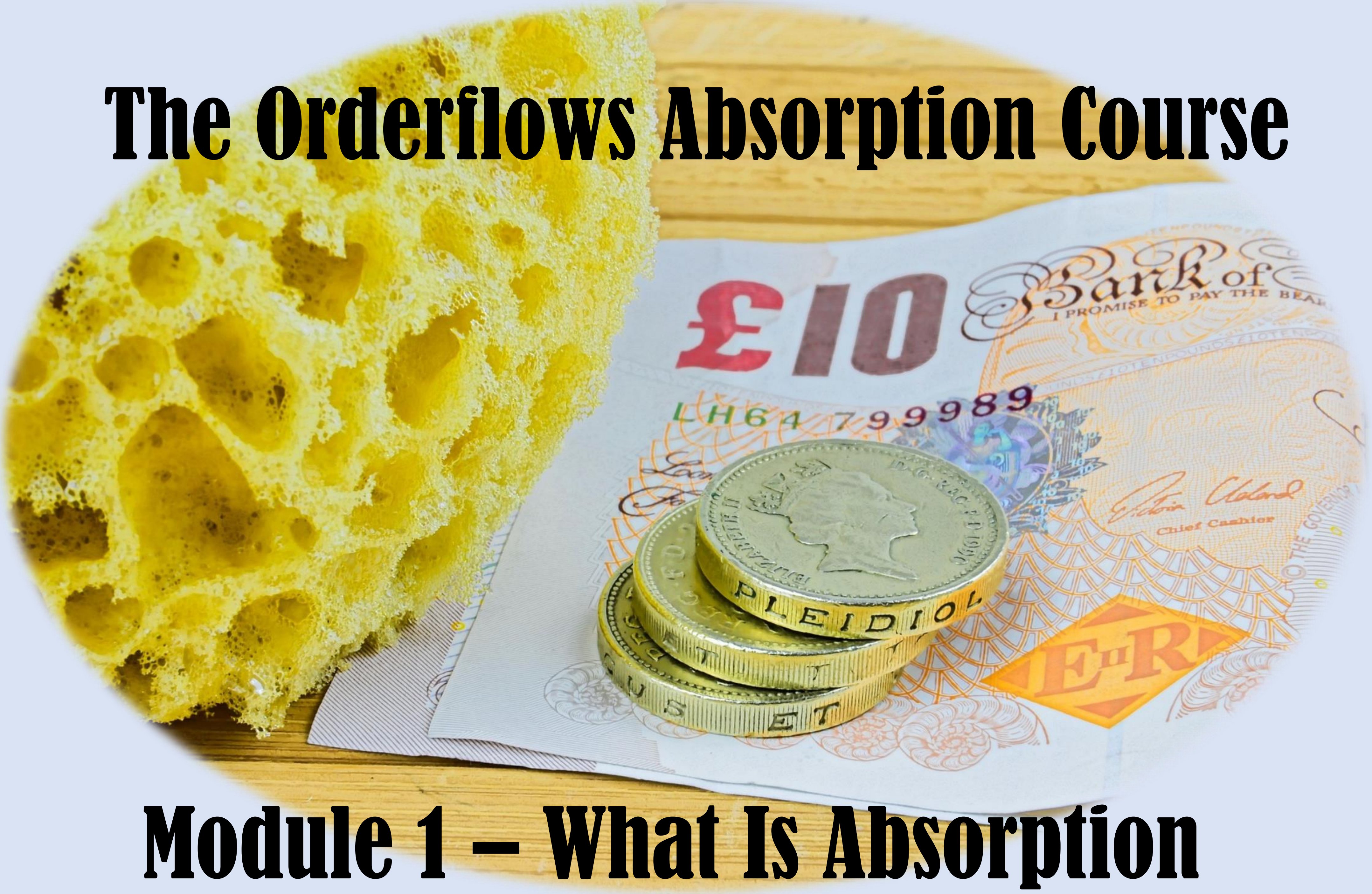
The Orderflows Absorption Course



Module 1 – What Is Absorption

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What is absorption and why it matters?

Think of a sponge. What does it do? It absorbs and holds water until it is releases it back.

Big traders act the same way, they absorb all the supply in the market at low prices then release the supply at higher prices.

Even though absorption is easy to learn, it does take time to learn and become familiar with it, enough so to apply it to the market.

The learning curve and process will vary from one trader to another. However, with the right education, its just as easy for a beginner to learn as it is for an experienced trader.

The first step in understanding absorption is understanding the importance of volume in order flow.

Volume is a raw form of market generated information that doesn’t need much explanation. It is simply the number of contracts traded.

Within volume, there is bid volume and ask volume.

From bid volume and ask volume, delta is derived.

Within delta there is max delta and min delta.

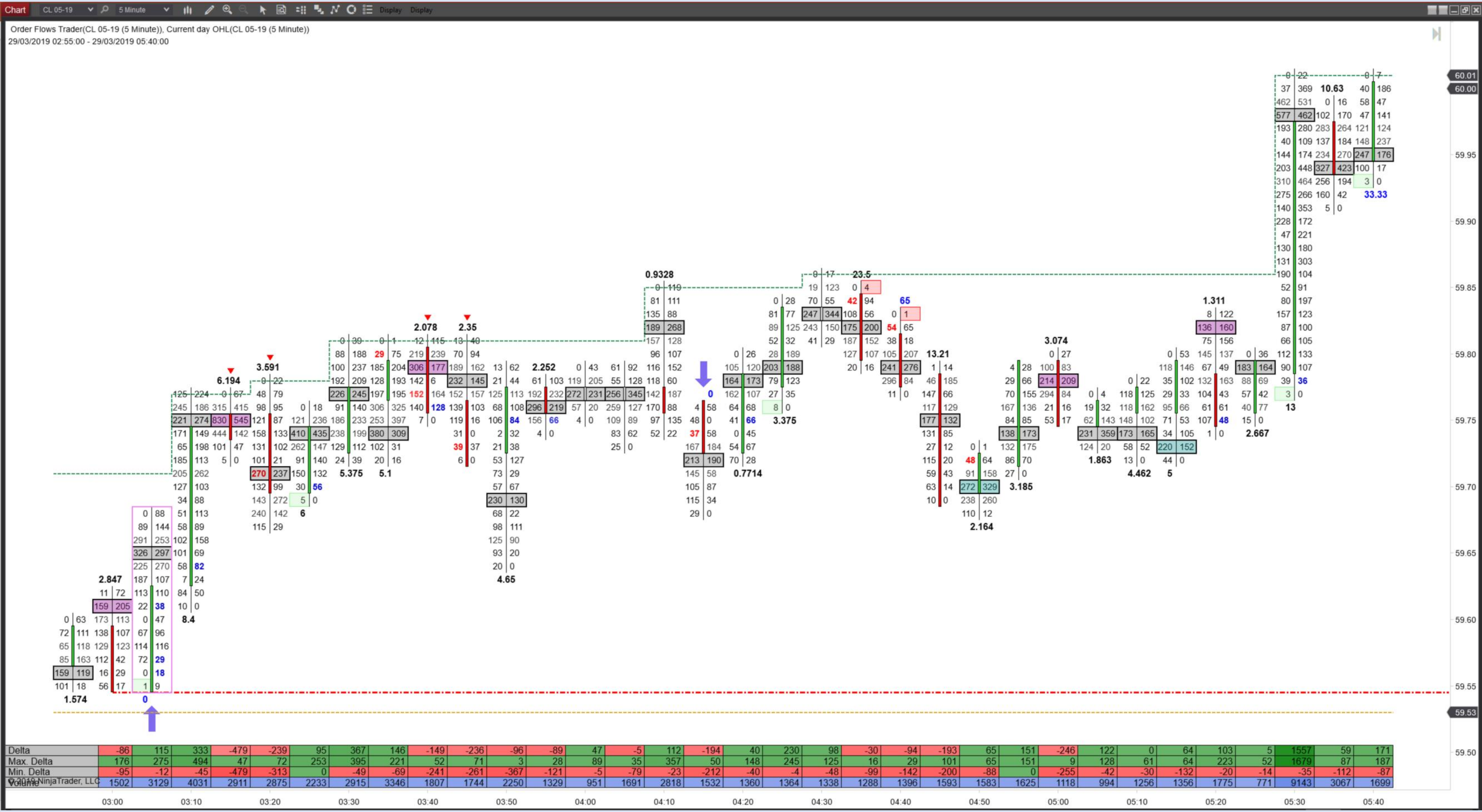
Chart
CL 05-19
5 Minute
Display
Order Flows Trader(CL 05-19 (5 Minute)), Current day OHL(CL 05-19 (5 Minute))
29/03/2019 02:55:00 - 29/03/2019 05:40:00
Delta -86 115 333 -479 -239 95 367 146 -149 -236 -96 -89 47 -5 112 -194 40 230 98 -30 -94 -193 65 151 -246 122 0 64 103 5 1557 59 171
Max. Delta 176 275 494 47 72 253 395 221 52 71 3 28 89 35 357 50 148 245 125 16 29 101 65 151 9 128 61 64 223 52 1679 87 187
Min. Delta -95 -12 -45 -479 -313 0 -49 -69 -241 -261 -367 -121 -5 -79 -23 -212 -40 -4 -48 -99 -142 -200 -88 0 -255 -42 -30 -132 -20 -14 -35 -112 -87
Volume 1502 3129 4031 2911 2875 2233 2915 3346 1807 1744 2250 1329 951 1691 2818 1532 1360 1364 1338 1288 1396 1593 1583 1625 1118 994 1256 1356 1775 771 9143 3067 1699
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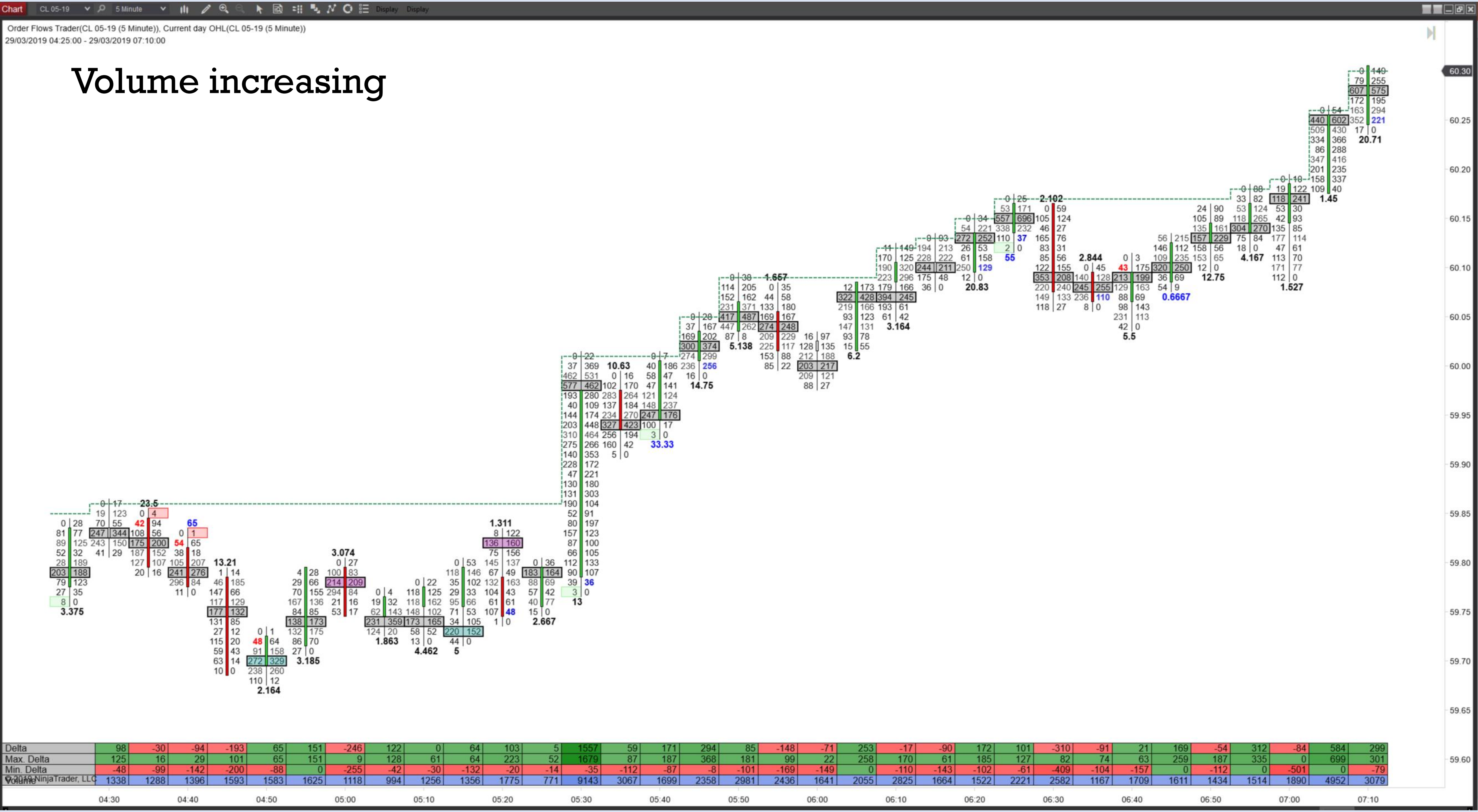
03:00 03:10 03:20 03:30 03:40 03:50 04:00 04:10 04:20 04:30 04:40 04:50 05:00 05:10 05:20 05:30 05:40
60.01 60.00 59.95 59.90 59.85 59.80 59.75 59.70 59.65 59.60 59.55 59.53 59.50

In Technical Analysis, Volume 101 the basic belief is
When price moves up with higher volume that is bullish.
When price moves down with higher volume that is bearish.
When price moves up on decreasing volume that is bearish.
When price move down on declining volume that is bullish.

Volume increasing



Volume is what differentiates prices.

The key difference between a market exhibiting absorption and a market exhibiting consolidation is volume.

With absorption volume will be stronger than normal.

With consolidation volume is generally average to less than average.

The reason a lot of trader fail is because they use price based indicators because they think that the indicator will allow them to analyze the market objectively. But what they are doing is actually backwards. They are looking at the effect on the market and not the cause.

To figure out and understand the cause of the move you have to think and when you think, you become subjective and not objective.

By looking at the cause of the move, you can then predict the possible effect it will have on the market and price.