

ORDER BLOCK

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An order block is a significant area on a chart where a strong move originated, often representing a zone of high liquidity and potential institutional activity.



Characteristics

- ➔ Usually the last candle before a significant move
- ➔ Often has a large body with small or no wicks
- ➔ Can act as support or resistance in future price action
- ➔ Typically associated with high volume

Types of Order Blocks

Bullish Order Block:

Forms before a strong upward move
Potential support in future price action

Bearish Order Block:

Forms before a strong downward move
Potential resistance in future price action

Identifying Order Blocks

1. Look for sharp price movements
2. Identify the candle immediately preceding the move
3. Confirm with volume analysis
4. Observe how price reacts when it returns to this level

Trading Strategies



Enter trades when price returns to an order block



Use order blocks as areas to place limit orders



Combine with other technical analysis tools for confirmation

Risk Management



Place stop losses beyond the order block

Use multiple timeframe analysis to identify stronger order blocks



Be aware of the age of the order block;
recent ones are often more relevant

Tips

Pay attention to how price leaves the order block (swift or gradual)

Consider the overall trend when trading order blocks

Look for confluence with other significant chart levels