



Order Block + Liquidity

Order Block + Liquidity | ADVANCED | Timeframes: 15M, 5M (context: 1H, 4H)

STATUS: TESTING

670 backtested trades | win rate 34% | profit factor 0.92 | worst drawdown 21.6% | avg RR 1:2

Past results do not guarantee future results. Educational use only.

What it is

Price takes the liquidity resting under obvious lows (or above highs), then displaces strongly in the other direction and breaks a swing. The last opposite candle before that move is the order block. This strategy waits for price to return to that block and enters with the stop beyond the sweep.

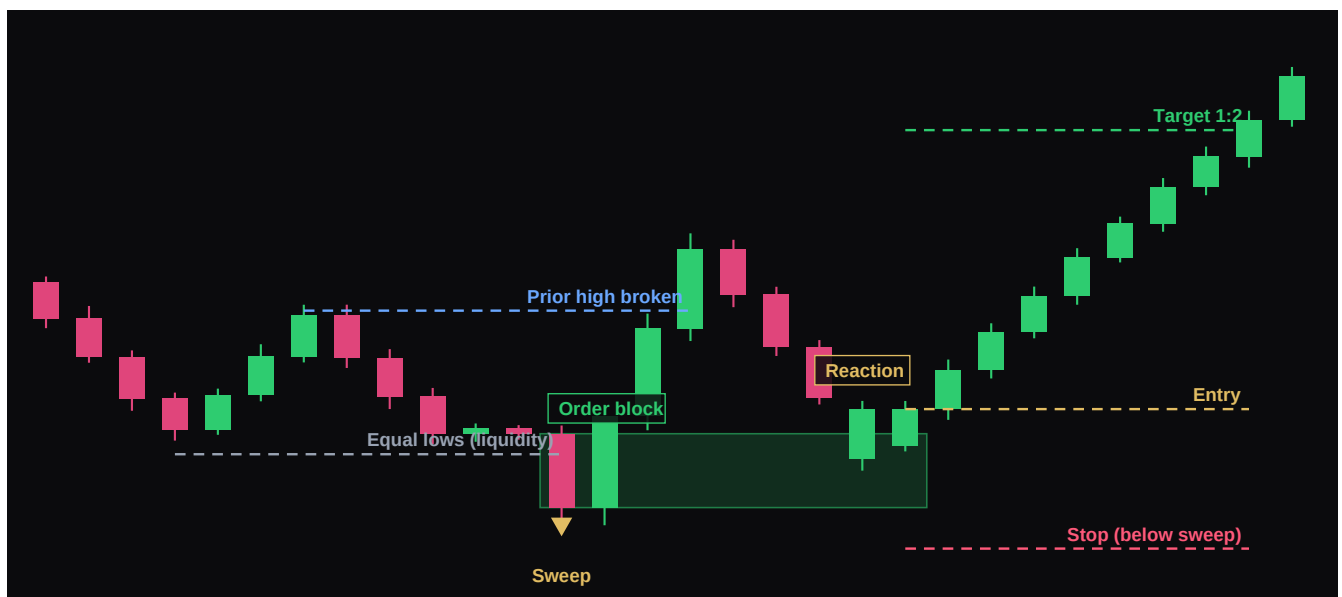
In simple words

First price grabs the stops under an obvious low. Then it shoots up fast and breaks above a recent high. The last red candle before that jump is our zone. When price comes back to it, we plan to buy with the stop below the lowest point.

Why it may work

The sweep removes resting orders, the displacement shows aggressive participation, and the block marks where that participation began. A return to the block can offer a good price with a clear invalidation. As with all order-flow stories, it is an interpretation and many blocks fail.

Example chart



Liquidity under the lows is swept. A strong move breaks the prior high. Price returns to the order block (the last down candle) and reacts: buy with the stop below the sweep. (Illustrative diagram drawn by Bahari Academy. It is not real market data and not a prediction.)

Best market conditions

- Obvious liquidity (equal lows or a clean swing low) that gets swept
- A strong displacement that breaks structure after the sweep
- A fresh, untested block
- The higher-timeframe bias agrees

When NOT to trade it

- The displacement is weak or does not break structure
- The block has been retested already
- The stop would have to be very wide
- You are trading against the higher-timeframe trend

Timeframes

Entry: 15M, 5M. Context: 1H, 4H. Spot the sequence on the 15M chart; refine the entry on the 5M chart.

Step-by-step setup

1. Mark obvious lows or highs that hold liquidity
2. Wait for a sweep of one of them
3. Confirm a strong move away that breaks structure
4. Mark the last opposite candle before the move as the block
5. Wait for a pullback into the block (untested)
6. Enter on a reaction, with the stop beyond the sweep extreme

Entry rules

- Liquidity was swept
- A displacement broke structure
- Price returns to the fresh block and reacts

Stop loss

Beyond the extreme of the sweep (below the sweep low for a buy). If it is taken out, the sequence has failed.

Take profit

The next liquidity pool or structure high, or a fixed 2R.

Risk / reward

At least 1:2. The block is small, and the stop beyond the sweep is the main driver of the ratio, so check it before entering.

Confirmation

- A reaction candle inside the block
- A lower-timeframe structure shift after the touch
- A fair value gap left by the displacement

Invalidation

- A close below the block and the sweep low
- A second sweep beyond the first extreme

Common mistakes

- Marking the block without a sweep or a structure break
- Entering at the first touch without confirmation
- Using tired, repeatedly tested blocks
- Placing the stop at the block edge only

How this strategy performed in our own backtests

Backtested on 670 trades but not verified: 5 of 9 checks not met (win rate above 50%; profit factor at least).

Tested on 2026-10-03 with engine bahari-bt-1.0.0. Supply/demand zone (order block) after a liquidity sweep, engulfing reaction, stop beyond the zone, 1:2 target.

Markets: BTCUSDT, ETHUSDT, SOLUSDT. Timeframes: 15m, 30m, 5m. Conditions with enough trades: 3 profitable of 9.

To be VERIFIED a strategy needs at least 300 trades, a win rate above 50%, a profit factor of 1.2+ and drawdown under 25%, across several markets and timeframes and both halves of the history.

- [pass] Sample size of at least 300 trades: 670 trades
- [not met] Win rate above 50%: 34%
- [not met] Profit factor at least 1.2: 0.92
- [not met] Average result per trade above 0.05R after costs: -0.057R
- [pass] Worst max drawdown at most 25%: 21.6%
- [pass] Average planned reward:risk at least 1:1: 1:2
- [pass] Tested in at least 4 market/timeframe conditions (2+ markets, 2+ timeframes): 9 conditions, 3 markets, 3 timeframes
- [not met] Profitable in at least 67% of the conditions: 3 of 9
- [not met] Profitable in BOTH halves of the history (profit factor at least 1 in each): first 0.8, second 1.02

Quiz

1. The order block in this strategy is:

- A) The last opposite candle before the displacement that broke structure
- B) Any large candle
- C) The sweep wick
- D) A gap

Answer: A. It marks where the aggressive move began.

2. Where does the stop go?

- A) Beyond the extreme of the sweep
- B) At the block edge only
- C) At the entry
- D) Nowhere

Answer: A. A new extreme beyond the sweep means the sequence failed.

3. A block that has already been tested several times is:

- A) Stronger

- B) Weaker, because the resting orders were used up
- C) Perfect
- D) Irrelevant to the plan

Answer: B. Fresh blocks are preferred.

4. A displacement that does not break structure is:

- A) Fine to trade
- B) A weak basis for the setup
- C) A buy signal
- D) Ideal

Answer: B. Breaking structure is part of the evidence.

Practical challenge

Walk the sequence (sweep, displacement, block) on a hidden-future chart before choosing BUY, SELL or WAIT. Open Challenges on bahari-academy.netlify.app to practise with the future candles hidden.

Important

Trading involves risk, and you can lose money, including all of the capital you risk. This lesson is for education only and is not financial advice. Nothing here guarantees profit, and backtested results do not guarantee future results.