MARKET STRUCTURE

Table of Contents

» What is Bullish & Bearish Market Structure?

» What is Break of Structure(BOS)?

» What qualifies as a Valid Change of Character/ Market Structure Shift?

» Possible Scenarios for Long & Short according to Market Structure.

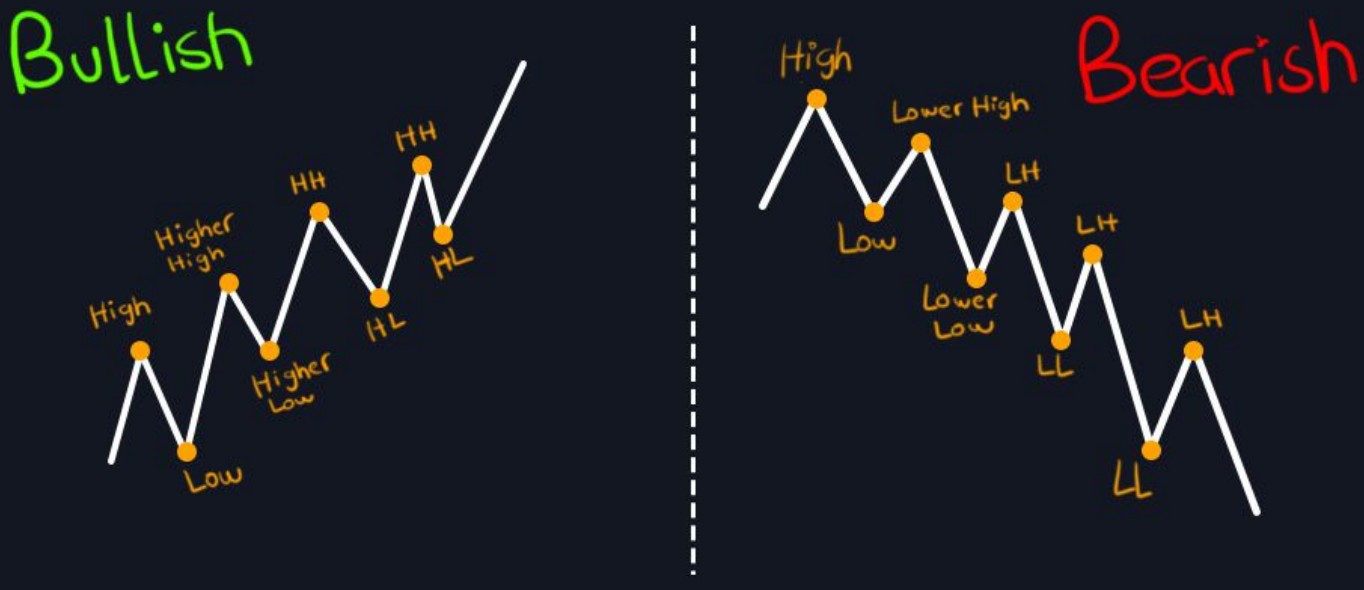
» High Probability way of trading Market Structure

» Alternate Strategy (Block) to Market Structure

What is Bullish & Bearish Market Structure?

Key Points

- Bullish market structure occurs when price is forming higher highs and lower lows.
- Bearish market structure occurs when price is forming lower highs and lower lows.
- Higher timeframe market structures are more clear and relaible then lower timeframe.
- My preferred timeframes:
  For identying structure: 4h, Daily **For Entries:** 30m, 15m, 1m



How Bearish & Bullish Market Structure Actually Look?

Simplified Version

Actual Version

BOS
BOS
BOS
BOS
MSS
FAKE MSS
failed to displace lower
$DXY
H4

EURUSD
H4
MSS
BOS
BOS
BOS
Fake MSS
BOS
BOS
failed to displace to the upside

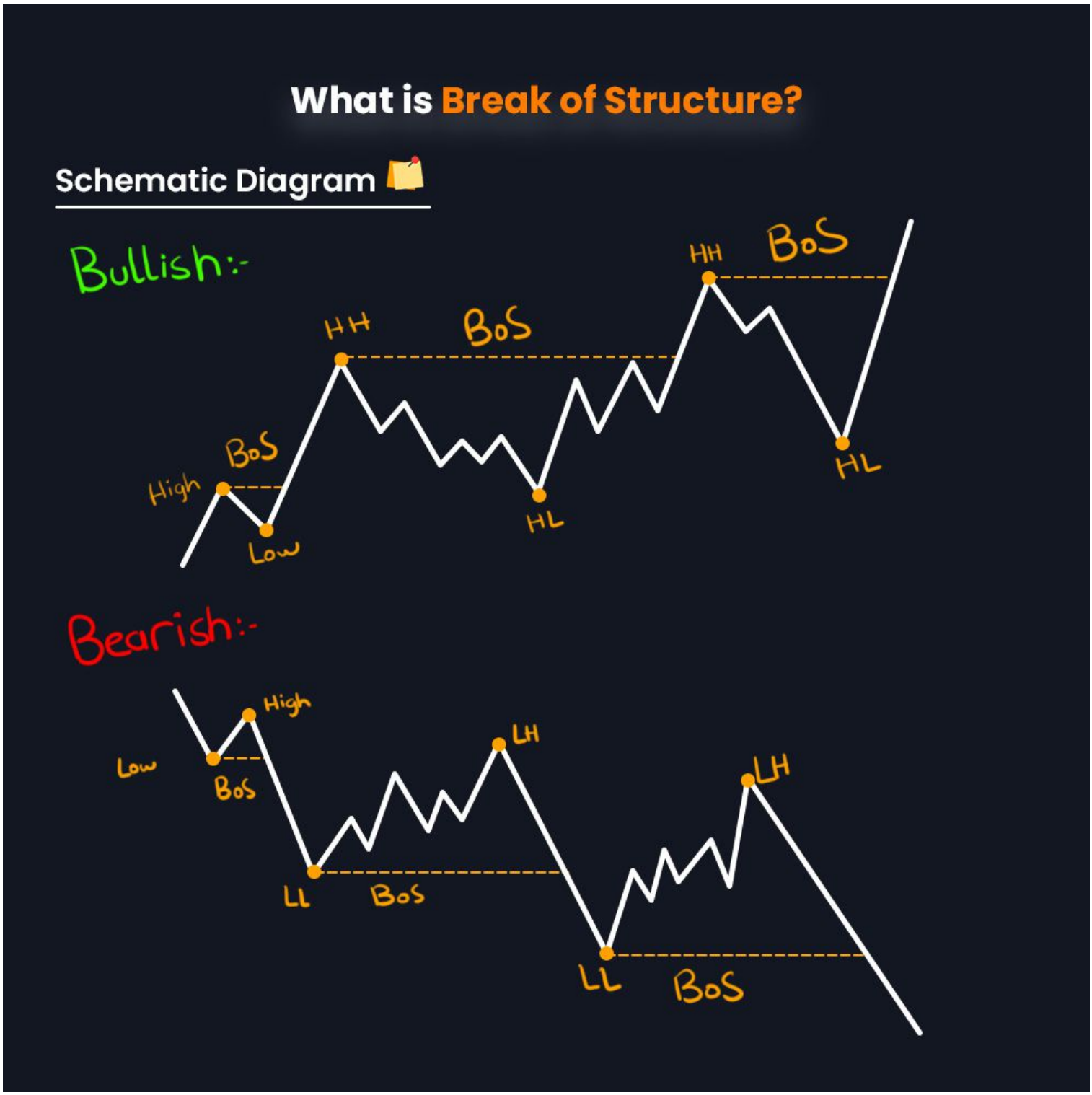
What is Break of Structure?

Key Points

- Break of Structure (BoS) occurs when in an uptrend price forms a higher high and a higher low.
- Break of Structure (BoS) occurs when in a downtrend price forms a lower high and a lower low.
- Break of Structure (BoS) is confirmed by candle closure.
- My Preferred time for Break of Structure (BoS) is **4hr or greater.**
- Failure to create a break of structure pattern results in a **trend change.**

What is Break of Structure?

Schematic Diagram



What is Trend Change?

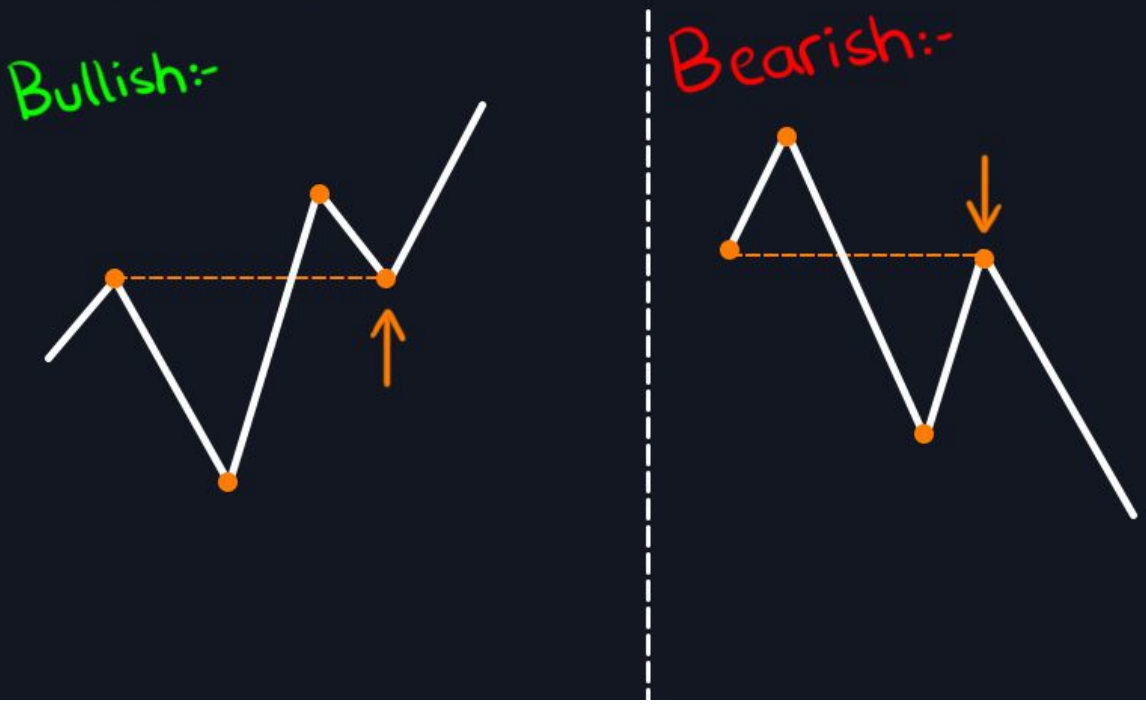
Key Points

- A market can never ever be continuously bullis/bearish.
- Trend changes occur when there is a failure to respect **BoS.**
- Trend change or Market Structure Shift (MSS) occurs at a HTF PD Array.
- If you are viewing a **4hr structure** then you must anticipate a trend change from a **Daily PD Array.** (Jump one timeframe above)
- Two important conidtions required for a Trend change/Market structure Shift:
  - **Displacement**
  - **Candle Closure Above**

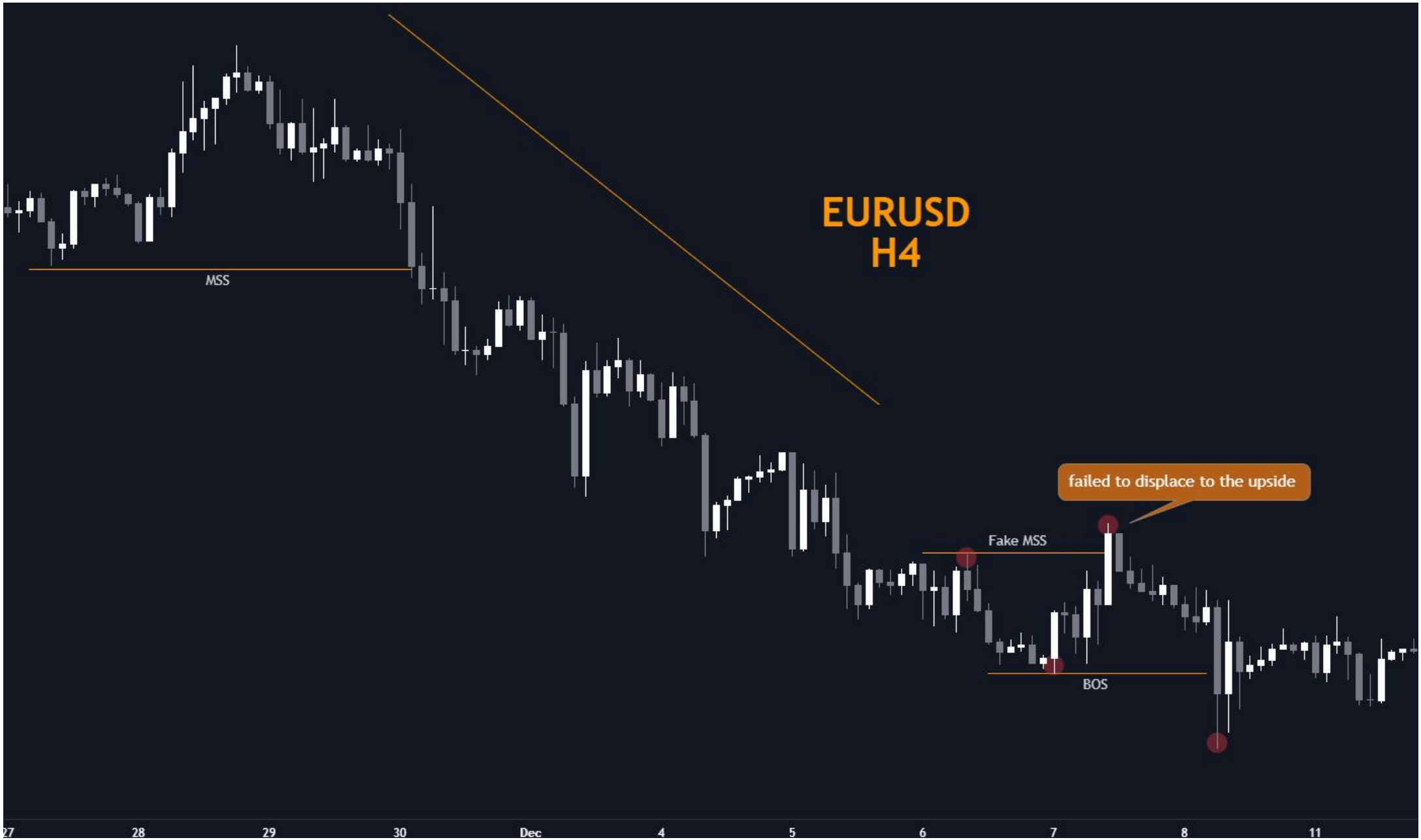
What is Change of Character?

Key Points

- Change of Character is basically trend change/market structure shift on lower timeframe.
- It is used for execution.
- If you are seeing 4hr structure use 15/5 minute Change of Character.
- Two requirements for Valid Change of Character:
  - **Displacement**
  - **Candle Closure**



EURUSD
H4
Displacement
MSS
Trend shift from bullish to bearish
BOS
BOS

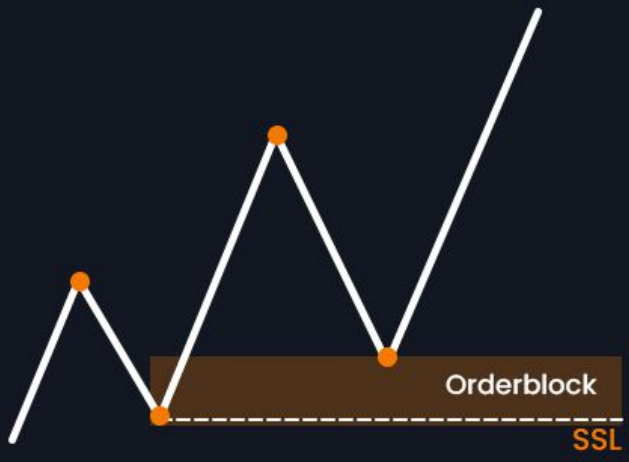

EURUSD
H4
MSS
Fake MSS
failed to displace to the upside
BOS
27
28
29
30
Dec
4
5
6
7
8
11

Possible Long & Short Scenarios?

Key Points

» There are two possible long scenarios in a Bullish Market Structure.

Scenario 1:



- Sellside Liquidity at previous low not taken.
- Bounced of an orderblock in the Discounted Region.

Scenario 2:

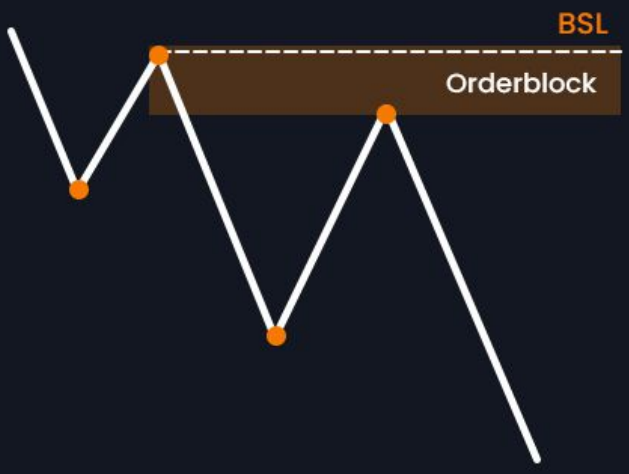
- Sellside Liquidity at previous low taken.
- Liquidity Hunt setup.

Possible Long & Short Scenarios?

Key Points

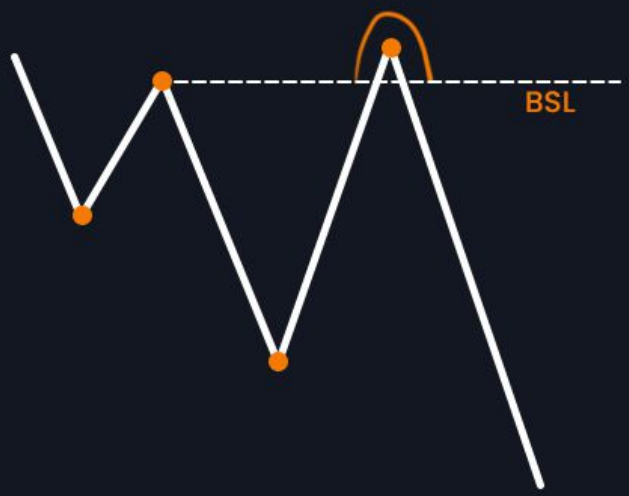
» There are two possible short scenarios in a Bearish Market Structure.

Scenario 1:



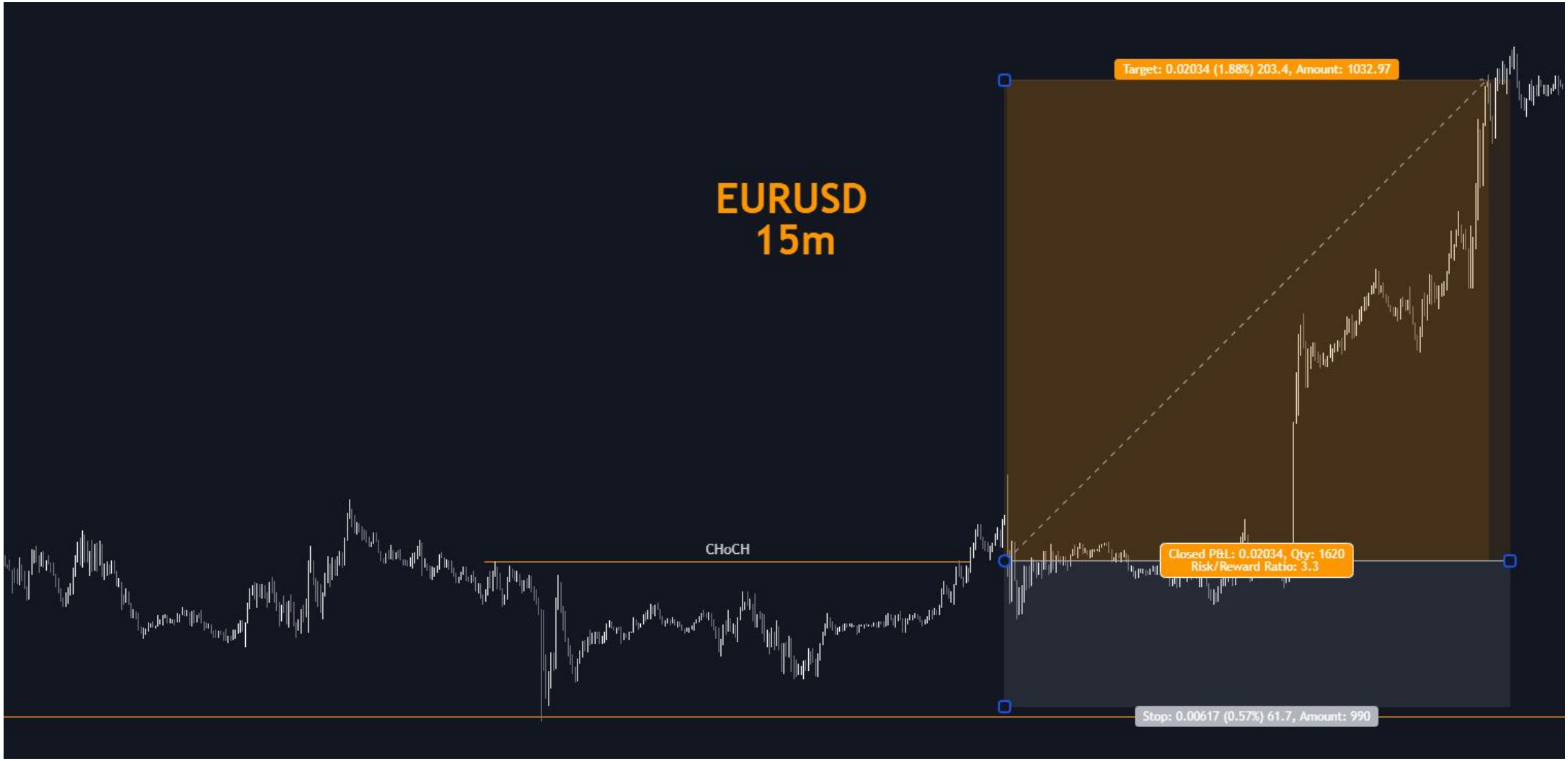
- Buyside Liquidity at previous high not taken.
- Bounced of an orderblock in the Premium Region.

Scenario 2:



- Buyside Liquidity at previous high taken.
- Liquidity Hunt setup.

EURUSD
1D
Daily OB+


EURUSD
15m
Target: 0.02034 (1.88%) 203.4, Amount: 1032.97
CHoCH
Closed P&L: 0.02034, Qty: 1620
Risk/Reward Ratio: 3.3
Stop: 0.00617 (0.57%) 61.7, Amount: 990

$DXY
1D
DAILY HIGH
SSL

$DXY
15m
DAILY HIGH
CHocH
$$

High Probability way of trading Market Structure

Key Points

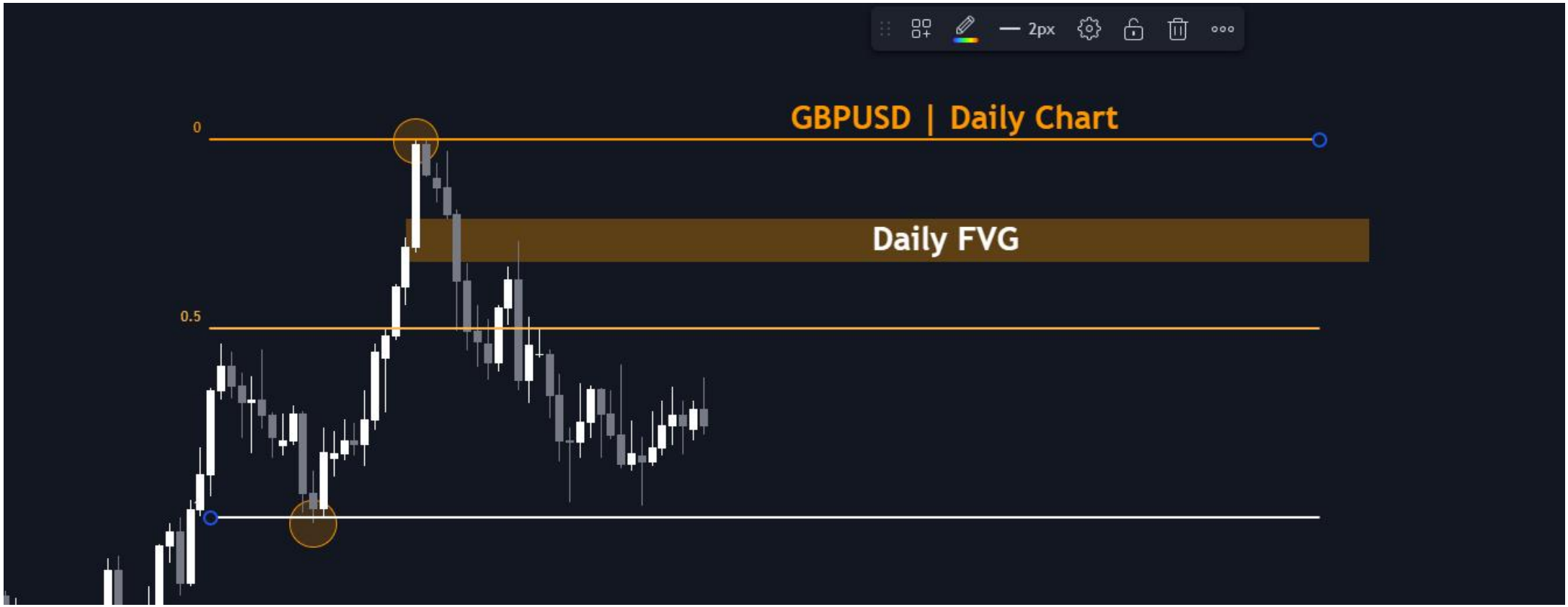
1. Identify higher timeframe PD Array and highs/lows. Higher timeframe is 4hr or gretaer timeframe.

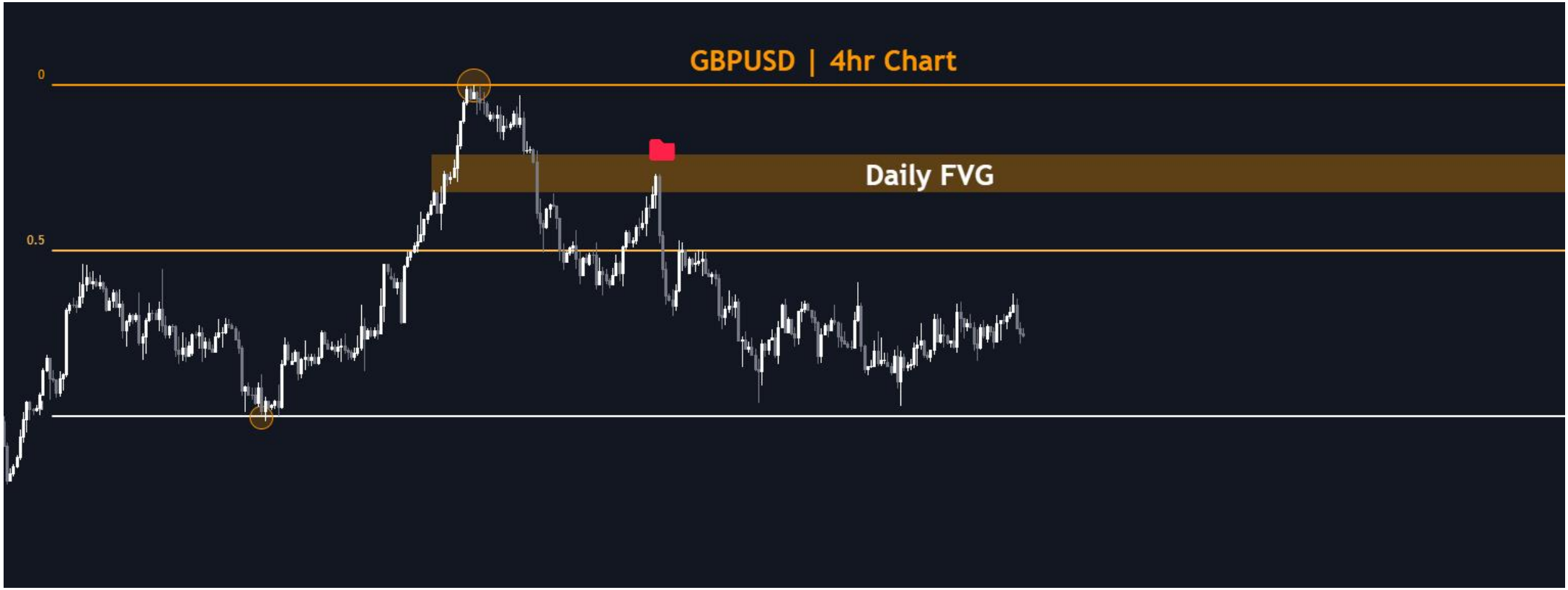
2. If you are identifying a PD Array(Scenario 1) make sure it is in the discounted region for longs and in premium region for possible shorts.

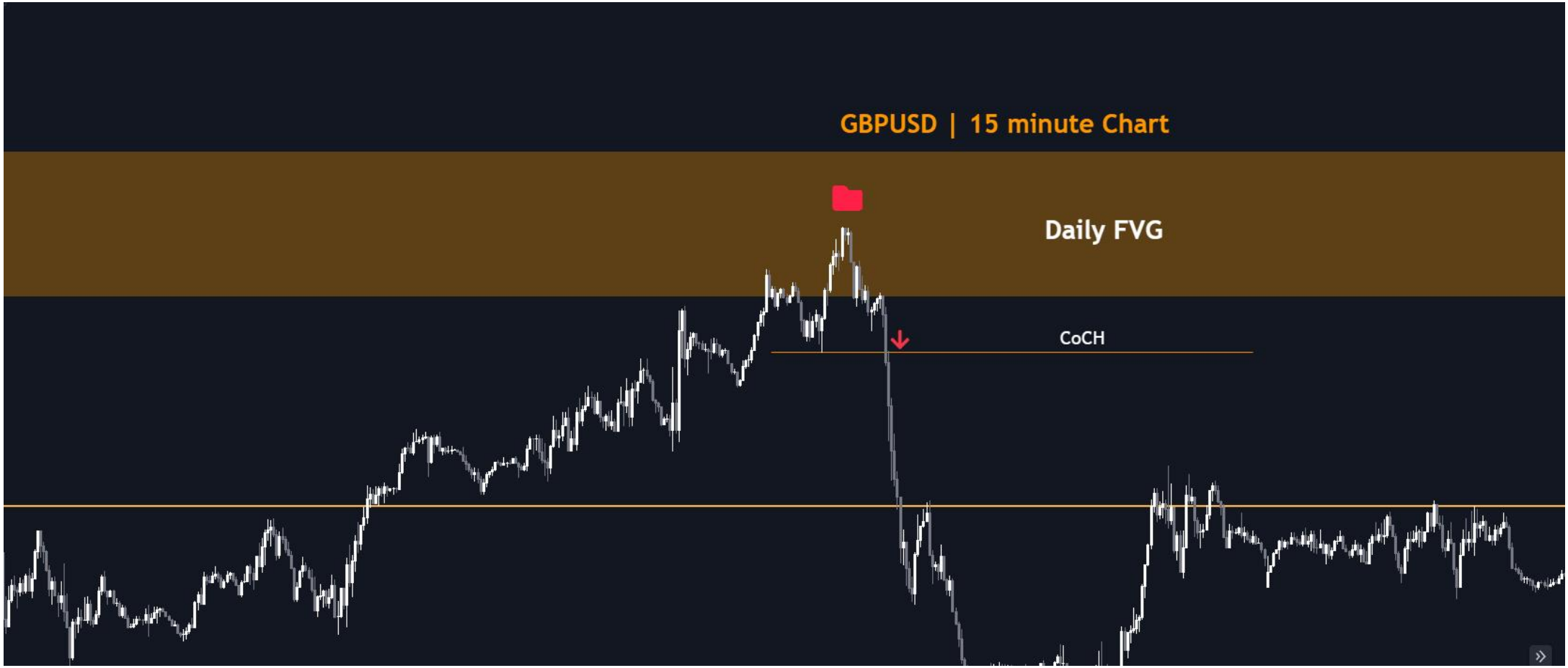
3. Now wait for the Red Folder news and price to hit either the PD Array or swing highs/lows.

4. Once price is at an important region look for change of character on the lower timeframe such as 5/15 minutes to look for entries.

This system like any other system has a higher winrate when implemented with the trend instead of counter trend.


2px
GBPUSD | Daily Chart
0
Daily FVG
0.5


GBPUSD | 4hr Chart
0
0.5
Daily FVG


GBPUSD | 15 minute Chart
Daily FVG
CoCH

Alternate Strategy to Market Structure

Key Points

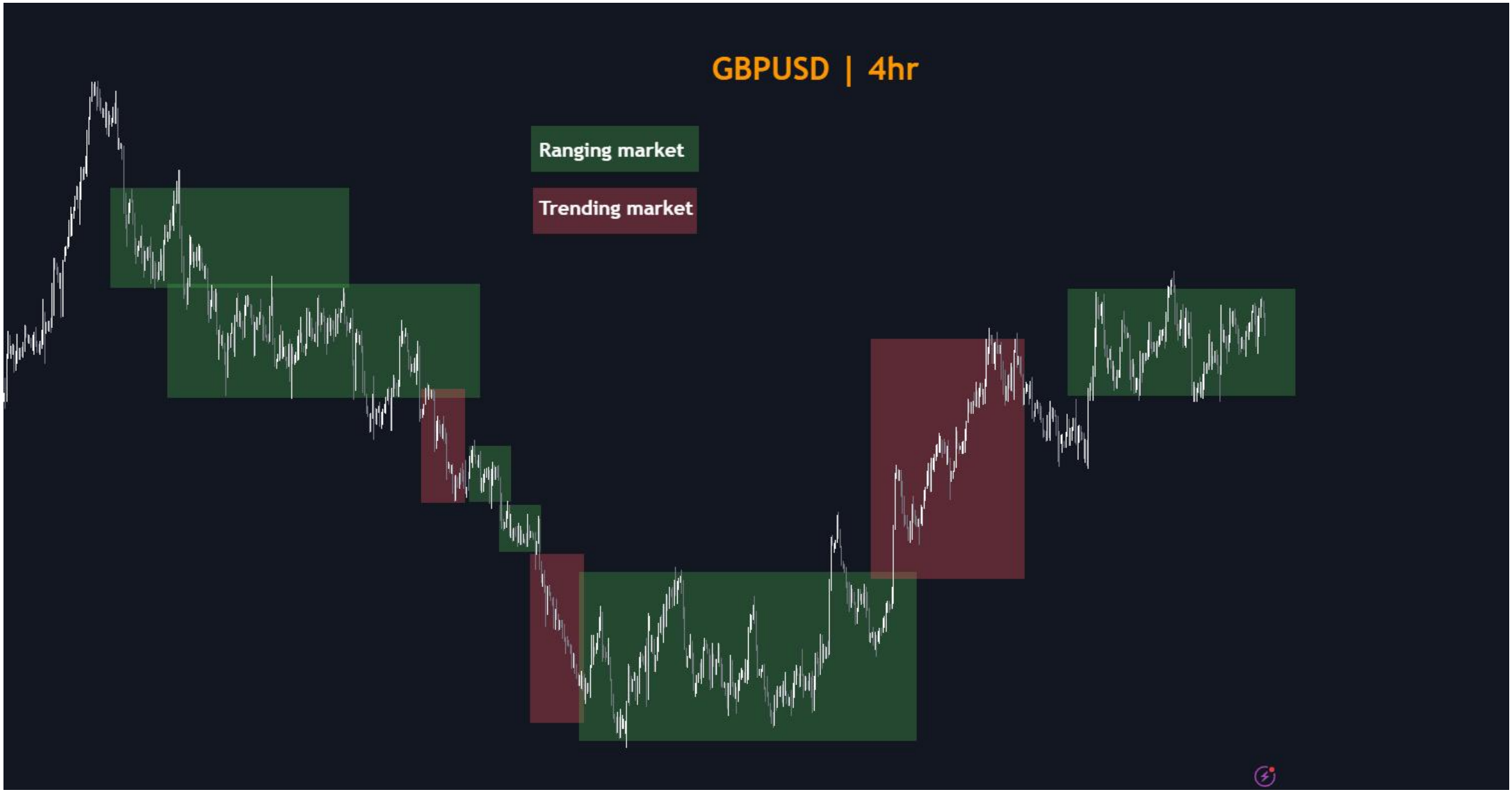
- Alternate strategy to market structure is range & trend trading.
- A market could either range or trend but not both at the same time.
- This greatly simplifies trading as there would be no need to dive into complex market structure.

Ranging Markets

- When a market is ranging short at the sweep of higher timeframe highs (higher timeframe is anything above 4hr) and long at the sweep of higher timeframe lows.

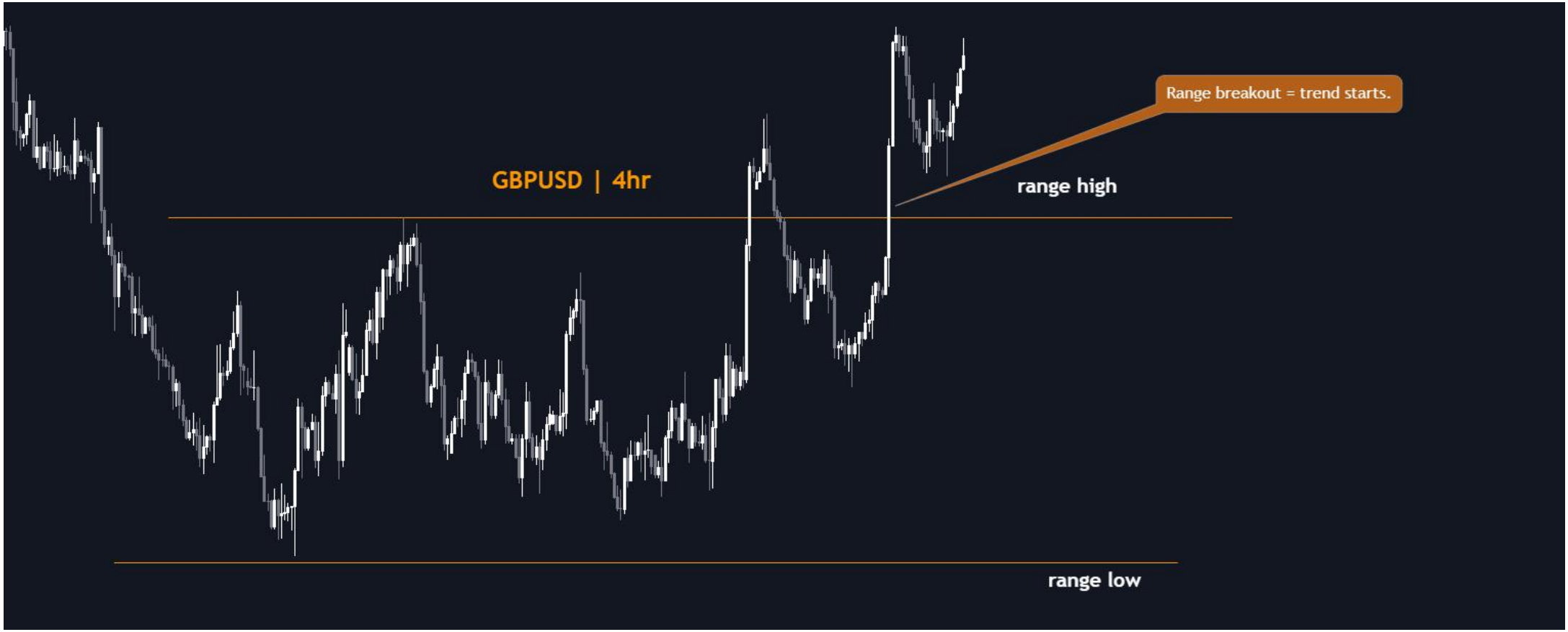
Trending Markets

- When a market is trending. Wait for a lower timeframe range (30 minutes) to form either above or below previous highs/lows.
- If a market is downtrending, wait for the highs of the lower timeframe range to get swept and short.
- If a market is uptrending, wait for the lows of the lowerr timeframe range to get swept and long.


GBPUSD | 4hr
Ranging market
Trending market

GBPUSD | 4hr
range high
range low

GBPUSD | 15 minutes
range high
CoCH
range low


GBPUSD | 4hr
Range breakout = trend starts.
range high
range low

GBPUSD | 30 minutes
Target: 0.01341 (1.08%) 134.1, Amount: 1037.99
Range breakout = trend starts.
Closed P&L: 0.01341, Qty: 2832
Risk/Reward Ratio: 3.8
ltf range low
range high
Stop: 0.00353 (0.29%) 35.3, Amount: 990
range low