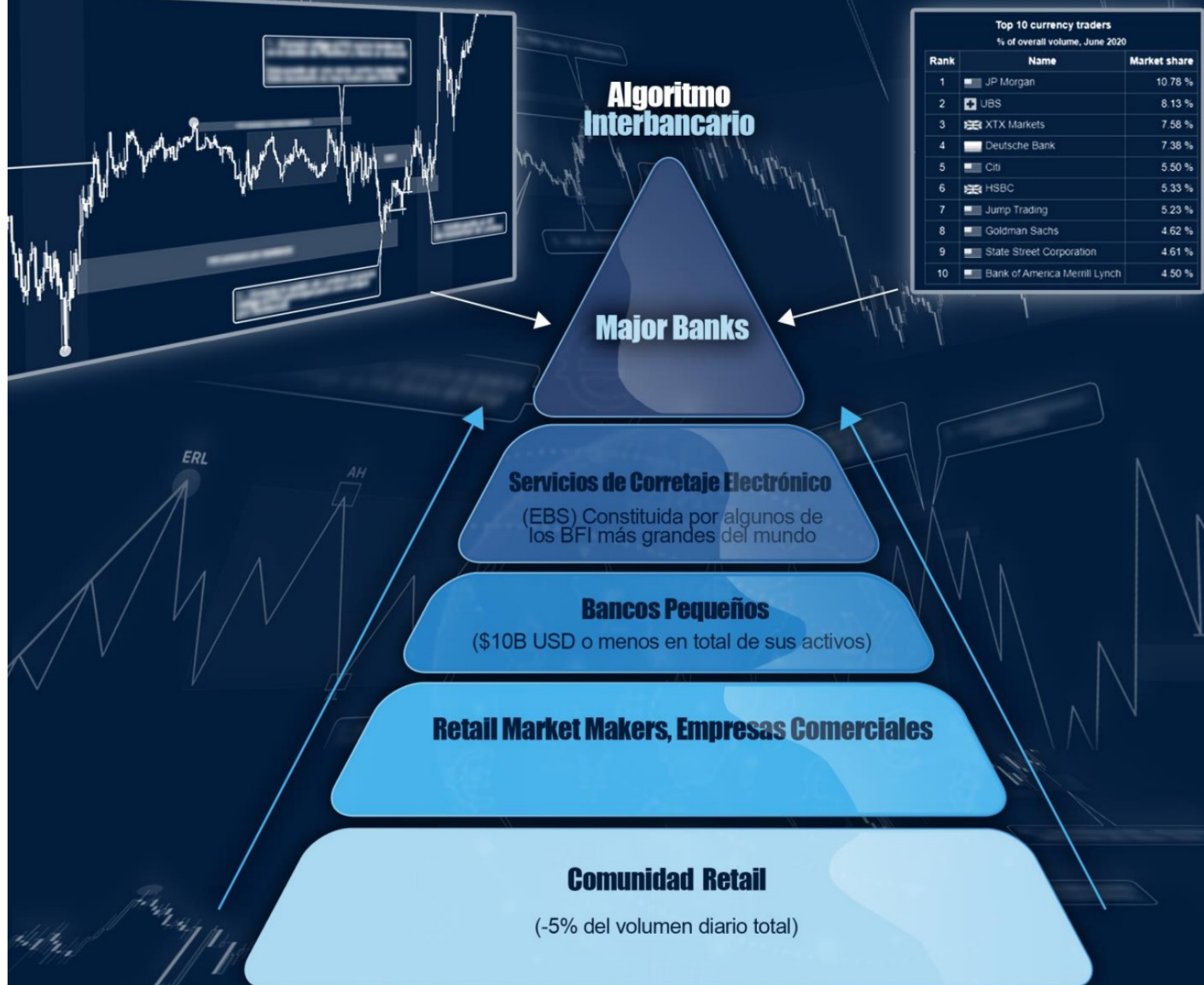


Daily Cycle

GUÍA PARA OPERAR ALINEADO AL ALGORITMO INTERBANCARIO

Por Erick Ramírez y Mauricio Curiel

INTERBANK PRICE DELIVERY ALGORITHM



Content

INTRODUCTION	1
Before starting... ..	5
Chapter I – Liquidity.....	6
• Liquidity classification.....	8
• External Range Liquidity	8
• Internal Range Liquidity.....	9
• Internal Range Liquidity (IRL) e Inducement (IND)	10
Chapter II – Induction.....	11
• Introduction to Induction.....	eleven
• Inducement Classification	14
• Inducement Mayor.....	14
• Medium Induction	fifteen
• Minor Induction.....	16
• Smart Money Trap.....	17
• Types of Induction	17
• Inducement type 1: False BOS	18
• Inducement type 1, bullish example:.....	..18
• Retail perspective of Inducement type 1 in the case of sales.....	twenty
• Retail perspective of Inducement type 1 in the case of purchases	twenty-one
• Example of Inducement type 1, medium.....	22
• Retail perspective of Inducement type 1	2. 3
• Inducement type 2: False continuation.....	24
• Example of Inducement type 2, medium.....	25
• Bullish example of Inducement type 2 • Example of	
Inducement type 2, lower	28

Chapter III – Induction and Liquidity Cycle (LIT Cycle).2

• What is the Induction and Liquidity Cycle?	29
• Phases of the Induction and Liquidity Cycle.....	29
• Creation of Liquidity.....	29
• Inducement.....	30
• Mitigation or Efficiency.....	30
• Characteristics of Liquidity Creation	33
• Characteristics of the Induction	3. 4
• Mitigation Characteristics.....	3. 4
• Session Timings introduction	36

Chapter IV – Daily Cycle.....37

• Introduction to the Daily Cycle.....	37
• Time and Price.....	37
• Anatomy of the Asian range.....	40
• Asia High y Low.....	40
• Liquidity within the Asian range	41
• Asia Midline	41
• Understanding Liquidity Cycle.....	42
• Case study XAUUSD (gold) applying the liquidity cycle and structure.....	44
• Variations of the Daily Cycle.....	Four. Five
1.- Normal Day of Liquidity or Normal Day Liquidity.....	47
• Bullish Example #2 GBPJPY	48
• Bullish Example #1 GBPJPY 10m	48
• Example Bearish.....	49
• Video of variation 1	49
• Bearish Example #1	49
2.- Asia Whipsaw.....	50
• Bullish Example	
• Bullish Example #1 GBPUSD m5.....	51
• Example Bearish.....	52
• Example Bearish #1 GBPUSD m10	52
• Bearish Example #2 GBPUSD m5	53
• Video of variation 2.....	53

3.- Asian Sweep + Midline.	54	ÿ Bullish Example #1 GBPJPY m5
.....	55	ÿ Bullish Example # 2 GBPJPY
m5	55	ÿ Bearish
Example.....	56	ÿ Bearish Example #1
EURUSD m5	56	ÿ Bearish Example #2 XAUUSD (gold) m5
.....	57	
ÿ Video of variation 3	57	

4.- Asian Sweep + Midline Premium / Discount	58	ÿ Bullish Example #2 AUDUSD
m5	59	ÿ Bullish Example #1 EURJPY m5
.....	59	ÿ Bearish Example #1 EURUSD
m5.....	60	ÿ Bearish Example #2 AUDUSD
m10.....	61	
ÿ Video of variation 4	61	
ÿ Bearish Example #3 EURJPY m10	61	

5.- Mitigation of the High/Low of the Asian Range	62
ÿ Bullish Example #2 EURUSD m10.....	
63 ÿ Bullish Example #1 GBPJPY m10	
63 ÿ Bearish Example #1 EURUSD m2.....	
64 ÿ Bearish Example #2 EURUSD m3.....	
ÿ Video of variation 5	65

6.- No Sweep Asia Range	66	ÿ Bullish Example
#1 GBPUSD m5.....	67	ÿ Bullish Example #2 GBPUSD
m2..	67	ÿ Bearish Example #1 GBPJPY m5
.....	68	ÿ Bearish Example #2 GBPJPY m2
.....	69	ÿ Bearish Example #3 BGPJPY m10
.....	69	ÿ Video of the
variation	69	

INTRODUCTION

In this book you will learn everything regarding the operation and interpretation of the **"Daily Price Cycle"** that the **Interbank Algorithm** (IPDA) has every day, along with all its variations. It will do so through the study and understanding of **three very important aspects; the price, the time and the liquidity** that are the key elements to be able to understand the **"Daily Cycle"**.

If you read the book ["The Reality of the Smart Money Concepts Method"](#) written by us. You will already be familiar enough with the concepts that you will find in this book.

It is highly recommended that before reading this material, you have read our previous book already mentioned, since it will be completely focused on the "Daily Cycle" and concepts already seen in our previous material will not be explained.

The third chapter in which you learned and understood what liquidity and types of liquidity is, will be very important when it comes to understanding the Daily Cycle.

In this Book we are going to delve into how and why the price creates liquidity. How it induces traders to make certain decisions that are not entirely correct by playing with their emotions.

I recommend that every time you learn a new variation of the **Daily Cycle**, you put it into practice on the actual charts by **backtesting until you understand it**, so you can see those variations for yourself, as **that will further solidify your retention and understanding.**

of every one of them. It will be of no use if you read for the sake of reading without understanding anything you just read. file.

The way in which this material will be structured will be from a basic review of what an Inducement is, its sizes and types so that when we get to the Daily Cycle part you can fully understand what the market's intentions are and why and how is it that the market is constantly being manipulated to "induce" us to create false narratives in the direction of price.

In this book you will learn more about liquidity and Inducements. These topics can be applied to any financial market, since manipulation and liquidity exist in all markets, but the content on the Daily Cycle will be focused mainly on the Forex market.

INTERBANK PRICE DELIVERY ALGORITHM

**Algoritmo
Interbancario**

Major Banks

Servicios de Corretaje Electrónico

(EBS) Constituida por algunos de
los BFI más grandes del mundo

Bancos Pequeños

(\$10B USD o menos en total de sus activos)

Retail Market Makers, Empresas Comerciales

Comunidad Retail

(-5% del volumen diario total)

ABBREVIATIONS

• Points of Interest

OB: Order Block – *Order Block*

POI: Point of Interest – *Point at which we expect some reaction in the price*

INF: Inefficiency – *Inefficient Price Action*

• Temporalities:

TF: Timeframe – *Temporality*

HTF : *Higher* Timeframe

LTF: *Lower* Timeframe

• Structure:

LL: Lower Low – *Low + Low*

LH: Lower High – *Low + High*

HH: Higher High – *Alto + Alto*

HL: Higher Low – *Alto + Bajo*

BOS: Break of *Structure*

CDC: Change in Character – *First Indication of a trend change*

• Entries:

CE: *Confirmation* Entry

DCE: Double Confirmation Entry – *Double confirmation entry (for re-entries)*

RE: Risk Entry – *Risky Entry (carries more risk than DCE)*

- **Liquidity:**

IND: Inducement – *Manipulation of a point in the market to create a false narrative in the direction of the price*

EQH's: Equal Highs – *Equal highs where there is liquidity on top*

EQL's: Equal Lows – *Equal lows where there is liquidity below*

BSL: Buy Side *Liquidity*

SSL: Sell Side Liquidity – *Liquidity of sellers*

IRL: Internal *Range* Liquidity

ERL: External Range Liquidity – *External Range Liquidity*

LG: Liquidity Grab – *Liquidity capture/sweep*

- **Miscellaneous:**

OF: Order Flow – *Order Flow*

RR: Risk : Reward – *Risk Benefit*

Momentum: *The force that drives the price*

Bias: *Directional Bias*

Pullback: *Retroceso*

EQ: Equilibrium – *Point at which the market reaches a fair price between the offer and the offer demand*

TR: Trading Range – *Structural range in which we are going to operate in Premium or Discount.*

Premium: *TR area ideal for selling*

Discount: *TR area ideal for shopping*

RTO: Return to Origin – *Return to the Origin from where a price impulse begins.*

PT: Pro Trend – *In favor of the trend*

CT: Counter *Trend*

Before starting...

In this book you will find different files such as case studies in PDF format and videos in order to complement what has been learned.

These files will have restricted access to those people who did not pay for this content. Only the people who paid for this book will be able to have access to said material that will be found throughout the book.

You will find the links to the official networks of the creators of this book below, as well as at the top of each page of this book.



<https://www.instagram.com/chart.wzrd/> (Erick Ramirez)



<https://www.instagram.com/curiwesfx/> (Mauricio Curiel)



<https://t.me/chartwzrds> (public channel)

If you are one of the people who purchased this book from one of us, please click on the Google Drive link that you will find at the bottom of this sheet and send a request so that you can have access to the files mentioned at the beginning.

We have a record of each person who has acquired this material. If you are a person who did not pay for this material, save us the penalty of canceling your request.

We do not recommend that you view the files before studying the book. The files that are in this folder will be placed where it is considered best, either at the end of a topic or at the end of the chapter.

In order to send the request you must enter a Gmail email. You will only be able to access the content with that email.

Send an access request in the following link and once you do it you must send me a message by TELEGRAM and in said message you must put the email with which you requested access:

https://drive.google.com/drive/folders/1kCKB41sZ_v2t9PcjeGjUMwKoKCTVZQy-?usp=sharing

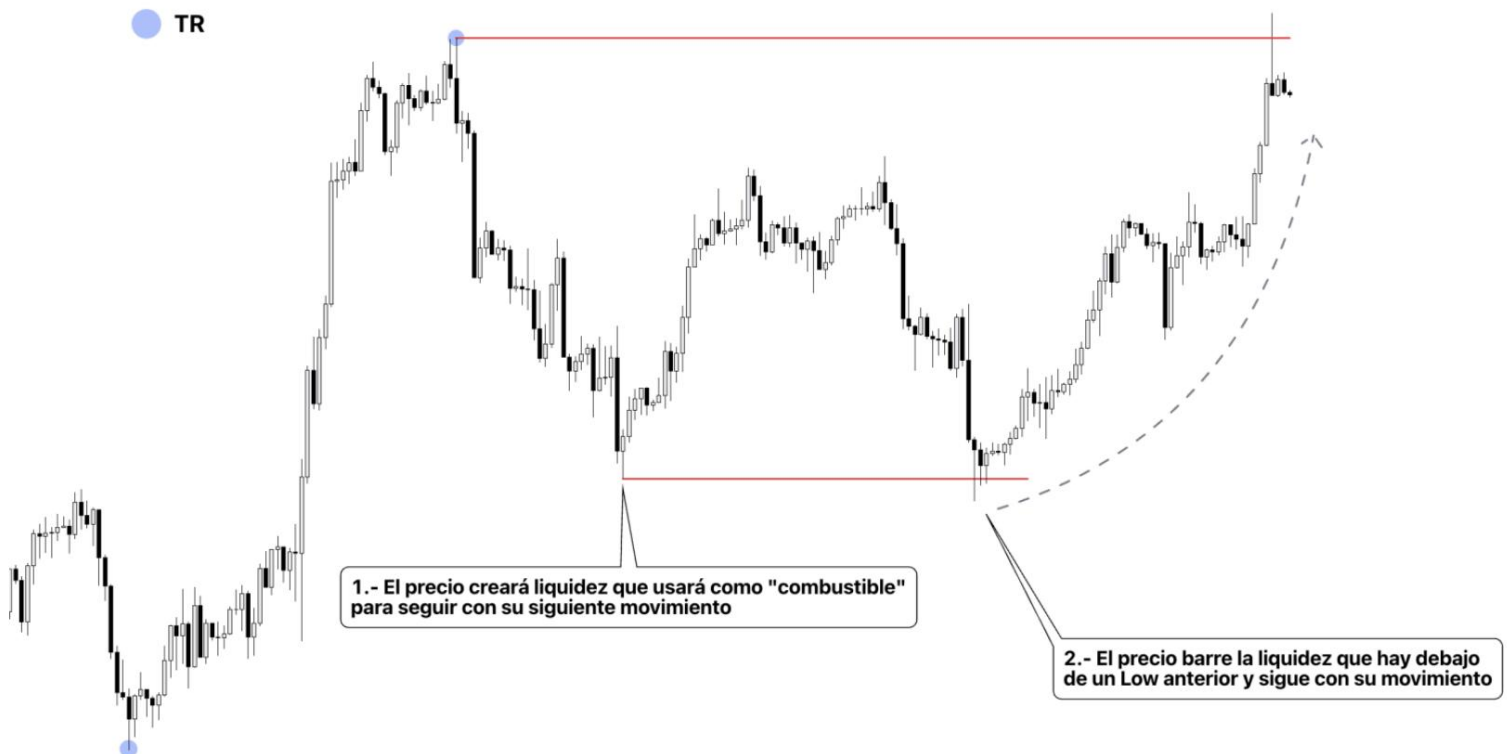
Chapter I –Liquidity

As you well know, liquidity is what moves the market. It is the continuous exchange of orders between buyers and sellers.

We also know that it is above/below every high/low on the market regardless of the time frame or how old that high/low is.

Liquidity is constantly being created for two reasons:

1. It will be created to be “swept away” and later function as the “fuel” that the price needs to be able to continue with its next move.



2. It will be created near an area or point of interest to be left behind without "sweeping" it.
This in order to be swept later, mitigate some POI and thus "induce" most traders to see false breakouts.



As you can see in the previous image. As long as the market does not have enough liquidity to move to your desired price level, it will continue to generate liquidity over and over again.

Something that you should take into account is that **the Inducement is the process of "manipulation"** of a high or a low. This high/low can be in the form of the Asia Range (ARL), Internal Range Liquidity (IRL) or External Range Liquidity (ERL).

• *Liquidity classification*

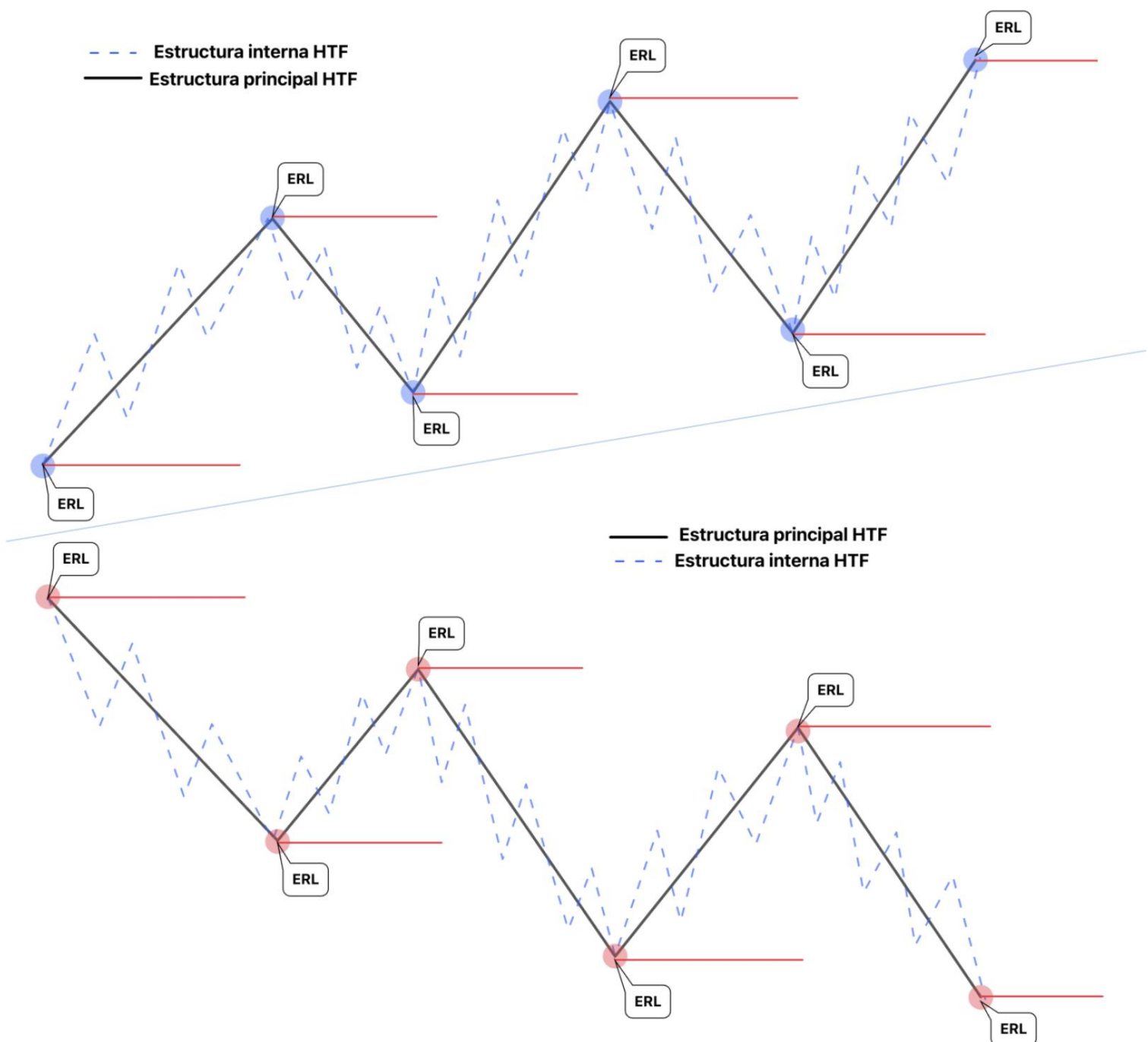
Let's do a quick refresher on liquidity classification as you learned it in the book.

["The Reality of the Smart Money Concepts Method"](#).

Liquidity is classified as External Range Liquidity and Internal Range liquidity.

• *External Range Liquidity:*

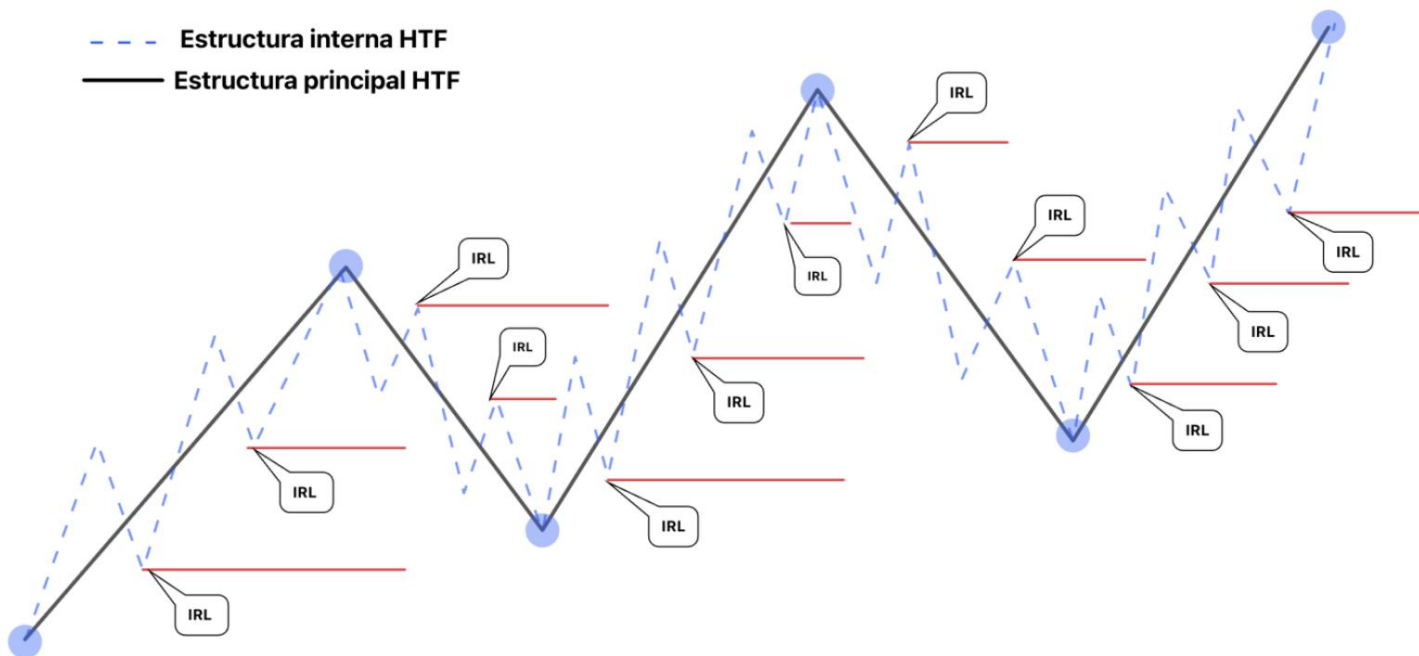
It is the one that will always be outside our main Trading Range and that will be used as Take Profits when we enter pro-trend trades or when there is a complete reversal of the main structure.



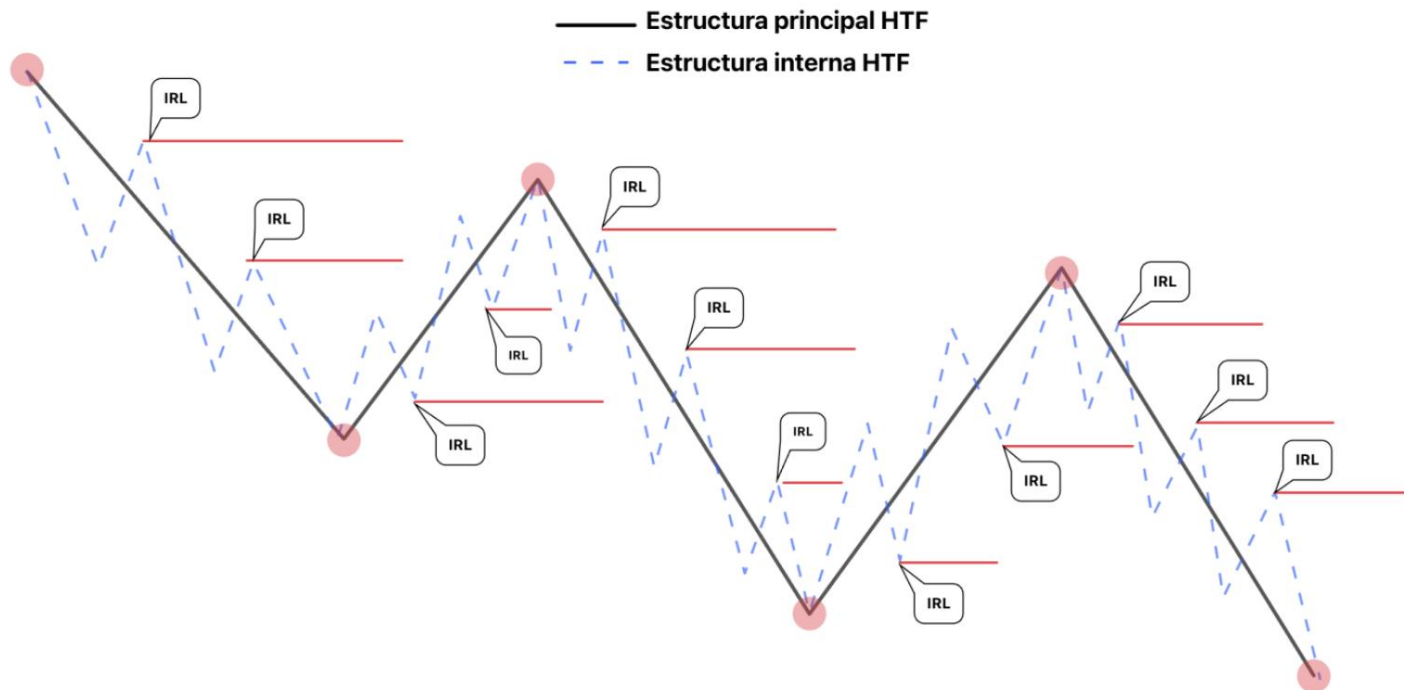
• *Internal Range Liquidity:*

It is one that will always be within our main Trading Range.

The IRL in a bullish market are all those highs and lows that are formed within our TR in shorter periods of time than our main TR.



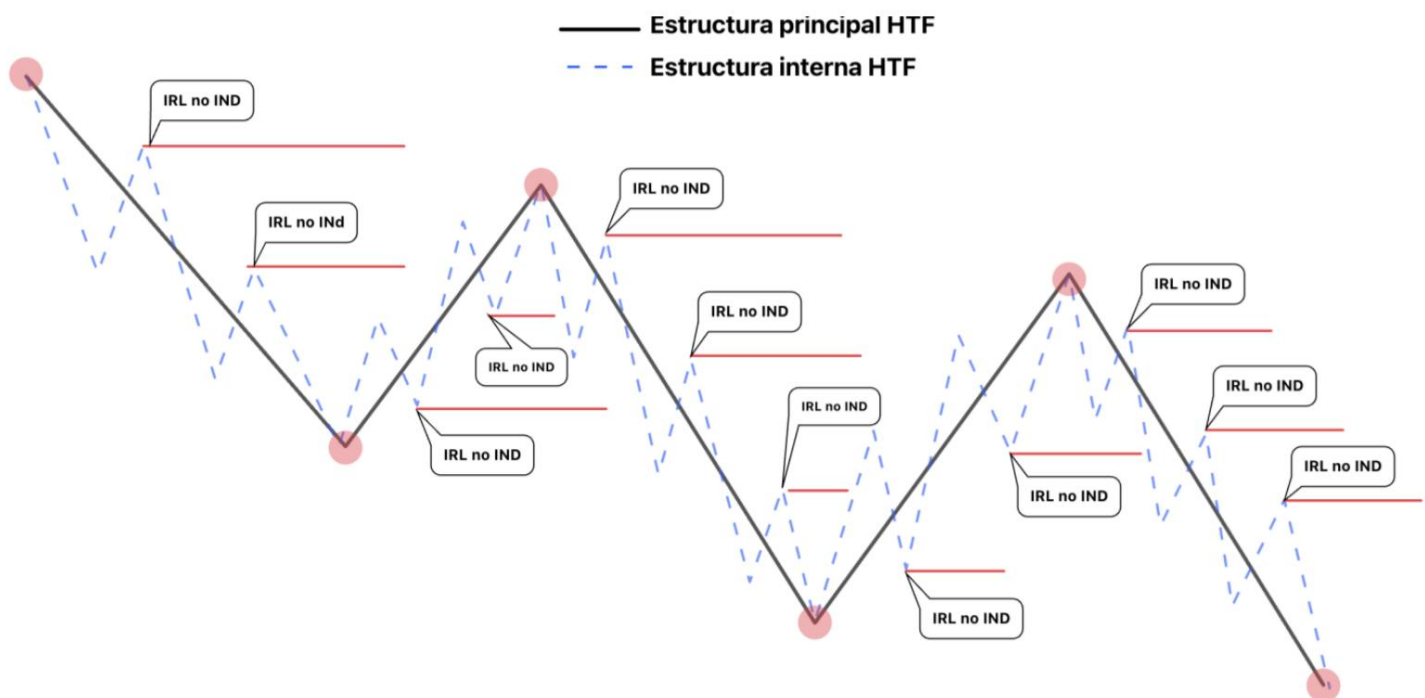
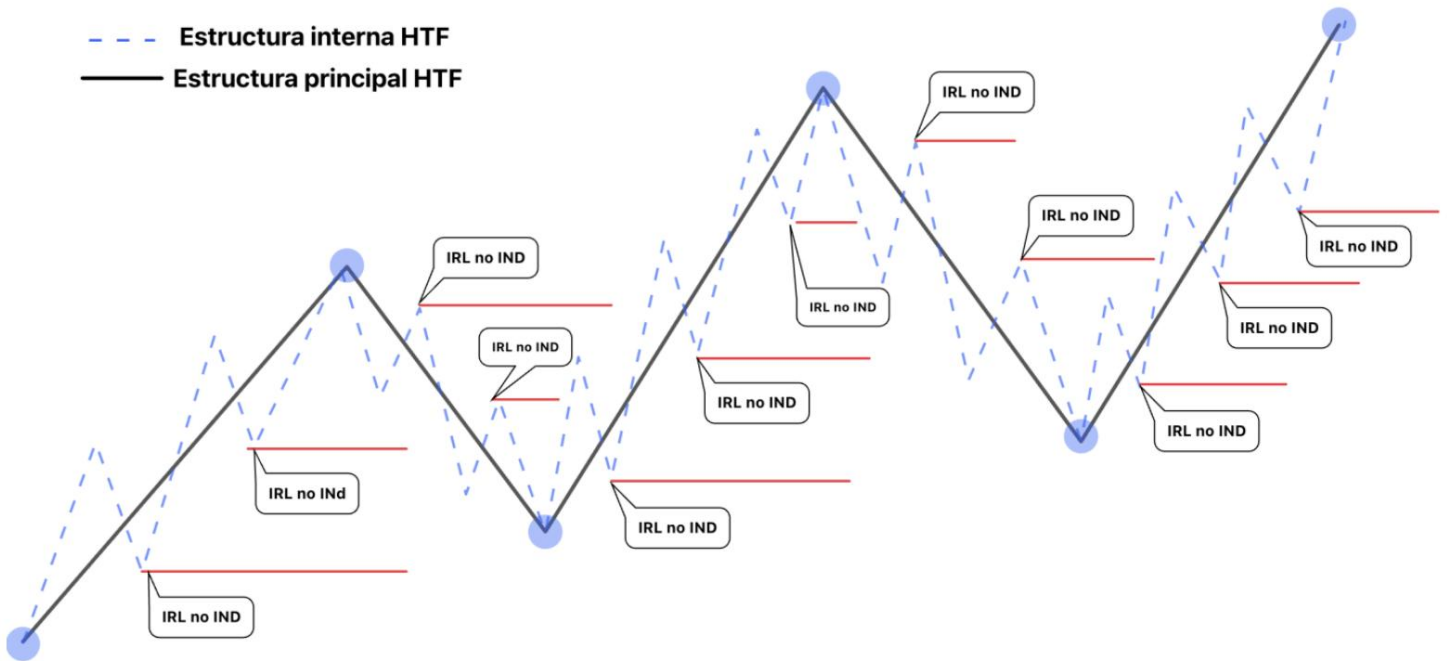
The IRL in a bear market are all those highs and lows that are formed within our TR in smaller temporalities than our main TR.



• *Internal Range Liquidity (IRL) e Inducement (IND)*

To avoid confusion, it is very important to learn to differentiate between what is an Inducement and what is Internal Range Liquidity.

Next, I show you two examples of what IRL is and in the next chapter you will learn about Inducement in more detail. This is just a slight introduction.



Chapter II – Induction

• *Introduction to Induction*

In trading we know that more than **90% of traders lose money** and that's because **people are always led to do things they shouldn't do** and this happens because as far as the market is concerned, **everything is based on the psychology of the masses**.

As you saw in "[The Reality of the Smart Money Concepts Method](#)". **An Inducement is that movement that can cause an incorrect reading or analysis of the market, inducing traders to take operations that are not entirely accurate.** Like buying when they should be looking to sell or vice versa.

Think about how many times when you have done your analysis, you enter an operation and it takes you out on a stop loss so that the price, shortly after having taken it out, goes exactly where you thought it would go.

That happens because **the IPDA is designed to create these "traps"** in the market and thus induce us to do the opposite of what we should be doing and this happens all the time. That is why **the creation of liquidity is also done on purpose** and you will see it later with illustrative examples.

In a few words we could say that **the Inducement is a "trap" through which the algorithm makes us create a wrong narrative about the price action.**

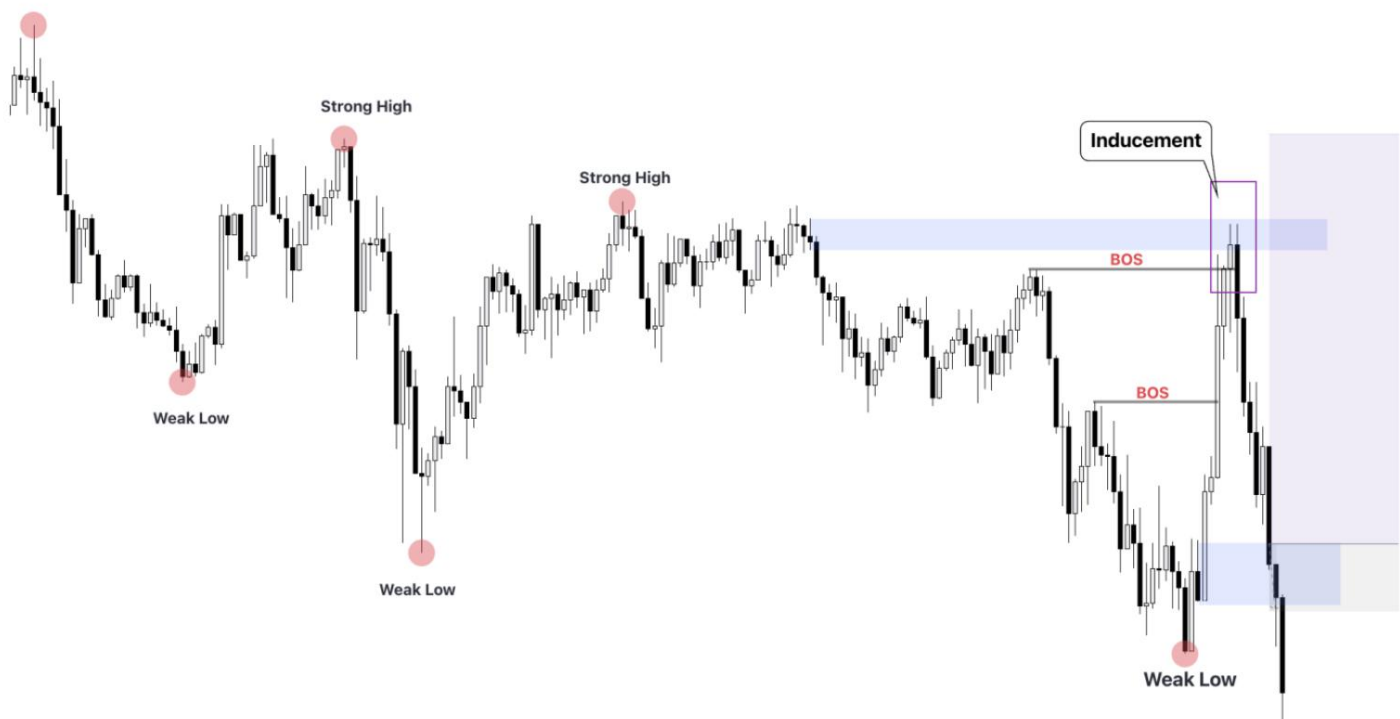
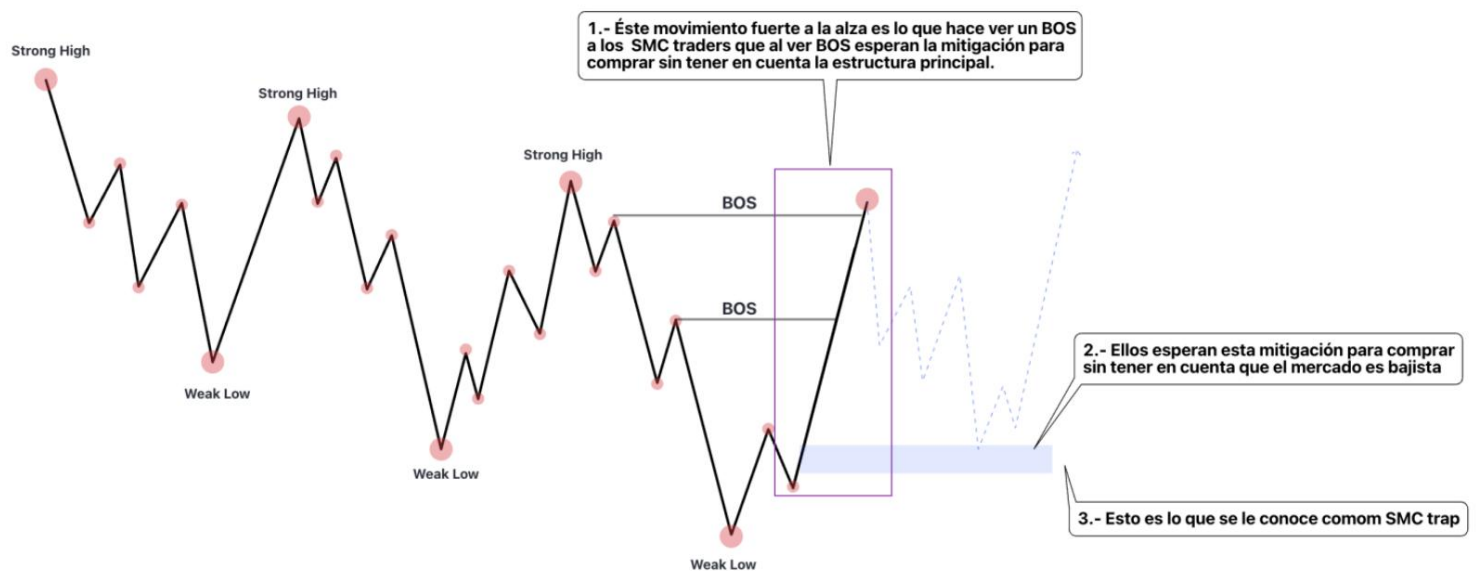
REMEMBER THAT THE INDUCEMENT WILL ALWAYS BE THE MANIPULATION OF AN INTERNAL STRUCTURE POINT (IRL) THAT IS WITHIN A TRADING RANGE, AS WELL AS IT CAN ALSO BE A FALSE BREAKOUT OF AN EXTERNAL RANGE LIQUIDITY POINT (ERL) OR A POOL OF LIQUIDITY.

First of all, we will go with basic illustrative examples of what an Inducement is and the logic behind said movement.

The example you will see below will be one very similar to the one you saw in "[The Reality of the Smart Money Concepts Method](#)".

To understand this concept it is necessary to have a clear understanding of what Strong Points, Weak Points and Trading Ranges are.

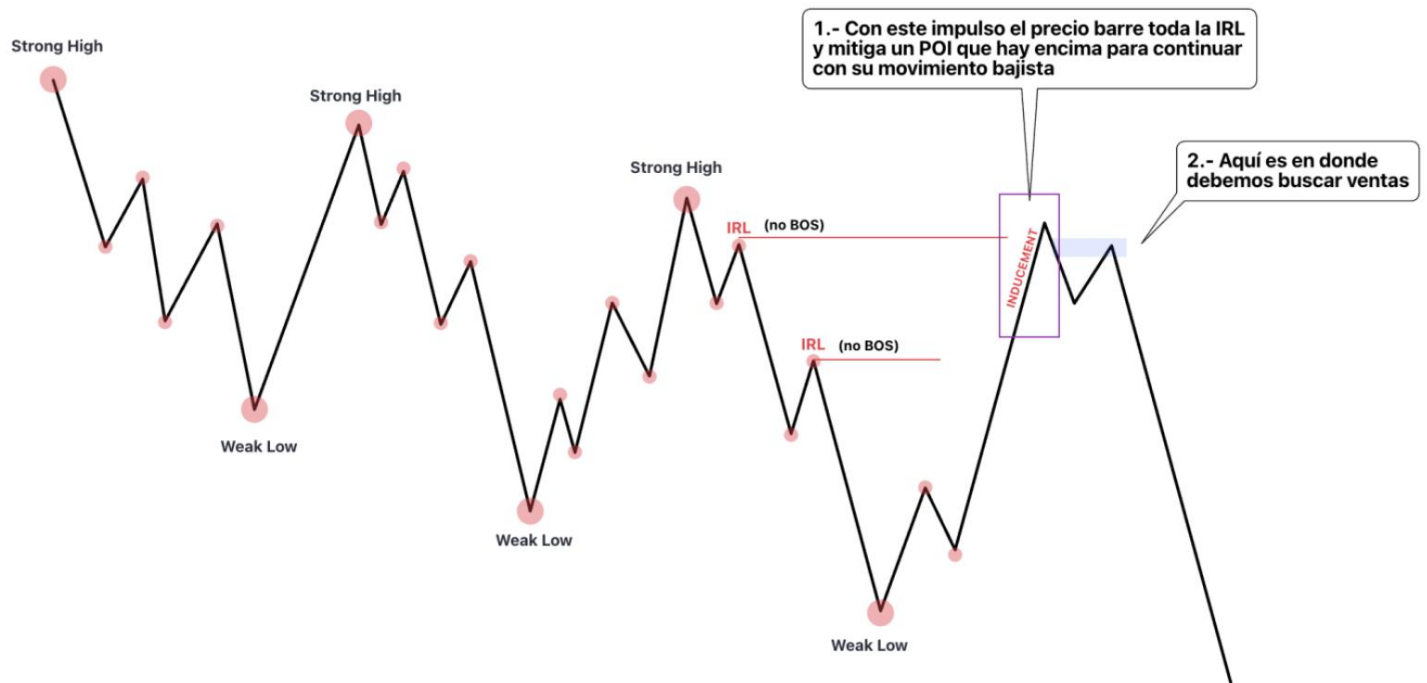
This is the way most Smart Money Traders are lured into seeing a structure breakout and start looking shopping.



The above example is what some call the **“Smart Money Trap”**. The trap of the traders who operate “SMC”. **This happens because most of them are induced to see these fake BOS.** Maybe it's a bit repetitive, but I want everything to be clear little by little from the beginning so that as we go more advanced there is no need to go into so much detail.

This is how we should see the Inducement

What most see as a BOS to buy later, we should see as a liquidity sweep and a selling opportunity in this case. For purchases it is exactly the opposite.



Always keep in mind which are the Strong Points and Weak Points to be able to differentiate which are the valid structure points and which are IRL in order to avoid falling into the Inducement.

• *Classification of the Inducement*

As far as liquidity is concerned, the Inducement is classified into 3 sizes: **Inducement Major, Inducement Medium and Inducement Minor**. Depending on the temporality in which said Inducement is presented, the movement that the price will make in number of pips will be greater or less.

• **Inducement Mayor**

- 4H, Daily y Weekly.
- It is all that high / low point or HTF zone (liquidity pools).
- Each structural point, IRL, ERL that is one day, week or month old.

The larger the Inducement, the greater the movement that the price will make.

GBPJPY TF 4H.



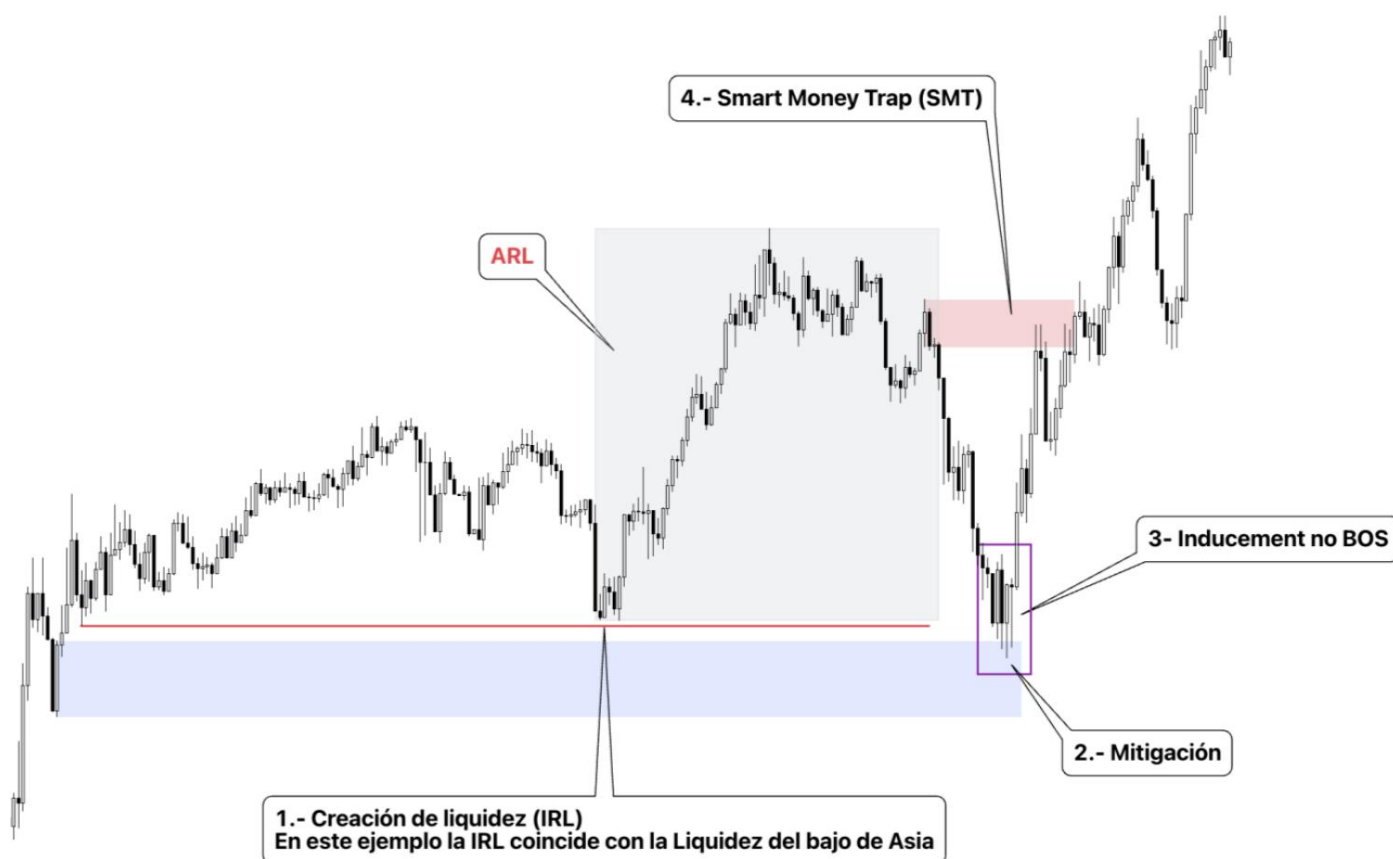
In the link below I will leave you another example of a swing trade after an Induction Major.

<https://www.instagram.com/p/CbgxY7gNOwT/>

• Medium Induction

- 15m, 30m, 45m y 1h.
- Highs or Lows that are one day or less old.
- Highs or Lows of any session.
- Asia Range (ARL).

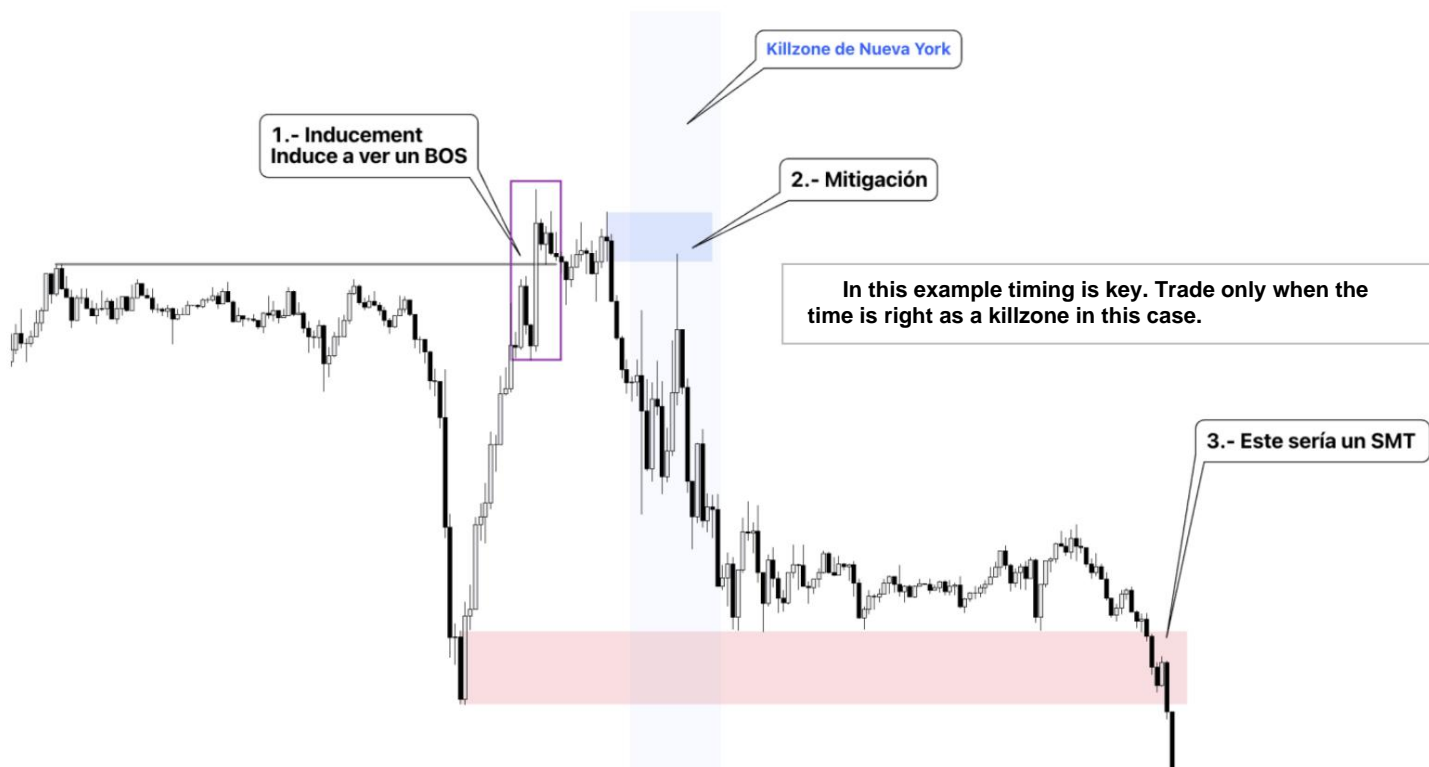
GBPUSD TF 15m.



Minor induction

- 10m, 5m, 3m y 1m.
- Each intraday internal structure point (IRL).
- Each High or Low of a small consolidation.
- Asia Range (ARL).

EURUSD TF 5m.



As you may have noticed, **the number of pips that the price moves after an Induction will be directly proportional to the timeframe of the high/low that has been Induced.**

If the price induces a **Major**, then most likely we can have a good **swing trade**. If the price makes a **Medium Inducement** we could expect intraday movement and if we have a **lower Induction** then we could have an **intraday or scalp movement**, as in the example on the previous page.

The Inducement that we will see in the Daily Cycle chapter will be **the medium and the minor since they are those in which we will use the Asia Range (ARL) as a guide.**

There will be times when the Asian range is also a Daily High and then there we can see a variation of the Daily Cycle with a higher Inducement. Later we will see it with examples in the graph.

• *Smart Money Trap*

The Smart Money Trap (SMT) is **that point of interest that appears and that the price mitigates after it has already made the Inducement in our pro-trend POI.** This in order to induce us to see the opposite of what we should be doing.

The trader who ignores HTF Bias will always fall victim to SMT because it always happens as price has mitigated our pro-trend POI and has already induced most traders.

Later you will see examples of the SMT once the price has already made the Inducement.

• *Types of Induction*

Let's remember what we said at the beginning of this chapter. **Inducement is all about structure.**

The manipulation of a point of structure or point of liquidity to create a false narrative in the direction of the price and as we have already seen, the Inducement is classified into three different sizes in terms of the timeframe and age of certain highs or lows in the market. refers.

We also have two types of Inducement.

Inducement types are different variations in which the Inducement will be presented.

From here you should keep in mind the following...

• **In the case of purchases:**

For the price to rise, it must first induce some low to sweep liquidity down. If we want to buy, we must buy at POIs that are below Lows.

• **In the case of sales:**

For the price to fall, it first needs to induce a high to sweep up liquidity. If we want to sell, we must sell at POIs that are above Highs.

• **Inducement type 1: False BOS**

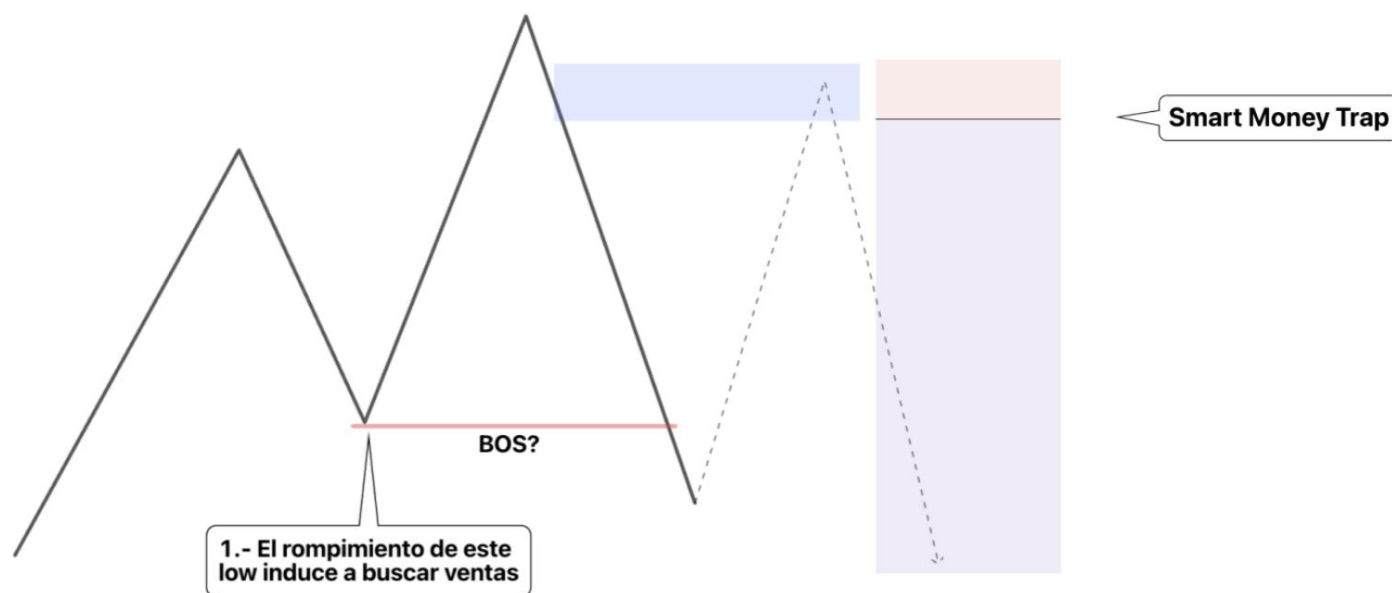
This type of Inducement is the one we have already seen on page 12 and 13.

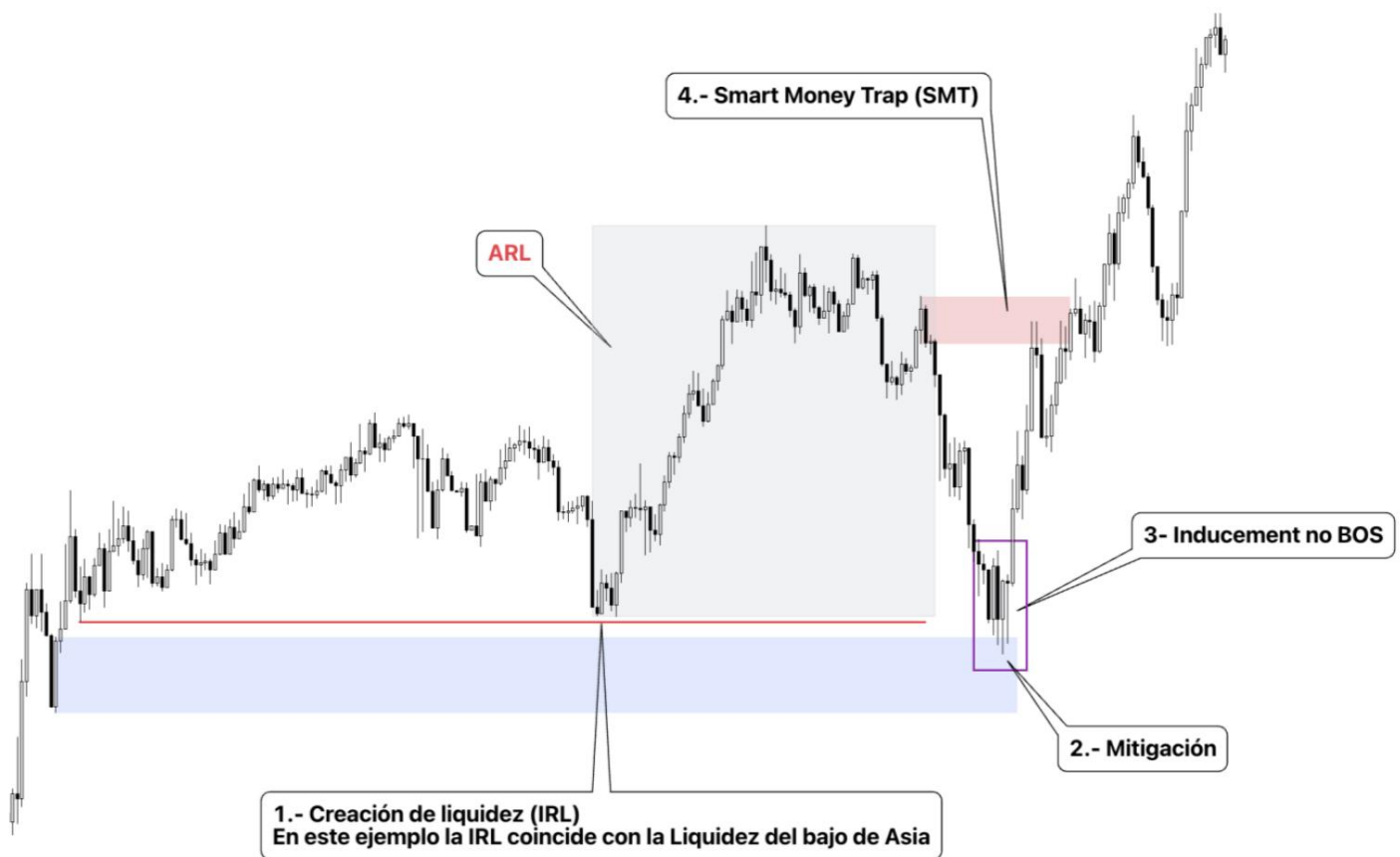
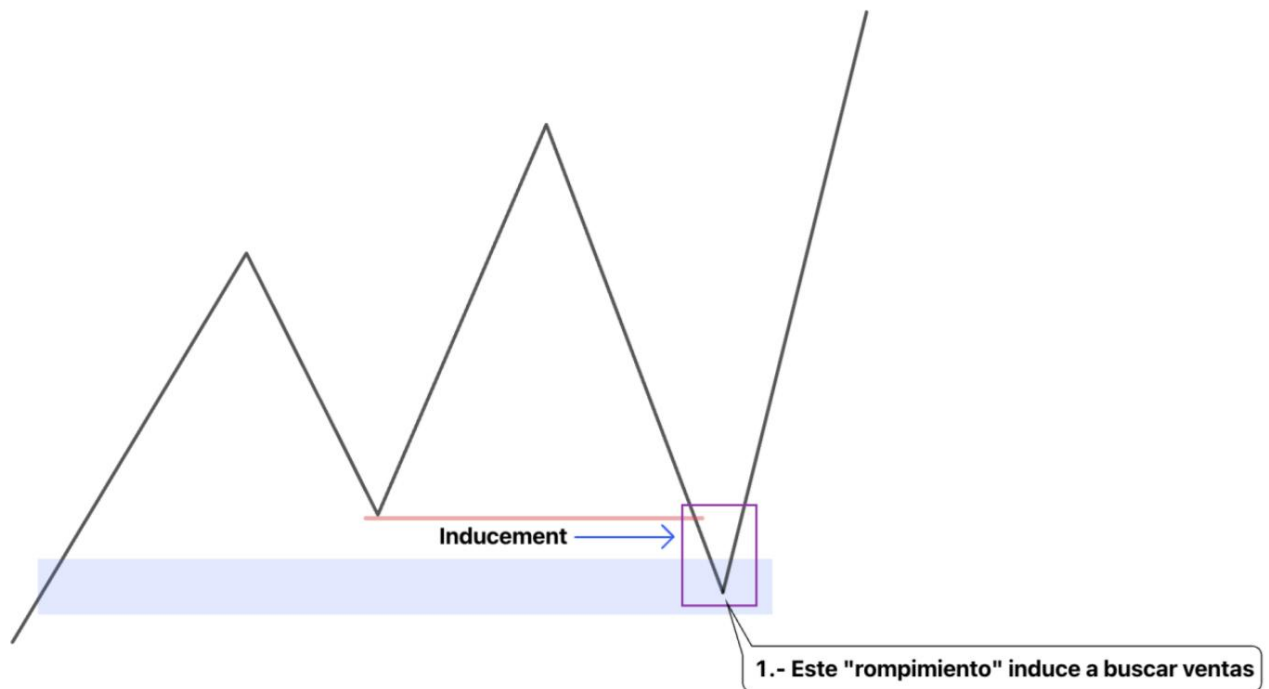
Purpose:

Induce most traders to see a new price trend. This type of Inducement is the one that we will use for continuation trades.

The following examples will be very simple in order to understand them better. Once we move on to the Daily Cycle chapter we will look at more complex examples.

Inducement type 1, bullish example:





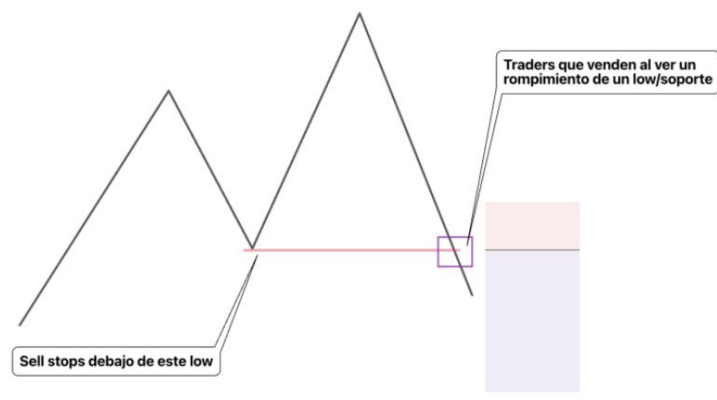
In the example above you can see that so that the price can rise and continue its trend. Before it must induce a low or lows to fall and sweep the liquidity that is underneath.

That's when the Smart Money Trap introduces itself.

We must take into account how and why this false breakout “plays” with the minds of most types of traders.

Retail perspective of Inducement type 1 in the case of sales:

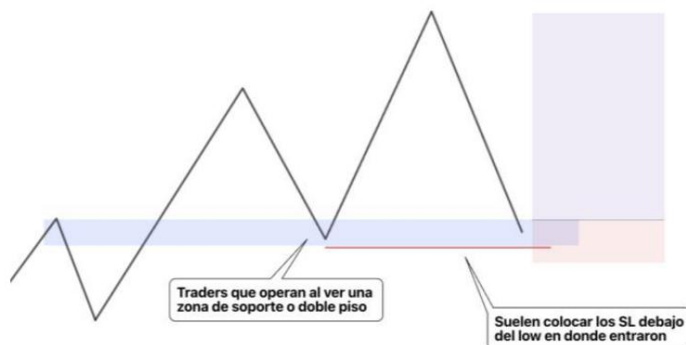
Liquidez de traders de rompimiento



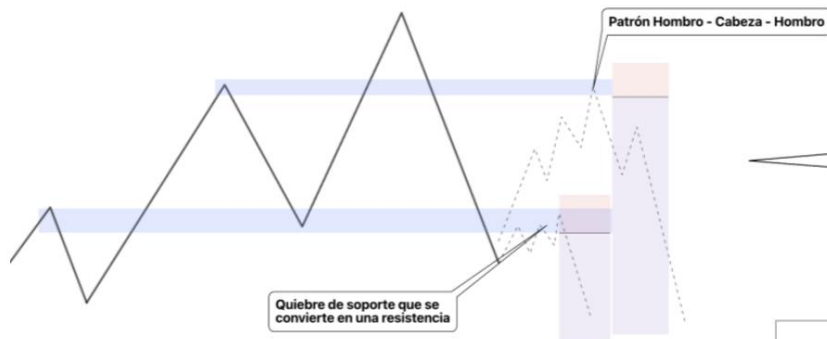
Tienen ordenes sell stop debajo de los lows y tratan de anticipar que el precio creará nuevos mínimos

Compran antes de tiempo y en muchas ocasiones en este tipo de entradas coinciden con un POI decisivo

Liquidez de Soporte y Resistencia



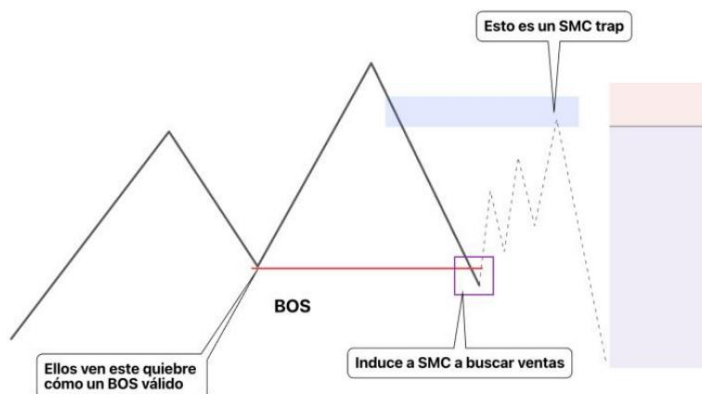
Liquidez de Soporte y Resistencia (soporte se convierte en resistencia)



Venden cuando un soporte se rompe y se hace resistencia o cuando ven un BOS y se forma algún patrón chartista

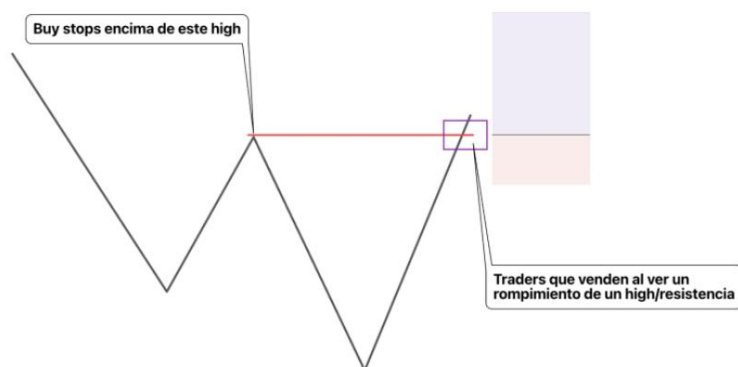
Liquidez de traders SMC

El clásico patrón de venta de los traders que operan SMC. En este caso es clave identificar bien nuestro TR teniendo en cuenta los Strong Points y Weak Points de la estructura



Retail perspective of Inducement type 1 in the case of purchases:

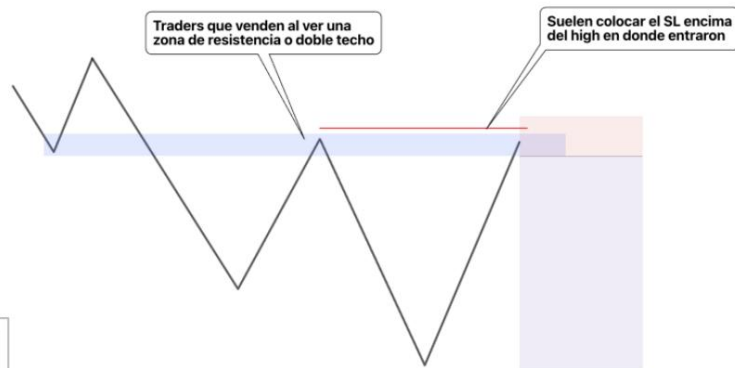
Liquidez de traders de rompimiento



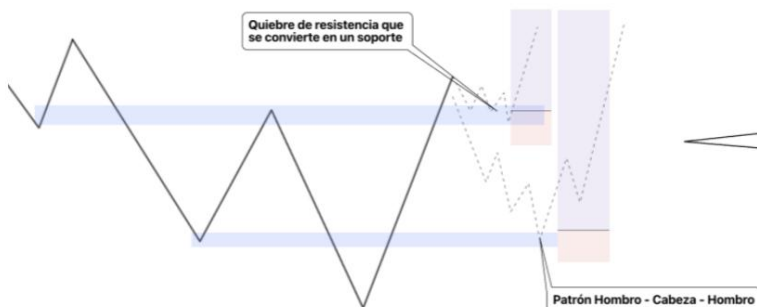
Tienen ordenes buy stop encima de highs o zonas de resistencia y tratan de anticipar que el precio hará nuevos máximos

Venden antes de tiempo y en muchas ocasiones en este tipo de entradas coinciden con un POI decisional

Liquidez de Soporte y Resistencia



Liquidez de Soporte y Resistencia (resistencia se convierte en soporte)



Compran cuando una resistencia se rompe y se hace soporte o cuando ven un BOS y se forma algún patrón chartista

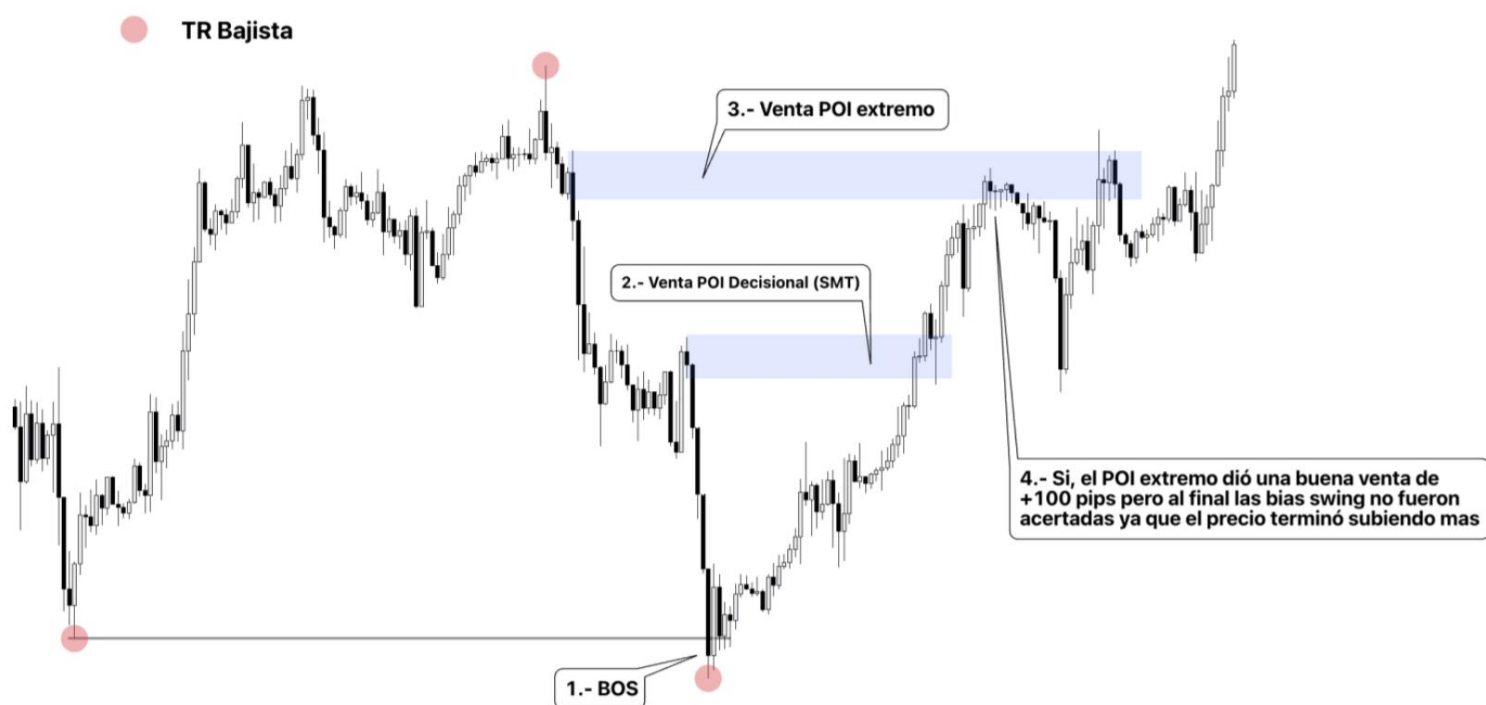
Liquidez de traders SMC



El clásico patrón de compra de los traders que operan SMC. En este caso es clave identificar bien nuestro TR teniendo en cuenta los Strong Points y Weak Points de la estructura

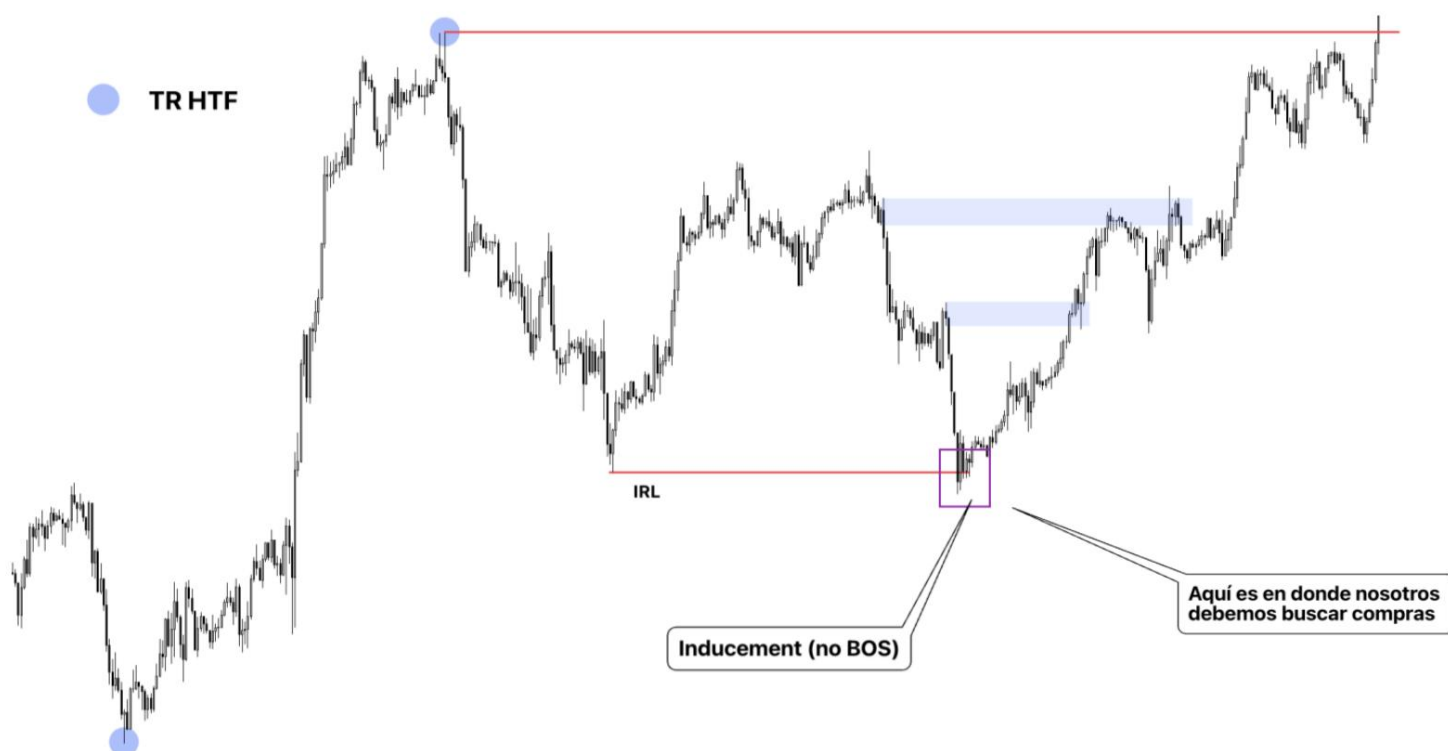
Example of Inducement type 1, medium:

GBPJPY 1h TF



Why did the price keep going up even though both points of interest were valid and the momentum was clearly bearish?

Because the HTF Price was bullish and what many saw as a BOS was simply an inducement. Sweep liquidity from a daily low and induce sellers.



Retail perspective of Inducement type 1:

In the following image you can see that the different ways of operating the market fail once the Inducement has already happened.



This is the reason why many of the SMC type trades fail. Because you expect a structure break and then enter the mitigation of the candle that has created that BOS, but as you can see it doesn't always work and **this is the main reason why SMC sometimes fails. Because we failed to see the HTF.**

That is why it is key to always take into account what the TR is in a larger TF. Because most likely you are buying at premium prices or selling at discount prices as in the example above.

You are probably now understanding why some of your lost trades. The next time you lose a trade, even if you have met all your confirmations, ask yourself. What did I miss in HTF that made my analysis not quite correct? And most likely you notice that you were part of an SMT.

Remember that we should always seek to sell above highs and buy below lows.

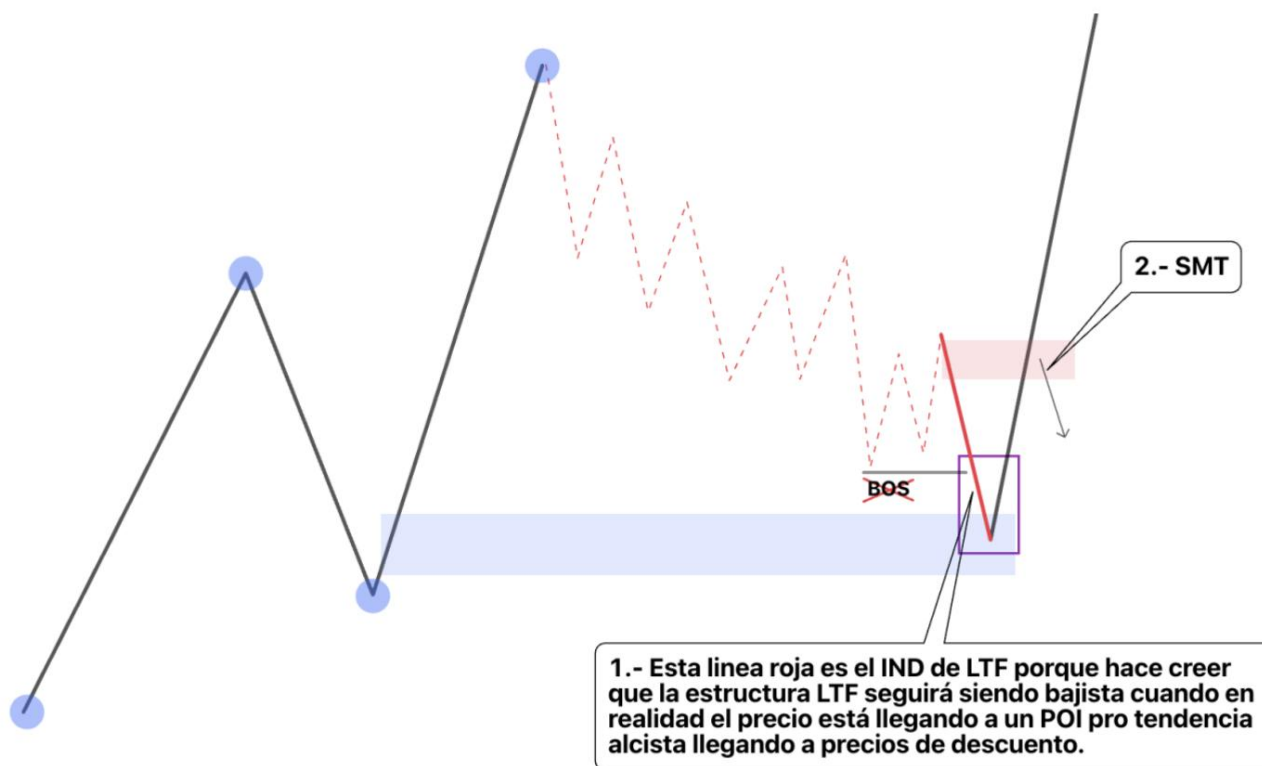
Inducement type 2: False continuation of the structure in LTF

This type of Inducement is the one that is presented to those traders who are completely focused on seeing the market in LTF ignoring the HTF perspective.

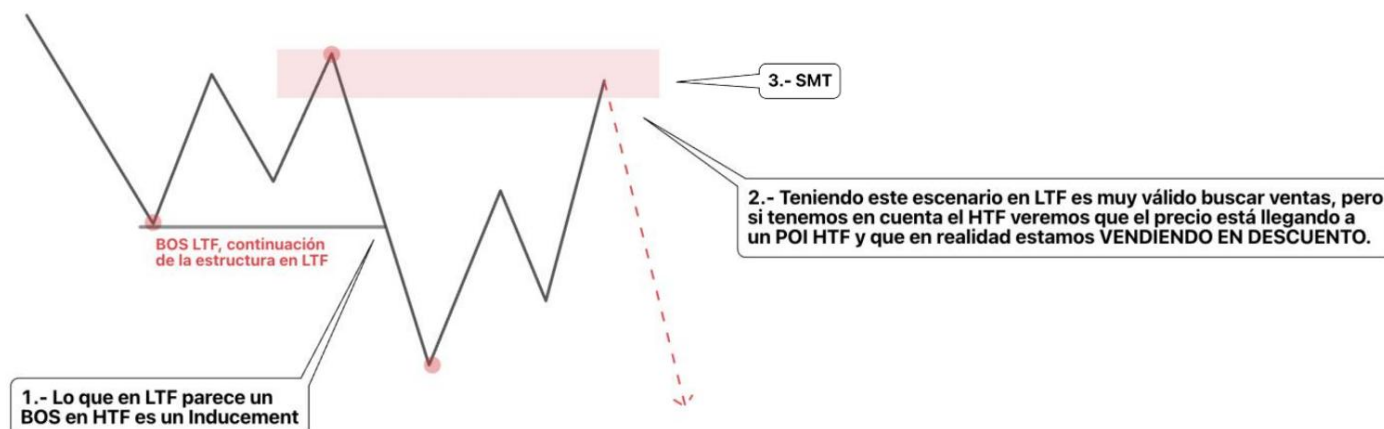
Purpose:

Leading traders to believe that the LTF trend will continue, when in fact it will end up being a reversal FOR THEM, but for us who know this, it will simply be a continuation of the main structure.

Bearish Inducement Type 2 Example: This is the one presented in a bullish HTF structure.



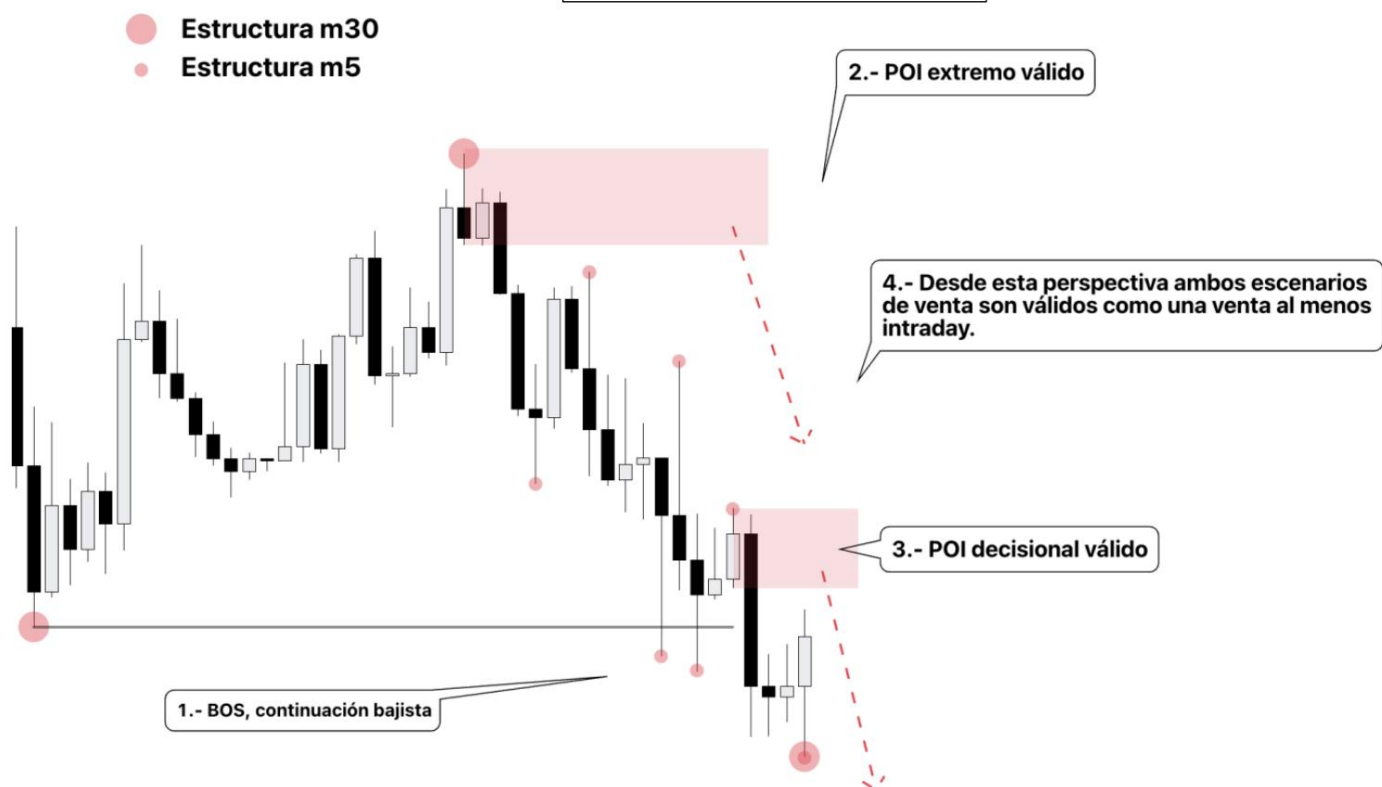
The example above would look like this in LTF



Example of Inducement type 2, medium:

Take a look at the following example from an intraday LTF perspective:

AUDUSD m30 TF antes



AUDUSD m30 TF after



Why didn't the above analysis hold true and cut through both points of interest very strongly?

Why even though both intraday structures were bearish, did the price end up going higher?



Because what in LTF is a bearish continuation, in HTF it will be a type 2 Inducement.

As I mentioned at the beginning, *"This type of Inducement is one that is presented to those traders who are completely focused on seeing the market in LTF ignoring the HTF perspective".*

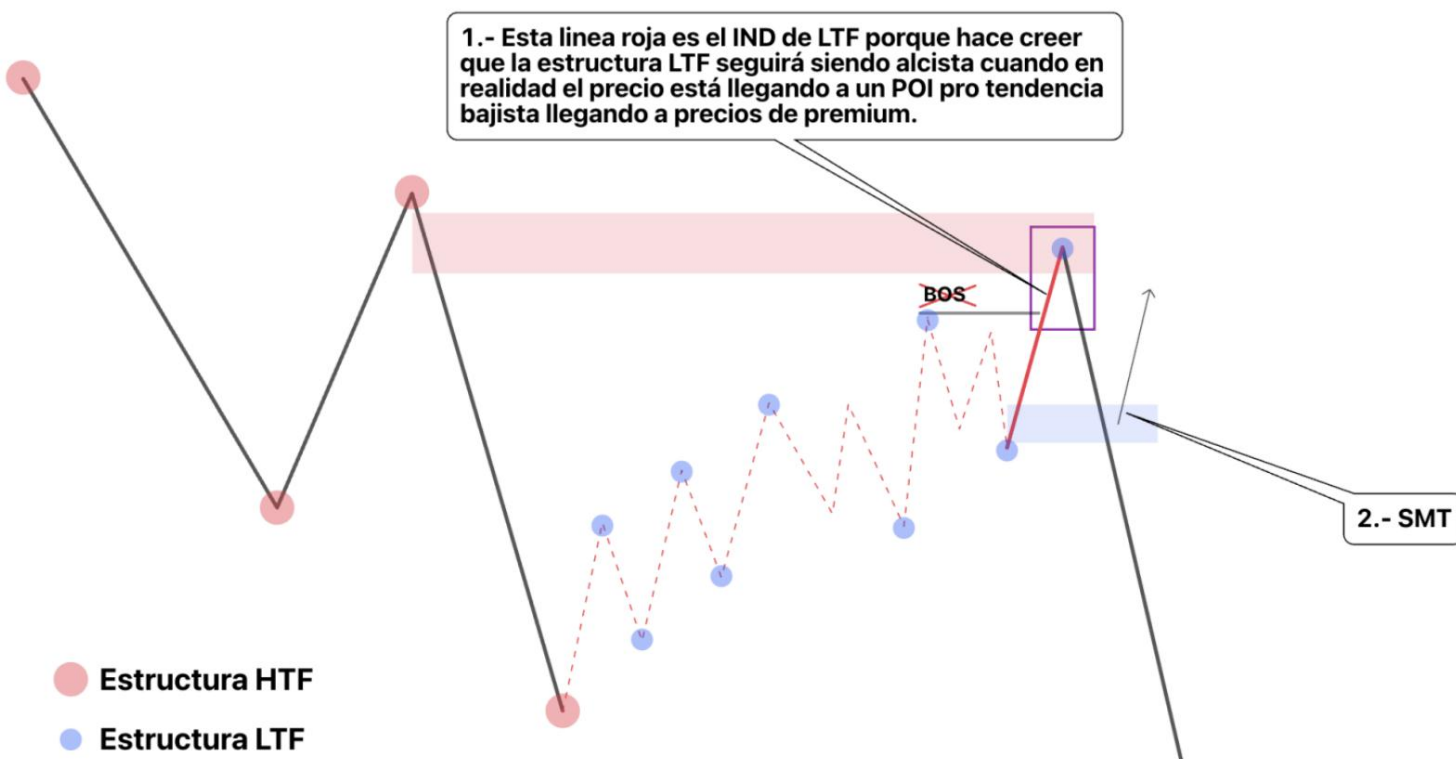
It is worth mentioning that, in a bullish structure, if the price still does not reach a bullish HTF POI, you can continue selling, using the LTF structure until you reach the HTF POI and once there you must look for the bullish continuation of the larger structure as in the previous example.

This will apply to all timeframe combos, for example: if the TR HTF is 4h and the price reaches a pro-trend POI of 4h, then you must be careful to sell using the 1h or less structure to avoid falling into this inducement type. The same if the main TR is 30m, be careful to focus only on the structure smaller than 15m.

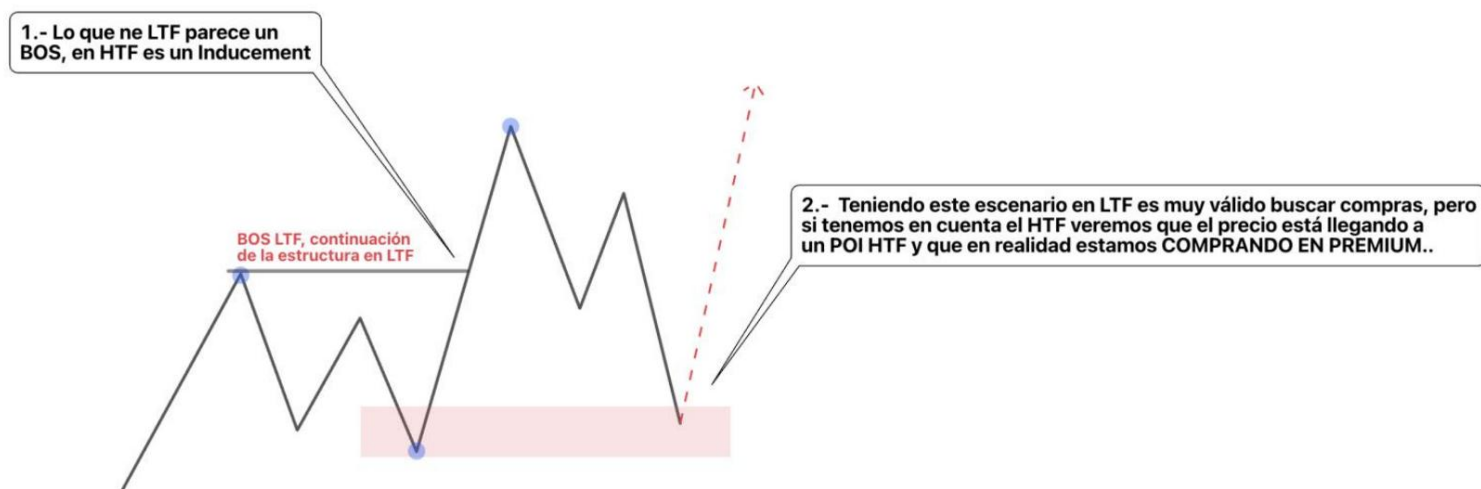
For a bearish HTF structure, it will be the exact opposite of what I just explained.

Bullish example of Inducement type 2:

This is the one presented in a bearish HTF structure.

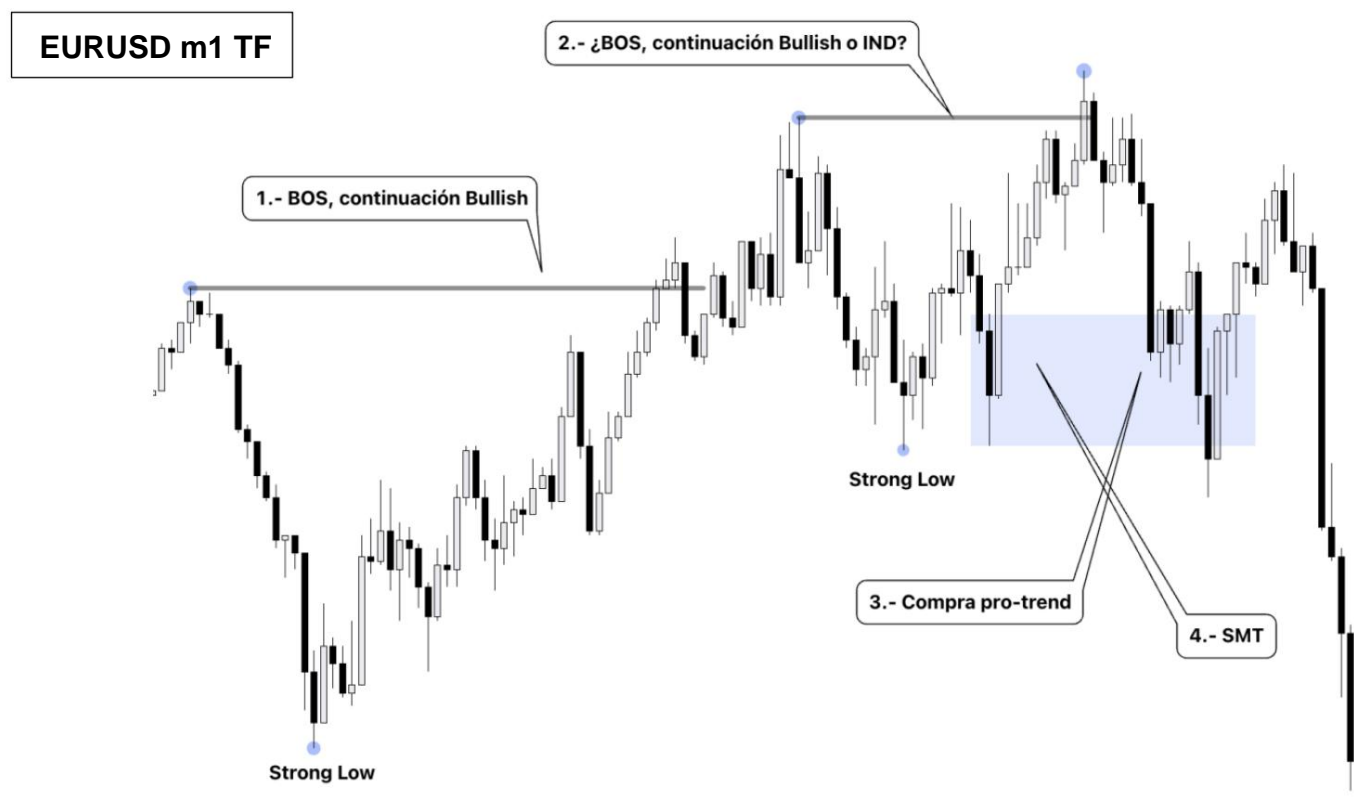


The example in the image above would look like this in LTF:

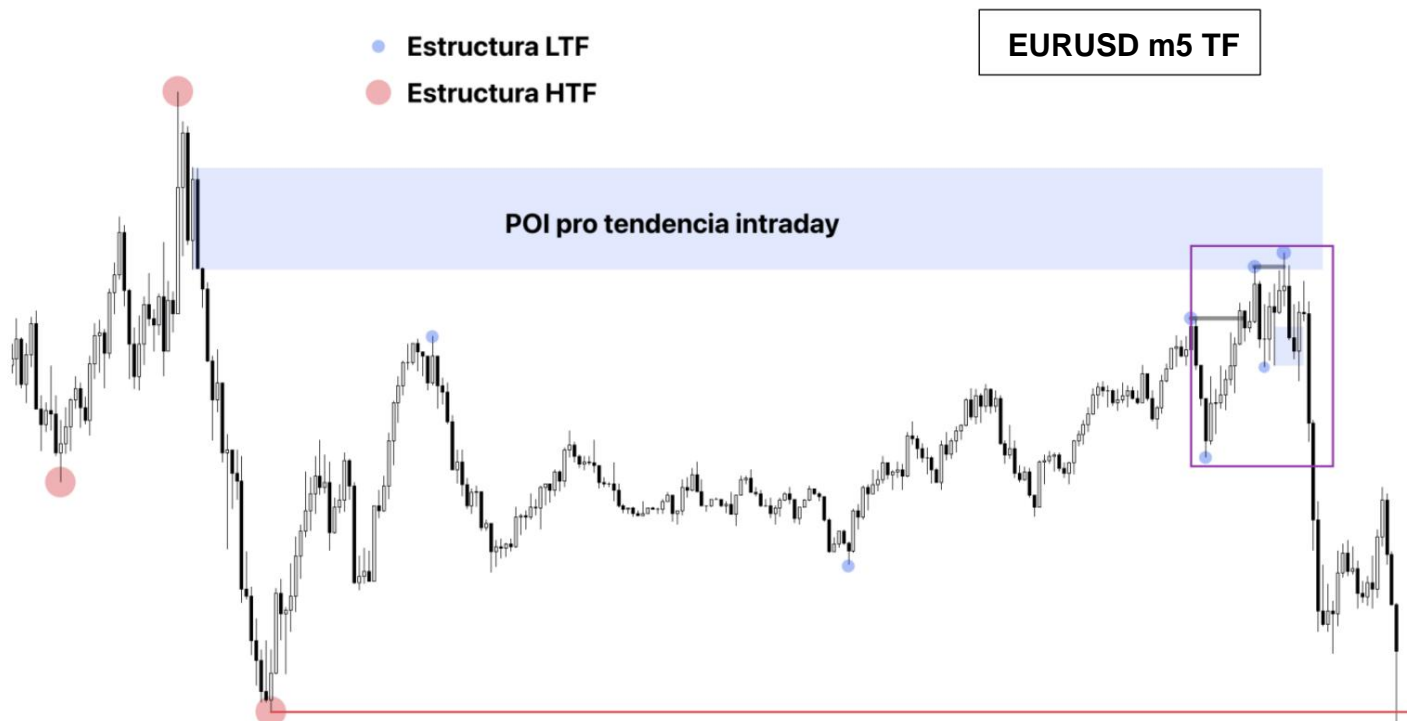


On the next page you will find an example of how what in LTF is an upward BOS (continuation of the LTF structure), in a higher temporality it is an Inducement.

Example of Inducement type 2, minor:



Why was the purchase in the previous example not fulfilled?



Because the market was bearish in a higher TF and that purchase was made when the price was within a sale POI of a higher time frame. This is where the HTF should always be taken into account to avoid falling into this type of inductions and traps.

Chapter III – Induction and Liquidity Cycle (LIT Cycle)

• What is the Induction and Liquidity Cycle?

The Induction and Liquidity Cycle is the process by which the algorithm (IPDA) delivers and creates the price every day creating liquidity, inducing after creating the liquidity and mitigating order blocks or making the price action efficient by filling inefficiencies that have left in the past. This cycle is composed of three phases.

• Phases of the Induction and Liquidity Cycle

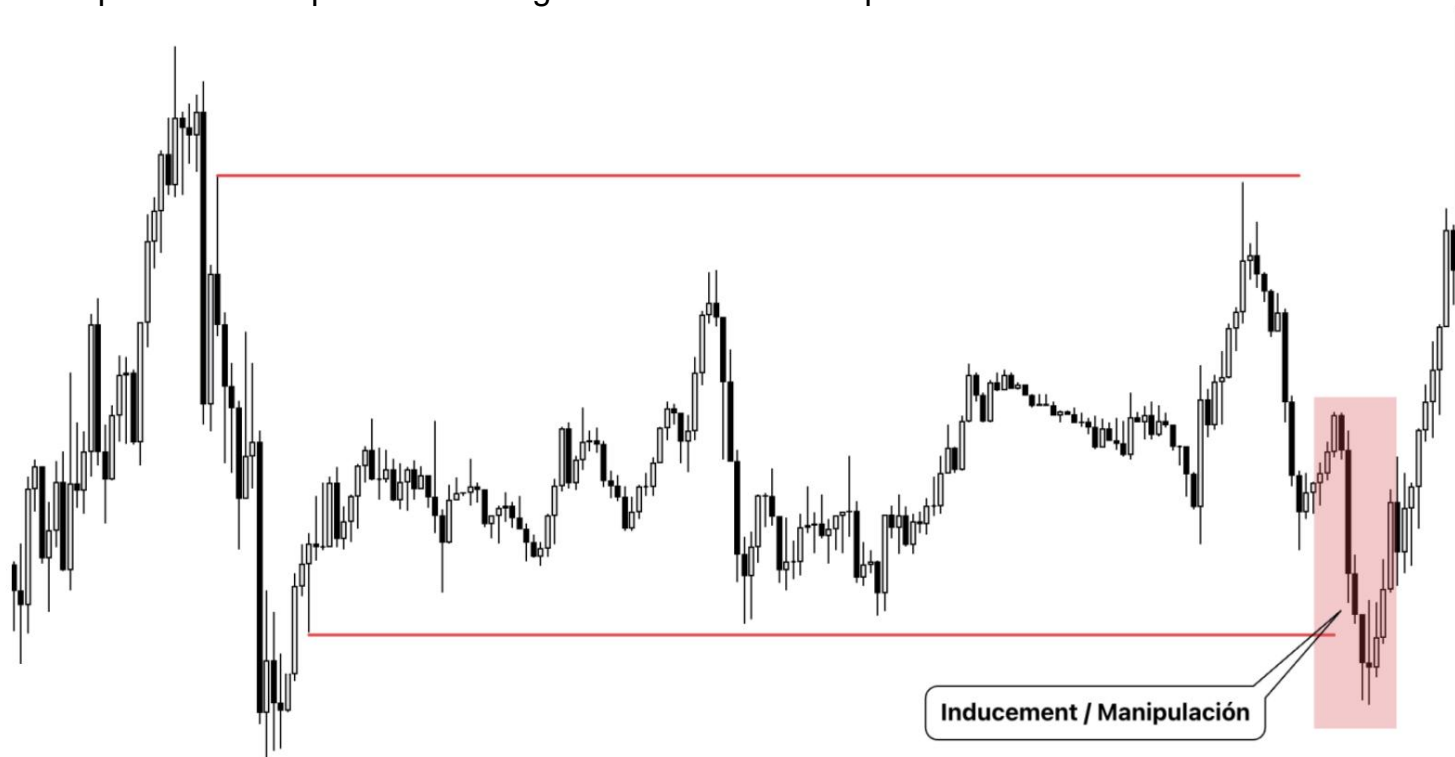
1. Liquidity Creation

The price will create some form of liquidity before making the next big move and then induce traders to enter the market before the real move.
movement happen.



2. Inducement

The price will manipulate some high or low close to our point of interest.

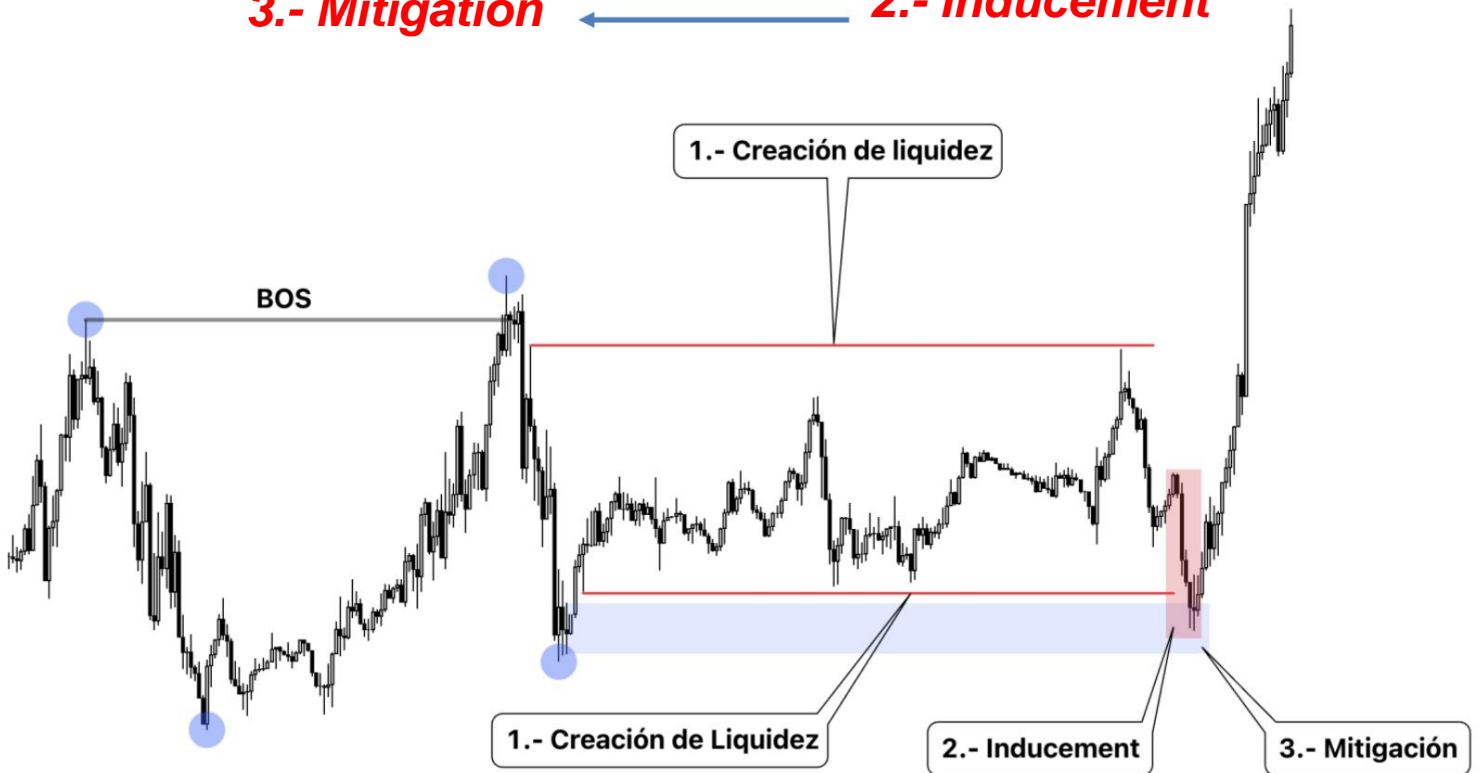
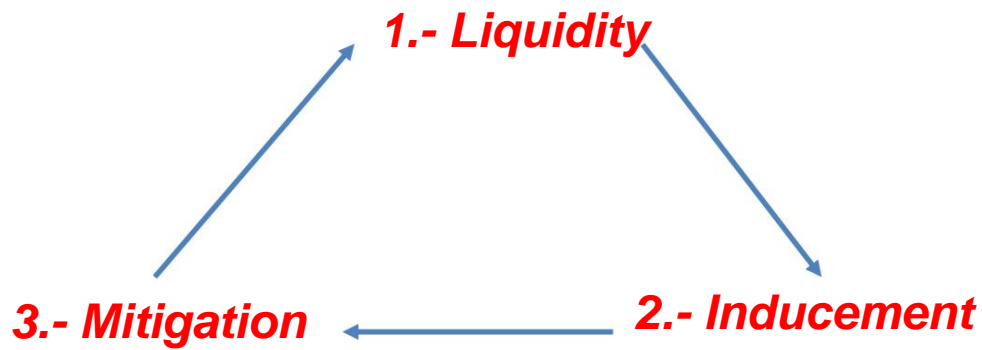


3. Mitigation or Efficiency

The price will mitigate some POI or fill some Inefficiency (efficiency in price action).

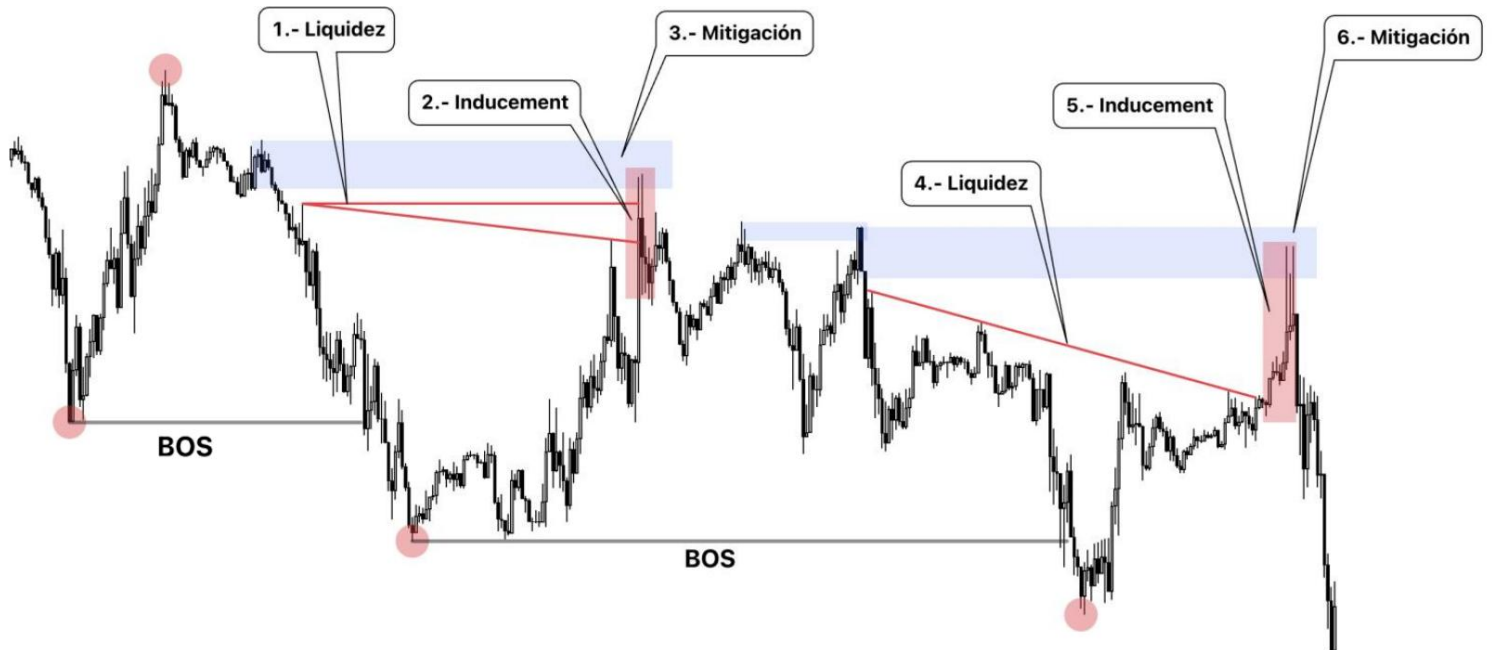
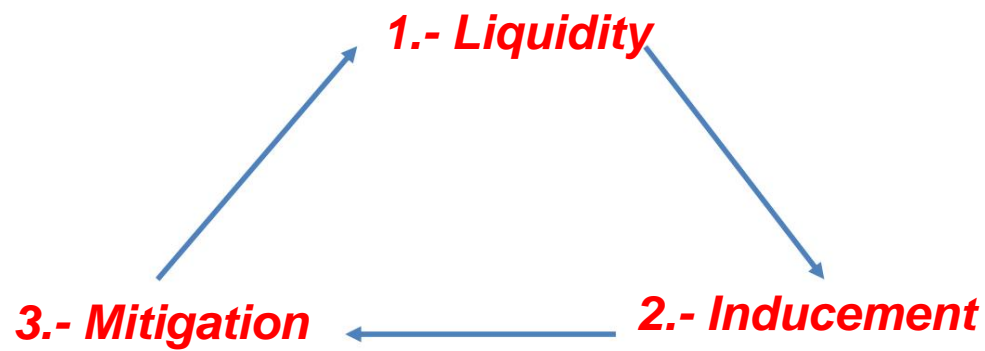


Induction Cycle and Liquidity



SMT within the Cycle



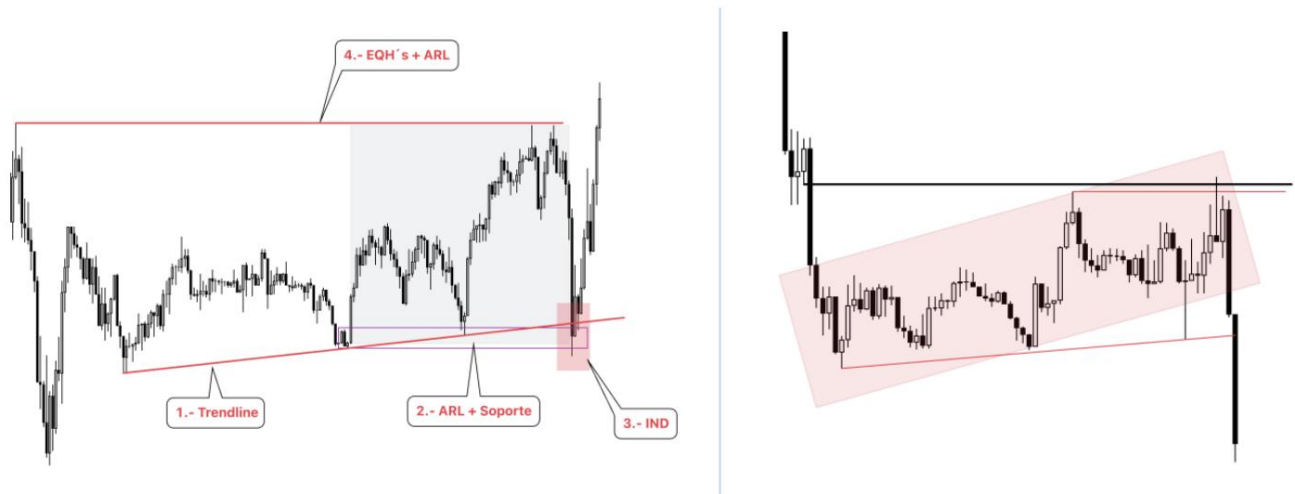


SMT within the Cycle



• *Characteristics of Liquidity Creation*

- It can be presented in different ways such as supports, resistances, trendlines, consolidations such as the Asia Range (ARL).
- It can also accumulate slightly in a particular direction like a channel bullish or bearish.



- Typically it happens BEFORE the opening of one of the best trading sessions such as London or New York. In other words, it happens in low volatility sessions like Asia, to make the Induction once Frankfurt, London or New York open.



• *Characteristics of the Induction*

• Happens AFTER Liquidity Creation

• Normally it will be a fast movement with few candles or even a wick. This is because many times it happens when the fundamental news is published.

• Happens during specific hours of the day like Killzones.

• This creates the “catch of the day”. Like a Stop Hunt at times.

• The bigger the Inducement, the bigger the movement that the market will make.

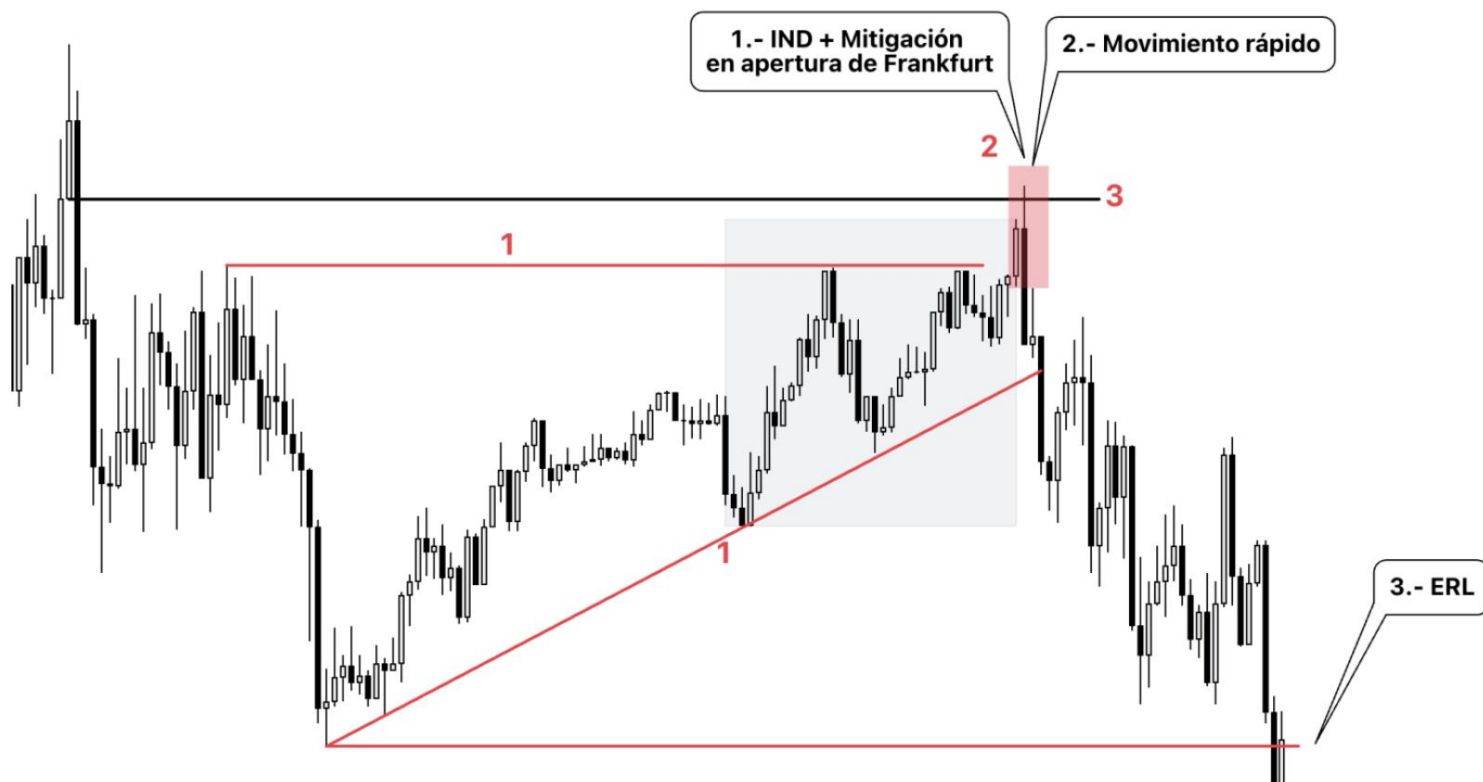
• *Mitigation Features*

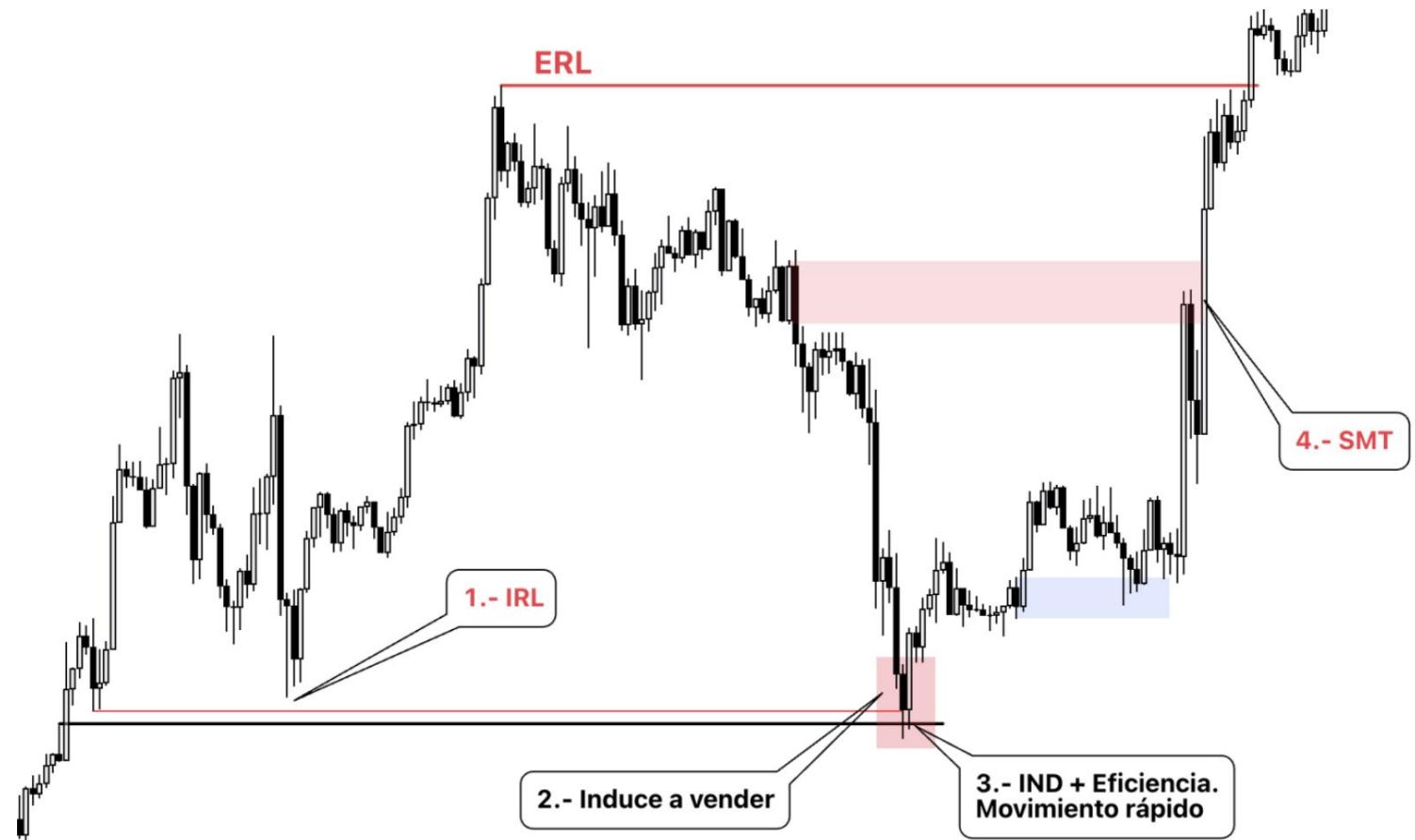
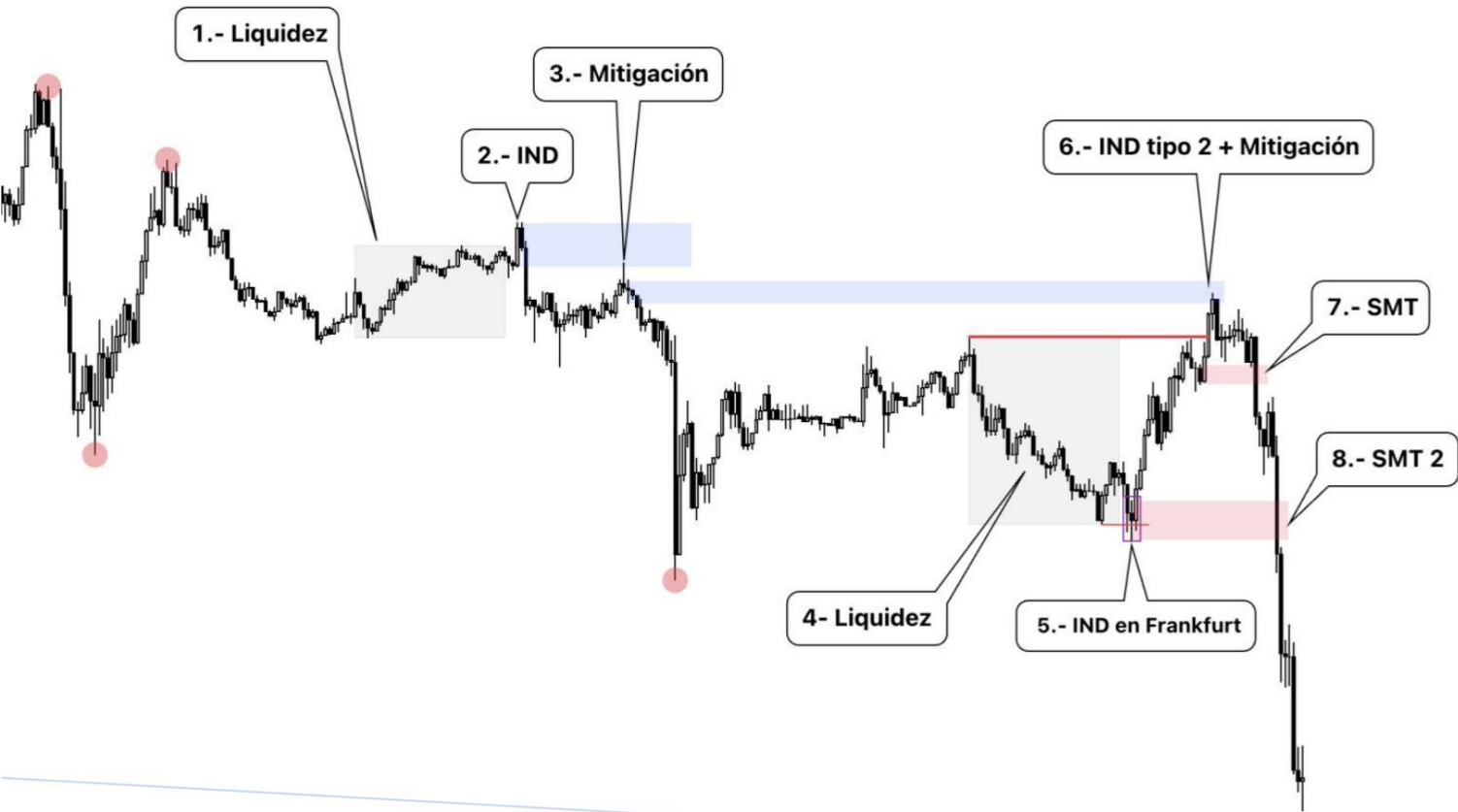
• Mitigation is one of the main reasons why the Inducement happens, since, at the moment that the price Induces a certain point of liquidity, at the same time it will be mitigating some POI in the past.

• They will be the mitigations of the Decisional and Extreme points of interest, being the mitigations of the Extremes the ones with the highest probabilities since the mitigations of the Decisional will often be "used" to create more liquidity so that when reaching the Extreme, the movement is greater .

• The highest temporality POI mitigations are the most reliable.

• The vast majority of the time Mitigation happens during a Killzone.





• *Session Timings introduction*

As you learned in "[The Reality of the Smart Money Concepts Method](#)". When operating, the most important aspect is **Timing**, since that will depend on whether we have the best precision.

Timing consists of two aspects and each one is equally important; ***Time and Price.***

The Time will be THE WHEN to enter the market and the Price will be YOUR WHY to enter.

Next, I will place the hours of the sessions in which this strategy is based to operate with greater precision in order to be more effective.

The following times will be in EST time. Each schedule will depend on your time zone and it is your job to search the internet for the difference in hours you have with that schedule and place it like this in the indicators that we will use to see the range of Asia and the Killzones.

At the end of this page you will find a link to a video on how to configure the TSI indicators to see the Killzones and the Asia Rank indicator.

• **Asia – 5 pm - 2 am EST (Consolidation/handling).**

• **Frankfurt – 2 am - 3 am EST (False trend and liquidity creation).**

• **London – 3 am - 11 am EST (Mitigation/Reversal).**

• **London Killzone – 3 am - 5 am EST.**

• **New York – 8 am - 4 pm EST (Continuation or reversal of London).**

• **NY Killzone – 8 am - 11 am EST.**

In the following link you will find a video on how to configure the indicators: [Video of the Indicators](#)

Chapter IV – Daily Cycle

• Introduction to the Daily Cycle

We have reached the last chapter of this book where we are going to see everything we have learned so far, use it together to understand how the IPDA moves every day.

Understanding the market structure, liquidity, types and sizes of Inducement is very useful and could be said to be an "eye opening" for your trading. In fact, knowing these concepts will not only allow you to understand how and why the market really moves, but also, based on experience, will allow you to always know where you stand and know what to expect from each situation that comes your way.

Remember that the Inducement can be applied to any financial instrument but the content of the Daily Cycle will be focused mainly on the Forex market.

What if, you could even know when to expect a certain scenario to happen?

What if you could have a comprehensive guide to day trading and through experience relate all of these concepts to recurring schemes and patterns in price action?

This is what you will learn in this chapter, but first it is very important to know more about Forex trading sessions as each one serves a different purpose as far as the Daily Cycle is concerned.

• Time and Price

**The hours of the market sessions that we will use to trade will be based on the zone
It is hourly.**

Regarding the hours of the Sydney and Frankfurt session, we will use them only as a reference to the opening time, not as the entire session. The Asian session we will put the time of close when you open the Frankfurt session.

• Sydney session (opening) 4 pm – 6 pm

This is the first session that literally “resets” the algorithm.

The candles that form during this session are small. There will be times when pairs like the AUD or NZD move since it is their session and sometimes there is usually news related to those currencies, but generally they will be candles with very low volatility.

We won't really use this session for anything. I just mention it because this is really the first session of Forex trading.

• Asian Session 5 pm – 2 am

This session is where phase number one of the cycle will take place, **the creation of liquidity.**

During this session, most of the time the market will consolidate and that will create the liquidity for the next three sessions in which the real movements will take place, because as we well know, the sessions with the greatest movement are the London and NY sessions, being the overlap of these two sessions when there is greater volatility.

Understanding the anatomy of the Asian session is crucial for us in order to get the best entries during the most volatile sessions.

• Frankfurt session 2 am – 3 am (opening)

This session is the shortest since we will only take into account the first hour of opening of the session. It is one hour BEFORE the London session opens.

Normally during this session, the market will go in the opposite direction that London will go.

Thus creating a type of liquidity that can be in the form of a mini trend line or channel.

This will induce certain types of traders to see a continuation of that move during London or as we saw on pages 20 and 21.

It is important to know that the Frankfurt session has two main purposes:

- **Create Liquidity and then during the London open the price will reverse.**
- **Frankfurt will do the Inducement and at the same time the Mitigation of our POI and later during the London session we will look for a continuation in that sense.**

- **London session 3 am – 11 am / killzone 3 am – 5 am**

This is the first of the two most volatile sessions of the day.

There will be different scenarios during this session depending on which variation of the Daily Cycle is most likely to occur. It is important to mention that there will be times during London when the price may continue the trend of carry from Frankfurt or may be a reversal of that trend.

Sometimes the main inducement and mitigation will happen during Frankfurt, so during London we will only continue the price action made in Frankfurt. At other times the inducement and mitigation will happen during London.

Based on the Daily Cycle our favorite scenarios will play out during this session as they will be based on what price does during Asia and Frankfurt.

- **New York session 8 am – 4 pm / killzone 8 am – 11 am**

Similar to London with Frankfurt. During this session the price will reverse or continue the trend or the momentum of London.

When the banks open the main Inducement and mitigation will occur with a very large injection of liquidity during the Killzone, which is when the London session and the NY

The “fx hours” app can help you with the topic of the sessions. Or search on Google.



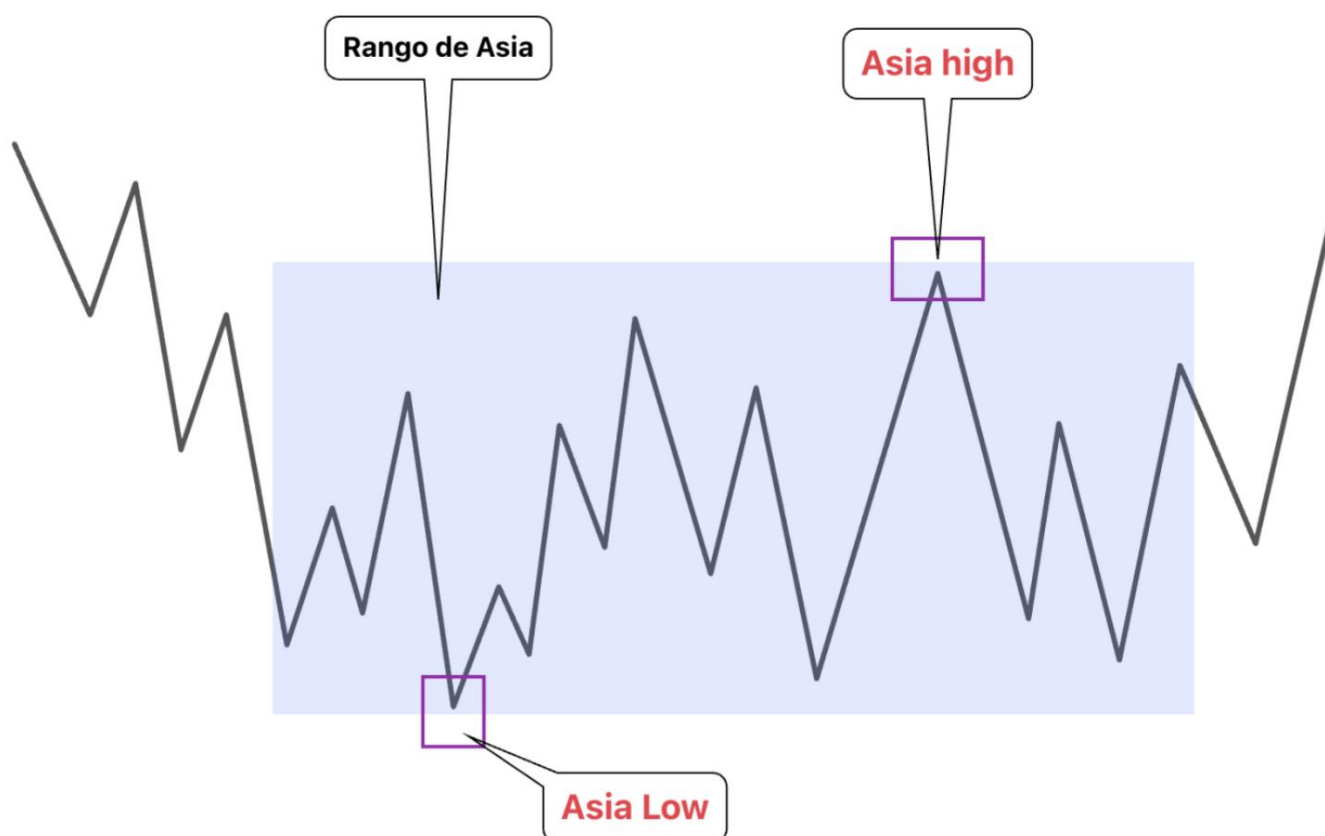
• *Anatomy of the Asian range*

Understanding the anatomy of the Asian range is very important as the Daily Cycle is based on what the price does during this session. So before moving on to the Daily Cycle variations we will look at some of the anatomy of the Asian range so that we can later understand the variations.

The following examples will only be drawings and when we see the variations of Daily Cycle I will show examples on the graph.

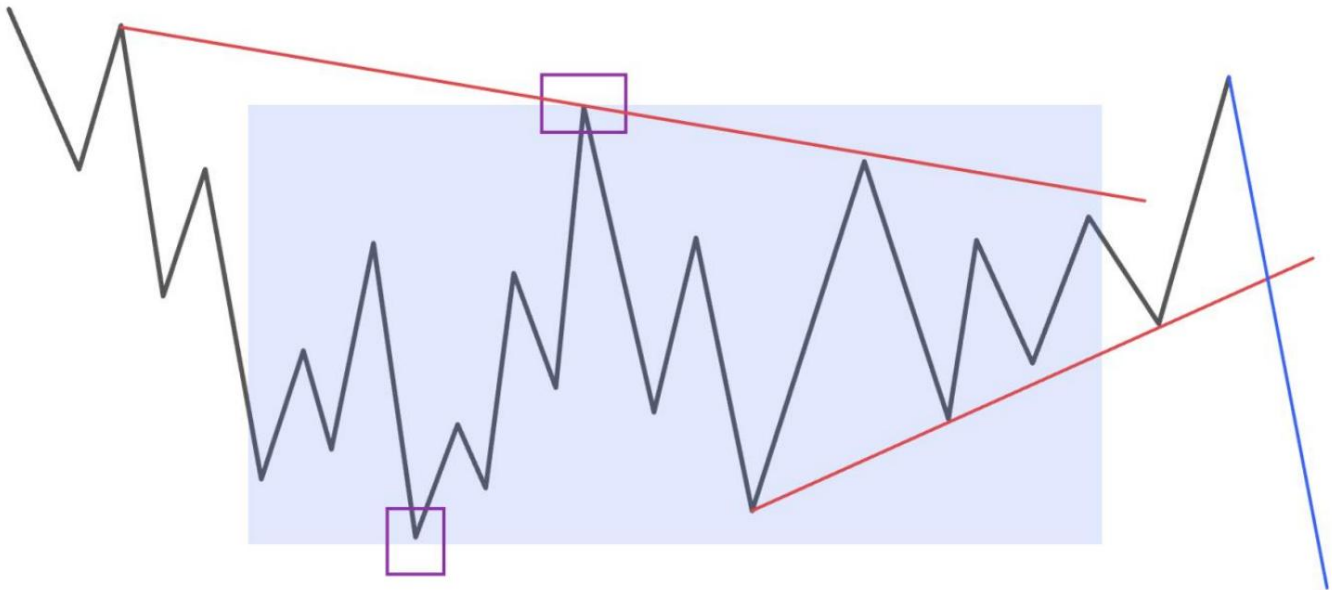
- Asia High y Low

As we already saw previously. The Asian range has the high and the low that will form the highest and the lowest that the price reached during that session. Those two points will almost always be manipulated in some way as we saw in previous chapters. I say almost always because there will be times when this is not the case. Everything will depend on what variation of the cycle it is or what session is currently open.



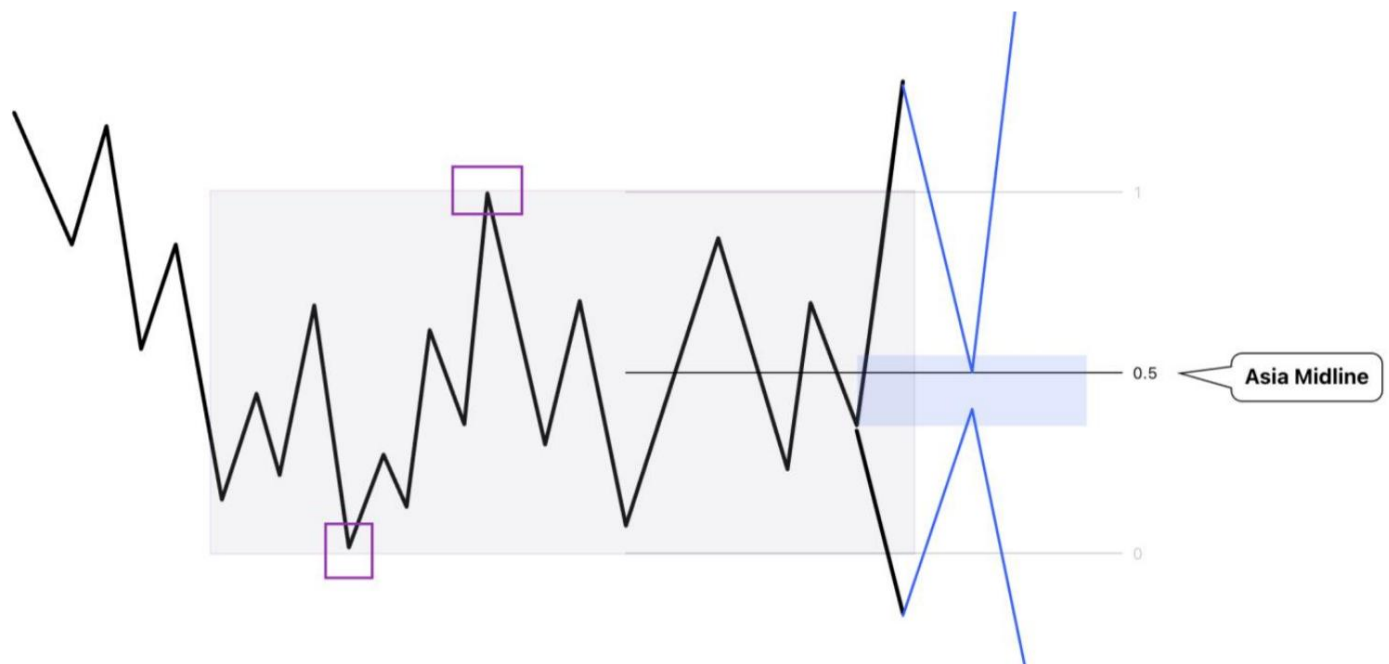
- Liquidity within the Asian range

Liquidity within the range can present itself in many ways and one of the most common will be that of a trend line in combination with the movement that the price has during Frankfurt, to later reverse or continue with said trend in London. motion.



- Asia Midline

The midline is the average of the Asian range. This line is not just a line as such, but a small zone in which the price will sometimes return to it to mitigate any relevant point of interest that is in that small zone, as we will see later.



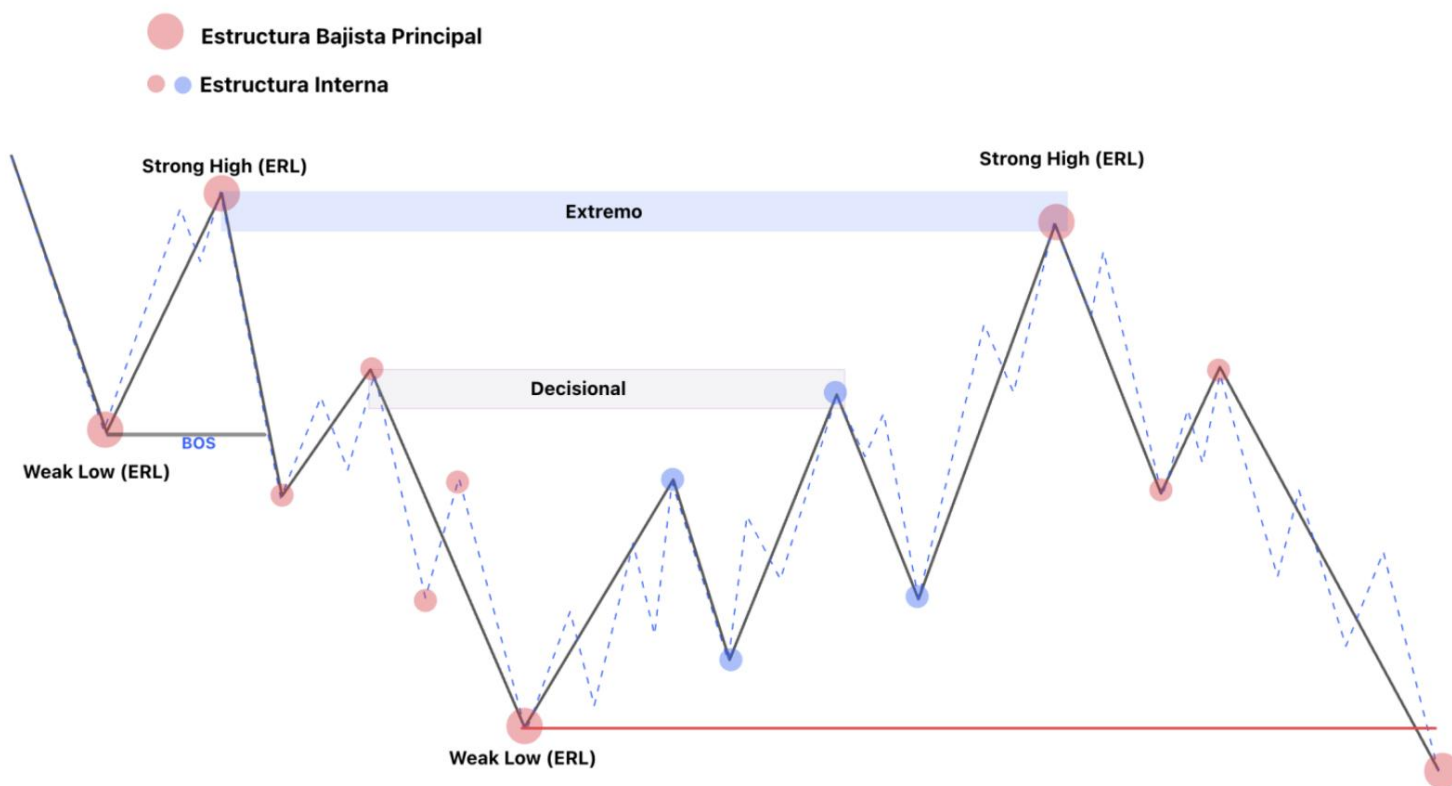
• Understanding Liquidity Cycle

It is the cycle through which the price moves in impulses and retracements combining everything we have seen so far. Structure, trading ranges, liquidity and Inducement.

Being able to understand this cycle and apply it correctly will help you to know with high probability what will be the next movements that the price will make. It will help you know if the market is in a retracement and how far that retracement is most likely to go, and then continue the trend. Or you will know how to identify if the price is in an impulse to be able to enter a continuation of the momentum.

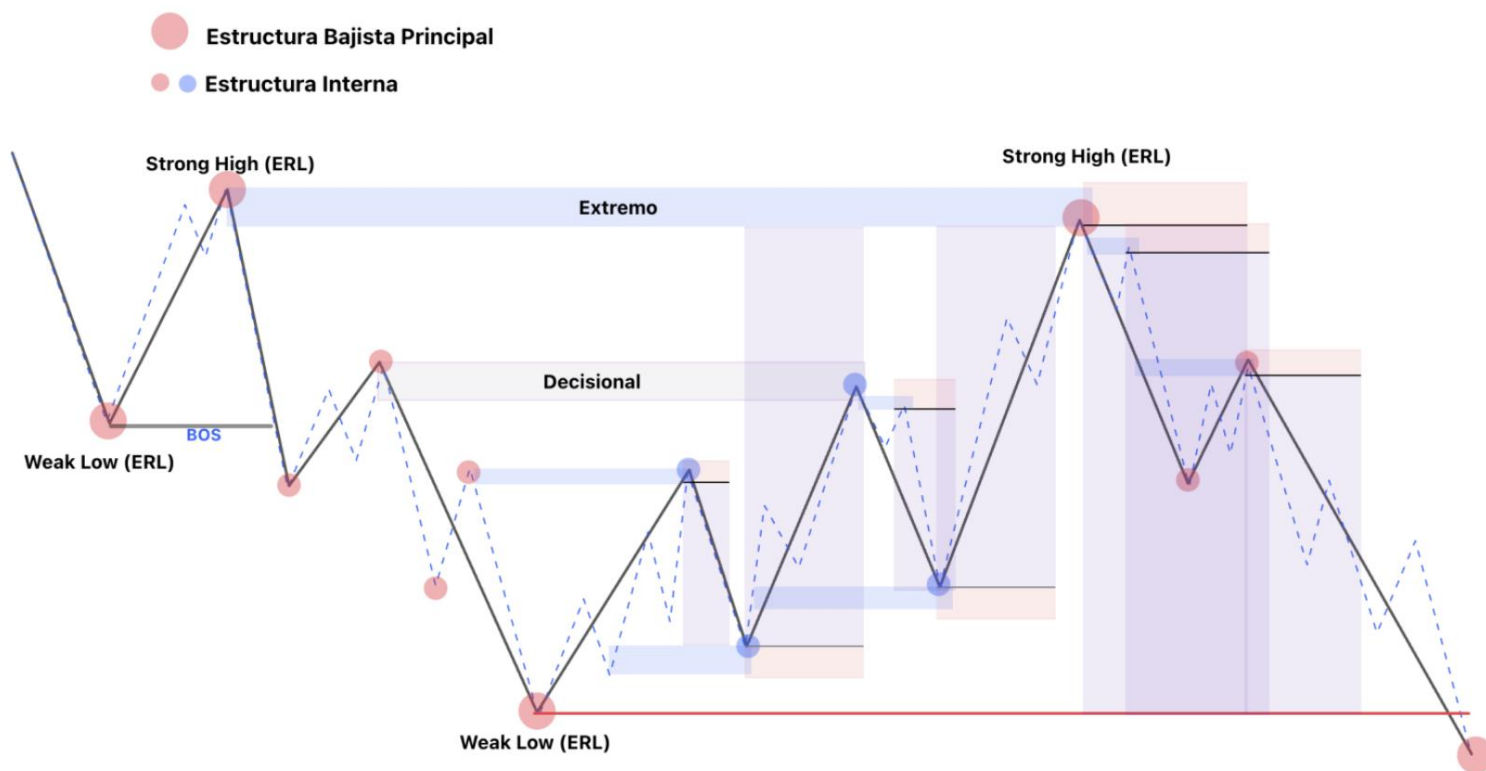
The liquidity cycle tells us where we should expect spikes and pullbacks, with the help of market structure and Trading Ranges.

In the following image you will see an example of how the cycle would look looking at it from the point of view of structure and the combination of TRs.

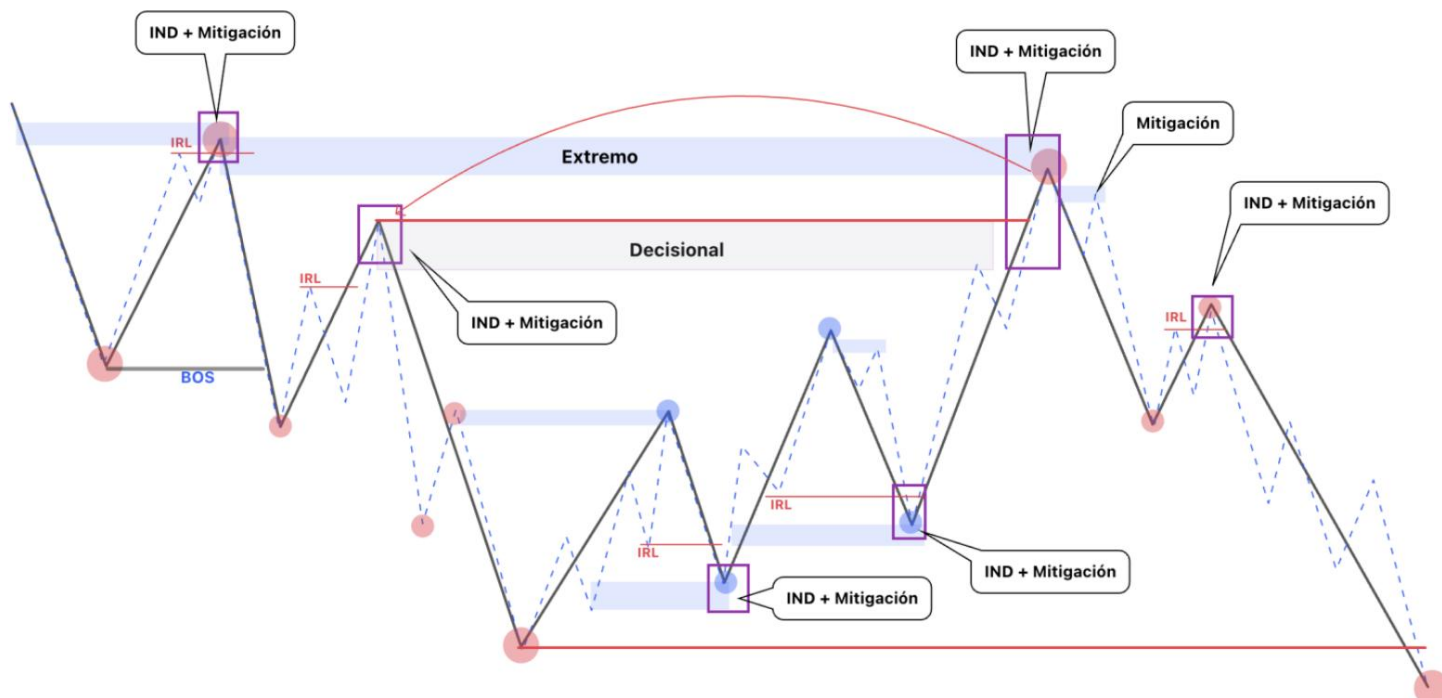


It is very important to know that within a main structure and a TR HTF, we will always have smaller structures and TR in less time. Knowing how to combine the TR HTF with the TR LTF, as well as the respective points of interest, is what will allow us to always know where we are standing. It will allow us to know how to enter trades against the trend and where to exit in order to enter in favor of the trend.

In the following image you will see an example of how the cycle would look from the structure point of view and the combination of TRs highlighting the counter-trend trades, as well as the who are in favor of the HTF trend.

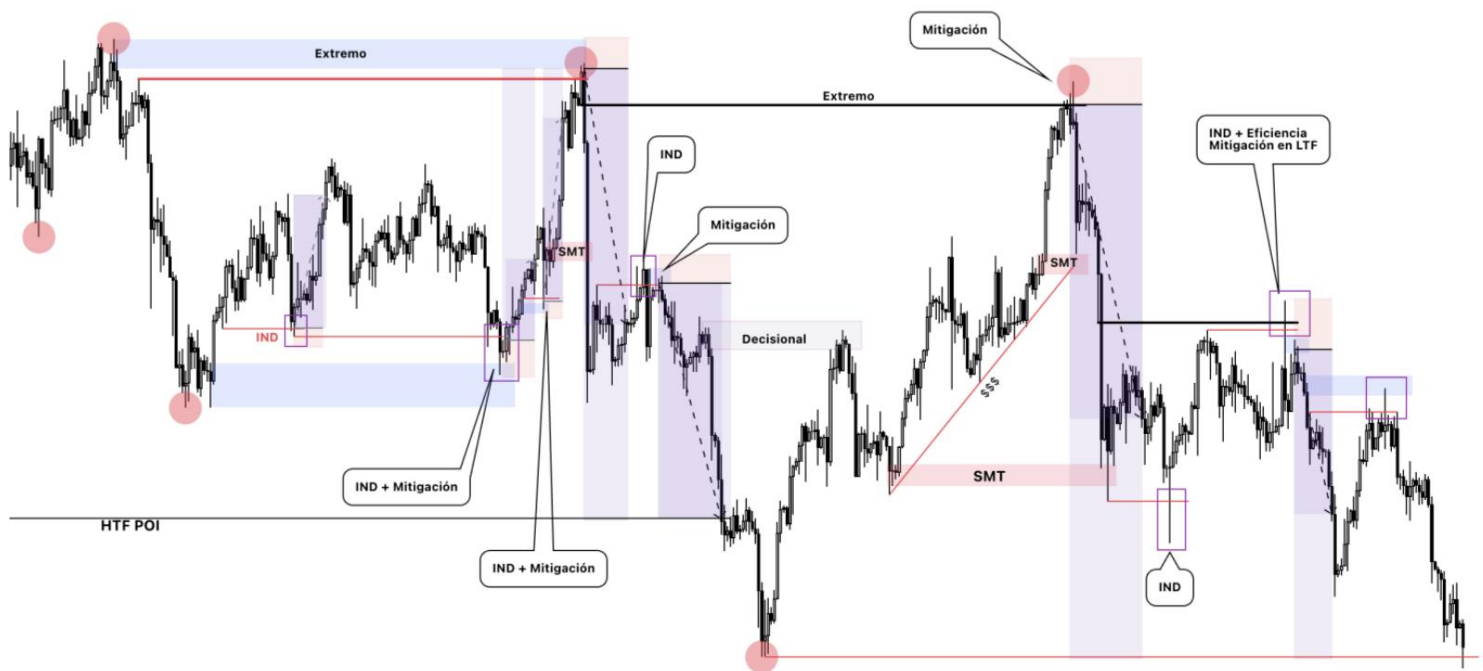


The following example will be the same image as above but now highlighting liquidity and inducements. Later we will see a similar example, but applying the variations of the Daily Cycle once we have seen them.



The previous examples are only illustrative images with the purpose of showing the liquidity cycle and structure in a clear and not so complex way to understand.

In the following image you will see the graphic of the ORO TF 7h highlighting everything seen so far.



[Image link for better quality](#)

Later, when we have already seen the variations of the Daily Cycle, we will see similar examples, but applying the different variations of the cycle.

I did not show bullish examples so as not to put more content than necessary. It is obvious that for bullish scenarios it would be exactly the opposite of what was seen in the examples on the previous pages.

- ***Case study XAUUSD (gold) applying the liquidity cycle and structure***

In the following link you can find the case study of the previous example explaining it in more detail.

Gold Case Study

• *Variations of the Daily Cycle*

Now that you understand what is the Inducement, the SMT, the Induction and Liquidity Cycle and the Liquidity and Structure Cycle, we are going to see the variations of the Daily Cycle.

The Daily Cycle in a nutshell is the expected Order Flow or the cycle that the price will make based on the structure, liquidity and range of Asia.

Remember what we discussed earlier. **The Daily Cycle is more focused for intraday trading in the Forex market and the best timeframes to operate it will be m15, m5, m3, m1 or any timeframe less than m15.**

There will be times when, with a clear swing structure or HTF points of interest, we can identify a good opportunity based on one of the variations of the cycle.

The Daily Cycle will let you know where the price is most likely to go and when, knowing how to combine it with Timing, structure and liquidity, but this requires a lot of experience and time will only give you that through practice. . It is not advisable that you want to trade all the variations from the beginning.

These "variation schemes" are repeated every day at the same times, so I advise you to practice these schemes a lot on the chart as that will give you the confidence to trade them.

I personally recommend that you focus on a couple of models at the beginning and little by little you gain that confidence to operate it.

Another recommendation that I should make is that you do not try to predict what change in the cycle the price will make because that may predispose you to look for a certain scenario and it is not always the best. **The variation that the price will make will depend on several factors such as the structure, the creation of liquidity, what the price has done in Asia or in Frankfurt, as you will see in the following pages.**

Again, this will take time, so be patient with your process and practice.

There are 7 bullish variations of the Daily Cycle and 7 bearish variations, but there is one variation in particular that is VERY rare and complex to watch, so to avoid any unnecessary headaches, I will skip that "DC" variation and focus on the variations. best and most common.

TO GIVE STEP TO THE VARIATIONS OF THE DAILY CYCLE IT IS NECESSARY

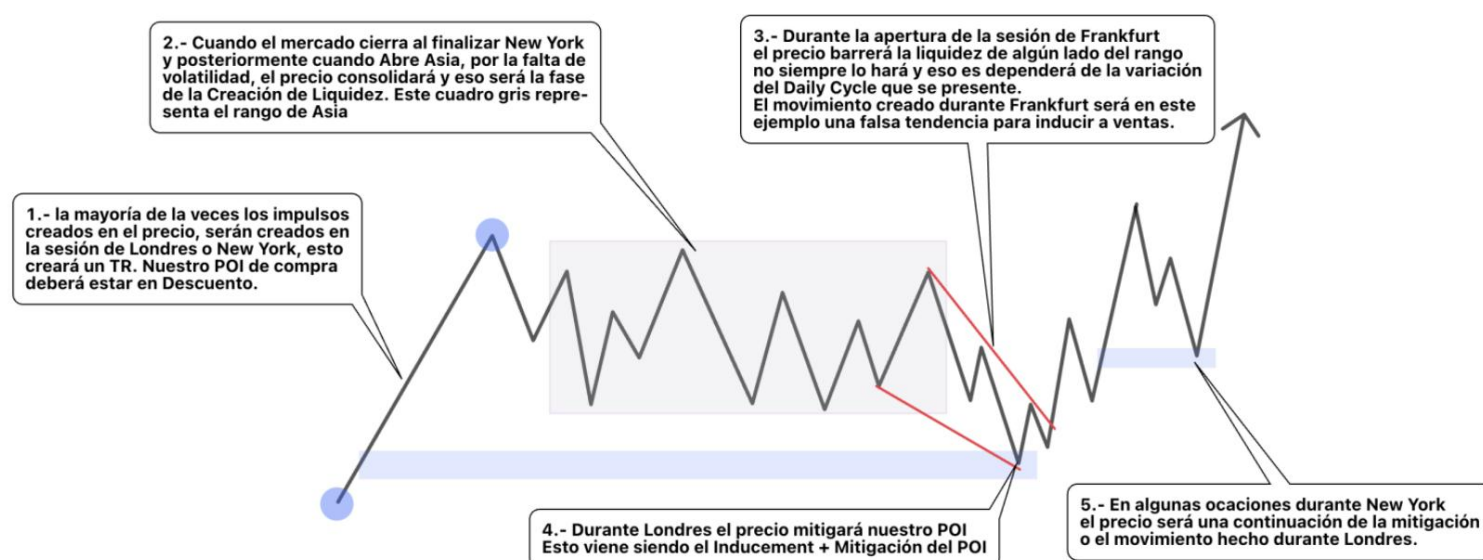
REMEMBER WHAT WAS SEEN AT THE BEGINNING OF THE CHAPTER ON PAGES 38 AND 39.

The following image is made so that you can see one of the variations of the Cycle in a very descriptive way of what the price will normally do with respect to the sessions and the volatility it will have during said hours.

This in order that the following images are not so detailed to try to make the scheme as simple and understandable as possible.

ALL VARIATIONS ARE DIFFERENT, BUT HAVE THE SAME CHARACTERISTICS

Read as the image is numbered.



As I mentioned at the top of the page. The image above is simply to familiarize you with the importance and purpose of each session. Realize in the following examples of the importance of the sessions.

And I repeat that it is important to be very clear about what was seen on page 38 and 39 in order to advance to the following pages.

AT THE END OF EACH VARIATION YOU WILL FIND IN COLOR BLUE A LINK TO SEE A VIDEO ABOUT THE EXAMPLES SHOWN IN SUCH VARIATIONS.

1.- Normal Day of Liquidity or Normal Day Liquidity

This is personally my favorite variation and the easiest to operate with which, even if the POI is of high probability, we can leave a sell limit or buy limit.

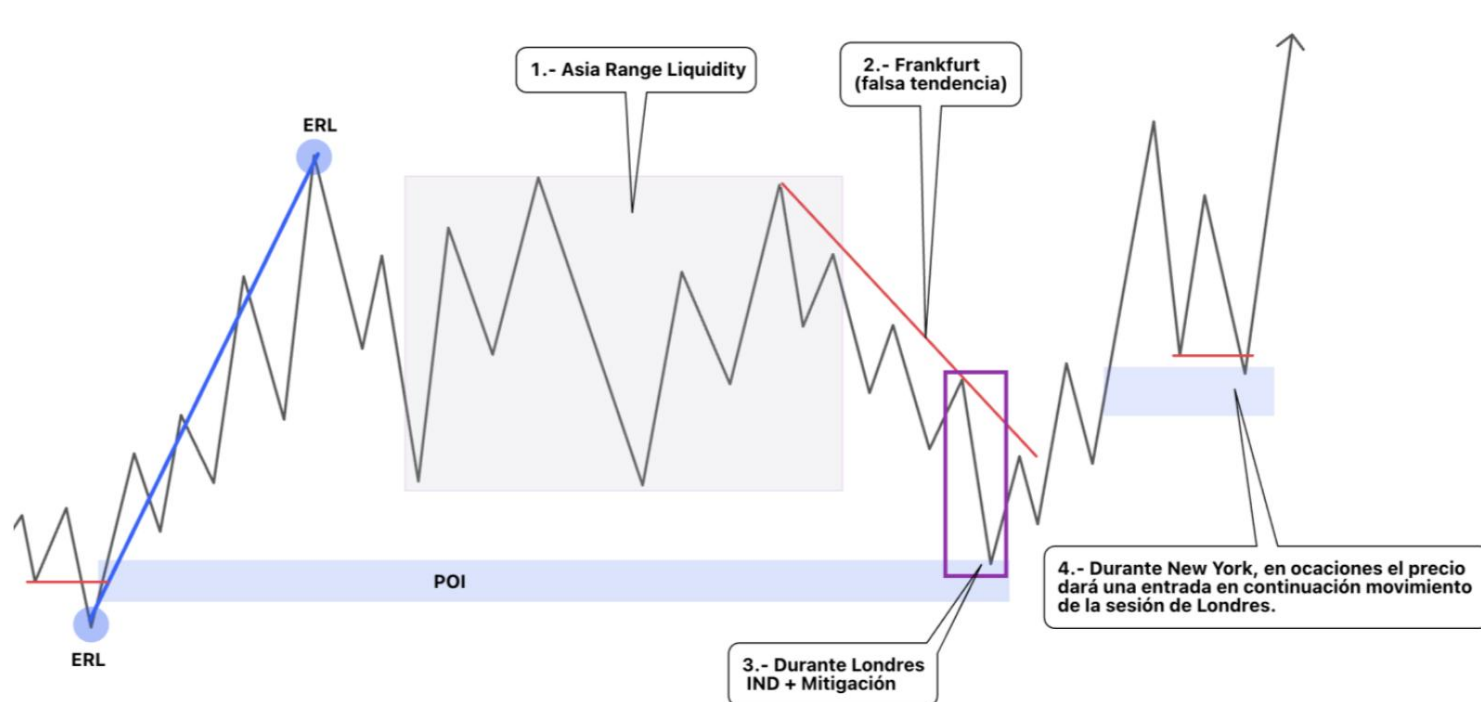
It is a very good option to use it in continuation trades once the intraday structure it is clear.

This variation is the one you saw in the previous book, ***“The Reality of the Smart Money Concepts Method”*** on page 50 that talks about ARL. This variation occurs when the price You have created a Trading Range and you are near or relatively close to a POI.

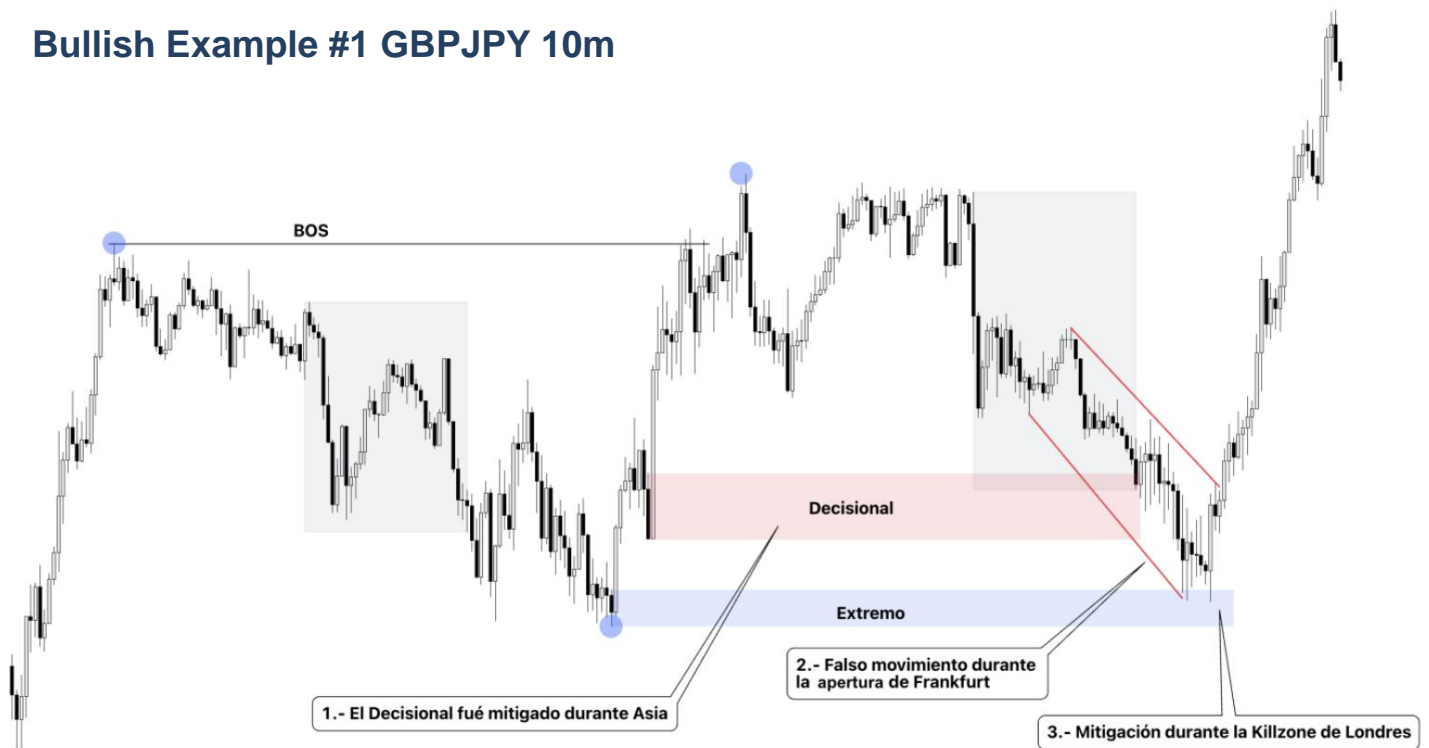
Bullish Example:

This variation occurs when the price is in a clear intraday bullish TR and within the Range begins with the creation of Liquidity. Subsequently, at the Frankfurt opening, the price will go for the liquidity of the Asian Low, it will induce sellers by breaking said IRL and at the same time it will mitigate our pro-trend buying POI.

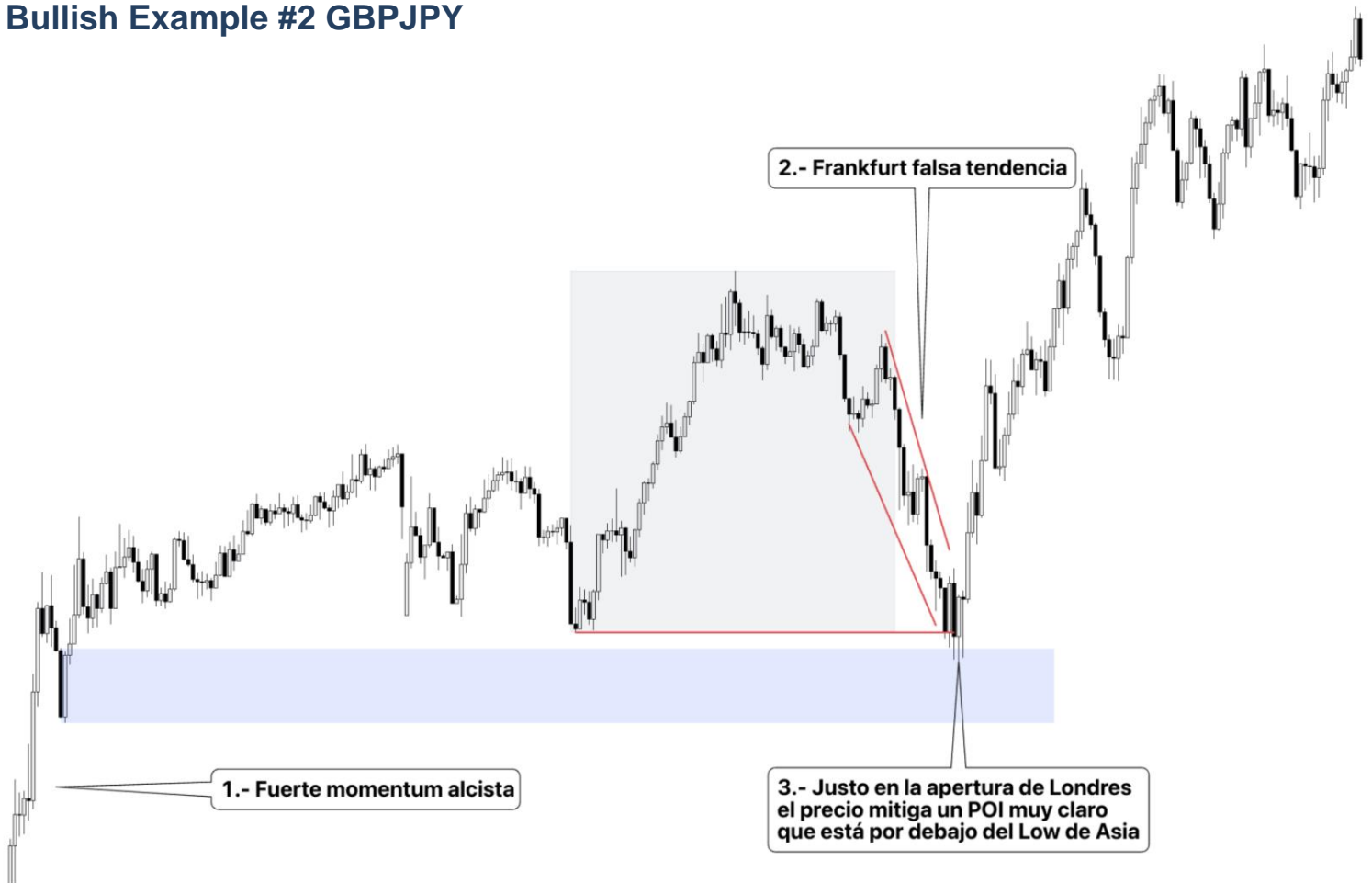
Sometimes during the New York Killzone, he will give us an entry in continuation of the moment of London



Bullish Example #1 GBPJPY 10m

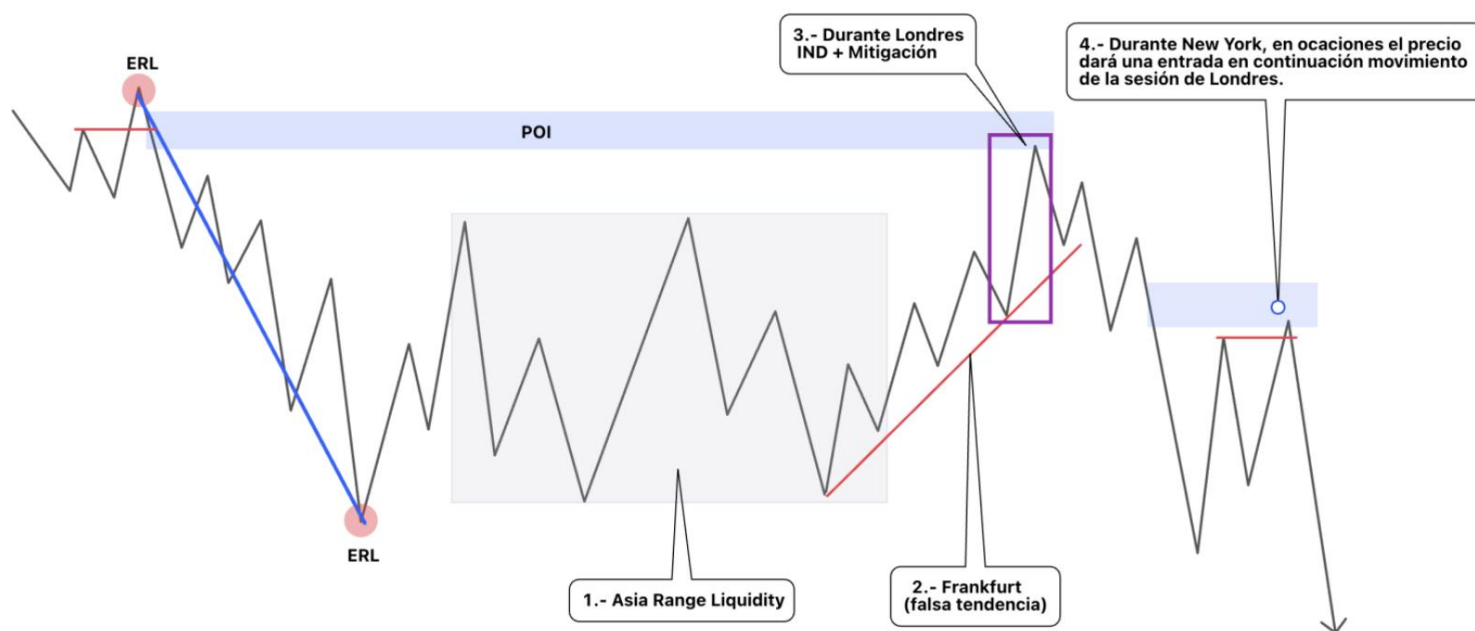


Bullish Example #2 GBPJPY



Bearish example:

This variation occurs when the price is in a clear intraday bearish TR and within the Range begins with the creation of Liquidity. Subsequently, at the Frankfurt open, the price will go for the liquidity of the Asian High, it will induce buyers by breaking said IRL and at the same time it will mitigate our pro-trend sell POI.



Bearish Example #1



[Video of variation 1:](#)

2.- Asia Whipsaw

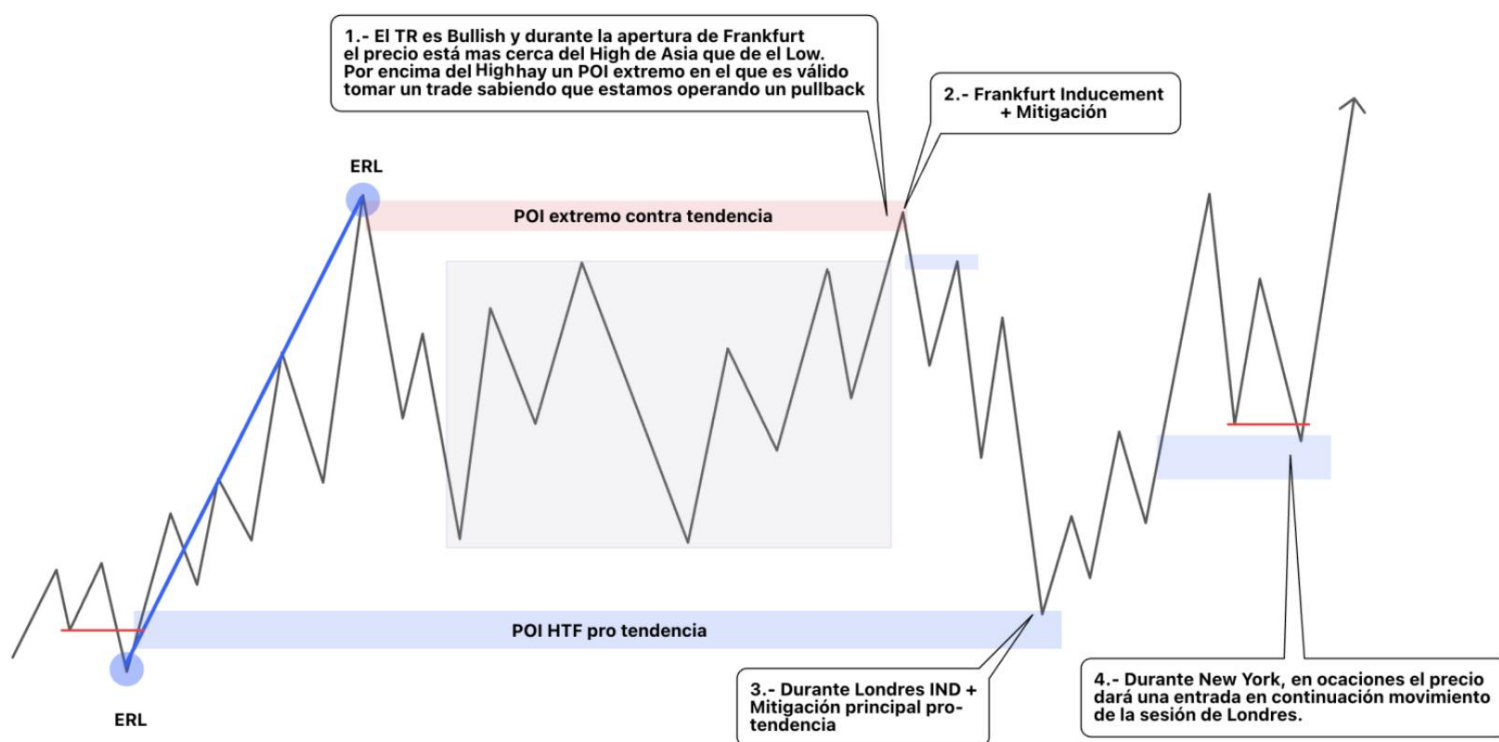
This variation of the cycle is very good for trades against the trend or pullbacks.

There will be times when the price has not mitigated our pro-trend POI. But knowing that the price still has to go down to mitigate our main POI, we will have the confidence that when Frankfurt opens and if on the left of the graph we find a POI to sell that is valid and that has inefficiency. So it can be a very good trade.

Bullish Example:

It happens when the Asian High is swept before sweeping the liquidity of the Low and mitigating the pro-trend POI. Useful for short-term selling and then buying in favor of the intraday structure.

In the example below you will see the TR is Bullish, therefore we should look for buys. But there will be times when the price is closer to taking the liquidity of the High than to the Low, so it is most likely that in Frankfurt there will be a reversal taking the High first and then during the same session taking the Low liquidity from Asia and thus mitigate our main POI during the London Killzone and perhaps in the NY Killzone it will give us a continuation of the momentum presented in London and that due to the Bullish structure, we expect the next movement to continue to be Bullish.



Bullish Example #1 GBPU\$D m5

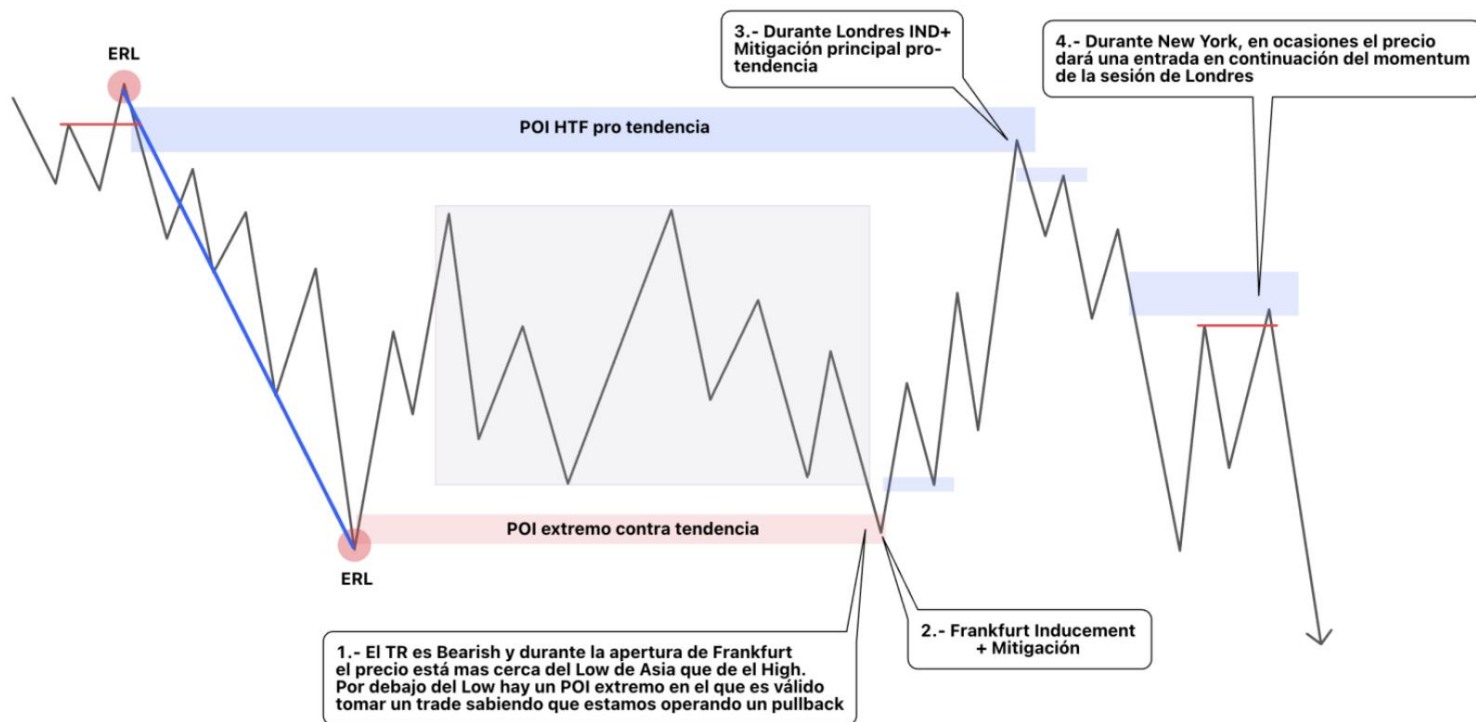


Same example, but showing the potential trades:

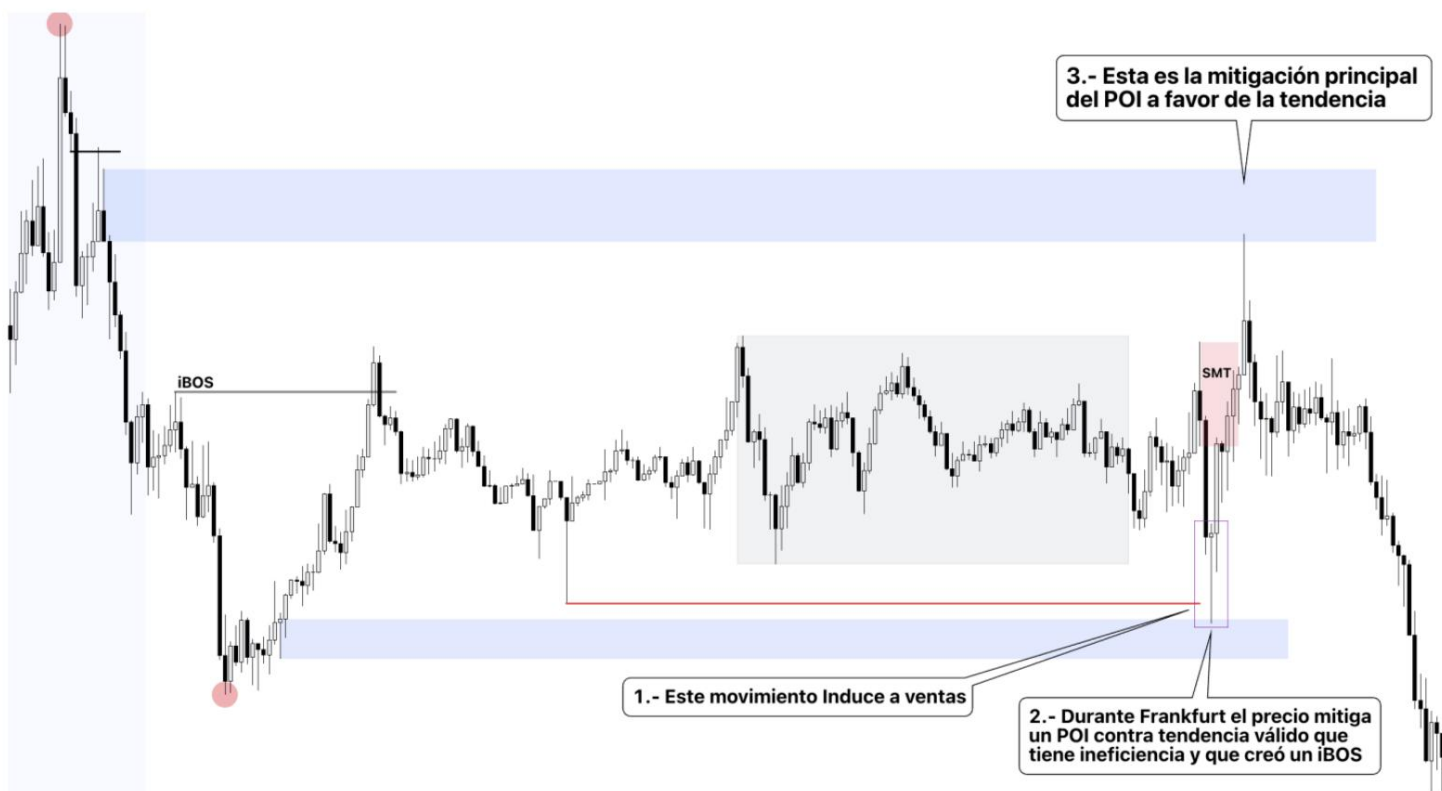


Bearish example:

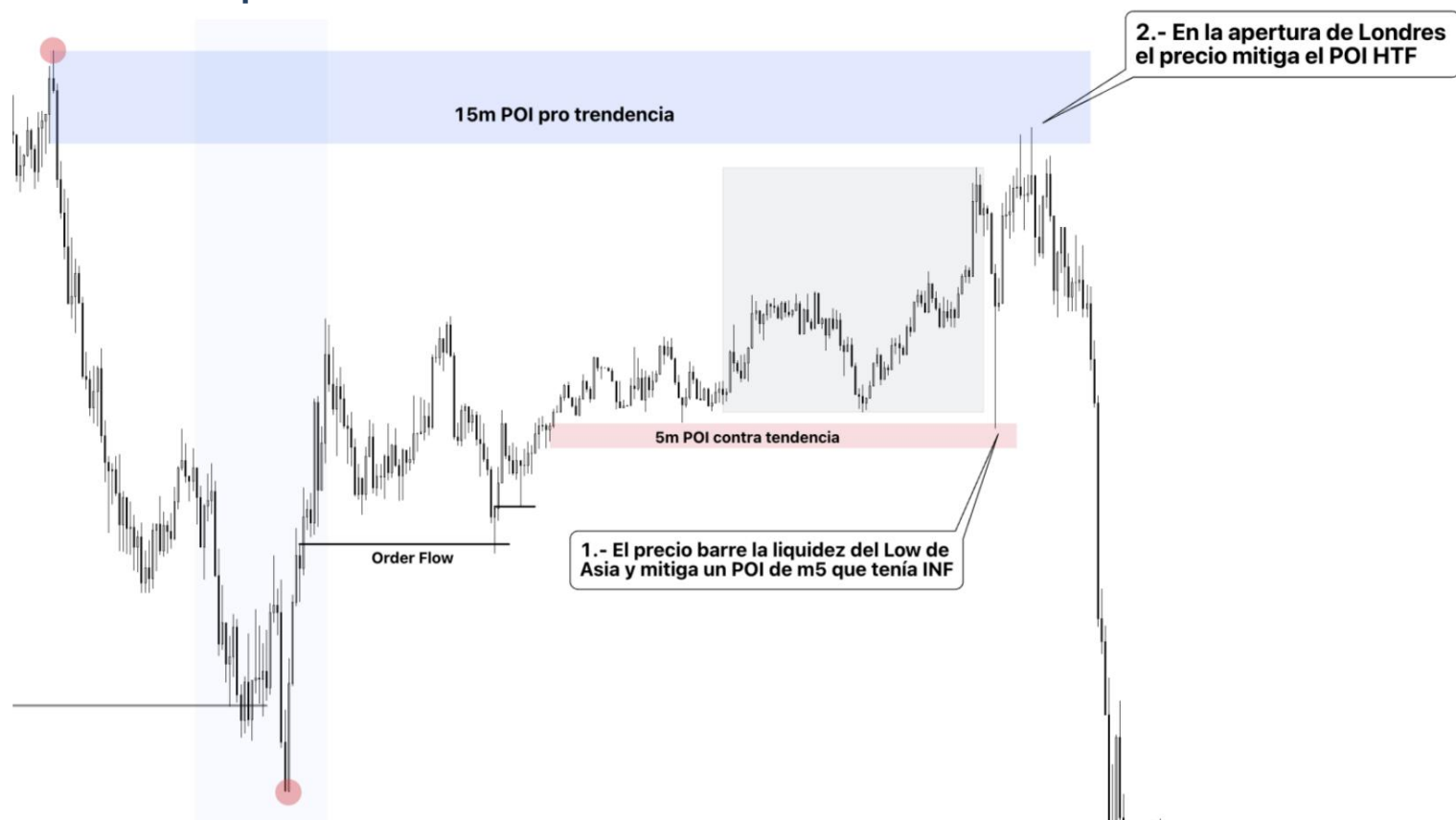
It happens when the Asian Low is swept before it sweeps the liquidity of the High and mitigates the pro-trend POI. Useful for a short-term purchase and then buy in favor of the intraday structure.



Example Bearish #1 GBPUSD m10



Bearish Example #2 GBPUSD m5



Same example showing the possible trades

GBPUSD m5



Variation 2 Video

3.- Asia Sweep + Midline

The following variation can also be quite useful for continuation trades.

As we saw earlier on page 41, the 50% Asian range is key to this variation. Since, within the range there will be occasions in which the price leaves a valid POI and during the London Killzone, it will return to mitigate it WITHOUT sweeping the liquidity on the opposite side of the range.

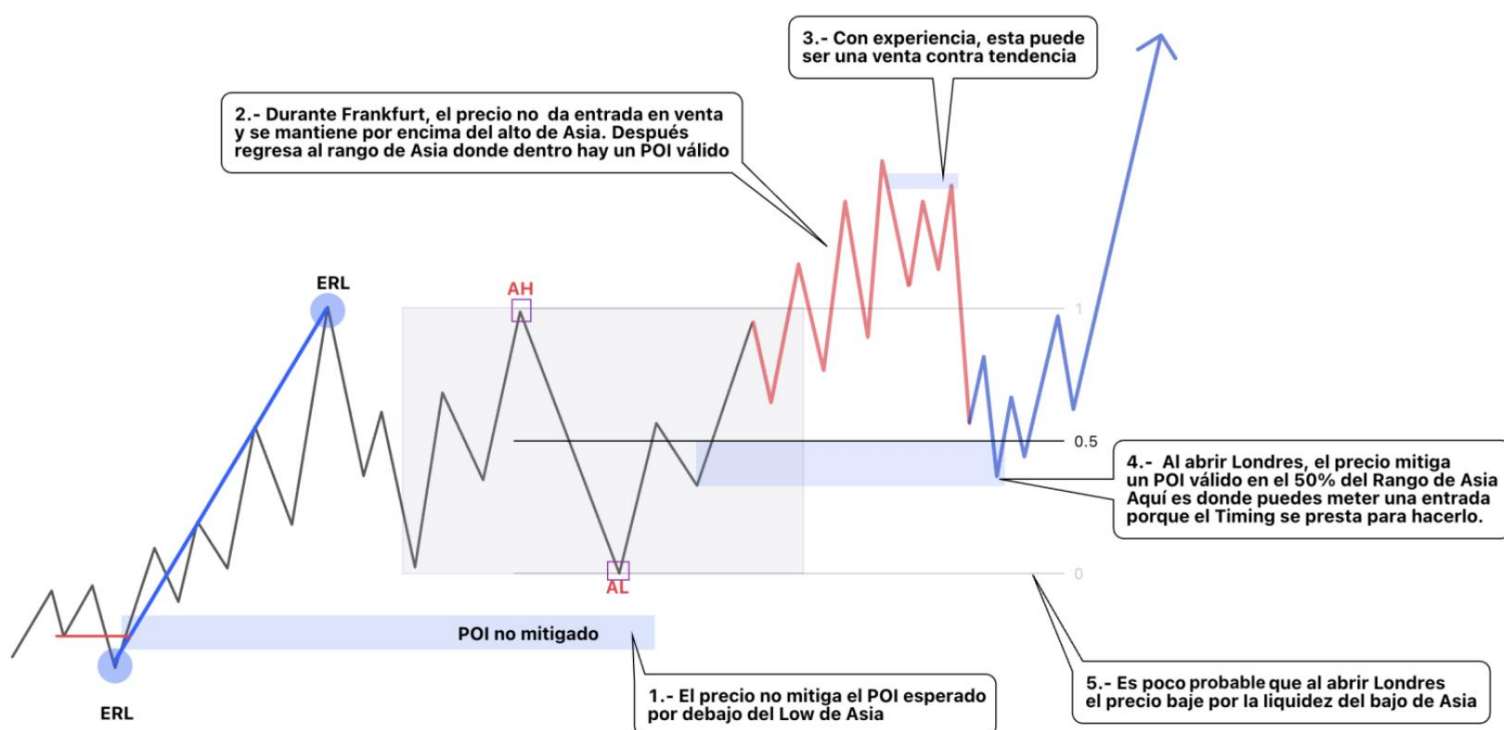
The word “sweep” refers to the price sweeping liquidity from only one end of the Asian range during the Frankfurt open.

Later it returns within the range and it is there that, if the London session is open, it is when we can take a trade in the POI that is in the 50% of the Asian Range.

Bullish Example:

It happens when the Asian High is broken and the price remains above it, to later return to mitigate a POI at 50% of the Range during the London session.

Read as the image is numbered.



Bullish Example #1 GBPJPY m5



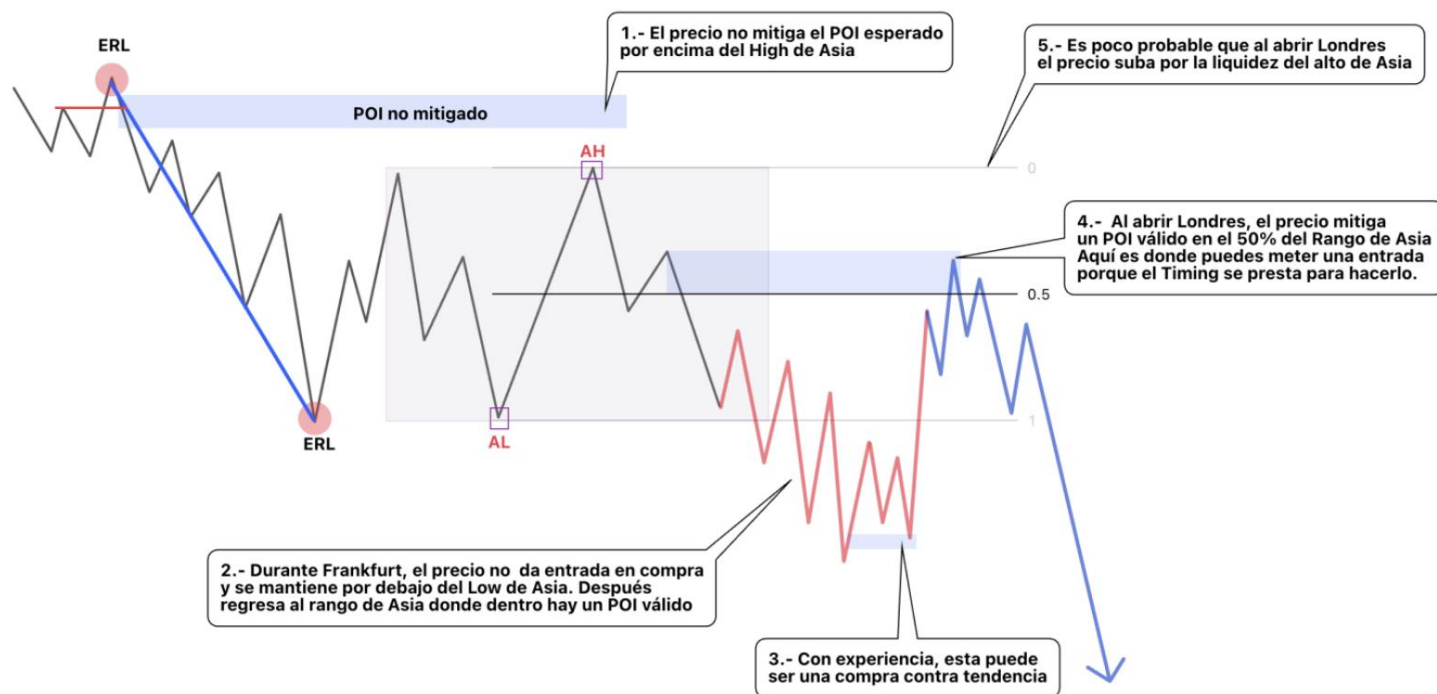
Bullish Example #2 GBPJPY m5



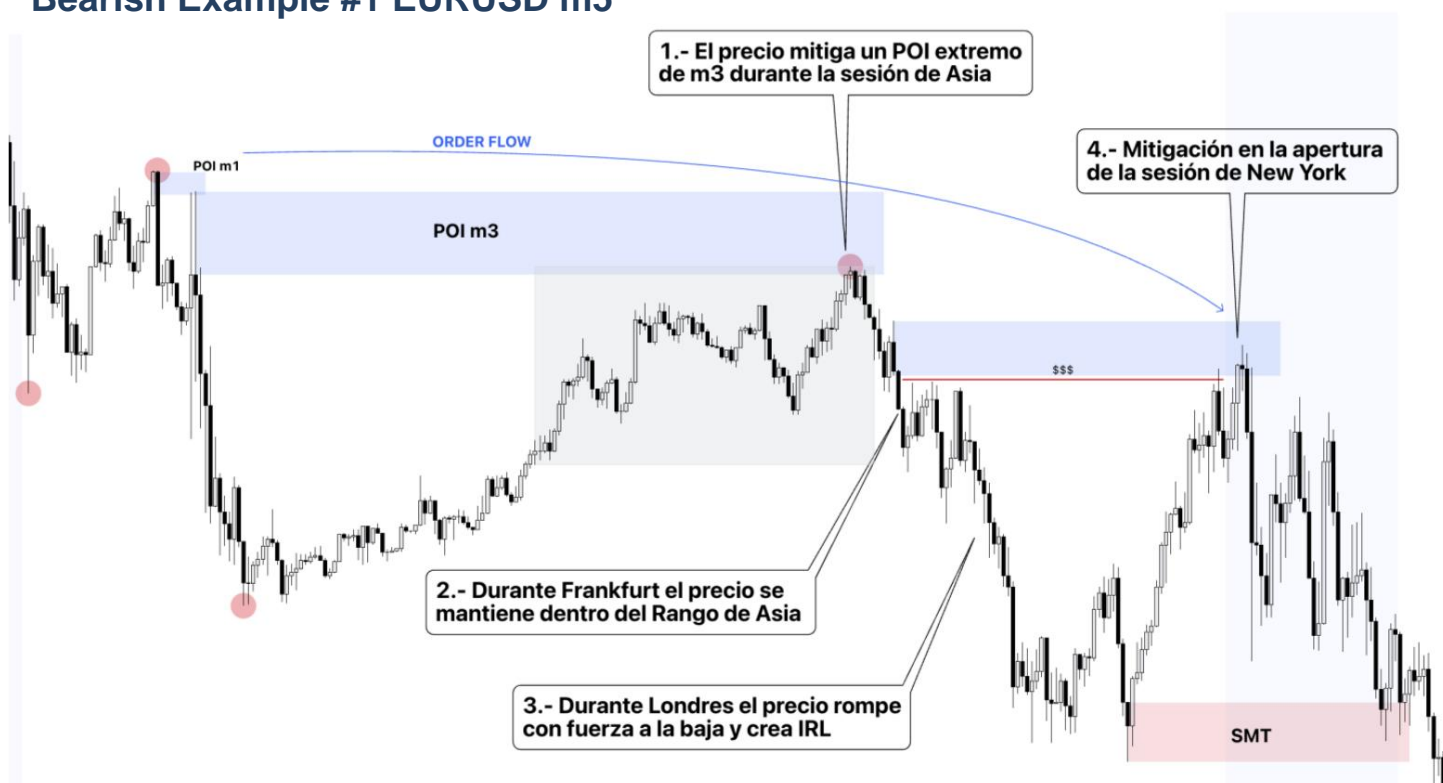
Bearish example:

It happens when the Asian Low is broken and the price remains below it, to later return to mitigate a POI at 50% of the Range during the London session.

Read as the image is numbered.



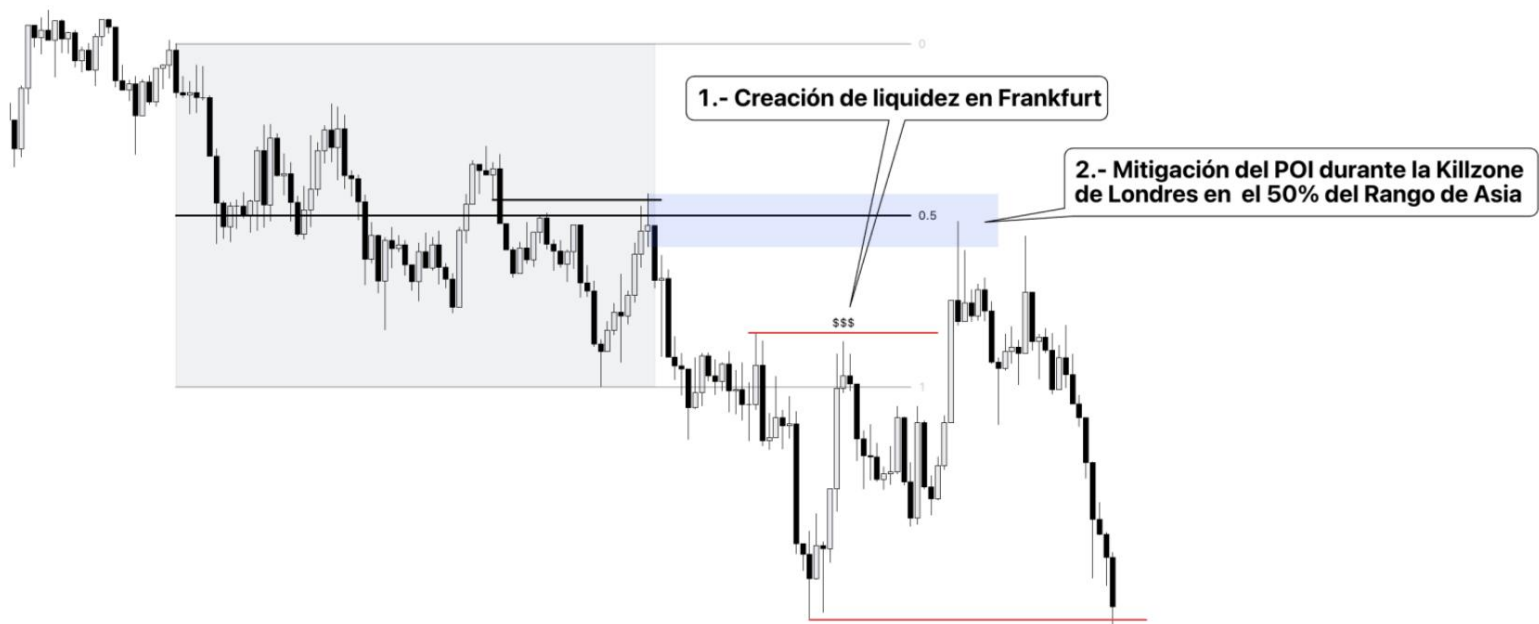
Bearish Example #1 EURUSD m5



Bearish Example #2 GBPJPY m3



Bearish Example #2 XAUUSD (gold) m5



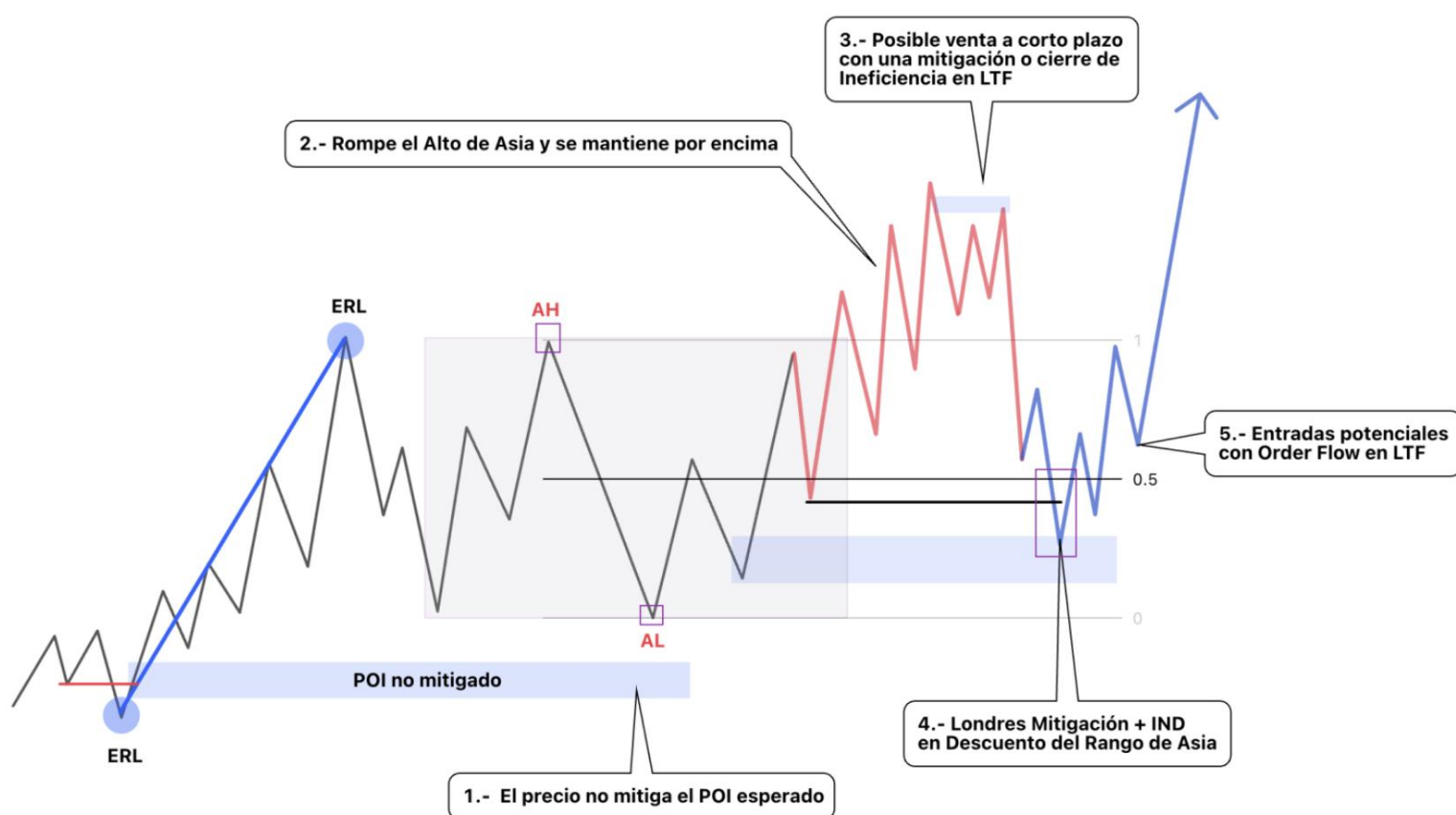
[Variation 3 Video](#)

4.- Asia Sweep + Midline Premium / Descuento

The next variant of the Daily Cycle is pretty much the same as the previous one. The only difference is that the price returns a little more than 50% to either Premium or Asia Rank Discount.

Bullish Example:

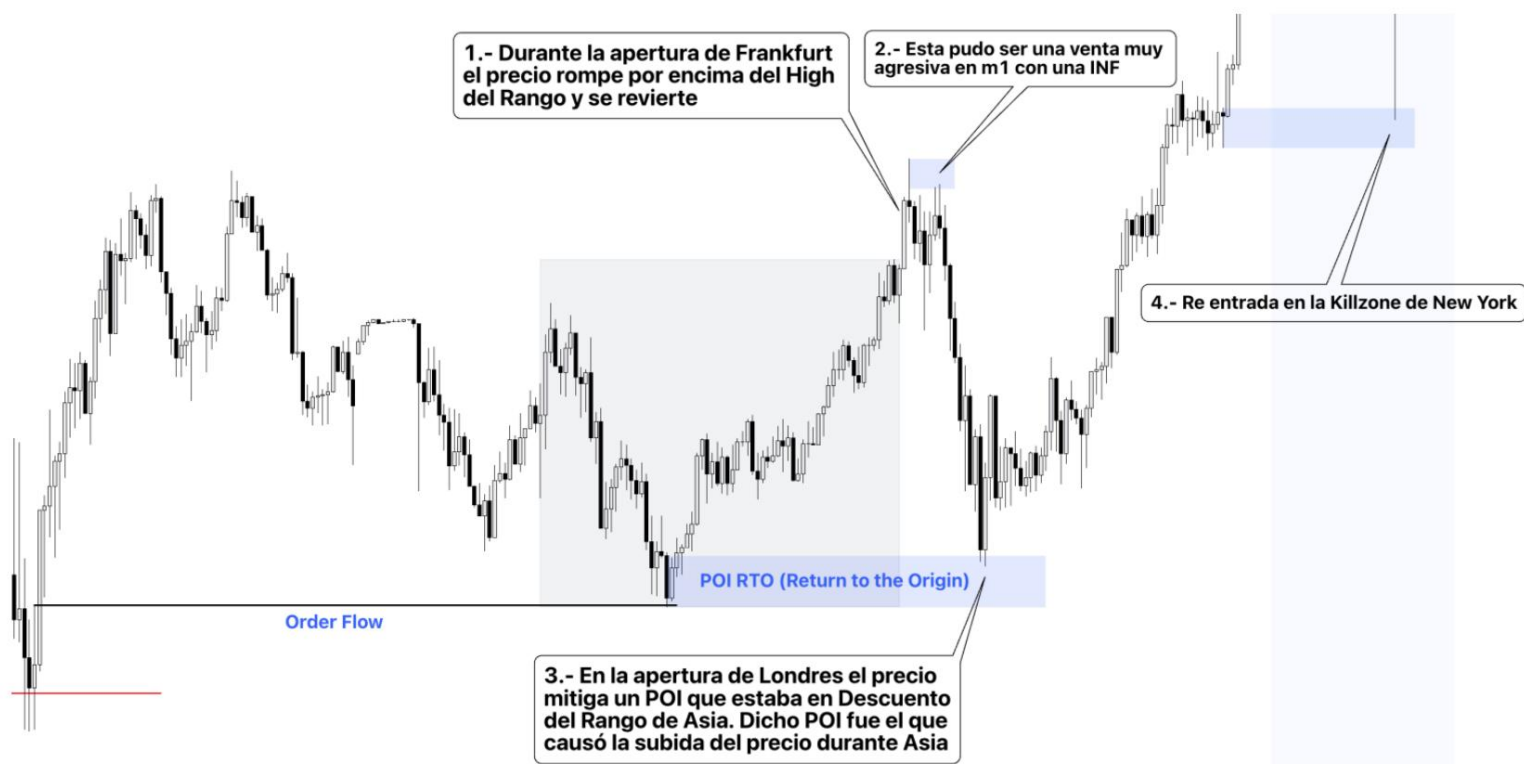
It happens when the Asian High is broken and the price stays above it, to later return to mitigate a POI in the Asian Range Discount during the London session.



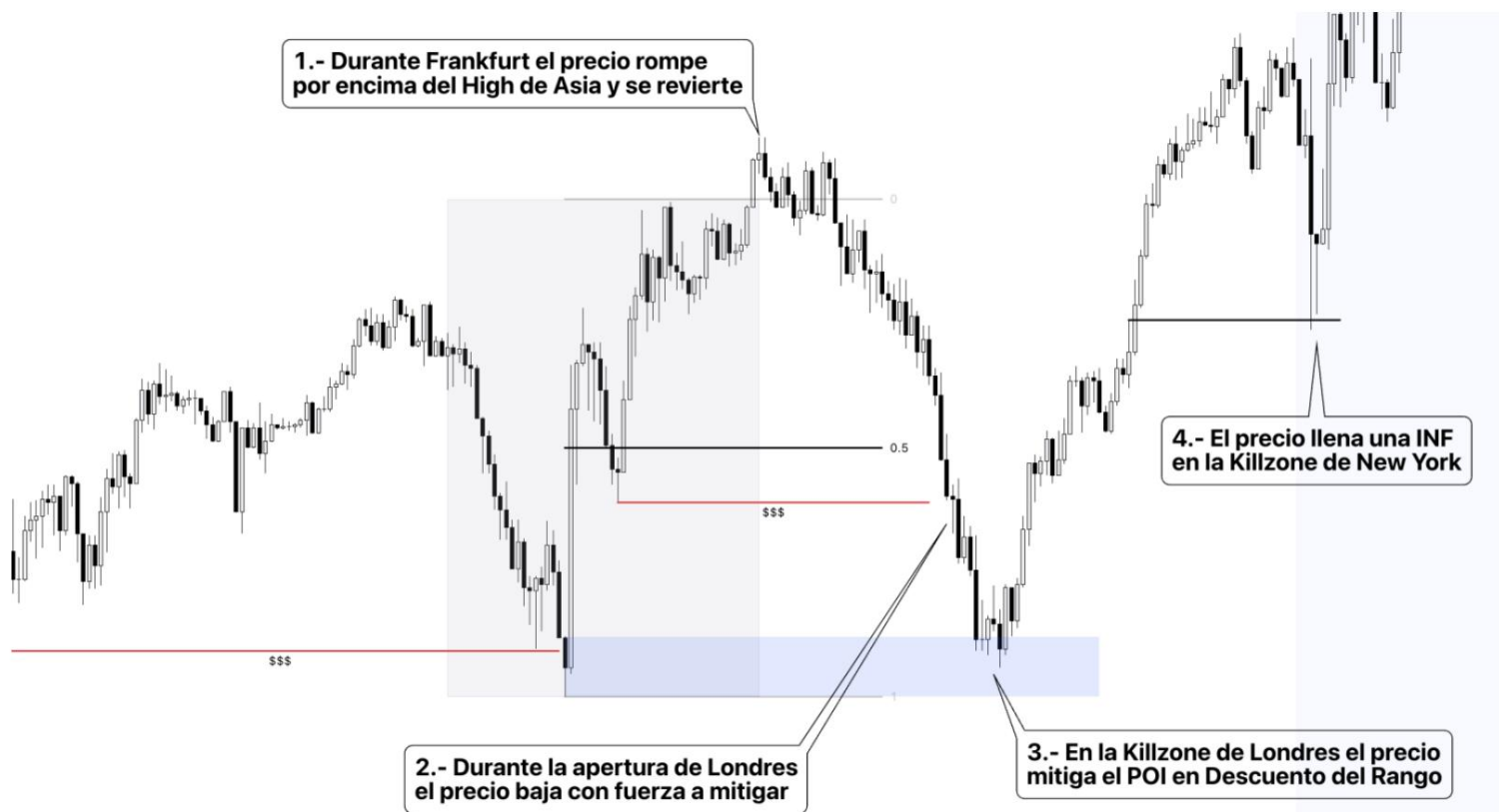
The difference to operate this variation or the previous one of the Asia Midline will depend on the clarity of the POI.

If the POI in premium or discount is visibly better than that of the Midline, then the ideal would be to enter the one that is in premium or discount. And vice versa, if the Midline POI is better due to confirmations or Order Flow than the one in premium or discount, then the ideal would be to choose the Midline one.

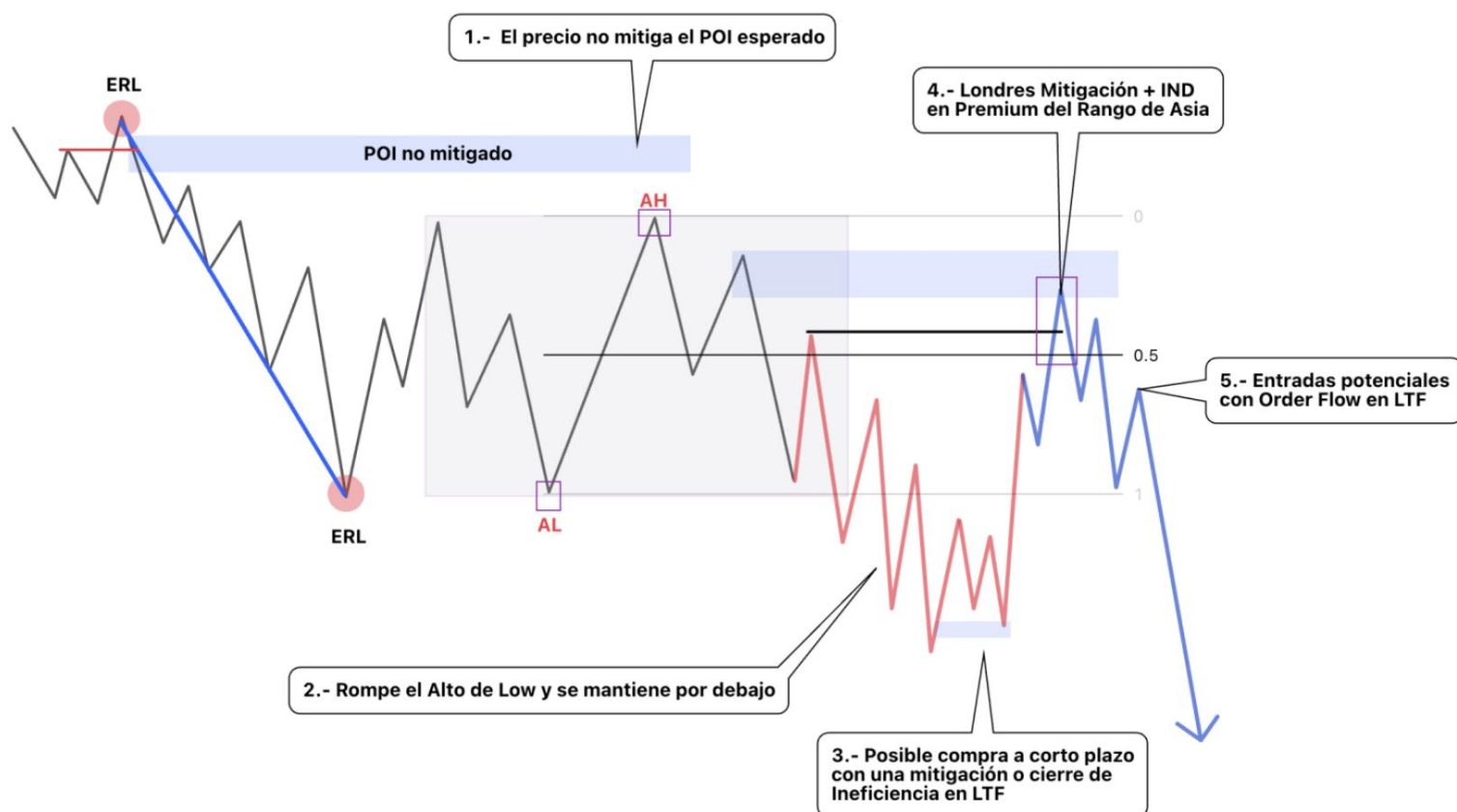
Bullish Example #1 EURJPY m5



Bullish Example #2 AUDUSD m5



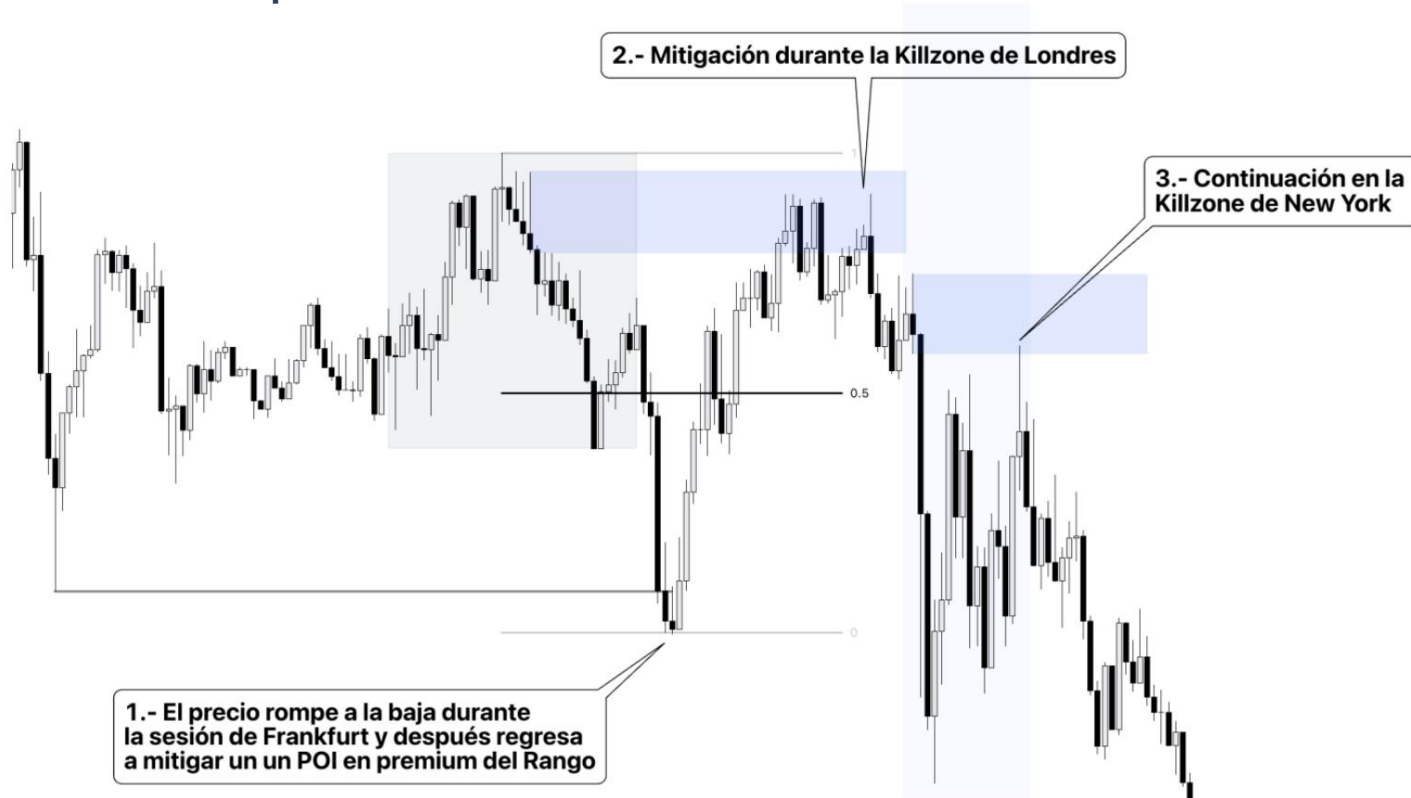
Bearish example:



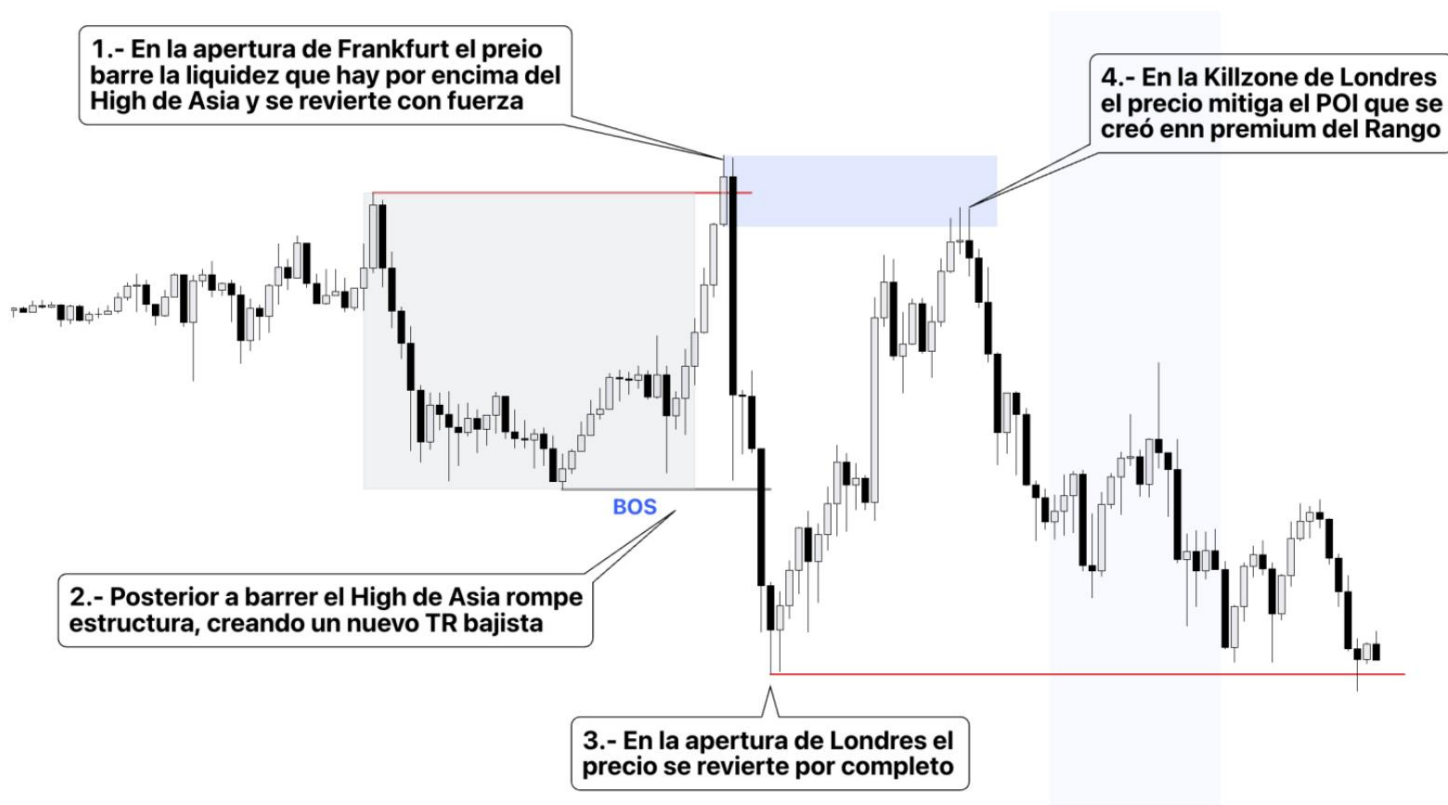
Bearish Example #1 EURUSD m5



Bearish Example #2 AUDUSD m10



Bearish Example #3 EURJPY m10



Variation 4 Video

5.- Mitigation of the High/Low of the Asian Range

The next variation is similar to the previous two as the price returns to mitigate some point of interest at one end of the range.

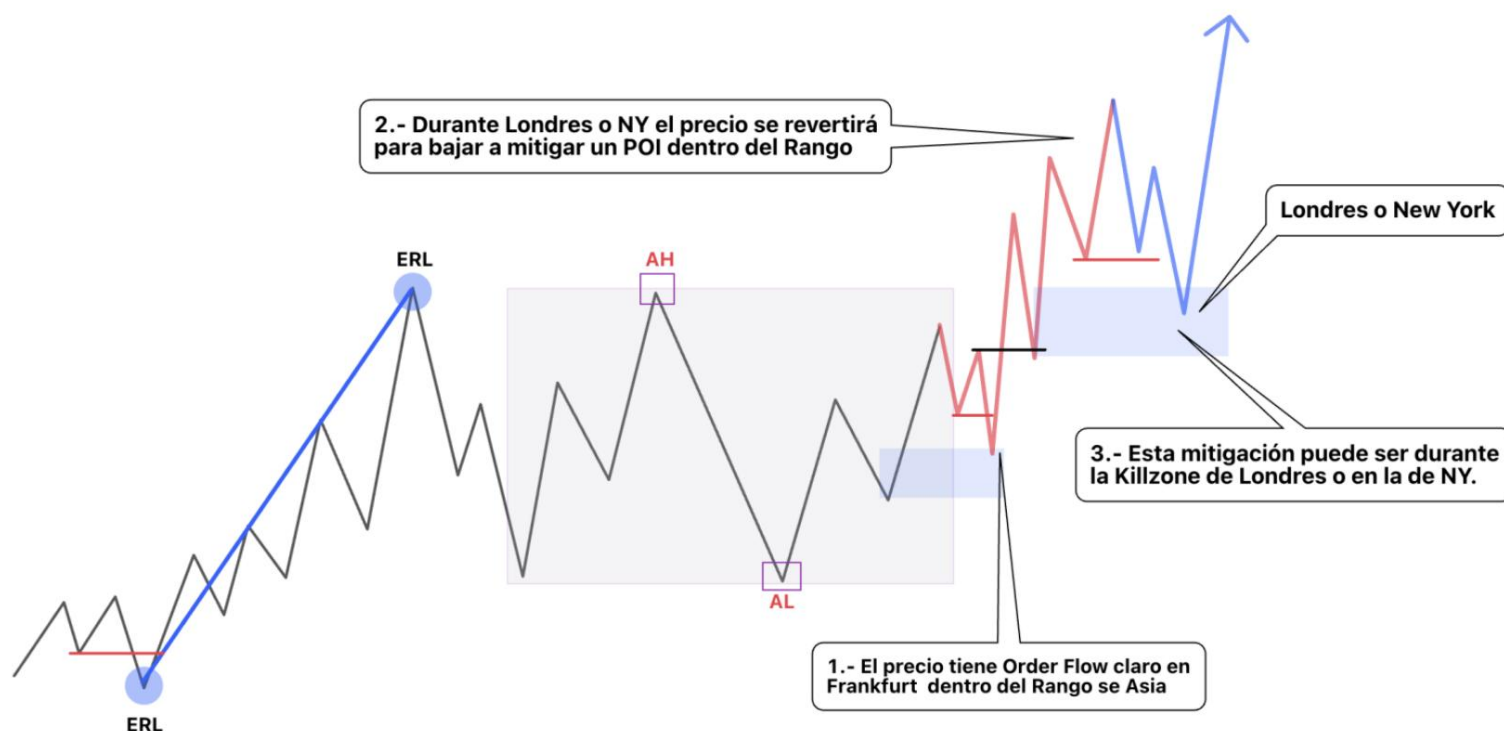
It will not return to 50% or discount in a bullish case or premium if it is a bearish scenario.

Bullish Example:

This variation occurs when the price during Frankfurt breaks above the Asian High and later, when London opens, it will return to the top of the Range to mitigate a point of interest that is very clear.

There will be times when the price returns to mitigate during the New York Killzone and not in London.

This scenario will be valid only if the intraday structure is bullish.



Bullish Example #1 GBPJPY m10



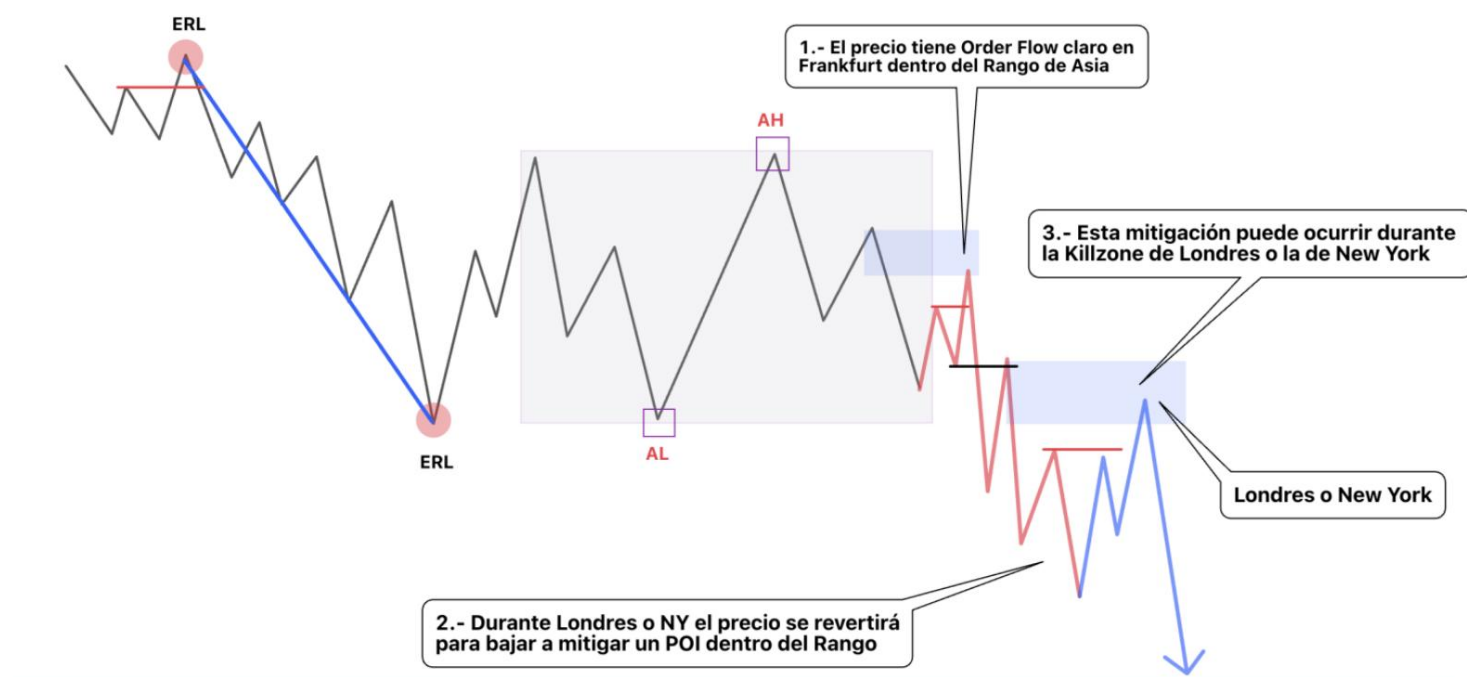
Bullish Example #2 EURUSD m10



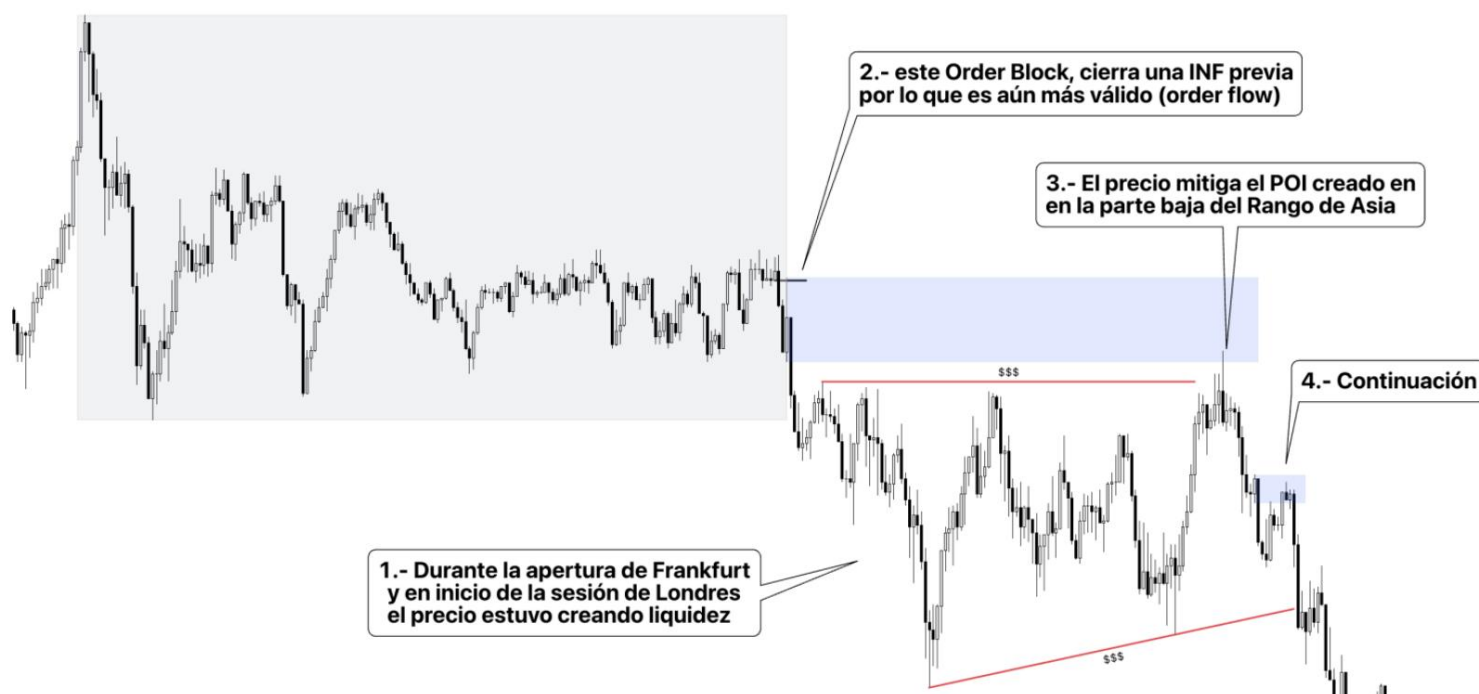
Bearish example:

This variation occurs when the price during Frankfurt breaks below the Asian Low and later, when London opens, it will return to the lower part of the Range to mitigate a point of interest that is very clear.

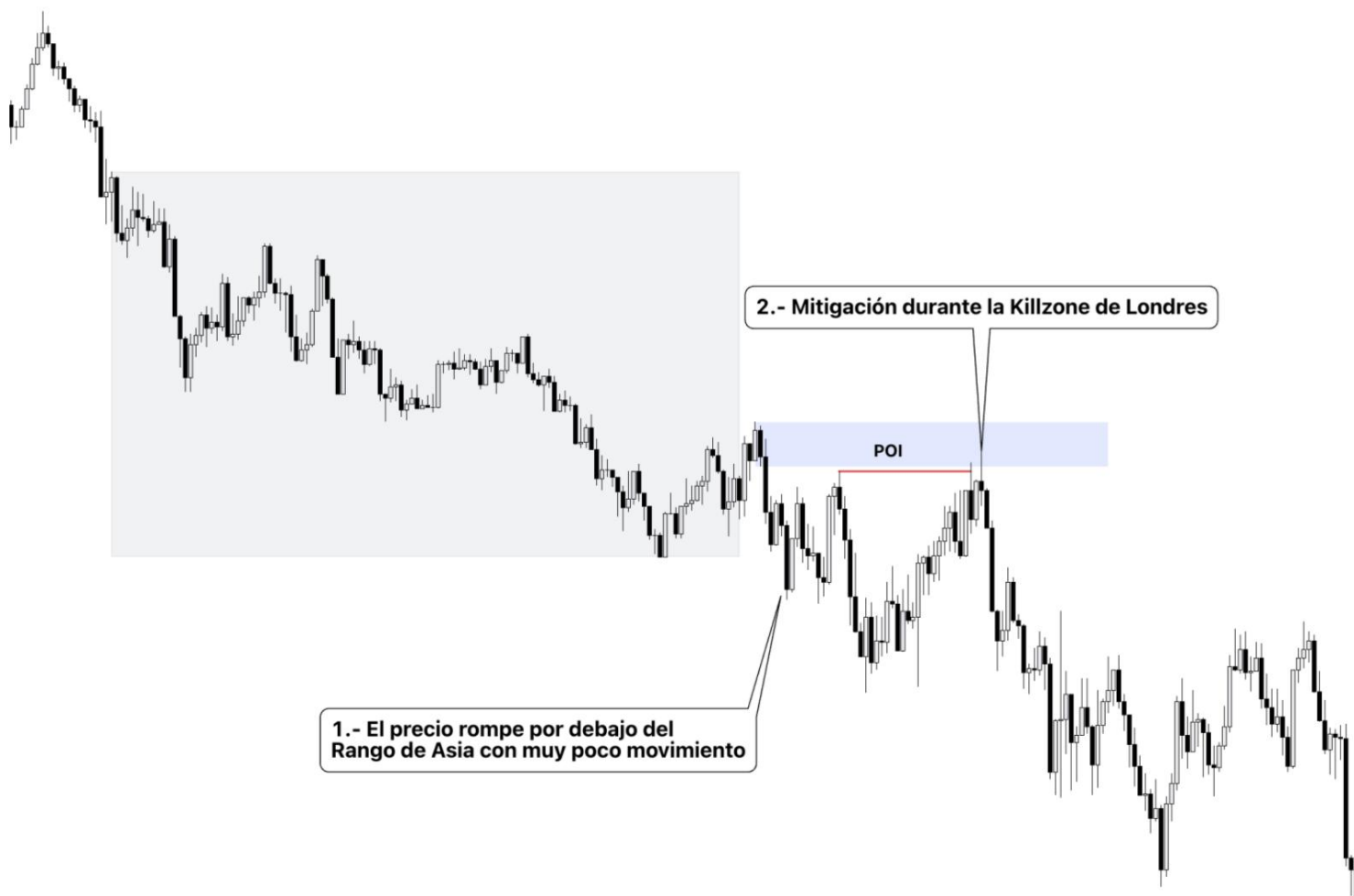
There will be times when the price returns to ease during the New York Killzone and not in London. This scenario will only be valid if the intraday structure is bearish.



Bearish Template #1 EURUSD m2



Example Bearish #2 EURUSD m3



This variation is a bit rare to see, but there will be times when everything will line up for this scenario to play out.

Everything will depend on the structure, the POI and the correct session to be able to enter an operation with this variation.

Variation 5 Video

6.- No Sweep Asia Range

The following variant shows the importance of the London Killzone.

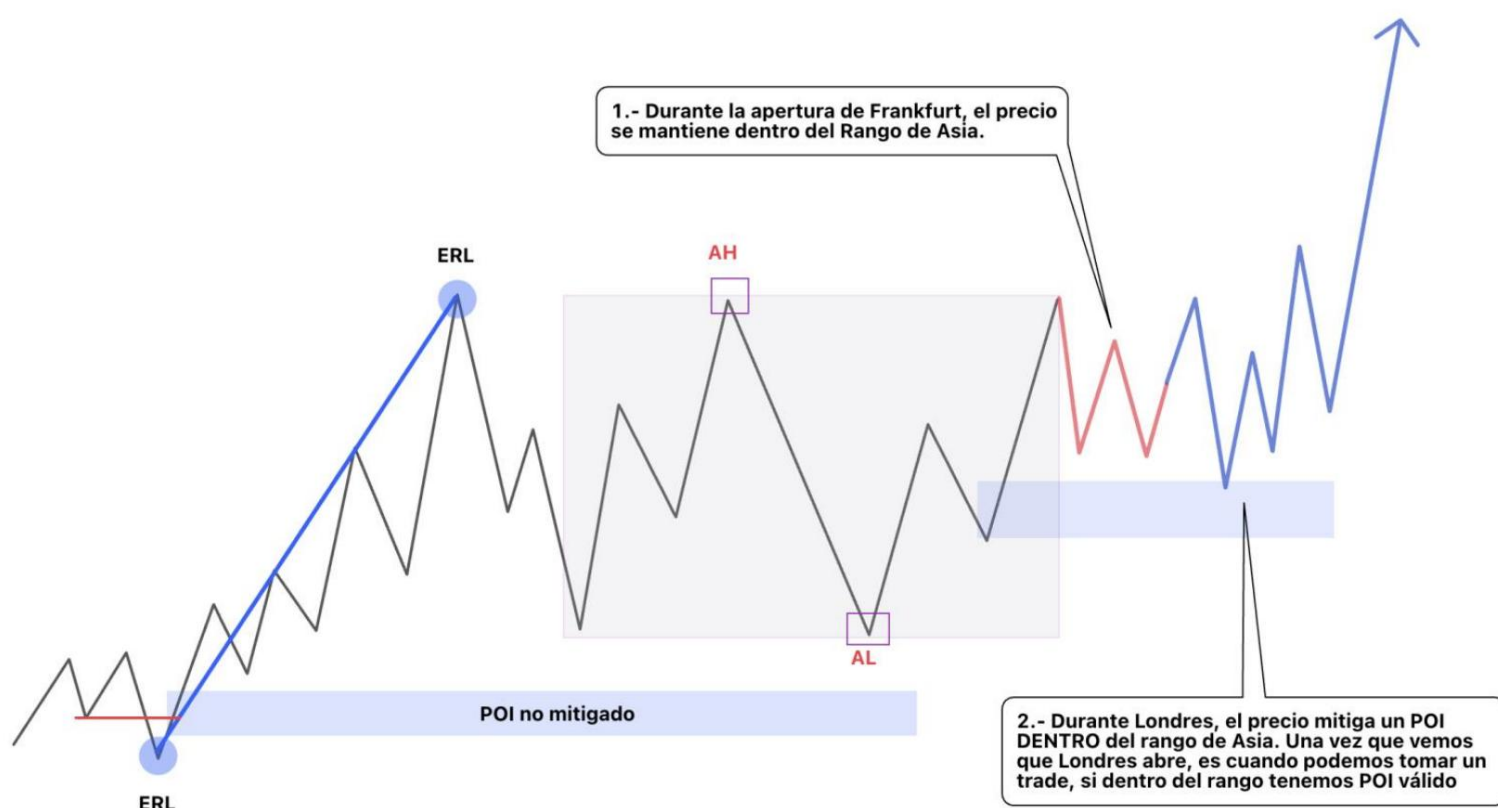
This variant is presented when there is no manipulation or Inducement in the Range of Asia during Frankfurt.

If within the price action created within the Asia or Frankfurt Range we have a valid and clear POI and once the London session opens, if the price remains within the range, we could enter a trade on that POI, since the London session has just opened.

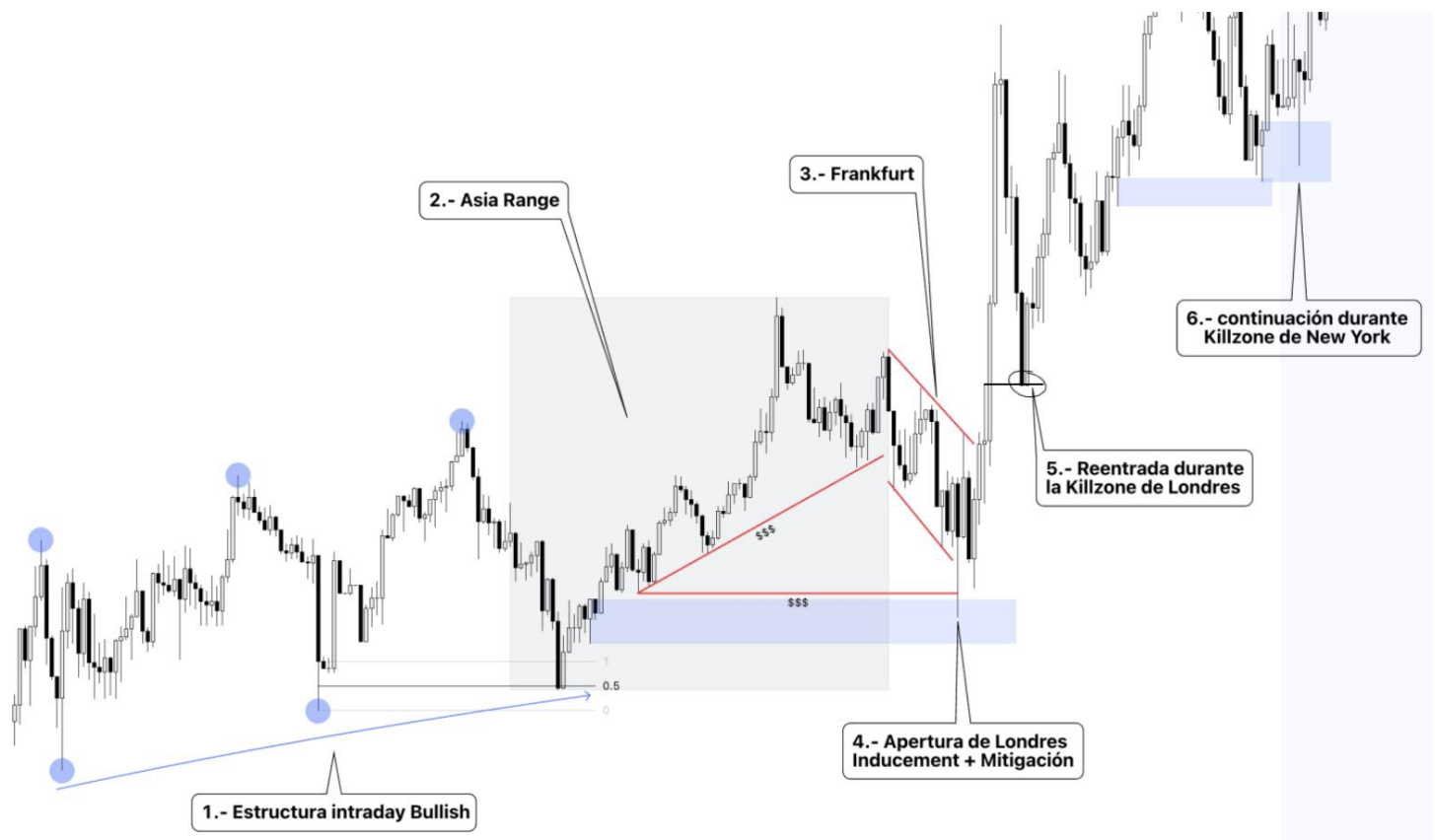
Bullish Example:

It occurs when there is little volatility during Frankfurt that is not able to break or make any Inducement at either end of the Range.

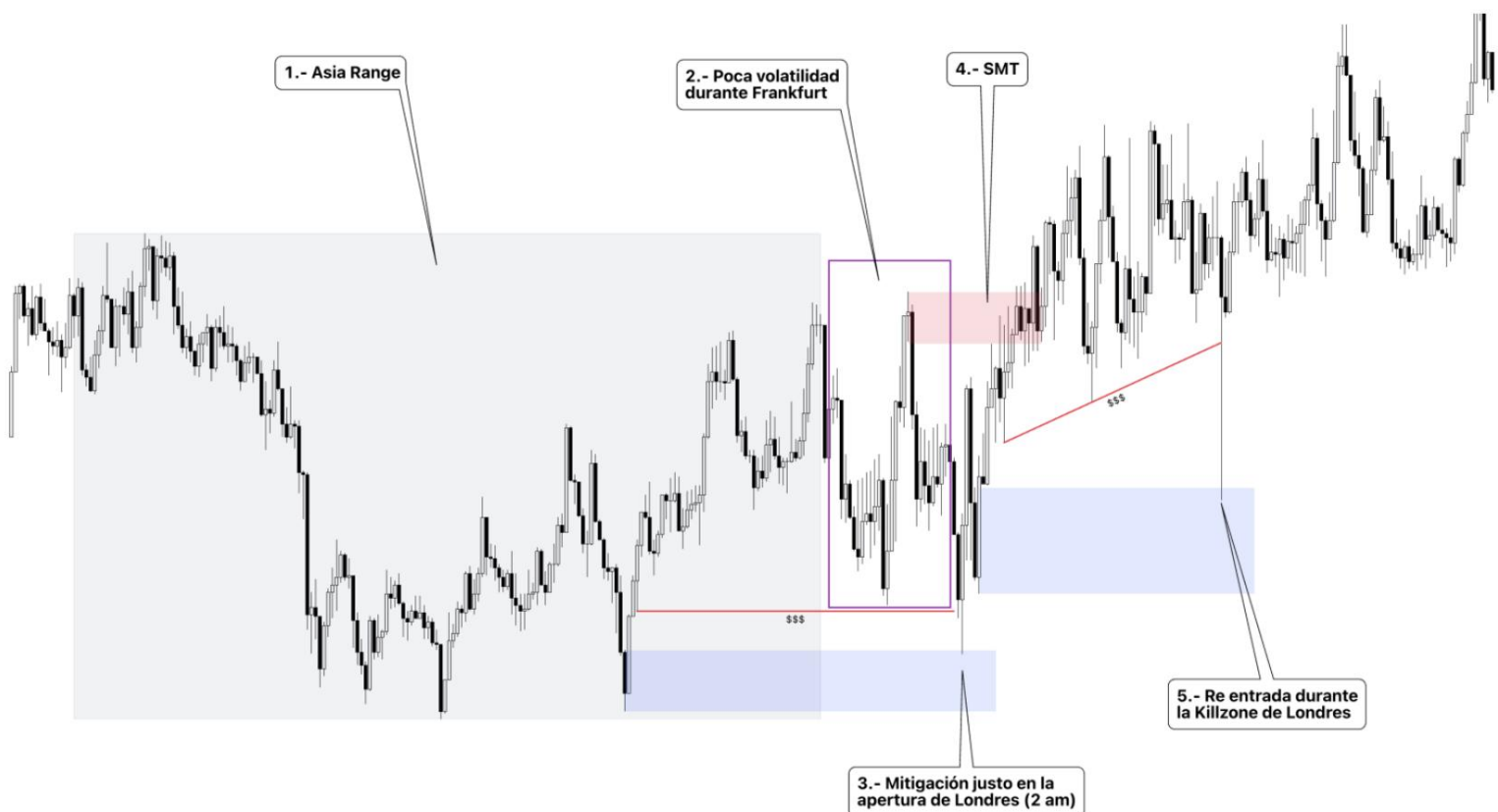
Once London opens and if there is a high probability POI within the Range, then it is very valid to enter a buy.



Bullish Example #1 GBPUSD m5:



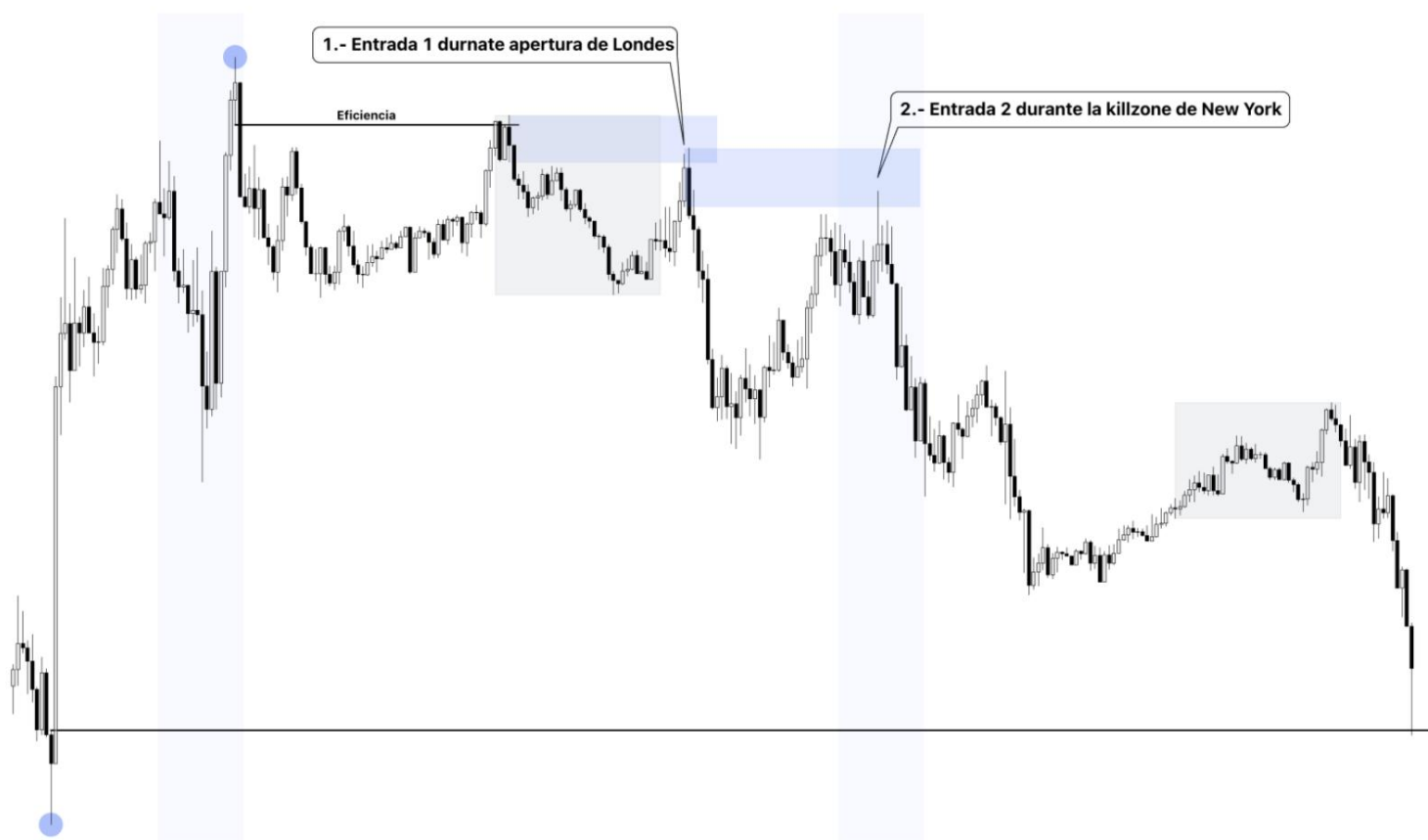
Bullish Example #2 GBPUSD m2



Example Bearish #2 GBPJPY m2



Bearish Example #3 BGPJPY m10



[Video of variation 6](#)

Below I will leave you three case studies in videos applying what has been seen in this book. Not only from the point of view of the Daily Cycle, but, in general, what you learned in the two books.

1.- USDCAD Swing

2.- EURUSD Swing

3.- EURJPY Swing

Recommendations:

You have reached the end of this book on variations of the Daily Cycle. As you saw, there are different variants of the cycle and each of them, although they are different, always have the same characteristics.

Don't expect to completely master all the variations at first. This will take time to fully understand and perfect.

What I personally advise you is to start little by little with the variations. Pick 2-3 variations and become proficient at them by practicing on the chart. Since, if you do not practice them, it will be useless for you to have reached this point in the book.

We hope that the content of this book has been very useful for your process as a trader. If so, let us know on our official social networks.

The content of this Book was prepared by:

Erick Ramirez (chart.wzrd) and Mauricio Curiel (curiwesfx)



<https://www.instagram.com/chart.wzrd/>



<https://www.instagram.com/curiwesfx/>



<https://t.me/chartwzrds>