

The trading Routine

Part 2.1 : Advanced Market Structure

Break of Structure (BOS)

A **Break of Structure** happens when price **breaks an important previous high or low in the direction of the trend**.

In **uptrend** → price breaks previous **higher high** = bullish BOS

In **downtrend** → price breaks previous **lower low** = bearish BOS

✅ It usually confirms that the trend is continuing.

Change of Character (CHOCH)

A **Change of Character** happens when price **breaks the opposite side of structure for the first time**, suggesting a possible trend shift.

In **uptrend** → price breaks previous **higher low** = possible bearish CHOCH

In **downtrend** → price breaks previous **lower high** = possible bullish CHOCH

✅ It is often the first warning that momentum may be changing.

Easy way to remember 🎯

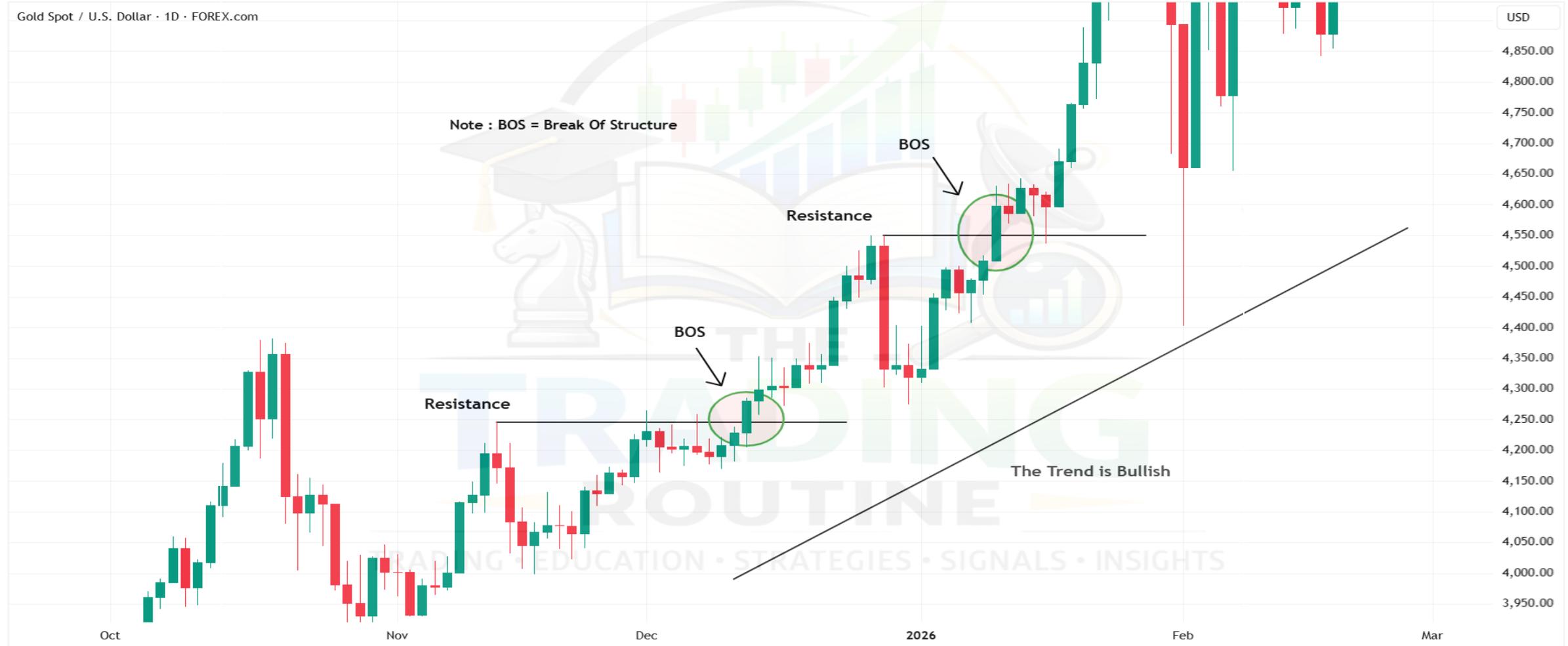
BOS = continuation

CHOCH = possible reversal

Break of Structure (BOS)

In **uptrend** → price breaks previous **higher high** = bullish BOS

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In **downtrend** → price breaks previous **lower low** = bearish BOS

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Change of Character (CHOCH)

In **uptrend** → price breaks previous **higher low** = possible bearish CHOCH

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Note : CHOCH = Change Of Character

In **downtrend** → price breaks previous **lower high** = possible bullish CHOCH

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Order Blocks (OB)

An **order block** is a price zone formed by the **last opposite candle before a strong impulsive move that breaks structure.**

- A **bullish order block** is the **last bearish candle before price moves strongly upward and breaks a previous high.**
- A **bearish order block** is the **last bullish candle before price moves strongly downward and breaks a previous low.**

✅ The idea is that large institutions often place major buy or sell orders in that area, so price may return there later.

Why it matters

When price comes back to an order block, it can react because unfinished institutional orders may still exist there.

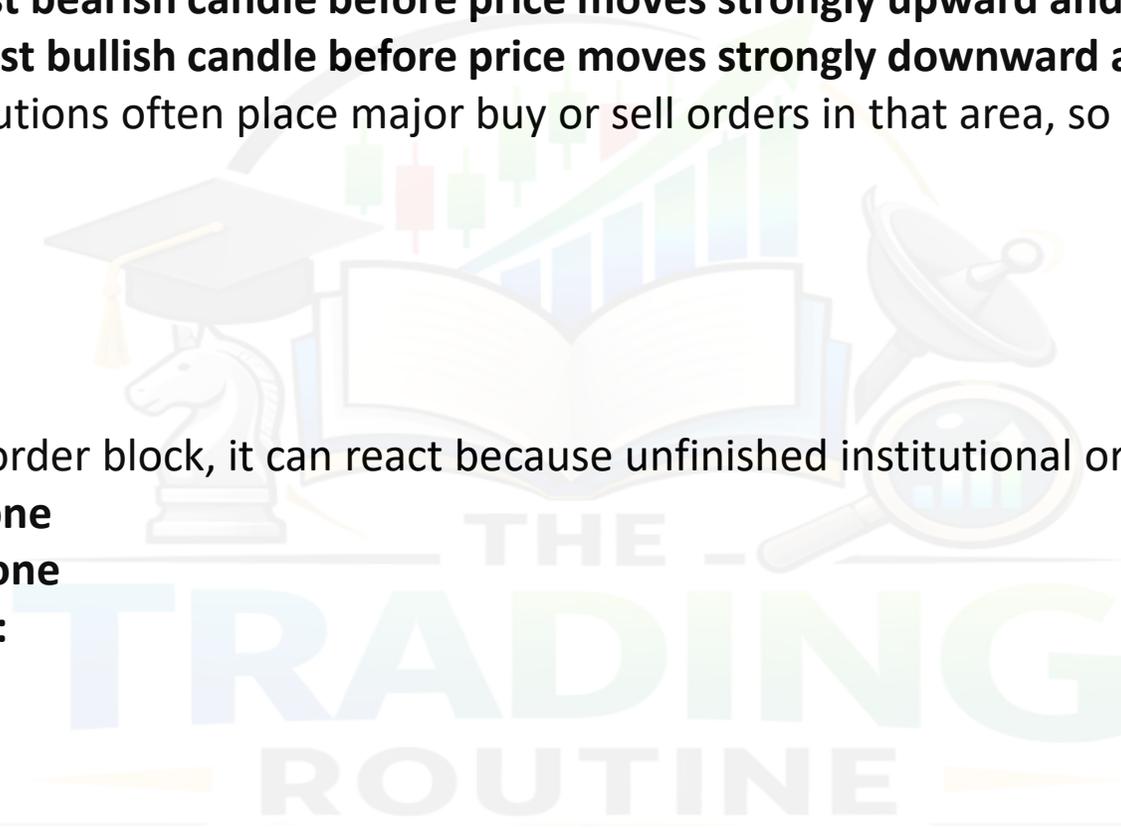
- Bullish OB → potential buy zone**
- Bearish OB → potential sell zone**

Strong order block usually has:

- strong impulsive move after it
- break of structure (BOS)
- clean reaction from the zone

⚡ In simple words:

Order block = institutional zone before expansion.



•A **bullish order block** is the last bearish candle before price moves strongly upward and breaks a previous high.

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A bearish order block is the last bullish candle before price moves strongly downward and breaks a previous low

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Fair Value Gap (FVG)

A **Fair Value Gap** is a price imbalance created when the market moves very strongly in one direction, leaving a space between candles where little or no trading happened.

It is usually identified using **three candles**:

- In a **bullish fair value gap**, the **low of the third candle is above the high of the first candle**
- In a **bearish fair value gap**, the **high of the third candle is below the low of the first candle**

This creates an empty zone between the first and third candle called the **gap**.

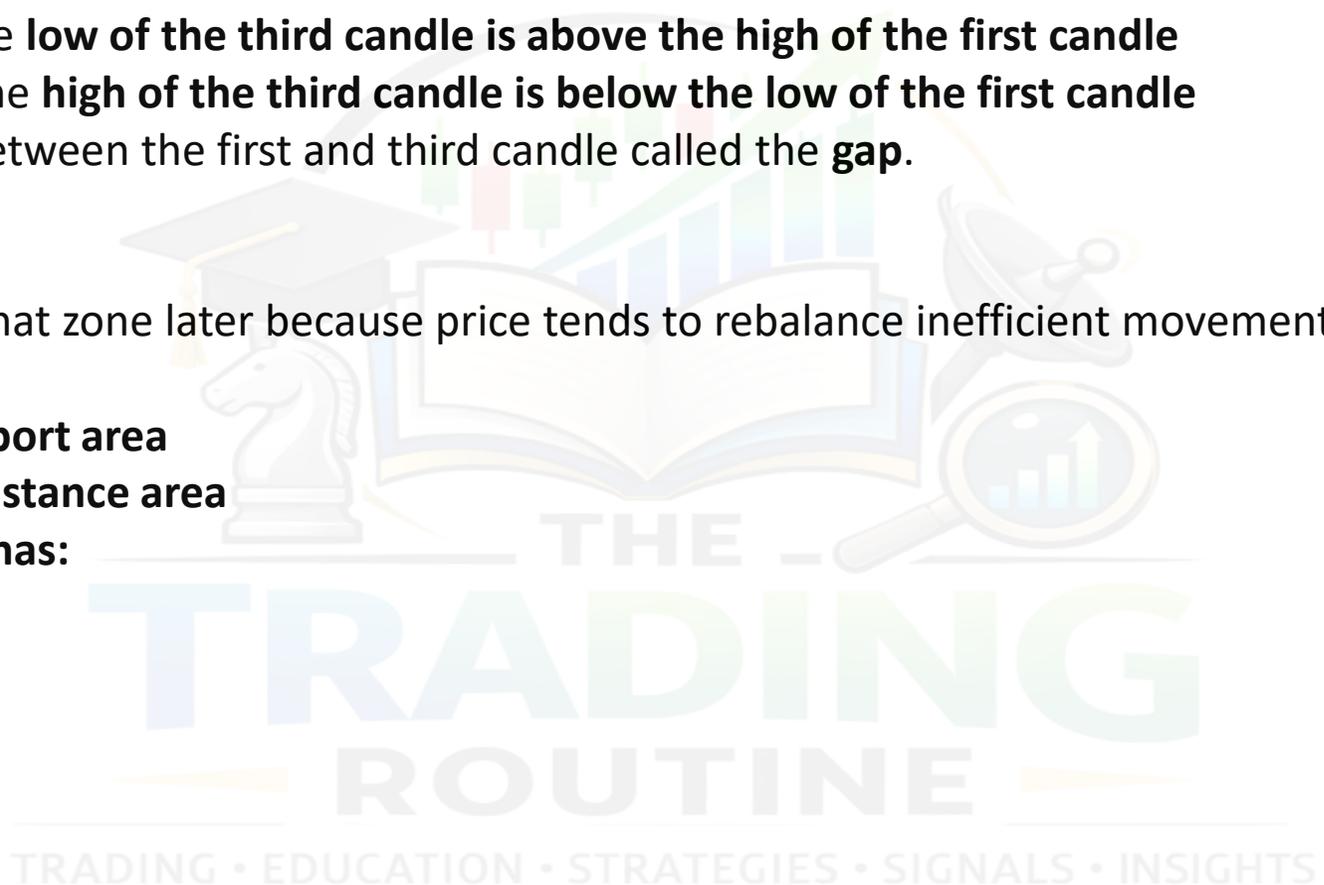
Why it matters

The market often returns to that zone later because price tends to rebalance inefficient movement before continuing in the original direction.

- **Bullish FVG** → potential support area
- **Bearish FVG** → potential resistance area

Strong fair value gap usually has:

- strong impulsive candles
- clear imbalance
- break of structure nearby

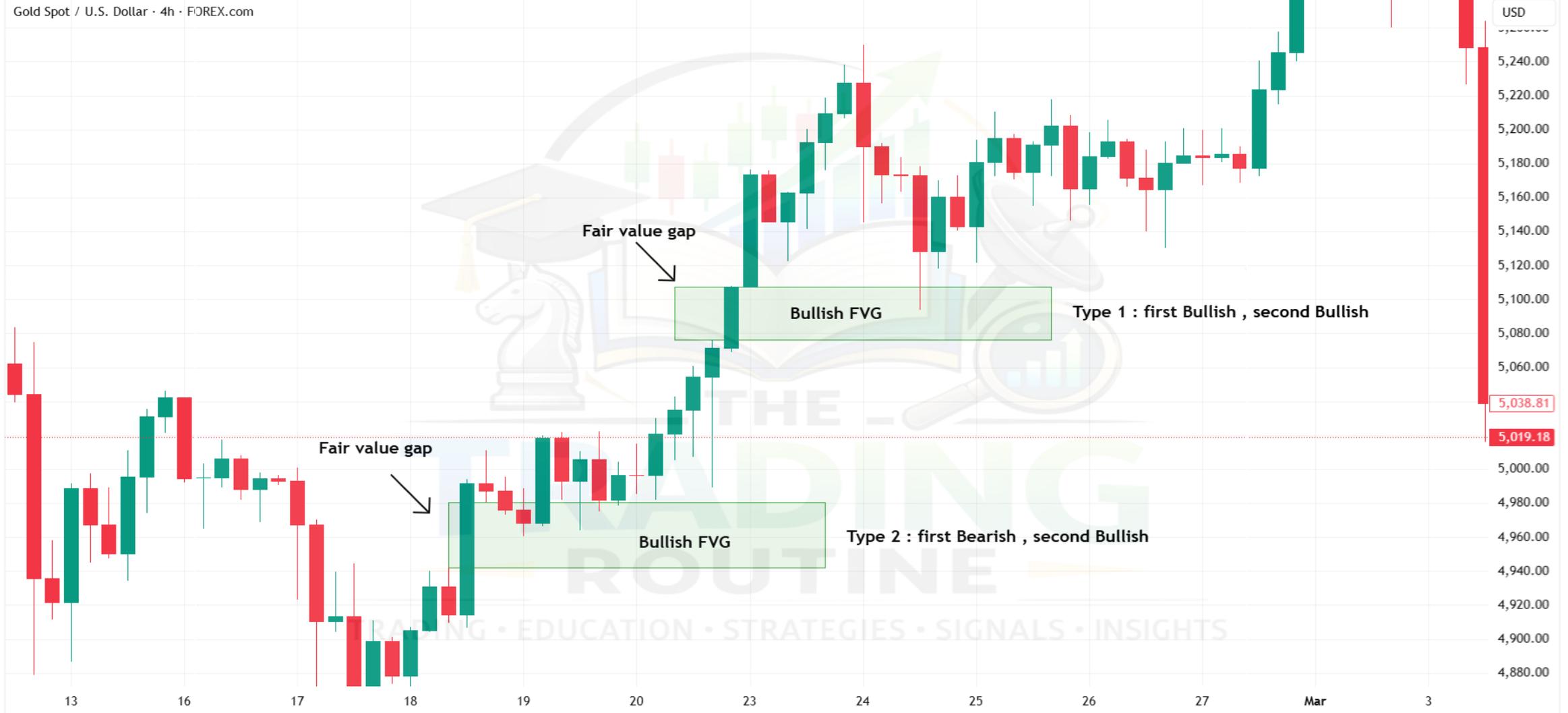


 In simple words:

Fair Value Gap = an inefficient price area left after a strong move, where price may return before continuing.

• In a **bullish fair value gap**, the low of the third candle is above the high of the first candle

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• In a bearish fair value gap, the high of the third candle is below the low of the first candle

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Supply and Demand 📦

Supply and demand zones are important price areas where strong buying or strong selling entered the market and caused a significant price movement.

A **demand zone** is an area where buyers were stronger than sellers, causing price to rise sharply.

A **supply zone** is an area where sellers were stronger than buyers, causing price to fall sharply.

These zones usually form before an impulsive movement and can act as future reaction areas when price returns.

Why they matter 🎯

Price often reacts again at these levels because unfilled institutional orders may still remain there.

Demand zone = potential support / buy area

Supply zone = potential resistance / sell area

Strong supply or demand zone usually has:

strong impulsive move away from the zone

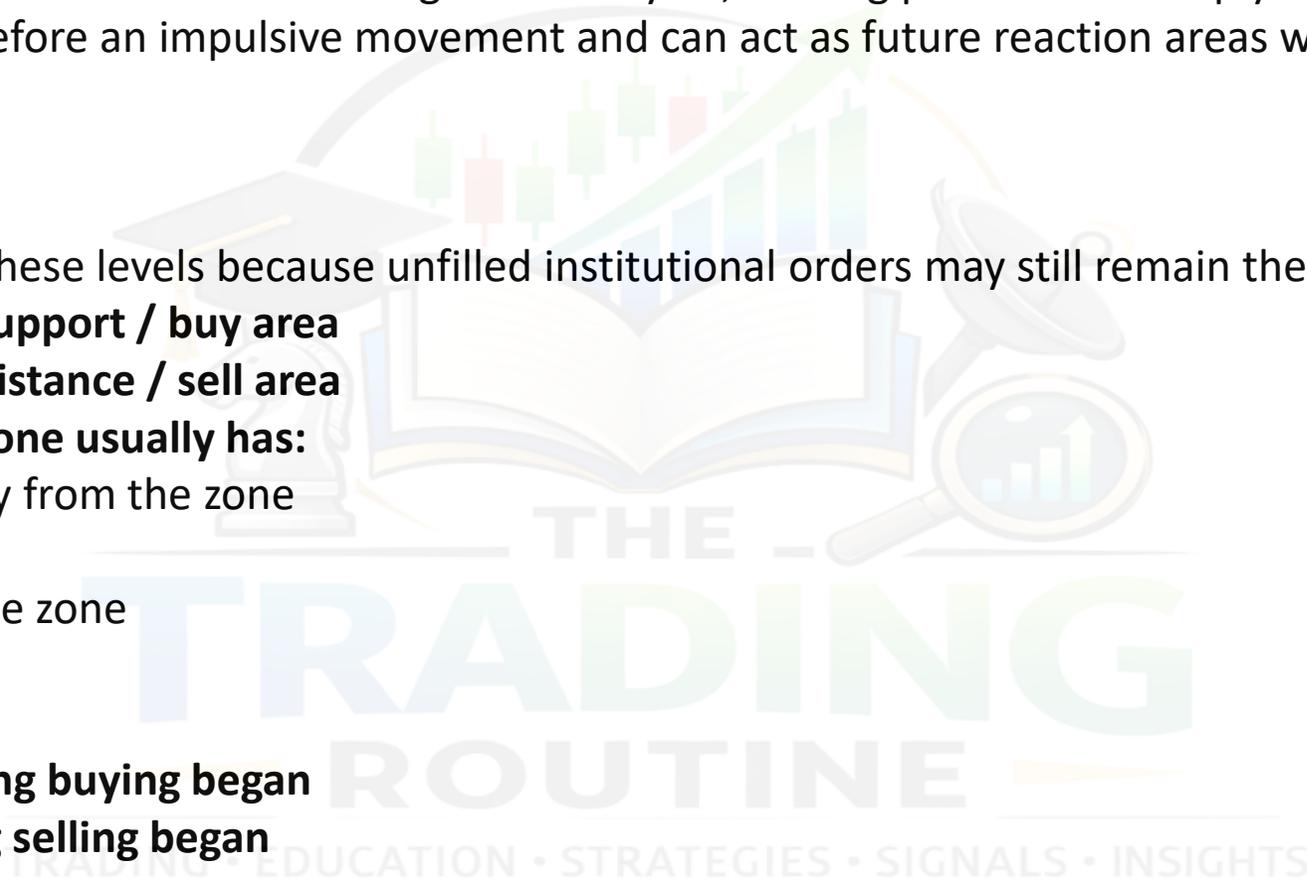
clear rejection candles

little consolidation inside the zone

⚡ In simple words:

Demand = area where strong buying began

Supply = area where strong selling began



A **demand zone** is an area where buyers were stronger than sellers, causing price to rise sharply.

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A **supply zone** is an area where sellers were stronger than buyers, causing price to fall sharply.

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Key Levels 🗝️

Key levels are important price areas where the market has reacted strongly before, such as previous highs, lows, support, resistance, or institutional zones.

They are watched because price often reacts, rejects, or breaks from these levels again.

Important key levels include:

Daily High / Daily Low → highest and lowest price of the day

Weekly High / Weekly Low → highest and lowest price of the week

Monthly High / Monthly Low → highest and lowest price of the month

Why they matter 🎯

These levels often contain liquidity because many traders place orders around them.

previous highs may act as resistance

previous lows may act as support

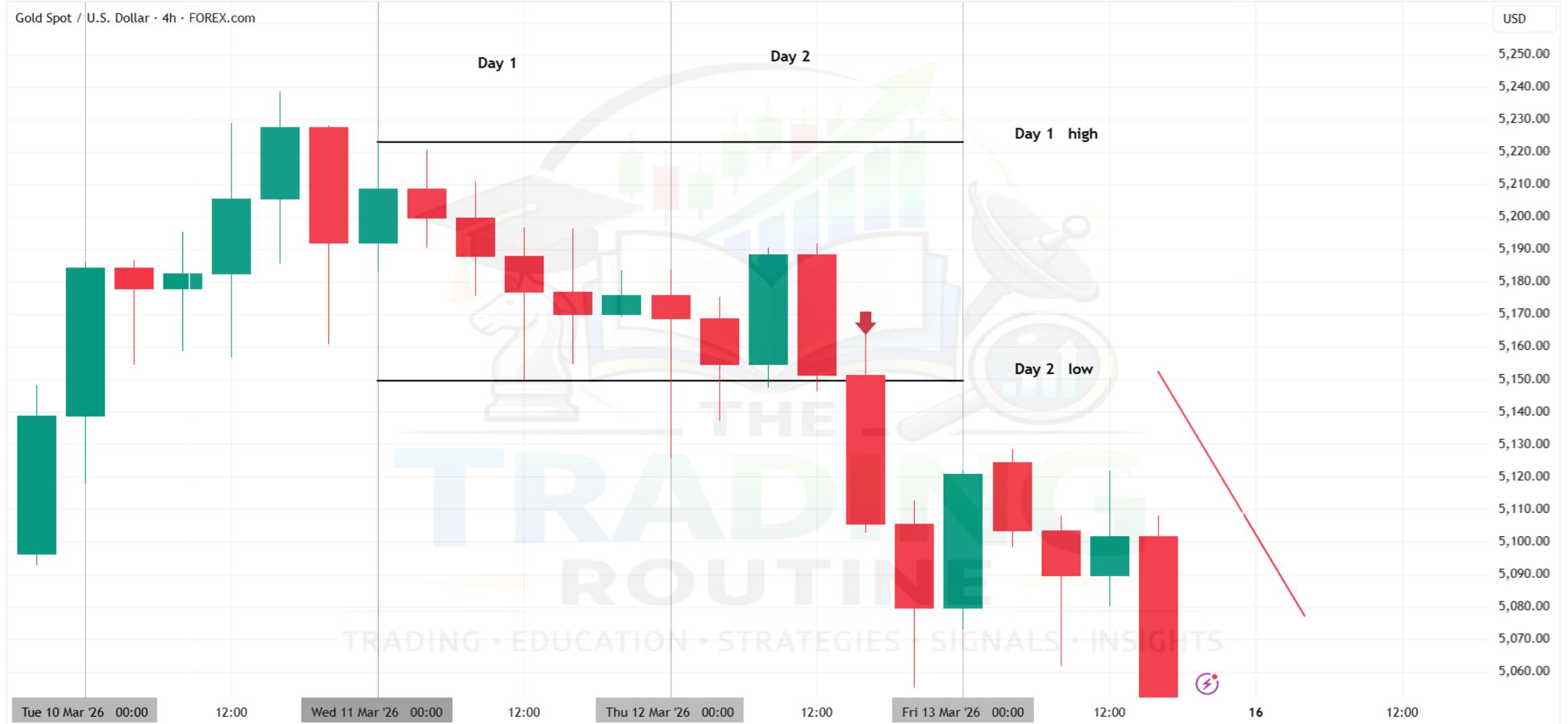
breaks of these levels can lead to strong moves

⚡ In simple words:

Key levels are major market reference points where price decision often happens.

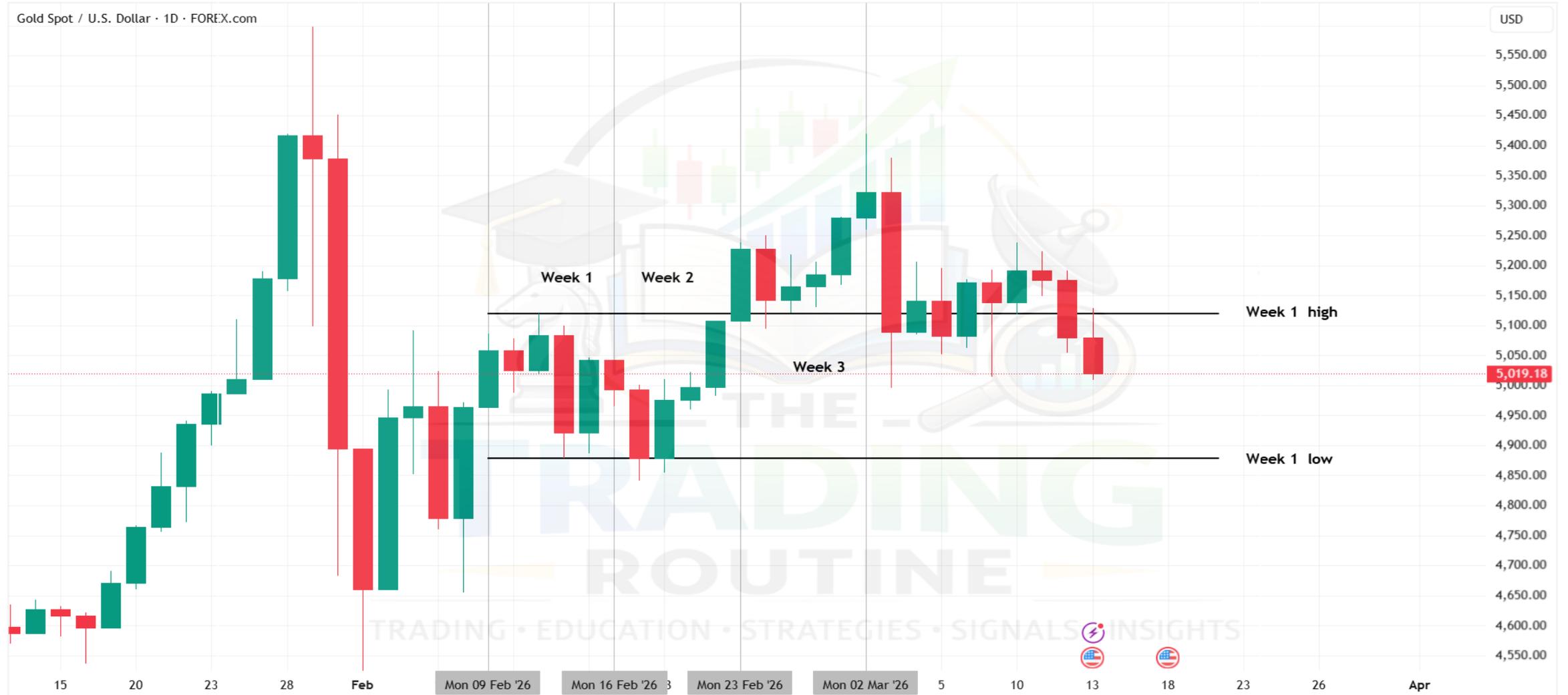
Daily High / Daily Low → highest and lowest price of the day
In this scenario , after the day 1 low breaks , price continue dropping

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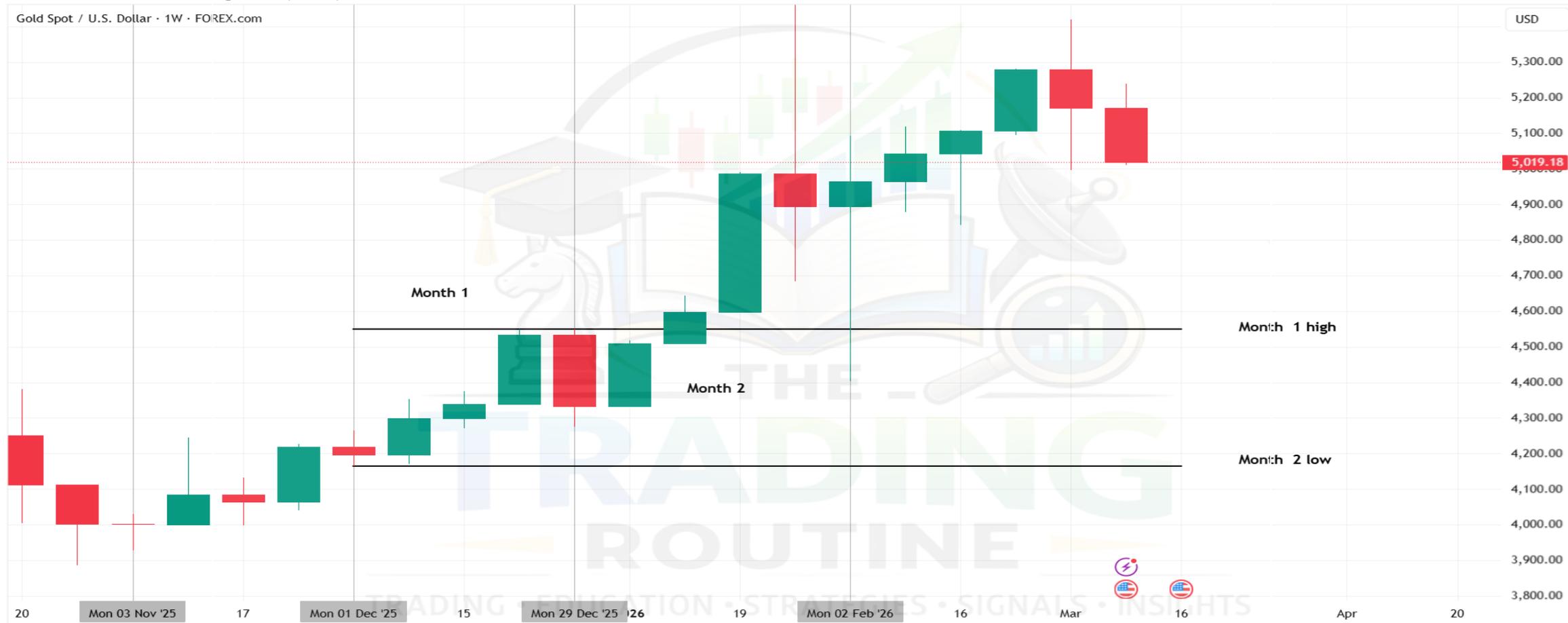
Weekly High / Weekly Low → highest and lowest price of the week
In this scenario , after the week 1 high breaks , price continue Rising

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Monthly High / Monthly Low → highest and lowest price of the month
In this scenario , after the Month 1 high breaks , price continue Rising

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Fibonacci Extension 📐 📊

Fibonacci Extension is a technical analysis tool used to project possible future price targets after a retracement happens inside a trend.

It helps traders estimate where the next move may reach once price resumes in the original direction.

It is drawn using three points:

beginning of the impulse move

end of the impulse move

end of the retracement

After that, the tool projects extension levels beyond the previous high or low.

Common Fibonacci extension levels:

1.0

1.618

Why it matters 🎯

These levels often act as target zones where price may:

slow down

reject

take profit

create reversal reaction

In an **uptrend**, extension levels are above previous highs

In a **downtrend**, extension levels are below previous lows

⚡ In simple words:

Fibonacci Extension = measuring how far price may continue after a pullback inside the trend.

In an **uptrend**, extension levels are above previous highs

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In a **downtrend**, extension levels are below previous lows

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Liquidity Sweep

A **liquidity sweep** happens when price moves above a previous high or below a previous low to trigger stop losses and pending orders, then quickly reverses.

This movement is often used to collect liquidity before the real move starts.

- Above highs → buy-side liquidity sweep
- Below lows → sell-side liquidity sweep

Why it matters

Many traders place stop losses around obvious highs and lows, so price often reaches these areas first before changing direction.

A liquidity sweep can signal:

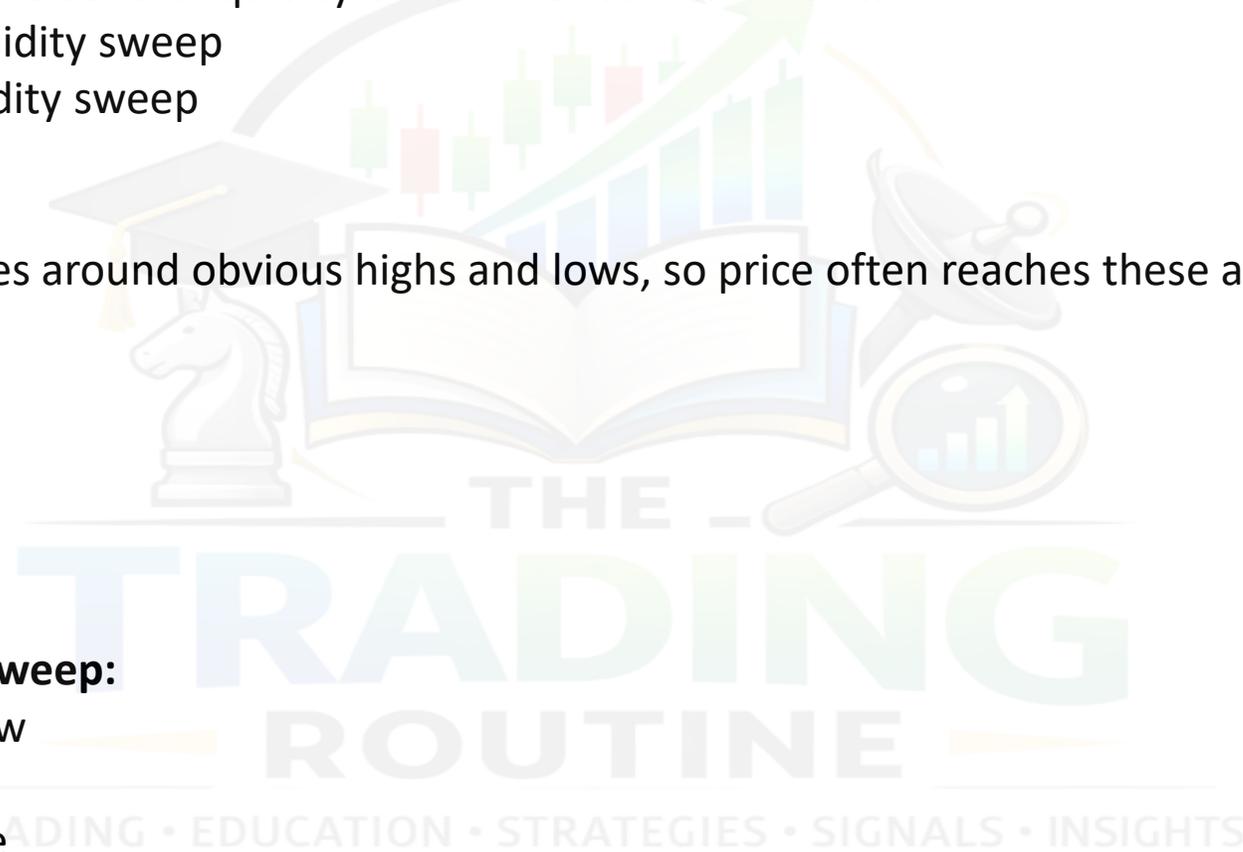
- fake breakout
- trap for traders
- possible reversal zone

Common sign of a liquidity sweep:

- price breaks a key high or low
- fails to continue strongly
- returns back inside structure

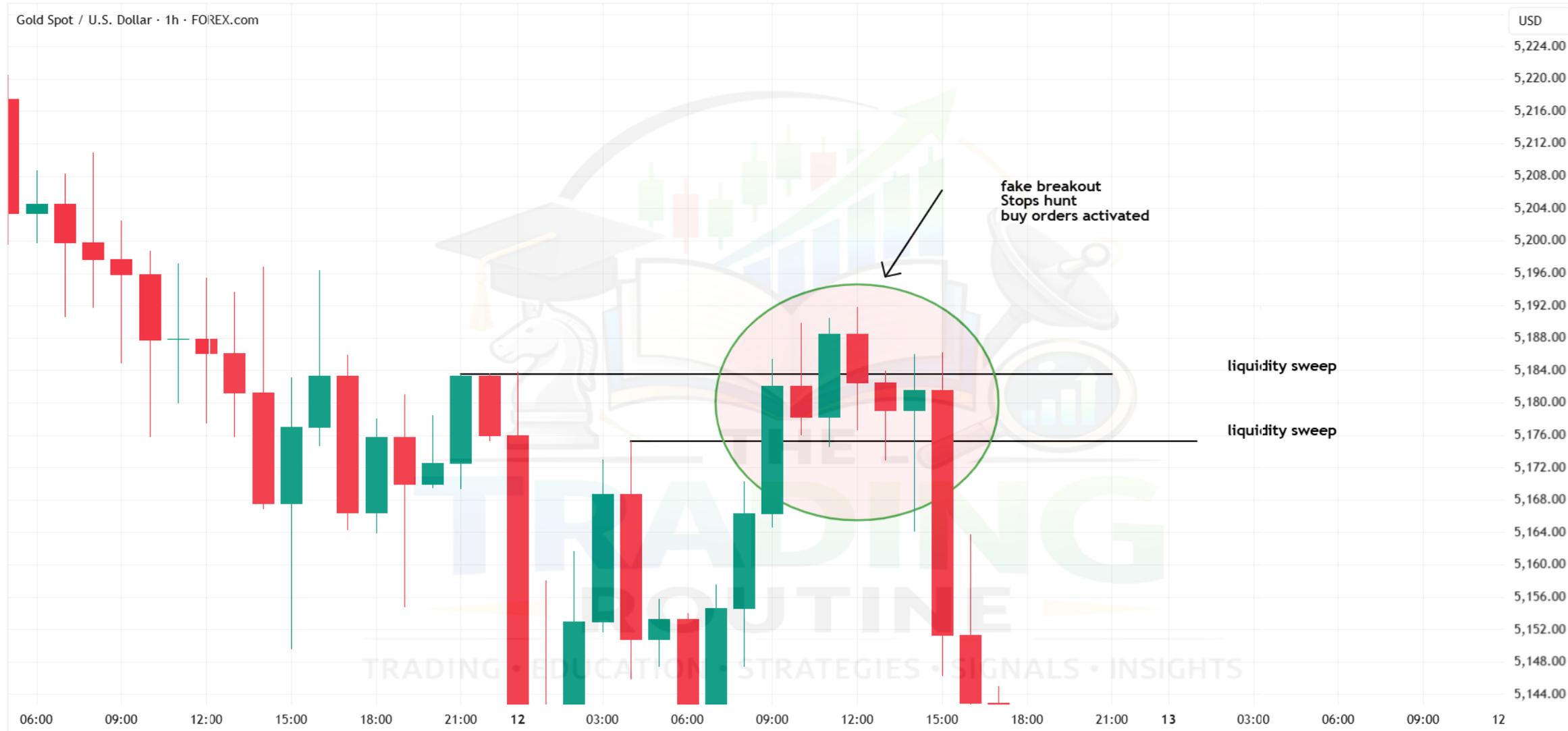
⚡ In simple words:

Liquidity sweep = price takes liquidity from stops before moving in the intended direction.



Above highs → buy-side liquidity sweep

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Below lows → sell-side liquidity sweep

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Support Breakout & Resistance Breakout

A **support breakout** happens when price breaks below an important support level, showing that sellers are stronger and price may continue downward.

A **resistance breakout** happens when price breaks above an important resistance level, showing that buyers are stronger and price may continue upward.

First breakout and second breakout

- **First support breakout** = price breaks the nearest support level
- **Second support breakout** = price continues lower and breaks the next support level
- **First resistance breakout** = price breaks the nearest resistance level
- **Second resistance breakout** = price continues higher and breaks the next resistance level

Each additional breakout confirms stronger momentum if price closes clearly beyond the level.

Why it matters

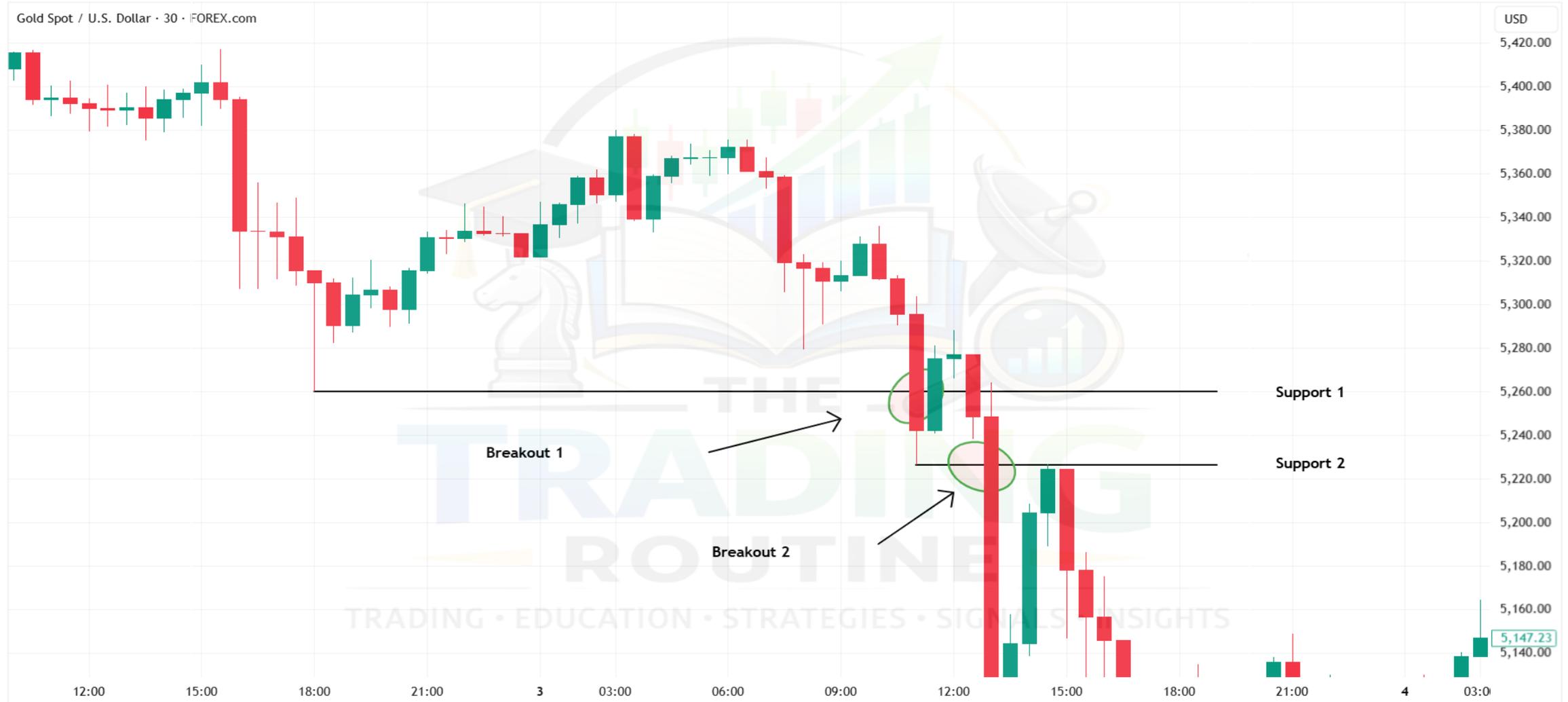
Multiple breakouts often show trend continuation, but traders must still watch for fake breakouts or liquidity sweeps.

 In simple words:

First breakout starts momentum, second breakout confirms stronger continuation. INSIGHTS

- **First support breakout** = price breaks the nearest support level
- **Second support breakout** = price continues lower and breaks the next support level

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- **First resistance breakout** = price breaks the nearest resistance level
- **Second resistance breakout** = price continues higher and breaks the next resistance level

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NOTE :

