<u>Smart Money Concepts.</u>

The market makers (Institutional Investors) are the one who decide the market direction/Change the market direction if needed.

With the small money they couldn't achieve it, they use lots of money, and invest in the Stock Market.

The money used by them is called **Smart Money** because they knew when to buy/Sell the assets.

Liquidity:

Liquidity generally refers to how easily or quickly a security can be bought or sold in a secondary market.

It is the number of orders that execute easily i.e. if we have small number of buy/sell orders executed then it is said to be less liquidity and if we have huge number of buy/Sell orders executed then it is said to be Large Liquidity.

Usually, Institutional Investors create Liquidity to move the market in one direction. They achieve this Liquidity by Liquidity/Stoploss Hunt Concept.

Whenever, stoploss orders hit huge orders would be executed which in turn create the liquidity that lead to good market movement in upward/downward direction.

For the investments they usually do at Fair Prices i.e., if they want to buy, they buy at fair prices, similarly if they want to sell, they sell at Fair Prices.

In order to achieve it they trap retail traders. They would let the retails traders predict the market direction in one way (Trapped Way), once retail traders trapped, they start their original move i.e., move the market in right direction.

And this concept is Called **Liquidity Hunt**.

Liquidity pattern is of two types.

1. Visible Liquidity pattern
2. Hidden Liquidity pattern

Visible Liquidity: In Visible liquidity we have Relative Equal High/Low Pattern (Consolidation Phase) and Trendline liquidity.

Hidden Liquidity: In Hidden Liquidity we have Daily, Weekly, Monthly Support and Resistance points where liquidity would be generated (High Low Swing Points) and Session liquidity.

In session liquidity, we have three sessions i.e., Asian, London and New York sessions. Therefore, market makers create liquidity on these Session.

Market Structure:

Market structure involves Trend Based and Neutral based movement.

In Trend Based, we have Uptrend (Higher High and Higher Low Formation Movement) and Downtrend (Lower High and Lower Low Formation Movement).

During Uptrend, market try to create Higher High and Higher Low i.e., High greater than previous high and Low greater than previous low.

For every High break we consider it as a Break of structure or Market Break Structure (BOS or MBS).

During Downtrend, market try to create Lower High and Lower low i.e., High is lower than the previous high and Low is lower than previous low.

For every low break we consider it as a Break of Structure or Market Break Structure.

In Uptrend, if market couldn't break the previous high and try to break the previous low then it is called Change of Character (choch) which result in Side way or Downtrend market.

Same case with Downtrend as well.

Usually, Institutional Investors create Fake Choch's to create the liquidity for their original market direction.

POI: POI stands for Point Of Interest which indicates the Institutional Investors' Interest on their Buying/Selling Activities.

If we knew these levels we can predict the market movement, move along with Institutional investors and prevent from the Stoploss/Liquidity Hunt.

Uptrend POI:

For Every Break of Structure, we should find for single **RED color** candle where demand has been developed. So, in future market touch this zone we can go for long positions.

Preferred Timeframe: 1 Hour, 2 Hour, 3 Hour, 4 Hour for Intraday Trading Activities.

If we find couple of red candles at the break of structure, we need to go for higher timeframe to remove the duplicate POI's and validate the original POI.

During Uptrend, market takes pullback and move in the upside direction. In pullbacks, market would come at POI and move in the upward direction.

Whenever it reaches that POI, it shows the same reaction and help the market to move in the upward direction.

Unmitted POI: If Market do not reach the POI, then it is said to be Unmitted POI. This is the powerful POI, because Institutional Investors bring the market to this Level and move the market in upside direction.

During this movement, Institutional Investors create Fake CHOCH's which lead to the retail traders trap in wrong direction. However, market would stay in the same trend, reach the Unmitted POI and bounce back in the upside direction.

Hidden POI: In Higher timeframes like 1H, 2H, 4H. if we find POI and market don't reach this area and continued in Upside movement, then we need to change it to Lower timeframe to observed POI where market rejected Upward direction.

AOI: AOI stands for Area of Interest which is the same concept of POI.

Preferred Timeframe: Higher Timeframes like 2H,4H.

OB: OB Stands for Order Blocks which is the same concept of POI, but the analysis should be in Lower timeframes like 3Minute, 4 Minute.

For every POI in Higher Timeframe, we need to change the Lower timeframe, check the CHOCH, BOS and single red candle should be market as a zone which acts as an Order Block. So, in future if market reach this zone, we can go for long position trades.

Preferred Timeframe: 2Minute, 3 Minutes

Downtrend POI:

For Every Break of Structure, we should find for single **green color** candle where supply has been developed. So, in future market touch this zone we can go for short positions.

Preferred Timeframe: 1 Hour, 2 Hour, 3 Hour, 4 Hour for Intraday Trading Activities.

If we find couple of green candles at the break of structure, we need to go for higher timeframe to remove the duplicate POI's and validate the original POI.

During downtrend, market takes pullback and move in the downside direction. In pullbacks, market would come at POI and move in the downside direction.

Whenever it reaches that POI, it shows the same reaction and help the market to move in the downside direction.

Unmitted POI: If Market do not reach the POI, then it is said to be Unmitted POI. This is the powerful POI, because Institutional Investors bring the market to this Level and move the market in downside direction.

During this movement, Institutional Investors create Fake CHOCH's which lead to the retail traders trap in wrong direction. However, market would stay in the same trend, reach the Unmitted POI and move back in the downside direction.

Hidden POI: In Higher timeframes like 1H, 2H, 4H. if we find POI and market don't reach this area and continued in downside movement, then we need to change it to Lower timeframe to observe POI where market rejected in downward direction.

AOI: AOI stands for Area of Interest which is the same concept of POI.

Preferred Timeframe: Higher Timeframes like 2H,4H.

OB: OB Stands for Order Blocks which is the same concept of POI, but the analysis should be in Lower timeframes like 3Minute, 4 Minute.

For every POI in Higher Timeframe, we need to change the Lower timeframe, check the CHOCH, BOS and single green candle should be market as a zone which acts as an Order Block. So, in future if market reach this zone, we can go for short position trades.

Preferred Timeframe: 2Minute, 3 Minutes

Premium and Discount Zone: The Discount Zones are used to Buy the Assets. Discount Zone indicates that the price is worth for buying.

The Premium Zones are used to Sell the Assets. Premium Zone indicates that the price is worth for selling.

For every Uptrend/Downtrend, we can mark the Premium and Discount zones using Fibonacci Tool and Gann Box tool with the levels 100,50 and 0.

OTE Level (Optimal Trade Entry Level) : Either in Discount/Premium Zones we can search for Optimal trade entries for the better outcome.

This can be determined by 61 and 78 percent in Fibonacci Tool.

The preferred timeframe for these zones would be Hourly timeframe for intraday activities.

Otherwise, we can mark in higher timeframes as well.

Mitigation and Order flow:

In Market Trend, market moves either in Higher High and Higher Lows/Lower Highs and Lower Lows. For every break of structure, we would have a POI, if market reaches this POI then it is called Mitigation.

Otherwise, it is called Unmitigation.

Market would try to mitigate this kind of rally by reaching the POI.

Imbalance and Imbalance Price Action (IPA):

Imbalance means inefficiency in the market. This imbalance can be identified either in Uptrend or in Downtrend.

Imbalance in the market forms with 3 candles, without the third candle we can’t conclude the Imbalance in the market.

The Gap between the First Candle High and Third candle low is called Imbalance in Uptrend Market.

Similarly the Gap between the First Candle Low and third candle High is called Imbalance in Downtrend Market.

Whenever there is an inefficiency in the market, it would be rectified by filling this Gap by Institutional Investors/Market Makers.

What is Imbalance Price Action?

The Gap area created by price in between these three candles in Uptrend/Downtrend is called Imbalance Price Action.

Breaker Block: Breaker Block can be observed in Uptrend or in Downtrend. For every POI of BOS if there is sudden/aggressive cross of POI and recent low/recent high then it is said to be Breaker block.

In these cases, we can understand there would be a change the market trend.

Instances:

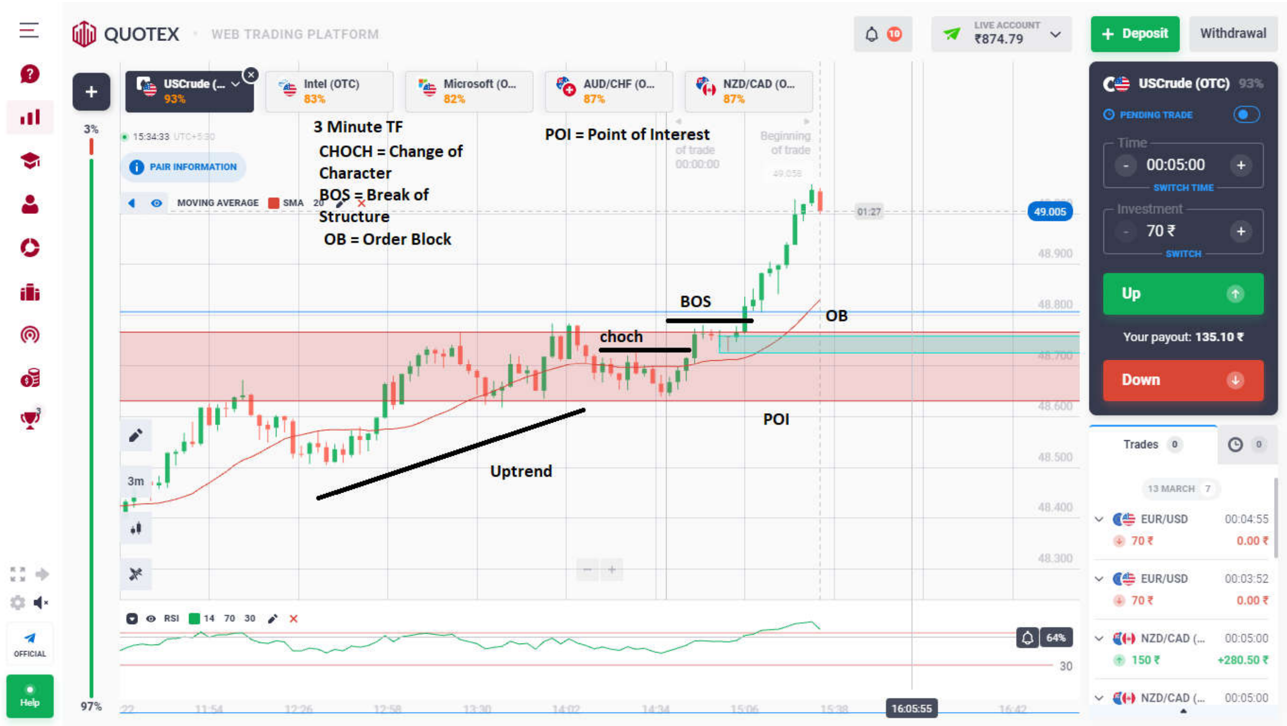
Pair: US Crude

Timeframe: 1 Hour

Trend: Uptrend

Date: 14-03-2023

Timeframe: 3 Minutes



Market was moving with strong momentum on Upper side.

Pair: Intel

Timeframe: 1 Hour

Trend: Uptrend

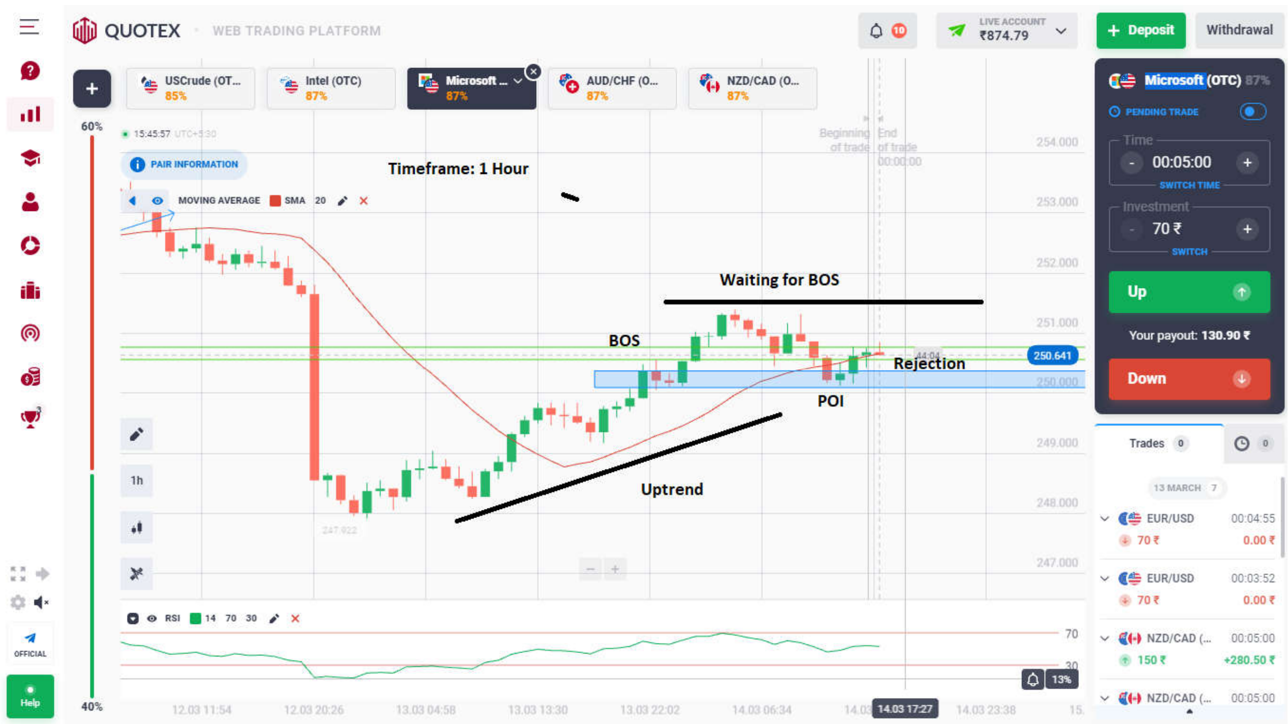
Date: 14-03-2023

Pair: Microsoft

Timeframe: 1 Hour

Trend: Uptrend

Date: 14-03-2023



Timeframe: 3 Minutes

Pair: AUD/CHF

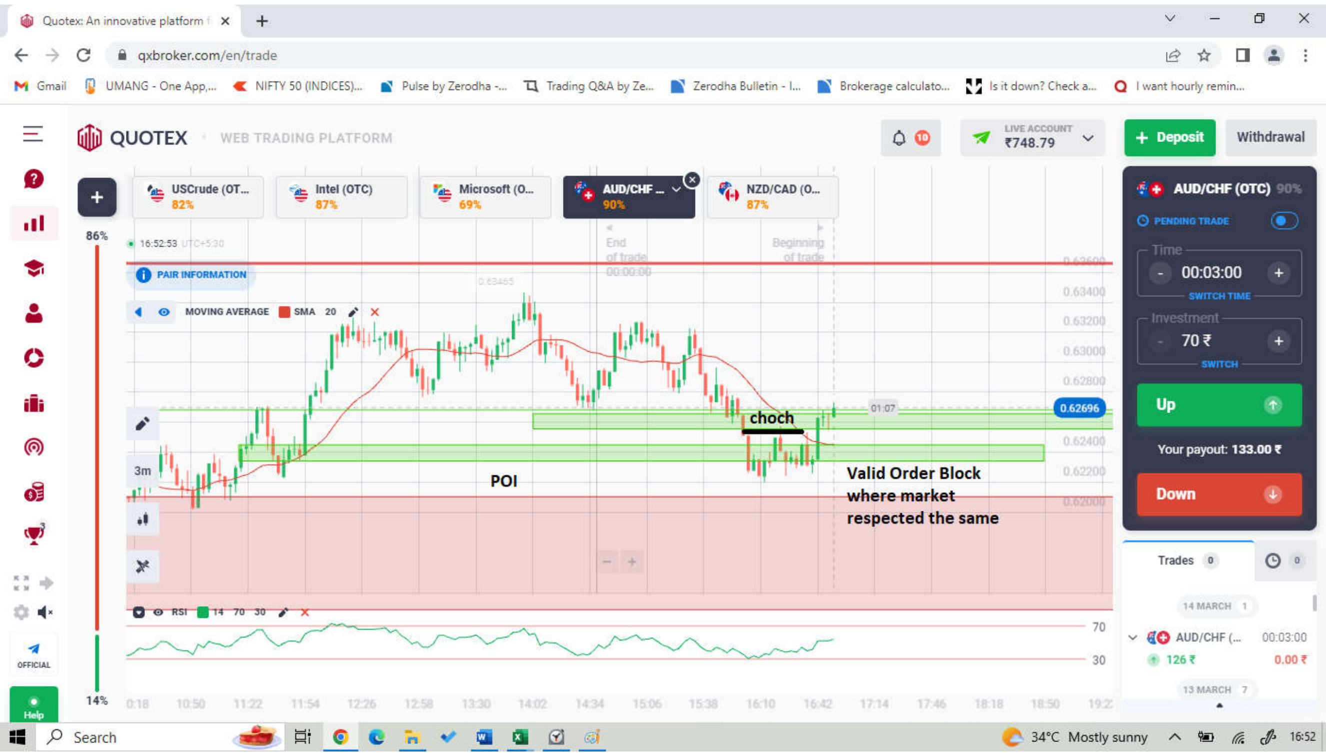
Timeframe: 1 Hour

Trend: Uptrend

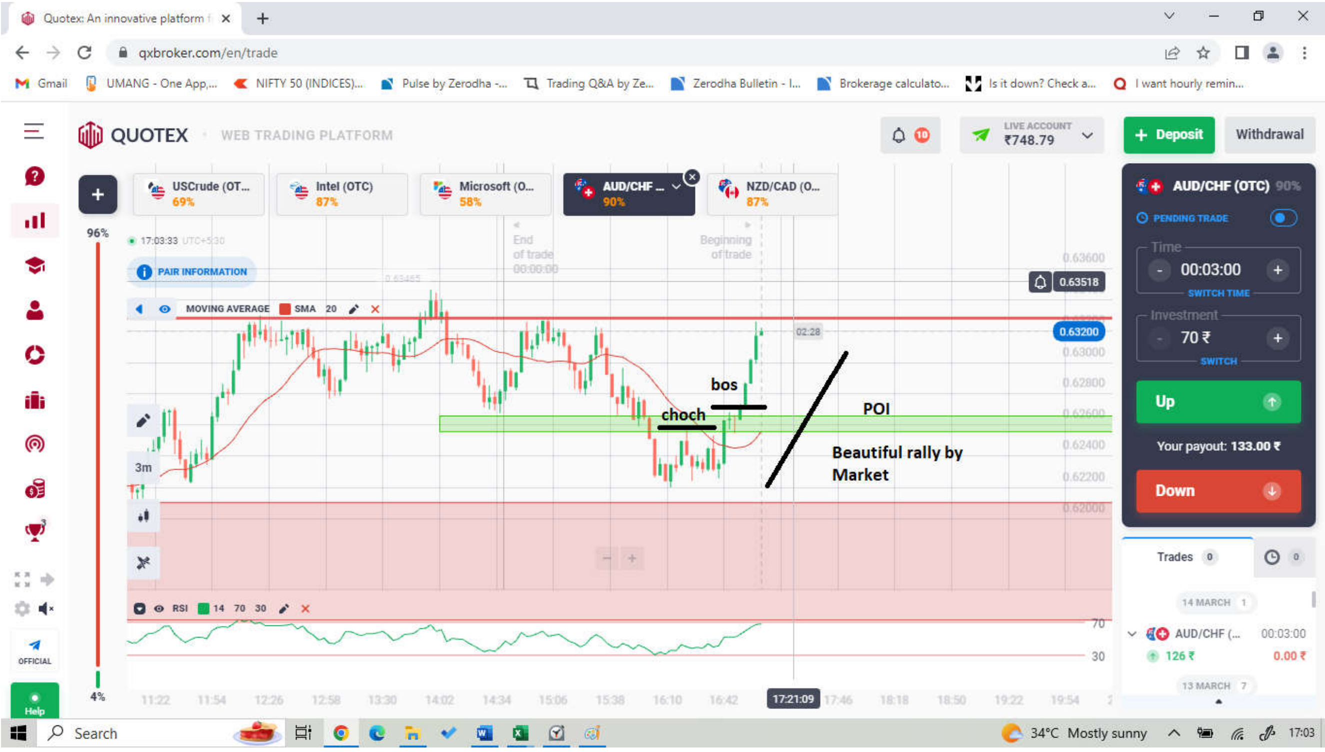
Date: 14-03-2023

Timeframe: 3 Minutes

The drawn order block was respected by market where it created W pattern and made the change of character and moving in the upward direction.



Market has respected the previous order block and rallied in the upward direction.



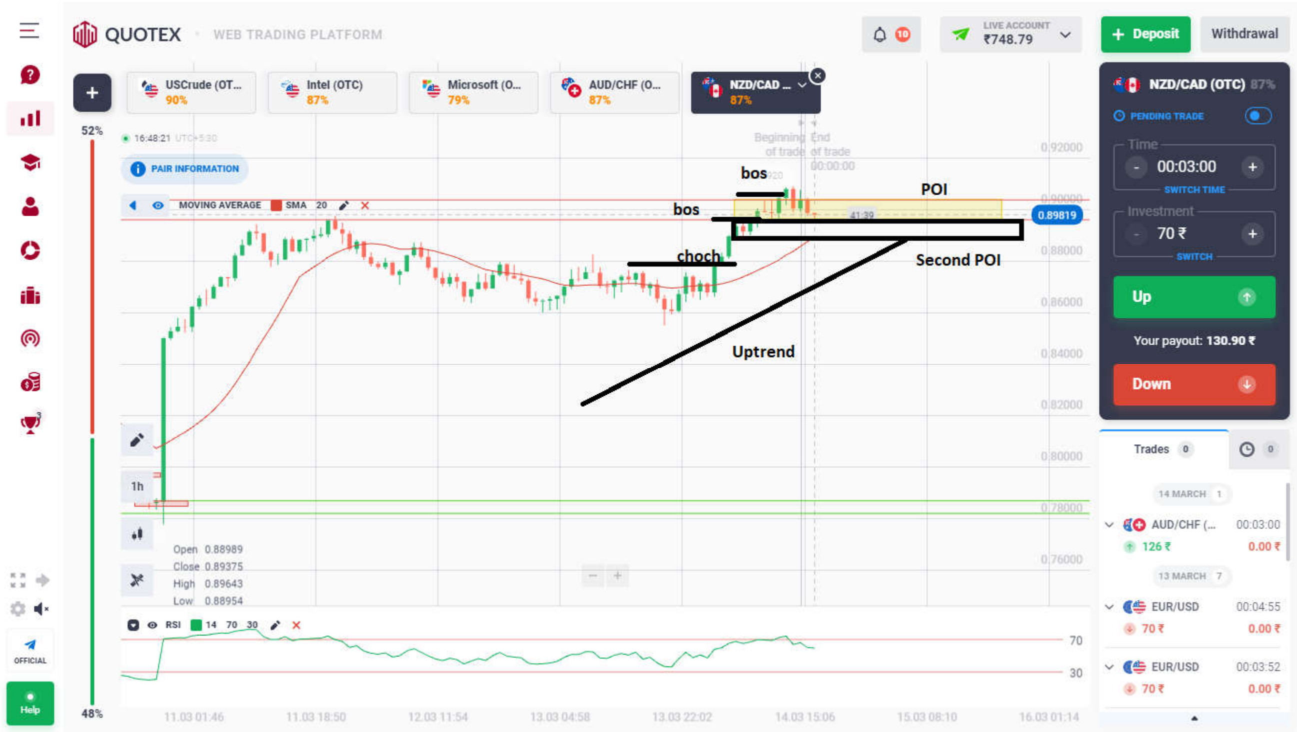
Market achieved its previous high target.

Pair: NZD/CAD

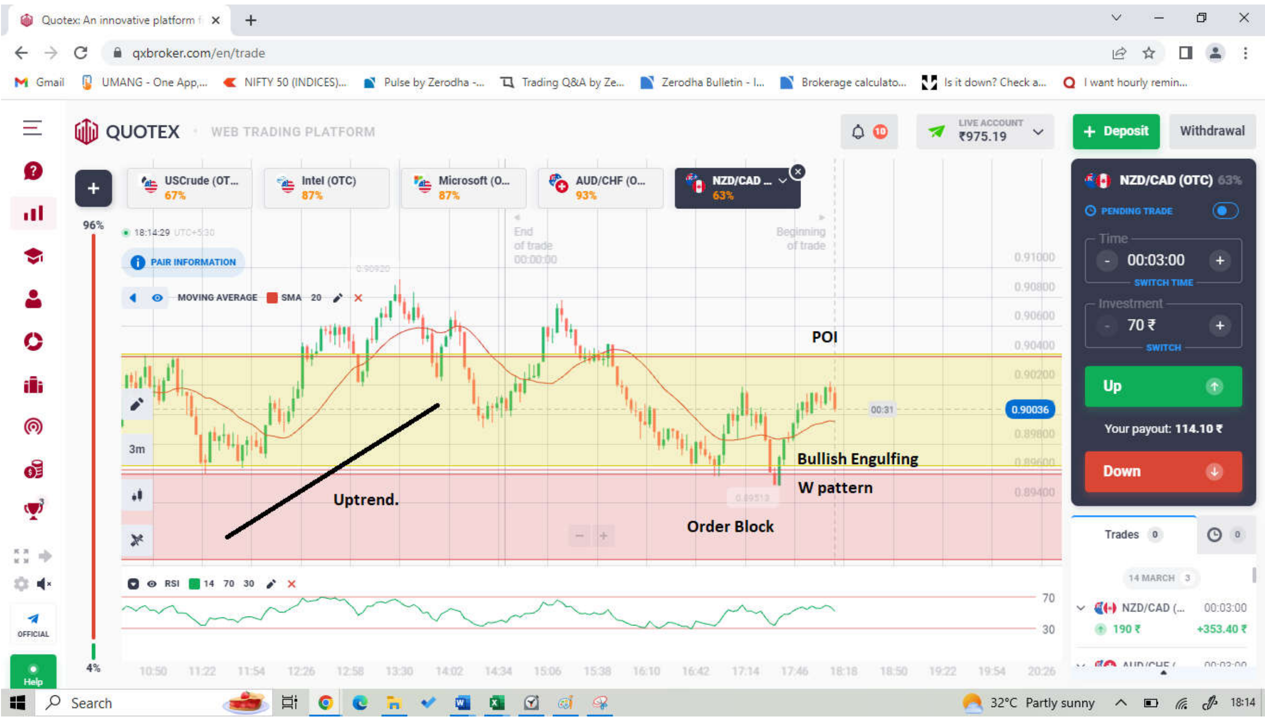
Timeframe: 1 Hour

Trend: Uptrend

Date: 14-03-2023



3 Minute Timeframe: Market respected the drawn Order block and moved in the upward direction.



Pair: USD/INR

Time: 13:09 PM IST

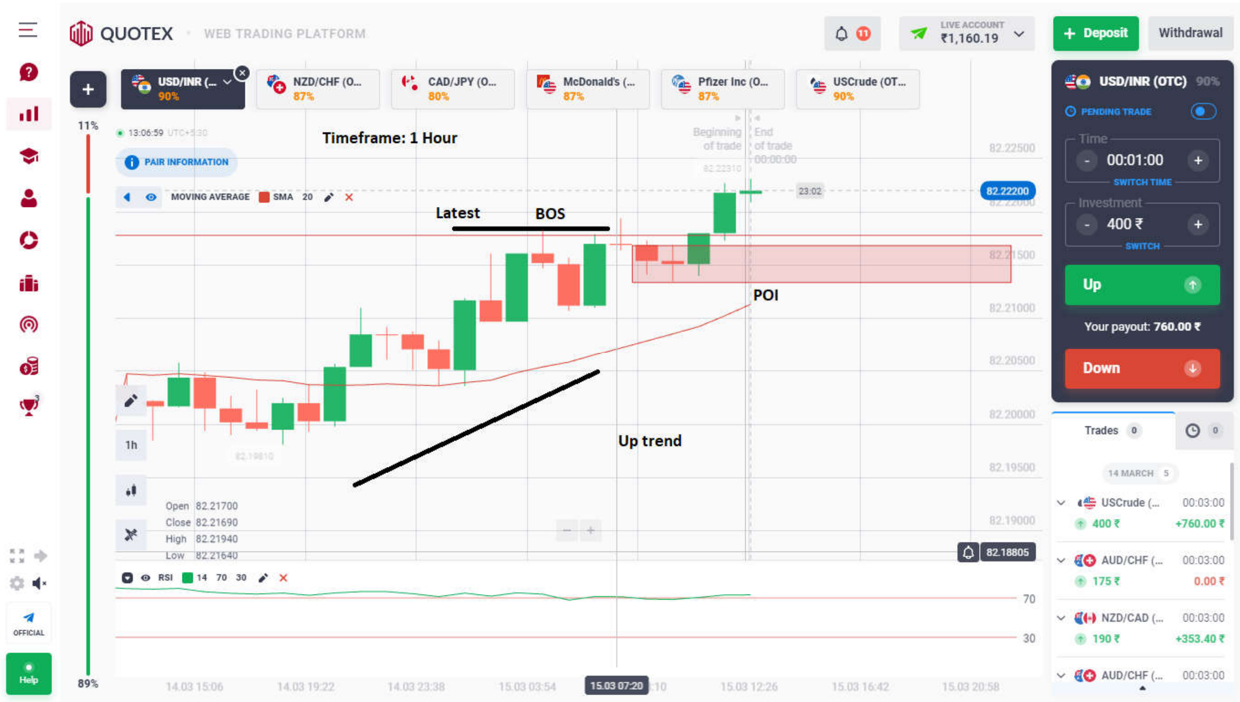
Timeframe: 1 Hour

Trend: Uptrend

Day: Wednesday

Date: 15-03-2023

Analysis: The market was uptrend and formed POI and BOS.



Timeframe: 3 Min

Market formed latest BOS and moved upside where I have market latest Order Block and BOS.

We have multiple snr’s on 3-minute timeframe where market tried to respect each snr which didn’t let me to trade in this asset.

However, at the Last support where Liquidity Hunt was happened, market tried to move in the upper side without respecting the SNR’s till the trendline which was the previous High.

Here also I was confused and didn’t take any single trade.

Though I was sure on the W pattern Second leg move.

Pair: NZD/CHF

Time: 13:26 PM IST

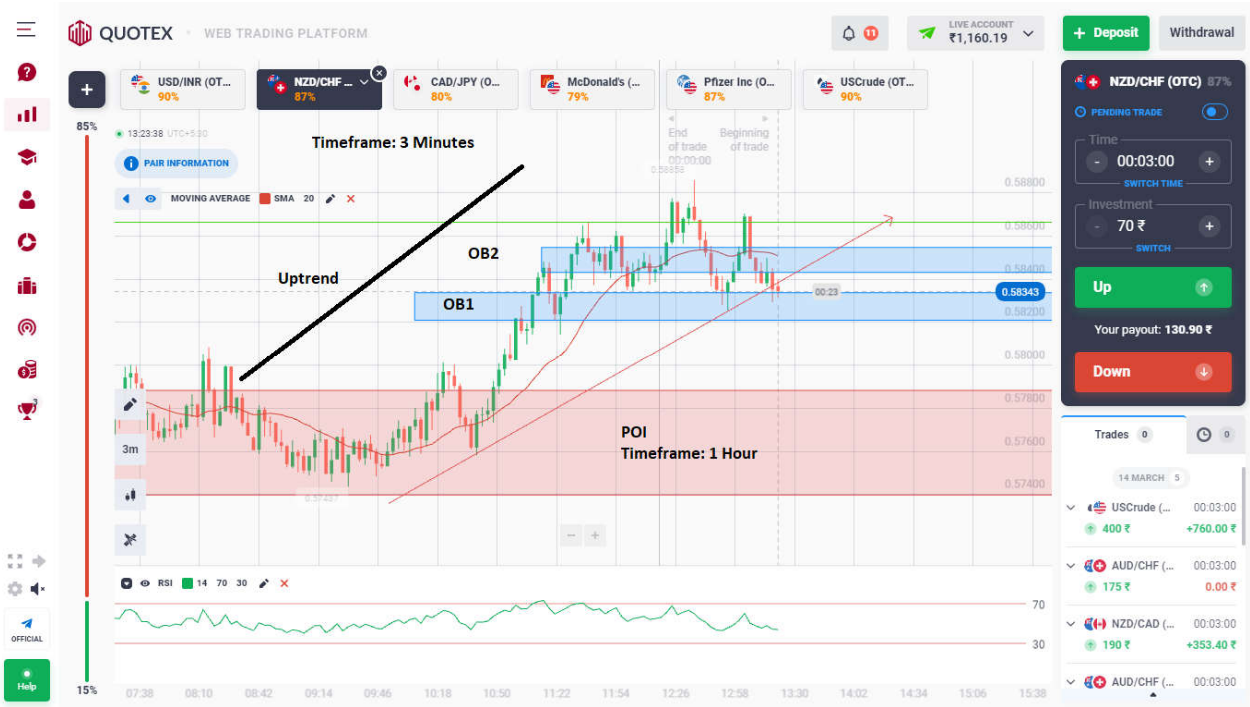
Trend: Uptrend

Day: Wednesday

Date: 15-03-2023

Analysis: The market was in Uptrend, and I have drawn POI in higher timeframe, OB1 and OB2 in 3 Min timeframe.

There was a trendline where market was taking support and at one point of time it broke the trendline and trying to reach the first order block.



Pair: CAD/JPY

Time: 14:55 PM IST

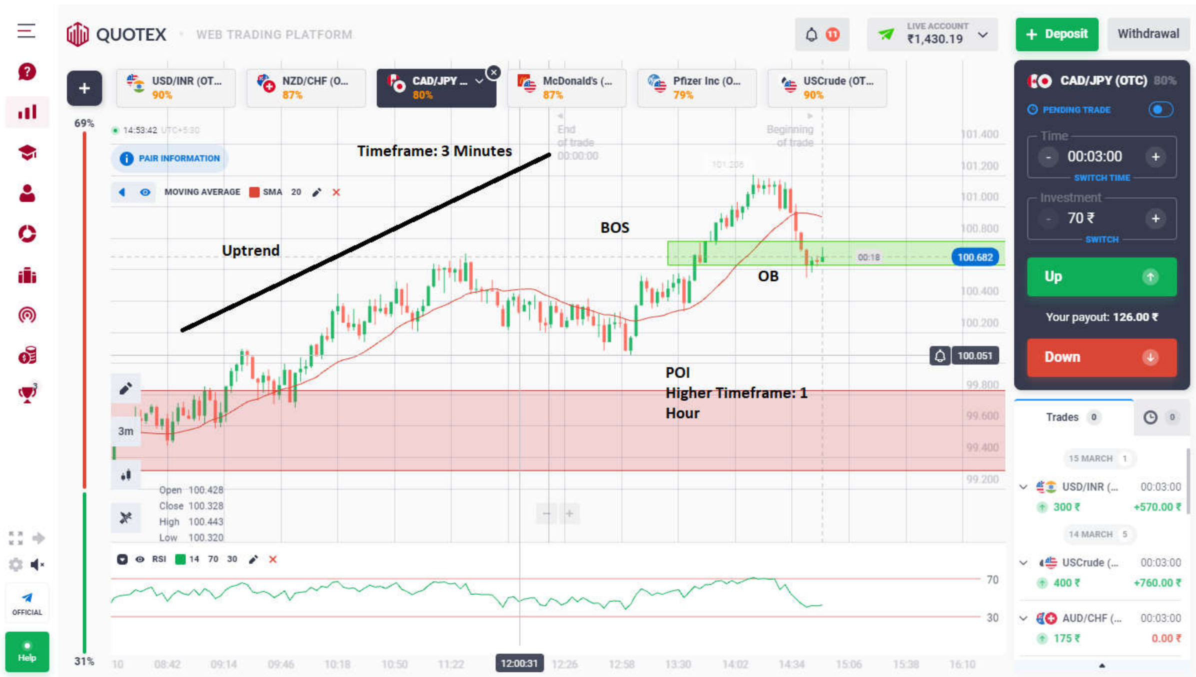
Trend: Uptrend

Day: Wednesday

Date: 15-03-2023

Analysis: The market was in uptrend and created couple of BOS's and OB's.

However, I have drawn the latest OB where market was at current place.



Pair: MC Donalds

Time: 15:12 PM IST

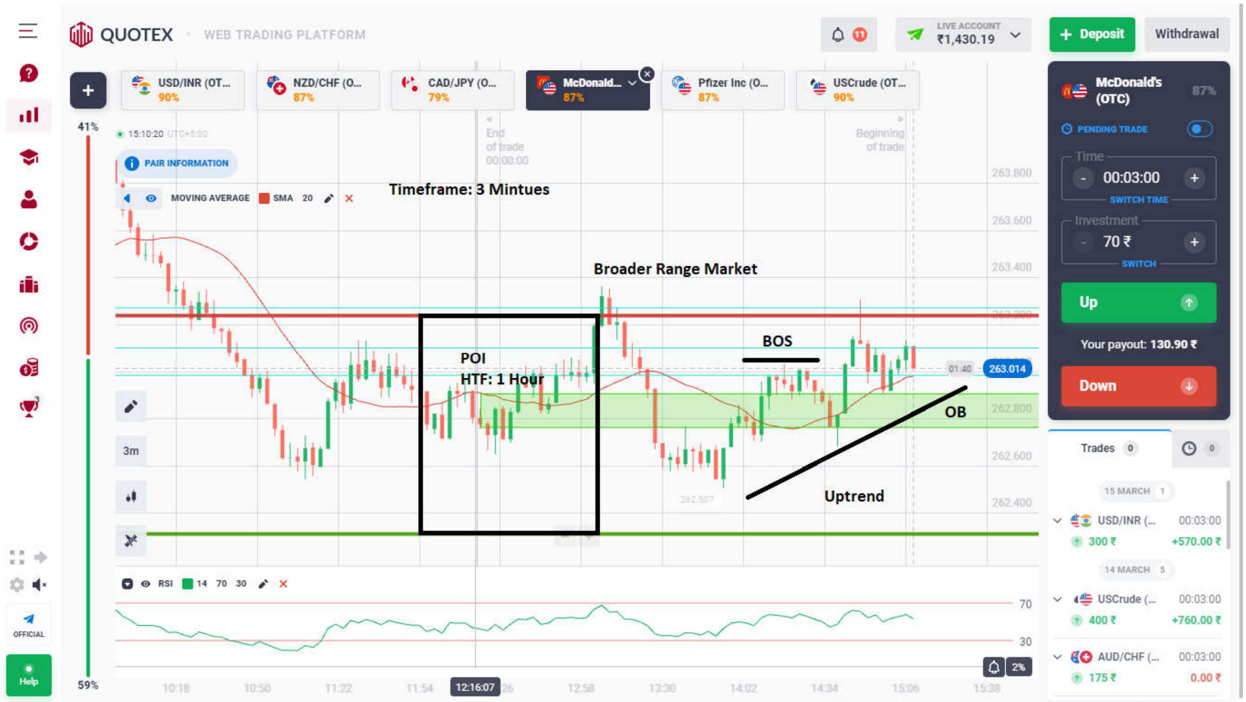
Trend: Uptrend

Day: Wednesday

Date: 15-03-2023

Analysis: The market was in Uptrend with Broader range formation.

I have drawn POI in 1 hour timeframe and OB in 3 Mins.



Pair: Pfizer

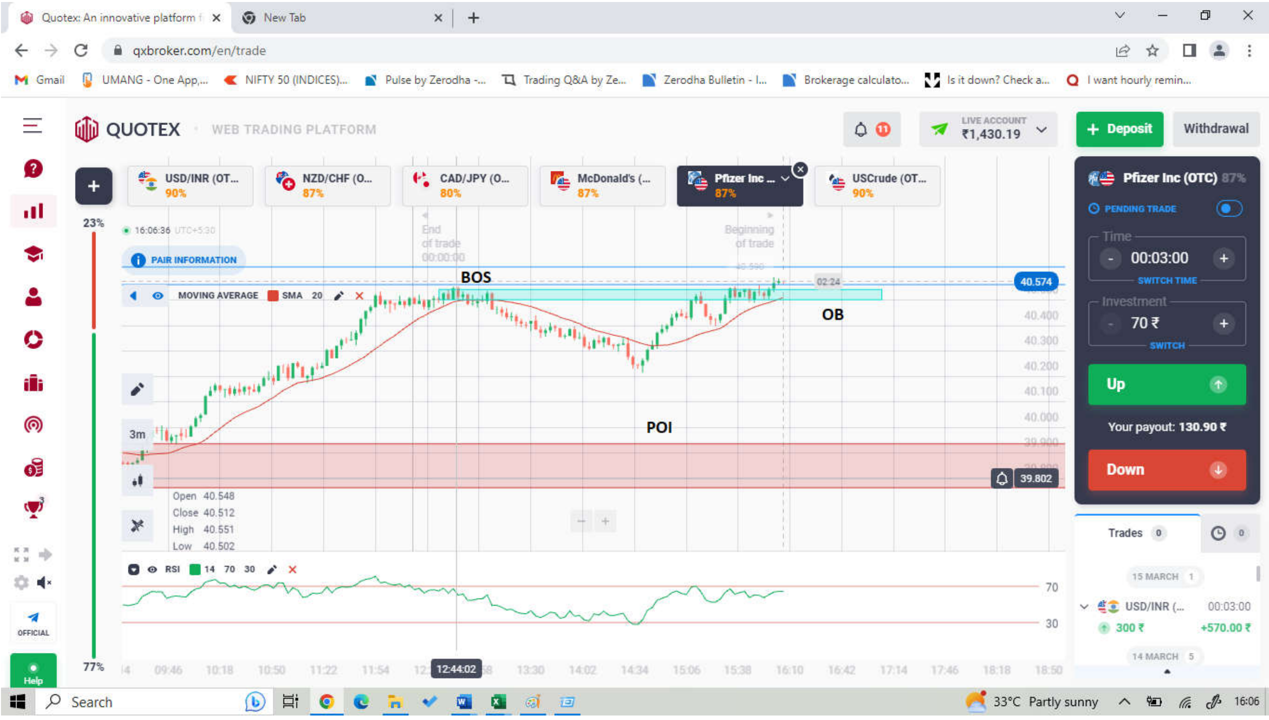
Time: 16:07 PM IST

Day: Wednesday

Trend: Uptrend

Date: 15-03-2023

Analysis: Market was in uptrend and didn’t reach OB drawn on 3M chart.



Pair: US Crude

Time: 16:15 PM

Day: Wednesday

Trend: Uptrend

Date: 15-03-2023

Analysis: The market was in uptrend and was under huge consolidation.

The Obtained OB was inside the POI only.

Pair: Microsoft

Time: 18:32 PM IST

Date: 17/03/2023

Day: Friday

Trend: Uptrend

Timeframe: 3 Minutes

Analysis: The market was in uptrend and formed POI and OB.

At one point of time, it moved in downside and was under consolidation deciding it's movement.

Pair: Being Company

Time: 19:19 PM IST

Date:17/032023

Day: Friday

Trend: Downtrend

Timeframe: 3 Minutes

Analysis: The market was in downtrend formed POI and OB. However, on 3minutes, we observed market moving in upside direction respected the OB once and moved in downward direction.

Also it took the trendline support and moved in the upside direction.

Pair: USD/BRL

Time: 22:22 PM IST

Date:17/03/2023

Day: Friday

Trend: Downtrend

Timeframe: 3 Minutes

Analysis: The market was in downtrend and formed POI on 1 Higher Timeframe. Also I drew OB on 3 Minutes Timeframe.

At one point of time market formed mild uptrend and market was at OB where market can either move in downtrend or in upward direction.