Learn Draw on Liquidity in ICT; Buy & Sell-Side DOL

In **ICT Style**, price is always moving toward **liquidity**. The concept of **Draw On Liquidity (DOL)** refers to situations **where the price targets the existing liquidity** in the market and utilizes it to **continue** its **movement**.

The concept of Draw On Liquidity on the XAU/USD chart

What is Draw On Liquidity?

Liquidity accumulates at key points such as **old highs and lows**, **equal highs and lows**, **support and resistance zones**, and **order block** areas. In ICT style, the **Draw On Liquidity (DOL)** concept refers to price movement toward these zones to absorb the liquidity needed for continuation.

Types of Liquidity in the Market

The **forex market** contains two primary types of liquidity, both playing a crucial role in analyzing the **Draw On Liquidity (DOL)** concept:

Buy-Side Liquidity

This type of liquidity is located above the current market price—an area where **buy stop orders** and **stop losses of sell trades** accumulate. These are often found near **swing highs** or **key resistance levels**.

Buy-side liquidity on the 15-minute Dow Jones chart

Sell-Side Liquidity

Sell-side liquidity exists below the current market price—a region where **sell stop orders** and **stop losses of buy trades** are placed. These are typically found near **swing lows** or **support areas**.

Sell-side liquidity on the USD/JPY chart

Identifying Draw On Liquidity Movement

To detect **Draw On Liquidity (DOL)** moves, first identify **high**-**liquidity** zones using core ICT concepts that naturally attract price.

Old Highs and Lows

Old highs and lows are chart points where price previously **reached** and **reversed**. These levels are often prime targets for **Draw On Liquidity** (DOL) moves.

Price reaction to old highs and lows on the 4-hour USD/CHF chart

Equal Highs and Lows

Equal highs and lows are zones where price has repeatedly reacted at the same level. Retail traders often place stop losses behind these zones, creating ideal liquidity targets for **Draw On Liquidity** (DOL) moves.

Equal highs on the 15-minute AUD/USD chart

Fair Value Gap (FVG)

A **Fair Value Gap (FVG)** is a price zone where an imbalance between buyers and sellers occurs. This causes a rapid movement in **one direction**, resulting in a gap between candles.

As a result, many orders remain **unfilled**. These gaps create ideal zones for **Draw On Liquidity (DOL)** moves.

Price drawn into the FVG on the GBP/USD chart

Pros and Cons of Using Draw On Liquidity

While **Draw On Liquidity (DOL)** can optimize trade execution by identifying liquidity direction, it also poses challenges due to its dependency on liquidity presence and the need for deep order flow understanding.

Pros	Cons
More precise entries	Requires advanced knowledge and experience in liquidity analysis
Reduced slippage risk	Possibility of fake breakouts
Higher accuracy in stop loss and take profit	Risk of early entry before liquidity grab confirmation
Trading with liquidity flow	Difficulty in identifying main liquidity zones in lower timeframes
Improved trade timing	High impact of news on liquidity
Lower stop-hunt probability	Uncertainty in identifying valid liquidity levels

Conclusion

In ICT style, **Draw On Liquidity (DOL)** moves refers to price being pulled toward **high-liquidity** zones. Identifying areas such as **old highs and lows**, **equal highs and lows**, and **fair value gaps (FVG)** is essential for analyzing DOL setups.

Although DOL strategies offer more accurate entries, they also carry challenges such as **fake breakouts** and the necessity of a deep understanding of **order flow**.

Sources:

Our Website Link :

https://tradingfinder.com/education/forex/draw-on-liquidity/

All Education :

https://tradingfinder.com/education/forex/

TradingFinder Support Team (Telgram):

https://t.me/TFLABS