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# ICT Style Price Equilibrium: How to Calculate & Use It with PD Array Components

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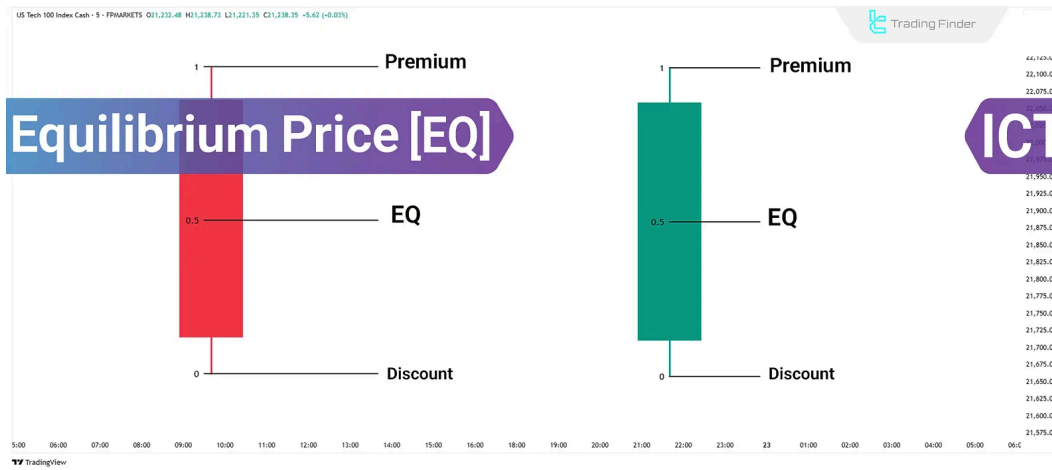
In the **ICT methodology**, **price equilibrium** refers to the **midpoint** between the highest and lowest **wick** of a candle. This level becomes particularly significant when the market is in an **expansion phase** rather than a retracement.

In such scenarios, the price typically does not return to **premium or discount zones** but tends to remain within the **active half** of the range it began moving from. If the price reacts to this midpoint and holds it, the likelihood of trend continuation **increases**.

Conversely, a break below the Equilibrium without respecting **key price zones** can signal a **phase shift** or structural weakness.

Therefore, monitoring the **price equilibrium** or **EQ** on higher timeframes in the ICT style plays a key role in building **daily trading scenarios**.





Understanding Price Equilibrium (EQ) in ICT Methodology

## What Is Price Equilibrium (EQ)?

**EQ**, short for **Equilibrium**, is typically calculated as the **0.5 Fibonacci level** of the distance between the **wick high** and **wick low** of a candle. This midpoint serves as a reference for assessing the likely direction of price movement in the days that follow.

If the price reacts to this level and holds above it, one can expect the prevailing trend to **continue**. Conversely, if the price **breaks below** and confirms below this level, it indicates a potential **phase change** or **trend reversal**.

Price equilibrium gains more importance when combined with other ICT elements, such as **Fair Value Gaps (FVG)** or **Order Blocks (OB)** located in either half of the range. This combination helps traders identify **sensitive price zones** for potential **entries** and **exits**.



Identifying Price Equilibrium Using Fibonacci 0.5 in ICT

## How to Use EQ in Daily Analysis?

**Price equilibrium (EQ)** serves as a tool to gauge the **probable market direction** by combining **price behavior** and **key liquidity zones**. Daily trading using EQ in ICT style typically involves:

- ⚡ Analyzing the previous day's candle
- ⚡ Identifying EQ and PD arrays in the relevant zone
- ⚡ Confirming a **Change in the State of Delivery**

## Analyzing the Previous Day's Candle

Begin the analysis by measuring the **full range** of the previous day's candle—from **wick high** to **wick low**. The midpoint (0.5 Fibonacci level) is considered the **EQ**.

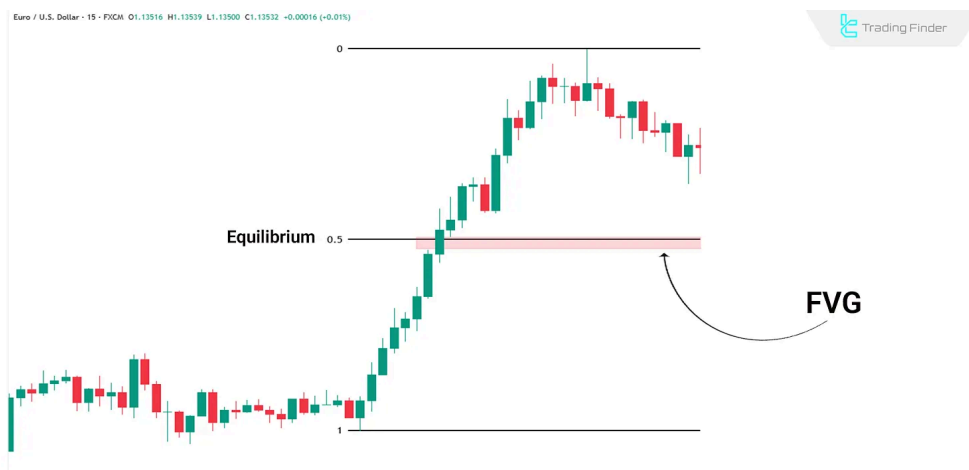
The goal here is to observe how the market reacts to this EQ level. If the next day's price holds **above EQ** or **reacts positively**, the current trend is likely to **continue**. A break and close below EQ suggest a **potential phase shift** or **deeper correction**.

## Identifying EQ and PD Arrays in the Active Zone

Once the EQ of the previous day is established, either the **upper** or **lower** half becomes the **reference zone**, depending on **directional bias**. In this zone, look for **PD Arrays** such as:

- ⚡ **Fair Value Gap (FVG)**
- ⚡ **Order Block (OB)**
- ⚡ **Opposing Candle**
- ⚡ **Protected Highs and Lows**

The presence of these elements alongside EQ significantly increases the probability of price reacting in the **desired direction**. For example, for a bullish setup, an FVG or OB in the **upper half** above EQ would act as a **potential support zone**.



Identifying PD Arrays at EQ in ICT Methodology

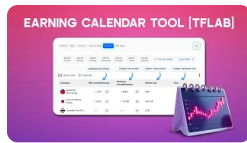
## Confirmation via Change in the State of Delivery

To enter a trade, it's not enough for EQ and PD arrays to be present. There must be a clear **shift in price behavior**, confirmed by:

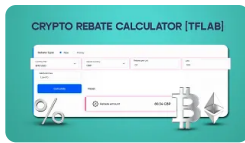
- ⚡ **Price closing above a significant bearish candle**
- ⚡ **Breaking a key candle in the direction of analysis**
- ⚡ **Penetrating and rejecting from an FVG**

This change shows the market is **exiting accumulation** or retracement and resuming the main trend, justifying trade entry.

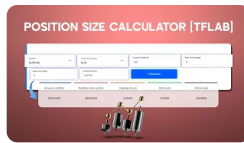
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## Examples of Using EQ in ICT Style

The price reaction to **EQ** often defines the **direction** for the **coming days** and forms the **basis of trade decisions**.

### Holding EQ and Trend Continuation

When the price respects and holds the **0.5 Fibonacci level** of the previous day's candle (EQ), a continuation of the current trend becomes likely. This is often confirmed by price closing above a **Fair Value Gap** or **Order Block**.

With this confirmation, traders can set entries within the half that preserved EQ, placing **stop-loss** behind the nearest **support or resistance**.



Maintaining Price Equilibrium and Trend Continuation in ICT Style

### Breaking EQ and Reversing Direction

If the price **breaks EQ** and confirms below, it suggests a possible **phase change** (e.g., from expansion to retracement or from trend to range). This usually coincides with price-anchoring liquidity zones. Traders may **shift** their **bias** and look for setups in the **opposite direction**.



Market Direction Change after Breaking EQ in ICT Style

## Multi-Timeframe EQ Analysis

Price Equilibrium is a **fractal concept** usable across all timeframes:

- ⚡ **Daily EQ**– to determine overall market direction;
- ⚡ **4H EQ**– for mid-structure evaluation;
- ⚡ **1H EQ**– for precise entry timing.

Traders can apply a single EQ or a **confluence of multiple EQs** to validate their setups.

## Aligning EQ Structures for Higher-Confidence Setups

Setups that **align EQ levels** from multiple timeframes offer higher reliability. For instance, if the **daily** EQ is respected and the **4H** EQ also reacts in the same area, one can use **1H** candles for refined entry.

This **multi-timeframe alignment** within ICT methodology enhances the **accuracy of entry points**.

## Common Mistakes When Using EQ

Incorrect interpretation or calculation of **EQ** can result in poor **market structure analysis** and faulty entries.

## Expecting Return to Premium/Discount in Expansion Phase

In the **expansion phase**, the price typically does **not return** to premium or discount zones. Assuming **full retracement** to these zones during expansion is a mistake and can lead to **premature** or **counter-trend entries**. Focus should instead be on the **active half** of the range.

## Using Candle Body Instead of Wick for EQ Calculation

In ICT, EQ is measured from the **wick high to the wick low**, not from the body. Using the candle body leads to **incorrect EQ levels** and **flawed analysis**.

## Conclusion

**Price Equilibrium (EQ)** in ICT is a tool for **gauging market reactions** across various phases—not just a static price level. If the price holds or breaks EQ, the **market's direction** becomes **clearer**.

The true effectiveness of EQ emerges when analyzed in combination with **liquidity zones** and **candlestick behavior**. Without structural confirmation, EQ alone is not valid. Its value increases when aligned with **order flow** and **lower timeframes**.

### FAQs

- What is EQ exactly, and how is it calculated? ▼  
EQ stands for **Equilibrium** and refers to the **midpoint** between the wick high and wick low of a candle. It's calculated using the **0.5 Fibonacci level**. ▼
- Why is EQ more important during expansion phases? ▼  
In expansion, the price tends to remain in the **active half** and doesn't return to premium/discount. A reaction to EQ signals trend continuation, while a break may suggest a phase shift. ▼
- What does a break of EQ indicate? ▼  
A break and close beyond EQ often signals **weakness** in the prior direction and potential entry into a **correction, consolidation, or reversal** phase. ▼
- Is EQ alone enough for trade entry? ▼  
No, EQ should be used in conjunction with **liquidity zones**, such as FVG OB, and **confirmation patterns** like candlestick closures, to validate trade setups. ▼
- What invalidates an EQ level? ▼  
If EQ doesn't align with the price structure or gets broken without any reaction or confirmation, it's invalid. **Incorrect calculations** (e.g., using candle body) also result in unreliable EQs.

### Table Of Content



- What Is Price Equilibrium (EQ)?
- How to Use EQ in Daily Analysis? ▼
- Examples of Using EQ in ICT Style ▼
- Common Mistakes When Using EQ ▼
- Conclusion

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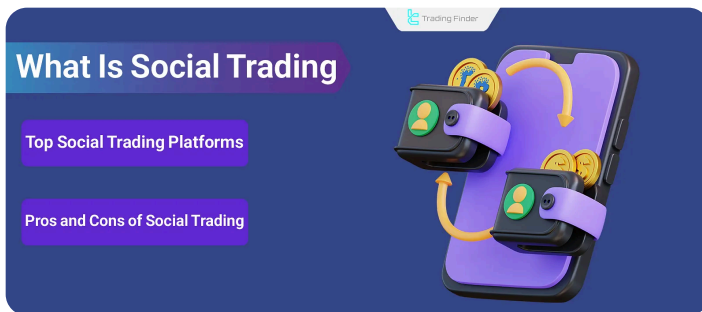
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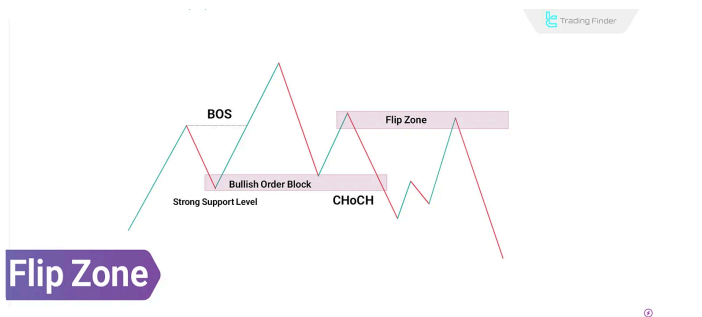
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