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TRADABLE VS NON-TRADABLE ORDER BLOCKS

The Best Trading Strategy

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ABBREVIATIONS & DEFINATIONS

ORDER BLOCK [OB]

- OB is a Down/Up Candle at/near Support or Resistance before the move Up/Down, respectively.
- Down Candle is a Bearish Candle
- Up Candle is a Bullish Candle
- Bullish Order Block [BuOB] is Down candle at/near Support level, before the move up
- Bearish Order Block [BeOB] is Up Candle at/near the Resistance level, before the move down

Hint:

For a Risk Entry Type;

- ✓ If the BuOB is not wicky, we place our Buy Limit at the highest price and Stop Lose [SL] at the lowest price of the candle.
- ✓ If the BuOB is wicky, we place our Buy Limit at the open of the body and SL at the lowest price
- ✓ Reverse everything for BeOB

IMBALANCE [IMB]

- This is Insufficient Trading in the market. Sometimes called Liquidity Void [LV].
- When there is insufficient trading in the market, the price often comes back to fill out the orders that were left.
- Imbalance is created by 2-3 or more Extended Range Candles [ERC]
- ERC candle often closes at 80% of the candle range

Exhibit:

When we have 2-3 or more bullish candles rallying, this shows insufficient trading. i.e. there were less sell orders to be paired with buy orders.

Assumptions;

When the Market Maker [MM] want to move price up at a certain level, it is assumed that, there should be enough sell orders to pair their buy orders with (this is how they make profit).

So, when the MM moves away from a given level with strength and magnitude, leaving behind a LV (IMB), we can use this to assume that sell orders that were available at that level were not enough to pair with their Buy Orders.

Therefore, the MM will, often, come back at this level for mitigation.

MITIGATION

Mitigation means; to reduce risk.

When the MM moves price away from a level with strength and magnitude, say they are buying; it is assumed that this is used to entice retail traders to join the move.

And because most retail traders are price chasers, they join the ride with their Stop Loses [SL] set. This is the reason (assumed) that the MM will come back to clear retail traders SL. When their (Retail Traders) SL are hit, they are knocked out of the move, hence MM mitigating their risk (THEY WILL RESUME THE INITIAL TREND HENCE MOVING ALONE).

Hint:

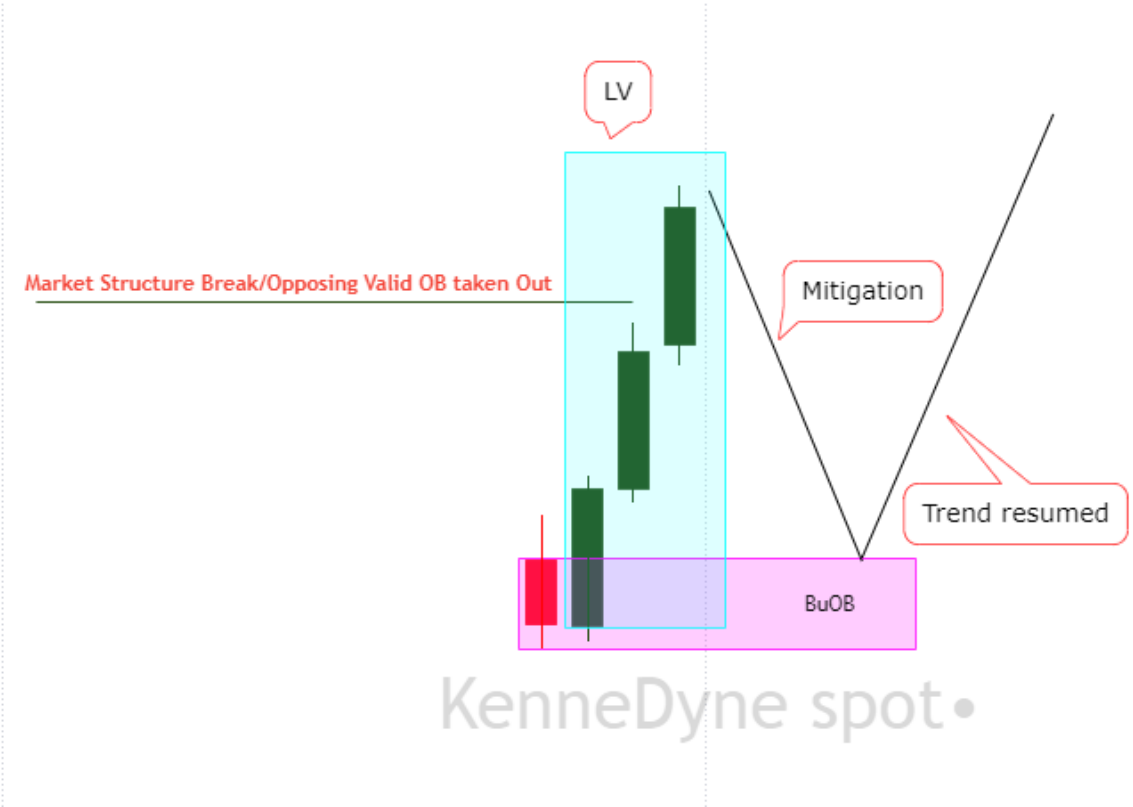
To know that the MM are mitigating, there are a number of things you need to consider.

For instance, the LV must accomplish some tasks before validating the OB.

Exhibit:

To validate a BuOB with a Bullish LV;

1) LV should take out opposing OB or
2) LV should Break Out Market Structure or
3) LV should Create Equal High EQL. This is valid IFF the price is bouncing from HTF BuOB (For Reversal Entry) or a trading market (for re-entries)



FLIP ZONE [FZ]

- This is when Resistant [R] becomes Support [S] & vice vasa [vv]

Hint:

- ✓ Before buying at Support (initially resistance), check the strength that was used to break the Resistance. Here, we want to see LV before we locate our OB.

SIGNIFICANT SUPPORT & RESISTANCE [SSR]

- SSR is a Flip zone tested many times.
- This is where the Market Maker [MM] comes back to mitigate their loses.
- Since SSR is a STRONG ZONE where Retail Traders use to place their orders (Stops Orders), The MM will want to activate/manipulate their orders before resuming the initial direction.

Exhibit:

Let's say the market was rallying up, and then changes direction to start dropping. Before it drops further, it creates an SSR.

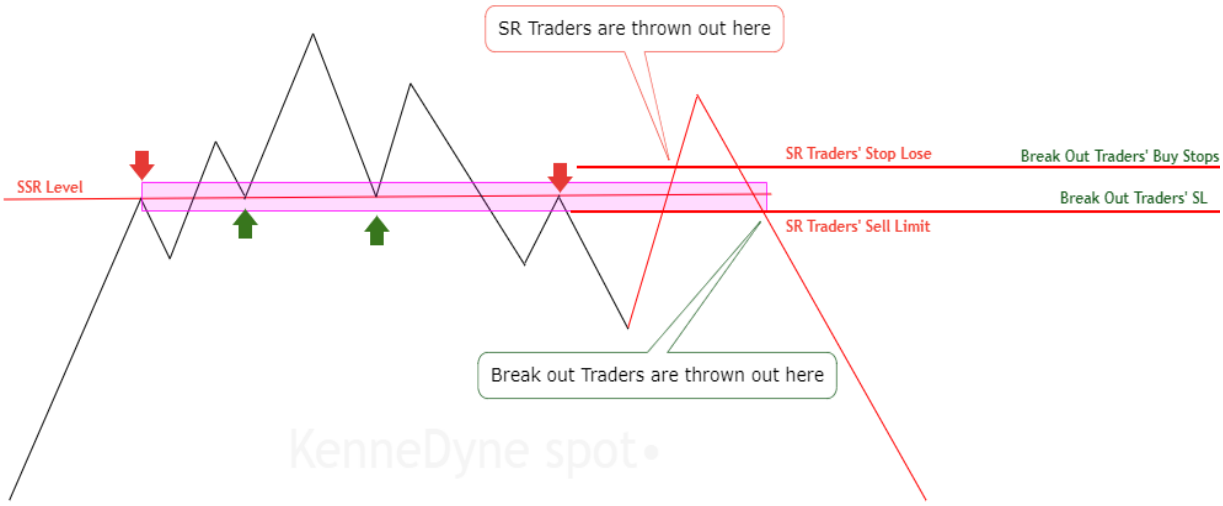
Now, Break out Traders will place their Buy Stops just above the SSR, hoping that when the market breaks the SSR, their orders get activated. Their SL will be few points below the SSR.

Equally, Support & Resistance [SR] Traders will place their Sell Limit at the SSR Zone, and their SL few points above the zone.

But what happens when the MM drives price back to this SSR level?

The MM will come and BREAKS the SSR, activating both SR and Break out Traders. By the time the price resume its down trend, both these traders are taken out by hitting both SL.

WHAT A LIFE! 😭 😂



TRADABLE VS NON-TRADABLE ORDER BLOCKS

Not every OB qualifies to be tradable.

Therefore, we want to consider some aspects regarding our Entry Types before engaging the market

In this topic, I will focus on **Characteristics of Tradable OBs ONLY** (Reverse everything for Non-Tradable OBs).

Tradable OBs, generally, have higher probability where we expect price to respect the block, in case they come back.

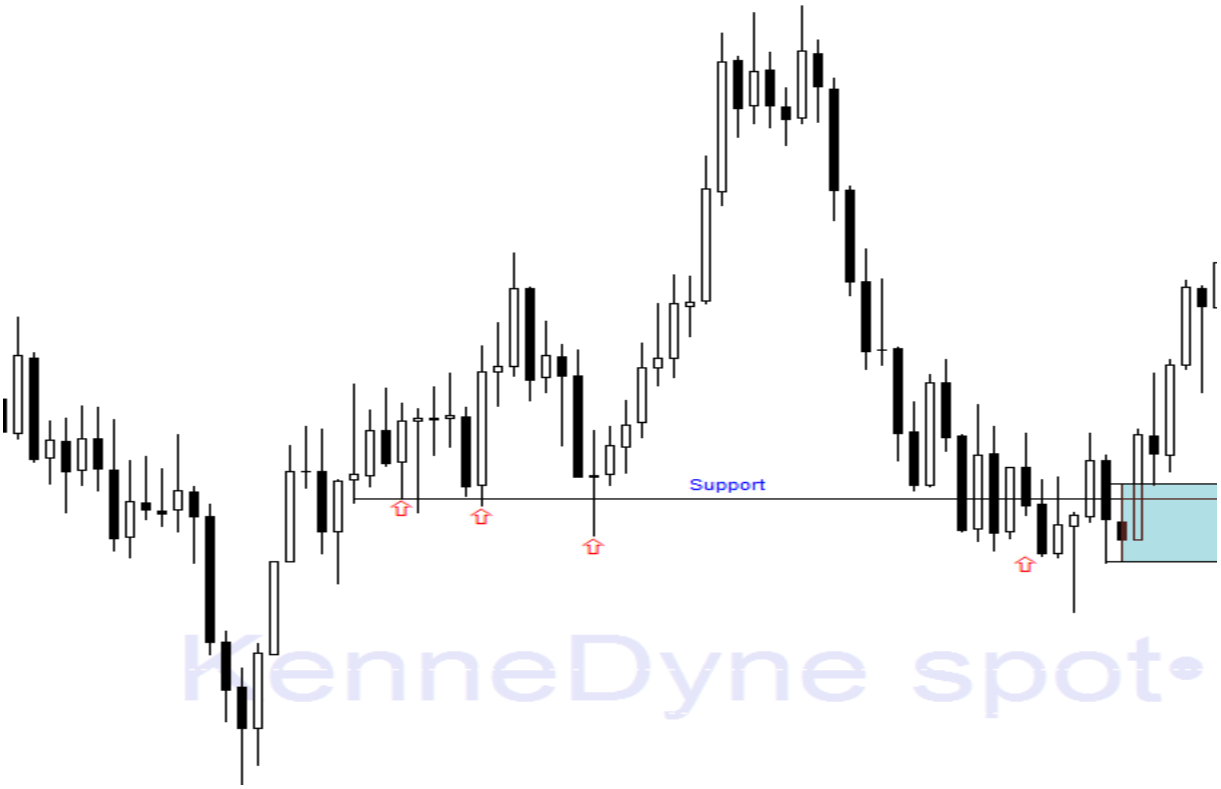
But how do we validate these kind of OBs?

It's essential to understand that an OB at any given timeframe is only tradable if it complies with the multiple timeframe analysis within your timeframe matrix together with the following rules;

CHARACTERISTICS OF TRADABLE ORDER BLOCKS

1. OB SHOULD BE AT/NEAR SUPPORT/RESISTANCE
2. OB SHOULD BE AT/NEAR FLIP ZONE (Good for reversal entries)
3. OB MUST BREAK THE MARKET STRUCTURE [BMS]
4. IMBALANCE AFTER CREATION OF OB MUST BE 2 TIMES THE OB + RISK REWARD [RR] MUST BE 3 TIMES THE OB
5. THE OB MUST TAKE OUT AN OPPOSING OB
6. BERISH OB MUST BE ABOVE SSR AND BULLISH OB MUST BE BELOW THE SSL
7. BULLISH OB ABOVE EQH.
8. BEARISH OB BELOW EQL.

1. OB SHOULD BE AT/NEAR SUPPORT/RESISTANCE



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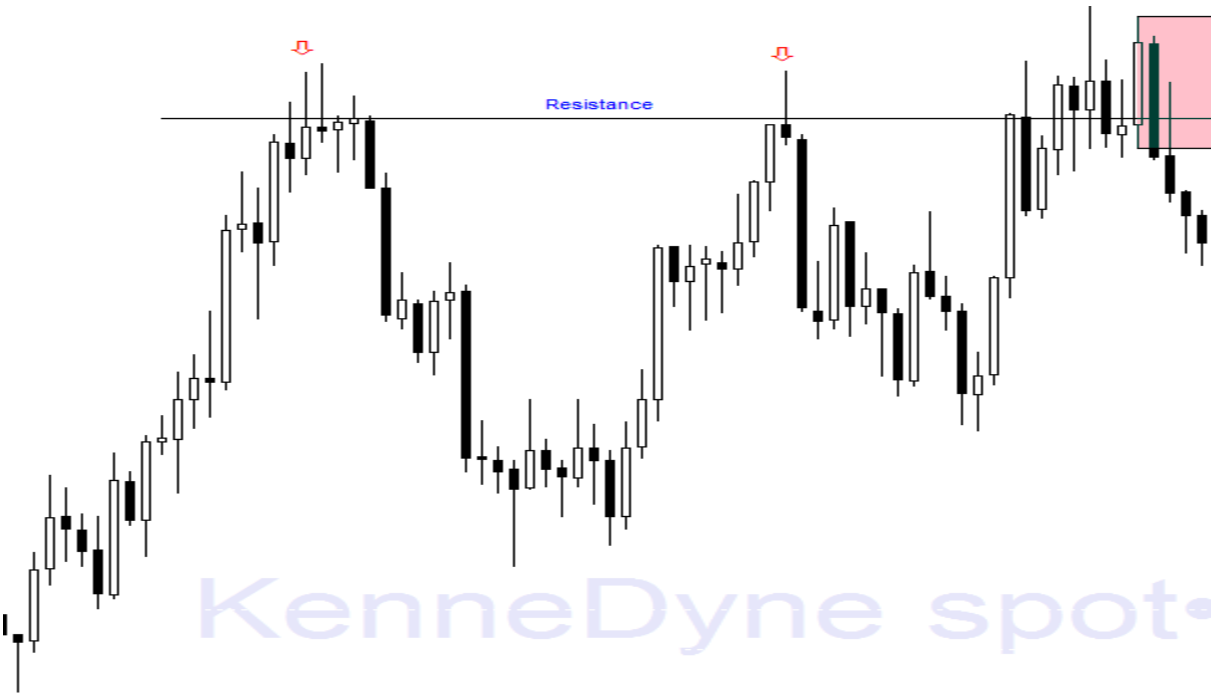

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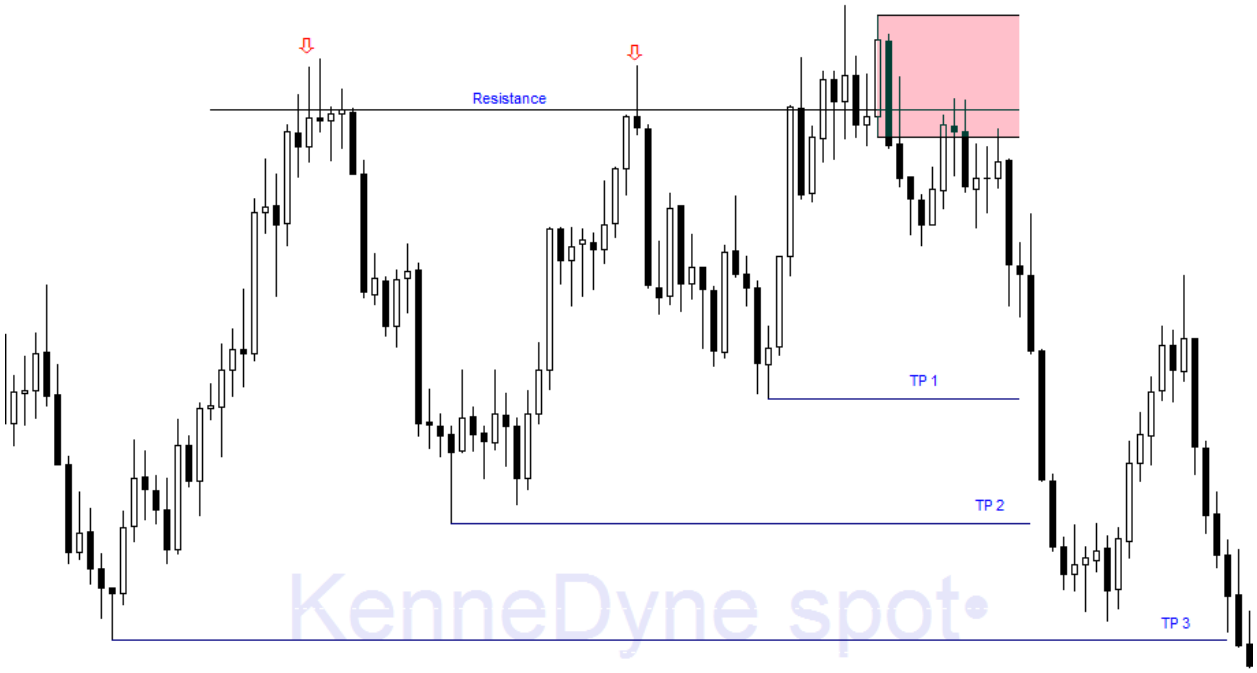
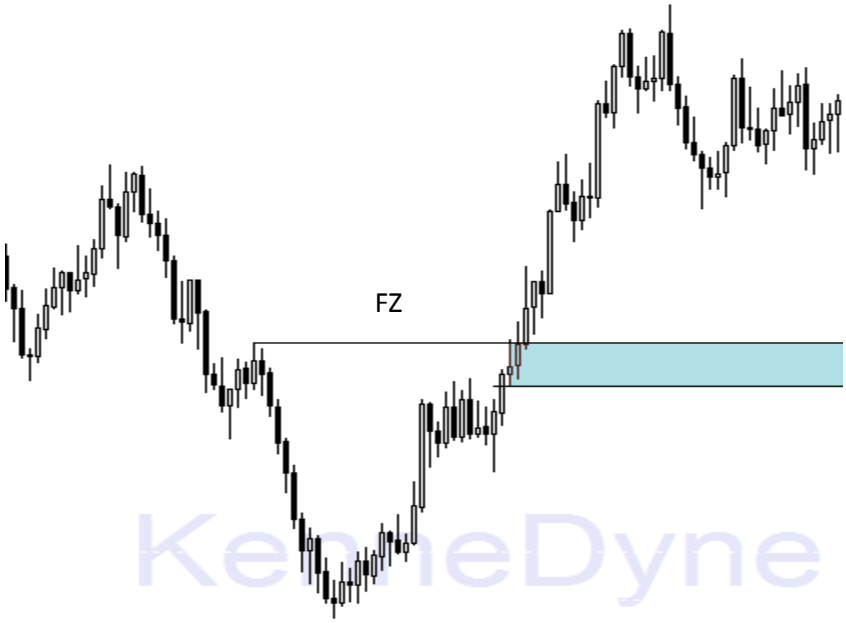
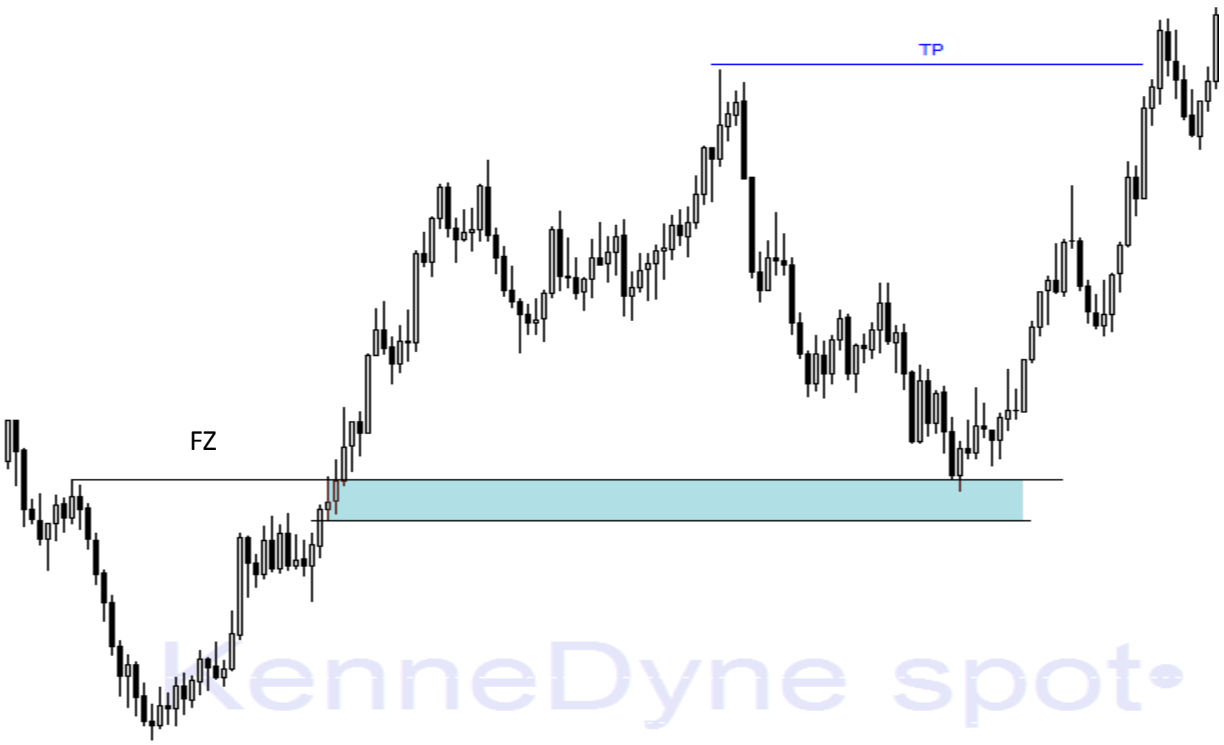
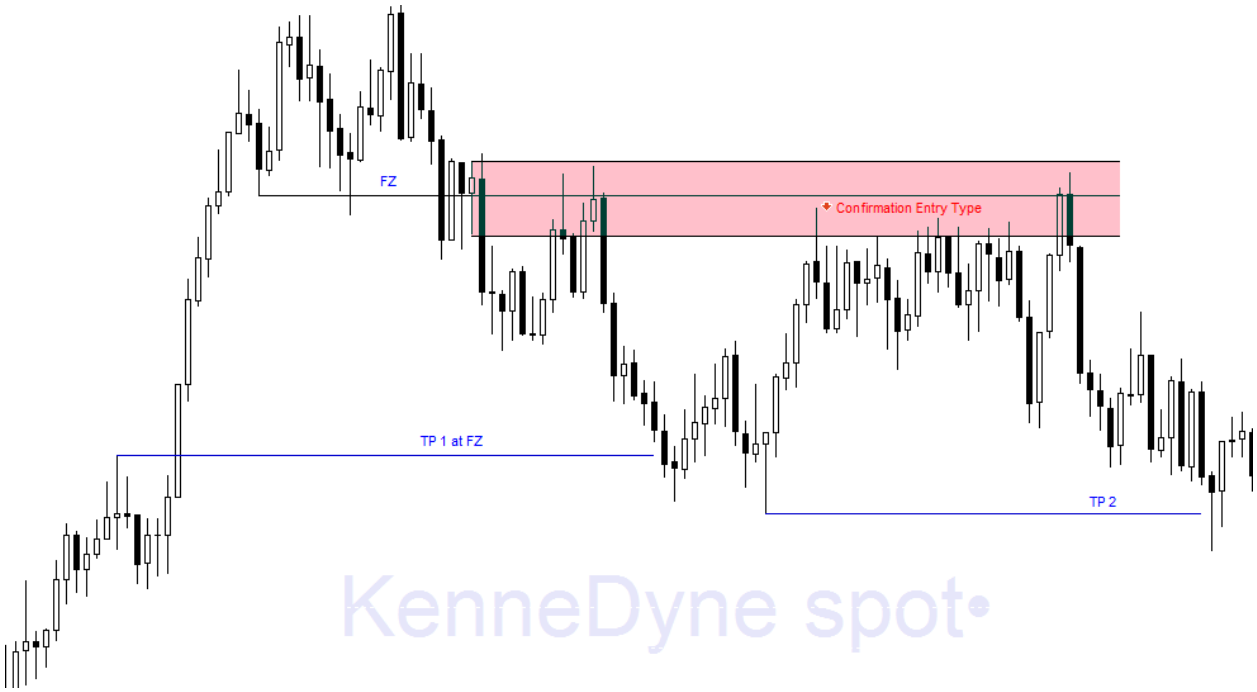


2. OB SHOULD BE AT/NEAR FLIP ZONE

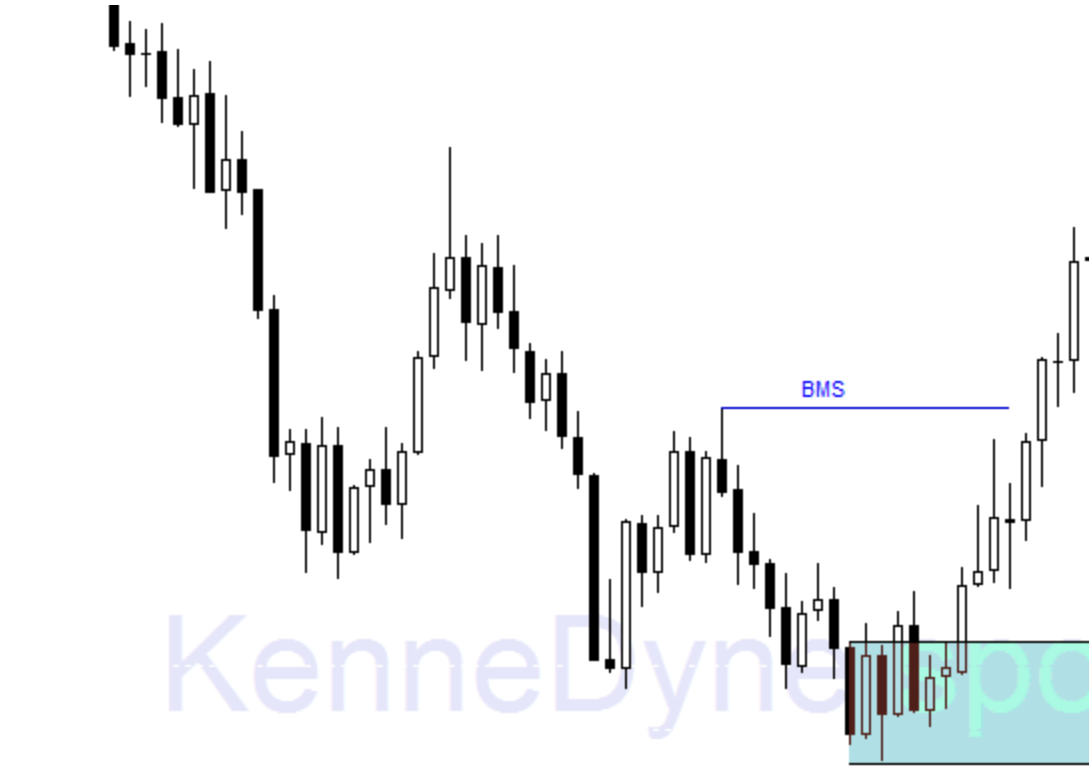


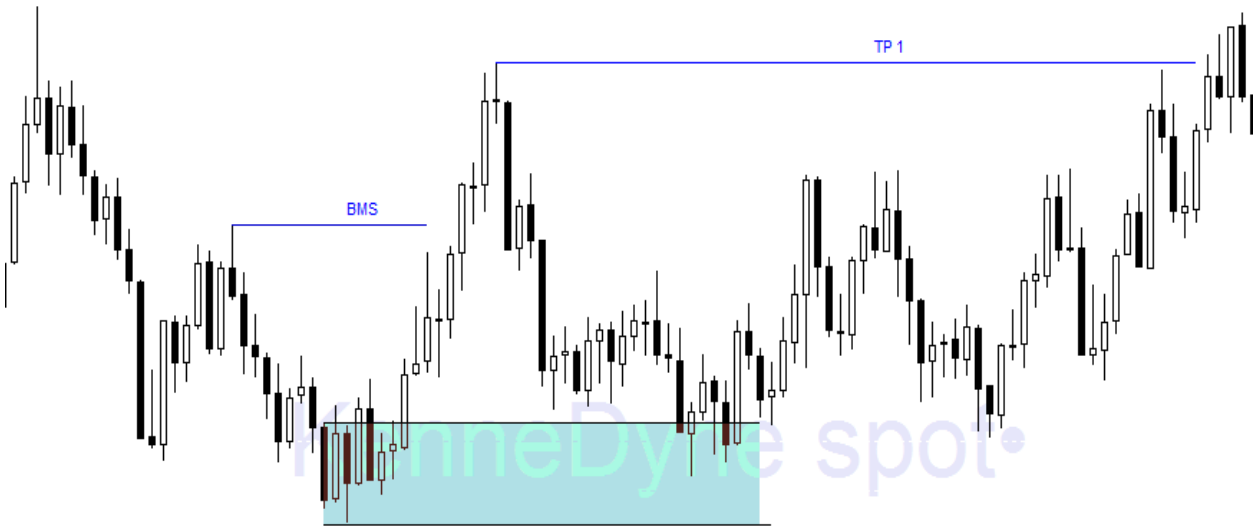

TP
FZ

FZ

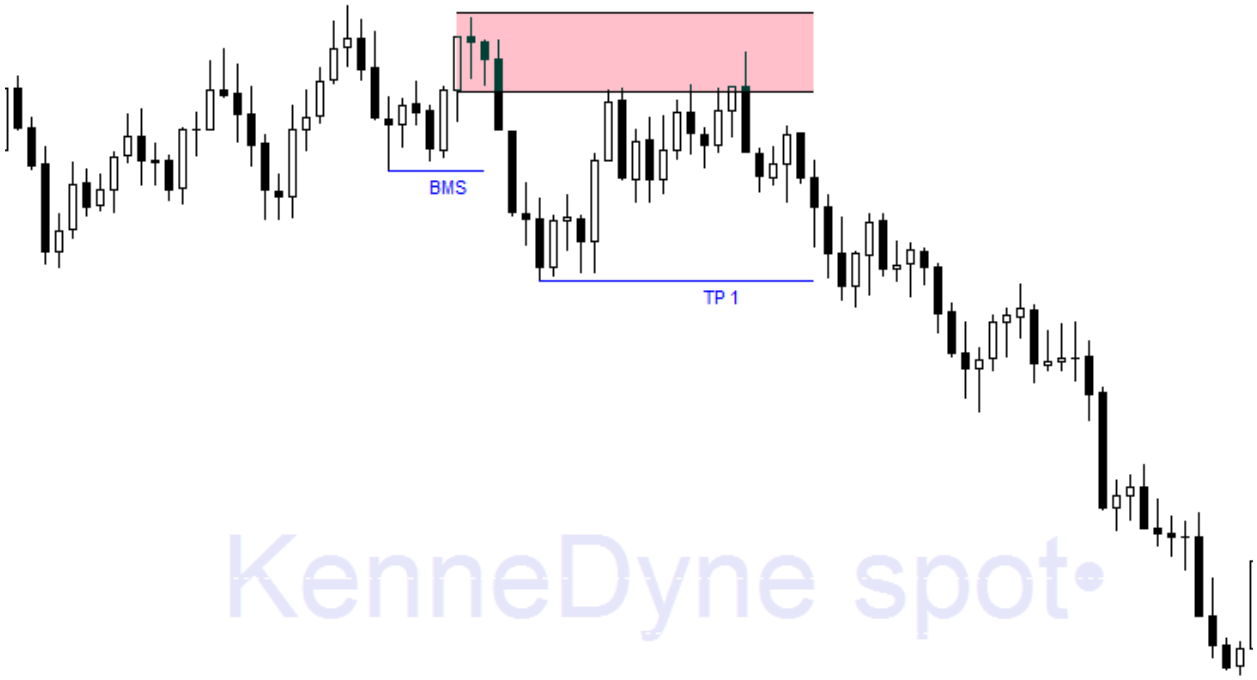


3. OB MUST BREAK THE MARKET STRUCTURE [BMS]


BMS


TP 1
BMS

KenneDyne spc



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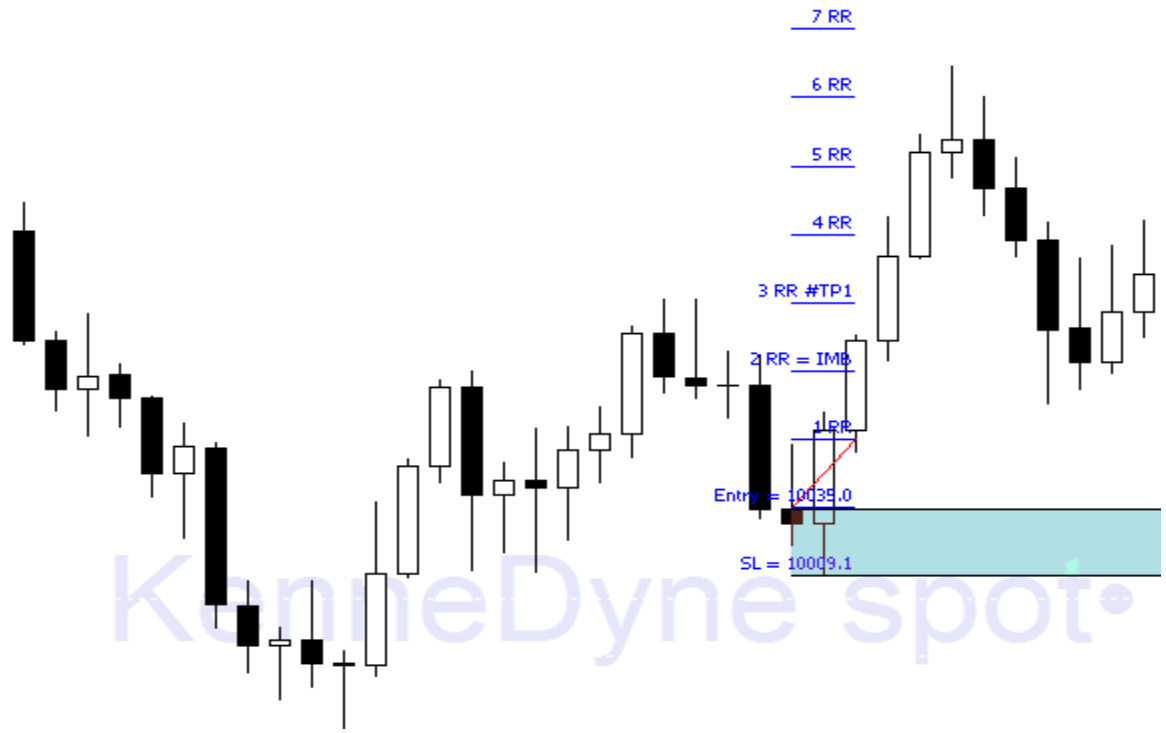
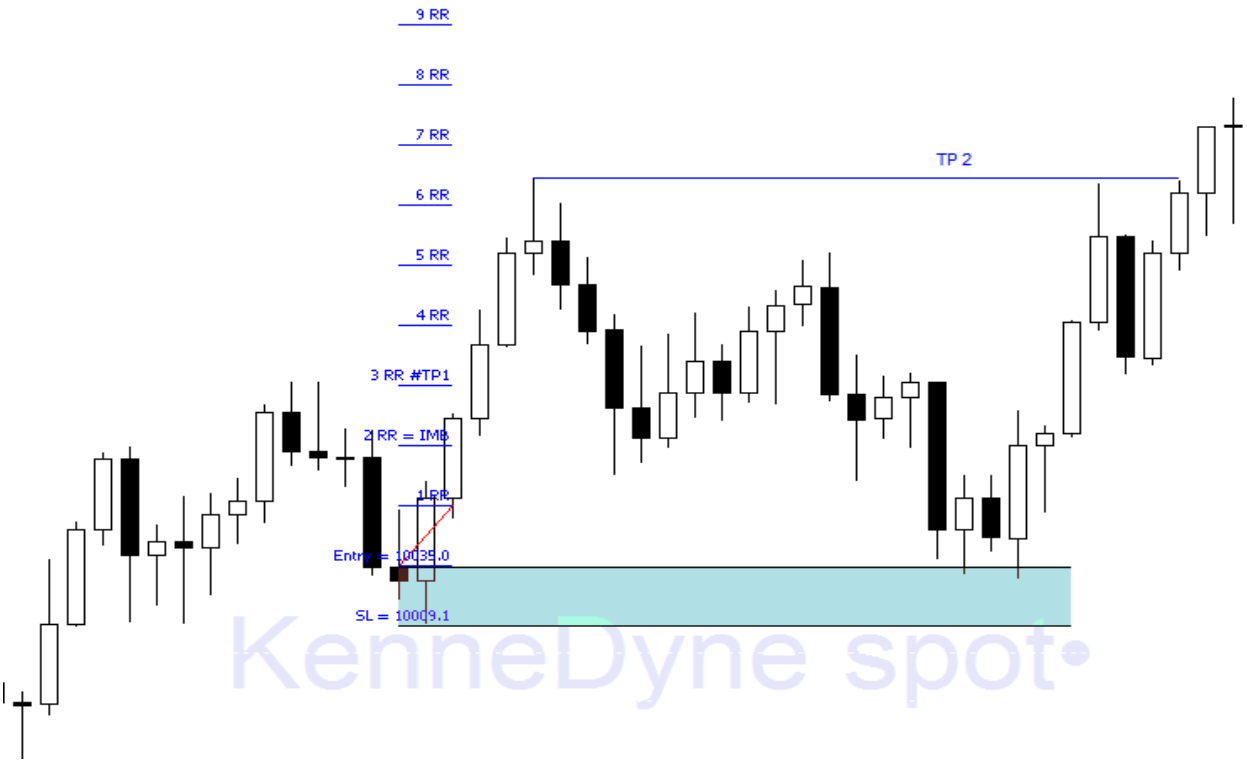
4. IMBALANCE AFTER CREATION OF OB MUST BE 2 TIMES THE OB + RISK REWARD [RR] MUST BE 3 TIMES THE OB





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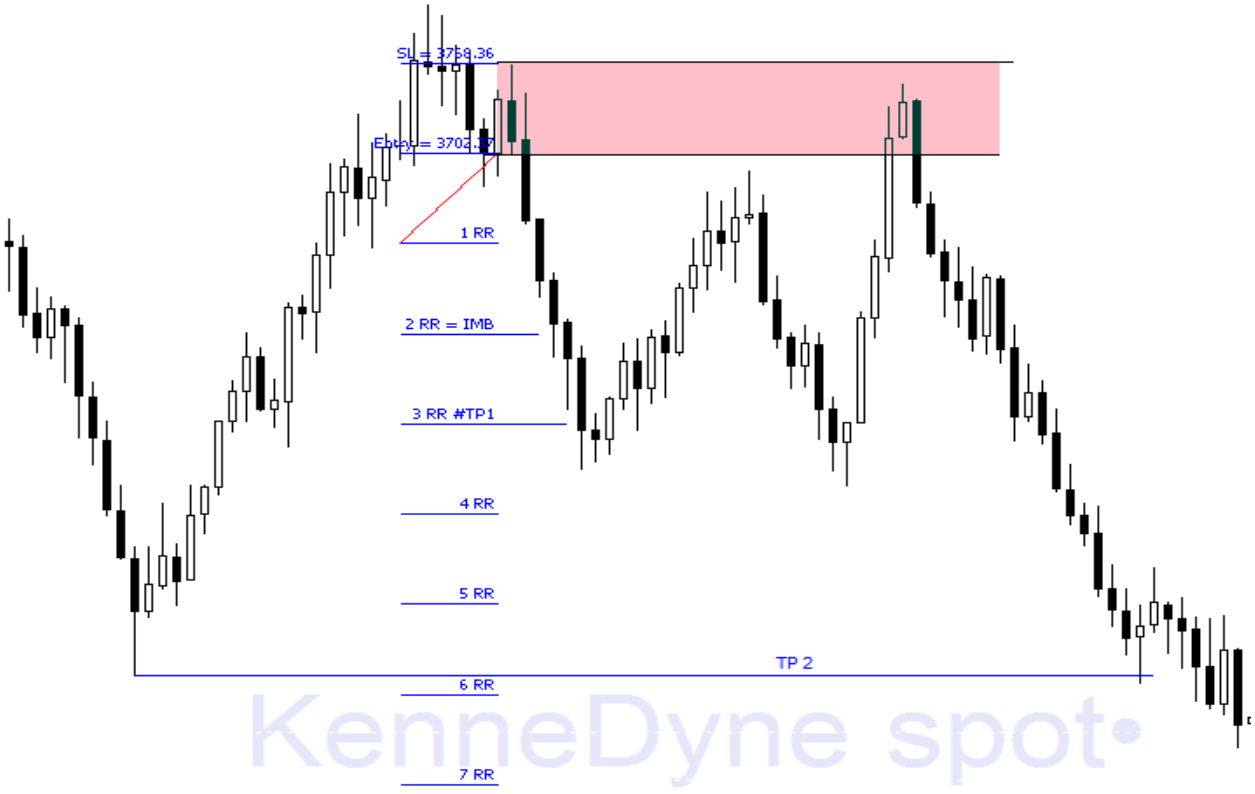

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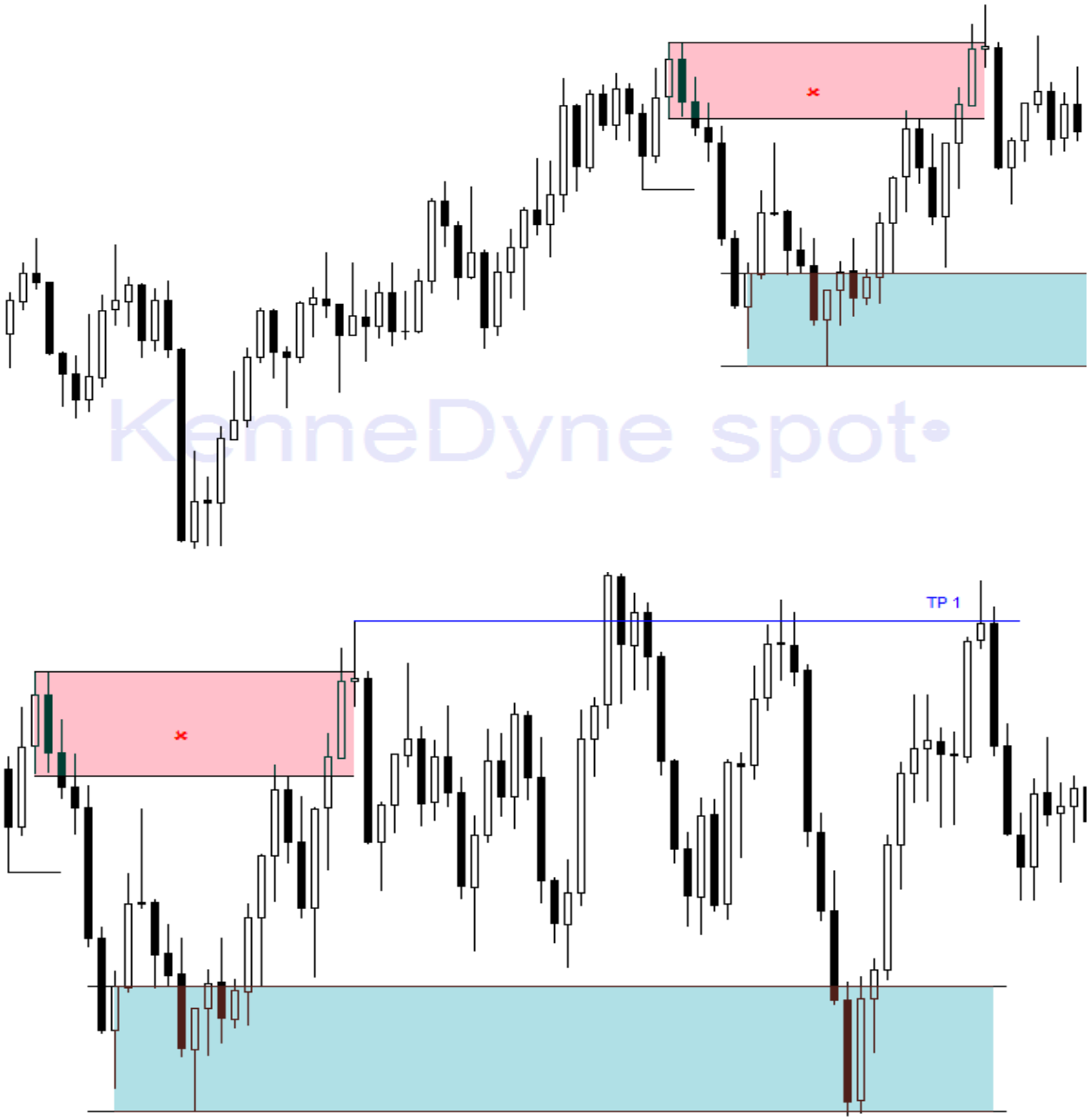
5. THE OB MUST TAKE OUT AN OPPOSING OB



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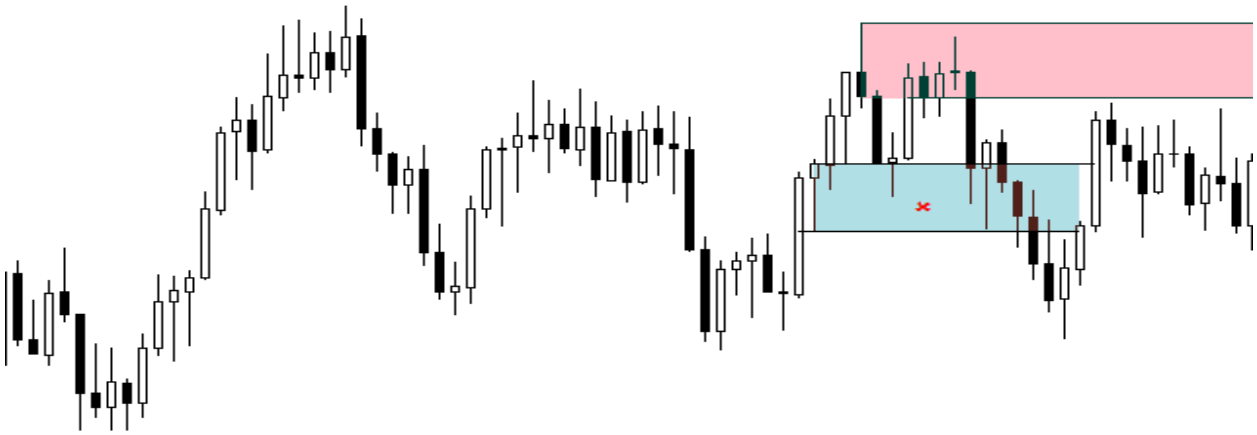

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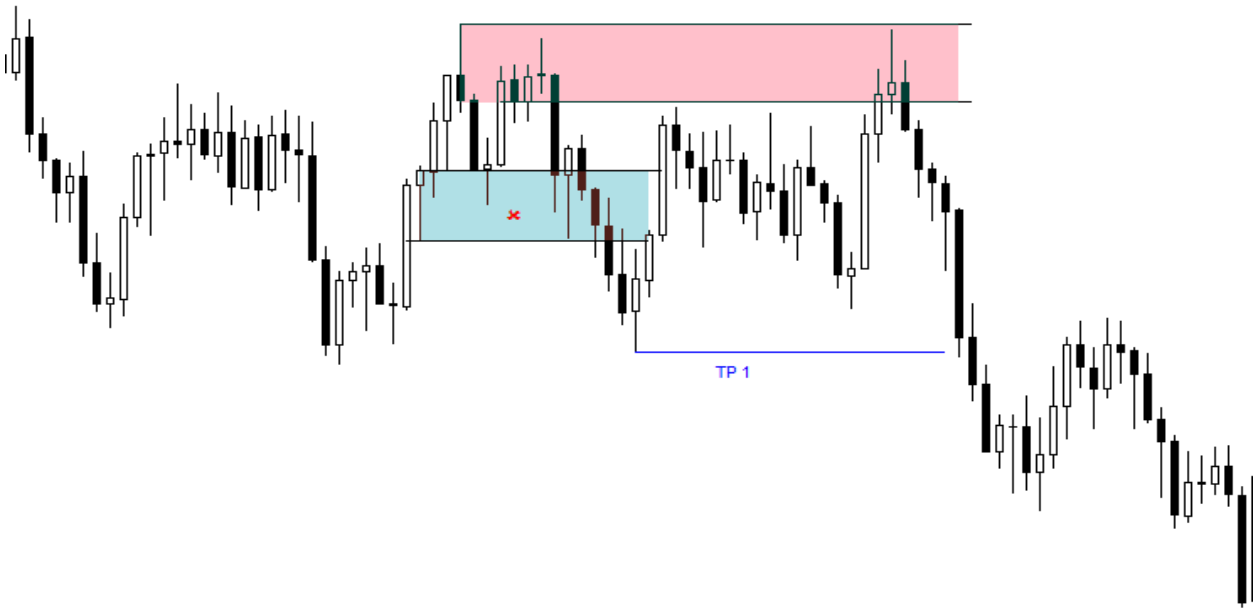

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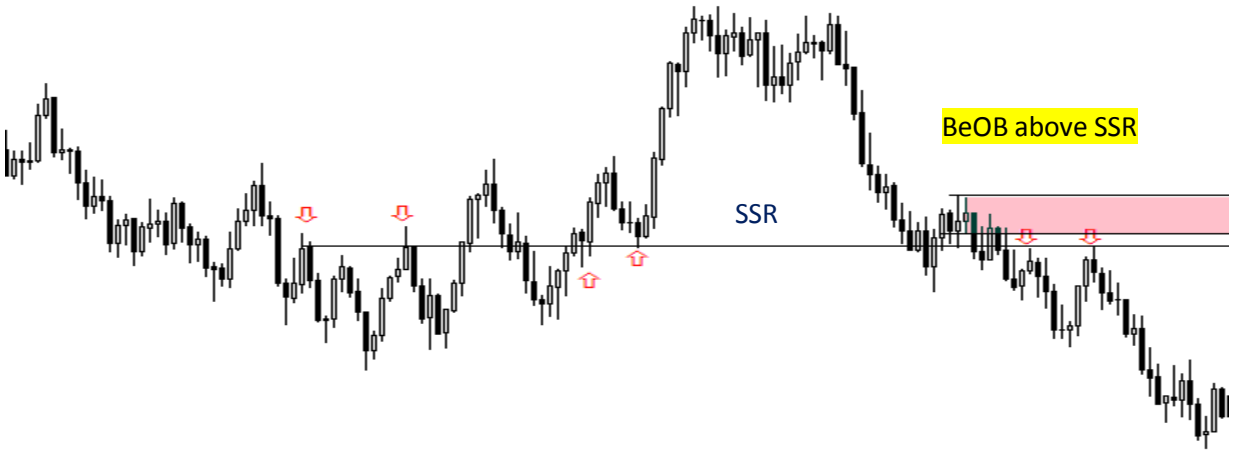
6. BERISH OB MUST BE ABOVE SSR AND BULLISH OB MUST BE BELOW THE SSL



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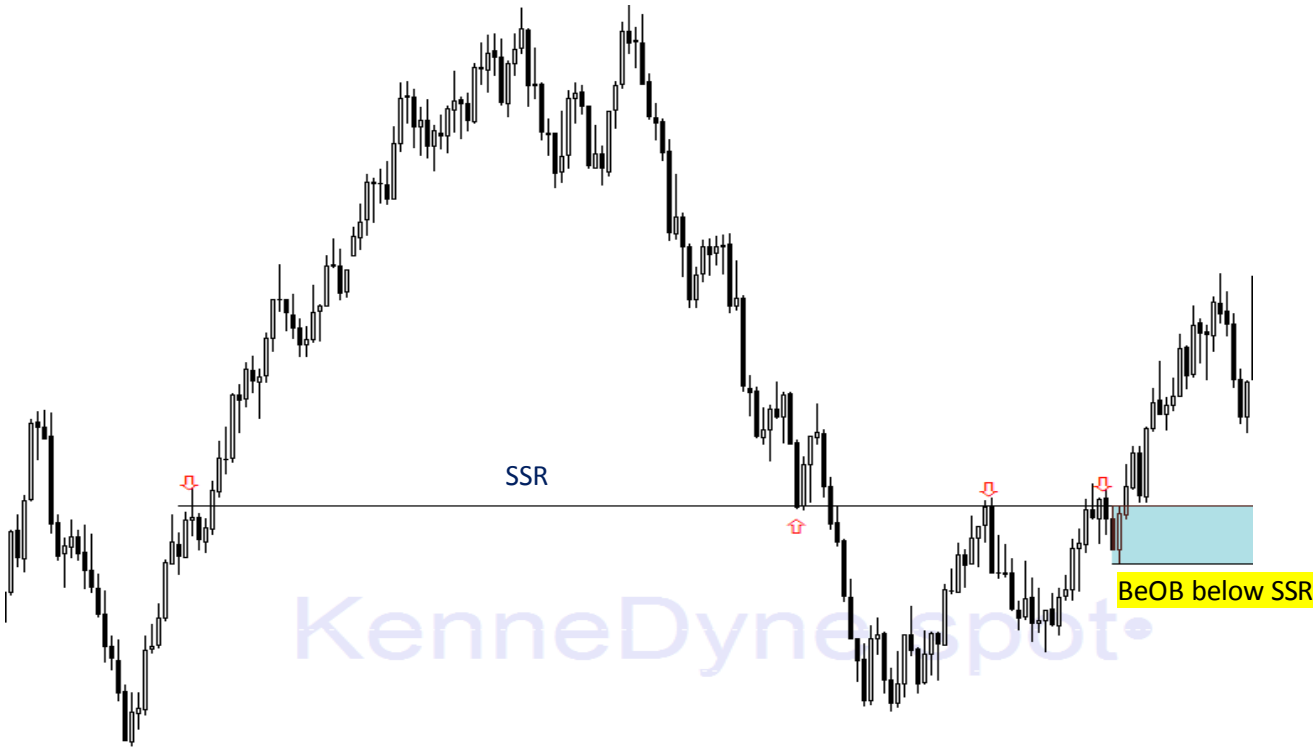
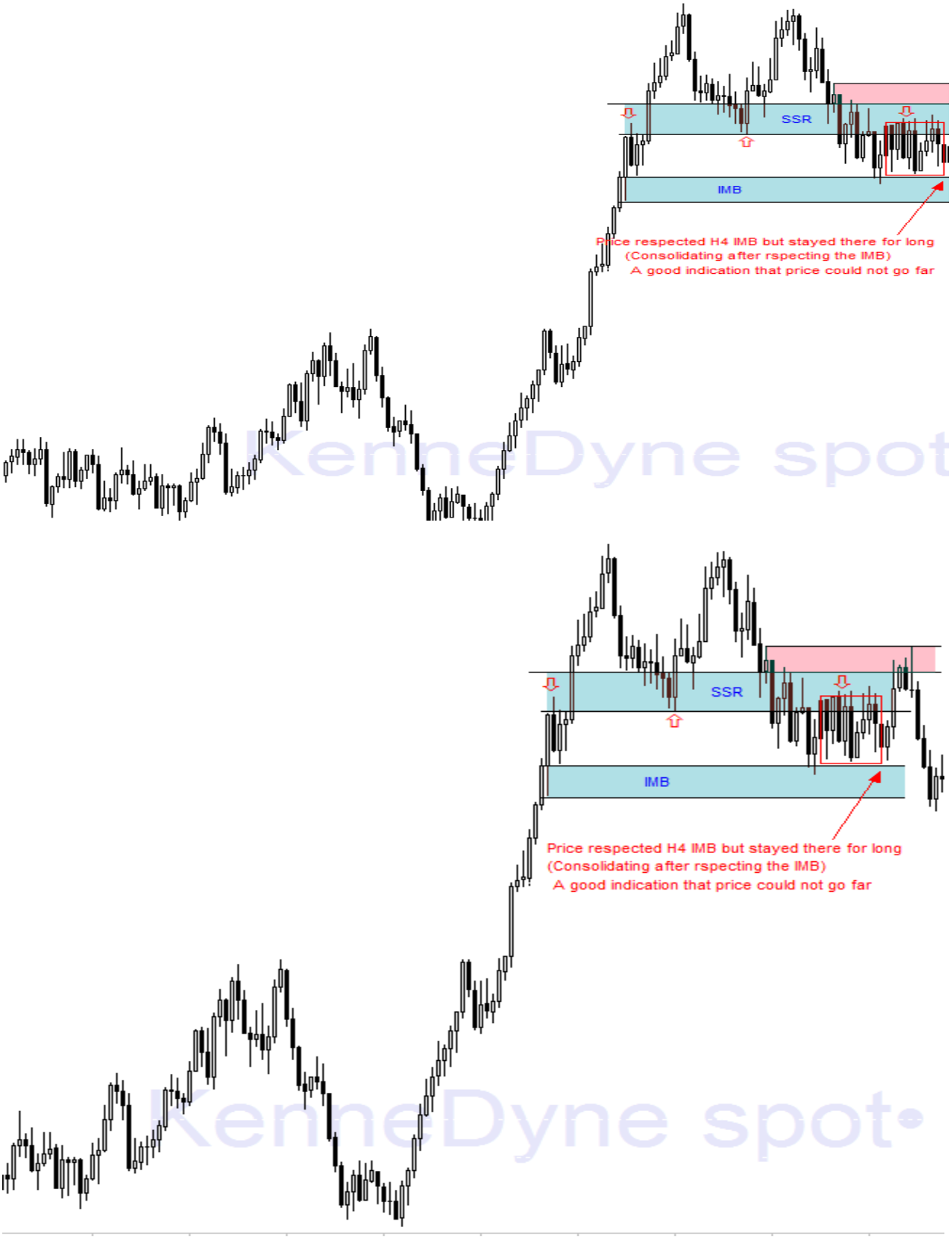

SSR
BeOB below SSR

SSR
TP


SSR
IMB
Price respected H4 IMB but stayed there for long
(Consolidating after rspecting the IMB)
A good indication that price could not go far
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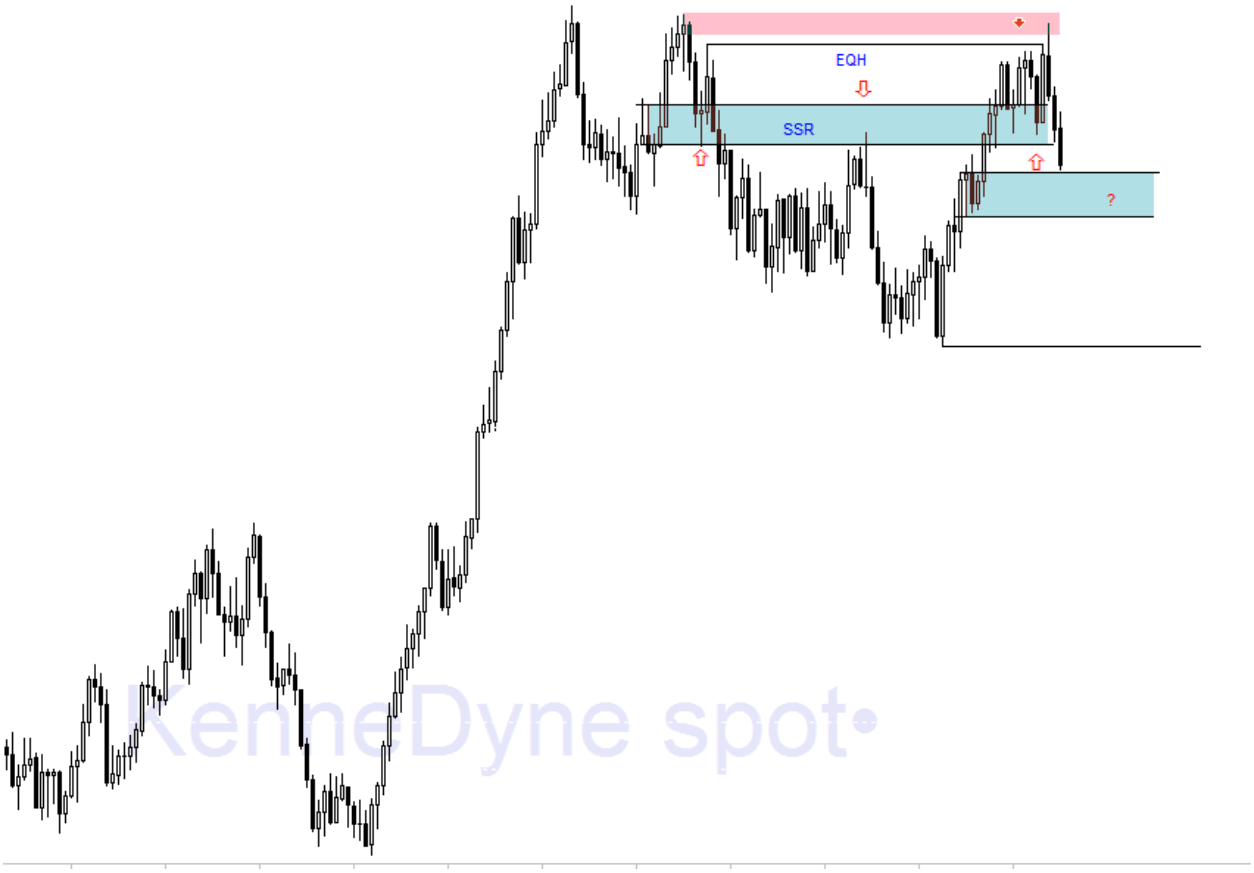
EQH
SSR
?
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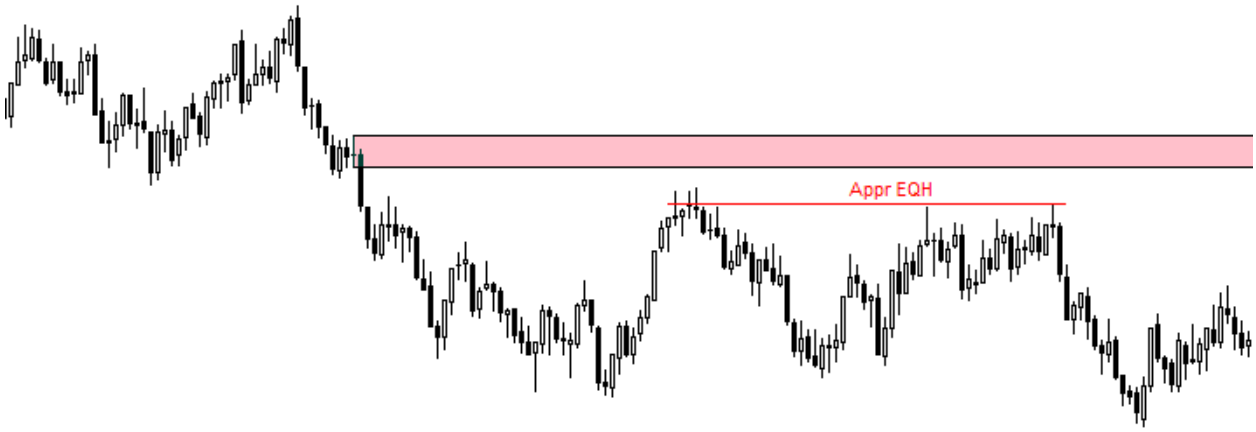

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THE CONFLUENCE

Here, you want to come up with your own set of rules (confluence) so that you confirm them before engaging the market.

Regarding the above 6 characteristics of Tradable OBs, which one would you consider as your top 2 confirmation?

Well, it's upon you to make practice and choose the trading method that suits you.

Hint: When trading this method, be sure to stick to your Time Frame Matrix [TFM]

BIGGER PICTURE TIME FRAME	CONFIRMATION TIME FRAME	ENTRY TIME FRAME
MN	WK	D1
WK	D1	H4
D1	H4	H1
H4	H1	M15
H1	M15	M5/M3/M1

Exhibit:

For instance, take **H4 – H1 – M15**

If price is respecting **H4 BuOB,** mark the opposing valid **H4 BeOB** (This will be your range)

Now you are going to trade within this range…i.e. Look for buys on all H1 BuOB with sniper entry confirmation on M15 BuOB.

This method is valid if and only if the price has not reached opposing BeOB.

Below are random examples of OBs entry with Confluence confirmation

Confirmations

1) OB at Support
2) Imbalance is 2X
3) RR is 3x

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Confirmations

1) Imbalance is 2X
2) RR is 3x
3) Opposing BuOB taken out

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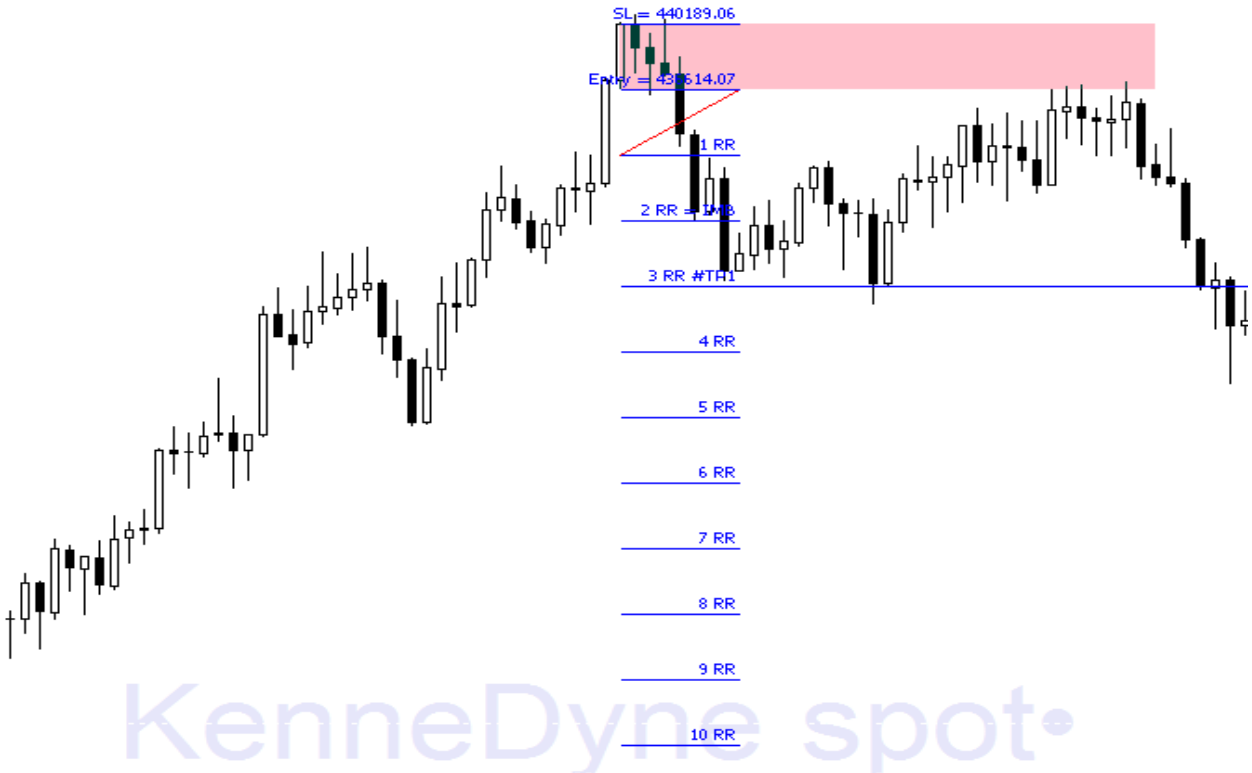

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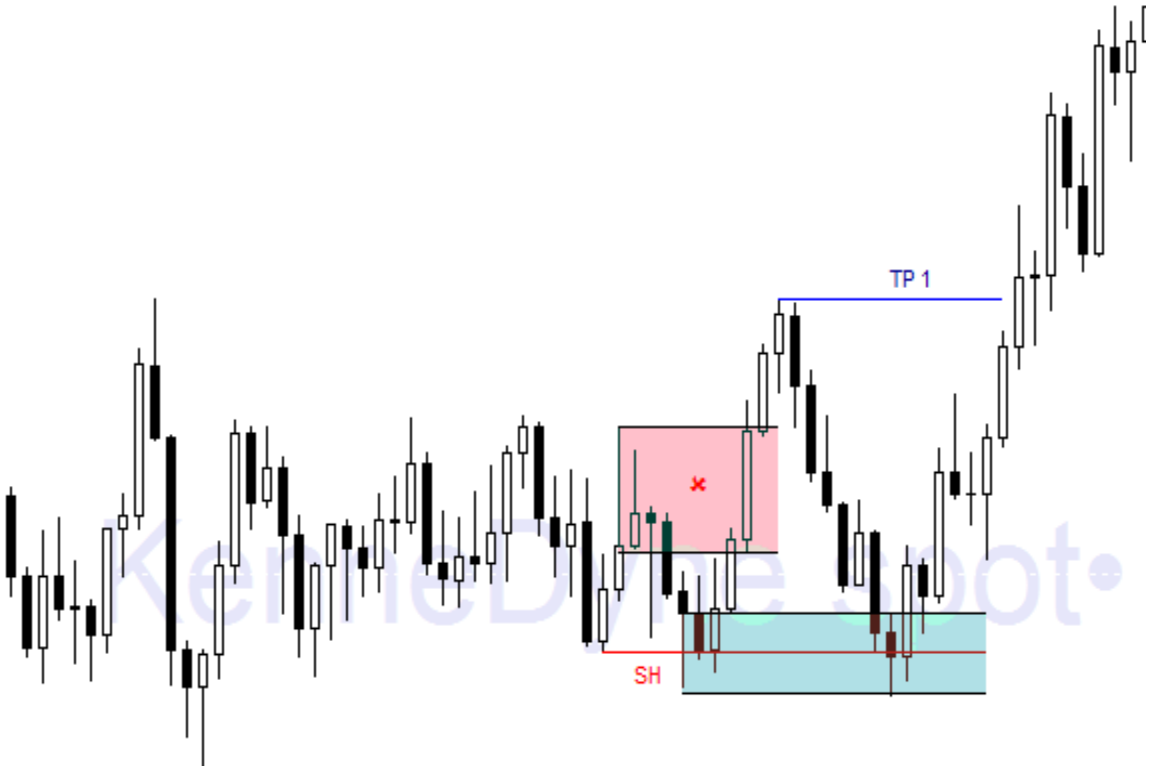
Confirmations

1) BeOB taken out
2) Imbalance is 2X
3) RR is 3x



Confirmation

1) BuOB taken out
2) Imbalance is 2X
3) RR is 3x

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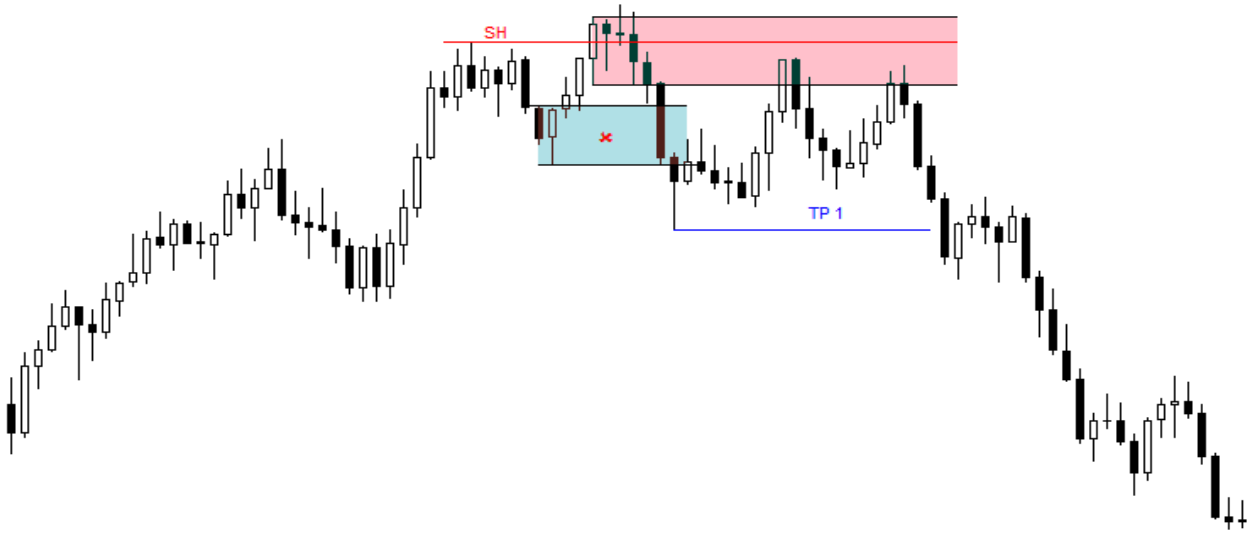

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Hint:

- ✓ Step 1: Choose your TF i.e., H4 – H1 – M15
- ✓ Step 2: Choose your Confirmation i.e., LV + BMS + 3RR
- ✓ Step 3: Wait for your Set up to form

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- Sign up for 101 Coaching, Trading Hub and Training here
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- Start Trading Nasdaq here
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- Find OFFSHOYS KEY Syllabus here
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