



# **EDO LIQUIDITY ZONES Official Manual**

Version 1.0

April 2026

English



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# Section 1 — Introduction

Edo Liquidity Zones is a technical analysis indicator developed by Edolab Markets for TradingView. Its primary function is to identify and visualize liquidity zones on the chart, allowing traders to recognize levels where significant market activity has concentrated and evaluate their current state in real time.

The indicator is part of the Edolab Markets ecosystem of free and open-source tools, designed under the principle of structure before signals.

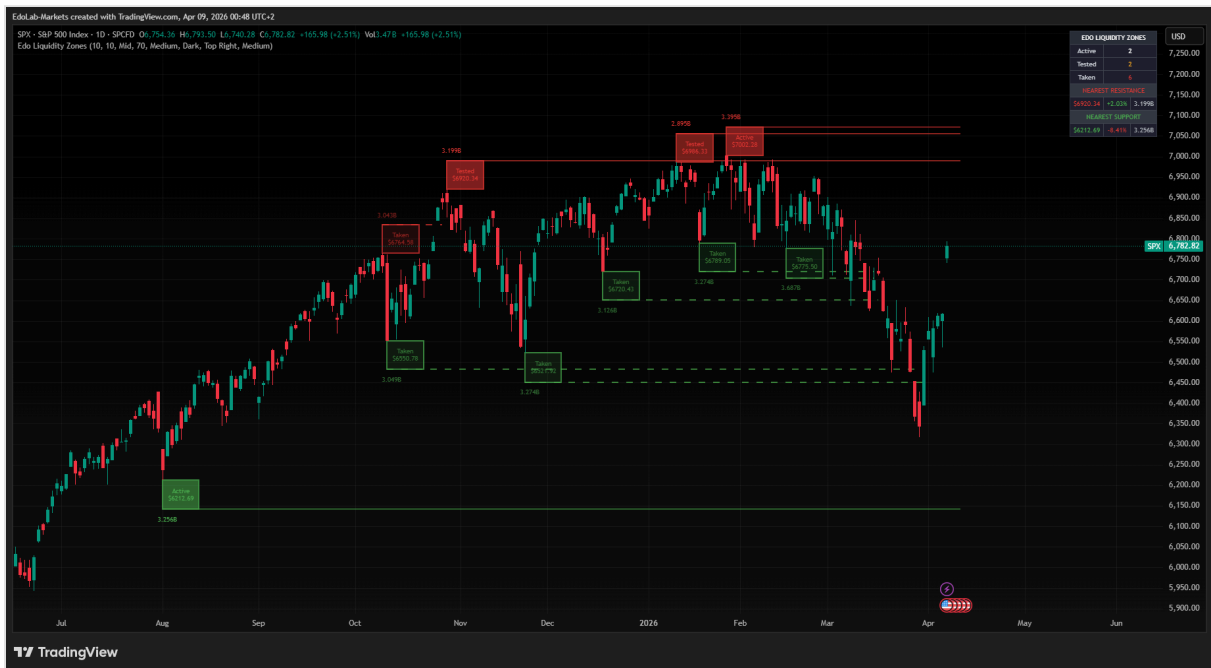


Figure 1 — Overview of the indicator on a daily chart.

## Section 2 — What Edo Liquidity Zones Is and Is Not

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### 2.1 What It Is

Edo Liquidity Zones is:

- A liquidity zone indicator based on price pivots filtered by volume.
- A structural context tool that classifies each zone according to its current state.
- A visual system that shows where market activity has concentrated and whether that liquidity has been absorbed or remains active.

### 2.2 What It Is NOT

Edo Liquidity Zones is not:

- A trading system or an automatic signal generator.
- A predictive indicator of future movements.
- A tool with guaranteed profitability.

The indicator does not make decisions for the user. Its function is to provide structural context about liquidity distribution in the market.

## Section 3 — Indicator Philosophy

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Edo Liquidity Zones starts from a fundamental premise: markets move between zones where significant liquidity has concentrated. Identifying those zones and understanding their current state — whether they remain active, have been tested, or have already been absorbed — provides high-value operational context.

The indicator does not generate entry or exit signals. Its contribution is structural: it shows where liquidity is, how much volume backs each zone, and what has happened to it since it formed.

This approach is consistent with the Edolab Markets philosophy: structure before signals, clarity over noise, context before confirmation.

## Section 4 — Indicator Architecture

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### 4.1 Pivot Detection

The indicator identifies price pivots using the classic pivot high and pivot low algorithm, utilizing the Pivot Length parameter to determine the number of candles on each side necessary to confirm a valid pivot.

Each pivot represents a price extreme where the market has reacted, generating a potential liquidity zone.

### 4.2 Volume Filter

Not all pivots carry the same weight. The indicator filters pivots according to normalized volume strength at the time of their formation, using three configurable levels: Low, Mid, and High. Zones that do not exceed the selected threshold are not drawn, reducing visual noise and focusing attention on the most relevant levels.

### 4.3 Liquidity Zones

Each validated pivot generates a zone composed of:

- A box that delimits the price area corresponding to the pivot, whose height is calculated based on market ATR.
- A horizontal line that extends to the right while the zone remains active.
- A volume label that displays the pivot volume on the outside of the box.
- A state and price label centered inside the box.

### 4.4 Intensity Gradient

The color of each zone varies in intensity according to the normalized volume of the pivot. Zones with higher relative volume display more solid and intense colors. Zones with lower relative volume display more transparent colors. This visual differentiation allows quick identification of the most relevant zones.



Figure 2 — Comparison of color intensity between high and low volume zones.

## Section 5 — Zone States

Each zone is evaluated in real time and classified into one of three states:

### 5.1 Active

The zone is intact. Price has not interacted with it since its formation. The horizontal line extends to the right in real time. It is a potential liquidity zone pending testing or absorption.

### 5.2 Tested

Price has touched the zone — it has partially penetrated with a wick or body — but has not closed on the other side of the level. The zone remains active but has received pressure. The box border darkens to indicate the test.

### 5.3 Taken

Price has closed on the other side of the level, absorbing the liquidity in that zone. The line becomes dashed and the zone visually fades. A Taken zone indicates that the liquidity accumulated at that level has been consumed by the market.



Figure 3 — Three zones showing the Active, Tested and Taken states respectively.

## Section 6 — Information Panel

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The panel located in the upper right corner (configurable) displays in real time:

### Zone Count by State

- **Active** — number of active zones on the current chart.
- **Tested** — number of zones that have been tested without being absorbed.
- **Taken** — number of zones whose liquidity has already been absorbed.

### Nearest Resistance

Shows the nearest active or tested resistance zone above the current price, with three data points: exact price of the level, percentage of rise needed to reach it, and accumulated volume of that zone.

### Nearest Support

Shows the nearest active or tested support zone below the current price, with the same three data points: exact price, percentage of decline to that level, and accumulated volume.

EDO LIQUIDITY ZONES		
Active	5	
Tested	2	
Taken	3	
NEAREST RESISTANCE		
\$26165.08	+5.07%	5.712B
NEAREST SUPPORT		
\$17435.39	-29.99%	5.946B

Figure 4 — Information panel with example data.

## Section 7 — Indicator Configuration

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### 7.1 Core Settings

- **Pivot Length** — Number of candles on each side to confirm a valid pivot. Higher values generate fewer but more consolidated zones. Range: 5–50. Default: 10.
- **Max Zones** — Maximum number of zones visible simultaneously on the chart. Older zones are automatically removed when the limit is exceeded. Range: 1–50. Default: 10.
- **Volume Filter** — Filters pivots according to normalized volume strength. Off shows all pivots. Low, Mid and High progressively increase the required quality threshold.
- **Show Volume Label** — Enables or disables the volume label on the outside of each box.
- **Show Zone State** — Enables or disables the state and price label inside each box.

### 7.2 Style

- **Resistance Color** — Color of resistance zones (pivot high). Default: red.
- **Support Color** — Color of support zones (pivot low). Default: green.
- **Zone Opacity %** — Controls the overall opacity of boxes and their visual elements. Default: 70%.
- **Label Size** — Size of volume and state labels. Options: Small / Medium.
- **Theme Mode** — Adapts panel and label colors to the chart background. Options: Dark / Light.

### 7.3 Panel

- **Show Panel** — Enables or disables the information panel.
- **Panel Position** — Panel position on the chart. Options: Top Right / Top Left / Bottom Right / Bottom Left. Default: Top Right.
- **Panel Size** — Panel text size. Options: Small / Medium.

## Edo Liquidity Zones ✕

**Inputs**   **Style**   **Visibility**

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CORE SETTINGS

Pivot Length

Max Zones

Volume Filter  ⓘ

Show Volume Label

Show Zone State

STYLE

Resistance Color  Support Color

Zone Opacity %  ⓘ

Label Size  ▾

Theme Mode  ⓘ

PANEL

Show Panel

Panel Position  ▾

Panel Size  ▾

▾     

Figure 5 — Indicator configuration panel.

## Section 8 — Use Cases

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### Swing Trading

Edo Liquidity Zones allows identifying key levels where liquidity has historically concentrated, facilitating decision-making in zones of high structural relevance and avoiding entries in zones without volume support.

### Structural Context Before Analysis

Before evaluating any setup, the trader can use the indicator to map the active zones closest to the current price and determine whether they are operating with available liquidity above and below, or if price is in a clear area.

### Key Level Confirmation

A zone with high volume that has remained Active for multiple sessions without being tested represents a highly relevant level. A Tested zone that has not been absorbed can act as higher quality support or resistance.

### Absorption Reading

The transition of a zone from Active to Taken indicates that the market has consumed the liquidity accumulated at that level. This event can be relevant as a continuation or exhaustion signal depending on the broader structural context.

## **Section 9 — Common Mistakes**

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### **Interpreting Taken as an Automatic Entry Signal**

The Taken state indicates that the liquidity in that zone was absorbed, but does not by itself imply a price direction. It should always be evaluated within a broader structural context.

### **Using Volume Filter on Off in Charts with Extensive History**

Disabling the filter can generate an excessive number of zones in charts with extensive history, saturating the visualization. It is recommended to start with Mid and adjust according to the asset and timeframe.

### **Confusing Panel Price with Line Price**

The price shown in Nearest Resistance and Nearest Support corresponds to the box edge closest to the current price, which coincides with the pivot level. It is the operational reference price for that zone.

### **Expecting the Indicator to Generate Signals**

Edo Liquidity Zones does not generate buy or sell signals. Its function is exclusively contextual. Trading decisions are the trader's responsibility.

## Section 10 — Open Source Indicator

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Edo Liquidity Zones is distributed as an open-source indicator on TradingView. The source code is publicly available and can be studied, modified, and integrated by any user within their own workflow.

## Section 11 — Risk Warning

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Edo Liquidity Zones is a technical analysis tool developed for educational and informational purposes. It does not constitute financial advice or an investment recommendation. Trading in financial markets involves a significant risk of capital loss. Past results do not guarantee future results. The user is solely responsible for their trading decisions. Edolab Markets assumes no responsibility for losses arising from the use of this indicator.

## Section 12 — Conclusion

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Edo Liquidity Zones provides a layer of structural context based on the actual distribution of liquidity in the market. Its combination of volume-filtered pivot detection, real-time state classification, and clear information panel makes it a reference tool for traders who prioritize context over signals.

May this tool contribute to a clearer reading of the markets.

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