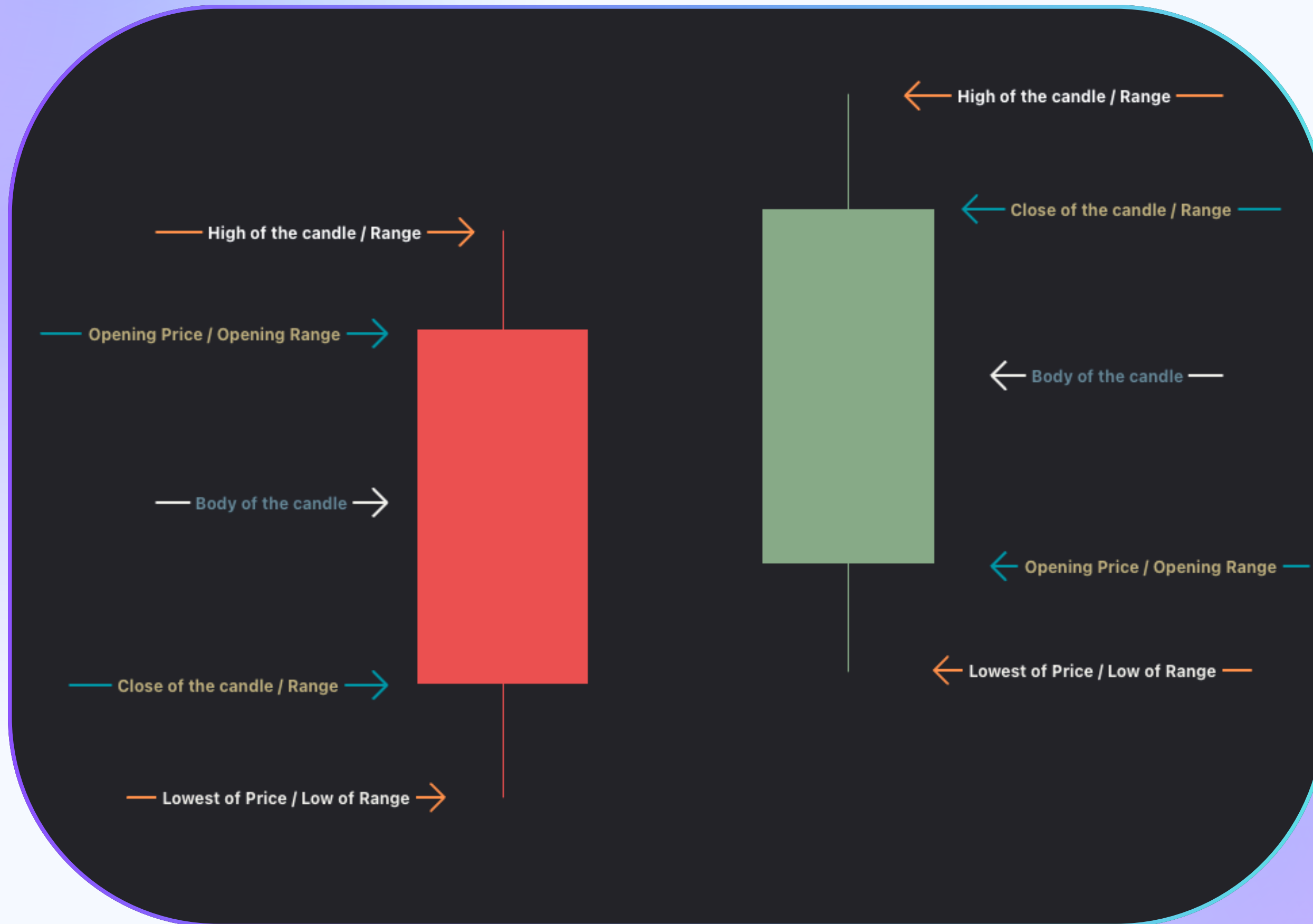


For Beginners

Basic Market Structure v2.0



CANDLE ANATOMY



A **swing high** is a price point on a chart where the price reaches a peak and then begins to decline.

It's characterized by:

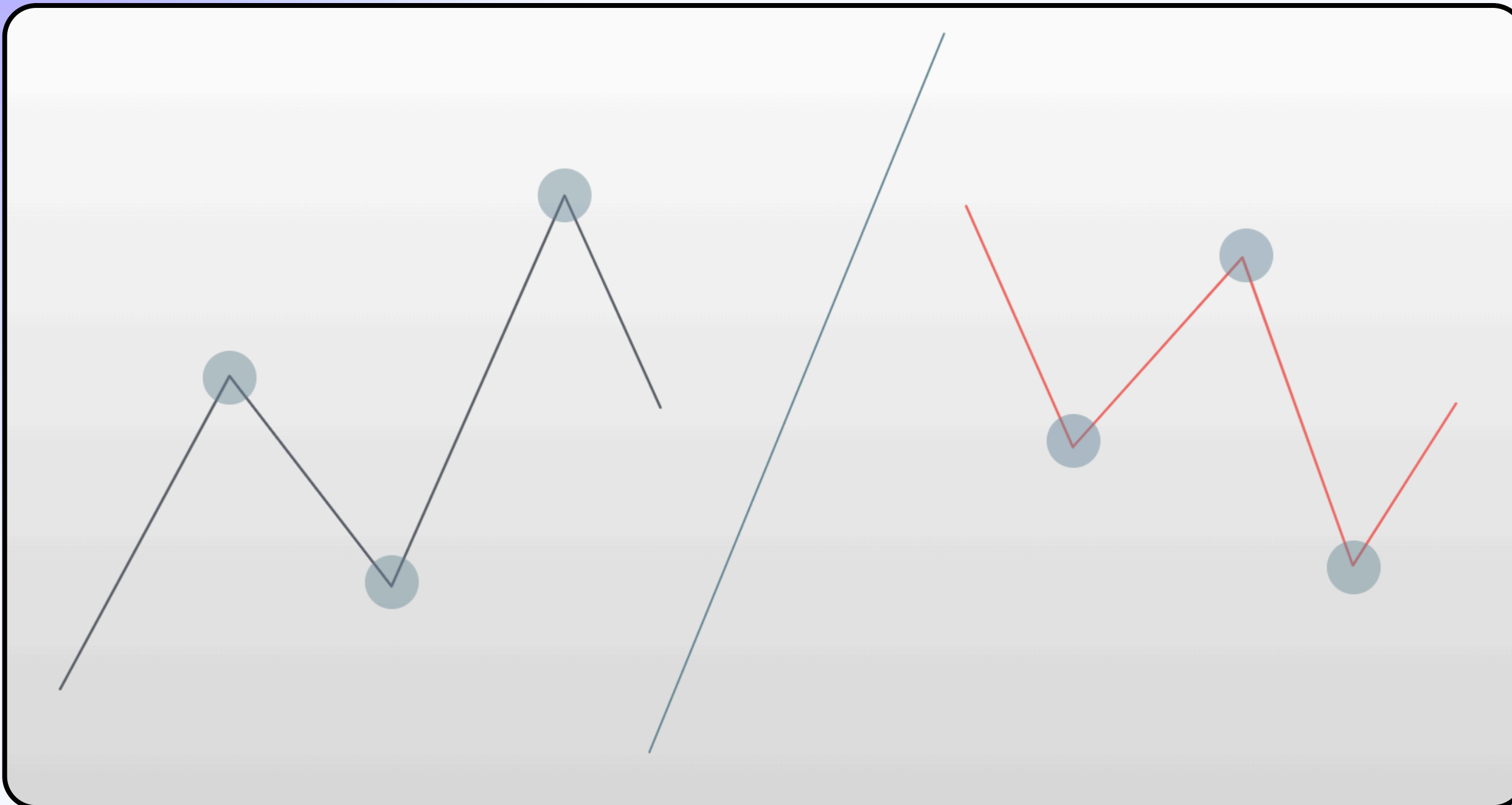
- A high that is higher than the highs to its left and right.
- Typically formed by three candlesticks, with the middle candlestick having the highest high.



A **swing low** is a price point where the price reaches a trough and then begins to rise.

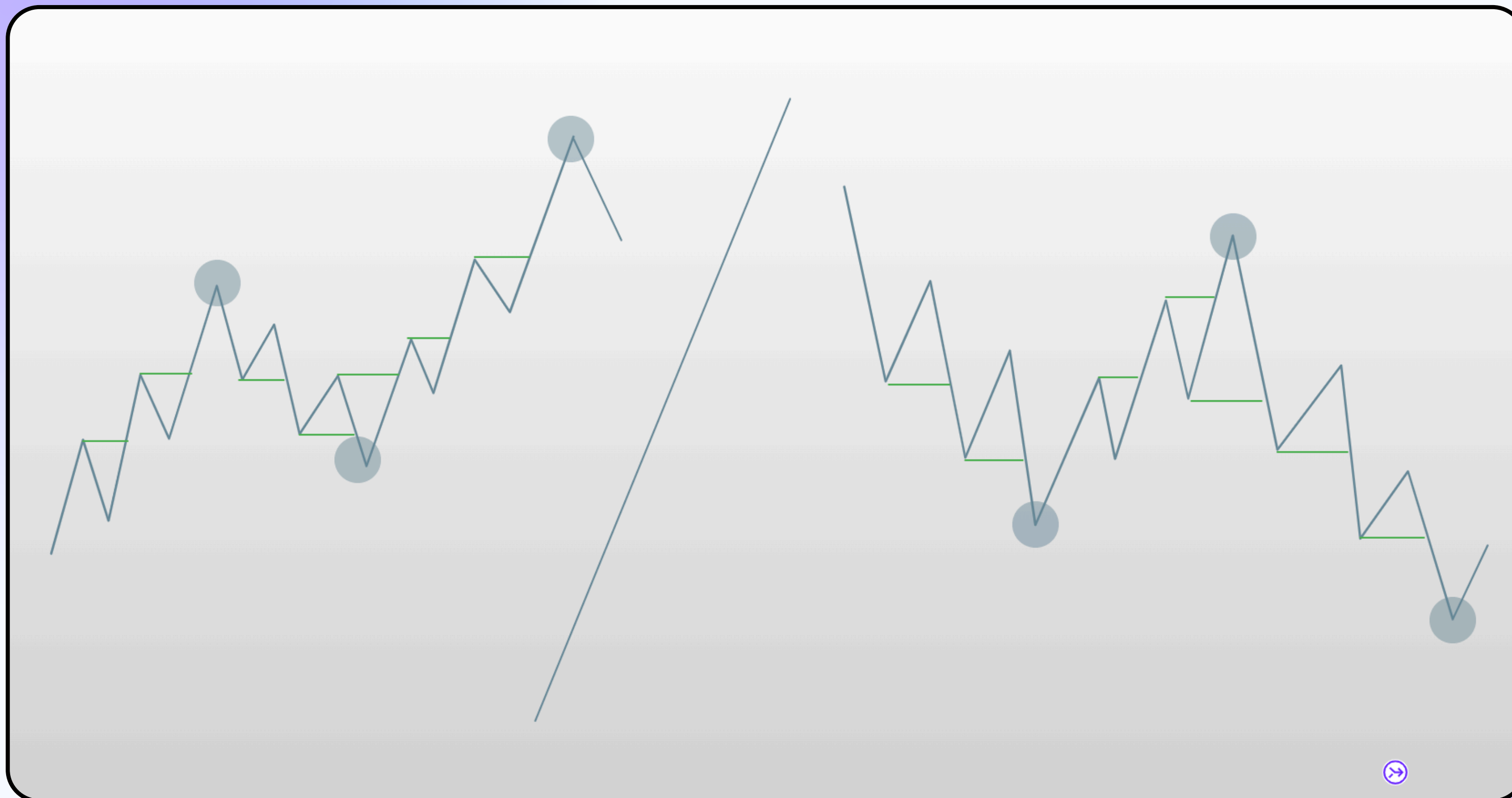
It's characterized by:

- A low that is lower than the lows to its left and right.
- Typically formed by three candlesticks, with the middle candlestick having the lowest low.





Internal Structure: Refers to the price action patterns and movements that occur within larger market structures or trends. It's usually characterized by smaller timeframe price movements or smaller moves in general that may differ from the overall trend visible on higher timeframes.

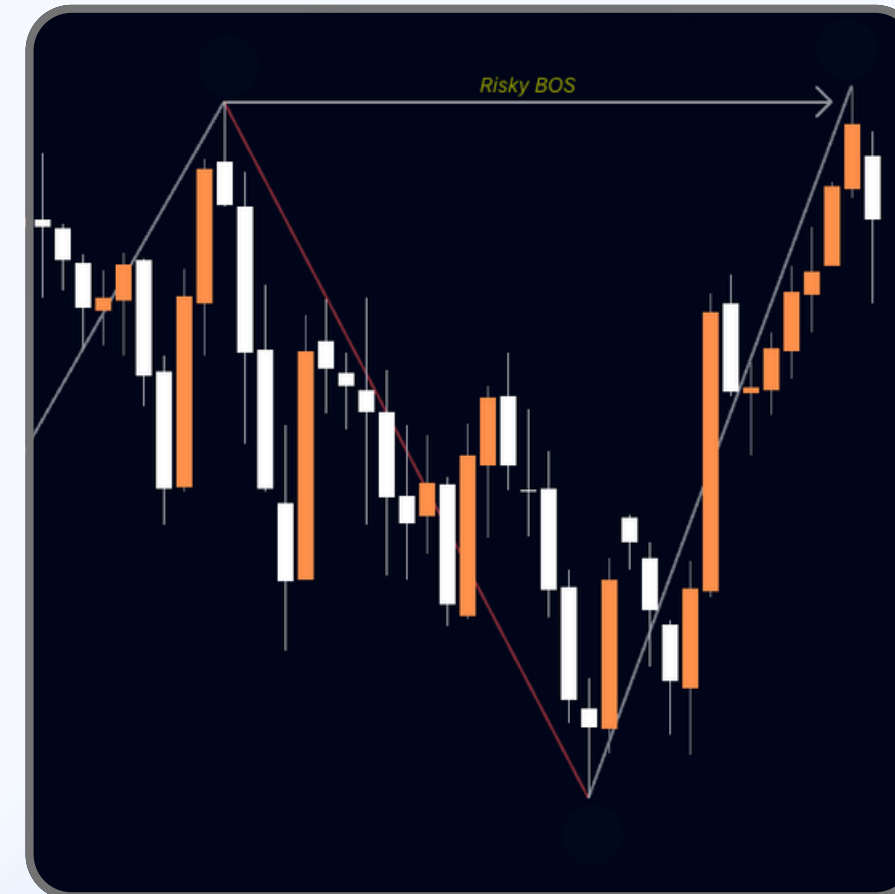




Break of Structure (BOS):

- In an uptrend: A bullish BOS occurs when the price creates a higher high without first making a lower low.
- In a downtrend: A bearish BOS happens when the price forms a lower low without first creating a higher high.
- It often indicates the continuation or beginning of a trend.

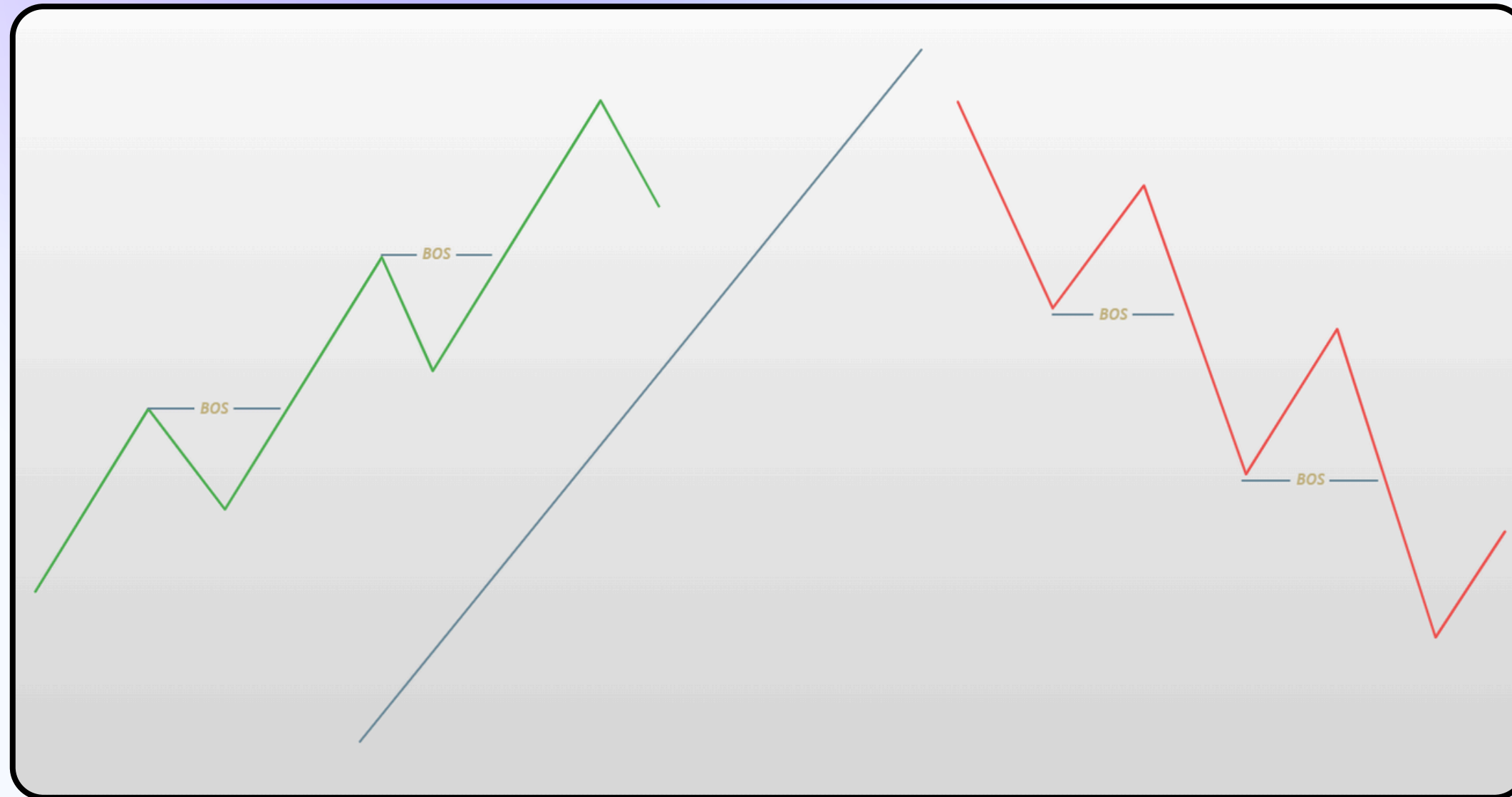
TWO TYPES OF BOS



Its risky because you are using the “wick” of the candle as your confirmation for a “bos”



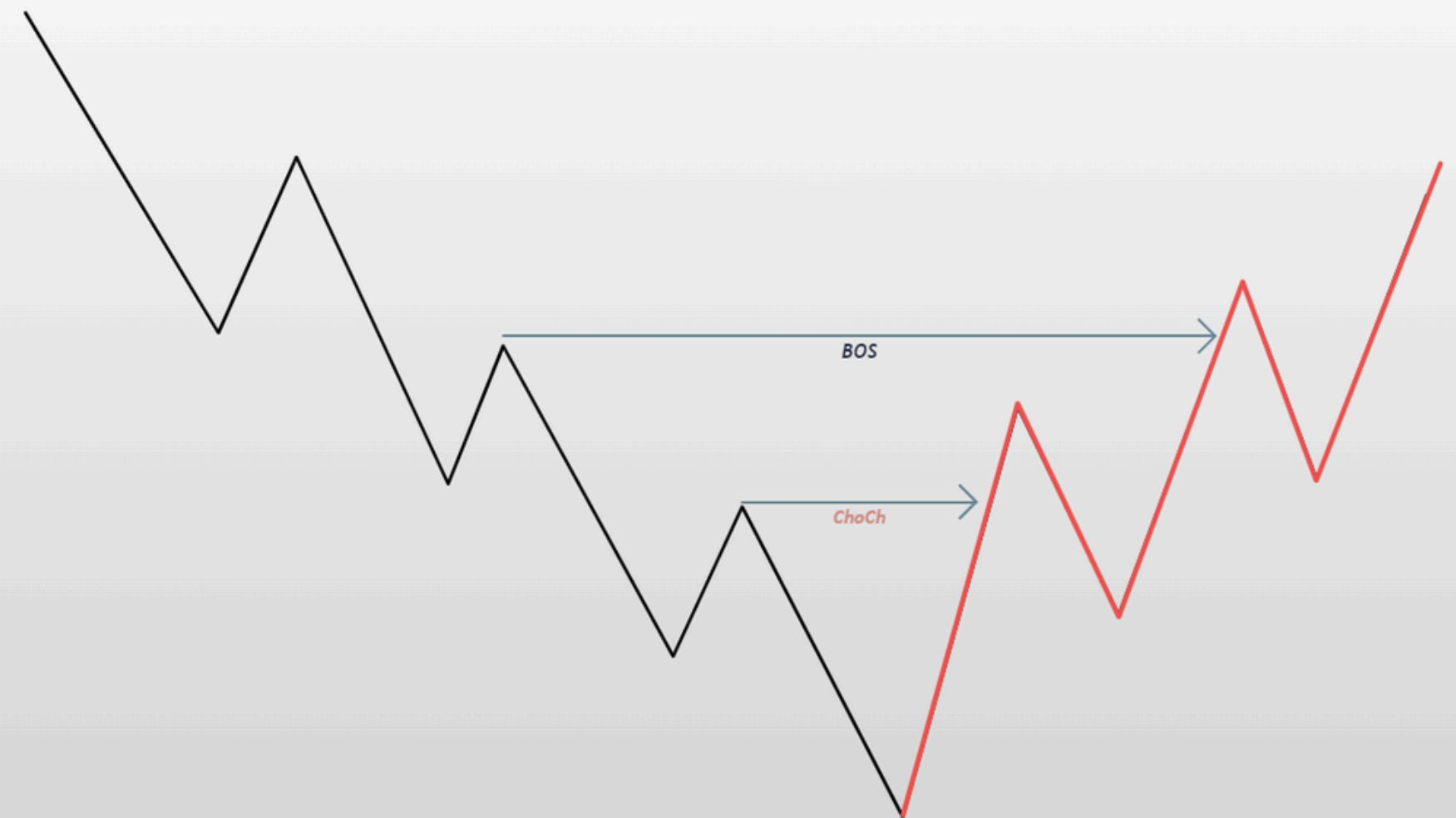
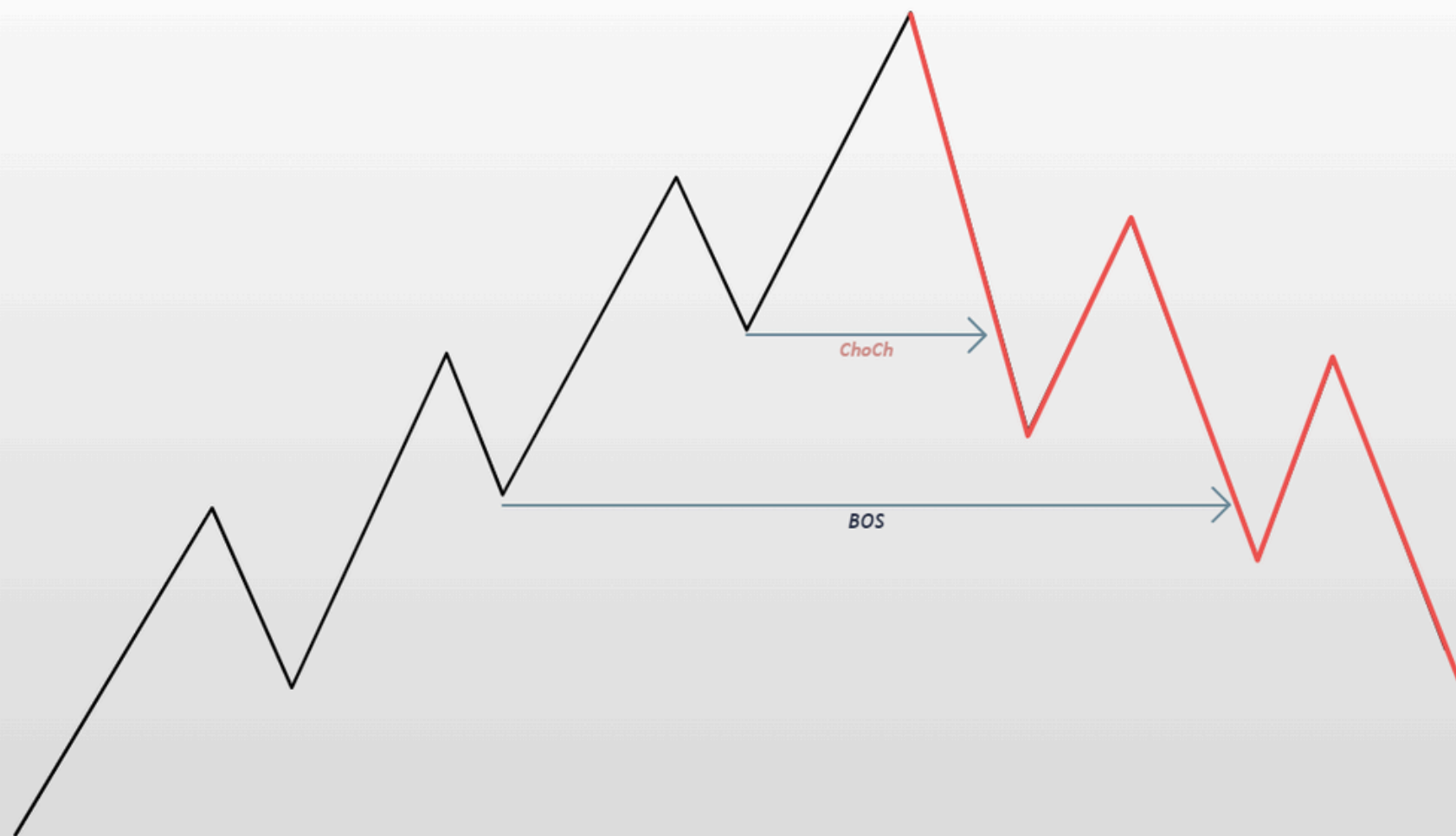
Its conservative because you are using the “body” of the candle as your confirmation for a “bos”



Change of Character (ChoCh):



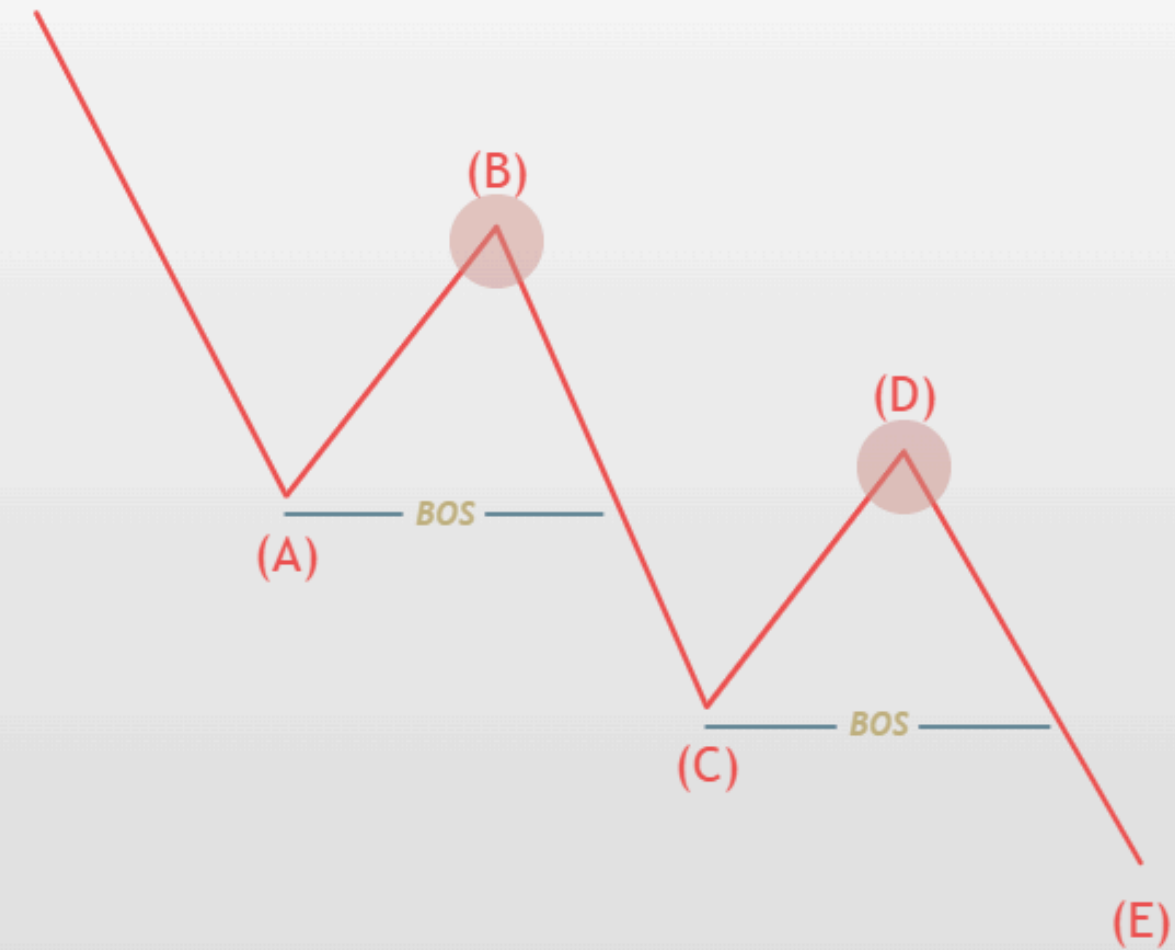
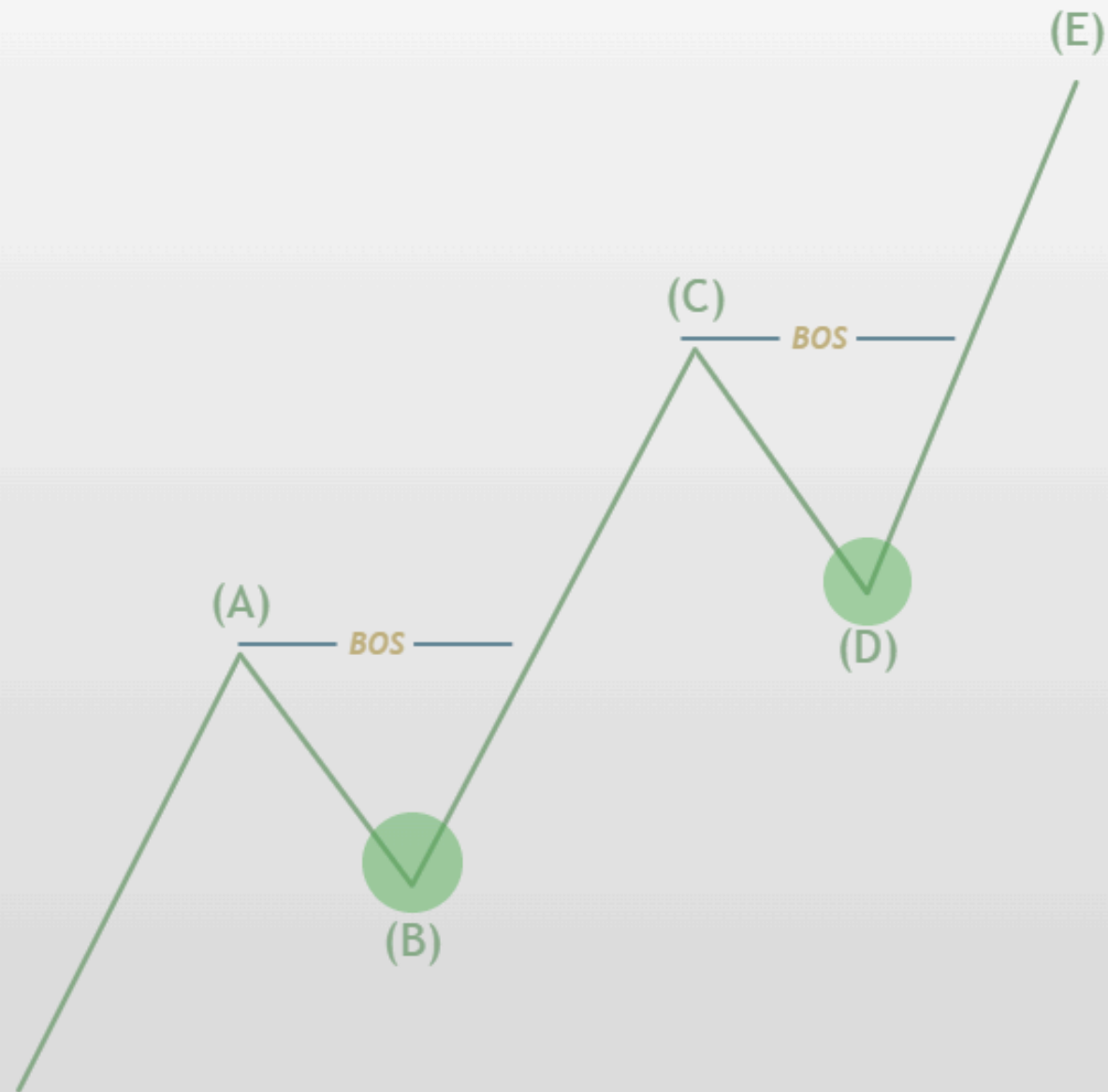
- Definition: ChoCh signifies the initial shift in order flow within financial markets, indicating a change in market sentiment from bullish to bearish or vice versa.
- Structure: In an uptrend, a bearish ChoCh occurs when price breaks below the most recent low. In a downtrend, a bullish ChoCh forms when price breaks above the previous high.
- Market dynamics: It often occurs when a minor demand or supply zone (or Low / High) fails to hold, suggesting a potential shift in market trend.
- Timeframes: ChoCh can be observed across various timeframes, from major shifts on higher timeframes to short-term changes in order flow on lower timeframes.
- Trading application: Traders use ChoCh to identify potential trend reversals, entry points, and opportunities to trade against the existing trend.
- Confirmation: A high-quality ChoCh often involves a double zone breakout, where price breaks through two successive supply or demand zones (Low / High).





Pullback:

- A pullback is a short-term counter-movement within the prevailing trend.
- It's considered temporary and does not indicate a trend reversal.
- Pullbacks are seen as healthy corrections in the market.





Liquidity:

- Essentially any structure that gets taken out by another high or low, this applies to major & minor structure.



PRO TIP

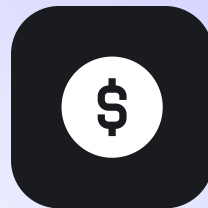


Q & A



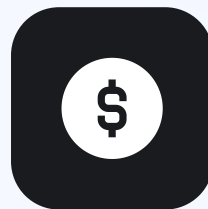
What are some of the challenges of understanding financial market structure?

The financial market is a very dynamic market, and market structure can change quickly. This can make it challenging to keep up with the latest changes in market structure. Additionally, market structure can be affected by a variety of factors, including economic data, news events, and political developments. This can make it difficult to predict how market structure will change in the future.



Do you recommend trading on News Days?

No, especially on **Red** or **Orange** Folder days, but if you are fairly experienced or still want to trade then wait atleast 1Hr 30Min before or after wanting to place a trade. Here is a link where you can check on the news: <https://www.forexfactory.com/calendar>



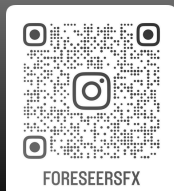
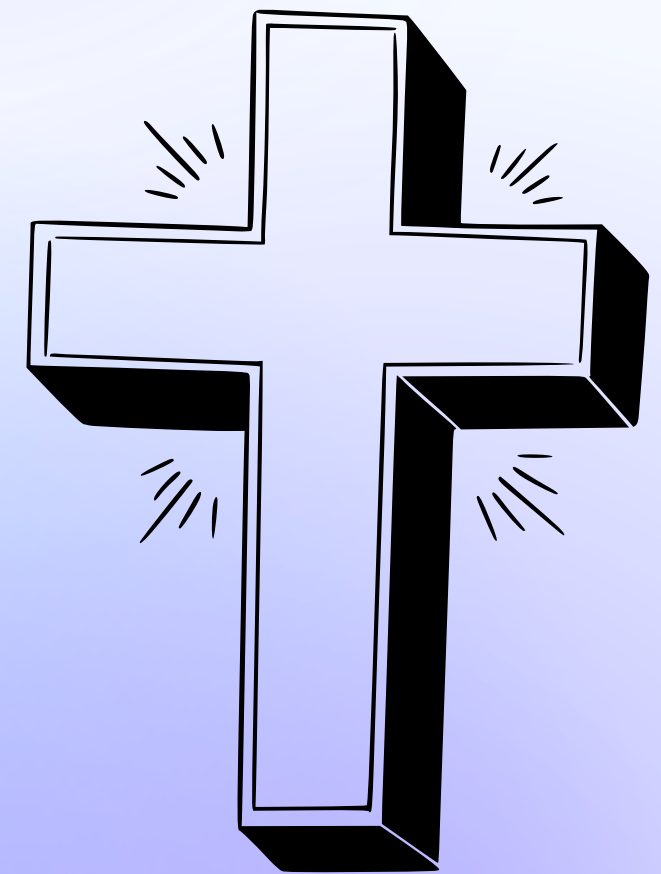
Do all assets move the same?

No, all trading assets do not move the same. Some assets are influenced by various factors, including economic indicators, geopolitical events, interest rates, market sentiment, how many big players are trading them and much more. As a result, each asset can have its own unique characteristics and tendencies. But they all have their Highs & lows, some bigger than others.

THANK YOU

PROVERBS 3:5-6 (NIV):

***TRUST IN THE LORD WITH ALL YOUR HEART AND
LEAN NOT ON YOUR OWN UNDERSTANDING; IN ALL
YOUR WAYS SUBMIT TO HIM, AND HE WILL MAKE
YOUR PATHS STRAIGHT.***



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