

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

Categories: Forex Education ICT (Inner Circle Trader) Education Smart Money Education

Article Level: Intermediate



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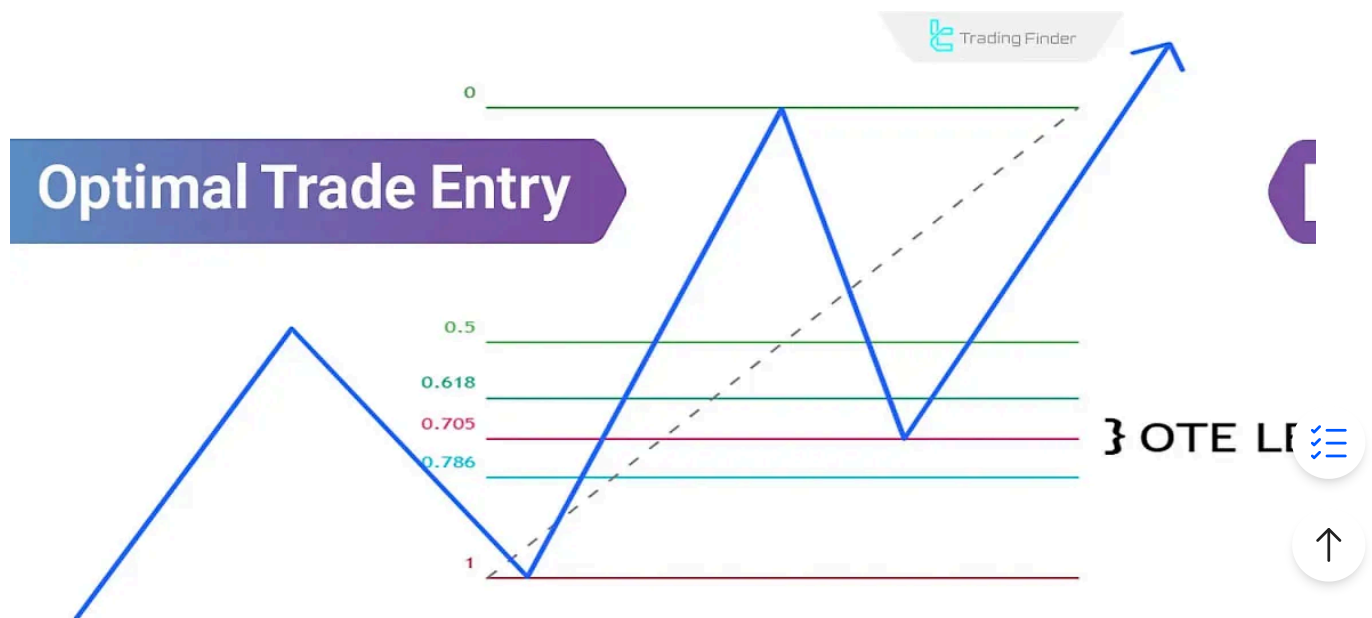
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**OTE (Optimal Trade Entry) strategy** uses multiple **Fibonacci levels** to identify the optimal **time** and **place** to **enter** a position. In essence, OTE refers to finding the **best entry points** during price retracements.



ICT Optimal Trade Entry (OTE) Strategy

## 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.

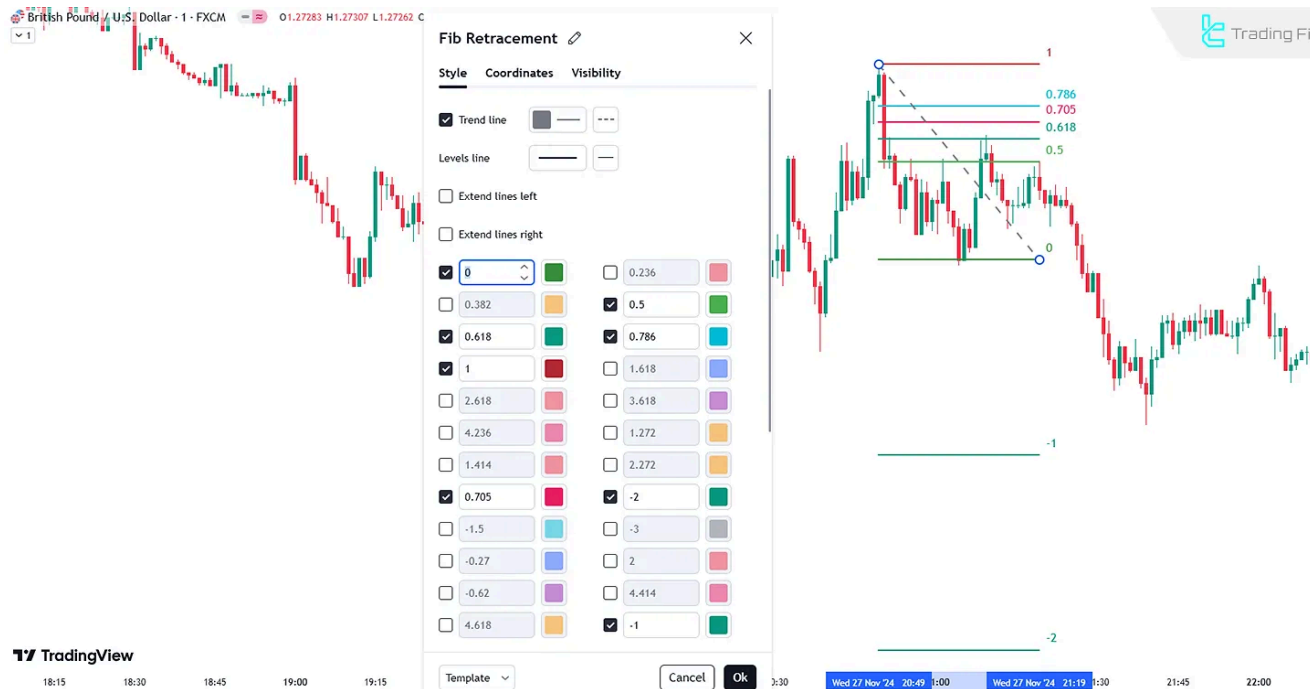


OTE strategy works by using key Fibonacci levels to identify price reversal zones and optimal entry points

## 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

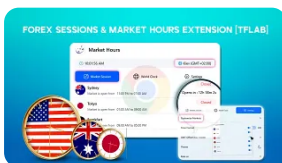
Best time for OTE setup is between **8:30 AM and 11:00 AM New York time**. Adjust this timeframe to your local timezone using a converter.

### #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.

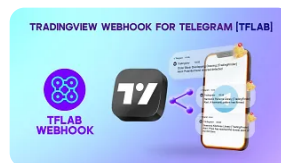
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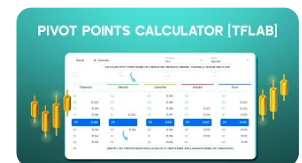
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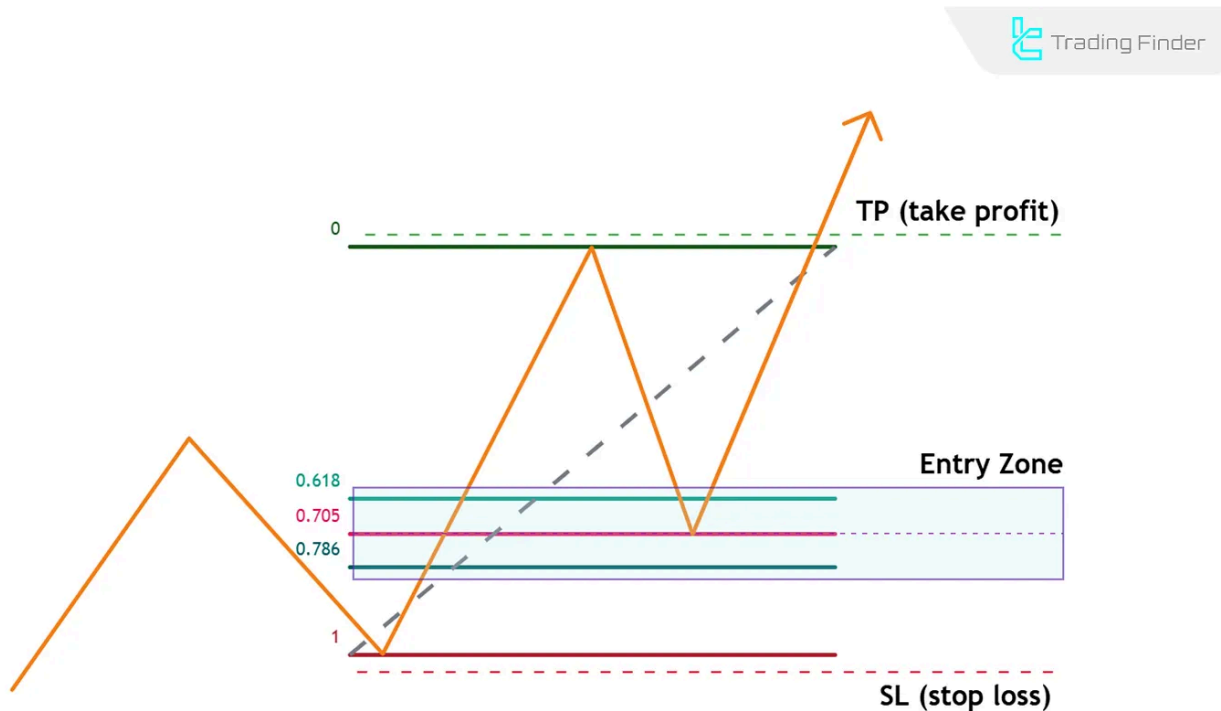
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## Managing the Trade in OTE Setup

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? ∨

An Order Block is a zone from which significant price moves originate. In OTE, these zones are crucial entry points.

How is liquidity identified in OTE? ∨

Liquidity zones are often located around stop-loss levels or previous highs/lows.



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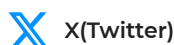






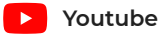

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