



Completing the foundation

by
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1. Introduction

Welcome to tutorial 2 of the Market Structure series.

This Tutorial is going to assume that you've read Part 1 (link - <https://t.me/EmperorbtcTA/598>) where we covered the Market Structure basics. This week, we dive deeper into Market Structure and clarify some doubts.

We dedicate an entire section to clarifying concepts using different confluence tools.

In this tutorial, I have also answered questions posted in the comments regarding the previous tutorial which could be beneficial to everyone. To get your questions answered, all you have to do is post your questions in the comment section of my post. I will do my best to answer everyone.

Finally, I have some homework for you to do before the end of this week. This step is the most important, please don't skip it. You can do 100 courses but unless you have hands-on experience, it is impossible to become a good trader. This tutorial contains my best work, is it the best? Probably not. Everyone must backtest and practice concepts on live charts to gain confidence.

Love,
EmperorBTC



2. Some clarifications

In this section of the tutorial, I will answer questions related to the previous tutorial.



Figure 1. Q1

- This is a great question; we didn't take the blue circled part as **CHoCH** because the price has retraced to the upside right away, which is a warning sign that the price might not be continuing to the downside (not a significant pullback).





Дмитрий Смирнов @dmi_smirnov · Sep 15

Replying to @EmperorBTC

how can you predict that this could not be break of structure and price will return to HL or lower? are there any triggers?



Figure 2. Q2

- The figure above shows what should be considered as a deep swing. Once a BOS happens, we take the lowest low that has led to our HH to be broken, and we call it HL. Then we wait for a pullback to enter. We do not predict where the price will return to or whether it will head lower; ideally in a bullish MS, we look for longs until proven otherwise. Remember that market structure is a fundamental



concept to understand; you must always look for entry triggers using other concepts.



Figure 3. Q3

- Once you get stuck and don't know what to consider what, try to take a step back and focus on the bigger picture. First, look for your deep swing lows and highs, your **BOS** and lastly, your **CHoCH** (Check figure 3). For beginners, I suggest you do not trade the range based on **MS** only, wait for the upcoming tutorials to add more confluence to your trading system.
- The orange line can't be considered a bearish **CHoCH**, the white line before it is. Reason: Price already had a bearish **CHoCH**, and also, the low you used to draw the orange line is forced. Review



the comments added in figure3 and you'll be able to spot if it's forced or not on your own.

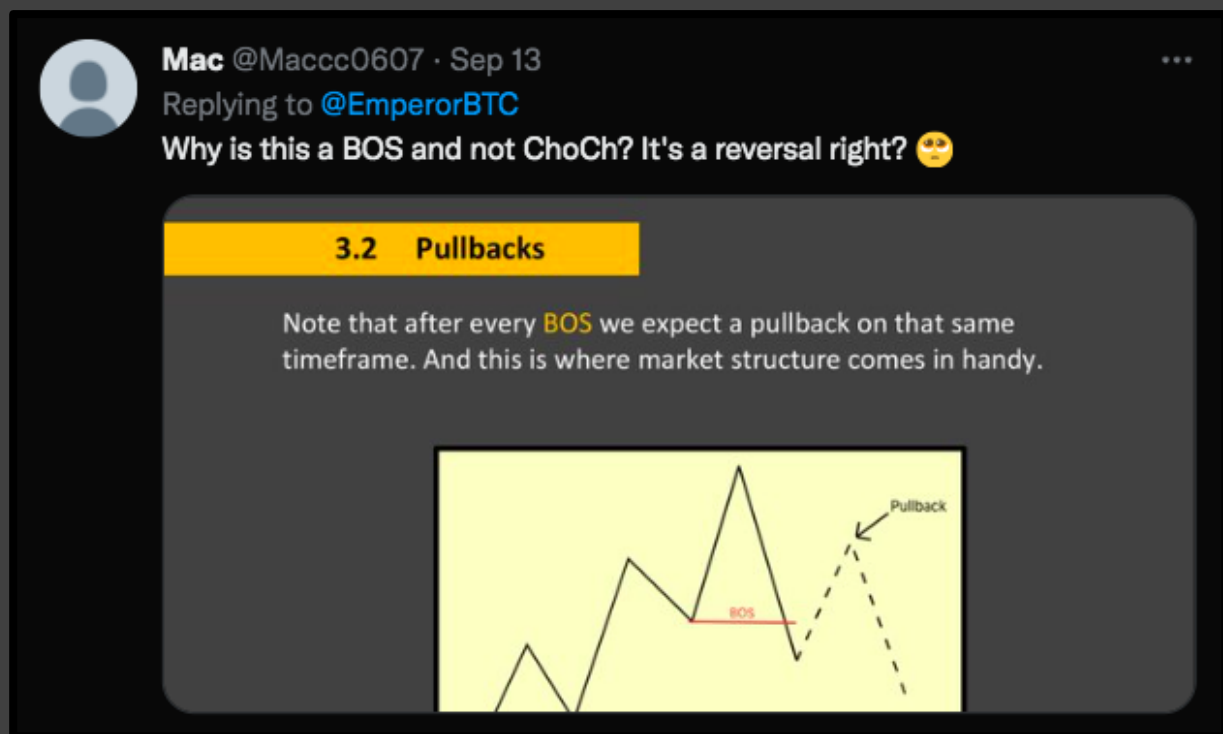


Figure 4. Q4

- **CHoCH** is not a structure break. The minor movements in between help you anticipate the start or the end of a pullback. In this case, if a **CHoCH** was to happen it would be before the **BOS**. Also, this is just a drawing, and on a real chart, you might have been able to find a **CHoCH** before the BOS. In the region circled below.



Figure 5. CHoCH drawing



- Remember that while a **BOS** is a confirmation of a trend change, **CHoCH** is not. It is only the first sign of weakness before a break of structure occurs. (Read swing structure and substructure, covered later in this tutorial)



Figure 6. Q5

- It is not the red candle you pointed out. Check the black box in figure6. A bearish **CHoCH** might look like a **BOS** on LTFs. While we only look for deep swing points to find **BOS**. The intermediate low before the **HH** being broken was a bearish **CHoCH**.
- I only use them if the candle closes below the low. So not exactly the marked candle, but you have the right idea.



- The line and arrow were only meant to point out the level that needs to be broken in order for it to be called a bearish **CHoCH**, not to point out the candle specifically.

3. Swing Structure & Substructure:

The goal behind this section is to add more clarity to the **BOS** and **CHoCH** concepts.

Swing structure is the framework where we lay out our deep swing highs and swing lows; it highlights the **significant price fluctuations**. (Bigger picture)

The **substructure** is the **minor** movements happening inside the larger swing structure. (Smaller picture)

BOS happens in **swing structures** while **CHoCH** happens in **Substructures**. Also, these structures will be relative to the timeframe that you are viewing.





Figure 7. BTC 4H chart

- Figure 7 is a 4H BTC chart; after the **HH**, we notice a **BOS** so we mark out our deep swing high and low, every price movement happening in between these two lines is categorized as noise or minor movements, and we should refer to these substructure changes as bearish **CHoCH** or bullish **CHoCH**.



- Bearish **CHoCH** is the first switch turning the substructure from bullish to bearish and bullish **CHoCH** is the first switch turning the substructure from bearish to bullish. These are the only two **CHoCH**s you should care about.



Figure 8. 4H BTC chart long setup

- Figure 8 is a long setup taken recently, after **BOS** we wait for a pullback to enter, the first sign of the start of a pullback was the bearish **CHoCH**, the second sign of the end of our pullback was the bullish **CHoCH**. We enter on the first green candle closing above the bullish **CHoCH** and we target the previous **HH**. Notice that we waited for a long setup since the swing structure (bigger picture) is bullish. For confluence you can use Volume Profile or simply horizontal levels that are relevant to add more confluence to our entry trigger.



4. Homework:

Now that we have explained in more detail, the difference between a **BOS** and a **CHoCH**, it's time to apply what you have learned so far. There is no learning without practice.

Here's a homework assignment I want you all to complete before next week's tutorial:

1. Take out a 4H chart of your choosing
2. Mark out the 4H BOS + HH, HL, LH, LL
3. Look for pullbacks and mark out bullish CHoCH and bearish CHoCH. Can go to 1H for ease.

For example:

Step 1: 4H chart of my choosing



Figure 9. 4H BTC chart



Step 2: Mark out the 4H BOS + HH, HL, LH, LL

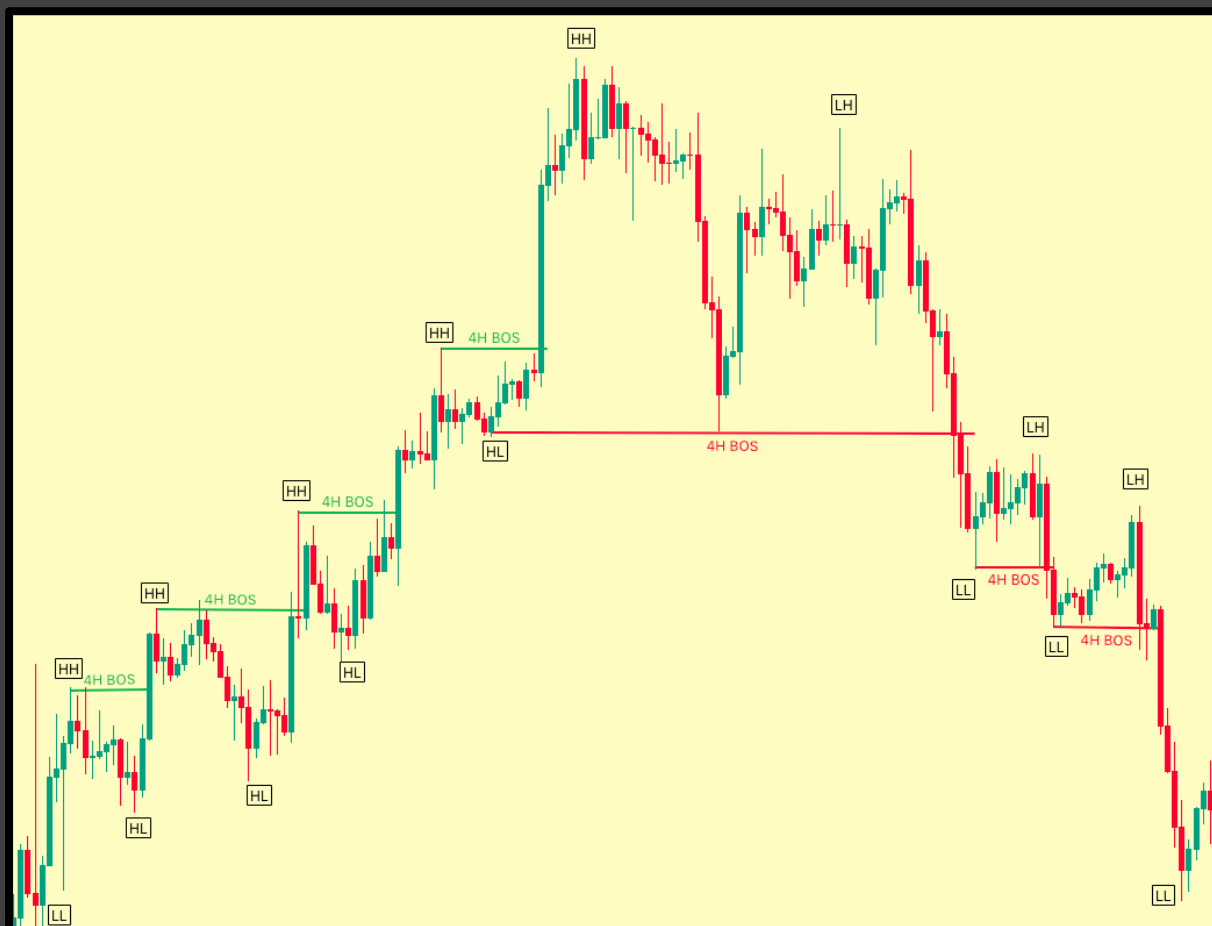


Figure 10. 4H BTC chart with BOS and HH, HL, LH,LL

- For this second step remember to revisit the deep swing highs and lows definition.
- Not every swing low is significant unless it takes out a previous swing high (bullish MS), and not every high is significant unless it takes out a previous swing low (bearish MS).



Step 3: Look for pullbacks and mark out bullish **CHoCH** and bearish **CHoCH**

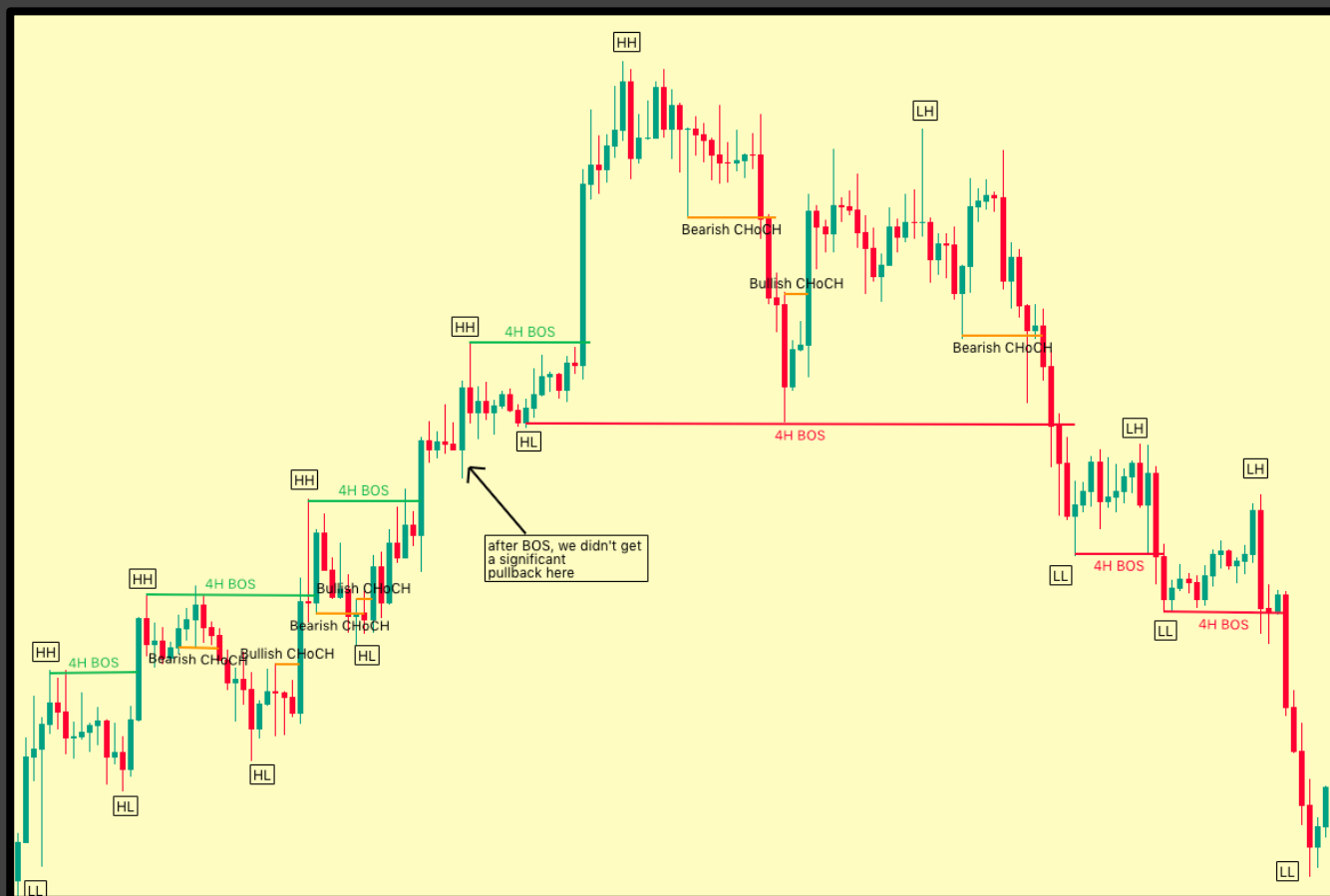


Figure 11. 4H chart with bullish/bearish CHoCH

- Don't try to force a **CHoCH**. Sometimes during the mania phase, the price has no significant pullbacks. Same with harsh sell-offs. In these cases, we use other tools in confluence with the **MS** structure. You will get to see these tools in the upcoming tutorials, we have also discussed many before.



5. Conclusion:

I hope you take the Homework seriously; I want every single one of you to be able to accomplish the tasks successfully.

I promise to read all of your comments. We can't go further on this journey if even one of you is still having issues with market structure.

Reread the first tutorial if necessary (I think it is necessary) and DO your homework!

I will check your twitter comments!

Thank you for the love and support.

Love,
EmperorBTC

