ICT Trading Style Abbreviations and Terminologies [FVGs, OBs, PO3 & MMXM]

The **Inner Circle Trader (ICT) trading style** is based on **precise market structure analysis** and the **trading behavior of major financial institutions**.

ICT Trading Style Abbreviations and Terminologies

This approach helps traders **identify Smart Money movements** and align their strategies accordingly.

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The ICT **terminology** encompasses a wide range of concepts, including **Order Blocks (OB), Fair Value Gaps (FVG),** and **Market Structure Shifts (MSS)**.

What is the ICT Trading Style?

Michael Huddleston developed the **ICT (Inner Circle Trader) trading style**. It revolves around **market structure analysis, liquidity concepts,** and the **trading behavior of large financial institutions** such as **banks and hedge funds**.

The primary objective is to **track and align with Smart Money movements**. ICT traders use **market structure, Break of Structure (BOS), Order Blocks (OB),** and **Fair Value Gaps (FVG)** to identify **optimal entry and exit points**.

Five Key ICT Terms

This section introduces **five essential ICT terms** which form the foundation of this trading methodology:

1. **Fair Value Gap (FVG)**: Price gap between the **first and third candles** in a three-candle formation, where the price has not yet been retracted.

ICT Fair Value Gap

Bullish & Bearish Fair Value Gaps (FVG) – A core concept in ICT trading

2. Market Structure Shift (MSS): Shift in **ICT market structure**, indicating a **trend change**, whether short-term or long-term.

3. Power of Three (PO3): Fundamental ICT concept that describes how price is delivered throughout the day, consisting of **Accumulation, Manipulation, and Distribution**.

4. Order Block (OB): **Smart Money zone** where **institutional orders** are placed for **entry or exit**.

5. Optimal Trade Entry (OTE): Refined ICT **trade entry model** based on **Fibonacci retracements and market trends**.

Market Structure Terminologies in ICT

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This section includes **terminologies related to market structure**, which help traders **identify trends and key market shifts**.

- **Break of Structure (BOS)**: **Key level breakout**, signaling a potential trend shift.
- **Break of Market Structure (BMS)**: **Market structure change**, indicating a **trend reversal**.
- **Market Structure Shift (MSS)**: Short or long-term directional trend shift.

ICT Market Structure Shift (MSS)

MSS (Market Structure Shift) identified on the EUR/USD chart

- **Change in State of Delivery (CSID/CSD)**: Shift in **price delivery mechanics** dictated by the market algorithm.
- **Consequent Encroachment (CE)**: Price entry into **a previously untraded area**.
- **Change of Character (CHoCH)**: **Sudden shift in market direction**, signaling **trend weakness or potential reversal**.

Liquidity and Imbalance Terminologies in ICT

These terms focus on **liquidity imbalances** and **market inefficiencies**, highlighting **high-order flow zones** and **trading opportunities**.

- **Fair Value Gap (FVG)**: **Three-candle price gap** where the price **has not yet returned**.
- **Inversion Fair Value Gap (IFVG)**: **Fast-moving price zone** that **has not been revisited**, moving in the **opposite direction**.
- **Fair Value for Buying (FVFB)**: **Discounted price gap**, offering an **attractive buy opportunity**.
- **Fair Value for Selling (FVFS)**: **Premium price gap** presenting an **optimal selling opportunity**.
- **Breakaway Gap**: **Gap formed at a key breakout level**, indicating **market structure changes**.
- **Premium & Discount Array (PD Array)**: This is a **price model** using **Fibonacci retracements**, categorizing prices as **Premium (above 50%)** or **Discount (below 50%)**.
- **Equilibrium (EQ)**: The **50% retracement level**, where buying and selling pressures **balance**.

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- **Liquidity (LQ)**: The **ease of converting an asset or security into cash** without **significantly affecting its price**.
- **Liquidity Void (LV)**: **Chart area where no trades have been executed**, creating a **price vacuum**.
- **Buy-Side Liquidity (BSL)**: **Buy orders** available in the market.
- **Sell-Side Liquidity (SSL)**: **Sell orders** available in the market.

Buy-Side Liquidity (BSL) & Sell-Side Liquidity (SSL) in ICT trading

- **External Range Liquidity (ERL)**: Liquidity present **outside the current price range**.
- **Internal Range Liquidity (IRL)**: Liquidity present **within the current price range**.
- **Liquidity Pool (LP)**: **Zone with a high concentration of buy or sell orders**, including **stop-loss orders**.
- **Draw on Liquidity (DOL)**: Price movement **toward high-liquidity zones**.
- **First Point of Liquidity (FPOL)**: The **first liquidity level** reflecting market activity, often used as a **potential entry or exit point**.

Key ICT Price Zones & Blocks

This section explains **critical price zones and order blocks**, which traders use to **define high-probability trade areas**.

- **Order Block (OB)**: A **Smart Money zone** where **large orders** are placed.
- **Bearish Order Block (OB-)**: **Order block** confirming a **downtrend**.

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- **Bullish Order Block (OB+)**: **Order block** supporting an **uptrend**.

Bearish & Bullish Order Blocks (OB) in ICT trading

- **Mitigation Block (MB)**: **Risk-reduction block** where **Smart Money hedges trade**.
- **Bullish Mitigation Block (MB+)**: **Mitigation block** operating in an **uptrend**.
- **Bearish Mitigation Block (MB-)**: **Mitigation block** operating in a **downtrend**.
- **Breaker Block (BB)**: Former **order block**, now acting as **support or resistance**.
- **Bullish Breaker Block (BRK+)**: **Breaker block** confirming **bullish momentum**.
- **Bearish Breaker Block (BRK-)**: **Breaker block** confirming **bearish momentum**.
- **Rejection Block (RB)**: **Failed price zone** leading to **trend reversals**.
- **Vacuum Block (VB)**: **Zone with no executed trades**, where price moves rapidly.
- **Reclaimed Order Block (ROB)**: **Order block that price revisits and reactivates**.
- **Propulsion Block (PB)**: **Block that drives aggressive price movement** in a specific direction.
- **Mean Threshold (MT)**: The **midpoint of an order block**, acting as a **retracement level**.
- **Return to Order Block (RTO)**: When **the price returns to an order block**.
- **Return to Breaker (RTB)**: When **the price revisits a breaker block**.
- **Point of Interest (POI)**: **Key zone** where traders focus on **potential price reactions**.

ICT Timeframe and Session Terminologies

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This category includes **terms related to different timeframes and trading sessions** in ICT methodology, enhancing precision in analysis.

ICT Timeframe Terminologies

ICT Trading Timeframes and Key Market Sessions

- **Higher Time Frame (HTF)**: **Longer-term timeframe** used for market analysis.
- **Lower Time Frame (LTF)**: **Short-term timeframe** for detailed market entries and precision analysis.
- **High of Day (HOD)**: **Highest price reached** during the current trading session.
- **Low of Day (LOD)**: **Lowest price reached** during the current trading session.
- **Previous Day Low (PDL)**: **Lowest price recorded on the previous trading day**.
- **Previous Day High (PDH)**: **Highest price recorded on the previous trading day**.
- **Previous Session High (PSH)**: **Highest price reached in the previous trading session**.
- **Previous Session Low (PSL)**: **Lowest price reached in the previous trading session**.
- **Previous Week High (PWH)**: **Highest price recorded during the previous week**.
- **Previous Week Low (PWL)**: **Lowest price recorded during the previous week**.
- **Previous Month High (PMH)**: **Highest price recorded in the previous month**.
- **Previous Month Low (PML)**: **Lowest price recorded in the previous month**.
- **True Day Close (TDC)**: The **market closing price at 17:00 New York time**.
- **True Day Open (TDO)**: The **market opening price at 00:00 New York time**.
- **New Day Opening Gap (NDOG)**: **Price gap formed at the beginning of a new trading day**.
- **New Week Opening Gap (NWOG)**: **Price gap appears at the start of a new trading week**.

ICT Trading Sessions

- **Asian Session (Asian Session)**: **Trading hours are from 19:00 to 03:00 New York time**.
- **Asian Kill Zone (A-KZ)**: **High-liquidity window** within the **Asian session** between **20:00 and 22:00 New York time**.
- **Asian Range (Asian Range)**: **Price range formed during the Asian session**.

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- **London Open (LO)**: **London trading session opens from 02:00 to 05:00 New York time**.
- **London Close (LC)**: **London session closes from 08:00 to 11:00 New York time**.
- **London Open Kill Zone (LO-KZ)**: **High-liquidity period** from **02:00 to 05:00 New York time**.
- **London Close Kill Zone (LC-KZ)**: **High-impact trading period** from **09:00 to 11:00 New York time**.
- **New York Open (NYO)**: **New York session opens from 08:00 to 11:00 New York time**.
- **New York Open Kill Zone (NYO-KZ)**: High-liquidity period that occurs from **07:00 to 09:00 New York time**.
- **ICT Macro Times (ICT Macro Times)**: **Key time-based pivots** monitored by the **market algorithm** for trade execution.

ICT Price Level Terminologies

This section includes **key price level terms**, helping traders **identify crucial support** and **resistance areas**.

Short- and Mid-Term Highs/Lows in ICT

Short- and Mid-Term Highs/Lows – Key ICT Price Level Terms

- **All-Time High (ATH)**: Asset's **highest price ever recorded**.
- **All-Time Low (ATL)**: **Lowest price ever recorded for an asset**.
- **Higher Low (HL)**: **Newly formed higher low in an uptrend**.
- **Higher High (HH)**: **Newly formed higher high in an uptrend**.
- **Lower Low (LL)**: **Newly formed lower low in a downtrend**.
- **Lower High (LH)**: **Newly formed lower high in a downtrend**.
- **Short-Term High (STH)**: The **highest point within a short timeframe**.
- **Intermediate-Term High (ITH)**: **Highest point within a medium timeframe**.
- **Long-Term High (LTH)**: **Highest point within a long timeframe**.
- **Short-Term Low (STL)**: **Lowest point within a short timeframe**.
- **Intermediate-Term Low (ITL)**: **Lowest point within a medium timeframe**.
- **Long-Term Low (LTL)**: **Lowest point within a long timeframe**.

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- **Equal Highs (EQH)**: **Price formation where two or more highs align at the same level**.
- **Equal Lows (EQL)**: **Price formation where two or more lows align at the same level**.
- **Support & Resistance (S/R)**: **Key price levels** where the price tends to **reverse or breakthrough**.
- **Key Support & Resistance Levels**: **Major price levels** prevent **further price drops or surges**.
- **Range Contraction**: Period of **low volatility**, where price **consolidates within a narrow range**.
- **Range Expansion**: Period of **high volatility**, where price **moves powerfully in one direction**.

ICT Strategies & Trading Models

This section covers **ICT trading strategies and models**, which traders use to refine their **entry, exit, and market execution techniques**.

- **Accumulation, Manipulation, Distribution (AMD)**: **Three-phase model** Smart Money uses to control price movements.
- **Power of Three (PO3)**: Trading concept describing how price **progresses through Accumulation, Manipulation, and Distribution** during a session.
- **Buy-Side Imbalance Sell-Side Inefficiency (BISI)**: **Market condition where buy orders dominate sell orders**, creating an imbalance.
- **Sell-Side Imbalance Buy-Side Inefficiency (SIBI)**: **Market condition where sell orders exceed buy orders**, leading to inefficiency.
- **Balanced Price Range (BPR)**: **Zone where the price reaches equilibrium** after an extended move.
- **Liquidity Inducement (IDM)**: When **Smart Money deliberately moves prices to trick retail traders** into entering poor positions.
- **Institutional Order Flow (IOF)**: **Large financial institutions** executing major orders that influence liquidity.
- **Institutional Order Flow Entry Drill (IOFED)**: **Practice method for trading ICT concepts**, focusing on institutional order flow.

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- **Interbank Price Delivery Algorithm (IPDA)**: **System banks use** to **manage price movement and liquidity distribution**.
- **Smart Money Technique (SMT)**: **Methods used by institutions** to manipulate price and market flow.
- **Smart Money Divergence (SMT Divergence - SMT Div)**: **Divergence pattern created by Smart Money** indicates price manipulation.
- **Market Maker Profile (MMP)**: **Trading profile tracking market makers' behavior**.
- **Market Maker Buy Model (MMBM)**: **Model representing Smart Money accumulation** before a bullish move.
- **Market Maker Sell Model (MMSM)**: **Model showing Smart Money distribution** before a bearish move.
- **Market Maker Sell/Buy Model (MMXM)**: **Combined strategy of Smart Money accumulation and distribution cycles**.
- **One Shot One Kill (OSOK)**: **Precision-based trade execution method** for high-probability setups.
- **Thanks God It's Friday (TGIF)** is a **Friday-specific trading model** that reflects price behaviors unique to weekly closes.
- **Judas Swing**: **Fake price breakout** that traps **retail traders and hunts stop-losses**.
- **Turtle Soup (TS)**: **Trading strategy capitalizing on market reversals** from key levels.
- **Turtle Soup Buy Model (TSBM)**: **Bullish version of the Turtle Soup setup**.
- **Turtle Soup Sell Model (TSSM)**: **Bearish version of the Turtle Soup setup**.
- **Silver Bullet**: **High-probability trade signal or pattern** often used for optimal trade entries.
- **ICT Unicorn**: **Rare but highly profitable trading event** offering exceptional trade opportunities.

Other General ICT Terminologies

This section contains **general terms in ICT trading**, encompassing technical and fundamental analysis, risk management, and trade execution.

- **Technical Analysis (TA)**: Study of **price movements, chart patterns, and indicators** to forecast price action.

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- **Fundamental Analysis (FA)**: Examining **economic factors, financial reports, and macroeconomic data** to assess an asset's value.
- **Price Action (PA)**: **Market movement analysis** based on price structure **without using indicators**.
- **Stop-loss (SL)**: **Predetermined price level** where a trade is automatically exited to **limit losses**.
- **Take Profit (TP)**: **Target price level** where a trade is exited to **secure profits**.
- **Breakeven (BE)**: The price level where **gains and losses in a trade are equal**, ensuring no net profit or loss.
- **Risk-to-Reward Ratio (RR)**: Comparison of **potential loss (risk) to expected gain (reward) in a trade**.
- **Stop Hunt (SH)**: **Market move designed to trigger stop-loss orders**, often used by institutions to **accumulate liquidity**.
- **Drawdown (DD)**: The **percentage decrease in account balance** due to consecutive losses.
- **Dealing Range (DR)**: **Specific price range where market movement is confined**.
- **Average Daily Range (ADR)**: Asset's **average price movement range** in a single trading day.
- **Average True Range (ATR)**: Measure of **market volatility**, accounting for price gaps and extreme movements.
- **Commitment of Traders Report (COT)**: **Report that details institutional trading positions**, offering insights into market sentiment.

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Conclusion

Michael Huddleston developed the **ICT (Inner Circle Trader) trading methodology** based on **market structure analysis and Smart Money behavior**.

ICT helps traders **identify institutional liquidity movements** and align their trades accordingly. Key ICT concepts include **Order Blocks (OB), Fair Value Gaps (FVG), Market Structure Shifts (MSS), and liquidity patterns.**

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