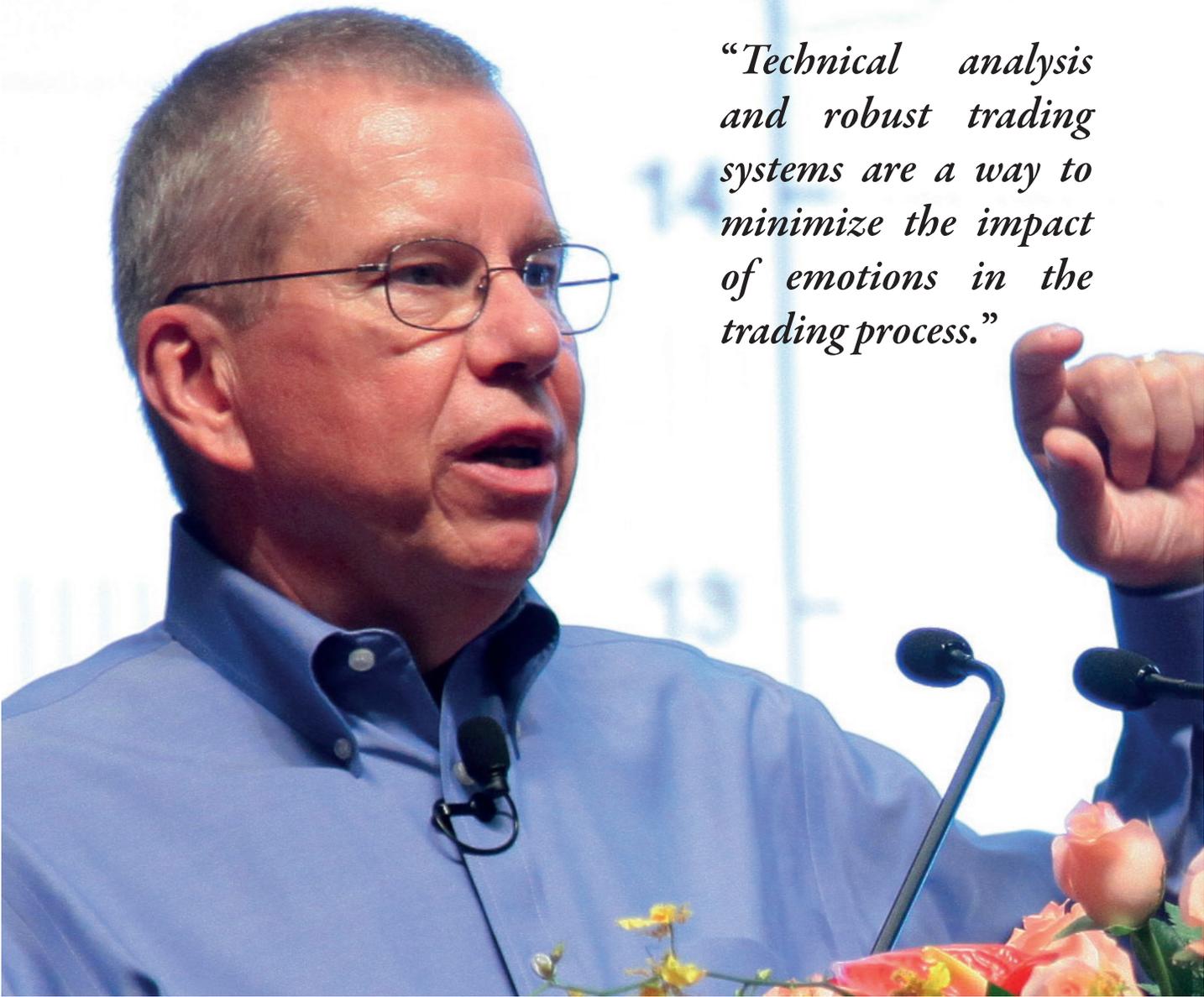


John Bollinger celebrated the 30th anniversary of the Bollinger Bands and recently released an entire suite of Bollinger Bands tools. John tells FX Trader Magazine how and why he created these new BB indicators and in which way they can help traders in the trading process.

EXCLUSIVE INTERVIEW - FX TRADER MAGAZINE

JOHN BOLLINGER

A photograph of John Bollinger, a man with short grey hair and glasses, wearing a blue button-down shirt. He is speaking at a podium with a microphone. His right hand is raised in a fist-like gesture. In the foreground, there are several pink and yellow roses. The background is a bright, slightly blurred setting, possibly a conference or event.

“Technical analysis and robust trading systems are a way to minimize the impact of emotions in the trading process.”

Tens of thousands of currency traders use the Bollinger Bands as one of their favourite technical analysis indicators. As a volatility indicator similar to the Keltner channel, Bollinger Bands are well known for being one of the most reliable tools for assessing expected price action and can be used to measure the “highness” or “lowness” of the price relative to previous trades.

Since the creation of the bands 30 years ago, John Bollinger has continued developing several new indicators. He recently created a set of new tools, which are all adaptive to market conditions via their grounding in Bollinger Bands. They can help traders for example to better understand how the bandwidth is changing, or if prices are trending or consolidating, or how the price is changing in relation to Bollinger Bands.

To introduce his new suite of indicators and tools and teach traders how to use them, John released a set of DVDs which condense his latest two day-seminar into 8 hours of presentations. This DVD course received FX Trader Magazine “Mark of Excellence” as it gives traders all the necessary elements to trade using the Bollinger Bands, including the derived indicators and tools, and teaches some useful technical analysis techniques such as M&W Patterns, Three Pushes to a High, the Ice Breaker Trading System and more.

FX Trader Magazine readers who wish to purchase the new DVD course: “Bollinger on Bollinger Bands DVD 2013”, will receive a complimentary DVD “Introduction to Bollinger Bands” as well as a free three-month subscription to the Pro section of www.BBForex.com ([read more here](#)).

FXTM:

Since your last interview in FX Trader Magazine, it seems like you’ve been working hard creating new indicators and tools. Can you tell us more about these new tools?

JB:

I developed Bollinger Bands 30 years ago and shortly thereafter I derived two indicators from Bollinger Bands, %b, which tells us where we are in relation to the bands, and BandWidth, which tells us how wide the bands are. For many years those three components were the Bollinger Band family.

The next addition was Bollinger Envelopes, which are Bollinger Bands derived from the extremes of the data rather than an average of the closes. More recently I came to understand that a number of new Bollinger Band tools were possible, tools that could usefully replace their non-adaptive analogs. The goal was to create a full suite of logically-consistent, fully-adaptive, state-of-the-art, technical-analysis tools derived from the Bollinger Bands. Their commonality is that they are all adaptive to market conditions via their grounding in Bollinger Bands.

FXTM:

Are they meant to be used as a complement to your volatility bands?

JB:

Exactly. I use other indicators for confirmation or divergence of band action and that is how these indicators are meant to be used. They work with Bollinger Bands, Bollinger Envelopes, or Bollinger Bands constructed with alternative smoothings as their inputs. In fact, they will work with almost any kind of trading band:

The new BB indicators cover most of the traditional technical analysis tasks. Below is a list and what they do:

%b - Where are we in relation to the Bollinger Bands?

BBImpulse - How is price changing in relation to the Bollinger Bands?

BBMomentum - What is the momentum of price in relation to the Bollinger Bands?

BandWidth - How wide are the Bollinger Bands?

%BandWidth - How wide are the Bollinger Bands in relation to history?

BandWidthDelta - How is BandWidth changing?

BBTrend - Are prices trending or consolidating?

FXTM:

How expert should a trader be in the fields of technical

analysis and the use of the Bollinger Bands in order to use your new indicators properly?

JB:

I think that emotions are the trader's greatest enemy. Technical analysis

and robust trading systems are a way to minimize the impact of emotions in the trading process. But like any skill technical analysis has to be learned and practiced. The more knowledge and experience you bring to the table, the better your chance of success.



The goal was to create a full suite of logically-consistent, fully-adaptive, state-of-the-art, technical-analysis tools derived from the Bollinger Bands.

FXTM:

Do you recommend a specific training to new traders before using the Bollinger Bands and the new toolkit?

JB:

I recommend reading the classics of

technical analysis like Martin Pring, Jay Schabacher, Robert Edwards and John Magee to get a sound foundation for technical analysis in general, which will also build the foundation for using Bollinger Bands.

FXTM:

Did the creation of the new tools come from your own trading experience and the process of fine-tuning the use of the volatility bands? or did it come from traders' specific needs or feedback about the use of the Bollinger Bands?

JB:

It came from feedback. I saw some very interesting things being done with Bollinger Bands and that sparked the idea that there could be

a Bollinger Band derived tool in each category of TA providing a comprehensive and consistent set of tools.

FXTM:

Do you use both the bands and the

new tools to trade forex?

JB:

Yes. In fact I created a website specifically for the forex market, www.BBForex.com. All of my indicators including my newest work are available for currency pairs with streaming real time pricing.

FXTM:

Are some of the new tools specifically useful on the forex?

JB:

None of the tools were created specifically for forex, but all the new tools work well for the forex market except for indicators such as BB Accumulation which rely on volume data.

FXTM:

Talking about the evolution of the Forex market today, do you see traders using currencies more and more as an asset class?

JB:

Yes, because as the various asset

classes become more correlated traders are on the lookout for other opportunities. That correlation makes currency trading ever more attractive in the context of a portfolio.

FXTM:

Do you see the increased regulation of the forex market more as a sign of consolidation or limitation of retail FX trading in the future?

JB:

I mostly see it as a sign that the forex market is expanding and maturing and therefore increased regulation is to be expected.

FXTM:

Do you think traders are well-prepared today when they approach currency trading?

JB:

I think that traders, all traders, need to continuously learn and grow to remain successful. There are ample opportunities to hone one's

knowledge and skills. The level of preparation is a personal choice.

FXTM:

What would be your most important recommendation to a forex trader today?

JB:

Keep it simple. Learn a few tools and develop a system that works for you. Do not jump from system to system because then you cannot learn from your mistakes. Be disciplined and understand your strengths and weaknesses and develop a trading style that works for your strengths. And learn about position sizing.

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About John Bollinger

John Bollinger is best known for his Bollinger Bands, which have been widely accepted and integrated into most of the analytical software currently in use. He is the president and founder of Bollinger Capital Management, Inc., an investment management company that provides technically driven money management services. His book, *Bollinger on Bollinger Bands* published by McGraw Hill, has been translated into eight languages.

Mr. Bollinger has published the Capital Growth Letter since 1987 and is interviewed regularly on television and radio. He is a speaker at financial seminars worldwide and is the founder of several financial websites: www.BollingerBands.com, www.BollingeronBands.com and www.BBForex.com.

John Bollinger is the recipient of the 2005 Market Technicians Association Annual Award for Outstanding Contribution to the Field of Technical Analysis.