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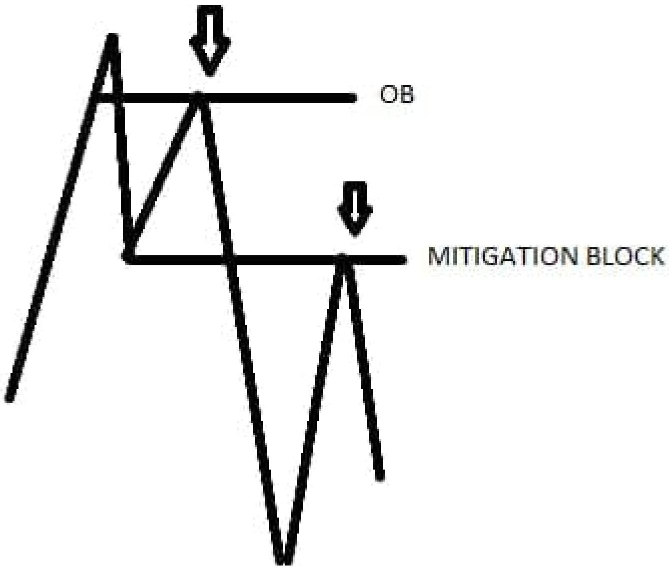
ghosttraders.co.za/blog/what-is-a-mitigation-block-in-forex/

August 10, 2021

Definition

A mitigation block in forex is a failure to swing high or low in the market due to an order block.

In the below examples, we can see price is failing to form a higher high due to the order block, therefore we expect price to decline and take out the previous low to form a lower low but as price went down to create a lower low there will be liquidity void created. Price will then retrace and close 50%-60% of The Liquidity Void, using the previously violated low which is referred to as our mitigation block.



Mitigation Block Example

bearish mitigation Block Example

In the chart, you can see that price filled the liquidity void, then used our mitigation level as a reference point to go short.

In The Chart, we had an order block entry opportunity followed by our mitigation block entry as indicated.

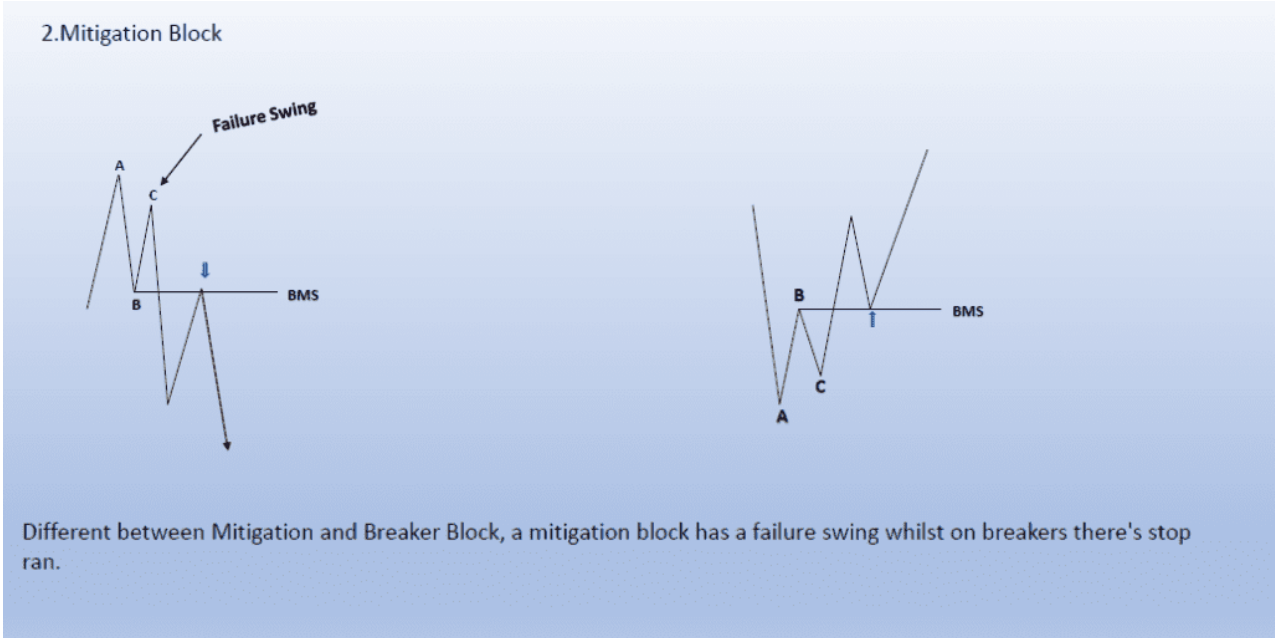
There are two types of mitigation blocks in forex

1. bearish mitigation block in forex

A bearish mitigation block in forex occurs when there`s a failure swing in the market resulting in a lower high being formed after price has failed to collect buy-side liquidity on previous highs due to an order block or rejection block. so this means a bearish mitigation block is a result of a failure swing due to an order block or rejection block. pushing price down to collect sell-side liquidity on the nearest previous low thus forming a lower low

after price has formed a lower low it will pull back up to fill the liquidity void that has been created as price was pushed down by the order block, in an attempt of price pulling back to fill in liquidity voids, it will use the previously violated low as a point of reference to fill

50% of the liquidity void than continue to bearish/sell. Having these in mind we can then use the previously violated low as our entry point and also our Fibonacci we can see the previously violated low lining up with our equilibrium which will give confluence.



bearish and bullish mitigation block example.[what is a mitigation block in forex]

2. bullish mitigation block in forex

A bullish mitigation block in forex occurs when there`s a failed collection of sell-side liquidity on previous lows in the market. resulting in a high low being formed after price has failed to collect sell-side liquidity on previous highs due to an order block or rejection block. so this means a bullish mitigation block is a result of failed collection of sell-side liquidity on previous lows due to an order block or rejection block. Pushing price up to collect buy-side liquidity on the nearest previous high thus forming a higher high.

After price has formed a higher high it will pull back down to fill the liquidity void that has been created as price was pushed up by the order block or rejection block. in an attempt to price pulling back to fill in liquidity voids, it will use the previously violated high as a point of reference to fill 50% of the liquidity void and then continue to be bullish. Having these in mind we can then use the previously violated high as our entry point and also using our Fibonacci we can see the previously violated low lining up with our equilibrium which will give confluence.

Read More: how to trade mitigation block, breakers, and qml