



The Fashionably Late Scalp

Why The Fashionably Late Scalp Works:

- Momentum is a term used to describe a growing energy, building to carry an object in the direction of that momentum.
 - In terms of trading, at the lows of a move, the “momentum” is completely against a stock, but as it begins its ascent, momentum can begin to build, and the likelihood of a stock continuing in a direction (trend) grows as the momentum grows.
- The Fashionably Late Scalp takes advantage of real momentum by allowing the momentum to build in the direction of the trend, then capturing the momentum at a pivotal point in the way the stock is trading.
 - We use a unique type of divergence, followed by convergence, to observe the shift and building of momentum, and then capture the momentum that will continue in the stock as the 9 EMA (a short-term, exponential moving average), crosses above VWAP (a volume-weighted moving average).
- In the Fashionably Late Scalp, we allow the momentum to build for us, we identify a key moment in the scalp, and we act to take full advantage of the beautiful principle of momentum.

The exact rules of entry (all rules the exact same but inverted for short scalps):

When an upsloping 9 EMA crosses a flat to downsloping VWAP, we enter the trade long.

- We enter the trade as soon as the cross occurs.
- This cross is our visual signal for the trade to keep going in our direction.

The exact rules of stop placement:

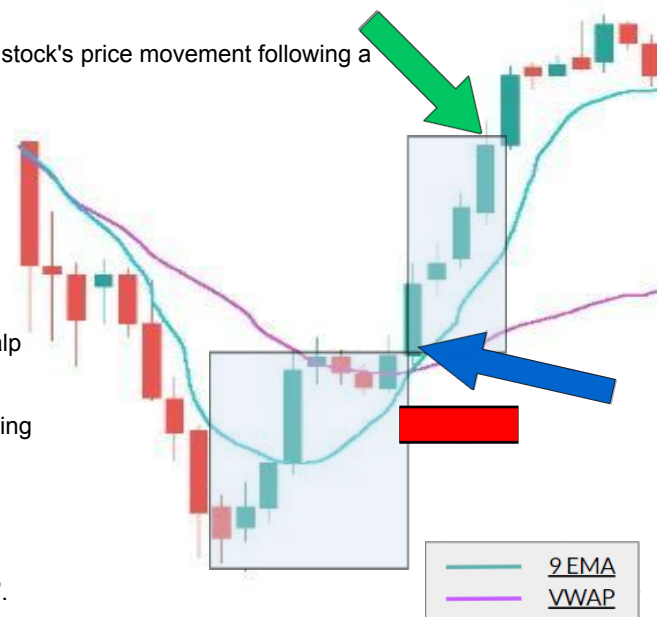
For this scalp, we use a measured move to calculate our stop and our target.

- In trading, a measured move is a technical analysis tool used to identify a stock's price movement following a significant change in the stock. It offers insight into the potential move. Traders often use measured moves to set profit-taking targets and to set risk levels for stops because it can be used as a guide to show how appropriate the pattern is.
 - Identify the low of the day and where the 9 EMA crosses VWAP
 - Measure this initial move
 - Use the measured move to set both a stop and target for this scalp
- Hard stop 1/3 the distance from Vwap to the Low of the day.
- This is a trade where the momentum should be on our side and keep moving quickly, so our stop stays tight, relative to the reward we are seeing.

The exact rules of exit:

We exit this trade using a measured move

- Take the measured move from the low of the day to the spot of the “cross”.
 - Target 1 measured move above the cross.





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The factors that increase the probability of this scalp working as expected (or better):

- If the **volume bars during the convergence > volume bars during the divergence**
 - If price moves away from vwap on less volume than when price is moving back towards vwap it signals participation and sustained demand in the form of a buy program that is creating a great environment for this trade. It increases the probability of this trade working as the buy program is likely going to be sustained.
- Speed of the price action following the “turn” off the low of the day
 - Speed just shows us the commitment of the buyers after the turn is put in. If the buyers are sustaining, we can expect and look for a steady convergence back to vwap. Steady is best here, steady can tell us the real momentum is on our side and likely to sustain and even accelerate later in the scalp. The best measure of speed can be to observe how the price action is holding above the 9 EMA after crossing back above it following the “turn”.
 - This shows us the commitment of the buyers and the sustainability of that commitment.

The factors that decrease the probability of this scalp working:

- Choppy, slow price action following the “turn”
 - “Choppy” price action refers to a trading condition where prices move erratically. Prices frequently reverse direction, and while they may appear to indicate a directional move, that move is unlikely to sustain a clear trend. Choppy price action is often referred to as “Noise” in trading because the price action is exhibiting volatility but not making substantial gains or losses over a specified period.
- Time spent around the point where the 9 EMA should cross VWAP
 - A significant pause before our entry trigger can show a lack of commitment from the buyers and can lower the probability of this scalp moving in our favor quickly and cleanly.

When do we avoid this scalp entirely:

- We will never make this scalp when price action goes “flat” and choppy.
 - If the 9 EMA has gone flat (completely horizontal) for a period of time of more than 15 minutes after the turn but before our entry, we don’t take this scalp, It may be a different scalp entirely.

The ideal times of day to take the scalp:

- Morning (10:00 – 10:45 am EST)
- Mid-Day (10:46-1:30 am EST)

Scalp Statistics:

- 60% win rate
- 3 to 1 Reward to Risk ratio