



## **GUIDELINES FOR USING THE BOLLINGER BANDS LETTER**

### **Publication Schedule**

The Bollinger Bands Letter is generally published on the second Saturday of each month. The publication date may be changed occasionally when market action or travel dictates.

### **Weekly Update**

Every weekend except the week a newsletter is being posted; there is a weekly update with John Bollinger's latest view on the market and any portfolio changes including the ETF portfolio, the Ice Breaker trading system and the Value Line Plan signals.

### **Market Timing Charts**

Every weekend we post a package of stock-market timing charts. The charts use daily data from the US markets and present a variety of technical market-timing tools. For a description of the charts see the Market Timing Chart Guidelines.

### **Getting started as a new subscriber**

John Bollinger launched the Capital Growth Letter in 1988 and in 2017 renamed it the Bollinger Bands Letter to better reflect the content and approach of the publication. As a new subscriber we do not recommend that you immediately buy the existing positions in the portfolios. It is best to purchase existing positions on pullbacks and/or add new positions as they are recommended. You can read some past issues online at [BollingerBands.com](http://BollingerBands.com) and we suggest that you look at a few issues to become familiar with the content and methodology.

### **The Value Line Market Timing Program**

This is a purely mechanical system based on the Friday close of the Value Line Geometric Index and it is used as a guide to market operations. The simplest way to use this system is to confine one's buying to times when the plan is long and confine one's selling to times when the plan is short or out of the market. Another approach is to hedge one's long positions when the plan is out of the market.

The VLP is updated via the Weekly Update, at which time we give you the next Friday's reversal number. If the system is long and closes below that level it will reverse to short. If the system is short and closes above that level it will reverse to long. The symbol on Yahoo! Finance is ^VALUG.

For an in-depth explanation of the VPL program see the VLP Guidelines.

### **Ice Breaker**

Ice Breaker is a mean reversion system focused on identifying severely oversold and overbought situations. We update the Ice Breaker system for five ETFs: NASDAQ 100 ETF QQQ; The Dow Jones Industrial Average ETF, DIA, the S&P 500 Index ETF, SPY; the S&P 500 mid-cap ETF, MDY; the S&P small-cap ETF, IJR. Bollinger Bands Letter subscribers can track Ice Breaker signals in real time, know what the stops are on a day-to-day basis and see real-time trade/performance histories to evaluate how Ice Breaker is doing. For open trades the price in the exit column is the stop for that position. To read the Ice Breaker Guidelines click [here](#).

### **The Squeeze and The Bulge**

A list of stocks from the Russell 1000 updated nightly with stocks that are in a Squeeze or a Bulge pattern. There is a webinar about the Squeeze/Bulge can be seen [here](#). Short definitions are:

Squeeze: A trough in BandWidth. It is a forecast for increased volatility and indicates the beginning of a move.

Bulge: A peak in BandWidth. It is forecast for decreased volatility, and signifies the end of a move (though not necessarily a reversal)

### **Asset Allocations**

A bar chart depicting our view of the optimal deployment of assets for an "average" investor given our current market outlook. Very conservative or very aggressive investors may wish to tailor these allocations to suit their preferences.

### **Bollinger Bands Letter Sections**

The following are often included, though depending on market action the contents may vary.

### **Opening Section**

Each issue opens with a core analysis and a discussion of our current investment guidelines including any changes in allocations. There are frequent tutorial pieces in this section.

### **The Stock Market**

The stock section provides an overview of the US stock market and anticipated trends. Each issue includes a chart of a major US stock market index with Bollinger Bands. The other charts may illustrate our analysis or depict positions in the portfolio. Comments on industry group action can also be found here as well as updates on The Value Line Plan, a basic market timing system based on swings in the Value Line Geometric Index. The Value Line Plan utilizes weekly data and enters or exits the market each Friday based on a stop announced via the weekly update

### **Advance-Decline Charts**

These charts are provided and discussed to assess the strength of market internals.

### **International Section**

This section contains our thoughts and analysis on the international scene along with investment recommendations. We view international investing as a very important part of a balanced portfolio.

### **Bond Section**

This section provides an overview of the bond market and anticipated trends. A chart of US 10-year T-note yields with Bollinger Bands is often included. Changes in the price and/or quantity of money and fiscal policy are considered not only for their impact on bonds, but also for their impact on stocks and the economy.

### **Collateral Coverage**

Each issue may also contain sections devoted to the energy market, precious metals, commodity prices and the dollar. Charts vary for these areas depending on the analysis presented. These areas are analyzed primarily to provide information for our primary investment process.

**Related Topics**

Some issues contain a section called the Reading Rack for those who may be interested in books, articles or material for further exploration. There is an occasional section called Computer Corner that focuses on investment-related technology and software. View From the Beach presents John Bollinger's opinion piece. Finally there is a schedule of Mr. Bollinger's appearances, seminars, etc.

**Sector Select ETF Portfolios**

Shows the current holdings in our ETF program

**Core Portfolio**

In this section all outstanding recommendations are listed with appropriate supporting data. The performance numbers are based on the average daily price the day after the recommendation was made.

**ETF Portfolio**

In addition to our core portfolio we present pure relative-strength driven portfolios consisting of exchange-traded funds—ETFs. These three portfolios are mostly mechanical. They use a cast-out relative-strength method. The strongest shares are purchased and held for as long as they remain above the median ranking. When they fall below the median ranking they are replaced with the highest ranked share not held. A bit of discretion is used. We will not buy overextended shares for example, but the approach is largely mechanical. There are three portfolios, International, Style and Sector, These portfolios are not subject to market timing other than that described above and are designed to be a free standing, straight forward way of allocating funds to market sectors based on relative strength. Since the Sector Select ETF Portfolios are long only, we include a rule to help protect capital in declines. If we rotate out of a sector because it drops below the middle of the pack, we will not replace it unless there is a viable candidate with positive momentum. This has two effects: First, it prevents us from buying into a decline by postponing the purchase until after a rally has been initiated. Second, it serves as a sort of allocation mechanism by lightening up our holdings when momentum is negative. Changes to the ETF portfolios are announced via the Weekly Update. For a complete write up on the ETF program and the securities utilized read the ETF Guidelines.