

Imran's Best Practices

V1.0

Introduction

This document is a summary and collection of posts I consider relevant from the thread "Simple Method of Scalping any pair on 5 min chart, especially GBP/JPY - by Imran Sait"

A BIG thanks to all the contributors who have make this summary possible...

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About Money ++...

Use max **10% of capital at risk** and use **15 pip stop loss** which works out to less than **0.5%** of your capital

10 pips a day for the next 6 months turn 500\$ into 10,000 \$

Best Pairs (up to 400+ pips daily)

- **gbp/jpy**
- **gbp/usd**
- **usd/jpy**
- gbp/chf
- eur/jpy
- eur/usd

Rules of Entry and Exit

Long Trade

1. Price has to be above 60ema and 200 ema
2. Macd crossover to positive i.e above Zero line and crossover
3. Middle Bollinger band pointing upwards and price within the upper band.
4. Preferred if price candle has closed above Daily Pivot / R1 / R2
5. Price can also reverse after going thru Pivot support levels like S1/S2/S3 so watch out for reversal candles and lag behaviour in a downtrend so not to miss out on trades thinking that price has to be above Daily Pivot to go long. We are trading this intra day and we should bank our profits and protect them by moving SL accordingly.

Please note once price is above Daily Pivot and lags are moving up in 5 and 15 min, our profits targets can be R1 and R2 and in some cases when momentum is strong price can approach R3.

Short Trade

1. Price has to be below 60 ema and 200 ema -
2. Macd crossover to Negative i.e below Zero line and crossover downwards
3. Middle bollinger band pointing down and price within the lower band
4. Preferred if price is below any pivot area
5. Price can also reverse after going thru Pivot resistance levels like R1/R2/R3 so watch out for reversal candles and lag behaviour in a uptrend so not to miss out on trades thinking that price has to be below Daily Pivot to go short.

Profit Levels = I personally wait for the red lag to signal me a exit before I exit and also at key pivot support and resistance areas

Things to watch for

1. Price at Pivot Levels - Support and Resistance levels like S1/S2/S3 and R1/R2/R3
2. 60/200 crossover in 5 min chart gives us early entry and exits.
3. Don't trade when the 60ema and 200ema are really narrow. Wait for it to break out first.
4. Don't trade when the market is slow. Ideally you want 2 markets to be open. The best time is when UK and Japan are open at the same time or UK and US are open at the same time. You can trade at other times, but just make sure there is decent volatility / momentum.
5. Don't trade 30 mins before or after news.
6. If there's BIG news coming, it might not be good to trade for hours before because the market just stalls and goes nowhere (same problem as #2).
7. Don't trade if you're up against a barrier. This includes the daily R1 R2 R3, daily S1 S2 S3, daily pivot, and weekly pivot. It's also good to look at the 15min 60ema and 200ema to see if you're close to them as well. I also recommend treating the "00's" (239.00, 238.00, etc.) as barriers. I call them psychological barriers, and it's really just common sense. Just think about when you have a \$100 bill. You're less likely to spend it. Once you finally decide to break the \$100 bill, you'll usually spend your smaller bills much more quickly. This is just human nature, and well, the forex market is driven by human beings.
Instead of just thinking of the barriers as times not to trade, use them to your advantage. Wait for a currency to either break through the barrier or bounce off it. If it does this, you should still wait for the lags to give you a signal.
8. 60 EMA is the 60 Days Exponential Moving Average charted on the charts , and this gives you the avg price and plots on the charts, this now becomes a rallying point for prices to remain either above or below it. In a downtrend, price is always below the 60 ema , and in uptrend, price tend to remain over it. Once 60 ema crosses the 200 ema from below going up, that gives a signal that market is going long and based on the time frame this happens, it may signal a move of 30+ pips to a move of 300 + pips in one direction. Vice versa for short move, the 60 ema crosses from top to below.
9. Also these EMA's act as resistance and support for prices, and usually prices come , touch it and bounce back , this indicates that its a strong level to buy if in a uptrend and sell in a downtrend. Stop loss can be kept 5 to 50 pips depending on the time frame, low the time frame, lower the stop loss
10. 200 EMA is more powerful of the ema's and is like a barrier which prevents price from breaching it , and if breached can be a move of 50 to 500 pips in that direction till the change of trend.

Trend and Pivot

Price below daily pivot = bearish

Price above daily pivot = Bullish

Price below 200 ema and 60 ema = trend is bearish

Price above 200 ema and 60 ema = trend is bullish

red EMA on top of blue EMA = down trend

blue EMA on top of red EMA = up trend

Good

Example 1



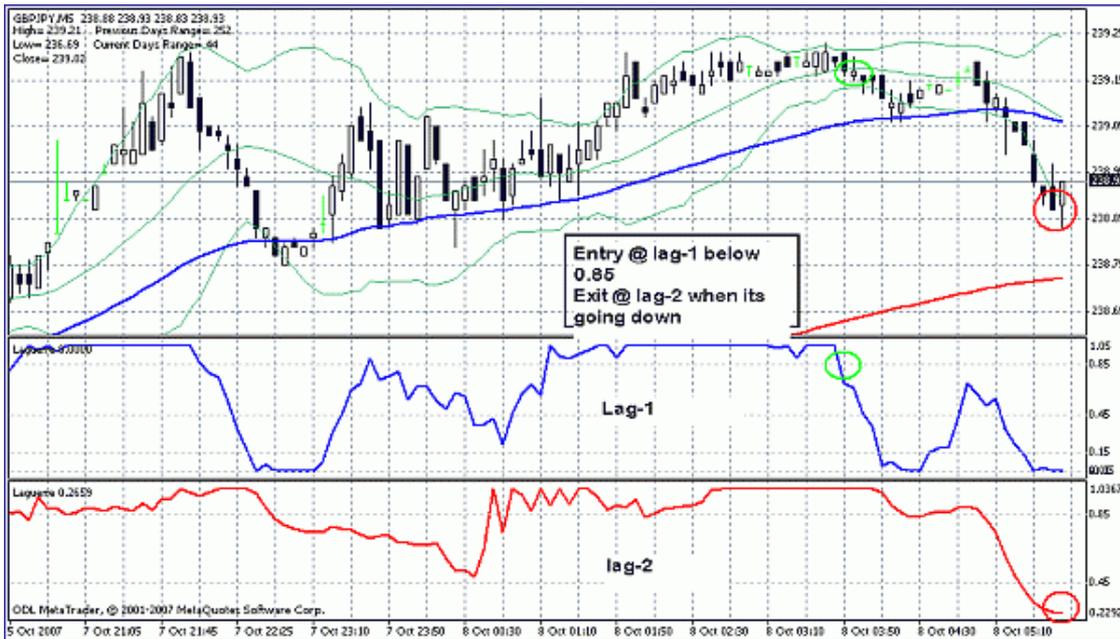
Example 2



Watch the alignment of MACD and Blue Lag; they are the first indicator to take a position. Once the red lag starts to move you can increase position.

Always close the trade when the indicators show reversal signs.

Example 3



Give more importance to the position of lags and macd crossover over any other indicators.

Knowing that there is a strong resistance at 227 area give confidence to go short. It is important to look at historical support/resistances.

Notice the Double Tops, Double Bottoms and Candle stick reversal patterns

Example 4



Example 5



Example 6



Example 7



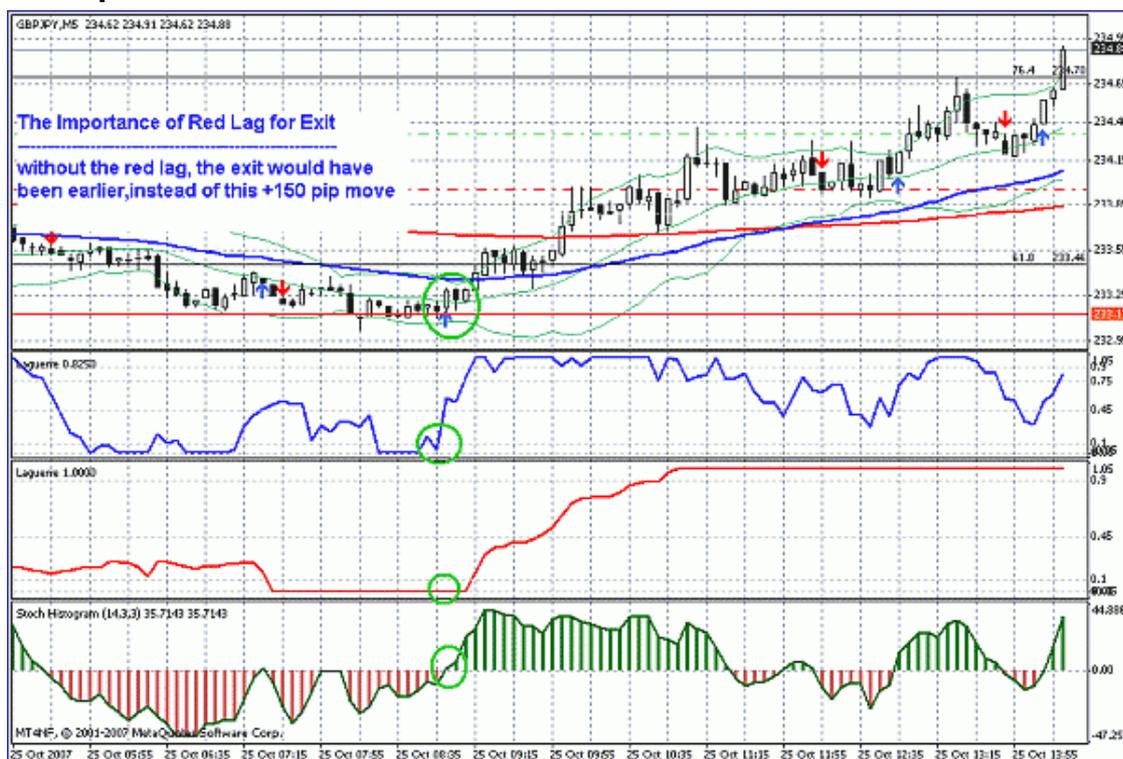
Example 8



Example 8



Example 9



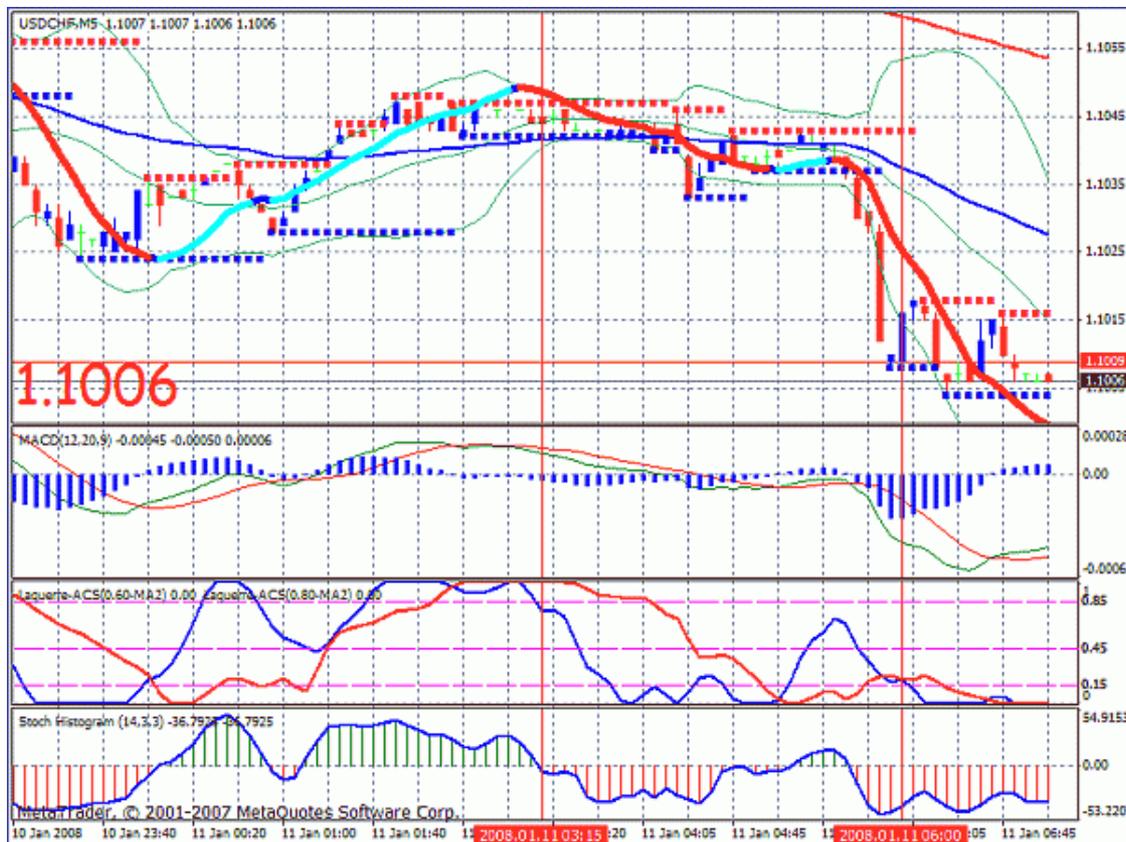
See how the red lag helps getting more pips.

Also note price has always been in the upper portion of the Bollinger band, this is another confirmation of the long trade and price was above daily pivot...all these factors made this a good trade

Example 10



Example 11



This is a good setup

Bad

Example 1

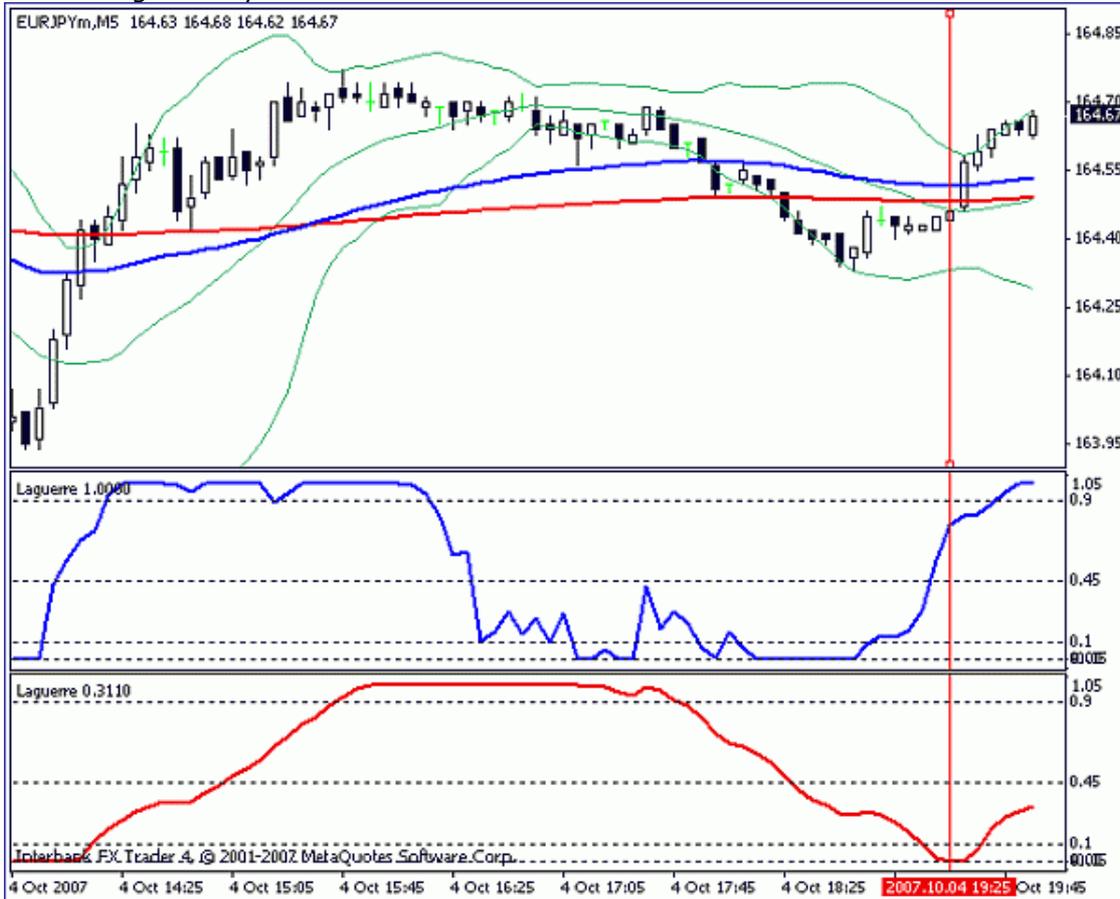


Was not a good trade because

1. Market is clearly in an uptrend
2. Red Laguerre is not climbing down, could go on being flat for a while
3. The price is above the daily pivot, therefore we should think bullish.
4. Look at the candle it's a small hammer.
5. Price found support on middle bollinger band

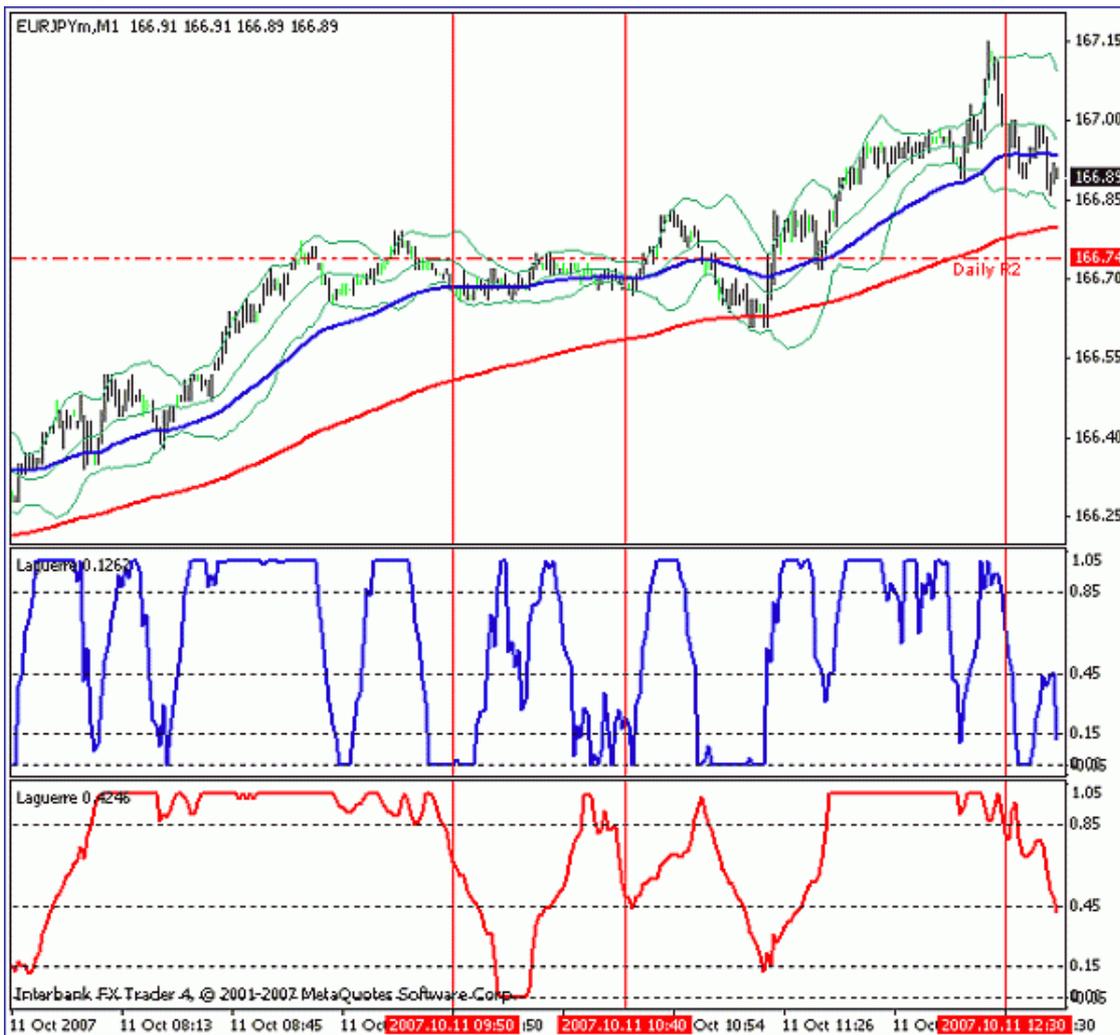
Example 2

Would you have taken this long trade considering the blue lag had already gone so high before the red lag actually hit bottom?



No, don't take this long trade. If you still want to take it, do it ONLY for some quick pips.

Example 3



First two red bars are invalid setups/entries.

Third one is valid but risky.

The market is in a STRONG move UP, so long side is preferred. All short signals will be counter trend until the trend ends.

The trend was up, that's why the red lag never came down below 0.85, you should have also watched the 15m chart if u were doing trade on the 5min to see the trend and take trade with the trend.

Example 4



Do not enter this trade

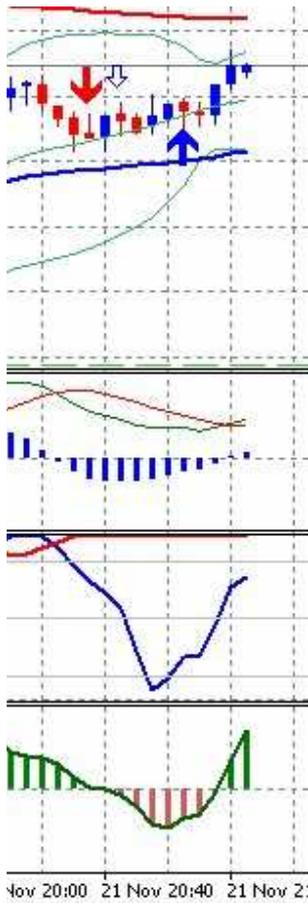
1. 60 EMA has crossed 200 EMA down, this means price is going down
2. The trend was bearish, meaning down, so taking the trade is counter trend so not recommended

Example 5

Bad setup/entry.

The trend was up, not down (look at the EMA and Bollinger bands)

Also if you notice, price bounced off the middle Bollinger band, that's a sign of up move



Example 6



Bad entry/setup

1. Price was within the lower Bollinger band - indication that downtrend still on
2. 60 EMA (blue) was curving down - indication of a downtrend
3. MACD crossover was still below negative and bounced off the signal line
4. Red lag had just come down to bottom, indicates that the downtrend still in progress



Example 7

Bad entry/setup

1. 60 EMA is pointing down
2. Middle Bollinger Band is pointing down
3. Bearish trend after a surge up
4. MACD crossover below Zero line

Example 8



Bad entry/setup

In such a strong uptrend, you do not look to go short

1. 60 and 200 EMA trending north strongly - uptrend
2. Price has not come below middle Bollinger band 90% of the time its been going up

Example 9



This is a tricky setup. All indicators are telling us to short but the Bollinger band is pointing UP.

