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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, August 16, 2013

Order Flow Trading

Many traders think Order flow trading is all about watching the order book and making decisions. System peddlers and snake oil vendors are responsible for this misconception. I don't think it is possible to trade the markets looking at the flickering DOM of our trading terminal. Algo trading super computers can feed, modify and cancel orders in milliseconds and many of these actions are for deceiving retailers and other Algos.

Looking at the order book of any kind is not the way to proceed. Traders are creating order flow by feeding the orders. Conventional technical analysis does not address this aspect. Deconstructing the logic processes of other participants is the way to go. We must learn to operate inside other traders OODA Loop. Real trading is [metagaming](#). It is engaging the other players.

For me Order flow analysis is a mindset. It is anticipating future orders and making decisions on it. I don't think we need to see the actual orders on our DOM to do this. It is all about projecting the future price move based on other trader's behavior.

Market is a place where count less traders executes countless strategies at the same time and it is very difficult to anticipate their future actions. It is very important to know who is in control of the market at the moment. Day traders, swing traders and investors react differently to a situation. For example you might have noticed that when higher time frame players dominate, Decision Points will not work as expected. Our method work well when the day trading brigade controls

Real order flow trading involves anticipating where large enough traders are going to enter and exit en masse and acting there without hesitation allowing their orders to move our position to profit. Always think order flow. We need to enter where there is enough order flow to support our direction and exit where there is opposing order flow.

Patterns and setups are not that important. Trading is all about people, their decisions and orders.

Posted by [SMART Trader](#) at 10:52 PM



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