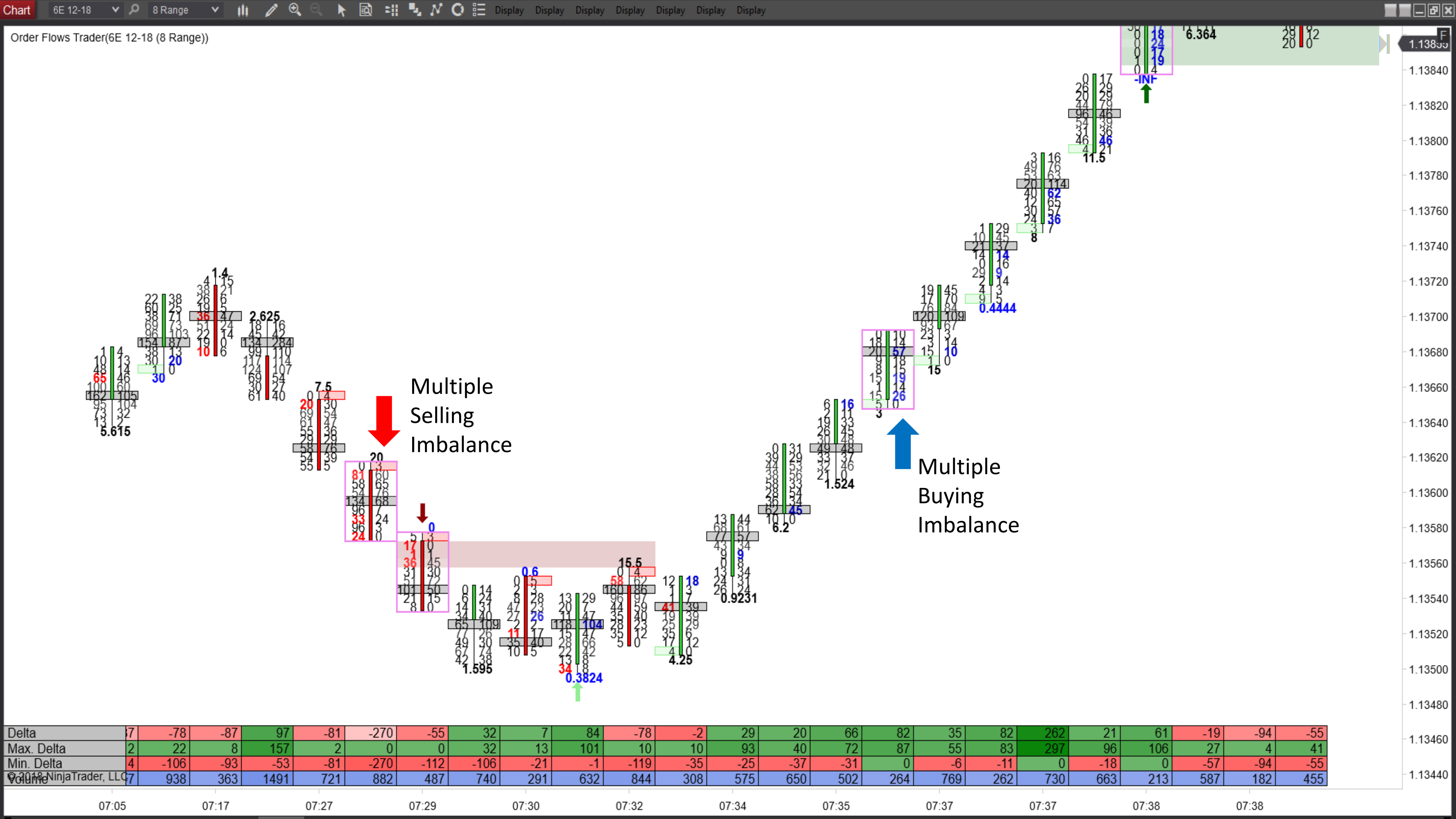


Module 2

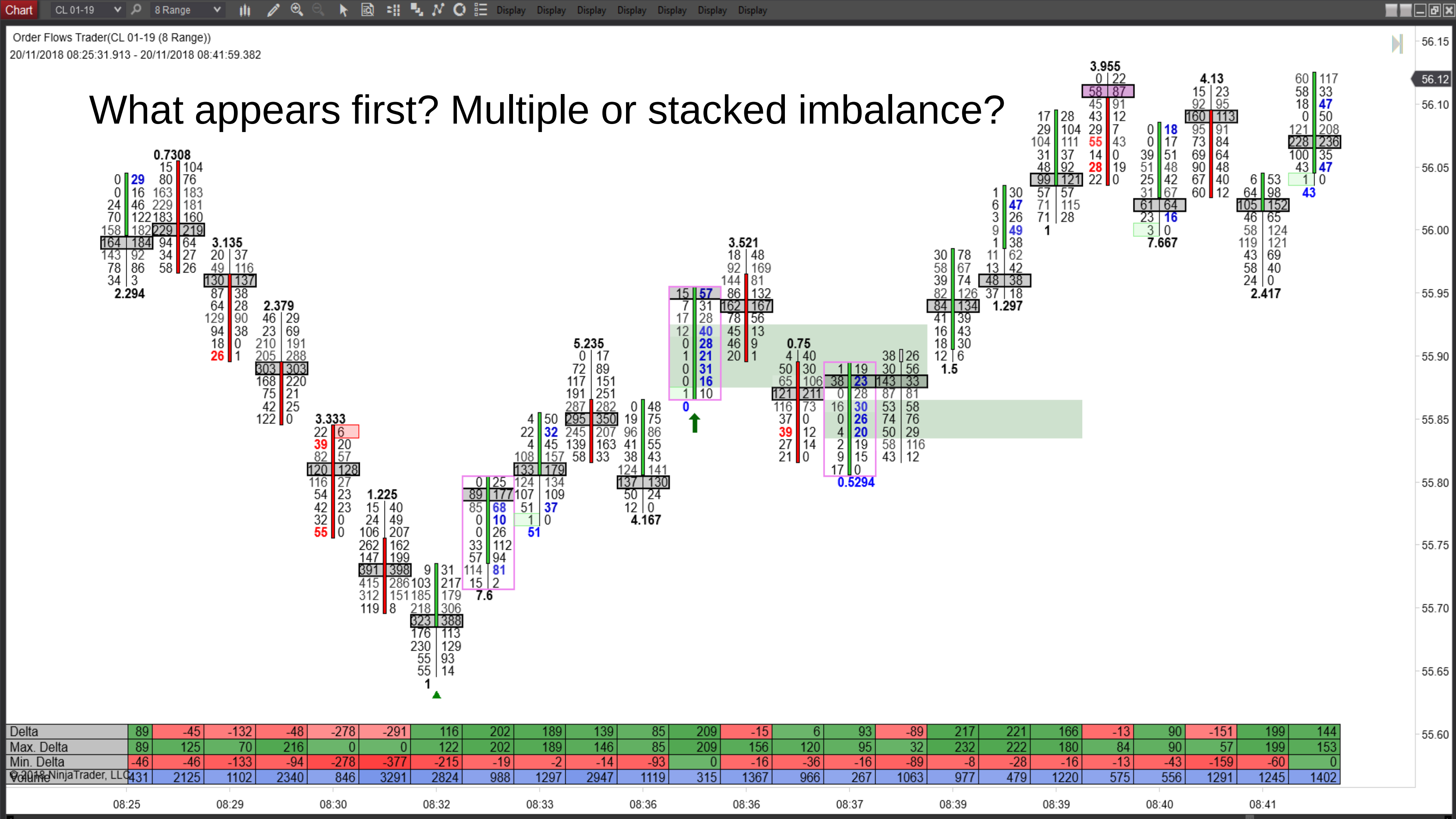
Multiple imbalances occur when there are 3 or more imbalances in a bar in the same direction that are not stacked neatly on top of each other that triggers a stacked imbalance.

They are often spread out in the bar, there could be 2 stacked on each other and another one at the end of the bar.

Where they appear doesn’t matter, what matters is if they appear in the bar.

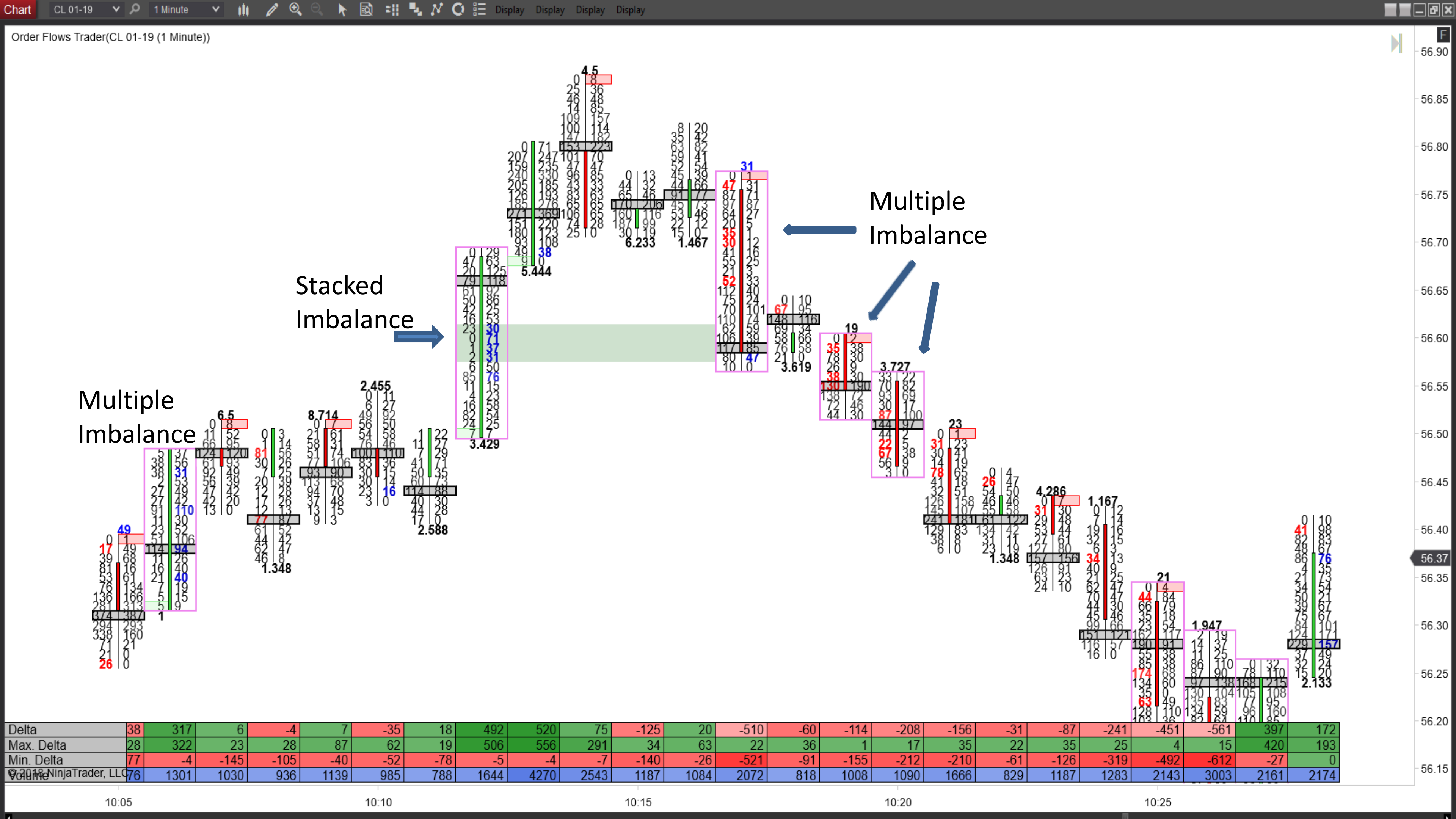

Order Flows Trader(6E 12-18 (8 Range))
Multiple Selling Imbalance
Multiple Buying Imbalance
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
07:05
07:17
07:27
07:29
07:30
07:32
07:34
07:35
07:37
07:37
07:38
07:38

What appears first? Multiple or stacked imbalance?



Delta	89	-45	-132	-48	-278	-291	116	202	189	139	85	209	-15	6	93	-89	217	221	166	-13	90	-151	199	144
Max. Delta	89	125	70	216	0	0	122	202	189	146	85	209	156	120	95	32	232	222	180	84	90	57	199	153
Min. Delta	-46	-46	-133	-94	-278	-377	-215	-19	-2	-14	-93	0	-16	-36	-16	-89	-8	-28	-16	-13	-43	-159	-60	0
Volume	431	2125	1102	2340	846	3291	2824	988	1297	2947	1119	315	1367	966	267	1063	977	479	1220	575	556	1291	1245	1402

Please note that a stacked imbalance will trigger a multiple imbalance since there are 3 or more imbalances in the bar by definition of a multiple imbalance. But the real power of multiple imbalances is to see when the stacked imbalance is not stacked neatly.


Order Flows Trader(CL 01-19 (1 Minute))
Multiple Imbalance
Stacked Imbalance
Multiple Imbalance
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
10:05
10:10
10:15
10:20
10:25

Module 2

Traders tend to focus mainly on stacked imbalances since they are the easy to see. Traders don’t actively look for multiple imbalances in the bar which is good for us.

Multiple imbalances often appear before a stacked imbalance appears and many times appear in areas where there are no stacked imbalances.

This is your edge!

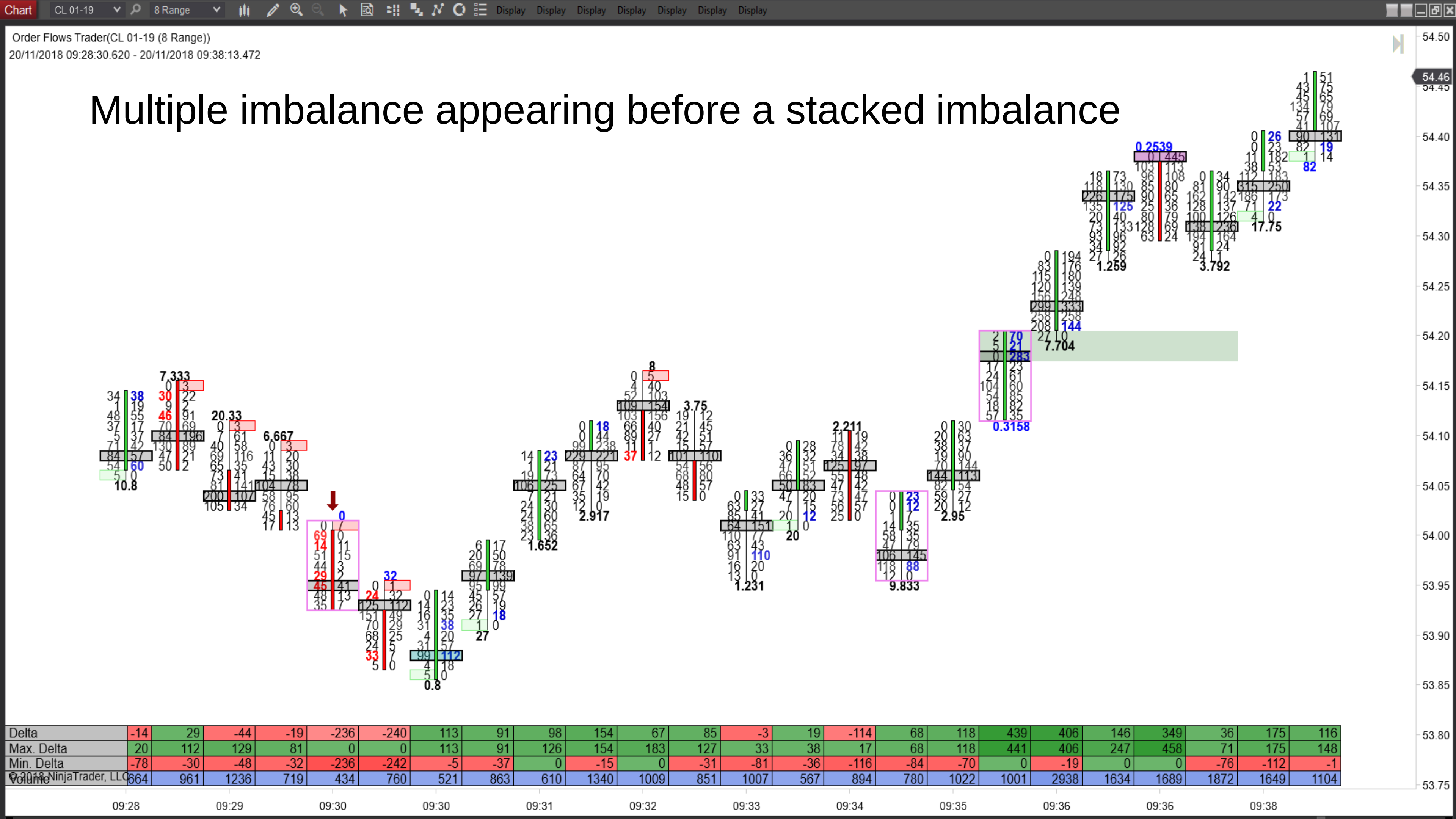
Multiple imbalances is a feature of the Orderflows Trader software. To my knowledge it is not yet available on other software. Maybe in the future it will be.

On the Orderflows Trader software it draws a magenta box around the entire bar.

But all you need to do is identify 3 or more imbalances in the same direction in a bar. You don't need to figure out the imbalances. You software should do that for you.

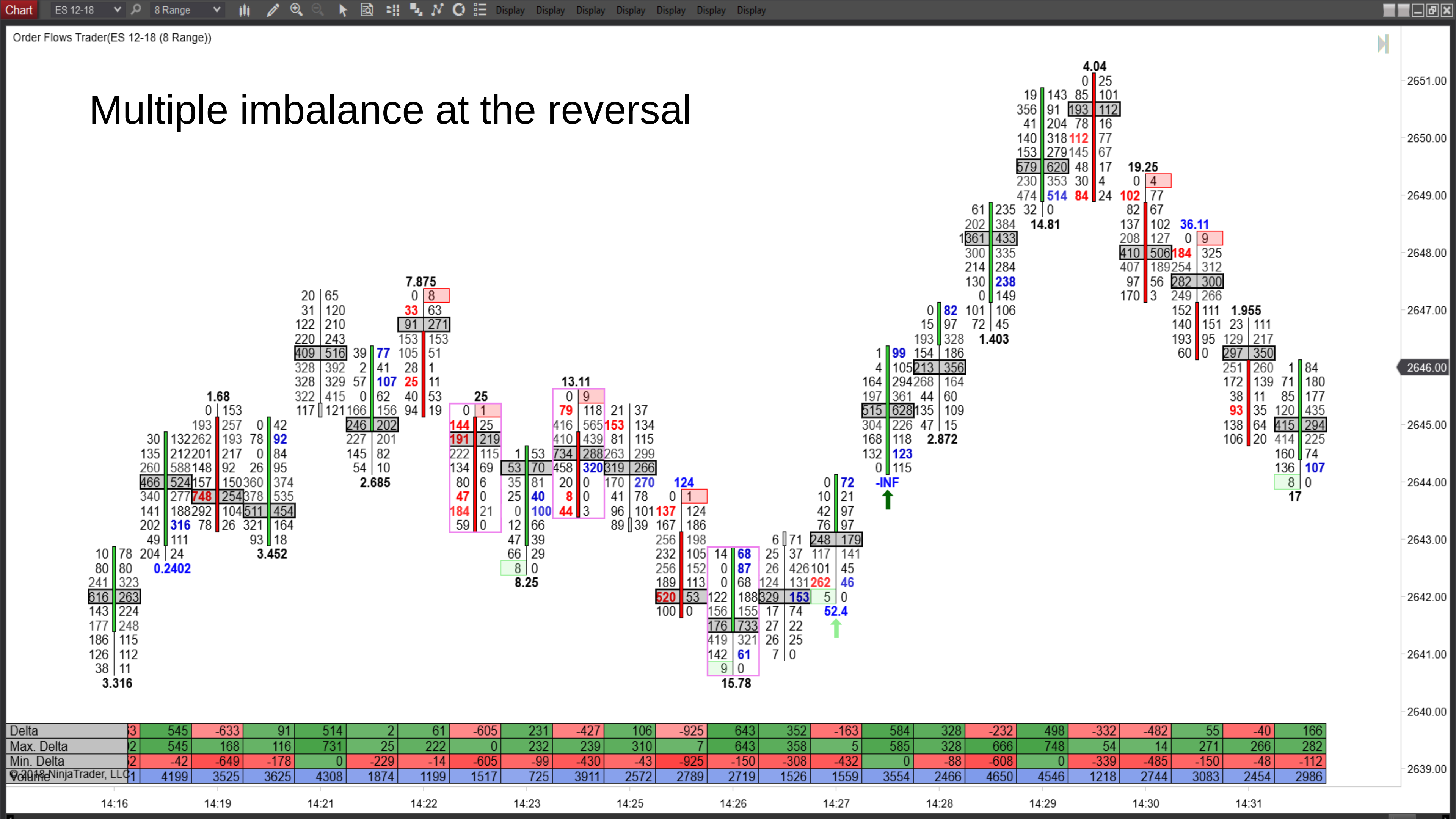
I will talk more about multiple imbalances in module 4 – Imbalance Trade Setups.

Multiple imbalance appearing before a stacked imbalance



Delta	-14	29	-44	-19	-236	-240	113	91	98	154	67	85	-3	19	-114	68	118	439	406	146	349	36	175	116
Max. Delta	20	112	129	81	0	0	113	91	126	154	183	127	33	38	17	68	118	441	406	247	458	71	175	148
Min. Delta	-78	-30	-48	-32	-236	-242	-5	-37	0	-15	0	-31	-81	-36	-116	-84	-70	0	-19	0	0	-76	-112	-1
Volume	664	961	1236	719	434	760	521	863	610	1340	1009	851	1007	567	894	780	1022	1001	2938	1634	1689	1872	1649	1104

Multiple imbalance at the reversal



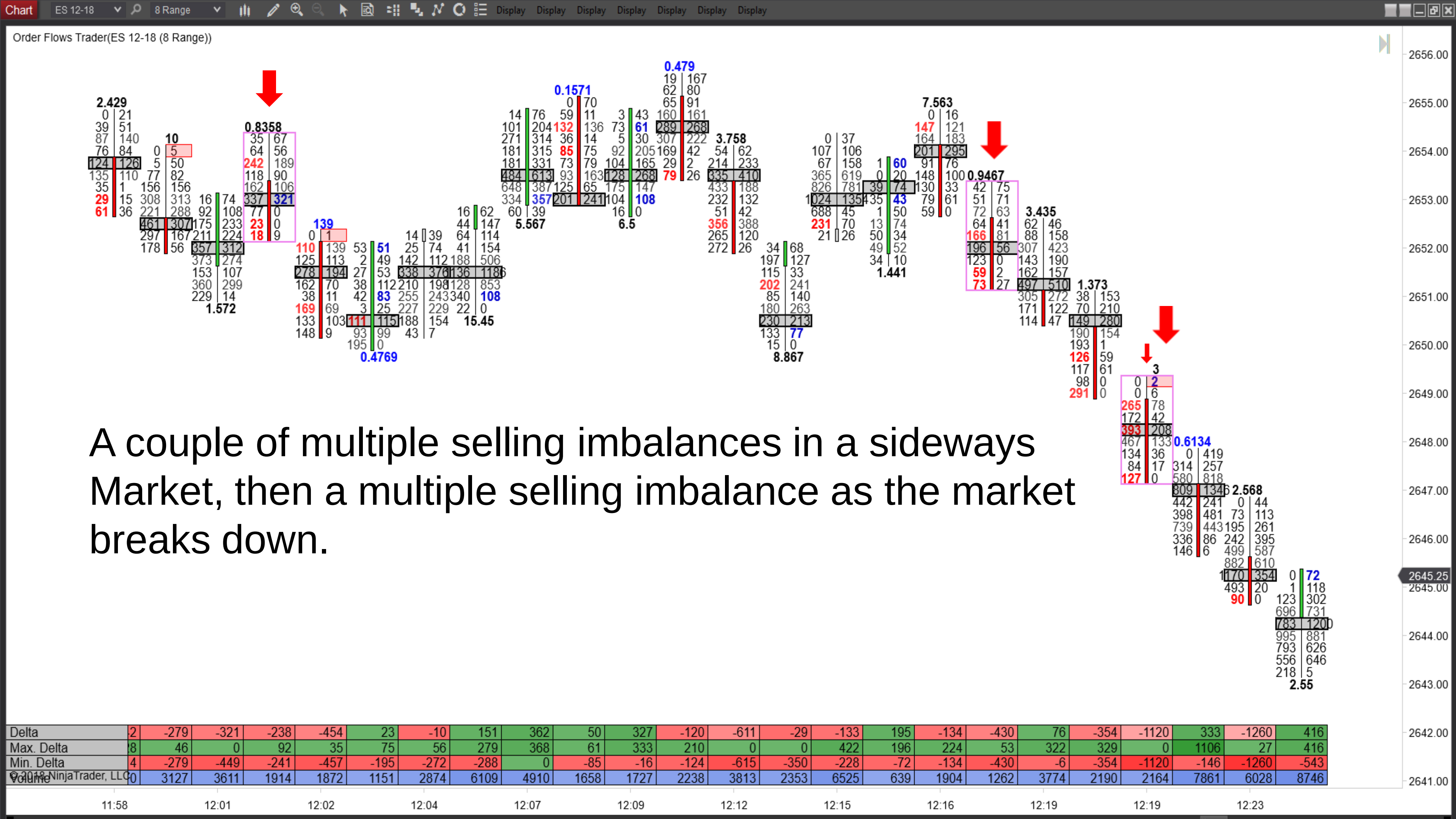


Chart
ES 12-18
8 Range
Order Flows Trader(ES 12-18 (8 Range))
A couple of multiple selling imbalances in a sideways Market, then a multiple selling imbalance as the market breaks down.
Delta
Max. Delta
Min. Delta
Volume
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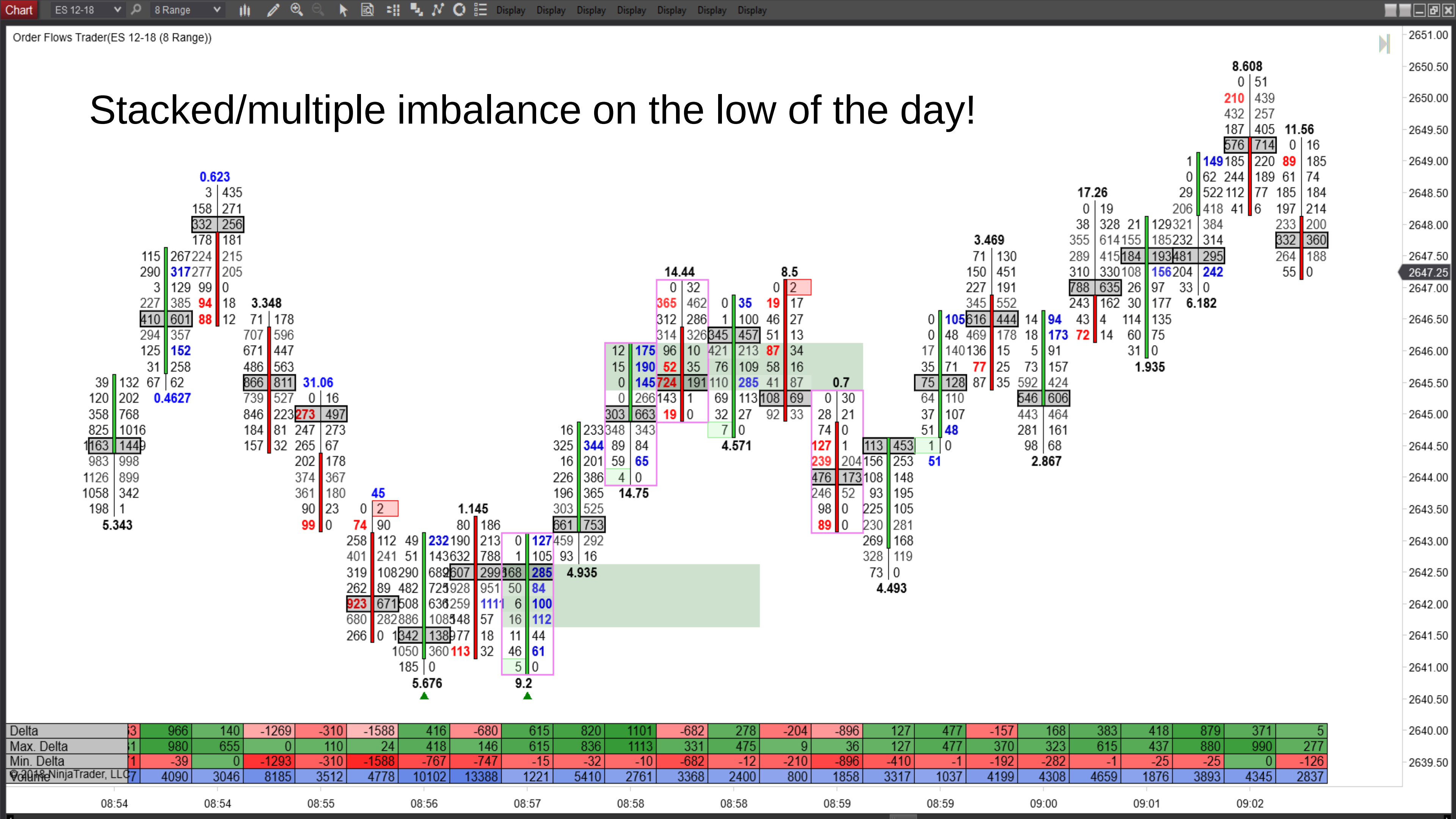
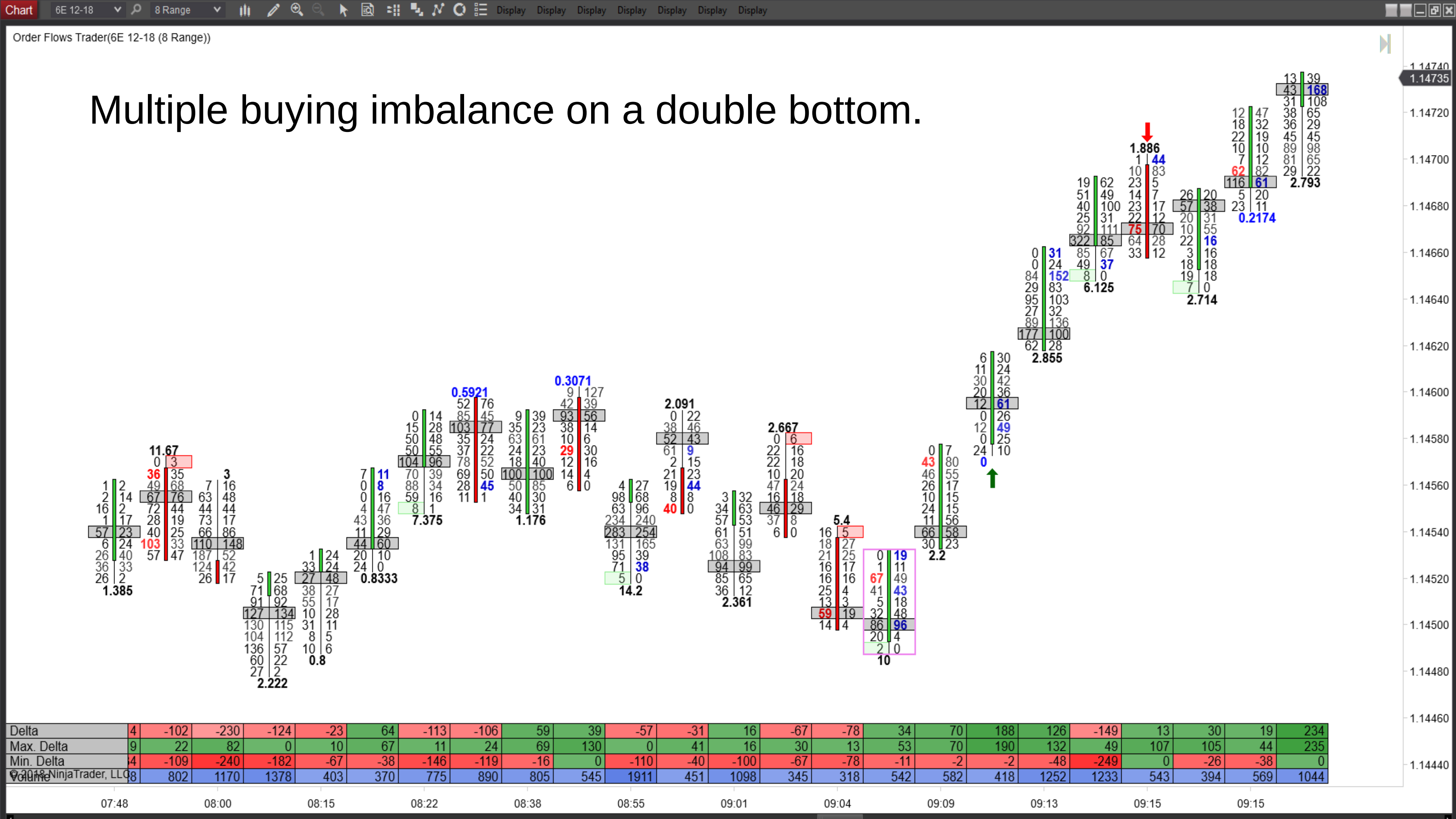

Order Flows Trader(ES 12-18 (8 Range))
Stacked/multiple imbalance on the low of the day!
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC

Multiple buying imbalance on a double bottom.



Take it all in. Don’t get stuck on most recent
Activity. If you get hypnotized by the stacked buying
Imbalance followed by the bullish ratio, you will
Miss the sign of the market turning with the bearish ratio
And multiple imbalance.

Delta	1	-126	-227	937	548	530	-166	-452	-35	779	-101	-483	-897	-501	-1339	-776	-246	930	-797	101	-893	1003	-474	-345
Max. Delta	2	390	75	937	548	555	376	190	194	779	490	143	21	257	0	118	450	930	80	654	226	1025	21	3
Min. Delta	6	-461	-663	-26	-91	-35	-166	-493	-343	-153	-717	-493	-901	-520	-1340	-797	-246	-496	-809	-683	-1143	-340	-1240	-345
Volume	5	10788	9283	6477	4072	3822	4246	3108	4679	2649	14475	1675	3259	4337	4063	4098	5132	9168	4775	15481	10623	4771	16160	591

Module 2

Imbalances help you understand what is happening in the market, in a bar so you can determine the best course of action.

It gives you an insight into the market that few other traders are aware of.

This is the end of module 2.

In module 3 we will discuss how to Improve Your Trading With Imbalances.