

# MARKET STRUCTURE

— REFINEDFX —

- Use the higher timeframes to find your overall direction and orderflow.
- You can also use momentum to understand the direction and bias.
- When looking at structure always consider these two things:
  1. ***You cannot assume a break of bearish structure until a lower high has clearly been broken.***
  2. ***You cannot assume a break of bullish structure until a higher low has clearly been broken.***
- View the market in a impulse and correction point of view.
- Price will either be doing one of three things.
  1. Trending up
  2. Trending down
  3. Accumulating/contracting
- Always remember; ***whichever way price breaks is the way that it wants to go.*** So if price breaks a higher low it wants to go lower. If price breaks a lower high price wants to go higher.

- Price is what it is until it isn't; so don't try to guess a change in trend until a higher low has been broken or a lower high has been broken.
- When you see a break of structure focus on the area that caused the break to happen.
- If you are unsure about the direction take a step back and look at what price is doing. Is it forming HH's & HL's or is it forming LH's and LL's. If it isn't creating HH's & HL's or LH's & LL's price is ranging.
- When looking at market structure breaks we need to make sure that we are able to differentiate between a break and a liquidity grab. A liquidity grab is where the candle fails to have a substantial close above or below the level so most of the times it will just be a wick. Whereas a break will be a substantial close above or below the level.
- Market structure is ***more*** important than liquidity.

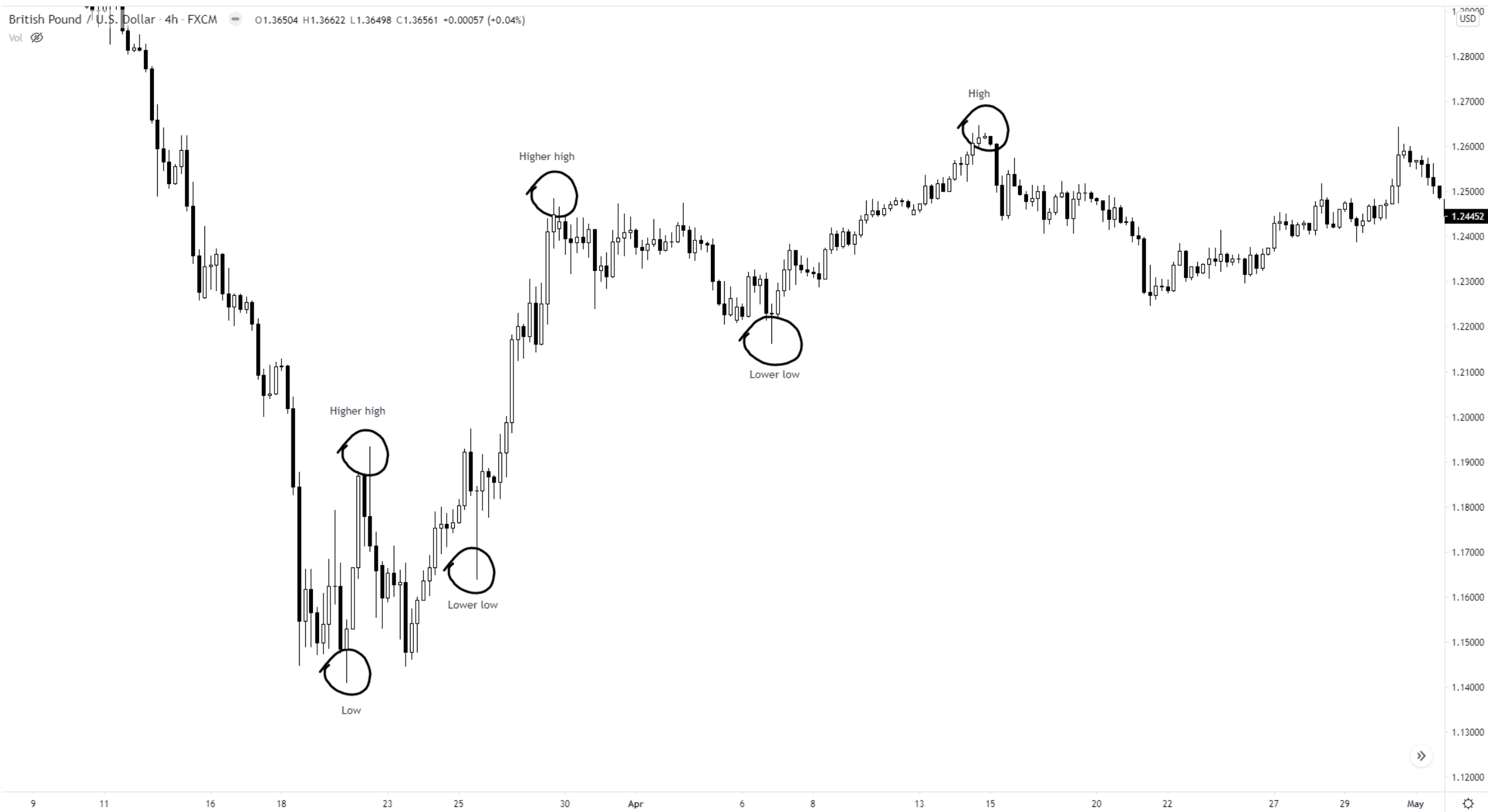
# BULLISH TREND

- An uptrend is made by a higher low followed by a higher high.
- If price makes a higher low in an uptrend the next thing we can expect is a higher high. Imagine price breaks the previous higher high thus continuing the trend the initial break of structure was our clue to let us know that price wants to continue up.
- When looking at the range inside of a bullish market we want to use the most recent higher low and the new higher high because price will most likely retrace somewhere in this range.
- When price breaks above a structure (the impulsive move) price will most likely retrace into the new range (the correction) this is where we want to look to enter.
- If price fails to put in a higher high this gives us a clue that price could be looking to reverse **BUT** it isn't bearish until the most recent higher low breaks because **price is what it is until it isn't**.
- In an uptrend if price breaks the most recent structure low this is telling us that price could reverse and start a bearish trend
- A new higher low is only valid once a higher high has been made.
- The objective in an uptrend is to catch the higher lows.

British Pound / U.S. Dollar - 4h - FXCM

O 1.36504 H 1.36622 L 1.36498 C 1.36561 +0.00057 (+0.04%)

Vol



# BEARISH TREND

- A downtrend is created by a lower high followed by a lower low.
- If price makes a lower high in a downtrend the next thing we can expect is a lower low. Imagine price breaks the previous lower low thus continuing the trend the initial break of structure was our clue to let us know that price wants to continue down.
- When looking at the range inside of a bearish market we want to use the most recent lower high and the new lower low because price will most likely retrace somewhere in this range.
- When price breaks below a structure (the impulsive move) price will most likely retrace into the new range (the correction) this is where we want to look to enter.
- If price fails to put in a lower low this gives us a clue that price could be looking to reverse **BUT** it isn't until the most recent lower high gets broken because ***price is what it is until it isn't.***
- In a downtrend if price breaks the most recent structure high this is telling us that price could reverse and start a bullish trend.
- A new lower low is only valid once a lower high has been made.
- The objective in a downtrend is to catch the lower highs.

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Vol



1D 5D 1M 3M 6M YTD 1Y 5Y All



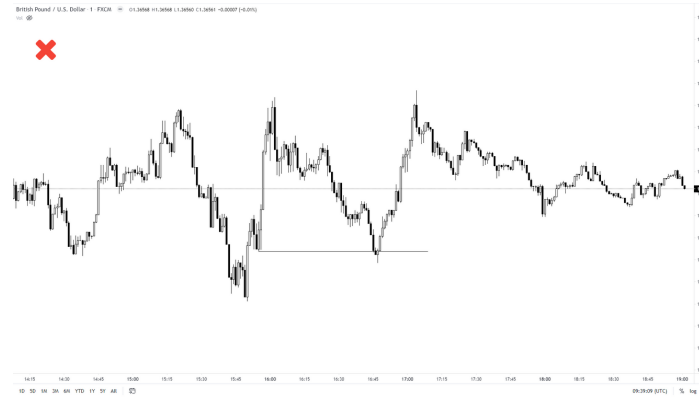
10:44:24 (UTC) % log auto

# MARKET STRUCTURE BREAKS

- Market structure breaks are defined as clear candle body closes above a previous structure high or structure low.
- The more substantial the break is the better confirmation for us. We want a break with clear conviction.
- A wick above the structure is not classed as a break this is classed as a liquidity grab. We want clear candle body closes above this.



- The screenshots with a 'X' on them are NOT market structure breaks. The ones which don't have the X on them are clear market structure breaks.





# LIQUIDITY

- Liquidity is essentially where there is just money chilling in the market. The big players will want to grab this before continuing price up, continuing price down or even changing the direction.
- Liquidity is at every high and every low because retail traders usually place their stops above these and the big players will eventually neutralise them in the process of grabbing this liquidity. So above every high there are buy stops resting above these highs which are just waiting to be taken. Under every low there are sell stops resting below these lows which are just waiting to be taken.
- I use fractal highs and fractal lows as my most common liquidity levels.
- We want to place our targets at these liquidity levels.
- Equal highs & equal lows are engineered levels.
- **Types of liquidity levels:**
  - Highs & Equal highs
  - Lows & Equal lows
  - Gaps & Inefficiencies

# FRACTALS

- If a fractal high or low has been created it will be on the second candle in a 3 candlestick formation, on a 5 candlestick formation it will be on the third candle. In simpler words it will always be formed on the middle candle.
- A fractal low is classed as having the lowest low out of the candles to either side of it. So if a fractal low has been made the candles to both sides will have higher lows.
- Fractal lows signify that price could be reversing.



- A fractal high is classed as having the highest high out of the candles to either side of it. So if a fractal high has been made the candles to both sides will have lower highs.
- The only way I incorporate fractals in my trading is if I'm waiting for a stop hunt, I will use the fractal high or fractal low.
- Fractal highs signify that price could be reversing.





# STOP HUNTS

- Two rules to remember when looking at stop hunts:
  1. Has to be a fractal high or low which was raided.
  2. The candle ***MUST NOT*** have a valid close above the fractal high or low

