

2022 ICT Mentorship Episode 2

Begin with weekend analysis:

W1 - Before a new trading week begins get a read on what the next W1 candle is going to do – higher or lower, without trying to predict the close of W1 candle. Just to anticipate what level the market is likely to draw to. So as to get a bias direction for the week.

D1 - Look for swing high and swing low where liquidity lies. If looking for lower prices, the expectation is every short term low there is going to be sell stops.

Every day ask yourself: Where is market going to gravitate / draw to:

- Stops (where liquidity lies)
- Imbalance (to be filled)

H1 - Is a framework for looking at W1 range beginning from Monday midnight New York time.

Old D1 high low is where liquidity lies and where price is going to draw to.

Market consolidates creating short term high and low Buy stops are resting above short term high and sell stops are resting below short term low.

Market trades down initially and takes out sell stops. Why? This is to induce shorts so as to engineer liquidity. Then it runs against those traders who short and those who had already shorted from the high. The market then driven higher and attack the buy stops liquidity pool. That gives an influx of willing buyers at a high price which is the perfect counter party to smart money traders that want to sell at high price.

M15 - Before there is any significant price move of any magnitude, generally there is going to be a stop hunt above equal highs. Once that occurs drop down to the lower time frames to find the imbalance and trade off it.

M1/2/3 - M5 still has a lot of room for imbalances to occur. M1/2/3 tends to be the best for finding imbalances.

This is the heart of the matter. Look for Break in Market Structure (in 3 bar fractal), then short when price retraces to fair value gap (imbalance). If you do not expect price to run to the objective of old D1 low on the same day, TP below fib 50 discount market, around sell stops with imbalance.

The foundation of the underlying framework is W1 bearish expanding lower with momentum, consolidation, market broke to the downside and ran up the liquidity pool engineered with relative equal highs, look for break of market structure and imbalance for trigger.

With sound money management, you can make a living out of this. No need for big moves. Go for the low hanging fruit and the easiest target. This foundation will be built on in the next episode.

