

# Buy/Long Trade Rules

I have two scalping methods of trading. The first method is used for scalping during news releases and the other is for normal scalping.

## News Straddle Approach

1. Set up a schedule for the day with high impact news releases for the EURUSD, GBPUSD, AUDUSD, EURJPY, USDCAD and NZDUSD.
2. Five minutes before a high impact news release, place a pending buy and a pending stop order, both 20 pips away from the price on the 5 Minute chart.
4. Set the stop losses 30 pips from the pending orders.
5. Wait for a trade to be entered then exit the trade manually with a profit of 5 pips or more.

## Normal Scalping Approach For Buy Trades

1. On the 15 Minute chart, check for any of the following signals:
  - a. The price is above the 21 period exponential moving average (dark orange or red).
  - b. The 14 period moving average (magenta or purple) is above the 21 period moving average. This indicates that the trend is an uptrend on the 15 Minute timeframe. At times, I also use 5 and 8 period moving averages. They should be above the 21 period moving average too.
  - c. The ADX is sloping up and is above the 30 level. This indicates that the uptrend momentum is gaining strength.
  - d. The trendline indicator is slanting up. This also indicates that the trend is an uptrend on the 15 Minute timeframe.

2. Go to the 1 Minute chart and check for the following signals:

- a. The trendline indicator is slanting up, which indicates that the trend is an uptrend.
- b. The ADX is sloping up or is above the 30 level.

3. Enter a buy trade on the 1 Minute chart when any one of the following conditions occur:

- a. The price breaks a resistance level or a previous swing high on the 1 Minute or 15 Minute timeframes.
- b. The price bounced off from the lower trendline on the 1 Minute or 15 Minute timeframes.
- c. The price pulled back to the 21 EMA or a shorter period EMA on the 1 Minute or 15 Minute timeframes.

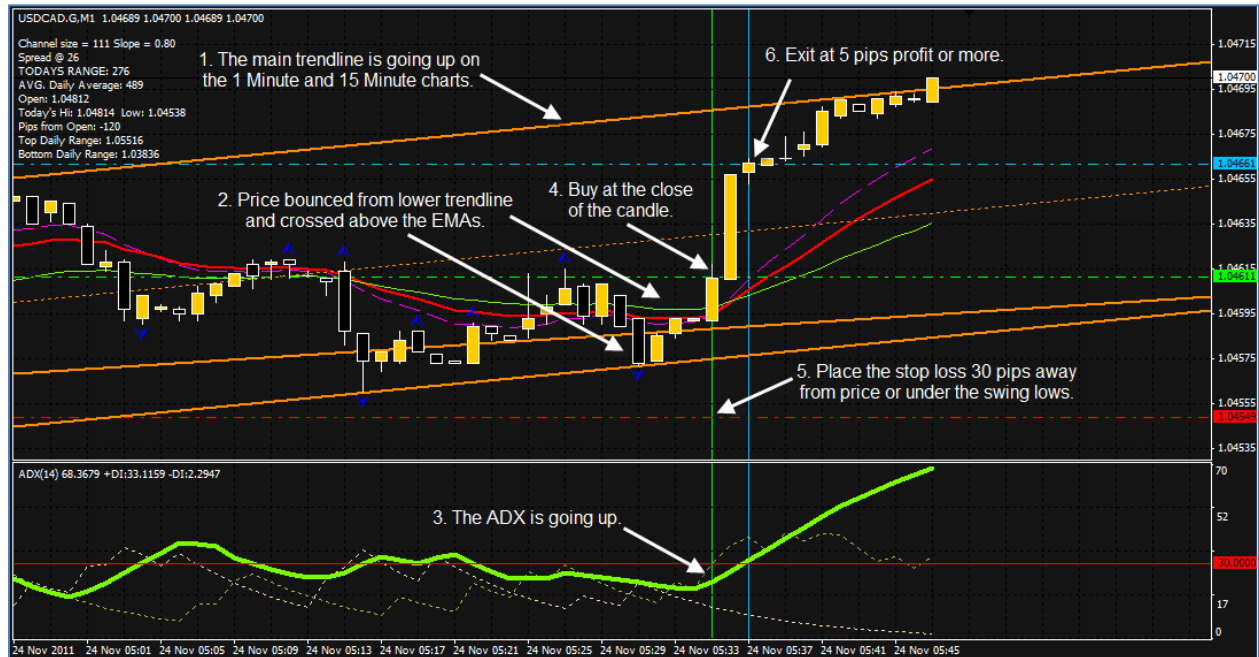
2. Set the stop loss level 30 pips below the price, or below the previous low. Move the stop to the entry price (breakeven) at 5 pips profit.

3. Exit the trade at a profit of 5 pips or more.

# Buy/Long Trade Examples

## Buy/Long Example 1

Here is a simple example on how to trade when there's no high impact news release.



In this example, the trendlines are going upward indicating that the main trend is an uptrend on the 1 Minute and 15 Minute timeframes.

I noticed that the price had bounced from the lower trendline and was going up. Looking at the ADX, it is also going up. So, once price had crossed above the moving averages, I entered a buy trade before the candle closed.

I set my stop loss level below the swing lows. As soon as the trade reached 5 pips in profit, I exited the trade.

This example is an ideal trade, but in case the price does not behave as expected, you will have to take the profit that the market is willing to give you. You will see this in the next example.

## Buy/Long Example 2

Here's another buy trade example. On the EURUSD 15 Minute chart, the main trend is an uptrend, and the price just broke a minor down trend. There is a potential for a buy set up.



On the 1 Minute chart, you also have an uptrend, and the price bounced from 21 EMA. Notice that the ADX is sitting at the 30 level.



A few seconds later, the ADX began to move up as the price continues going in an upwards direction, so I entered a buy trade and set the stop loss at 30 pips.



The price went into a range, and the ADX went below 30 level. This means there's not enough volatility in the market to push the price any higher. As soon as I reached more than 5 pips in the trade, I moved the stop loss 3 pips above the entry, so that the trade will be exited in profit if price goes down. As expected, the price went down, and the trade was closed with 3 pips of profit.



# Sell/Short Trade Rules

The news scalping strategy for a sell trade has the same guidelines with buy trades because you enter both buy and sell pending orders every time.

Follow the guidelines below to enter trades without high impact news releases.

## Normal Scalping Approach For Buy Trades

1. On the 15 Minute chart, check for any of the following signals:
  - a. The price is below the 21 period EMA (dark orange or red).
  - b. The 14 period moving average (magenta or purple) is below the 21 period moving average. This indicates that the trend is a downtrend on the 15 Minute timeframe. At times, I also use 5 and 8 period moving averages. They should be below the 21 period moving average too.
  - c. The ADX is sloping up and is above the 30 level. This indicates that the downtrend momentum is gaining strength.
  - d. The trendline indicator is slanting down. This also indicates that the trend is a downtrend on the 15 Minute timeframe.
  
2. Go to the 1 Minute chart and check for the following signals:
  - a. The trendline indicator is slanting down, which indicates that the trend is a downtrend.
  - b. The ADX is sloping up or is above the 30 level.
  
3. Enter a sell trade on the 1 Minute chart when any one of the following conditions occur:
  - a. The price breaks a support level or a previous swing low on the 1 Minute or 15 Minute timeframes.

- b. The price bounced off from the upper trendline on the 1 Minute or 15 Minute timeframes.
- c. The price pulled back to the 21 EMA or a shorter period EMA on the 1 Minute or 15 Minute timeframes.

2. Set the stop loss level 30 pips above the price, or above the previous high. Move the stop to the entry price (breakeven) at 5 pips profit.

3. Exit the trade at a profit of 5 pips or more.

# Sell/Short Trade Examples

## Sell/Short Example 1



In this example, the trendlines on both 1 Minute and 15 Minute timeframes are going downward indicating that the main trend is a downtrend.

After rejecting from an upper trendline, the price had crossed under the EMAs. The EMAs are also beginning to form a downtrend.

The ADX is going up in the 1 Minute timeframe while it is already above 30 level in the 15 Minute timeframe. I entered a sell trade and set the stop loss level above the previous swing high. As soon as the trade reached 5 pips in profit, I exited the trade.



## Sell/Short Example 2

In this example, you will notice that there's a downtrend on the 1 Minute chart because the trendlines are sloping down. The price pulled back up to the 21 EMA, so you have a potential setup.



Notice that the ADX is below 30 level. This can still be considered sell setup if the other signals are strong.

On the 15 Minute chart, the price broke below a down trendline. This is considered an area of support.



I entered a sell trade at the close of the candle and set the stop above the previous swing high. As soon as I was 5 pips in profit, I moved the stop loss closer to the entry price.



The result of the trade was good. As soon as I got 10 pips of profit, I exited the sell trade.

