



BLESSED TRADER.

Your guide to consistency in the industry of fake.

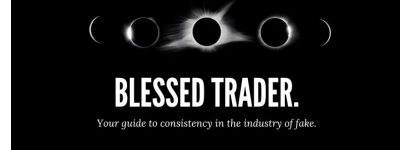


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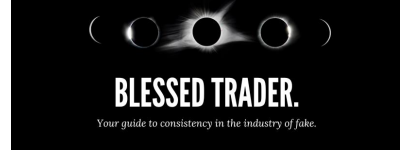
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DISCLAIMER

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.

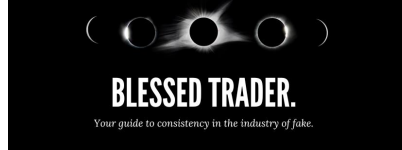


LESSON - 19



Digging deeper into the STRUCTURE, Hourly TF & FIB's.

Very important Lesson!



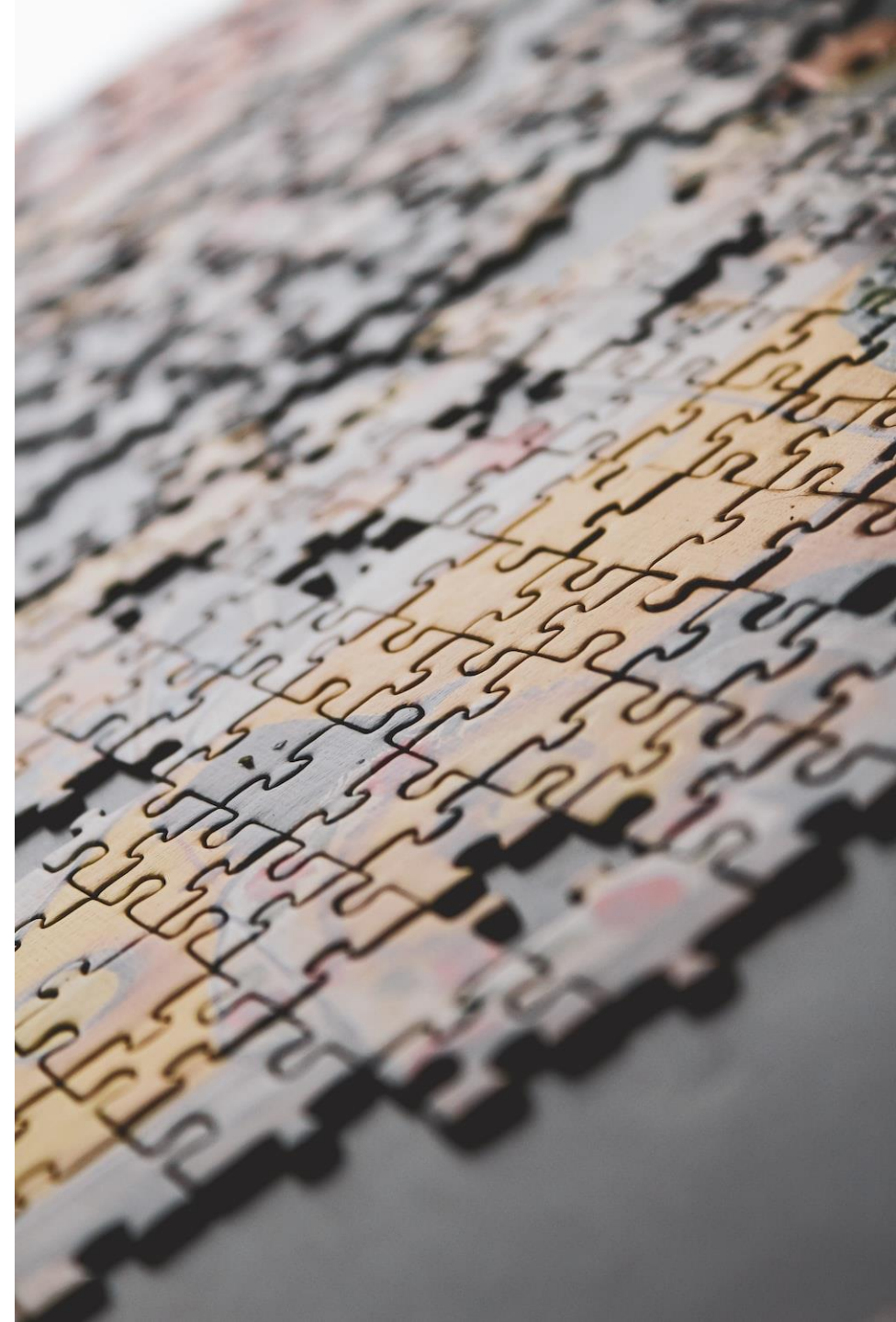
Market Structure

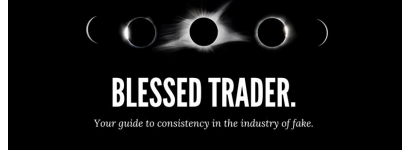
So, this is a lesson that will combine a few things that some by now you should already know: Daily direction / 60min delivery & 15/5min development. This is the foundation that leads us to the end result of pressing the button to enter the trade.

Daily TF as you guys already know is important not only to determine the direction but also where the price is at on the “map” in terms of the bigger picture, it helps us to predict which way IPDA is going to push price that day and in some cases for that whole week.

We focus on main things like the dealing range, 20-day IPDA data range, PDA's and Buyside / Sellside levels in it. We must always remember the characteristic of every weekday, Monday & Friday usually being consolidation days, and Tuesday-Wednesday-Thursday being the expansion days.

Could Monday be an expansion day? – Of course, even though it's not a common thing if something happened over the weekend OR price closed on Friday near a major PDA area that we've been expecting price to reverse from – price will expand into it, then immediately form LOW / HOW and expand away from it, that's when the first part of the week is active and usually Thursday/Friday gets quiet. Our Daily TF targets usually, are hit around Thursday's New York Killzone – that's when usually we see the market capping the week (so we must keep that in mind and take profits more actively), however, if it happens that by Friday there's still a decent amount of space left to the main Higher TF draw on Liquidity for that week – this is when Friday becomes an expansion day as IPDA will want to reach the target before closing for the weekend.





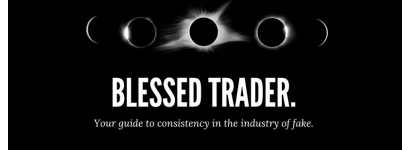
Market Structure

One really important factor is that we won't always be able to predict what will happen the next day, especially if price has been messy, the news calendar has been either too heavy or absolutely empty, etc. that's when we will have to concentrate on the Lower TF's like 4hour & the 1hour.

Not having a wider vision from Higher TF's POV (Daily/Weekly) is the same danger as trading just using 15/5min TF's, by now you all know how sometimes 15min or 5min TF's can look just perfect but at the same time 60min is showing pressure to the opposing side and that "perfect" trade turns into being a quick loss just because we didn't have a clear vision of what's happening on the Higher TF's – this is the reason why I always say: "be patient with your trades and don't force any positions today", this is where traders start picking a lot of losses, by not calculating the risk that we can't clearly see the bigger picture.

Then there're scenarios when we don't have any clarity on the Daily TF, and there's the same thing going on the 4 hour & the 1 hour, what that means is that all we have left is the 15min & 5min, this is the exact situation when I couldn't stress enough to understand the fact that it's the same thing as driving at 100 mph in a heavy fog or even with the hood open, yes we can use our steering wheel, we can use our pedals but we can't really see where we're going = that's when we either completely forget about the markets OR focus on very quick 10-20 pip targets, sometimes leaving a small portion running for the 30 pip targets lining everything up ideally with some Liquidity levels & FIB extensions.



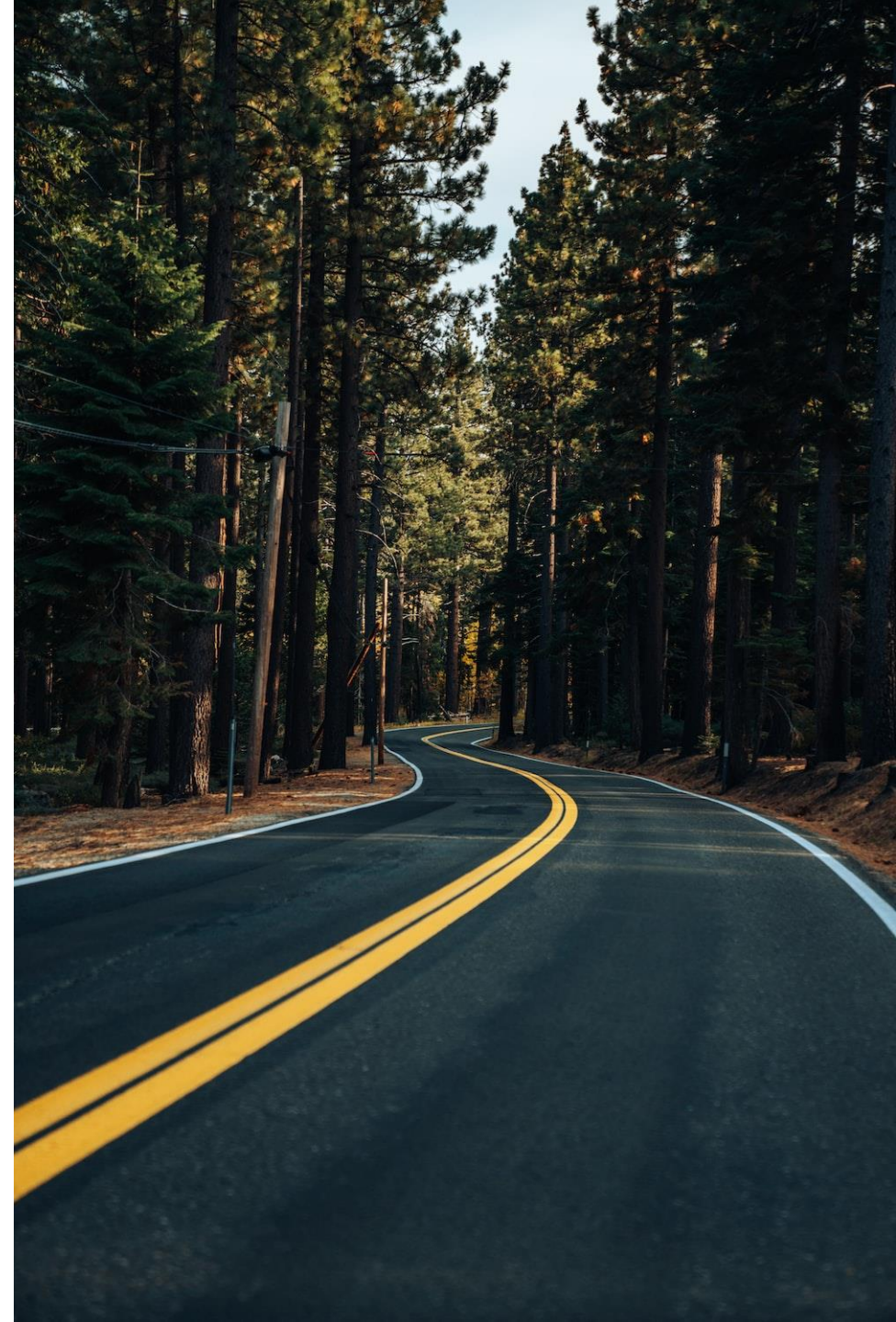


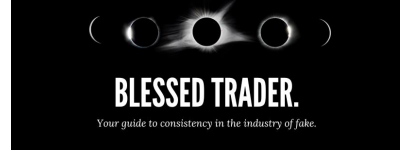
Market Structure

Coming back to the previous topic, long story short – if we don't have a clear road, it's wet, foggy and we have winding roads ahead somewhere in the hills, that's when we don't floor the gas pedal. The exact same logic we have to bring into the markets – if we don't have clear Daily direction / draw on Liquidity, that's already a “wet road”, if we don't have clear 4hour / 1hour development – that's a heavy fog meaning that every turn in the road is dangerous, but only if you choose to go at a wrong speed – going into the market place aggressively, using the wrong size, swinging for 100 pip moves and so on, if you continuously do that, statistically speaking one day your car will just go off the road down the hill – that's the opposite of what we want.

So, when the visibility is not that clear we can still drive the car (taking small trades, risking less, targeting small targets) but these are conditions when we don't want to act silly, then the winding roads in the hills ends, next day comes and we see a straight road, it's a beautiful sunny day the road surface is dry – that's when we floor it, that's when the Daily direction is clear and obvious, momentum is there, 60min is ready to bounce, 15/5min aligns with that, etc. so at the end of the day we have around 3 phases, first one is when the conditions are perfect, the second one is when the road is wet but there's no fog meaning that Daily's not clear but 4 hour / 1 hour is moving nicely and the last one is when both Daily & 60min is out of control, messy and unpredictable and there're only 15/5min setups at play (and, of course, the 4th one that we don't even have to talk about is when the price is just completely going sideways, there're news around and stuff like that).

So, I hope this visual example will help you a bit understand why & when we go slow and stay careful and when we don't mind to actually put that car at work and press it a little bit. These phases is what makes a successful trader successful and this is one of the biggest things that keep Smart Money traders so to say “blind”, treating every setup and every day the same.





Market Structure

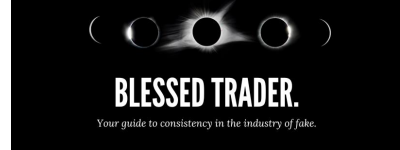
By now you already know how we build bias on the Daily TF, we went deep about that in Lesson – 10, make sure to go over it again as it's an important one. We also talked about the as we call “middleman” 60min TF in Lesson – 11.

Here in this lesson, I wanted to go deeper into the key signatures of 60min & 5/15min TF's, so you must clearly know what was covered in the Lesson 10 & 11.

It's a confusing topic for a lot of traders, and it's truly something that takes quite some time to master, and takes time to spot these signs / specific areas in the markets to see the move before it happens.

This is something that OTE (Optimal Trade Entry) is built on, of course, we have all the layered confluence and things behind it that we're digging into but this 60min (sometimes 30min) candle formation is what gives you the right “information” when the train is about to leave the station, this is something we touched a bit in the video lesson about the 60min TF that you can find in “the-good-stuff” channel which was posted on 17th Oct 2022.





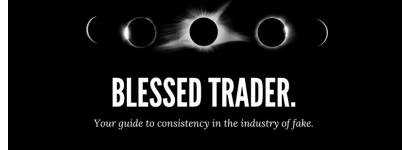
Market Structure

Now you have to turn on your imagination a little bit and think of a Power Of 3 move that we look for on a Daily TF, now imagine this type of a thing on the 60min TF, imagine how we see a bullish 60min expansion candle that's directional and going towards some draw on Liquidity higher, once the expansion candle closes, we ideally want to see a 5/15min Low Resistance top and next candle retracing right away below the close of the expansion candle (not running the 60min candle's high before retracing).

From there if the setting is right – meaning the time of the day, direction, price is moving from the right area (PDA), etc. this will be our setting for an OTE which could be taken in two ways, we either go to the 5min TF and just take it around the 0.62 FIB or we mark bullish 5/15min PDA's, wait for price to go into that area and give a 1/2min confirmation, a simple Smart Money reversal pattern and we take it from there using a smaller stop loss automatically getting a better R:R (it's like a 1/2min OTE inside a 5min OTE), however, that's the risk of getting taken out if price on the 5min decides to retrace deeper to let's say 5min 0.79 FIB and only then shoot into our direction – that's the risk you must be willing to accept if you choose this more aggressive option.

Also, remember about the immediate rebalance on the 60min TF (that's covered in the video I mentioned in the previous slide), if the expansion candle wasn't enormous and there's previous candle's high hanging around there (the ones before the expansion), always remember that price could retrace to that level and only then take off unless the momentum is very strong and as mentioned the previous candle's high is too far after a huge bullish expansion candle, then the price in most cases will leave a “breakaway” gap, which is a simple imbalance area which stays open and price doesn't rebalance it right away, it's a sign of strong momentum.





Market Structure

If we take this example on the right side (60min TF) – it's the opposite of what we want to see when looking for a bearish setup, here the 60min TF is showing as we call it “bullish pressure”, price is leaving wicks to the downside, forming small bodies and running previous candle's lows. We don't want to go short here, if we just focus on the 60min candle formation, there's no reason here for price to go down and it will at least want to run those highs again or just keep on climbing higher.

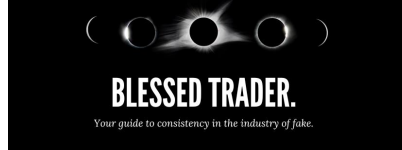
So, now always keep this in mind, Market Structure + Candle formation structure = Perfect OTE's.

5min TF



60min TF





Market Structure

Now let's take the same example. After these signs of bullish pressure on the 60min TF seeing that there's still potential space for price to run 60min highs, it goes and gives a bullish setup there by forming a signature 60min candle, 5min 0.62 OTE-FIB lines up with the 60min previous candle's high (the one's that formed before expansion) and that's where we see an IR (immediate rebalance) form as well.

When we're not 100% sure about the direction for the day and we're navigating based on the 60min TF then as ICT says – we must be nimble. At that point, the next draw on Liquidity was revealed which was the recent highs on the left – Buyside Liquidity.

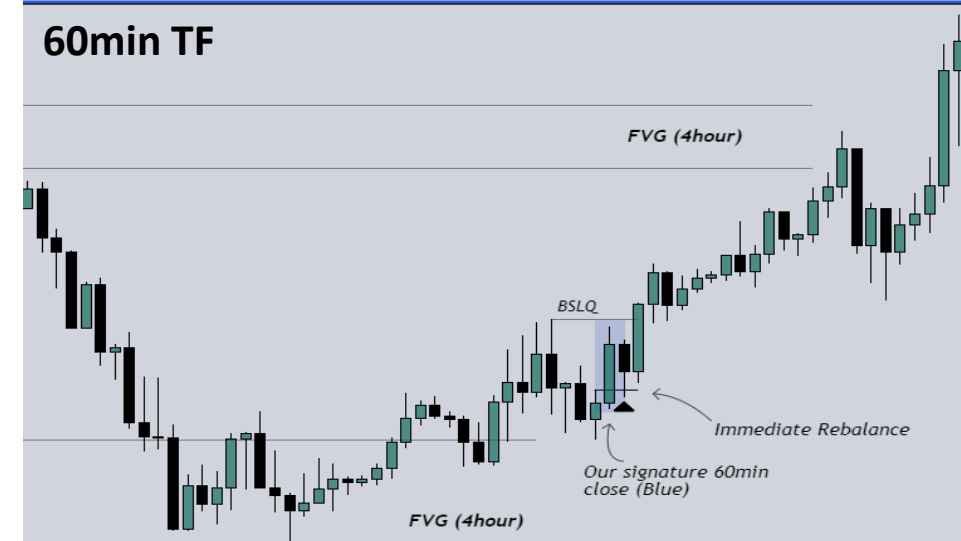
Once the price retraces to the 5min 0.62 OTE-FIB you can choose to:

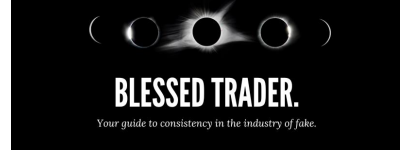
1. Enter right away covering almost the full 5min expansion leg (somewhere in the middle of 1 & 0.79 here would be enough);
2. Dropping down to the 1/2min TF and waiting for a confirmation there to enter with a more aggressive stop loss
3. Waiting for 1/2min confirmation to see if the price reacts to this area but keep the stop loss wide (always the safest option, negative – you will miss some trades, also R:R won't be as good as on the first or second option).

5min TF



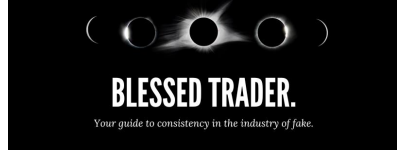
60min TF





Setting FIB's for OTE's

Two ways of doing it, let's talk about when we use Option – A & when we use Option – B.



Option – A (Bullish Scenario)

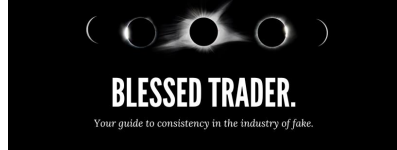
That's the regular way of drawing FIB's to find our OTE area of 0.62 & 0.79, we use candle's body low to high (ignoring the wicks), example on the right.

No magic here, it's a simple way of doing it, however, as I've already mentioned 100 times – it's not about FIB's, this OTE zone was created by ICT because that's where usually the setup happens, the main cause of it playing out are all the details & structures, overlapping PDA's that happen behind the scenes.

For traders to not be lost and confused which PDA to choose, to enter on a FVG or enter on OB? Or maybe a Breaker Block? There's no consistency there (especially when you're still learning to put everything together), so when we have a clear zone where we look for our entries the whole process becomes a bit easier.

So, what usually happens is that around this area we will see PDA's lining up, like BPR's, OB's, Breakers and so on (same with IR). So, what we simply do is find the main run on the 5min TF and draw our FIB's there, once price retraces into the Discount side of the dealing range we keep our eyes on the OTE zone and the PDA's around it.





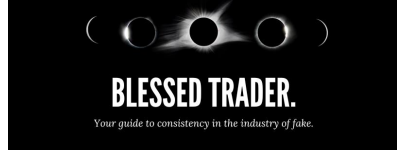
Option – B (Bullish Scenario)

So, Option – A I think is already clear for everyone as we've been using this approach for hundreds of times now. Option – B on the other hand is something that I haven't shown you before.

When we have a 30/60min candle close that is larger than usual expansion candle, there're other PDA's lining up bit higher than always & previous candle's high before the expansion is also around that area (for IR) – not necessary but good addition, then we want to draw our FIB's using the most recent, strongest/clearest Bullish +OB's body's high to the top of the wick of the expansion move (example on the right).

This gives us a more accurate area to monitor as again, remember that FIB Levels are not the magic trick here, price delivery and overlapping confluence is, hence we must adapt if the price delivery is bit different than always. So, in this situation using FIB's based on Option – A, we would've missed this area.





Option – B (Bullish Scenario)

So, another situation is when 60min candle's high that formed before the 60min expansion candle left its high covering a lot of the expansion candle's range – meaning that the 60min candle that opens after the expansion won't have to push much lower for us to already have Immediate Rebalance, so the clearest 5min PDA + FIB zone will be enough for price to push higher, so that's when we usually will use the Option – B as well (example on the right).

To jump ahead and answer your question about the expansions high – 99% of the time we will ignore visually large wicks like that (they're simple stop runs = gaps in price), so we just chose the one close to it.





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