

Order Book Analysis Checklist

Signal Pilot Education Hub

Order Book Analysis 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: \$ _ → _ shares
 - Largest ask: \$ _ → _ shares
 - Wall size vs. typical: 5-10× 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)
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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
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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)
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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
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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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