

All Smart Money Concepts (SMC) Abbreviations and Terminologies

Smart Money refers to **capital** controlled by **professional investors**, **market makers**, **banks**, and **financial institutions**.

Based on this principle, the **Smart Money Concept (SMC)** refers to the trading strategies of **institutional investors** and **major financial entities**.



All Smart Money Concepts (SMC) Abbreviations and Terminologies

The Smart Money (SMC) trading style identifies optimal entry and exit points through **market structure analysis**, **liquidity dynamics**, and **institutional trading behaviors**.

This methodology's primary goal is to align with Smart Money movements and take advantage of trading opportunities created by large institutions.

Five Key Smart Money (SMC) Terms

This section introduces **five essential SMC terms** that form the foundation of this **trading strategy**:

1. **Break of Market Structure (BMS/BOS)**: Key level breakout, signaling a trend change



Smart Money Market Structure Break – Break of Structure (BOS) in SMC

2. **Change of Character (CHoCH)**: Sudden market trend reversal, indicating weakness in the current trend and a possible shift in market direction
3. **Order Block (OB)**: Smart Money zone where institutional orders are placed for entry or exit
4. **Liquidity Pool (LQ)**: Zone containing many buy or sell orders, including stop-loss orders
5. **Inducement (IDM)**: When Smart Money deliberately moves prices in a specific direction to trap retail traders into taking incorrect positions.

Market Structure Terminologies in Smart Money

Concepts (SMC)

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

1. **Market Structure (MS)**: The overall market structure consists of trends, support and resistance levels, and price patterns
2. **Internal Market Structure (iMS)**: The minor structure of the market, including short-term trends and support/resistance levels on lower timeframes
3. **Fractal Market Structure**: More detailed market structure displaying repetitive price patterns across different timeframes
4. **Break of Structure (BOS)**: Breakout of a key level, indicating a trend shift
5. **Break of Market Structure (BMS)**: Structural shift in the market, confirming a change in overall trend direction
6. **Internal Break of Structure (iBOS)**: Minor structure break, signaling a short-term market reversal
7. **Fractal Break of Structure (iiBOS)**: Fractally confirmed structure break, reflecting short-term market shifts
8. **Market Structure Shift (MSS)**: Directional shift in market trends, whether short-term or long-term
9. **Change of Character (CHoCH)**: Sudden market shift, signaling trend weakness and potential reversal



Bearish Change of Character – CHoCH identified on a 15-minute GBP/USD chart

10. **Internal Change of Character (iCHoCH):** Minor market structure shift, indicating weakness in the current trend and a potential short-term reversal

Key Price Zones & Blocks in Smart Money (SMC)

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

1. **Supply Zone:** Zone where Smart Money sell orders are concentrated, representing resistance in the market
2. **Demand Zone:** Zone where Smart Money buy orders accumulate, acting as market support
3. **Order Block (OB):** Smart Money zone where institutional orders are placed for entry or exit
4. **Bearish Order Block (OB-):** Order blocks reinforcing a bearish move
5. **Bullish Order Block (OB+):** Order blocks supporting a bullish move



Smart Money Order Blocks – SMC Bearish & Bullish Order Block

6. **Mitigation Block (MB):** Block representing Smart Money actions to reduce risk and improve trade positioning
7. **Bullish Mitigation Block (MB+):** Mitigation block functioning in an uptrend
8. **Bearish Mitigation Block (MB-):** Mitigation block appearing in a downtrend
9. **Breaker Block (BB):** Former order block, now acting as support or resistance
10. **Bullish Breaker Block (BRK+):** Breaker block supporting a bullish move
11. **Bearish Breaker Block (BRK-):** Breaker block confirming bearish momentum
12. **Rejection Block (RB):** Block where price aggressively rejects a level, often leading to trend reversals
13. **Vacuum Block (VB):** Zone with no executed trades, where price moves rapidly
14. **Reclaimed Order Block (ROB):** Order block that price revisits and reactivates
15. **Propulsion Block (PB):** Block responsible for strong and sustained price movements in one direction
16. **Mean Threshold (MT):** Midpoint of an order block, often used as a retracement level
17. **Return to Order Block (RTO):** When the price returns to an order block
18. **Return to Breaker (RTB):** When the price revisits a breaker block
19. **Point of Interest (POI):** Key price level where traders anticipate significant market reactions
20. **Decisional Zone:** Zone where Smart Money makes key trade decisions, often leading to major moves
1. **Extreme Zone:** Last significant area where Smart Money executes positions, representing the final entry or exit point

Liquidity and Imbalance Terminologies in Smart Money (SMC)

This section includes terms related to **liquidity** and **price imbalances**, which help traders identify areas with **high order concentration** and **trading opportunities**.

1. **Fair Value Gap (FVG):** Three-candle price gap where the price has not yet returned
2. **Inversion Fair Value Gap (IFVG):** Rapid price movement zone that has not been revisited, moving in the opposite direction
3. **Imbalance (IMB):** Zone with a mismatch between buyers and sellers, often acting as a potential reversal area
4. **Inefficiencies:** Market inefficiency zone caused by an imbalance between supply and demand, often serving as a reversal area
5. **Breakaway Gap (BAG):** Gap forming at a key breakout level, indicating a structural market change
6. **Premium & Discount Array (PD Array):** Price framework based on Fibonacci levels, classifying prices into Premium (above 50%) and Discount (below 50%) zones to highlight price imbalances
7. **Equilibrium (EQ):** Midpoint of a PD Array, where the price balances between buying and selling pressures
8. **Liquidity (LQ):** Ease with which an asset or security can be converted into cash without significantly affecting its price
9. **Trend Line Liquidity:** Liquidity present along a trendline, often consisting of stop and pending orders
10. **Liquidity Void (LV):** Price chart area with no executed trades, forming a vacuum zone
11. **Buy-Side Liquidity (BSL):** Buy orders present in the market
12. **Sell-Side Liquidity (SSL):** Sell orders present in the market



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

13. **External Range Liquidity (ERL):** Liquidity present outside the current price range
14. **Internal Range Liquidity (IRL):** Liquidity contained within the current price range
15. **Liquidity Pool (LP):** Zone with a large concentration of buy or sell orders, including stop-loss clusters
16. **Draw on Liquidity (DOL):** Price movement toward high-liquidity zones, where stop orders are triggered
17. **First Point of Liquidity (FPOL):** Initial liquidity point, often serving as a key entry or exit level.

Price Level Terminologies in Smart Money (SMC)

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



ATH & ATL – Smart Money Key Price Levels in GBP/USD

1. **All-Time High (ATH):** Asset's highest price ever recorded
2. **All-Time Low (ATL):** Lowest price ever recorded for an asset
3. **Higher Low (HL):** Newly formed higher low in an uptrend
4. **Higher High (HH):** Newly formed higher high in an uptrend
5. **Lower Low (LL):** Newly formed lower low in a downtrend
6. **Lower High (LH):** Newly formed lower high in a downtrend
7. **Swing High (SH):** Highest price level in a given timeframe, acting as resistance
8. **Swing Low (SL):** Lowest price level in a given timeframe, acting as support
9. **Equal Highs (EQH):** Price formation where two or more highs align at the same level, indicating liquidity buildup
10. **Equal Lows (EQL):** Price formation where two or more lows align at the same level, representing liquidity accumulation
11. **Support & Resistance (S/R):** Key price levels where the price tends to reverse or break through
12. **Key Support & Resistance Levels:** Major price levels that prevent or enable further price movement

Timeframe and Session Terminologies in Smart Money (SMC)

This section covers terms related to **different timeframes** and **trading sessions**, improving **market timing** and **trade execution**.



Smart Money Trading Timeframes and Key Market Sessions

1. **Higher Time Frame (HTF):** Longer-term timeframe used for macro market analysis
2. **Lower Time Frame (LTF):** Short-term timeframe for precise trade entries and exits
3. **High of Day (HOD):** Highest price reached during trading
4. **Low of Day (LOD):** Lowest price reached during trading
5. **Previous Day Low (PDL):** Lowest price recorded on the previous trading day
6. **Previous Day High (PDH):** Highest price recorded on the previous trading day
7. **Previous Week High (PWH):** Highest price recorded during the past week
8. **Previous Week Low (PWL):** Lowest price recorded during the past week
9. **Previous Month High (PMH):** Highest price recorded in the past month
10. **Previous Month Low (PML):** Lowest price recorded in the past month

SMC Trading Models & Strategies

This section covers **trading models** and **strategies** in Smart Money (SMC), which traders use to refine their **entry**, **exit**, and **market execution** techniques.

1. **Accumulation, Manipulation, Distribution (AMD):** Three-phase model Smart Money uses to control price movements
2. **Buy-Side Imbalance Sell-Side Inefficiency (BSI):** Market condition where buy orders dominate sell orders, creating an imbalance
3. **Sell-Side Imbalance Buy-Side Inefficiency (SBI):** Market condition where sell orders exceed buy orders, leading to inefficiency
4. **Balanced Price Range (BPR):** Zone where the price reaches equilibrium after an extended move
5. **Major Inducement:** Significant liquidity inducement occurring within the main market structure
6. **Minor Inducement:** Smaller liquidity inducement within internal market structures
7. **Institutional Order Flow (IOF):** Large financial institutions executing major orders that influence liquidity
8. **Smart Money Technique (SMT):** Methods used by Smart Money to manipulate price and market flow
9. **Smart Money Trap (SMT):** Tactics used by Smart Money to deceive SMC traders into taking incorrect positions
10. **Smart Money Divergence (SMT Divergence - SMT Div):** Divergence pattern created by Smart Money indicating price manipulation

Other General SMC Terminologies

This section includes common Smart Money terms and covers **technical** and **fundamental analysis**, **risk management**, and **trade execution**.

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

Conclusion

The Smart Money (SMC) trading methodology refers to the strategies used by **institutional investors** and **large financial institutions**. SMC helps traders identify **institutional liquidity movements** and align their trades accordingly.

Key SMC concepts include **Break of Structure (BOS)**, **Order Blocks (OB)**, **Liquidity (LQ)**, **Market Structure Shifts (MSS)**, and **Fair Value Gaps (FVG)**.

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