ICT Day Trading Course: Comprehensive Note for AI Implementation1. Core Principle: Institutional Order Flow

* Definition: The ICT methodology is built on trading in alignment with "smart money" or institutional order flow, which reflects the actions of large institutional players.
* Purpose: Identify the directional bias (bullish or bearish) to ensure trades follow the path of least resistance as dictated by these major market participants.
* Determining Bias:
  + Time Frames: Analyze higher time frames (HTF) — Monthly, Weekly, Daily, and 4-Hour charts.
  + Bullish Bias Indicators:
    - Old highs are broken while lows remain intact (respected).
    - Price finds support at bullish order blocks (last down-close candle before an upward move).
    - Price rallies after filling liquidity voids (rapid price gaps) or fair value gaps (FVG: a three-candle pattern with a gap between the first candle’s high and third candle’s low).
    - Quick upward reversal after taking out sell-side liquidity below an old low.
  + Bearish Bias Indicators:
    - Old lows are broken while highs are respected.
    - Price encounters resistance at bearish order blocks (last up-close candle before a downward move).
    - Price sells off after filling liquidity voids or FVGs to the upside.
    - Quick downward reversal after taking out buy-side liquidity above an old high.
* AI Implementation:
  + Analyze HTF price data to establish a daily directional bias.
  + Identify key levels (order blocks, FVGs, liquidity voids) and monitor price behavior relative to old highs/lows.
  + Output: A clear bullish or bearish bias for the trading day.

2. Trading SetupsThe course defines two primary setups for both bullish and bearish biases, executed on lower time frames (e.g., 5-minute or 15-minute charts) during specific high-volatility periods.Bullish Setups (HTF Bias = Bullish)

* Offset Accumulation (Stop Run)
  + Purpose: Institutions engineer sell-side liquidity by pushing price below a recent low to trigger sell stops, then reverse to accumulate long positions at a discount.
  + Identification:
    - Sharp, aggressive drop below a key intraday low.
    - Quick, powerful reversal upward.
  + Entry Trigger: Price trades below the low and reverses aggressively.
  + Target: Short-term premium array (e.g., recent high or bearish order block).
  + Stop Loss: 30-40 pips below the entry, depending on setup specifics.
* Re-accumulation (Retracement)
  + Purpose: Buy during a natural pullback into a discount array in a bullish market, allowing institutions to add to long positions.
  + Identification:
    - Retracement into a bullish order block, FVG, or liquidity void.
  + Entry Trigger: Price trades into the discount array during a Kill Zone.
  + Target: Next HTF premium array or projected 5-day Average Daily Range (ADR) high.
  + Stop Loss: 10-30 pips below the discount array low.

Bearish Setups (HTF Bias = Bearish)

* Offset Distribution (Stop Run)
  + Purpose: Institutions engineer buy-side liquidity by pushing price above a recent high to trigger buy stops, then reverse to distribute short positions at a premium.
  + Identification:
    - Sharp, aggressive rally above a key intraday high.
    - Quick, powerful reversal downward.
  + Entry Trigger: Price trades above the high and reverses aggressively.
  + Target: Short-term discount array (e.g., recent low or bullish order block).
  + Stop Loss: 30-40 pips above the entry.
* Redistribution (Retracement)
  + Purpose: Sell during a natural pullback into a premium array in a bearish market, allowing institutions to add to short positions.
  + Identification:
    - Retracement into a bearish order block, FVG, or liquidity void.
  + Entry Trigger: Price trades into the premium array during a Kill Zone.
  + Target: Next HTF discount array or projected ADR low.
  + Stop Loss: 10-30 pips above the premium array high.
* AI Implementation:
  + Monitor intraday price action for these patterns during Kill Zones.
  + Confirm HTF bias before executing.
  + Calculate entry, stop loss, and target levels based on price data and predefined rules.

3. Timing: ICT Kill Zones

* Definition: High-volatility periods where institutional activity is concentrated, ideal for trade execution.
* Kill Zones (New York Time):
  + London Session (1:00 AM - 5:00 AM):
    - Most reliable for scalping.
    - Features the "London Judas Swing" (false move to set the day’s high/low).
  + New York Session (7:00 AM - 10:00 AM):
    - Continuation trades based on London session momentum.
    - Key time: 8:20 AM (CME Open) for intraday turning points.
  + London Close (10:00 AM - 12:00 PM):
    - Counter-trend scalps (high risk).
    - Potential final push or retracement.
  + Asian Session (8:00 PM - 12:00 AM):
    - Low probability; primarily for observation due to tight ranges.
* General Rules:
  + Timeframe: 5-minute chart for execution.
  + Trade Duration: 1-2 hours max.
  + Pip Target: 15-30 pips.
  + Risk/Reward: Typically 1:1.
  + Risk per Trade: 0.5%-1% of account balance.
* AI Implementation:
  + Restrict trade signals to Kill Zone windows.
  + Apply session-specific logic (e.g., Judas Swing in London, continuation in New York).
  + Avoid trading outside these periods unless specified (e.g., Asian observation).

4. Daily and Weekly Range FrameworksDaily Range: The True Day

* Definition: Interbank trading day from 12:00 AM to 3:00 PM NY Time.
* Sub-Periods:
  + Asian Range (8:00 PM - 12:00 AM): Sets initial high/low; target for liquidity runs.
  + London Kill Zone (1:00 AM - 5:00 AM): Likely high/low formation.
  + New York Kill Zone (7:00 AM - 10:00 AM): Continuation or reversal.
  + London Close Kill Zone (10:00 AM - 12:00 PM): Final move or retracement.
* AI Implementation:
  + Frame analysis within the True Day.
  + Track Asian Range high/low as liquidity targets.
  + Monitor Kill Zones for setup confirmation.

Weekly Range Framework

* Objective: Capture 65-70% of the daily range by aligning with the weekly candle’s direction.
* Steps:
  + HTF Bias: Analyze Daily chart (20-60 days) for significant premium (resistance) or discount (support) arrays.
  + Sunday/Monday Filter:
    - Bullish: Price drops below the weekly open (Judas Swing), then rallies above; buy subsequent days.
    - Bearish: Price rises above the weekly open, then falls below; sell subsequent days.
  + Execution: Trade in Kill Zones, focusing on Tuesday-Thursday.
  + Override: Stop trading if price hits an opposing HTF PD array (e.g., bullish order block on a bearish day).
* AI Implementation:
  + Establish weekly bias using HTF data and opening price filter.
  + Generate daily signals aligned with weekly direction.
  + Halt trading when an opposing HTF level is reached.

5. Day-of-the-Week Characteristics

* Monday: Smaller range; potential weekly high/low if it hits a key PD array.
* Tuesday: High probability for weekly high/low in London.
* Wednesday: Confirms Monday/Tuesday moves; ideal trading day.
* Thursday: Caps weekly range; potential reversal in New York.
* Friday: Consolidation; surprise expansion if weekly objective unmet.
* High-Impact News (e.g., FOMC, NFP): Avoid trading.
* AI Implementation:
  + Adjust signal aggressiveness based on the day.
  + Suspend trading on high-impact news days (use an economic calendar).

6. High-Probability Trade Setups

* Frame: Use previous day’s price action to define current day setups.
* Pre-Conditions:
  + HTF bias confirmed (Daily/4-Hour).
  + Clear path to an opposing PD array.
  + CBDR < 40 pips, Asian Range < 20 pips.
* Bullish Entries:
  + Retracement into previous day’s New York range.
  + Asian Range low raid (below low + 5-pip buffer).
  + Stop run into a bullish order block.
  + Judas Swing (drop 12:00 AM - 2:00 AM).
  + Turtle Soup (second raid of a low).
* Bearish Entries: Inverse of bullish setups.
* AI Implementation:
  + Analyze previous day’s data to set key levels.
  + Generate signals during Kill Zones based on these patterns.

7. Risk and Profit Management

* Stop Loss:
  + CBDR Entry: 30 pips from entry.
  + Asian Range Raid: 40 pips from entry.
  + Stop Run/Turtle Soup: 30 pips beyond the violated level.
  + Order Block Retracement: 10 pips beyond the day’s extreme.
* Profit Taking:
  + First Partial: +20 to 30 pips (mandatory).
  + Scale Out: At 2 standard deviations of CBDR/Asian Range, previous day’s high/low, 50% of the 60-minute swing, or ADR (60-80% off).
  + Time-Based: Before 5:00 AM (London Lunch), 7:00 AM (NY Open), or 10:00-11:00 AM (trend continuation).
* AI Implementation:
  + Place stops and targets dynamically based on setup type and price data.
  + Execute systematic profit-taking rules.

8. Intraday Profiles and ProjectionsLondon Profiles

* Normal Protraction: Immediate move against trend post-12:00 AM, high/low forms 2:00-4:00 AM.
* Delayed Protraction: No move at 12:00 AM; smaller Judas Swing post-2:00 AM.
* AI Implementation: Classify profile based on price action at 12:00 AM and 2:00 AM; adjust entry timing.

Projecting Daily Highs/Lows

* Method: Measure the London Judas Swing (Known Range) and project symmetrically from CBDR extremes.
* Conditions: CBDR < 40 pips, HTF bias clear, projection aligns with a PD array.
* AI Implementation: Calculate projections and validate with PD arrays for target setting.

9. Trading Consolidations and ReversalsConsolidations

* Approach: Fade expansions from equilibrium (midpoint) aligned with HTF bias.
* Bullish HTF: Buy below consolidation low; target equilibrium or high.
* Bearish HTF: Sell above consolidation high; target equilibrium or low.
* AI Implementation: Identify consolidation ranges and execute fades with HTF confirmation.

Reversals

* Scenarios: Fade stop runs at previous day’s high/low, intra-week high/low, or intermediate-term extremes.
* Condition: Must align with HTF bias and PD arrays.
* AI Implementation: Monitor key levels during Kill Zones for reversal signals.

10. Filters: When to Avoid Trading

* Conditions:
  + Post large range day (>2x ADR).
  + Pre-high-impact news or holidays.
  + Wide CBDR (>50 pips) or Asian Range (>40 pips).
  + Trending pre-session or lack of consolidation.
* AI Implementation: Apply filters to suppress signals on low-probability days.

11. Tools and Analysis

* ADR: Use 5-day ADR for range expectations; take profits 15 pips before levels.
* PD Arrays: Order blocks, FVGs, liquidity voids as entry/exit points.
* Top-Down Analysis: Monthly → Weekly → Daily → 4-Hour → Intraday; focus on Fair Value/Optimal Trade Entry and Turtle Soup patterns.
* AI Implementation: Integrate these tools into signal generation and trade management.

Summary for AI Execution

* Steps:
  + Establish HTF bias using institutional order flow indicators.
  + Identify setups during Kill Zones based on price action and PD arrays.
  + Apply weekly/daily filters and day-of-the-week adjustments.
  + Execute trades with precise risk and profit rules.
  + Avoid low-probability scenarios using predefined filters.
* Data Requirements: Historical price data (Monthly to 5-minute), economic calendar, ADR calculations.
* Output: Trade signals with entry, stop loss, and target levels, adhering to ICT rules.