

# 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.

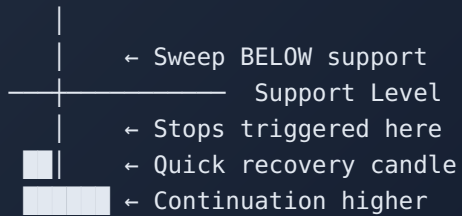
## Where Stops Cluster (Liquidity Pools)

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

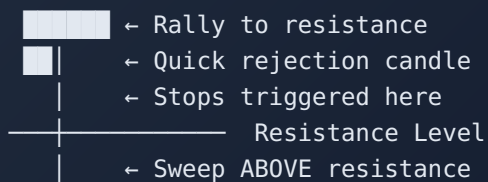
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## Bullish Sweep (Buy Setup)



**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. <b>Obvious Level Forms</b>	Retail identifies S/R	Multiple touches, textbook pattern
2. <b>Stops Accumulate</b>	Traders place stops beyond	Order book builds at predictable spots
3. <b>Sweep Occurs</b>	Price breaks level briefly	Quick spike/wick beyond level
4. <b>Absorption Happens</b>	Institutions fill orders	Volume spike, delta reversal
5. <b>Reversal Begins</b>	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
<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

## 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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