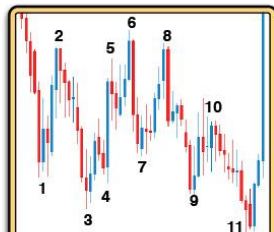
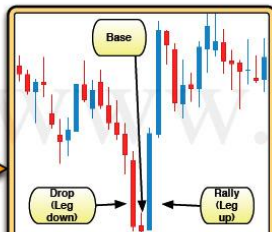


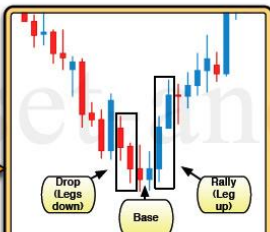
# How to Draw SD levels



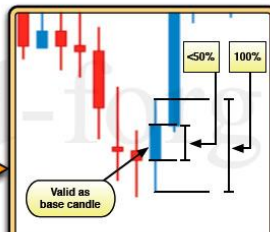
We are looking for big imbalances in the chart. Valleys and peaks. You have to notice these when you look at the chart. There are certain rules we must follow when we draw the levels in order to be as consistent as possible and to be able to negate weak levels.



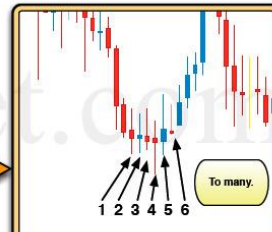
There are two types of levels and we start with the first type. The DBR and the RBD levels. For simplicity sake we will use only DBR but know that every rule on DBR are applicable to it's horizontal flip-side, RBD. A level is composed of 3 parts: Leg down, Base, and a Leg Up.



A leg can be composed of several candles and extra legs. The leg down is also known as a drop and the leg up is also called a rally.



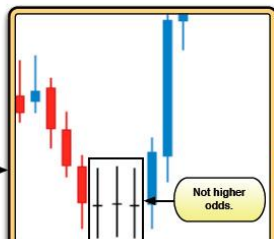
Let's define what the base is. Preferably the base should consist of candles which have body's that are 50% or less of the whole range of the candle. This is a rule of thumb.



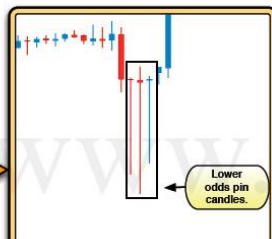
The base should have no more than 4-5 candles in it. This base is not valid because there is too much trading in the area. This rule applies to all timeframes, price is fractal.



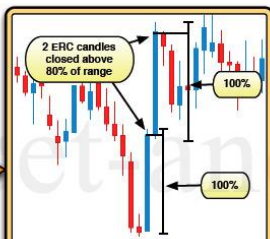
A level is not high odds if there is a single doji as a base. Except if the level is inside a HTF level. If the doji candle is accompanied by other basing candles then it's ok.



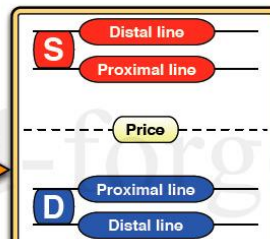
Multi doji base. In other words lots of doji's in the base. This is not higher odds except if you are inside HTF level.



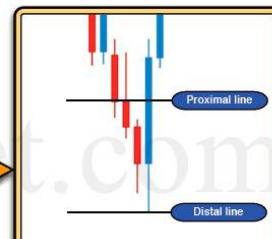
Long wicks and pin candles are not higher odds. Pin candles are often a reaction to a previous zone.



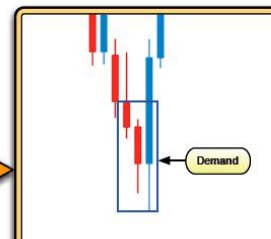
It is important that the right leg has a strong departure with at least two ERC candles closing at or near it's high (about 80% of the whole candle range)



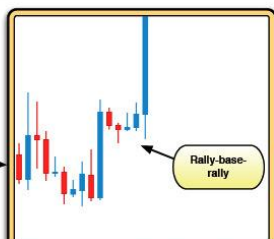
The supply and demand levels are the areas surrounding the base of the level. The line closest to price is the proximal line. And the line furthest away from price is the distal line.



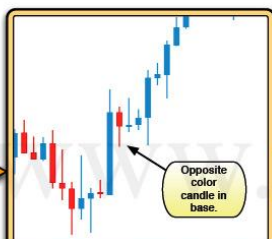
The proximal line should be horizontal against the body of the base candle nearest to price. And the distal line should be horizontal to the wick that is furthest away from price in the level.



Now that you know all the components of a level you draw a rectangle around the area. Blue for demand areas and red for supply areas.



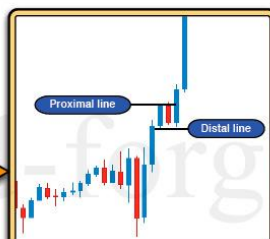
Now let's take a look at the other type of level. The continuation pattern, CP. The rally-base-rally or drop-base-drop. As with the RBD and DBR levels we only show the RBR levels because of space. Remember that there is a corresponding horizontal flip-side to RBR too, the DBD.



For a CP pattern we need at least one candle of the opposite color in the base of the direction we want to trade. So in this case we have a demand CP we need at least one bearish (red) candle in the base. The opposite is true for supply (with a bullish candle in the base)



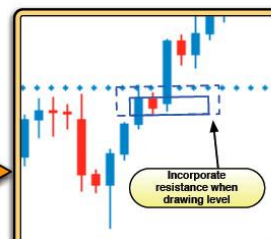
The 50% body rule does NOT apply to the CP pattern. Great levels can be composed of marabozu candles.



You draw the levels the same as the RBD, DBR levels. The proximal line should be horizontal to the body in the base that is closest to price. And the distal line should be horizontal to the wick that is furthest away from price in the level.



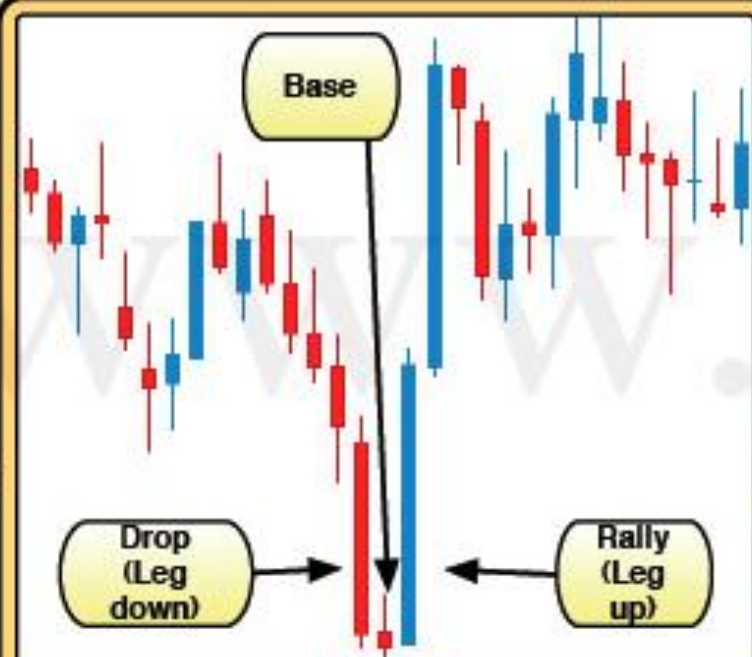
And now you draw the rectangle around the area. The same rules apply to the CP pattern, we don't want any wicky candles or one base, multi base doji levels.



If you have a resistance level just above your demand area you can incorporate that resistance in the level. Because price will sometimes bounce of resistance not reaching the level located just below.



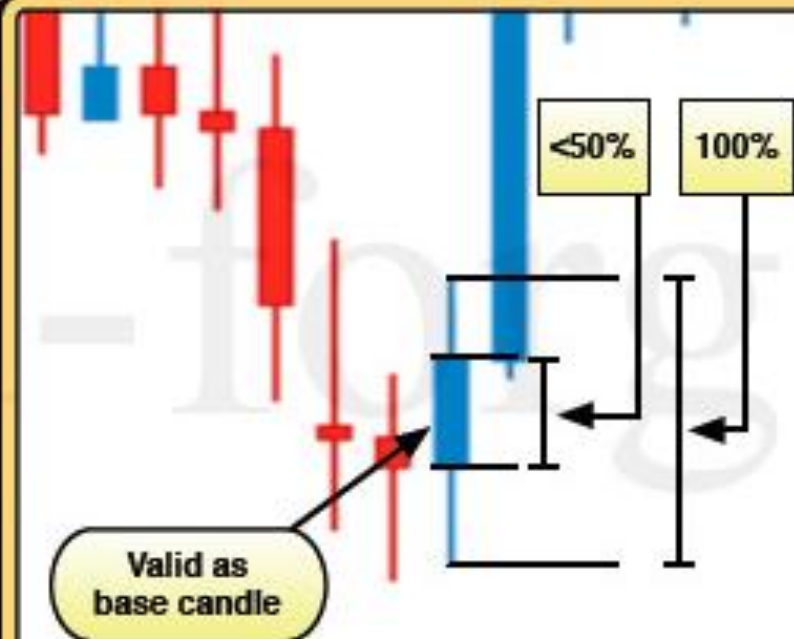
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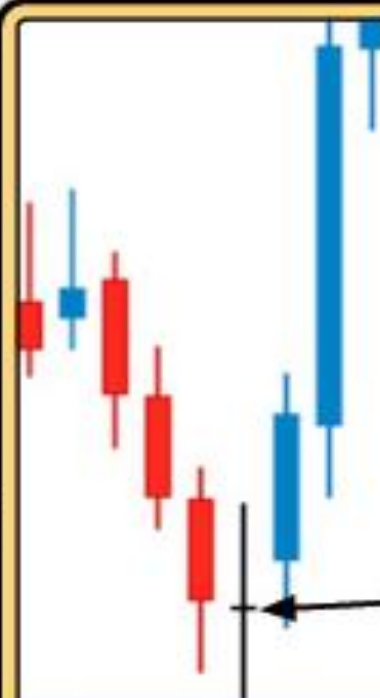


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To many.

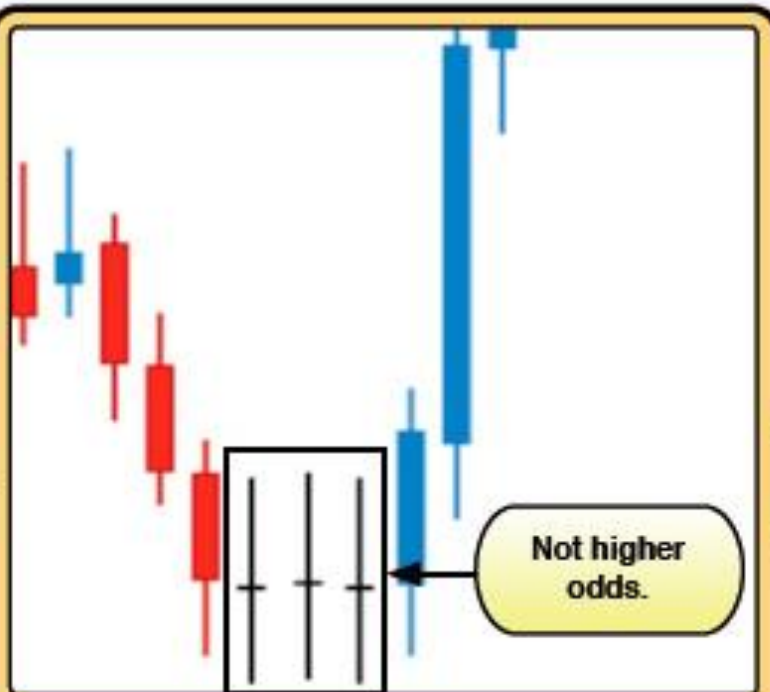
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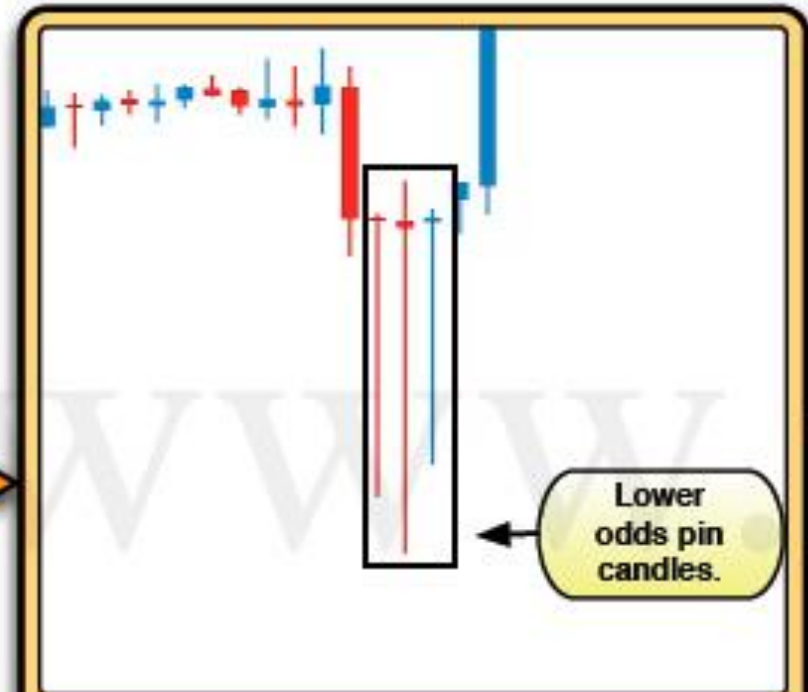
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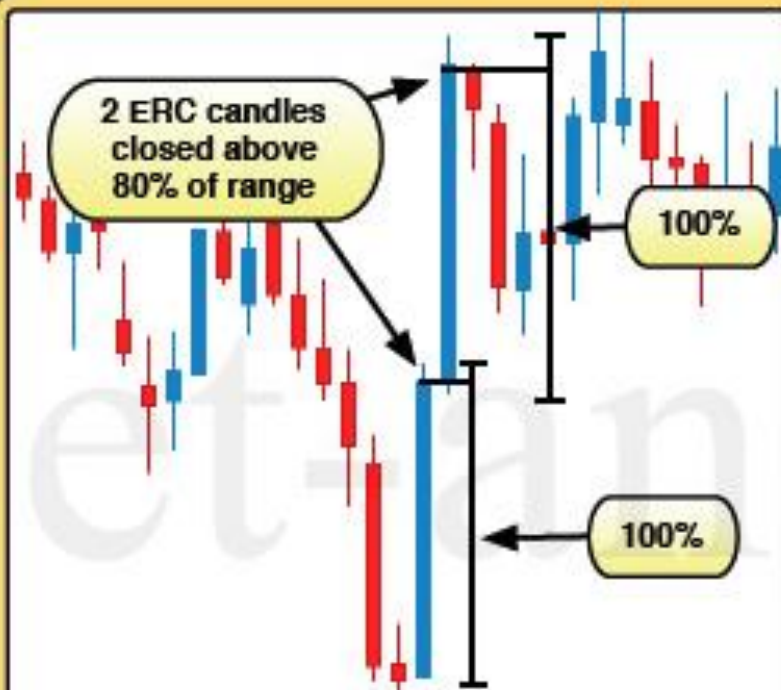




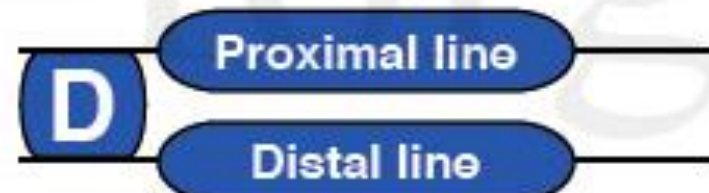
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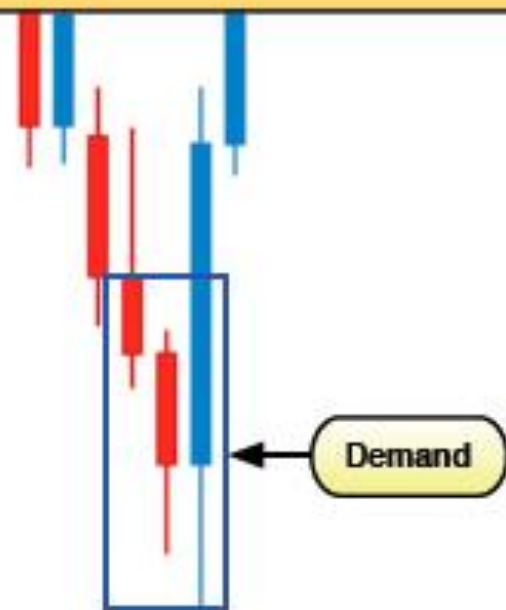
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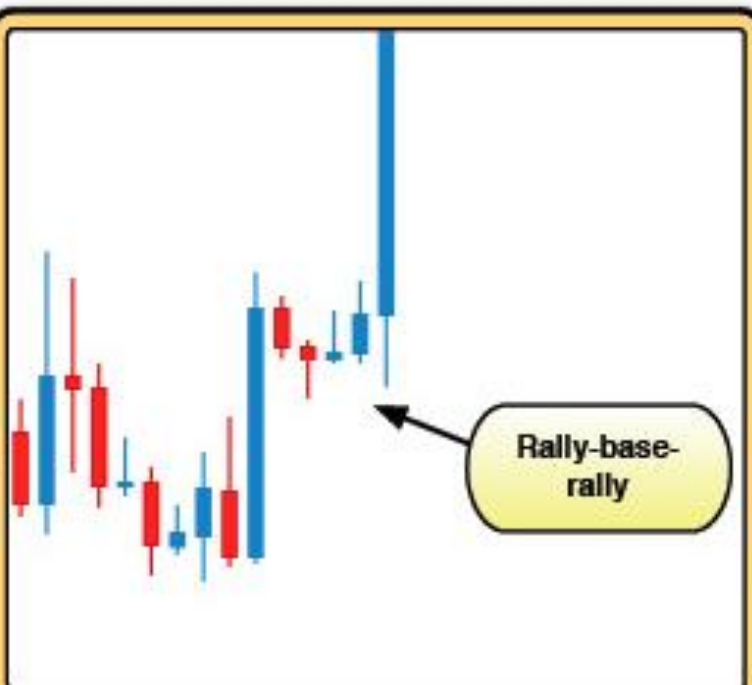
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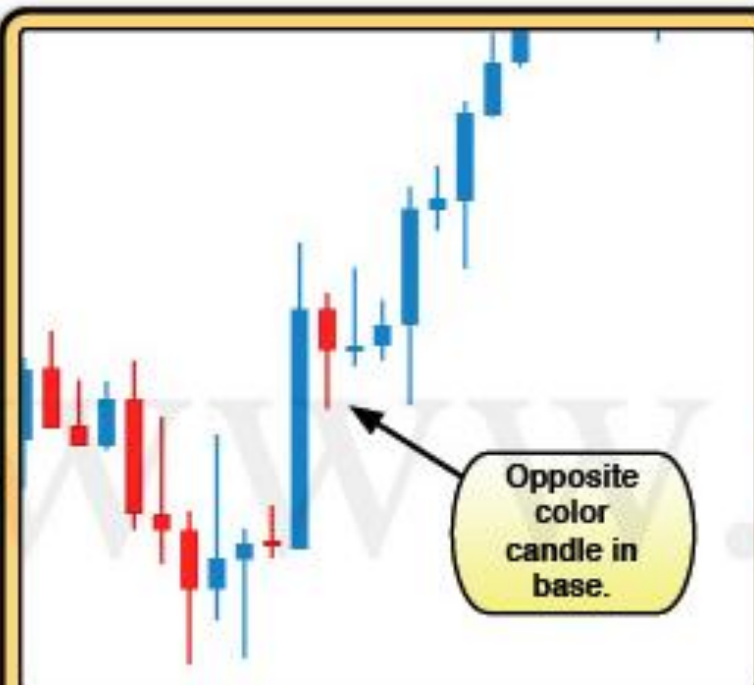


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Rally-base-rally

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Opposite color candle in base.

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Marabozu  
candles in  
the base is  
ok.



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Proximal line

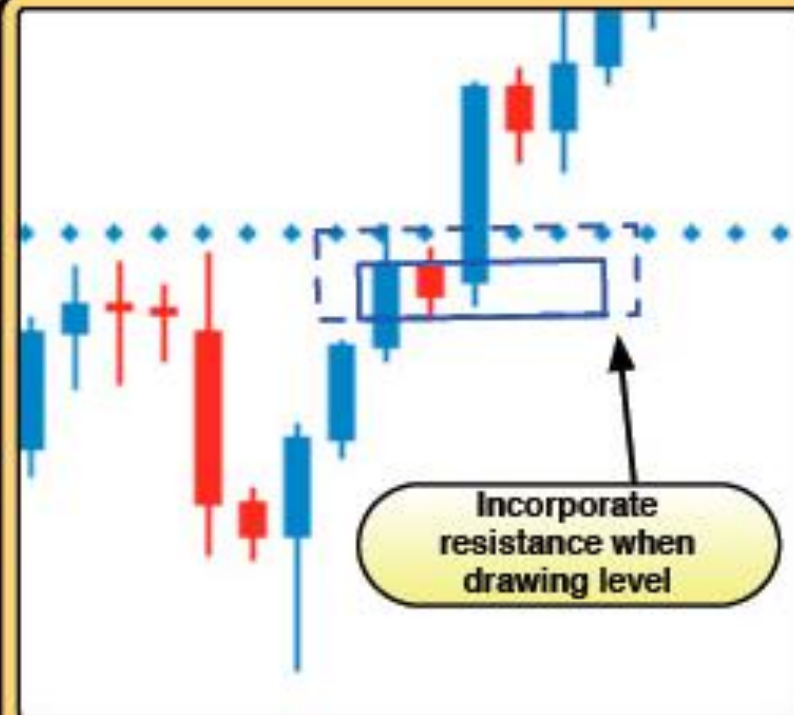
Distal line



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