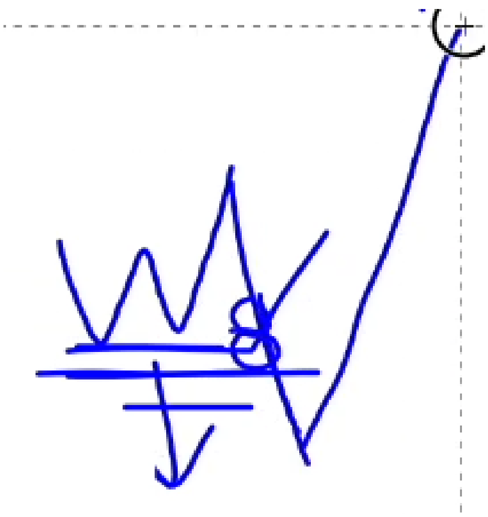
Liquidity

Created	@August 27, 2021 3:56 PM
Tags	

In terms of OBs we explained that price is being forced down to the liquid areas. Now liquid areas essentially where people are placing the stop losses or where pending orders are being set.

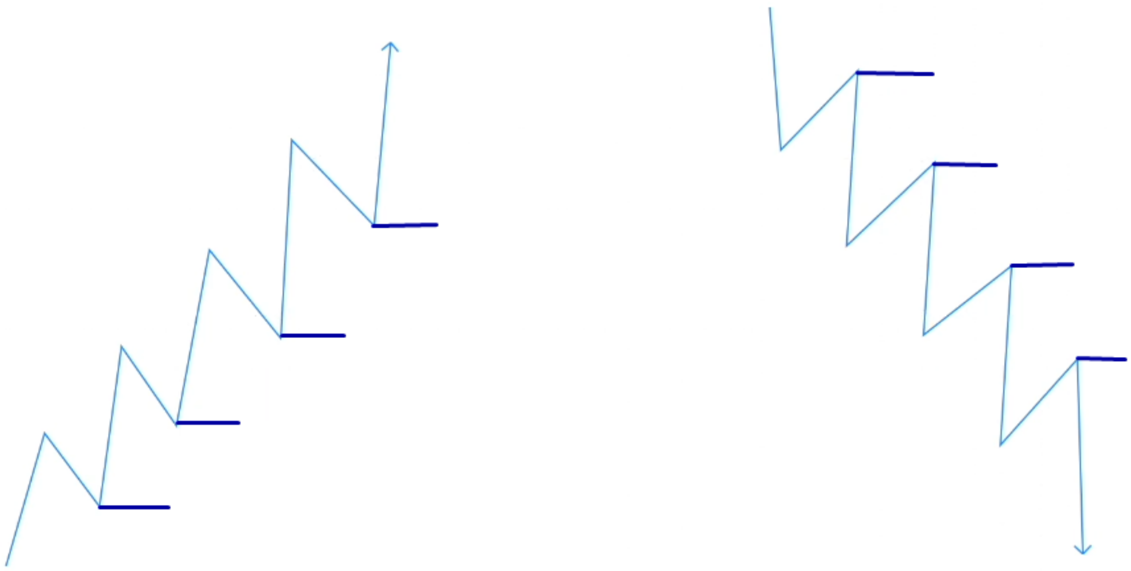
So for example at a double bottom or a double top, we have liquidity sitting there. Why? Is because we have breakout traders looking to take the sell and also have retail strategy, traders trading support and resistance, looking to take a buy in this situation (DB) and looking to take a sell in this situation (DT). And a buy stop at this situation.

So what institutions are doing, they are triggering this breakout traders as well as taking out this sellers and then pushing price.



Same thing here, they are pushing price, they are triggering in this sell breakout traders and taking out this buy retail traders and then pushing price away.

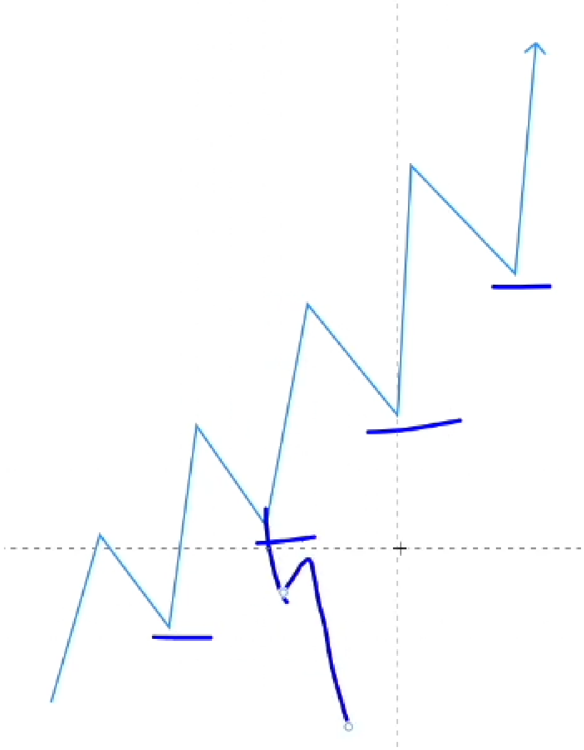
> This is a form of grabbing liquidity, however liquidity is also sitting at every single high and low.



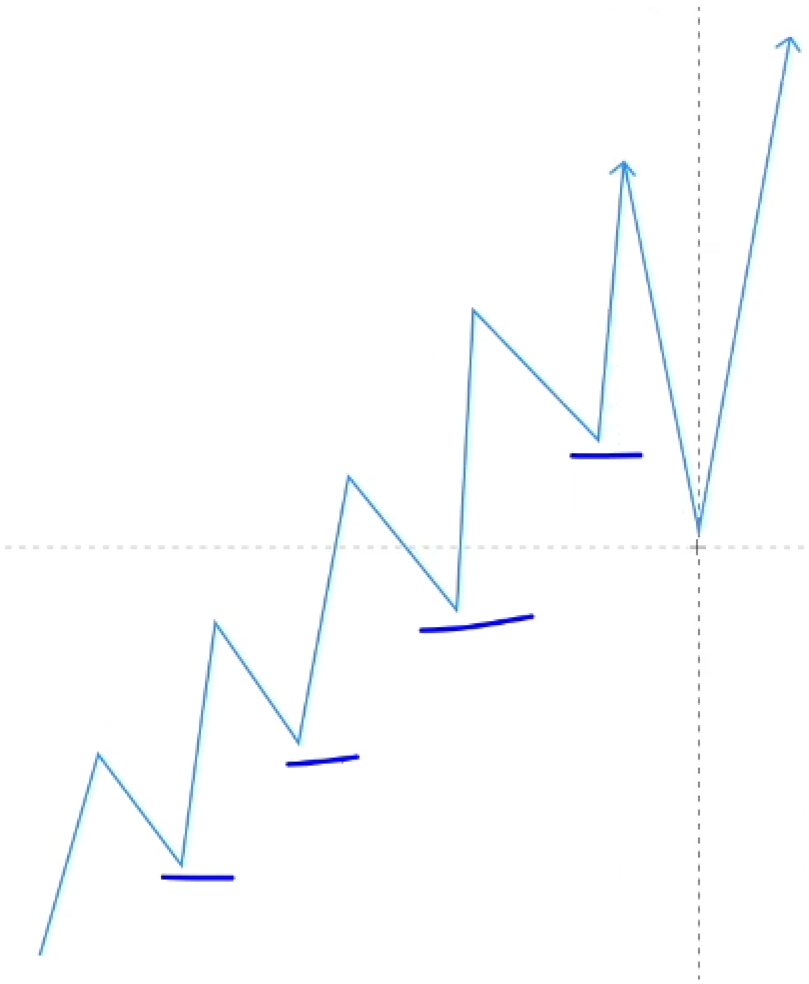
So the previous video we learned that on bullish trend the only thing we need to be worried about is if the lows are being broken.

For a bearish trend the only thing we need to be worried about is if the highs are being broken.

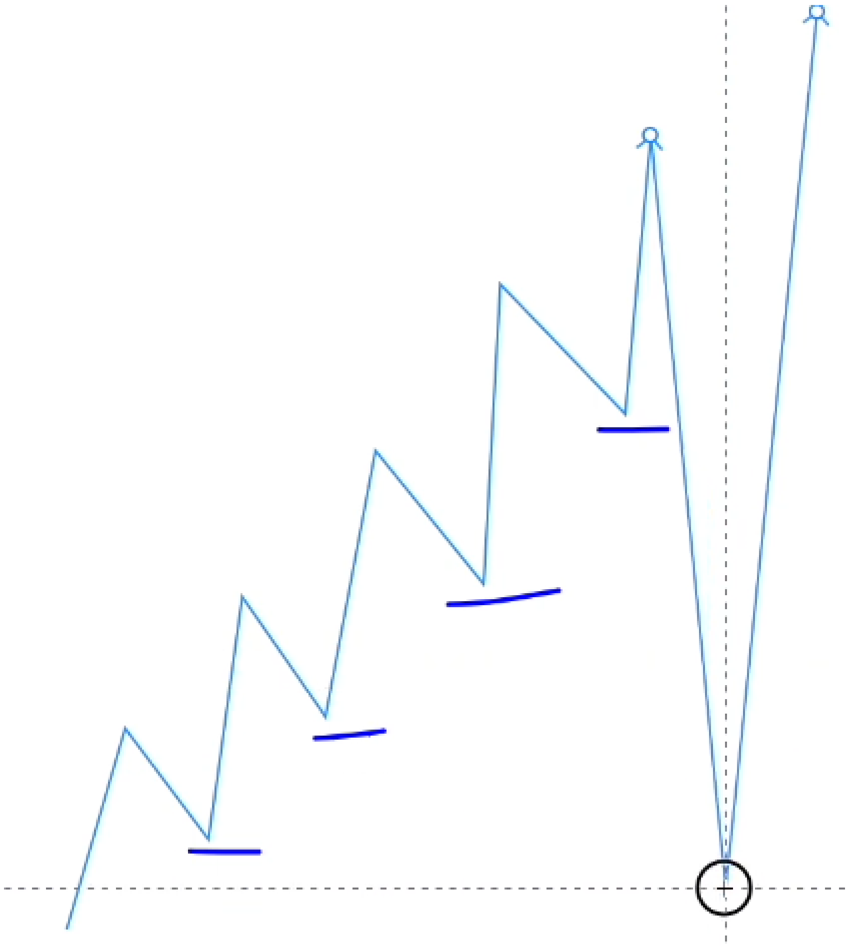
> **Why for a bullish trend we have liquidity sitting at every single low?**



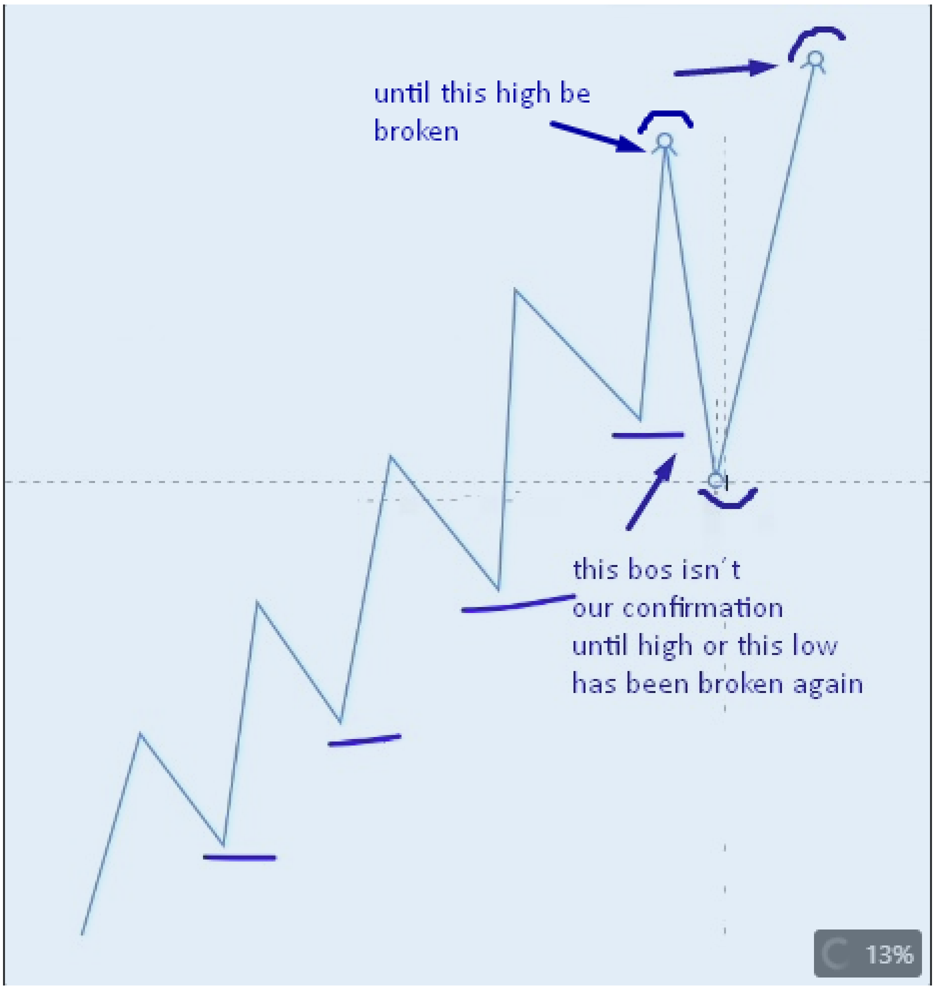
Because there are breakout traders, so people are going to be waiting expecting for a breakout to happen and for then to capitalize on that breakout.



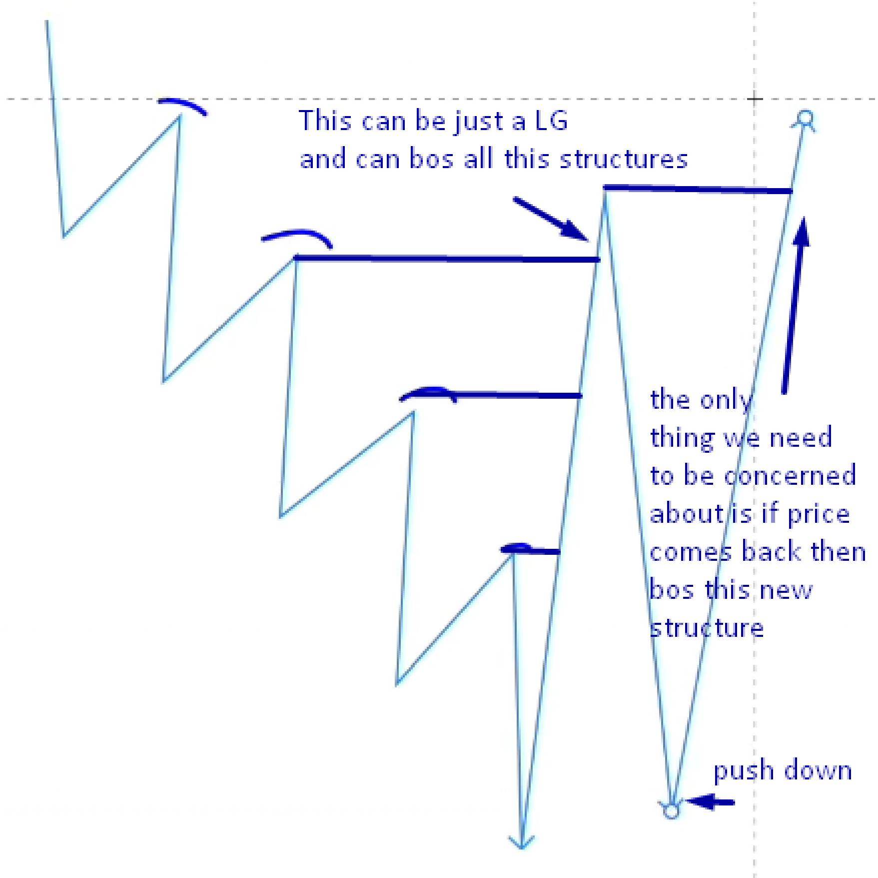
So sometimes what happens is, say for example institutions are creating this move, if they don´t have enough liquidity continue to move, they will push price down, grab that liquidity and go, simple as that.



They will grab liquidity, doesn´t matter it could even come to here.



But they can grab liquidity and go, which is why we don´t say that this is our bos to confirm a shift in marking structure until that high has been broken or this low gets broken again.



Same thing for a bearish trend, there is liquidity sitting above every single high. So price can grab that liquidity and then push down, simple as that, we can even break more structures, but that is just a liquidity grab.

The only thing we need to be concerned about is if price comes back then breaks this structure.

That will confirm a change in market structure.