

ORDER FLOW TRADING COURSE

Lesson 1: Introduction To Order Flow

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FOUNDER - ORDERFLOWS

My trading method and teaching are based on order flow strategies that I've developed over many years of trading various futures markets. I do not use any moving averages, oscillators or bands to back my trading decisions, nor do I combine them with order flow trading and teaching. Furthermore, I don't use or teach any of the pre-set Order Flow trading methods circulating for free over the Internet. Rather, I trade my own method that is the culmination of my 20 years of trading futures on an institutional level.

DISCLAIMER

- This presentation 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.

INTRODUCTION TO ORDER FLOW TRADING

- Order flow trading is a phrase you hear a lot nowadays and it is being touted by a lot of software vendors.
- Its not new, its been around for decades.
- When the markets traded in the pits it was easy for locals and market makers to see the order flow and profit from it.
- With the advent of PCs now individual traders can profit from order flow.

INTRODUCTION TO ORDER FLOW TRADING

- People are always striving to raise the quality of their life at every level, whether it be in the relationships, their job, their car, their body.
- Trading is no different. As a trader you should always be looking for ways to improve your trading.
- The market is constantly changing and evolving and the trader also needs to.

INTRODUCTION TO ORDER FLOW TRADING

- Do you want to look at the market in same ways that losing traders have been for the last 50 years?
- Order flow takes the available market information and turns it on its head and lets you look at the market in a way to determine what the winning traders are doing.
- It's the losing trader's money that you are going after.

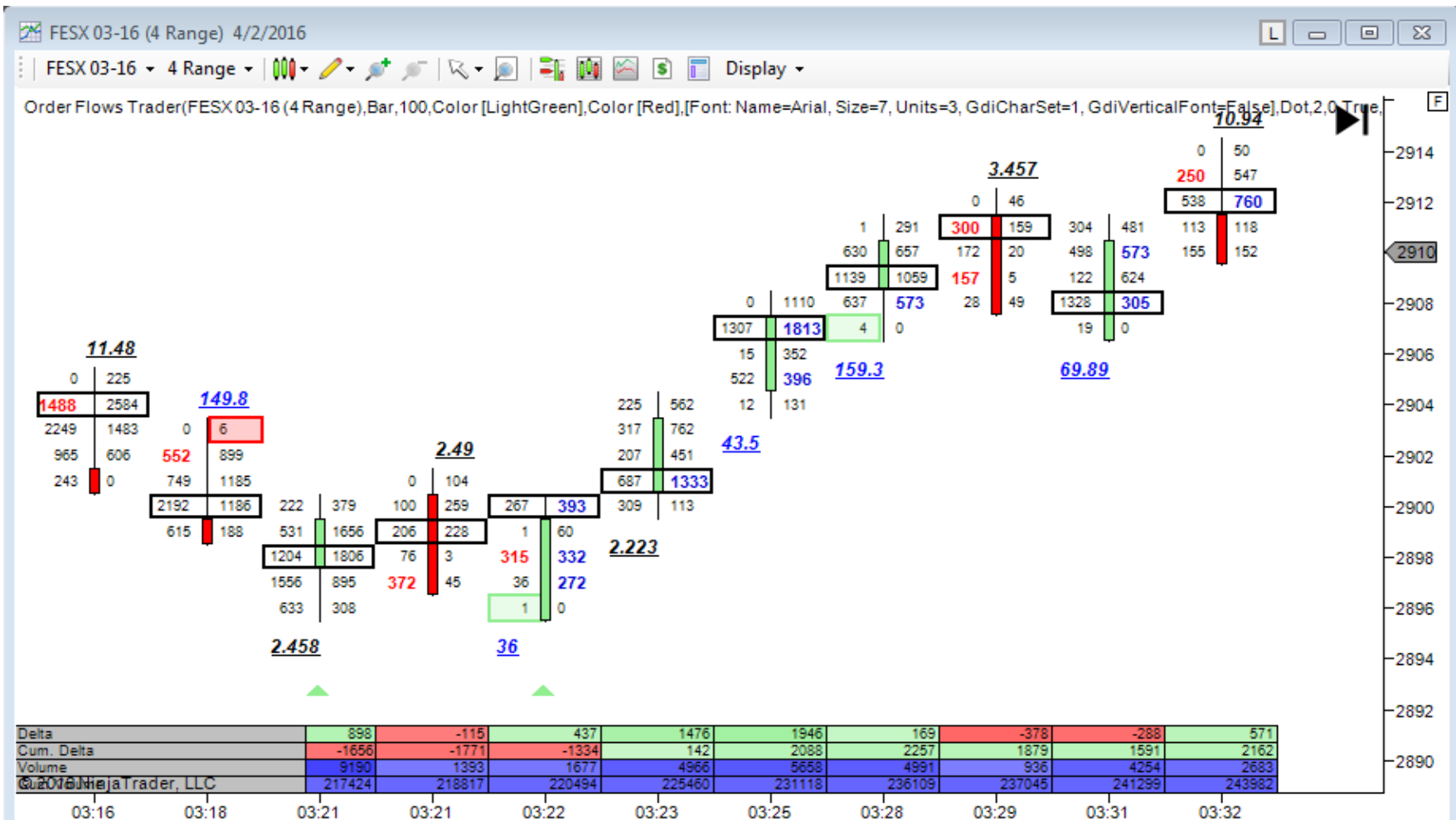
WHAT IS ORDER FLOW TRADING?



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WHAT IS ORDER FLOW TRADING?



WHAT IS ORDER FLOW TRADING?

There are two key components to being a successful trader:

- The ability to read & anticipate the market as its trading.
- The ability to keep emotions in check and execute the trades as they appear before you.

WHAT IS ORDER FLOW TRADING?

- The market is dynamic and constantly changing. There is no pattern or behavior that is exactly repeated. However order flow gives the trader the clues as to what is happening in the market.
- A lot of traders fail because they think the market can be predicted.
- Don't try to predict the market, try to anticipate the market.

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WHAT IS ORDER FLOW TRADING?

- Understanding the order flow allows you to make educated trading decisions based on what is actually occurring in the market right now.
- Indicators try to predict future price movements based on what happened over a period in the past.
- Make decisions based on what is happening NOW, not what happened in the PAST.

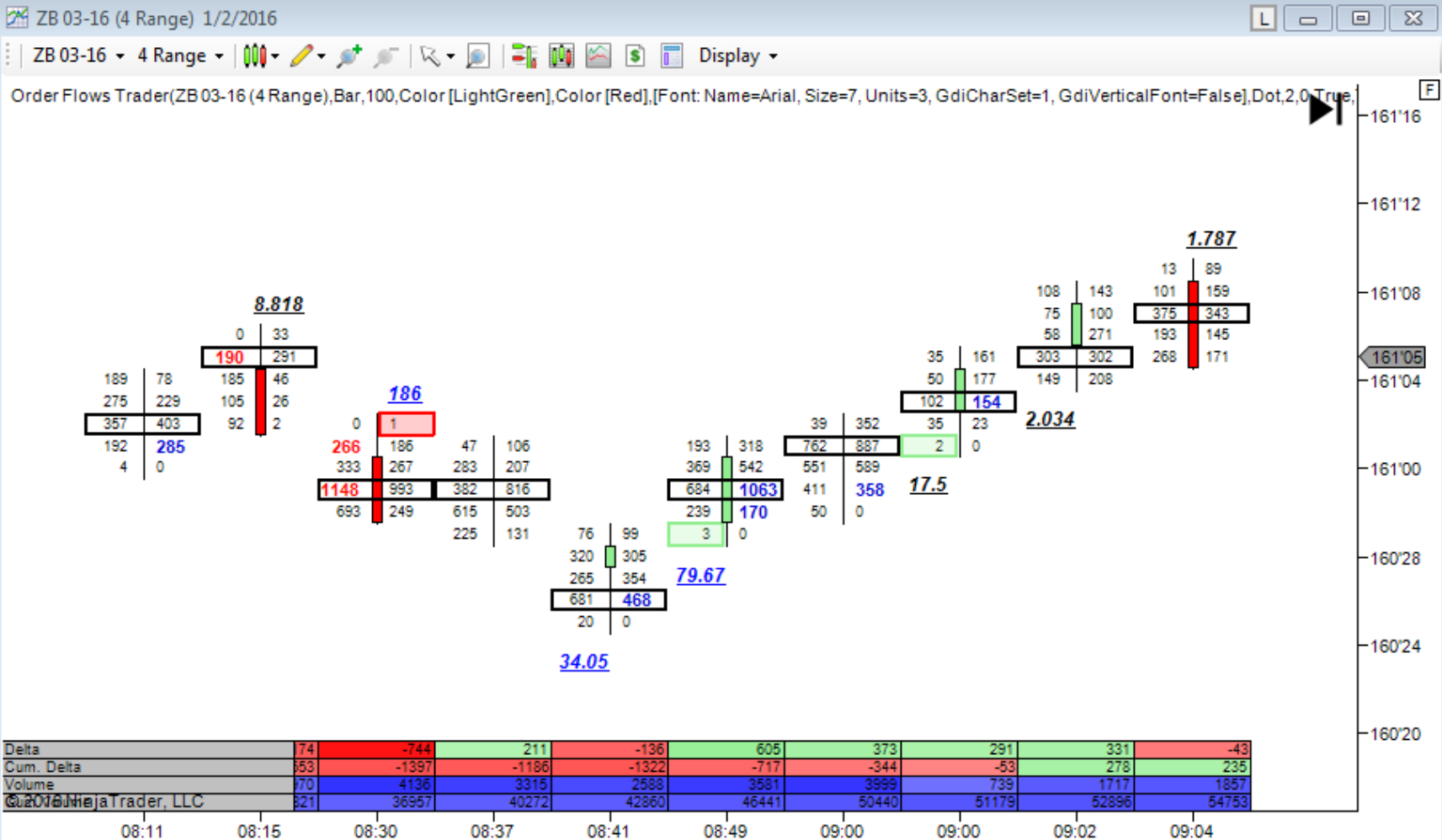
WHAT IS ORDER FLOW TRADING?

- What does that mean...”Make decisions based on what is happening NOW, not what happened in the PAST.”
- You should look at the past in relation to where the market is now. The best setup in a market going nowhere has a lower chance of being successful. Do you want to buy here? Sell here? Which direction has a capacity for a big move?
- Understand what is going on in the market.

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WHAT IS ORDER FLOW TRADING?



WHAT IS ORDER FLOW TRADING?

- You are watching the current trades that are occurring to determine whether the buyers or sellers are in control.
- Is supply or demand greater?
- Order flow allows you to monitor the participation of different market participants which shows up in the volume being traded on the bid or offer.

WHAT IS ORDER FLOW TRADING?

- A visual representation of price movements constructed by recording the volume traded on the bid and on the offer.
- Provides insight into market psychology as well as market conditions.
- Value lies in confirming market tops and bottoms as well as price areas where there have been shifts in supply and demand.

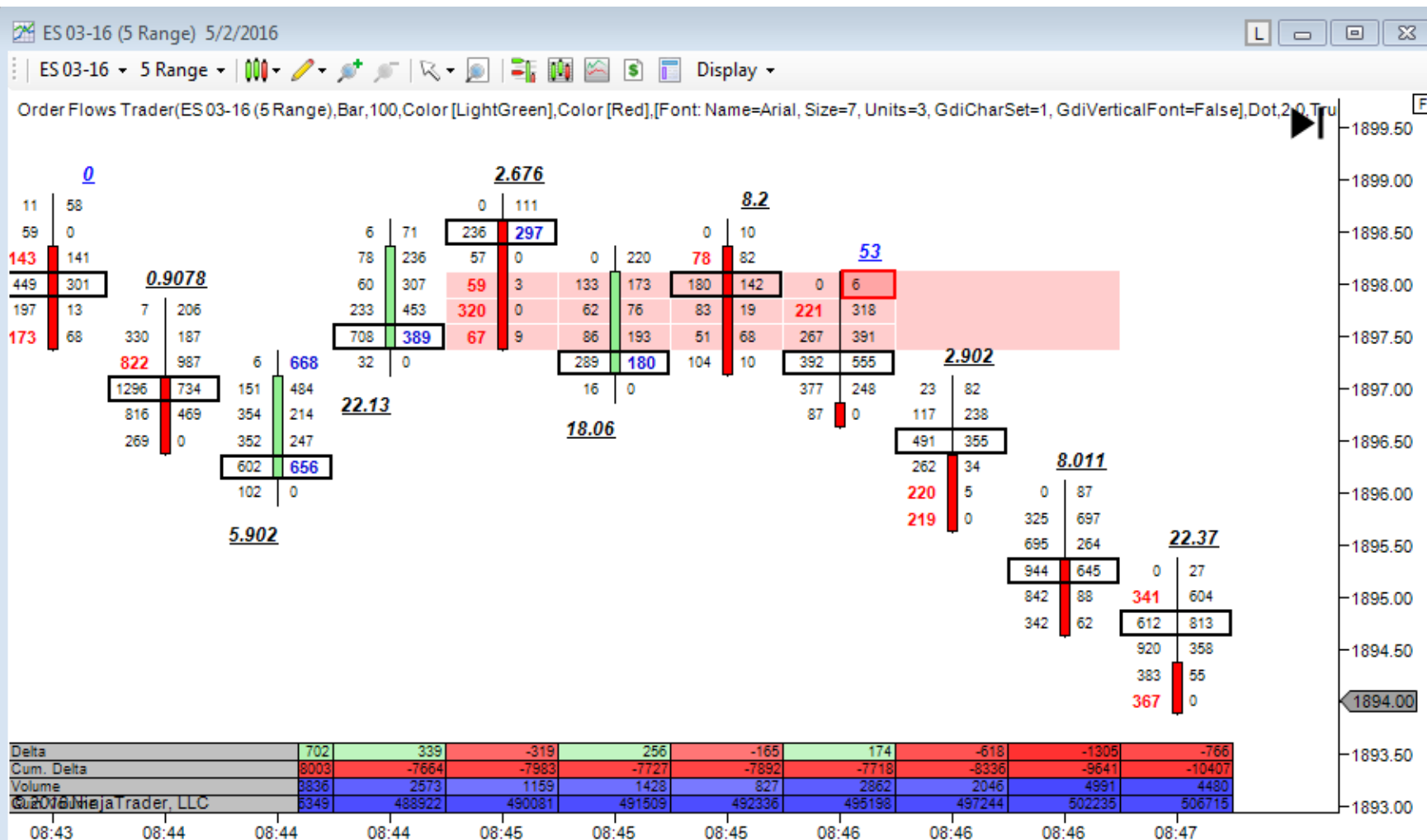
WHAT IS ORDER FLOW TRADING?

- The market is a constant tug of war between buyers and sellers with each side trying to assert themselves and take control.
- You should always be asking the question: Who is in control, buyers or sellers?
- Once you know who is in control you can see when control shifts from one side to the other.
- Anticipate price movements as they occur.

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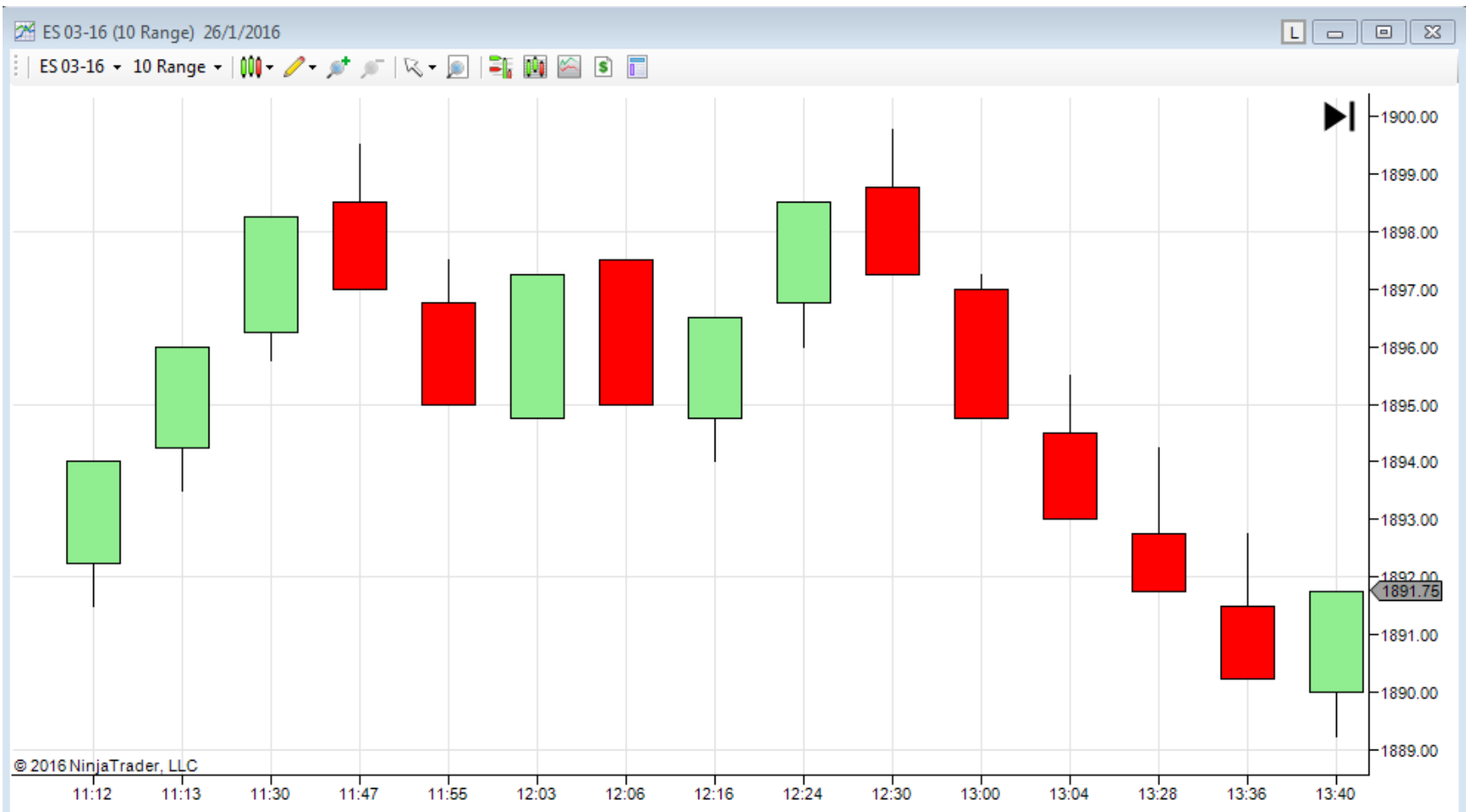
WHAT IS ORDER FLOW TRADING?



WHAT IS ORDER FLOW TRADING?

- Order flow footprint charts are superior to bar charts and candlestick charts because they provide actionable visual insights into the psychology of what is currently happening in the market.
- The trading clues from an order flow footprint chart are immediate and hidden from users of bar and candlestick charts.

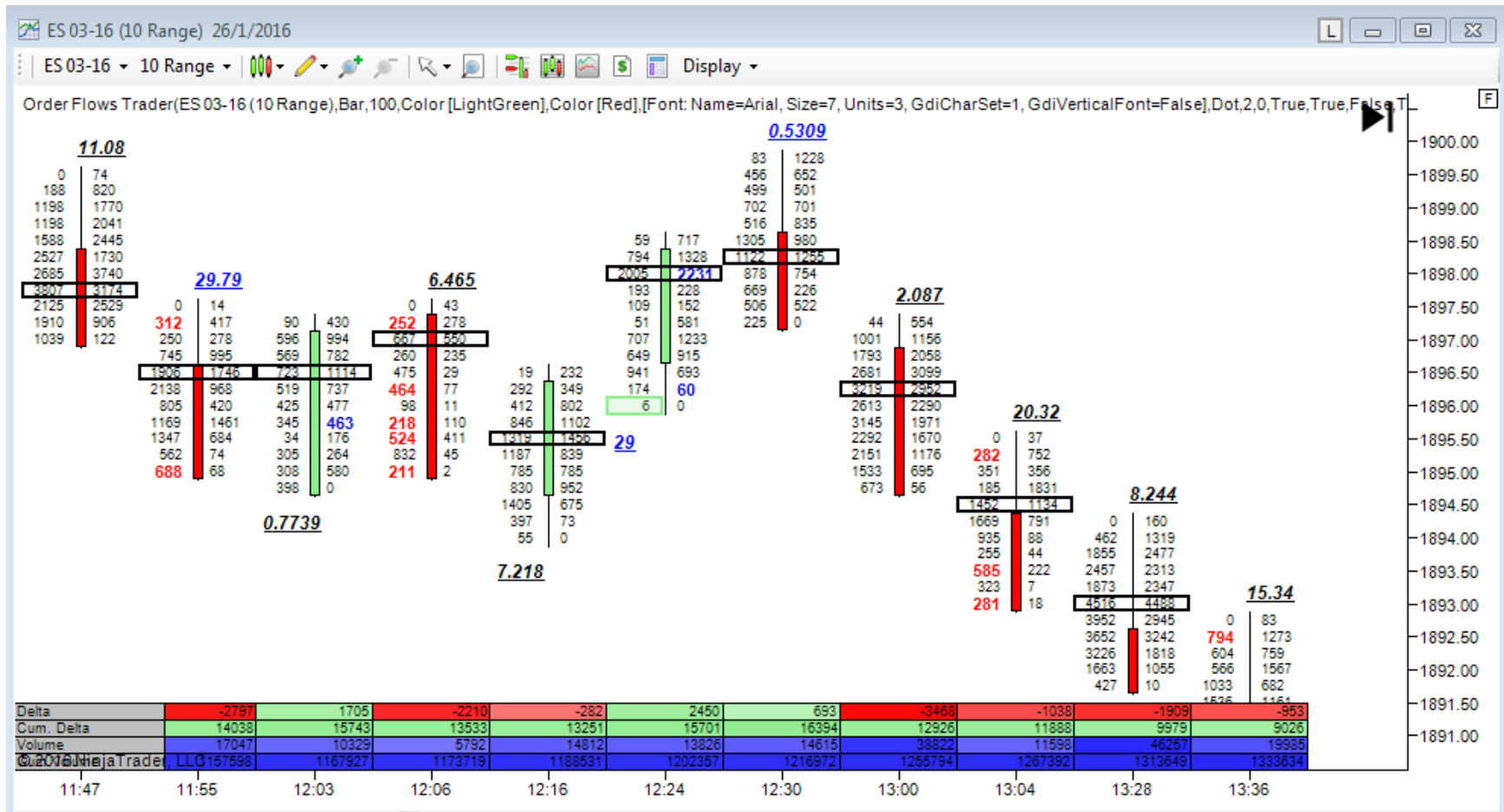
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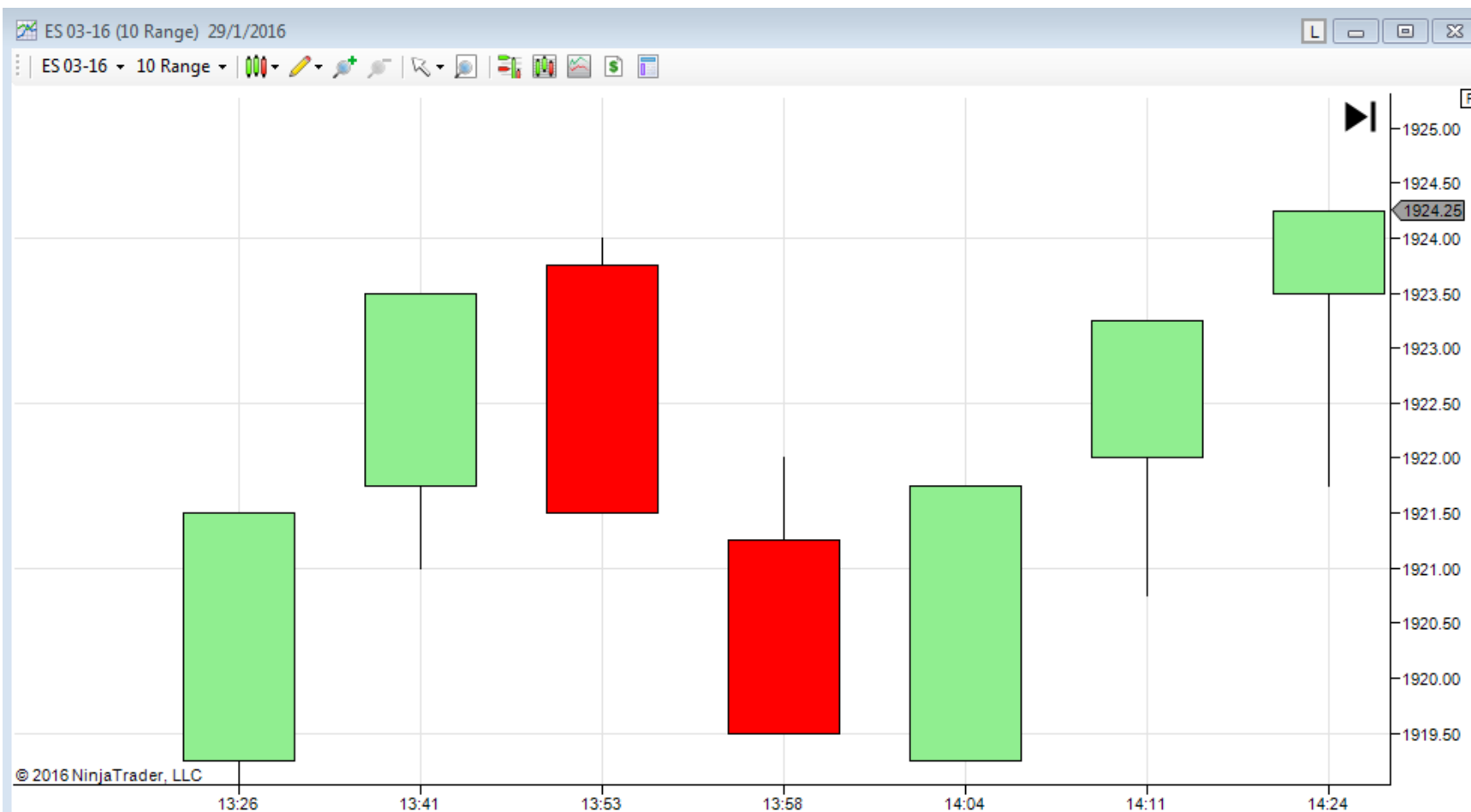
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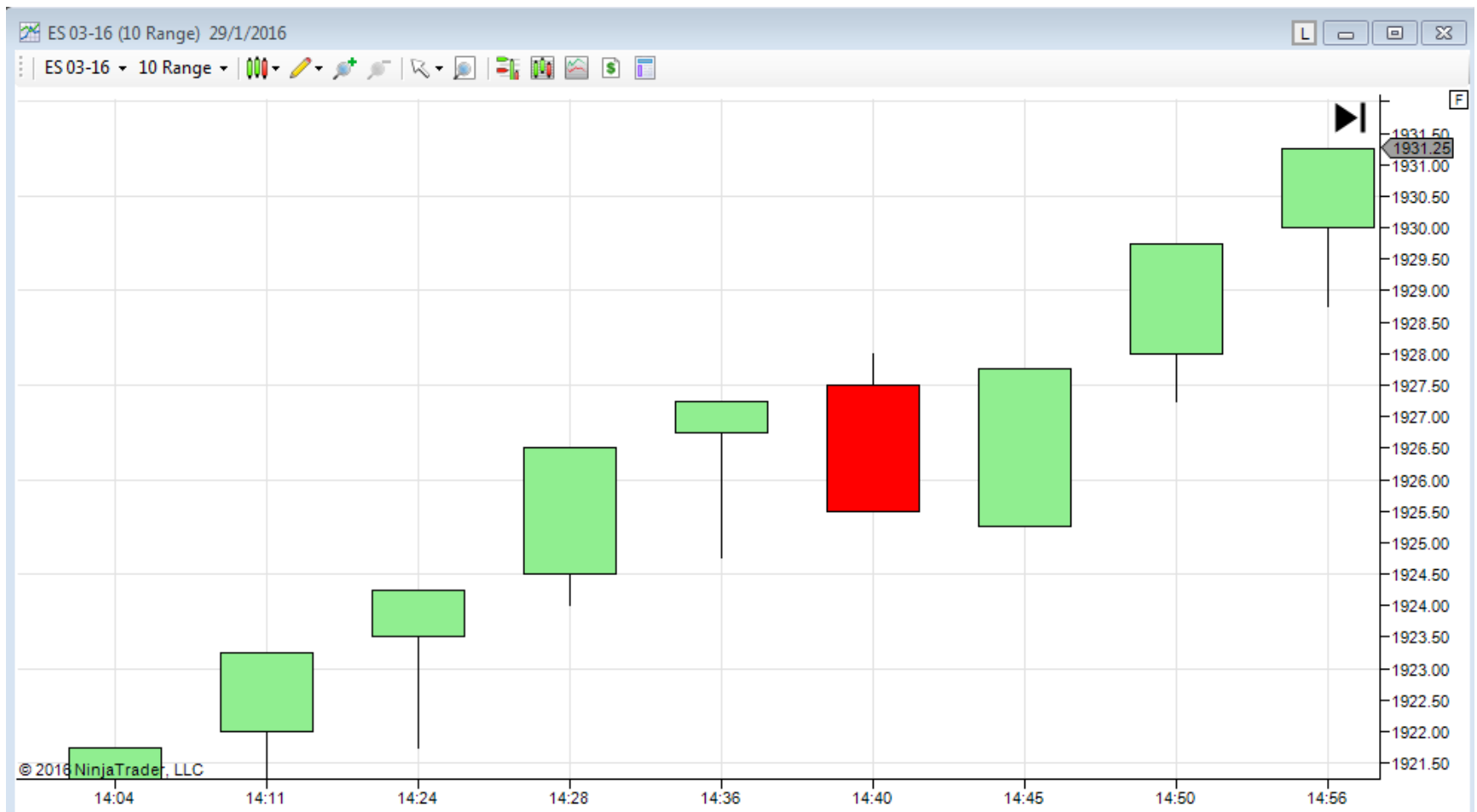
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WHAT IS ORDER FLOW TRADING?



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WHAT IS ORDER FLOW TRADING?

- Order flow is a tool and not a system and should be used in context of what is occurring in the market.
- Order flow makes analysis quicker and more efficient and provides an in-depth view of what traders are doing.
- Particularly useful in signaling trend changes as they happen which is much earlier than those generated by conventional indicators.

Train The Eye

- Order flows shows what happened in the market.
- A powerful tool that is only partially understood by other traders. It looks confusing to people that don't understand it. But it is the only tool that gives you immediate feedback on what it happening now in the market.
- As with any form of trading your goal is to buy at a lower price than you sell.

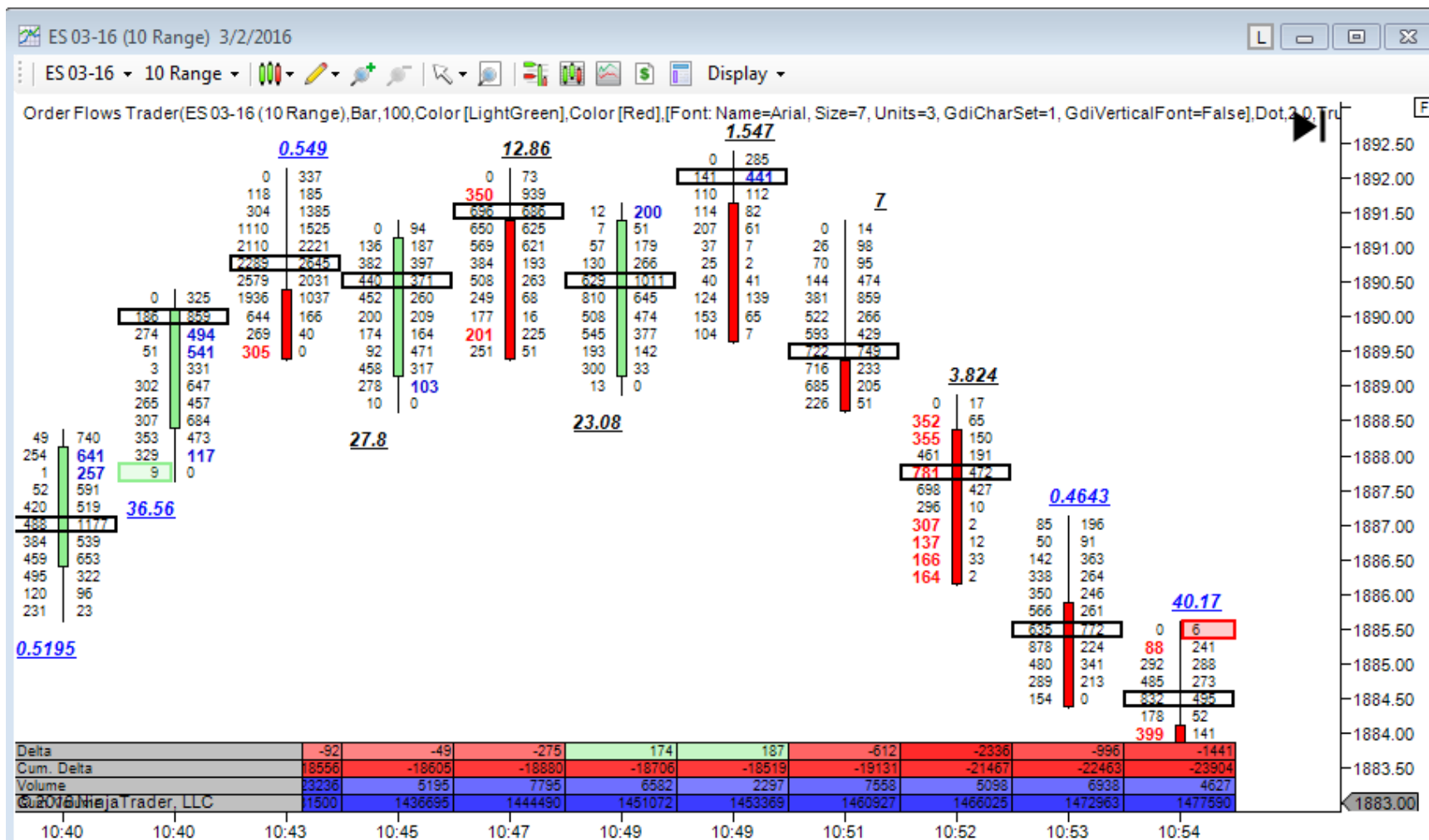
HOW CAN ORDER FLOWS HELP ME?

- Order flow is vital in spotting reversals. Most reversals are short term which is precisely the type that short term traders look for on a regular basis.
- Can be used on other time frames, but my emphasis will be on intraday trading.
- Order flow is also used to confirm trends once they have started. This will help keep you in moves once you are in.

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WHAT IS ORDER FLOW TRADING?



WHAT MAKES ORDER FLOW DIFFERENT

- Order flow is not your typical technical analysis tool. It places a greater emphasis on volume. Volume cannot and should not be ignored. Without knowing the volume traded and how it traded, you have no idea of the conviction involved in a move.
- The connection of price and volume tells you what other traders are doing and allows the trade to take advantage of that knowledge.

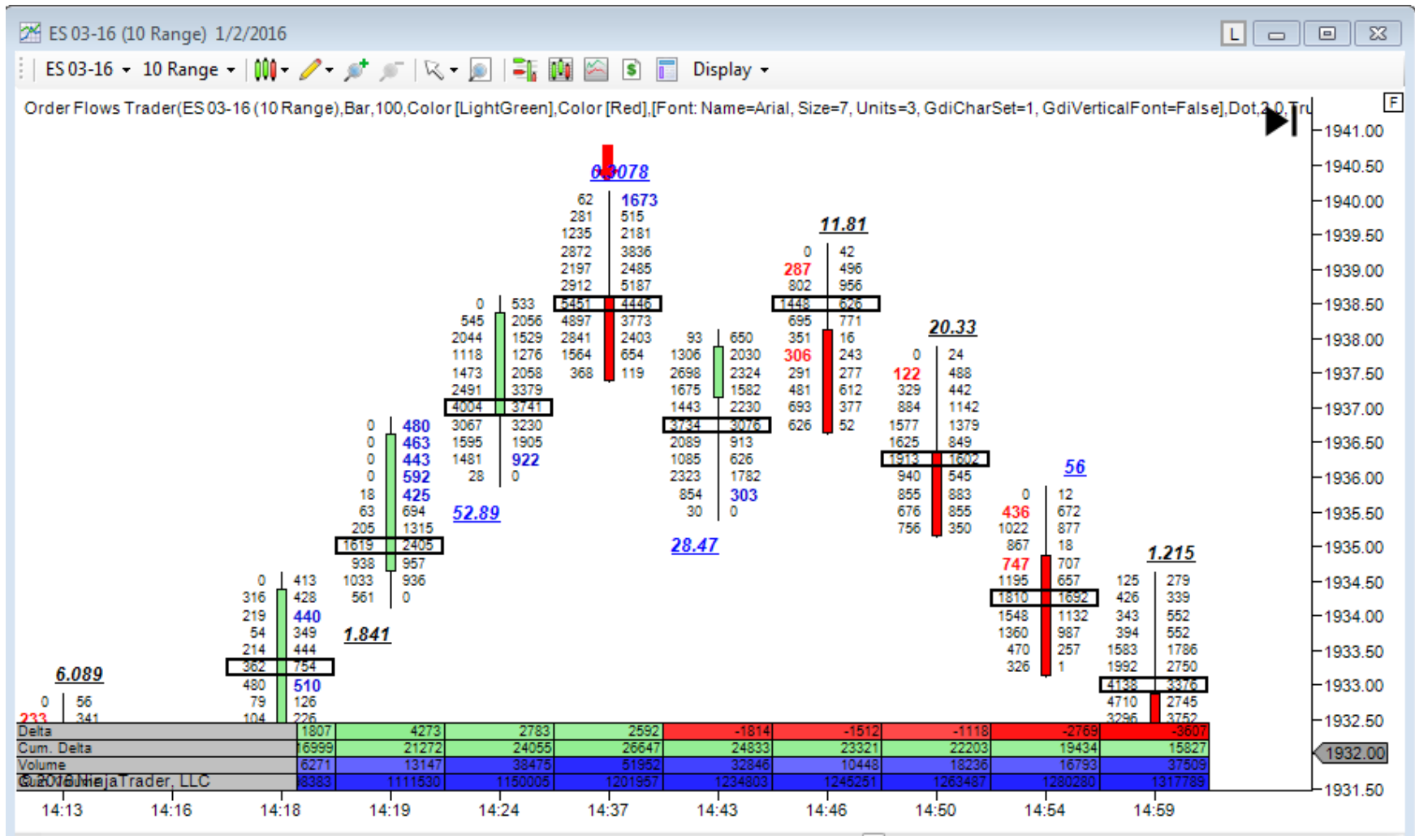
FUNDAMENTALS

- Fundamentals do not directly determine price; they are only as important as the emphasis placed on them by the traders who analyse them.
- The market reflects what the consensus is.
- The market determines fair price, but the volume traded represents the strength of interest in that determination.

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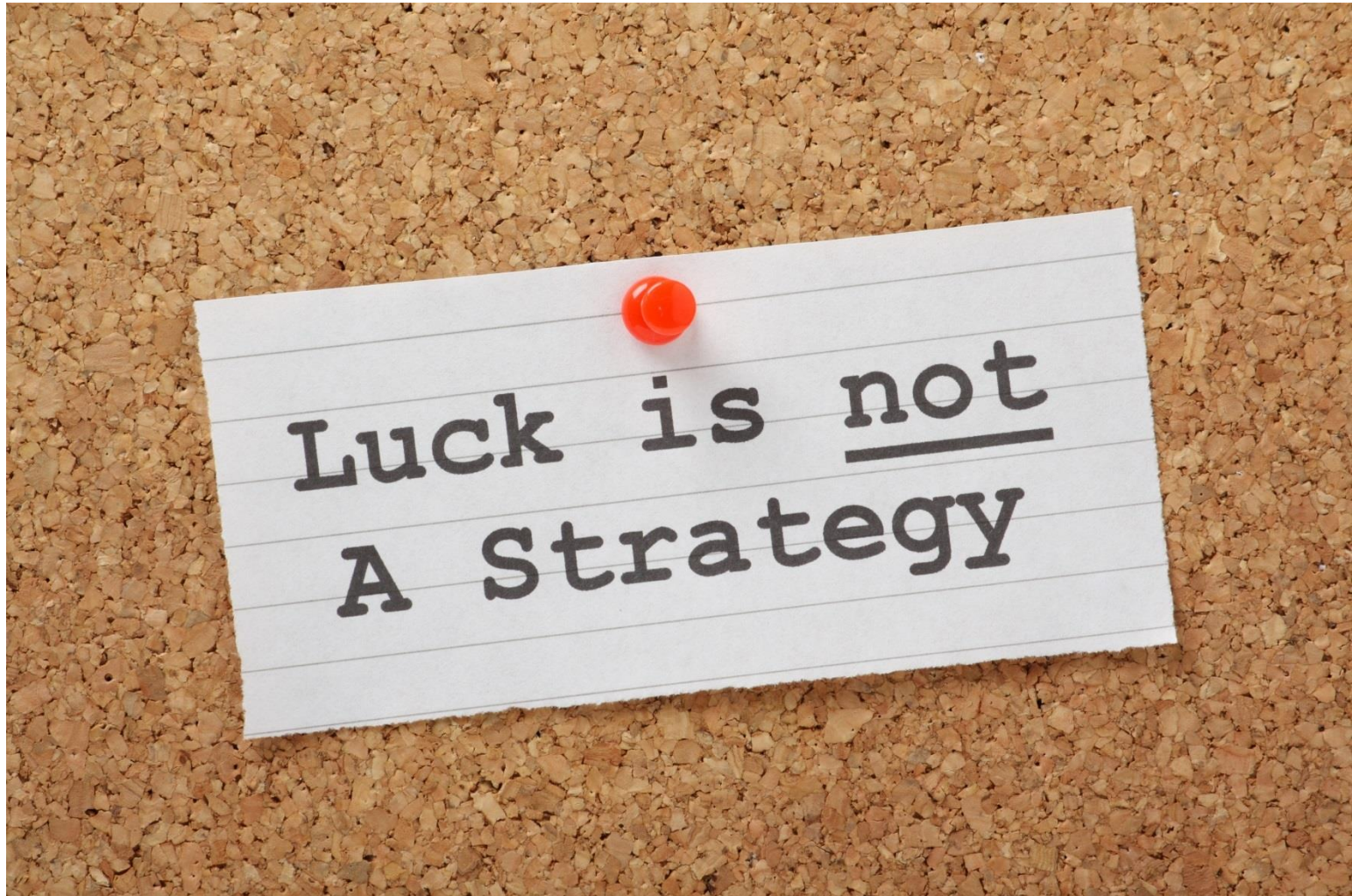
WHAT IS ORDER FLOW TRADING?



KEEP IT SIMPLE

- To make money trading it is necessary to have a disciplined approach to trading and it is important to keep things simple.
- Initially order flow trading seems complex, however once you learn the how to read and understand an order flows chart you will be able to better know what is happening in the market and you will become disciplined as a trader.

WHAT IS ORDER FLOW TRADING?



KEEP IT SIMPLE

- Learning order flow is like learning any new life skill. The more you practice, the more proficient you become.
- Learn the basics, get them down cold because as you start to move to more advanced techniques in your training and trading and you start to struggle, you can go back to the basics.
- Most traders don't even have the basic education in order flow trading.

WHY ORDER FLOW

- When I first saw a footprint chart I was already aware of volume's importance in trading.
- It is necessary to see and determine whether volume was heavy or light as a market moved through levels of support or resistance.
- In the past, volume was relegated to a secondary significance or even completely ignored by most traders.

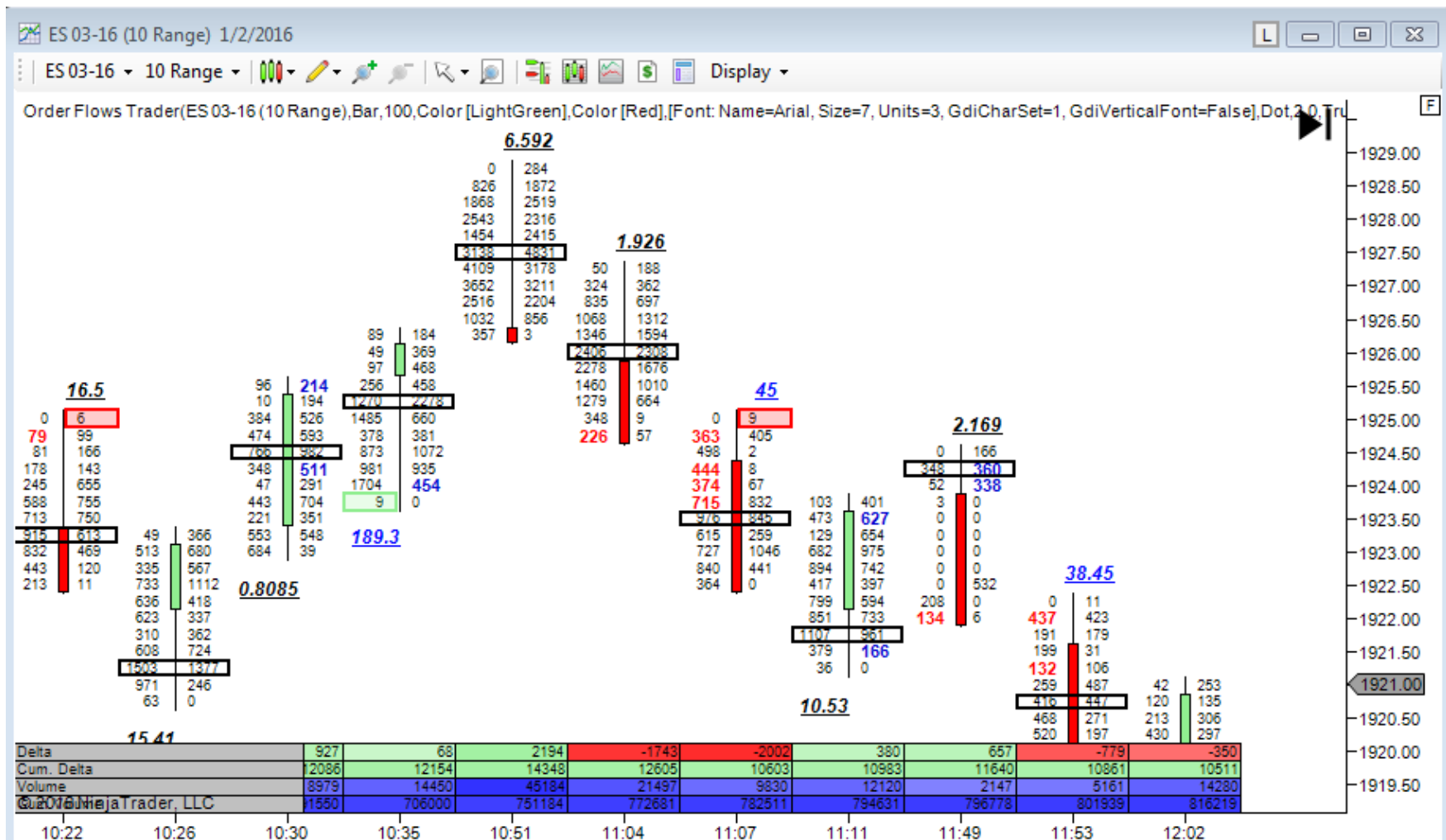
WHY ORDER FLOW

- You cannot understand the dynamics of a price movement without understanding the volume.
- Order flow does not look at ‘new’ information; it looks at the same information in a more easily interpreted format.
- It allows a trader to determine how prices are changing rather than just seeing they are changing.

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WHAT IS ORDER FLOW TRADING?

- This is the end of lesson 1. In the next lesson I will discuss the different choices of order flow software that are available on the market for traders to choose from.

THANK YOU

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**To learn more about trading with order flow
software used in this course be sure to visit:**

www.orderflows.com