PSEDYS | TECHNICAL REFERENCE MANUAL V3.0

Stacked Imbalances — Consecutive Imbalances

Technical Reference Manual v1.0

PSEDYS | Market Structure / Order Flow Indicators

1. What are Stacked Imbalances?

An **imbalance** is a price area where two consecutive candles have left an untraded gap between their bodies.

Stacked Imbalances occur when **3 or more consecutive imbalances** form on successive candles in the same direction. This signals institutional aggressiveness.

A single imbalance is common and insignificant on its own. 3+ consecutive are rare and mark areas of high institutional interest. The market tends to return to these areas.

Terminology

Term	Definition
Imbalance	Gap between the bodies of 2 consecutive candles
Volume Imbalance (ICT)	Body candle[N] does not overlap with body candle[N+1]
Stacked Imbalance	>=3 consecutive imbalances in the same direction
Filled	Price has returned and traded within the area
Unfilled/Naked	Area has not been touched by price active priority

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2. Calculation Formula — OHLCV Definition

Step 1 — Detect Individual Imbalance

```
def is_bullish_imbalance(candle_prev, candle_curr):
    body_top_prev = max(candle_prev["open"], candle_prev["close"])
    body_bot_curr = min(candle_curr["open"], candle_curr["close"])
    return body_bot_curr > body_top_prev   # confirmed bullish gap

def is_bearish_imbalance(candle_prev, candle_curr):
    body_bot_prev = min(candle_prev["open"], candle_prev["close"])
    body_top_curr = max(candle_curr["open"], candle_curr["close"])
    return body_top_curr < body_bot_prev   # confirmed bearish gap
```

Bullish Example:

```
Candle [N]:   O=100, H=103, L=99,  C=102  body top = 102
Candle [N+1]: O=104, H=107, L=103, C=106  body bot = 104
body_bot_curr (104) > body_top_prev (102)  BULLISH IMBALANCE
Imbalance area: 102 to 104
```

Step 2 — Volume Filter

```
IMBALANCE_VOLUME_MULTIPLIER = 1.3   # bar volume >=1.3x average

def is_significant_imbalance(candle_prev, candle_curr, avg_volume):
    bullish = is_bullish_imbalance(candle_prev, candle_curr)
    bearish = is_bearish_imbalance(candle_prev, candle_curr)
    vol_ok  = candle_curr["volume"] >= avg_volume * 1.3
    return (bullish or bearish) and vol_ok
```

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Step 3 — Detect Stacked (>=3 consecutive)

```
STACKED_MIN_COUNT = 3   # minimum 3 = "stacked"
STACKED_LOOKBACK  = 50  # bars on 5M (~4.2 hours)

def count_stacked_imbalances(candles, lookback=50):
    window = candles[-lookback:]
    avg_vol = sum(c["volume"] for c in window) / len(window)
    max_consecutive = 0
    count = 0
    direction = None

    for i in range(1, len(window)):
        prev = window[i-1]
        curr = window[i]
        vol_ok = curr["volume"] >= avg_vol * 1.3

        if is_bullish_imbalance(prev, curr) and vol_ok:
            count = count + 1 if direction == "BULL" else 1
            direction = "BULL"
        elif is_bearish_imbalance(prev, curr) and vol_ok:
            count = count + 1 if direction == "BEAR" else 1
            direction = "BEAR"
        else:
            count = 0
            direction = None

        if count > max_consecutive:
            max_consecutive = count

    return max_consecutive  # maximum number of stacked imbalances detected
```

Numeric Example — Stacked Bullish

```
avg_volume = 1000:
[N-1]: O=100.0, C=101.0, V=950
[N]:   O=101.5, C=102.5, V=1400  body_bot(101.5) > body_top(101.0), vol OK
[N+1]: O=103.2, C=104.0, V=1500  body_bot(103.2) > body_top(102.5), vol OK
[N+2]: O=104.3, C=105.5, V=1350  body_bot(104.3) > body_top(104.0), vol OK

Consecutive bullish: 3  STACKED
The market rose aggressively without retracement high probability of retest
```

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3. Configurable Parameters PSEDYS

```
STACKED_MIN_COUNT           = 3    # minimum for "stacked"
STACKED_LOOKBACK            = 50   # bars on 5M
IMBALANCE_VOLUME_MULTIPLIER = 1.3  # volume >=1.3x average
SPIKE_FILTER_ATR_MULTIPLIER = 3.0  # spike >3x ATR skip
```

4. PSEDYS Trading Signals

Stacked Bullish Imbalance:

```
Formation: strong upward impulse on 3+ candles without body overlap
Expectation: market returns to the area (pullback)
Entry LONG: at retest of the area (price drops to zone_high)
  + bullish candle confirmation on 5M
  + positive delta_5m on entry into the area
Stop-loss: below zone_low - 0.1%
Target: last high of the impulse + ATR(14)
```

Stacked Bearish Imbalance:

```
Formation: strong downward impulse on 3+ candles without body overlap
Expectation: market returns to the area (retracement)
Entry SHORT: at retest of the area (price rises to zone_low)
  + bearish candle confirmation on 5M
  + negative delta_5m on entry
Stop-loss: above zone_high + 0.1%
Target: last low of the impulse - ATR(14)
```

Signal strength by count:

Count	Strength	PSEDYS Action
2 imbalances	Weak frequent	Not marked
3 imbalances	Standard	Mark area, monitoring
4 imbalances	Strong	Entry with standard sizing
5+ imbalances	Very strong	Entry with increased sizing

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5. Zone Status — Filled vs Unfilled

```
def is_zone_filled(zone, candles):
    for c in candles:
        if c["low"] <= zone["high"] and c["high"] >= zone["low"]:
            return True   # FILLED zone has been touched
    return False          # UNFILLED active priority
```

UNFILLED zones have priority as retest levels.

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6. Edge Cases

Extreme ATR Spike:

```
if (candle["high"] - candle["low"]) > atr14 * 3:
    skip = True  # spike, not structural imbalance
```

Reset counter: On any candle without imbalance, the counter resets to 0.

Body definition (ICT Volume Imbalance): Uses min/max of open and close, not the wick. A candle with overlapping wick but non-overlapping body = valid IMBALANCE.

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7. Cheat Sheet Stacked Imbalances

Concept	Value / Rule
Imbalance definition	Body[N] and body[N+1] without overlap
Bullish formula	min(O[N+1], C[N+1]) > max(O[N], C[N])
Bearish formula	max(O[N+1], C[N+1]) < min(O[N], C[N])
Volume filter	volume >= avg_volume x 1.3
Minimum stacked	>=3 consecutive in the same direction
Detection lookback	50 bars on 5M (~4.2 hours)
Bullish zone	Price returns to the area entry LONG
Bearish zone	Price returns to the area entry SHORT
Filled	Price has traded within the area deactivated
Unfilled	Active priority as retest level
Spike filter	Range >3x ATR skip detection
Reset counter	On any candle without imbalance
3 stacked	Standard signal
5+ stacked	Strong signal, increased sizing

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