I SPEAK CANDLESTICK

LEARN THE LANGUAGE OF THE MARKETS

PART 2 · MODULES 4–9



STUDY GUIDE



STUDY GUIDE

I Speak Candlestick

Learn the language of the markets. Part 2: Modules 4–9. The companion study guide to the 14-module I Speak Candlestick course.

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Chart examples are simplified illustrations, not records of real trades.

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Part 2: Modules 4–9

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Answer key: Modules 4–9 — 51

Glossary of terms — SEPARATE BOOK

BEFORE YOU START

How to use this guide

The app teaches each idea in a short lesson and a scored quiz. This guide covers the same fourteen modules in the same order, with more room: extra explanation, worked examples, labelled diagrams and the common mistakes beginners make.

Use the two together

Read a module here, then take that module's quiz in the app. If you score below 70%, come back to the module, reread the sections the answer key points to, and retake. The modules build on each other, so don't skip ahead.

What's in each module

- **Learning objectives**: what you should be able to do by the end.
- **Numbered sections** with diagrams, tables and worked examples.
- **Callouts**: green for tips, red for common mistakes, grey for context.
- **Key takeaways**: the points to remember if you remember nothing else.
- **Check your understanding**: the same ten questions as the app quiz, with answers and explanations at the back.

Four books

Part 1: Modules 1–3 (free). **Part 2**: Modules 4–9. **Part 3**: Modules 10–14. Plus a separate **Glossary of terms**, A to Z.

The big idea

The whole course builds towards one framework. The market only does three things: it **breaks out and continues**, it **breaks out, fails and reverses**, or it **consolidates**. A confirmed retest of a key level tells you which one is most likely next. Everything before Module 9 gives you the vocabulary to see it; everything after shows you how to act on it, how to manage risk when you're wrong, and how to keep your discipline while you do.

It all starts with a single candle.

STAGE 3 · CANDLE RANGES · MODULE 4 OF 14

04

Candle Range Theory

Range energy and body-to-wick ratios.

- App lesson: 8 min
- Study time: 25 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Explain why a candle's range tells you about the market's energy, not just its direction.
- Calculate a body-to-range ratio and classify a candle as body-dominant or wick-dominant.
- Recognise contraction (coiling) and expansion (release) on a chart.
- Judge whether a candle is "big" by comparing it to its neighbours.
- Link contraction and expansion to the three market scenarios.

4.1 Range is more than direction

A candle's **range** is the distance from its high to its low. Most traders only read *where* a candle closed. Range theory reads *how far* it moved, and that reveals the market's energy.

You met range in Module 1 as a measurement. This module turns it into a tool. Two questions do most of the work: how much of the range did the body keep, and how big is this range compared with the candles around it?

4.2 The body-to-wick ratio

Compare the body to the total range:

- **Body-dominant** (big body, small wicks): strong conviction, one side in control.

- **Wick-dominant** (small body, big wicks): indecision and rejection.

A candle that is almost all body says something very different from one that is almost all wick, even if they close at the same price.

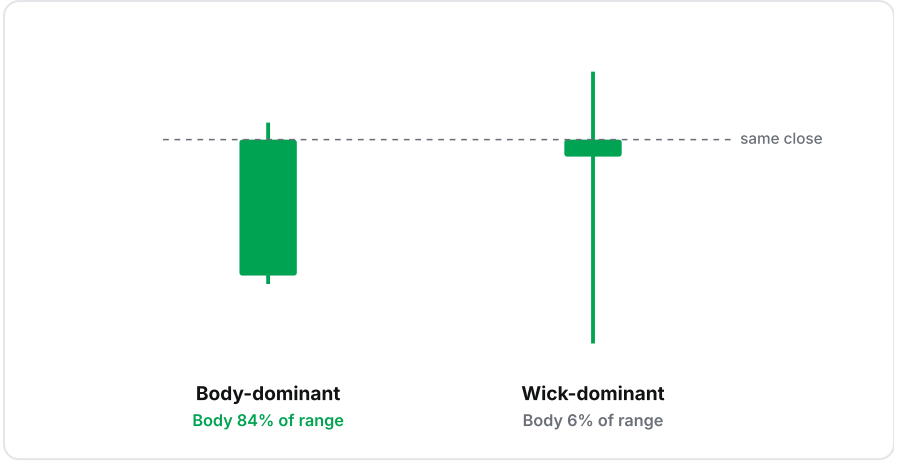

Figure 4.1 Both candles close at 108. One kept almost all the ground it covered; the other kept almost none.

CANDLE	OPEN · HIGH · LOW · CLOSE	BODY ÷ RANGE	READ
Left	100 · 109 · 99.5 · 108	8 ÷ 9.5 ≈ 84%	Body-dominant
Right	107 · 112 · 96 · 108	1 ÷ 16 ≈ 6%	Wick-dominant

A ROUGH GUIDE

There's no official cut-off, but as a working rule: a body above about two-thirds of the range is body-dominant; a body below about a third is wick-dominant. In between, read the wicks: which side was rejected more?

This is the same idea as Module 2's single-candle signals, expressed as a number. A marubozu is close to 100% body. A doji is close to 0%. Every other candle sits somewhere on that scale.

4.3 Contraction and expansion

Contraction

When each candle's range gets **smaller** than the last, volatility is compressing. The market is coiling, gathering energy before its next move. Contraction is the calm before the storm.

Expansion

After a run of small candles, a sudden **large** candle breaks out. This is expansion: volatility returning. The breakout candle often sets the direction of the next leg.

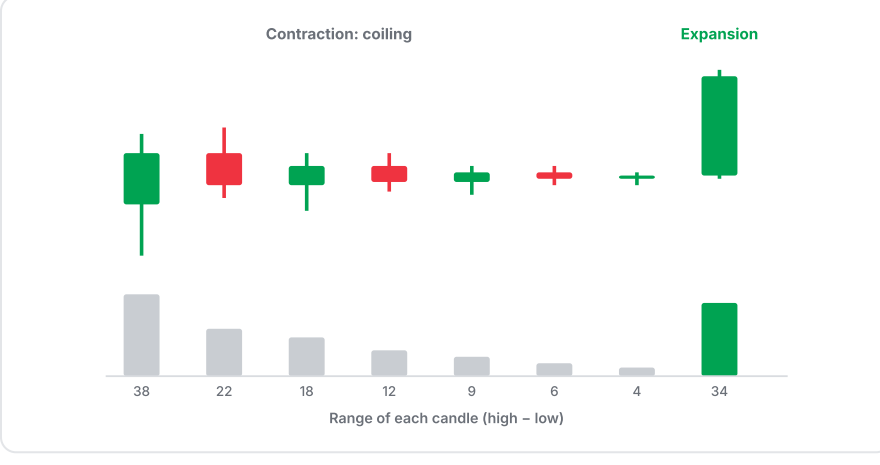

Figure 4.2 The bars underneath show each candle's range. They shrink from 38 to 4 as the market coils, then jump to 34 as it releases.

Contraction tells you *that* a move is building. It doesn't tell you which way it will go. The expansion candle answers that question, which is why you wait for it rather than guess.

COMMON MISTAKE

Treating contraction as a signal to act. A coiling market can break either way, and it can coil for longer than you expect. Contraction says "get ready"; expansion says "this way".

4.4 Range in context

A candle's range only means something next to the ranges around it. A "big" candle in a quiet market is a breakout; the same-sized candle in a volatile market is ordinary. Always compare a candle to its neighbours, not to an absolute number.

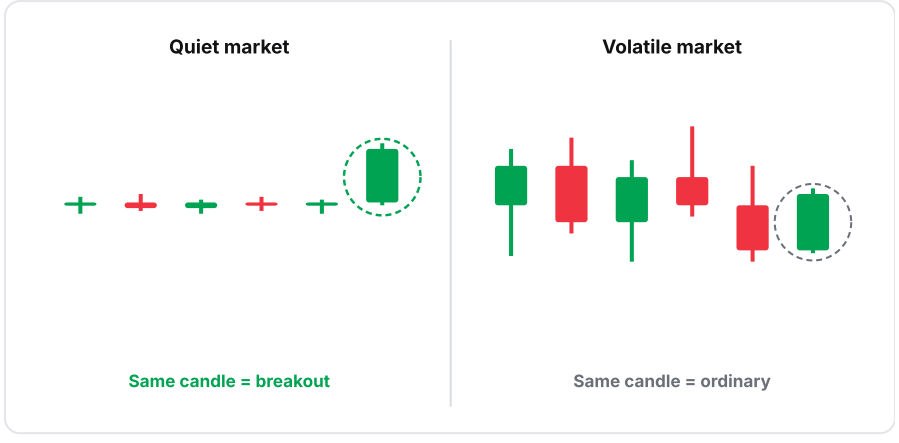

Figure 4.3 The circled candles are identical. Among small neighbours it stands out; among large neighbours it disappears.

A practical way to do this by eye: look at the last ten or so candles and get a feel for their typical range. A candle around one and a half to two times that size is a genuine expansion; a candle within the normal spread is not, however large it looks on its own.

GOING FURTHER

Charting platforms offer an indicator called the Average True Range (ATR), which does this comparison for you by averaging recent ranges. You don't need it for this course; your eye and the neighbouring candles are enough.

4.5 Why this matters for the three scenarios

- **Breakout & continuation** needs expansion: a big candle breaking a level.
- **Consolidation** shows as repeated contraction: small candles inside a range.

- A **failed breakout** often starts with an expansion candle that immediately reverses: a big candle that produces no follow-through.

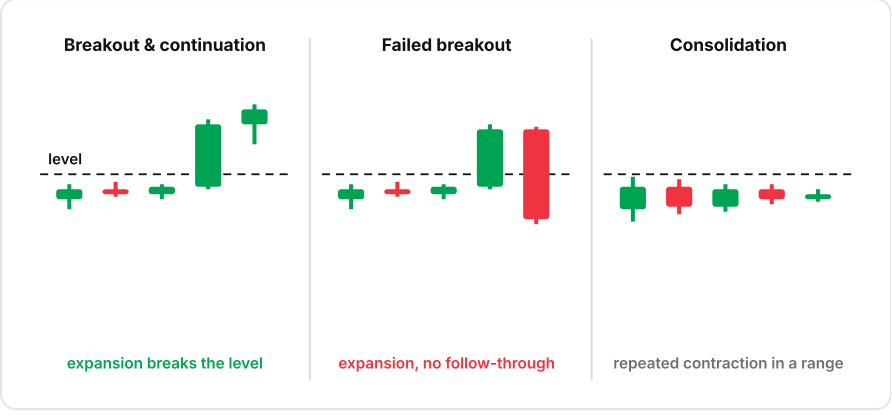

Figure 4.4 Range behaviour in each of the three scenarios. The first two start identically; only the candle after the expansion tells them apart.

Look closely at the first two panels. The breakout candle is the same in both. What separates a continuation from a failure is what happens *next*. That's the idea behind the level retest, which Module 11 develops fully.

KEY TAKEAWAYS

- **Range = energy.** Small ranges = coiling; large ranges = releasing.
- **Body-dominant** = conviction; **wick-dominant** = rejection.
- Always read a candle's size **relative to its neighbours**.
- **Contraction followed by expansion** is the signature of an imminent move.

Check your understanding

Module 4 · 10 questions · answers on page 51

1 **A large candle that breaks out after a run of small candles is an example of:**

- (A) Contraction
- (B) Expansion
- (C) Consolidation
- (D) A doji

2 **Why should you compare a candle's range to its neighbours?**

- (A) Absolute range is meaningless without context
- (B) It is a fixed rule on every trading platform
- (C) Small candles never matter
- (D) Large candles are always bullish

3 **A candle's range is defined as:**

- (A) Open to close
- (B) High to low
- (C) Open to high
- (D) Close to low

4 **When each candle's range gets progressively smaller, this is called:**

- (A) Expansion
- (B) Contraction
- (C) A breakout
- (D) A reversal

5 **How does contraction relate to the three market scenarios?**

- (A) Contraction leads to consolidation only
- (B) Contraction followed by expansion is the signature of an imminent move
- (C) Contraction always leads to a reversal
- (D) Contraction has no relationship to scenarios

6 **What does a wick-dominant candle (small body, big wicks) tell you?**

- (A) Strong conviction from one side
- (B) Indecision and rejection from both sides
- (C) A guaranteed reversal
- (D) The market is closed

7 **Why should you always compare a candle's range to its neighbours?**

- (A) Because absolute size is all that matters
- (B) Because a 'big' candle in a quiet market is a breakout, but in a volatile market it's ordinary
- (C) Because neighbours determine the trend
- (D) Because it helps identify the open price

8 **What typically follows a period of range contraction?**

- (A) Continued contraction indefinitely
- (B) Range expansion and a breakout
- (C) The market closes
- (D) A doji forms

9 **What does range contraction signal?**

- (A) Volatility is increasing
- (B) Volatility is compressing and the market is coiling
- (C) The trend has reversed
- (D) A breakout has already happened

10 **What does a body-dominant candle (big body, small wicks) indicate?**

- (A) Indecision and rejection
- (B) Strong conviction, one side in control
- (C) The market is ranging
- (D) A reversal is imminent

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 3 · CANDLE RANGES · MODULE 5 OF 14

05

Fair Value Gaps

Price imbalances, retracement, and inverse fair value gaps.

- App lesson: 10 min
- Study time: 30 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Find and mark a bullish or bearish Fair Value Gap using three candles.
- Explain why price often retraces into a gap before continuing.
- Set the invalidation point for a bullish or bearish FVG.
- Recognise an inverse FVG, where a broken gap flips from support to resistance or vice versa.
- Judge whether an FVG is high or low probability using trend, structure and level.

5.1 What is a Fair Value Gap?

A Fair Value Gap (FVG) is a price zone where the market moved so quickly that one side, buyers or sellers, completely dominated, leaving a gap with little to no two-sided trading activity. This gap remains "open" on the chart until price returns to rebalance it.

FVGs form across three candles:

- **Bullish FVG**: forms during a strong upward move when the high of the first candle does not overlap with the low of the third candle. The gap sits between them.
- **Bearish FVG**: forms during a strong downward move when the low of the first candle does not overlap with the high of the third candle.
- **The middle candle**: has a long body and strong momentum that stretches the price away quickly, creating the gap.

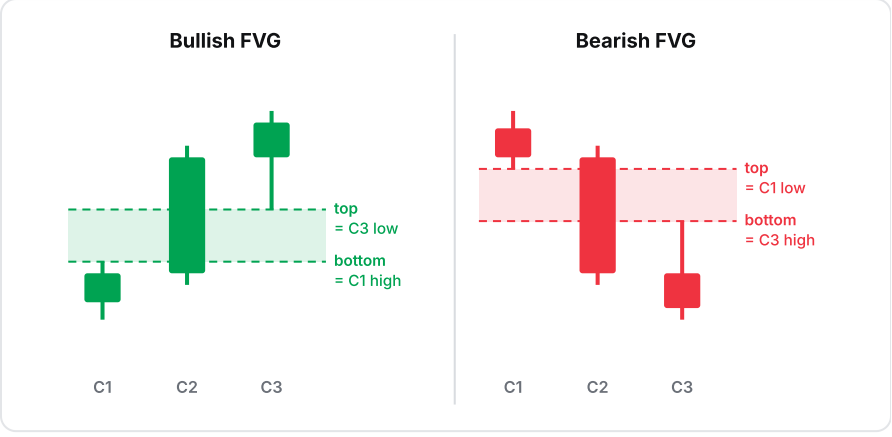

Figure 5.1 The shaded zone is the gap. For a bullish FVG it runs from Candle 1's high (bottom) up to Candle 3's low (top). A bearish FVG is the mirror image.

The middle candle should look familiar. It's the **expansion** candle from Module 4: body-dominant, much larger than its neighbours. An FVG is what expansion leaves behind when it's fast enough.

How to mark one

STEP	BULLISH FVG	BEARISH FVG
1	Find a strong green expansion candle	Find a strong red expansion candle
2	Note the **high** of the candle before it	Note the **low** of the candle before it
3	Note the **low** of the candle after it	Note the **high** of the candle after it
4	If the C3 low is above the C1 high, the space between is the FVG	If the C3 high is below the C1 low, the space between is the FVG

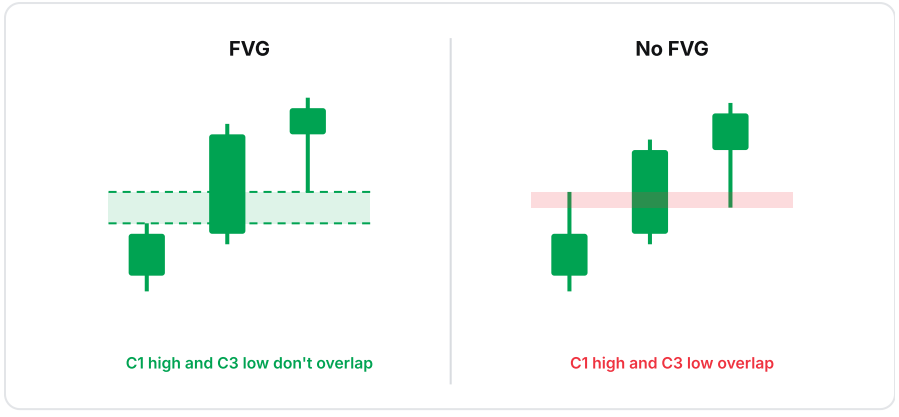

Figure 5.2 Not every strong move leaves a gap. If the wicks of Candle 1 and Candle 3 overlap (right), there is no FVG.

NOT A "GAP" IN THE USUAL SENSE

You may have seen gaps where a market opens well away from the previous close, leaving blank space on the chart. An FVG is different. There's no blank space, because the middle candle's body covers it. The "gap" is between Candle 1 and Candle 3 only, which is why you have to measure it rather than spot it by eye.

5.2 Why traders use FVGs

The market often treats these zones like a magnet. Price moved through these areas with too much momentum to fill all outstanding orders, and tends to return to pick them up after the momentum subsides.

Retracement and fill

Price tends to retrace back into the gap later to rebalance supply and demand before continuing in the direction of the original trend. This makes FVGs prime zones for pullback entries in the direction of the trend.

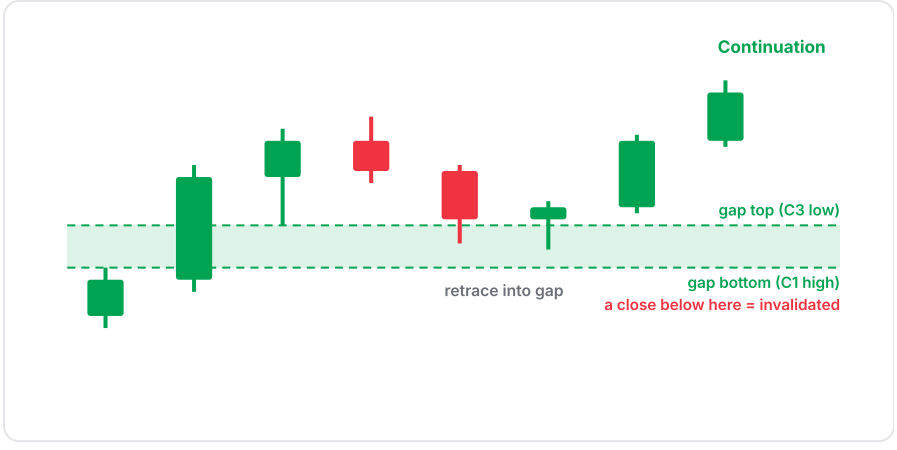

Figure 5.3 A bullish FVG forms on the rally. Price pulls back into the shaded zone, holds above the gap bottom, then continues higher.

The institutional footprint

FVGs are often associated with large institutional or "smart money" orders that retail participants could not immediately match. Traders who use them read a clean FVG as a sign of heavy, one-sided participation: someone needed to buy or sell more than the market could absorb at those prices.

KEEP IT IN PROPORTION

"Tends to" is the important phrase. Price often returns to an FVG, but not always, and some gaps are left open for a long time. An FVG is a zone to watch, not a promise that price will come back or that it will hold if it does.

5.3 Invalidation

Every setup needs an invalidation point: the price at which you accept you were wrong.

- A **bullish FVG** fails if price falls completely past the bottom of the gap.
- A **bearish FVG** fails if price rises completely past the top of the gap.

JUDGE IT ON THE CLOSE

Module 1's rule applies here: the close is the verdict. A wick that pokes through the far side of the gap and snaps back is a test. A candle that *closes* beyond it is a failure. Module 13 shows how this point becomes the basis for your stop.

5.4 Not all gaps are equal

Gaps that sit around levels where traders are already looking for a retest carry more weight. If the gap is respected after a breakout, it offers additional confluence for trade entry.

Confluence simply means several independent reasons pointing to the same price. A gap on its own is one reason. A gap that sits on a level which has just been broken and is now being retested is two.

The inverse FVG

Equally powerful is the concept of the **inverse FVG**. If the gap is not respected and price breaks through it, the same zone flips. It can act as additional confluence for a breakout failure and a pending reversal. What was support becomes resistance, and vice versa.

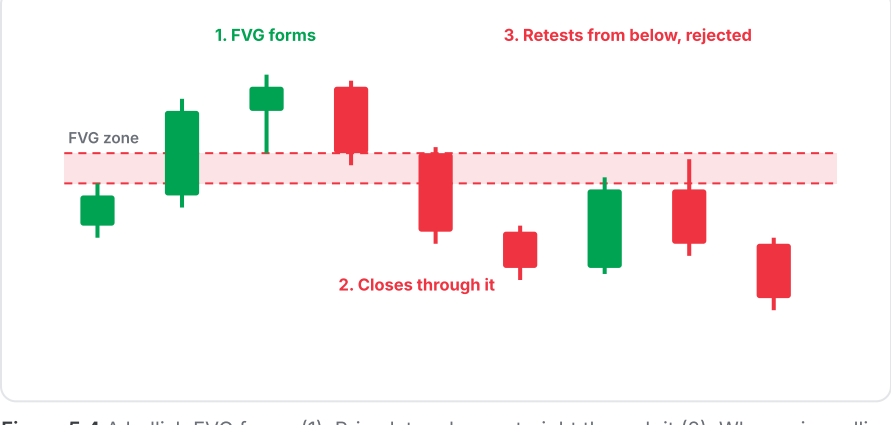

Figure 5.4 A bullish FVG forms (1). Price later closes straight through it (2). When price rallies back up, the old gap now caps it (3).

The logic: buyers who expected the zone to hold were proved wrong. When price returns to it, some of them use the bounce to get out, and

sellers who now trust the downside step in. The zone is still a battleground; it has just changed sides.

5.5 Alignment is everything

As always, these concepts need aligning with a higher-timeframe structure and bias. An FVG in the direction of the trend, at a level where structure and bias already point, is a high-probability zone. An FVG against the trend is lower probability and should be treated with caution.

HIGHER PROBABILITY	LOWER PROBABILITY
In the direction of the higher-timeframe trend	Against the trend
At or near a key level being retested	In the middle of nowhere
Clear invalidation point you can act on	No idea where you'd be wrong
Created by a strong expansion candle	Tiny gap from an ordinary candle

Higher-timeframe structure is covered in Module 7 and bias in Module 8. For now, the principle is enough: a gap is a detail, and details only matter when the bigger picture agrees with them.

KEY TAKEAWAYS

- An **FVG** is the space between Candle 1 and Candle 3 that a fast middle candle left untraded.
- Price often **retraces into the gap**, then continues in the original direction.
- A bullish FVG is **invalidated** by a close below its bottom; a bearish one by a close above its top.
- A broken gap can **flip**: an inverse FVG supports a breakout-failure read.
- FVGs are only high probability when they **align** with higher-timeframe structure and bias.

Check your understanding

Module 5 · 10 questions · answers on page 51

1 Which FVG offers stronger confluence?

(A) One aligned with higher-timeframe structure and bias at a key level.
(B) Any gap against the trend.
(C) The largest gap regardless of context.
(D) A gap used without checking structure or invalidation.

2 What is an Inverse Fair Value Gap?

(A) A gap with no middle candle.
(B) A gap that is always filled immediately.
(C) Two gaps at the same price.
(D) A gap that is broken through and can flip from support to resistance, or vice versa.

3 Why do traders watch for a retracement into a Fair Value Gap?

(A) Every gap guarantees a profitable trade.
(B) The gap removes the need for a stop-loss.
(C) Price may rebalance the zone before continuing in the original direction.
(D) A retracement always reverses the trend.

4 Which two prices define a bearish Fair Value Gap?

(A) Candle 1's high and Candle 3's low.
(B) Candle 1's low and Candle 3's high.
(C) The open and close of Candle 2.
(D) The highs of Candle 1 and Candle 2.

5 How does a bullish Fair Value Gap form?

(A) The high of Candle 1 is below the low of Candle 3 after a strong upward move.
(B) The bodies of all three candles overlap.
(C) The low of Candle 1 is above the high of Candle 3.
(D) Price remains inside a narrow range.

6 What makes an FVG higher probability?

(A) When it forms against the trend
(B) When it is the largest gap on the chart
(C) When it aligns with higher-timeframe structure and bias at a key level
(D) When it has no middle candle

7 **What happens when price breaks through an FVG instead of respecting it?**

- (A) The gap becomes stronger support
- (B) The gap can flip and act as confluence for a reversal
- (C) The market always reverses completely
- (D) Nothing changes

8 **What does it mean when price retraces into an FVG and then continues?**

- (A) The gap has failed
- (B) The gap acted as a magnet and the trend resumed
- (C) The market is now ranging
- (D) The FVG has become an inverse FVG

9 **When is a bullish Fair Value Gap considered invalidated?**

- (A) When price touches the top of the gap
- (B) When price falls completely past the bottom of the gap
- (C) When the gap is filled
- (D) When a new gap forms nearby

10 **What role does the middle candle play in a Fair Value Gap?**

- (A) It fills the gap
- (B) It has a long body and strong momentum that creates the gap
- (C) It is always a doji
- (D) It defines the invalidation point

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 3 · CANDLE RANGES · MODULE 6 OF 14

06

Advanced Candle Range Theory

The Power of Three: Accumulation, Manipulation, Distribution.

- App lesson: 12 min
- Study time: 35 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Name the three phases of the Power of Three and say what each one does.
- Mark the Candle Range High (CRH) and Candle Range Low (CRL) on a reference candle.
- Walk through the standard 3-candle CRT model, bullish and bearish.
- Explain why a sweep looks like a breakout, and what confirms it was a trap.
- Describe the multi-timeframe blueprint: map, trap, trigger.
- Recognise when a CRT setup has failed.

6.1 The Power of Three

Candle Range Theory (CRT) maps market movement into three sequential phases that can play out within a single high-timeframe candle or across a multi-candle sequence. Together they form the **Power of Three**, which CRT traders describe as the institutional playbook for how price moves through a range.

Phase 1: Accumulation (range definition)

A reference candle establishes a trading range defined by its **Candle Range High (CRH)** and **Candle Range Low (CRL)**. These two levels become the boundaries that everything else in the setup is measured against.

Phase 2: Manipulation (the sweep)

Price pushes beyond either the CRH or the CRL to capture resting stop-loss orders and trap breakout traders. This false breakout generates the liquidity large players need to fill their orders. The key insight: **the sweep looks like a breakout, but it is a trap.**

Phase 3: Distribution (the reversal)

Price rejects the sweep and closes back inside the original range. This confirms the manipulation phase is over and signals a likely expansion towards the opposite boundary or an external liquidity pool.

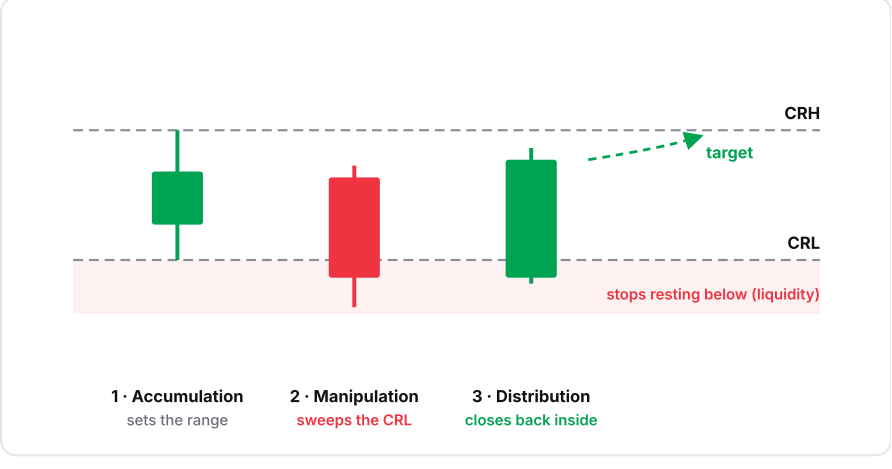

Figure 6.1 The three phases across three candles. Candle 2 dips into the liquidity below the CRL; Candle 3 closes back inside the range and targets the CRH.

6.2 Why sweeps happen: liquidity

To see why a sweep works, think about where orders sit. Traders who bought inside the range commonly place their stop-losses just below its low. Breakout traders place orders to sell if price breaks that low. Together they create a cluster of sell orders resting just beneath the CRL. That cluster is **liquidity**.

A trader who wants to *buy* a large amount needs sellers to buy from. Pushing price briefly below the CRL triggers those resting sell orders, supplying exactly that. Once the orders are absorbed, there's nobody left to push price lower, and it snaps back into the range. The same logic, flipped, applies above the CRH.

A MODEL, NOT A CERTAINTY

No chart can show you who placed which order, so treat this as the reasoning behind the pattern rather than a proven fact about every sweep. What you *can* see is the outcome: a push beyond a boundary that fails to hold. That's what you trade.

This should sound familiar. In Module 4, a failed breakout was "an expansion candle that immediately reverses". A CRT sweep is a failed breakout seen up close, and it's the foundation of Scenario 2 in Module 9.

6.3 The standard 3-candle CRT model

CANDLE	ROLE	WHAT TO LOOK FOR
Candle 1	Range candle	Sets the baseline high and low (CRH and CRL): your reference zone
Candle 2	Manipulation / sweep	Raids the high or low of Candle 1, trapping breakout traders
Candle 3	Distribution / confirmation	Closes back inside Candle 1's range, confirming the sweep was a trap and triggering the reversal entry

The entry is triggered on Candle 3's close, or on a lower-timeframe shift that confirms the reversal is underway.

WICK OR CLOSE?

Sometimes the sweep is only a wick: Candle 2 pokes beyond the boundary and closes back inside by itself. Sometimes Candle 2 closes outside and it's Candle 3 that brings price back. Either way, the rule is the same: **the confirmation is a close back inside the range**. Until that close, you don't know whether you're watching a trap or a genuine breakout.

6.4 The Power of Three inside one candle

The three phases don't need three separate candles. They can play out *inside* a single higher-timeframe candle, and that's where Module 1's idea of timeframes pays off.

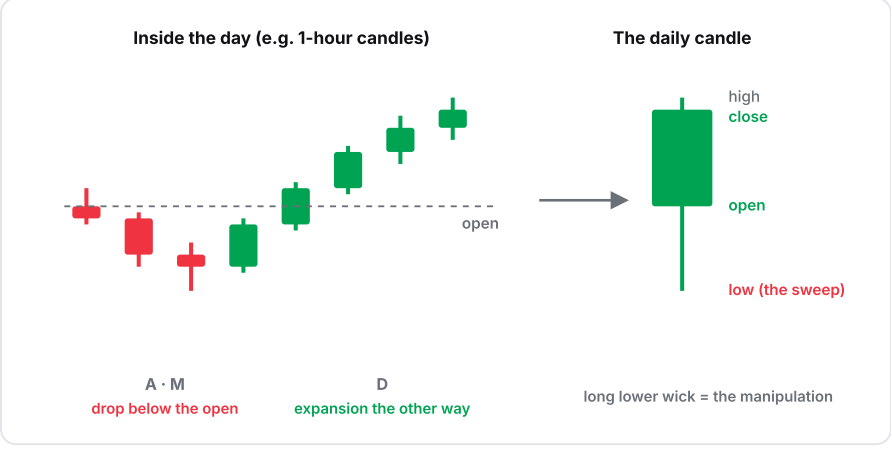

Figure 6.2 On the hourly chart, price opens, drops below the open (accumulation and manipulation), then expands upwards (distribution). On the daily chart, all of that becomes one bullish candle with a long lower wick.

Once you've seen this, a long lower wick on a daily candle reads differently. It isn't just "rejection"; it's a record of a sweep that happened during the day before the real move began.

6.5 Bullish and bearish setups

STEP	BULLISH CRT	BEARISH CRT
1	Price approaches support	Price approaches resistance
2	A candle sweeps the **CRL** (taking lower-side liquidity)	A candle sweeps the **CRH** (taking upper-side liquidity)
3	Price closes back above the CRL, inside the range	Price closes back below the CRH, inside the range
4	Lower timeframes show a shift higher: a long entry targeting the CRH or external liquidity above	Lower timeframes show a shift lower: a short entry targeting the CRL or external liquidity below

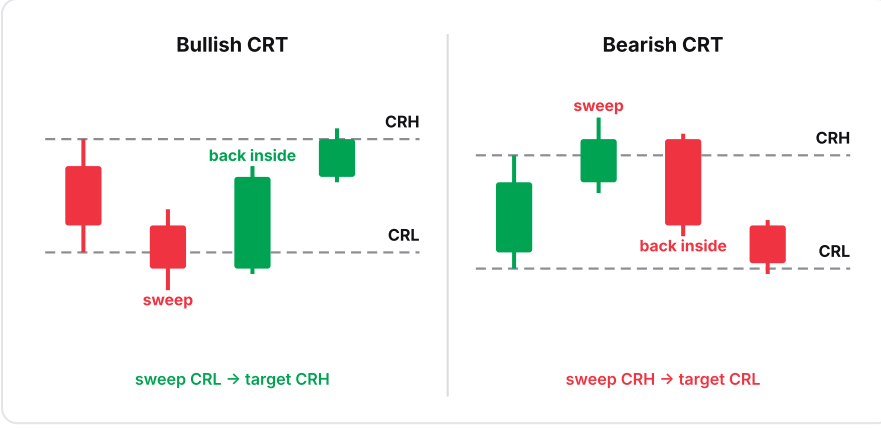

Figure 6.3 Mirror images. Sweep one boundary, close back inside, target the other boundary.

MEMORY AID

The sweep goes the *opposite* way to the trade. A bullish setup sweeps the low; a bearish setup sweeps the high. You buy after the market has shaken out the sellers, and sell after it has shaken out the buyers.

6.6 The multi-timeframe execution blueprint

Traders cascade across multiple timeframes to filter out false signals and pinpoint execution:

TIMEFRAME	JOB	QUESTION IT ANSWERS
Higher (daily or 4-hour)	Identifies the macro location and sets the primary CRH and CRL	Where is the range?
Intermediate (1-hour)	Monitors whether price sweeps a boundary and cleanly closes back inside	Has the trap happened?
Lower (15- or 5-minute)	Looks for a market structure shift (MSS) or change in state of delivery (CISD), alongside an order block or fair value gap, for precise entry	Where exactly do I get in?

The higher timeframe gives you the map. The intermediate timeframe confirms the trap. The lower timeframe gives you the trigger.

NEW TERMS IN THE BLUEPRINT

- **Market structure shift (MSS)**: on the lower timeframe, price breaks its most recent swing in the new direction (e.g. after falling, it takes out the last lower high). You'll learn to read swings in Module 7.
- **Change in state of delivery (CISD)**: a closely related signal. Price closes back through the opening level of the candles that drove the sweep, showing that delivery has switched from one direction to the other.
- **Order block**: the last opposite-coloured candle before a strong move, treated by some traders as a zone where large orders were placed. Used the same way as an FVG: a place to look for entry.

6.7 When CRT fails

Every sweep looks like a breakout at first. Sometimes it *is* a breakout. The setup is only valid once price closes back inside the range; if it doesn't, the "sweep" was the start of a genuine move.

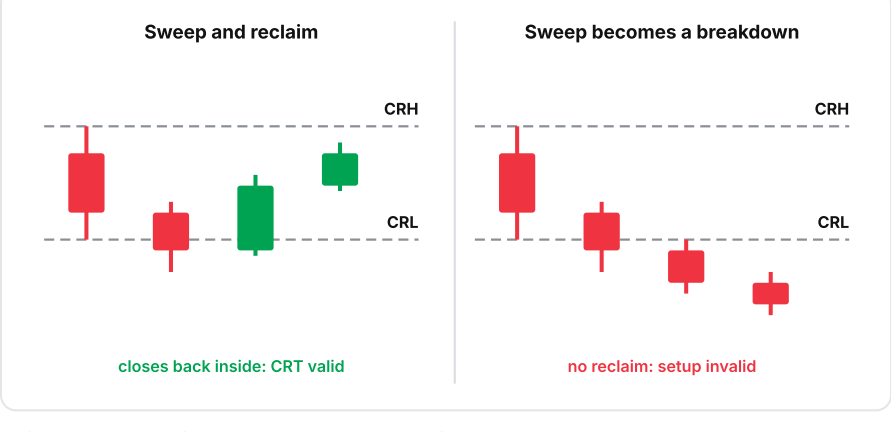

Figure 6.4 Same first two candles. On the left, Candle 3 reclaims the range. On the right, it doesn't, and price keeps falling. That's Scenario 1, not Scenario 2.

COMMON MISTAKE

Buying the moment price sweeps the low, "because it's a trap". You can't know that until price closes back inside. Traders using this model typically place their invalidation just beyond the extreme of the sweep: if price returns there, the trap thesis was wrong.

6.8 Putting it together

CRT is a powerful concept on its own, but it reaches its highest probability when combined with:

- **Market structure**: are you trading with the trend? (Module 7)
- **Bias**: what does the moving average say? (Module 8)
- **Session opens**: is there enough volume to fuel the move? (Module 10)

A CRT setup that aligns with all three is the kind of trade professional traders wait for.

KEY TAKEAWAYS

- **Power of Three** = accumulation (range), manipulation (sweep), distribution (reversal).
- The **CRH and CRL** are the reference candle's high and low.
- A **sweep** looks like a breakout but is a trap. It's confirmed only by a **close back inside** the range.
- **Bullish** CRT sweeps the CRL and targets the CRH; **bearish** CRT sweeps the CRH and targets the CRL.
- Higher timeframe = map; intermediate = trap; lower = trigger.

Check your understanding

Module 6 · 10 questions · answers on page 51

1 **In the multi-timeframe blueprint, what does the lower timeframe look for?**

- (A) A Market Structure Shift (MSS) or CISD alongside an order block or FVG
- (B) The 1-hour chart for the sweep confirmation
- (C) The daily chart for the primary range
- (D) A moving average crossover

2 **In a bullish CRT setup, what does the sweep candle raid?**

- (A) The opening range high
- (B) A fair value gap
- (C) The CRH (upper-side liquidity)
- (D) The CRL (lower-side liquidity)

3 **What does Candle 3 (the distribution/confirmation candle) do?**

- (A) Sets the baseline range boundaries
- (B) Sweeps the high or low of Candle 1
- (C) Opens a new gap in the chart
- (D) Closes back inside Candle 1's range, confirming the sweep was a trap

4 **What does the manipulation phase do?**

- (A) It establishes the initial range
- (B) It sweeps beyond the range to capture stop-loss orders and trap breakout traders
- (C) It confirms the trend direction
- (D) It signals the end of the trend

5 **What are the three phases of the CRT lifecycle?**

- (A) Breakout, Retest, Continuation
- (B) Consolidation, Expansion, Reversal
- (C) Trend, Range, Breakout
- (D) Accumulation, Manipulation, Distribution

6 **What is the target of a bearish CRT setup?**

- (A) The CRL
- (B) A new high
- (C) The CRH
- (D) The session open

7 **In a bullish CRT setup, which boundary is swept?**

- (A) Neither boundary
- (B) The CRH (upper boundary)
- (C) Both boundaries simultaneously
- (D) The CRL (lower boundary)

8 **What confirms that the manipulation phase is over?**

- (A) Price closes back inside the original range
- (B) A new high is made
- (C) Price breaks further beyond the range
- (D) The market goes quiet

9 **What is the purpose of the manipulation phase in CRT?**

- (A) To sweep liquidity and trap breakout traders
- (B) To close the trade
- (C) To establish the range
- (D) To confirm the trend

10 **In CRT, what defines the Candle Range High (CRH) and Candle Range Low (CRL)?**

- (A) The body of Candle 2
- (B) The open and close of Candle 1
- (C) The high and low of the reference candle
- (D) The wicks of Candle 3

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 4 · MARKET STRUCTURE · MODULE 7 OF 14

07

Market Structure: Higher Highs & Lower Lows

The skeleton of every trend, and the breaks that signal when a trend is changing.

- App lesson: 8 min
- Study time: 25 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Identify swing highs and swing lows on a chart.
- Classify a market as an uptrend, a downtrend or a range.
- Recognise a Break of Structure (BOS) as a continuation signal.
- Recognise a Change of Character (CHoCH) as an early reversal warning.
- Explain the sequence: CHoCH first, then a BOS in the new direction.

7.1 Structure before candles

Candles tell you what happened in one session. **Market structure** tells you what the trend is actually doing. Learn to read structure first, then read candles inside it.

This module is the answer to a question Modules 2 to 6 kept raising. "Context decides everything," but where does the context come from? Mostly from here. A hammer at a higher low in an uptrend, an FVG in the direction of the trend, a CRT sweep at the edge of a range: each depends on knowing what structure you're in.

7.2 Swing highs and swing lows

Structure isn't built from individual candles. It's built from **swings**: the turning points where price stops rising and starts falling, or the other way

round.

- A **swing high** is a peak with lower highs on both sides of it.
- A **swing low** is a trough with higher lows on both sides of it.

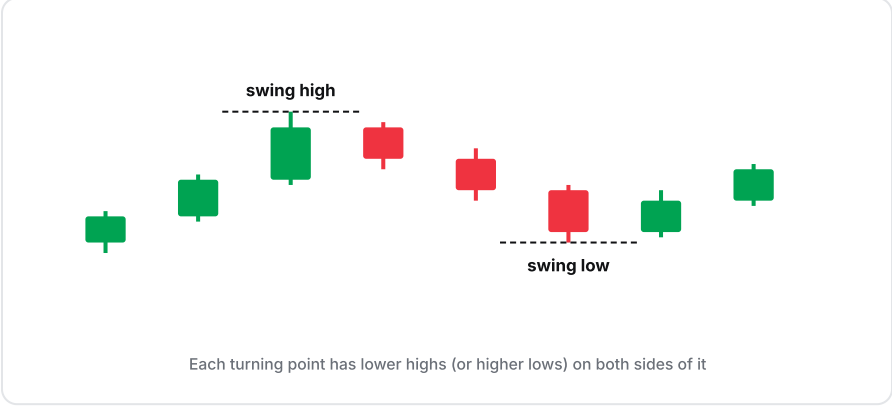

Figure 7.1 Price rises into a peak, pulls back, then turns up again. Each turn leaves a swing point; those points are what you compare.

HOW TO SPOT A SWING

A common rule of thumb: a swing high is a candle whose high is higher than at least the two candles either side of it; a swing low is the reverse. Not every small wiggle counts. You're looking for the turns that a casual glance at the chart would pick out.

Swings depend on timeframe. What looks like one smooth leg on the daily chart may contain several swings on the hourly. Always know which timeframe's structure you're reading (Module 6's multi-timeframe blueprint relies on this).

7.3 The three states

A market is always in one of three structural states:

1. **Uptrend**: higher highs (HH) and higher lows (HL). Each peak and each trough sits above the previous one. Buyers are in control.
2. **Downtrend**: lower highs (LH) and lower lows (LL). Each peak and trough sits below the previous one. Sellers are in control.
3. **Range**: highs and lows are roughly equal. Neither side is winning.

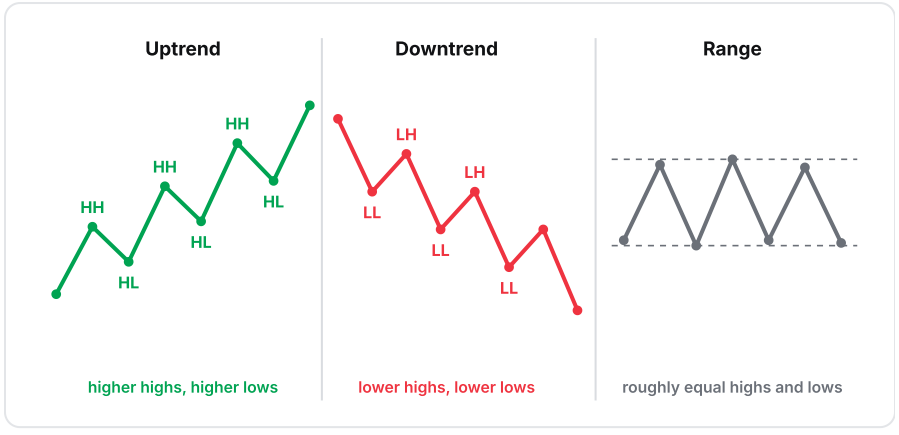

Figure 7.2 Each dot is a swing point. Compare each peak with the last peak, and each trough with the last trough.

Notice that a trend moves in a zigzag, not a straight line. In an uptrend the pullbacks *are* the higher lows. A pullback isn't a sign the trend is ending; it's how the trend builds its next step.

7.4 Break of Structure (BOS)

A **Break of Structure** happens when price pushes beyond the previous swing high (in an uptrend) or swing low (in a downtrend). A BOS **confirms** the trend is continuing. It is a continuation signal, not a reversal.

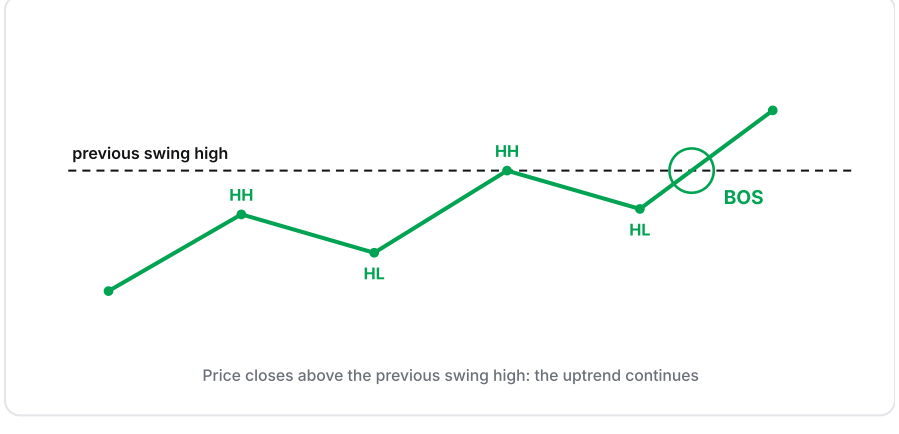

Figure 7.3 The uptrend makes a higher low, then breaks above the previous swing high. That break is the BOS.

WICK OR CLOSE?

Module 1's rule again: the close is the verdict. A wick that pokes above the previous high and falls back is not a clean break, and as Module 6 showed, it may be a sweep. Look for a candle that *closes* beyond the swing point.

7.5 Change of Character (CHoCH)

A **Change of Character** is the first warning that a trend may be reversing. In an uptrend, it is when price breaks below the **last higher low**: the first time the pattern of higher lows fails. A CHoCH is a warning; the trend *may* be turning.

The relationship between them

- **BOS** = the trend continues.
- **CHoCH** = the trend may be ending.

A CHoCH often comes before a full reversal: first the structure breaks (CHoCH), then the new direction confirms itself with its own BOS in the opposite direction.

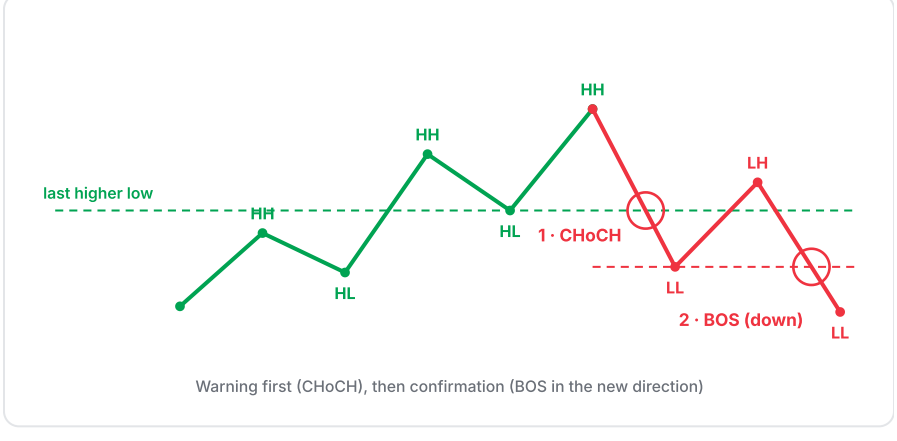

Figure 7.4 The uptrend breaks its last higher low (1). Price bounces to a lower high, then breaks the new low (2). Warning, then confirmation.

COMMON MISTAKE

Treating a CHoCH as a confirmed reversal. Many CHoCHs are just a deeper pullback, after which the original trend resumes. Wait for the BOS in the new direction before you call the trend changed.

CHOCH AND MSS

The market structure shift (MSS) from Module 6's blueprint is closely related. It's the same idea, the first break of the prior swing pattern, looked for on a lower timeframe as an entry trigger. Many traders use the two terms interchangeably.

7.6 Reading structure, step by step

STEP	ASK
1	Which timeframe am I reading?
2	Where are the last two or three swing highs and swing lows?
3	Are the highs and lows rising, falling or flat? That gives you uptrend, downtrend or range.
4	Which swing would a BOS have to break? Which would a CHoCH have to break?
5	Only now: what are the candles at the current price telling me?

KEY TAKEAWAYS

- **HH/HL** = uptrend. **LH/LL** = downtrend. **Equal** = range.
- Structure is read from **swing points**, not from every candle.
- **BOS** confirms continuation.
- **CHoCH** warns of a possible reversal; a BOS the other way confirms it.
- Always identify the current structure before reading any candle.

Check your understanding

Module 7 · 10 questions · answers on page 51

1 **Which should you identify first when reading a chart?**

- (A) The moving average
- (B) The market structure
- (C) The retest candle
- (D) The single-candle pattern

2 **What does a Break of Structure (BOS) confirm?**

- (A) The trend is continuing
- (B) A reversal is imminent
- (C) The market is ranging
- (D) A moving average has crossed

3 **Lower highs and lower lows define:**

- (A) A range
- (B) An uptrend
- (C) A breakout
- (D) A downtrend

4 **Higher highs and higher lows define:**

- (A) An uptrend
- (B) A range
- (C) A downtrend
- (D) Consolidation

5 **A Change of Character (CHoCH) in an uptrend happens when:**

- (A) Price breaks below the last higher low
- (B) Price touches a moving average
- (C) A doji forms at the top
- (D) Price makes a new higher high

6 **What is the relationship between BOS and CHoCH?**

- (A) They are the same thing
- (B) CHoCH warns of reversal; BOS confirms continuation
- (C) They only appear in ranges
- (D) BOS always comes before CHoCH

7 **What does a Change of Character (CHoCH) signal?**

- (A) The market is consolidating
- (B) The trend is definitely reversing
- (C) The trend may be ending
- (D) A breakout is confirmed

8 **What does a Break of Structure (BOS) confirm?**

- (A) A trend reversal
- (B) A doji is forming
- (C) The market is ranging
- (D) Trend continuation

9 **What defines a downtrend in market structure?**

- (A) A series of doji candles
- (B) Lower highs and lower lows
- (C) Equal highs and lows
- (D) Higher highs and higher lows

10 **What defines an uptrend in market structure?**

- (A) Lower highs and lower lows
- (B) Higher highs and higher lows
- (C) A single large candle
- (D) Equal highs and lows

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 4 · MARKET STRUCTURE · MODULE 8 OF 14

08

Moving Averages for Bias Confirmation

Use moving averages not to predict, but to confirm the bias structure already suggests.

- App lesson: 7 min
- Study time: 20 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Explain what a moving average is and how it's calculated.
- Read bullish or bearish bias from where price sits relative to a moving average.
- Describe crossovers, and why they lag and whipsaw.
- Use a moving average as confluence with structure, not as a signal on its own.

8.1 What a moving average does

A **moving average (MA)** smooths price into a single flowing line, removing the noise of individual candles. It doesn't predict; it summarises where price has been, which helps you confirm the bias.

How it's calculated

The simplest version takes the closing prices of the last *n* candles and averages them. Each new candle, the oldest close drops off and the newest is added, so the average "moves". A 20-period MA on a daily chart is the average close of the last 20 days.

DAY	CLOSE	5-PERIOD MA
1 to 5	100, 102, 101, 104, 103	(100+102+101+104+103) ÷ 5 = 102.0
6	106	(102+101+104+103+106) ÷ 5 = 103.2
7	108	(101+104+103+106+108) ÷ 5 = 104.4

Because every point is an average of the past, the line always trails price. That's its strength (it ignores noise) and its weakness (it's late).

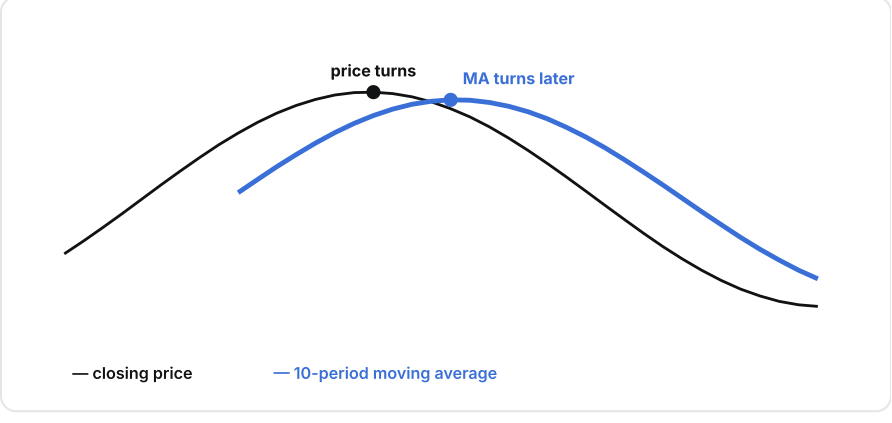

Figure 8.1 The moving average is a smoothed, delayed copy of price. It turns only after price has already turned.

SMA OR EMA?

The calculation above is a **simple** moving average (SMA). Most platforms also offer an **exponential** moving average (EMA), which gives more weight to recent closes and so reacts a little faster. Either works for confirming bias. Pick one and use it consistently.

8.2 Bias from price versus the MA

The simplest, most reliable use:

- Price holding **above** a rising MA → **bullish bias**.
- Price holding **below** a falling MA → **bearish bias**.

The MA acts as a dynamic divider between buyers and sellers. When price respects it repeatedly, it becomes **dynamic support or resistance**: a

level that moves with the market, unlike the fixed horizontal levels of Module 7.



Figure 8.2 In each panel, pullbacks come back to the MA and price resumes. The line acts as moving support (left) or resistance (right).

TWO CONDITIONS, NOT ONE

Check both the *position* of price and the *slope* of the MA. Price above a flat MA tells you little: a flat average means the market is ranging, and price will cross it back and forth.

8.3 Crossovers

A **fast** MA (shorter period, e.g. 20) crossing **above** a **slow** MA (longer period, e.g. 50) hints at building bullish momentum. A cross below hints at bearish momentum. Use crossovers as **confirmation**, never as a standalone signal: they lag, and in ranging markets they whipsaw.



Figure 8.3 In a trend, the fast MA crosses the slow one once and stays on its side. In a range, the two lines cross repeatedly, and every cross is a false signal.

A **whipsaw** is when a signal flips one way and then straight back, often several times. Each cross in the right-hand panel would have put you into a trade just before price turned against you. That's why crossovers belong in trending markets, and why you identify the structure first.

8.4 Confluence

An MA is most useful when it **agrees** with structure. If the market is making higher highs and higher lows *and* price is above a rising MA, you have confluence: two independent reads pointing the same way. That is a high-conviction bias.

STRUCTURE (MODULE 7)	MOVING AVERAGE	READ
HH / HL	Price above a rising MA	**Bullish confluence**: high-conviction bias
LH / LL	Price below a falling MA	**Bearish confluence**: high-conviction bias
HH / HL	Price below a falling MA	Conflict: stand aside or wait for clarity
Range	Flat MA, price crossing it	No bias: trade the range edges, or don't trade

8.5 What moving averages will not do

They will not catch the exact top or bottom: by definition they lag. They will not tell you when a breakout will fail. They confirm bias; they do not create it.

COMMON MISTAKE

Hunting for the "perfect" setting. Changing a 20 to a 21 won't make an MA predictive. The common choices (20, 50 and 200 periods are widely used) work because many traders watch them, not because the numbers are special. Choose a fast and a slow setting and stick with them.

KEY TAKEAWAYS

- Price **above a rising MA** = bullish bias.
- Price **below a falling MA** = bearish bias.
- **Crossovers** confirm momentum, but lag. Never use them alone.
- Best used in **confluence** with market structure.
- MAs confirm the bias; structure and levels create the setup.

Check your understanding

Module 8 · 10 questions · answers on page 51

1 **When price respects a moving average repeatedly, it acts as:**

- (A) A predictor of news events
- (B) A guaranteed entry signal
- (C) Dynamic support or resistance
- (D) A replacement for reading structure

2 **Why should moving average crossovers not be used as standalone signals?**

- (A) They lag price and whipsaw in ranging markets
- (B) They predict exact market tops
- (C) They do not exist on most charts
- (D) They only work on weekends

3 **Moving averages are most useful when they:**

- (A) Cross on every single candle
- (B) Contradict the market structure
- (C) Are ignored entirely
- (D) Agree with the structure (confluence)

4 **Price holding above a rising moving average suggests:**

- (A) A bullish bias
- (B) A bearish bias
- (C) A range
- (D) An imminent reversal

5 **What is 'confluence' when using moving averages?**

- (A) When the MA agrees with market structure and other factors
- (B) Using only the MA as a signal
- (C) When the MA is flat
- (D) When two MAs cross

6 **Why should crossovers never be used as standalone signals?**

- (A) They require too much data
- (B) They only work on daily charts
- (C) They are always wrong
- (D) They lag and whipsaw in ranging markets

7 **What does a fast MA crossing above a slow MA hint at?**

- (A) Bearish momentum
- (B) A range is forming
- (C) Bullish momentum
- (D) The market is closed

8 **When price holds below a falling MA, what is the bias?**

- (A) Neutral
- (B) Reversal imminent
- (C) Bearish
- (D) Bullish

9 **When price holds above a rising MA, what is the bias?**

- (A) Bullish
- (B) Indecision
- (C) Neutral
- (D) Bearish

10 **What does a moving average actually do?**

- (A) Guarantees a trade entry
- (B) Predicts future prices
- (C) Identifies exact tops and bottoms
- (D) Smooths price into a single flowing line, removing noise

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 5 · THE THREE SCENARIOS · MODULE 9 OF 14

09

The Three Market Scenarios

Every chart is doing exactly one of three things. Naming it correctly is the whole game.

- App lesson: 8 min
- Study time: 25 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Describe the three scenarios: breakout and continuation, breakout fail and reverse, and consolidation.
- Explain why the retest is the clue that separates them.
- Recognise how the tools from Modules 1 to 8 show up inside each scenario.
- Name the scenario you're most likely in, and what would prove you wrong.

9.1 The market only does three things

This is the most important idea in the course. Strip away the noise and a market is always doing one of exactly three things.

Scenario 1: Break out and continue

Price breaks through a key level and **keeps going** in the breakout direction. The break holds, the level flips from resistance to support (or vice versa), and the move extends. This is a trend continuing.

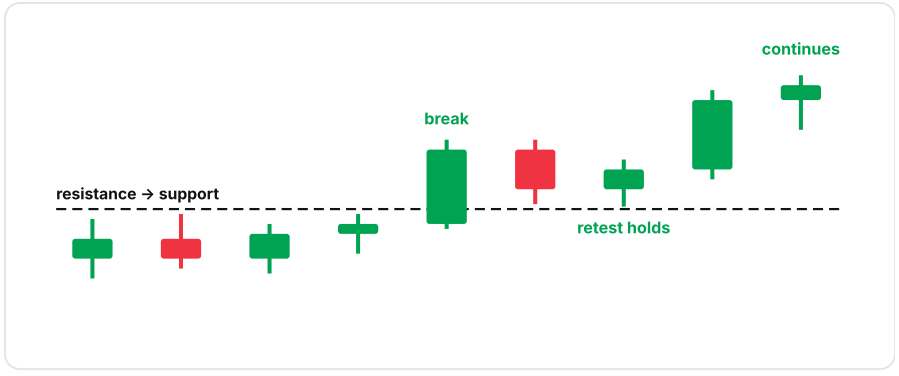

Figure 9.1 Price breaks resistance on an expansion candle, comes back to test it from above, holds, and continues. Old resistance is now support.

Scenario 2: Break out, fail and reverse

Price breaks a level but **cannot hold** it. It falls straight back through, traps the breakout traders, and reverses to the **opposite side** of the range. This is a failed breakout, and it is often a powerful move in the opposite direction.

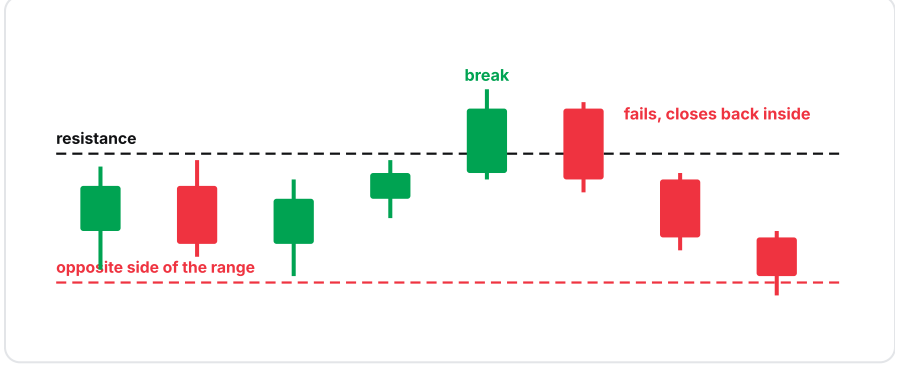

Figure 9.2 The break above resistance is reversed by the next candle, which closes back inside the range. Price travels to the other side.

Why powerful? Everyone who bought the breakout is now losing money, and their stop-losses sit below the level. As price falls, those stops add fuel to the move. It's the CRT sweep from Module 6, seen on a larger scale.

Scenario 3: Consolidate in a range

Price oscillates between a clear support and resistance with **no decisive break**. The market is resting, building energy, deciding. Most breakouts come *out of* a consolidation.

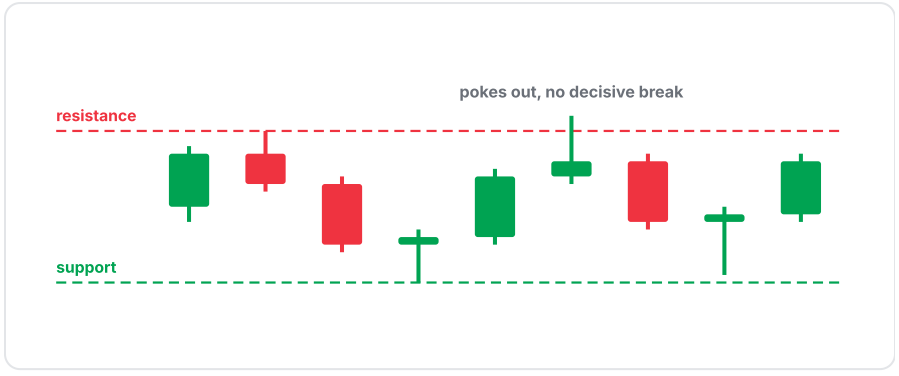

Figure 9.3 Price swings between support and resistance. A wick pokes above resistance but the candle closes back inside: no decisive break.

9.2 Why this changes everything

If you can correctly identify which of the three is happening, or better, which is **about** to happen, you stop guessing and start trading probability. You are no longer reacting to every candle; you are anticipating one of three outcomes.

PROBABILITY, NOT CERTAINTY

On a finished chart the scenario is obvious. In real time it isn't: every Scenario 2 starts out looking exactly like a Scenario 1. The skill isn't knowing the future; it's naming the most likely scenario *and* knowing in advance which price would prove you wrong.

9.3 The clue that separates them

All three begin the same way: price approaches a level. What happens **at the retest** is what tells them apart, and that is the entire subject of the next module.

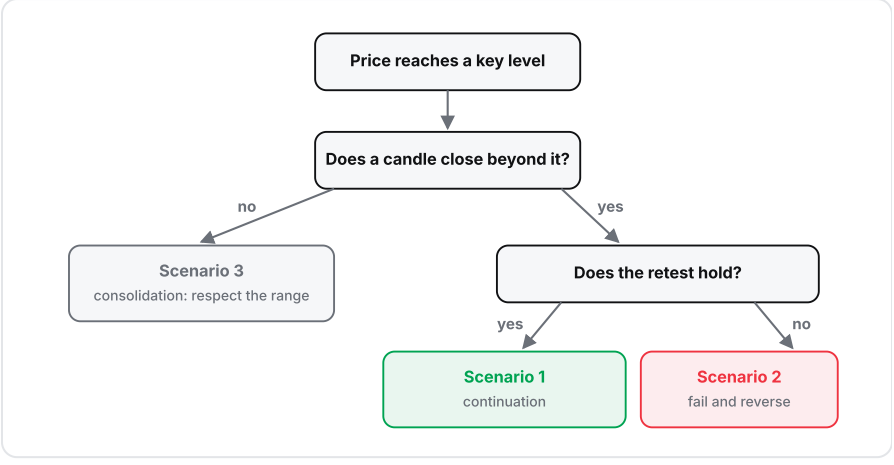

Figure 9.4 Two questions sort every situation into one of three scenarios. Module 11 covers the second question in detail.

9.4 Everything you've learned, by scenario

None of the earlier modules stand alone. Each one gives you a clue about which scenario is unfolding:

TOOL	SCENARIO 1: CONTINUE	SCENARIO 2: FAIL & REVERSE	SCENARIO 3: RANGE
Candles (Module 2–3)	Marubozu on the break; hammer at the retest	Shooting star or engulfing back inside	Dojis and spinning tops; rejection wicks at both edges
Range (Module 4)	Expansion with follow-through	Expansion with no follow-through	Repeated contraction
FVG (Module 5)	Gap left by the break holds on the retest	Gap broken: inverse FVG	Gaps filled quickly in both directions
CRT (Module 6)	Price closes beyond the range and stays out	Sweep, then close back inside	Range candle still in control
Structure (Module 7)	BOS in the trend direction	CHoCH, then BOS the other way	Equal highs and lows
MA (Module 8)	Price above a rising MA (or below a falling one)	Price crosses back through the MA	Flat MA, price crossing it

You won't see every clue every time. But the more of them point to the same scenario, the more confident you can be, which is confluence again.

9.5 Naming the scenario

Before you think about a trade, answer these in order:

1. **Where is the level?** Mark the support, resistance or range edge price is approaching.
2. **What's the structure?** Trend or range (Module 7), confirmed by the MA (Module 8).

3. **Which scenario is most likely?** In a strong trend, Scenario 1 is the default. In a range, Scenario 3 is the default until a break holds.
4. **What would prove me wrong?** Name the price. If you can't, you're not ready.

COMMON MISTAKE

Buying every breakout the moment it happens. On the breakout candle itself, Scenario 1 and Scenario 2 look identical. Acting before the retest means you're guessing, and that's exactly what this framework exists to stop.

KEY TAKEAWAYS

- There are only **three scenarios**. Name the current one before you do anything.
- **Continuation** = break holds and extends.
- **Reversal** = break fails and price crosses back through.
- **Consolidation** = no break holds; price ranges.
- The **retest** is the moment that reveals which one is real.

Check your understanding

Module 9 · 10 questions · answers on page 51

1 **What is the clue that separates the three scenarios from one another?**

- (A) What happens at the retest of the level
- (B) The angle of a moving average
- (C) The time of day
- (D) The colour of a single candle

2 **Price breaks a level but falls straight back through and reverses to the other side. This is:**

- (A) Breakout & continuation
- (B) Breakout, fail & reverse
- (C) A doji
- (D) Consolidation

3 **Price oscillates between support and resistance with no decisive break. This is:**

- (A) A reversal
- (B) A change of character
- (C) Consolidation
- (D) Breakout & continuation

4 **Fundamentally, how many things does the market do?**

- (A) Five
- (B) Three
- (C) Two
- (D) Unlimited

5 **A breakout that holds and extends in the breakout direction is:**

- (A) Consolidation
- (B) A change of character
- (C) Breakout & continuation
- (D) A failed breakout

6 **Which scenario requires expansion: a big candle breaking a level?**

- (A) Both scenarios equally
- (B) Neither scenario
- (C) Consolidation
- (D) Breakout and continuation

7 **After a failed breakout, where does price typically go?**

- (A) It stays at the level forever
- (B) It gaps to a new price
- (C) It reverses to the opposite side of the range
- (D) It continues in the breakout direction

8 **What does consolidation look like on a chart?**

- (A) Price making higher highs
- (B) Price oscillating between support and resistance with no decisive break
- (C) A single large candle
- (D) Price falling sharply

9 **What defines a failed breakout?**

- (A) Price never breaks the level
- (B) The level doesn't exist
- (C) Price breaks and continues immediately
- (D) Price breaks the level but can't hold it, falling back through

10 **In a breakout and continuation, what happens after price breaks the level?**

- (A) It immediately reverses
- (B) It retests the broken level, holds, and continues
- (C) It gaps down
- (D) It consolidates forever

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

REFERENCE

Answer key

Each answer points back to the section that explains it. If you got one wrong, reread that section before moving on.

Module 4 · Candle Range Theory

1 **B** **Expansion**
Small candles then a sudden large one: volatility returning (section 4.3).

2 **A** **Absolute range is meaningless without context**
Whether a candle is 'big' depends entirely on what's around it (section 4.4).

3 **B** **High to low**
Range is high to low, wicks included. Open to close is the body (section 4.1, and Module 1).

4 **B** **Contraction**
Shrinking ranges mean volatility is compressing: the market is coiling (section 4.3).

5 **B** **Contraction followed by expansion is the signature of an imminent move**
Contraction builds energy; the expansion that follows starts the next move, which can become any of the scenarios (section 4.5).

6 **B** **Indecision and rejection from both sides**
Most of the range was given back: neither side kept control (section 4.2).

7 **B** **Because a 'big' candle in a quiet market is a breakout, but in a volatile market it's ordinary**
The same candle can be a breakout or background noise depending on its neighbours (Figure 4.3).

8 **B** **Range expansion and a breakout**
Coiling ends in release, though the timing and direction aren't known in advance (Figure 4.2).

9 **B** **Volatility is compressing and the market is coiling**
Contraction is the calm before the storm: energy building, not yet released (section 4.3).

10 **B** **Strong conviction, one side in control**
The body kept most of the range: one side controlled the session (Figure 4.1).

Module 5 · Fair Value Gaps

1 **A** **One aligned with higher-timeframe structure and bias at a key level.**
Alignment with structure, bias and a level is what turns a gap into a high-probability zone (section 5.5).

2 **D** **A gap that is broken through and can flip from support to resistance, or vice versa.**
When price closes through a gap, the same zone can act from the other side (Figure 5.4).

3 **C** **Price may rebalance the zone before continuing in the original direction.**
The gap acts like a magnet; price often returns to it, then resumes the trend. Nothing about it is guaranteed (section 5.2).

4 **B** **Candle 1's low and Candle 3's high.**
In a fall, the gap sits between Candle 1's low (top) and Candle 3's high (bottom). Option A defines a bullish FVG (Figure 5.1).

5 **A** **The high of Candle 1 is below the low of Candle 3 after a strong upward move.**
No overlap between Candle 1's high and Candle 3's low. Option C describes a bearish FVG (section 5.1).

6 **C** **When it aligns with higher-timeframe structure and bias at a key level**
Size alone means little; alignment with trend, structure and level is what counts (section 5.5).

7 **B** **The gap can flip and act as confluence for a reversal**
A broken gap becomes an inverse FVG: support turns to resistance, or vice versa (section 5.4).

8 **B** **The gap acted as a magnet and the trend resumed**
That's the textbook fill: pull back into the zone, hold, continue (Figure 5.3).

9 **B** **When price falls completely past the bottom of the gap**
Touching or filling the gap is expected. Closing below its bottom means it failed (section 5.3).

10 **B** **It has a long body and strong momentum that creates the gap**
The middle candle is the expansion candle that moves price too fast for two-sided trade (section 5.1).

Module 6 · Advanced Candle Range Theory

1	A	**A Market Structure Shift (MSS) or CISD alongside an order block or FVG** The lower timeframe provides the trigger. Options B and C are the jobs of the intermediate and higher timeframes (section 6.6).
2	D	**The CRL (lower-side liquidity)** The sweep goes the opposite way to the trade: a bullish setup shakes out the sellers below the CRL (section 6.5).
3	D	**Closes back inside Candle 1's range, confirming the sweep was a trap** A and B are the jobs of Candles 1 and 2. Candle 3's close back inside is the confirmation (section 6.3).
4	B	**It sweeps beyond the range to capture stop-loss orders and trap breakout traders** Manipulation is the sweep: a push beyond the boundary into resting orders (sections 6.1 and 6.2).
5	D	**Accumulation, Manipulation, Distribution** The Power of Three (section 6.1).
6	A	**The CRL** Bearish CRT sweeps the CRH, closes back inside, and targets the opposite boundary: the CRL (Figure 6.3).
7	D	**The CRL (lower boundary)** Bullish setups sweep the low first (Figure 6.3).
8	A	**Price closes back inside the original range** The close back inside is the confirmation. Option C is what happens when the setup fails (section 6.7).
9	A	**To sweep liquidity and trap breakout traders** The sweep takes the resting orders beyond the boundary (section 6.2).
10	C	**The high and low of the reference candle** The full high and low of the reference candle, wicks included, not its open and close (section 6.1).

Module 7 · Market Structure: Higher Highs & Lower Lows

1	B	**The market structure** Structure first, then candles inside it (section 7.1).

2	A	**The trend is continuing** A BOS breaks the previous swing in the direction of the trend: continuation (section 7.4).
3	D	**A downtrend** Each peak and trough below the last one: sellers in control (section 7.3).
4	A	**An uptrend** Each peak and trough above the last one: buyers in control (section 7.3).
5	A	**Price breaks below the last higher low** The first failure of the higher-low pattern (section 7.5). Option D would be a BOS.
6	B	**CHoCH warns of reversal; BOS confirms continuation** A CHoCH is a warning; a BOS is confirmation, and a BOS in the new direction confirms a reversal (Figure 7.4).
7	C	**The trend may be ending** 'May' is the key word. Many CHoCHs turn out to be deeper pullbacks (section 7.5).
8	D	**Trend continuation** A BOS is a continuation signal, not a reversal (Figure 7.3).
9	B	**Lower highs and lower lows** Option C describes a range; option D an uptrend (Figure 7.2).
10	B	**Higher highs and higher lows** Rising peaks and rising troughs (Figure 7.2).

Module 8 · Moving Averages for Bias Confirmation

1	C	**Dynamic support or resistance** A respected MA becomes a level that moves with the market (section 8.2).
2	A	**They lag price and whipsaw in ranging markets** Crossovers arrive late, and in a range they flip back and forth (Figure 8.3).
3	D	**Agree with the structure (confluence)** Two independent reads pointing the same way (section 8.4).
4	A	**A bullish bias** Position above plus a rising slope: bullish (section 8.2).

5 **A** **When the MA agrees with market structure and other factors**
Confluence means independent factors agreeing, such as HH/HL structure and price above a rising MA (section 8.4).

6 **D** **They lag and whipsaw in ranging markets**
Same reason as Q2: lag plus whipsaw (section 8.3).

7 **C** **Bullish momentum**
Recent prices are now averaging higher than older ones (section 8.3).

8 **C** **Bearish**
Position below plus a falling slope: bearish (Figure 8.2).

9 **A** **Bullish**
Position above plus a rising slope: bullish (Figure 8.2).

10 **D** **Smooths price into a single flowing line, removing noise**
It summarises where price has been. It doesn't predict, and it lags at turns (section 8.1).

Module 9 · The Three Market Scenarios

1 **A** **What happens at the retest of the level**
All three start the same way; the retest reveals which is real (section 9.3).

2 **B** **Breakout, fail & reverse**
Scenario 2: the break can't hold (Figure 9.2).

3 **C** **Consolidation**
Scenario 3: the market is ranging (Figure 9.3).

4 **B** **Three**
Continue, fail and reverse, or consolidate (section 9.1).

5 **C** **Breakout & continuation**
Scenario 1 (Figure 9.1).

6 **D** **Breakout and continuation**
Continuation needs expansion with follow-through (Module 4, and section 9.4).

7 **C** **It reverses to the opposite side of the range**
Trapped breakout traders fuel a move to the other side (section 9.1).

8 **B** **Price oscillating between support and resistance with no decisive break**
Swings between two levels; pokes beyond them close back inside (Figure 9.3).

9 **D** **Price breaks the level but can't hold it, falling back through**
Option A is consolidation; option C is continuation (section 9.1).

10 **B** **It retests the broken level, holds, and continues**
Break, retest, hold, continue. The level has flipped (Figure 9.1).