

FOREX SCALPING

CHEAT

SHEETS

By Jason Fielder

Fellow trader,

If you are currently scalping FX markets (or are planning to), there are certain universal rules that you simply need to know to survive. Beyond these rules exist another level of knowledge that very few traders possess...

This private document will begin to shed some light on what you likely don't know about how to successfully scalp the Forex markets in such a way that puts the market at the mercy of your trades...not the other way around, as is so often the case.

Scalping the Forex market brings certain challenges that you don't have when trading on larger time frames. For example, if you are trying to take 100+ pips out of the market with a spread of 2 pips, the cost of this trade is only 2% of the total. Now, if you are scalping for 10 – 15 pips with a 2 pip spread, the cost of this trade is as high as 20%.

So, if you are going to be scalping the Forex market you need to be very strategic with your approach, or you will get eaten for breakfast. There are literally hundred of sharks out there in the form of highly skilled professional traders, and large banks that are waiting to prey on the individual retail trader like you, who so often have no clue what they are doing.

For the sharks, you are easy prey, and easy profit, and your loss is always their gain. They literally profit on all of your losses, and for them it's like shooting fish in a barrel.

So in order to avoid being the prey, you need to have a solid understanding of how the markets work. Armed with the knowledge you are about to receive, you will not only be protected from sharks, you will also be in a power position that will allow you to consistently scalp profits out of the market over and over again...just as I do.

You also will be far ahead of the large majority of the other traders out there who “think” they know how the markets move, but so often don't.

There is a method to the madness of what some people think are the “unpredictable” Forex markets. Once you understand how the markets flow, you will begin to see them as I do, and the mystery will start to unravel itself to you.

- **There is a “code” to the markets, after many years of intense study and practice, I have cracked it.**
- **There are “loop holes” that exist as well, I have identified them, and know precisely when to take advantage.**

The techniques you’re about to discover and the “cheat sheets” that I have assembled for you are going to begin to crack this “code” that few traders even know exist. Having this understanding will put the odds back in your favor, and give **you** the control so that you can consistently trade the market, while avoiding the typical challenges that scalping brings.

Below we are going to look at five different approaches that will immediately help you stack your deck in your favor, and begin to crack the code of the Forex markets... so you can see them, and even begin to trade them, as I do.

CHEAT SHEET #1

Counter-Trend Scalping During Choppy Markets

Most traders don't think about scalping during choppy, ranging market conditions, but this is one of the best and most consistent scalping trades I take.

The first thing that you need to ask yourself when scalping choppy markets (a.k.a. counter-trends) is:

When are choppy/ranging markets most likely to occur?

The best times that I have found to scalp the market using counter-trend strategies are:

- **Off-Hours Trading** (Specifically between 3:00pm and 7:00pm EST)
- **Pre-News Trading** (12 to 15 hours *before* a large news announcement)

These time-frames may seem a bit odd at first glance, but if you think about it a little more closely they makes perfect sense!

Lower market activity typically results in choppy markets. And since choppy markets are what we're after, then off-hours trading (i.e. when the banks are closed) and pre-news announcements are some of the most predictable times of "chop" because these time-frames have some of the lowest trading activity of all!

We'll talk more about pre-news trading in just a bit, but first let's talk about scalping during "off-hours"...

Off-Hours Scalping

Between **3:00pm and 7:00pm eastern standard time** is when all the world banks are closed. The U.S. banks are closing their doors and the Asian banks have not yet opened. This is a great time to scalp the market using a counter-trend strategy, because no larger banks are moving money (i.e. the markets) at that time.

Without the banks around to move the markets, the currency pairs will become “choppy” and begin moving sideways in a fairly tight range. **And it’s these tight ranges that are the ideal scalping environment...when you know what you’re looking for.**

The screen shot below shows the low volume **3:00pm and 7:00pm eastern standard time** in the EUR/USD on the hour time. As you can see, on both days the market moved into a choppy, counter-trending mode because the banks and other institutional traders weren’t around to move the markets.



Off-

Hours Scalping Strategy #1:

As the screenshot above illustrates, once a currency pair has crossed the 3pm EST threshold, it will rarely move above the 3pm closing price (assuming it closed high) or below the 3pm closing price (assuming it closed low) during the “off-hours” period.

So one way to scalp during off-hours is to use the high close (at 3pm) as the top “high water mark” or the low close (again, at 3pm) as the bottom “low water mark”.

When the price hits (or moves very close to) the high or low water mark, you would look for the pair to retrace. In other words...

- If it hits the **high water mark**, you’d want to **go short**.
- If it hits the **low water mark**, you’d want to **go long**.

A typical range on the 1 hour chart during “off-hours” is 30 pips, so when I’m trading this strategy during this time-frame I’m looking to scalp 10 – 15 pips.

If you choose to go to a shorter time-frame (i.e. a 15 or 30 minute chart) the best you can hope for is 5 – 10 pips (which is why I prefer to trade the 1 hour chart).

I also apply a 1 : 1 risk to reward ratio, meaning if I’m looking to scalp 15 pips I use a 15 pip stop-loss. If I’m looking to scalp 10 pips I’ll use a 10 pip stop-loss.

SIDE NOTE: I realize that the markets don’t technically close in the U.S. until 5:00pm EST, but they slow drastically the final two hours, which is why I say you can treat the 3:00pm – 5:00pm like “off-hours”.

That said, if you want to be even more conservative, use the U.S. close at 5:00pm (as opposed to the 3:00pm close) to establish your high and low water marks. This will give you less trading opportunities (because you have two less hours to trade), but it should improve your overall accuracy.

Off-Hours Scalping Strategy #2:

Another way to trade during “off-hours” is to use the 3:00pm and the 5:00pm close to establish your “Dead-Time Range”.

SIDE NOTE: The “Dead-Time Range” is another word for the range during the off-hours trading period.

Once you have established the mid-point of your “Dead-Time Range”:

- Go **LONG** if the price is **below** the mid-point of the first bar after 5:00pm, and...
- Go **SHORT** if the price is **above** the mid-point of the first bar after 5:00pm

The same rules apply as with the first strategy...

Trade on the 1 hour chart and look to pull 10 – 15 pips using a 1 : 1 risk to reward ratio. (Remember, the typical range during “off-hours” for the major pairs is only 30 pips.)

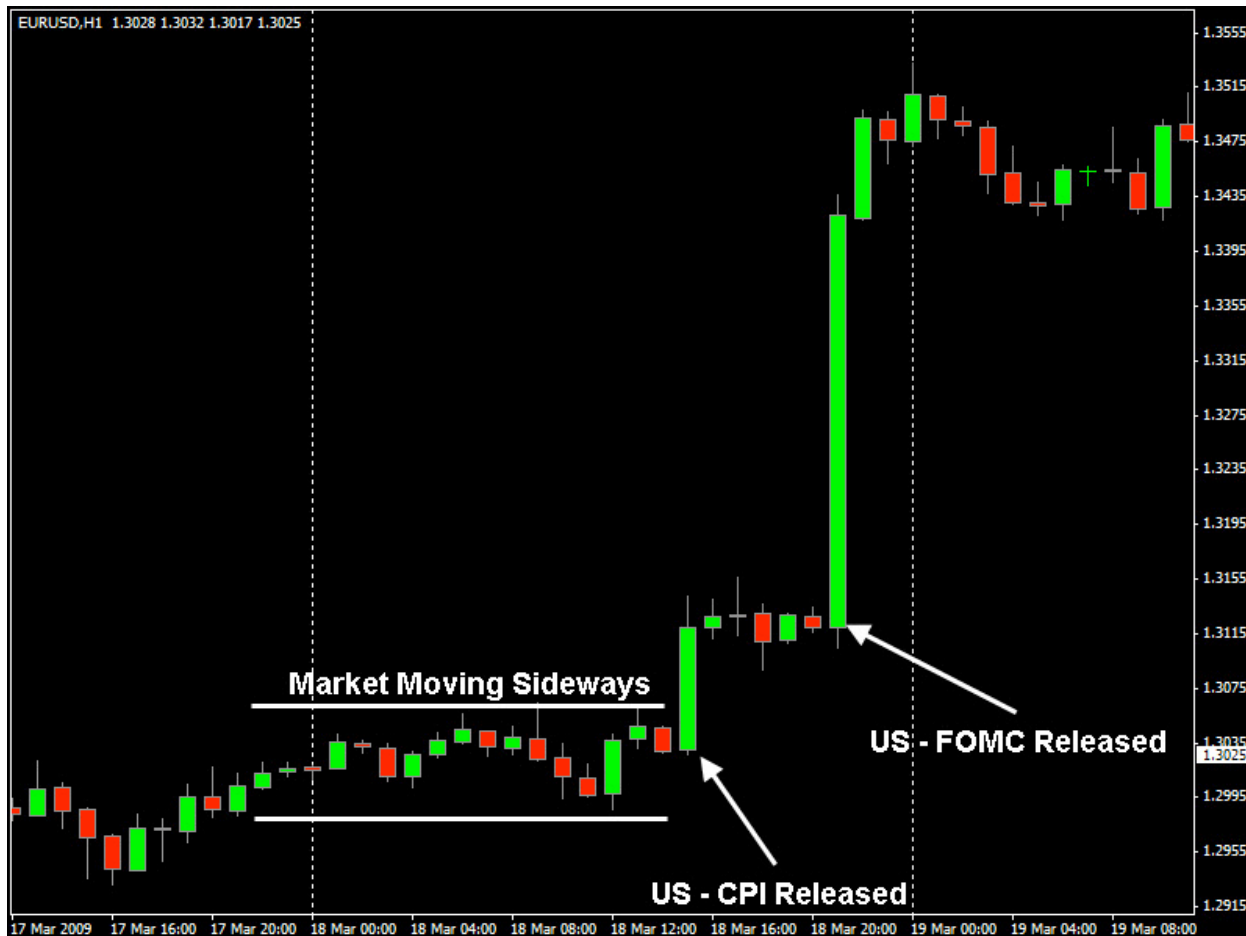
Pre-New Scalping

The 12 to 15 hours before an important news announcement (i.e. the U.S. FOMC announcement or the U.S. Non-farm payroll) is a low volume time in the market as well because most banks and institutional traders are sitting on the sidelines waiting to see what the news will be.

And as we just discussed, lower trading volumes lead to choppy, ranging markets. And again, choppy, ranging markets are one of the best times to scalp and pull pips out of the market.

The next screen shot shows the 17 hours before two U.S. news announcements were released (the CPI report and the FOMC announcement). Here again, the

market moved sideways, but allowed for enough movement to scalp the market several times...



To scalp the pre-news announcement, we need to first get the “Dead Time Range” midpoint we established back in “Off-Hours Trading Strategy #2”, because the “Dead Time Range” for off-hours trading can also be used to predict the range for the 12 – 15 hours prior to a news announcement (since it’s a type of “Dead Time”).

Once the “Dead Time Range” and midpoint have been established, we’ll use the same strategy discussed in “Off Hours Trading Strategy #2” to trade the pre-news announcement.

- Go **LONG** if the price is **below** the mid-point the first bar after 5:00pm, and...
- Go **SHORT** if the price is **above** the mid-point the first bar after 5:00pm

Trade on the 1 hour chart and look to pull 10 – 15 pips using a 1 : 1 risk to reward ratio. (Actually, since the range is a bit larger during pre-news announcements than off-hours trading you can try to scalp a few more pips...*but don't get greedy.* 😊)

If you want to trade on a shorter time-frame you can, but just remember that the market needs time and room to move. And with 2 – 3 pip spreads being the norm, you really need to pull more than 8-10 pips to make it worthwhile.

Estimated time in the market:

- **Off-Hours Trading: 45 – 90 minutes**
- **Pre-News Trading: 45 – 75 minutes**

CHEAT SHEET #2

Breakout Scalping

Using breakouts to scalp the market is by far the most popular scalping method. One reason is that it works, and the second is that it is the simplest.

When looking for breakouts to scalp, **I'm only interested in the first hour the different global bank sessions.** This includes the:

- **Asian session open at 7:00pm EST**
- **European session open at 2:00am EST**
- **London session open at 3am EST**
- **New York session open at 8am EST**

As the different banks come online and start moving money, the odds of the market moving and causing a sustained breakout go up.

And the more breakouts we get, the more opportunities we have to scalp some quick pips!

Take a look at the chart below where I have identified the session opens and look to see if you can find any breakouts:



As you can see, on this day this particular pair moved hard at the European and New York session opens creating two very nice scalping opportunities. But obviously before we can talk about how to scalp breakouts, we first need to cover how we determine when a breakout has even occurred.

There are two methods I use to establish breakouts...one is more conservative (but yields less trading opportunities) and one is MUCH more risky (but gives you A LOT more trading opportunities).

Breakout Scalping Strategy #1:

The first method (which is the one I use) for establishing a breakout point is to look at the high and low for the session so far and use that as our breakout point. In the example above, you can clearly see that the pair broke below the previous low of

the session, so in this case we would go short and hope to scalp 10 – 15 pips out of the market.

I like to trade this strategy on a **1 hour chart**. You can trade it on a smaller time-frame if you want, but in my experience the ranges get too tight and you wind up getting stopped out a lot more than if you stick with the 1 hour chart.

I place my stop loss at 1 pip above the previous bar's high if I'm shorting, and 1 pip below the previous bar's low if I'm going long OR 10 pips (whichever is smaller).

SIDE NOTE: You need a fairly tight stop-loss when scalping breakouts, because the markets move quick on you (especially during session opens) and you don't want to be on the wrong side of a scalping trade when you're intended return is only 10 – 15 pips.

My goal is 10 – 15 pips, but no matter what I exit at the end the bar. (One of the biggest mistakes a trader can make is trying to wait for the market to breakout when there is no breakout. If the breakout is not there, then move on to the next trade.)

Looking back at our example screenshot above, you can see that the New York session opened with a massive move to the high side. But for this strategy, we would NOT take the trade because it did NOT break the highest high so far of today's session.

If you wanted to take that trade, however, you would need to be trading the more aggressive strategy...

Breakout Strategy #2:

This scalping strategy is traded the same way as "Breakout Strategy #1", but instead of using the previous high or low of the SESSION as our breakout point, we would instead use the high or low of the PREVIOUS BAR.

As you might imagine, this is a much more aggressive scalping strategy, and I DO NOT recommend trading it on a smaller time-frame than the 1 hour chart.

The stop-loss and exit are the same as Strategy #1.

**Estimated time in the market (both strategies):
15 – 60 minutes**

Final Thoughts...

The key to successfully scalping in the Forex market is to “stack the deck” in your favor.

You've just seen five different strategies that I use to scalp, depending on my objectives, what time of day I'm trading, or the type of situation or market condition that exists.

Most traders have only one strategy, and try the same approach regardless of what the markets are doing. This is the biggest mistake one can make.

Being flexible is key, and to truly unlock the code to the ever-changing markets you need to look at the market, not as a single market, but as several different markets with entirely different behaviors.

Once you learn to identify the specific time frames to focus on, and the different market conditions that exist, you can simply pull out the appropriate strategy, plug it in, and immediately be entirely more successful, and a FAR more accurate trader.

Now that you know the Forex trades as several independent markets you are much further along your path to becoming a successful trader... but even I don't try to do it on my own.

The “loop hole” I refer to is the next level of what you have just finished reading about.

I have just recorded a very special video showing my Triad Trading Formula System in action. **Trust me, it takes everything you have just read to an entirely different level!** You can see what I mean by watching the video over at:

<http://triadformula.com/blog/?p=173> ← **BONUS TRAINING VIDEO!!**

It uses a very special set of rules and proprietary indicators that I personally use every day to take *my* trades. And the best part is anyone who trades with my Triad system actually takes the EXACT same trades as I do.

That's right, there is no subjectivity, so you'll always know EXACTLY:

- **When to enter**
- **When to exit and...**
- **Where to set all of your stops**

No second-guessing, no doubting, no fear.

Once I finished the development of TRIAD and began using it, it literally took me from a part time trading hobbyist to a full time trading professional.

I've never looked back.

If you want to catapult yourself to the very same level it took me well over 14 years of backbreaking effort, thousands of hours of testing and far more painful losses that I care to remember to get to...keep watching closely.

I'll be revealing how you can get involved very soon.

In the meantime, you can see how I scalp using my proprietary indicators by watching the video I posted over at my blog:

<http://triadformula.com/blog/?p=173>

Good trading,
Jason Fielder

About the Author

Since you may not know who I am, I thought it would be appropriate to introduce myself. **My name is Jason Fielder, and I am a professional currency trader.**

The fact that you haven't heard of me is no surprise. I have never been comfortable in the spotlight and have purposely remain "underground".

I don't write books...

I don't try to get on CNBC, and...

I don't go from city to city doing "dog and pony shows" so I can sell a room-full of people my overpriced, piece-of-crap, blinking-light, "black box" software.

I'm a trader, a system developer, a husband, and an amateur surfer (not necessarily in that order as my wife likes to remind me).

Trading is what I love, and trading is what I DO as a profession.

I also enjoy teaching and helping other active traders get an edge. I know from personal experience that most trading systems and advice are 100% crap, and it's my mission to provide something that actually works to independent traders just like me.

That's why you're reading this small part of my overall Trading Plan.

If you like what you've seen here and you want to learn more about what I trade and how I trade, I invite you to check out my TRIAD TRADING FORMULA by going to:

<http://triadformula.com/blog/>

And once you are there you will find a series of other videos I've made as well that will give you more insight as to how I am able to make a very good living as a professional trader.

I invite you to join me.