PRECISION PIPS ACADEMY | TRADING FROM ZERO · LESSON 13

THE ICT DAILY BIAS

Building a directional view using higher-timeframe structure, liquidity, previous day high and low, and the daily range

Welcome Back, Fam

In Lesson 12 we studied sessions and killzones. Before looking for an entry we need to answer: what is the market potentially trying to do today, and what evidence supports that? Beginners see a bullish candle, look for buys, then flip to sells when candles turn bearish. A structured trader assesses higher-timeframe structure, identifies liquidity, studies the previous day's range and forms a directional hypothesis, then uses lower timeframes to see whether a setup is forming. (All levels are hypothetical.)

1. What Is Daily Bias?

Daily bias is your evidence-based expectation of the market's likely direction or objective for the day: a working hypothesis, not a prediction that must come true. Imagine gold has made higher highs and lows on H4, price retraces toward a bullish OB and sell-side liquidity rests below a nearby low: you may form a bullish hypothesis, but you do not automatically buy. If price breaks important bullish structure and delivers sustained bearish displacement, reassess. Bias tells you what you are looking for; price action determines whether your setup is actually developing. Never force the market to follow your bias.

2. The Three Types of Daily Bias

Bullish may be reasonable when structure is bullish, a meaningful swing high broke with displacement, an upside liquidity target remains untested, price retraces to a possible bullish area and the broader context agrees; price may still sweep sell-side liquidity first or invalidate the idea. **Bearish** is the mirror. **Neutral** is a valid conclusion when price is trapped in a range, timeframes conflict, price sits between important targets, there is no displacement or structural confirmation, news creates uncertainty or price is at a level but has not reacted. Neutral does not mean lack of skill; it means recognising insufficient evidence.



Figure 1: three types of bias.

3. Start With Higher-Timeframe Structure

Use Lessons 04 and 08. Start with Daily, then H4: highs and lows, important swings, breaks of structure, displacement, untested highs and lows, relevant OBs and FVGs. Example: 4,000 → 4,050 → 4,025 → 4,080 supports a bullish reading; 4,100 → 4,050 → 4,075 → 4,020 a bearish one. Starting on M1 can mislead: a few bullish candles may convince you to buy into strongly bearish H4 structure. Use higher timeframes for bias and lower ones for entries.

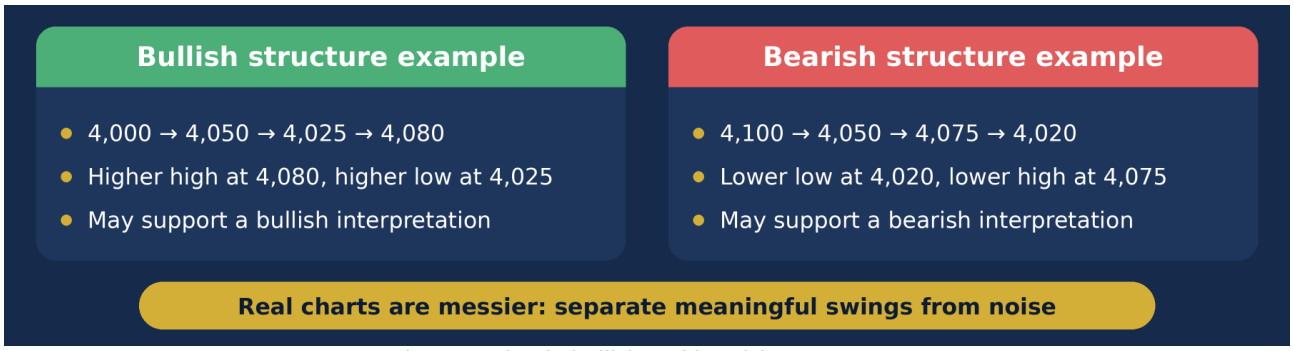


Figure 2: simple bullish and bearish sequences.

4. The Previous Day's High and Low

PDH and **PDL** are the previous trading day's high and low under your chosen daily-session definition. Obvious extremes attract orders and price may revisit or exceed them. Example: PDH 4,100, PDL 4,050, close 4,080. Price may trade above PDH and continue or reverse, below PDL and continue or recover, stay between them, or break both at different times. Note that PDH/PDL depend on how your platform defines the day and on the chart timezone: choose one convention and document it (many ICT-style traders use New York time).

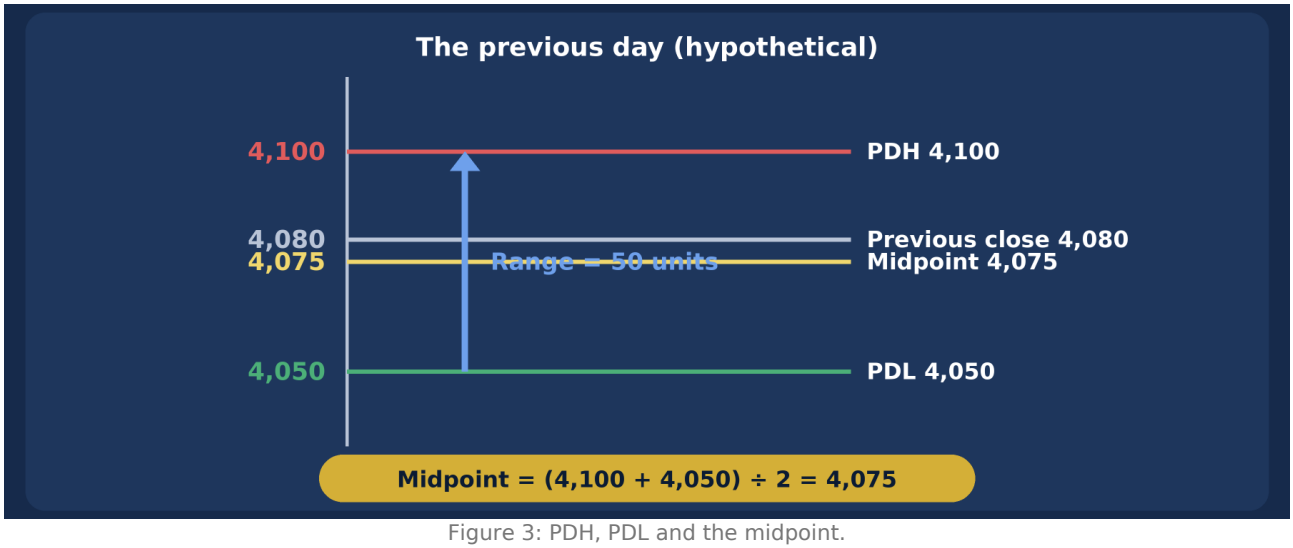


Figure 3: PDH, PDL and the midpoint.

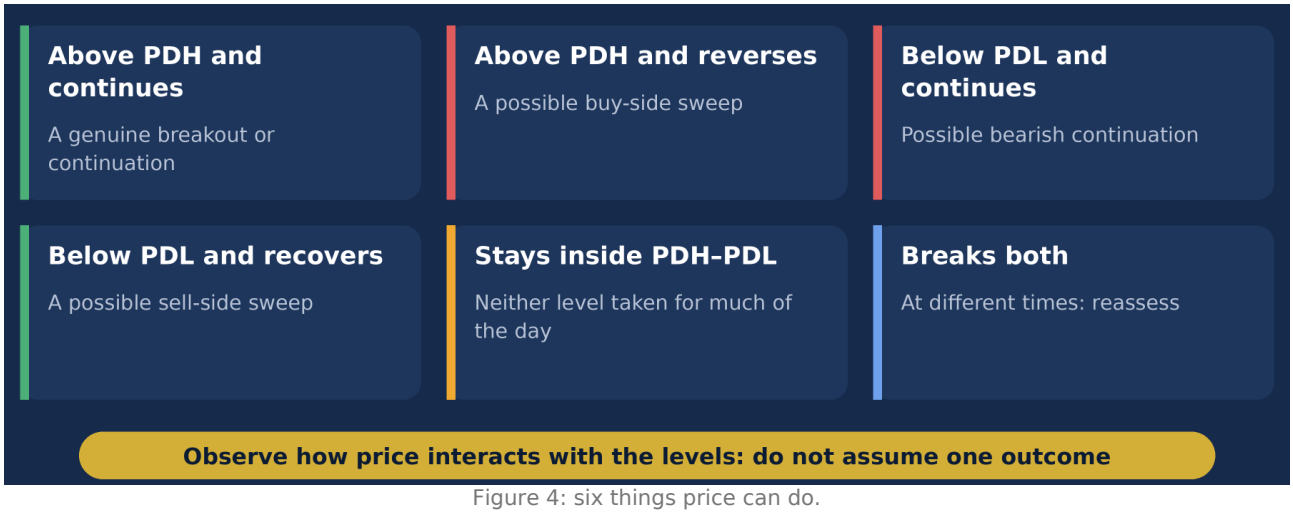


Figure 4: six things price can do.

5. What Does It Mean When Price Takes PDH or PDL?

PDH can be an area of interest for buy-side liquidity and PDL for sell-side liquidity, but liquidity is not visible as a map of resting orders: we infer concentrations from structure and commonly watched levels. If price trades above PDH 4,100 to 4,108, ask whether it holds above, whether there is bullish displacement, whether structure stays bullish, or whether it returns below with bearish displacement. The level being taken does not tell you which outcome is more likely; the response after the event matters. The same logic applies below PDL 4,050.

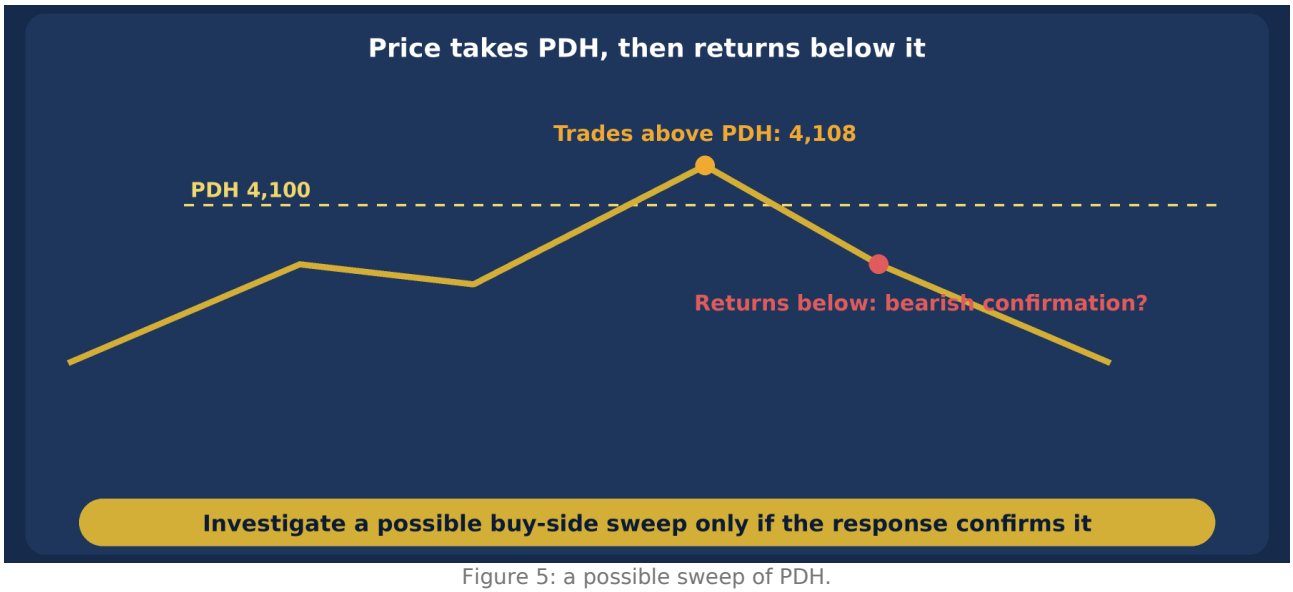


Figure 5: a possible sweep of PDH.

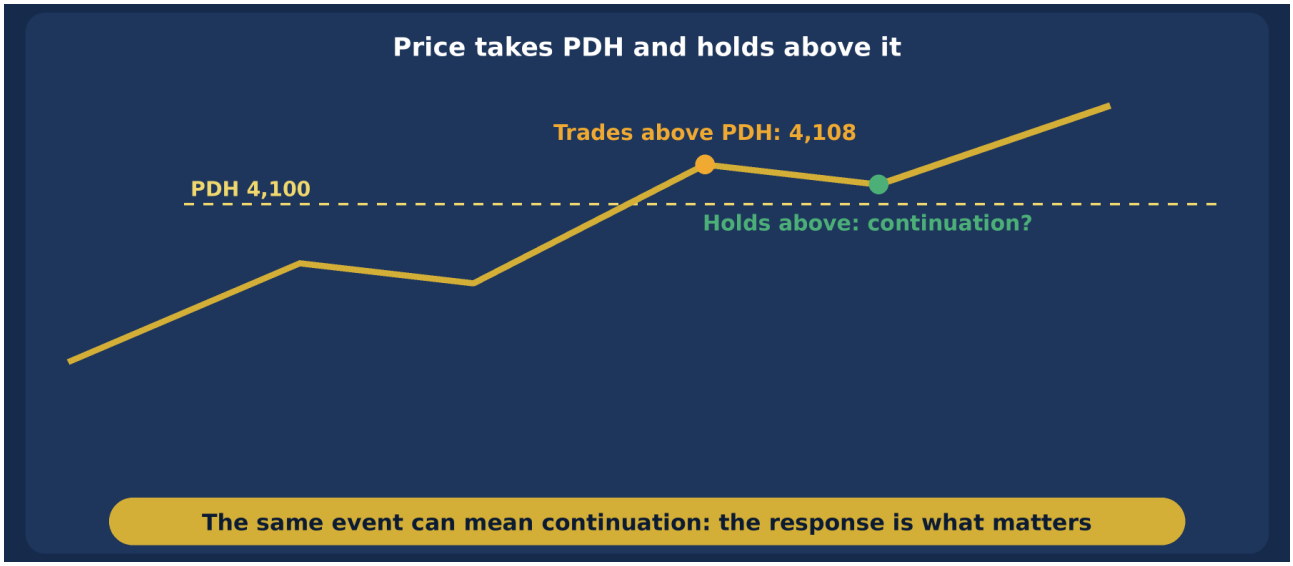


Figure 6: a possible continuation.

6. What Is a Draw on Liquidity?

A draw on liquidity (DOL) is a level or pool a trader believes may attract price. It shifts the question from “up or down?” to “which meaningful level could gold seek next, and what evidence supports it?” With bullish H4, gold below an untested PDH and a bullish setup developing in discount, PDH may be a potential target; with bearish structure, an untested PDL. The target is a hypothesis, not a promise, and not an entry signal.

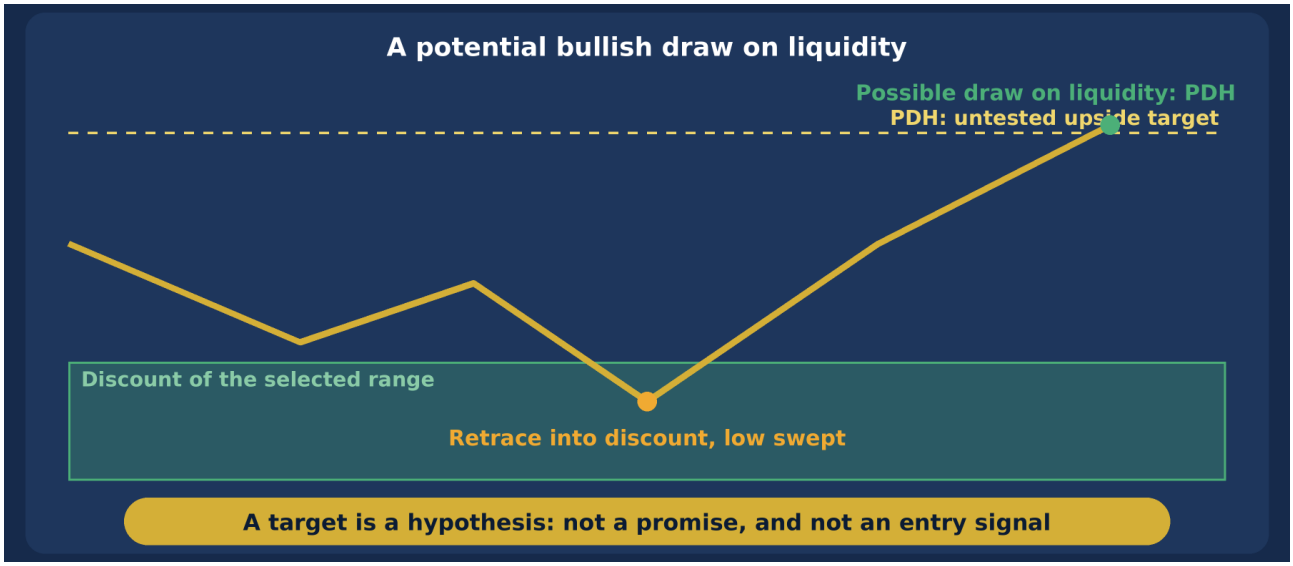


Figure 7: a potential bullish draw.

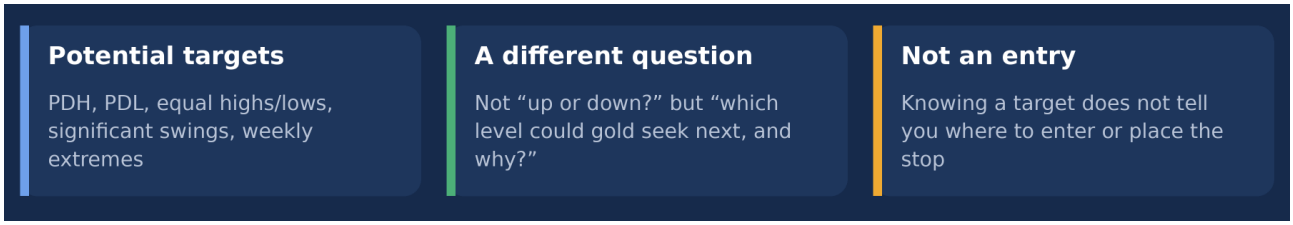


Figure 8: what a DOL is and is not.

7. Using the Previous Day’s Range

Range = PDH − PDL = 4,100 − 4,050 = 50. Midpoint = (PDH + PDL) ÷ 2 = 4,075, a historical reference rather than today’s equilibrium unless you deliberately chose that range. Compare today with yesterday: has price exceeded PDH, broken PDL, stayed inside, approached an external target? A large previous range does not mean today must be small, and a small one does not guarantee expansion.

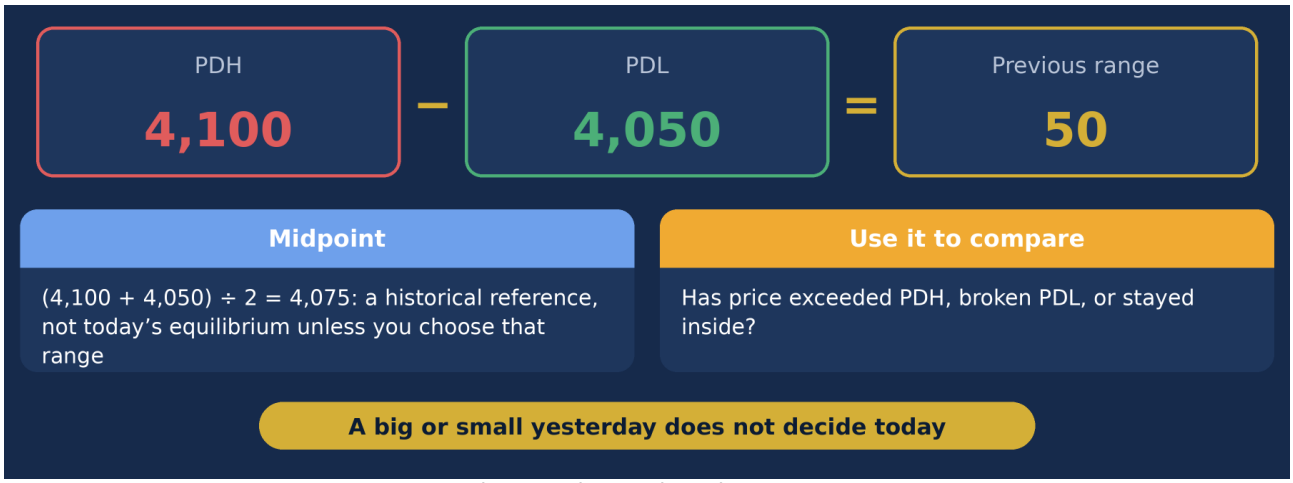


Figure 9: the previous-day range.

Day	Range (high − low)
Day 1	50
Day 2	60
Day 3	45
Day 4	70
Day 5	55
Average daily range (5 days)	56

Added: the average daily range shows how far a typical day travels

Figure 10: an added average-daily-range example.

8. How Premium and Discount Support Bias

Bullish context: H4 bullish, range 4,000–4,100, equilibrium 4,050, price retraces to 4,025 with a bullish area nearby: investigate a buy because price is in discount, but still assess behaviour, confirmation, invalidation and target. Bearish context mirrors it at 4,075. In strong trends price can stay in premium or discount for long; do not fight a trend just because price looks like it is in the “wrong” half.

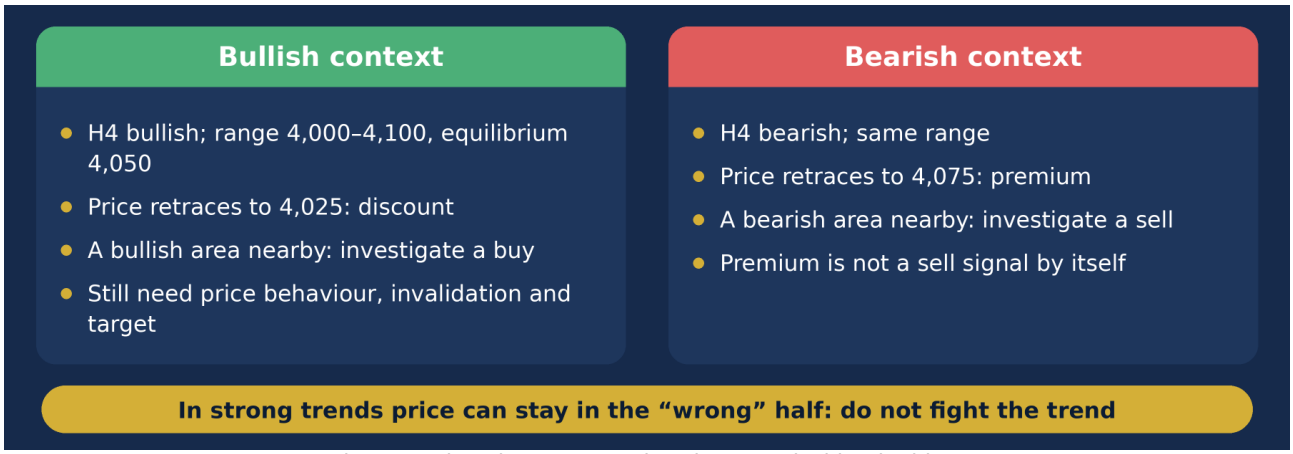


Figure 11: location supports, but does not decide, the bias.

9. How to Build a Daily Bias

Before London, run the process below and write a provisional bias such as: “My hypothesis is bullish because H4 structure remains bullish and an upside liquidity target is still relevant. I will reassess if price breaks the structure supporting this view.” If evidence is mixed, record neutral.



Figure 12: ten steps.

10. Three Complete Hypothetical Scenarios



Figure 13: continuation, reversal and neutral.

11. Daily Bias and Fundamental News

Daily bias should not ignore major economic events. If technical analysis suggests gold may rise toward PDH, but a US release makes the dollar jump and gold starts breaking bullish structure, reassess rather than insisting on the original target. News gives no guaranteed direction either: results depend on expectations. Know which releases are scheduled; if you trade news, account for spread, slippage and volatility; without a tested news model, standing aside may be more appropriate.



Figure 14: fundamental inputs to keep in view.

Added: weekly context

Where you can, add the weekly chart above the Daily: the weekly high, low and structure often frame which daily levels matter. It is another layer of context, not a replacement for the checklist.

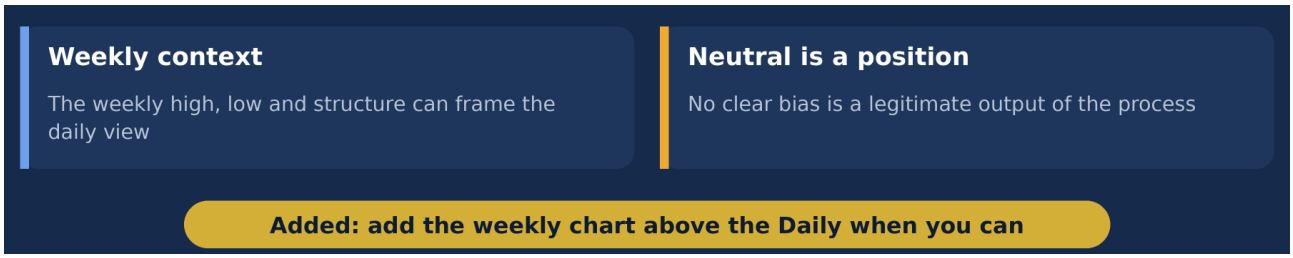


Figure 15: added weekly context.

12. Common Daily-Bias Mistakes

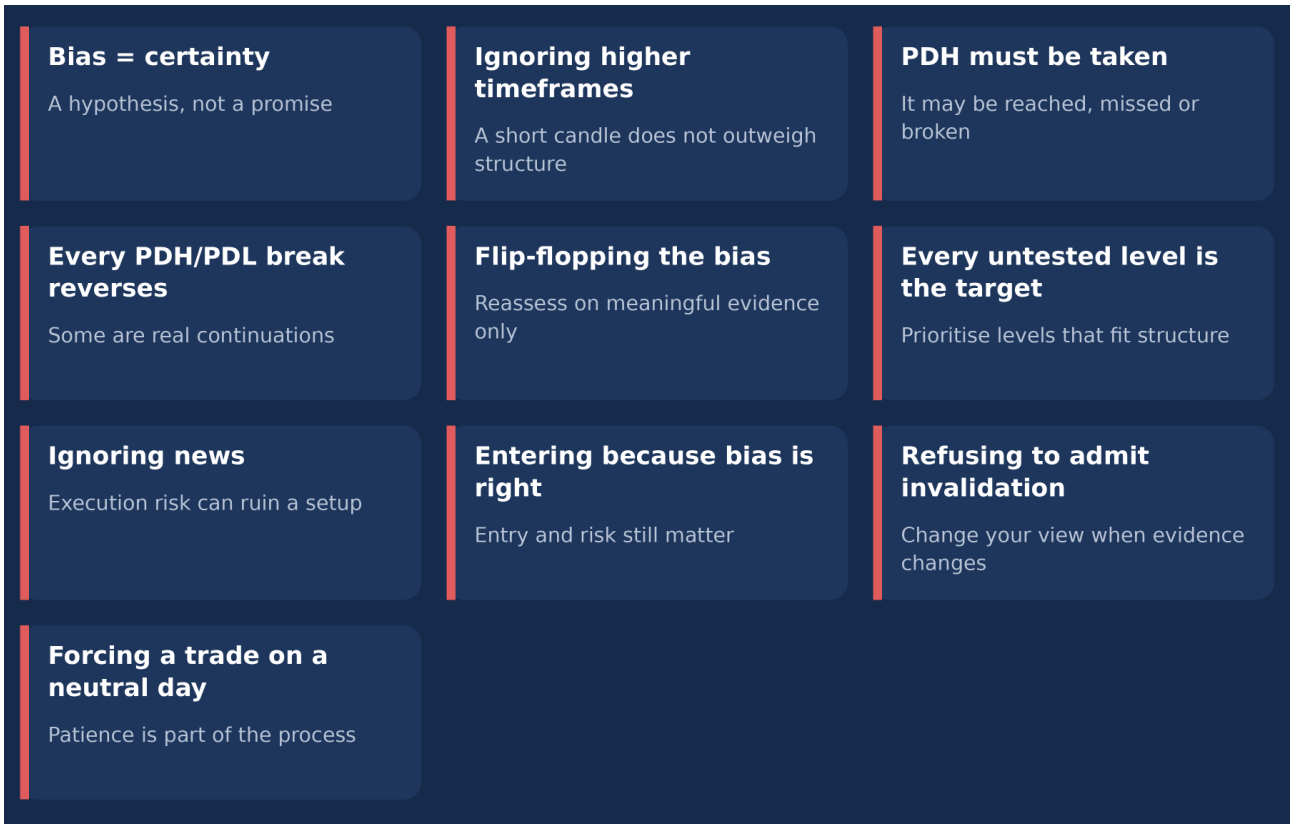


Figure 16: ten mistakes.

13. Your Daily-Bias Checklist



Figure 17: twelve checks before an intraday entry.

Key Takeaways

- Daily bias is a working hypothesis, not a guarantee.
- Higher-timeframe structure gives context.
- PDH and PDL are important reference levels.
- A draw on liquidity is a potential objective, not an entry.
- Premium and discount give location; lower-timeframe confirmation evaluates entries.
- Neutrality is acceptable when evidence is unclear.

Knowledge Check

Q: What is daily bias?

A: A working, evidence-based directional hypothesis for the day.

Q: Bullish bias vs bullish entry signal?

A: Bias is the expectation; an entry needs price confirmation under your model.

Q: PDH and PDL?

A: Previous day high and previous day low.

Q: Why monitor them?

A: They are obvious extremes where orders may cluster and price may revisit.

Q: Price above PDH: does it reverse?

A: Not automatically: it may continue or reverse; the response decides.

Q: What is a draw on liquidity?

A: A level or pool price may seek next.

Q: Why start with Daily and H4 before M5?

A: Low timeframes create short-term noise that conflicts with the broader direction.

Q: How can premium/discount support bias?

A: They show location in a selected range, adding context.

Q: Daily bullish but H4 strongly bearish?

A: Acknowledge the conflict; wait, narrow focus or stay neutral.

Q: Evidence for a bullish bias?

A: For example bullish structure, a broken swing high, an untested upside target, a retrace into a bullish area.

Q: Why reassess when reasoning is invalidated?

A: A good trader updates when evidence changes.

Q: Is neutral a failure?

A: No: it recognises insufficient evidence.

Homework: Write Your Own XAUUSD Daily Bias

- Mark Daily and H4 structure and whether they agree.
- Record PDH, PDL, previous range and midpoint with the chart’s timezone.
- Mark relevant liquidity targets (not every level).
- Write: bias, three pieces of supporting evidence, potential DOL, the price behaviour needed, what would invalidate and your risk plan.
- After the day, review: did price move toward the level, did your reasoning stay valid, did you separate expectation from signal and avoid hindsight?

Added: Glossary

Term	Meaning
Daily bias	Evidence-based directional hypothesis.
PDH / PDL	Previous day high / low.
DOL	Draw on liquidity: a level price may seek.
ADR	Average daily range.

Next lesson
Lesson 14: Building Your First Complete ICT/SMC Trading Model.

Educational content only. Not financial advice. All prices are hypothetical examples, not market quotes or trade signals. Trading involves substantial risk. Figures are original schematic illustrations.