

ICT Trading Logic Sheet — Explicit Candle Structure

This document formalizes ICT concepts into explicit, rule-based candle definitions suitable for discretionary execution, systematic review, or algorithmic implementation.

Market Structure

Swing High:

$\text{High}[i] > \text{High}[i-1] \text{ AND } \text{High}[i] > \text{High}[i+1]$

Swing Low:

$\text{Low}[i] < \text{Low}[i-1] \text{ AND } \text{Low}[i] < \text{Low}[i+1]$

Break of Structure (Bullish):

$\text{Close}[\text{current}] > \text{High}[\text{previous swing high}]$

Change of Character (Bearish):

$\text{Close}[\text{current}] < \text{Low}[\text{last higher low}]$

Liquidity Concepts

Equal Highs:

$|\text{High}[i] - \text{High}[j]| \leq \text{ATR} \times \text{tolerance} \text{ (0.05–0.1 ATR)}$

Liquidity Sweep (Sellside):

$\text{Low}[\text{current}] < \text{Liquidity Low} \text{ AND } \text{Close}[\text{current}] > \text{Liquidity Low}$

Invalid Sweep:

Close remains beyond liquidity without reclaim

Displacement & Imbalance

Displacement Candle:

$|\text{Close} - \text{Open}| \geq 1.5 \times \text{AvgBodySize} \text{ AND } \text{Close in extreme 25\% of range}$

Bullish Fair Value Gap:

$\text{High}[C1] < \text{Low}[C3]$

FVG Invalidation:

Full candle close beyond opposite edge

Order Blocks

Bullish Order Block:

Last bearish candle before bullish displacement causing BOS

OB Zone:

$[\text{Low}[\text{OB}], \text{High}[\text{OB}]]$

OB Invalidation:

Close below OB low

Premium / Discount Logic

Dealing Range:

Range = [Swing Low, Swing High]

Equilibrium = (High + Low) / 2

Discount Zone:

Price < Equilibrium

Premium Zone:

Price > Equilibrium