

INTRODUCTION

Before you embark on learning this strategy, there are a few important things to clarify. This strategy is designed for swing trading, ensuring that you don't need to spend hours in front of charts to make a living from trading. My goal in trading has always been to achieve not just financial freedom but also freedom of time and location. I refined this strategy to support a lifestyle that allows me to travel full-time, live in different time zones, and enjoy life without the constraints of a 9-5 job.

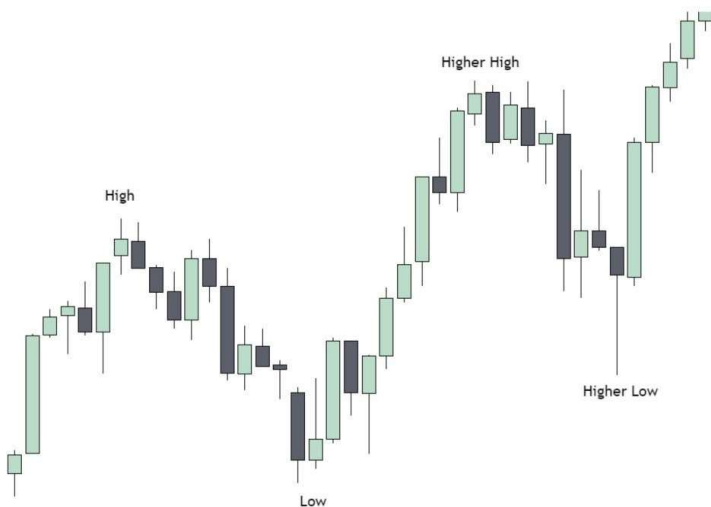
Many so-called "gurus" tend to overcomplicate trading, making it seem harder than it needs to be. In reality, all you need is a reliable system that consistently works. This strategy offers a win rate of 40-60% with a risk-to-reward ratio of 1:3. It is ideal for those who have a job and want to break free from their current lifestyle, or for those with family obligations that take up a lot of their time.

The simplicity of this strategy is one of its greatest strengths. You only need to use one time frame—in my case, I primarily use the 4-hour time frame. Occasionally, I refer to the daily time frame if the 4-hour chart offers few opportunities, but this is an exception. This allows me to check the charts only about 1-3 times a day, usually when I wake up, at noon, and right before I go to bed.

If swing trading doesn't appeal to you, don't worry. You can also apply this strategy to lower time frames. The only adjustment needed for lower time frames is using two time frames: a higher time frame for directional bias and a lower time frame for more precise entries. This approach can enhance your overall win rate.

MARKET STRUCTURE

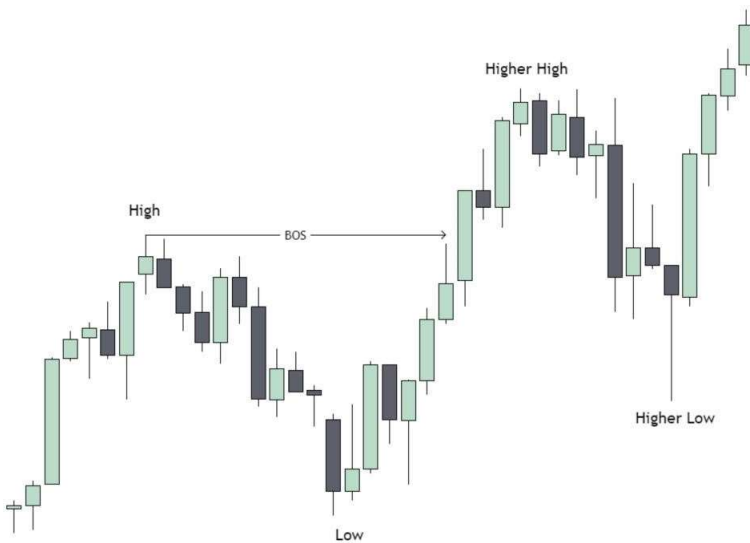
Financial markets don't move in one direction consistently. Prices fluctuate, reaching higher highs and lows or lower highs and lows. To simplify the concept of market structure, let's define it as the major highs and lows on a price chart, known as swing points. Swing points represent the most extreme high and low prices. If you find it difficult to identify these swing points on a candlestick chart, switching to a line chart on your trading platform can make it easier. The image below provides an example of bullish market structure



MARKET STRUCTURE

The first step in identifying a potential trading opportunity, and one of the most important aspects of this strategy, is understanding the break of structure (BOS). When a major swing point is surpassed, it is known as a BOS. This signals either a continuation of the current trend or a potential reversal.

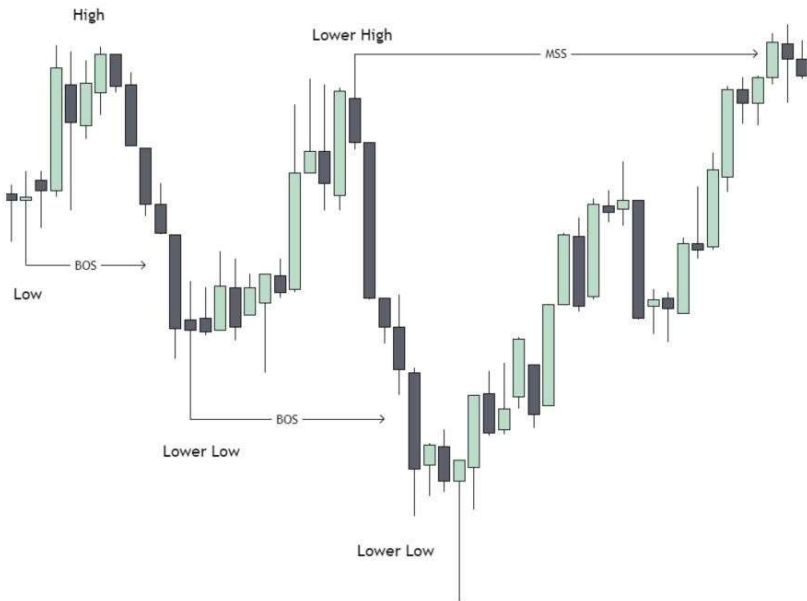
In a bullish trend, each time a major high is breached, it is considered a break of structure. Refer to the image below, which uses the previous example of bullish market structure, to see where the price broke structure, indicating signs of trend continuation. (Note: I only consider it a break of structure when the price breaks the swing point with a candle close. If the price only wicks the swing point, it could be a sign of a liquidity grab.)



MARKET STRUCTURE

Identifying trend continuation structure is straightforward. However, identifying potential trend reversal structure or market structure shifts (MSS) can be more tricky and subjective.

My rule of thumb is to look at a higher time frame to see if the market structure shift happened at a significant point of interest (POI), such as an order block, or after liquidity was grabbed from a high or low. Additionally, higher time frame fair value gaps can result in a market structure shift on the lower time frame, as this is seen as inside liquidity. The example below provides a simplified version of how this can look.

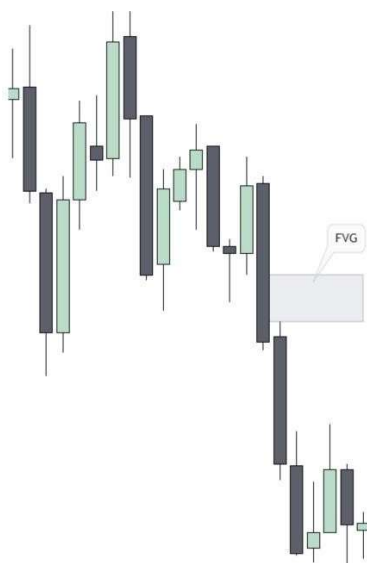


FAIR VALUE GAP

One of the main criteria we look for when identifying a potential trading opportunity is an fair value gap (FVG).

This occurs when an impulsive movement in the market creates a gap in the price. These gaps act as magnets, drawing the price back to correct the difference. (inside liquidity)

This price difference forms between three candlesticks. If the wicks of the first and third candles don't cover the body of the second candle, a fair value gap is created

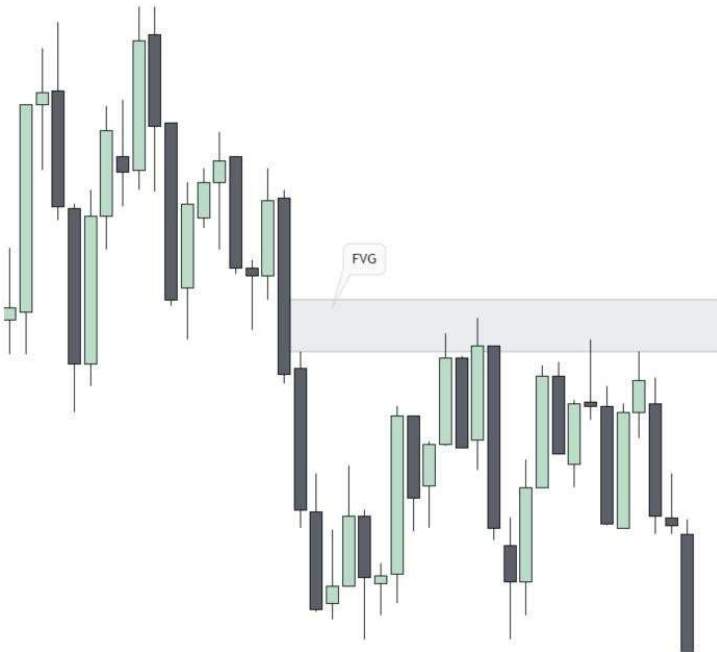


FAIR VALUE GAP

price will be drawn towards it like a magnet to correct the inefficiency. This is why identifying imbalance in the market can be beneficial; it acts as a clue as to where price may be heading next.

The image below showcases how the first example developed into a valid selling opportunity.

Price traded lower for a short period of time but eventually retraced back up toward the imbalance to correct it. After the imbalance had been filled, price continued its downward momentum.



ORDER BLOCKS

WHAT ARE ORDER BLOCKS?

Institutional money enters the market algorithmically at strategic levels through order blocks. Instead of injecting large amounts of currency at once, institutional orders are divided into smaller entries, forming tight consolidations just before significant market moves.

This approach leaves a distinct institutional pattern on the chart, which can be recognized and leveraged.

HOW TO TRADE ORDER BLOCKS?

Let's dive into real examples of order blocks so we can learn to recognize and trade them using a rule-based system.

The initial step in identifying order blocks (OB) is to look for a break of structure (BOS) or a market structure shift (MSS). These indicate a significant shift or a robust continuation in market trend.

ORDER BLOCKS



If there is no BOS, there is no order block.

Do not overcomplicate your analysis. The next step is to identify the order block zone. These zones are easily identifiable because they are tight consolidation areas in-between impulsive moves



ORDER BLOCKS

The best way to highlight these zones is with a simple rectangle tool in your charting platform.

Having pinpointed our point of interest (POI), we can now narrow down our zone to the last low volume opposing candle before the impulsive move. Given the bullish momentum in this scenario and our intent to buy, we must locate the last bearish candle preceding the bullish impulsive move.



This marks the final zone of institutional activity before the impulse. It's where hedge positions may be adjusted before resuming bullish momentum. These market points enable us to enter trades with precision offering highly favorable risk/reward ratios.

LIQUIDITY

In every financial market, for every buyer, there is a seller, and for every winner, there is a loser. Whenever you lose a trade, you contribute liquidity to the market.

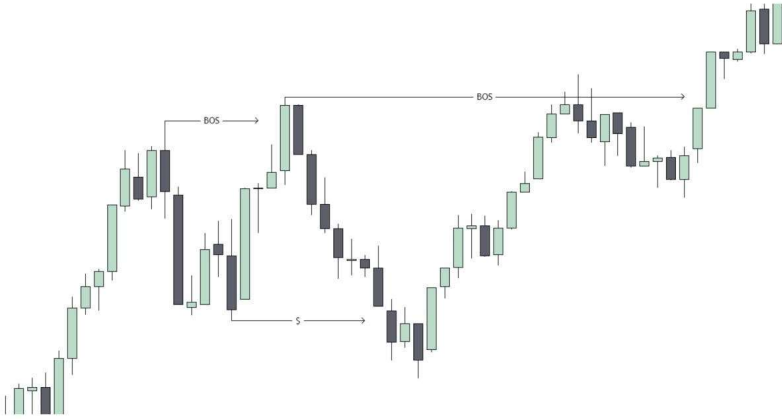
You've probably heard of terms like "stop hunt" or "fake out," which describe price breaking through a protective stop loss and then moving in the trader's intended direction afterward.

This happens because institutional money needs liquidity in the market to execute large orders.

Common areas where liquidity is often purged include trend lines, market structure highs or lows, and fair value gaps.

Refer to the image on the next page for an instance where sell-side liquidity is purged from a significant low. Confirmation of the liquidity purge can only be established after a distinct break of structure has transpired in the opposite direction

LIQUIDITY



Developing the ability to identify where price is likely to purge liquidity is crucial in trading, particularly when seeking trend reversal opportunities. The most effective approach to prevent liquidation is to recognize where liquidity has already been purged before entering a trade.

This validates your existing directional bias and assists in avoiding unnecessary losses. Remember: either see the liquidity or become the liquidity.

Entry Level: The 0.75 level will serve as our entry point.

Stop Loss Management: The 0.25 level will be used to manage our stop loss.

ENTRY MODEL

This will be our entry model for every trade.

To break this down: once we have determined our directional bias, as explained in market structure examples, we will start looking to enter a trade. To adopt a more mechanical approach to trading, making it easier to stay consistent in the long run, we need to check off several steps.

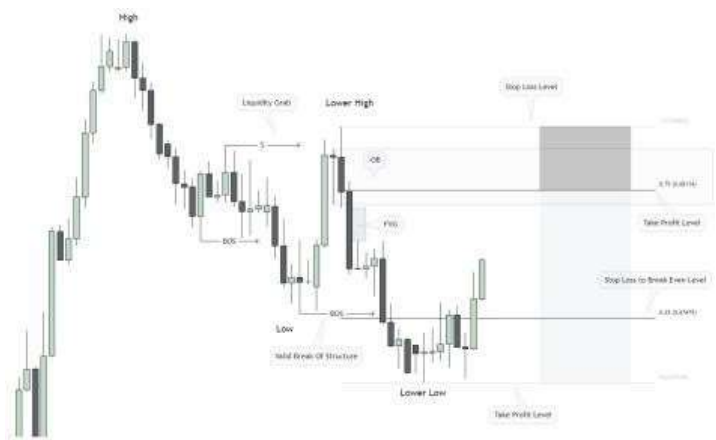
Break of Structure (BOS): First, look for a valid break of structure. Once the BOS is identified, locate the order block (OB) that initiated the impulsive move causing the BOS. If this was not an impulsive move, do not trade.

Order Block (OB) and Fair Value Gap (FVG): After identifying the OB, look for a fair value gap as additional confirmation that the price is likely to return to our point of interest (POI) and is seeking to take inside liquidity. The most important rule is that your POI—the order block and the FVG—should both be close to the 0.75 Fibonacci level. This is because we are looking for a POI where the price wants to return. The FVG will serve as inside liquidity that the price wants to correct, with the order block supporting our idea of a reversal to continue the trend.

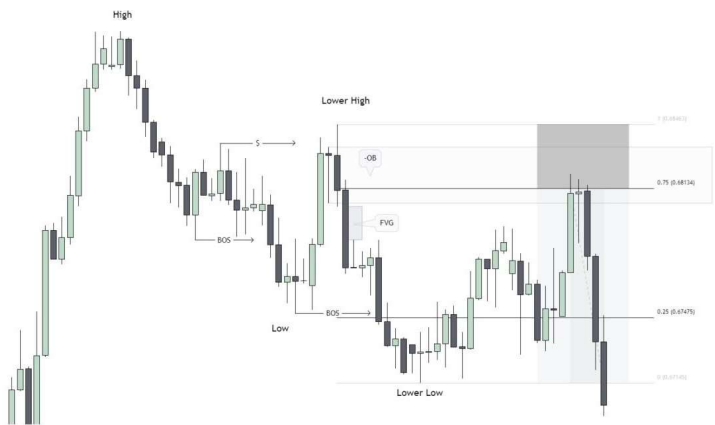
Liquidity Purge: Check if you can identify where liquidity was purged before. This will help determine if this has already occurred or if it's likely to happen. For example, if there are equal highs or lows close to your stop-loss, it is advisable not to take the trade because you could end up being the liquidity.

ENTRY MODEL

Once these steps are confirmed, place your limit order at the 0.75 Fibonacci level. Set your stop loss at the 1 Fibonacci level, and our take profit at the 0 level, as illustrated in the example below.



In the next example, you can see how the price respected the order block and subsequently moved to hit the take profit level.



TRADING RULES & CHECKLIST

Complete Trading Rules & Checklist

Instruments Trading: Forex (Majors + Minors), Gold, Silver, Nas100, US30, S&P500

Bias Time Frame: 4H

Entry Time Frame: 4H

Sessions: All

Trading days: Tuesday, Wednesday, Thursday, Friday

All Entry Model: 0,75 Fib level + OB & FVG

Entry: 0.75 Fib level

Stop-Loss: 100 Fib Level

Take-Profit: 0 Fib Level

Trade management: Stop-Loss to break even when price hits 2RR

TRADING RULES & CHECKLIST

- [] Look for trending market

Rule: Price has to be trending when its in a range wait until it breaks out that range

- [] Wait for break of structure to happen

Rule: BOS is only valid with candle close above or below extreme swing point

- [] Look if structure broke with impulsive momentum

Rule: If price is choppy with low momentum don't trade

- [] Place FIB on the complete move from swing point to swing point

- [] Look For OB that broke structure

Rule: Order Block is only valid if price broke structure with impulsive move

Rule: Order Block must be big enough stay away from to small order blocks

- [] Look if Ob that broke structure made FVG

Rule: FVG cannot be mitigated

TRADING RULES & CHECKLIST

- [] Look if Ob and FVG are around 0,75 Fib level

Rule: Order Block must be close to 0,75 Fib level

Rule: FVG must be close to OB + 0,75 Fib level

- [] Look where liquidity has been purged

Rule: This will not always be the case it can be purged before try to find where resting liquidity is located and try to follow the trend

- [] Place limit order on 0,75 Fib level Stop-Loss at 100 level and Take-Profit on 0 Level

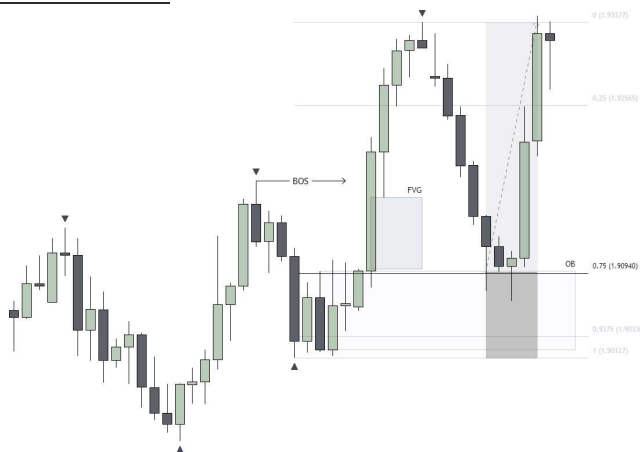
Rule: Stop-Loss to break even when price hits 2RR

Rule: If there is resting liquidity close to stop loss don't trade

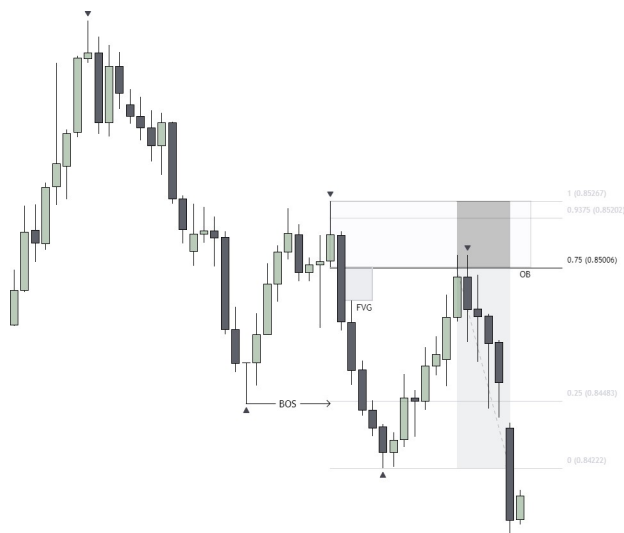
Rule: If price goes more than 75% in draw down and goes back in profits
* close manually

EXAMPLES

Continuation Bullish

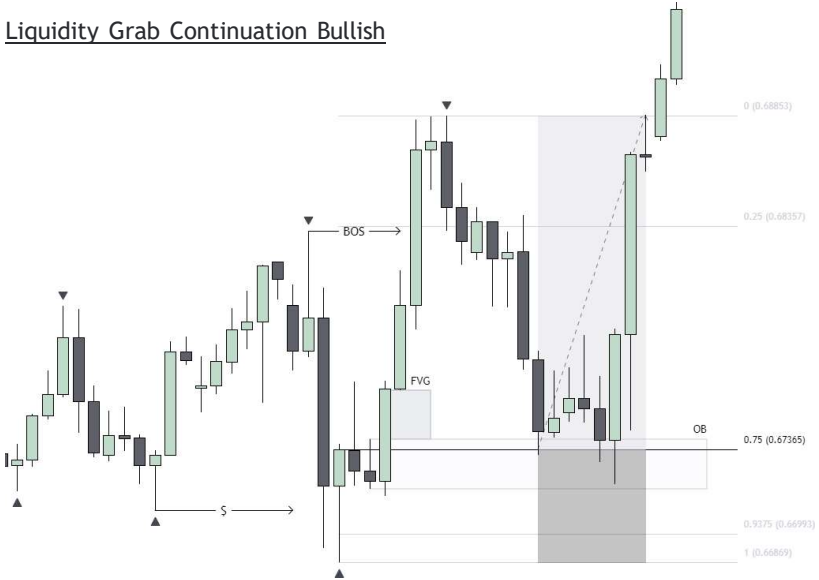


Continuation Bearish

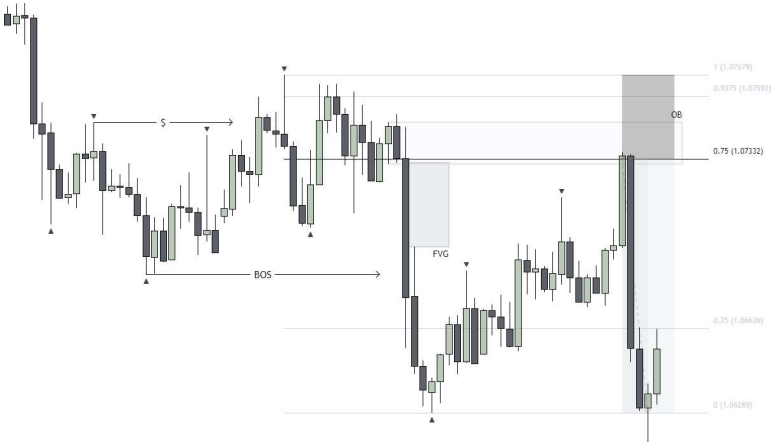


EXAMPLES

Liquidity Grab Continuation Bullish

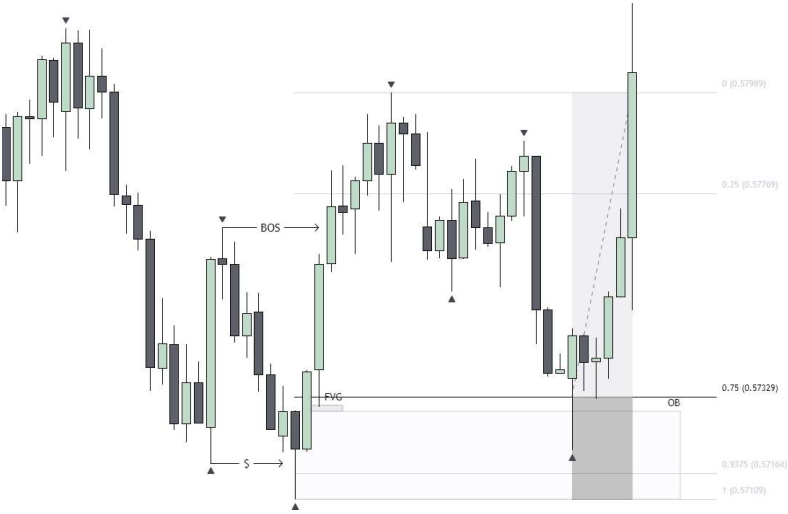


Liquidity Grab Continuation Bearish



EXAMPLES

Liquidity Grab Reversal Bullish



Liquidity Grab Reversal Bearish

