How to Identify Higher Highs and Higher Lows in a Bullish Market

Higher Highs **(HH)** and Higher Lows **(HL)** are fundamental components of trend analysis in bullish markets.

These structures indicate the **strength** of price movements and the **tendency** for the trend to **continue**; HL and HH act as critical points for **entering** and **exiting** trades.



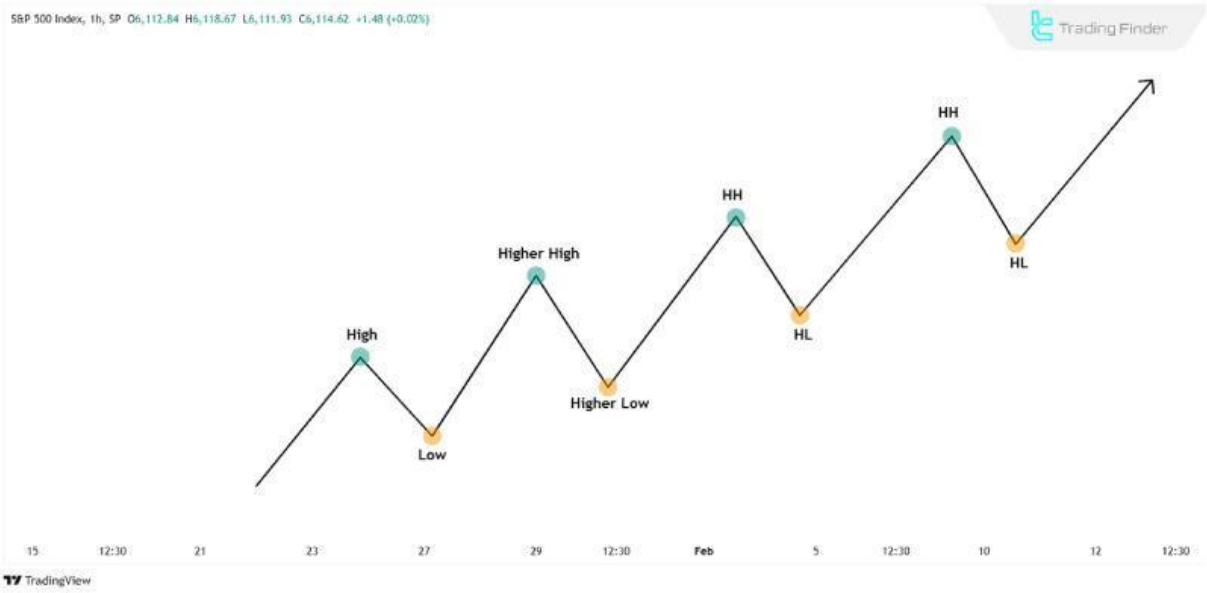
However, identifying these structures requires a deep understanding of **Smart Money concepts** (SMC), such as **Break of Structure (BOS)**, **Change of Character (CHOCH)**, and **Inducement**.

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What Are Higher Highs and Higher Lows?

Higher Highs (HH) and **Higher Lows (HL)** are **two** concepts in technical analysis used to **identify** and **confirm** bullish trends in markets:

- **Higher High (HH):** This occurs when a **new high** on the chart surpasses the previous high. It indicates the **continued strength** of **buyers** in the market and serves as a signal for an uptrend.
- **Higher Low (HL):** This occurs when a **new low** is **higher** than the **previous low**. It demonstrates sellers' failure to push the price **below** the prior low and confirms the validity of the ongoing uptrend.



Higher Highs (HH) & Higher Lows (HL) in Bullish market

These two concepts create an upward structure that signifies buyer **dominance** and **trend continuation**.

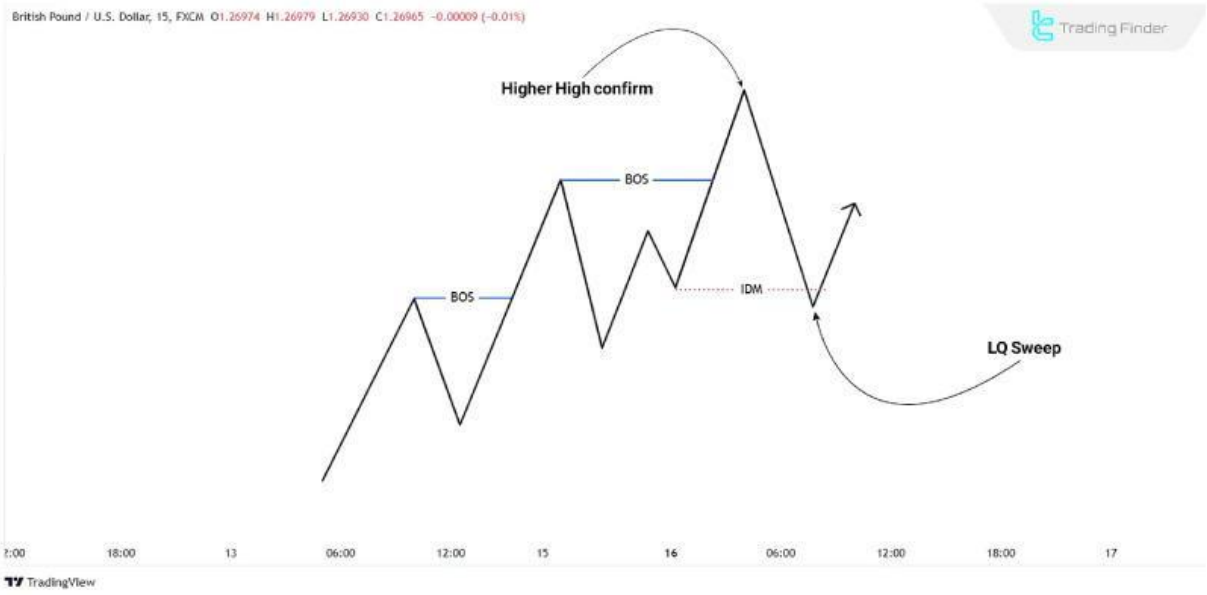
Identifying these patterns is crucial as they allow traders to pinpoint **entry points** for buy positions and **identify** suitable areas to place **stop losses**.

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How to Identify Higher Highs in a Bullish Market?

Although price creates **higher highs** in a **bullish** market, not all are considered structural highs! **Guide to identify valid Higher Highs (HH) in a bullish market**:

1. Start by identifying **Inducement (IDM)**.
2. After detecting the Inducement, wait for the price to form a **swing high** and **pullback** to **sweep** the Inducement.
3. When the price collects the **Inducement**, the **last swing high** before the collection is considered the valid **Higher High**.



When these conditions happen, a True Structural Higher High Is confirmable

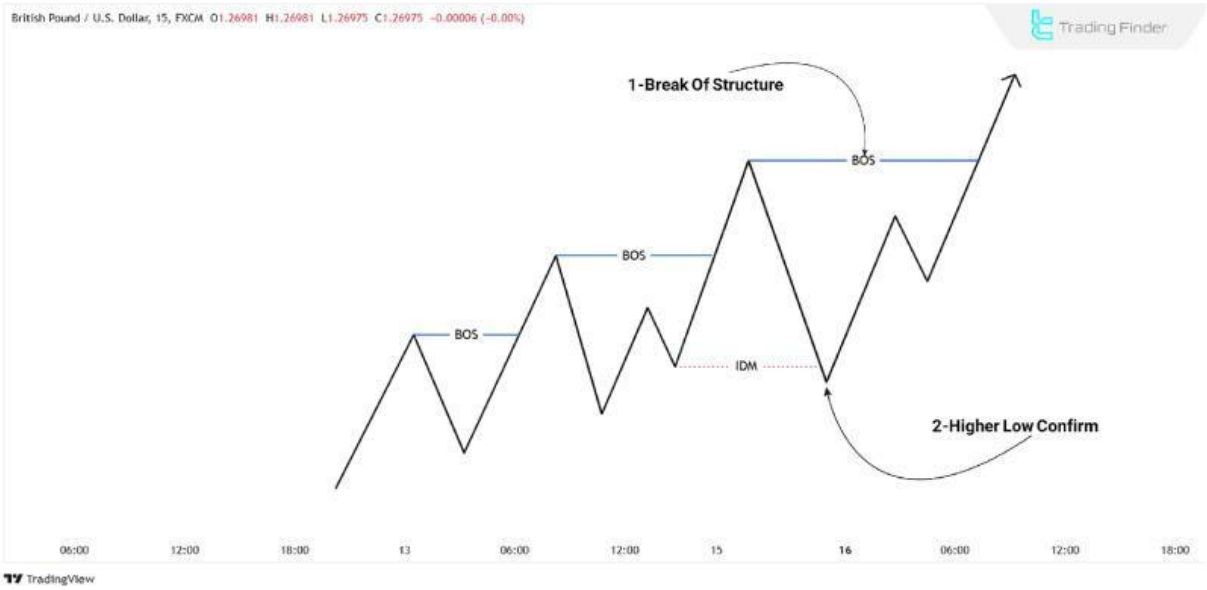
When the price breaks a Higher High, this is called a **Break of Structure (BOS)**. With each price break, look for **Inducement sweeps** to confirm the Higher High.

Guide to Identify Higher Lows in a Bullish Market

Even though prices create **higher lows** in a **bullish** market, not every low is a valid **Higher Low**. Follow these steps to confirm a valid **Higher Low (HL)**:

1. Look for swing lows forming during **Inducement sweeps** by the price.
2. After forming the **swing low**, the price rises and breaks the previous **high**, the last swing **low** is marked as a **valid Higher Low**.

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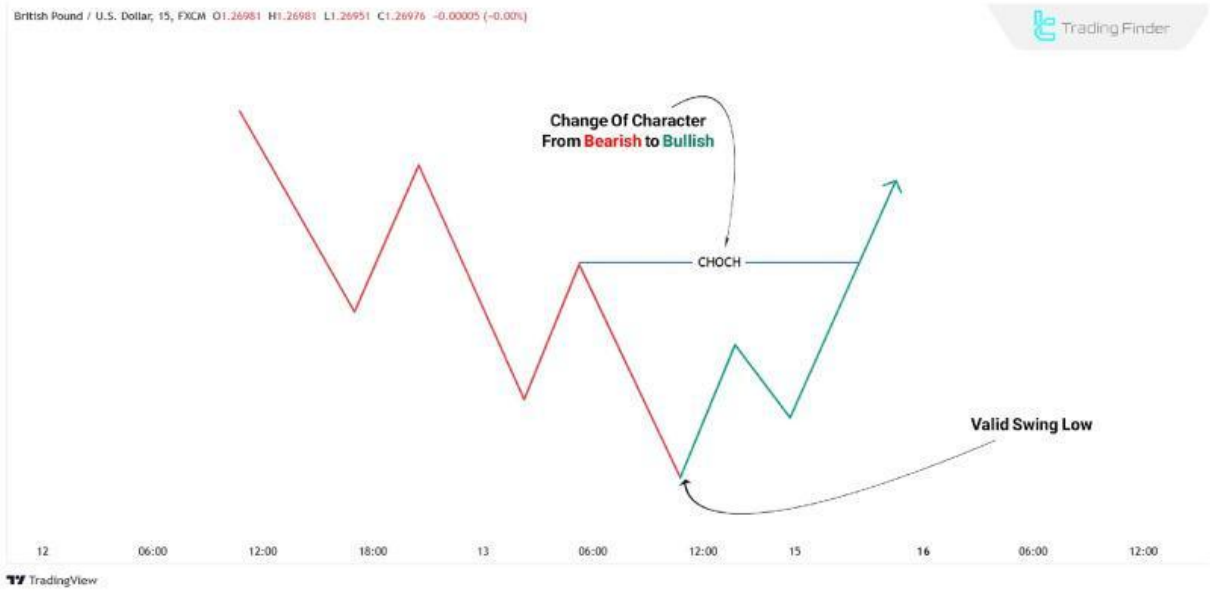
Conditions to Confirm a True Structural Higher Low

Identify Higher Lows by finding Break of Structure (BOS) **upwards** and liquidity sweeps to confirm their validity.

How to Identify Structural Lows After a Bullish CHOCH?

To identify a structural low after a bullish **Change of Character (CHOCH)**, follow the steps below**:**

1. Mark the **lowest low** created before the CHOCH.
2. When the market transitions from bearish to bullish, the **lowest low** of the bearish trend is marked as the structural low since the bullish trend begins from there.



How to Identify Valid Lows and Higher Lows (HL) After CHOCH

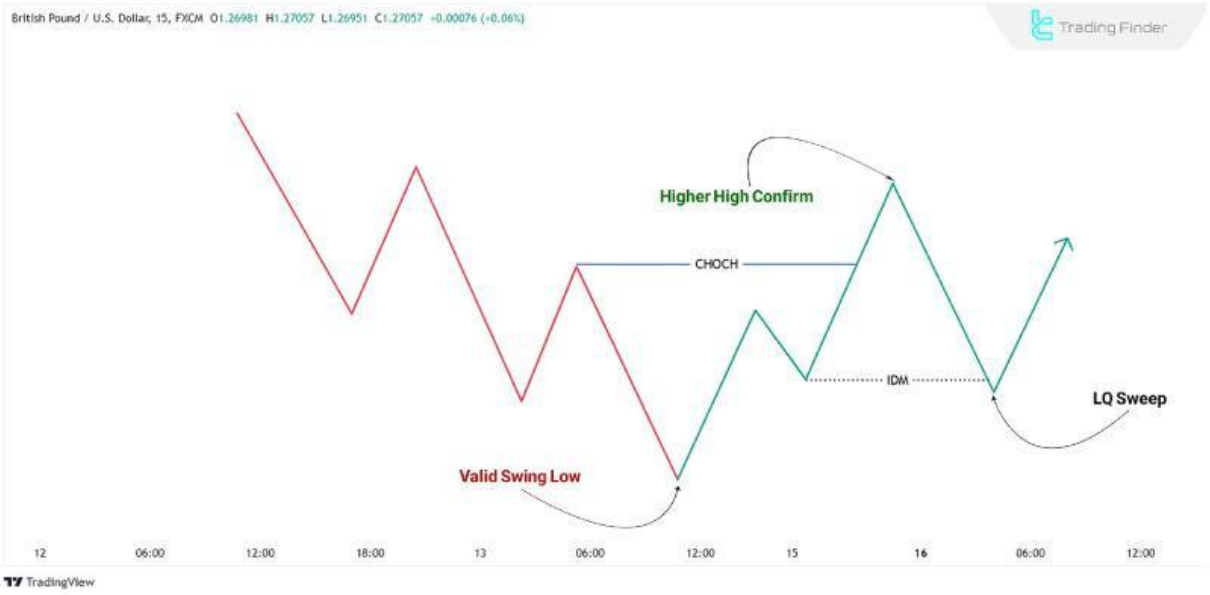
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After every Break of Structure, locate **Inducement sweeps** and the subsequent **upward** BOS to confirm the Higher Low.

Guide to Identify Structural Highs After a Bullish CHOCH

CHOCH signifies a change of character; therefore, mark the **Higher Highs** accordingly when the market transitions from a **bearish** to a **bullish** trend. **To identify a structural high after a bullish CHOCH:**

1. Detect **Inducement (IDM)**
2. Wait for a **swing high** to form
3. After the swing high is formed and the price sweeps the Inducement, the last swing high is **marked** as the **valid structural high**



Identifying Higher Highs (HH) After a Bullish CHOCH

Find the **Inducement sweeps** after every Break of Structure to confirm the Higher High (HH).

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Can We Mark a Higher High and Higher Low Without Inducement Sweeps?

No! The **Inducement Sweep (IDM Sweep)** is essential to validate a Higher High.

Beside that, to confirm a Higher Low, both **Inducement Sweeps (IDM Sweep)** and an upward Break of Structure are required.

Conclusion

Higher Highs (HH) and lower lows (HL) in a bullish market signify market strength and the tendency to **continue** the uptrend.

Understanding concepts like **Break of Structure (BOS)**, **Change of Character (CHOCH)**, and **Induction is essential to identifying these key points**, as not every high or low on the price chart is inherently valid and requires confirmation.

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