

Order Book Analysis

Checklist

Signal Pilot Education Hub

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Trading Checklist

From Lesson 14: Order Book Analysis

Use this checklist to read order book depth, detect fake walls, and trade absorption vs. exhaustion patterns.

Pre-Trade: Order Book Assessment

- [] **Check bid/ask imbalance**
 - Total bid size within 5 levels: __ shares
 - Total ask size within 5 levels: __ shares
 - Ratio: __ (bid ÷ ask)
 - Imbalance direction: Heavy Bid / Heavy Ask / Balanced
- [] **Identify large walls**

- Largest bid: $\$_{_} \rightarrow _ \text{ shares}$
- Largest ask: $\$_{_} \rightarrow _ \text{ shares}$
- Wall size vs. typical: 5-10x larger? Yes / No
- **[] Check for spoofing patterns**
- Wall appeared then disappeared without trades? Yes / No
- Wall "chasing" price (moves with it, never hit)? Yes / No
- Walls on BOTH sides (keeping price in range)? Yes / No
- If Yes to any: Likely fake wall (don't trust it)



Order Book Confirmation Criteria

Before trusting imbalance:

- **[] Imbalance > 1.5:1 (or < 0.67:1 for shorts)**
- **[] Plutus Flow CVD confirms direction (positive delta if heavy bid)**
- **[] Janus Atlas suggests setup at this level**
- **[] Volume Oracle regime supports direction**
- **[] Wall has been TESTED (price approached and held)**

If all ✓ → High-probability setup



Trading Strategy Selection

Strategy A: Absorption Reversal

Setup criteria:

- **[] Large wall identified at key level ($\$_{_}$)**
- **[] Price approaches wall from above/below**
- **[] Volume absorbed (price holds, wall doesn't break)**

- [] Footprint shows positive/negative delta (absorption)
- [] Janus sweep or structure test confirmed

Execution:

- **Entry:** \$_ (above/below wall after absorption confirmed)
- **Stop:** \$_ (beyond wall + buffer)
- **Target:** \$_ (HTF level) = _R
- **Position size:** ____ shares

Strategy B: Wall Breakout (Exhaustion)

Setup criteria:

- [] Large wall identified at \$_
- [] Aggressive flow hits wall
- [] Wall BROKEN (price moves through, order filled/pulled)
- [] Plutus Flow shows volume spike
- [] HTF trend supports continuation

Execution:

- **Entry:** \$_ (continuation after break)
- **Stop:** \$_ (above/below broken wall)
- **Target:** \$_ (next HVN/LVN) = _R
- **Position size:** ____ shares



Iceberg Order Detection

Signs of hidden liquidity:

- [] Price "stuck" at level for 10+ minutes
- [] Volume traded > visible order size (e.g., 5,000 traded, only 500 visible)
- [] Order refreshing repeatedly at same price
- [] Small visible size but massive volume absorbed

If iceberg detected:

- Level: \$_

- Estimated hidden size: _ shares (based on volume)
- Interpretation: Strong support/resistance (institutional accumulation/distribution)
- Action: Trade breakout away from iceberg level (momentum likely to follow)

Invalidation Criteria (Exit Immediately)

- [] Wall disappeared before being tested (spoofing confirmed)
- [] Absorption failed (price broke through after initial hold)
- [] HTF structure breaks against you
- [] CVD diverges from order book imbalance
- [] Price action doesn't confirm within 5 candles



Post-Trade Review

Order book analysis:

- Did wall hold/break as expected? Yes / No
- Was imbalance reliable (confirmed by volume)? Yes / No
- Did I identify spoofing correctly? Yes / No

What went right:

- _____

What could be improved:

- _____

Lesson learned:

- _____

Win/Loss: _ R-multiple: _

Remember:

- Imbalance needs confirmation (CVD, Janus, Volume Oracle)
- Only trust TESTED walls (not pre-test)
- Spoofing is real (walls disappear before hit)
- Iceberg orders = hidden institutional flow

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