



SMB

# MACD Base Hit Scalp

## The Dynamics of the Base Hit Scalp Trade:

- In Play stock putting in a range. It can be tricky to trade the ranges at times, especially when we are anxious, are excited, are in an anticipatory mindset.
  - The anticipatory mindset often manifests itself through one, or a series of inverted trades.
  - Trades that on the surface seem to have decent ideas behind them, but are not grounded in real edge from the perspective of
    - A clearly defined, appropriate stop
    - A specific entry trigger with a reason for that entry
    - A distinct exit strategy (reason2sell) that tells us when the "meat" of the move is done
- For this Base Hit Scalp, we first identify the range turning into a consolidation
  - The price action compresses and the MACD goes relatively FLAT for a period of 3-15 minutes
- Second, we observe a break of the range, and an expansion of the Fast and Slow MacD lines.
- Third, we observe the price retracement that occurs and look for the FAST MACD to dip below the SLOW MACD.

## The exact rules of ENTRY (all rules the exact same, just inverted for a short scalp):

- When the FAST MACD moves back above the SLOW MACD, and BOTH are above the 0 line, we enter long
  - We dont have to be super aggressive here, we can often use a mid-point entry (between bid and ask)

## The exact rules of STOP placement:

- Hard stop Trade - One and Done Trade
  - Stop is placed .02 below the retracement lows.

MACD Settings

Fast Length = 3  
SlowLength = 9  
MACD Length = 5

## The exact rules of EXIT:

- This is a Scalp Trade. We use MACD as a guide.
  - We stay in our position until the FAST MACD crosses back BELOW the Slow MACD
  - When this happens, we exit our position entirely and move on.

## Set Ups where we look for this Scalp Trade:

- Gap out of Range
- Volatility in Range
- Trending Day to the Upside
- Failed Break Down
- Gap Down into key support
- Day 2 following intraday reversal

\*\* All of this can be reversed for short trades, just flip the charts!



**SMB Training**

640 Fifth Avenue, 16th Floor  
New York, NY, 10019

scalping@smbcap.com  
smbtraining.com/blog/smb-disclosures