

Institutional Fair Value Gap

User Guide

1. Introduction

Most "Fair Value Gap" indicators are dumb. They simply look for any instance where three candles don't overlap and print a box. The result? A chart cluttered with "noise" - fake gaps caused by low volume, lunch-hour chop, or retail drifting.

The **Institutional Fair Value Gap** is different. It filters price action through **Volatility**, **Momentum**, and **Volume** to show you only the imbalances that matter - the ones created by institutional aggression.

2. The "Smart Money" Filters

These settings determine IF a gap is valid enough to appear on your chart.

Expansion Threshold (0 = Off)

Think of this not as a simple switch, but as a **Sensitivity Dial** for momentum.

- **The Logic:** The indicator calculates the average candle size (ATR) over the recent past. It then compares the "breakout" candle to that average.
- **Recommended Settings:**
 - **1.0 (Standard):** The candle must be at least the *average* size. This ensures you aren't trading weak, low-energy movements.
 - **1.5 (Strict):** The candle must be **1.5x larger** than average. Use this to find explosive, news-driven, or "bank-level" moves.
 - **0.0:** Disables the filter (shows all gaps regardless of candle size).

Min Relative Volume (VolumeK)

This is your "**Truth Detector**." Price can sometimes move easily just because liquidity is thin (fake move). Volume confirms if there was actual effort behind the move.

- **The Logic:** It compares the volume of the breakout candle to the volume of the **Volume Smooth Period**.
- **How to read it:**
 - **1.5:** The breakout candle had **150%** of the average volume. This implies forceful participation.

- **2.0**: Double the average volume. A very high-confidence signal of institutional interest.

Volatility Period

This is the "heartbeat" of the indicator. It determines the baseline for what is considered "normal" movement.

- **Standard Setting:** 14 (Best for time-based charts).
- **Delta/Tick Charts:** Lower this to 8 or 10 to adapt faster to rapid bursts of order flow.

3. The Other Settings

*These settings control the **SHAPE** of the gap and how strict the structure must be.*

Min Gap Height (Ticks)

This controls the required "**Open Space**."

- **The Logic:** It measures the vertical distance between the *High of the 1st candle* and the *Low of the 3rd candle*.
- **Does the bar need to retrace? No.** In fact, we want the opposite. We want the 3rd bar (the arrow bar) to stay away from the 1st bar.
- **How to use it:**
 - **1 (Default):** Shows all valid gaps.
 - **4+:** Filters for wide, obvious imbalances. If the 3rd candle retraces too deep and leaves only a tiny slit of a gap, the box will not print.

Gap Buffer (Ticks)

This creates a forced "**No-Fly Zone**" between the wicks. It filters out weak gaps where price action wasn't aggressive enough to break cleanly away.

- **Visualizing it:**
 - **0 (Default):** As long as the wicks don't touch, it's a gap.
 - **2:** The indicator adds 2 ticks of "invisible padding" to the previous high. If the current candle touches that padding, the gap is deleted.
- **Why use it?** To demand strength. A buffer of 2 tells the indicator: "*Only show me gaps where buyers were SO aggressive that price couldn't even get close to the previous high.*"

4. Visual & Session Controls

Settings to keep your chart clean and organized.

Limit To Session

- **True:** Creates a **"Visual Wall"** at the start of the trading day (e.g., 9:30 AM). Any gaps from yesterday that are still unfilled will be visually cut off at the open. This keeps your intraday chart focused on *today's* price action.
- **False:** Shows the full history of the box stretching back to whenever it was created (yesterday, last week, etc.).

Extend Until

- **1 (Filled):** The box remains on the chart until price completely fills the gap. Once filled, the box disappears. (Recommended for clean charts).
- **2 (Partial):** The box stays active until price touches it.
- **3 (Bars):** The box extends for a fixed number of bars (defined by **Bars To Extend**) and then stops.

Trading Style	Expansion	Volume K	Buffer	Notes
Standard Day Trading	1.0	1.5	0	The balanced setup. Good for 1m-5m charts.
"Strict" Institutional	1.5	2.0	1	Filters 80% of signals. Shows only massive displacement.
Scalping (Delta/Tick)	0.8	2.0	1	Lowers expansion req, but demands high volume effort.