Order Flow

**Understanding Liquidity**

* Going Long=Short liquidity
* Going Short=Long liquidity

How do institutional create buyers/sellers?

1. Engineer long/short liquidity (Making the market look like its going vertical, to make people wanting to buy)
2. Front run retail horde by buying/selling news that only institutional know beforehand or gets to know it first

**Liquidity Pools**

* Areas where there are lots of limit orders/stops

Identifying Liquidity pools

Sell Orders

1. Untapped limit order liquidity below support (Traders who think support has broken down, therefore shorting)
2. Breakdown market orders
3. Stop losses LONG traders put just below their perceived support level

Swing points that are visible on HTF -> Work better because more traders see them.

Extended consolidation ranges

Orders on both sides of the range, traders trying to catch the breakout

Where are retail traders stop resting?

**Stop hunting**

Prices trades through an area where retail stops were resting before usually moving in the opposite direction.

1. Bullish trend -> Markets takes out a low/ “break support” before going higher (Sellers created= long liquidity engineered) \
   1. Stop losses -> Triggered into market orders to sell
   2. Limit orders -> Not in position and are waiting to have short triggered

HTLC – Hashed Timelock Contract

-Type of smart contract used in blockchain applications to eliminate counterparty risk by enabling the implementation of time-bound transact ions. Receipients of a transaction have to acknowledge payment by generating cryptographic proof within a certain timeframe. If not transaction does not take place.

Leverage could be a double edge sword  
-Know when to exit  
-Need to know who are you losers and winners  
-A 50% downside is all it needs to wipe out your 2x leverage

You need people to trade to have liquidity for some of your coins

Market needs to have all types of participants

Why does GBTC trades below NAV? (Discount)  
-It is a trust fund in the US  
-Create shares for it by investing in the trust  
-After 6 months, people can sell that in the market (for a premium) 1share=1btc  
-If I have BTC asset, might as well put it in a trust fund so that I can harvest the yield  
-BlockFi is one of the largest participants in the GBTC trades  
-Sell BTC spot for GBTC during its discount}

Native tokens  
Sushiswap  
-People value for cash flow, etc  
-Supply side is getting dividends sushi tokens (Users can sell it or hold it)  
-If you are a power user of the protocol, also tend to hold a large amount of tokens given for this project  
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Pool 1 – The assets you used to earn the new token  
You stake your ether, USDC, wBTC into a pool and you get given the native token.   
You don’t know what the new token does  
  
Pool 2 – Once you get this native token, you can then supply this token into this token pool.

When the underlying token is not known what its used for and no one knows what it does. It is ponzi, you require more people to enter the game for the price to increase.

If there is no team to play out the roadmap, no differentiation, rugging is something you have to be aware of. Legit projects vs ponzi like ones.