

TradingFinder > Education > Forex Education > What is the Concept of ICT Imple...

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

Categories: Forex Education ICT (Inner Circle Trader) Education

Article Level: Intermediate 



Writer:
Eda Kaya



Reviewer:
Arjun Mandal



Fact checker:
Ram Nisha



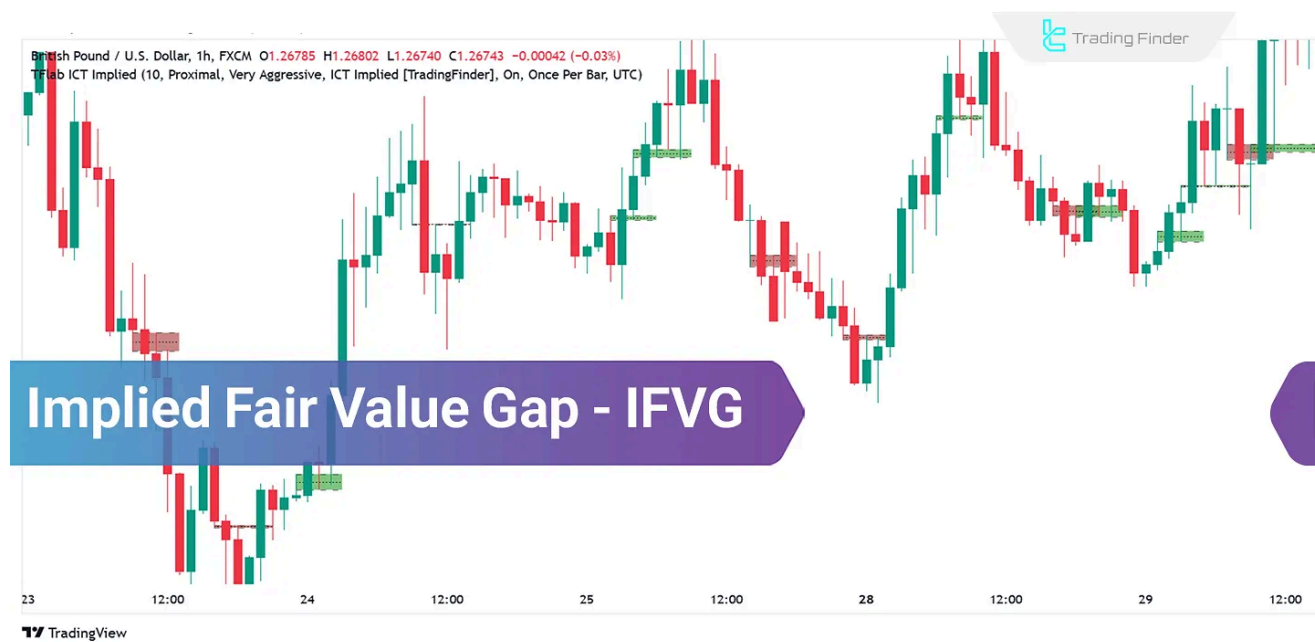
Modified: Feb 2, 2025

 Comments: 0

 Views: 1,376

 5 Min

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



Unlike **most Fair Value Gaps (FVG)**, the **IFVG** refers to a subtle area where a price **imbalance** exists, but **no clear and visible gap** is formed.

What is the Implied Fair Value Gap (IFVG)?

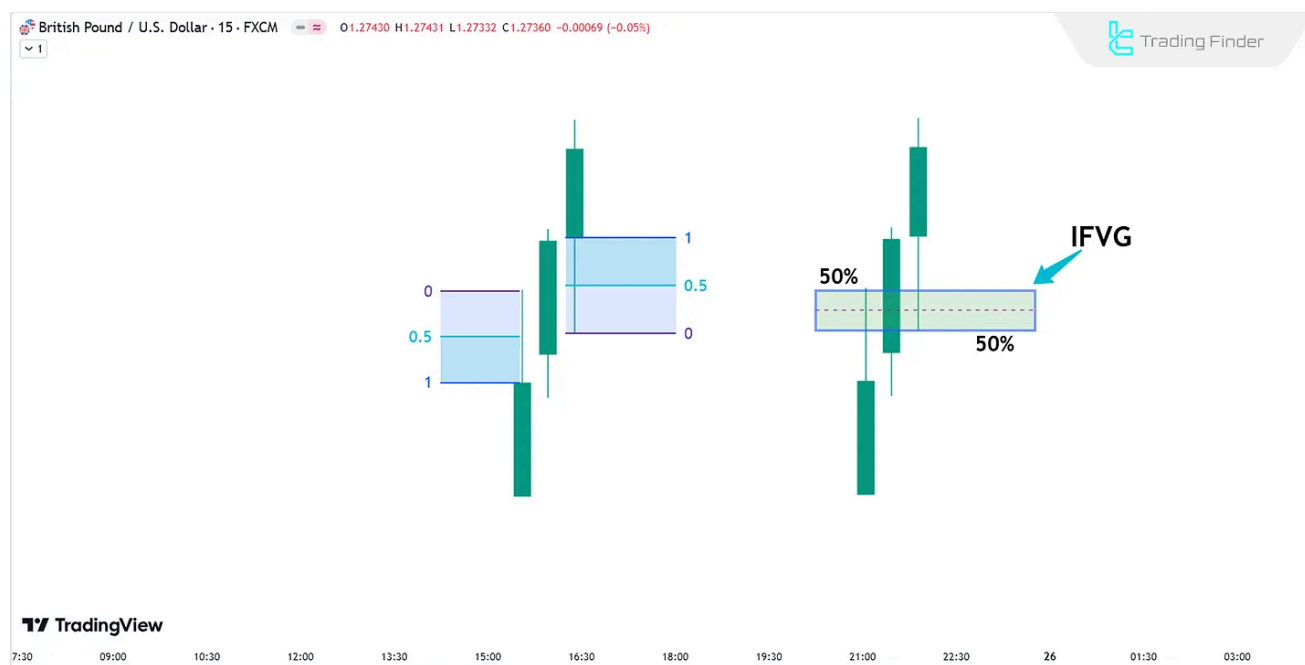


The **IFVG** is a pattern composed of three candlesticks:



- ⚡ A middle candlestick with a large body
- ⚡ The preceding and succeeding candlesticks, where their **wicks** overlap the **body** of the middle candlestick
- ⚡ In fact, this gap is a type of standard **Fair Value Gap** (FVG) that, despite becoming invalid in a particular direction, still remains a valuable supply or demand zone in the opposite direction.

This structure suggests that no explicit gap exists between the candles, yet it is still considered an area of price adjustment.



The structure of a Bullish IFVG and guide to marking it using Fibonacci tool

How to Identify IFVG?

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)**.

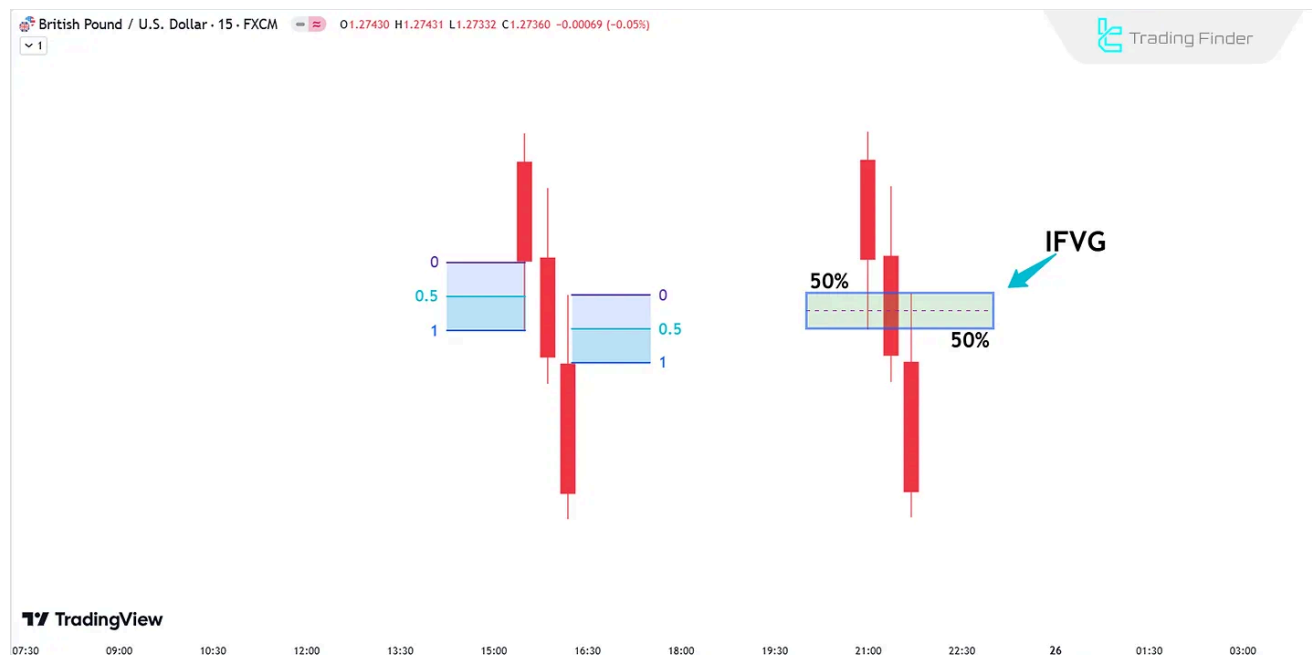
#3 Use Fibonacci Tool

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

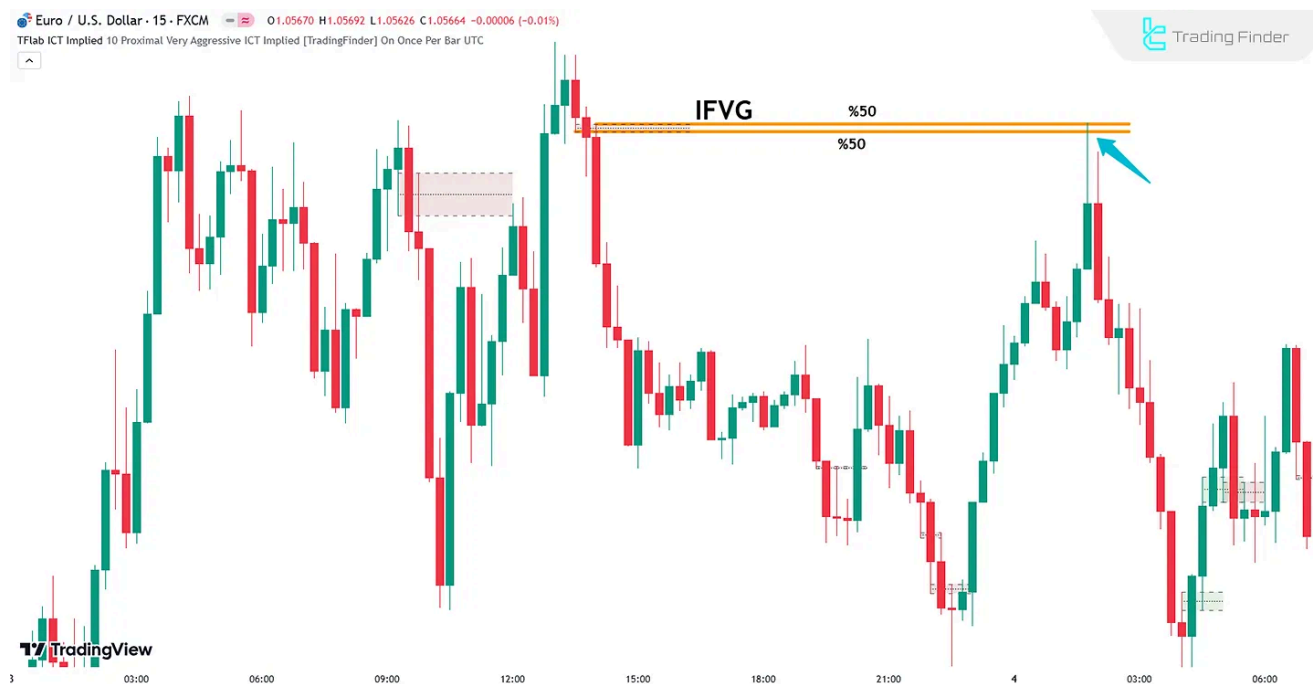
Note: To simplify the identification of Implied Fair Value Gaps (IFVG), traders can use the indicator developed by the [TFlab] team:

- ⚡ 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? ▼

The **Implied Fair Value Gap (IFVG)** is a specific type of price gap that is not visually apparent and is identified through the analysis of large candlesticks and overlapping wicks. Can IFVG be used on all timeframes? ▼

Yes, the **Implied Fair Value Gap (IFVG)** can be applied to all timeframes. However, it is generally more reliable on higher timeframes, such as daily or four-hour charts. How can the validity of an IFVG zone be ensured? ▼

To confirm the validity of an **IFVG**, consider the following:

- The middle candlestick should have a large body
- Shadows of the preceding and succeeding candlesticks should overlap the middle candlestick's body
- The IFVG zone should be accurately identified



5 From 5.0

(1)

Rate this post



Table Of Content



What is the Implied Fair Value Gap (IFVG)?

How to Identify IFVG?



What is The Importance of IFVG in Trading?

Conclusion

Top Posts



What is an ICT Order Block and How to Trade It?

Ram Nisha | Dec 23, 2024

7,683 Views



Break of Structure (BOS) on ICT

Eda Kaya | Dec 22, 2024

7,408 Views

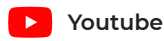


Turtle Soup Strategy from ICT Style

Arjun Mandal | Dec 23, 2024

7,394 Views

Our Social Media



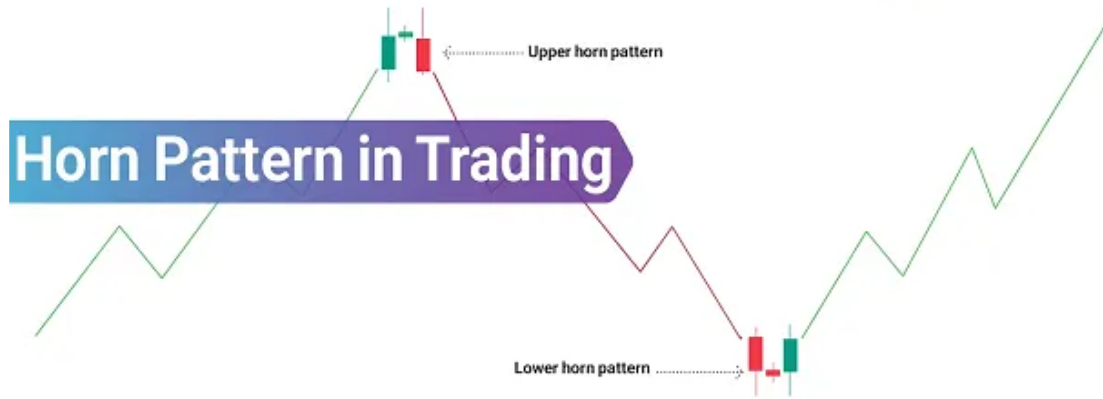
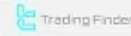
Latest Articles



Williams %R Indicator: Overbought/Oversold Detection, Reversal Signals

Forex Education

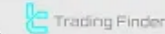
Rajesh Sharma | Jun 15, 2025



Horn Pattern Trading in Technical Analysis; Horn Top and Bottom

Forex Education

Nino Gogochashvili | Jun 14, 2025



What Is Arbitrage? Types of Arbitrages [Triangular, Merger & Spatial]

Forex Education

Eda Kaya | Jun 13, 2025



Complete training in financial markets such as "Forex," "Stock Market," and "Cryptocurrencies" only becomes comprehensive with tested trading tools and strategies. "Trading Finder," with its

experience, aids traders and investors in gaining a correct understanding and deep learning. The training programs are designed based on tools for traders of all levels, from "beginner to advanced."



 English (EN)
▼

About Us

Contact Us

Forex Methodology

Our Team

Jobs

Report a Bug

Advertisement

Affiliates

Our Scores

Indicators & Oscillators

Products

Financial Market
Education

Trading Tools

Trading Tools

Risk Disclosure:

Participating in financial markets involves high risk, which can result in the loss of part

[Show More](#) ▼

Disclaimer:

[TradingFinder.com] assumes no responsibility for any potential losses or damages. All

[Show More](#) ▼

Disclosure of revenues and advertisements:

The "TradingFinder" platform offers various services, some of which, like introductions,

[Show More](#) 

[Privacy Policy](#)

[Risk Warning](#)

[Cookies Policy](#)

[Copyright and Idea Submissions](#)

[Terms and Conditions Agreement](#)

© 2025 TradingFinder, Inc. All rights reserved.