AW TRADES

NQ FUTURES

A COMPLETE TRADING FRAMEWORK

# The AW Model

Liquidity-based price action, from theory to execution.

Fifteen chapters. Four sub-models. One repeatable cycle.



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# Contents

START HERE

# How to use this

IN ONE LINE Read it once for shape, then learn one setup properly before you touch the rest.

Most people read a trading document front to back, feel like they understand it, and then lose money anyway. Understanding and executing are different skills, and this book only gives you the first one. The second comes from repetition on a chart.

So do it in this order.

01 **Read the whole thing once, quickly.**
Do not take notes. Do not try to memorise the vocabulary. You are building a map, and a map is useless if you stop to study every street. An hour, start to finish.

02 **Go back and learn Part One properly.**
Everything else is built on the IRL to ERL cycle and on market structure. If those two are not solid, the rest will feel like arbitrary rules you keep forgetting.

03 **Learn Chapter 6 and nothing else.**
The AW Reversal is the parent setup. The other three sub-models are variations on it or confirmations of it. Trade only this one until it is boring.

04 **Backtest twenty days before risking a dollar.**
Chapter 14 is the exact process. Twenty days is roughly the point where the numbers start telling you something real rather than something random.

05 **Print Part Five and keep it next to the screen.**
Four cards. The checklist, the continuation checklist, the risk card, the red flags. In live markets you will not remember the book, and you are not supposed to.

> THE HONEST EXPECTATION
> Reading this will take about an hour. Being able to execute it will take a few months. That gap is normal, and anyone telling you otherwise is selling something.

## How the chapters are laid out

Every chapter opens with a one-line summary, so you can find things again without rereading. Boxes marked *The key idea* are the sentences worth remembering if you remember nothing else. Every chapter ends with a short checkpoint. If you cannot tick those boxes, reread before moving on rather than pushing forward and hoping it clicks later.

OVERVIEW

# The whole model, one page

IN ONE LINE Find where price is going, wait for it to grab liquidity, then trade the reversal back the other way.

Before any of the detail, here is the entire framework. Everything in the remaining fourteen chapters is an expansion of these six lines.

01 **Find the draw.**
Where is the untaken liquidity on the higher timeframe? That is where price is going.

02 **Mark the neckline.**
The trend running into that draw has a last significant opposing swing — the last lower high, or the last higher low. That is the neckline, and it is on the chart before the sweep.

03 **Wait for the sweep.**
Price has to actually take that liquidity. A wick through the level, not a tap. Do not anticipate it.

04 **Confirm the shift.**
An aggressive displacement has to close through the neckline. Slow grinds do not count.

05 **Enter at fair value.**
Price retraces into the gap the displacement left. That is the entry, not the breakout.

06 **Target the opposite side.**
Stop beyond the swept wick. Target the untaken liquidity on the other side. ERL to ERL.

> THE KEY IDEA
>
> Price is always doing one of two things: reaching for external liquidity, or returning to fair value. Your entry is at fair value. Your target is external liquidity. Your stop is beyond the liquidity that was just taken. That is the model.

## And the three checks before you click

| GATE | THE QUESTION | IF IT FAILS |
|---|---|---|
| Dollar risk | Does the structural stop fit inside your per-trade cap at minimum size? | No trade. Not negotiable. |
| R:R | Measured entry to the opposite ERL. Does the reward justify the risk? | Judgement, not a cutoff. Usually means waiting for the deeper retrace. |
| Location | Is the stop unusually wide for this kind of setup? | You entered late. Skip. |

Only the first of those is absolute. The other two are judgement, and judgement gets better with reps. Notice what is not on the list at all: how wide the stop is in points. Stop width never disqualifies a trade. It only changes your size.

PART ONE

# Foundations

How price moves, what to call it, how structure works, and which levels get defended.

# How Price Actually Moves

IN ONE LINE Price does not move randomly. It moves between pools of liquidity.

Every move in the market exists because someone needs to fill an order. Institutions cannot drop five hundred contracts at market without moving price against themselves. So they engineer moves *into* liquidity pools to get filled, then let price reverse.

Your job is to identify where that liquidity sits, when it gets taken, and how to position yourself on the right side of the reversal.

## The IRL to ERL cycle

This is the engine behind every move, on every chart, on every timeframe.

- **IRL, internal range liquidity.** Fair value gaps, order blocks and imbalances *inside* a range. This is where price finds equilibrium.
- **ERL, external range liquidity.** The highs and lows *outside* a range where stop losses and breakout orders cluster. This is where the liquidity sits.

```
ERL → IRL → ERL → IRL → ERL ...
```

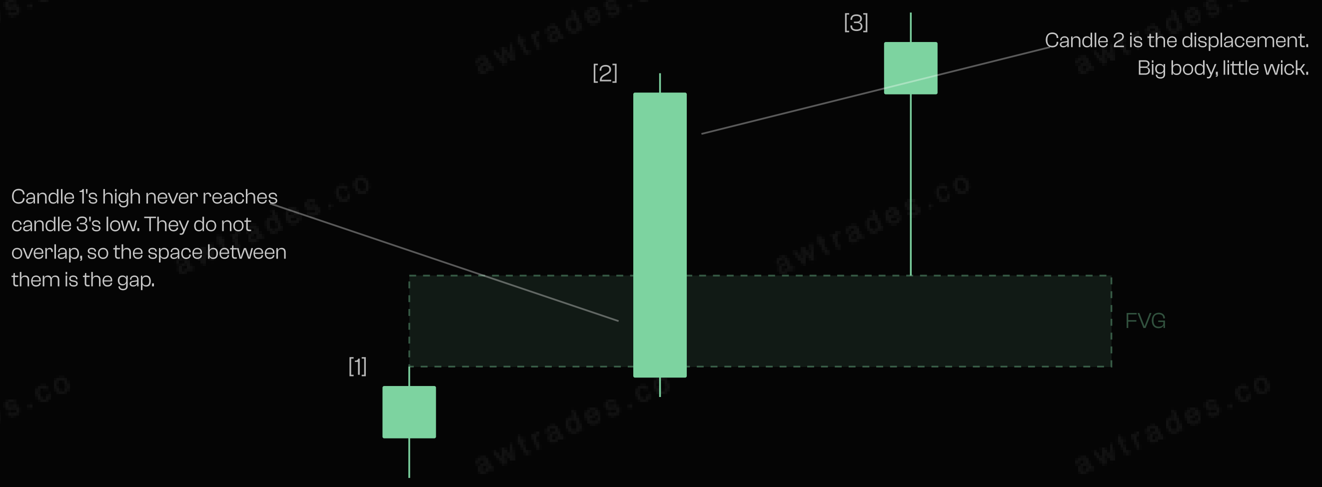
Price seeks external liquidity by grabbing stops, returns to fair value by retracing into an imbalance, then seeks external liquidity on the other side. Over and over. Once you see this cycle, every candle makes sense: price is either reaching for liquidity or returning to fair value.

## What fair value looks like on the candles

Internal range liquidity is an abstract phrase until you see it. A fair value gap is three candles where the middle one moves so hard that the first and third never overlap. The untouched space between them is the imbalance, and price tends to come back for it.

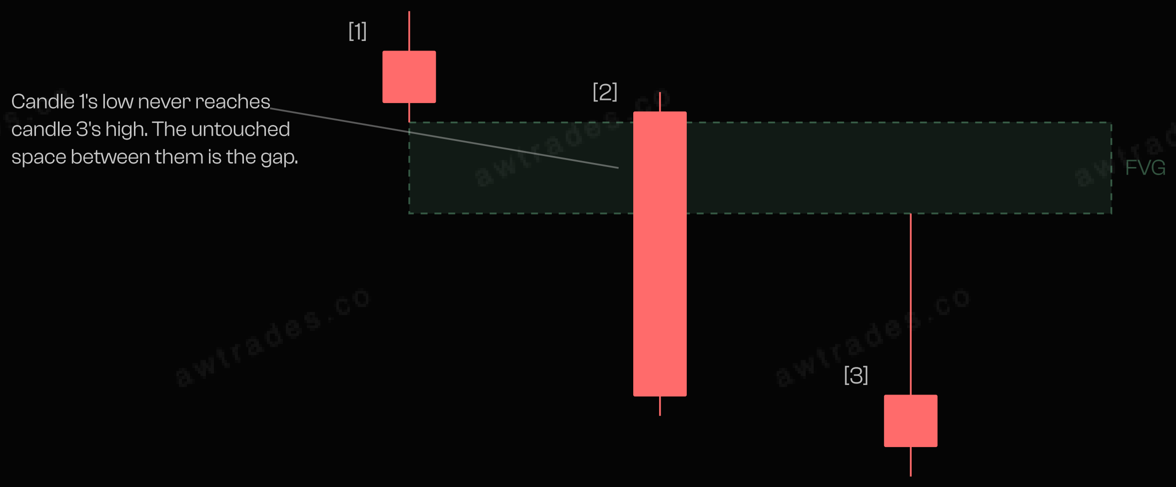
NQ · anatomy

A bullish FVG. The gap is the space candle 2 skipped over




NQ · anatomy-bear

A bearish FVG. Same rule, other direction




READING IT QUICKLY

You are looking at candle one and candle three and asking whether they touch. If they do, there is no gap. That is the whole test, and it is the only place in this model where you count individual candles.

THE KEY IDEA

Your entry is always at fair value. Your target is always external liquidity. Your stop is always beyond the external liquidity that was just taken. Every rule later in this book is a detail of those three sentences.

## Liquidity pools

Liquidity pools are where stop losses and pending orders cluster. The bigger the level, the more liquidity sits there.

- **Sell-side liquidity.** Below lows. Two groups have resting orders here, not one. Longs have their stop losses below the low, and breakout traders have sell orders waiting for the break. Both are sells. When price drops through, both fire at once, and that flood of selling is what institutions buy into.
- **Buy-side liquidity.** Above highs. The same two groups, mirrored. Shorts have their stops above the high, and breakout traders have buy orders waiting for the break. Both are buys. When price pushes through, that flood of buying is what institutions sell into.

That is why these levels hold so much more than they look like they should. It is not one group getting stopped out. It is two groups transacting in the same direction at the same moment, which is exactly the volume a large order needs to fill against.

### Not all levels are equal

| LEVEL | LIQUIDITY | RELIABILITY |
|---|---|---|
| Weekly high or low | Massive | Highest |
| Previous day high or low | Very strong | Very high |
| Equal highs or equal lows | Strong | High |
| Session highs or lows | Moderate | Moderate |
| Overnight high or low | Moderate | Moderate |
| Random swing points | Weak | Low |

When you are choosing which level to build a trade around, work down this table from the top. A setup off a previous day high is a different quality of trade to one off a random swing point, even if the pattern looks identical.

BEFORE YOU MOVE ON

- [ ] You can explain the difference between IRL and ERL without looking
- [ ] You can say where stops sit relative to a high, and relative to a low
- [ ] You can rank two levels on a chart by how much liquidity they hold

# Core Vocabulary

IN ONE LINE Fifteen terms. Learn them now so the rest of the book reads quickly.

This chapter is a reference, not an argument. Skim it now, then come back whenever a term stops making sense. There is a fuller glossary at the back.

## Price action

| TERM | WHAT IT MEANS |
|---|---|
| Fair value gap, FVG | A three-candle pattern where price moved so fast it left a gap. Price almost always comes back to it. |
| Imbalance | The same concept as an FVG. An area where price moved too fast, creating inefficiency. |
| Displacement | A strong, impulsive move. Big-bodied candles with conviction. This is institutional activity. |
| Order block | The last opposing candle before a displacement. The last bearish candle before a bullish move is a bullish order block. |
| IFVG, inverse FVG | A previous FVG that gets traded through and flips its role. Used for extra confirmation. |

## Market structure

| TERM | WHAT IT MEANS |
|---|---|
| MSS | Market structure shift. Price breaks a significant swing high or low against the direction it was trending, signalling the trend is changing. |
| BOS | Break of structure. Price breaks a swing high or low in the direction it was already going, confirming continuation. |
| Neckline | The structure point that must break for the MSS to be confirmed. Non-negotiable. |

## Liquidity

| TERM | WHAT IT MEANS |
|---|---|
| ERL | External range liquidity. The highs and lows where stops cluster. |
| IRL | Internal range liquidity. FVGs, order blocks and imbalances, where fair value lives. |
| DOL | Draw on liquidity. The magnet price is heading toward. |
| FTSL / FTSH | Failure to seek lows or highs. Price tried and could not. Bullish and bearish respectively. |
| Protected high / low | A swing point defended by institutions, formed off a higher-timeframe level. The strongest reversal zones. |
| Premium / discount | Upper half of a range, look to sell. Lower half, look to buy. |
| EQ | Equilibrium. The fifty percent level of any range. A natural magnet and a first target. |

## Risk

| TERM | WHAT IT MEANS |
|---|---|
| R | One unit of risk. The dollar distance from entry to the structural stop on that specific trade. Every trade is measured in R, never in points. |
| Structural stop | A stop placed beyond the swept ERL wick. Its width is set by the chart, not by you. |
| Sizing | The number of contracts, calculated so the structural stop equals your fixed dollar risk. |

> THE KEY IDEA
>
> The last three matter more than they look. Almost every expensive mistake in this book comes from thinking in points instead of thinking in R.

BEFORE YOU MOVE ON

- [ ] You can define ERL, IRL and DOL from memory
- [ ] You know what has to break for an MSS to be confirmed
- [ ] You can explain why R matters more than points

# Market Structure Essentials

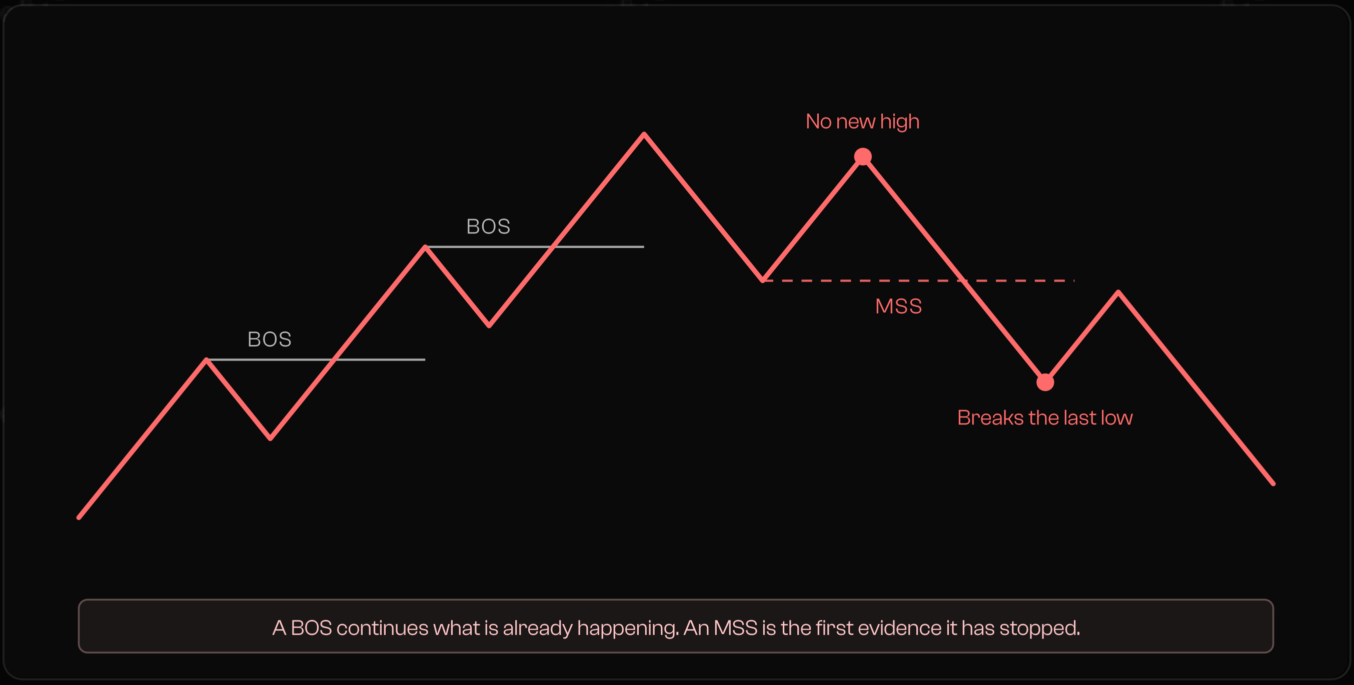
IN ONE LINE Trends, breaks, shifts, and the only Fibonacci level that matters.

## The three states

- **Bullish structure.** Higher highs and higher lows. Enter at higher lows for longs.
- **Bearish structure.** Lower highs and lower lows. Enter at lower highs for shorts.
- **Consolidation.** Price moving sideways with no clear direction. This is where the cause is being built.

## Break of structure, and structure shift

These two get confused constantly, and confusing them is expensive. A break of structure confirms the trend you already have. A structure shift says the trend has changed. One tells you to keep going, the other tells you to turn around.



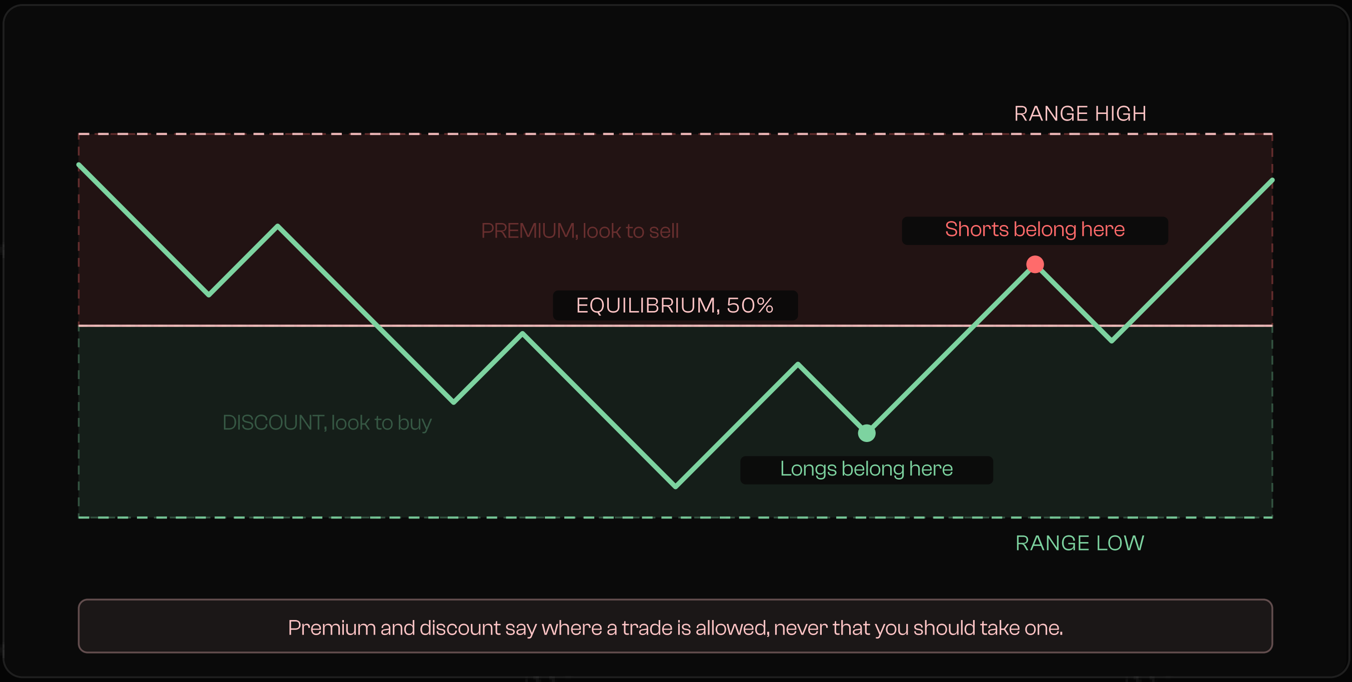

Two breaks with the trend, then one against it

THE SHIFT RULE

Always look for a liquidity sweep *before* an MSS. When price sweeps a low, grabbing sell-side, then shifts structure by breaking above a recent high, that is the highest probability reversal in the market. A structure shift with no sweep in front of it is a much weaker signal.

## Premium and discount

Put a Fibonacci retracement on any range and find the fifty percent level. Above fifty percent is premium, the sell zone. Below fifty percent is discount, the buy zone. The best entries are always in discount for longs and premium for shorts.




The upper half is where you look to sell, the lower half where you look to buy

> THE KEY IDEA
>
> Premium and discount tell you *where* a trade is allowed to happen. They never tell you to take one. Being in premium is not a short signal. It is permission to look for one.

BEFORE YOU MOVE ON

- [ ] You can tell a BOS from an MSS on a live chart
- [ ] You know why a sweep before the shift matters
- [ ] You treat premium and discount as a filter, not a trigger

# Protected Highs and Lows

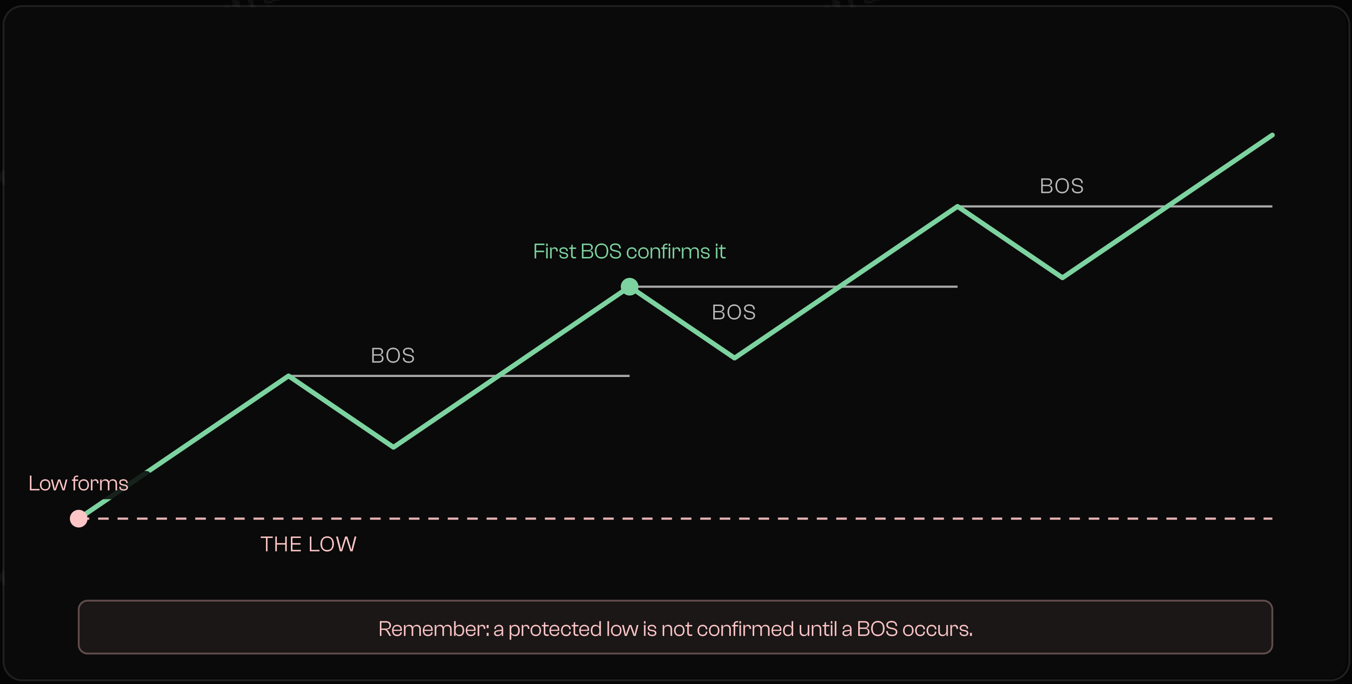
IN ONE LINE The levels institutions defend, and the strongest reversals on the chart.

A protected low, or high, is a swing point that remains intact despite market attempts to break it. These often form directly off higher-timeframe levels like daily FVGs or weekly support and resistance.

Protected lows provide the best reversals because they represent levels defended by institutional players.

## What actually makes a low protected

Holding a level twice is not the definition. A low is only protected once price breaks structure above it. Until that BOS happens you have a low that has held a couple of times, which is not the same thing.




A low is only protected once price breaks structure above it

THE CONFIRMATION RULE

A protected low is not confirmed until a BOS occurs. Price has to take out a prior swing high before the low behind it earns the label. Marking protected lows without waiting for that break is how you end up defending a level the market never defended.

## How to identify them

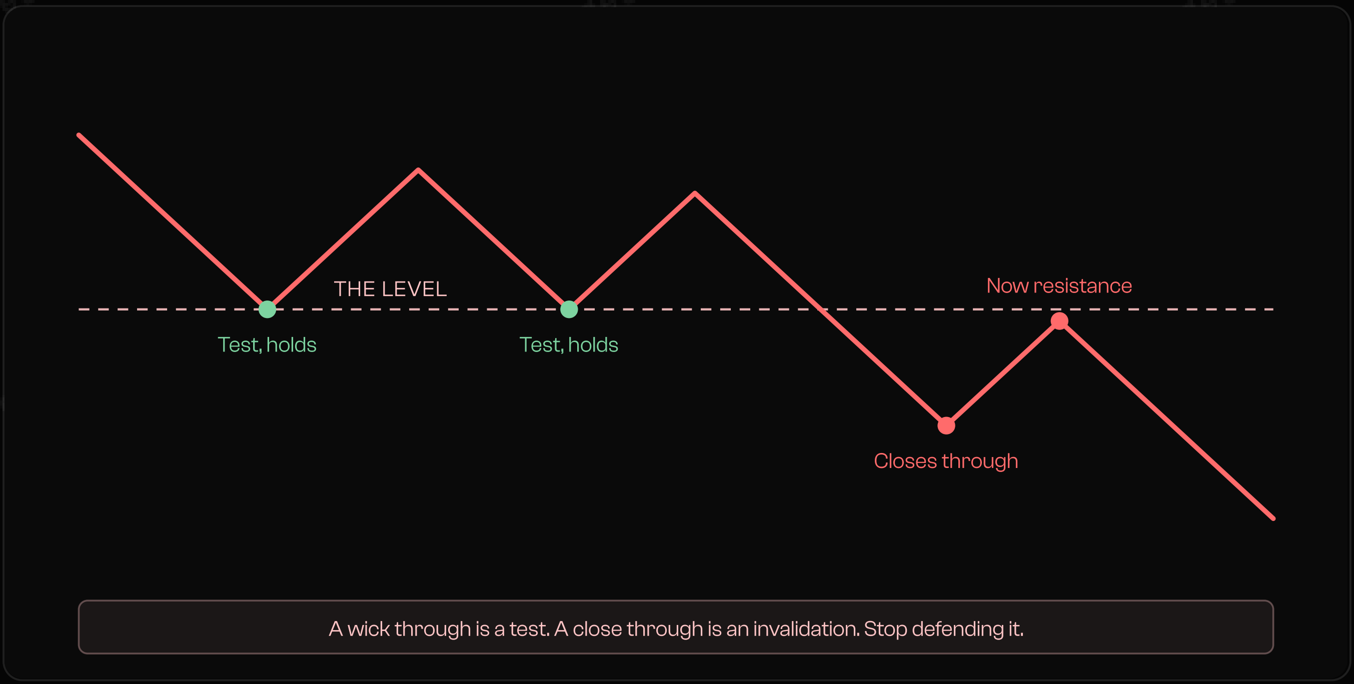
- Lows that form right at an HTF FVG and hold

- Multiple tests of the same level that fail to break
- Short-term lows that form above a long-term low, creating a shelf

When protected lows align with order blocks, FVGs and ERL, these become the highest probability entry zones available. The stop goes beyond the protected low, and the draw is to the opposite ERL.

## And what ends it

Protection is not permanent. The moment a candle body closes through the level, it is over, and the mistake that follows is continuing to treat it as support.

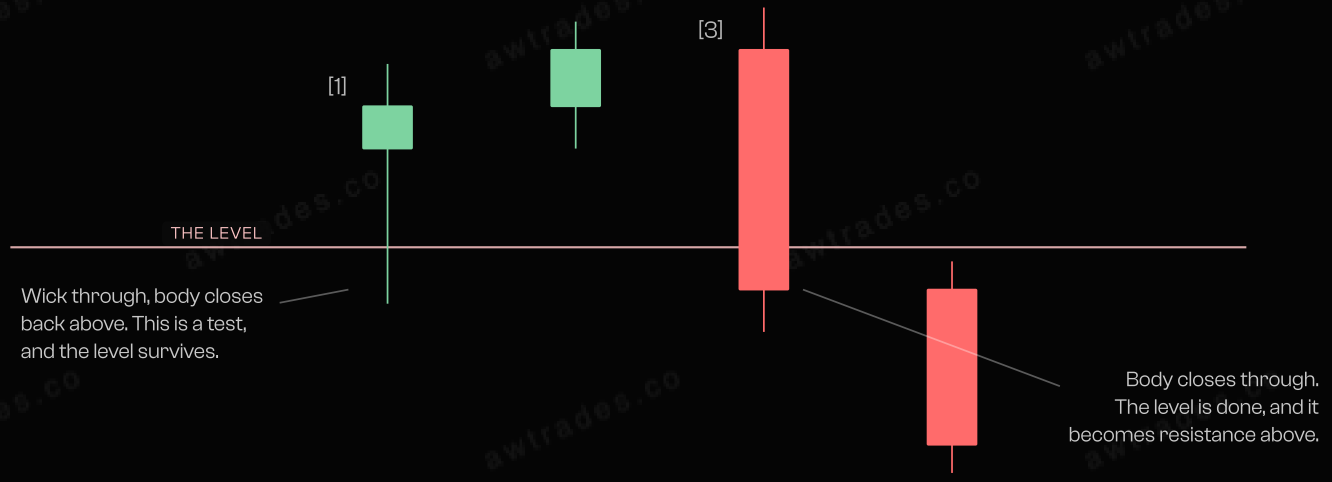



A close through ends it. The level flips and becomes resistance

## Wick through, or body through

This is the one distinction in the chapter that a line diagram cannot show you, because it is about the candle itself rather than the shape of the move.

The same level, tested twice. Only one of these ends it




WHAT COUNTS AS A TEST

A wick into the level that immediately rejects with a body close back above is a *test*. A body close below the level *invalidates* protection. That low is no longer protected, and it becomes resistance on the next attempt.

BEFORE YOU MOVE ON

- [ ] You can tell a test from an invalidation by the candle close
- [ ] You know why a protected level beats a random swing point
- [ ] You would wait all session for one of these rather than force a lesser setup

PART TWO

# The Models

Bias first, then the two setups and the gap that confirms them.

# HTF Bias Determination

IN ONE LINE Where is the draw on liquidity? Get this wrong and even a perfect setup fails.

Getting the draw wrong is the fastest way to lose money with this model. If your bias does not match where price is actually heading, even a textbook setup will fail.

This is the single biggest difference between profitable and unprofitable traders. Before the session, open your two-hour NQ chart and answer one question: where is the draw on liquidity?

## Bearish bias checklist

- [ ] **Failure to seek highs.** Price tried to go higher but failed to take the previous high.
- [ ] **Sell-side untaken below.** Clear lows below that have not been swept.
- [ ] **Price is in premium.** Currently in the upper half of the HTF range.
- [ ] **HTF FVG below.** An unfilled fair value gap below current price.
- [ ] **HTF order flow bearish.** Lower highs and lower lows on the 2H.

## Bullish bias checklist

- [ ] **Failure to seek lows.** Price tried to go lower but failed.
- [ ] **Buy-side untaken above.** Clear highs above that have not been swept.
- [ ] **Price is in discount.** Currently in the lower half of the HTF range.
- [ ] **HTF FVG above.** An unfilled fair value gap above current price.
- [ ] **HTF order flow bullish.** Higher highs and higher lows on the 2H.

> THE BIAS RULE
>
> If three or more of these point the same direction, that is your bias for the day. Fewer than three is not a weak bias. It is *no* bias.

## When there is no clear bias

Sometimes price is trapped between ERL above and ERL below. In that case, FTSL and FTSH become your tiebreakers. You can also wait for one pool to be taken, then trade the reversal toward the other. If price fails to reverse or displaces into larger internals, it is likely continuing toward the next pool.

On mixed days you do not rank a primary setup. You mark both sides and you trade whichever prints first. The trader is not a forecaster. The trader reacts.

## Multi-timeframe FVG alignment

Having multiple FVGs align at the same spot across timeframes is incredibly powerful. Lower timeframes can be noisy, but when a 1H FVG aligns with a 15m or 5m FVG, it reinforces your bias and filters out weak setups. The best multi-timeframe fair value zones are found at previous structure.

BEFORE YOU MOVE ON

- [ ] You have written down BULL, BEAR or NONE before the open
- [ ] You counted at least three confirmations, or you wrote NONE
- [ ] You know which ERL you expect to be taken today

# The AW Reversal

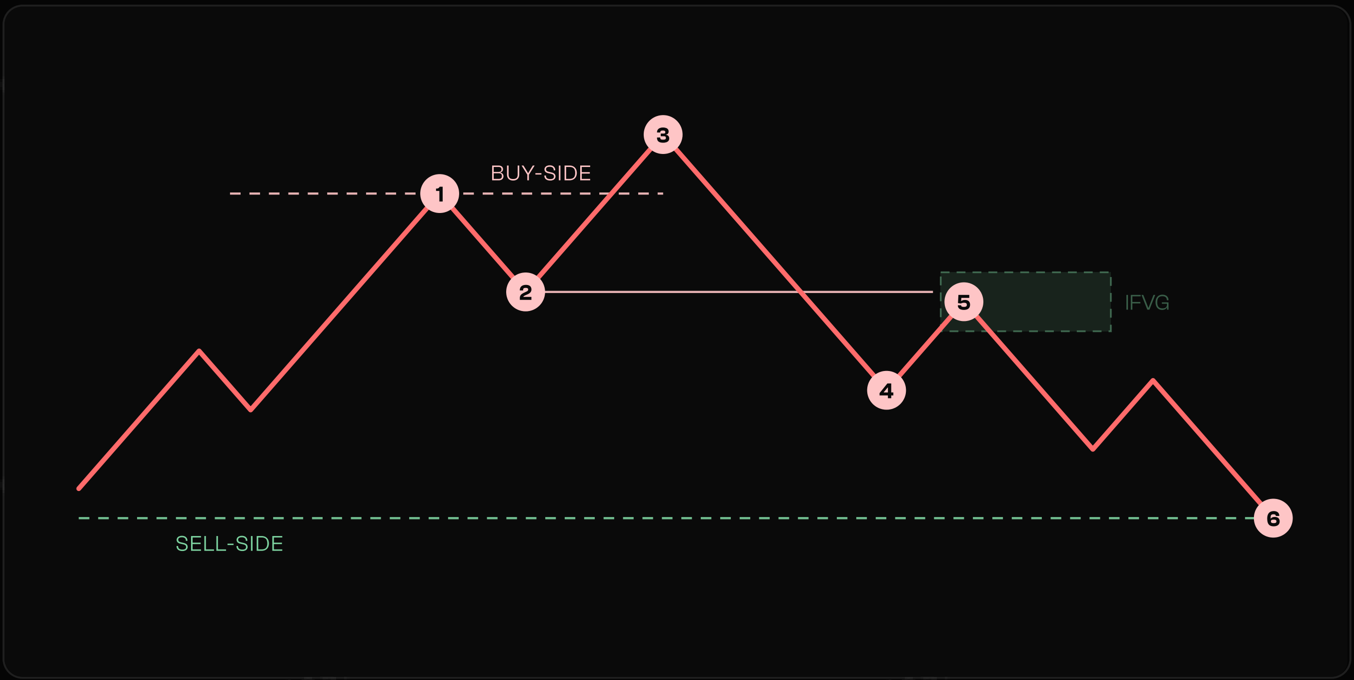
IN ONE LINE The primary setup. Price grabs external liquidity and reverses.

This is the primary setup. It captures the moment price grabs external liquidity and reverses. Executed properly, with every confirmation aligned, it produces an extremely high win rate.

It is also the parent of everything else. The continuation in Chapter 7 only exists once a reversal has already happened. If you only learn one chapter of this book, learn this one.

## The shape of the whole trade

Before the detail, here is the trade as one movement. Price reaches for the pool above, takes it, turns, and delivers to the pool below. Everything in this chapter is about identifying that turn early enough to be positioned for the second half.




One rotation, from the pool that gets swept to the pool you target

1. **The draw.** Before the session, find the untaken liquidity on the higher timeframe: a previous day high, a weekly high, equal highs. Two groups have orders resting above it, shorts with their stops and breakout traders waiting to buy the break, and both of those are buys. That is why price is drawn there. Mark it and leave it. This is where price is heading first, and it is not where you take profit.
2. **The neckline.** The trend running into that draw is built from higher lows. The last significant one is the neckline, and it is already on the chart before price reaches for the level above — you are identifying it, not waiting for it to form. It has to be obvious on the timeframe you are trading. If you have to zoom in to find it, it is too small to be structure and breaking it proves nothing.

3. **The sweep.** Price has to actually take the level, not approach it. You want a wick through and a close back underneath. That wick is the fill: every stop and every breakout order above the high triggers at once, which is the volume a large seller needs to get positioned. A tap that respects the level is not a sweep, and nothing below applies until this has happened.
4. **The shift.** Price drives back down and closes through the neckline. It has to be aggressive: big bodies, little wick, no hesitation. That is institutional intent. A slow grind through is not a shift, and a wick through is not a break either — the candle has to close beyond it. Until that close there is no setup, however good everything before it looked.
5. **The entry.** That move leaves a gap behind it. What you want is one price had respected from the other side already, so breaking through inverts its role. A plain fair value gap works too, but the inverted one is the higher quality version. Wait for price to retrace back into it and enter there, at fair value. Never chase the break: the stop is in the same place either way, so entering late only costs you size.
6. **The target.** The stop goes beyond the swept wick, never a fixed number of points, and you size so that distance equals your fixed dollar risk. The target is the untaken pool on the opposite side. Measure it before you click, because that number is the trade. Once price clears the first internal level move to breakeven, then hold the rest to the pool. One pool to the other, with your entry at fair value in between.

## The step-by-step process

01 **Identify a clear external draw.**

On the HTF, where is the untaken ERL? Mark it. This is where price is heading first, and it has to be taken before there is a setup at all. It is not the target of your trade. Once it gets swept, your target becomes the ERL on the opposite side.

02 **Identify the main trend.**

Is HTF order flow bullish or bearish? This determines which direction you will trade the reversal.

03 **Wait for price to seek ERL.**

Do not anticipate. Wait for price to actually reach and take the external liquidity. The sweep must happen before you apply the model.

04 **Confirm the sweep.**

Price sweeps the external level and takes out the highs or lows. Stops get triggered, breakout orders get filled. A wick through the level, not a tap.

05 **Mark the structure.**

The trend running into the level is what you are trading against, and its last significant opposing swing is the neckline. Mark it while price is still approaching, not afterwards.

06 **Watch the reaction.**

You want a quick, impulsive move off the low or high. Not a slow grind. The displacement must be aggressive. That is institutional intent.

07 **Confirm the neckline break.**

The displacement must break the structure, the neckline. This is the MSS and the most important step. Without a confirmed neckline break you *will* get faked out.

08 **Apply IRL to ERL for R:R.**
Identify fair value and the opposite ERL. Entry at IRL, target at ERL. Measure this before you enter. The measurement decides whether the trade is takeable.

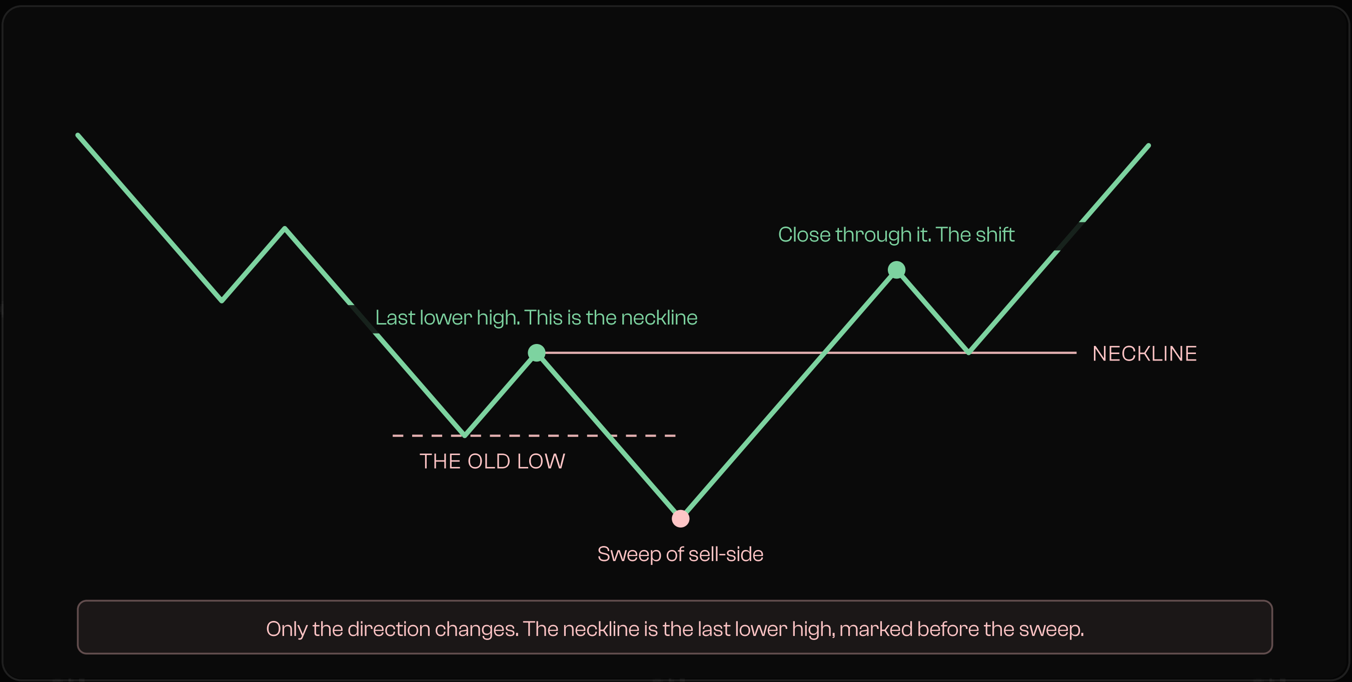
09 **Look for the IFVG, then wait for the retracement.**
The displacement leaves a gap behind it. What you want is one that price had respected from the other side before, so that breaking through it inverts its role. A plain fair value gap is still a valid entry, but an inverted one is the higher quality version and it is what to look for first. Either way, wait for price to retrace into it.

10 **Take the entry.**
Enter on the retrace into the gap. Waiting for the 50% level rather than the first touch gets you a better price and a tighter stop when it fills, at the cost of the setups that turn before they reach it. That is a trade-off you make per setup, not a rule. The flip candle is the alternative if you want confirmation before committing.

11 **Confirm the draw.**
Once you see clear ERL sitting on the opposite side, you have the full AW Reversal. Execute with confidence.

## The same setup, the other way up

Every diagram so far has been bearish, which makes it easy to memorise a picture instead of a principle. Here is the bullish version. Nothing changes except direction: the neckline is the last lower high of the downtrend, marked before price sweeps sell-side, and the shift is a close back above it.



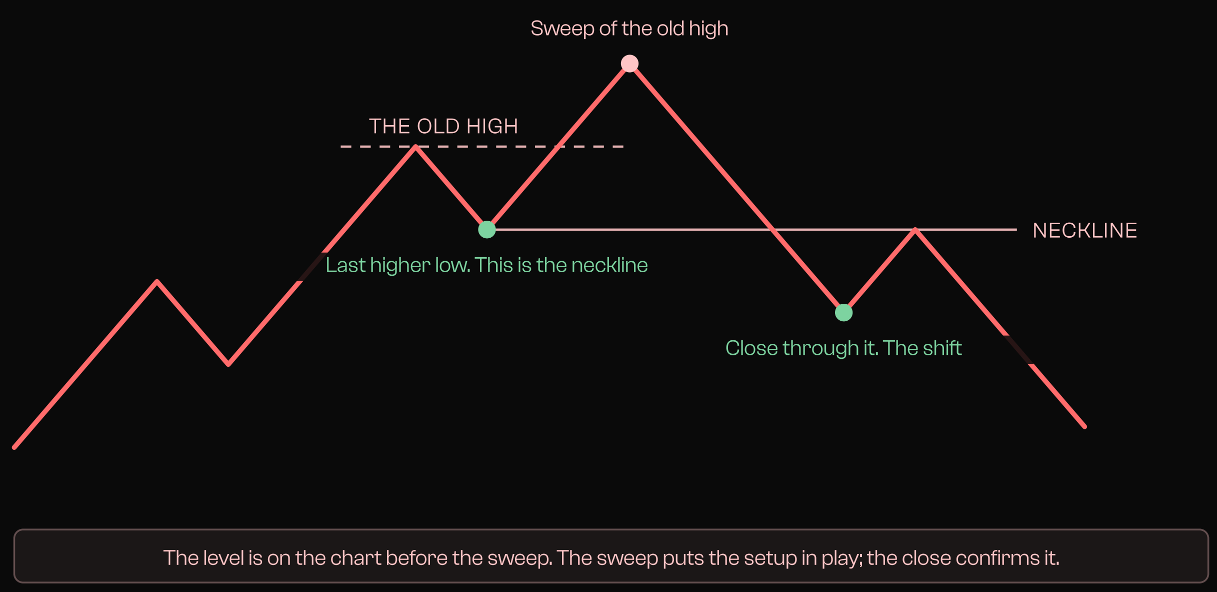

The same model upside down: the neckline is the last lower high, marked before the sweep

## The neckline, properly

This is the step people get wrong, and it is worth more space than the rest of the chapter combined, because everything downstream depends on identifying it correctly.

The neckline is the last *significant* opposing swing of the trend you are trading against. In a downtrend that is the last lower high. In an uptrend it is the last higher low. Significant is doing real work in that sentence: structure is fractal, and every small pivot inside the final leg is technically a swing. You want the one visible at the degree you are trading, not the smallest one you can find. That swing exists before the sweep, because the sweep is the final leg of the trend and this is the swing that leg started from.

Price will usually come back to that level after the sweep, stall there, and only then break it. In a clean reversal that retest sits at the same price as the original swing — which is where the name comes from, and why plenty of traders mark the later touch instead. When the setup is clean both landmarks give you the same line, so it does not matter which one you drew. When they differ, take the earlier swing. A high that forms after the sweep and sits below the last lower high does not end the downtrend when it breaks; it is a smaller-degree shift, which is an earlier and weaker signal, and knowing the difference is what stops you calling a reversal that has not happened yet.




The neckline is the last higher low of the uptrend, already on the chart before the sweep

IF YOU HAVE SEEN THIS CALLED SOMETHING ELSE

Plenty of traders never use the word neckline. They will mark the same point as the swing high or swing low, or as the last opposing candle before liquidity was taken. In a clean sequence all of those land on the same price, because they are all answering one question: which level, once broken, proves the previous leg is finished? So do not get stuck on whose vocabulary is correct. Pick one definition, mark it the same way every session, and the model behaves identically. Where this differs from most of what you will find online is the confirmation, not the level: a body close through it, never a wick.

## The neckline on a real chart

Before the whole model, the one level everything depends on. Follow the order of events left to right, because the order is the thing most people get wrong.

NQ1! · 3 minute


Identify it, wait for the sweep, then wait for the close. If you find yourself hunting for a neckline only after the sweep has happened, you are looking at the retest rather than at the level itself.

1. The neckline, drawn from the lower high it comes from at around 17:45. Notice the line starts at that swing, not at the sweep — it was already identifiable while price was still falling. It is the last significant lower high of the downtrend, not the smallest pivot you can find inside the final leg.
2. The sweep, at the important level below. External liquidity is taken. This does not create the neckline, it puts the setup in play; the level was already on the chart.
3. The break. Price closes above the neckline and the downtrend is over — that close is the market structure shift. A wick through and back would not have counted.
4. For a short every one of these inverts: the neckline is the last significant higher low of an uptrend, the sweep is above, and the break is a close below.

## How to identify it in real time

Work in this order and it stops being ambiguous.

01 **Mark the last opposing swing.**

The last lower high in a downtrend, the last higher low in an uptrend. One point, not a zone. It is already on the chart — you are identifying it, not waiting for it to form.

02 **Wait for the sweep.**

The level only starts to matter once external liquidity has actually been taken. Before the sweep you have a line and no setup.

03 **Watch for the retest.**

Price usually comes back to the neckline after the sweep and fails there. That failure is confirmation you marked the right level, and it is the last thing you get before the break.

04 **Mark the line and leave it.**

Draw it once. If you find yourself moving it as price develops, you are fitting the level to what you want to happen.

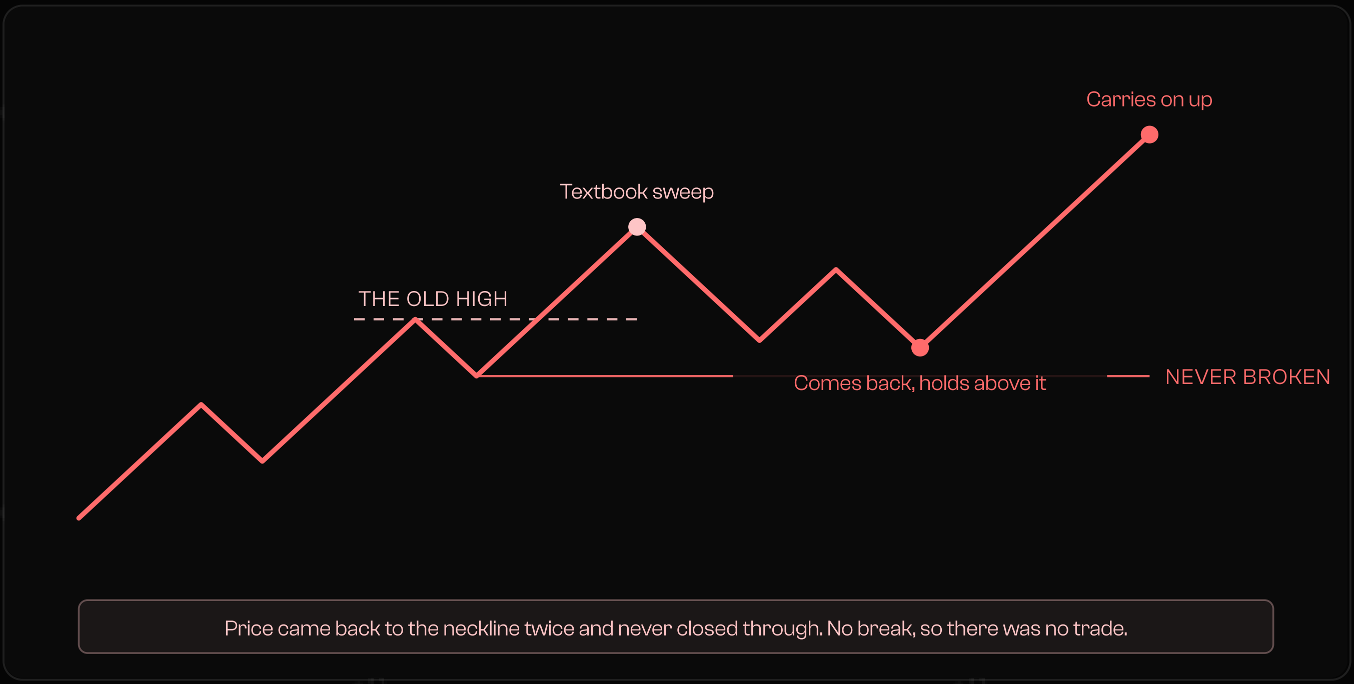
05 **Require a body close through.**

A wick through the neckline is not a break. The candle has to close beyond it. This single rule filters most fakeouts.

> HOW BIG SHOULD THE PULLBACK BE
>
> Big enough that the low is obvious on the timeframe you are executing on. If you have to zoom in to find it, it is too small to be structure, and breaking it proves nothing. On the 1m and 3m that usually means several candles of pullback, not one.

### What it looks like when there is no trade

This is the same sweep, and it is the situation that costs people money. Everything looks right until the part that matters.




No neckline break, no trade, however good the sweep looked

Price swept the level cleanly, pulled back, and then simply never broke the low behind it. No shift, no trade. The setup you were waiting for did not happen, and the discipline is in accepting that rather than taking the sweep as sufficient.

If you only take one rule from this chapter into live markets, take this one: no confirmed neckline break, no position. It does not matter how good the sweep was.

## Where the stop goes

The stop goes beyond the swept ERL wick. Below the sweep low for longs, above the sweep high for shorts. It is always structural. There is no default point value and no maximum point value. Structure sets the width, and structure is different every day.

Size the position so that the structural stop equals your fixed dollar risk. A wider stop means fewer contracts, not a tighter stop.

> WHEN THE STOP FEELS TOO WIDE
>
> If the structural stop is unusually wide for the setup, that is information about your entry, not about the market. It usually means you entered too far from the level. Wait for the deeper retrace. Never tighten the stop to make the trade fit.

## The full sequence: the long side

The whole model on one chart. Work through it against the chapter and check each component off before moving on.

NQ1! · 3 minute


Four components in a fixed order: neckline, sweep, close through it, gap. Change the order and it is a different setup.

1. The neckline, marked from the last significant lower high of the downtrend, before price goes anywhere near the level below.
2. The important level, swept. Sell-side liquidity is taken and the setup is now live.
3. The close above the neckline. This is the MSS, and until it prints there is no trade no matter how good the sweep looked.
4. The FVG left behind by the move that broke the neckline. Entry is the retrace into that gap; the 50% level is the tighter version when you want the extra R:R. The stop sits below the swept low, and the target is the opposite liquidity above.

## The same model, short side

Every component mirrors. Walk it deliberately rather than assuming you can flip the long in your head — trades taken backwards are usually taken by someone who only practised one direction.

NQ1! · 3 minute


Long and short are the same four components with every direction reversed. If you can narrate both charts without checking which is which, you know the model.

1. The neckline is now the last significant higher low, because the trend being broken is an uptrend. This is the component people invert wrongly: on a short you are watching a low, not a high.
2. The important level above, swept. Buy-side liquidity is taken this time.
3. The close below the neckline. The uptrend only ends once its last higher low gives way, which is exactly what makes this the level that matters.
4. The gap sits above the break, so price retraces up into it. Entry is the retrace into it, the stop goes above the swept high, and the draw is the liquidity below.

## Key points

- A full reversal takes price from ERL to ERL. Your entry is always at fair value in between.
- Always wait for structure and a neckline before entering. The neckline break is the number one reason traders avoid fakeouts.
- Displacement through the neckline after ERL is taken is the green light.
- HTF FVG alignment provides extra confirmation and speed into the model.
- High-quality reversals come *after* seeking ERL. The sweep is the fuel.

BEFORE YOU MOVE ON

- [ ] You can name all eleven steps in order
- [ ] You know why the sweep has to come before the shift
- [ ] You can place the stop without thinking about how many points it is

# The Continuation Model

IN ONE LINE So you never have to chase, and never FOMO into a move.

This model exists so you never have to chase or FOMO into a move. Use it after a reversal has begun and you either missed the entry or want to add to the position.

## Step by step

01 **Identify a clear external draw.**
Use IRL/ERL and HTF models to pinpoint external liquidity targets that have not been reached yet. Non-negotiable. If the original target is already hit, there is no continuation.

02 **Assess trend fluidity.**
Is price trending with clear impulses and retracements? Are IRLs being filled cleanly? Choppy overlapping candles are not a continuation, they are consolidation. Stand aside.

03 **Check for FTSH or FTSL.**
Does NQ fail to seek highs or lows? Extra confirmation. If price sweeps an IRL in the process, even better.

04 **Apply fair value to premium sequence.**
Use the IRL/ERL framework to find where price will retrace and continue. The retracement typically aligns with structure.

05 **Enter at high-probability levels.**
Target the retracement. Do not short at liquidity lows or long at liquidity highs. Enter at fair value.

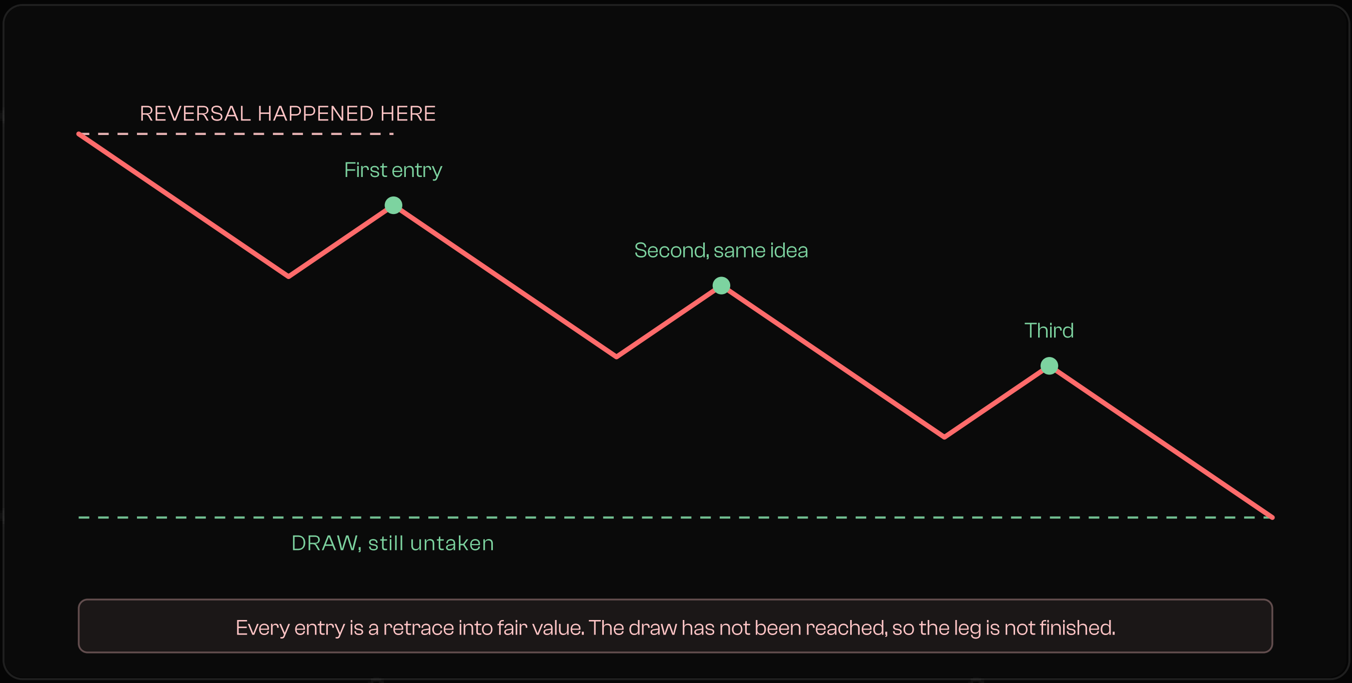
06 **Use HTF for confirmation.**
If you see an HTF reversal and zoom into the 1m to 5m and see a continuation model, probability goes way up.

07 **Set the target.**
The untaken external draw. Move the stop to breakeven once the first internal level clears, then hold the full position to it.

08 **Use the flip candle.**
Add the flip candle for extra confirmation and impulsive entries.

## Where it sits in the day

The continuation is the second half of a move that a reversal already started. Marking that on a diagram makes the dependency obvious in a way the rules alone do not.



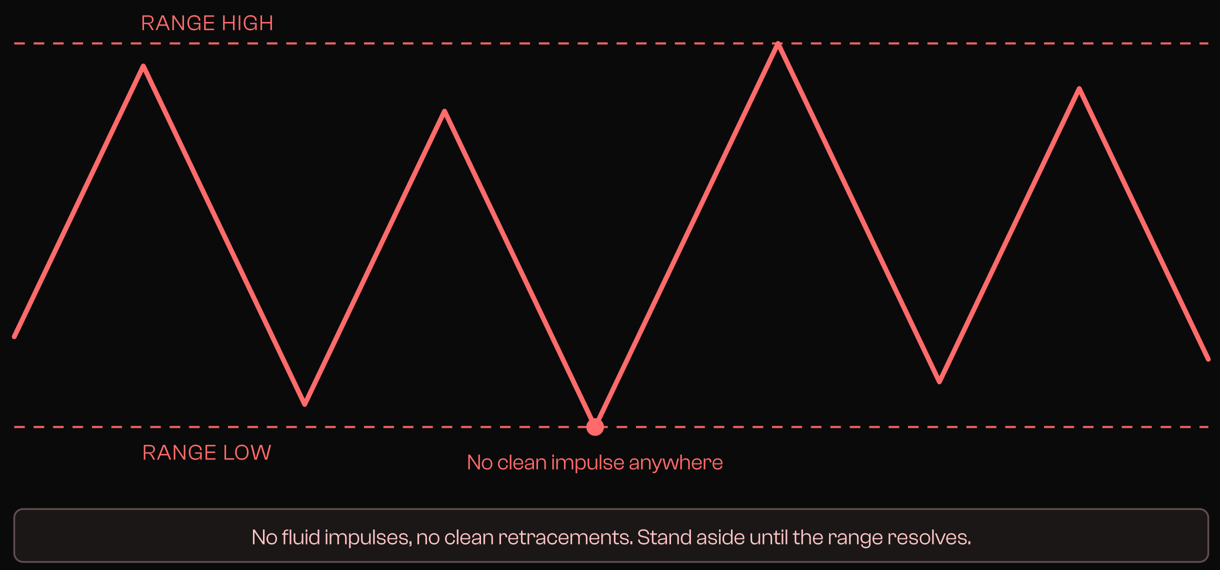

The reversal already happened. This is the leg after it

Notice there are three entries on that leg and they are the same trade taken three times. Price impulses toward the draw, pulls back into the imbalance it left, and continues. Each of those pullbacks is a continuation entry, and each one has the same structural stop logic as the reversal did.

This is also why the continuation is the more forgiving of the two setups. The reversal asks you to be right about a turn. The continuation only asks you to be right that a move already underway is not finished, which the untaken draw is telling you.

## What disqualifies it

Step two of the process says assess trend fluidity, which sounds subjective until you see the failure case. This is not a trend with retracements. It is a range, and every entry inside it is a coin flip.




Overlapping and directionless. This is consolidation, not a trend to join

The test is simple. Can you point at a clean impulse and a clean retracement, in that order, more than once? If you are squinting, the answer is no. Overlapping candles with no directional conviction are consolidation, and consolidation resolves in whichever direction it wants.

The other disqualifier is the one from step one. If the original draw has already been reached, there is nothing left to continue toward, and what looks like a continuation entry is usually the start of the reversal against you.

> THE KEY DIFFERENCE
>
> Continuation trades target the *same* external liquidity as the original reversal, because the draw has not been taken yet. Reversal trades target the *opposite* side after a sweep. Confuse these and you will target the wrong level.

> PARENT AND CHILD
>
> The continuation is never the first trade of the day. The reversal is the parent setup, the continuation is the child. If no reversal happened, there is nothing to continue.

The continuation model lives and dies by your ability to read IRL and ERL. Once you can consistently identify where fair value is and where the external draw sits, your continuation entries almost never fail.

## What it looks like on a real chart

One leg, two entries, one draw. This is the chapter's claim that the same trade appears more than once on a single move, shown on a real chart.

NQ1! · 3 minute


Every entry here points at the same untaken level. The moment that level is reached, the setup is finished — and continuing to take it is a good way to hand back the leg you just traded correctly.

1. The line marked untaken ERL is the draw — external liquidity sitting above that price has not reached yet. It is the reason the trade exists, and it is the first thing to establish. No untaken draw, no continuation.
2. The impulse at 22:15 runs so hard it leaves the lower gap behind it. That imbalance is the first entry, not the impulse itself; chasing the candle is how people end up long at the top of a leg.
3. Around 23:15 price retraces into that gap and continues. Same structural stop logic as the reversal: below the gap, and the draw above is still the target.
4. The second impulse leaves the upper gap, and price retraces into that one too. Two entries, same leg, same draw, same trade taken twice — which is the whole point of the chapter.
5. At 00:15 price reaches the line and turns over. This is the disqualifier arriving: once the draw has been taken there is nothing left to continue toward, and what looks like a third entry is the start of the reversal against you.

BEFORE YOU MOVE ON

- [ ] You can state which liquidity a continuation targets, and why
- [ ] You would stand aside on an overlapping, choppy chart
- [ ] You know why this is never your first trade of the day

# The IFVG Model

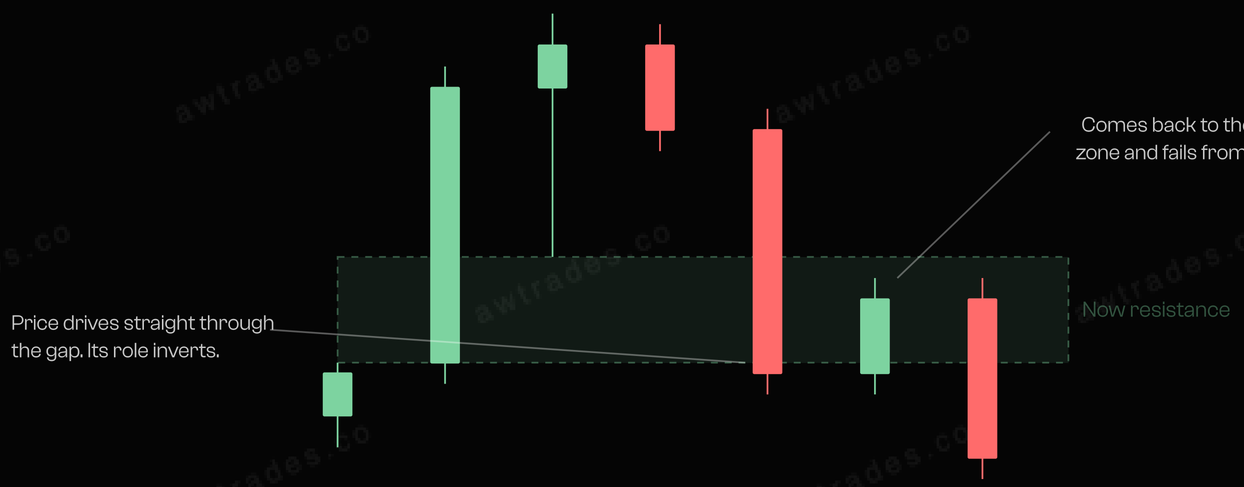
IN ONE LINE When a fair value gap flips its role, it becomes confirmation.

The IFVG, or inverse fair value gap, identifies and trades imbalances where price has moved too quickly. When a previous FVG gets traded *through* by a displacement move, it flips its role.

- A **bearish FVG** that gets displaced through bullishly becomes **support**.
- A **bullish FVG** that gets displaced through bearishly becomes **resistance**.

NQ · ifvg-anatomy

The gap gets traded through, then rejects from underneath




IFVGs provide extra confirmation on AW Reversal entries. They are not always needed, but when present they significantly increase the probability of the setup holding. Combine IFVG zones with the AW Reversal entry for maximum confluence.

> HOW TO USE IFVGS
>
> The IFVG is never the trigger on its own. The AW Reversal is still the setup, and the sweep and neckline break still have to happen first. But once they have, an inverted gap is what you want to enter from, and Chapter 6 looks for one before it settles for a plain fair value gap.

## What it looks like on a real chart

NQ1! · 3 minute


An inverted gap raises the odds of an entry holding. It never creates the setup on its own.

1. The shaded zone started life as an ordinary fair value gap, left behind by the move down.
2. Price then displaced back up through it. That is what inverts it. A gap that has been traded through no longer acts as the imbalance it was.
3. Price returns to the zone from the other side and is rejected. What would have been support is now resistance, which is the whole idea behind the name.
4. This is confluence, not a trigger. The sweep and the neckline break still have to have happened first.

BEFORE YOU MOVE ON

- [ ] You can spot a gap that has been displaced through
- [ ] You know which way the role flips, and why
- [ ] You would not take an IFVG on its own as a trade

PART THREE

# Execution

The daily routine. Entry precision. Stops, sizing, and management.

# The Daily Routine

IN ONE LINE Same prep every morning, so the decisions are already made when it matters.

## Pre-session, before 8:30 AM CT

### On the 2H chart

- [ ] Determine the draw on liquidity
- [ ] Check whether price has failed to seek highs or lows
- [ ] Mark untaken ERL on both sides
- [ ] Is price in premium or discount of the HTF range?
- [ ] Are there HTF FVGs that align with your bias?
- [ ] Write down your bias: BULL, BEAR, or NONE

### On the 5m chart

- [ ] Mark PDH, PDL, overnight high and low
- [ ] Mark any equal highs and lows
- [ ] Mark recent unfilled FVGs
- [ ] Identify the intraday range

## The kill zone

| TIME (CT) | PHASE | ACTION |
|---|---|---|
| 8:30 – 9:00 AM | Manipulation | Watch which side gets swept. Lower probability and more failed setups here, so it is the window to be most selective in, not one to sit out entirely. |
| 9:00 – 10:30 AM | Primary window | Look for the AW Reversal. Highest probability setups. |
| 10:30 – 12:00 PM | Continuation | If you missed the reversal, look for continuation entries on pullbacks. |
| 12:00 – 2:00 PM | Low probability | Avoid unless exceptionally strong setup. |
| 3:00 PM | Close | Flatten everything. No overnight holds. |

## Execution sequence, 1m and 3m

Once the sweep happens during the kill zone:

01 **Confirm the ERL was taken.**
Not approached. Taken.

02 **Watch for impulsive displacement away from the swept level.**
Aggressive, not a grind.

03 **Displacement must break the neckline for MSS confirmation.**
This is the gate.

04 **Mark the FVG left by the displacement.**
That is your entry zone.

05 **Enter when price retraces into the FVG, or on the flip candle.**
Two valid entries, covered in Chapter 10.

06 **Place the stop structurally.**
Beyond the swept wick. Below the reaction low for longs, above the reaction high for shorts. Then size so that distance equals your fixed dollar risk.

07 **Set the target.**
The opposite ERL. Once the first internal level clears, move the stop to breakeven and hold the full position to target.

## Hard rules

- Maximum two trades per day
- If you hit your daily loss limit, stop for the day
- Close everything by 3:00 PM CT
- No trades on FOMC, NFP or CPI until after the release
- Stops are structural. Always. There is no version of this model where a stop is a fixed point distance

BEFORE YOU MOVE ON

- [ ] Your bias is written down before 8:30
- [ ] You know which windows are highest probability, and which need more from you
- [ ] You have a daily loss limit and you know the number

# Entry Precision

IN ONE LINE Two ways in. Pick deliberately, not by mood.

## The flip candle entry

The flip candle is the candle that confirms the structural shift. It is the last opposing candle before the displacement.

- **For longs:** the last bearish candle before the bullish displacement. Enter at its close.
- **For shorts:** the last bullish candle before the bearish displacement. Same concept reversed.

## The FVG retracement entry

After the displacement creates an FVG, wait for price to retrace into it. The first touch of the gap is the entry. Waiting for the fifty percent level, consequent encroachment, gets you a better price and a tighter stop when it fills, at the cost of the setups that turn before they reach it.

## Which to use

| | FLIP CANDLE | FVG RETRACEMENT |
|---|---|---|
| Timing | Earlier | Later |
| Distance to stop | Wider | Tighter |
| Resulting size | Smaller | Larger |
| R:R | Good | Best |
| Risk profile | More aggressive | More conservative |
| Best for | Experienced traders | Newer traders |

> SAME STOP EITHER WAY
>
> Both entries use the same structural stop, beyond the swept wick. The entry type changes how far you are from that stop, which changes your size. It never changes where the stop goes.

BEFORE YOU MOVE ON

- [ ] You know which entry you default to, and why
- [ ] You understand that the entry choice changes size, not stop placement
- [ ] You can find consequent encroachment on an FVG

# Stops, Sizing, and Trade Management

IN ONE LINE Structure sets the stop. Size absorbs it. R measures everything.

## The initial stop

The stop goes beyond the swept ERL wick. That is the whole rule.

No fixed distance. No maximum. A twenty point stop and a sixty point stop are equally valid if that is where structure sits. A stop placed anywhere other than beyond the wick is not protecting the trade. It is just a number you picked.

> THE CORE PRINCIPLE
>
> Because the stop is structural, the stop does not control your risk. **Size does.**

## Sizing around the stop

Every trade gets the same dollar risk. The stop width changes, so the contract count changes to match.

```
contracts = dollar risk / (stop in points × $ per point)

NQ  = $20 per point       MNQ = $2 per point
```

Same five hundred dollars of risk, three different structures:

| STRUCTURAL STOP | NQ CONTRACTS | MNQ CONTRACTS |
|---|---|---|
| 20 points | 1 | 12 |
| 40 points | 0, use MNQ | 6 |
| 60 points | 0, use MNQ | 4 |

A wide stop day is a small size day. Not a full size day that happens to stay under the cap.

> THE HARD CEILING
>
> No single trade risks more than ten percent of account drawdown. That is a ceiling, not a target. Most trades should sit well under it.

## The three gates

The stop width itself never disqualifies a trade. These three checks decide whether it is takeable. Only the first is absolute.

01 **Dollar risk.**
If the structural stop cannot fit inside your per-trade dollar cap at the minimum size you can trade, you cannot take the trade. Not negotiable.

02 **R:R.**
Measure entry to the opposite ERL before you enter, every time. There is no hard floor. Around 2R and below, ask whether you entered too far from the level, because waiting for the deeper FVG retrace usually fixes it. But a clean setup showing 1.5R to 2R is still a trade.

03 **Location.**
If a setup that normally needs thirty points suddenly needs eighty, you chased the displacement instead of waiting. The stop is telling you about the entry.

## After entry

01 **Let it clear the first key level.**
The nearest internal liquidity: FVG fill, EQ level, or STH/STL. Price reaching it is confirmation the draw was read correctly. You are not taking anything off here.

02 **Move to breakeven.**
Once that level is cleared, move the stop to BE plus two points. The position is now free, and the trade can no longer cost you anything.

03 **Keep protecting as further levels clear.**
As each subsequent key level is taken out in your favour, move the stop up behind it. Structure sets where the stop goes here, exactly as it did at entry.

04 **Hold to target, the opposite ERL.**
One target, full position. This is where the size of the win comes from, and taking pieces off before it is what caps the model's upside.

## The R:R maths

Think in R, not points. R is your risk on that trade, whatever the structure required.

A completed trade is exactly what you measured at entry: fair value to the opposite ERL. There is no scaling out, so the number you measured before clicking is the number you get. When the retrace is deep and you are close to the level, that is often 4R and up. When it is shallower, it is 1.5R to 2R, and those still count.

That mix is why the model does not lean on a high win rate. At fifty percent, an average winner well above 1R is what carries the arithmetic. It is arithmetic, not a forecast of what any particular month does.

The trades that do not reach target mostly end at breakeven rather than at a full stop, because the stop moves once the first key level clears. A losing month is usually a month of breakevens, not a month of losses.

> WHY THIS HOLDS AT ANY STOP WIDTH
>
> R normalises everything. A sixty point stop targeting a two hundred and fifty point draw is the same trade as a twenty point stop targeting an eighty point draw. Points are noise. R is the signal.

## The position management truth

You do not make money on entries. You make money on what you do after the entry. Clear the first level, move to breakeven, then leave it alone and let it reach the draw. The hard part is not the analysis. It is sitting still.

BEFORE YOU MOVE ON

- [ ] You can calculate contracts from a stop width in your head
- [ ] You know all three gates and which one is not negotiable
- [ ] You can explain why a sixty point stop is not automatically worse than a twenty point stop

PART FOUR

# Mastery

Alignment, mistakes, backtesting, and session timing.

# Multi-Timeframe Alignment

IN ONE LINE Same behaviour, different scales. The more timeframes agree, the better.

## The top-down approach

| TIMEFRAME | PURPOSE | WHAT TO LOOK FOR |
|---|---|---|
| Weekly / Daily | Macro draw | Where are the major untaken liquidity pools? |
| 2H / 4H | Session bias | FTSH or FTSL? Premium or discount? HTF FVGs? |
| 5m | Intraday levels | Mark the range and session levels, identify which ERL gets swept |
| 1m / 3m | Execution | Find the sweep, displacement, FVG, and enter |

Price does the same thing on the 2H that it does on the 1m, just at different scales. The more timeframes that agree, the higher your probability.

Once price confirms it is holding the higher-timeframe imbalance, you will notice repeated manipulation of lower-timeframe highs. Your model's objective is to identify this manipulation and trade the continuation that follows. The flip side is also true: if the higher timeframe is weak, the lower timeframes will catch up eventually.

BEFORE YOU MOVE ON

- [ ] You start every session on the highest timeframe, not the lowest
- [ ] You can say what each timeframe is for without checking

# Common Mistakes

IN ONE LINE The nine that actually cost money.

Read this chapter after your first losing week. It will read very differently then.

01 **Trading without HTF bias.**
The number one killer. If you do not know where the draw is, you are guessing.

02 **Entering before the neckline breaks.**
Wait for the full structural shift. No shift, no trade. Period.

03 **Confusing IRL for ERL.**
Not every high or low is ERL. Use IRL and ERL as guidance, not automatic trade triggers.

04 **Fighting the HTF order flow.**
If the higher timeframe is weak, the lower timeframes follow eventually.

05 **Chasing after the sweep.**
The continuation model exists so you do not FOMO. Missed the reversal? Wait for the pullback.

06 **Wrong level identification.**
Do not short at liquidity lows or long at liquidity highs. Enter at fair value.

07 **Arbitrary targets.**
Your target must be structural. A full reversal goes ERL to ERL. Target opposite external liquidity.

08 **Tightening a structural stop to fit a size.**
This is backwards and it is the fastest way to turn a winning model into a losing one. The stop is fixed by the chart. The size is the variable.

09 **Trading the same size on every stop width.**
A sixty point stop at your twenty point size is three times the risk you think you are taking. R:R looking fine on paper does not make the risk fine.

THE KEY IDEA

Eight and nine are the same mistake wearing different clothes. Both come from treating size as fixed and the stop as negotiable. It is the other way round.

BEFORE YOU MOVE ON

- [ ] You have honestly identified which of these nine you do
- [ ] You have a plan for catching it next time

# How to Backtest This Model

IN ONE LINE Twenty days of honest data, logged the same way every time.

---

Open TradingView. NQ futures, three-minute chart. For each trading day, go through this process.

### Pre-session, 2H chart

- [ ] Mark the most recent swing high and low
- [ ] Did price fail to seek either one? This determines bias
- [ ] Where is untaken ERL on both sides?
- [ ] Is price in premium or discount?
- [ ] Any HTF FVGs?
- [ ] Write: BIAS = BULL, BEAR, or NONE

### Session, 5m then 1m and 3m

- [ ] Mark PDH, PDL, ONH, ONL, equal highs and lows
- [ ] Did price sweep ERL aligned with your bias inside the kill zone?
- [ ] Was there an impulsive displacement after the sweep?
- [ ] Did the displacement break the neckline?
- [ ] Did it leave an FVG?
- [ ] Did price retrace into the FVG?

## Record your results

| FIELD | WHAT TO TRACK |
|---|---|
| Date | Trading day |
| HTF bias | Bull, Bear, or None |
| ERL swept | Which level was taken |
| Neckline break? | Yes / No |
| Entry price | FVG retrace, or flip candle close |
| Stop price | Price level of the structural stop |
| Stop width (pts) | Entry to stop distance. Recorded, not filtered |
| Contracts | Size taken at that stop width |
| Risk ($) | Actual dollars at risk. Should be near-identical every trade |
| First key level | The internal level that triggers the move to breakeven |
| Cleared it? | Yes / No. If no, this was a full stop |
| Target (ERL) | Opposite external liquidity |
| Target hit? | Yes / No |
| Final R | Actual R achieved, not points |

> THE COLUMN THAT MATTERS MOST
>
> Risk in dollars. If that column varies wildly across your log, you are not sizing around the stop and the rest of the data cannot be trusted. Every row should show roughly the same number.

## What you are looking for

- Most trades clearing the first key level, so the stop reaches breakeven
- A meaningful share of those running all the way to the opposite ERL
- Average R above 2:1 across every trade, winners and breakevens together
- Stop width varying widely while dollar risk stays flat
- Losses that are clean stops, not catastrophic

Do twenty trading days. That gives you enough data to see if the model has a structural edge.

BEFORE YOU MOVE ON

- [ ] Your risk column is flat across every row
- [ ] You logged the days you did not trade, and why
- [ ] You have twenty days before you draw a conclusion

# Session Timing Reference

IN ONE LINE How the session windows rank, best to worst.

| SESSION | TIME (CT) | NOTES |
|---|---|---|
| Pre-market | 7:00 – 8:30 AM | Observe. Do not trade. |
| Market open | 8:30 – 9:00 AM | Manipulation phase. Tradeable, but be selective. |
| Primary kill zone | 9:00 – 10:30 AM | Highest probability window. Take your trades here. |
| Midday | 10:30 – 12:00 PM | Continuation window only. |
| Afternoon | 12:00 – 2:00 PM | Low probability. Avoid unless strong setup. |
| Close | 3:00 PM | Flatten everything. |
| London (optional) | 2:00 – 5:00 AM | London sweep often sets up the NY reversal. |

OUTSIDE THE ZONE

The further you get from the primary window, the more a good-looking setup is just a chart you find interesting. The zones are a probability ranking, not a fence. Be honest about which side of that ranking you are trading on.

BEFORE YOU MOVE ON

- [ ] You know your primary window without checking
- [ ] You accept that a good setup at 1pm is not a trade

PART FIVE

# Quick Reference

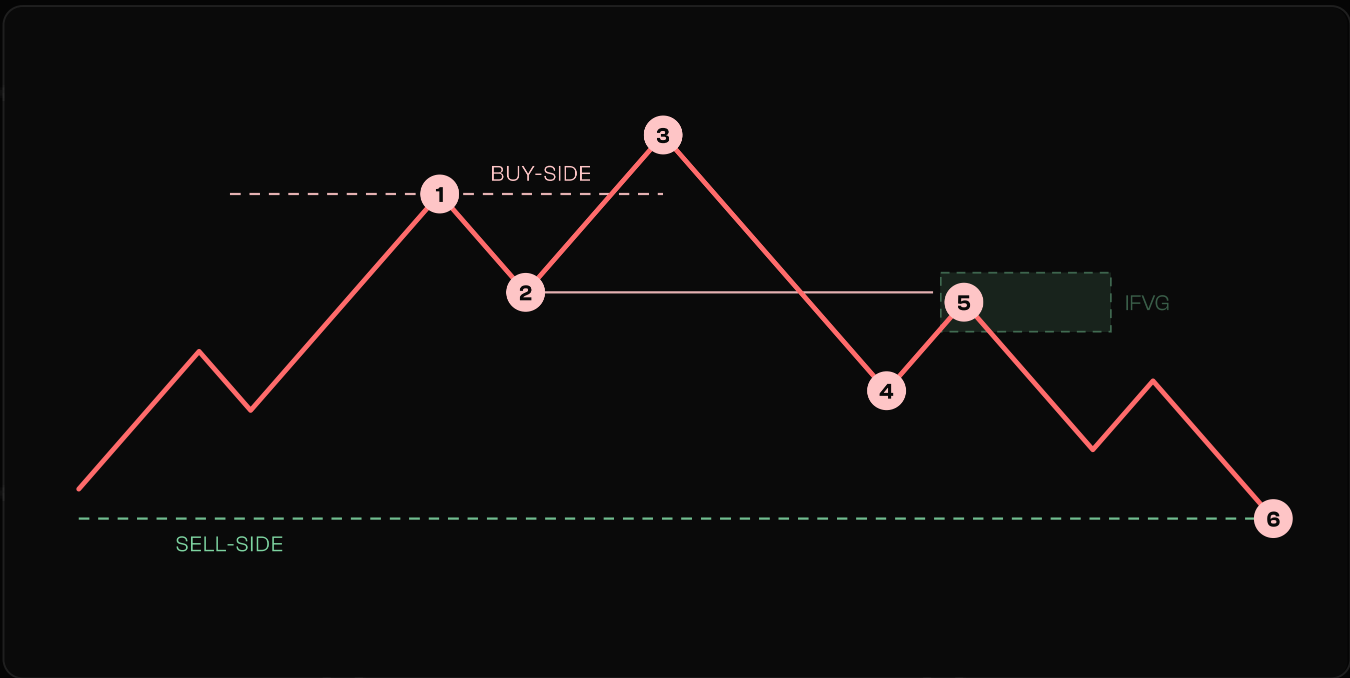
Print these. Keep them next to the screen.

REFERENCE

# A worked trade, start to finish

USE IT One session, every decision, in order.

This ties the whole book together. Same chart as Chapter 6, walked through as a sequence of decisions rather than a diagram.




One rotation, from the pool that gets swept to the pool you target

1. **The draw.** Before the session, find the untaken liquidity on the higher timeframe: a previous day high, a weekly high, equal highs. Two groups have orders resting above it, shorts with their stops and breakout traders waiting to buy the break, and both of those are buys. That is why price is drawn there. Mark it and leave it. This is where price is heading first, and it is not where you take profit.
2. **The neckline.** The trend running into that draw is built from higher lows. The last significant one is the neckline, and it is already on the chart before price reaches for the level above — you are identifying it, not waiting for it to form. It has to be obvious on the timeframe you are trading. If you have to zoom in to find it, it is too small to be structure and breaking it proves nothing.
3. **The sweep.** Price has to actually take the level, not approach it. You want a wick through and a close back underneath. That wick is the fill: every stop and every breakout order above the high triggers at once, which is the volume a large seller needs to get positioned. A tap that respects the level is not a sweep, and nothing below applies until this has happened.
4. **The shift.** Price drives back down and closes through the neckline. It has to be aggressive: big bodies, little wick, no hesitation. That is institutional intent. A slow grind through is not a shift, and a wick through is not a break either — the candle has to close beyond it. Until that close there is no setup, however good everything before it looked.
5. **The entry.** That move leaves a gap behind it. What you want is one price had respected from the other side already, so breaking through inverts its role. A plain fair value gap works too, but the inverted one is the higher quality version. Wait for price to retrace back into it and enter there, at fair value. Never chase the break: the stop is in the same place either way, so entering late only costs you size.

6. **The target.** The stop goes beyond the swept wick, never a fixed number of points, and you size so that distance equals your fixed dollar risk. The target is the untaken pool on the opposite side. Measure it before you click, because that number is the trade. Once price clears the first internal level move to breakeven, then hold the rest to the pool. One pool to the other, with your entry at fair value in between.

| STAGE | WHAT I SAW | WHAT I DID |
|---|---|---|
| Pre-session, 2H | Untaken buy-side at 20104. Price in premium. Order flow topping out. | Wrote BIAS = BEAR. Marked 20104 as the draw and the sell-side below as the target. |
| 8:30 – 9:00 | Price grinding up toward the level, nothing confirmed. | Watched. The manipulation window can be traded, but nothing here had swept yet, so there was nothing to trade. |
| The sweep | Wick to 20126, closes back at 20101, under the level. | Sweep confirmed. Now the model can be applied. Started watching for structure. |
| Structure | A low forms at 20074. | Marked the neckline. No trade until this breaks. |
| Displacement | Big-bodied candle straight through 20074 down to 20058. | MSS confirmed. Marked the FVG left behind, 20070 to 20084. |
| The measure | Entry around 20072, stop 20130, target 19920. | 58 points of risk, 152 to target. 2.6R. Takeable, but the gap was not filled yet and the deeper retrace was still on the table, so I waited for it. |
| Entry | Price retraces to 20080, taps the gap, rejects. | Entered at fair value. Stop at 20130, beyond the swept wick, so 50 points of risk and 3.2R to target. Sized so those 50 points equalled my fixed dollar risk, which meant MNQ, not NQ. |
| Management | Price clears the first internal level. | Moved the stop to BE plus two. Nothing taken off. Kept moving the stop down behind structure as further levels cleared. |
| Exit | Sell-side at 19920 delivered. | Full position closed at the opposite ERL. 3.2R on the trade. |

THE DECISION THAT MATTERED MOST

Not the entry. It was measuring the R:R *before* clicking. 2.6R was takeable, but knowing the number is what let me choose the better fill rather than grab the first one. Measure it every time, even when you are going to take the trade anyway.

REFERENCE

# The AW Reversal checklist

USE IT All must be present.

- [ ] ERL has been taken, price swept external liquidity
- [ ] Displacement or impulse after the sweep
- [ ] Creation of an imbalance or FVG during displacement
- [ ] ERL liquidity sitting on the opposite side, your target
- [ ] Shift in price and neckline break confirmed. **Non-negotiable**
- [ ] HTF bias aligns with trade direction
- [ ] Structural stop identified beyond the swept wick, before entry
- [ ] Size calculated so that stop equals fixed dollar risk
- [ ] Entry to opposite ERL measured, and the reward justifies the risk

## Bonus confluence

- [ ] HTF FVG alignment
- [ ] IFVG present at entry zone
- [ ] FTSL or FTSH confirmed
- [ ] Protected lows or highs at the sweep level
- [ ] Multi-timeframe FVG alignment

REFERENCE

# The continuation checklist

USE IT Never the first trade of the day.

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- [ ] Clear external draw still untaken
- [ ] Price trending fluidly with clean impulses and retracements
- [ ] FTSH or FTSL present
- [ ] IRL to ERL fair value to premium sequence aligning
- [ ] HTF reversal aligning with LTF continuation setup
- [ ] A reversal already happened today. This is not the first trade

REFERENCE

# Risk and sizing card

USE IT The one page to read before every entry.

## The rule in four lines

01 **The stop goes beyond the swept wick.**
Structure sets the width.

02 **Size flexes so that width equals your fixed dollar risk.**
Not the other way round.

03 **No single trade risks more than ten percent of account drawdown.**
Ceiling, not target.

04 **Judge on R:R and location, never on stop width.**
Width is information, not a veto. Neither is a fixed R number.

```
contracts = dollar risk / (stop in points × $ per point)

NQ = $20 / point        MNQ = $2 / point
```

## The three gates

| GATE | TEST | IF IT FAILS |
|---|---|---|
| Dollar risk | Does the structural stop fit inside the per-trade cap at minimum size? | No trade. Not negotiable. |
| R:R | Measured entry to the opposite ERL. Worth the risk? | Judgement. Around 2R and below, prefer the deeper retrace. |
| Location | Is the stop unusually wide for this setup? | You entered late. Skip. |

## What is never a reason to skip

- The stop is wide in points
- The stop is wider than yesterday's
- The stop is wider than you would like

Wide is not the same as bad. Wide and close to the level is a valid trade at smaller size. Wide and far from the level is a late entry. Learn the difference, because that distinction is the entire risk model.

REFERENCE

# Red flags: do not trade

USE IT Any one of these ends the conversation.

- No clear DOL, price stuck between pools
- Displacement is weak or slow, no conviction
- No FVG created by the displacement
- Neckline has not been broken
- Fewer than three bias confirmations pointing the same way
- Reward to the opposite ERL does not justify the risk, and the deeper retrace is still available
- Structural stop cannot be sized inside the dollar cap at minimum size
- Already at your daily loss limit
- Well outside the primary window, with nothing else compensating
- FOMC, NFP or CPI without a clear post-release setup
- You already took two trades today

> THE LAST ONE
>
> No-trade days are not failures. They are the model working. The edge comes from the trades you skip as much as the ones you take.

REFERENCE

# Glossary

USE IT Every term in the book, in one place.

| TERM | DEFINITION |
| --- | --- |
| BOS | Break of structure. Price breaks a swing point in the direction of the existing trend, confirming continuation. |
| Displacement | A strong, impulsive move with big-bodied candles. Institutional intent. |
| DOL | Draw on liquidity. The magnet price is heading toward. |
| EQ | Equilibrium. The fifty percent level of a range. |
| ERL | External range liquidity. Highs and lows outside a range where stops cluster. |
| Flip candle | The last opposing candle before a displacement. A valid entry point. |
| FTSH / FTSL | Failure to seek highs or lows. Price tried and could not. |
| FVG | Fair value gap. A three-candle imbalance that price tends to return to. |
| IFVG | Inverse FVG. A gap that has been displaced through and flipped its role. |
| IRL | Internal range liquidity. Fair value inside a range. |
| Kill zone | The windows the model is most likely to fire in. Primarily 9:00 to 10:30 AM CT. |
| MSS | Market structure shift. Price breaks structure against the existing trend. |
| Neckline | The structure level that must break to confirm an MSS. |
| Order block | The last opposing candle before a displacement, marked as a level. The same candle is called the flip candle when it is used as the entry trigger. |
| Premium / discount | Upper and lower halves of a range. Sell zone and buy zone. |
| Protected high / low | A swing point defended across multiple tests, usually formed at an HTF level. |
| R | One unit of risk. Entry to structural stop, in dollars. |

# The AW Model

Built on Wyckoff theory. Refined through ICT concepts.

Optimised for NQ futures. Designed to be mechanical.

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