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Trading Strategy with Breaker Block in ICT Style

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

Article Level: Intermediate



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Modified: Jun 2, 2025

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Views: 2,001

7 Min

The **Breaker Block** is one of the concepts in the **ICT trading style**. This method focuses on the **break of Order Blocks** (OB) and their **transformation** into **new zones** for **price retracement**, creating an entry area for trading based on the **Breaker Block (BB) strategy**.



ICT schematic of a Bullish Breaker Block (ICT Breaker Block) in ICT

What is a Breaker Block?

A Breaker Block is an **Order Block** (OB), broken **by price**, which transforms into a **new support** or **resistance** zone for price **retracements**. This shift usually occurs due to a **Liquidity Sweep** and a **Market Structure Shift (MSS)**.



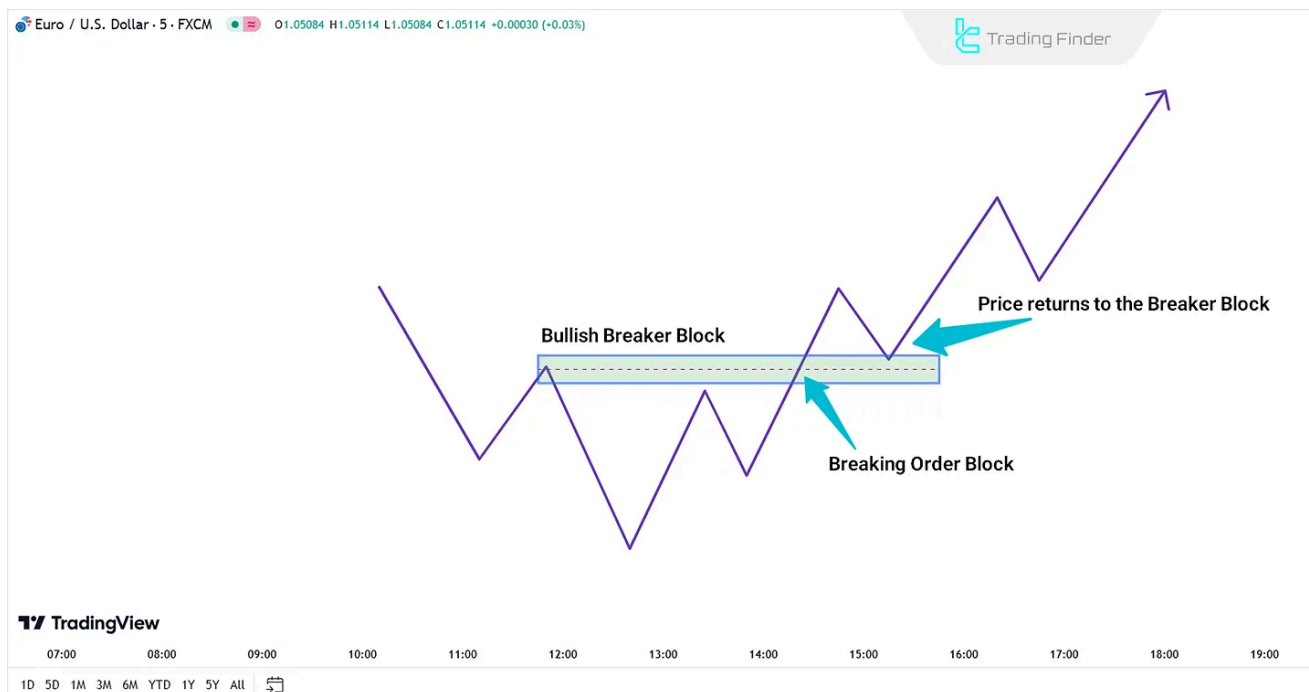
Types of Breaker Blocks

Breaker Blocks (BB) exist in two forms:

- ⚡ **Bullish**
- ⚡ **Bearish**

Bullish Breaker Block

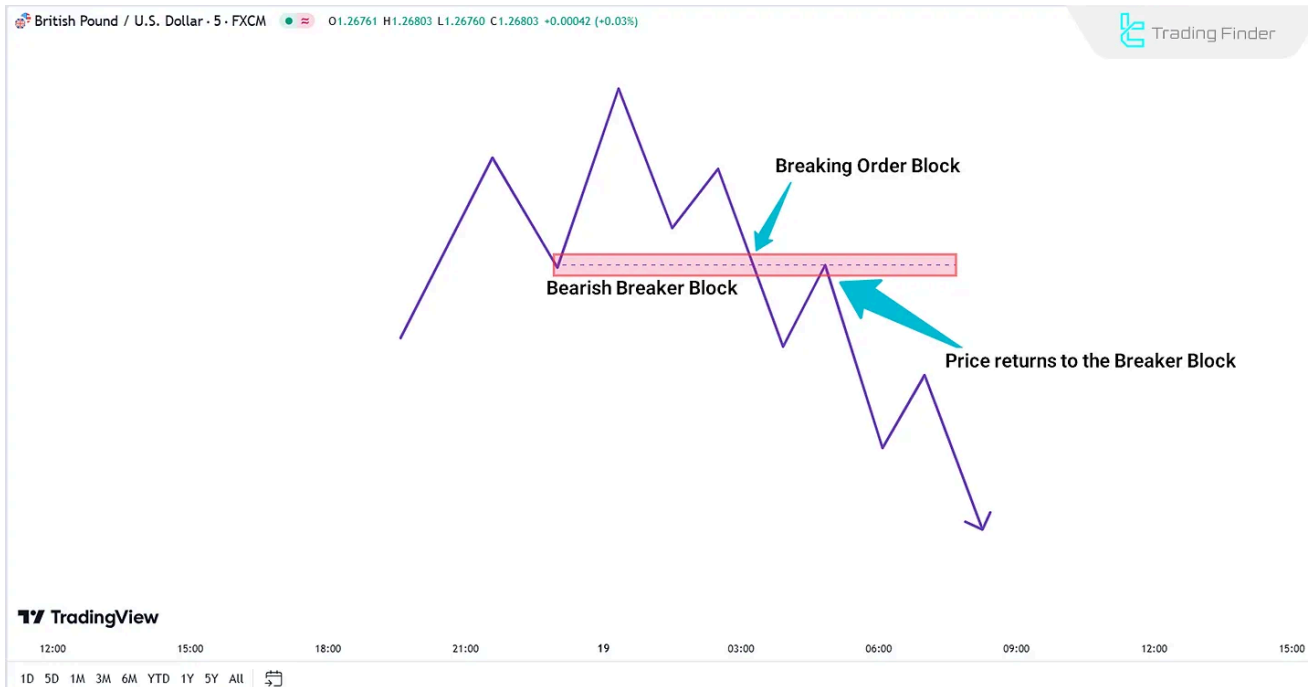
A **bearish Order Block** (OB-) is broken by an **upward** price movement. After the break, it shifts to act as a **support** zone, aiding further price increases.



General schematic of a Bullish Breaker Block (ICT Breaker Block)

Bearish Breaker Block

A bullish Order Block (OB+) is broken by a **downward** price movement. After the break, it shifts to act as a **resistance** zone, aiding further price decreases.



General schematic of a Bearish Breaker Block (ICT Breaker Block)

Principles for Identifying a Breaker Block (BB)

To validate a Breaker Block, the following points should be assessed:

- ⚡ **Liquidity Sweep:** At first, price will capture **liquidity** located behind a specific zone
- ⚡ **Order Block Break:** Price breaches the upper limit (in bearish OB) or lower limit (in bullish OB), invalidating it
- ⚡ **Market Structure Shift (MSS):** A confirmed trend reversal (from bullish to bearish or vice versa) must occur

Step-by-Step Guide for Trading with Breaker Blocks

To execute the Breaker Block trading strategy, follow the steps below:

#1 Identify the Market's Overall Trend

Determine the market's overall **direction** using higher timeframes to ensure your BB aligns with the **main trend**.

#2 Wait for a Liquidity Sweep

Wait for the price to move toward a **liquidity pool**, absorb it, and then **reverse**.

#3 Identify the Order Block Break (OB)

When the price breaks an Order Block, it will turn into a **Breaker Block (BB)**:

- ⚡ If the price closes above a bearish Order Block, a **Bullish Breaker Block** forms
- ⚡ If the price closes below a bullish Order Block, a **Bearish Breaker Block** forms

#4 Enter the Trade

Once the Breaker Block area forms, wait for the price to **retrace** to this zone and enter the trade with MSS or CHoCH **confirmation** signals.



A Bullish Breaker Block on GBP/USD price chart (ICT Breaker Block)

In the image below, a short trade entry using this strategy can be seen:



A Bearish Breaker Block on GBP/USD price chart

Now, let's define trade parameters for both bullish and bearish setups:

Bullish Breaker Block

- ⚡ **Entry Point:** When the price retraces to the BB zone
- ⚡ **Stop Loss (SL):** Slightly below the BB area
- ⚡ **Take Profit (TP):** Liquidity levels on the opposite side



A Bullish Breaker Block trade with entry, stop-loss, and take-profit levels

Bearish Breaker Block

- ⚡ **Entry Point:** When the price retraces to the BB zone
- ⚡ **Stop Loss (SL):** Slightly above the BB area
- ⚡ **Take Profit (TP):** At liquidity levels on the opposite side



A Bearish Breaker Block trade with entry, stop-loss, and take-profit levels

Note: To simplify the identification of Breaker Blocks, you can use the indicator developed by the [TFlab] team:

- ⚡ TradingView version of the Breaker Block indicator
- ⚡ MetaTrader 4 version of the Breaker Block indicator
- ⚡ MetaTrader 5 version of the Breaker Block indicator

Best Timeframes and Markets for Breaker Blocks

The Block Breaker strategy, adheres to a specific timeframe for use:

Timeframes

- ⚡ Use daily timeframes to analyze overall trends
- ⚡ Lower timeframes (5 or 15 minutes) are suitable for precise entries

Markets

- ⚡ Forex, futures, and cryptocurrency markets

Advantages and Limitations of the Breaker Block Strategy

Advantages	Limitations
Accurately identifies zones with liquidity bias.	Requires advanced skills for proper zone identification
Broad applicability across different markets	Risk of false signals in highly volatile markets
Enhances trading precision when combined with MSS	-

Comparison of Breaker Block and Order Block

- ⚡ **Order Block:** A zone expected to reverse or **continue** price movement
- ⚡ **Breaker Block:** When the price breaks an Order Block, it transforms into a Breaker Block, **reversing** its role (support to resistance and vice versa)

Conclusion

The Breaker Block strategy focuses on identifying **broken Order Blocks** and **capturing liquidity** to pinpoint precise entry and exit points in the market.

This approach requires a thorough understanding of **market structure**, **suitable timeframes**, and **confirmation signals**. It is applicable across various markets and timeframes.

FAQs

What is the difference between Breaker Block and Order Block? ∨

An Order Block predicts continuation or reversal of price movement. When the price breaks an OB, it becomes a Breaker Block, reversing its role.

What is the best timeframe for this strategy? ∨

Use daily timeframes for overall trend analysis and 5- or 15-minute timeframes for precise entries.

Which markets are suitable for Breaker Blocks? ∨

This strategy works well in Forex (EUR/USD, GBP/USD), precious metals (e.g., XAU/USD), and indices like NASDAQ and S&P 500.



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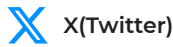


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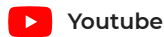
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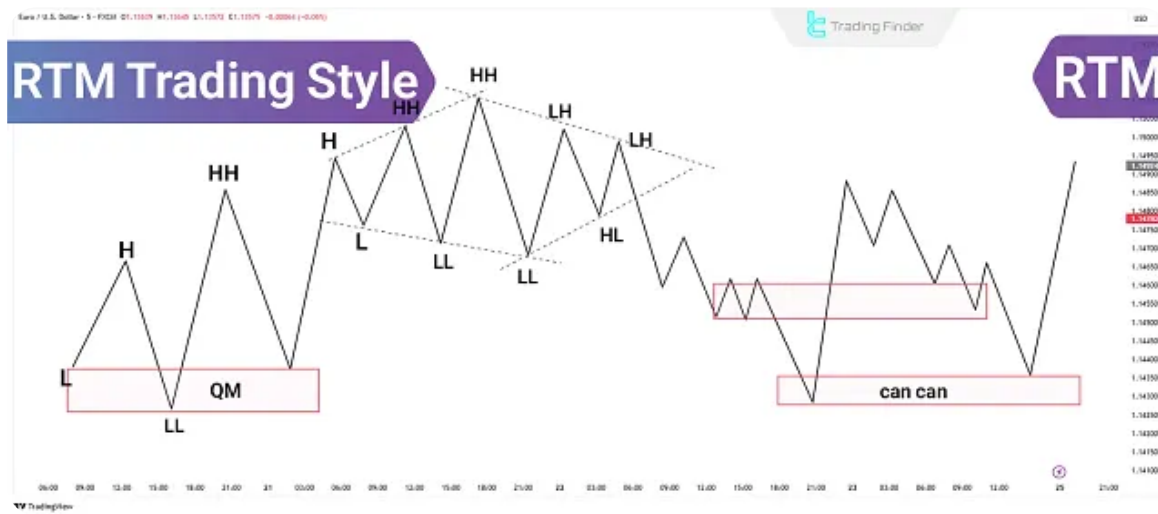
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