

Forex Price Action Scalping PDF (Limited Copy)

Bob Volman



More Free Book



Scan to Download

Forex Price Action Scalping Summary

"Mastering Fast-Moving Markets with Precision and Discipline."

Written by Books1

More Free Book



Scan to Download

About the book

Dive into "Forex Price Action Scalping," an enthralling exploration of the meticulously detailed world of scalping, designed specifically for traders who seek mastery without the confusion of technical clutter. Bob Volman, an experienced trader renowned for his lucid writing, artfully peels back the complex layers of the Forex market to reveal the profound simplicity embedded in price action. In this guide, Volman empowers readers with the skills to harness the quiet but powerful language of the market, ensuring they can make informed, split-second decisions that are crucial for successful scalping. Whether you're a novice eager to grasp the basics or a seasoned trader looking to refine your strategy, this book offers a treasure trove of insights, strategies, and real-life examples that promise to transform your trading approach. Let "Forex Price Action Scalping" be the compass that guides you through the enigmatic waves of the Forex sea, leading you toward profitable shores.

More Free Book



Scan to Download

About the author

Bob Volman, renowned for his precise and tactical approach to forex trading, has made a significant impact in the financial trading community through his work on price action scalping. With years of hands-on trading experience, Volman has honed his skills in reading the language of price movements, becoming an expert in the subtle art of spotting profitable opportunities within the intricate dance of the forex market. His dedication to simplicity and clarity sets him apart, as reflected in his comprehensive guide for traders, "Forex Price Action Scalping," which distills complex strategies into practical, user-friendly methods. Volman's accessible writing has empowered countless traders to navigate the volatile world of forex with confidence and agility, solidifying his reputation as a trusted mentor and a valuable educator in the realm of price action trading.

More Free Book



Scan to Download



Try Bookey App to read 1000+ summary of world best books

Unlock **1000+** Titles, **80+** Topics

New titles added every week



Insights of world best books



Free Trial with Bookey



Summary Content List

Chapter 1: Trading Currencies

Chapter 2: The Tick Chart

Chapter 3: Scalping as a Business

Chapter 4: Target, Stop and Orders

Chapter 5: The Probability Principle

Chapter 6: The Setups

Chapter 7: Double Doji Break

Chapter 8: First Break (FB)

Chapter 9: Second Break (SB)

Chapter 10: Block Break (BB)

Chapter 11: Range Break (RB)

Chapter 12: Inside Range Break (IRB)

Chapter 13: Advanced Range Break (ARB)

Chapter 14: Tipping Point Technique

Chapter 15: Unfavorable Conditions

Chapter 16: Trade Volume

More Free Book



Scan to Download

Chapter 17: Words of Caution

More Free Book



Scan to Download

Chapter 1 Summary: Trading Currencies

Chapter 1 of the book introduces readers to the complex and dynamic world of foreign exchange (Forex) trading, particularly focusing on the rise of high-speed electronic trading platforms. These platforms have simplified the process of getting started in Forex trading, allowing individuals to set up accounts with minimal capital and experience. However, beneath this seemingly straightforward surface lies a vast and intricate network involving central banks, institutional organizations, investment corporations, hedge funds, and global market operators, all executing colossal transactions that influence currency values.

Forex trading is distinct from traditional stock markets or futures trading. Unlike these centralized markets, Forex is a global marketplace with millions of participants trading currency pairs across different time zones. This decentralized nature makes it difficult to fully grasp how all activities are tracked and translated into the exchange rates visible on trading screens.

The foundation of Forex trading is the comparison between currencies, known as currency pairs. Countries generally allow their currencies to trade freely, leading to diverse and sometimes exotic pairings. The reasons behind currency preference at any given time can be numerous and varied, ranging from economic policies, interest rates, and fiscal policies to hedging strategies and trading tactics.

More Free Book



Scan to Download

For individuals, particularly independent scalpers (traders who seek to profit from small price changes over a short period), the challenge lies in competing with very powerful entities. To even the playing field, it is crucial for them to find brokers who offer fair pricing. Brokers, often viewed as a necessary evil, vary widely in reputation and reliability. Challenges such as platform freezes, widened spreads, failed executions, and poor customer service can plague traders. However, the industry has improved with stricter regulations leading to more reliable service.

Brokers operate primarily in two ways: they can charge a commission on trades or increase the spread between the buying and selling price. The latter, while controversial, is common in retail trading. Although it might initially seem trader-friendly, brokers can manipulate spreads, negatively affecting traders' strategies, particularly for scalpers who conduct numerous trades daily. Reliable brokers, however, offer beneficial conditions such as minimal spreads, crucial for success in scalping.

Scalpers must ensure they work with brokers offering a competitive spread of no more than 1 pip on popular pairs like the EUR/USD, crucial for minimizing costs and maximizing profits. While brokers might advertise zero spreads plus commission models as advantageous, careful evaluation often reveals equivalent or higher costs.

More Free Book



Scan to Download

Though broker selection requires caution, the industry has progressed past its more dubious days. Respectable brokers now offer secure funds, stable platforms, and competitive spreads. Scalpers are advised to explore multiple platforms, scrutinizing them for competitive spreads, ease of use, and reliable order execution to ensure total confidence in their trading infrastructure.

With an account set up, funds wired, and a market selected, the next step for a scalper is creating a customized trading chart. The following chapter will delve into crafting this essential tool to perfectly meet a scalper's needs throughout their trading day.

More Free Book



Scan to Download

Chapter 2 Summary: The Tick Chart

Chapter 2: The Tick Chart

The second chapter delves into the complexities and strategic nuances of Forex trading, with a particular focus on the EUR/USD currency pair. This pair is renowned for its immense volume, often cited in marketing due to its status as one of the most actively traded financial instruments worldwide. However, trading in the Forex market involves much more than just immersing oneself in high volume trades. It requires an understanding of technical charts, price behavior, and market psychology.

For traders, especially scalpers—those who attempt to profit from small price changes—the specific patterns and movements on a chart are critical. Successful trading hinges on recognizing intraday movements, trends, breakouts, and behavioral repetitions that align with a technical trading strategy. The EUR/USD pair stands out, offering an average daily range of approximately 150 pips, providing ample opportunities for both long and short trades across various sessions.

The chapter emphasizes that trading is not a get-rich-quick scheme but a meticulous profession demanding a deep understanding of price action principles and crowd behavior. A sound strategy on a technical chart is just

More Free Book



Scan to Download

the beginning; executing it in the market is a more complex task requiring diligent practice and study.

A scalper's primary tool is a technical chart, and the selection of this chart is critical. The decision involves balancing the need for frequent trading opportunities against maintaining technical significance. Among the myriad options, tick charts offer distinctive advantages, particularly for their compact and identifiable patterns. Unlike standard time-frame charts, tick charts form new bars based on a set number of transactions rather than fixed time intervals. This feature offers more meaningful insights by minimizing unnecessary data during slow trading periods and maximizing information during active times.

This chapter introduces the 70-tick chart as a focal point for Forex scalping strategies. Unlike time-based charts, a tick chart like the 70-tick captures market rhythm by forming a new bar every 70 transactions, making it suitable for tracking the real-time trading pulse. While this setting isn't universally 'perfect,' it is effective for scalping the EUR/USD pair with precision, allowing traders to time their trades accurately and capitalize on repetitive price behaviors.

The chapter also outlines the concept that tick charts, such as the 70-tick, provide all the necessary information for making scalping decisions. Apart from a single moving average, there are no superfluous indicators cluttering

More Free Book



Scan to Download

the screen. Historical data, such as yesterday's high or low, or major support and resistance levels, are often deemed unnecessary for this immediate trading approach.

Finally, the chapter introduces seven technical setups that form the basis of the scalping method to be detailed in subsequent sections. Each setup has both bullish and bearish versions to capture short-term market movements in any direction. The goal of these setups is to provide scalpers the freedom to trade any market condition, capturing quick profits without over-complicating the decision-making process. This approach embodies the essence of scalping, where simplicity and speed are paramount.

More Free Book



Scan to Download

Chapter 3 Summary: Scalping as a Business

Chapter 3: Scalping as a Business

This chapter emphasizes the wonder and challenge of trading by highlighting that regardless of how long one has been active in the markets, the unfolding of price patterns will always captivate traders with a technical analysis mindset. Despite the plethora of books on technical analysis, the core of trading remains the same: the ongoing battle between buyers (bulls) and sellers (bears) in the market. The direction of price movement is ultimately determined by which group is more aggressive in their buying or selling actions.

Interestingly, while technical patterns are well-documented, success in trading remains elusive for many. This discrepancy lies in the outlook of traders, many of whom fail to treat trading as a business. In most professions, a lack of structure or professionalism leads to immediate failure—banks demand business plans, partners require solid organizations, and customers reject subpar products. However, trading offers an overwhelming freedom that can lead to self-deception, as traders often fail to adhere to a business-like discipline. The absence of responsibility and accountability allows traders to harbor unrealistic hopes and expectations.

More Free Book



Scan to Download

Top traders, through interviews, reveal that acknowledging this lack of structure is crucial. Many elite traders have learned the hard way that having a sound trading plan is essential. Yet, the components of a successful plan vary among traders; some thrive under rigid systems, while others need flexibility. The shared characteristic of successful traders is their seriousness and professionalism—they approach trading as a genuine business venture. They understand the long-term nature of trading, manage their risks judiciously, and accept losses as part of operations, all while remaining calm and focused.

Many traders enter the market driven by a desire for a change, seeking excitement or higher income without adequate preparation. They might have a cursory introduction to technical analysis, only to be lulled into a false sense of simplicity. Success demands a shift in mentality, where distinguishing between fiction and reality is critical. Moreover, mental resilience is crucial, as emotional turbulence often accompanies trading.

Interestingly, this disruptive process can catalyze growth, urging traders to shed old misconceptions and reconstruct their approach. This transformation is often challenging and can lead to a reevaluation of self-worth. However, the journey towards mastery in trading may necessitate facing and overcoming these emotional trials.

The chapter concludes by acknowledging that while the text will address



both technical and psychological aspects of trading, it does not claim expertise in psychology but rather presents a personal viewpoint. Future chapters will explore trade specifics, damage control, and order types, leading eventually to an examination of account management fundamentals crucial for scalping. By recognizing the importance of treating trading as a business, traders can aim for successful and sustainable trading practices.

More Free Book



Scan to Download

Chapter 4: Target, Stop and Orders

Chapter 4: Target, Stop, and Orders

This chapter delves into the intricacies and considerations of scalping—a rapid trading style aimed at capturing small price movements throughout the day. Scalping requires quick decisions and efficient execution, making it essential for traders to establish solid strategies and stick to them.

The central focus is on trading discipline and realistic expectations.

Newcomers might wonder about potential profits, but scalping is not about tapping the trading platform at whim. Instead, it's about waiting patiently for optimal conditions on the 70-tick chart—a timeframe specifically chosen for both trending and ranging market conditions. Scalpers must remain disciplined, sometimes watching the market without engaging in trades, and only entering when opportunities arise.

Profit targets and protective stops are critical components of a scalper's strategy. Trades are structured around obtaining small, realistic gains rather than seeking large, occasional wins, which are rare in scalping. The chapter emphasizes setting a non-adjustable target of 10 pips and a stop at the same distance, adjustable only toward the target. This setup ensures that trades are managed systematically, reducing the influence of emotions like fear and



greed, and repeated small profits often prove more reliable than hoping for big wins.

The notion of a tipping point is introduced, where knowing when to exit is just as essential as when to enter. Scalpers must attune themselves to market signals that prompt trade termination to either minimize losses or lock in profits. This technique aligns trade exits with the initial precision of trade entries.

Volume is another consideration, and the currency market offers various opportunities for traders of all sizes. Unlike stock or futures markets, where commissions can be prohibitive, forex trading calculates costs as a percentage of volume, benefiting all levels of traders. Beginners are advised to start conservatively, gradually increasing their volume as they gain confidence and skill.

To support learning, paper trading (using virtual money) is recommended although some live trading, even at a micro-scale, helps develop a realistic feel for the market.

In executing trades, the chapter stresses simplicity: using straightforward market orders rather than complex limit orders. A market order ensures entry at the desired level, even with potential slippage, crucial in the fast-paced world of scalping.

More Free Book



Scan to Download

Furthermore, systems like bracket orders, which automatically manage target and stop settings, are encouraged. These orders include the One-Cancels-the-Other (OCO) feature, where triggering one order cancels the opposite one—creating an automatic management system after entry.

Install Bookey App to Unlock Full Text and Audio

Free Trial with Bookey





Why Bookey is must have App for Book Lovers



30min Content

The deeper and clearer interpretation we provide, the better grasp of each title you have.



Text and Audio format

Absorb knowledge even in fragmented time.



Quiz

Check whether you have mastered what you just learned.



And more

Multiple Voices & fonts, Mind Map, Quotes, IdeaClips...

Free Trial with Bookey



Chapter 5 Summary: The Probability Principle

Chapter 5 of "Forex Price Action Scalping," titled "The Probability Principle," emphasizes a minimalist approach to technical analysis in trading, specifically in scalping, which is a strategy involving making dozens or hundreds of trades in a day, focusing on small price movements. This method discourages clutter on trading screens, advocating for the use of just a single moving average, the 20 EMA, and focusing solely on the price action. The chapter suggests that relying on a multitude of indicators and complex tools often leads to confusion and hesitation, and instead, traders should develop a keen observational skillset to understand price movements and trends.

The author argues that most amateur traders fail because they concentrate too much on specific setups without appreciating the overall market picture. The core idea is that a trader must find an edge—a slight technical advantage—in their trading strategy. Instead of depending on pre-set indicators or hoping for luck, traders should invest time in understanding market patterns, price actions, and setups to create this edge. This isn't about beating the market, which is considered an unwinnable opponent, but about outperforming less skilled traders by leveraging one's knowledge and skills.

The concept of trading is presented as a probability play rather than a simple matter of winning or losing each trade. Success is framed as deriving from a

More Free Book



Scan to Download

series of trades rather than the outcome of individual trades. By viewing each trade as part of a larger statistical framework, traders can remain emotionally detached from immediate results. The true measure of success is consistent execution aligned with one's method and accepting the outcomes that ultimately follow the statistical edge the trader holds.

The chapter also touches on the common mistake of predicting market direction. Traders often desire to be right, which can lead to emotional turmoil and poor decision-making. Instead, the scalper should act as an observer, remaining neutral and making decisions based on their understood method and market conditions, without preference for any particular direction or outcome. The chapter concludes by suggesting that even a marginal edge can lead to significant long-term profit, reinforcing the importance of understanding probability and the big-picture trading approach. This sets the stage for examining a 70-tick intraday chart of the EUR/USD currency pair, where the application of these principles is demonstrated.



Critical Thinking

Key Point: Develop a 'big picture' mindset.

Critical Interpretation: Imagine yourself as a disciplined observer in the realm of currency trading, more involved with the overarching market patterns than with the immediate squiggles on a screen. This mindset translates beyond trading into life's broader canvas.

Embracing a 'big picture' mentality encourages you to focus on long-term goals and consistent actions, knowing that each small step contributes to eventual success. It teaches you to remain detached from the highs and lows of daily experiences. By trusting in the journey and diligently applying learned strategies, you drive progress and achieve enduring fulfillment over time, even if your edge seems marginal at first.



Chapter 6 Summary: The Setups

Chapter 6, titled "The Setups," emphasizes the importance of having a disciplined approach and clearly defined strategies in scalping—a short-term trading strategy that involves profiting from small price changes. In this chapter, the focus is on recognizing the necessity of having a robust trading plan and the potential pitfalls of trading based on intuition alone. The chapter highlights how the lack of a solid plan can lead traders into a cycle of frustration and emotional decision-making, which detracts from logical and calculated trading.

Traders often mistake having an assumed trading plan for a solid strategy, especially when initial successes may bolster a false sense of effectiveness. However, as performance lags, traders may begin revising their plans erroneously or losing confidence in their setups, which can ultimately result in a fruitless search for perfect strategies, often termed the search for a "holy grail."

To avoid such traps, the chapter advises traders to critically evaluate their trading plans with the objectivity of an analyst. This involves scrutinizing the plan to ensure its clarity and practicality in adverse conditions, akin to ensuring that a battle strategy can withstand real-world stress.

The chapter also lists numerous pertinent questions to evaluate the technical

More Free Book



Scan to Download

viability of any trading plan, such as setup definitions, market conditions, trade exits, handling of missed opportunities, and dealing with slippage. Beyond these technical concerns, traders must also contend with psychological challenges that can arise if they aren't prepared.

A well-devised trading plan is not a mere checklist; it requires flexibility and logical adaptation since the market itself is unpredictable. New traders are encouraged to learn through experience—both real and simulated—by exposing themselves to numerous market scenarios, thereby gaining a better understanding of different setups and trade conditions.

This section serves as a gateway to understanding and applying seven specific trade setups crucial to the scalping method discussed in the book. These setups are only tools to inform trading decisions based on an analysis of overall price trends. Each setup tailors its strategy to different market conditions, such as trending markets or price consolidations, leveraging the 20-bar exponential moving average (20ema) as a core indicator, which many short-term traders rely on to discern market trends.

The setups include:

1. Double Doji Break (DD)
2. First Break (FB)
3. Second Break (SB)

More Free Book



Scan to Download

4. Block Break (BB)
5. Range Break (RB)
6. Inside Range Break (IRB)
7. Advanced Range Break (ARB)

Each of these setups revolves around the 20ema, offering a sense of market direction—traders typically go long on an upward slope and short on a downward slope. The 20ema serves as a guide, allowing traders to detect potential shifts in price direction or recognize when a market enters an indecisive phase.

By understanding and implementing these setups, traders can better navigate varying market conditions, although the ultimate goal is not merely to achieve constant profits. Instead, the focus should be on disciplined execution and refining techniques in different environments, with conditions dictating the optimal setups.

The chapter concludes by introducing the setups individually, with subsequent chapters detailing each. The first setup, the Double Doji, is primed for more detailed exploration to provide insights into specific trading opportunities.



Critical Thinking

Key Point: Having a disciplined approach and clearly defined strategies

Critical Interpretation: In life, much like forex trading, you are the architect of your destiny. By cultivating a disciplined approach and clearly defined strategies, you're enabling yourself to navigate the unpredictable waves of life's challenges with grace and confidence. Imagine approaching each goal or obstacle as a setup in your own 'life chart', where every decision is deliberate, evaluated, and calculated. You learn to sidestep the illusion of success based solely on intuition, avoiding the pitfalls of impulsive decisions that lead to unnecessary frustration. Like a skilled trader, the design of a robust life plan—flexible enough to adapt, yet grounded in structure—empowers you to harness both your victories and setbacks as building blocks of growth. It's not just about seeking perfection but mastering the art of discernment amid life's ever-shifting scenarios, thereby equipping yourself to seize opportunities, learn from losses, and steer through ambiguity with unwavering purpose.



Chapter 7 Summary: Double Doji Break

In Chapter 7 of "Forex Price Action Scalping," titled "Double Doji Break," the focus is on a simple yet effective trading strategy in candlestick charting. A doji is a candlestick pattern where the opening and closing prices are nearly identical, indicating market indecision. When two dojis appear consecutively during a pullback in a trend, it signifies building tension, providing traders an opportunity to capitalize on a potential trend continuation.

A 40-60% retracement from the most recent swing presents an ideal entry point for traders looking to join or rejoin the prevailing trend. The Double Doji Break (DD) setup is considered an optimal entry strategy, particularly in the presence of a strong trend indicated by bars closing in the direction of the trend and being taller than those in consolidation phases. In a bullish trend, the bars typically have white bodies, while a bearish trend shows black-bodied bars, aiding traders in visually identifying trends.

When utilizing the DD setup, it's crucial to ensure there's a clear path forward on the chart, devoid of immediate resistance, to maximize the odds of a successful 10-pip target. The DD setup is especially powerful in the context of a strong trend after a diagonal pullback, with the doji bars reflecting market indecision.

More Free Book



Scan to Download

The chapter emphasizes the importance of using one-pip increments on charts to ascertain clear break levels, as well as the advantages of having a dedicated charting software separate from the trading platform to avoid discrepancies. The "signal bar," the doji bar with the highest high or lowest low, and "entry bar," which breaks this level, are key elements of the DD setup.

Traders must exercise caution, especially near significant round number zones like the 00-level and 50-level, which often serve as psychological barriers and attract notable trading activity from large institutions. The concept of "double pressure" is also highlighted, where both forced exits of countertrend traders and entries of with-trend traders converge, propelling the trend further.

The chapter provides real-world chart examples to illustrate various DD setups, emphasizing the importance of careful observation over anticipation. It stresses evaluating each setup on its merits, considering the surrounding price action and broader market context to avoid trades in unfavorable conditions. Whether a trader decides to engage in a trade or skip it, their strategy should consistently align with the principles of probability rather than hoping for specific outcomes.



Chapter 8: First Break (FB)

Chapter 8 of the book provides a detailed analysis of the First Break (FB) setup, which is an advanced trading strategy used in scalping—specifically in forex price action trading. This setup is designed to identify and exploit trends at the point of a stalling pullback, distinguishing itself from the Double Doji (DD) setup, which requires at least two neighboring bars for confirmation. The FB setup, however, can be so powerful that no further confirmation is typically needed once the appropriate conditions are met.

The essence of the FB setup is to capture a trend continuation even when the trend faces a pullback. The signal bar for the FB is simply the first bar in a significant pullback that continues in the direction of the trend once it is broken. This chapter emphasizes the discretionary nature of the FB setup, meaning that while it does not always guarantee success, when executed in the right market conditions, it has a high potential for yielding positive results.

The chapter outlines several critical conditions for a valid FB setup. First, the trend must be strong and evident, ideally emerging with a robust and clear upward or downward movement, especially following a period of sideways consolidation. The price bars within this trend should be longer than those preceding it and appear in quick succession, signally larger market participants' involvement beyond just scalpers. During such surges,

More Free Book



Scan to Download

downtrends are characterized by consecutive black bars closing on their lows, while uptrends comprise white bars closing on their highs.

Secondly, the nature of the pullback is crucial. Pullbacks are natural as prices never move in a perfect straight line. A valid pullback in the FB setup often retraces 40% to 60% of the original trend move before resuming. This pullback should be somewhat robust, with one-directional candles different in color from the trend. The FB setup particularly shines when this pullback approaches the 20 exponential moving average (20ema), although this guide is not a strict barrier due to potential variations in trend strength and EMA responsiveness.

The third condition for the FB setup is that the pullback must be the first against the trend. Initial pullbacks in a new trend are likely to face strong pushback from with-trend traders once the pullback stalls, while later pullbacks might require more significant convincing near the 20ema zone.

A fascinating philosophical exploration on trend interpretation and market dynamics is included, accentuating the perpetual nature of trading—a domain where different opinions and perspectives keep the market liquid. For a scalper, this exploration highlights the importance of focusing solely on their specific charts, regardless of broader market strategies.

Visual examples are employed throughout the chapter to illustrate the FB



setup, particularly in Figure 8.1 and Figure 8.2, showcasing scenarios where a scalper can anticipate a trend resuming after the first pullback is broken in the trend's direction. Each setup includes vivid details about the signals and trading environment, emphasizing the critical traits of a successful FB setup.

The chapter ultimately reinforces the need for traders to adhere strictly to their charts and setups, entering trades based on their predefined rules rather than market noise or personal prediction. This disciplined approach highlights the importance of managing slippage responsibly and maintaining a composed mindset, exemplifying the importance of staying faithful to a carefully formulated trading strategy. The insights provided are crucial for aspiring and experienced scalpers alike, who must adapt to the rapid and ever-shifting landscape of the trading world.

Install Bookey App to Unlock Full Text and Audio

Free Trial with Bookey





★★★★★
22k 5 star review

Positive feedback

Sara Scholz

...tes after each book summary
...understanding but also make the
...and engaging. Bookey has
...ding for me.

Fantastic!!!



I'm amazed by the variety of books and languages
Bookey supports. It's not just an app, it's a gateway
to global knowledge. Plus, earning points for charity
is a big plus!

Masood El Toure

Fi



Ab
bo
to
my

José Botín

...ding habit
...o's design
...ual growth

Love it!



Bookey offers me time to go through the
important parts of a book. It also gives me enough
idea whether or not I should purchase the whole
book version or not! It is easy to use!

Wonnie Tappkx

Time saver!



Bookey is my go-to app for
summaries are concise, ins
curated. It's like having acc
right at my fingertips!

Awesome app!



I love audiobooks but don't always have time to listen
to the entire book! bookey allows me to get a summary
of the highlights of the book I'm interested in!!! What a
great concept !!!highly recommended!

Rahul Malviya

Beautiful App



This app is a lifesaver for book lovers with
busy schedules. The summaries are spot
on, and the mind maps help reinforce wh
I've learned. Highly recommend!

Alex Walk

Free Trial with Bookey



Chapter 9 Summary: Second Break (SB)

Chapter 9 Summary:

Chapter 9 explores the concept of the "Second Break" (SB) setup in Forex trading, a method used to capitalize on market pullbacks in the area of the 20 Exponential Moving Average (20ema). The chapter begins by distinguishing the Second Break from First Break (FB) setups, emphasizing that while the FB can be unreliable due to market unpredictability, the SB setup offers a higher probability of success, especially when the trend's direction is firm.

The Second Break strategy relies on observing a trend, followed by an orderly pullback which should ideally be diagonal and not heavily resisted by other chart levels. Successful execution involves watching for a pattern that resembles two FBs in succession, where with-trend traders return to the market after initial signals of a pullback demise, leading to potential contrarian traders being trapped as they hope for a trend reversal.

The chapter provides a detailed walkthrough of identifying a Second Break in a downtrend scenario: after a bullish pullback, with-trend traders re-enter, prompting some contrarians to exit. If the pullback fails to resist, this creates the first break, which is crucial to note but not trade. The setup emerges if prices revisit the 20ema, indicating the potential for a stronger second attack by with-trend traders. A successful SB appears when this second attempt



breaks a signal bar's low, offering a clearer, higher probability trade entry.

Throughout the chapter, the text illustrates hypothetical scenarios, emphasizing the importance of patience and observation. Scalpers are advised to monitor contrarian trader behavior since their activity often sets up favorable with-trend opportunities. The text outlines key psychological insights, advising traders to avoid over-committing based on fear or previous losses. It stresses the importance of learning to see charts without emotional biases, focusing instead on technical signals and probabilities.

The chapter concludes by discussing risk management, indicating that trading a second position simultaneously should be avoided when it's beyond the trader's risk tolerance, even if leverage permits. Proper volume control per trade is advised, referencing the universal rule in trading to protect the account and playing within a predetermined risk framework. The chapter confidently guides traders in recognizing, setting up, and executing successful Second Break trades by focusing on trends, pullbacks, and trader psychology.

More Free Book



Scan to Download

Chapter 10 Summary: Block Break (BB)

Chapter 10: Block Break (BB)

In the world of trading, setups and patterns can generally be categorized into three types: with-trend, non-trend, or countertrend. The Block Break (BB) setup discussed here can be an asset in almost any market condition, distinguishing itself from traditional trend-following patterns like Double Dojis (DD), Flag Breaks (FB), and Shooting Breaks (SB). While these traditional patterns depend on established trends, the BB thrives even when trends are not straightforward.

The multipurpose BB setup manifests as a cluster of price bars packed into a narrow vertical range. This pattern ideally forms distinct blocks of price action where contracts change hands without a significant move in price, reminiscent of a compressed coil on the verge of snapping. When the price finally breaks free, moving in the path of least resistance, traders can enter the market on the break of the box. This makes the broken barrier the entry point, with traders either moving with the trend or against it under varying conditions.

A tell-tale of market dynamics, the BB setup serves more than just identifying with-trend opportunities. It can be pivotal whether in trending

More Free Book



Scan to Download

conditions, during extended pullbacks, or even amid sideways markets, showcasing its versatility. For example, a BB near the end of a pullback can signal a potential trend continuation, whereas in a strong trend, a horizontal pullback shows potential breakout spots. Notably, the setup's significance isn't just in its appearance but in its underlying market conditions when it breaks.

For those immersed in charts, familiarizing with BB setups provides a critical edge. These setups often precede the market's surrender, marking transitions in price action. It is vital, therefore, not just to plot potential breakout points on the chart but to assess the broader market context, establishing a favorable environment for trading.

A typical BB setup can appear at the end of a pullback, during horizontal behavior in a strong trend, or within non-trending market consolidations. Traders should always remain alert for these setups, recognizing subtleties in price movements that indicate potential breakouts.

Illustrative examples showcase how prices often retest breakouts, emphasizing the value of understanding BB setups' contextual foundation. Traders learn to look for classic tension in price action before taking trading positions and adjust their perceptions based on bigger market patterns rather than singular price movement.



The BB pattern emerges not just as a technique in isolation but as part of a holistic market reading strategy, helping scalpers take advantage of the nuanced interaction between price levels, resistance, and support. It encourages practitioners to keep a vigilant eye on the wider market picture, recognizing patterns, and sentiments, and adapting trades to the seemingly chaotic interplay of forces shaping price action. This chapter ultimately underscores the virtue of reading price action as part of an interconnected whole, where block breaks offer pathways to understanding and responding to market energy and movement.

More Free Book



Scan to Download

Chapter 11 Summary: Range Break (RB)

Chapter 11: Range Break (RB)

The intention of this chapter is to provide a comprehensive range of scalping techniques for traders to apply across different market conditions--whether trending, non-trending, or countertrending--rather than focusing on specific setups for isolated market phases. The core message emphasizes the importance of understanding setups within their broader market context to achieve effective scalping, highlighting that misaligned setups can negatively affect performance without traders realizing why.

Sideways or ranging markets can be challenging for new traders, as they often struggle with discomfort or misunderstanding price action principles, leading them to skip these phases. However, trading ranges offer certain advantages over trends because they grant scalpers extended periods to scrutinize price actions and identify precise entry moments. Success hinges on mastering a comprehensive set of trading techniques and recognizing when to apply them rather than waiting endlessly for a preferred setup.

After covering various setups like Double Doji, First Break, Second Break, and Block Break, the focus shifts to the Range Break (RB) setup. The RB setup revolves around identifying and capitalizing on market range

More Free Book



Scan to Download

formations—or sideways market phases—bounded by horizontal top and bottom levels. These ranges, though often imperfectly defined, are characterized by a lack of trend and can last from 15 minutes to several hours. Larger ranges could encompass trends within them, but scalpers might overlook these broader patterns on a smaller time frame.

The RB setup's key attribute is the eventual breakout of the range. The likelihood of a successful break increases as more players identify the same break, although not all breaks are equal. Effective breakouts are often preceded by significant tension, as seen in Block Break setups, where a buildup of dojis beneath a signal line can indicate impending tension. The range break shares similar principles: more pressure equates to stronger breakouts.

When trading range breaks, defining precise entry points is critical. Scalpers must exhibit flexibility when drawing range barriers, acknowledging that barriers might not always align perfectly with extreme highs and lows. Scalpers face two common pitfalls: the "false break trap," where a break shows insufficient buildup, and the "tease break trap," which, despite some tension, lacks decisive pre-breakout buildup.

Effective breakout trades are often facilitated by the 20-bar exponential moving average (20ema), pushing prices through barrier defenses and preventing them from returning into the range. However, breakouts can still



turn out as false, emphasizing the importance of building tension for entry.

In practice, while certain setups appear straightforward, traders must remain vigilant with trickier scenarios. Small clues, from tiny false breaks to recognizable patterns like double tops and bottoms, shall inform entry decisions. However, scalpers should generally avoid entering during unclear setups or overly cautious setups like tease breaks, opting for trades exhibiting clear pre-breakout tension and price confirmation.

Understanding and exploiting round number levels, psychologically significant markers in financial markets, can provide valuable context within range setups. By interpreting these levels as guidance rather than rigid points of support or resistance, traders can better anticipate market responses around these levels.

Patience and flexibility are vital: scalpers must cultivate discipline in their chart analysis, maintaining a neutral perspective while tactically responding to visible market signals rather than succumbing to impulsive trades or developing directional biases. In doing so, scalpers can navigate range break setups more effectively, capitalizing on structural market cues to execute well-timed entries and exits.

More Free Book



Scan to Download

Chapter 12: Inside Range Break (IRB)

In Chapter 12, the focus is on the Inside Range Break (IRB) setup, an advanced trading strategy suitable for sideways market conditions in forex price action scalping. The IRB setup is akin to earlier patterns such as the Range Break (RB) and Block Break (BB), expanding on the idea by capitalizing on the back-and-forth price tendencies within a defined range. It is particularly useful for scalpers as markets frequently exhibit this pattern, providing numerous trading opportunities.

The IRB setup allows traders to benefit not only from potential breakout scenarios near the boundaries of the price range but also from opportunities arising within the middle of the range. This setup thrives on the concept of resistance and support levels that, once identified, either act as barriers where price bounces occur or points of future breakouts. The underlying market principle is that these ranges often seek preservation rather than collapse, despite their inevitable expiration.

To effectively use the IRB setup, traders should note the tendency of prices to oscillate within a range and anticipate when a breakout might occur. This requires patience, observation, and a readiness to act when the market sets up favorably. An ideal scenario involves observing a "boomerang effect," where prices fail to break the range convincingly and instead rebound towards previous levels. Similarly, the setup can be used to take trades that



anticipate a breakout from inside the range, offering a favorable entry point in anticipation of a significant move.

Capitalizing on an Inside Range Break requires identifying subtle cues in the chart, such as patterns of equal highs or lows that signal tension within the range. These patterns, such as mini-range formations or blocks of consolidated bars, often foreshadow a subsequent breakout in the opposite direction of the more significant formation. A well-selected IRB trade involves ensuring adequate room within the range for the price to move profitably, with a preference for taking trades when smaller bars or doji-like patterns highlight pre-breakout tension.

This strategy demands a minimalistic approach, stripping away excessive chart indicators and relying primarily on price action. Scalpers should remain neutral and avoid being influenced by market perceptions; instead, focusing on systematic analysis and strategic entry points. Traders must also embrace losses as natural business costs rather than indicators of personal failure, acknowledging that losing trades are an integral part of consistently profitable trading.

In practical application, IRB setups can manifest in various scenarios. They can be used for barrier bounces in narrow ranges, as midway trades in wider ranges, or as breakout trades from inside ranges. Scalpers should consider trading these setups based on a comprehensive understanding of the market's

More Free Book



Scan to Download

current technical landscape, using pattern recognition and strategic risk management to maximize outcomes. Ultimately, the IRB setup provides a versatile and effective strategy for traders to navigate the complexities of range-bound markets, focusing on solid execution and maintaining an edge in their trading endeavors.

Install Bookey App to Unlock Full Text and Audio

Free Trial with Bookey





Read, Share, Empower

Finish Your Reading Challenge, Donate Books to African Children.

The Concept



This book donation activity is rolling out together with Books For Africa. We release this project because we share the same belief as BFA: For many children in Africa, the gift of books truly is a gift of hope.

The Rule



Earn 100 points



Redeem a book



Donate to Africa

Your learning not only brings knowledge but also allows you to earn points for charitable causes! For every 100 points you earn, a book will be donated to Africa.

Free Trial with Bookey



Chapter 13 Summary: Advanced Range Break (ARB)

Chapter 13 Summary: Advanced Range Break (ARB)

In this chapter, we explore the concept of Advanced Range Break (ARB) in the context of Forex scalping—a fast-paced trading strategy focusing on minor price gaps. It challenges the common belief among novice scalpers that trends are more likely to generate profits compared to range-bound markets, where prices move laterally between support and resistance. Trends, often celebrated in trading literature, appear less frequently and usually require patience and insight to trade effectively.

The ARB setup offers a strategic approach to engage with range markets, which occur more common than trends on a 70-tick chart. Dealing with ranges, scalpers can either trade a successful break (RB) of the range, identify and trade failed breaks (IRE), or seek to profit within the range (BB/IRE). The ARB refines the RB strategy, tailoring it to the unique behaviors of ranges, acknowledging that not all breaks happen clearly or cleanly.

Types of ARB Setups:

More Free Book



Scan to Download

1. Clustering Pattern ARB: This form occurs when price bars stagnate around a range boundary but don't immediately prove the break false. A cluster—visibly stalling around the barrier—forms a distinct pattern. If the signal line, lying outside the range, is broken, a scalper can confidently enter the market.

2. Pullback ARB: After a breakout, prices may pull back to test the breakout zone before resuming their original direction. ARB in pullback form allows scalpers to re-enter what might seem like a missed opportunity by shorting or buying based on the breakout's momentum after the pullback. A successful ARB pullback involves identifying the point where the market has successfully tested previous resistance or support, setting up a clear entry signal.

Both setups reveal the importance of recognizing breakable barriers, understanding price clustering, and gauging market pressure. Scalpers should remain objective and avoid making directional predictions until a signal establishes clarity. ARBs leverage the market's natural retest of significant levels and advocate using market observation to identify optimal instances for engagement.

The chapter emphasizes the nuances of trading within market ranges, advising traders to remain vigilant for signal bars indicative of potential breaks. It discusses stop placements and effectively utilizing ARB setups



without the need for predicting market direction—a strong reminder of the importance of maintaining neutrality. By remaining agile, evaluating price action critically, and accepting opportunities as they arise, scalpers can maximize the effectiveness of each range session.

In summary, the chapter on ARB in Forex trading illustrates practical techniques to capitalize on market ranges, asserting that a keen understanding of price action, meticulous observation, and disciplined application of strategized setups can yield promising returns, even in markets perceived as directionless. Being adept at both ARB clustering and pullback strategies enhances a trader's adaptability, allowing them to integrate seamlessly into any session's price narrative.

More Free Book



Scan to Download

Chapter 14 Summary: Tipping Point Technique

Chapter 14: Tipping Point Technique

In Chapter 14 of "Forex Price Action Scalping," the author shifts focus from the intricacies of entering a trade to the equally crucial principles of exiting a trade. The chapter delves into the psychological and technical challenges traders face when managing open positions. While technical expertise is crucial, emotional control significantly impacts a trader's consistency and success.

Trading often triggers anxiety and doubt when a position is open. Novices and experienced traders alike can experience this psychological burden, leading them to act impulsively, such as exiting too early or allowing fear to drive decision-making. This chapter highlights the importance of mastering exit strategies, underscoring that handling the psychological aspect of trading can be more challenging than technical analysis.

A key concept introduced is the "tipping point," a critical technical level that dictates whether a trade should continue or be exited. This level acts as a safeguard against letting emotions drive trading decisions and is determined based on objective technical analysis rather than subjective feelings like fear or greed.

More Free Book



Scan to Download

Traders are guided to establish a maximum loss before initiating a trade, typically using a stop level of about 6 to 7 pips for protection, while aiming for a target of 10 pips. This strategic balance aims to minimize losses and secure profits without tampering with target levels.

The chapter emphasizes proper trade management, such as the use of adjustable stops or trailing-stops, which serve to protect gains while allowing the position to grow. An adjustable stop is often debated; some argue it prevents premature exits, while others suggest it risks missing out on profits by exiting too early. The chapter concludes that understanding and applying the concept of a tipping point leads to better results.

Practical trade management techniques are illustrated through numerous examples, highlighting different trading scenarios and chart patterns. It explains that traders need to be vigilant and make decisions based on technical evidence, not emotions.

The chapter concludes with the assertion that the journey to trading mastery is about committing fully to a trading plan that is not influenced by emotional fluctuations. Maintaining a level-headed approach allows traders to perform consistently and make informed decisions, ensuring every trade is strategically executed.

More Free Book



Scan to Download

In essence, Chapter 14 serves as a comprehensive guide to mastering the art of exiting trades, balancing technical analysis with emotional resilience, and understanding the importance of the tipping point in safeguarding a trader's portfolio.

More Free Book



Scan to Download

Critical Thinking

Key Point: Tipping Point Technique

Critical Interpretation: The 'tipping point' introduced in this chapter is not just a key level for exiting trades, but an empowering metaphor for life's crossroads. In moments when you're faced with critical decisions, maintaining objective judgments over emotions like fear or greed can profoundly shape your path. Just as in trading, identifying your 'tipping points' allows you to safeguard your goals and avoid reactive choices. By defining these crucial thresholds, drawn from logic and planning, not only do you protect your current progress, but you also enhance your potential for future success. This practice encourages you to approach life's decisions with a balanced mind, ensuring that you remain resilient and strategic in overcoming challenges and achieving objectives.

More Free Book



Scan to Download

Chapter 15 Summary: Unfavorable Conditions

Chapter 15 of the book "Forex Price Action Scalping" delves into the complexities of trading in unfavorable market conditions. The chapter emphasizes the importance of applying scalping tactics only in favorable market settings to achieve consistent profitability. It contrasts this with the risks and potential pitfalls of executing trades indiscriminately in unfavorable markets, which could unearth all the hard work of identifying and exploiting a trading edge.

The existence of favorable markets naturally suggests the presence of unfavorable ones, but defining and detecting these adverse conditions is crucial for traders. Typical setups presented earlier, often arise in favorable market environments, showing clear trends with minimal resistance. However, real-life trading seldom offers textbook setups; market conditions are often marked by resistance, which can obscure the path to profitable trading.

A proficient scalper spends considerable time observing market conditions, waiting for an opportune moment when current market forces align favorably with their trade setups. This entails ensuring there is no visible resistance hindering the target path. In many cases, achieving a free path of at least 10 pips to a target may be a rarity rather than a norm, especially in short-term frames like the 70-tick chart.

More Free Book



Scan to Download

The chapter underscores the significance of remaining on the sidelines during unfavorable conditions. In such scenarios, scalpers avoid the arduous "dirty work" of breaking through resistance and instead watch as other participants test these levels. When the path is eventually cleared, a smart scalper aligns with the winning group, making informed decisions based on observations of earlier price actions.

The text includes chart examples that illustrate when to refrain from participating in certain trades, even if setups appear viable at first glance. These examples highlight scenarios where resistance or clustering to the left of the entry signals potential trouble, indicating that a trade might not reach its target despite an initially favorable setup.

The chapter also explains that not all resistances or supports are detrimental; they eventually break. The astute observation of price battles and knowing when to join the market is emphasized as vital for scalping. The latter part introduces several specific chart patterns, explaining their formation and how they relate to understanding unfavorable conditions.

Throughout, the text reinforces that while recognizing favorable conditions is essential, knowing when to step back in adverse environments is equally crucial. Trading amid clear cluster formations, double tops, or without visible backups in price actions can lead to premature stops and losses,



underlining the importance of recognizing unfavorable ventures.

Chapter 15 is geared towards helping traders understand the nuances of market patterns, resistances, and the overall landscape's impact on decision-making, ultimately focusing on the strategic avoidance of trades in unfavorable conditions for long-term scalping success.

More Free Book



Scan to Download

Chapter 16: Trade Volume

Chapter 16 of "Forex Price Action Scalping" delves into the crucial aspect of account management in the trading world, particularly focusing on scalpers who aim to make their trading a primary source of income. This chapter emphasizes that while mastering trading techniques is important, effectively managing one's account is equally critical. Without proper account management, even skilled traders might find themselves stagnating, unable to move beyond the startup phase due to poor financial handling.

The chapter explores a seemingly paradoxical scenario: two traders with identical strategies, methods, and initial funds can end up with dramatically different account balances after a year. This divergence is often due to one trader's lack of attention to meticulous accounting practices. It's a common misconception that consistent market profits automatically lead to a healthy account balance. But without proper account management, especially during the learning phase, a trader can quickly deplete limited resources.

Successful account management essentially boils down to appropriate allocation of trade volume, which can safeguard traders from financial setbacks and help them build their accounts more sustainably. Surprisingly, many traders overlook this aspect, concentrating more on their immediate profits and losses rather than considering their long-term financial strategy. Thus, the chapter encourages traders to shift focus toward gradual account



growth via disciplined accounting.

Account management lacks a universal formula, similar to the absence of a singular superior trading method. Each trader faces unique challenges, such as limited funds, personal risk tolerance, and time constraints. Therefore, the chapter offers general guidelines that can benefit most novice and intermediate scalpers, underscoring the necessity for customized strategies based on individual circumstances.

Many novices find the \$100,000 minimum capital requirement for professional trading intimidating and unrealistic. Yet, the Forex market, with its flexibility, allows even small traders to succeed. By adhering to sound account management principles, such as risking no more than 2% of capital on a single trade and reinvesting gains for compounding, traders can witness significant account growth over time, even with modest starting balances.

The concept of the "compounding factor" is particularly crucial. By reinvesting profits back into the account rather than withdrawing them, traders significantly increase their capital over time. The chapter illustrates how a consistent approach to compounding can amplify a trader's resources and highlight the benefits of gradually increasing trade volume based on account growth. For instance, a trader who consistently profits by five pips daily could see their account balance grow exponentially over time if they apply compounding principles diligently.

More Free Book



Scan to Download

Managing account volume and adhering to a chosen risk percentage, like the 2% model, are emphasized as strategies for sustained profitability. This disciplined approach ensures consistent growth while mitigating risks, even allowing for account recovery after losses. It involves calculating daily trade

Install Bookey App to Unlock Full Text and Audio

Free Trial with Bookey





World's best ideas unlock your potential

Free Trial with Bookey



Scan to download



Chapter 17 Summary: Words of Caution

Chapter 17: Words of Caution

In the ever-evolving field of trading, especially within the realm of Forex Price Action Scalping, this chapter emphasizes the need for readers, particularly novices, to approach various trading guides, strategies, and methodologies with a healthy degree of skepticism. Unlike other professions with established guidelines, trading is characterized by its elusive and subjective nature. What an author presents as a fundamental concept is often just their personal interpretation. The lack of definitive rules or scientific evidence makes trading a landscape of myriad approaches, each as valid—or potentially faulty—as the next.

The foundational principle that remains constant in trading is the law of supply and demand. This principle underpins all sound trading strategies and endures despite the fluidity of specific tactics. Traders do not need complex economic education to grasp this concept; a simple chart can reveal insights about market dynamics. However, a chart won't necessarily signal exact buy or sell points but will indicate when to avoid the market. Many traders fail by going against the prevailing trends, and avoiding their mistakes requires comprehensive self-education.

More Free Book



Scan to Download

This chapter advocates for traders to immerse themselves in relentless study and practice. Even when a trader resonates with a method, countless hours of back-testing and scrutinizing both historical and current charts are crucial. The journey doesn't stop at understanding; it's a continual process of refining skills and approaches. Upon entering the markets, traders should tread carefully, maintaining a cautious approach until they build genuine confidence. Reflecting on mistakes and understanding one's psychological state is vital, as emotional resilience is as crucial as technical skill, especially on challenging days.

The author, Bob Volman, encourages traders to remain flexible, opting for conservative strategies when uncertain, and emphasizing that mastery in trading is a self-driven evolution. This chapter concludes with a motivational reminder that great traders are forged through perseverance, learning, and self-creation, not inherent talent. The path to trading success is one of ongoing education, adaptation, and self-belief.

More Free Book



Scan to Download