**Bollinger Bands Trading Strategy** *(Buy/Sell, Updated Stop Loss & Trailing Rules)*

# Indicator Settings

* **Chart Timeframe:** 5-minute
* **Bollinger Bands:** 20-period SMA ±2.5 Standard Deviations (σ)

# Trading Rules

## Entry Criteria

* If the stock price crosses **above the upper Bollinger Band by more than 0.5%**, initiate a **Sell** (short) trade.
* If the stock price crosses **below the lower Bollinger Band by more than 0.5%**, initiate a **Buy** (long) trade.

## Initial Stop Loss (SL)

* For a **Sell trade**: Set initial SL at **1% above entry price**.
* For a **Buy trade**: Set initial SL at **1% below entry price**.

## Stop Loss Adjustment

* Once price crosses the Bollinger Band after entry, the **band itself becomes the new SL**.
* **When price touches the median line:**
  + New trailing SL for **Buy trades** is **0.2% below the median**.
  + New trailing SL for **Sell trades** is **0.2% above the median**.

## Exit and Trailing Quantities

1. **At Median Line (SMA):**
   * Exit **50%** of your position.
   * Apply new trailing SL as above.
2. **At 1.5σ from Median:**
   * Exit another **30%**.
3. **At 1.75σ from Median:**
   * Exit the remaining **20%**.

## Re-entry Rule (if SL is Triggered)

* If SL is hit and you exit, you may **re-enter at the original entry price if price returns within the next 15 minutes**, following the same rules and SL.
* Only **one re-entry** allowed per setup.

# Worked Example (Buy Trade)

Suppose:

1. **Stock price = ₹450**
2. **Lower Bollinger Band = ₹452.25**
3. **Action:** Buy at ₹450 (price dropped 0.5% below lower band)

* **Initial SL:** ₹445.50 (1% below buy entry)
* **If price moves in your favor and rises above ₹452.25 (Band):**
  + Set new SL = ₹452.25

**On further rise:**

* **Median Line (assume ₹454):**
  + Sell 50%
  + Move new SL to ₹453.09 (0.2% below median; i.e., ₹454 × 0.998 = ₹453.09)
* **At 1.5σ (assume ₹455):**
  + Sell 30%
* **At 1.75σ (assume ₹455.75):**
  + Sell remaining 20%

If your SL is hit at any step:

* Exit immediately. If price returns to ₹450 within 15 minutes, re-enter (allowed only once).

## Summary Table

| **Action** | **Quantity** | **Stop Loss Level** |
| --- | --- | --- |
| Buy at ₹450 | 100% | ₹445.50 (1% below) |
| Price above Lower Band (₹452.25) | 100% | ₹452.25 |
| At Median (₹454) | 50% | ₹453.09 (0.2% below median) |
| At 1.5σ (₹455) | 30% | – |
| At 1.75σ (₹455.75) | 20% | – |

## Directions:

* For *sell trades*, always use "above" as your trailing buffer; for *buy trades*, use "below".
* Update all target and SL levels based on the actual calculated indicator values on your chart.