

# BBOX ADVANCED SCALPING SYSTEM

INTRODUCTION	2
INSTALLATION AND CHART SETUP	3
BUY AND SELL ZONES	4
BBOX TICKSPEED INDICATOR	6
TRADING RULES AND CONDITIONS	7
BUY CONDITIONS	7
SELL CONDITIONS	9
IMPORTANT NOTES:	11
TAKE PROFIT	11
RISK DISCLAIMER	12



## INTRODUCTION

Welcome to the trading rules tutorial for the BBOX Scalping System. First, we would like to thank you for purchasing this system and supporting our site. Our goal is to translate professional forex trading tools into MT4 language so that the average day trader can benefit.

This system was created for traders who prefer to take small bites out of the market, getting in and out quickly and therefore minimizing risk. Scalping is defined as the term used for a day trade method where trades are opened and closed within a very short timescale, perhaps anything from a second or two to a few minutes. While this definition is sufficient for most scalping in our case scalping trades can last 20 minutes or more because we put emphasis on how many pips are taken in profit and not necessarily the time length of any given trade.

Before beginning to read this tutorial we emphatically stress that ALL the rules must be followed for you to utilize this system successfully. Picking and choosing which to follow and which to ignore may seem profitable in the short term but in the long run you will come across a dangerous scenario that we have created a specific rule for wherein a loss could have been avoided.

## INSTALLATION AND CHART SETUP

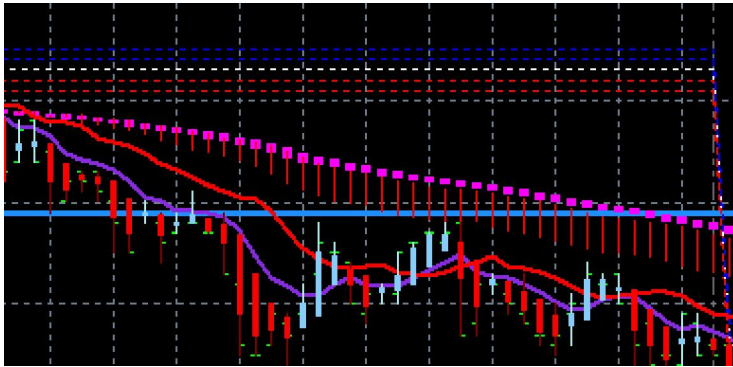
1. Download and Install ITFX Trader from [www.investechfx.com](http://www.investechfx.com) (This is the broker I use that allows scalping and has a 1pip spread on GBPUSD but any broker with very small spreads and that allows scalping will work.)
2. Place the indicators in the 'C:\program files\ITFX Trader - MT4\Experts\Indicators' Folder
3. Place the Swiss Army EA in the 'C:\program files\ITFX Trader - MT4\Experts' Folder
4. Place the BBOX System Template file in the 'C:\program files\ITFX Trader - MT4\Templates' Folder
5. Open ITFX trader, create a demo account – Fill out all relevant information
6. Open a 1 minute GBPUSD chart, Right-Click on the chart, hover over 'Template' and select 'BBOX System' as the template
7. Be sure to check off 'Allow Live Trading' in options and activate Expert Advisors by clicking on the 'Expert Advisors' button at the top of the screen

Now you are ready to trade!

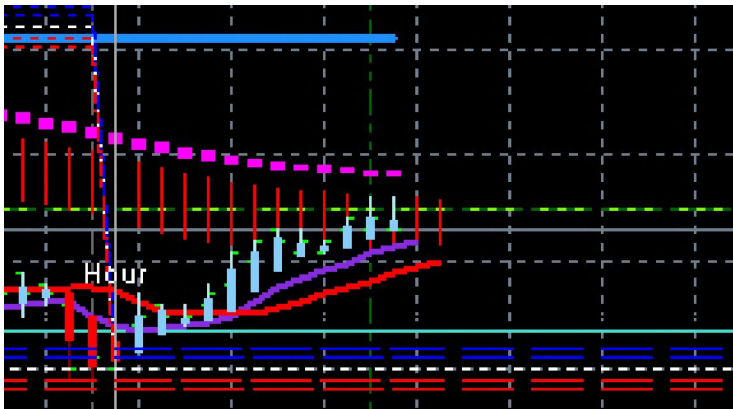
## BUY AND SELL ZONES

The buy and sell zones are a crucial component of the micro day strategy where every hour on the 1min chart is regarded as a daily chart. At the beginning of each 'day' or hour, new buy and sell zones are automatically drawn. The buy and sell zones can only be revealed to be highs or lows after the fact but their real-time function is to provide a perspective on the overall price direction of the hour or micro day.

When new buy/sell zones are drawn the buy/sell zones of the previous hour are displayed as smaller dotted lines, this is a perfect tool for back testing but is also important in actual real-time trading. When looking back at the past few hours and what the buy/sell zones were for those hours a larger trend can be recognized. In this way you can see larger trends on the 1min chart and factor that into your trading for the current hour accordingly. Below is an example of a previous buy/sell zone:



The current buy/sell zones are bolder with longer dashes as below:



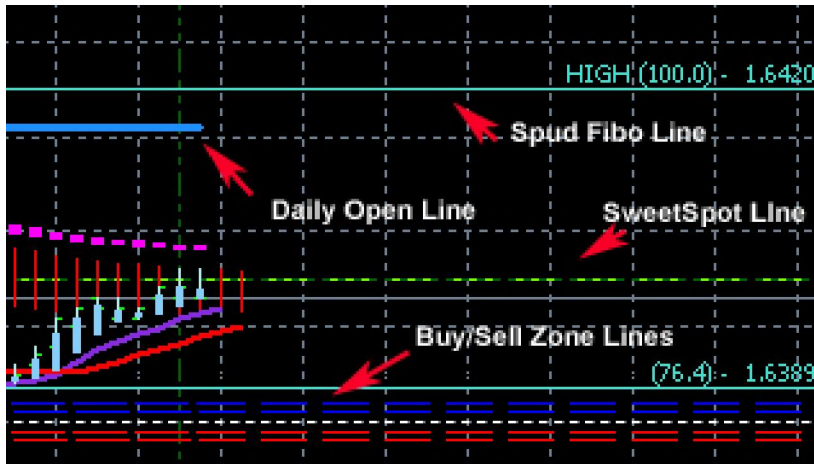
Another very useful component of the buy/sell zones is the zone display which indicates how many pips above the buy zone or below the sell zone have occurred within a given hour, this display resets every hour or micro day. When the largest pip number is greatly skewed towards either zone it adds a helpful level of safety. As you can see below the display also shows the highest and lowest prices of each zone:



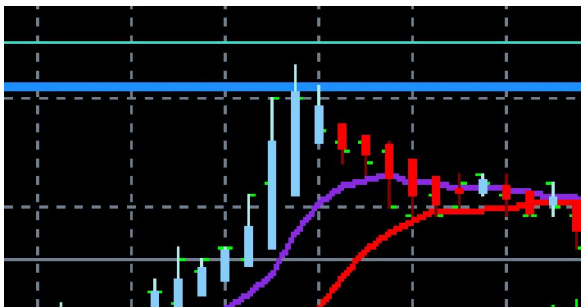
## SUPPORT AND RESISTANCE LINES

I cannot stress enough how important each support and resistance line is. There are no superfluous support and resistance indicators used in this system, each are extremely powerful and must be respected at all times. As far as this system is concerned the support and resistance lines are so powerful that it is helpful to look at them as framing each trade, they will likely always be the very beginning and end of every trade.

Here is a list of all the support and resistance lines:

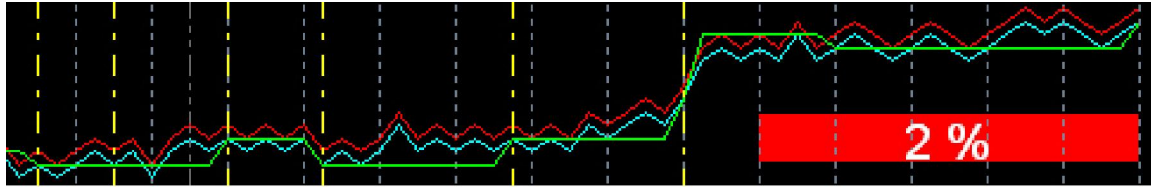


**SO HOW DO YOU USE THESE LINES?** You cannot simply avoid them because given the small window available for most scalping trades you will come in contact with a support and resistance line in just about every trade. They are quite simple to use actually. A good rule of thumb is if all the conditions for a trade are met **AFTER** the price has sufficiently crossed a S/R line then that line can be considered a support and the trade can be taken. However, if all the conditions for a trade are met and the price is just **BEFORE** a S/R line, say within 5 pips before the line, then the trade **MUST NOT** be taken because given the power of these lines the price will most likely bounce right off.



And by the way 'sufficiently crossed a S/R line' means that more than just a few bars have occurred beyond said line – so definitely **NOT** the first bar to cross any particular S/R line.

## BBOX TICKSPEED INDICATOR



The tickspeed indicator is only used in the few seconds before a trade is initiated and perhaps before it is closed. This means IGNORE this indicator when considering all of the other trade conditions that you need to determine that a trade is about to happen and is viable. Using the analogy of a sharpshooter, the tickspeed indicator would be used as the laser pointed sight on a rifle which is used to pinpoint exactly where you want to hit your target once it has been seen in your scope.

This indicator does not follow the progression of candles on your chart, meaning you can not truly backtest with it because it only displays the last several candles. Each yellow dotted line on the indicator represents a candle. The red and blue lines represent the actual direction of ticks within any particular candle. The green line is a visual aid making it easy to see the general direction of ticks across many candles along with significant changes in direction which are represented as line breaks (when the red and blue tick lines break below or above the green line and the direction of the green line has changed this shows a significant change in direction). But keep in mind that any significant change in direction when looking at the most minute indication of price direction (ticks) is VERY temporary and should only be used for pinpointed entries and exists but only when the other trading conditions confirm.

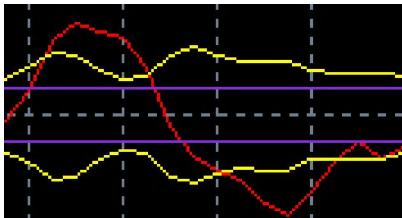
The color coded speed percentage portion of the indicator can be very helpful in telling when small bursts or impulses in price will occur. Since this indicator measures speed or bursts in ticks then once you see an acceleration in the colored percentage box it can be used to determine just before the price on the one minute chart thrusts forward. When the colors are switching between orange and blue then a price burst is occurring. Red of course indicates stagnating tick speeds and if this comes before a S/R line and is confirmed by the trading conditions you have a very solid indication that a trade should be closed.

Using the tickspeed indicator is optional to this system. Many find that they do not need the indicator to pinpoint openings and exits and may find it distracting. So it is up to your own discretion whether or not you want to use it. We recommend you try it out first and determine whether or not it is helpful to you.

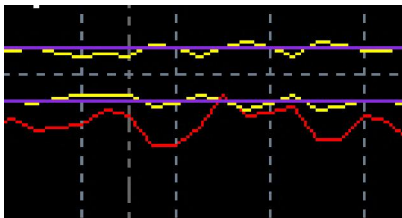
## TRADING RULES AND CONDITIONS

### BUY Conditions

1. Attempt only one trade direction an hour.
2. Price must be above blue buy zone lines
3. Zone indicator must indicate more pips moved above blue buy zone lines than below red sell zone during that hour.
4. The width of the yellow NMR lines must at least touch 1.1550/-1.1550 purple level lines but ideally will be above, both are acceptable however.

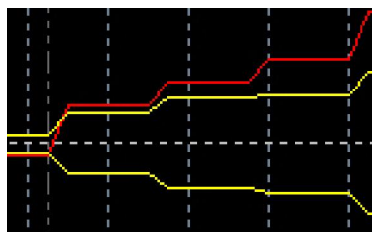


β This is an example of a perfect NMR width indicating that short-term volume is perfect for a trade.



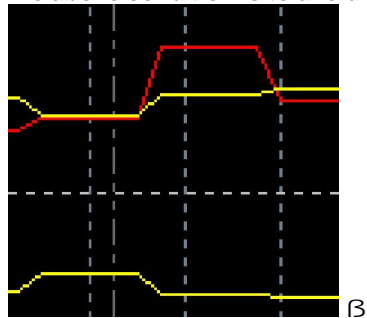
β This is an example of an NMR width that just passes and minimally fulfills this conditions by at least touching the purple lines.

5. Red NMR line must be above upper yellow NMR line.
  - A. This must occur for both the 5 minute NMR and the 1 minute NMR.
  - B. In the case of the 5 minute NMR, the red line must already show a gradual incline of steps as show below:



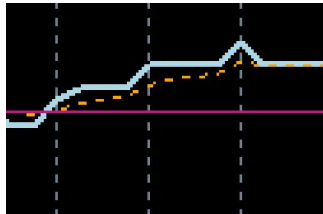
β 5min NMR must already be in a stepping incline for this condition to be fulfilled.

**CAUTION - The above condition is to avoid false breaks of the red NMR line as seen in this example:**

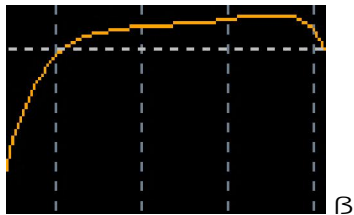


These false breakouts are deadly to this system and must be avoided by waiting long enough for a stepping incline to form.

6. STIX indicator must be above the 50 line and headed up.



7. RMI indicator must be above 85 and MUST have formed a plateau above 85 exactly as shown below:



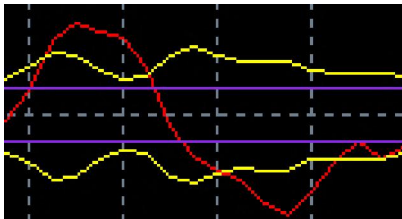
You MUST NOT take a trade before the RMI is plateauing like This.

6. Just before all signals line up the better volume indicator must have spiked above the brown line **in the last 3 bars.**

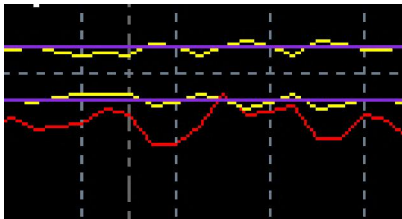


## SELL Conditions

1. Attempt only one trade direction an hour.
2. Price must be below red sell zone lines
3. Zone indicator must indicate more pips moved below red sell zone lines than above blue buy zone lines during that hour.
4. The width of the yellow NMR lines must at least touch 1.1550/-1.1550 purple level lines but ideally will be above, both are acceptable however.

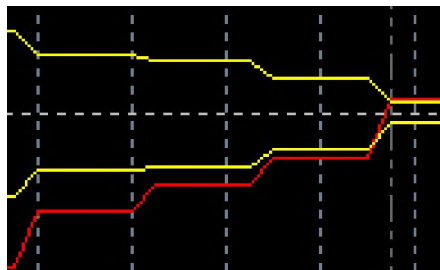


β This is an example of a perfect NMR width indicating that short-term volume is perfect for a trade.



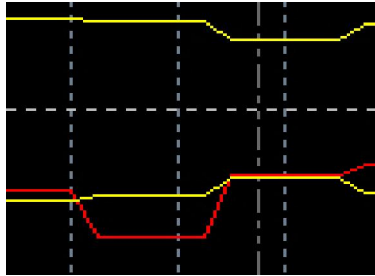
β This is an example of an NMR width that just passes and minimally fulfills this conditions by at least touching the purple lines.

5. Red NMR line must be below lower yellow NMR line.
  - C. This must occur for both the 5 minute NMR and the 1 minute NMR.
  - D. In the case of the 5 minute NMR, the red line must already show a gradual decline of steps as show below:



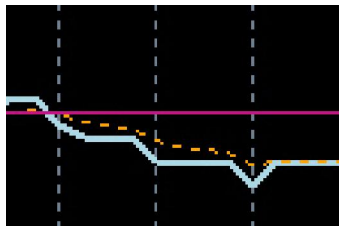
β 5min NMR must already be in a stepping decline for this condition to be fulfilled.

**CAUTION - The above condition is to avoid false breaks of the red NMR line as seen in this example:**

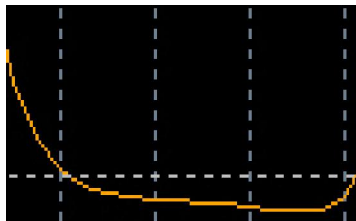


⚠ These false breakouts are deadly to this system and must be avoided by waiting long enough for a stepping incline to form.

6. STIX indicator must be below the 50 line and headed down.



7. RMI indicator must be below 15 and MUST have formed a plateau below 15 exactly as shown below:



⚠ You MUST NOT take a trade before the RMI is plateauing like This.

6. Just before all signals line up the better volume indicator must have spiked above the brown line **in the last 3 bars.**

## Important Notes:

- ♦ Avoid the daily open line
- ♦ Avoid the green sweetspot line
- ♦ Avoid the Blue Fibonacci lines

à All are very powerful resistance levels on the 1Min timeframe.

**ABORT a trade when the opposite yellow line side of the 5min NMR has been touched by the red NMR line during any particular trade. For example if the trade was a sell and the price has started to go against you up, the trade should be aborted when the red NMR line touches the top yellow NMR line.**

- ♦ DO NOT TRADE DURING NEWS – ALLOW AT LEAST AN HOUR BETWEEN YOUR TRADES AND NEWS

## TAKE PROFIT

Due to the small distances each trade can travel before a resistance line is encountered they are used as take profit points. At maximum, 5 pips before the price hits a resistance line profit should be taken. Therefore, one of the most important considerations one must determine before taking a trade is "Is there enough distance between the current price and the next resistance line to make this trade worthwhile?" As a rule of thumb I look for at least 10 pips to the next resistance line before a trade can be viable. Anything less is flirting with disaster.

## RISK DISCLAIMER

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

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