

# DMITRY 001 SUPPLY/DEMAND

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## Supply and Demand Explained

Supply and demand zones are areas where "smart money" entered the market as buyers or sellers. Price determination is influenced by institutional activity, and retail traders (like us) can use specific concepts to track the actions of larger market players. The key difference between resistance/support and supply/demand is that supply and demand zones are typically fresh, untouched areas with the potential to provide short-term liquidity (price power) for a temporary market reversal. In contrast, resistance/support zones represent historical price levels that have played a crucial role in previous price movements.

## Order Blocks (Supply and Demand Zones)

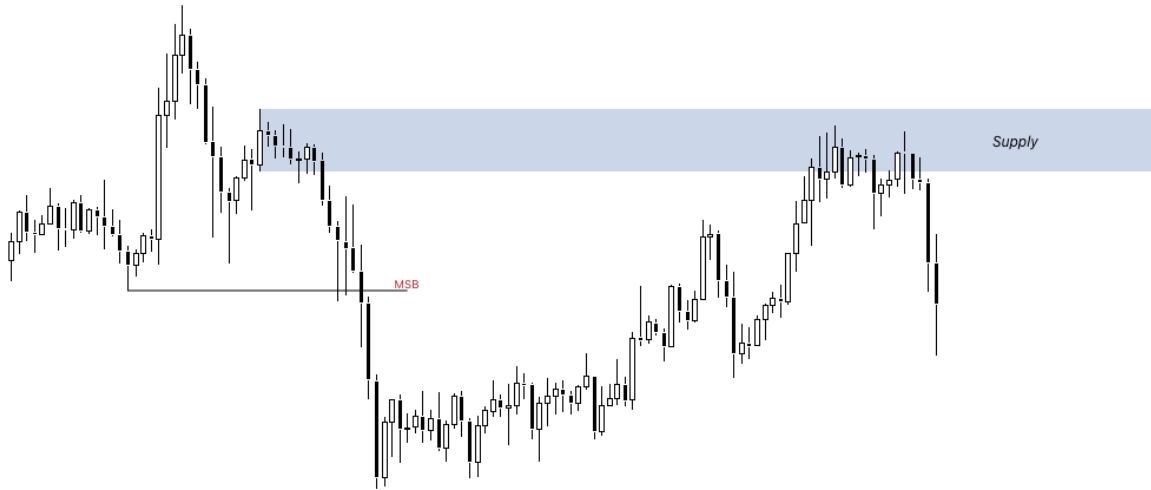
Order blocks are areas where price indicates a level of interest where liquidity was injected to be used later. As large market players move the market, they often leave clues for retail traders to follow. These market zones can help you capitalize on untapped liquidity when you use the right metrics. Order blocks can provide support or resistance, depending on your market bias. Using order blocks can lead to precise entries. In this lesson, we'll cover three different examples of each: a common method, an effective method, and my personal approach to using these zones.

## How to correctly draw a Bearish Order Block?

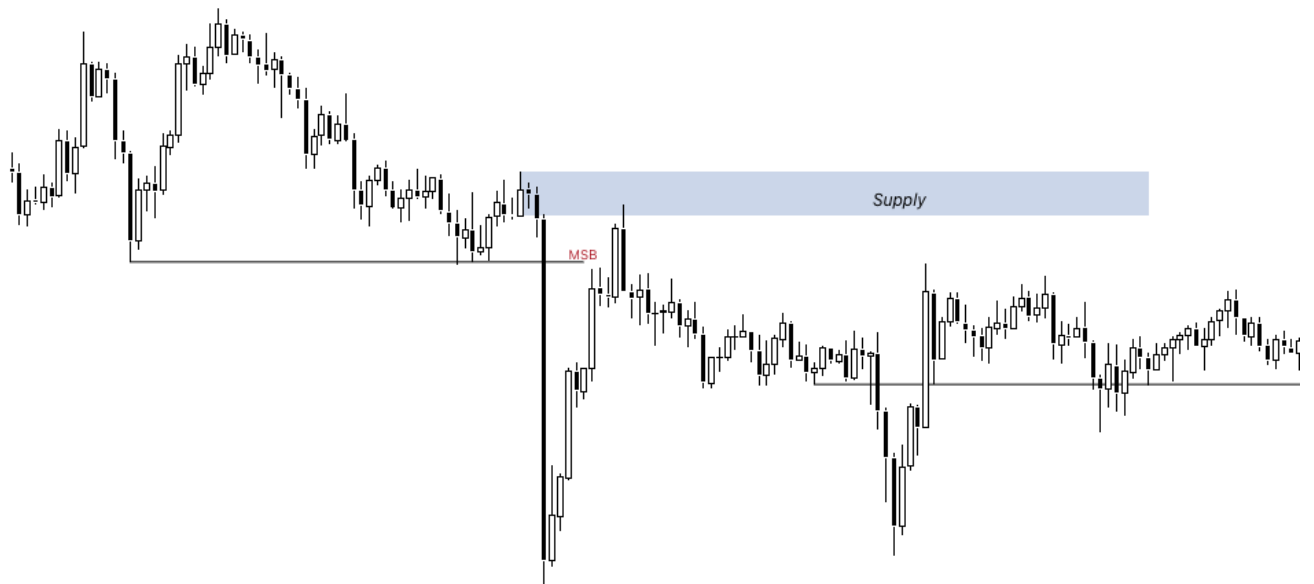
A bearish order block is an area of interest where sellers (institutions or smart money) have entered the market and injected liquidity. It typically leads to a downward price movement. To draw a bearish order block, follow these steps:

1. Identify a market structure break (MSB): Look for a shift from an uptrend to a downtrend. An MSB occurs when a higher low (HL) is followed by a lower low (LL), signaling a potential trend reversal.
2. Locate the last bullish candle before the MSB: Once you've identified the MSB, look for the last bullish (green or white) candle preceding the lower low. This candle is crucial because it represents the last attempt of buyers before sellers took control of the market.
3. Draw the bearish order block: To draw the bearish order block, outline the high and low of the last bullish candle you identified in step 2. This creates a rectangular zone, representing the area where sellers likely entered the market and injected liquidity.
4. Monitor the order block for future price action: Keep an eye on this bearish order block as the price approaches it again. If the price retraces back to the order block, it might act as a resistance zone, providing a potential entry point for a short trade. However, it's essential to use additional technical analysis tools and confirmations to validate your trade setup.

Supply OrderBlock Example:



Supply OrderBlock Example:



Supply OrderBlock Example:





## How to correctly draw a Bullish Order Block?

A bullish order block is an area of interest where buyers (institutions or smart money) have entered the market and injected liquidity. It typically leads to an upward price movement. To draw a bullish order block, follow these steps:

1. Identify a market structure break (MSB): Look for a shift from a downtrend to an uptrend. An MSB occurs when a lower high (LH) is followed by a higher high (HH), signaling a potential trend reversal.
2. Locate the last bearish candle before the MSB: Once you've identified the MSB, look for the last bearish (red or black) candle preceding the higher high. This candle is crucial because it represents the last attempt of sellers before buyers took control of the market.
3. Draw the bullish order block: To draw the bullish order block, outline the high and low of the last bearish candle you identified in step 2. This creates a rectangular zone, representing the area where buyers likely entered the market and injected liquidity.
4. Monitor the order block for future price action: Keep an eye on this bullish order block as the price approaches it again. If the price retraces back to the order block, it might act as a support zone, providing a potential entry point for a long trade. However, it's essential to use additional technical analysis tools and confirmations to validate your trade setup.

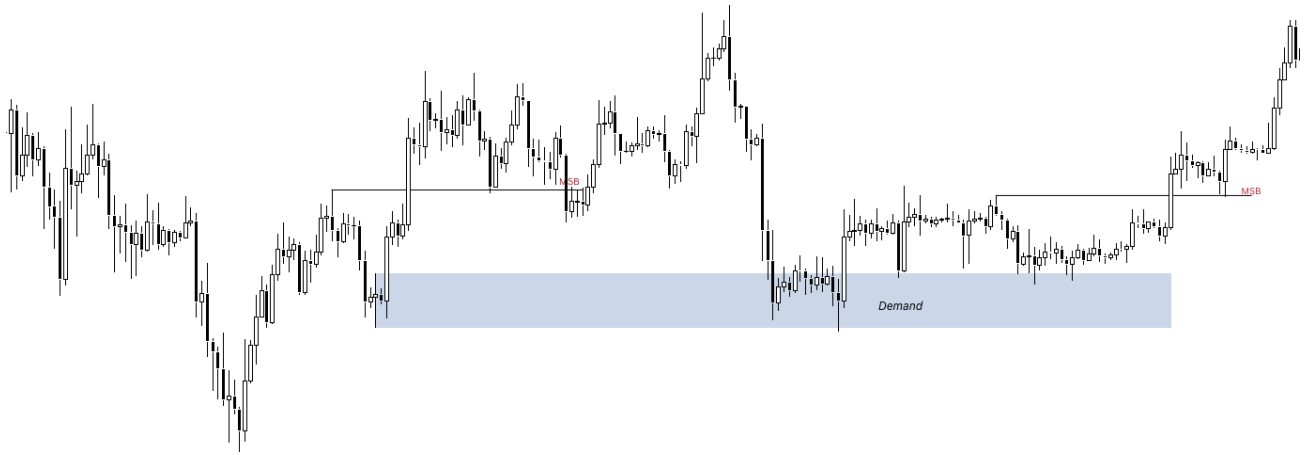
### Note:

Remember that drawing and using order blocks is a subjective process, and different traders might have slightly different approaches. I sometime take in additional candles that are preceding the last bearish/bullish candle depending on overall price action. Practice and experience will help you refine your technique and improve your ability to identify and trade bearish order blocks.

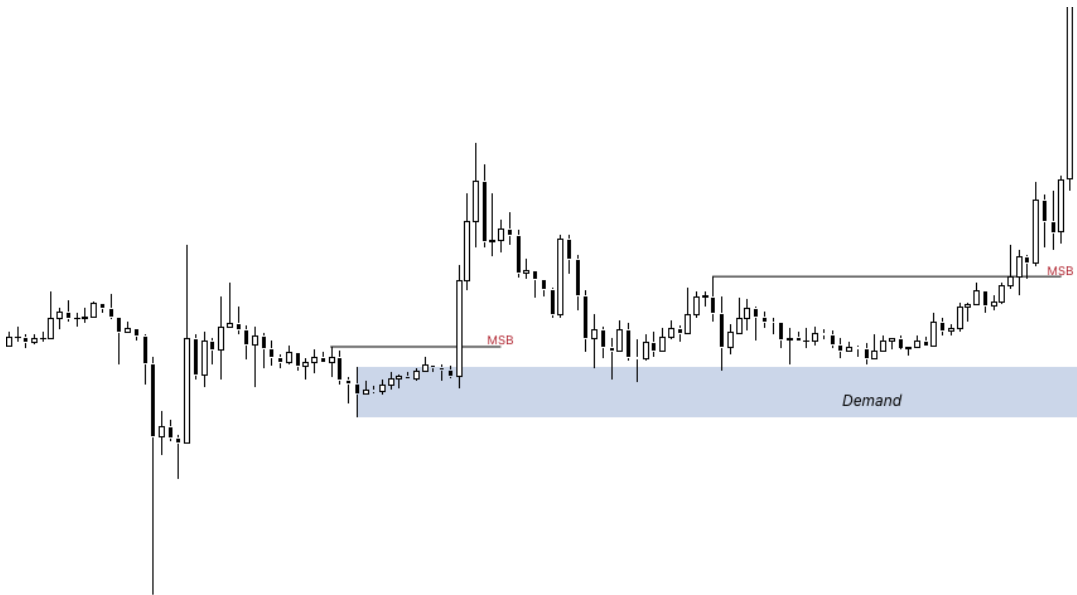
### *Demand OrderBlock Example:*



*Demand OrderBlock Example:*



*Demand OrderBlock Example:*



## **PRIVATE INDICATORS (TradingView)**

*If Interested in automatically drawn Supply/Demand OrderBlocks I have linked my custom private indicator (with alerts). It's private only so doesn't show up in under indicators on TradingView. To get access send me a DM.*

Indicator: <https://www.tradingview.com/script/HRq9e3vt-DMITRY-ORDERBLOCKS/>

[DMITRY ORDERBLOCKS] Indicator Screenshot:



If also interested to have automatically drawn MSBs I have linked my custom private indicator below (with alerts). To get access send me a DM.

Indicator: <https://www.tradingview.com/script/QSgXpts7-DMITRY-MSB/>

[DMITRY MSB] Indicator Screenshot:



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