

Fair Value Gap (FVG); Bullish BISI & Bearish SIBI [3 Candles] + Free PDF

CATEGORIES

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A Fair Value Gap (FVG) is a three-candle price pattern where a large middle candle moves price so fast that the wicks of the first and third candles do not overlap. The empty space between those two wicks is the gap. In a bullish FVG it sits between the high of candle 1 and the low of candle 3. In a bearish FVG it sits between the low of candle 1 and the high of candle 3. Traders mark this zone because price often comes back to it, although it does not always do so.

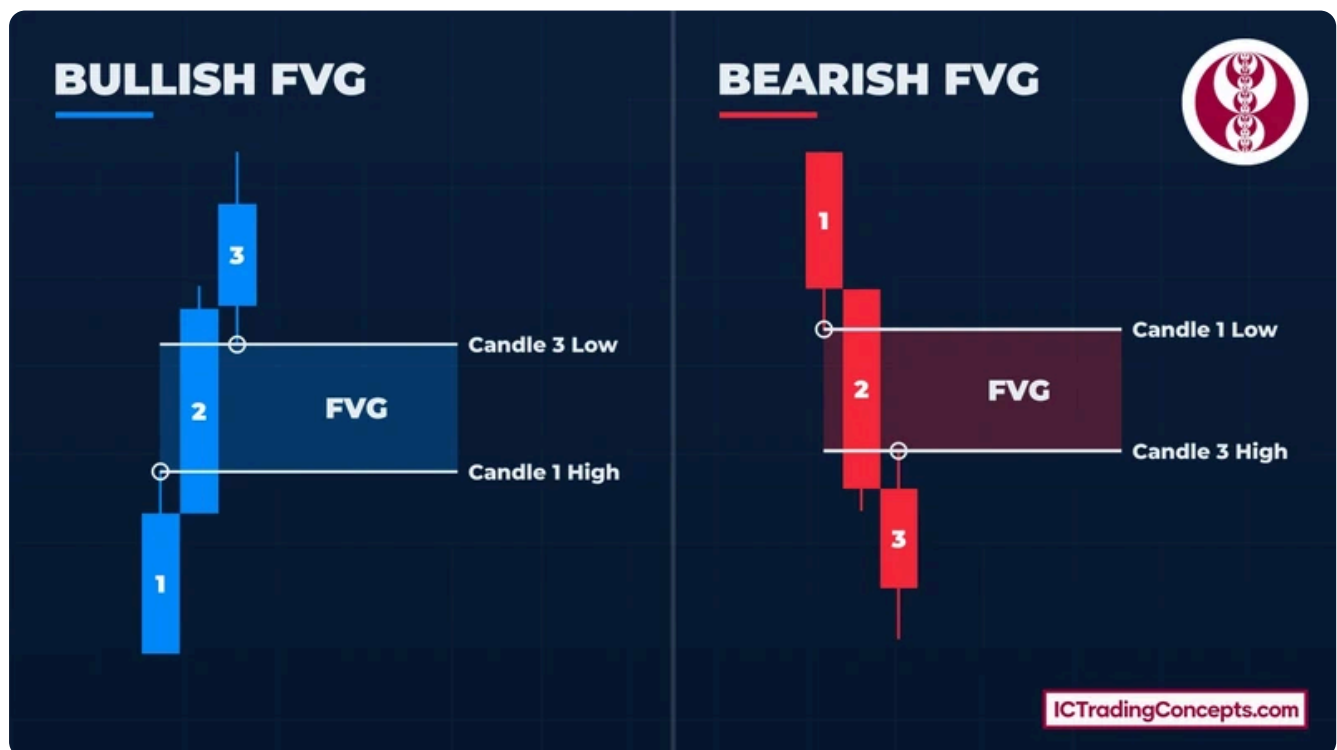
KEY TAKEAWAYS

- ✓ A Fair Value Gap needs three candles and a gap between the wick of candle 1 and the wick of candle 3.
- ✓ A bullish FVG (BISL) forms on a strong up move. A bearish FVG (SIBL) forms on a strong down move.
- ✓ Mark the zone **from wick to wick**, not from body to body. Its 50% level is called Consequent Encroachment (CE).
- ✓ Price often retraces into an FVG, but some gaps are never revisited.
- ✓ A candle body closing beyond the far edge of the gap invalidates it. A wick passing through does not.

What Is a Fair Value Gap in Trading?

A Fair Value Gap is an area on the chart where price moved in one direction with almost no trading on the other side. The concept was popularized by Michael J. Huddleston, known as the Inner Circle Trader (ICT), and it is one of the core price delivery tools in ICT and Smart Money Concepts (SMC).

The pattern always uses three consecutive candles. Candle 2 is the large, fast candle. Candles 1 and 3 sit on either side of it. If the wick of candle 1 and the wick of candle 3 do not touch, the part of candle 2 that neither wick covers is the gap. That zone is also called an **imbalance**, because one side of the market was in control and the other side had little chance to trade there.



Candle 1 and candle 3 wicks mark the edges of each FVG; the gap sits inside candle 2.

The FVG is a zone, not a single line. It has an upper edge, a lower edge and a midpoint, and each of these levels can matter when price comes back.

How Does a Fair Value Gap Form?

An FVG forms when large orders push price quickly through a range of levels. The move is one strong candle, sometimes called **displacement**, and it leaves part of its range unfilled by the candles around it.

Whether a gap actually exists depends on the wicks of candles 1 and 3, as the marking steps below show.

Bullish Fair Value Gap (BISI)

A bullish FVG forms during a strong up move. The gap runs from the high of candle 1 up to the low of candle 3. In ICT terms it is called BISI, short for Buyside Imbalance Sellside Inefficiency: buyers were in control and sell orders were barely filled in that range.

When price later trades back down into a bullish FVG, the zone can act as support, as in the fair value gap example below.



Fair value gap example: price wicks into the BISI and closes back above it.

Bearish Fair Value Gap (SIBI)

A bearish FVG forms during a strong down move. The gap runs from the low of candle 1 down to the high of candle 3. ICT calls it SIBI, short for Sellside Imbalance Buyside Inefficiency: sellers were in control and buy orders were barely filled in that range.

When price later trades back up into a bearish FVG, the zone can act as resistance.

SIBI: BEARISH FVG

Real chart: price rallies into the gap and is rejected



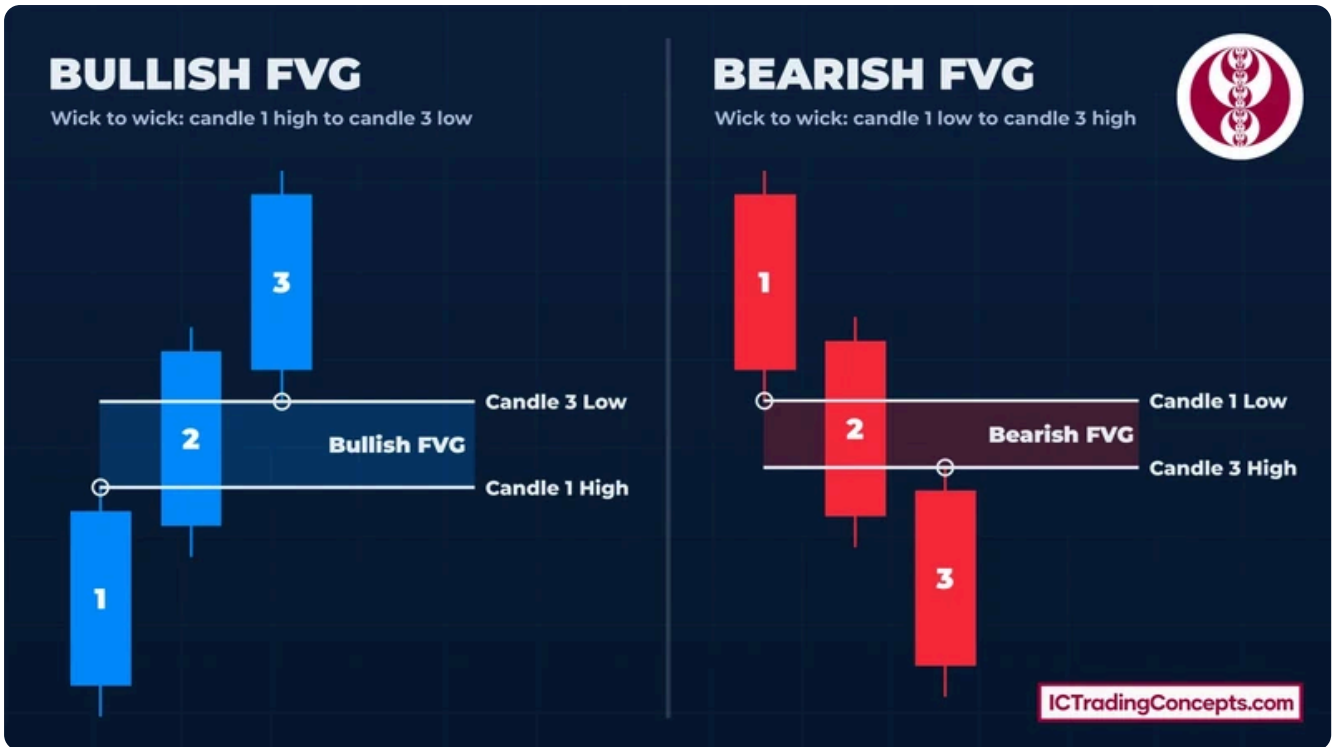
Wicks run through the SIBI, but bodies close below, so the fair value gap stays valid.

How to Mark a Fair Value Gap Correctly

Most marking errors come from using the wrong part of the candle. An FVG is **measured with wicks**, because the wicks show the full range each candle traded.

Follow these steps on any timeframe:

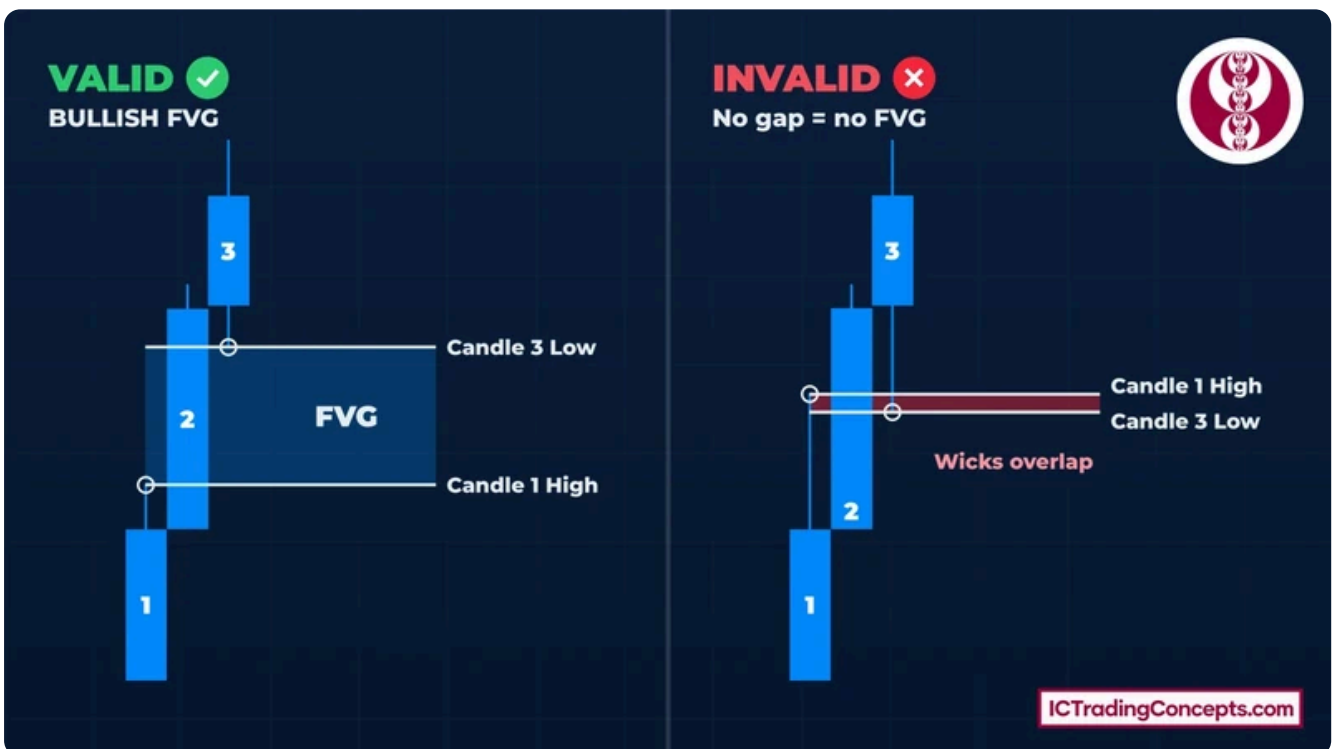
1. Find a large candle (candle 2) that moved price strongly.
2. Look at the candle before it (candle 1) and the candle after it (candle 3).
3. For a bullish FVG, draw a line at the high of candle 1 and another at the low of candle 3.
4. For a bearish FVG, draw a line at the low of candle 1 and another at the high of candle 3.
5. If the lines leave a space between them, shade it. That box is the FVG.



Fair value gap marking: candle 1 high to candle 3 low (bullish), low to high (bearish).

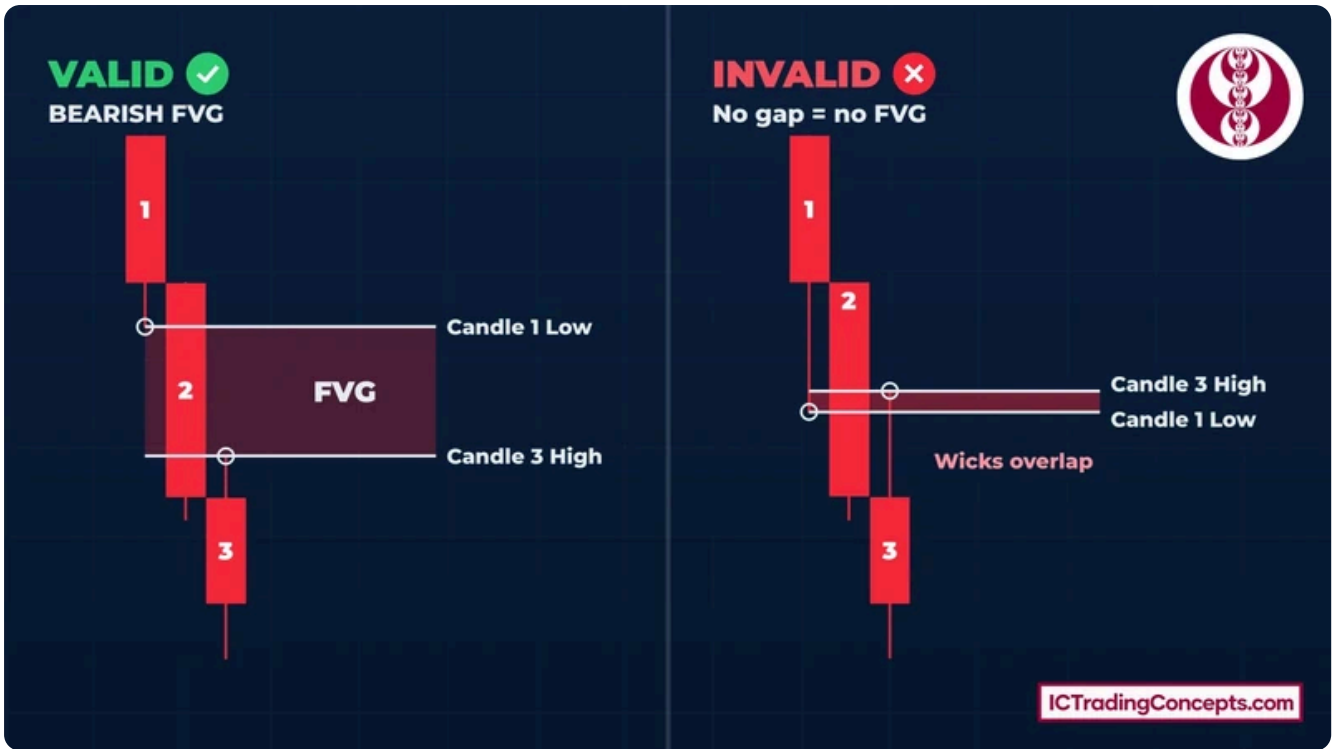
In both versions the box sits inside candle 2's range.

If the wicks of candle 1 and candle 3 overlap, even by a small amount, the three candles do not form an FVG. A big middle candle alone is not enough.



If the outer wicks overlap, there is no Fair Value Gap.

The bearish check works the same way: candle 3's high must stay below candle 1's low. Once candle 3's wick reaches candle 1's wick, the gap is closed before it ever forms.



Candle 3 high must stay below candle 1 low for a bearish fair value gap to exist.

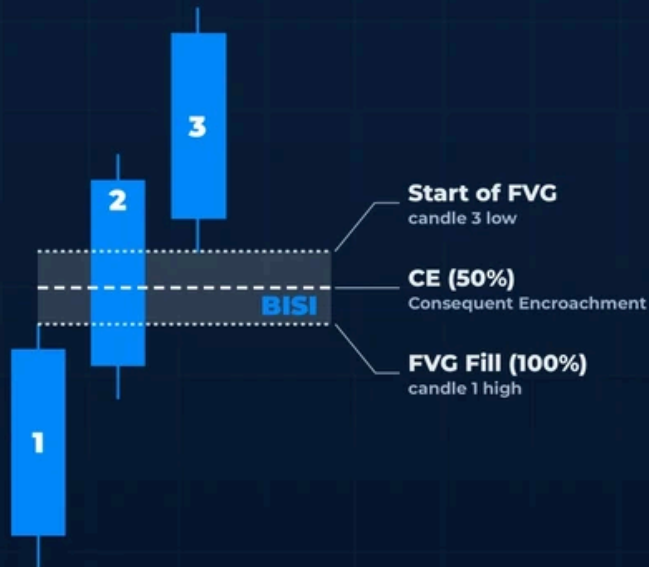
The 50% Level of an FVG (Consequent Encroachment)

The midpoint of an FVG is called **Consequent Encroachment (CE)**. To find it, measure halfway between the two edges of the gap. Many traders draw it as a thin line inside the box. The far edge of the box is the point where the gap counts as fully filled.

CE is useful because it shows how deep price has traded into the gap. In a bullish gap, candle bodies that hold above CE suggest the zone is still being respected. In a bearish gap, bodies that hold below CE suggest the same. A body close through CE does not invalidate the gap on its own, but it shows the zone is being tested more deeply.

BISI: BULLISH FVG

Three levels inside the gap



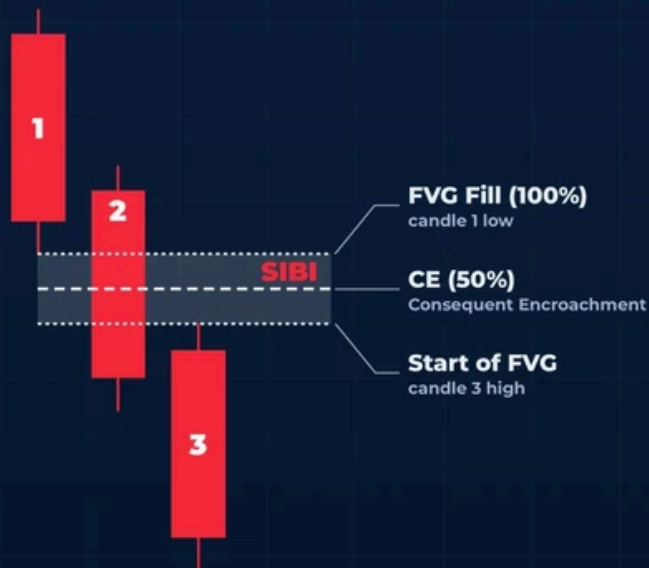
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Start of FVG, CE (50%) and FVG fill are the three levels inside a BISI.

The same 50% line is drawn inside a SIBI, where price retraces up into the box.

SIBI: BEARISH FVG

Three levels inside the gap



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Start of FVG, CE (50%) and FVG fill are the three levels inside a SIBI.

Why Does Price Return to an FVG?

When price moves through a range too quickly, part of that range is left with orders from only one side. In ICT terms, the market delivered price inefficiently. Price often trades back into that range later to rebalance it before continuing.

This is why the gap is treated as a reaction zone. A bullish gap below current price is a place where buyers may step in again. A bearish gap above current price is a place where sellers may step in again. The return is **a tendency, not a rule**.



In an uptrend, pullbacks into bullish FVGs are where buyers often step back in.

In a downtrend the picture is reversed. Price rallies back into bearish FVGs above it, reacts lower, and continues toward the next low.



In a downtrend, rallies into bearish FVGs often meet sellers.

Does Price Always Fill a Fair Value Gap?

No. Many FVGs are revisited, but some are not. When a move is very strong, price can leave a gap behind and never return to it. ICT calls a gap like this a **breakaway gap**: an FVG that price does not come back to fill, often because the trend is too strong.

A gap can also be partly filled. Price may trade into the top portion of a bullish FVG, react, and leave the rest of the zone untouched. For this reason, waiting for every gap to be "filled" before taking a view on the market is not a reliable approach.

Strong vs Weak Gaps

Every FVG meets the same definition, but not every gap carries the same weight. The points below are context: they can make a gap more useful, but none of them is required for the gap to exist.

Signs of a stronger FVG:

- Clear displacement: candle 2 closes near its extreme.
- Candle 2 breaks out of the previous candle's range or breaks a recent swing high or low.
- Candle 3 continues in the same direction instead of stalling.
- The gap forms right after price takes out an obvious high or low (a liquidity sweep).
- The gap points the same way as the higher-timeframe bias.

Signs of a weaker FVG:

- The gap is tiny compared with recent candles.

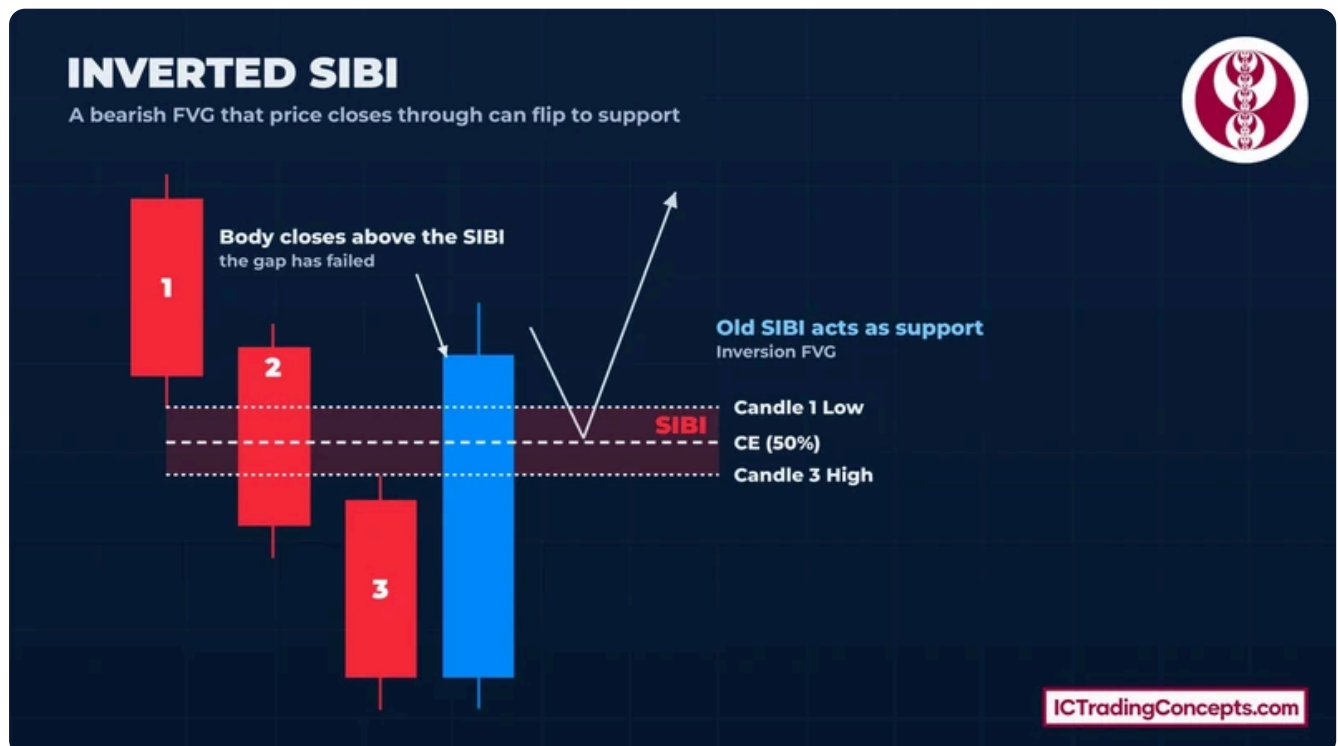
- It forms inside a choppy, sideways range where candles keep overlapping.

A weak gap still meets the definition. It simply gives less reason to expect a reaction when price returns.

When the Gap Becomes Invalid

A gap is invalidated when a candle **body closes beyond the far edge** of the zone. For a bullish gap that means a close below its lower edge. For a bearish gap it means a close above its upper edge. A wick that pierces the zone and closes back inside it does not invalidate the gap.

After a body close through the zone, the gap often changes role. A bearish gap that price closes above can start acting as support. This flipped zone is called an [Inversion Fair Value Gap](#) (IFVG).

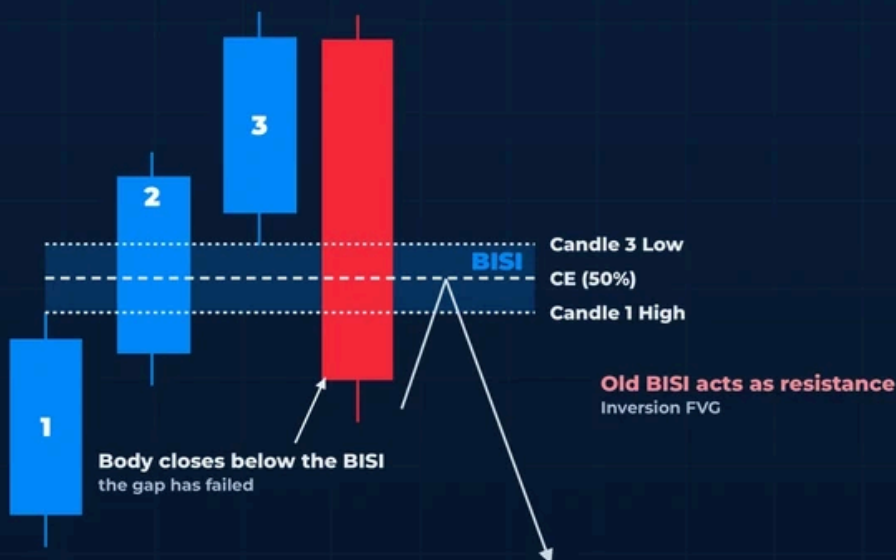


A body close above the SIBI makes it an inversion FVG that can act as support.

The bullish case mirrors it. A bearish candle closes fully below the BISI, the gap is no longer valid support, and price can later reject from it as resistance.

INVERTED BISI

A bullish FVG that price closes through can flip to resistance



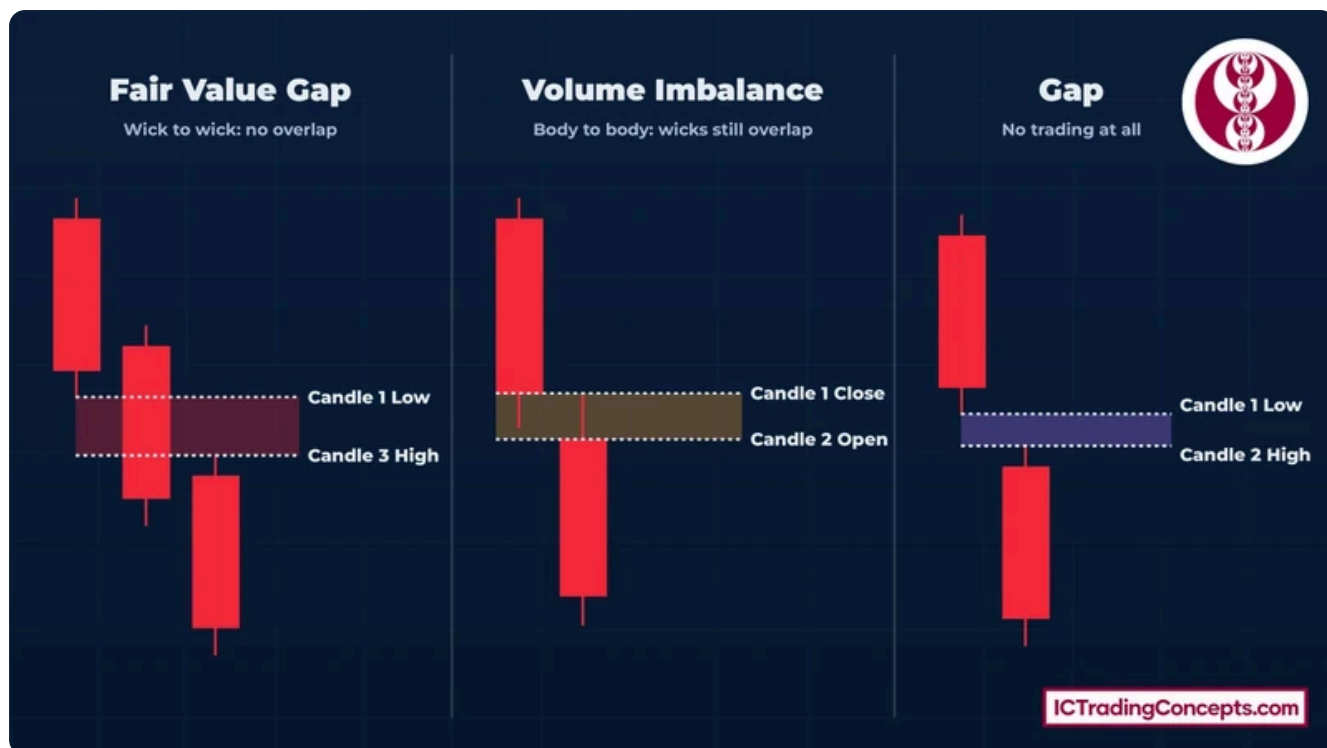
A body close below the BISI makes it an inversion FVG that can act as resistance.

FVG Variants and Look-Alike Concepts

Several ICT terms describe gaps or zones that look similar to an FVG. They are related, but they are not the same thing. The table separates the ones traders confuse most often.

Concept	What it is	How it differs from an FVG
Inversion FVG (IFVG)	A gap that price closed through with a body	Same zone, opposite role: support becomes resistance or the reverse
Balanced Price Range (BPR)	The overlap of a bullish gap and a bearish gap at the same price	Built from two opposite gaps, not one
Volume Imbalance	A gap between the bodies of two candles whose wicks still overlap	Measured body to body; an FVG needs a gap between wicks
Price gap (opening gap)	A space between two consecutive candles where even the wicks do not overlap	No trading at all inside the space; an FVG is inside one traded candle
Breakaway gap	An FVG that price never returns to	Describes what happens after the FVG, not a different shape
<u>Order block</u>	The last opposite-colored candle before the move that created the FVG	A candle range, not a gap between wicks

A regular price gap is the easiest to tell apart, because no price traded inside it at all. A volume imbalance is the closest look-alike, because it can appear in the same move as an FVG.



An FVG gaps wick to wick, a volume imbalance body to body; a price gap has no overlap.

How Traders Use These Gaps in Practice

An FVG is a **reference zone**, not a complete trading strategy. In FVG trading, traders usually combine it with market structure, the higher-timeframe bias and liquidity.

A simple flow looks like this:

1. Decide the direction from the higher timeframe.
2. Mark FVGs that point the same way.
3. Wait for price to retrace into one of them.
4. Watch for a reaction at the edge or at OE, often confirmed on a lower timeframe.
5. Plan the trade toward the next obvious high or low, with risk placed beyond the gap. A stop can be hit by a wick before the gap is invalidated by a body close.

The video below walks through how FVGs form, the difference between BISI and SIBI, the levels inside a gap and a multi-timeframe example.



► Watch the video

Using Different Timeframes

FVGs form on every timeframe, from the 1-minute chart to the monthly chart. There is **no single best time frame**. Higher-timeframe gaps, such as those on the daily or 4-hour chart, form less often and act as major reference zones. Lower-timeframe gaps, such as those on the 15-minute or 5-minute chart, form often and can help time a reaction inside a larger zone.

A common approach is to mark FVGs on a higher timeframe for context and use a lower timeframe to watch how price behaves when it reaches them.

Different Markets

FVGs appear in any liquid market that is shown on a candlestick chart, including forex pairs, stocks, crypto and futures such as E-mini Nasdaq-100 futures and gold futures. The definition does not change from one market to another: an FVG in forex is marked the same way as one on Nasdaq futures.

Common Mistakes to Avoid

Most FVG problems come from marking the zone too loosely or expecting too much from it. These are the mistakes that cause the most confusion:

1. Treating every FVG as tradable. Small gaps inside choppy ranges appear constantly and carry little weight.
2. Marking from body to body. The gap is measured from the wick of candle 1 to the wick of candle 3.
3. Calling an FVG invalid because a wick passed through it. Only a body close beyond the far edge invalidates the gap.

4. Confusing an FVG with an IFVG. Once price closes through a gap, its role can flip, so the old direction no longer applies.
5. Trading FVGs against the higher-timeframe bias. A gap that points against the main trend is more likely to fail.
6. Expecting every gap to be filled. Some FVGs are only partly filled and some are never revisited.

FVG Indicators on TradingView

Indicators can mark FVGs automatically, which saves time when scanning several charts. They follow the same three-candle rule, so it is still worth checking each zone by eye.



FREE

FVG Detector [TradingFinder] Fair Value Gap- Imbalance-Mitigated

Marks bullish and bearish FVGs and shows when a zone has been mitigated.

[View on TradingView](#)



FREE

Fair Value Gap [LuxAlgo]

Draws bullish and bearish FVG zones and tracks how many of them get filled and how long that takes.

[View on TradingView](#)



FREE

Fair Value Gaps (Volumetric) | Flux Charts

Marks FVG zones and shows the volume traded inside each one, split into buying and selling volume.

[View on TradingView](#)

Conclusion

A Fair Value Gap is a three-candle imbalance where the wicks of candle 1 and candle 3 leave an empty space beside a strong middle candle. Mark it from wick to wick, note its 50% level, and treat it as a zone where price may react, not a guaranteed turning point. Context such as displacement, a recent liquidity sweep and the higher-timeframe bias decides how much weight a gap deserves, and a body close beyond its far edge tells you it is no longer valid.

Sources

- Gap (chart pattern): [Wikipedia](#)
- Market impact: [Wikipedia](#)
- Order book: [Wikipedia](#)
- E-mini Nasdaq-100 futures: [CME Group](#)
- Gold futures: [CME Group](#)
- Master Fair Value Gaps in Just 5 Minutes: [Tom Crown, YouTube](#)

COMMON QUESTIONS

Frequently asked questions

01 What does FVG mean in trading?

FVG stands for Fair Value Gap. It is a three-candle pattern where the wicks of the first and third candles do not overlap, leaving a gap beside a large middle candle.

02 Is a Fair Value Gap the same as an imbalance?

An FVG is a type of price imbalance; it should not be confused with the specific concept called Volume Imbalance.

03 Which candle creates a Fair Value Gap?

Candle 2 creates the displacement, but the FVG exists only when candles 1 and 3 leave a wick-to-wick gap.

04 What is an unfilled Fair Value Gap?

It is an FVG that price has not traded back into since it formed. Traders often keep unfilled gaps on the chart as possible reaction zones.

05 What is a partially filled FVG?

A partially filled FVG is one where price traded into part of the zone, often up to or near CE, and then moved away. The untouched part can still matter later.

06 What is the difference between an FVG and an IFVG?

An IFVG is an FVG that a candle body has closed through. The zone stays the same, but its role flips: a former bearish gap can act as support and a former bullish gap can act as resistance.

07 Can a Fair Value Gap act as support and resistance?

Yes. A bullish FVG below price can act as support, and a bearish FVG above price can act as resistance. Neither is guaranteed to hold.

08 Do Fair Value Gaps work in crypto and forex?

The pattern appears in crypto, forex, stocks and futures because it only depends on candle wicks. How useful a given gap is depends on context, not on the market.

09 Who created the Fair Value Gap concept?

The term was popularized by Michael J. Huddleston, the Inner Circle Trader (ICT). It is now a standard part of ICT and Smart Money Concepts education.

10 Are Fair Value Gaps reliable on their own?

No. A Fair Value Gap is a zone, not a signal. Most traders combine it with market structure, the higher-timeframe bias and liquidity before acting on it.