# Forex Pips Gizmo

Forex Scalping Blueprint – Transcripts of "Forex Scalping Blueprint"

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Hello, everyone. Welcome to the videos on Forex Scalping Blueprint. In this module, I'm going to share with you a trading strategy which is based on scalping criteria. This particular strategy is extremely powerful and profitable. Let's begin with what we are going to cover in this entire module.

We are going to cover the basics of Forex scalping. To give you an overview of the requirement of a scalping strategy, basically scalping is completely different from swing trading or day trading, and it requires some different approaches to looking at the chart—how to handle a trade and how to manage the trade—once the trade is open, and when to exit. The entire profit from a scalping strategy is dependent upon how you execute the rules given in the strategy.

Next, we are going to look at the details of the Forex Scalping Blueprint, which is the strategy we are going to cover in this module. We are also going to look at some good, detailed examples so that the fundamentals and concepts are very clear to you. We are going to look at examples of the Forex Scalping Blueprint.

Next, we are going to look at the Money Management aspect, like I mentioned at the beginning. Scalping is a completely different thing and it requires some different money management rules, as well as trading psychology to get maximum profits out of your trade. We are going to look at the money management aspect in detail.

We are also going to pay some special attention to the trading psychology, which is necessary for scalping. In this particular video, we are going to start with the basics, and in the subsequent videos, we are going to cover the remaining points, like the details, examples, money management and trading psychology.

What is scalping? Scalping is basically a technique through which traders target to make some small profits per trade by trading with trend or against the trend.

The reason I have highlighted the words "small profits" is that unlike in day trading and swing trading, scalping targets to have some limited profits per trade, basically 15 pips per lot, 10 pips per lot, 5 pips per lot.

I would suggest that you go to 5 pips, but 15 pips per lot per trade is a good number to have in mind when you're looking at scalping. If, for example, you're trading 3 lots per trade, then it will be 15 into 3, which is 45 pips per trade. The idea is to have small profits per lot. In fact, I should reword this entire sentence and mention it as: "some small profits, per lot, per trade."

When doing the scalping, it doesn't matter whether you are going against the trend or with the trend because the idea is to have some small profits per lot, per trade, so even if you are going against the trend, you will still have the opportunity to get some small profits. Basically, it's just like you are going in the market, getting some small profit and exiting the trade immediately, so you're not going to stay in the trade for a long time and you're not overexposing yourself if the market is against the trend.

If you are trading with the trend, then also you'll make some small profits per lot, per trade. You get a lot of opportunities to trade in the market, the reason being that when you're doing the scalping, you're trading on a 5, 15 or 30-minute time frame. There are a lot of opportunities and since it doesn't matter whether you're trading with the trend or against the trend, you'll get a lot of opportunities to trade in a day.

I have seen some traders who trade 6 or 7 times a day per currency pair. So if they are focusing on two currency pairs like, for example, Euro/USD, British pound or USD/Canadian dollar, they'll make about 10 or 12 trades each day, and they do quite well when using the scalping approach. This is quite different from the swing trading and the day trading.

In day trading also, you have profit potentials that are a bit higher, but in scalping, you are focusing on some mini-profits, for example, 15 pips per lot, per trade, whereas in day trading, you're focusing to have about 25 to 30 pips per day. Each trade has a limited profit and limited risk potential. Like I emphasized, the profits are limited and the risk potential is also limited.

By this potential, what I mean is you need to have some precise stoploss so that if the market goes in a different direction, you are not overexposing your account. The trick lies in having multiple trades a day. For example, if you are getting about 10 or 12 trading setups, you are able to take 4 of them and for example, you are trading two large trade, you have a profit potential of under 150 pips every day. It will take some time to come to that level, but the fortune is quite high and there's a good profit potential using the scalping approach.

What are the requirements of a scalping system? This is very important so that we have the  correct mindset when we are using the scalping approach. The first thing is, we know that each scalping system offers a limited profit per trade. We have about 15 pips profit per lot, per trade, or 20 to 25 pips, depending on the time frame when you are trading. So the probability of a trade being profitable is very high.

There are two ways by which a person can make profits from a Forex market, either by using a strategy whose probability is low but the profit potential is higher than the loss. For example, if a trader places 4 trades a day, out of these, 2 are profitable and 2 are ending in loss. So it is necessary that the profits achieved in the profitable trades are much higher than the losses incurred in the losing trades. That is one approach.

The second approach is, if you have a strategy whose profit portrait is the same as the loss per trade, then it is very necessary that the number of winning trades should be higher. If you're placing 4 trades and each profitable trade yields you

about 50 pips and the losing trade also yields you 50 pips, then it is necessary that the number of profitable trades can and should be 3 to 1, or at least 2 to 1.

The opening and closing of a trade should be very quick. We are doing a scalping, we are going to enter the market for a few minutes and then closing that trade immediately, so we need to make sure that a scalping system should give you clear directions on when to enter a trade and when to exit. There should not be any chance for a second guess. If you know that yes, now there is time that scalping can be done, you have to take that trade immediately, so the opening and closing directions in a scalping system have to be very precise.

The next point is that a system should be very easy to implement since you have very little time to enter and exit the trade. These are the key requirements of a scalping system, and this is what we have covered in this Forex Scalping Blueprint Strategy. In the next video, I'm going to give you the details of how we are going to use these fundamentals and use a particular strategy which is very profitable. Thanks for watching this video and I'll talk to you in the next one. ♦