ICT Liquidity Sweep and Liquidity Run Strategy

The liquidity sweep and run strategy in **ICT** **style** provides suitable **entry** and **exit points** by targeting liquidity at **key levels** and **price reversal** to the central zone.

A helpful guide on trading with ICT Liquidity Sweep and Liquidity Run

What is Liquidity Sweep?

In the context of ICT, a liquidity sweep refers to a price movement aimed at **attracting liquidity** (including stop orders or pending orders). This typically occurs before a market trend reversal.

The price may move towards lows and attract sell-side liquidity, but it may **reverse** without a sustained break below these lows.

Functionality of the Liquidity Sweep Setup in ICT Style in a bullish market

Similarly, the price might move towards **highs** and attract **buy-side liquidity** but **reverse** without a sustained break above these highs.

Functionality of the Liquidity Sweep Setup in ICT Style in a bearish trend

How to Predict Liquidity Sweeps

To predict liquidity sweeps, pay attention to the specific factors and patterns in the market. These include:

- ⚡ **Identifying Key Areas:** Equal highs and lows often fill with stop orders;
- ⚡ **Stop Order Examination:** The market typically moves towards areas with significant buy or sell stop orders;
- ⚡ **Deceptive Price Movements:** When the price nears an important level and quickly reverses, it might indicate a liquidity sweep;
- ⚡ **Trading Volume:** A sudden increase in trading volume near key levels signals liquidity absorption;
- ⚡ **Candlestick Patterns:** Look for reversal patterns such as pin bars or engulfing candles near liquidity levels;
- ⚡ **Post-Break Price Movement:** A liquidity sweep is likely if the price breaks a critical level but fails to close above (bullish) or below (bearish);
- ⚡ **Market Behavior During Specific Times:** Liquidity sweeps often occur during high-liquidity periods, such as London or New York market openings.

Buy Trades in Liquidity Sweeps

If the market structure is bullish and equal lows form, a break below these lows followed by a rapid upward reversal can be an opportunity to enter a **long trade**.

The XAU/USD chart in the 2-hour timeframe demonstrates an uptrend in a liquidity sweep style.

Functionality of Liquidity Sweep Setup in long trades

Sell Trades in Liquidity Sweeps

If the market structure is bearish and equal highs form, a break above these highs followed by a rapid downward reversal can be an opportunity to enter a **short trade**.

The EUR/USD chart in the 2-hour timeframe demonstrates a downtrend in a liquidity sweep style.

Functionality of Liquidity Sweep Setup in short positions

What is Liquidity Run?

A liquidity run occurs when the price moves in the **primary trend direction**, targets **liquidity in forex** and continues **without reversal**.

In a bullish market, the price targets the previous **high**, absorbs **liquidity**, and creates a new **high.** This phenomenon is called **Break of Structure**.

Functionality of Bullish Liquidity Run Setup in ICT Style

In a bearish market, the price targets the previous **low**, absorbs **liquidity**, and creates a new **low**.
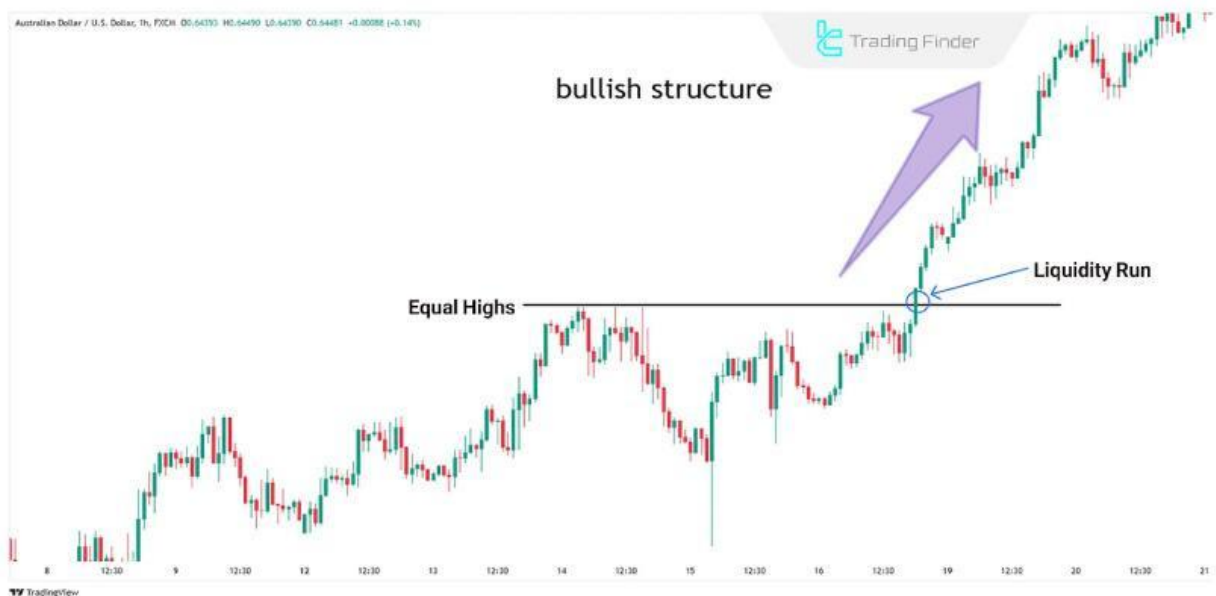

Functionality of bearish Liquidity Run Setup in ICT Style

Buy Trades in Liquidity Runs

If the market is bullish and equal highs form, the price may reach the previous high, absorb its liquidity, and continue the uptrend to create a new high.

This presents a **long trade** opportunity. The AUD/USD chart in the 1-hour timeframe demonstrates an uptrend in a liquidity run style.

Functionality of Liquidity Run Setup in long trades

Sell Trades in Liquidity Runs

If the market structure is bearish and equal lows form, the price may reach the previous low, absorb its liquidity, and continue the downtrend to create a new low.

This presents a **short trade** opportunity. The XAG/USD chart in the 30-minute timeframe demonstrates a downtrend in a liquidity run style.

Functionality of Liquidity Run Setup in short trades

Differences Between Liquidity Sweep and Liquidity Run

The table below shows the differences between Liquidity Run and Liquidity Sweep:

Criterion	Liquidity Sweep	Liquidity Run
Price Movement Goal	Attracts liquidity and reverses direction	Attracts liquidity and continues in the trend direction
Market Structure	Can occur in both bullish and bearish trends	Typically occurs during trend continuation
Price Movement Post-Event	Reverses direction post liquidity absorption	Continues moving in the same direction
Indicators	Sharp, short-term price changes near liquidity zones	Gradual and consistent movements in trend direction
Trading Strategy	Enter counter-trend trades (e.g., buy near lows after a sweep)	Enter trend-following trades (e.g., buy after a breakout)

Conclusion

The concepts of **Liquidity Sweep** and **Liquidity Run** in ICT style and **Smart Money** are crucial for understanding liquidity behavior.

These concepts are demonstrated differently depending on **market conditions** and the **type of trend** (bullish or bearish).

Combining these two strategies can help identify optimal **entry** and **exit** points.

Source:

our website link :

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