
HOW TO
CATCH SPIKES
IN BOOM
&
CRASH

What Are The Boom & Crash Indices?
Boom 1000, Boom 500, Crash 1000, and Crash 500 are synthetic indices offered by Deriv that you can trade to make a huge chunk of returns in no time. As the names suggest, a spike or a huge one-minute candle move occurs in both boom and crash that sometimes, could be as much bigger as 40-60 points (pips).

Synthetic indices are markets that are simulated. Though they behave like real monetary markets, their behavior is created from the use of randomly generated numbers. Boom 1000 along with Crash 1000, Boom 500, and Crash 500 are also synthetic indices.

That simply means, synthetic indices purely behave technically and no fundamental factor (news) can influence the market. That being said, you can take a fair share of the market by performing technical, AKA chart analysis.

How Does The Boom & Crash Work?
Boom and Crash indices behave differently from normal trading pairs for the following reasons.

1. Boom & Crash Indices Do Not Have Fundamentals
The boom and crash indices are not pegged with any currency or commodity and are totally independent. They are randomly generated numbers that follow a pure technical pattern. That being said, no news event, country, or institution can influence the boom & crash indices.

2. Sudden Boom/Drop In The Price
Yet another unique aspect of the Boom & Crash indices is the sudden hike or drop in the price that can sometimes be as bigger as 50+ points (pips).

In Boom indices, an upside spike results due to price rejections whereas in the Crash indices, a significant drop occurs upon rejection of the price from a certain level. This makes the Boom & Crash indices unique from other trading pairs and intrigues a lot of traders out there.

3. The Stop-Loss Issue
In Boom & Crash indices, you cannot expect the position to close at your Stop-Loss/Take-Profit. The position will close at the end of the spike and that's why many traders don't trade against spikes as it can give a decent loss within seconds.

Boom And Crash Indices Lot Size
The Boom and Crash indices are very different from forex pairs and therefore you should have a good understanding of the lot sizes before you start trading the Boom & Crash. Here's what you need to know about the Boom & Crash lot sizes…

The minimum lot size is 0.20 for all Boom & Crash pairs. The 0.2 lot size means every ONE point (pip) move will result in a $0.20 profit/loss.
The maximum lot size is 50 for all Boom & Crash pairs. The 50-lot size means every ONE point (pip) move will result in a $50 profit/loss.

Basically, the number of lot size in Boom & Crash indices is equal to dollar value. For example, if your lot size is 1, you will make or lose $1 with ONE point move in the market. Similarly, a 5-lot size will result in a $5 profit/loss per ONE-point move.
That being said, you can use this formula to calculate pips or lot size for Boom & Crash indices:

Pip Value = Point Value * Volume * Contract Size

Are Boom & Crash Indices Manipulated?
The boom and crash indices are stubborn and once they start moving in a direction, they just don't come back easily which is why most new Boom and Crash traders associate them with manipulation.

Thing is that the Boom & Crash indices respect the rules of price action and technical analysis and you should only trade reversals only if you can justify it with strong confirmations. Here's my detailed article on whether the Boom & Crash indices are manipulated.

STRATEGY

Having a good strategy in trading is very important because you can use it win mostly. There are many strategy out there that you have seen yet you cannot use it to make profit . According to my research I discovered that strategy work very well if it suit the person using it. You can copy a professional strategy and still lose because it doesn’t suit your trading style. So it good when your given a strategy test it very well if it suit you . Then with that you can make profit. Strategy need to be practice severally before applying in a real account. Here I am going to show you strategy that use to milk boom and crash.

Here your going to Set moving Average, the advantage of moving average is that is serve as a.Support and resistance b. it show the trends of the market if it is uptrend or downtrend.

The 4 moving average you will apply here is

1, 200 Exponential Moving average (EMA)

2, 10 Simple moving average (SMA)

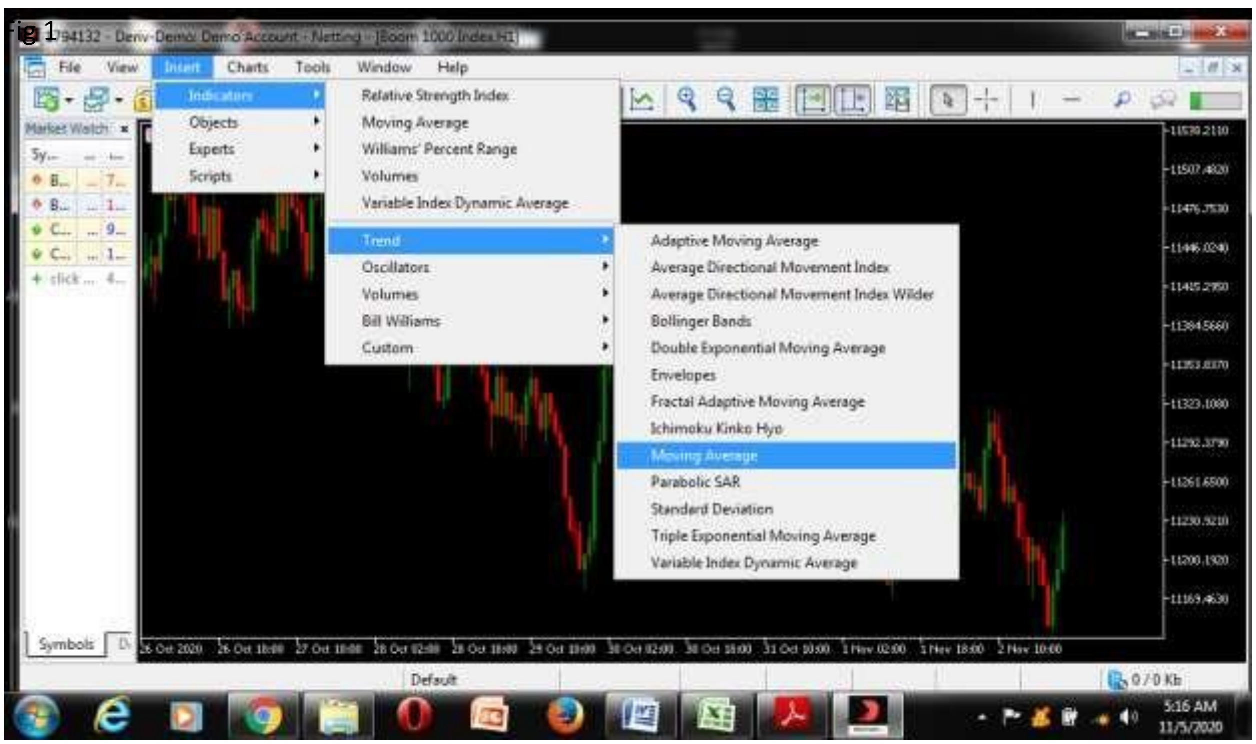
3, 14 Relative Strenght Index (RSI)

⇩

4, My special Indicator (Optional)

Here your going to set it on your Computer or Phone

For Computer you need to go to **Insert menu** >**Indicators**> **Trend**> **Moving Average** as shown in picture below



ig 1

Fig 2 Show you how you can set up 200 Exponential Moving Average

Fig 3 Show you how you can set 10 Simple Moving Average

Now let us try to quickly show how some can set up their moving averages indicator on their mobile phone. Although it is evident that you should be taken step by step in everything, but there are certain things that are just too basic to take you through .you can find them on

1794132 - Deriv-Demo: Demo Account - Netting - [Boom 1000 Index,H1]
File View Insert Charts Tools Window Help
AutoTrading
New Order
Market Watch
Boom 1000 Index,H1
Moving Average
Parameters
Levels
Visualization
Period: 10
Shift: 0
Method: Simple
Apply to: Close
Style: Red
OK
Cancel
Reset
Symbols
For Help, press F1
Default
0 / 0 Kb
5:28 AM
11/5/2020

Fig 4 Show you how you can set 10 Simple moving average on Phone

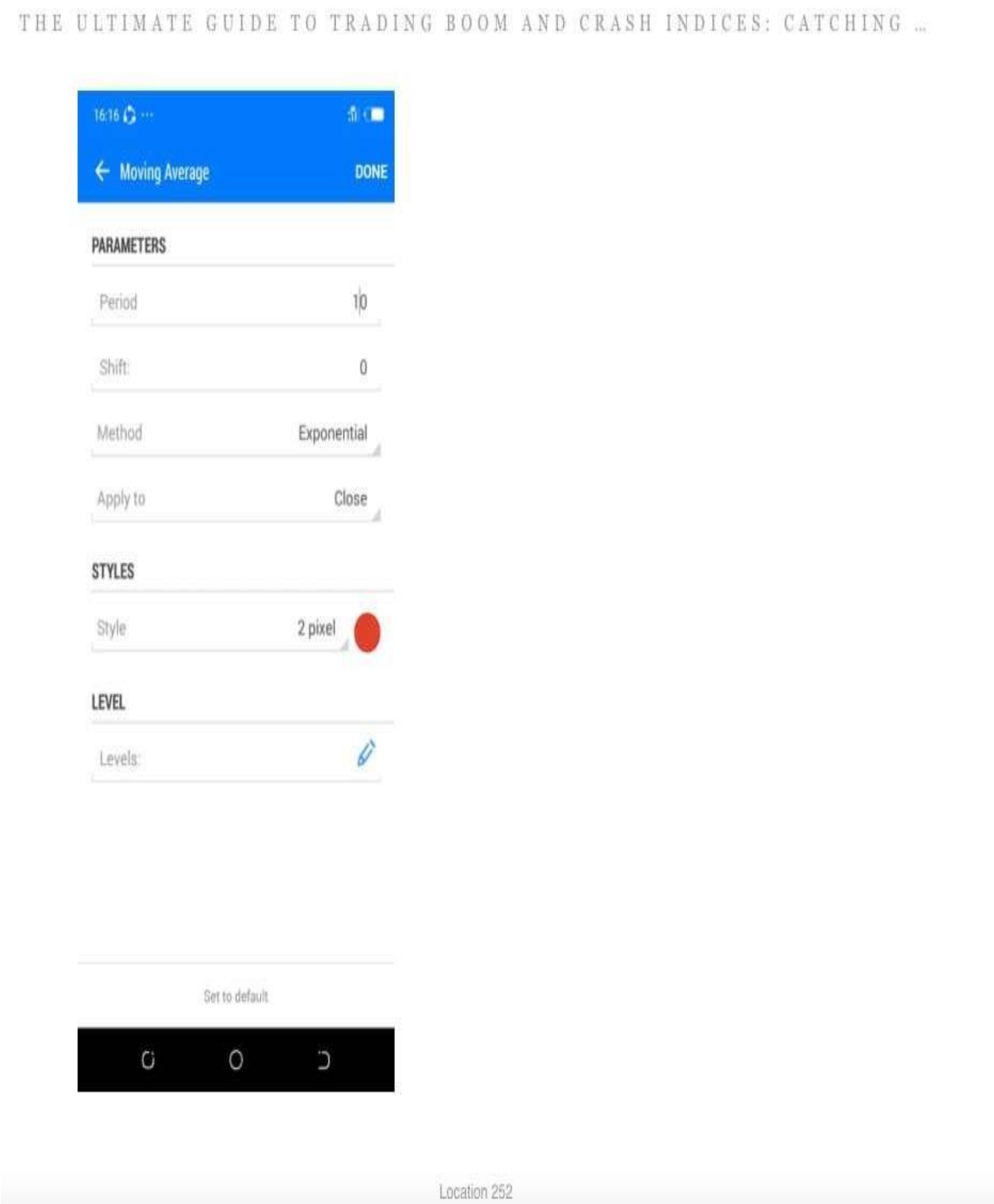
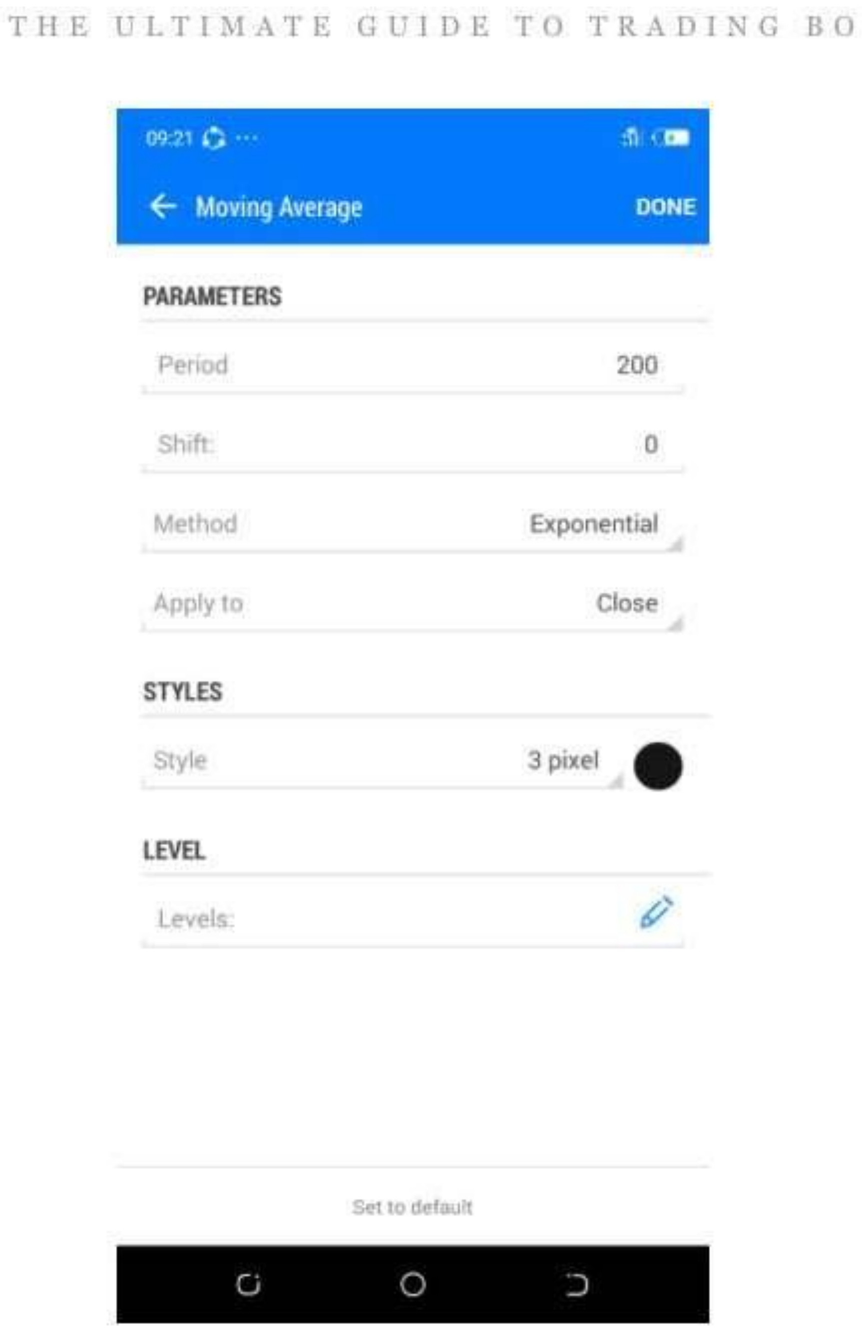


Fig 5 For setting 200 Exponential Moving Average

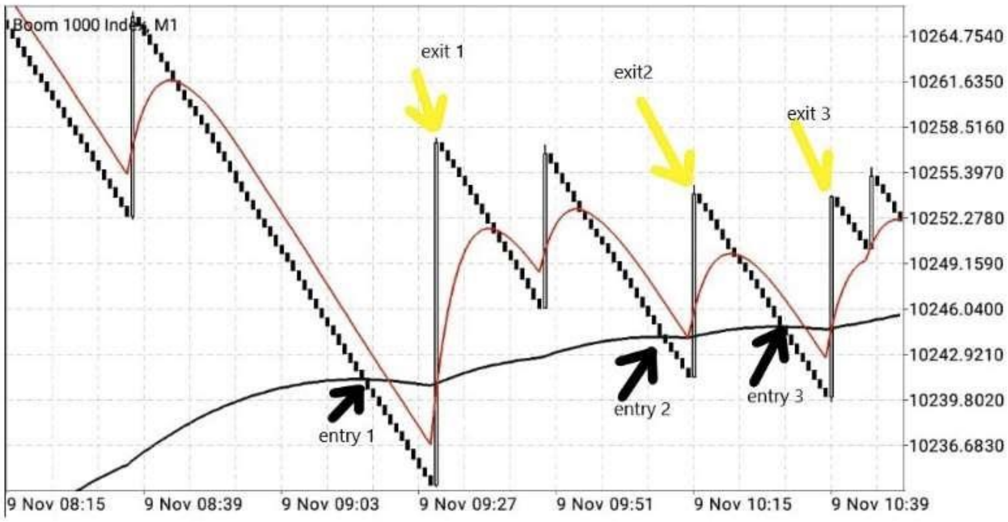


After Setting Everything your chart will look like this one on fig 6

See? When the price comes closer to the 200 EMA there is a spike happening because of the rejection.

However note that it is not all the time that there will be an immediate spike as soon as the 200EMA is touched by the price. It can take few minutes to make a spike after the 200EMA is touched but when a spike happens, you will make profit. Analyze the figure below for a better understanding;

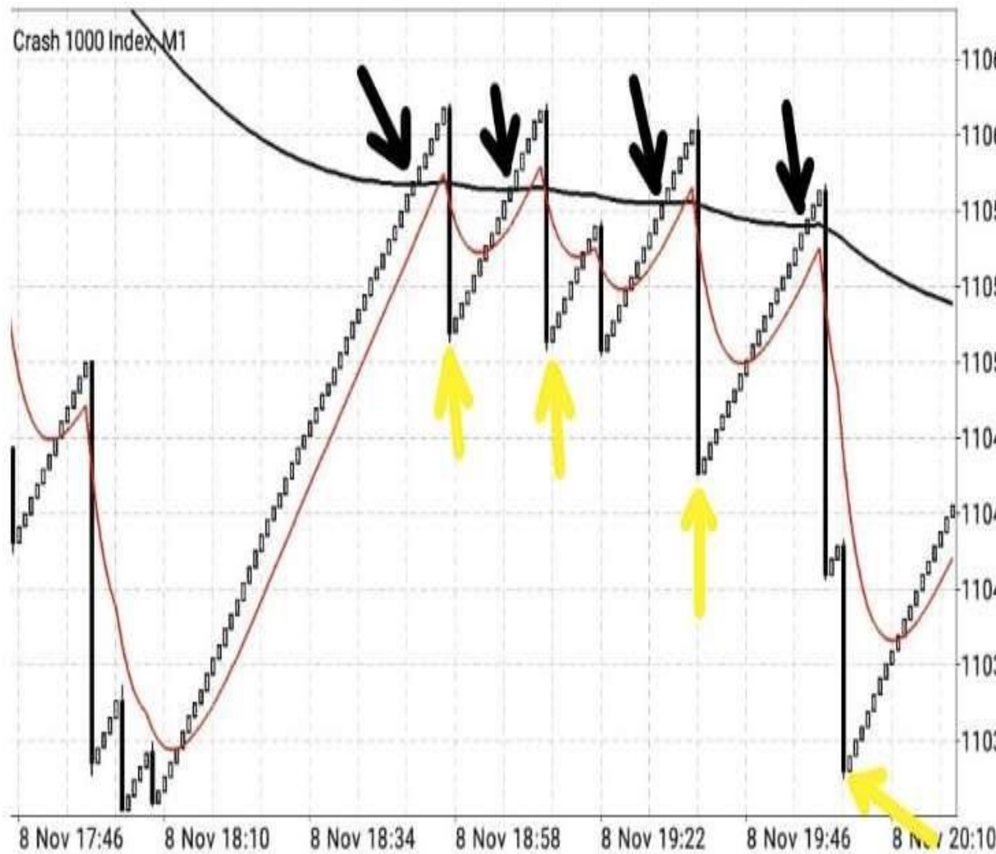
Fig 2.j



Through the above figure you will see that it took few minutes before there could be any spike. There was no spike immediately the 200EMA was touched, but overall it ended up in profit.

Let us also see the same behavior with crash. With the figure below, it acted as support and made the price reject few minutes after the price hit the 200EMA. Black arrows are for entries of trades and yellow arrows are for exits of trades.

Fig 2.k



Now let us talk about the 10SMA. This specific indicator serves as support and resistance in very particular instances:

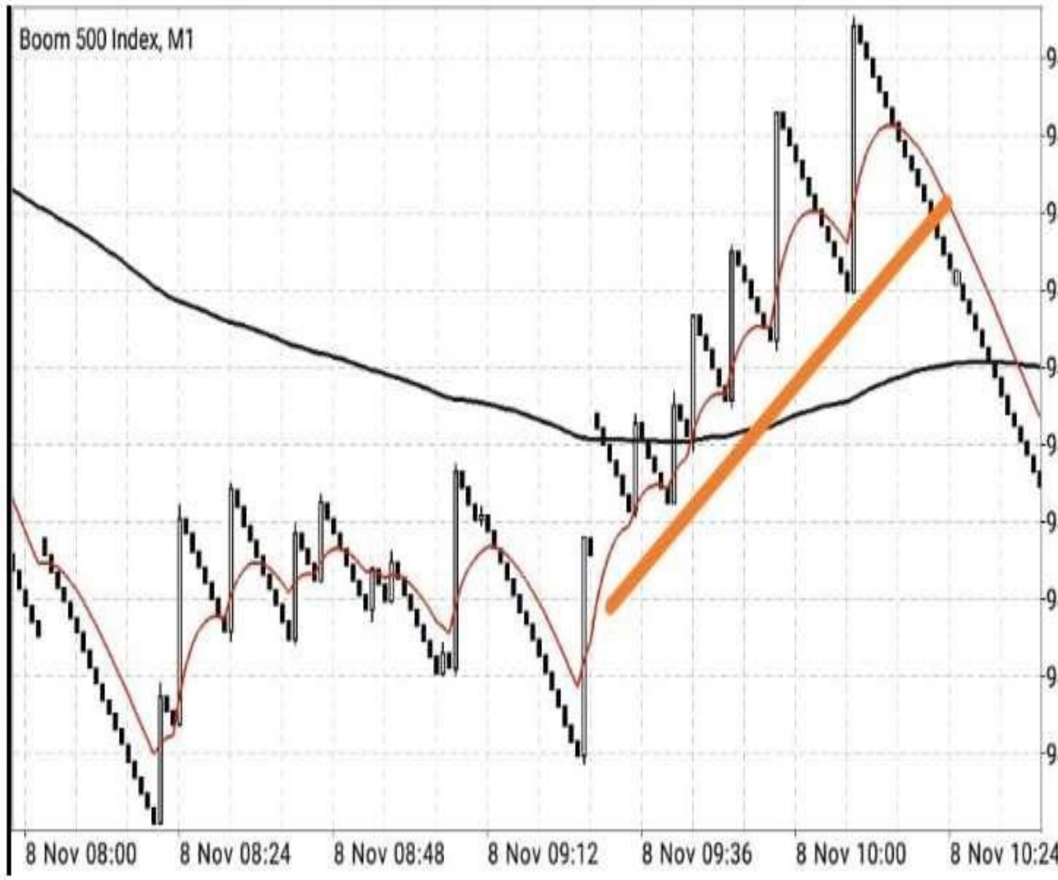
For boom, there is a way of catching spikes through 10SMA when boom start going on an uptrend. The uptrend is the overall direction of the market moving upwards. So whenever at least 2 spikes have happened close to the 10SMA then get ready for 2 or more other spikes around the 10 SMA.

The figure below shows with stars how you do spot signal spikes (in black stars) in order to anticipate upcoming spikes (in red stars).

Fig 2.1

Let us get another example for better understanding. The figure below shows boom 1000 going through an uptrend. Through the 2 first spikes, you can make more money by anticipating the upcoming spikes...

Fig 2.m



Note that the same is applicable with crash. There should be a downtrend (i.e. the overall direction of the market moving downwards) with at least 2 spikes around the 10 SMA in order to be confident to enter the third spike around the 10 SMA.

2.4. Moving averages as trend line

We stated earlier that moving averages can indeed serve as trend lines showing the overall direction of the market. It is important to know that the trend line is best portrayed on a higher timeframe like 1 hour timeframe. Through the higher time frame you can detect the overall direction of the market.

Fig 2.n

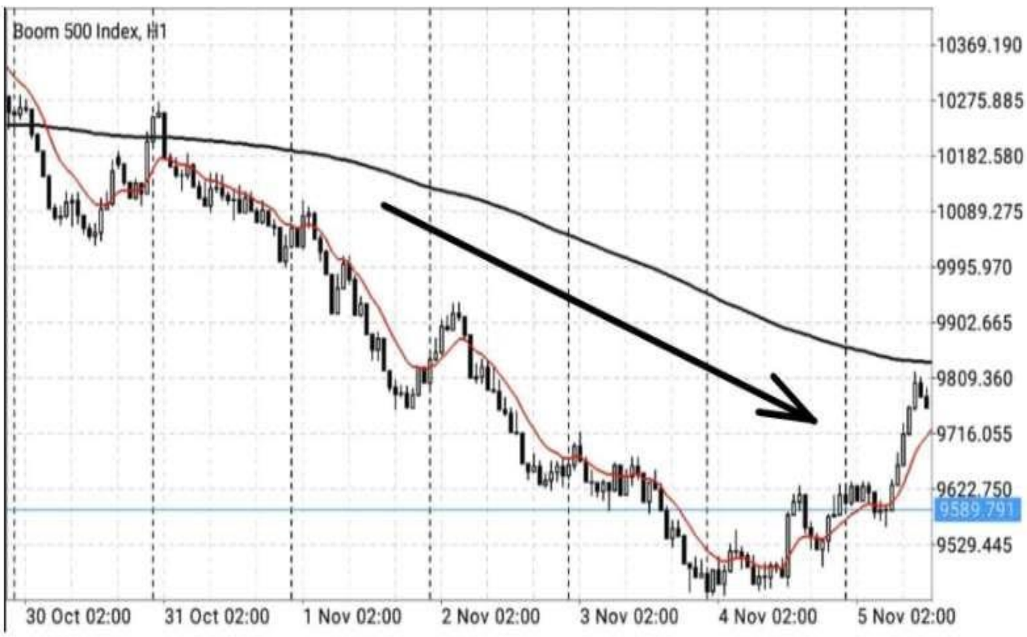


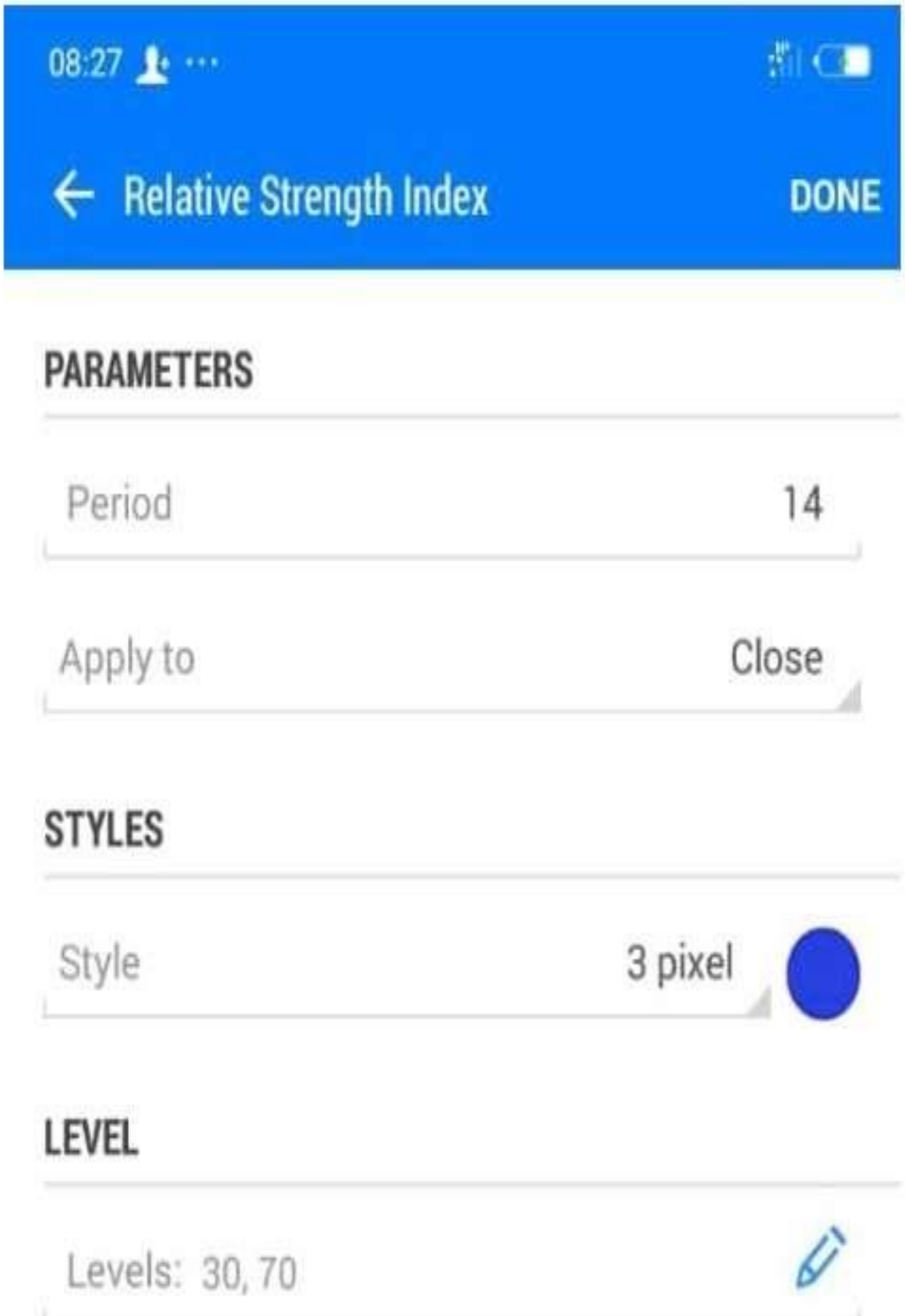
Fig 2.n shows that boom is on a downtrend. This being so there will be less spikes in the market. Because spikes on boom are directed upwards but as you can see for the market to go downwards, there has to be less spikes. This market can be traded but one should be very careful to open positions anyhow.

Fig 2.0

Fig 2.0 shows the direction of the market as being an uptrend. For this case there will be less spikes on crash 1000 because spikes are directed on the downwards direction but the trend is upward. This being so, one should trade more carefully and not enter trades anyhow.

Understand that the other way round is also important to consider: boom in a downtrend and crash on an uptrend show that there will be more spikes and you can trade more safely and more swiftly.

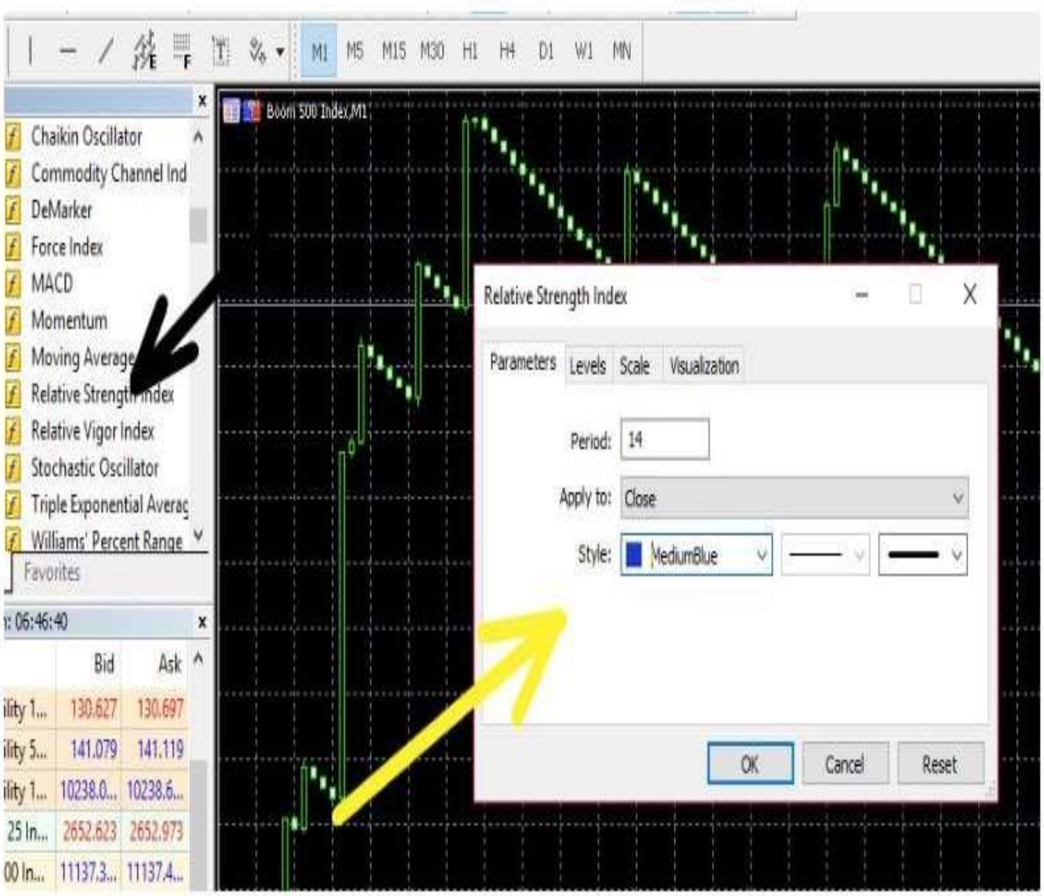
Remember that despite seeing the overall trend, it is advantageous for you to go back to


08:27
Relative Strength Index
DONE
PARAMETERS
Period
14
Apply to
Close
STYLES
Style
3 pixel
LEVEL
Levels: 30, 70

After finding and clicking on relative strength index, you should see these parameters and click “done”.

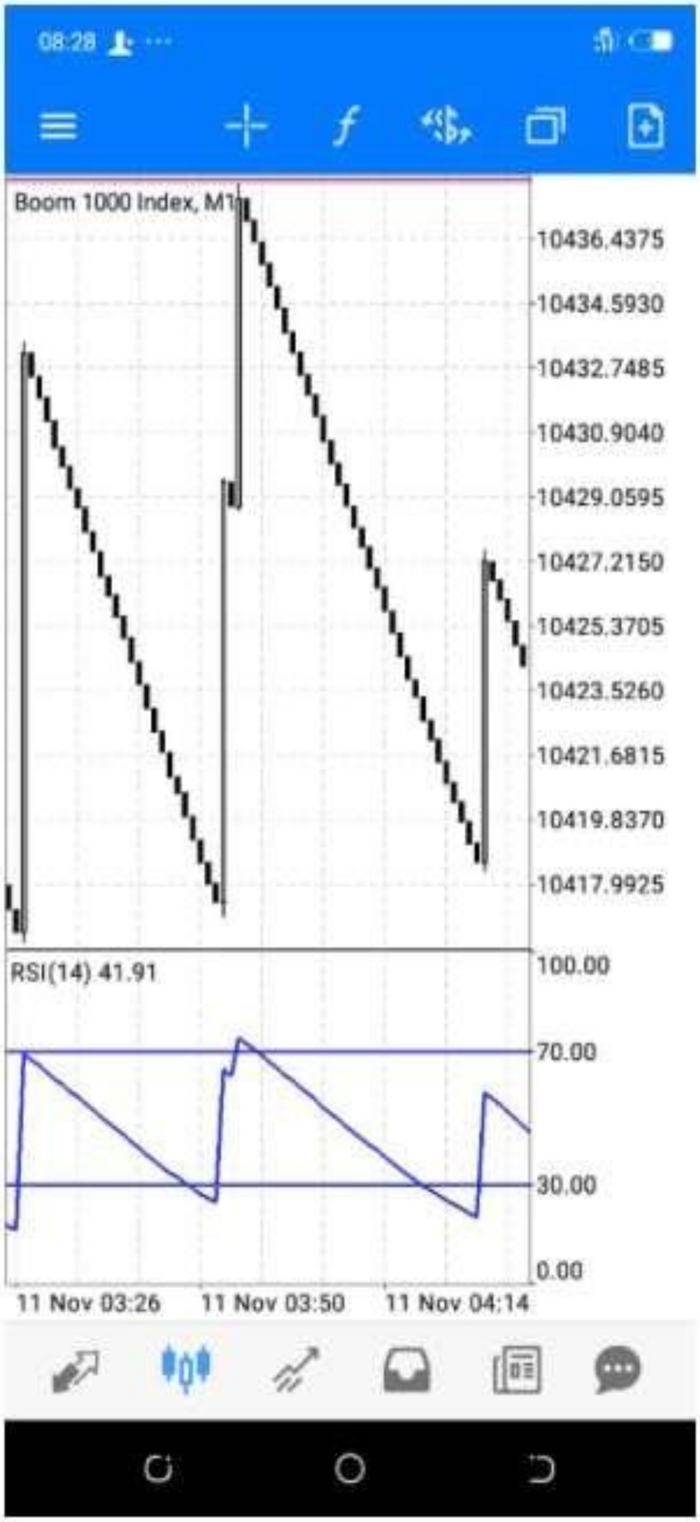
For the computer, after you find the RSI, click on it. Settings will display. Follow the template below then click “ok”.

Fig 3.b



After your settings are done, this is how your chart should display on your mobile.

Fig 3.c


08:28
Boom 1000 Index, M1
10436.4375
10434.5930
10432.7485
10430.9040
10429.0595
10427.2150
10425.3705
10423.5260
10421.6815
10419.8370
10417.9925
RSI(14) 41.91
100.00
70.00
30.00
0.00
11 Nov 03:26
11 Nov 03:50
11 Nov 04:14

See? The figure 3.f shows how the case number 1, the 2 PICS of the RSI pointed downwards while the price of crash was going on an uptrend. That was a divergence. The same happened in case number 2 and case number 3.

So for crash, if as soon as the price of the market reaches the price of the previous pic, and when you check on the RSI the direction is a downtrend, understand that there is divergence and **a spike** is likely going to occur.

Now, if you draw a white line on every last pic and wait for the price to reach that zone again. Whenever the price reaches the price of the previous pic, check your RSI and see if it is

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Since we would want to catch spikes ,you can immediately see that as soon as the overbought level was hit (see red circles), there was a potential sell opportunity and if you entered a sell, you could have caught a spike and be in profit. Therefore understand that for boom we look for an overbought opportunity in order to enter a "sell" position. But on crash we look for an oversold opportunity in order to enter a "buy" position.

on a **deep** downtrend. If yes, then enter a sell because a spike is more likely going to happen.

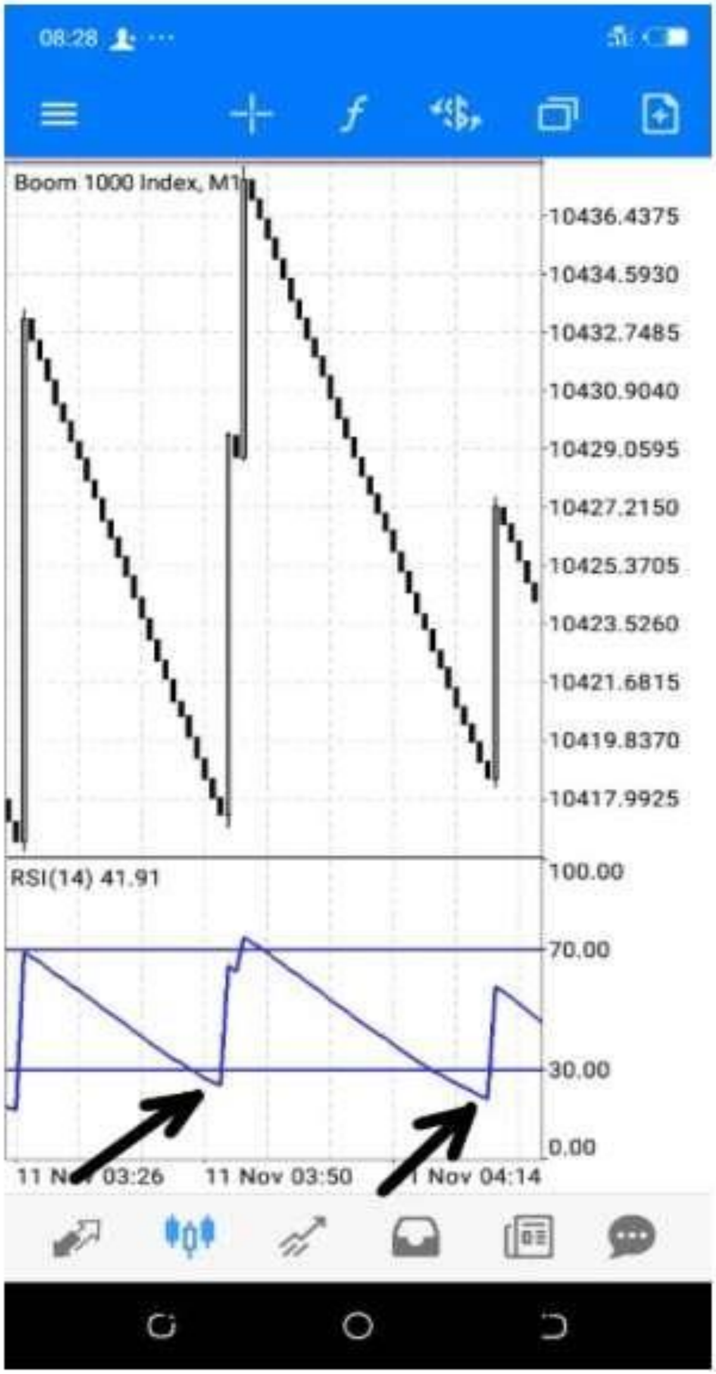
This dynamic of the RSI has proven to be the most accurate among all other dynamics.

For a better understanding, let us analyze boom and see how through divergence you can spot winning opportunities.

Fig 3.g

Through fig 3.h you can affirm that there was a strong resistance on level 56 of the RSI. This resistance level spotted many spiking entry zones. See? You only needed two support areas in order to spot the two or maybe three other spikes...this dynamic is even perfect when used on 1 hour timeframe;

Fig 3.i



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10417.9925
RSI(14) 41.91
100.00
70.00
30.00
0.00
11 Nov 03:26
11 Nov 03:50
Nov 04:14

Through the figure above one can identify the highest level on the RSI which acted as resistance. Knowing the highest level, one can easily spot a strong probability of reversal. You will be able to identify a change in the trend of the market and by rebounce, adapt your strategy to the trend of the market.

We can also spot specific entries through trend lines drawn on the RSI

Fig 3.k

Through trend lines, one can also spot good entry points. However these instances do not occur all the time and they should be used with other strategies given above in order to be more specific.

The other disadvantage of the trend dynamic is that you can miss out two first spikes in order to catch out the third and the following ones...reason being that without two first pics, on cannot draw a trend line.

both set of indicators point in the same direction of the trend. Let us take a look at a figure for a better understanding.

Fig3.4

On fig 3.1 the big arrow points out the direction of crash 1000. Pointing out that it is a downtrend. The first indicator which is the 200EMA in yellow has already approved it because the current price and previous prices are below the 200EMA.

On the other hand the RSI has confirmed it too with the first two pics rounded in purple. Those two pics circled in purple are enough to draw a trend line. When the trend line is drawn, you can easily know the trend of the market.

As if that was not enough, when both indicators point in one direction, it will be easier

Through the figure 3.b you can see how, with the first and the second instance, the RSI released a signal as the price already reached the overbought level (i.e. above the level 70). This was confirmed sooner by the strong resistance from the 200EMA.

4.3. Plan B games

Kindly pay attention to what is going to be said:

Whenever you trade, you should follow our plan and be able to leave the trade when your plan b is brushed off. Here the plan b is that if per adventure the price does not spike at the

Summary

It very important for the reader to practice everything said in this book for atleast one week before trading it on a real account. Trading is very risk and may not be suitable for everyone.

Save time and money!!!

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