



## VSA Super-Scalping Strategy



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# The Wyckoff VSA SuperScalping Trading Strategy

by Gavin Holmes

## Background

When I first met Tom Williams in the year 2000 and began to take an interest in the financial markets, Tom made a statement I will never forget.

He said, 'Gav, the fact that you know absolutely nothing about trading and investing and have no preconceived ideas will make you an excellent student for me to teach and one day you will be a great success in this business.'

Looking back, it has been a great journey and it continues to be so, but before Tom passed away in 2016 he had one wish.

He said, 'The biggest danger to a human being trading and investing in the markets is actually themselves. We need to create an automated trading system that takes much of the analysis away from the human being and let the computer do the work. A computer does not have flaws in its logic.'

Tom was describing to me what was on his mind: an automated Volume Spread Analysis trading system that found trade setups based on the key principles of Wyckoff and computerized by Tom.

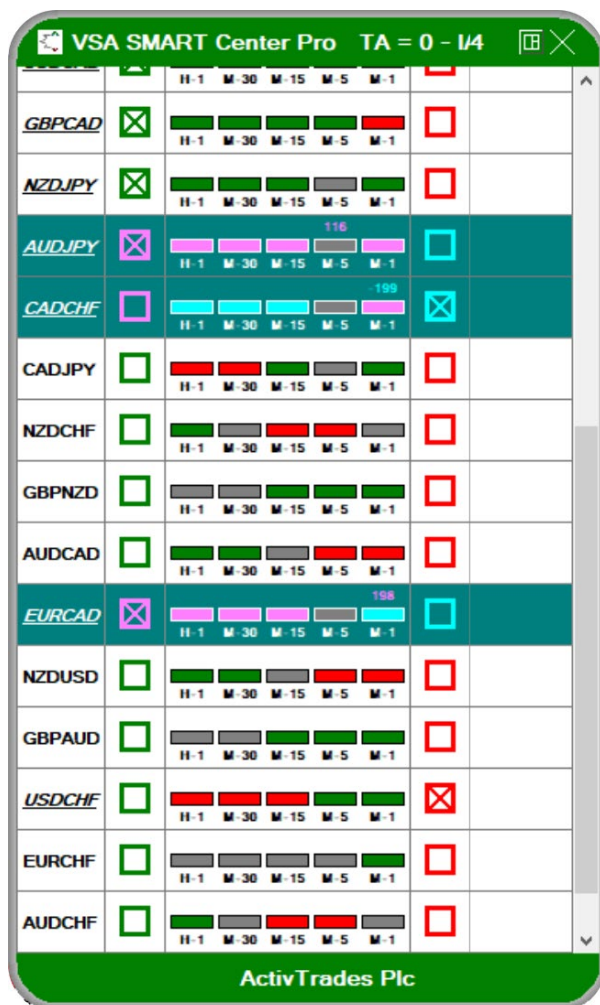
This trading system would intuitively trade alongside and in harmony with the smart money players who move and manipulate all markets.

It was during 2016 that our Head of Technology, Grigory Margolin, showed me the latest development of a product to be used in our fund, called SMART Center Pro.

The concept was simple: Find trade setups based on Wyckoff Volume Spread Analysis that are in harmony with the trend of multiple time frames using the proprietary tools in the TradeGuider software toolset.

Following the launch of SMART Center Pro we created rules-based strategies to simplify the whole trading process. This SuperScalper strategy is aimed at traders scalping the market using the very lowest time frames and works for any market.

## The SuperScalper Concept



The Smart Window

This scalping trading strategy is designed to work with Tradeguider's SMART Center and SMART Center Pro software.

This implementation turns the package into a very powerful semi-automated trading solution that lives up to the vision that Tom Williams had.

The system automatically scans multiple markets for the trend alignment of an instrument. Once it is found, the system scans for confirmation VSA principles and filters the signals using specific, proprietary criteria.

When a confirmation principle meets accepted criteria the software issues an audible and visual alert which highlights a significant trading opportunity.

At this point the trader gets involved and after checking the simple rules described in the following section, a trade can potentially be taken and managed.

For full details of the process please see [Appendix 1](#).

## Before Going Any Further

1. Ensure you have one of the following trading platforms installed:
  - Infinity AT
  - MT4
  - MT5 64-bits
  - NinjaTrader 7
  - Ninjatrade 8
  - Sierra Chart
  - Tradestation
2. Ensure you have the TradeGuider software installed on the trading platform you have chosen.
3. If you do not have TradeGuider VSA software yet installed, please refer to the Installation Manual.

Once it is installed you can then set up the system with the correct time frames.

## The Time Frames

Time frames being monitored and scanned by the SMART system are:

- 1-minute chart
- 2-minute chart
- 3-minute chart
- 4-minute chart
- 5-minute chart

There are 5 time frames in total in the SuperScalper strategy.

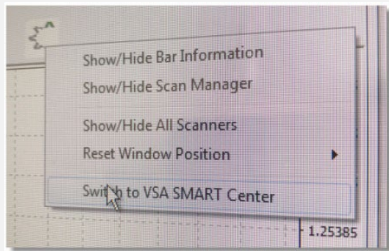
## The Trading Process

### **Step 1**

Start up your software and right click the TG icon:



Select **Switch to VSA SMART Center** whether you're using Smart Center or Smart Center Pro:



The system now follows a continuous, automated 2-step process at the end of which it will provide a trading signal. For a detailed description of this process please see [Appendix 1](#).

Whilst you are waiting for a trading signal to be detected you are free to do other things.

### **Rule 1: Live Accounts**

Do not trade a live account until you have made 100 successful trades on a trading simulator, recorded the results and taken screenshots of each trade with risk amount, profit target and actual results achieved.

### **Rule 2: Beware of the News – Be a Predator and Not the Prey**

Do not trade at or near major news events unless you have a specific reason for doing so. The big volume happens at the events, whipsaws the markets and catches stops. Be clever and wait. You are paid to be patient. The trend often starts days after a big announcement such as the Bank of England or Federal Reserve announcement, but not always, so watch the charts, the charts don't lie.

Check the major news bulletins and stories connected to the markets you are interested in. The strategy would recommend you use a reliable economic calendar/news feed. We would recommend the following:

[www.financialjuice.com/](http://www.financialjuice.com/)

[www.bloomberg.com/markets/economic-calendar](http://www.bloomberg.com/markets/economic-calendar)

[www.forexfactory.com/calendar.php#closed](http://www.forexfactory.com/calendar.php#closed)

## **Step 2: You Receive An Audible Alert**

### **For a Short Trade**

When all conditions are aligned, you will get an audible message saying **Sign of Weakness has arrived**.

- The SMART Center or SMART Center Pro window will be flashing pink, showing the VSA confirmation principle above the time frame in which it is found.
- This alert should now be considered a serious trading opportunity.

### **For a Long Trade**

When all conditions are aligned, you will get an audible message saying **Sign of Strength has arrived**.

- The SMART Center or SMART Center Pro window will be flashing pink, showing VSA confirmation principle above the time frame it is found.
- This alert should now be considered a serious trading opportunity.

## **Rule 3: Look for the Confirmation**

Remember for a signal to be confirmed you need to check the following:

- For long trades: the bar on which the signal appeared closed around its top above the close price of the previous bar on safe (average or high) volume.
- For short trades: the bar on which the signal appeared closed around its bottom below the close price of the previous bar on safe (average or high) volume.

Remember for a signal to be confirmed the next bar needs to close below the close of the bar on which the signal has appeared.

If it is not confirmed the setup has not been triggered and you need to look for another trade.

***If it is confirmed you can place your trade if you are happy it will meet your own trading criteria and it fits within the parameters of your trading plan.***

## **Rule 5: Stop Losses**

Use a stop loss and remember there is no guarantee that the stop loss you put in will get filled especially during very volatile market conditions. Speak to your broker about this if you have any concerns.

The strategy does not suggest exact stop placement because of the many markets it is capable of analyzing and the wide variation in attitudes to risk amongst the traders that use it.

Neither does the strategy focus on take profit or risk/reward ratios as these decisions are for individual traders bearing in mind trading plans, account sizes and attitude to risk.

## Rule 6: Managing The Trade

### Suggested Stop Loss Management Strategy

#### For Long Trades

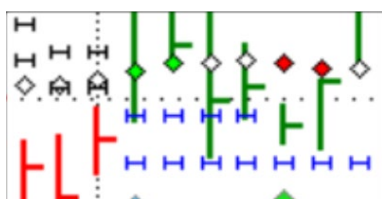
On the first spike of high volume move the stop to the bottom of the price bar and repeat until you get stopped out.

#### For Short Trades

On the first spike of high volume move the stop to the top of the price bar and repeat until you get stopped out.

The software has two important tools to assist you in the placement of stops.

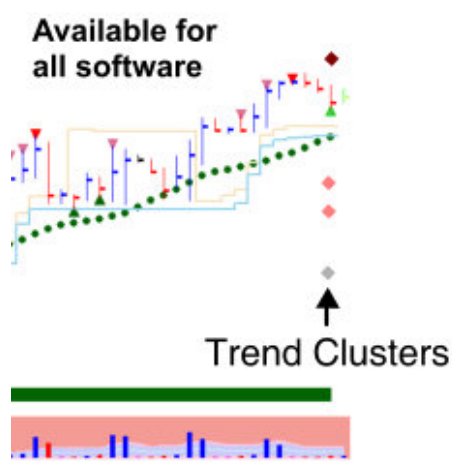
1. The first tool is called the H-Stops and they are switched off in the default settings when you install the software. You can see more about them here: [youtu.be/sqbs5Zbk9A4](https://youtu.be/sqbs5Zbk9A4). To set them to show on your charts, follow the instructions in your installation manual.



The H-Stop system follows price up or down depending on whether you are long or short. There are 2 levels on each bar – either above the bar for short trades or below for long trades. If the stops straddle the bar then the chart is in congestion.

The stop furthest from the bar is more conservative and has less risk than the H-Stop nearest the bar. The H-Stop system is very effective when used on a 5-minute chart.

**Note: The H-Stop tool can only be used if its lines are above (for the short) or below (for the long) the order open price. H-Stops cannot be used to set up the initial stop – employ your trade management skills for this – but can be used for subsequent stops.**



2. The second tool which utilizes previous support and resistance is called Trend Clusters, which are significant points of support/resistance.

When these appear the software has picked up intersecting trend lines and channels either above the price action (showing resistance to higher prices), below price action (which shows support below price action) or straddling above and below price action (which often indicates congestion as price bounces of both the upper and lower Trend Clusters). On the right edge of the chart you will see a maximum of 10 Clusters on with up to 3 different severity levels.

There's more information on this tool in the 'Trading Wyckoff VSA with SMART Trend Clusters Support and Resistance' video on Tradeguider's YouTube channel: [www.youtube.com/watch?v=uDGKISnZe3U](https://www.youtube.com/watch?v=uDGKISnZe3U)



## Appendix 1 - General Background for Wyckoff Volume Spread Analysis

- General background on Wyckoff Volume Spread Analysis: [www.volumespreadanalysis.com](http://www.volumespreadanalysis.com)
- General background on market manipulation: [www.marketmanipulation.org](http://www.marketmanipulation.org)
- Information on money management: [www.amazon.co.uk/Against-Gods-Remarkable-Story-Risk/dp/0471295639](http://www.amazon.co.uk/Against-Gods-Remarkable-Story-Risk/dp/0471295639)

## Appendix 2 – My Money Management Regime

When it comes to managing and growing a trading or investment account this is one of the most important and often least understood topics for a trader and investor, especially if you are just starting out.

***Note: Trading involves risk of loss as detailed at the beginning. Below are the rules that I follow but you must adapt them to the account size you trade.***

When you fund your trading and investment account one of the first things you must understand is the nature of risk.

I could write a whole book on this subject but fortunately an excellent book on the topic already exists called 'Against The Gods – The Remarkable Story of Risk' by Peter L Bernstein. It is where I learnt much of what I apply to our hedge fund today. This is in addition of course to the remarkable knowledge imparted to me by the late Tom Williams, inventor of Volume Spread Analysis and a former syndicate trader.

One of the key takeaways from Bernstein's bestselling book is that in today's modern world there are some exceptional tools available to us all which can help us mitigate risk to the best of our ability.

So when I am asked by a new trader or investor to summarize what I mean by money management, I tell them that this is simply the preservation of your capital investment in the market or markets you are trading or investing in. It should be supported by a written trading plan, a strategy or strategies that have been tested in simulation mode and a detailed analysis of each trade or investment.

Keeping a track of your equity curve and knowing when things are working well and when they are not working well allows you to adjust to market conditions and to diversify if required.

A written and committed trading plan is vital in my opinion and in the thousands of online and live seminars I have hosted I always ask who has a written trading plan and I am always surprised how few people have taken the time to write one.

Trading is a business not a hobby. Fail to plan and you're planning to fail. You are going to be participating in one of the biggest businesses in the world – trading and investing – so be prepared.

## Summary of My Money Management Guidelines

- I will not risk more than 2.5% of my capital in any one account in any one trade.
- I will not risk more than 6% of my capital in any one account in multiple trades.
- I will close a losing trade quickly and treat it as a cost of doing business in the market.
- I will never take a loss personally.
- I will never get angry because a trade went against me.
- I will learn from the losing trade but will not dwell on it.
- If I make three consecutive losing trades I will pause trading and re-examine my plan.
- I will never revenge trade.
- I will allow a winning position to run using the chandelier stops or H-Stops on a 5-minute chart.
- My key objective is to get my stop to break even then to a small profit without getting stopped out.
- I will use a minimum of a 2:1 risk reward ratio.
- I will evaluate my trades every Saturday.

## Appendix 3 - The Best Setups For This Strategy

### In a downtrending market with weakness in the background

- No Demand in a downtrend
- Upthrust in a downtrend
- Trap Upmove at resistance followed by No Demand
- Weakness has appeared in a downtrend
- Hidden Upthrust in a downtrend
- Supply Coming In in a downtrend

### The key signs of weakness that happen at market tops

- Potential Buying Climax
- End of a Rising Market
- Hidden Potential Selling

### In an uptrending market with strength in the background

- No Supply in an uptrend
- Stopping Volume in an uptrend
- Shakeout at support followed by Tests
- Strength has appeared in an uptrend
- Test in a rising market in an uptrend

### The key signs of strength that happen at market bottoms

- Potential Selling Climax
- Bag Holding
- Demand Overcoming Supply
- Shakeout