PSEDYS | TECHNICAL REFERENCE MANUAL V3.0

BOS — Break of Structure

BOS — Break of Structure

Technical Reference Manual v1.0

PSEDYS | Complete Edition
Definition · Bullish/Bearish BOS · Confirmation Close vs Wick · Continuation vs Reversal · CHoCH vs BOS · MTF

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1. What is BOS? Concept

BOS (Break of Structure) signifies **the surpassing of a previous Swing High or Swing Low** — confirming the continuation of the existing trend. Bullish BOS = Close > last Swing High = buyers dominate and the trend continues. Bearish BOS = Close < last Swing Low = sellers dominate.

BOS ≠ CHoCH: BOS = trend continuation; CHoCH = trend change.

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2. Defining BOS — Exact Rules

2.1 Bullish BOS

```
Condition: Previous bullish structure (HH+HL) or neutral

Bullish BOS = Close[i] > previous_Swing_High

Example:
  Bullish structure with SH at 65000
  Current bar: Close = 65500
  → Bullish BOS confirmed at 65500
  → Bullish trend continues → next HH expected
```

2.2 Bearish BOS

```
Condition: Previous bearish structure (LH+LL) or neutral

Bearish BOS = Close[i] < previous_Swing_Low

Example:
  Bearish structure with SL at 58000
  Current bar: Close = 57500
  → Bearish BOS confirmed
  → Bearish trend continues → next LL expected
```

2.3 Confirmation: Close vs Wick

```
Close BOS (recommended): The bar surpassing SH/SL must CLOSE beyond
→ Fewer false signals, more lag

Wick BOS (aggressive): High surpasses SH or Low surpasses SL (regardless of Close)
→ Earlier, more false signals
→ "Liquidity sweep" if the bar returns below SH after wick (false BOS)

Standard in ICT/SMC: Close BOS
```

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3. BOS vs CHoCH — Critical Difference

Aspect	BOS	CHoCH
What it does	Continues existing trend	Reverses trend
Context	Structure in the same direction	Structure in opposite direction broken
Bullish	Close > previous SH (in bullish structure)	Close > previous LH (in bearish structure)
Bearish	Close < previous SL (in bearish structure)	Close < previous HL (in bullish structure)
Signal	Continuation Long/Short	Trend reversal → new Long/Short
Risk	Lower (following the trend)	Higher (against the trend)

```
Example CHoCH vs BOS:

Bearish structure: SH1=100 → SL1=90 → SH2=95 (LH) → SL2=85 (LL)

Bearish BOS: Close < 85 (SL2) → bearish continuation
Bullish CHoCH: Close > 95 (SH2=LH) → bearish structure broken → possible trend inversion
```

4. Trading Signals

```
Bullish BOS (bullish trend confirmation):
  → Riding Long with trailing SL
  → Fresh entry: retracement after BOS to last HL or OB/FVG created by BOS

Bearish BOS (bearish trend confirmation):
  → Riding Short with trailing SL
  → Fresh entry: bounce after BOS to last LH or OB/FVG

BOS as trigger for Order Block:
  → At bullish BOS: bearish bar before BOS = Bullish OB
  → Retracement to OB → entry Long
```

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5. BOS in Market Structure

```
Level 1 (micro BOS, 5M): intraday structure
Level 2 (BOS, 1H): meso structure
Level 3 (major BOS, 4H/1D): macro structure

Rule: BOS on 4H = most important → confirms macro trend
        BOS on 5M in the direction of 4H BOS = quality entry
```

6. MTF and PSEDYS

```
# BOS detection
def detect_bos(closes, swing_highs, swing_lows):
    bos_events = []
    for i in range(1, len(closes)):
        # Bullish BOS
        for sh in swing_highs:
            if sh['index'] < i and closes[i] > sh['price'] and closes[i-1] <= sh['price']:
                bos_events.append({'type': 'bullish', 'level': sh['price'], 'index': i})
        # Bearish BOS
        for sl in swing_lows:
            if sl['index'] < i and closes[i] < sl['price'] and closes[i-1] >= sl['price']:
                bos_events.append({'type': 'bearish', 'level': sl['price'], 'index': i})
    return bos_events
```

7. Practical Exercises

Exercise 1: Bullish BOS at 4H — direct entry or wait?

Situation: BTC. Bullish BOS at 4H (Close > SH=65000). First BOS bar = +3% (large bar). ADX = 26.

Answer: No direct entry — wait for retracement. BOS confirmed = updated bullish trend. But entry at BOS bar = risk of buying at local high. Wait for retracement to: OB created by BOS, FVG from BOS bar, or Fibonacci 50-61.8% of BOS move. Entry at retracement with SL below BOS level (65000). Better R:R.

Exercise 2: Bearish BOS immediately followed by Close back above

Situation: ETH. Close below SL=1800 (bearish BOS), but IMMEDIATELY FOLLOWING bar closes at 1820 (above 1800).

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Answer: False BOS / Liquidity Sweep — no Short entry. Bearish BOS confirmed but immediately recovered = liquidity sweep (stop hunt below previous SL). Market caught Long SLs below 1800 and rebounded. Bias becomes bullish. Watch for bullish CHoCH if Close > last LH.

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8. Cheat Sheet

Concept	Rule
Bullish BOS	`Close > previous_Swing_High`
Bearish BOS	`Close < previous_Swing_Low`
Confirmation	Close (not wick) — ICT standard
BOS = Continuation	Current trend continues
CHoCH = Reversal	Trend changes
Entry after BOS	Retracement to OB/FVG created → no direct entry
False BOS	BOS + immediate recovery = liquidity sweep
MTF BOS 4H	Most important → macro direction
OB at BOS	Last contrary bar = OB for retracement entry

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