

The Inner Circle Trader

## ICT Monthly Mentorship

September 2016 – ICT Pdf Collection

### September Study Notes

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# ICT Monthly Mentorship

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# Elements To A Trade Setup

## A. Context or Framework surrounding the idea.

- 1) Expansion
- 2) Retracement
- 3) Reversal
- 4) Consolidation

## B. Reference Points In Institutional Order Flow

- 1) Orderblocks
- 2) Fair Value Gaps & Liquidity Voids
- 3) Liquidity Pools & Stop Runs
- 4) Equilibrium

# Elements To A Trade Setup

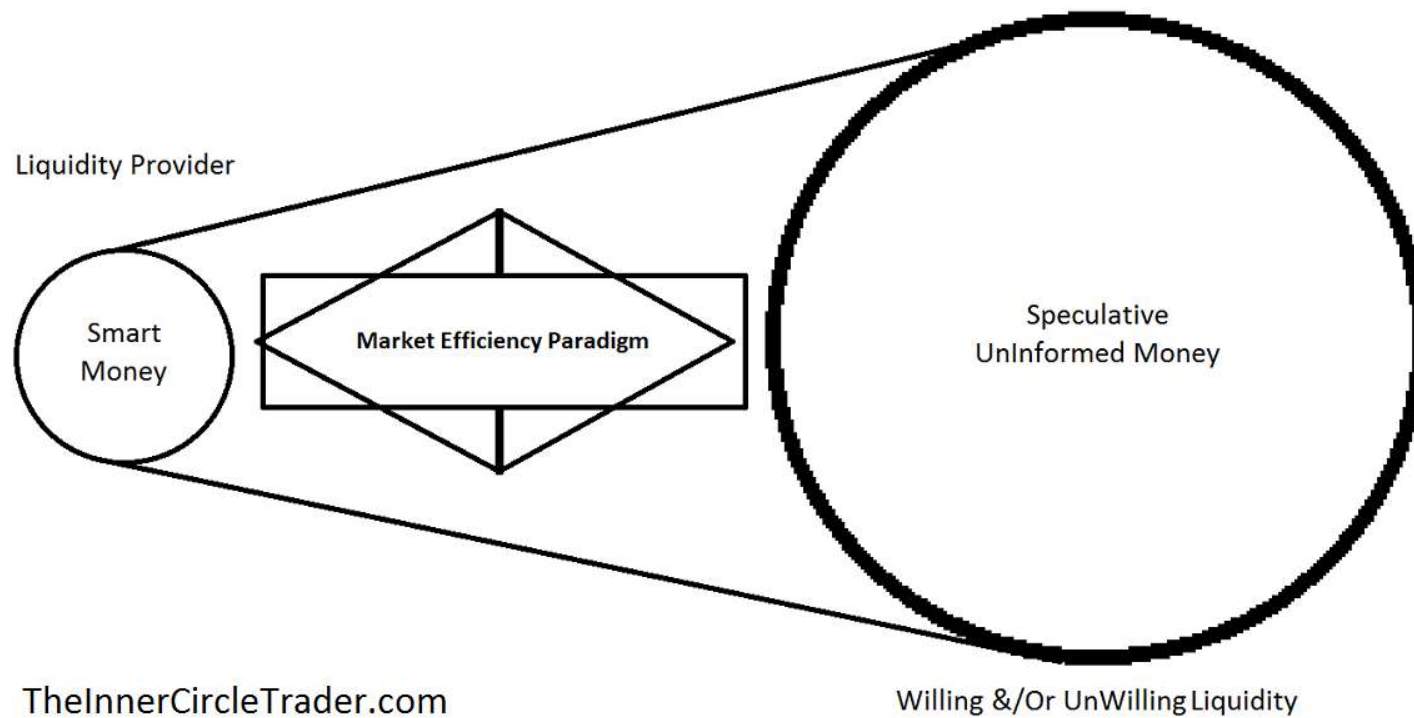
## A. Context or Framework surrounding the idea.

- 1) Expansion = Judas Swing
- 2) Retracement = New York Session
- 3) Reversal = London Swing
- 4) Consolidation = Asian Range

## B. Reference Points In Institutional Order Flow

- 1) Orderblocks
- 2) Fair Value Gaps & Liquidity Voids
- 3) Liquidity Pools & Stop Runs
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## ICT Monthly Mentorship



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### True Day – Daily Range

The Interbank Price Delivery Algorithm, or IPDA, that delivers Price to the world financial institutions and banks, defines the daily range between 12:00 am New York Time & 3:00 pm New York Time.

The period outside this specific range is often referred to as “dead time” or less predictable.





## The Interbank Price Delivery Algorithm



### Daily Range Structure

Price Equilibrium  
Manipulation  
Expansion  
Reversal  
Retracement  
Consolidation



## ICT Monthly Mentorship

### Elements To A Trade Setup

#### What is Expansion?

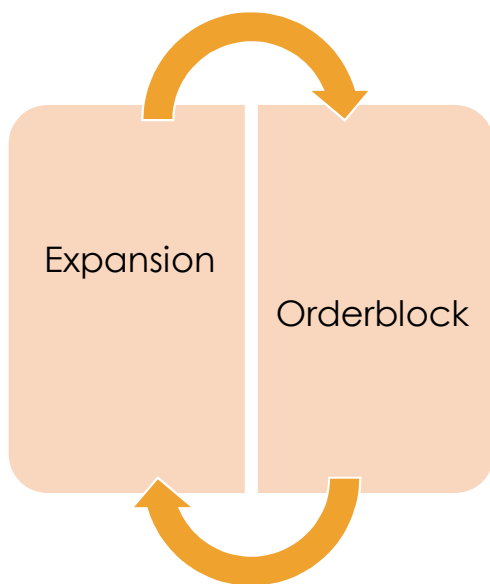
Expansion is when Price moves quickly from a level of Equilibrium.

#### What is the importance?

When Price leaves a level quickly this indicates a willingness on the part of the Market Makers to reveal their intended repricing model.

#### What do we look for in Price?

The Orderblock the Market Makers leave at or near the Equilibrium.



# Expansion



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### Elements To A Trade Setup

#### What is Retracement?

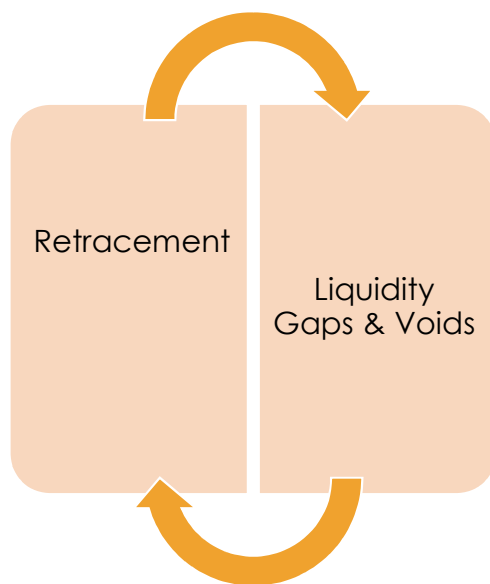
Retracement is when Price moves back inside the recently created Price Range.

#### What is the importance?

When Price returns inside a recent Price Range this indicates a willingness on the part of the Market Makers to reprice to levels not efficiently traded for Fair Value.

#### What do we look for in Price?

The Fair Value Gaps and Liquidity Voids.





### Elements To A Trade Setup

#### What is Reversal?

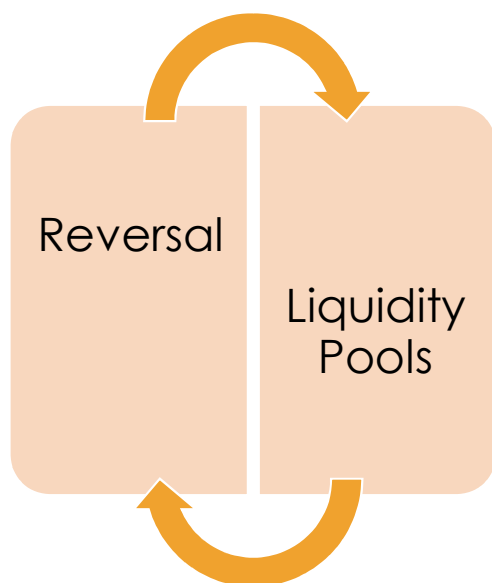
Reversal is when Price moves the opposite direction that current direction has taken it.

#### What is the importance?

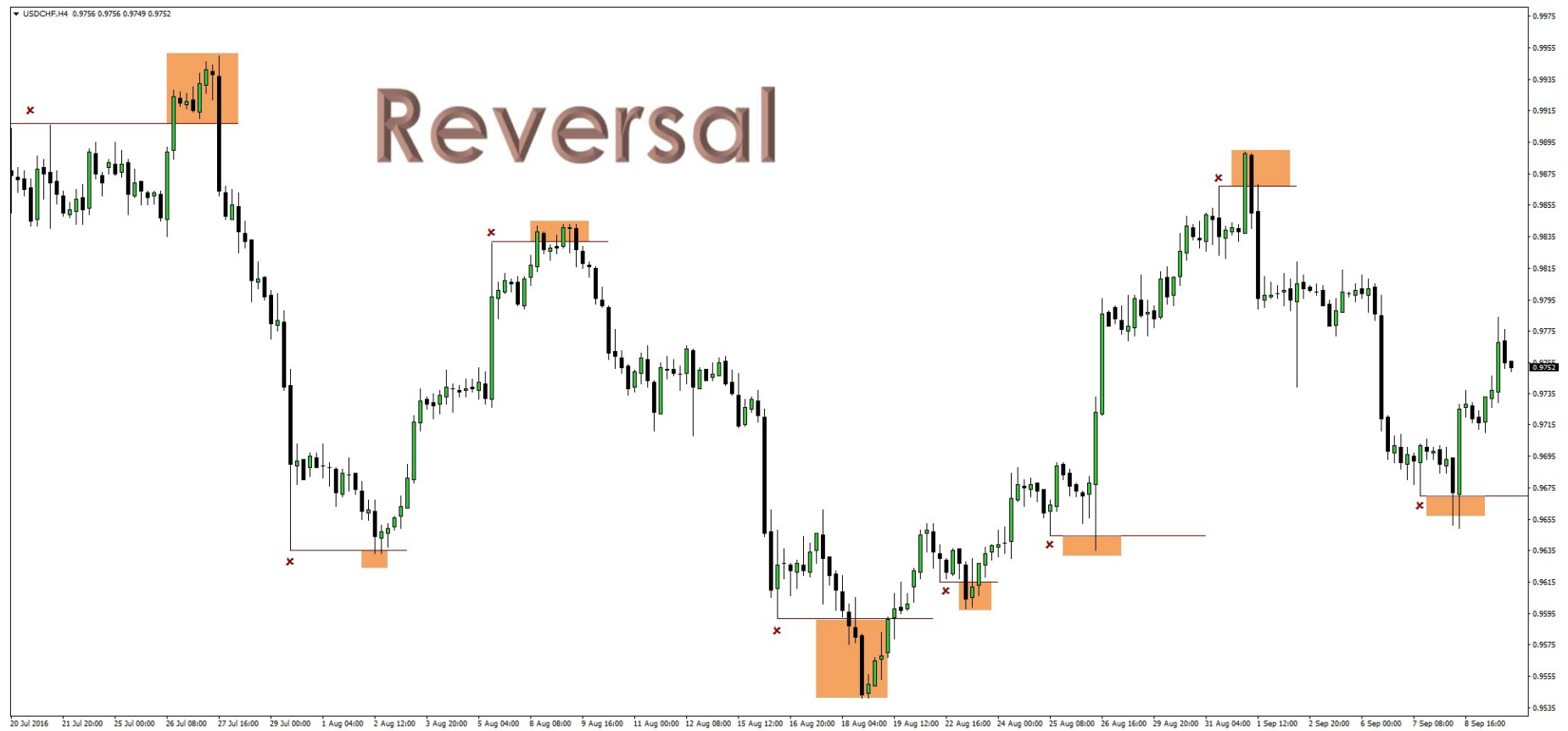
When Price reverses direction it indicates the Market Makers have ran a level of Stops and a significant move should unfold in the new direction.

#### What do we look for in Price?

The Liquidity Pools just above an old Price High and just below an old Price Low.



# Reversal



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### Elements To A Trade Setup

#### What is Consolidation?

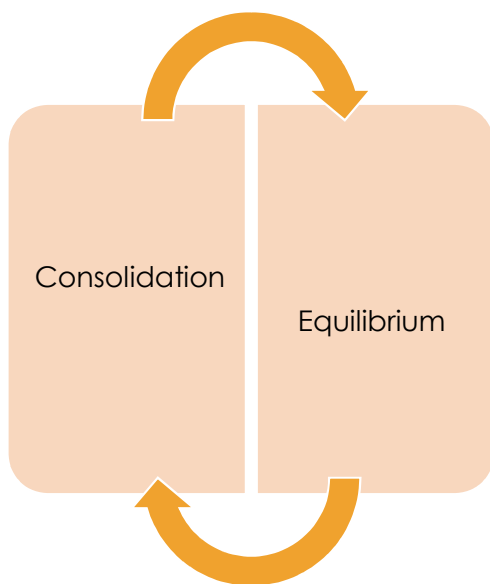
Consolidation is when Price moves inside a clear trading range and shows no willingness to move significantly higher or lower.

#### What is the importance?

When Price consolidates it indicates the Market Makers are allowing orders to build on both sides of the market. Expect a new Expansion near term.

#### What do we look for in Price?

The Impulse Swing in Price away from the Equilibrium price level that is found exactly in the halfway point of the Consolidation range.





# Consolidation



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### What To Focus On

Old Highs – Buy Stops or Buy Side Open Float.

Old Lows – Sell Stops or Sell Side Open Float.

Clean Highs – Liquidity Pool of Buy Stops.

Clean Lows – Liquidity Pool of Sell Stops.

Sharp Runs In Price – Liquidity Voids.

Swing High – Three candle pattern. The up candle.

Swing Low – Three candle pattern. The down candle.



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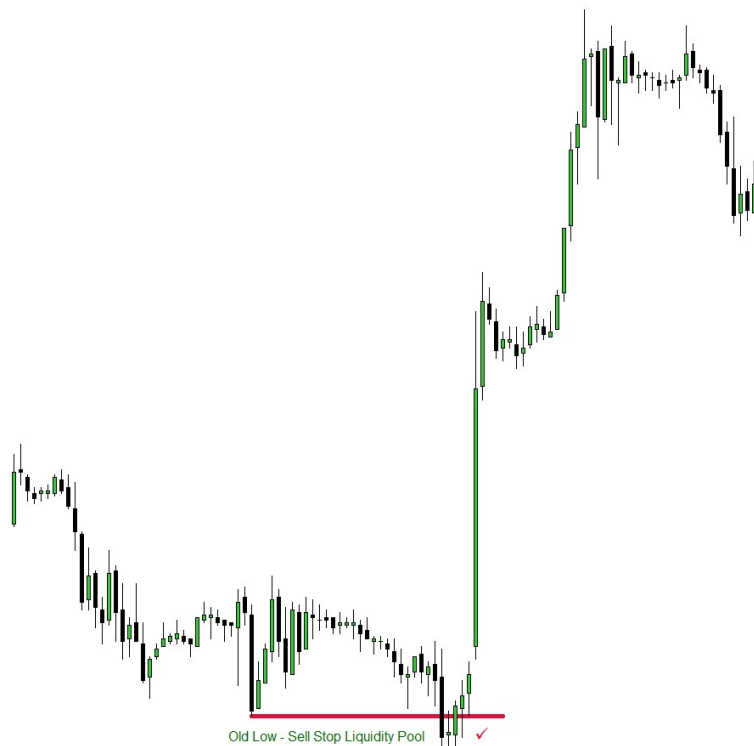
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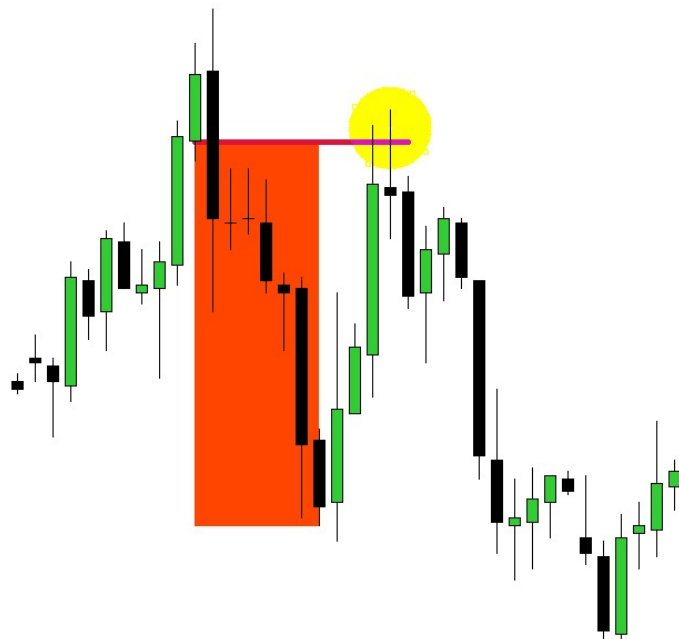
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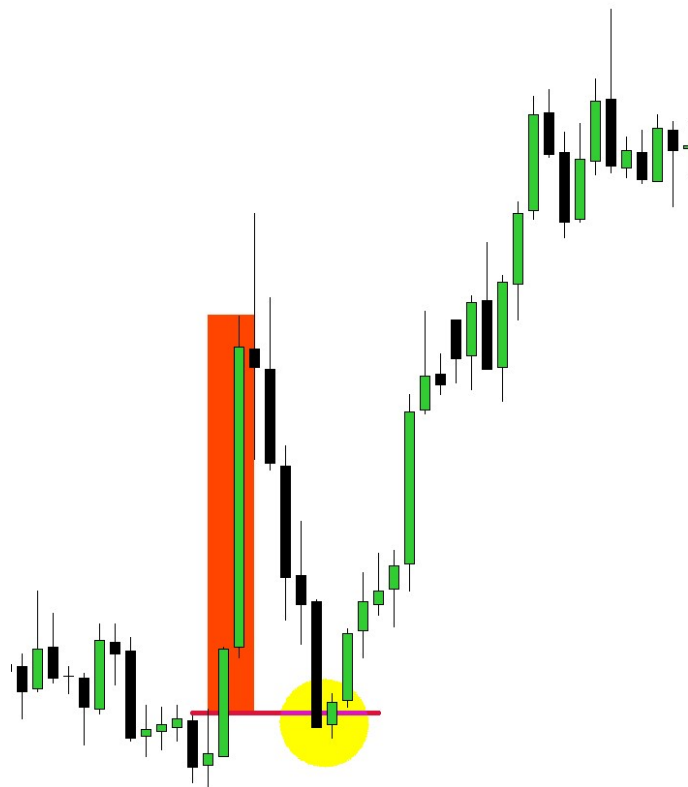
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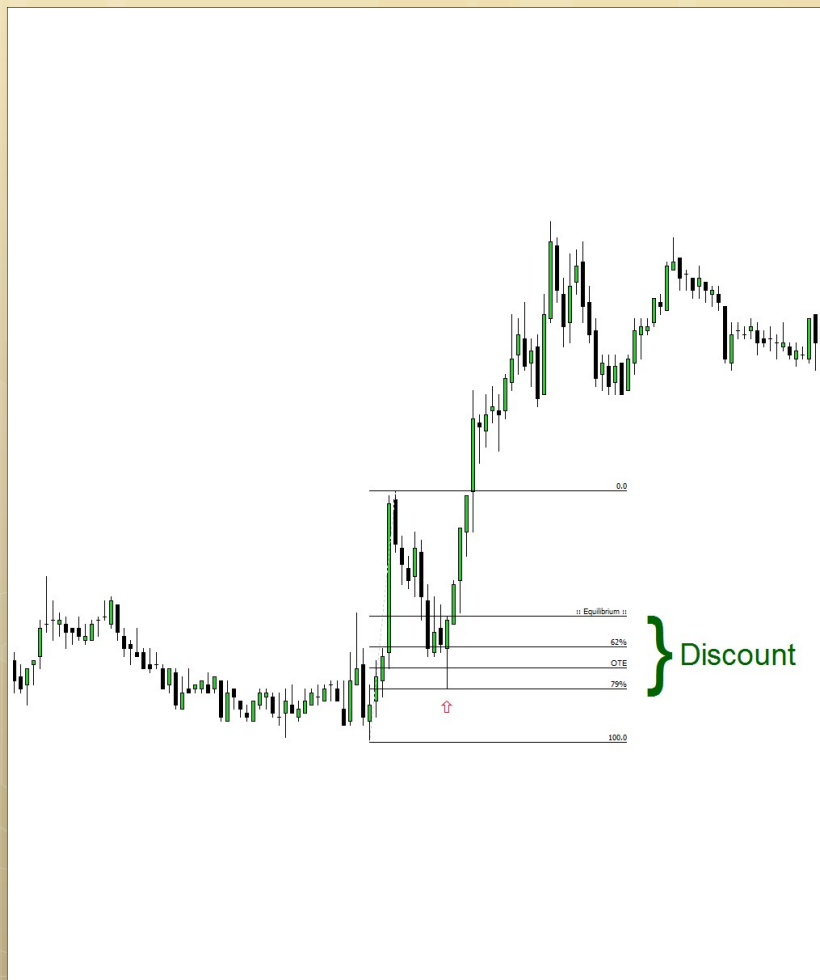
## ICT Monthly Mentorship

### Equilibrium vs. Discount

After a market makes a run Higher and begins to retrace lower, look for a drop below 50% of the Price Run Higher.

A drop below 50% or Equilibrium indicates that Price is now in a Discount.

Frames ideal Buy Setups.



## ICT Monthly Mentorship

### Equilibrium vs. Premium

After a market makes a run Lower and begins to retrace higher, look for a rise above 50% of the Price Run Lower.

A rise above 50% or Equilibrium indicates that Price is now in a Premium.

Frames ideal Sell Setups.



## ICT Monthly Mentorship

### Liquidity Void

After a sharp run in Price, the large candles that form are the least efficiently trades in the range.

Sudden runs in Price will leave porous Price Action that tends to fill in at a later time.

This is described as a void of market liquidity or Liquidity Void.



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### Fair Valuation

When Price trades back inside its current range and returns to the levels it recently moved from, this is Fair Valuation.

Smart Money will unload long positions in this area and many times establish new shorts.

Good location to take profits on a long position and not require a move outside the current trading range.



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### Fair Value Gap

When Price leave a specific level and only has a small section of price action that is seen as one directional, this is known as a Fair Value Gap.

It is very similar to what is traditionally known as a “Common Gap” in technical analysis.

They can present objectives for profits or new setups, depending on the current market environment.





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### Low Resistance Liquidity Run

When Price has little resistance in it's way to run an area of Liquidity.

This is classically seen just under an Old High or above an Old Low.

Price will surge sharply and typically on the release of an economic news release.

High Probability setups are framed on the premise the market will have very little resistance in its path to run into obvious Liquidity Pools.



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### Market Protraction

Specific times of the day there are events that see a sudden move opposite to the daily range direction.

This event is known as Market Protraction. It is referred to as a “Judas Swing” in my earlier works.

It is a micro expansion in price that seeks nearby liquidity before reversing directions.

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## ICT Monthly Mentorship

### This concludes September

The first month of the 12 month ICT Monthly Mentorship was designed to introduce the foundations to my core Price Action Analysis.

In the Live presentations we learned the multitudes of Price Action Trading opportunities that present themselves on the daily basis.

Take Away: No Fear Of Missing setups or trades. They form daily for the Institutional Mindset Trader.

