Forex Trading XL

LIQUIDITY CONCEPTS

What is Liquidity?

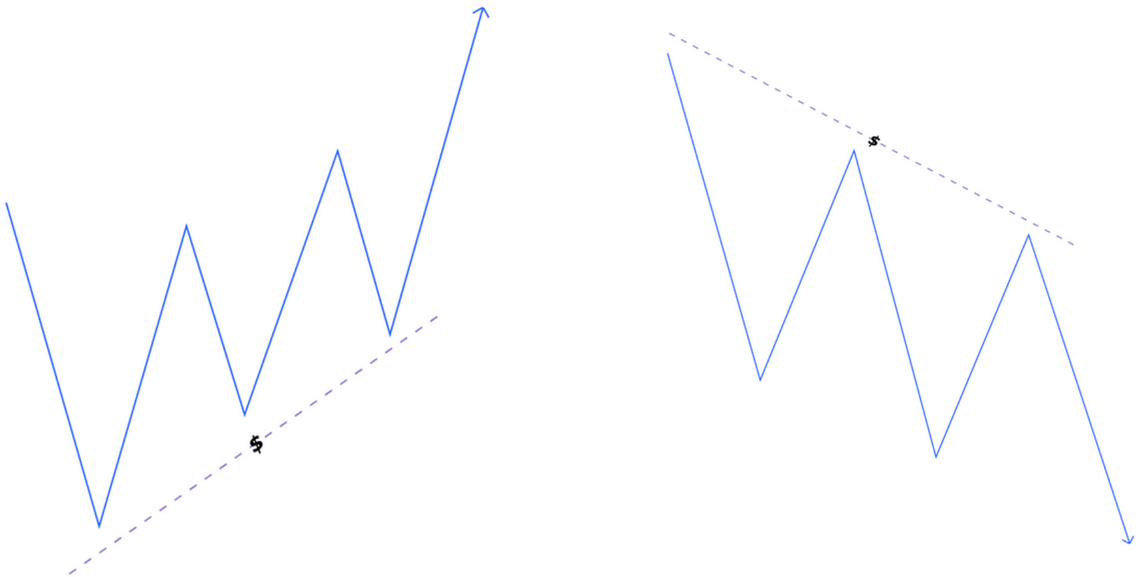
The markets need to generate liquidity in order to move up or down. If liquidity isn’t already there, then it will will be created.

Retail basics are like support and resistance, double top, double bottom and Trendlines. These areas are mostly generates liquidity to the markets. We expect the price to be manipulated at and around these areas.

Different types of Liquidity

1. **Trendline Liquidity**
2. **Range (Support & Resistance) Liquidity**
3. **Equal Lows**
4. **Equal Highs**

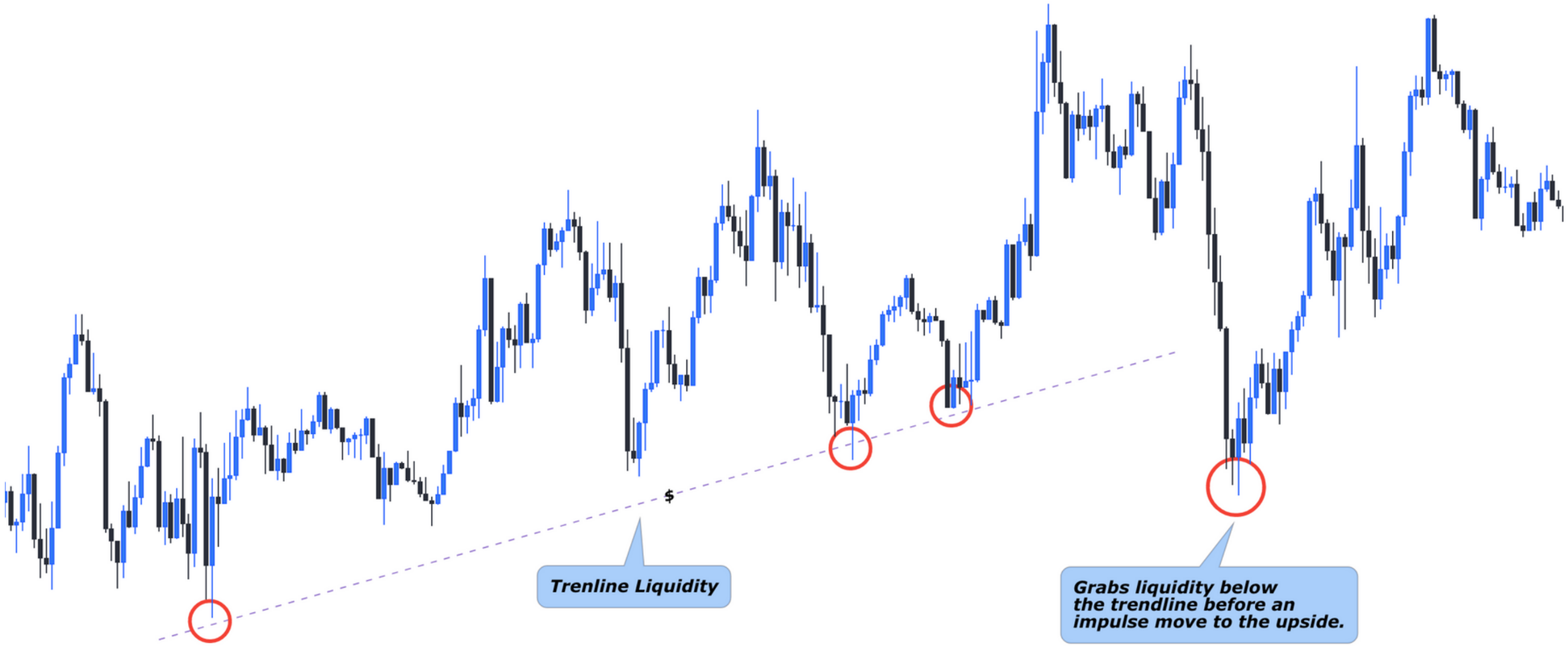
Trendline Liquidity



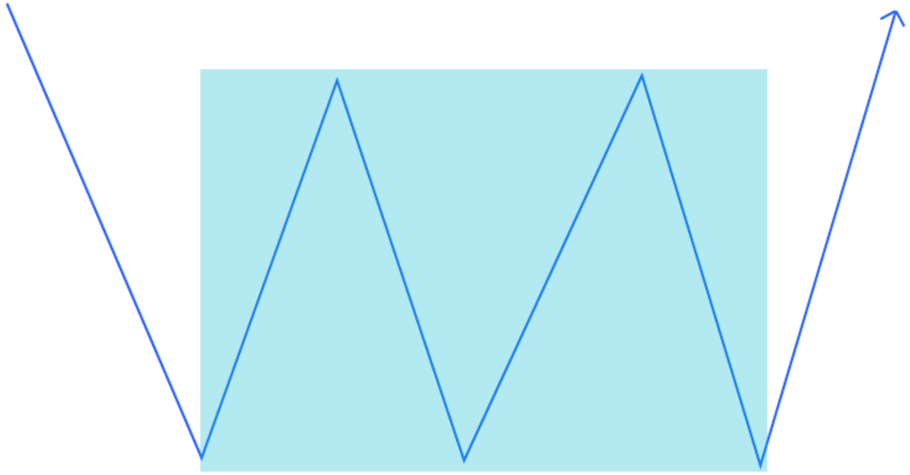
Retail traders are taught to buy at a Trendline or wait for the break out of that trendline to go short and vice versa.

With this it creates a lot of liquidity at these areas that the markets will manipulate to grab liquidity before a larger move in the markets can take place.

Trendline Liquidity



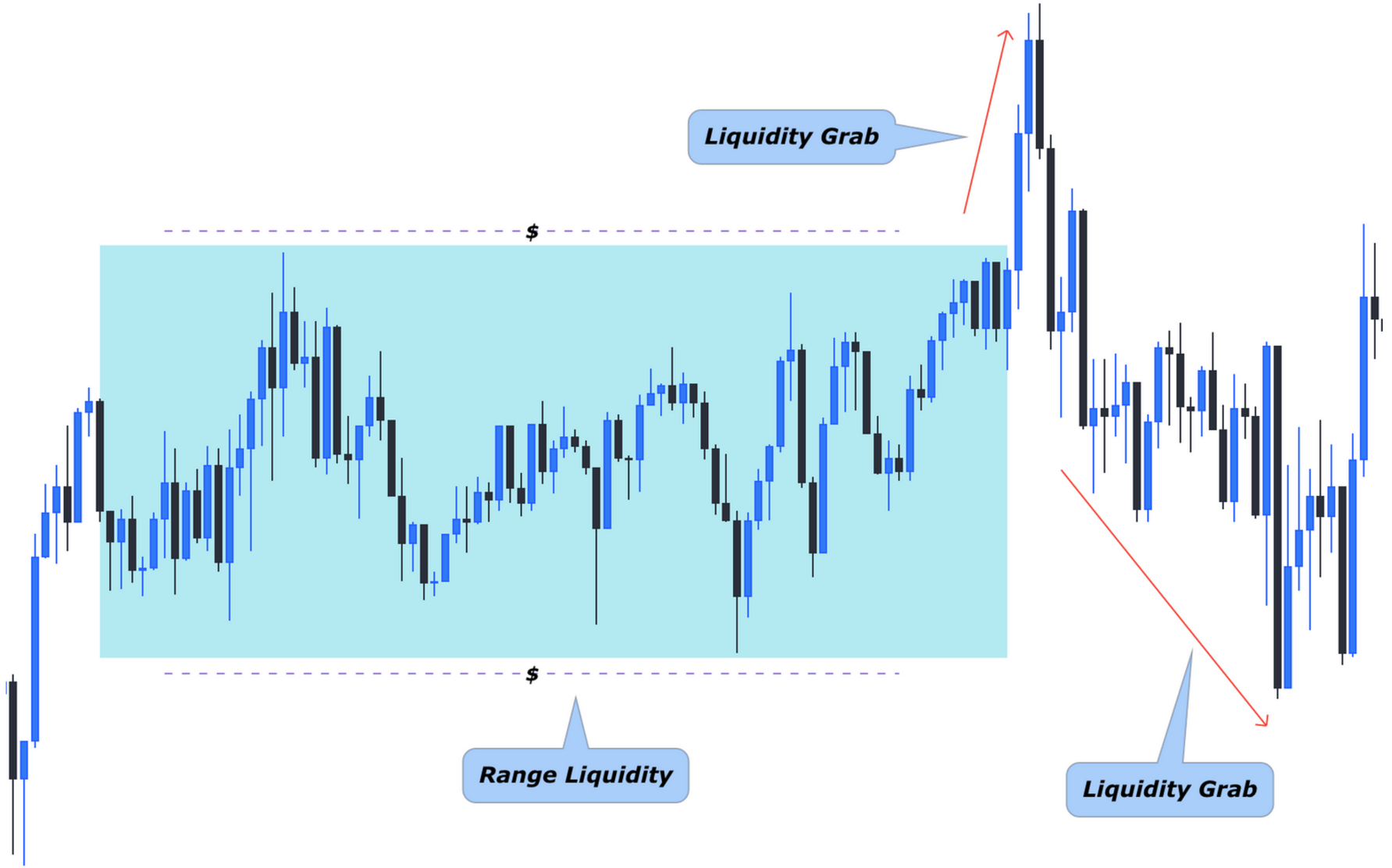
Range Liquidity



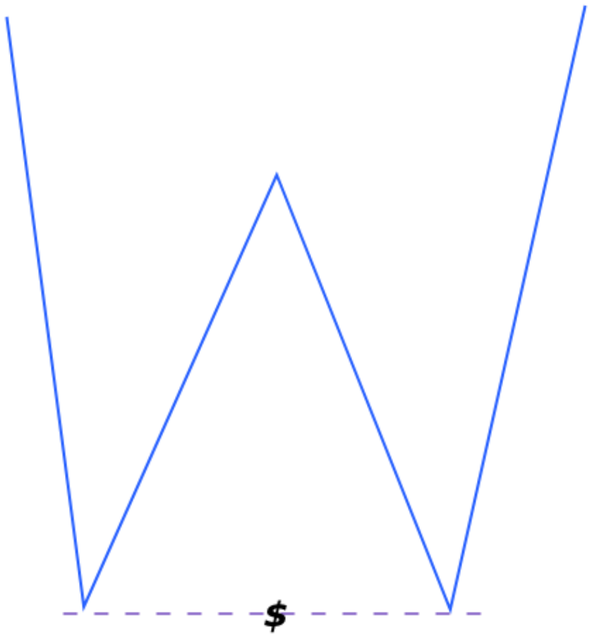
Support and resistance - This can be classified as a Range.

Retail traders are taught to buy at support and sell at resistance. This will generate a large amount of liquidity above and below these areas in the market.

Range Liquidity



Equal Low Liquidity

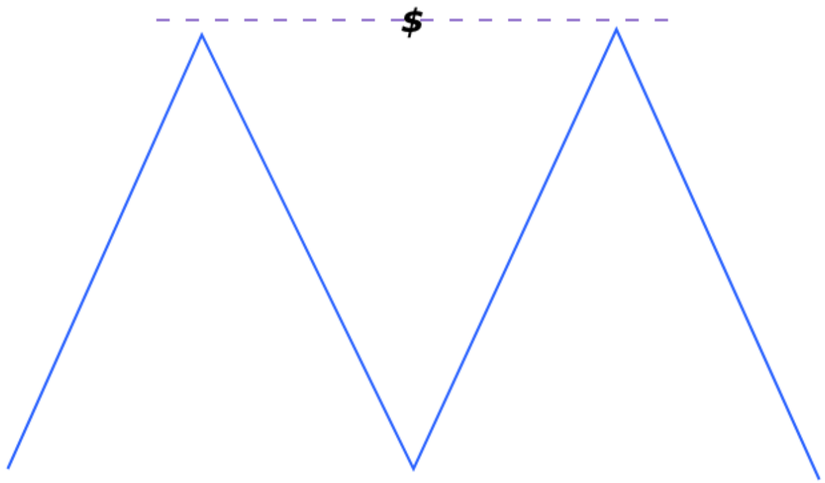


Equal Low "Double Bottom" by the retail side of trading. People taught to buy at the double bottoms. Which of course generates liquidity below these areas.

We know that these areas are get manipulated so we expect price come into these levels.

Equal Low Liquidity

Equal High Liquidity



Equal High "Double Top" by the retail side of trading. People taught to sell at the double tops. Which of course generates liquidity below these areas.

We know that these areas are get manipulated so we expect price come into these levels.

Equal High Liquidity