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ICT Bearish Order Block Trading Guide; Bearish Engulfing Candle

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One of the foundational concepts in **ICT trading** is the **Bearish Order Block (OB-)**, which represents the zones where smart money's sell orders are concentrated. These areas often mark the starting point of strong bearish moves, offering opportunities to enter trades upon price retracements.

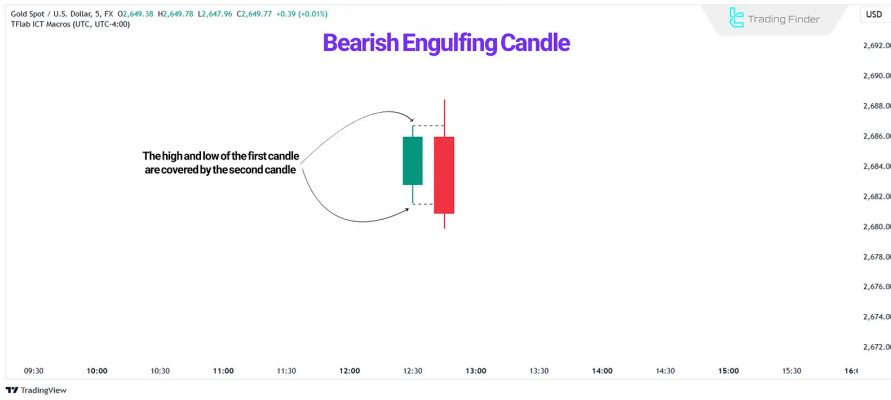


ICT-Style Falling Order Block Detection

What is an ICT Bearish Order Block?

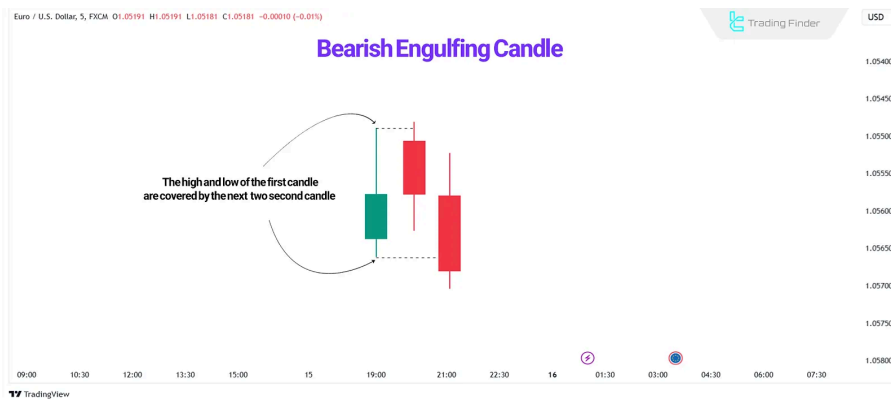
An ICT Bearish Order Block is a price chart zone that exhibits significant selling pressure. It typically comprises a bullish candle followed by a strong, bearish, engulfing candle.





Bearish Engulfing Candlestick Pattern for Identifying Bearish OB

The bearish engulfing pattern can form over two or more candles. In the example below, it is formed over three candles:



Example of Multiple Bearish Engulfing Candles Forming a Bearish OB

How to Identify a Bearish Order Block?

A **Bearish Order Block (OB)** is the last bullish candle before a bearish move, typically consisting of two candles (bullish and bearish).

To validate an ICT Bearish Order Block, consider the following:

- ⚡ The bearish candle must capture the liquidity above the previous bullish candle;
- ⚡ The bearish candle must close below the low of the previous bullish candle;
- ⚡ Presence of an Imbalance in the lower timeframe within the OB zone;
- ⚡ A **Market Structure Shift** (MSS) in lower timeframes.



ICT Bearish OB in the 5-Minute Chart of Gold (XAU/USD)

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You can also use indicators to identify and practice spotting order blocks, such as:

- ↗ [Order Block Indicator for MetaTrader 4](#)
- ↗ [Order Block Indicator for MetaTrader 5](#)
- ↗ [Order Block Indicator for TradingView](#)

How to Trade a Bearish Order Block?

To trade an **ICT Bearish OB**, follow these steps:

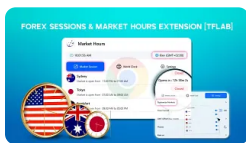
1. Identify the market's Order Flow or dominant trend;
2. Note that Bearish OBs are more reliable in bearish trends and may only offer short-term pullbacks in bullish trends. Therefore, it's recommended that Bearish OBs be traded within a bearish market structure;
3. Identify a valid ICT Bearish Order Block;
4. Wait for the price to retrace to the Bearish OB;
5. When the price approaches the Bearish OB, execute a sell trade at around the 50% retracement level of the OB zone.



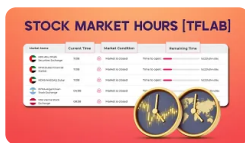
Entry Using ICT Bearish OB on the 5-Minute Gold (XAU/USD) Chart

In the example above, the market shifts its structure to bearish, indicating a downward move. After forming a Bearish OB, the price retraces to this OB, allowing for a sell trade upon confirmation in lower timeframes.

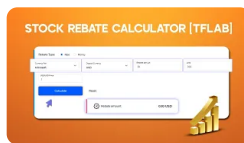
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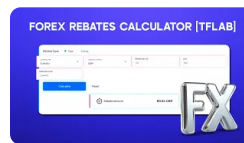
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Stop Loss and Take Profit

When trading based on a Bearish OB:

- ⚡ Place the Stop Loss a few pips above the OB zone;
- ⚡ Use the next significant liquidity zone to set your Take Profit.

Reliability of ICT Bearish Order Blocks

Yes, a Bearish OB is more reliable in bearish trends, reflecting the potential continuation of the bearish move. In bullish trends, a Bearish OB can act as a liquidity zone, where prices might breach the OB and move higher.

Conclusion

The ICT Bearish Order Block (OB) is a powerful tool for identifying zones of concentrated sell orders in financial markets. By analyzing bearish trends and monitoring market structure shifts, this tool enhances the precision of entry and exit points.

Accurate identification of an order block requires a deep understanding of **Smart Money** behavior and detailed analysis of lower timeframes.



ICT Bearish Order Block Trading Guide PDF

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FAQs

What is a Bearish Order Block (OB)?

A Bearish OB is a price chart zone where significant sell orders are concentrated.

How do you identify a Bearish OB?

A Bearish OB is the last bullish candle before a bearish move. It typically comprises two candles. The second candle must capture liquidity above the previous bullish candle and close below its low.

How do you trade a Bearish OB?

To trade a Bearish OB, first, identify the market trend and wait for the price to return to the OB zone.

Is the ICT Bearish Order Block reliable?

Yes, this concept is more reliable in bearish trends as it reflects trend continuation.

How do you differentiate a Bearish OB from a regular zone?

To differentiate a Bearish OB, consider two key factors: Imbalance and a Market Structure Shift (MSS) in lower timeframes.

Can Bearish OBs be used on higher timeframes?

Yes, Bearish OBs in higher timeframes serve as key zones for trend analysis and identifying long-term entry points.

When is trading based on a Bearish OB invalid?

If the OB forms in a bullish trend and the **Market Structure Shift (MSS)** is not confirmed, it's likely invalid.

Are Bearish OBs only for short-term trades?

No, Bearish OBs can be used for both short-term and long-term trades.

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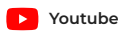
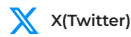


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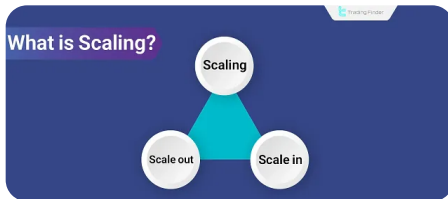
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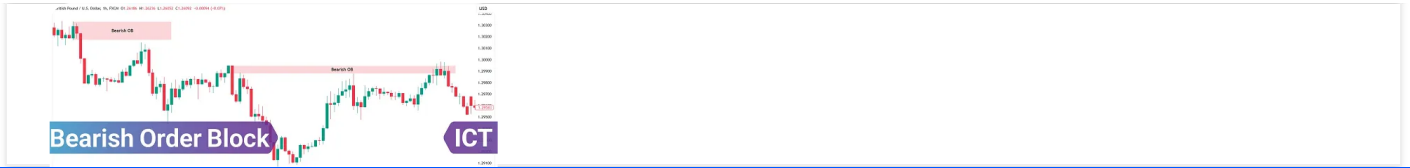
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