The Imbalance Course

Module 3: Improve your trading with imbalances.

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There is a lot of trading advice I can give you that would seem overwhelming.

You will think “I can’t remember all that!” or “It’s too much to think about.”

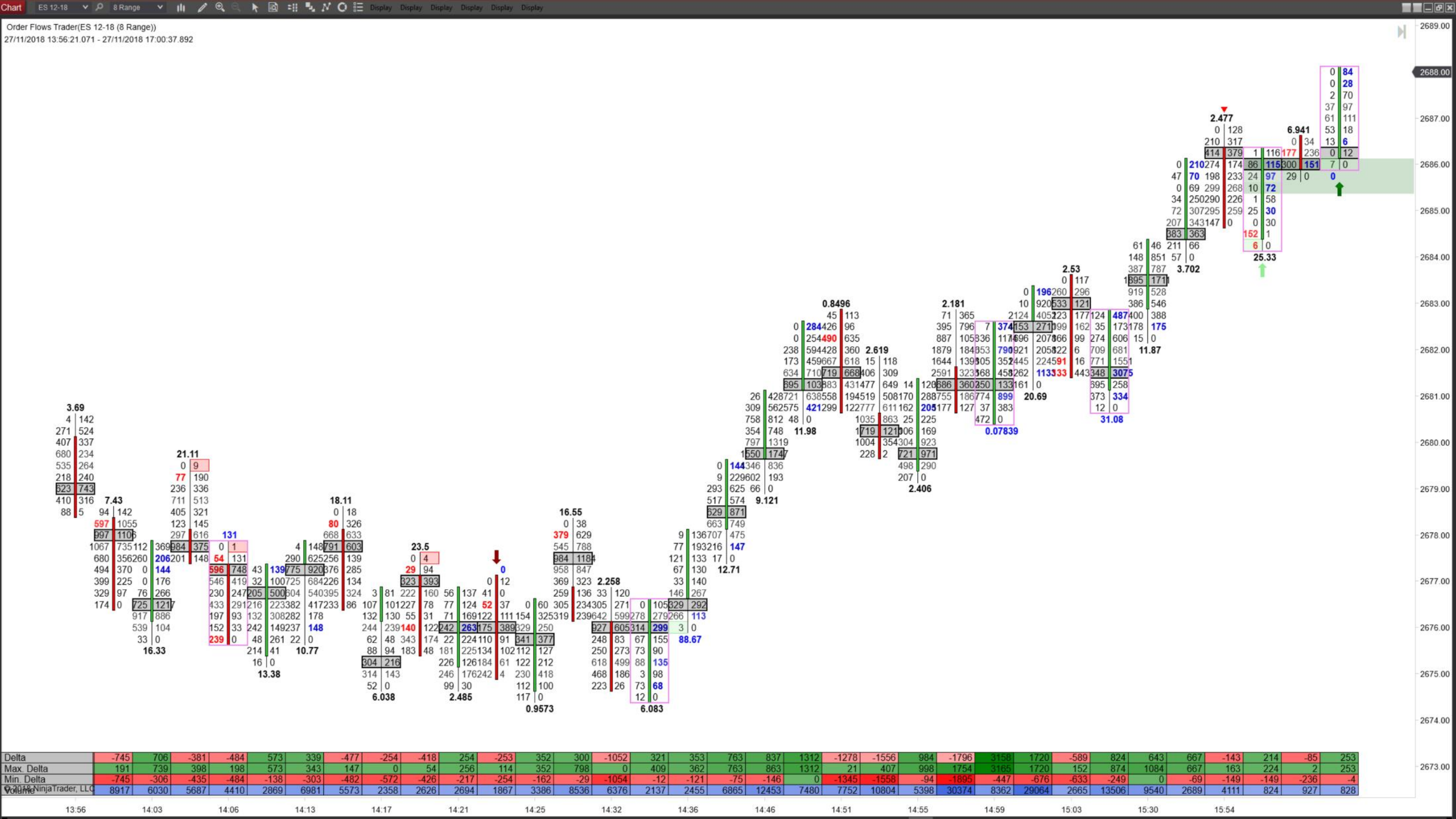
Throw that mentality out the window. Once you internalize what is going on in the market, thinking in sync with the market becomes automatic.

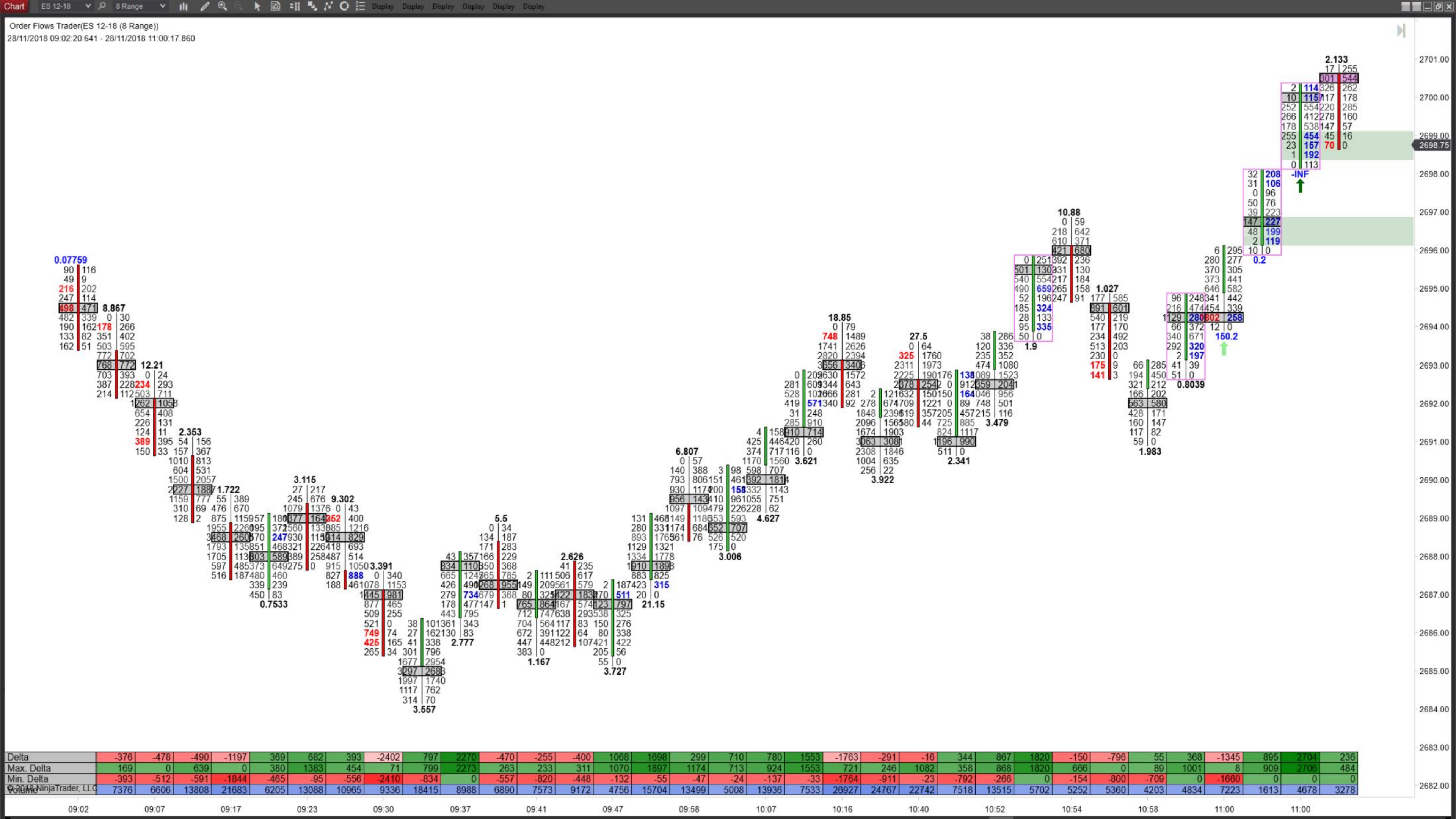
Module 3

Look for buying imbalances at lows.
Look for selling imbalances at highs.

Remember – an imbalance is caused by aggressive traders overwhelming the passive traders and opposing aggressive traders.

If you are at a high and you notice aggressive selling coming in, that is a good sign that the bias can be changing.


Order Flows Trader(ES 12-18 (8 Range))
27/11/2018 13:56:21.071 - 27/11/2018 17:00:37.892
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
13:56
14:03
14:06
14:13
14:17
14:21
14:25
14:32
14:36
14:46
14:51
14:55
14:59
15:03
15:30
15:54



Order Flows Trader(ES 12-18 (8 Range))
28/11/2018 09:02:20.641 - 28/11/2018 11:00:17.860
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
09:02
09:07
09:17
09:23
09:30
09:37
09:41
09:47
09:58
10:07
10:16
10:40
10:52
10:54
10:58
11:00
11:00
2698.75

Another important place to look for imbalances, especially stacked imbalances is in pronounced moves. Directional moves already underway.

Often time market sweeps result in stack imbalances.

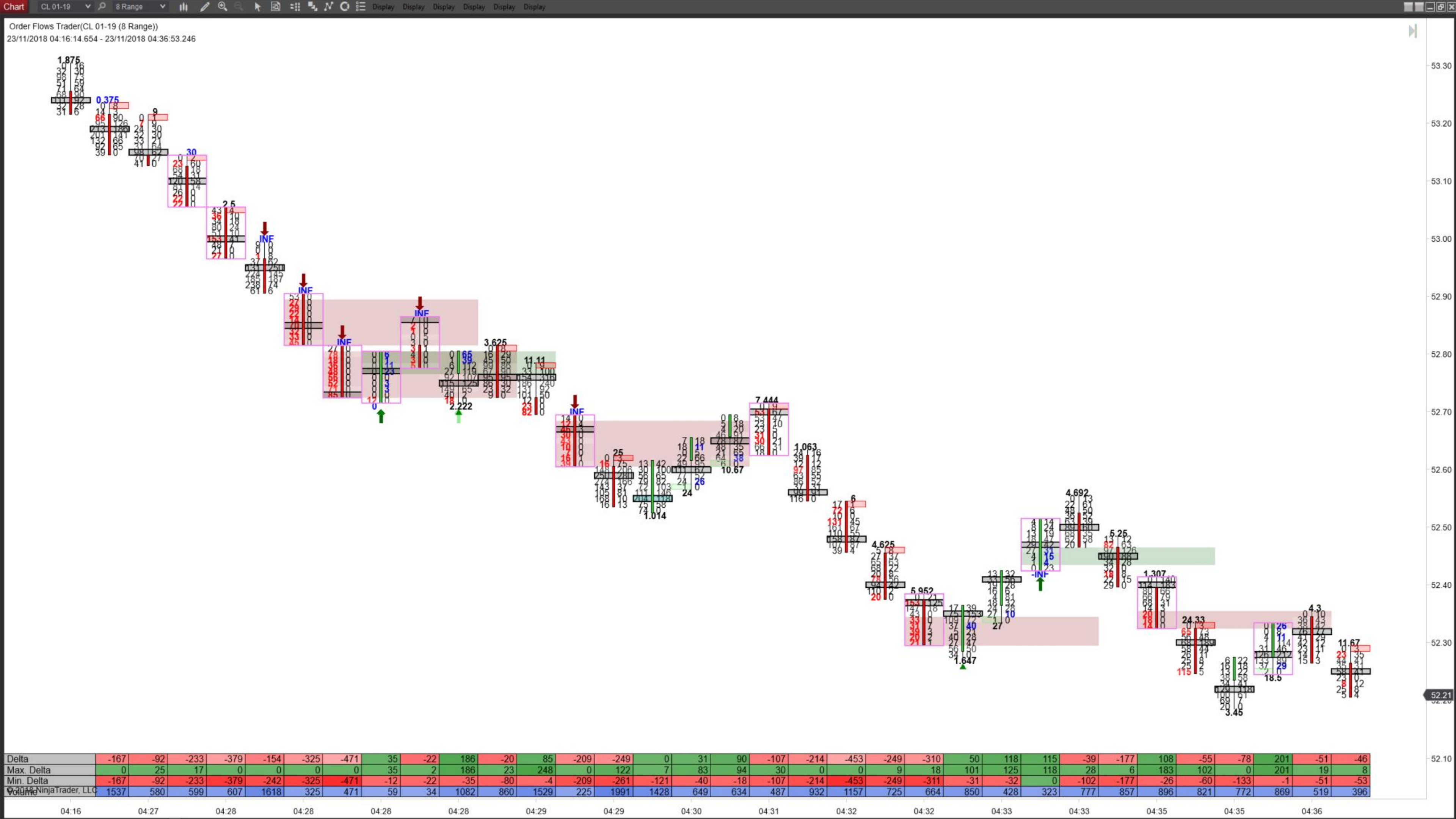
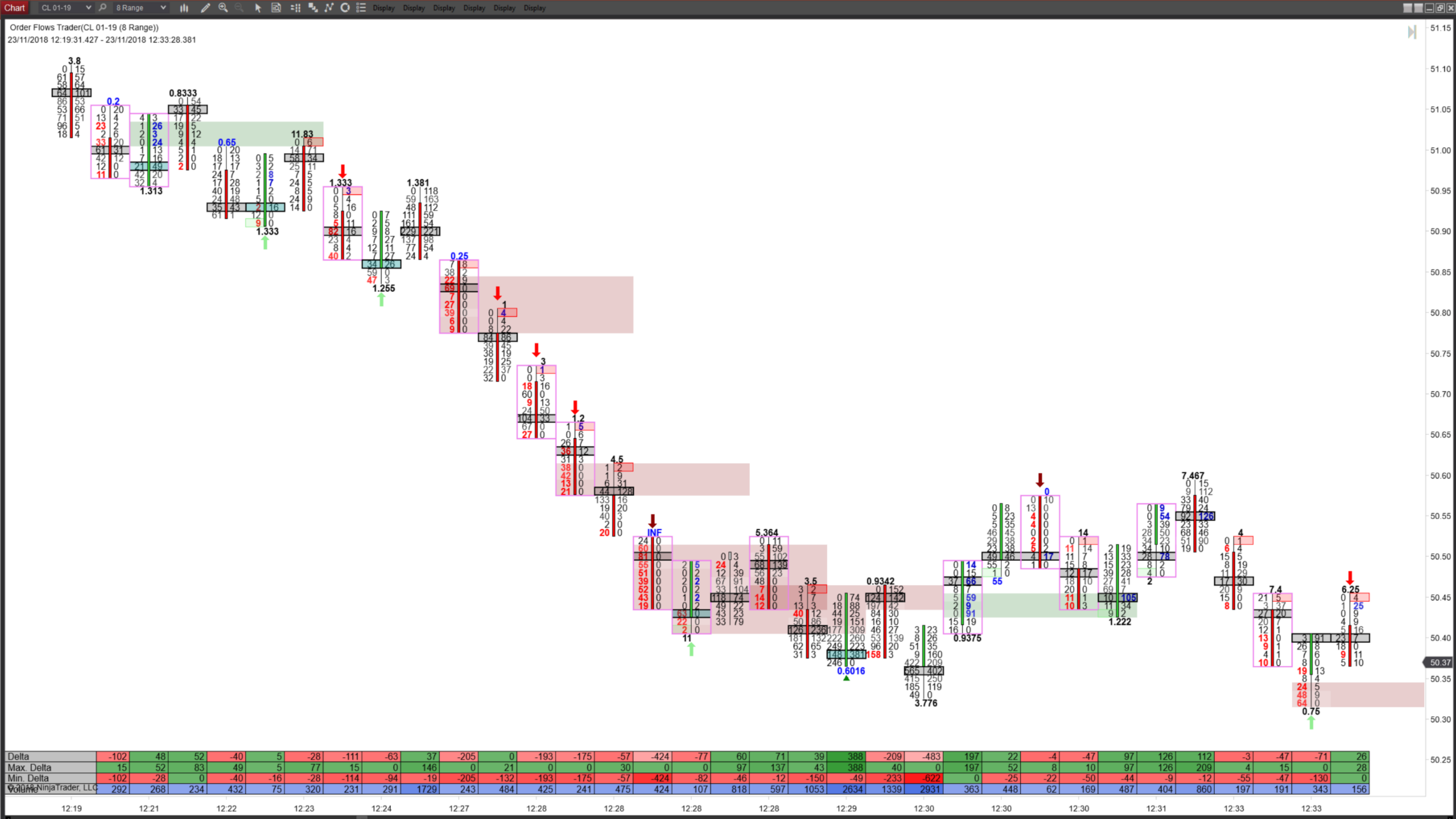


Chart
CL 01-19
8 Range
Order Flows Trader(CL 01-19 (8 Range))
23/11/2018 04:16:14.654 - 23/11/2018 04:36:53.246
Delta -167 -92 -233 -379 -154 -325 -471 35 -22 186 -20 85 -209 -249 0 31 90 -107 -214 -453 -249 -310 50 118 115 -39 -177 108 -55 -78 201 -51 -46
Max. Delta 0 25 17 0 0 0 0 35 2 186 23 248 0 122 7 83 94 30 0 0 9 18 101 125 118 28 6 183 102 0 201 19 8
Min. Delta -167 -92 -233 -379 -242 -325 -471 -12 -22 -35 -80 -4 -209 -261 -121 -40 -18 -107 -214 -453 -249 -311 -31 -32 0 -102 -177 -26 -60 -133 -1 -51 -53
Volume 1537 580 599 607 1618 325 471 59 34 1082 860 1529 225 1991 1428 649 634 487 932 1157 725 664 850 428 323 777 857 896 821 772 869 519 396
© 2018 NinjaTrader, LLC
04:16 04:27 04:28 04:28 04:28 04:28 04:29 04:29 04:30 04:31 04:32 04:32 04:33 04:33 04:35 04:35 04:36
53.30 53.20 53.10 53.00 52.90 52.80 52.70 52.60 52.50 52.40 52.30 52.21 52.10


Order Flows Trader(CL 01-19 (8 Range))
23/11/2018 12:19:31.427 - 23/11/2018 12:33:28.381
Delta -102 48 52 -40 5 -28 -111 -63 37 -205 0 -193 -175 -57 -424 -77 60 71 39 388 -209 -483 197 22 -4 -47 97 126 112 -3 -47 -71 26
Max. Delta 15 52 83 49 5 77 15 0 146 0 21 0 0 30 0 0 97 137 43 388 40 0 197 52 8 10 97 126 209 4 15 0 28
Min. Delta -102 -28 0 -40 -16 -28 -114 -94 -19 -205 -132 -193 -175 -57 -424 -82 -46 -12 -150 -49 -233 -622 0 -25 -22 -50 -44 -9 -12 -55 -47 -130 0
Volume 292 268 234 432 75 320 231 291 1729 243 484 425 241 475 424 107 818 597 1053 2634 1339 2931 363 448 62 169 487 404 860 197 191 343 156
© 2018 NinjaTrader, LLC
12:19 12:21 12:22 12:23 12:24 12:27 12:28 12:28 12:28 12:28 12:28 12:29 12:30 12:30 12:30 12:31 12:33 12:33

Large traders often can’t move everything at one price, they will often sweep the market which causes an imbalance.

Institutional traders are concerned with the VWAP fill of their order, not the individual prices so they don’t care about sweeping the market if their fill price is in line with the VWAP for that period and where price is trading afterwards.

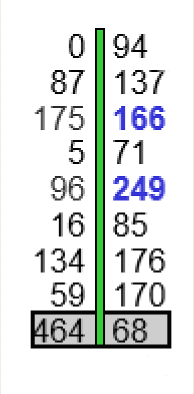
Module 3

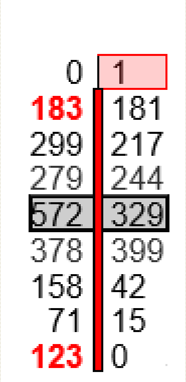
Imbalances help you to recognize when the large institutional players are active in the market.

A group of smaller traders size may be enough to cause a single imbalance, but a stacked imbalance and even multiple imbalances are generally caused by institutional style trading.

Module 3

Think about what is happening when an imbalance is happening in the market.





One of the reasons why traders succeed is they have access to information that other traders don’t.

What is interesting about imbalances is that the information is available to everyone, but very few traders use it.

The information is there, it is available to you. So use it.

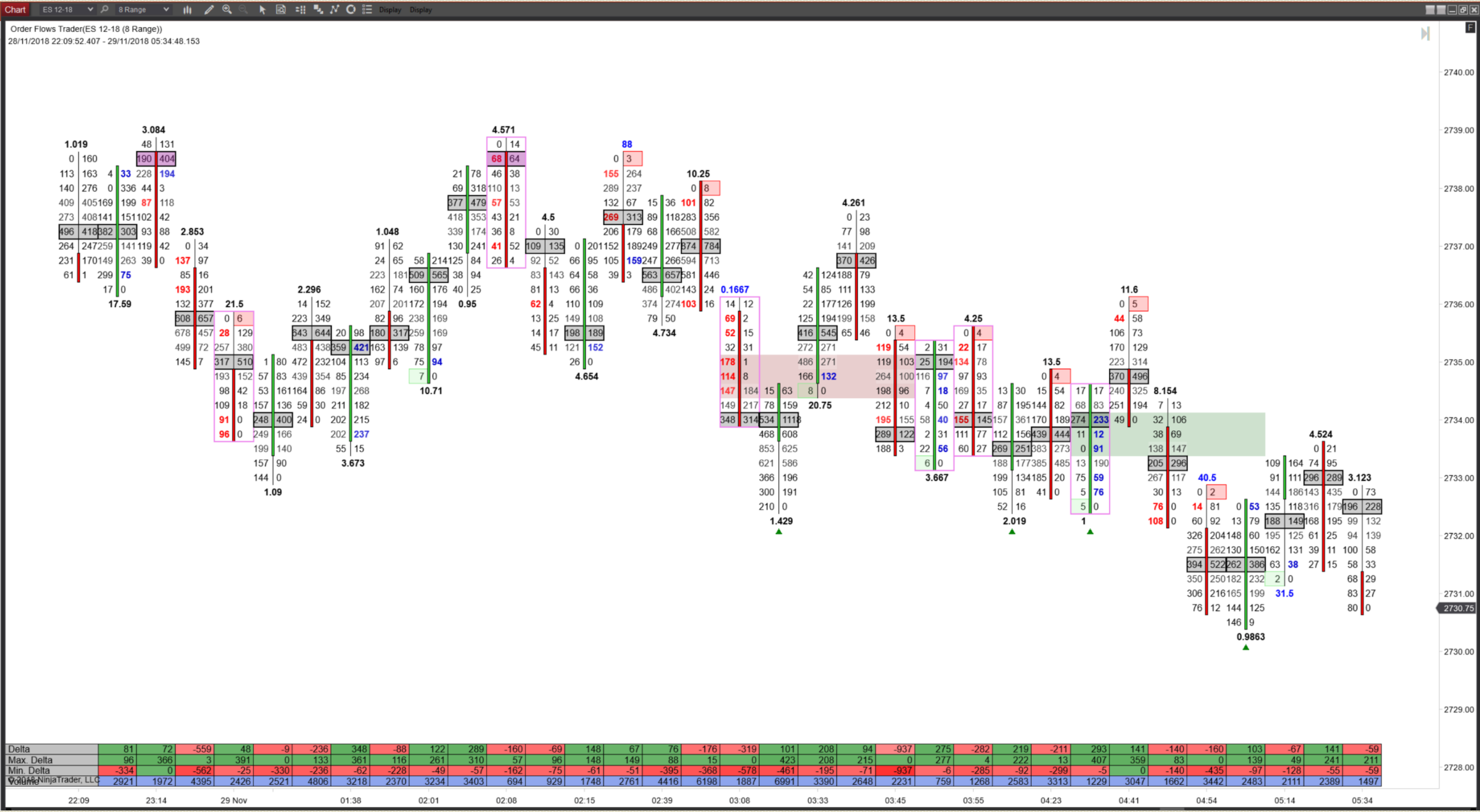


Chart
ES 12-18
8 Range
Display
Order Flows Trader(ES 12-18 (8 Range))
28/11/2018 22:09:52.407 - 29/11/2018 05:34:48.153
2740.00
2739.00
2738.00
2737.00
2736.00
2735.00
2734.00
2733.00
2732.00
2731.00
2730.75
2730.00
2729.00
2728.00
Delta
Max. Delta
Min. Delta
Volume
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22:09
23:14
29 Nov
01:38
02:01
02:08
02:15
02:39
03:08
03:33
03:45
03:55
04:23
04:41
04:54
05:14
05:34

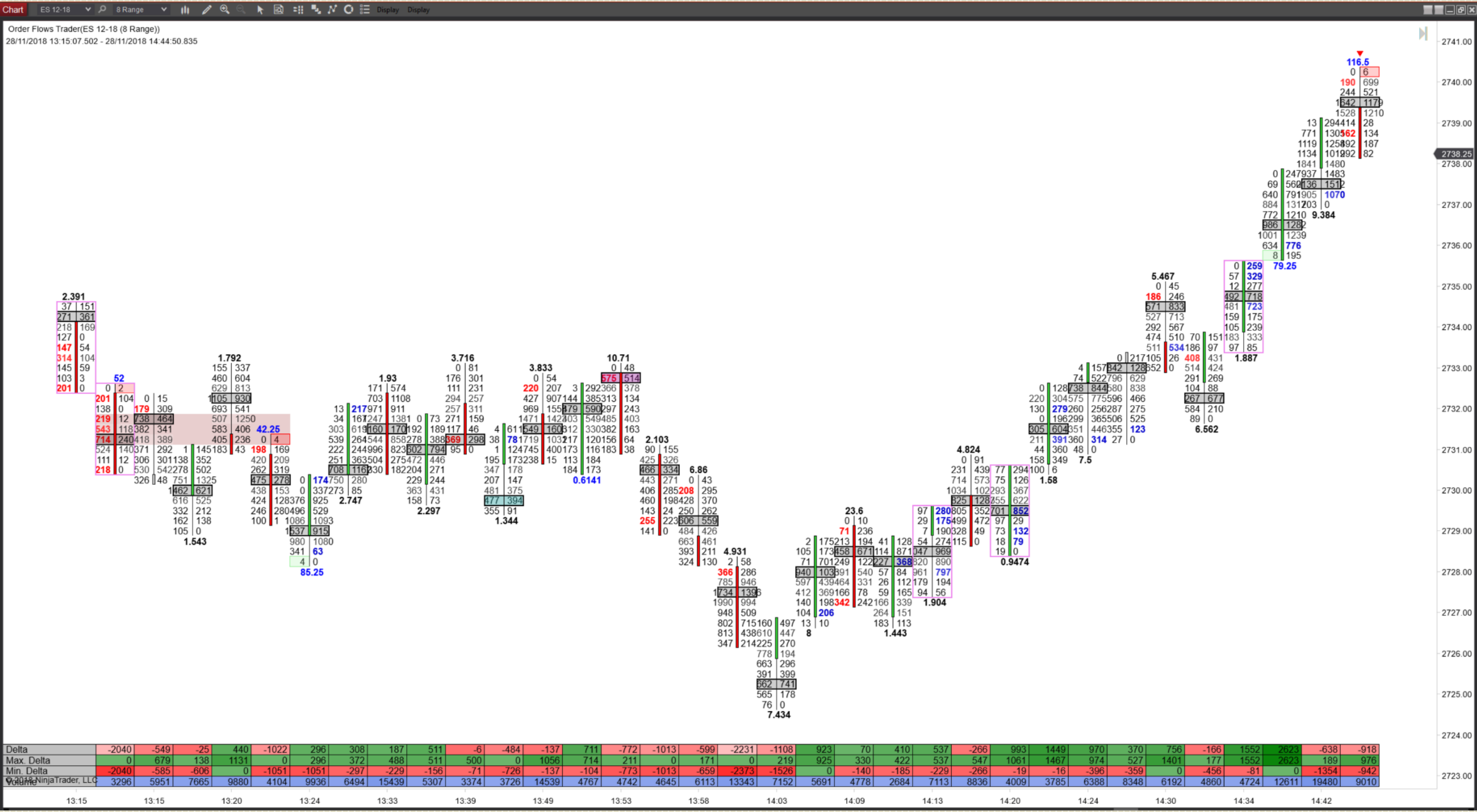
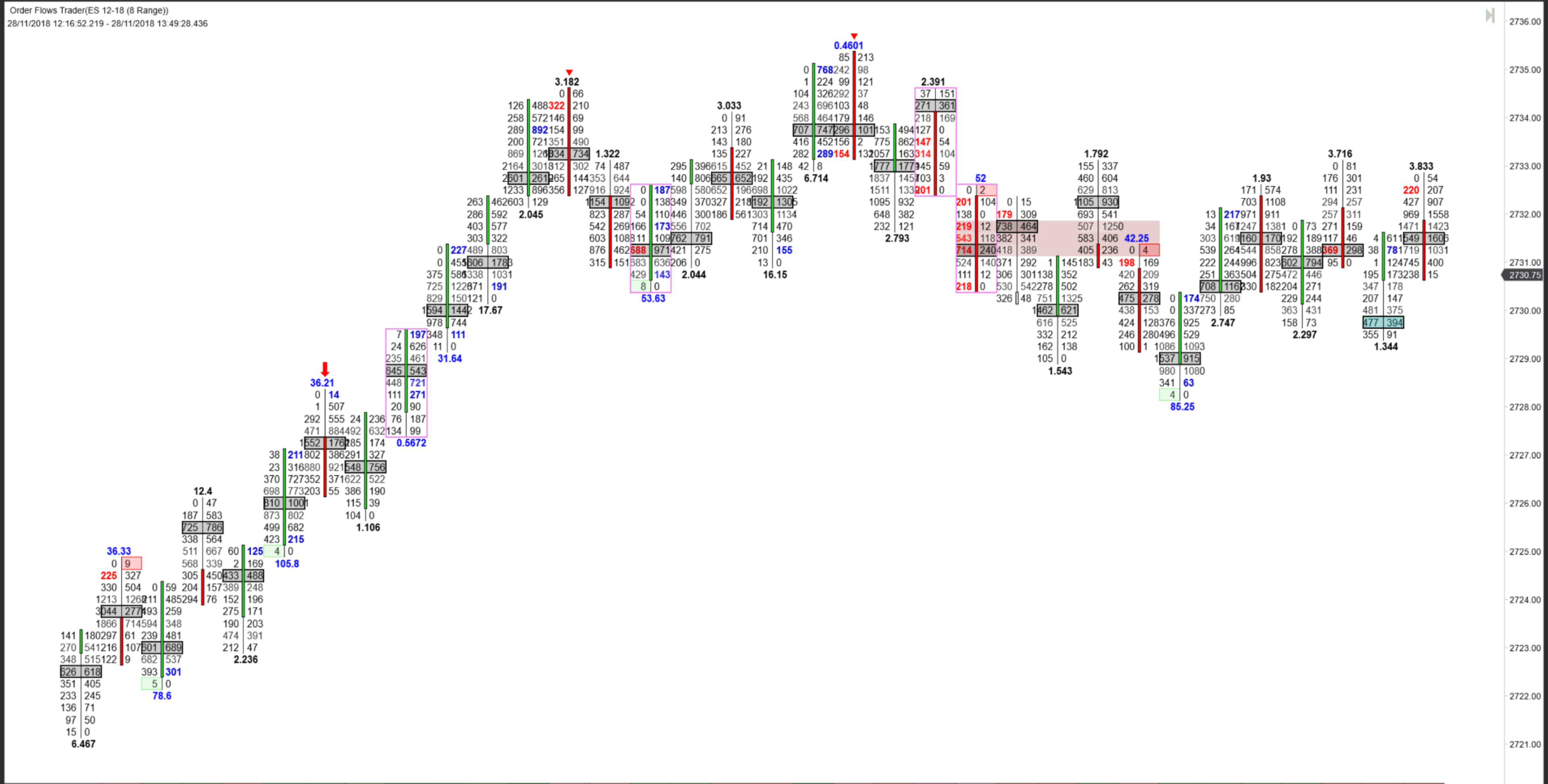


Chart
ES 12-18
8 Range
Display
Order Flows Trader(ES 12-18 (8 Range))
28/11/2018 13:15:07.502 - 28/11/2018 14:44:50.835
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
13:15
13:15
13:20
13:24
13:33
13:39
13:49
13:53
13:58
14:03
14:09
14:13
14:20
14:24
14:30
14:34
14:42



Delta	-1540	241	537	-149	989	902	109	1495	1432	681	2260	-699	-1252	428	447	-588	-29	1611	-708	-89	-662	-2040	-549	-25	440	-1022	296	308	187	511	-6	-484	-137
Max. Delta	607	241	1449	19	1027	1077	124	1502	1432	800	2275	24	128	428	532	543	150	1611	190	0	305	0	679	138	1131	0	296	372	488	511	500	0	1056
Min. Delta	-1549	-129	0	-496	0	0	-373	-44	0	-151	-51	-699	-1549	-261	-423	-594	-615	-25	-767	-754	-662	-2040	-585	-606	0	-1051	-1051	-297	-229	-156	-71	-726	-137
Volume	13086	6077	6801	4225	8465	10008	5643	4895	11152	10841	18946	5181	12060	4506	7993	5284	10059	6337	2504	18081	2464	3296	5951	7665	9880	4104	9936	6494	15439	5307	3374	3726	14539

12:16 12:25 12:29 12:32 12:37 12:42 12:48 12:52 12:58 13:05 13:14 13:15 13:17 13:21 13:26 13:37 13:40

Module 3

The next trade that goes across the screen may be random, but I believe that what happens in the market is not random.

A big order hitting the market in a certain direction is not a random event. A series of big orders hitting the market at the same time in the same direction is not a random event. Something caused it. I don't really care what caused it to happen. What I care about is that it hit the market.

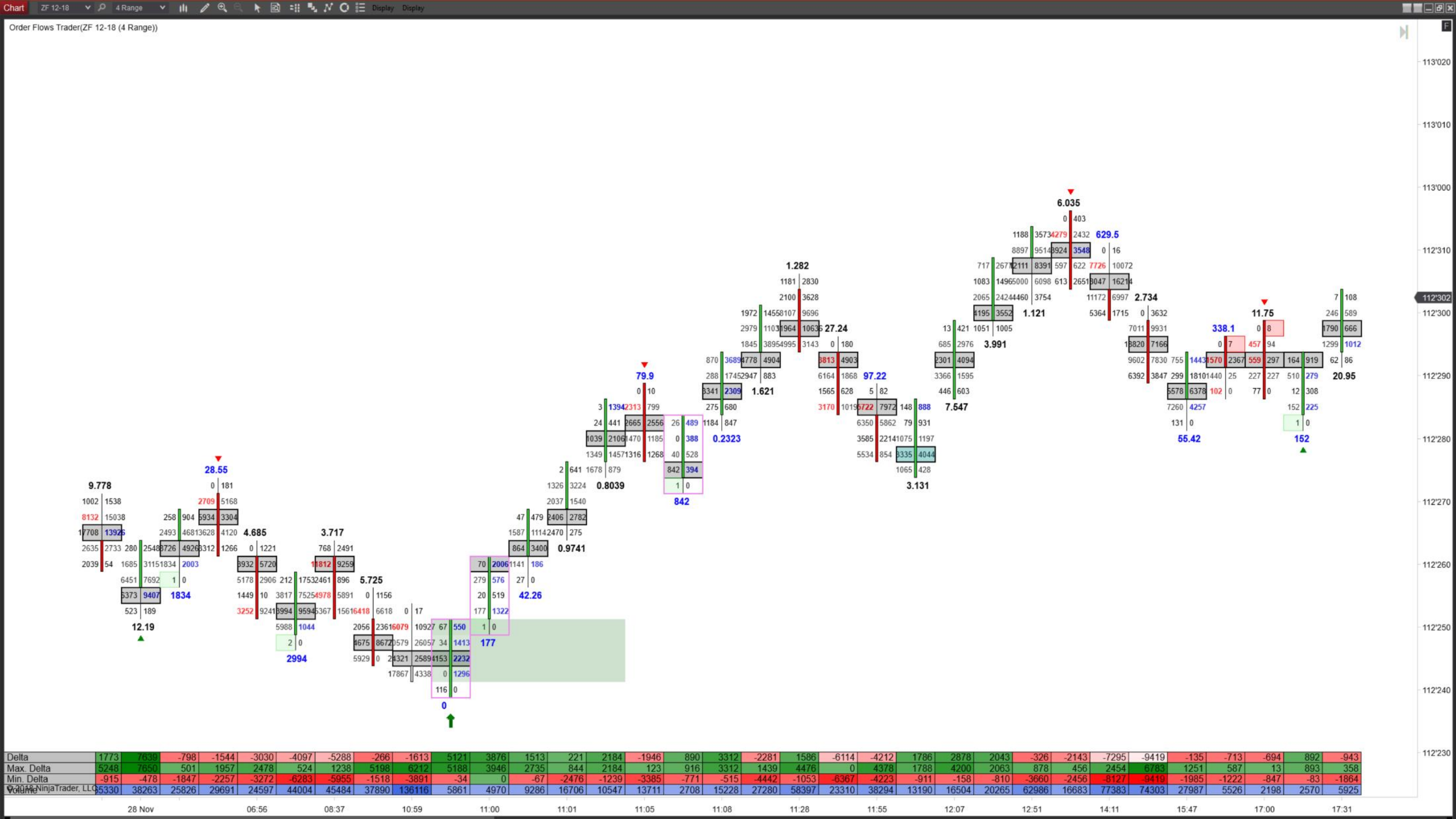


Chart
ZF 12-18
4 Range
Display
Order Flows Trader(ZF 12-18 (4 Range))
113'020
113'010
113'000
112'310
112'302
112'300
112'290
112'280
112'270
112'260
112'250
112'240
112'230
Delta 1773 7639 -798 -1544 -3030 -4097 -5288 -266 -1613 5121 3876 1513 221 2184 -1946 890 3312 -2281 1586 -6114 -4212 1786 2878 2043 -326 -2143 -7295 -9419 -135 -713 -694 892 -943
Max. Delta 5248 7650 501 1957 2478 524 1238 5198 6212 5188 3946 2735 844 2184 123 916 3312 1439 4476 0 4378 1788 4200 2063 878 456 2454 6783 1251 587 13 893 358
Min. Delta -915 -478 -1847 -2257 -3272 -6283 -5955 -1518 -3891 -34 0 -67 -2476 -1239 -3385 -771 -515 -4442 -1053 -6367 -4223 -911 -158 -810 -3660 -2456 -8127 -9419 -1985 -1222 -847 -83 -1864
Volume 55330 38263 25826 29691 24597 44004 45484 37890 136116 5861 4970 9286 16706 10547 13711 2708 15228 27280 58397 23310 38294 13190 16504 20265 62986 16683 77383 74303 27987 5526 2198 2570 5925
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28 Nov
06:56
08:37
10:59
11:00
11:01
11:05
11:08
11:28
11:55
12:07
12:51
14:11
15:47
17:00
17:31

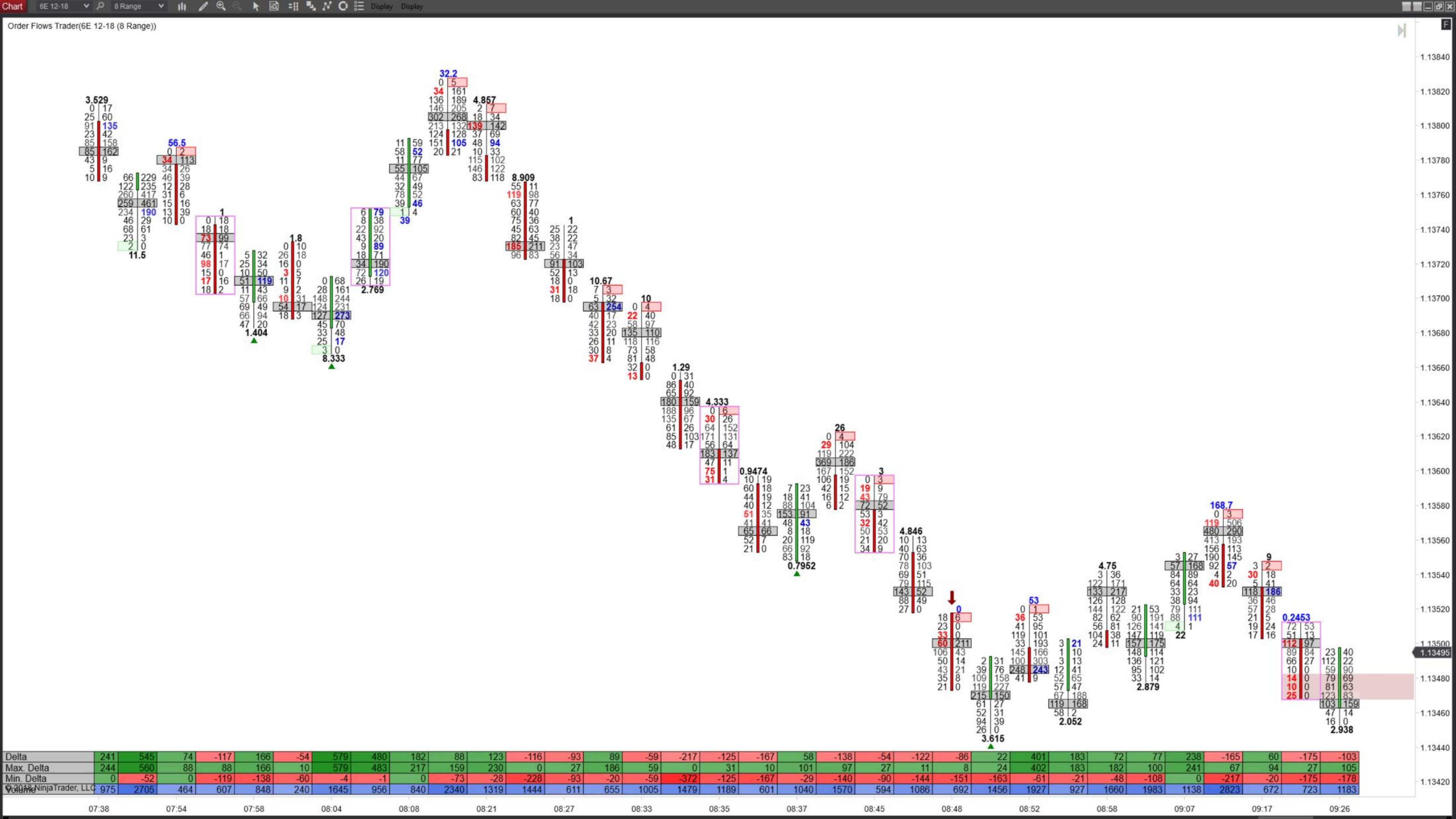
Chart
6E 12-18
8 Range
Order Flows Trader(6E 12-18 (8 Range))
Delta 241 545 74 -117 166 -54 579 480 182 88 123 -116 -93 89 -59 -217 -125 -167 58 -138 -54 -122 -86 22 401 183 72 77 238 -165 60 -175 -103
Max. Delta 244 560 88 88 166 10 579 483 217 159 230 0 27 186 59 0 31 10 101 97 27 11 8 24 402 183 182 100 241 67 94 27 105
Min. Delta 0 -52 0 -119 -138 -60 -4 -1 0 -73 -28 -228 -93 -20 -59 -372 -125 -167 -29 -140 -90 -144 -151 -163 -61 -21 -48 -108 0 -217 -20 -175 -178
Volume 975 2705 464 607 848 240 1645 956 840 2340 1319 1444 611 655 1005 1479 1189 601 1040 1570 594 1086 692 1456 1927 927 1660 1983 1138 2823 672 723 1183
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07:38 07:54 07:58 08:04 08:08 08:21 08:27 08:33 08:35 08:37 08:45 08:48 08:52 08:58 09:07 09:17 09:26

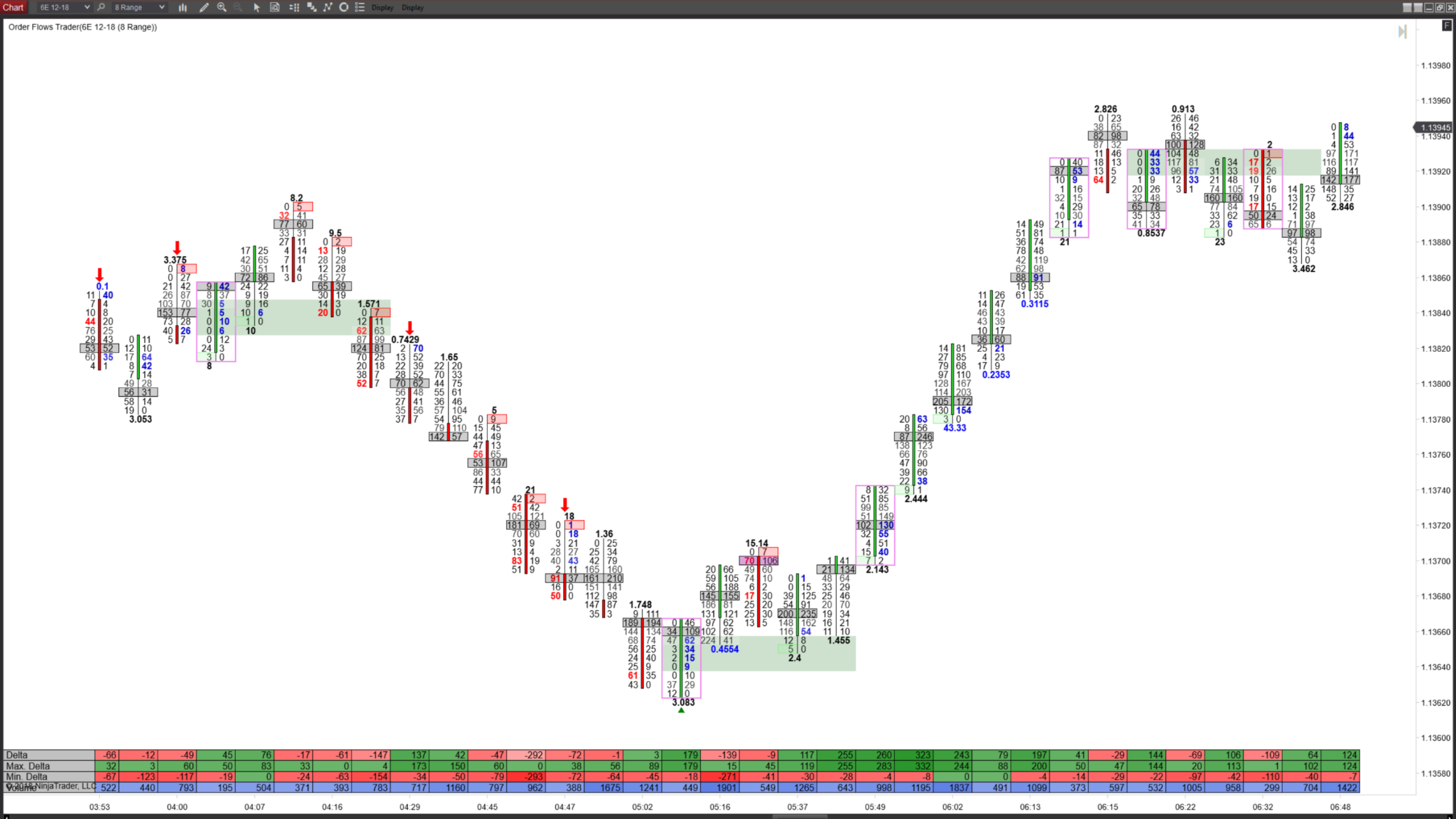


Chart
6E 12-18
8 Range
Display
Display
Order Flows Trader(6E 12-18 (8 Range))
Delta -66 -12 -49 45 76 -17 -61 -147 137 42 -47 -292 -72 -1 3 179 -139 -9 117 255 260 323 243 79 197 41 -29 144 -69 106 -109 64 124
Max. Delta 32 3 60 50 83 33 0 4 173 150 60 0 38 56 89 179 15 45 119 255 283 332 244 88 200 50 47 144 20 113 1 102 124
Min. Delta -67 -123 -117 -19 0 -24 -63 -154 -34 -50 -79 -293 -72 -64 -45 -18 -271 -41 -30 -28 -4 -8 0 0 -4 -14 -29 -22 -97 -42 -110 -40 -7
Volume 522 440 793 195 504 371 393 783 717 1160 797 962 388 1675 1241 449 1901 549 1265 643 998 1195 1837 491 1099 373 597 532 1005 958 299 704 1422
© 2018 NinjaTrader, LLC
03:53
04:00
04:07
04:16
04:29
04:45
04:47
05:02
05:16
05:37
05:49
06:02
06:13
06:15
06:22
06:32
06:48
1.13980
1.13960
1.13945
1.13940
1.13920
1.13900
1.13880
1.13860
1.13840
1.13820
1.13800
1.13780
1.13760
1.13740
1.13720
1.13700
1.13680
1.13660
1.13640
1.13620
1.13600
1.13580

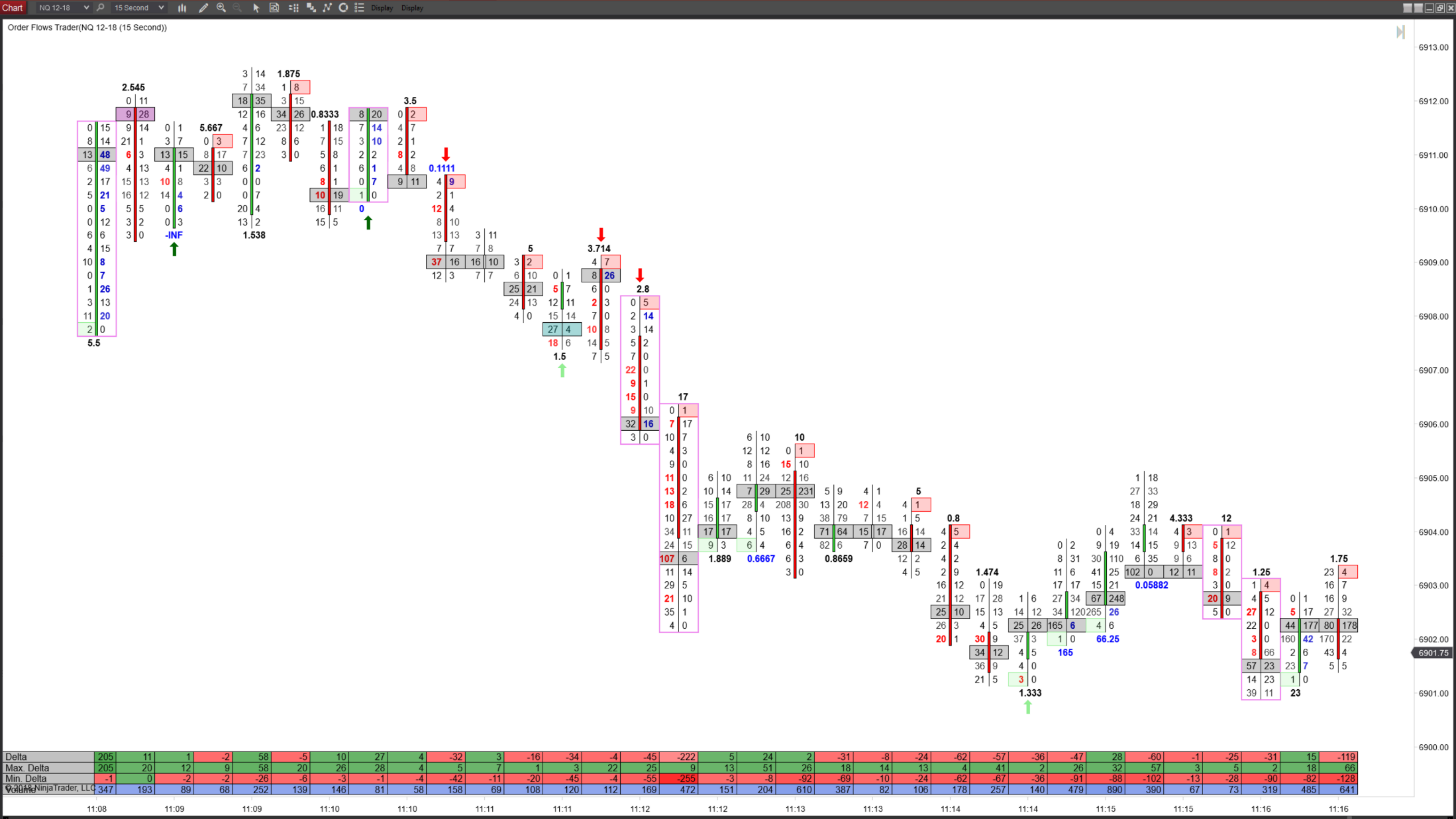
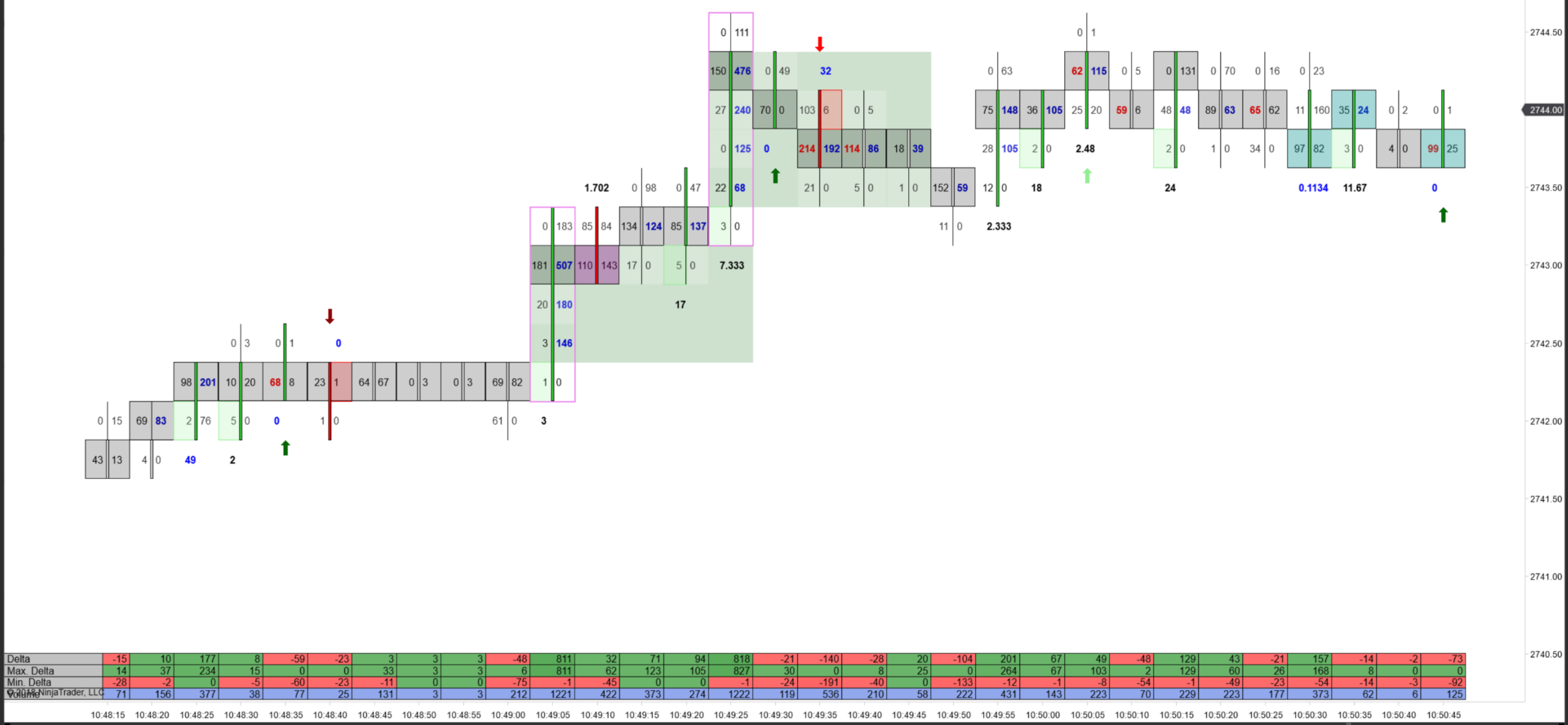


Chart
NQ 12-18
15 Second
Display
Order Flows Trader(NQ 12-18 (15 Second))
Delta
Max. Delta
Min. Delta
Volume
© 2018 NinjaTrader, LLC
6913.00
6912.00
6911.00
6910.00
6909.00
6908.00
6907.00
6906.00
6905.00
6904.00
6903.00
6902.00
6901.75
6901.00
6900.00
11:08
11:09
11:10
11:11
11:12
11:13
11:14
11:15
11:16

5 Second Chart – market flat-lining then a big buy order hits the market.



This is the end of module 3.

In module 4 we will discuss Imbalance Trade Setups.