WHAT IS MINE IS YOURS

Smart Money Concepts: Foundations

Liquidity, BOS, order blocks and fair value gaps

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SMC terminology

Smart Money Concepts is a retail framework using terms such as liquidity, BOS, MSS, order block and fair value gap. Definitions vary. A chart pattern does not prove that a specific institution placed an order at that candle.

Liquidity sweeps

Stops may cluster near obvious swing highs/lows, equal highs/lows and range boundaries. A liquidity sweep commonly describes price moving beyond a visible level and returning. Define whether a close back inside is required.

Order blocks

An order block is often marked as the last opposing candle or area before a strong displacement that breaks structure. It is a chart convention, not a direct view of institutional orders. Define whether you use the candle body or full range.

Fair value gaps

A common three-candle FVG definition identifies a gap between the first candle's range and the third candle's range, created by displacement in the middle candle. Not every gap fills; a fill does not guarantee reversal.

Combine carefully

A study sequence might be higher-timeframe context, meaningful liquidity level, sweep, lower-timeframe structure shift, displacement/FVG or order-block zone, then planned entry and invalidation. More confirmations do not automatically improve a strategy.

Backtest worksheet

For at least 50 examples, record pair, timeframe, session, context, sweep rule, BOS/MSS rule, zone rule, trigger, stop, target, spread assumption and outcome. Include failed examples.

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