Help for understanding QuantMap

➔ **More details** between volume and liquidity :

- when i say the bid side, it is the bid of the orderbook ; it is the buyer side (resting buy limit order waiting to be filled) and yes these limit order (bid side, and offer, or ask side it's the same that offer) are provided into the orderbook by the big player : institutional, professionnal dealing desk, market maker, etc

- absolutly when you want to buy at the market, you will hit the bid you will buy at the market, at the bid yes
- if you want to sell at the market ; you will lift the offer yes you will sell at the market, at the best offer yes
- in fact the most important thing is to make a clear differenciation between : LIMIT order and MARKET order
- LIMIT order = buy or sell limit order = orders waiting to be filled = orders which are providing liquidity = orders from the orderbook, provided by institutionnals
- Market order = buy or sell market orders = orders transacted, and filled at the best price available = orders which are taking the liquidity = orders from the tape (from the time and sales window)

➔ Keep in mind that -->

Volume > Liquidity = price moove

Buy market orders > Best Ask depth orders = price will goes up

Sell market orders > Best Bid depth orders = price will goes down

➔ **How do you know** if it's an market making accumulation (entry) or a market making distribution (exit) ?

In fact I do not care if it accumulates or if it distributes

What counts is the way it is done

After the MM is accumulating an open position, or while distributing a position to close it in gain; Frankly it is not the most important

The most important is to be able to detect with what behavior it does

(Aggressive or defensive or neutral) : Because looks

The MM can very well accumulate (for example, because in the end we know nothing) to buy, with a price that drops a bit

You're going to want to buy logically?

But not necessarily! This will depend on how it does it because if it does in neutral mode or in defensive mode, I do not buy! Even maybe I sell against him.

By cons if it does in aggressive mode there agree, there I will buy with him. This is why it is very important to study behaviors.

- ➔ **And technically** it translates how?

It goes back to what was said yesterday. Compare the limits available with the markets that hit these limits to compare appearances with the reality of the strike.

Appearance of the VS carnet reality of the market hit. There is that way that you will see if the provider is in trouble or not.

➔ Finally, to determine this aggressiveness, you have 3 main parameters to read

-> market volume

-> the available liquidity of the carnet

-> price action

The comparison is made between market volume and the available limit order of the carnet dnd the result of this confrontation is illustrated in the movement of the price. I do not think for scalping, make connections between technology and the fundamentals or between technique and correlations is necessarily very judicious.

In scalping or even daytrading you're going to look for some tick. So from there if you want to heal your timing and your entry in terms of price.

You have to concentrate on the technical part.

- ➔ **To conclude :**

If I have to look at something ; It's going to be what?

Finnaly, it's very simple, I look where is the price. I look where is the biggest offer. Where is the biggest demand (from the orderbook). I locate size and price therefore.

And then it's simple, Once the price reaches these key areas of liquidity, Once it starts to approach or hit it. Then I look at the liquidity, And I compare the available liquidity to what is actually traded.

There is only there and so you can see the truth of the false

So it's simple, Imagine you have your price that come on a big limit to the bid, It goes down, He lands on it, You have 50 of available on It and it starts hitting the bid, It's 25 only contract hit and it goes to the next price

You conclude what?

You conclude that it will continue to fall ... Because the apparent support, is, in reality, weakened, weaker than expected.

So there is a good chance that the price will continue to fall

- ➔ **<u>Conversely</u>** ; If you see that there are 50 of them available, it sticks on it and there you see 150 of ...

Then you know you can try to fade the price and take a long

So here in the end it is only that:

<u>Compare limit and market orders</u>

To see the truth of the false

And know in the end who has the upper hand on the other