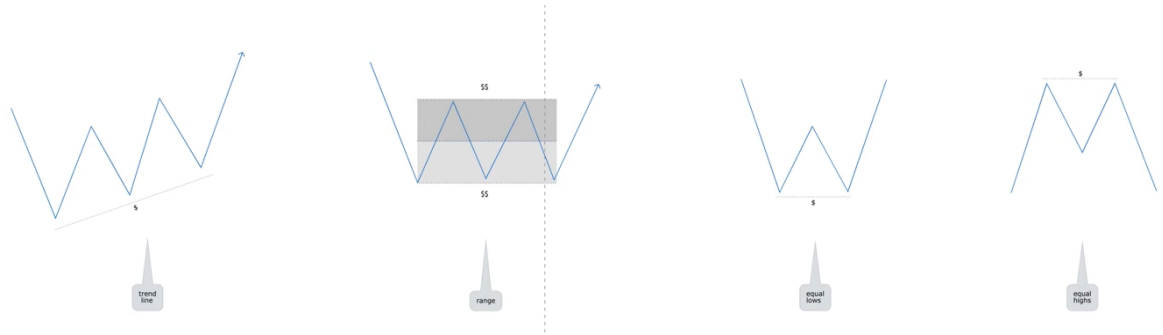
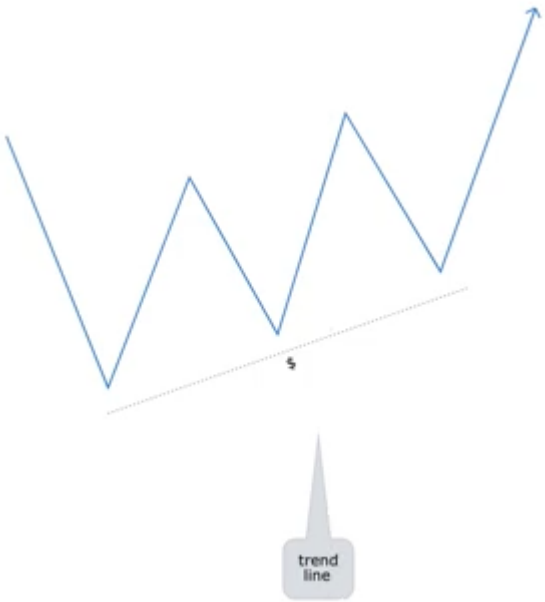
# Types of Liquidity

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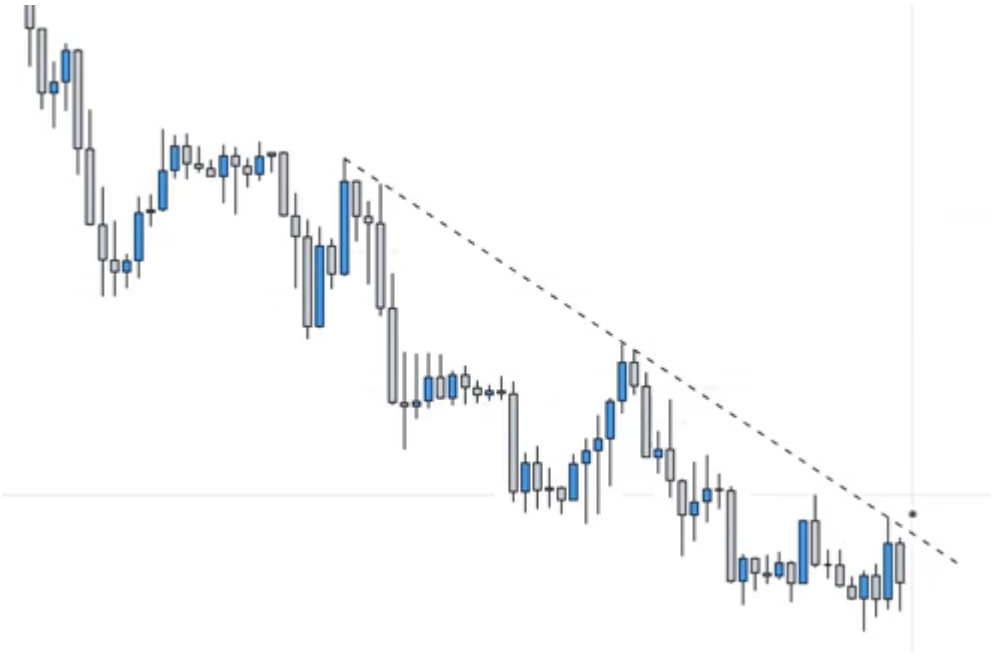

The 3 different types of liquidity that I focus on and that I believe are the most important to be aware off, is gonna be trendline liquidity, support and resistance which I would also classify as a range in some cases, and then EQL and EQH, otherwise known as double bottom and double top.




So if we start on trendline liquidity, on up trendline traders want to buy at a trendline or wait for breakout to go short, and then vice versa, when looking at

a down trendline.

So as we can imagine this creates lots of liquidity at this areas, that the markets will usually manipulate to grab liquidity before a larger move can take place.



If we jump into EU we are gonna be looking at a down trendline for example. So we can see we are clearly bearish, putting in this LLs and LHs. We had on 3 taps of this trenline, note how the wicks are meeting perfectly.

Now this isn´t really a coincidence, because we know people with large pools of money or large institutions, they know that retail are looking for this sort of patterns, so they are gonna manipulated is so they entice them into the market.




Now if we look at this 3rd tap of the trendline, we can see we had a nice reaction, retrace candle. So this gives us all the signs for entering.

So this is what retail traders are, they are looking at trading this to continue with this trend, and stop loss likely gonna be above this high, which is also above the trendline.

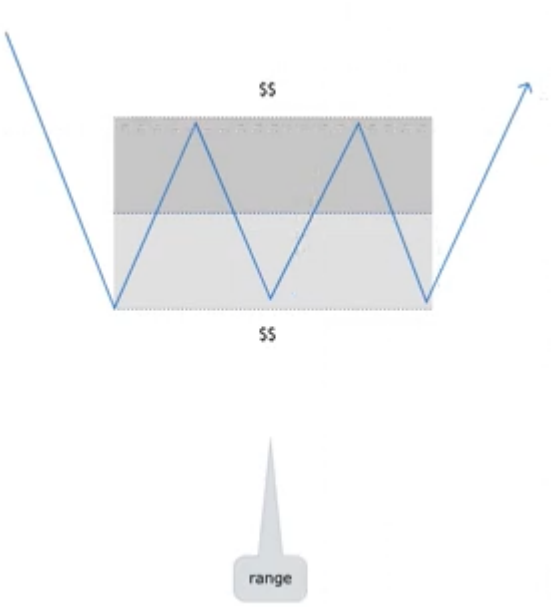
So this is the trade, lets see how it plays out. So we get a nice push down, so they are in profit, but now we can see price now reversed and we have broken the trendline, and we have broken above this high here.



So this is essentially taking that liquidity from the sellers who is in this trade here, but what we also have with this is the breakout traders, so the traders that are looking at this as a break of trendline, break of this higher, they have buy stop orders above the trendline, so something like this and they are probably looking to target the 90% at this descending channel.

So we know they get triggered in to the buy stops, so whats likely gonna happen? Well we see retail traders are in a bit profit and then ranging creating a EQH and then price comes down, and eventually it puts in that new low.

So what we have done here, we have taken liquidity from sellers, and we have taken liquidity from buyers, so now we have got the fuel, to actually move the market.

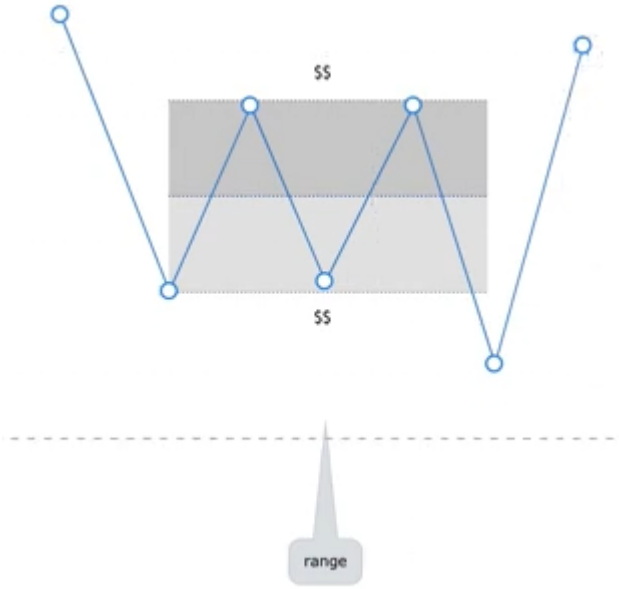



Now we are gonna look at the 2nd type of liquidity, which is gonna be support and resistance, so in my opinion this can also be classed as a range in some cases.

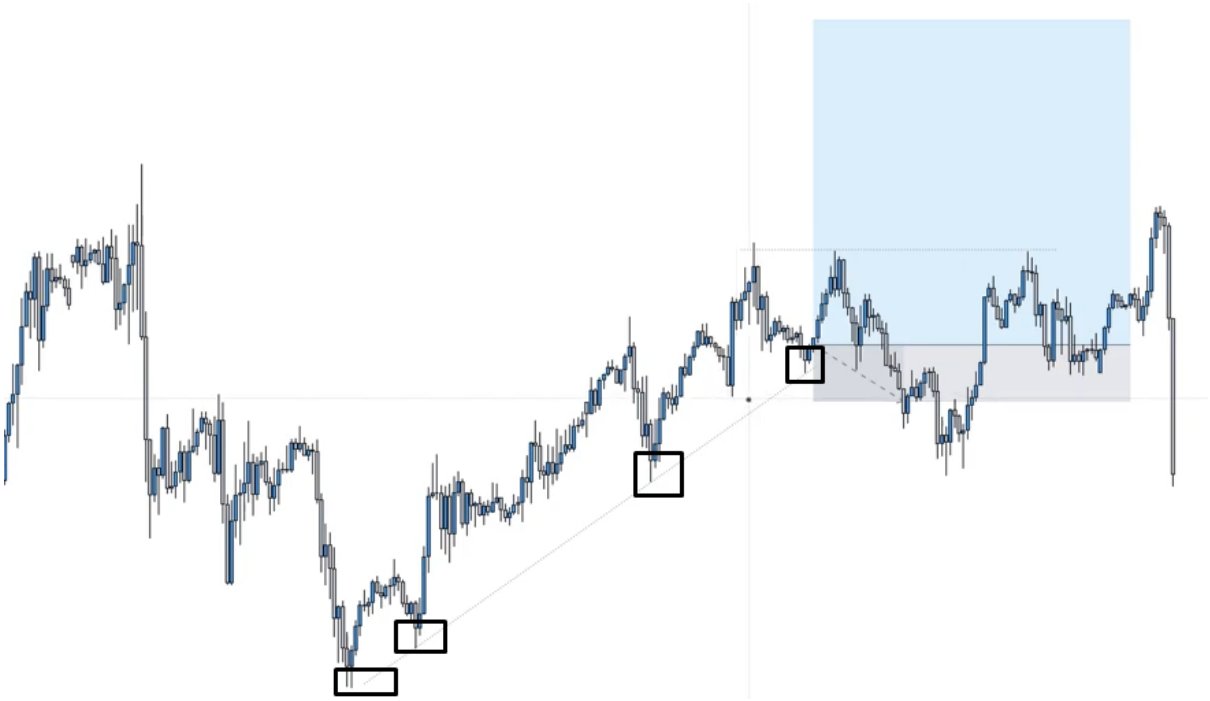
So traders are taught to buy at support, so if we look at this diagram here, we have price come down and up, but this is also a form of some resistance and some support, because we can see price has respected 3 times.

So we have buyers down here, and traders looking to sell up here, so this generates a large amounts of liquidity above resistance, and below support.

> So unlike us as average traders, we can buy and sell at any price at any time, we really want, and thats due to the facts of our position sizes. But this is not the case for large banks, and large institutions who have huge amount of money, they need a reason to buy and sell.




Now we usually see from this pattern, a support that we will see a grab of liquidity, before price then reverses, then taking liquidity from this resistance, or by side liquidity before then reversing again.

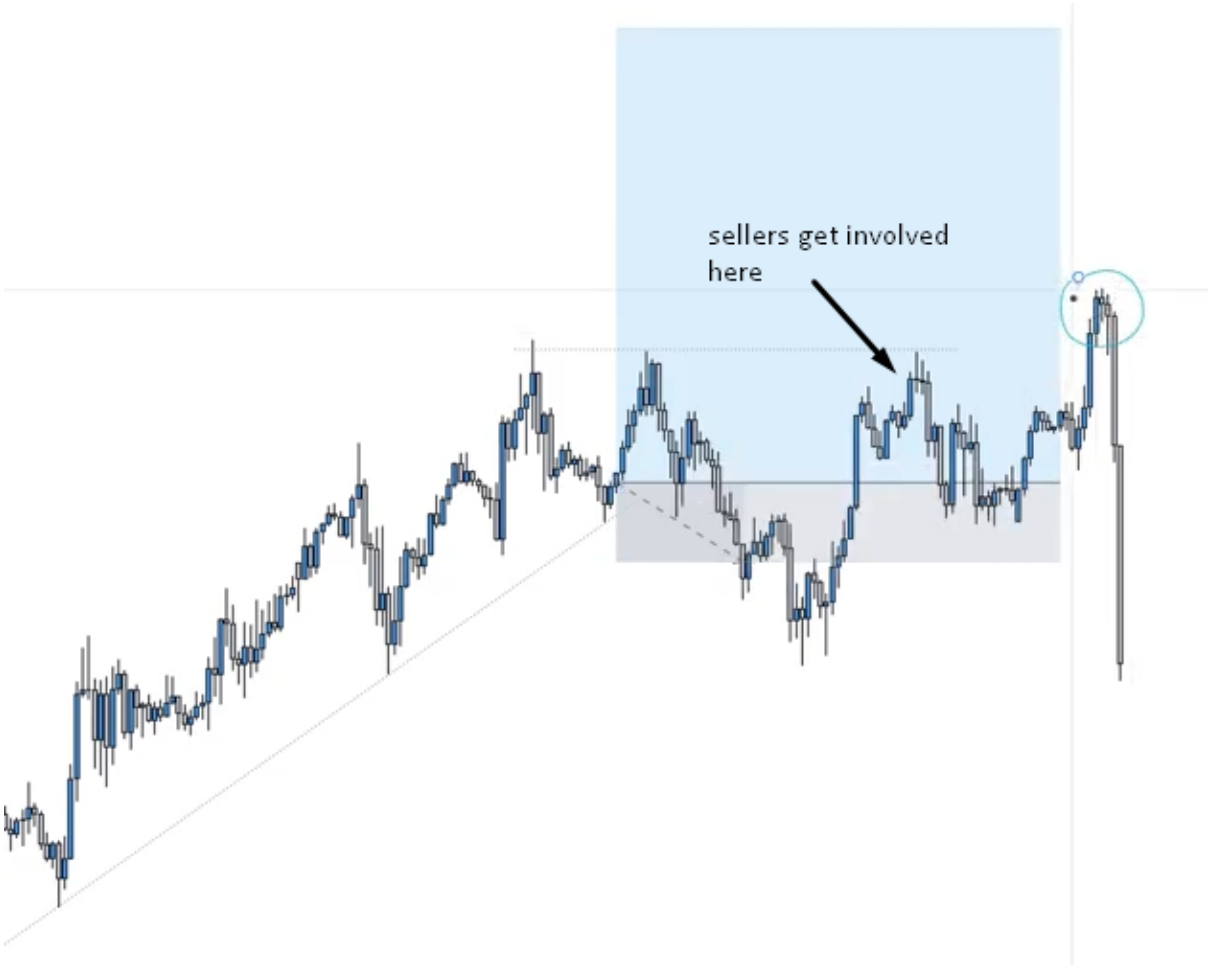


So now backing on the charts, we are gonna put the trendline liquidity and support and resistance together, and show its manipulated. So we can see we have an up move in trendline, with 4 touches, which is perfectly meeting with

the trendline as we can see, and we have maybe buyers are getting involved here on 3rd tap, but there is definitely gonna be buyers getting involved as we tap here on 4th tap, nice retrace candle, stop losses below this low and looking for them higher prices.

So granted price does come up, we form EQH at this area, price then reverses so maybe some BE, but then again, price didn´t really break any structure or any highs.

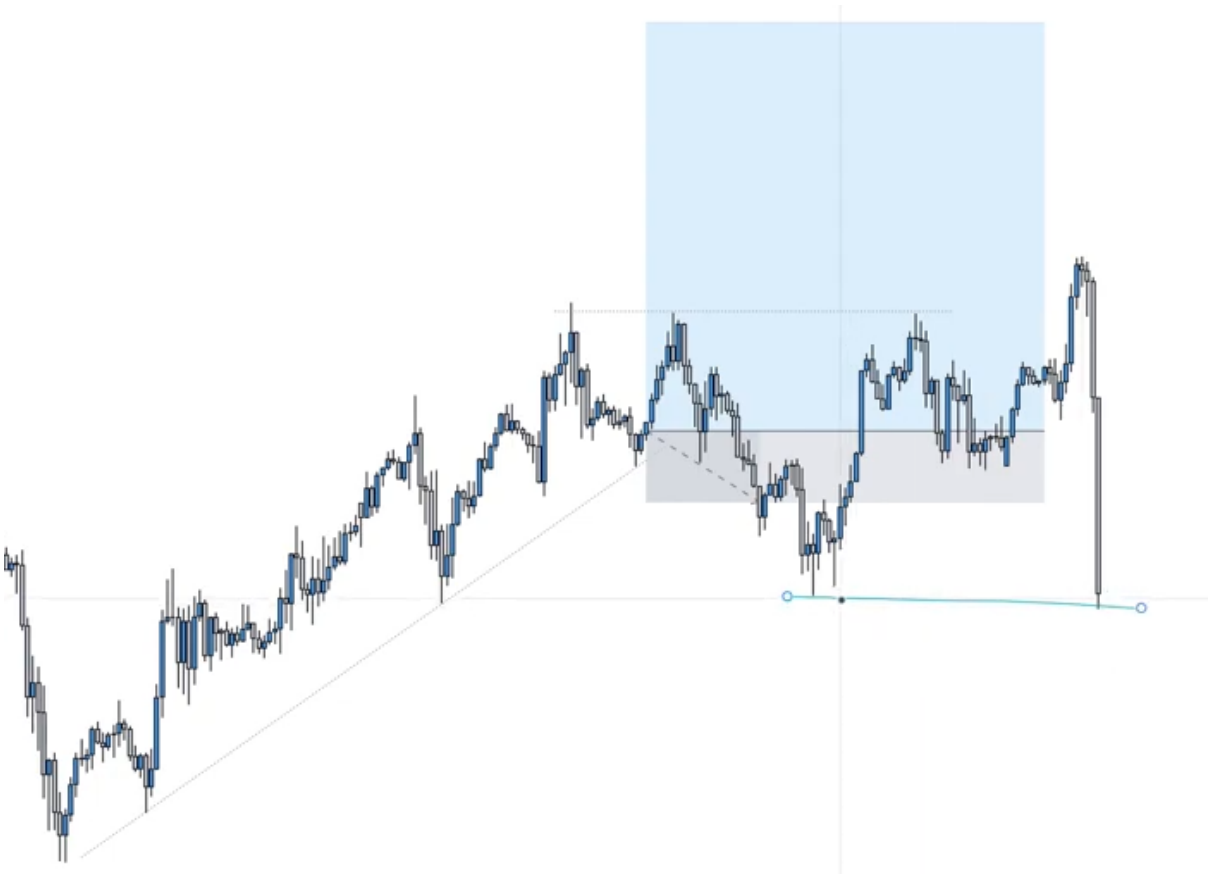
So then price comes back down takes liquidity from anyone thats in this buyers from before, so it if we have buyers that got involved here 3rd tap, its likely that they are gonna be if they are holding their trade, because as we know that there is liquidity at every high and low in the market, which price tries to move to in order to get that liquidity needed.



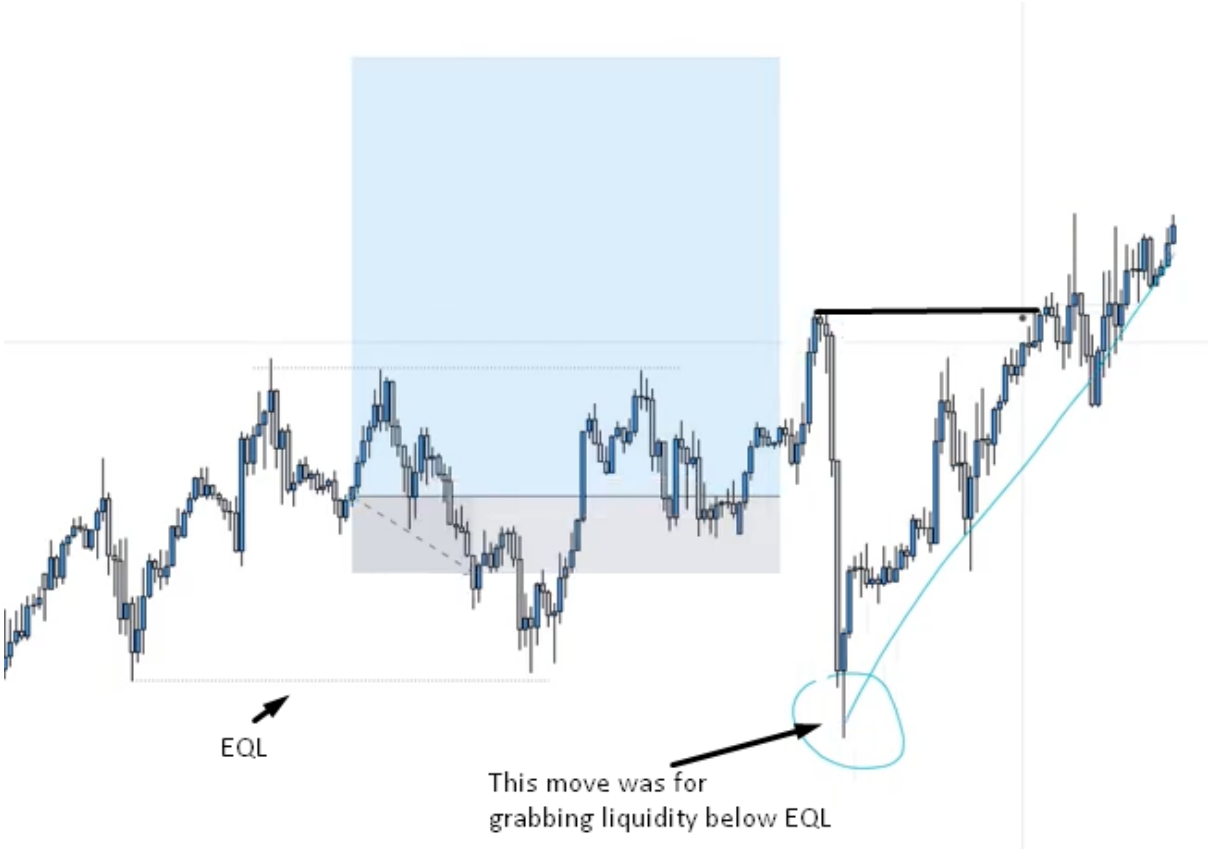

So for anyone sees as a break of trendline, as we can see we wick it here then pull back, we BOS, and we break this trendline, so we have sell stop traders or

people with the breaking retest looking at this to get involved short. Price comes back up, we form EQH also known as resistance.

So we have sellers getting involved here, and then price pushes off it and then pushes up. So this here is nothing more than a liquidity sweep of this highs. We have taken liquidity and then we can see how the next 2 candles are huge momentum which this 2 candles is the same size as this whole sort of range here, because price now has a reason to move.



We do have a push down to this low here, we EQL and lets see what happens next.

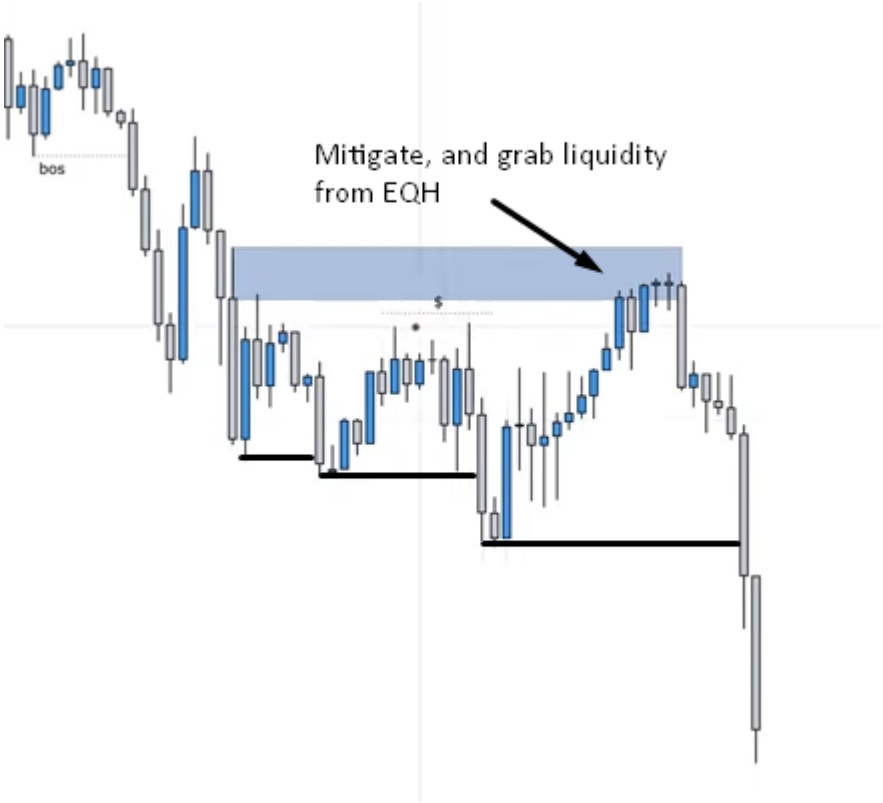



So price push below that low, and then do push back up, which was likely a reaction from an area looking left, but what can we also notice about this reversing price here? Well we have EQL here, so we know there is liquidity at this area, below it. So price wicks it here, which is just grabbing liquidity and then we can see price reverse and BOS.

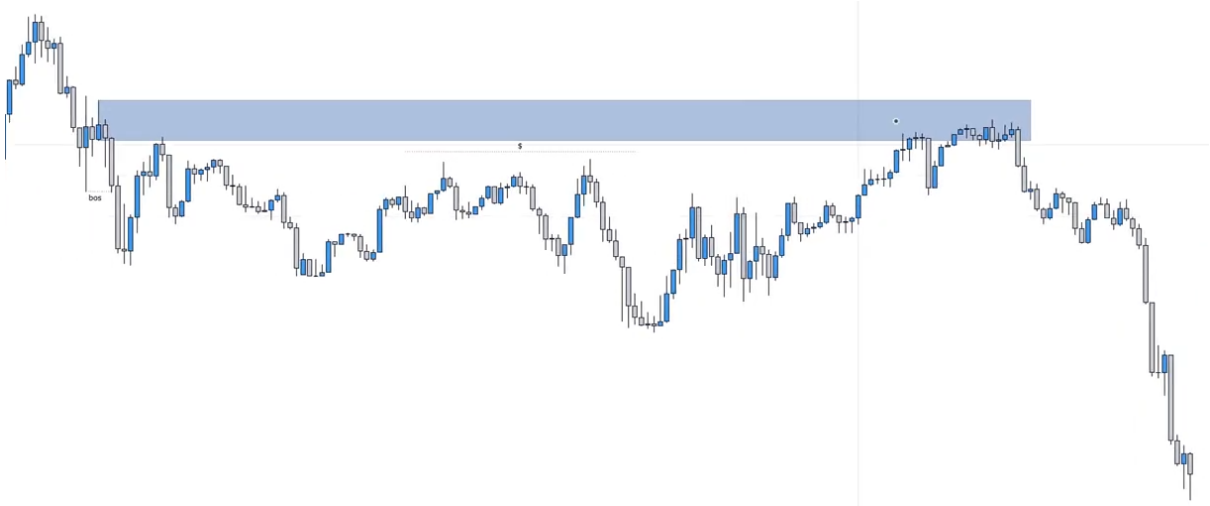



So if we see next example, on USDCHF of EQH, we can see previously we had the series of LLs and LHs, so we BOS, price pullback to mitigate, BOS, price pullback to rebalance this inefficiency, BOS, and what we can do in LTF from here is refine this down.

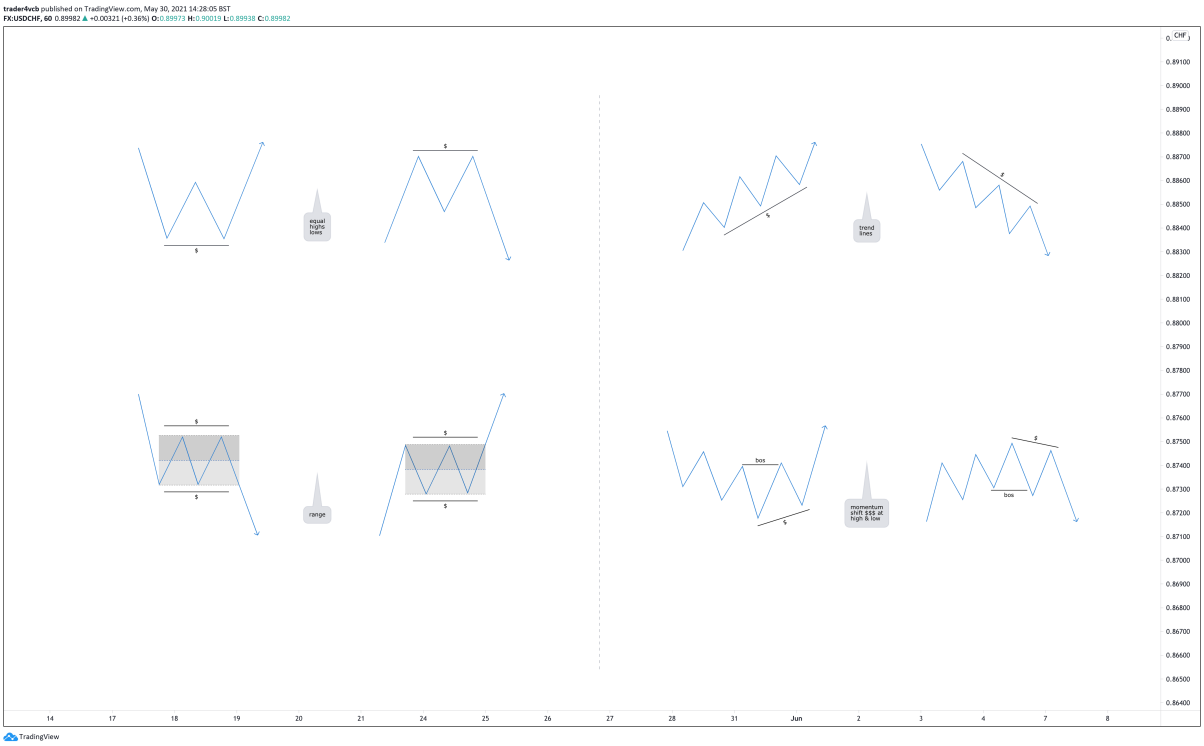
So what we can see is we have this 1h wick, which I have marked off with this zone, so as we have learnt already, a wick is just a AOI on LTF, so this wick on a 15m would be like an OB or a supply zone, where we can short.




But if we zoom in, we can see we are continuing to stay below the LH, so we are breaking structure, and now we push up and we actually break above this structure here to mitagating this wick, and we can see the mitigation dont have any momentum, is just a corrective candles, because price just taking liquidity from this EQH.



If we go to 15m, we can see is EQH clearly, an then we can see the OB, thats is the wick on the 1h, price BOS and this is the last candle before the down move.


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