

SCORPIONFX



**REAL-WORLD TRADING
WITH A HEDGE-FUND INSIDER.**

SCORPIONFX.COM

Hello there,

First and foremost, **CONGRATULATIONS** on your decision to try our collection of indicators. We have invested many years of institutional experience into creating these indicators. And we are proud to say that (as of 2019) our indicators are currently being used by well over **fifty-thousand (50,000)** retail-traders around the world. So we are highly-confident that they will assist you in finding numerous trading-opportunities going forward.

In regards to installing your new files:

You basically need to copy/paste the files into the 'indicator' folder in your MT4 platform. And the image below can be used to guide you through the installation process with a few basic steps.

If you need assistance with installing this indicator, please try the following:

- 1) With your MT4 platform open, click
File--> Open Data Folder--> MQL4--> Indicators
- 2) After clicking 'indicators', you should see a list of all your current indicators.
Simply copy/paste your new file into this folder, then close that window and close the platform.
- 3) When you re-open the platform, the indicator should be in your 'custom indicators' folder and ready to use.

See the images below for reference and contact us if you have any questions:
support@scorpionfx.com

The diagram illustrates the three-step installation process. Step (1) shows the menu path: File -> Open Data Folder -> MQL4 -> Indicators. Step (2) shows a text box with the instruction: 'LOCATE AND COPY YOUR NEW DEMO FILE ON YOUR PC. THEN COPY/PASTE YOUR DEMO FILE INTO THIS FOLDER.' Step (3) shows the 'Indicators' list window in the MT4 platform, which displays a list of installed indicators.

****If you have previously downloaded any of the demo files (from our site), we recommend that you remove These demo files from your Metatrader platform. In order to avoid any potential conflicts between the files. In addition to this, please make sure that any demo files are completely removed from any charts on your platform.

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Most important rules for using your new indicators:
THE CLOSER YOU FOLLOW THESE RULES, THE BETTER RESULTS YOU WILL ACHIEVE

- 1) Our in-house research shows the best results when trading the higher time-frames (4-HR and above). *****
- 2) Signals are considerably more accurate when they occur against major price-levels (big round numbers).
- 3) Pay attention to upcoming news events and do not enter positions ahead of major announcements.
- 4) Pay particular attention to the USD-pairs. As these (typically) have the best reactions to chart-patterns.
- 5) We strongly recommend that you only take trades that are in agreement with the trend on the higher TF.

***** *For the Pivot Point Scanner, the best time-frame is the D1.*

***** *The Strength Meter is an intraday indicator, therefore rule # 1 (above) does not apply.
And the best time-frame for the Strength Meter is the 1Min.*

***** *For ALL of our other indicators, rule # 1 (above) is critically important to follow.
And you will find out why, as you continue reading the rest of this document.*

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THE # 1 GOLDEN RULE FOR EVERY TRADER, FOR EVERY TRADE:

ALWAYS, ALWAYS, ALWAYS trade with the primary, dominant trend.

For example:

If you are trading the 4HR chart, make sure that the trend is in agreement on the daily and/or weekly chart. And if you are trading the Daily chart, make sure that the trend is in agreement on the Weekly and/or Monthly chart.

The more trend confluence you can get on the higher time-frames, the better.

We understand that this will eliminate some trading opportunities for you. But this will significantly raise your odds of having a winning trade. And that's all we care about.

Quality over quantity.

We know this phrase gets thrown-around a lot. And because of this, it becomes easy to ignore it over time. But long term, the difference between trading with (or against) the trend has large, exponential consequences.

Over the years, our team has done an **ENORMOUS** amount of research on the factors/filters that separate 'winning-trades' from 'losing-trades'. And this particular factor (going with the trend on the higher time-frame) is (almost) always at the very top of the list.

Remember, 95%+ of the big boys (banks and hedge funds) trade with the trend. The 5% that trade against the trend are simply hedging (or processing necessary orders for their clients). And since our goal (as retail traders) is to simply ride the waves of capital-flows, there is no reason why you should ever trade against the trend.

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PROPER TIME-FRAME ANALYSIS:

THE FOLLOWING INFORMATION IS VERY, VERY IMPORTANT FOR YOUR LONG-TERM TRADING RESULTS. AND THIS INFORMATION APPLIES TO ANY INDICATOR THAT RELIES ON CHART-PATTERNS / TECHNICAL ANALYSIS.

For numerous reasons, we **STRONGLY RECOMMEND** that you stay away from trading chart patterns on the lower time-frames. Especially the 1min, 5min and 15min. And it is important to keep in mind that NO ONE at an ANY institution is trading chart patterns off the lower time-frames.

Here is a detailed explanation why:

Over the years, we have done an ENORMOUS amount of research on time-frame selection and efficiency. And the best results (by far) come from the 4HR charts and above.

In general, the higher the time-frame, the better.

Therefore, the 4HR chart would be more reliable than the 1HR. While the Daily chart would be more reliable than the 4HR. Etc. And this applies to just about any indicator that is based on chart patterns.

The problem with the lower time-frames is the following:

Nothing is reliable on the 1-min chart. And very little is reliable on the 5-min chart. The 15-min and the 30-min charts are a LITTLE better. But they are still not very good. And long term, trading these time frames is essentially worse than a coin-flip.

The problem is that the smaller TF's are plagued by liquidity pressure (noise). And the majority of this noise comes from two primary sources:

- 1) The huge block-orders placed by the giant institutions.
- 2) The non-stop activities of the HFT firms.

To give you some perspective, keep in mind that these HFT firms are trading in the realm of nanoseconds. Which is basically the speed in which photons are measured.

In fact, these HFT firms can complete a full trade (open and close) in less time than it takes a photon to travel 100 feet!

Between the two (institutions and HFT firms), you have an enormous amount of orders that are being processed intraday (trillions of dollars). And all of this continuous back-and-forth of buy-and-sell orders creates **patterns that are mostly random (and coincidental)** in nature. Therefore, making technical analysis notoriously unreliable on the lower time-frames.

(If you do a Google search for Benoit Mandelbrot, you will find some amazing research on the dynamics of fractals and pattern formations).

These issues are then magnified on the cross-pairs:

As you can see, technical analysis on the lower time-frames can be very unreliable. And to make matters worse, it is even MORE UNRELIABLE on the cross-pairs.

For example:

A breakout pattern is much more reliable on a USD-pair (such as EURUSD), as compared to a breakout pattern on a cross-pair (such as GBPJPY).

Why??

Because on the EURUSD, you are looking at the primary pair (the Euro Vs the USD). So what you see on the chart is actually what has formed.

But when you are looking at the GBPJPY, you are looking at the sum of the GBPUSD and the USDJPY. So the scale of the formations (and therefore the subsequent analysis) will always be distorted (at varying degrees). And the lower you go on the time-frames, the more that all of these nuances are amplified (by the liquidity pressures).

So if you were comparing a double-top pattern on the EURUSD 4hr chart. And you were to compare it to the SAME double-top pattern on the GBPJPY 5min chart, the result of the pattern on the EURUSD would be **much** more reliable (by an order of several magnitudes).

This is so important, we will repeat it one more time:

NO ONE at an **ANY** institution is trading chart patterns off the lower time-frames. Therefore, any signals you see on those charts would be relatively weak. Simply because there wouldn't be any large institutional flow behind it.

Yes, sometimes you can see on the charts that there is a strong move that begins on the 1-Min chart. But those moves are extremely random and impossible to predict (consistently). And when you figure transaction costs, you can easily destroy your account trying to catch these unpredictable moves.

If you can remember just one thing from this conversation, it would be this:

The patterns that have the most influence are found on the 4 hr charts and higher (especially on the USD pairs). And keep in mind that the entire world is looking at the daily charts.

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THE BEST PAIRS TO TRADE:

THE USD PAIRS ARE THE MOST RELIABLE PAIRS WHEN TRADING TECHNICAL ANALYSIS.

When trading technical analysis, the most reliable pairs to trade are the USD pairs. And this is because these are the pairs that are being traded by the large institutions (for liquidity reasons). Therefore, whenever the institutions will enter the market (either for buying or selling), they almost always do it through the USD pairs.

So when you are seeing a particular pattern on your charts, especially on the daily and weekly charts, you can be sure that the institutions are seeing this as well. And this will provide you with the highest probabilities of a successful trade. Simply because you raise the odds that this move will be acted upon by some very large players.

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TRADING CROSS-PAIRS:

ALWAYS TAKE A LOOK AT THE USD-COUNTERPARTS.

Before taking a trade in a cross-pair, we **STRONGLY RECOMMEND** that you take a quick look at the USD pairs that make up that particular pair. Just to be sure that you aren't about to get stopped by a strong level of support or resistance. Or some other unexpected formation that might not be clearly visible on the chart of the cross-pair.

For Example:

If you have a divergence on the EURUSD, then you are looking at the same pair that the institutions are looking at. But if you have a divergence on the GBPJPY, then you are looking at the sum of the GBPUSD and the USDJPY.

Therefore, whenever you have a signal on a cross-pair (for example GBPJPY), you always want to analyze the two USD pairs that make up this pair.

This is one of the biggest factors to keep in mind when trading cross-pairs. As the scale of the formations (and therefore the subsequent analysis) will always be distorted (at varying degrees). Simply because you are looking at the combined result of two separate pairs. And the lower you go on the time-frames, the more that this factor is amplified (by the liquidity pressures).

For Example:

Let's say you are looking at a divergence pattern on the EURUSD daily chart. And you were to compare it to the SAME divergence pattern on the GBPJPY 5min chart, the result of the pattern on the EURUSD would be much more reliable (by an order of several magnitudes).

Because like we explained above, the institutions are placing more focus on the EURUSD, than they would be on the GBPJPY. And there is much more institutional order flow entering on the daily charts, than anything that is entering on the 5min charts.

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THE BEST SIGNALS TO TRADE:

YOU ONLY WANT TO TRADE THE VERY BEST SIGNALS.

Overall, we recommend that you use these indicators basically as your "*watch-dogs*". Let the indicators do the hard work of monitoring the entire market on your behalf. And let the indicators alert you to all the potential opportunities that come up.

But **under no circumstances** should you try to trade every signal that you get. And you should never, ever enter a trade immediately upon a signal. As every signal should be evaluated on a case-by-case basis, before making a decision on whether or not you will enter the trade.

So let's just say that you receive 15 signals in one week (for example). Out of these 15 signals, we would only try to trade **MAYBE** between 2-3 of these signals. As we only want to trade the **VERY BEST** opportunities.

And even this number (2-3 trades) can be quite high for a single week, from a single indicator. Especially if we are focusing on the best time frames (4HR and above).

Overall, we recommend that you look for as many complimenting factors as possible before taking a trade. In order to give yourself the highest probability of success. And you should always conduct proper pre-trade analysis of current market conditions. Taking into account the following factors:

- Upcoming news events
- Overall market volatility
- Overall trend
- Overall market sentiment
- Chart patterns on higher time frames

This information is applicable to any indicator and any strategy. As you only want to take the signals that are no-brainers. The ones that are so blatantly clear, that they jump out of the screen at you.

ALWAYS GO FOR QUALITY OVER QUANTITY:

Overall, for your long term trading career, it is very important to remember that trading is never about quantity, it's about quality. And just to give you some perspective on this, we strongly recommend that you analyze our public trades on our performance page.

And you will see that in 2017, we only entered **32 trades for the entire year**. Yet we made a total of **over 10,000 pips**. This is because in our view, we would much rather have just a few solid trades. Than a whole bunch of mediocre trades.

Remember, every time you enter the market, you are exposing your capital to a whole host of potential surprises. And since (mathematically) losing trades are MUCH MORE DETRIMENTAL than equivalent winning trades, we only want to be in the market under the most optimal conditions.

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THE BEST AREAS FOR STOP LOSSES:

ALWAYS, ALWAYS, ALWAYS USE A STOP LOSS AND STICK TO IT.

Stop-losses are a subject of ENORMOUS importance. As long-term trading success is significantly dependent on your ability to limit your losses. And even more important is your adherence to your own stop-loss levels. As we tend to get in trouble when we begin to move our stops, in order to avoid taking a loss.

In our view, the most important factor for determining a stop-loss level is the presence of a strong support/resistance level. And the larger the TF, the more important the level. Especially when certain levels are in alignment, across various time-frames.

For example:

If you identify a support/resistance level on the monthly chart and it coincides (strongly) with levels on the weekly and daily charts, then this is much more significant than a level that is only visible on the daily chart. It's a matter of confluence.

Not only can you use support/resistance levels for determining your stop-losses, but you can also use these levels for determining your profit-targets as well.

If you're wondering 'why' we base our decisions on support/resistance, it is because these are the levels where massive amounts of liquidity are located in the market. And prices will always gravitate toward large levels of liquidity, in order for the large players to be able to execute their orders.

Remember, retail traders can enter/exit the market whenever they'd like, because retail orders are relatively small. But the institutions are essentially FORCED to enter/exit their orders at levels where they can find large pockets of liquidity. Otherwise, they will get killed by the slippage as they try to fill their orders. Because prices will start to run away from them.

Therefore, finding the strongest levels of support/resistance is critical for your trading. And the most Important levels of support/resistance are always found on the USD charts, as these are the pairs that are being traded by the largest institutions. Again, for liquidity purposes.

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We sincerely hope you find this information helpful for your long-term trading career. And do not hesitate to contact us if you have any questions.

We can generally reply to all questions within 24 hours. And depending on the total volume of inquiries that we have, we can sometimes answer in less than 1 hour. Even on weekends and holidays.

We are always here to help. =)

Support Team

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