
SMC ICT+ Price Action

Albert Kuo

Outline

- ICT Methodology
- Abbreviation
- Buy / Sell Side Liquidity & Liquidity Sweep
- Zig-Zag Lines
- Advanced Zig-Zag Lines
- Imbalance(IMB) / Fair Value Gap(FVG)
- Multi Time Frame FVG
- Inverse Fair Value Gap
- Balance Price Range(BPR)
- Break of Structure(BOS)
- Displacement
- Market Structure Shift(MSS)
- Change in State of Delivery(CISD)
- Order Block(OB)
- Breaker(BK) / Breaker Block(BB)

Outline

- Internal & External Range Liquidity(IRL & ERL)
- Discount & Premium Zone
- How to Decide Daily Bias
- Power of Three(PO3)
- Killzone
- Two Liquidity Pools Sweep
- How to Trade FVG(Long & Short)
- How to Trade BSL & SSL
- ICT: ABC Pattern
- ICT: Unicorn Model
- ICT: Flip Pattern
- ICT: MMXM(Market Maker Buy/Sell Model)
- ICT: ABC Pattern + MMXM(3 Timeframes)
- SMT Divergence
- ICT + Price Action

ICT Methodology

One of the most popular trading philosophies out there today is the ICT methodology.

Short for Inner Circle Trader and this style of trading is purely based on price action and incorporates little to no use of trend following or momentum indicators. The three most important concepts of ICT:

- 1. Liquidity Sweep(Liquidity Grab)**
- 2. Rebalance the inefficiency**
- 3. Emphasize the concept of “time and price” rather than “price and time”**

Abbreviation

1. **HTF : Higher Time Frame**
2. **LTF : Lower Time Frame**
3. **TA : Technical Analysis**
4. **PA : Price Action**
5. **SMC : Smart Money Concept**
6. **TP/SL : Take Profit / Stop Loss**
7. **RR : Risk to Reward**
8. **BE : Break Even**
9. **B2S : Buy to Sell = Bull Trap**
10. **S2B : Sell to Buy = Bear Trap**
11. **SD : Supply / Demand**

Abbreviation

- 12. HH : Higher High / HL : Higher Low
LH : Lower High / LL : Lower Low
- 13. MSB : Market Structure Break =
BOS : Break of Structure =
COS : Continuation of Structure
- 14. MSS : Market Structure Shift = CHoCH
: Change of Character
- 15. SSL : Sell Side Liquidity
- 16. BSL : Buy Side Liquidity
- 17. DOL : Draw on Liquidity
- 18. IRL : Internal Range Liquidity
- 19. ERL : External Range Liquidity

Abbreviation

- 20. EQH / EQL : Equal High / Low**
- 21. PDH / PDL : Previous Day High / Low**
- 22. PWH / PWL : Previous Week High / Low**
- 23. LP : Liquidity Pool**
- 24. SH : Stop Hunt = Liquidity Grab =
Liquidity Raid = Liquidity Sweep**
- 25. POI : Point of Interest = Array**
- 26. PDA : Premium / Discount Array**
- 27. IPDA : Interbank Price Delivery Algorithm**
- 28. OB : Order Block**
- 29. OB+ / OB- : Bullish OB / Bearish OB**

Abbreviation

30. BK : Breaker

31. MB : Mitigation Block

32. PB : Propulsion Block

33. FVG : Fair Value Gap = IMB : Imbalance

34. BPR : Balance Price Range

35. LV : Liquidity Void

36. OTE : Optimal Trade Entry

37. CISD : Change in State of Delivery

38. SMR : Smart Money Reversal

**39. SMT Div : Smart Money Technique
Divergence**

Buy / Sell Side Liquidity & Liquidity Sweep

Liquidity is the first and arguably the most important concept within the ICT trading methodology. There are two types of liquidity: buy-side-liquidity(BSL) and sell-side-liquidity(SSL). BSL represents a level on the chart where short sellers will have their S/L order. SSL is just the opposite. It represents a level on the chart where long-biased traders will place their S/L orders. In both cases, these levels are often found at or near extremes as the tops and bottoms of ranges often viewed as areas where traders are proven wrong and, therefore, will want to get out of their trades. **Once the level at which many stops are placed has been traded through and the price reverse course and head in the opposite direction, we refer to it as Liquidity Sweep.**

Buy / Sell Side Liquidity & Liquidity Sweep

albertkuo71 published on TradingView.com, Feb 16, 2024 15:51 UTC+8

British Pound / U.S. Dollar, 15, OANDA O1.25949 H1.25963 L1.25902 C1.25917 -0.00032 (-0.03%)



Buy / Sell Side Liquidity & Liquidity Sweep

albertkuo71 published on TradingView.com, Feb 16, 2024 15:57 UTC+8

British Pound / U.S. Dollar, 1D, OANDA O1.25999 H1.26068 L1.25772 C1.25916 -0.00083 (-0.07%)



Zig-Zag Lines

1. During the upward trend, if the next K bar makes a new high, draw upward; otherwise, draw downward.
2. During the downward trend, if the next K bar makes a new low, draw downward; otherwise, draw upward.

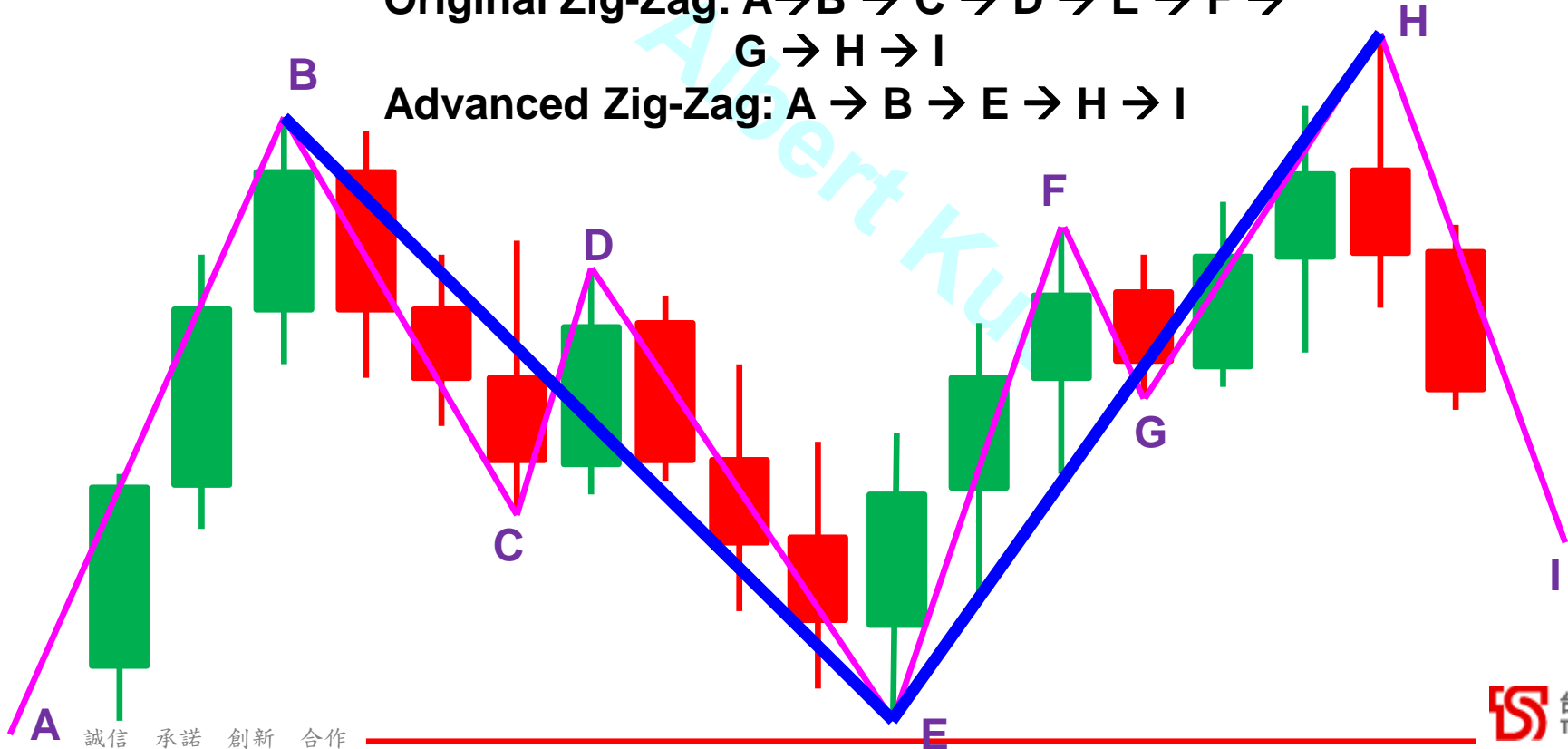


Advanced Zig-Zag Lines

1. During the upward trend, if the next K bar makes a new high, draw upward; otherwise, if the next K bar's low is below the low of the K bar with the highest closing price, draw downward; if neither condition is met, refrain from drawing for now.
2. During the downward trend, if the next K bar makes a new low, draw downward; otherwise, if the next K bar's high is above the high of the K bar with the lowest closing price, draw upward; if neither condition is met, refrain from drawing for now.

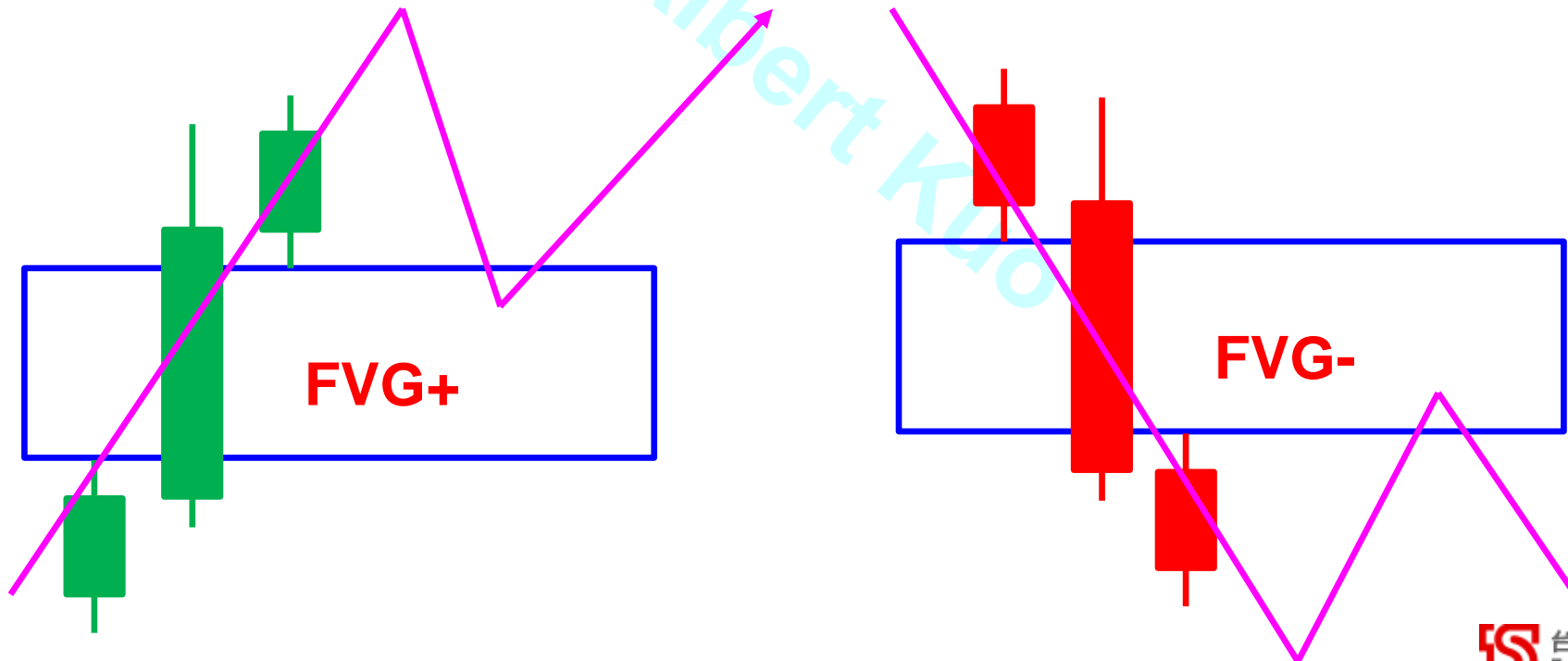
Original Zig-Zag: A → B → C → D → E → F →
G → H → I

Advanced Zig-Zag: A → B → E → H → I



Imbalance(IMB) / Fair Value Gap(FVG)

After the price reaches a liquidity level and then reverses, what will often come next is Displacement. Fair Value Gaps are created within this displacement and are defined as instances in which there are inefficiencies, or imbalances, in the market. These imbalances are visualized on the chart by a three-candle sequence containing one large middle candle whose bordering candles' upper and lower wicks do not overlap. Many traders are interested in Fair Value Gaps because they can become magnets for price in future price action.



Multi Time Frame FVG

Scenario1: Sometimes, we'd like to make a long entry after liquidity grab, MSS and retracement occur, and we need to have FVG+ to place our long order. But we may not find FVG+ on HTF, we need to shift to LTF to find it.



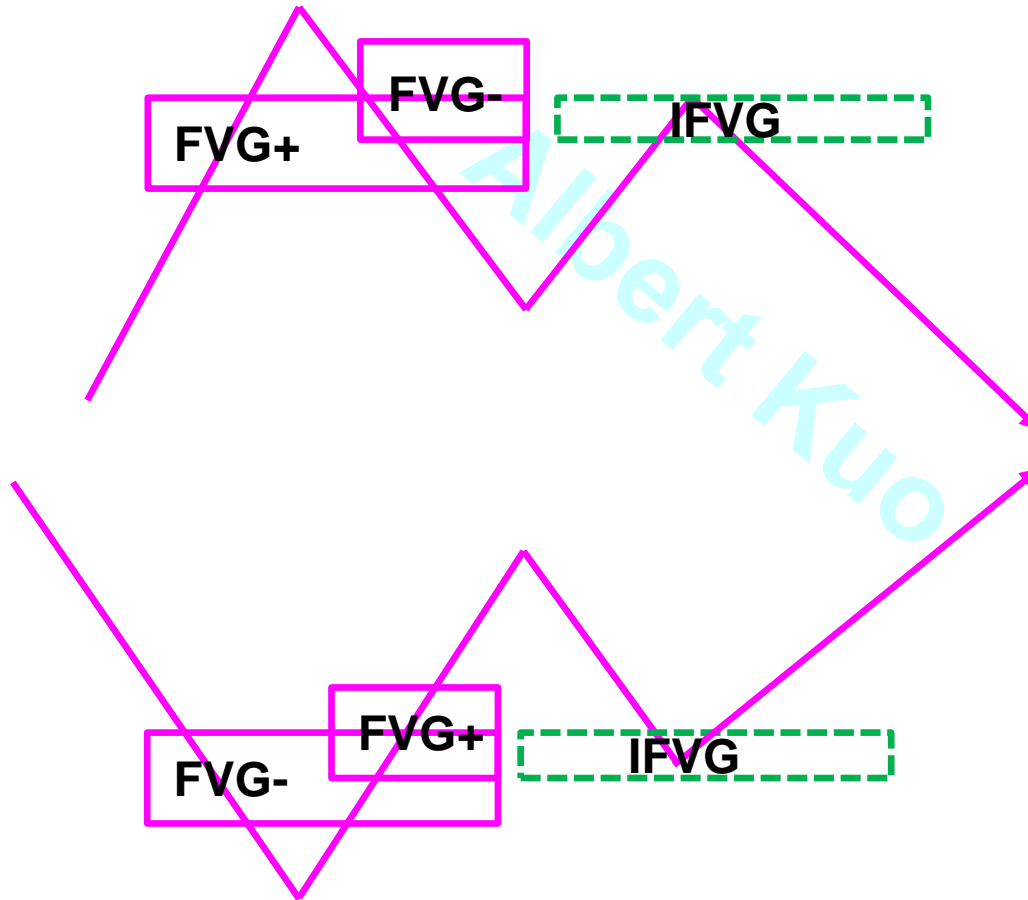
Multi Time Frame FVG

Scenario2: If a FVG in HTF is substantial, we can't ascertain at which price level we can place an appropriate order. We need to switch to LTF to look for a smaller FVG so that we can precisely identify the most suitable level to place our order.



Inverse Fair Value Gap(IFVG)

IFVG is the area where FVG+ and FVG- partly overlap with each other

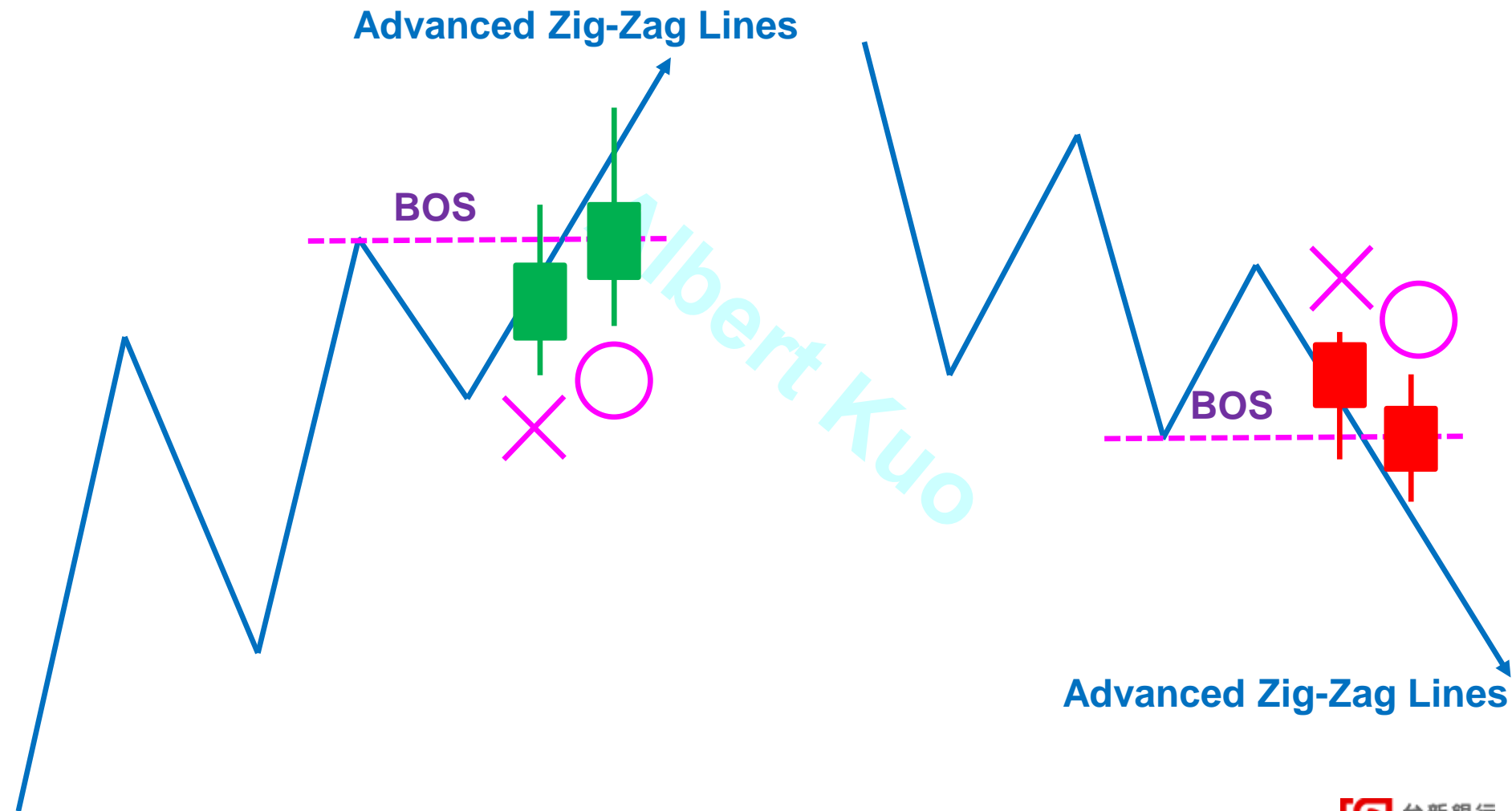


Balance Price Range(BPR)

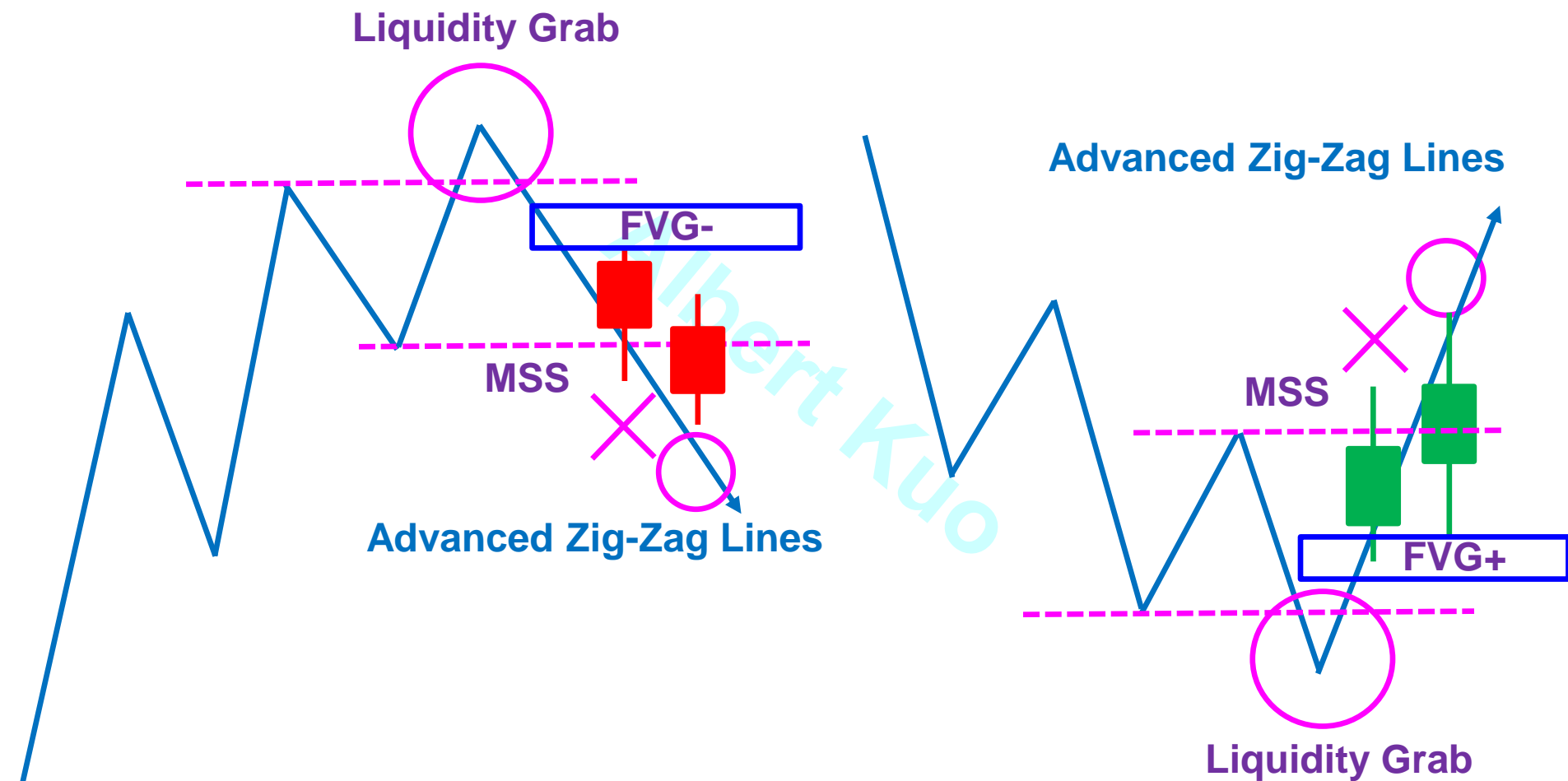
BPR is a type of IFVG but its FVG- and FVG+ almost completely overlap with each other. It's stronger than standard FVG



Break of Structure(BOS) / Continuation of Structure(COS) / Market Structure Break(MSB)

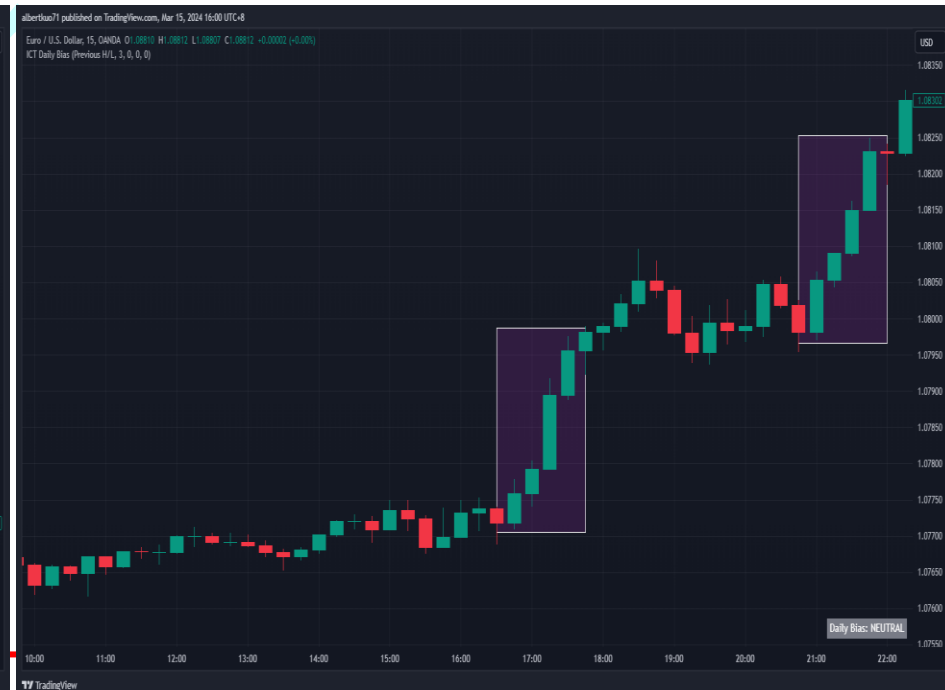
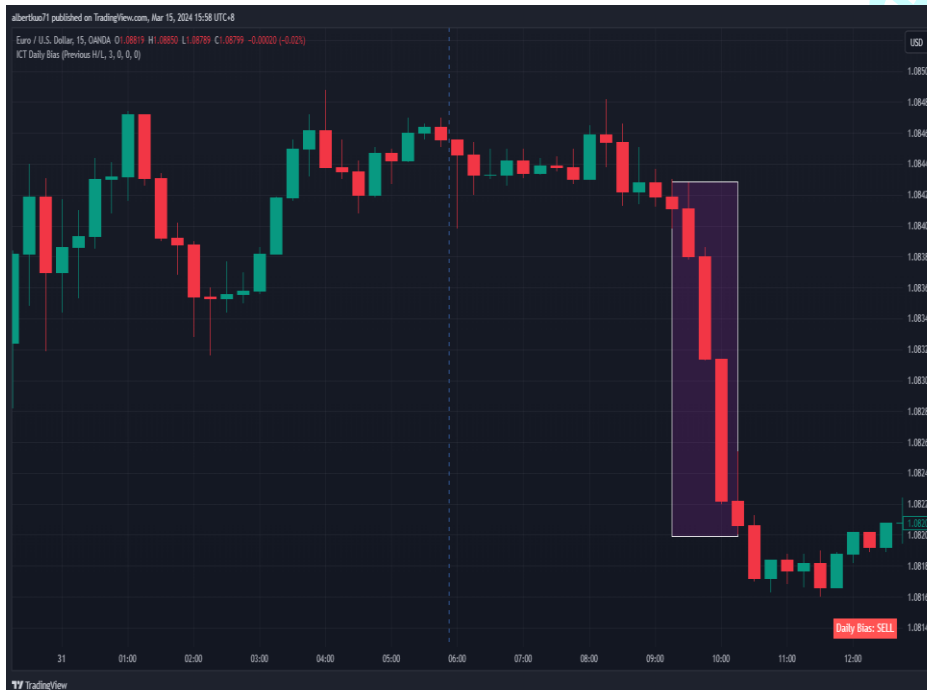


Market Structure Shift(MSS) / Change of Character(ChOCH)



Displacement

Displacement, in short, is a very powerful move in price action resulting in strong selling or buying pressure. Generally speaking, displacement will appear as a single or a group of candles that are all positioned in the same direction. These candles typically have large real bodies and very short wicks, suggesting very little disagreement between buyers and sellers. Often, a displacement will occur just after a liquidity level has been breached and will often result in the creation of both a Fair Value Gap(FVG) and a Market Structure Shift(MSS).



Market Structure Shift(MSS) / Change of Character(Choch)

MSS not only requires Liquidity Sweep(Raid) but also must exhibit clear upward or downward displacement(movement) when prices reach higher or lower lows. In the case of bullish MSS, we will witness distinct shifts through lower highs, resulting in noticeable movements towards higher highs. For bearish MSS, we will observe noticeable movements through higher lows, leading to the emergence of lower lows. How do we determine if it's "noticeable"? Simple. Look for the formation of FVG. Without FVG, the action is not aggressive enough, and thus, it is not considered "noticeable"!

Market Structure Shift(MSS) / Change of Character(ChOCH)

albertkuo71 published on TradingView.com, Mar 04, 2024 22:04 UTC+8

Euro / U.S. Dollar, 1D, OANDA O1.08398 H1.08580 L1.08379 C1.08495 +0.00097 (+0.09%)



Market Structure Shift(MSS) / Change of Character(ChOCH)

albertkuo71 published on TradingView.com, Apr 16, 2024 13:12 UTC+8

U.S. Dollar / Japanese Yen, 15, FXCM O 154.270 H 154.309 L 154.260 C 154.306 +0.036 (+0.02%)

JPY

150.000

156.000

155.950

155.900

155.850

155.800

155.750

155.700

155.650

155.600

155.550

155.500

155.450

155.400

155.350

155.300

155.250

155.200

155.150

12:00

15:00

18:00

21:00

16

03:00

06:00

09:00

12:00

15:00

MSS(Worse)

MSS(Better)

MSS(Best)

LQ Sweep

LQ Sweep

LQ Sweep

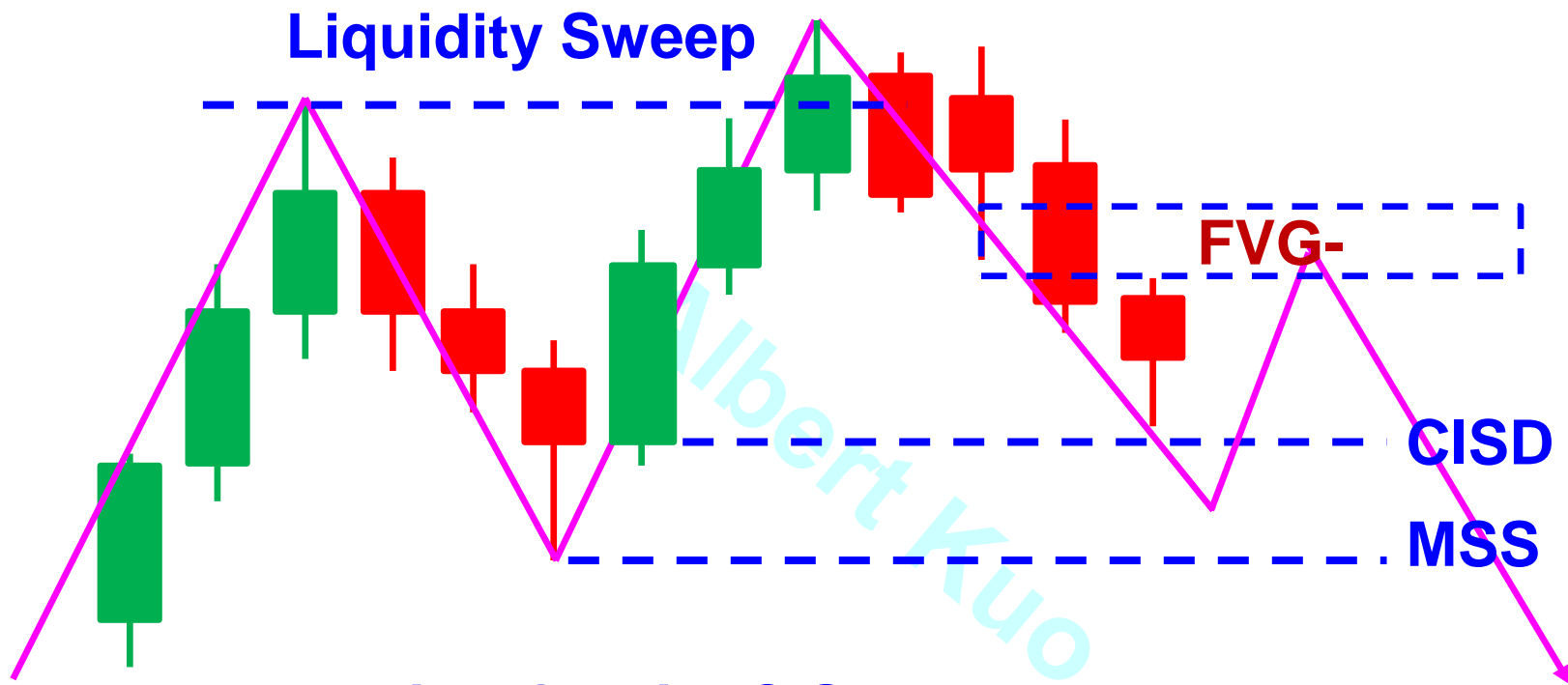
Market Structure Shift(MSS) / Change of Character(ChOCH)

albertkuo71 published on TradingView.com, Apr 16, 2024 13:20 UTC+8

U.S. Dollar / Japanese Yen, 15, FXCM O 154.315 H154.354 L154.312 C154.345 +0.030 (+0.02%)



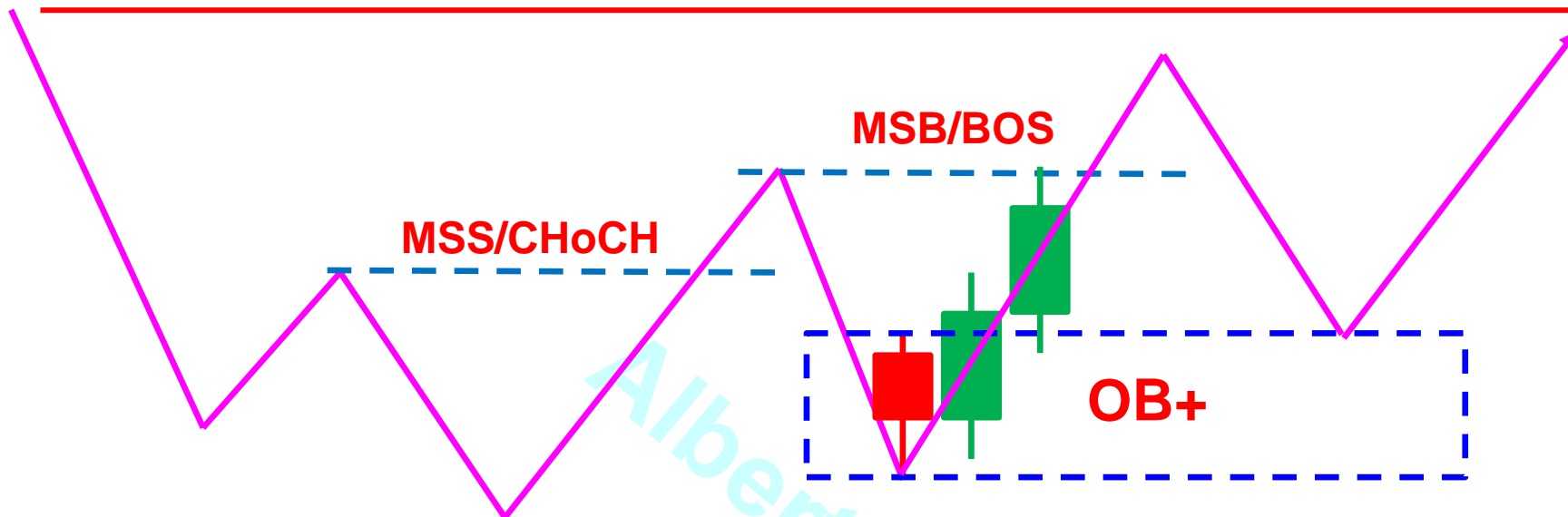
Change in State of Delivery(CISD)



High Quality CISD:

1. Near HTF R/S
2. Has momentum
3. Has liquidity sweep before CISD
4. Forms in killzones

Order Block(OB)

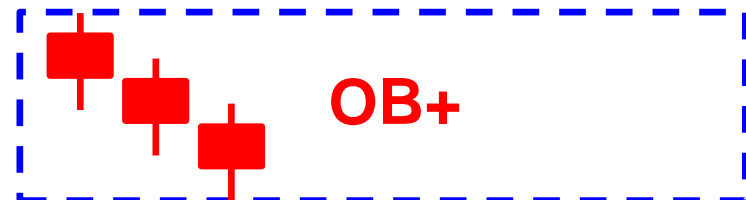
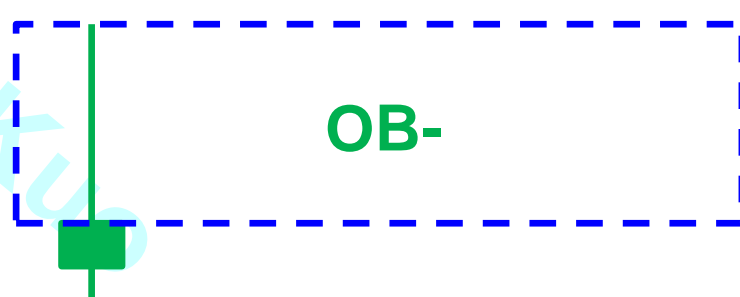
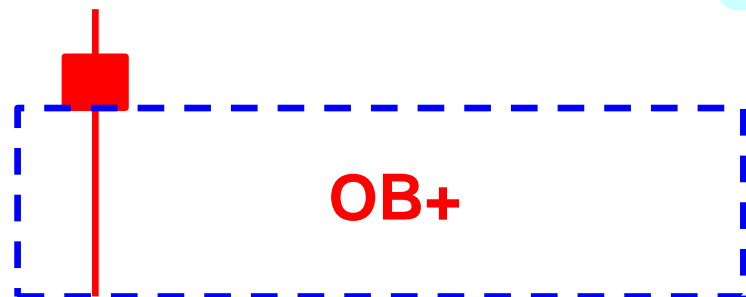
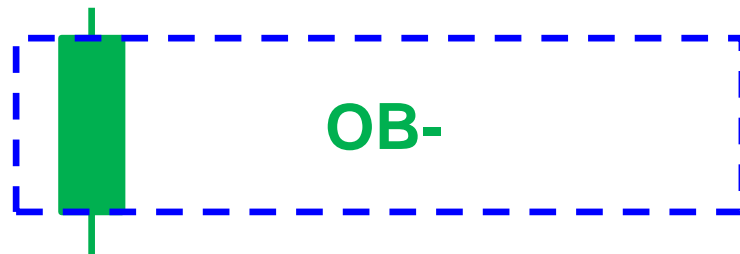
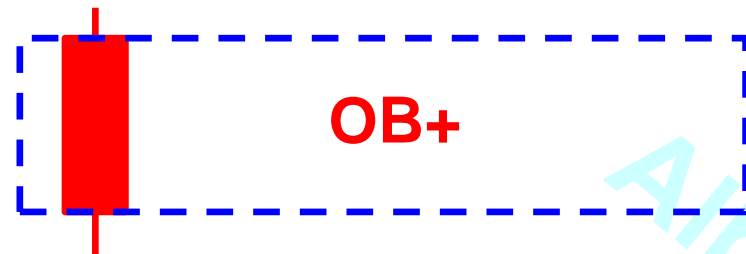
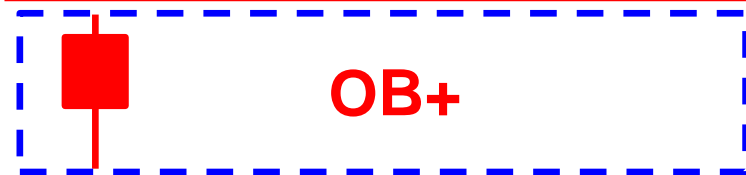


1. A good order block usually has four conditions:

- (1) Has obvious MSS/CHoCH or MSB/BOS
- (2) Is accompanied by FVG
- (3) One time use
- (4) In the discount(for OB+) / premium(for OB-) zone

2. If the previous OB has not been tested, the subsequent OBs may be trap zones.

Order Block(OB)



Order Block(OB)

albertkuo71 published on TradingView.com, Mar 18, 2024 16:15 UTC

U.S. Dollar Index, 1D, TVC O103.446 H103.581 L103.335 C103.581 +0.135 (+0.13%)

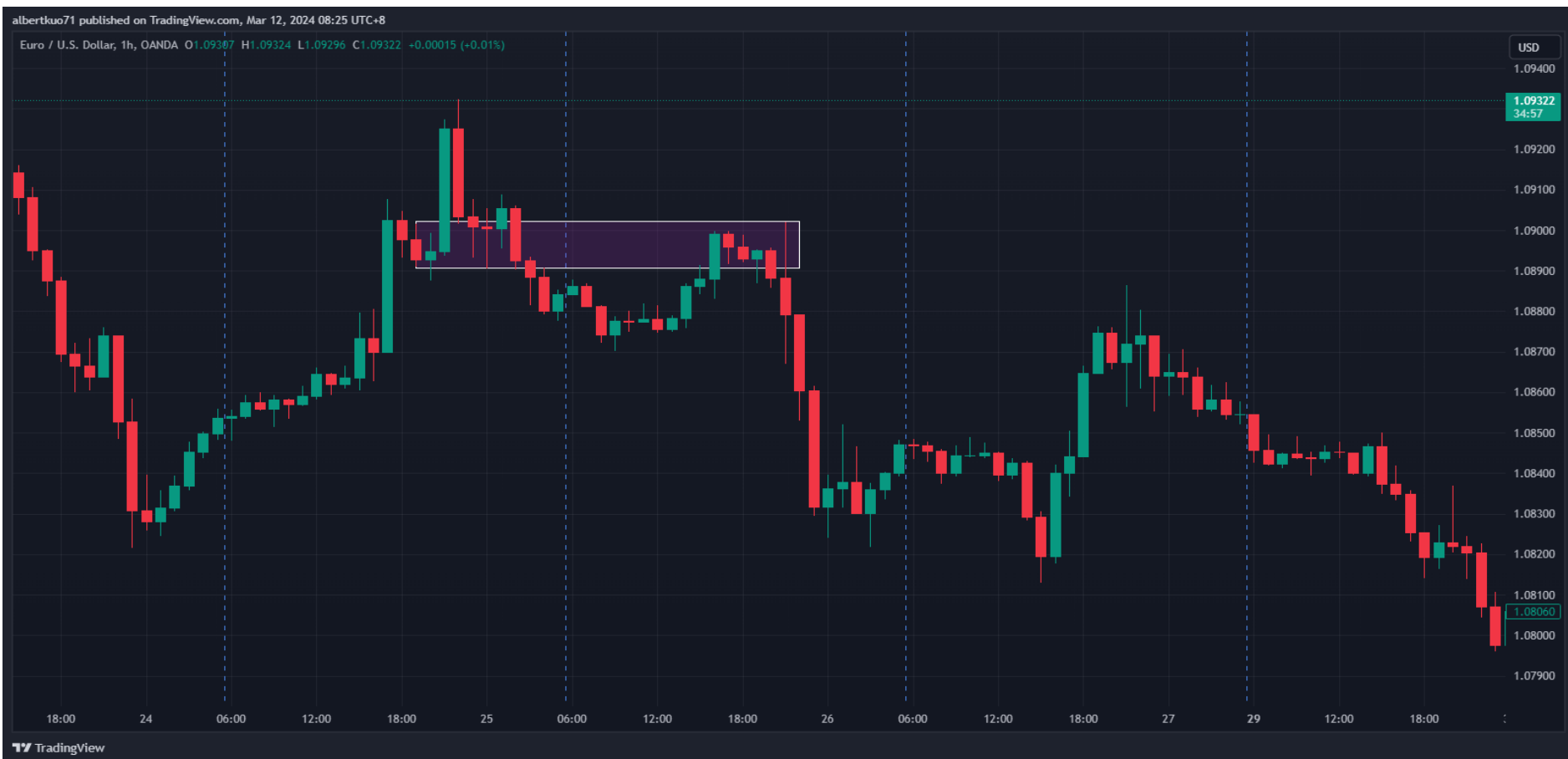
Vol: The data vendor doesn't provide volume data for this symbol.

USD



Breaker(BK)/Breaker Block(BB): Bearish

A bearish breaker block is a failed bullish order block causing a significant shift in market liquidity and structure, signaling future market movements. Once identified, a bearish breaker block acts as a new level of resistance.



Breaker(BK)/Breaker Block(BB): Bullish

A bullish breaker block is a failed bearish order block causing a significant shift in market liquidity and structure, signaling future market movements. Once identified, a bullish breaker block acts as a new level of support.



Internal & External Range Liquidity(IRL&ERL)

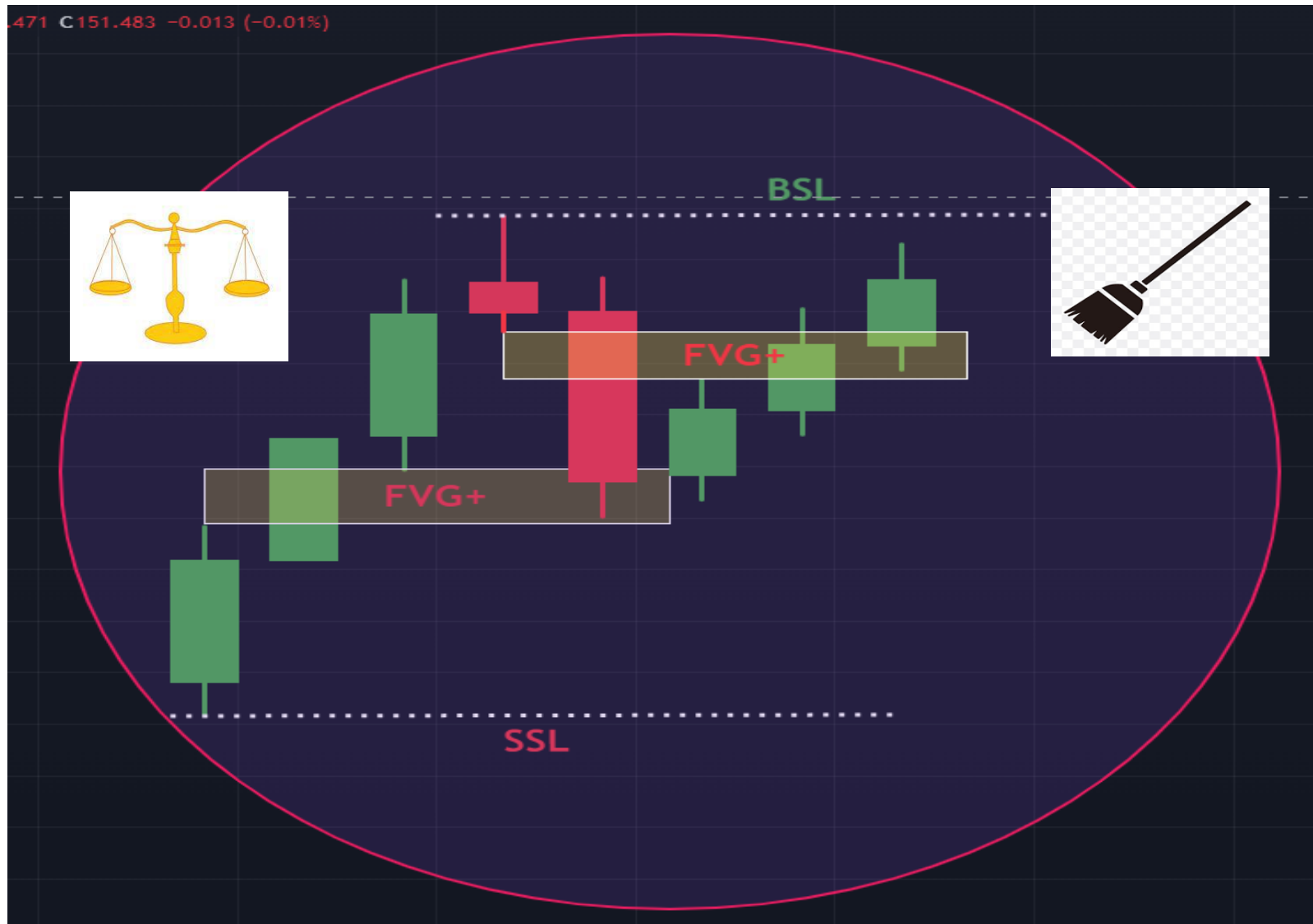
Liquidity is the cornerstone of ICT trading strategies. Although we already know buy side liquidity(BSL) / sell side liquidity(SSL) and FVG+ / FVG-, we must grasp two purposes of price movements: price rebalancing(filling or reversing FVG) and liquidity sweep. It's crucial to understand the purposes of price movements seriously.

There are two perspectives on the definitions of external and internal range liquidity. (1)use the previous trading day's or several preceding trading days' highs and lows as ERL. Once the highs and lows on the daily chart are determined, FVGs, swing highs and lows within that range constitute IRL. (2)consider all highs and lows(daily chart highs and lows, all swing highs and lows) as ERL, while FVGs are considered IRL.

Since the purpose of price movement is either price rebalancing or liquidity sweep, price either moves form ERL to IRL or from IRL to ERL. Once ERL is swept, the price may move towards IRL, and vice versa. Sometimes, prices may also move beyond the range, forming new ERL and IRL.

When ERL is swept, look for entry points within several time frames with the target being IRL, and vice versa.

Internal & External Range Liquidity (IRL&ERL)



Internal & External Range Liquidity (IRL&ERL)

albertkuo71 published on TradingView.com, Mar 31, 2024 21:27 UTC+8

Euro / U.S. Dollar, 1D, OANDA O1.08066 H1.08212 L1.07778 C1.07840 -0.00226 (-0.21%)



Internal & External Range Liquidity(IRL&ERL)



Internal & External Range Liquidity (IRL&ERL)

albertkuo71 published on TradingView.com, Mar 31, 2024 21:29 UTC+8



Internal & External Range Liquidity(IRL&ERL)

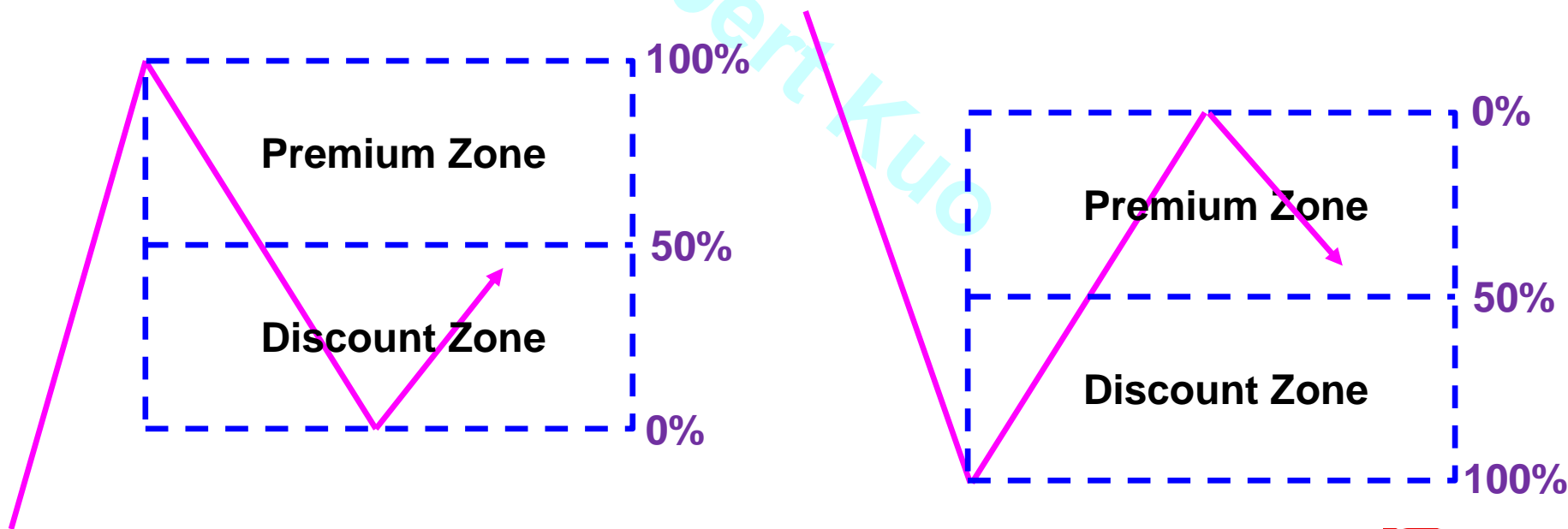
albertkuo71 published on TradingView.com, Mar 31, 2024 22:04 UTC+8

Euro / U.S. Dollar, 1D, OANDA O1.07876 H1.08058 L1.07682 C1.07932 +0.00056 (+0.05%)



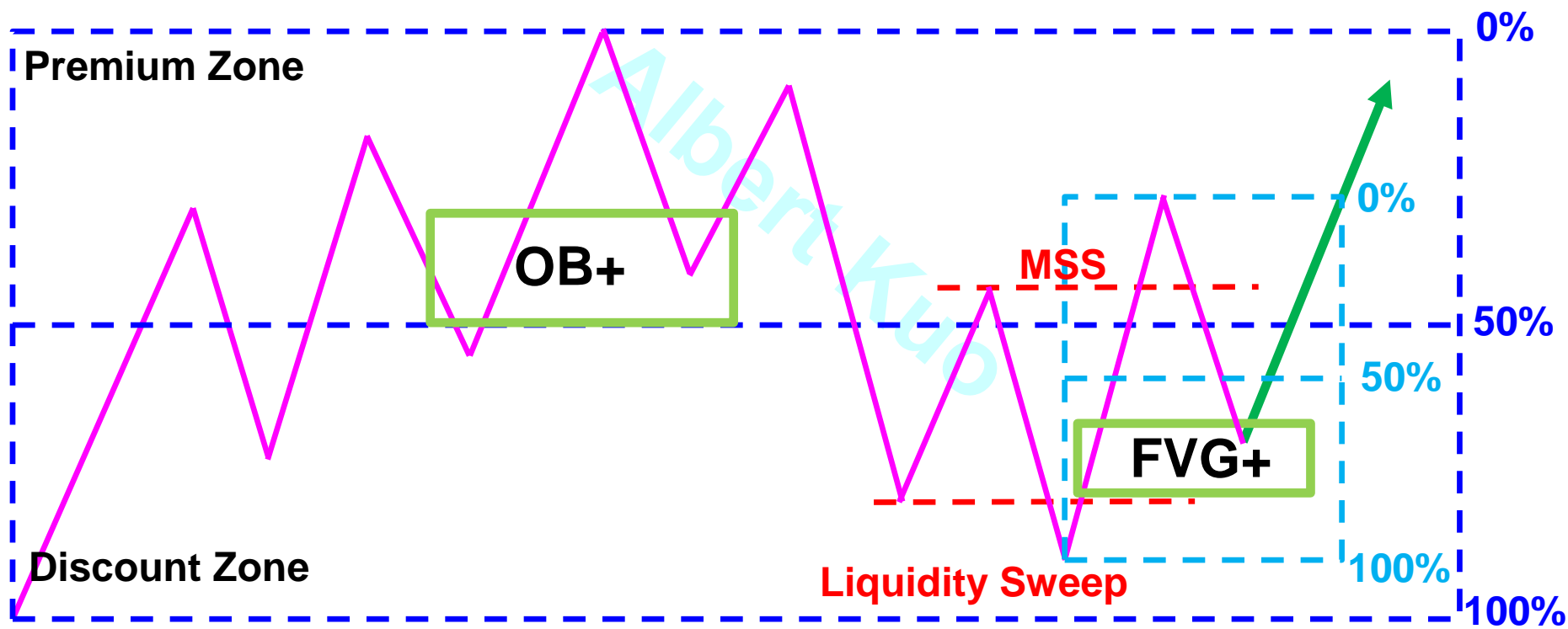
Discount & Premium Zone

We draw the Fibonacci retracement from the swing high to the swing low, and we will see that it divides the price into two sections, one is above 50 and the other is below 50. Price above 50 is the premium zone and below 50 is the discount zone. It's better to short in Premium Zone and long in Discount Zone.



Discount & Premium Zone

After MSS occurs, we'd better make an entry when the price pulls back to OB or FVG in the discount(for long) / premium(for short) zone.



How to Decide Daily Bias

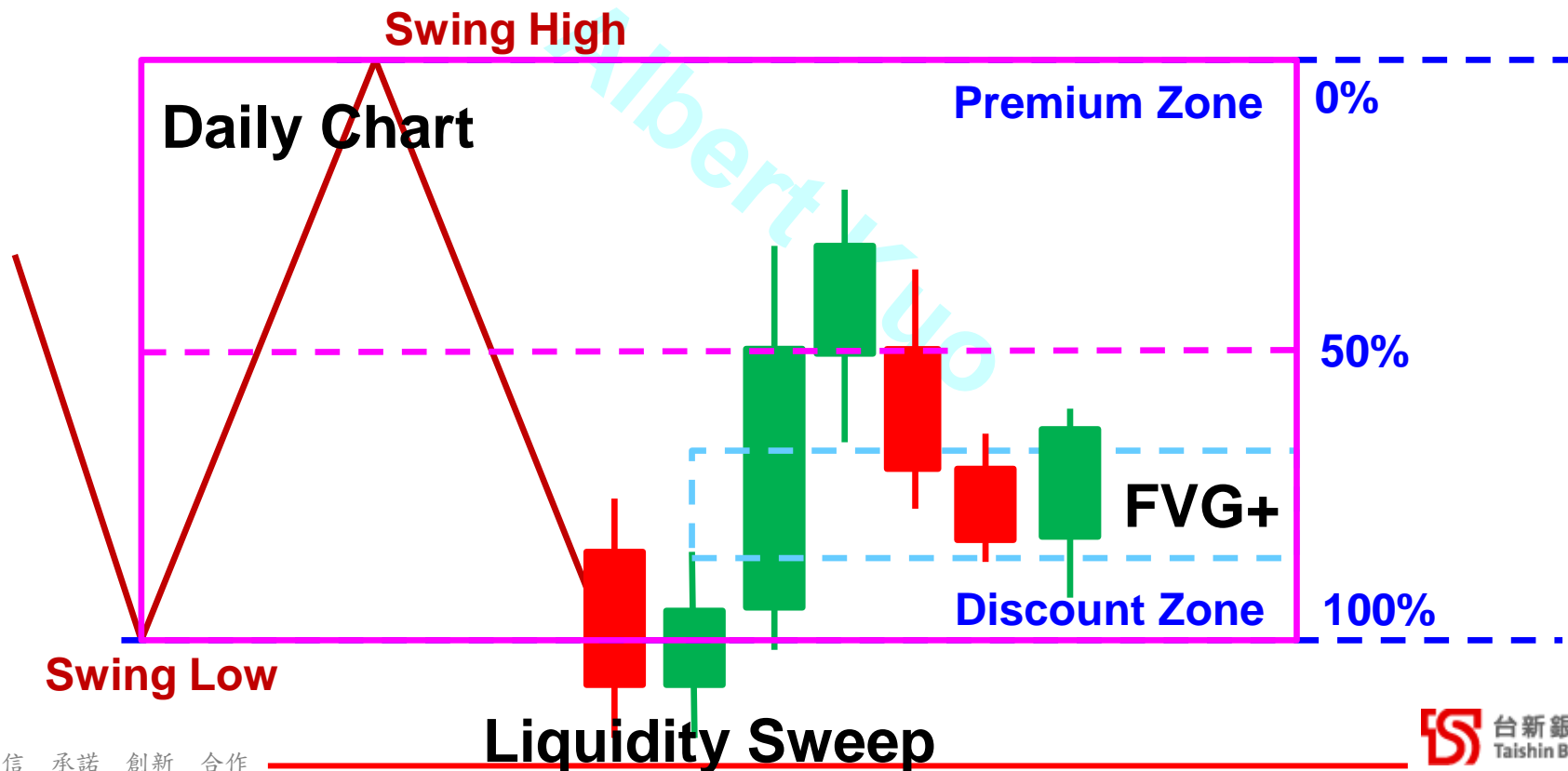
Daily bias refers to the overall prediction of market direction and sentiment for the upcoming day. It's an analysis we conduct on higher time frames such as weekly, daily and 4-hour charts to better understand market conditions that may not be visible on our entry time frame.

Step-by-Step Approach for Developing ICT Daily Bias:

1. To establish a daily bias, begin by analyzing a daily chart and marking the recent swing high and swing low.
2. Identify the draw-on liquidity. Determine whether the recent activity leans towards SSL or BSL on the daily timeframe. If the price has recently swept the SSL, there's a strong likelihood that the next drawn-on liquidity will be buy-side and vice versa.

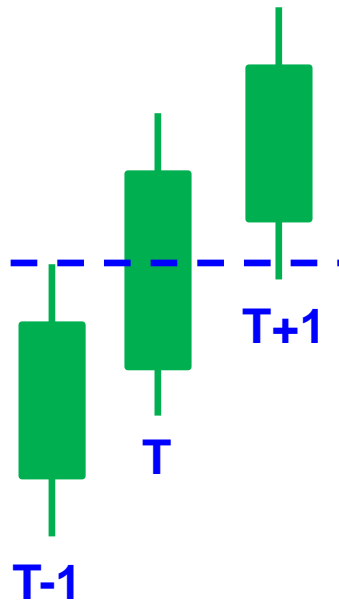
How to Decide Daily Bias

3. Examine whether the price is within a premium or discount zone. If it resides in the premium zone, the daily bias should lean towards a short position and vice versa.
4. Examine whether the price is within a FVG or OB.

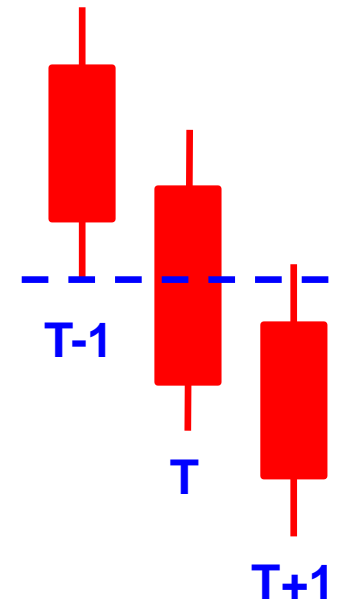


How to Decide Daily Bias

5. Use bar(T-1) and bar(T) to decide the daily bias of bar(T+1)



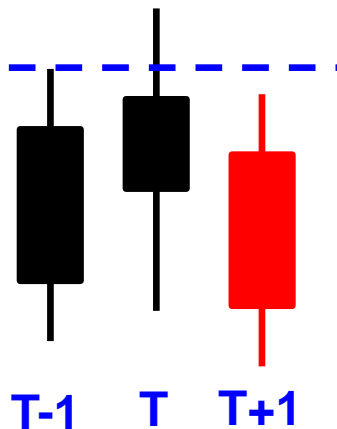
If bar(T)'s close is above bar(T-1)'s high, the daily bias of day T+1 is bullish



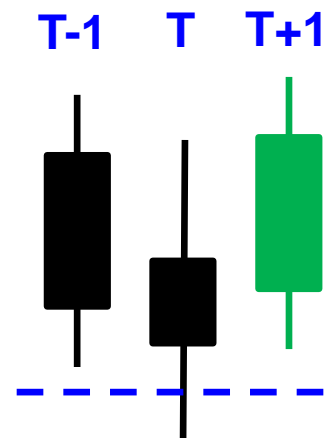
If bar(T)'s close is below bar(T-1)'s low, the daily bias of day T+1 is bearish

How to Decide Daily Bias

Green bar is bullish, red bar is bearish, black bar can represent bullish or bearish.

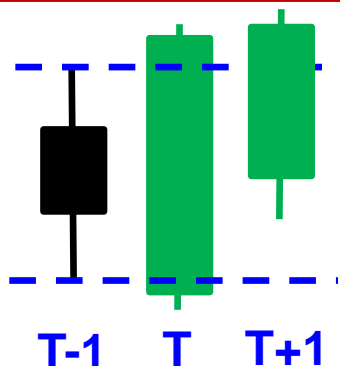


If bar(T)'s high is above bar(T-1)'s high but its close is below bar(T-1)'s high, no matter what bar(T) is bullish or bearish, the daily bias of day T+1 is bearish

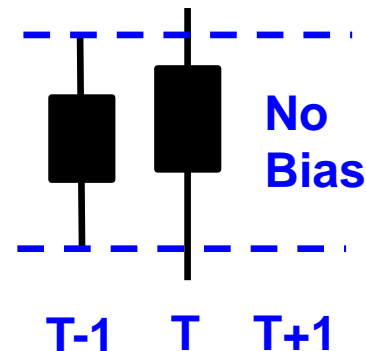


If bar(T)'s low is below bar(T-1)'s low but its close is above bar(T-1)'s low, no matter what bar(T) is bullish or bearish, the daily bias of day T+1 is bullish

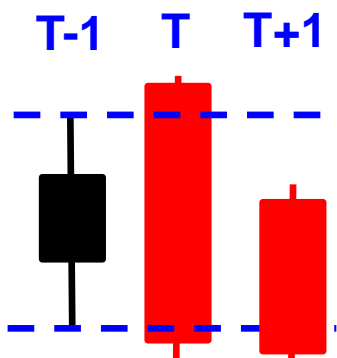
How to Decide Daily Bias



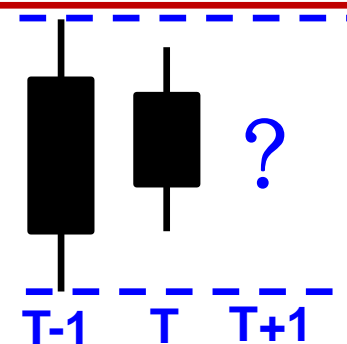
If bar(T)'s close and open cover bar(T-1)'s high and low, it will refer to bar(T) for bias(Bullish)



If bar(T) touches both bar(T-1)'s low and high but closes inside that range, no bias is assigned



If bar(T)'s close and open cover bar(T-1)'s high and low, it will refer to bar(T) for bias(Bearish)



If bar(T) never touches bar(T-1)'s high and low, there're 3 versions for bias of day T+1: (1)bar(T-1) (2)bar(T) (3)No Bias

How to Decide Daily Bias

albertkuo71 published on TradingView.com, Mar 14, 2024 19:26 UTC+8

S&P 500 Index, 1D, SP D4450.69 H4476.23 L4443.98 C4464.06 -4.78 (-0.11%)

TTrades Daily Bias [TFC] (Top, Bottom, 1, Top Right, Normal) 0.00 0.00 0.00 0.00 1.00



How to Decide Daily Bias

If conditions 2 to 5 exhibit the same results as mentioned above, then we have more confidence in determining the daily bias for the next day.

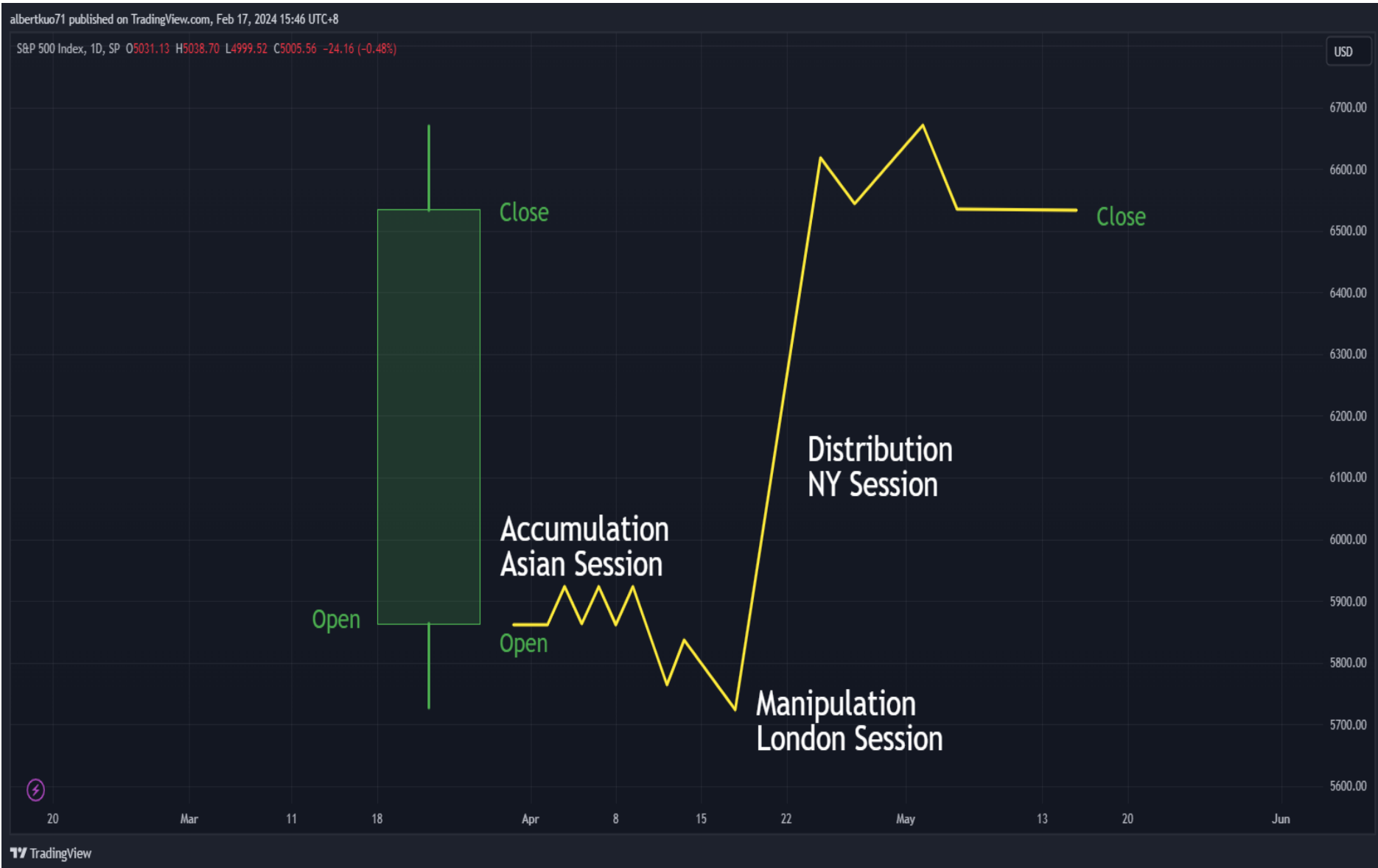
For intraday trading, (1) If daily bias is bullish, we'd better only make a long entry below or near the open price. (2) If daily bias is bearish, we'd better only make a short entry above or near the open price.

Power of Three(PO3)

ICT Power of Three is a strategy that reveal the market maker algorithm model for price delivery. PO3 simply means there are 3 things market makers algorithm do with price in ever trading days.

- 1. Accumulation**
- 2. Manipulation**
- 3. Distribution**

Power of Three(PO3)



Power of Three(PO3)

Example of Power of Three for weekly timeframe:

If weekly bias is bullish, Monday is accumulation, Tuesday & Wednesday are manipulation, Thursday & Friday are distribution.

Example of Power of Three on GBPUSD:

- 1. Accumulation: Prices range during Asian session, accumulating liquidity on both sides of long and short.**
- 2. Manipulation: Prices break the high of the accumulation during London session to take out SSL and then fill the previous day imbalance.**
- 3. Distribution: Prices move away from the FVG- leading to a shift in market structure on 15M timeframe, plus a short pull back, followed by a massive move to the downside during the NY session.**

Power of Three(PO3)



Power of Three(PO3)

Example of Power of Three for two phases(UTC+8):

1. Accumulation: Asian Session(8:00~13:30)
2. Manipulation: Before London Open(13:30~15:00)
3. Distribution: London Session(15:00~18:00)
4. Accumulation: Before NY Open(18:00~20:30)
5. Manipulation: NY Morning Session(20:30~22:00)
6. Distribution: NY Session(22:00~24:00)



Power of Three(PO3)



Power of Three(PO3)

According to daily bars of 2023/8/28 and 2023/8/29, we know the daily bias of 2023/8/30 is bullish, so we should only make a long entry on 2023/8/31.



Power of Three(PO3)

According to daily bars of 2023/9/4 and 2023/9/5, we know the daily bias of 2023/9/6 is bearish, so we should only make a short entry on 2023/9/6



Power of Three(PO3)

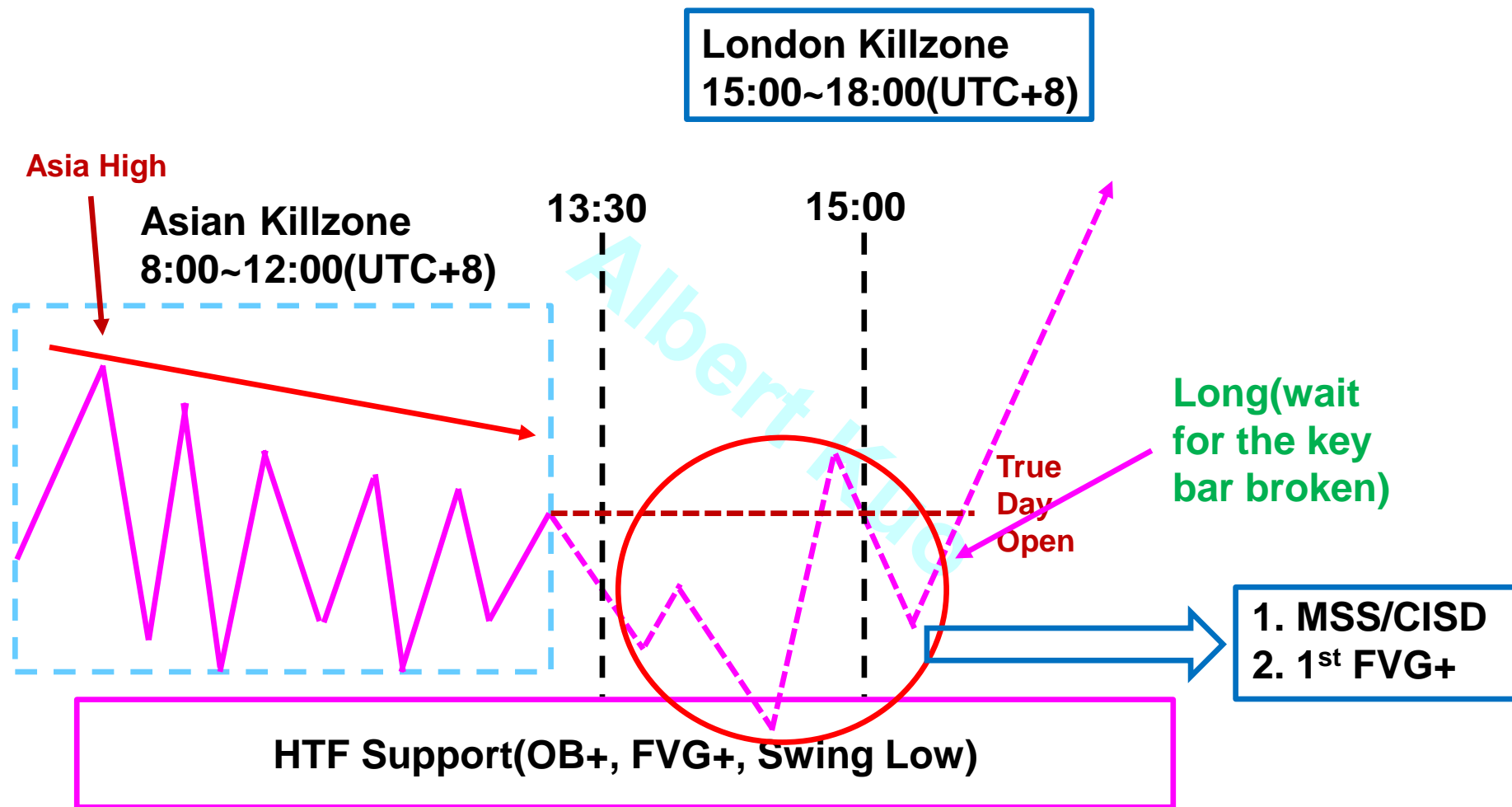
The daily bias on 2023/11/14 is bullish so we should only long on that day.



Killzone

1. What are the killzones? Killzones are basically the important times of the day when a lot of liquidity is injected into the market, providing perfect trading opportunities.
2. HTF POI(Point of Interest) Zone: OB, FVG, Swing High/Low, Breaker, Flip Zone, OTE(Optimal Trade Entry)....
3. Before touching HTF POI Zone, if it forms obvious consolidation in Asian session, we can expect high probability of liquidity sweep in London or NY killzone.
4. It's better if the liquidity sweep occurs in London/NY killzone or just before it.
5. Killzones:
 - London: 3:00pm ~ 6:00pm (UTC+8 Timing Winter)
2:00pm ~ 5:00pm (UTC+8 Timing Summer)
 - New York: 8:00pm ~ 11:00pm (UTC+8 Timing Winter)
7:00pm ~ 10:00pm (UTC+8 Timing Summer)
 - Asan: 8:00am ~ 12:00pm (UTC+8)

London Killzone(Long)



London Killzone(Long)

albertkuo71 published on TradingView.com, Feb 19, 2024 11:52 UTC+8

Australian Dollar / U.S. Dollar, 5, OANDA O0.66050 H0.66092 L0.66044 C0.66082 +0.00032 (+0.05%)

Multi-Time Period Charts (1M, High/Low Range)

The daily bias is bullish today, so we should only make a long entry then.



London Killzone(Short)

HTF Resistance(OB-, FVG-, Swing High)

1. MSS/CISD
2. 1st FVG-

Short(wait
for the key
bar broken)

True
Day
Open

13:30

15:00

Asian Killzone
8:00~12:00(UTC+8)

London Killzone
15:00~18:00(UTC+8)

Asia Low

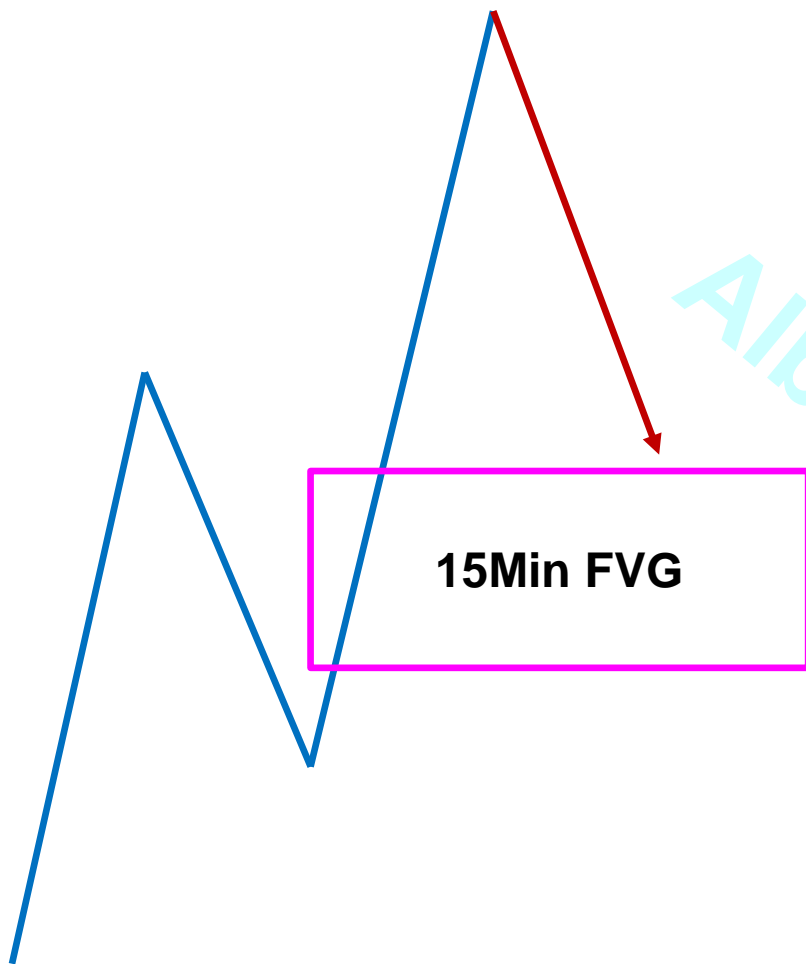
Two Liquidity Pools Sweep

If two liquidity pools are swept before the Market Structure Shift (MSS) occurs, this MSS becomes more reliable, serving as a strong signal of an impending market reversal. Below is a diagram illustrating the two liquidity pools, encompassing buy side liquidity of external liquidity (BSL 2) and internal liquidity (BSL 1).

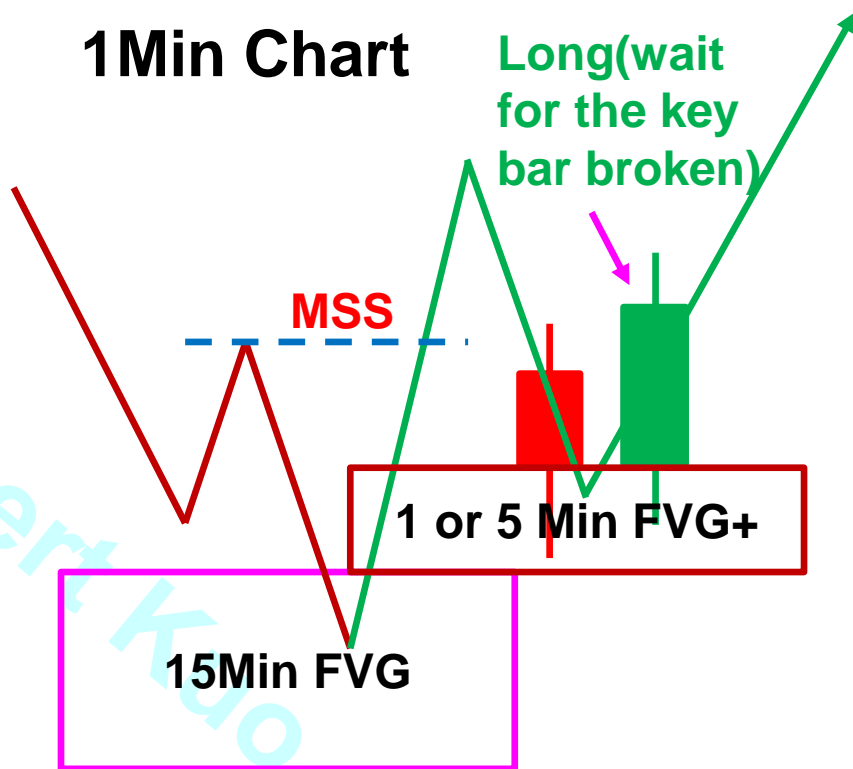


How to trade FVG(Long)

15Min Chart



1Min Chart



1. Liquidity Sweep
2. Displacement
3. MSS(Choch)
4. FVG

How to trade FVG(Short)

15Min Chart

1Min Chart

1. Liquidity Sweep
2. Displacement
3. MSS(ChOCH)
4. FVG

15Min FVG

15Min FVG

1 or 5 Min FVG-

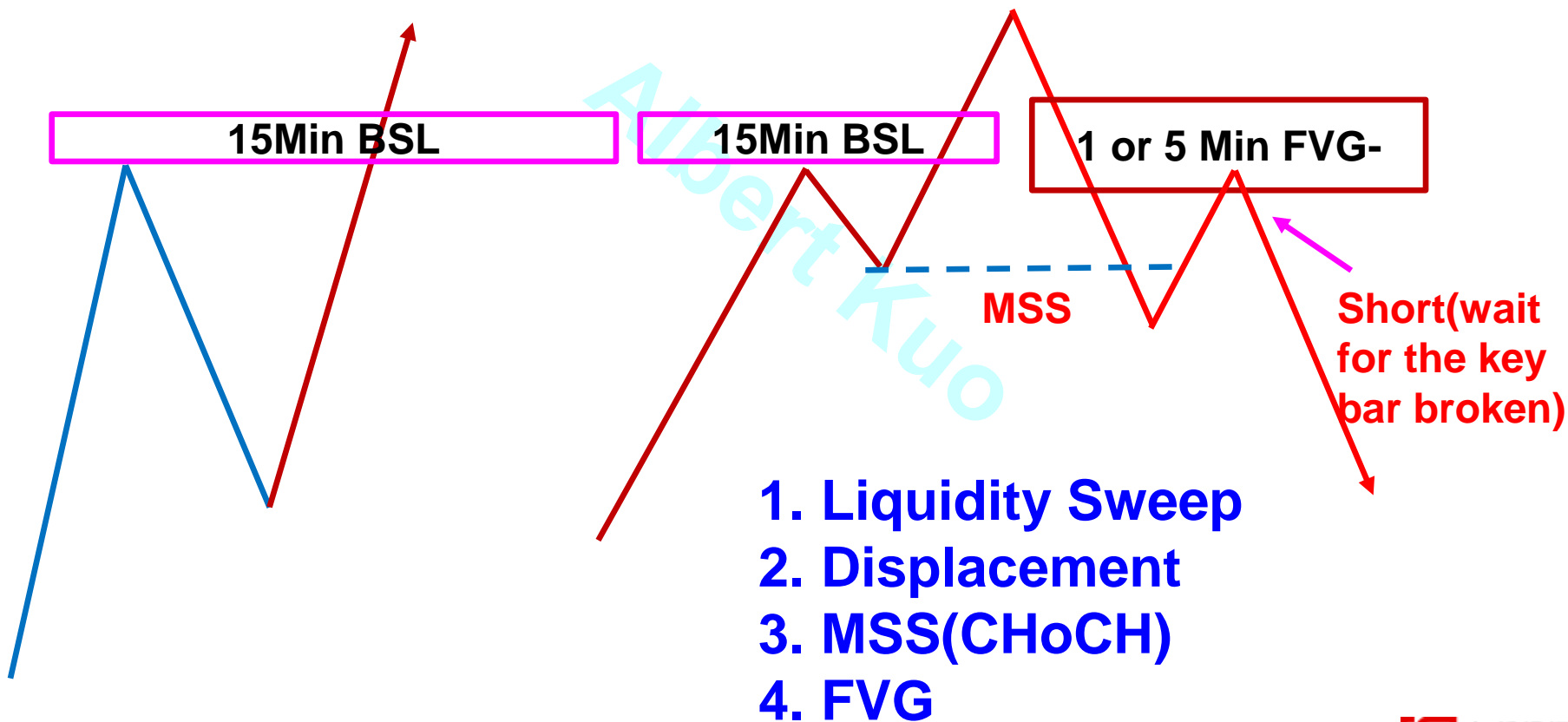
MSS

Short(wait
for the key
bar broken)

How to trade BSL(Short)

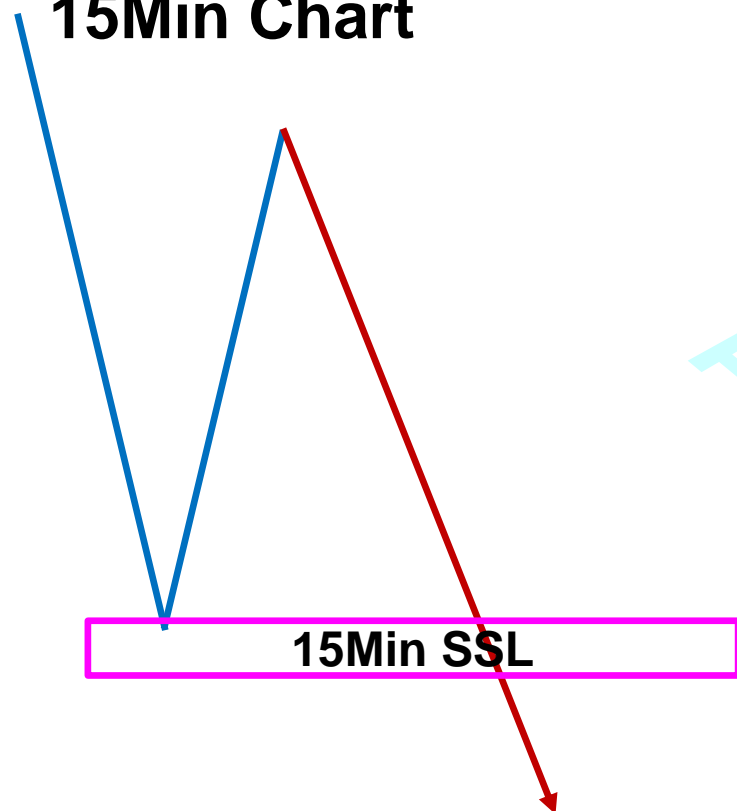
15Min Chart

1Min Chart

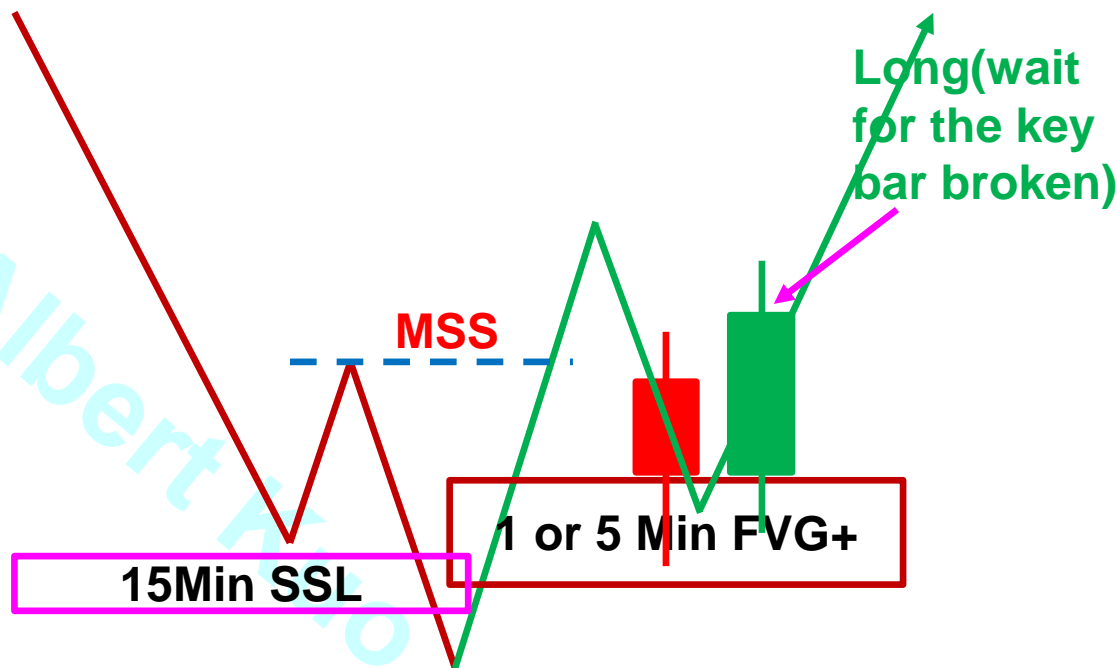


How to trade SSL(Long)

15Min Chart

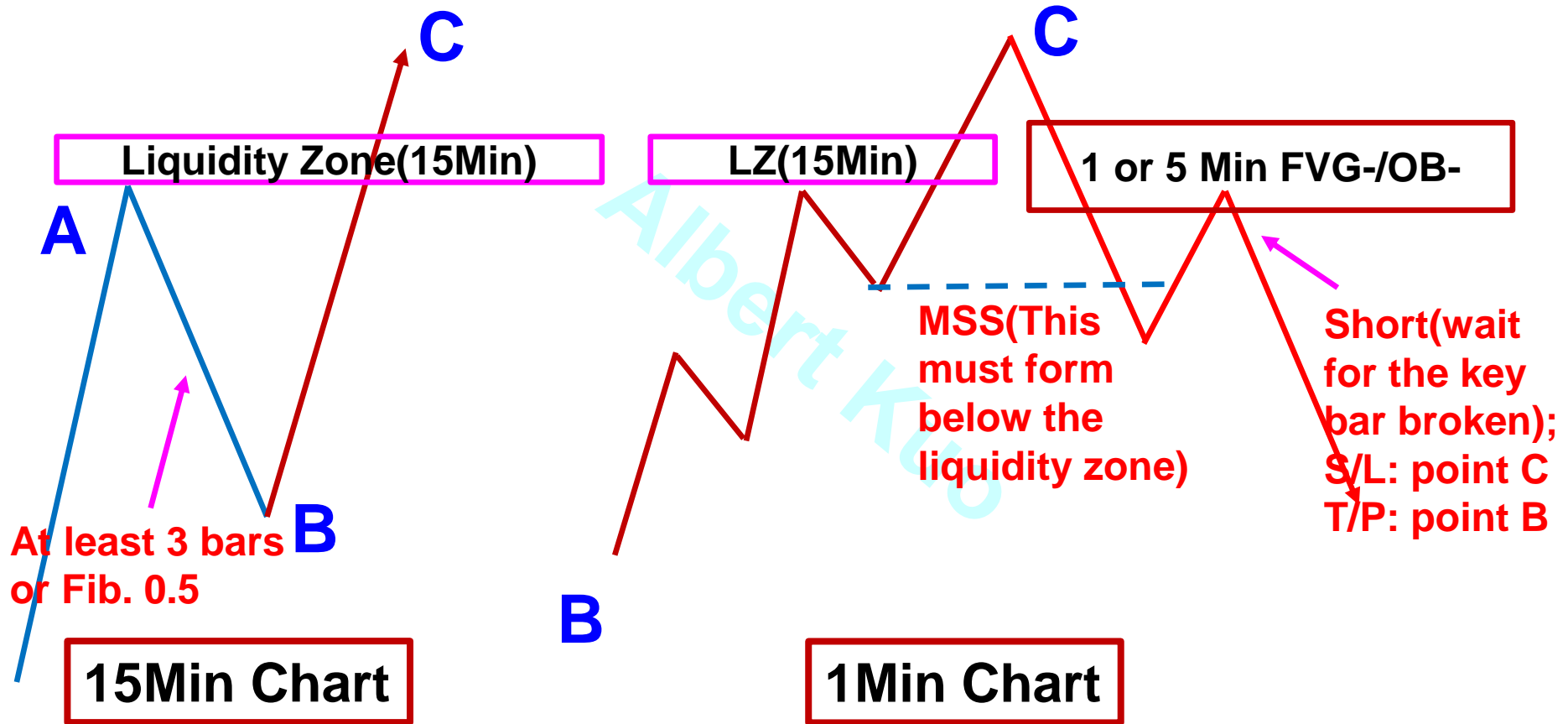


1Min Chart



1. Liquidity Sweep
2. Displacement
3. MSS(Choch)
4. FVG

ICT: ABC Pattern(Short)

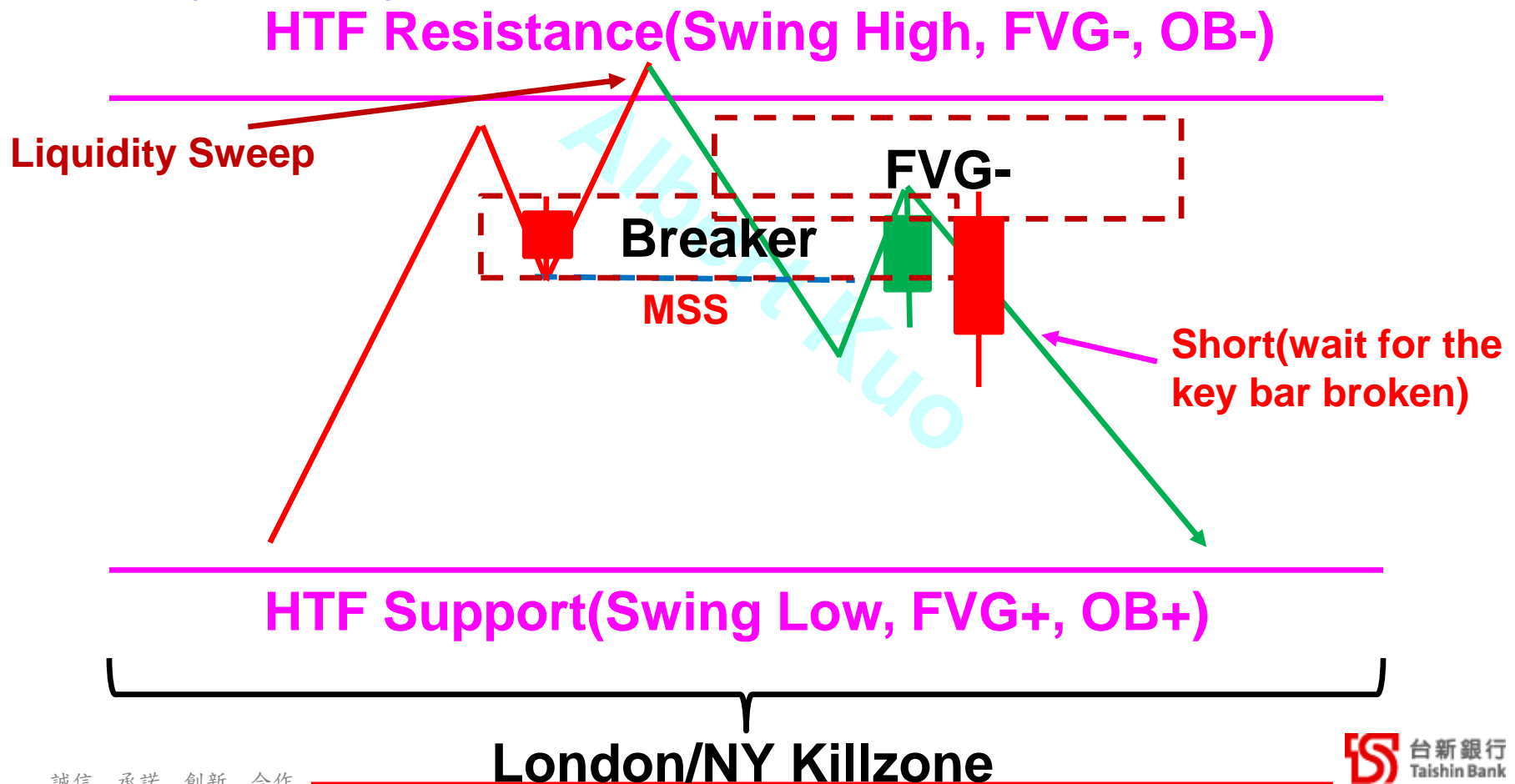


ICT: ABC Pattern(Short)



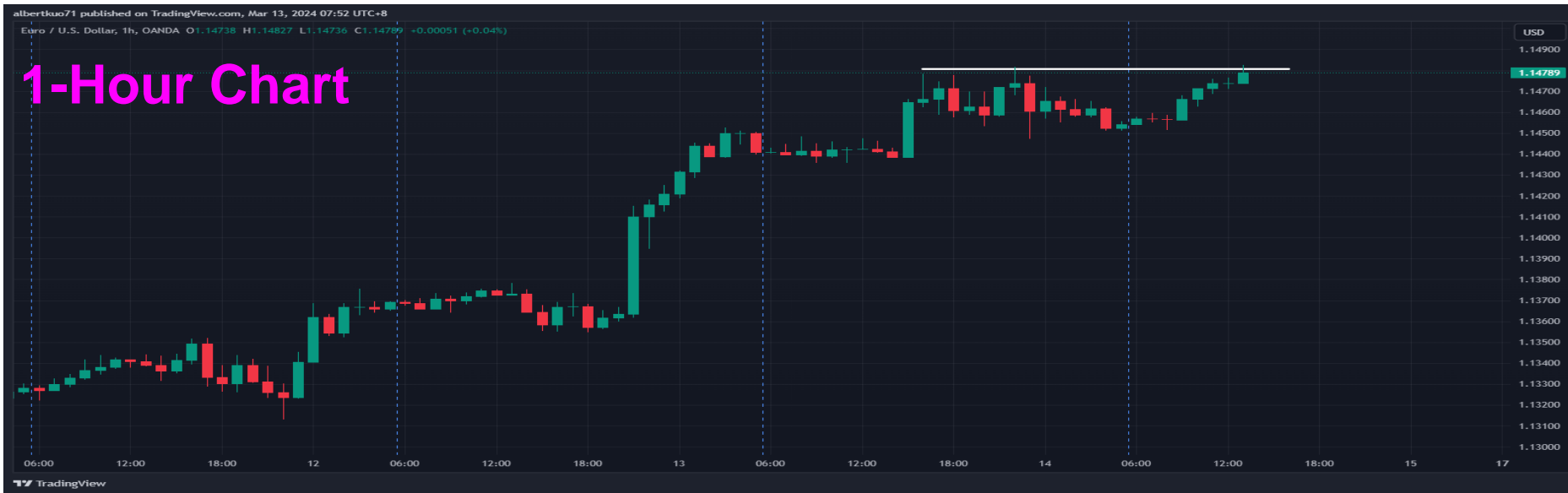
ICT: Unicorn Model(Short)

1. It consists of “Breaker”, “FVG-” and “killzone”.
2. The Breaker and FVG- must overlap with each other partly or fully.



ICT: Unicorn Model(Short)

1-Hour Chart



15-Min Chart



ICT: Unicorn Model(Short)

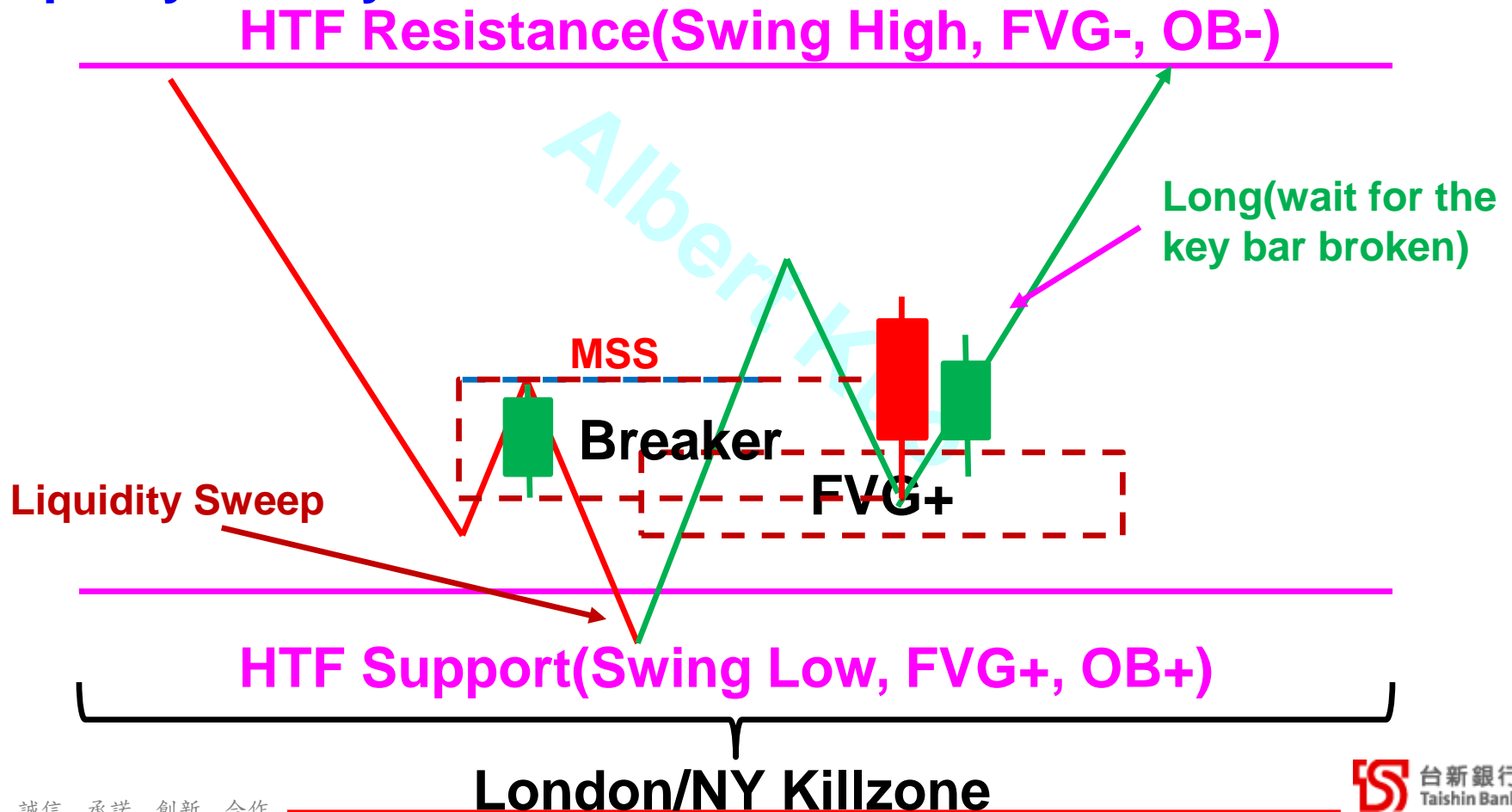
albertkuo71 published on TradingView.com, Mar 13, 2024 08:01 UTC+8

Euro / U.S. Dollar, 15, OANDA O1.14488 H1.14510 L1.14334 C1.14382 -0.00106 (-0.09%)



ICT: Unicorn Model(Long)

1. It consists of “Breaker”, “FVG+” and “killzone”.
2. The Breaker and FVG+ must overlap with each other partly or fully.



ICT: Unicorn Model(Long)

albertkuo71 published on TradingView.com, Mar 13, 2024 09:03 UTC+8

Euro / U.S. Dollar, 15, OANDA O1.18278 H1.18356 L1.18278 C1.18336 +0.00058 (+0.05%)

USD



ICT: Flip Pattern(Short)

1. The price should experience rejection from a HTF resistance zone(OB, FVG, Swing High)
 2. It should retest the last support zone(OB or FVG) and be driven upward, displaying a rejection.
 3. The price shouldn't establish a new higher high and instead break through the previously tested support zone.
 4. This break creates a resistance zone known as the flip zone.
 5. If the price retests the flip zone, shift to LTF to look for an entry opportunity.
- * To some extent, Flip Pattern is quite similar to “Head and Shoulders” Pattern.
 - * The same principles apply to the “Long” scenario.

ICT: Flip Pattern(Short)

albertkuo71 published on TradingView.com, Mar 21, 2024 10:36 UTC+8

Euro / U.S. Dollar, 1D, OANDA O1.09220 H1.09390 L1.09194 C1.09342 +0.00121 (+0.11%)

USD

1.28500

1.28000

1.27500

1.27000

1.26500

1.26000

1.25500

1.25000

1.24500

1.24000

1.23500

1.23000

1.22500

1.22000

1.21500

1.21000

Higher Time Frame Resistance(OB-, FVG- or Swing High)

MTF Flip Zone

MTF OB+

LTF OB- or FVG-

MSS

14

21

Dec

12

19

2023

9

16

23

Feb

13

20

Mar

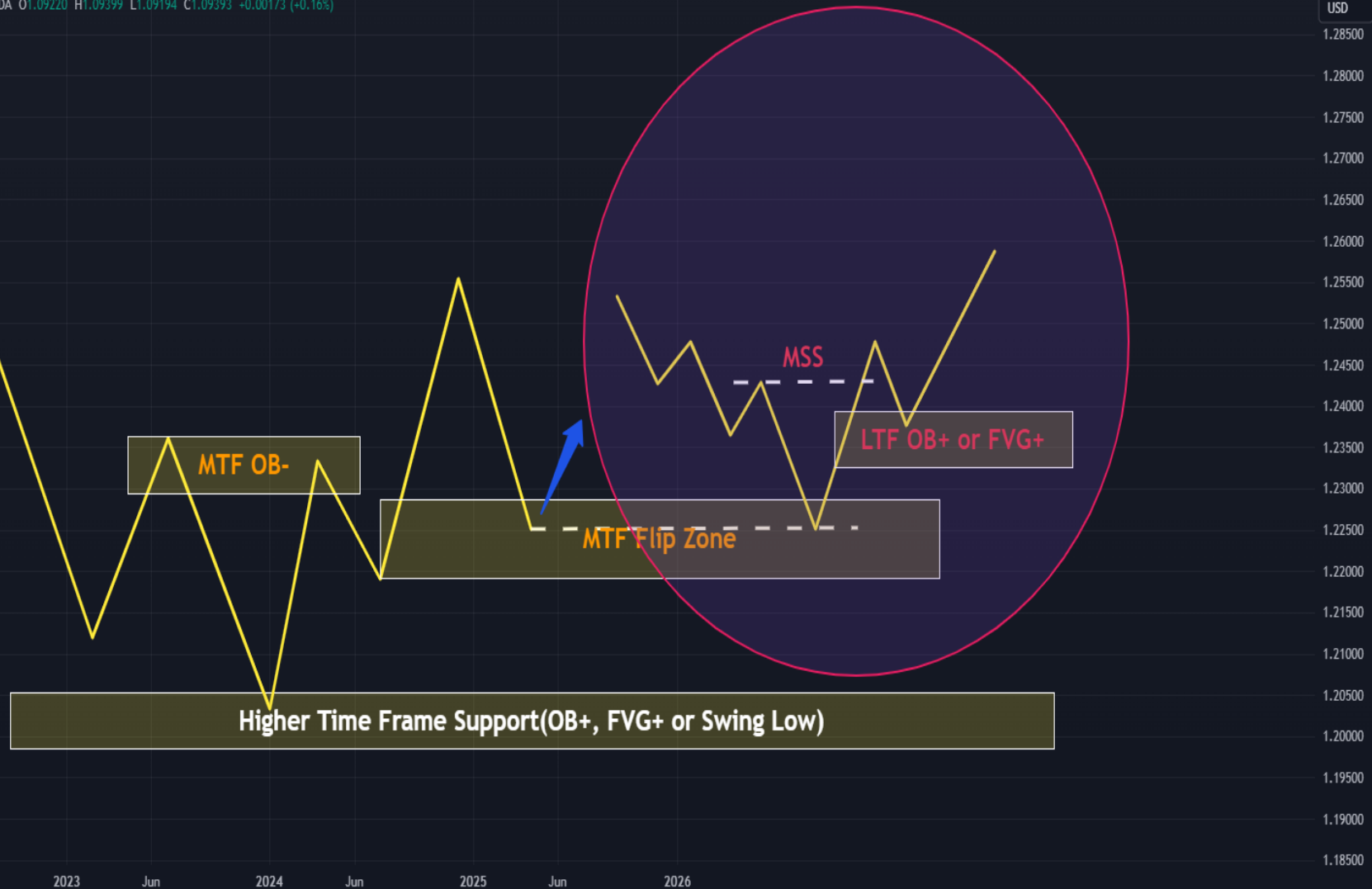
ICT: Flip Pattern(Short)



ICT: Flip Pattern(Long)

albertkuo71 published on TradingView.com, Mar 21, 2024 15:02 UTC+8

Euro / U.S. Dollar, 1D, OANDA O1.09220 H1.09399 L1.09194 C1.09393 +0.00173 (+0.16%)



ICT: Flip Pattern(Long)

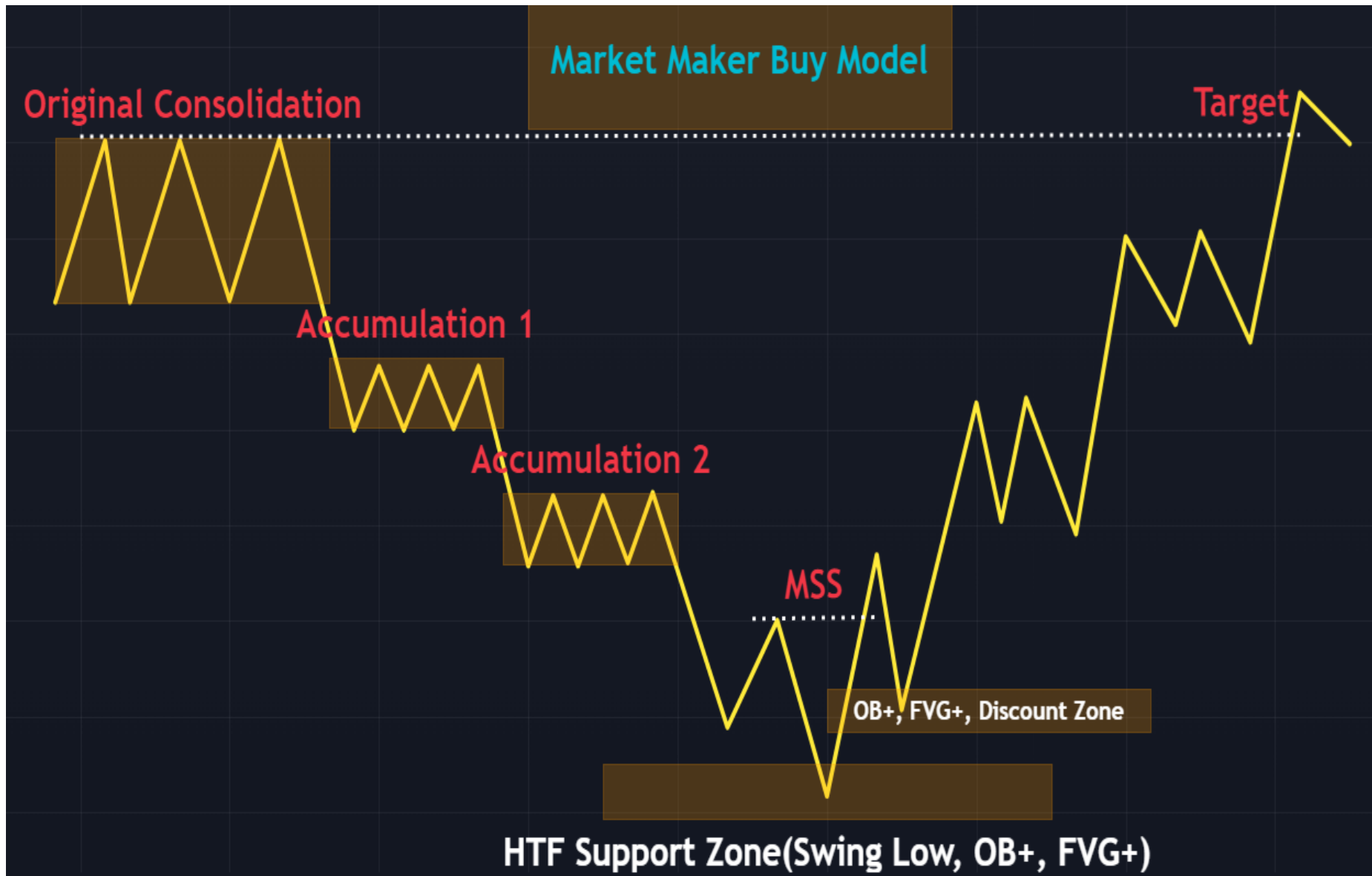
Daily Chart



1-Hour Chart



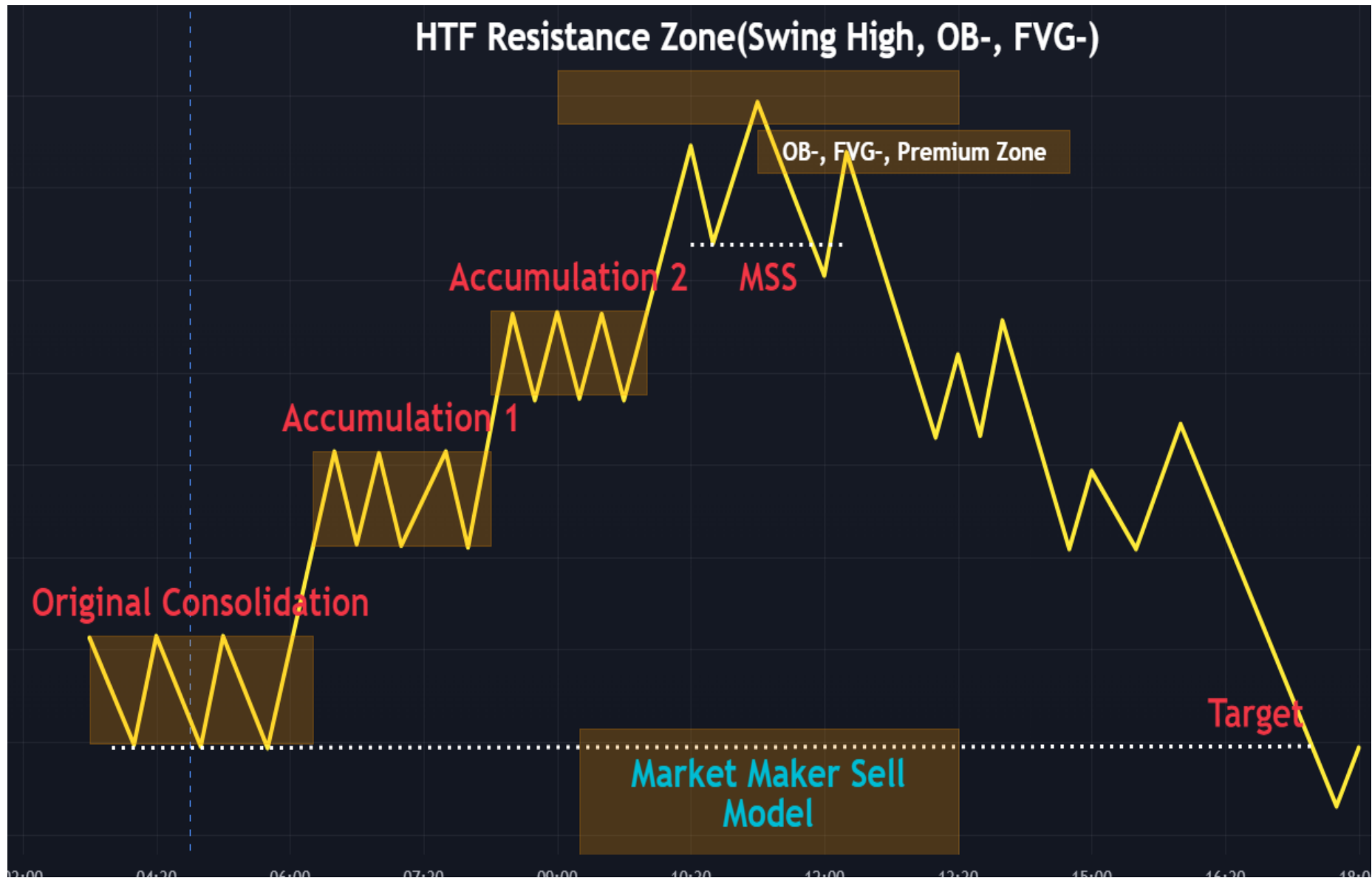
ICT: MMXM(Market Maker Buy Model)



ICT: MMXM(Market Maker Buy Model)



ICT: MMXM(Market Maker Sell Model)



ICT: MMXM(Market Maker Sell Model)

albertkuo71 published on TradingView.com, Apr 06, 2024 16:20 UTC+8

British Pound / U.S. Dollar, 1D, OANDA O1.28082 H1.28940 L1.28010 C1.28570 +0.00488 (+0.38%)

Daily Chart



TradingView

albertkuo71 published on TradingView.com, Apr 06, 2024 16:19 UTC+8

British Pound / U.S. Dollar, 1h, OANDA O1.26816 H1.26949 L1.26808 C1.26924 +0.00108 (+0.09%)

1-Hour Chart



TradingView

ICT: ABC Pattern + MMXM(3 Timeframes)

