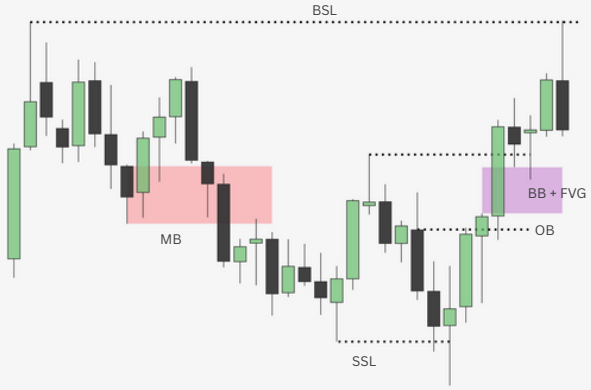
MASTERING **ICT PD ARRAYS**

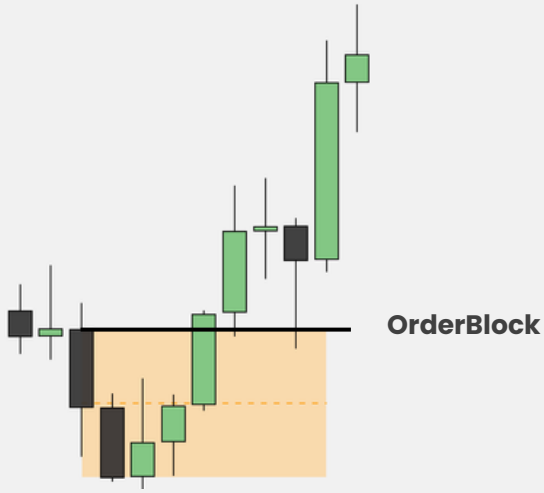
- 12 LECTURES -



1. OrderBlocks
2. Propulsion Blocks
3. Mitigation Blocks
4. Breaker Blocks
5. Rejection Blocks
6. Immediate Rebalance
7. Liquidity Voids
8. Fair Value Gaps
9. Volume Imbalances
10. Balanced Price Range
11. Inversion FVG
12. Key Liquidity

All credits to ICT

MASTERING **ICT ORDERBLOCKS**



1. What is an OrderBlock
2. Types of OrderBlocks
3. Narrative is key
4. Change in the State of Delivery
5. Sensitive Levels
6. Using the Wicks or Bodies?
7. High Probability OrderBlocks

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MASTERING **ICT ORDERBLOCKS**

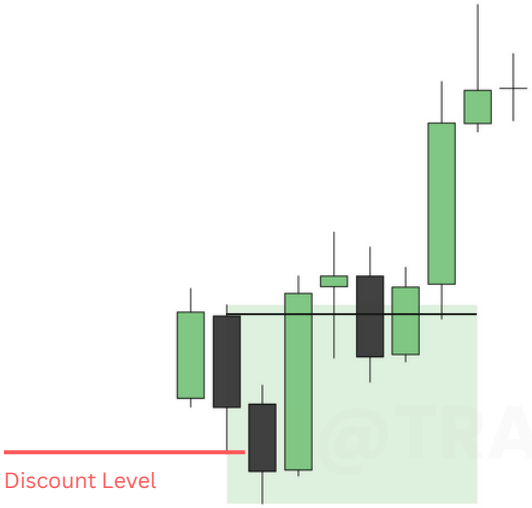
1. What is an OrderBlock?

- OrderBlocks are levels of price where Smart Money, institutional traders and banks, buy or sell to establish their positions.
- They do this at key levels that allow them to accumulate or distribute orders without having a big impact in price.
- Orderblocks also serve as institutional reference points that price is likely to revisit before continuing its intended direction.

2. Types of OrderBlocks

Bullish OrderBlock

- A Bullish OrderBlock is the lowest down close candle or consecutive down close candles before a move higher.
- It's the down close candle with the most range from open to close near a support level.

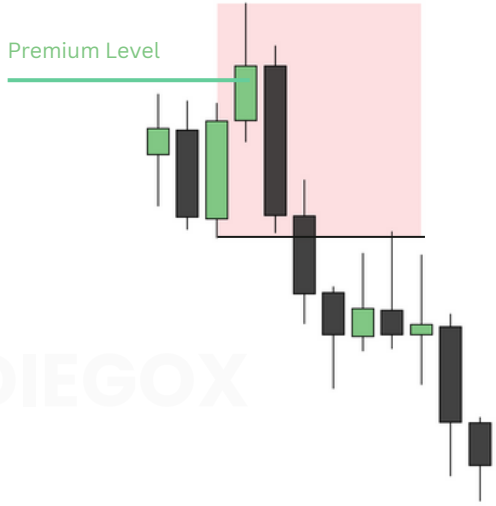


Validation:

- A bullish orderblock is validated when we get a close above the Open of the lowest down close candle(s), ideally above its high.

Bearish OrderBlock

- A Bearish OrderBlock is the highest up close candle or consecutive up close candles before a move lower.
- The up close candle with the most range from open to close near a resistance level.



Validation:

- A bearish orderblock is validated when we get a close below the Open of the highest down close candle(s), ideally below its low.

3. Narrative is key

- The Orderblock needs context, the location at which it forms needs to have some relevancy, especially when it's the OrderBlock that starts a Buy or Sell Program.
- For this I want to identify Key Levels in a Higher Timeframe
- When a Down Candle forms at a HTF Discount Array, I'm already expecting it to be a potential OrderBlock.

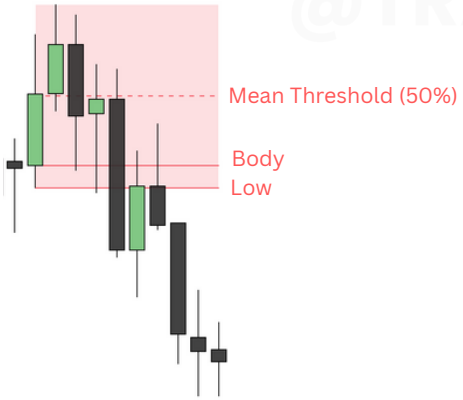
MASTERING **ICT ORDERBLOCKS**

4. Change In the State Of Delivery

- An orderblock is a change in the state of delivery (CISD).
- After we take a relevant low, and validate a bullish OB, there's a CISD. We change gears internally and every move lower after is just setting another run higher. It's gonna keep going above old highs and into imbalances until we reach a premium.
- When a move has been bullish, bullish OBs are not supposed to be violated.

5. OrderBlock Sensitive Levels

In a bearish OB (up candles), We can expect a reaction at:

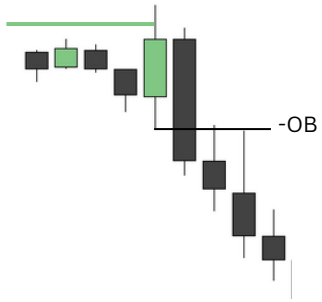


6. Using the Wick Or the Body?

When do we expect a reaction off the wick of the OB and when do we use the body?

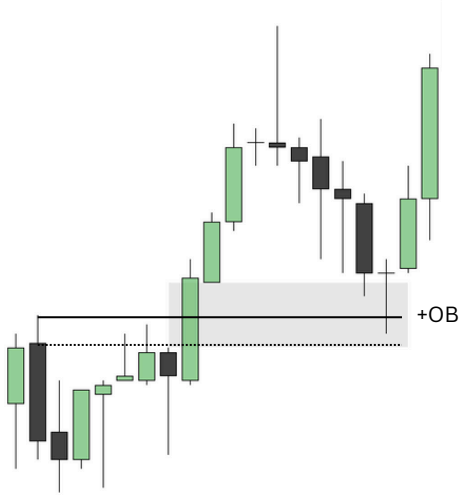
Most of the times I favor using the body but there are 2 factors to consider:

Size of the Wick



- When we have an OB with a small wick, I prefer to use the body of the candle.
- If we have a -OB and the tail is around 1/4 of the candle then we can use the low of the -OB and the CE of that tail.
- Is not so much the size of the wick relative to the OB but relative to the PA around it. If the OB is a large candle, the wick will look small even if it's 1/5 of the candle, and yet we can use the wick as a sensitive section of the OB, specially in deep premium or discount.

OB and FVGs



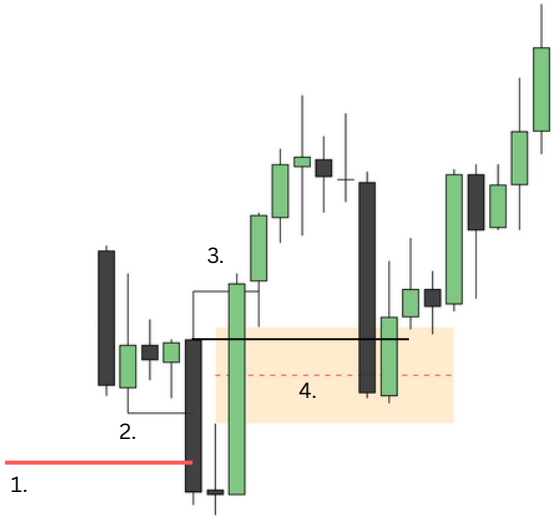
- When we have a Fair Value Gap right before an OB, then I will treat the wick as a sensitive level.
- In the same way if a Fair Value Gap is overlapping with the low/high of the OB, then I will use the wick of the OB as a sensitive level.
- This doesn't mean that price won't use the body, it means that price is more likely to use the high or low to frame a continuation.

MASTERING **ICT ORDERBLOCKS**

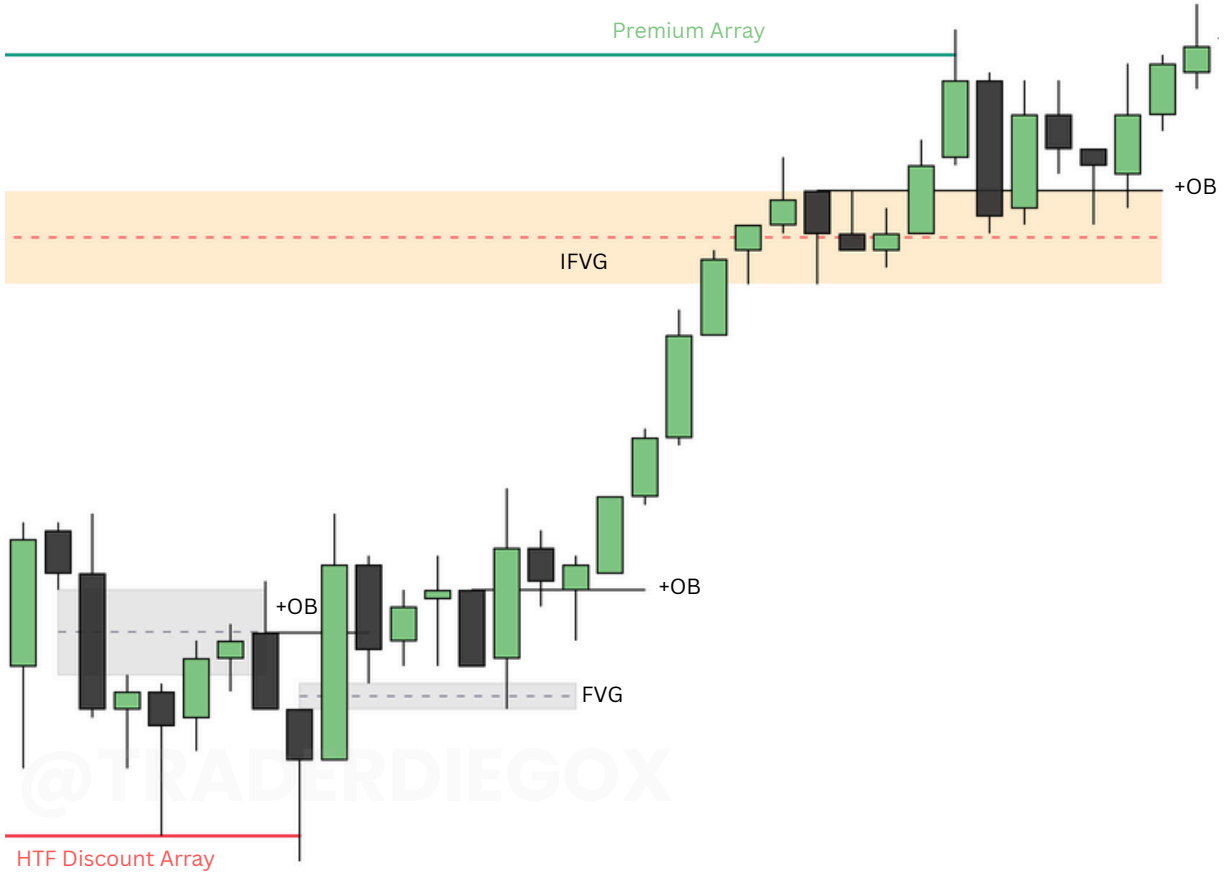
7. High probability OB

Bullish Scenario:

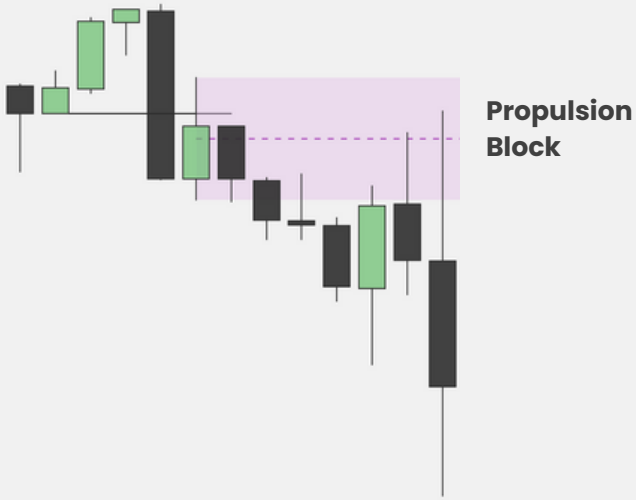
- Price moves lower into a HTF Discount Array.
- It takes Sellside Liquidity before an impulsive move higher.
- We get a compelling close above the high of the last down close candle or candles.
- On the way up, price leaves an FVG overlapping with the OB.



Example #1



MASTERING **PROPULSION BLOCKS**



1. What is a Propulsion Block
2. Types of Propulsion Blocks
3. P.B. Sensitive Levels
4. High Probability Propulsion Blocks
5. Advantages of Propulsion Blocks
6. P.B. Prone to Fail
7. Example

MASTERING **PROPULSION BLOCKS**

1. What is a Propulsion Block

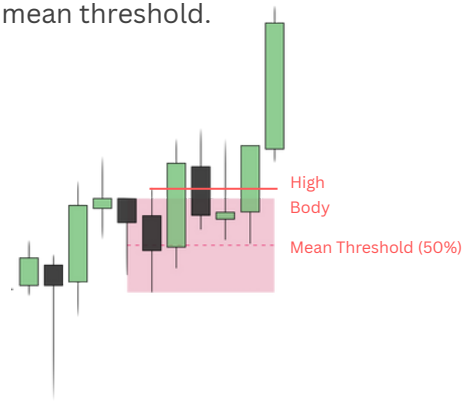
In very simple terms, a Propulsion Block (PB) is an OrderBlock that forms off a recent OrderBlock.

This next order orderblock becomes a Propulsion candle and will be highly sensitive.

Once price moves into the Propulsion Block we're expecting a violent reaction off it.

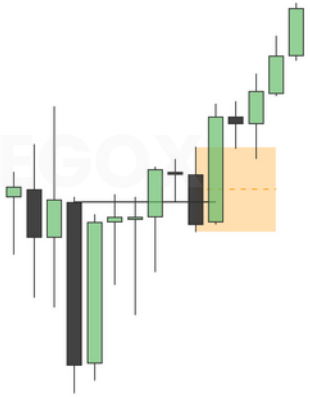
3. PB Sensitive Levels

- In a P.B. the sensitivity will be amplified. If bullish, we expect a reaction at the high or body but we allow it to trade into the mean threshold.



2. Types of Propulsion Blocks

Bullish Propulsion Block



A bullish Propulsion Block is a down candle(s) that approaches or goes into an OrderBlock that's lower when the underlying context is bullish.

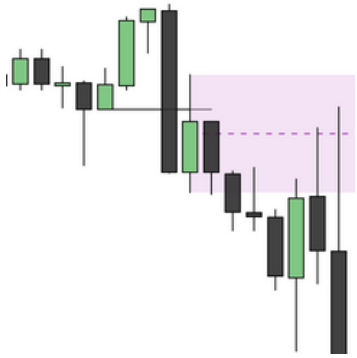
Qualification

To qualify a bullish PB we don't need a MSS. We need a +OB forming off a lower +OB that does not close below the MT of the first OB.

Invalidation

A candle close below the mean threshold of a bullish Propulsion Block is very bearish. We abandon all bullish ideas and wait.

Bearish Propulsion Block



A bearish Propulsion Block is an up candle(s) that approaches or goes into an OrderBlock that's higher when the underlying context is bearish.

Qualification

To qualify a bearish PB we don't need a MSS. We need a -OB forming off a lower -OB that does not close above the MT of the first OB.

Invalidation

A candle close above the mean threshold of a bearish propulsion block is very bullish. We abandon all bearish ideas and wait.

MASTERING **PROPULSION BLOCKS**

4. High Probability Propulsion Block

- We want the first orderblock to have moved into a Higher Timeframe key level.
- We want to see the Propulsion Block form soon after the first Orderblock.
- We don't want to see the Propulsion Candle to have closed beyond the Mean Threshold of the first Orderblock, in order to confirm either strength or weakness.

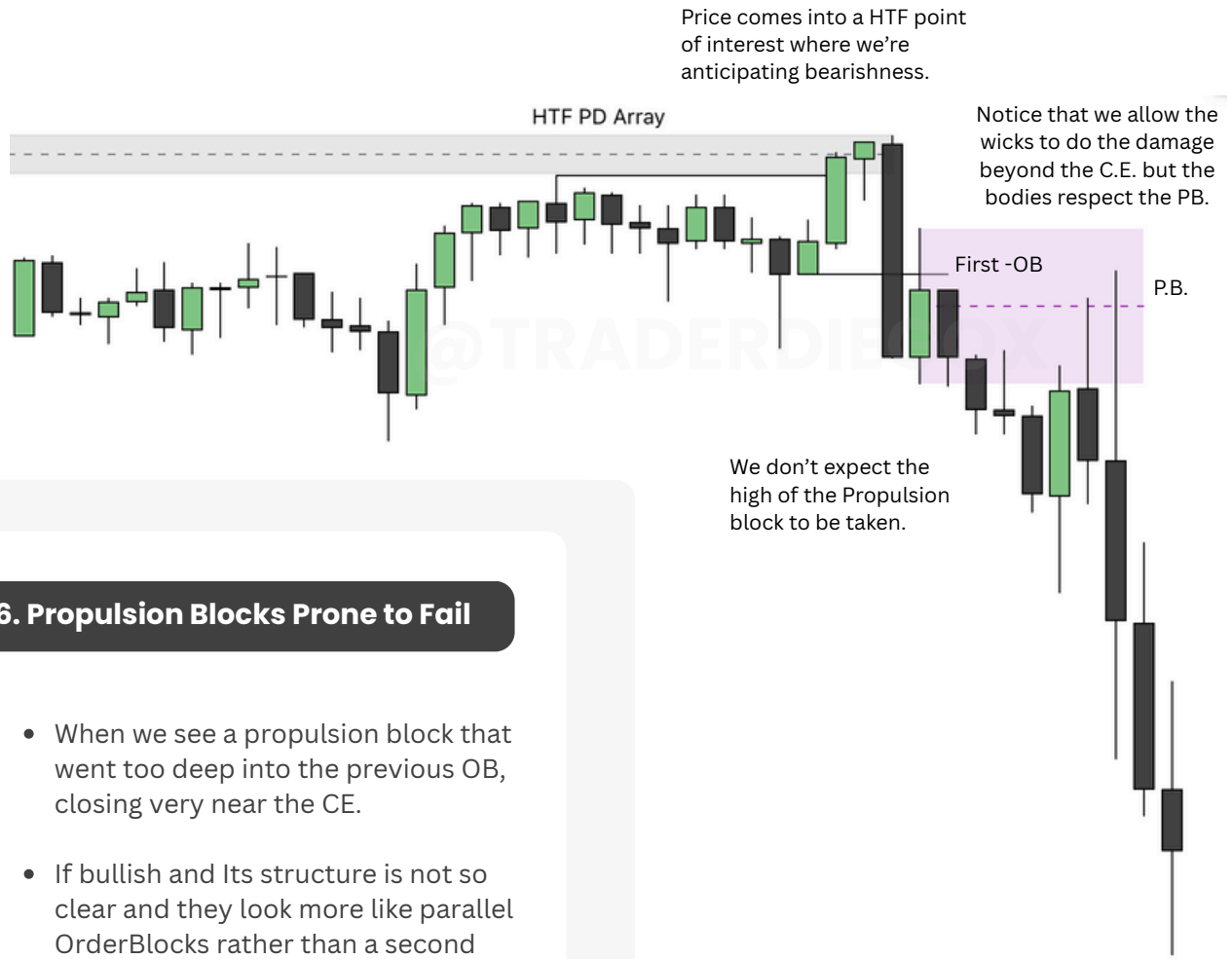
5. Advantages of the Propulsion Block

- The powerful aspect of the Propulsion Block is that you don't really expect a Mean Threshold violation on it.
- This usually translates into being able to use a very tight stop-loss for these type of setups (Below or above the P.B.).
- You get immediate feedback telling you that you're on the wrong side of the market. (In case you get stopped out)

6. Propulsion Blocks Prone to Fail

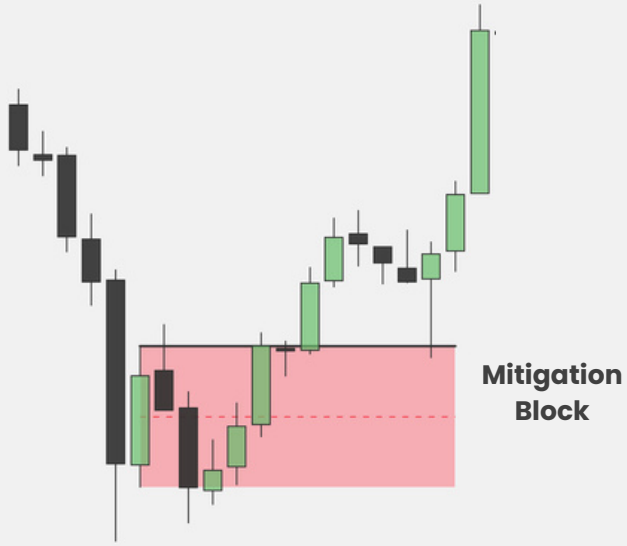
- When we see a propulsion block that went too deep into the previous OB, closing very near the CE.
- If bullish and Its structure is not so clear and they look more like parallel OrderBlocks rather than a second higher bullish OB, these are more prone to fail.

7. Example #1



MASTERING

ICT MITIGATION BLOCKS



1. What is a Mitigation Block
2. Types of Mitigation Blocks
3. What are they mitigating?
4. Mitigation Block Nuances
5. High Probability M.B.
6. Example

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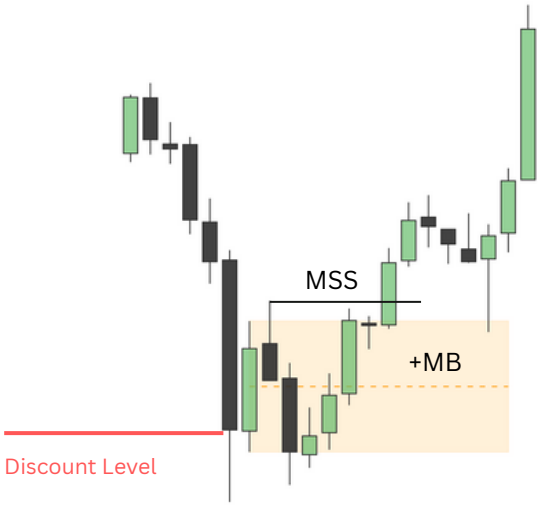
MASTERING **MITIGATION BLOCKS**

1. What is a Mitigation Block?

- A Mitigation Block is a condition where the market is giving us a clear indication that it wants to move higher or lower.
- It's mainly appears as a Failure Swing off a Key support or resistance level and a subsequent Market Structure Shift (MSS).
- A failure swing, if bullish, is when we print a swing low and then a higher swing low that failed to take the previous one before breaking higher.
- A MSS gives us confirmation that the Smart Money is willing to drive prices higher or lower.

2. Types of Mitigation Blocks

Bullish Mitigation Block



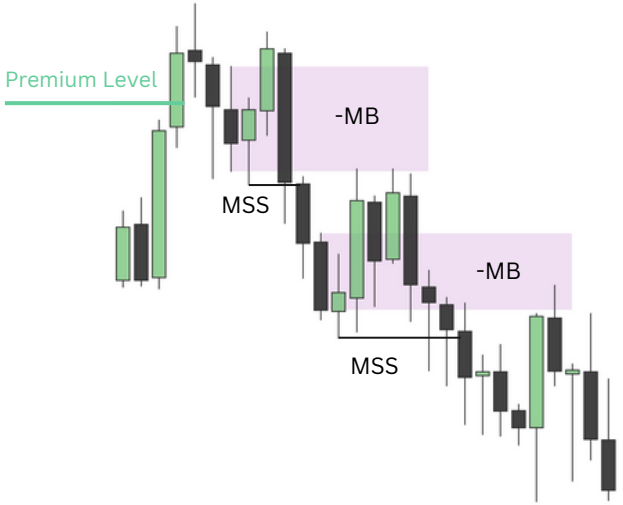
A bullish M.B. is the highest up close candle of the swing high before the failure swing and subsequent bullish market structure shift.

That last up candle is the last place where selling took place.

Validation:

A bullish M.B. is validated once we break through the swing high (MSS), ideally with a candle close above it.

Bearish Mitigation Block



A bearish M.B. is the lowest down close candle of the swing low formed before the failure swing and subsequent bearish market structure shift.

That last down candle was the last place where buying took place.

Validation:

A bearish M.B. is validated once we break through the swing low (MSS), ideally with a candle close below it.

3. What are they mitigating?

- In a Bullish scenario, price retraces into the up candle because institutions sold there to drive price lower, but after the MSS those shorts are underwater.
- Once price retraces into that up candle inside that high, they have an opportunity to buy those shorts back and mitigate them, and then you expect to see explosive price action after that.

MASTERING **MITIGATION BLOCKS**

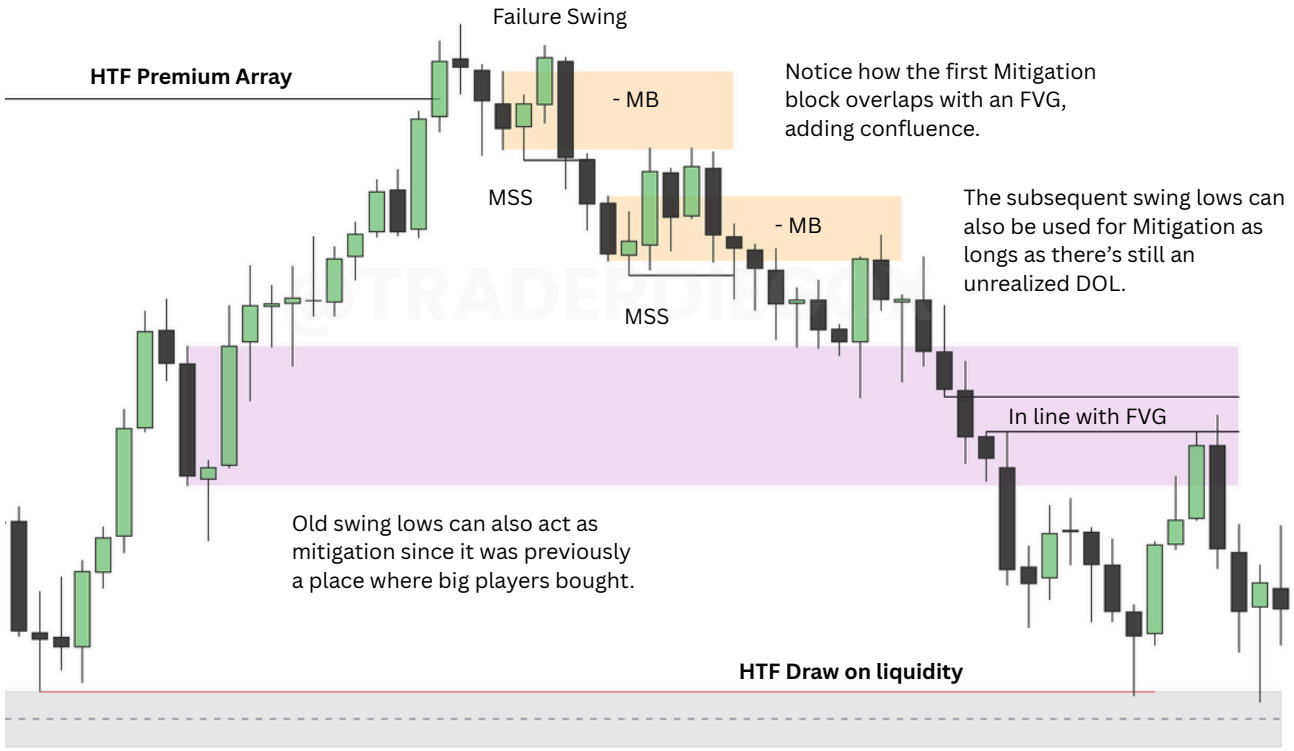
4. Mitigation Block Nuances

- Once we go beyond old highs or old lows, they can also act as potential Mitigation Blocks as long as there's an unrealized draw on liquidity .
- If bearish and we have more than one down close candle in the vicinity, we pick the lowest body down close candle. Vice-versa if bullish.
- We can use the entire mitigation candle, not just the body, to frame a reaction off of.

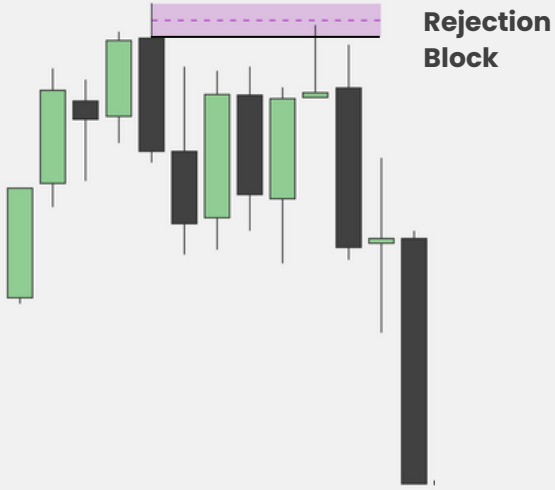
5. High Probability Mitigation Block

- Forms off a higher timeframe PD Array
- It's overlapping with a Fair Value Gap
- There's still an untapped Draw on liquidity.
- It has an SMT Divergence with a highly correlated market.

6. Example #1



MASTERING **REJECTION BLOCKS**



1. What is a Rejection Block
2. Types of Rejection Blocks
3. Correctly Identifying a R.B.
4. R.B. Sensitive Levels
5. Confirming the C.E.
6. Example
7. Large Wicks
8. High Probability R.B.
9. Other Nuances

MASTERING **REJECTION BLOCKS**

1. What is a Rejection Block

- A Rejection Block is when the market forms a price high or low leaving a significant wick.
- Rejection blocks are the same function as running out liquidity beyond a swing high or low.
- The Bulk of institutional volume is in the body of the candle, so price doesn't always need to take the the swing high or low, taking the body high or low also counts as taking liquidity.

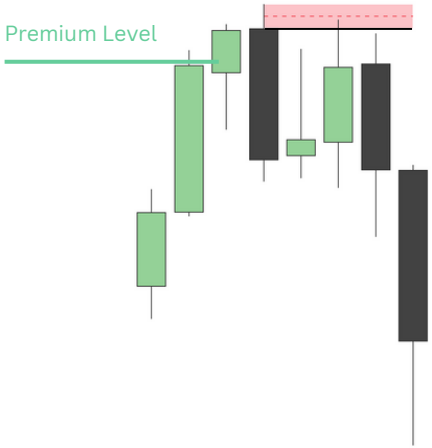
3. Correctly Identifying it

- A bullish R.B. doesn't start at the low of the wick, we focus on the highest body open or close. Sometimes they're the same, sometimes they're not.
- If we have more than one swing high in the vicinity, maybe equal highs, we use the swing high with the highest body open or close as the start of the R.B.
- The color of the candle that forms the wick doesn't matter.

2. Types of Rejection Block

Bearish Rejection Block

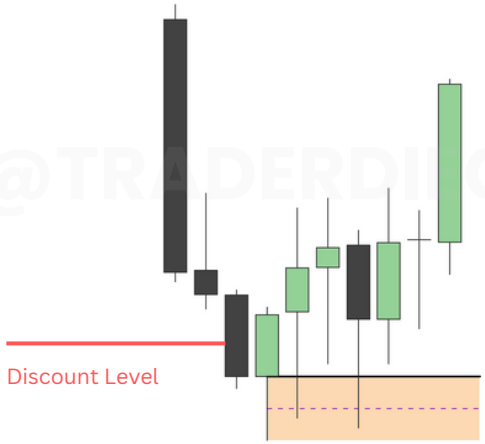
- A bearish Rejection Block starts at the highest body close or open and ends at the high of the wick.



- We look for bearish Rejection Blocks to hold when the underlying HTF narrative is bearish and price has moved into a premium array that is expected to act as resistance for price.

Bullish Rejection Block

- A bullish Rejection Block starts at the lowest body close or open and ends at the low of the wick.

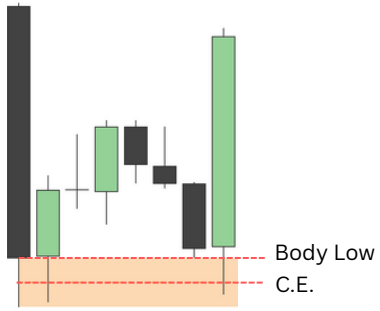


- We look for bullish Rejection Blocks to hold when the underlying HTF narrative is bullish and price has moved into a discount array that is expected to act as support for price.

MASTERING **REJECTION BLOCKS**

4. Sensitive Levels

- If bullish, the body low and the C.E. (midpoint) of the wick are the most sensitive levels.

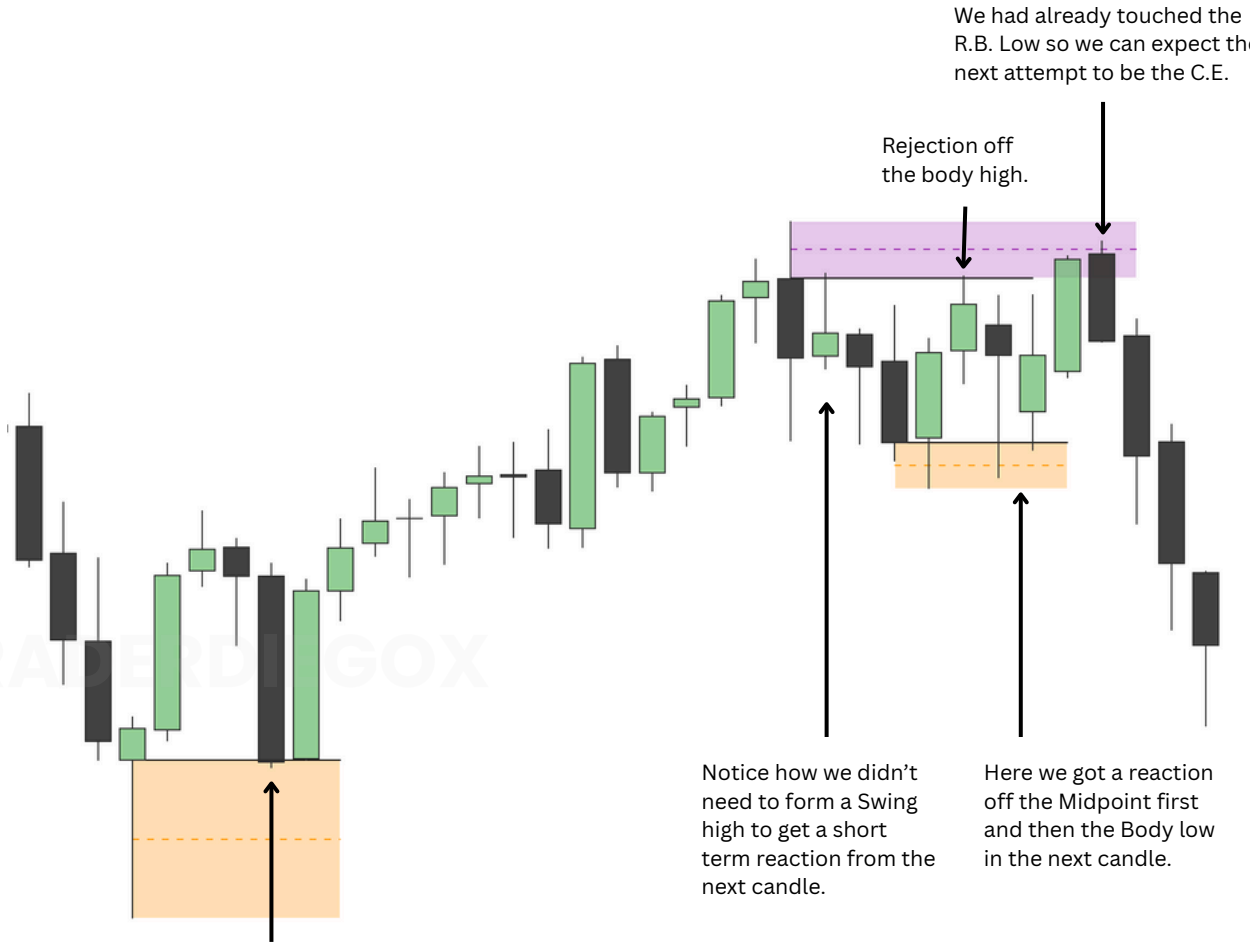


5. Confirming the C.E.

- We can use the R.B. Consequent Encroachment (midpoint of the wick) right after the candle has closed, we don't need a swing high or low confirmation (although I prefer it).

- When we have large wicks the C.E. will act as a key level and the market might want to react off it.

6. Example



MASTERING **REJECTION BLOCKS**

7. Large Wicks

- When we have large wicks, we can treat the wick as an FVG and divide it into quadrants: 0.25, 0.5, 0.75. These will work as sensitive levels for price.
- Large wicks work better as Rejection Blocks. Smaller Wicks can work just fine but they tend to be violated more often.

8. High Probability R.B.

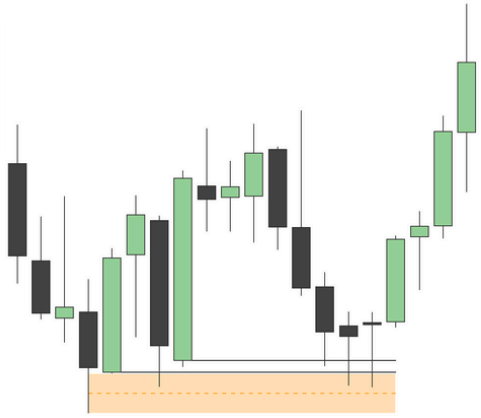
- Price has moved into a HTF premium or discount Level or taken liquidity.
- Price reacts off it leaving a significant wick.
- It's forming an SMT divergence with a highly correlated asset when it retraces back to it.

9. R.B. Used Multiple Times

- If we're moving higher into a R.B. and we have used its premium C.E. more than twice (even if once was the candle right after if formed), I don't expect it to hold once price is revisiting it again, it will likely go for the swing high next.

10. Bodies Smooth Edges

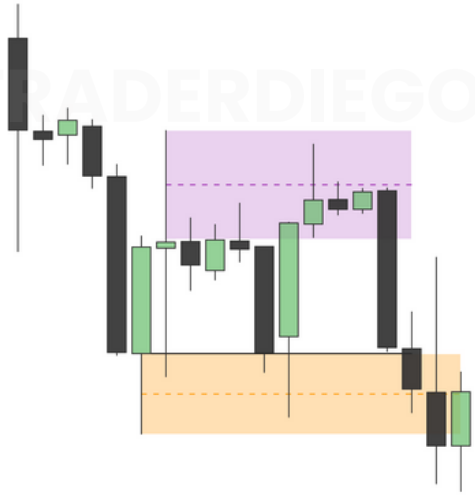
- Just like we can have Equal Highs or Equal Lows, we can have the same with the bodies of the candles and they can act as a magnet for price.



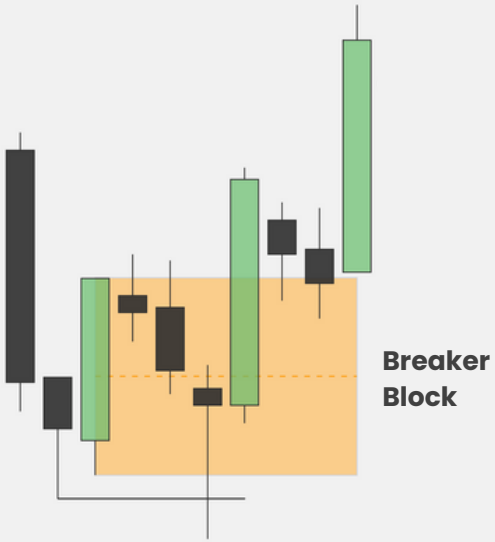
- When we have 2 or more Equal Bodies, these count as smooth edges and the market might want to target them without going for the highs or lows before moving in the opposite direction.

11. Invalidation or Respect

- If we're expecting bullish continuation off a C.E. in discount, we want to see a reaction off the 0.25 or 0.5 quadrant, we can move beyond 0.5 but just the wicks, if we get a close beyond C.E. we can assume it's going for the low next.
- The best scenario for continuation to the upside, would be from the wick high down to C.E. Meaning I don't want to see the lower 50% quadrant being revisited.



MASTERING **BREAKER BLOCKS**



1. What is a Breaker Block
2. Types of Breaker Blocks
3. A Breaker is also a Mitigation Block
4. Breaker Block Sensitive Levels
5. Narrative comes first
6. Breaker Block Behavior
7. Mitigation Block vs. Breaker
8. High Probability Breaker
9. Example

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MASTERING **BREAKER BLOCKS**

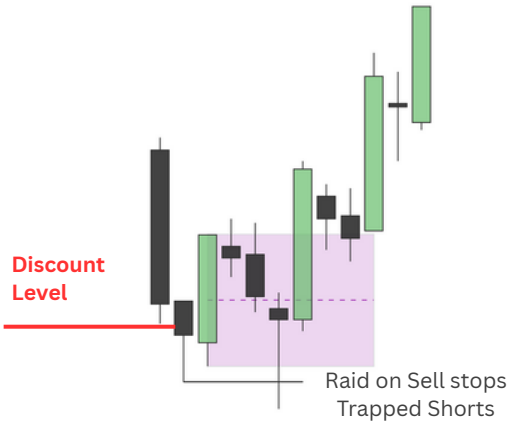
1. What is a Breaker Block?

- A Breaker Block is a condition where the market is giving us a clear indication that it wants to move higher or lower.
- It's mainly appears as a Stop Hunt off a Key support or resistance level and a subsequent Market Structure Shift (MSS).
- A Breaker Block if bullish, is when we print a swing low and then a lower swing low that raided the stops below the previous one before moving in the opposite direction.
- A MSS gives us confirmation that the Smart Money is willing to drive prices higher or lower.

2. Types of Breaker Blocks

Bullish Breaker Block

- A bullish Breaker Block is the highest up close candle or candles in the most recent swing high prior to the old low being violated (Raid on sell stops).



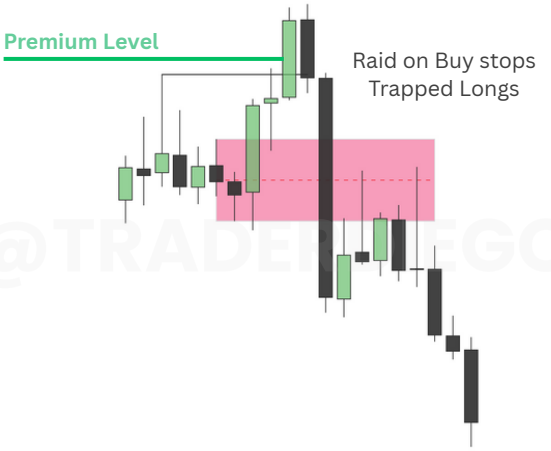
- The participants that sold during those up close candles will look to mitigate the loss by buying back their shorts, so we expect that high to act as real support for price.

Validation:

- Once we get a market structure shift above the swing high previous to the low being taken.

Bearish Breaker Block

- A bearish Breaker Block is the lowest down close candle or candles in the most recent swing low prior to the old high being violated (Raid on buy stops).



- The participants that bought during those down close candles will look to mitigate the loss by selling their longs, so we expect that low to act as real resistance.

Validation:

- Once we get a market structure shift below the swing low previous to the high being taken.

3. A Breaker is also a Mitigation Block

- Just like the mitigation block, one of the main functions of this PD Array is mitigation.
- A Breaker Block is also a failed Orderblock, and can often be an OB in a higher timeframe.

MASTERING **BREAKER BLOCKS**

4. Breaker Block Sensitive Levels

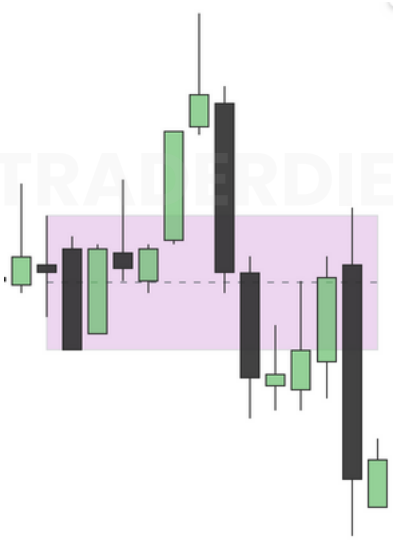
- If bullish, the most sensitive candle is the highest up close candle, even if we have continuous up close candles.
- But the range that is allowed as the breaker also includes all the continuous up close candles.
- If bullish, the breaker is the highest up close body candle (not the highest wick) before moving lower to purge the short term low and then move higher to print a bullish MSS and confirm the breaker.

5. Narrative Comes First

- How do you make sure it's a Breaker Block and not just a Market Structure shift?
  - You need to have a higher timeframe premise and a clear draw on liquidity of where the market is going.

6. Breaker Block Behavior

- If we have a bearish BB, we want to see a reaction off the low or mean threshold at most, but we don't wanna see the high tagged because that means it's not as bearish as we thought.
  - It can happen, but we don't expect it to.



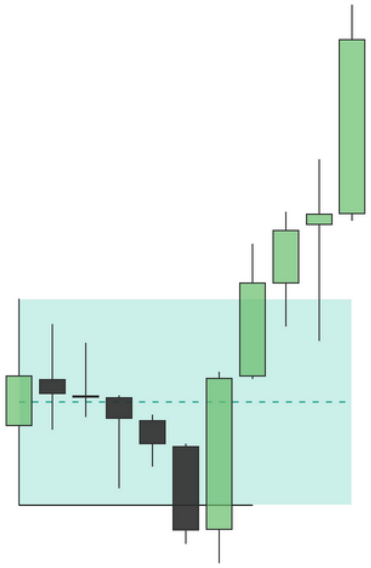
- If bearish, once market structure has broken lower, all future retracements will be viewed as selling opportunities, specially once we retrace to the breaker low.

7. Breaker + Displacement + Body Close

- If we print a bullish B.B. with a body close above the the swing high and with displacement, I will often treat the swing high before taking the low as the breaker. Specially if we left an imbalance overlapping with the swing high, we don't need to go back to the breaker candle or breaker body.

Breaker Block Wick

- If the BB candle has a wick of at least 1/4 of the BB, we can use that as the sensitive part of the BB.



MASTERING **BREAKER BLOCKS**

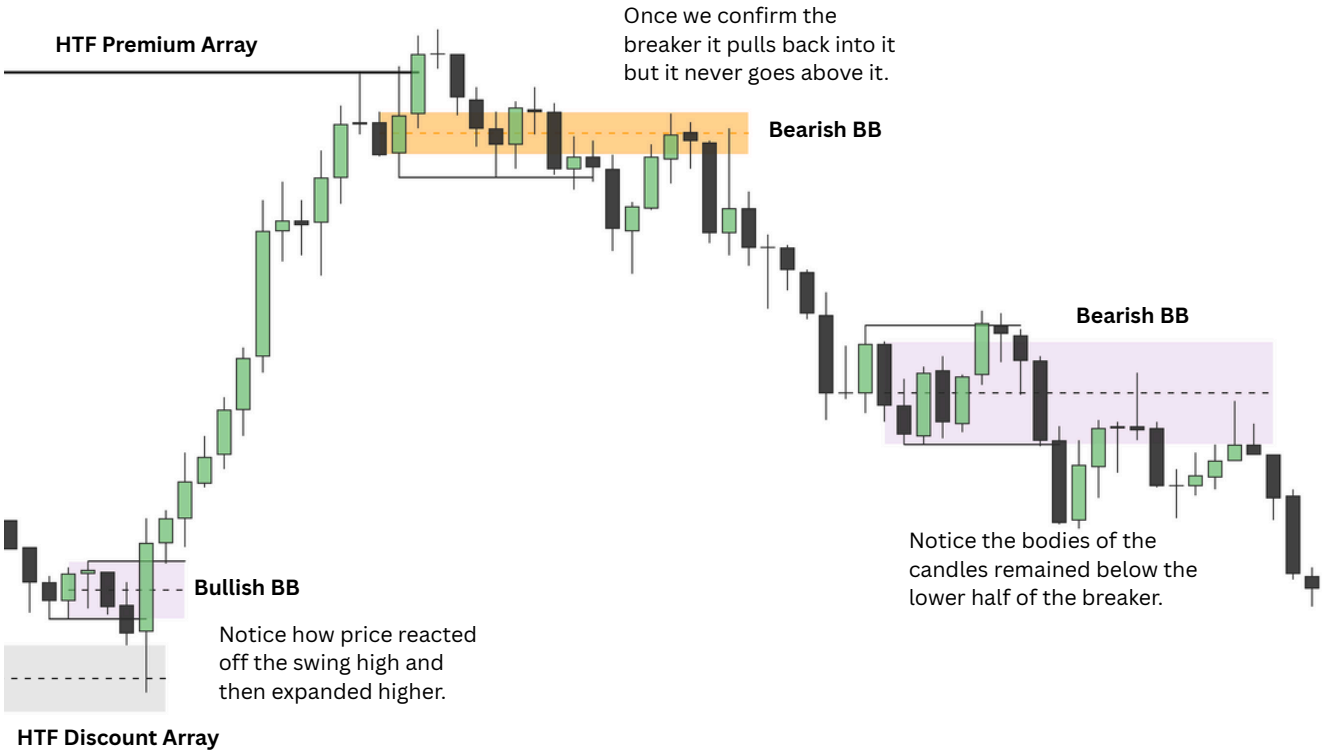
8. Mitigation Blocks vs Breakers

- We use Mitigation Blocks more as targets than entries because they can be traded through.
    - If we have a premium -MB and move away from it a lot, once price is coming back to it we use it as a magnet for price (rather than resistance).
- Breakers are pretty formidable in the path of price action, they're much more stronger.

9. High Probability Breaker Block

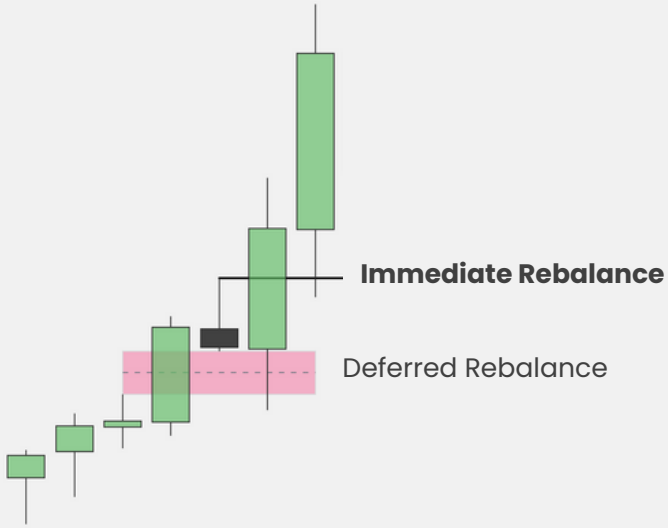
- We want to see price move into a HTF Premium or Discount level.
- After the raid on liquidity we want to see clear displacement leaving a Fair Value Gap.
- There's a clear untapped draw on liquidity.
- We have SMT divergence with a Highly correlated asset.

10. Example #1



MASTERING

IMMEDIATE REBALANCE



1. What is an Immediate Rebalance
2. Types of Immediate Rebalance
3. Very Powerful Signature
4. When to Use it
5. Immediate Vs Deferred Rebalance
6. Example

MASTERING **IMMEDIATE REBALANCE**

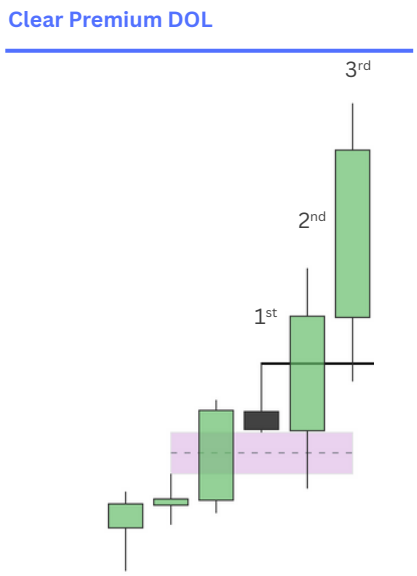
1. What is an Immediate Rebalance

- If bullish, an Immediate Rebalance (IRB) is when we open a new candle and then move back lower to the high of the candle before the previous candle, meaning we're not creating an FVG.
- The IRB is a signature that tells smart money that the algo will start spooling price seeking inneficiencies or liquidity.
- It’s telling you that price will not be willing to come to that price in the near future.

2. Types of Immediate Rebalance

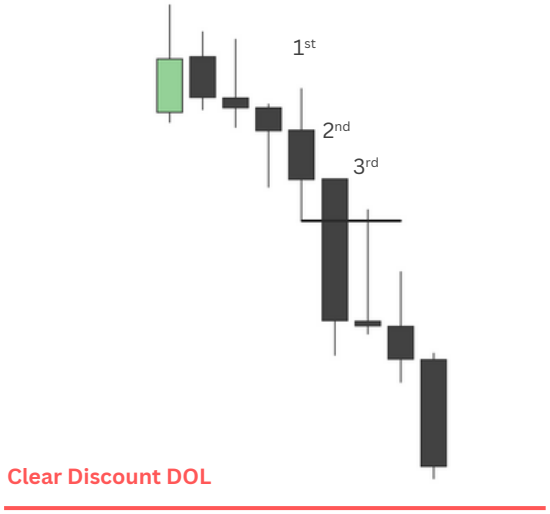
Bullish Immediate Rebalance

- A bullish Immediate rebalance is a three candle formation that occurs when the 3rd candle pulls back lower into the high of the 1st candle, rebalancing the range between the close of the 2nd candle and the high of the 1st candle.



Bearish Immediate Rebalance

- A bearish Immediate rebalance is a three candle formation that occurs when the 3rd candle pulls back up into the low of the 1st candle, rebalancing the range between the close of the 2nd candle and the low of the 1st candle.



3. Very Powerful Signature

- When we have a bias that's bullish or bearish, an immediate rebalance is one of the most powerful signatures in the market.
- It's showing you that the market it's extremely bullish or bearish and it's gonna move fast.

MASTERING **IMMEDIATE REBALANCE**

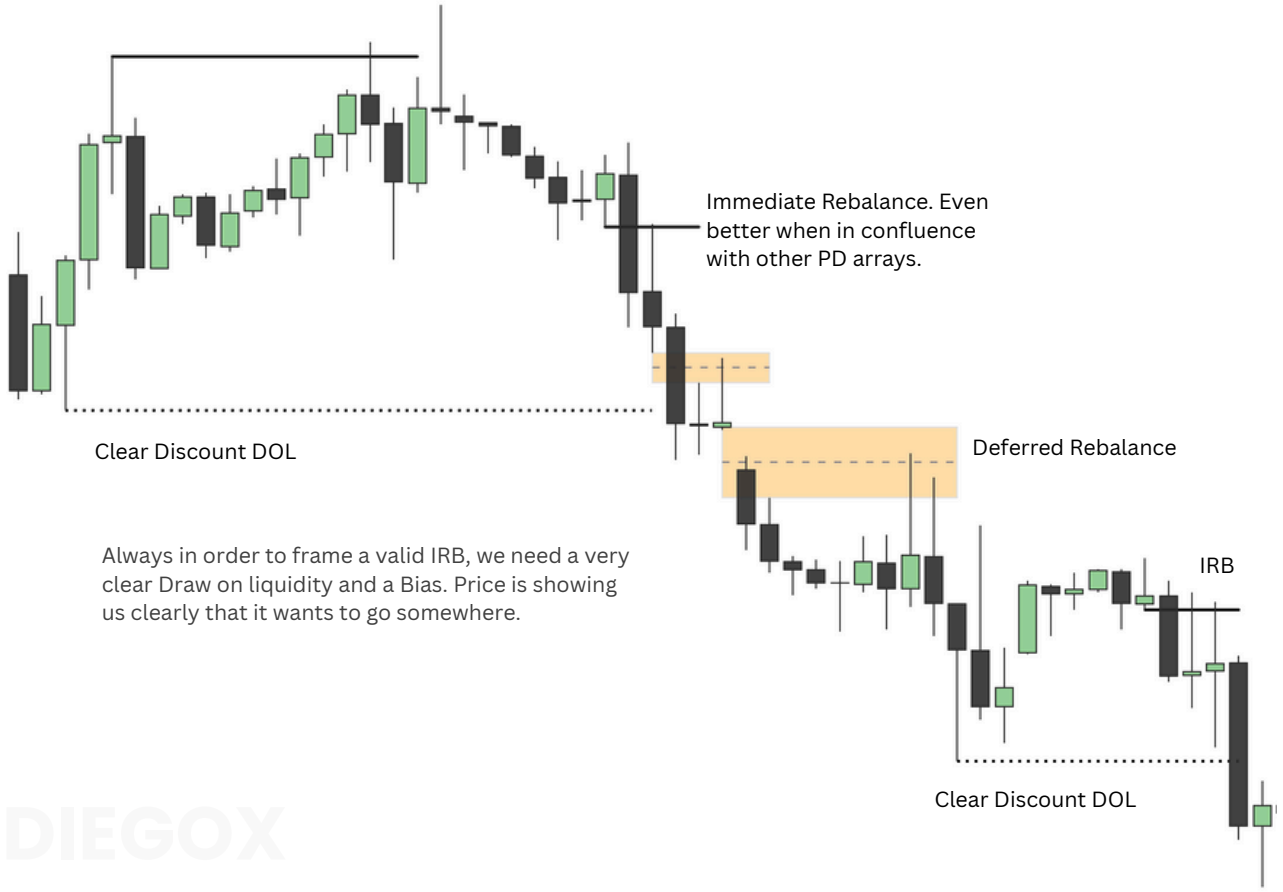
4. When to Use it

- An immediate rebalance is very powerful if you know where the market is going and have a clear draw on liquidity.
- If we have no clear bias, an immediate rebalance won't help us much.
- The only caveat is that the move is gonna be the very candle that does the immediate rebalance or the next candle. If it doesn't do it by the next candle after the immediate rebalance, it's going to consolidate or reverse.

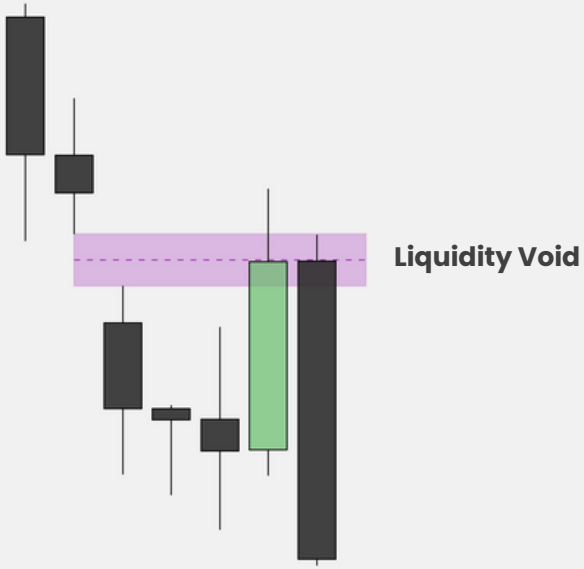
5. Immediate vs Deferred Rebalance

- The IRB is when price is being efficient, it's moving higher or lower offering both buyside and sellside liquidity as it expands leaving no gaps.
- When we leave an FVG price offers only one side of the market and price often pulls back to it before continuing higher or lower, this is a deferred rebalance.
- A deferred rebalance is often an Immediate rebalance in a higher timeframe.

6. Example #1



MASTERING **LIQUIDITY VOIDS**



1. What is a Liquidity Void
2. Types of Liquidity Voids
3. Strong Draw on Liquidity
4. Sensitive Levels
5. Updated Liquidity Voids
6. Example
7. Liquidity Void & Volume Imbalance
8. Color of the Candles

MASTERING **LIQUIDITY VOIDS**

1. What is a Liquidity Void

- Liquidity voids are literal gaps in price where there are not even wicks separating candles, just a gap and these are strong draws on liquidity.
- Real Liquidity Voids are periods in time where neither buyers or sellers were given a opportunity to book a trade. These are "common gaps".
- Liquidity Voids are not BISI or SIBI or FVGs. FVGs are periods where trading was booked... albeit inefficiently.

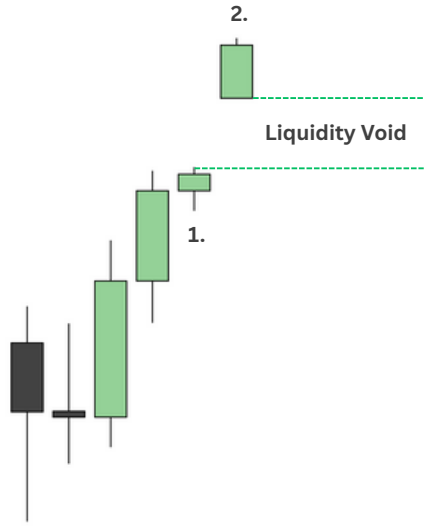
3. Strong Draw On Liquidity

- Where there is neither a wick, tail or candle body in a range of Price... this is the highest form of Draw On Liquidity, if your bias is correct.
- Price has a tendency to not let these areas remain unfilled for too long.
- The Opening Range Gap, NWOGs and NDOGs are also real liquidity voids and price will often gravitate towards them.

2. Types of Liquidity Voids

Bullish Liquidity Void

- A bullish liquidity void is essentially a gap up in price. It's a two candle formation where the open of the second candle is higher than the close of the first candle with a clear gap between them.
- The LV is the area where no trading took place, not even wicks.

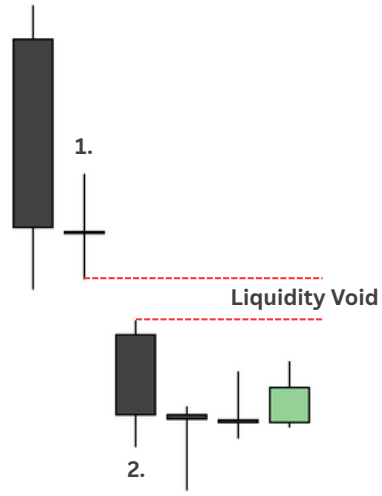


Validation:

- A bullish liquidity void is validated once the second candle closes with a clear gap up in price.

Bearish Liquidity Void

- A bearish liquidity void is essentially a gap down in price. It's a two candle formation where the open of the second candle is lower than the close of the first candle leaving a clear gap between them.
- The LV is the area where no trading took place, not even wicks.



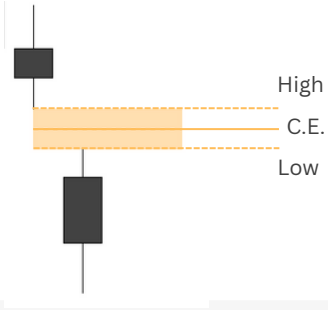
Validation:

- A bearish liquidity void is validated once the second candle closes with a clear gap down in price.

MASTERING **LIQUIDITY VOIDS**

4. Sensitive Levels

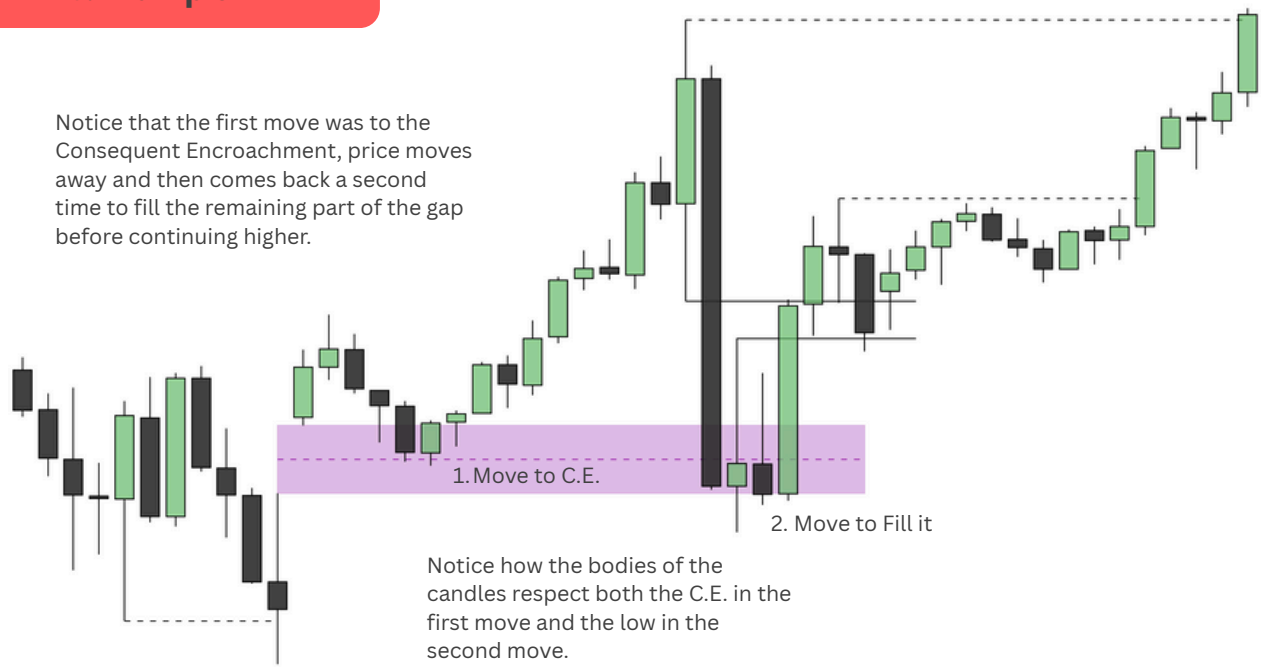
- The most sensitive levels are going to be the High, low and Consequent Encroachment of the Liquidity Void.



5. Updated Liquidity Voids

- If we go into an LV, fill it partially or wick through it partially, that unfilled section is going to be the new LV that we're going to focus on, that is what's going to act as the real DOL.
- It doesn't mean we don't use the rest, it means that we want to see price reach that unfilled section.
- We can also draw the C.E. of the new unfilled section as a key level.

6. Example #1



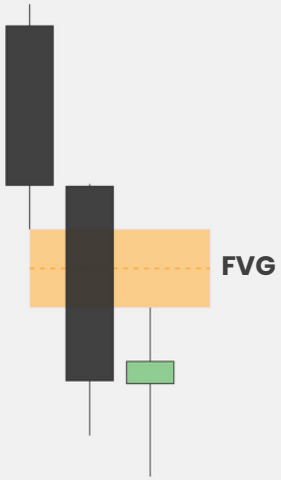
7. Liquidity Void & Volume Imbalance

- A Volume imbalance is often a Liquidity Void in a lower timeframe. At some point there was a Gap between the open and close of those 2 candles but as price wicked through it, it became a Volume Imbalance.

8. Color Of the Candles

- The color of candles doesn't matter. What matters is if we get a gap up or a gap down and the narrative surrounding the move.

MASTERING **FAIR VALUE GAPS** PART 1.



1. What is a Fair Value Gap
2. Types of FVGs
3. What is Fair Value
4. Efficient Price Delivery
5. FVGs Worked Too Many Times
6. When is an FVG Invalidated
7. FVGs Are Not Areas
8. The most Important PD Array
9. Example

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MASTERING **FAIR VALUE GAPS**

1. What is a Fair Value Gap

- It's a three candle formation where the 3rd candle does not trade back to the 1st candle range, they don't overlap, leaving a gap in between them forming an imbalance.
- An FVG shows that there's an imbalance in price where only one side of the market was offered, so price will often gravitate back to them to offer the other side before finding continuation.
- Imbalances are often a sign of displacement, and when in line with a HTF premise, they can reveal the intention of the market.

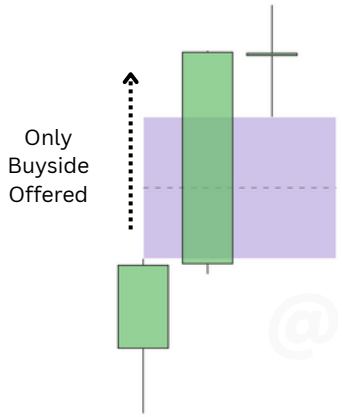
3. What is Fair Value?

- Fair value is the opportunity the market provides to trade at a certain level both sides of the market.
- In other words, the market allows both buyers and sellers to participate at a certain level of price.
- When an FVG forms, only one side was offered, so we assume that "it is Fair Value to trade back to it."

2. Types of Fair Value Gaps

Buyside Imbalance Sellside Inneficiency (BISI)

- It's an up candle that has not been traded to the downside. A bullish FVG.



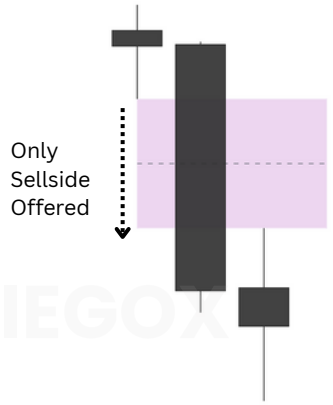
- In a BISI, only buyside liquidity was offered so price will often seek to pull back down into the FVG to rebalance it.

Validation:

- And FVG is validated once the third candle closes.

Sellside Imbalance Buyside Inefficiency (SIBI)

- It's a down candle that has not been traded to the upside. A bearish FVG.



- In a SIBI, only sellside liquidity was offered so price will often seek to pull back up into the FVG to rebalance it.

Validation:

- And FVG is validated once the third candle closes.

MASTERING **FAIR VALUE GAPS**

4. Efficient / Inefficient Price Delivery

Analogy

- Efficiency is like painting a wall with a roller. It needs back and forth movement to be painted well.

Efficiency Example:

- Even if we have a move lower with only down candles, but the wicks of the candles moved back and forth on the way down leaving no gaps, that move was efficient, at least in that timeframe.

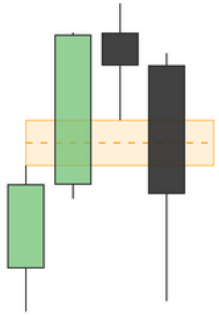
5. FVG Worked too many times

- When an FVG has been worked 2, 3 times or more, it will likely be violated next time the market moves towards it.
- When we have an M5, M15 FVG in premium and we expect to move above it, once it has been traded to twice or 3 times, next time it will likely be violated and the market will move to the next PD array.

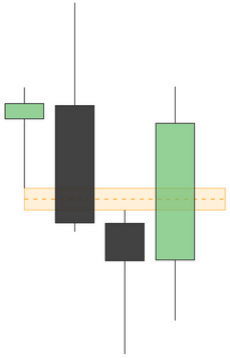
6. When Is an FVG Invalidated

Early Sign of Invalidation:

- An early sign that the FVG is likely going to fail is when we get a candle close beyond the C.E. of the FVG.
- A **bullish** FVG is invalidated when we get a body close below its low.

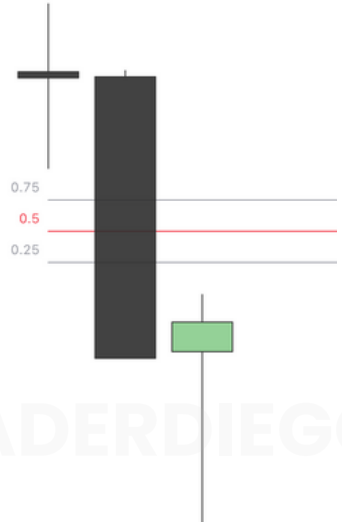


- A **bearish** FVG is invalidated when we get a candle body close above its high.



7. An FVG Is Not an Area

- FVGs and gaps in general don't behave as areas of price, they behave as levels, the algorithm sees quadrants of 25% and the Consequent Encroachment (midpoint)
- These levels are sensitive and if in line with narrative, it's where we will look for a reaction:



- The size of the FVG matters. When the FVG is big relative to its surrounding price action, we can use quadrants of 25% as levels where we can frame a reaction.
- If the FVG is small, we often only require the CE. This is useful specially when we use a HTF FVG in a LTF.

MASTERING **FAIR VALUE GAPS**

The Most Important PD Array

- FVGs are often portrait as the most important PD Array since they can work as:
    - Entry
    - Target
    - A means to measure a shift in sentiment.
    - Make other PD Arrays High probability

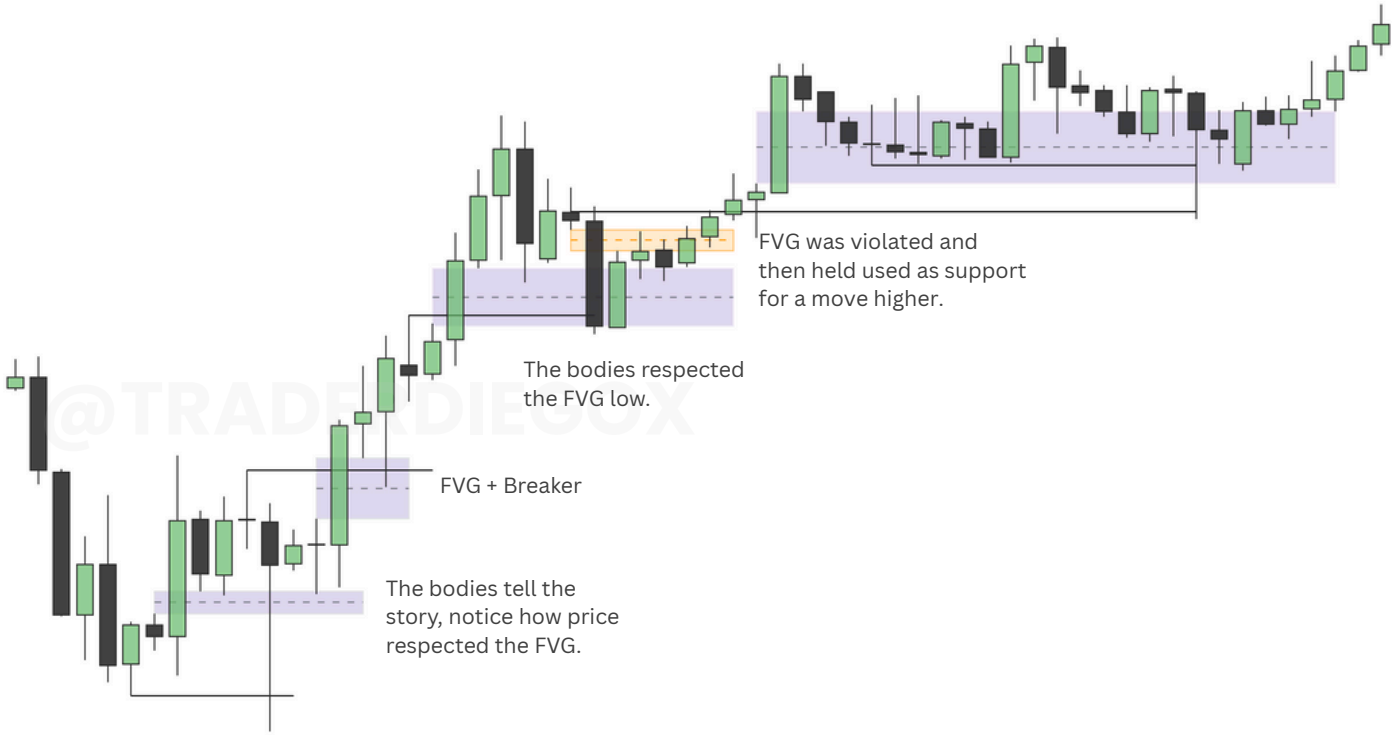
FVGs Make Other PD Arrays Higher Probability

FVGs make other PD Arrays higher probability:

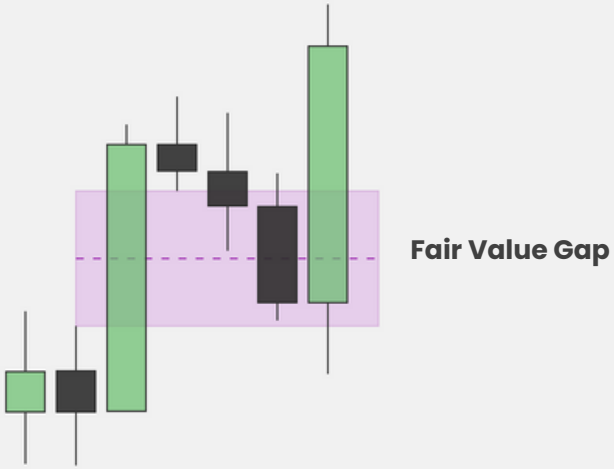
- A high probability OB has a FVG
- A high probability Breaker has a FVG
- A high probability entry is a FVG overlapping with any other PD array.

Remember, you always need a higher timeframe premise and narrative.

Example #1



MASTERING **FAIR VALUE GAPS** PART 2.



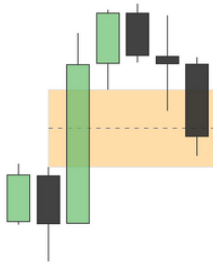
1. Rebalance vs Repricing
2. Partial Rebalance
3. IOFED
4. Refining an FVG
5. Parent FVGs
6. FVGs Can Cut Through Candles
7. Strong FVGs

MASTERING **FAIR VALUE GAPS** P2.

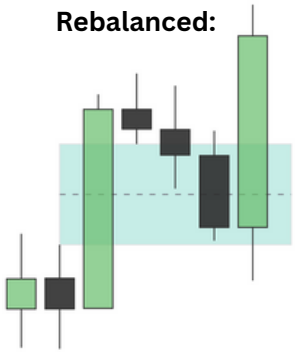
1. Rebalance vs Repricing

- Repricing is the simple act of moving inside of an FVG, once we have moved into it and then pulled back away from it, it has been rebalanced.
- When the market rebalances an imbalance there's no reason for it to hang around.

Repricing:

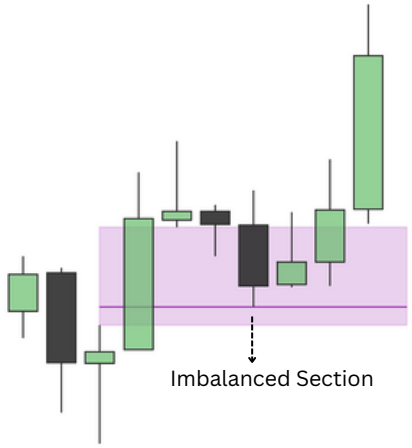


Rebalanced:



2. Partial Rebalance

- If we moved into an FVG but only filled a part of it and then pulled back away, that's the only rebalanced section, the unfilled section is still imbalanced.
- In many cases we will want to see that FVG remain unfilled and act as a breakaway gap to confirm a bearish or bullish narrative that we have.



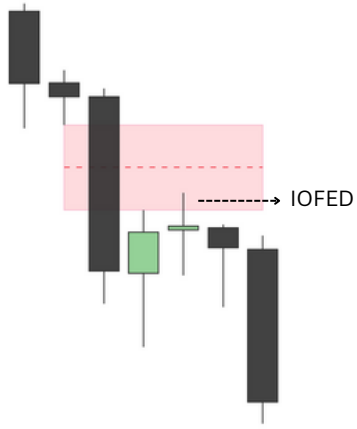
- Nonetheless, if after a while price is coming back to it, the Imbalanced section can act as a draw on liquidity for price.

3. Institutional Entry Drill (IOFED)

- An IOFED is when price moves just a little bit inside an FVG and then trades away from it, it doesn't even go to the Consequent Encroachment (midpoint).

IOFED Entries

- The C.E. might be where the ideal entry is but specially when the FVG is overlapping with another PD array and in line with narrative, price will rarely go to the C.E. and the IOFED entry increases your chances of securing a position.

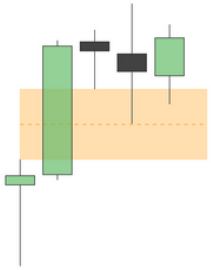


MASTERING **FAIR VALUE GAPS** P2.

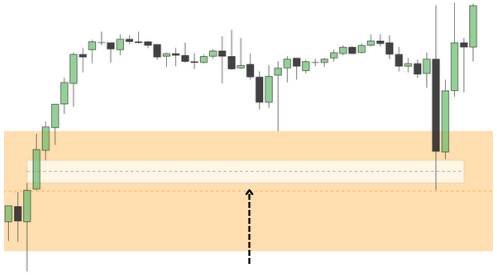
4. Refining an FVG

- If we have a D1 FVG and we're bullish I want to find another H1 FVG in the upper half and I don't wanna see it trade lower than that.
- The same happens when we have a clear FVG in H1, we go to M5 to refine it.

Daily Timeframe



1-Hour Timeframe



In the 1-hour we refined to an FVG in the upper half of the Daily FVG.

5. Parent FVGs

- If we have an FVG in the Weekly but we don't see it in the Daily timeframe, we still use the W1 inefficiency (FVG).
- Weekly is parent to the Daily, the Lower Time Frames are always subordinate to the Higher Time Frames. We always consider the impact of the HTF FVG on the LTF regardless of not having a LTF FVG inside that HTF FVG.
- This also means that even if we also have FVGs in a lower timeframe, we might see a reaction off the HTF FVG quadrants without reaching the LTF FVGs (althought I prefer it to).

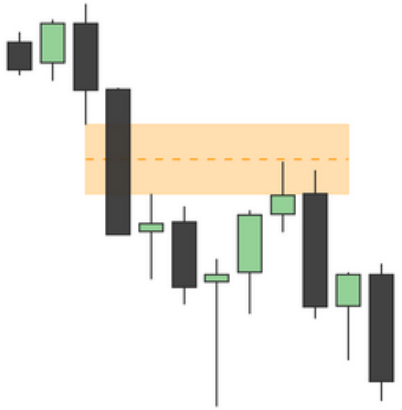
6. FVGs cut Through Candles

- FVGs can cut through candles, the algo still remembers them. They don't disappear once they have been repriced to. They also work once they have been inverted.

7.Strong FVGs

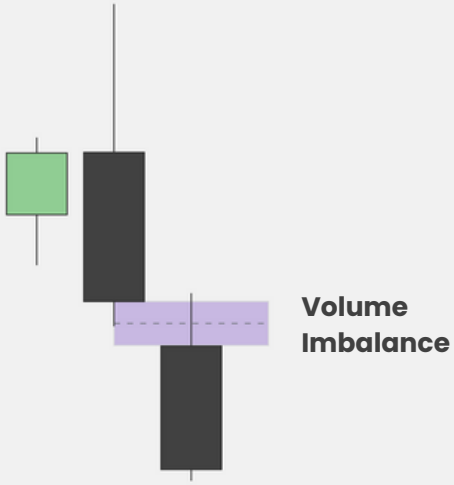
FVG Narrative

- If we're bearish and the market is pulling back up to an FVG, Ideally I only wanna see it trade to the lower 25% of the FVG. If it goes higher than the C.E. it's not as bearish as I thought It would be.
- If I'm bullish I wanna see the lower half stay open, if bearish I wanna see the upper half stay open.



- If in the Entry timeframe we fill the FVG, it can be an indication to not open any more positions and wait. If we already have an open position we can hold it but we want the market to start pulling back fast after filling the FVG.

MASTERING THE
VOLUME IMBALANCE



1. What is a Volume Imbalance
2. How we can use them
3. Types of Volume Imbalance
4. Drawing VI + FVGs
5. Example

MASTERING **VOLUME IMBALANCES**

1. What is a Volume Imbalance

- Wherever there is two consecutive candles separated by only the wicks, no bodies are overlapping.
- It's inefficient because wicks are viewed by the algo as a FVGs and the algo will want to reprice back to it.
- It will be efficient when there is a body overlapping that separation.

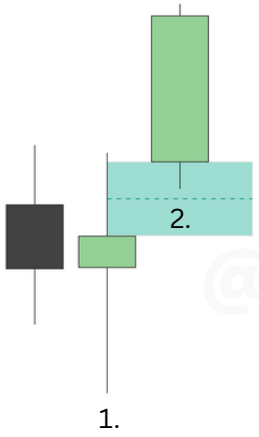
2. How We Can Use Them

- We can use them mainly as entry and as draw on liquidity.
- In the execution timeframe I'd use them as entry with an overlapping breaker.
- I use them often more as Draw On Liquidity for price in the higher timeframes or to frame continuation in line with the prevailing narrative once we get a pull back into it.

3. Types of Volume Imbalance

Bullish Volume Imbalance

- Two consecutive candles with the second candle opening higher than the first one, separated only by the wicks with no bodies overlapping.

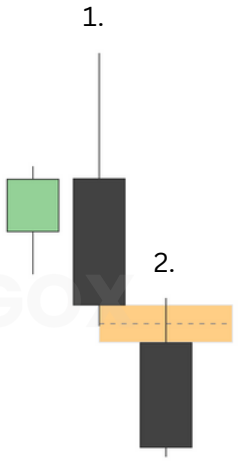


Validation:

- Once the second candle closes higher leaving only wicks between it and the first candle.

Bearish Volume Imbalance

- Two consecutive candles with the second candle opening lower than the first, separated only by the wicks with no bodies overlapping.



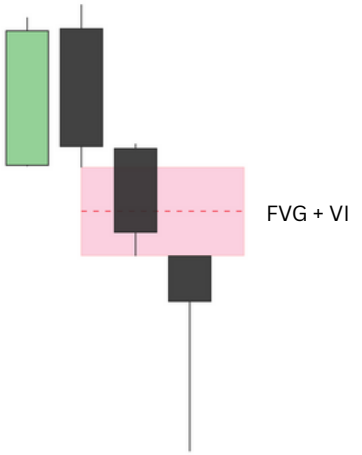
Validation:

- Once the second candle closes lower leaving only wicks between it and the first candle.

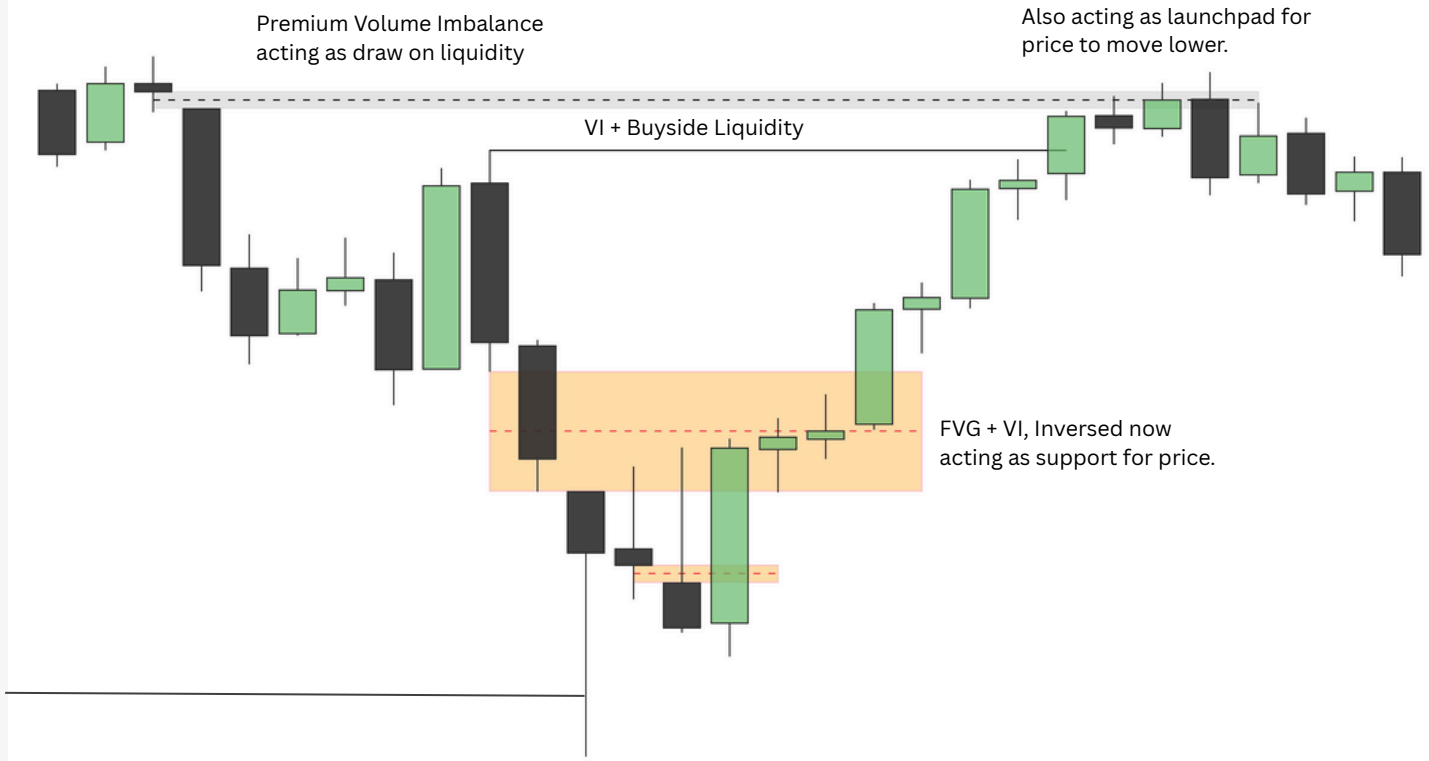
MASTERING **VOLUME IMBALANCES**

4. Drawing VI + FVG

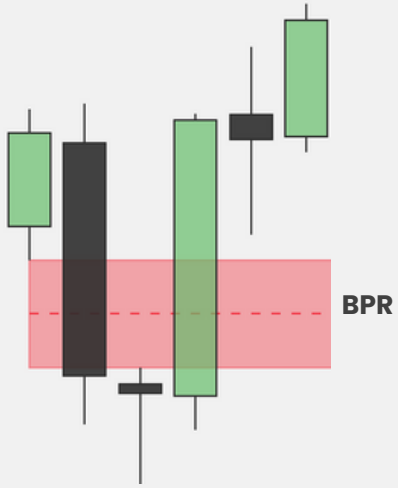
- When there's an FVG right besides a Volume Imbalance, we draw them together. Both are inefficient areas of price and the algo will want to reprice back to them.
- Drawing them together is how we can identify where the real Consequent Encroachment is.
- This is how we identify the right upper and lower limits which will allow us to identify the price levels of the quadrants, specially in the higher timeframes.



Example #1



MASTERING THE
BALANCED PRICE RANGE



1. Balanced Price Range
2. Types of BPR
3. BPR Equilibrium
4. Drawing the BPR
5. BPR + Time Distortion
6. Using BPRs
7. High Probability BPR
8. Examples

MASTERING THE **BALANCED PRICE RANGE**

1. Balanced Price Range

- When we leave an FVG on the way up, then tap into a higher timeframe Premium Array, and move down leaving a FVG parallel to the first one, that's a BPR.
- We don't expect that last FVG to get filled. We don't need an MSS for it to be a BPR, just two clear parallel FVGs.
- When in line with a HTF Narrative, the BPR is one of the strongest PD Arrays. A BPR usually stops price right on the high or midpoint if bullish, or at the low or midpoint if bearish.

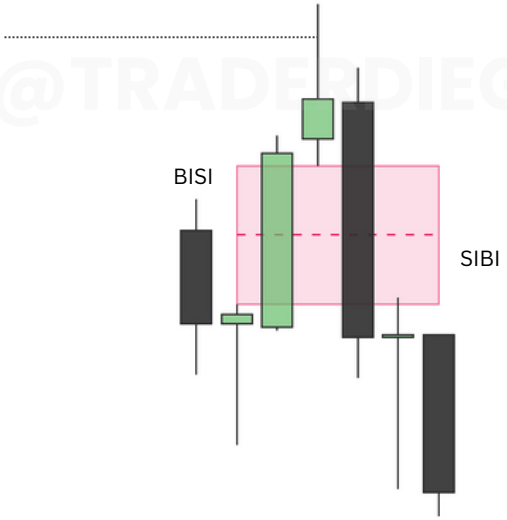
2. BPR Equilibrium

- We call the midpoint of the BPR Equilibrium.
- When we get a candle close beyond the equilibrium of the BPR, we consider there's manual intervention and we might want to abort the trade idea.
- We don't want to see the extreme 50% quadrant being revisited or closed beyond.

3. Types of Balanced Price Ranges

Bearish BRP

- It's a BISI that later becomes rebalanced on the way down leaving a SIBI.

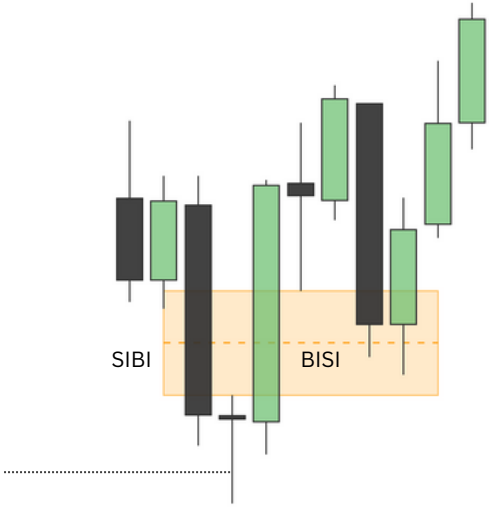


Validation:

- When we get both a candle body close below the BISI and and print an FVG (SIBI) on the way down.

Bullish BRP

- It's a SIBI that later becomes rebalanced on they way up leaving a BISI.



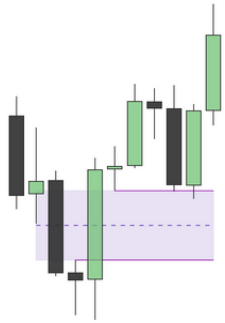
Validation:

- When we get both a candle body close above the SIBI and print an FVG (BISI) on the way up.

MASTERING THE **BALANCED PRICE RANGE**

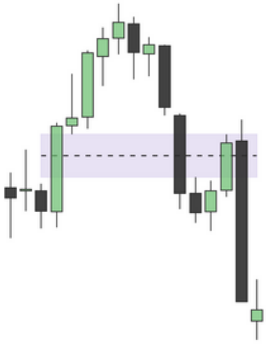
4. Drawing The BPR

- A BPR goes from the high of the highest FVG to the low of the lowest FVG. It's a full encapsulation of the two FVGs.



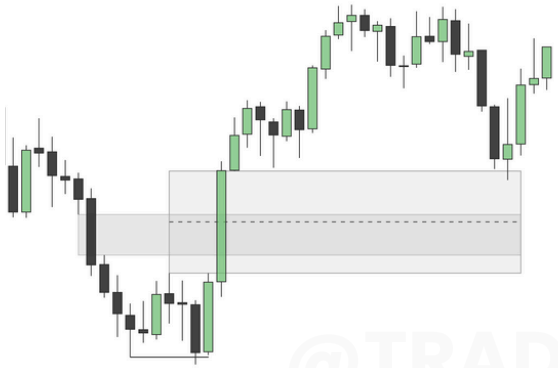
Overlapping Section

- The area where both FVGs overlap is another way to draw the BPR. It's often more sensitive but might not get tapped as easily in most cases.



5. BPR + Time Distorsion

- We also consider a BPR when there are a lot of candles in between the parallel FVGs, the amount of candles between them is just time distortion.



- In this case, time distortion is a consolidation, price is accumulating longs before moving higher.
- Balanced Price Ranges don't only appear as a quick down and up move or quick up and down move (sharp reversal), there can be several candles in between these two Fair Value Gaps.

6. Using The BPR

As Entry:

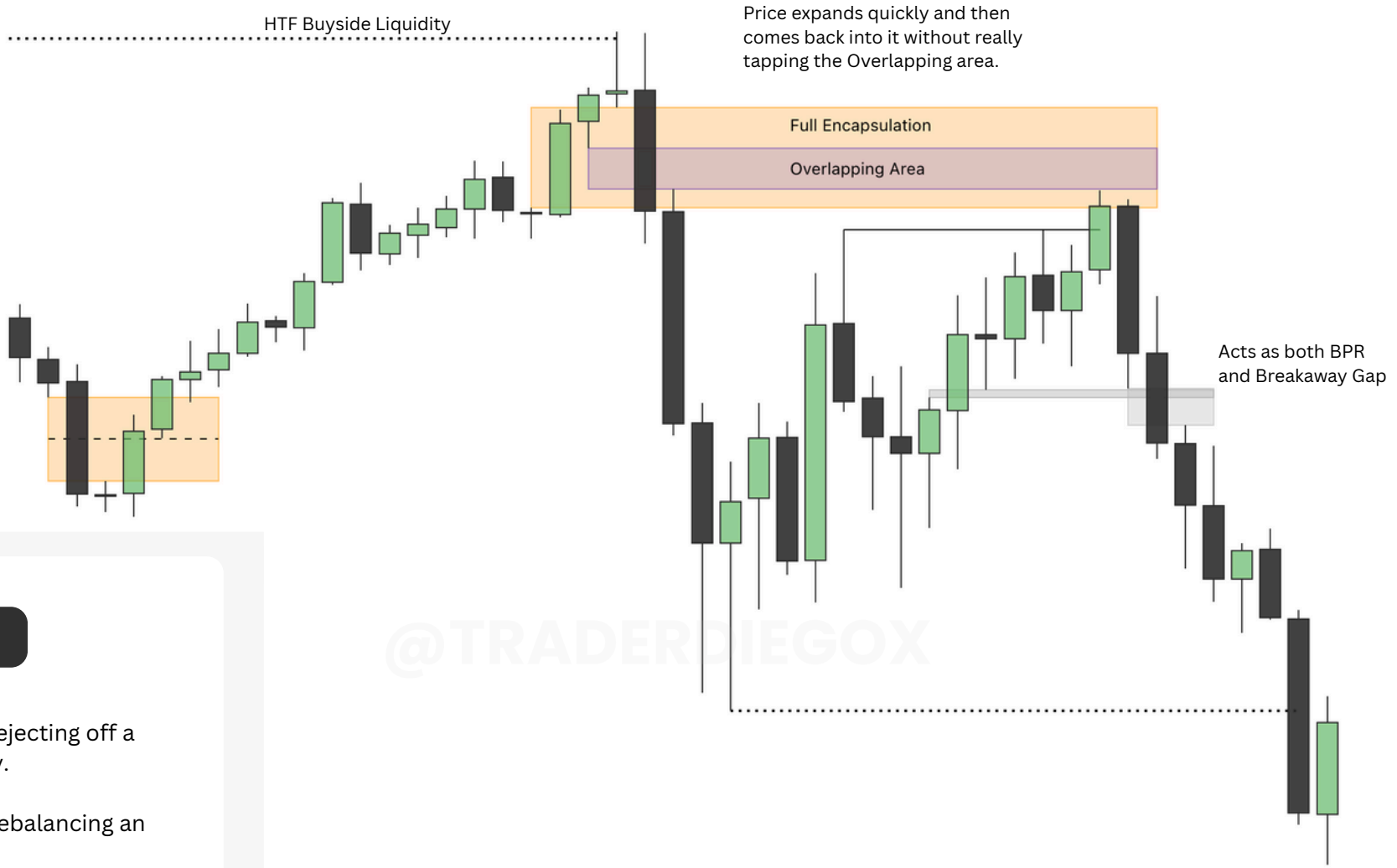
- While BPRs are strong in the path of price action, I don't often use them as entries.
- Why? often times price won't pull back into them to offer an entry and simply continue to move aggressively, specially when it has already printed a Breaker Block, price won't have a reason to pull back deeper into it before moving in its intended direction.
- Instead I use the inversion of the first FVG, without waiting for a possible BPR formation.
- If I'm gonna use a BPR as an entry, an IOFED would offer a higher chance to get a position in.

HTF Point Of Interest

- I can use BPRs in the HTF and ITF. If bullish I use the high and equilibrium levels to frame setups for either possible continuation or reversals in line with the current narrative.

MASTERING THE **BALANCED PRICE RANGE**

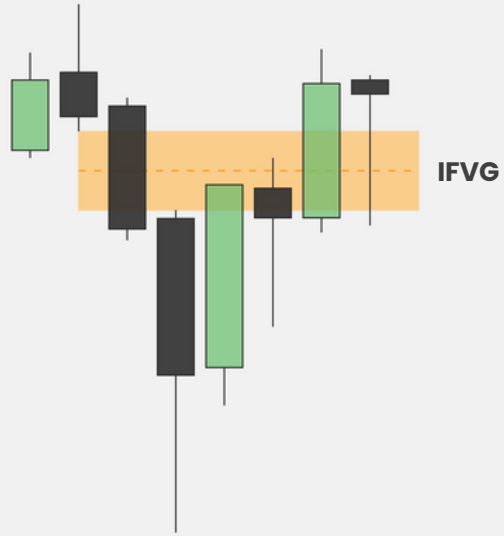
8. EXAMPLE #1



7. High Probability BPR

- A high probability BPR is rejecting off a higher timeframe PD Array.
- Ideally taking liquidity or rebalancing an imbalance in a HTF.
- SMT divergence with a highly correlated market.

MASTERING **INVERSION FVGs**



1. What is an IFVG
2. Types of IFVGs
3. IFVG Consequent Encroachment
4. Early Market Structure Shift
5. Early Signs of Inversion
6. Strong Inversion FVGs
7. High Probability IFVG
8. IFVG Entries
9. Example

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MASTERING **INVERSION FVGs**

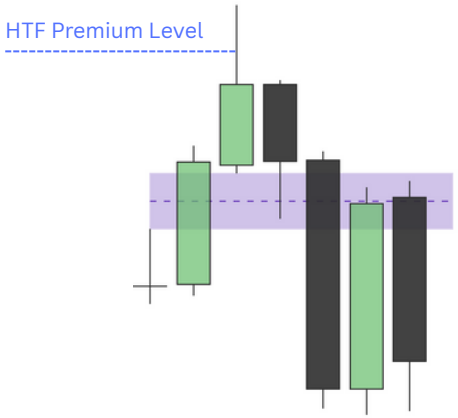
1. What is an IFVG?

- An inversion FVG is when we have a Fair Value Gap that got disrespected and is then used for price to move in the opposite direction.
- We want this IFVG to form in line with the current narrative or forming after moving into a higher timeframe key level.

2. Types of IFVG

Bearish Inversion FVG

- Is when a BISI gets disrespected, when we get a clear close below of its low.
- It confirms a shift from a buy program to a sell program.

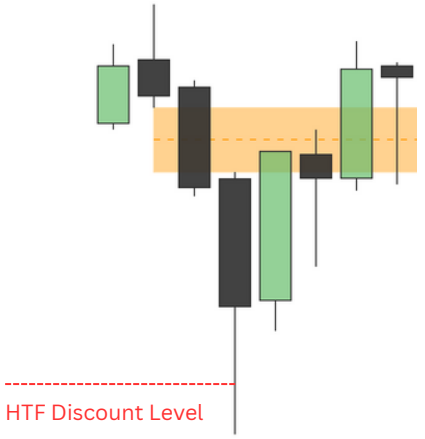


Confirmation:

- Once we get a body close below the FVG we expect it to act as resistance for price.

Bullish Inversion FVG

- Is when a SIBI gets disrespected, when we get a clear close above its high.
- It confirms a shift from a sell program to a buy program.



Confirmation:

- Once we get a body close above the FVG we expect it to act as support for price.

3. IFVG Consequent Encroachment

- Once we move through an FVG we consider it an IFVG and we don't want to see it moving beyond the Consequent Encroachment because that would imply it's not strong enough.

Wicks can do the damage but we don't wanna see a body close beyond the midpoint.

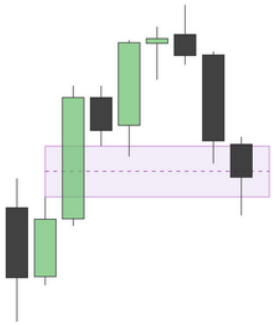
MASTERING **INVERSION FVGs**

4. Early Market Structure Shift

- An inversion FVG is a failed FVG that confirms a change in the state of delivery and can be used as an early market structure shift when in line with the current narrative or when it forms at a level where we expect some measure of a reversal.

5. Early Signs of Inversion

- If, for example, we have a SIBI in the 4-hour timeframe and then close above it in the 1-hour, that is an early indication that we might use it as an inversion FVG.
- Also, if bearish, if we get a close below the Consequent Encroachment, that's an early sign that the FVG might fail.



6. Strong Inversion FVGs

- If bearish, I'd want to see the upper portion of the IFVG remain open so we can treat it as a breakaway gap.

- In this example, notice how the wicks respect the Consequent Encroachment and reject off it.
- In the lower timeframes, price can often overshoot some levels but in the higher timeframes I want to see a more clear measure of respect when framing setups off them.

7. High Probability IFVG

These are some of the signatures I want to see in order to identify a high probability Inversion.

Takes Liquidity:

- Takes liquidity before forming the IFVG.

Narrative:

- In line with bias or after taking HTF liquidity or moving into a HTF imbalance where we expect some measure of a reversal.

Displacement:

- Ideally I want to see price disrespecting the FVG with speed and displacement.

SMT:

- SMT divergence with a highly correlated asset.

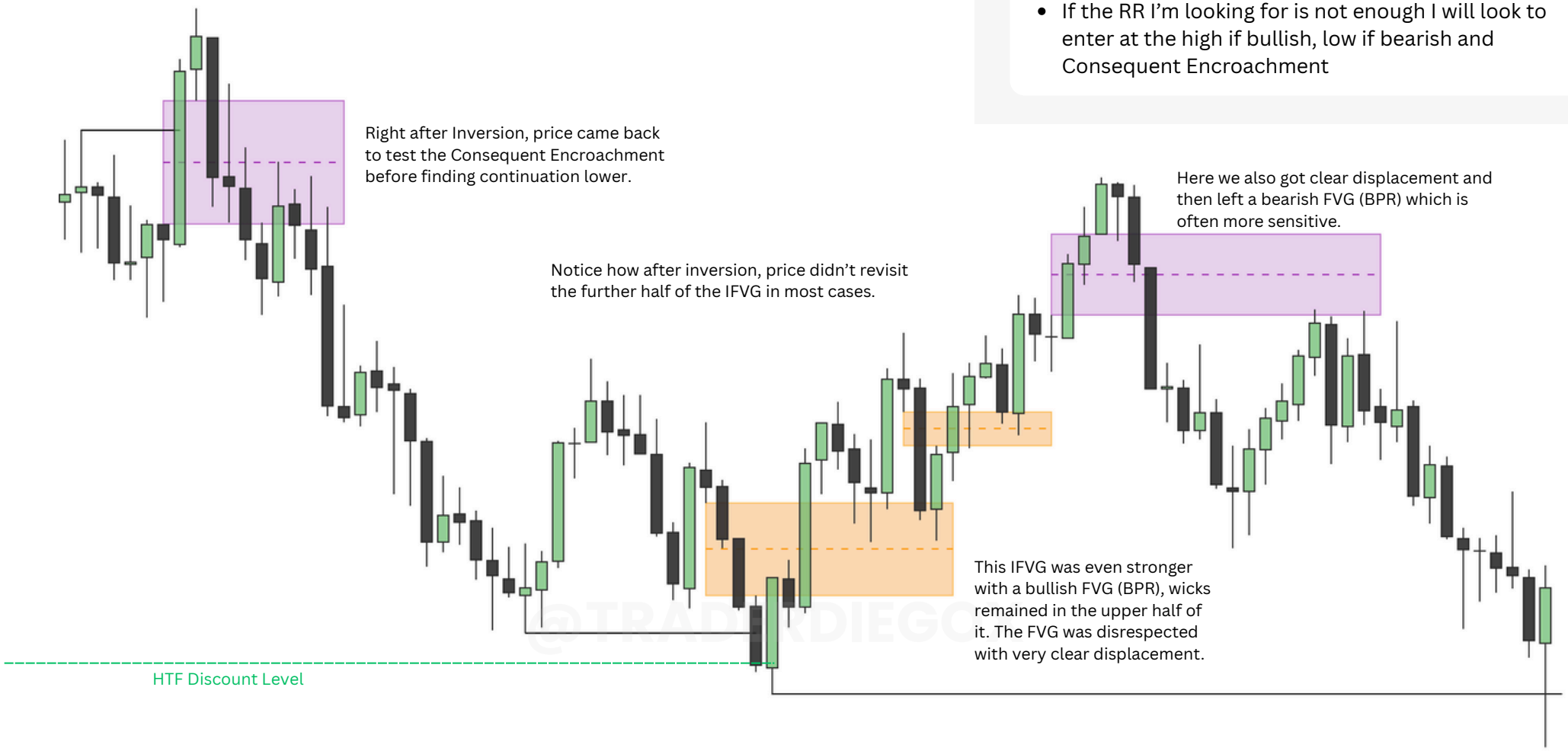
An easy way for me to find them is to use IFVGs that form preempting the formation of a Breaker Block.

MASTERING **INVERSION FVGs**

9. Example #1

8. IFVG Entries

- I often enter right after the close of the candle that disrespected the FVG since price might not come back to give me an entry.
- If the RR I'm looking for is not enough I will look to enter at the high if bullish, low if bearish and Consequent Encroachment



MASTERING
KEY LIQUIDITY

1. What is Liquidity
2. Buyside and Sellside Liquidity
3. What is Key Liquidity
4. Time-Based Liquidity
    a. Previous Week High/Low
    b. Previous Day High/Low
    c. Previous Session High/Low
5. Low Resistance Liquidity
    a. Equal Highs/Lows

MASTERING **KEY LIQUIDITY**

1. What is Liquidity

- Liquidity refers to levels of price where there's a significant number of buy and sell orders, often above swing highs or below swing lows.
- These orders represent willing buyers and sellers often in the form of Stop orders.
- Why is there liquidity above swing highs and lows? two main reasons
  - Because swing highs and lows are often used to place stop-losses and...
  - Breakout traders place buy/sell stops orders beyond these levels as confirmation for a change in sentiment.

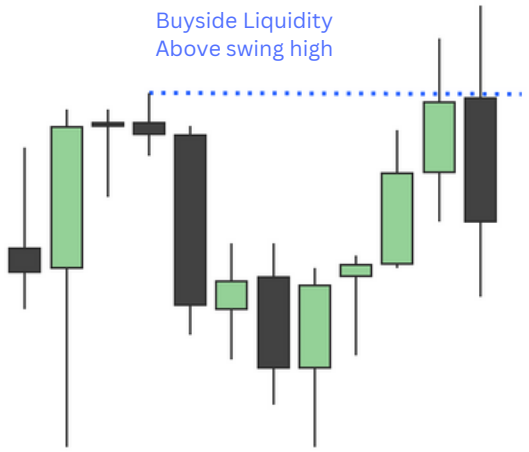
2. The Market Moves for 1 of 2 Reasons

- The market moves for one of two reasons: To seek liquidity or to rebalance an imbalance.
- This is why it's important to understand where key levels of liquidity reside.

3. Buyside and Sellside Liquidity

Buyside Liquidity:

- Is the liquidity above a single or a group of highs where buy stop orders would reside.



Sellside Liquidity:

- Is the liquidity below a single or a group of lows where sell stop orders would reside.

MASTERING **KEY LIQUIDITY**

4. Key Liquidity

- Key liquidity refers to levels of price where high probability liquidity resides.
- We refer to them as high probability because the market can use them as both Draw on Liquidity or to purge resting stops to build a position before moving in the opposite direction (as reversal points).

5. Key Levels of Liquidity

Key levels of liquidity can be found mainly as:

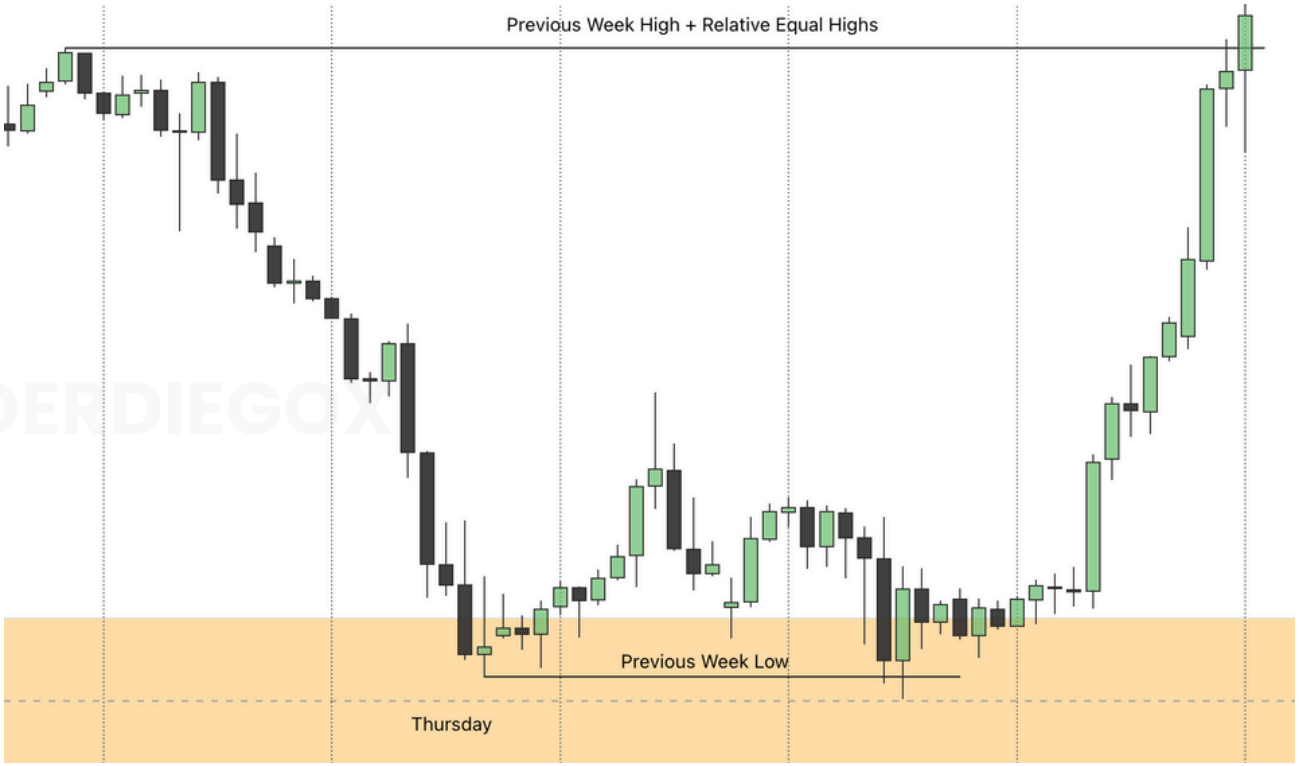
- Time-Based Liquidity:
  - Previous Month High/Low
  - Previous Week High/Low
  - Previous Day High/Low
  - Previous Session High/low
- Low Resistance Liquidity:
  - Equal Highs/Lows

6. Previous Week High/Low

- Since these levels are High Timeframe liquidity, I use them mainly as targets and as high probability intraday or intra-week reversal points.
- This doesn't mean price will reverse bias, but rather a pullback before continuation all depending on narrative.

Example #1

In this scenario, in the 2-hour chart, notice how price initially targeted the Previous Week Low before reversing in line with the HTF bias, ultimately reaching the Previous Week high + Equal highs.



MASTERING **KEY LIQUIDITY**

7. Previous Day High/Low

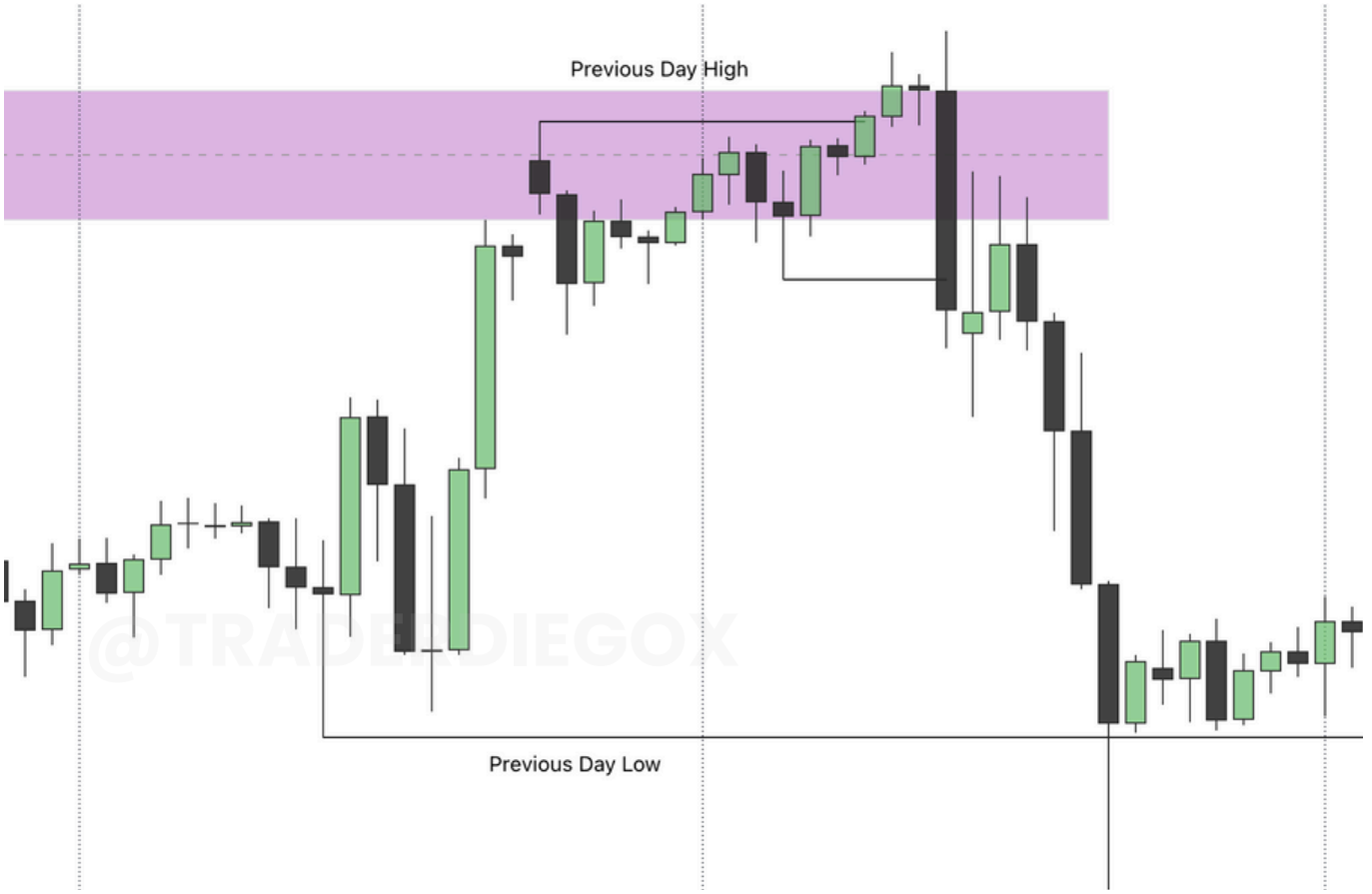
- PDH/L are one of the easiest to identify intraday Draws on liquidity since the market targets them almost on a daily basis.
- If we have a bullish bias for the day, usually the first HTF target is the PDH and the PDL is supposed to act as support for price... and viceversa when bearish.
- In rangebound conditions these levels can be used as targets or for a pull back inside the range.
- Previous Day Highs and lows are a very strong confluence when looking for intraday reversals.

Example #2

This is the 1-hour chart and we have been moving lower in the HTF.

Notice how the market first uses the PDH as a Draw on liquidity into a higher timeframe BISI and then uses it to frame a reversal, where the PDL acts as the new Draw on liquidity.

Once price reaches it, it consolidates.



MASTERING **KEY LIQUIDITY**

Previous Session High/Low

Above and below each session range resides key liquidity.

- **London Session:** 2am to 5am
- **NY AM Session:** 9:30am to 12pm
- **NY Lunch:** 12pm to 1:30pm
- **NY PM Session:** 1:30pm to 4:30pm

Example #3

MASTERING **KEY LIQUIDITY**

Equal Highs / Lows

- Equal H/L are very high probability liquidity and can act as a very strong magnet for price
- Ideally we want a high or a low that was not taken but almost.
- Equally as important are highs and lows that were taken but very faintly.

Example #4

The market used these equal highs as draw on liquidity initially.

Buy stops above these highs were then used to build a position to move in the other direction.

After taking buyside liquidity and then print a bearish CISD, sellside liquidity became the draw on liquidity in the form of equal lows.