



Orderflows Pulse

AN ORDERFLOWS INDICATOR

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The Orderflows Pulse is not a prediction indicator. It does not try to predict how high or low the market will go or find the top or bottom in the market. The Pulse is an observation indicator and is based on what is happening in the markets right now.

The Orderflows Pulse identifies market sweet spots which are optimal entry points before a trend as well as in a trend.



The Orderflows Pulse indicator analyzes order flow, delta, imbalances, point of control, swings and price action to give you promising entry levels.

One of the most commonly repeated trading maxims is “buy low and sell high.” You hear it all the time, but the reality is very few traders understand it. The reason being most traders think in terms of price only. While there is nothing wrong with buying something cheap, there is often a reason why something is cheap. What I think the saying should be is “buy on strength and sell higher” and “sell on weakness and buy lower.” But a trader must first understand the importance of value.

The value of a commodity is one of the most important attributes that traders and their trading methods seek to identify. A fundamental trader will take into account all the economic factors such as supply and demand, interest rates, etc., weighs them, analyzes them and viola...they have the value of a commodity. A technical trader use price and sometimes volume to develop a trading model and implying some type of smoothed price change to a change in value. But the link between price and value in most models is nebulous because value is difficult to tie down and is a moving target.

Everyone likes to talk about what the institutional traders (banks), hedge funds and algos are doing, but they overlook what the commercials are doing. Commercial traders differ from bank traders in that they use futures markets principally for business purposes than for speculative purposes. Commercial traders are grain merchants, oil companies, livestock hedgers, etc. For a commercial trader, not being in the market is seen as a position.



As a result of their deeper knowledge of the market commercials have a better grasp on value than the trading public. Commercials tend to set and reset the support and resistance levels other traders rely on.

When commercial trader see value changing, they also go with the trend, that is buying the high in an up trend or selling the low in a down trend. As a market is moving, commercials are the traders who generally set higher support levels in an up-trend or successively lower resistance levels in a down-trend. As a trend comes to an end, commercials stopping volume helps to establish support and resistance.

The big and glaring difference between a commercial trader and a retail trader is commercial traders are willing to buy and buy more as the price moves and moves higher, and to sell and sell more when the price moves and moves lower. They do what the market tells them to do. Retail traders tend to trade in the opposite way. They try to buy when price is cheaper or oversold. They try to sell when they think price is expensive or the market is overbought. Think of how many

indicators out there try to do this: RSI, Bollinger Bands, Williams %R, and much more.

That is how a trader can best capture a market move. Which leads you to the most common saying in trading, “the trend is your friend.”

Of course, the trend is your friend, but you need a way to capture the trend. A trend can start from anywhere. But what is going to start a trend? It takes a change in perceived value by commercial and big traders. The Orderflows Pulse is my way of defining when the commercials and big traders are appearing in the market.



The Orderflows Pulse identifies the when certain criteria are met in the order flow in the current bar relative to prior bars. What makes the Pulse is a combination of order flow, imbalances, delta, volume, point of control, price action and swing analysis.

The indicator will run on an Orderflows Trader volume footprint chart as well as a normal bar or candlestick chart.

Since the Orderflows Pulse is based on order flow it is best applied to short term trading in an intra-day time frame. It is not effective on daily or weekly charts. Charts over 15-minute time periods in order flow are generally not very useful as order flow is a tool for traders to see what is happening right now and what can happen as a result in the near term.

It is recommended for traders who want to use order flow to use charts and time frames 5 minutes and shorter as well as range based, volume based and reversal based charts.

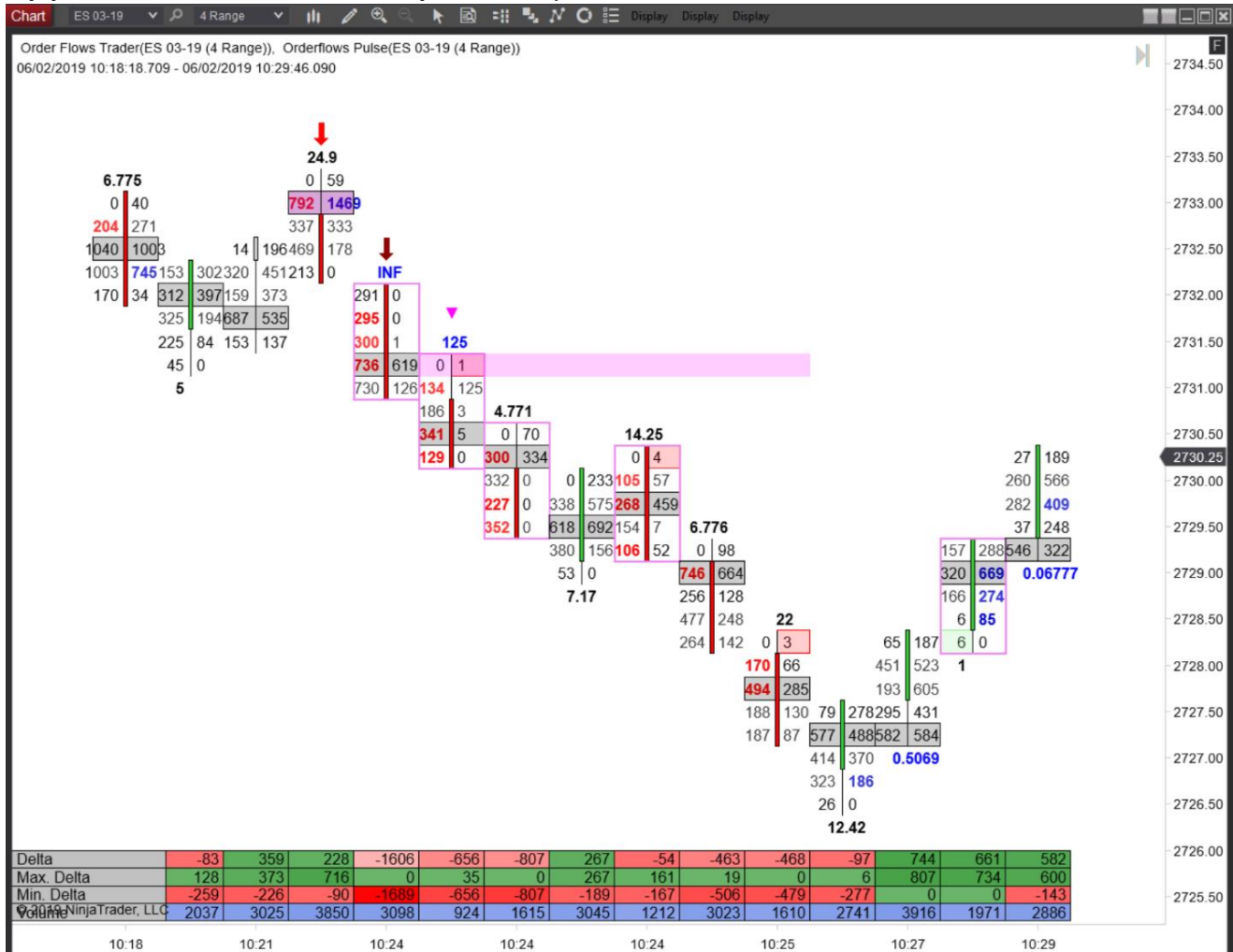
In the next section I will take you through the different settings that you can adjust.

Delta Analysis

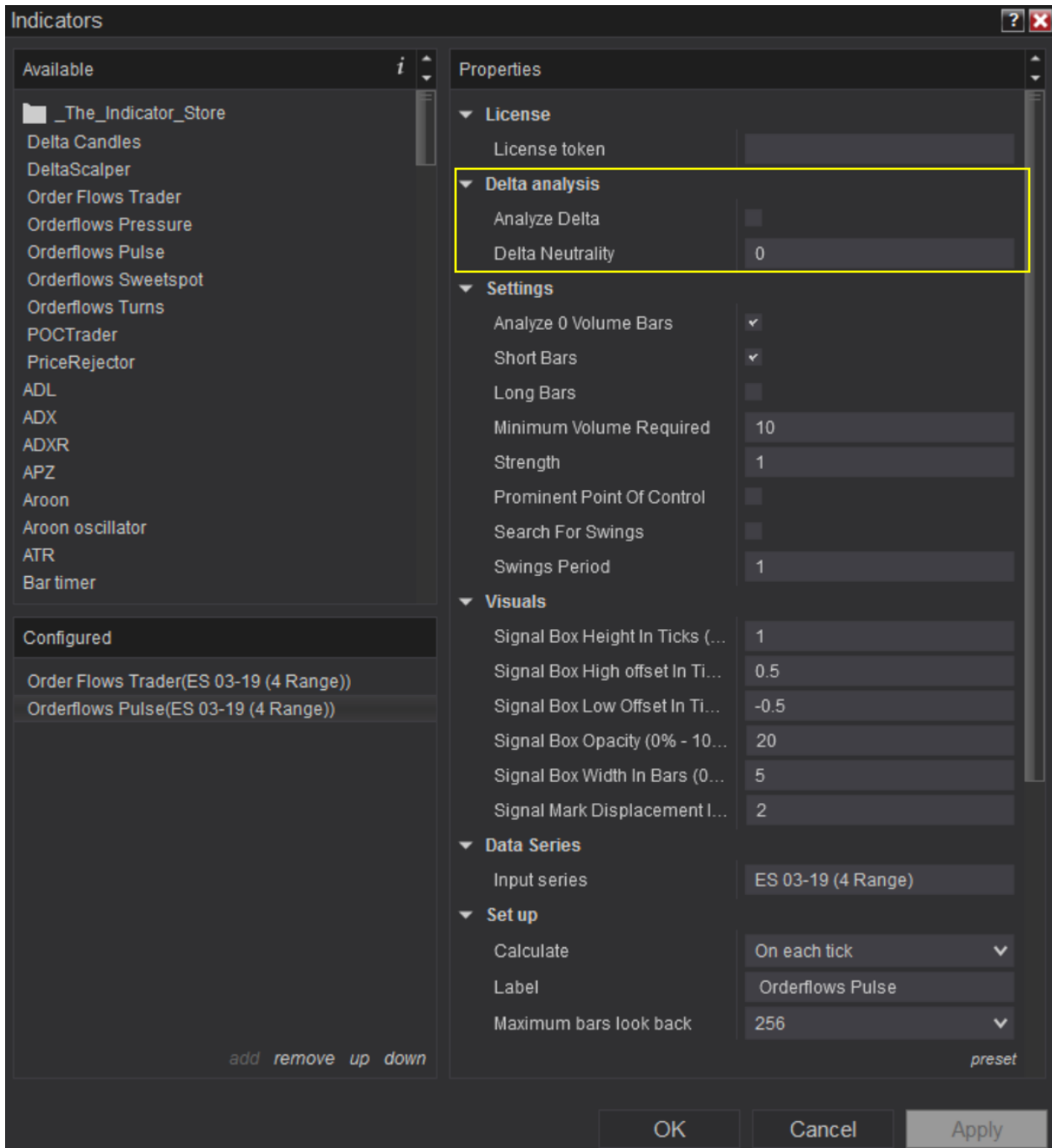
One of the main choices in the Pulse is if you want to include order flow delta in your analysis. There are two choices to make with delta analysis: 1) Analyze Delta and 2) Delta Neutrality.

When you enable or tick the box to the right of Analyze Delta, you are telling the indicator to use delta in its analysis. When enabled delta has to be in the direction of the bar. In other words, if the bar is an up bar (green candle) delta would need to be positive. If the bar was a down bar (red candle) delta would need to be negative.

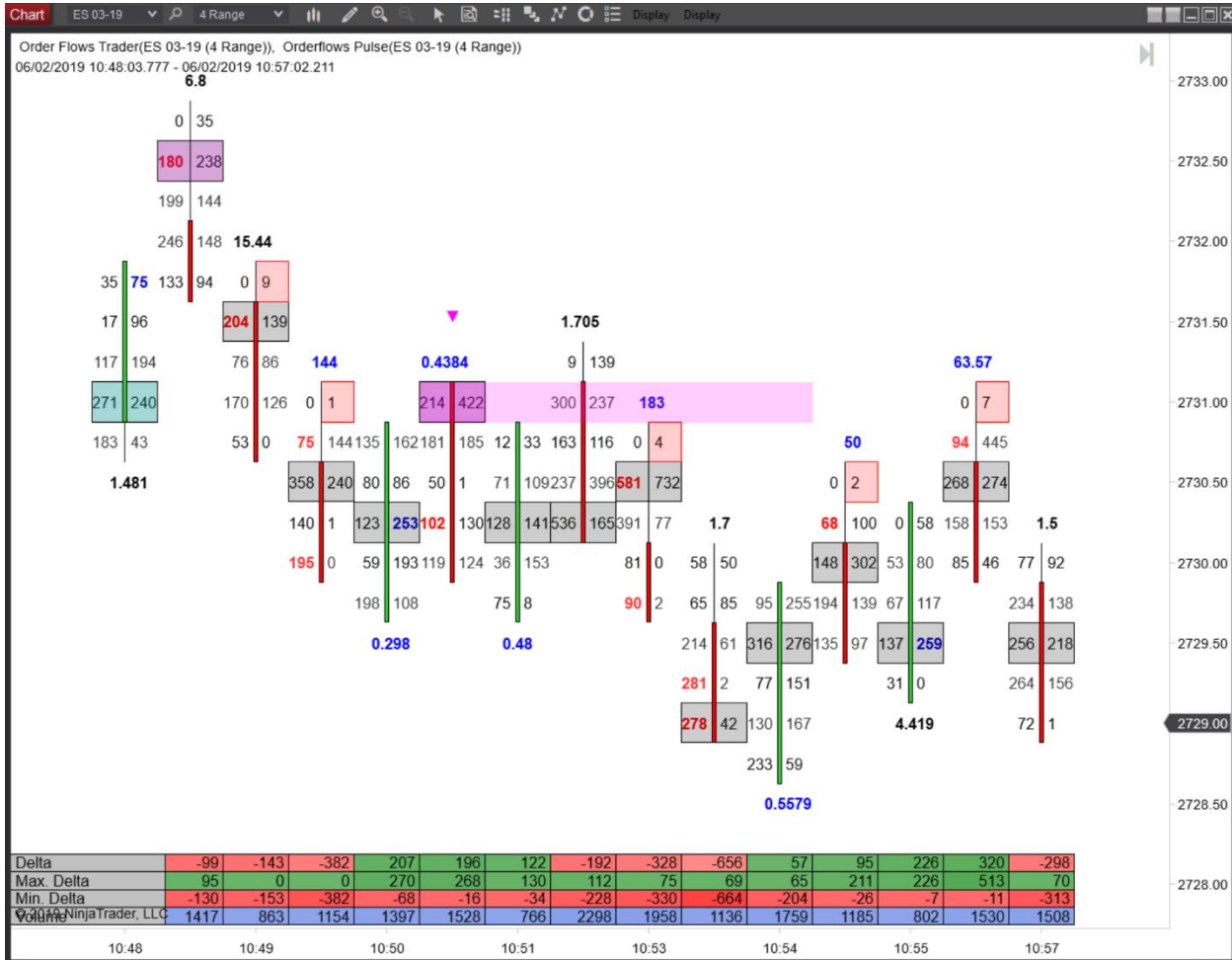
For example: Here is a red candle with negative delta and a signal. (If it was a green candle, and a signal was generated, it would only appear if the delta was positive).



If you want to ignore delta completely in your analysis. Just untick the box and it won't use delta. It will give indications regardless of delta positivity or negativity. If the bar direction and delta agree it will still give a signal, but the difference is if the bar direction and delta diverge it will also give a signal.



For example: Here is a red candle (down bar) with positive delta and a signal appears. If the “Analyze Delta” box was ticked, this signal would not appear.



If you are familiar with delta you know by now that often times the final delta number can be positive or negative by a few contracts and even the final delta number can be 0.

Depending on the type of chart you are using and how fast the market is moving a bar can close with a delta divergence because it either ran out of time, for example, you are looking at a 1 minute chart and time is up and a new bar has to form, or you can be looking at a range based chart and a big order hit the market and a swept the order book and the bar closed before other traders could react and meet that order

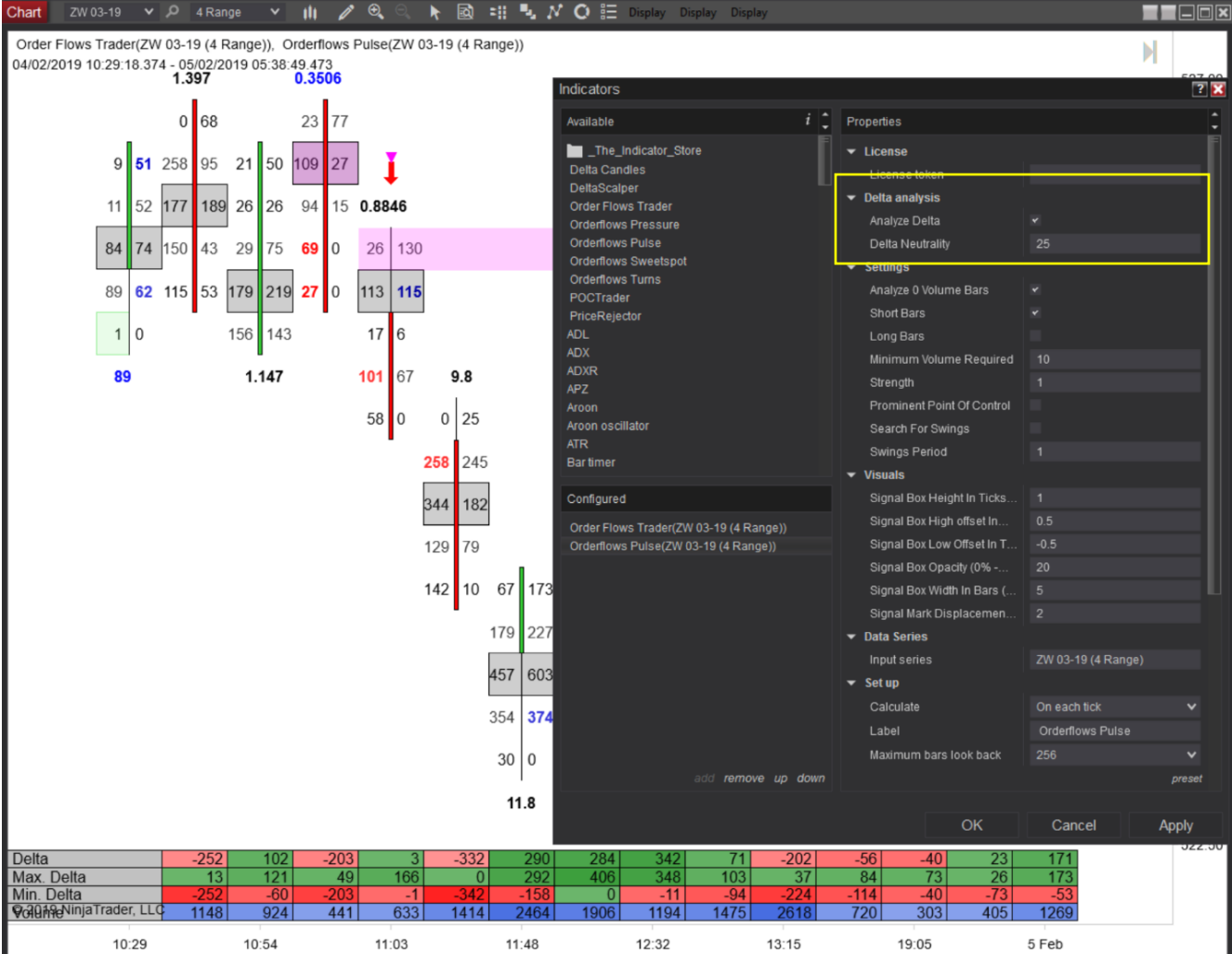
with their own orders, resulting in a more consistent final delta number in the bar.

If you have been following my analysis over the last several years, I have often said I treat final delta numbers of plus or minus 50 as neutral as it can be the difference of just one order. So to take that into account, there is a setting called “Delta Neutrality” which solves this problem.

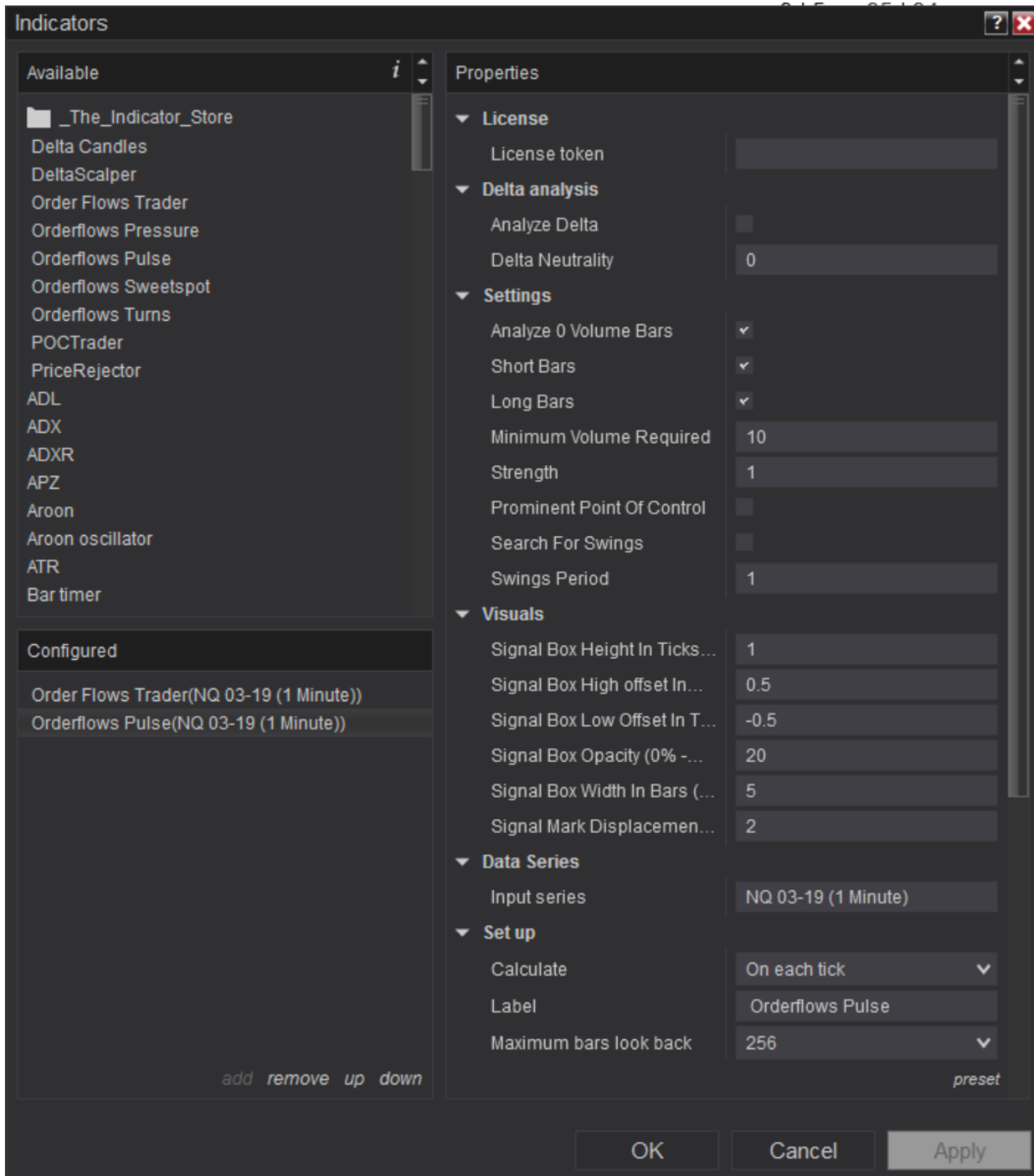
The number you enter in there is what you would consider to be a range of delta neutrality. If you enter 25 and the bar ended up a down bar with a delta of positive 20 a signal would still be generated. Conversely if the bar was an up bar and had a negative delta of -18, since it is within the range of plus/minus 25 it would give a buy signal if one was generated.

If you have “Analyze Delta” not enabled, this setting will not be used by the indicator.

For example: Here is a red candle (down bar) with positive delta and a signal is being generated. What is happening is all the other conditions are met and even though “Analyze Delta” is enabled, since Delta Neutrality is set to 25, even though there is positive delta of 3, the sell signal is still showing. If either “Analyze Delta” was not enabled or “Delta Neutrality” was set to 0, then no signal would be shown even if there was a signal based on all other conditions being met.



In the main settings, there are eight different settings you can adjust depending on the market you are trading. Adjusting the settings give you flexibility if you trade less liquid markets and different chart types. Over the next several pages I will take you through each setting.

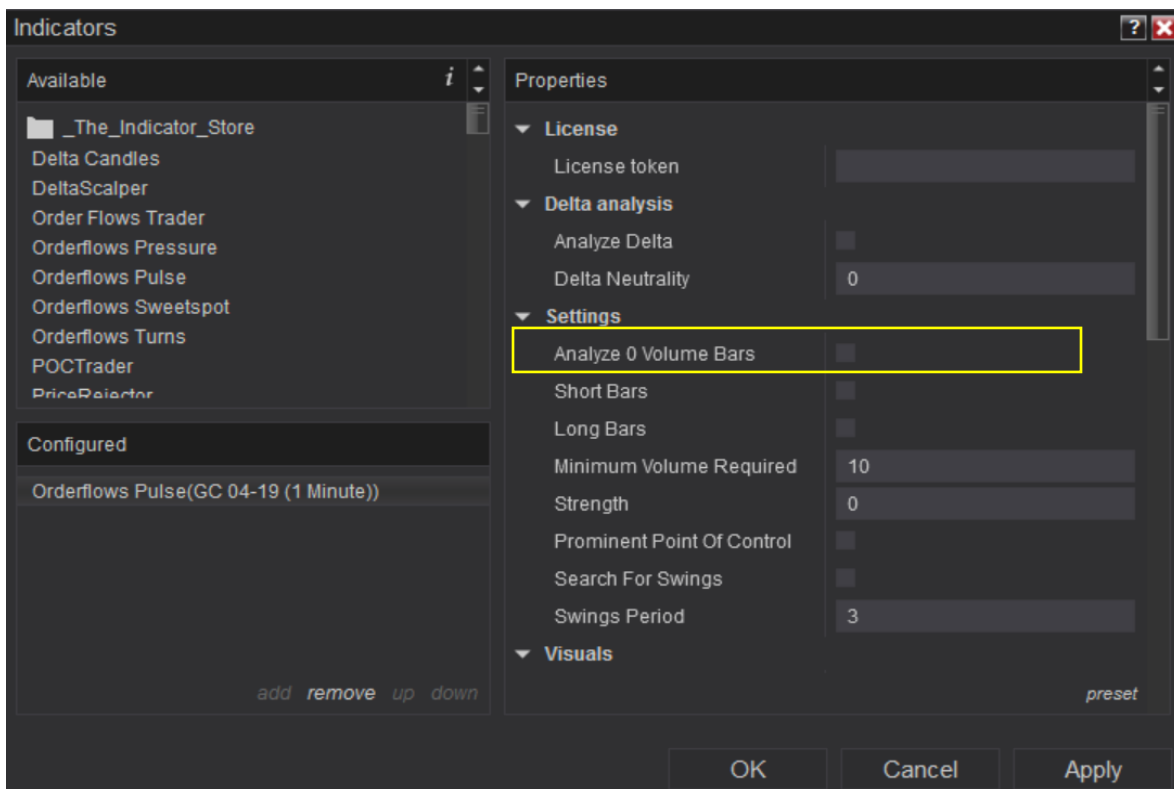


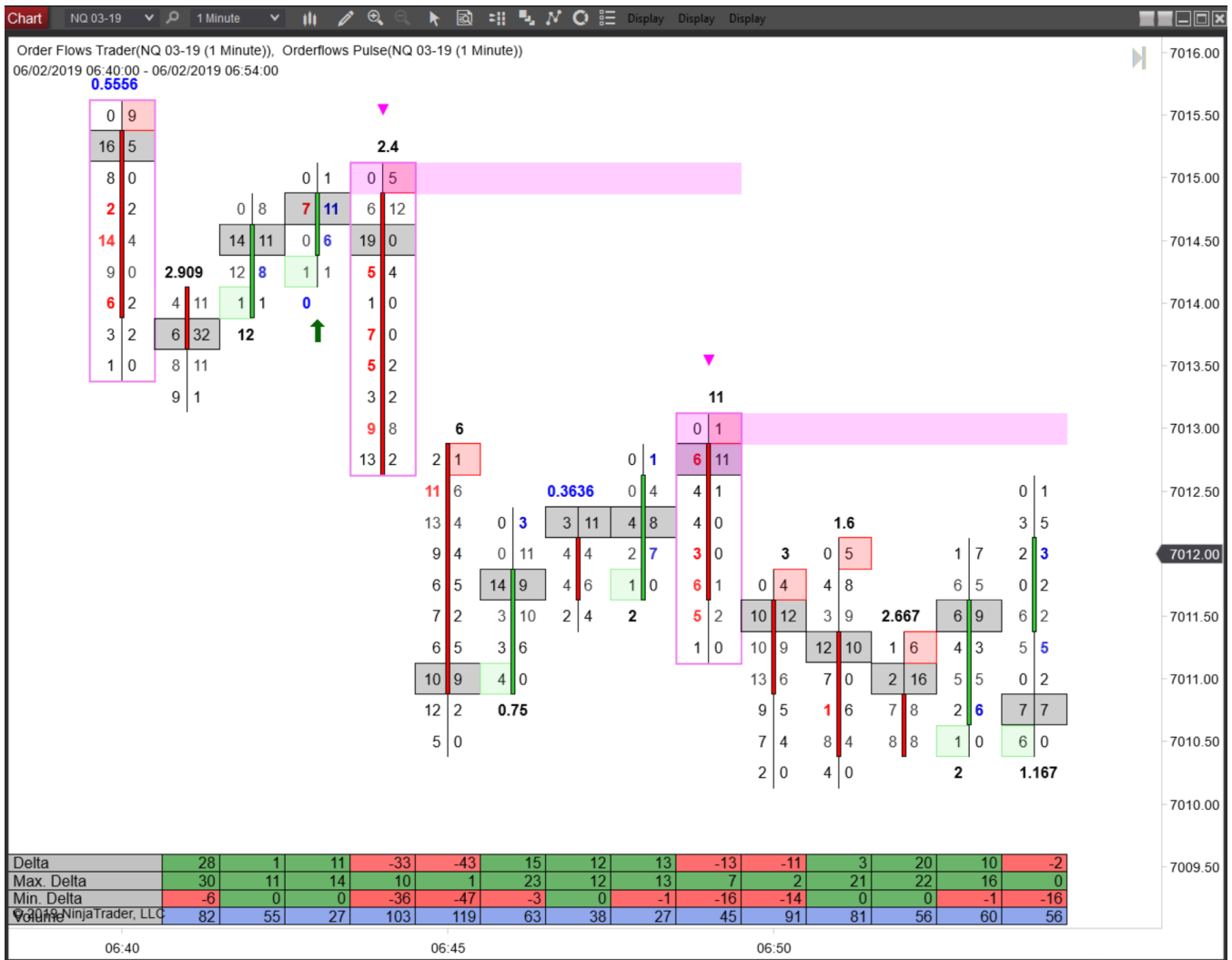
Analyze 0 Volume Bars

The first setting is “Analyze 0 Volume Bars.” Most traders tend to stick to the popular contracts like ES and CL which generally have no liquidity issues. However, when you start trading less liquid, meaning less volume, contracts such as mini-dow or mini-nasdaq, there will be bars that have 0 volumes at price levels within the bar.

When analyzing order flow and volume, when there is no volume at some price levels in the bar it becomes difficult. So, you can choose to include those bars or choose to not include them in your analysis. Generally, bars that exhibit 0 volumes in the price ladder have less volume overall than bars that don't exhibit 0 volumes.

For example, when “Analyze 0 Volume Bars” is enabled, a signal will appear in bars that have 0 volumes in the ladder and all the other conditions are met in the settings. If you have it disabled (unticked), then it won't analyze the bars with 0 volumes in the areas of the bar it is analyzing.





Notice in the two signals above, the bars have several price levels with 0 volume traded. In this example, the setting is enabled. If the setting was disabled, then the signal might not be generated.

The next two settings are related, so read about them first then, see the examples.

Short Bars

The “Short Bars” setting needs to be enabled for all bars as that is the minimum setting.

Long Bars

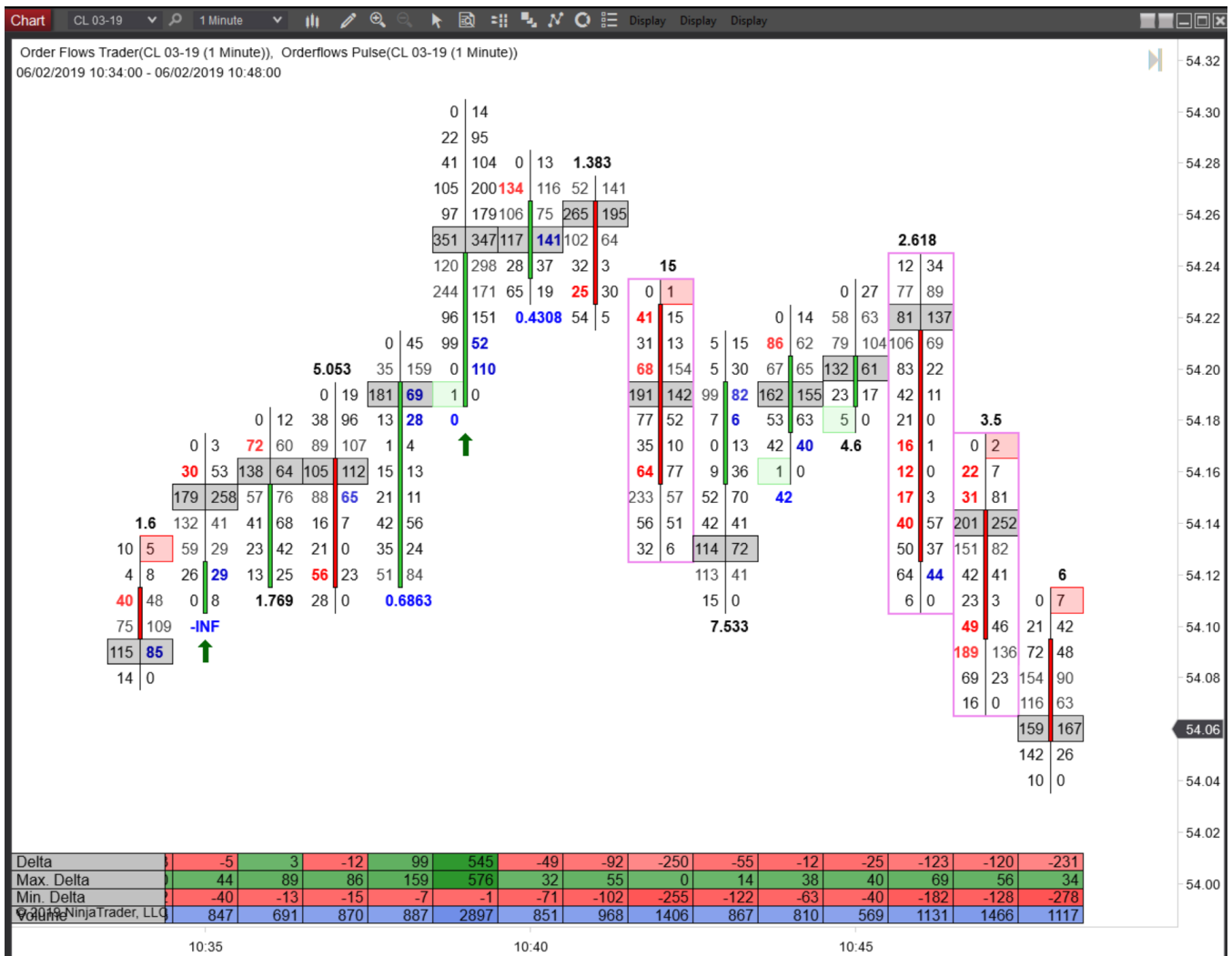
The “Long Bars” settings should be used on charts where the price bars cover more price levels than the “Short Bars” setting. In other words, if you are using an 8-range bar of a 5-minute bar chart, then you would want to enable the “Long Bars” setting. I would use the “Long Bar” setting on a 1-minute NQ chart, but not a 1-minute ZN chart. It is market and chart related. You can use it also on shorter range bars, like 4 range ES or a 1 min CL chart but make sure you are comfortable with it and the amount of trades you are getting.

Here is an example on a CL 1-minute chart. The first chart is set to only “Short Bars.” There is no signal appearing because the criteria is not met.

The screenshot shows the 'Indicators' dialog box with the following configuration:

- Available:** A list of indicators including Delta Candles, DeltaScalper, Order Flows Trader, Orderflows Pressure, Orderflows Pulse, Orderflows Sweetspot, Orderflows Turns, POCTrader, PriceRejector, ADL, ADX, ADXR, APZ, Aroon, Aroon oscillator, ATR, and Bar timer.
- Configured:** Orderflows Pulse(CL 03-19 (1 Minute)) is selected.
- Properties:**
 - License:** License token (empty field)
 - Delta analysis:** Analyze Delta (checkbox), Delta Neutrality (0)
 - Settings:** Analyze 0 Volume Bars (dropdown), **Short Bars** (dropdown, highlighted), Long Bars (checkbox), Minimum Volume Required (10), Strength (1), Prominent Point Of Control (checkbox), Search For Swings (checkbox), Swings Period (1)
 - Visuals:** Signal Box Height In Ticks... (1), Signal Box High offset In... (0.5), Signal Box Low Offset In T... (-0.5), Signal Box Opacity (0% -... (20), Signal Box Width In Bars (... (5), Signal Mark Displacemen... (2)
 - Data Series:** Input series (CL 03-19 (1 Minute))
 - Set up:** Calculate (On each tick), Label (Orderflows Pulse), Maximum bars look back (256)

Buttons at the bottom: OK, Cancel, Apply. A 'preset' label is visible at the bottom right of the properties panel.



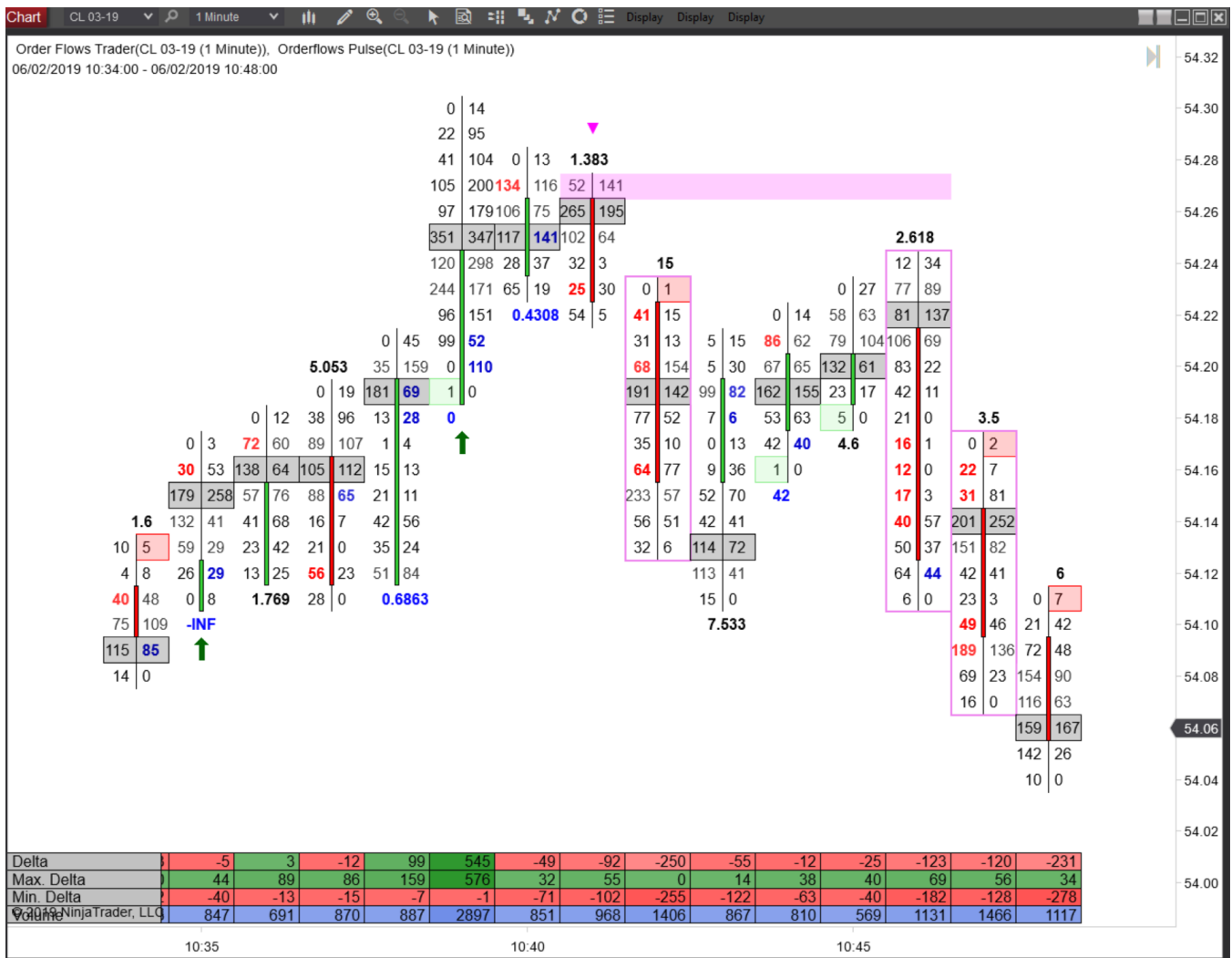
Notice there is no signal generated on the chart as the setting is set to Short Bars only and based on the order flow and the requirements of the indicator, the criteria for a signal is not quite met.

In the second chart, when you expand it to include “Long Bars,” the criteria is met as more data goes into the analysis.

The screenshot shows the 'Indicators' dialog box with the following sections:

- Available:** A list of indicators including Delta Candles, DeltaScalper, Order Flows Trader, Orderflows Pressure, Orderflows Pulse, Orderflows Sweetspot, Orderflows Turns, POCTrader, PriceRejector, ADL, ADX, ADXR, APZ, Aroon, Aroon oscillator, ATR, and Bar timer.
- Configured:** A list of currently configured indicators: Order Flows Trader(CL 03-19 (1 Minute)) and Orderflows Pulse(CL 03-19 (1 Minute)).
- Properties:** A detailed configuration panel for the selected indicator, 'Long Bars'. It includes sections for License, Delta analysis, Settings, Visuals, Data Series, and Set up. The 'Long Bars' setting is highlighted with a yellow box and is currently checked. Other settings include 'Analyze Delta', 'Delta Neutrality' (0), 'Analyze 0 Volume Bars' (checked), 'Short Bars' (checked), 'Minimum Volume Required' (10), 'Strength' (1), 'Prominent Point Of Control' (unchecked), 'Search For Swings' (unchecked), 'Swings Period' (1), 'Signal Box Height In Ticks...' (1), 'Signal Box High offset In...' (0.5), 'Signal Box Low Offset In T...' (-0.5), 'Signal Box Opacity (0% -...' (20), 'Signal Box Width In Bars (...)' (5), 'Signal Mark Displacemen...' (2), 'Input series' (CL 03-19 (1 Minute)), 'Calculate' (On each tick), 'Label' (Orderflows Pulse), and 'Maximum bars look back' (256).

Buttons at the bottom: OK, Cancel, Apply.

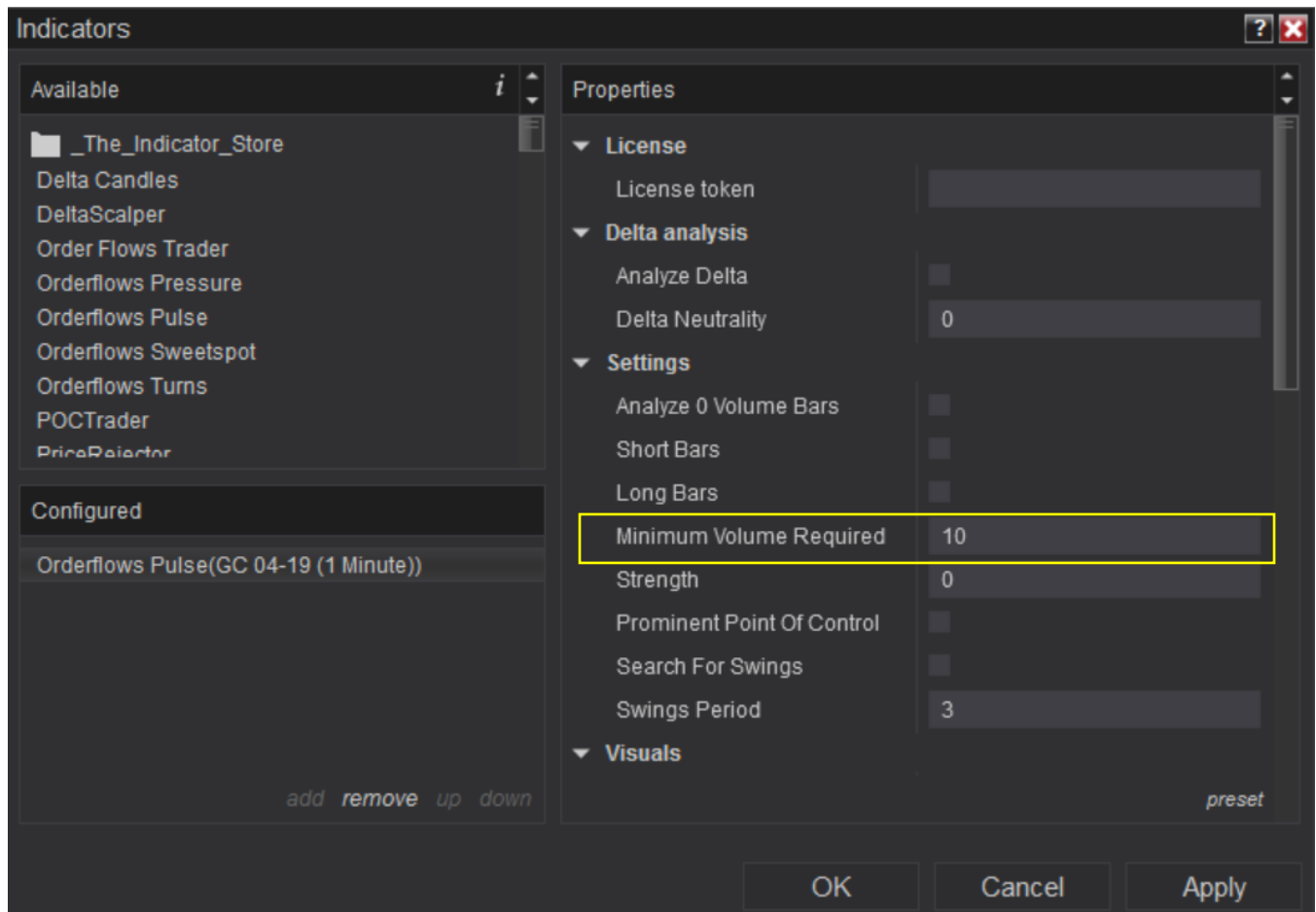


Notice, on the same chart, there is now a sell signal generated as the conditions are now met once the setting is changed to Long Bars because more of the order flow is used in meeting the criteria for signal.

It is up to you if you want to include “Long Bars” on all your charts. Test it based on the type of chart you look at for the particular market you trade. With “Long Bars” enabled, you will generally get more signals.

Minimum Volume Required

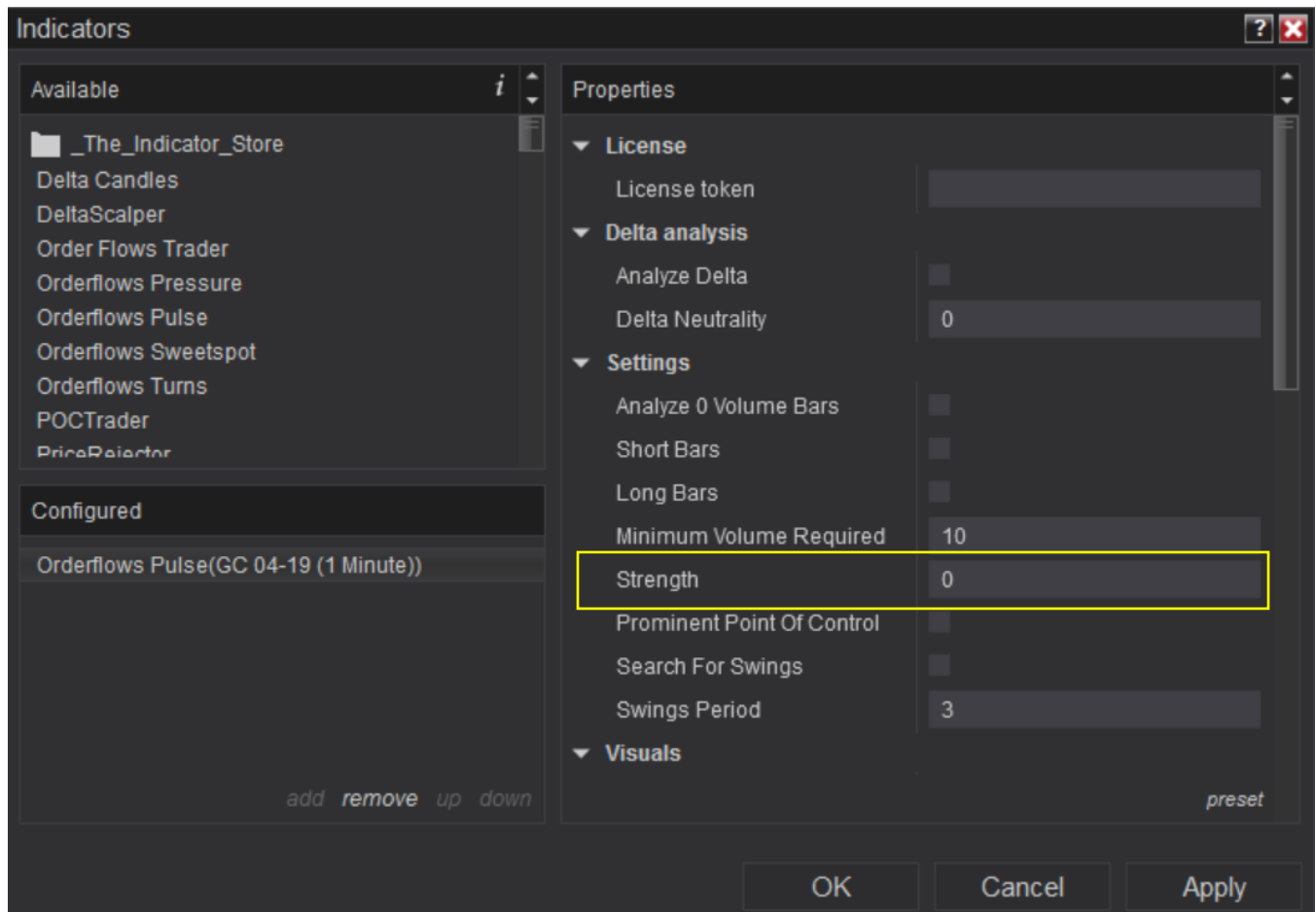
The setting “Minimum Volume Required” has a default of 10. This is self-explanatory. This is the minimum volume needed for the analysis to start. Most bars meet this requirement. However, if you are trading an extremely thin market you may not get signals if it can’t reach the minimum of 10 contracts traded. All the main futures markets trade enough volume that this setting doesn’t need to be adjusted.



Strength

This setting is where the magic happens. The base is 0. The setting increases by whole numbers, so the next level would be 1, then 2, then 3. Keep in mind a setting of 0 does not mean it is not analyzing the order flow, it is. 0 is the base and for most markets a setting of 0 is fine.

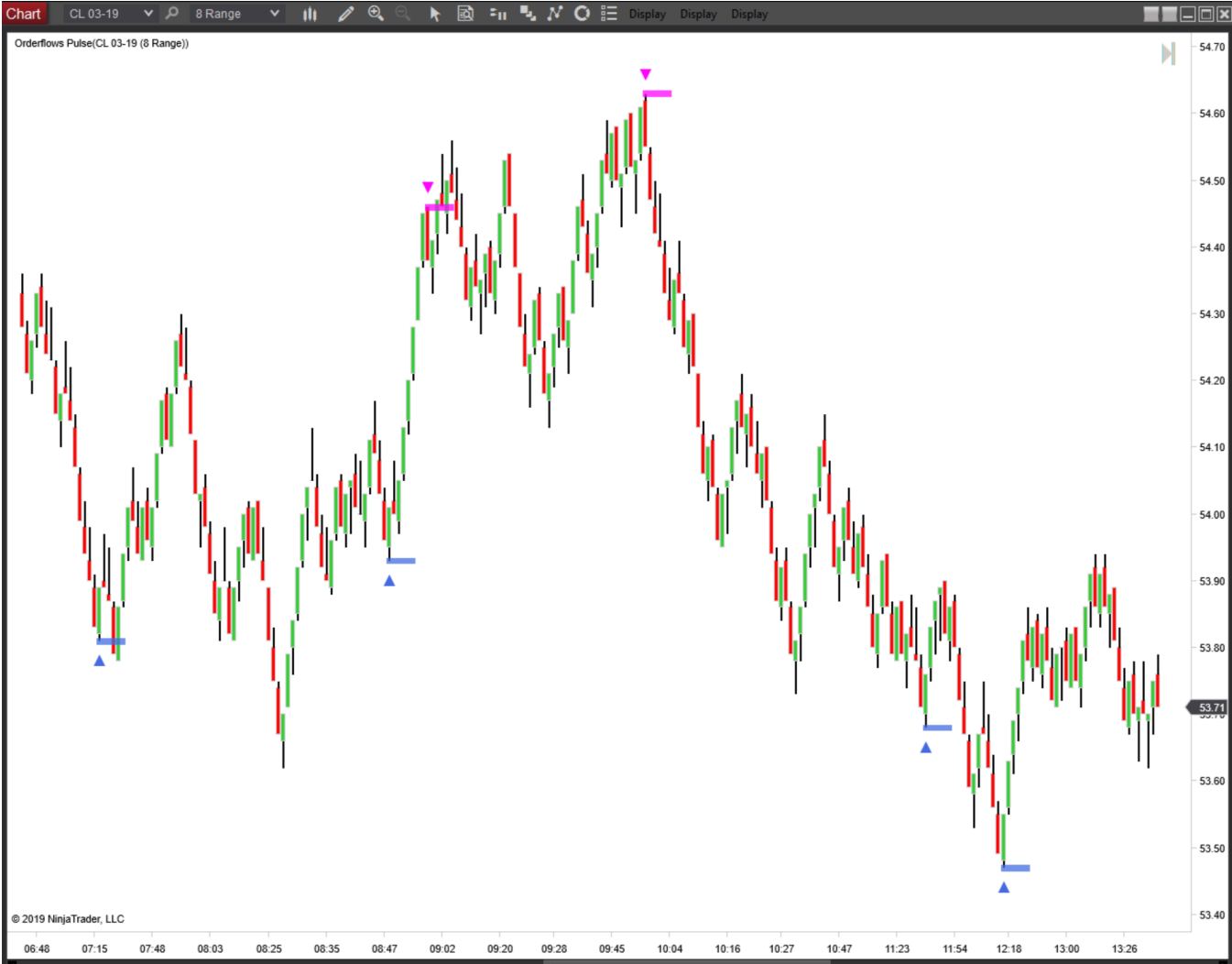
As you go higher in strength to the next level, 1, fewer signals will show because the analysis becomes tighter.



A strength level of 2 is very strong. I do not go above 2. I stay between 0, 1 and 2. Once you go above 2, the amount of bars that can give a signal is significantly decreases as the requirements are stronger

The next 3 charts so the same time period with different settings.

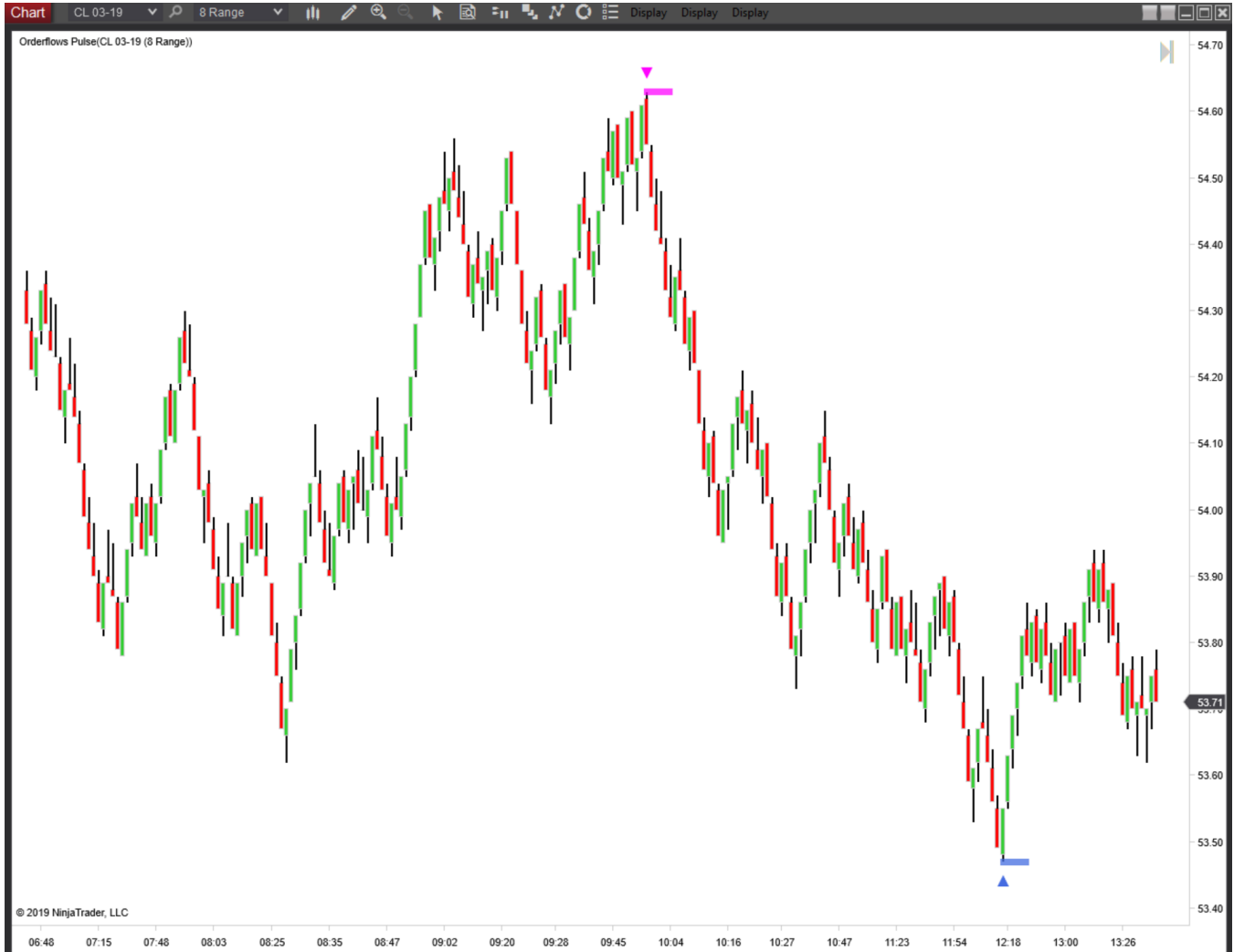
The first chart shows a strength of 0, the base setting.



The second chart shows a strength setting of 1.



The third chart shows a strength setting of 2.

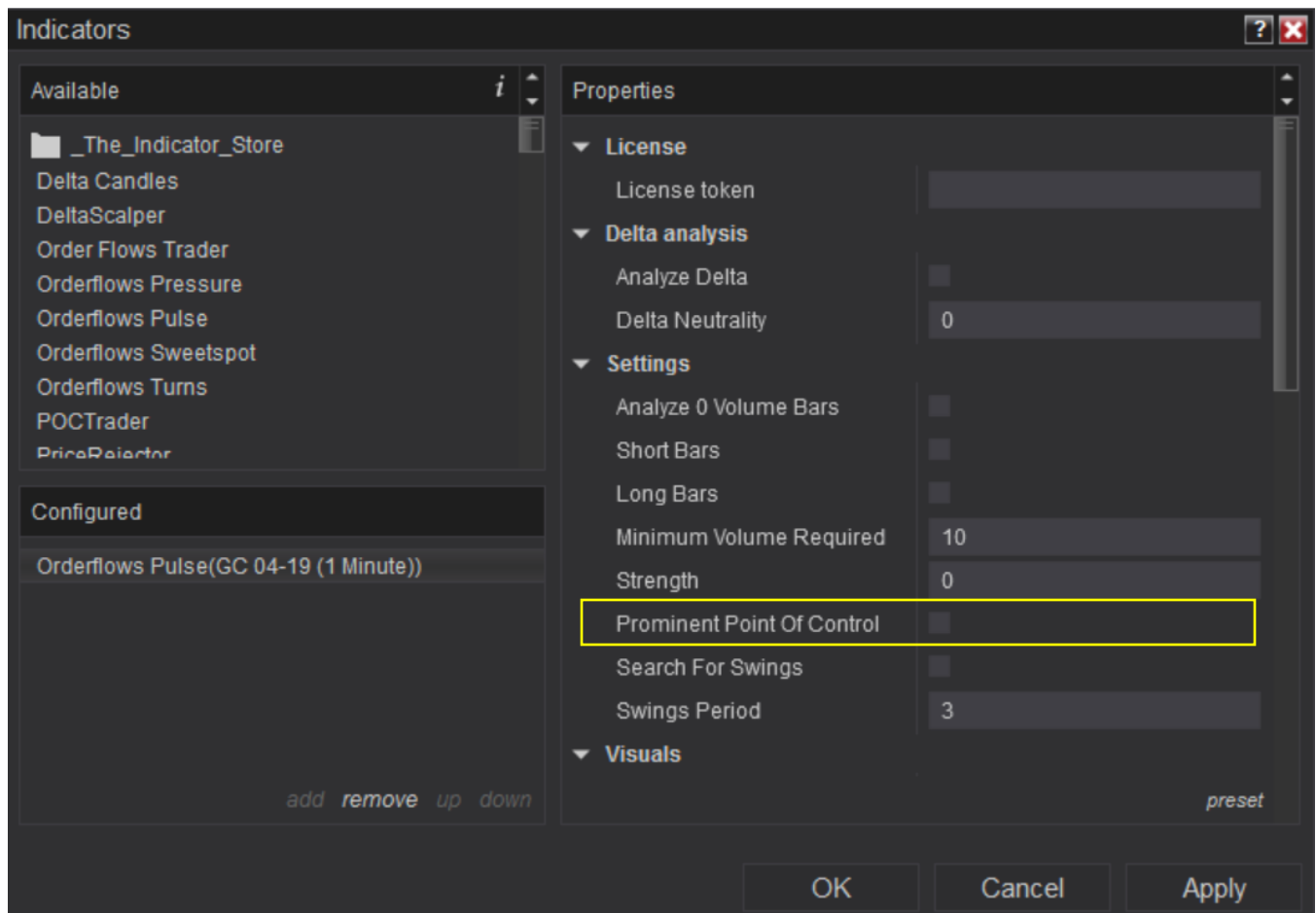


You can see as you go higher in strength, the amount of signals generated decreases as the requirements to be met become stronger. I know what you are thinking, why don't I just set it very strong to begin with and I will get better trades overall. My reply to that is the base setting of 0 is already strong, 1 is double in strength already and 2 is quadruple in strength. Once above 2 many of the results are just about equal.

Prominent Point of Control

In the Orderflows Trader 2.0 there is a feature to highlight Prominent Points of Control. The Point of Control is the price level in a bar with the most volume. While every bar has a Point of Control, depending on where the Point of Control appears in the type of bar it can be very revealing as to what is happening in the market. This is called a Prominent Point of Control.

When Prominent Point of Control is enabled (tick in the box) and a signal is generated, the signal will only show if there is a Prominent Point of Control in the signal bar. This acts as a filter.



Here are two charts. The first one has Prominent Point of Control not enabled (no tick in the box) and has the “Search For Swing” setting turned off (more on this shortly). The second chart has Prominent Point of Control enabled (tick in the box) and the “Search For Swings” setting is still not enabled.

Chart 1 – Prominent Point of Control is not enabled. Notice how many signals.



Chart 2 – Prominent Point of Control enabled. Just one signal, but a very good one.



This feature was added as many users only want to take traded when a bar exhibits a Prominent Point Of Control in addition to all the other Pulse requirements being met.

Search For Swings and Swing Period

There are different ways to use the Pulse. It can be used as a reversal indicator to show when big traders have taken control of the direction of a market. It can also be used as a momentum indicator to show when big traders are in a move. Depending on the type of trader you are should dictate the way you use the indicator.

When you use the Pulse as a reversal indicator you will get fewer signals a day. If you use the Pulse as a momentum indicator you can get many trades a day. Which is the best way to use it really comes down to your trading style and trading plan.

Here is the difference:

Reversal Trading:



Momentum Trading:

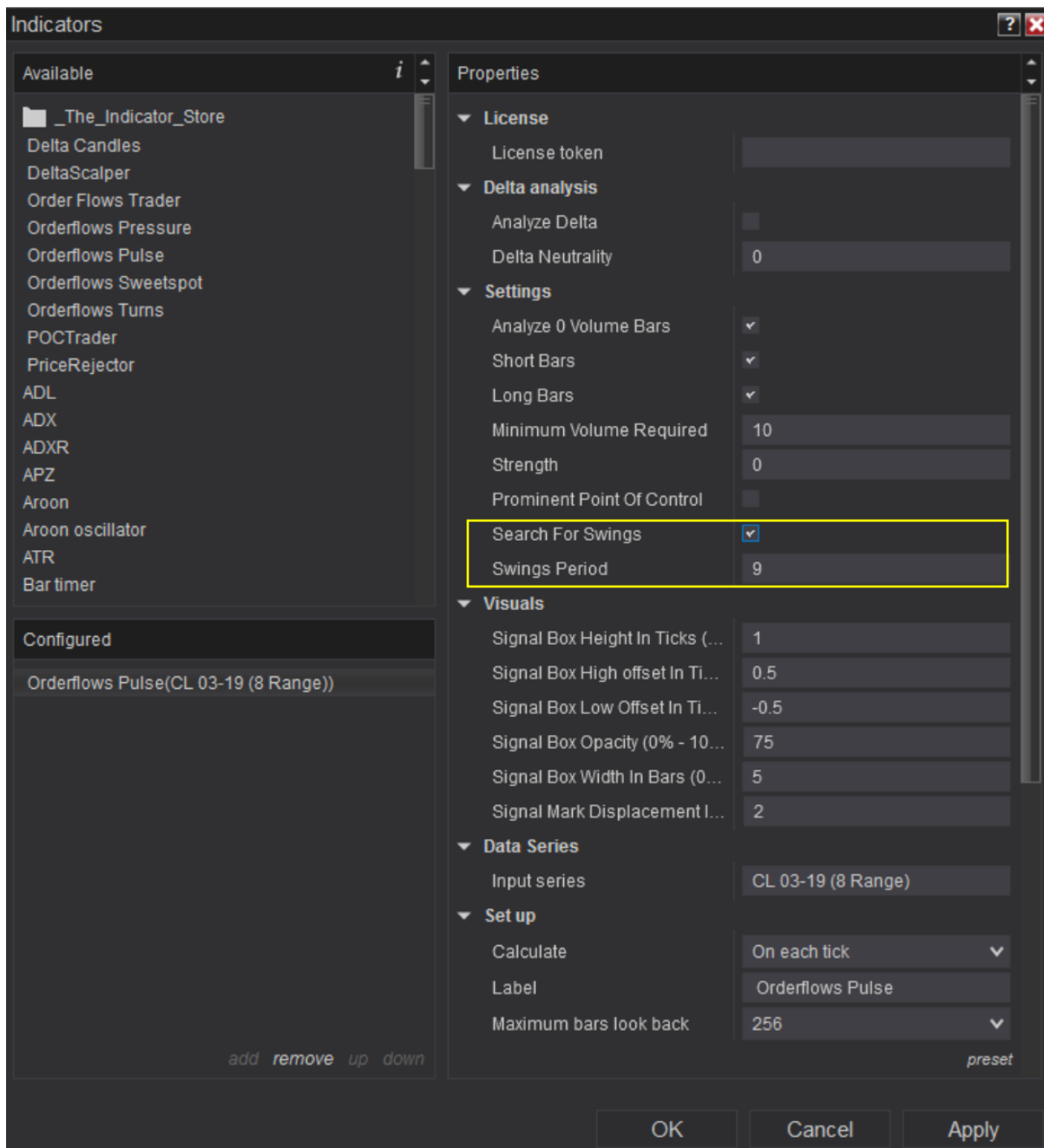


What do I recommend? If you are a trader who likes to get in and out many times during the day looking to capture a few ticks here and there, then use it for momentum trading. If you like to capture long sweeping moves, then use it for reversal trading.

Please note, that the reversal moves are also captured when using it for momentum trading.

The setting to determine if you are using the Pulse for reversal trading or momentum trading is called "Search For Swings."

When the setting is **enabled or ticked**, it will look for swing highs and lows based on the next setting “Swing Period.” The “Swing Period” is how far back to analyze for a swing high or low. If you set the “Swings Period” to 9, it will look back over the last 9 bars. If you set the “Swings Period” to 3 it will look back over the last 3 bars. Don’t set it to 0 if you don’t want to analyze the swings, instead just untick the box next to “Search For Swings.”



If the box next to “Search For Swings” is **unticked** the Pulse will analyze every bar, no matter where it appears and give a signal accordingly.

The screenshot shows the 'Indicators' dialog box with the following configuration:

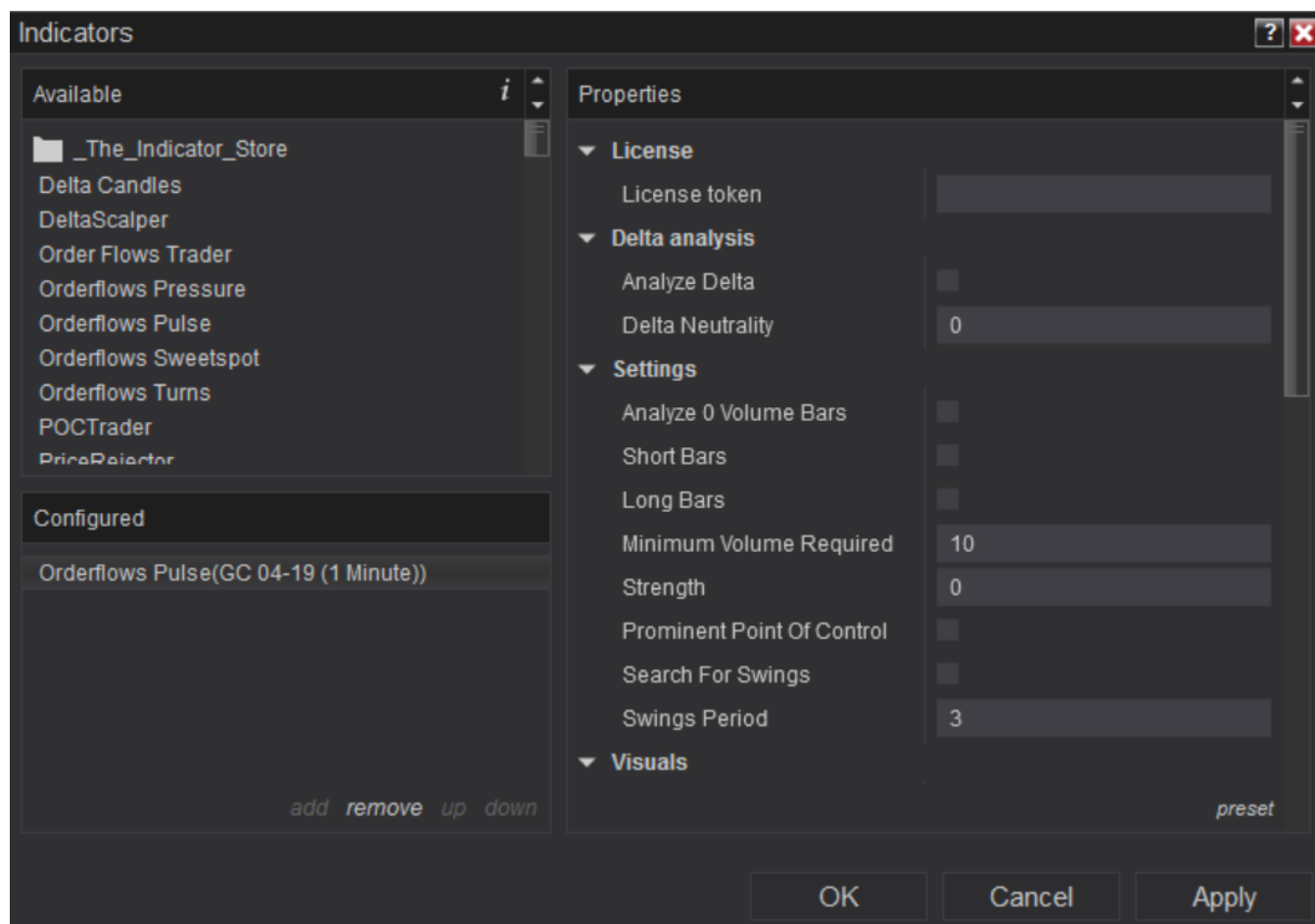
- Available:** A list of indicators including Delta Candles, DeltaScalper, Order Flows Trader, Orderflows Pressure, Orderflows Pulse, Orderflows Sweetspot, Orderflows Turns, POCTrader, PriceRejector, ADL, ADX, ADXR, APZ, Aroon, Aroon oscillator, ATR, and Bar timer.
- Configured:** Orderflows Pulse(CL 03-19 (8 Range))
- Properties:**
 - License:** License token (empty)
 - Delta analysis:** Analyze Delta (unchecked), Delta Neutrality (0)
 - Settings:** Analyze 0 Volume Bars (checked), Short Bars (checked), Long Bars (checked), Minimum Volume Required (10), Strength (0), Prominent Point Of Control (unchecked)
 - Search For Swings:** (unchecked) - highlighted with a yellow box
 - Swings Period:** 9
 - Visuals:** Signal Box Height In Ticks (...): 1, Signal Box High offset In Ti...: 0.5, Signal Box Low Offset In Ti...: -0.5, Signal Box Opacity (0% - 10...): 75, Signal Box Width In Bars (0...): 5, Signal Mark Displacement I...: 2
 - Data Series:** Input series: CL 03-19 (8 Range)
 - Set up:** Calculate: On each tick (dropdown), Label: Orderflows Pulse, Maximum bars look back: 256 (dropdown)

Buttons at the bottom: OK, Cancel, Apply. A 'preset' button is also visible in the bottom right corner of the Properties panel.

When you are trading with “Search For Swings” unchecked the chart can get kind of messy with a lot of signals, especially if the market is choppy. But generally you will be looking to go in the same direction. For example, in this chart, a 1-minute CL chart you see a lot of signals, but they tend to be in the same direction.



How you set the indicator depends on your style of trading. That said, the default settings is the perfect starting point for every market.



In my opinion the importance of the settings (from strongest to weakest) are:

Strength – I only use 0, 1 and 2.

Long Bars – Used with Short Bars, I use both on most charts unless the chart is very short term.

Search For Swings – On most charts I let the indicator search for swing highs and lows to trade around. On fast moving charts I uncheck the box to trade around momentum.

Analyze Delta – When I use delta analysis, I set the Delta Neutrality to 50.

Prominent Point of Control – I use this setting on markets that exhibit more volatility than most. For example, NQ and YM. For regular markets such as ES and CL I don't not enable it.

Analyze 0 Volume Bars – Most markets have enough volume that this setting is fine the way it is.