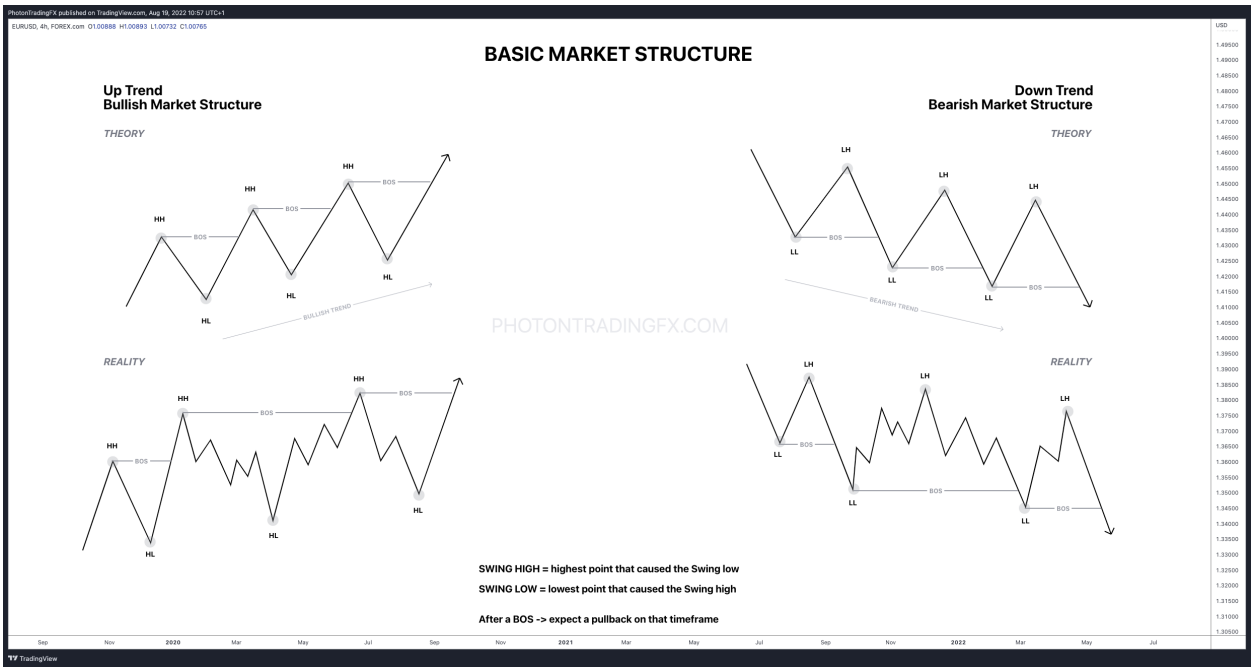
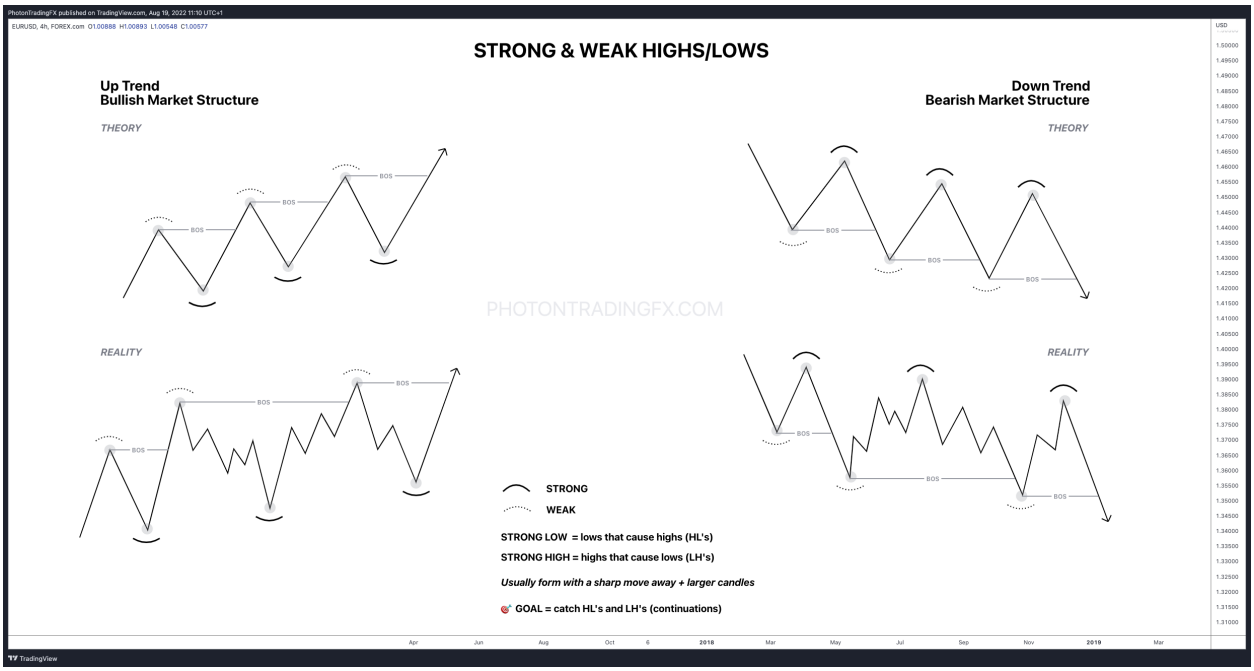
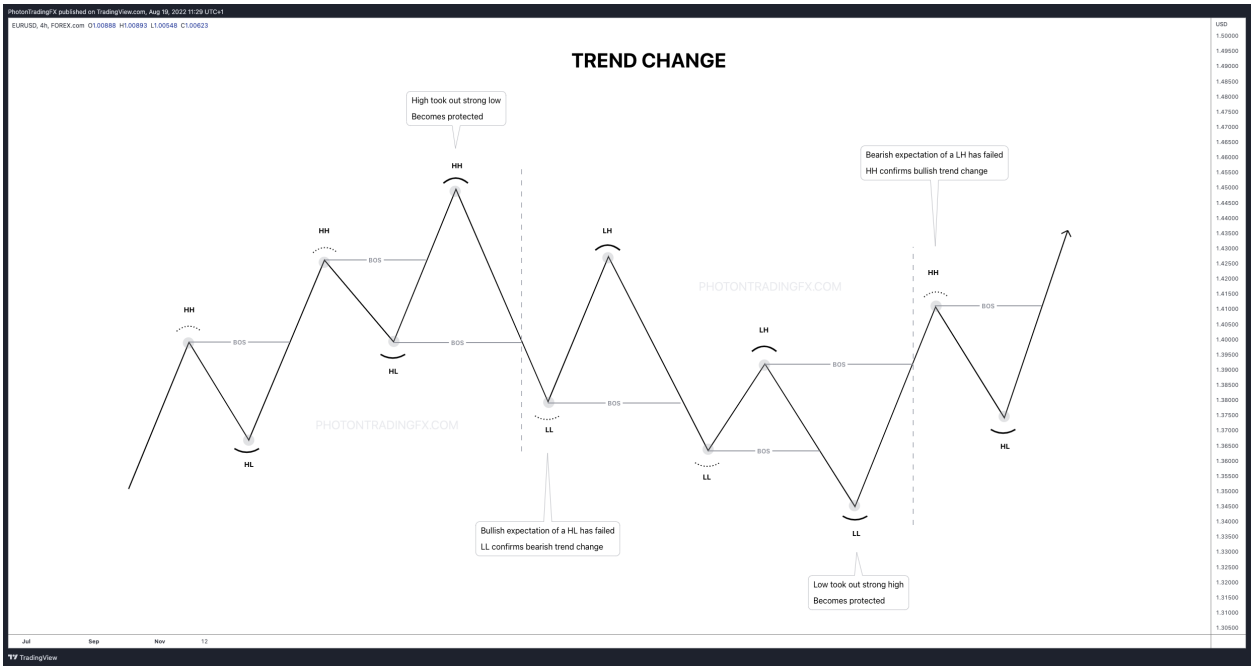
Basic Market Structure



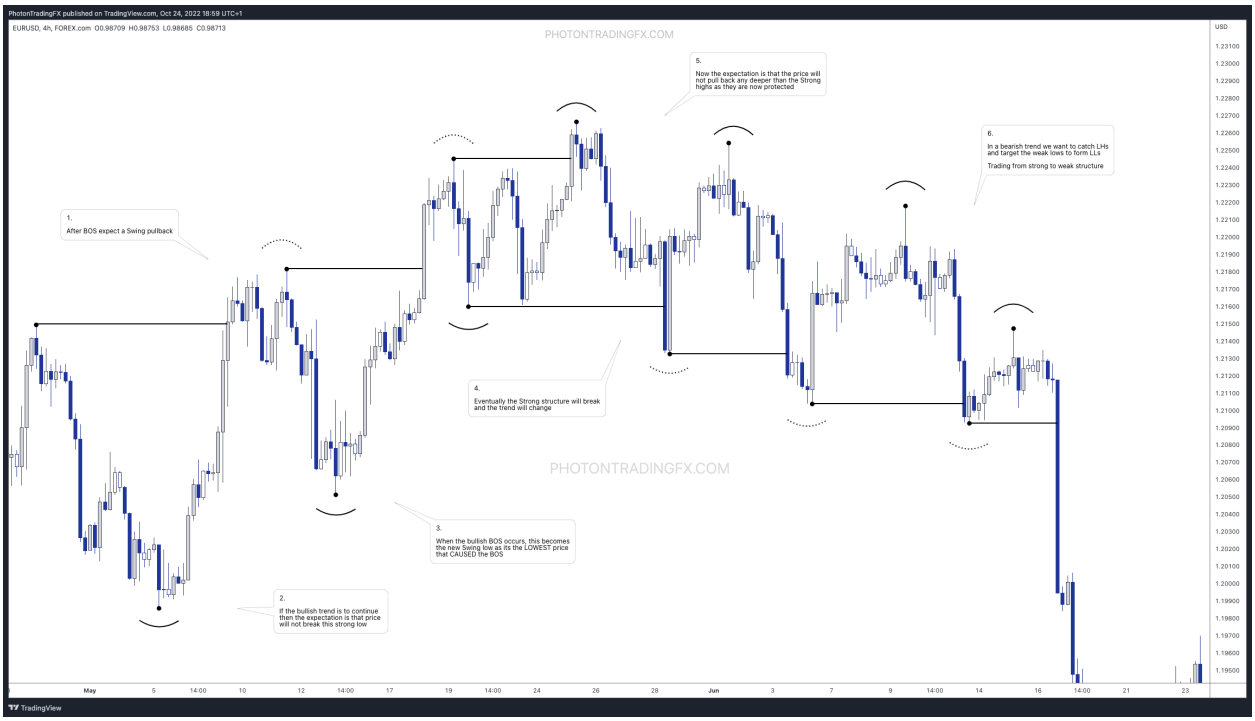
STRONG & WEAK HIGHS/LOWS

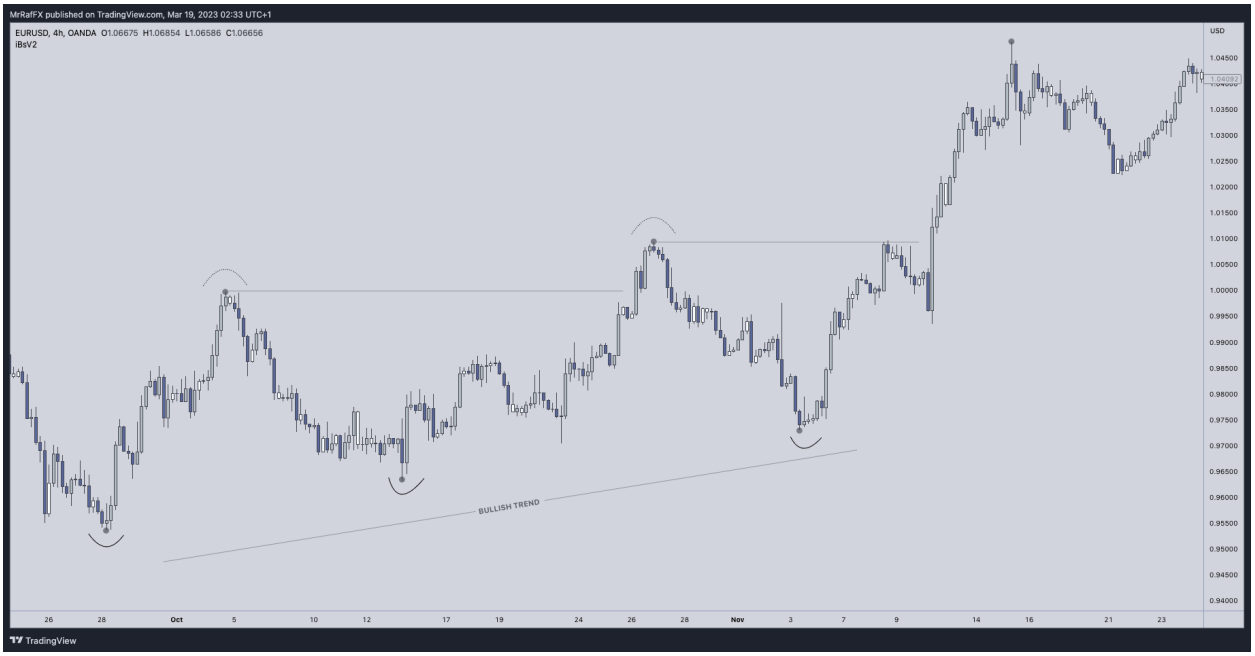


TREND CHANGE



REAL EXAMPLE:


PhotonTradingFX published on TradingView.com, Oct 24, 2022 18:59 UTC+1
EURUSD, 4h, FOREX.com O0.98709 H0.98753 L0.98685 C0.98713
PHOTONTRADINGFX.COM
1.
After BOS expect a Swing pullback
2.
If the bullish trend is to continue then the expectation is that price will not break this strong low
3.
When the bullish BOS occurs, this becomes the new Swing low as its the LOWEST price that CAUSED the BOS
4.
Eventually the Strong structure will break and the trend will change
5.
Now the expectation is that the price will not pull back any deeper than the Strong highs as they are now protected
6.
In a bearish trend we want to catch LHs and target the weak lows to form LLs
Trading from strong to weak structure
PHOTONTRADINGFX.COM
TradingView


MrRafFX published on TradingView.com, Mar 19, 2023 02:33 UTC+1
EURUSD, 4h, OANDA O1.06675 H1.06854 L1.06586 C1.06656
iBsV2
BULLISH TREND
TradingView

3 Types of Structure - Intro

There are 3 types of structure: Swing, Internal, and Fractal.

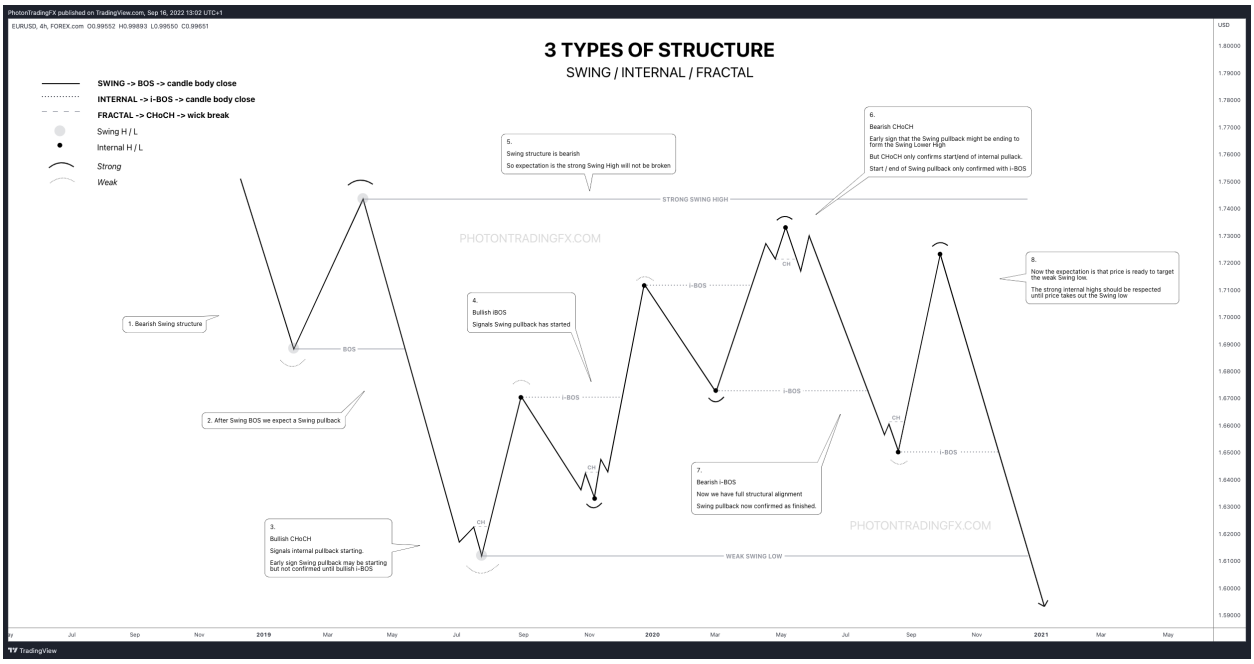
Swing -> BOS -> candle body close

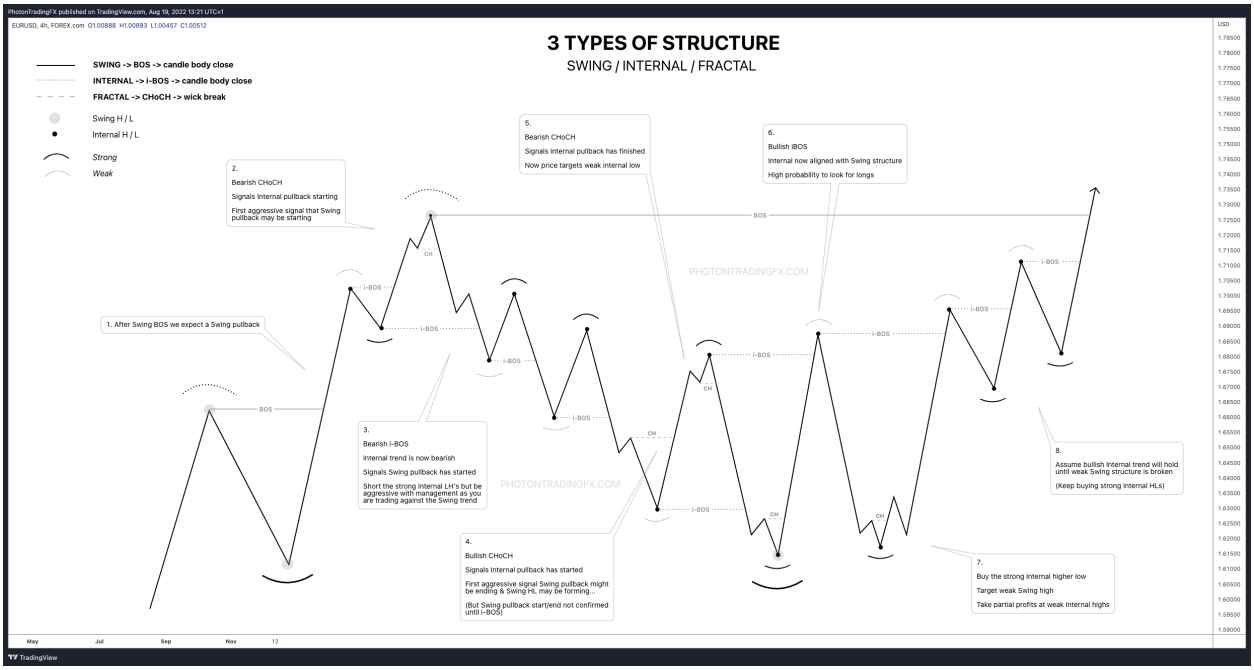
Internal -> i-BOS -> candle body close

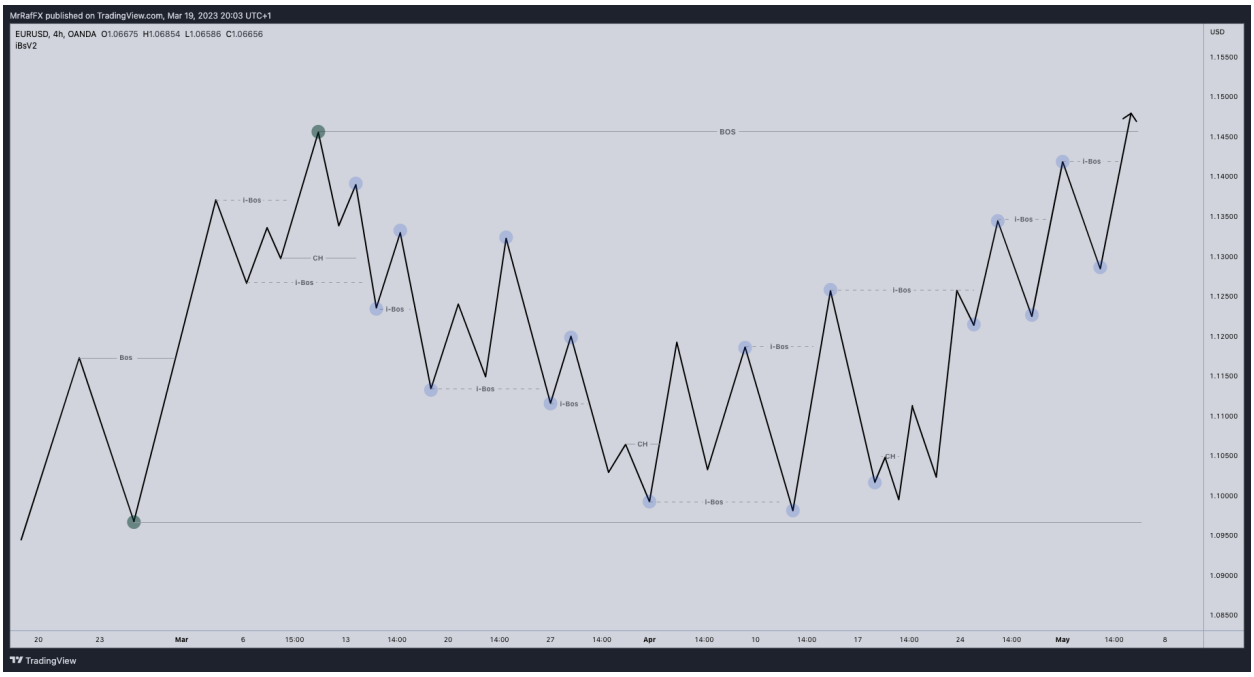
Fractal -> CHoCH (fractal structure trend change) -> wick break

CHoCH (Change of Character) -> signals **internal** pullback starting/ending

i-BOS (Internal Break of Structure) -> signals **swing** pullback starting/ending







Structure Mapping

We ALWAYS map structure **from** the high/low (wicks) of candles.

The only difference in mapping is what we need to see for a confirmed **break** of structure.

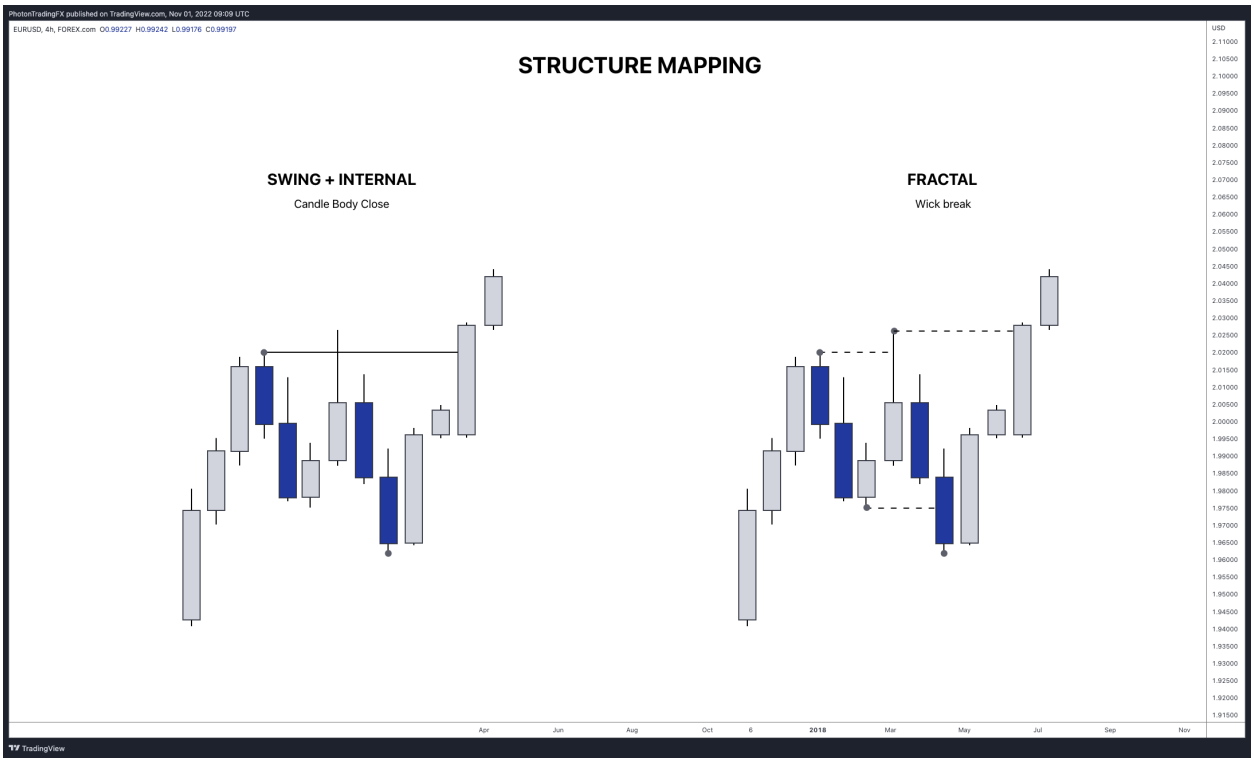
Swing -> BOS -> candle body close

Internal -> i-BOS -> candle body close

Fractal -> f-BOS / CHoCH -> wick break

CHoCH is the term we use for a Fractal trend change. We don't map f-BOS [fractal continuation] on our charts as it's unnecessary,

we only map CHoCH [fractal trend change]. ***This will all become clearer in the following lessons!***



Fractal Structure (CHoCH) - Theory

Fractal structure is 100% mechanical.

It's the most **aggressive** type of structure mapping as we are essentially viewing a lower timeframe trend on the

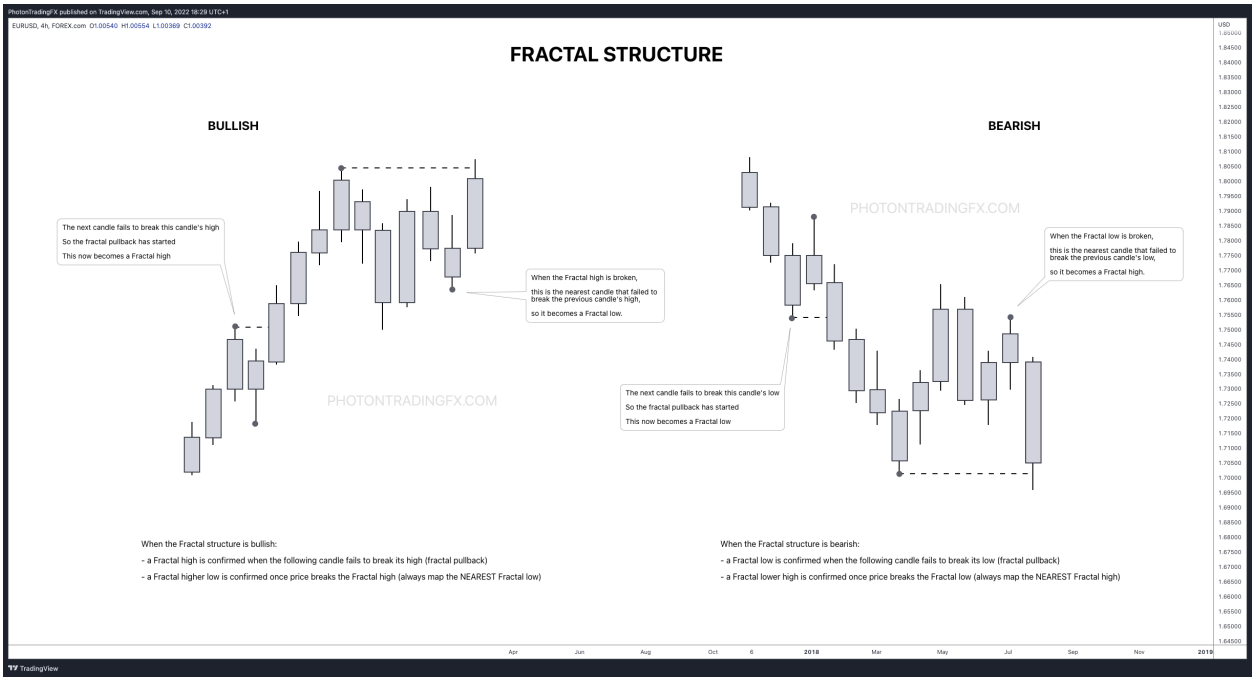
current timeframe we are looking at (this will make more sense when we look at Multi-timeframe analysis in future lessons).

FRACTAL STRUCTURE MAPPING

Wick breaks are enough for a Fractal break of structure.

The exact second price breaks a Fractal high or low the break is confirmed, and you do **not** need to wait for a candle body close.

BULLISH & BEARISH FRACTAL STRUCTURE



Bullish Fractal Structure:

- A Fractal **high** is confirmed when the following candle fails to break its high (fractal pullback).
- A Fractal **higher low** is confirmed once price breaks the Fractal high (always map the **NEAREST** Fractal low). This will be the most recent candle

  that failed to break the previous candle's high.

Bearish Fractal Structure:

- A Fractal **low** is confirmed when the following candle fails to break its low (fractal pullback).
- A Fractal **lower high** is confirmed once price breaks the Fractal low (always map the **NEAREST** Fractal high). This will be the most recent candle

  that failed to break the previous candle's low.

CHoCH (CHANGE OF CHARACTER)

CHoCH -> Fractal structure trend change.

Bearish CHoCH -> the first Fractal **lower** low after a series of Fractal **higher** lows.

Bullish CHoCH -> the first Fractal **higher** high after a series of Fractal **lower** highs.

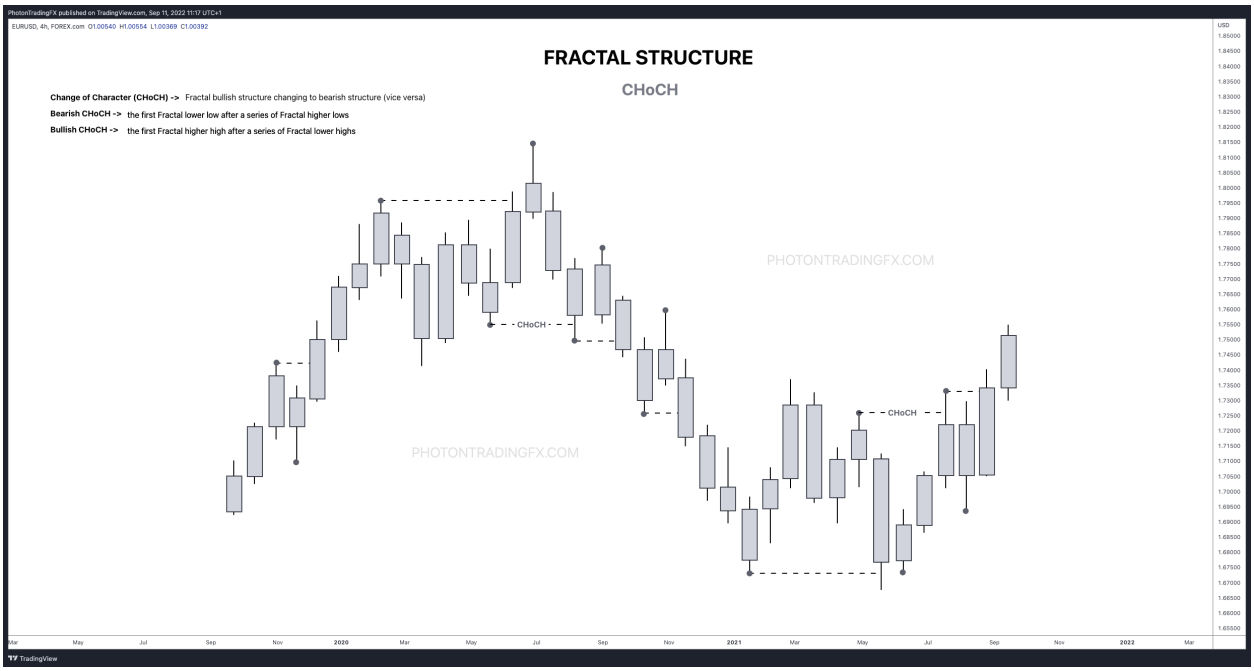
CHoCH signals the start/end of **Internal** Pullbacks.

In the live market, we only label CHoCHs, we do not label Fractal structure continuations (f-BOS) as we do with Swing (BOS) and Internal (i-BOS)

structure, as they occur frequently so you would have messy charts and it would provide little value doing so.

CHoCH is the most **aggressive** type of structure break. They occur frequently so we only pay attention to them in **high-value areas where we are expecting price to turn.**

When the market is choppy, we are not paying attention to **CHoCH** because it's not very useful information.



COMMON MISTAKES

Mistake #1 - Equal highs/lows:

When the Fractal structure is bullish (bearish), if a candle trades **exactly** as high (low) as the previous candle's high (low),

then this is a Fractal pullback as price has **failed** to break the previous candle's high (low).

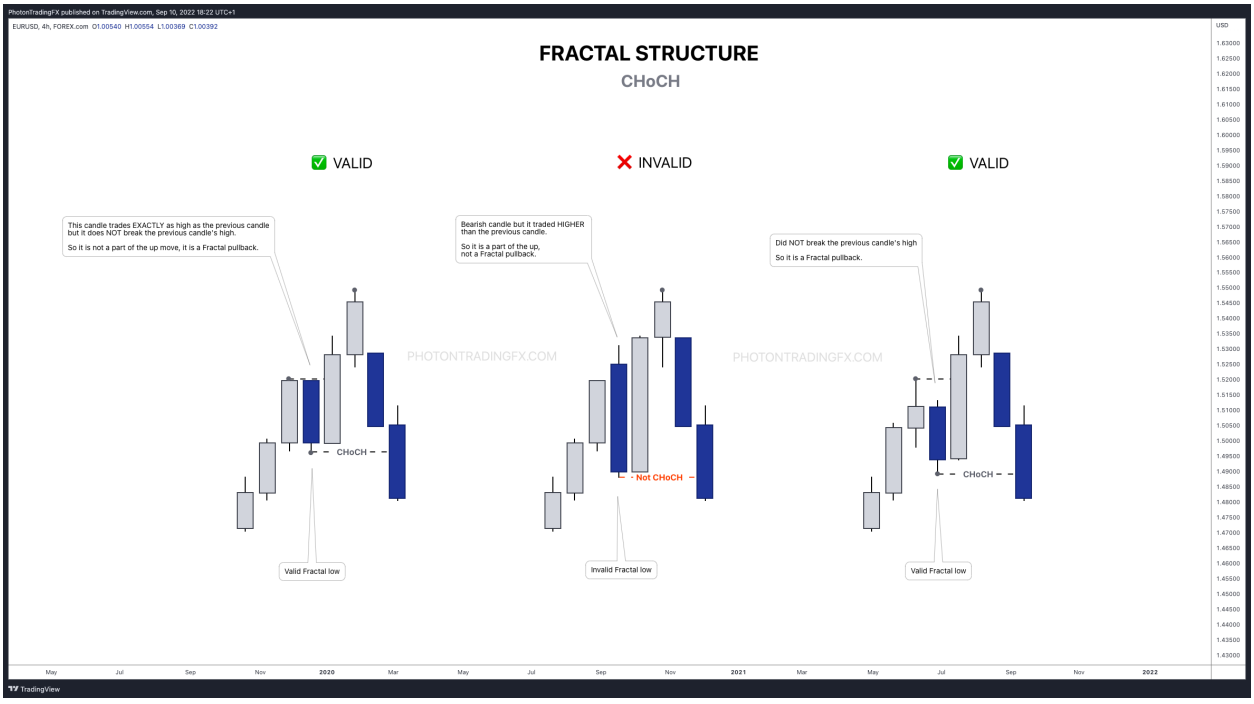
Mistake #2 - Focusing on candle colour:

The **colour** of the candle is completely irrelevant. If the Fractal trend is bullish (bearish), you need to focus on whether the high (low)

of the candle breaks the previous candle's high (low).

In the 2nd example in the chart below, the bearish candle does break the previous candle's low, but that's not the current active fractal low so it's irrelevant.

The Fractal trend is still bullish because it broke the previous candle's high and continued the up move.

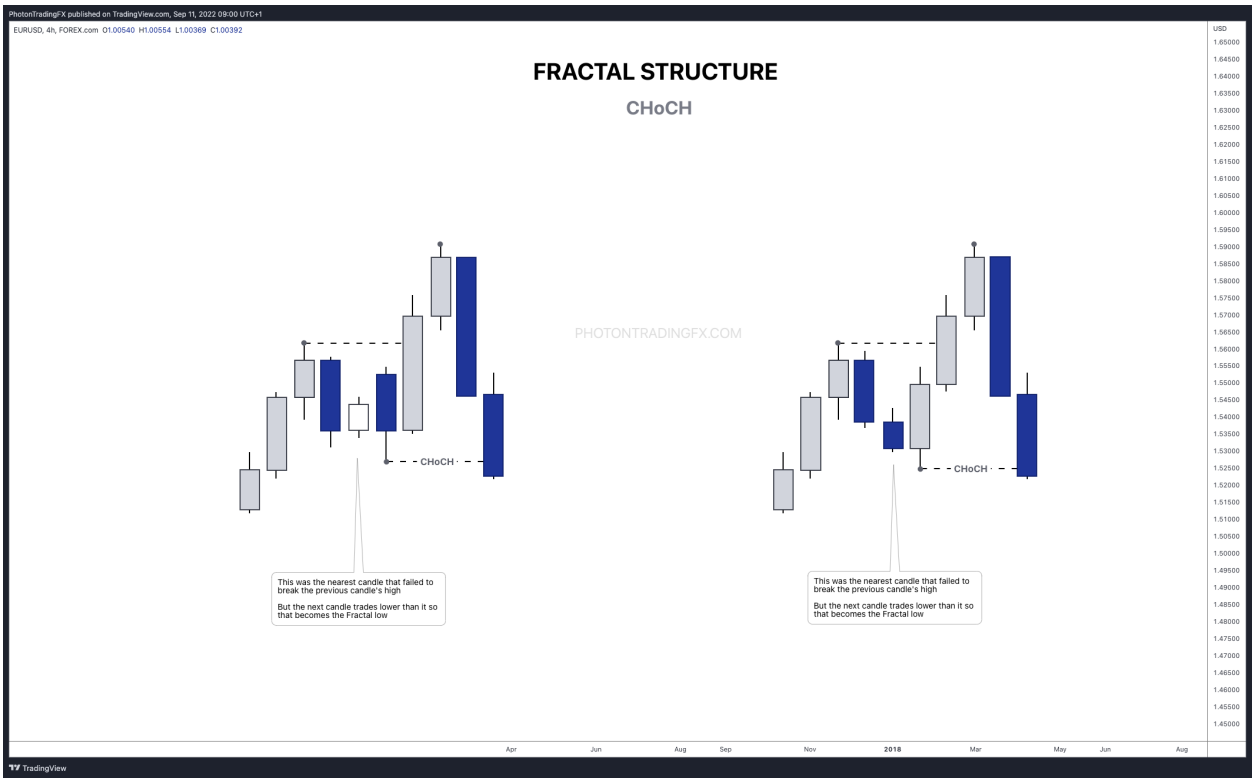


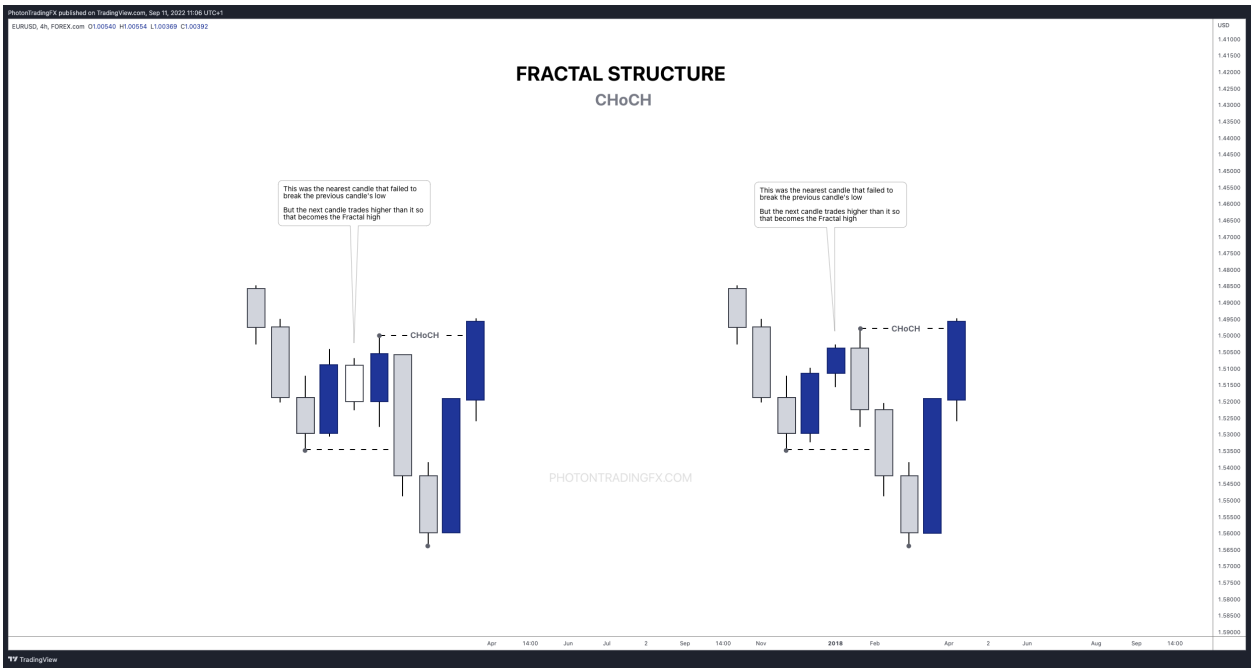
COMMON MISTAKES - PART 2

Mistake #3 - drawing the active Fractal high/low through price:

In both examples in the chart below, when the bullish Fractal break of structure occurs, we look for the most recent candle that failed to break the previous candle's high.

However, it makes no sense to draw this as the active Fractal low because the next candle trades lower than it, so instead we draw the low on this next candle.





Fractal Structure (CHoCH) - Walkthrough

Remember that CHoCH is the most **aggressive** type of structure break. They occur frequently so in the **live** market we only pay attention to them in **high-value areas** where we are expecting price to turn. When the market is choppy, we are not paying attention to CHoCH because it's not very useful information.

10 MAY 22 - 02 JUN 22

07 FEB 23 - 28 FEB 23

Swing Structure - Theory

HOW TO MAP SWING STRUCTURE

When the Swing trend is bullish:

Swing Low -> lowest point that caused the Swing High

Swing High -> once a *significant* pullback has occurred (use discretion or pip size rule)

When the Swing trend is bearish:

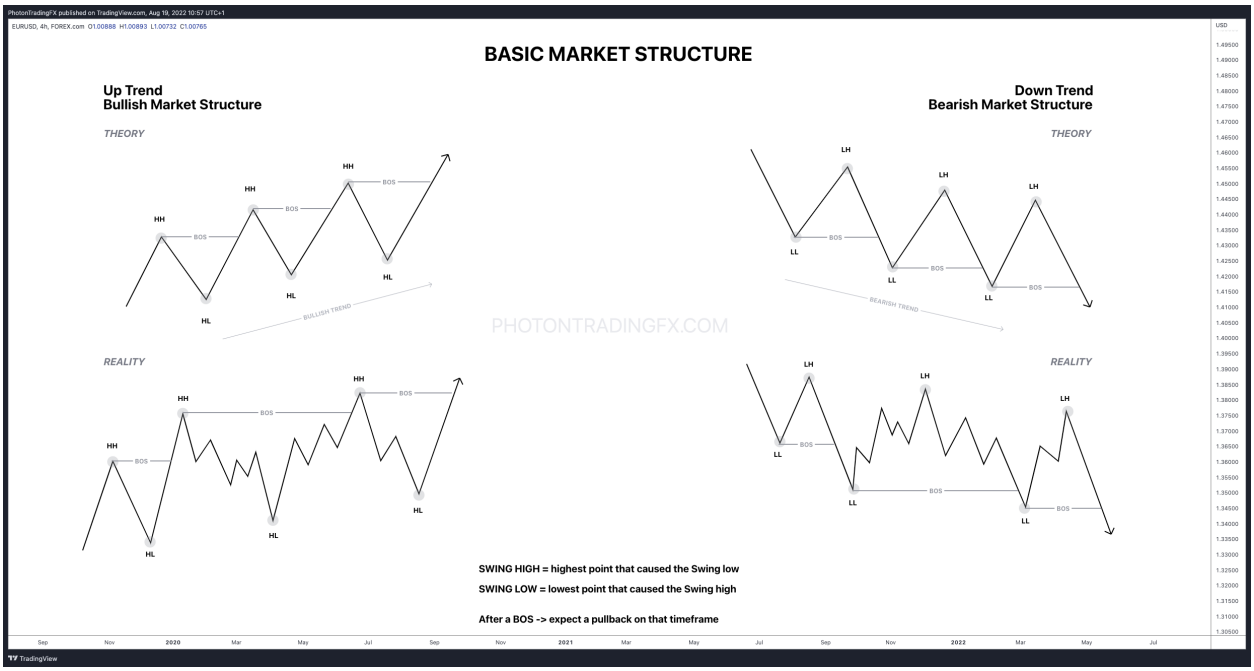
Swing High -> highest point that caused the Swing Low

Swing Low -> once a *significant* pullback has occurred (use discretion or pip size rule)

BOS -> break of Swing structure

After a BOS, expect a Swing pullback on that timeframe.

🔑 This is key to remember so you manage your expectations when following the trend that price could pull back at any moment after the BOS has occurred.



STRONG & WEAK HIGHS/LOWS

Strong highs/lows **break** structures

Weak highs/lows **fail to break** structures

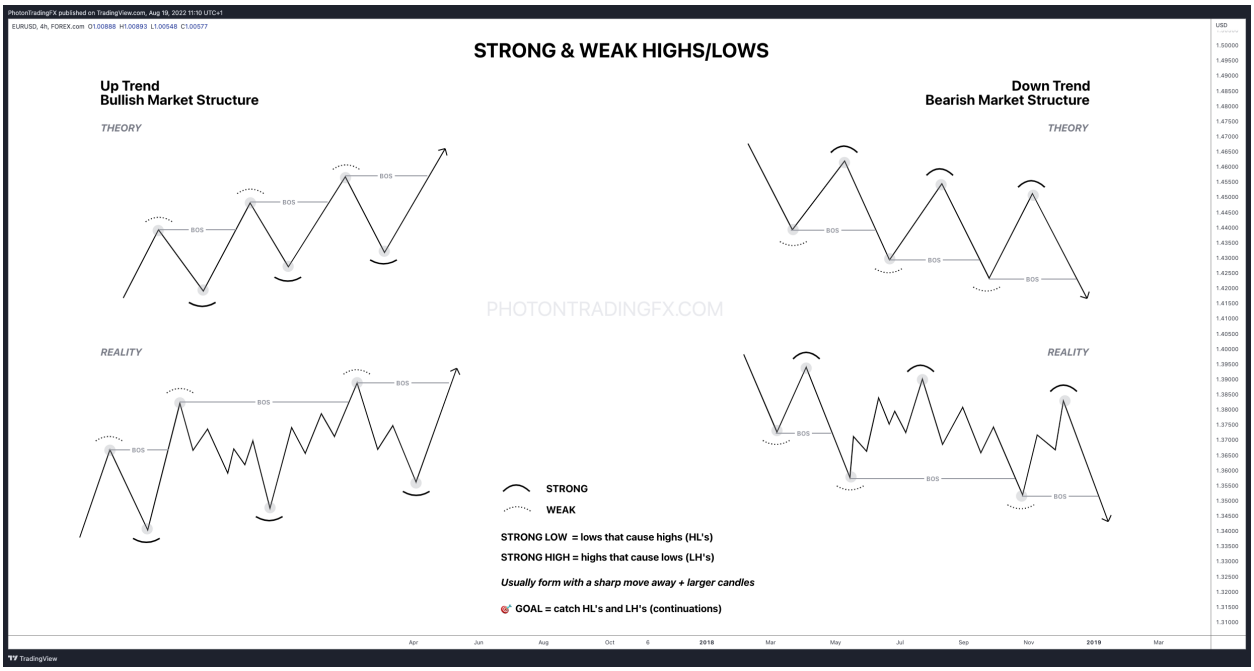
Strong Lows -> lows that cause highs (HLs)

Strong Highs -> highs that cause lows (LHs)

Usually, form with a sharp move away + larger candles

Big money has an interest in **protecting** those strong swing points

🎯 **Goal = catch HLs and LHs (continuations) and target HHs and LLs (weak structure) = follow the trend!**



TREND CHANGE

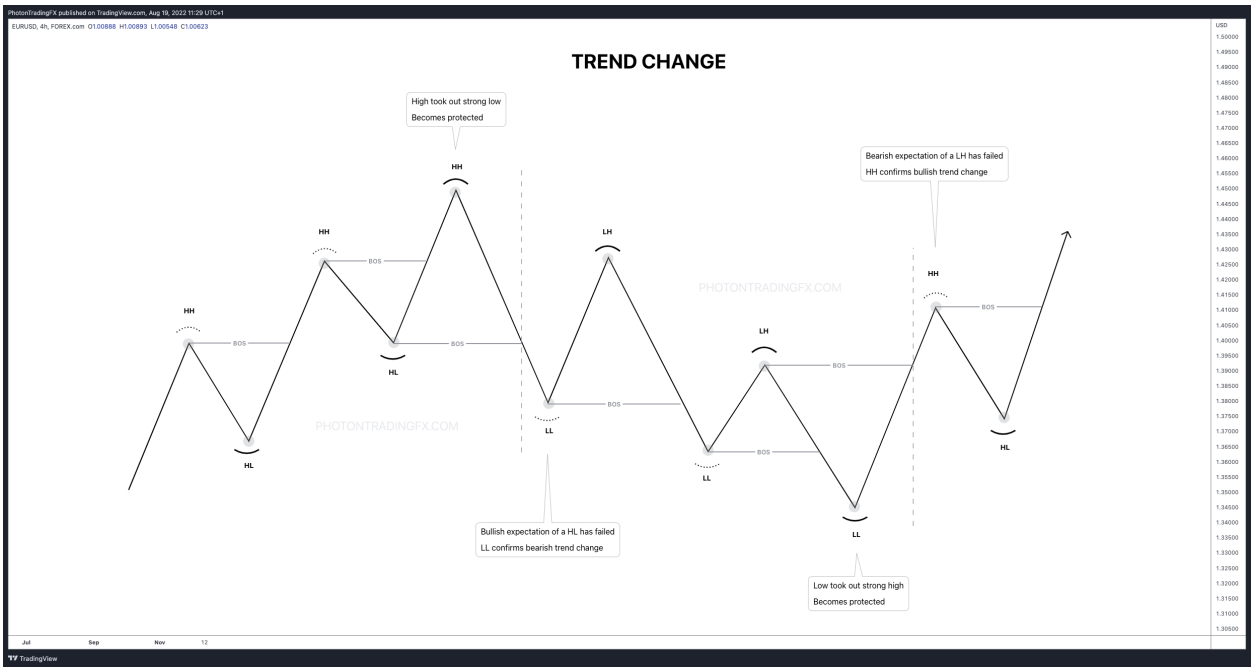
A trend change is when the expected order flow (EOF) fails.

In a bullish trend, the expectation is that prices will continue to make higher highs and higher lows.

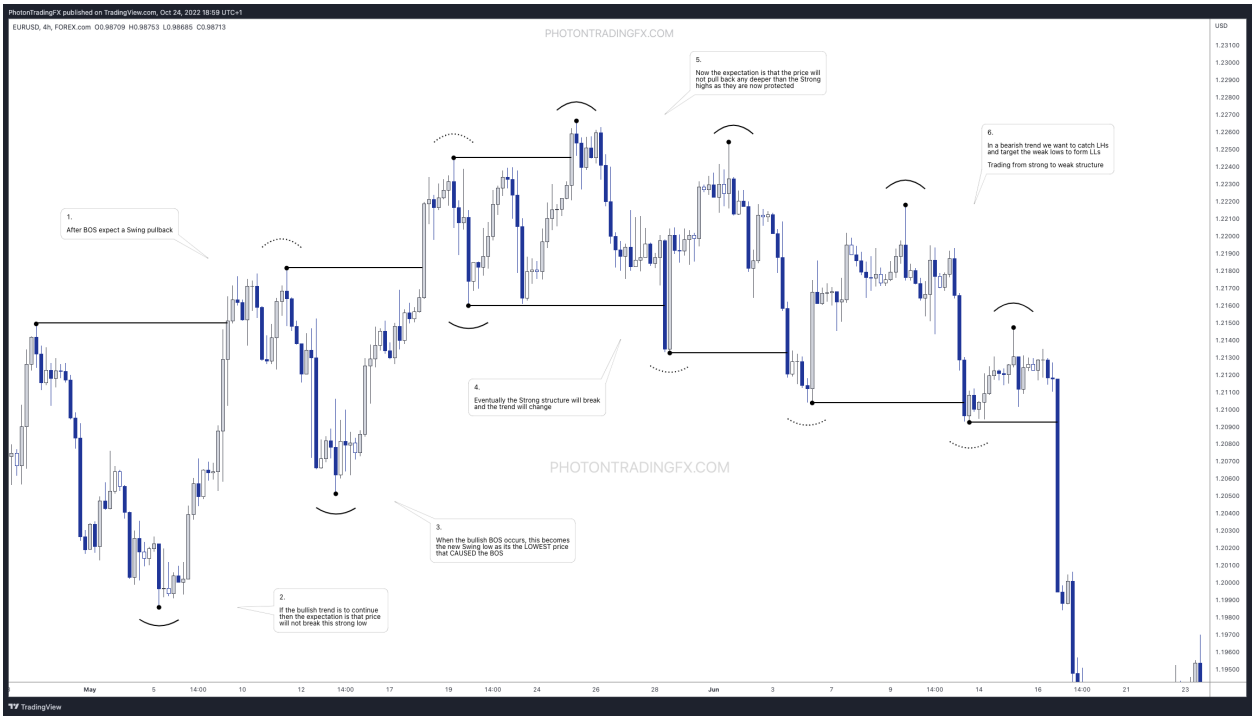
In a bearish trend, the expectation is that prices will continue to make lower highs and lower lows.

Bullish trend change -> is confirmed once the price breaks a swing lower high to form a swing higher high (bullish BOS).

Bearish trend change -> is confirmed once the price breaks a swing higher low to form a swing lower low (bearish BOS).



REAL EXAMPLE:



Swing Structure - Walkthrough

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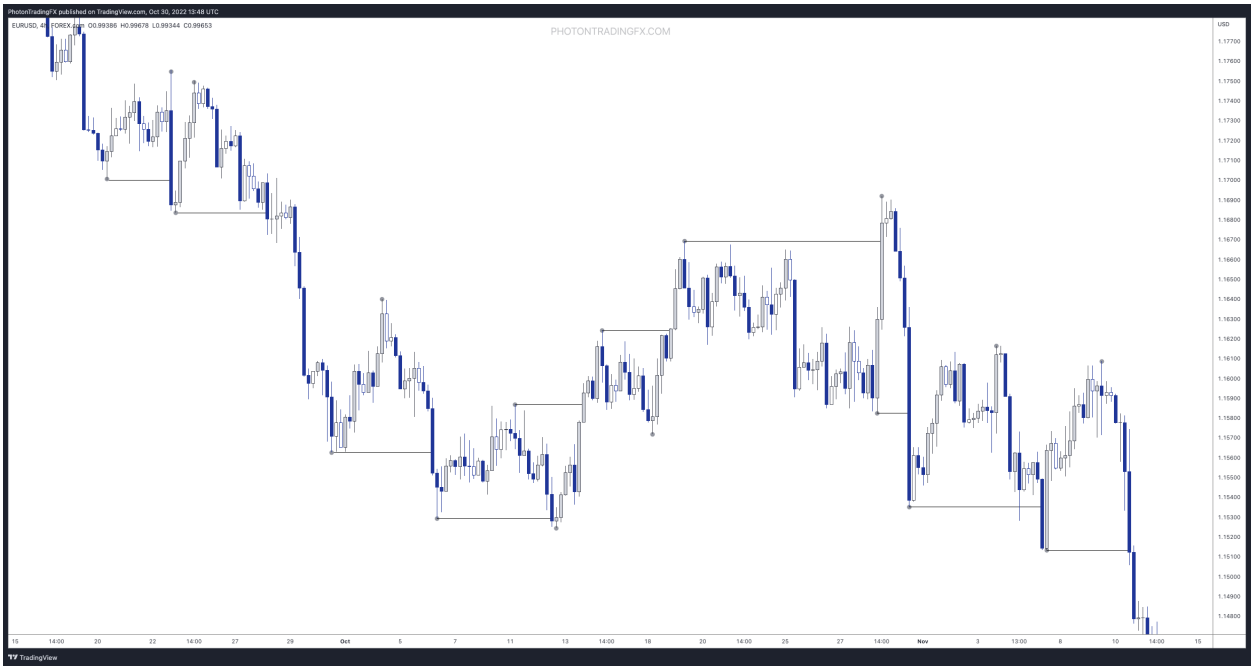
Swing High -> once a *significant* pullback has occurred (use discretion or pip size rule)

When the Swing trend is bearish:

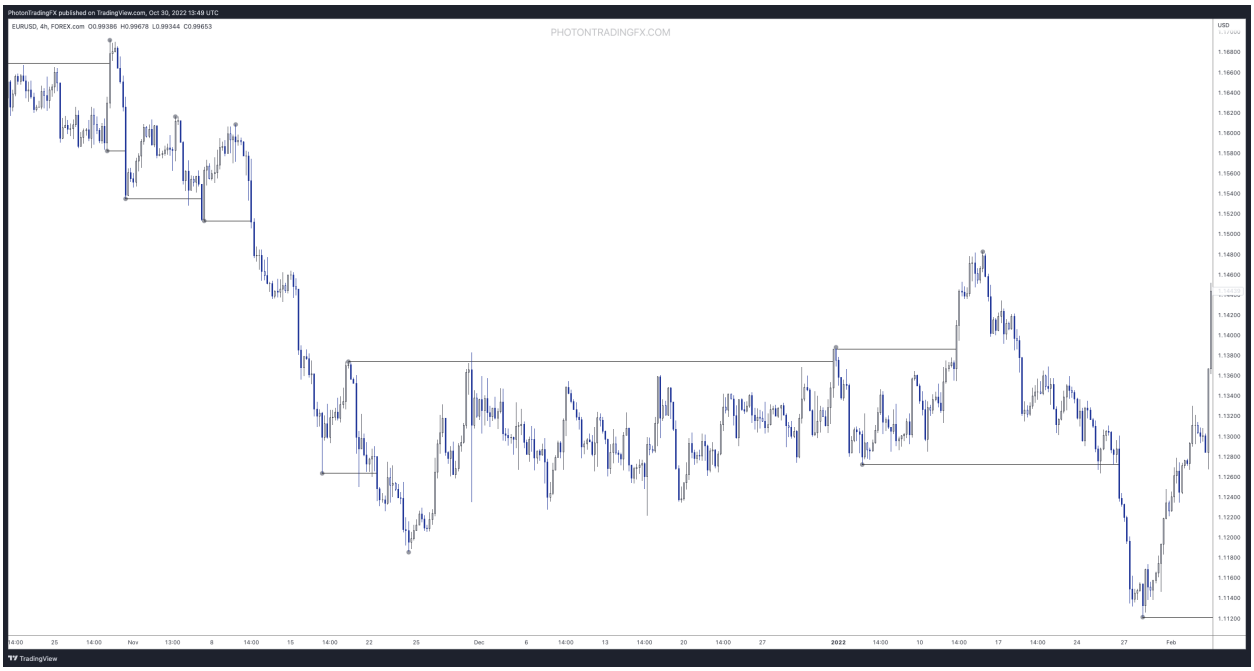
Swing High -> highest point that caused the Swing Low

Swing Low -> once a *significant* pullback has occurred (use discretion or pip size rule)

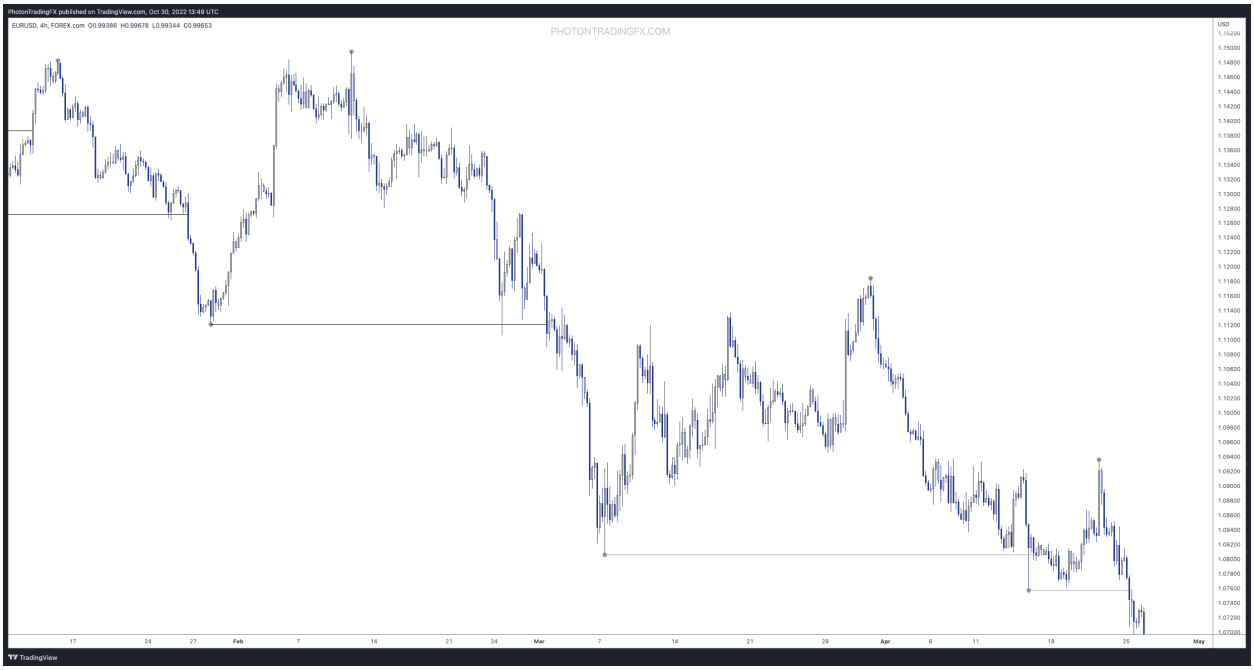
20 OCT 21 - 10 NOV 21



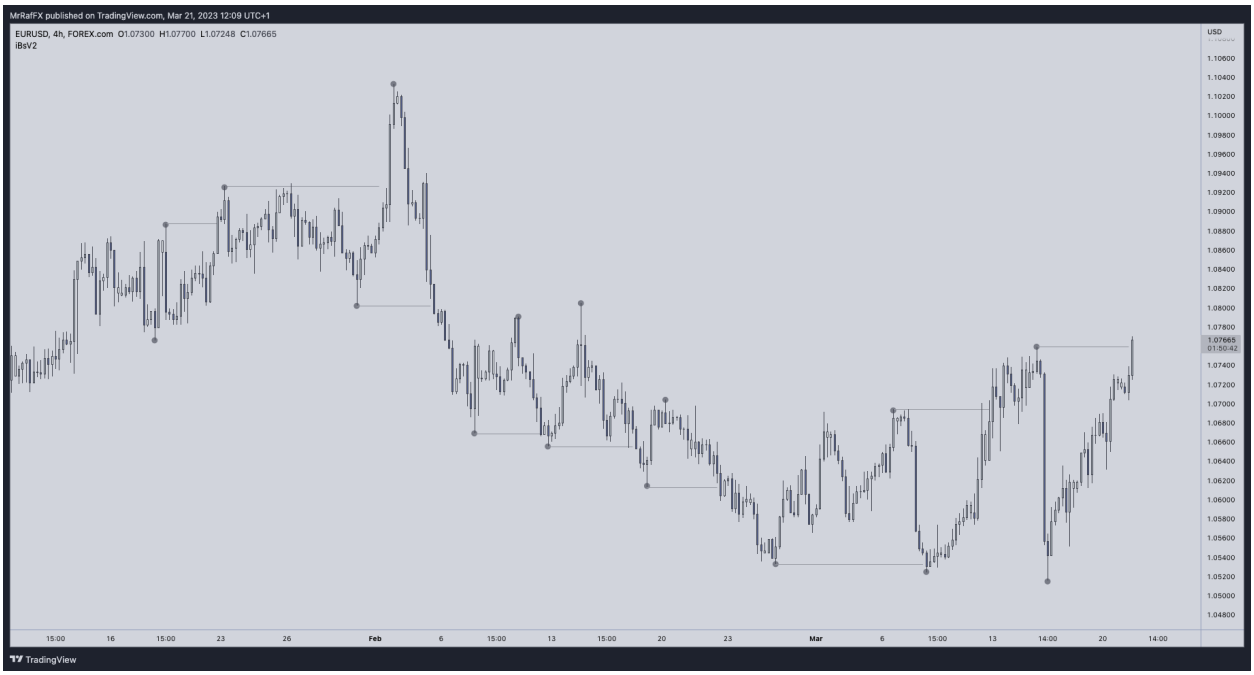
10 NOV 21 - 31 JAN 22



31 JAN 22 - 26 APR 22

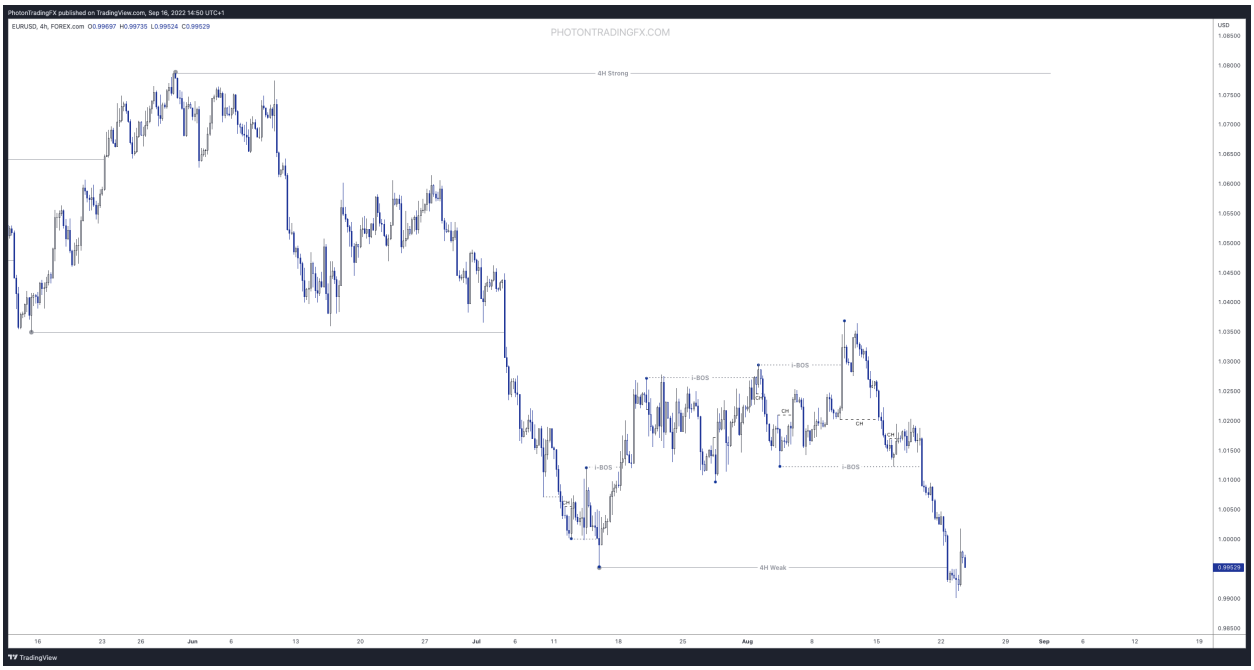


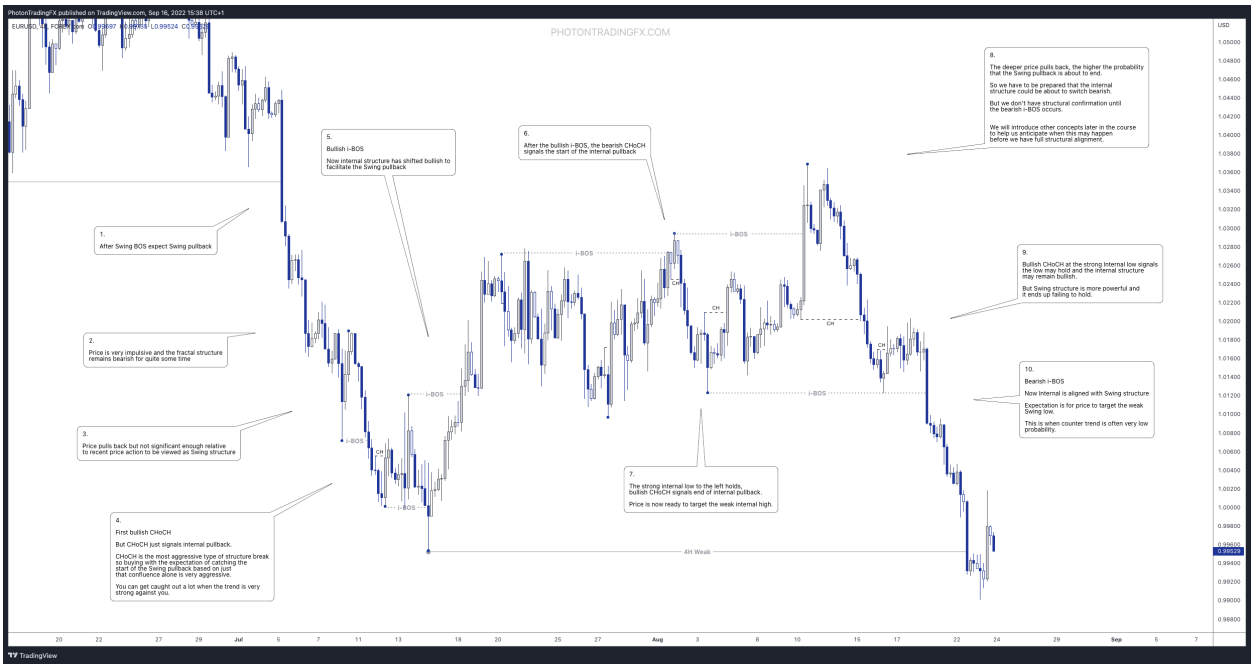
17 JAN 23 - 20 MAR 23



19 SEP 22 - 09 JAN 23

3 Types of Structure - Walkthrough


PhotonTradingFX published on TradingView.com, Sep 16, 2022 14:50 UTC+1
EURUSD, 4h, FOREX.com O0.99697 H0.99735 L0.99524 C0.99529
PHOTONTRADINGFX.COM
4H Strong
i-BOS
i-BOS
i-BOS
i-BOS
CH
CH
CH
4H Weak
TradingView


PhotonTradingFX published on TradingView.com, Sep 16, 2022 15:38 UTC+1
PHOTONTRADINGFX.COM
1.
After Swing BOS expect Swing pullback
2.
Price is very impulsive and the fractal structure remains bearish for quite some time
3.
Price pulls back but not significant enough relative to recent price action to be viewed as Swing structure
4.
First bullish CHoCH
But CHoCH just signals internal pullback.
CHoCH is the most aggressive type of structure break so buying with the expectation of catching the start of the Swing pullback based on just that confluence alone is very aggressive.
You can get caught out a lot when the trend is very strong against you.
5.
Bullish i-BOS
Now internal structure has shifted bullish to facilitate the Swing pullback
6.
After the bullish i-BOS, the bearish CHoCH signals the start of the internal pullback
7.
The strong internal low to the left holds, bullish CHoCH signals end of internal pullback.
Price is now ready to target the weak internal high.
8.
The deeper price pulls back, the higher the probability that the Swing pullback is about to end.
So we have to be prepared that the internal structure could be about to switch bearish.
But we don't have structural confirmation until the bearish i-BOS occurs.
We will introduce other concepts later in the course to help us anticipate when this may happen before we have full structural alignment.
9.
Bullish CHoCH at the strong internal low signals the low may hold and the internal structure may remain bullish.
But Swing structure is more powerful and it ends up failing to hold.
10.
Bearish i-BOS
Now Internal is aligned with Swing structure
Expectation is for price to target the weak Swing low.
This is when counter trend is often very low probability.
i-BOS
i-BOS
i-BOS
i-BOS
CH
CH
CH
CH
CH
4H Weak
TradingView

Premium & Discount Pricing - Theory

Think of how a business would like to manage its stock. They would buy it whilst the price is low & then sell it when the price is high. The same goes for currency trading.

Longs are higher probability in **discount** prices.

Shorts are a higher probability of **premium** prices.

1) Identify the price leg/price range on whatever TF you are on

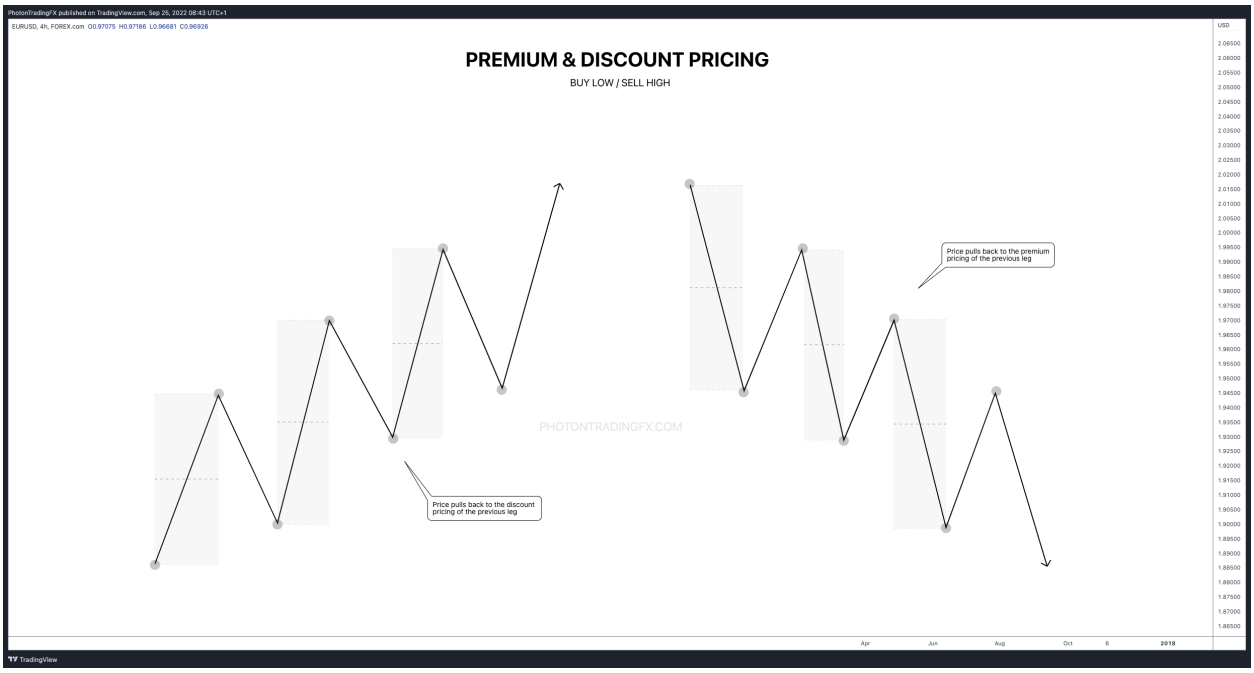
2) Use the Fibonacci tool to locate the equilibrium (50%)

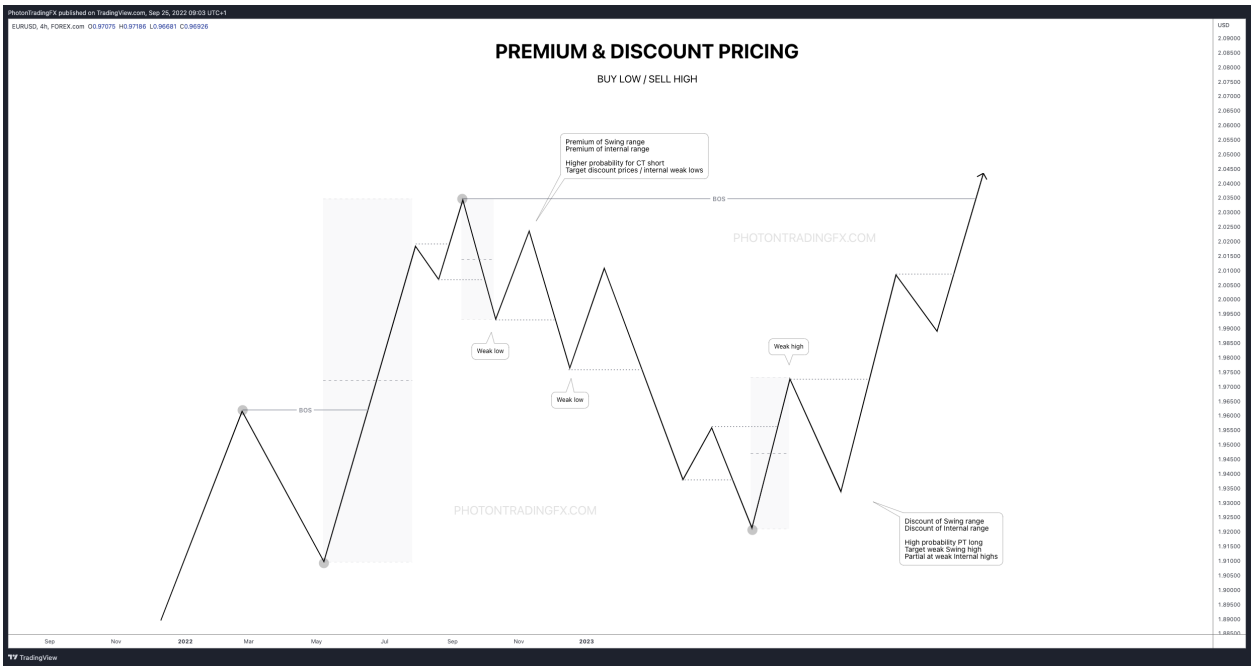
If Bullish it's best to wait for the price to reach discount prices before buying

If Bearish it's best to wait for price to reach premium prices before selling

Price does **not** have to pull back to discount pricing to form a higher low in a bullish market.

Price does **not** have to pull back to premium pricing to form a lower high in a bearish market.





MTF Market Structure - Theory

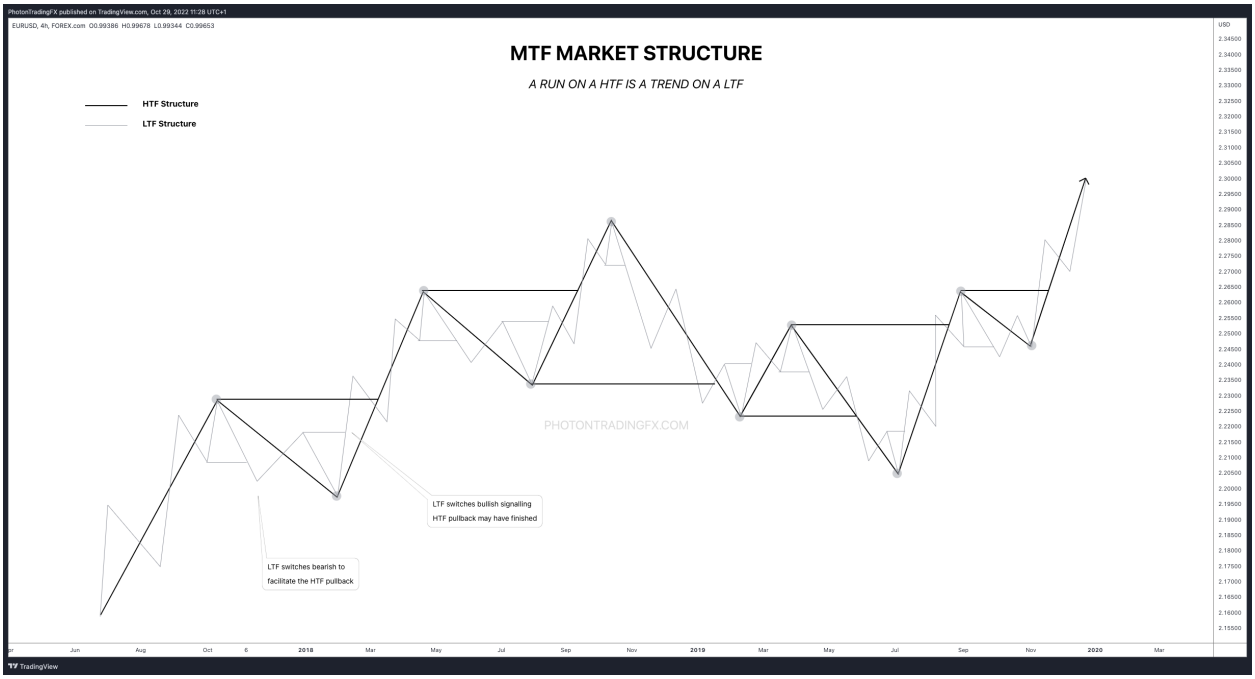
MTF Analysis -> analyzing multiple timeframes together

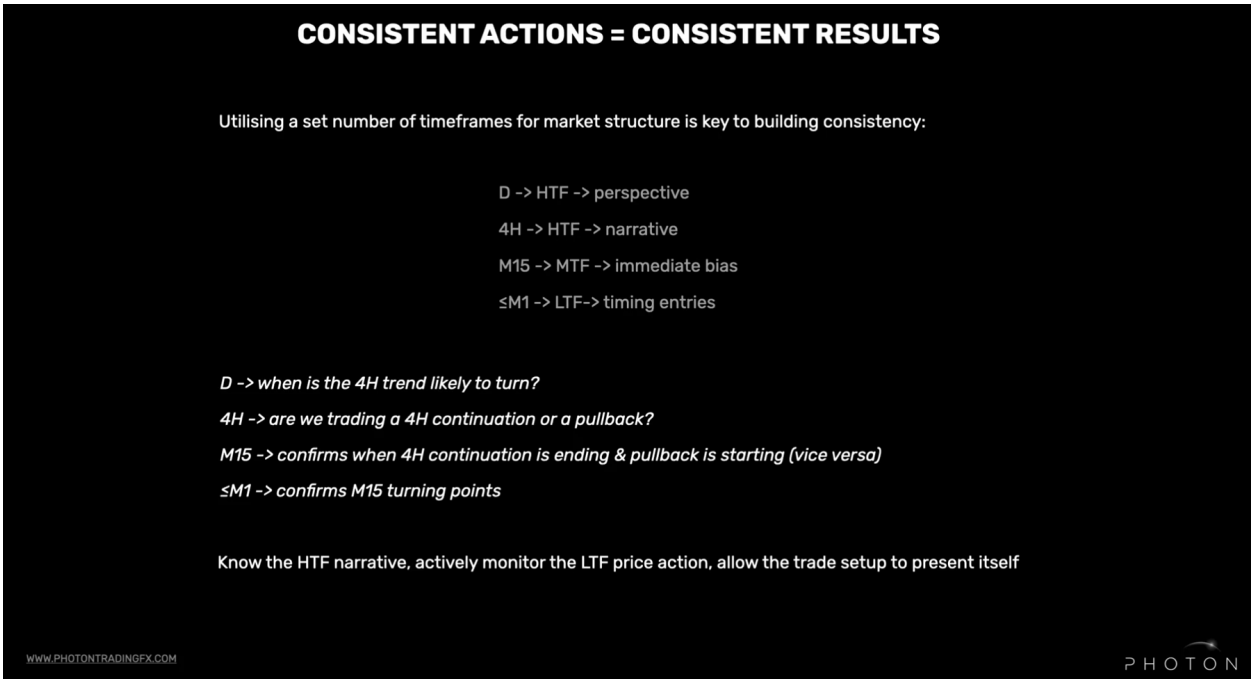
Price is fractal.

🔑 A **run** on a higher timeframe, is a **trend** on a lower timeframe.

LTF price action forms -> HTF price action, which forecasts -> HTF runs, which are made up of -> LTF price action.

What happens on the HTF, must first happen on the LTF.



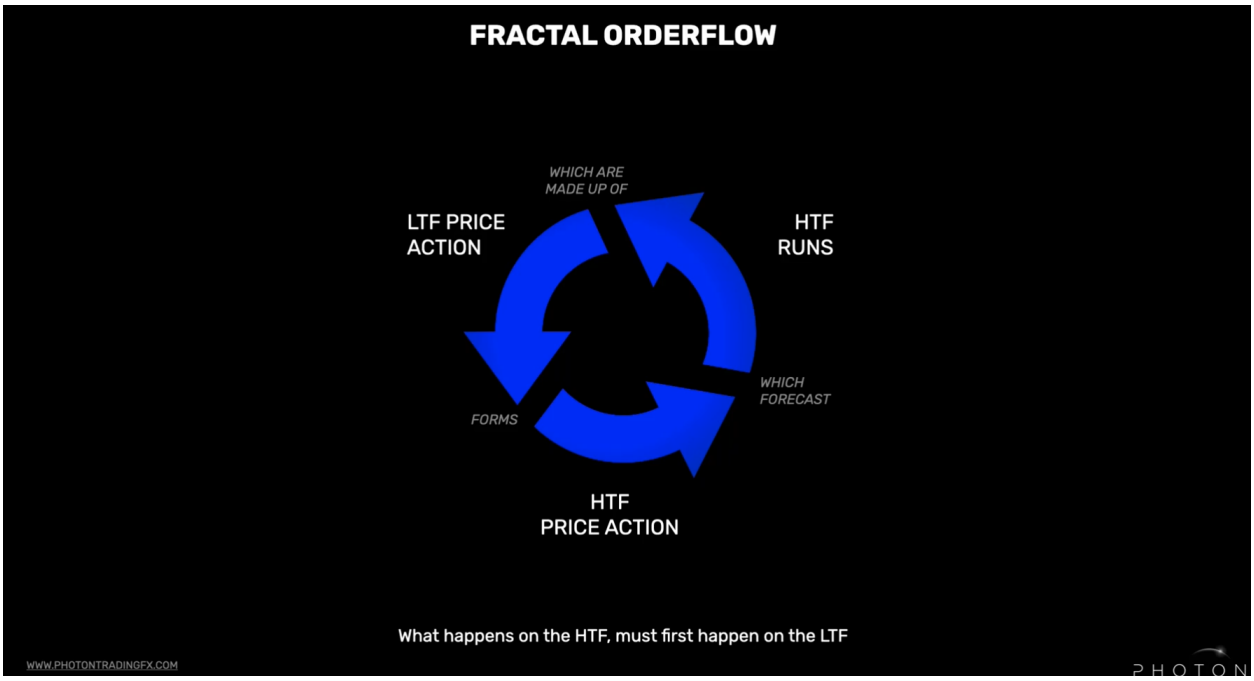


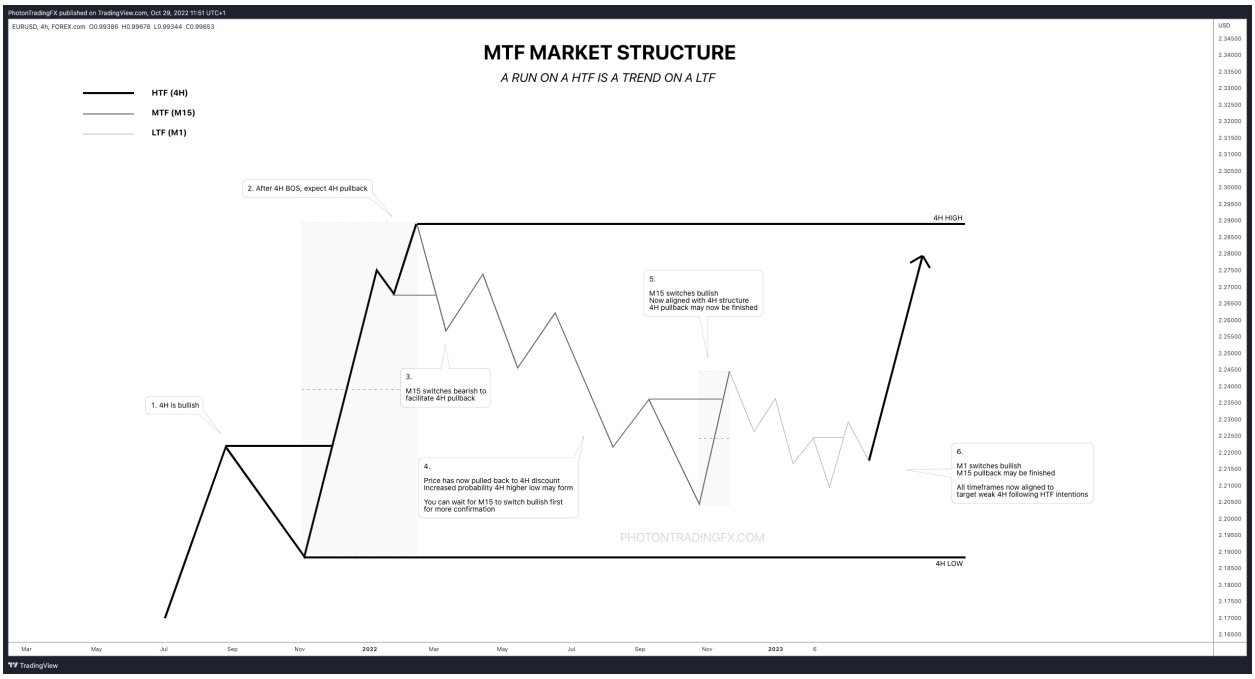
Examples:

HTF -> 4H / **MTF** -> M15 / **LTF** -> M1

HTF-> D / **MTF** -> 4H / **LTF** -> M15

Know the HTF narrative, actively monitor the LTF price action, and allow the trade setup to present itself.





MTF Market Structure - Walkthrough

Consistent Actions = Consistent Results

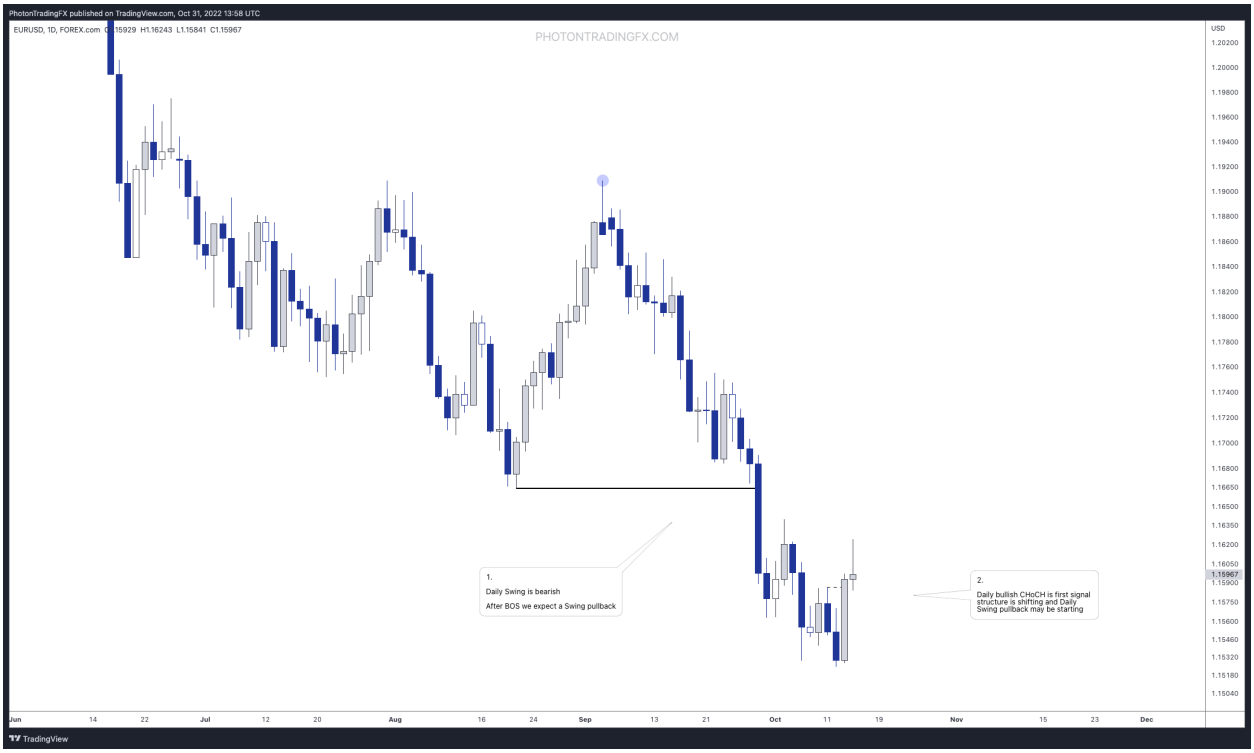
Utilizing a set number of timeframes for market structure is key to building consistency

HTF -> Narrative: *are we trading a continuation or pullback?*

MTF -> Immediate bias: *confirms when HTF continuation is ending & pullback is starting (vice versa)*

LTF -> Execution: *confirms MTF turning points*

1) Daily



2) 4H


PhotonTradingFX published on TradingView.com, Oct 31, 2022 13:58 UTC
EURUSD, 4h, FOREX.com O1.16065 H1.16070 L1.15841 C1.15883
PHOTONTRADINGFX.COM
1.
4H Swing switches bullish
Now we can follow the 4H trend but we are mindful we are playing the Daily pullback phase
So the 4H bullish trend is likely to be short-lived as the Daily pulls back towards Daily premium prices
Daily bearish BOS
4H Weak
4H BOS/ Daily CHoCH
2.
After 4H BOS expect 4H Swing pullback
Bearish 4H CHoCH signals this may be starting
4H Strong
TradingView

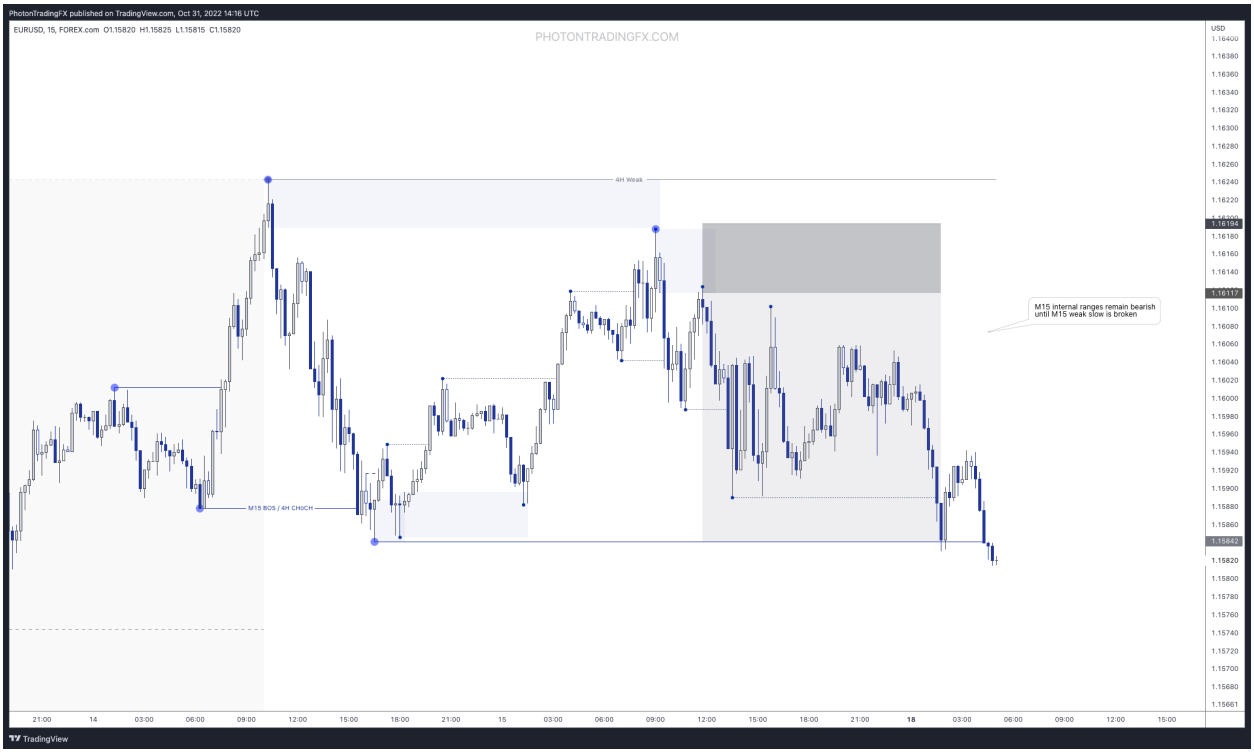
3) M15


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:06 UTC
EURUSD, 15, FOREX.com O1.15909 H1.15944 L1.15900 C1.15933
PHOTONTRADINGFX.COM
4H Weak / M15 Strong
4H BOS/ Daily CHoCH
M15 BOS / 4H CHoCH
2.
After M15 BOS expect M15 Swing pullback
Bullish M15 CHoCH first sign pullback may be starting.
Target M15 premium.
1.
M15 Swing switches bearish to faciliate 4H Swing pullback
Now we can play shorts to target 4H discount
4H Strong
TradingView

4) M15


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:13 UTC
EURUSD, 15, FOREX.com O1.16033 H1.16085 L1.16011 C1.16074
PHOTONTRADINGFX.COM
3.
Price pulls back to premium prices at the M15 strong Swing high
High probability this is where M15 internal structure will shift bearish if the M15 swing trend is to remain bearish
4H Weak / M15 Strong
M15 Strong Int
1.
M15 internal switches bullish to facilitate M15 Swing pullback
M15 Weak Int
4.
M15 int now bearish
Confirms M15 Swing pullback now finished
Expectation is for M15 internal to stay bearish until price takes out the weak M15 Swing low
M15 BOS / 4H CHoCH
M15 Weak Swing
2.
2nd potential entry
TradingView

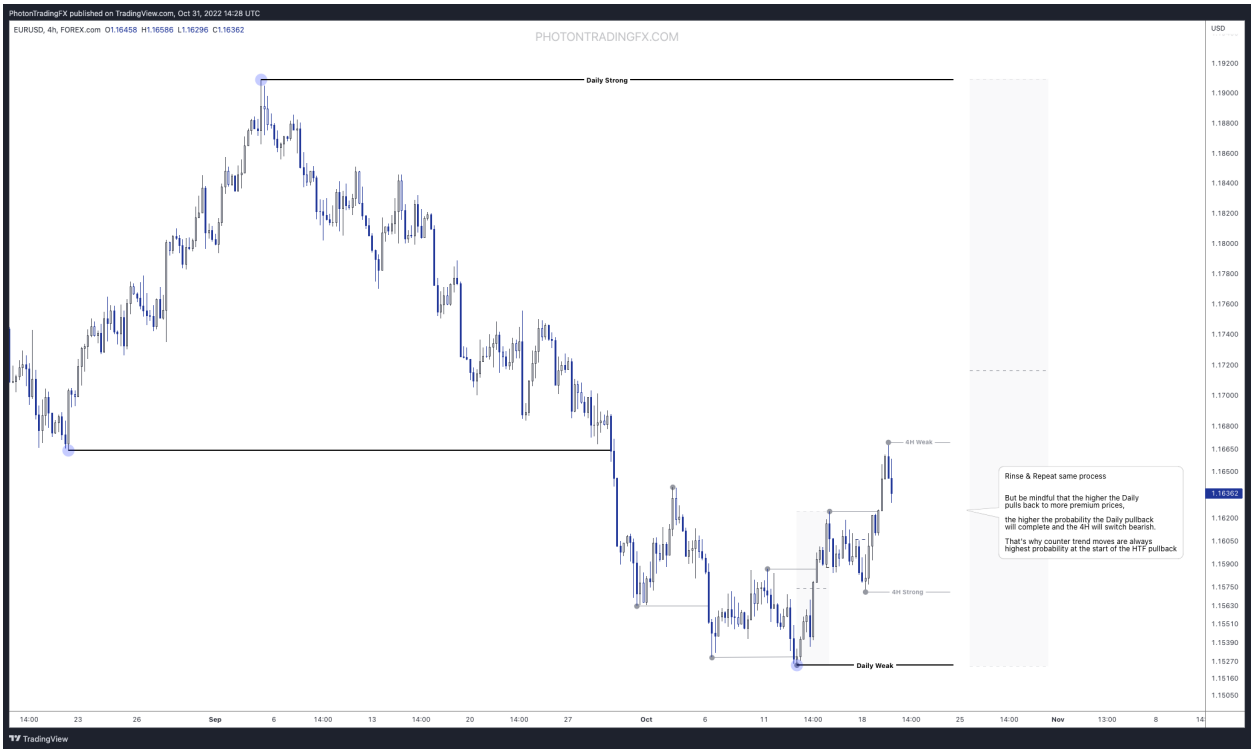
5) M15


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:16 UTC
EURUSD, 15, FOREX.com O1.15820 H1.15825 L1.15815 C1.15820
PHOTONTRADINGFX.COM
4H Weak
M15 BOS / 4H CHoCH
M15 internal ranges remain bearish until M15 weak slow is broken
TradingView

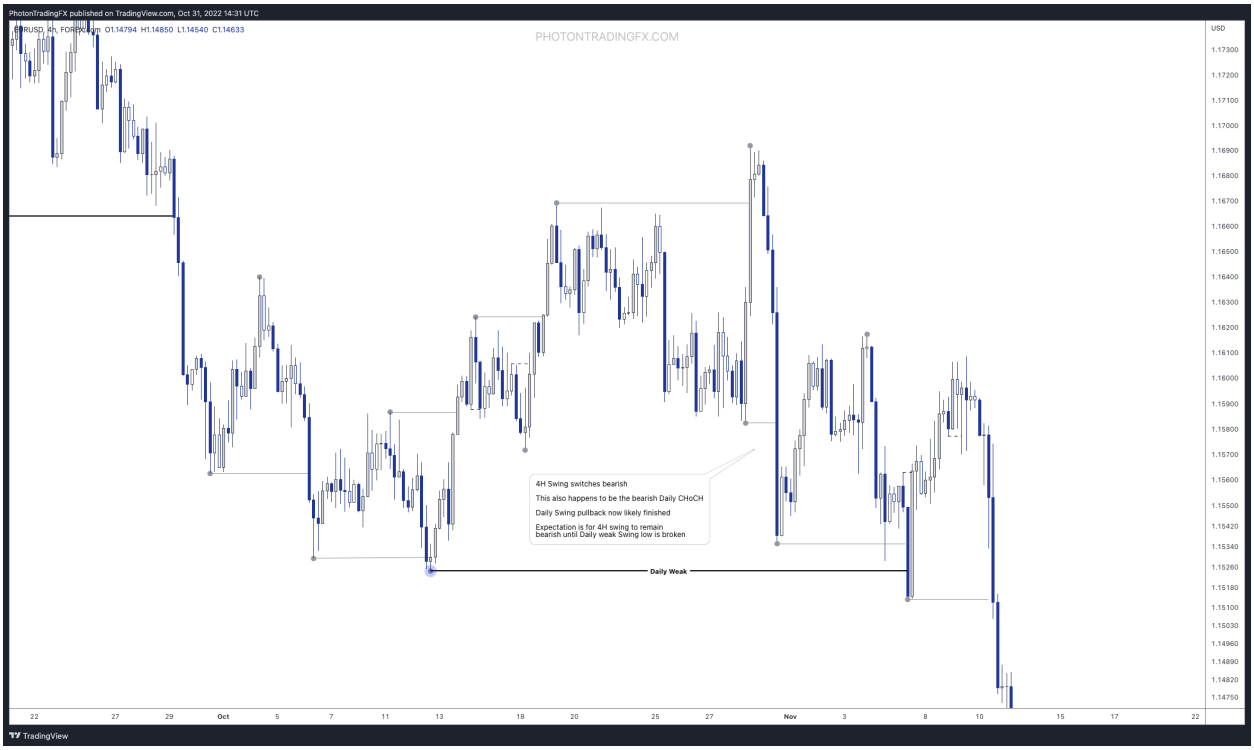
6) M15


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:20 UTC
EURUSD, 15, FOREX.com O1.15760 H1.15828 L1.15750 C1.15826
PHOTONTRADINGFX.COM
4H Weak
4H BOS/ Daily CHoCH
4H Strong
2.
Bullish M15 CHoCH
Only signals M15 internal pullback
But in a high value area where the 4H higher low may form
1.
Price has now pulled back to 4H discount
Higher probability that 4H swing pullback has finished
We can begin to look for bullish structure shifts to look for longs to target the weak 4H Swing high
TradingView

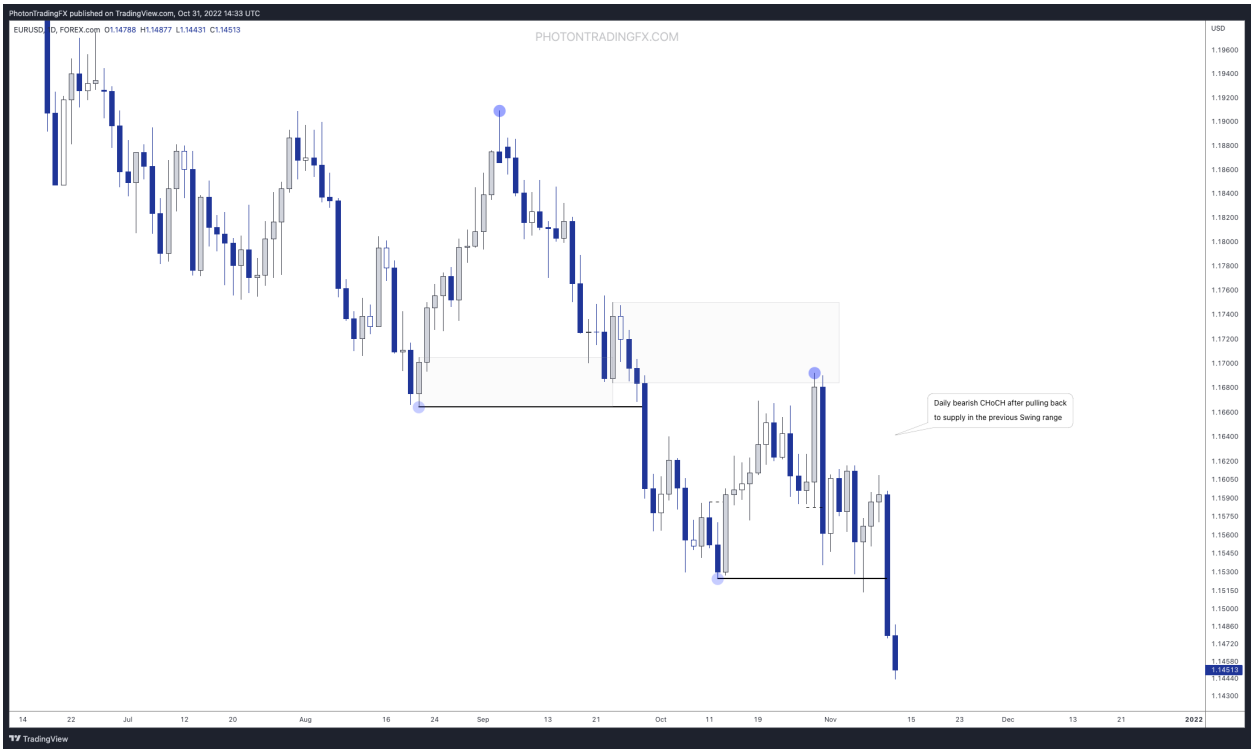
8) 4H


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:28 UTC
EURUSD, 4h, FOREX.com O1.16458 H1.16586 L1.16296 C1.16362
PHOTONTRADINGFX.COM
Daily Strong
4H Weak
4H Strong
Daily Weak
Rinse & Repeat same process
But be mindful that the higher the Daily pulls back to more premium prices,
the higher the probability the Daily pullback will complete and the 4H will switch bearish.
That's why counter trend moves are always highest probability at the start of the HTF pullback
TradingView

9) 4H


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:31 UTC
EURUSD, 4h, FOREX.com O1.14794 H1.14850 L1.14540 C1.14633
PHOTONTRADINGFX.COM
4H Swing switches bearish
This also happens to be the bearish Daily CHoCH
Daily Swing pullback now likely finished
Expectation is for 4H swing to remain bearish until Daily weak Swing low is broken
Daily Weak
TradingView

10) Daily


PhotonTradingFX published on TradingView.com, Oct 31, 2022 14:33 UTC
EURUSD, D, FOREX.com O1.14788 H1.14877 L1.14431 C1.14513
PHOTONTRADINGFX.COM
USD
Daily bearish CHoCH after pulling back to supply in the previous Swing range
TradingView