

# The Liquidity Lie Cheatsheet

Quick Reference for Stop Hunting & Liquidity Sweep Mechanics

## The Core Truth

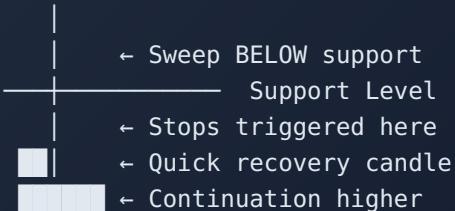
"Support and resistance" levels are not barriers—they are liquidity pools where institutional traders hunt retail stops.

## Where Stops Cluster (Liquidity Pools)

LOCATION	WHY STOPS CLUSTER HERE	INSTITUTIONAL PLAY
<b>Below swing lows</b>	Retail places stops "just below support"	Sweep lows → buy the stops
<b>Above swing highs</b>	Retail places stops "just above resistance"	Sweep highs → sell the stops
<b>Round numbers (\$100, \$50,000)</b>	Psychological attraction points	Run the round → reverse
<b>Trend line touches</b>	Obvious technical levels	Break the line → trap shorts
<b>Previous day/week high/low</b>	Time-based reference points	Sweep → institutional entry

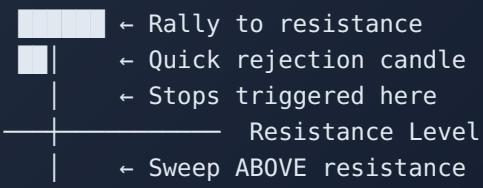
# Sweep Pattern Recognition

## Bullish Sweep (Buy Setup)



**Signal:** Janus Atlas marks the sweep → Price reclaims → ENTRY

## Bearish Sweep (Sell Setup)



**Signal:** Janus Atlas marks the sweep → Price rejects → ENTRY

## The 5-Step Sweep Sequence

STEP	WHAT HAPPENS	WHAT YOU SEE
1. Obvious Level Forms	Retail identifies S/R	Multiple touches, textbook pattern
2. Stops Accumulate	Traders place stops beyond	Order book builds at predictable spots
3. Sweep Occurs	Price breaks level briefly	Quick spike/wick beyond level
4. Absorption Happens	Institutions fill orders	Volume spike, delta reversal
5. Reversal Begins	Price moves opposite direction	Reclaim candle, trend continuation

## Real vs Fake Breakouts

FAKE BREAKOUT (SWEEP)	REAL BREAKOUT
Wick beyond level, body reclaims	Multiple candles close beyond
Volume spike then immediate reversal	Volume sustains in breakout direction
Returns within 1-3 candles	Forms new structure beyond level
Janus Atlas fires sweep signal	No sweep signal, momentum continues

## Stop Placement Rules

### DON'T (Retail Trap)

- Stop exactly at support/resistance

- Stop at obvious swing low/high
- Tight stops at round numbers
- Stops where "everyone else" puts them

## DO (Institutional-Aware)

- Stop BEYOND the likely sweep zone
- Add 0.5-1 ATR buffer beyond level
- Use time-based stops (if not moving, exit)
- Accept slightly larger stops, better win rate

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## Quick Reference: Janus Atlas Signals

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SIGNAL	MEANING	ACTION CONTEXT
<b>Sweep Below</b>	Liquidity taken at lows	Watch for bullish reversal
<b>Sweep Above</b>	Liquidity taken at highs	Watch for bearish reversal
<b>Double Sweep</b>	Both sides taken	Strong reversal likely
<b>Failed Sweep</b>	Sweep but no reclaim	Trend continuation in sweep direction

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## The Liquidity Lie Mindset Shift

OLD THINKING (RETAIL)	NEW THINKING (INSTITUTIONAL)
"Price bounced off support"	"Stops were hunted, then reversed"
"It broke resistance!"	"Is this a real break or a sweep?"
"My stop was hit, then it reversed"	"I was the liquidity for their entry"
"Trade the bounce"	"Trade the sweep reclaim"

## Pre-Trade Checklist

- [ ] Identified obvious S/R level (where stops cluster)
- [ ] Waited for sweep (price beyond level)
- [ ] Confirmed reclaim (price back inside level)
- [ ] Janus Atlas confirms the sweep
- [ ] Volume/delta shows absorption
- [ ] Stop placed BEYOND the sweep extreme

## Key Statistics

- **70-80%** of retail traders place stops at obvious levels
- **60%+** of S/R "breaks" are sweeps that reverse
- **2-3x** better win rate when trading reclaims vs. breakouts

**Remember:** You are either the hunter or the hunted. Understanding where liquidity pools form—and waiting for the sweep—puts you on the right side.

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