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# Break of Structure (BOS) on ICT

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**Break of Structure (BOS)** refers to continuing **the market trend** by breaking the previous structure.

By leveraging the **Break of Structure (BOS)** concept **ICT strategy**, traders can identify trend-following trades and determine the market direction.

**A bullish BOS** indicates higher prices in the future, while a bearish BOS signals lower prices. To learn more about BOS, traders can use **TradingFinder indicator** tools:

- ⚡ [BOS Indicator for MT4;](#)
- ⚡ [BOS Indicator for MT5;](#)
- ⚡ [BOS Indicator for TradingView](#)



Break of Structure (BOS) concept ICT strategy

## How do you identify a break in structure in trading?

Before diving into the concept of BOS, it's crucial to understand **Inducement**, as a previous structure break is considered valid only after absorbing Inducement. Based on market trends and **smart money**, BOS can be classified into two types:

### #1 Bullish Break of Structure

New highs are formed when the market is in an uptrend, breaking the previous highs. This is referred to as **a Bullish Break of Structure (BOS.)**

For a BOS to be valid, **Inducement** must first be absorbed. In simpler terms, the price must first absorb the Inducement before breaking the previous high.



Market Structure Break (BOS) in a bullish trend can be seen in this picture

If the price breaks the previous high without absorbing the Inducement, it is considered a **Minor Bullish BOS**. In this case, a new high is created, but the previous low remains unchanged.



Minor Bullish Break of Structure in EUR/USD

## #2 Bearish Break of Structure

In a downtrend, new lows are formed, breaking the previous lows. This is referred to as **Bearish Break of Structure (BOS)**.

For a valid BOS, **Inducement** must be absorbed first. In other words, the price must absorb the Inducement and break the previous low.



Market Structure Break (BOS) in a bearish trend can be seen in the picture above

If the price breaks the previous low without absorbing the Inducement, it is considered a **Minor Bearish BOS**. A new low is created here, but the previous high remains intact.



Minor Bearish Break of Structure in XAU/USD

## Which Timeframe is Best for Identifying a Break of Structure?

Market structure exists in all timeframes, and you might observe different structures in each timeframe.

To identify BOS in any timeframe, simply mark the previous structure;

The best practice is to have a comprehensive market view by analyzing structures across multiple timeframes.

This approach, called **Top-Down Analysis**, involves connecting market structures across timeframes to gain accurate insights.

## How do you trade a break of structure in Forex?

BOS can be applied in both bullish and bearish markets:

### #1 Bullish Market

When the price breaks a structure, mark the inducement level and wait for the price to return to it. Once the price absorbs the Inducement, enter **buy positions**. For better entries, use confirmations like Interaction with Higher Timeframe **PD Array**, market structure shifts or trend reversals in lower timeframes.

### #2 Bearish Market

When the price breaks a structure, mark the inducement level and wait for the price to return to it. Once the price absorbs the Inducement, enter **sell positions**. Confirmations like Interaction with Higher Timeframe **Order Block**, market structure shifts or trend reversals in lower timeframes can be used to refine entries.

## Difference Between BOS and MSS

- ⚡ **BOS** refers to breaking previous highs or lows after absorbing **Inducement**.
- ⚡ **MSS (Market Structure Shift)** refers to breaking a **Swing Low** or **Swing High** in the market.

The key difference lies in **Inducement** absorption. BOS indicates a larger trend change, while MSS reflects an initial market structure shift.

## Conclusion

**Break of Structure (BOS)** occurs when the price breaks the previous high or low after absorbing Inducement.

This signals a significant change in market trend and is commonly used as a confirmation for trend continuation. BOS can happen in both **bullish and bearish trends**, to start the new market movements.

## FAQs

What is BOS? ∨

BOS (Break of Structure) occurs when the price **breaks** a previous high or low, typically after absorbing Inducement. ∨

How to identify BOS? ∨

Mark the **previous** market structure;

Wait for the price to break above or below the structure;

What is the difference between BOS and MSS? ∨

Confirm if the Inducement has been absorbed.

BOS indicates a significant trend change after **inducement** absorption, while **MSS**

represents an initial shift in the market structure by breaking a Swing Low or Swing ∨

Why is BOS important? ∨

High.

BOS helps identify market trends, signals price **continuation** and pinpoints precise entry and exit points for trades.

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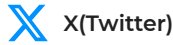


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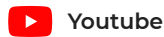
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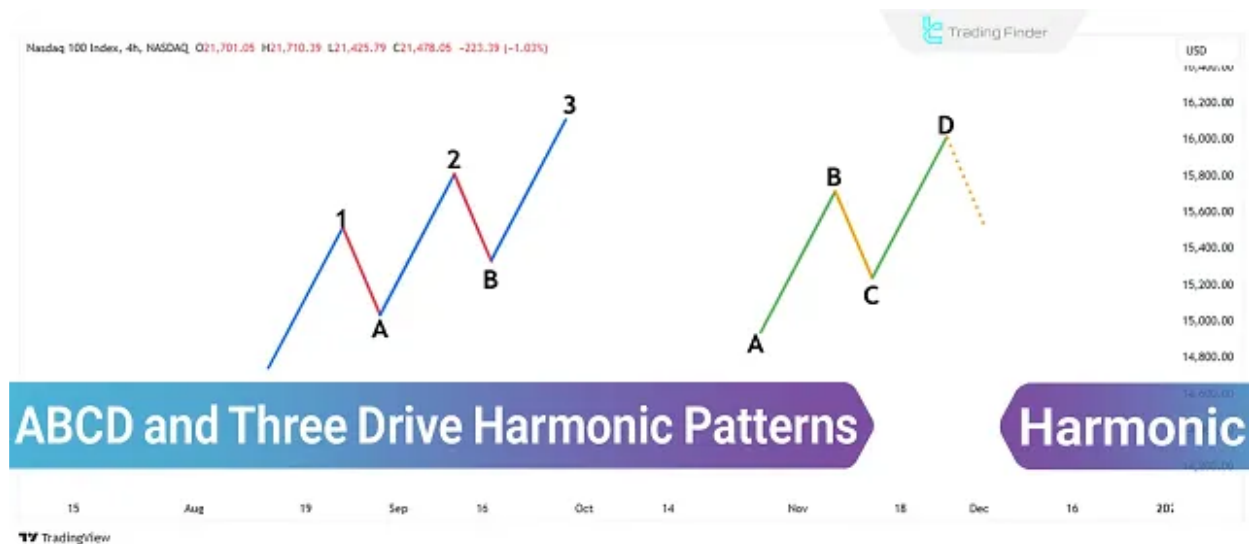
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