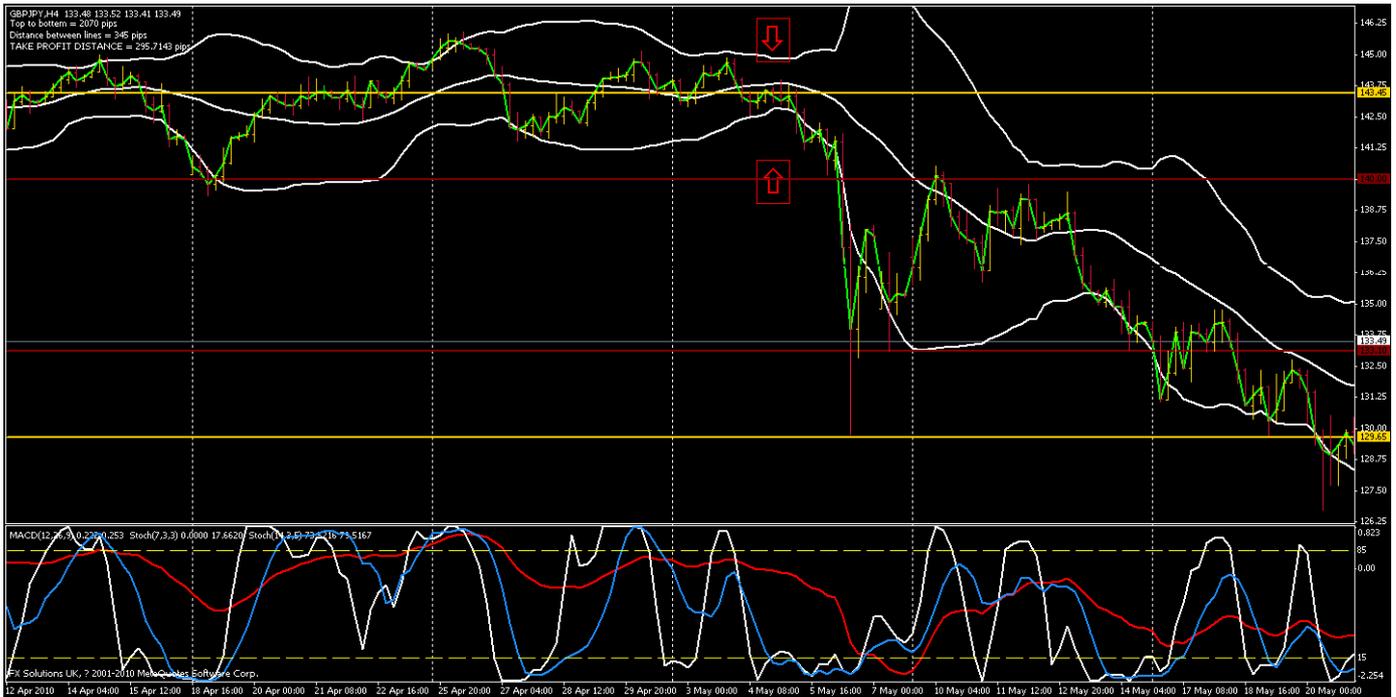


READING BOLLINGER BANDS

Over time as you get to watch a system you get to see some of its nuances. I decided to have a booklet just on reading BB bands so as we notice how we can trade with it we can add to this booklet. One of these observations is the Huggie trade covered in EA#2. In addition here is another observation to keep us on our toes. People who are going to use Stop Losses instead of multi-level trading will be able to take heed if they see certain conditions.

Here is another observation. When price gets ready to make a BB run it narrows. So when the distance from the top line to the bottom line is less than the distance from one line to another on the 6ths EA. It is an indication that price may make a run up or down the BB. Look at the pics below. The distance between the two arrows is less than the distance between the gold line and red line of the sixths indicator.

JPY/GBP



CHF/JPY

Next page. BB bands are above the gold line here so we are only doing sells on this part of the screen.

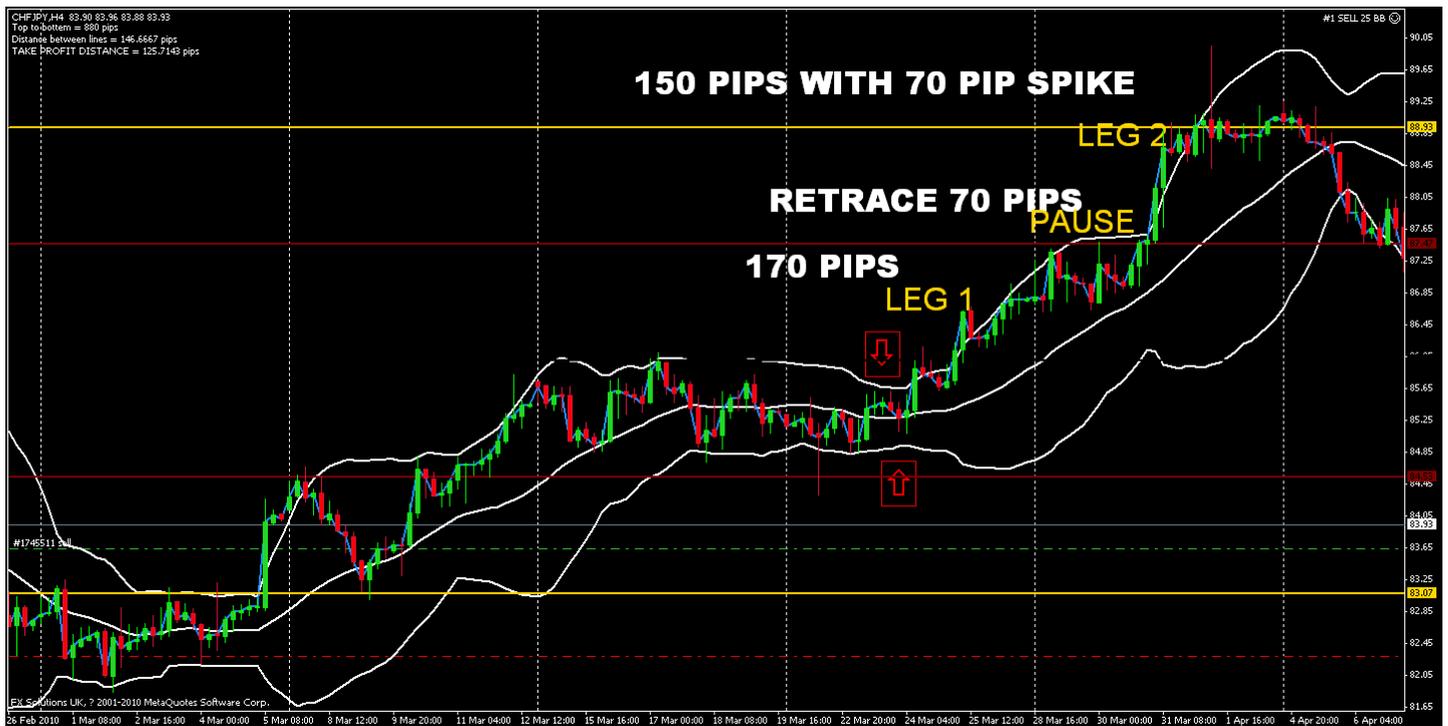
Unfortunately price continues to go up on us. So we can do a SL (not what I do) or you can multi level

trade (I love to do)



A lot of BB runs are one or two legged runs. You see the pause in the middle and then another run. I have labeled them for you. During these pauses or runs you want to catch the retrace and zero out the trade for a 0 loss or a small gain. This trade may not have given you enough pips at the pause for a BE but it would have been close. Remember this is a 4H chart and the pause is around 10 candles so you have 40 hours to set this up or take it. In other words you are not in a rush but wish to take your time.

There is an indicator in the package called Ibreakeven. It automatically calculates the line your trade BE at. You can set your TP to this number and then your trades will automatically close at BE. It's a good thing to do when you are not around.



Here is the chf/jpy run over a 5 week period. The original trade would have been a buy so you would not be fighting the first series of leg 1 and leg 2. I just wanted to show what can happen. Let us assume however you are coming off of a really long run and we were trading against the trend all the way up. From left to right. Leg1 would have required a second entrance from the #2 EA and it would have BE easily and also would have profited if you hung onto the trade long enough. Leg 2 same thing. The first pause area would have given you 1 or 2 trades for profit. Then you are caught in the second run up. Leg 1 happens and the pause area would have given you a small loss or BE. If BE , leg 2 would have been a long time to hold onto (about a week) but would have retraced into a BE or small profit. If you did not take the BE at the pause you are now in a larger DD and will need a third level to BE with but after a 2 week wait it did happen. Many of you have seen me do this with trades, hang in there for weeks at a time patiently waiting for that retrace. So I look for these retracements to get back to BE so I

can keep all my profitable trades. If you are new to this system, get in the habit of taking your BE on 2nd level trades until you get used to the concept of the third level.

