



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 invetned 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 dentify 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.

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!

MACD Settings

Fast Length = 3
SlowLength = 9
MACD Length = 5

