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What is the Concept of ICT Implied Fair Value Gap (IFVG) in ICT?

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Implied Fair Value Gap (IFVG) is a significant imbalance area in **ICT Style**, indicating potential price trend reversals in financial markets.



Identifying the **IFVG** involves four steps that should be followed sequentially:

#1 Observe Price Movements

Begin by identifying sharp price movements. Look for candlesticks with large bodies, as they indicate rapid and significant changes in market structure.

#2 Analyze Adjacent Candlesticks

After identifying a large candlestick, examine its adjacent candlesticks (the one before and the one after).

If the shadows of these candlesticks overlap the large body's range, this overlap is recognized as the **Implied Fair Value Gap (IFVG)**.

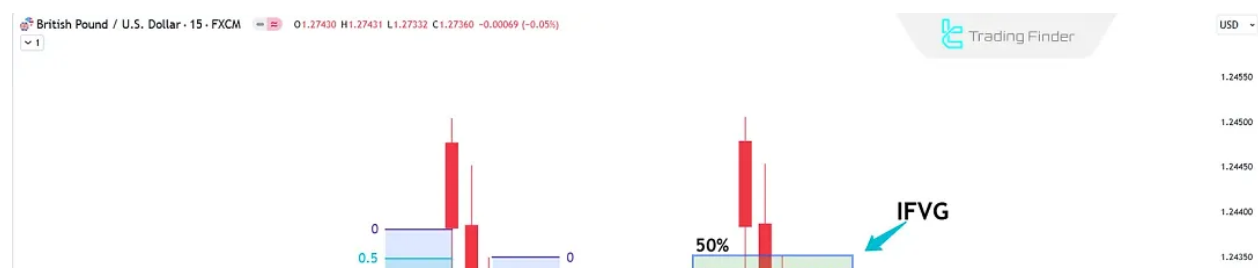
#3 Use Fibonacci Tool

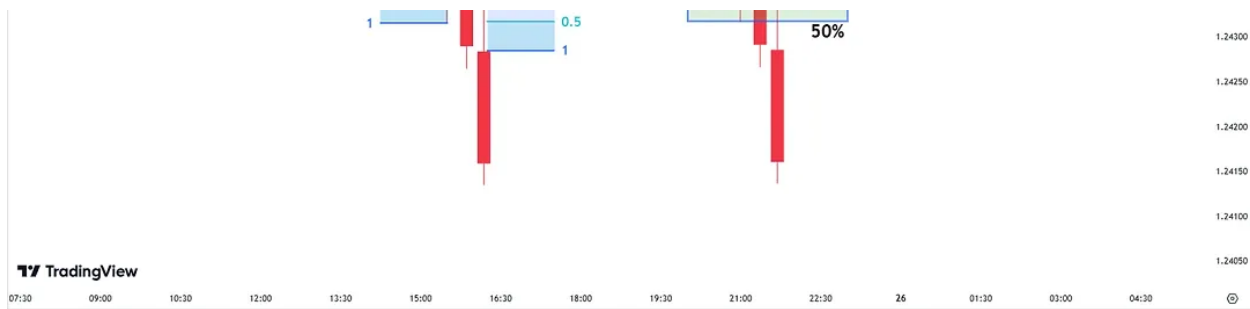
To pinpoint the **IFVG** more accurately, apply the Fibonacci tool:

- ⚡ **Bullish pattern:** Calculate 50% of the **upper wick** of the first candle and 50% of the **lower wick** on the third candle.
- ⚡ **Bearish pattern:** Calculate 50% of the **lower wick** of the first candle and 50% of the **upper wick** on the third candle.

#4 Finalize the IFVG Identification

The gap **between** the calculated levels (using the Fibonacci tool) is defined as the **IFVG**. This zone serves as a favorable area for **price reversal** and helps in identifying market movements.





The structure of a Bearish IFVG and how to marking it using Fibonacci tool

Note: To simplify the identification of Implied Fair Value Gaps (IFVG), traders can use the indicator developed by the [TFlab] team:

- ⚡ TradingView version of the IFVG indicator
- ⚡ MetaTrader 4 version of the IFVG indicator
- ⚡ MetaTrader 5 version of the IFVG indicator

What is The Importance of IFVG in Trading?

The **Implied Fair Value Gap (IFVG)** has specific applications, including:

- ⚡ Identifying **hidden price adjustment zones** that are not visible to most retail traders
- ⚡ Optimizing **entry and exit points** for trades
- ⚡ Enhancing the accuracy of trading strategies when combined with concepts like **Order Blocks** and **market structure** analysis





How a Bearish Implied Fair Value Gap (IFVG) functions and the price reaction to it.

In the image below, a bullish example of an optimized Fair Value Gap is visible:




How a Bullish Implied Fair Value Gap (IFVG) functions and the price reaction to it

Conclusion


The **ICT Implied Fair Value Gap (IFVG)** is a concept within the ICT methodology that identifies hidden price **imbalance areas**. These zones are used as key points for trade **entries** and **exits**.

This type of **fair value gap** is identified by analyzing **large candlesticks** and observing the **overlapping wicks** of adjacent candles, offering an opportunity to capitalize on **market structure** changes.

FAQs

What is the IFVG, and how does it differ from a regular Fair Value Gap? 

Can IFVG be used on all timeframes? 

How can the validity of an IFVG zone be ensured? 



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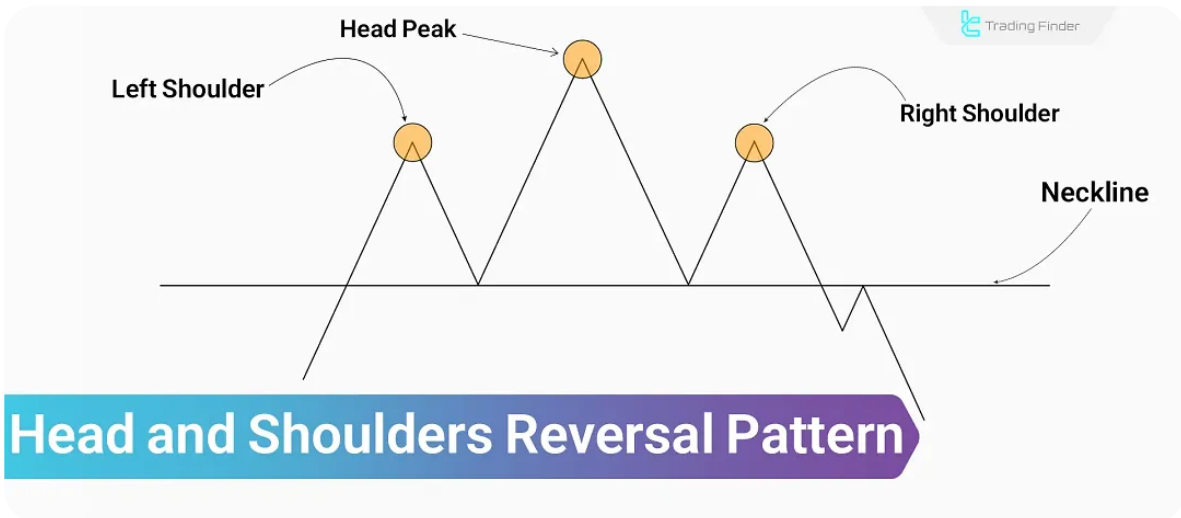
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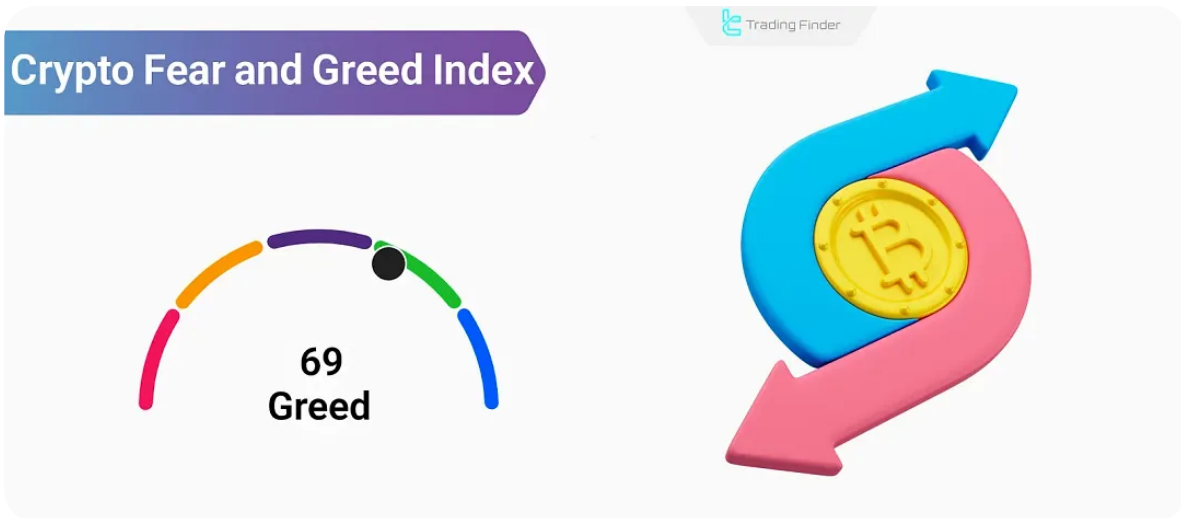
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