

Liquidity Sweep strategy

Buy-side and sell-side liquidity, sweep vs breakout, rules, a gold example and a free Pine Script. By M. A. Horaira, updated 5 October 2026.

THE RULES

- **Levels:** the previous day's high and low, or recent swing highs and lows, where stop orders tend to sit
- **The sweep:** a candle trades through the level but closes back on the other side, in the far half of its own range
- **Entry:** at the close of the sweep candle, against the sweep: short after a high is swept, long after a low is swept
- **Stop loss:** 2 pips beyond the tip of the sweep's wick
- **Target:** twice the risk (2R)
- **Filters:** each level is traded once, between 8 a.m. and 5 p.m. London time (12:30 to 21:30 IST in summer, 13:30 to 22:30 IST in winter)



Illustrative chart drawn to show the rules, not a real day's prices.

WORKED EXAMPLE

XAUUSD short at 4,309.80 after a sweep of the 4,312.40 high to 4,318.90; stop 4,319.10 (\$9.30), target 4,291.20 (2R). \$10,000 at 1% = $\$100 \div (\$9.30 \times 100 \text{ oz}) = 0.10$ lots: -\$93.00 at the stop, +\$186.00 at the target.

TIMES IN IST

	Summer	Winter
Trading window	12:30 – 21:30	13:30 – 22:30
US data (avoid the candle)	18:00	19:00
Daily candle closes	02:30	03:30

Summer = BST for London times and US daylight time for US times.
UK clocks change on 25 Oct 2026, US clocks on 1 Nov 2026.

BEFORE EVERY TRADE

- ☐ Is the level one other traders can see (PDH/PDL, equal highs/lows)?
- ☐ Candle CLOSED back inside, in the far half of its range?
- ☐ First trade at this level?
- ☐ Not the candle of a big news release?
- ☐ Stop beyond the wick plus 2 pips?

BACKTEST IT BEFORE YOU TRADE IT

1. Open the chart on TradingView.
2. Pine Editor → paste the free script → Add to chart.
3. Settings → Properties: add your commission and slippage.
4. Look for 100+ trades, a profit factor above 1 after costs, and a drawdown you can live with.
5. Check the same settings on other dates, then demo trade for a few weeks.
6. Free script: pipledgerfx.com/downloads/liquidity-sweep-strategy.pine

For education only, not investment advice. Trading forex and gold on margin carries a high risk of loss, and no strategy wins every time. No backtest results are claimed here: test the rules yourself with your own costs. In India, residents may trade currency pairs only through SEBI-registered brokers on recognised exchanges (NSE, BSE, MSE) and gold on MCX; offshore forex and CFD platforms aren't allowed under FEMA. Full guide:

pipledgerfx.com/liquidity-sweep-strategy