Order Block Trading Guide

A step-by-step guide
on how to trade order blocks

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What is an Order Block!

order blocks in forex are specific price levels of supply or demand, where big participants and big banks have left their orders either in the form of sell limits or buy limits. There are two types of order blocks in forex; A bearish order block which is the last up candle that formed the highest high prior to the down move, and a bullish order block, which is the last down candle that formed the lowest low prior to the up move.

VALIDATION OF
Order Blocks

A bullish order block in forex is validated when the high of the lowest down candle (Bearish Candle) is engulfed by a later formed candle.

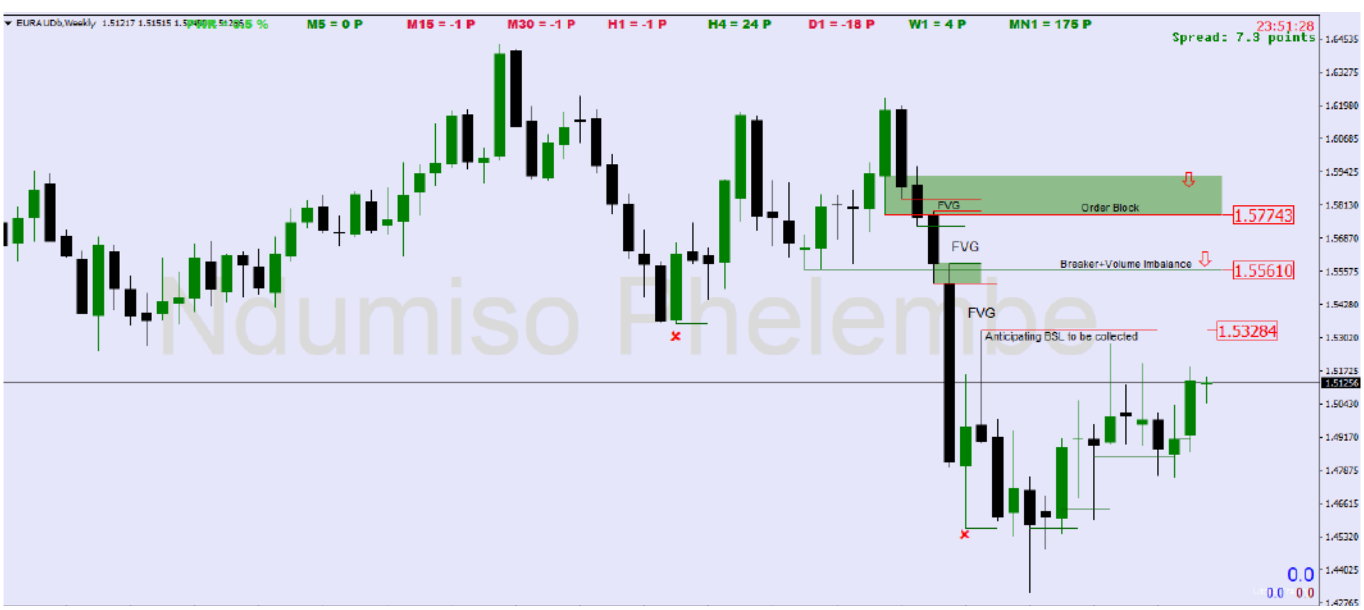
A bearish order block in forex is validated when the low of the highest up candle (Bullish Candle) is engulfed by a later formed candle.

HOW TO TRADE Order Blocks

When price trades higher away from the bullish order block in forex, creating a liquidity void and then later returns to the bullish order block thus closing the previously created liquidity void as price was trading away from the bullish order block; this will be bullish therefore we will anticipate buy setups in the market using the bullish order block as our entry-level.

When price trades lower away from the bearish order block in forex, creating a liquidity void and then later returns to the bearish order block. thus, closing the previously created liquidity void, as price was trading away from the bearish order block; this will be bearish, and we will anticipate sell setups in the market using the bearish order block as our entry-level.

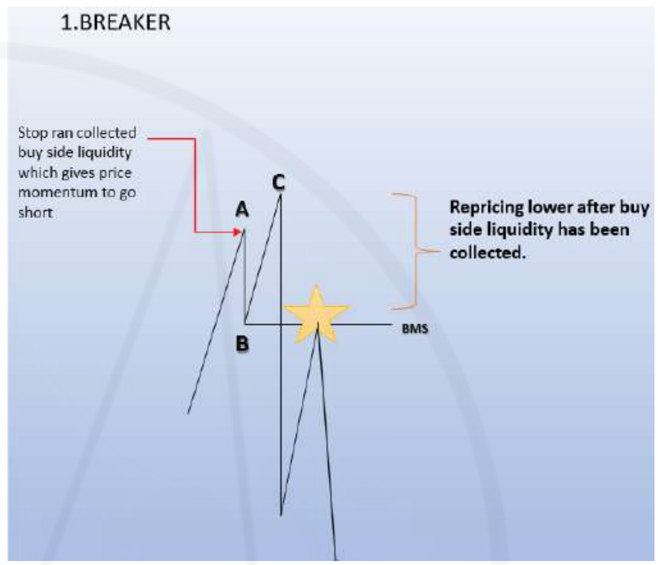
We place our stop loss at the low of a bullish order block. Whilst in a bearish order block in forex, our stop loss will be at least 5 pips away from the high of the bearish order block.

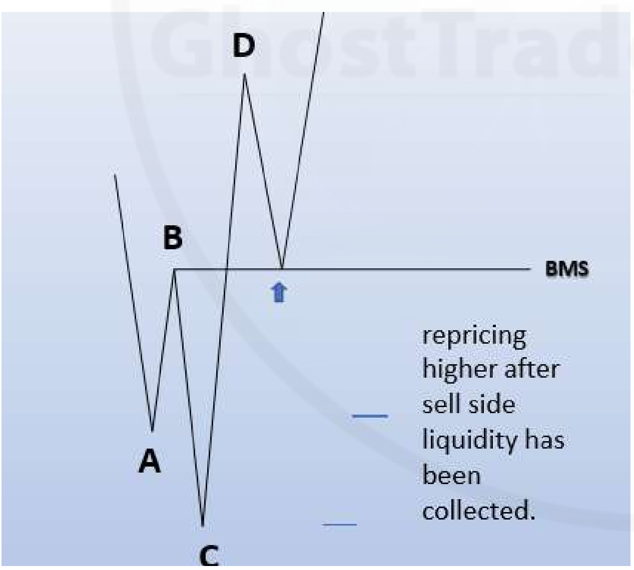


Bonus Lessons

WORTH READING

A bearish breaker occurs when price creates a lower low, collecting liquidity pools by taking out the previous low and then pulling up and collecting buy-side liquidity on the nearest high than price will come back later to retest the previously violated high and continue to go down. This happens to close all the liquidity voids created our main goal is to wait for a pullback to the previously violated high and once we see a good rejection, we make our buy entries.

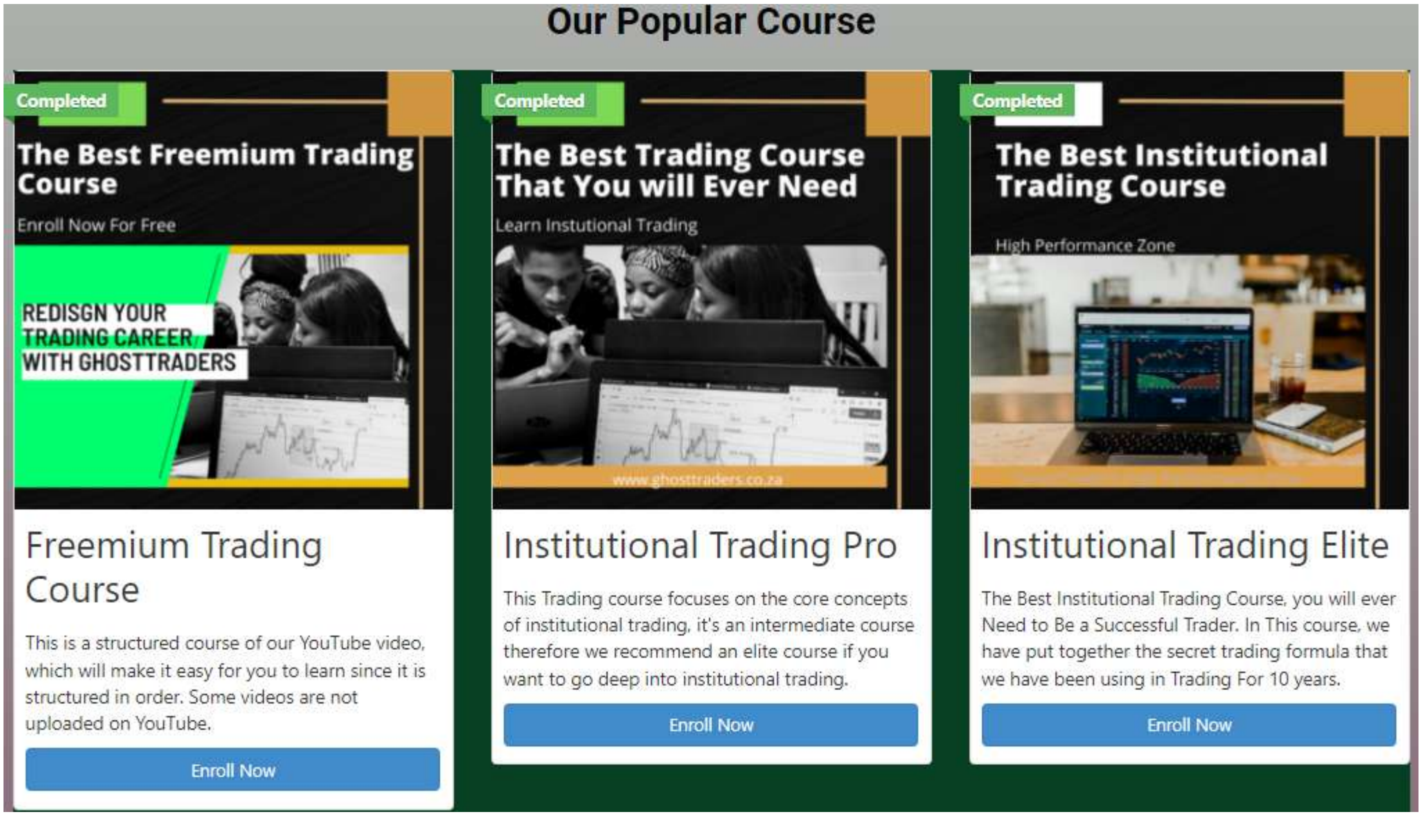




WORTH READING

A bullish breaker occurs when price creates a higher high, collecting all the resting liquidity pools on previous highs forming a higher high. then price will drop and collect sell-side liquidity on previous lows and form a lower low. after that price will retrace up to the previously violated low and retest then continue to drop. that's where we will take advantage of price and sell short on the previously violated low.

Thank you!



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