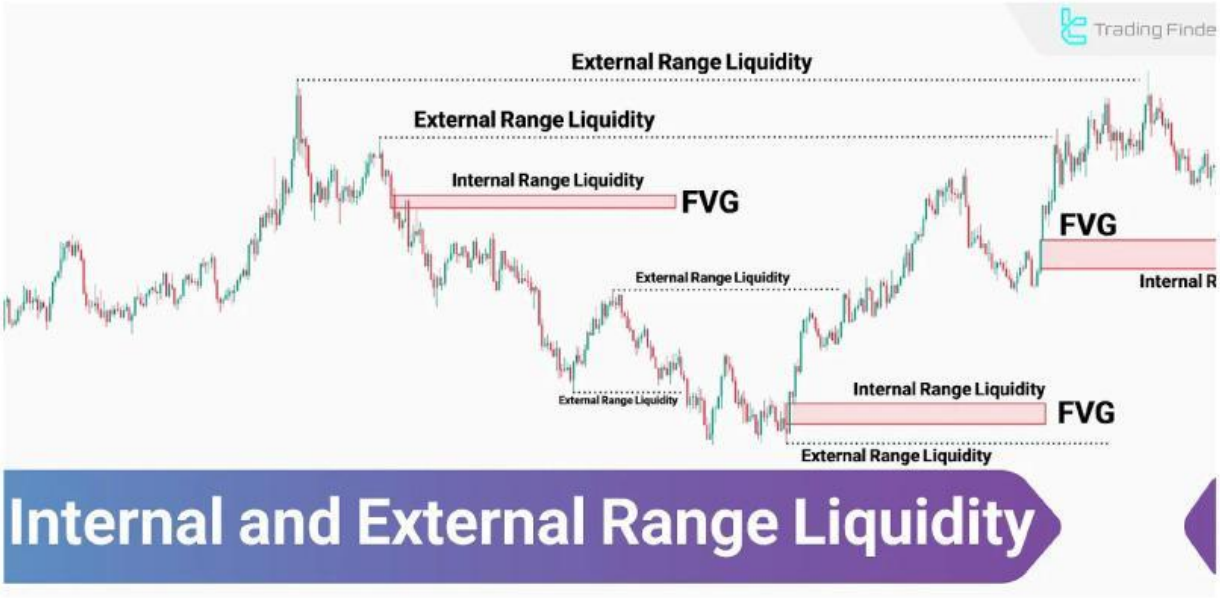
Learn IRL & ERL in ICT; Internal and External Range Liquidity

In the **ICT Style**, price movement in financial markets is shaped solely towards **liquidity**; In this context, liquidity is divided into two categories of **Internal Range Liquidity (IRL)** and **External Range Liquidity (ERL)**.

Internal Range Liquidity (IRL) refers to **Fair Value Gaps (FVGs)** within a **range**, while External Range Liquidity (ERL) refers to **Old Highs** and **Old Lows**.



An overview of ICT Internal and External Range Liquidity, showing some examples of these concepts on the chart

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How Does Price Move According to ICT?

According to this style, prices in financial markets move solely to gather **liquidity** and adjust **imbalance zones** such as **Fair Value Gaps (FVGs).**

The creator of the **ICT style** views the market as moving **algorithmically**, driven toward areas of liquidity regardless of **patterns** or **analyses** from other technical styles.

What is a Dealing Range in ICT?

This concept refers to the space between a **Swing High** and a **Swing Low**, forming a price movement step.

Within this range, various levels and areas exist, including **Fair Value Gaps (FVGs)**, **Order Blocks**, and **liquidity levels** related to short-term **highs** and **lows**.



A schematic of a Dealing Range showing Internal Range Liquidity (IRL) and External Range Liquidity (ERL)

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What Are Internal and External Range Liquidity?

Internal range liquidity represents trapped orders within a **swing**, while external range liquidity targets **breakout** traders and **stop hunts**.

Internal Range Liquidity (IRL)

Internal Range Liquidity (IRL) refers to **Fair Value Gaps** (FVGs) formed within a **price range**, where each gap represents an imbalance and a liquidity target that attracts market movement.



Internal Range Liquidity (IRL) or Fair Value Gaps (FVG), with four examples identified in a price movement step

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External Range Liquidity (ERL)

External Range Liquidity (ERL) refers to the levels above **Old Highs** and below **Old Lows**; Retail traders perceive these levels as **resistance or support** due to the high concentration of **stop orders**.

This liquidity attracts the market, making these areas prime targets for **stop hunts**.



External Range Liquidity (ERL) or Old Highs and Lows, with two examples marked in a price movement step

How Does Price Move Towards Liquidity?

In ICT analysis, price movement in the market is algorithmically drawn towards liquidity. When the market reaches an **Internal Range Liquidity (IRL)**, it will be drawn towards an **External Range Liquidity (ERL)**. Conversely, after reaching an **External Range Liquidity (ERL)**, the market is drawn back towards an **Internal Range Liquidity (IRL)**. This cycle occurs constantly.

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What Are the Applications of Internal (IRL) and External (ERL) Liquidity Concepts?

By applying IRL and ERL effectively, traders can refine their approach to **Identifying Daily Bias** while ensuring **Precise and Optimized Trading**, aligning their entries with liquidity cycles and institutional **order flow**.

Identifying Daily Bias

Traders can determine the overall **market direction** and **daily bias** by using internal and external liquidity concepts in higher timeframes such as **monthly**, **weekly**, and **daily** charts.

Precise and Optimized Trading

Applying this concept in timeframes lower than 4 hours helps traders accurately identify optimal areas to enter trades. Additionally, stop loss and take profit levels can be set more precisely using these concepts.

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Conclusion

The concepts of **Internal Range Liquidity (IRL)** and **External Range Liquidity (ERL)** in ICT style refer to **Fair Value Gaps (FVGs)** and **Old Highs** and **Lows** that act as liquidity-attracting zones.

In this approach, price moves **algorithmically** to collect **liquidity** and **fill gaps** between IRL and ERL. The continuous interaction between these liquidity ranges forms the foundation of this analysis, guiding market direction and enabling precise **entry** and **exit** points in trades.

Sources:

Our Website Link :

https://tradingfinder.com/education/forex/ict-internal-and-external-range-liquidity/

All Education :

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

TradingFinder Support Team (Telgram):

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