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Liquidity Sweeps on Gold

Where gold's liquidity actually sits, how to tell a sweep from a genuine breakout, and the three entry models that follow a confirmed sweep.

SHORT ANSWER

A liquidity sweep on gold is a brief push beyond an obvious high or low that triggers resting stop orders and then reverses. Confirm it with a close back inside the level plus an M5 structure shift, enter on the retest, and place the stop beyond the sweep wick.

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Gold moves between pools of resting orders. Every obvious high, low and round number has stop-loss and breakout orders sitting behind it, and price is drawn to those clusters because that is where volume can be filled.

Understanding this changes what a broken level means. A move beyond the Asian high is not automatically bullish — very often it is the fuel for the day's move in the opposite direction.

1. Where gold liquidity sits

Liquidity accumulates in predictable places. Mark them before the session and you already know where the day's traps are.

- Asian session range high and low — the most-swept levels on gold.
- Previous day high, low and close.
- Round numbers ending in 00 and 50, where option and stop clusters concentrate.
- Equal highs or equal lows on M15 and H1 — a visual marker of stacked stops.
- The high or low created immediately before a major data release.

2. Sweep versus breakout

The difference is behaviour after the level breaks, not the break itself. A sweep takes the level, fails to find continuation and closes back inside quickly. A breakout takes the level and holds above or below it, building structure on the far side.

Two objective filters separate them most of the time.

- Time: a sweep usually reverses within two to three M5 candles. Beyond that, respect the break.
- Depth: a sweep is typically a few dollars past the level. Extension beyond roughly a third of the prior range is expansion, not a sweep.
- Close location: a sweep leaves a wick, a breakout leaves bodies.

3. The three post-sweep entry models

Once a sweep is confirmed, you have three ways in. They differ in aggression, not in logic — each one waits for more confirmation than the last and pays a slightly worse price for it.

- Model A — structure-shift retest: wait for an M5 break of the last minor swing, enter on its retest. The default.
- Model B — 50% of the sweep leg: enter at the midpoint of the reversal candle range. Better price, more failures.

- Model C – M15 confirmation close: wait for an M15 close back inside the range. The slowest and safest.

4. Stops, targets and invalidation

The sweep wick is the invalidation. If price trades beyond it again, the interpretation was wrong and there is no second entry at a worse price.

Targets come from the opposite liquidity pool. If London swept the Asian low, the natural objective is the Asian high, then the prior day high. Gold tends to move from one pool to the next rather than stopping at arbitrary dollar amounts.

5. When sweeps stop working

Sweep trading degrades in two conditions: during strong trend days driven by macro repricing, when every level breaks and holds, and in the hour surrounding a red-folder release, when spread widening triggers stops that have nothing to do with structure.

Recognising those two conditions and standing aside is worth more than any refinement to the entry model.

Pre-trade checklist

- ✓ Liquidity levels marked before London
- ✓ Level taken and closed back inside within three M5 candles
- ✓ M5 structure shift confirmed
- ✓ Stop placed beyond the sweep wick plus spread
- ✓ Target set at the opposite liquidity pool
- ✓ No red-folder release inside the next hour

FAQs

What is a liquidity sweep in gold trading?

How do you confirm a sweep instead of guessing?

Do liquidity sweeps work on other pairs?

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