



INDICATOR GUIDE



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How to use bollinger bands on fractal-theory indicator?



1) When the bollinger bands contract/tighten when the market is volatile, it indicates that a sudden move is likely both to the upside or to the downside. This could also mean that the trend is about to shift either way and therefore becomes very helpful for day-traders to spot the trend or the price action behavior beforehand.

2) When the bollinger bands start separating from one another by a big margin, it could mean that the current trend at the time is about to change or is about to end very soon.

3) Usually the bollinger band also helps with profit targets, for instance, if the price is moving in between the bollinger bands when it is going sideways, in this case you can look out for the following

If the price bounces from the lower band, you can expect the price to hit the middle ORANGE line (this orange line can be set as a take profit level or just below it could be even a safer bet). If the price reclaims the middle ORANGE line and seems to push higher, you can then set your take profit target at the higher band.

4) A strong trend can begin if the price moves outside of the higher or the lowest band but sometimes this could be a false breakdown or a breakout. Look for confirmation for a candle or two before you determine your trades based on this strategy. If the price stays outside the band and continues to trend, this is a good sign but if the price quickly drops inside the bollinger bands right after it broke through, then it means it's a false breakout/breakdown.

How to use clouds on fractal-theory indicator?



The cloud is an important indicator embedded into fractal-theory. This works together with bollinger bands according to the settings of the indicator.

- 1) If the bollinger bands and the price is trading above the cloud, that means the price is on an uptrend.
- 2) if it is trading below it, that means a downtrend.

To better understand it, you must always look at the top edge or the lower edge of the cloud.

- 3) If it is pointing to the upside, it means the price will most likely go up.
- 4) if the cloud is pointing down, it usually means the price will drop.

Cloud has to move together with the price, this is how you can confirm your analysis.

How to understand the functions of the ORANGE moving average in the middle of the bollinger band?



The ORANGE line in the middle not only has MA20 in it but a bunch of other moving averages are combined to make it even more powerful as an indicator to detect and spot the trend for the traders.

- 1) For instance, whenever the price action is trading below the ORANGE line, it usually indicates weakness and sellers in control, depending on what timeframe is being used. This usually works best for higher time frame settings, which also helps with trend identification instead of lower time frames that are much more volatile and therefore unreliable, such as 5m-15m-30m timeframes.
- 2) It is always a good idea to trade a coin that is above the ORANGE line, this indicates that there is momentum towards the upside and the trend is bullish.

NOTE - If the bollinger band along with the price action is trading above the CLOUD, this means that the buyers are in full control and you are witnessing an uptrend in price action. If the price action and the bollinger band is below the cloud on the higher timeframe, it indicates weakness and a downtrend in a coin which is usually good opportunity to find short trades instead of longs.

Tip to better use and understand the indicator

Tip to better use and understand the indicator ;

1) Given the current market conditions, there will be a lot of volatility and therefore in times of uncertainty, it is important not to use the indicator on the lower time frames such as 1-3-5 minutes unless you have a clear and defined trading strategy with proper knowledge of risk management.

2) It is best to use the indicator on the coins that are either in a clear downtrend or an uptrend, this reduces the risk of prolonged sideways price action and false breakouts/breakdowns which will lead to several BUY and SELL signals generated in a very short period of time to only make you more confused as a trader.

3) Use the higher time frame to determine price trend and once you find that the coin is in on an uptrend for instance on the 1HR - 4HR - 1D (especially above MA50 and MA200 or below these levels) you can then take either long or short positions on the lower time frames for instance 3-5-15-30 -60 minute timeframes.

4) It's best to take more long positions than short if you see the price and bollinger bands trading above the cloud on the 1HR - 4HR - 6HR and so on.

5) Focus more on short entries if the price is below the cloud including the bollinger bands and lagging span.

6) Find coins like FTM - CRV - ATOM - NEAR and LINK that are doing well/did well and on a clear uptrend. These will both provide you with balanced shorts and long positions.

End of the manual - Wish you all the best. Enjoy