

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.

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.



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

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.

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.

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