

BOLLINGER BANDS

What are they and
how to use them



What is a Bollinger Band?

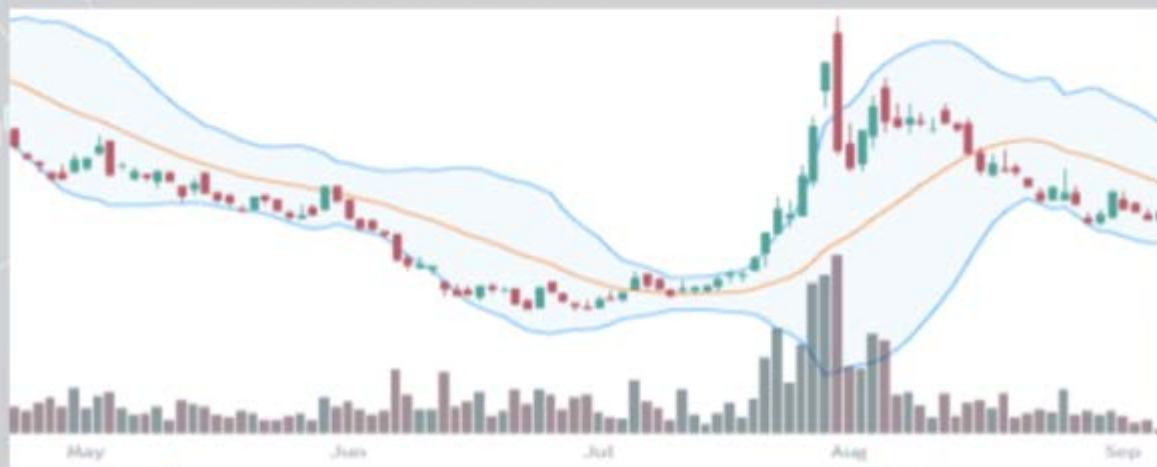
Bollinger Bands are a technical analysis tool developed for generating oversold or overbought signals.

When the price continually touches the upper Bollinger Band, it can indicate an overbought signal while continually touching the lower band indicates an oversold signal.

Trade for
Good.

What do Bollinger Bands tell you?

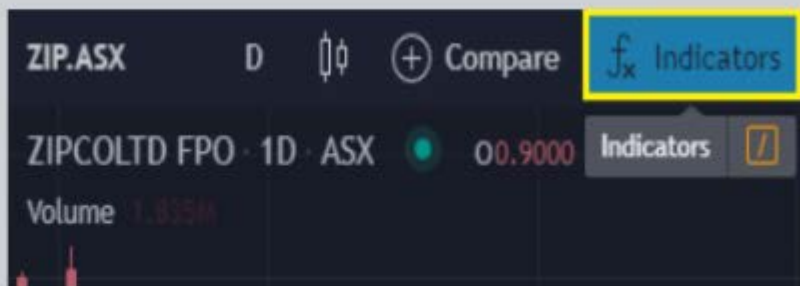
When the price continually touches the upper Bollinger Band, it can indicate an overbought signal while continually touching the lower band indicates an oversold signal, and the closer the prices move to the lower band, the more oversold the market.



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How to add them?

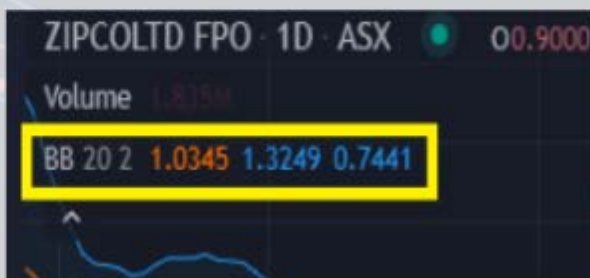
1. In the chart,
click on
Indicators



2. Type in
Bollinger to
search



3. Adjust the
values



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The Squeeze

The "squeeze" is the central concept of Bollinger Bands. The squeeze is when the bands come close together, constricting the moving average. A squeeze signals a period of low volatility and is considered by traders to be a potential sign of future increased volatility and possible trading opportunities.



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Breakouts

Approximately 90% of price action occurs between the two bands. Any breakout above or below the bands is a major event. The breakout is not a trading signal. Breakouts provide no clue as to the direction and extent of future price movement.



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