

The Liquidity Lie Cheatsheet

Quick Reference for Stop Hunting & Liquidity Sweep Mechanics

The Core Truth

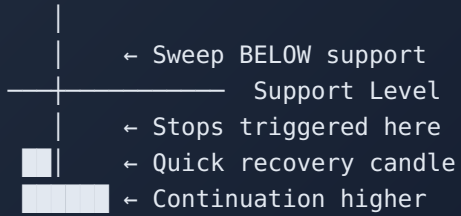
"Support and resistance" levels are not barriers—they are liquidity pools where institutional traders hunt retail stops.

Where Stops Cluster (Liquidity Pools)

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

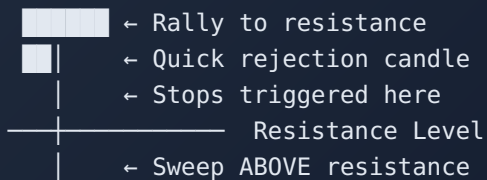
Sweep Pattern Recognition

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

Quick Reference: Janus Atlas Signals

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

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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