

Market Structure Trading (ICT/SMC); Bullish HH/HL, Bearish LH/LL + Free PDF

CATEGORIES

SMC

ICT



WRITER

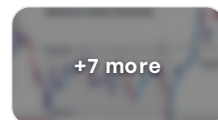
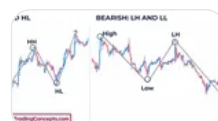
ICT Trading Concepts Desk



REVIEWER

ICT Trading Concepts Editorial Board

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Market structure trading means reading a chart through its swing highs and swing lows to decide whether price is bullish, bearish or sideways. In Smart Money Concepts (SMC) and ICT, a bullish market structure prints higher highs (HH) and higher lows (HL). A bearish one prints lower highs (LH) and lower lows (LL). A structure break counts only when a candle body closes beyond a swing, on the timeframe you use to mark structure.

KEY TAKEAWAYS

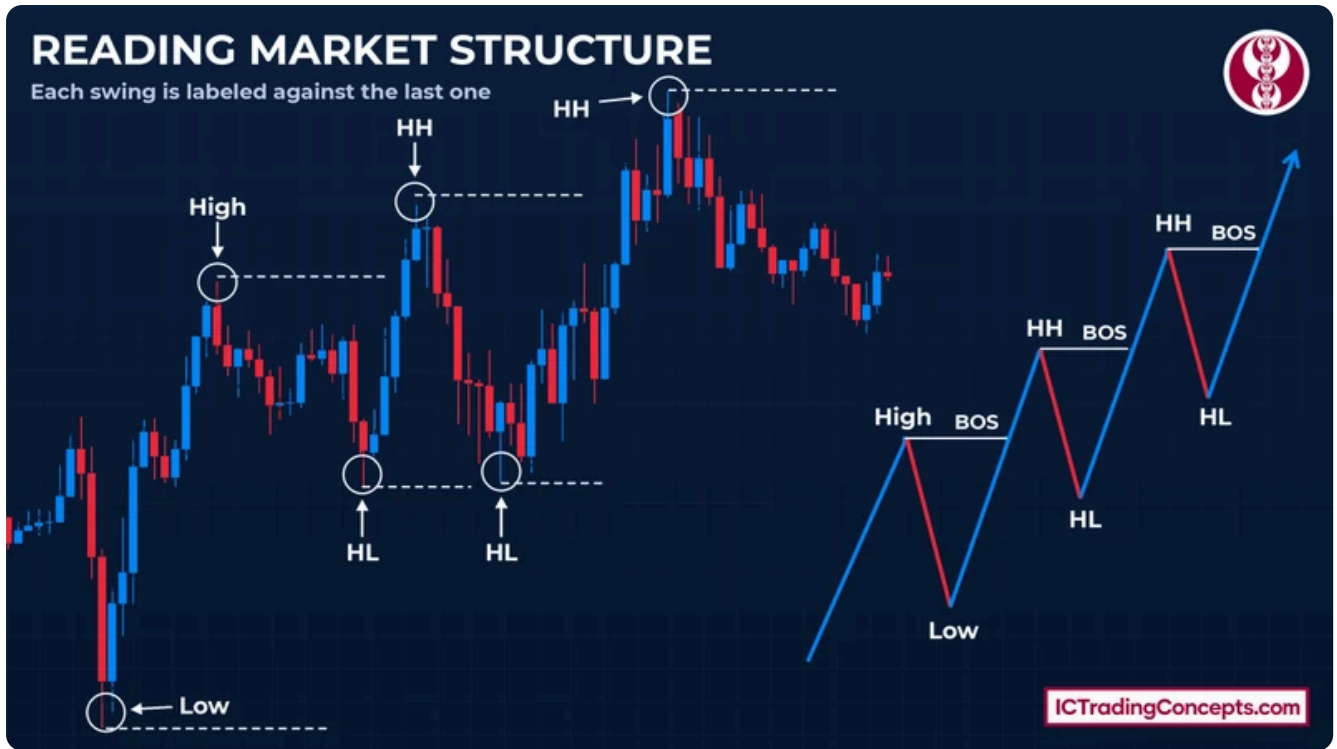
- ✓ Market structure is the sequence of swing highs and swing lows. HH and HL make a bullish structure, LH and LL a bearish one, and a sideways market holds between one swing high and one swing low.
- ✓ A break counts only on a **candle body close** beyond the swing, on your structure timeframe. A wick through the swing that closes back inside is a liquidity sweep.
- ✓ Mark external swings only. Internal swings inside a pullback are noise on that timeframe.
- ✓ A BOS confirms that the trend continues. A CHoCH is the first warning against it, and a BOS in the new direction confirms the change.
- ✓ The higher timeframe sets the direction. A lower-timeframe break against it is usually a pullback.

What Is Market Structure in Trading?

Market structure is the sequence of swing highs and swing lows that price leaves on a chart. It shows whether the market is trending up, trending down or moving sideways, and which side holds control. This page covers market structure as ICT and SMC traders read it, not market structure in economics.

The building blocks are swing points. On a [candlestick chart](#), a swing high is a three-candle pattern whose middle candle has a higher high than the candles on both sides. A swing low is the mirror image: its middle candle has a lower low than its neighbors. Each new swing is compared with the previous swing of the same kind:

- **Higher high (HH):** a swing high above the previous swing high.
- **Higher low (HL):** a swing low above the previous swing low.
- **Lower high (LH):** a swing high below the previous swing high.
- **Lower low (LL):** a swing low below the previous swing low.



Market structure in trading: each swing is labeled against the last one.

Market structure trading is the **base layer of ICT and SMC analysis**. Order blocks, fair value gaps and liquidity levels are all read inside it, so a wrong structure read leads to a wrong setup.

How Does Market Structure Form?

Price does not move in a straight line. It pushes in one direction, pulls back and pushes again, and every turn leaves a swing high or a swing low. The order of those swings puts the chart into one of three types:

Market structure	Swing sequence	Side in control	What would change it
Bullish	Higher highs and higher lows	Buyers	A body close below the protected higher low
Bearish	Lower highs and lower lows	Sellers	A body close above the protected lower high
Sideways	One swing high and one swing low hold	Neither	A body close beyond the range high or low

BULLISH: HH AND HL



BEARISH: LH AND LL

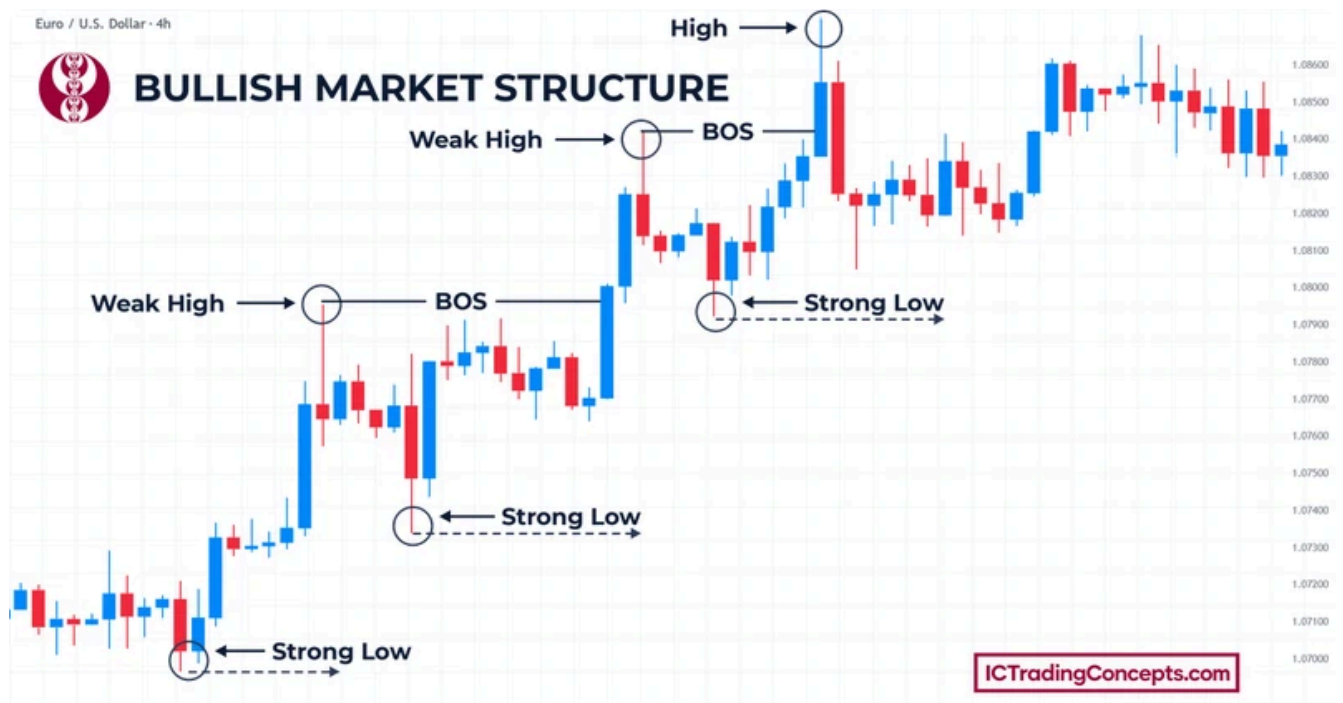


How market structure forms: HH and HL in an uptrend, LH and LL in a downtrend.

Bullish Market Structure

In a bullish market structure, price makes higher highs and higher lows. Each push closes above the previous swing high, and each pullback holds above the previous swing low. Buyers are in control.

The swing that matters most is the higher low that produced the latest higher high (the last BOS). It is the strong, or protected, low. As long as no candle body closes below it, the bullish structure is intact. The latest high is the weak high: the level the next push is expected to take out.



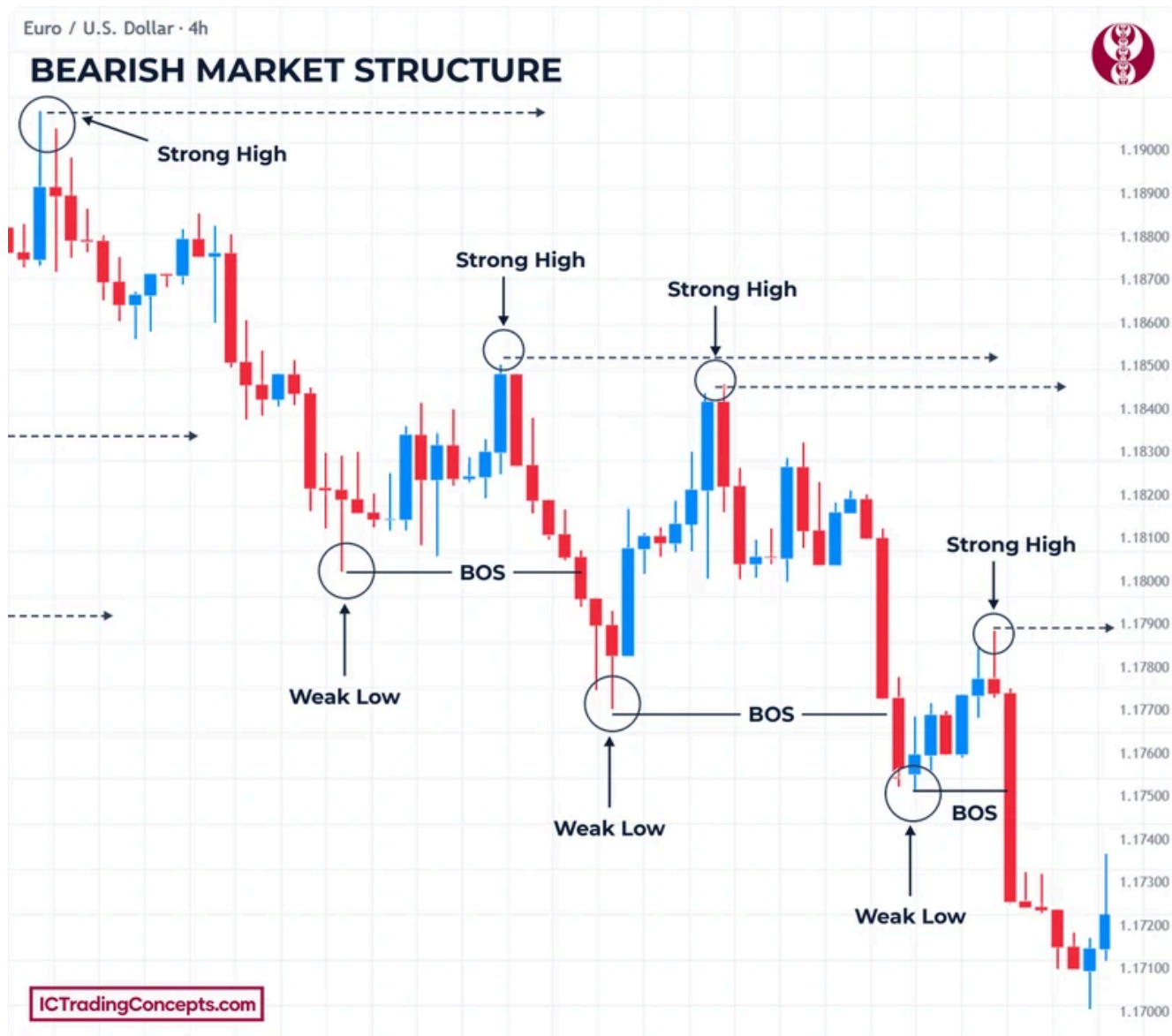
Bullish market structure: strong lows hold and each close above a weak high is a BOS.

In a bullish structure, ICT and SMC traders look for long setups on pullbacks instead of selling each new high.

Bearish Market Structure

In a bearish market structure, price makes lower highs and lower lows. Each drop closes below the previous swing high, and each rally stays below the previous swing high. Sellers are in control.

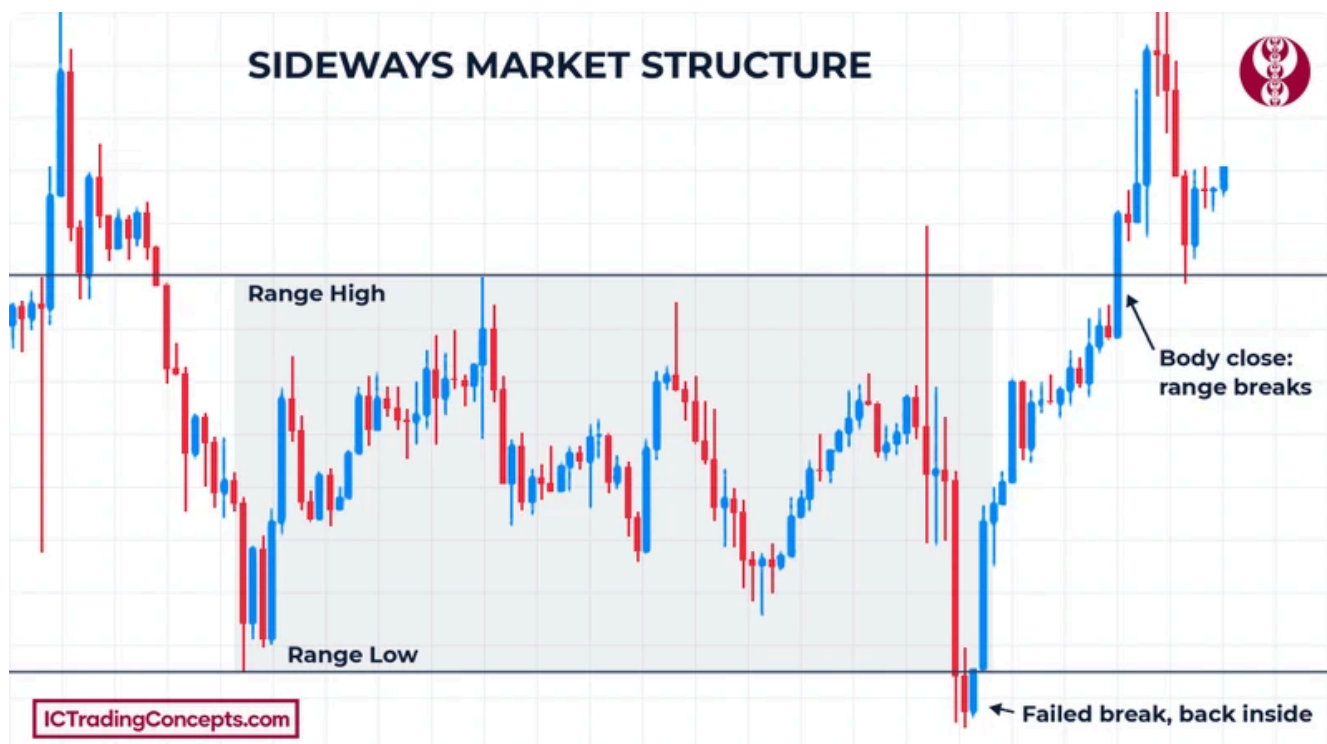
Here the key level is the lower high that produced the latest lower low (the last BOS): the strong high. Until a candle body closes above it, the bearish structure holds. The latest low is the weak low, and the next drop is expected to take it out. In a bearish structure, traders favor short setups on rallies.



Bearish market structure: strong highs cap each rally; closes below weak lows are BOS.

Sideways Market Structure

A sideways market structure, also called a range, forms when price is held between one swing high and one swing low. Neither side makes a higher high or a lower low that holds on a close, so there is no trend.



Sideways market structure: a failed break below the range low, then a body close above the range high.

Without a trend there is **no character to change**, so a break inside a range is not a CHoCH. Price can trade above the range high or below the range low with a wick and close back inside. That wick takes liquidity without shifting the structure. Price can also close just below the range low and come straight back inside. That break failed: the body close broke the low, but price did not stay below it. It took the liquidity under the low, and the range stays in place. Direction returns only when a candle body closes beyond one side of the range and price holds there, and many traders wait for that close before taking a directional trade.

How to Mark Market Structure Correctly

Most market structure errors come from **marking the wrong swings**, not from missing the break. Work through these steps on one chart:

1. Pick one structure timeframe, for example the 15-minute chart, and read every swing and every close there.
2. Mark the external swing highs and swing lows, the ones that define the trend. Leave out the small swings inside each pullback.
3. **Label each swing against the previous one of the same kind:** HH or LH for highs, HL or LL for lows.
4. **Find the two swings that matter now:** the strong (protected) swing the trend relies on, and the weak swing the trend is expected to take next. A newer higher low that has not produced a BOS yet is not the strong low.
5. Wait for a candle body close beyond one of them, then update the labels.

What Counts as a Market Structure Break: Body Close or Wick?

A market structure break counts only when a candle body closes beyond the swing, on the timeframe you used to mark structure. A 15-minute structure needs a 15-minute close. A spike on a lower timeframe does not decide it.

A wick that trades through the swing and closes back inside is not a break. It is a **liquidity sweep**: price takes the stop orders resting beyond the swing and then returns. The swing stays in place, and so does the structure.



Market structure break: a body close above the high is a BOS; a wick above it is not.

The bearish side mirrors this. A wick below the swing low that closes back above it changes nothing. A body close below it is the break.

BEARISH BOS: BODY VS WICK

Only a candle body close below the low breaks it



Bearish market structure break: the body close counts; the wick below is a sweep.

The direction of that close decides whether it is a break of structure (BOS) or a change of character (CHoCH).

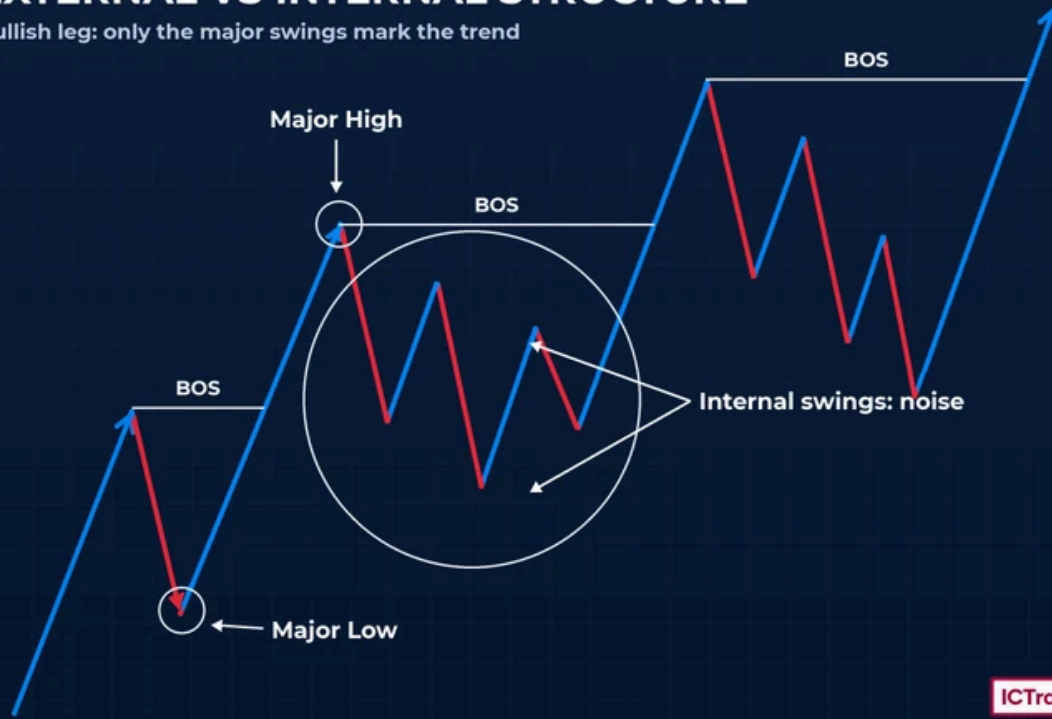
External vs Internal Structure: Which Swings Count?

Every timeframe has two sets of swings. External swings are the major highs and lows that define the trend on that chart. Internal swings are the smaller highs and lows that form inside a pullback or a consolidation between them.

Only external swings count for structure. On your structure timeframe, a break of an internal swing is noise: it is neither a BOS nor a CHoCH. As long as the external lows hold in a bullish structure, buyers stay in control, whatever the internal swings do.

EXTERNAL VS INTERNAL STRUCTURE

Bullish leg: only the major swings mark the trend



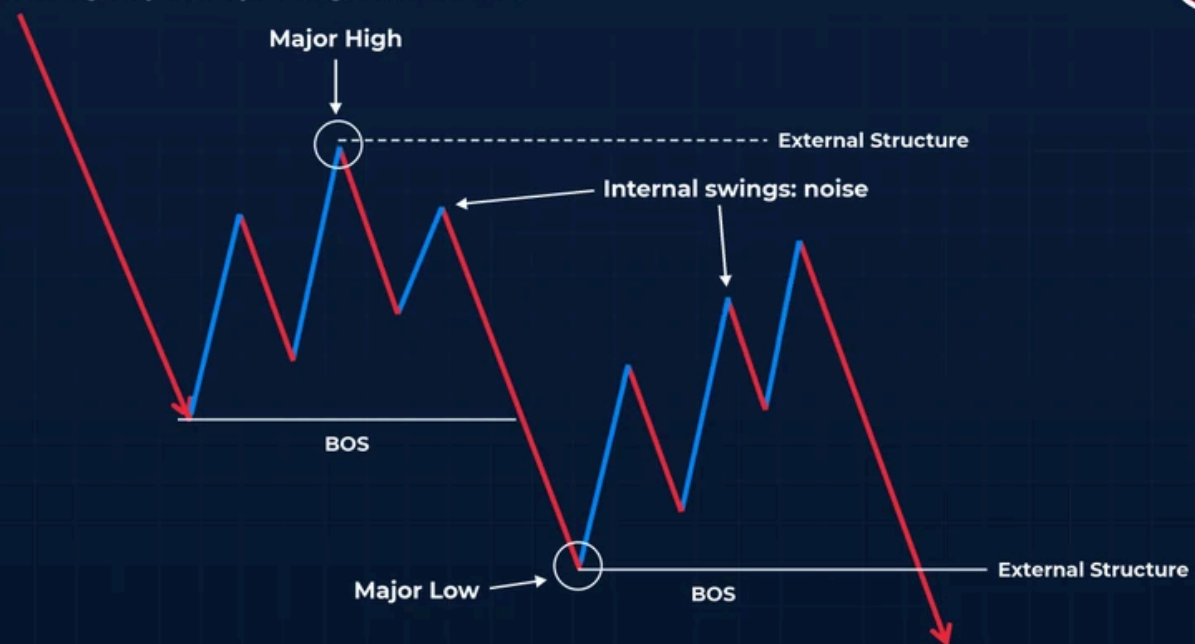
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SMC market structure: internal swings inside the pullback do not count as breaks.

In a bearish structure the roles flip. The major high and the major low frame the leg, and the bounces between them are internal. Only a close below the external low is the next bearish BOS. ICT ranks swings in a similar way, as short-term, intermediate-term and long-term highs and lows (STH, ITH, LTH).

EXTERNAL VS INTERNAL STRUCTURE

Bearish leg: only the major swings mark the trend



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ICT market structure, bearish leg: only a close below the external low is a BOS.

Why Market Structure Matters in ICT and SMC

Market structure answers the first question in any ICT or SMC setup: which direction should the trade take? It gives a trader three practical things:

- **Direction:** a bullish structure favors longs, a bearish structure favors shorts, and a range favors waiting.
- **An invalidation level:** the strong swing. If a body closes beyond it, the read has changed.
- **Context for other concepts:** an order block, a fair value gap or a liquidity sweep carries more weight when it lines up with the structure.

The logic behind the swings is liquidity. Stop orders collect beyond obvious swing highs and lows. When a trend continues, price takes the stops beyond the weak swing and closes through it. When a body closes through the strong swing instead, the side that held the trend has lost its level. Structure does not predict how far price will travel. It shows **which side is in control** until a close proves otherwise.

How Market Structure Continues or Reverses: BOS, CHoCH and MSS

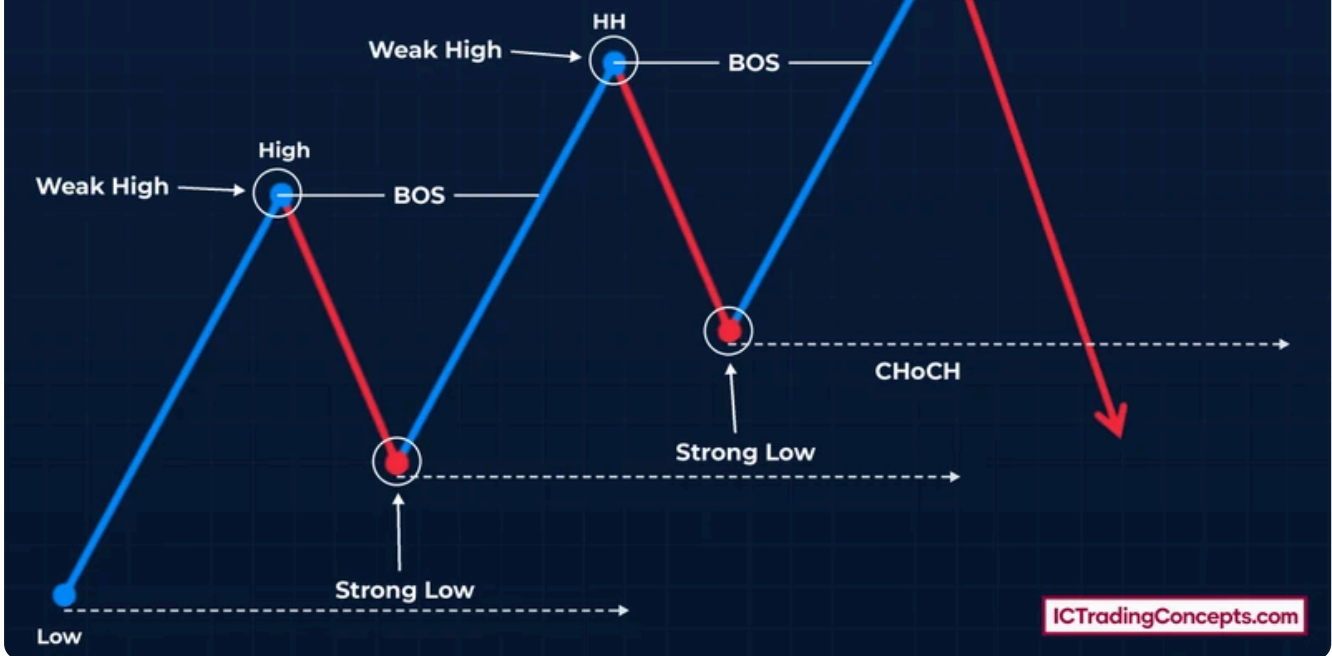
After every swing, a trend either breaks again in its own direction or breaks against itself. SMC uses two labels for those events:

- **BOS:** a body close beyond the weak swing in the trend's direction, such as a close above the latest high in a bullish structure. It confirms continuation, but it is not an entry or exit signal on its own.
- **CHoCH:** the first body close against the trend, beyond the strong swing, such as a close below the protected higher low in a bullish structure. It is an early warning, not a confirmed reversal.

In ICT market structure, a similar break against the trend is called a [market structure shift](#) (MSS). On this site an MSS also needs displacement, so its closest SMC match is a CHoCH made with clear displacement.

BULLISH BOS, THEN A BEARISH CHoCH

A close below the strong low is the first warning



Bullish market structure turns: two BOS prints, then a CHoCH below the strong low.

The events often appear in sequence. A run of BOS prints keeps the trend in place, and the first CHoCH puts it in doubt. A **BOS in the new direction confirms the change**. If price instead closes back beyond the broken level and prints a BOS in the old direction, the CHoCH has failed.

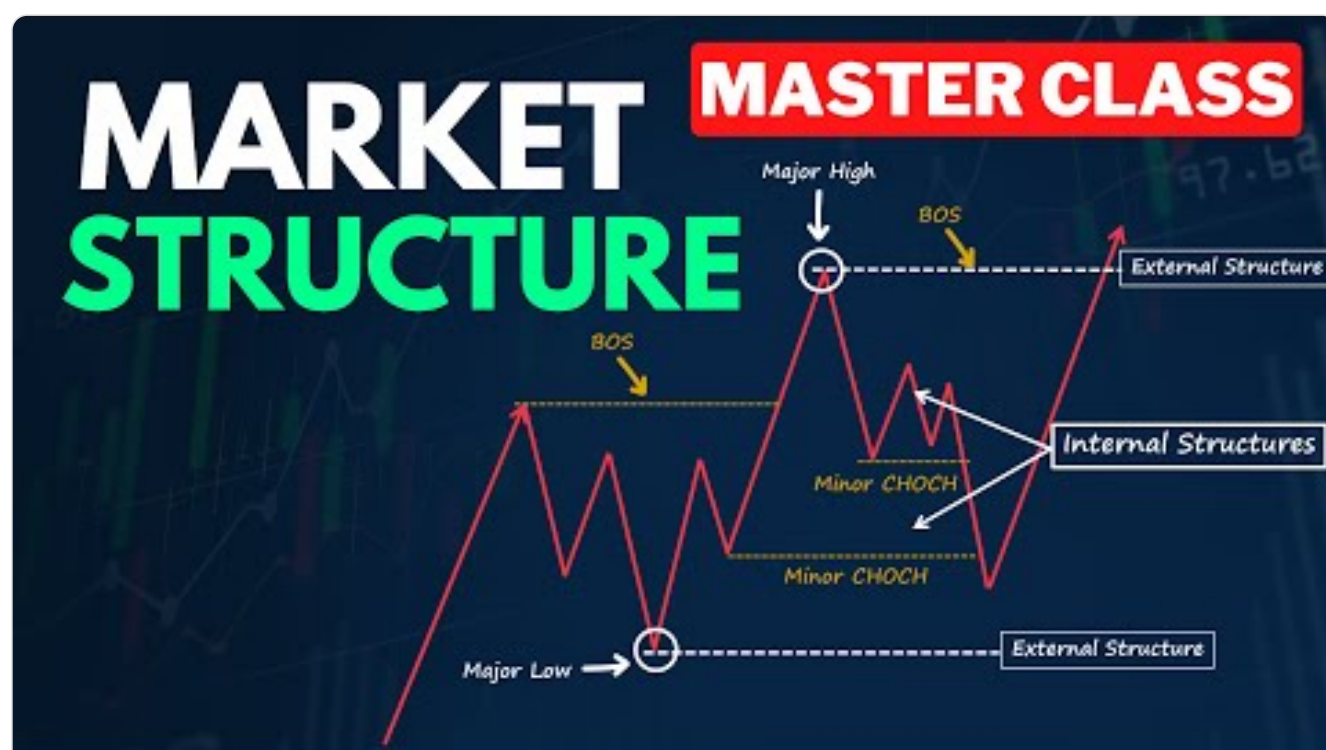
The diagram illustrates the BOS (Break of Structure) and CHoCH (Change of Character) concepts in price action. It shows a series of peaks and troughs on a dark blue background. A red line connects the peaks, and a blue line connects the troughs. Key points are labeled: 'High' (red dot), 'Strong High' (blue dot), 'LH' (blue dot), 'Weak Low' (red dot), 'Low' (red dot), 'BOS' (blue dot), 'LL' (red dot), and 'BOS' (blue dot). A dashed line labeled 'CHoCH' indicates a change in the trend. The diagram is credited to ICTTradingConcepts.com.

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12 / 16

2. Wait for a pullback against that direction.
3. On the structure timeframe, wait for a CHoCH back in the higher-timeframe direction.
4. Enter on the pullback into the [order block](#) or [fair value gap](#) left by that move, timed on the entry timeframe.
5. Place the stop beyond the swing that started the move.
6. Target the opposite liquidity, such as the previous high for a long or the previous low for a short.

There is no fixed reward-to-risk in this sequence, and structure alone does not choose the entry. The video below walks through ideal and realistic market structure, bullish and bearish BOS, and CHoCH tips.



► [Watch the video](#)

Common Mistakes

Most market structure trading mistakes come from reading the wrong swing or the wrong close. These six come up again and again:

1. Reading only one timeframe. A 15-minute read without the daily chart can put a trade against the bigger trend. Check the higher timeframe first.
2. Counting a wick as a break. A wick through the swing that closes back inside is a liquidity sweep. Wait for the body close.
3. Marking internal swings as structure. Small swings inside a pullback do not count. Mark external highs and lows only.
4. Mixing up BOS and CHoCH. A close beyond the weak swing, with the trend, is a BOS. The first close beyond the strong swing, against the trend, is a CHoCH. Swapping them flips the read.

5. Treating a CHoCH as a confirmed reversal. It is an early warning. Wait for a BOS in the new direction before treating the reversal as real.
6. Looking for a trend inside a range. A sideways structure has no trend, so it has no CHoCH. Wait for a body close beyond the range.

Market Structure Indicators on TradingView

Indicators can label swings, BOS and CHoCH for you, which saves time when you review many charts. Each tool uses fixed swing settings, so check that every label sits on an external swing and that the candle closed beyond it with its body.

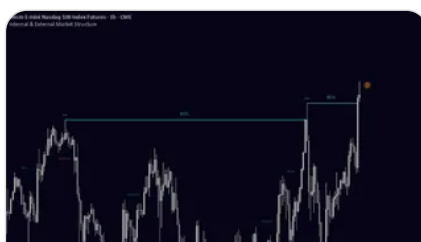


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Market Structure ICT Screener [TradingFinder] BoS ChoCh

An open-source screener that checks up to 20 symbols and timeframes at once. One table shows, for major and minor structure, whether the last event was a BOS or a CHoCH. Use it to shortlist charts, then confirm the swing and the body close on the chart itself.

[View on TradingView](#)



FREE

Internal & External Market Structure

An open-source script by Davidgorban that keeps external and internal structure apart: BOS and CHoCH for external swings, iBOS and iChoCH for internal ones, plus HH, HL, LH and LL labels. It confirms breaks on closes only and treats a wick that closes back inside as a liquidity sweep.

[View on TradingView](#)



FREE

Market Structure BOS, CHoCH, HH HL LH LL & Trend Health [LunqFX]

An open-source script that labels swing highs and lows, marks BOS and CHoCH on candle closes by default, and adds a small panel with the current structure, its state and a trend-health score.

[View on TradingView](#)

Conclusion

Market structure trading reduces a chart to its swings. A bullish structure prints higher highs and higher lows, a bearish one prints lower highs and lower lows, and a sideways market holds a range. Mark external swings on one timeframe, **count only body closes** and let the higher timeframe set the direction. A BOS keeps the trend, a CHoCH warns against it, and a BOS in the new direction confirms the change.

Sources

- Candlestick chart: [Wikipedia](#)
- Video tutorial on ideal and realistic swings, BOS and CHoCH: [Smart Risk, YouTube](#)
- Beginner structure examples on EUR/USD 4-hour charts: [Smart Risk, YouTube](#)

COMMON QUESTIONS

Frequently asked questions

01 What is market structure in trading?

Market structure is the sequence of swing highs and swing lows on a chart. Higher highs and higher lows make a bullish structure, and lower highs and lower lows make a bearish one. Price held between one swing high and one swing low is a sideways structure.

02 What are the three types of market structure?

Bullish (HH and HL), bearish (LH and LL) and sideways, where price stays between one swing high and one swing low. Only the first two are trends, so only they can print a CHoCH.

03 Is market structure an ICT or an SMC concept?

Both use it. Market structure is part of ICT's teaching, and SMC reads the same swings with its own labels, BOS and CHoCH. ICT traders call a break against the trend with displacement a market structure shift (MSS).

04 Does a wick count as a market structure break?

No. Only a candle body close beyond the swing, on your structure timeframe, counts. A wick that closes back inside is a liquidity sweep, and the structure stays the same.

05 How is market structure different from BOS and CHoCH?

Market structure is the whole read of the swings. BOS and CHoCH are events inside it. A BOS is a close beyond the weak swing with the trend. A CHoCH is the first close beyond the strong swing against it.

06 What is the best timeframe for market structure trading?

There is no single best one. The daily and 4-hour charts set the direction, and SMC traders commonly mark breaks on the 30-minute, 15-minute or 5-minute chart. Read every break on the same chart you used to mark structure.

07 What is the difference between internal and external market structure?

External structure is the major swing highs and lows that define the trend. Internal structure is the smaller swings inside a pullback between them, and it does not count as a break on that timeframe. It is a different idea from internal and external range liquidity.

08 How do you know when market structure is changing?

The first sign is a CHoCH: a body close beyond the strong swing, against the trend. The change is confirmed when price then prints a BOS in the new direction.

09 Can you trade with market structure alone?

You can, but structure is mainly a filter. Most ICT and SMC setups add a zone such as an order block or a fair value gap for the entry, and use liquidity for the target.