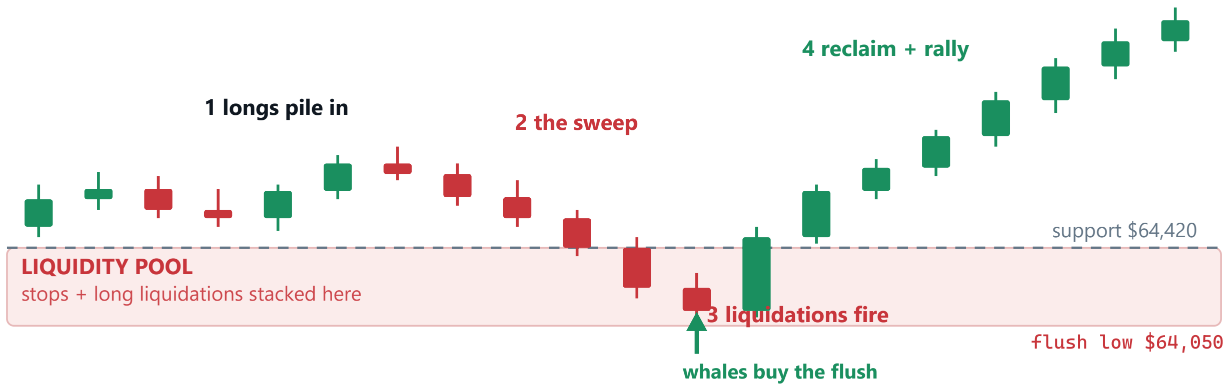
FIELD GUIDE · LEVERAGE & LIQUIDITY

Anatomy of a liquidation sweep

A stop hunt isn't random volatility — it's a liquidity raid. Price is pushed to where the crowd's stops and forced liquidations are stacked, that fuel is burned, and the coins change hands cheap.

QUANTREEF
market microstructure



PHASE 1 · THE BAIT
Longs pile in
BTC ranges above $64,420 support. Retail buys near $64,700; everyone's stops land in the same place — just below support.
`stops → $64,350`

PHASE 2 · THE PUSH
The sweep
A large player drives price down through support in a fast wick. Breaking support is the point — it aims at the fuel.
`wick → $64,050 · -1.0%`

PHASE 3 · THE FLUSH
Liquidations fire
Stops trigger; 50–100× longs are force-liquidated. Forced selling is free liquidity that whales' resting bids absorb.
`at 100× = -100% margin`

PHASE 4 · SNAP-BACK
Reclaim + rally
Weak hands gone, coins accumulated cheap. Price reclaims $64,420 and rallies. Retail wiped; smart money long from the low.
`rally → $65,400 · +2.1%`

The ledger — who paid whom
one 2-BTC flush · illustrative

Retail long	100× long at $64,700 on $200 margin. No room — force-liquidated at $64,053.	**-$200** -100% margin
Whale / MM	Resting bids in the pool. Bought 2 BTC from forced sellers at $64,150, sold the reclaim at $65,400.	**+$2,500** +$1,250 / BTC
The exchange	Taker fees in & out, a liquidation penalty, and the insurance-fund gap to bankruptcy price.	**+$310** fees · always

The whale took the retail trader's money — directly, as the counterparty to the forced sale. **The exchange took a cut from everyone.** The market didn't move against the trader by accident; the trader *was* the target.

Who actually profits

Whales & market makers WINNER
The counterparty to your forced sale. Perps are near zero-sum, so your liquidated margin becomes their cheap fill.

The exchange ALWAYS
Wins either direction: fees, liquidation penalty, insurance fund. More liquidations = more revenue.

The trigger-puller OPTIONAL
Sometimes a whale pushes price into a known cluster on purpose — the magnet effect. Often it's just bots cascading.

Don't be the liquidity

1. **Never stack your stop at the obvious level.** Just below support is the densest part of the pool. Give it room, or place it beyond a sweep's reach.
2. **Leverage is the trigger.** At 100× a 1% wick is a full liquidation; at 3–5× the same wick is survivable.
3. **Bright bands are magnets, not walls.** A thick cluster attracts price because that's where big orders fill. Treat obvious levels as targets.
4. **Let the sweep happen, then react.** The higher-probability move is often the reclaim *after* the flush — not chasing the break.