



DESIRE TO TRADE

FOREX TRADING SKILLS FOR MORE FREEDOM

Bollinger Bands Reversal Strategy Checklist

Process

Step 1: Apply the Bollinger Bands on a clean chart

- Period: 20
- Deviation: 2

Step 2: Look for a **break outside** the **Bollinger Bands** (this can be a pierce only or the candle can close outside)

Step 3: **Validate** your **entry** with **candlesticks** or **patterns**

Entry checklist

- A **candlestick** pattern has formed
 - Select:**
 - a. **Engulfing Bar**
 - b. Your selection of reversal patterns
- The **candlesticks forming the pattern all broke outside** the **Bollinger Bands**
- There **hasn't been** any **big move** in the **opposite direction recently**

Trading on the 1hr, 4hr and Daily charts

1. **Place 2 pending orders** (limit orders) about 5 pips **above/ below** the **high /low** of the candle completing the pattern
2. **Place both stop losses** about 5 pips **below/above** the **lowest/highest** of the **last 3 candles**.
 - a. (the amount of pips to place the entry and SL above/below can be varied to take into account larger volatility pairs. 5 pips is our suggestion as base)
3. **Set your 1st take profit** for a **Reward-to-Risk of 1:1**
4. **Set your 2nd take profit** for a **Reward-to-Risk of 1:3**
 - a. **Let the trade run fully** to the **TP or SL** in every case.
 - i. **Alternatively you can move your Stop Loss to Break Even once the Take Profit 1 has been reached.**
5. If the trade is **not triggered** in the **next candle cancel the pending order**.
 - a. This the amount of candles you wait for the setup to be activated is up to you; we use 1 or 2 candles at maximum.

Improving accuracy and personalizing the Bollinger Band Reversal

You can **filter** the **Bollinger Band Reversal** trade setups using a set of **discretionary rules**. **This rules can be your own or you can use some of our suggestions. We encourage you to use the methods that fit you best to make the Bollinger Band Reversal Strategy your own.**

Note: you can use any of the filtering options we detail below individually or together

- **Using S/R Areas**
 - **Only trade Bollinger Band Reversal setups** that appear **near S/R areas**
 - Determine the S/R areas using higher time frame charts (eg. using Daily chart S/R areas to trade the 1hr chart setups)
 - Trade **bearish setups** only **in resistance** areas and **bullish setups** only **in support** areas.
- **Trend Following**
 - Take trades **only in the direction** of the **main trend**
 - Determine the main trend using higher time frame charts
 - Use the setups as ways to **enter in pullbacks to the trend**
- **Price Action**
 - Use **price action context** to determine the **quality** of the **setups**
 - Take **only high quality setups** that have other **confluence factors** determined by **Price Action context**.

Setup Examples

