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Smart Money Flip Zone & ICT Concept: Using Supply and Demand Levels

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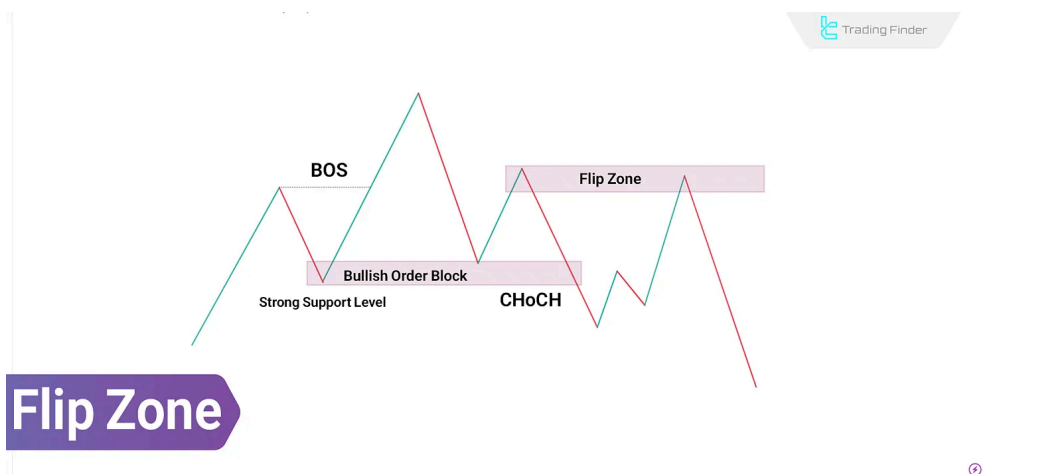
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In **Smart Money** analysis and **ICT concepts**, a **Flip Level in ICT** is a **price level** where **supply or demand zones are broken** and **overtaken** by opposing strengths. This break signals a **shift in market structure** and a **transfer of liquidity**. Flip is a specialized method for detecting these shifts, and its correct application provides high-probability trade setups.



How to identify a Flip Level in ICT using Order Blocks in ICT

What Is a Flip?

A **Flip** refers to a **market structure** condition where a key **supply or demand zone**, after **initially** reacting with price, is decisively broken and **flips to its opposite**. This is more than a surface-level break

—it reflects a **shift in power between institutional players** and a redirection of liquidity flow.

Unlike a **Change of Character (CHoCH)**, which indicates structural shifts via highs and lows, a Flip focuses on **valid zone breaks** and the **creation of new trading zones**, giving deeper insight into Smart Money behavior.

In essence, Every Flip is a CHoCH, But **not every CHoCH is a Flip** because a valid Flip requires three simultaneous conditions:

1. An initial price reaction to a supply or demand zone
2. A clear break of that same zone
3. Formation of an **Imbalance** or **Fair Value Gap (FVG)** at the moment of the break

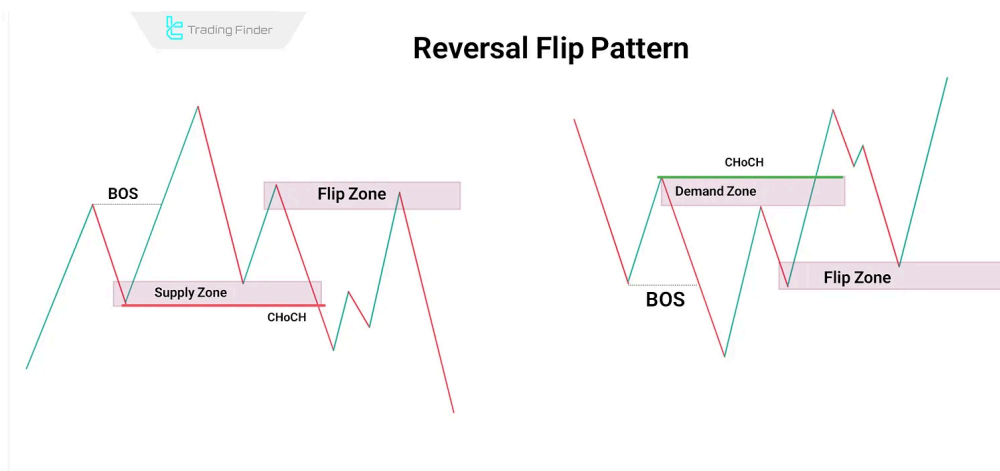
Types of Flip Patterns in Market Structure

Flip in Price Action are generally divided into two types. In both, the logic revolves around **breaking key supply or demand zones** and turning them into the opposite type. The difference lies in **trend direction** and **price objectives** after the break:

- ⚡ **Reversal Flip Pattern**
- ⚡ **Continuation Flip Pattern**

Reversal Flip Pattern

A **Reversal Flip** indicates the **end of a trend** and the **start of a new one in the opposite direction**. Price initially reacts to a key supply or demand zone but then **breaks through** it with strength, turning it into the opposite type.



Reversal and continuation Flip in Price Action

Beginning of a Downtrend

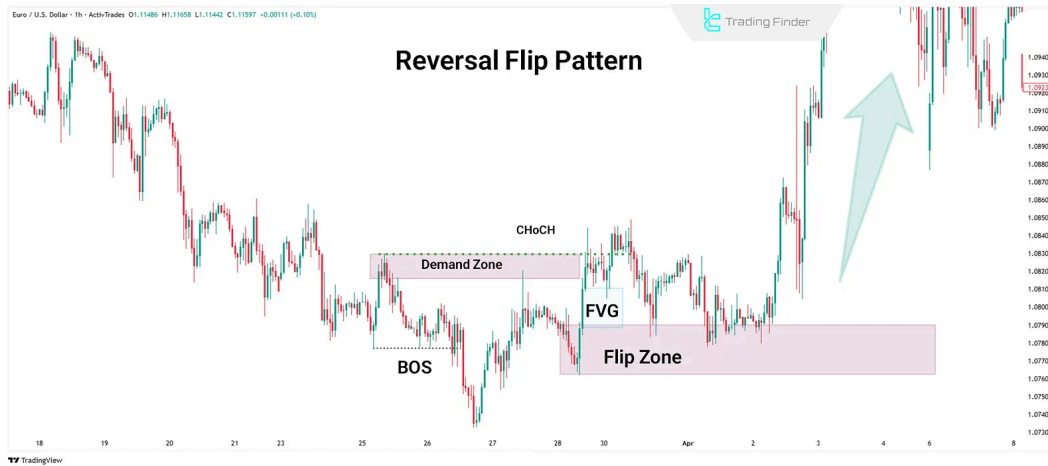
Price creates higher **highs and higher lows** (HH/HL), then enters a **higher-timeframe supply zone**. After a short reaction, it fails to form a **new high** and **breaks the previous demand zone**, creating a new **supply Flip Zone**. This signals the end of the **uptrend** and the **beginning** of a **bearish phase**.



Bearish trend reversal using Flip Level in ICT

Beginning of an Uptrend

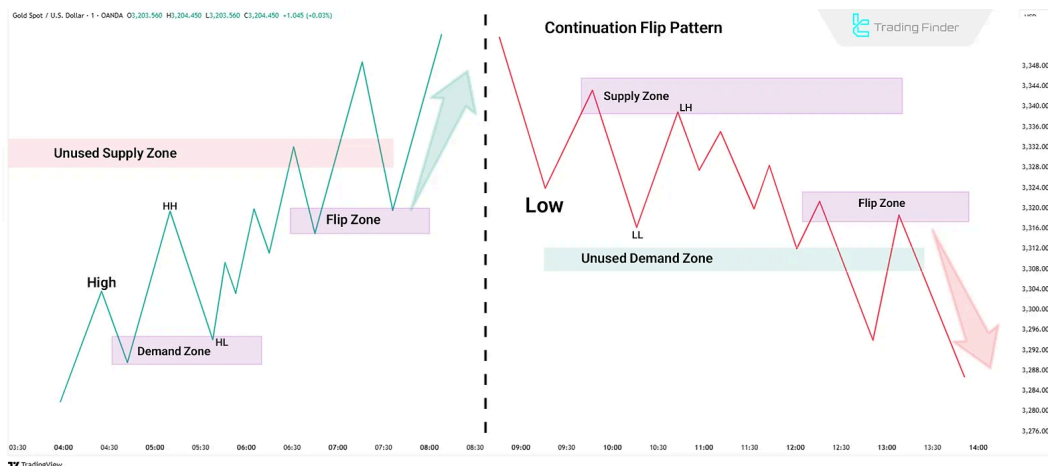
Price points lower **lows and lower highs** (LL/LH) before entering a **higher-timeframe demand zone**. After an initial bounce, it fails to make a new low and instead **breaks the previous supply zone**, forming a new **demand Flip Zone**. This signals the beginning of a bullish trend.



Bullish Trend Reversal in Smart Money Flip Zone

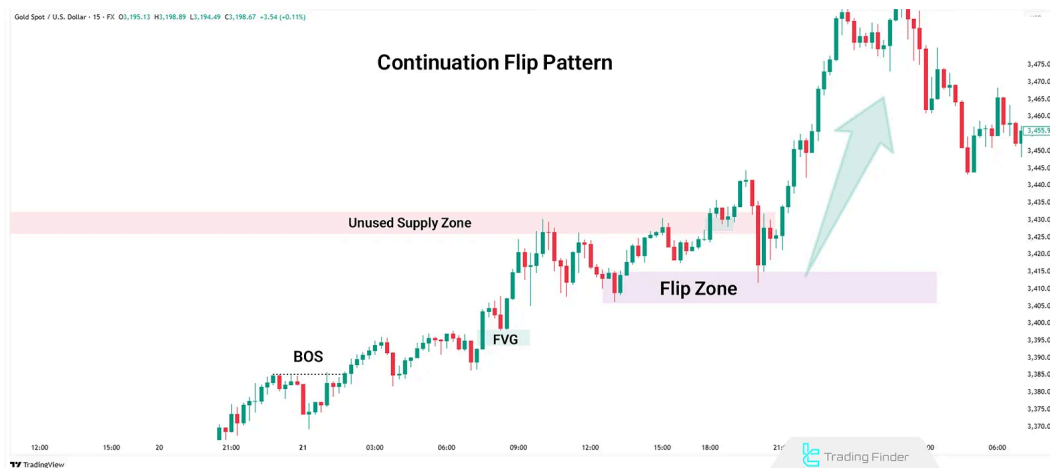
Continuation Flip Pattern

Unlike the reversal Flip, a **Continuation Flip** signals **trend continuation**. In this case, the price breaks an **opposing zone** mid-trend and establishes it as new support or resistance.



Bullish Continuation (Supply to Demand Flip)

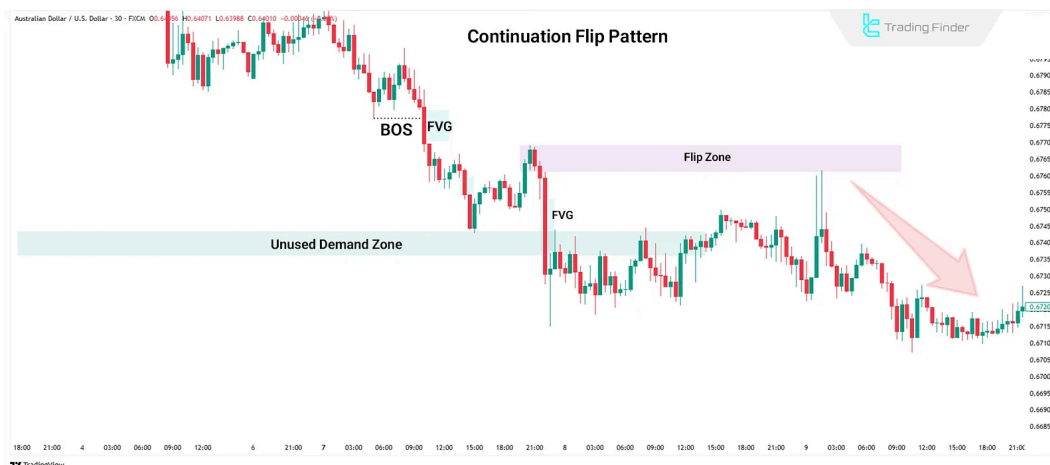
In an uptrend, the price reaches a supply zone expected to trigger a pullback. Instead, it **breaks through with strength**, leaving behind **Imbalance** or **FVG**. The **breaker candle** forms a **demand Flip Zone** that typically serves as a **buy entry area** going forward.



Using Smart Money Flip Zones for long entries

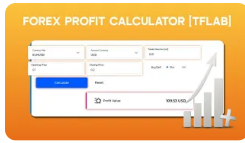
Bearish Continuation (Demand to Supply Flip)

In a downtrend, the price **enters a demand zone** but breaks it **without reversing**, turning it into a **supply Flip Zone**. This confirms **seller dominance** and provides a **basis for short setups** in line with the trend.



Using Flip in Price Action for Short Entries

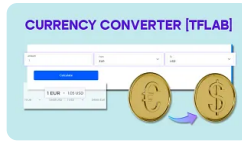
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How to Identify Flip Zones

A **Flip Level in ICT** forms when a **key supply or demand level is broken** and then established as its opposite type. It often acts as a **price return area** for institutional re-entry.

#1 Identify the Key Zone in a Higher Time Frame

Begin analysis on **higher timeframes**, where supply and demand zones are more reliable and reflect institutional decisions.

- ⚡ If the price enters a **demand zone** and breaks it, the future Flip Zone is considered a **supply zone**;
- ⚡ If the price enters a **supply zone** and breaks it, the future Flip Zone is considered a **demand zone**.

#2 Observe Break with Strong Impulse & Imbalance/FVG

The break must be **decisive and fast**, accompanied by **Imbalance** or an **FVG**, confirming **large order flow** and **market ownership change**. This **increases** the chance of price returning to fill the void.

#3 How to Mark a Flip Zone?

After the break, find the **candle that triggered the move**. This is often at the **end of the pullback** and **start** of the **impulse leg**. To draw the Flip Zone:

- ⚡ Mark the **High and Low** of this candle with a rectangle;
- ⚡ Wait for **price to return** to this zone.

If the following candle has a **large body and clear gap**, the Flip Zone's validity strengthens.

#4 How to Use Flip Zones for Entry

When price returns to the **Flip in Price Action** (usually to fill the imbalance), the best strategy is to use **Limit Orders inside the zone**:

- ⚡ In a **Bearish Reversal Flip**, Place a **Sell Limit** in the supply Flip Zone;
- ⚡ In a **Bullish Reversal Flip**, Place a **Buy Limit** in the demand Flip Zone;
- ⚡ **Stop Loss (SL)** should be **placed** just beyond the Flip Zone;
- ⚡ **Take Profit (TP)** depends on **new structure** and **target zones**.

Note: Flip Zones are **single-use only**. Once tested, they **lose their validity** as entry zones.

Conclusion

In the **Smart Money Concept (SMC)** and **ICT**, Flip is formed by reaction to supply/demand, its break, and creation of imbalance. Unlike CHoCH, which only reflects structural change, Flip highlights a **shift**

in market control.

There are two types of Flips including **Reversal** and **Continuation**. The resulting zone is valid only **until the first retest**. Accurate analysis of these zones requires a blend of **price action, structural confirmation, and liquidity flow understanding**.

FAQs

What's the difference between Flip and CHoCH? ▼

A Flip only forms when a structure change is followed by a break of supply/demand **plus imbalance**.

Does every Flip require Imbalance or FVG? ▼

Yes; Without it, the Flip is **invalid**.

How many times can a Flip be used? ▼

Only **once**, at the first price return.

What timeframe is best for identifying Flip Zones? ▼

Use **higher timeframes** to locate key zones and **lower timeframes** for precise entries.

When should Flip be used instead of CHoCH? ▼

When you need **stronger confirmation** and **more precise structure** for entry.



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How to Identify Flip Zones ▼

Conclusion

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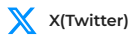


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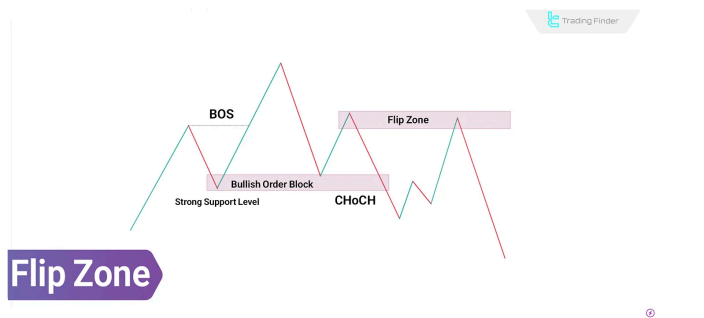
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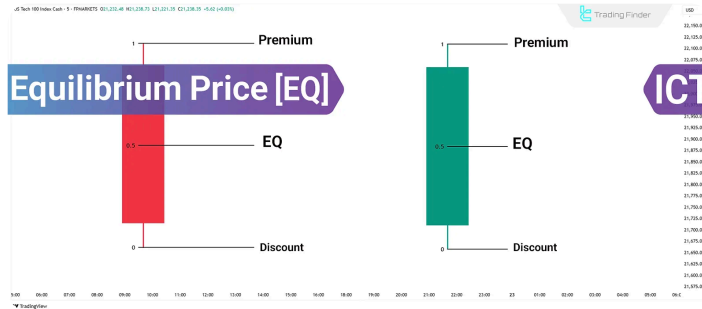
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