



Bonus Method:

The FXBA Scalping Assault

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Why Scalp Off The Intraday 'Ladder' Levels?

These 'ladder' levels (you'll recognise them as the Gann Eighth levels from the main body of the FXBA course) will keep you busy if, and when, you want to sit down at the screen and trade live for an hour or two.

They let you find opportunities from 'free-trade' so there isn't a formal, rigid set of rules like with some of the other set-ups we use.

Here, we're going a bit more 'organic'.

With this additional method, you simply open your eyes, look at what the market is showing you, drop your orders in, see what you get, rinse and repeat.

This technique lets you enhance the results you're already getting from the strategies we've covered so far - although if you get to the stage where you're ready to commit regular daily sessions at the screen, this could very well become the set-up you rely on for the bulk of your daily take.

The Ladder levels have a built-in 'directional-compass'. They make you trade in the direction of highest probability and that gives you a sizeable edge once you start putting some trades behind you.

But again, don't expect *every* trade to work out for you. I can't stress enough how important it is to have a realistic outlook. You *will* have losing trades. Your job is to accurately identify the opportunity, take what the market gives you, and then move on to the next trade without emotion.

We're working very close to the coal-face here and when you're trading live, it can be easy to let your emotions carry over to the next trade. Purely due to the short timeframes we're operating within.

With the core FXBA strategy we usually have some time before the next trade triggers, and psychologically that gives you chance to reconcile and come to terms with any negative emotions your last trade result may have generated. You have a good chance of walking into the next opportunity with a clear, unbiased mind.

With shorter term, quick-fire stuff like scalping the Ladder Levels, you can still be cursing your luck at missing your profit target by a pip on that last trade as you go looking to take your 'revenge' on the market with your next.

If you don't keep on top of it this kind of thinking can be responsible for a problematic loss in discipline!

So, as always, let's go into this with eyes wide open. It's going to give you *plenty* of opportunity throughout the day but make sure you're careful to use it purely for your benefit.

Why the Ladder Levels Let Us Stalk the Short Term Intraday Trend

The various Ladder Levels combine to provide an overall strategic scalping technique that lets you exploit the rhythm of the market as it ebbs and flows throughout the trading day.

We use specific extensions off the opening range highs and lows to pick our spots and we let the market come to our orders and pick them off. We're not flapping around worrying about missing breakouts, or scratching our heads because a particular candlestick pattern has formed, or predicting what the market's going to do because some indicator lines have crossed.

This is a very simple set-up – almost unbelievably simple – but it has some seriously heavy duty pedigree behind it.

We project-out extensions off the opening range highs and lows in 25pip increments, so we start with 25 pips above the open (ring any bells? – this is going back to the Gann Eighths stuff we covered in the main course), we then drop a level in at 50 pips above the open, then 75 pips, 100 pips etc...

And the reason these particular numbers are proven to work incredibly well for finding short term scalping trades in EURUSD?

They're the result of applying customised Gann analysis to our short-term time-frames.

This type of analysis is heavily followed in institutionally traded markets like the Bond Futures – I know of one futures pit trader in particular, trading his own account, who appeared to do little more than apply this exact setup day-in, day-out, and regularly took home *five-figures* at the daily closing bell – probably still does.

And the good news for us is it works unbelievably well in EURUSD too (in fact, it gives even more opportunities on an average day than in the Bonds where the method was honed and developed).

So much volume lies in wait to trade around these levels the market can do little more than respect them.

But it was W.D. Gann who first observed and tested the foundational theories behind this set-up *many* decades ago.

W.D Gann was a colourful, controversial character. Operating the financial markets in the early 1900's, he bankrolled the infamous trader Jesse Livermore (the 'Boy Plunger' of *Reminiscences of a Stock Operator* fame).

And Gann himself was undoubtedly a gifted analyst and trader. He was rumoured to net millions of dollars a year, on a regular basis, throughout his fifty-year career. Yet he had some really quite unorthodox ideas about market analysis.

Ancient mathematics, geometry, time cycles and even astrology all formed part of his approach to the markets, but the stuff we're using here are his 1/8th levels applied to the full 100pip 'handle' of EURUSD.

And don't worry, there's nothing even vaguely mystical about what you're about to see. It's all solid, proven and usable.

Just to be clear, we're not using retracement percentages of specific movements the market has already made, like you may have seen when using Fibonacci retracements.

With this, you simply take 1/8th increments of a full 100pip handle. We're trading the 'major' levels (the 25%, 50% and 75% levels) we put the 'intermediate' levels (the 37.5%, 62.5% & 87.5% levels) to one side whilst we're trading this technique.

Let's see how to go about trading it...

Scalping the Ladder Levels step-by-step:

Here's a quick overview of the 3-step system for trading the Ladder Levels, followed by the detailed process:

- 1) Draw horizontal lines across your EURUSD chart in 25 pip increments above the opening range high and in 25 pip increments below the opening range low. These are your 'Major' Levels – the ones we're looking to initiate trades off.
- 2) Look back over previous price action to see if and when today's ladder levels intersect previous areas of high activity – these are the levels that have the highest probability of repelling the market to some degree should the price action reach them i.e. these are levels we can consider fading

NOTE: 'fading' just means trading against the immediate short term trend - i.e. selling into a pop to the upside or buying into a dip to the downside

- 3) Be prepared to place entry orders one pip above or below the Ladder Levels you have designated as high probability for today's trade. Decide which you will 'fade' and which you will treat as a 'continuation trigger'.

Use 'If, Then OCO' bracket orders so your exit orders are automatically placed once your entry order is filled. I suggest a default 12 pip profit target with a 12 pip stop loss.

The Detailed Process:

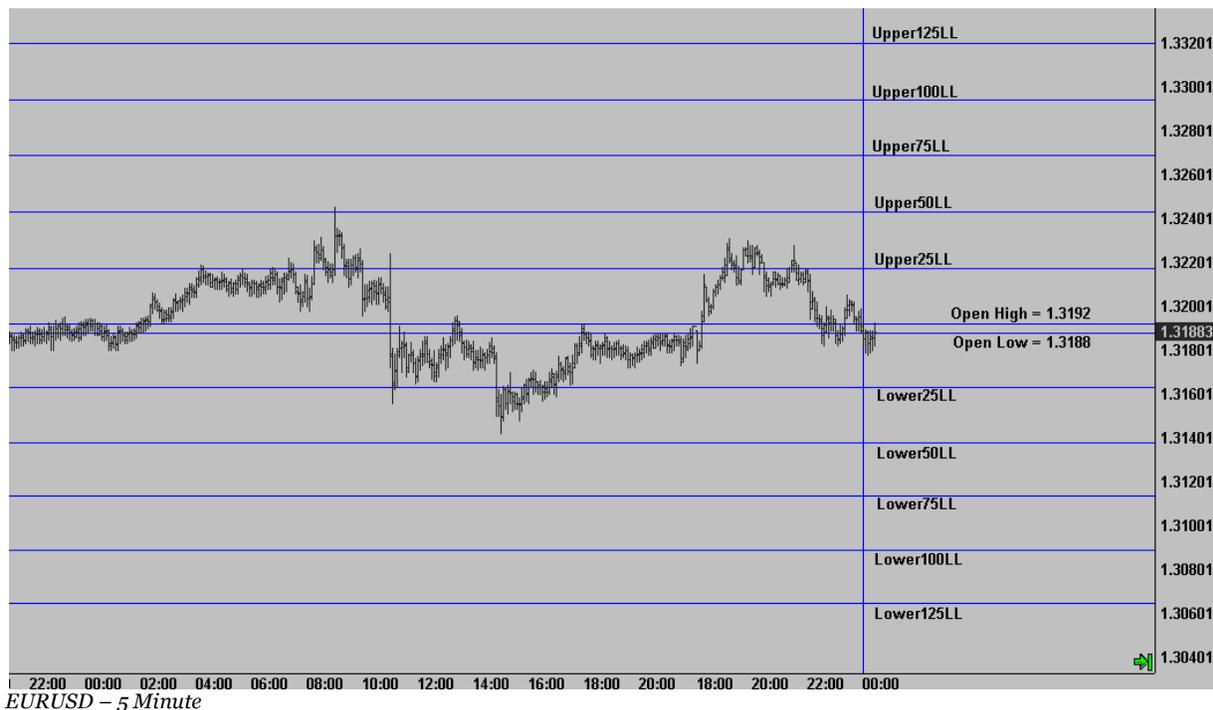
1) Draw horizontal lines across your chart in 25 pip increments above the opening range high and in 25 pip increments below the opening range low – these are your 'Major' Ladder Levels – the ones we're looking to initiate trades off.

NB: The 'dateline' opening range is good for producing scalping levels. Use 00:00 to 00:01 London time.

(You only need go 3 or 4 levels deep either side of the open until the price action looks like it's going to reach beyond your marked-up range of levels. You can then do a bit of analysis on the fly – only takes a minute or so - and drop the deeper levels in as you need them).

Note for FXBA Traders: the examples in this pdf use the 'dateline' opening range (one minute past Midnight London time). Try using this open if you're purely scalping or tie it all in with your normal 7am opening range if you're scalping alongside your core FXBA campaign for the day.

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2) On a five minute chart – look back over previous price action to see if and when today's ladder levels intersect previous areas of high activity – these are the levels that have the highest probability of repelling the market today if the price action should reach them.

Let's start looking at the Ladder Levels band-by-band. We'll try to identify which ones we're prepared to fade and which we'll just take a continuation trade off once the market has made an initial move through the level.

Note for FXBA Traders: If you're scalping alongside your core FXBA campaign you might choose to take only the 'Continuation' trades that fall in-line with your analysis of the day's directional bias.

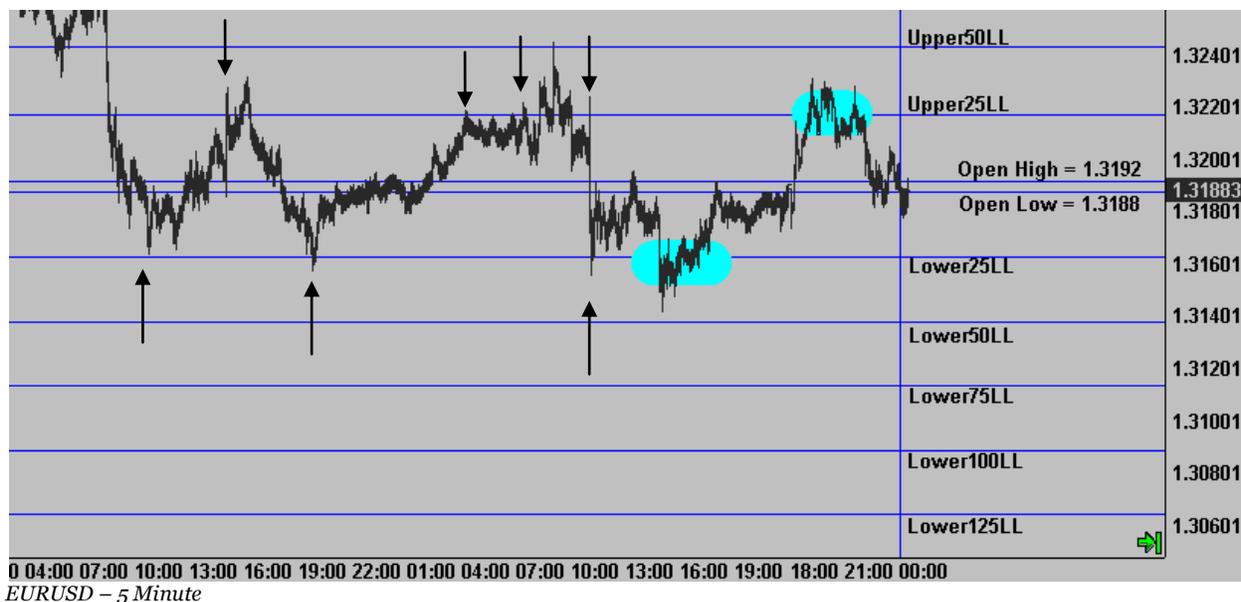
Will we call *every* one correctly? – Not a chance, impossible.

With a bit of analysis, can we swing probability in our favour enough to give us a viable trading edge? – Absolutely!

(We're looking at this set-up in isolation here, just for the sake of this step-by-step walkthrough. In live conditions you will have your FXBA analysis of Support & Resistance, Fib Retracements and Fib Extensions that you can overlay on the chart. This will give you even more guidance on the Ladder Levels to pay attention to when looking for fades).

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Let's start with the 25pip Ladder Levels. I like to use a real crunched-up bar chart that nicely highlights the areas of 'clustered' trade:



We can see from the areas highlighted blue there are untested clusters of activity directly on both the upper and lower 25pip ladder levels.

You can see from the black arrows, the upper 25pip LL has been poked and probed from below on a number of occasions over the last couple of days.

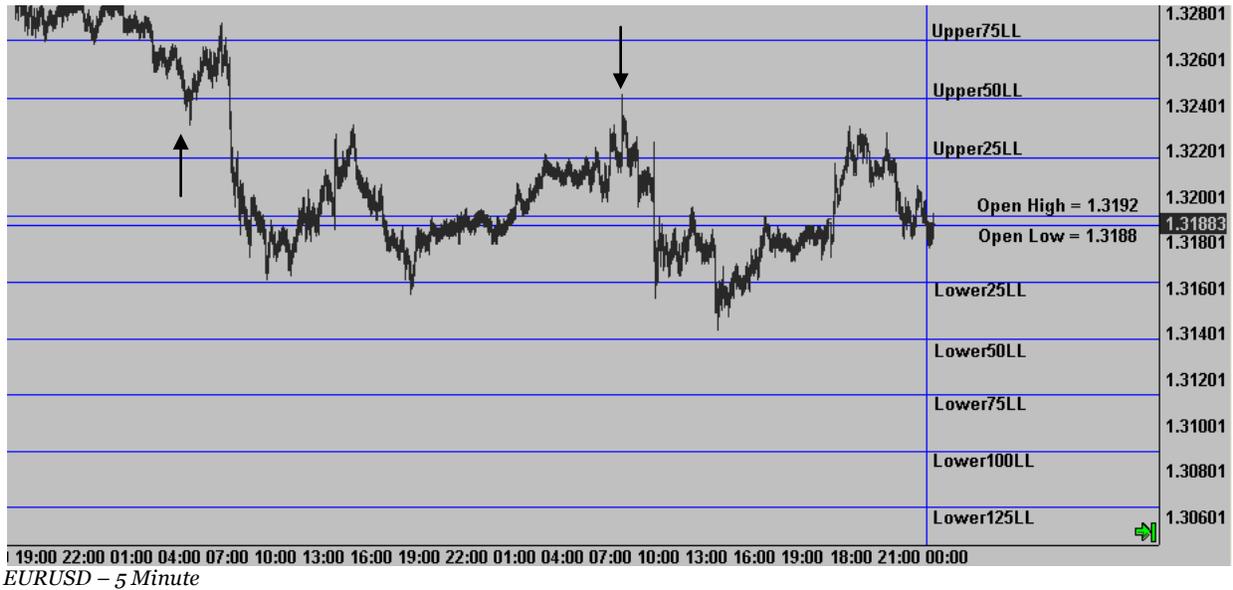
Probability tells us if the market establishes *above* the Upper25LL we should place a limit order one pip above the level to buy – it is a 'continuation' order which leans on the back of that bearish sentiment. This is a very useful concept to bear in mind - resistance becoming support.

In a similar way, the lower 25LL has been poked and probed from above on a number of occasions recently. We should look to sell off the level if trade establishes below it – a 'continuation' trade to the short-side.

N.B. It can be a bit spooky sometimes how everything lines up like this – maybe Gann was right, perhaps the markets are influenced by unseen forces!

So, we've decided we'll trade either side of both the 25LL's. We're preparing to take continuation trades off them. We'll leave our horizontal lines blue in colour to demark our decision.

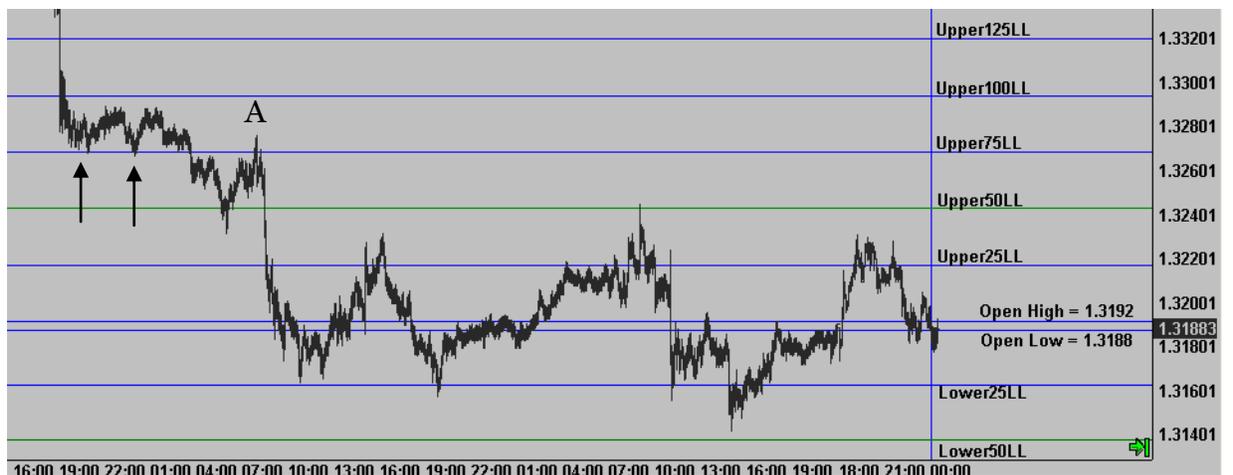
Let's move onto the 50's...



On the Upper50LL, we see a probe from above and a probe from below in recent days. No real area of high activity though, not enough to justify fading the level. We'll call it 'continuation only' and colour the line green to demark our decision.

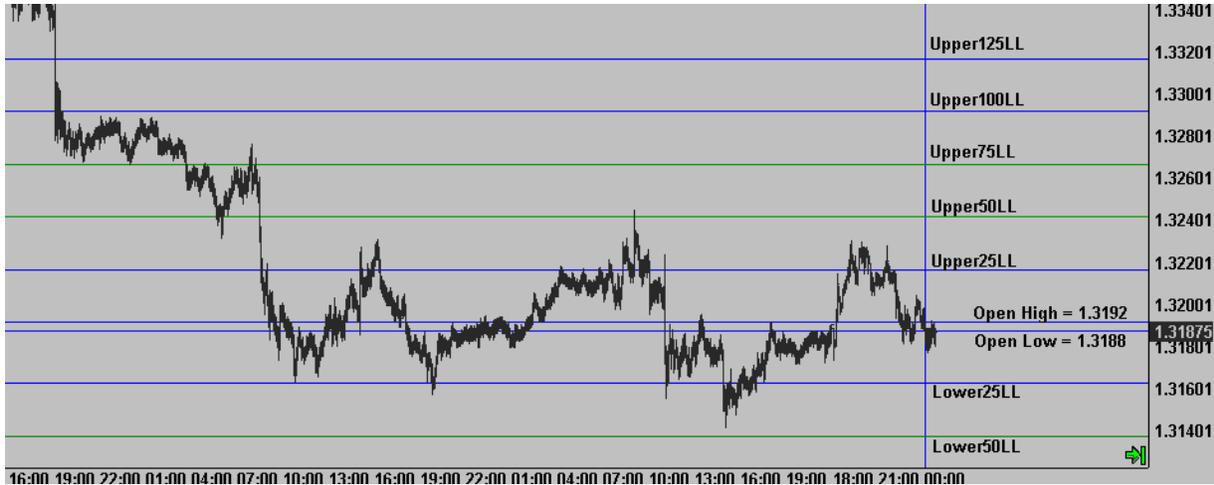
For the Lower50LL – in fact for all lower LL levels down to 125 – we're looking at fresh air... there's nothing to 'lean on' for a fade. We'll mark them all 'continuation only'.

The Upper 75:



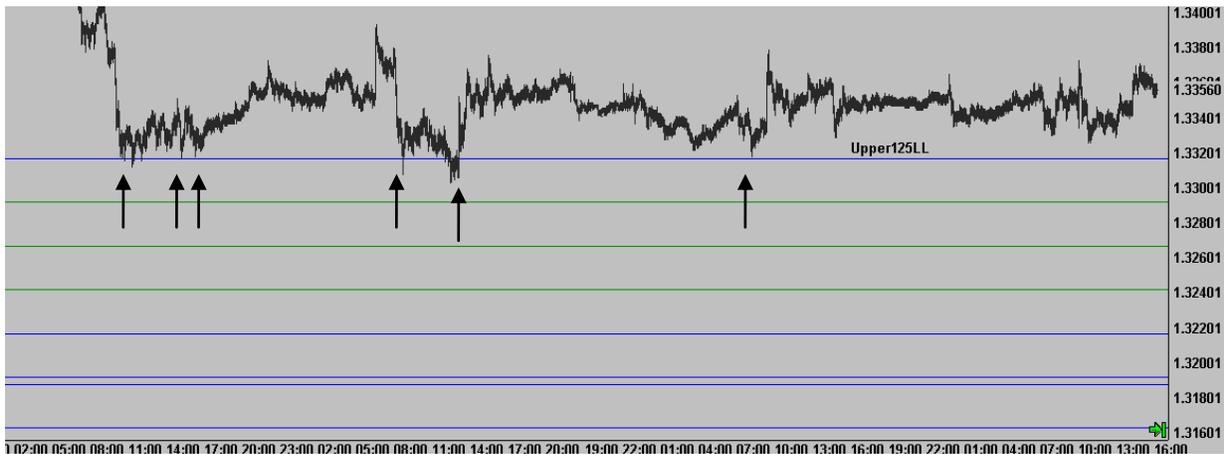
We've seen the market bounce off the Upper 75LL a couple of times recently (see arrows) the pop-up labelled A has already tested that resistance. We'll treat it as continuation only – colour it green.

The Upper 100:



Nothing there to lean against as a fade. Continuation only – colour it green.

The Upper 125:



I've scrolled back a couple of days further here to pick up the price action relevant to the upper 125.

Look at that strong support right on our level – they were fighting hard to keep it up there before it finally broke through to the downside.

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The first retest from below will occur right on our level – it's a high-probability fade. We expect to see *some* reaction to it - support becoming resistance.

We'll colour the level red to demark a strong fade.

Thinking in terms of probability, we'd need to see the market *well* established again, higher above this level, before we considered taking a continuation trade off it.

3) Be prepared to place entry orders one pip above or below the Ladder Levels you have designated as high probability for today's trade. Decide which you will 'fade' and which you will treat as a 'continuation trigger'.

Use 'If, Then OCO' bracket orders so your exit orders are automatically placed once your entry order is filled. I suggest a default 12 pip profit target with a 12 pip stop loss.

So, we've decided which levels we'll fade – we could even go right in there now and put working Limit orders in a pip before the level.

For the continuations, we need to wait for the market to establish beyond the level – look for a penetration of 10 pips – before we place our Limit orders to get us into the trade on the retest.

Here's how our Ladder Levels are looking now...



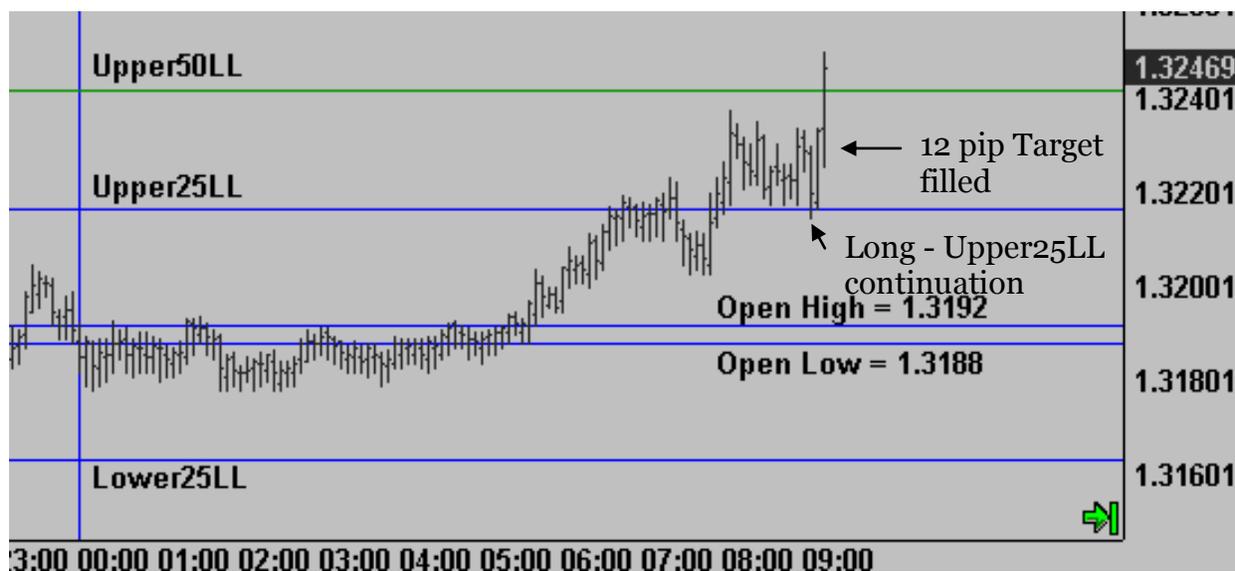
I'll keep with the bar chart for the walkthrough now – you can see the reactions to the levels a bit clearer than with candlesticks.

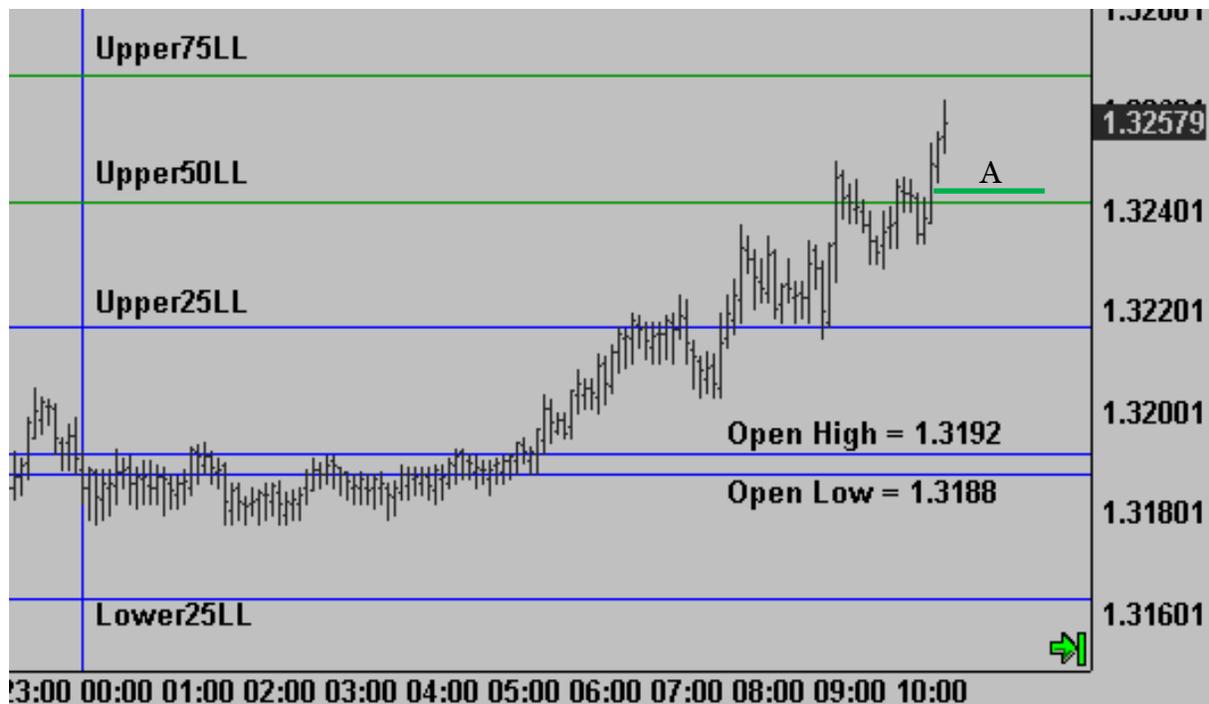
Let's see what we get...

The first level to go is the Upper25LL ...

We are able to get into a long trade using the continuation setup off the back of the Upper25LL .

The trade lasts a few minutes and we filled on our 12pip target shortly after entry.





We get a small dip as the market meets the Upper50LL level but we're only looking to trade this as a continuation.

The market then penetrates through it by at least 10 pips and we drop a BUY LIMIT entry order to get us into a long trade if the market drops back down to retest the Upper50LL.

We put the order in a pip above the level itself (see the short green line labelled A).



We don't get a drop back down to the Upper50LL .

The market now moves up to the Upper75LL, consolidates there for an hour or so, and then penetrates through it by 10 pips.

The Upper75LL now becomes the 'active' scalping level.

With these trades we're looking to the momentum that the initial reaction to the level provides. Once the market has triggered the next level, cancel the redundant unfilled continuation order at the lower level and place a new one at the currently active level.

In this case we cancel our Buy order at the Upper50LL and place a new BUY LIMIT entry order one pip above the Upper75LL (short green line labelled A).

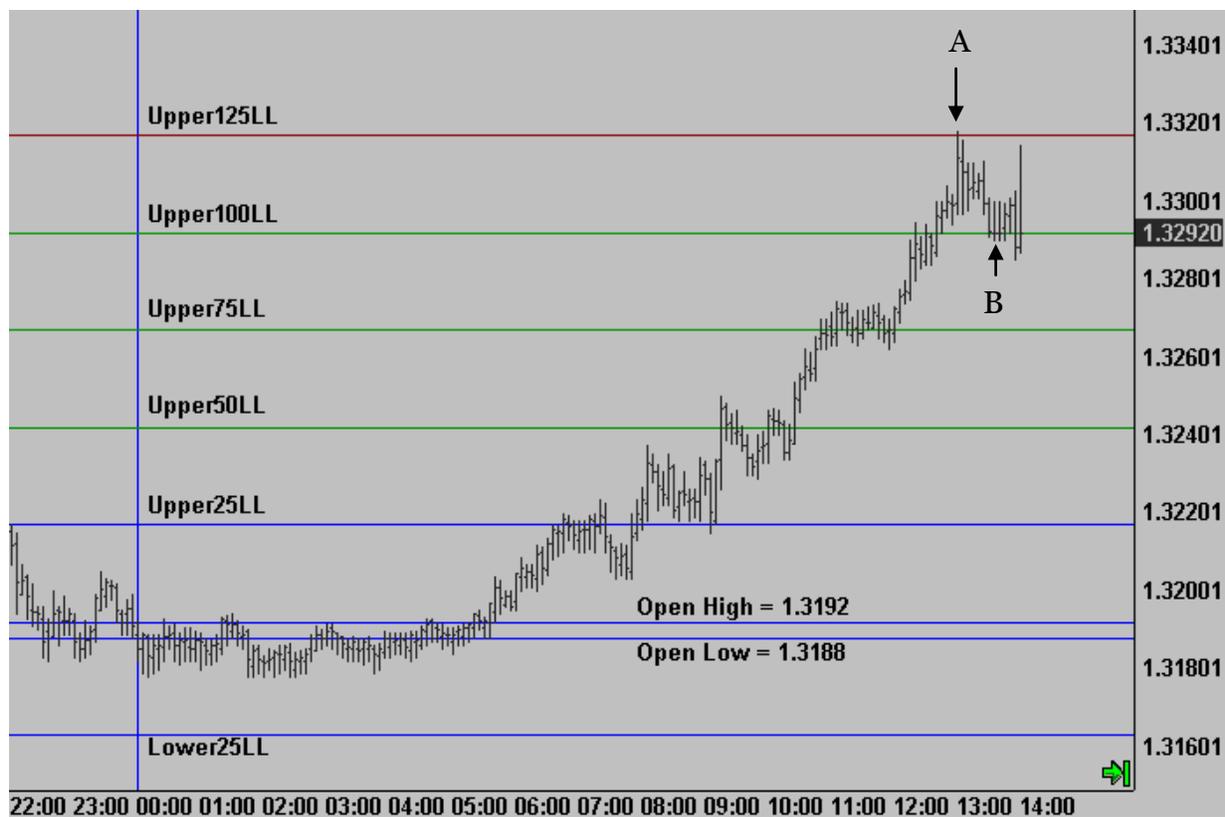


The market doesn't take a second look back at our Upper75LL either... it pauses at the Upper100LL for 20 minutes before penetrating through.

We cancel our working order at the Upper75LL and place a new one a pip above the Upper100LL (short green line labelled A).

We're also in sight of the Upper125LL now and we've got a SELL LIMIT order already working a pip below it (remember we identified this as a strong enough level to fade).

It's time to place that order now if you hadn't placed it earlier in the session. It's at the short red line labelled B.



Our patience is finally rewarded...

We get a fill on our SELL LIMIT fade off the Upper125LL (A) with an exit at our profit target a few minutes later for a +12 trade.

And the market never penetrated the Upper125LL by 10 pips, so in terms of continuation trades the Upper100LL is still active.

We get a fill there on our BUY LIMIT entry order (B) and an exit at our profit target about twenty five minutes later for another +12 trade.



The market then takes a nose dive...

We get to participate back at the opening range with a scalp to the long-side with a 'Fade The Opening range' setup which is always an option. The baseline opening range levels can become strong in their own right once the market has made a push away from them.

The market drops down through the opening range and bounces off the lower 25 back up to fade the open from the shortside +20 (C) and another +20(D) if you're aggressive.

Phew... busy, busy, busy...

The market then starts to move lower and we can now look at our LowerLL set-ups.



We get a penetration of the Lower25LL so a SELL LIMIT order goes in a pip below the level (short red line labelled A).



No action off the Lower25LL in terms of continuation trade... the market penetrates the next level down – Lower50LL – by 13 pips so we move our SELL LIMIT entry order down to that level (short red line labelled A).



We get a little pop-up to retest the Lower50LL from below. Filled on our SELL LIMIT order (A) and out at our profit target and the market continues lower for a +12 trade.



We get a new SELL LIMIT order working at (red line A) as the market penetrates the Lower75LL...



Filled (A) and out for +12 profit

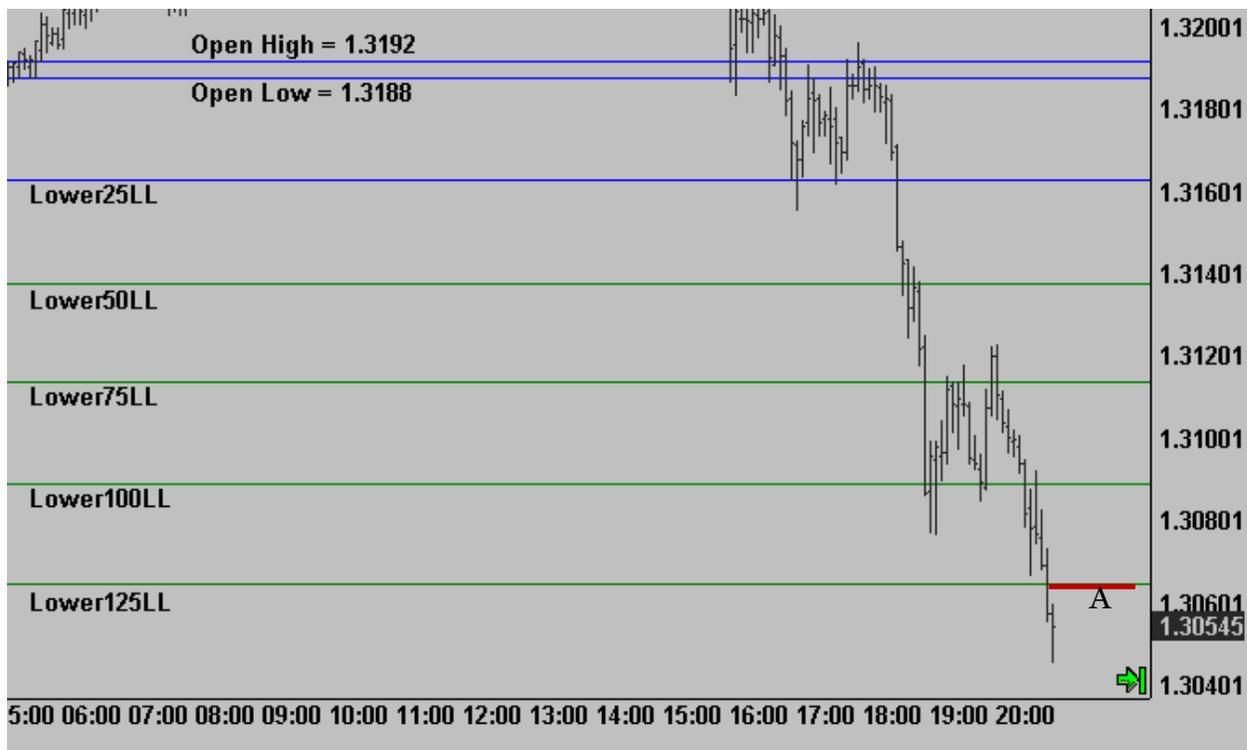


The market pings around off the Lower100LL and the Lower125LL for a while before making the break lower. Fading the Lower100LL could have worked here but we had that level marker as continuation only.

An eventual penetration of the Lower100LL by 10pips gives us a new SELL LIMIT order (A).



Filled on the Lower100LL short (A) and out at the target soon after for a +12 trade.



New SELL LIMIT order goes is for the continuation trade once the Lower125LL gets penetrated sufficiently.



We get filled on the Lower125LL short (A) and then get stopped out very soon after for a losing trade, -12.

The market then chops around into the close . No more action off our levels today.

So that gives you a flavour of the interplay we get between the Ladder Levels.

Let's have a look at the overall shape of this day's price action. See how the market flits between the 'rungs' of the ladder levels - pauses, chops around, bounces between them...

The framework becomes so clear just for the sake of a few simple horizontal lines.

But I know you're in privileged company by using these tools. I reckon *very* few traders indeed - outside of institutional circles - are even aware this stuff exists.



So overall, it was a busy day with action either side of the open but even in these fast conditions you can see how the market respects the levels.

And this kind of action is happening right NOW. It happens all day, every day.

But remember, we're not aiming for flawless perfection. Learn to take the losing trades on the chin and just move straight onto your next opportunity.

Have a look over some historical data and drop the Ladder Levels onto your chart, watch them develop live if you get chance.

And please do test drive your own Scalping Assault. It can be a very powerful strategy in its own right, and is the perfect short-term trading companion to your core FXBA campaign.

I hope you find it useful!

Happy trading,

Rich Fittan