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Scalping As A Popular Forex Trading Strategy

A method of scalping is very popular among Online traders. It is applied by traders who have the profit from the price fluctuations during one day. Usually the time between the position opening and closing is very short and may last only few minutes. As a result the profits achieved from these traders are low too, but the total income achieved by the high number of positions can be high enough. Some traders may do up to 200 positions a day.

Apparently not all of these positions are profitable, the aim is to get the profit in total, that is quite possible. While making scalping the stop-loss order is placed closer to the rate of position opening in order to guarantee the diminishing of losses if the market changes its direction.

All Forex traders know about the changability of the online market. Even the rate within one day moves in a certain cycle with its ups and downs. If during one day the average price change is about fifty points, the difference between the minimum and maximum prices will have much greater value. Once you get a small trend, you will have a chance to significantly increase your capital.

Novice traders often get a false impression of the brilliant opportunity to increase their capital as there is an opportunity of reinvestment. Unfortunately this first opinion may be wrong as without any skills, this strategy is doomed to failure. First of all you need to know on where you place the stop-loss orders. Because if you place it too close to the price of opening, it increases the risk of losses in the market during the movements even if you can assume the direction of trend correctly. In order to diminish this risk, we recommend you to avoid placing the stop loss if you trade scalping. But you must always be in front of the computer and watch your positions. In case of a quick movement against you and there is no vivid marks to roll back to initial levels in the next few hours, you must close the positions, otherwise you may lose a lot. More than that, if you have a high deposit and trade without the stop loss, your total funds may be lost and you will get a margin call.

The second reason of the beginners' failure might be in the emotional side and the tension that arises when trading with real money. We recommend all novices to try scalping trading on a demo account first, since there is virtual money there is no fear of loss.

Every scalping trader must be cautious while selecting a [Forex broker](#) to trade with. Not all [Singapore brokers](#) allow scalping. We recommend you to review the [best Singapore Forex brokers](#) list and join the one that matches the needs of your trading strategy.

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