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OrderFlows Delta Trading Course

Lesson 3 – Delta Numbers

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When dealing in order flow delta there are different delta numbers you can look at:

Delta – Which is the current delta reading for the bar and when the bar closes is the final delta for the bar.

Max Delta – The most positive delta was in a bar.

Min Delta – The most negative delta was in a bar.

Cumulative Delta – The running delta for the session.

Cumulative Delta / Volume – The cumulative delta divided by the total volume for the session up to that point in time.

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When looking at delta the type of chart you look at will give you very different delta readings.

Minute based chart versus range based chart.

Range based charts give you clearer reading on price movement than time based charts because a new bar will only form if price is moving.

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Delta – is the difference between aggressive buying and aggressive selling in a bar. While the bar is forming, the delta number is constantly changing as trading is occurring. The delta will go positive or negative. Once the bar is closed the delta will not change.

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Delta – You have to remember that delta in a bar, while the bar is forming, the delta value can change from a strong positive to a strong negative and vice versa. You need to be careful taking a trade early while a bar is forming based on your thoughts of delta because it can change in an instance.

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Chart CL 10-18 8 Range

Order Flows Trader(CL 10-18 (8 Range))

Delta

Delta	253	-37	-78	-144	-10	18	-846	-519	-45	174	-180	-261	-83	-239	-254	-92	104	193	666	103	384	654	1157	-23	461	-21	-270	-389	-238	72	272	-110
Max. Delta	260	158	78	10	58	81	84	0	15	234	188	186	26	77	0	0	104	211	682	233	401	672	1157	353	478	210	69	0	119	143	279	151
Min. Delta	-68	-39	-89	-204	-103	-116	-855	-525	-165	0	-180	-275	-210	-239	-254	-197	-46	-2	-35	-167	-18	-20	0	-380	-4	-231	-271	-391	-243	-191	0	-119
Volume	731	1211	1226	2176	3394	2656	13522	2239	1221	2004	8344	5635	3225	2013	532	822	956	2721	3864	6283	2370	5228	3061	6185	2051	5295	4912	1879	3398	9136	3006	1616

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10:24 10:27 10:29 10:32 10:57 10:59 11:16 11:28 11:33 11:35 11:50 12:06 12:14 12:18 12:27 12:34 12:58

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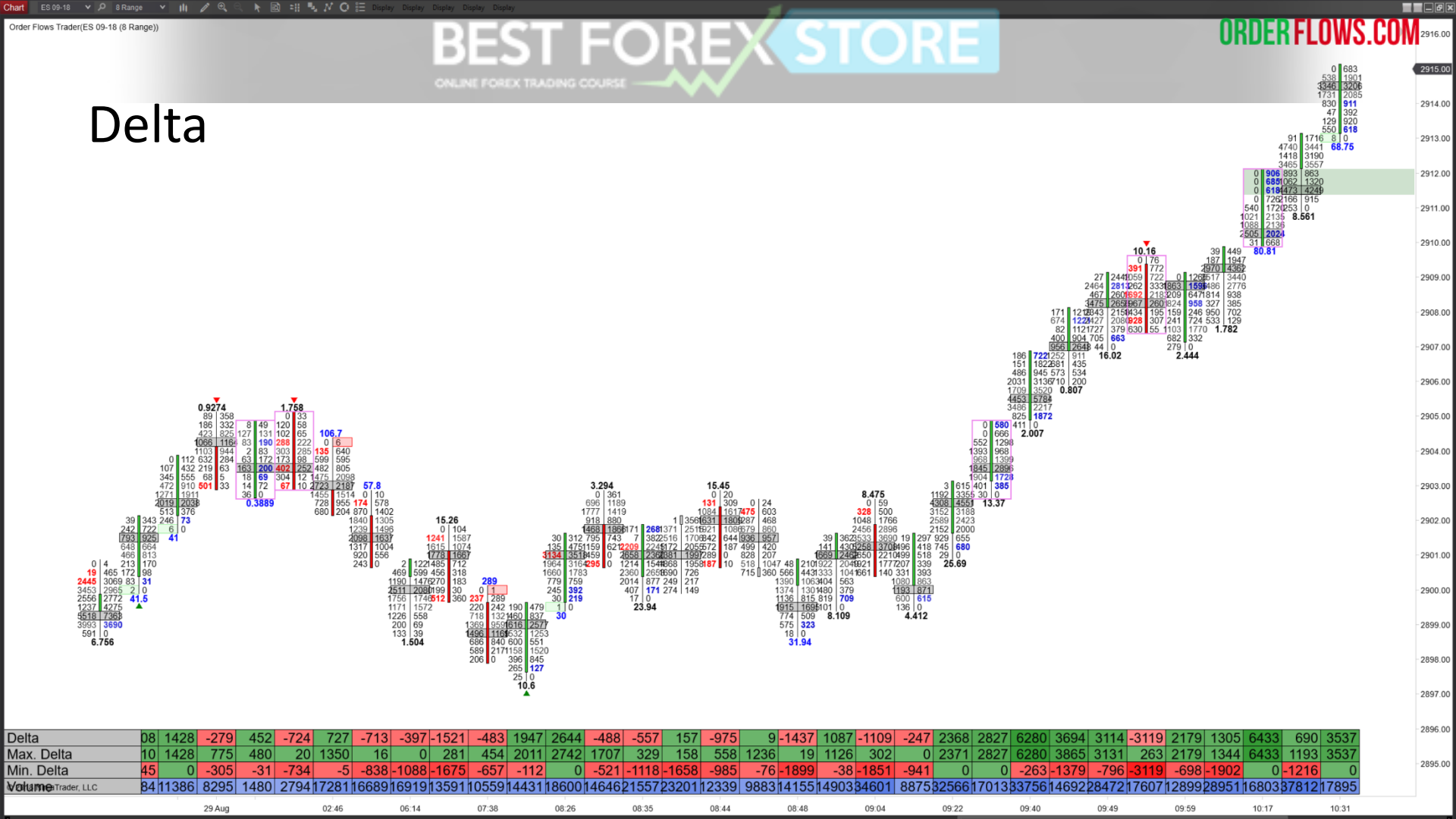
Delta



Delta	08	1428	-279	452	-724	727	-713	-397	-1521	-483	1947	2644	-488	-557	157	-975	9	-1437	1087	-1109	-247	2368	2827	6280	3694	3114	-3119	2179	1305	6433	690	3537
Max. Delta	10	1428	775	480	20	1350	16	0	281	454	2011	2742	1707	329	158	558	1236	19	1126	302	0	2371	2827	6280	3865	3131	263	2179	1344	6433	1193	3537
Min. Delta	45	0	-305	-31	-734	-5	-838	-1088	-1675	-657	-112	0	-521	-1118	-1658	-985	-76	-1899	-38	-1851	-941	0	0	-263	-1379	-796	-3119	-698	-1902	0	-1216	0
Volume	84	11386	8295	1480	2794	17281	16689	16919	13591	10559	14431	18600	14646	21557	23201	12339	9883	14155	14903	34601	8875	32566	17013	33756	14692	28472	17607	12899	28951	16803	37812	17895

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Delta is related to volume. When an underlying cash market opens and volume picks up the delta numbers overall will generally be bigger.

Opening and closing times may exhibit larger than average delta numbers due to the larger than average volume at the time period.

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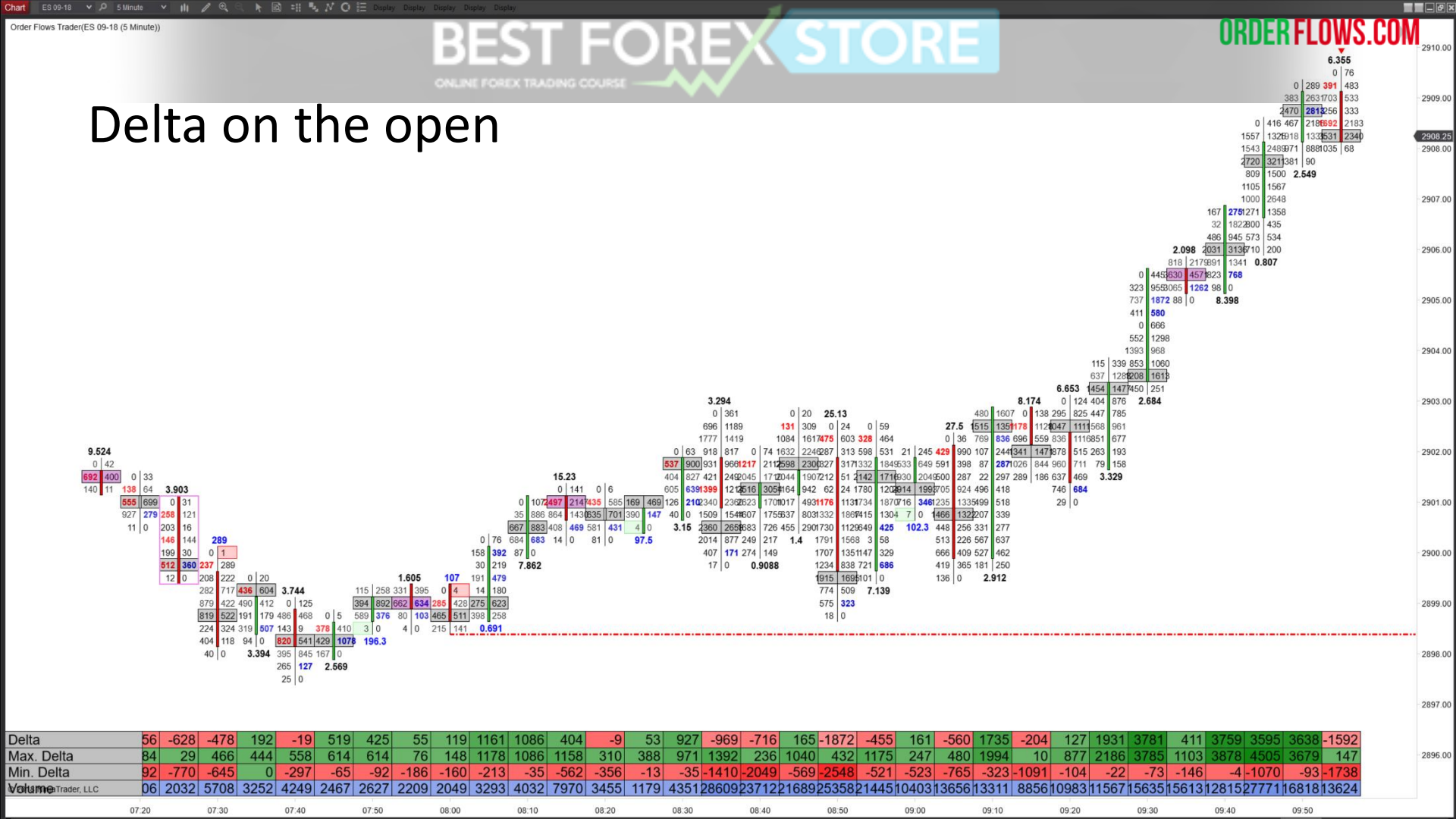
Delta on the open



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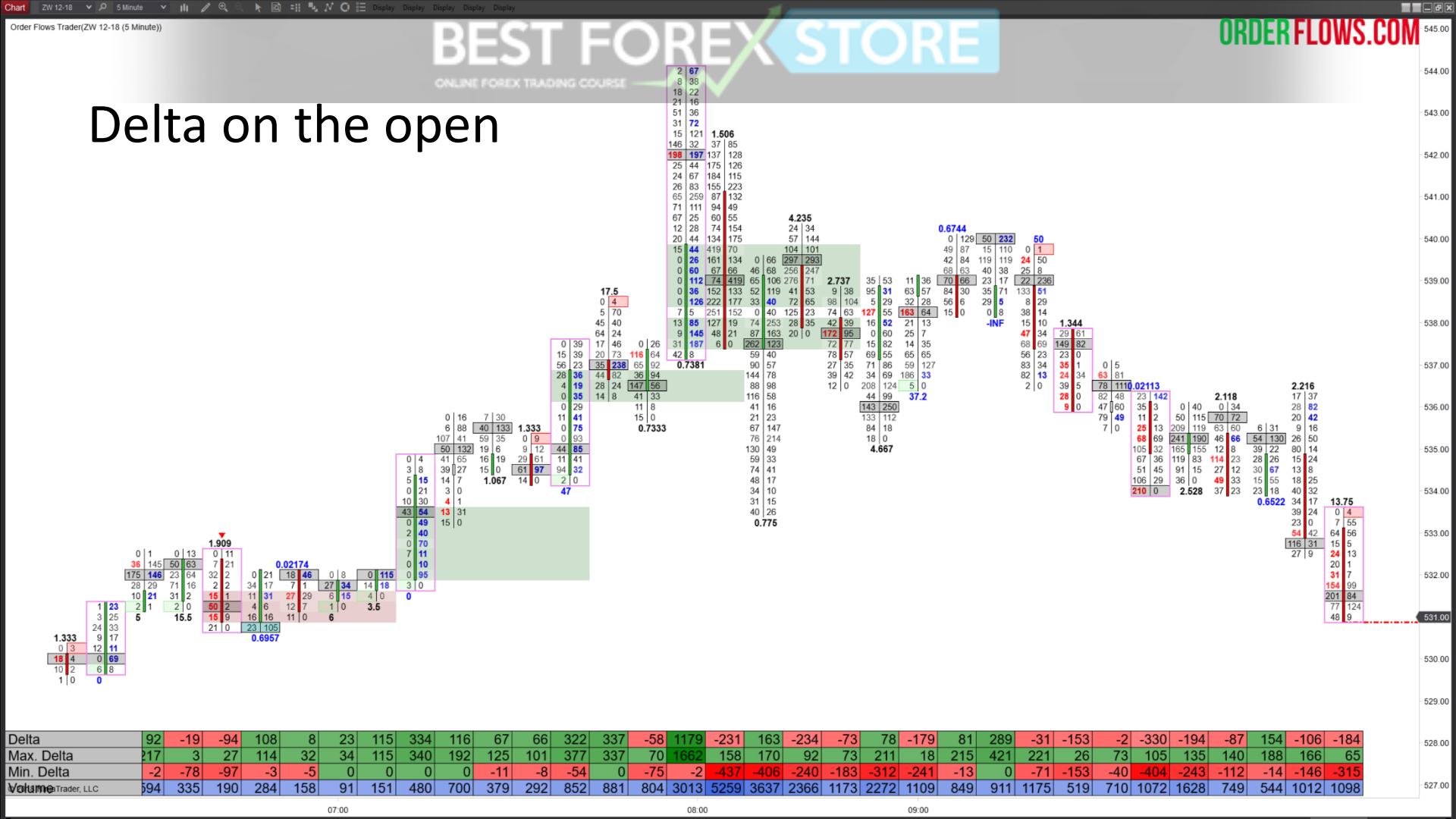
Delta on the open



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Max Delta is the strongest delta was on the positive side. This means how strong aggressive buying was at one point in the bar. A final delta value that is close to the max delta value indicates aggressive buyers dominated the bar.

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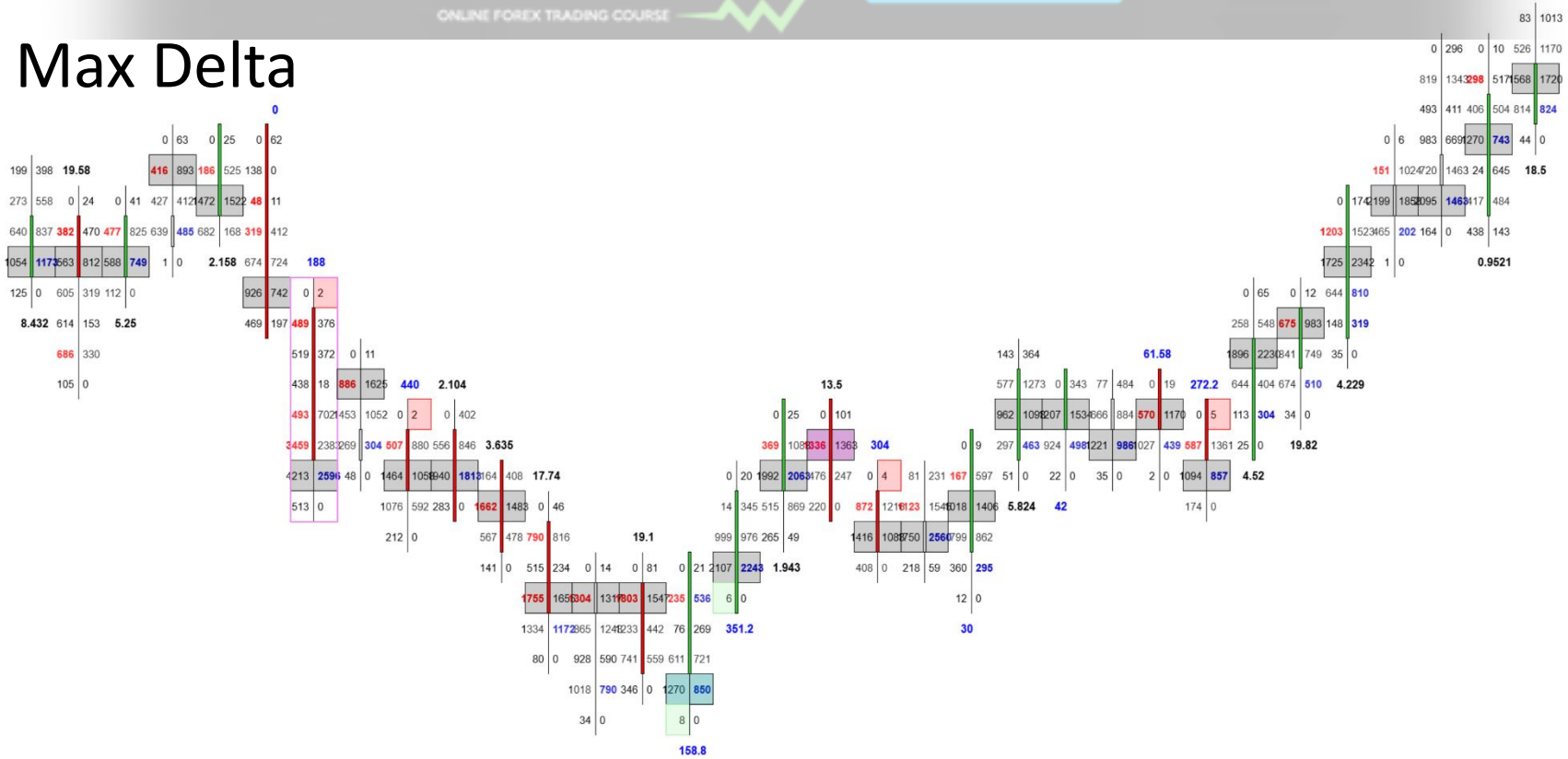
Order Flows Trader(ES 09-18 (5 Minute))

Max Delta



Delta	47	438	370	-100	-426	-3675	336	-727	282	-165	-551	-195	-1494	197	458	948	-321	-393	1223	813	1163	222	355	29	368	615	30	1413	274	371	193	1692
Max. Delta	90	654	657	181	61	0	891	0	790	243	74	87	2	222	694	1138	359	69	1681	895	1411	366	471	80	395	868	236	1533	434	1499	685	1693
Min. Delta	43	-54	-1	-544	-635	-4106	-26	-1459	-120	-328	-944	-963	-1495	-329	-2	-281	-321	-458	-16	-327	-25	-241	-426	-537	-298	-22	-623	0	-253	-405	-138	-3
Volume	63	2792	3336	4580	4722	16573	5648	5791	5840	4903	8397	8103	6752	4597	6710	7230	3743	4999	7567	5525	5223	4528	4353	3227	4078	6487	4478	8923	5906	10919	5899	7762

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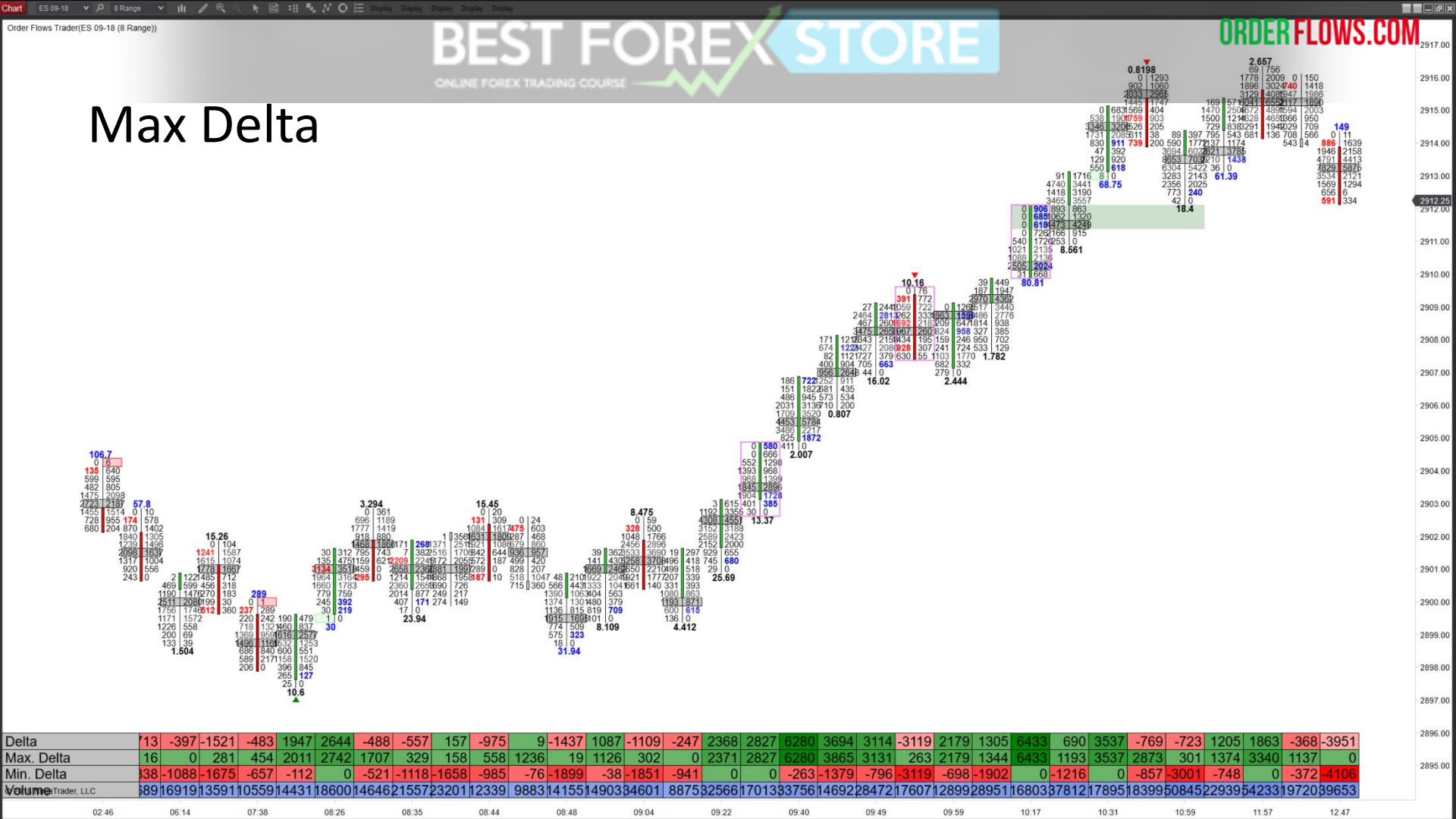
Max Delta



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What I like about Max Delta is when, over a few bars, the Delta finishes near the Max Delta and the Min Delta is relatively small, it indicates strong aggressive buying and the strength often builds on itself and the markets tend to rise.

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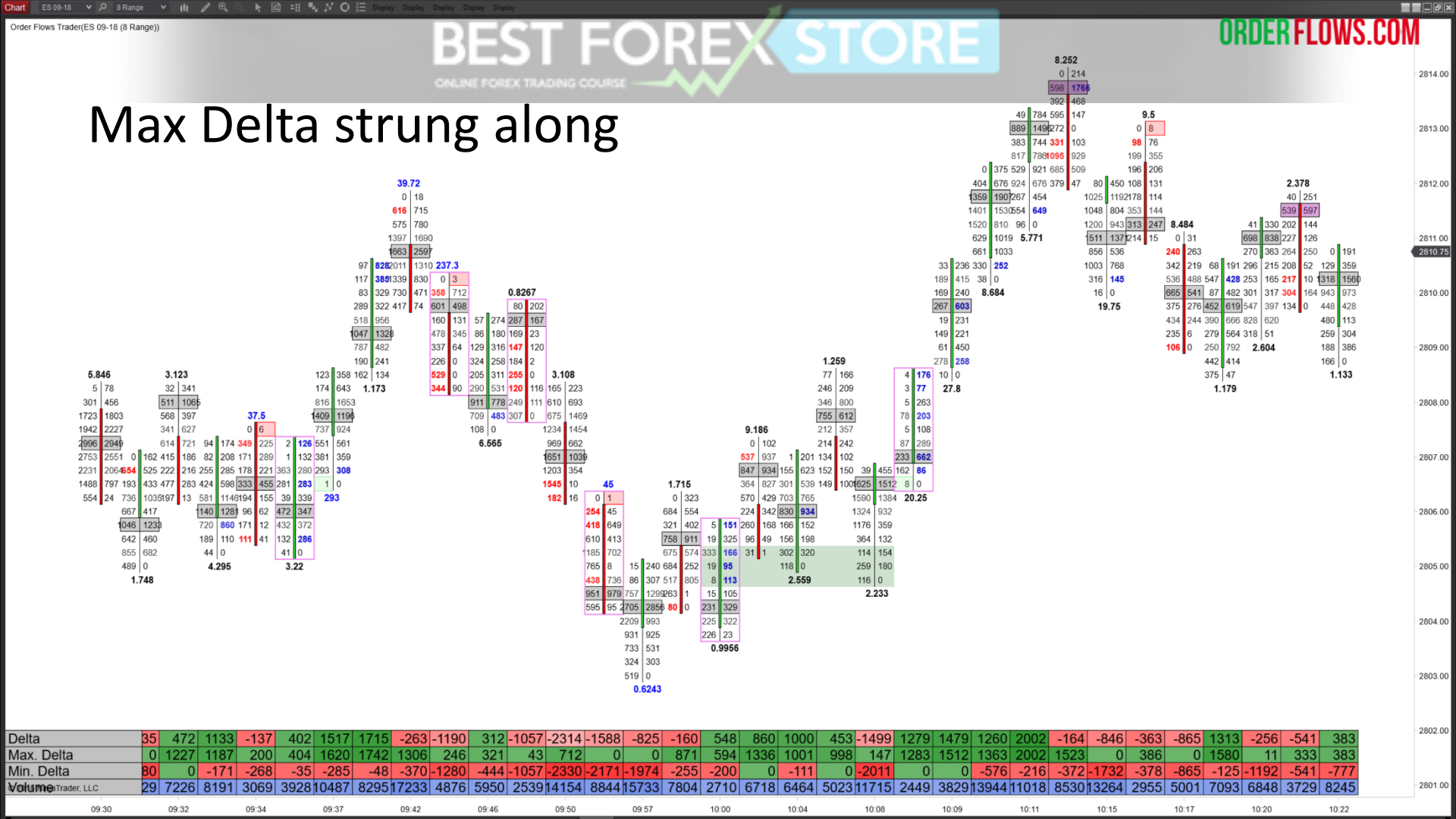
Order Flows Trader(ES 09-18 (8 Range))

Max Delta strung along



Delta	35	472	1133	-137	402	1517	1715	-263	-1190	312	-1057	-2314	-1588	-825	-160	548	860	1000	453	-1499	1279	1479	1260	2002	-164	-846	-363	-865	1313	-256	-541	383
Max. Delta	0	1227	1187	200	404	1620	1742	1306	246	321	43	712	0	0	871	594	1336	1001	998	147	1283	1512	1363	2002	1523	0	386	0	1580	11	333	383
Min. Delta	80	0	-171	-268	-35	-285	-48	-370	-1280	-444	-1057	-2330	-2171	-1974	-255	-200	0	-111	0	-2011	0	0	-576	-216	-372	-1732	-378	-865	-125	-1192	-541	-777
Volume	29	7226	8191	3069	3928	10487	8295	17233	4876	5950	2539	14154	8844	15733	7804	2710	6718	6464	5023	11715	2449	3829	13944	11018	8530	13264	2955	5001	7093	6848	3729	8245

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09:30 09:32 09:34 09:37 09:42 09:46 09:50 09:57 10:00 10:04 10:08 10:09 10:11 10:15 10:17 10:20 10:22

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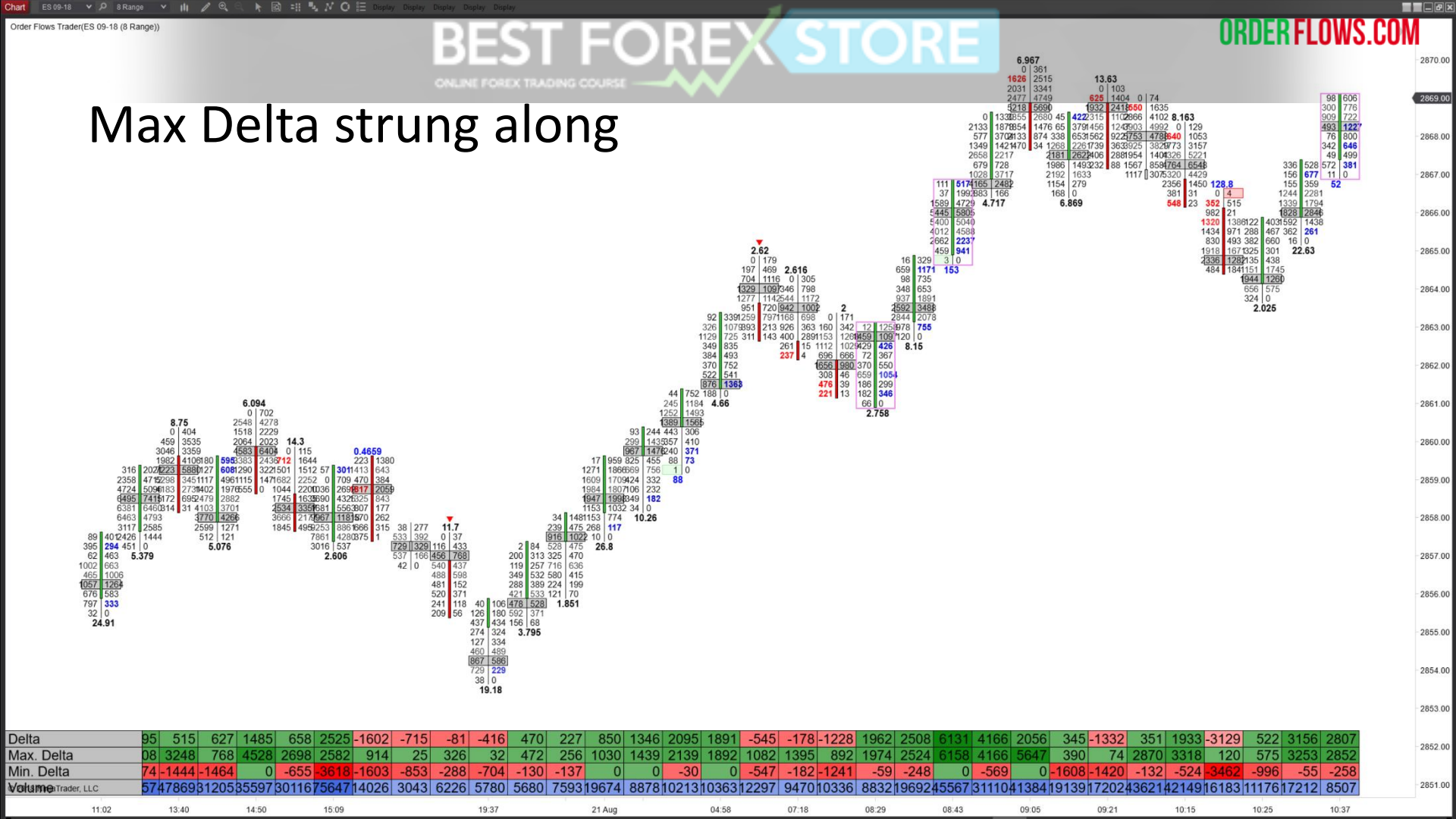
Max Delta strung along



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Min Delta is the strongest delta was in the negative side of a bar. Meaning how strong aggressive sellers were in the bar. A close near the min delta number indicates aggressive sellers dominated the bar.

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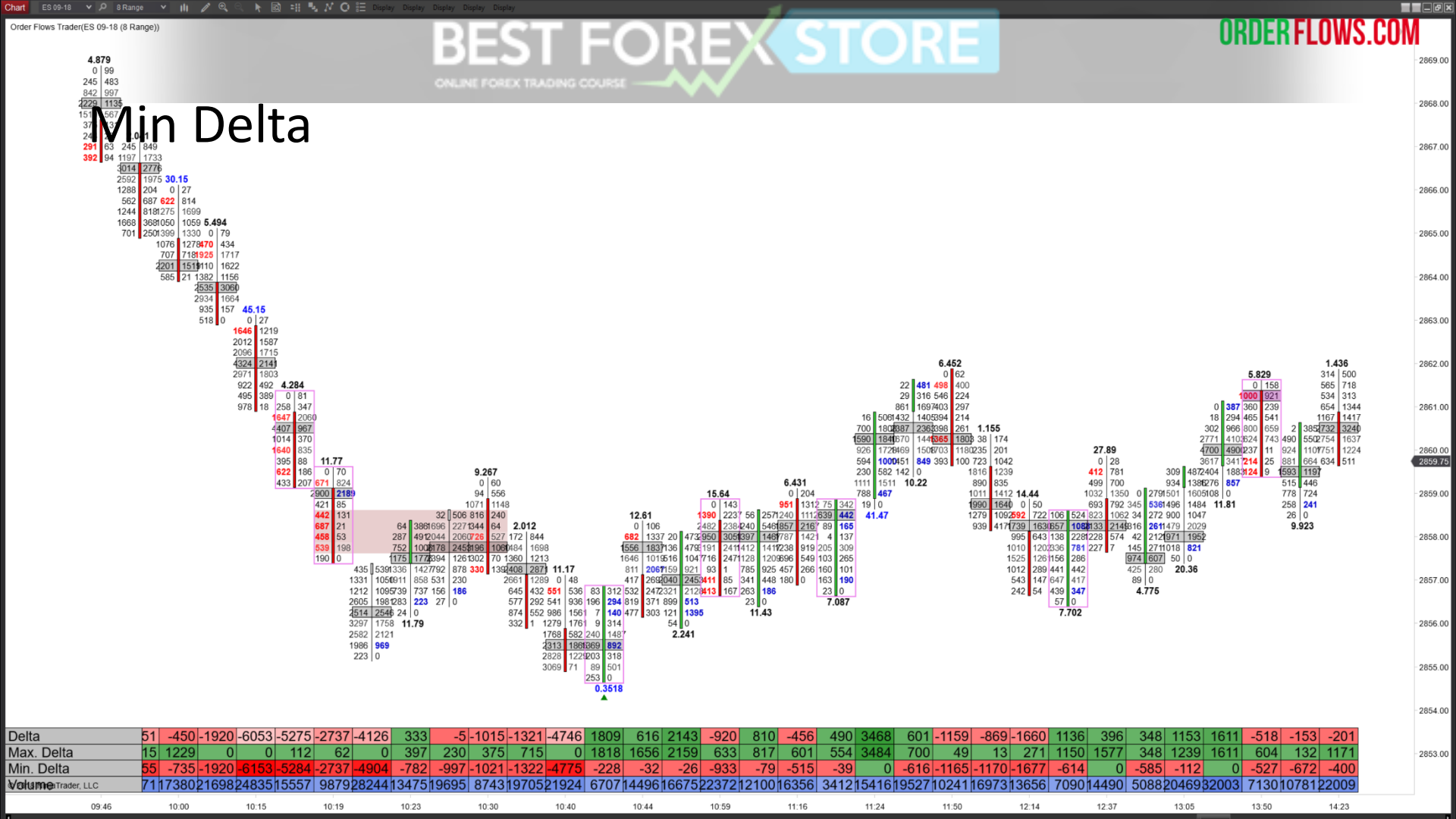

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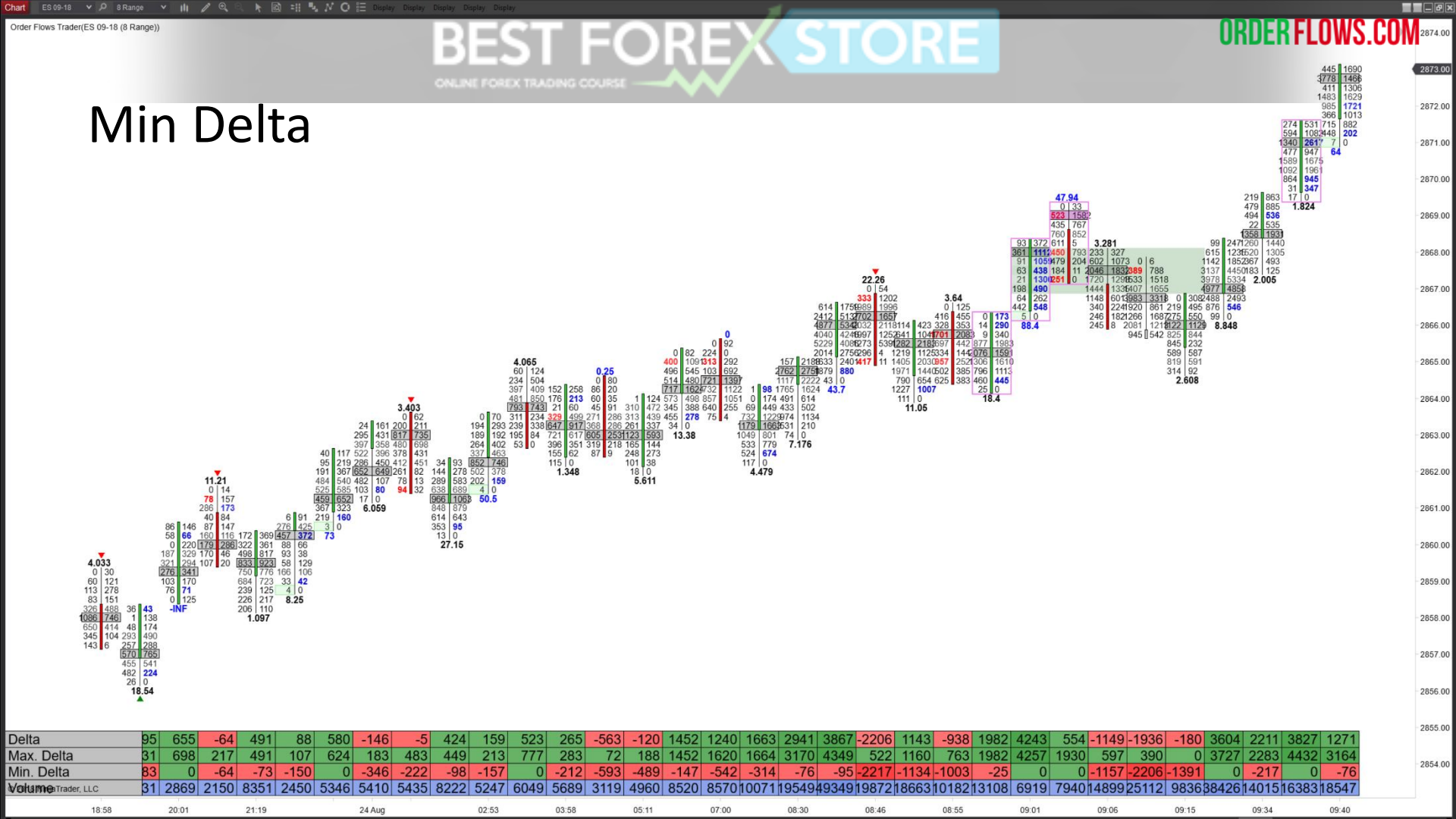
Min Delta



Delta	95	655	-64	491	88	580	-146	-5	424	159	523	265	-563	-120	1452	1240	1663	2941	3867	-2206	1143	-938	1982	4243	554	-1149	-1936	-180	3604	2211	3827	1271
Max. Delta	31	698	217	491	107	624	183	483	449	213	777	283	72	188	1452	1620	1664	3170	4349	522	1160	763	1982	4257	1930	597	390	0	3727	2283	4432	3164
Min. Delta	83	0	-64	-73	-150	0	-346	-222	-98	-157	0	-212	-593	-489	-147	-542	-314	-76	-95	-2217	-1134	-1003	-25	0	0	-1157	-2206	-1391	0	-217	0	-76
Volume	31	2869	2150	8351	2450	5346	5410	5435	8222	5247	6049	5689	3119	4960	8520	8570	10071	19549	49349	19872	18663	10182	13108	6919	7940	14899	25112	9836	38426	14015	16383	18547

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18:58 20:01 21:19 24 Aug 02:53 03:58 05:11 07:00 08:30 08:45 08:55 09:01 09:06 09:15 09:34 09:40

2874.00 2873.00 2872.00 2871.00 2870.00 2869.00 2868.00 2867.00 2866.00 2865.00 2864.00 2863.00 2862.00 2861.00 2860.00 2859.00 2858.00 2857.00 2856.00 2855.00 2854.00

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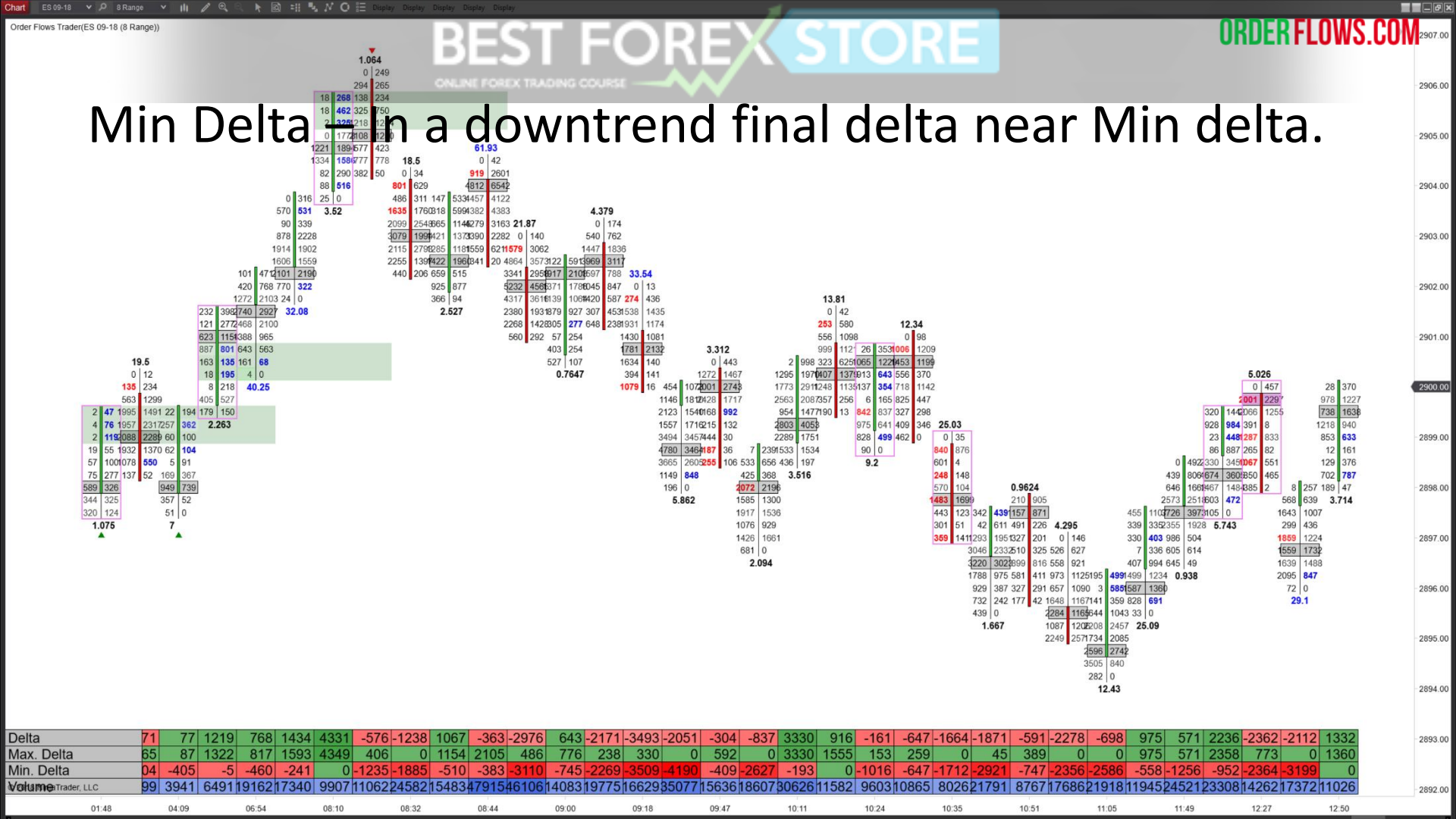
Min Delta in a downtrend final delta near Min delta.



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What I like about Min Delta is when you string together a few bars where the bar Delta finishes near the Min Delta number it is a great potential short opportunity.

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Min Delta Strung along

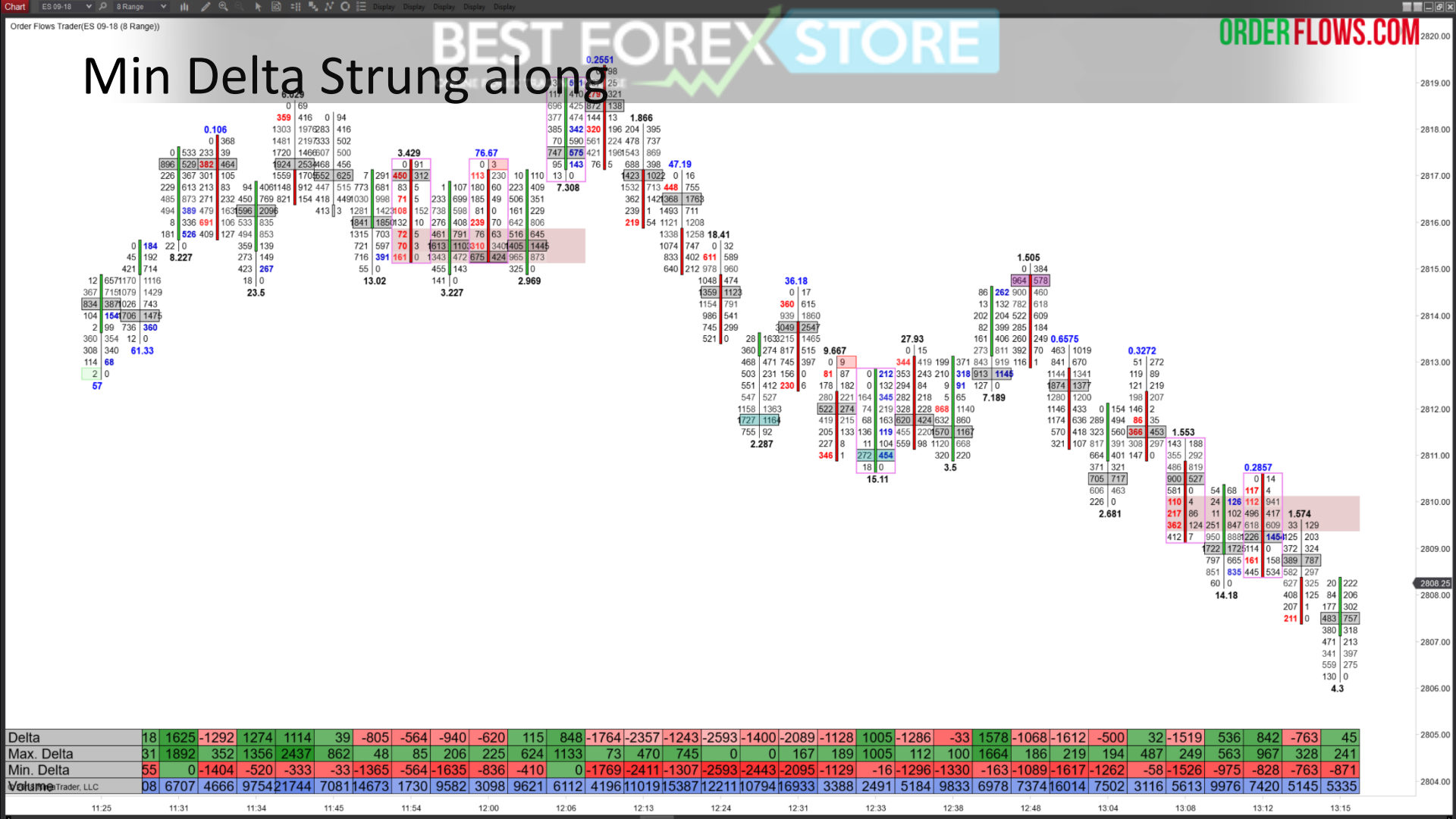

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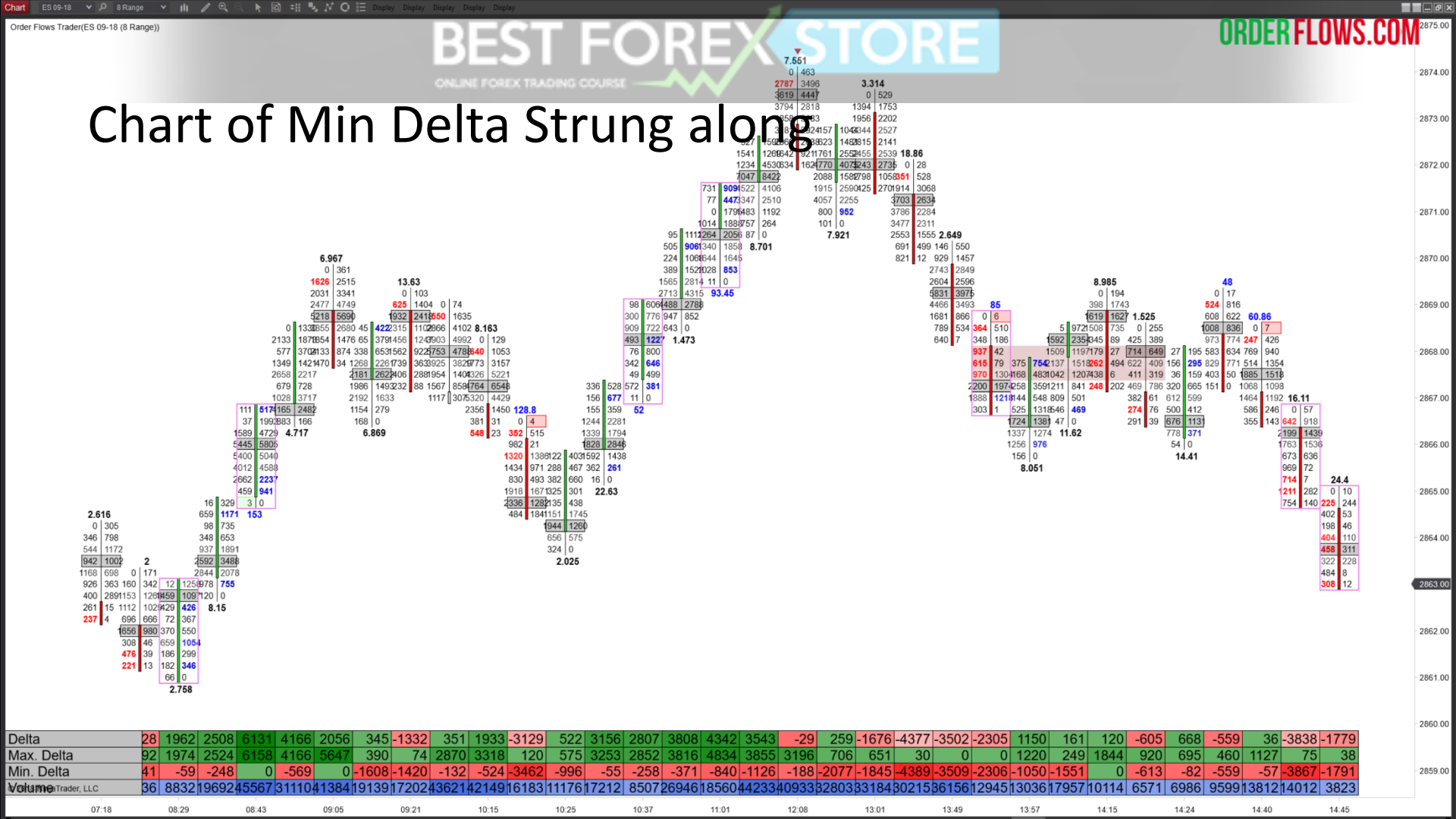
Chart of Min Delta Strung along



Delta	28	1962	2508	6131	4166	2056	345	-1332	351	1933	-3129	522	3156	2807	3808	4342	3543	-29	259	-1676	-4377	-3502	-2305	1150	161	120	-605	668	-559	36	-3838	-1779
Max. Delta	92	1974	2524	6158	4166	5647	390	74	2870	3318	120	575	3253	2852	3816	4834	3855	3196	706	651	30	0	0	1220	249	1844	920	695	460	1127	75	38
Min. Delta	41	-59	-248	0	-569	0	-1608	-1420	-132	-524	-3462	-996	-55	-258	-371	-840	-1126	-188	-2077	-1845	-4389	-3509	-2306	-1050	-1551	0	-613	-82	-559	-57	-3867	-1791
Volume	36	8832	19692	45567	31110	41384	19139	17202	43621	42149	16183	11176	17212	8507	26946	18560	44233	40933	32803	33184	30215	36156	12945	13036	17957	10114	6571	6986	9599	13812	14012	3823

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There are different ways to analyze the max and min delta that give a trade an insight into the market not visible anywhere else.

It can help you to see shifts in supply and demand.

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How can you see shifts in supply and demand?

There will be bars that have a large max delta value and a large min delta value, then closes near one or the other.

For example, a market has a min delta of -1766, a max delta of 2359 and a delta of 2359. Which way do you think the market is going to go? Higher or lower? Higher.

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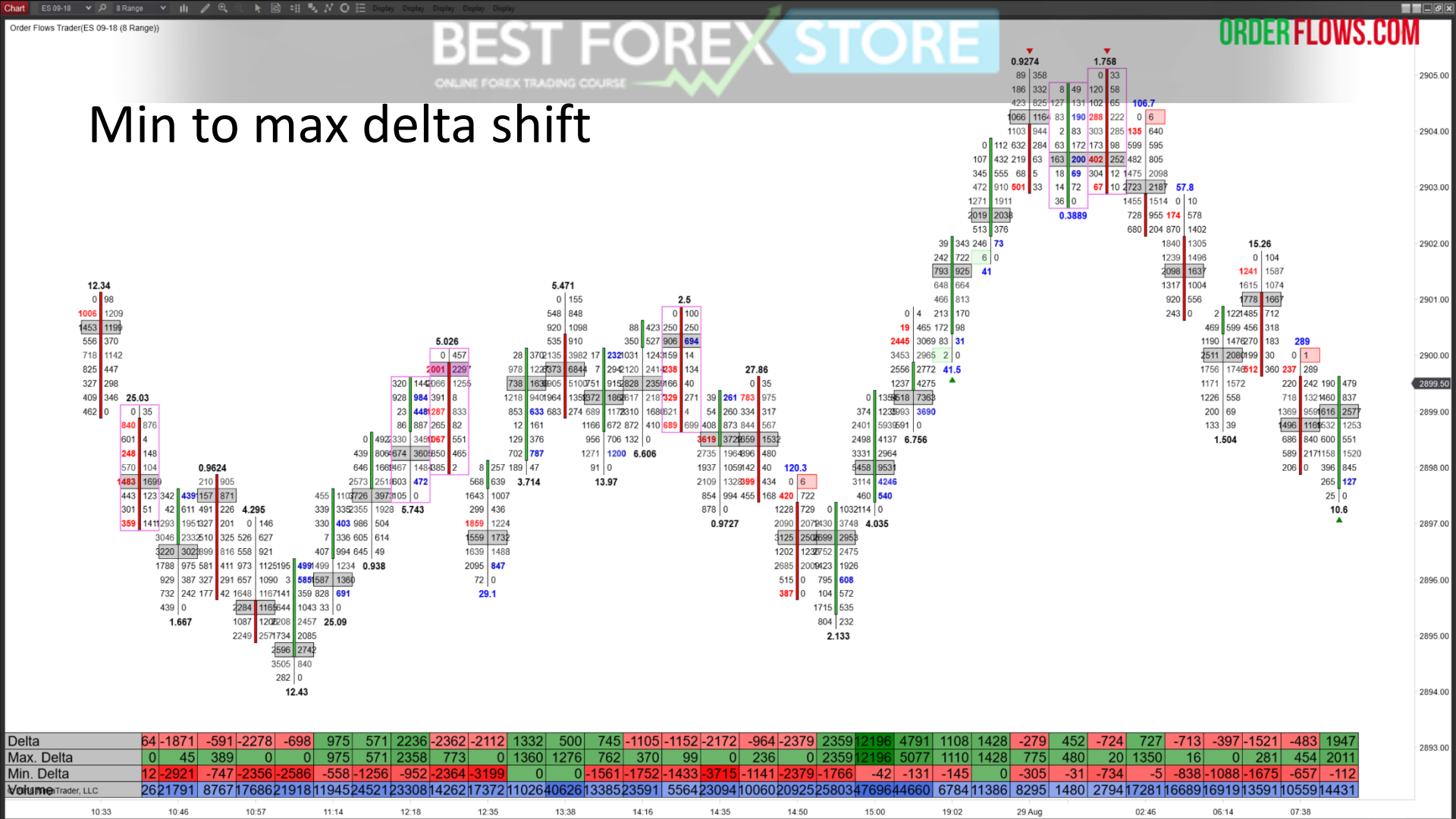
Min to max delta shift



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Max delta to min delta shift

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Cumulative Delta is the running delta for the entire trading session. Take the delta for each bar and add or subtract it from the total.

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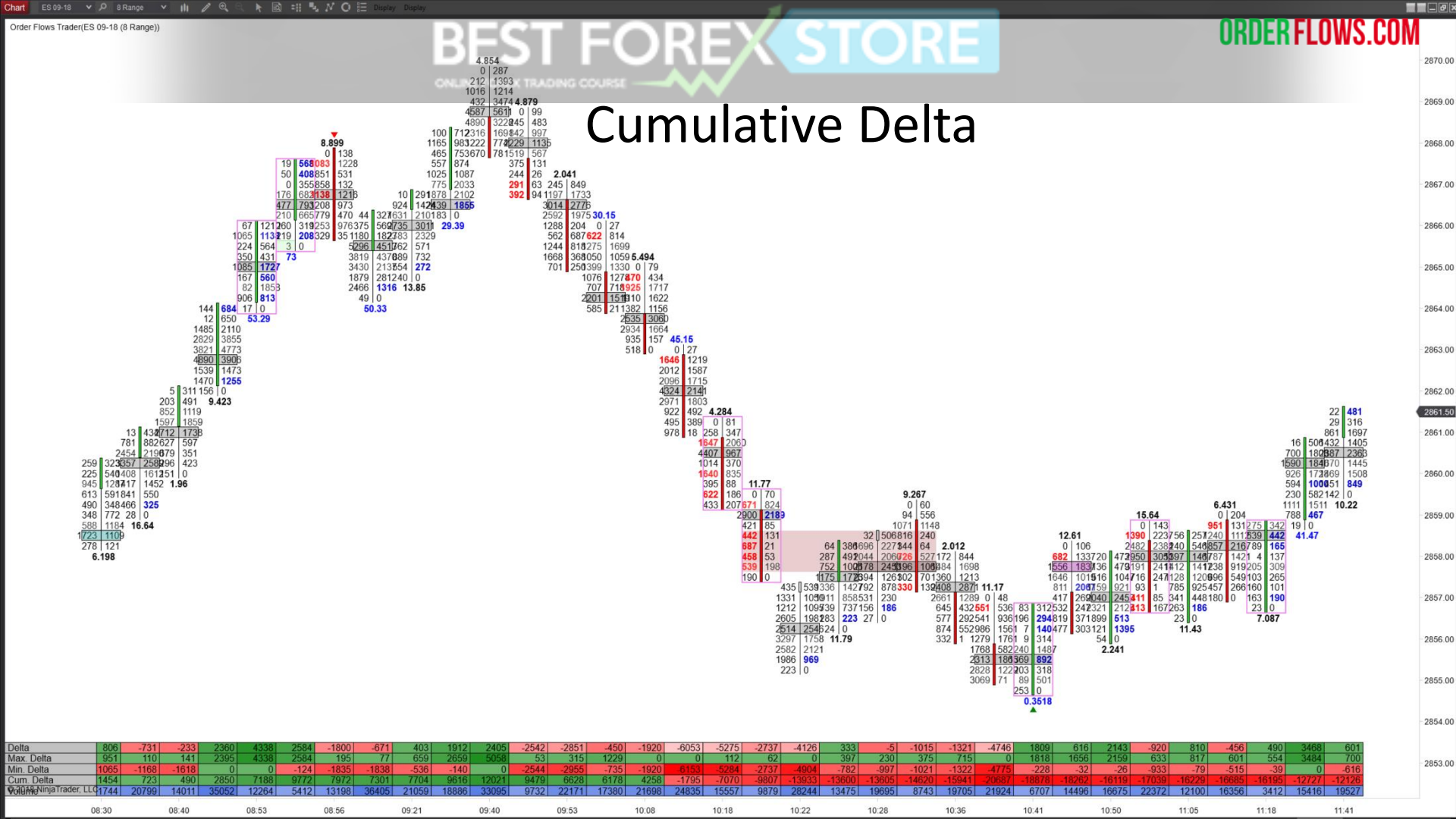
Cumulative Delta



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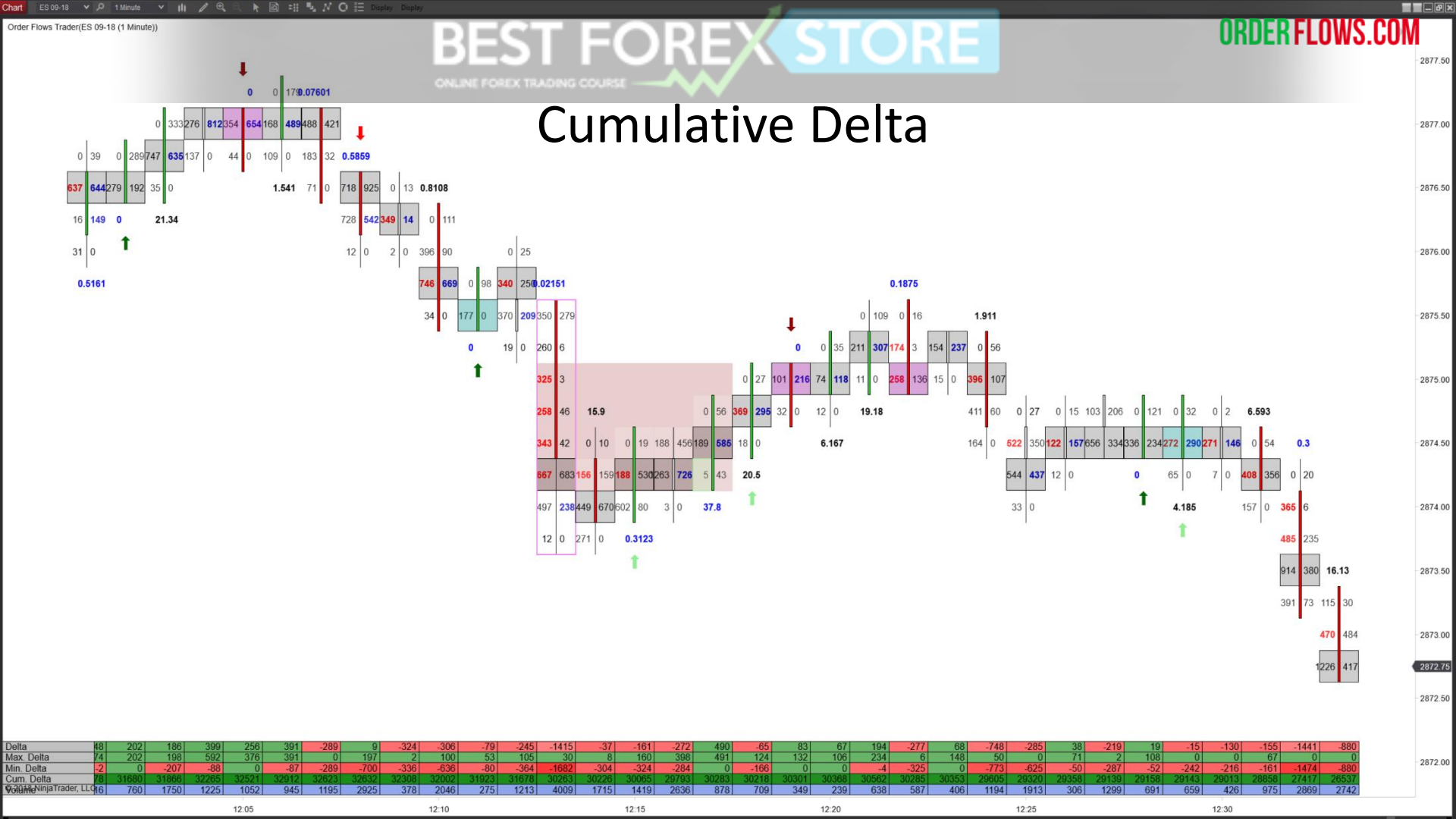
Cumulative Delta



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Personally I think cumulative delta can be a lagging indicator because for a market spend hours putting together bars with positive delta to give you a positive cumulative delta, that it will take many bars of negative delta to turn the cumulative delta negative.

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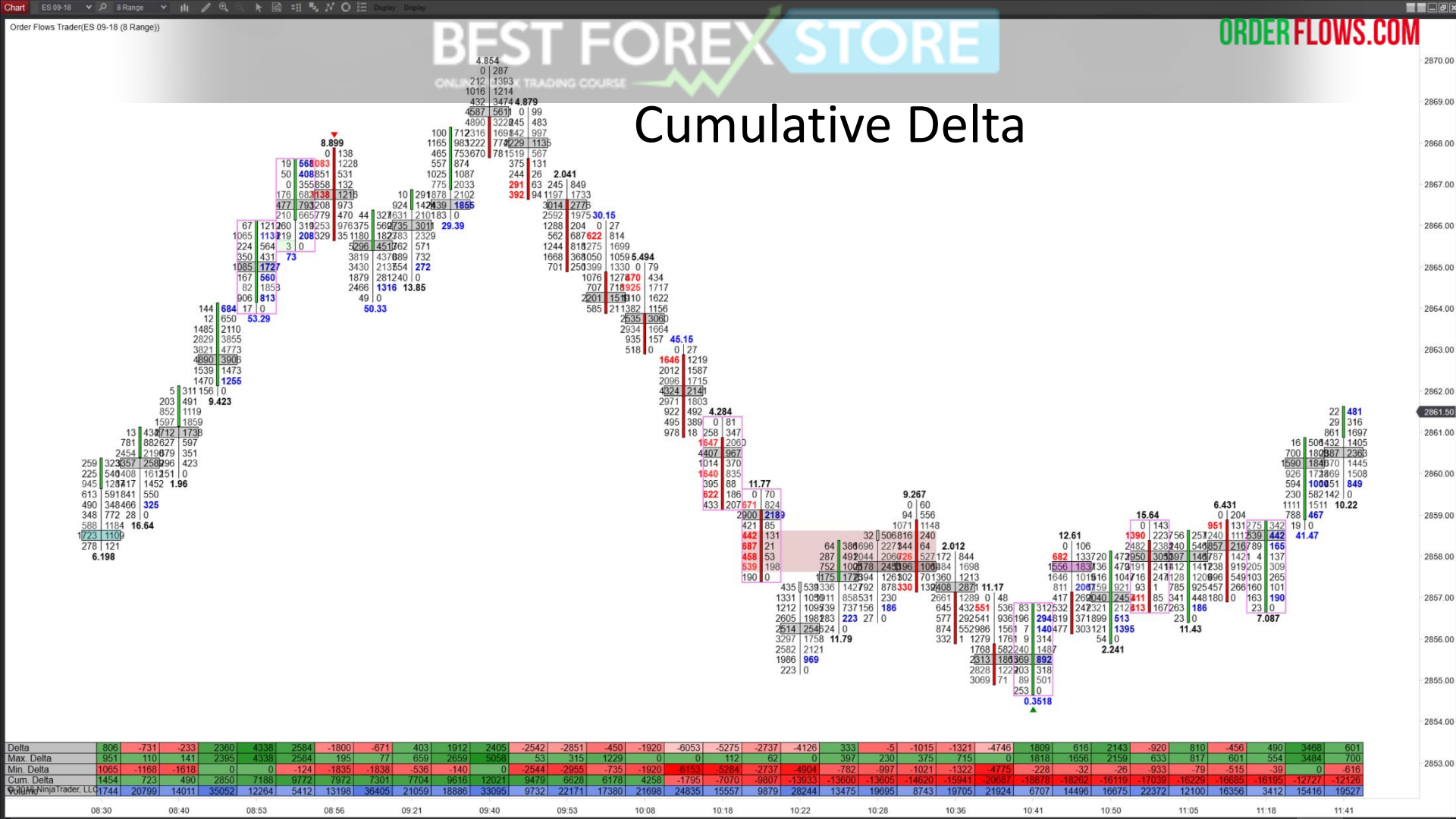
Cumulative Delta



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Cumulative Delta

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There are some traders who say “trade in the direction of the cumulative delta.” I find that incredibly bad advice because for example, if you are trading a 1 minute ES chart and the cumulative delta is positive 32623 and you get a short signal you won’t take the short trade and you could miss a lot of otherwise great trades. On a minute based chart where you only get bar deltas in the hundred, it will take a lot of negative delta bars to turn the cumulative delta negative.

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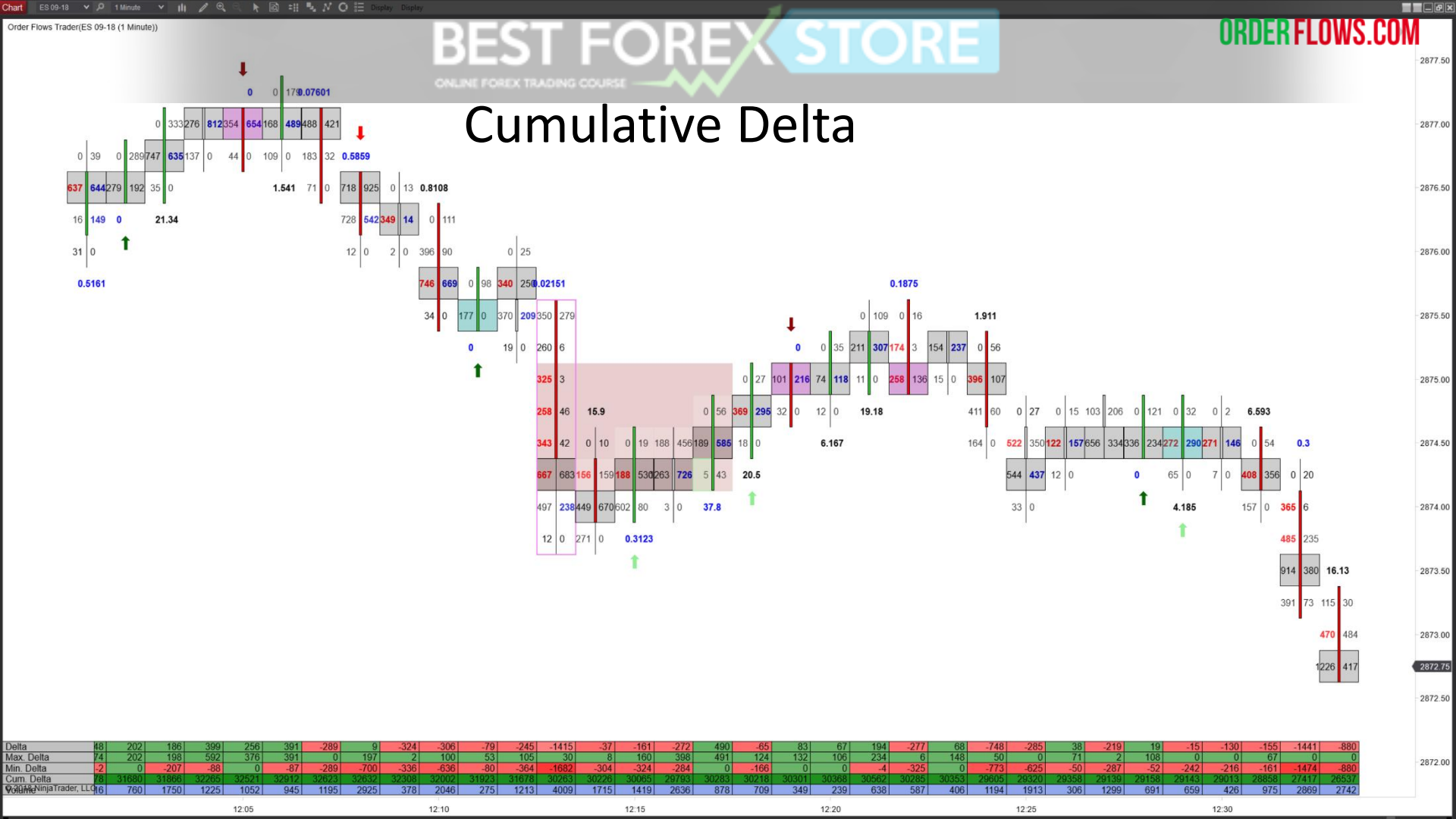
Cumulative Delta



Delta	48	202	186	399	256	391	-289	9	-324	-306	-79	-245	-1415	-37	-161	-272	490	-65	83	67	194	-277	68	-748	-285	38	-219	19	-15	-130	-155	-1441	-880
Max. Delta	74	202	198	592	376	391	0	197	2	100	53	105	30	8	160	398	491	124	132	106	234	6	148	50	0	71	2	108	0	0	67	0	0
Min. Delta	-2	0	-207	-88	0	-87	-289	-700	-336	-636	-80	-364	-1682	-304	-324	-284	0	-166	0	0	-4	-325	0	-773	-625	-50	-287	-52	-242	-216	-161	-1474	-880
Cum. Delta	78	31680	31866	32265	32521	32912	32623	32632	32308	32002	31923	31678	30263	30226	30065	29793	30283	30218	30301	30368	30562	30285	30353	29605	29320	29358	29139	29158	29143	29013	28858	27417	26537
Volume	16	760	1750	1225	1052	945	1195	2925	378	2046	275	1213	4009	1715	1419	2636	878	709	349	239	638	587	406	1194	1913	1306	1299	691	659	426	975	2869	2742

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Those are the issues I have with cumulative delta. That is not to say it is not a useful tool. Instead I just want to show you the pitfalls of cumulative delta.

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Cumulative Delta / Volume is the cumulative delta divided by the total volume for the session at that point in time.

When the ratio is close to zero it is indicative of a small cumulative delta.

The thing is total volume will always be growing while cumulative delta can expand or contract.

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What I look for is areas where the cumulative delta/volume is close to 0.000 and then look to trade in the direction of the strong delta that follows.

It is kind of an area of absorption and consolidation, traders are nearly equal for the session and I am just waiting to see the direction the market goes.

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Order Flows Trader(CL 10-18 (5 Minute))

Cumulative Delta / Volume

Delta	55	-21	37	141	-215	-197	-138	277	827	753	327	-121	367	278	489	-397	-131	881	596	-245	-486	-788	148	-182	-486	66	870	-422	-188	63	-119	-38	31
Max. Delta	77	28	166	206	0	92	28	286	990	1139	334	7	526	813	1368	31	162	1034	750	172	135	102	160	298	148	215	930	10	183	201	117	52	488
Min. Delta	-135	-63	-16	0	-217	-232	-139	-10	-5	-4	-338	-287	-15	-59	-22	-647	-265	-210	-336	-252	-544	-832	-96	-239	-492	-43	-29	-445	-205	-179	-131	-113	-12
Cum. Delta	897	1876	1913	2054	1839	1642	1504	1781	2608	3361	3688	3567	3934	4212	4701	4304	4173	5054	5650	5405	4919	4131	4279	4097	3611	3677	4547	4125	3937	4000	3881	3843	3874
Cum. Delta / Volume	.015	0.015	0.015	0.016	0.014	0.013	0.011	0.013	0.019	0.023	0.024	0.023	0.024	0.025	0.026	0.023	0.022	0.025	0.026	0.025	0.022	0.017	0.018	0.017	0.014	0.014	0.018	0.016	0.015	0.015	0.014	0.014	0.014
Volume	315	561	1865	1065	1145	1873	668	1285	7479	9081	4847	3045	6227	6876	12849	6733	3841	8013	12804	4131	6928	10746	4032	6132	5284	2204	4858	4796	3952	3781	2907	1936	4923
Cum. Volume	059	124620	126485	127550	128695	130568	131236	132521	140000	149081	153928	156973	163200	170076	182925	189658	193499	201512	214316	218447	225375	236121	240153	246285	251569	253773	258631	263427	267379	271160	274067	276003	280926

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07:20 07:30 07:40 07:50 08:00 08:10 08:20 08:30 08:40 08:50 09:00 09:10 09:20 09:30 09:40 09:50 10:00

69.35 69.30 69.25 69.20 69.15 69.14 69.10 69.05 69.00 68.95 68.90 68.85 68.80 68.75 68.70 68.65 68.60 68.55 68.50 68.45 68.40 68.35

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I also look for areas where it is quite high (in an absolute sense). A ratio above 0.050 is what I consider high.

It shows an underlying strength in the market.

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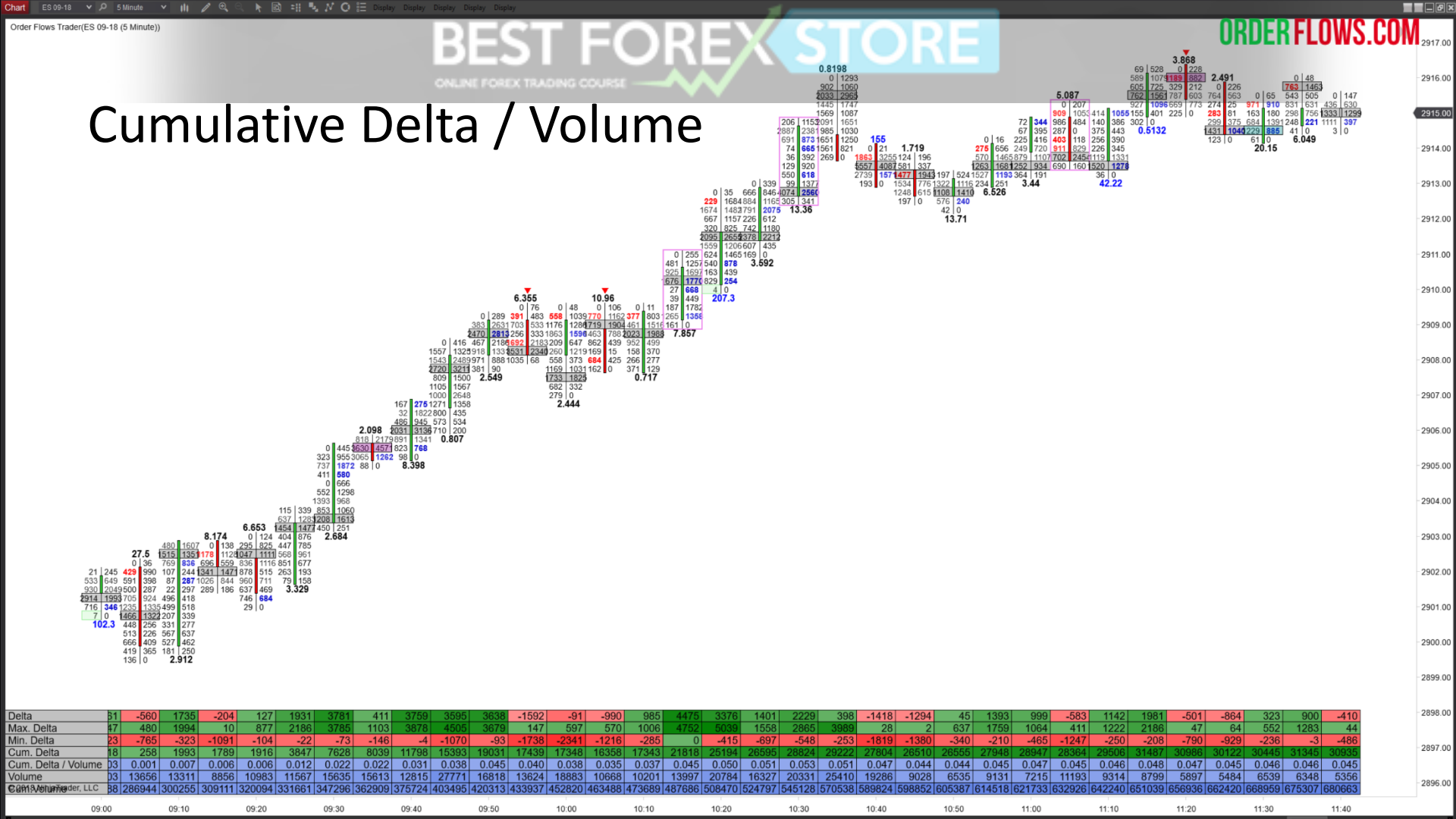
Cumulative Delta / Volume



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A lot of times the cumulative delta/volume is so small that it is useless.

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Cumulative Delta / Volume

Delta	-147	-257	-167	-284	-347	-124	-30	-248	-363	-214	-83	339	8	-88	337	-304	-476	-342	100	356	383	129	117	377	216	213	-67	-620	-495	-414	392	-232	-45
Max. Delta	47	0	62	32	0	0	183	0	17	15	5	346	149	44	435	144	1	0	101	361	384	342	119	380	253	381	412	11	0	0	392	82	201
Min. Delta	-171	-362	-182	-294	-349	-476	-207	-308	-596	-215	-286	0	-190	-194	0	-306	-481	-364	-65	0	0	0	-37	-19	-1	0	-67	-620	-508	-428	-40	-235	-63
Cum. Delta	382	125	-42	-326	-673	-797	-827	-1075	-1438	-1652	-1735	-1396	-1388	-1476	-1139	-1443	-1919	-2261	-2161	-1805	-1422	-1293	-1176	-799	-583	-370	-437	-1057	-1552	-1966	-1574	-1806	-1851
Cum. Delta / Volume	.002	0.001	0.000	-0.002	-0.004	-0.004	-0.004	-0.006	-0.008	-0.009	-0.009	-0.007	-0.007	-0.007	-0.005	-0.007	-0.009	-0.010	-0.010	-0.008	-0.006	-0.006	-0.005	-0.003	-0.002	-0.002	-0.002	-0.004	-0.006	-0.008	-0.006	-0.007	-0.007
Volume	959	1389	1149	6068	1815	4426	4470	3048	3019	1346	2907	1763	7200	4292	3351	1684	2036	2322	594	3188	3871	3297	1297	1143	3846	6465	6337	3902	3319	3246	1226	2564	4089
Cum. Volume	391	166780	167929	173997	175812	180238	184708	187756	190775	192121	195028	196791	203991	208283	211634	213318	215354	217676	218270	221458	225329	228626	229923	231066	234912	241377	247714	251616	254935	258181	259407	261971	266060

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Another problem with Cumulative Delta / Volume is over time it can flatten. As the day goes on changes are minor. So it will be difficult to see any changes have an effect on the market.

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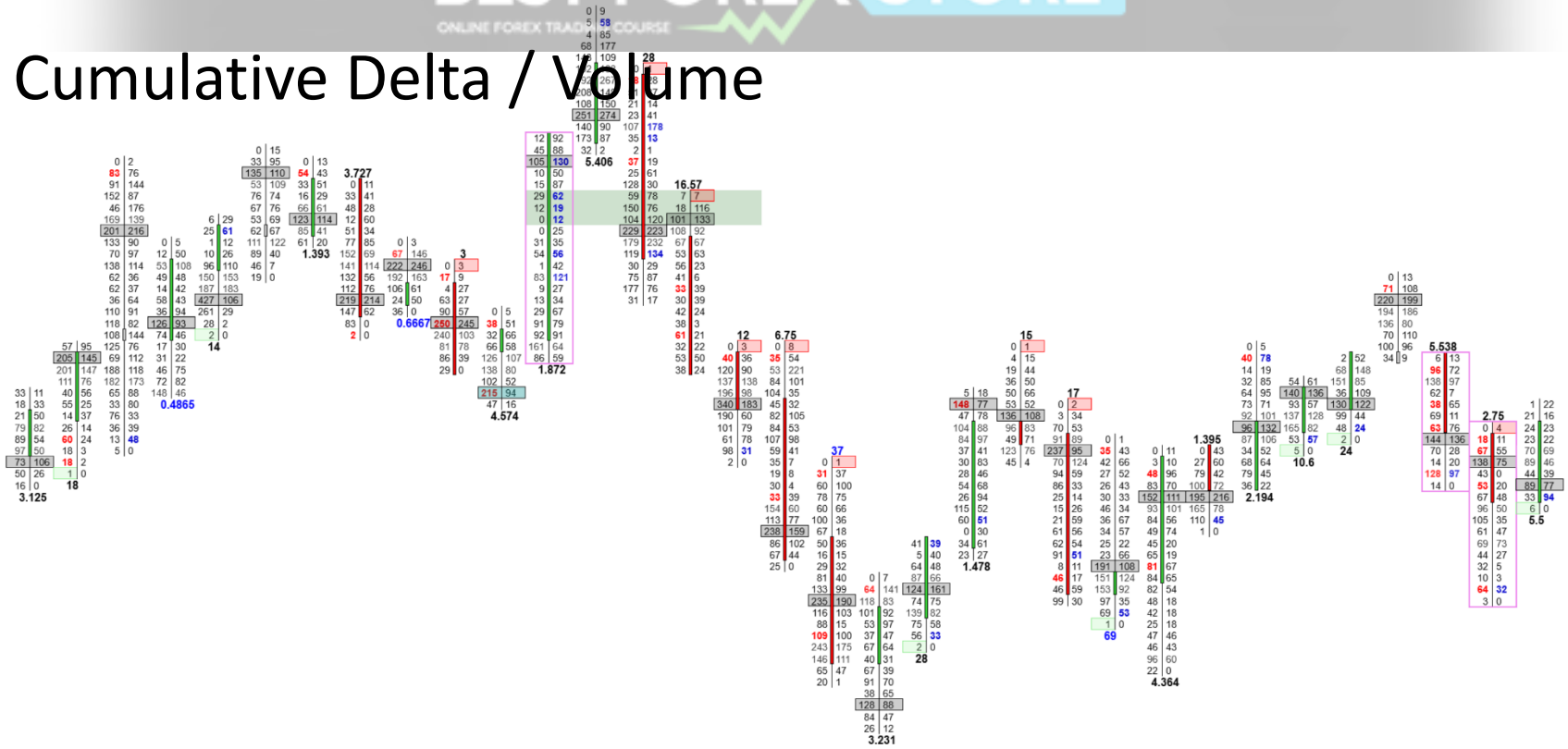
Cumulative Delta / Volume



Delta	34	-182	-9	48	-482	40	-66	-359	22	-272	-235	362	223	-105	-49	-489	-205	-430	-31	-65	116	-41	-259	-90	-238	-121	160	-126	48	-24	-220	-385	8
Max. Delta	12	27	392	60	26	188	18	33	109	15	49	364	304	60	202	11	193	24	34	41	233	19	20	124	15	41	223	7	58	120	4	0	114
Min. Delta	00	-199	-125	-150	-575	-16	-88	-383	-36	-281	-265	-141	-49	-215	-65	-499	-232	-459	-146	-107	0	-153	-269	-94	-288	-154	-36	-301	-76	-31	-295	-408	-30
Cum. Data	34	-2016	-2025	-1977	-2459	-2419	-2485	-2844	-2822	-3094	-3329	-2967	-2744	-2849	-2898	-3387	-3592	-4022	-4053	-4118	-4002	-4043	-4302	-4392	-4630	-4751	-4591	-4717	-4669	-4693	-4913	-5298	-5290
Cum. Delta / Volume	14	-0.015	-0.015	-0.014	-0.017	-0.017	-0.017	-0.019	-0.019	-0.021	-0.022	-0.019	-0.018	-0.018	-0.018	-0.021	-0.022	-0.024	-0.024	-0.024	-0.023	-0.023	-0.024	-0.025	-0.026	-0.026	-0.025	-0.026	-0.025	-0.025	-0.026	-0.028	-0.028
Volume	38	1430	4733	1520	1904	1528	810	2059	1316	1448	1293	2118	3055	3095	1507	2081	2701	3024	1797	1269	1706	1181	1991	1882	2152	1233	1590	1168	1120	1626	1464	1355	808
Cum. Volume	36	134416	139149	140669	142573	144101	144911	146970	148286	149734	151027	153145	156200	159295	160802	162883	165584	168608	170405	171674	173380	174561	176552	178434	180586	181819	183409	184577	185697	187323	188787	190142	190950

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I will admit I don’t pay much attention to the cum delta/volume ratio. Personally I just find there is a lot of other information in other forms of delta that is more useful.

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By now you should understand the different types of delta numbers available for your analysis and more importantly you should understand what they mean and how to use them.

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This is the end of lesson 3. In lesson 4, I will explain in detail order flow delta setups so that you can start looking for them yourself.