

# Order Flow Alchemy

## Module 1

### Trading 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.

Do you remember when you started trading? You thought you figured everything out and have the answer that is going to make you money forever. Then what happens? The market changes the question. The difference between winners and losers is winners admit they don't have the answer and realize there is no answer and instead focus on continual learning and improving.

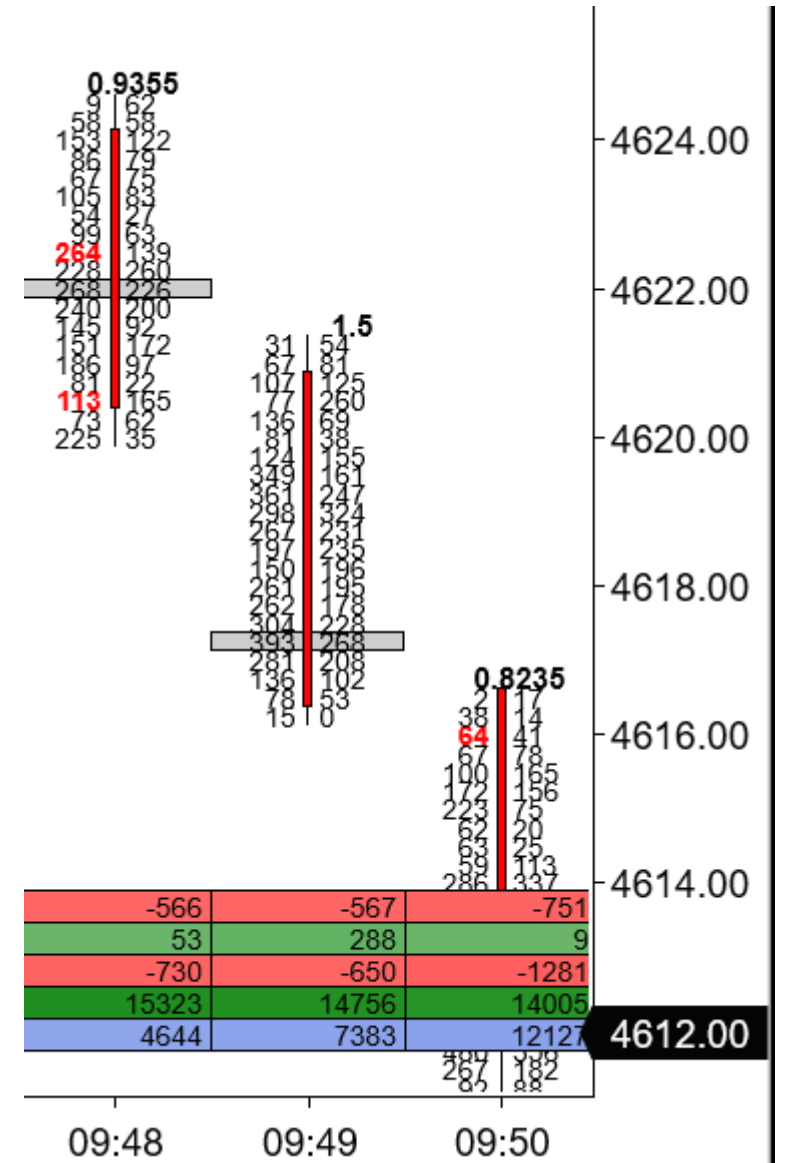


Traders aren't the people who find the markets easy  
They're the people who enjoy how hard it is.



The goal of this course is to take these concepts on order flow and apply them to your trading method to become the best trader you can be. You will never be a perfect trader. There are no perfect traders. What you need to do is meet your own trading goals. You are not going to be the next Paul Tudor Jones. But concentrate on being the best you.

What differentiates order flow from other forms of market analysis is a trader looks at volume at price, not volume over time. This allows a trader to determine the market participants interest at specific price levels.



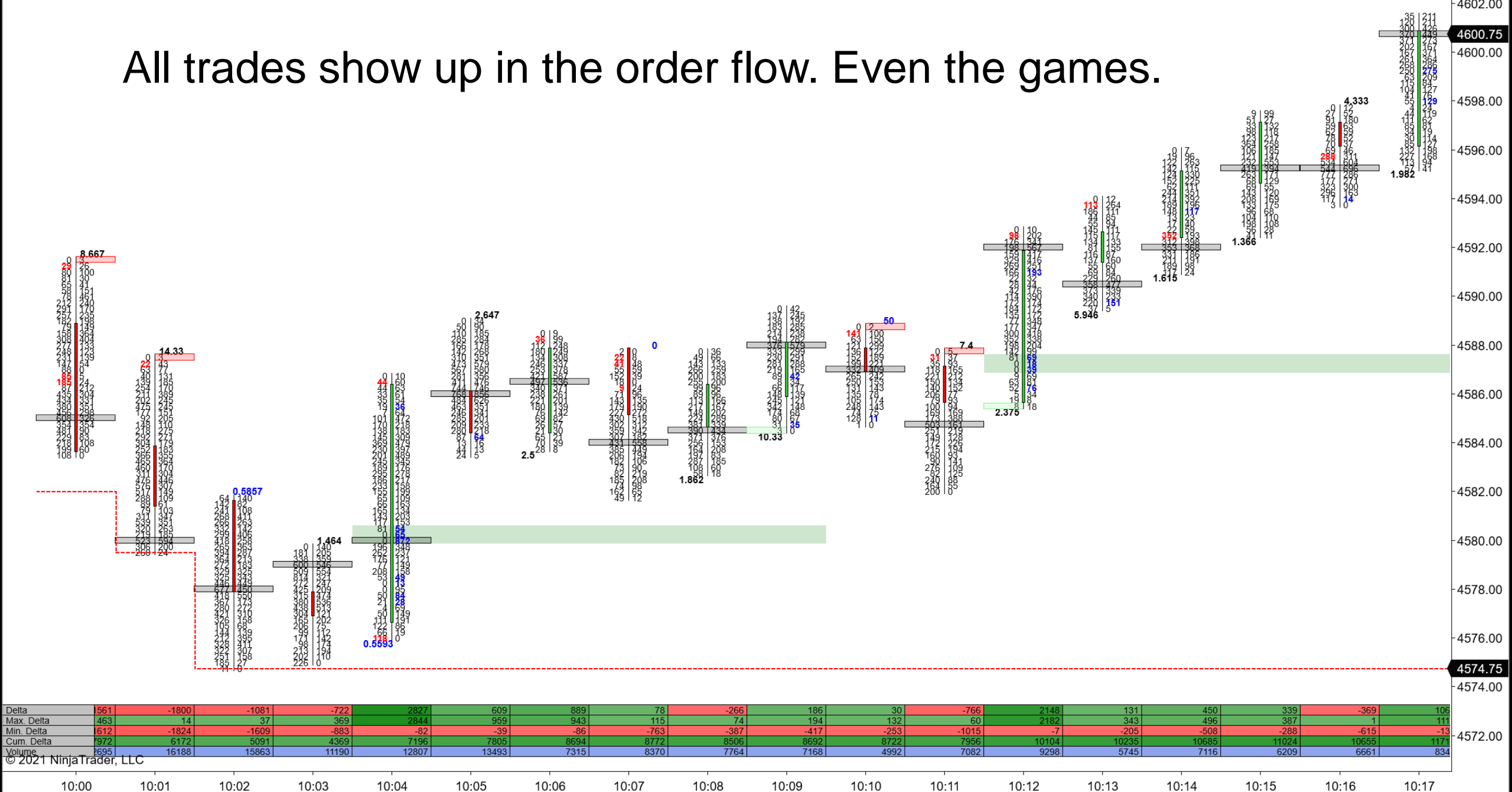


Institutional traders have access to complex trading algorithms, information about market supply chains, wholesale and consumer demand we retail traders don't have. For example, they may sit on boards of big companies or have close relationships with upper management of some of the biggest companies. Our edge as retail traders is being able to identify what these big institutional traders are doing in the market.



Coming from JP Morgan I get asked a lot about the metals market manipulation that they just settled for over a \$1 billion. People will say how can you make money in a market where there are games being played and it being manipulated. But here's the thing. Whatever is traded shows up in the order flow. That is what the order flow is – what traded. You are still going to see that activity. If you know what it means to the market, then you can take advantage of it also.

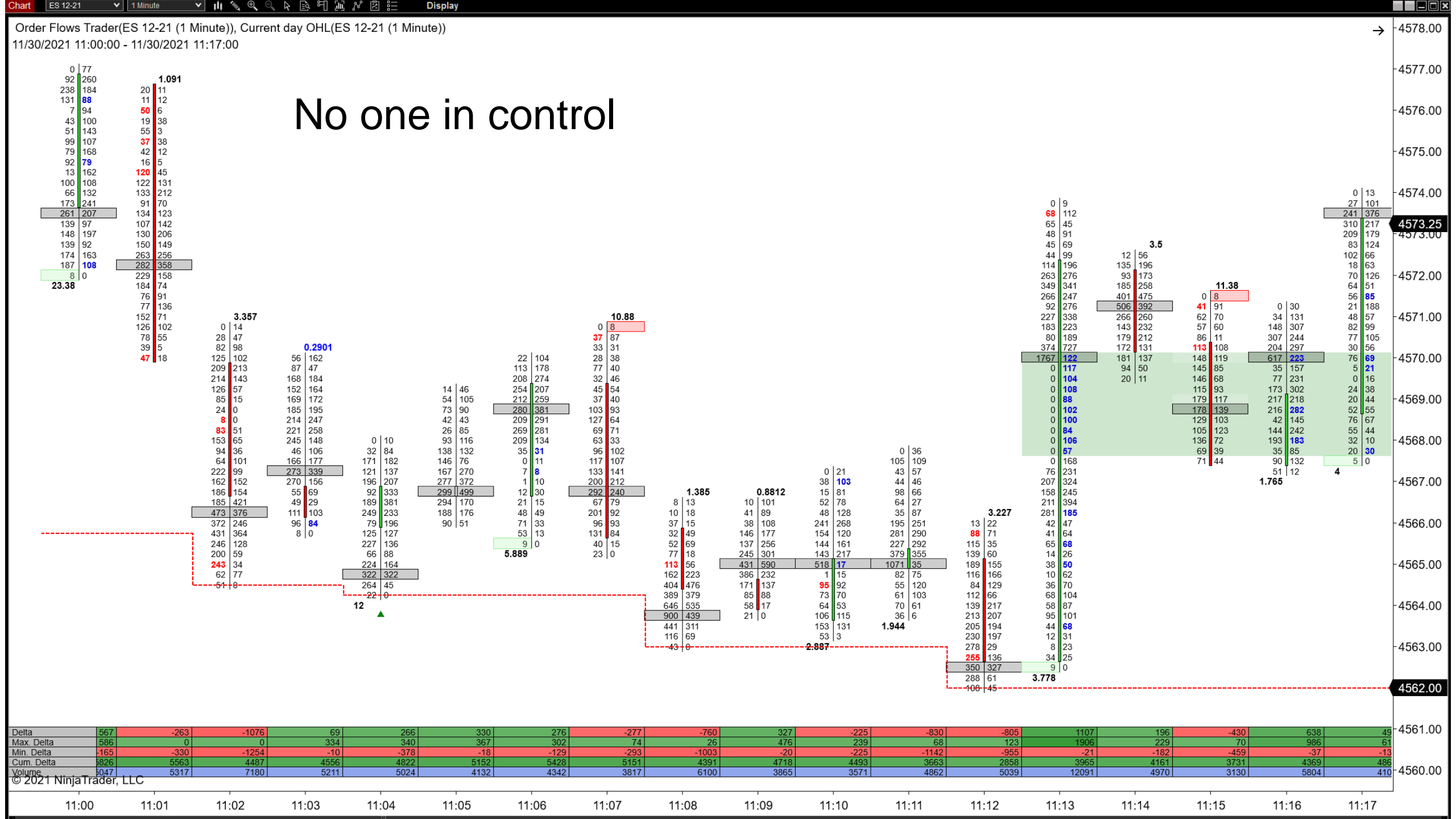
All trades show up in the order flow. Even the games.



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Order flow provides you with a different perspective on how to trade the market. It's not magic; instead, it helps traders discover what is going on in the auction process that may not exist elsewhere in other forms of market analysis. What you should be looking for in the order flow are areas where there's been heavy trading volume or lack thereof- this can give insight into market conditions as well who might have control over the movement at any given time; if we're seeing trades happening near equally between two sides then chances are good that neither one has control yet.





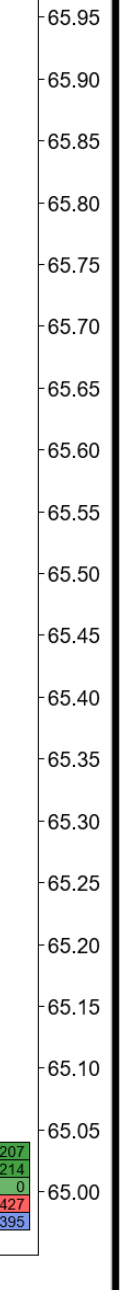
Here's a tip: When you look at the footprint and you can't figure out what is going on, who is in control, then the market is most likely balancing or facilitating trade.



There are a lot of different ways traders can make money in the markets and many times traders seem like they are trying to make money in the most difficult way possible. When you focus on the order flow you can go for the low hanging fruit. Don't make trading more difficult than it needs to be.

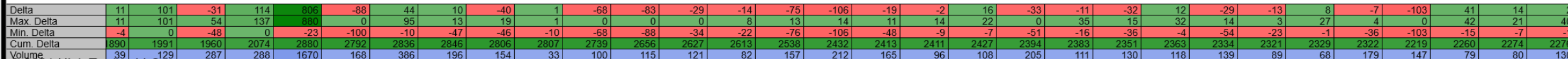
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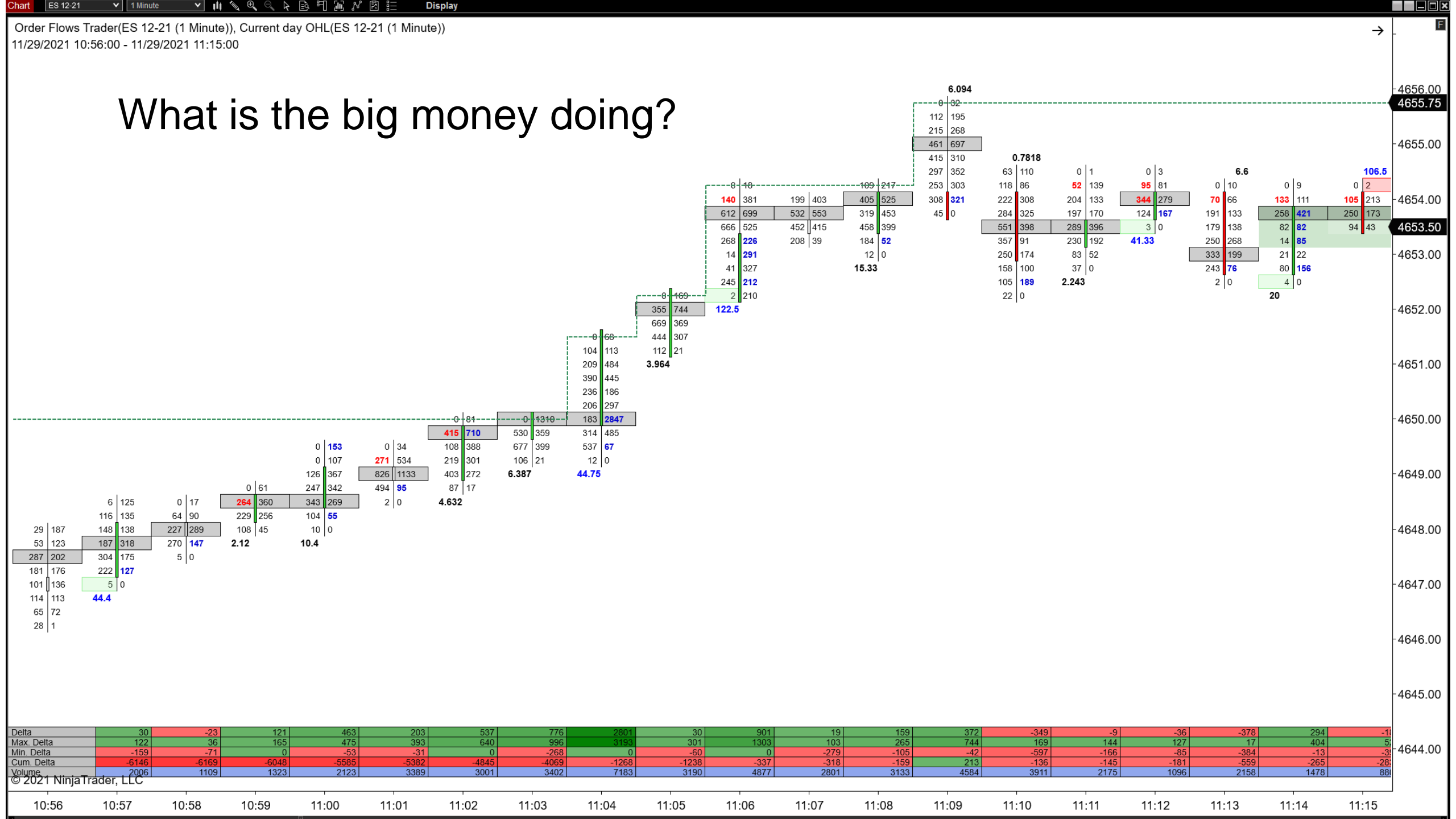




Don't let what you think should happen mess with what is really happening in the market. Trade according to what is happening in the market based on the order flow on the chart.

The big money traders, the one who move the markets, make their decisions on info you and I will never have. You have to trust their work. You have no control over what they are going to do. Your job is to observe and react to it.



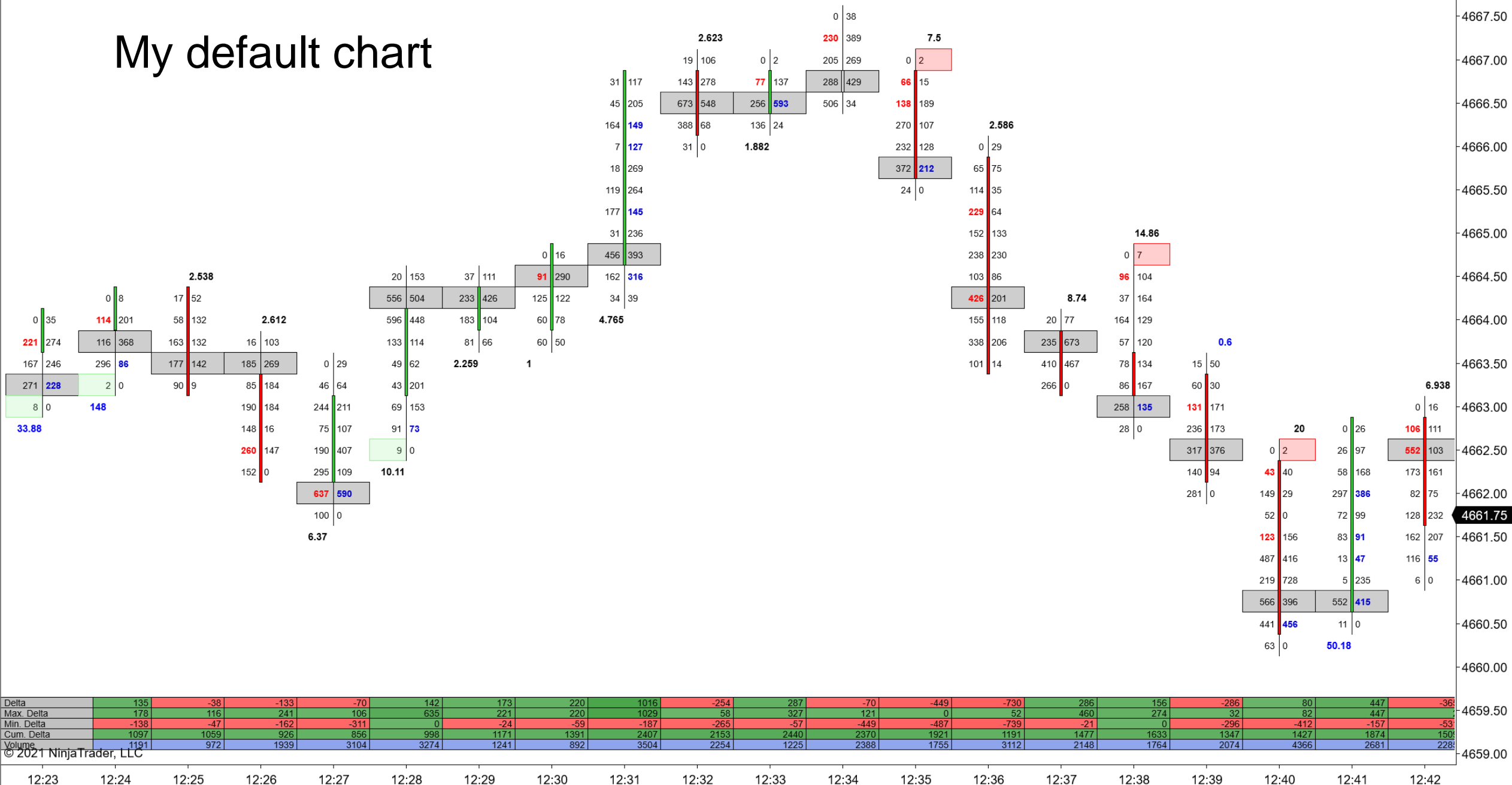


There comes a point where too much information works against you. You must put what you know and understand into practice and create a trading plan.

If you are not getting the results you want, don't add more and more, take a step back and work with what you know and understand.

Order Flows Trader(ES 12-21 (1 Minute)), Current day OHL(ES 12-21 (1 Minute))  
11/29/2021 12:23:00 - 11/29/2021 12:42:00

# My default chart







The edge is always right in front of you. Many traders are out there trying to do fancy things that they don't even understand trying to curve fit something to satisfy themselves. While you are right there correctly watching what is happening in the market. Its always right there, right in from of you.



As you can see the footprint is really a treasure trove of information for traders. More importantly it is information you are not going to get anywhere else. That is the power of order flow.

This ends module 1.  
I will see you on the next module.

