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# Forex Pips Gizmo

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Forex Scalping Blueprint – Transcript of  
“Trader Psychology”

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Hello, and welcome to the video on the Trader Psychology which is necessary for scalping. This is a short video and I thought I would share some points with you regarding scalping because scalping is completely different from day trading or swing trading and the approach to the market is different.

The statement is very true for scalping that scalping is a game of quick profits at the opportune moment. I have highlighted the phrases “quick profits” and “opportune moment” because when we are scalping, we are going to enter the market only for a small duration. It’s not like swing trading or day trading where your trade is open for hours or days.

This is for entering the market for the realistically shortest possible duration and have some quick profits, maybe a 15 or 30-pip profit, and exit the market immediately as soon as the profit target is met. We are going to wait for the opportune moment, when we feel that the 15 or 30-pip profit can be realized and then only we are going to open the trade.

It is necessary that we are patient for the currency pair to reach the opportune point, or the key level, where we feel that the market has reached the point where it is ready for us to place a trade. Typically the nature of a mature trader is to wait for a confirmation candle; for example, some sort of confirmation that the market is ready for the trade to be placed.

Like I mentioned, a candlestick confirmation is usually a good way to do it, but this approach will not work in Forex Scalping because in Forex Scalping, you don’t have the opportunity to wait for the confirmation. The areas where the currency pair hits, the reversal can be just 15 or 20 pips. We don’t have the luxury to wait for some kind of confirmation.

As soon as the currency pair hits those confluence areas, we have to enter and exit immediately as soon as the profit target is reached. The trend can be only for

15 pips, 20 pips, or it can go for 60 or 70 pips, we don't know yet. That's why it's necessary as soon as the market hits the confluence area, you enter the trade.

If you are too late or jump in too early, the trade may end in a loss. If you're too late, you may enter the trade only to see that the market has started reversing and the market will hit your stop-loss. When you are entering too early, then the market is not ready yet to move in the direction that will give you some sort of profit.

The next thing that you should be open to is, a lot of times you will see that the market, after touching the key established area, has started moving in the right direction as to expect that you have made 15 pips profit and the market will continue moving in that direction. The trend may look to be 60, 70, 100, 150, 200 pips. If that happens, don't be disappointed.

Please keep in mind that you are in the market for scalping. If you're using the scalping methodology, your profit target should also be realistic for a scalping system. If you make 15 pips profit, great, that's what your objective is. It doesn't matter if the market keeps on moving in that particular direction later on. Your objective was to have 15 or 30 pips profit, you have it, and that's the end of the trade. Don't be disappointed; otherwise the next time, you will not be following the rules and closing the trades when the profit targets are reached.

The other thing is not to overtrade. Though you are going to be presented with 8, 10, 15 or 20 opportunities a day across these two currency pairs, it's good to limit yourself to four trades a day. After that, over a period of time, you'll see that your analysis of the market has changed and you're not able to draw correct contrast levels. Don't exert yourself. Limit yourself to only four trades a day maximum.

Again, needless to say, you have to do sufficient practice even though you are a good day trader or swing trader. Scalping, you will see, is completely different

and you must give yourself sufficient time to practice it. What best to use other than a demo account to get good practice for scalping.

Initially focus on only one currency pair and only on one trend. For example, you can pick the EUR/USD currency pair and trade only during the UK session or the New York session. Start keeping a trading log and see how your trades are faring. Then you will see that you will have particular windows in the day.

For example, from 8:00 a.m. to 10:00 a.m. New York time, you will see that your trades are working much better compared to, let's say 2:00 p.m. to 4:00 p.m. EST. You will start seeing some trends and you are looking for which time frame and with which currency pair you'll start getting more profit. You will start seeing that some particular time of day will work best for you for scalping. Once you come to know that, it definitely should be included in your trading plan.

Those are the points I wanted to cover in this video. Thanks for watching! ♦