# Top-Down Analysis in ICT Trading [Analysis of Different Timeframes]

**Top-Down Analysis** is a structured method in **ICT trading style** that helps traders **identify market trends and key entry points** by analyzing multiple timeframes.


Comprehensive Top-Down Analysis guide in ICT

This approach allows traders to align their trades with the **daily bias** and reduce risk.

## What is Top-Down Analysis?

Top-Down Analysis involves **starting from higher timeframes** to identify macro trends and key price levels, then gradually narrowing down to **lower timeframes** for more precise trade entries.
This method enhances **market understanding**, improves **decision-making**, and **reduces trade risk**.

## Benefits of Top-Down Analysis

The Advantages of Top-Down Analysis Are:

- **Market Structure:** Provides a clear view of **market structure** and trends
- **High Accuracy:** Helps pinpoint precise entry and exit levels
- **Risk Management:** Aligning trades with higher timeframe trends lowers risk exposure

## How to Perform Top-Down Analysis?

Traders start by analyzing **higher timeframes** to define the market **bias**, then zoom into **lower timeframes** to refine their **trade execution**.

### #1 Daily Timeframe (D1)

The method for analyzing the daily timeframe is as follows:

- Identify **key levels** such as **Order Blocks** **(OBs)**, **Fair Value Gaps** **(FVGs)**, and previous highs/lows
- Highlight **important zones**, including support, resistance, and liquidity areas

### #2 4-Hour Timeframe (H4)

The approach to analyzing the 4h timeframe is as follows:

- Confirm **key levels** from the daily timeframe
- Focus on **FVGs or blocks** that align with daily structure
- Consider session-based analysis (e.g., New York Kill Zone)

### #3 1-Hour Timeframe (H1)

The process for examining the 1h timeframe is outlined below:

- Validate how **higher timeframe zones** interact with the **current price action**
- While H1 may not always provide new insights, it **helps confirm market bias**

## #4 15-Minute Timeframe (M15)

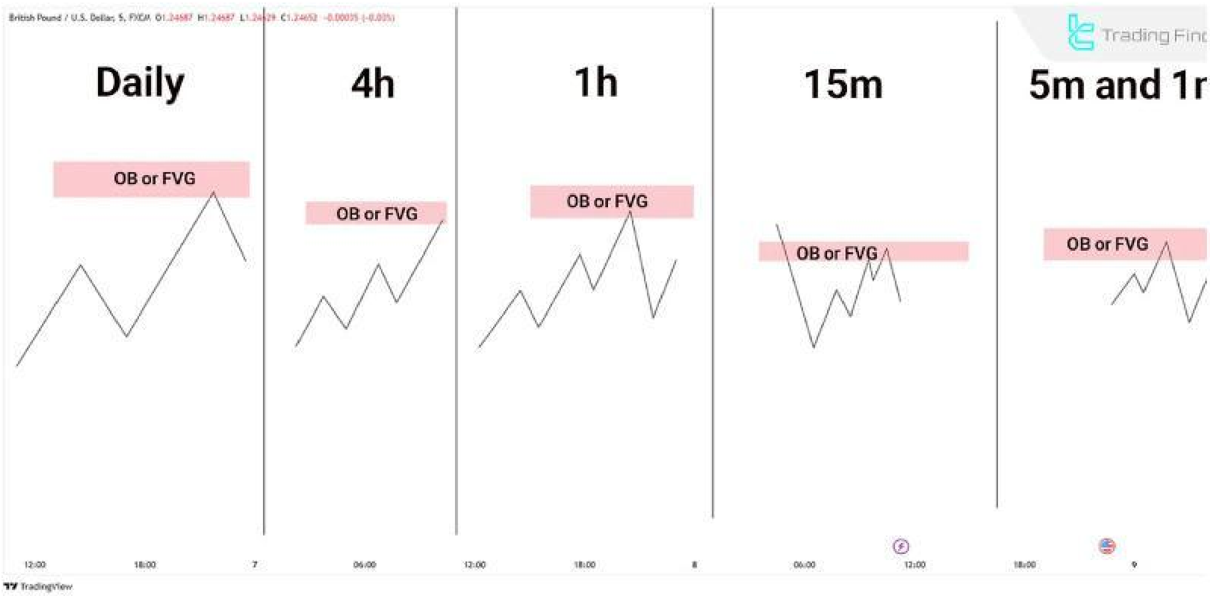
Here is the method used to analyze the 15m timeframe:

- Observe how price interacts with marked zones from higher timeframes
- Identify liquidity grabs, displacement moves, or FVG reactions.

## #5 Lower Timeframes (M5 & M1)

The following steps describe how to analyze the Lower Timeframes:

- Look for **precise entry triggers**, including FVG rejections and market structure shifts
- Consider setups like **Break of Structure** **(BOS)**, Change of Character (CHOCH), or **Mitigation Blocks**
- Use lower timeframes to minimize risk and optimize trade execution




A visual breakdown of Top-Down Analysis from higher to lower timeframes

## Example of Using Top-Down Analysis

In a GBP/USD chart, the **Order Block (OB)** and **Fair Value Gap** (FVG) are first identified in higher timeframes.

On the lower timeframes (M1), price confirms a **market structure shift**, and upon reaching the **OB or FVG**, an **entry opportunity** is revealed.


Trade Example Using Top-Down Analysis on GBP/USD Chart

## Conclusion

Top-Down Analysis is a **structured approach** for identifying market trends and finding high-probability trade setups.

By **starting from higher timeframes** and moving **down to lower timeframes**, traders can reduce risk**,** refine their trade execution, and improve accuracy.

This method is widely applicable in the **Forex Market**, **stocks**, **crypto**, **and commodities**, using tools such as trendlines, support & resistance, technical indicators, and market structure analysis.

**Source:**

**Our website link :**

**https://tradingfinder.com/education/forex/ict-top-down-analysis/**

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