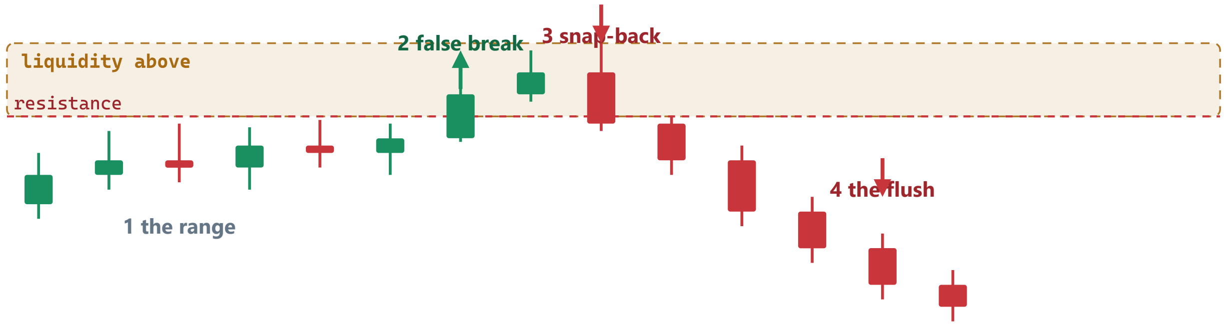
FIELD GUIDE · PATTERNS & EXECUTION

Fakeouts and traps

A fakeout is a break that does not hold. Price pushes past a level everyone is watching, pulls in traders chasing the move, then snaps back the other way. Here is how the trap forms and springs.

QUANTREEF
market microstructure



PHASE 1 · THE SETUP

a level everyone sees

Price trades in a range under an obvious resistance line. Because so many people watch the same level, a cluster of stop and breakout orders builds up just beyond it.

`range under resistance`

PHASE 2 · THE LURE

the false break

Price pokes above the level and briefly makes new highs. It looks like a clean breakout, so momentum buyers step in and short sellers are stopped out, adding fuel to the push.

`poke above the line`

PHASE 3 · THE TRAP

the snap-back

Instead of following through, price reverses hard and closes back below the level. The orders resting above have been filled, or swept, and the late buyers are now offside.

`close back inside`

PHASE 4 · THE FLUSH

follow-through the other way

Trapped buyers bail out as price falls, and their exits push it lower. A failed break often travels faster than a real one because it runs on trapped positions unwinding.

`move resumes lower`

Key terms

Fakeout — A move past a level that fails to hold and reverses back, trapping traders who acted on the break.

Bull trap — A false upside break that lures buyers, then reverses down and leaves them holding losing long positions.

Bear trap — A false downside break that lures sellers, then reverses up and squeezes them out of short positions.

Liquidity grab — A quick poke beyond a level that fills resting stop and breakout orders clustered there before price turns.

How to read & use it

Look at the close, not just the wick

A single spike past a level can be a wick that gets rejected. Whether the candle actually closes beyond the level, and stays there, tells a different story than the poke alone.

Notice where orders cluster

Round numbers and recent highs and lows attract clustered orders. A break that reverses right after tagging that pool is often a grab of those orders rather than a genuine shift in direction.

A failed break is information

When a break snaps back, it shows the move lacked follow-through. That reversal is context about who got trapped, not a cue to act. Treat it as one clue among many.

HOW QUANTREEF USES THIS

In the app, Quantreef only highlights where these false-break and snap-back patterns appear on the chart as descriptive, educational context. It labels structure you can see for yourself. Nothing here is a signal, a prediction, or advice about what to buy or sell.