



Marketstructure

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What is Marketstructure?

Marketstructure is the movement of Price. From the Marketstructure you can read if the Market is Bullish, Bearish or Consolidating. As such the Structure of the Market is very important and gives us an Idea about in what direction we should look to trade (It gives us a Bias) and where we should look for a trade.

An important thing to understand when we talk about Marketstructure is that – even when every Timeframe has its own peculiarities - the structure is Fractal. You can find the same patterns on every Timeframe you choose. For a high probability entry you want different Timeframes to be in Sync. You will understand what I mean when working through the PDF

Now depending on what type of trader you are (Positional, Swing, Short term, Day trader) you're going to use different Timeframes to get a Trade idea and finally manage and execute your Trades.

Different types of traders

We differentiate between 4 different types of traders:

Positional Traders

- Positional Trader take their trade Ideas from the Monthly chart, manage their trade on the Weekly and execute their Entry on the Daily and
- Positional traders hold their trades for Months mostly

Swing Trader

- Swing Trader take their trade Ideas from the Daily chart, manage their trade on the 4H and execute their Entry on the 1H
- Swing Trader hold their trade for a Week or more mostly

Short Term Trader

- Short Term Trader take their trade Ideas from the 4H chart, manage their trade on the 1H and execute their Entry on the 15minute
- Swing Trader hold their trade for a Day or more mostly

Day Trader

- Day Trader take their trade Ideas from the 1-4H chart, manage their trade on the 15min - 1H and execute their Entry on the 1-5minute
- Swing Trader hold their trade for a 1h or more mostly

These are no dogmas ofc. I'm a day trader and I start from the Weekly and go to the Daily, 4H and 1H to build an accurate bias and finally execute my trade on the 2-5minute Chart. This is just to give you an Idea. Also, you can be mixture of them ofc, you don't have to stick to only one.

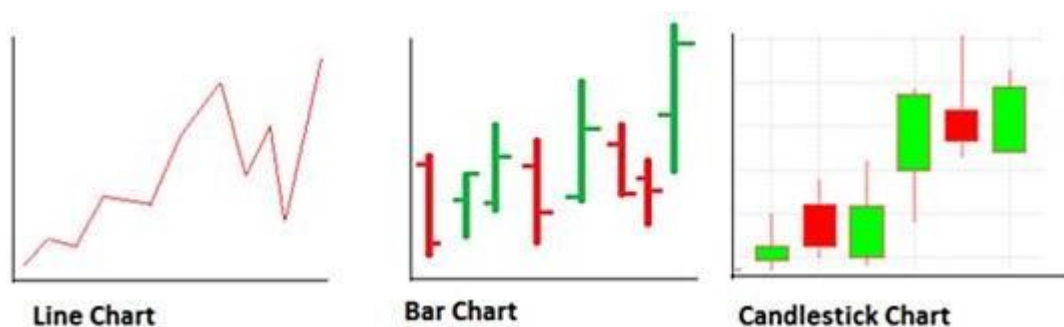


Generally trading in the direction of the Higher Timeframes gives you higher Probability trades and you also want to identify Key Support and Resistance Levelson the higher Timeframe.

However, you will get a more accurate entry on the Lower Timeframe with a better R/R. This is why you take your Idea from the higher Timeframe and execute your entry on the low Timeframe

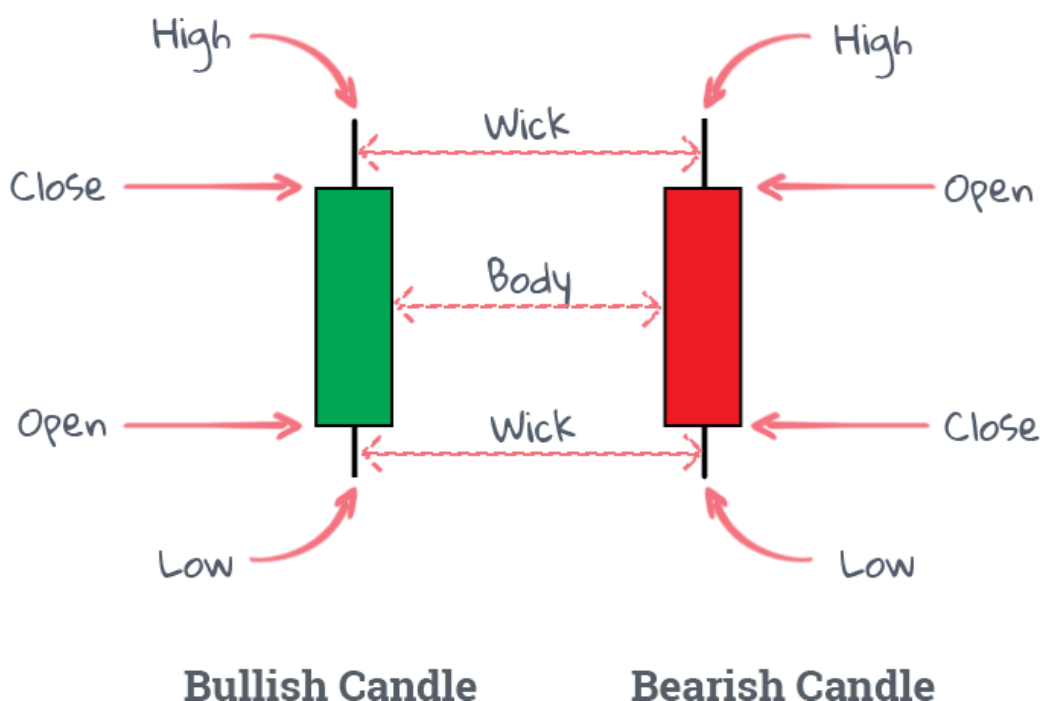
Candlesticks

To identify Marketstructure I use Japanese Candlestick Chart because they are the most appealing to the eye. There would be also a Line Chart or Bar Chart



From the Bar chart and the Candlestick Chart you can read opening price, highest price, closing price and lowest price in a given Timeframe (OHCL)

A candle where the closing price is higher than the opening price is bullish while a candle where the closing price is lower than the opening price is bearish





Bullish Marketstructure

A Bullish Marketstructure is a series of Higher Highs and Higher Lows. A higher Low is defined as a Low which creates a new High.



Bearish Marketstructure

A Bearish Marketstructure is a series of Lower Highs and Lower Lows. A Lower High is defined as a High which creates a new Low.





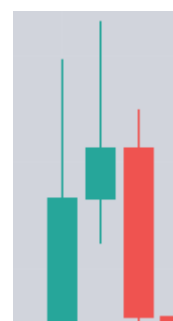
Consolidating Marketstructure

A Consolidating Marketstructure is when price ranges between a High and Low without trending up or down (so going sideways) we see consolidation as Accumulation or Distribution, this means that the market prepares the next move. The Market is composed of Accumulation and Distribution Cycles so it is important to know how to spot them.



Swing High (SH)

A Swing High is a Pattern consistent of 3 Candles: A High then a Higher High then a Lower High. A Swing high will help you identify the Orderflow and with it the Marketstructure



Swing Low (SL)

A Swing Low is a Pattern consistent of 3 Candles: A Low then a Lower Low then a Higher Low. A Swing Low will help you identify the Orderflow and with it the Marketstructure like the Swing High





Accumulation

Accumulation often indicate a move up.

Major signs of accumulation are when the market constantly takes out new lows while holding an Area of Demand and when there are constant Impulse move up after a Low was taken

Key is to identify Accumulation at High Time Frame Demand Areas

(SSL – Sell Side Liquidity resting below significant wicks, often seen as Support)





Distribution

Distribution indicates a drop in Price

Major signs of Distribution is when the market constantly takes out new Highs while holding a level of Supply and when there are constant impulse down after taking new Highs

Key is to identify Distribution at HTF Supply Areas

(BSL – Buy Side Liquidity resting above significant wicks, often seen as Resistance)



I will go over the concept of Liquidity in a later PDF

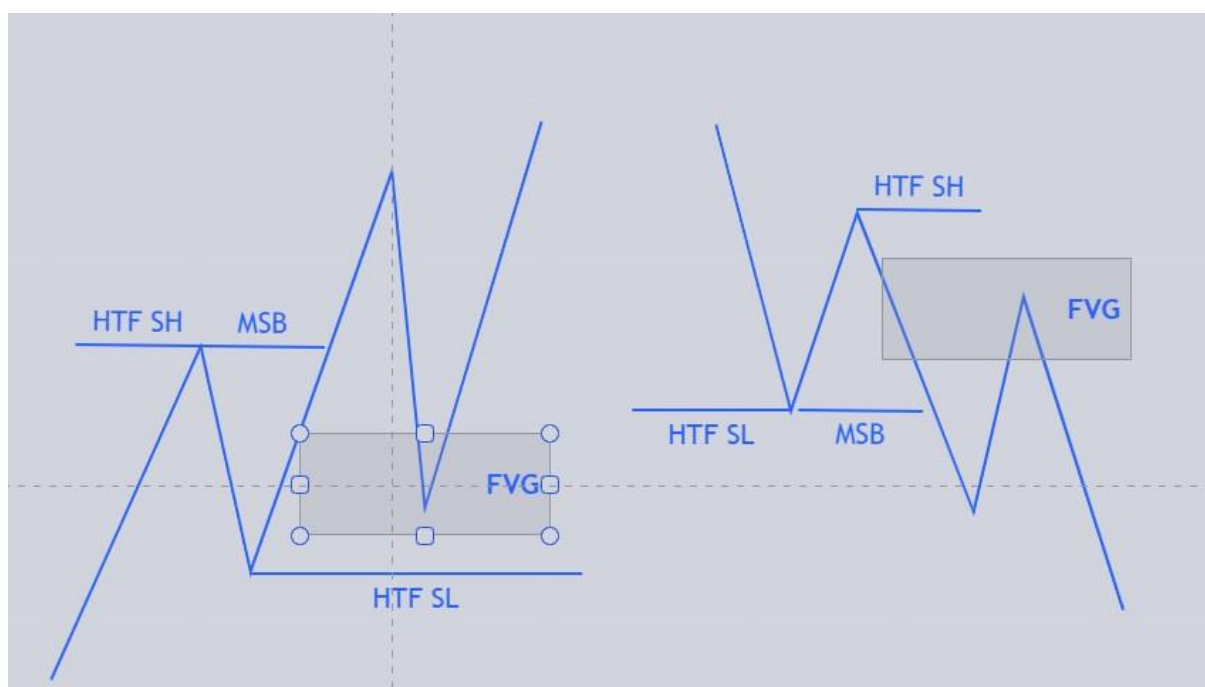


Marketstructure Break (MSB)

An MSB is when the price breaks the current Higher High or Lower Low within the current Trend and as such forms a new Higher High or Lower Low within the trend. So we use MSB for continuation entries. We want to look for continuation entries between our HTF Key points. Think about it like this. Between your HTF Swing high and Swing low you will have a LTF structure. When we are in an uptrend and the swing high gets broken we talk about a MSB.

To confirm a MSB we want to see:

- The HTF SH/SL broken with
- A candle close above/below that broken SH/SL (HTF)
- A FVG in trend Direction on the HTF



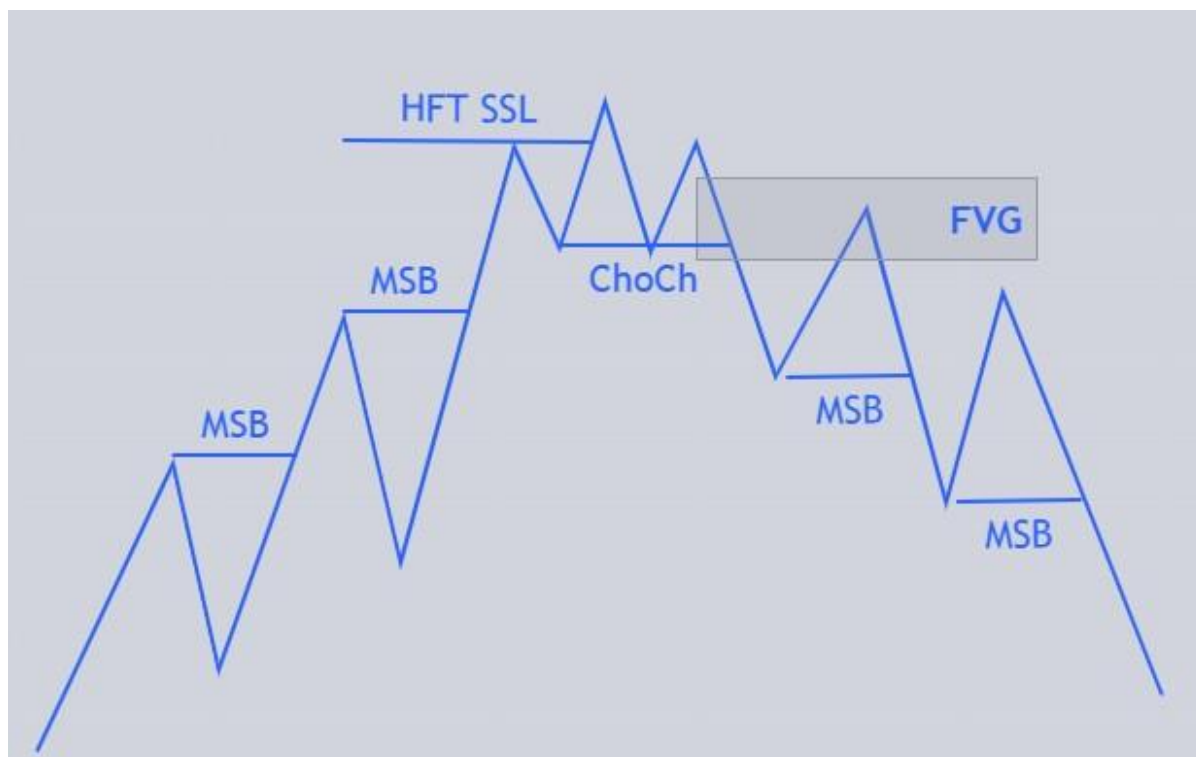


Change of Character (ChoCh)

A ChoCh is also an MSB however a ChoCh signals a trend reversal and as such breaks a Lower High or Higher Low forming a Higher High or a Lower Low against the trend. So we use ChoCh to spot reversal entries. We want to look for trend reversals at our Higher Timeframe Key Levels

To confirm a trend reversal, you want to see liquidity taken in the trend direction at HTF Key Levels. Often you see Price consolidate above an HTF resistance/below an HTF Support, this way not only the shorts/longs get liquidated who had their SL there, but also breakout traders get trapped. I will explain the liquidity concept in depth in a later PDF.

You also want to see displacement in the countertrend direction – Displacement is a strong countermove which forms a FVG. The FVG is then often revisited like shown in the example below and we can take a high probability entry from this retracement.





Fair Value Gap (FVG)

A FVG is a pattern consistent of 3 Candles. Those 3 candles cause a gap between the upper wick of the first candle and the lower wick of the third candle.



FVG is an imbalance in Price delivery. It indicated that Buyers or Sellers are especially strong this causes the price to form a gap.

Basically price just skips the orders in that area. This orders now are left as Liquidity (like the SL below or above a high/low). Price will trade in it to fill missing orders and then proceed in the direction in which the FVG was formed. Think about it, the Market is based on auctions, in order for someone to buy there needs to be someone who sells. For this reason, the market can never move in only one direction. When there are orders who wasn't filled we talk about an inefficient market. However, the market wants to be as efficient as possible. The logical consequence is that the market will head toward those orders to take them as liquidity. For this reason a FVG acts like a magnet and we can use this to our advantage while taking our entry from a FVG.

Here a practical example on BTC

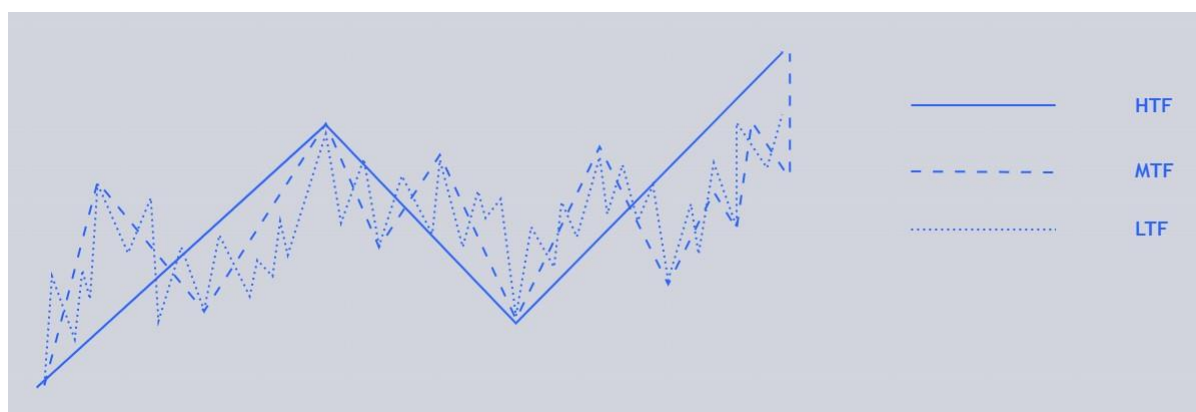




A Fractal Market

In the description of Marketstructure I said that the Market is Fractal and later I described the different Timeframes in which different types of traders operate.

By that is meant that we see the same Structure in every Timeframe:



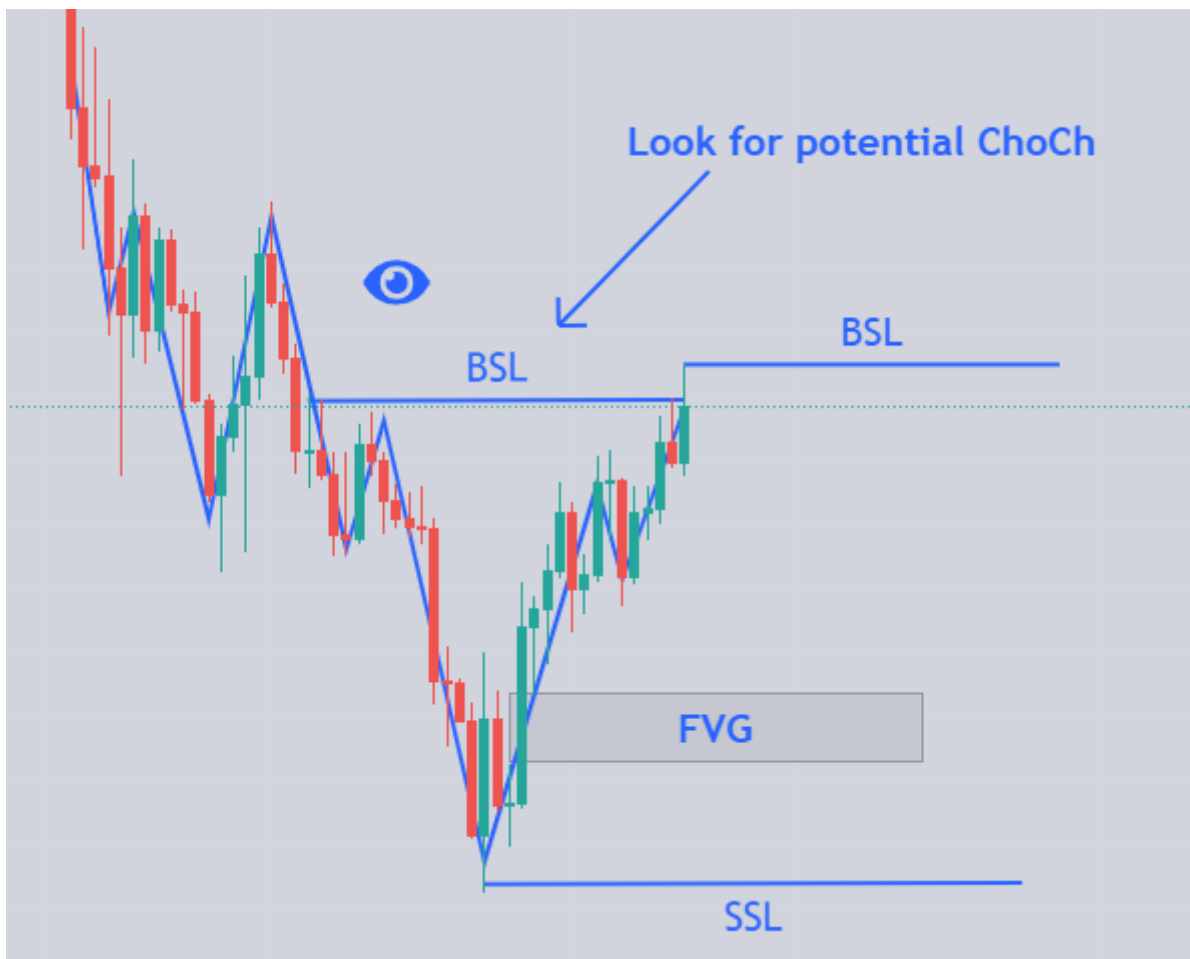
We see, the HTF moves are formed by smaller moves on the Medium and Low Timeframe.



Putting it all together

To get a practical understanding of this whole concept and what it means to find key points on HTF, manage on MTF and execute on LTF I will go over a practical example on BTC step by step. We will build an idea on the 4h Manage on the 1h and execute on the 2 minutes. In I will mark the orderflow with a blue line so that you get a better Idea on what you have to look at.

Marking your Key points on the 4h we want to mark potential ChoCh, FVGs and Points where liquidity could rest



Here we see that we took liquidity but I wouldn't consider that as a ChoCh yet as we had no candle close above yet but I would watch this area for a potential further DOL (Draw on Liquidity) and a ChoCh. What also see here is that we got a FVG. So in case of a ChoCh I would look for a long there.



One step further we see that we did indeed took liquidity again and we closed a candle above the last high which confirms our ChoCh. At this point we will track the Orderflow further. It could go higher or change character to the downside, which would indicate that we will likely visit the FVG before continuing up further.

However the DOL and the fact that we didn't get FVG which indicates a higher probability that we reverse here

So we have 2 trades we can potentially look at here if we change character. A short targeting the first SSL (conservative target) or the FVG (less conservative). I honestly always go for the conservative one and maybe leave a small portion of the position open for the less conservative. Then we can look to long from the FVG targeting the Higher high. At this point I would also change to the 1h chart



Here we see we got the same again on the 1h. ChoCh to the downside, DOL before that and a FVG. Here we can get a high probability short towards the SSL. At this point I would wait for the price to trade into the FVG, specifically we want to see the price trade into Premium above the 0.5 Fib level (equilibrium), the 0.705 would be the optimal trade entry (OTE). I will explain that in a further Document. For now just know that you want price to trade there for an entry. Once price trades there we switch to the 2 min chart to look for the same pattern again to get a high probability and high R:R entry.



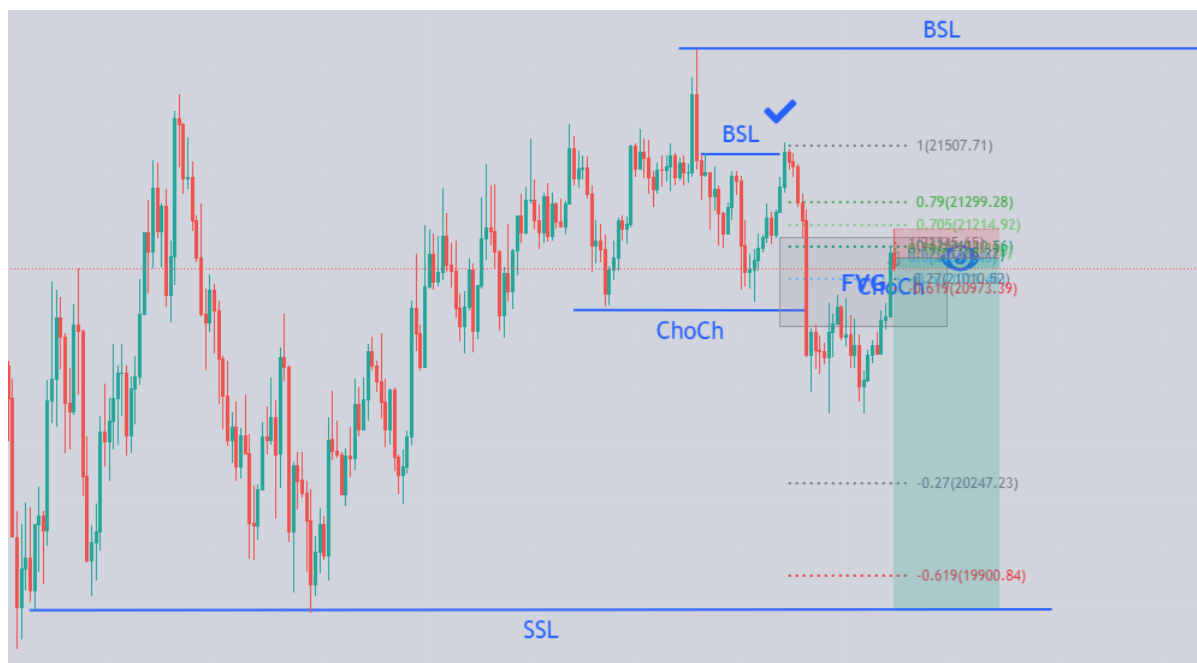
Now we change to the 2 min and look for exactly the same.

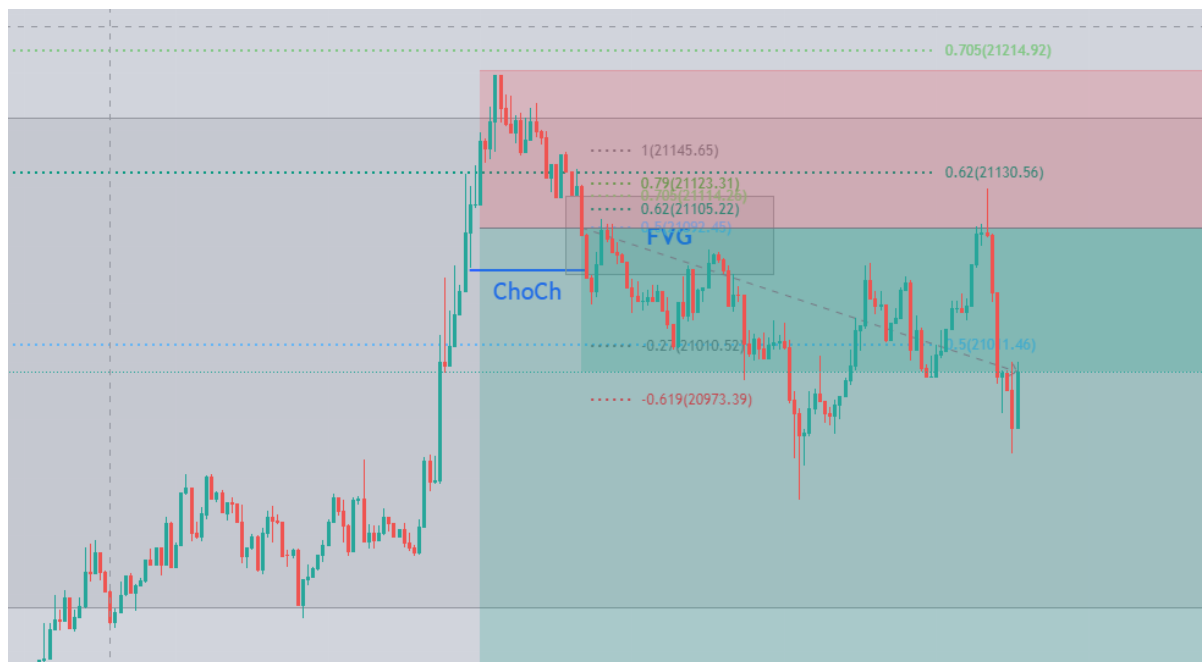


See? Different Timeframes but same pattern over and over again. Here we could take an entry from the equilibrium (0.5 fib level) for a safe, aggressive entry. You want to take an aggressive entry as you don't want to miss out on the move and you want to set a smh save SL. In theory you could set it above the high which caused the FVG. I would put it higher like shown in the illustration above

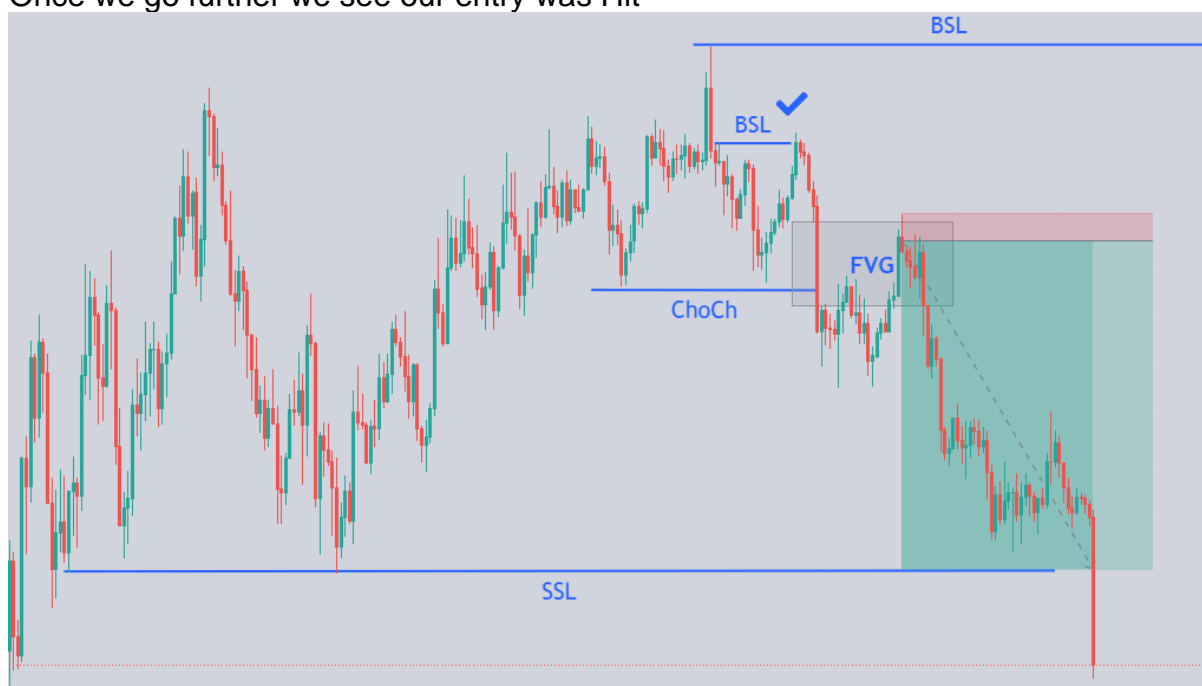
Even when played save this trade potentially rewards us with 12R

When we put it in perspective our Trade looks like this

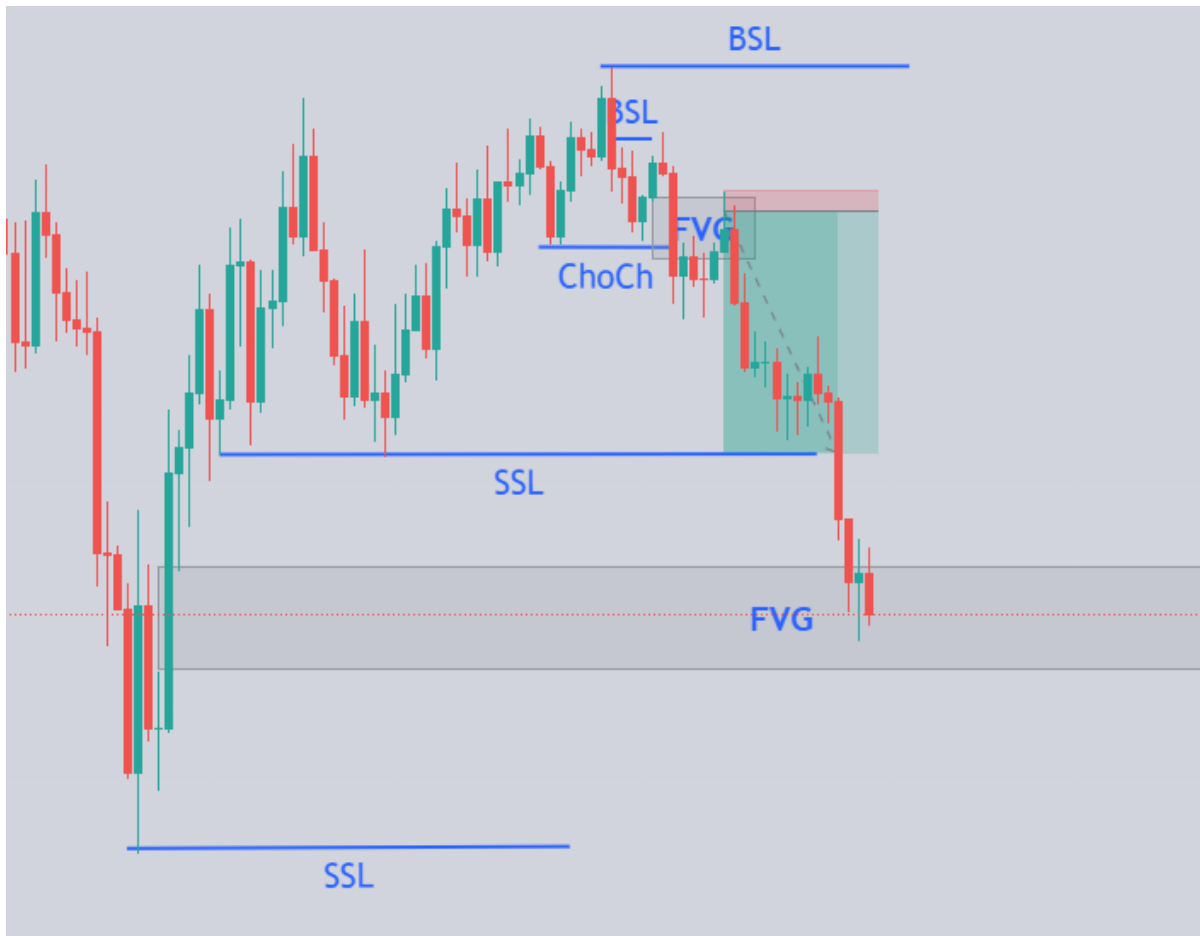




Once we go further we see our entry was Hit



And so our target. Back to the 4h we wait for price to trade into the FVG, then rinse and repeat and we wait for a long confirmation.



I won't show the whole process again, but we will hit our Target as well





Some final Words

Thank you for reading this PDF. I hope you found it useful and learned something new.

If you have questions don't hesitate to ask. More Educational PDFs are in the work so make sure to join my community on Twitter and Telegram in order to stay up to date.

Twitter:

<https://twitter.com/SMCrypt1c>

Telegram:

https://t.me/Cryptics_TradeLearn

https://t.me/Cryptic_Discussions

Or join me in the Lions Trading Discord if you want to chat, chart and learn with us:

<https://discord.gg/4eZMmgJuJx>

Also, if you find my work valuable and want to support me while taking advantage of low trading fees, exclusive events, deposit and trade bonuses amongst other Perks Trade with me on BingX 😊

Register through this link and get up to 4000\$ in bonuses

<https://bingx.com/en-us/act/deposit/2658?ref=9LPB8N>

Best of luck

Cryptic



Credits

At this point I also want to credit Opsec (https://twitter.com/opsec_crypto) who is a great teacher to me and taught me this topic amongst others in depth and even for free. Much respect and appreciation from my side to him.

I also want to credit ICT for creating the concepts shown (https://twitter.com/I_Am_The_ICT)

Disclaimer

Everything shown here is strictly Educational purpose only and not financial advice. Don't try to trade live funds if you aren't 100% sure of what you're doing.