Twitter Thread by MASTER BANTAI TRADES ■

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Educational Thread :

#trading

1/1

Section 1 — Supply and Demand

Basic Trading Principles
Demand = Buyers
Buyers = Support

Supply = Sellers
Sellers = Resistance

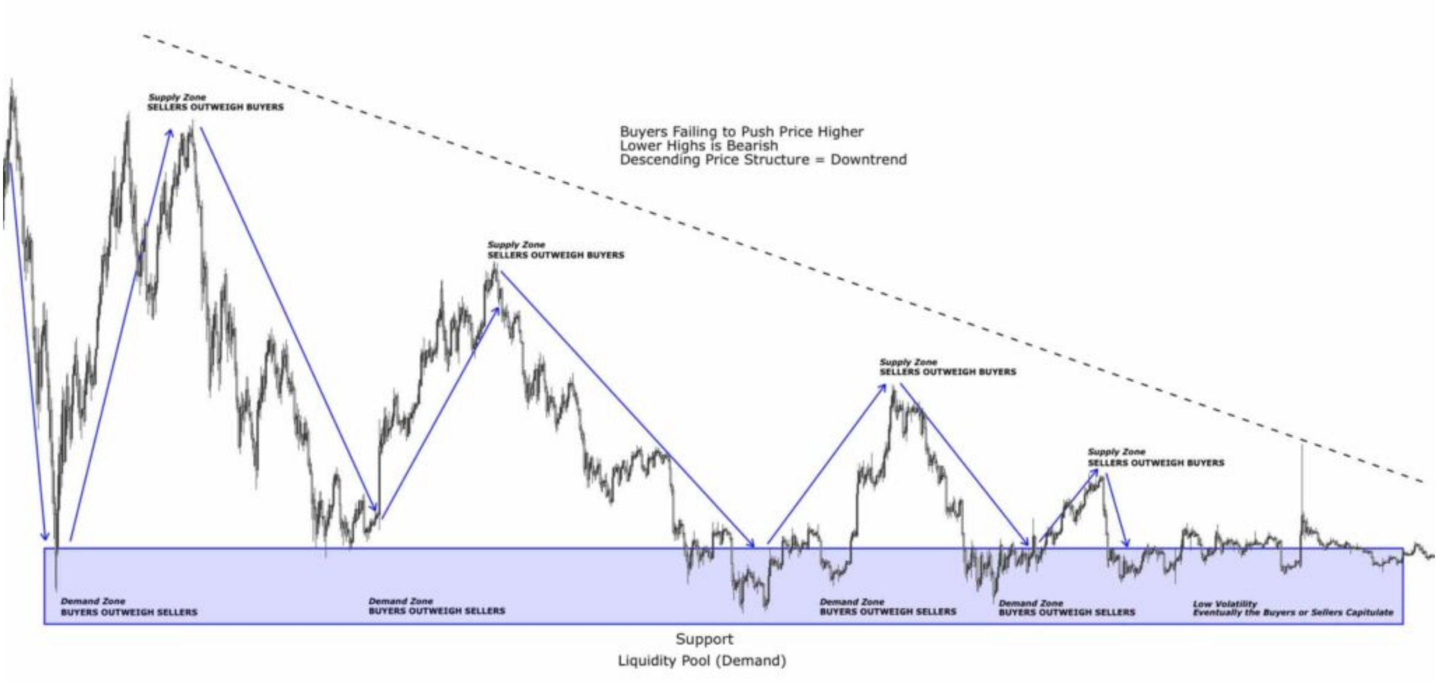
Support will be the level at which demand will outweigh supply, causing the price to rise/increase.

1/2

Resistance will be the level at which supply will outweigh demand, causing the price to fall/decrease.
Supply and demand zones in trading are usually liquidity pools.
When an asset illustrates a sharp rise or decline large institutional players (whales in the case of crypto)

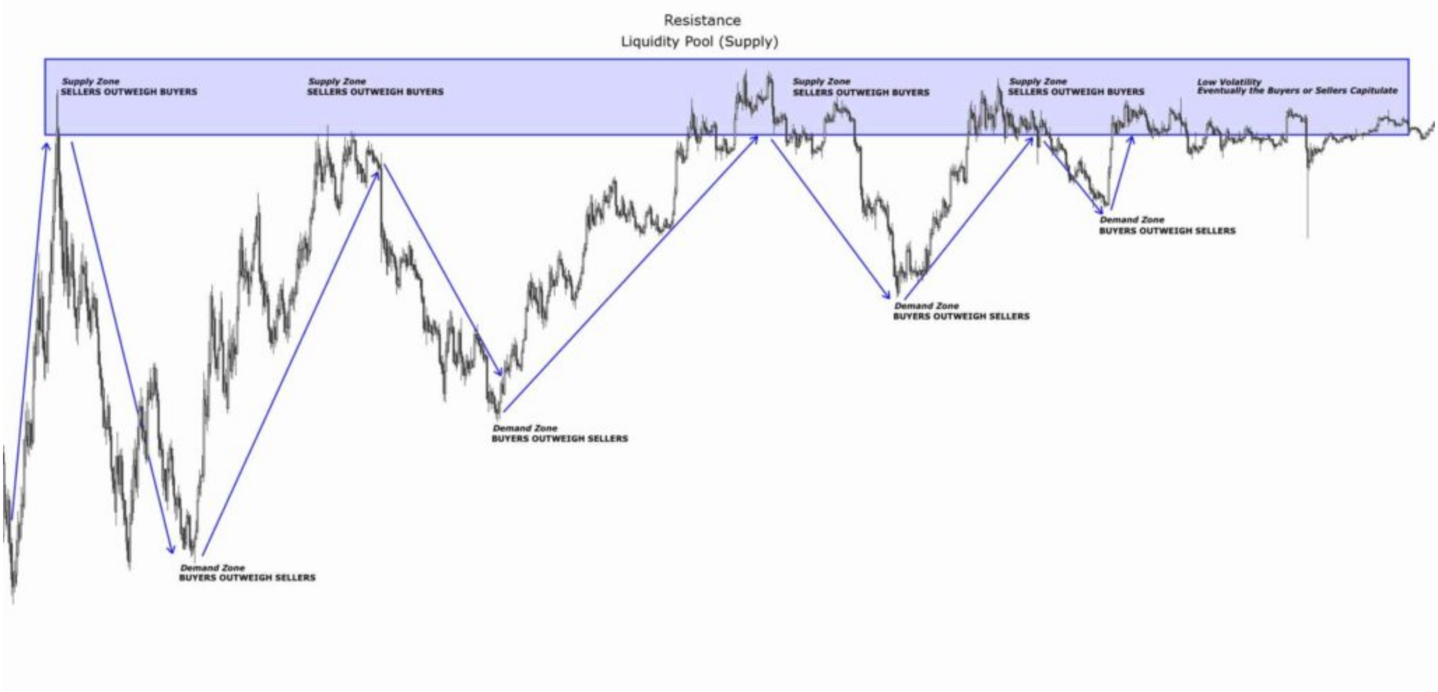
1/3
sometimes miss the entry or exit because of the size of the orders. When this happens they leave pending orders to buy or sell at the base of the liquidity zones, with the expectation that the price will return there to fill the remaining orders.

1/4
A high price rise zone is the demand zone (support) and the zone where price has made a sharp decline is the supply zone (resistance).
Demand Zone (Buyers Present)
Technical Analysis Term = Support



1/5
Supply Zone (Sellers Present)
Technical Analysis Term = Resistance

Important to Remember — Both supply and demand



1/6

zones have a finite number of buyers and sellers. The more a zone is touched the weaker it becomes. This is evident because price rebounds and makes lower highs off demand zones (support) and price drops less and less off supply zones (resistance) making higher lows.

1/7

Each time price reaches the supply zone price is knocked down (falls/decreases), but each time buyers step in they are bidding up price creating a higher low than before. This is a bullish price structure and is called an uptrend.

1/8

Each time price reaches the demand zone price is bid up (rises/increases), but each time sellers step in they are pushing price down creating a lower high than before. This is a bearish price structure and is called a downtrend.