INVEST IGATOR ®

turning the
Art of Trading
into a Science

Trading System Design:
Drag and Drop
Rarely Hit a Key
No Programming
Fastest, Easiest Way
from Idea to Trade

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Bollinger Bands Calculation Example

Assume a 5 bar Bollinger band with 2 Deviations, and assume the last five closes were 25.5, 26.75, 27.0, 26.5, and 27.25.

Calculate the simple moving average:

25.5 + 26.75 + 27.0 + 26.5 + 27.25 = 133.0
133.0 / 5 = 26.6

Next, for each bar, subtract 26.6 from the close and square this value:

25.5 - 26.6 =   -1.1   squared =   1.21
26.75 - 26.6 = 0.15 squared =   0.023
27.0 - 26.6 =   0.4   squared =   0.16
26.5 - 26.6 =   0.1   squared =   0.01
27.25 - 26.6 = 0.65 squared =   0.423

Add the above calculated values, divide by 5, and then get the square root of this value to get the deviation value:

1.21 + 0.023 + 0.16 + 0.01 + 0.423 = 1.826
 1.826 / 5 = 0.365
Square root of .365 = 0.604

The upper Bollinger band would be 26.6 + (2 * 0.604) = 27.808

The middle Bollinger band would be 26.6

The lower Bollinger band would be 26.6 - (2 * 0.604) = 25.392