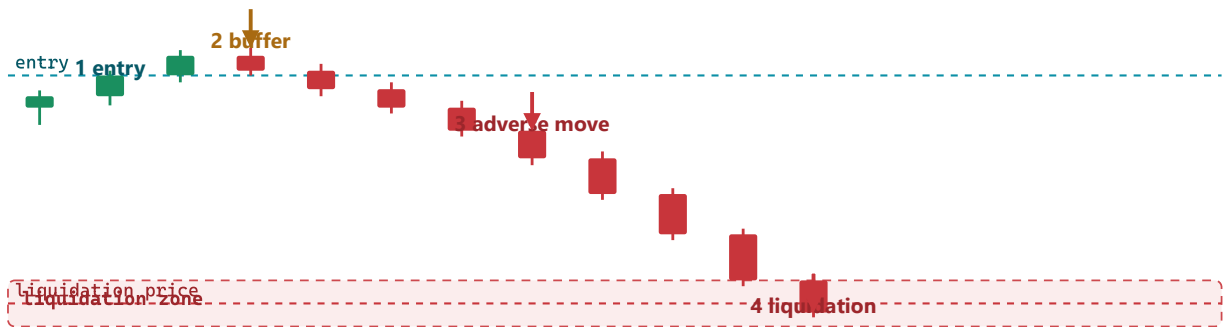


Leverage and your liquidation price

Leverage lets a small deposit control a larger position. It magnifies gains and losses equally and pulls the level where a position is force-closed much closer to entry. Mechanics only, no advice.

QUANTREEF
market microstructure



PHASE 1 · THE POSITION

Entry with borrowed size

A small amount of margin plus leverage controls a much larger position. Higher leverage means a bigger position for the same deposit, and a thinner cushion before losses eat into the margin.

PHASE 2 · THE BUFFER

Where liquidation sits

The liquidation price is the level where losses roughly equal the margin. At high leverage it sits only a small percentage away from entry; at low leverage it sits much further away, leaving more room.

PHASE 3 · ADVERSE MOVE

Price drifts against the position

Price ticks down toward the liquidation band. Because the buffer is thin on a high-leverage position, even a small percentage move covers most of the distance to that level.

PHASE 4 · LIQUIDATION

Forced close

Price touches the liquidation level and the position is automatically closed to cap further loss. A move that would be minor for a spot holding can wipe a high-leverage position entirely.

Key terms

Leverage — A multiplier that lets a small margin deposit control a larger position size.

Margin — The funds posted as collateral to open and hold a leveraged position.

Liquidation price — The level where losses roughly equal the margin and the position is force-closed.

Maintenance buffer — The distance from entry to liquidation; it shrinks as leverage rises.

How to read & use it

Distance matters as much as entry

How far the liquidation level sits from entry, as a percentage, is the room for error a position has. That gap narrows fast as leverage climbs.

Same move, different outcome

A 2% dip barely dents a low-leverage position but can fully close a high-leverage one. The market move is identical; leverage decides the impact.

Leverage cuts both ways

The multiplier that enlarges a favorable move enlarges an adverse one by the same factor. It changes the size of outcomes, never their direction.

HOW QUANTREEF SHOWS THIS

Any leverage or liquidation-level context Quantreef displays is descriptive education about how the mechanics work, not a signal, recommendation, or prediction. It never tells you to open, close, or size a position.