

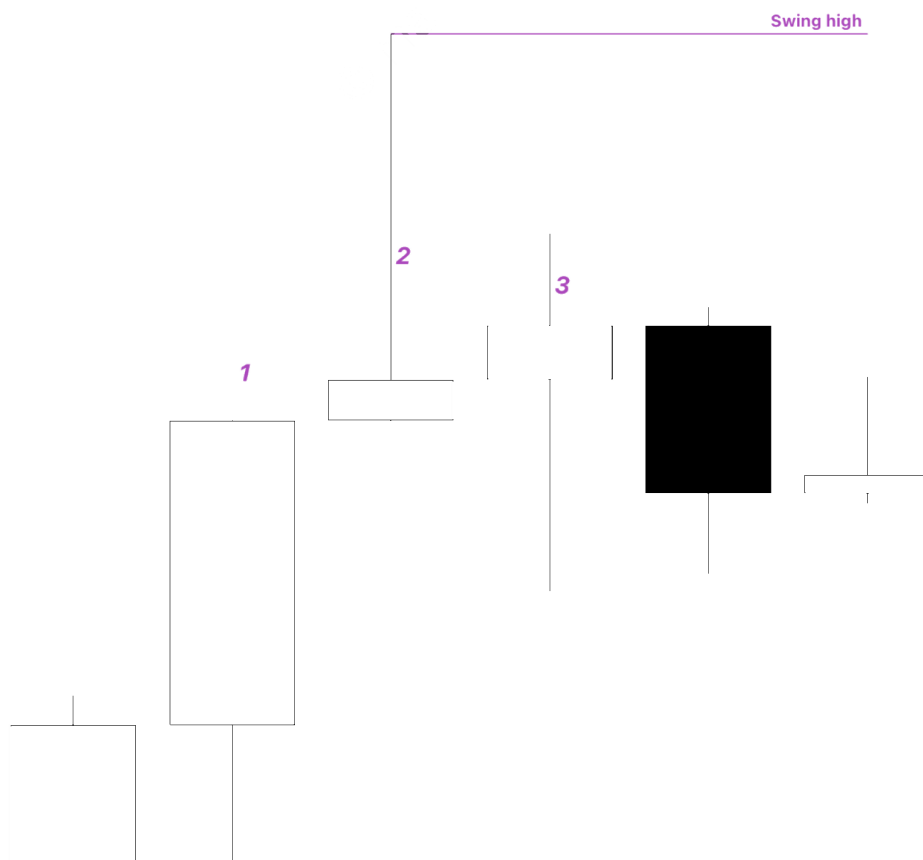
Swing high, swing low, SFP/Sweep

My trading style is based on ranges, swing highs, swing lows, orderblocks and breakers, so this will be first charting lessons because swings are the most important price action for me.

Swing high

Swing high is the **highest candle** in formation of **three candles**, some traders are using formation of five candles, but I found formation of three works better for me.

On the chart below, we have formation of **3 candles**, **candle 1**, **candle 2** and **candle 3**. The **swing high** here is **candle 2** since it's the **highest** candle out of those **3 candles**. Swing high is always the middle candle hence the second candle, the left candle or candle 1 has to be lower and the right candle or candle 3 has to be lower. This is how you can confirm if the swing high is correct.

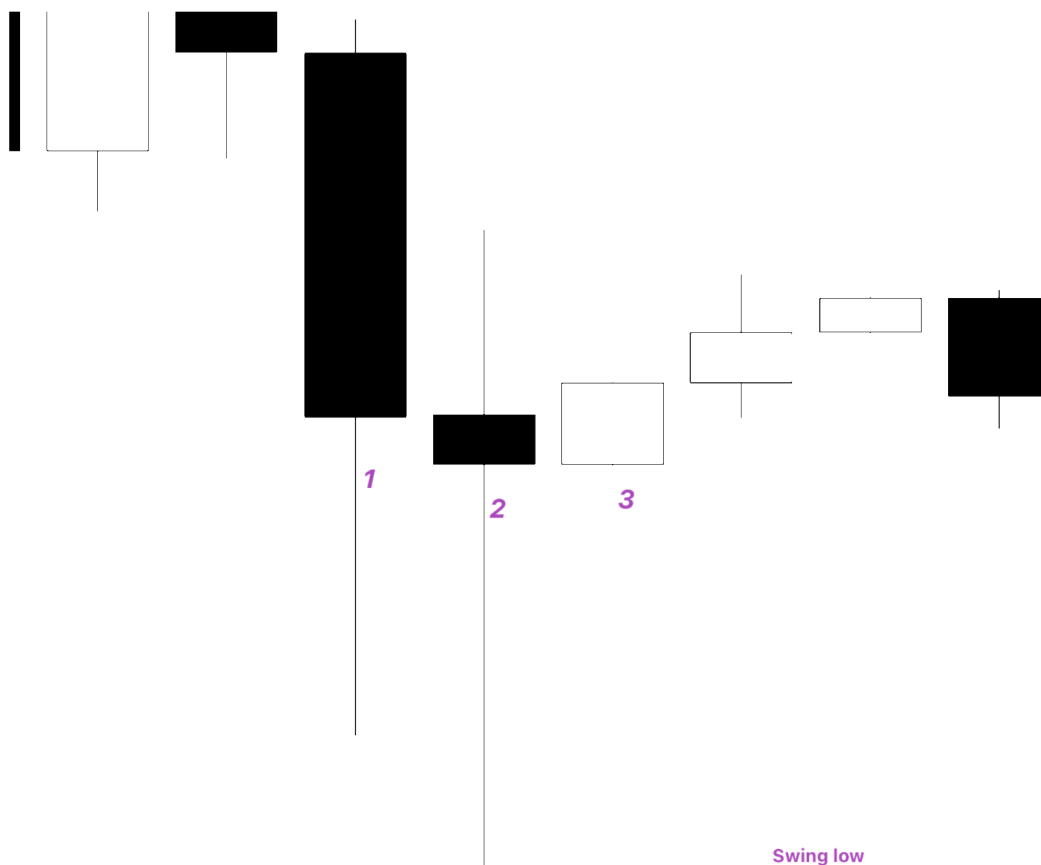


SWING HIGH

Swing low

Same as the swing high but reversed. The **swing low** is the **lowest candle** in formation of **3 candles**.

On the chart below you can see again the same **3 candle formation**, we have **candle 1, candle 2 and candle 3**. The **swing low** here is **candle 2** since it's the **lowest** candle out of those **3 candles**. Swing low is always the middle candle hence the second candle, the left candle or candle 1 has to be higher and the right candle or candle 3 has to be higher. This is how you can confirm if the swing low is correct.



SWING LOW

Why swing highs and lows are so important?

Swing highs and swing lows are extremely useful to identify the market trend - bullish or bearish. If the price keeps printing higher highs and higher lows - we are clearly in uptrend, but if the price keeps printing lower highs and lower lows - we are clearly in downtrend.



Traders tend to put their stop losses above the **swing highs** and below the **swing lows** thinking they are safe and expecting no move above the swing high or below the swing low will happen. The harsh truth is that markets are extremely manipulated and pretty often those swing highs and swing lows are sweep (will talk in a bit about sweep/SFP). Market makers want to take the stops and they sweep the swings.

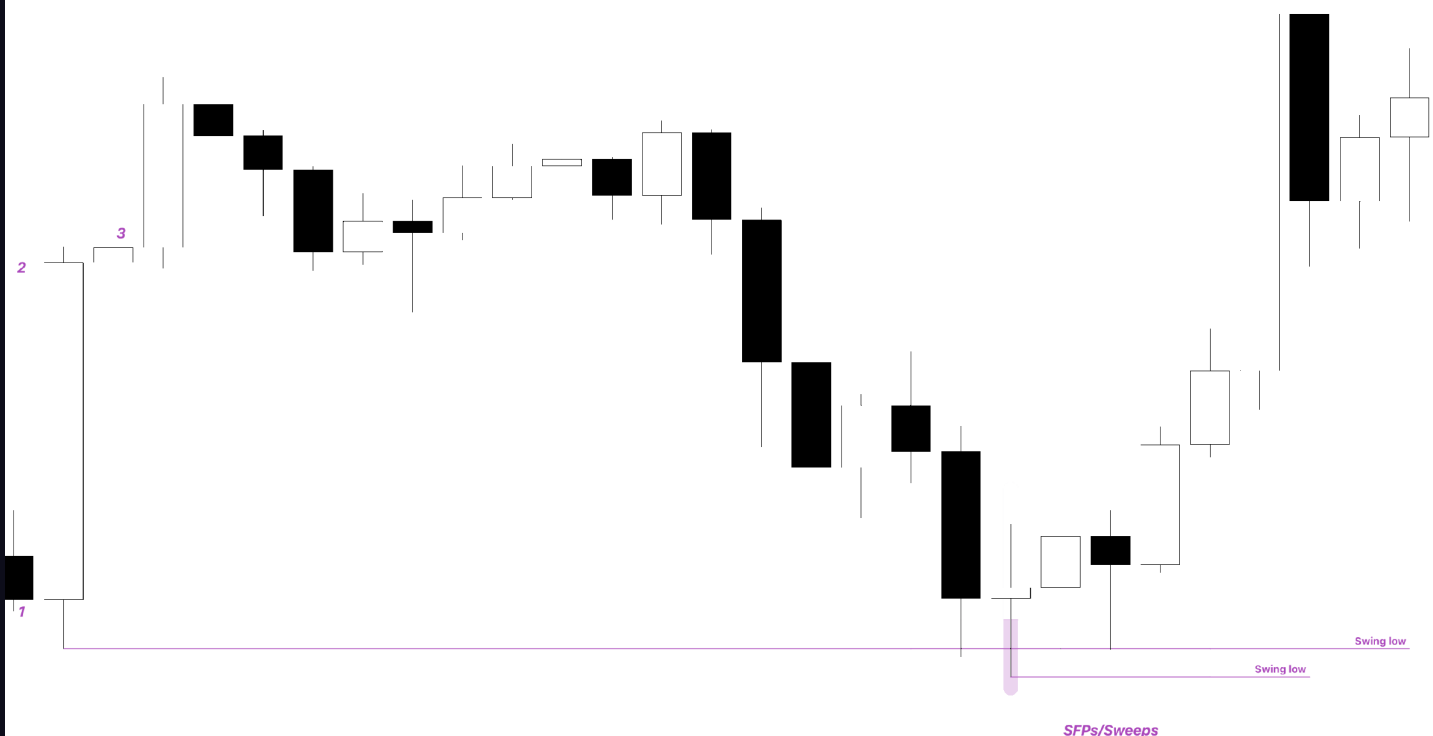
I always use a sweep of the swing high/swing low as my first high time frame trigger when I'm looking for setups.

SFP - Swing Failure Pattern or Sweep

Swing failure pattern /SFP/, or a sweep is all the same and it means when the price goes **above swing high** or **below swing low** and **closes back below the swing high** or **back above the swing low** - just a **wick above/below** the **swing high/swing low**. Usually when we get a **sweep/SFP** on a **swing high** it's a **bearish signal**, and when we get a **sweep/SFP** on a **swing low** it's a **bullish signal**. Stops were taken and now we are good to go to the opposite direction. If we get multiple sweeps conviction is getting weaker since more tests = weaker it gets.

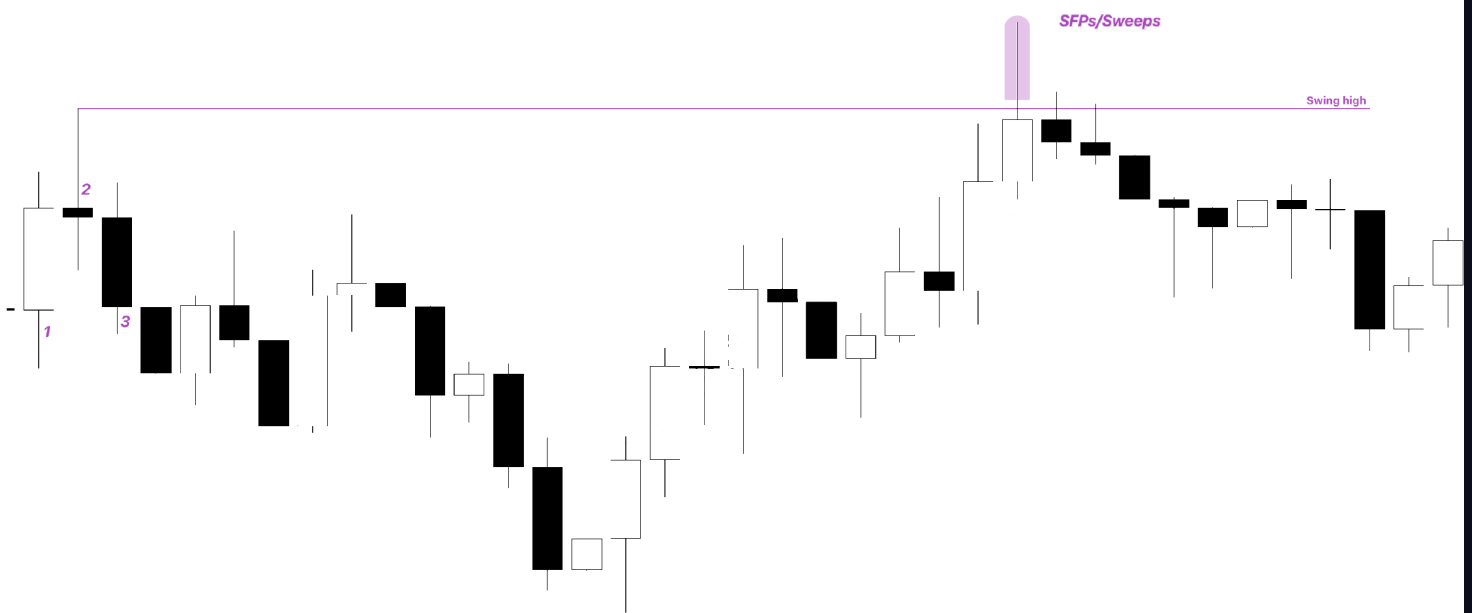
Bullish SFP/Sweep

On the example below you can see how we have **swept** the **swing low** several times - the pink box. The swing low is the second candle in formation of 3 candles. Four candles swept the **swing low** and closed back above it which is **bullish signal**. You have to wait **candle closure** to confirm is it a **sweep** or no, **this is very important**. **Always wait for candle closure**. You also want a **proper sweep**, like the highlighted candle. Proper sweep means a **deeper sweep**, not like the left or the right candle.



Bearish SFP/Sweep

On the example below you can see how we have **swept** the **swing high** two times, the first sweep was a **proper** one the highlighted candle - nice wick above the swing high and closing back below the swing low. This is what you want - big wicks above the **swing high** and closing back below the **swing high**. This is your **high time frame trigger**. And again you have to wait the candle closure before zooming in on lower time frame to find your entry for a short trade.



Conclusion

Swing high and swing low is 99% of my trading. As I said above market makers love taking our stops and 98% of the traders placing their stops above/below the swings. Once the liquidity is taken is when I'm ready for setup. In the next lesson I'll explain my style - bullish and bearish ranges, they are based on swing highs and swing lows hence this was the first charting lesson.