

# THE SMART MONEY CHEAT SHEET

Reading Institutional Order Flow in 10 Minutes



A complete visual guide from first principles to professional trading setups.

## Why 80% of Retail Traders Consistently Lose

The financial markets are not a random arena — they're a carefully engineered ecosystem designed by and for institutional participants: central banks, hedge funds, investment banks, and market makers. These entities, collectively known as 'Smart Money,' move billions of dollars and cannot simply enter or exit positions without dramatically moving price. To fill their orders, they need liquidity — and retail traders unknowingly provide it.

**70-80%**

of retail CFD accounts lose money

**\$6.6T**

traded in forex markets every day

**<10%**

of that volume is retail traders

## Who is Smart Money?

### Central Banks

Control monetary policy and currency intervention. Operate at weekly/monthly timeframes.

### Investment Banks

Goldman Sachs, JP Morgan etc. Execute enormous orders on behalf of clients and proprietary books.

### Hedge Funds

Quantitative and macro funds executing algorithmic strategies. Responsible for high-frequency moves.

### Market Makers

Liquidity providers who profit from the spread and by engineering retail stop hunts.

## What You'll Learn in This Guide

### BEGINNER

- The Smart Money Mindset
- Liquidity & Equal Highs/Lows
- How stop hunts work

### INTERMEDIATE

- Order Blocks (OBs)
- Break of Structure (BOS) & CHoCH
- Fair Value Gaps (FVG)

### ADVANCED

- Liquidity Sweep entries
- Multi-Timeframe confluence
- The complete SMC trade setup

Before price makes any major directional move, Smart Money cycles through three distinct phases. Understanding these phases changes everything about how you read a chart.

## 01

### ACCUMULATION

Institutions quietly build large positions over time. Price appears "boring." Retail loses interest.

## 02

### MANIPULATION

False breakouts engineered. Retail stop orders triggered. Smart money fills remaining orders against retail.

## 03

### DISTRIBUTION

Directional move begins. Institutions exit into retail buying/selling momentum. Price moves hard and fast.

*Note: These phases repeat on all timeframes — from 1-minute charts to monthly charts.*

## The Retail Trap — How It Works in Practice

- 1 Price consolidates**  
A tight range forms. Retail traders set buy stops above the highs and sell stops below the lows, anticipating a breakout.
- 2 The false breakout**  
Price briefly breaks above the range high, triggering all the buy-stop orders. Retail enters long. Smart Money is actually selling INTO this buying pressure.
- 3 The reversal**  
With orders filled, Smart Money reverses price hard in the opposite direction. Retail traders are now trapped in losing positions, which accelerates the move down.
- 4 The actual move**  
The real directional move happens without retail participation. By the time it's "obvious," Smart Money has already moved price significantly.

### ★ KEY INSIGHT

Smart Money cannot move price without first creating a reason for retail to trade in the wrong direction. Every stop hunt, every false breakout, every 'weird' candle — is institutional order flow in action.

## What is Liquidity?

Liquidity is clusters of pending orders — primarily stop-loss orders placed by retail traders. Because institutions need massive order flow to fill positions, they engineer price movements to reach these clusters, triggering the orders and using them as exit/entry liquidity.

## Where Liquidity Lives

- **Above swing highs**  
Buy-stop & breakout orders cluster here. Smart money sweeps these to sell into buying pressure.
- **Below swing lows**  
Sell-stop & stop-loss orders cluster here. Smart money sweeps these to buy into selling pressure.
- **Equal Highs (EQH)**  
Two or more highs at the same level. Obvious to all traders = massive liquidity pool above.
- **Equal Lows (EQL)**  
Two or more lows at the same level. Every retail trader has a stop below = prime sweep target.
- **Round numbers**  
Levels like 1.2000, 50,000, 2.0000 attract enormous order clusters from retail and algos alike.



★ **KEY RULE: EQUAL HIGHS & LOWS ARE MAGNETS**

Any time you see two or more candle highs/lows at the same price level, there is a liquidity pool sitting just above/below it. Price will almost always visit that level.

## What is an Order Block?

An Order Block is the last opposing candle before a significant impulsive move. It represents the candle in which institutions placed their final batch of orders. When price returns to this level, it often reacts strongly — because the same institutions are still defending that price zone.

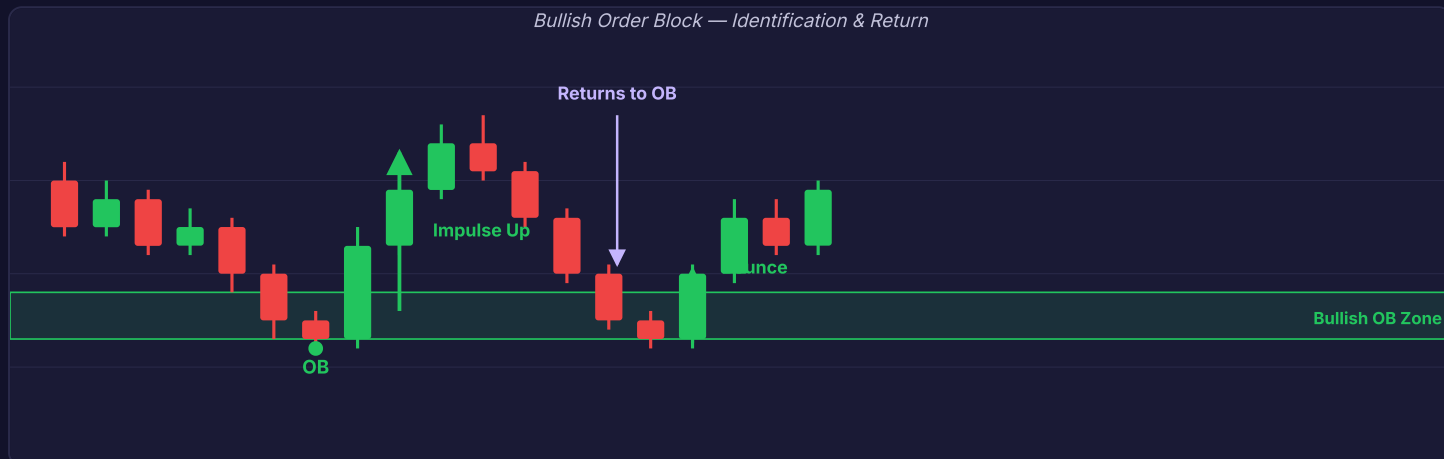
### BULLISH ORDER BLOCK

Last BEARISH candle before an impulse UP. Price returns to this zone and bounces.

### BEARISH ORDER BLOCK

Last BULLISH candle before an impulse DOWN. Price returns to this zone and rejects.

Bullish Order Block — Identification & Return

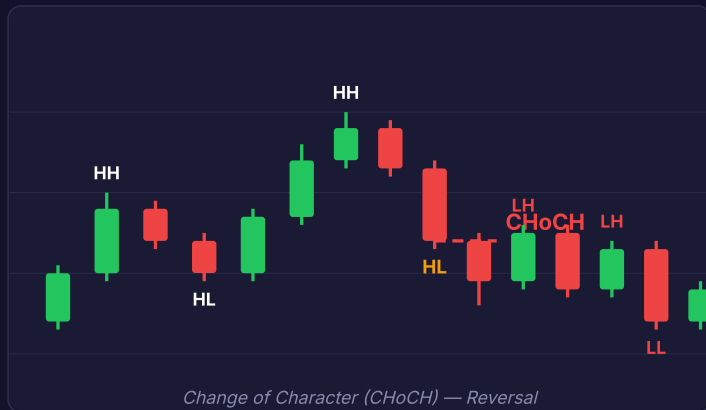
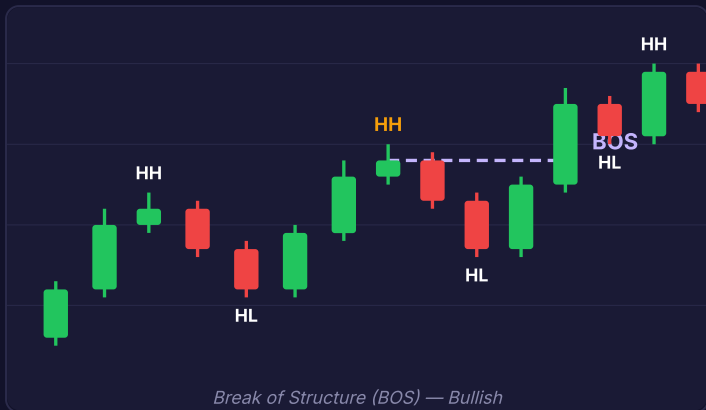


The last bearish candle before the impulse up defines the Bullish OB. Price returns to retest it and bounces.

### ★ ORDER BLOCK RULES

**Valid OB:** The opposing candle must precede an IMPULSIVE move (3+ candles in one direction).  
Higher timeframe OBs are more powerful. Daily/4H OBs hold more weight than 15M OBs.  
Mark the FULL body of the candle as your zone — not just high or low.

Market structure is the foundation of all Smart Money analysis. Understanding whether price is making Higher Highs / Higher Lows (bullish) or Lower Highs / Lower Lows (bearish) determines your directional bias before any entry.



**BOS = continuation.** Price breaks a previous swing high (bullish) or swing low (bearish), confirming the current trend continues. Use for trend-following entries.

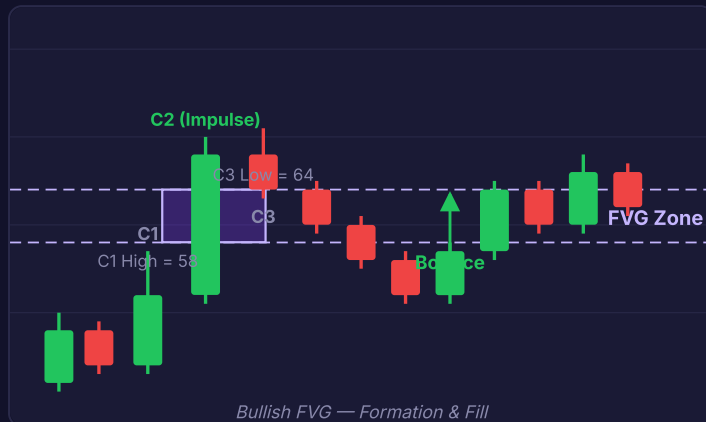
**CHoCH = reversal.** Price breaks the PREVIOUS swing low (in a bullish trend) signalling the trend has changed. First sign of a new direction.

### BOS vs CHoCH at a Glance

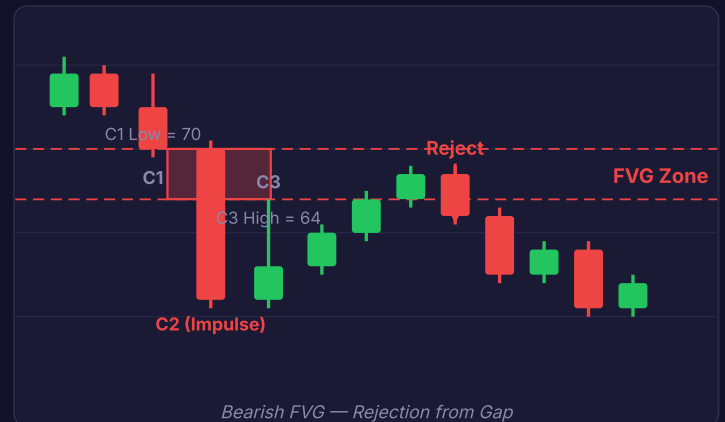
SIGNAL	CONTINUATION (BOS)	REVERSAL (CHOCH)
What it breaks	SAME direction swing point	OPPOSITE direction swing point
Meaning	Trend is continuing — ride it	Trend is changing — prepare for reversal
Entry type	Pullback entry on retest	Counter-trend entry on confirmation
Risk level	Lower (trend-following)	Higher (counter-trend)

## What is a Fair Value Gap?

A Fair Value Gap (FVG) — also called an imbalance — is a three-candle pattern where the middle candle moves so aggressively that price 'skips' an area, leaving a gap between Candle 1's high and Candle 3's low (bullish), or Candle 1's low and Candle 3's high (bearish). Markets seek balance: price almost always returns to fill these gaps.



FVG forms between C1 High and C3 Low. Price returns and bounces off the gap zone.



Bearish FVG forms between C1 Low and C3 High. Price rejects sharply on return.

### ★ BULLISH FVG RULES

- Located BETWEEN Candle 1's high and Candle 3's low.
- Formed by a large bullish impulse (Candle 2).
- Price returns to fill — treat as a support zone.

### ★ BEARISH FVG RULES

- Located BETWEEN Candle 1's low and Candle 3's high.
- Formed by a large bearish impulse (Candle 2).
- Price returns to fill — treat as a resistance zone.

## The Stop Hunt Mechanics

A liquidity sweep is when price deliberately spikes above a swing high (or below a swing low) to trigger the stop-loss orders sitting there — then immediately reverses. This is not random volatility. It's institutional order filling. The spike candle's wick is the 'receipt' of the transaction.



## The 3-Step Liquidity Sweep Entry Method

- 1 Identify the liquidity pool**  
 Find equal highs or equal lows on the chart. Mark the level. These are your sweep targets.
- 2 Wait for the spike + fast close**  
 Price must spike THROUGH the EQH/EQL with a large wick, then close back INSIDE the range on the same candle.
- 3 Confirm with the next candle**  
 The candle AFTER the sweep should close strongly in the reversal direction. This is your entry confirmation.

### ▲ ADVANCED TIP: THE DEEPER THE WICK, THE STRONGER THE SIGNAL

A sweep wick that reaches 1.5–2× the size of the candle body is the strongest signal. It means institutions filled a massive position. The longer the wick, the more stops were hit, and the more orders were filled — giving institutions more reason to defend the reversal.

## The Golden Rule: Higher Timeframe Sets the Bias

No signal exists in isolation. A bullish OB on a 1-minute chart is nearly meaningless if the daily chart is in a strong downtrend. Smart Money traders always align lower timeframe entries with higher timeframe structure. This is the single most important concept separating consistently profitable traders from those who break even.

Monthly / Weekly

### Highest Timeframe Priority

Overall market bias. Is price bullish or bearish at the macro level?

Daily / 4H

### Structure & Key Zones

Identify key OBs, FVGs, structure breaks. These give the directional framework.

1H / 15M

### Entry Refinement

Fine-tune entry zones. Confirm CHoCH or BOS on lower timeframe.

5M / 1M

### Precision Entry

Wait for candle confirmation (e.g., engulfing candle, OB forming).

## How to Apply MTF Analysis in Practice

### 1 Step 1 — Daily chart

Daily chart shows price in a bullish trend, recently creating BOS above a previous swing high. You're looking LONG only.

### 2 Step 2 — 4H chart

Identify the most recent 4H bullish Order Block. Note the FVG created during the most recent impulse. These are your target entry zones.

### 3 Step 3 — 1H chart

Wait for price to pull back into the 4H OB or FVG zone. Watch for CHoCH on the 1H to confirm the pullback is ending.

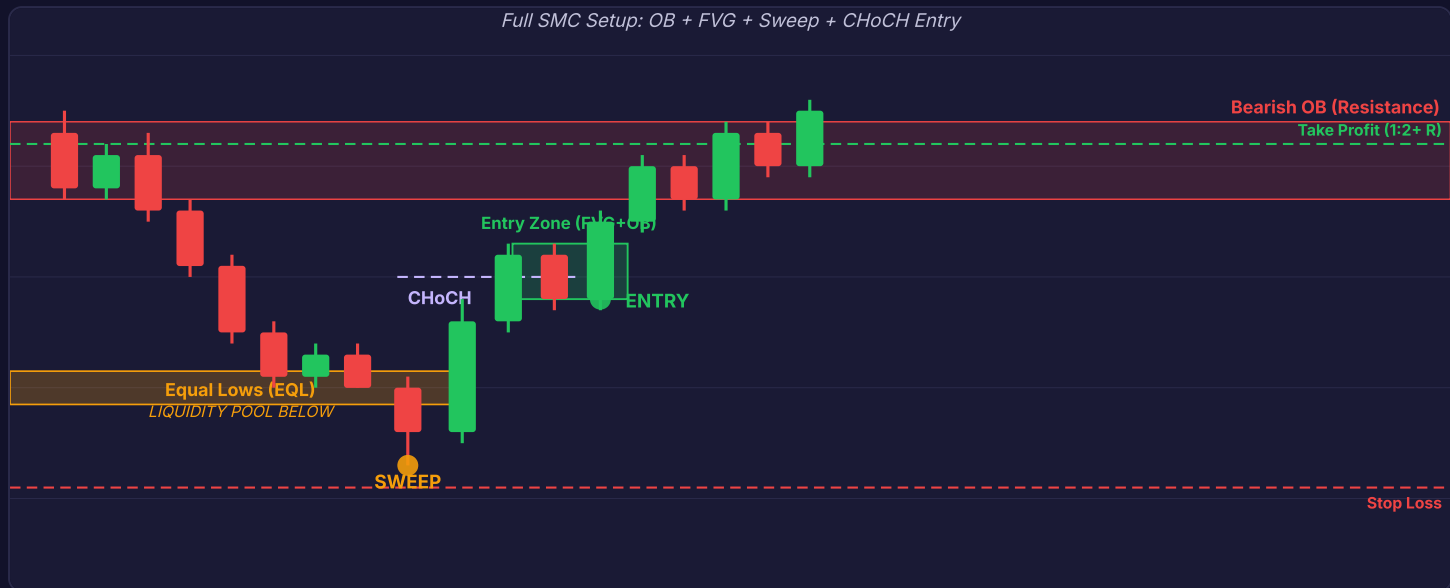
### 4 Step 4 — 15M entry

On the 15M, wait for a bullish engulfing candle or OB forming at the 1H CHoCH level. This is your entry candle. SL below the sweep low.

### ★ CONFLUENCE CHECKLIST — BEFORE ANY ENTRY

- ✓ HTF (Daily/Weekly) structure supports your direction.
- ✓ A valid OB or FVG exists on the 4H or 1H at your entry level.
- ✓ CHoCH or BOS confirmed on the LTF (15M/5M) at the entry zone.

This annotated chart shows a complete Smart Money Concepts trade setup combining all concepts: OB + FVG confluence, a liquidity sweep for entry, CHoCH confirmation, and defined stop-loss and take-profit levels.



Entry at CHoCH candle close. SL below sweep low. TP at bearish OB / previous swing high.

### Step-by-Step Trade Breakdown

- **Bearish OB identified at 65–70**  
The last bullish candle before a bearish impulse. A resistance zone. Price has rejected here twice.
- **Equal Lows form at 50**  
Two lows at the same level = liquidity pool below. Smart money needs to grab those stops to refuel.
- **Sweep (candle 8)**  
Price spikes to 45, grabs the liquidity below EQL, and closes back above 50. Long wick = orders filled.
- **CHoCH confirms (candle 9)**  
Price breaks above the previous swing high at 60, confirming a Change of Character to bullish.
- **Entry on retest (candle 10)**  
Price retreats the CHoCH level (FVG zone 59–62). Entry at open of candle 11 with SL below sweep.

## Glossary of Key Terms

### Smart Money

Institutional participants: banks, hedge funds, market makers.

### Liquidity Pool

Cluster of pending orders (stops) above/below swing highs/lows.

### Equal Highs (EQH)

Two+ highs at same level. Liquidity magnet above.

### Equal Lows (EQL)

Two+ lows at same level. Liquidity magnet below.

### Order Block (OB)

Last opposing candle before an impulsive move. Acts as S/R on return.

### Bullish OB

Last bearish candle before impulse up. Support zone on retest.

### Bearish OB

Last bullish candle before impulse down. Resistance zone on retest.

### BOS

Break of Structure — continuation signal in the prevailing trend direction.

### CHoCH

Change of Character — first sign that the current trend is reversing.

### Fair Value Gap (FVG)

Three-candle imbalance where price 'skips' a range. Price seeks to fill.

### Liquidity Sweep

Price spikes into a liquidity pool, triggers orders, then reverses.

### HTF

Higher Timeframe (Daily, 4H etc.) — sets directional bias.

### LTF

Lower Timeframe (15M, 5M, 1M) — used for entry precision.

### Inducement

False move designed to lure retail into a position before the real move.

## The 10 Golden Rules

### 1. Price always seeks liquidity.

Any untouched swing high or low with orders clustered will eventually be swept.

### 2. Higher timeframe always wins.

Never take a LTF trade against the HTF trend. Align your bias top-down.

### 3. The first move is rarely the real move.

The initial breakout is usually a trap. Wait for the retest or the sweep.

### 4. Order blocks hold until mitigated.

An OB that has never been tested retains its full strength as a S/R zone.

### 5. FVGs act as magnets.

Unfilled FVGs pull price back to fill the imbalance. Mark them all on HTF.

### 6. BOS = trend continuation, CHoCH = reversal.

Know which one you are trading. Different entries, different risks.

### 7. The wick is the receipt.

A long wick shows where smart money filled orders. Opposite direction follows.

### 8. Confluence is everything.

OB + FVG + sweep + CHoCH at the same level = very high probability setup.

### 9. Never chase candles.

If you missed the entry, wait for the retest. Chasing is how retail gets trapped.

### 10. Risk management beats everything.

Smart Money analysis improves your edge. But no edge saves bad position sizing.

# You Now Have the Foundation. The Tools Are Next.

You've just learned the same framework that institutional traders use every day. But knowledge alone doesn't make profitable trades. The edge comes from having tools that execute these concepts automatically, with zero repainting — in real-time, on every asset and timeframe.



No-Repaint Signals



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Toolkit



Multi-Asset  
Screener



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Average Rating

**<2 min**

Setup Time

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