

PASS (Price Action Scalper System) Point and Shoot

Trade during the active hours of each session (2 am EST to 12 pm EST) - Europe, London and NY. Avoid trading just prior to news. Big events like Non-Farm Payroll and interest rate decision news releases should be avoided to at least 30-minutes before and after as they can cause whipsaw reaction and lots of spikes in the price.

Trade the currencies with low spreads in each session (I prefer the GBPUSD as it is very volatile and has a nice daily trading range to make a few pips out of). I also trade the EURUSD and AUDUSD depending on what is available and has a nice setup. I am in NY zone. If someone is in London zone, you will likely get the nice setups around 3 am and get a nice chunk of pips in a couple hours of trading.

Trade the 5-minute chart

Setup

- 1- EMAs need to come to a POINT then they need to SHOOT out like a cone from that point.
- 2- As EMAs shoot out from the point, they need to line up such that for a SHORT setup, ema6 is less than ema12 which is less than ema48. For LONG setup, ema6 is higher than ema12 which is higher than ema48. Why 6, 12 and 48 EMA? Well, 6*5minute is 30minutes, 12*5 is 60minutes (hourly) and 48 is 4 hour exponential moving average. So we are looking at those 3 time frames to be in the "same direction" as our trade.
- 3- I use Heiken Ashi smoothed for more visual confirmation. For LONG, HK candles need to be blue and whole price candle needs to be above the HK candles. For Short, HK candles need to be red and price candle has to stay below the HK candles
- 4- Down Fractal needs to form below the EMAs for SHORT. Up Fractal formation above the EMAs for LONG.

Entry

- 1- Long entry, price must get higher than the Up Fractal by 2 pips (plus spread).
- 2- Short entry, price must get lower than the Down Fractal by 2 pips.

Stop Loss

- 1- SL = just above the previous Up Fractal for short trades
- 2- SL = just below the Down Fractal for a long trade

Take Profit

TP1 = SL, TP2 = 2 x SL, TP3 = ATR with Trailing stop last fractal. In most cases you will hit TP1, in some cases you will hit TP2, and in rare cases you will hit TP3. We need to have tiered TP in case the trade turns into a homerun (especially for those who trade the first few London open hours), and you don't want to miss out, especially if you move your SL to BE, which means you basically have a free trade.

Being aware of trend lines, resistance and support areas, round numbers, in addition to pivot levels (using the attached AFST indicator) should be quite helpful in assessing where to enter and where to exit your trades. More on this as we go through live examples in the upcoming posts.

Here are an example from Today on the GBPUSD ... This is a chart over 23 hour period, from 5 pm to 4 pm EST.

