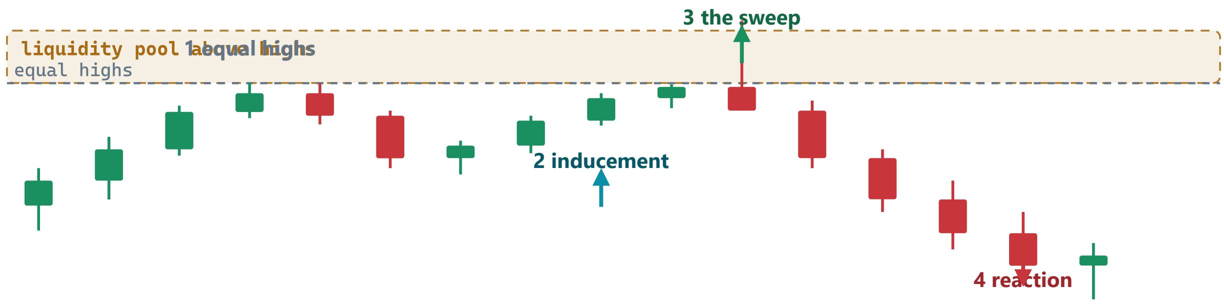
FIELD GUIDE · SMART-MONEY STRUCTURE

Liquidity and inducement

Resting orders gather just above obvious highs and below obvious lows. An inducement is a tempting level that lures traders in right before price reaches for that liquidity. Mechanics only, not advice.

QUANTREEF
market microstructure



PHASE 1 · THE OBVIOUS LEVEL

Liquidity builds up

Price makes two highs at almost the same spot. This obvious level looks like a ceiling, so stop orders and breakout orders pile up just above it. That cluster of resting orders is a liquidity pool.

PHASE 2 · THE BAIT

Inducement pulls traders in

A tidy pullback and a small push higher make the level look ready to break. This inviting move is the inducement: it encourages traders to enter and to place stops in predictable places, feeding the pool above.

PHASE 3 · THE SWEEP

Resting orders are taken

Price spikes just past the highs, triggering the resting orders in one quick move, then closes back below. The pool has been tapped. This is often called a liquidity sweep or stop run.

PHASE 4 · THE REACTION

Price moves the other way

With the pool absorbed and late buyers now offside, price rotates back down through the level. The obvious ceiling that looked like a breakout became the trap. Describes a mechanic, not a forecast.

Key terms

Liquidity pool — A cluster of resting orders, typically just above prior highs or below prior lows.

Inducement — An obvious, inviting level used as bait to pull traders in before the real move.

Liquidity sweep — A quick spike past a level that triggers resting orders, then reverses.

Equal highs — Two or more highs near the same price, making the level look like a firm ceiling.

How to read & use it

Mark the obvious levels

Note where recent equal highs or equal lows sit. Those visible levels are where resting orders tend to gather, so they are natural spots to watch for a sweep.

Watch the wick, not just the break

A push past a level that quickly closes back inside behaves differently from a clean hold above it. The long wick hints the pool was tapped rather than a level truly giving way.

Separate bait from move

An inviting level is not the same as direction. Treat inducement as context about where orders rest, never as a prompt to act on money.

HOW QUANTREEF SHOWS THIS

Where Quantreef highlights liquidity pools or a possible sweep, it is descriptive market-structure context for learning, not a signal, recommendation, or prediction. Nothing here is trading advice.