

Trading setup for scalping 10 pips per trade

Indicators used:

Indicator	Settings	Definition
Stochastics	8,5,3	Used to determine wave direction
Fractals	N/A	Used to define most recent pivots
EMA 20	Shift 0 / close	Used together to determine intraday trend direction: 20>30 = trend up and 20<30=trend down (15M TF)
EMA 30	Shift 0 / close	
Time Frame	5 min	Setups come from the 5M Time Frame

Pairs monitored:

USD/CHF	AUD/USD	GBP/JPY	USD/CAD
EUR/USD	NZD/USD	GBP/USD	USD/JPY



Price has been set to background color to remove any emotion from the trade.

EA program:

The EA is set to sound the alarm once the conditions for a trade have been achieved. Several criteria must be in place to get the alarm.

First the medium term trend is defined by the EMA 450 and the EMA 300 (Equivalent to the EMA 20 and EMA 30 on the 15M time frame) on the 5M are evaluated. Then the most recent Pivot point is evaluated. A turn down is required for a short setup and a turn up is required for a long setup.

The red line in the chart represent the most recent turn down and the blue line represents the most recent turn up.

The final indicator to be confirmed is the Stoch values. Main must be under the signal and pointing down to confirm the wave trend.

Setup for Trades:

The final part of the puzzle is when to take the trade. I look for common pairs to correlate. For example the AUD/USD, NZD/USD and EUR/USD must have signals at the same time and in the same direction.

Once the signals correlate a trade can be taken. The EA will automatically close the trade at 10 pips.

I use a wide berth for the SL which is set to 40 pips. I don't actually close the trade but rather open the opposite trade. Since Feb 2009 I have had 2 trades use the so called SL and I have manually closed all trades in profit.

Conclusion:

The more pairs that correlate the faster the trades close. 2 correlations may take 40 minutes to close while 4+ correlations usually close in under 10 minutes (Some in 1 minute) .

However, this system is not for novice traders. It requires a little gut felling and knowledge of news events and market opens and closes around the globe.

Up until developing this system my scalp techniques where hit and miss at best (more miss than hit). My preference is to scalp the low cost pairs.