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#BollingerBand Squeeze Breakout

Sharing An Entry Set-up For Cash Market Since Cash Market Is Running Hot Currently

Bollinger Bands Are Volatility Bands with Centre line, Upper & Lower Band

Centre Line Is Simple Moving Average

Default Is 20 Period Simple Moving Average



Upper & Lower Bands are constructed by Adding / Subtracting Standard Deviation Values from SMA

Default is 2 Standard Deviation Away from 20 SMA for Upper & Lower Band

During Trending Phase, Bollinger Bands generally expand as Standard Deviation Expands in Trending Phase

During consolidation standard deviation drops, causing Upper & Lower Bands to contract towards centre line

This Gives the look like bands are getting squeezed, hence the name Bollinger Band Squeeze Breakout

Entry Setup occurs as below:

1. After Good Rally, Price takes pause, goes in consolidation of few weeks, typically 3-8 weeks

2. Bollinger Bands tighten or Squeeze, indicating volatility contraction

3. While bands are in squeeze, price rises to Upper Band

4. After Touching Upper Band, Price is Rejected

5. price Rejection creates Lower Low on Daily charts, which is called Bearish Fractal

6. High Point from Which price is rejected & creates Bearish Fractal become Breakout Point

Example below- Laurus Labs

After Bollinger Band Sqeeuze, Price Moves to Upper Band & Gets Rejected at 514.75

After Rejection, 514.75 Becomes Bollinger Band Squeeze Breakout Point

So whenever 514.75 is reclaimed, good chance of new trend emerging



Some More example from recent rally which has given good gains after Bollinger Band Squeeze Breakout

Tanla Solutions



Majesco



GPIL



There are many many examples from recent rally..Please dig deeper if this Entry pattern interests you to create Trading System Around it

Thanks !!