

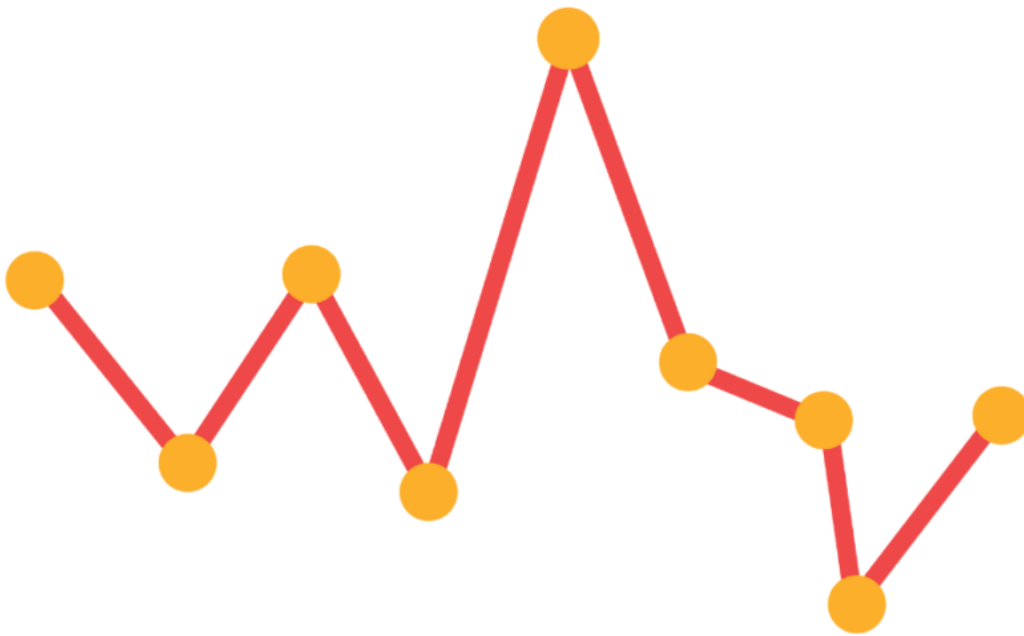
What is Market structure? Best guide with illustrations and examples!

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Market structure is one of the most undervalued topics in trading. People don't spend enough time learning about it. In this post, I'll try to touch up on all the important aspects of structure along with illustrations and examples.

What is Market structure?

MS is a simple and a basic form of understanding of 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.

How to draw and find market structure?

Identifying structure is an easy task. All you have to do is connect the recent swing highs and swing lows and identify how the price is moving. If the price is forming a series of higher highs and higher lows, then it is a Bullish structure. Similarly, if the price is forming lower highs and lower lows, it is a bearish structure.

Types of Market trend:

The market trend in 3 different directions at any given time and understanding when a shift occurs based on the timeframe you watch is pivotal to successful trading. The 3 types of market trends are:

1. Bull trend
2. Bear trend
3. Sideways trend

Type of Market structure

There are mainly 5 types of structure. These are:

1. Bullish structure
2. Bearish structure
3. Ranging/sideways structure
4. Change of trend from bullish to bearish
5. Change of trend from bearish to bullish

Exhibit 1: Bullish market structure

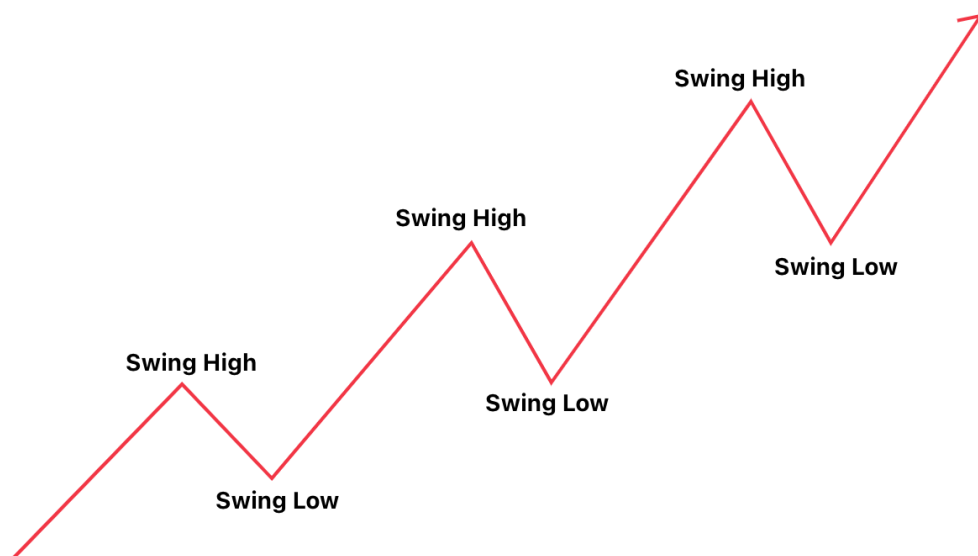


Illustration: Bullish structure

In a bullish market, the price forms a series of higher highs and higher lows.



Exhibit 2: Bearish market structure

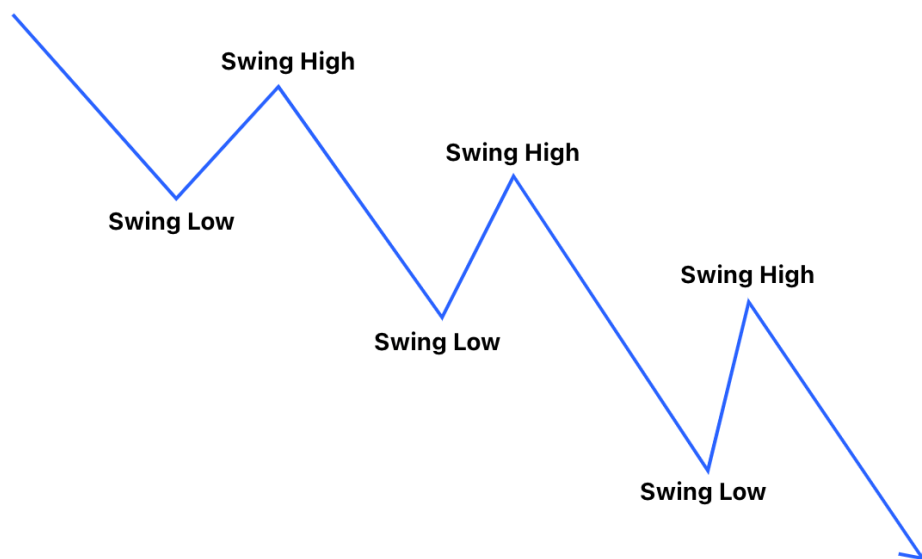


Illustration: Bearish structure

In a bearish market, the price forms a series of lower highs and lower lows.



Exhibit 3: Ranging/sideways market structure

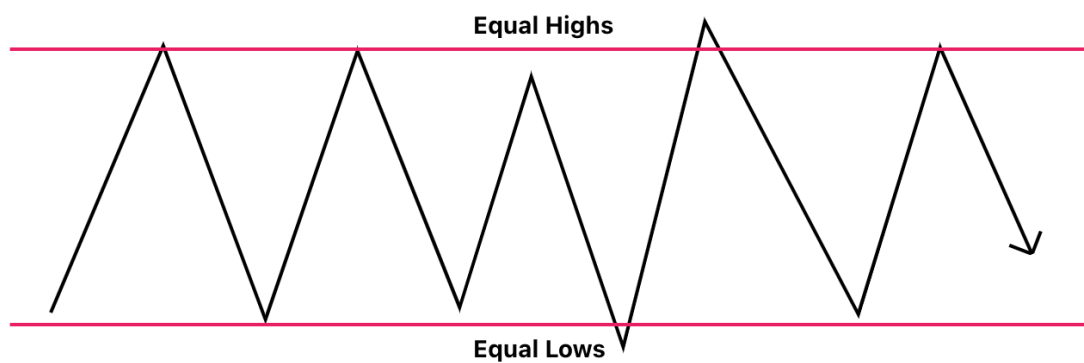


Illustration: Ranging structure

In a ranging market, the price forms a series of almost equal highs and equal lows.



Important links:

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