

“Micro Trading” the 1 minute Charts

Now that you have opened a demo account and familiarized yourself with the VT trading platform we would like to introduce you to the Forex trading technique of 'scalping' for small profits. If you only have a small amount of time to trade each day, then this strategy might be the right one for you. Everyone will settle into their own style of trading. This technique is for traders who like getting in and out of trades in a matter of minutes instead of hours. Stock Index Futures traders often use the 1minute charts to enter and exit trades. Forex day traders can also gain an advantage by getting in on a move right as it happens by watching the 1 minute charts.

The type of chart set up that we use to trade the 1 minute charts is candlestick charts. A great description of candlestick charts can be read about here:

http://rightline.iqchart.com/partner/rightline/education/candle_intro.asp

SET UP YOUR CHARTS

1. Open a new EUR/USD **1 minute candlestick** chart.
2. Add Bollinger Bands set at 18, Exponential. Change the color of the middle band to bright **green**.
3. Add a moving average 3 Exponential, Close and change the color to **black**.
4. Add the **MACD Histogram** Study (default settings)
5. Add the **Relative Strength Index** Study set at 14.
6. Zoom in or out to your liking.

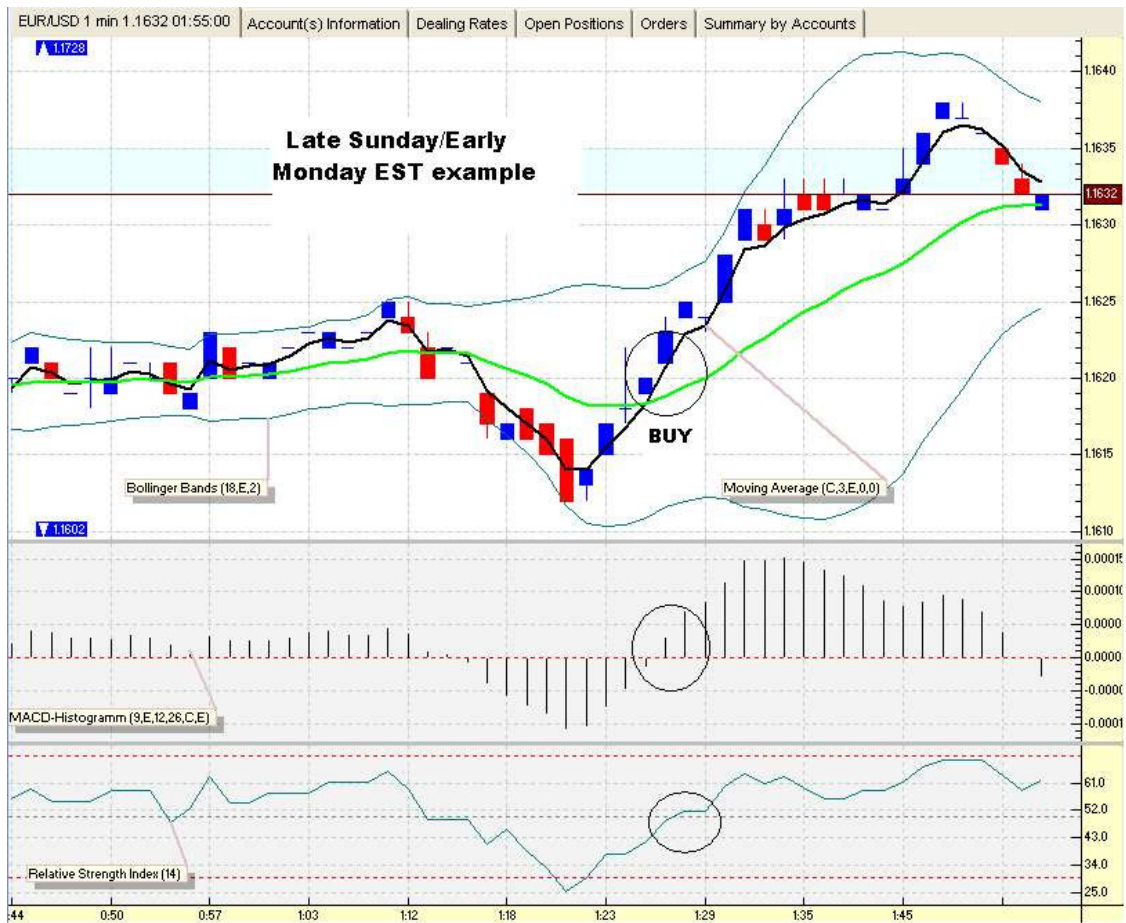
This is what your chart and studies should look like: (See Next Page)



The Key to catching the “Micro Trends” on the 1 minute charts:

- Wait for the **3 EMA (black)** to cross through the **18 Bollinger Bands Middle line (green)**.
- Wait for the **Relative Strength Index** and **MACD Histogram** to line up: **Above 0** (MACD) and **above 50** (RSI) for **BUY** signal. **Below 0** (MACD) and **below 50** (RSI) for **SELL** signal.
- Remember to **take small profits**.
- **Practice** this strategy on your demo account.

***Examples starting on next page**



This example is on a Late Sunday Night/Early Monday Morning EST EUR/USD chart. A good **BUY** signal at this time could have been when the **3 EMA** crossed **up** through the **Middle Bollinger Band**, the **MACD Histogram** is **above zero** and the **RSI** crossed **above 50**.

More examples on next page...



Here is both a **BUY** and **SELL** example from the Japanese trading session. Notice how the RSI and MACD **line up** in both examples.

More examples on next page...



Here is an afternoon trading example of a **BUY** and **SELL** opportunity with the EUR/USD pair. Remember to take small profits and/or move your stops in a winning trade.

More examples on next page...



TRADE THE NEWS

Here is a great example of how you can use the 1 minute charts to trade the economic news releases. To find out when the world economic news releases are, simply go to <http://www.forexnews.com> and scroll down to the bottom of the website for the list of the current week news releases that impact the Forex markets. In the above example, the economic news release was scheduled for 8:30 AM EST. **At 8:33 the price jumped up 20 pips. Using our 1 minute strategy along with the news, is an effective way of scalping profits on the FX markets.**

****Tip:** Remember to wait a minute or two after the announcement. Don't open a position before the scheduled time!

****Tip:** There are news releases all throughout the week during the different time zones and trading sessions. This technique works well during overnight trading EST during the European and London sessions.

More examples on next page...



Notice with this news release, that the EUR/USD pair **dropped over 30 pips in 1 minute!** At 8:32 the price dropped. If you can practice timing these trades they can become a very profitable tool for the trader.

ATTENTION:

Using the 1 minute charts is **fast moving**. **It might not be your style of trading**. If you want to test out slower moving average combinations that whipsaw less often on the 1 minute charts, you can try these:

1. 7 EMA, 18 Middle Bollinger Band
2. 5 EMA, 20 Middle Bollinger Band
3. 10 EMA, 20 Middle Bollinger Band