FVG (Fair Value Gap) in ICT Style - [Best Markets for FVG]

Fair Value Gap or **ICT FVG** is a three-candle pattern that creates an empty or unreturned zone between the first candle's high and the third candle's low.



FVG (Fair Value Gap) in ICT Style

This zone represents an imbalance between buyers and sellers and acts as a support or resistance level.

How is FVG Formed?

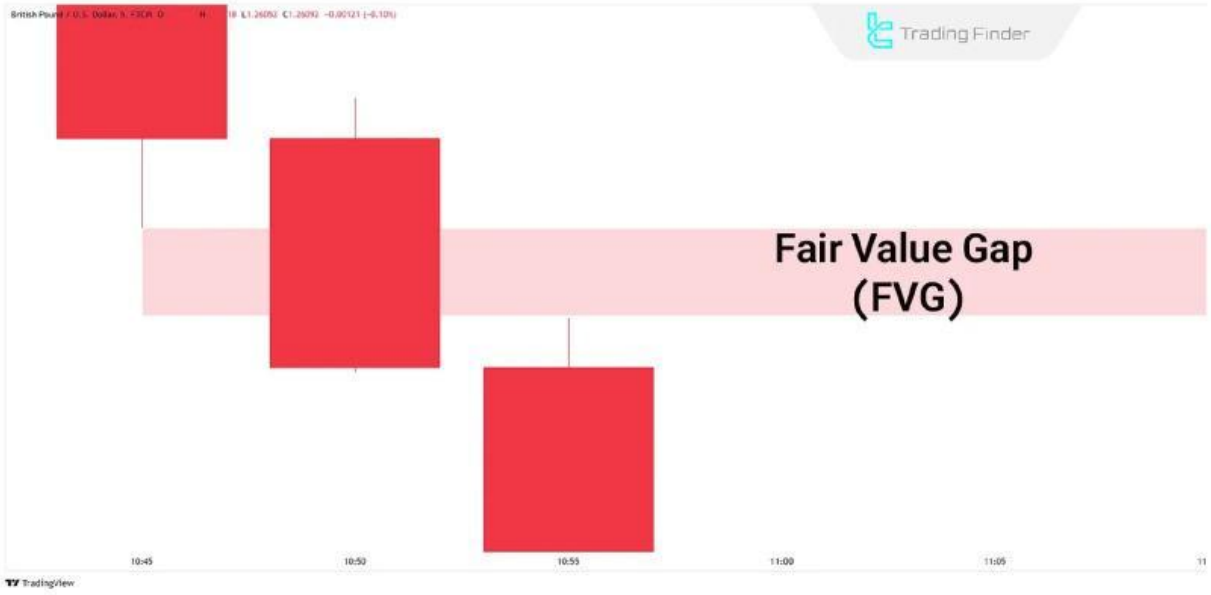
FVG forms when the price does not fully return to the zone between the first and third candles and remains unreturned. This area is thus referred to as a **Fair Value Gap**.

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How Fair Value Gap (FVG) forms a bullish trend.

Fair Value Gap represents price imbalance and acts as a support or resistance zone on the chart.



How Fair Value Gap (FVG) forms a bearish trend

How Does FVG Work?

This gap works like a magnet, returning the price to restore balance. The price resumes its primary trend once the gap is revisited and corrected.

Simply put, FVG is an empty area on the chart that the price typically revisits before continuing its previous direction.

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Types of FVG

Based on price movement, **ICT FVG** can be categorized into two types:

#1 Bullish Fair Value Gap

In a bullish market, a three-candle pattern may create a price gap. Bullish FVG f orms when:

- The second candle has a large body;
- There is a gap between the first candle's high and the third candle's low.

This gap usually acts as strong support. The price often revisits this gap (to fill it) then continues its upward movement.



How Fair Value Gap (FVG) works in a bullish trend.

#2 Bearish Fair Value Gap

In a bearish market, a three-candle pattern may create a price gap. Bearish FVG forms when:

- The second candle has a large body;
- There is a gap between the first candle's low and the third candle's high.

This gap acts as strong resistance. The price often revisits this gap (to fill it) and then resumes its downward movement.

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How Fair Value Gap (FVG) works in a bearish trend.

How to Trade Using FVG in ICT?

To trade using **Fair Value Gap (FVG)** in ICT, follow these steps:

#1 Determine the Market Trend

- In an uptrend, prices form higher highs and higher lows;
- In a downtrend, prices form lower highs and lower lows.

#2 Identify Premium and Discount Zones

To Utilize Fair Value Gaps (FVG) in Trading, One Can Use **Premium and Discount Zones**:

- In a downtrend, traders locate FVG in the Premium Zone;
- In an uptrend, traders locate FVG in the Discount Zone.

#3 Identify the Significant Candle

- Find a candle with a large body and small wicks;
- Look for a strong bullish candle with a wide range in an uptrend;
- In a downtrend, look for a strong, bearish candle with a wide range.

#4 Analyze Surrounding Candles

Examine the candles before and after the significant candle. These should not overlap with the large candle's body. Such a structure confirms the presence of FVG between the wicks of the first and third candles.

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#5 Mark the Fair Value Gap (FVG)

- In an uptrend, FVG is the gap between the first candle's high and the third candle's low;
- In a downtrend, FVG is the gap between the first candle's low and the third candle's high.

#6 Enter the Trade

Uptrend: Wait for the price to return to the Discount FVG zone. After testing the gap, use confirmations like price rejection or market structure shifts on lower timeframes to open a buy position.



How to trade using Fair Value Gap (FVG) in a bullish trend.

Downtrend: Wait for the price to return to the Premium FVG zone. Upon reaching the gap, use confirmations to open a sell position.



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#7 FVG Indicators

Indicators from **[Tflab]** can be used to facilitate the identification of Fair Value Gaps (FVG).

- ICT FVG Indicator for MetaTrader 4
- ICT FVG Indicator for MetaTrader 5
- **ICT FVG Indicator for TradingView**

Which Timeframes Are Best for FVG?

Fair Value Gaps (FVG) are analyzed across different timeframes:

- Use higher timeframes (e.g., daily) for overall market direction (Daily Bias);
- Use lower timeframes (e.g., 15 minutes) to pinpoint trade entries.

Best Markets for FVG

FVG was first introduced in indices like **Nasdaq** and **S&P-500**, achieving excellent results. Later, it was successfully applied to forex and has become an essential tool for traders in all markets.

source:

1.our website link :
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