All right, folks. Welcome back! This is episode 9 for the 2022 ICT Mentorship on YouTube. This lecture is going to be on Power 3, which is Accumulation, Manipulation, and Distribution, and New York PM Session Opportunities.

All right, so we're looking at the Nasdaq E-mini futures. This is the continuous chart on TradingView. If you look at the daily range where we've been, we're inside this range here.

Okay, so we have this swing high and this swing low. Now, why am I picking these two reference points? Well, namely, this is the low most recently after taking out this short-term low. So we've dug into all the sell-side liquidity resting below that low. We retraced back up inside of this high to that low.

So, we went back up into a premium. The range high to low, running a fib just to get the 50% level, gives us equilibrium. Anything below that is a discount. Notice how the market traded down on Monday into a deep discount but did not take out these lows over here.

But look how we closed on Monday. We had an indecisive candle. The body was basically absent; the opening and close were essentially the same thing. If we have that and the market is trading down into a discount, even though we might have a low down here that we're targeting, this may require a retracement.

Now, notice at the close of Monday's trading, we had an imbalance from this low and this high. On Tuesday's trading overnight, the equities markets had a run-up into this imbalance here. So, this fair value gap was retreated to in here. This low and this high will look at that in reference to the lower time frames.

This lower level is the low end of the fair value gap on a daily chart, and this level up here is the upper end of the fair value gap. I'm taking your attention to Monday's trading, and I want to talk a little bit about Power 3, which is Accumulation, Distribution, and Manipulation.

Okay, so generally my teachings are like this: if I'm bullish, I'm expecting the opening price to be near the low of the day or the session. Then it trades lower, making some important low, and then rallies, creates a high, and then closes near the high of the day.

Now, it's not important for you to try to predict the closing price. What I'm trying to train you to anticipate is the likelihood of the market making some kind of a fake move, like a Judas swing.

Okay, a Judas swing is the false move. Typically, in the London and New York sessions, there are fake runs that start off a move. I walked you through it last week on my community tab where I outlined the actual Judas swing for that particular day using the fair value gap. I outlined the low; I was only off by a quarter of a point for the low end of the range, and it created the low of the day. The idea is what I'm going to show you here as well on Monday.

We had price drop down overnight, consolidated, and then we had a little bit of a rally ahead of the equities open.

Okay, so in here we have 8:30 in the morning. If you look at 8:30, what do we have? We have the highs over here. They're suspect because they're relatively equal highs there. But look what we left here ahead of 8:30. We had this huge imbalance.

So, if we run these highs out after the open at 9:30, it's likely to trade down into that and rebalance. But watch what it does. We trade up into that level here, which creates the fair value gap's low-end parameter. Remember, this is Monday's trading. It sells off, so this line isn't here on Monday.

That's not what we're looking at. We're looking at the likelihood of coming back down into this area here after taking these highs out. If it does so, if it trades back into this imbalance, that's a good candidate to go long. Now, the imbalance in here, if you go to the left of it, you can see the down-closed candles. That's your bullish order block. The market trades down, hits the order block, and it's an afternoon trade, so it starts to rally and then consolidates into the close.

Overnight, we create a wicked run. Last night, it ran, and most of the move for today was done before we even got to the opening of the morning. We had a little bit of a retracement after 8:30, and at 9:30, we consolidated. I'll talk a little bit about that as a market profile in a moment.

Then, we drop down, create an important low of the day, and then we rally. It got real close to the fair value gap's high-end parameter but didn't get to it. You don't need to try to predict the closing price with Power 3, which is accumulation, manipulation.

In other words, if you're bullish, it opens where you think it's going to trade higher. It's going to be most likely a smaller move lower; that's the move you want to try to go in and hunt along. If you miss it, you want to try to get a long real close to where the opening price is.

Now, the question is going to be, where's the opening price? Well, I like 8:30. You can use the opening price here at 8:30, draw that out in time. Did we go below it? Yes. Did we go inside the imbalance? Yes. Did we take out a short-term low? Yes. Did we hit the order block? Yes. Was it an optimal trade entry? Yes. Lots of factors there.

Over here, same thing. Opening price here. Did we trade lower than that? Yes. Did it go even lower than that later on in the afternoon? Yes. Then it rallied, taking out the relative equal highs here and again gravitating towards that upper end of that fair value gap on the daily chart.

Now I'm on a five-minute chart on that same February 14th, and I want to take you closer to what price has done in here. That imbalance, the lowest portion of it here with all the down-closed candles. This is anchored to the daily bullish order block. But you can see how we traded into it here with one, two, three, four down-closed candles. That is a complete order block on this time frame.

So, consecutive down-closed candles right before a price surge that has an imbalance, that's how you find your order blocks.

Okay, so a high-probability order block would be your narrative, or your bias is bullish. You're looking for displacement. That's this right here, where the market runs real quick higher. The down-closed candles, you want to mark that out and anticipate a return back into that.

Now again, this level is not there yet. We don't know this level until Monday's close. So don't be tricked into thinking that I have this level here and I knew it was going to go right to that level and turn. I'm not suggesting that at all. What I'm suggesting is watch what happens when it creates that high. It breaks down. All this price action here gets overrun into a retracement back down into this imbalance here—the low of this candle and the high of this candle. That right there is your fair value gap with an order block and optimal trading entry.

It rallies. Even though it's sloppy, it's still continuously driving higher. This high at the close on this day here at, say, 4:30. Okay, 4:30 in the afternoon. To me, that's like the close.

No, it trades a little bit later than that and then closes for a little while, and it also technically closes when the bell rings at four o'clock p.m., local time in New York. Because there's a little bit of trading past that, I like to just look at 4:30 and consider that where we are in terms of what we've done for the full range, and then determine what I have left for maybe an imbalance or liquidity pools.

Here is that drop down on a one-minute chart. It's digging into that order block right here. If you look real close—let me go back up one slide—I want you to see what I'm showing you here.

Right here, this price action: see 14,140 and 14,120? This little area right here I'm looking at on a one-minute chart: 14,140 to 14,129 in that vicinity. See that small little gap right there? See the swing high? We trade above it, create a fair value gap there, trade down into it.

This is an afternoon trade—this is two o'clock in the afternoon, local time in New York. Inside the order block, inside the fair value gap, inside a retracement of the fair value gap, that sets the stage of a market run up into a higher retracement. Now, we don't know if this is going to be the closing parameter for a daily fair value gap. We don't need to know that yet, but this is a likely scenario to go long, and we can look for a run back up into this range here or run the buy stops above here or maybe inside here. It's a sloppy run, but nonetheless, it's still pressing higher.

Now, here's today on the 15th of February 2022. Notice what we had with this enormous price run overnight in technically the London session. Now, a lot of you are going to ask, "Would I have caught this?" No, no I wouldn't have caught it. I would have missed it. If I was awake, I wouldn't have seen it coming, let's put it that way. This right here was a complete surprise to me when I woke up and saw it.

But I want you to think about when you have these overnight runs, these big moves overnight before the session begins in New York when you're trading equities. This also works with Forex too, so it's important: try not to chase price. This is what I mean by don't chase it, don't chase it.

Last week, when I was commenting and outlining the NASDAQ and giving you a fair value gap in real time, explaining where I thought it was going to draw down to, and it created the New York session low of the day—that's what I was outlining. Just take a look; go back and look. You'll see it's pretty obvious. The same logic—I'm amplifying that here. Overnight, what was the market doing? It was rallying. So when we open up at 8:30, do we go in here and start buying it just because it's gone up overnight? No, we don't chase it. You have to wait. No, we don't chase it; we have to wait for more information.

What information are we waiting for? Well, typically, whenever you see a big run up or a big run down, there's a consolidation that takes place shortly after. Now, not always—sometimes it just keeps on ripping higher or lower, and you'll either miss a move, or if you get lucky, maybe you can participate in it. But this is what I typically look for. There's a lot of range movement overnight, which overnight is two o'clock in the morning to five o'clock normally.

If we get a big run like that, which is what we're seeing here, right away in my mind I'm thinking, don't trade a lot. Don't expect a lot of in-and-out, in-and-out, perfect precision. Wait for a real significant price move; otherwise, you're going to get chopped up. Now, what does that mean? Well, when we have it opening here at 8:30, look to the left. What do we have? We have this high here and we have the low over here. We can use this one because they're relatively equal, but I like this one. Why do I like this one? What's below it? Fair value gap. See that? So it's likely to trade down after it creates this sloppy opening. Look at all this movement in here.

Now, as a personal study, there's two or three YouTubers that I watch that trade the equities market indices, and I'm not trying to say anything bad about them. I just like to listen to what they're thinking because they don't look at the market like I do. I'm not suggesting that they're not profitable because they show live trades—they get in the trades, they take them, and sometimes they win, and sometimes they don't. But I like to read, kind of like a squawk box, what their interpretation of price is.

They're looking at this area in here, and it's back and forth. They think if it could, if it goes here, it's going to go there. If it goes here, it's going to go there. All these scenarios are going through, you know, randomly in their live streams. So when I'm watching price, I'm listening for them to want to be a buyer. So when they're trying to be a buyer, that means they're already hunting a continuation of this move here. I want to see a low form.

Now, this is what we have for today: we start going lower first, so that's good. We create a pseudo-Judas swing. But did it create a nice low and turn away from it? Look at all this back and forth. It created these suspect lows in here, relative equal lows. There's going to be sell side building up below that, sell stops, okay? When it starts to go higher, anyone that was long overnight, they're going to jam their stop loss right underneath that, okay?

When this occurs, that's the very scenario I'm looking for. Now, right away in my mind, here's what I want you to understand: if there's a big move overnight for equities—this is not Forex, okay? This part is not Forex; it's just for trading like NASDAQ, Dow, and E-mini S&P. If there's a big run overnight, avoid the New York session. Don't even mess with the New York session. Wait until the other side of lunch at one o'clock in the afternoon, New York time, and then anticipate the New York lunch lows taken out or the New York morning session lows, which is what we have here.

Notice how we rallied up. We didn't take out the relative equal highs here that were formed ahead of seven o'clock in the morning. Notice that. Now, this over here—we know this range up here is the high end of that fair value gap. Why do we know that? Because the 14th stopped trading, and it had the indecisive candle on the daily chart. So it's likely that we might trade up into this range high, and this is that range low. If we can draw down below that low, it was formed initially in the New York session. We have a fair value gap over here with sell side, while we have yet to take out the buy side equality here at around, I don't know, 14,575, and then get up to that fair value gap high or the boundary of it, okay? Kind of like the resistance level of it.

So this is the draw on liquidity, and we have a minor draw on liquidity here with buy side liquidity. Look what we have in terms of price action: the NASDAQ drops down, taking out the sell side, digging into that fair value gap. See that? Look at the bodies of the candles. Isn't that neat how it just respects that level back here? Now, that's not random, okay? These are algorithmic principles that are in play, and these markets are unbelievably precise when they are in better conditions.

Right now, if you've been trading with live funds or if you've been trying to follow price action, there's been a lot of it makes a run, then it goes into this choppy sideways, and it's very frustrating if you're trying to get sustained price moves, or if you don't know how to operate in these sloppy little ranges like this. I personally don't think that this is high-probability trading. You can get chopped up, you can get losing trades, you can draw your account down. If you don't control yourself, you can blow your account in these types of conditions.

How do you avoid that? How do you avoid running out your account and then scaling back if you're a high-frequency type of trader? How do you draw back on the frequency and look for the better setups? What I'm showing you here—you wait, you don't chase the overnight run, and you wait for them to give you a low that everybody overnight will want to put their stop loss right beneath that after it starts to rally above it.

It's even better when you don't have this high taken out yet. See how I took it up here and it just went right down for him? That's engineering liquidity. It runs up, consolidates, creates a low, starts to rally, and everybody's thinking, "I don't want to lose my profits. I don't want to lose out on making more money, but I have to put a stop loss right here because the books tell me I have to do that." So I did the same kind of stuff, folks. I'm not trying to talk down to anybody, but I'm just repeating what a retail trader's mindset would be and the logic behind this. So the narrative with this day was the stops were trailed below these lows.

The afternoon session again creates the low of the day, takes the sell-side liquidity out into a fair value gap, and then rallies. Now, in here, I'm going to teach you a little bit more about that. Notice we don't really have a fair value gap down here, but it gives us the basis for expecting the price to start to rally into the afternoon.

Now, at two o'clock in the afternoon—1400 on this TradingView chart—that starts two o'clock in the afternoon, New York local time. We have the market trading down into an imbalance over here. Liquidity resting below these relative equal lows is taken out. So what are we looking for in price action if we're using this logic? At a minimum, we want to see a reprice back up into this area here. Now, we're in the midst of a lot of consolidation, a lot of sloppy movement.

If you're trading live, you're going to hate this environment. You're going to feel that it's engineered to just simply take your stop loss out. So if you can't handle this choppy environment, do what I told you earlier. Avoid trading the New York session if you have a big run overnight. Save your sanity and just wait until one o'clock in the afternoon, which is what we have here.

The price trades into the fair value gap, rallies up, takes out the relative equal highs right here, and then it just peters out and doesn't do anything really spectacularly. But if you were using an initial trading concept, like maybe a 20- to 40-point run after taking out these equal highs, that would be a target objective on the buy side and then likely aim for the other side of that fair value gap.

But I would temper my expectations by going back and looking at what we did in the New York session, and if we have a large overnight run, that's where you temper your expectations and make sure you're not trying to hit home runs. If you're trading with live funds, you don't have to be a hero.

What I'm teaching you here, you can go back and study this over and over again. You can use this as a script for studying how to engage the afternoon session, but you need a large overnight run first. If you don't have that large overnight run, none of this will be applicable. You just need to have a large price move overnight for this to be ideal.

When we have that, the move starts—well, that last portion of the price move starts in the afternoon session, and the afternoon lows typically trade to where? The low of the New York session. So that's how you would utilize the trade idea there. But if it just starts to go sideways and it just keeps grinding sideways, that's not a really favourable condition. So what would you do?

You would wait for the market to show its hand by doing one of the things I taught earlier in the series, which is if the morning session drops down into an imbalance, and then it creates a Judas swing scenario, you wait for the rally. And if the rally doesn't give you any kind of indication that it's going to give you a long opportunity in the morning session, that's when you would wait for the 1:00 PM New York local time opportunity to trade with that fair value gap in mind.

I hope this gives you a good way to look at the market conditions that we've been seeing recently. It helps you understand that it's not always the best conditions to be trading, but there are opportunities if you know what to look for.