

Scalping

Forex scalping has gained high popularity nowadays. You are welcome to explore the Bollinger Bands of Forex scalping strategies and ideas! True scalping involves risk as well as any other type of trading. If done correctly Forex scalping provides an additional degree of risk management as a result of holding trading positions for a very short period of time as well as constant monitoring of the price and collecting quick profits as they appear. Forex scalping systems if used will assume trader's own risk and full responsibility. Scalping Forex is fun. Learn it and trade profitably!

Kindest regards
FX Cube

Bollinger Bands

Introduction

Bollinger Bands are a technical trading tool created by John Bollinger in the early 1980s. They arose from the need for adaptive trading bands and the observation that volatility was dynamic, not static as was widely believed at the time. The purpose of Bollinger Bands is to provide a relative definition of high and low. By definition prices are high at the upper band and low at the lower band. This definition can aid in rigorous pattern recognition and is useful in comparing price action to the action of indicators to arrive at systematic trading decisions. Bollinger Bands consist of a set of three curves drawn in relation to securities prices. The middle band is a measure of the intermediate-term trend, usually a simple moving average, that serves as the base for the upper band and lower band. The interval between the upper and lower bands and the middle band is determined by volatility, typically the standard deviation of the same data that were used for the average. The default parameters, 20 periods and two standard deviations, may be adjusted to suit your purposes.



See: <http://www.bollingerbands.com/>

Scalping with the help of Bollinger Bands (BB)

Bollinger Bands can help to identify trends and especially upcoming trend reversals. When the market price moves outside the Bollinger Band it could be validate as a higher propability of continuation of the current trend, while tops and bottoms of BB in a sideways market reappraise an upcoming trend reversal. Prices tend to go down at the tops and moves at bottoms upwards.

Practical needs

If trading at M1 or M5 you need Bollinger Bands with (20/2) settings.

Chart with Bollinger Bands (20/2)



<http://forex-strategies-revealed.com/adx-bollingerbands/cpage-4>

When this happens, a trend will either make a pullback or reverse.

One idea which helps to classify market behavior into phases

There are two Bollinger Bands on the chart.

BBands (Period 20, deviation 1) & BBands (Period 20, deviation 2)



<http://forex-strategies-revealed.com/adx-bollingerbands/cpage-3>

When prices stay inside BB (20, 1) there is no clear trend. To take trades inside Deviation-1-Line is risky. Once market price gets outside Deviation-1-Line (dotted purple lines) – there are best practical means of a trend starting. If market price are running between Deviation-1-line and Deviation-2-Line of Bbands you can say: „there is a trend in place“ and advantageous terms to hold onto your trade until it will remain inside this trending area.

When prices hits Deviation-2-Line and closes outside it and the trade has got some positive pips it is time to lock the profit or bring in a trailing stop right behind the most recent candle and chase it with each new candle.

Closing Remarks

Bollinger Bands alone, or ADX, or RSI etc. can't provide a consistently winning solution. So it would be better to call it „trading ideas“ not „trading system“.

Link

If you are interested in trading with Bollinger Bands take a look at:

<http://www.bbforex.com/>

Best of luck in scalping the Forex!

Kindest regards

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