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DISCLAIMER

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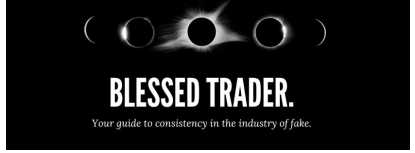
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LESSON - 7

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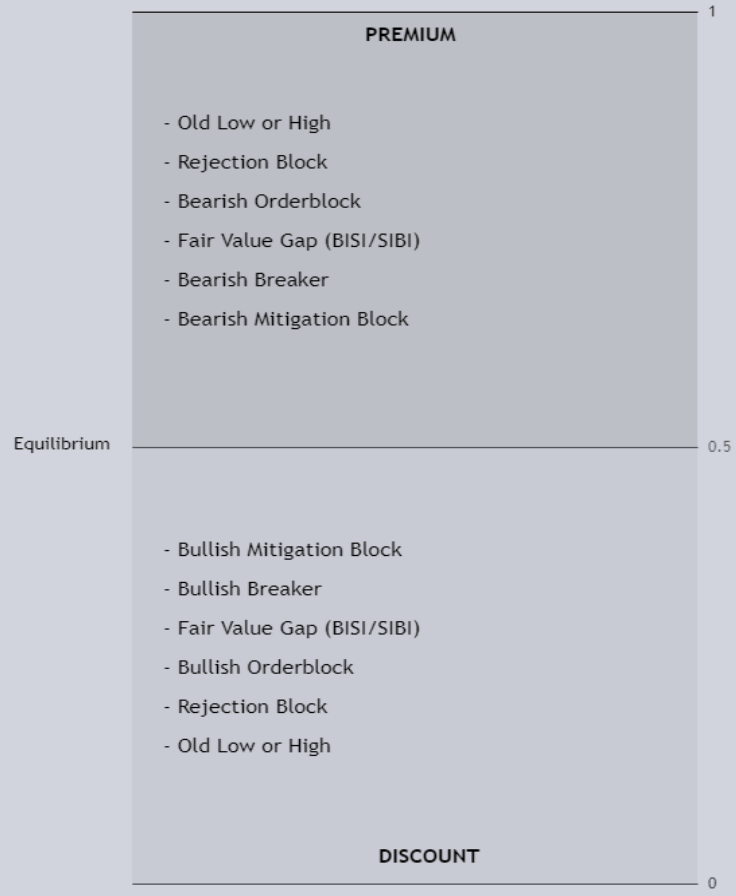
The Premium/Discount (PD) Array Matrix

The dealing range has two sides - Discount & Premium. In simple terms the highest probability short positions happen in the Premium side of the Dealing Range and the highest probability Long opportunities happen in the Discount side of the Dealing Range. Once price is in the Discount side of the range we expect a Buy Program to occur, and once the price is in the Premium side of the range we expect a Sell Program to occur.

Every one of these levels have their own place & ranking. When price is pulling back above the Equilibrium – the lowest point price can reject is the Mitigation Block, Bearish Breaker, Fair Value Gap, etc., and price can just simply go like that deeper into the Premium.

We use it not only for entry purposes, but for targets as well. We look what the price is reaching for, this is a foundational piece to predict the direction in the markets.

So, we enter on one side of the dealing range and target the opposite side of the dealing range. Also, in some cases, leaving a portion of the position running if the trade is with the Higher TF order flow for price to break out and seek for some external liquidity levels, so we enter on the internal Liquidity (inside the dealing range and target internal & external Liquidity).



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The Premium/Discount (PD) Array Matrix

The process of defining the price range is simple – what is the key (strong) high and the key (strong) low in comparison to where the price is trading right now? That's all you need to know to define a Premium Market Vs, Discount Market.

If you look at the Discount side of the Dealing Range and there's no let's say Rejection Block or a Fair Value Gap – it simply makes the whole process easier and you focus on what is left on the table like i.e. an Orderblock. However, the best exit points will always be either the Fair Value Gaps or old highs / old lows inside the dealing range.

Also, always remember that Equilibrium is an easy hittable target (that acts as a magnet), so if you manage to catch the trade at a good price – Equilibrium is a strong target, or a Partial point.

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EQUILIBRIUM

Once price reaches the Equilibrium point and you don't have any positions running in most cases, you will just have to admit to yourself that you have no idea where the market is going to go from here and that's completely okay.

This is what ICT calls "Equilibrium Hurdles", a lot of times price will just go into consolidation-manipulation mode, that's exactly why it's important to not get lost in the price action, not blame yourself for not being able to read the charts but just simply sit back and wait for more clarity.

So, again once price reaches the Equilibrium you have to expect price to go into a range/consolidation, sometimes it won't but you must be aware that it's completely normal for it happen. If you see the first signs of price slowing down – if you have a positions already running from either Premium or Discount – great, if not either stay away from the markets or focus on the lower time frames, quick scalp plays from one Liquidity Pool to another Liquidity Pool.

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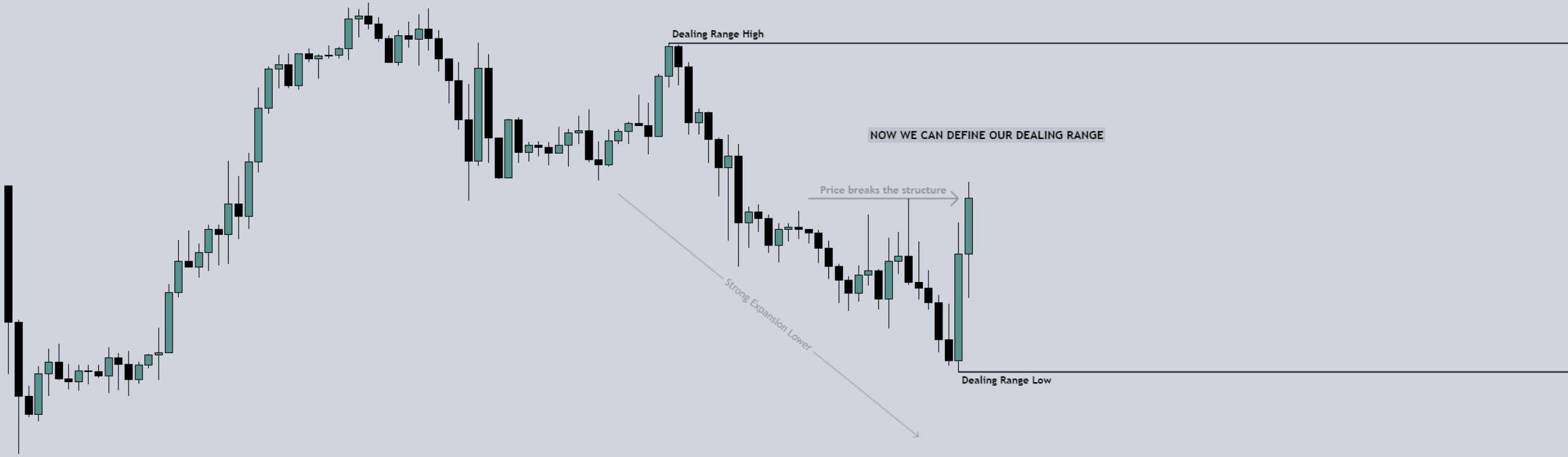

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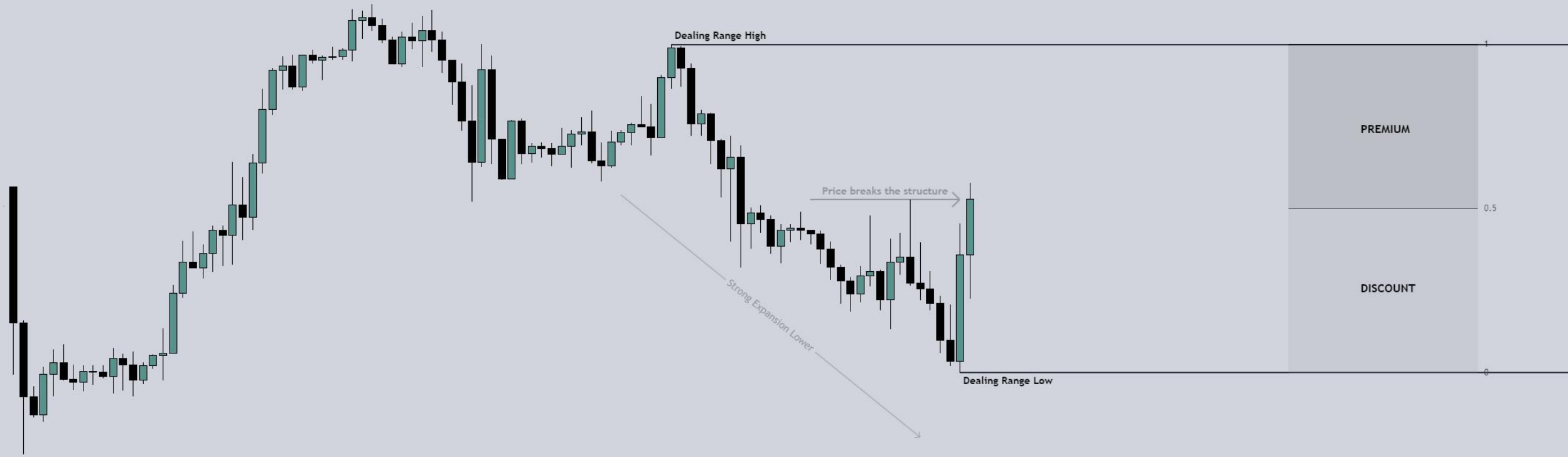

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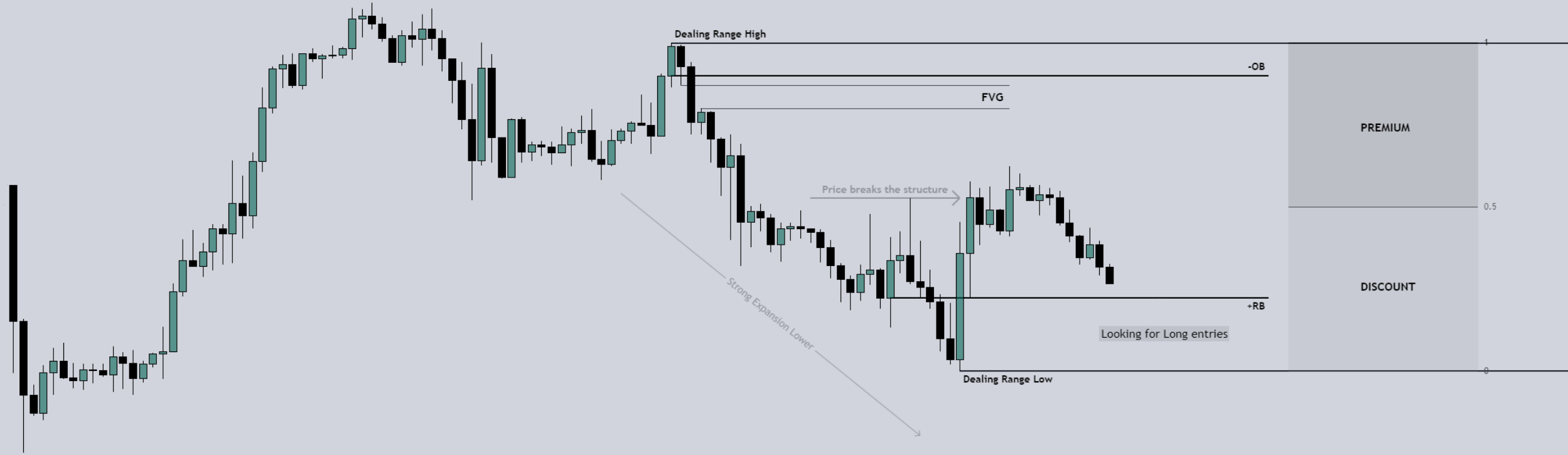

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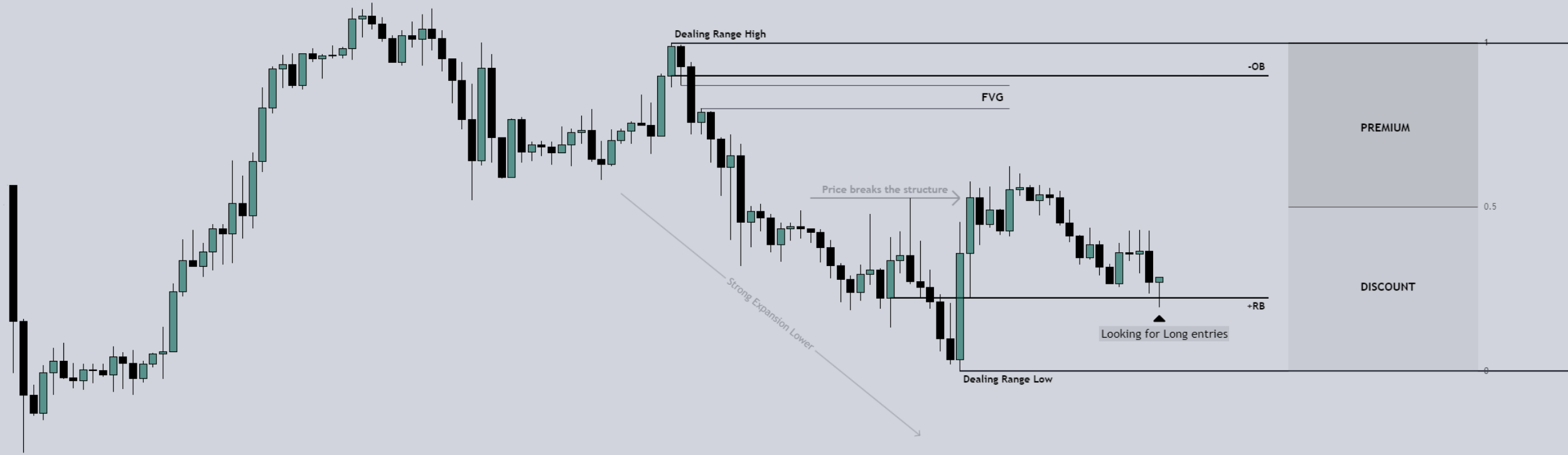

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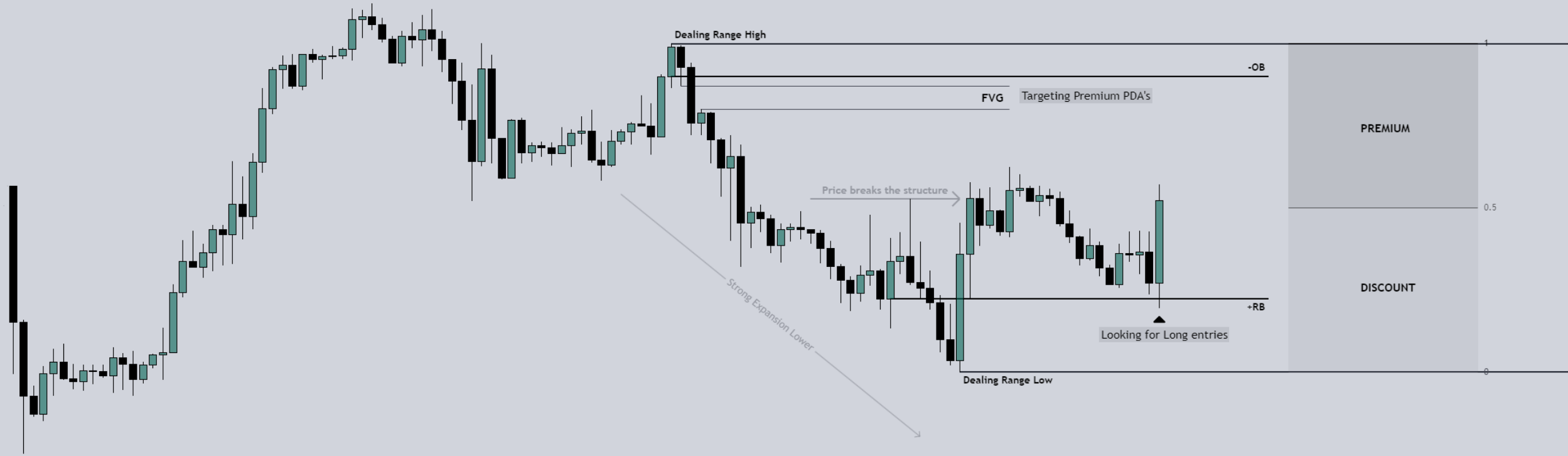

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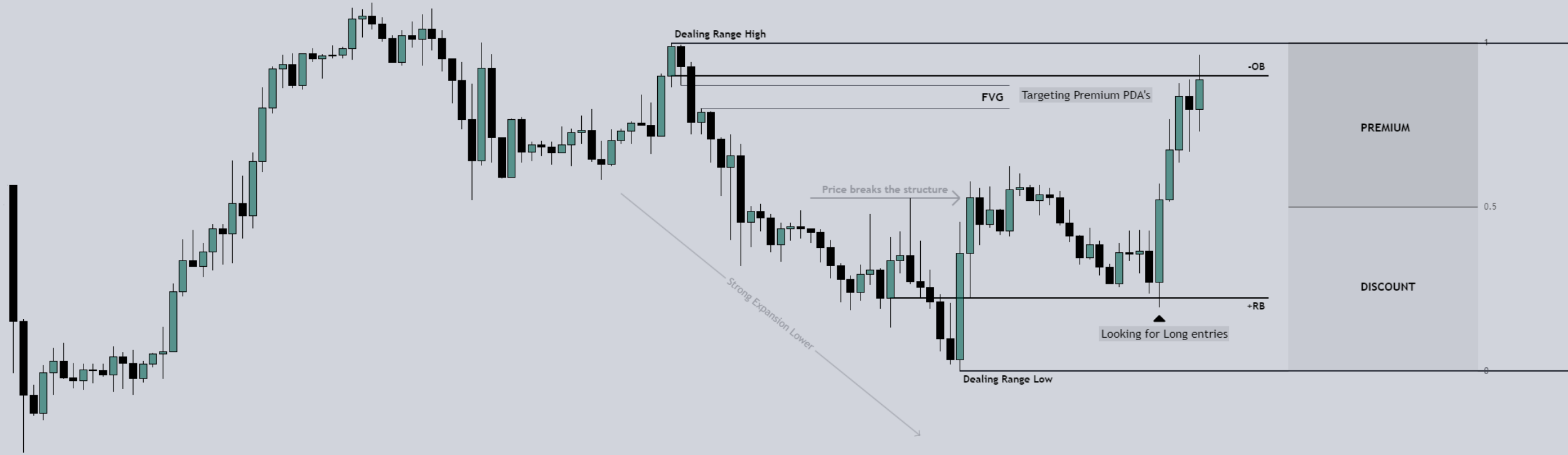


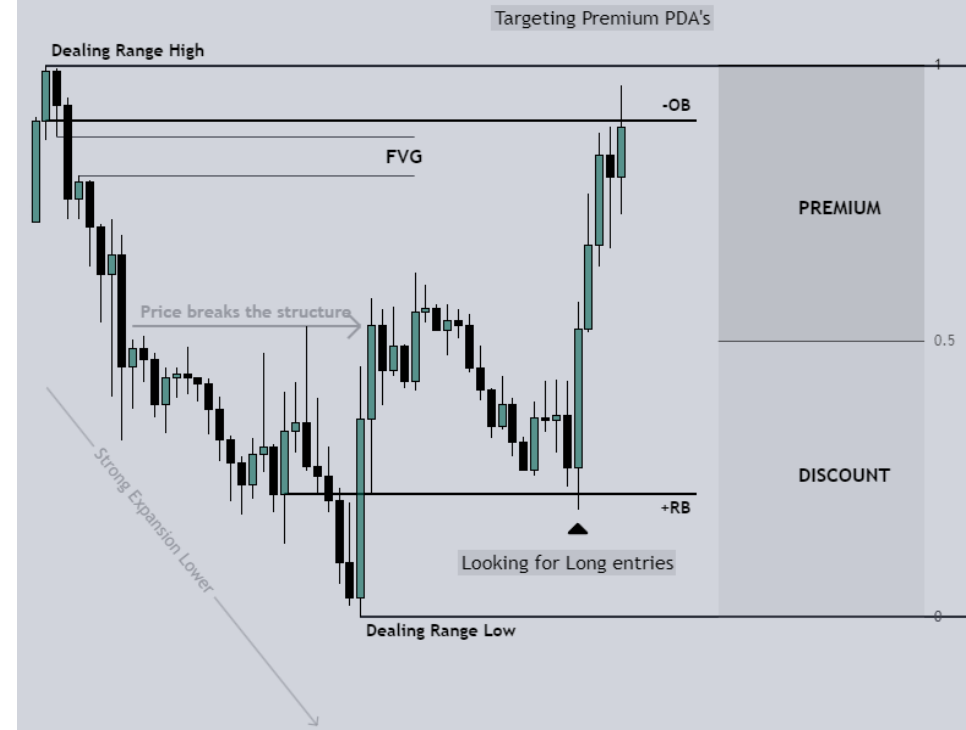
The Premium/Discount Array Matrix

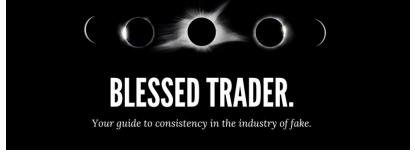
So, it's not a difficult process, you need to see one-sided expansion first, the price usually will run some kind of liquidity and form a strong low/high, then once price expands into the dealing range and breaks the structure, that's when you can define the high & the low of the dealing range.

Use Fibonacci tool from high to low to see where is the Equilibrium point, then mark all the most important Discount Array's & the Premium Array's, you don't need to mark them all as it can get messy very quickly – keep your charts clean and focus on the most important ones (a lot of times they will overlap like i.e. Breaker & FVG, you don't need to mark both of them, one is enough.

From there like in the example I just showed you, your task is to catch a move in the Discount side of the dealing range, and look to take profits on opposing PDA's that line up with Deviation levels, institutional levels, and so on.

Also, remember the lesson about Liquidity – move from Discount to Premium and vice versa is a run in Internal Liquidity, once price breaks either the Dealing Range High or the Dealing Range Low, it enters the External Liquidity.





BEARISH EXAMPLE

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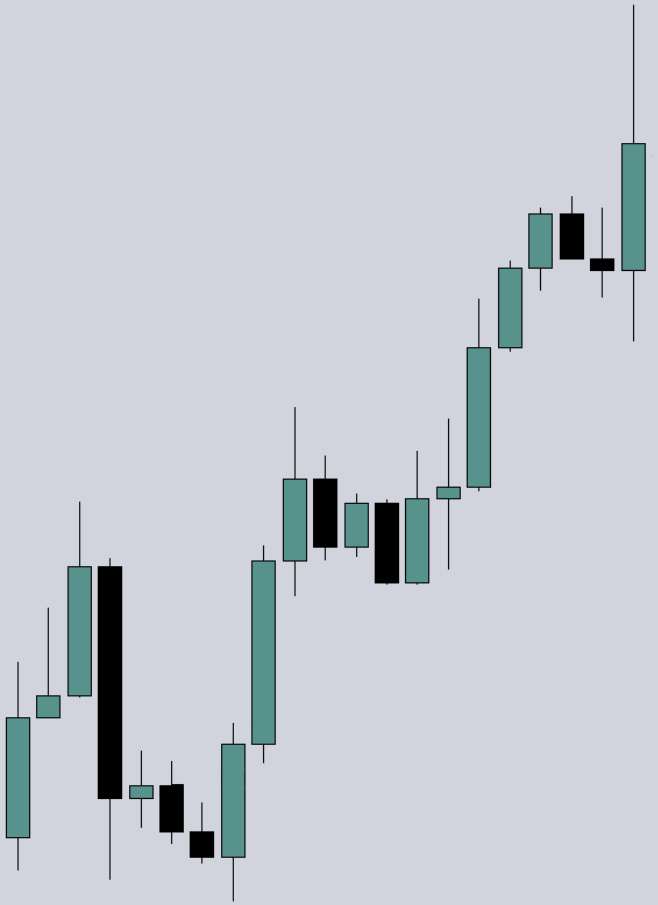

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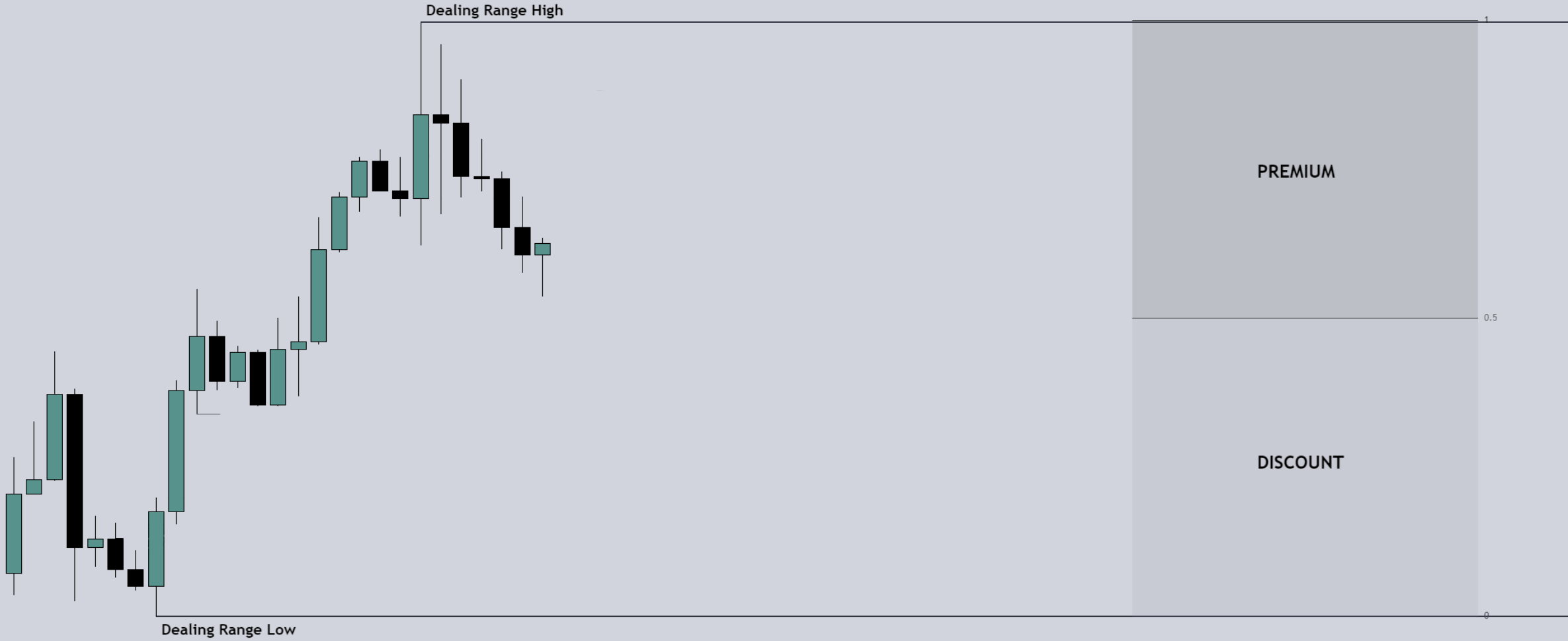

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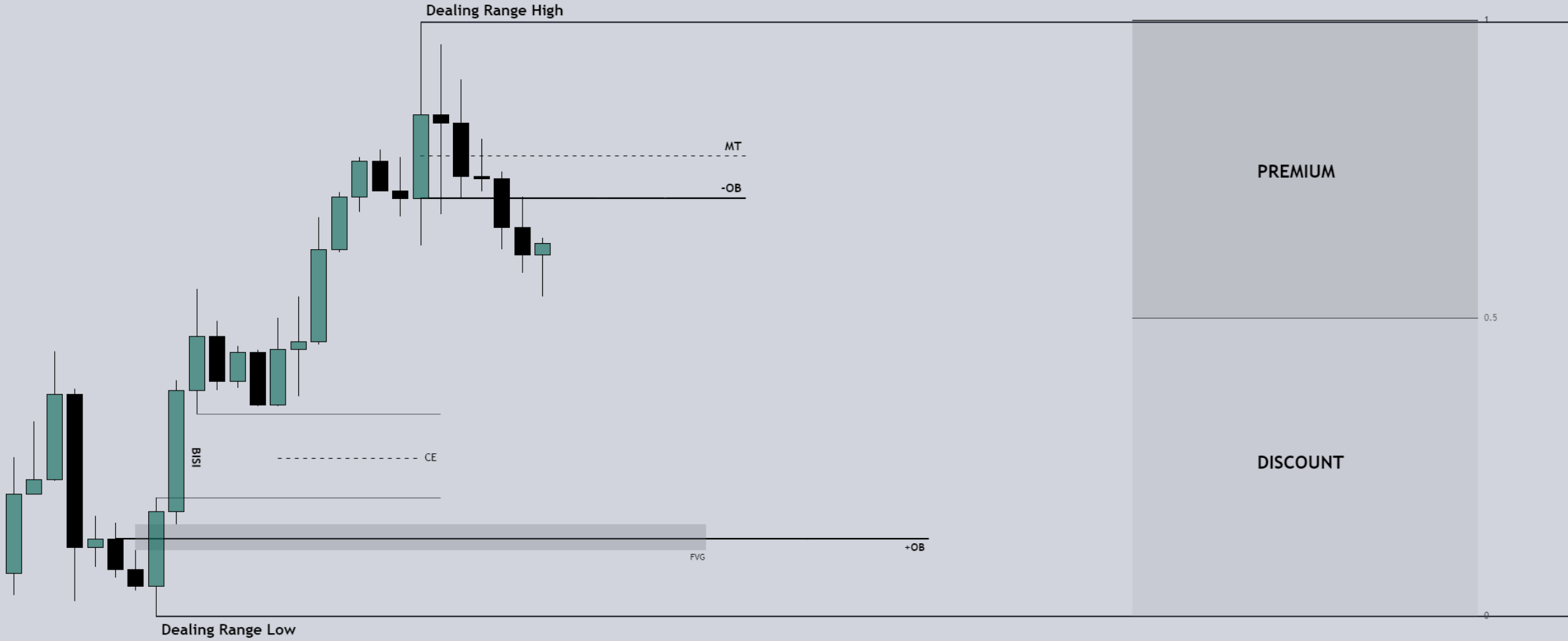

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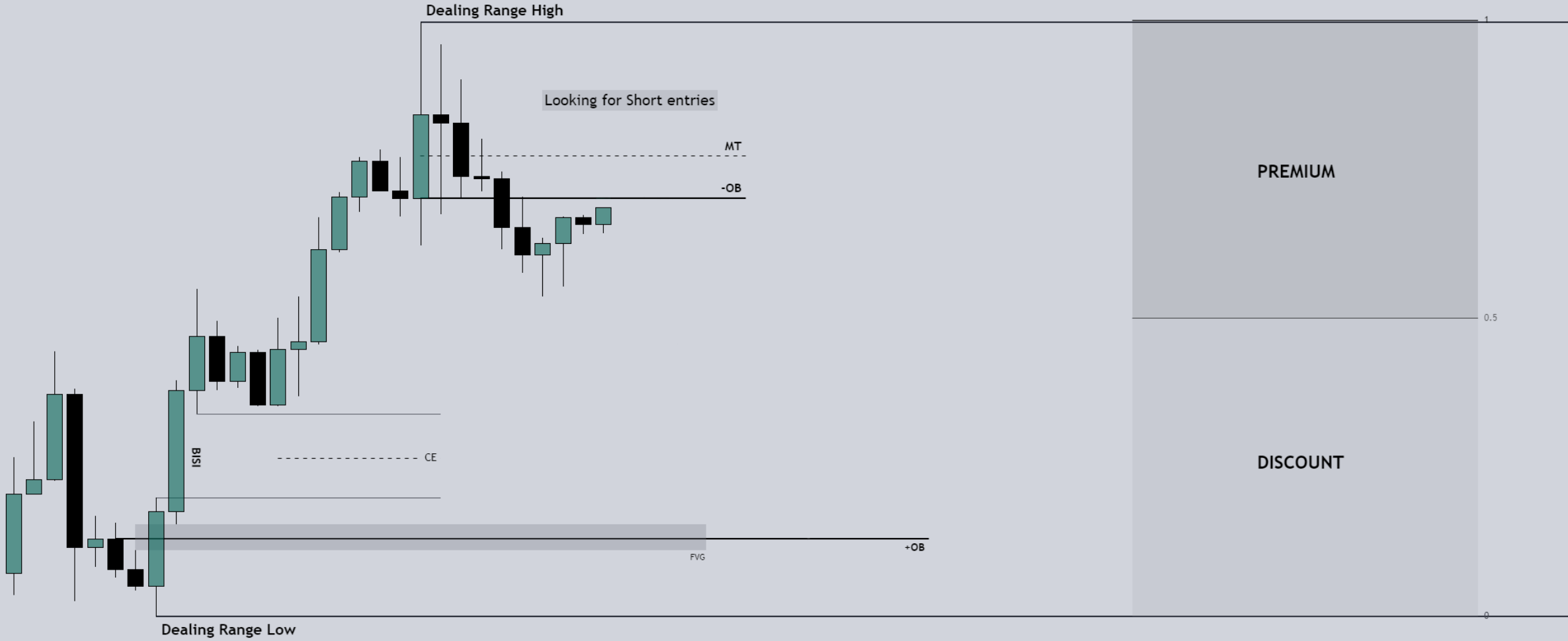

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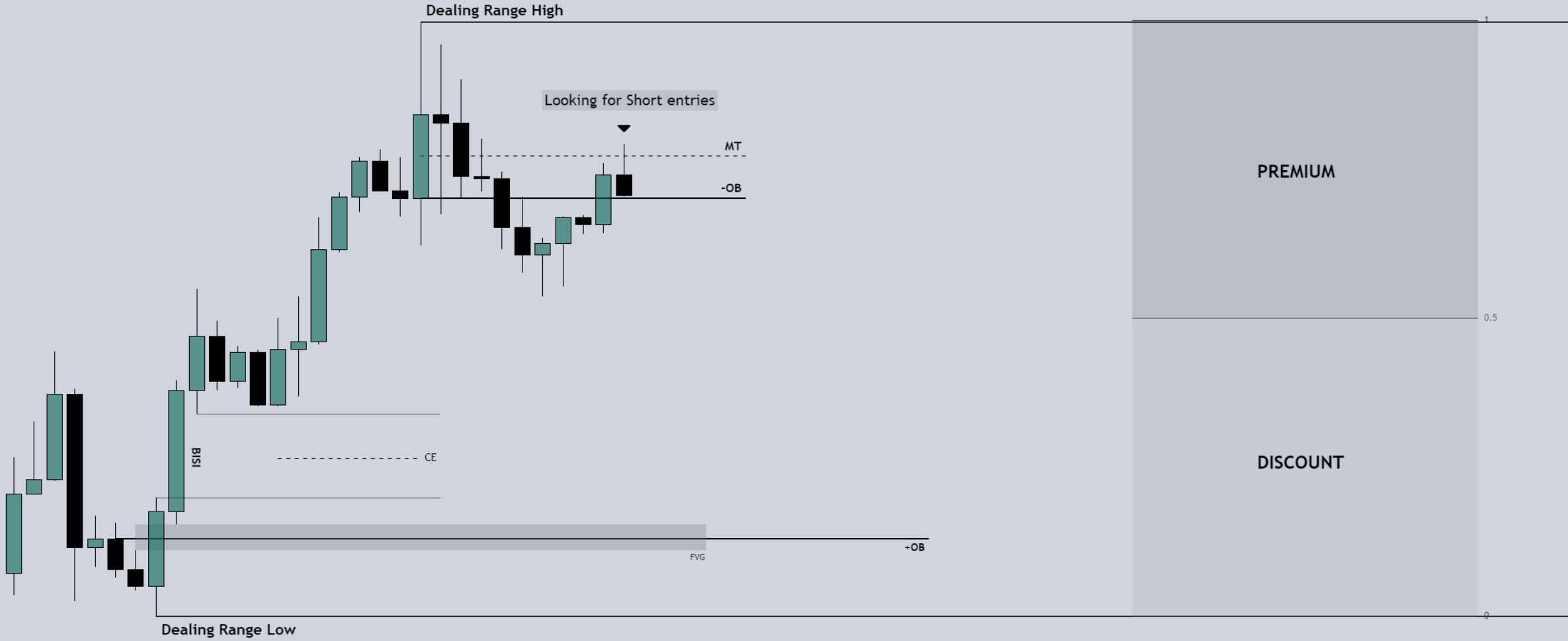

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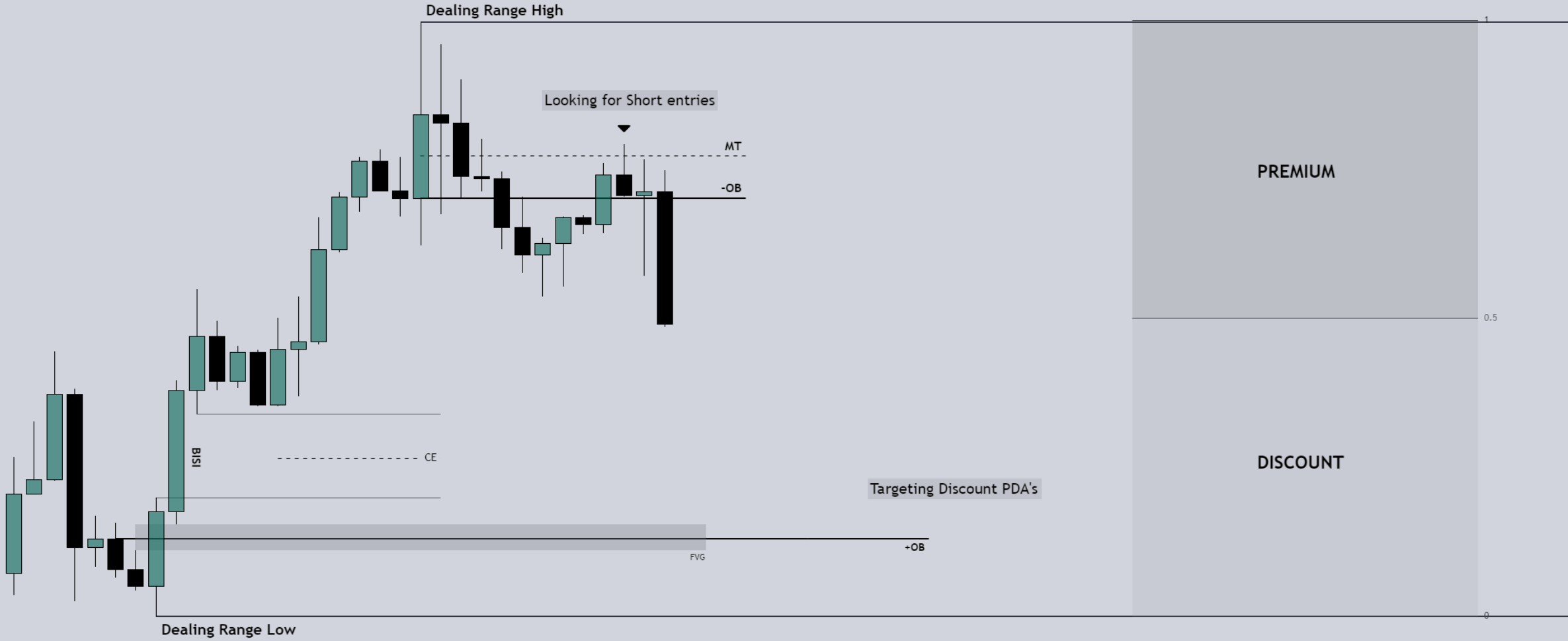

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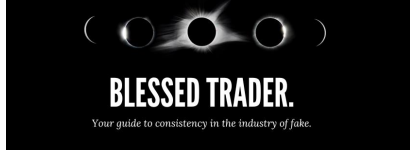

BEARISH EXAMPLE

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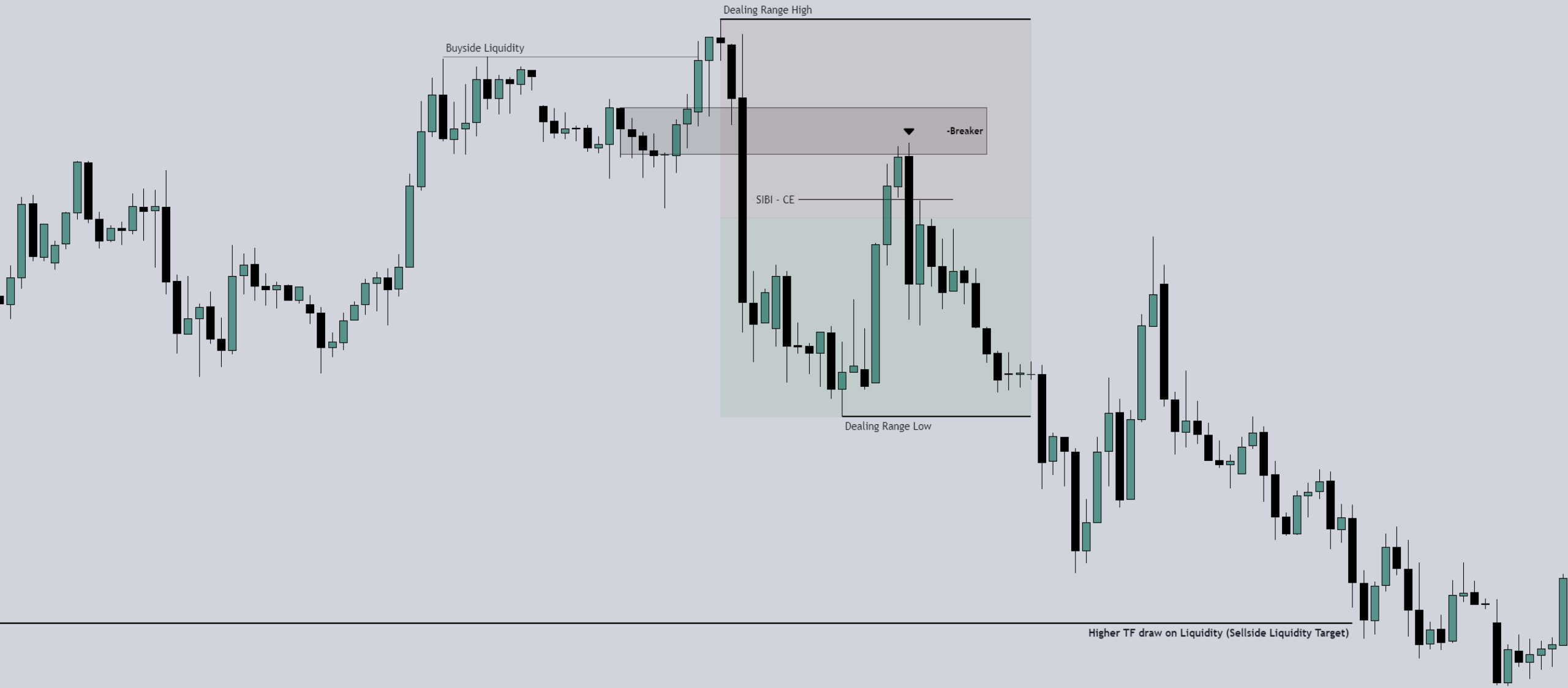

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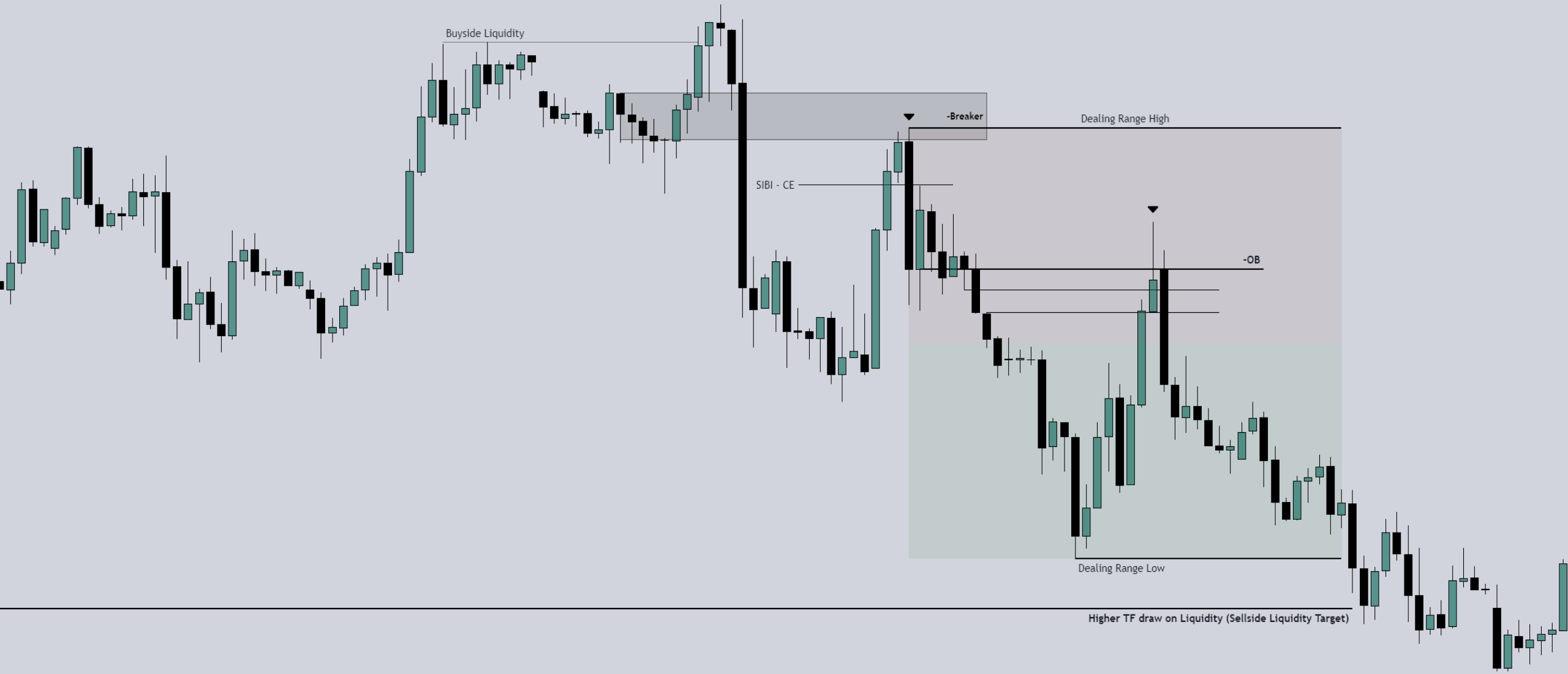

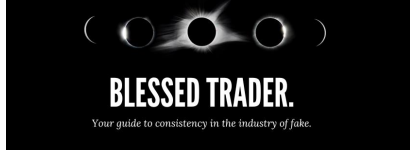

BULLISH EXAMPLE

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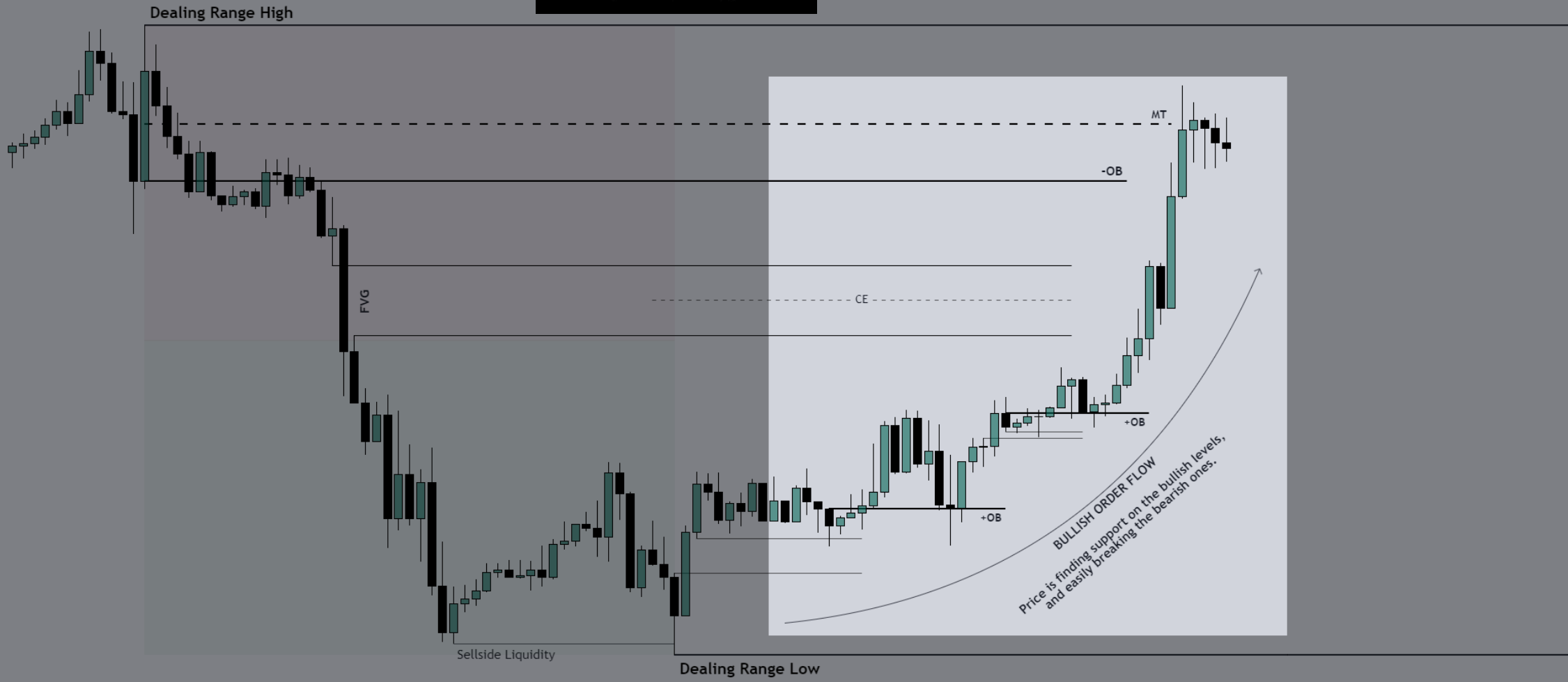

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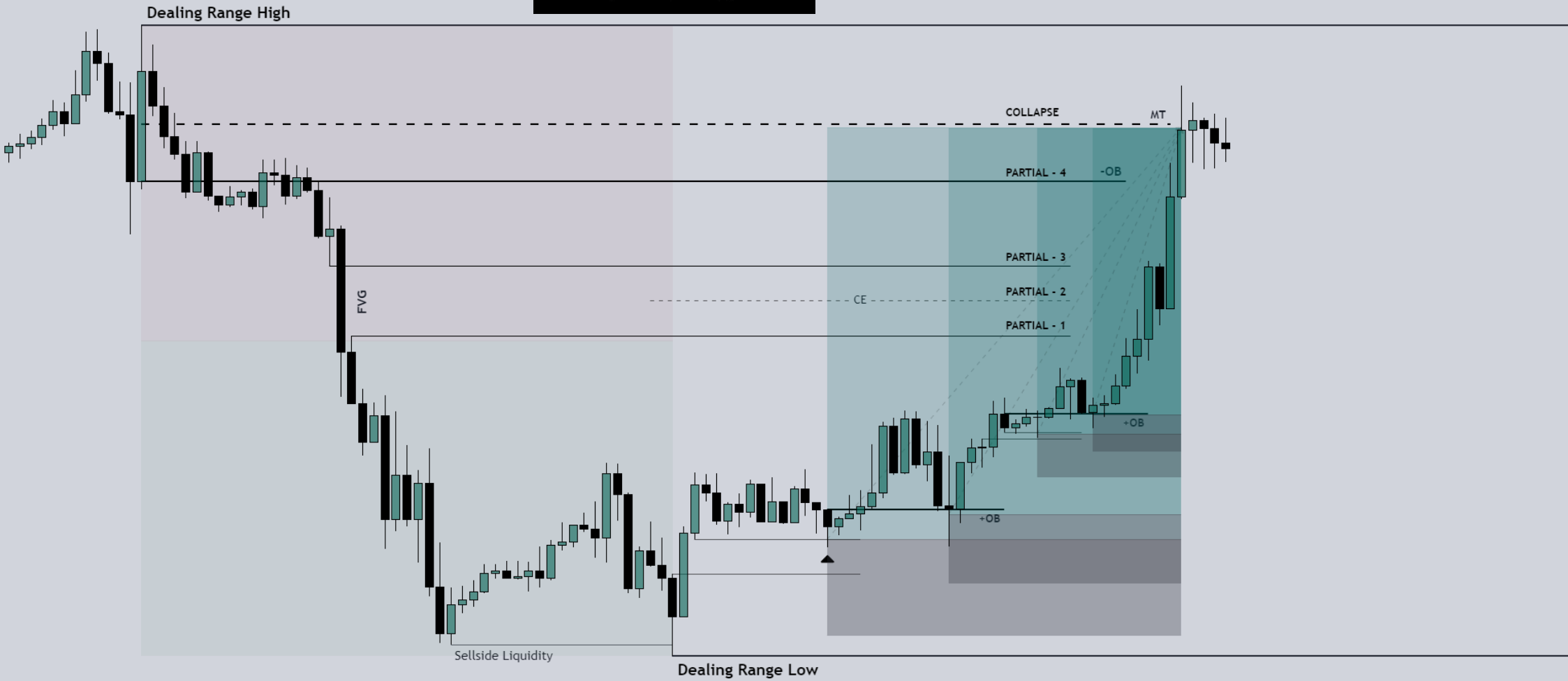
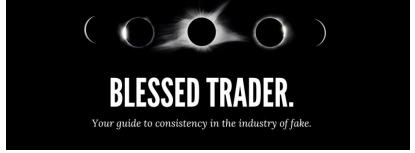
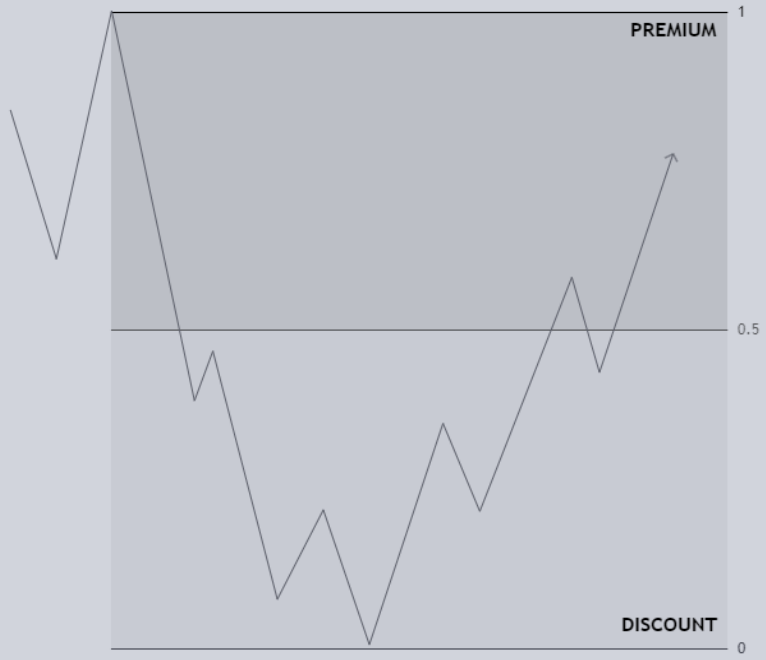




My PREMIUM / DISCOUNT Fibonacci Settings



Fib Retracement

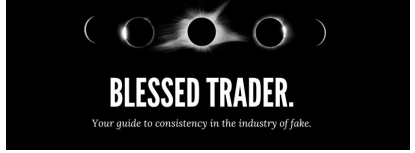
Style | Coordinates | Visibility

- [ ] Trend line
- Levels line
- [ ] Extend lines left
- [ ] Extend lines right

[ ] 3		[ ] 0.236	
[x] 0.5		[ ] 0.62	
[ ] 0.705		[ ] 0.79	
[x] 1		[ ] 1.618	
[ ] -0.5		[ ] -0.618	
[ ] -1		[ ] 1.272	
[x] 0		[ ] 1.127	
[ ] -1.5		[ ] 2	
[ ] 0.886		[ ] 3.272	
[ ] 3.414		[ ] -2	
[ ] 4.272		[ ] -3	
[ ] 4.618		[ ] -2.5	

- Use one color
- [x] Background
- [ ] Reverse
- [ ] Prices
- [x] Levels — Values
- Labels — Right — Middle
- Font size — 12
- [ ] Fib levels based on log scale

Template | Cancel | Ok



PRICE IS FRACTAL

One momentum-driven Daily candle will be a 1 hour TF run (dealing range), 15min TF trend.

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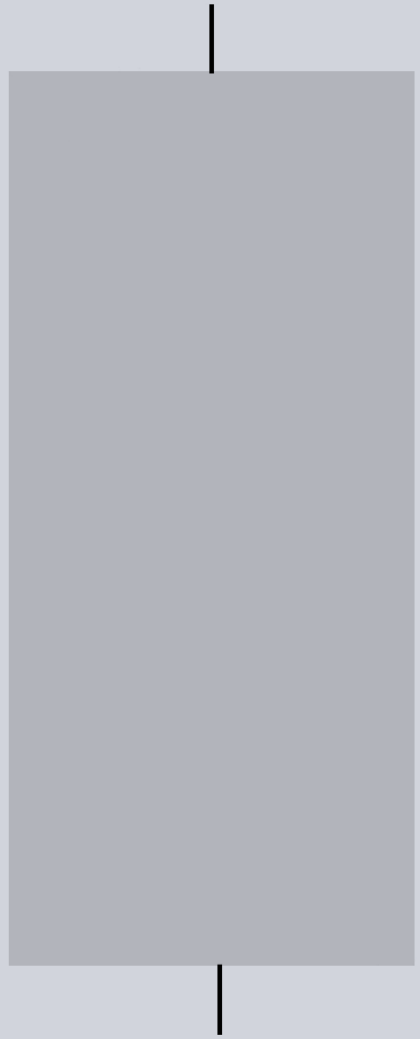
Daily TF Bearish Candle --------->



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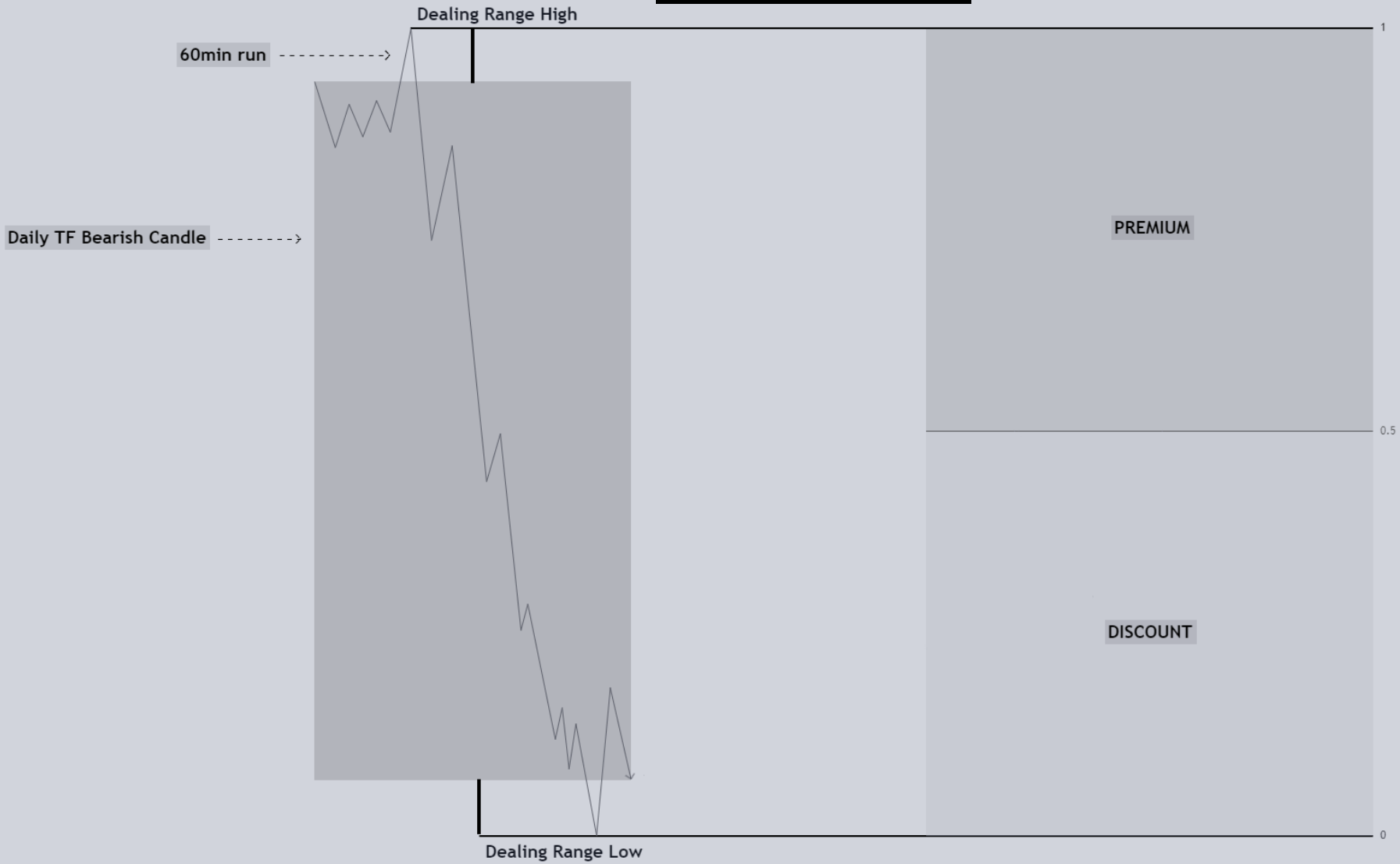

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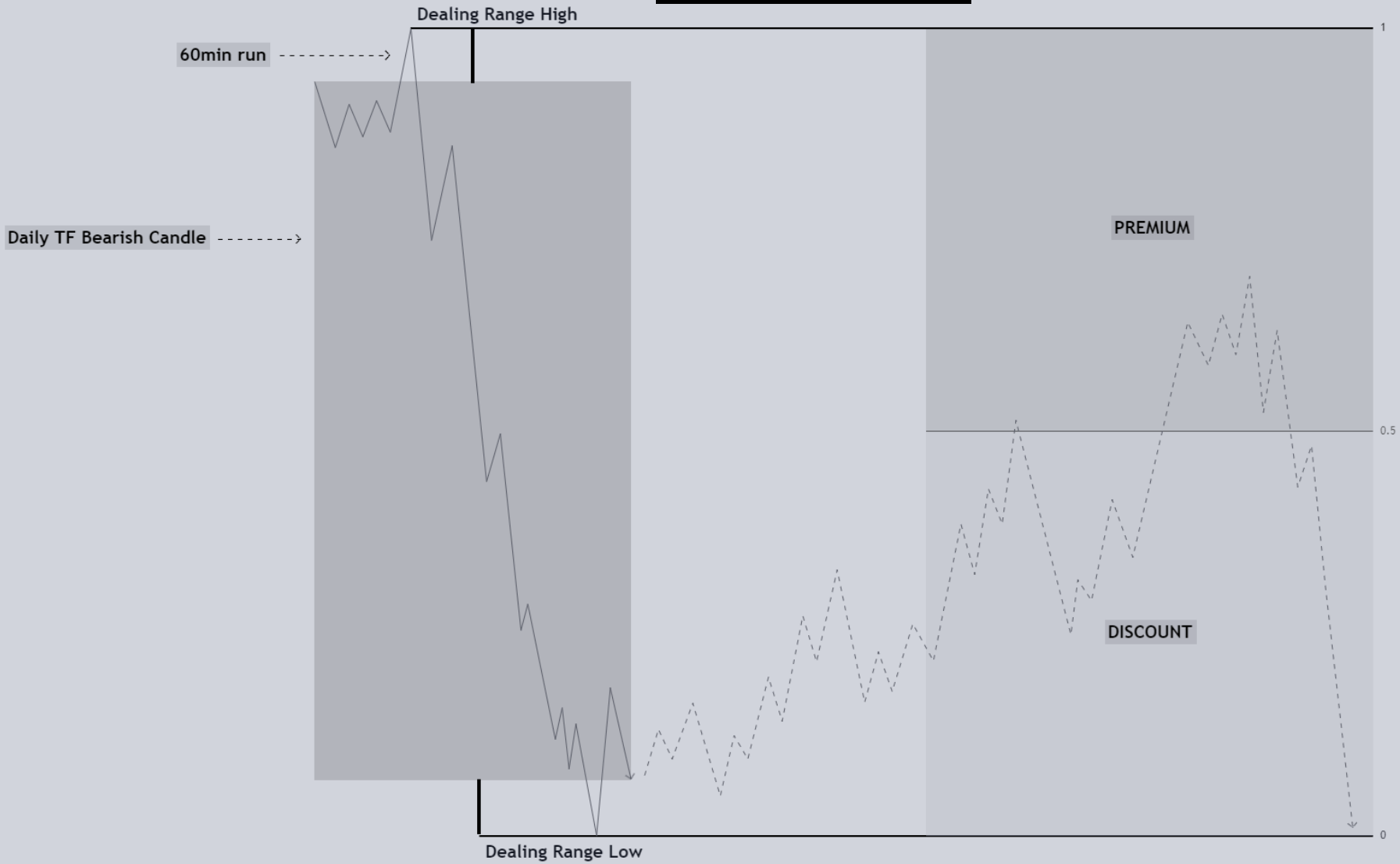
CONTINUATION CONDITONS



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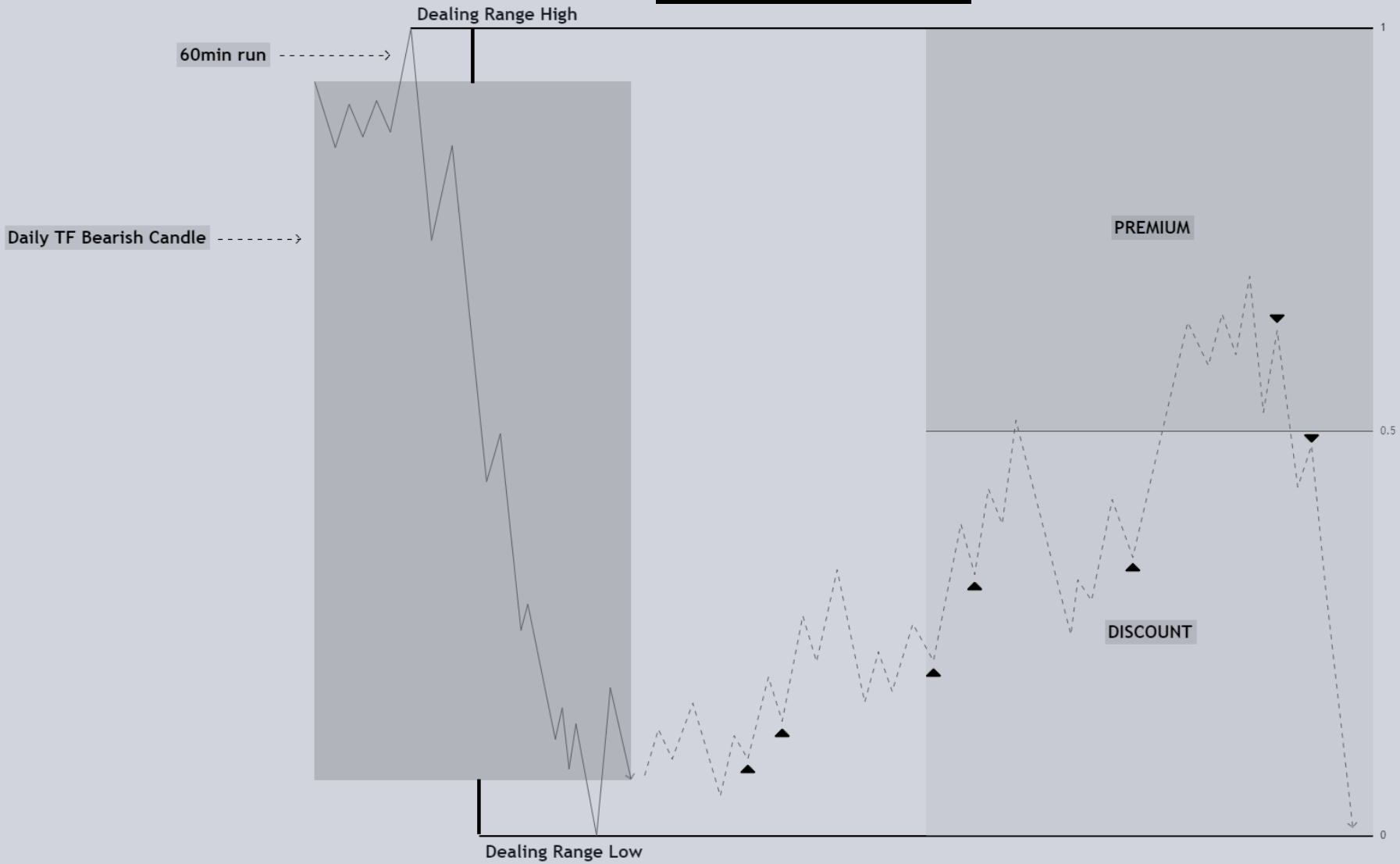

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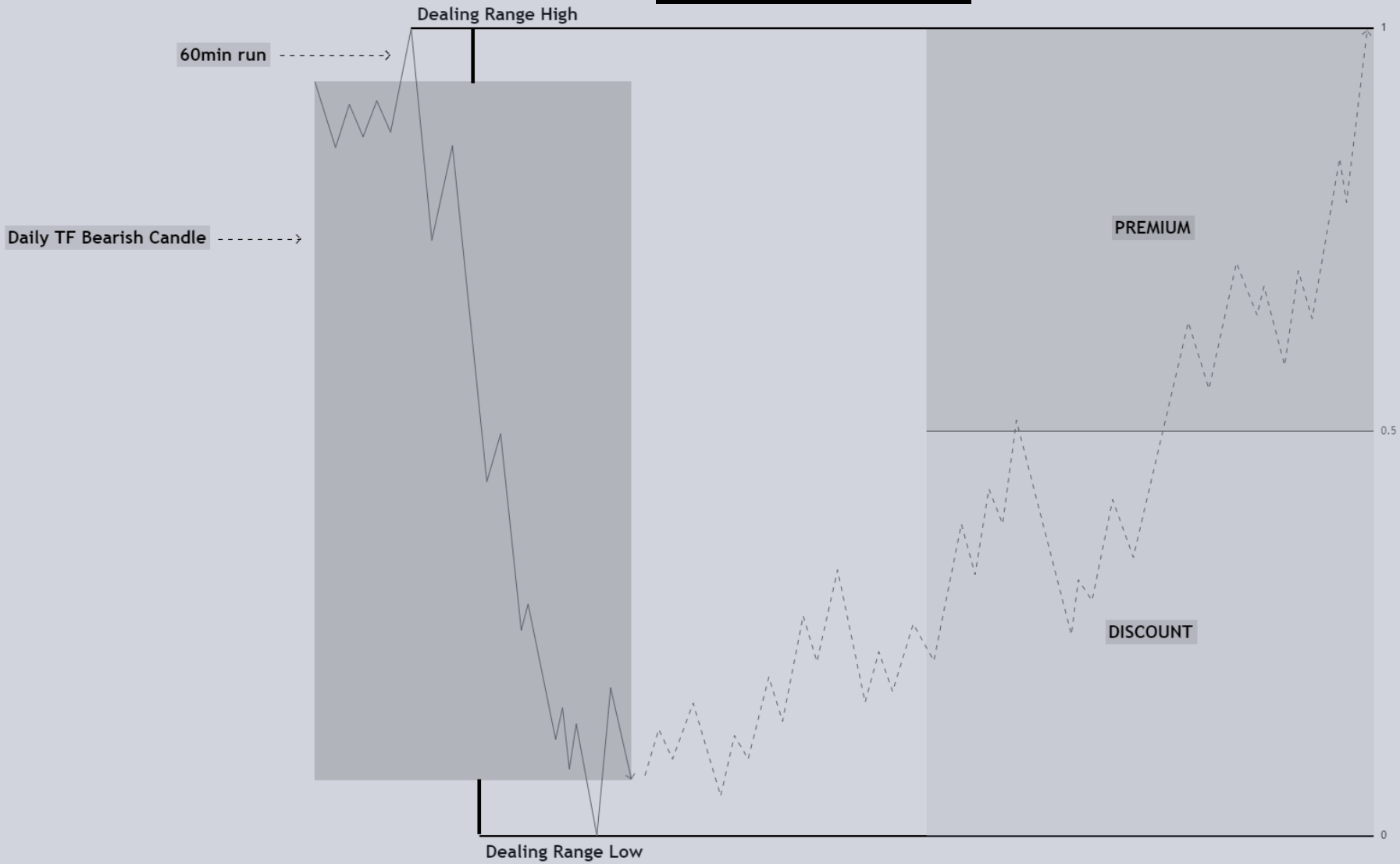
REVERSAL CONDITIONS



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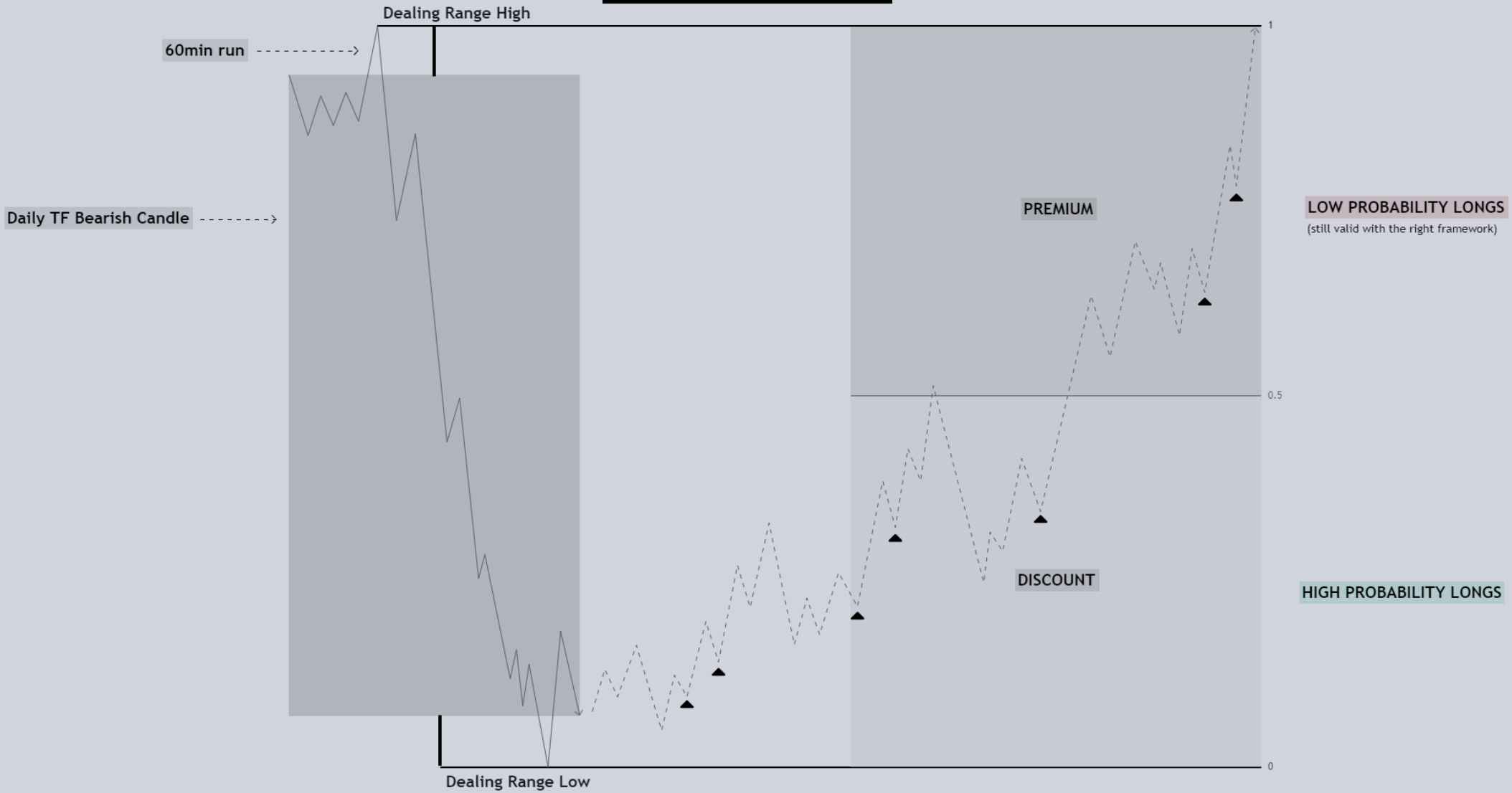

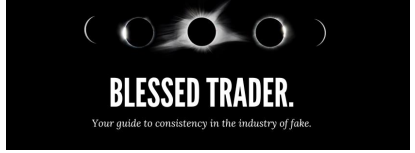

REAL EXAMPLE

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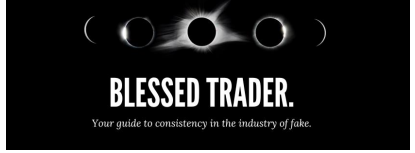
WHAT HAPPENED INSIDE
THIS ONE DAILY CANDLE
ON THE 60MIN TF

WHAT HAPPENED INSIDE
THIS ONE DAILY CANDLE
ON THE 60MIN TF



Higher TF Order Flow always dictates the rules

An important thing to always remember is that we don't expect every range to get filled, most importantly when the Higher TF is strongly bearish (like in the previous slide) price going higher is just a neutral example.

We don't pick bottoms against the one-sided Higher TF momentum UNLESS you're aiming to catch just a quick 15-20 pip scalp play, lower TF's + time of the day must align for that, otherwise, we will be looking for price to get into the Premium side of the range and continue the Bearish Higher TF order flow.

Picking tops and bottoms is one of the biggest reasons why traders take a lot of unnecessary losses in the market place. By doing that you're trying to blow against the wind, so even if we have a bearish dealing range it doesn't mean that we just start buying there, we look at where the price is at in terms of the bigger picture, if it's neutral or just reached a Higher TF bullish PDA then yes, we can expect price to turn, otherwise if it's aggressively pushing lower, our main focus is the down side and the Higher TF draw on Liquidity so what we do? – we can bank a quick scalp play risking less than we do usually, then once the Premium side of the dealing range is reached that's when the fun begins and when we start looking for real, momentum-driven trades.

For traders who don't have a lot of experience yet, I would suggest to concentrate only on those setups that align with the Higher TF direction meaning that in the bearish run your focus is only on selling in the Premium and when the direction is bullish your focus is only on buying in the Discount.

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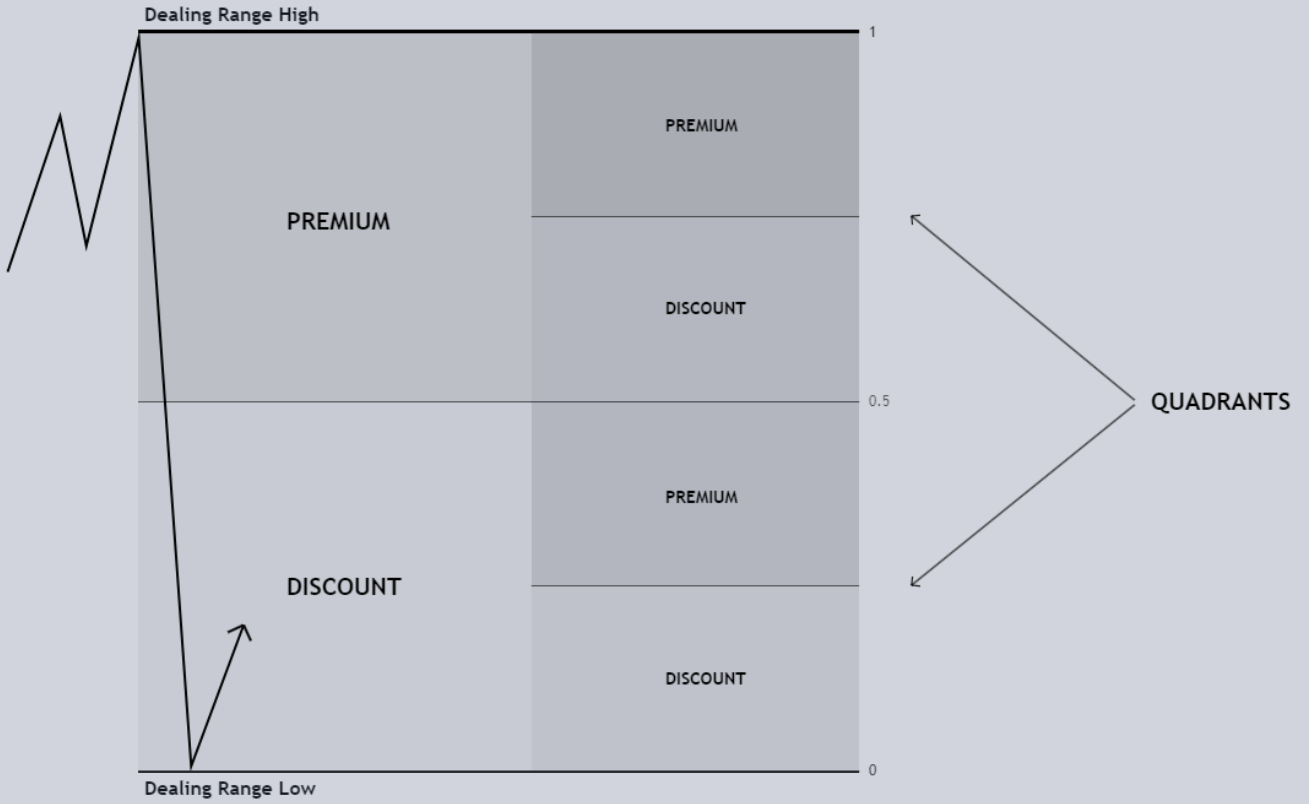
Quadrants

This is the concept that majority of you are not going to be familiar with. In simple terms our main PREMIUM/DISCOUNT dealing range can be split into Quadrants.

Why is this helpful?

Because majority of the Higher TF (in this example Bearish) momentum-driven plays will only pullback to the Premium of the lower Quadrant.

This is the reason why 99% of traders miss these moves, simply because they wait for price to pull back all the way up there when in reality, when the Higher TF draw on liquidity is there, the momentum is strong price will only give a tiny retracement before aggressively pushing lower.

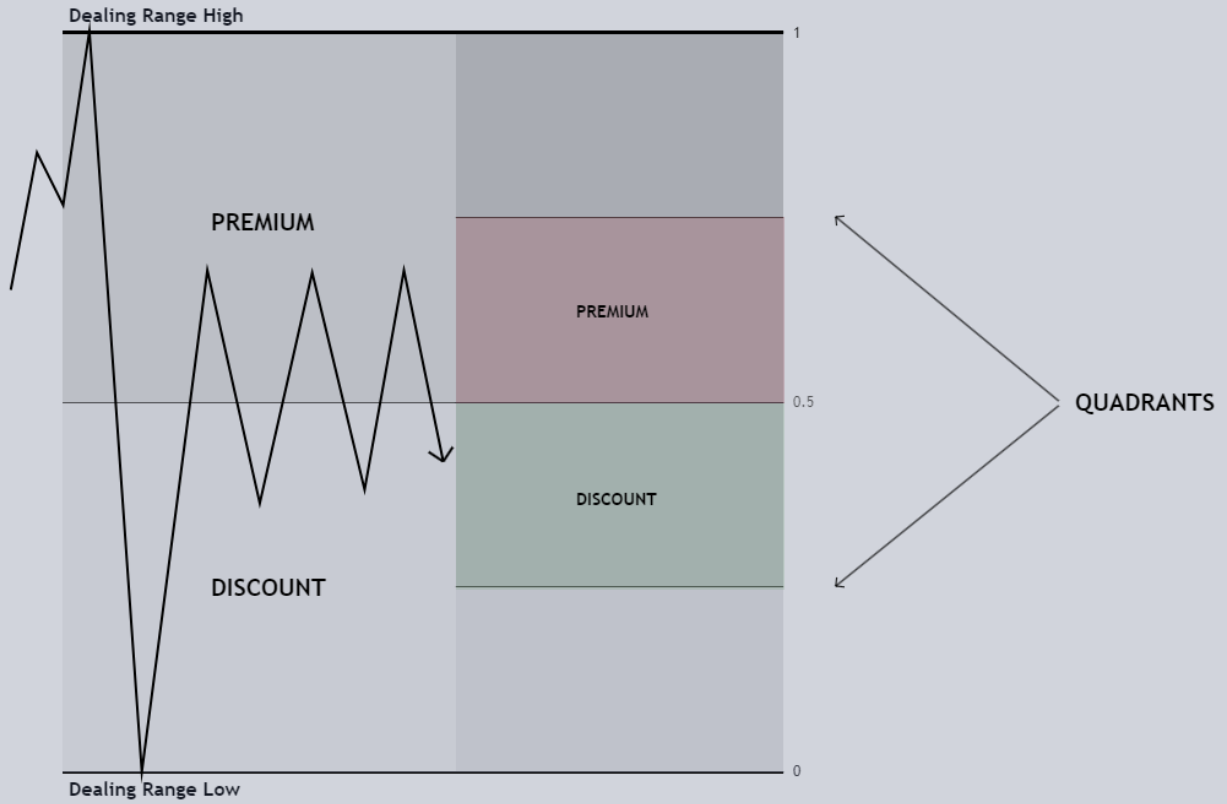


Equilibrium Hurdles

Last example of what we do when price on the TF above gets stuck in a sideways range around the Equilibrium of the main Dealing Range (what we call Equilibrium Hurdles).

What we do is we use the middle of this range and create PREMIUM & DISCOUNT side for it using our Quadrant levels.

This way when trading Lower TF scalp plays from Liquidity pool to Liquidity pool, you know where the price is in terms of the PDA Matrix.



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