

Learning to to Market Structure Shift (MSS) and Change of Character (CHoCH) in ICT

In **ICT style**, **Market Structure Shift (MSS)** and **Change of Character (CHoCH)**, are two key concepts and powerful tools for identifying **trend changes**.

While these two concepts share similarities, they serve **different purposes** and roles in **market structure analysis**.



Comparison of Market Structure Shift (MSS) & Change Of Character (CHoCH)

What Is Market Structure Shift (MSS) and Its Application?

Market Structure Shift (MSS) refers to a **short-term change** in price direction accompanied by a break of significant **Swing Highs** or **Swing Lows**.

This event indicates a **temporary shift** in price movement and is sometimes considered an **early warning** of a potential long-term trend reversal.

What Are the Applications of MSS?

- ⚡ **Indicates Temporary Change:** It primarily signals a **short-term trend change** and does not always indicate a complete reversal of market direction
- ⚡ **Tool for Early Confirmation:** MSS is often used as an **initial signal** that might lead to a **Change of Character (CHoCH)**

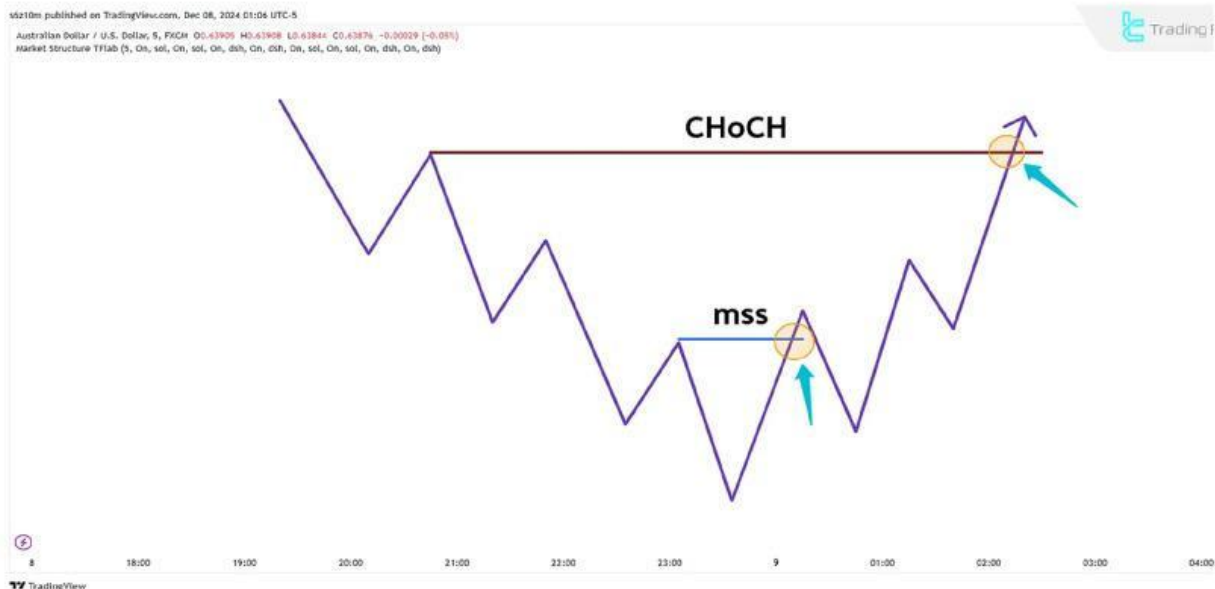
Types of MSS

- ⚡ **Bullish MSS:** A break of **Swing High** indicates that the market is **temporarily shifting** towards an **uptrend** or **buying pressure**
- ⚡ **Bearish MSS:** A break of **Swing Low** indicates that the market is **temporarily shifting** towards a **downtrend** or **selling pressure**

Why Is MSS Important?

MSS allows traders to identify **short-term market shifts** more quickly and act with greater precision when entering or exiting trades.

It is particularly valuable for **early confirmation** of market structure changes.



The formation and comparison of MSS and CHoCH, where market structure changes occur after a shift in character during a bullish phase.

Below is a real example of **market structure change** and **character shift** during a bullish market:



A practical example comparing MSS and CHoCH during a bullish market, highlighting the difference between these two concepts

What Is Change of Character (CHoCH) and Its Application?

Change of Character (CHoCH) refers to a **long-term change** in trend direction. **CHoCH** occurs when the current market structure is broken, and price direction **fully shifts** (e.g., from bullish to bearish or vice versa).

Applications of CHoCH

⚡ **Indicates Trend Reversal:** **CHoCH** signifies a break of a **key structural point** in the market, reflecting the **beginning of a new trend**.

Types of CHoCH

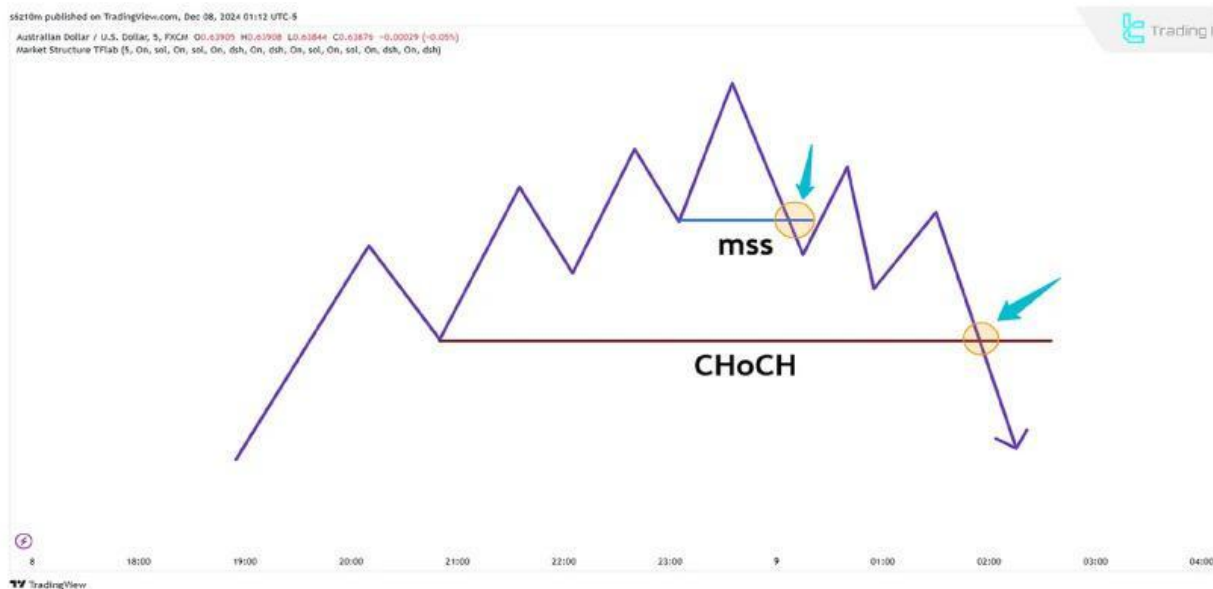
⚡ **Bearish CHoCH:** After an uptrend, **CHoCH** occurs when the price breaks below the previous **Higher Low (HL)** and forms a new **Lower Low (LL)**

⚡ **Bullish CHoCH:** After a downtrend, **CHoCH** occurs when the price breaks above the previous **Lower High (LH)** and forms a new **Higher High (HH)**

Why Is CHoCH Important?

CHoCH helps traders identify **major market shifts** and align their strategies with the **new trend**.

It is regarded as a **powerful signal** for trend reversals.



The formation and comparison of MSS and CHoCH, where market structure changes occur after a shift in character during a bearish phase

Below is a real example of **market structure change** and **character shift** during a bearish market:



A practical example comparing MSS and CHoCH during a bearish market, highlighting the difference between these two concepts.

Note: To simplify **market structure (Market Structure)** identification, traders can use the **indicator** developed by the **[TFlab]** team:

- ⚡ **TradingView Version** of the **Market Structure Indicator**
- ⚡ [MetaTrader 4 Version of the Market Structure Indicator](#)
- ⚡ [MetaTrader 5 Version of the Market Structure Indicator](#)

Comparison of MSS and CHoCH in a Table

The major differences between **Market Structure Shift (MSS)** and **Change of Character (CHoCH)** are summarized in the following table:

| Parameters | MSS | CHoCH |
|------------------------|---|---|
| Type of Change | Short-term change | Long-term change |
| Location of Occurrence | At Swing Points | At Key Structure Points |
| Potential Outcome | May lead to CHoCH | Indicates a full trend reversal |
| Importance in Analysis | Initial signal of temporary shifts | Strong signal of long-term changes |
| Primary Application | Identifies minor changes for trade entry | Detects major market direction shifts |

How to Use MSS and CHoCH in Trading?

To use these two concepts in trading, follow the steps below:

1. Identify Market Structure Shifts (MSS):

- ⚡ Analyze the chart to locate **Swing Highs** and **Swing Lows**
- ⚡ If a **Swing High** or **Swing Low** is broken, **MSS** has occurred

2. Identify Change of Character (CHoCH):

- ⚡ Identify the **key structural points** in the market
- ⚡ If the price breaks these points and starts a **new trend**, **CHoCH** has occurred

3. Combine MSS and CHoCH:

- ⚡ Use **MSS** as an **initial signal**
- ⚡ If **MSS** is confirmed and structure fully breaks, consider it as a trade entry opportunity

Conclusion

The concepts of **Market Structure Shift (MSS)** and **Change of Character (CHoCH)** are powerful tools for identifying trend changes in the market.

MSS acts as an **early signal** for short-term shifts, while **CHoCH** indicates a **long-term trend reversal**.

Combining these two concepts can improve the precision of trading strategies by enhancing the analysis of market structure.

source:

1.our website link :

<https://tradingfinder.com/education/forex/ict-mss-choch/>

2.all Education :

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

3.TradingFinder Support Team (Telgram):

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