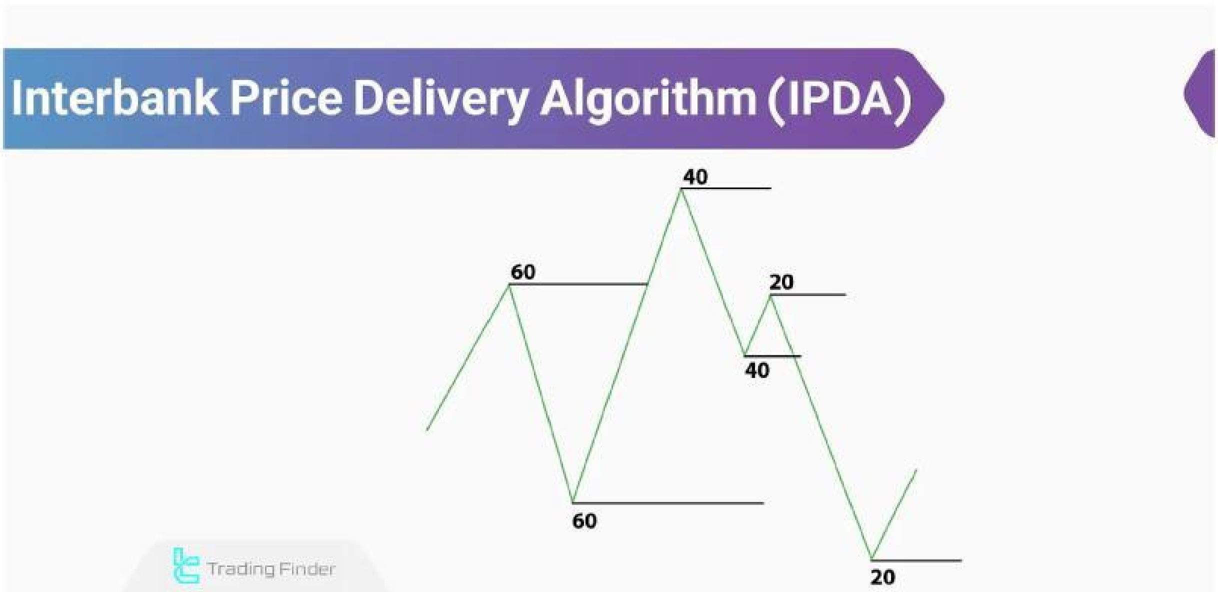
Learn Interbank Price Delivery Algorithm (IPDA)

The **Interbank Price Delivery Algorithm** or **IPDA** is one of the liquidity concepts in the **ICT style**. This concept refers to the rules that determine the **price** in the market.

The **Interbank Price Delivery Algorithm (IPDA)** is presented over three time periods [20-day, 40-day, and 60-day] with 20-day intervals. The highs and lows formed in these periods represent liquidity accumulation zones, where **Smart money** alters the market to reach them.



Interbank Price Delivery Algorithm consists of a three-day period forming a 20-day cycle

What is the Interbank Price Delivery Algorithm (ICT IPDA)?

According to the **ICT style**, price movement in the instrumets like **Forex market** occurs due to the presence of liquidity or imbalance zones.

In this context, The price moves towards liquidity, and once gathered, it proceeds to balance the imbalance.

Market movement begins toward a liquidity zone once the imbalance is balanced by price. This cycle continuously and consistently occurs in financial markets.

In the diagram below, the price first gathers **Buy Side Liquidity**, then balances the imbalance and proceeds towards the **Sell Side Liquidity**.

liquidity is gathered, then imbalance is balanced, and afterward, price moves towards the opposite liquidity

The **IPDA** concept discusses how price is determined by **Smart money.** Therefore, price is not chosen randomly but is governed by the rules of **Market Makers**

These rules generally refer to liquidity accumulation and imbalance adjustment. At specific time intervals, key points on higher timeframes are used by smart money to determine and adjust prices.

How does the Interbank Price Delivery Algorithm (IPDA) work?

Smart money uses specific key levels to collect the necessary liquidity for price determination. In the **IPDA** approach, starting from the beginning of the month, it look back three times at **20-day intervals**.

Identifying Key Levels for Liquidity Collection

the most recent **20 days**, then the **40-day** interval, and finally, the **60-day interval**. Thus, three **20-day ranges** are defined, where the **highs** and **lows** of each range represent critical liquidity accumulation areas.

Operation of the Interbank Price Delivery Algorithm (IPDA) on the EURUSD currency pair chart

In the diagram below, the important liquidity collection areas [40-day highs and lows along with 60-day highs and lows] are visible:

Continuing IPDA on the EURUSD currency pair chart can be seen in the picture

Price Movement After Liquidity Collection

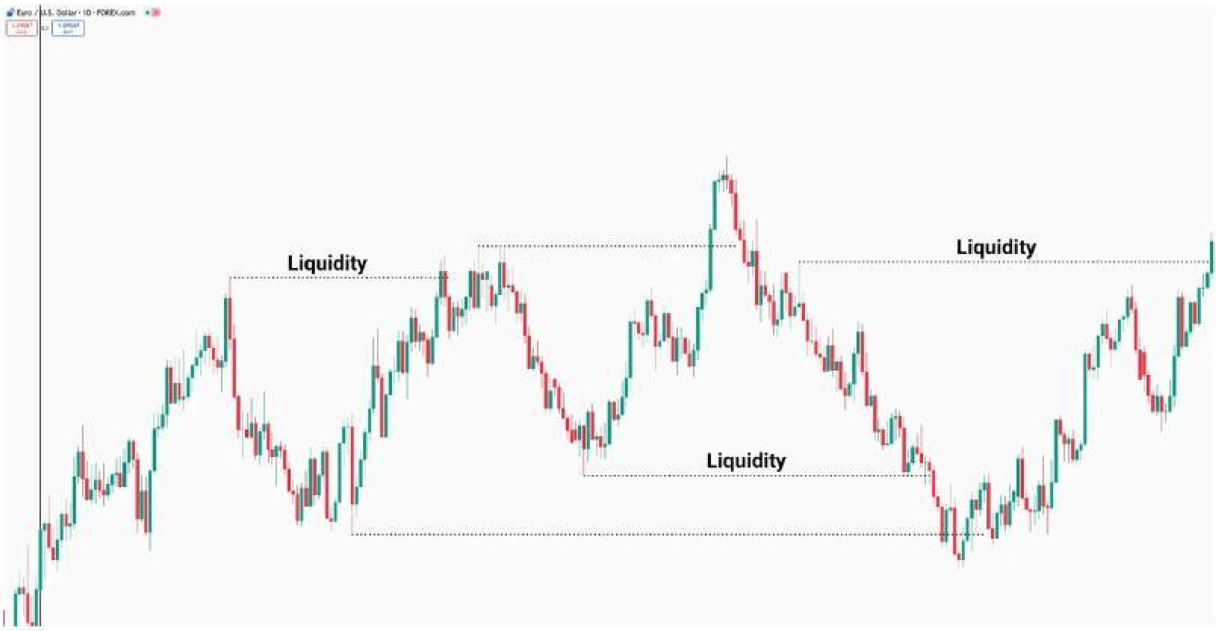
After gathering liquidity above the **60-day high**, the move towards the **40-day low liquidity** begins. Subsequently, the price adjusts an **imbalance zone** and moves towards the **60-day low** liquidity. After collecting liquidity, the direction reverses toward the opposite side.

What are IPDA Seasonal Shifts?

Another important concept for understanding the **Interbank Price Delivery Algorithm (IPDA)** is recognizing the seasonal shifts in higher timeframes.

These shifts occur every 3 to 4 months; hence, they are referred to as seasonal or quarterly shifts.

This approach relates to the changes made by smart money or market makers. In other words, price movement is not random and constantly rotates between **Internal Liquidity Range (IRL) and External Liquidity Range (ERL)**.



Display of IPDA Seasonal Shifts over a one-year period on the EURUSD chart, where the liquidity collection cycle can be seen

Conclusion

The **Interbank Price Delivery Algorithm (IPDA)** is a key concept in the ICT style that explains **price movements** based on **liquidity** and **market rules**.

This algorithm analyzes specific periods **(20, 40, and 60 days)** and identifies **highs** and **lows** to determine **liquidity accumulation points**.

In this model, price movements are not random but are controlled by **smart money** to collect **liquidity** and **adjust imbalance zones**.

Sources:

Our Website Link :

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