



# SMART MONEY CONCEPTS

## Reading Liquidity, Structure & Institutional Footprints

An honest, beginner-friendly guide to the smart-money framework — market structure, BOS & CHoCH, liquidity, order blocks, fair value gaps, and premium/discount — without the hype. Built for Indian traders, in ₹.

WRITTEN BY

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# Smart Money Concepts — A Guide

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## ● A MESSAGE FROM THE FOUNDER

# Author's Note

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This is the most advanced book in the series — and the one I'll be most honest about.

Smart Money Concepts is a way of seeing the market through the eyes of the big players: where the liquidity sits, where structure breaks, where institutions may have left their footprints. Used well, it's a powerful lens for **where** and **why** price moves.

But SMC is also the most **hyped and over-complicated** topic in trading. Online you'll find people drawing twenty boxes on a chart after the fact and calling it genius. Don't fall for it. The concepts here are simple at heart, and they only matter if you pair them with the same boring discipline as everything else: confirmation, a stop on every trade, and small fixed risk.

Learn the ideas. Respect their limits. And remember — in India your real return is what survives the 30% tax and 1% TDS, no matter how clever the setup looked.

**Think like the smart money.**

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**Avik Kanrar**

## WHAT YOU WILL LEARN

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PART I

# The Smart-Money Mindset

Seeing the market through institutional eyes

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01

CHAPTER 1

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# What 'Smart Money' Really Means

Why the big players move differently to you

“Smart money” is shorthand for the large institutions, funds, and whales whose orders are big enough to actually move price. Retail traders (you and me) are the small fish. The whole framework rests on one idea: **big players need liquidity** — lots of orders on the other side — to fill their large positions.



Where do those orders sit? In predictable places: clusters of stop-losses just beyond obvious highs and lows. So price is often drawn **toward** those clusters to “grab” them — trapping retail — before moving in the direction the big players actually wanted.

**I A LENS, NOT A CONSPIRACY**

No one is personally hunting your ₹500 stop. But the *aggregate* behaviour of large participants does cluster around liquidity. SMC is a useful way to anticipate that — treat it as a probability lens, not a secret cabal.

02

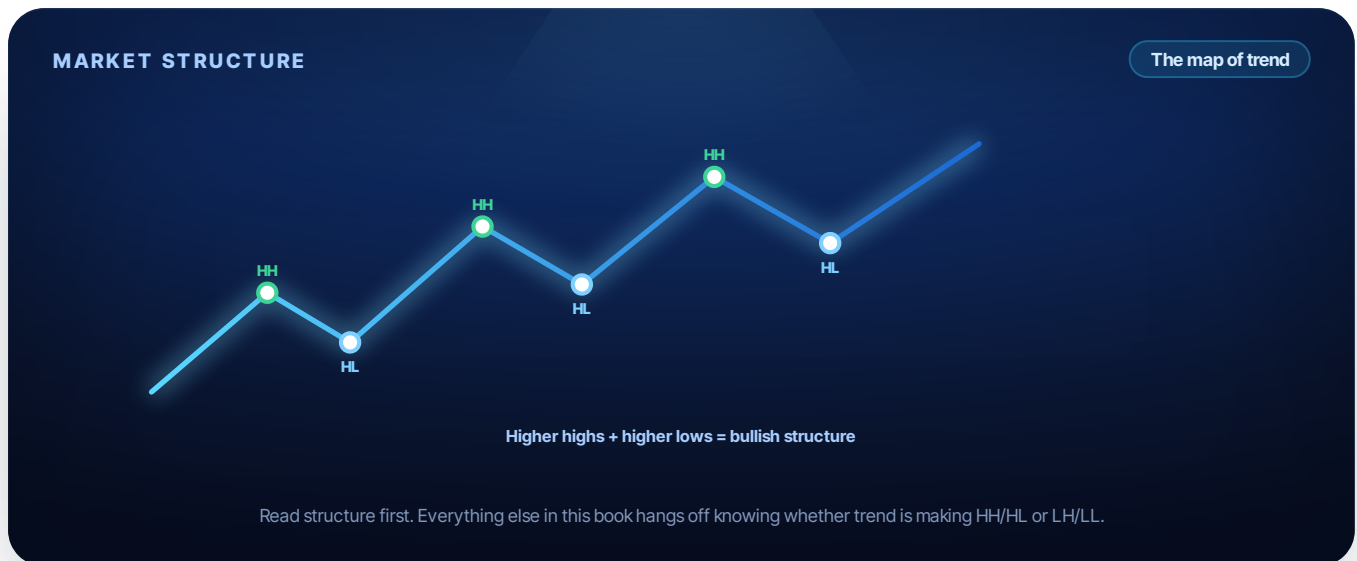
CHAPTER 2

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# Market Structure

The map you read before anything else

Everything in SMC starts with **market structure** — simply, the pattern of swing highs and swing lows. Get this right and the rest follows.



An uptrend prints **higher highs (HH)** and **higher lows (HL)**. A downtrend prints lower highs (LH) and lower lows (LL). A market that stops making new highs or lows is ranging. Before any trade, answer one question: **what is the current structure telling me?**

✓ **ALWAYS CHECK THE HIGHER TIMEFRAME**

Structure on a 5-minute chart can be the opposite of the daily. Smart-money traders define the big-picture trend on a higher timeframe first, then look for entries on a lower one in that same direction.

PART II

# Structure & Shifts

How structure confirms — and how it breaks

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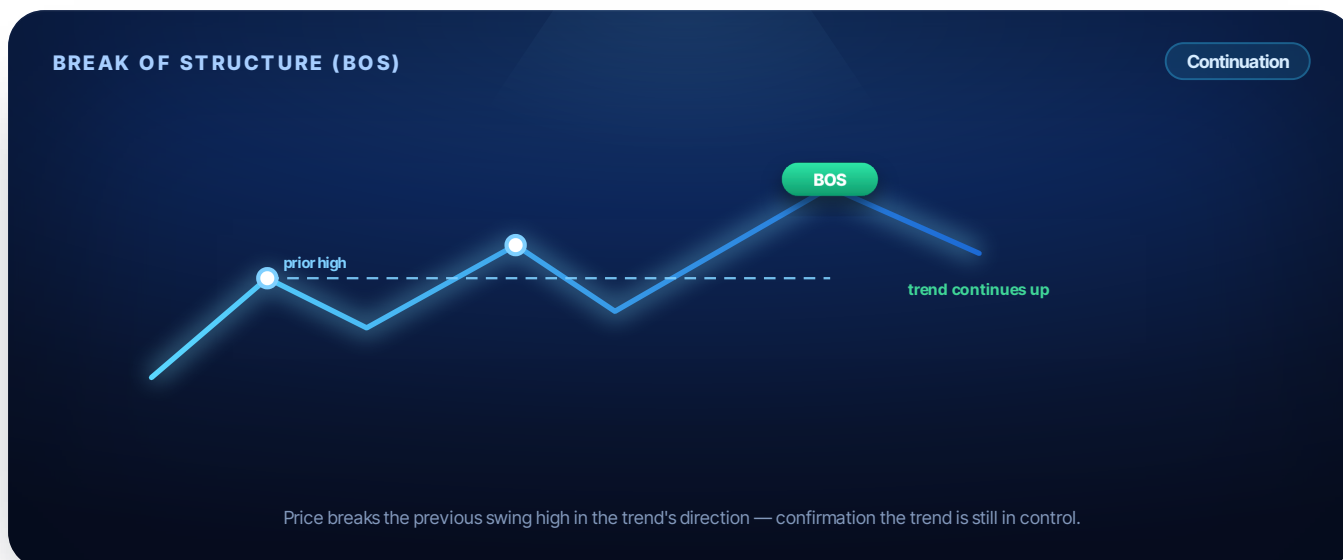
03

CHAPTER 3

# Break of Structure (BOS)

Confirmation the trend continues

A **Break of Structure (BOS)** happens when price breaks the previous swing high (in an uptrend) or swing low (in a downtrend) — confirming the trend is still in control.



A BOS is your green light that momentum continues in the trend's direction. Smart-money traders use it to stay **with** the trend and to validate that their bias is still correct after each leg.

#### **I** BODY CLOSE, NOT A WICK

Demand a candle that actually **closes** beyond the level — not just a wick poking through. Wicks beyond a level are often liquidity grabs (the next chapter), not genuine breaks.

04

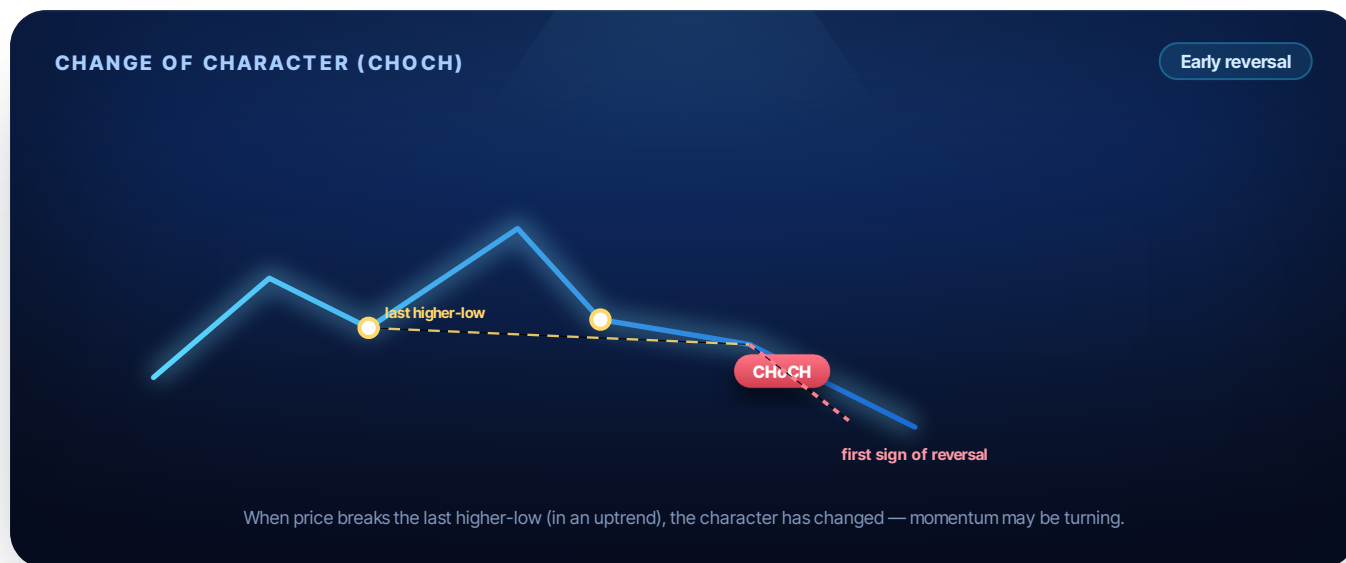
CHAPTER 4

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# Change of Character (CHoCH)

The first hint a trend is turning

A **Change of Character (CHoCH)** is the opposite of a BOS: in an uptrend, it's when price breaks the **last higher-low** — the first structural sign that buyers are losing control and a reversal may be starting.



BOS = trend continues. CHoCH = trend may be changing. Together they're your two-word vocabulary for reading every chart: is structure **continuing** or **shifting**?

**! CHoCH IS A HINT, NOT A GUARANTEE**

A single CHoCH on a low timeframe can be noise. The strongest signals come when a CHoCH appears **after** price has swept liquidity and aligns with the higher-timeframe bias.

PART III

# Footprints of Smart Money

Liquidity, order blocks, gaps, and value

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05

CHAPTER 5

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# Liquidity & Stop Hunts

Where the orders rest — and get taken

**Liquidity** is simply resting orders. Above **equal highs** sit buy-stops and breakout buys — “buy-side liquidity”. Below **equal lows** sit sell-stops — “sell-side liquidity”. These obvious levels are magnets.



A **stop hunt** (or liquidity grab) is when price briefly spikes beyond such a level, triggers those stops, then sharply reverses. To a retail trader it feels like betrayal; to a smart-money trader it's the **setup** — the grab often marks the real turning point.

**✓ LET THEM SWEEP FIRST**

Instead of placing your stop right below an obvious low (where everyone else's is), smart-money logic says expect that low to be swept — and look to enter **after** the grab and a confirming CHOCH.



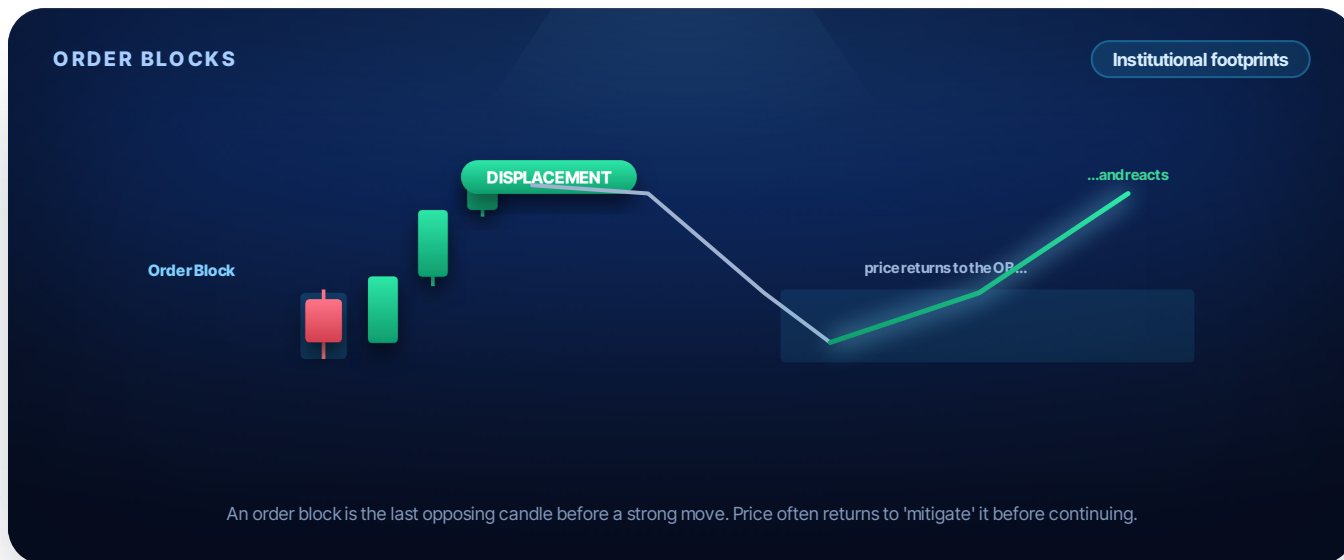
CHAPTER 6

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# Order Blocks

The last footprint before a big move

An **order block (OB)** is the last opposing candle before a strong, decisive move — the **last down candle before a sharp rally** (a bullish OB), or the last up candle before a sharp drop (bearish OB). The theory: that's where institutions placed large orders, so price often **returns** to it before continuing.



**I PAIR IT WITH DISPLACEMENT**

An OB only matters if it's followed by **displacement** — a strong, fast move away from it (often leaving a fair value gap). A lone candle with no powerful move after it is just a candle.

When price comes back to "mitigate" the order block, that retest is a common smart-money entry — with a stop just beyond the block.

07

CHAPTER 7

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# Fair Value Gaps

The market's unfinished business

When price moves so fast that it leaves a gap — a range that one candle skipped over without trading properly — that's a **Fair Value Gap (FVG)**, also called an imbalance. It shows up as a three-candle pattern where the middle candle's move is so strong the wicks of candle 1 and candle 3 don't overlap.



**I WHY GAPS GET FILLED**

Markets prefer balance. An FVG represents one-sided, inefficient trading — and price frequently returns later to “fill” that gap before continuing. Traders use unfilled FVGs as magnet targets and as entry zones.

Combine the tools: a return into an FVG that overlaps an order block, in the discount half of the range, after a liquidity grab and CHoCH — that confluence is the heart of SMC.

08

CHAPTER 8

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# Premium & Discount

Buying low and selling high, precisely

Take any clear price range — from a swing low to a swing high — and split it at the **50% equilibrium**. The upper half is the **premium** (expensive); the lower half is the **discount** (cheap).



Smart-money logic is just disciplined common sense: look to **buy in the discount** and **sell in the premium**, never the reverse. The sweet spot for entries — where an order block or FVG sits inside the discount — is often called the **OTE** (optimal trade entry).

**✓ ONE FILTER THAT REMOVES BAD TRADES**

Before any long, ask: "Am I buying in discount?" If price is already in premium, you're chasing. This single question keeps you out of a huge share of poor, late entries.

PART IV

# Putting It Together

One clean setup — and an honest reckoning

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09

CHAPTER 9

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# A Smart-Money Setup

Stacking the concepts into one trade

Here's how the pieces combine into a single, repeatable setup — the only kind worth trading.



1. Price sweeps an obvious low — a **liquidity grab**. 2. It then breaks structure to the upside — a **CHoCH**. 3. You wait for a pullback into an **order block or FVG sitting in the discount** half. That's your entry. Stop goes just below the grab; target is the opposite (buy-side) liquidity.

**✓ SIZE IT THE SAME WAY, ALWAYS**

On a ₹50,000 account, risk ~1-2% (₹500-₹1,000). The fancy framework doesn't change the maths: position size = your fixed risk ÷ the distance to your stop. Aim for at least 1:2.

**I AFTER-TAX REALITY**

A ₹2,000 SMC win in India is roughly **₹1,370 in hand** after 30% tax (+cess) and 1% TDS. Clever entries don't escape the tax — factor it in before you call a setup “worth it”.

10

CHAPTER 10

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# The Honest Truth About SMC

What the hype won't tell you

SMC has a huge online following — and a lot of nonsense around it. If you take one chapter seriously, make it this one.

### ! WHERE SMC GOES WRONG

**Hindsight bias:** it's easy to draw perfect order blocks *after* the move. **Over-complication:** twenty boxes and arrows don't equal an edge. **Cherry-picking:** ignoring the setups that failed. **No risk control:** believing the framework is so good you don't need a stop.

## What actually works

Keep it simple. Trade **with** the higher-timeframe trend. Demand confluence — a liquidity grab **and** a CHoCH **and** a discount entry — not a single box. Always use a stop. Risk a small fixed amount. Journal every trade so you can tell whether the framework is genuinely working **for you**.

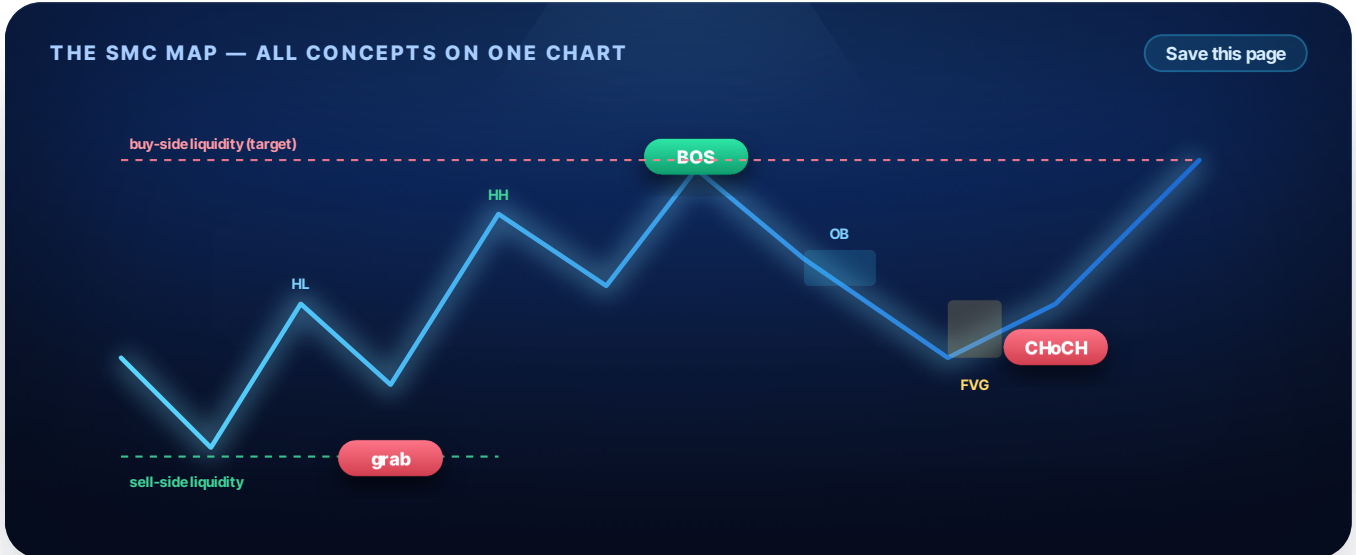
### ✓ THE REAL EDGE

The edge was never the order block. It's **discipline, risk management, and patience** — the same boring fundamentals from the Beginner's Guide, now applied with a sharper map. Master those, and SMC becomes a genuinely useful tool.

APPENDIX A1

# The SMC Map

Every concept from this book, labelled on one chart — bookmark this page.



## APPENDIX A2

# Glossary

**Smart Money**

Large institutions/funds whose orders move price.

**Liquidity**

Resting orders (stops) that price is drawn toward.

**Buy-side Liquidity**

Stops/buy orders resting above highs.

**Sell-side Liquidity**

Stops/sell orders resting below lows.

**Stop Hunt / Grab**

A spike beyond a level that triggers stops, then reverses.

**Market Structure**

The pattern of swing highs and lows.

**BOS**

Break of Structure — break of a prior swing; continuation.

**CHoCH**

Change of Character — break of the last opposing swing; reversal hint.

**Order Block**

Last opposing candle before a strong move; a return zone.

**Displacement**

A strong, fast move that signals intent.

**Fair Value Gap**

An imbalance/gap price often returns to fill.

**Mitigation**

Price returning to an order block to 'fill' orders.

**Premium**

The upper (expensive) half of a range — favour selling.

**Discount**

The lower (cheap) half of a range — favour buying.

**Equilibrium**

The 50% midpoint of a range.

**OTE**

Optimal Trade Entry — a refined entry zone in discount/premium.

**Inducement**

An obvious move that lures retail before the real one.

**Confluence**

Several signals agreeing on the same idea.

**Higher Timeframe**

The larger chart used to set overall bias.

**Swing High / Low**

A local peak / trough that defines structure.

## APPENDIX A3 — SAMPLE

# Sample SMC Trade

One high-confluence setup, traded by the rules.

## ETH / INR

SPOT · NO LEVERAGE

LIQUIDITY GRAB → CHoCH · 4H · COINDCX

### THE READ

Higher-timeframe trend was up. On the 4H, price swept the obvious lows (**sell-side liquidity grab**), then printed a **CHoCH** to the upside. I waited for a pullback into a **bullish order block + FVG** sitting in the **discount** half — then entered.

ENTRY (OB / FVG)

₹2,14,000

STOP (BELOW GRAB)

₹2,07,500

TARGET (BUY-SIDE LIQ.)

₹2,28,000

RISK

1.6%

### RESULT

Risked ₹800 on a ₹50,000 account (~1:2). Set stop and take-profit, then left it. Price rallied into the buy-side liquidity above and hit target.

RESULT

## +₹1,600

Gross · ~₹1,100 after 30% tax + 1% TDS · exactly to plan

### LESSON

**Right:** demanded full confluence (grab + CHoCH + discount), used a stop, sized by risk. **Lesson:** the framework found the *where*; discipline produced the *profit* — and the tax still came off the top.

● EDUCATION · ANALYSIS · COMMUNITY

## About the Author



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Founder of cRyPtO sMaRt — making cryptocurrency and trading education honest, simple, and accessible to every Indian beginner.



**Read the Map. Respect the Risk.**

*Smart money concepts find the where and why — discipline turns them into results. Confirm, risk small, repeat.*

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