Tradable Order Blocks

The Best Smart Money Trading Strategy

#This eBook is FREE

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DISCLAIMER

IDEAS & STRATEGIES SHARED IN THIS PRIMER ARE INTENDED AS EDUCATIONAL INFORMATION ONLY & ARE NOT INTENDED AS INVESTMENT ADVICE.

YOU CAN IMPLEMENT THEM WHILE TRADING AT YOUR OWN RISK.

If you want to become a profitable trader, you only need to spend a few days finding a strategy that will give you more wins and keep your losses to a minimum, and **Order Block** candle is one of the few strategies you need to learn about.

Even though a strategy is not the 100% thing you need to be successful in this field, it's important to have a solid strategy with a set of rules that will enable you to engage the market at the right time and place.

For Smart Money Traders, the ICT Order Blocks are not a new thing really, but the challenge comes when you have to select an Order Block that has more chance of respecting the price.

In this **Tradable Order Blocks** article, I will guide you to understand a few tips on how to select a high-probability Order Block.

What are Order Blocks in Forex Trading?

Order Block (OB) is the last candle before the strong move that creates an imbalance in the market, and must be near or at the support or resistance level.

Types of Order Blocks

The two main types of Order Blocks include;
    a) **Bullish OB**

The last candle before the strong move up that creates a strong Bullish imbalance, and must be near or at the Support or Resistant.
    b) **Bearish OB**

The last candle before the strong move down that creates a strong Bearish imbalance, and must be near or at the Support or Resistant.

It is assumed that OB candle is where the market makers are likely to enter or exit their positions.

Therefore, the market makers buy or sell large orders at the OB to add liquidity, temporarily clearing out excess orders from the inventory before the market resumes at an orderly level.

When they come back to the OB (during mitigation), it is when we engage them.

*Note: It's important to note that Order Blocks come in different shapes, including **Engulfing, Pin Bar and Double Maru,** which I have explained in detail in the **Advanced Order Block Trading** book*

Order Blocks Trading - Essential Things to Understand

Mitigation means reducing risk. Mitigation happens during retracement as a result of **hedging.**

When the market maker moves prices away from a level of strength and magnitude, leaving behind an imbalance, it is assumed that they are enticing retail traders to join the move.

And because most retail traders are price chasers, they join the ride with their Stop Loses [SL] set. As a result, the market makers will come back to clear those stops.

When the SL is hit, the retail traders are knocked out of the move, and the market will resume its normal trend.

NOTE; Mitigation is not a must after an imbalance in the market because this will always depend on how much profit the market maker has made.

During retracement (mitigation), we say the market is balancing (compressing)

When the market moves from a certain point aggressively, leaving behind an imbalance, we can also call this **Liquidity Void**. The Zones created due to this, along with other price actions, are called **Demand and Supply Zones.**

1. Order Block should be at or near the support or resistant

Nothing turns off a Smart Money Trader like hearing about support and resistance 😂.

However, if you think that these are just random lines on charts, then you might be getting it wrong.

When there is a significant breakout of strong resistance, there is a high chance that the market maker is inducing buyers before they sell.

If this happens at a higher time frame point of interest such as the supply zone, we will prepare to sell after the formation of the Bearish Order Block.

@Institutional Trader
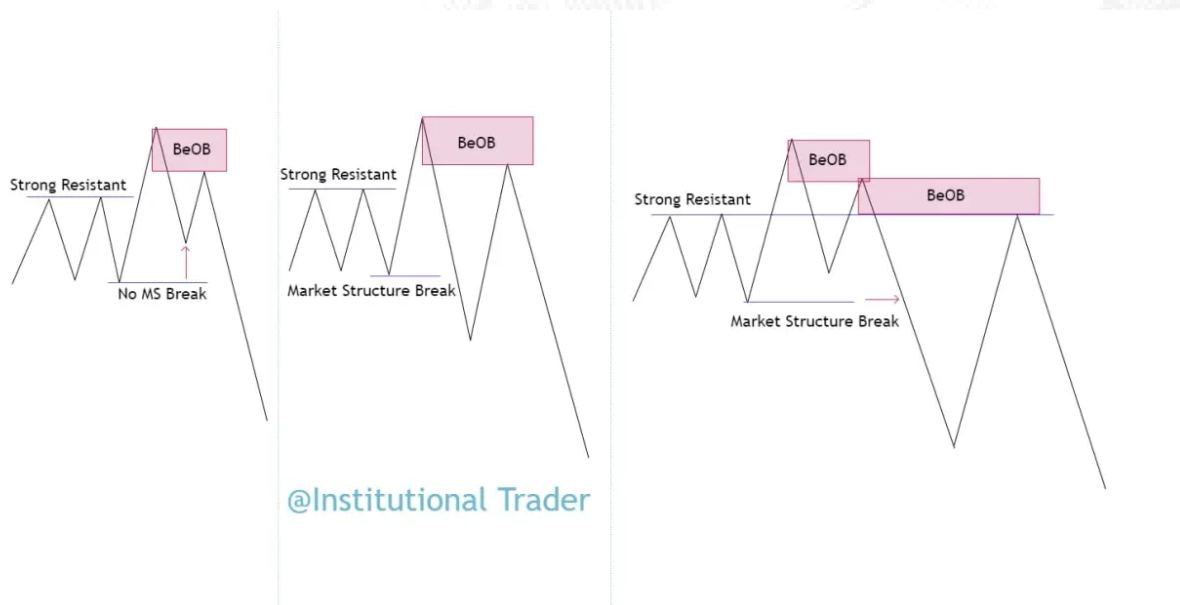
SOPs;

☐ A significant breakout of strong resistance before the formation of the Bearish OB.
☐ Price must be at Supply Zone (whether in reversal or continuation)

British Pound / U.S. Dollar · 15 · OANDA · TradingView
1.21865 2.3 1.21888
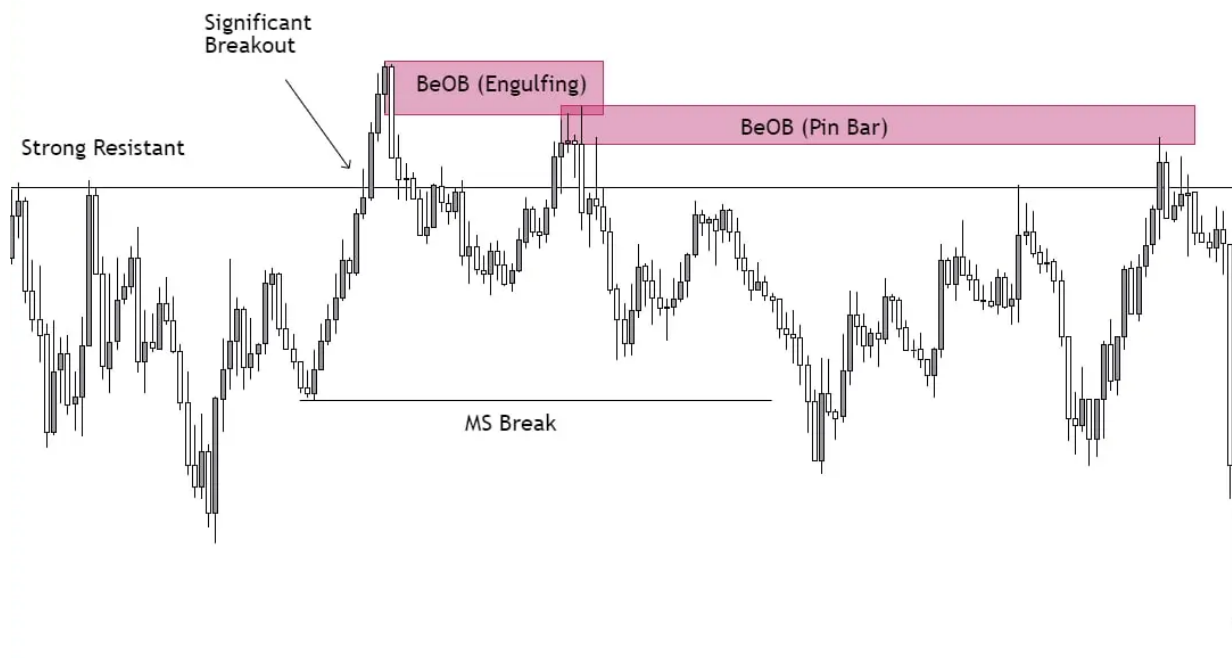
Strong Resistant

Significant
Break

SL

BeOB (Engulfing)

No MS Break

Euro / U.S. Dollar · 1h · OANDA · TradingView
1.03715 1.6 1.03731

Strong Resistant

Significant
Breakout

SL Few pips above OB Highest Price

BeOB (Pin Bar)

MS Break

Bitcoin / U.S. Dollar · 15 · COINBASE · TradingView

Significant Breakout

Strong Resistant

BeOB (Engulfing)

BeOB (Pin Bar)

MS Break

Similarly, when there is a significant breakout of strong support, there is a high chance that the market maker is inducing sellers before they buy.

If this happens at a higher time frame point of interest such as the demand zone, we will prepare to buy after the formation of the Bullish Order Block.

No MS Break

Strong Support

BuOB

MS Break

Strong Support

BuOB

MS Break

Strong Support

BuOB

@Institutional Trader
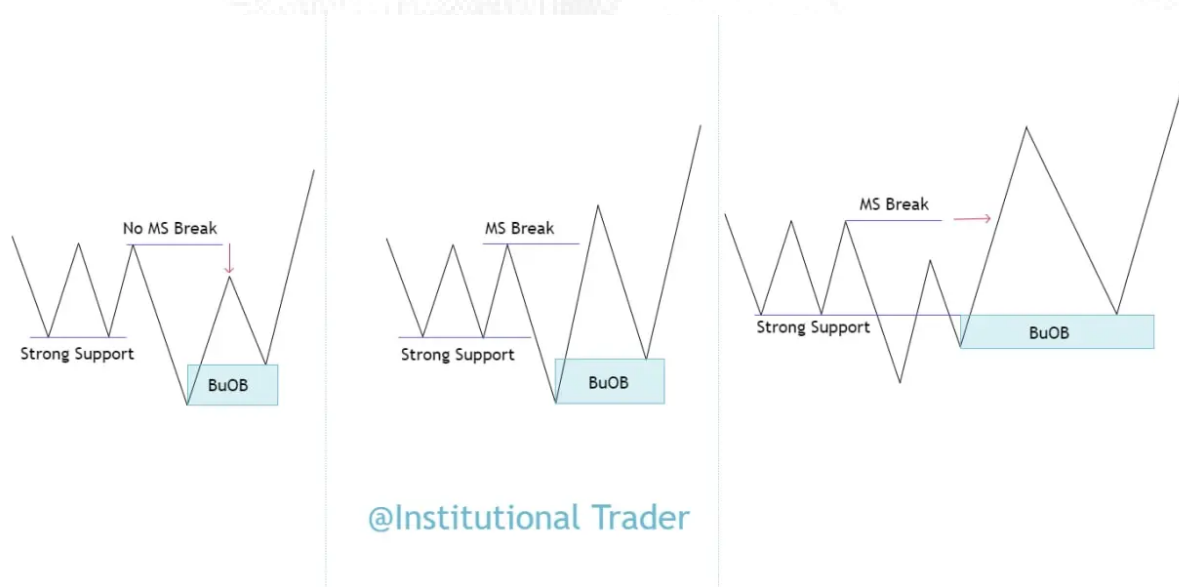
SOPs;

☐ A significant breakout of strong support before the formation of the Bullish OB.
☐ Price must be in the Demand Zone (whether in reversal or continuation).

Assignment;

Share in the comment section below the charts for BuOB of the 3 examples given above.

2. Order Block should be at or near the Flip Zone

Flip Zone is when support becomes resistant or resistant becomes support.

This setup has a high probability if you spot it on a trend continuation.

So, how do you trade this set up?

1) One risky setup is to take a trade in the exact flip zone. Check for Bullish Engulfing OB, DM or a significant breakout (for hidden OBs) in the Flip Zone.

Here, for DM setup and significant breakouts (for hidden OBs) are highly probable if there is a BREAKER BLOCK on your left.

Eg 1: BeOB at FZ

Eg 2: DM OB at FZ

Bitcoin / U.S. Dollar · 30 · COINBASE · TradingView

30322.24   6.03   30328.27

Breaker Block

Flip Zone
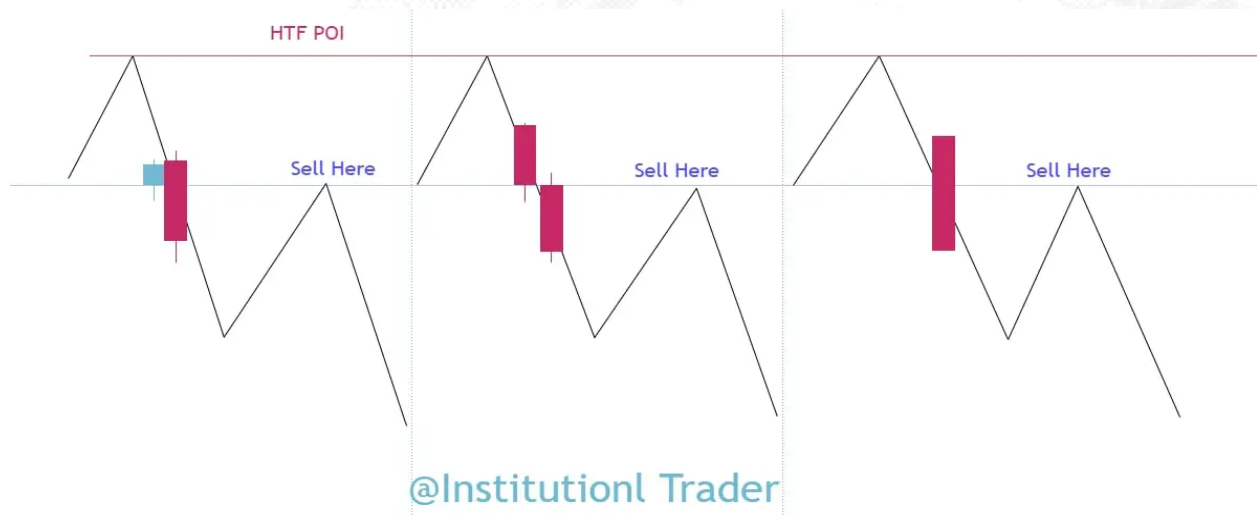
DM OB
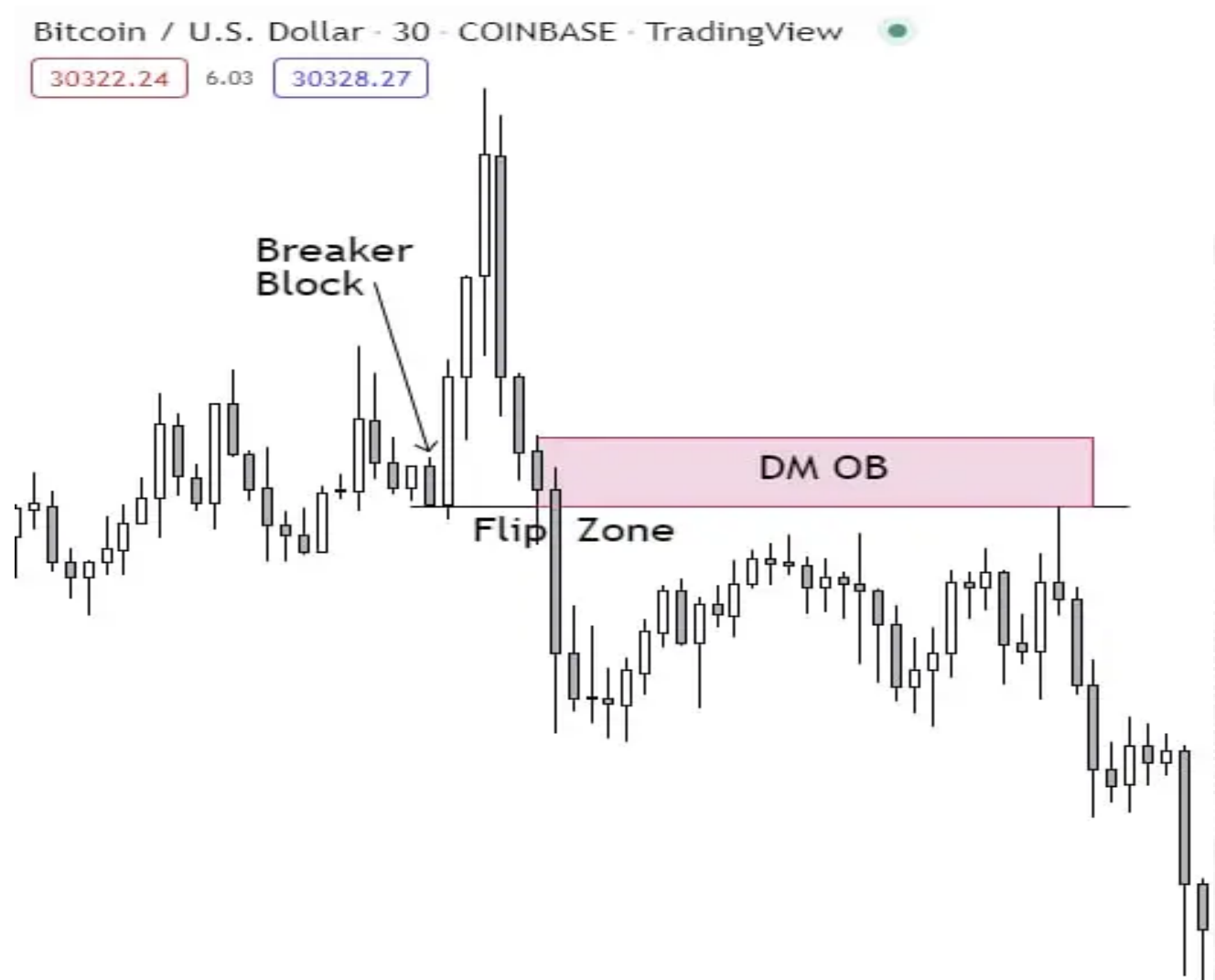
Eg 3: Hidden OB at FZ (Significant Breakout)

British Pound / Japanese Yen · 2h · OANDA · TradingView
157.010   3.0   157.040

SL Slightly above Breaker Block

Significant Breakout

Sell Here

Flip

Breaker Block

Assignment;

Share in the comment section below the charts for BuOB of the 3 examples given above.

2) Another way to trade OBs near FZ is to wait for FZ formation. This is the most effective and high probability setup since we are following the footsteps of the big boys. Therefore, we join the ride on FZ manipulation/breakout.
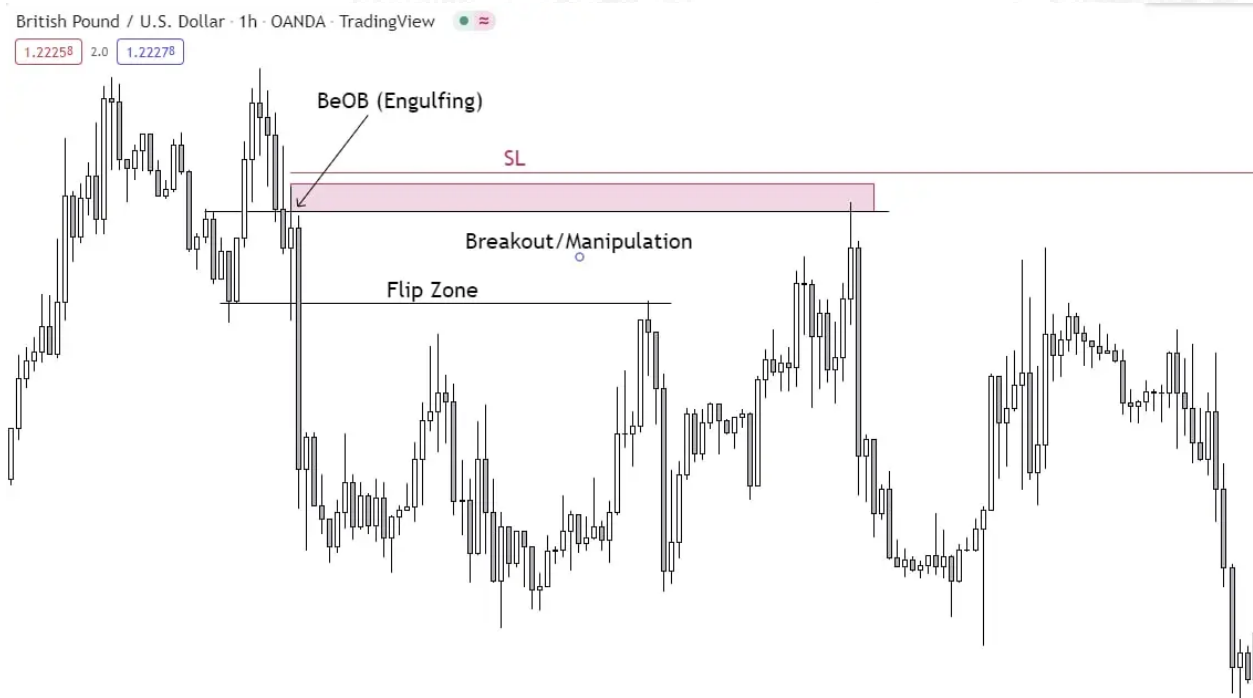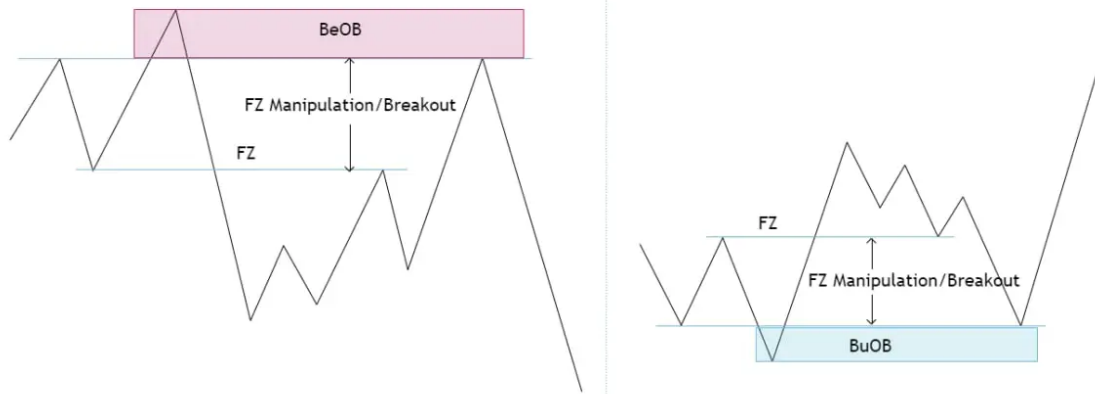
Share in the comment section below the charts for BuOB of the example given above.

3. Order Block should Break Market Structure after Liquidity Raid

This is commonly known as SH + BMS + RTO.

SH = Stops Hunt (Liquidity Raid.

BMS = Break of Market Structure (MS Break/Market Structure Break).

RTO = Return to OB/Origin.
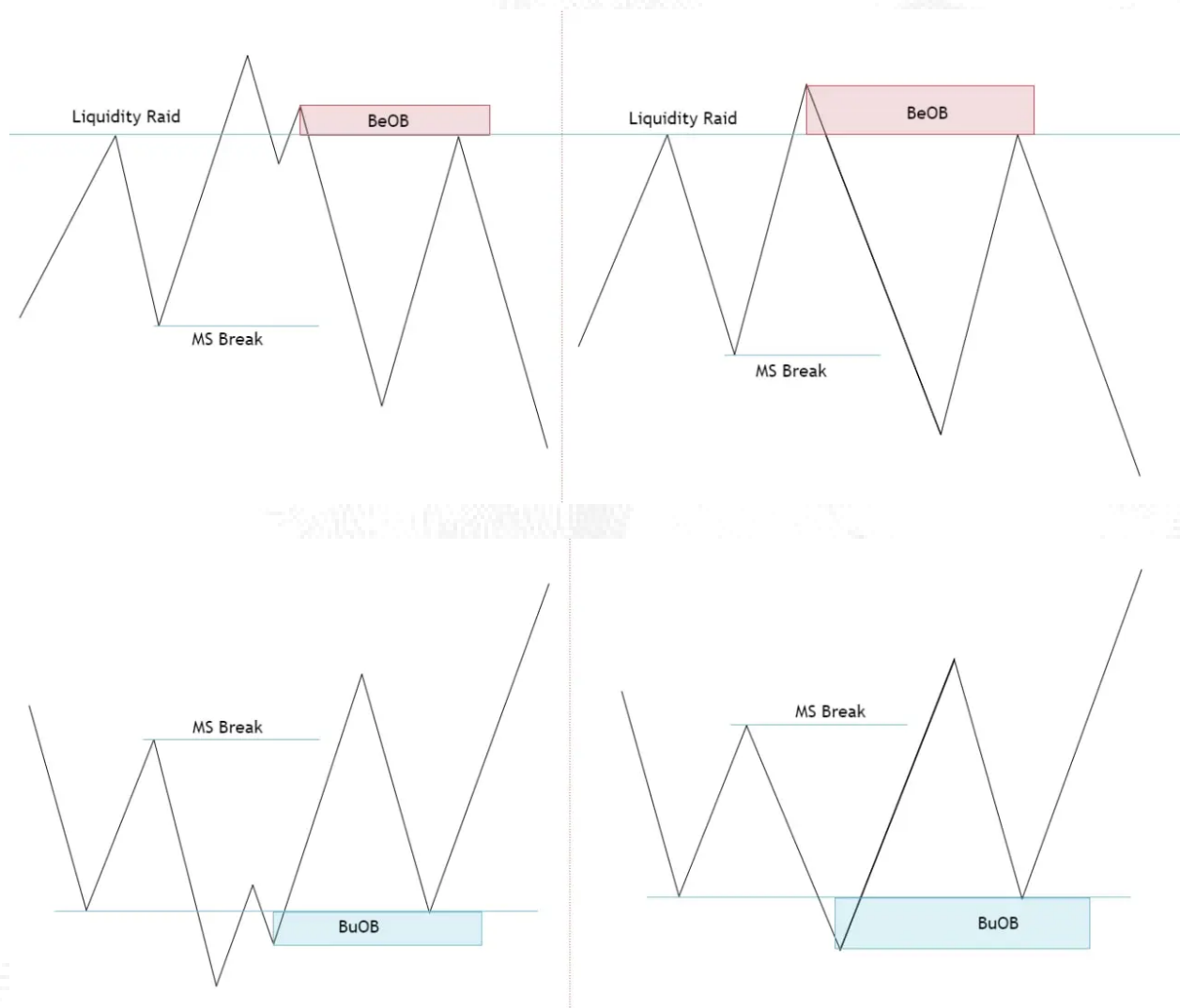
SOPs

- ☐ Liquidity Raid should happen inside HTF POI

Assignment;

Share in the comment section below the charts for BuOB of the example given above.

4. Order Block should be at or near SSR level
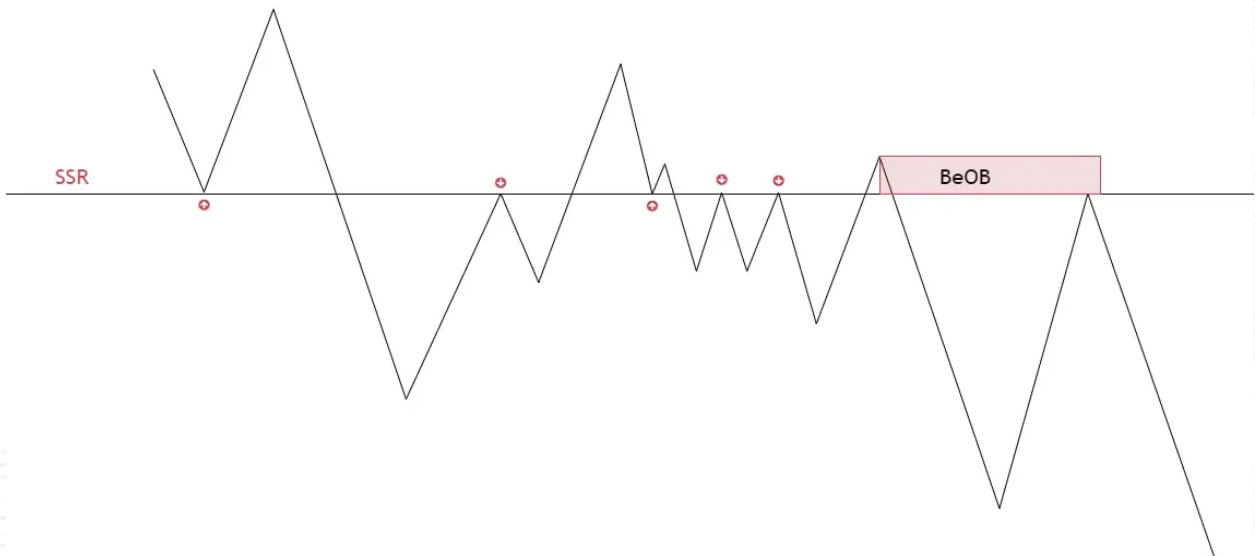
Assignment;

Share in the comment section below the charts for BuOB of the example given above.

5. The order block order should be below EQL or above EQH.

Here, we wait for the manipulation of EQH or EQL.

For EQH, check for BeOB above EQH. The market will manipulate (breakout) this EQH before respecting your BeOB

For EQL, check for BuOB below EQL. The Market will manipulate (breakout) these EQL before respecting your BuOB.

This setup gives high probability odds if the EQH or EQL forms at the same level as the Flip Zone.
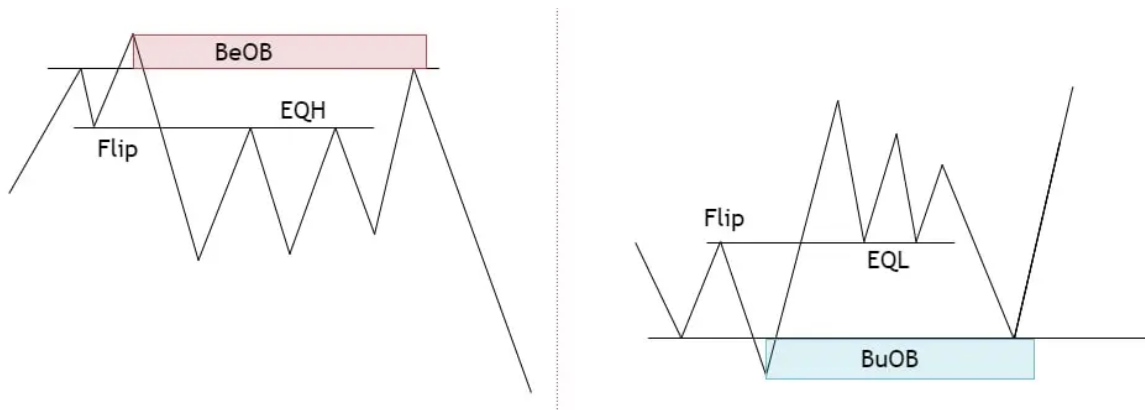
Assignment;

Share in the comment section below the charts for BuOB of the example given above.

You have realized that the above features might be somehow challenging to only depend on them, so you need to combine 2 or 3 for you to have a high probability setup.

Here, I will give you a hint of some of the rules I combine before I engage the market. The most important thing is to monitor how price behaves in different timeframes.

Multi Time Frame Analysis

Over-refining your analysis can also be tricky as you might miss a good move or be thrown out before the price goes in your anticipated direction, just because you are targeting the smallest stop loss possible.

However, we all have different styles of trading. Personally, I would rather have a large stop loss on a high probability setup because the chances of a price going my way has a high chance.

Therefore, doing a multi-timeframe analysis can help you spot a good setup before making your decision.

What to Check For While Doing Multi-Timeframe Analysis

1. Past

Here, you have to check for confirmation from HTF POI such as;

- ☐ Supply Zones and Demand Zone
- ☐ Strong Resistant & Support
- ☐ Significant Support & Resistance Level
- ☐ Old High & Low

2. Proces

The price action after the price reacts to your HTF POI is essential for another confirmation.

Here you want to see:

☐ Market Structure Break, followed by

☐ Flip Zone formation (if it happens though)

3. Approach

How price action is approaching your OB is also an important aspect to consider. To ride with the big boys, we only want to engage the market after the MM has done a manipulation.

Important questions to ask yourself here are:

☐ Has the price made EQH?

☐ Has Fake MS Break (signaling a sell or buy) happened after price testing the Flip Zone?

☐ Is the price approaching your OB while balancing their orders (Compression) or

☐ Is the price approaching your OB aggressively to fake buys or sells?

Another price action signal you can also check is whether the price is making 3D.

4. Reaction

After the price reacts to your OB, you can get another entry (Confirmation Entry). However, this hardly happens since your OB with such complete setups act as High Liquidity Zones (HLZ).

So, prices tend to react at this point aggressively without turning back because the market maker has accomplished his mission (Flip Zone + EQH/L Breakout).

Therefore, if any price action happens after your OB is respected, check for;

☐ SH + BMS + RTO formation

☐ Any other valid setups discussed in this article

Note: If Engulfing, DM or Pin Bar OB forms at this point, it gives a High Probability of CONFIRMATION ENTRY

U.S. Dollar / Japanese Yen · 15 · FXCM · TradingView

129.245 1.6 129.261

1. Past

← HTF POI

Liquidity Raid

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1. Past SOPs

MS Break

1. HTF POI
- Supply Zone
- Strong Resistant
- SSR
- Old High

2. Process

BeOB (Engulfing)

Flip Zone

2. Process SOPs

1. MS Break or Demand Zone Manipulation
2. Flip Zone Formation

3. Approach

Significant Breakout

EQH

Fake MS Break

3. Approach SOPs

1. EQH
2. Fake MS Break (after Flip Zone Retest)
3. Balance or Compression or
4. Aggressive Move to fake buys (Flip Zone + EQH Breakout)

4. Reaction

4. Reaction SOPs

After price reacting to BeOB, you can get another entry (hardly happen since your BeOB with such complete setups act as High Liquidity Zones - HLZ, So, price tend to react at this point aggressively)

Therefore, if any Price Action happens, check for;

1. SH + BMS + RTO formation
2. Any other valid set ups discussed in this article

Note: If Engulfing, DM or Pin Bar OB forms at this point, it gives High Probability CONFIRMATION ENTRY

Gold Spot / U.S. Dollar · 1h · OANDA · TradingView

1814.125 28.0 1814.405

Liquidity Raid

BeOB (DM)

Flip Zone

3

2

3D

1

MS Break

Bitcoin / U.S. Dollar · 1D · COINBASE · TradingView
30337.61 30.66 30368.27

Breaker
Block

Flip

EQH

Gold Spot / U.S. Dollar · 15 · OANDA · TradingView
1811.107 71.6 1811.823

OB (DM)

Flip Zone

Share in the comment section below the charts for BuOB of the examples given above.

What Do You See👀?

Study the chart below and mark up what you can see. Feel free to share your mark up in the comment section below

Euro / U.S. Dollar · 30 · OANDA · TradingView ▬ ≈
1.04055   3.4   1.04089

Your primary objective, as a smart trader, is to <u>wait for your best setups to show up.</u> Money is made by stalking the big boys, not being active and forcing trades every time you see a sexy move.

You can use this method to trade any financial market including VOLATILITY INDICES, CRASH/BOOM, UMP INDICES, STEP INDICES, RANGE BREAK INDICES, NASDAQ, GOLD, BTCUSD, EURUSD, GBPUSD and many more.

Sign up for a demo account and practice this strategy on Synthetic/Volatility Indices and Forex.

Essential Links

FOREX Syllabus - https://t.me/joinchat/VJk8Lms0UEbBs54V

ICT Simplified - https://t.me/joinchat/k1GVYVhh8GtmNWU0

Institutional Trader - https://www.institutional-trader.com/

Deriv/Binary.com/Synthetic/Volatility indices - https://track.deriv.com/_MlxnNQr550a2vdm9PpHVCmNd7ZgqdRLk/1/

Forex/Gold/Nasdaq/US30 - https://clicks.pipaffiliates.com/c?c=642002&l=en&p=1