

Bitty Bodies

Scalping System



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Bitty Bodies - Scalping

I've been asked several times in the last few months to develop a **very simple**, yet effective, scalping system. I'm not very interested in scalping myself. I prefer big game hunting, but I DO, from time to time, scalp the 15 minute charts. Here's a very effective method of scoring some decent pips. I call it bitty bodies. The reason for the name will be apparent when you see the setup candle.

This system works on any pair and on any timeframe. I, personally, would never trade anything lower than the 15 minute chart with any system. I've tested this system on everything from 15 Minute to Daily. I've had good results on them all.

The system works best when you trade in the direction of the next higher timeframe. For example, if I am trading the 1 Hour chart, I'll look at the color of the current 4 Hour candle. If the 4 Hour candle is Green, or Bullish, I'll only take Long setups. If the 4 Hour candle is Red, or Bearish, I'll only be looking for Shorts. This makes the system much more effective.

Chart Setup

Chart Type: Candlesticks

Indicators: MACD (12,26,9)

Setup Candle

The setup candle for this system is very easy to identify. It is a candle with a body that is no more than half the size of the entire candle. That means that the wicks have to be at least as long as the real body.

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Short Entry Setup

1. At least 5 MACD bars in a row are below the 0 line.
2. Setup Candle presents itself.
3. Setup Candle has a lower high and a lower low than the preceding candle.

Long Entry Setup

4. At least 5 MACD bars in a row are above the 0 line.
5. Setup Candle presents itself.
6. Setup Candle has a higher high and a higher low than the preceding candle.

Short Entry

1. Place Short order 2-3 pips below the low of the setup bar.
2. Place SL 2-3 pips above the high of the setup bar.

Long Entry

1. Place Long order 2-3 pips above the high of the setup bar.
2. Place SL 2-3 pips below the low of the setup bar.

Exit

There are two exit strategies for this system.

1. Simple: Exit when price action stalls and you're in profit. Don't get greedy. You can get dozens of trades per session with this system! 5-10 pip gains add up quickly!
2. Advanced: Exit ½ position when the price moves in your favor a distance equal to your SL + spread. Let's say you have a 5 pip stop loss and a 3 pip spread. When price action moves 8 pips in your favor, you close ½ your position and let the rest ride. After you close ½ your position, the rest of the trade is free from risk! You cannot lose money. You can catch some HUGE gains like this. You'll stop out much more often, but your winners will be much bigger.

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Disclaimers

Forex is a High Risk Investment

Trading in the foreign exchange markets carries a high level of risk, and may not be suitable for all individuals. The high degree of leverage offered in the Forex markets can work against you as well as for you. Before deciding to trade in the foreign exchange markets you should carefully consider your investment objectives, your level of experience, and your risk appetite. The possibility exists that you could sustain a loss of some or all of your equity and therefore you should not invest money that you cannot afford to lose. Only true discretionary cash should be used in trading. You should make yourself aware of all the risks associated with foreign exchange trading and seek advice from an independent financial advisor if you have any questions or concerns as to how a loss would affect your lifestyle.