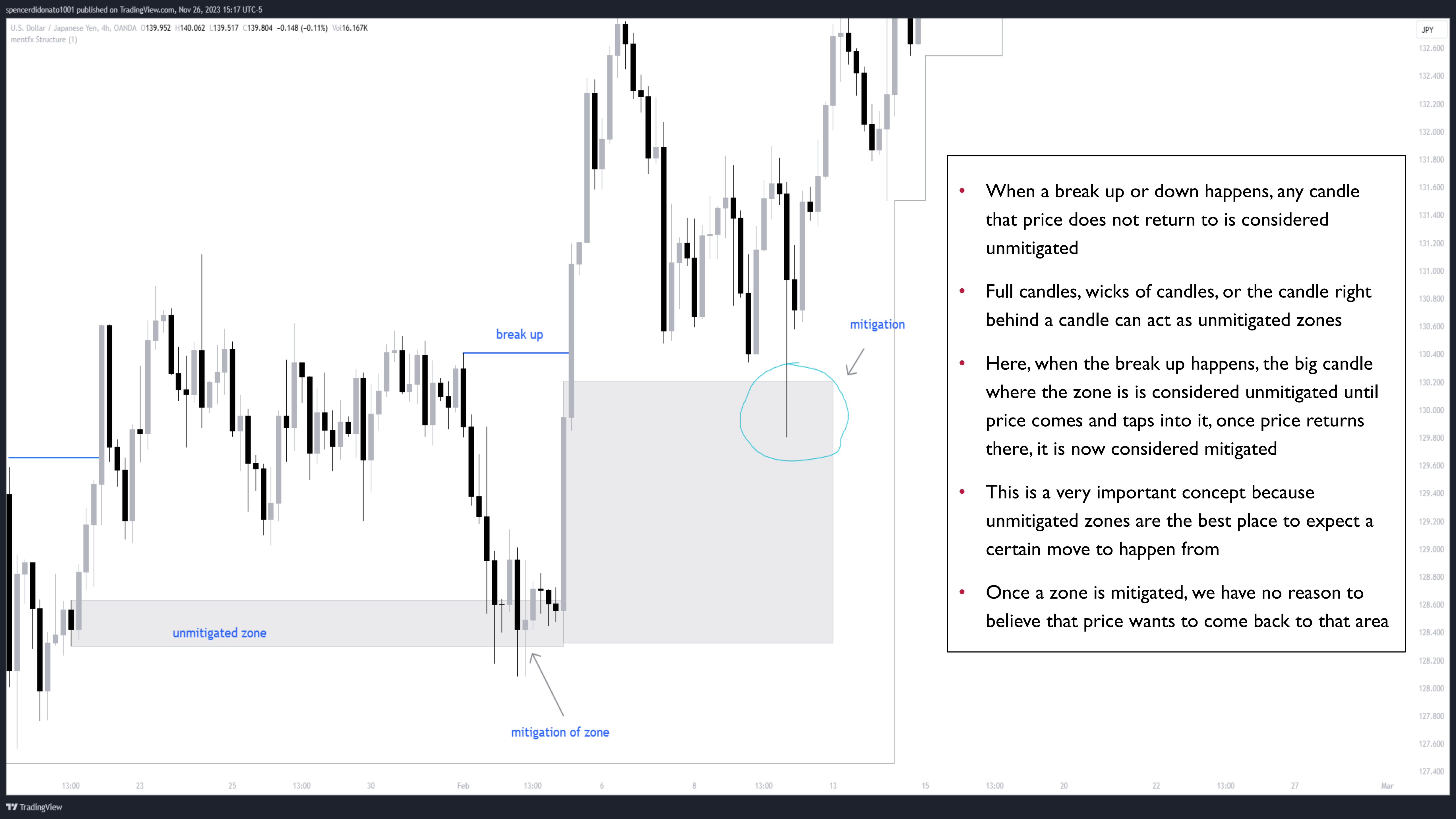
SUPPLY AND DEMAND ZONES

3M TRADING

SPENNYFX

- There are 4 main components to analyzing a market and properly executing a trade.
- **Structure** (helps use create a bias for the market, bullish or bearish)
- **Supply and Demand zones** (helps us pick areas we expect to see bullishness or bearishness from)
- **Entry Confirmation** (specific things we need to see in the supply and demand zones in order to enter a trade)
- **Trade Management** (the strategy of managing your profits/losses once you have entered a trade)
- This section will go over the second step, Supply and Demand zones

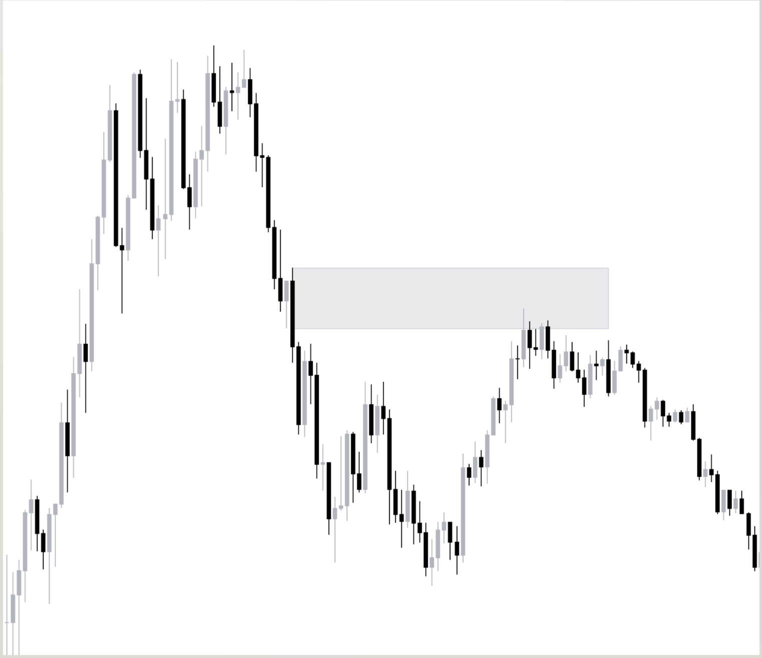


- When a break up or down happens, any candle that price does not return to is considered unmitigated
- Full candles, wicks of candles, or the candle right behind a candle can act as unmitigated zones
- Here, when the break up happens, the big candle where the zone is is considered unmitigated until price comes and taps into it, once price returns there, it is now considered mitigated
- This is a very important concept because unmitigated zones are the best place to expect a certain move to happen from
- Once a zone is mitigated, we have no reason to believe that price wants to come back to that area

- Here you can see some clean bullish price action, it is very common for price to return to unmitigated zones after breaking up/down
- Having a combination of price being in an unmitigated zone + price moving in line with your structural bias, you can be in a position where there is a high chance of price moving a certain way and this is when you want to enter a trade
- Notice how the zone in the very bottom never gets mitigated, and that's fine, we should never expect that price has to come back and mitigate every zone

- Notice how the zone in the very bottom never gets mitigated, and that's fine, we should never expect that price has to come back and mitigate every zone, but since a second break was made and price came to mitigate it, we can fully expect bullishness from there
- We like to map out the deepest unmitigated zones in ranges as our targets because that is where price has the highest chance of reacting to
- This is also a good example of some clean reaccumulation models which were talked about in the last section

- Examples of mitigated zones



- Examples of unmitigated zones

- Those are the basics of supply and demand and how we use it to find attractive areas to enter trades. This topic goes much more in depth, but we are happy to help anyone in the private group with any further questions.