Lesson 1: Supply and Demand

Lessons   /   RektProof Course Lessons 1-5

Relationship Between Buyers and Sellers

Toggle Chart   🖶

Supply and Demand

An area were "smart money" entered the market as buyers or as sellers. Price determination is decided by Institutional context in which retail traders (us) can employ proper concepts to track the footprints of bigger market role players. The difference between resistance/support and supply/demand is that supply and demand tend to be fresh untouched areas of interest that can potentially provide short term liquidity (price power) to temporarily give the market a reversal as for resistance/support they represent historical pivot price lines that have played a crucial point in previous price outlining.

Orderblocks: (Supply and Demand)

Orderblocks are zones in which price marks as a level of interest in where liquidity was injected to be used at a later time. When role players move the market away they tend to leave footprints for us retail traders to pick up on. These market zones can aid in ensuring that when proper metrics are used you're able to capitalize off areas that leave behind untapped liquidity. Orderblocks are areas that either give support or resistance depending on the market bias that you impose. Using orderblocks tend to give precision entries. I will show 3 diff examples on each One that is commonly used, one that is effective and how I personally use these zones

Will also be showing examples on 3 different methods to mark out S/D Levels.

Common Practice

Using the OTE
Personal Practice

Simply Put:

In order for a proper orderblock to be labeled you need a market structure break (MSB)
A market structure break confirms a trend shift. Once you have the trend shift thats when you start looking for any formed supply/demand areas. The way you mark out MSB is all personal preference
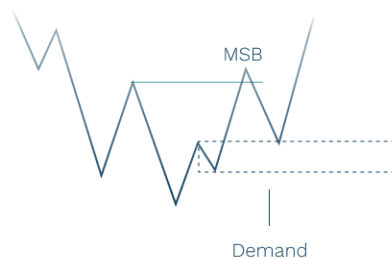
Chart Diagram (Simply Put)

Supply and Demand: Orderblocks

Bearish Orderblock

Bullish Orderblock

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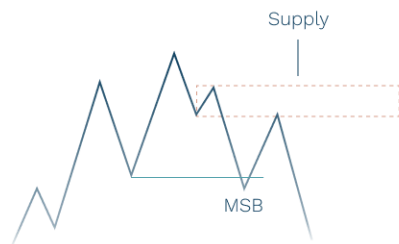
Bearish Orderblock (Supply):
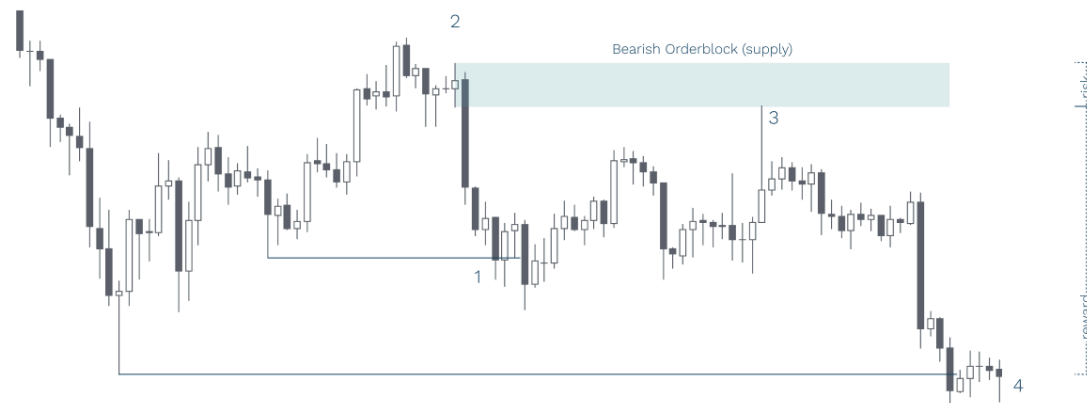
3 Methods:

- **A.** Up candle (bullish candle) prior to the move down that broke market structure. (Common)
- **B.** Up candle (bullish candle) prior to the move down that broke market structure (OTE)
- **C.** Up candle (bullish candle) prior to the move down that broke market structure. (Personal)

Example A:

A. Up candle (bullish candle) prior to the move down that broke market structure.

1. **(MSB) Market Structure Break**: Market structure is broken indicating orderflow wants to trend price lower.
2. Up move before the down candle that led to break in market structure. Following the break in market structure the price comes back to its identified supply and origin of the move now identified as a bearish orderblock and supply level. institutional footprint now identified.
3. Entry would be at the start of the Orderblock which price tagged to the exact dollar and some and target would be swing lows after identifying orderflow wanted lower levels when market structure was broken and shifted. Result: 5.97R setup with invalidation above the orderblock
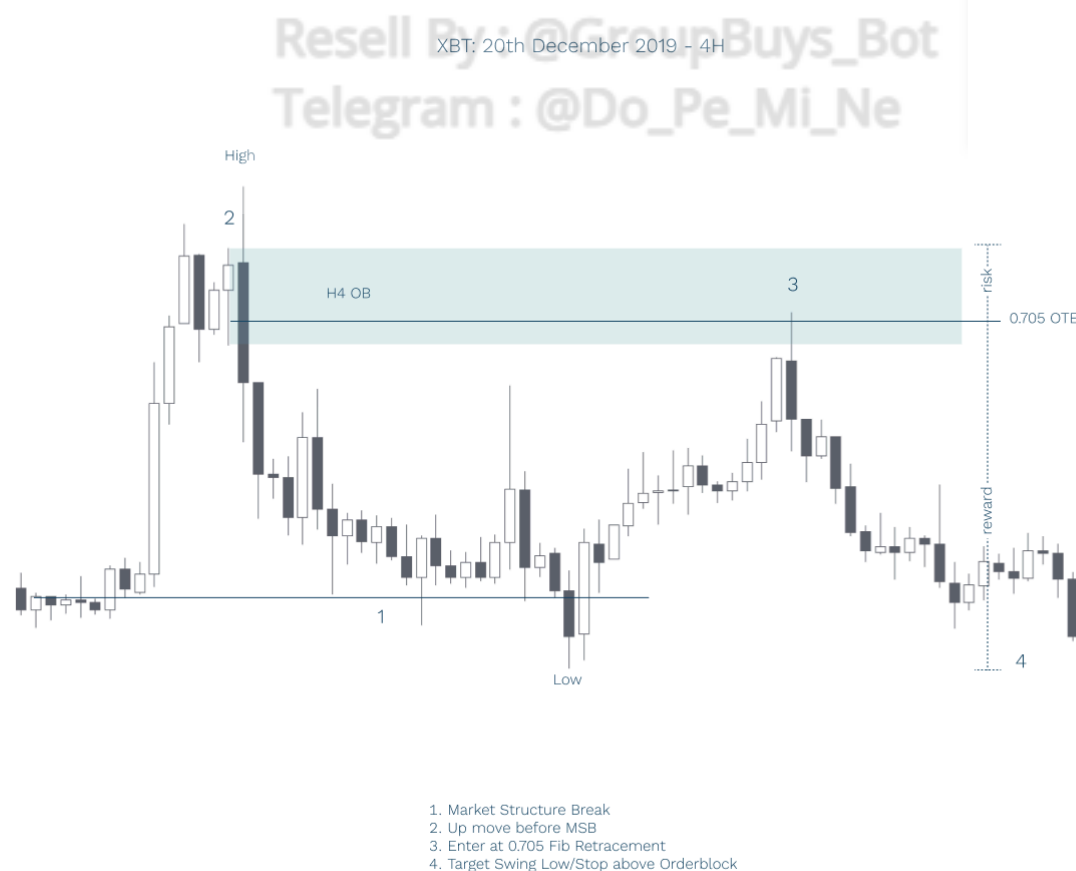
XBT: 29th August 2019 - 4H

Bearish Orderblock (supply)

1. Market Structure break
2. Up move before MSB
3. Enter at Orderblock
4. Target Swing Low/Stop above Orderblock

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Example B:

B. Up candle (bullish candle) prior to the move down that broke market structure. (OTE)

1. **(MSB) Market Structure Break**: Market structure is broken indicating orderflow wants to trend price lower.
2. Up move before the down candle that led to break in market structure. Following the break in market structure the price comes back to its identified supply and origin of the move now identified as a bearish orderblock and supply level. institutional footprint now identified
3. Using your Fibonacci extension tool mark the swing high to the swing low in which .705 as per ict is known as the optimal trade entry in any market and within the bearish orderblock which when used correctly gives you precise entries. Result 4.04R

XBT: 20th December 2019 – 4H

High

2

H4 OB

3

0.705 OTE

risk

reward

1

Low

4

1. Market Structure Break
2. Up move before MSB
3. Enter at 0.705 Fib Retracement
4. Target Swing Low/Stop above Orderblock

RektProof

Example C:

C. Up candle (bullish candle) prior to the move down that broke market structure.

(Personal) This method is my personal method to playing supply and demand zones.

1. Price Runs Liquidity: Before institutional money is injected personally I like to see a swing point get ran. Why? Swing points are often areas where traders like to leave their stops and are known as liquidity pockets in the market. Before

smart money can engineer liquidity there needs to be liquidity to be collected. Liquidity is ran and collected shortly after the up candle before the break in Market structure is made.

2. (MSB) Market structure broken following a run of a high (see step 1)
3. Up move before the down candle that led to break in market structure. Following the break in market structure the price comes back to its identified supply and origin of the move now identified as a bearish orderblock and supply level. institutional footprint now identified
4. Using your Fibonacci extension tool mark the swing high to the swing low in which .705 as per ict is known as the optimal trade entry in any market and within the bearish orderblock which when used correctly gives you precise entries
5. Target: Target untapped low and result 4.3R

XBT: 10th June 2020 - 1D
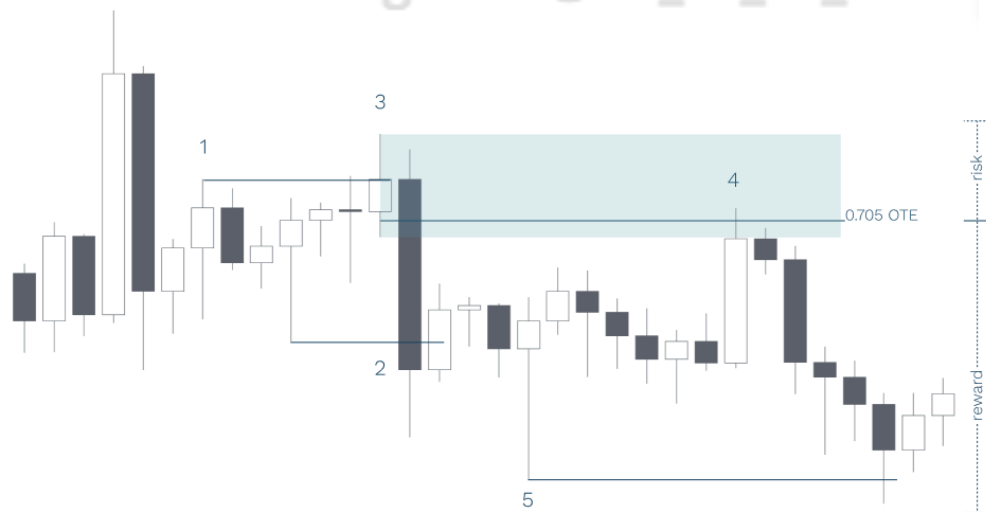
1. Price runs previous high
2. Market Structure Break
3. Up move before MSB
4. Enter at 0.705 Fib Retracement
5. Target Swing Low/Stop above Orderblock

RektProof

Bullish Orderblock (Demand):

Note:

Wording the same as bearish orderblock just reversed bearish wording with bullish wording and examples are different to define bullish bias.

A. Down candle (bearish candle) prior to the move up that broke market structure. (Common)

B. Down candle (bearish candle) prior to the move up that broke market structure.. (OTE)

C. Down candle (bearish candle) prior to the move up that broke market structure. (Personal)

Example A:

A. Down candle (bearish candle) prior to the move up that broke market structure.

1- Market Structure Break : Market structure is broken indicating orderflow wants to trend price higher.

2- Down move before the up candle that led to break in market structure. Following the break in market structure the price comes back to its identified demand and origin of the move now identified as a bullish orderblock and demand level. institutional footprint now identified.

3. Entry would be at the start of the Orderblock which price tagged to the exact dollar and some and target would be swing highs after identifying orderflow wanted higher levels when market structure was broken and shifted. Result: 3.41R setup with invalidation below the orderblock

XBT: 10th August 2019 - 1D

1. Market Structure Break
2. Down move before MSB
3. Enter at top of Orderblock
4. Target Swing High/Stop below Orderblock

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Example B:

B. Down candle (bearish candle) prior to the move up that broke market structure. (OTE)

1- Down candle (bearish candle) prior to the move up that broke market structure.

2- Down move before the up candle that led to break in market structure. Following the break in market structure the price comes back to its identified demand and origin of the move now identified as a bullish orderblock and supply level. institutional footprint now identified
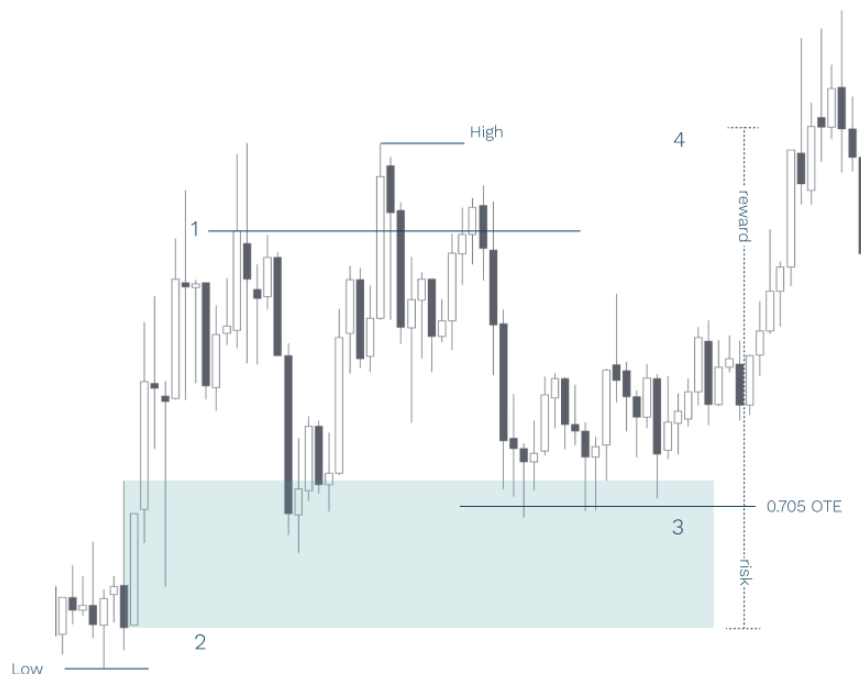
3. Using your Fibonacci extension tool mark the swing low to the swing high in which .705 as per ict is known as the optimal

trade entry in any market and within the bullish orderblock which when used correctly gives you precise entries. Result: 2.78R setup with invalidation below the orderblock

XBT: 15th January 2020 - 1H

1. MSB
2. Down move before MSB
3. Enter at 0.705 Fib Retracement
4. Target Swing High/Stop below Orderblock

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Example C:

C. Down candle (bearish candle) prior to the move up that broke market structure. (Personal)
This method is my personal method to playing supply and demand zones.

1. Price Runs Liquidity: Before institutional money is injected personally I like to see a swing point get ran. Why? Swing points are often areas where traders like to leave their stops and are known as liquidity pockets in the market. Before smart money can engineer liquidity there needs to be liquidity to be collected. Liquidity is ran and collected shortly after the down candle before the break in Market structure is created.

2. Market structure broken following a run of a low (see step 1)

3. Down move before the up candle that led to break in market structure. Following the break in market structure the price comes back to its identified demand and origin of the move now identified as a bullish orderblock and demand level. institutional footprint now identified

4. Using your Fibonacci extension tool mark the swing low to the swing high in which .705 as per ict is known as the optimal trade entry in any market and within the bullish orderblock which when used correctly gives you precise entries

5. Target: Target untapped low and result 5R(edited)

XBT: 10th April 2019 - 4H

High

2

5

4

reward

0.705 OTE

risk

1

Low

3
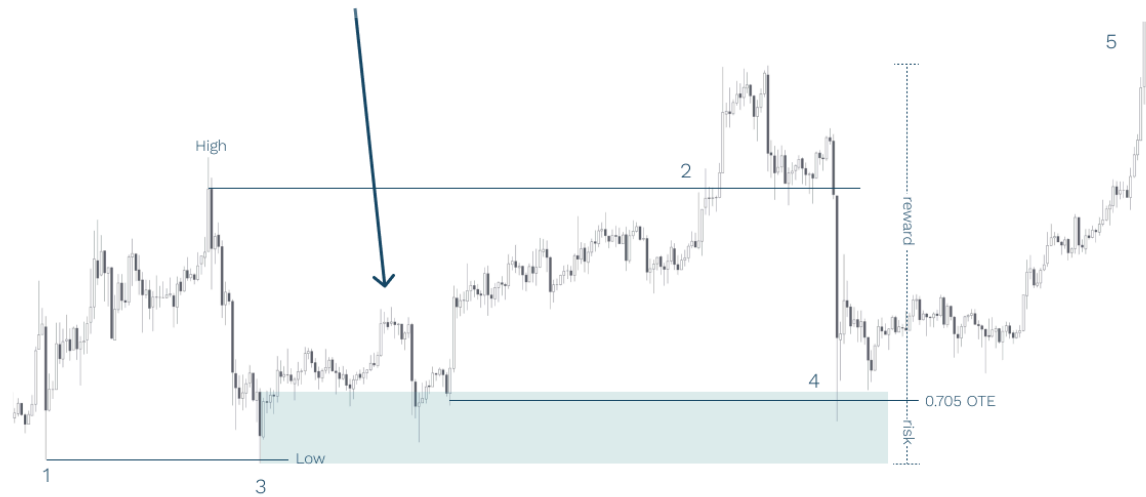
1. Price runs previous low
2. Market Structure Break
3. Down move before MSB
4. Enter at 0.705 Fib Retracement
5. Target Swing High/Stop below Orderblock

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