PRECISION PIPS

A COMPLETE GUIDE TO THE IFVG MODEL

Sweep · Displacement · Inversion · Retest

Six steps, worked examples, figures and practice tasks

BIAS | SWEEP | INVERSION | RISK



Based on the document “A Complete Guide to the IFVG Model”, explained with original figures.

Educational material only. Not financial advice. Trading involves substantial risk of loss.

• About this lesson

The Inverse Fair Value Gap (IFVG) is one of the simplest ways to spot a possible shift in short-term order flow. The guide this lesson is based on makes one point again and again: **the IFVG is not the trade. The sequence around it is.** A gap that simply gets broken is just a broken gap. It becomes meaningful when the inversion follows a liquidity event and strong displacement.

Step	What you do	Question it answers
1 Bias	Work on the 1H or 4H chart	Where is price most likely trying to go?
2 Sweep	Wait for an obvious high or low to be taken	Has the fuel been taken?
3 SMT + displacement	Compare a correlated market, then look for strong displacement	Is there evidence of a shift?
4 Inversion	Wait for a candle to close through the FVG	Has the gap changed role?
5 Entry and risk	Enter on the retest of the IFVG; stop at the invalidation	Where am I wrong?
6 Targets	Internal liquidity first, then the larger draw	Where does price go next?

About the figures

Every figure is an **original schematic** drawn for this lesson. The prices are illustrative and none of the charts are real market data or historical trades. Source: the document “A Complete Guide to the IFVG Model” (author not shown), explained in our own words.

A note on wording

The guide's Step 3 says the displacement “leaves behind a clean FVG” that later inverts. Its Step 4 diagrams and both worked examples show the logic more precisely, and this lesson follows that version: **the gap that inverts is the one that formed in the opposite direction, on the move into the liquidity.** The displacement after the sweep is what closes through it.

1 What is an FVG?

A **Fair Value Gap (FVG)** is an imbalance created by aggressive price delivery. It forms across **three candles**, where the wicks of the first and third candles do not overlap. The space between them is an area of inefficient delivery.

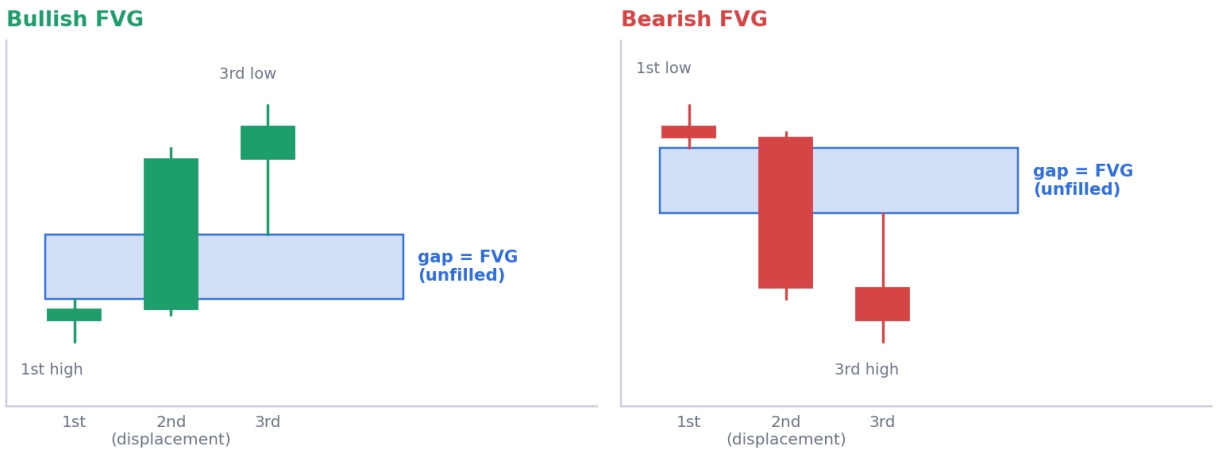


Figure 1 — Bullish FVG: the gap between the 1st candle's high and the 3rd candle's low. Bearish FVG: the gap between the 1st candle's low and the 3rd candle's high.

- **How to mark it:** draw the box from the 1st candle's wick to the 3rd candle's opposite wick, and extend it to the right.
- **The usual expectation:** price may return to the gap before continuing in the original direction.
- **The question this lesson is built on:** what happens when price does *not* respect the gap? That is where the IFVG comes in.

An FVG is an imbalance across three candles. Price may return to it, or it may fail.

2 What is an IFVG?

An **Inverse Fair Value Gap** forms when price **displaces through an existing FVG and closes beyond it**. The original gap is no longer being respected. Instead it can become an area that supports price in the opposite direction. The basic idea is a four-part chain:

FVG → Displacement through → Inversion → Retest

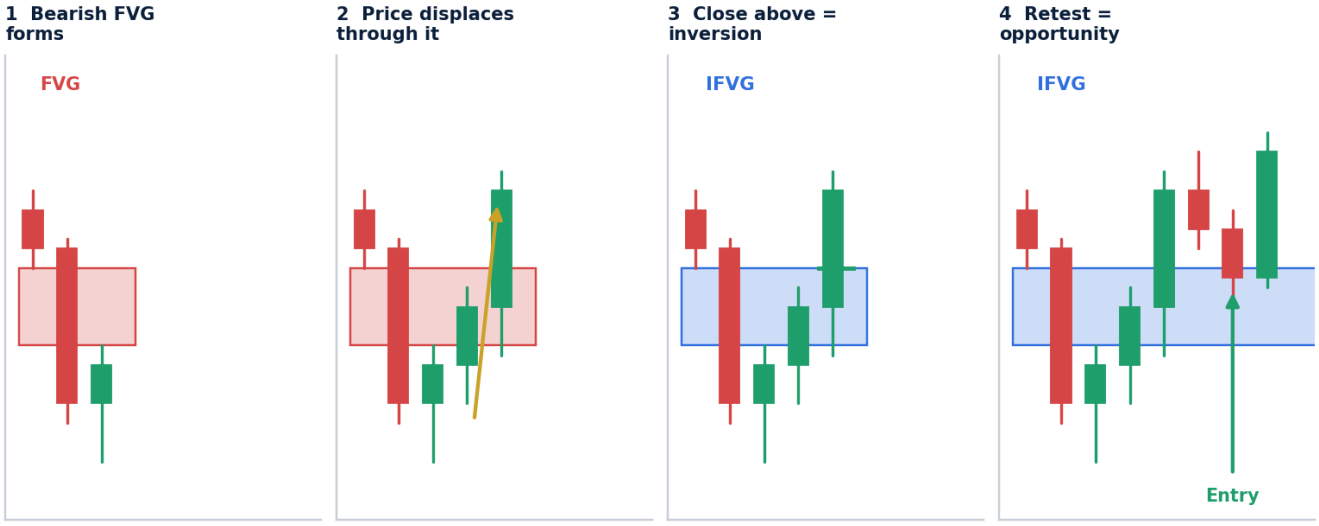


Figure 2 — A bullish IFVG in four stages. A bearish FVG is closed through from below, flips, and is then retested.

- **The inversion is the confirmation.** Until a candle closes through the gap, nothing has changed.
- **The retest is the opportunity.** You do not chase the displacement; you wait for price to come back to the flipped zone.

- **Why the flip makes sense:** a gap that price accepts being on the other side of has changed role. What would have been resistance (a bearish FVG above price) can now act as support, and the reverse.

Inversion is the confirmation. The retest is the opportunity.

3 An IFVG should never be traded in isolation

The model starts with **liquidity**. Price first reaches an obvious high or low. That liquidity is swept. After the sweep, price displaces in the opposite direction. If the FVG that formed on the way in is later inverted, you have your IFVG.

Liquidity → Displacement → FVG → Inversion

Without the first step, an inverted gap can appear anywhere on a chart: in chop, against the bias, in the middle of nowhere. The liquidity event and the displacement are what turn it from a pattern into a story. (The guide repeats the heading “What is an FVG?” for this section by mistake; it is really about the IFVG in context.)

4 Step 1: Find your bias

Start on the **1H or 4H chart** and identify three things: the directional bias, the important highs and lows, and the draw on liquidity (DOL). **You are not looking for an entry here.** You are answering one question: *where is price most likely trying to go?* Once the higher-timeframe context is clear, move down to your execution timeframe.

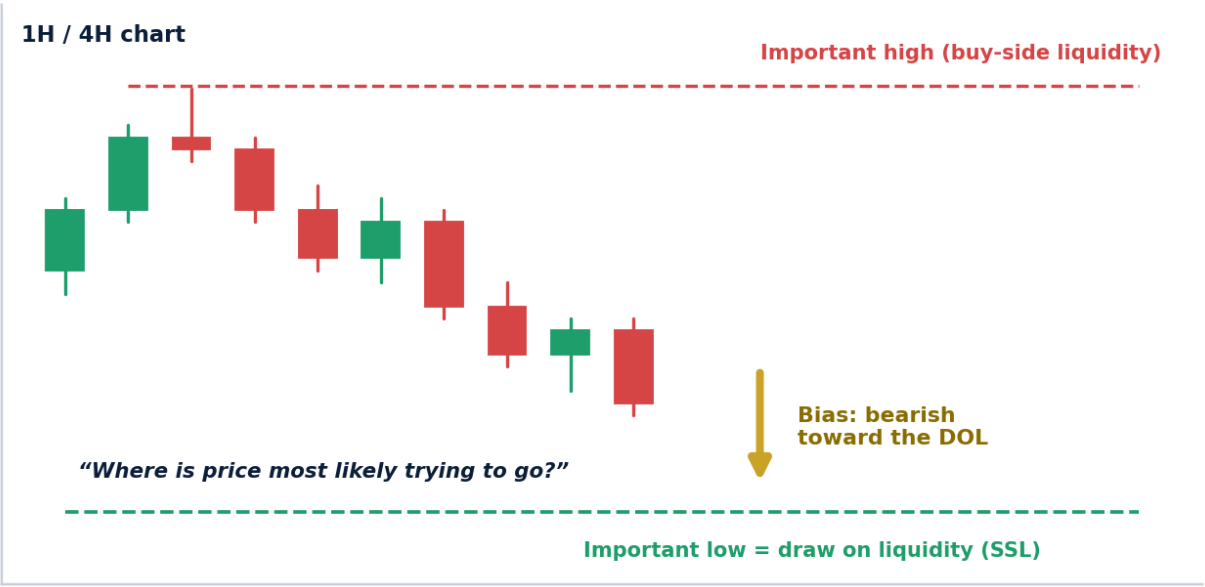


Figure 3 — Step 1: a bearish bias with an obvious high above and a low below as the draw on liquidity.

Timeframe	Job	Output
1H / 4H	Context	Bias, important highs and lows, draw on liquidity
1m – 5m	Execution (the guide's examples use 1m, 3m and 5m)	Sweep, SMT, displacement, FVG, inversion, entry

- **How to choose the DOL:** the nearest meaningful liquidity on the side your bias favors, such as relative equal highs/lows, session highs/lows or the previous day's high/low.
- **If you cannot state the bias in one sentence,** you are not ready for step 2.

Bias first. The higher timeframe tells you where to look; it does not tell you when to enter.

5 Step 2: Wait for the liquidity sweep

Now wait for price to take an obvious high or low.

Setup	Sequence
Bearish	Buy-side liquidity → sweep → reversal
Bullish	Sell-side liquidity → sweep → reversal

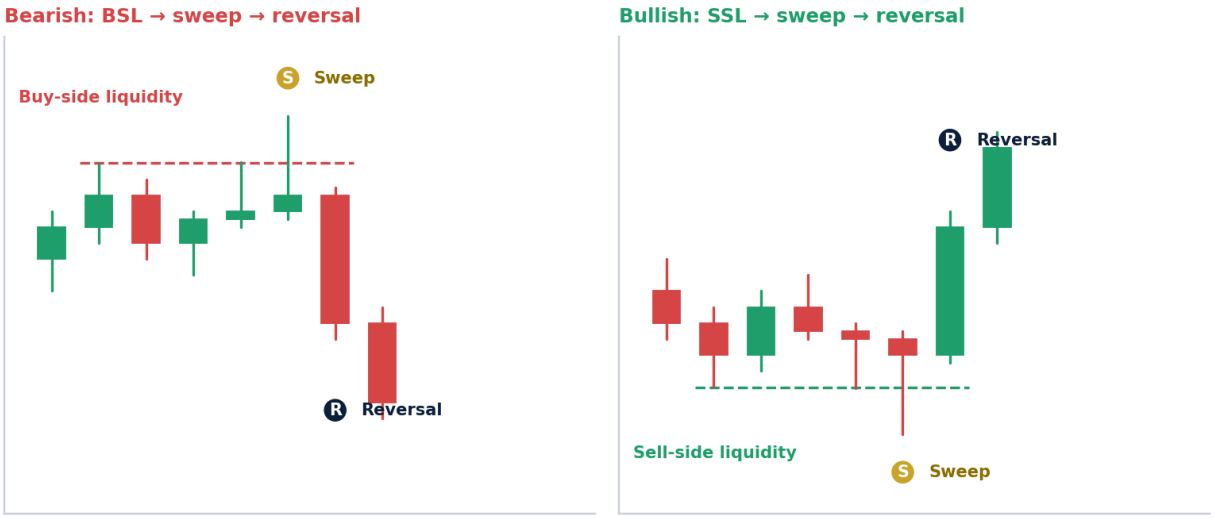


Figure 4 — The sweep gives context for a possible reversal. Left: bearish. Right: bullish.

The sweep gives the **context** for a potential reversal. It is not the entry. The guide's warning is direct: **do not anticipate the IFVG.** Wait for the market to show you the displacement.

- A sweep that is followed by continuation is a **breakout**, not a sweep. The difference only shows up in what price does next, which is why you wait.
- On the execution chart, mark the obvious level and watch the reaction. Do not place orders in advance.

6 Step 3: Look for SMT and displacement

After the sweep, compare your market with a correlated one. The guide's example compares US30 with SPX 500. If SPX 500 makes a lower low while US30 makes a higher high, the two disagree, and that disagreement is **bearish SMT divergence**.

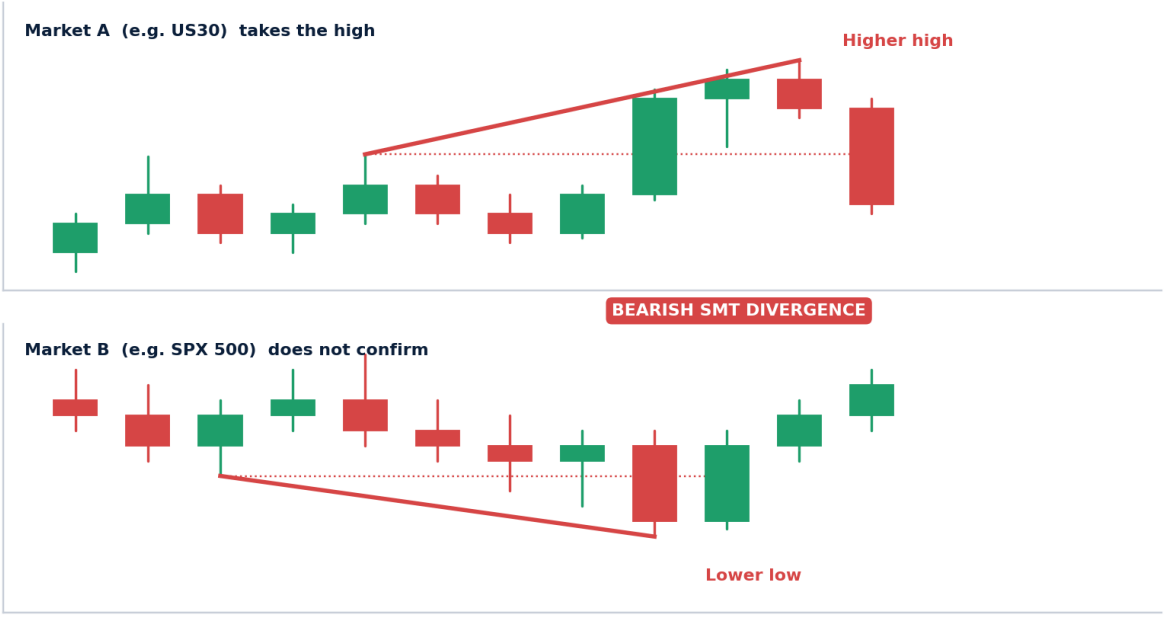


Figure 5 — Bearish SMT divergence: Market A takes the high while Market B does not confirm.

Then look for **strong bearish displacement** in US30. A rapid sell-off is the evidence that the sweep was a trap and not the start of a breakout. If price later closes through the FVG that formed on the way up, the conditions for a bearish IFVG setup are in place.

> **Which markets to compare?**
>
> Commonly compared pairs include US30 / SPX 500 / NAS100, and EURUSD / GBPUSD. For gold, traders often look at silver (XAGUSD) or at the dollar inversely. Treat these as starting points and test which pair works for your own journal. SMT supports the idea; it does not replace the inversion.

7 Step 4: Wait for the inversion

This is the most important part. **Price must close through the FVG from the opposite direction.**

	Bullish IFVG	Bearish IFVG
1	A bearish FVG forms	A bullish FVG forms
2	Price displaces up through it	Price displaces down through it
3	A candle closes above the FVG	A candle closes below the FVG
4	The FVG becomes an IFVG	The FVG becomes an IFVG

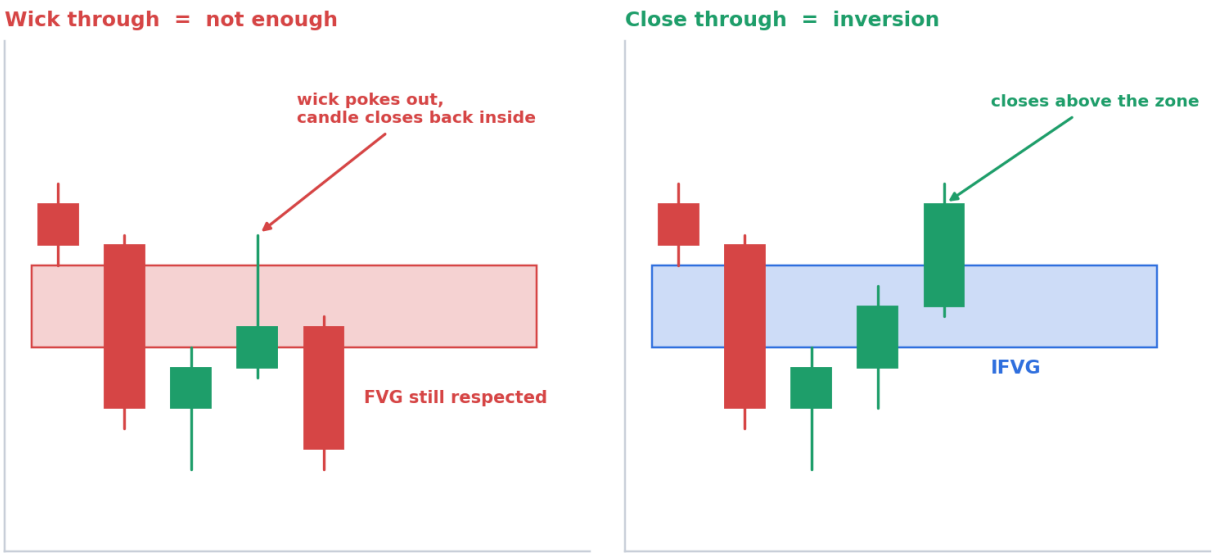


Figure 6 — A wick through the gap is not confirmation. We want the close.

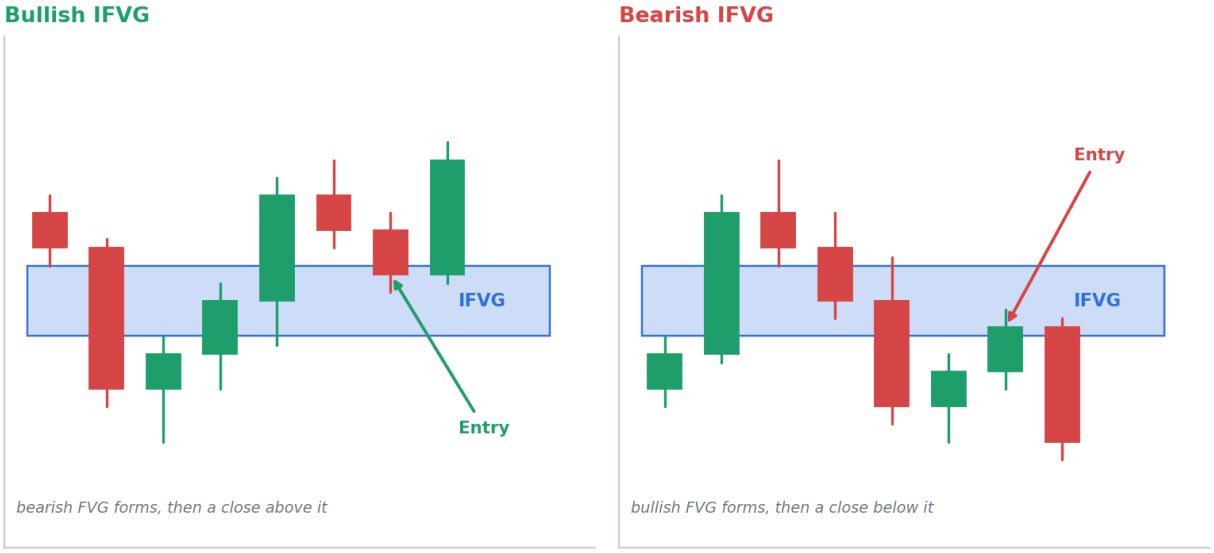


Figure 7 — The two finished patterns, with the retest entry. The IFVG sits where the original gap was.

Wick versus close

Why the close matters: a wick shows price tried and was rejected, so the gap is still being respected. A close shows price was accepted on the other side. Only the second tells you the gap has changed role.

Don't treat a simple wick through the FVG as confirmation. We want the close.

8 Step 5: Entry and risk

Once the FVG has inverted, wait for price to return to the IFVG.

	Bearish IFVG	Bullish IFVG
Inversion	Price closes below the FVG	Price closes above the FVG
Then	Wait for the retracement	Wait for the retracement
Entry	Short from the IFVG	Long from the IFVG

For the stop, use the **IFVG or the sweep high/low** as your invalidation reference. These are two different levels, and the choice changes the trade:

Stop reference	Where it sits	What it means
Just beyond the IFVG	Tight: above the zone for a short, below it for a long	Small risk and a large reward multiple. The idea is wrong if price accepts back through the zone.
Beyond the sweep high/low	Wide: past the extreme of the liquidity raid	Larger risk and a smaller reward multiple, but more room. The whole sweep idea is wrong if it is broken.

Whichever you choose, **decide before you enter** and size the position from the stop distance, not the other way round (see Section 12). If price never returns to the zone, there is no entry.

9 Step 6: Target liquidity

The target should come from where price is drawing toward.

Target	What it is	What to do
First target	Internal liquidity: a nearby swing low or high inside the move	Take a planned action here, such as partial profit or a protected stop
Final target	A major swing high/low, or the larger draw on liquidity from Step 1	Hold only if price keeps delivering

- **If price reaches the first objective but fails to continue with displacement, protect the position.** Decide in advance what that means for you (partial close, stop to a safer level, or exit).
- **Do not force the trade to reach the final target.** A trade is allowed to end at the first objective.

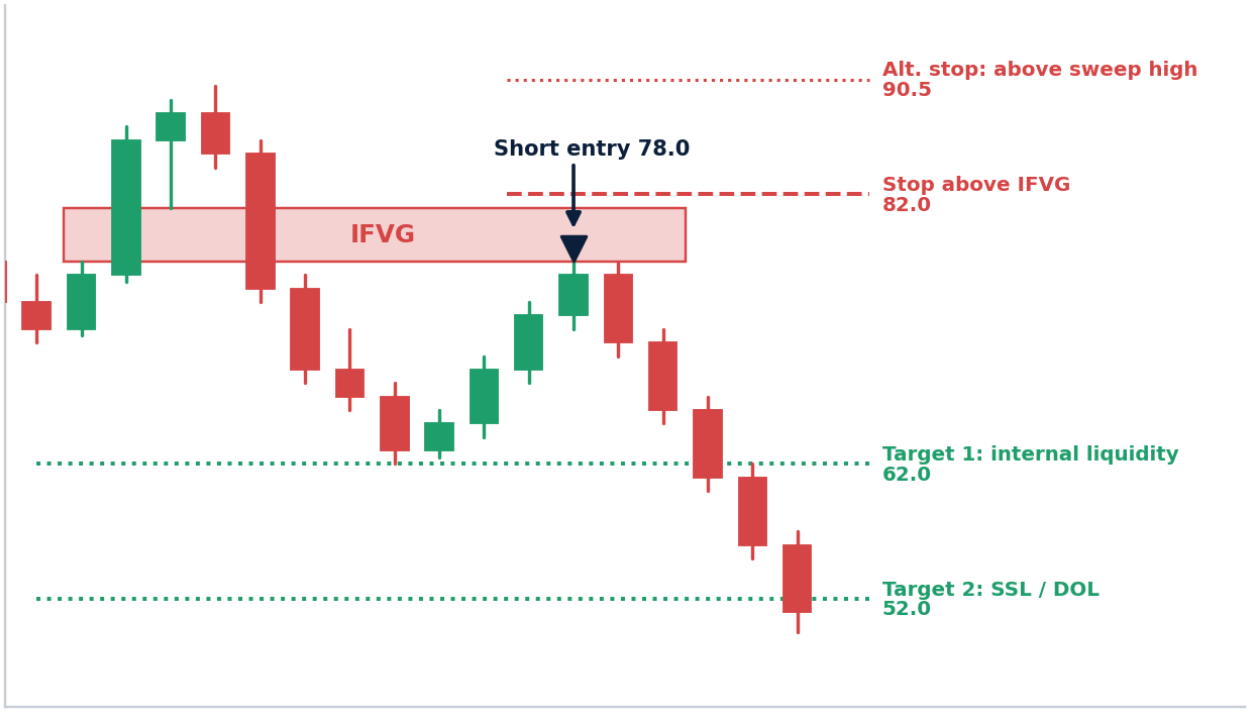


Figure 8 — A bearish plan: entry at the IFVG, stop above it (or above the sweep high), first target at internal liquidity, final target at the larger draw.

10 Worked examples: the sequence in eight steps

The guide labels each example with eight steps. They are the same in both directions.

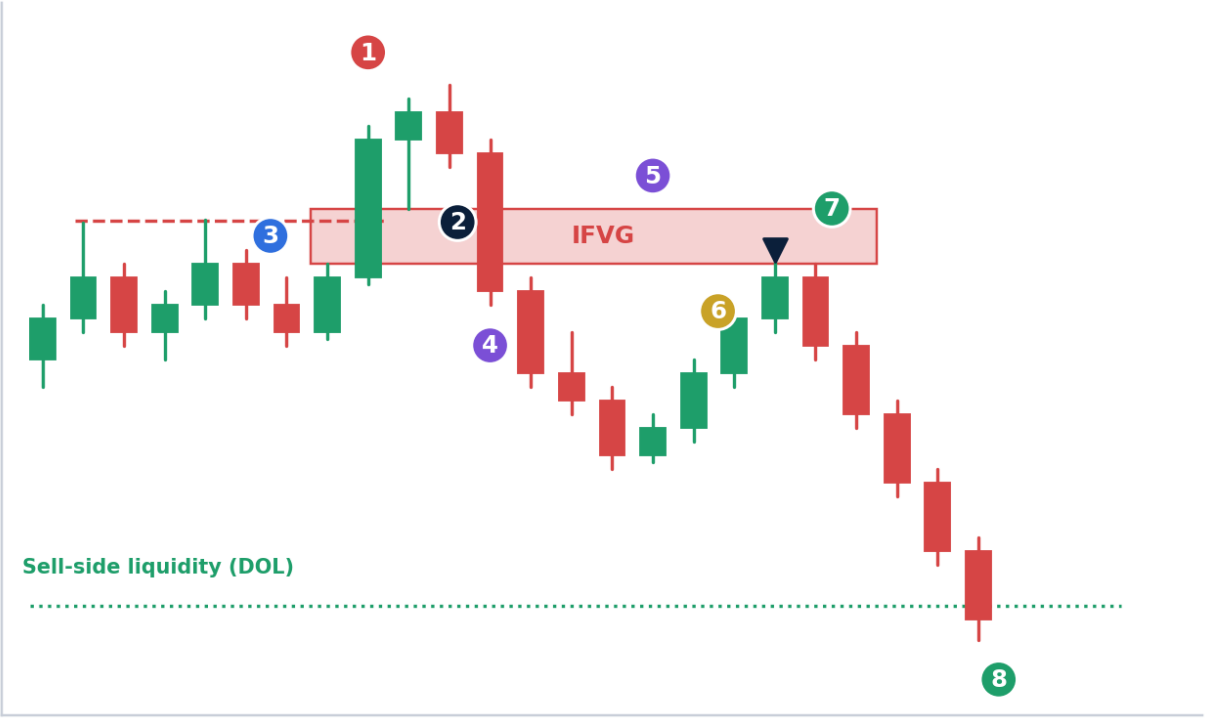


Figure 9 — Bearish IFVG, step by step.

1	**Price takes buy-side liquidity.** The equal highs are swept.	2	**Bearish displacement follows.**
3	**A clean FVG forms.** The bullish gap left by the push into the high.	4	**Price breaks through the FVG,** closing below it.
5	**The FVG becomes an IFVG.**	6	**Price retraces into the IFVG.**
7	**Short entry** at the IFVG.	8	**Target sell-side liquidity.**



Figure 10 — Bullish IFVG: the same eight steps, mirrored.

1	**Price takes sell-side liquidity.**	2	**Bullish displacement follows.**
3	**A clean FVG forms** on the move into the low (a bearish gap).	4	**Price breaks through the FVG,** closing above it.
5	**The FVG becomes an IFVG.**	6	**Price retraces into the IFVG.**
7	**Long entry** at the IFVG.	8	**Target buy-side liquidity** (for example a session high).

The important part is the sequence, not the IFVG alone.

11 The complete model

The whole model can be reduced to one sequence of ten links:

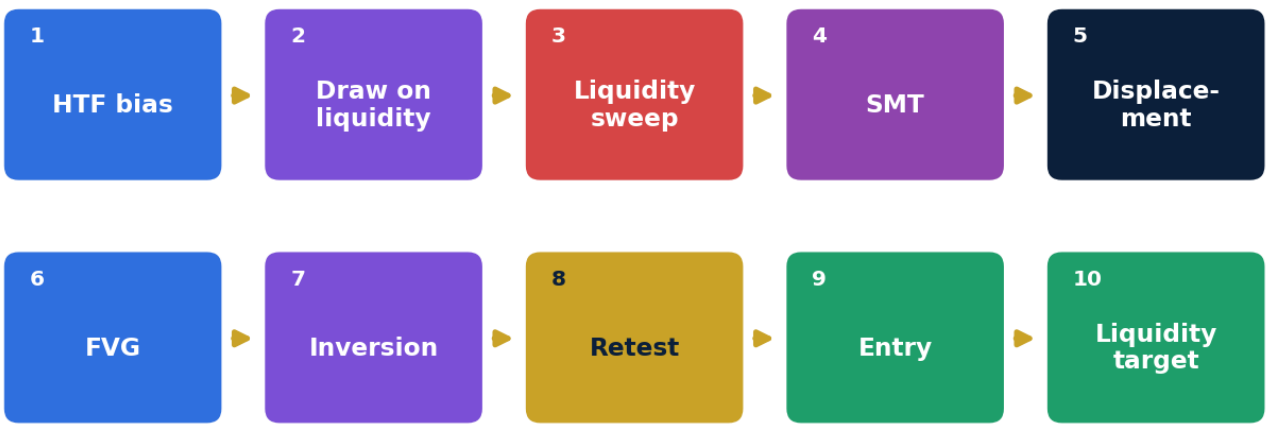


Figure 11 — The IFVG model as one chain. Remove a link and the setup weakens.

Link	Question	If it is missing
HTF bias	Which way is the bigger picture pointing?	You may be trading against the larger flow
Draw on liquidity	Where is price likely going?	No target, no way to judge reward
Liquidity sweep	Has the fuel been taken?	The inversion has no story behind it
SMT	Does a correlated market disagree?	Weaker evidence (a supporting filter)
Displacement	Did price show intent?	The “inversion” may just be drift
FVG and inversion	Did a candle close through the gap?	Only a wick: no confirmation
Retest, entry	Did price return to the IFVG?	No return means no trade
Liquidity target	Is the objective planned?	Exits become emotional

The guide's central message

Don't trade the IFVG by itself. **Understand why the FVG inverted.** That is where the real edge comes from.

12 Worked numbers (illustrative prices)

Take the bearish example in Figure 8 and add 4,000 to every price so it reads like a gold chart. **These are illustrative numbers, not a live level or a trade idea.**

Item	Price	Note
Equal highs (buy-side liquidity)	4,080.1	Swept by the push up
Sweep high	4,090.0	The extreme of the raid
Bullish FVG formed on the push	4,077.0 – 4,081.0	Gap between candle 1's high and candle 3's low
Inversion	closes at 4,075.0	Displacement closes below 4,077.0
Short entry (retest of IFVG)	4,078.0	Price returns into the zone
Stop A: above the IFVG	4,082.0	Risk 4.0
Stop B: above the sweep high	4,090.5	Risk 12.5
Target 1: internal liquidity	4,062.0	Reward 16.0
Target 2: sell-side liquidity (DOL)	4,052.0	Reward 26.0

	Stop A (tight)	Stop B (wide)
Risk per unit	4.0	12.5
Reward to Target 1	16.0 → 4.0 R	16.0 → 1.3 R
Reward to Target 2	26.0 → 6.5 R	26.0 → 2.1 R

	Stop A (tight)	Stop B (wide)
Lot size for $100 risk	$400 per lot → 0.25 lot	$1,250 per lot → 0.08 lot

The sizing assumes a $10,000 account risking 1% and a standard gold lot of 100 oz, so a $1 move is about $100 per lot (check your broker). The tight stop gives a much better reward multiple, but it is also the stop that is most likely to be touched by noise. A wide stop is safer against that but demands a smaller position and offers less reward. Pick one rule and test it.

13 Common mistakes

Mistake	Why it fails	Fix
Trading any broken FVG	No liquidity event, so no story	Start from the sweep
Anticipating the IFVG	You are guessing before the market shows displacement	Wait for the close
Counting a wick as inversion	A wick is a rejection, not acceptance	Require a candle close
Entering on the displacement candle	You are chasing; the edge is on the retest	Wait for the return to the IFVG
Ignoring the bias	A clean pattern against the larger flow is a bounce	Write the bias first
Skipping the stop decision	Risk is invented after entry	Choose IFVG or sweep-extreme before entering
Forcing the final target	Trades are allowed to end early	Protect the position when displacement fades

14 Final takeaway and checklist

An IFVG is not simply an FVG that gets broken. The setup becomes meaningful when the inversion happens **after a liquidity event and strong displacement**. Keep the model simple:

1	**Find the liquidity**
2	**Wait for the sweep**
3	**Look for displacement**
4	**Confirm the inversion**
5	**Enter the retest**
6	**Target liquidity**
7	**Master the sequence**
8	**Don't chase the pattern**

THE LESSON TO REMEMBER

DON'T TRADE THE IFVG BY ITSELF.
UNDERSTAND WHY THE FVG INVERTED.

15 Practice and self-check

Practice tasks

1. On a 1-minute to 5-minute chart, find five recent sweeps of an obvious high or low. For each, note whether an FVG formed on the move into the liquidity.
2. For each of those, mark the exact candle that closed through the gap. How many were only wicks?
3. Record the retest: did price return to the IFVG, and where would the stop have been (IFVG and sweep extreme)?
4. Write the eight-step story for your three best examples and your three worst. Which link was missing in the worst?

Question	Answer
What is an FVG?	A three-candle imbalance where the wicks of the 1st and 3rd candles do not overlap.
What is an IFVG?	An FVG that price displaces through and closes beyond, so it now supports the other side.
Why must it be a close?	A wick is a rejection. A close shows acceptance beyond the gap.
What does the model start with?	Liquidity: an obvious high or low that is swept.
Where do you enter?	On the retest of the IFVG, after the inversion.
Where is the stop?	Using the IFVG or the sweep high/low as the invalidation reference.
What is the first target?	Internal liquidity. The final target is the larger draw on liquidity.

Glossary

Term	Meaning
FVG	Fair value gap: a three-candle imbalance, left by aggressive delivery.
IFVG	Inverse fair value gap: an FVG that price closes through, so it now acts in the opposite direction.
Inversion	The close through an FVG from the opposite side. It is the confirmation.
Retest	Price returning to the IFVG after the inversion. It is the entry opportunity.
BSL / SSL	Buy-side / sell-side liquidity: resting orders above highs / below lows.
DOL	Draw on liquidity: the pool price is likely being drawn toward.
Sweep	Price trades beyond an obvious high or low to take the liquidity there.
Displacement	Aggressive, one-directional movement that shows intent.
SMT	A divergence between correlated markets, used as supporting evidence.
Internal liquidity	Nearby highs/lows inside the move, used as a first target.

Source: the document “A Complete Guide to the IFVG Model” (author not shown), explained in our own words with original, illustrative figures. Educational only, not financial advice. Trading carries a substantial risk of loss.