

Stop Hunting Pattern Recognition Guide

Identifying & Trading Liquidity Sweeps

Introduction

Stop hunting is not a conspiracy—it's a market mechanic. Large players need liquidity to fill orders, and retail stops provide that liquidity.

This guide teaches you to recognize stop hunts as they happen and trade them profitably.

Part 1: Why Stops Get Hunted

The Liquidity Problem

Markets need two-way order flow. When everyone is long:
- Few sellers remain
- Large buyers can't fill orders
- Solution: Create selling by triggering stops

How It Works

Setup:

- 10,000 traders long with stops at \$95
- Price at \$100

Execution:

1. Push price to \$95.00
2. Stops trigger (become market sell orders)
3. 10,000 sell orders hit the market
4. Someone absorbs all that selling
5. Price reverses to \$105+

Who wins:

- The absorber bought at \$95
- 10,000 traders got stopped out at \$95
- Price goes where they expected, without them

Part 2: Where Stops Cluster (Liquidity Pools)

Common Stop Locations

LOCATION	WHY STOPS ARE HERE
Below swing lows	"Stop below support" is standard teaching
Above swing highs	"Stop above resistance"
Below round numbers	\$99.50 if long at \$100
Above round numbers	\$100.50 if short at \$100
At moving averages	MA breaks trigger stops
Below trendlines	Trendline breaks trigger stops
At Fibonacci levels	Technical stops
Previous day/week H/L	Time-based reference

Quantifying Stop Clusters

The more obvious a level, the more stops cluster there.

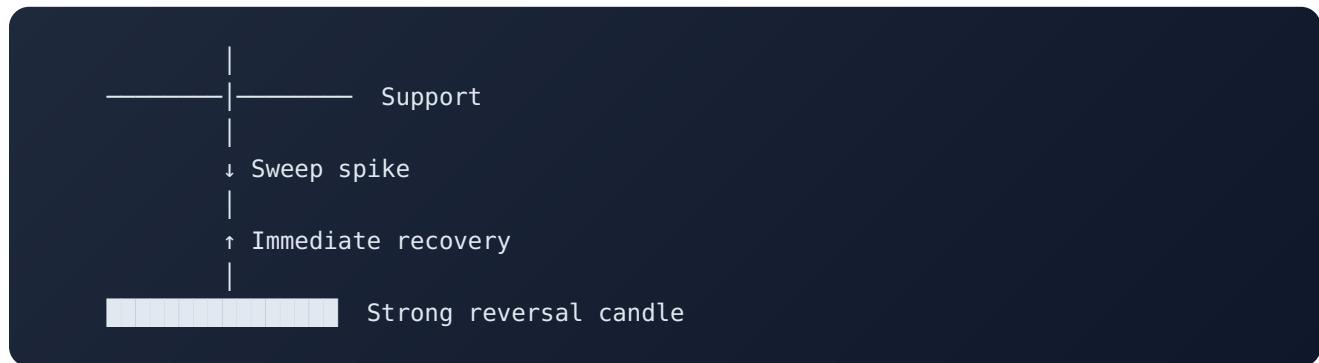
- Visibility score:
- Multiple touches: +10
 - Round number: +10
 - Confluence with MA: +10
 - Visible on higher TF: +10
 - Taught in popular TA: +10

High score = High liquidity target

Part 3: Recognizing Stop Hunt Patterns

Pattern 1: The Classic Sweep

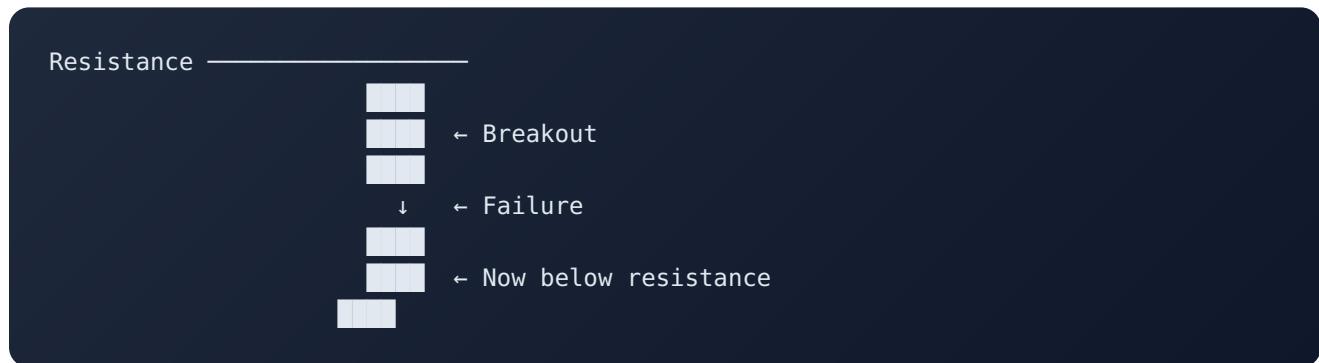
Setup: - Clear support or resistance - Price approaches the level - Quick spike through - Immediate reversal



Characteristics: - Duration: 1-3 candles - Depth: Just beyond level (0.2-0.5%) - Volume: Spike on sweep, often higher on recovery - Result: Strong reversal follows

Pattern 2: The Fake Breakout

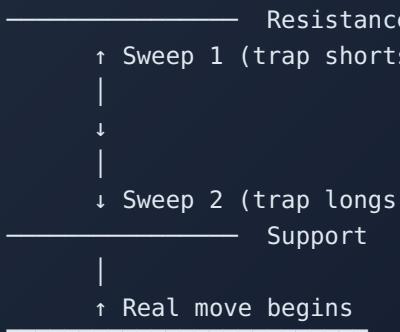
Setup: - Consolidation or range - "Breakout" with initial conviction - Rapid failure and reversal



Characteristics: - Initial volume may look convincing - But follow-through fails - Reversal is swift (within 3-5 candles) - Often ends up making significant move opposite

Pattern 3: The Double Sweep

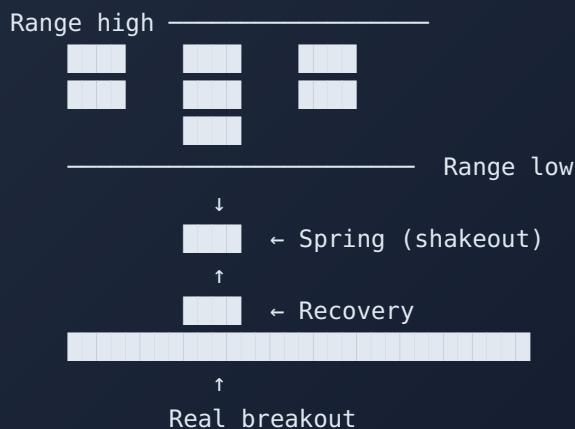
Setup: - Price sweeps one side - Then sweeps the other side - Then makes real move



Characteristics: - Both sides get stopped out - Maximum frustration for traders - Often precedes strong trend - "Everyone is wrong" before real move

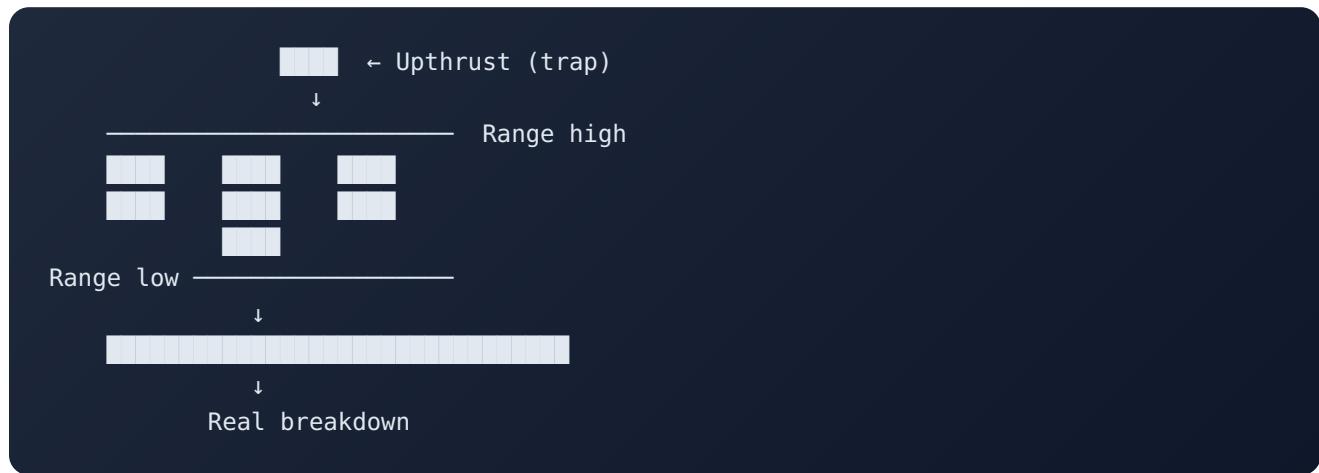
Pattern 4: The Shakeout Spring (Wyckoff)

Setup: - Accumulation range - Break below range (spring) - Immediate recovery into range - Then breakout upward



Pattern 5: The Upthrust

Setup: - Distribution range - Break above range (upthrust) - Immediate rejection into range - Then breakdown



Part 4: Real-Time Recognition

Speed of Move

SPEED	INTERPRETATION
Slow approach	Normal test
Fast spike	Stop hunt likely
Gradual break	Real breakout possible
Violent wick	Classic sweep

Volume Signature

VOLUME PATTERN	MEANING
Spike on break	Stops triggered (expected)
Low volume break	Weak, likely fake
Sustained volume after	Real breakout
Volume spike then silence	Stop hunt, reversal coming

Candle Patterns at Sweeps

Hammer at sweep low: - Long lower wick = buying absorbed selling - Small body = reversal indication - Green close = strong

Shooting star at sweep high: - Long upper wick = selling absorbed buying - Small body = reversal indication - Red close = strong

Part 5: Trading Stop Hunts

Strategy 1: Wait for Reclaim

Rules: 1. Identify obvious support/resistance 2. Wait for price to break it (sweep) 3. Wait for price to close back on original side 4. Enter on reclaim candle close 5. Stop beyond the sweep extreme 6. Target 2:1 minimum

Example:

Support at \$100
Price sweeps to \$98.50
Candle closes back above \$100

Entry: \$100.10
Stop: \$98.00 (beyond sweep)
Target: \$103.10 (2:1)

Strategy 2: Limit Order at Sweep Zone

Rules: 1. Identify high-probability sweep zone 2. Place limit order at sweep zone 3. Stop just beyond expected sweep 4. Target previous range or 2:1

Risk: Order may not fill, or sweep continues

Advantage: Best entry price if it works

Strategy 3: Aggressive Entry on Sweep Bar

Rules: 1. Watch for sweep in real-time 2. Enter before bar closes if signs of reversal 3. Very tight stop (just beyond current low/high) 4. Scale out at levels

Risk: Higher false signal rate

Advantage: Catch the exact bottom/top

Part 6: Janus Atlas Integration

How Janus Atlas Detects Sweeps

Janus Atlas marks: - **Sweep signals** — When price breaks a liquidity zone - **Reclaim signals** — When price recovers the zone - **Liquidity pools** — Where sweeps are likely

Using Janus Atlas for Stop Hunts

Identification: - Look for Janus liquidity pools at obvious levels - Wait for sweep signal

Confirmation: - Janus shows reclaim - Enter on reclaim

Stop Placement: - Beyond the Janus-marked sweep low/high

Part 7: Filtering Valid Sweeps

Sweep Quality Score

FACTOR	POINTS
Level tested 2+ times prior	+20
Sweep occurred on high volume	+20
Immediate rejection (1-2 bars)	+20
Volume on recovery > sweep	+20
Higher TF trend supports reversal	+20

Score Interpretation: - 80-100: High-quality setup - 60-79: Standard setup - <60: Weak, avoid or reduce size

Red Flags (Not a Sweep)

RED FLAG	WHY IT'S CONCERNING
No immediate reversal	May be real break
Volume continues in break direction	Momentum behind break
Multiple candles closing beyond	Acceptance, not rejection
Higher TF trending against you	Fighting the current

Part 8: Timeframe Considerations

Which Timeframes Show Sweeps?

All timeframes have sweeps, but:

TIMEFRAME	SWEEP CHARACTERISTICS
1m-5m	Noisy, many false signals
15m-1H	Good for day trades
4H	High quality, swing trades
Daily	Very high quality, position trades
Weekly	Major pivots, rare but powerful

Multi-Timeframe Sweep Analysis

Best approach: 1. Identify sweep on your trading TF 2. Confirm HTF trend supports direction 3. Use LTF for entry timing

Example: - Daily: Clear support level - 4H: Sweep occurs, reclaim forming - 1H: Enter on reclaim with tight stop

Part 9: Psychology of Sweeps

Why Traders Get Swept

- 1. Obvious stops** — "Just below support"
- 2. Tight stops** — No room for volatility
- 3. Standard placement** — Where everyone else
- 4. No buffer** — Exactly at the level

How to Avoid Being Swept

- 1. Wide stops** — Beyond the sweep zone
- 2. Non-obvious placement** — Not at the exact level
- 3. ATR-based stops** — Volatility-adjusted
- 4. Smaller size** — Afford the wider stop

The Trader's Dilemma

Tight stop = Get stopped out on sweep, miss the move
Wide stop = Larger loss if wrong, but catch the move
No stop = Dangerous, but never get "swept"

Solution: Wide stop + Appropriate size + Sweep-aware levels

Part 10: Checklist

Pre-Trade (Identifying Sweeps)

- [] Is this an obvious level? (high liquidity)
- [] Has price swept through?
- [] Is there immediate rejection?
- [] What does volume show?
- [] Does Janus Atlas confirm?
- [] Does higher TF support this trade?

Entry

- [] Reclaim candle closed
- [] Volume confirms reversal
- [] Entry at reclaim level
- [] Stop placed beyond sweep extreme

Management

- [] Position sized for the stop distance
- [] Target defined (2:1+ or structure level)
- [] Plan for partials at logical levels

Part 11: Examples by Asset Class

Crypto

Characteristics: - 24/7 = sweeps happen anytime - High volatility = deeper sweeps - Less regulation = more obvious manipulation - Weekend sweeps common

Adjustment: - Wider stops (1-2 ATR beyond level) - Expect deeper wicks - Sunday low often swept Monday

Equities

Characteristics: - Session-based sweeps (open, close) - Pre-market sweeps - More orderly than crypto - News catalysts create sweeps

Adjustment: - Watch 9:30-10:00 AM ET for sweeps - Previous day high/low key targets - Wait for regular hours confirmation

Forex

Characteristics: - Session sweeps (London, NY opens) - Asian range sweeps at London open - Sunday gap sweeps - Round number sweeps

Adjustment: - Know session times - Asian high/low key targets - London open prime sweep time

Part 12: Summary

Core Principles

- 1. Stops are liquidity** — Institutions need them
- 2. Obvious levels get swept** — The more obvious, the higher probability
- 3. Trade the reclaim** — Not the breakdown
- 4. Speed indicates intent** — Fast moves often sweep
- 5. Volume tells the story** — Spike then reversal
- 6. Wider stops survive** — Don't be the liquidity

The Sweep Trader's Mindset

Old: "My stop got hit, then it reversed. So unfair."
New: "The market swept obvious stops. I'll trade the reclaim."

Old: "Support broke, I should sell."
New: "Support swept, I'm looking to buy the reclaim."

Old: "Stop below the low."
New: "Stop below where the sweep will likely extend."

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