

(2021 Update)
Forex

Supply and Demand

The

Definitive

Guide

By: PriceActionNinja.com

© Copyright: PriceActionNinja.com 2021

“Pin-point EXACTLY where and when the banks are buying and selling.”
“Get into the biggest reversals before they begin.”

Have you ever heard these statements before?
This is where you start...

I've got you covered...

Over the last few years, “Supply and Demand trading” has become one of the most popular Forex trading strategies, and for good reason. Supply and Demand trading takes the best of support and resistance and combines it with the tried and true concept of Supply and Demand.

The result IS actually a strategy that allows you to:

“Pin-point EXACTLY where and when the banks are buying and selling.”

Supply and Demand trading does ACTUALLY give you the best chance to
“get into the biggest reversals before they begin.”

Sounds pretty amazing, right?

Supply and Demand trading is a big part of how I trade Forex, along with other strategies, of course. I'm going to give you a full breakdown of how you can start trading Supply and Demand.

Here's a quick look at what we'll cover:

- What, exactly, is supply and demand trading, and how does it work,
- Why the normal way of trading Supply and Demand is wrong,
- Finding, and drawing Supply and Demand zones correctly,
- The two ways you can trade the zones,

So, get ready to learn what supply and demand trading is all about.
Let's jump right into the guide...

Understanding Supply and Demand in Forex

Before we get to grips with supply and demand as a strategy, we need to talk about supply and demand as a concept. After all, *that's what the strategy is based upon.*

In economics, the law of supply and demand determines the price people pay for a product. This law states:

*when the supply of a product is high and the demand is low, prices must fall to incite buyer's interest;
when the demand for a product is high and supply is low,
prices must rise to represent the scarcity of that product.*

Sound familiar?

So, for example...

*When you buy a house, the price is determined by supply and demand,
which itself is governed by various economic factors.
Supply and Demand either increases or decreases, causing the price to change.*

*One of the biggest factors is birth rate, the number of people being born.
If a country has a declining birth rate, house prices 25 - 30 years down the road will be lower. Why?*

*Because fewer people being born = less demand for houses later on.
If demand is low with lots of supply (houses), prices must fall to incite interest from buyers.*

That makes sense, doesn't it?

Now Forex,

as well as all other markets, stocks, commodities, crypto, etc, are driven by this same concept.

News events, economic announcements, and just general market action cause different groups of traders to buy and sell, resulting in changes to the supply and demand equation. These changes manifest visually as the rises, declines, and consolidations we see on our charts.

When we see price rising, demand outstrips supply.

When we see price falling, supply outweighs demand.

When supply and demand are in relative balance, a consolidation forms.



Observing the previous image, you can easily see how changes in supply and demand create the moves we see.

First: supply and demand are in relative balance, resulting in a consolidation.
Supply is equal to demand.
That's why price moves sideways for a while and then
it creeps higher as demand begins to ramp up.

Second: for whatever reason, something changes, and supply suddenly outweighs demand.
Someone, or a group of traders, decides to sell EUR/USD en masse, causing the price to fall.

Supply outstrips demand for a while, as more and more people decide to sell.
They see price fall, so they decide to sell themselves.

Third: demand really comes in and pushes price higher, setting off a new upswing.

This continues before equal supply enters the market and creates equilibrium.
With supply and demand now in relative balance, price moves sideways, and we see a tight consolidation form.

It is a "play-by-play" commentary that goes on day by day, week, month, quarter, year, etc.
Of course, it also goes on hour, half-hour, quarter-hour, 5-minute, 1-minute, and yes, etc.

How And Why Supply And Demand Zones Are Created

So, with all of this in mind, you're probably wondering:
"How does it all link together?"
How does the concept of supply and demand give us a trading strategy we can use
to anticipate where and when reversals could begin in the future?

The answer lies in what causes supply and demand to change in the first place.

Changes in supply and demand will **ONLY OCCUR** when the banks and other **big traders buy or sell**.

We retail traders can't cause price to rise or fall; we don't have enough money!
Only the banks, with their deep pockets and unlimited buying/selling power, can make price move.

So, price can only change when we see supply get outweighed by demand and vice versa.
This change in price is usually because the banks have decided to buy or sell:
most often, by placing trades, but very often by taking profits or closing trades.

Now, here's where it gets interesting:

In Forex, the banks can never place their full position all at once.

Their positions are so large they must break them into smaller chunks and place each trade individually,
around a similar price, to avoid pushing price away and potentially forcing their following entries at a worse price.

This way they achieve the effect of placing one huge position, by placing a bunch of small ones instead.

Here's the problem the banks face:
Their positions are often so big that not enough people exist on the **opposite side**, to get them placed,
even if they break them down into smaller chunks.
The banks need other traders to be buying when the banks want to sell, or selling when the banks want to buy.

So, they must let price move away and make it return later to get the rest of their position entered.

On a chart, that process looks like this...



First: the banks place what positions they can, and price shoots away.

Then: the banks make it return to the source, the point they placed their initial position, to get their remaining positions entered.

Then: the banks can allow price to fully reverse, and a large move ensues.

So, supply and demand trading strategy is all about finding points where the banks have bought or sold. These are the supply and demand zones.

At this point we have to jump to attention.

This is when price returns to pick up the rest of the banks' position and we can get into the reversal, right beside the banks.

Price moves from supply zones to demand zones and back: over and over again.

If we identify these zones, which I will show you how to do, we can get into these moves precisely at the point they begin. That will give you a low-risk entry with a very favourable risk to reward ratio.



Amazing, right?

The Zones

Let's go over the two zones now, so you can understand how they work.

Demand Zones

Demand Zones represent points where the banks have placed a significant number of **buy** positions. These are the **support** levels of supply and demand trading.



Demand Zones form when the banks place a large number, or size, of buy positions. This creates excess demand, and results in the price reversing and moving higher.

The point where price reverses is the demand zone. Usually, this will create a significant swing low. Sometimes price will reverse mid-move as well.

Supply Zones

On the other side of the fence we have **supply zones**.

Supply zones are points where the banks place a significant number, or size, of **sell** positions and these are the **resistance** points where price could fall.



Supply zones form when the banks decide to sell a large amount of currency.
This selling creates an excess of supply, which causes price to fall, creating the supply zone.

The point where price reverses, which is usually a prominent swing high, is the supply zone.
If price returns here, it has a high probability of falling again.

The Two Types of Supply and Demand Zones

We can break these Supply and Demand zones down even further.
Now, we need a quick discussion about the two types of supply and demand zones.

While supply and demand zones are the same thing, zones where price could reverse,
the zones come in two types based upon whether they develop from a **reversal** or **continuation**.

The two types are as follows:

1. **Rally - Base - Rally (RBR) and Drop - Base - Drop (DBD) Zones,**
2. **Rally - Base - Drop (RBD) and Drop - Base - Rally (DBR) Zones.**

Continuation Zones:

Rally - Base - Rally and Drop - Base - Drop zones

Form, when price moves in one direction,
base, i.e consolidates or pauses, then
continues in the same direction.



Euro / U.S. Dollar - 1h - OANDA 01.18228 H1.18260 L1.18221 C1.18241 +0.00012 (+0.01%)



These zones form when one major swing changes to the other, usually caused by the banks buying or selling large quantities of currency.

Reversal zones are the ones you should be trading using Supply and Demand methods. They're the highest probability zones in the market.

These reversal zones are formed by the banks and other big traders placing huge buy and sell positions. These zones are much larger when compared to the much smaller positions they place to create continuation zones.

At the end of the day, don't get too caught up on which type of zone you're trading. Starting out, your goal is to simply gain experience finding and trading zones.

Focus on the reversal zones if you can, but don't get obsessed. The types don't matter as much as whether or not you're finding the right zones and drawing them correctly on the chart. That's the key skill you need. Once you've got a handle on that, you can start filtering the zones and only trading certain types.

Check my article, "[The Two Types of Supply And Demand Zones](#)," for a more detailed overview of the reversal and continuation zones.

Finding and Drawing Supply and Demand Zones:

If you want to be successful trading supply and demand, you **MUST** master finding high probability zones and correctly drawing them on the chart. It takes time, practice, and experience to get this right: But, I know a couple of tricks that should make everything much easier.

We'll start with finding the zones...

How to Find Supply and Demand Zones

Now, you're going to have trouble finding supply and demand zones. I know, I know... that's probably not what you wanted to hear. But, stay with me, because I know a method you can use to make finding zones much easier.

Supply and demand zones are formed by the banks buying and selling **large** quantities of currency, right? Well, what does that look like on a price chart?

Typically: a **sharp rise, or a sharp decline, appears in price.**

So, to find good supply and demand zones look for sharp rises and declines in price. These tell-tale signs reveal the banks are buying or selling a large amount of currency, which means a supply, or a demand, must exist at the source of the rise or decline.

Let's take a look...



Look at the rises on the chart above... see how sharp they are?

Rises like this occur when there's a huge imbalance between supply and demand. Demand is outweighing supply in this case.

What causes excess demand? Why has price shot up?
It's because the banks have decided to enter a large buy position.
They've decided to place buy trades, close sell trades, or take profits off sell trades.

To locate **Demand Zones**, then, look for **sharp rises**...
These reveal the banks have decided to take some action in the market,
like place buy trades, which means price has a high probability of reversing once it returns to the source of the rise.

This is the demand zone. And with the zones marked, this is how it looks...



Right away, you can see how almost all of the zones resulted in price reversing or at least caused a reaction of some sort. Even when there wasn't a large reversal, price still moved away from the zone, which gives you some idea of how accurate they are at predicting when and where price could reverse.

Also, notice how the zones are drawn from the base?
This is the point where demand exceeded supply and price shot up.

When it comes to drawing **demand zones**, which we'll go through in a minute, we always draw them from the **base**,
down to the most recent **swing low**,
to cover the area where the banks placed their positions.

Let's switch over and look at **Supply Zones** now...



To find good **supply zones** we use the same process as with demand zones, only the other way around. We're looking for **sharp declines**.

Sharp declines take place when excess supply comes into the market, which happens when the banks sell.

If the banks sell large quantities of currency, whether to place trades, close trades or take profits, chances are they haven't been able to sell the full amount they need to accomplish their entry.

This means it is likely the price will return to the same point, the supply zone, so they can get the rest of their positions executed.

Euro / U.S. Dollar · 1h · OANDA  O1.18982 H1.19070 L1.18970 C1.19046 +0.00064 (+0.05%)

1.19032 2.8 1.19060



If we mark the zones on the chart, this is how it looks.

Again, almost all of the zones cause some sort of price reaction.

Most result in a large reversal.

But, a couple cause minor declines, which last for two or three hours.

It will take some practice to get good at finding the right zones.

If you follow these guidelines, you will pick it up fast.

Keep in mind,

Zones are formed from ALL rises and declines, whether they're sharp or not.

The sharp rises are the easiest way to find zones; but, many great zones are formed from the non-sharp rises/decline as well.

How to Draw Supply and Demand Zones

Learning how to find the right supply and demand zones is one thing;

but, what's even more important;

what you really need to get right,

is correctly

drawing the zones on the chart.

Your entry depends on whether you've marked the zone properly, so you need to get it right.

Draw the zone too big and your risk will be higher.

You must cover a larger area with the zone.

Draw the zone too small, which is probably even worse, and

price may not touch the edge before reversing.

This will cause you to entirely miss the reversal and not get into a trade at all.

Luckily, drawing supply and demand zones isn't that difficult, once you know the trick.

Here's how to draw demand zones:

How to Draw Demand Zones

To draw a **demand zone**, find a **sharp rise** where you think a zone has formed.



This rise seems good enough.

Now you need to locate the source of the move.

The source is the point where this most recent rise originated.

The source point is where the banks placed their buy positions (in this example).

If the banks still have positions left to place, they will bring the price back to this point.

So, we need to cover it with a zone large enough to ensure price reverses within it.

To draw this demand zone:

- open the rectangle tool from the tool menu, and
- place the rectangle on the **MOST RECENT SWING LOW** that formed at the source of the move.



Technically, the swing low is where the banks placed their buy positions.

It's the point where the most retail traders were selling, so the banks had lots of opposing orders to place their positions.

The banks need sellers to buy from; remember, this is the key: **opposing orders**.
However, we can't just mark the low; because, buying came in above as well.

So, here's what we look for:

Leave the bottom edge of the zone on the low, and
move the top edge up to the
LAST SMALL CANDLE that
formed **before** price shot upwards and
created **the first big bull candle**.

If the small candle is bullish, mark it to the close.
If the small candle is bearish, draw it to the open.

If you have drawn it correctly, it should look like this.



The lower edge should sit on the most recent swing low,
and the upper edge should rest on the last small candle before the first big candle appeared,
a small bull candle in this case.

If you can't figure out which small candle from which to draw the zone because the price action is too confusing,
just draw the zone from the low to the point where the rise really takes off.

Nine times out of ten, that will suffice as a valid zone.

Your risk will be a little bigger, as the zone probably won't be the ideal size.

But, it will cover the right price range and provide a valid trade if price reverses.

On to supply zones:

How to Draw Supply Zones

The way we draw **supply zones** is practically the same as demand zones.

We find the source of a **sharp decline**:

place a zone on the **most recent swing high**,
bringing it down to **the last small candle**
that formed before the decline.

Here's how to do it:

U.S. Dollar / Japanese Yen - 1h - OANDA O 103.668 H 103.670 L 103.642 C 103.655 -0.013 (-0.01%)



First, find a big **decline** where you think a supply zone has formed.

As with demand zones, we always draw supply zones from the base or source of the decline.

That is the point where the banks placed their sell positions.

If the banks still have positions left to enter, they will bring price back to this point to place their remaining positions at a similar price before causing the reversal.

U.S. Dollar / Japanese Yen - 1h - OANDA O 103.668 H 103.670 L 103.642 C 103.652 -0.016 (-0.02%)



Once you have found the source:

place the rectangle tool on the
most recent swing high,
drag the opposite edge down to the
LAST SMALL CANDLE that formed before
price fell sharply and created the
first big bear candle in the down move.

If the small candle is bullish, mark it to the close.

If the small candle is bearish, draw it to the open.

With the zone drawn, it should like this...



You can see the top of the rectangle rests on the swing high and the lower edge sits on the open of the last small candle before price fell sharply, which was a bear candle in this example.

Again, if the price action gets too confusing and you can't figure out which candle is the small one:
draw the zone from the high to the
point where the decline really takes off!

Look for the first big candle in the decline.
That will give you a valid zone, just with a slightly bigger risk due to the increased size.

And with that, you're all set!

How to Trade Supply and Demand Zones

As trading strategies evolve, new ways of trading Supply and Demand get created. Sometimes these ways work better than the previous methods or better suit a particular style of trading.

Supply and Demand has also gone through this process, and today, there are two different ways of trading the zones...

Price Action entry, and Set and Forget entry.

Each method has pros and cons, and it is possible to be successful with either. I have made money with both in my time trading Supply and Demand.

Let's go over each method now, so you can see how they work.

Set and Forget Entry

Popularized by Sam Seiden, the set and forget entry is the original way of trading supply and demand. It's the simplest way to trade the zones and is the method most gurus and sites teach.

With the set and forget method, you trade the zones using **limit orders**. The idea is that by placing a limit order at the edge of the zone, when price returns, it will execute the order and put you into the trade.

The **upside** being you will never miss a reversal,
which happens from time to time with Supply & Demand.
The **downside** being price may just blast through the zone,
causing you to lose money,
which happens a lot!

Here's a quick example, so you can see how it works:



Start by marking a zone on the chart.
Once you've found a zone, place a limit order at the edge CLOSEST to the current price.
If price is going to reverse from the zone, it must at least breach the closest edge,
either by spiking through or by moving in via normal price action.
With the entry placed, now put a stop loss at the opposite edge.
Remember; don't place the stop exactly on top of the edge.
Place it slightly outside the zone, so there's a small gap between the edge price and your stop price.

Now, just wait to see what happens...



In this case, the trade was successful: price came up, spiked the outer edge (triggering our order), before reversing and moving lower.

It's a great trade, in anyone's book.

Like I said, the limit order entry is a decent way of trading supply and demand. I used it for a long time, and the results were overall pretty great.

The problem is:
It is flawed in a way the price action entry simply is not.
Sooner or later, you will get tired of this issue cropping up over and over again.

More on this in a minute.

First, let's go over that Price-Action entry.

Price Action Entry

This is my preferred way of trading supply and demand, and the method most pro traders utilise. With the price action entry, you trade the zones using price action, candlestick patterns to be exact.

Rather than place limit orders at the edge of zones, you wait for candle patterns.

Look for **pin bars** or **engulfing candles** to form inside a zone and then enter. These price-action candles indicate the banks are interested in making price move away. So the price action gives you more **confirmation** price will reverse.

Here's how it works:



First, find a zone you want to trade and mark it on the chart using what we learned.

Now with the price action entry, we must **wait** for price to enter or touch the edge of the zone BEFORE entering. We want to see **evidence** price is going to reverse in the form of a **pattern** before we get in. This way we know our trade has a better chance of being successful and making money.



A bearish **engulfing** pattern forms soon after price enters the zone.
This is our signal to get in.
The **engulfing** pattern confirms the banks likely want price to reverse from the zone,
so it gives us additional **confirmation** a reversal is about to take place.

Note: You can use pin bars for the entry too, but in my experience, engulfs tend to work better.

With our entry set, we place a stop above the zone,
as price could still rise and reverse from much higher inside the zone.
This happens from time to time.

Now, we wait to see if it reverses.

And in this case, it does...



A few hours after the engulfing pattern appears, price reverses and exits the zone.
Now our next task is to:

- Next:** lower the risk by getting our stop to the break-even point,
- Then:** take profits as price continues to drop.

Taking profits really comes down to personal preference.
Any method will do, so long as it is safe.
I like to take my profits whenever price makes a new swing:
a lower low, if I am short, or a higher high if I am long.

Once I see price make a new high or low, I will move my stop
to the new low, or new high if I'm short, of the swing
that caused the market to make the new higher high or lower low.

This newest swing is the point the banks entered their most recent positions.
So, the chances of price breaking past this swing are extremely low.

Now, in our example, I would take profits like this...



I also use the same method to move my stop to break-even.

When I see price first make a new higher high/lower low,
I will move the stop to the low/high of the swing
which was created from price making that new higher high/lower low.
This will reduce the risk and secure profits.

Why the Price-Action Entry is Better

I am not going to knock the set and forget entry too much,
because it is a decent way of trading supply and demand, and
you can be quite successful with it. I will attest to that.

When it comes to trading the zones, you need to stick to using price action.

The problem with limit orders is a problem we price-action traders know all too well:

Confirmation.

The limit-order entry provides NO confirmation price will reverse from a zone.
You will blindly place the order at the edge and hope price reverses.
This would not be a problem if all zones worked all the time;
But, that is the thing, they don't!

Price blasts through zones frequently, usually without stopping.
With the limit-order entry, you cannot avoid this.
So you end up with a crap-ton of losing trades.

With the price-action entry, however, things are different.

You must **wait for a pattern to form** inside or at the edge of the zone before placing a trade.
This patience confirms the banks want price to reverse.
The extra **confirmation** allows you to avoid zones where price just blows through.

It is not foolproof.
Zones still fail even with the right price-action entry.
It still stands as a better, safer way of trading the zones.

So, the point is clear:
Stick to trading supply and demand with price action.

3 Rules for Profitability

Now you know how supply and demand works and the two ways you can trade the zones (and which way is better).
You are ready to begin using the strategy in your trading.

But wait, not so fast... there's more...

Before you start trading Supply and Demand, there are a few key rules you need to understand to find the right zones on the chart and trade them correctly using your amazing new entry method.

Here's what they are...

1: Old Zones Rarely Work, Avoid Old Zones !

If you search for supply and demand trading online, almost every guru, expert, teacher will tell you old zones have the same probability of working as new zones, and those gurus are fine with you losing your trades.

I am going to tell you right now, in fact, **I insist**, that is complete hogwash!

THE FACT IS:

It is one of the biggest lies in the supply and demand community, and if everyone would stop and think about it for a minute, they would understand why it simply does not make sense!

As we all know, supply and demand zones are formed by the banks:

- The banks need to be buying and selling with huge orders.
- The banks cause the zones to form by placing a few positions.
- The banks make price return to get the rest of their orders placed.
- Then, and **ONLY THEN**,
- The banks set off the reversal.

That is why price returns and reverses from the source of sharp rises and declines.

Now, here is my problem with the idea of old zones causing reversals.

If the **banks** want price to return to a zone, whether to place trades, close trades, or take profits, they would **want** it to **return quickly**, relative to the time frame they are trading.

They would NOT want to wait a long time!
Their reason for entering may change.

I mean, think about it... If a bank bought 50 million EUR/USD, and still had another 50 million to buy at the same price, would they really wait another 3 months for price to return to the same spot!

Of course not,
the whole market could have changed by then!

For **one**: the price action will have changed.

Second: the economic situation could be different, and not in their favour.

Plus: the orders entering the market might not even be enough to fill their remaining positions.

So, it does not make sense the banks would wait a long time for price to return to a zone to get their remaining trades placed. Really, they would want price to return ASAP.

The quicker they get their remaining positions placed, the less chance something could happen and change their outlook on the market: be it economically, price-action based, or something else, like maybe a pandemic.

**Don't trade old supply and demand zones:
they just DON'T work.**

You will often see price reverse from old zones, yes.

But, it is not the zone causing the reversal.

It is probably some other technical factor.

It could be a:

- Support & Resistance level,
- big round number,
- economic announcement, or
- any number of other triggers.

Follow these guidelines to know when an old zone's usefulness expires:

1. **Daily zones = 90 days**
2. **Hourly zones = 20 days**
3. **Less than H1 = 1 day.**

2: Always Put Your Stop Slightly Outside the Zone

You probably already know this;

but, I thought I would put it in since it is a mistake I see many new supply and demand traders make all-too often.

When you trade a zone, put your stop slightly above or below the opposite edge.

DO NOT put it on the edge itself to skimp on the risk.

It is all-too common for price to spike through the edge of a supply or demand zone before reversing.

If you put your stop at the edge, rather than leaving a slight gap,

the spike will take you out and make you miss what could be a successful trade.

You can see that happen here...

Euro / U.S. Dollar · 1h · OANDA — O1.18982 H1.19070 L1.18970 C1.19046 +0.00064 (+0.05%)

1.19032 2.8 1.19060



Just when it looked like price was about to reverse from this zone, price spiked through the upper edge. Bye, bye stop loss!

To add further insult, price reversed in a big way soon after, meaning you missed out on a great trade as well as losing money.

SO: always leave a little gap between your stop price and the edge of the zone. How big should that gap be?

Well, it's relative to the volatility and time-frame. Higher Time Frames = larger gap, in pips, due to size difference.

In my experience,
15 – 20 pips should be sufficient for most zones.
Add a few pips for higher time-frame zones: think 4-hour, daily.
Remove a few for low time-frame zones: 5 minute, 15 minute, etc.

That should give you enough headroom to avoid any random spikes while still keeping risk low.

3: Only Trade Fresh/Untouched Zones

Another big mistruth, we can't say lie anymore, you will hear in the supply and demand community, is the idea zones have the power to cause reversals more than once like support and resistance levels.

And again, this is not true, not even close.

Supply and demand zones are **ONE-TIME USE**:
Not two times, or three times, one time **ONLY**.

Once price hits a zone and reverses, that's it!
The zone loses its power and validity.
The probability price will reverse again in the future is extremely low.

The only exception to this rule is if a zone forms at the top or bottom of a consolidation. These zones can cause price to reverse two or three times. They show the banks are buying/selling from similar points, so price may reverse from a zone more than once before the consolidation ends.

However, once the consolidation is over,
the zone loses all its power and probably will not cause another reversal.
If you think about why a zone forms, it becomes obvious why they lose all their power after one touch.

Remember:

the banks cause supply and demand zones to form
because they cannot get all their positions placed in one go.
They have not been able to place/close all their trades or take all their profits.

Soon after placing what they can,
they bring price back to the same point,
the Supply or Demand zone,
to get their remaining positions placed.

That way, they can place the trades within their position at a similar price,
which allows them to make a similar level of profit from each trade with a similar amount of risk.

With this in mind, why would the banks want price to return to a zone a second or third time?
After bringing price back to get their remaining trades placed the first time, why bring it back again?

They would only bring it back the first time if they knew enough orders were free to get their remaining positions placed.
This makes it pointless to bring price back more times.

So, this idea that zones can cause multiple reversals like support and resistance levels...
yeh, it not the case.

Sure, price will return and reverse from the odd zone more than once,
but it is not often.
And usually, it's not because the zone itself is causing the reversal;
it is due to some other technical factor that has nothing to do with Supply and Demand.

For this reason, **only trade free/untouched zones.**

FAQ and What to do Next

Supply and Demand is a MAJOR focus on this site. I have used the strategy for a long time. It is a core component of how I trade, and, more importantly, it is how I view the markets.

That said: It was impossible for me to cover everything about supply and demand trading in this one writing. So below, I have put together a short list of some of my Supply and Demand articles for you to add to the knowledge you have gained from this writing.

These articles cover all the bases of Supply and Demand.

You will learn:

- How to find the highest probability zones,
- Why the normal way of trading S & D (a la Sam Seiden) doesn't work,
- The biggest mistakes to avoid,
- How to draw the zones correctly...
- AND many other important aspects of a total trading regimen.

I have also left a small FAQ containing the most common questions people ask about Supply and Demand.
Check it out if you have any questions about Supply & Demand.

As always, you can leave a comment on PriceActionNinja.com if your question needs a more in-depth answer.

Relevant article List

[3 Key Facts Sam Seiden Gets Wrong](#)
[About Trading Supply And Demand](#)

If you have traded Supply and Demand for a while and not had much success, this article will probably explain why.

While Sam Seiden gets a lot of credit for coming up with Supply and Demand, many of the ideas he promotes about the strategy are flat-out wrong, and at odds with how the market really works.

For example, saying strong zones are those with a sharp move away. Ever heard this before? Most traders believe this to be true, even though it does not, technically, make any sense.

There are a few things he gets wrong, and I have compiled a list of the most important ones into a post which explains the problems and why they do not make sense.

[Don't Make This Mistake Drawing Supply And Demand Zones](#)

Drawing a zone correctly is the single biggest skill to get right in supply and demand trading. Many traders make a simple mistake that causes them to draw the zone the wrong way.

They do not include the nearby points where price reversed.

When you fail to incorporate the nearby rises or declines when drawing the zone, you end up missing trades that otherwise would have been successful.

While this does not happen for every zone, for many, it does. And over time, if you fail to correct it, this will cause you to miss out on a lot of trades, which will impact your bottom line.

To avoid this, make sure you read my post to draw the zones correctly.

[Why You Should Avoid Rally-Base-Rally/Drop-Base-Drop Zones](#)

Supply and Demand zones come in two flavours, each determined by what price does to create the zone.

These two types of zones look and perform very different to one another due to what causes them to form. However, most traders do not realize this. They mistakenly assume both zones develop for the same reason, and have the exact same probability of causing price to reverse, which they do not.

I have written this article to explain this, and why you should stick to only trading one type of zone if you want to see good results.

[Profit Taking Zones Vs Trade Placing Zones: What's The Difference?](#)

On top of two types of zones, they can also develop for two different reasons: either the banks placing trades, or taking profits off trades.

Each type of zone has its own quirks and characteristics which, if you know, can help you trade them and make fewer mistakes

[Three Mistakes that will Destroy Your Supply And Demand Trading](#)

In the case of Supply and Demand, there are three key mistakes traders make over and over again that you MUST avoid to become successful.

My post details these mistakes, why traders make them, and it is not always their, and most importantly...

What you can do to avoid making the same mistakes.

Frequently Asked Questions

About Supply And Demand Trading

Q. How long will it take to get good at finding and drawing the zones?

A. If you practice, it shouldn't take too long.

It's best to spend some time finding and drawing the zones yourself. By going back and finding/marking the zones you'll start to get a sense of how to draw them and what the good ones look like. Over time, you'll get better and better until eventually you'll know exactly what they look like and how to draw them properly.

Q. Can a zone be used more than once, like support and resistance?

A. No, supply and demand zones are a one-time use.

Sometimes you'll see price reverse from a zone after it's been touched, but these zones typically form at the top and bottom of consolidations, so are okay to trade. For all other zones though, only take the trade the first time price returns to a zone.

Q. Is supply and demand trading profitable?

A. It is if you learn from the right places.

Most supply and demand gurus don't really understand how the zones work, so if you learn from them, you'll probably lose money or you won't be very successful. If you learn from the people who actually use them in their own trading you should have a decent chance.

Thank-you for your attention,
PAN

I'm happy to clear up anyone's understanding of how this method works.

Just shoot me an [email](#), and I'll get back to you ASAP.

PAN

priceactionninja.com