Marvin Weiss

THE 12 TICK

STRATEGY

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What is the 12 Tick Strategy?

The 12 Tick Strategy is a correlation strategy. We take one leading market – in our case, the ES futures contract (S&P 500) – and trade it in correlation with the Nasdaq.

The ES is the leading market. The Nasdaq is the following market. When the ES goes up, we expect the Nasdaq to follow. When the ES goes down, we expect the Nasdaq to follow down.

But in some cases, we get a divergence – meaning the markets aren't correlating the way they should. That's when we strike. Fast.

For example: if the ES is pushing up while the Nasdaq is stuck or even pulling back, we place a very quick trade for a small, high-probability profit.

This is also one of the few strategies we trade with a negative risk/reward. We usually go for 12 ticks profit and 48 ticks stop-loss.

It's a scalping strategy, which means you can trade it all day long – even pre-market – as long as there's enough volatility and the markets are actually moving.

The idea behind this strategy

The concept is simple: as long as the ES and the Nasdaq are correlating one-to-one, we have no edge. But the moment that correlation slips – even by a tiny bit – we step in. That's where our edge lives.

Speed matters

This is critical to understand: a trade typically lasts only a few seconds.

These are pure scalp trades. You're in and out within seconds. As soon as a trade stretches beyond a few seconds, the edge is usually gone – and that's your signal to get out.

More on the details in the sections that follow.

A dynamic strategy

We can profit from multiple points of interest and multiple entry signals, because this strategy is very dynamic.

It has mechanical rules – but within those rules, you can mix and match building blocks depending on what the market gives you.

Once you understand the core principle – correlating markets and how to read them when they diverge – you'll start to see just how many trades this opens up.

In a single hour, it's not unusual to get multiple high-conviction setups.

Directional bias

None - this strategy does not use a directional bias

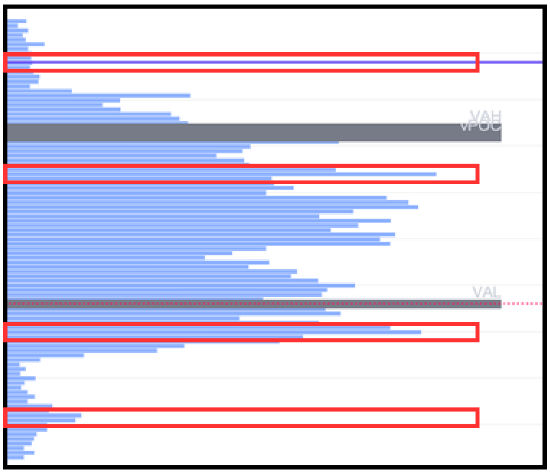
Point of interest

Not every single setup with this strategy requires a point of interest. However, there are areas in the chart where we can expect a trade, so I will mention them here.

Please note that we won't be using Tradingview as our charting platform for this strategy as it doesn't have the preciceness we need for this strategy. You will find all information regarding the technical setup in the course module "The 12 Tick Strategy".

Our first point of interest is:

High Volume Notes in the ES



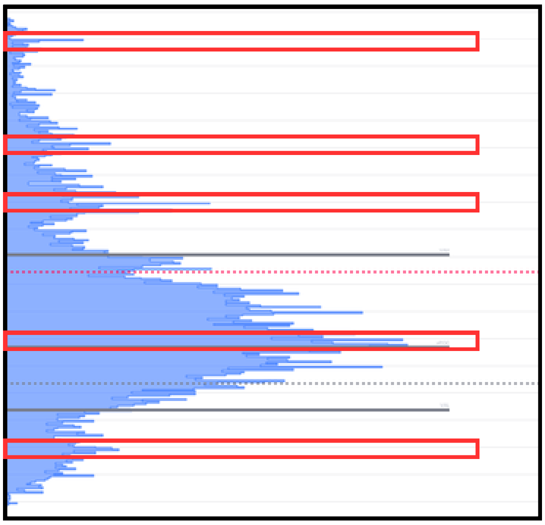
It's important to note that these high-volume nodes must clearly stick out from the nodes above and below. If you have to think about whether a node is a high-volume node... it's probably not one.

It's also always relative to the location on the chart. The node at the bottom of the example isn't nearly as tall as the others higher up – but compared to the general volume in that price area, it absolutely counts as a high-volume node.

Point of interest

Our second point of interest is:

High Volume Notes in the NQ



Our third point of interest is:

High Liquidity Areas in the ES

It's important to note that – just like with high-volume nodes – we only highlight liquidity areas where there's an extreme amount of liquidity. If you have to think about whether a price area is a high-liquidity zone... it's probably not.

Point of interest

Our fourth point of interest is:

High Liquidity Areas in the NQ

Entry signal

Since this is a scalping strategy, there are quite a few possible entry signals.

Below I'll list the most common combinations of entry signals for you. This list should give you more than enough possible entries whenever you're trading.

1) Correlation Only

IF you see the ES pushing to the upside – but in that exact moment, the NQ is either stuck at the current price or even moving downwards (confirmation 1)...

THEN you have a valid entry signal - in this case going long in the NQ.

This setup looks purely at the price correlation between the two markets. No other entry signals are needed. Only 1 confirmation needed as well.

2) High volume notes in the ES

If you see the ES push into a high-volume node (confirmation 1) with bad auction quality (confirmation 2) and then come to a halt at that level (confirmation 3) – meaning we're clearly seeing price resistance there...

THEN you can go for a reversal trade in the NQ. We expect the NQ to react and pull back to the previous price level at least slightly – which is all the edge we need.

Entry signal

3) High Volume Note in the NQ

IF you see the Nasdaq push into a high-volume node (confirmation 1) with bad auction quality (confirmation 2) and then come to a halt at that level (confirmation 3) – meaning we're clearly seeing price resistance there...

THEN you can go for a reversal trade in the NQ.
This isn't a correlation trade with the ES – but it's still a valid setup, and it shows up quite often in the markets.

4) High Liquidity Area in the ES

IF you see the ES pushing into a high-liquidity area (confirmation 1) with bad auction quality (confirmation 2), you're waiting for pretty much all of the liquidity to be taken out of the market – extremely fast, all at once (confirmation 3)...

THEN you go in for a quick reversal trade in the NQ.

It doesn't matter whether the liquidity was actually traded through or not. If the market pushed into that liquidity level with bad auction quality, we already have two strong confirmations. And if that liquidity suddenly disappears, we usually see a quick move to the other side.

5) High Liquidity Area in the NQ

IF you see the NQ pushing into a high-liquidity area (confirmation 1) with bad auction quality (confirmation 2), you're waiting for pretty much all of the liquidity to be taken out of the market – extremely fast, all at once (confirmation 3)...

THEN you go in for a quick reversal trade in the NQ.

Trade management

I usually go for a negative risk/reward ratio – typically 12 ticks take-profit with a 48-tick stop-loss.

You have two ways to trade this:

- Option A: Go for 8 profitable trades and stop after 2 losses
- Option B: Go for 4 profitable trades and stop after your first loss

Either way, you're aiming for roughly a 1:1 ratio between your profit target and your maximum loss for the session.

Important: If the Nasdaq is highly volatile – for example, during the first few minutes of the market open – I either wouldn't trade at all, or I'd scale up both my stop-loss and take-profit (while keeping the same 4:1 ratio between them).

Trade examples

You'll find countless trade examples and me walking you through the strategy in detail inside the course platform – module "The 12 Tick Strategy."

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