

SR Imbalance Scalping Indicator

Updated up to : Version 5.9

Understanding Imbalance and Order Block

IMBALANCE

Imbalance is an area where there is inefficiency on price. Inefficiency happens because price moves so rapidly without enough resistance to hold the price from the other side. Price moves down strong because not enough buyers in the price area, vice versa. It also means that the volume that drives the price is so big that the other part can not take.

Are those who make the move happy ? Not really. Let's picture this situation : Imagine if I am ordered to sell 10 items at a limited time and the average cost of the items are \$60. Now price is currently at \$100 but when I sell the first 5 items, I only sold 2 items at \$100 and the other 3 at \$60. My average earning is \$76 only. Price gap between \$100 and \$60 makes my earning becomes less than expected. Will I sell the other 5 at \$60 ? certainly not. I would rather buy again using the money I got from the previous selling or wait when the price is right to sell another 5 together with the items I already bought.

If I decide to buy again, at what price is considered reasonable ? I might consider buying from \$60 to \$76 as fair value to buy.

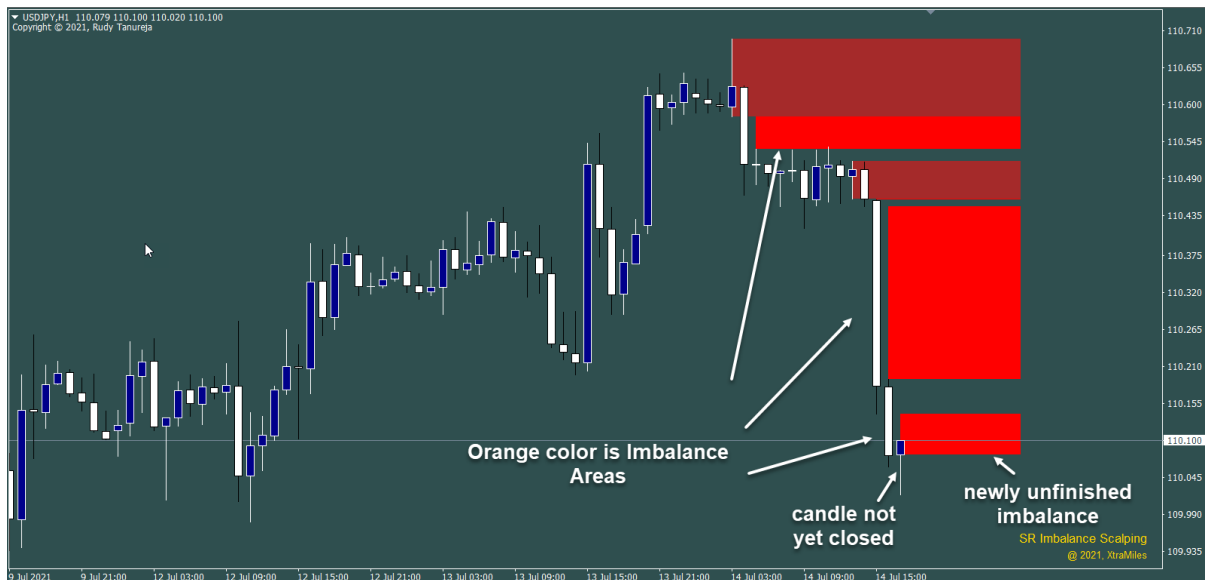
Inefficiency or imbalance in price is roughly the area between \$60 to \$100 in the illustration. For my case I will go for buy if the price is from \$60 to \$76. Other sellers who also experience the same thing like me, might have different price target to buy. It all depends on their calculated average cost.

ICT who introduced the concept, use the term "Fair Value Gap" or as Imbalance Area.



According to ICT, price will somehow get back to the Imbalance area before continuing its direction.

Imbalance happens in both ways, upward and downward. Let me show more examples :



New Feature : Area Validity

On the new update we introduce Validity Set to be applied as a rule for area validity. Validity set is between 0.01 to 1 based on how much price enter in the area. If you set validity to 0.01, meaning that area will be removed if price already 1% inside the area.

This is the example :

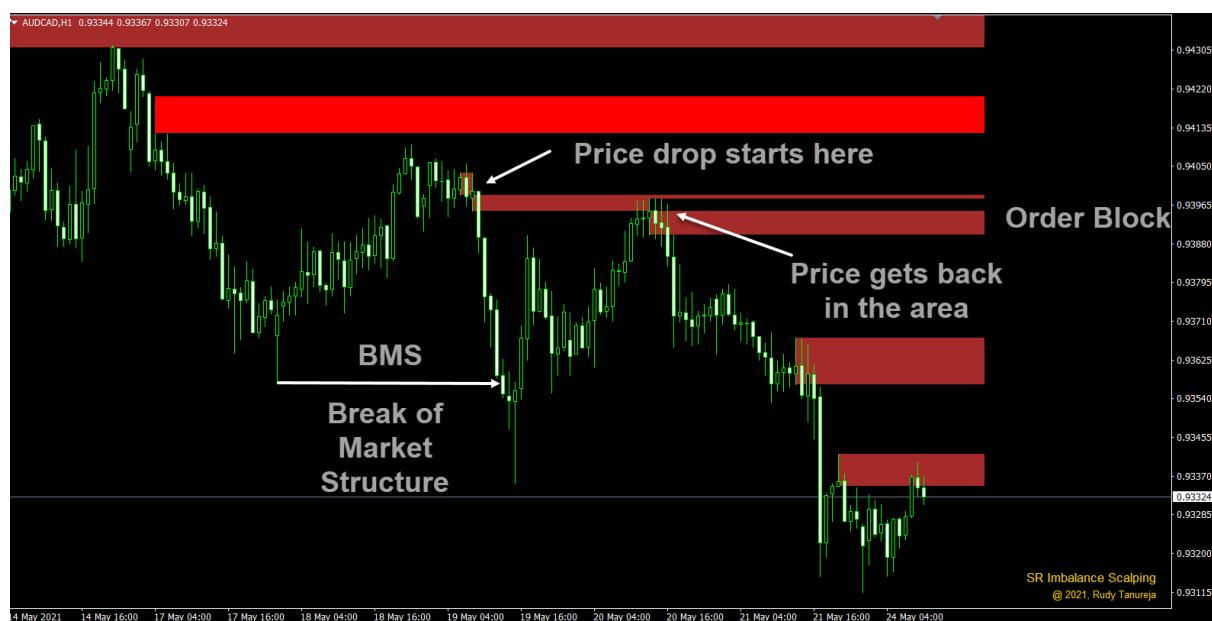




Order Block

Order Block is the area where big player feels the right price to sell or buy in massive volumes. Volumes bought or sold are usually not enough in one go because it might be not enough sellers or buyers on the other side. So it might repeat couples of time until all orders are fulfilled. Remember big players are not happy with price gaps because it hurts their average cost. Sometimes they cannot control this, cause other big players might involve doing the same. They will stop buying or selling if price gaps are too big, and drive the price slowly to get back to the area again.

Many Smart Money Concept adopters believe that before price goes back to the area, confirmed by Break of Market Structure (BMS) on previous Higher High or Lower Low. Price will get back to the area before going down or up even more like the following picture.



SR PRICE IMBALANCE INDICATOR

SR Price Imbalance Indicator works to spot Imbalance and Order Block areas on previous price movement.

Imbalance will be the **Support and Resistance Area** while **Order Block** will be the **Demand and Supply area**. All are colored differently to enable I identify easily.

Imbalance and Order Block have validity. Not valid anymore if price move over the area, therefore area will be no longer on the chart.

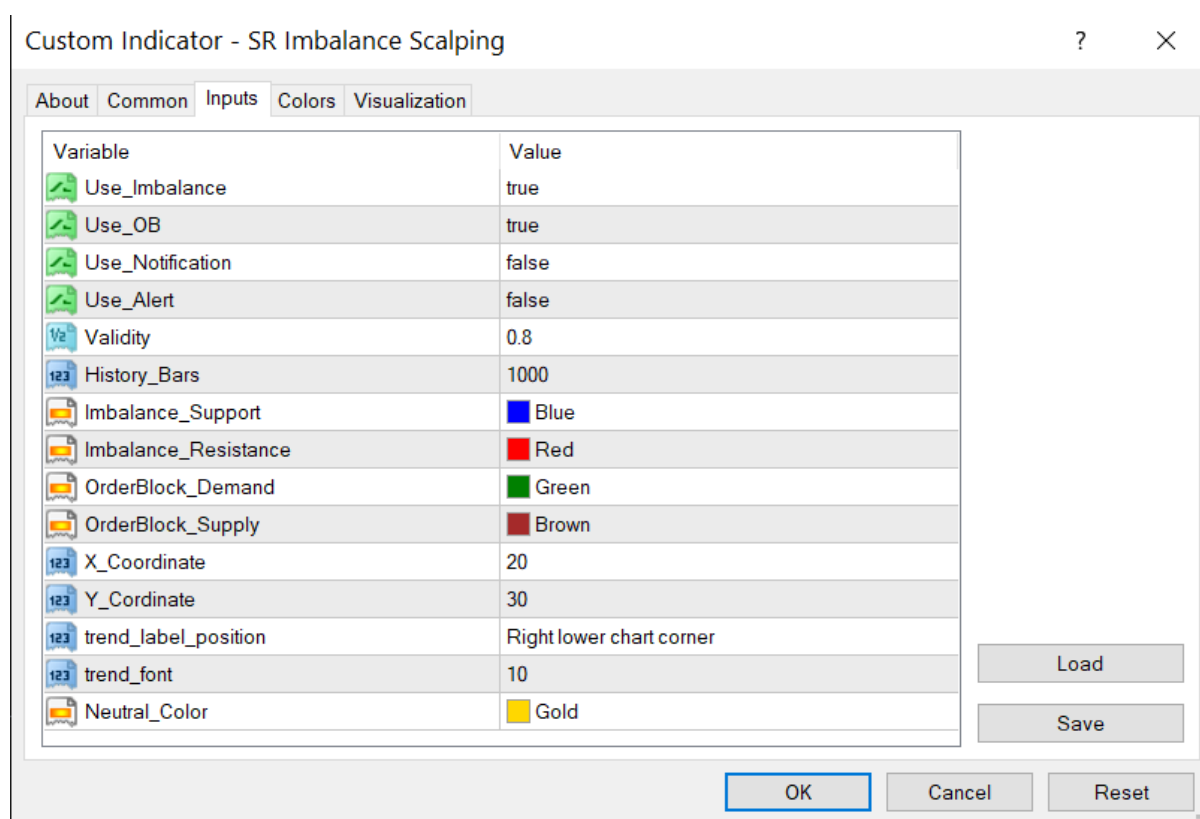
While price in the area, I will get notified if I set Use Notification to true.

So with this indicator, all I need is to trade base on the area. Pick the areas that are more confirmed by looking at the previous price movement.

Remember the shorter the time frame I used, imbalance and order block will not hold for long, so trade accordingly. Use tighter SL and TP based on RR ratio.

How to Install

1. After you do the purchase, the indicator will be in your mql4/indicator/market/SR Imbalance Scalping. I can access the indicator through the following alternatives :
 - a. Go to File – Open Data Folder. Then choose MQL4 – Indicators – Market. SR Imbalance Scalping will be inside Market folder. Do not move the indicator from the market folder.
 - b. Look at Navigator window on the left side of your terminal. Click on Indicators – Market. SR Imbalance Scalping indicator is inside in the Market folder
2. Open a chart of Ir choice. Right click and untick Grid to remove grid from your chart.
3. Double click the indicator and I will see the following picture :



- a. Use_Imbalance is the variable with default set to true, meaning that Imbalance will be shown on the chart. Change set to false if I don't want to show it on the chart.
- b. Use_OB is the variable with default set to true, meaning that Order Block will be shown on the chart. Change set to false if I don't want to show it on the chart.
- c. Use_Notification is the variable with default set to false. Change to true if I want to have notification sent to your mobile phone. Before I can get the notification, make sure :
 - i. MT4 already installed in your mobile.
 - ii. Go to setting in mobile MT4, find your MetaQuote ID. Write down the ID.
 - iii. Go to Tool – Option – Notification menu on your desktop / laptop MT4 Terminal. Tick on Enable Push Notification and fill in MetaQuote ID from your mobile there.

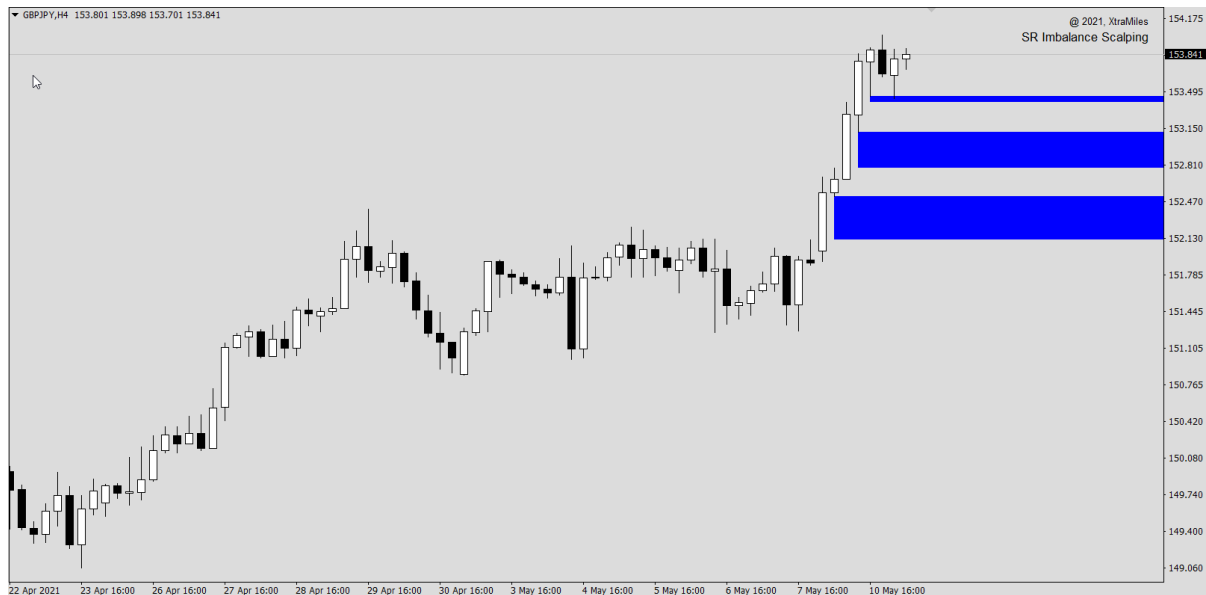
- iv. You are now ready to receive notification from the indicator on your mobile. Notification will contain info if the price is currently in Imbalance or OB zone.
 - d. Validity Set : Enter only between 0.01 to 1.
 - e. History Bar is the number of bars the indicator will search for Imbalance and Order Block. If I change to bigger history bars, make sure I have downloaded history data first. 1000 history bars is our recommendation.
 - f. Imbalance_Support is the color for Imbalance in support area (buy area).
 - g. Imbalance_Resistance is the color for Imbalance in resistance area (sell area).
 - h. OrderBlock_Demand is the color for OrderBlock in demand area (buy area).
 - i. OrderBlock_Supply is the color for OrderBlock in supply area (sell area).
 - j. X Coordinate is the x coordinate for indicator label
 - k. Y Coordinate is the y coordinate for indicator label
 - l. Label Position is the position for indicator label.
 - m. Font Size is the font size used for label.
 - n. Label Color is the color used for label.
4. Click OK if I are ok with the set. I will see some imbalance on the chart (if any).
 5. Right click on the chart and choose Template – Save Template. Type SR Imbalance Scalping and click save. This template will be useful and handy if I open another chart or refresh the chart after away from keyboard for some time (just to make sure I have fresh imbalance). Just right click, choose Template – SR Imbalance Scalping to reload template.

How To Use The Indicator

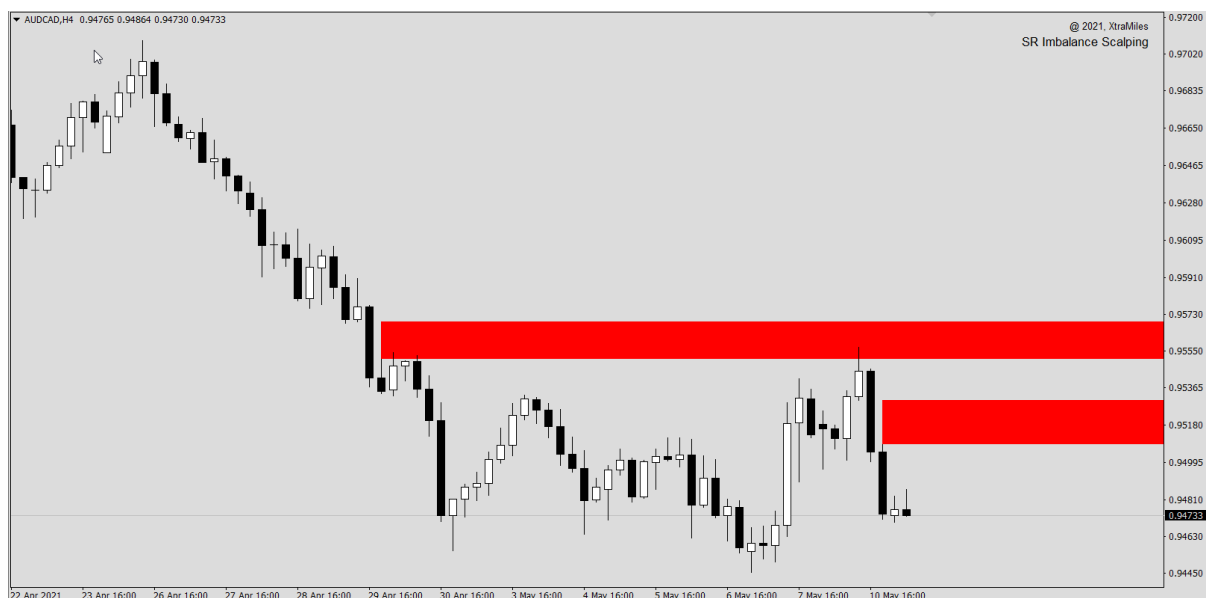
The best result trading using SR Imbalance Scalping indicator is using it as retracement point. On a strong up move or down move price will not go up or down without retracement. Let me give I an example :



CADJPY is on a strong up move, even I see bullish candles are small but they are steady. While price is moving up, imbalances are formed automatically because of lack of sellers. I see that at the third imbalance, price is retracing a bit before it is going up again. It retraces right at the blue imbalance. Even at the fourth imbalance, price again retraces again.



GBPJPY is on a strong up move. The bullish candles have longer bodies than CADJPY. Price will not be attracted to go to every imbalance formed, but at a certain point it will retrace to one of them. If I place buy limit on the first blue imbalance and price does not go there, and moves up again. Move your buy limit to the next imbalance formed, if any.



AUDCAD is on a down move and while price is going down, an imbalance formed. The first imbalance. Then price is retracing a bit before continuing going down again. Price then test the imbalance once again before it is going down. While it is going down, the second imbalance is formed. This is a good opportunity to place a sell limit on the second imbalance if I missed the first one.

How To Trade

We don't know how far price will go to a certain direction, no body does. But we can at least predict where it might go from higher time frame by looking at the latest price movement and trade based on that. Therefore the best way to trade is :

1. Spot imbalance formed as price in a strong up move or down move. Place buy limit or sell limit order.
2. As we don't know how far price will go, we place tight stop loss and place take profit at the place where price has already been there.



On AUDCAD we see that the lowest point (on candle body) price went there. When it retraces one more time, we know that that blue line is our reasonable target profit. That's 70+ pips profit with 19 pips stop loss. Almost 1:4 RR. But looking closely, price only move 5 pips inside the red imbalance. If we set 6 pips sl, it is almost 1:12 RR. Please consider spread also when I place stop loss as each pair has different spread.

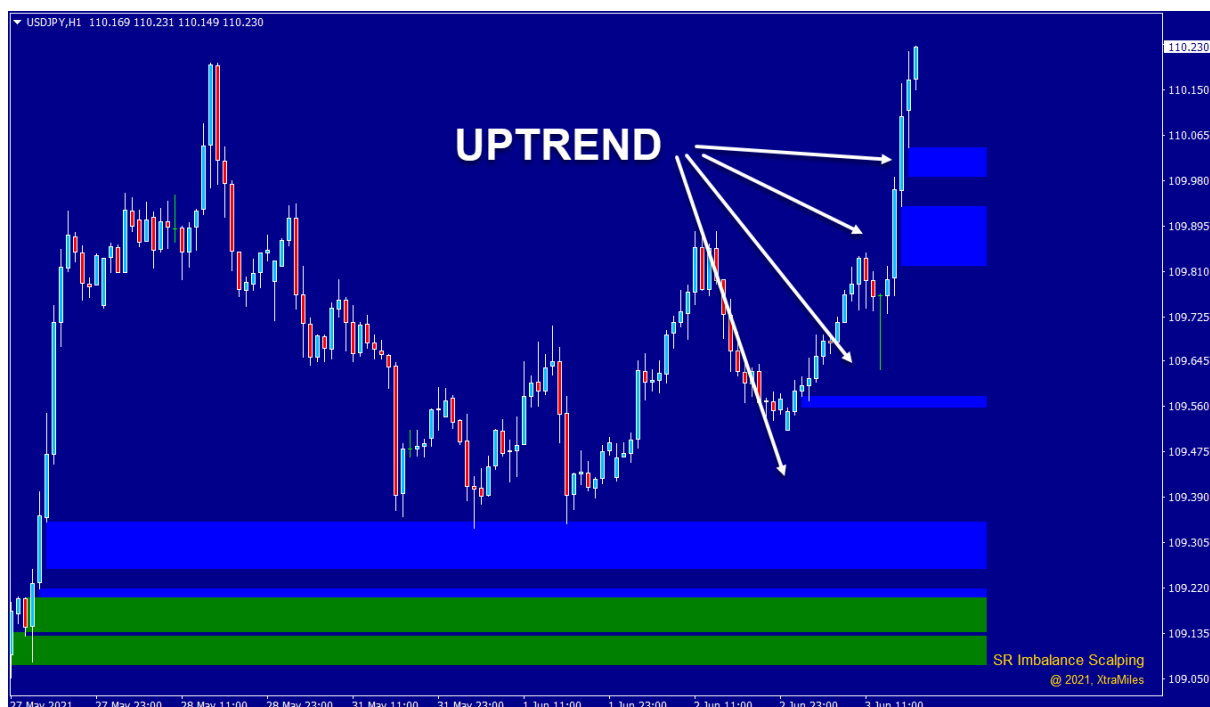
I can see the entry price and stop loss price by mouse over at the upper and down corner of the rectangle.

The Easiest Way to See Current Trend

As we will trade on H1 to D1, the way to see current trend is by looking at lower timeframe.



GBPUSD is clearly showing a downtrend movement on M30 and H1. See there are many rectangles above the price. Your trading plan should be placing sell on rectangle above the current price.



USDJPY is showing Uptrend movement. See many rectangles formed below the price. The trading plan is placing buy limit on the nearest rectangle below the price.

Does It Work All The Time ?

No. Especially if there is news coming. News sometimes violate our set up. So check news regularly and better cancel your order for the time being until 1 hour after news and see whether market changes price direction.

This is why we recommend using tight stop loss with 1:4 or 1:5 risk reward set up. That means our win will cover 4 or 5 losses in case price does not go as expected.

We have tested this set up for some time and imbalance reacts 80% exactly as we expected.

Our Recommendation :

1. Use H1 to D1 as your trading plan.
2. Look for the nearest keys rectangle areas above and below the price.
3. Set limit order (buy limit or sell limit) on retracement scheme. With stop loss not more than 6 or 7 pips and RR 1:4 to 1:5. Set risk to only 0.2% to 0.25% of your equity.
4. Use lot size calculator to know what is the lot size recommended with the above sl and risk.
5. Stick to the plan. Be patient and never hesitate.
6. Check news regularly. Trade only pair that is not affected by news that particular day. Avoid gambling situation.
7. If trade is triggered, watch trade on lower time frame like m5 and see how the price moves. If you are not sure that the price will go further in your favor, exit with smaller profit or RR better. Having price action knowledge will be helpful.
8. Do not overtrade. 3 trades per day is enough for me.
9. Do not trade without stop loss and target profit. Do not risk your hard earned money.
10. Trade better with pair that will actively move during particular session. Like JPY, AUD, and NZD pairs during Asian session, EUR and GBP pairs during London session, USD pairs during New York session.
11. Reload template once in a while, especially if I are away of keyboard.
12. Use H1 to D1 time frame.