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Liquidity Pool Trading Model in ICT Style

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Article Level: Intermediate



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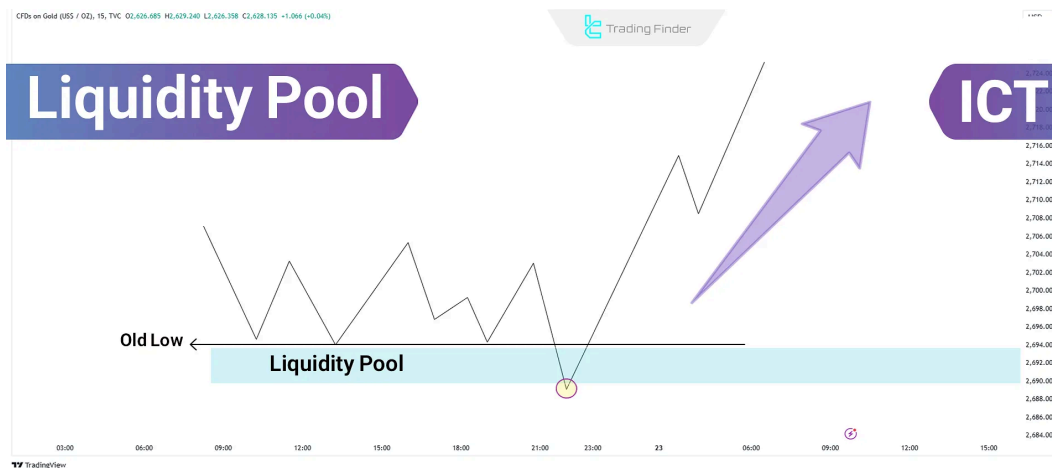
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A **Liquidity Pool** refers to **key zones** where **pending buy orders (Buy Stops)** or **sell orders (Sell Stops)** accumulate.



Liquidity Pool trading model in ICT Style

These orders are typically placed above old highs or below old lows.

What is Liquidity?

To understand **Liquidity Pools** in **ICT Style**, it's essential to first grasp the concept of **liquidity in Forex**. Liquidity refers to buyers and sellers willing to trade at the market price.



In **Liquidity Pools**, **retail traders** buy and sell at the market price. However, **professional investors Smart Money** buy **below** the market price and **sell** above it.

What is a Liquidity Pool?

An **ICT Liquidity Pool** represents areas in the market where numerous buyers and sellers execute trades at these levels.

Retail traders usually trade at the market price, while **professional traders** buy below it and sell above it, waiting for prices to enter **premium and discount zones**.

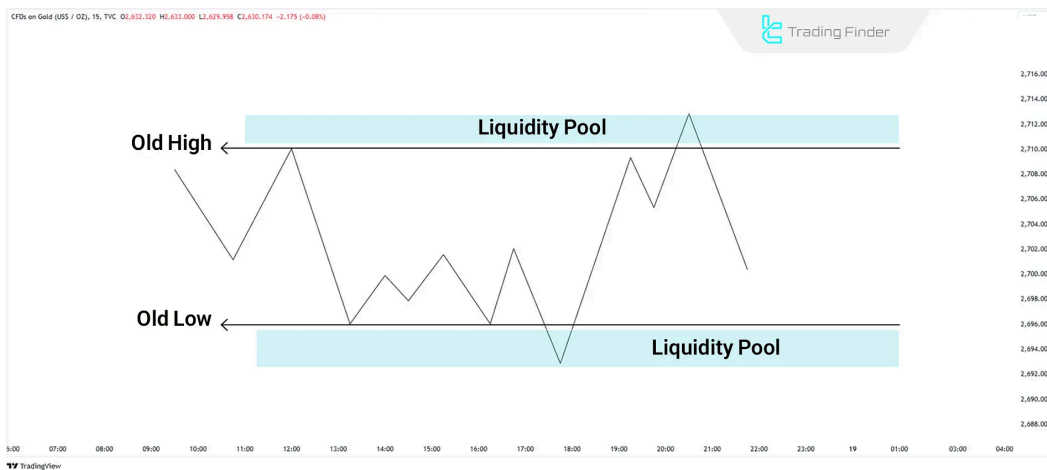
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These areas are **ICT Liquidity Pools** and can be exploited to profit against **retail traders' be**



(Trading tools)
A schematic of Liquidity Pool functionality in ICT style as observed in a gold chart

Bullish Liquidity Pool

Bullish Liquidity Pools are areas on a price chart where **Smart Money** looks to buy. Below old lows, **Sell Side Liquidity** accumulates as **pending sell orders (Sell Stops)**.

In an uptrend, identify the **Discount Zone**, and as the price drops **below** an **old low**, execute a buy order.

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Functionality of a Liquidity Pool in an uptrend Trading tools

Bearish Liquidity Pool

Bearish Liquidity Pools are areas on a price chart where **Smart Money** looks to sell.

Above old highs, **Buy Side Liquidity** accumulates in the form of **pending buy orders (Buy Stops)**.



In a downtrend, identify the **Premium Zone**, and as the price rises above an **old high**, execute order.

In this scenario, retail traders are buying against your sell orders. Subsequently, the price is decline, targeting **Sell Side Liquidity**.

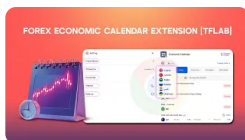


Functionality of a Liquidity Pool in a downtrend Trading tools

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Do ICT Liquidity Pool Trades Require Confirmation?

No, trades based on **ICT Liquidity Pools** do not require additional confirmation from tools or indicators, as these trades rely on the principles of market liquidity flow.

The main objective of this strategy is to **absorb liquidity** in specific areas, such as above-old highs or below-old lows.

Is the ICT Liquidity Pool Model Reliable?

Yes. The **ICT Liquidity Pool model** is designed based on price behavior at liquidity accumulation points, making it a reliable tool for **predicting market movements**.

Success depends on identifying market behavior and precise **entry** and **exit** points.

Conclusion

The **ICT Liquidity Pool trading style** focuses on liquidity accumulation at **old highs** and **lows**.

To succeed, it is essential to understand **liquidity behavior**, **market direction**, and **risk management** through stop-loss settings and position sizing.

Trading tools

FAQs

What is an ICT Liquidity Pool? ▼

A Liquidity Pool refers to areas in the market where many **pending buys (Buy Stops)** and **sell orders (Sell Stops)** are located. These areas are usually above old highs or below old lows. ▼

This method is based on **real price behavior** and identifying **liquidity accumulation points**.

What is needed to succeed in this style? ▼

Understanding liquidity behavior

Identifying **market direction** ▼

Managing risk by setting appropriate stop-loss levels and position sizes

This style suits **professional traders** or individuals familiar with **technical analysis** and **price action**.



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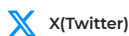



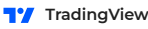


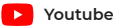

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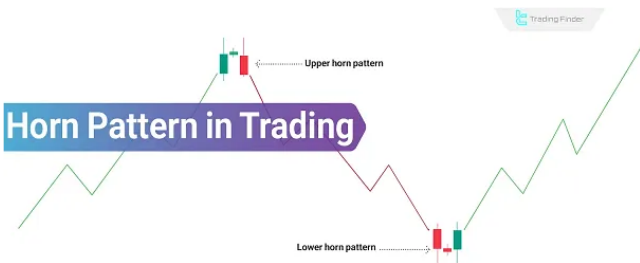
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