

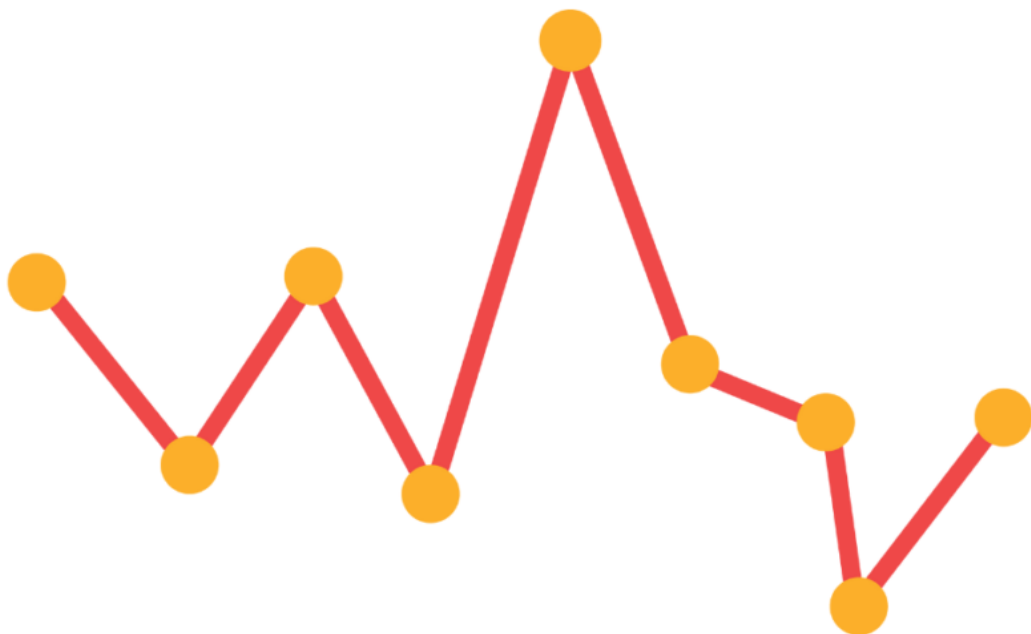
Bullish market structure | Best guide with illustrations and examples!

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Before we study about bullish market structure, let us understand the basics of market structure.

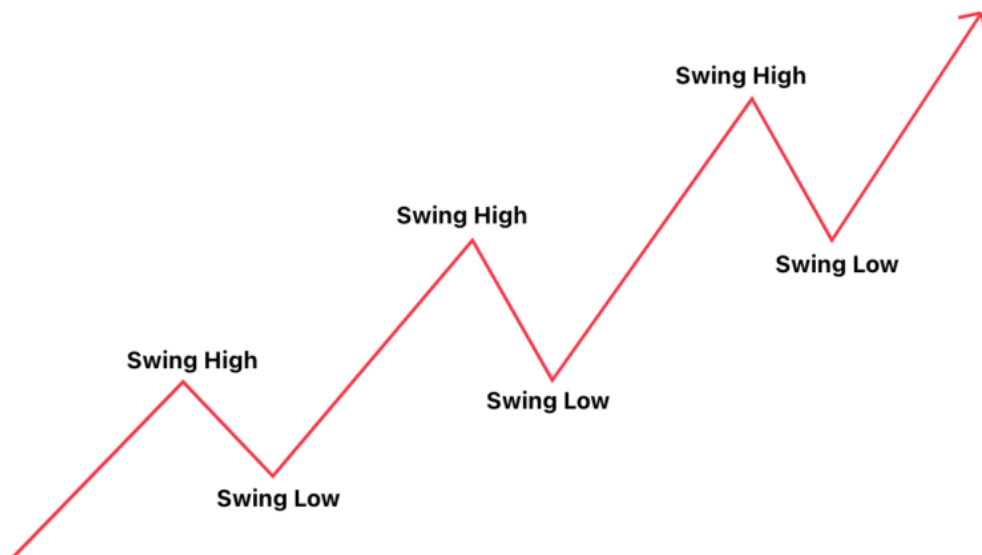
What is Market structure?

Market structure is a simple and a basic form of understanding, how the markets move. The price action is how the market moves based just on price, without the consideration of trends and how they may continue. But the market structure is focused mainly on the trend.



The structure is formed using swing highs and swing lows. In simple words, it is the path followed by the price to move from an initial point to a final point. You may have already heard about the formation of **higher highs and higher lows in a bullish trend** or the formation of **lower highs and lower lows in a bearish trend**. This is nothing but market structure.

What is a Bullish market structure?



A bullish market structure is a structure that constitutes of formation of a series of **higher highs and higher lows**. In simple words, when the price is making new highs and higher lows, it is said to be forming a bullish structure.

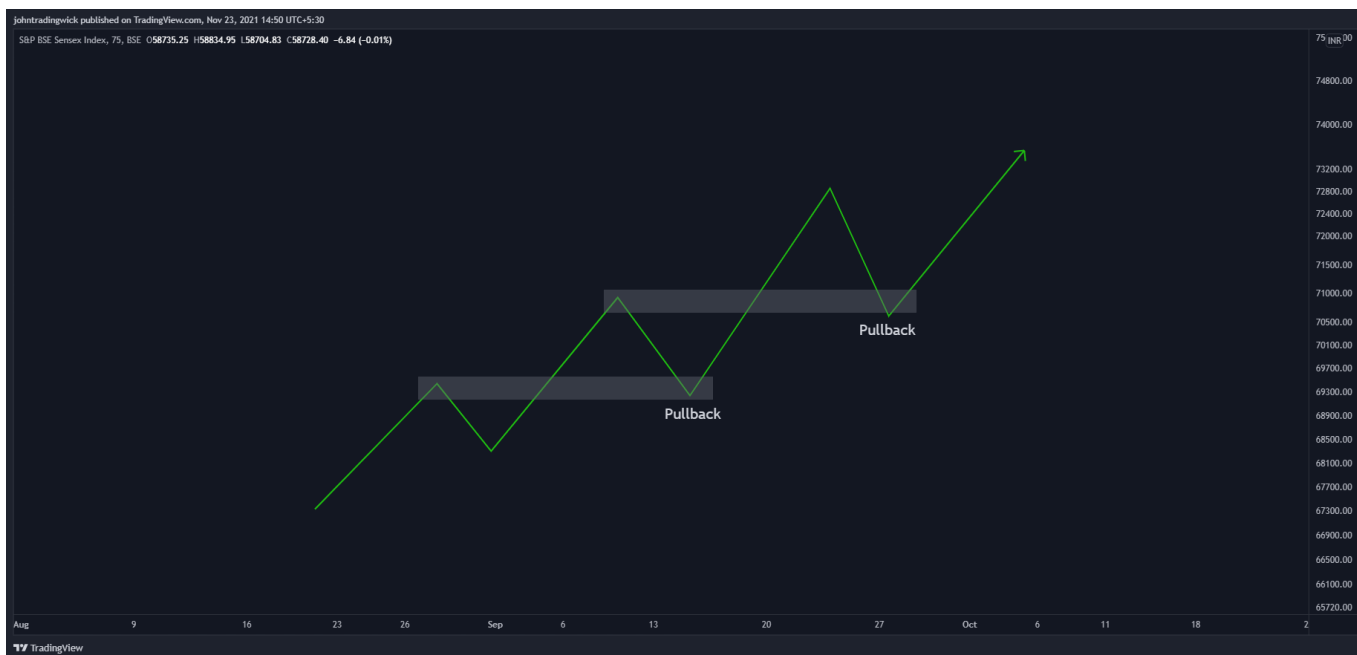
Exhibit: Bullish market structure



What is the use of identifying a Bullish market structure?

Identifying any market structure plays a crucial role in entry and exit. In the case of a bullish market structure, the previous highs are often seen as support zones where an entry can be made with an expectation of higher price movement. When the price returns to or near the previous high, it is often seen as a buying opportunity, commonly known as **“buying the dip”**.

Exhibit: Pullback in a bullish market structure



Similarly, as soon as the price breaks the previous low and creates a new low, the trader must become cautious because a trend change may be underway or it may just consolidate before resuming the original trend or it may very well be a bear trap. If a trend change is confirmed, the trader may exit longs and look for the trades on the short sides.

So, after the formation of a new low, there are only **3 scenarios** that can arise.

1. Trend reversal
2. Consolidation and continuation
3. Bear trap

Exhibit 1: Creation of a new low

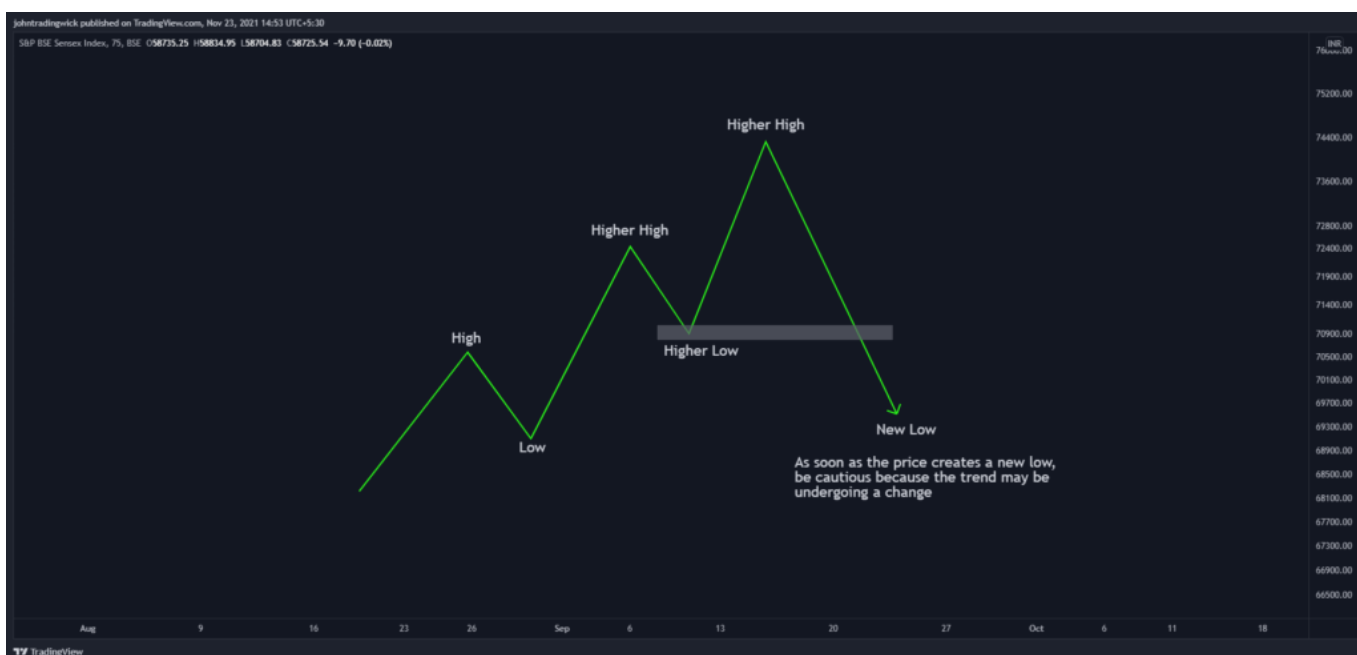


Exhibit 2: Trend reversal

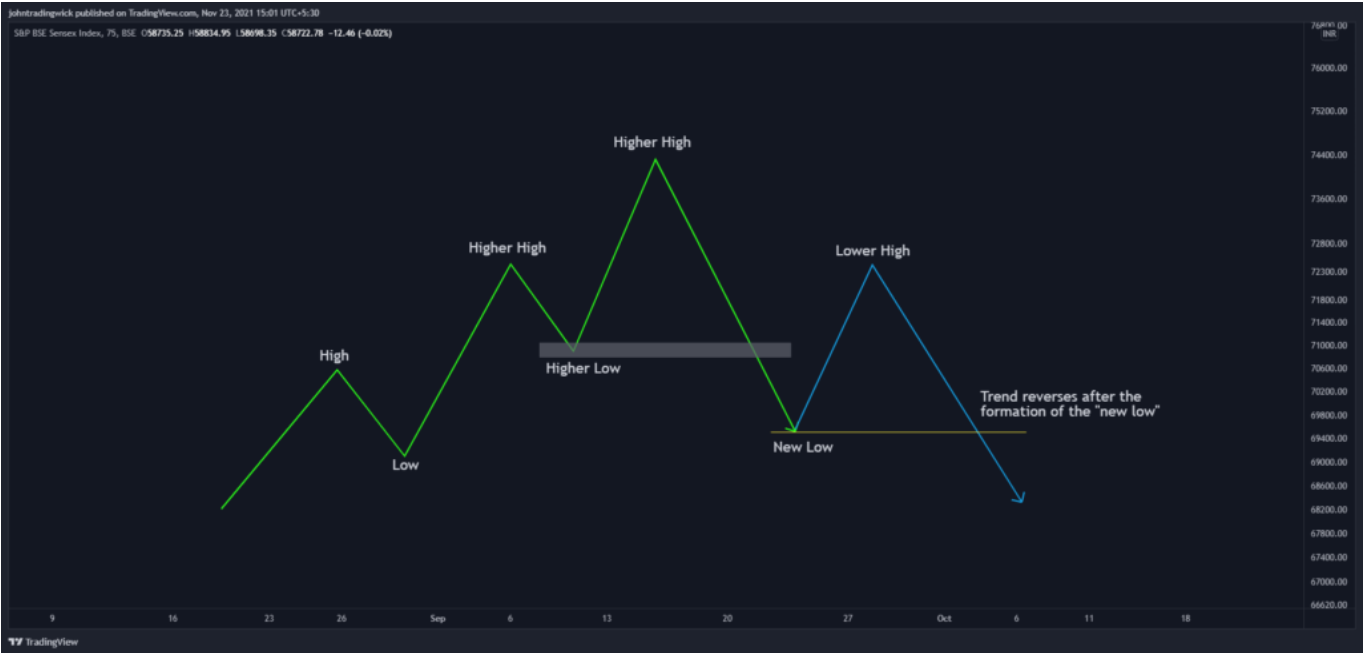


Exhibit 3: Consolidation and Continuation

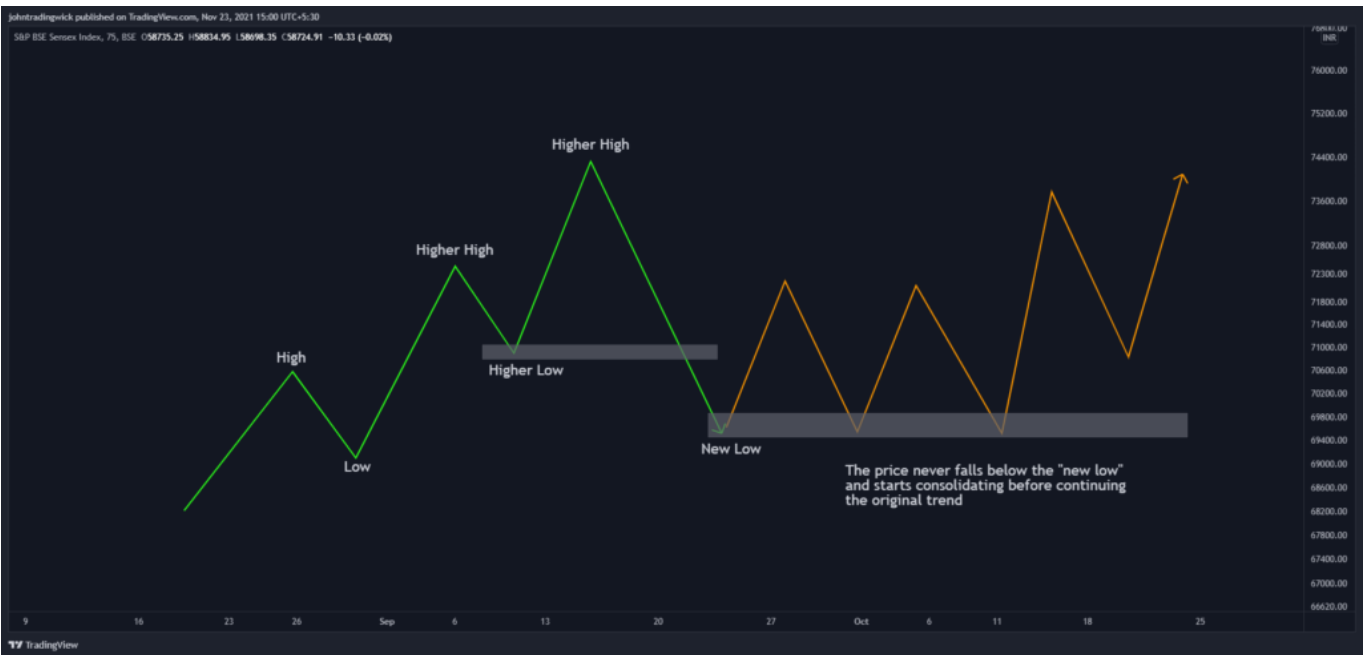
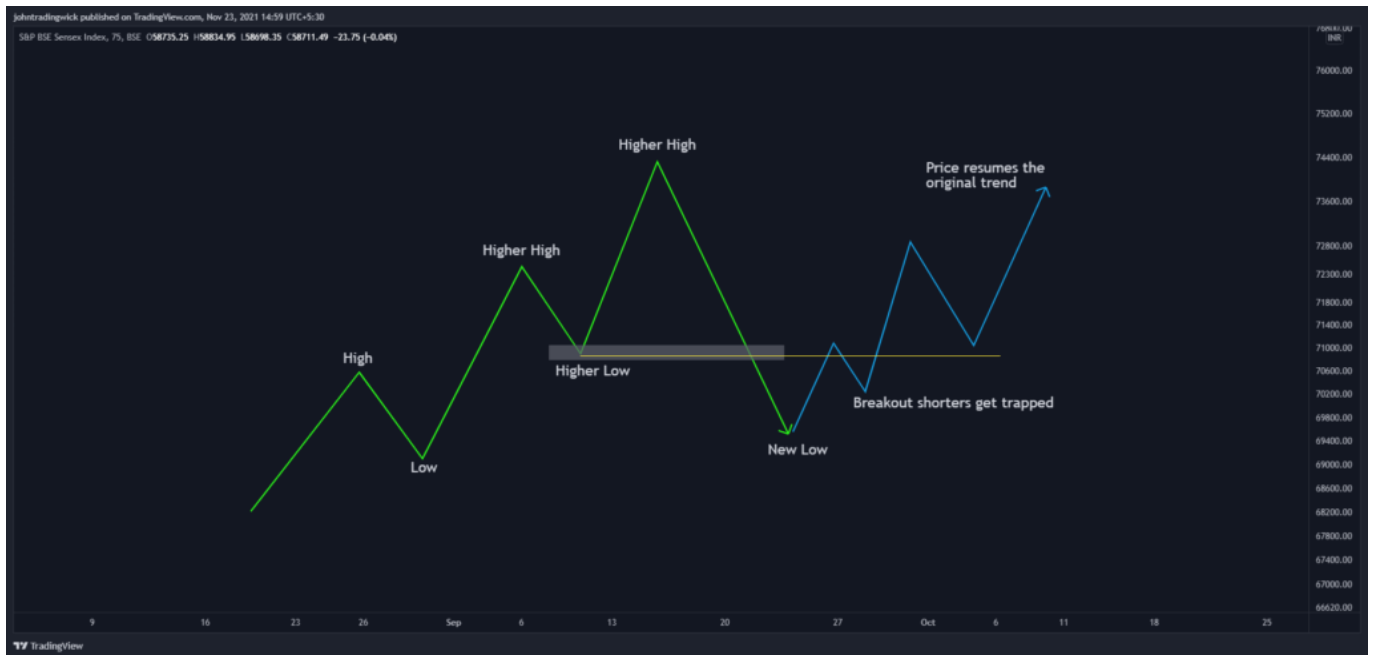


Exhibit 4: Bear Trap



These are the only structure that can form in a bullish trend and they will occur time and again. Hence, all these concepts are valid on all time frames.

This is all you need to know about a bullish market structure. Now, open any random chart and back test the concepts. The more you practice, the better you will become. Whatever strategy you use, understanding the structure will always make you more confident in your trades.

Important links:

- Follow the free [Telegram channel](#) for early updates.
- [What is Fibonacci retracement?](#)
- [What is Fibonacci extension?](#)
- [What is Market structure?](#)