OFFSHORE KEYS

SIMPLIFIED QM

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01/DEC/2019

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CONTRACTION AND EXPANSION

Two Phases of Price:

1. Expansion: When the price is moving up or down, continuously breaking Highs/Lows
2. Contraction: When Price fails to break Highs and Lows and thereby moving sideways
3. Price simply moves back and forth between these 2 Phases
4. If price is in Contractions, we can anticipate Expansion to follow and vice versa

Contractions:

During Contractions the price is said to be coiling up before it springs

1. Building up energy
2. Becoming pressurised
3. Frustrating all timeframe players

Contractions should ideally bring comfort as Expansion is right around the corner.

A good tell for possible direction of break is the pre-existing Market Structure

1. In a clear uptrend, if price is making a Higher High and Price is contracting there, we can expect it to go down to make a Higher Low. So we anticipate a downward break for this contraction
2. In a clear uptrend, when we see price moving down to make a higher low and Contracting at the Lows, we can anticipate an upmove after the contraction

# SUPPLY AND DEMAND
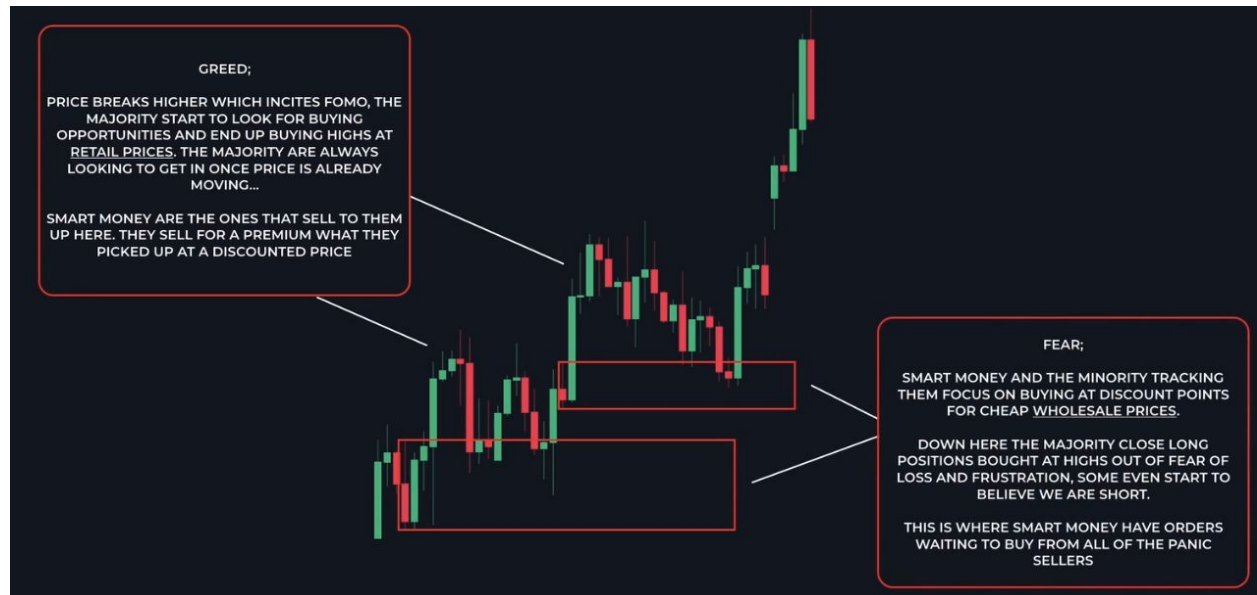
Fractal High and Low

Order Blocks (OB)

1. Order Blocks are the last down bar before a strong move up.
2. A strong move is a series of high spread green candles
3. The strong move must break the previous Fractal High
4. The premise: this is where the Large Players placed their buy orders to cause the strong up move to break a structure
5. The Break of a Structure is a sign of institutional sponsorship and intent. It means some Large Player is trying to move the market

Return to Origin (RTO)

1. Order Blocks are defined as areas from where Institutional buying originated.
2. When price returns to areas of heavy buying, there is usually more buying
3. Hence, we can plan a trade when price returns to the origin
4. Note that we should only trade the order blocks in line with what the current Market Structure is telling us
5. When price breaks a structure, FOMO buyers would have taken a long position.
6. When price Returns to Origin, these traders are squeezed into exiting their position which would be through fresh market sell orders
7. Larger players can buy into these stop loss orders
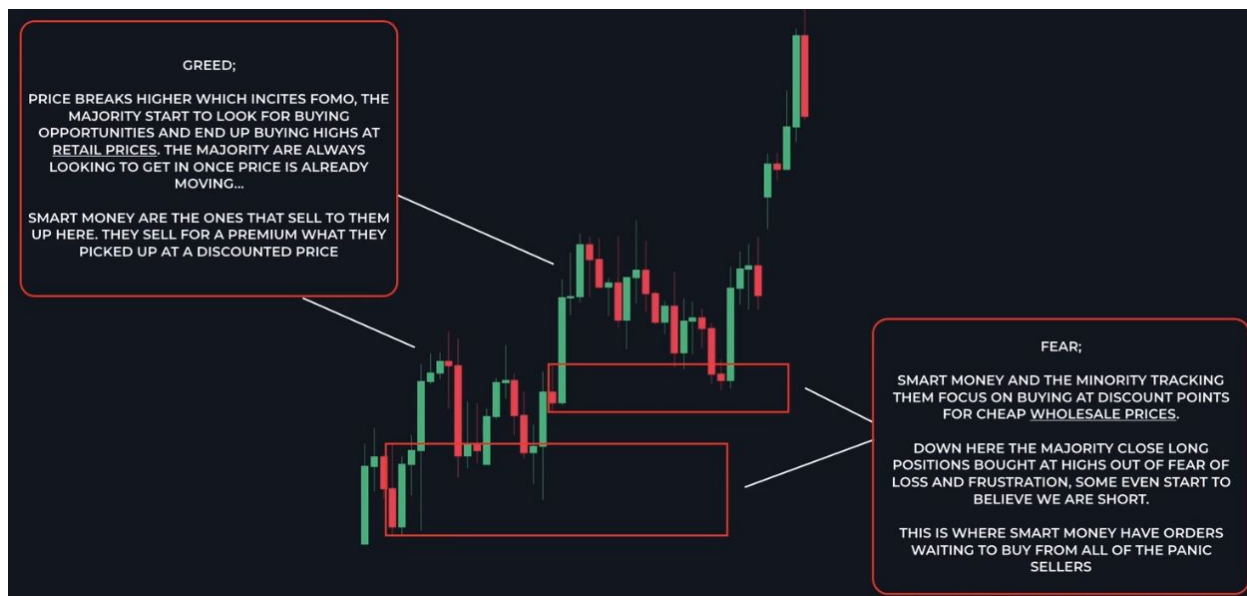
Breakers (Br)

When an Order Block gets violently engulfed (close above), it is called a Breaker.

- A Demand Order Block after an engulf becomes a Supply "Breaker"
- A Supply Order Block after engulf becomes a Demand "Breaker"
- We can expect the price to respect the breaker when it comes back to this area.
- Breakers are commonly found at swing points
- These candles play a key role in manipulations found at the Highs and Lows
- This makes them institutional actions. I.e. areas of institutional business
- We like to trade such areas

Breaker Block Setup (BOB)

When a Breaker and an Order Block are formed at the same levels, it can act as a great confluence. If this is in line with the Market Structure, it identifies the "True Area of Institutional Business".

Price does not "Have To" respect Order blocks or Breakers. These are just areas of high Probability Trades when they are in line with the Market Structure.

DAILY AND WEEKLY RANGES

Day Profiles:

1. Up/Down Day (Trending/Expanding): Healthy Directional Movement
2. Z day (Ranging/Contracting): No Clear Direction

Being aware of the profile helps us know what to expect from the price that day and plan our trades accordingly

Ideal Down Day:

1. Opens and heads higher to make the **HIGH** of the day
2. Reverses and **GOES BELOW** the Open
3. Moves further down to create the **LOW** of the day
4. Then retraces a little before finally **CLOSING** just above the Low

Ideal Up Day:

1. Opens and heads lower to make the **LOW** of the day
2. Reverses and **GOES ABOVE** the Open
3. Moves further up to create the **HIGH** of the day
4. Then retraces a little before finally **CLOSING** just below the High
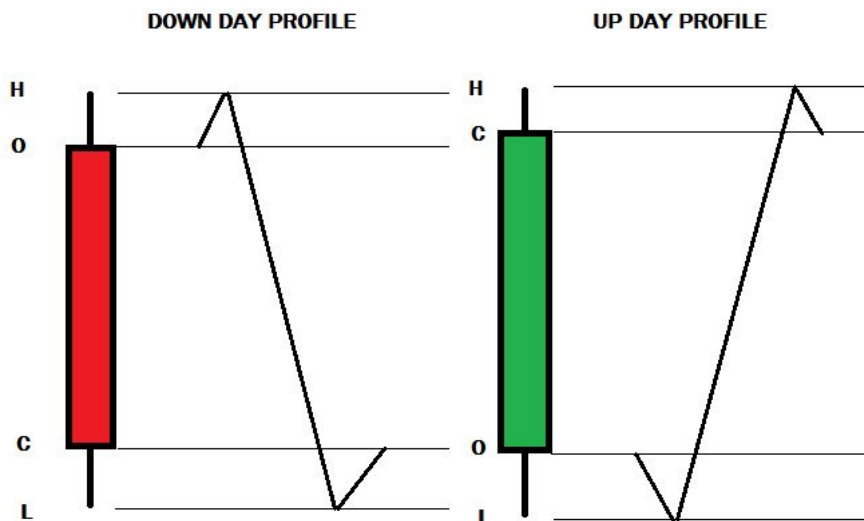
What is the purpose of price following this profile:

Rule of Thumb: Market Makers are always trying to make you believe the price is going to do one thing when it is really going to do another thing. If it looks like A, it really is B

Price Movement Process:

1. Based on Market Structure, we are expecting a Down Day
2. Price opens and guns higher than a substantial resistance
   a. make retailers believe it's an up day and FOMO traders will enter long
   b. It also takes out the Stop Losses of Early Sellers
3. Price then makes the high (usually during London or NY Open) reverses sharply to start the real move down trapping all FOMO Buyers
   a. This is known as Judas Swing (JS)
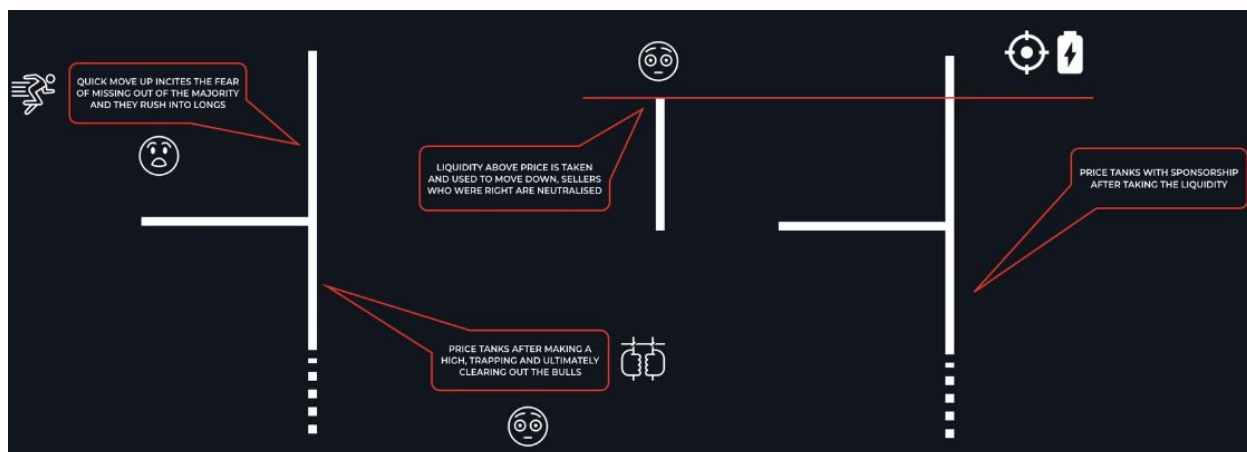
Judas Swing often goes hand in hand with Liquidity Hunts

- Usually reaches for any apparent Stops above a resistance that can be raided
  a. Prev Daily or Weekly High/Low, Asia session's H/L
  b. Note that HTF levels give bigger Stops where there would be a pool of Stop Losses (Market Buy Orders) of early sellers (STBT, Swing and Positional Sellers).
- Aim of JS is to take price to where these stops are placed and get a large amount of buying liquidity against their Substantial Sell Orders
- This move proves to be very effective one for market makers to confuse the market

There is sometimes a visible contraction (accumulation) before this manipulated move starts. It is considered that within this quick accumulation is where the orders are put to manipulate price

The Objectives of manipulation are to trap FOMO and Early Traders and thereby create Liquidity

Once the objectives of manipulation have been met, price is free to distribute
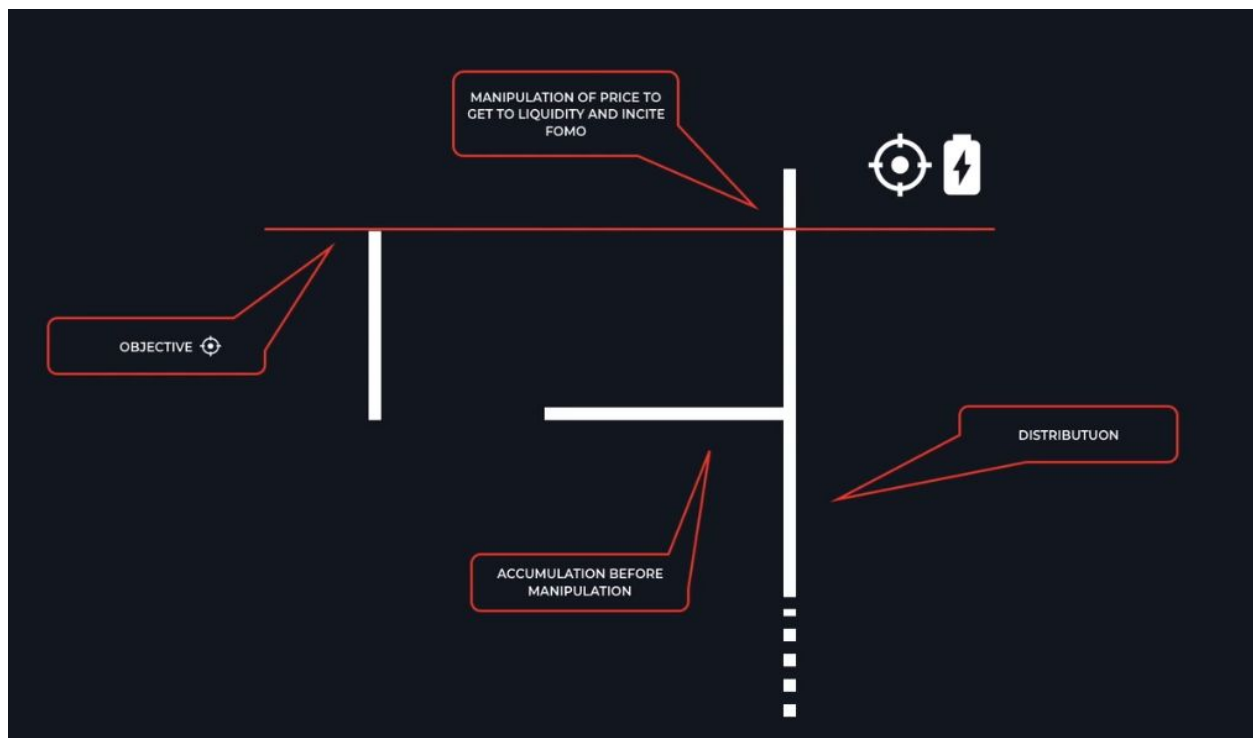
Area of Focus

1. Review Market Structure for a directional Bias (Down)
2. Identify a Significant Resistance
3. Wait for a stop raid
4. Notice Institutional Sponsorship after Stop Raid - i.e. large expansive moves
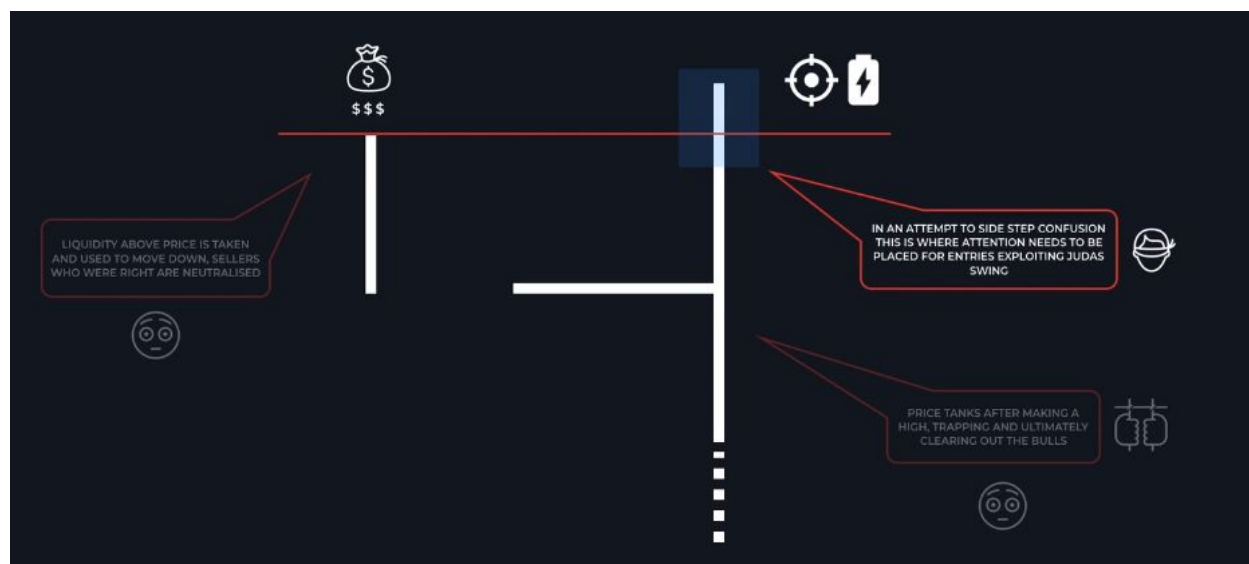
Weekly Ranges

- High or Low of the week are usually on Tuesdays or Wednesdays
- Thursday is usually reversal day

This information helps us anticipate certain moves are certain times of the week adding confluence to our plan

LIQUIDITY

Basic Premise

- Trading is a Zero Sum Game. Someone must sell for the other to buy
- Larger Players have larger orders to execute while smaller players have much smaller orders. This makes it difficult for larger players to get desirable fills
- In a downtrend when everyone is selling, its difficult to get retailers to buy. The only way someone will buy is to protect their short trade using Stop losses.
- So for Large players to get sufficient Buy orders from small players, they have to take price to the place where most retailers would have kept their stoplosses

Stop Loss for a sell order

A Stop Loss order is a Buy Order to protect the trader if the price goes against their expectations. These are usually Market Buy Orders (Unwilling but essential).If the price reaches these levels, then the order will trigger a buy at the lowest 'ask' level available.

Method in a Downtrend: Vice Versa for Uptrend

1. In an established down trend, they first create a pullback
2. After the pullback is complete, when price starts to fall, most traders will enter their sell orders thinking of a bearish continuation
3. They will put their stop losses above the pullback high
4. As more traders start trading the bearish continuation, the amount of SL increases into a substantial amount.

5. Liquidity Pool: The area in the chart where there is maximum cluster of SL orders is a Liquidity Pool
6. These liquidity Pools have the ability to fill substantially large orders of Large Players
7. Large players have access to the Order Books and can see these Liquidity Pools

8. They use small qty orders to move the price into these levels to take out the SL of all FOMO Sellers
9. All these Buy Stop Orders will get absorbed by the Sell orders of the Larger Players
10. Once they have collected the huge SL orders, Large players enter the market aggressively and takes the price down quickly and with volume
11. This expansive move is said to have "Institutional sponsorship"
12. We dont touch any trade that does not have Institutional Sponsorship

Typical Characteristics of a Raid

1. Normally the price reverses quickly after the raid and hence only the wick will be above broken resistance

QM FRACTAL

Once we identify Market Structure, Supply and Demand Zones and areas of Liquidity, we can now look at how to exploit this and enter the market based on a simple Price Fractal called Quasimodo.
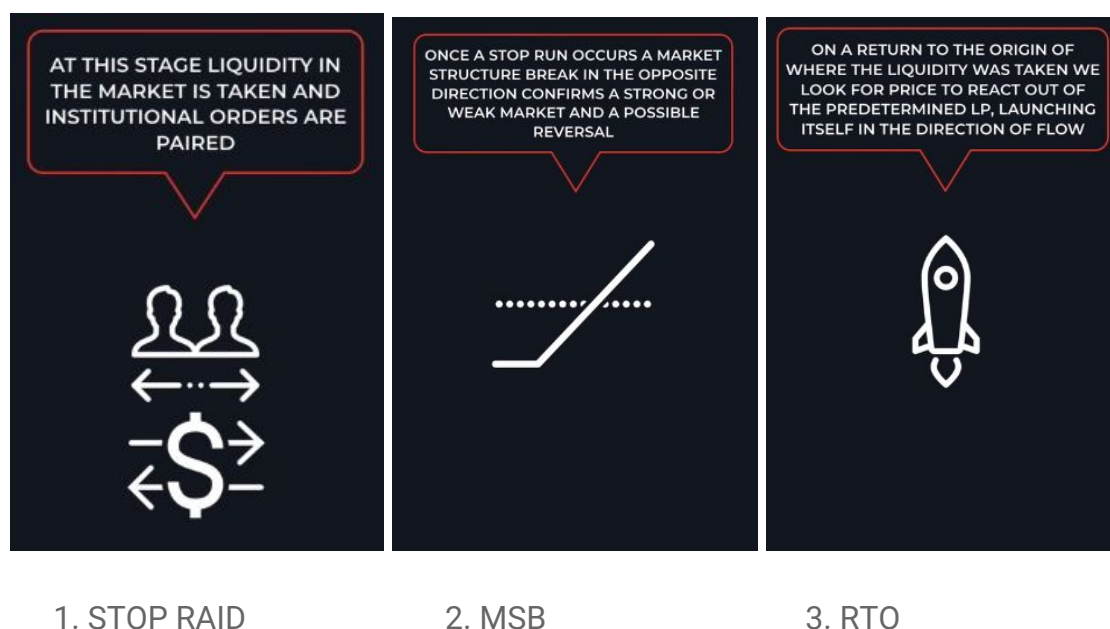
Quasimodo Fractal

QM Fractal happens in 3 simple stages:

1. Stop Raid
2. Market Structure Break
3. Return to Origin

There are 2 separate but valid meanings of the term Fractal:

● A pattern in Market that occurs from time to time
● Fractal nature of price i.e. a pattern in price can be scaled up or down - essentially seen on all timeframes

The Fractal Pattern will act as an entry method and the Fractal Nature of Price is the tool for Directional Bias.

AT THIS STAGE LIQUIDITY IN THE MARKET IS TAKEN AND INSTITUTIONAL ORDERS ARE PAIRED

ONCE A STOP RUN OCCURS A MARKET STRUCTURE BREAK IN THE OPPOSITE DIRECTION CONFIRMS A STRONG OR WEAK MARKET AND A POSSIBLE REVERSAL

ON A RETURN TO THE ORIGIN OF WHERE THE LIQUIDITY WAS TAKEN WE LOOK FOR PRICE TO REACT OUT OF THE PREDETERMINED LP, LAUNCHING ITSELF IN THE DIRECTION OF FLOW

1. STOP RAID   2. MSB   3. RTO

Launch Pad

Price may react either to the Breaker or the Order Block. So we mark the areas that covers both Breaker and Order Block as our Launch Pad. Institutions who have sold at these areas have vested interest to defend the Launch Pad area.

Entry: Just below Launch Pad

SL: Just above Launch Pad

Target: Key level Below Launch Pad

Blindside

- Most people ignore the LP after getting Entry.
- But we must extend these levels out to see if they hold in line with what market structure is doing
- Areas where Liquidity has already been taken prove to be great levels of support and resistance

Price not returning to LP are usually engineered moves to get more Liquidity.

QM Fractal: Trade Plan

1. Move to 4H TF
    a. Identify Directional Bias
    b. Locate Stop Hunt and MSB
    c. Mark OB, Br and LP in 4H
2. Move to 15 Min TF
    a. Wait for Price to Return to 4H LP
    b. Wait for a Stop Hunt in 15 Mins at 4H LP
    c. Confirm Institutional Sponsorship
        i.   Strong reaction after Stop Hunt
        ii. an MSB
    d. Identify OB, Br and LP
3. Entry, SL & Target
    a. Entry below LP
    b. SL above LP
    c. Target nearest 4H LP below the Entry