Liquidity Pool Trading Model in ICT Style

A **Liquidity Pool** refers to **key zones** where **pending buy orders (Buy Stops)** or **sell orders (Sell Stops)** accumulate.



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These orders are typically placed above old highs or below old lows.

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What is Liquidity?

To understand **Liquidity Pools** in **ICT Style**, it's essential to first grasp the concept of **liquidity in Forex**. Liquidity refers to buyers and sellers willing to trade at the market price.

In **Liquidity Pools**, **retail traders** buy and sell at the market price. However, **professional investors Smart Money** buy **below** the market price and **sell** above it.

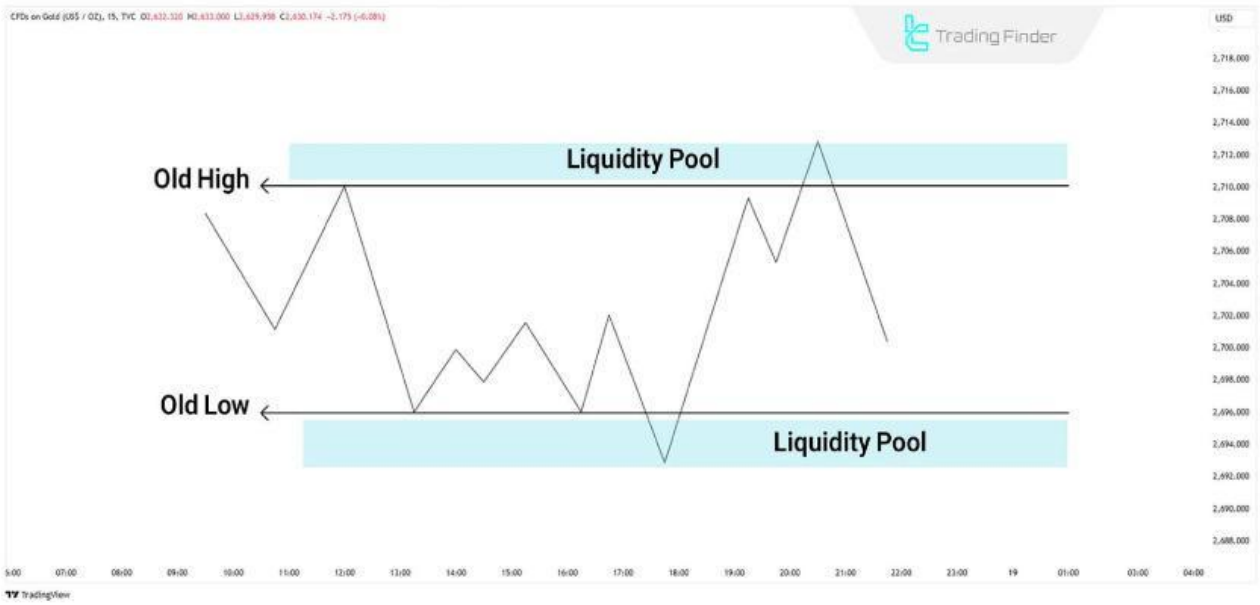
What is a Liquidity Pool?

An **ICT Liquidity Pool** represents areas in the market where numerous buyers and sellers execute trades at these levels.

Retail traders usually trade at the market price, while **professional traders** buy below it and sell above it, waiting for prices to enter **premium and discount zones**.

Typically, buy orders from potential buyers accumulate above **old highs**, while old lows hold sell orders from potential sellers.

These areas are **ICT Liquidity Pools** and can be exploited to profit against **retail traders' behavior**.



A schematic of Liquidity Pool functionality in ICT style as observed in a gold chart

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Bullish Liquidity Pool

Bullish Liquidity Pools are areas on a price chart where **Smart Money** looks to buy. Below old lows, **Sell Side Liquidity** accumulates as **pending sell orders (Sell Stops)**.

In an uptrend, identify the **Discount Zone**, and as the price drops **below** an **old low**, execute a buy order.

In this scenario, retail traders are selling against your **buy orders**. Subsequently, the price is likely to rise, targeting **Buy Side Liquidity**.



Functionality of a Liquidity Pool in an uptrend

Bearish Liquidity Pool

Bearish Liquidity Pools are areas on a price chart where **Smart Money** looks to sell.

Above old highs, **Buy Side Liquidity** accumulates in the form of **pending buy orders (Buy Stops)**.

In a downtrend, identify the **Premium Zone**, and as the price rises above an **old high**, execute a **sell** order.

In this scenario, retail traders are buying against your sell orders. Subsequently, the price is likely to decline, targeting **Sell Side Liquidity**.

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Functionality of a Liquidity Pool in a downtrend

Do ICT Liquidity Pool Trades Require Confirmation?

No, trades based on **ICT Liquidity Pools** do not require additional confirmation from tools or indicators, as these trades rely on the principles of market liquidity flow.

The main objective of this strategy is to **absorb liquidity** in specific areas, such as above-old highs or below-old lows.

Is the ICT Liquidity Pool Model Reliable?

Yes. The **ICT Liquidity Pool model** is designed based on price behavior at liquidity accumulation points, making it a reliable tool for **predicting market movements**.

Success depends on identifying market behavior and precise **entry** and **exit** points.

Conclusion

The **ICT Liquidity Pool trading style** focuses on liquidity accumulation at **old highs** and **lows**.

To succeed, it is essential to understand **liquidity behavior**, **market direction**, and **risk management** through stop-loss settings and position sizing.

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source:

1.our website link :
https://tradingfinder.com/education/forex/ict-liquidity-pool/

2.all Education :
https://tradingfinder.com/education/forex/

3.TradingFinder Support Team (Telgram):
https://t.me/TFLABS


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