FREE SAMPLE CHAPTER

THE SMC SCALPING HANDBOOK

Smart Money Concepts for Gold & Bitcoin — explained so you can actually use them

Chapter 1 — Foundations & Market Structure

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Before we start

You have probably seen the terms: order blocks, liquidity sweeps, BOS, CHoCH, fair value gaps. Most explanations either drown you in jargon or sell you a dream. This book does neither. It explains, step by step, what Smart Money Concepts (SMC) actually describe, why they work more often than classic retail patterns, and how to read them on a real chart — specifically on Gold (XAUUSD) and Bitcoin, the two markets this book scalps on the 15M / 5M / 1M timeframe stack.

This free chapter is the foundation everything else stands on. If you understand market structure, every later concept — order blocks, liquidity, Fibonacci entries — clicks into place. If you skip it, they stay buzzwords.

What you will learn in this chapter

- What 'smart money' really means — without the conspiracy theatre
- Why price moves to where the orders are (liquidity)
- How to find swing highs and swing lows — the atoms of structure
- How trends are defined by structure: HH/HL and LH/LL
- BOS and CHoCH — the two signals that structure gives you
- How to read all of it across three timeframes like a checklist

How to read this book

Read with a chart open. Every concept comes with a diagram and a real TradingView screenshot. Pause, open Gold or Bitcoin on the 1-minute chart, and find one example yourself before reading on. Ten minutes of doing beats an hour of reading.

1.1 What 'Smart Money' actually means

Markets are an auction. Every price you see is simply the last deal between a buyer and a seller. Small traders — you, me, everyone on a phone app — can buy or sell almost any amount instantly, because our orders are tiny compared to the market. Banks, funds and market makers have the opposite problem: their positions are so large that they cannot simply 'click buy'. A fund that wants to buy heavily into Gold would push the price up against itself before the position is even half filled.

So large participants are forced to build positions where lots of orders are available — and that is the single most useful idea in SMC: big money needs liquidity, and price is steered toward the places where that liquidity sits. Not because of a secret cabal, but because of simple mechanics: you can only buy what someone is selling.

'Smart money' therefore does not mean somebody who knows the future. It means participants who are big enough that they must plan their entries around liquidity — and who leave footprints on the chart while doing it. SMC is the skill of reading those footprints.

> **Key idea**
>
> Retail traders ask: 'Where will price go?' SMC traders ask: 'Where are the orders that big participants need — and how will price get there?' That change of question is the whole method.

1.2 Liquidity: why price moves where it moves

Where do orders pile up? Around obvious levels. Above every 'double top' sit two kinds of orders: the stop-losses of traders who sold there, and the buy-stops of breakout traders. Both are buy orders. To a large seller, that cluster is exactly what they need to fill a big short position.

This is why charts so often spike through an obvious high, take everyone out, and immediately reverse. It is not bad luck and it is not your broker hunting you personally. It is a large participant filling orders at the only place enough orders exist — then price moves in the direction they intended all along.

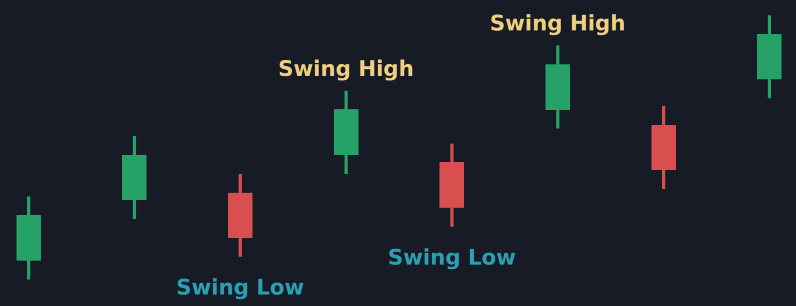
A liquidity sweep: one long wick through the level, then rejection — orders were collected, not a real breakout.

- **Equal highs / equal lows** — textbook liquidity pools — the more obvious, the more attractive
- **Session highs and lows** — Asia range, London open, New York open — every session extreme collects stops
- **Round numbers** — 4,000 on Gold, 60,000 on Bitcoin — psychological magnets for orders
- **Trendline touches** — every 'third touch of the line' trader has a stop just behind it

In Chapter 4 we will turn liquidity into a full entry model. For now you only need the concept, because market structure (next section) is constantly being tested against these pools.

1.3 Swing points: the atoms of structure

Zoom into any chart and the noise is overwhelming. Structure begins the moment you stop looking at candles and start looking at swing points. A swing high is a candle whose high sticks out above the candles to its left and right. A swing low is the mirror image. That's it — no indicator needed.



A swing high sticks out above its neighbours; a swing low sits below them. Structure is built from these points only.

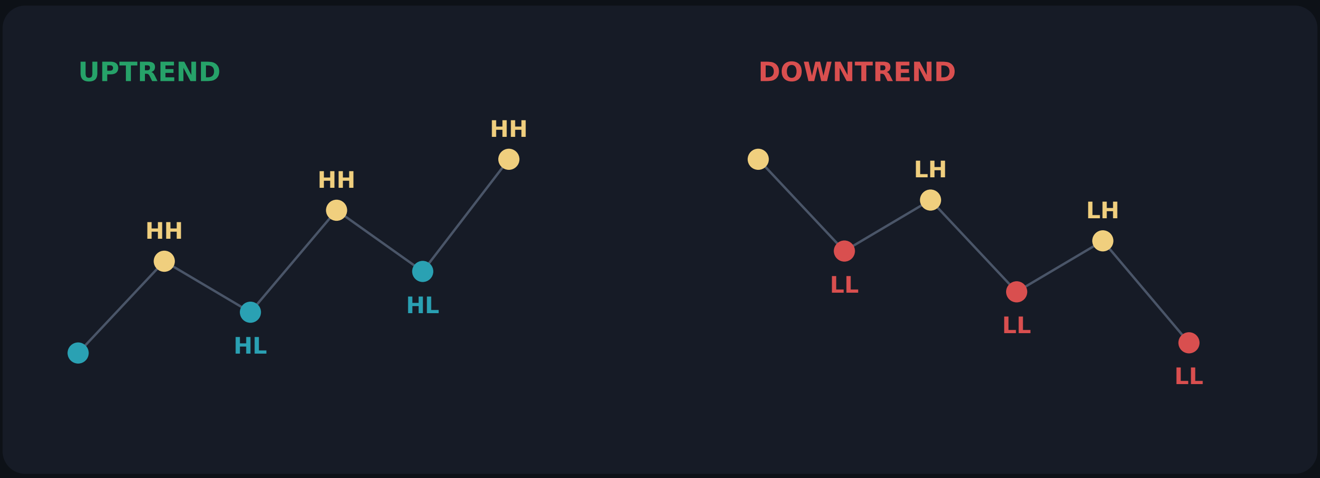
Swing points matter because they are the only places where the market records a decision: buyers pushed until this exact price, then sellers took over (swing high) — or the reverse (swing low). Everything in SMC is measured from swing point to swing point: trends, breaks, Fibonacci levels, zones. Learn to see them fast and half the work is done.

Practice (2 minutes)

Open Bitcoin on the 1-minute chart. Mark the last five swing highs and five swing lows manually. You will notice they alternate — high, low, high, low. If your marks don't alternate, you skipped one.

1.4 Trend is a structure, not a feeling

Ask ten traders whether a market is bullish and you get ten feelings. Structure replaces feelings with a rule. An uptrend exists while the market prints Higher Highs (HH) and Higher Lows (HL): each swing high above the previous one, each swing low above the previous one. A downtrend is the mirror image: Lower Highs (LH) and Lower Lows (LL).



The power of this definition is what it excludes. If the latest swing high failed to top the previous one, the uptrend is — by definition — no longer intact, no matter how green the candles look. And when highs and lows give conflicting answers, the market is ranging, and the correct position for a structure trader is usually flat.

Rule of thumb

Trade only what structure confirms: longs in HH/HL conditions, shorts in LH/LL conditions, patience in everything else. Boring — and exactly the filter most losing trades never passed.

1.5 BOS — Break of Structure

A Break of Structure (BOS) happens when price breaks its most recent swing point in the direction of the current trend: in an uptrend, a close above the last swing high; in a downtrend, a close below the last swing low.

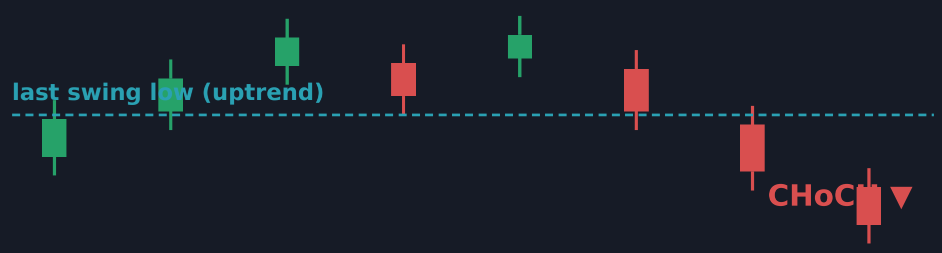
BOS: the uptrend breaks its own last swing high — structure confirms continuation.

A BOS is a continuation signal. It tells you the trend just re-validated itself: buyers (in an uptrend) were strong enough to clear the last ceiling. Statistically the most valuable information is not the break itself, but what it makes possible: after a BOS, the pullback into the zone that caused the break becomes a high-quality entry area. That is where order blocks and Fibonacci levels enter the game in Chapters 2 and 3.

- **Confirmed BOS** — a candle CLOSES beyond the swing point — the standard used in this book
- **Wick-only break** — the wick pokes through but the candle closes back inside — that is not a BOS, that is a liquidity sweep (Chapter 4)

1.6 CHoCH — Change of Character

The Change of Character (CHoCH) is the opposite event: price breaks structure against the current trend. An uptrend that suddenly closes below its last swing low has changed character — the sequence of higher lows is broken, and the first building block of a downtrend is in place.



CHoCH: an uptrend breaks its last swing LOW — the character of the market has changed.

A CHoCH is a warning plus an opportunity. Warning: if you are long, your trend just lost its foundation. Opportunity: the first pullback after a CHoCH is where trend reversals are entered with the best risk/reward — which is exactly how the 1M entry trigger works in the strategy chapters.

BOS vs CHoCH in one sentence

Both are structure breaks. WITH the trend it's a BOS (continuation). AGAINST the trend it's a CHoCH (possible reversal). Direction relative to trend is the only difference.

Quick decision table

Uptrend + close above last swing high

BOS ▲

trend continues, look for long pullback entries

Uptrend + close below last swing low

CHoCH ▼

warning, possible reversal building

Downtrend + close below last swing low

BOS ▼

trend continues, look for short pullback entries

Downtrend + close above last swing high

CHoCH ▲

warning, possible reversal building

Wick-only break — the wick pokes through but the candle closes back inside — that is not a BOS, that is a liquidity sweep (Chapter 4)

Reading a real chart: Bitcoin, 1-minute

Below is Bitcoin on the 1M with the TopSetup dashboard. Ignore the panels for a moment and read pure structure, left to right: a sell-off into 14:30, then a first strong push up — the first higher high. From there the chart builds a staircase: pullbacks hold above the prior lows (HL), pushes clear the prior highs (HH). This is a textbook uptrend by definition, not by feeling.

BTC 1M: after the 14:30 sell-off, price prints HH/HL all afternoon. The MULTI-TF BIAS panel (right) confirms: 15M, 5M and 1M all bullish — 3/3 STRONG BULL confluence.

Now look at the dashboard's MULTI-TF BIAS column: 15M Bull, 5M Bull, 1M Bull — 3/3. The indicator is doing nothing magical; it is running exactly the swing-point logic you just learned, on three timeframes at once, and scoring the agreement. When you can read the structure yourself, the dashboard turns from a black box into a time-saver.

Reading a real chart: Gold, 1-minute

Gold on the same afternoon tells a subtler story. A sharp spike at 14:30 (a news candle), a sell-off, then hours of overlapping candles between the fib levels — highs and lows disagree, no clean staircase in either direction. This is a range, and structure says: no valid trend, no trade.

Gold 1M: after the news spike, structure turns choppy. The dashboard agrees — 1M shows Neutral and confluence drops to 2/3 'Partial Bull': a stand-aside signal for structure traders.

Notice what the dashboard shows: 15M Bull, 5M Bull, but 1M Neutral — 2/3, labelled Partial. This is the single most common beginner mistake, made visible: taking trades when timeframes disagree. The professional response to a 2/3 market is patience. There will always be another 3/3.

1.7 One structure, three timeframes

Everything you learned in this chapter happens on every timeframe simultaneously — and the timeframes constantly disagree. The 15M can be in a clean uptrend while the 1M prints a CHoCH. That is not a contradiction; they are answering different questions. The scalping stack in this book assigns one question to each:

15M	Direction — which side am I allowed to trade? (bias)
5M	Location — which zone do I wait at? (setup)
1M	Timing — when exactly do I enter? (trigger)

One job per timeframe. Confusion starts when you ask one chart to answer all three questions.

The workflow is always top-down. First the 15M sets the bias — long, short, or stand aside. Then the 5M locates the zone worth waiting at. Only then does the 1M give the entry trigger: a CHoCH in your direction at the zone. You will meet this pattern in every strategy chapter; it is the skeleton of the whole method.

1.8 Your structure-reading routine

Before any indicator, any zone, any entry — this is the raw read you should be able to do on any chart in under a minute:

1. Mark the last 4–6 swing highs and swing lows (they must alternate).
2. Label the sequence: HH/HL = uptrend, LH/LL = downtrend, mixed = range.
3. Find the most recent structure break: BOS (with trend) or CHoCH (against trend)?
4. Check the same on the timeframe above — do they agree?
5. If trend + agreement: note the direction you are ALLOWED to trade. If range or conflict: stand aside.

The four classic beginner mistakes

- **Counting wicks as breaks** — a break needs a candle CLOSE beyond the level — wicks are sweeps, not breaks
- **Marking every tiny wiggle as a swing** — if your swing points don't alternate high/low, you are zoomed in too far
- **Trading against the higher timeframe** — a perfect 1M uptrend inside a 15M downtrend is a countertrend scalp, not a trend trade
- **Needing a trade** — 'mixed structure' is a complete, valid analysis result — the market pays you for waiting, via better entries

Chapter 1 — what to remember

- Big participants must trade where liquidity is; price is drawn to order clusters — obvious highs/lows, session extremes, round numbers.
- Structure is built from swing points only: a swing high sticks out above its neighbours, a swing low below.
- Uptrend = HH + HL. Downtrend = LH + LL. Anything mixed = range = stand aside.
- BOS = structure break WITH the trend → continuation. CHoCH = break AGAINST the trend → possible reversal.
- Breaks need closes. Wick-through-and-back is a liquidity sweep — often the OPPOSITE signal.
- 15M decides direction, 5M decides location, 1M decides timing. Never let one chart answer all three.

Self-check (answers at the bottom)

1. Price wicks above equal highs and closes back below them. BOS or sweep?
2. An uptrend closes below its last swing low. What is this event called?
3. 15M bullish, 5M bullish, 1M neutral. What does the routine say?
4. What is the minimum requirement for a confirmed BOS in this book?

Answers: 1) Sweep — no close beyond the level. 2) CHoCH. 3) Stand aside / wait for 3-of-3 agreement. 4) A candle close beyond the last swing point.

What comes next

You can now read what the market IS doing. The rest of the book is about acting on it. Chapter 2 takes the pullback idea from this chapter and makes it precise with the Fibonacci toolset — including the OTE zone (0.618–0.786), where the best trend-continuation entries live. Then: order blocks, fair value gaps, the full liquidity playbook, complete setups, risk management and trading psychology.

The full handbook

- Chapter 2 — Fibonacci & the OTE zone
- Chapter 3 — Order Blocks & Fair Value Gaps
- Chapter 4 — Liquidity: sweeps, traps and stop hunts
- Chapter 5 — Complete setups: 15M/5M/1M step by step
- Chapter 6 — Risk management & position sizing
- Chapter 7 — Routine, psychology & the mistakes that cost most

Free tools that go with this chapter

SMC Cheat Sheet (PDF)
all core concepts on one page — free download

TopSetup Lite
free open-source indicator on TradingView — search 'TopSetup'

TopSetup — SMC Multi-TF Scalper
the full dashboard from the screenshots in this chapter

All links: linktr.ee/TradingSetup1

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