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## Identifying Institutional Supply and Demand using indicator free charting!

Have you wondered how simple it would be to trade on indicator free charts? Would you like to know where the big guns (Banks, Mutual Funds, Insurance Companies, Hedge Funds etc.) enter and exit the markets. Below is a sample trade I took on Cummins India (NSE SYMBOL:CUMMINSIND). Please refer the chart below for your reference to understand first the concept of Supply and Demand.



Trade Type :	Swing Trade
NSE Scrip:	CUMMINSIND
Entry :	8th August 2012 @ 491.40
Stop Loss:	Placed @ 497 just above the supply zone
Target :	16th August 2012 @ 472.45

Above is the NSE CUMMINSINDIA futures chart for your reference.

Please refer the zones marked as 491.59-496.77(Supply) and 461.02 472.45(Demand). Basically the idea is to short @ supply and target the demand zone to cover your short.

### Q. How did we identify the supply(sell) and demand(Buy or cover) zones?

**A.** Take the highest high and highest close of the most recent candle and keep moving to your left until you find a big drop in price. Mark that using the horizontal line from your charting tool. This will be your supply zone or the zone where you would want to short the above scrip. We notice here that there is a maximum price imbalance.

Similarly repeat for demand. Only here you have to check for a big rally in price and strong green candles indicating a strong movement from the zone. The demand zone also has been clearly marked in the chart.

Once we identify the supply and demand zones we set a price alert within the trading platform to remind us to place our trade for the short entry @491.55. Preferably we would set this alert @ 488.50 levels so that we get enough time to place the trade. Since this trade is planned on a Daily Chart the trade will classify as a swing trade and may take 4-5 days to play out so patience will be the key in such a scenario. Below is the trade plan for your reference and how the trade played out.

Trade Type :	Swing Trade	Total Points Gained :	18.95 points
NSE Scrip:	CUMMINSIND	Lot Size :	500 shares
Entry :	8th August 2012 @ 491.40	Total Profit :	18.95 * 500 = Rs 9475 ( Time Frame 8 days)
Stop Loss:	Placed @ 497 just above the supply zone	Reward to Risk Ratio	3.38:1
Target :	16th August 2012 @ 472.45		

Mr. Vishal Subandh is working as a full time proprietary day trader and fund manager trading in Indian equities, futures, options and forex markets. He has completed Bachelor of Computer Engineering at University of Pune and went on to pursue Masters in Finance degree at Cranfield School of Management, London. He worked with leading investment banks such ING Bank, Netherlands and Credit Suisse, India in the fields of institutional dealing, trading, risk and data management gathering an experience of over 5.5 years in the financial markets field.

Views are personal

Please refer chart below to see how the trade played out.



Thus we can see from the above trade by simply identifying supply and demand levels we can keep our charts simple but yet powerful to get the desired results. Please also bear in mind that trade planning is very crucial and we only enter a

swing trade if the reward is atleast 3 times the risk else we pass the trade. For any queries or questions please write me an email at [v.subandh@gmail.com](mailto:v.subandh@gmail.com)

