

A little refresher course on Breaker Blocks:

Breaker blocks are basically an order block that failed to hold (price didn't respect it and broke straight through) after taking liquidity.

Breakers are formed when stop hunts are performed, generally when 'smart money' have taken out a short term high or low then reversed quickly into the underlying trend. Once price reverses and then retraces back into the breaker block (mitigating their losses), this is where we can focus on possible trade entries.

The Bullish Breaker block:

A Bullish breaker is the last up close candle in a swing low prior to price making a higher high. It becomes valid once stops are taken below a previous swing-low, price then reverses and breaks above the swing-high that contains the breaker candle:



The Bearish Breaker block:

A Bearish breaker is the last down close candle in a swing high prior to price making a lower low. It becomes valid once stops are taken above a previous swing-high, price then reverses and breaks below the swing-low that contains the breaker candle:



When price returns to a Breaker block:

- It should react to either the open or 50% level (equilibrium) of the breaker candle

Breaker Blocks

This indicator can drastically increase the entry decisions on your trades. It is a custom indicator that has the ability to point out when Breaker blocks have been formed & price may return to mitigate.

Indicator Features:

- Displays both bullish and bearish breaker blocks on any timeframe
- Option to display only bullish or bearish breaker blocks
- Adjust how many candles to look back for breaker blocks
- Adjustable 'depth' setting for selection of minor to major swing-points
- Adjust the length of the breaker Block highlight box
- Alerts to Popup, Push & Email

Function Notes:

- Bullish Breaker - Alerts when price CLOSES above a previous swing-point, but only if the previous swing-point was responsible for making a LOWER LOW before price reversed
- Bearish Breaker - Alerts when price CLOSES below a previous swing-point, but only if the previous swing-point was responsible for making a HIGHER HIGH before price reversed
- The 'Depth of Zigzag' MINIMUM setting must be 4, if you enter a number less than 4 the MT4 terminal will lockup (crash)
- The 'Additional OB box length' setting is default to 50 (if set to 0 the box extends to the current candle and the chart becomes a mess of boxes)
 - Note: if set to a specific number, the alert will still trigger even if price hits the highlighted box PRICE LEVEL past the extension of the box lines
- To turn off the zigzag lines you have to set the 'Colours' tab colour to NONE
- Alerts trigger: once only & when the qualifying candle closes
- The trade entry: occurs later, if/when price retraces to the breaker block to mitigate

- Wicks matter?
 - Wicks **DO** count for the candle that makes the lower low or higher high
 - Wicks do **NOT** count for the candle that breaks below or above the previous swing-point to qualify the breaker block, this candle must CLOSE below/above in order for the breaker block to show on the chart

A note on 'subjective' Swing-point Settings:

This indicator utilizes a 'Depth of Zigzag' setting to allow you to choose the strength/size of market structure swing-points on any timeframe (because this can be a very subjective issue when it comes to individual traders).

If this setting was not included and just left at a 'default' sensitivity it would deny traders the opportunity to choose these levels for themselves. It was my opinion that individual traders should be able to adjust these all important swing-points to suit their own beliefs on market structure.

However please note that just like everything else in trading, nothing is ever 100% correct every time and this indicator is exactly the same.

You see the problem is that what might appear obvious to your naked eye is not necessarily easy to express mathematically or in indicator code (it's actually really hard!) and I think this is the main reason why I have never seen a full suite of MT4 'Smart Money' indicators before.

This indicator's 'Depth of Zigzag' setting is where you can make your own decisions on important market structure swing-points. Changing this parameter will affect the indicators algorithm and make the indicator turn at (stronger or weaker) high and low swing-points.

The question then becomes: which of these are valid, according to the naked eye?

Not everybody will agree on the same answer. This is the very reason why I considered it important to allow this setting to be adjusted by the user...

Input Tab:

Variable	Value
Depth of Zigzag (Minimum: 4, Maximum: 36)	8
Lookback Candle	300
Display Option	Display Both
Additional OB Box Length	50
Breaker Box Fill Option	Outline
Bull Breaker Box Color	Lime
Bear Breaker Box Color	Tomato
Popup Alert	false
Push Alert	false
Email Alert	false

Load Save OK Cancel Reset

- **Depth of Zigzag (Minimum: 4, Maximum: 36)** – This setting determines the minimum number of bars without a second maximum or minimum deviation of the bar (Changing this setting parameters will change the length of the swings). IE: A smaller number will highlight minor swing-points, and a higher number will highlight more major swing-points...

This screenshot shows two instances of the 'Depth of Zigzag' setting -



The yellow line uses a setting of 4 to show the minor swings, and the green line uses a setting of 20 to highlight more major swings (so setting a higher number for the 'Depth of Zigzag' will highlight stronger breaker blocks, that will be more likely to produce a larger reaction when price returns to touch them)

Note: A setting less than the specified minimum of 4 will cause the indicator to lock up. So please refrain from entering a number lower than 4.

- **Look-back Candle** – Set the amount of candles that the indicator will look back to highlight breaker blocks (from the current candle and back in time)
- **Display Option** – Allows you to display:
 - Both Bullish and Bearish breaker blocks
 - Bullish breaker blocks only
 - Bearish breaker blocks only
 - Hide all breaker blocks
- **Additional OB Box Length** – Adjusts the length of the breaker block highlight box. IE:
 - Zero (0) will extend the box to the current candle
 - A setting of 1 will extend the box 1 candle past the breaker block qualifying candle
 - A setting of 10 will extend the box 10 candles past the breaker block qualifying candle, etc

- **Breaker Box Fill Option** – Choose to highlight the breaker block box as either an 'outline' or a 'filled' color box
- **Bull Breaker Box color** – Select the color of your choice
- **Bear Breaker Box color** – Select the color of your choice
- **Alerts**
 - **Popup Alert** - Alert will trigger the popup window and an alert sound
 - **Push Alert** - Alert will trigger a message sent to your cell phone (if you have the 'push' notification activated in your MT4 Options)
 - **Email Alert** - Alert will trigger a message sent to your email address (if you have the 'email' notification activated in your MT4 Options)

Display Options:

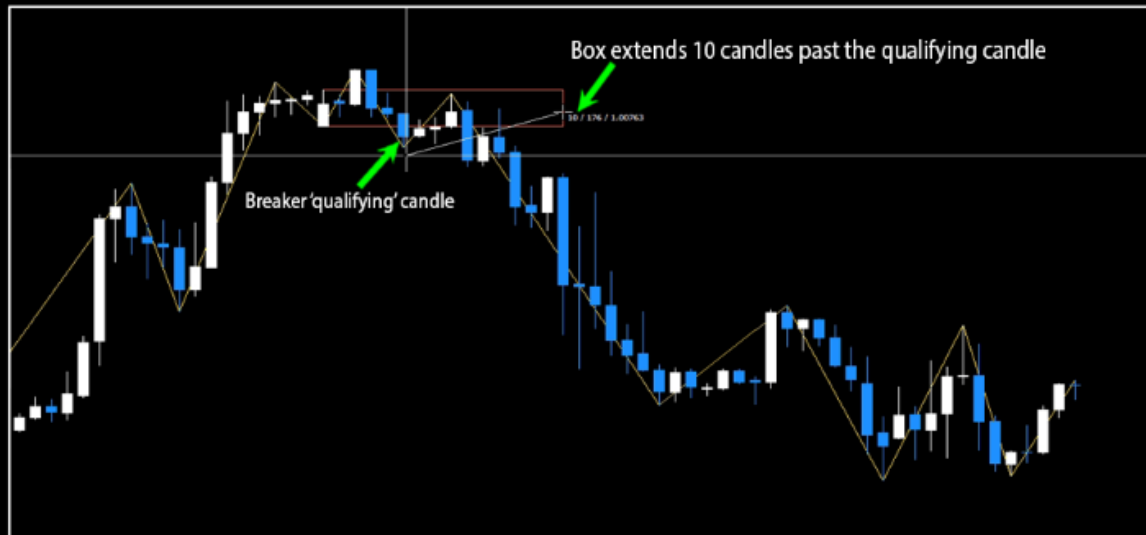
Option to display only bullish or bearish breaker blocks:



The 'Additional OB box length' setting is default to 50 (if set to 0 the box extends to the current candle and the chart can become a mess of boxes):



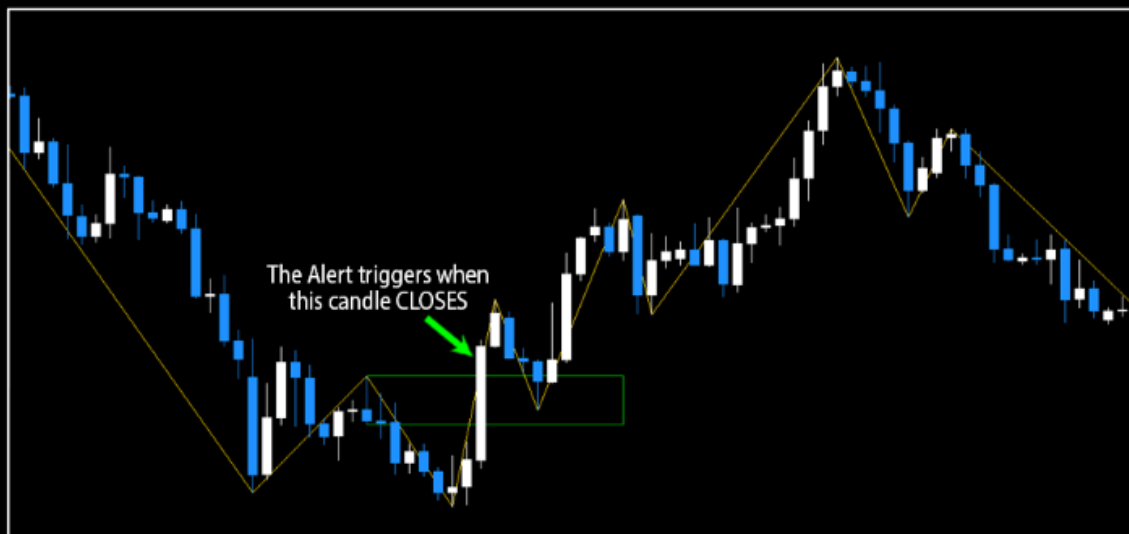
RE the 'Additional OB box length' setting - A setting of 10 will extend the box 10 candles past the breaker block qualifying candle:



A setting of 20 would extend the box 20 candles past the breaker block qualifying candle.

A setting of 50 would extend the box 50 candles past the breaker block qualifying candle, etc...

The Alert triggers when the 'qualifying' candle CLOSES:



The trade entry occurs later, if/when price retraces to the breaker block to mitigate:

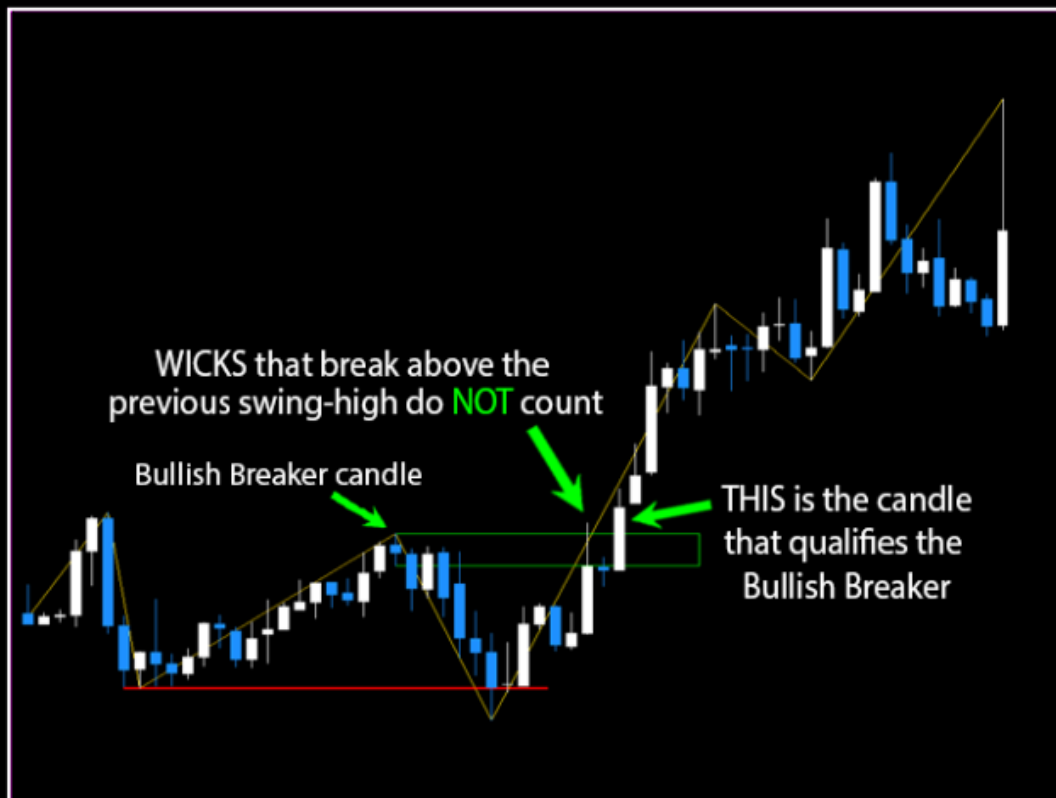


Only **Bullish Breakers** that make a **LOWER LOW FIRST** qualify as a breaker:

- Note: **WICKS DO COUNT** for the bearish candle that makes this **LOWER LOW**

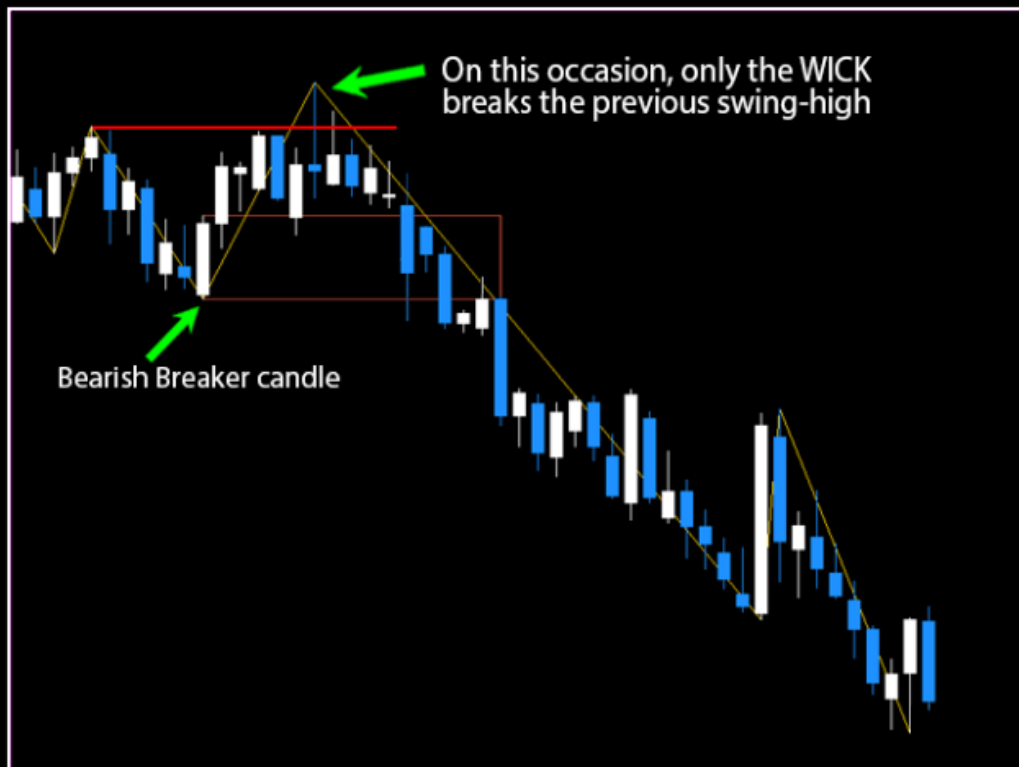


- WICKS that break ABOVE the previous swing-high **DON'T COUNT** and do not qualify to highlight the breaker box (and trigger the alert). A candle must CLOSE above the previous swing-high to qualify the breaker block



Only **Bearish Breakers** that make a **HIGHER HIGH FIRST** qualify as a breaker:

- Note: **WICKS DO COUNT** for the bullish candle that makes this **HIGHER HIGH**



- WICKS that break below the previous swing-low **DON'T COUNT** and do not qualify to highlight the breaker box (and trigger the alert). A candle must **CLOSE** below the previous swing-low to qualify the breaker block

