Swing Highs in ICT style - Trading Tutorial

A swing high refers to the **highest** price level that forms after an upward move and is followed by a **downward** market movement.

Swing Highs in ICT trading

This area signals the beginning of a price correction or a major trend reversal.

What is Swing High?

A swing high is a point in the market where the trend direction changes after **reaching** a peak price, and a downward move begins.

This pattern is commonly **observed** in technical analysis [especially in the **ICT style**] across various timeframes and helps understand market structure changes.

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Swing High Structure

The swing high pattern resembles a **triangle** and is composed of **three candles**. The second candle has a **higher high** than the first and third candles, while the first and third candles have **lower lows** compared to the second candle.

The pattern indicates the start of a **bearish move** and is used in market analysis to identify trend changes.

How the Swing High structure forms

How to Identify a Swing High?

To identify a swing high, follow this step-by-step instruction:

1. **Identify the highest price point:** Mark the highest point that the price has reached;
2. **Select the middle candle:** Mark the candle formed at this point;
3. **Examine surrounding candles:** The highs of the left and right candles must be lower than the high of the middle candle;
4. **Confirm the swing high:** If the above conditions are met, the middle candle is recognized as a swing high.

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How to identify a swing high and its stages on the EUR/USD chart

How to Trade with Swing Highs

Trading based on swing highs can be done as follows:

1. **Identify the swing high on the chart:** It usually forms in market resistance areas and is easily visible on the chart;
2. **Examine the bearish trend:** In a downtrend, after forming a swing high and breaking the support level, conditions are set for a sell trade;
3. **Set the stop loss:** The stop loss should be placed above the swing high to prevent excessive risk;
4. **Set the take profit:** Place the take profit near the next support level to define your trading targets.

How to trade using swing high patterns

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What Are the Applications of Swing Highs?

Swing highs can be used to identify **support** and **resistance** levels (that act as **Liquidity in Forex**). Additionally, other applications of swing highs include:

#1 The Role of Swing Highs in Trend Analysis

Swing highs are one of the key methods for **evaluating** market trend changes and strength.

#2 Downtrend with Lower Swing Highs

When swing highs form at lower levels (forming Lower Highs), it indicates **weakening** buyer strength and the potential continuation of a downtrend.

#3 Uptrend with Higher Swing Highs

If swing highs appear at higher levels than before (forming **Higher Highs**), this pattern indicates the **strengthening** of the uptrend.

#4 Distance Between Swing Highs

Analyzing the distance between swing highs provides valuable insights into the **speed** and **intensity** of the trend, aiding in a better understanding of market structure.

#5 Swing High as a Key Point

These points often mark significant **market changes**, reflecting the **start** or **end** of a price trend.

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Where Do Swing Highs Form?

Unlike **swing lows**, swing highs form at market points where the price encounters **resistance** and, under **selling pressure**, halts its upward movement.

- **In uptrends:** Swing highs mark temporary price halts and the start of a corrective move downward;
- **In downtrends:** Forming swing highs leads to continued price declines, pushing the market to lower levels.

source:

1.our website link :
https://tradingfinder.com/education/forex/ict-swing-high/

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