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LE FOOTPRINT

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What is Footprint?

Footprint is an analysis and trading tool used by some professionals and active traders. It offers a unique perspective by allowing to visualize and interpret the interactions between buyers and sellers at a given price level. Unlike traditional charts that only provide an aggregate view of prices, Footprint is presented in the form of special "candles", each representing a particular price level.

Each candle in the Footprint is a window into the market, revealing crucial information about the activity of market participants. These candles contain precise details about the quantity of contracts traded at a given price, whether on the buyers (Bid) or sellers (Ask) side. In addition, the Footprint detects and highlights imbalances between buyers and sellers, which can indicate price pressures.

The concept of “candles” in Footprint can be compared to the idea of zooming in on a specific area of the market to get a clearer picture of what is happening. It allows you to dive deep into price action, understand the forces at play, and make decisions in real-time. It is an especially powerful tool for traders looking for short-term trading opportunities, especially for scalping.

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The Footprint is a detailed graphical representation of financial market transactions, highlighting the orders actually executed (as on the Tape), whether they are buy or sell. It allows to visualize the dynamics of transactions at a given price level, which can reveal the behaviors of aggressive buyers and sellers, as well as areas of liquidity consumption.

By looking at the Footprint, we can identify imbalances between supply and demand at different price levels. This analysis can be particularly useful for traders looking to spot short-term opportunities, especially scalping, where speed of reaction to market movements is essential.

In short, the Footprint is much more than just an analysis tool. It is a way to decipher the trades that occur in the market and identify areas of imbalance where trading opportunities may arise. It is an indispensable asset in the toolbox of any trader looking to understand and exploit the dynamics of the financial market.

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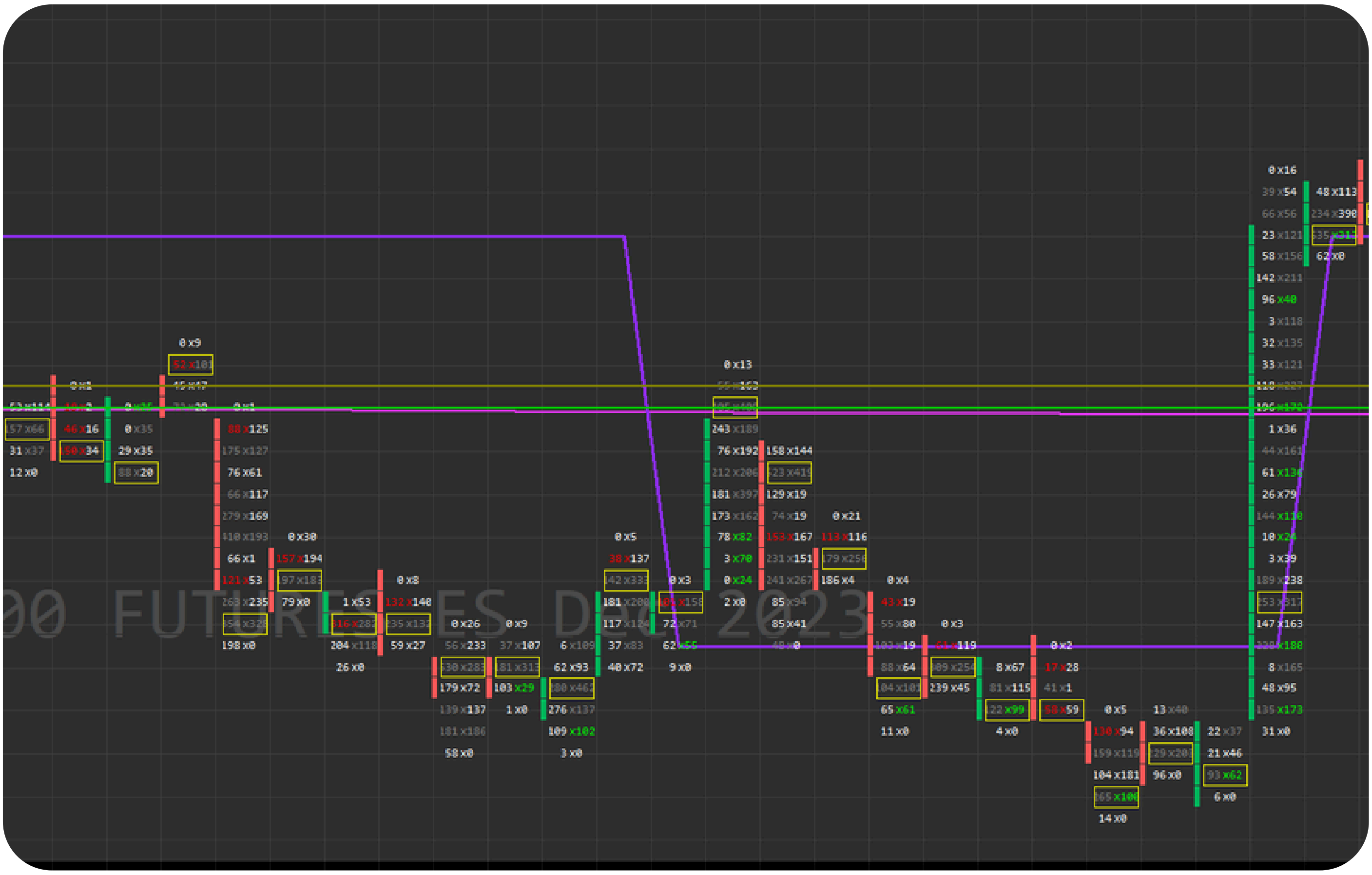
footprint



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BENEFITS

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It facilitates decision-making by identifying areas of imbalance.

The Footprint has several key goals and benefits that make it a valuable tool for traders of all skill levels:

Short term analysis:

Footprint is particularly suited for short-term analysis and trading. It excels at providing real-time information, making it an ideal choice for traders involved in scalping strategies. Scalping involves making small profits over short periods of time by taking advantage of small price movements. Footprint allows scalpers to see trades unfold in detail, helping them make quick decisions about entering and exiting positions.

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Understanding the trade: One of the most significant benefits of Footprint is that it offers a unique perspective to understand how market participants interact. By analyzing the imbalances between buyers and sellers at specific price levels, traders can decipher the market psychology. They can see if buyers are aggressive, if sellers are taking control, or if the market is in a state of uncertainty. This deep understanding of the trade allows traders to anticipate future market movements.

Simplified Decision Making: Footprint simplifies the decision-making process by clearly identifying areas of imbalance in the market. These areas, where demand and supply are not in balance, are often the starting point for significant price movements. By identifying these areas, traders can define more precise entry, exit and risk management points. This helps reduce uncertainty and minimize errors.

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UNDERSTANDING THE FOOTPRINT

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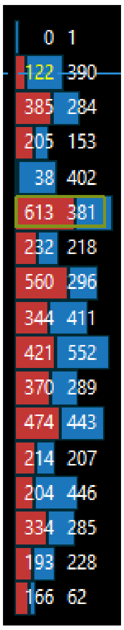
Candles:

Each Footprint candlestick is a graphical representation that displays the quantity of contracts traded at a specific price level in the market. These candlesticks look similar in appearance to those on a traditional price chart, but they provide additional essential information. Each candlestick is divided into two parts: the Bid (buy) side and the Ask (sell) side. The Bid side is usually displayed in green, while the Ask side is displayed in red. Footprint candlesticks are often called "imbalance candlesticks" because they reveal imbalances between buyers and sellers at a given price level.

Bougie footptint 1 minute



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Bid and Ask side:

Footprint simultaneously analyzes the actions of buyers (Bid) and sellers (Ask) at each price level. This analysis is crucial because it helps understand how supply and demand interact. Buyers are interested in buying at a given price, while sellers are willing to sell at that same price. By looking at the Bid and Ask sides of each candlestick, traders can see who is taking the lead, whether there is buying or selling pressure, and how these factors influence price movements.

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Imbalances :

Imbalances are a key feature of the Footprint. They indicate situations where one party, buyers or sellers, is significantly more active than the other at a given price level. Imbalances are typically represented by colored numbers, usually green and red. A green number indicates an imbalance in favor of buyers, meaning there is more activity on the Bid side. Conversely, a red number indicates an imbalance in favor of sellers, meaning there is more activity on the Ask side. Imbalances are a valuable tool for identifying price levels that are likely to cause significant market movements.

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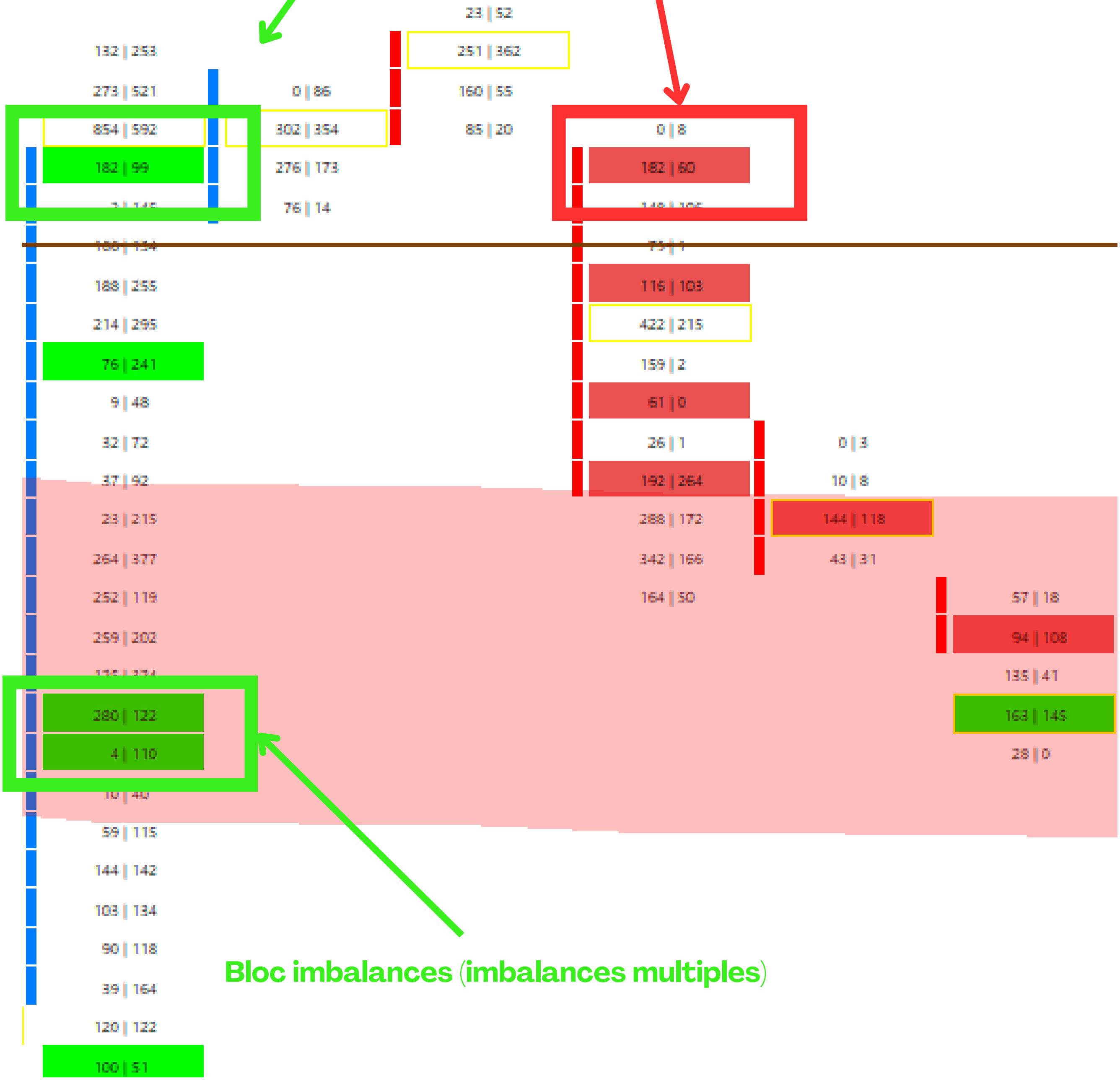
imbalance footprint



Bloc imbalances (imbalances multiples)

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Customizable time unit

You can adjust various settings according to your trading strategy and preferences.

Candlestick Duration: One of the most important customizable features of Footprint is the candlestick duration. You can configure this duration according to your trading strategy. For example, if you are a short-term trader, you might opt for 1-minute candlesticks, which will give you a very granular view of the trades. On the other hand, if you prefer a broader perspective, 15-minute or 1-hour candlesticks may be more appropriate. The choice of candlestick duration will depend on your trading style and what you want to see.

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Ticks reversal

Another interesting customization option is the ability to set up candlesticks based on a market retracement, also known as a "reversal." This feature allows you to see how prices move after reaching a specific level. Retracement candlesticks can be particularly useful for identifying potential turning points in the market. For example, if prices have been rising and are reaching a resistance level, you can use retracement candlesticks to see if a downward correction is occurring. This setup is very powerful in reading imbalances.

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Price display:

Another key customization is the price display. You have the option to choose a reading to compare the Bid and Ask in percentage terms, for example. You can decide to display the price at which the most contracts were traded at each price level. This can help you identify key price levels where market activity is concentrated. Additionally, you can also choose to display buyer-seller imbalances. These options allow you to quickly see if either side, Bid or Ask, is dominant at a given price level.

By customizing these settings, you can tailor the Footprint to your specific strategy and needs. This gives you significant flexibility to best leverage this analytics tool and can significantly improve your ability to interpret the Footprint.

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Reading imbalances

Imbalance reading is a fundamental component of Footprint analysis. It involves understanding how imbalances between buyers (Bid) and sellers (Ask) manifest themselves in the market. Here is a detailed explanation of the key elements related to imbalance reading:

Bid-Ask Difference: Imbalances are typically expressed as the difference between buy (Bid) orders and sell (Ask) orders at a given price level. An imbalance occurs when one of these two components is significantly higher than the other. For example, if the Bid is significantly higher than the Ask at a given price level, this indicates strong buying pressure, which could lead to an increase in prices. Conversely, if the Ask is significantly higher than the Bid, this suggests strong selling pressure, which could lead to a decrease in prices. The difference between the Bid and the Ask is a key indicator for assessing these imbalances.

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Diagonal reading

Footprint also allows you to compare prices diagonally to identify areas of imbalance. You can look at how imbalances evolve not only at a specific price level, but also by taking into account price variation over time. For example, if you observe that the imbalance is steadily increasing as prices rise, this could indicate a strong upward movement. On the other hand, if the imbalance increases as prices fall, this could suggest strong selling pressure. Diagonal reading allows you to take into account market movements and gain an understanding of the big players.

Trading volumes

In addition to imbalances, the Footprint also displays trading volumes for each price level. This information is essential for assessing the strength of moves and imbalances. High volumes typically indicate greater trader participation at a price level.

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ADVANCED USE OF FOOTPRINT

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Complementarity with other tools:

Use the Footprint in tandem with other analysis tools, such as the Market Profile or Volume Profile, for a better understanding of the market.

Scalping Strategies: Scalping is a very short term trading strategy that involves opening and closing positions within minutes or even seconds.

Footprint is particularly suited for scalping because of its ability to provide real-time information on imbalances between buyers and sellers.
Identify areas of high activity and short-term trading opportunities.

Footprint is particularly suited to scalping because of its ability to provide real-time information on imbalances between buyers and sellers. Scalping traders seek to profit from very short-term price movements, and Footprint provides them with detailed data on market movements at this level of granularity.

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Identify High Activity Areas:

Scalping traders use the Footprint to identify areas of high activity, where imbalances between buyers and sellers are most pronounced. These areas can represent short-term trading opportunities.

Medium and long term trading

Although Footprint is often associated with short-term trading, it can also be useful for longer time horizons. Use it to analyze the behavior of market participants over longer periods of time.

Medium to long term traders seek to profit from market trends that develop over days, weeks or months. Footprint can be used to analyze how these trends form and evolve.

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COMMON MISTAKES TO AVOID

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Incorrect interpretation of data: One of the most common mistakes is incorrect interpretation of the Footprint data. Misunderstanding the information displayed by candles and imbalances can lead to making bad decisions.

Impulsive Trading: Some traders may be tempted to make impulsive trading decisions based solely on temporary fluctuations in the Footprint, without considering a broader market analysis.

Over-optimizing Parameters: Another mistake is to over-optimize the Footprint parameters. This means that a trader may continually adjust the settings to match past conditions that are not necessarily relevant to current market conditions.

Neglecting Risk Management: The mistake of not managing risk properly is always a recurring problem among novice traders who focus only on the Footprint aspects and neglect risk management.

Impatience: It is essential to understand that trading is a long-term process, and results are not always instantaneous.

Over-allocation of capital: Excessive allocation of capital to transactions results in excessive exposure to risk.

Poor integration into an overall strategy: The mistake of not properly integrating the Footprint into an overall trading strategy can lead to inconsistencies and disappointing results.

Footprint is a powerful tool, but it must be used thoughtfully and integrated into a holistic trading approach. Mistakes can be avoided if the trader understands the tool well, adopts a disciplined approach, manages risk properly and relies on holistic market analysis. Thorough training and practice with caution are recommended!

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IMPROVING TRADING SKILLS WITH FOOTPRINT

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Mastering the Footprint requires ongoing training and hands-on experience.

By regularly attending training sessions and staying up to date with developments in the tool, you can continue to develop your knowledge and skills.

Exchange with other traders: Sharing your experiences and discussing with other traders who use Footprint can be a valuable resource. You can exchange ideas, strategies, and tips.

Joining our trading community can be a great way to progress.

Perfecting your risk management: Risk management is crucial in trading, and it must be constantly perfected. Make sure you have a solid strategy to manage your risk efficiently.

Effort and determination are essential to becoming a competent and successful trader.

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ANALYSIS AND STRATEGY

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Step 1: Identify Key Levels

Imbalance Analysis: Use the Footprint to spot significant imbalances. Imbalances indicate an imbalance between buyers (Bid) and sellers (Ask). When imbalances are significant and form at key price levels, they can be signals of potential reversals.

Support and Resistance Levels: Identify support levels (where prices tend to bounce higher) and resistance levels (where prices tend to fall)

Step 2: Setting Stop-losses

Stop-loss on Imbalances: Place your stop-loss a few ticks above or below significant imbalances that form near support or resistance levels. If you are long (buy), place your stop-loss slightly below the long imbalance. If you are short (sell), place your stop-loss slightly above the short imbalance.

Stop-loss on Volumes: You can also use trading volumes to set your stop-loss. If a large volume forms at a level close to your position, place your stop-loss just on the other side of that volume to protect yourself from sudden price movements.

Step 3: Risk Management

Make sure your position size is proportional to your risk tolerance.

Adjust your stop-losses as the market moves. If prices move in your favor, you can move your stop-loss to lock in profits and reduce risk.

Don't let your emotions influence your stop-loss decisions. Follow your trading plan to the letter.

It is essential to combine your stop-losses with overall market analysis, risk management and sound position management practices.

CONCLUSION

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Remember that trading involves risk, and success depends on your education, experience, and risk management. The Footprint is a powerful tool, but it does not guarantee success. Keep learning, practicing, and improving your skills.

If you want to use and include the footprint in your trading, you will find it available in different versions on the Phidias PropFirm store and ready to be incorporated into your favorite trading platform.

Please do not hesitate to contact us if you encounter any difficulties in understanding and using these tools.

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IF YOU HAVE ANY QUESTIONS OR NEED MORE INFORMATION, PLEASE DO NOT HESITATE TO CONTACT US. WE ARE HERE TO HELP YOU PROGRESS IN YOUR TRADING. TO STAY UP TO DATE WITH OUR LATEST NEWS, TIPS AND PROMOTIONS, FOLLOW US ON OUR SOCIAL NETWORKS.

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