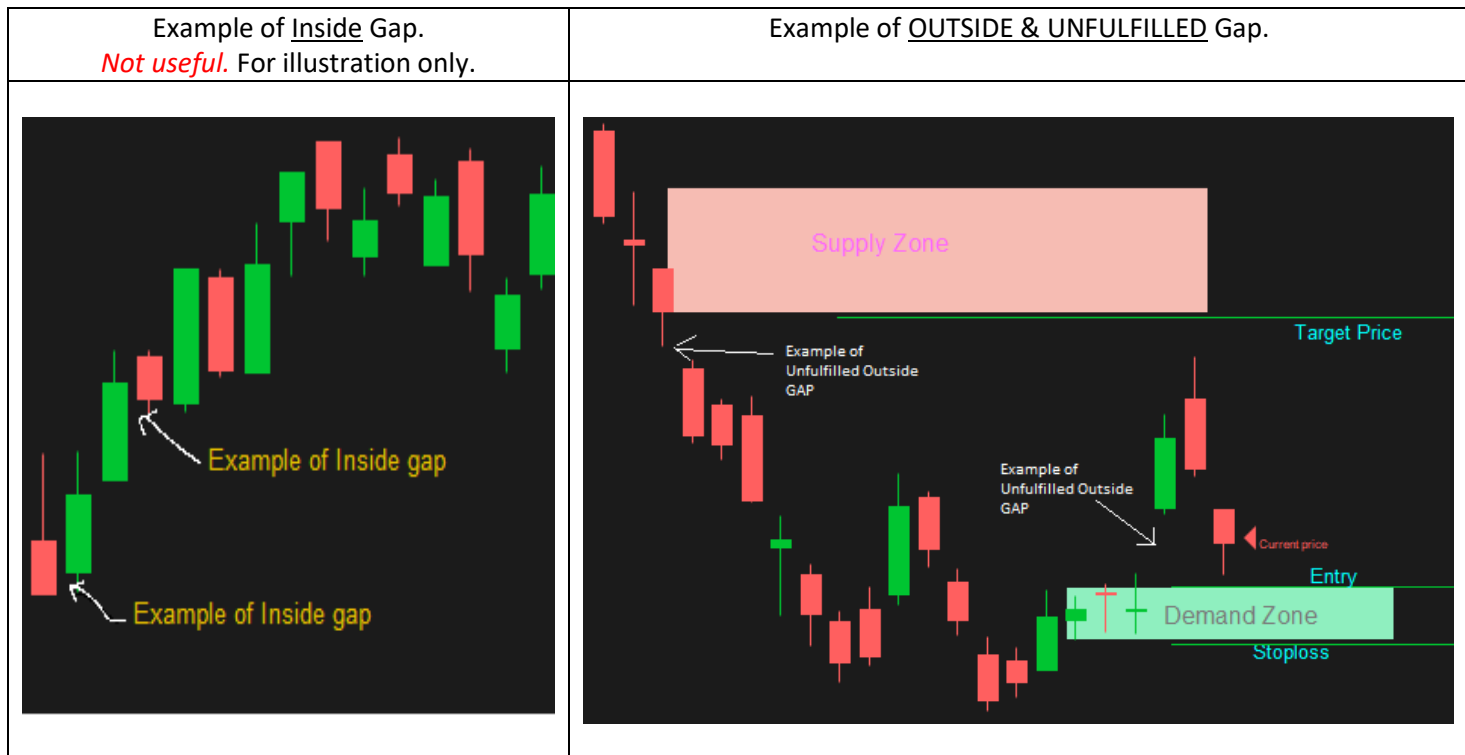


## What is a gap?

It is the price difference between the close of the previous candle and the open of the next candle.

There are two types of gap: Inside and Outside gap. If the price of the next candle opens with a gap compared to the close of the previous candle, but it's outside the full range of the previous candle, it's called outside gap. There can also be gap between the open and close of two adjacent candles but that could still be within the range of the previous candle, that will then be an inside gap.

For our code, inside gap is not needed to be validated. It's the more normal gap, happens often and can be ignored. Also, prices open and close with gaps all the time but also get filled when the same candle goes up and down and erases that gap. We are also not interested in gaps that existed when the earlier candle closed and the next opened but are now no longer valid as the lowest of the newer candle has closed that gap. In other words, only the gap that is **Outside** and still **Unfulfilled**, is of interest to us.



we ONLY have to be aware of all the unfulfilled outside gaps (As shown on the right side image above) in the past that exist within the range of candles (**gui field 05**) we are analyzing. This identification of gaps will be critical for both, HTF and LTF.

Now, how to handle them:

**A. Long trade side i.e. Looking for demand zone:**

If the legout candle was formed with open or close HIGHER than the previous (basing) candle's highest **AND** the lowest of this legout candle has not gone lower than the highest price of the basing candle, then it is confirmed Outside, Unfulfilled gap. Add the difference from the highest of the basing candle and the lowest of the leg-out candle, to the body of the leg-out candle. If that body is now still within the value of **gui Field 06B** (for HTF analysis) and **gui Field 09B** (for LTF analysis), it is a valid leg-out candle & even more so with a gap. Gaps in LTF are valued at a higher score in the final analysis.

When analyzing for long trade, gaps are treated the same way for the opposing supply side to determine if that gap makes that candle a leg-out, but it is not scored.

**B. Short trade side i.e. Looking for Supply Zone:**

If the legout candle was formed with open or close LOWER than the previous (basing) candle's lowest **AND** the HIGHEST of this legout candle has not gone higher than the lowest price of the basing candle, then it is confirmed Outside, unfulfilled gap. Add the difference from the Lowest of the basing candle and the highest of the leg-out candle, to the body of the leg-out candle. If that body is now still within the value of **gui Field 06B** (for HTF analysis) and **gui Field 09B** (for LTF analysis), it is a valid leg-out candle & even more so with a gap. Gaps LTF are valued a higher score in the final analysis.

When analyzing for short trade, gaps are treated the same way for the opposing demand side to determine if that gap makes that candle a leg-out, but it is not scored.