

# DESIRE TO TRADE

FOREX TRADING SKILLS FOR MORE FREEDOM

## Strategy Series Bollinger Band Reversal (BBR)

Simplicity 'Done for You' Rating: 3

(1 = Start today, 5 = requires practice and screen watching)

### Tools Required:

- ☒ Candlestick chart
- ☒ Entry Bollinger Bands 20,2
- ☒ Support and Resistance Areas

### Markets:

- ☒ FX pairs
- ☐ Equities
- ☐ Futures
- ☐ Crypto Majors

### Market Context:

- ☐ Trend
- ☒ Reversion
- ☐ Range/Chop
- ☐ Other

### Trade Type:

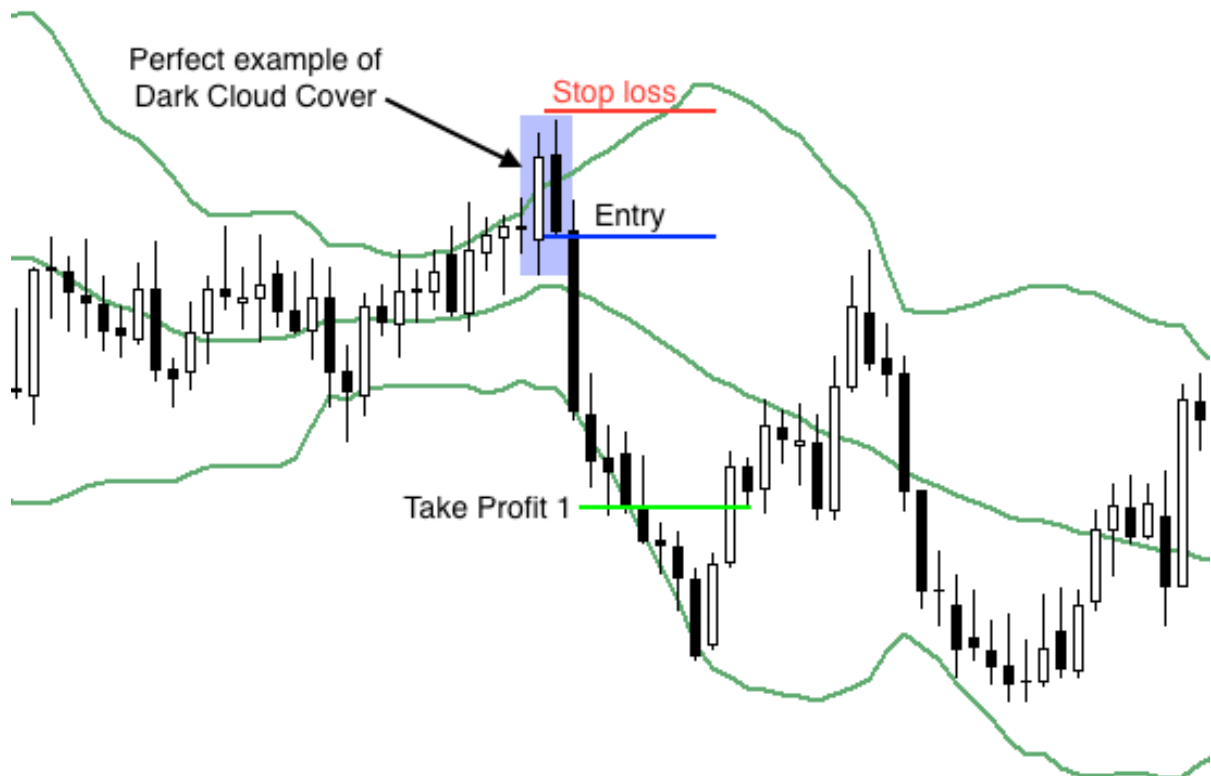
- ☐ Scalp
- ☐ Day-trade
- ☒ Swing

### Preferred timeframe:

- ☒ 1 Hour - 4 Hour - Daily

### Strategy Summary:

The strategy looks for extreme points and extreme movements which are more likely to lead to a reversal. This is why this strategy when mixed with S/R areas and market Phases works best as it helps you get into major reversals in trading.



### Entry:

- Only Enter a trade if there is no current trade open
- **Buy**
  - A **reversal price action Candlestick Pattern Forms**
    - **Engulfing Bar (Base / Core)**
      - **Alternatives**
      - Pin Bars
      - Rejection Bars
      - Indecisions Bars
      - Dark Cloud Cover
  - Candlestick Pattern formed **breaking the Low of the Bollinger Bands** (Pierce or candles form outside the Bollinger Bands)
  - At the end of the pattern, the **price has closed back inside the Bollinger Bands**
  - **Place Buy Stop order** entry a few pips **above the high of the candle** completing the pattern.
  - By default we use 2 orders to separate take profits
  - **If trade entry is not triggered 1 or 2 candles** after the pattern completes we **cancel the pending order** and consider the setup invalid.
- **Sell**
  - A **reversal price action Candlestick Pattern Forms**
    - **Engulfing Bar (Base / Core)**
      - **Alternatives**
      - Pin Bars
      - Rejection Bars
      - Indecisions Bars
      - Dark Cloud Cover
  - Candlestick Pattern formed **breaking the Top of the Bollinger Bands** (Pierce or candles outside the Bollinger Bands)
  - At the end of the pattern, the **price has closed back inside the Bollinger Bands**
  - Place **Sell Stop order** entry a few pips **below the low of the candle** completing the pattern.
  - By default we use 2 orders to separate take profits
  - **If trade entry is not triggered 1 or 2 candles** after the pattern completes we **cancel the pending order** and consider the setup invalid.

### Risk Management:

- **Stop placement:** Initial SL Placed above/below the high/low of the candles forming the pattern.
- **Recommended to use a % risk per trade model for Position sizing**
- **Take Profit**
  - TP 1 Set at 1:1 Reward-to-Risk
  - TP 2 Set at 3:1 Reward-to-Risk
  - Optional TP2 or TP3 set at the next Major S/R area
- **Optional - Trailing Stop Loss**
  - **Move SL to Break Even after TP1 is hit.**
  - **Trail SL based on Market Swings.**
    - Trail to the next market Swing low or high following the structure

### Exit Strategy:

- If trade remains open upon reaching the next Major S/R area and there is an opposite direction setup we can close the trade and enter the new setup.

#### Filters:

##### Support and Resistance Areas

- Only trade Bollinger Band Reversal setups that appear near major Support and Resistance 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**.
- Avoid trades when there are accumulation patterns into S/R areas

##### Price Action

- Use price action context to determine the quality of the setups (EG. Market Phases)
- Take only high-quality setups that have other confluence factors determined by Price Action context.
- **Engulfing Bar or chart pattern should have a reasonable size in comparison to the market context** (Avoid trading when price movements are small/tiny)

##### Alternative- 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

Automation capability:

- ☒ Y  
☐ N

