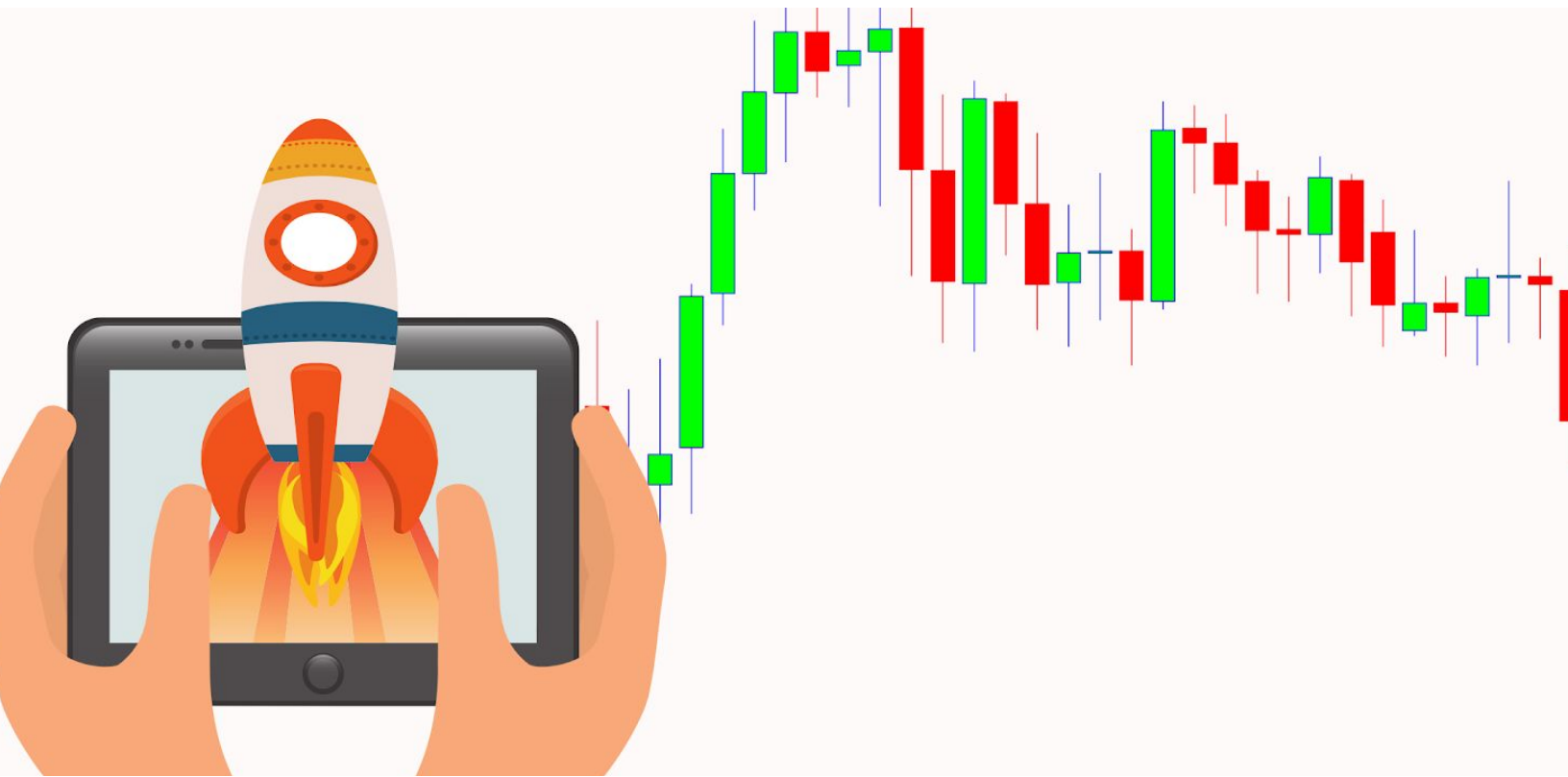


Scalping Trading Strategies Quick Guide



Trading the markets with scalping trading strategies can be an incredibly exciting way to trade.

You can get in and out of your trades in moments and you can make profits in many different markets.

In this post we go through exactly what scalping is, if it is for you and how you can use it in your trading.

What is Scalping?

Scalp trading or scalping is a higher risk trading strategy that if done correctly can come with higher rewards.

The reason many traders are attracted to scalping on the smaller time frames like the 5 minute and 1 minute charts is because there are a lot of opportunities to make trades.

When scalping you will be able to jump in and out of trades in minutes and make profits from very small movements that price makes higher or lower.

When trading markets like Forex you will be able to [trade long](#) and short and will also be able to find trades that are making strong trends for long periods.

As we will go through in this post, scalping can open the way for high reward trades using some very simple strategies.



Why Would You Want to Scalp Trade?

Scalping is definitely not for everyone.

Scalping can often involve higher risk levels and you will need to be switched on and watching your charts at all times.

Not only will you need to be switched on and watching for potential trades, but when you are in a trade you will need to be monitoring it constantly because the markets can change rapidly.

Consider the following to see if scalping is for you;

Scalping is for you if:

- You want quick trades and to know if you won or lost quickly.
- You want many trading opportunities.
- You don't want to hold your trades overnight.
- You are happy with smaller pip gains.

Scalping is not for you if:

- You don't want to be jumping in and out of trades every few minutes.
- You are more suited to [swing trading](#).
- You are not comfortable with riskier trading strategies.

Scalping vs Day Trading

Scalping is similar in many ways to [day trading](#). With both strategies you will be trading during the one session and not holding your trades.

The main difference between scalping and day trading is that day traders will normally pick one or two trades to hold for the session. Day traders will often analyze their trades longer and will have a longer trade holding period.

Scalp traders are using much smaller time frames such as the 5 minute and 1 minute charts to quickly jump in and out of trades.

Scalpers are relying on making profits from very small price movements in a very quick time, whereas day traders can be holding their trades for hours with far bigger pip gains.

Best Indicators for Scalping

One of the best indicators to scalp the markets is the moving average and in particular the exponential moving average or EMA.

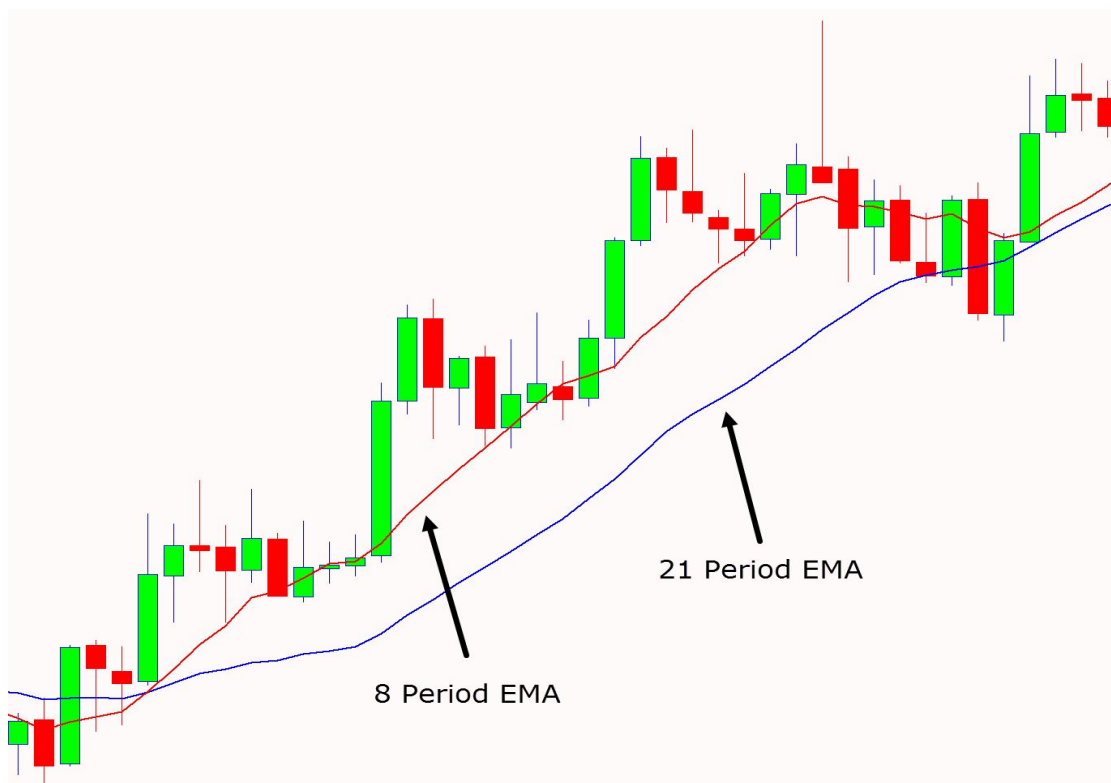
Not only can the EMA help you find trends in the markets, but when you use two different EMA's it can help you identify the strength of a trend.

Learn about [how to use EMA's in your trading here](#).

The example below shows two EMA's added to the chart. These EMA's are the 21 and 8 period.

Often when swing trading you will use longer period moving averages like the 50 or 200 period, but when scalping you need shorter period EMA's to find the rapidly changing momentum.

In the example below we can see the 8 period EMA has crossed the 21 period EMA and price is strongly trending higher leading to potential bullish long scalping trades.



Profitable Forex Scalping Strategy

A lot of the very popular and successful scalping trading strategies have the same things in common.

When using a scalping strategy you want to look for a strategy that has;

- Small stops and tight risk management.
- Trades that have the potential to make big reward profits.
- Markets and Forex pairs with small spreads that don't eat into your profits.
- Markets that have a lot of volatility and give plenty of trading opportunities.
- Most heavily traded Forex pairs that can often trend on smaller time frames for long periods.

The best scalping strategies will allow you to find many potential trading opportunities. This will give you the chance to make many trades, but also weed out the bad setups.

You should also be mindful of Forex pairs and other markets where there is a high cost to trade and high spreads. This will make it incredibly hard to be profitable when scalping.

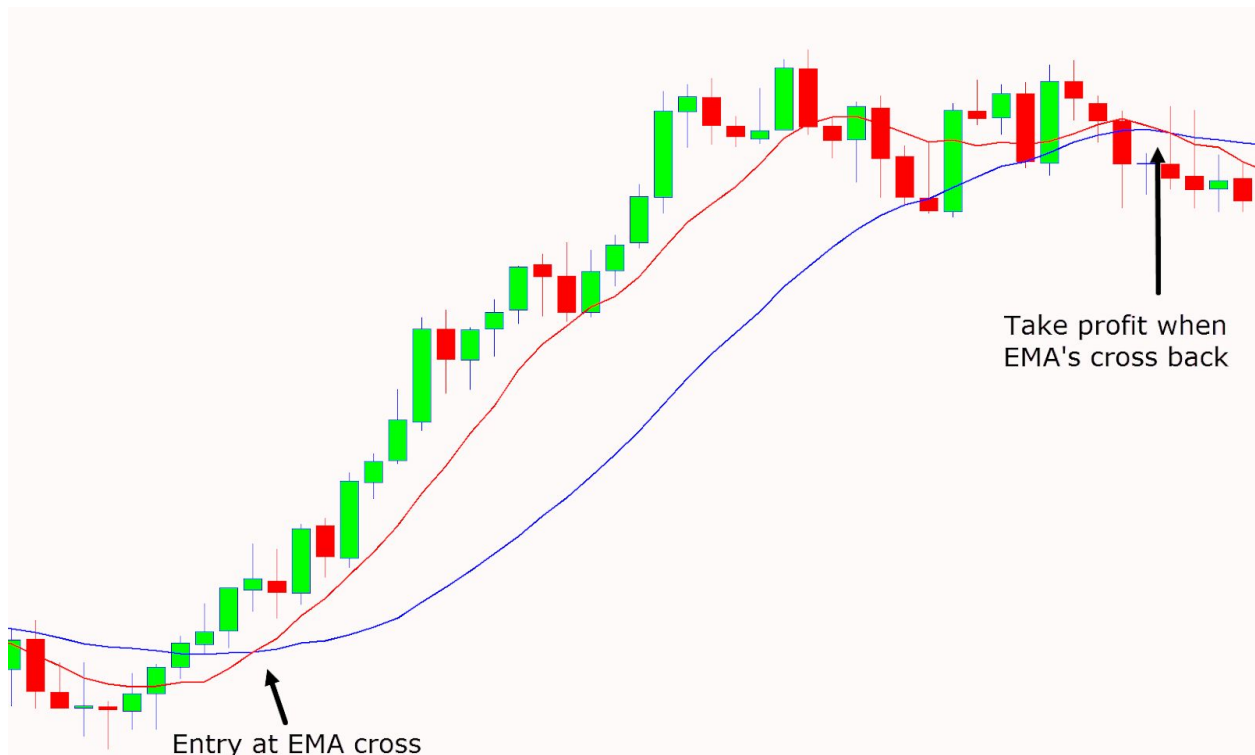
When scalping you will be using small stops and the best strategies will allow you to find large risk reward winning trades that will cover your losses and make you profitable.

5 Minute Scalping Strategy

The key to this 5 minute scalping strategy is finding a strong trend with a moving average crossover.

When the 8 period moving average crosses the 21 period moving average and begins to widen we can begin to look for trades in the direction of the trend.

In the example below; the 8 period exponential moving average crosses above the 21 period moving average and starts a strong trend higher.



Trades could then be hunted using other confluences such as using [Japanese candlesticks](#) for entry points or major areas of supply and demand.

The stop loss could be trailed behind either the 8 or 21 period moving average depending on how aggressive you are with your trade management.

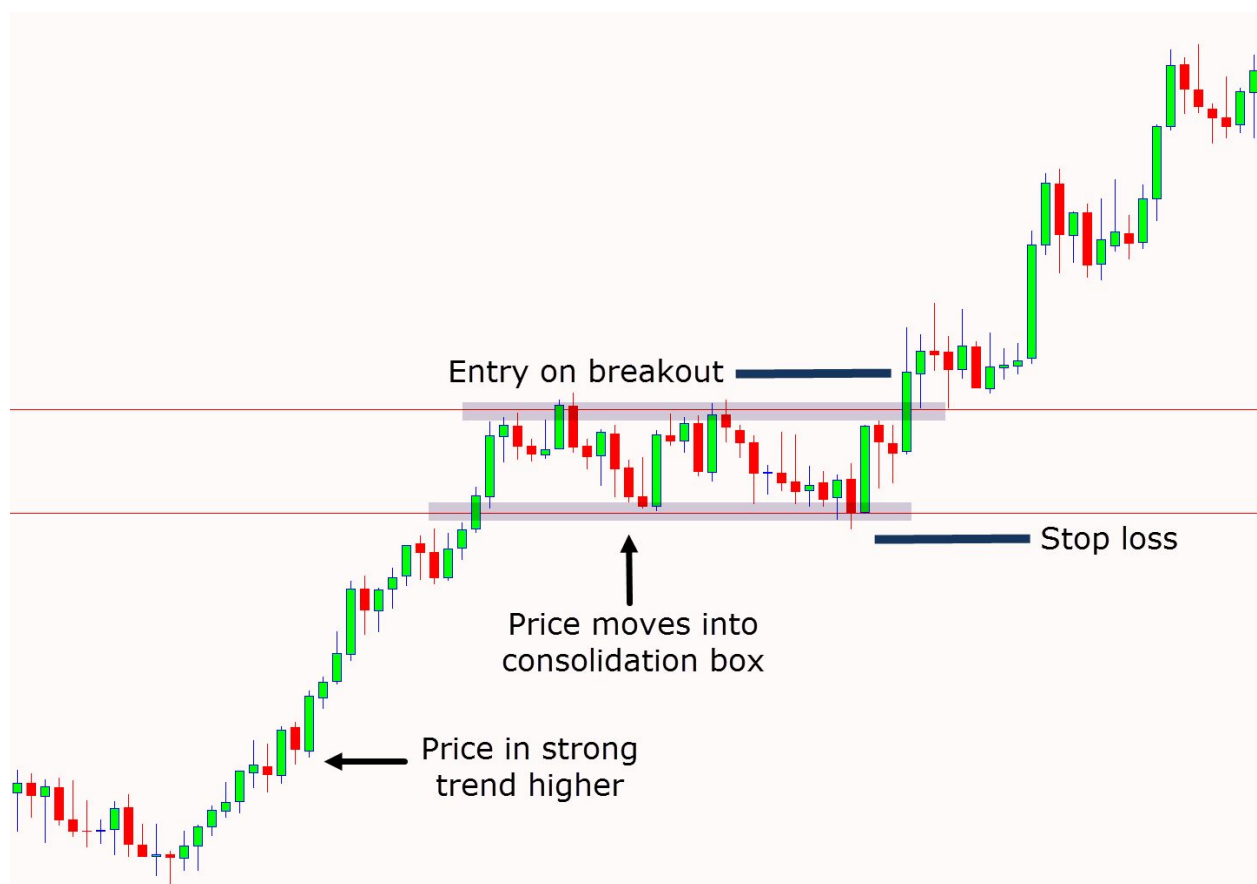
1 Minute Scalping Strategy

The key to this strategy is first identifying an obvious trend either higher or lower.

Once you have found a trend you are then looking for price to pause or consolidate.

In the example chart below you will see price was in a strong trend higher before moving into a sideways consolidation pattern.

We could then look to play the [breakout trade](#) inline with the existing uptrend when price breaks through the resistance level.



Lastly

Scalping the markets is definitely not suited for every trader. If you think scalping may be for you the best thing you can do is [download free demo charts](#) here and test out your trading with no risk using virtual money.

This way you will know if scalping is for you and if your strategy works.