

50 Pips A Day Forex Day Trading Strategy

The **50 Pips A Day [Forex Trading Strategy](#)** is designed to capture the early market move of GBPUSD or EURUSD but you can certainly experiment with other major currency pairs.

It is a **pretty simple day trading strategy** but remember that many times, the best day trading strategies that work are actually simple in design which can make them quite robust.

I think this is a great day trading strategy for beginners because you do not need to learn complicated indicators or price patterns.

The trade setup is quite clear but like any trading strategy, **risk management is vital for your overall success.**

We are going to use the major Forex currency pairs and the first thing you will want to do is open up the daily chart to look for the pair that has a **decent daily range**. Our main goal for our trading day is to capture $1/3 - 1/2$ of the daily trading range of the currency pair of choice.

Daily Trading Strategy Setup

To keep this standard, this method will be using 7 a.m. GMT candlestick on the 1 hour Forex chart. Make sure that the time you see on your MT4 chart matches that of 7 a.m. GMT. If not, ask your Forex broker.

1. **Do you need a Forex indicator?** No. This day trading strategy does not require the use of any [trading indicator](#) and is a pure [price action trading method](#).
2. **What time frame will you be using?** For our purpose, we will use the one hour chart but you can certainly test this on other time frames.
3. **Can I use any currency pair?** You may want to stick with the major pairs (VS USD) to begin with and especially the EURUSD and GBPUSD.

TRADING RULES OF THE 50 PIPS A DAY SYSTEM

1. As soon as the 7 a.m. GMT candlestick closes, you have to place two opposite pending orders: a buy stop order 2 pips above the high and and sell stop order 2 pips below the low of the 7 am GMT candlestick.
2. When price activates one of the pending orders, you cancel the other pending order that has not been activated.
3. You must place a stop-loss order anywhere from 5-10 pips above the high/low of the 7 a.m. GMT candlestick after it closes(or has formed) to control your [trading risk](#). If you notice that the 7 a.m. GMT candlestick is too short and that placing the stop loss will be too close to the entry price, then increase your stop loss distance to anywhere from 15-20 pips.
4. Set your profit target to 50 pips
5. Once you have entered the trade, let the market do its thing.
6. If your trade reaches it profit target for the day then awesome! Repeat the same process tomorrow.
7. If you trade has a floating profit or a floating loss, wait until the end of the day and exit your trade, regardless of if you have a profit or loss.

Let's look as some trading examples where the [Forex trading signals](#) either won or lost.

The vertical dotted line you see drawn on the chart represents the 7 a.m. GMT time and they are spaced 24 hrs apart (1 day).



50 Pips A Day Forex Trading Strategy – Daily Trading Strategy

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Quick Back Test Results

Referring to the chart above of EURUSD:

- Analyse the “what if” situation of the most recent 6 days that have passed on the EURUSD chart.
- Following the trading rules of the 50 pips a day trading system, there would have been a total of 6 trades (excluding the day that is now currently running) resulting in 4 trades becoming winners and 2 losers.

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Common Questions About the 50 Pips A Day Trading Strategy

Why are we using the high and low of the candlestick?

Often times, the highs and lows also represent both [support and resistance](#) although it is on a very limited basis. Breaking of support or resistance when volume is coming into the market can lead to strong moves in the triggered direction.

Can't we pick a trade direction and trade one side?

Yes, although you will have to live with missing some trades at times. We hear you should “trade with the trend” but there are times when the direction of price is not in the trend direction and at those times, price can really move. For example, when you see a strong momentum move against the trend, that will often lead to another leg counter-trend. There are many pips that can be found.

Is this method good for a swing trader?

This trading strategy was designed for a day trader however “letting profits run” does have its merits. You will certainly want to be able to evaluate trend strength through technical analysis to see if this is a trade you can hold.

Can I use a limit order on the 50 pips a day trading strategy?

This is one of those day trading techniques that looks to trade breakouts of support and resistance. There are times when breakouts occur and then pullback which can give you an entry. Just as often though, price will take off and not look back leaving you on the sidelines.

What about the bull trap and bear trap?

Yes, this method may have you triggered into the trade and promptly stopped out as the bull trap or [bear trap plays out](#).

How about using this intraday in the stock market?

I've never looked at the stock market but again, this is a breakout trading strategy using support and resistance. These concepts are not confined to one market to be successful as it is based on market mechanics. All I can say is test.

RELATED Horizontal Price Channel Forex Trading Strategy

Are free trading techniques like this one just as good as paid?

Some will say that value has a price. Others will say the best things in life are free. You decide if any of the methods you see on this trading strategy site are good. [You do not have to pay big bucks for a Forex trading system](#) to find success in trading.

Any tips for risk management?

Only you know your risk comfort. The best tip I can ever give is no matter what day trading strategy you use, use a stop-loss. Your trading account can get wiped out with one trade if you don't respect the risks in trading.

Is this the best day trading strategy for you? Will you [find the trading success](#) that you seek? You never know.

Now you know the rules so why not go back to the past, pull up your charts and do some quick backtesting to see how this trading strategy stacks up?

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