



ARA CAPITAL GROUP

INDEPENDENT TRADING RESEARCH · BELGIUM · RWANDA

Understanding Market Structure

A free introduction to how professional traders read the markets — and why it changes everything.

- 01 What is liquidity and why price hunts it
- 02 Why markets move in stages, not straight lines
- 03 How sessions shape daily price movement
- 04 Forex, equities and futures — choosing your market
- 05 The mindset of a professional trader
- 06 Where to go from here

Most people who want to trade start by looking for setups — entry signals, indicators, patterns. They spend months chasing strategies without ever understanding **why** price moves at all. This guide is not about strategies. It does not contain entry signals, indicators or magic formulas. What it contains is more valuable — a framework for understanding *how markets actually work* at a structural level. Professional traders do not react to price. They read structure, anticipate movement, and position accordingly. The difference between a professional and a retail trader is not the tools they use. It is how they think. By the time you finish this guide, you will understand:

- Why price moves to certain levels before reversing
- How the trading day is structured across global sessions
- What the different markets are and how to choose the right one for you
- Why most retail traders lose — and what professionals do differently

This is not theory. This is how serious traders in institutions, prop firms and independent operations like Ara Capital Group approach the market every single day. Read slowly. Think about what each concept means. Then go back to your charts and look for it.

Ara Capital Group

Chief Technical Analyst · Belgium & Rwanda

"Study. Document. Improve."

What Is Liquidity

And why price hunts it — the most important concept in trading

Before you can understand why price moves, you need to understand what price is actually moving *toward*. The answer is almost always the same: **liquidity**.

WHAT LIQUIDITY ACTUALLY IS

Liquidity is the pool of unfilled orders sitting in the market. Every time a trader places a stop loss order or a pending order, that order sits in the market waiting to be triggered. When enough of these orders accumulate at a price level, that level becomes what professionals call a **liquidity pool**.

Think of it this way: Every retail trader who buys a position puts their stop loss below the last swing low. That creates a cluster of sell orders sitting just below that level. The market knows those orders are there — and it will move toward them to fill them before reversing.

WHY THE MARKET HUNTS LIQUIDITY

Markets need volume to move. Large institutional orders — banks, hedge funds, prop firms — cannot be filled at a single price without moving the market against themselves. So they engineer price to move toward areas of high order concentration, fill their positions there, and then push price in the intended direction.

This is not manipulation in the illegal sense. It is simply how large capital operates in markets. Understanding this changes everything about how you read a chart.

WHERE LIQUIDITY SITS

ABOVE SWING HIGHS Buy stop orders and stop losses from short sellers accumulate here

BELOW SWING LOWS Sell stop orders and stop losses from buyers accumulate here

AT ROUND NUMBERS Psychological levels like 1.1000 or 20,000 attract large order clusters

AT PRIOR DAY HIGHS/LOWS Retail traders watch these levels — so institutions target them

The key insight: Before any significant move, price almost always takes out a liquidity pool first. Learning to identify where these pools sit is the foundation of reading market structure like a professional.

LIQUIDITY SWEEP

When price moves briefly beyond a significant high or low — taking out the stop orders sitting there — before reversing in the opposite direction. Often the beginning of the real move.

Why Markets Move In Stages

Not straight lines — understanding accumulation, distribution and expansion

If you have ever watched a chart and wondered why price seems to consolidate for days before making a big move, or why it never seems to go straight up or straight down — this chapter explains exactly why.

THE FOUR STAGE CYCLE

Markets do not move randomly. They follow a repeating cycle of four stages driven by institutional order flow. Understanding these stages lets you position yourself *with* the market rather than against it.

01 — CONSOLIDATION

Price moves sideways, building a range. This is where institutions are quietly building their positions. To the untrained eye it looks like nothing is happening. To a professional it is the most important phase — the foundation of the next move.

02 — DISTRIBUTION / REDISTRIBUTION

Price begins to show signs of directional intent. It makes a first move in the intended direction, then pulls back. Retail traders often think the move is over. Professionals know this is normal — the market is shaking out weak hands before the real expansion.

03 — EXPANSION

The real move begins. Price breaks decisively from the range and moves toward the intended target — usually a liquidity pool or a prior structure level. This is the move that looks easy in hindsight but is missed by most retail traders in real time.

04 — RETRACEMENT

After expansion, price retraces to revisit the range before either continuing or reversing. This retracement is often where professional traders who missed the initial move get a second opportunity to position themselves.

The critical point: These stages repeat across all timeframes and all markets. A daily chart goes through the same cycle as a 15-minute chart. Once you can see the cycle, you can never unsee it.

How Sessions Shape Price

London, New York and why timing is everything

The global financial market runs 24 hours a day, five days a week. But not all hours are equal. The majority of meaningful price movement happens during specific windows when the largest institutions — banks, hedge funds and prop firms — are actively trading. These windows are called **sessions**.

THE THREE MAJOR SESSIONS

ASIAN SESSION

12:00 AM — 09:00 AM London

The quietest session. Low volatility, tight ranges. Markets in Tokyo, Sydney and Singapore are active. For Forex and Futures traders this session often sets up the liquidity pools that London and New York will target. Think of it as the setup phase.

LONDON SESSION

08:00 AM — 05:00 PM London

The largest session by volume. London is the global capital of Forex trading. When London opens, volatility increases significantly. Price often makes its first major move of the day — frequently sweeping liquidity from the Asian range before establishing the daily direction.

NEW YORK SESSION

01:00 PM — 10:00 PM London

The second most active session and the primary session for US equity futures (Nasdaq, S&P; 500). The overlap between London and New York (1pm-5pm London) is the highest volume window of the trading day. The most explosive moves often happen in the first 90 minutes of New York trading.

WHY THIS MATTERS

Most retail traders sit at their screens all day waiting for setups. Professional traders know *when* to trade. Targeting the London open and the first 90 minutes of New York gives you access to the highest quality, highest volume moves of the day — and lets you close your screens for the rest of it.

The AM NY window (9:30 AM — 11:00 AM New York time) is statistically the most active period for Nasdaq futures. The majority of the daily range is often established in this 90-minute window.

Choosing Your Market

Forex, equities and futures — what they are and how to pick yours

One of the most common mistakes new traders make is jumping between markets — trading Forex one week, crypto the next, then stocks, then back to Forex. Professionals pick one market, master it completely, and trade it for years. This chapter explains the main markets and how to choose the right one for you.

FOREX — Currency Markets

DAILY VOLUME	EXAMPLES	HOURS	CAPITAL
\$7.5 trillion traded daily	EURUSD, GBPUSD, USDJPY	24 hours, Mon-Fri	Can start with \$500-1,000 (high leverage available)

The most accessible market but also the most manipulated. Major pairs like EURUSD and GBPUSD are directly influenced by central bank decisions, economic data and large bank order flow. Leverage can be as high as 500:1 in some jurisdictions — which sounds attractive but is the primary reason most retail Forex traders lose capital rapidly.

EQUITY FUTURES — Index Contracts

DAILY VOLUME	EXAMPLES	HOURS	CAPITAL
Multi-trillion dollar daily volume	NQ (Nasdaq 100), ES (S&P 500), YNQ (Dow Jones)	9:30 AM — 4:00 PM New York (market closed on Wednesdays)	\$5,000+ recommended for Micro contracts (MNQ)

Futures are contracts to buy or sell an index at a future price. The Micro E-mini Nasdaq (MNQ) has a tick value of \$0.50 — meaning you can trade with relatively small capital while still accessing institutional-level market structure. This is the instrument Ara Capital Group focuses on. The market is highly structured, session-driven and responds well to liquidity-based analysis.

EQUITIES — Individual Stocks

DAILY VOLUME	EXAMPLES	HOURS	CAPITAL
Varies by stock and exchange	Apple, Tesla, Nvidia, Amazon	9:30 AM — 4:00 PM New York (market closed on Wednesdays)	\$25,000+ (US pattern day trader rule applies)

Individual stocks are influenced by company-specific news and earnings in addition to market structure — making them harder to read purely on technicals. The US Pattern Day Trader rule requires \$25,000 minimum account balance to make more than 3 day trades per week, which is a significant barrier for new traders.

HOW TO CHOOSE

Start with one market. Not two, not three. One. Pick the market that matches your available capital, your schedule and your personality. If you are in Africa or Europe and want to trade US markets, Nasdaq futures during the London-to-New York window gives you the best access to institutional-level moves during reasonable local hours.

The Professional Mindset

Why most retail traders lose — and what separates the ones who do not

The statistics on retail trading are uncomfortable. Approximately 70-80% of retail traders lose money over any meaningful time period. The reasons are almost never about strategy. They are about mindset, process and discipline.

HOW RETAIL TRADERS THINK VS HOW PROFESSIONALS THINK

RETAIL TRADER	PROFESSIONAL TRADER
Looking for the perfect setup	Managing risk and process consistency
Checking P&L during the trade	Checking adherence to the plan
Increasing size after a win	Maintaining consistent position sizing
Revenge trading after a loss	Stepping away and reviewing the journal
Following social media signals	Developing and trusting their own analysis
Measuring success by profit	Measuring success by process quality

THE THREE THINGS THAT SEPARATE PROFESSIONALS

Documentation

01 Every trade, every session, every week — documented. Not to look back and feel good or bad, but to identify patterns in your own behavior. The journal is not optional. It is the instrument.

Process over outcome

02 A losing trade executed perfectly according to your rules is a better result than a winning trade taken impulsively. Your edge only plays out over hundreds of trades. Judging any single trade as success or failure is a category error.

Patience as a skill

03 The best setups are rare. A professional trader might take 2-3 high quality trades per week and nothing else. Every additional trade beyond that is usually driven by boredom, FOMO or ego — not edge.

"The market does not reward intelligence. It rewards discipline, patience and the willingness to be consistently wrong in small ways in order to be occasionally right in large ways." — Ara Capital Group

Where To Go From Here

The next steps — how to build from this foundation

Understanding market structure is the beginning, not the end. What you have in this guide is the *why* behind price movement. The next step is developing the ability to read it in real time — and eventually, to trade it with discipline and precision.

YOUR IMMEDIATE NEXT STEPS

GO BACK TO YOUR CHARTS

Open any chart — any market, any timeframe — and look for the concepts in this guide. Where is the liquidity sitting? What stage of the cycle is price in? Which session created the last major move? You will start seeing things you never noticed before.

PICK ONE MARKET

Based on what you read in Chapter 04, decide on the market that fits your situation. Capital, schedule, location. One market. Commit to it for at least six months before considering anything else.

FOLLOW THE PROCESS

Document what you see. Not trades yet — observations. What did price do during the London session today? Where did it take liquidity? Where did the real move begin? Writing it down forces clarity and builds the pattern recognition that takes most traders years to develop.

WATCH ARA CAPITAL GROUP

Every week we break down the markets we trade — publicly, in real time. No strategies revealed. But the structural thinking, the session analysis and the directional bias are all visible. Watch how a professional reads the market over time.

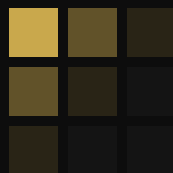
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YOUTUBE	@ARACapitalGroup	Weekly market breakdowns — DXY, EURUSD, Nasdaq
INSTAGRAM	@aracapitalgroup	Daily process content — the build in real time
NEWSLETTER	Weekly market outlook	Sunday — what to watch, what happened, one key insight

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