

## **Strategy IV – (BB + P-SAR)**

### **1. Basis of the Strategy**

- Tendency of the price to continue moving up once it hits the lower Bollinger Band (BB) line and crosses above the middle BB line, and to continue moving down once it hits the upper BB line and crosses the middle BB line.
- Tendency of the price to move up when the P-SAR dot appears *below* the price bar, and to go down when the P-SAR dot appears *above* the price bar.

### **2. Requirements and Limitations**

- Currency – Any pair, preferably with low spreads.
- Time frame – 15 mins and above.
- Not suitable when the BB becomes narrow.

### **3. Setup**

- Bollinger Band (period = 20, deviations = 2, shift = 0)
- Parabolic SAR (step = 0.02, maximum = 0.2)

### **3. How to Use the Strategy**

BUY when:

- Price hits the *lower* BB line and moves up.
- P-SAR dot appears *below* the price bar. If it has not appeared yet, wait for it to do so.

SELL when:

- Price hits the *upper* BB line and moves down.
- P-SAR dot appears *above* the price bar. If it has not appeared yet, wait for it to do so.

#### **4. Take-Profit Strategies**

- BUY order – Set an appropriate take-profit or exit when the P-SAR re-appears *above* the price bar.
- SELL order – Set an appropriate take-profit or exit when the P-SAR re-appears *below* the price bar.

#### **5. Stop-loss Strategies**

You may set the stop-loss at the point where the price first hit the outer BB line.

#### **6. Exit Strategies**

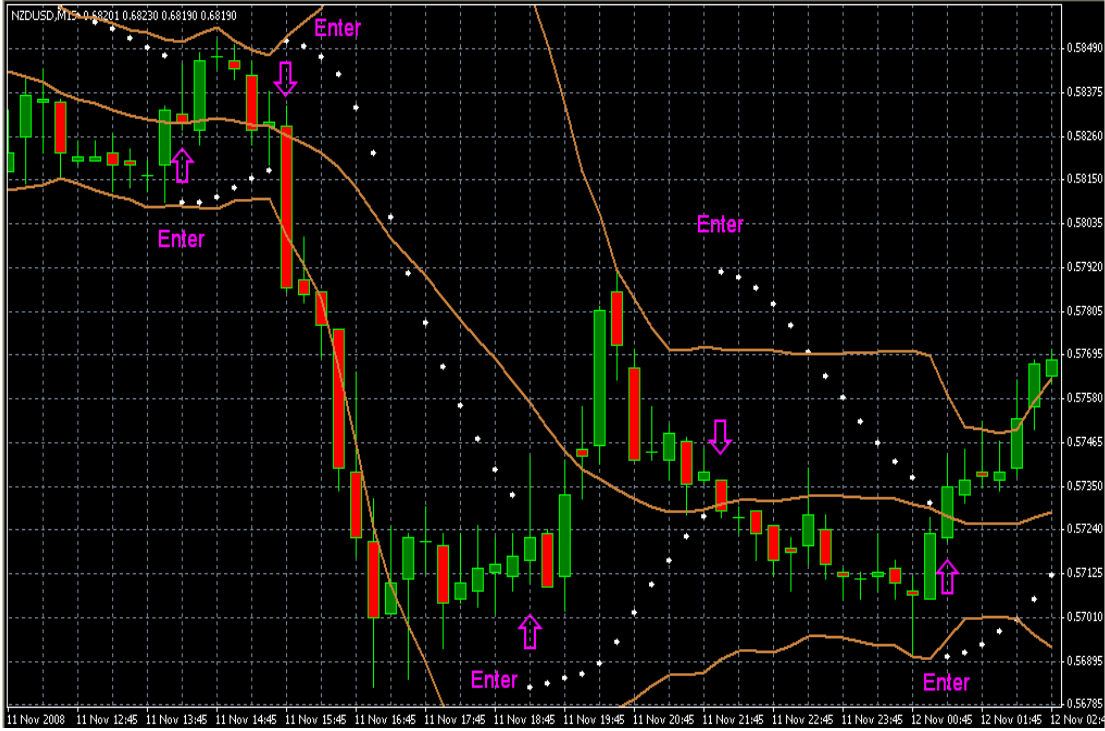
Exit your position when one of these conditions occurs:

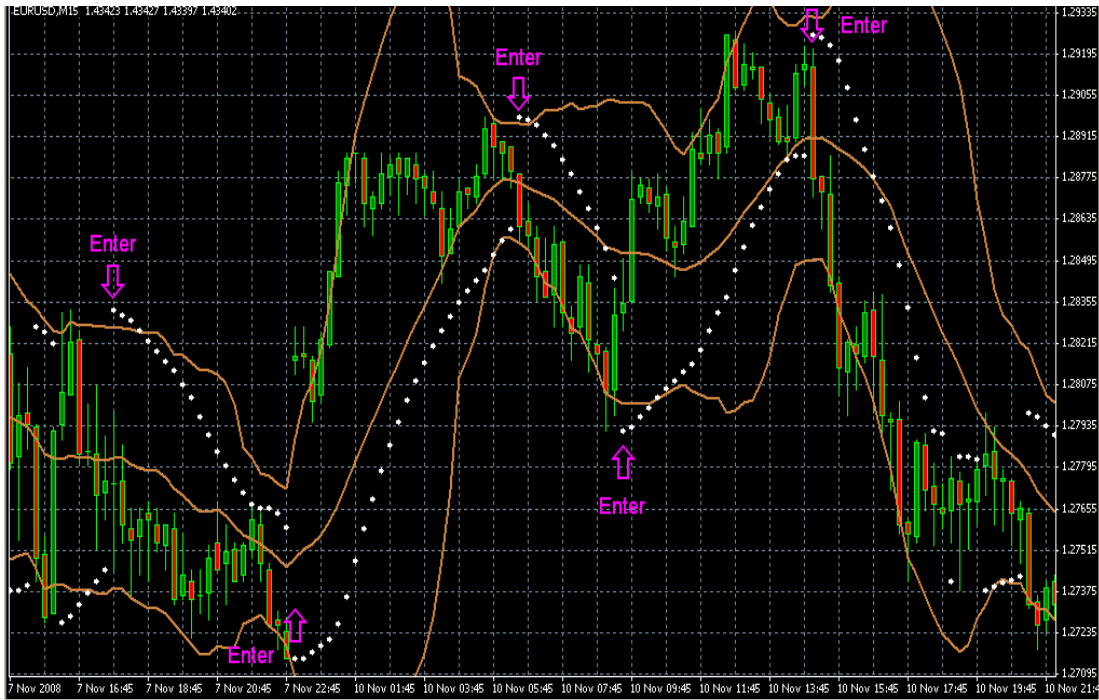
- Price hits the other outer BB line.
- P-SAR dot re-appears on the other side of the price bars.

#### **7. Sample Signals in Action**

PLEASE SEE NEXT PAGE.

OBSERVE THAT ONCE THE PRICE CROSSES THE MIDDLE BB LINE. IT USUALLY GETS TO THE OTHER OUTER BB LINE.





To Your Success!!