CHART CODE ACADEMY

Decode The Market Code

News & SMC

Trading Around High-Impact Events

How Smart Money Concepts and news-driven volatility interact: reading **liquidity grabs** around RBI and Fed events and major data releases **without getting caught in the spike**, explained with diagrams.

A FREE STUDY RESOURCE BY CHART CODE

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About This Guide

News trading with SMC reads a scheduled high-impact release (such as RBI policy, the US Fed decision, US CPI or NFP) through liquidity and structure instead of reacting to the headline. Price often builds a tight range before the release, and the initial spike often sweeps one side of that range. The cautious approach is to wait for a market structure shift after the spike and trade the aftermath, with a wider stop, a smaller size and risk defined before entry. The first move is not always the real direction.

By the end of this guide you will be able to:

- Explain why scheduled news concentrates trading activity and how that fits an SMC view
- Recognise pre-news range building and mark the range high and low
- Read the news spike as a possible liquidity grab and wait for a structure shift after it
- Know the key Indian and global events (RBI policy, Union Budget, US Fed, US CPI, US NFP) and how often they occur
- Trade the aftermath with adjusted risk and run a five-point checklist before the release

Why News Events Matter to SMC Traders

A scheduled economic release — a central bank policy decision, an inflation report, an employment number — concentrates an unusual amount of trading activity into a very short window. Participants who might otherwise trade gradually throughout the day instead react to the same piece of information within seconds or minutes of each other, producing some of the sharpest, most concentrated volume spikes a chart will show all week.

From an SMC perspective, that concentration of volume is exactly the kind of condition worth understanding: it's a moment when large amounts of liquidity move very quickly, and the earlier concepts in this series — liquidity, displacement, structure shifts — all show up in an especially compressed, high-speed form around these events.

How to Actually Use This Around News (Before You Trade It)

The most common mistake around news events is treating the release itself as a signal to act — buying or selling purely because a headline appeared, without reference to structure, liquidity, or any of the other concepts covered elsewhere in this series. News context should sharpen an existing framework, not replace it.

Before trading anything news-related in this guide, run it through three quick filters: **Do I actually know what's scheduled and when?** — trading around an event without knowing its exact release time removes any ability to plan around it. **Am I reacting to the headline or to price?** — the chart's actual reaction matters more than whether a number came in "better" or "worse" than expected. **Is my risk sized for this specific window?** — volatility around news typically calls for wider stops or smaller size than a normal session.

CONCEPT 01 · CORE CONCEPT

1. Pre-News Accumulation & Range Building



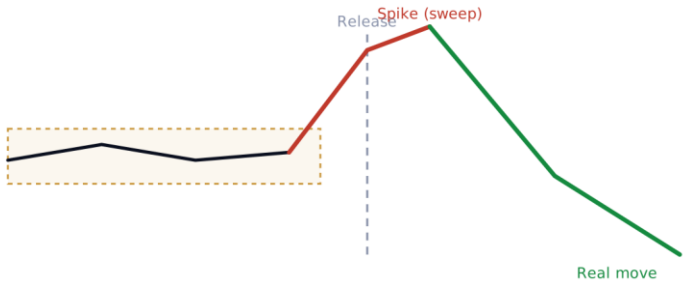
In the period leading up to a scheduled high-impact release, price often settles into a comparatively tight, quiet range as participants wait for the actual news before committing to a larger position. This mirrors the accumulation phase discussed in the Power of Three concept from earlier in this series, but tied specifically to a known, scheduled catalyst rather than general session timing.

HOW TO READ IT

The high and low of this pre-news range often become the first liquidity levels tested once the release actually happens, making them worth marking beforehand rather than only reacting afterward.

CONCEPT 02 · MANIPULATION MOVE

2. The News Spike as a Liquidity Grab



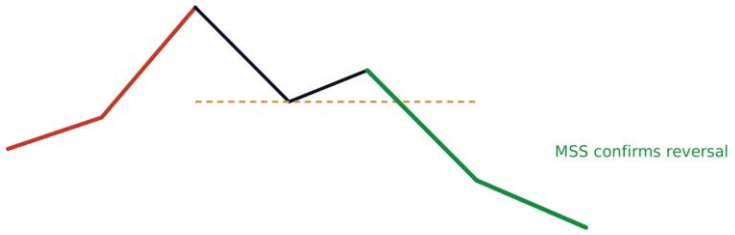
The initial burst of price movement right at release often behaves like an engineered liquidity sweep — piercing through the pre-news range's high or low, triggering resting stop-losses and breakout orders on that side, before reversing toward the level's actual sustained direction. This is the same underlying pattern covered in the liquidity sweep and Judas Swing concepts earlier in this series, but triggered by a scheduled catalyst rather than session timing alone.

HOW TO READ IT

Not every news spike reverses — some releases genuinely confirm and extend the initial move — but treating the very first burst with some suspicion, rather than assuming it's automatically the final direction, is a reasonable starting posture.

CONCEPT 03 · CORE CONCEPT

3. Reading the Reaction: Structure Shift After the Spike



Rather than reacting to the spike itself, this approach waits for the same confirmation used throughout this series — a genuine market structure shift breaking a recent swing point in the direction opposite the initial spike. That confirmed break is treated as evidence the sweep has completed and the real, sustained move is underway.

HOW TO READ IT

This is the same discipline discussed in the Silver Bullet guide — waiting for a genuine structural confirmation rather than reacting to the first burst of price movement in isolation.

CONCEPT 04 · PRACTICAL REFERENCE

4. Key Events for Indian & Global Markets

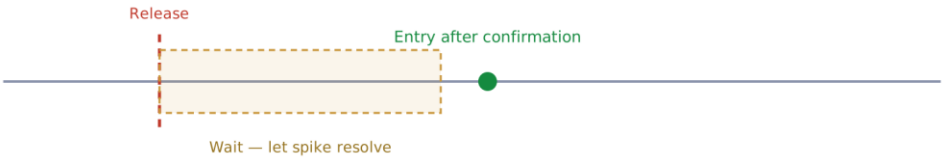
Event	Typical Frequency	Primary Relevance
RBI Monetary Policy	Bi-monthly	Indian rates, Nifty, Bank Nifty, INR
Union Budget	Annual	Broad Indian market sentiment, sector-specific moves
US Fed (FOMC) Decision	~8 times a year	Global risk sentiment, USD, Indian markets indirectly
US CPI (Inflation)	Monthly	USD, global bonds, risk sentiment
US NFP (Employment)	Monthly	USD, global risk sentiment

HOW TO READ IT

Even events that don't directly involve Indian institutions, such as US CPI or NFP, can still move Indian markets meaningfully through their effect on global risk appetite and the US dollar, so it's worth tracking both domestic and major global releases.

CONCEPT 05 · ENTRY FRAMEWORK

5. A Safer Approach: Trading the Aftermath, Not the Release



Rather than entering at or immediately after the release, a more cautious approach is to let the initial volatility play out first — the spike, the potential sweep, and the confirming structure shift — and only enter once that full sequence has resolved. This sacrifices some of the earliest, largest part of the move in exchange for a clearer, better-confirmed picture of the actual direction.

HOW TO TRADE IT

Spreads often widen and price can move erratically in the first moments after a major release, which is exactly the kind of environment where a confirmed entry, taken slightly later, tends to offer a more favourable risk-to-reward trade-off.

CONCEPT 06 · CORE CONCEPT

6. Risk Management Rules for News Events



Volatility around a scheduled release typically calls for adjusted risk parameters — a wider stop-loss to avoid being taken out by the initial spike's noise, combined with a smaller position size so that wider stop doesn't translate into disproportionately higher risk. Some traders simply choose not to hold new positions through the exact release window at all.

HOW TO TRADE IT

Whatever specific rules are used, the goal is the same one covered throughout this series — defining risk before entering, adjusted honestly for the wider, faster price movement a news window tends to bring.

Common News Trading Mistakes to Avoid

1. Trading the headline, not the chart: Reacting to whether a number "beat" or "missed" expectations, without checking how price is actually responding, ignores the more reliable signal.

2. Entering at the exact moment of release: Wide spreads and erratic price action right at release make this one of the least favourable moments to open a new position.

3. Assuming the first move is always the real one: Treating the initial spike as guaranteed direction, without waiting for any structural confirmation, is a common source of being caught in a reversal.

4. Using a normal-day stop-loss during high volatility: A stop sized for typical daily movement can be hit by ordinary news-driven noise rather than a genuine change in direction.

5. Not knowing the exact release time: Being unaware of precisely when a scheduled event lands removes any ability to plan entries, exits, or risk around it in advance.

6. Ignoring indirect global events: Overlooking US-focused releases like CPI or NFP, assuming they're irrelevant to Indian markets, misses a meaningful source of volatility.

NEXT STEP

Reading a news spike calmly, rather than reacting to it, takes practice. That discipline is what we build hands-on in our structured courses at Chart Code, offline in Boisar or live online anywhere in India.

Your News Event Confirmation Checklist

Before considering any trade around a scheduled high-impact event, run through this five-point check:

- **Release Time Known** — Do you know the exact scheduled time of the release, converted to your own time zone?
- **Pre-News Range Marked** — Have you identified the range price built before the release, as an initial liquidity reference?
- **Waited for Structural Confirmation** — Has a genuine structure shift occurred after the initial spike, rather than trading the spike itself?
- **Risk Adjusted for the Window** — Have your stop distance and position size been adjusted for the wider volatility typical of this event?
- **Defined Risk** — Do you know exactly where you'd be proven wrong, and have you placed a stop-loss there before entering?

Practice Exercises: Apply It on Real Charts and Calendars

Reading a concept is not the same as spotting it live. Work through these on real charts and official event calendars, and treat the results as practice, not proof. No real orders needed.

1. **Build an event calendar.** From official calendars, list the next RBI policy, US Fed, US CPI and NFP dates, with the release time of each in Indian Standard Time.

2. **Mark the pre-news range.** On chart replay of one past release, mark the high and low of the range before it. Note which side price swept first.
3. **Find the confirmation.** For the same release, find the structure shift after the spike. Note how many minutes passed, and how much of the move you would have missed by waiting.
4. **Adjust the risk on paper.** For a hypothetical trade, work out the position size that keeps your rupee risk the same when the stop is wider than usual. Do not place the trade.

EDUCATIONAL CONTENT ONLY

This guide explains how news-driven volatility interacts with SMC concepts and is **not investment advice** or a recommendation to trade any instrument. Trading around news is high risk: spreads can widen and price can move erratically. Always define your stop-loss and position size before entering.

Frequently Asked Questions

Why does price often spike sharply right when news is released?

A scheduled release concentrates a large amount of trading decisions into a very short window, as participants react to the same information at nearly the same moment. This surge in one-sided order flow is what produces the sharp, fast price move typically seen right at release.

Is it a good idea to trade the exact moment of a news release?

Many experienced traders avoid entering right at the release itself, since spreads widen, price can be highly erratic, and the initial move sometimes reverses shortly after. A more cautious approach is to wait for the immediate volatility to settle and look for a confirmed structural reaction afterward.

What are examples of high-impact events for Indian markets?

RBI monetary policy announcements and the Union Budget are among the highest-impact scheduled events specific to Indian markets. Major global releases such as US Federal Reserve (FOMC) decisions, US CPI inflation data, and US Non-Farm Payrolls (NFP) also frequently move Indian markets due to their effect on global risk sentiment and the US dollar.

Does the initial move at a news release always show the real direction?

Not always. The first sharp move at release sometimes behaves like a liquidity grab — sweeping resting orders on one side before reversing to the actual sustained direction. This is why some traders prefer to see a confirmed structural shift after the initial spike, rather than trading the very first move.

Should beginners avoid trading around high-impact news events?

Many educators suggest beginners either avoid trading in the minutes immediately around a scheduled high-impact release, or reduce position size significantly if they do participate, given the wider spreads, faster price movement, and higher chance of stop-losses being hit by volatility rather than a genuine change in direction.

What is a liquidity grab around news?

A liquidity grab around news is when the initial burst at the release pierces the high or low of the pre-news range, triggering resting stop-losses and breakout orders on that side, before price reverses toward its sustained direction. It does not happen on every release, so wait for a structure shift instead of assuming it.

How should I adjust risk when trading around news?

Volatility around a release usually calls for a wider stop-loss, so the spike's noise does not take you out, combined with a smaller position size, so the wider stop does not raise your rupee risk. Some traders choose not to hold new positions through the exact release window at all.

Get in Touch

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