

THE FLIP

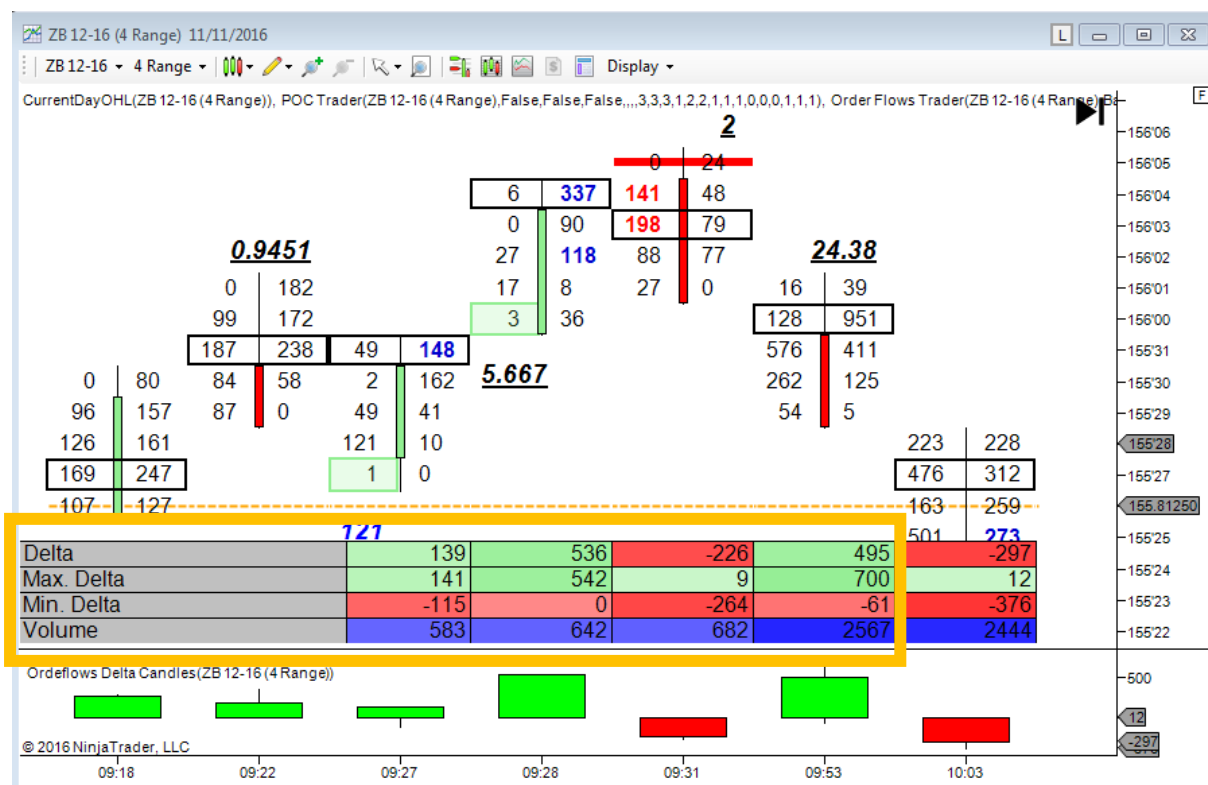
How to use order flow to see what is happening in the market.

An Orderflows
Indicator

Disclaimer

- This presentation is for educational and informational purposes only and should not be considered a solicitation to buy or sell a futures contract or make any other type of investment decision. Futures trading contains substantial risk and is not for every investor. An investor could potentially lose all or more than the initial investment. Risk capital is money that can be lost without jeopardizing one's financial security or life style. Only risk capital should be used for trading and only those with sufficient risk capital should consider trading. Past performance is not necessarily indicative of future results.
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The Flip indicator measures acute changes in aggressive buyers/sellers through the final delta, max delta and min delta. It is designed to find the changes in direction that the market should continue in.



If you are familiar with order flow analysis there are instances that are sometimes easy to see and sometimes you completely overlook them because you are looking at other things and not noticing what is right in front of you.

I have often said that delta is the most under-utilized trading tool available to traders. The power of delta is that it gives traders clear clues as to what is happening in the market.

The flip will work on an Orderflows Trader chart as well as a normal bar chart.



If you are not familiar with what flipping is in the market, let me explain. What big traders used to do was spoof the market with bogus orders. For example, in simple terms, if the trader wanted to buy bonds at 165-20 and the market was trading 165-22, they would stack the order book with big offers at 165-24, 165-23 and even 165-22 to give the false impression to the market that there was more supply available in the market which should cause the market to move lower. Then they would be able to buy at 165-20 as the market moves lower then they cancel their offers and the market moves back to where it was before.

When I say “traders used to do” is because spoofing is illegal. However, there are times when a true flip happens, one that is not due to market manipulation.

In the Orderflows flip what it looks for 4 distinct instances of market activity. Flip A and Flip B.

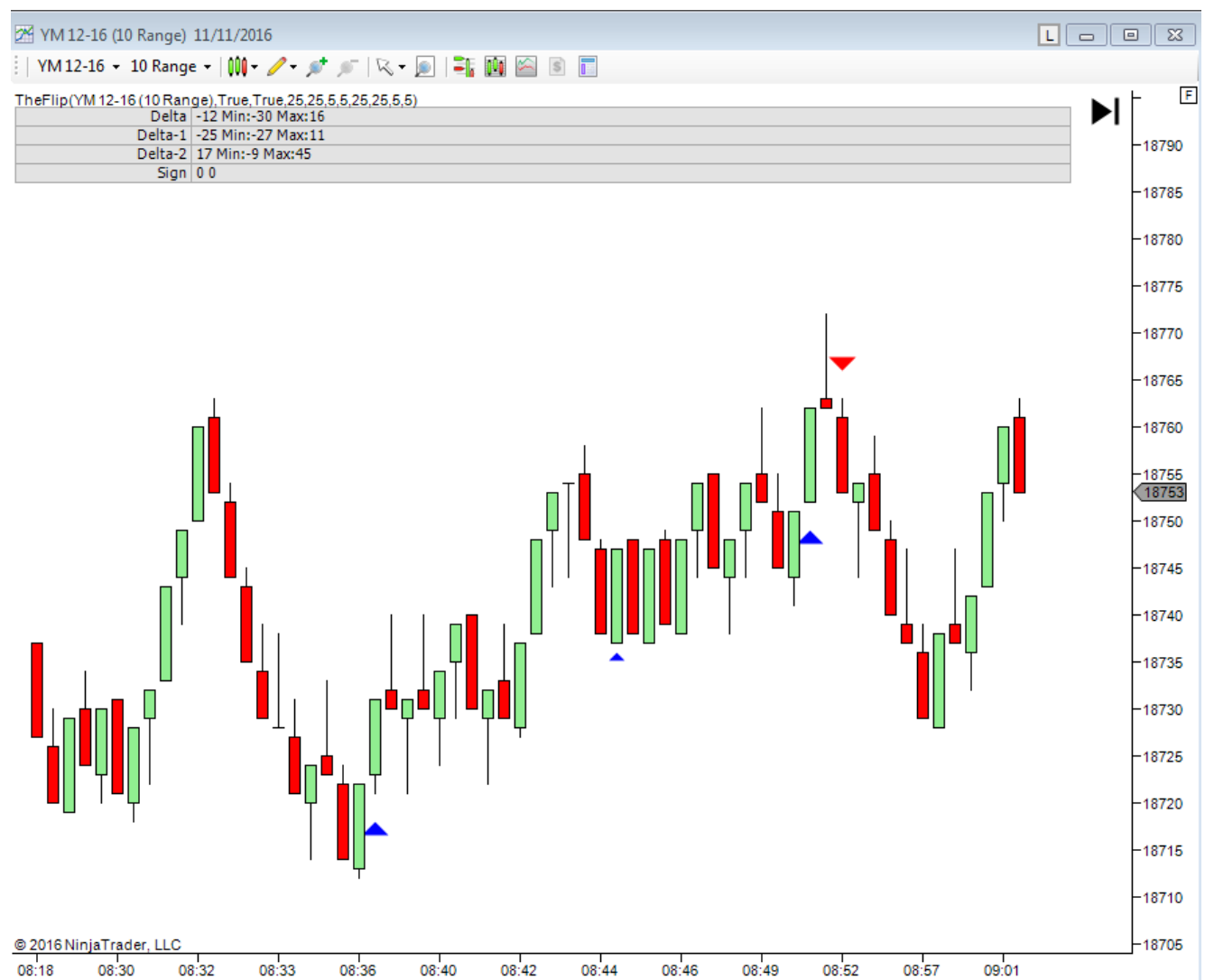
1. The market gets pushed down with extreme selling and then comes right back up with extreme buying. Flip A buying.
2. The market pops up with extreme buying and then comes right back down with extreme selling. Flip A selling.
3. The market gets pushed down with extreme selling, pauses and then comes right back up with extreme buying. Flip B buying.
4. The market pops up with extreme buying, pauses and then comes right back down with extreme selling. Flip B selling.

I treat signals for Flip A and Flip B the same.

Why did I program this indicator? It is based on my own personal trading experience. Obviously, there is the flip style of trading via spoofing, which again is illegal, however I do think it still occurs. But secondly when dealing with large size a trader will often stack his bids or offers in the order book. If a trader wants to buy 500 CL futures, see the market is offered at 49.52, knows if he starts piecing in his order he will move the market 10 cents, so he may sweep through the order book and buy the market up through 5 price levels to 49.57 in order to get everything filled at a better average price. Other traders see the market trading at 49.57 and react thinking the price is out of line and enter the market and sell it back down to 49.52. It happens time and again in the just about every market, every day.

The Flip indicator has 2 sets of signals. An immediate flip and flip that occurs after a short pause. It takes time for the market to react to a lot of buying/selling, for traders to notice it and come into the market to move it back to its original price and continue in that direction.

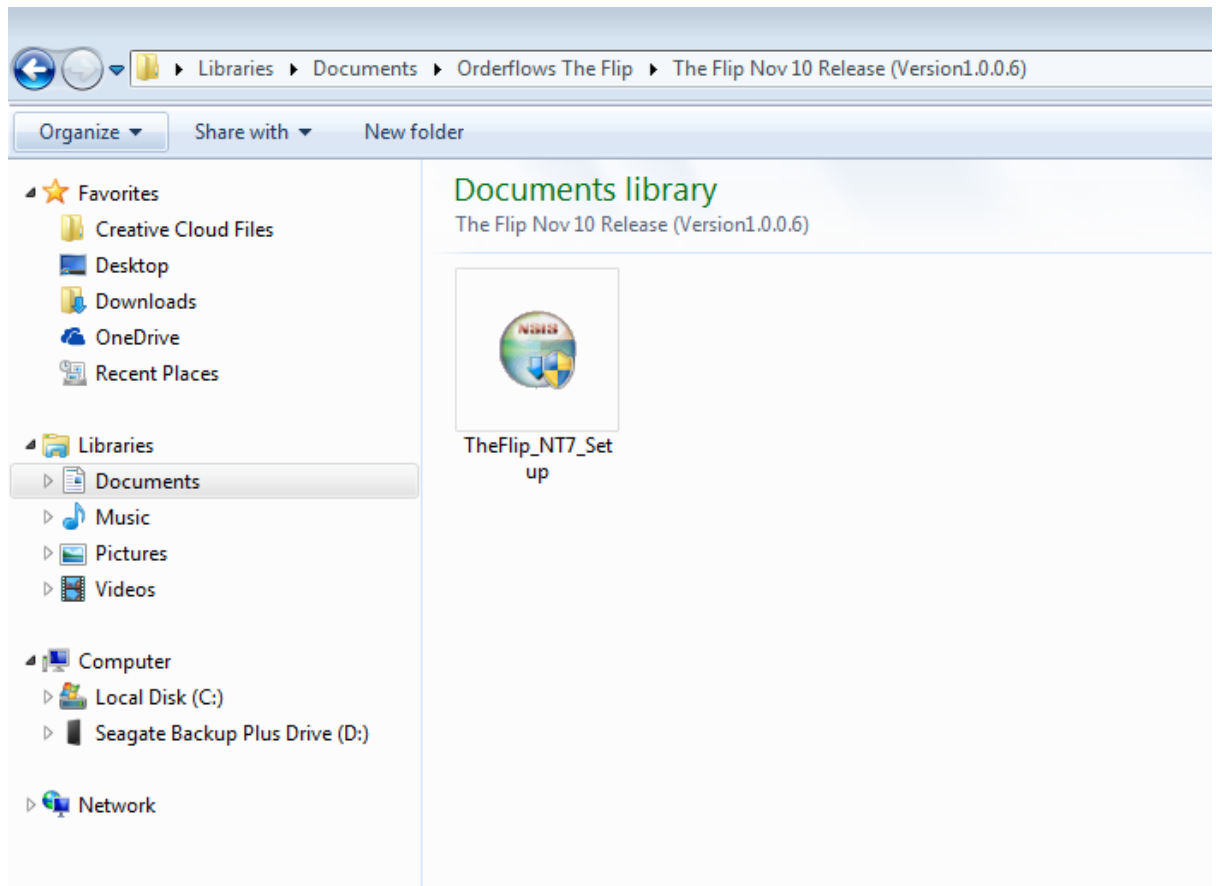
How does it look on a bar chart?



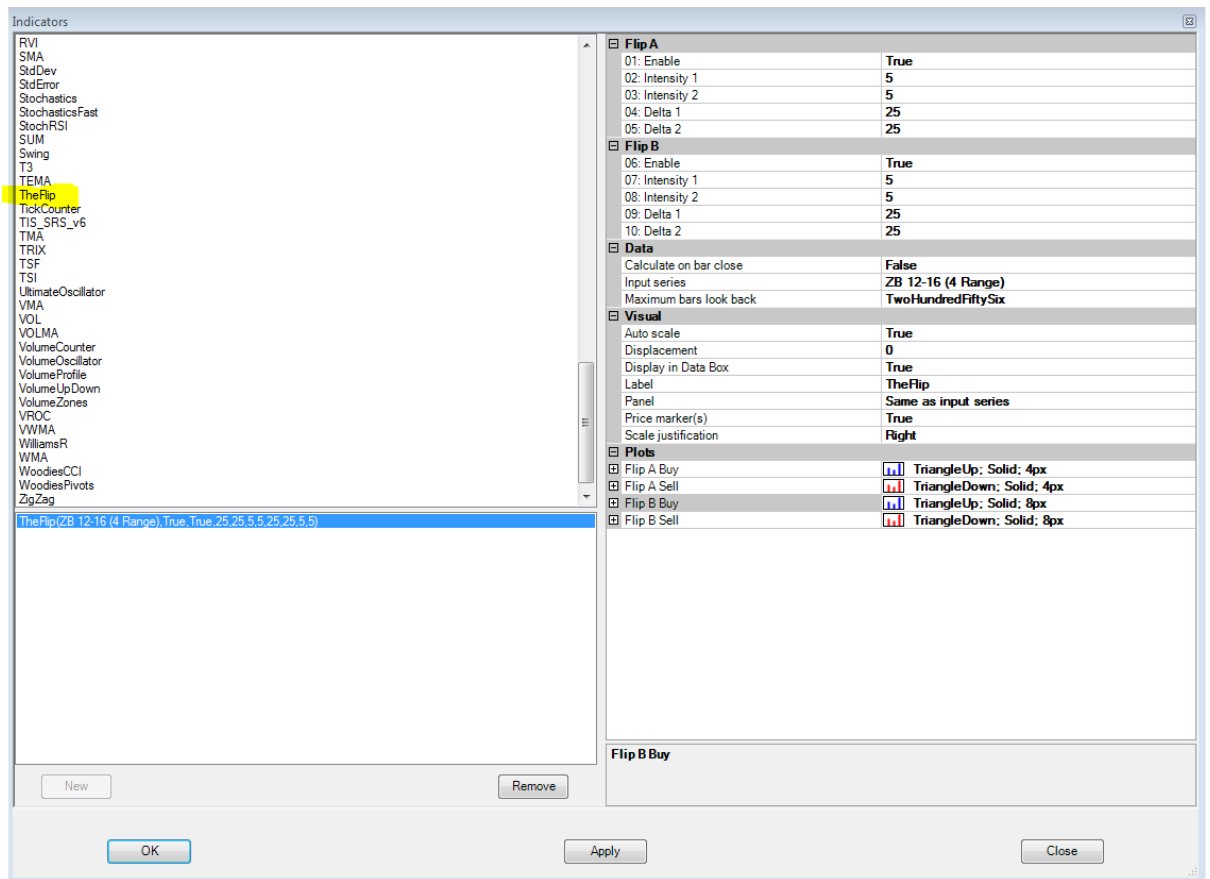


Installation:

1. Download the indicator and save to your hard drive.



2. Close NinjaTrader.
3. After downloading the indicator, save it to your hard drive and open it. This indicator will self-install on NinjaTrader.
4. Restart NinjaTrader
5. Look for the indicator in the indicator list under “The Flip”.



Please note this indicator reads the data in real time. It will not plot on historical data. You need to have your charts open and running with the data coming in. You can always run NinjaTrader in market replay to see how it performed on historical data.

Settings

The default settings are:

Flip A

Intensity 1 -> 5

Intensity 2 -> 5

Delta 1 -> 25

Delta 2 -> 25

Flip B

Intensity 1 -> 5

Intensity 2 -> 5

Delta 1 -> 25

Delta 2 -> 25

How they work:

There are two signals, Flip A and Flip B, each of which can give a buy or a sell. Flip A identifies immediate occurrences and flips. Flip B identifies occurrences when the market has “paused” or in other words, the flip didn’t happen immediately for whatever reason, but usually it is because there was some follow through buying or selling.

In the Plot settings, you can adjust the size of the signal plotted on the screen. Flip A has a default setting of 4 while Flip B has a setting of 8. Flip A will show a smaller down triangle than Flip B. I treat both the same in my analysis and while I keep them the same on my charts, I made it adjustable if you want to separate them.

Intensity 1 and Intensity 2 measure the strength of buying or selling. It is on a range of 1 to 100. A setting of 1 is the strongest. A setting of 100 is the weakest. The default is set to 5 which is strong.

Delta 1 and Delta 2 measure the strength of the delta. A smaller number represents smaller delta. A larger number represents larger delta. In markets that are thinly traded, for

example, currency futures like the 6E or 6B or index futures like YM and NQ, you may want to have a smaller delta measure, like 25, since the market inherently has smaller overall volume. In markets that have a lot of volume, for example, ES, ZB, CL, FGBL you can use a larger delta number, like 100 or 200, since there is more volume and the delta numbers in a bar are larger.