SIGNAL PILOT EDUCATION

The Liquidity Lie Cheatsheet

Signal Pilot Education — companion to Lesson 27: The Liquidity Lie, and to Lesson 25: Where Liquidity Rests.

> **Educational only.** Trading involves substantial risk of loss. Not financial advice. Past performance does not guarantee future results.

The core fact, which is not the core story

Stop orders collect at a handful of prices. That much is real and lesson 25 shows why: a stop is a market order that has not happened yet, the rules for placing one are few and widely taught, and everybody arrives at the same level by the same reasoning. No coordination is required for a pool to form.

What does not follow is that somebody is coming for yours. That is a separate claim, it is testable, and lesson 27 tests it.

Where stops collect, and why

Location	Why they gather there
Below swing lows	"Stop below support" is standard teaching
Above swing highs	"Stop above resistance" is the mirror of it
Round numbers	Shared reference points, taught everywhere
Trend line touches	An obvious level is an obvious level to everybody
Prior day and week extremes	Time-based references most platforms draw for you

A pool is a quantity of certain future flow at a known price that nobody can observe beforehand, because a stop is not resting in the book. That is the whole of what a pool is. It is not a target list.

What is actually proved

Deliberate manipulation is real and is prosecuted. Lesson 27 reads the enforcement record rather than the folklore, and the record says the conduct runs at institutional size, against other machines, for a tick or two.

The arithmetic is what settles it. The same technique is worth **$62,500 a go at a billion dollars of exposure and $25 at two contracts.** Nobody is spending an enforcement risk to collect $25.

What the story costs you if you believe it

You cannot escape a run by widening the stop, because the width is not free. Lesson 27 prices the escape: **moving your stop out far enough gives up 0.46R on every trade you take.** Lesson 25 prices the other end of the same trade-off: a stop 0.1 ATR below a level has the best reward-to-risk on the page at **9.2 to 1 and still loses money**, because it is hit too often.

The band that keeps 95 per cent of the best expectancy runs from 0.47 to 0.84 ATR below the level. That is the finding to keep. It comes from arithmetic on stated inputs, not from a view about anyone's intentions.

Counting a sweep

A sweep is price trading past a level and coming back. Whether one happened at all is a matter of three settings, not a matter of fact:

1. Which levels count as levels
2. Whether a wick past is enough, or the close has to stay inside
3. How soon back inside still counts

Lesson 35 runs ordinary values of the three over sixty bars and finds **four sweeps, or fifteen, or forty-six.** Before anyone can tell you how often sweeps happen, they have to tell you which three numbers they used.

What the screen does and does not show

Claim	What the course measures
A wall shows commitment	A resting order costs nothing to place or withdraw. Lesson 26 finds the same read worth 2.6 points of win rate where 5 walls in 100 hold and 10.9 where 40 do, and the wall's size enters the arithmetic nowhere
The screen shows the size that is there	Showing size costs money, so it is often hidden. Lesson 31 finds a detector that could not have fired at all on 80 of 100 tests, which is why a quiet book proves nothing
The tape shows who was aggressive	The side is inferred, and lesson 7 finds the inference right about four times in five

What to do instead

- Put the stop where the reason for the trade dies, then check the distance against the 0.47 to 0.84 ATR band rather than against a story.
- Write down the three sweep settings you use before you count anything, and keep them fixed.
- When a level is run and reclaimed, record it. Lesson 61 shows the frequency moves from 0.00 to 1.00 across ordinary definitional choices, so solve for the break-even instead: it is half the probability the level simply holds.
- Treat the intent behind any move as unobservable, because from price it is.

The one line to keep

Stops really do pile up at levels anyone can name. That is arithmetic about how stops are placed. Everything after it about who is coming for them is a story, and lesson 27 prices what believing it costs at 0.46R a trade.