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FVG DAILY · FREE GUIDE

FVG Field Guide

Fair value gaps from first principles: how to mark them, grade them, and decide which ones are worth your attention.

Inside

- What a fair value gap is (three-candle rule)
- Bullish and bearish FVGs with drawings
- Five-point FVG quality score
- Entry options: first touch, 50%, full fill
- Inversion FVGs and common mistakes

A free lesson taken from **Price Action Pro**, the course we are preparing for Skool. Free to read and share.
Education only, not investment advice. Trading is high risk.

PART 1

What a fair value gap is

A **fair value gap (FVG)**, also called an imbalance, is a three-candle pattern where the middle candle moves so fast that the wicks of candles 1 and 3 do not overlap. The space between them is a price range where trading was one-sided.

- **Bullish FVG:** candle 3's low is above candle 1's high. The gap is from candle 1 high up to candle 3 low.
- **Bearish FVG:** candle 3's high is below candle 1's low. The gap is from candle 3 high up to candle 1 low.



Bullish FVG: the gap between candle 1's high and candle 3's low after a strong up candle.

The idea behind FVGs is that price often returns to areas it passed through too quickly, to fill orders that could not be matched on the way. Price does not always return, and when it does, it does not always respect the gap. That is why grading matters.

PART 2

Bearish FVGs and displacement



Bearish FVG: candle 1's low sits above candle 3's high. Price often returns to it before continuing.

The middle candle of a meaningful FVG is a **displacement** candle: larger than recent candles, closing near its extreme. Displacement shows intent. A gap created by a small, slow candle on a 1-minute chart is not the same thing.

Practice tip

Compare the displacement candle's body with the average body of the last 10 candles. Two times or more is a useful threshold to start with.

PART 3

Five-point FVG quality score

Score each gap from 0 to 5. In our reviews, gaps scoring 4-5 behave far more cleanly than gaps scoring 0-2. Use the score to filter, not to predict.

Criterion	1 point if...	Why
Displacement	Middle candle body at least 2x the recent average	Shows urgency, not noise
Structure	The move broke a swing high or low	The gap belongs to a real shift
Liquidity	The move started from a sweep of a clear high or low	Stops taken, fuel used
HTF alignment	Direction agrees with the higher-timeframe bias	Trades with the bigger flow
Freshness	Price has not traded back into the gap yet	First touch is usually cleanest

Common mistake

Marking every gap on the chart. On a 1-minute chart there may be dozens per hour. Mark only gaps that score at least 3, on the timeframe you actually trade.

PART 4

Entry options

Method	How	Pros	Cons
First touch	Limit order at the near edge of the gap	Fills most often	Worst price; deeper drawdown
Consequent encroachment (50%)	Limit at the midpoint of the gap	Balanced; widely used	Misses trades that only tap the edge
Full fill + reaction	Wait for the far edge, then an LTF shift	Best confirmation	Misses many moves; later entry

Whatever the method, the stop belongs beyond the structure that created the gap (usually the swing low or high of the displacement), not just beyond the gap itself. Gaps are areas, not lines.

Practice tip

Pick one method and use it for at least 30 trades in a demo or journal before judging it. Mixing methods hides what works.

PART 5

Inversion FVGs

When price closes fully through an FVG instead of respecting it, the gap has failed. Some traders then watch it from the other side: a failed bullish FVG can act as resistance on a retest. This is often called an **inversion FVG (IFVG)**.

- The close through the gap should be a body close, not a wick.
- It works best when the break also changes structure.
- Treat it as a lower-probability idea than a fresh, high-score FVG.

Balanced price range

When a bullish and a bearish FVG overlap (price ran up, then ran down through the same area), the overlap is sometimes called a balanced price range. It shows the area has been traded both ways and is often less reliable.

PART 6

Drills and journal

- [] On a 15m chart of one market, mark every FVG for 5 days. Score each 0-5.
- [] Record which gaps price returned to, and whether it reacted at the edge, the 50% or the far edge.
- [] Compare reaction rates for scores 0-2 versus 4-5.
- [] Replay 10 sessions and practise placing the entry and stop before the return happens.
- [] Post your marked-up chart in the free Telegram or Discord community and ask for a review. Explaining your reasoning out loud is the fastest way to find the gaps.

Field	Your note
Market / timeframe	
Gap range (low-high)	
Score (0-5) and which points	
Returned? Edge / 50% / full	
Reaction strength	
Notes	

PART 7

Quick reference

Term	Meaning
FVG / imbalance	Three-candle gap where candle 1 and 3 wicks do not overlap
Displacement	Strong, fast candle showing intent
Consequent encroachment	The 50% level of a gap
Mitigation	Price returning into a gap or zone
IFVG	A gap that failed and is watched from the other side
BPR	Overlapping bullish and bearish gaps

KEEP LEARNING

Where to go next

This guide is one free lesson. If it helped, these are the next steps, all optional.

Next step	What it is
Free community	Daily market notes, session plans and chart reviews. No signals for sale, no account managers.
Telegram	t.me/gorilacapital99
Discord	discord.gg/aHRUT6DhT
WhatsApp channel	whatsapp.com/channel/0029Vb8jer11nozBPjBeAM06
Gorila Zones (\$49, one-time)	Our TradingView education tool that marks supply and demand zones, structure breaks and a historical stats table. Details: finance-gorila.pages.dev/indicator
Price Action Pro (coming soon on Skool)	The full course this guide comes from: structure, liquidity, zones, sessions and risk, with drills and chart reviews. Join the community above to hear when it opens.
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Risk warning

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