MOONCHARTS

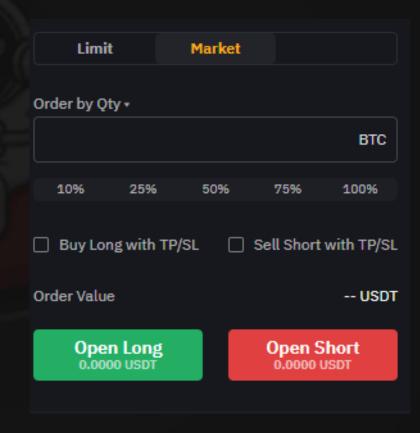
Exocharts - Absorption



ORDER TYPE

- Market Order = aggressive order
 - Open a trade at the current market price

- Limited Order = passive order
 - Open a trade at a certain market price





THE DIFFERENCE

MARKET ORDERS	LIMITED ORDERS
Move the price	Absorb aggressive orders (market orders)

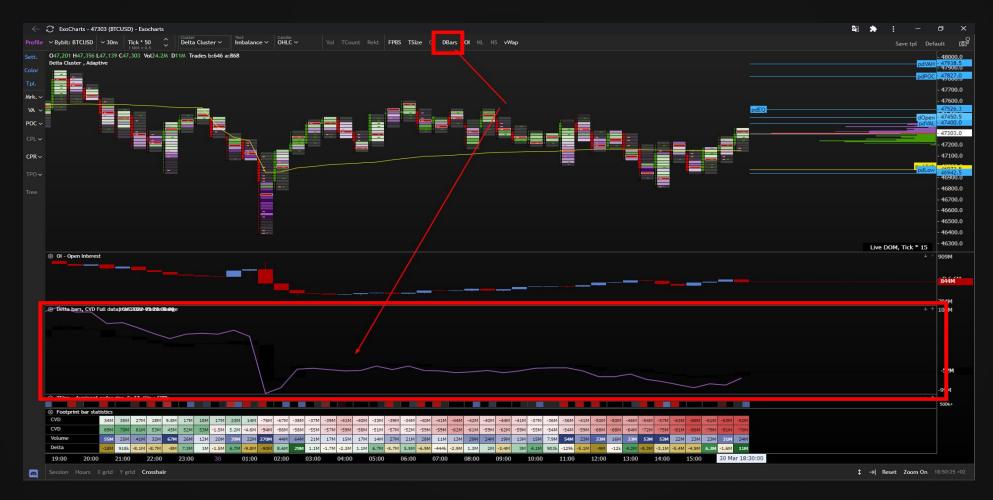


We can recognize if there is absorption with exocharts. The section we have to look at to determine this is the « Delta bars » or « CVD » (Cumulative Volume Delta).





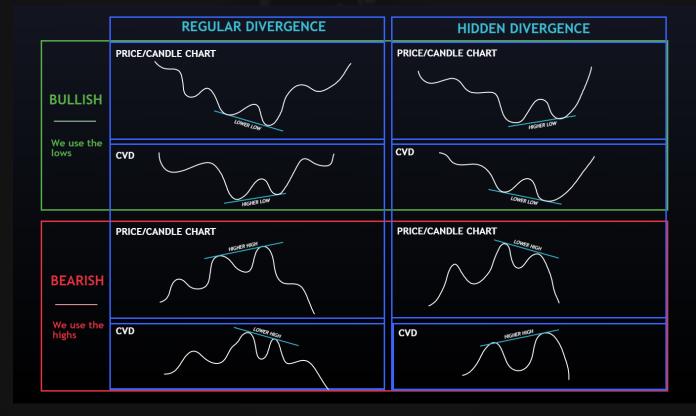






You will have to learn divergences.

Here is a reminder:





• We know that there is absorption on the market if we have divergences on the CVD.







• I don't like when we form divergences with wicks only. I prefer when we spend some times on highs and lows.





https://mooncharts.fr

HOW TO TRADE ABSORPTION?

- I never trade absorption alone, I always want confluence with it (eg: 61,8/66% retracement; dnPOC, nsPOC,....)
- I always have a plan
- I always know the context





HOW TO TRADE ABSORPTION?

- The easiest way to trade absorption for an upward move :
 - 1. Wait for the second low to be formed
 - 2. The second low have to get confluence (eg retest the level, backtest the 61,8/66% 78,6%, POC, nsPOC, dnPOC,...)
 - 3. Wait for the demand coming in on the order flow (buying imbalances, big volume, positive delta, increasing open interest)



HOW TO TRADE ABSORPTION?

- The easiest way to trade absorption for a downward move :
 - 1. Wait for the second high to be formed
 - 2. The second high have to get confluence (eg retest the level, backtest the 61,8/66% 78,6%, POC, nsPOC, dnPOC,...)
 - 3. Wait for the demand coming in on the order flow (selling imbalances, big volume, negative delta, increasing open interest)



QUESTIONS

