



BLESSED TRADER.

Your guide to consistency in the industry of fake.

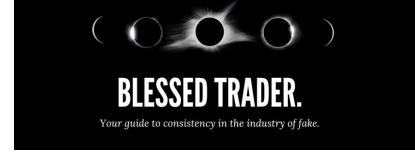


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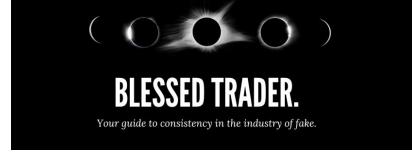
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DISCLAIMER

Everything here are my notes from my trading blog. I am not a financial advisor. This is not financial advice. The content is provided for informational purposes only. To make the best decision that meets your needs please do your own research. All investments carry some form of risk. Nothing is guaranteed. Please do not invest money you can not afford to lose.



LESSON - 15



“Fake” Lows & Highs / Low Resistance Liquidity



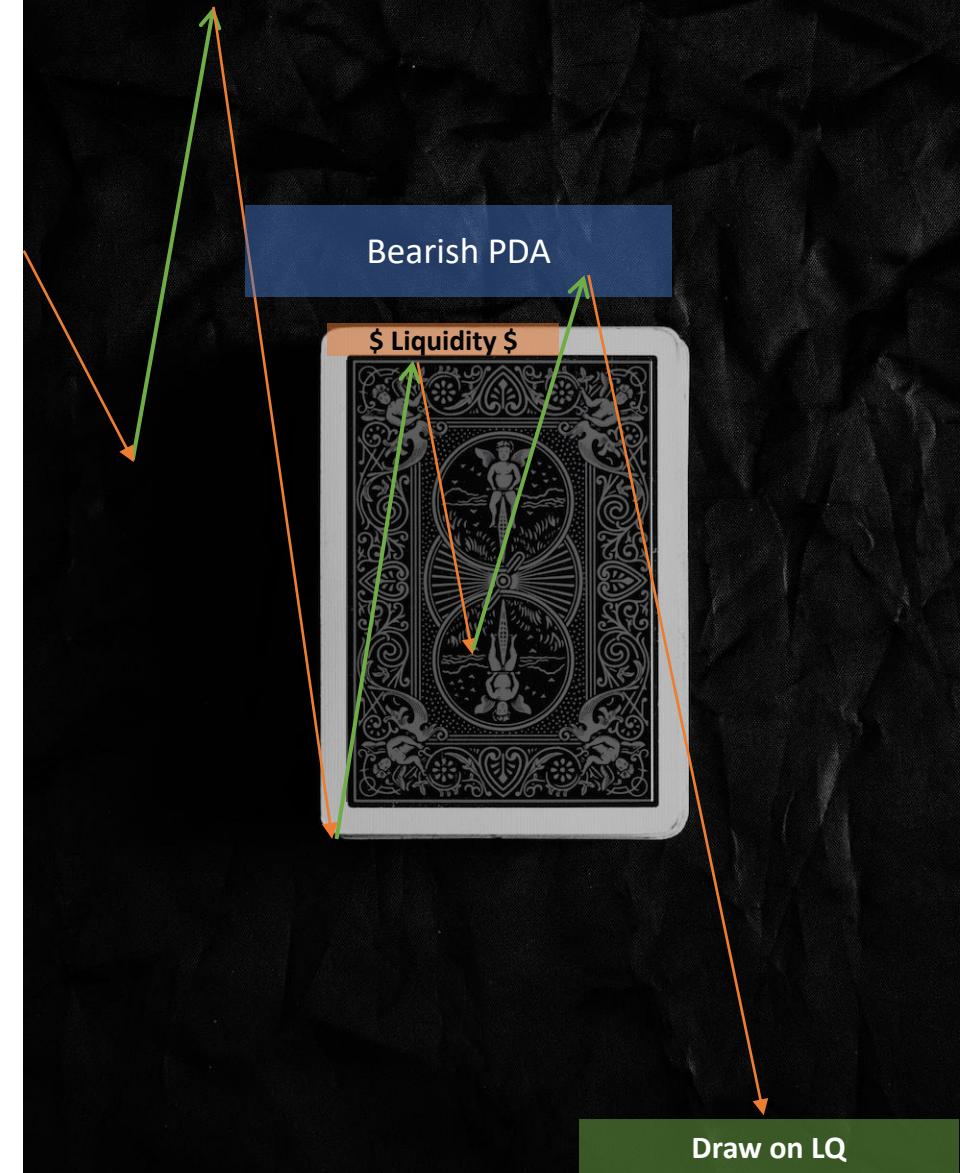
“FAKE” Lows & Highs

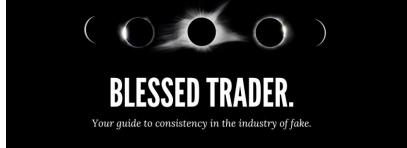
So, this is something we haven't covered yet and it's a really important puzzle piece of successful day trading.

Have you notice that price doesn't always just walk right into the PDA that we're looking to sell or buy from? That a lot of times price comes really close or even slightly taps it but then starts pushing to the opposite side with momentum which then quickly stops?

This is one of those “bait & slam” situations when price will trick the retail mind into entering their positions early (F.O.M.O kicks in), so in a bearish situation, they will go short usually getting in at a way worse price than they've initially planned because they felt that pressure to enter as price started moving, so one mistake leads to another mistake which is not being able to properly cover the high, so they place a tighter stop close to the high they've sold from.

By now you all know what is resting there. Liquidity. So, price very quickly turns around and gives an aggressive expansion (deeper into the opposing PDA) taking them out. That's a loaded deal for an institutional trader: Liquidity run into Opposing PDA + clear orderflow + time of the day & strong target (draw on Liquidity lower).





“FAKE” Lows & Highs

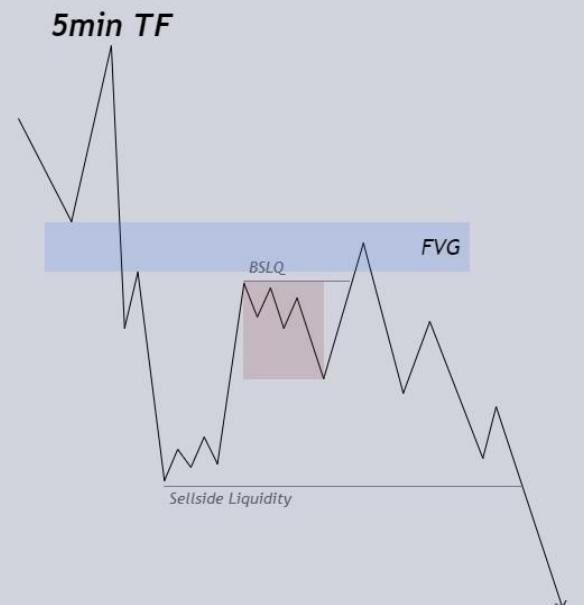
Usually the “fake” Low/High let’s say on TF’s like 5min or 15min, will leave Low Resistance Signatures on an even Lower TF like 2min.

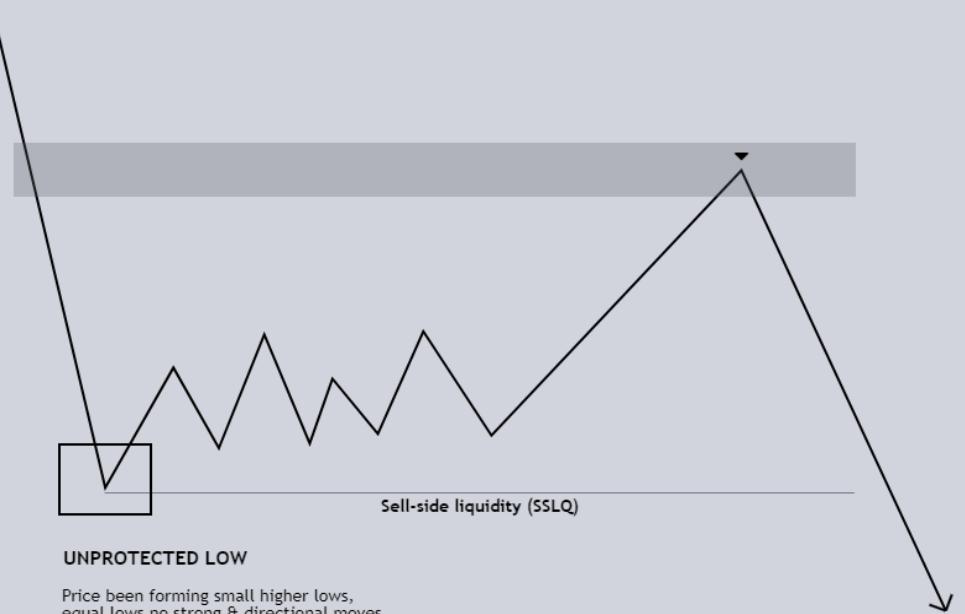
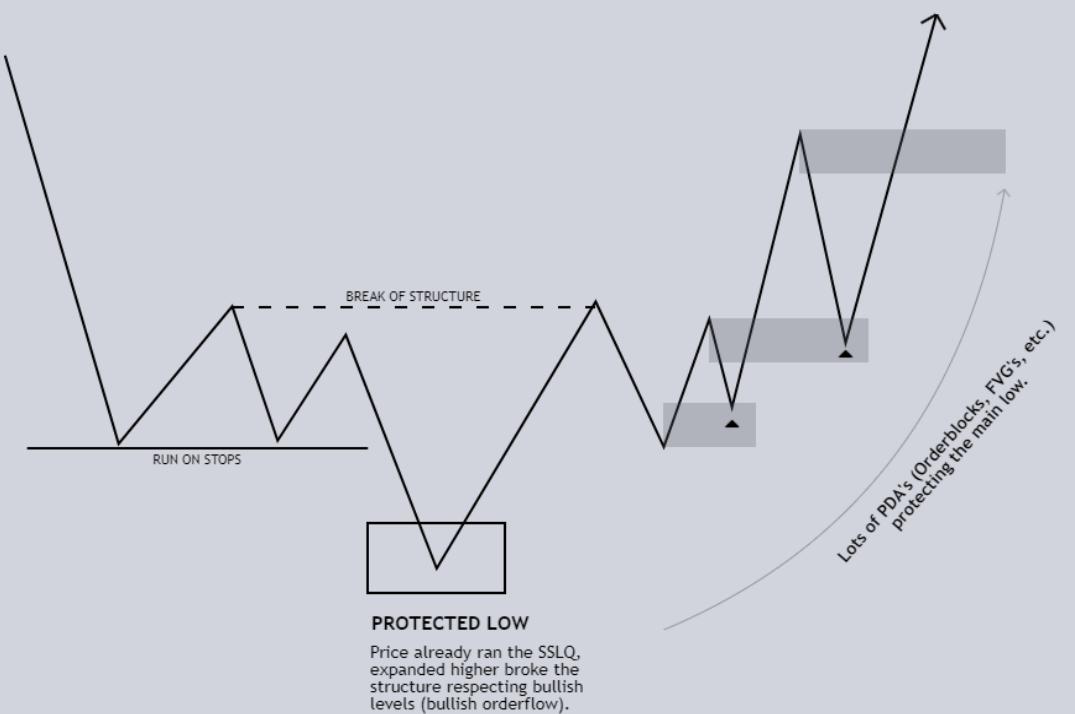
The same thing happens on bigger structures & Higher TF’s (price is fractal).
Example on the right.

As this is a pretty common price behaviour in the retail world, there was invented a name for this pattern (A-B-C pullback, some even use all kinds of “harmonic pattern” names), so all they see is the surface but have no idea of when & what to expect, so these moves catch them by surprise very often.

So, now as we’re aware of such traps in the market, and that just a regular retracement near the PDA is not enough we can be a bit more patient without feeling all the emotions of missing the trade, we want to see price actually give a sharp drive into the PDA, and leave no questions if it’s actually ready to go or not. When it is - you will be able to very clearly see it.

*Few important slides from Lesson 4 about Liquidity,
so you have a good sense of what we’re talking about here ->*







BAIT AND SLAM

Whenever you see price not showing any directional one-sided moves, when the momentum is low and price is either forming double, triple bottoms or price forms a low then a small higher high & higher low close to it, then another one – it's like the market laying cheese below it – that's what we target, that's what we focus on while the retail traders try to trade away from it!

It's a smart idea to build a totally separate folder just for Liquidity. Do your analysis, explain to yourself what you think happened there, save & collect screenshots like that, it will help you understand where the price is drawn to, which areas act like "magnets".

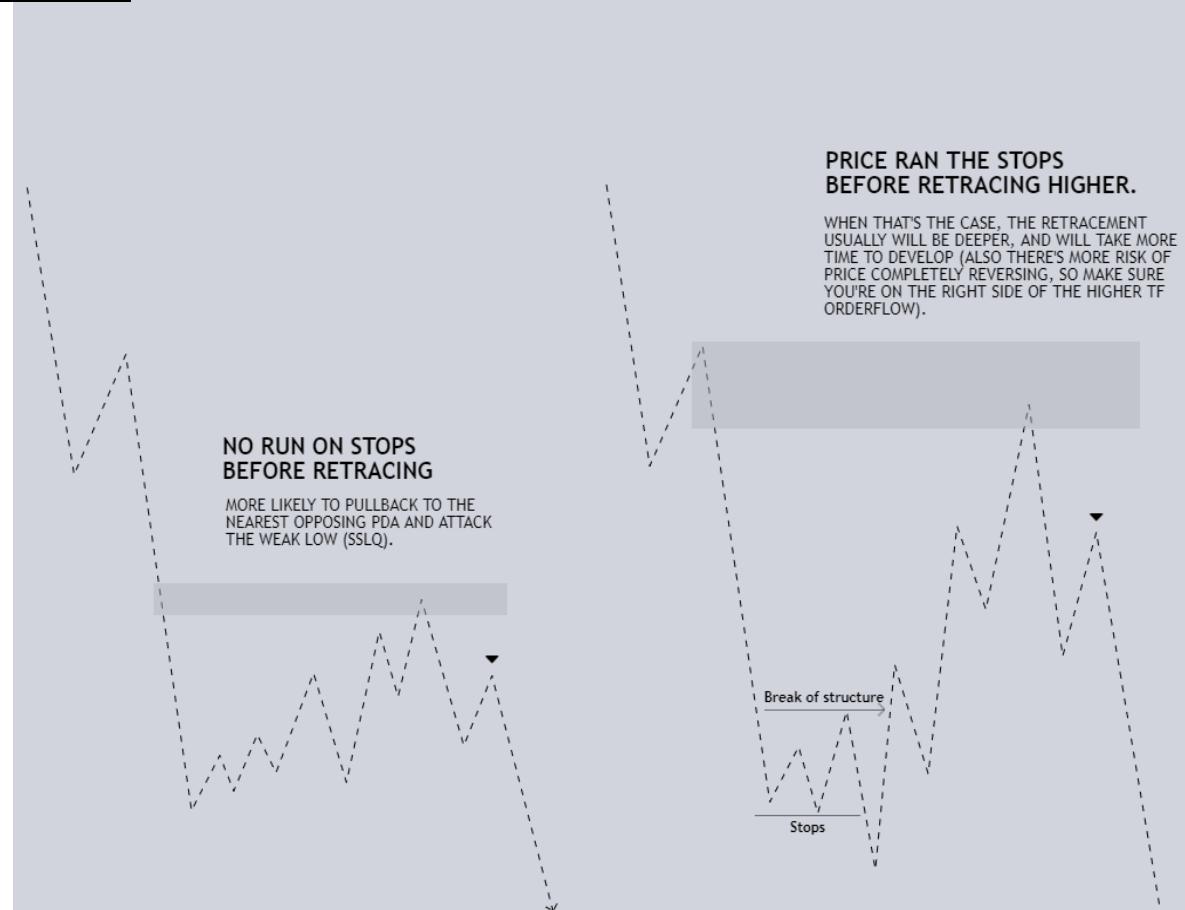


Run on Liquidity before retracing

When we know what the Higher TF orderflow is, we wait for retracements to ride the direction towards the Higher TF draw on Liquidity. It's important to pay attention not only where the price pulls back to but also what it does before pulling back, so there're two scenarios:

1. Price will run Liquidity, give a break of structure and then pull back
2. Or after a strong expansion price will not run any Liquidity, and just slowly start to form (in this case) higher highs, higher lows

So, when price runs Liquidity before retracing – usually it will pull back deeper + the retracement will take longer to form AND when price does not run Liquidity before retracing, that's when it's more likely that the pull back won't last long, price will reach the first strong opposing level, and attack the Higher TF target + the low that price left before pulling back.





“FAKE” Lows & Highs

So, sometimes it gets tricky and we don't have enough clarity to tell if the price is forming an actual High/Low or just a trap before the actual run on Liquidity happens, and that's exactly when we don't try to just guess the outcome, we wait for price to build more structure and start breaking down before getting involved in any trades.

A common error trading this style is being so afraid to miss the move that instead of waiting a bit more traders choose to just make a guess if a certain area will hold or not, that's why it's a must to have some basic rules like:

- If you're not sure if a certain area will hold or the retracement wasn't clear/deep enough - don't try to make a guess as that will cost you, let the price react from the area first and then enter from a Lower TF structure.

This is how we avoid some of the traps in the markets - by being patient enough to let the price show its intentions first, if there's something off about it, we don't play.



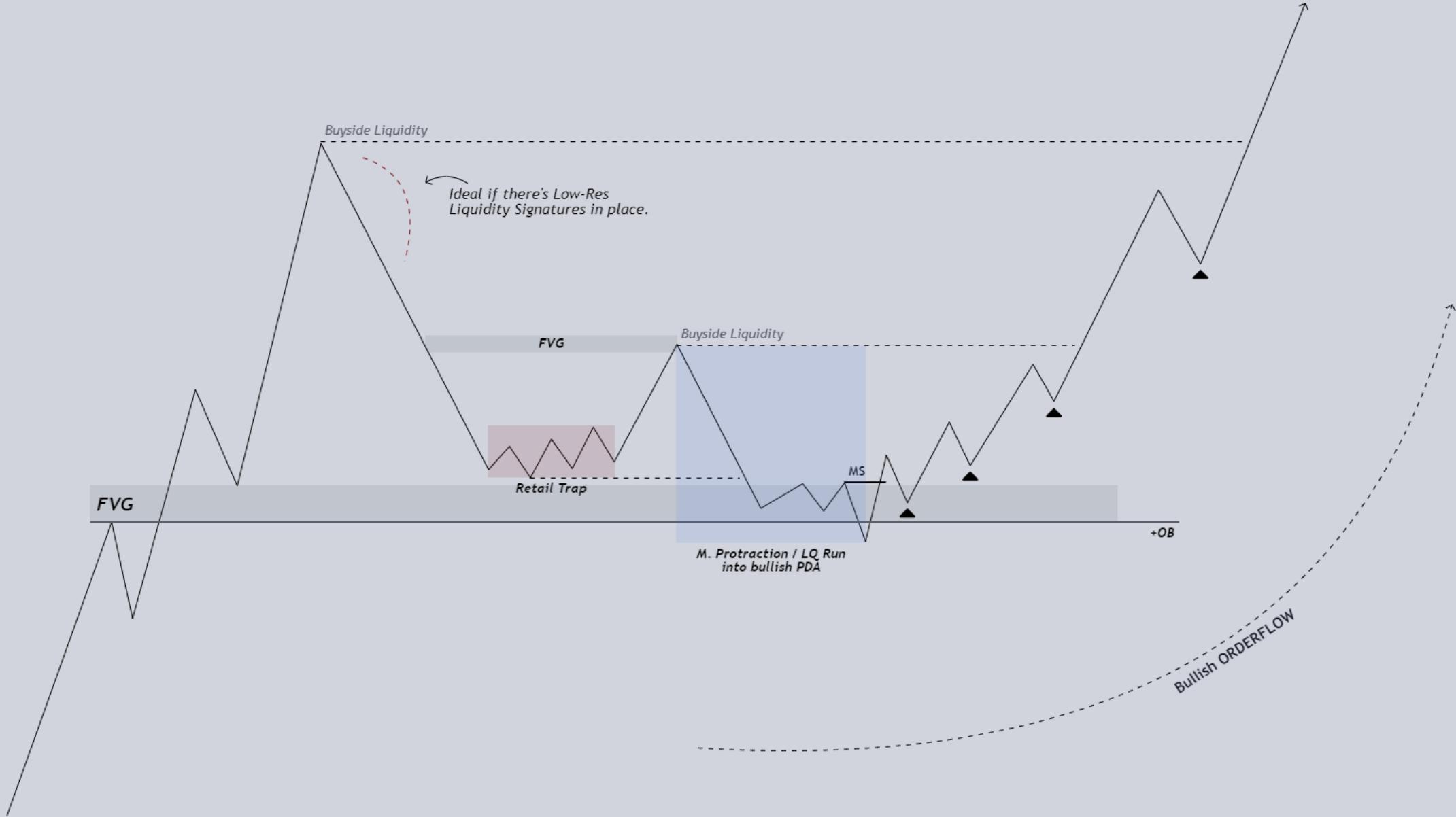
In the next few slides, I will show you a few different examples.



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Higher TF Draw on BSLQ





Good example from the trade we took on the 15th of September.





"FAKE" Lows & Highs

So, what happened there is very simple, price entered the FVG by 1 pip, then started pushing higher right away trapping the retail traders into going long. What price actually does after that, it drops lower again, collects all that Sellside Liquidity that was resting below that low, runs deeper into the POI of +Orderblock, FVG & OTE FIB level of 0.62 and then just takes off with the 60min momentum towards the Draw on Liquidity Higher. Notice how on the 60min TF (bottom right corner), the first retracement was looking, price was very clearly showing indecision.

Of course, we don't just expect for such trap to form on every corner, however, whenever you see price reacting without actually driving into a certain PDA that you're looking at and it starts to play around (and in most cases even build 2/5min low resistance liquidity signatures), it's almost a guaranteed deal to see that low or high get taken and upset a lot of early buyers/sellers who're not aware of the price delivery and manipulation that's going on in the market place.



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FAKE LOW JUST SLIGHTLY TAPPED INTO FVG & GOT
RAN AFTER BEARISH FVG RETEST.



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THIS RIGHT HERE WASN'T THE USUAL TRAP AS PRICE ON THIS TF RETRACED VERY NICELY, HOWEVER, JUST AN EXAMPLE HOW IF YOU DIG TO THE LOWER TF'S - PRICE STILL DID SOME "DIRTY WORK" THERE BY TRYING TO FAKE THE ACTUAL TURNING POINT.



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Second Level Distribution Move

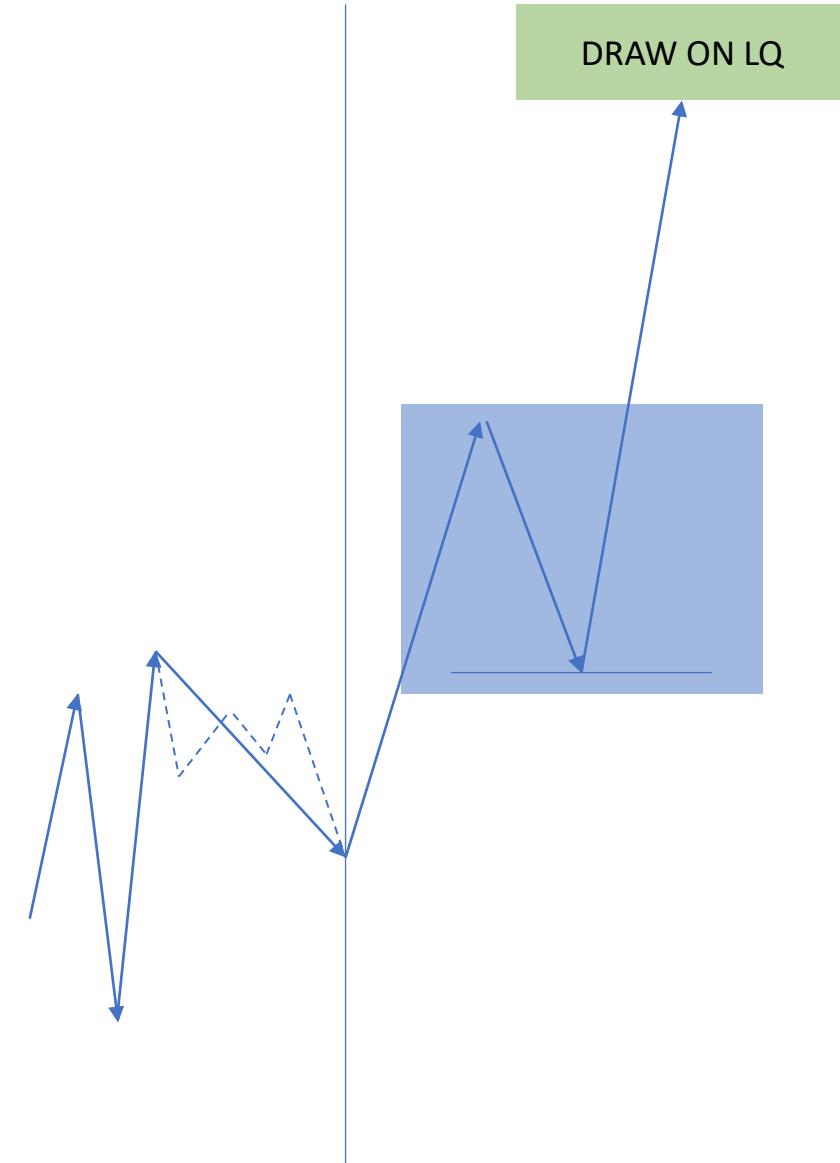
This is why ICT's favourite B&B move is the second level Distribution Buy/Sell, as we call it "confirmation OTE". The reason is simple – in a bullish scenario price already did the "dirty work" when creating the reversal point (SM reversal), then by running retail crowd after a fake low run into Bullish PDA on the first level distribution, expanded higher and on the second retracement usually, price will give a clean OTE retracement lower to a high probability area of +OB/FVG/0.62 FIB (ideally 5min TF), and push higher without any messy price delivery, it will just jump towards the main draw on Liquidity.

So, now let's zoom out of what I just said here. Do you notice that the first half of everything is more manipulated? The first half of LOKZ, the first half of NYOKZ, the first half of the week (usually Monday), the first half of a new move, etc. etc. and after that manipulation, there's a nice window, the "golden shining zone" so to say of clarity – that's where we want to put majority of our focus because that's the move that will cause least problems, that's where clean bread and butter OTE's right towards the draw on Liquidity happen.

Yes, the first move is sexy, a lot of times it will give a better risk to reward ratio on your trades but also pretty often manipulation will catch your stop, so your mental side of trading will be pushed around way more as naturally our ego kicks in pretty fast, so be aware of that if your goal is to be more aggressive with your approach.

Also, when trading the first move we always have to know all the other major factors behind it from Higher TF delivery to Lower TF alignment with the whole structure and direction towards the Draw on LQ, etc. (something that beginner traders don't usually grasp quickly as there's loads to learn), then as already mentioned there's the manipulation aspect that we just talked about on top of that, etc. With the second level distribution move you step over all of that.

Example of 2min TF delivery (trade that we took earlier this week) →







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