Lesson 13: Daily Bias + Draw on Liquidity (Intro Framework)

This one is a doozy. Before you jump right into this PDF, make sure you have read the past PDF's or have watched ICT's 2016 content or this may not be an easy read. All of the content in this PDF is directly from live outlooks given to the Premium Group so you will see proof of concept in this PDF to go along with the lesson.

Let's jump right into it!

Determining the Daily Bias

In order to determine which way price will move on any given day, YOU MUST START from a HTF (Higher Time Frame).

This entails you observing the monthly chart, and working your way down to the 4H chart. You should also be looking back at how price is behaving with respect to the PD arrays over the last 20,40, and 60 days. This will allow you to visually understand the "flow" of the market.

[An additional tool that you should incorporate into this analysis is utilizing the (CoT) commitment of traders report which is released and updated each week. This report will highlight how dealers (The commercials = Big Banks), institutions/hedge funds, and speculators are positioned using futures. You can observe the net change of positions of various instruments to paint a picture of how big/smart money may be positioned.]

Let's use the last week of April 2023 into the first week of May 2023 to demonstrate this idea (most recent set of data).

Here all the major highs and lows in accordance to each 20, 40, and 60 look-back period. Using the April open as the anchor (red line), which is also the quarterly open, you should anticipate an attempt by price to take out an old low or high within 20 days. In this instance, April into May takes out the April monthly high but nothing more. Over the 40 day period, you can expect price to either continue higher and target the last 40 day look-back period high OR look to take out the significant low that has formed within that 40 day look-back period.

Now with respect to price, you can see that it respecting HTF bullish structure. Higher swing lows are being formed while price attempts to make higher highs. So if the assumption is that you are looking for price to move higher, then you would want to see price take out the the old 40 day look-back period high (4243+). For this to occur, you have to frame the idea in relation to what price is showing you.

General idea of how price is currently moving. Notice how previous lows are being respected. This is suggesting that HTF sponsorship is supporting price UP. CoT data has also shown an uptick suggesting accumulation for $ES.

Let's use the last week of April 2023 into the first week of May 2023 to demonstrate the daily bias and draw on liquidity (most recent set of data).

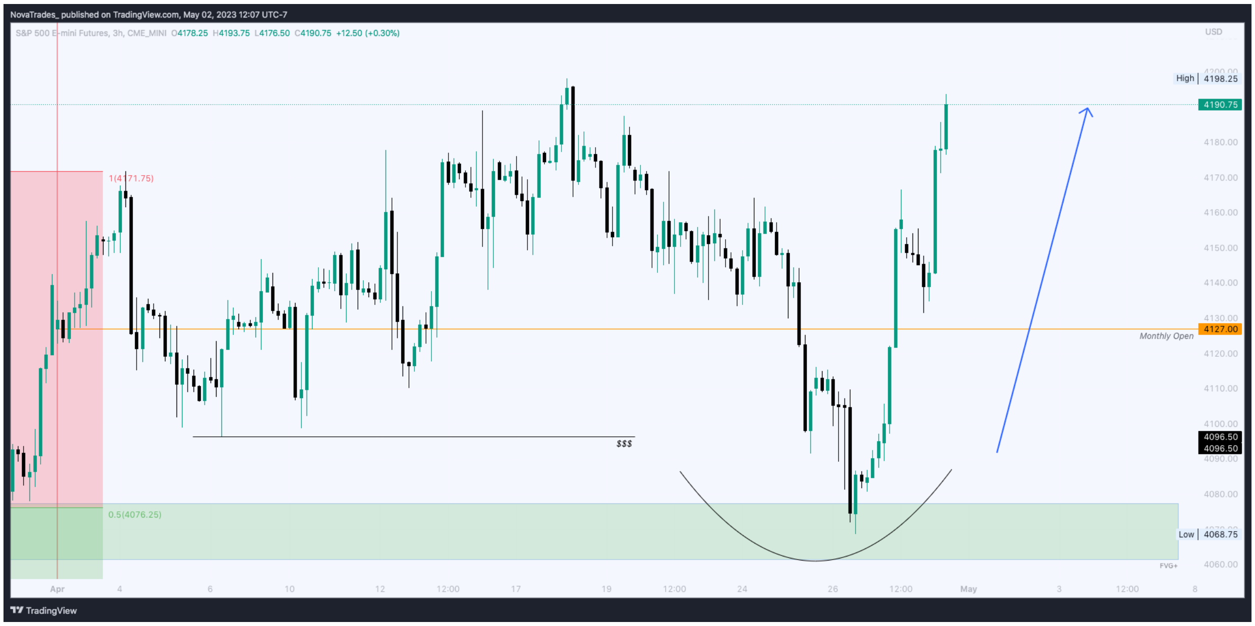
For the month of April, it is one giant consolidation (CoT data supports this as it shows signs of accumulation). There is an attempt by longs to break out, which fails, and then attempt to break down, which also fails. This failed move lower occurs during the last week of April. This failed move lower results in a violent push back UP, creating daily inefficiencies heading into the first trading day of May.

April (along with the quarter) is just one giant accumulation under a HTF premium array.

Here is price showing you how it is respecting daily bullish structure, and the violent move back up after the failed attempt to break down out of the consolidation.

Price drops into a discount of the impulse move up, taking out internal liquidity and repricing an old daily inefficiency (+FVG = shown in green) from March, before exploding back up. The high from Feb 2 (the circle) is of interest as our current objective for the 40 day outlook period.

And here is the same idea shown with the 3H chart:



A quick break from this lesson:

Now you may be thinking ‘well, its easy once price has already moved and you’re showing us in hindsight’. All of these ideas were planned out in the discord for our Premium Group, written out in the weekly and daily outlooks, as well as shared to

Twitter.

From the Premium Group's weekly outlook (last week of April).

> NovaTrades 04/23/2023 1:06 PM
> $ES
>
> If I were a market maker, this is how I would want to price to behave IF I wanted to cause max pain.
>
> We are currently consolidating below the monthly open. We have longs building positions since April 6th without their stops being tested or taken out. This past week saw sell-side liquidity become the target from the Tuesday high (all in consolidation).
>
> The general template for a bullish expansion is a low to form early in the week.
>
> "Support" as it sits is 4130 - 4090 - 4060 where at the latter, we should expect buyers to step up.
>
> "Resistance is seen as 4180 - 4208 - 4258"
>
> THE OPPOSITE would be to see the highs swept into the HTF Premium PD Array, hit our targets, and then attempt to reverse back into the range.
>
> We have a good calendar of HIGH impact news. Monday should be a watch-and-observe type of day as it should set up the liquidity for Tuesday Morning.

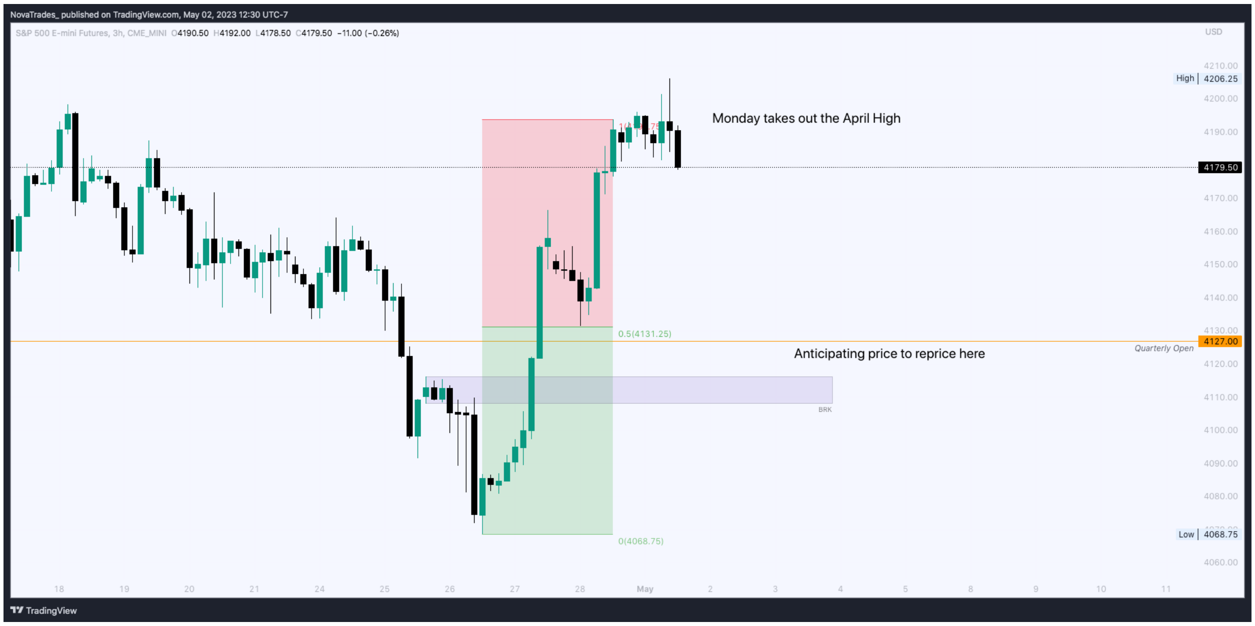
What was shown to the group and how to anticipate the weeks look:
→ Combining daily structure with CoT data
→ Utilizing time of week/month and pairing it to the economic calendar

DAILY BIAS

With this move (chart below), you can expect some sort of move back lower once price takes out the April High. Couple this idea with the first week of May being NFP week and having FOMC on Wednesday, these inefficiencies (3H +FVG's) will definitely come into play.

So our daily bias heading into FOMC is higher, but you should be anticipating some sort of move back into discount prior or into FOMC.

So with the first day of the month, you get a failed expansion higher. This sets up Tuesday for a possible retracement day back down. Recall, price likes to move from expansion, to retracement (or consolidation), before expanding again. It also likes to move from an area of external liquidity, back into an area of discount and internal liquidity during these retracement moves (Lesson 1).



Monday Setup

In the chart below, a true OB is highlighted. What does this mean? This is the OB that is formed once price reacts out of a HTF POI - our deep premium array - and returns back into the previous one (Lesson 5). Simply stated, price attempts to expand into a new array, fails, and comes back into the old range. The OB that forms from this move will provide true 'resistance'. This OB forms on Monday. Now lets jump into the Tuesday overnight setup.

3H Chart

Tuesday Setup

This true OB from Monday is where price should reject if price is to retrace lower. When does price reject this OB? During the LDN killzone protraction, OR, the manipulation move UP you expect to occur during the LDN killzone when anticipating a sell day. Then in theory, price heading into the NY AM session should respect these highs, and continue the move lower into equities open at 9:30 (and into LDN close).

[When expecting a bullish day, the LDN killzone protraction will be LOWER into a discount. Think back to Lesson 12 and OLHC and OHLC]

30m Chart: Framing the idea

→ Monday has run April Highs (external liquidity) into a HTF premium array and has rejected, returning back into the range

→ A true OB has formed from this move and you can see how price respects this OB overnight during the Tuesday LDN killzone protraction (manipulation UP = OHLC daily candle)

→ Anticipating a sell day setup (retracement on the daily) back into a discount of the range that was created during the last week of April.

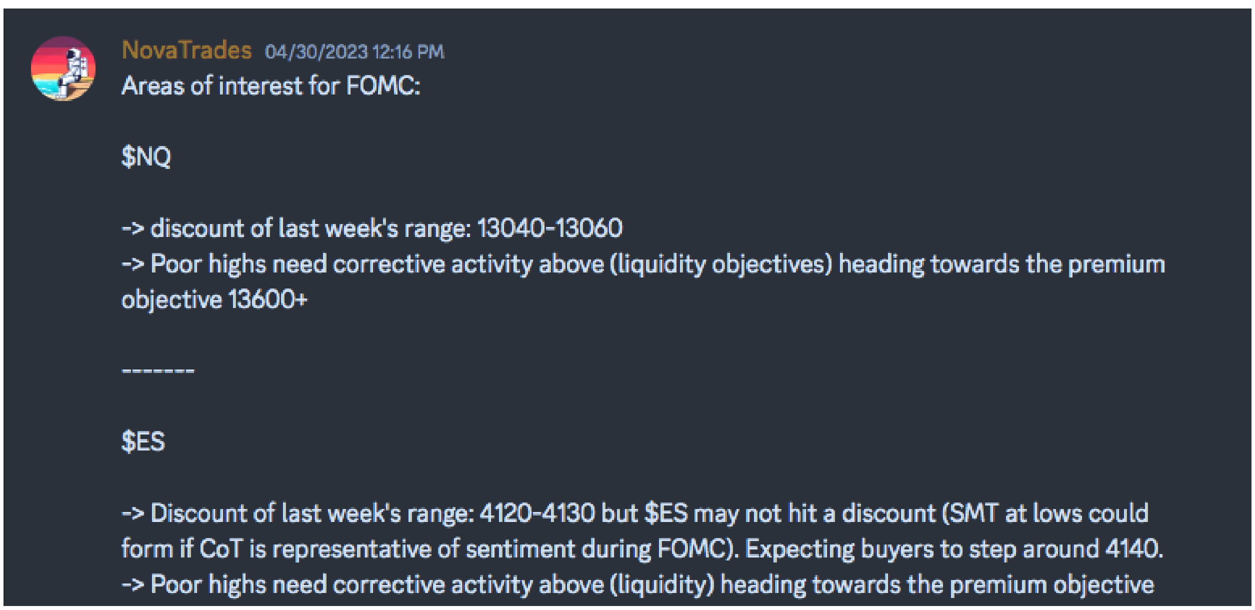
→ 3H breaker is highlighted as an area of interest, price doesn't need to trade into it but it could

The result:

→ Price drops violently into a discount (to shake out longs and induce shorts into chasing the move down during this session)
→ Then it begins to claw back up in the PM session heading into Wednesday (taking out weak shorts who chased down)
→ The anticipation for FOMC (at the time of writing this PDF, it is still Tuesday), will be for price to make a run for those highs this week following Jpow’s speech and eventually to that 40 day premium objective of 4243+ by the end of the week.

Another quick break from the lesson:

Some more proof of concept from Premium Group's first week of may (FOMC) outlook:



Review

→ First 3 weeks of April are basically a consolidation phase
→ Last week of April results in manipulation back into a discount of March's range before expanding back higher (this is also know as PO3 or AMD which is found in Lesson 8).

→ The month of May opens, fails to expand higher, and seeks a discount of April's range
→ This can be considered as the manipulation down prior to expanding higher
→ Anticipation is that the current quarter (think of the candle) is still accumulating, the month of May is accumulating, for a move up into a deep HTF premium array.

[These three points are covered in Lesson 12]

Now this is the best part, FOMC is tomorrow (based on the time this PDF was created), so there is no idea what the actual outcome is. The 'easy' trade for the week is done (price moving from a HTF premium array and external liquidity into a discount array of a previous range and internal liquidity). Now it is time to sit back and observe whether price responds and respects the daily narrative that has been outlined.

A Youtube Video will accompany this PDF this week.