MACD

The moving average Convergence Divergence (MACD) is a oscillator that is widely used by traders for technical analysis (TA). MACD is a trend-following tool that utilizes moving averages to determine the momentum of a stock, cryptocurrency, or another tradable asset.

MACD is calculated by subtracting the 26-period exponential moving average (EMA) from the 12-period EMA.

Signal line is calculated as 9 day EMA of MACD line.

MACD crosses above signal line gives the indication of buying and similarly crosses below to indicate sell signal.

Bollinger Bands

The Bollinger Bands (BB) were created in the early 1980s by financial analyst and trader John Bollinger. They are broadly used as instrument for Technical Analysis (TA). Basically, the Bollinger Bands work as an oscillator measurer. It indicates whether the market has high or low volatility, as well as overbought or oversold conditions.

Middle line: 20-day simple moving average (SMA).

Upper band: 20-day SMA + (20-day standard deviation)\*2

Lower band: 20-day SMA - (20-day standard deviation)\*2

Bollinger Bands are highly popular technique. Many traders believe that whenever the closing price is close to upper band the market is more overbought and similarly whenever close to lower band it’s the indication of more oversold.