BlockStoxx

PRESENTS

DOLLARS FOR DONUTS

How To Profit From Institutional Smart Money Flow and Market Makers

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WE'D JUST LIKE TO SAY...

BlockStoxx

MARKET INSIGHT
TECHNICAL ANALYSIS

Table of Contents

Dollars For Donuts

This saying refers to being so certain of an outcome., that if I win, you just have to give me food, but if you win, I have to pay up.

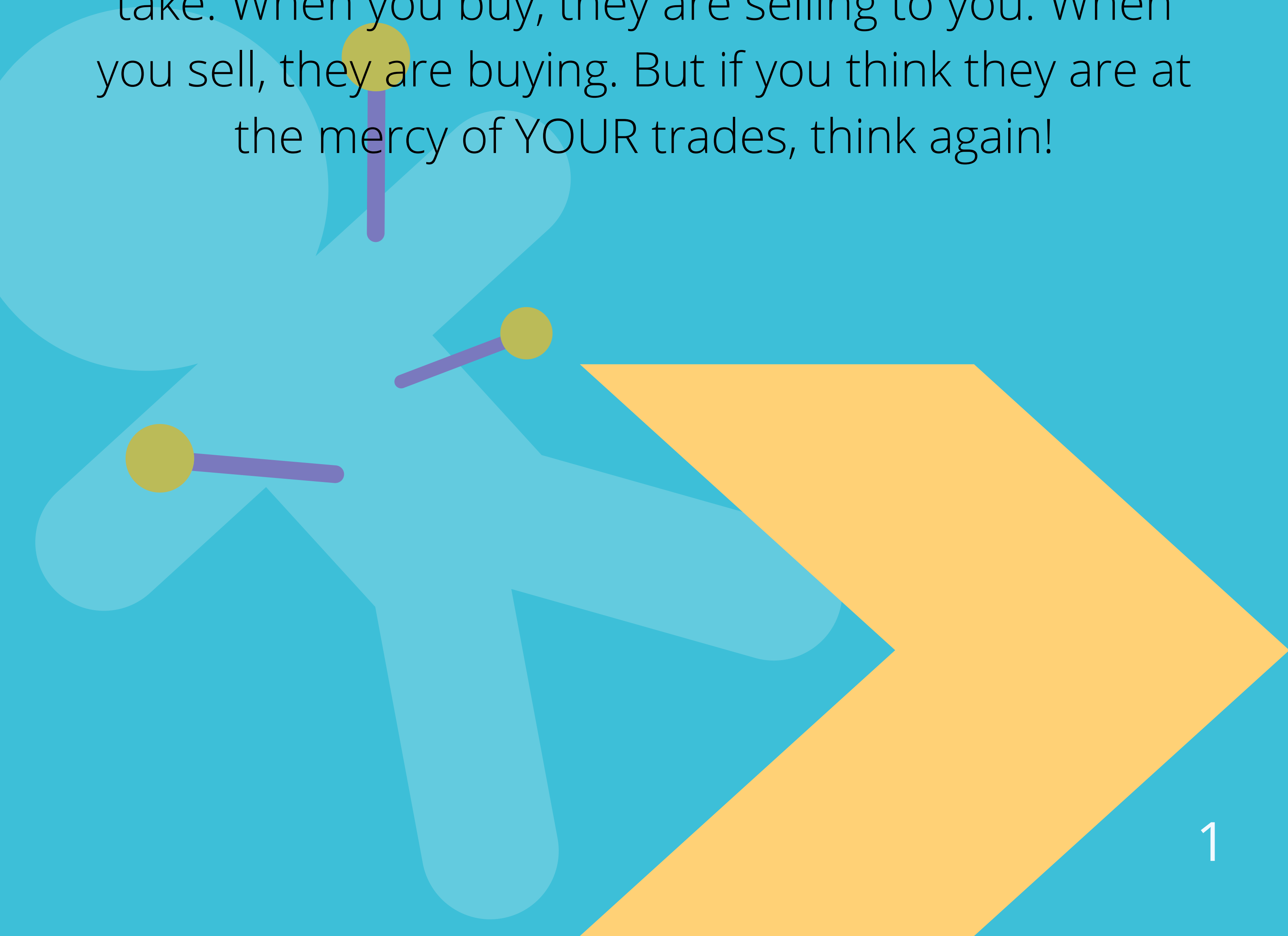
Well, NOPEDY-NOPE, I am not going to pay you. But, maybe you can just pay yourself!

In this eBook, we will show you how to understand the TRUE NATURE OF THE MARKET so that you can arm yourself with the knowledge and tools to trade with confidence!

THE OPPOSITE MARKET MAKERS OF EVERY TRADE

If you want to trade smart, you need to know that there are forces at work in the market to cause the most loss to retail traders and the most gain for the market. This level is often referred to as **Max Pain**!

Market Makers are the opposite of every trade you take. When you buy, they are selling to you. When you sell, they are buying. But if you think they are at the mercy of YOUR trades, think again!

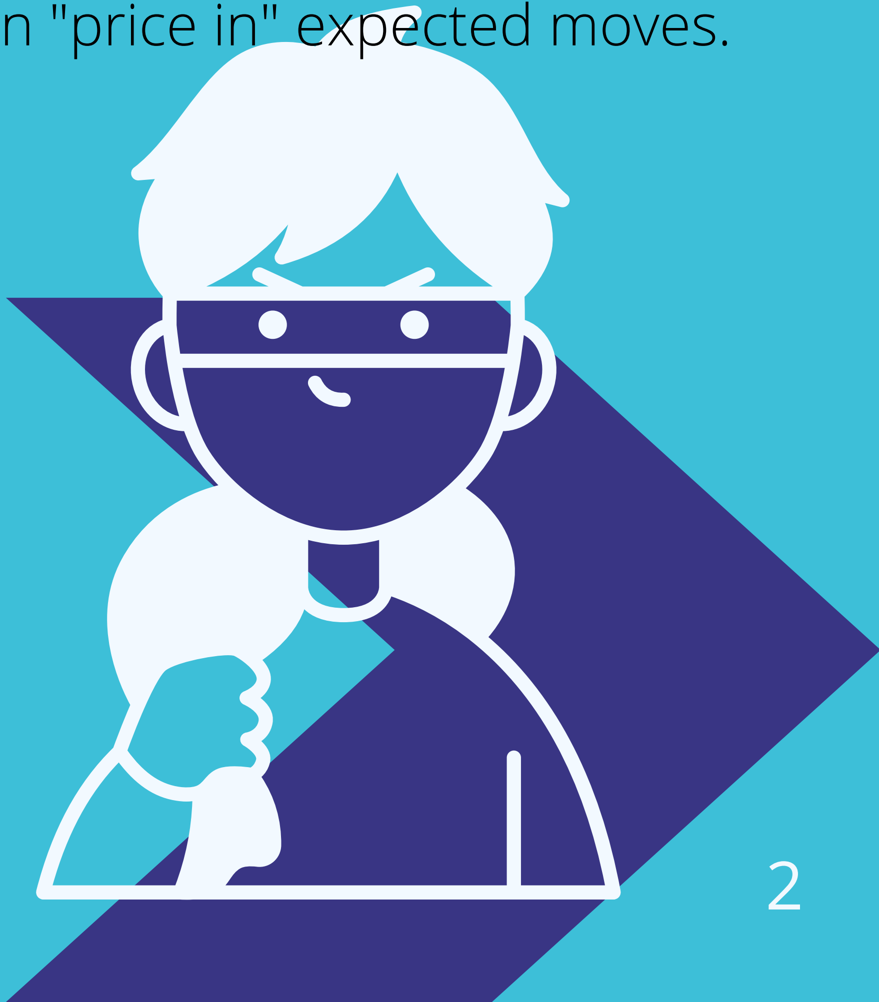


THE OPPOSITE MARKET MAKERS OF EVERY TRADE

Their function is to increase availability or "liquidity" in a stock so that they can decrease the unpredictable nature of stocks such as volatility. They have the *upper hand* - they can see the order flow from institutions, they can see where people put their stops, and they have access to market news before it gets to us.

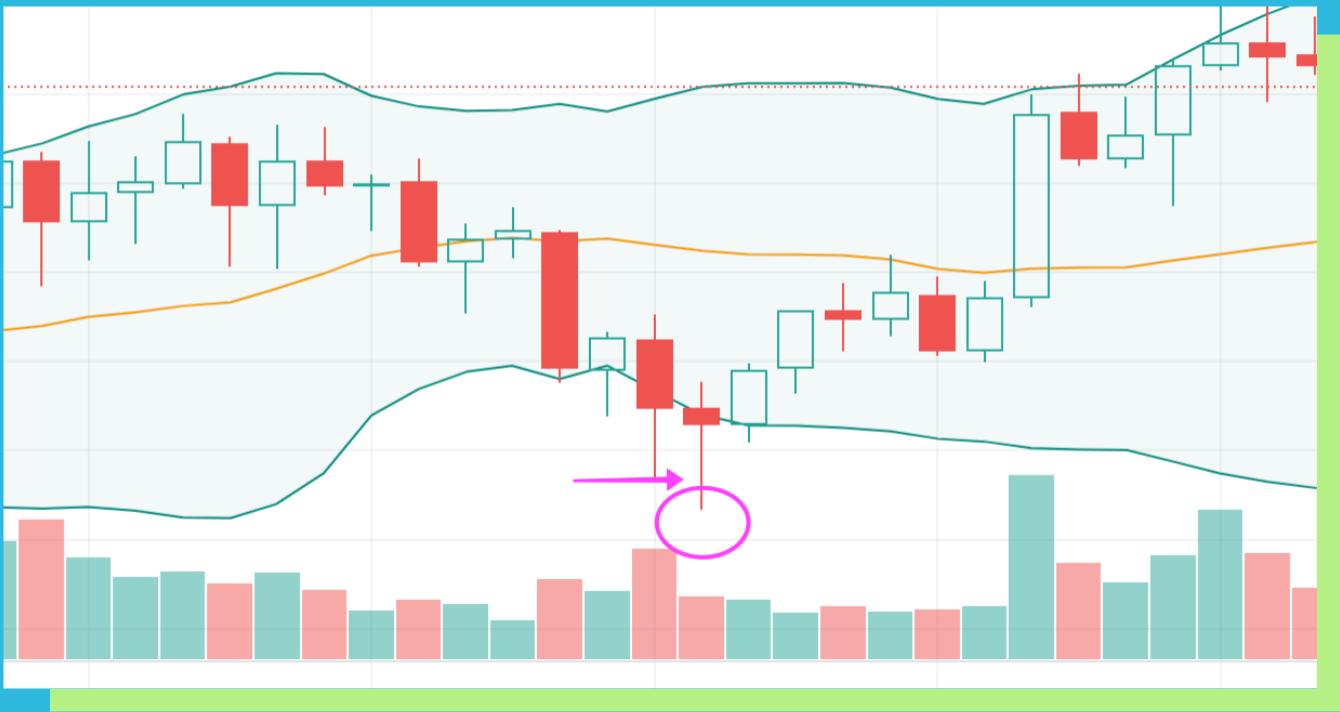
Stocks that trade within an expected range means that Market Makers can "price in" expected moves.

But, since options can often lose value over time, buying options without a catalyst or momentum, means that most options will lose value causing loss to naive retail traders.



Stop Outs

A PRIME EXAMPLE OF HOW MARKET MAKERS CAN INFLUENCE THE MARKET



Traders like you and me like to put protective stops at levels of support. Unfortunately, Market Makers know this. So, what they'll often do is 'force' price temporarily down into this pool of buy (to close) orders before allowing the stock to resume its upward movement. This "***stops out***" a lot of orders, and adds liquidity to the stock.

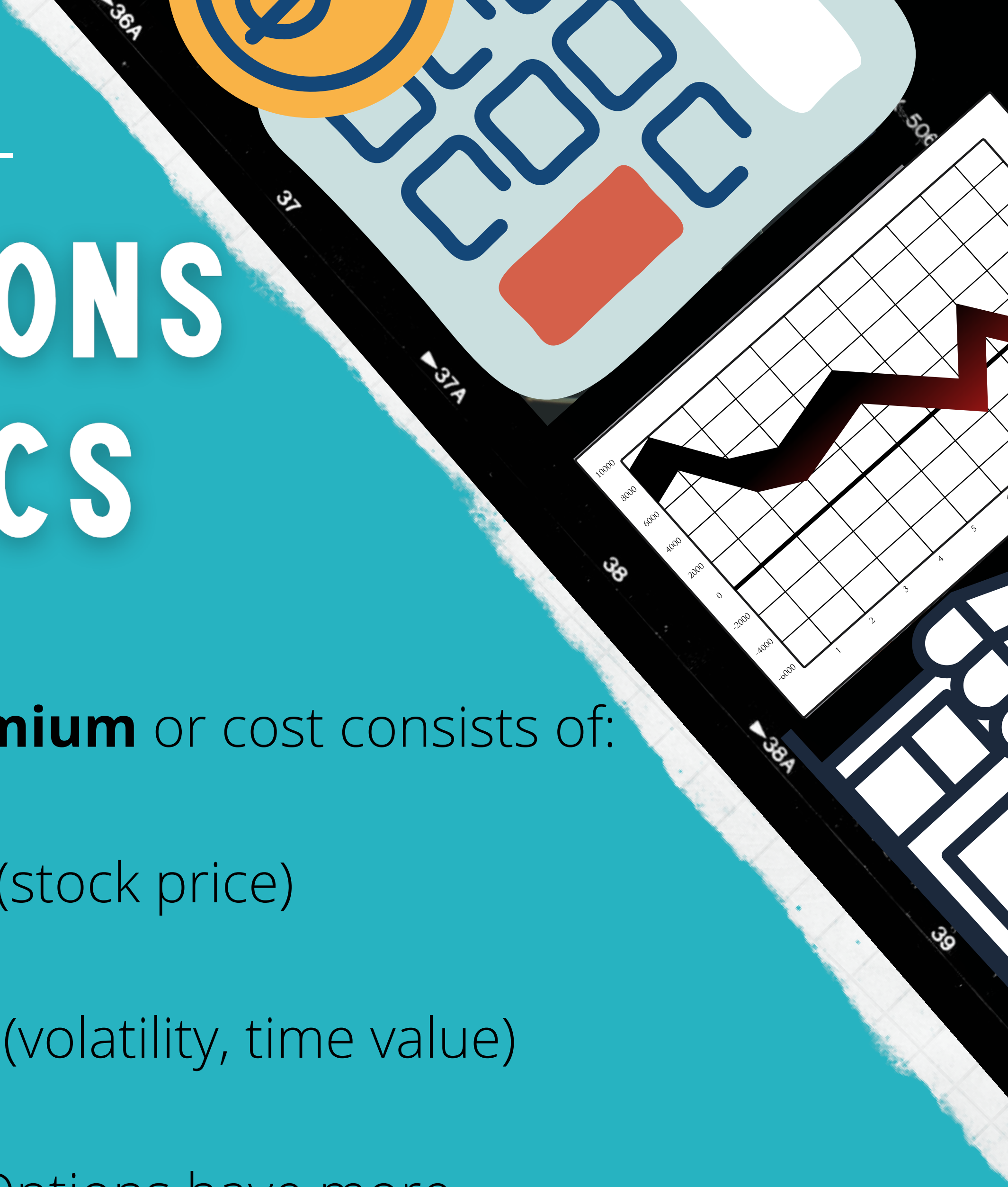
WHAT IS MAX PAIN?

If Call Options make money *above* a certain level, and Put Options make money *below* a certain level, there then exists a point in between where most of the volume or **open interest** of options on both sides will *lose* money.

Market Makers then force price around this level at Option Expirations to cause **Maximum Pain** to retail traders!

IN A NUTSHELL

OPTIONS BASICS



An Option's **Premium** or cost consists of:

Intrinsic Value (stock price)
+
Extrinsic Value (volatility, time value)

In-The-Money Options have more Intrinsic Value than Extrinsic Value

Out-of-The-Money Options have more Extrinsic Value than Intrinsic Value

Most Options have **Weekly** Expirations, and some have **Monthly**

INSIDER TERMINOLOGY

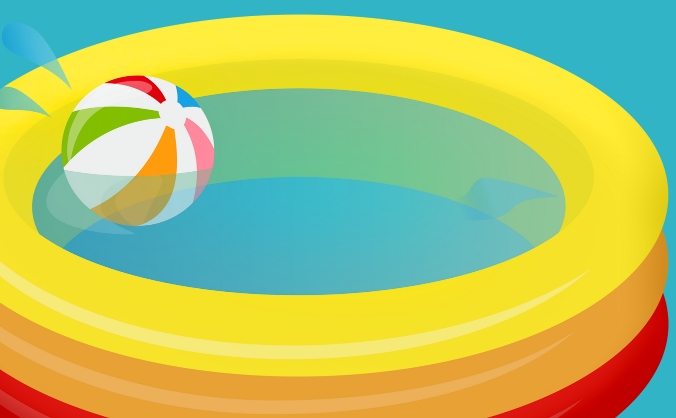
Open Interest - total volume prior to current trading day

Unusual - aspects of a stock that are not normal, such as volume, premium, volatility, or OTM orders

Put/Call Ratio - a measure of a stock's sentiment.

Block Trade - very large orders, sometimes split into smaller orders, made by institutions

Dark Pools - private exchanges utilize a pool of shares that allow institutions to trade between each other without affecting the market price



ORDER FLOW

Order Flow is like the breadcrumb trail that institutions leave that we can follow.

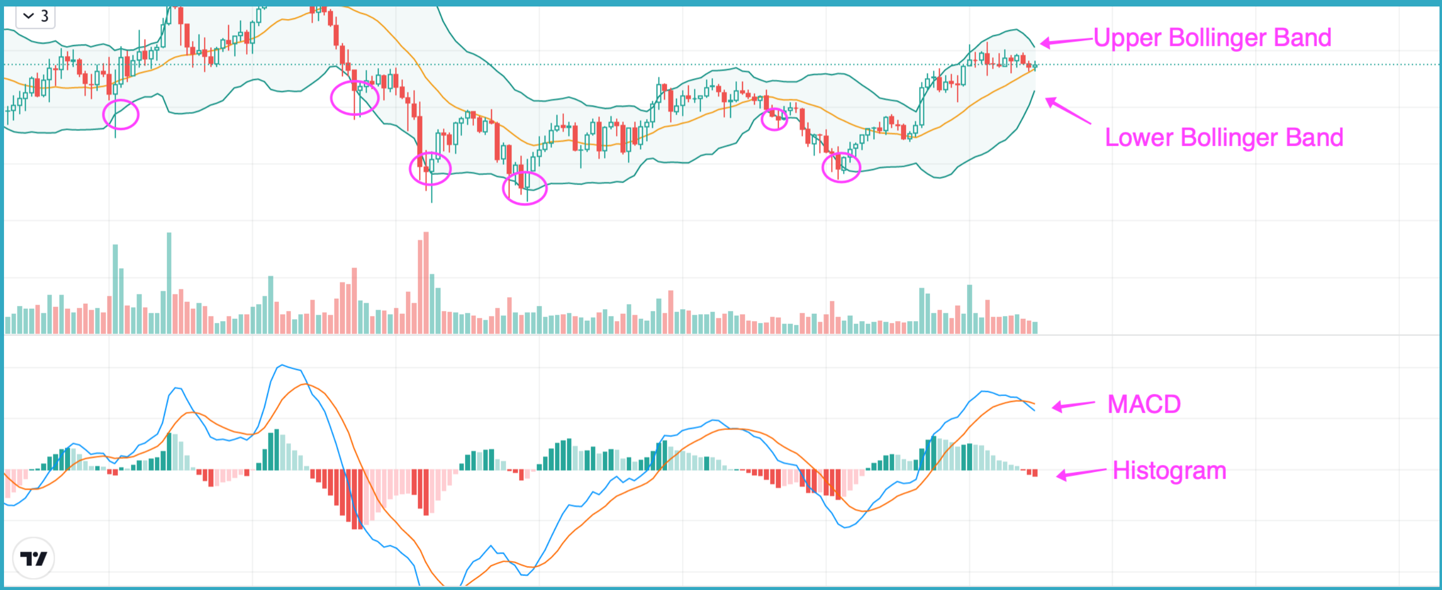
Block trades coming in from institutional orders can be viewed in realtime from order flow platforms.

Sort the data to your trading technique and see where institutions are placing their bets.

Confirm your trade with technical analysis on a trading platform to get the best entry.

Take your profits early by getting in and getting out on the first burst of momentum.

PRICE BEHAVIOR



Price action is cyclic - like a tug of war between buyers and sellers. When that tug of war is balanced, price trades sideways and is said to be in a *consolidation* ***squeeze***. When one outnumbers the other, the squeeze is said to have "*fired*."

This cyclic action can be visualized using **Bollinger Bands** which measure standard deviations of price.

Bollinger Bands are like rubber bands. If price touches a Bollinger Band, the price tends to want to revert back to its average or "mean". This somewhat *predictable* price behavior is called "**Reversion to the Mean.**"

We use other indicators such as Volume, Momentum, or Relative Strength to assess if price will continue on a given direction or if it will revert back to the mean.

A Moving Average Convergence Divergence or **MACD** can give us clues as to if price is running out of momentum and nearing a reversal. If this occurs in conjunction with a Bollinger "bounce", we have higher conviction for an imminent reversal.

This price behavior is, in general, true for stocks, cryptocurrency, and Forex.

entries & exits

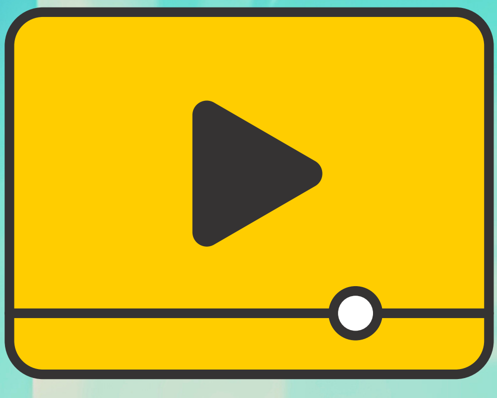
When you receive an alert to a trade:

1) Check where the highest Open Interest lies to see which option has the **most volume**

2) Check the price chart's Bollinger Bands and MACD, or other indicators to see if you can still **join the trade** before momentum takes off or if you are too late

3) Use your knowledge of Bollinger Bands, MACD and other indicators to **time your entry** - buy on a dip or sell at a top. Likewise, use these same tools to exit on the first burst of momentum.

WATCH. LEARN. GROW.



Watch my YouTube tutorials and learn to navigate Order Flow platforms.

Learn how to analyze charts and option chains to make smart decisions about your trades.

Scoop up your profits on the first burst of momentum and move on to the next trade!

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