

Alex Scalping EA User Guide

winsteadglenn contacted me about this thread: <http://forex-strategies-revealed.com/scalping/5pips-gbpusd>. Glenn had done some work on the strategy and found it promising.

The system is based on some of Alex Wakemann's work scalping with the PSAR indi, hence the name of the EA. The actual system was designed by Edward Revy, so our warmest appreciation to both of these individuals; I hope they are thriving.

My understanding of the system is this:

1. M5 scalper for 5 pips for half the trade: move the stop to breakeven and let the other half run. Looks for a trade at the start of each new candle.
2. Pairs: originally intended for GU, but promising for EU and AU.
3. Trade the European and, possibly, New York sessions. Tuesdays to Fridays; there is no rationale given in the thread for not trading Monday, unless I missed it.
4. Indicators:
 - a. PSAR on the main chart:
 - Step:0.1
 - Maximum 0.11
 - b. MACD:
 - FastEMA: 5
 - SlowEMA: 8
 - MACD SMA: 9
 - c. PSAR in the MACD window:
 - Step:0.1
 - Maximum 0.11
 - d. Optional 14 period EMA on the main chart.
 - e. Optional M1 PSAR on a separate chart.
4. Trade entry:
 - a. Long:
 - i. market is above the chart PSAR
 - ii. MACD signal line (red, dashed line) is above 0. This system does not use the histograms (thin white bars).
 - iii. MACD signal line is above the MACD PSAR
 - iv. Optional: market is above the 14 EMA – yellow line in the picture.
 - v. Optional: trade when the M1 PSAR is below the market.
 - b. Short:
 - i. market is below the chart PSAR
 - ii. MACD signal line (red, dashed line) is below 0.
 - iii. MACD signal line is below the MACD PSAR
 - iv. Optional: market is below the 14 EMA – yellow line in the picture.
 - v. Optional: trade when the M1 PSAR is above the market.
5. Trade exit:
 - a. Close half the trade at +5; move the stop to breakeven and allow the trade to run.
 - b. Hitting take profit target.
 - c. Hitting stop loss:
 - i. initial stop loss is set at the PSAR two candles ago.
 - ii. In the event of a successful trade, the stop is trailed at the PSAR of two candles ago.
 - d. Change of direction by both the PSAR's.

You will find it is impossible to drag a PSAR indi into the MACD window, Pat1 here at FF posted an indicator does this. Attached to post 1 in this thread is Parabolic_SW_Pat.mq4; this needs to go in your platform's Indicators folder. It is already set up with the defaults and takes the place of the indis I listed in b) and c) earlier. Note that this often gives a false display on your chart and you have to turn off Expert Advisors, do a chart tf change and back again, then restart EA's to recover a correct display; Alex always displays the correct values for the indicator.

There is a template attached – Alex.tpl that goes in the Templates folder inside the MT4 platform folder (not in Experts/Templates). This will place the indi's you need on your chart.

Your chart should look something like this:



In his thread, Edward talks about sending two trades at the same time. Both have the same stoploss. The first trade has a tp of 5; the second has no to and is allowed to run after the first hits tp.

This a total nightmare to program because MT4 is such total crap. Only once in every 10 tries or so, will the second trade get sent at the same price as the first – there are far too many delays in the platform's execution of commands. Alex gets around this by sending a single trade at double your selected lot size, then closing half of it at +5.

Stealth Technology

Most of the time, you want your criminal to be as in the dark as possible about your activities. When scalping for a few pips at a time, you want him in the dark *all* the time. Alex has some pretty nifty stuff under the hood to help with this.

'Hard' stop and take profits are sent with the trade, but these are set at a more distant price than the *actual* sl/tp. The real sl/tp's are represented by dashed lines – red for sl and green for tp. When the market touches either of these lines, Alex closes the trade (or half of it if the tp is set at +5).

You can select and drag the lines to any desired price; Alex will respond to their new price.

There is a downside to Stealth; it only works whilst your EA is running, your computer connected to the Net and your platform connected to your crim's server – that is why we keep 'hard' stops in place at all times.

I strongly recommend you apply stealth to all aspect of your trades. This is why MagicNumber and TradeComment inputs are set to zero/blank.

The 'runner' trade

Ok, so the market has advanced +5 in your favour and Alex closes half the trade and moves the sl line to breakeven + whatever you input into BreakEvenPips. Most times, the market will retrace and take out this stop.

Occasionally, you will pick up a runner. The TakeProfit default of 100 is designed to accommodate these. You can make this figure anything you want; 100 pips for a scalping system aimed at picking up 5 pips seems good to me, but it is only a guess.

Alex trails the stop at current PSAR -2. The stop loss represents the sl we want; the 'hard' stop trails this at minus HiddenPips. The exception to this is that Alex will move the 'hard' stop to BE at the first take profit point.

Whilst typing this guide, and watching a chart for debugging, the perfect runner happened on EU. The turquoise rectangle in the lower left corner marks the place that Alex took the trade; just look at what happened afterwards:



Always-in trading

This is an intriguing idea suggested by Glenn. Once a trade is triggered, it is only closed following a possible change of direction signalled by the indicators. Following closure, Alex will open an opposite direction trade as soon as all the trigger conditions are met. The moving average filter is disabled in always-in trading.

TradeAlwaysInSystem is the input that controls this. Once initiated, always-in overrides *everything* else except the StopTrading input. There are no trailing stops or stealth. You need hard sl and tp inputs in case of disaster whilst your machine is disconnected from the net or your crim's server. Tp and sl should be far-distant; I suggest 300 pips each. Trading

hours do not apply.

Trade exit is when the chart PSAR and MACD PSAR are both on the 'wrong' side of the trade. From there, the market will either continue to move in the new direction and eventually signal a trade in the opposite direction, or it will resume the original move and take a fresh trade.

Inputs list: please note that pip inputs are 'proper' pips not the 'piplets' so beloved of the wally-plonker-dipstick criminals.

- **Lot:** remember this is doubled if you are not trading always-in, and are simulating the two-trades system.
- **TradeAlwaysInSystem:** described on the previous page.
- **StopTrading, TradeLong, TradeShort:** allow you to control the direction in which Alex trades, or whether to trade at all.
- **TwoTrades:** this simulates the double-trade described in the thread. To go for a simple one-off scalp, set this to false.
- **TakeProfit:** this is the distant take profit for the 'second' trade. It will be ignored if TwoTrades is enabled.
- **ScalpTakeProfit:** the tp for the scalping part of a 'double' trade, or the tp for a 'single' trade.
- **StopLoss:** allow you to select your own stop loss if you wish.
- **HiddenPips:** this is added to stops and tp's to send a 'false' stop with the trade. 'True' stops are represented by the tp and sl lines.
- **BreakEvenPips:** added to the breakeven to capture an extra pip or two if the market retraces after the first tp of 5 is achieved. Ignored if TwoTrades is disabled.
- **CriminalsECN:** set this to 'true' if your crim insists on two-stage order-sending. IBFX are ECN even though they do their best to hid this, for reasons best known only to their lunatic inner psyche; Alex detects IBFX automatically.
- **MaxSpread:** the widest spread you will accept before a trade is cancelled.
- **ConfirmationPsarTf:** this is the optional PSAR timeframe. Set it to zero to disable this filter. If trading the M5 tf, this should be left at 1. If experimenting with higher tf's, then play with this input.
- **UseMacd:** this allows you to turn off the MACD filter. I do not think you should, but users always like options, and Glenn wanted this.
- **Trading hours:** these are inputs in your own local time. Therefore you need to know what the time is in your home, when Europe gets going and US closes. The defaults represent my favoured trading hours here in the UK – the European session.
- **Moving Average:** set MaPeriod to 0 to turn this filter off.

Disclaimer and Risk Disclosure:

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 with as well as against 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 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 should you have any doubts.

I will put this a tad more bluntly:

Most Forex traders lose all their money.

- Using Alex in trading Forex does not guarantee success.
- Trading with Alex could lead to serious financial loss.
- Trading Alex without understanding its underlying trading strategies *guarantees* traders will lose their money.

Good luck. Have fun.