

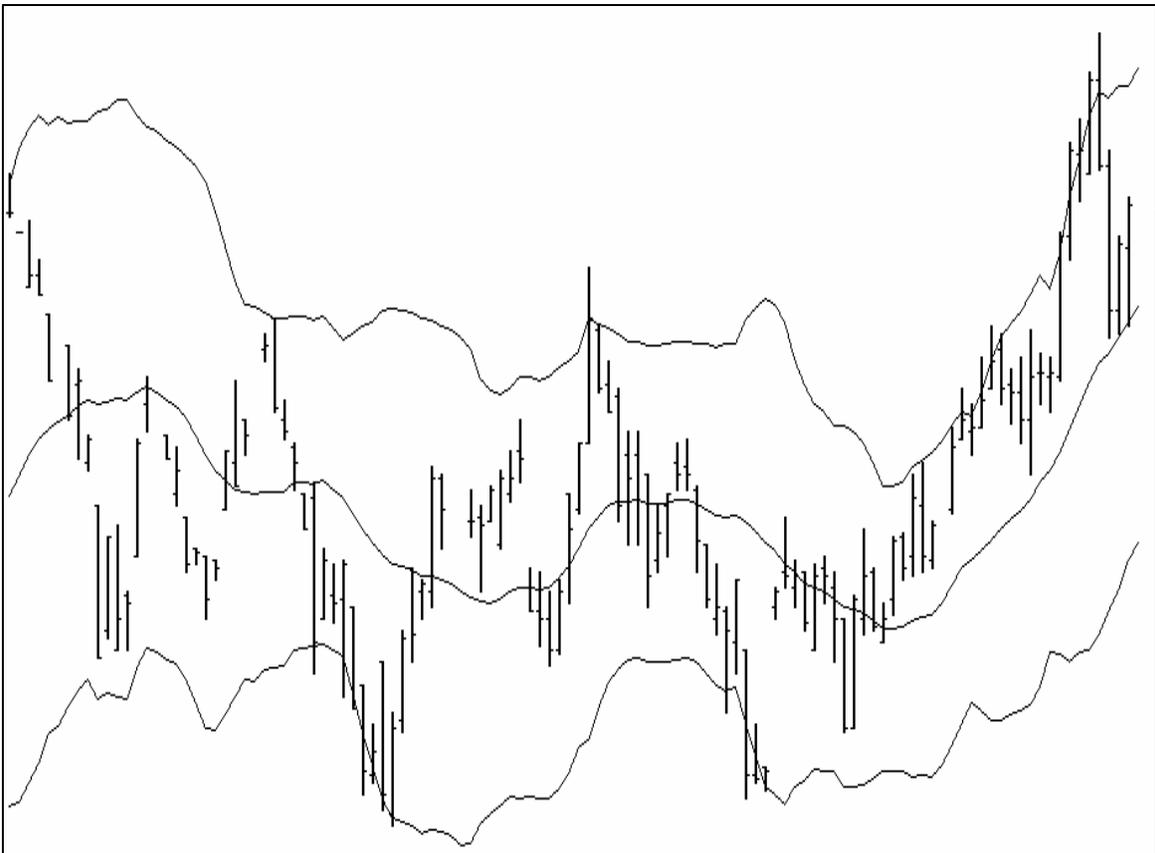
# Chapter 14

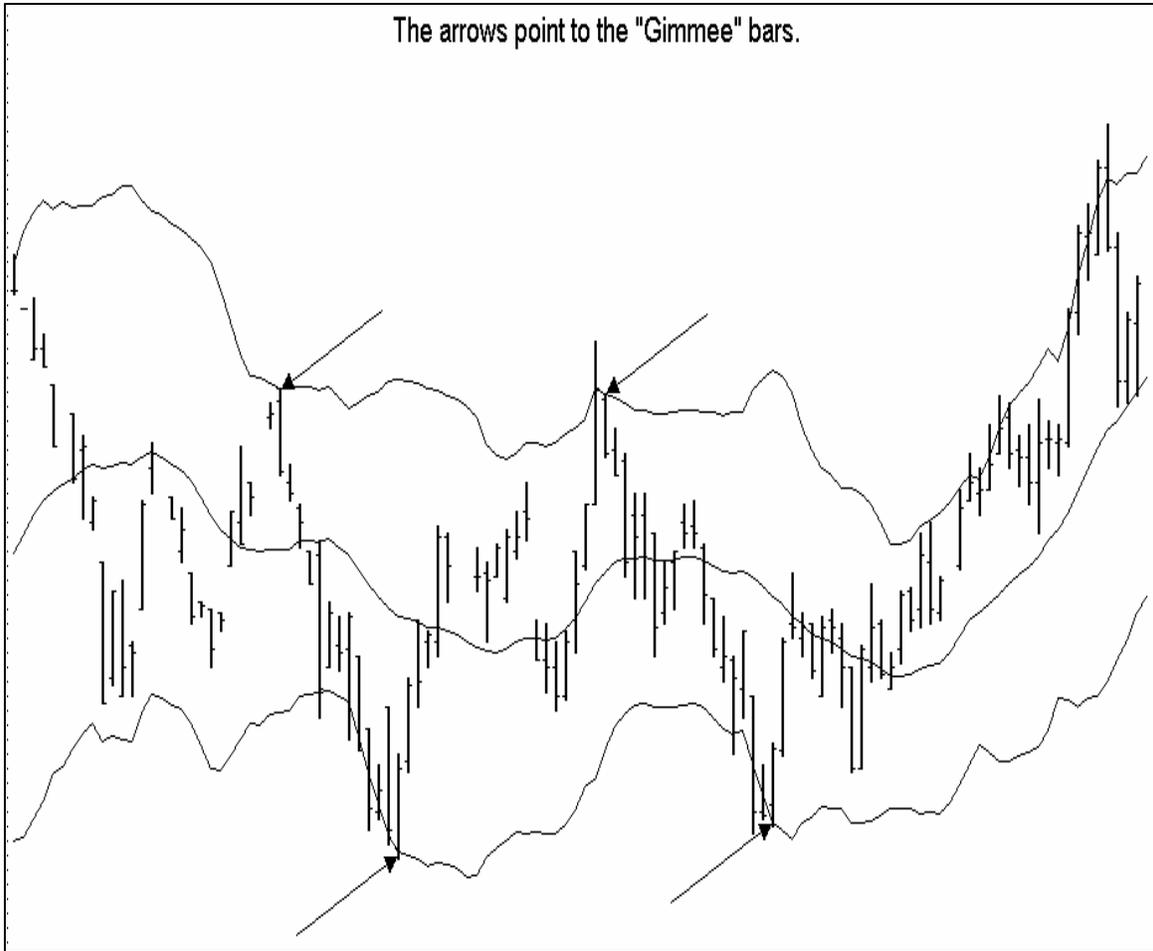
## GIMMEES

The Gimmee bar comes from one of the oldest formations known to traders, the reversal bar at the end of rising or falling prices when a market is seen overall to be going sideways. Although the recognition of reversal bars is ancient, using them in combination with Bollinger Bands is not ancient. Until the advent of computers, it was much too difficult and time consuming to calculate the bands. Virtually all software worth anything these days can put the bands on a chart for you, so we'll not waste time here with the mathematics.

Suffice it to say that the bands are so constructed that when set with a 20 bar moving average of the close at two standard deviations, approximately 96.5% of all closes will be contained within the bands.

Here's how the bands look. How to trade the Gimmies will follow:





**GIMMEE BARS ARE NOTHING MORE THAN REVERSAL BARS THAT TAKE PLACE ONCE PRICES HAVE REACHED THE UPPER OR LOWER BANDS IN A SIDWAYS MOVING MARKET.**

### **HOW TO TRADE GIMMEES**

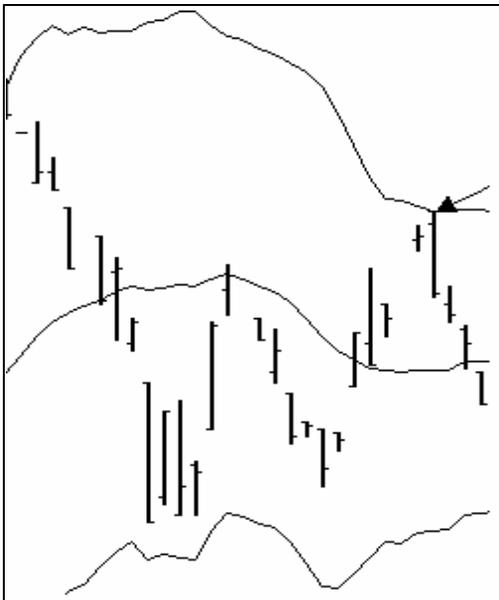
Gimmee bars are bars that reverse price direction once prices have touched the upper or lower bands. However, please note that this must happen in conjunction with prices being overall in consolidation (Trading Range).

## GIMMEE BARS AT THE UPPER BAND

Once prices touch the upper band, the bar touching the upper band or the very next bar may become designated as the Gimmee bar. All that is required is the occurrence of a price bar which closes lower than it opens.

Should such a price bar occur, a sell short order is to be executed one tick below the low of the Gimmee bar.

Here are some examples:



The Gimmee bar in this example is the one that touched the upper band. What makes it the Gimmee bar is:

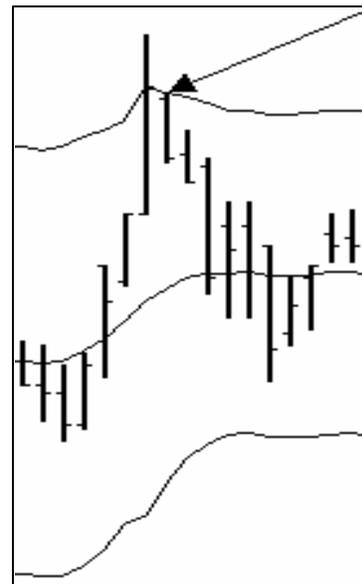
1. Prices were rising.
2. Prices touched the upper band.
3. The price bar closed lower than it opened when prices were previously rising.

A sell order should be placed one tick below the low of the Gimmee bar.

The Gimmee bar in this example is the price bar after the bar that touched the upper band. What makes it the Gimmee bar is:

1. Prices were rising.
2. Prices had touched the upper band.
3. The price bar closed lower than it opened when prices were previously rising.

A sell order should be placed one tick below the low of the Gimmee bar.



## GIMMEE BARS AT THE LOWER BAND

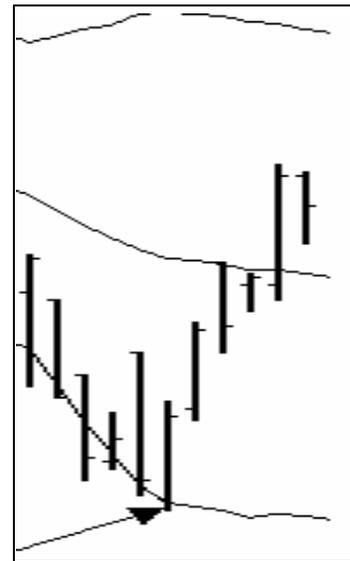
Once prices touch the lower band, the bar touching the lower band or the very next bar may become designated as the Gimmee bar. All that is required is the occurrence of a price bar which closes higher than it opens.

Should such a price bar occur, a buy order is to be executed one tick above the high of the Gimmee bar.

The Gimmee bar in this example is the one that touched the lower band. What makes it the Gimmee bar is:

1. Prices were falling.
2. Prices touched the lower band.
3. The price bar closed higher than it opened when prices were previously falling.

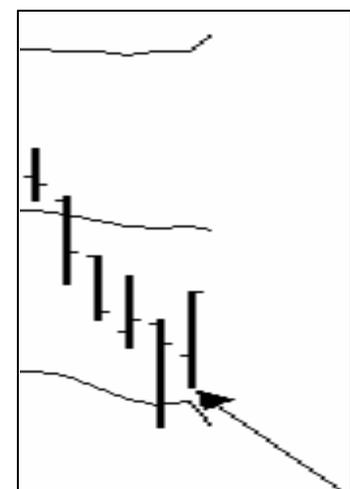
A buy order should be placed one tick above the high of the Gimmee bar.



The Gimmee bar in this example is the price bar after the bar that touched the lower band. What makes it the Gimmee bar is:

1. Prices were falling.
2. Prices had touched the lower band.
3. The price bar closed higher than it opened when prices were previously falling.

A buy order should be placed one tick above the high of the Gimmee bar.



## PERTINENT POINTS

We would refrain from entering a trade if the extreme of the Gimmee bar has touched or is very close (a matter of judgment) to the moving average (the middle line between the two bands). Quite often prices stall out or experience minor congestions when they reach the level of the moving average. See Figure A below.

We would refrain from entering a trade if the Gimmee bar is excessively long in length relative to the size of the preceding price bars. Often, when there has been a very large size bar, the next few bars will display a reaction to the move made by the large size bar. See Figure B below.

We would refrain from entering a trade if the opening of the bar following the Gimmee bar is a gap open beyond the price range of the Gimmee bar. Gap openings outside the price range of one bar will often see prices move back toward the previous bar's close. See Figure C below.

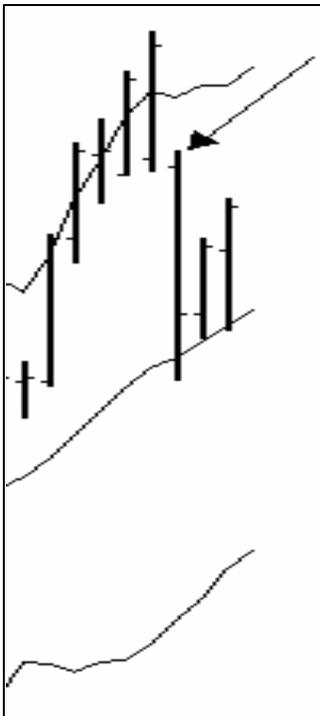


Figure A

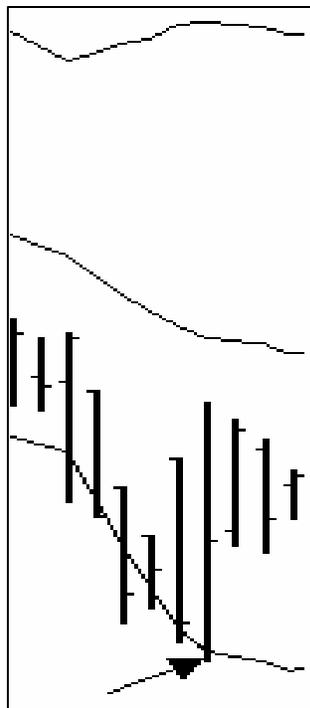


Figure B

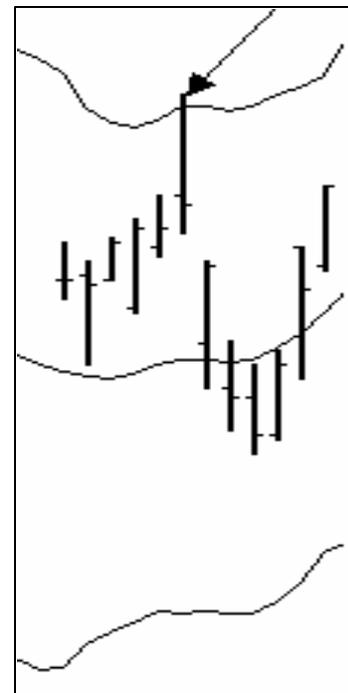


Figure C