okay folks essentials to market structure and this module is going to be really based upon the premise of looking towards helping you educate yourself in determining trade direction this is probably one of the most reoccurring email inquiries and posts that you see in the forums on baby pips directed to me it's my goal obviously to share a little further amplification on some of the concepts that I use in determining trade direction and hopefully this will be insightful for you but what do we do when we sit down in front of the charge what's the primary function as a trader well you as a Forex trader you want to be finding your way through price and as a new trader I can understand how daunting this task may be because there's so many different timeframes you have your monthly weekly daily four-hour one hour fifteen minutes or five minutes our one minute chart you have tick charts all these different time frames it's very bewildering sometimes if you don't understand really what it is you need to be doing and breaking the down breaking down price in a uniform structured way so the first thing I'm gonna really counsel you on is your primary objective is to know your time frame that you're trading okay and it gets back to what type of trade are you going to be are you going to be a position trader you're gonna be a swing trader a short-term trader are you gonna be a day trader or a scalper I can't teach you how to find the correct style trader that's within you that's all part of your personal makeup so this module much in the same capacity my other modules have been they're gonna speak in general terms okay but it's going to give you enough insight for you to be able to determine what it is that you need to be focusing on for you to find the most optimal way of trading for you yourself okay because each of us are going to be different as you grow and you mature as a trader you may be multi timeframe based in terms of trading in other words I consider myself a dynamic trader simply because I can trade any one of these time frames now I excel in the short term to swing trading area but I can de trade and I can scalp but I prefer not to it would be my advice to you is if you can try to work within the short term to day trading in the beginning because it's going to give you the most immediate feedback and it's going to give you the confidence you need to be you know sticking to a plan because obviously as a position trader you don't have a whole lot of opportunities materializing you that frequently swing trading again saying capacity it's going to be a little a little a little while between each setup so it's gonna be harder for a new trader looking to find themselves to wait between the signals and stick within that specific framework for trading so short term trading and day trading and scalping let's avoid that for now but we will talk about how you can utilize these concepts for scalping but again short term and day trades if you are brand-new to price action those are very rewarding because they give you the immediate feedback new traders sometimes need so let's talk about what the professional perspective is when we're applying market structure well obviously for position trades this is going to be anywhere between three to so much as six to eight six months to a year in terms of duration now I don't have a whole lot of types of trades like this but every three or four months in the marketplace whether it be in stocks or commodities or Forex there is a specific swing that manifests itself and we talked about that in other videos and other teaching I'm not going to cover that here but if you are that type of trader obviously the three time frames that you would utilize to break down market structure for your particular market would obviously be monthly the weekly and the daily okay monthly being your highest timeframe your weekly being your midline or mid-level timeframe and then you have your daily that would be your short-term now as a swing trader okay your

premise for breaking down market structure will be comprised of a look at the daily the 4-hour and the one-hour chart okay your setup will be based upon what you see on the higher time frame the daily much in the same capacity for a position trade the monthly will be your position trade premise nor is if we are considerably overbought you know there should be some kind of a topping formation on a monthly chart you would look to see market structure breakdown on the weekly and daily they facilitate a short position well on a swing trade model you utilize that same measure of market structure by utilizing the highest timeframe for swing trades and this approach would be the daily chart and then breaking that down into 4-hour chart and then lesser price action study in the one-hour chart so you'll be timing on the one hour you will be managing on the four hour and the premise or the trade idea would be built upon the highest timeframe which would be the daily chart okay and the swing traders model here if you're a short-term trader obviously the duration of time for these types of trades could be anywhere between one day to as much as a week or so swing trading is about a week or more in terms of trade duration and I forgot to mention that but for short-term trades you'll be using the 4-hour chart for your trade premise or your directional bias and then on the one-hour chart that would be your trade management or mid-level time frame and then your 15-minute chart would be utilized for your timing for entry and possibly looking for early reversal signs that your trade may be petering out and it's time to take profits for day trades obviously yeah you can see it's the one in our chart and be a highest timeframe you would be managing your trade on the 15-minute time frame and your five-minute chart would be utilized to enter now it's not to say that you can't use a 5-minute chart on the short-term swing and position trades for entry okay I'm giving you the framework for at least having three time frames across the spectrum of your training and how you break down market structure over these three specific time frames for each individual trading model will give you again the building blocks to flesh out what you need to see in terms of directional bias okay so let's take a look at a closer look at price action and market structure now the keys to multiple time frame market structure okay are rather simple where is your focus your focus should be on the highest of the three time frames trades will be managed by the highest or mid time frames okay in other words if you are a swing trader you're going to be utilizing that daily time frame to manage or the 4-hour chart to manage your trade okay but the daily is going to be utilized to facilitate the trade premise in other words that's going to give you your directional bias okay the market structure that is one the daily chart that's framing your swing trades okay once you get into a trade you would be managing that trade on a four hour time frame and you would just use the respective time frames we just talked about in the previous slide and then your one hour chart would be used for timing purposes okay so the shortest time frame in that regard for swing trading would be the 60-minute chart so your entry signals would be derived from having studied the market structure on the daily and the four-hour then your one-hour chart was facilitate the specific entry point okay so you know what you would do your entry concepts and techniques on the one-hour chart for swing trades the highest probability trades are made in the higher time frame direction okay now there are going to be instances where the higher time frame premise may be bullish but you're approaching a key resistance level so that may be trumped so that's where we're gonna go back to the core essentials to technical analysis that being support resistance trumps everything okay without the understanding of key support resistance levels you're not

going to get to a directional bias regardless of what trading model you're using position day trading whatever it is if it's not framed on the premise of keys for resistance levels it's probably going to be a struggling point for you as well okay so you have to go back to the core essentials to my concepts and just sound trading all together key support resistance levels are where it's all at okay without those all of these lines and all these procedures that we're going to be covering here and what we've covered in previous videos and such is going to do no good to you okay so you have to understand what is a keys of our resistance level so if you are looking at the highest timeframe for your particular model that will hopefully draw your attention to whatever key to support resistance level at that point in price action obviously you can always go out to a daily and weekly just as a you know a catch–all as far as whatever time frame you're trading if you just look at a daily and weekly in terms of support resistance those will be helpful to you now the market profiles will also assist you in market structure analysis concepts that means I'll be in a trending market are we in a reversal pattern or formation or that type of profile in the market place and are we in a consolidation preparing for a breakout scenario okay so market profiling is essential to helping you and assisting you in measuring what the current market structure is okay now are we bullish or bearish all right when we're looking at market structure we're referring to market structure what are we speaking about what's the what is the work trying to get at okay well if you look at a price rally up and then price hitting a major resistance level we're going to assume for a moment that this is your higher time frame okay and I'm going to keep it generic because that way you can apply it to whatever your higher time frame is based on the model trade it you are aiming to be as price rallies up into what we perceive as a higher level key resistance level price never moves in a straight line okay so there's going to be a consolidation a price move up another consolidation a price move up and then as price makes it into this resistance level then we'll be anticipating a reversal so when markets start to break down taking out the short–term swing lows in here this short–term swing low on the highest timeframe for your particular trading model once that breaks this would be the catalyst for you to say okay this is probably going to be an optimal trade entry based on the higher time frame chart of your profile okay so for an example let's just say that this is a monthly chart and you're looking for a position trade okay if the monthly hits a key resistance level like this and it comes down takes out a short term low and the monthly we know now that market structure has broken okay so we have a market structure shift right here okay now we don't know what price is doing over here this is all in the future we're anticipating these types of events in terms of price action but until we actually get that and starts trading we can't deal with that yet so it's all an anticipation and our anticipated anticipatory model as far as our framework and thinking about price action this is what we would expect to see once this structure has been broken okay but as price starts to rally up we don't anticipate seeing a breakthrough this resistance level okay if we arrive this as a possible resistance level we would expect a retracement for a little trade entry but then we would zoom in in this area right here okay I want a weekly timeframe to hone in on more key shorter term timeframe price levels and then by zooming in okay we would possibly see a shorter term optimal trade entry or respective cell pattern to you know convince us even further that this is probably going to be a sell scenario and if we move down into a daily and see something even similar to that okay you would have all these nesting confluences of implied resistance levels once a hard time

frame market structure is broken down and then we would be able to position ourselves in sync with a top-down approach with market structure okay and then as price starts to trade down this is the gray area all these areas where there's missing gaps okay that's intentional okay we don't know what's going to take place between the time where we see an entry point and where we expect to see price get to in terms of our targets and we'll talk more about that later on but this is the gray area where you have to be comfortable with okay because you don't know what's gonna happen from we our entry point and you're expected exit point okay you don't know if it's going to go down there okay you don't know if it's gonna reverse and take you out of the tree okay but the overall framework okay or price structure okay this is how market structure is built okay this is a price rally and a decline okay we have consolidation if we expect to see some kind of a rally in here something's bullish that we would expect to support at as price starts to rally up okay we could be utilizing our mid-level or shorter term level timeframes tick to see bullishness okay we want to see support being held resistance being broken okay and every time price starts to pull back and retrace in here the market structure concept that you would be utilizing it would be to simply look for optimal trade entries okay for buys you would be looking for reflections to buy you would be looking for type to trend falling bullish scenario so in other words in all this area here you'd be looking for price finding support and resistance being broken okay so that it's that simple that's the whole framework behind market structure and as price rise up into another shorter term or a me it's from resistance level in here price will hopefully find some support okay but if it does start to break down be comfortable with price coming back and blowing out previous lows in here okay there may be an important load that's taken place and trailing stop loss orders would be trailed up below that particular point okay so as price dips back down all that's going to do is give you another opportunity to get long okay now again let's think for a moment this is the higher time frame premise okay this is the highest time frame chart when we start seeing this consolidation here and we see the higher level resistance though because these are all known in advance this is why we have support distance studies done this is all part of our top-down analysis seeing where price may be reaching for so if we start seeing price rally up in here and in consolidate again and this is another higher level key resistance level if price continues to maintain support and breaks above all of these short-term highs in here the market structure implies that we could possibly see a leg from this low or whatever low would form back here to this high duplicated on the retracement here from this low to this high the same thing could be said with market declines and reversals going along every time we see a consolidation consolidation is you want to study these for shorter term more dynamic support resistance levels these areas are more easily tradable because they have discernible price levels they're very clear we don't know how it's going to take price from these consolidations to the next consolidation we don't know that we anticipate that gray area that's missing these little pieces of market structure that's missing I left that out because I want you to think like this okay it's if it's a little confusing now I understand but if you apply this same general I don't want to say profile but this diagram okay in other words in terms of how I have price lows illustrated here if you look at how price declines actually materialized you'll start to see these lows form like this and inside of those consolidations and in every swing low deforms there's going to be a discernible hostile trade entries or reflection patterns or generally fractal patterns okay so you would apply these concepts

okay with all the other concepts which you previously discussed but looking at obviously a higher level key support level down here as a catalyst okay so as price moves from a consolidation down into a new consolidation much in the same capacity we just saw with the bullish move reaching up into a higher level resistance level we could be seeing a consolidation in here with this higher level reason support level down here this would be where price may be reaching for so if it's consolidating here we could look for a move from whatever high forms here to this low okay duplicated from this high or whatever high forms in this area down to this low okay so while this diagram is fragmented okay think of in terms of the market maker profiles that I just recently shared with you guys this year you see that same premise here as well I don't need to draw the lines in here you can actually probably remember by the way the profile was given to you you can actually see it in here okay so as prices engineered to go lower down into a support level ultimately to trade higher this is the building blocks that we work with okay now because we have to live in the gray area and not expect a simple black and white premise to trading when we see a consolidation here and price move down to a new area consolidation and price moves down to a new cup area consolidation and then we have short term breaks on market structure okay in other words we have a shift in Marcos trucker right here as price trades down the net support level again this is all assuming this is the highest level of your three time frames that you're trading with for your particular trading model when you see this shift in market structure here we would anticipate seeing a bullish move higher but here's where we enter a new level of gray when we move into this new consolidation in here this may not always translate into even higher prices going out like we have here implied it could be just reaching up to go back to this range from this old high to this look remember inside the range concepts okay so you have to have that in mind so that's why if you're going to be getting long down here you'll expect to see some type of profit taking here right and you would be able to see that utilizing your mid-level chart okay for your swing projections okay we'll talk about that more as we go on but generally as you see price come down in here every time price retraces and gives you new optimal trade entries that's what you're looking for you want to see price holding support breaking resistance okay on this side of the support level being found but as we're trading down into that support level we're anticipating market structure to break lows and in find resistance break lows fine resistance break lows fine resistance okay so every new consolidation if we're expecting price reaching down to our higher level support level okay on a highest level chart that's why we do our analysis on the highest level because you want to see where price is probably reaching for and by seeing where the highest level chart in our particular trading model is reaching for again we don't know for certain that they're always going to get there but if you look in these higher level charts it's going to give you the highest probability in terms of success if price doesn't get to these particular points and we start seeing early market shifts in March structure this could be a catalyst for you know another type of trade okay we could possibly get along in here and maybe even reach up into the range from the high to this low here that may be a means of profitability it should be a good reward to risk scenario here okay you know three to one could still exist within that front at that framework of price action okay but again even if that happens we can still take some short-term trades in here but that may be a very very short-term bias only taking you up to a higher level bias to get lower support levels here taken out okay in other words it used the you're gonna

have to blend some concepts here the inside the range concepts simply looking at lower lows and lower highs okay if we do get a short term bounce in here between the high that's formed here and the low here just could be creating another awesome trade entry to get that fulfillment of this lower level support level down here now again we've seen this diagram before assuming that we have a high up in here reaching into resistance as price breaks this short term low here the market structure is broken so as price starts to retrace every time retraces we're looking for new selling opportunities but if we see a previous swing as we see here see this price swing here okay if this level is taken out here if we get a retracement or another additional sell signal this is where we use swing projections just on price we're not using Fibonacci you can but just looking at simple price action alone this low to high once it's broken you can start taking this same measurable swing from this point here down to that same level and project it lower okay and you get somewhere in this area here now I purposely allowed the diagram to be a little bit farther because I teach to exit on the trade before the actual objective is met okay so every time we see a broken swing okay this is a swing that's broken here in other words this low here or whatever load would have formed in here I'm assuming that you can see this as this as a swing when it's broken right here we went below here if we retrace back into it okay I've also purposely drew this a little bit past what would be expected as resistance I've purposely allowed this to move beyond this low here to illustrate how support resistance can be gray as well it's not black and white you're going to have to allow some flexibility with price so when it starts to pull back deeper okay this still could set up the optimal trade entry okay and while this isn't the exact level price was able to stave off a rally it still was working with in the previous range here and this pie here as well so we're still within bearish market structure so don't be lulled into thinking this is going to be a long to go higher assuming again this is a higher level of resistance level and again every little short-term retracement here could be a catalyst for an additional entry using our smallest of the three time frames again this is all modeling off of the highest time frame okay and then assuming once we get this broken down this swing low here broken we could utilize the mid-level chart for additional entries and or managing of a position that's already been assumed based on the highest of the three time frames now as price also breaks down these swings just swing up once it's broken okay this is an engineered swing okay you see this in price action all the time okay it's a measured move it's very simple taking this low to this high whatever that range is subtracted from that same point here and project it lower okay that's the measured swing here is a measured leg move you have the high down to a low here price starts region retrace in here we could see this as an intermediate term price swing okay or price leg so we have a measureable swing here that we can use for projections then we also have a measurable lake okay so we have the first leg and price down here and when we trace back utilizing the framework that's based on this swing up okay so we're blending two concepts here a swing that's broken okay and within a bearish market structure then we also have a retracement back into a previous support broken it should act as resistance okay and notice how this low here I try that more less imply that price could be reaching for even a shorter term support that's broken as resistance so what might look real clear and discernible on the charts it may not be as clear-cut as that but we would expect this to be an enemy in term retracement for a new leg down and that's when you would you expect to see the high to here on this Lake repleted repeated and

protected from this highway of reforms here down here and that would look similar to what we'd expect when you see and we had some highs and lows enemy term high is obviously a high that has lower highs on either side of it okay and any return low is a low that has two higher lows on either side of it so it's very easy to see it's simply looking at your candles and your bars on your respective time frames and when you see these note them okay and by noting them you'll have whatever ways you want to have it I'm delineating and denoting that with these little circles here it could be anything on your charts you could have stars you can you just you know type enemy in term high whatever you can put the little arrows on it whatever it is that you use to identifying that that's your way of doing it but it's important you understand where they're at and when they start to nest out like this okay you can classify enemy a term too now long term because if we have lower highs on either side of it okay this would classify this is a long term high that would also allow you to expect to see much longer term price swings okay so by nesting out and marking off your swing highs and swing lows on your respective time frames you start to build a framework that's needed to be able to discern if you're in an area term or short term price swing and within your market structure now that leg that we were talking about earlier can be seen here by having that mu term High Noon 'add so this is a mu term price leg and then here's your ne a term retracement okay and then you would see obviously the next leg down would be replicated so you can see the range between this low to high is exactly what you see here causing you to expect or anticipate price movement back here if you're in a trade still once you've retraced you can expect a hold on to that trade to get back down to these low here which would obviously hopefully be a higher level support level to also converge and have a confluence of reasons to expect to take some profits there now by having all these things in the forefront of your mind and having specific price legs and price swings and how they nest together it's important you understand that the framework of your market structure is derived from the highest level the three time frames you're trading with that's where your the framework or the or the basis of your trade is built upon your mid-level chart is used to zero down into a smaller time frame expecting to find support resistance levels that may not be discernible on your highest time frame then your lowest time frame is used for your entry and we're going to talking about that specifically here assuming we've built the premise of market structure and assuming that it's bullish okay everything we're talking about here would be obviously reversed for selling scenarios but assuming we have a bullish market structure okay where a swing trader let's say for a moment that our highest timeframes suggest that we have a bullish March structure underway we've traded off of a higher level support level and price has given us a broken market structure to the upside okay so there's been a market structure shift short-term highs have been broken on our highest level time frame chart our mid-level time frame has allowed us to zero in and find a key support resistance level now we have this higher level key support resistance level that's also converging with our mid-level support resistance level okay in that same support resistance level may be a confluence of maybe it be a pattern that overlaps with that specific that level okay and we now have a bias okay this bias is bullish it does not mean every single day you're going to get a trade that's gonna materialize as a bullish move and see profitability if it was if it was just that simple guys everybody would be multimillionaires and be it we'd be we don't you know we'd all be Warren Buffett's super-rich so obviously you know it's it's not that easy you have to have some

discernment and it allow for some you know failure because it's going to happen but assuming that we have that that premise okay our bias is to buy it doesn't mean that traders can't make money going short this specific day or timeframe okay it just means that you are gonna stick to being a bull at this particular day or a particular timeframe okay so with that and with that in mind we always go back to our key premise of trading within kill zones okay so you want to be doing your entries and your kill zone times London open New York open London close or Asia okay but assuming we have already arrived at our time of day when we're going to be trading okay we already understand that the kill zone when it's going to begin we already have our key supporting resistance level already identified and we know where price should get to before we do anything and that's going to be basically this little area right here so when we're going to be seeing price hopefully at some point moved down to that level here this is our action point this is where we take action we do the entry here and it could be on a limit basis or it could be a market order but we're utilizing time and price theory okay so this is what it looks like in in your mind there's nothing happening yet you anticipate these events unfolding within a specific time of day with a specific bias in mind okay you want to see these things line up and I think what happens is you guys send me emails you talk about on the internet posting on baby pips forums you know I don't know what the bias is for today here's here's the secret every day the bias is both directions every day the bias is both directions think about that there's traders making money going long and short that day but you have to decide on what it is that you're trading based on your time frame in your profile like as a trader are you a short trend trader swing trader are you a position trader and you're looking for the bias that you're holding to line up with price action okay you can't force price action to do what you want it to do you can only get yourself in sync with what price may be doing and allowing you a ride okay so with that assumption we're looking at price here and with the bullish premise that we would be expecting to see higher prices if we get down to this support level okay so we've established at the higher time frame of the three time frames we used for market structure study is now bullish okay we assumed that we have a very respectable support level down here okay so if price trades back down to that level within a kill zone we're going to be taking action here to buy okay and always simply do at that point is you wait you wait until the kill zone starts and when price gets that specific point you use whatever entry technique or concept you're going to be utilizing for your trade entry it could be optimal trade entry it could be reflection it could be a Grail it could be a stinger it could be any any one of the trading patterns that you're utilizing but it's happening at a key support resistance level with the higher time frame of the three front timeframes you use for market structure giving you your bias so when you have that this is your action plan this is what you do you don't do anything else okay this could be a sell pattern here okay for someone that's a very short term trader okay and trades down in date they've made money from this point here here that's not your trade okay so don't try to force more out of the concept than its intended okay you're just simply looking for a bias for your style of trading okay it doesn't mean that you're gonna be right all the time okay so take that out of the equation all you're doing is looking to get yourself in sync with whatever price action is doing based on your premise or your style of trading all right obviously this is a very simple approach to dealing with directional bias but it's meant to help you avoid deal for complication that tends to happen with traders okay and it's usually the new traders to try to add all these

things to it and squeeze all the tools into giving them a directional bias with the expectation falsely albeit that they're gonna always know what direction the parts going to move every single day and I'm going to tell you guys off they're not doing this almost 20 years and I don't get it right every single day okay you know the secret is to my trading I simply wait until everything lines up that I'd like to see where the majority of all my tolls not all of them the majority the things that I'd like to see based on my understanding what markets suggesting to me in other words or what profile are we in are we overall ripe for reversal are we in a trending condition are we in a consolidation area where you know I don't want to be taking any kind of trading you know with the expectation that we're going to have a trending type of event unfold because we're gonna be working within a large consolidation I use that as my building blocks and then by using the market profiling to give me the initial clue as to where we may be trading then I start looking at actual individual market structure concepts on the three time frames that I use for whatever type of trading I'm doing at the time because I am dynamic I move from one time frame or profile trading to another one week I may be simply a day trader in other weeks I'll be a short trend trader and I wish there's a way for me to teach that premise from moving from one dynamic to another I can't so it may be disappointing to you but this is a limitation on me as a mentor I just I don't know how to communicate that but I can give you concepts and approaches to do specific styles of trading and you just have to wait for the opportunities where price action gives you that sweet spot in terms of being able to apply it okay so by selecting a directional bias this does not guarantee profitability it's very important you understand that nor does it guarantee accuracy in either your trade direction and/or your trade results one traders bias may be bullish okay and they're looking for bias and that may exist inside the realm of another traders sell bias they both can be correct and make money and even see both their respective profit objectives achieved they both can be wrong and make money despite their respective profit objectives not being achieved again it's not being about being quote–unquote correct it's about being profitable however they both could simply lose money and neither trade idea come to fruition there is no black and white it's very important you understand that as a trader you must enter the gray and be comfortable with the less than perfect visibility trades with the the foresight that you're expecting don't exist nobody has a crystal ball I don't have it I'm still trading on the probabilities not the perfect scenario there's no perfect scenario okay you as a trader will see trades and materialize that will provide you plenty of profit taking potential live there don't expect 100% it's not gonna happen okay I guarantee you the only thing 100% is going to happen is you're going to go nuts expecting an impossibility find your timeframe as a trader determine the market structure given for that time frame trade within that respective market structure and perform your targeting on the highest and mid–level time frames and I promise you you'll have more than enough trades laid at your feet but it's not about trading every day and it's not about capturing a thousand pips a month okay it's about consistently harvesting profits out of the marketplace keeping risk low and your action level low don't try to trade a whole lot keep your trading controlled that way you're going to control your emotions your expectations will be kept realistic and you're going to live comfortably in the gray [Music] [Music]