The Imbalance Course

Module 5: Wrapping up imbalances.

Disclaimer

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Module 5

The key to successful trading is to stack the deck in your favour. By trading when you have an edge over other traders. Understanding and knowing how to interpret imbalances puts you way ahead of other traders who don’t look at imbalances and don’t even know it exists.

Module 5

You don’t need to have a 180 IQ or have some unbeatable trading system to be a successful trader. What you can do is watch the winning group of traders and do what they do.

Who are the winning group of traders? More often than not, it is the physical commodity trading houses, the ones who turn raw commodities into products. Hershey, Nestle, Unilever, BP, Statoil, etc. They don’t last as long as they have or become as big as they are by being on the wrong side of the market, at least very often.

How do you know what they do? They often leave trails, footprints, with imbalances.

Imbalances, especially multiple imbalances and stacked imbalances are often the result of a big or institutional trader getting into or out of a position. Unfortunately, we don’t know if a trader is getting into out of a position, but by using some common sense and taking what is occurring in the market in context we can make an educated guess as to whether a trade is a new position (which will be more indicative of near term market direction) or exiting a position (which can have little impact on market movement).

So how to tell?

Do you think an institutional trader is going to be a buyer above value or below value?

Do you think an institutional trader is going to be a seller at the low or a buyer at a high?

Do you think an institutional trader is going to put on a new position in a sideways market or when the market starts to break out of a sideways market?

You have to change your thinking from a 1 lot mindset to a 500 lot mindset.

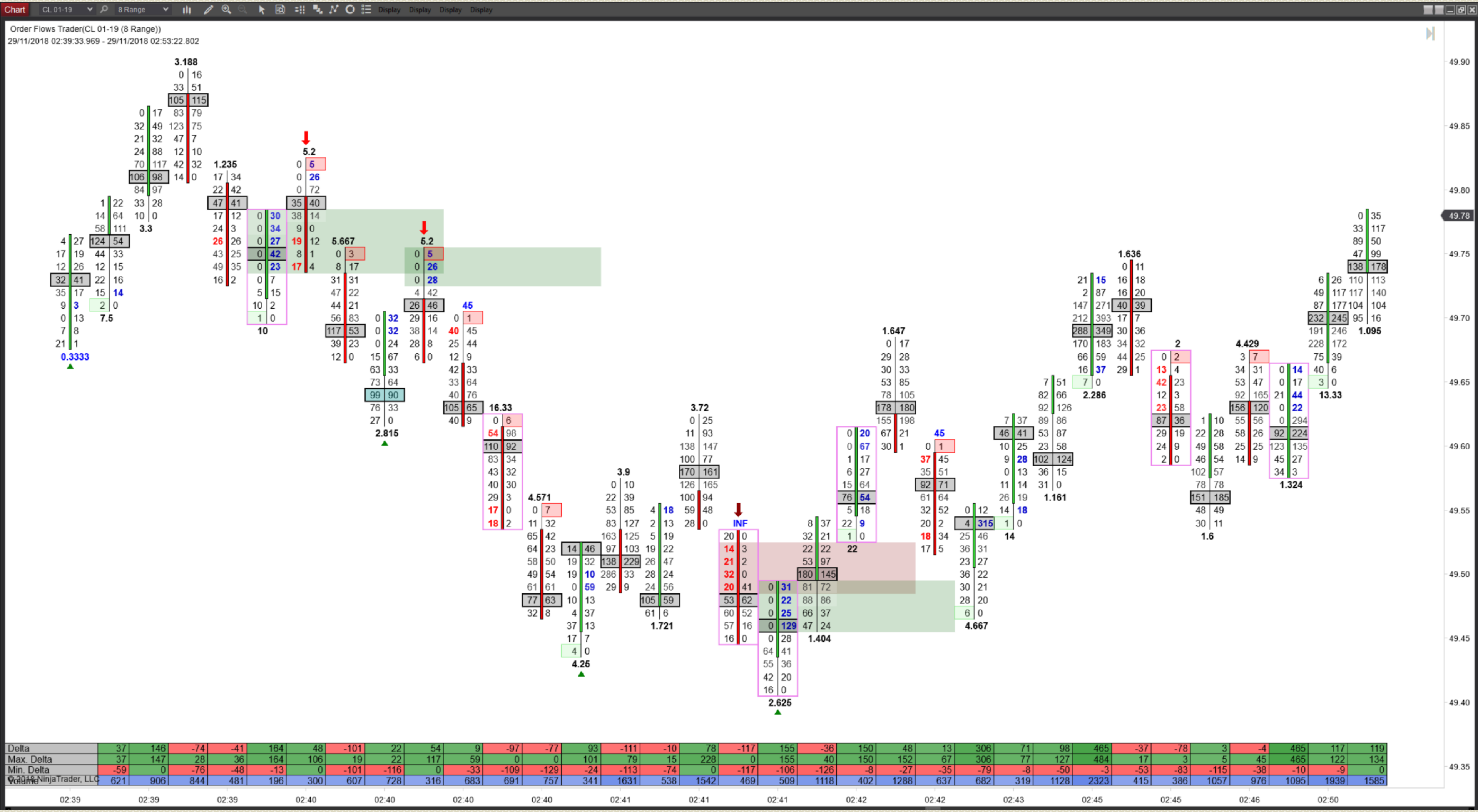
Chart
CL 01-19
8 Range
Order Flows Trader(CL 01-19 (8 Range))
29/11/2018 02:39:33.969 - 29/11/2018 02:53:22.802
Delta 37 146 -74 -41 164 48 -101 22 54 9 -97 -77 93 -111 -10 78 -117 155 -36 150 48 13 306 71 98 465 -37 -78 3 -4 465 117 119
Max. Delta 37 147 28 36 164 106 19 22 117 59 0 0 101 79 15 228 0 155 40 150 152 67 306 77 127 484 17 3 5 45 465 122 134
Min. Delta -59 0 -76 -48 -13 0 -101 -116 0 -33 -109 -129 -24 -113 -74 0 -117 -106 -126 -8 -27 -35 -79 -8 -50 -3 -53 -83 -115 -38 -10 -9 0
Volume 621 906 844 481 196 300 607 728 316 683 691 757 341 1631 538 1542 469 509 1118 402 1288 637 682 319 1128 2323 415 386 1057 976 1095 1939 1585
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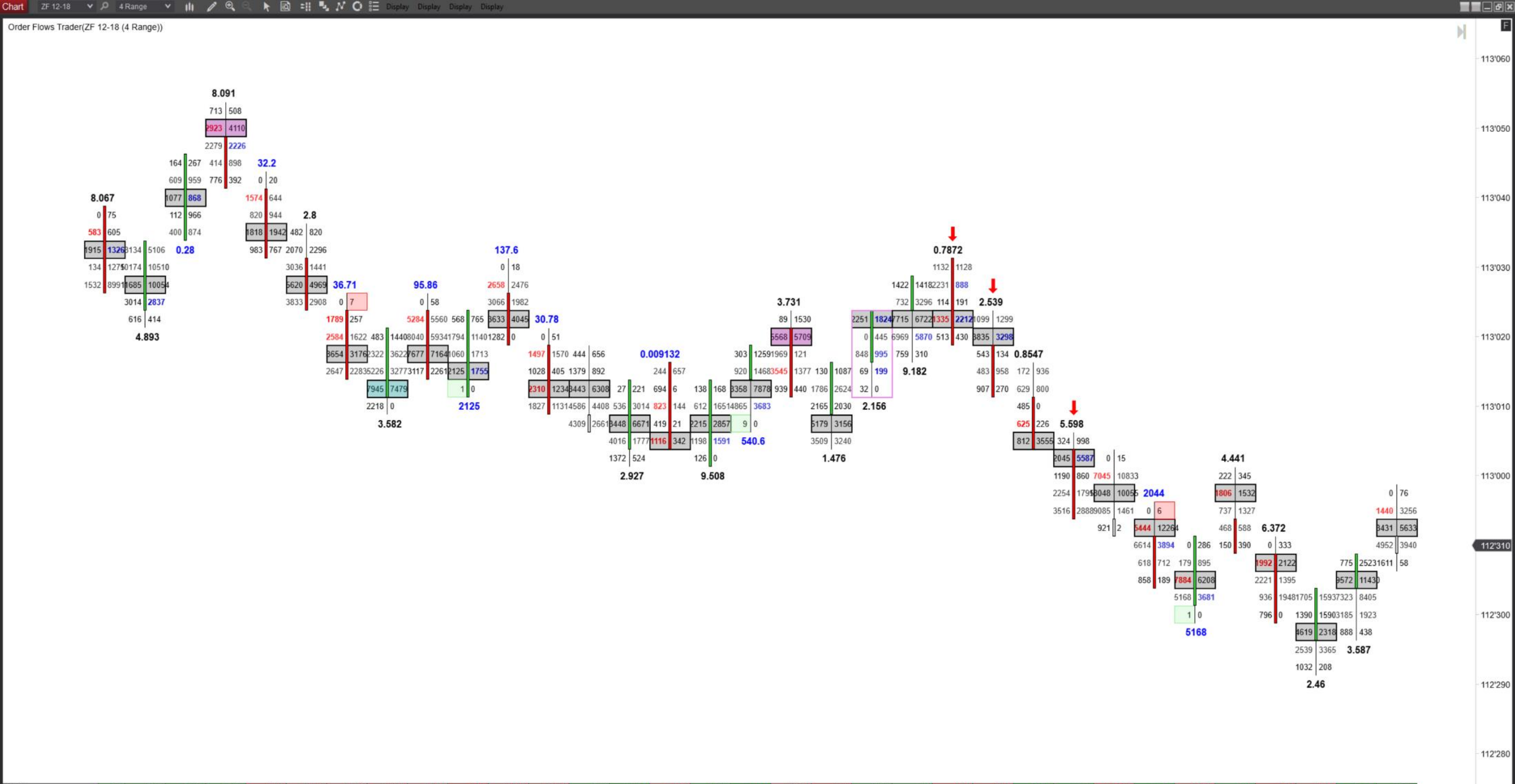

Delta	16	298	1572	1029	-878	-2607	-3329	-2376	-3141	-175	-2118	-2271	764	2808	-2126	1978	4833
Max. Delta	284	2237	1965	2499	0	367	0	0	194	938	827	245	2366	2816	403	2114	4859
Min. Delta	-831	-1783	0	0	-2078	-3041	-4747	-4992	-5808	-580	-2770	-3019	-1014	-1977	-2126	-126	-583
Volume	8386	57544	6296	15242	9527	27580	18022	34017	45095	10921	19160	11053	29086	21606	4466	10568	23775

Delta	-2933	-632	263	19	-476	-908	2794	2799	-12733	3531	-2162	799	-147	-2211	2976	1529
Max. Delta	2413	0	962	1685	993	1216	2794	4980	1293	4884	203	1071	659	269	4022	5052
Min. Delta	-3342	-2543	-93	-3117	-1631	-1206	-761	-604	-12870	-704	-4212	0	-1804	-2652	-1886	-76
Volume	21287	24906	6678	35216	10174	12826	8240	21487	57465	30839	24302	7813	11748	20374	46480	24445

00:54 03:12 04:00 06:20 07:27 07:39 08:14 08:39 09:18 09:40 10:02 10:21 10:29 12:05 13:04 13:42 15:59

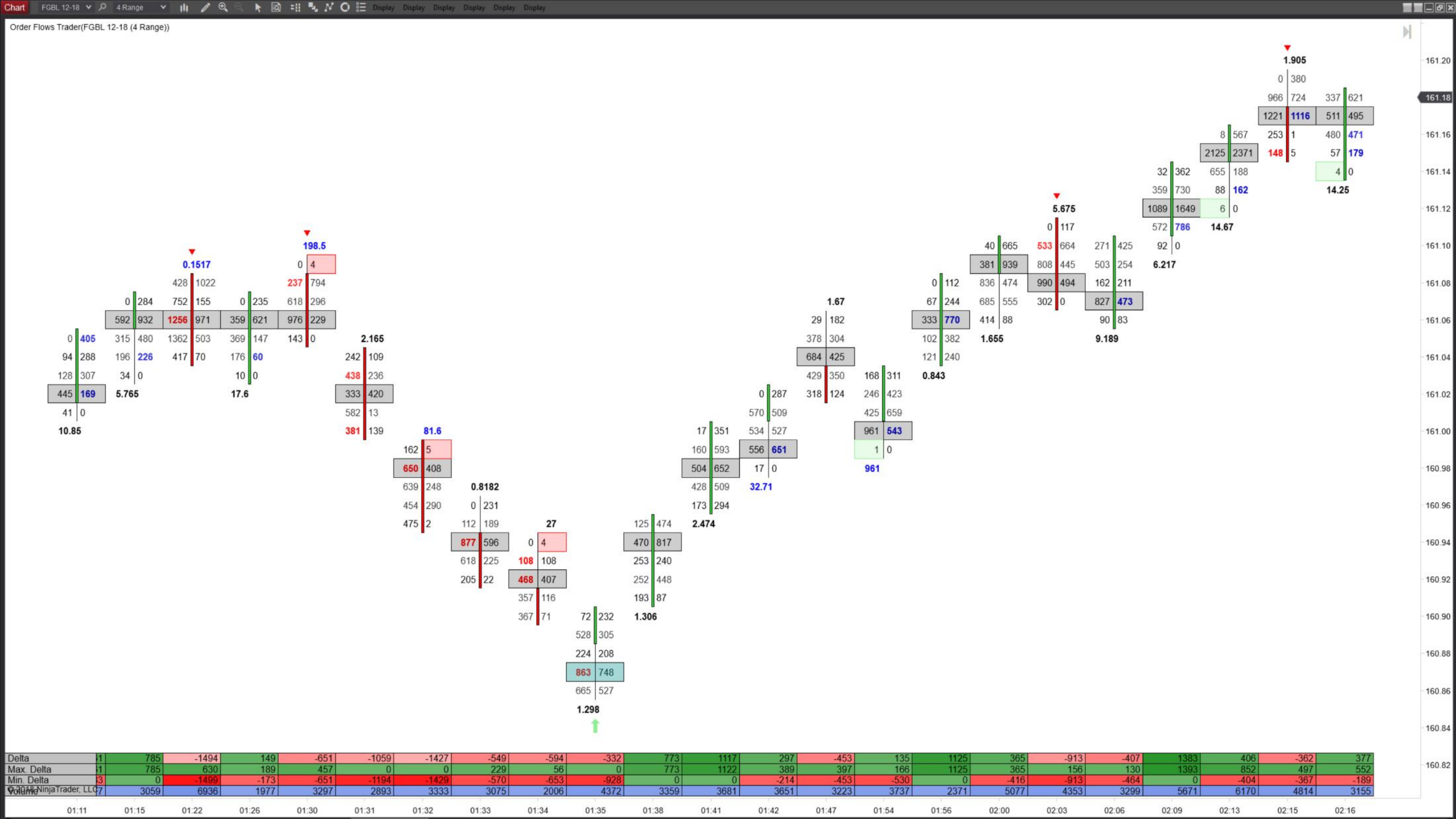

Chart
FGBL 12-18
4 Range
Order Flows Trader(FGBL 12-18 (4 Range))
Delta 785 -1494 149 -651 -1059 -1427 -549 -594 -332 773 1117 297 -453 135 1125 365 -913 -407 1383 406 -362 377
Max. Delta 785 630 189 457 0 0 229 56 0 773 1122 389 397 166 1125 365 156 130 1393 852 497 552
Min. Delta 0 -1499 -173 -651 -1194 -1429 -570 -653 -928 0 0 -214 -453 -530 0 -416 -913 -464 0 -404 -367 -189
Volume 3059 6936 1977 3297 2893 3333 3075 2006 4372 3359 3681 3651 3223 3737 2371 5077 4353 3299 5671 6170 4814 3155
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01:11 01:15 01:22 01:26 01:30 01:31 01:32 01:33 01:34 01:35 01:38 01:41 01:42 01:47 01:54 01:56 02:00 02:03 02:06 02:09 02:13 02:15 02:16

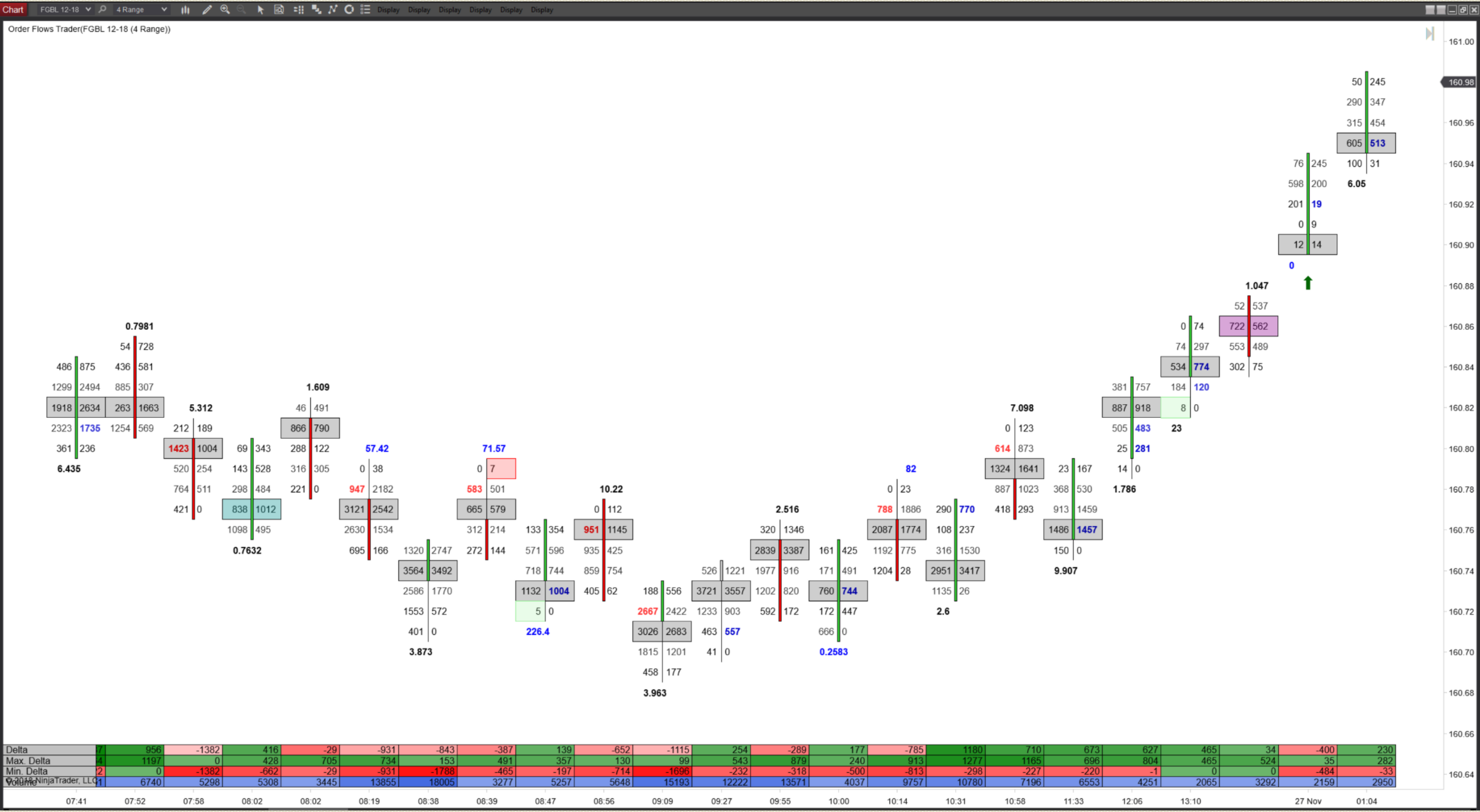

Chart
FGBL 12-18
4 Range
Display Display Display Display Display Display
Order Flows Trader(FGBL 12-18 (4 Range))
Delta 956 -1382 416 -29 -931 -843 -387 139 -652 -1115 254 -289 177 -785 1180 710 673 627 465 34 -400 230
Max. Delta 1197 0 428 705 734 153 491 357 130 99 543 879 240 913 1277 1165 696 804 465 524 35 282
Min. Delta 0 -1382 -662 -29 -931 -1788 -465 -197 -714 -1696 -232 -318 -500 -813 -298 -227 -220 -1 0 0 -484 -33
Volume 6740 5298 5308 3445 13855 18005 3277 5257 5648 15193 12222 13571 4037 9757 10780 7196 6553 4251 2065 3292 2159 2950
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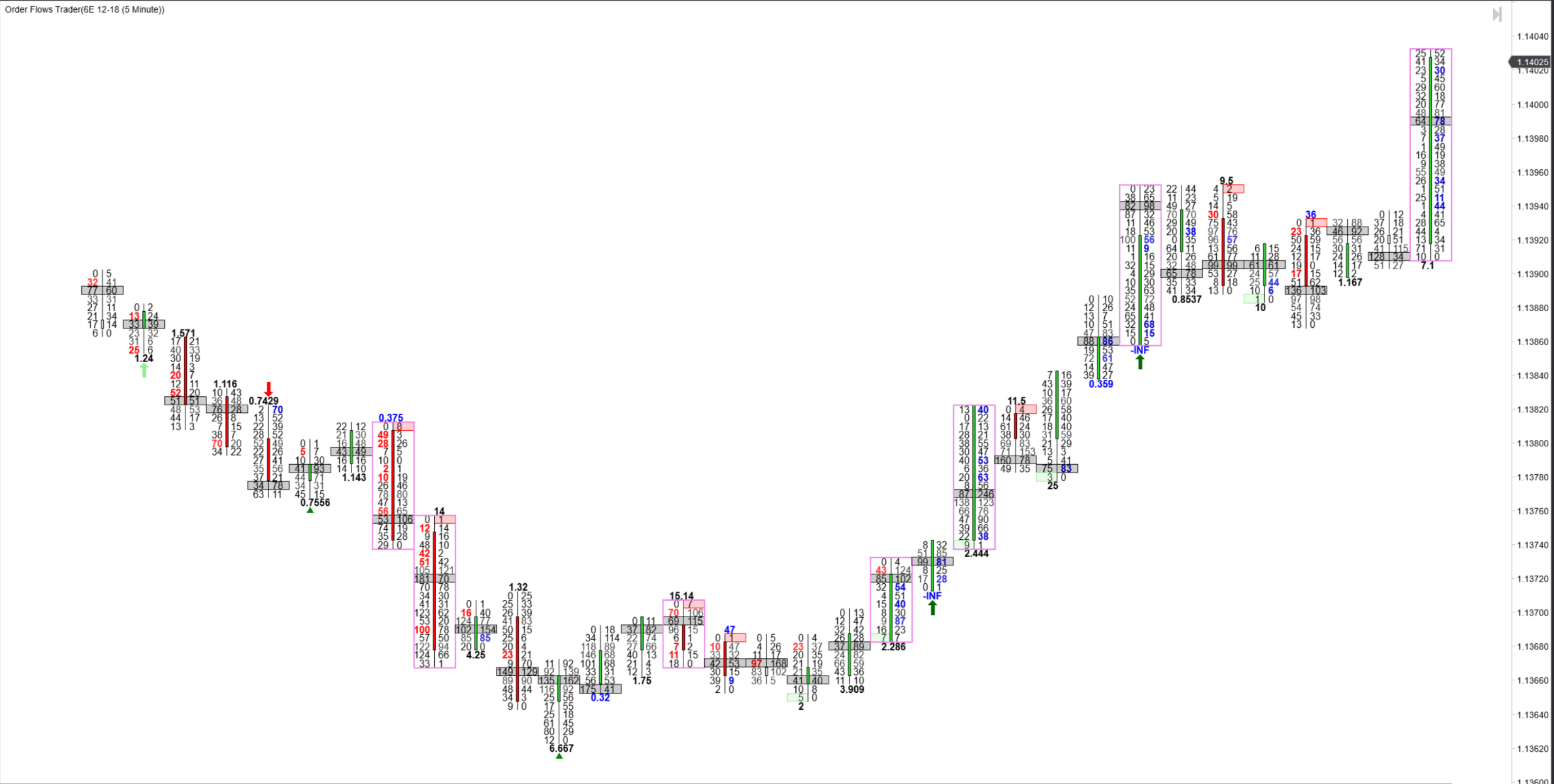
07:41 07:52 07:58 08:02 08:02 08:19 08:38 08:39 08:47 08:56 09:09 09:27 09:55 10:00 10:14 10:31 10:58 11:33 12:06 13:10 27 Nov 01:04
161.00 160.98 160.96 160.94 160.92 160.90 160.88 160.86 160.84 160.82 160.80 160.78 160.76 160.74 160.72 160.70 160.68 160.66 160.64



Delta	-17	-16	-103	-106	160	69	33	-85	-419	10	14	114	-181	94	-16	1	92	37	155	303	69	438	-9	180	137	167	58	-31	73	-28	98	-25	409
Max. Delta	33	11	0	53	190	74	75	0	9	77	78	199	6	111	63	43	107	45	172	315	92	448	43	190	159	184	105	37	102	23	122	14	421
Min. Delta	-24	-29	-123	-112	-17	-4	0	-145	-432	-37	-29	-13	-201	0	-23	-5	0	-12	-35	-1	0	-8	-59	-10	0	-25	-81	-84	0	-127	-2	-70	-14
Volume	409	234	579	488	830	427	297	923	1991	704	1110	1262	1145	412	538	313	554	319	657	741	435	1654	915	790	765	1401	974	1105	349	1054	526	581	1611

04:10 04:20 04:30 04:40 04:50 05:00 05:10 05:20 05:30 05:40 05:50 06:00 06:10 06:20 06:30 06:40 06:50

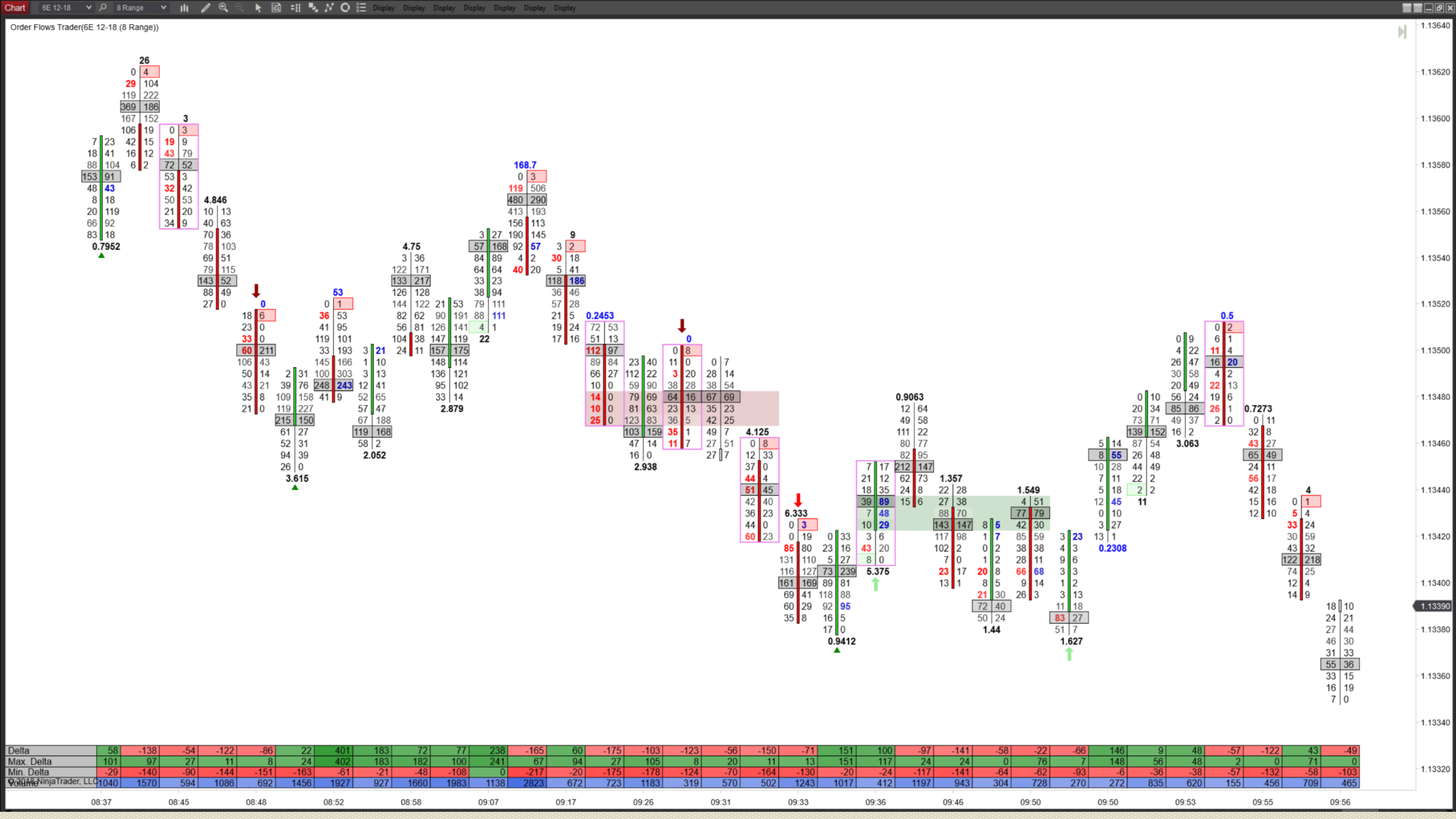


Chart
6E 12-18
8 Range
Order Flows Trader(6E 12-18 (8 Range))
Delta 58 -138 -54 -122 -86 22 401 183 72 77 238 -165 60 -175 -103 -123 -56 -150 -71 151 100 -97 -141 -58 -22 -66 146 9 48 -57 -122 43 -49
Max. Delta 101 97 27 11 8 24 402 183 182 100 241 67 94 27 105 8 20 11 13 151 117 24 24 0 76 7 148 56 48 2 0 71 0
Min. Delta -29 -140 -90 -144 -151 -163 -61 -21 -48 -108 0 -217 -20 -175 -178 -124 -70 -164 -130 -20 -24 -117 -141 -64 -62 -93 -6 -36 -38 -57 -132 -58 -103
Volume 1040 1570 594 1086 692 1456 1927 927 1660 1983 1138 2823 672 723 1183 319 570 502 1243 1017 412 1197 943 304 728 270 272 835 620 155 456 709 465
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08:37 08:45 08:48 08:52 08:58 09:07 09:17 09:26 09:31 09:33 09:36 09:46 09:50 09:50 09:53 09:55 09:56

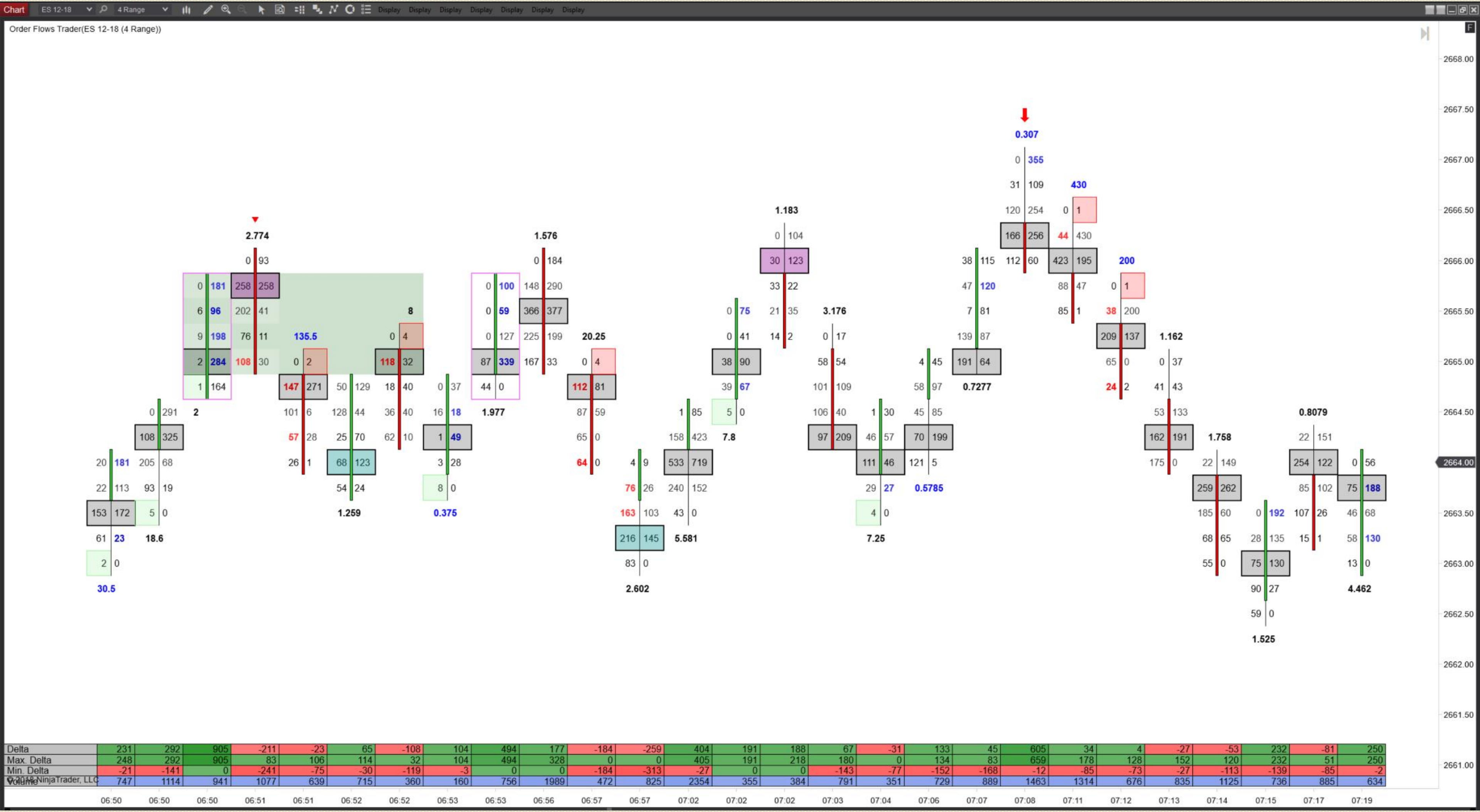
Chart
ES 12-18
4 Range
Order Flows Trader(ES 12-18 (4 Range))
Delta 231 292 905 -211 -23 65 -108 104 494 177 -184 -259 404 191 188 67 -31 133 45 605 34 4 -27 -53 232 -81 250
Max. Delta 248 292 905 83 106 114 32 104 494 328 0 0 405 191 218 180 0 134 83 659 178 128 152 120 232 51 250
Min. Delta -21 -141 0 -241 -75 -30 -119 -3 0 0 -184 -313 -27 0 0 -143 -77 -152 -168 -12 -85 -73 -27 -113 -139 -85 -2
Volume 747 1114 941 1077 639 715 360 160 756 1989 472 825 2354 355 384 791 351 729 889 1463 1314 676 835 1125 736 885 634
06:50 06:50 06:50 06:51 06:51 06:52 06:52 06:53 06:53 06:56 06:57 06:57 07:02 07:02 07:02 07:03 07:04 07:06 07:07 07:08 07:11 07:12 07:13 07:14 07:15 07:17 07:19
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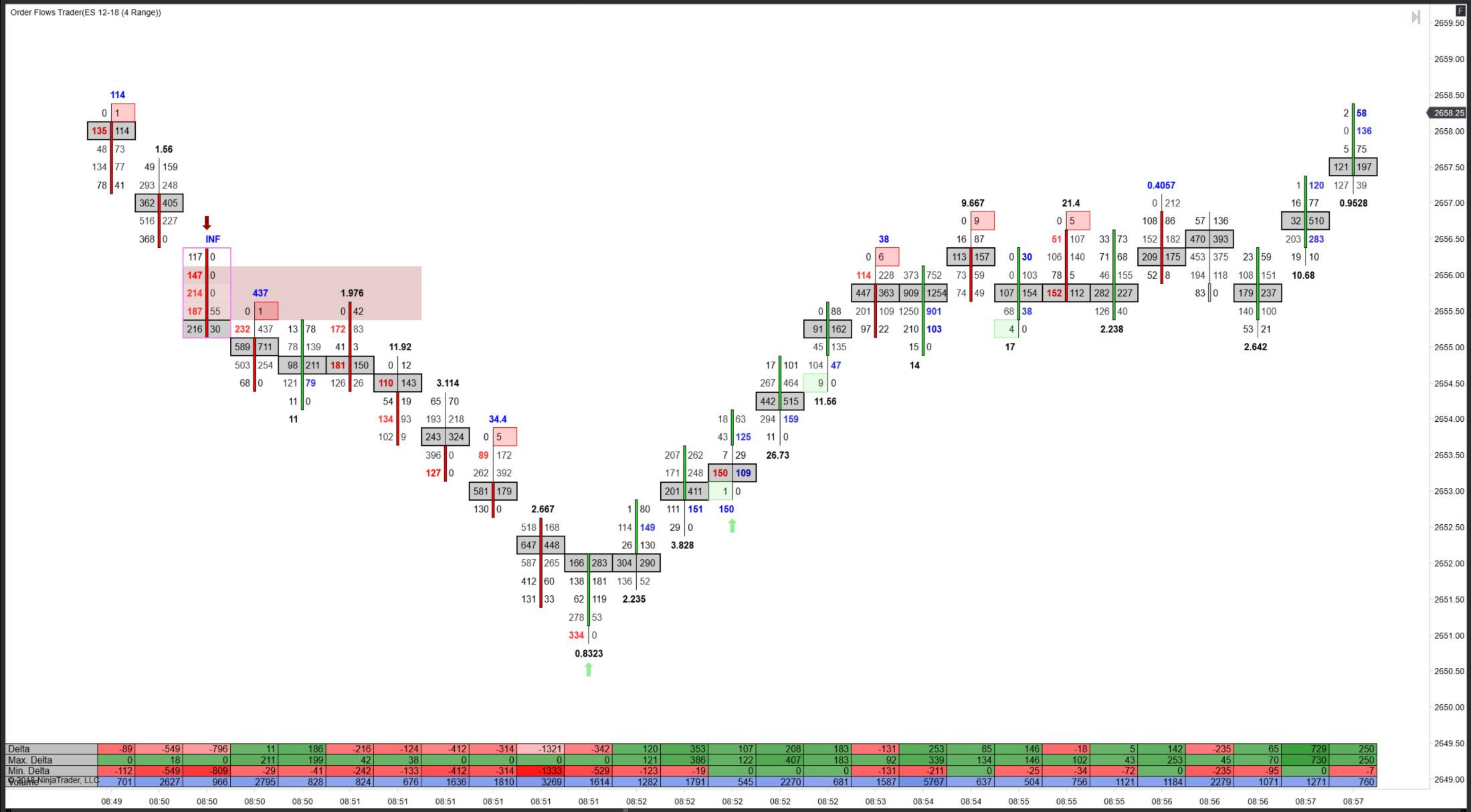
Order Flows Trader(ES 12-18 (4 Range))
Delta -89 -549 -796 11 186 -216 -124 -412 -314 -1321 -342 120 353 107 208 183 -131 253 85 146 -18 5 142 -235 65 729 250
Max. Delta 0 18 0 211 199 42 38 0 0 0 0 121 386 122 407 183 92 339 134 146 102 43 253 45 70 730 250
Min. Delta -112 -549 -809 -29 -41 -242 -133 -412 -314 -1333 -529 -123 -19 0 0 0 -131 -211 0 -25 -34 -72 0 -235 -95 0 -7
Volume 701 2627 966 2795 828 824 676 1636 1810 3269 1614 1282 1791 545 2270 681 1587 5767 637 504 756 1121 1184 2279 1071 1271 760
08:49 08:50 08:50 08:50 08:50 08:51 08:51 08:51 08:51 08:51 08:51 08:52 08:52 08:52 08:52 08:52 08:53 08:54 08:54 08:55 08:55 08:55 08:56 08:56 08:56 08:57 08:57
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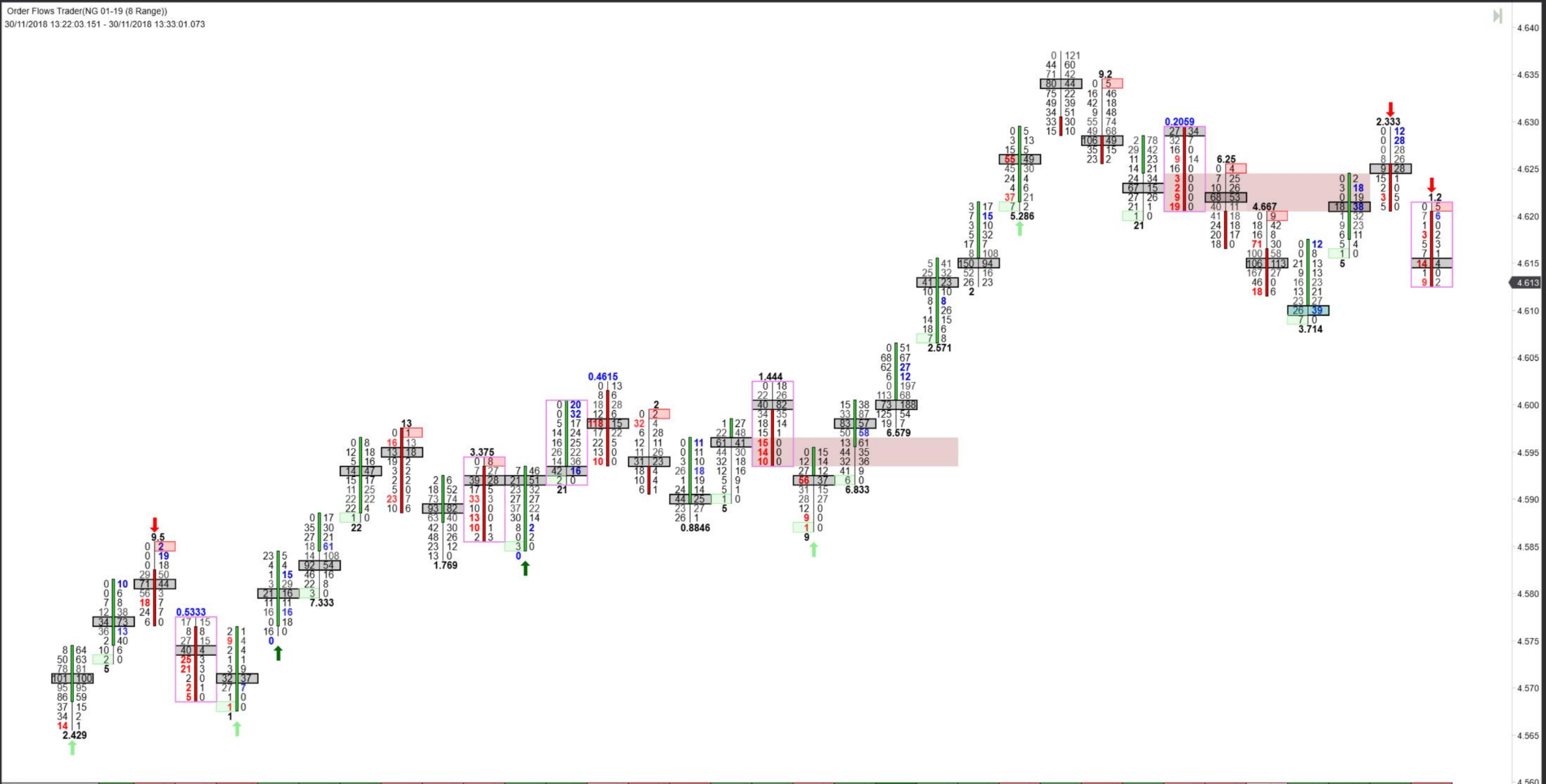
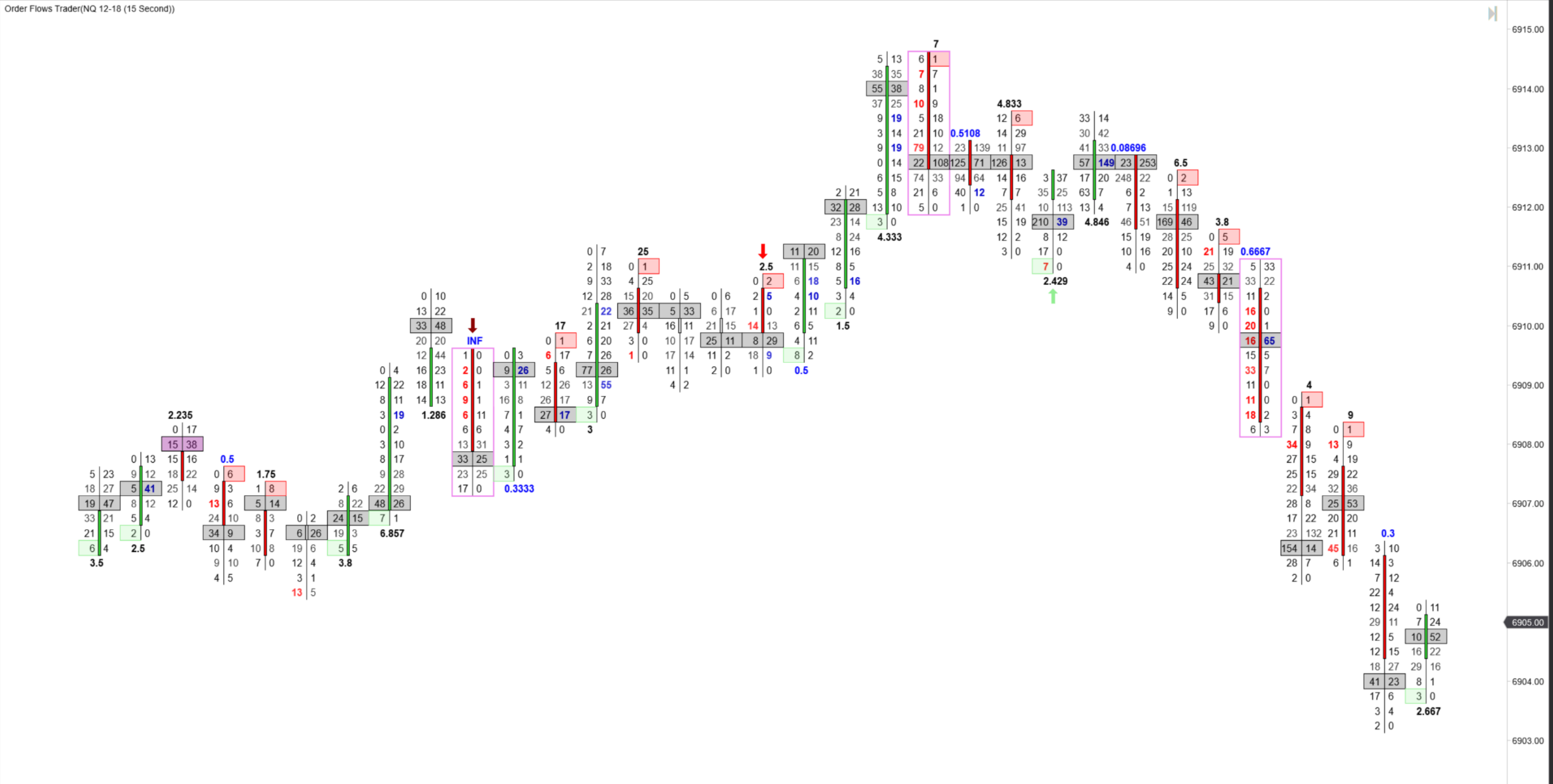


Delta	91	-54	-98	-15	19	58	55	-40	-53	-56	40	73	-123	-23	-11	7	8	-56	64	205	40	51	-55	18	-10	44	-78	-56	-249	41	104	86	-24
Max. Delta	93	59	0	24	41	58	56	1	10	5	41	73	19	48	1	15	68	0	90	226	40	55	16	114	78	46	25	47	0	41	109	101	5
Min. Delta	0	-54	-99	-16	-9	-14	-3	-40	-70	-59	-15	0	-123	-24	-47	-29	0	-103	-37	0	-1	-20	-68	-15	-28	-69	-78	-56	-251	-12	0	0	-25
Volume	297	354	196	141	209	572	259	142	697	206	352	311	313	229	283	373	344	296	698	1137	298	593	325	820	660	436	188	400	835	271	190	170	70



Delta	35	53	22	-50	6	-9	-7	49	65	-16	13	4	102	-1	20	-14	14
Max. Delta	46	54	40	6	14	12	7	57	82	0	13	24	108	7	25	13	24
Min. Delta	0	0	0	-52	-9	-13	-9	-8	-1	-35	-9	-11	-14	-17	-11	-21	-4
Volume	239	111	192	156	74	97	109	289	317	216	105	164	424	171	146	116	102

Delta	40	33	27	-53	3	-9	-64	15	17	-35	-48	-55	-101	-7	-48	53
Max. Delta	41	57	102	1	59	36	3	72	30	34	0	21	0	22	2	56
Min. Delta	-3	-9	-5	-132	-47	-52	-162	-52	-40	-48	-48	-60	-195	-37	-63	-3
Volume	144	223	393	463	569	469	516	523	735	571	244	335	639	383	336	199

10:18 10:19 10:19 10:20 10:20 10:21 10:21 10:22 10:22 10:23 10:23 10:24 10:24 10:25 10:25 10:26 10:26

A decent amount of traders come from a background in statistics and gambling. If you are familiar with card counting in blackjack you know there are times the shoe will favour the player. How does the casino negate that? They shuffle the deck. When trading with order flow you see when the deck is being reshuffled and the playing field changes.

The market is constantly changing, its like the deck of cards is being reshuffled over and over through out the trading day.

Does that mean traders have no edge? No, quite the opposite. When a trader recognizes that the conditions have changed they are in a better position to take advantage of the changed conditions.

This is the end of module 5.

This completes The Imbalance Course.