

Imbalance

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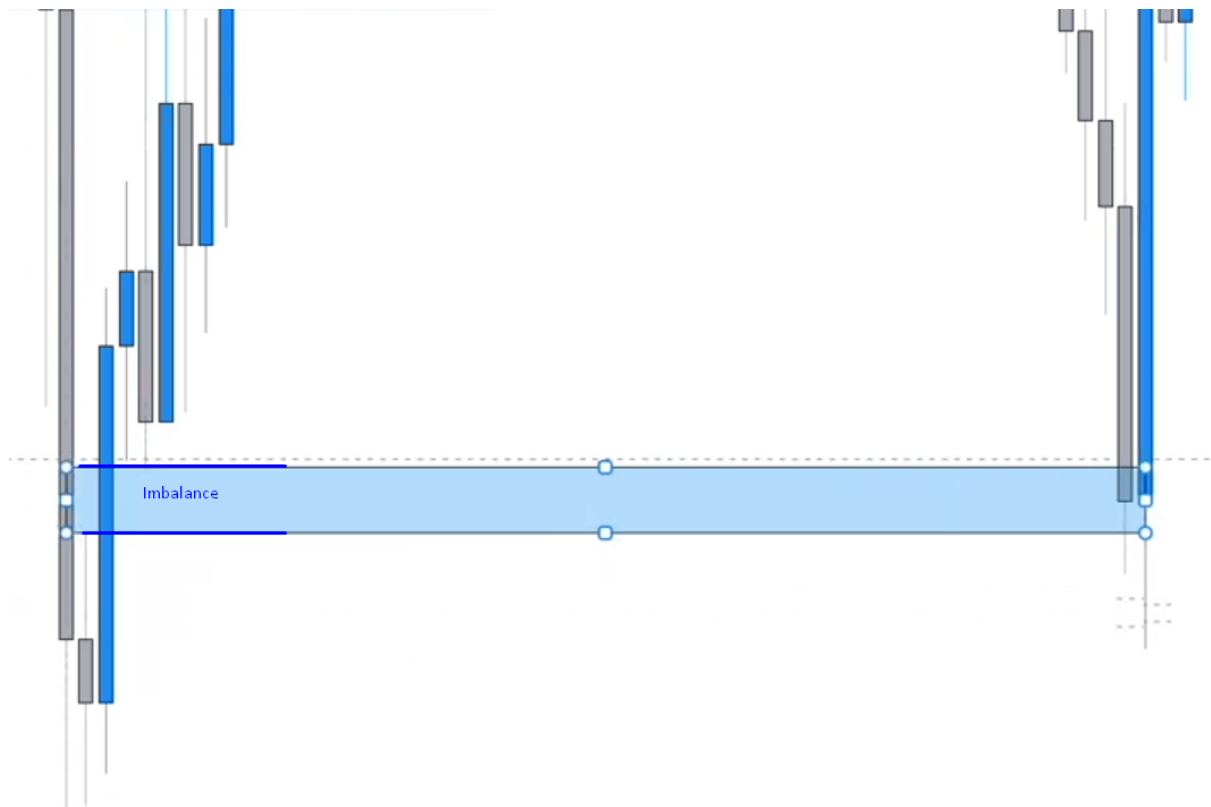
Imbalance as I know, in terms of the market to run, there needs to be 50% buying and there needs to be 50% selling.

Why is that important?



Its because when I get places where, for example, when I get huge impulses, what do I see? There is only buying. The markets don't run like that.

So what that mean?



Price needs to come and correct this imbalance. This is known as imbalance or inefficiency. So essentially its the gap in the market. So the imbalance is for example, when I get an OB or I find I will probably have a gap, which I can see is here. Now there is imbalance here, because there is pure buying and the reason why I marked this box here, is because although that is a bearish candle, I can see there is a wick, so obviously there are sellers involved at that point.

The wick that came here, there was buyers involved at this point, because the sellers and the buyers are pushed price to go back up. In this, its just that blue candle, this is all buyers, so this there is imbalance that is sitting within here.

So what this does is, I don't going to trade directly off it, but this gives me more confluence that this OB had institutions active, and basically means that this move, I know that institutions have caused that because of this imbalance, retail traders don't cause an imbalance like this.

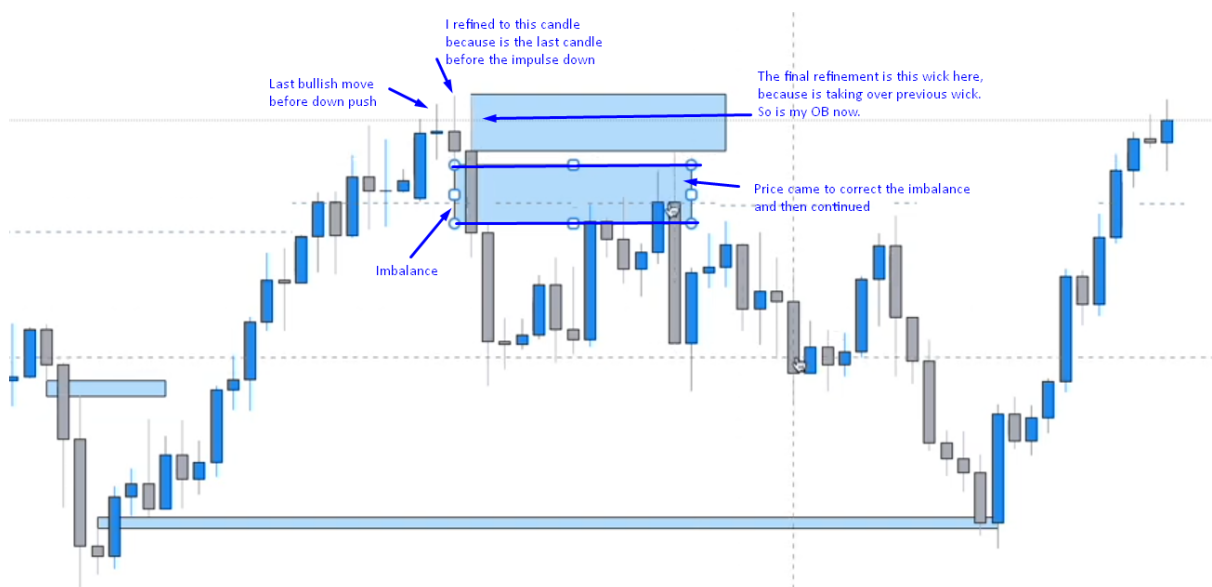
The imbalance can be less than a pip, is still imbalance. So price has to come and correct this imbalance, so it gives me more reason to pick this OB as my selected OB.

So when I hear someone say me want to look for a clear OB, I want to find an OB that has clear imbalance sitting above it.



Same with a bearish move, so in terms of that, that is why so what I can see is when I pick this OB here for example, I refine it to the next candle. The main reason why I do that, is because that is the candle before the impulse, and it also is the candle with the imbalance, because if I think about it from where the wick is, the imbalance is between that wick, and this wick here.

Price needs to come and correct that imbalance at some point. It doesn't need to happen immediately, but it needs to happen at some point.



The only time what we need to really think about the imbalance, is if it has an OB next to it, so for example, up here, what I can see is price created this low and then went and broke structure. So the OB is this candle here, Im going refine that to the

next candle that is sitting here, and what we can see is this wick is taking over from the previous wick, so that wick on its own is an OB.

So I know there is an OB sitting at that wick, at either the base or the 50% mark.

Where does price react it? Almost reacts and mitigates the base of this wick, but look where it actually reacts to it. So its clearing the imbalance that is because this is pure selling going on here.

There is pure selling after this candle to this wick, because its buyers within that wick. So that is the imbalance, price has come to correct that imbalance and then continued where its going to go.

Im not going to use the imbalance for trading directly, however its to give me more confidence that the OB is correct, and the institutions were active at that point.