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Introduction

A trader can identify the market's direction correctly and still lose money because the entry was late, the position was too large for the account, or the stop sat inside ordinary price noise. Another trader can be wrong on four consecutive trades and still finish a longer sample with a positive result because losses are controlled and average profits exceed them. Professional practice begins when you move beyond the single question, "Where will the market go?" and construct a decision that specifies context, required evidence, execution price, invalidation, target, and the amount that could be lost.

This book organizes **SMC** and **ICT** concepts into an observable, testable process. You will learn to identify potential order concentrations, distinguish a structural break from a momentary penetration, define fair value gaps and order blocks precisely, and assess the next likely price destination. You will then move from the chart to the arithmetic: How much should you buy? What changes when spreads widen? How do you prevent two correlated positions from doubling the same exposure? Finally, how can you establish that improvement reflects a better process rather than a fortunate sequence?

Scope: This is educational material, not a recommendation to buy a particular asset or a

Chapter One
Liquidity and How Orders Become Price Movement

1 Understanding liquidity before marking highs and lows

Liquidity is the ability to execute a quantity at an acceptable cost within an appropriate time. It is not simply trading volume. A candle can record heavy volume after a violent move even though little quantity was available before that move. A narrow spread can also conceal limited depth: a large position may consume several order-book levels. Separate **spread tightness, available quantity, and the market's ability to replenish quotations after execution**.

In an order-book market, a limit buyer posts quantity at a bid and a seller offers quantity at an ask. A market buyer wants immediate execution and accepts available offers. If quantity at the first level is exhausted, the remainder fills at higher levels. Rising prices do not establish that there are numerically more buyers than sellers; every executed trade has both sides. What matters is **the urgency of the initiating side relative to the quantity willing to meet it**.

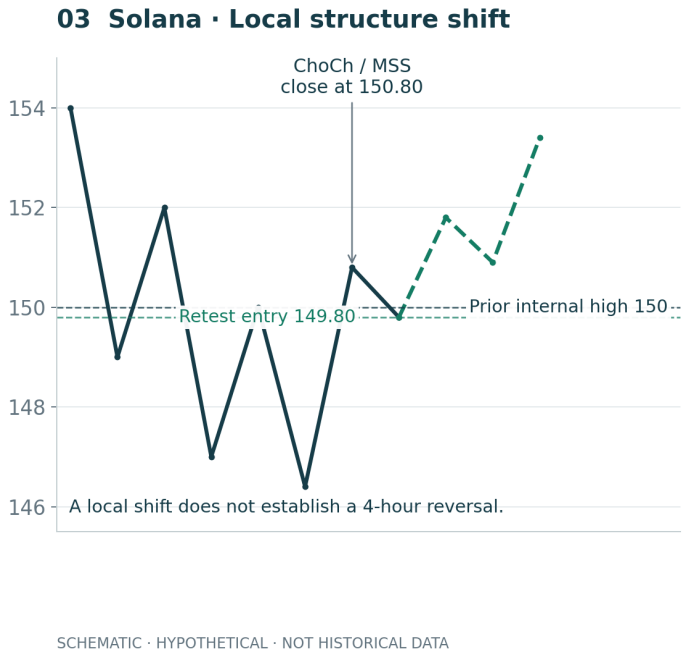

Chart study 3: original schematic.

Chart study 3 - reconstruction exercise: A 15-minute Solana chart starts with highs at 154, 152, and 150 and lows at 149 and 147. Draw a rise from 146.40 to a displacement close at 150.80 above 150. Label the crossing ChoCh and the qualifying close MSS. Then show a retest at 149.80 and a later high at 153.40. Add a small 4-hour panel explaining that a local shift does not establish a reversal of the larger trend.

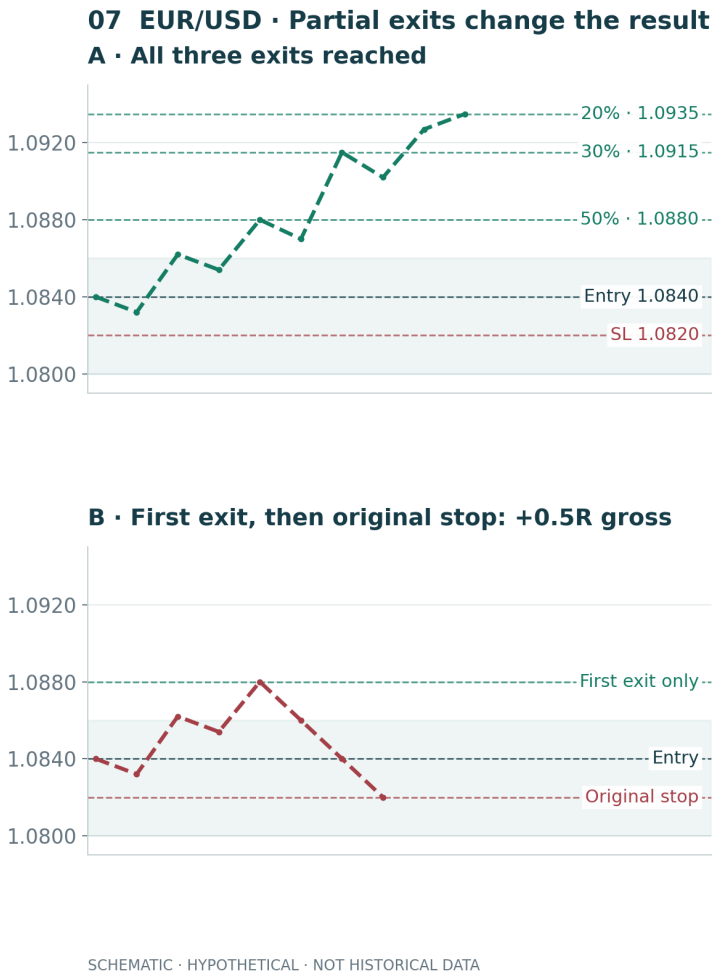

Chart study 7: original schematic.

Chart study 7 - reconstruction exercise: EUR/USD on 4 hours with range boundaries at 1.0800 and 1.0920, midpoint at 1.0860, and daily high at 1.0940. Add entry at 1.0840, stop at 1.0820, and exits at 1.0880, 1.0915, and 1.0935 with allocations of 50%, 30%, and 20%. Below the chart, show an alternative path hitting only

Example portfolio and operational limits

Limit type	Adjustable training example	Purpose
Individual trade	0.5% of equity	Prevent one position dominating
Correlated group	1%	Avoid repeating one factor
Total open risk	1.5%	Monitor simultaneous losses
Daily stop	After losing 2R or a material violation	Prevent behavioral and operational deterioration
Drawdown review	At a predefined threshold	Reassess model and execution before continuing

These are example policy settings, not fixed personal recommendations. Adding stop-based risks does not capture every tail event. Consider stops filling worse simultaneously or a venue failing. Moving a stop to entry also does not make risk literally zero once gaps and costs are considered.