

What is the Concept of ICT Implied Fair Value Gap (IFVG) in ICT?

Implied Fair Value Gap (IFVG) is a significant imbalance area in **ICT Style**, indicating potential price trend reversals in financial markets.



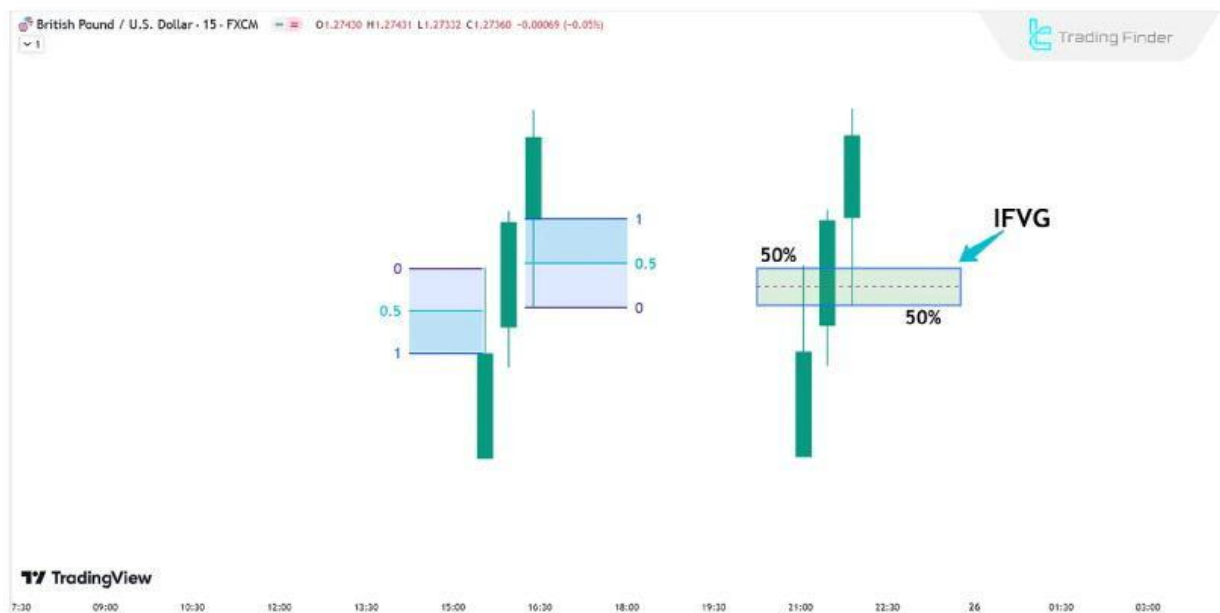
Unlike **most Fair Value Gaps (FVG)**, the **IFVG** refers to a subtle area where a price **imbalance** exists, but **no clear and visible gap** is formed.

What is the Implied Fair Value Gap (IFVG)?

The **IFVG** is a pattern composed of three candlesticks:

- ⚡ A middle candlestick with a large body
- ⚡ The preceding and succeeding candlesticks, where their **wicks** overlap the **body** of the middle candlestick
- ⚡ In fact, this gap is a type of standard **Fair Value Gap** (FVG) that, despite becoming invalid in a particular direction, still remains a valuable supply or demand zone in the opposite direction.

This structure suggests that no explicit gap exists between the candles, yet it is still considered an area of price adjustment.



The structure of a Bullish IFVG and guide to marking it using Fibonacci tool

How to Identify IFVG?

Identifying the **IFVG** involves four steps that should be followed sequentially:

#1 Observe Price Movements

Begin by identifying sharp price movements. Look for candlesticks with large bodies, as they indicate rapid and significant changes in market structure.

#2 Analyze Adjacent Candlesticks

After identifying a large candlestick, examine its adjacent candlesticks (the one before and the one after).

If the shadows of these candlesticks overlap the large body's range, this overlap is recognized as the **Implied Fair Value Gap (IFVG)**.

#3 Use Fibonacci Tool

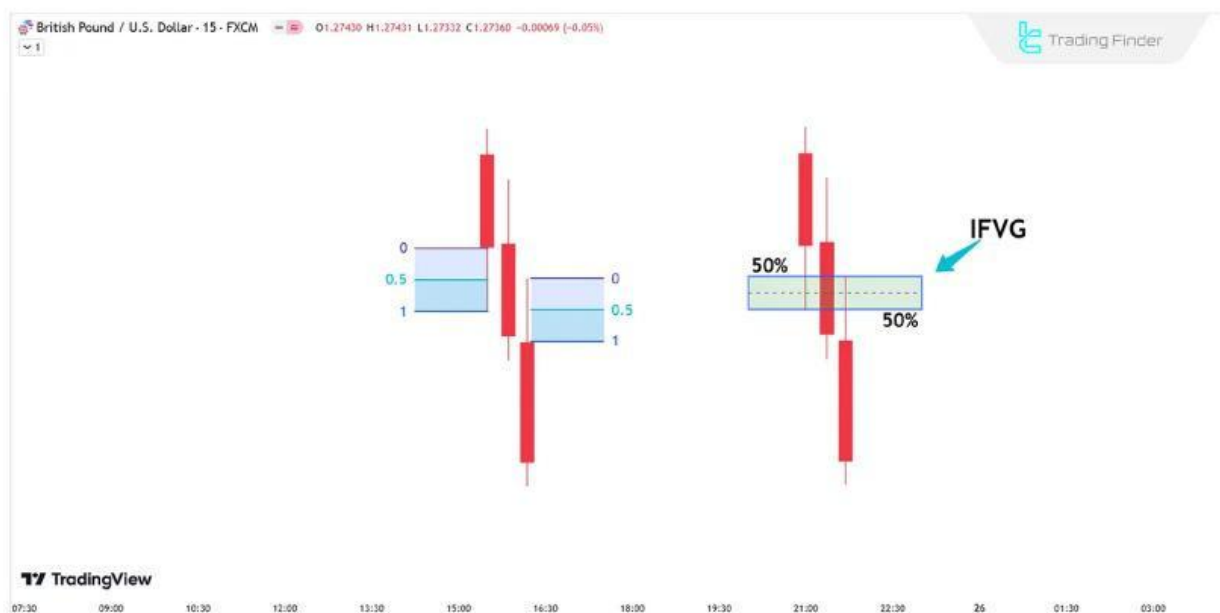
To pinpoint the **IFVG** more accurately, apply the Fibonacci tool:

⚡ **Bullish pattern:** Calculate 50% of the **upper wick** of the first candle and 50% of the **lower wick** on the third candle.

⚡ **Bearish pattern:** Calculate 50% of the **lower wick** of the first candle and 50% of the **upper wick** on the third candle.

#4 Finalize the IFVG Identification

The gap **between** the calculated levels (using the Fibonacci tool) is defined as the **IFVG**. This zone serves as a favorable area for **price reversal** and helps in identifying market movements.



The structure of a Bearish IFVG and how to marking it using Fibonacci tool

Note: To simplify the identification of Implied Fair Value Gaps (IFVG), traders can use the indicator developed by the [TFlab] team:

- ⚡ TradingView version of the IFVG indicator
- ⚡ MetaTrader 4 version of the IFVG indicator
- ⚡ MetaTrader 5 version of the IFVG indicator

What is The Importance of IFVG in Trading?

The **Implied Fair Value Gap (IFVG)** has specific applications, including:

- ⚡ Identifying **hidden price adjustment zones** that are not visible to most retail traders
- ⚡ Optimizing **entry and exit points** for trades
- ⚡ Enhancing the accuracy of trading strategies when combined with concepts like **Order Blocks** and **market structure** analysis



How a Bearish Implied Fair Value Gap (IFVG) functions and the price reaction to it.

In the image below, a bullish example of an optimized Fair Value Gap is visible:



How a Bullish Implied Fair Value Gap (IFVG) functions and the price reaction to it

Conclusion

The **ICT Implied Fair Value Gap (IFVG)** is a concept within the ICT methodology that identifies hidden price **imbalance areas**. These zones are used as key points for trade **entries** and **exits**.

This type of **fair value gap** is identified by analyzing **large candlesticks** and observing the **overlapping wicks** of adjacent candles, offering an opportunity to capitalize on **market structure** changes.

Sources:

1. our website link :

<https://tradingfinder.com/education/forex/ict-implied-fair-value-gap/>

2.all education :

<https://tradingfinder.com/education/forex/>



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