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**.

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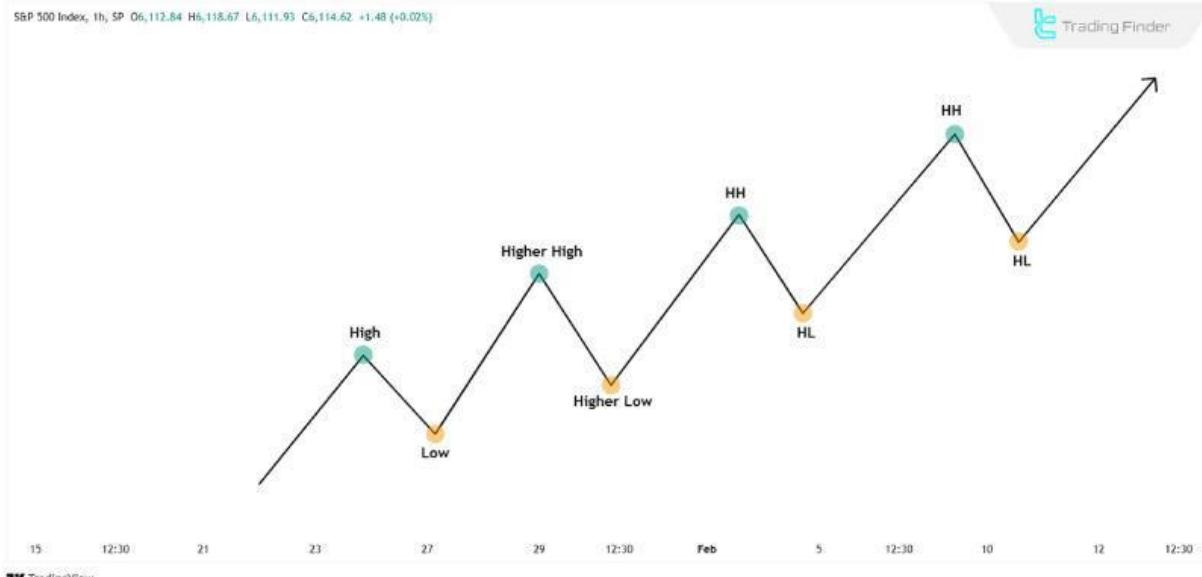
These two concepts create an upward structure that signifies buyer **dominance** and **trend continuation**.

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

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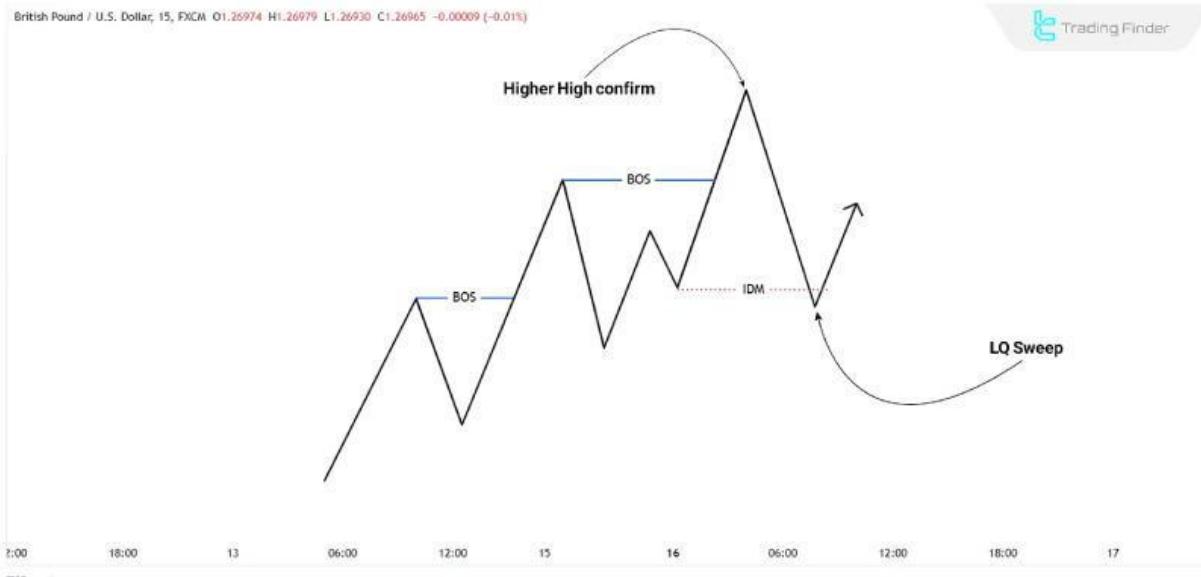
When these conditions happen, a True Structural Higher High Is confirmable

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**.
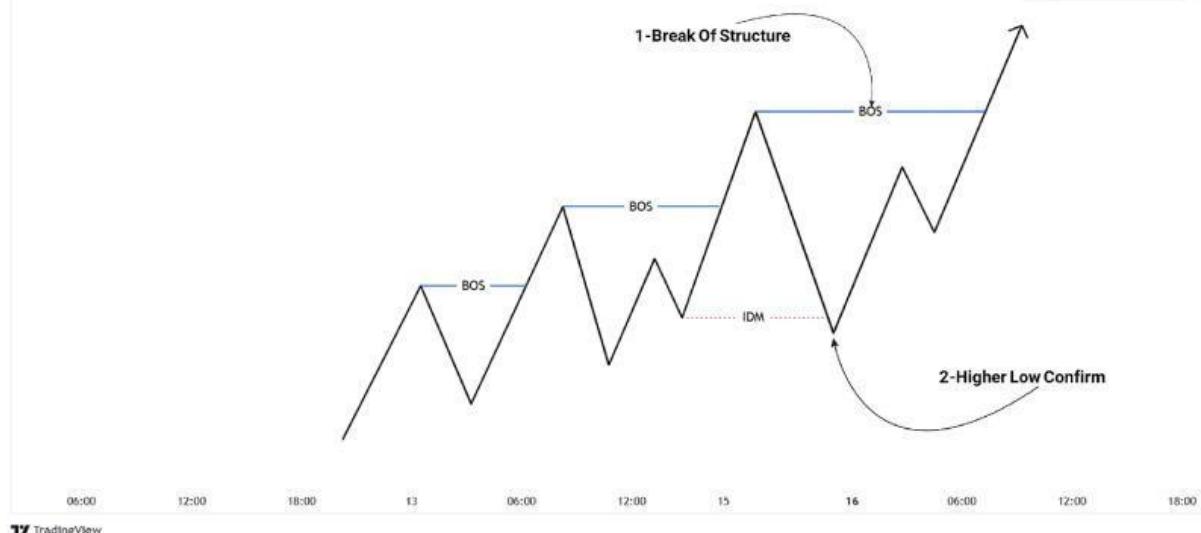
Conditions to Confirm a True Structural Higher Low

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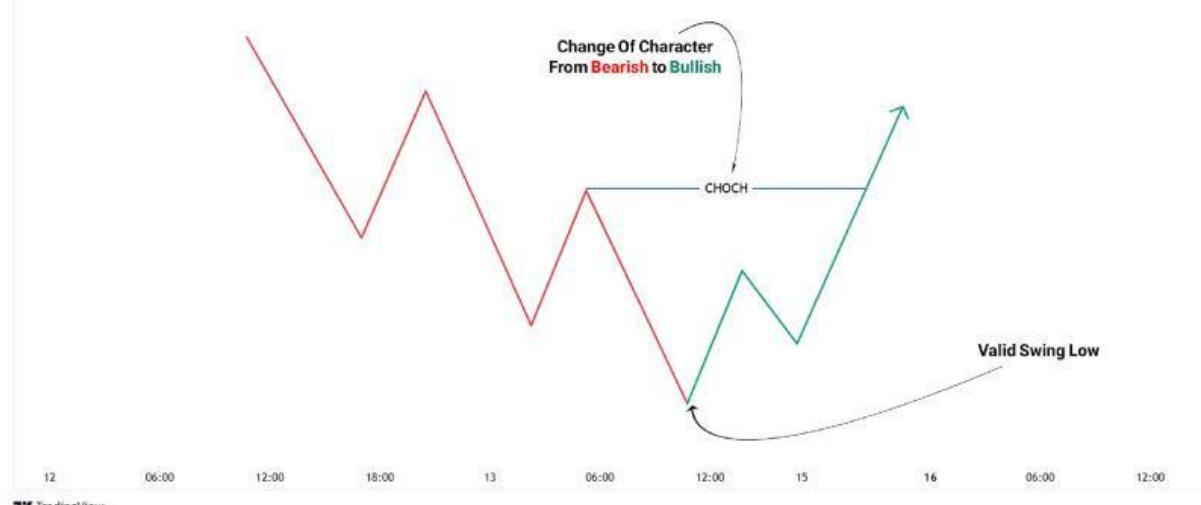
How to Identify Valid Lows and Higher Lows (HL) After CHOCH

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**
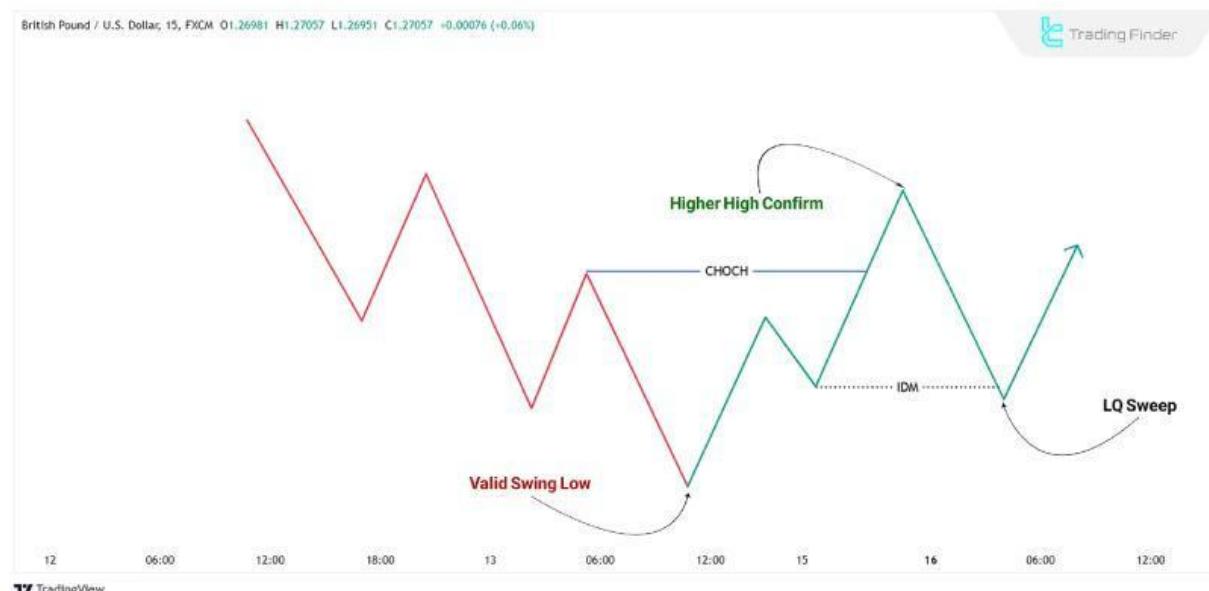
Identifying Higher Highs (HH) After a Bullish CHOCH

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

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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