Of course. Here are the structured notes on the core concepts from the ICT training video on Institutional Swing Points.

**Core Thesis: The Two Institutional Swing Points**

The central idea is that all market turnarounds are orchestrated by institutions in one of two ways. Instead of memorizing countless chart patterns, a trader only needs to identify which of these two patterns is unfolding.

1. **The Breaker Swing Point** (The Stop Run)
2. **The Failure Swing Point**

**1. The Breaker Swing Point (Optimal & Preferred)**

This is described as the most powerful and dynamic pattern. It's fundamentally a **stop run** or a "fake out," where the market pushes just beyond a previous high or low to trigger stops and trap traders before aggressively reversing.

**📈 Bullish Breaker (Buying)**

* **Scenario:** The market is in a potential support area. It forms a short-term low, gives a small bounce, and then drives **one more time lower**, breaking below the recent low. This move runs the sell stops and hits a key institutional support level (like a bullish order block or fills a fair value gap). The price then aggressively rallies.
* **Entry Strategies:**
  + **Optimal Entry (The "Turtle Soup"):** Buy as the market breaks below the previous low, entering at the deepest possible discount. This is psychologically difficult but offers the highest reward. [00:13:09.600]
  + **Confirmation Entry:** If you miss the initial low, wait for the price to rally and break the short-term high that was formed *before* the new low was made (a "market structure shift"). Then, place a buy order on a retracement back **down to the level of that broken high**. Your stop loss can be confidently placed just below the new major low, as the market has already run the stops there and is unlikely to return. [00:16:06.880]

**📉 Bearish Breaker (Selling)**

* **Scenario:** The market is in a potential resistance area. It forms a short-term high, pulls back slightly, and then drives **one more time higher**, breaking above the recent high. This move runs the buy stops and hits a key institutional resistance level (like a bearish order block). The price then aggressively sells off.
* **Entry Strategies:**
  + **Optimal Entry:** Sell as the market breaks above the previous high, entering at the highest possible premium.
  + **Confirmation Entry:** If you miss the peak, wait for the price to sell off and break the short-term low that was formed *before* the new high was made. Then, place a sell order on a retracement **up to the level of that broken low**. Your stop loss can be placed just above the new major high. [00:09:53.920]

**2. The Failure Swing Point**

This pattern occurs when the market attempts to make a new high or low but fails, showing that the momentum has shifted. This is the alternative if a "Breaker" pattern doesn't materialize.

**📈 Bullish Failure Swing (Buying)**

* **Scenario:** The market makes a low at a key support level and rallies. It then pulls back but **fails to make a lower low**. It finds support *above* the previous low and then rallies again, breaking the short-term high formed during the bounce.
* **Entry Strategy:** You missed the absolute bottom. Wait for the market to break the short-term high (the market structure shift). Your entry is to **buy on a retracement back down to that broken high**. Your stop loss goes below the higher low that was formed, as institutions have already shown their hand and are unlikely to let price fall back to the initial low. [00:25:22.400]

**📉 Bearish Failure Swing (Selling)**

* **Scenario:** The market makes a high at a key resistance level and sells off. It then rallies back but **fails to make a higher high**. It finds resistance *below* the previous high and then sells off, breaking the short-term low.
* **Entry Strategy:** You missed the absolute top. Wait for the market to break the short-term low. Your entry is to **sell on a retracement back up to that broken low**. Your stop loss goes above the lower high that was formed. [00:24:34.880]

By focusing on these two fundamental patterns, you can simplify your view of the market and create clear, actionable trading plans based on institutional behavior.

Based on the transcript, here are the core concepts of ICT's "Defining Open Float Liquidity Pools" structured into applicable trading points:

1. **Open Float Definition & Purpose**

* **Concept**: Analyze a rolling 120-trading-day window (60 days back + 60 days forward) to identify key liquidity zones.
* **Application**:
  + Identify the **highest high** and **lowest low** within this 120-day range ("open float").
  + These levels mark where large funds place stop orders (buy stops above highs, sell stops below lows).
  + Markets are drawn to these liquidity pools quarterly (every 3-4 months).

2. **Timeframe-Specific Analysis**

* **Breakdown**:
  + **Near-Term (20 days)**: Highest high/lowest low in the past 20 days. Targets intraday/scalping opportunities.
  + **Short-Term (40 days)**: Extreme highs/lows over 40 days. For daily chart swing trades.
  + **Intermediate-Term (60 days)**: Major highs/lows over 60 days. Defines core institutional liquidity zones.
* **Application**:
  + Track highs/lows across all three timeframes simultaneously.
  + Expect price to test the *most recent* 20-day levels first before targeting 40/60-day extremes.

3. **Liquidity Triggers & Institutional Bias**

* **Buy Stops**: Clustered above old highs (liquidity pools).
* **Sell Stops**: Clustered below old lows (liquidity pools).
* **Institutional Bias Indicator**:
  + If **buy stops** are consistently triggered (price breaks highs), institutional flow is **bullish**.
  + If **sell stops** are consistently triggered (price breaks lows), institutional flow is **bearish**.
  + A shift in this pattern signals a potential quarterly trend reversal.

4. **Trading Strategies**

* **"Turtle Soup" Pattern**:
  + Fade false breakouts above/below 20-day highs/lows.
  + Enter when price reverses after taking out stops (e.g., short after a false breakout above a 20-day high).
* **Trend Confirmation**:
  + Trade in the direction of institutional bias (e.g., go long if buy stops keep getting hit).
* **Quarterly Shifts**:
  + At key support/resistance (e.g., 60-day low/high), watch for:
    - Rapid decline in open interest + stop runs → Reversal signal.
    - Consistent stop runs in one direction → Continuation signal.

5. **Practical Steps for Implementation**

1. **Daily Routine**:
   * Mark the highest high/lowest low of the past 20, 40, and 60 days.
   * Project forward 60 days (adjusting weekly/monthly).
2. **Entry/Exit Logic**:
   * **Longs**: Near 20/40/60-day lows after sell stops are swept, with bullish bias confirmation.
   * **Shorts**: Near 20/40/60-day highs after buy stops are swept, with bearish bias confirmation.
3. **Risk Management**:
   * Place stops beyond the liquidity pool extremes (e.g., above a 60-day high when shorting).
4. **Confirmation Tools**:
   * **Open Interest**: Rapid drop at support/resistance suggests institutional disinterest in opposing the move.
   * **Candle Analysis**: "Bodies" of candles define liquidity zones; wicks show stop runs.

6. **Key Insights for Market Context**

* Markets move to "run stops" of large funds, creating short-term volatility.
* Quarterly shifts often start by taking the *opposite* side of the prevailing bias (e.g., triggering sell stops in a bull trend to trap sellers before reversing).
* Daily charts suffice for execution; lower timeframes refine entries.

💡 **Pro Tip**: Focus on the **20-day ranges** for active trading. The 60-day levels define structural bias, but the 20-day pools offer frequent setups. Always prioritize the institutional bias (which stops are being hit) over arbitrary support/resistance.

This framework helps traders anticipate institutional order flow, spot high-probability reversals (stop runs), and align with dominant market direction. Apply consistently to daily charts for swing/day trading.

Based on the transcript from **ICT Mentorship Core Content - Month 04 - ICT Breaker Block**, here are the core concepts structured into actionable trading principles:

**1. Definition & Purpose of Breaker Blocks**

* A **Breaker Block** is a price zone formed after a false breakout (liquidity raid) where trapped traders exit positions, creating explosive reversals.
  + **Bullish Breaker**: Forms after violating an *old low* (running sell stops), then breaking above a *swing high* between two lows. The retest of this high becomes support 815.
  + **Bearish Breaker**: Forms after violating an *old high* (running buy stops), then breaking below a *swing low* between two highs. The retest of this low becomes resistance 58.
* **Purpose**: Identifies institutional "stop hunts" and subsequent mitigation of trapped orders, offering high-probability reversal entries.

**2. Identification & Confirmation**

**Key Steps for Bullish Breaker**:

1. **Violation of Old Low**: Price breaks below a recent low, triggering sell stops.
2. **Market Structure Shift (MSS)**: Price reverses sharply and breaks above the **swing high** between the two lows.
3. **Retracement to Swing High**: Price pulls back to this high (now support) for entry.
4. **Confirmation**: Strong bullish candle closing above the breaker zone 815.

**Key Steps for Bearish Breaker**:

1. **Violation of Old High**: Price breaks above a recent high, triggering buy stops.
2. **MSS**: Price reverses and breaks below the **swing low** between the two highs.
3. **Retracement to Swing Low**: Price rallies back to this low (now resistance) for entry.
4. **Confirmation**: Strong bearish candle closing below the breaker zone 512.

💡 **Critical Insight**: The swing high/low must be the *most recent* before the liquidity raid (e.g., in a bullish breaker, use the last swing high *prior* to the breakdown) 15.

**3. Trading Strategy & Execution**

* **Entry**: Enter at the retest of the breaker zone (swing high for bullish, swing low for bearish).
* **Stop-Loss**:
  + *Bullish*: Below the breaker zone’s low.
  + *Bearish*: Above the breaker zone’s high 815.
* **Take-Profit**: Target previous swing points or liquidity pools (e.g., old highs for bullish breakers).
* **Risk/Reward**: Aim for ≥1:3; breakers often trigger 2-3x the risk 15.

**Confirmation Signals**:

* **Liquidity Sweep**: Long wicks beyond key highs/lows indicate stop runs 12.
* **Repricing Speed**: Rapid reversal after a breakout confirms trapped orders (e.g., bearish breakers drop quickly after violating highs) 5.
* **Volume/Delta**: Spike in volume/delta during the false breakout adds validity 15.

**4. Psychology & Institutional Logic**

* **Trapped Traders**:
  + *Bullish Breaker*: Sellers who shorted the swing high panic-cover when price breaks higher, fueling rallies.
  + *Bearish Breaker*: Buyers who chased the breakout exit at breakeven, accelerating declines.
* **Smart Money**: Runs stops to collect liquidity, then reverses direction as trapped retail flows amplify moves 1215.

**5. Risk Management Notes**

1. **Avoid Early Entries**: Wait for MSS confirmation (break of swing high/low) *before* trading the retracement.
2. **False Signals**: If price consolidates in the breaker zone (no explosive move), exit the trade.
3. **Context Matters**: Align with higher-timeframe trends (e.g., trade bullish breakers in overall uptrends) 515.

**6. Real-Chart Example (Transcript Summary)**

* **Bullish Breaker Setup**:
  + Old low violated → Sell stops run.
  + Price breaks above swing high (A) → MSS confirmed.
  + Retrace to A offers long entry → Rally ensues 815.
* **Bearish Breaker Setup**:
  + Old high violated → Buy stops run.
  + Price breaks below swing low (B) → MSS confirmed.
  + Retest of B offers short entry → Decline follows 512.

**Summary: Key Advantages of Breaker Blocks**

✅ **Edge**: Exploits predictable retail behavior post-stop runs.  
✅ **Precision**: Clear entry/stop levels from defined swing points.  
✅ **Explosive Moves**: Trapped orders fuel momentum (ideal for swing/day trades).  
⚠️ **Critical Skill**: Patience to wait for MSS confirmation *before* acting.

Based on the transcript from **ICT Mentorship Core Content - Month 04 - ICT Fair Value Gaps (FVG)**, here are the core concepts structured into actionable trading principles, integrating key insights from the search results:

**1. Definition & Formation of Fair Value Gaps (FVG)**

* **Concept**: An FVG is a price range where liquidity is one-sided (only buy or sell orders are filled), creating an imbalance. It appears as a "gap" or "void" where price moves rapidly without trading at intermediate levels 615.
* **Identification**:
  + On **daily charts**, FVG forms between three candles:
    - **Left Candle**: Low-to-close range (e.g., buy-side liquidity offered).
    - **Middle Candle**: Strong momentum candle (e.g., large bearish candle) that skips the gap area.
    - **Right Candle**: Open-to-high range (e.g., buy-side liquidity reactivated).
  + **Example**: In EUR/USD, a 20-25 pip gap between prior candle’s low (e.g., 1.0515) and next candle’s high (e.g., 1.0500) 15.

**2. Trading Strategy for FVG**

**Entry & Confirmation**

* **Fill Expectation**: Price typically returns to "fill" the FVG (90% probability) after a liquidity sweep (e.g., stop runs below lows) 15.
* **Triggers**:
  + **Bullish FVG**: Enter longs when price retests the gap after a *false break below a low* (turtle soup).
  + **Bearish FVG**: Enter shorts after a *false break above a high*.
* **Confirmation Signals**:
  + **Liquidity Sweep**: Long wicks beyond swing highs/lows indicating stop hunts.
  + **Candlestick Patterns**: Engulfing or rejection candles at FVG boundaries.

**Risk Management**

* **Stop-Loss**: Place below the FVG for longs (or above for shorts).
* **Take-Profit**: Target equal legs of price movement or nearby liquidity pools.
* **RR Ratio**: Aim for 1:3; FVG fills often yield 100+ pips (e.g., EUR/USD move) 15.

**3. Multi-Timeframe Analysis**

* **Higher Timeframe (HTF)**: FVG on daily charts defines directional bias.
* **Lower Timeframe (LTF)**: FVG manifests as **liquidity voids**—clusters of candles with overlapping wicks filling the gap.
  + *Example*: On a 5-minute chart, an FVG fill appears as a gap between candle closes/opens (e.g., 104.72 → 104.74) 615.
* **Confluence**: Align FVG with:
  + **Liquidity Pools**: FVG near old highs/lows attracts stop runs.
  + **Order Blocks**: Gap areas often coincide with institutional entry zones 11.

**4. Institutional Logic & Psychology**

* **Smart Money Workflow**:
  1. **Liquidity Raid**: Run stops beyond swing points.
  2. **FVG Creation**: Rapid price movement leaves an imbalance.
  3. **Mitigation**: Price returns to fill FVG, trapping retail traders.
* **Efficiency Principle**: Markets fill FVGs to achieve "fair value," ensuring all liquidity (buy/sell) is offered 15.

**5. Real-Chart Examples**

**Bullish FVG Trade (EUR/USD Daily)**

1. **False Breakdown**: Price breaks below a low, triggering sell stops.
2. **FVG Identified**: Gap between prior candle low (1.0515) and next candle high (1.0500).
3. **Entry**: Buy at FVG retest; stop below 1.0490.
4. **Result**: 100-pip rally to fill the gap 15.

**Bearish FVG Trade (5-Minute Chart)**

1. **False Breakout**: Price breaches a high, runs buy stops.
2. **Liquidity Void**: Gap between candle close (104.72) and next open (104.70).
3. **Entry**: Sell at 104.70; stop above 104.78.
4. **Result**: Sharp drop to 104.10 15.

**6. Key Advantages & Pitfalls**

✅ **Edge**: High-probability setups (80-90% fill rate in ranges).  
✅ **Precision**: Clear entry/stop levels from candle boundaries.  
⚠️ **Pitfalls**:

* Avoid trading FVGs in strong trends; they may delay filling.
* Confirm with market structure shifts (e.g., breaker blocks) 1115.

💡 **Pro Tip**: In range-bound markets (e.g., holiday periods), FVG setups excel—combine with liquidity pools for explosive moves 15.

**Summary: FVG in ICT Framework**

FVGs are foundational to price delivery, overlapping with liquidity voids and order blocks. They provide a roadmap for institutional order flow, turning imbalances into high-reward trades. For deeper study, refer to **Month 04 - Liquidity Voids & Order Blocks** in the ICT Core Content

Based on the transcript from **ICT Mentorship Core Content - Month 04 - ICT Propulsion Block**, here are the core concepts structured into actionable trading principles, supplemented by insights from the search results:

**1. Definition & Purpose of Propulsion Blocks**

* A **Propulsion Block** is a **single candlestick** that reacts strongly when price retests it after interacting with an existing order block. It acts as a catalyst for rapid price movement in the direction of the underlying trend 144.
  + **Bullish Propulsion Block**: A *down-close candle* that trades into a **bullish order block** (accumulation zone), then propels price upward upon retest.
  + **Bearish Propulsion Block**: An *up-close candle* that trades into a **bearish order block** (distribution zone), then propels price downward upon retest.
* **Purpose**: Identifies high-probability reversal zones with minimal drawdown and explosive price responses 314.

**2. Identification & Key Features**

**Bullish Propulsion Block**:

* **Formation**:
  1. Price declines into a **bullish order block** (e.g., a down-close candle or consolidation zone).
  2. A new *down-close candle* forms **within or adjacent** to this order block.
  3. Price rallies immediately after, confirming the block's support role 144.
* **Critical Level**:
  1. **Mean Threshold**: Midpoint of the propulsion candle's body (50% retracement).
  2. **Validation**: Price must **not close below** this threshold during retests 14.

**Bearish Propulsion Block**:

* **Formation**:
  1. Price rallies into a **bearish order block** (e.g., an up-close candle).
  2. A new *up-close candle* forms within the block.
  3. Price drops sharply after retesting this candle 14.
* **Critical Level**:
  1. Mean threshold must **not be breached upward** during retests.

💡 **Visual Clue**: Propulsion blocks show **sudden, violent price rejection** (e.g., long wicks or large opposing candles) 3.

**3. Trading Strategy & Execution**

**Entry Rules**:

* **Bullish Setup**:
  + Enter **long** when price retests the **body** of the propulsion candle (ideally near its high).
  + *Stop-loss*: 10 pips below the candle's low 14.
* **Bearish Setup**:
  + Enter **short** when price retests the propulsion candle body (near its low).
  + *Stop-loss*: 10 pips above the candle's high 14.

**Confirmation Signals**:

* **Immediate Responsiveness**: Price should reverse within 1-2 candles.
* **Volume/Volatility Spike**: Accelerated momentum post-retest 3.

**Profit Targets**:

* **Liquidity Pools**: Target nearest buy-side (for bullish) or sell-side (for bearish) liquidity pools.
* **Fibonacci Extensions**: Use ICT Fibonacci levels (e.g., 1.272 or 1.618) 14.

**4. Risk Management**

* **Invalidation**: Exit trades if price breaches the **mean threshold** (50% of propulsion candle body). This indicates failure 14.
* **Stop Placement**: Ultra-tight stops (e.g., 10 pips) capitalize on low drawdown.
* **Context Alignment**: Trade propulsion blocks only in sync with higher-timeframe bias (e.g., daily trend) 14.

**5. Institutional Logic**

* **Order Flow Dynamics**:
  + Propulsion blocks represent **institutional resting orders**. When price retests, latent liquidity triggers rapid execution.
  + Breaching the mean threshold signals **institutional disinterest**, voiding the setup 3.
* **Efficiency**: Minimal time spent at propulsion levels reflects algorithmic urgency to fill orders 4.

**6. Real-Chart Examples**

**Bullish Propulsion (Transcript Example)**:

1. **Order Block**: Three consecutive down candles form a bullish order block at support.
2. **Propulsion Candle**: Down-close candle retests the block.
3. **Entry**: Price touches the propulsion candle high (133.45) → rapid 50-pip rally 14.

**Bearish Propulsion (Search Result Example)**:

1. **Order Block**: Up-close candle forms a bearish order block.
2. **Propulsion Candle**: Subsequent up candle retests the block.
3. **Entry**: Price rejects at mean threshold → drops sharply 314.

**7. Multi-Timeframe Application**

* **Scalping (M1-M5)**: Focus on 5-minute propulsion blocks for 5-10 pip moves.
* **Swing Trading (H4-Daily)**: Use daily blocks for 100+ pip trends 14.
* **Confluence**: Combine with HTF order blocks or FVGs for higher probability 3.

**Summary: Edge in Propulsion Blocks**

✅ **Explosive Moves**: 70-80% win rate due to institutional urgency 14.  
✅ **Precision**: Defined entry/stop levels from candle structure.  
⚠️ **Critical Filter**: Mean threshold breach = immediate exit.

💡 **Pro Tip**: For automation, use the **LuxAlgo Propulsion Block Indicator** to detect blocks and mean thresholds in real-time 3.

Apply this framework to capitalize on rapid, high-reward reversals with minimal risk exposure.

Based on the transcript from **ICT Mentorship Core Content - Month 04 - Orderblocks**, here are the core concepts structured into actionable trading principles, integrated with key insights from the search results:

**1. Definition & Identification of Bullish Order Blocks**

* **Concept**: A bullish order block is the **lowest down-close candle** near a support level, with significant range between its open and close. It represents institutional accumulation zones where "smart money" enters long positions 34.
* **Identification Criteria**:
  + **Location**: Near higher-timeframe (HTF) support (e.g., monthly/weekly swing lows).
  + **Candle Structure**: Strong bearish candle (large body, minimal wicks preferred).
  + **Multi-Candle Blocks**: Consecutive down candles can form a single order block (e.g., three down candles = one block) 4.

**2. Validation & Entry Techniques**

* **Validation Trigger**: Price must break **above the high** of the order block candle. This confirms institutional participation and invalidates bearish sentiment 34.
* **Entry Signals**:
  + **Retest Entry**: Buy when price retraces to the **open** or **high** of the order block candle. Add 5 pips to account for spreads 3.
  + **Aggressive Entry**: Enter on the same candle that breaks the order block high (requires confirmation of strong momentum).
* **Confluence**: Align with HTF bias (e.g., monthly bullish) for higher probability 412.

**3. Risk Management**

* **Stop-Loss Placement**:
  + **Primary**: Below the **low** of the order block candle (body, not wick) 34.
  + **Secondary**: Below the **50% mean threshold** (midpoint of the candle's body) for tighter risk.
* **Invalidation**: Close trade if price breaches the mean threshold, indicating institutional disinterest 4.
* **Position Adjustments**: Raise stop-loss to breakeven once price moves 2–3x the order block's range 3.

**4. Profit Targeting & Exit Strategy**

* **Profit Triggers**:
  + **Internal Range Liquidity**: Take partial profits at nearest swing high.
  + **External Range Liquidity**: Full exit above **HTF swing highs** where buy stops cluster (e.g., daily/weekly highs) 34.
* **Range Measurement**:
  + Minimum target = 2–3x the order block's body range.
  + Example: 100-pip order block → 200–300 pip profit target 4.

**5. Institutional Order Flow Logic**

* **Smart Money Workflow**:
  1. **Accumulation**: Institutions buy at order blocks (support).
  2. **Stop Hunts**: Trigger retail sell stops below support to fuel reversals.
  3. **Expansion**: Drive price to liquidity pools (old highs) to exit longs 313.
* **HTF Alignment**:
  1. Trade **only** bullish order blocks if monthly/weekly/daily charts are bullish.
  2. Ignore bearish order blocks during HTF uptrends 412.

**6. Multi-Timeframe Refinement**

1. **Monthly/Weekly**: Identify major support and order blocks.
2. **Daily**: Refine entry levels using validated daily order blocks.
3. **Intraday (H4/5-min)**: Execute entries with tighter stops at retest zones 412.

* **Example**: Monthly order block at 94.58 (dollar index) → Daily retest offered 50-pip rally 3.

**7. Advanced Nuances**

* **Fair Value Gap (FVG) Confluence**: Use wicks for entries if FVG overlaps order block 4.
* **Avoid Counter-Trend Traps**:
  + Do not short bearish order blocks during HTF uptrends.
  + Use them only as profit-taking zones 4.
* **Liquidity Runs**: Target "sell stops" below recent lows for exits, not entries 13.

**Summary: Key Advantages of Order Block Trading**

✅ **Edge**: Captures institutional accumulation with 80%+ win rate in HTF-aligned setups 34.  
✅ **Precision**: Defined entries/stops from candle structure.  
⚠️ **Critical Filters**:

* Trade only with HTF (monthly/weekly) bias confirmation.
* Breach of mean threshold = immediate exit.

💡 **Pro Tip**: For automation, use the **ICT Order Block Indicator** to highlight blocks and mean thresholds on charts 15.

Apply this framework to capitalize on institutional reversals with optimized risk-reward ratios (minimum 1:3). For visual examples, see the [original video](https://www.youtube.com/watch/PIYh0CxoY9c) or annotated case studies in [Month 04 PDF notes](https://forum.ictsharks.com/t/ict-mentorship-core-content-month-4-orderblocks/54).

Based on the transcript from **ICT Mentorship Core Content - Month 05 - Open Float**, here are the core concepts structured into actionable trading principles, integrated with key insights from the search results:

**1. Definition & Purpose of Open Float**

* **Concept**: Open float represents **current open interest** (pending orders) above/below market price, primarily in the form of:
  + **Buy stops**: Above old highs (for short protection or long entries).
  + **Sell stops**: Below old lows (for long protection or short entries).
* **Institutional Logic**: Large funds place these stops for hedging or position entry. Markets are drawn to these liquidity pools quarterly (every 3 months) 914.
* **Key Levels**: Focus on extremes:
  + **3-month highs/lows**: Highest probability targets (quarterly shifts).
  + **6-month/12-month highs/lows**: Secondary targets for larger trends 9.

**2. Identifying Open Float Liquidity Pools**

* **Bullish Bias (Buy Stops)**:
  + Above **3-month highs** (most reactive).
  + Above weekly/monthly highs.
* **Bearish Bias (Sell Stops)**:
  + Below **3-month lows** (most reactive).
  + Below weekly/monthly lows.

💡 *Example*: In EUR/USD (2016), buy stops clustered above 1.1500 were targeted after a quarterly shift, triggering a 1,000-pip rally 9.

**3. Trading Strategy & Execution**

**Entry Triggers**:

* **After Stop Runs**: Enter when price *retests* a key level post-liquidity raid:
  + *Bullish*: Buy retest of **3-month low** after false breakdown (sell stop run).
  + *Bearish*: Sell retest of **3-month high** after false breakout (buy stop run).
* **Confirmation**: Requires a **market structure shift** (e.g., break of prior high/low) 14.

**Profit Targets**:

* Target opposite-side liquidity pools:
  + *Longs*: Aim for sell stops below recent highs.
  + *Shorts*: Aim for buy stops above recent lows.
* **Range Measurement**: Minimum 2–3x the initial stop-run move (e.g., 300 pips for EUR/USD 2016 move) 9.

**Risk Management**:

* **Stop Placement**:
  + *Longs*: Below the mean threshold (50% of breakout candle body).
  + *Shorts*: Above the mean threshold.
* **Invalidation**: Exit if price breaches the mean threshold, indicating institutional disinterest 14.

**4. Quarterly Shifts & Market Bias**

* **Directional Clues**: Monitor *which stops are consistently hit*:
  + If **buy stops** above highs are frequently taken (without deep sell-stop raids), bias = **bullish**.
  + If **sell stops** below lows are frequently taken (without strong buy-stop raids), bias = **bearish**.
* **Trend Confirmation**:
  + *Bullish*: Higher highs + shallow retracements.
  + *Bearish*: Lower lows + failed rallies (e.g., EUR/USD 2016 decline after 1.1500 rejection) 9.

⚠️ **Critical Insight**: Quarterly shifts often start with a false break of a 3-month high/low, trapping retail before reversing 14.

**5. Real-Chart Application (EUR/USD Example)**

1. **Q3 2016 Bullish Shift**:
   * False break below 1.0534 (sweeping sell stops).
   * Rally to 1.1500 targeting buy stops above 3-month high.
2. **Q4 2016 Bearish Shift**:
   * Rejection at 1.1500 (buy stops taken).
   * Breakdown below 1.1070 targeting sell stops below 3-month low.
3. **Bias Confirmation**:
   * Failed rallies below 1.1500 + lower lows signaled bearish bias.

**6. Key Advantages & Pitfalls**

✅ **Edge**: Predicts institutional liquidity raids with >80% accuracy in quarterly windows 9.  
✅ **Precision**: Clear levels from 3-month ranges.  
⚠️ **Pitfalls**:

* Avoid trading 6/12-month extremes without quarterly confluence.
* False breaks require confirmation (market structure shift).

💡 **Pro Tip**: Combine with **HTF PD Arrays** (Month 05) for multi-timeframe alignment 14.

**Summary: Open Float in ICT Framework**

Open float reveals where institutions place orders, turning liquidity pools into high-probability reversal zones. By focusing on 3-month highs/lows and observing stop-run sequences, traders align with quarterly institutional flows for high-reward setups. For deeper study, see **Month 05 - Defining Open Float Liquidity Pools** in the [ICT Core Content](https://forum.ictsharks.com/t/ict-mentorship-core-content-month-5-using-ipda-data-ranges/69)

Based on the transcript from **ICT Mentorship Core Content - Month 04 - ICT Rejection Block**, here is a structured breakdown of the core concepts into actionable trading principles:

**1. Definition & Formation of Rejection Blocks**

* **Concept**: A rejection block is a **price zone marked by long wicks** (at least 2-3 candles) indicating institutional rejection of price extremes. It acts as an order block for reversals 416.
  + **Bullish Rejection Block**: Forms at swing lows with long lower wicks. Signals accumulation before rallies 16.
  + **Bearish Rejection Block**: Forms at swing highs with long upper wicks. Signals distribution before declines 4.
* **Key Feature**: The wick(s) highlight liquidity raids, while the **body extremes (open/close)** define the trigger level for entries 4.

**2. Identification & Validation**

**Bearish Rejection Block (Distribution)**:

1. **Location**: In an intermediate-term downtrend or at HTF resistance 16.
2. **Structure**: Cluster of candles with long upper wicks at a swing high.
3. **Critical Level**: Highest **body close** (not wick) in the swing high 4.
4. **Confirmation**: Price briefly breaks above this level to run buy stops, then reverses sharply 16.

**Bullish Rejection Block (Accumulation)**:

1. **Location**: In an intermediate-term uptrend or at HTF support.
2. **Structure**: Cluster of candles with long lower wicks at a swing low.
3. **Critical Level**: Lowest **body close** in the swing low.
4. **Confirmation**: Price briefly breaks below this level to run sell stops, then reverses 16.

💡 **Visual Clue**: Long wicks (failure swings) are the *initial signal*, but the **body close** defines the precise entry zone 4.

**3. Trading Strategy & Execution**

**Entry Triggers**:

* **Bearish**: Sell when price retests the **lowest body close** of the rejection block after a false breakout 4.
  + *Aggressive*: Enter at the retest level.
  + *Conservative*: Enter on a stop below the rejection block after confirmation 16.
* **Bullish**: Buy when price retests the **highest body close** of the rejection block after a false breakdown.

**Stop-Loss & Targets**:

* **Stop Placement**:
  + *Bearish*: Above the highest wick of the rejection block.
  + *Bullish*: Below the lowest wick of the rejection block 4.
* **Profit Targets**:
  + Nearest liquidity pool (e.g., old highs for bearish blocks, old lows for bullish blocks).
  + 1.5–2x the rejection block's range 16.

**Risk Management**:

* Rejection blocks require **tight stops** (10–15 pips) due to violent reversals.
* Invalidate trades if price sustains beyond the wick extremes 4.

**4. Institutional Logic & Psychology**

* **Stop Hunts**:
  + Rejection blocks form when institutions run stops above/body extremes to trap retail traders.
  + Example: Break above a swing high’s body triggers buy stops, allowing institutions to sell into liquidity 16.
* **Wick vs. Body Focus**:
  + Wicks show *attempted* liquidity raids.
  + Body closes reveal *actual institutional intent* (accumulation/distribution) 4.

**5. Differentiation from Classical Patterns**

* **Not a "Bull Flag" or "Pennant"**:
  + Rejection blocks ignore geometric patterns. Focus on order flow:
    - Failure to make new highs/lows beyond body closes = distribution/accumulation 16.
* **Turtle Soup vs. Rejection Blocks**:
  + *Turtle Soup*: Requires clear higher high/lower low break.
  + *Rejection Block*: Can form without new extremes (price only breaks body levels) 4.

**6. Real-Chart Examples**

**Bearish Rejection Block (Transcript Example)**:

1. **Formation**: Multiple candles with long wicks at a swing high.
2. **Break**: Price violates the highest body close (e.g., 1.1220 in EUR/USD).
3. **Reversal**: Sharp drop targeting sell stops below recent lows 16.

**Bullish Rejection Block (Search Result Example)**:

1. **Formation**: Cluster of candles with long lower wicks at support.
2. **Break**: Price briefly breaches the lowest body close.
3. **Reversal**: Rally targeting buy stops above swing highs 4.

**7. Advantages & Pitfalls**

✅ **Edge**: High-probability reversals (85%+ in HTF-aligned trends) 16.  
✅ **Precision**: Clear entry/stop levels from body closes.  
⚠️ **Pitfalls**:

* Avoid in choppy markets; requires strong trend context.
* False breaks beyond wicks invalidate the setup 4.

💡 **Pro Tip**: Combine with **HTF order blocks** for confluence. A rejection block overlapping a daily order block amplifies reversal probability 16.

**Summary: Rejection Blocks in ICT Framework**

Rejection blocks turn liquidity raids into high-reward reversals. By focusing on body closes (not wicks) and institutional stop hunts, traders can capture explosive moves with minimal risk. For advanced applications, see **Month 04 - Reclaimed Order Blocks** in the [ICT Core Content](https://forum.ictsharks.com/t/ict-mentorship-core-content-month-4-rejection-block/57)

Structured Analysis of ICT Mentorship: Liquidity Pools (Month 04)

**1. Core Definitions**

* **Liquidity**:
  + The open interest of buyers/sellers at specific price levels. Represents pending orders (buy stops above market price, sell stops below market price).
* **Liquidity Pools**:
  + Concentrations of stop orders clustered around **old highs** (buy stops) and **old lows** (sell stops). These pools act as "fuel" for price reversals.
* **Smart Money vs. Retail Traders**:
  + **Retail**: Buys breakouts (e.g., above old highs) or sells breakdowns (e.g., below old lows), often using tight stop losses.
  + **Smart Money**: Sells into buy stops (above old highs in bearish markets) and buys into sell stops (below old lows in bullish markets).

**2. Key Principles**

1. **Market Efficiency Paradigm**:
   * Price moves to "raid" liquidity pools (trigger stop orders) before reversing.
   * Example: In a **bullish market**, price sweeps below an old low to trigger sell stops, then reverses upward.
2. **Trading at Premium/Discount**:
   * Smart money **sells at a premium** (above market price into buy stops) and **buys at a discount** (below market price into sell stops).
3. **Role of Stop Runs**:
   * A "stop run" is a deliberate price move beyond a key level (e.g., old high/low) to:
     + Trigger stop-loss orders.
     + Inject liquidity into the market.
     + Create false breakouts for reversals.

**3. Trading Strategy & Execution**

**Step 1: Determine Market Bias**

* Use higher time frames (e.g., daily) to identify the trend:
  + **Bullish**: Wait for price to sweep below old lows to buy.
  + **Bearish**: Wait for price to rally above old highs to sell.

**Step 2: Identify Liquidity Pools**

* **Buy-Side Liquidity (BSL)**: Buy stops above old highs (target for selling in bearish markets).
* **Sell-Side Liquidity (SSL)**: Sell stops below old lows (target for buying in bullish markets).
* *Graphic Example*:
  + Gray area = Current price.
  + SSL below old lows = Accumulate long positions.
  + BSL above old highs = Take profits/short.

**Step 3: Entry & Risk Management**

* **Entry**:
  + Place **limit orders** 10-20 pips beyond key levels:
    - Bullish: Buy limit 10-20 pips below old low.
    - Bearish: Sell limit 10-20 pips above old high.
* **Stop Loss**:
  + 30-50 pips away from entry.
  + If price moves >25 pips beyond the liquidity pool, abort (indicates genuine breakout).
* **Profit Targets**:
  + Unload longs into BSL (above old highs) or shorts into SSL (below old lows).
  + Alternative targets: Fair value gaps, order blocks, liquidity voids.

**Step 4: Validation & Psychology**

* **Confirmation**: Price must sharply reverse after raiding a liquidity pool (e.g., 10-20 pip sweep beyond level).
* **Patience**: Wait for the market to come to your level; avoid chasing price.

**4. Practical Examples from Transcript**

1. **USDCAD (Bullish Setup)**:
   * Old low at 1.3102 (daily chart).
   * Buy limit at 1.3090 (10-12 pips below low).
   * Price swept to 1.3083 (7 pips below), then rallied to 1.3360 (BSL at old high).
   * **Profit**: 270 pips.
2. **Dollar Index (Bullish Continuation)**:
   * Intraday low at 102.85.
   * Buy limit at 102.80; price swept to 102.69.
   * Rallied to take out BSL above equal highs.
3. **GBPUSD (Live Session Example)**:
   * Swept below opening price/old low to collect sell stops.
   * Reversed sharply to target hourly BSL at 1.2520.
4. **USDCHF**:
   * Bought below old low; rallied to take out BSL at 101.30/101.45.

**5. Advanced Concepts & Upcoming Topics**

* **Liquidity Voids**: Price gaps where orders are sparse (accelerated moves).
* **Order Blocks**: Institutional accumulation/distribution zones.
* **Mitigation Blocks/Reclaimed Order Blocks**: Price revisiting zones to "fix" imbalances.
* **Fair Value Gaps (FVGs)**: Confluence zones for reversals (covered in future modules).

**6. Critical Takeaways for Traders**

* **Discipline**: Wait for price to raid liquidity pools; never chase.
* **Risk/Reward**: 10-20 pip entry penetration with 30-50 pip stop → 100-300 pip targets.
* **Market Mindset**:

"Accumulate SSL (longs) in bullish markets; distribute to BSL (take profits). In bearish markets, accumulate BSL (shorts) and distribute to SSL."

* **Tool-Free Approach**: No order book/DOM needed; use pure price action (old highs/lows).

**7. Supplementary Materials**

* **Upcoming Videos**: 5 pre-recorded lessons on liquidity pools, FVGs, order blocks (released during Christmas week).
* **Live Session Reference**: December 16, 2016, for GBPUSD example.

**Summary**

ICT’s liquidity pool strategy exploits retail traders’ stop-loss clusters. By buying below old lows (into panic selling) and selling above old highs (into FOMO buying), traders align with smart money. Success hinges on higher-time-frame bias, patience, and precise entries 10-20 pips beyond key levels. The examples (USDCAD, DXY, GBPUSD) validate this as a low-risk, high-reward framework for stop-run reversals.

Structured Analysis of ICT Mentorship: Mitigation Blocks (Month 04)

**1. Core Definitions**

* **Mitigation Block**:
  + A price zone (typically the **body of a bearish candle**) formed during a short-term rally in a downtrend. Represents trapped buyers ("underwater" positions) seeking to exit when price retraces.
  + **Purpose**: Allows traders to liquidate losing positions during retracements, creating selling pressure for short entries.
* **Market Structure Shift (MSS)**:
  + Confirmation of trend direction via **break of key swing lows** (bearish) or highs (bullish). Mandatory for validating mitigation blocks.

**2. Key Principles**

1. **Market Context**:
   * Mitigation blocks occur in **established trends**:
     + *Bearish*: Sell rallies into mitigation blocks.
     + *Bullish*: Buy dips into mitigation blocks (reverse logic).
   * Requires prior **MSS** (e.g., break below swing low in downtrend).
2. **Psychology**:
   * "**Buyer's Remorse**": Traders who bought during rallies panic-exit when price retests their entry (mitigation block), fueling reversals.
3. **Formation**:
   * Identified by the **last bearish candle** before a breakdown.
   * The **entire candle body** (open-close range) acts as the mitigation zone.

**3. Trading Strategy & Execution**

**Step 1: Confirm Market Structure Shift**

* Identify **break of swing low** (MSS) to validate bearish bias.
* *Example*: Breakdown below "M" pattern low (failure swing).

**Step 2: Locate Mitigation Block**

* Find the **last down candle** in the rally preceding the breakdown.
* *Visual Cue*: Bearish candle with significant body (ignore wicks).

**Step 3: Entry & Risk Management**

* **Entry**: Short on retracement into the **body of the mitigation block candle**.
  + *Optimal*: Midpoint of the candle body.
* **Stop Loss**:
  + Above the **high of the mitigation block candle** (e.g., 112.89 if block high is 112.89).
  + Allows 20-30 pip buffer for volatility.
* **Profit Targets**:
  1. **Immediate**: Swing low below MSS (liquidity pool).
  2. **Primary**: Higher-time-frame support (e.g., liquidity void, FVG, order block).

**Step 4: Validation**

* **Rejection Signals**:
  + Price reverses sharply after touching the block.
  + Bearish candlestick patterns (e.g., pin bars, engulfing) at the block.

**4. Practical Examples from Transcript**

1. **USD/JPY (30-Minute Chart)**:
   * **MSS**: Break below swing low at 112.62.
   * **Mitigation Block**: Body of last down candle before breakdown (high: 112.89, low: 112.40).
   * **Entry**: 112.62 (mid-body).
   * **Stop**: Above 112.89.
   * **Result**: Price declined to liquidity void at 111.48 (100+ pips).
2. **M Pattern (Failure Swing)**:
   * **MSS**: Breakdown below left trough of "M".
   * **Mitigation Block**: Last down candle at right peak.
   * **Trade**: Short on retest → Target next liquidity pool.

**5. Advanced Concepts**

* **Liquidity Voids**:
  + Price gaps with sparse orders (e.g., fair value gaps). Serve as **profit targets** for mitigation plays.
  + *Example*: Targeting the "mean threshold" of a void for exits.
* **Combining Tools**:
  + Use **order blocks** or **FVG confluence** to refine entries near mitigation blocks.
* **Institutional Logic**:

"Smart money sells into mitigation blocks to offload trapped longs, then targets liquidity pools below."

**6. Risk Management & Pitfalls**

* **Critical Rules**:
  + **Never trade without MSS confirmation**.
  + Mitigation blocks fail if price closes **above the block high** (invalidate setup).
* **Position Sizing**:
  + Max risk: 1% per trade.
  + Stop placement: 1.5× candle range above block high.

**7. Psychological Edge**

* **Trader Mindset**:
  + "Wait for price to come to you" – patience for retracements.
  + Embrace "buyer's remorse" as fuel for reversals.
* **Retail vs. Smart Money**:
  + Retail buys rallies; smart money sells into them via mitigation blocks.

**Summary**

Mitigation blocks exploit trapped traders panicking to exit positions. The strategy requires:

1. **MSS confirmation** (break of structure).
2. **Precise entry** into the body of the last down candle.
3. **Confluent targets** (liquidity pools, voids, FVGs).
4. **Strict risk control** (stops above block highs).

"Mitigation blocks are institutional cleanup zones – where smart money offloads to desperate retail." – ICT

Structured Analysis of ICT Mentorship: Divergence Phantoms (Month 04)

**1. Core Definitions**

* **Divergence Phantom**:
  + A "trap" where price action contradicts indicator signals (e.g., stochastic divergence), luring retail traders into false reversals while smart money exploits liquidity pools 411.
* **Divergence Types**:
  + **Type 1 (Classic)**: Signals potential reversals:
    - *Bullish*: Lower price low (LL) + higher oscillator low (HL).
    - *Bearish*: Higher price high (HH) + lower oscillator high (LH).
  + **Type 2 (Hidden/Trend-Following)**: Confirms trend continuations:
    - *Bullish*: Higher price low (HL) + lower oscillator low (LL).
    - *Bearish*: Lower price high (LH) + higher oscillator high (HH) 411.
* **Market Efficiency Paradigm**:
  + Retail traders react to indicator signals; smart money targets liquidity above/below key levels where stop orders cluster.

**2. Key Principles**

1. **Price-Indicator Disconnect**:
   * Indicators (e.g., stochastic) are **lagging mathematical derivatives** of past price action. Price has "no awareness" of indicators, but retail psychology fixates on them 11.
2. **Liquidity Engineering**:
   * Smart money manipulates price to:
     + Trigger stop-loss orders at key levels (e.g., below swing lows in uptrends).
     + Create false divergence signals to trap retail traders.
3. **The "5th Condition"**:
   * Beyond overbought/oversold/bullish/bearish signals, **consolidation phases** indicate no-trade zones where divergence setups often fail 10.

**3. Trading Strategy & Execution**

**Step 1: Identify Institutional Bias**

* Determine trend direction using **market structure shifts** (MSS):
  + *Bullish*: Series of higher highs (HH) + higher lows (HL).
  + *Bearish*: Lower highs (LH) + lower lows (LL).
* *Ignore divergence signals without MSS confirmation*.

**Step 2: Spot Retail Traps**

* **Classic Divergence (Type 1)**:
  + Retail sees bearish divergence (HH in price + LH in stochastic) as a short signal.
  + Smart money anticipates liquidity runs above HH (buy stops) or below LL (sell stops).
* Example: USD/CAD hourly chart – Bearish divergence appears, but price rallies to raid buy stops above the high 11.

**Step 3: Enter with Smart Money**

* **Entry Triggers**:
  + Buy when price sweeps below swing lows into **bullish order blocks** or liquidity voids.
  + Sell when price rallies above swing highs into **bearish order blocks**.
* **Confirmation**:
  + Hidden divergence (Type 2) aligning with trend direction.
  + Confluence with liquidity pools/FVGs (e.g., USD/CHF at 96.45) 1011.

**Step 4: Risk Management**

* **Stop Placement**:
  + Below bullish order block bodies (not wicks) for longs; above bearish blocks for shorts.
* **Profit Targets**:
  + Equal highs/lows or liquidity pools (e.g., USD/CHF target: 97.08).
* **Risk-Reward**: Minimum 1:2 ratio.

**4. Institutional vs. Retail Mindset**

| **Aspect** | **Retail Traders** | **Smart Money** |
| --- | --- | --- |
| **Divergence Focus** | Type 1 reversals; textbook signals. | Type 2 continuations; liquidity raids. |
| **Entry Logic** | Sell at bearish divergence (HH + LH). | Buy dips into order blocks below lows. |
| **Targets** | "Catch tops/bottoms"; vague S/R levels. | Precise liquidity pools above/beyond key levels. |
| **Risk Approach** | Hold losing positions hoping for reversals. | Cut losses fast; exploit stop runs. |

**5. Practical Examples from Transcript**

1. **USDCAD (Bearish Divergence Trap)**:
   * **Setup**: Price makes HH at 1.3450; stochastic shows LH (Type 1 bearish divergence).
   * **Retail Action**: Sells short, expecting reversal.
   * **Smart Money Action**: Buys into bullish order block below swing low, triggers sell stops, then rallies to take buy stops above 1.3450.
   * **Result**: +100 pips upside 11.
2. **USDCHF (Hidden Divergence Win)**:
   * **Setup**: Price makes HL at 96.45; stochastic makes LL (Type 2 bullish divergence).
   * **Retail Misread**: Sees stochastic dip as weakness; avoids buying.
   * **Smart Money Entry**: Buys at 96.45 (liquidity pool), targets 97.08 (equal highs).
   * **Result**: Price surges to target, confirming trend continuation.

**6. Critical Takeaways**

* **Indicators as Sentiment Gauges**: Use stochastic/RSI to anticipate retail behavior, not price direction.
* **Liquidity > Divergence**: Always prioritize order blocks, FVGs, and liquidity pools over indicator signals.
* **The "Phantom" Edge**:

"When retail sees a divergence reversal, smart money sees a liquidity opportunity." – ICT

* **Stochastic Parameters**: 14-period setting; focus on price-oscillator correlation, not overbought/oversold levels 11.

**7. Integration with Month 04 Concepts**

* **Liquidity Pools**: Divergence phantoms often raid pools below swing lows (sell stops) or above highs (buy stops).
* **Mitigation Blocks**: Trapped retail positions create mitigation blocks at false reversal points.
* **Fair Value Gaps (FVGs)**: Price accelerates through FVGs after stopping out retail traders.

**Summary**

Divergence phantoms expose how smart money manipulates retail psychology. By exploiting false Type 1 signals and trading Type 2 continuations with liquidity targeting, traders align with institutional flow. Success hinges on:

1. Ignoring standalone divergence signals.
2. Confirming setups with order blocks/liquidity pools.
3. Capitalizing on stop runs induced by indicator traps.

Structured Analysis of ICT Mentorship: Quarterly Shifts & IPDA Data Ranges (Month 05)

**1. Core Definitions**

* **Quarterly Market Shift**:
  + Recurring directional change in asset prices every **3-4 months**, driven by institutional rebalancing and liquidity re-engineering. Validated by **market structure shifts** (e.g., break of key swing highs/lows on daily charts) 15.
* **IPDA (Interbank Price Delivery Algorithm)**:
  + Institutional "price engine" that systematically targets **liquidity pools** using predefined data ranges (20/40/60 trading days). Governs price delivery to maximize order-fill efficiency [00:04:14.340].
* **Calibration**:
  + Anchoring analysis to the **first trading day of recent months** to identify institutional reference points (liquidity voids, order blocks, FVGs) within IPDA ranges [00:29:00.000].

**2. Key Principles**

1. **Non-Random Market Thesis**:
   * Markets are "100% engineered" – price movements target precise liquidity levels (often to the pip), disproving randomness [00:02:48.959].
2. **Institutional Order Flow**:
   * **Smart money accumulation/distribution** occurs through deliberate manipulation:
     + *Bullish*: Asset makes higher low while benchmark (e.g., DXY) makes lower low.
     + *Bearish*: Asset makes lower high while benchmark makes higher high [00:11:03.959].
3. **Liquidity-Centric Shifts**:
   * Quarterly shifts inject "urgency" into markets by creating **missed opportunity panic**, forcing retail into poor positions [00:05:28.979].

**3. Trading Strategy & Execution**

**Step 1: Identify Active Quarterly Shift**

* **Confirmation**: Daily-chart **market structure shift** (e.g., break below swing low in uptrend).
* **Time Horizon**: Project next shift within **20-60 trading days** of confirmation [00:35:34.560].

**Step 2: Calibrate IPDA Ranges**

1. Anchor vertical line at **first trading day of recent closed month** (e.g., December 1, 2015).
2. **Look-Back Analysis**:
   * Scan left **60/40/20 trading days** for:
     + Liquidity pools (old highs/lows).
     + Fair value gaps (FVGs), order blocks.
     + Institutional bias (net bullish/bearish momentum) [00:25:25.260].
3. **Cast Forward**:
   * Project ranges **20/40/60 days right** of anchor.
   * Anticipate shift within this zone (e.g., price tags FVG at day 60) [00:36:00.180].

**Step 3: Trade Institutional Bias**

* **Bullish Setup**:
  + Buy when asset (e.g., EURUSD) holds higher low while DXY breaks lower low (accumulation signal).
  + Target: Liquidity pool above recent high [00:11:24.480].
* **Bearish Setup**:
  + Sell when asset makes lower high while DXY rallies (distribution signal).
  + Target: Sell stops below swing low [00:14:49.139].

**Step 4: Risk Management**

* **Stops**: Beyond swing high/low bodies (not wicks).
* **Profit Targets**: Confluence of IPDA range extremes + liquidity pools.

**4. Practical Applications**

1. **DXY Bearish Shift (Dec 2015)**:
   * **Setup**: Daily break below swing low → confirmed bearish shift.
   * **Look-Back**: 60-day range showed bullish order flow → target sell stops below October low.
   * **Outcome**: DXY declined; EURUSD rallied into 60-day projected range [00:41:02.339].
2. **EURUSD Distribution (Jun 2016)**:
   * **Divergence**: EURUSD failed higher high while DXY held lows → hidden distribution.
   * **Trigger**: Rally into buy-stop pool above prior high → short entry.
   * **IPDA Confluence**: High formed exactly at 60-day cast-forward limit [00:45:50.880].

**5. Advanced IPDA Mechanics**

* **Benchmark vs. Underlying**:

| **Condition** | **Signal** | **Example** |
| --- | --- | --- |
| DXY lower low + Asset higher low | Accumulation (Long) | USDCHF vs. DXY [00:11:03.959] |
| DXY higher high + Asset lower high | Distribution (Short) | GBPUSD vs. DXY [00:14:49.139] |

* **Liquidity Void Closure**:  
  Price fills FVGs within IPDA ranges before reversing (e.g., DXY 2016 rally closing void prior to drop) [00:43:42.060].

**6. Critical Takeaways**

* **Calendar Anchoring**: Always start from **first trading day** of months – aligns with institutional settlement cycles.
* **60-Day Dominance**: Most significant liquidity references reside within **60-day look-back/cast-forward**.
* **Macro-Micro Integration**: Use quarterly shifts for bias; trade daily breaks for entries [00:06:00.479].

"Markets gyrate quarterly to trap retail – our edge is anticipating where liquidity *must* be raided." – ICT

**Summary**

Month 05 demystifies how institutions engineer quarterly shifts via IPDA algorithms. By calibrating to monthly opens, scanning 20/40/60-day ranges for liquidity pools, and projecting forward, traders align with smart money's cyclical rebalancing. The DXY/EURUSD examples prove price targets are mathematically derived, not random. Success requires:

1. Confirming shifts with daily market structure breaks.
2. Mapping IPDA ranges for liquidity targets.
3. Trading benchmark-underlying divergences.

**1. Core Definitions**

* **Reclaimed Order Block**:
  + A **bullish** or **bearish order block** from a prior price swing that is revisited and reactivated as an entry zone when price returns during the opposite phase of the Market Maker Model. Represents institutional re-accumulation/re-distribution 313.
* **Market Maker Models**:
  + **Buy Model**: "Market going lower to go higher" – Smart money accumulates longs during sell-side declines, creating premature bullish blocks later reclaimed in uptrends.
  + **Sell Model**: "Market going higher to go lower" – Scaling into shorts during buy-side rallies, reclaiming bearish blocks in downtrends 313.

**2. Key Principles**

1. **Hedging Drives Premature Blocks**:
   * Institutions scale large orders gradually, causing minor price displacements (small bounces in downtrends/pullbacks in uptrends). These form "hedging blocks" before the main reversal 313.
2. **Reclamation Confirms Trend Shift**:
   * Price revisiting a prior block *after* a market structure shift validates new entries:
     + **Bullish**: Downtrend block reclaimed in uptrend.
     + **Bearish**: Uptrend block reclaimed in downtrend 13.
3. **Body > Wicks**:
   * Focus on **candle body ranges** (open-close) for blocks. Wicks are secondary and often represent stop runs 13.

**3. Trading Strategy & Execution**

**Bullish Reclaimed Blocks (Market Maker Buy Model)**

**Step 1: Identify During Downtrend**

* Locate **down candles** with minor bounces ("sell-side curve"). These show institutional hedging into longs 13.
* *Example*: Nov 24-29 downtrend (transcript) – Down candles preceding small rallies [00:05:25.919].

**Step 2: Wait for Market Structure Shift**

* Confirm bullish reversal (e.g., break of swing high).

**Step 3: Enter on Reclamation**

* Buy when price retests the **high** of the prior down candle.
* **Stop Loss**: Below block body low (not wick) 13.
* *Transcript Example*: Price reclaims Nov 29 down candle post-reversal, rallies 100+ pips [00:06:07.360].

**Bearish Reclaimed Blocks (Market Maker Sell Model)**

**Step 1: Spot During Uptrend**

* Find **up candles** with shallow pullbacks ("buy-side curve"), indicating short hedging.

**Step 2: Confirm Bearish Shift**

* Breakdown below swing low.

**Step 3: Short on Revisit**

* Sell at **low** of prior up candle.
* **Stop Loss**: Above block body high.
* *Transcript Example*: Up candle before "climax high" reclaimed as short entry in downtrend [00:09:58.000].

**Risk Management**

* **Initial Stop**: Beyond body extreme (bullish: below body low; bearish: above body high).
* **Trailing Stop**: Move to 50% block range after displacement 213.
* **Profit Targets**: External liquidity pools (e.g., old highs for longs) 2.

**4. Practical Examples from Transcript**

1. **Bullish Case (USDCAD Daily, Nov 2016)**:
   * **Sell-Side Curve**: Down candle forms Nov 29 during downtrend with minor bounce.
   * **Reclamation**: Post-reversal, price retests block high → rally initiates.
   * **Entry**: Long at Nov 29 candle high.
   * **Result**: +100 pips [00:06:07.360].
2. **Bearish Case (EURUSD Hourly)**:
   * **Buy-Side Curve**: Up candle forms during uptrend with small pullback.
   * **Reclamation**: After bearish shift, price revisits block low → sharp decline.
   * **Entry**: Short at candle low [00:09:54.240].

**5. Advanced Integration**

| **Concept Synergy** | **Application to Reclaimed Blocks** |
| --- | --- |
| **Fair Value Gaps (FVGs)** | Reclaimed blocks near FVGs amplify entries (e.g., block+FVG confluence = high-probability trade) 6. |
| **Liquidity Pools** | Profit targets set at external pools above/below reclaimed blocks 2. |
| **HTF Bias** | Ignore reclaimed blocks against monthly/weekly trend 13. |

**6. Institutional Psychology**

* **Scaling Mechanics**:

"Market makers *require* multiple transactions to fill large orders. Reclaimed blocks are institutional 'receipts' showing where they scaled in." – ICT [00:02:08.080].

* **Retail Traps**:  
  Premature entries into hedging blocks fail because retail misinterprets them as reversals. True edge comes from waiting for reclamation post-structural shift 13.

**Summary**

Reclaimed order blocks reveal institutional scaling zones reactivated after market structure shifts. The protocol:

1. **Identify hedging blocks** during counter-trend moves (downtrend bounces/uptrend pullbacks).
2. **Confirm trend shift** (break of key swing point).
3. **Enter on reclamation** of block extremes.
4. **Target external liquidity** with stops beyond body extremes.

Below is a structured breakdown of the YouTube transcript from the ICT Mentorship Core Content - Month 05 - Using IPDA Data Ranges, focusing on key points, lessons, concepts, and applicable rules and notes for trading. This content is derived from a detailed trading training session by ICT (Inner Circle Trader), analyzing the Australian dollar using IPDA (Interbank Price Delivery Algorithm) data ranges and futures charts.

Structured ContentKey Points and Lessons

* Introduction to IPDA Data Ranges
  + IPDA stands for Interbank Price Delivery Algorithm, a system used to identify significant price levels based on historical data over 20, 40, and 60-day periods.
  + These ranges help traders pinpoint where liquidity pools (buy and sell stops) are located, guiding market movements.
  + Example: The Australian dollar analysis uses these ranges to predict price shifts.
* Market Structure Shifts
  + A significant market structure shift occurs approximately every three months (quarterly), identifiable by a clear change in price action over the past 3-6 months.
  + These shifts serve as the starting point for applying IPDA look-back periods.
  + Example: A major shift in November 2016 on the Australian dollar futures chart marked a bearish profile.
* Liquidity Pools and Smart Money
  + The market targets liquidity pools, such as buy stops above old highs and sell stops below old lows, within the 20, 40, and 60-day ranges.
  + Smart money (institutional traders) drives price to these levels to capture liquidity, not to target individual retail traders.
  + If stops within these ranges are cleared, price may extend to levels outside the 60-day range, signaling larger moves.
* Patience and Discipline
  + Successful trading requires waiting for price to reach IPDA-identified levels, emphasizing patience and discipline.
  + Hindsight examples are useful, but the real lesson is enduring the time it takes for setups to develop.
* Futures Data in Forex Trading
  + Analyzing futures charts (e.g., Australian dollar March 2017 contract) provides insights unavailable in forex, such as volume and open interest.
  + Open interest reflects smart money activity, particularly when it drops significantly at key levels, indicating potential reversals.
* Quarterly Resets and Open Interest
  + Every quarter, markets exhibit a reset or shift, often tied to changes in open interest.
  + A sharp decline in open interest at support (e.g., 71.50 on AUD) suggests smart money reducing short exposure, setting up bullish moves.
* Practical Application
  + Traders should mark charts with vertical lines at the start of each month and apply 20, 40, and 60-day look-backs to identify key levels.
  + Monitor price reactions at these levels for trade opportunities (e.g., buying at support, selling at resistance).

Concepts and Rules

* Identifying Market Structure Shifts
  + Concept: Look for the most obvious price action change over the last 3-6 months to identify quarterly shifts.
  + Rule: Use this shift as the anchor point for applying 20, 40, and 60-day look-back periods.
* Applying Look-Back Periods
  + Concept: From the shift point, review 20, 40, and 60 days back to find the highest highs and lowest lows.
  + Rule: These levels are where buy stops (above highs) and sell stops (below lows) are likely located.
* Casting Forward
  + Concept: Project 20, 40, and 60 days forward from the shift point to anticipate future key levels or shifts.
  + Rule: Mark these future dates with vertical lines to prepare for potential turning points.
* Monitoring Open Interest
  + Concept: Open interest in futures shows smart money activity—rising in trends, dropping at reversals.
  + Rule: A 15%+ drop in open interest at support signals smart money exiting shorts, favoring bullish setups.
* Patience and Discipline
  + Concept: Waiting for price to reach IPDA levels is critical, avoiding impulsive trades.
  + Rule: Only act when price hits these pre-identified levels, not based on short-term fluctuations.
* Multiple Time Frame Analysis
  + Concept: Higher time frames (daily, weekly) set the trend; lower frames (hourly, 15-min) refine entries.
  + Rule: Confirm daily chart setups with lower time frames for precise trade execution.
* Smart Money Behavior
  + Concept: Smart money targets institutional liquidity, not retail traders, using IPDA to find stops.
  + Rule: Focus on levels where large funds place stops (old highs/lows), not retail patterns.

Applicable Rules and Notes

* Stop Placement Logic
  + Rule: Buy stops typically reside above old highs; sell stops below old lows.
  + Note: These are standard institutional placements the IPDA algorithm targets.
* Identifying Significant Levels
  + Rule: Use 20, 40, and 60-day look-backs to find key highs and lows; if cleared, look beyond 60 days.
  + Note: Significant levels often align with mid-figure prices (e.g., 71.50).
* Open Interest Interpretation
  + Rule: Rising open interest in a trend signals strength; a sharp drop at key levels suggests reversal.
  + Note: A drop at support (e.g., 71.50 on AUD) indicates smart money preparing for a bounce.
* Quarterly Resets
  + Rule: Expect a market shift every 3-4 months; recalibrate analysis post-shift.
  + Note: These resets fund smart money’s risk exposure.
* Practical Charting
  + Rule: Place vertical lines at each month’s start; look back 20, 40, 60 days for highs/lows.
  + Note: Track price reactions at these levels over time for patterns.
* Avoiding Overcomplication
  + Rule: Focus on IPDA ranges and shifts, not exact predictions of turns.
  + Note: Use ranges as zones of interest, not precise targets.
* Continuous Learning
  + Rule: Backtest IPDA ranges and open interest on historical data; practice regularly.
  + Note: Mastery comes from consistent application and review.

Application Example: Australian Dollar Analysis

* Context: The transcript analyzes the Australian dollar futures (March 2017 contract) and forex pair.
* Shift Identified: November 2016 marked a bearish shift, followed by a low at 71.50 in December.
* Open Interest Drop: A massive decline at 71.50 signaled smart money exiting shorts, predicting a rally.
* IPDA Ranges: From November 1st, 40 days forward hit 71.50, followed by a bullish move to 74.34 and potential targets at 75.70-76.50.
* Outcome: Price respected these levels, confirming IPDA’s predictive power.

ConclusionThis structured content equips traders with a framework to use IPDA data ranges effectively. By identifying market shifts, applying look-back periods, monitoring open interest, and exercising patience, traders can align with smart money behavior. Practical application on charts, as demonstrated with the Australian dollar, enhances understanding and builds confidence for consistent profitability. Regular practice and review are essential to master these concepts.