

Comprehensive Guide to Optimal Trade Entry (OTE) Strategy in ICT Style

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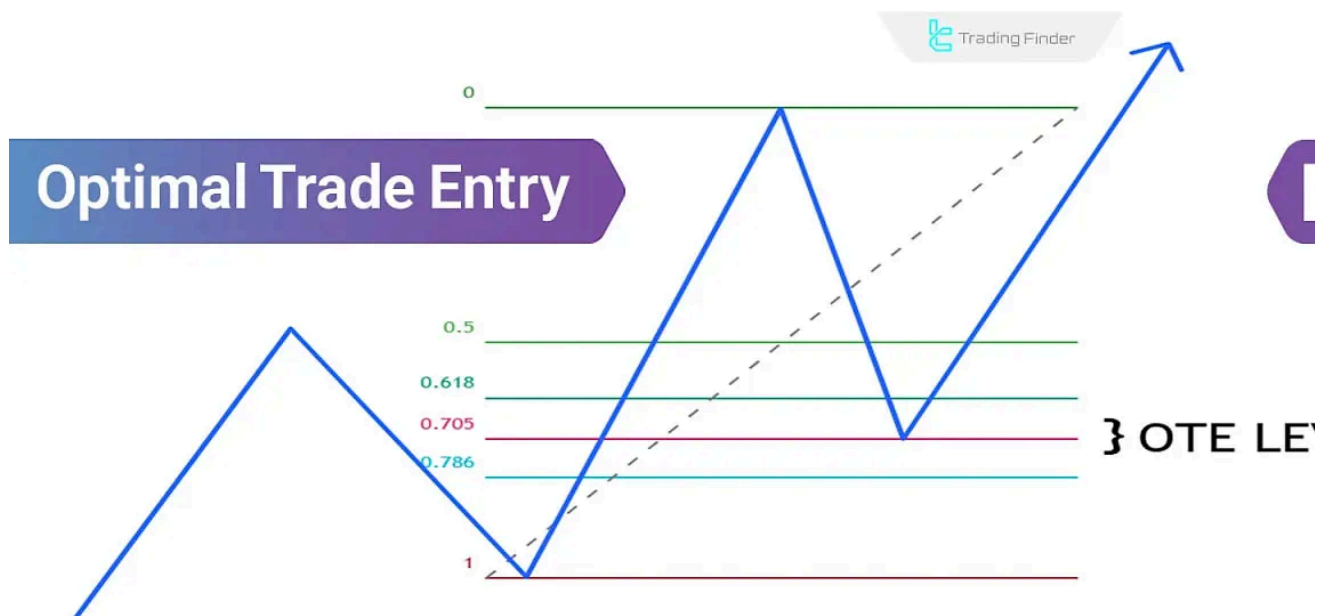
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OTE (Optimal Trade Entry) strategy uses multiple **Fibonacci levels** to identify the optimal **time** and **place** to **enter** a position. In essence, OTE refers to finding the **best entry points** during price retracements.





What Is OTE (Optimal Trade Entry)?

The OTE setup is designed to help traders enter positions with precision during **price retracements**.

OTE in ICT Style

in **ICT Style**, **OTE** utilizes the **Fibonacci tool** to identify optimal **entry points**, particularly within **specific times of the day**. As a result, entries are mostly made during corrective moves within a primary trend.

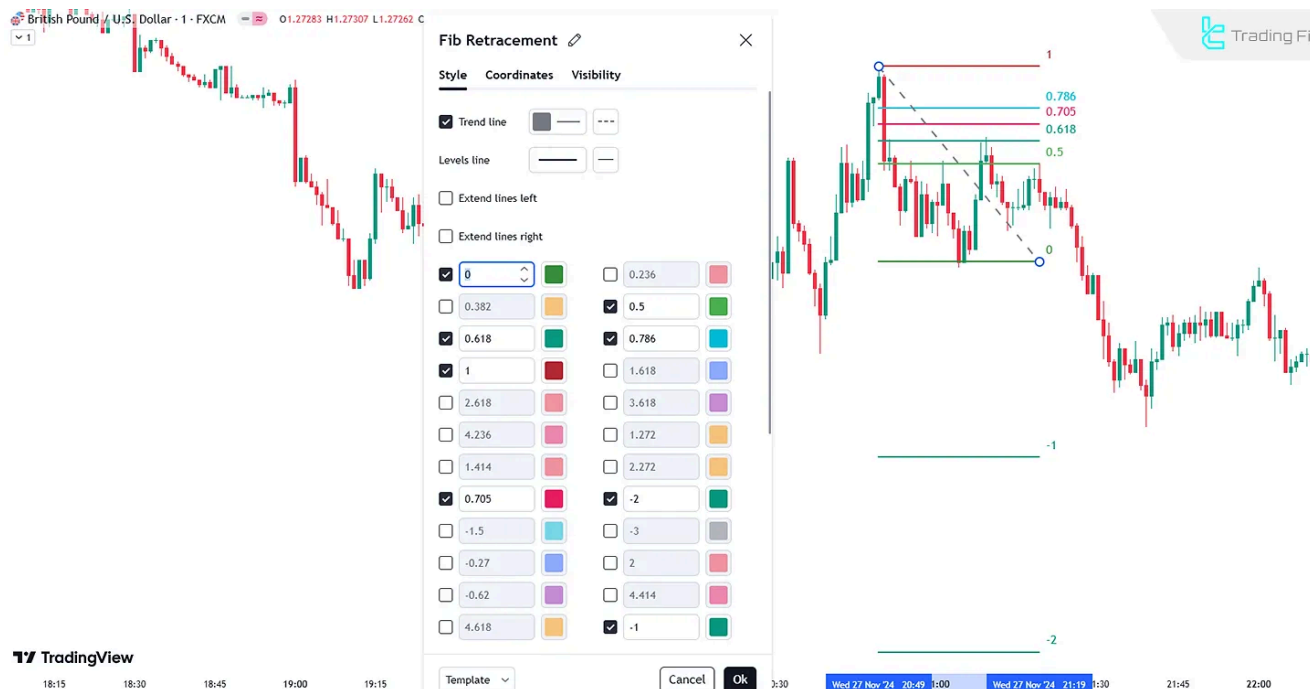


OTE strategy works by using key Fibonacci levels to identify price reversal zones and optimal entry points

Required Tools for OTE Setup

To successfully apply the **OTE setup**, you'll need to utilize several concepts and tools:

Fibonacci Tool



Proper Settings of Fibonacci tool used in the OTE strategy

The Fibonacci tool helps identify **retacement** and **extension levels**. **Key Fibonacci levels in OTE** include:

For Entry Zone:

- ⚡ **62% (0.618)**
- ⚡ **70.5% (0.705)**
- ⚡ **79% (0.79)**

For Stop Loss:

- ⚡ **(1) 100%**

For Take Profit:

- ⚡ **0**
- ⚡ **-1**
- ⚡ **-1.5**
- ⚡ **-2**

Order Blocks

Key areas where price reactions are likely due to significant prior price movements, such as **PD Arrays** and **Order Blocks**.

Liquidity Zones

These Liquidity zones (in Forex) include **stop-loss levels** or **pending orders**, where price tends to move to collect liquidity.

Higher and Lower Timeframe Analysis

Analyze higher timeframes (e.g., **daily** or **4-hour**) to determine the trend, and lower timeframes (e.g., **15-minute** or **5-minute**) to find precise entry points.

Specific Timing

The OTE strategy works best when trades are entered during a specific **time** of the day (**ICT Kill Zones**).

Steps to Execute the OTE Setup

To use the **OTE setup** effectively, it is best to follow the provided guidelines to avoid potential errors.

#1 Analyze the Trend in Higher Timeframes

Identify the main market trend:

- ⚡ Check for key **highs** or **lows** and assess the **market structure**;
- ⚡ Look for **pullback zones** to enter **long trades** in an **uptrend**;
- ⚡ Look for pullback zones to enter **short trades** in a **downtrend**.

#2 Identify the Key Order Block

Locate the Order Blocks where price started its significant move:

- ⚡ **In an uptrend:** Look for the last bearish candle before the bullish move;
- ⚡ **In a downtrend:** Look for the last bullish candle before the bearish move.

#3 Apply the Fibonacci Tool

Draw Fibonacci levels on the most recent main swing:

- ⚡ Use the tool from the **swing low** to the **swing high**;
- ⚡ Entry zones usually lie within the **62% to 79% retracement levels**.

#4: Confirm Liquidity Grab

Ensure that price has collected **liquidity** before reaching the OTE zone:

- ⚡ This could involve a previous **high** or **low**;
- ⚡ Look for retail traders' **stop-loss**

#5: Mark the Specific Time Window

Best time for OTE setup is between **8:30 AM and 11:00 AM New York time**. Adjust this timeframe to your local timezone using a converter.

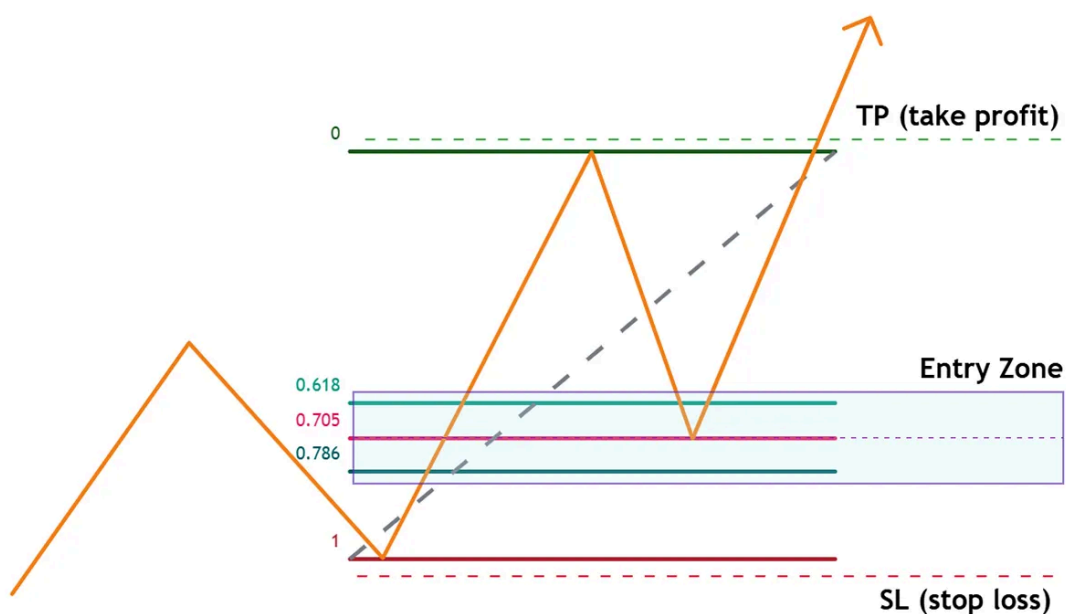
#6: Identify Lower Timeframe Triggers

Move to a lower timeframe (e.g., **5-minute** or **15-minute**) and look for:

- ⚡ Market Structure Break (**Break of Structure**);
- ⚡ Confirmation candle from the Order Block;
- ⚡ **Retest** of the OTE zone.

Managing the Trade in OTE Setup

Trade management becomes more straightforward with **OTE** since all critical components (**entry**, **stop-loss**, and **take-profit** levels) are derived from **Fibonacci** settings.



Components of a trade in the OTE strategy, including entry zone, take-profit, and stop-loss levels

Stop Loss Placement

- ⚡ For a bearish setup: Above the **100%** Fibonacci level;
- ⚡ For a bullish setup: Below the **100%** Fibonacci level.

Take Profit Targets

Take-profit targets can include:

- ⚡ The previous **high** or **low** (opposite direction of entry);
- ⚡ Fibonacci extension levels (e.g., 1- or 2-).

Risk Management

Always risk a **fixed** percentage of your capital (e.g., **1%**) per trade. Using an appropriate **Risk/Reward Ratio** ensures trade optimization.

Note: The **One Shot One Kill Indicator** [↗](#) from **TradingFinder** is an effective tool that enables the combination of the **Market Maker Buy and Sell Model** [↗](#) (MMXM) strategy and the One Shot, One Kill strategy, guiding you toward optimal trade entries (OTE).

Practical Example of OTE Setup



This is how OTE strategy works in an uptrend

On the daily timeframe, price is in an uptrend:

1. **Higher timeframe** analysis confirms an uptrend;
2. A new bullish move breaks a **market structure**;
3. Fibonacci levels are drawn from the swing low to the swing high;
4. It's between **8:30 AM and 11:00 AM New York time**;
5. Price retraces to the **5% level**;
6. Enter the trade with a stop-loss below the **100% level** and take-profit at the previous high.

The image below is the same as the previous example in a **downtrend**:



This is how OTE strategy works in an Downtrend

Key Tips for Success in OTE

- ⚡ Always **analyze higher timeframes** to determine the main trend;
- ⚡ Only enter trades **after liquidity has been grabbed**;
- ⚡ **Confirm** the structure break **in lower timeframes**;
- ⚡ Stick to the specified timeframe (**8:30 AM to 11:00 AM New York time**);
- ⚡ **Discipline** and **risk management** are essential for success.

Common Mistakes Traders Make with OTE Setup

- ⚡ Failure to analyze the main trend in **higher timeframes**;
- ⚡ Using the strategy outside its **specific time** window;
- ⚡ Misinterpreting the **market structure break**;
- ⚡ Incorrectly placing **Fibonacci** start and end points;
- ⚡ Applying the strategy **against** the main trend.

What Markets are Suitable for OTE Setup?

OTE strategy is ideal for markets like **Forex, NYSE stocks, futures** and **indices**; This is because the strategy aligns with **New York session liquidity** and It is less effective in markets not tied to New York trading hours.

Conclusion

The **ICT** style and **OTE** tool allow traders to identify **optimal entry** and **exit points** with precision.

This method is particularly beneficial for **retail traders** [especially **scalpers**], as it focuses on a **specific time of day** and considers detailed market behavior.

FAQs

What is the OTE setup? ∨

OTE (Optimal Trade Entry) is a trading strategy in the ICT style that uses Fibonacci tools to find optimal entry points during price retracements.

What are the key Fibonacci levels in OTE? ∨

The primary Fibonacci levels for entry in OTE are **62%, 70.5%, and 79%**.

Why is timing important in OTE? ∨

Trades must enter the positions between **8:30 AM and 11:00 AM New York time**; Liquidity reaches its highest during this period.

What is an Order Block, and why is it significant in OTE? ∨

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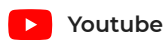
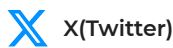


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