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The Five-Minute Chart

Trading Strategies

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The Five-Minute Chart

What scalping actually asks of you, drawn rather than described

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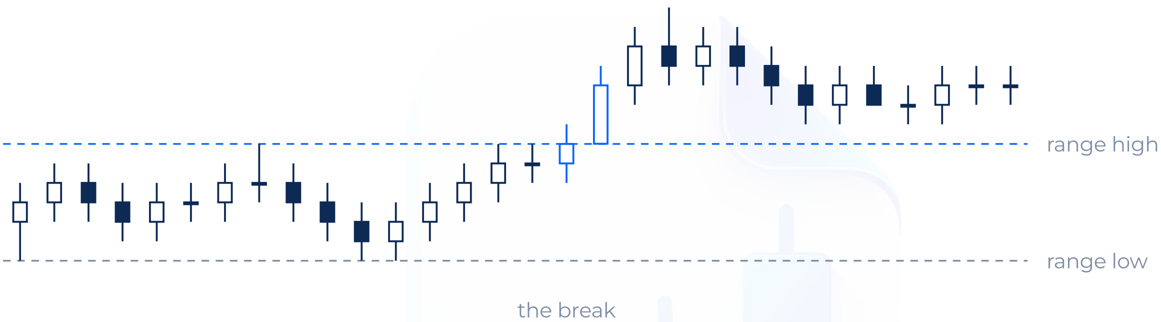
Contents

The most chart-heavy paper in this library. Every claim about price is drawn on a five-minute chart rather than described, because a timeframe argument made in prose is a timeframe argument nobody can check

01

What the day actually looks like

A five-minute scalping strategy is always presented as an entry — a level, a trigger, an arrow. Before any of that is worth discussing it is worth seeing what the timeframe is, because the entry is a few seconds of a day that is mostly something else.



One session on the five-minute chart, which is what a scalper actually looks at all day. Seventy-eight bars, one range, one break, one drift back. Almost all of it is nothing happening — and the two accented bars are the whole of the day's opportunity under most published strategies.

That is one session. Seventy-eight bars, a range that held for two hours, one break, and a long drift afterwards. The two accented bars are the entire opportunity a strict rule would have found, and everything else on the chart is time spent watching a market do nothing while it looks, minute to minute, as though it might do something.

In one session	Count	What it means
Five-minute bars	about 78	a new decision point every five minutes
Bars inside the range	about 60	the market doing nothing, visibly
Setups by a strict rule	1 to 3	most of the day produces none
Bars you must watch	all 78	the cost of the one or two

The same session, counted rather than looked at. The last row is the one that decides whether this timeframe suits a person: the job is almost entirely waiting, and the waiting is done in front of a chart that moves constantly.

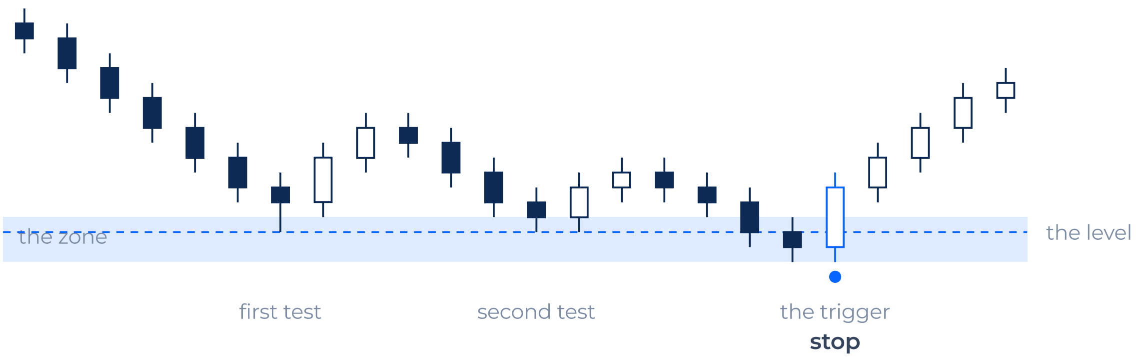
The last row of that table is the honest description of the job. You must watch all seventy-eight bars to take the one or two, and the watching is not passive — every five minutes a bar closes and offers you a decision. That is the actual work, and whether a person can do it is the first question, well before whether the setup is good.

> This paper takes the setup seriously and then spends most of its length on the arithmetic around it, because at this frequency the arithmetic is what decides the outcome. The setup is the easy part, which is why the videos stop there.

02

The setup, drawn

Nearly every published five-minute strategy reduces to the same shape, so here it is drawn rather than described.



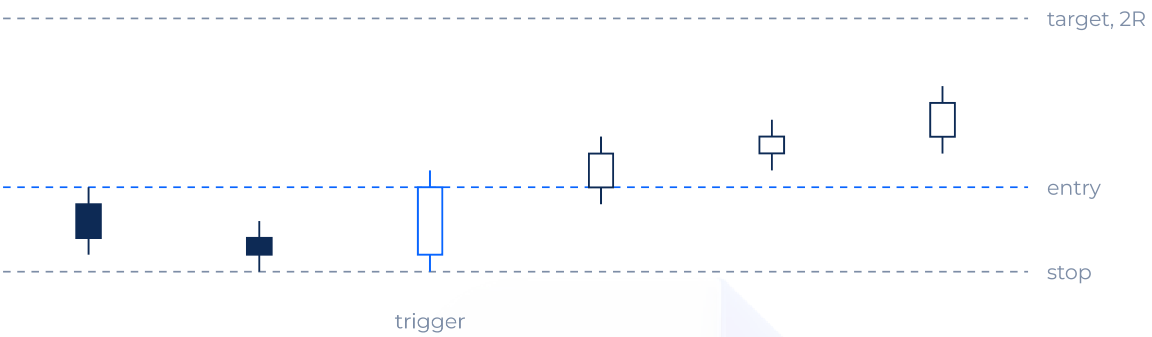
The setup itself, drawn: a level that held twice in the session, a decline back to it, and a five-minute close that rejects it. The accent bar is the trigger; the mark below is where the stop goes. Nothing here is recommended — it is the shape almost every published five-minute strategy reduces to.

A level is established early in the session and tested. Price leaves, returns, and tests it again. On the third approach a five-minute bar closes back through it, and that close is the trigger. The stop goes at the low of that bar — the price at which the reading was simply wrong — and the target is a multiple of that distance.

Field	This rule says
Universe	one liquid instrument, chosen in advance
Window	the first three hours of one named session
Condition	a level touched twice already today
Trigger	a 5-minute close back above that level
Invalidation	the low of the triggering bar
Size	0.5% of the account, from that distance
Exit	2R, or the close of the window, whichever comes first

That setup written as a rule a stranger could run. Seven lines, none of them adjectives — this is the same seven-field shape the plan paper in this library argues for, applied at five-minute frequency.

Written as seven fields it becomes something a stranger could run, which is the standard this library applies everywhere. Notice how little of it is about the entry: one line names the trigger and six lines name everything else, and the six are where a five-minute method lives or dies.



Why the stop is where it is, and why it is close. On a five-minute chart the distance from the trigger's close to its low is often a handful of points — which is what makes the position size large, and what makes the whole thing sensitive to a few points of slippage.

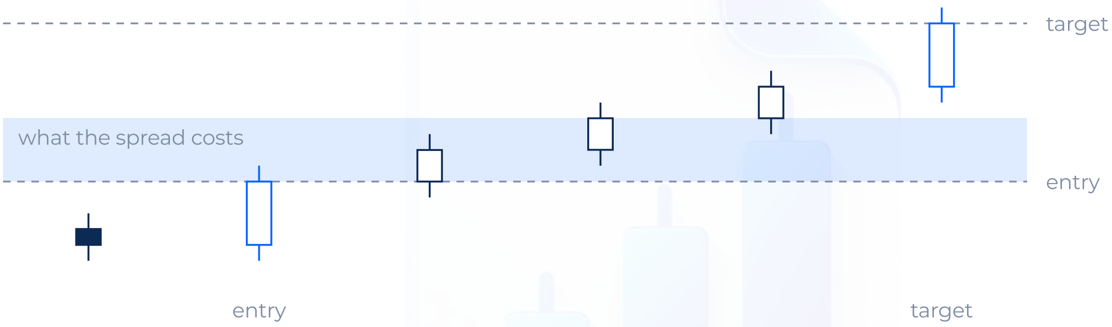
That last chart is worth pausing on because it contains the whole problem in miniature. The distance from the trigger's close to its low is five points. Five points is a small stop, which means a large position for a given risk, which means every point of execution error is amplified. The setup is fine. It is what surrounds it that decides the outcome.

03

The arithmetic nobody films

Here is the part that separates this timeframe from every slower one, and it is not psychological. It is a ratio.

The arithmetic that decides this timeframe, drawn as a share of one trade's target. On a daily chart the spread is a rounding error; on a five-minute chart it is a third of what you are trying to win, and it is paid on every single attempt.



The spread, drawn to the same scale as the trade. The shaded band is what you pay to open and close; the distance from entry to target is what you are trying to win. On a five-minute chart those two are comparable sizes, and no other timeframe has that problem.

On a daily chart, a four-point spread against a two-hundred-point target is a rounding error nobody thinks about. The same four points against a fifteen-point target is more than a quarter of everything you are trying to win, and it is paid on every attempt whether the attempt works or not.

	Per trade	Over 6 trades a day	Over a month
Target if right	+15 points	—	—
Spread paid	−4 points	−24 points	−480 points
Slippage, average	−1.5 points	−9 points	−180 points
Cost as share of target	37%	37%	37%

The same point in money, on an ordinary instrument and an ordinary account. Read the last column: the method has to be right substantially more than half the time simply to pay for its own execution.

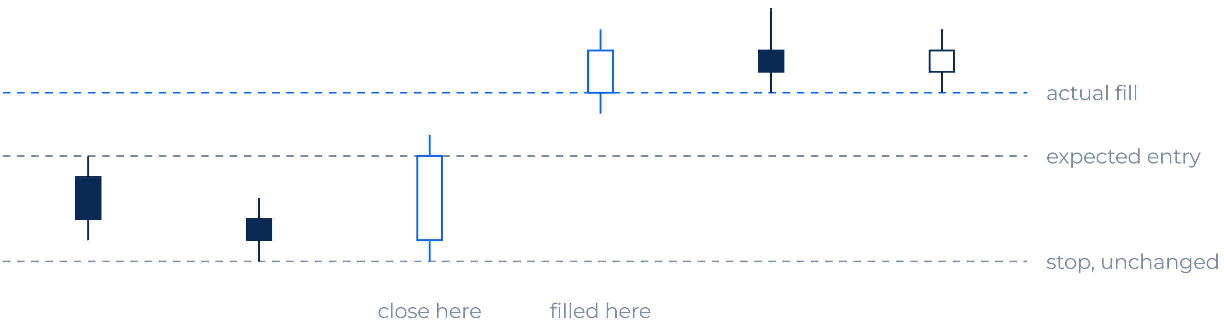
Read the bottom row and then the row above it. Thirty-seven per cent of the target goes to costs before the method has been right or wrong about anything. A daily-chart method with the same win rate and the same reward-to-risk would keep almost all of that; this one has to be substantially better simply to arrive at the same place.

This is the real reason most five-minute strategies fail, and it is not that the entries are bad. Many of them identify something genuine. They identify something worth ten points and then pay six of it away, and no amount of refinement to the entry recovers a cost that is structural.

04

Slippage, which is worse here

The spread is the visible cost and the smaller of the two problems. The larger one is that at five minutes you are not the only person whose rule fires on that close.



Slippage, drawn. The trigger closes at the level and the order fills three points higher, because a five-minute close is exactly when everyone else's rule fires too. The stop is unchanged, so the risk grew and the reward shrank — and neither shows up in a screenshot of the setup.

The bar closes at fifty-one and the fill comes back at fifty-four. Nothing went wrong; the close of a five-minute bar at an obvious level is precisely the moment the most orders arrive, and a market order into that moment gets the price that is left. On a daily chart you would have hours to be filled and this would not happen.

	As planned	As filled
Entry	51	54
Stop	46	46
Risk	5 points	8 points
Target at 2R	61	70
Reward-to-risk actually taken	2.0	0.9

What those three points did to the trade, line by line. Nothing about the idea changed and the trade is now a different proposition — this is the single most underestimated number in short-timeframe trading.

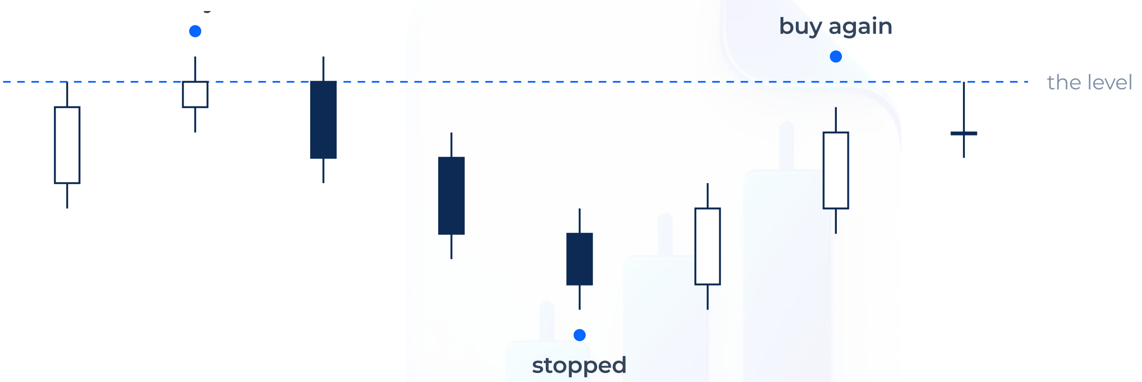
The table is the damage. The stop did not move, so the risk went from five points to eight — sixty per cent more than planned, on a trade you sized for five. And the target that was two-to-one is now under one-to-one, which turns a good rule into a bad one without a single thing about the rule changing.

Two practical responses exist and both cost something. Enter with a limit order at the level rather than a market order on the close, and accept that you will miss the trades that run without you. Or size from the fill you actually got rather than the one you wanted, and accept fewer, smaller positions. What does not work is planning on the price in the screenshot.

05

The noise is not a metaphor

A phrase that gets repeated about short timeframes is that they contain more noise. It is worth drawing what that actually means rather than leaving it as a word.



The same forty minutes, cut two ways. Above, eight five-minute bars showing a break, a failure and a recovery; the identical period as one forty-minute bar is a single candle with a wick. The scalper reacted three times to what a slower trader experienced as one indecisive bar.

Forty minutes, eight bars. A break above the level, a failure back through it, a recovery. Under a five-minute rule this produced three separate decisions: a buy, a stop, and another buy. Under an hourly rule the same forty minutes is one bar with a wick, and a trader on that timeframe experienced it as a single moment of indecision and did nothing.

Neither reading is wrong. But the five-minute trader paid three spreads and took a loss to arrive at the same place the hourly trader arrived at for free, and that difference is not a matter of skill. It is what the timeframe does: it converts a single ambiguous event into several definite ones, each of which costs money to act on.

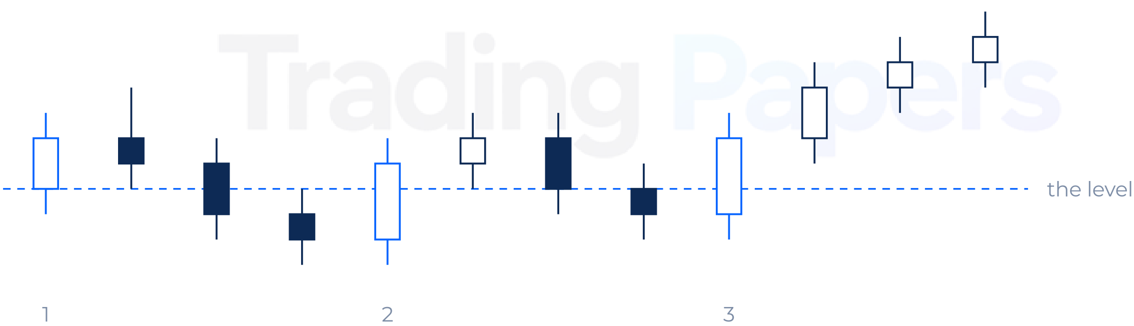
This is also why stop placement is harder here than anywhere else. A stop close enough to keep the risk small is close enough to be hit by exactly the kind of movement in that figure, and a stop far enough to survive it makes the position small enough that the fifteen-point target is not worth taking.

06

What the frequency genuinely buys

It would be easy to read the last three sections as an argument against the timeframe. It is not, and the strongest point in its favour is one the promotional material almost never makes.

What the frequency buys and what it costs, on the same axis. More trades is genuinely a faster route to a testable sample — and the same multiplier applies to the costs, which is why the timeframe is neither obviously good nor obviously bad.



What the frequency buys, drawn. One hour of five-minute bars containing three separate valid triggers by the same rule. On an hourly chart this hour is a single bar and offers one decision — the scalper gathered three data points about their rule in the time the slower trader gathered a third of one.

Timeframe	Trades to 300	What that means
Daily	about 5 years	you will change the rule first
4-hour	about 2 years	possible, slowly
1-hour	about 18 months	workable
5-minute	about 3 months	a real answer, this quarter

The genuine advantage of the timeframe, stated fairly. This is the strongest argument for scalping and it is rarely the one the videos make: at five minutes you find out whether your rule works within a quarter rather than within a decade.

A method that produces two trades a week takes five years to reach three hundred occurrences. Nobody runs an unchanged rule for five years; the rule will be modified, abandoned or forgotten first, and the trader will never have found out whether it worked. At five minutes the same three hundred trades arrive in a quarter.

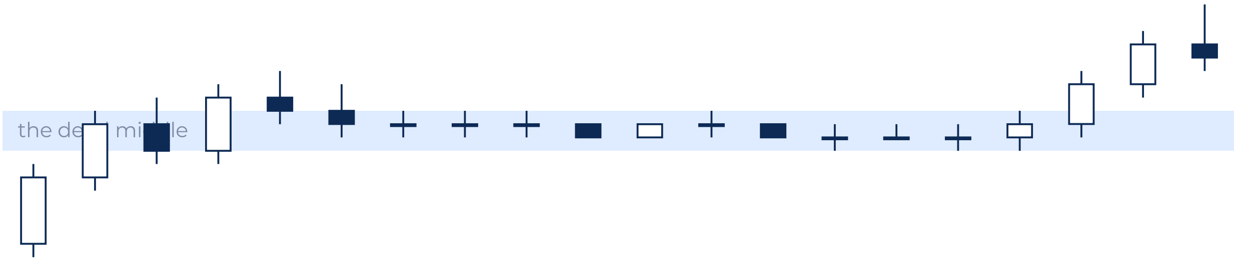
That is a genuine and underrated advantage. It means a five-minute trader can answer, this year, a question a daily-chart trader may never answer — and can answer it about their own execution as well as about the rule, because three hundred entries also measures whether they can follow anything at all.

The honest framing is a trade. You buy a fast answer and you pay for it in costs, in attention, and in the number of decisions per day. Whether that is worth it depends on the size of the edge you are testing and on how well you tolerate the other side of the bargain — which the rest of this paper is about.

07

The window is most of the method

If one thing separates five-minute traders who survive from those who do not, it is not the entry rule. It is which hours they allow themselves to use it in.



Why the window matters more here than anywhere else. The same instrument, same rules: the first bars of the session move, the middle hours do not. Trading the flat stretch is where a five-minute method pays the spread repeatedly for nothing, and it is the most common way the timeframe loses money.

Same instrument, same day, same rules. The first hour moves; the middle hours produce small bars that drift and occasionally break a level by a point before coming back. A rule with no time restriction will find setups in that shaded stretch, and every one of them pays the full spread for a move too small to cover it.

The hours	What the chart does	What the rule should say
First 60–90 minutes	range, break, follow-through	this is the window
The middle hours	drifts, small bars, false breaks	no entries at all
The last hour	position squaring, sharp moves	close only, no new risk
Around scheduled news	widest spreads of the day	flat, by rule

The hours of a five-minute method, and what each is for. The middle row is the one that has to be written into the rule as a prohibition, because it will not feel like one at the time.

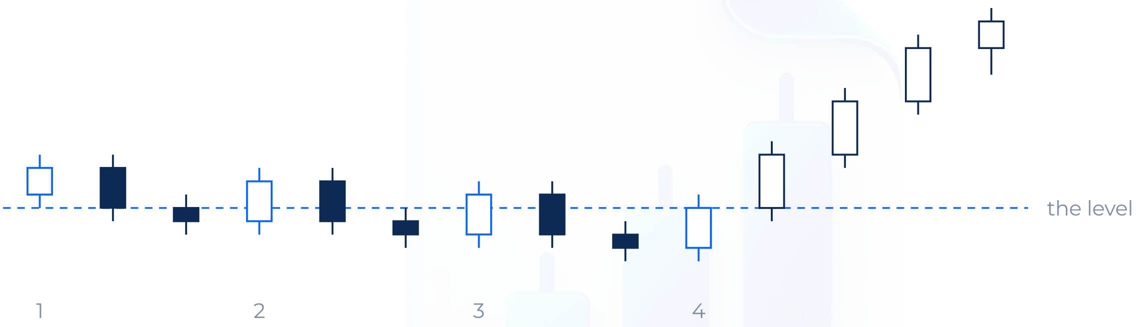
The middle row has to be written as a prohibition, because it will not feel like one at the time. Those hours look tradeable — there are levels, there are bars closing through them, the chart is moving. What is missing is the range required for a fifteen-point target, and that absence is invisible on a five-minute chart until the costs are counted at the end of the month.

The last row deserves its own note. Scheduled news is the one moment when a five-minute chart looks most exciting and costs the most: spreads widen by multiples, fills arrive far from where they were requested, and the stop that was five points away becomes irrelevant. A rule that says flat, by rule is not timidity at this frequency; it is the difference between a bad day and an account.

08

What a losing run looks like

Every method with a small edge produces stretches that feel like it has stopped working. At five minutes those stretches arrive faster and are experienced more intensely, so it is worth seeing one drawn.



The failure mode of this timeframe, drawn honestly. Four consecutive triggers by the same valid rule; three were stopped by ordinary noise and the fourth paid. That is not a broken method — it is what a small edge looks like from inside, and it is why the size rule matters more than the entry.

Four triggers, all under the same rule, in a single session. The first three were stopped by movement that means nothing — the market ticking against the entry by a few points before doing what it was going to do. The fourth ran. Nothing about the trader's execution differed between them.

Trade	Result	Running total
1	−1R	−1R
2	−1R	−2R
3	−1R	−3R
4	+3R	0R
Over 100 such trades	+25R expected	the reason to keep going

What those four trades did to the account at one per cent risk, and why the answer is dull. A method that wins one in four at 3R is profitable and feels like failure for three trades out of every four.

The account arithmetic is the important part and it is deliberately dull. Three losses and one three-R winner is break-even on the day; over a hundred such trades the same distribution is comfortably profitable. But it is experienced as three failures and one success, in that order, within a few hours — and that is the experience that makes people raise size after the third loss.

The defence is the same as everywhere in this library and it costs nothing to write in advance: one size, unchanged, whatever the last trade did. At five minutes it needs to be written more firmly than anywhere else, because the interval between a loss and the opportunity to double up is measured in minutes rather than days.

09

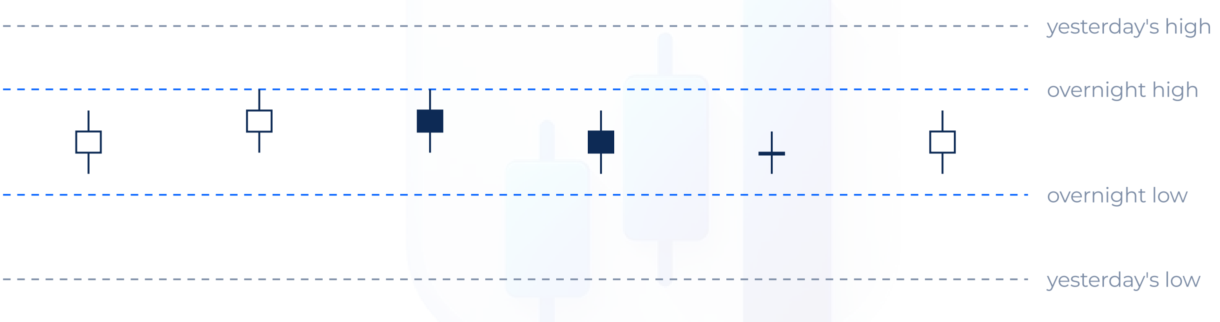
Running a session

The practical shape of a scalping day is unglamorous and mostly happens outside the trading.

1. Mark the levels before the session opens, not during
2. Sit through the open without acting, until a level is tested twice
3. Take only the triggers the rule produces, at the same size every time
4. Stop for the day at a stated loss limit or a stated number of trades
5. Log every entry and every skip within the minute it happened

A scalping session as it is actually run, rather than as it is filmed. The first and last steps take longer than the trading, and the fourth is the one that decides whether the day was work or gambling.

The levels are marked before the session because marking them during it means choosing them to justify a trade you already want. Ten minutes of preparation before the open removes most of the discretionary damage a five-minute method can do to itself.



The ten minutes before the open, which is the most valuable part of a scalping day. Two levels marked from yesterday, one from the overnight range — all drawn before a single bar of today exists, which is the only condition under which they are not chosen to justify a trade you already want.

Control	Set to	Why here specifically
Daily loss limit	2R, then stop	you can lose 8R before lunch at this pace
Maximum trades	a number, decided in advance	boredom generates entries
Minimum time between trades	one bar, at least	revenge is fastest at five minutes
Hard stop time	the end of the window	the flat hours are the trap

The daily controls a five-minute method needs and a daily one does not. Each is a decision made while nothing is at stake, because at this frequency the alternative is deciding it while eight trades have already gone wrong.

Those controls are what a daily-chart trader does not need. On a daily chart you cannot take eight trades before lunch, so a daily loss limit is theoretical; here it is the difference between a bad morning and a bad quarter. The minimum time between trades exists for the same reason — at this frequency the gap between a loss and the revenge trade can be sixty seconds.

Logging within the minute matters more here too, and for a specific reason: after forty bars and six trades, the memory of why you took the third one is genuinely gone. A log written in the evening on this timeframe is fiction, and fiction is what you will be testing at the end of the quarter.

10

Whether it suits you

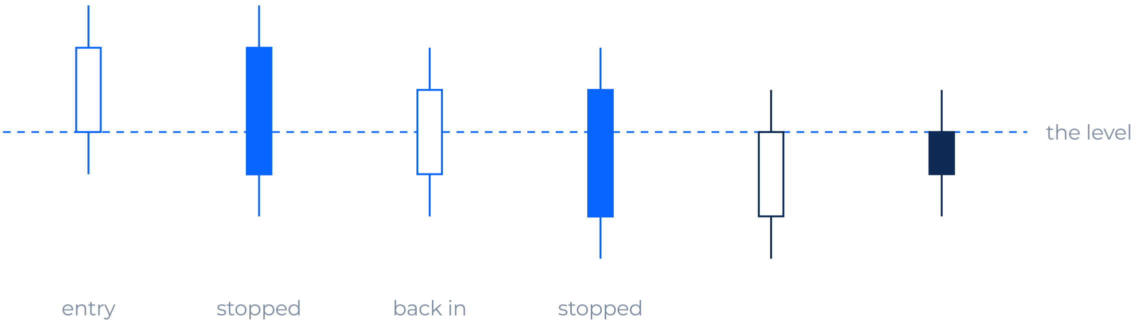
Underneath all of the arithmetic is a question about temperament that this timeframe answers faster than any other.

	Suits the timeframe	Fights it
How you handle a fast loss	A stop is hit, you note it, and you wait for the next valid trigger.	A stop is hit and the next trade arrives inside two minutes.
How you handle the flat hours	You watch sixty bars do nothing and take none of them.	The stillness feels like waste, so a marginal setup becomes a trade.

Who this timeframe suits and who it destroys, stated as two honest self-assessments. Neither answer is a verdict on anybody; they are facts about fit, and at five minutes they show up within a week rather than within a year.

The two rows are the ones that matter. A stop hit at five minutes is followed almost immediately by another plausible setup, so a person who needs to respond to a loss will always have the opportunity to. On a daily chart that impulse gets a night's sleep between it and the next entry; here it gets ninety seconds.

The second row is the quieter failure. Sixty bars of nothing feels like waste rather than like the method working, and the natural resolution is to lower the standard slightly — a level that has been touched once rather than twice, a close that is nearly through. Both are how a



The failure this timeframe is built to produce, drawn. A stop is hit, and ninety seconds later there is another plausible entry — so the loss can be answered immediately. On a daily chart the same impulse gets a night between it and the next order; here it gets one bar.

tested rule becomes an untested one without a decision ever being made.

The useful thing about this timeframe is that it tells you the answer quickly. Someone unsuited to it will know within a fortnight, at a cost of a small account rather than a year — which, read the right way, is one of the more efficient things a beginner can learn about themselves.

11

Reading your first quarter

Three hundred trades arrive quickly here, so the review arrives quickly too. It has one extra step compared with a slower timeframe.

Compliance is read first, as always. But at five minutes the second reading is costs, before the method: compute what you actually paid in spread and slippage across three hundred trades and express it as a share of your average target. If that number is above a third, the method was never the thing being measured.

The bottom-left cell is the ordinary outcome and the one that gets misread. High compliance with a small loss after costs, at this frequency, usually means the costs — a window too wide, an instrument too thin, a market order where a limit belonged, or simply

	Compliance high	Compliance low
Positive after costs	Rare and real. Extend the sample before changing anything.	Luck. The record measures you, not the rule.
Negative after costs	Normal. Attack the spread, the window and the frequency first.	Nothing was tested. Repeat the quarter at the same size.

How to read your own first quarter on this timeframe. The bottom-left cell is the ordinary outcome and the one people misread — at five minutes a small negative after costs usually means the costs, not the method.

too many trades. All four are fixable this month without touching the entry.

The upper-left cell deserves its caution. A positive quarter with high compliance at five minutes is genuinely uncommon, and the correct response is to extend the sample at the same size rather than to scale up. Three hundred trades of a small edge and three hundred trades of a lucky quarter look identical from inside.

12

What this does not settle

Three limits, in the spirit of the rest of this library.

First, none of this says scalping does not work. It says the costs at this frequency are large enough to be the main term in the equation, and that a strategy presented without them has not been presented. If your own count on your own instrument survives its costs, your count beats this paper.

Second, the setup drawn here is one shape among many, chosen because most published five-minute strategies reduce to it. The argument about costs, windows and noise applies to any of them; nothing here is an endorsement of that particular trigger.

Term	As used in this paper
Scalping	Trading a timeframe of minutes, with targets measured in points.
Spread	The gap between buying and selling price, paid on every round trip.
Slippage	The difference between the price you asked for and the one you got.
Window	The named hours in which the rule is allowed to act.
R	One unit of planned risk: the distance from entry to stop.
Compliance	The share of trades that actually followed the written rule.

The terms this paper uses in a fixed sense. They carry the same meaning across the rest of the library.

Third, this paper has said nothing about automation, which at this frequency is a reasonable question. A rule this mechanical is a candidate for it — and building one properly is a long engineering job in which the strategy is the small part, which is a subject the plan paper in this library treats on its own terms.

The useful summary is short. The five-minute chart is not a shortcut and not a trap; it is a trade. You buy a fast answer about your rule and your own execution, and you pay for it in spread, slippage and decisions per day. Take the trade with the costs written down in advance, a window that excludes the flat hours, one size that never moves, and a log written inside the minute — and the timeframe will tell you the truth about your method faster than any other. That speed is the whole of its advantage.

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