

Supply takeout

HLs:

-If setup has clear progressive HLs it has higher chance of supply absorption / squeeze.

Clearout:

-clearout of stops below lows and strong rotation is good grade factor for better quality play.

Strenght of legs:

-bull legs should be strong with few candle pushes into supply, showing bulls intent.

Liquidity:

-A grade plays usually have strong liquidity participation and tight spreads, even crosspairs.

Bid rejections:

-watch closely if strong pinbars are rejecting taken supply area

-watch if there is sudden high ticking action once price starts to test back flipped supply, bid is in

Average DD (drawdown) on play:

-50% of all winning plays have almost 0 DD (bellow 10% of last leg distance)

-50% of rest winning plays have DD around 30-40% of last leg distance

Stop loss management:

-stop loss should be always at 50% of whole last H/L leg distance before takeout.

Never use wider stops that that since all data research points if it breaks that its likely to fail.

Entry on supply takeout:

Wait for all highs to be taken out clearly, and second entry is bounce.

Only take first and second bounce after third its more likely to fail.

Only take bounce entry if price has not surged more than 1:1 structural depth after takeout.

