



Marci Silfrain

Strategy: **Bollinger Bands + Fibonacci**

Asset Class: **Indices (NQ & ES)**

Years Trading **15+ Years**

 **Marci Silfrain**

Measured Move Trend Strategy

Instruments:

Stocks

Futures

Crypto

Trading style:

Swing Trading

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Strategy Overview

This strategy is built around a simple but powerful idea: price moves in repeating, measured patterns within a trend. Instead of relying on complex indicators or multiple tools, this approach focuses on identifying small trend structures and projecting the next move based on them.

At its core, the strategy measures how far price retraces during a pullback and uses that same distance to anticipate the next move in the direction of the trend. These repeating structures act as a guide to determine whether a trend is continuing, weakening, or about to reverse.

In Marci's view, the power of this pattern comes from the same idea behind Fibonacci retracements and extensions. It is a simple way of seeing those relationships without having to draw every level manually. At a deeper level, this strategy reflects the ongoing balance between buyers and sellers. While traders may use different tools, the goal is the same: understanding which side is in control and whether that pressure is strengthening or fading.

To support this, Bollinger Bands are used as a context tool to determine whether the price is trading in a “normal range” or is stretched too far, helping identify exhaustion and potential turning points. This method can be applied across all timeframes, but it is most effective on higher timeframes when identifying major market tops, bottoms, and long-term opportunities.

Core Concept:

The “Little RZY” Structure

The foundation of this strategy is a repeating price pattern that forms during trends.

In a downtrend, the price does not move straight down. It drops, pulls back, and then continues lower. This pullback forms a small structure that can be measured.

To identify it clearly:

- Price makes an initial strong move (impulse).
- A bounce (pullback) follows.
- A downward trendline can be drawn across the highs of that pullback.
- One of the candles within this structure forms the lowest low.

The key idea is simple:

Measure the distance from the lowest point of that structure to the trendline directly above it. That exact distance is then projected downward from the low to estimate the next move.

This same concept applies in reverse for uptrends. Each Little RZY should be treated as its own structure with its own trendline and measured move. It is not meant to be viewed as one continuous trendline across the entire trend.

Strategy Rules

1. Identify the Trend First

Before applying the setup, determine whether the market is trending.

In a downtrend:

- Price continues forming lower highs and lower lows.
- Multiple “Little RZY” structures appear one after another.
- Each one projects the price further down.

In an uptrend:

- Price forms higher highs and higher lows.
- The same structure appears inverted.

If the price begins to move sideways and these structures stop forming, the trend may be weakening or ending.

2. Wait for the Initial Move and Pullback

The setup begins after a clear directional move. You do not enter during the initial drop or rally.

You wait for:

- A strong move
- Followed by a bounce (pullback)

This pullback is where the structure begins forming.

3. Draw the Trendline

Once the pullback begins:

- Draw a trendline across the pullback highs (in a downtrend)
- Or across the pullback lows (in an uptrend)

This trendline defines the structure.

4. Measure the Move

Find the candle within the structure that has the lowest low (for shorts) or highest high (for longs).

Then:

- Measure vertically from that candle up to the trendline
- This distance represents the expected continuation move

Project that same distance:

- Downward in a downtrend
- Upward in an uptrend

This becomes your target.

5. Entry Logic

For short positions:

- Wait for the pullback to form and begin rejecting the trendline
- Enter as the price starts moving back in the direction of the trend

For long positions:

- Wait for the pullback to complete
- Enter as the price begins pushing upward again

A key idea is patience. The setup forms after the bounce—not during the impulse.

6. Stop Loss Placement

Stops are based on structure, not random levels.

For shorts:

- Place the stop above the trendline or recent swing high
- Ideally, wait for a confirmed close above the trendline before invalidating

For longs:

- Place the stop below the trendline or recent swing low

Avoid placing stops too tight, as price may retest the trendline before continuing.

8. Use Bollinger Bands for Context

Bollinger Bands are used to determine whether the price is stretched.

- The middle band represents “normal price” (mean)
- The upper and lower bands represent extremes

Key insights:

- If the price is near or beyond the outer bands, it is “out of reality.”
- Markets tend to revert back toward the middle

7. Profit Target

The primary target is the measured move:

- The same distance from low to trendline, projected outward

The strategy assumes that price tends to complete these moves once the structure forms.

Partial exits can be considered, but the core idea is to allow the **full move to play out.**

Best conditions:

- In a downtrend, early structures forming near the upper band are higher probability
- In an uptrend, early structures forming near the lower band are stronger

As price moves further toward extremes, the trend begins to weaken.

9. Trend Continuation vs. Exhaustion

Early structures in a trend are the most reliable.

- The first and second “Little RZY” patterns often produce strong continuation moves
- Later structures become weaker as the market gets exhausted

In general, the first one or two Little RZYS in a fresh trend tend to be the strongest. By the fourth or fifth pattern, the move often becomes exhausted and more vulnerable to a bounce or reversal.

When:

- The structures become smaller
- Price reaches extreme Bollinger levels
- Or the market starts moving sideways

This signals that the trend may be ending.

10. Invalid Conditions

The setup is no longer valid if:

- Price breaks and closes beyond the trendline
- The structure becomes too extended or irregular
- Price collapses sharply without forming a proper pullback

When invalidated, wait for a new structure to form.

How This Strategy Identifies Market Bottoms

This method is particularly effective during market crashes.

As price falls:

- Multiple measured structures form
- Each projects a continuation lower

Eventually:

- One of these projections aligns with key support or broader context
- Price becomes extended (out of Bollinger range)
- The market begins to stall or consolidate

At this stage:

- The measured move provides a zone where the bottom is likely forming
- Confirmation can come from a move back above the Bollinger midline

This allows traders to anticipate reversals rather than react to them.

Timeframe Considerations

This strategy works on all timeframes, but:

Higher timeframes:

- Provide more reliable structures
- Are better for identifying major reversals and investment entries

Lower timeframes:

- Offer more setups
- Require faster decision-making and more experience

A common approach is:

- Identify direction on higher timeframes
- Execute on lower timeframes

If the structure is unclear on one timeframe, zooming into a lower timeframe can make the Little RZY easier to see. What looks like sideways movement may reveal a clearer structure.

Key Takeaways

This strategy simplifies trading down to three core elements:

- Price structure
- Trendlines
- Measured moves

It reinforces that markets move in repeatable patterns driven by the balance of buyers and sellers.

Rather than overcomplicating analysis, this approach focuses on recognizing and measuring what price is already doing. With enough chart time, these structures become easier to identify, and the market begins to feel more predictable and structured.

Execution Note

These patterns are easier to explain in hindsight than they are to catch perfectly in real time.

You will miss some setups, identify some late, and misread others. Consistent chart time and repetition are required to improve recognition.

Trade Breakdown

Trade Example: Short Setup t(Downtrend “Little RZY”)

Step 1: Identify the Trend

Price is in a clear downtrend, consistently forming lower highs and lower lows, showing strong selling pressure.

Step 2: Wait for the Move and Pullback

Price makes a strong move downward. After the drop, it begins to bounce upward. This bounce is important, as it forms the structure needed for the setup.

Step 3: Form the Structure

As price pulls back, a trendline can be drawn across the highs of the bounce. Within this structure, identify the candle that creates the lowest low.

Step 4: Measure the Move

From that lowest low, measure straight up to the trendline. This distance represents the expected continuation move.

Step 5: Project the Target

Take that same measured distance and project it downward from the low. This gives a clear target for where price is likely to move next.

Step 6: Entry

Once the pullback is formed and price begins to move back down, a short position can be taken in the direction of the trend.



Step 7: Stop Loss

The stop is placed above the trendline or recent swing high. If price closes above the trendline, the setup is considered invalid.

Step 8: Outcome

Price continues downward and completes the measured move, reaching the projected target.

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