

# **GOCHARTING ORDER FLOW TRADING COURSE**

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Lesson 2

Foundations Of Order Flow

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[Orderflows.com](http://Orderflows.com)

What makes order flow so useful to traders is that it uses the information that is readily available to traders, but formats it in a way that can be easily understood.

Information is the most valuable thing a trader can get. People go to jail for trading off inside information. Order flow is NOT inside information. Order flow is information of how trading is taking place by the traders.

Candlestick chart – when you look at a candlestick chart you think you have all the information available. You don't. All you have is where price traded.





What's going on down here?

A footprint chart shows the intensity of trading taking place.

What does “the intensity of trading taking place mean?”

Being able to identify the strength of buying and selling taking place when it appears.

In order flow analysis, there are three building blocks that traders have to understand.

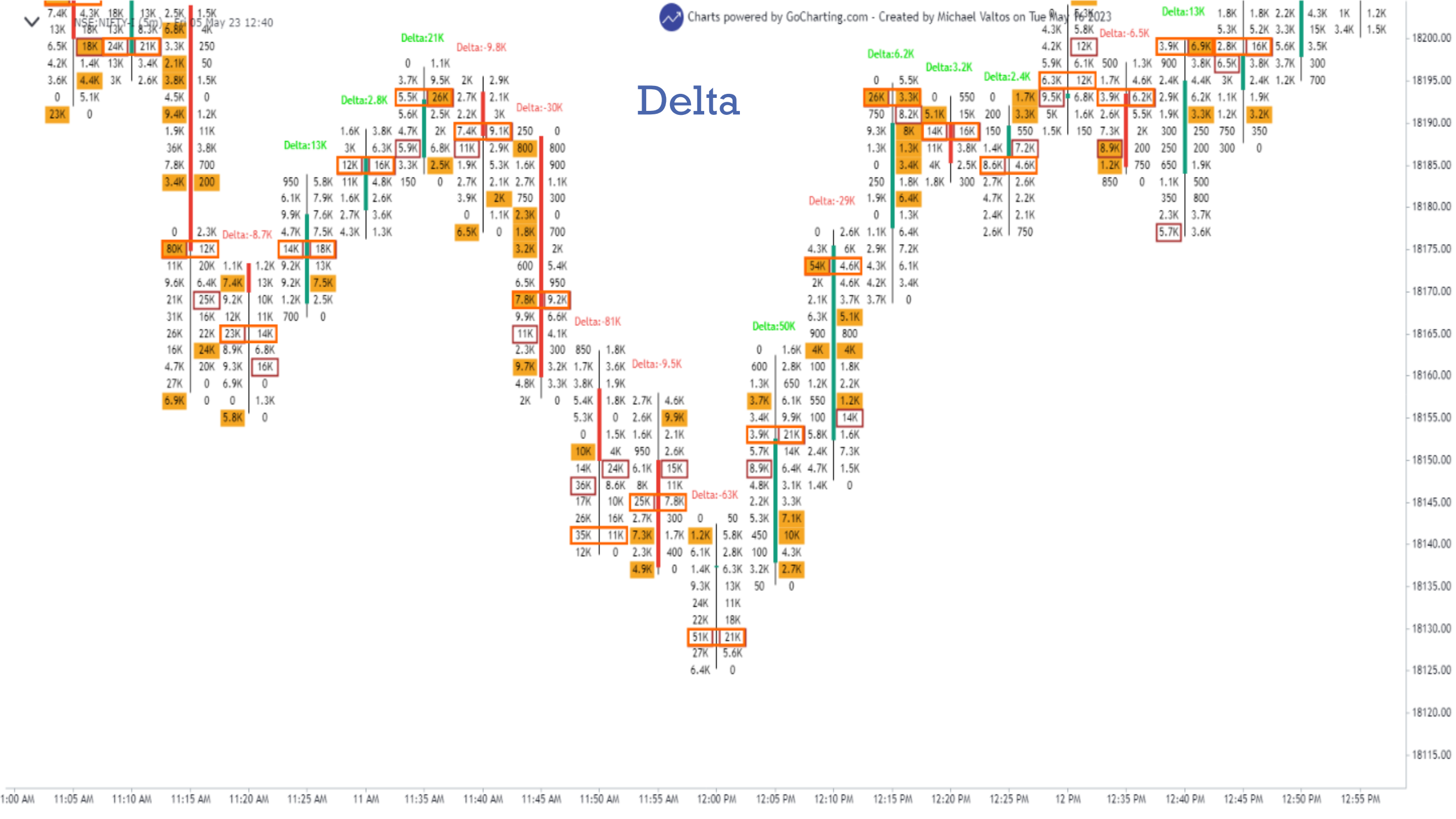
1. Delta
2. Point of Control
3. Imbalance

1. Delta – the net difference between aggressive buyers and aggressive sellers. If there are more aggressive buyers than aggressive sellers, then the delta is positive. If there are more aggressive sellers than aggressive buyers, then the delta is negative.

There are times when aggressive buyers and aggressive sellers are exactly matched and delta is 0, but those instances are rare. But they do happen.



# Delta



There are different delta readings for traders:

Bar delta which is the net delta for a bar. This is the most common delta traders look at.

Max delta which is the most positive delta was in a bar.

Min delta which is the most negative delta was in a bar.

Cumulative delta is the net delta for the day up to a certain point.

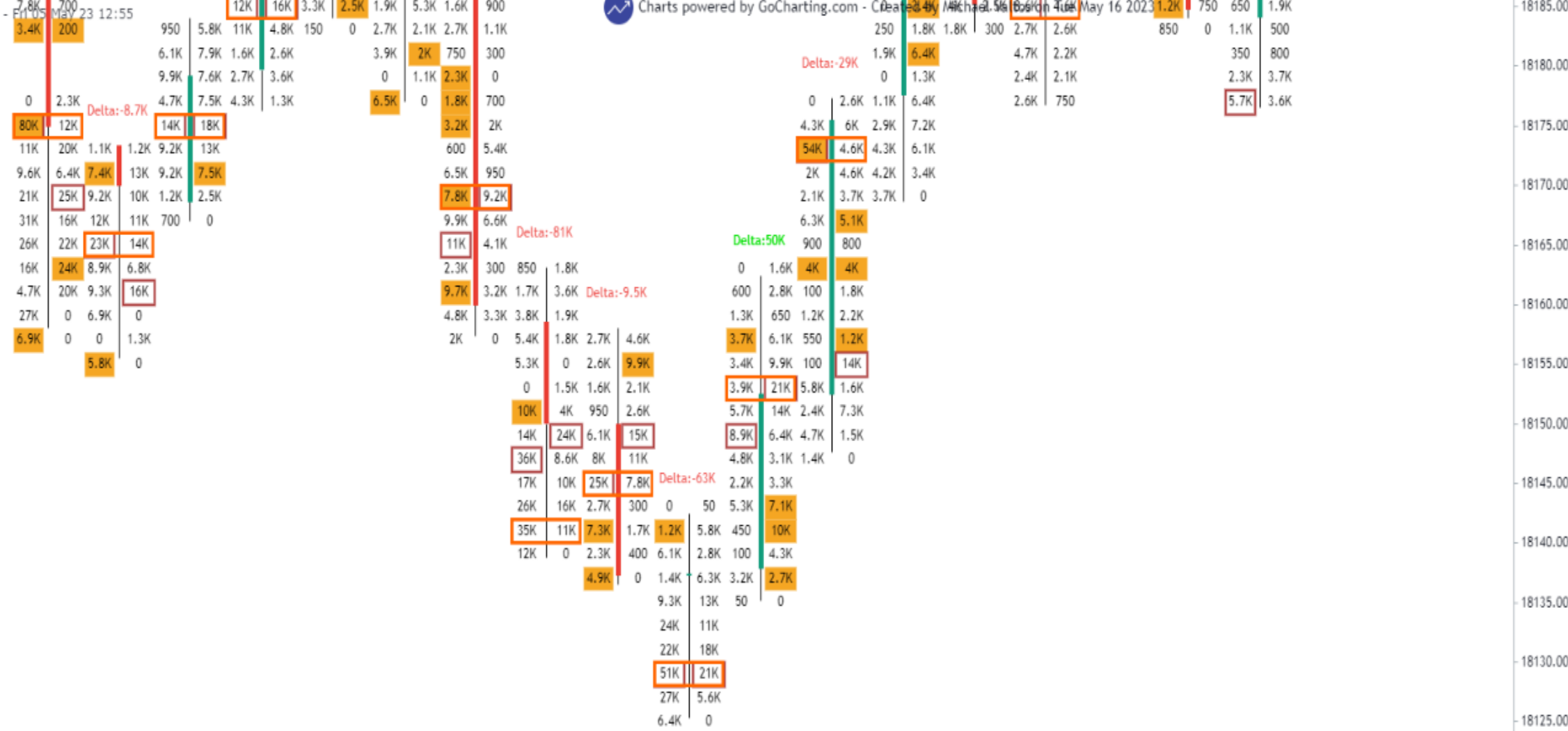
Delta percentage – bar volume divided by bar delta.

There is even a delta candlestick that shows you the delta at price.



NSE:NIFTY-I (5m) - Fri 05 May 23 12:55

Charts powered by GoCharting.com - Created: 14 May 2023 12:55



137.8K	312.8K	164.05K	483.7K	156.45K	124.7K	74.5K	78.7K	70.35K	106.7K	249.9K	118.7K	231.3K	136.35K	149.4K	117.65K	73.45K	47.45K	86.85K	47.05K	57.8K	63.4K	84.4K	77.75K	Volume
-59.5K	-120.5K	-15.85K	-143.5K	-8.65K	13K	2.8K	21.4K	-9.75K	-29.5K	-80.6K	-9.5K	-63K	49.75K	-29.1K	6.15K	3.15K	2.35K	14.05K	-6.45K	12.9K	15.2K	33.4K	11.05K	Delta ▲
350	1.25K	2.85K	-550	-450	21K	10.6K	26.95K	2.4K	-150	400	23.9K	-250	52.35K	18.1K	23.6K	5.45K	2.45K	19.8K	300	16.3K	17.5K	35.85K	17.7K	Max ▲
-61K	-137.05K	-18.8K	-186.25K	-14.2K	-550	-1.45K	-2.7K	-16.15K	-31.65K	-88.95K	-9.5K	-71.75K	-1.55K	-34.65K	-2.6K	-4.3K	-8.15K	200	-9.8K	-3.35K	-50	-250	-1.95K	Min ▲
43.05K	-77.45K	-93.3K	-236.8K	-245.45K	-232.45K	-229.65K	-208.25K	-218K	-247.5K	-328.1K	-337.6K	-400.6K	-350.85K	-379.95K	-373.8K	-370.65K	-368.3K	-354.25K	-360.7K	-347.8K	-332.6K	-299.2K	-288.15K	Cum ▲
43.18%	38.52%	9.66%	29.67%	5.53%	10.43%	3.76%	27.19%	13.86%	27.65%	32.25%	8%	27.24%	36.49%	19.48%	5.23%	4.29%	4.95%	16.18%	13.71%	22.32%	23.97%	39.57%	14.21%	▲ %

11:00 AM 11:05 AM 11:10 AM 11:15 AM 11:20 AM 11:25 AM 11:30 AM 11:35 AM 11:40 AM 11:45 AM 11:50 AM 11:55 AM 12:00 PM 12:05 PM 12:10 PM 12:15 PM 12:20 PM 12:25 PM 12:30 PM 12:35 PM 12:40 PM 12:45 PM 12:50 PM 12:55 PM

Point of Control (POC) – the price level in a bar with the most volume traded. The POC is important because that is considered a fair price for the bar, so if you are looking at a 5-minute bar, for that 5-minute time period that is where traders were most willing to transact at.

Every bar has a POC.

# POC



Time	54.35K	33.45K	28.95K	35K	16.6K	10.5K	38.35K	14K	28.85K	34.05K	26.1K	19.75K	43.75K	65.7K	31.5K	34.4K	35.25K	35.95K	26.65K	41.95K	13.1K	Volume
12:00 PM	-15.65K	-10.75K	-10.75K	4K	-500	500	-1.05K	-4.5K	-5.75K	9.75K	3.5K	2.95K	10.95K	6.2K	-8.1K	-1K	-50	9.55K	3.55K	10.45K	-2K	Delta ▲
12:05 PM	-100	500	-50	4.25K	1.35K	700	5.15K	200	2.7K	10.2K	5.3K	3.55K	11.65K	8.55K	250	1.6K	7.95K	10.6K	4.5K	11.25K	50	Max ▲
12:10 PM	-15.7K	-10.95K	-11.4K	-3.6K	-650	-1.7K	-2.75K	-4.7K	-5.75K	-100	100	50	-1.4K	-5.15K	-8.2K	-4.05K	-1.4K	200	50	50	-2.4K	Min ▲
12:15 PM	-122.4K	-133.15K	-143.9K	-139.9K	-140.4K	-139.9K	-140.95K	-145.45K	-151.2K	-141.45K	-137.95K	-135K	-124.05K	-117.85K	-125.95K	-126.95K	-127K	-117.45K	-113.9K	-103.45K	-105.45K	Cum ▲
12:20 PM	28.79%	32.14%	37.13%	11.43%	3.01%	4.76%	2.74%	32.14%	19.93%	28.63%	13.41%	14.94%	25.03%	9.44%	25.71%	2.91%	0.14%	26.56%	13.32%	24.91%	15.27%	▲ %

# Gocharting offers several ways to view POC

POC



POC MARKER



VOL POC



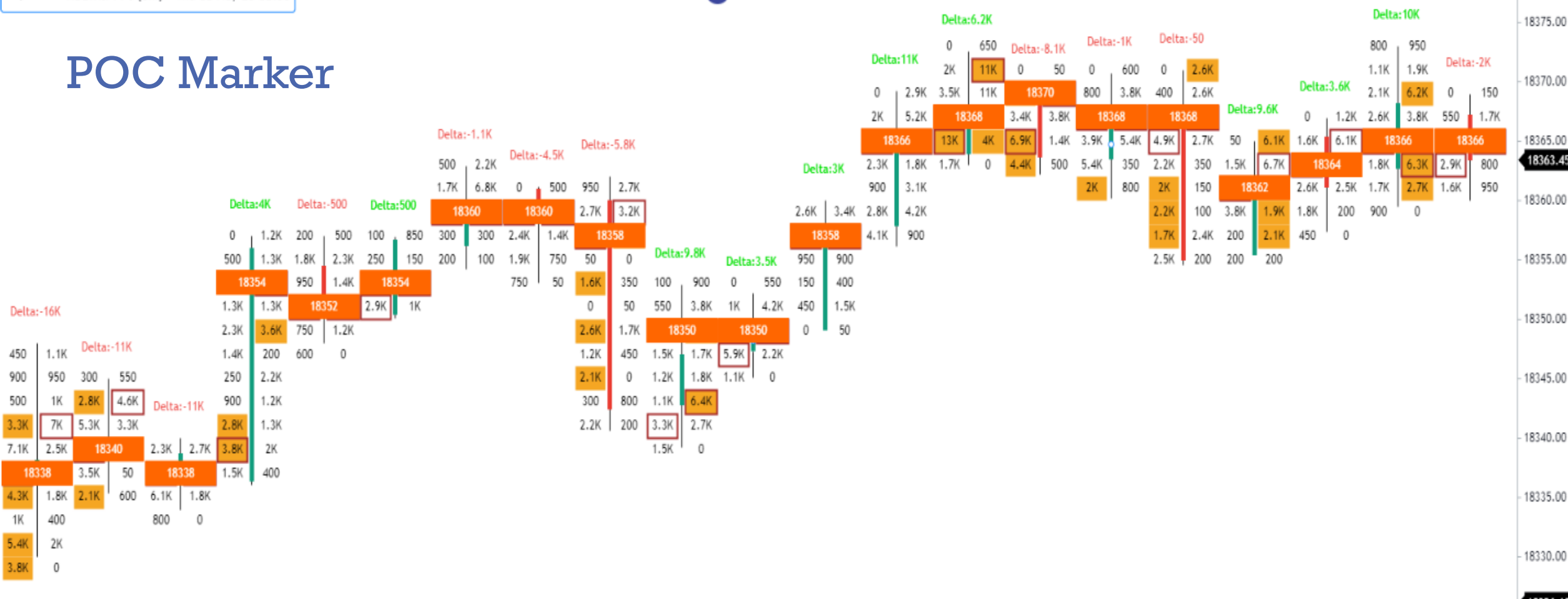
EXTEND VOL POC



PREV POC MARKER

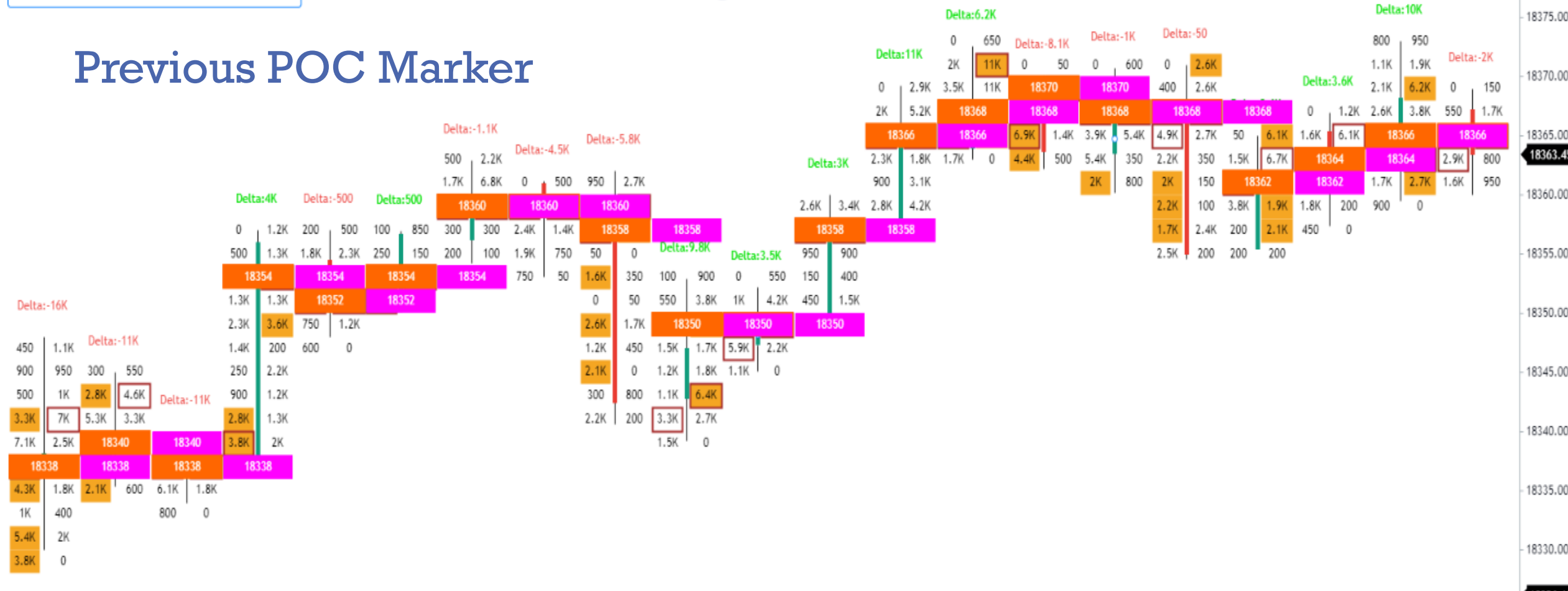


# POC Marker



54.35K	33.45K	28.95K	35K	16.6K	10.5K	38.35K	14K	28.85K	34.05K	26.1K	19.75K	43.75K	65.7K	31.5K	34.4K	35.25K	35.95K	26.65K	41.95K	13.1K	Volume
-15.65K	-10.75K	-10.75K	4K	-500	500	-1.05K	-4.5K	-5.75K	9.75K	3.5K	2.95K	10.95K	6.2K	-8.1K	-1K	-50	9.55K	3.55K	10.45K	-2K	Delta ▲
-100	500	-50	4.25K	1.35K	700	5.15K	200	2.7K	10.2K	5.3K	3.55K	11.65K	8.55K	250	1.6K	7.95K	10.6K	4.5K	11.25K	50	Max ▲
-15.7K	-10.95K	-11.4K	-3.6K	-650	-1.7K	-2.75K	-4.7K	-5.75K	-100	100	50	-1.4K	-5.15K	-8.2K	-4.05K	-1.4K	200	50	50	-2.4K	Min ▲
-122.4K	-133.15K	-143.9K	-139.9K	-140.4K	-139.9K	-140.95K	-145.45K	-151.2K	-141.45K	-137.95K	-135K	-124.05K	-117.85K	-125.95K	-126.95K	-127K	-117.45K	-113.9K	-103.45K	-105.45K	Cum ▲
28.79%	32.14%	37.13%	11.43%	3.01%	4.76%	2.74%	32.14%	19.93%	28.63%	13.41%	14.94%	25.03%	9.44%	25.71%	2.91%	0.14%	26.56%	13.32%	24.91%	15.27%	▲ %

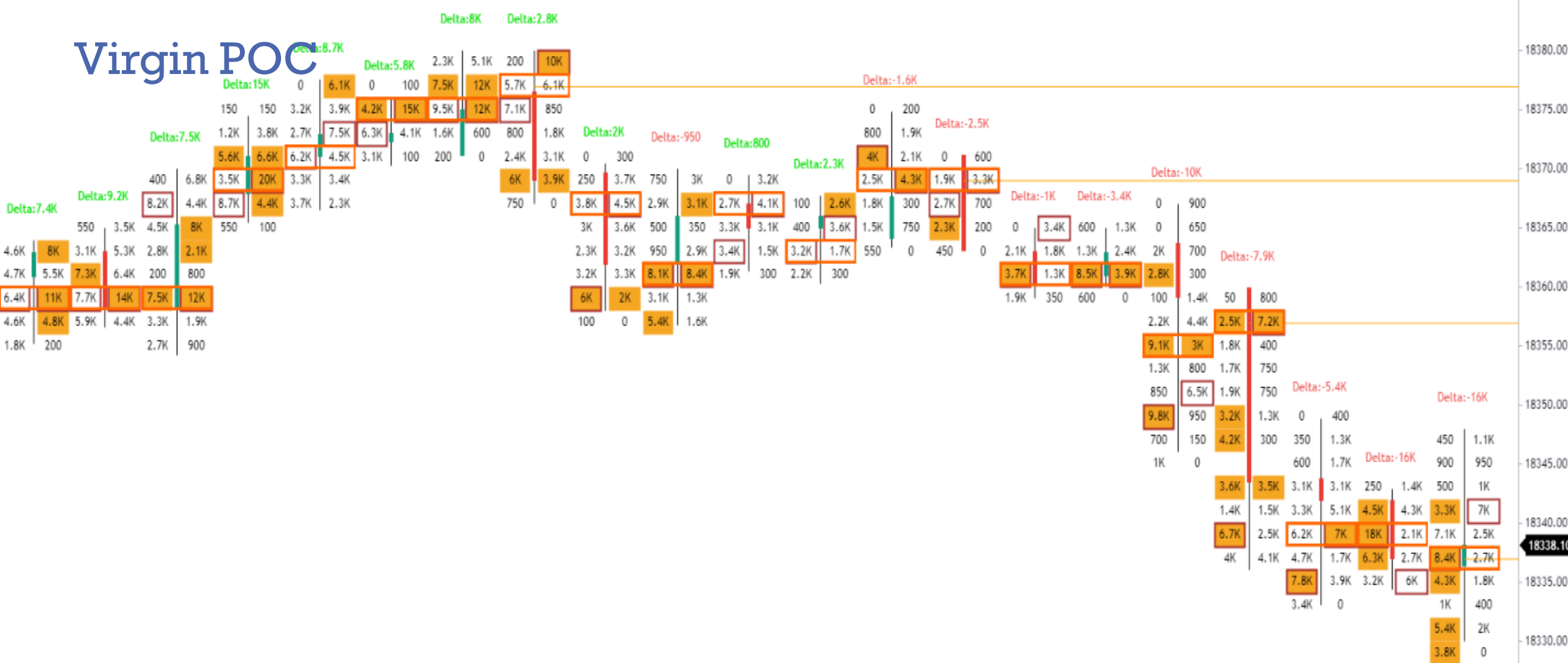
# Previous POC Marker



Time	12:00 PM	12:05 PM	12:10 PM	12:15 PM	12:20 PM	12:25 PM	12:30 PM	12:35 PM	12:40 PM	12:45 PM	12:50 PM	12:55 PM	01:00 PM	01:05 PM	01:10 PM	01:15 PM	01:20 PM	01:25 PM	01:30 PM	01:35 PM	01:40 PM	Volume	Delta	Max	Min	Cum	%
	54.35K	33.45K	28.95K	35K	16.6K	10.5K	38.35K	14K	28.85K	34.05K	26.1K	19.75K	43.75K	65.7K	31.5K	34.4K	35.25K	35.95K	26.65K	41.95K	13.1K						
	-15.65K	-10.75K	-10.75K	4K	-500	500	-1.05K	-4.5K	-5.75K	9.75K	3.5K	2.95K	10.95K	6.2K	-8.1K	-1K	-50	9.55K	3.55K	10.45K	-2K						
	-100	500	-50	4.25K	1.35K	700	5.15K	200	2.7K	10.2K	5.3K	3.55K	11.65K	8.55K	250	1.6K	7.95K	10.6K	4.5K	11.25K	50						
	-15.7K	-10.95K	-11.4K	-3.6K	-650	-1.7K	-2.75K	-4.7K	-5.75K	-100	100	50	-1.4K	-5.15K	-8.2K	-4.05K	-1.4K	200	50	50	-2.4K						
	-122.4K	-133.15K	-143.9K	-139.9K	-140.4K	-139.9K	-140.95K	-145.45K	-151.2K	-141.45K	-137.95K	-135K	-124.05K	-117.85K	-125.95K	-126.95K	-127K	-117.45K	-113.9K	-103.45K	-105.45K						
	28.79%	32.14%	37.13%	11.43%	3.01%	4.76%	2.74%	32.14%	19.93%	28.63%	13.41%	14.94%	25.03%	9.44%	25.71%	2.91%	0.14%	26.56%	13.32%	24.91%	15.27%						



# Virgin POC

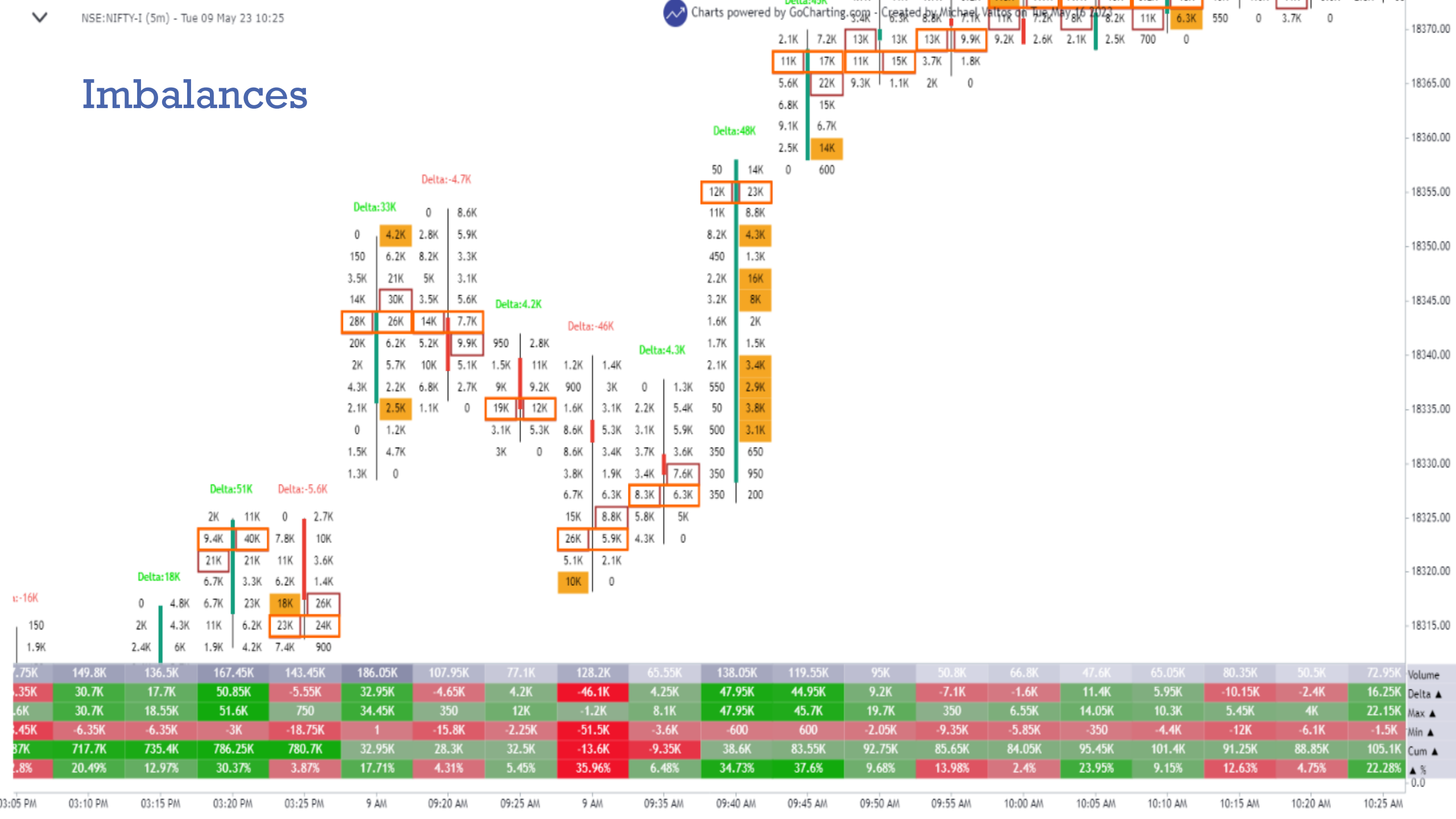


51.25K	58K	66.4K	54.75K	46.5K	32.8K	50K	48.5K	38.85K	42.25K	23.2K	14K	20.6K	12K	14.4K	18.4K	49.5K	53.85K	53.4K	48.35K	54.35K	Volume
7.35K	9.2K	7.5K	15.35K	8.7K	5.8K	8K	2.8K	1.95K	-950	800	2.3K	-1.6K	-2.5K	-1K	-3.4K	-10.2K	-7.85K	-5.4K	-15.65K	-15.65K	Delta ▲
8.65K	9.2K	10.2K	16.95K	9.4K	9.7K	9.1K	9.1K	6.75K	50	2.35K	2.85K	3.3K	750	300	50	1.45K	5.55K	3.3K	0	-100	Max ▲
-2.6K	250	-2.2K	150	-2.65K	-950	-200	-1.8K	-2.9K	-14.25K	-2.75K	-1.8K	-1.6K	-2.65K	-2.8K	-3.7K	-21.55K	-11.8K	-8.6K	-20.2K	-15.7K	Min ▲
-120.6K	-111.4K	-103.9K	-88.55K	-79.85K	-74.05K	-66.05K	-63.25K	-61.3K	-62.25K	-61.45K	-59.15K	-60.75K	-63.25K	-64.25K	-67.65K	-77.85K	-85.7K	-91.1K	-106.75K	-122.4K	Cum ▲
14.34%	15.86%	11.3%	28.04%	18.71%	17.68%	16%	5.77%	5.02%	2.25%	3.45%	16.43%	7.77%	20.83%	6.94%	18.48%	20.61%	14.58%	10.11%	32.37%	28.79%	▲ %

Imbalances are an important part of order flow analysis.

When an imbalance occurs it is a result of lopsided aggressive trading. There is either more aggressive buying against aggressive selling in the two-way auction by a certain percentage, usually 4 to 1 which indicates a buying imbalance. A selling imbalance is when there is more aggressive selling against aggressive buying in the two-way auction by a certain percentage.

# Imbalances



# By a ratio percentage or by volume

IMBALANCE ↗ ✕

HALFBACK


EDGE

Last value

Name

Show Cluster

Show Profile

 Imbalance Color

Imbalance Calc Ratio ▾

Imbalance % (Min 200%) 400

Show S/R Zones

LEFT CLUSTER

IMBALANCE ↗ ✕

HALFBACK


EDGE

Last value

Name

Show Cluster

Show Profile

 Imbalance Color

Imbalance Calc Fixed ▾

Imbalance Threshold Vol 1500

Show S/R Zones

LEFT CLUSTER

# Imbalance S/R Lines (stacked imbalances)

IMBALANCE ↗ ✕

Width Ratio

Half Back

CANDLE

CANDLE BORDER

WICK

HALFBACK

EDGE

Last value

Name

Show Cluster

Show Profile

Imbalance Color

Imbalance Calc

Imbalance % (Min 200%)

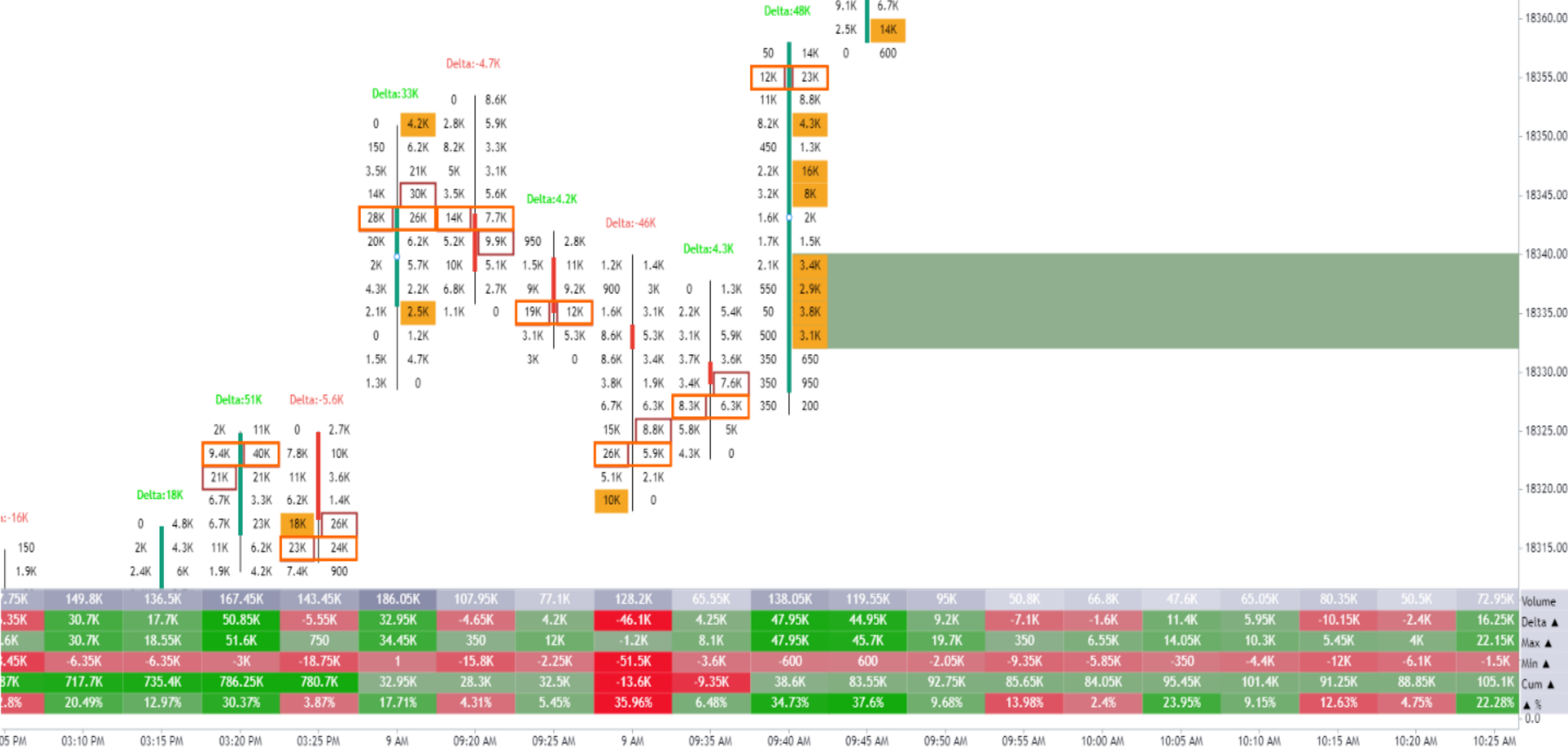
Show S/R Zones

No of Imbalances

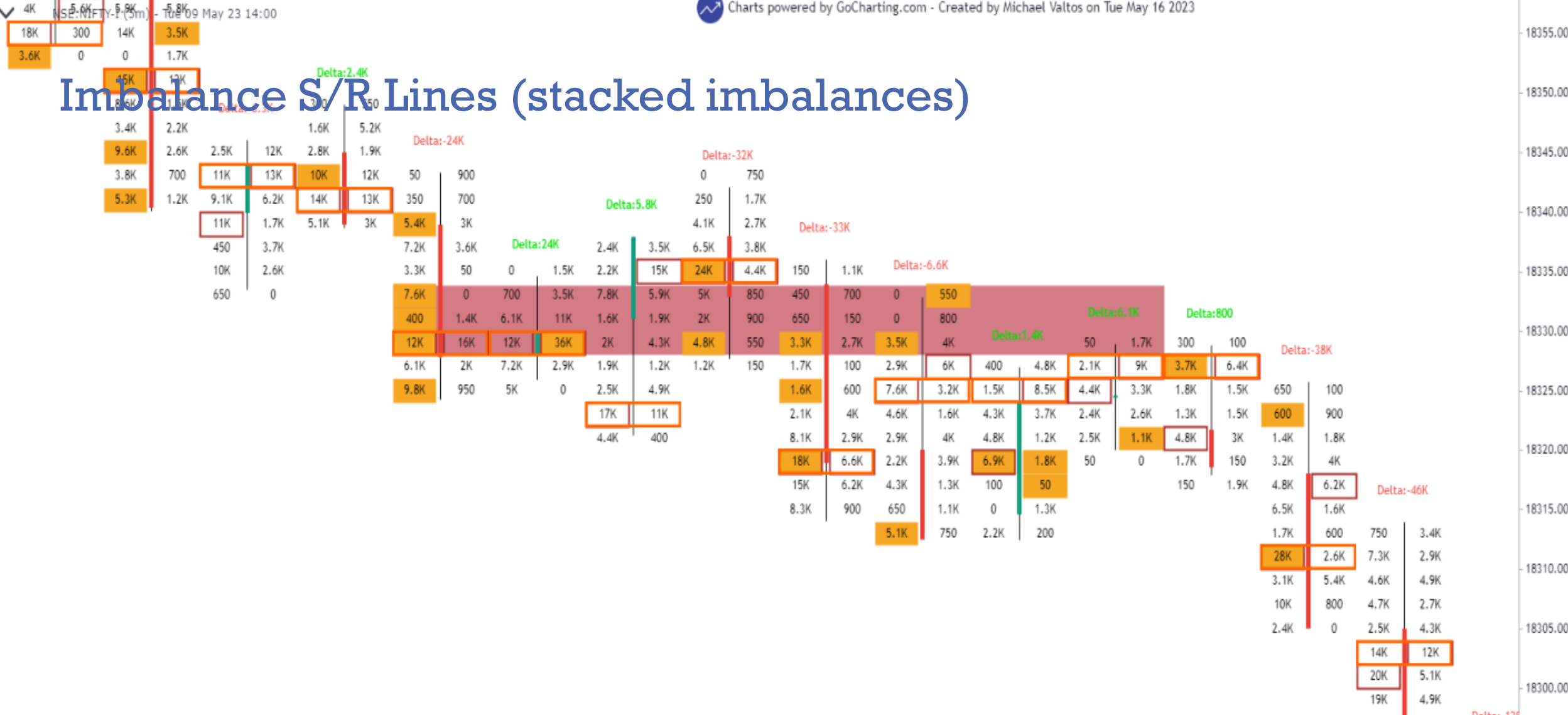
SUPPORT/RESISTANCE COLORS



# Imbalance S/R Lines (stacked imbalances)



# Imbalance S/R Lines (stacked imbalances)



49.2K	104K	84.35K	69.2K	80.15K	85.7K	88.55K	62.9K	84.6K	60.5K	41.4K	28.9K	28K	85.9K	132.15K	314.05K	Volume
-22.6K	-31.6K	-6.25K	2.4K	-23.65K	23.6K	5.75K	-31.5K	-33.1K	-6.6K	1.4K	6.1K	800	-38.4K	-45.95K	-128.55K	Delta ▲
-200	300	950	5.75K	1.05K	24.05K	5.75K	2.1K	1.35K	5.15K	8.45K	7.95K	3.45K	4.9K	2.1K	1.65K	Max ▲
-26.95K	-32.8K	-12.1K	-5.75K	-26.05K	-5.2K	-14.15K	-31.65K	-33.1K	-6.6K	-1.5K	-350	-1K	-38.4K	-45.95K	-128.61K	Min ▲
-8.65K	-40.25K	-46.5K	-44.1K	-67.75K	-44.15K	-38.4K	-69.9K	-103K	-109.6K	-108.2K	-102.1K	-101.3K	-139.7K	-185.65K	-314.21K	Cum ▲
45.93%	30.38%	7.41%	3.47%	29.51%	27.54%	6.49%	50.08%	39.13%	10.91%	3.38%	21.11%	2.86%	44.7%	34.77%	40.93%	▲ %

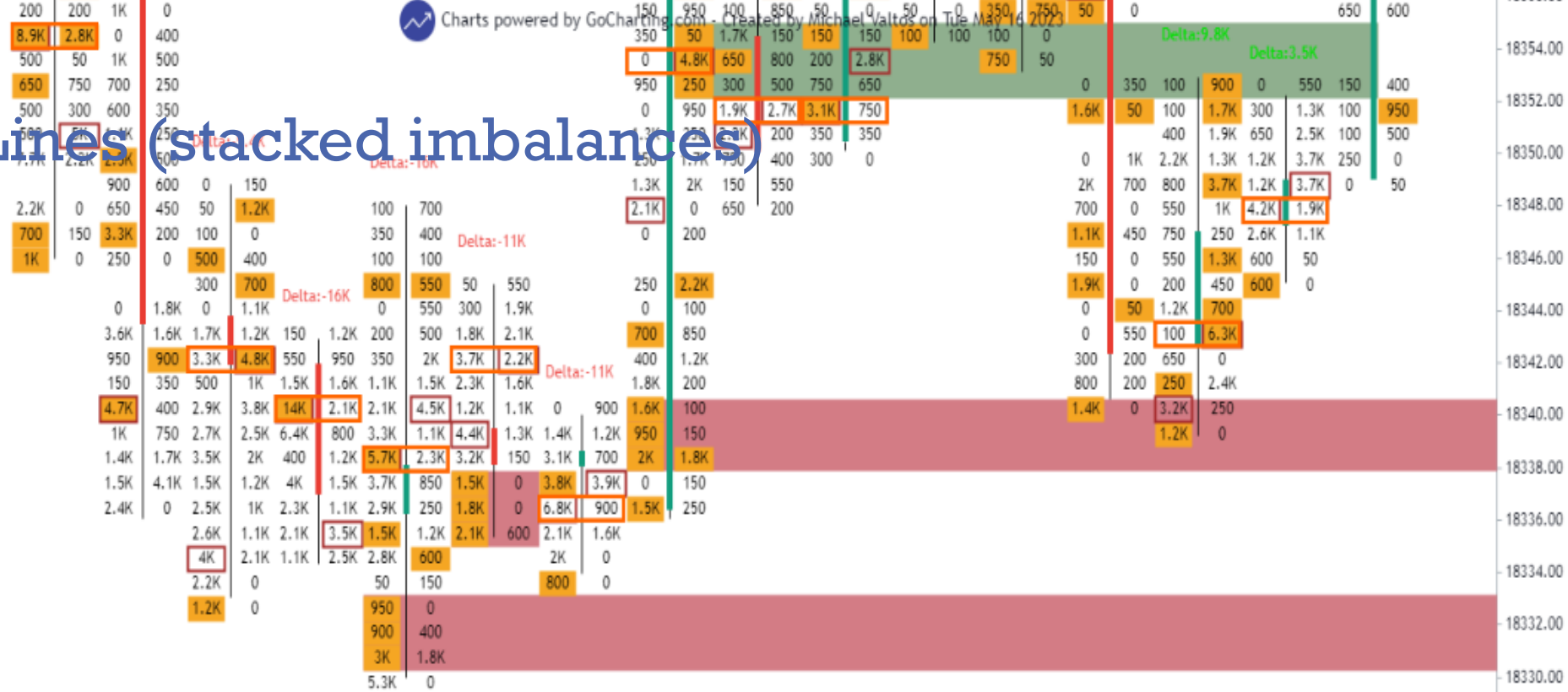
# Imbalances are a great way to see trapped traders.



## Whats going on here?



# Imbalance S/R Lines (stacked imbalances)



25K	23.2K	14K	20.6K	12K	14.4K	18.4K	49.5K	53.85K	53.4K	48.35K	54.35K	33.45K	28.95K	35K	16.6K	10.5K	38.35K	14K	28.85K	34.05K	26.1K	19.75K	43.75K	Volume
50	800	2.3K	-1.6K	-2.5K	-1K	-3.4K	-10.2K	-7.85K	-5.4K	-15.65K	-15.65K	-10.75K	-10.75K	4K	-500	500	-1.05K	-4.5K	-5.75K	9.75K	3.5K	2.95K	10.95K	Delta ▲
0	2.35K	2.85K	3.3K	750	300	50	1.45K	5.55K	3.3K	0	-100	500	-50	4.25K	1.35K	700	5.15K	200	2.7K	10.2K	5.3K	3.55K	11.65K	Max ▲
25K	-2.75K	-1.8K	-1.6K	-2.65K	-2.8K	-3.7K	-21.55K	-11.8K	-8.6K	-20.2K	-15.7K	-10.95K	-11.4K	-3.6K	-650	-1.7K	-2.75K	-4.7K	-5.75K	-100	100	50	-1.4K	Min ▲
25K	-61.45K	-59.15K	-60.75K	-63.25K	-64.25K	-67.65K	-77.85K	-85.7K	-91.1K	-106.75K	-122.4K	-133.15K	-143.9K	-139.9K	-140.4K	-139.9K	-140.95K	-145.45K	-151.2K	-141.45K	-137.95K	-135K	-124.05K	Cum ▲
25%	3.45%	16.43%	7.77%	20.83%	6.94%	18.48%	20.61%	14.58%	10.11%	32.37%	28.79%	32.14%	37.13%	11.43%	3.01%	4.76%	2.74%	32.14%	19.93%	28.63%	13.41%	14.94%	25.03%	▲ %
																								0.0

The thing to remember is that delta, POC and imbalances are data points that are generated from the trading taking place right now.

When a trader starts to analyze the actual trading taking place, by that I mean, how the buying and selling is actually transacting, then a trader has a better grasp on not only what is happening in the market, but why it is happening.

The information generated by the market is always giving a trader clues as to who is in control of the market.

This concludes Lesson 2.

In Lesson 3, you will learn how to read Gocharting order flow charts. The first time you look at an order flow chart it can be intimidating. But really it's not intimidating once you understand what you are looking at. I explain how to read and understand an order flow chart.