



Break of Structure Trading: How Smart Traders Use Market Structure and Fair Value Gaps

In the world of price action trading, understanding market structure is one of the most important skills a trader can develop. Concepts like break of structure, break of structure trading, and fair value gap have become widely discussed because they help traders read the market with more precision. These ideas are especially popular among traders who follow institutional-style strategies, including concepts taught by The Inner Circle Traders.

A [break of structure](#) happens when price moves beyond a previous significant high or low, signaling that the market may be changing direction or continuing its trend with strength. For example, in an uptrend, if price breaks above the last swing high, it can confirm bullish momentum. In a downtrend, when price falls below a previous swing low, it often shows sellers are still in control. This is why traders pay close attention to break of structure events—they reveal where momentum is shifting and where smart money may be active.

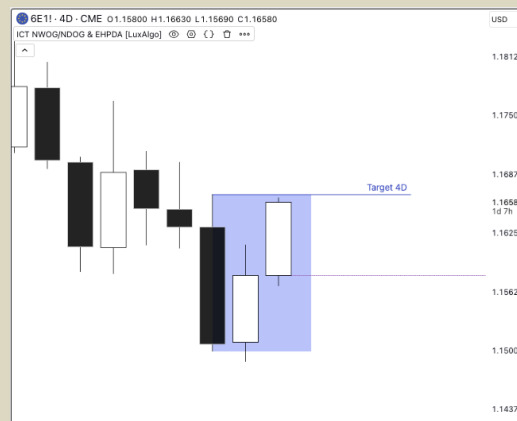
When traders build a strategy around this idea, it is known as break of structure trading. Instead of entering random buy or sell positions, traders wait for the market to reveal its intent. In simple terms, [break of structure trading](#) means identifying the trend, marking key highs and lows, and waiting for price to break an important level before planning an entry. This method can help reduce emotional decisions and improve timing because trades are based on actual market behavior rather than guesswork.

Another powerful concept often used alongside structure analysis is the fair value gap. A fair value gap is an imbalance in price caused by aggressive buying or selling, where the market

moves so quickly that it leaves a gap between candles. Traders believe price often revisits these areas before continuing in the original direction. This makes a fair value gap a useful zone for potential entries, especially after a confirmed structural shift.

Let's connect these ideas together. A trader may first spot a break of structure that shows the market is turning bullish. Then, instead of chasing the move, they wait for price to retrace into a [fair value gap](#) created during the impulsive move. This combination gives them a more refined entry with better risk-to-reward potential. That is one reason why break of structure trading has gained so much attention among serious traders.

Many traders who study The Inner Circle Traders framework use this exact process: identify liquidity, wait for a break of structure, and then use a fair value gap for entry confirmation. The method is not about predicting every market move; it is about reading price action with logic and patience. When applied correctly, break of structure trading can help traders align with market direction and avoid low-probability setups.



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In conclusion, mastering break of structure, understanding break of structure trading, and learning how to use a fair value gap can significantly improve a trader's market analysis. These concepts offer a structured way to read price action and are highly valuable for anyone serious about trading like professionals.