BEGINNER'S FIELD GUIDE

THE TTM SQUEEZE PRO TRADING SYSTEM

How to find stocks that are coiling like a spring — and trade the explosive move when they release. A complete beginner's walkthrough of the volatility-compression system, as taught by TraderWoods.

System taught by: TraderWoods

Indicator creator: John Carter (Simpler Trading)

Type: Volatility + Momentum

Works on: any ticker, any timeframe

Skill level: Beginner-friendly

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01 THE BIG IDEA: MARKETS BREATHE

Before you learn a single rule, you need the one concept the entire system is built on. Get this, and everything else is just details.

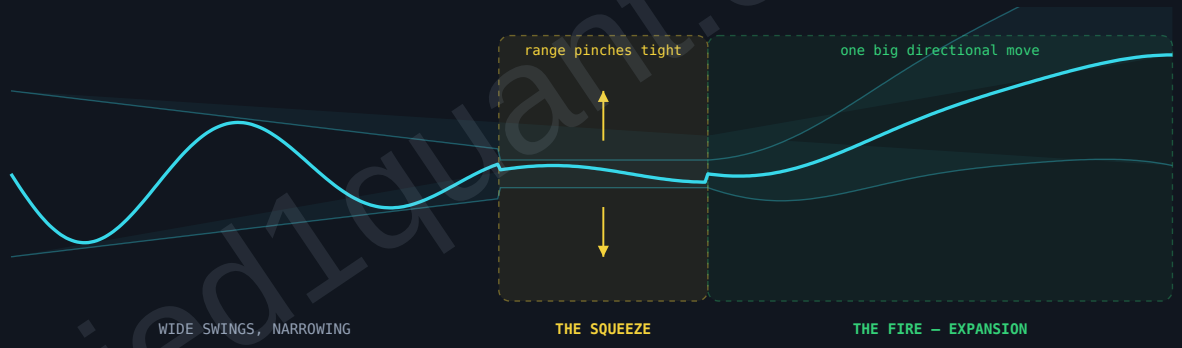
Stocks don't move in straight lines, and they don't move at a constant speed. They alternate between two states, over and over, forever:

- **Compression (the squeeze):** price goes quiet. The daily range shrinks, candles get small, the chart goes sideways and boring. Energy is being stored — like a spring being pressed down.
- **Expansion (the fire):** the spring releases. Price makes a fast, directional move that's larger than what the recent quiet action suggested was possible.

Most beginners chase the *expansion* — they buy after a stock has already made a big move, right when it's most likely to rest. The Squeeze system flips that. It teaches you to find the **compression**, position yourself *before or as* the move begins, and ride the expansion that statistically tends to follow.

FIG 1.1 — THE VOLATILITY CYCLE

COMPRESSION → EXPANSION → COMPRESSION…



One full breath of the market. Wide swings narrow into a tight coil (the squeeze), then release into a move bigger than anything in the quiet zone (the fire). The TTM Squeeze Pro exists to tell you, mechanically and unambiguously, which phase you're in.

CORE PRINCIPLE

Low volatility predicts high volatility. The squeeze doesn't predict *direction* — it predicts that a bigger-than-normal move is coming. A second tool (the momentum histogram, Section 4) handles direction. Squeeze = *when*. Momentum = *which way*.

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UNDER THE HOOD: TWO SETS OF BANDS

The indicator detects compression by comparing two classic volatility envelopes that you've probably already seen on charts.

BOLLINGER BANDS (BB)

An envelope drawn 2 standard deviations above and below a 20-period average. Standard deviation reacts **fast** — when price goes quiet, Bollinger Bands pinch inward dramatically.

KELTNER CHANNELS (KC)

An envelope based on Average True Range (ATR) around the same 20-period average. ATR is **smoother and slower** — Keltner Channels keep a steadier width.

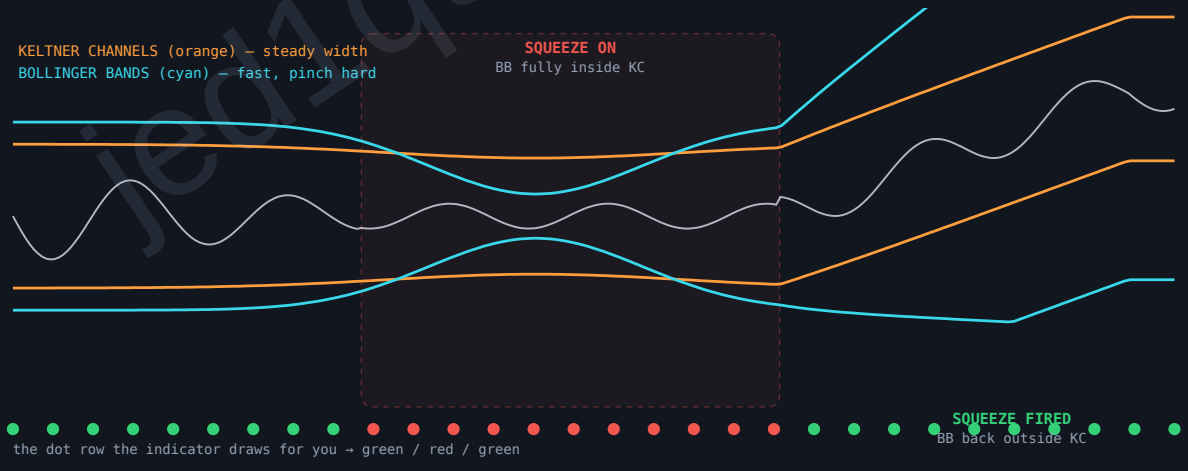
Because the Bollinger Bands shrink faster than the Keltner Channels, there's a measurable moment when the fast bands tuck *completely inside* the slow ones. That's the mathematical definition of a squeeze:

THE DEFINITION

Squeeze ON: Bollinger Bands are entirely inside the Keltner Channels.
Squeeze FIRED: Bollinger Bands expand back outside the Keltner Channels. The coil has released.

FIG 2.1 — HOW THE BANDS DETECT A SQUEEZE

BB INSIDE KC = SQUEEZE ON



Left zone: normal trading — the cyan Bollinger Bands live outside the orange Keltner Channels. **Middle zone:** price compresses, the Bollinger Bands pinch inside the Keltners — **squeeze on**. **Right zone:** price breaks out, the Bollinger Bands blow back outside — **squeeze fired**. You never have to eyeball this on your own chart; the indicator's dots (next section) do this comparison for you on every single bar.

Default settings, which Carter recommends leaving alone as a beginner: 20-period length for everything; Bollinger Bands at 2.0 standard deviations; Keltner Channels at 1.0 / 1.5 / 2.0 × ATR (the three Keltner widths are what make the "Pro" version Pro — next section).

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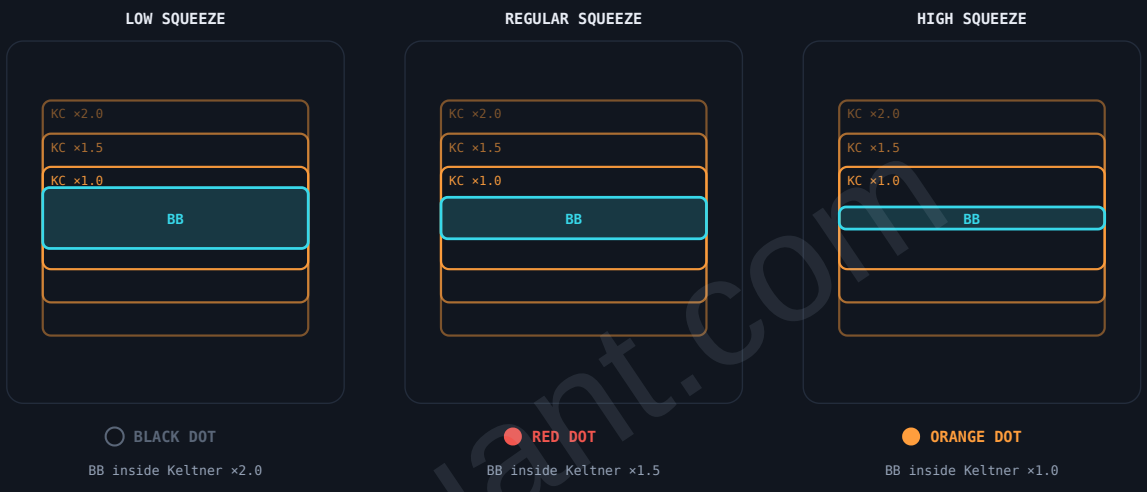
03 READING THE DOTS: 4 STATES

The Squeeze Pro plots a row of colored dots along the zero line of the indicator panel. Each dot answers one question for that bar: "How tightly is this stock coiled right now?"

The original TTM Squeeze had only two states: red (squeeze on) and green (no squeeze). The **Pro version adds two more Keltner Channels** — a wide one (2.0× ATR) and a tight one (1.0× ATR) — so it can grade the compression in three intensities instead of one:

FIG 3.1 — THE THREE COMPRESSION LEVELS

TIGHTER COIL = BIGGER RELEASE



Think of it as a pressure gauge. The Bollinger Bands (cyan) squeeze inside the wide Keltner first (black dot), then the standard Keltner (red dot — the classic TTM Squeeze condition), and in the most extreme cases inside the tight Keltner (orange dot). As a general rule: **the deeper the compression, the more energy stored, the bigger the eventual move tends to be.**

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GREEN

No squeeze. Volatility is normal or expanding. After a string of squeeze dots, the **first green dot is the "fire"** — the trade trigger.

BLACK

Low squeeze. BB inside the wide (2.0×) Keltner. Early warning — the stock is starting to coil. Put it on your watchlist.

RED

Regular squeeze. BB inside the standard (1.5×) Keltner — the classic squeeze condition. A real setup is forming. Start planning the trade.

ORANGE

High squeeze. BB inside the tight (1.0×) Keltner. Maximum coil — the highest-energy setups. Pay close attention.

THE IDEAL SEQUENCE

A textbook setup progresses **green → black → red → orange → … → GREEN (fire!)**. In real life squeezes are messier — they may flicker between colors or fire from black or red without ever reaching orange. That's fine. **What matters most is the first green dot after any string of compression dots.**

⚠ Platform note: dot colors vary between versions. The official Simpler Trading release and some TradingView scripts use a different palette for the same three grades (e.g. orange for low and yellow for high). The *concept* is identical everywhere — three

grades of compression plus a "no squeeze" state. This guide uses the black / red / orange scheme throughout. Check your specific script's legend once, then never think about it again.

04 READING THE MOMENTUM HISTOGRAM

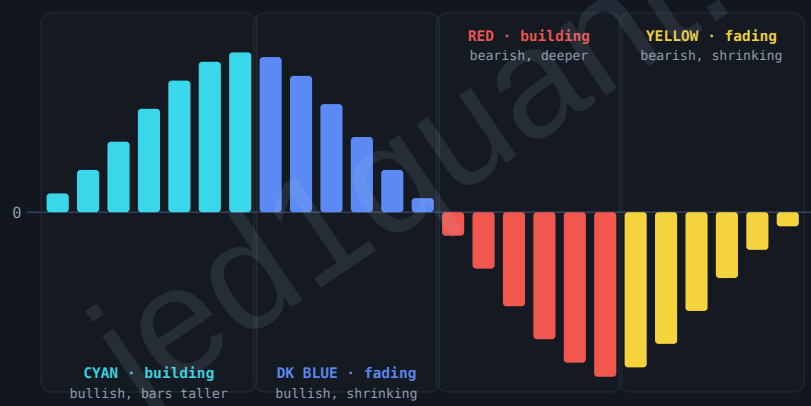
The dots tell you a move is loading. The histogram — the colored bars rising and falling around the zero line — tells you which direction it's leaning, and when it's running out of gas.

The histogram is a momentum oscillator. Two things matter, in this order:

- **Side of zero:** bars above zero = bullish momentum; bars below zero = bearish momentum.
- **Slope:** is each bar *taller* than the last (momentum building) or *shorter* (momentum fading)? The colors encode the slope so you can read it at a glance.

FIG 4.1 — THE FOUR HISTOGRAM COLORS

SIDE OF ZERO + SLOPE



Read it like a traffic report. **Cyan** = bullish and accelerating (the color you want to see when long). **Dark blue** = still bullish but decelerating — the warning color. **Red** = bearish and accelerating down (what you want when short). **Yellow** = still bearish but losing steam. The two "fading" colors (dark blue, yellow) drive the exit rule in Section 8.

THE PAIRING THAT MAKES THE SYSTEM

Squeeze dots + histogram direction = the trade. Squeeze firing with cyan bars building above zero → long setup. Squeeze firing with red bars building below zero → short setup. Squeeze firing while the histogram is flat and hugging zero → no edge on direction; skip it or wait.

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05 ANATOMY OF A COMPLETE TRADE

Here's everything assembled on one chart — price on top, the Squeeze Pro below — annotated bar by bar through a full long trade, from first warning dot to exit.

FIG 5.1 — A FULL SQUEEZE TRADE, START TO FINISH

DAILY CHART · SIMULATED FOR TEACHING

Walk it left to right. ① Price chops sideways and the dots grade the tightening coil: black → red → orange. ② Momentum starts leaning bullish *during* the squeeze — the histogram builds gently above zero. That tells you which way the spring is loaded. ③ **First green dot + breakout candle = the fire.** This is the classic entry. ④ The expansion phase — Carter's rule of thumb is that a fired squeeze tends to run for roughly **8–10 bars** on whatever timeframe fired it. Notice the 21-EMA (thin line) rising under price, holding the trend. ⑤ Two consecutive shorter histogram bars (the color shifts cyan → dark blue) = momentum is fading = **exit**. You're out near the top while late buyers are still piling in.

Notice what you *didn't* need: no news, no earnings guesses, no opinions. The chart told you a move was loading (dots), which way it leaned (histogram), when to get in (first green dot), and when to leave (fading bars). That mechanical quality is exactly why this system suits beginners — it removes most of the decisions that emotions usually ruin.

06 THE EMA STACK: TREND + TRIGGER

The squeeze tells you a move is loading. The EMA stack tells you which side of that move the market has already chosen. Squeeze + stacked EMAs is the whole system in two tools

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— powerful precisely because it's simple.

WHAT AN EMA STACK IS

An EMA (exponential moving average) is just the average price over N bars, weighted toward the most recent ones — a smooth line showing where price has *been heading*. The system uses two of them, the pair Carter made famous and TraderWoods builds the system around:

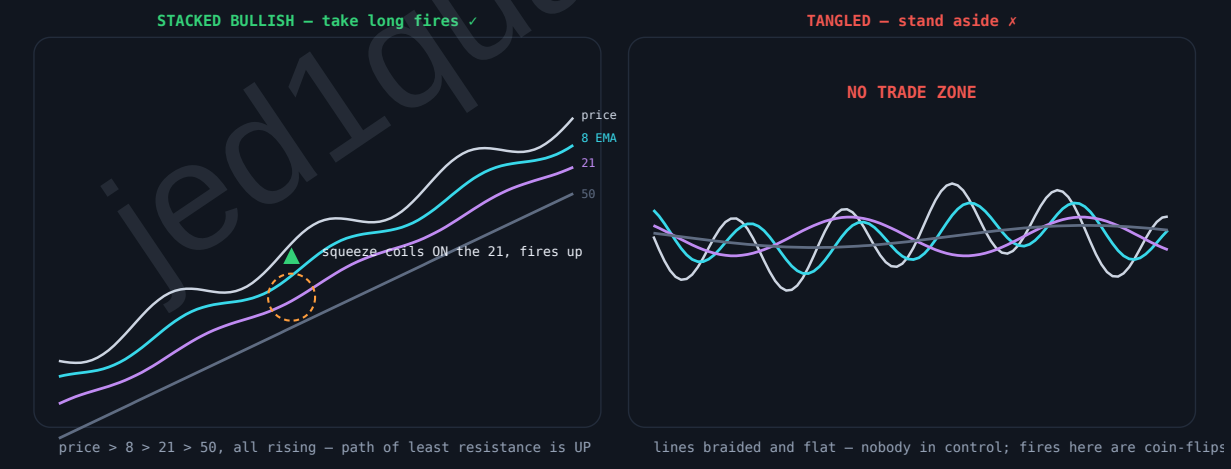
- **The 8 EMA** — the fast line. Hugs price closely; shows the short-term push.
- **The 21 EMA** — the slow line. The trend's backbone; in a healthy trend, pullbacks bounce off it. (Many traders add a **50 EMA** underneath as the "big picture" line — optional, but it makes the stack even clearer.)

The EMAs are **stacked** when they're layered in clean order with price on top of (or below) all of them:

- **Bullish stack:** price > 8 EMA > 21 EMA (> 50 EMA), all sloping up. Buyers are in control on every horizon at once.
- **Bearish stack:** price < 8 EMA < 21 EMA (< 50 EMA), all sloping down. Sellers own it.
- **Tangled:** the lines are braided, flat, and crossing back and forth. Nobody's in control — and squeeze fires out of tangled EMAs are coin-flips.

FIG 6.1 — STACKED VS TANGLED EMAS

ONLY TRADE FIRES WITH THE STACK



Left: a bullish stack — price riding the 8 EMA, the 21 EMA catching every pullback, all lines in order and rising. A squeeze that fires here has the trend's wind at its back: this is the A+ setup. **Right:** tangled EMAs — the lines braid and cross with no order. A squeeze will still fire out of this chop eventually, but direction is a guess. The stack is your permission slip: **no stack, no trade.**

WHY THE COMBO WORKS

Each tool covers the other's blind spot. The squeeze finds **energy** but is direction-neutral — a coil can release either way. The EMA stack shows **direction** but says nothing about timing — a stock can grind along a stacked 21 EMA for months. Put them together and you get the full sentence: *energy is loaded (squeeze) + the path of least resistance is up (stack) + the release just started (fire) = enter now.*

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THE WHOLE SYSTEM IN ONE LINE

Find a squeeze inside a stack, take the fire in the direction of the stack, trail the 21 EMA. That's it. Almost every losing pattern beginners fall into — fading trends, guessing bottoms, chasing chop — is automatically filtered out by requiring both conditions at once.

THREE PRACTICAL EMA PLAYS INSIDE THE SYSTEM

- **The permission filter:** before any squeeze trade, check the stack. Bullish stack → only take long fires. Bearish stack → only shorts. Tangled → skip the ticker entirely, no matter how pretty the dots look.
- **The 21 EMA pullback entry:** the highest-quality squeezes often form *as price rests on a rising 21 EMA* — the trend pauses, coils on its own support line, then resumes. Squeeze dots sitting right on the 21 is TraderWoods-grade A+ territory.
- **The 21 EMA trail:** after the fire, a closing break of the 21 EMA is your "trend over" signal — a natural trailing stop for the runner half of your position after the two-declining-bars exit takes the first half off.

07

CONFLUENCE: STACKING THE ODDS

The squeeze tells you when. The EMA stack tells you which way. This section adds the third question the best traders always ask: *where*. A fire that lines up with structure, key levels, and relative strength is an A+ trade. The same fire in no-man's-land is a C.

READ THIS FIRST — THE MINDSET

Confluence stacks the odds; it does not replace the rules. Squeeze + stack is still the engine that fires the trade. Everything in this section is a *grade* — it turns a valid setup into an A, B, or C, and tells you which ones deserve full size versus a pass. It does **not** add new entry triggers or new exit signals. Don't let "more analysis" quietly become analysis paralysis.

7.1 — STRUCTURE & KEY LEVELS

Price doesn't move through a vacuum. It reacts at levels where buyers and sellers have fought before. A squeeze that fires *into* open space runs freely; a squeeze that fires straight into a wall stalls — or fakes out. So before you take a fire, look left and ask: **is there room to run, or is price about to hit something?**

The levels worth marking on every chart, in rough order of importance:

- **Prior day high / low (PDH / PDL):** the most-watched intraday reference. Fires that break and hold above PDH (longs) have instant momentum; fires that stall just under it are suspect.
- **Prior week high / low:** the same idea on a bigger clock — the magnet for swing trades.

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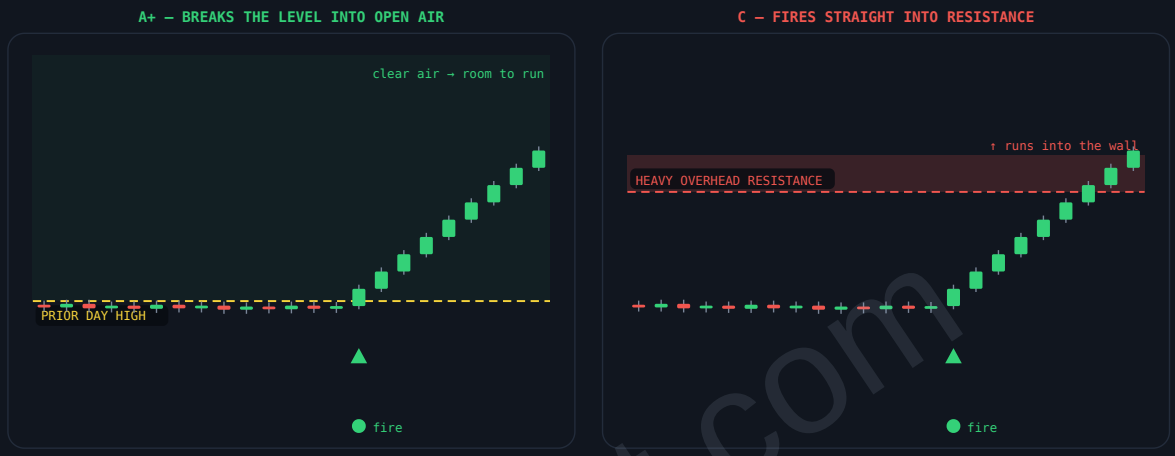
- **Round numbers & big strikes:** $100, $500, $50 — psychological levels where options dealers and stops cluster.
- **Untested support / resistance & prior swing points:** the obvious horizontal lines connecting recent highs or lows. Old resistance becomes new support once broken.
- **Open price (daily / weekly):** above the open = bulls in control for the period, below = bears. A simple, powerful bias line.

FIG 7.1 — SAME FIRE, TWO LOCATIONS

LOCATION DECIDES THE GRADE



Identical squeeze, identical green-dot fire — opposite grades. Left (A+): price coils just under the prior-day high, fires, breaks through, and has clear air above — the level it just reclaimed now acts as support under the move. **Right (C):** the same fire launches directly into heavy overhead resistance a few percent up. The energy is real but it's pointed at a wall. Skip it, or wait for the level to break first. **The dots never change — the context does.**

THE CONFLUENCE QUESTION

Before every fire: **"If I'm right about direction, what's the first thing in the way, and how far is it?"** If the nearest wall is far (lots of room) → upgrade. If it's close (a few percent) → that wall is your realistic target, not open-ended profit — size and expectations accordingly.

7.2 — RELATIVE STRENGTH VS. WEAKNESS

When the whole market moves, almost everything moves with it — but not equally. **Relative strength (RS)** is simply: is this stock *outperforming* the market (SPY/QQQ), or lagging it? It's one of the cleanest ways to pick *which* squeeze to trade when several fire at once.

- **For longs, buy strength:** when the market dips and your stock dips *less* — or holds flat, or makes a higher low while SPY makes a lower low — that's a leader. Money is hiding there. When the market turns back up, leaders explode first and hardest.
- **For shorts, sell weakness:** when the market bounces and your stock *can't* bounce with it, that's a laggard with sellers leaning on it. It'll fall fastest on the next market down-leg.

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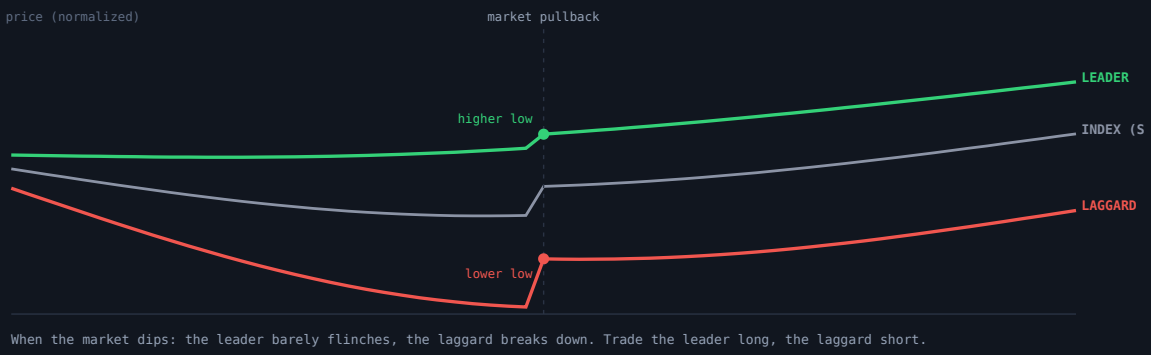
FIG 7.2 — LEADER VS. LAGGARD AGAINST THE MARKET

TRADE THE ONE PULLING ITS WEIGHT



When the market dips: the leader barely flinches, the laggard breaks down. Trade the leader long, the laggard short.

Same market pullback, three reactions. The **index** (SPY) dips and recovers. The **leader** barely dips — it carves a higher low and is first to new highs: this is the long you want when its squeeze fires. The **laggard** makes lower lows even as the market recovers — sellers are in control: this is the short. **If two stocks are both squeezing, RS breaks the tie.**

You don't need a special tool to see this. Pull up your stock and the index side by side, or eyeball who's making higher lows when the market makes lower lows. The relationship at the moment of the fire is what matters: **a long fire in a relative-strength leader is the highest-probability trade this whole system produces.**

7.3 — DAILY & WEEKLY RANGES AS CONTEXT

The average daily range (how far a stock typically travels from low to high in a day) and the weekly range give you a sense of **how much room a move realistically has left**. Use them as a map, not as a trigger.

- **As a sanity check on entries:** if a stock has already traveled most of its average daily range by the time the squeeze fires, the easy part of the move may be spent. A fire near the *start* of the range has far more room than one near the end.
- **As a target map:** the prior day's high/low and the edges of the weekly range are natural magnets and stall points — useful for knowing where to expect resistance and where a partial profit makes sense.
- **As a position-size input:** a tight recent range means a tight stop and bigger size; a wild range means a wider stop and smaller size, for the same 1% risk.

IMPORTANT — DON'T LET THIS BREAK YOUR EXIT

Ranges and levels are **context and targets only**. Your exit is still the mechanical rule from Section 8: **two declining histogram bars, ~8–10 bars after the fire.** Use a level to decide where to scale a *partial* profit if you like, but don't replace the momentum exit with "I'll get out at the prior high" — that reintroduces exactly the guesswork the mechanical system removes. Levels inform; the histogram decides.

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PUTTING IT TOGETHER: THE GRADE

GRADE	WHAT IT LOOKS LIKE	ACTION
A+	Stacked squeeze · EMA stack agrees · fires through a key level into open space · stock is the relative-strength leader/laggard · room left in the range	Full (1%-risk) size. These are the trades you're hunting.
B	Clean squeeze + stack, but one piece missing (e.g. no nearby level, or RS is neutral)	Tradeable, often half size. The bread-and-butter.
C	Fires into a wall · RS fighting you · already late in the range · EMAs tangled	Pass. There's another squeeze tomorrow.

08 THE RULES: ENTRY, STOP, EXIT

A setup is not a trade until every box is checked. These are the rules, in the order you apply them.

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1 QUALIFY THE SQUEEZE

You want a **mature** squeeze: at least **5 consecutive compression dots** (any mix of black/red/orange) before the fire. One or two dots is noise; five or more means real energy stored. Deeper compression (red/orange) and longer duration both upgrade the setup.

Also qualify the *stock*: liquid names with tight bid/ask spreads and real volume. Squeezes on illiquid junk fire sloppily.

2 CONFIRM DIRECTION BEFORE ENTERING

The histogram must already lean your way: building **cyan above zero** for longs, building **red below zero** for shorts. And the EMA stack (Section 6) must give permission: price above a rising `21 EMA` with the `8 EMA` stacked on top for longs — the mirror image for shorts. Squeeze + momentum + stack all agreeing is the whole edge.

3 ENTER ON THE FIRE

Standard entry (do this for your first 50 trades): buy/short on the **first green dot** after the compression string, in the direction of the histogram.

Aggressive entry (later, once profitable): Carter often enters *inside* the squeeze — after 5+ dots, when momentum and the EMAs already agree — to catch the very start of the move. Better price, lower win rate. Earn the right to do this; don't start with it.

4 PLACE THE STOP IMMEDIATELY

Logical spot: just beyond the squeeze consolidation — **below the range low** for longs, above the range high for shorts. That's it for most trades. If you'd rather not eyeball the range, there's a simple volatility-based version: most platforms show a stock's "ATR," which is just **the average size of one bar's move**. Place your stop about **one and a half bars' worth of movement below your entry** — far enough that normal wiggle won't stop you out, close enough to keep the loss small. Either way: if the move that was supposed to explode instead falls back into the coil, the setup failed. Take the small loss without negotiation.

Size the position from the stop, not from hope: risk a fixed **1% of your account** per trade. Shares = (account × 1%) ÷ (entry − stop).

5 EXIT ON FADING MOMENTUM

The mechanical exit: close the trade after **two consecutive declining histogram bars** (cyan flips to dark blue for longs; red flips to yellow for shorts). Expect the whole move to last roughly **8–10 bars** from the fire.

A clean upgrade once comfortable: **sell half** at the first declining bar or at a 2R profit target, then trail the rest with the 21 EMA. You bank profit early and still keep a runner for the occasional monster.

☑ PRE-TRADE CHECKLIST — EVERY BOX, EVERY TIME

- [ ] 5+ compression dots (black / red / orange) on my trading timeframe
- [ ] Histogram already leaning my direction (cyan up for longs / red down for shorts)
- [ ] Price on the right side of a sloping 21 EMA
- [ ] Higher timeframe not fighting me (see Section 9)
- [ ] Confluence checked (Section 7): room to a key level, RS on my side — graded A or B, not C
- [ ] Stop level chosen BEFORE entry, beyond the consolidation
- [ ] Position sized so the stop costs ≤ 1% of my account
- [ ] No earnings report due before my expected 8–10 bar hold finishes

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09 STACKED SQUEEZES: THE MULTI-TIMEFRAME EDGE

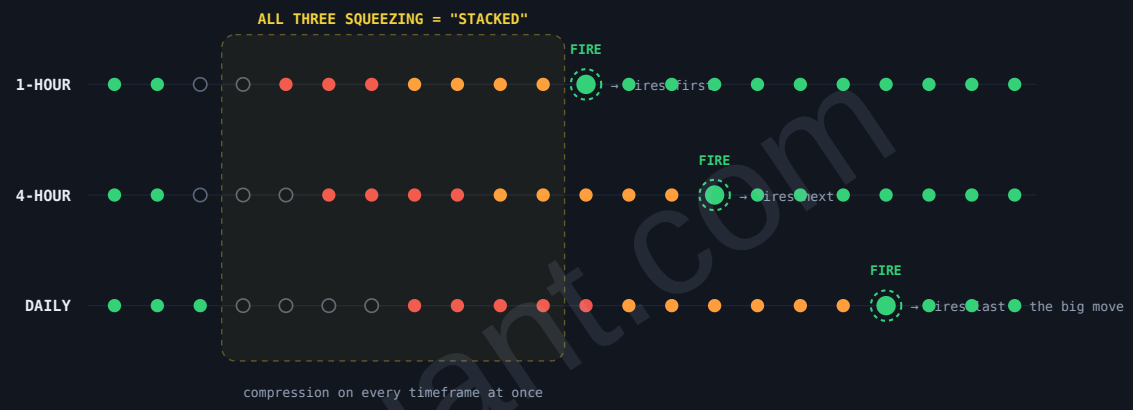
The single biggest upgrade to your win rate, and it costs nothing: check the same ticker on several timeframes before you trade it.

Every timeframe runs its own independent squeeze. When **multiple timeframes are squeezing at the same time** — say the daily, the 4-hour, and the 1-hour — it's called a **stacked squeeze**. Compression on top of compression. When the stack fires in the same direction, the moves feed each other and produce the largest, cleanest trends this system catches.

> THIS IS WHAT THE SCANNER DOES FOR YOU
>
> **This multi-timeframe concept is exactly what the TraderWoods scanner is built on.** Rather than flipping through dozens of charts and timeframes by hand, the scanner you have access to does it automatically — surfacing the tickers that are squeezing across multiple timeframes at once, so the stacked setups in this section land in front of you instead of having to be hunted down. Everything below is how to read and trade what the scanner finds.

FIG 9.1 — A STACKED SQUEEZE FIRING IN SEQUENCE

SMALL TIMEFRAMES FIRE FIRST



Read each row like a fuse. All three timeframes coil simultaneously (the stack). The 1-hour fires first, then the 4-hour, then the daily — small timeframes are always the early warning for the big ones. A trader who sees the 1-hour fire *while the daily is still deep in its squeeze* knows the daily fuse is lit.

SITUATION	WHAT IT MEANS	WHAT YOU DO
🟢🟢🟢 3+ timeframes squeezing	Stacked squeeze — maximum stored energy	Top-tier setup. Trade the fire with full (still 1%-risk) size.
🟢⚪⚪ Your timeframe only	Ordinary squeeze	Tradeable, but expect a shorter move. Consider half size.
🔴 Higher timeframe trending *against* you	You'd be fading the bigger tide	Skip it. Counter-trend squeeze fires are the system's worst trades.

Practical routine: pick your trading timeframe (daily is best for beginners — slower, cleaner, no screen-watching), then glance one timeframe *up* for permission and one *down* for timing.

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10

TRADING SQUEEZES WITH OPTIONS: ITM VS OTM

Many squeeze traders trade the fires with options, because a squeeze gives an option buyer the two things they need: a directional move AND an expansion in volatility. The big choice is the strike — in-the-money or out-of-the-money — and both camps exist for good reasons.

Quick refresher: a **call's strike is in-the-money (ITM)** when it's below the current stock price, and **out-of-the-money (OTM)** when it's above. (Mirror image for puts.) The further OTM you go, the cheaper the contract — and the bigger the move you need to actually get paid.

	ITM (DELTA ≈ 0.60–0.70)	OTM (DELTA ≈ 0.20–0.40)
Cost per contract	Higher — you're paying for real intrinsic value	Cheap — all "hope value" (extrinsic), which is why people like them
Behaves like	The stock itself — moves nearly dollar-for-dollar with strong fires	A leveraged bet — small until the move arrives, then explosive
If the fire works	Steady, reliable gain — roughly the stock's move × delta	Outsized % gain — a strong 8–10 bar run can multiply the premium several times
If the fire stalls or chops	Loses slowly — intrinsic value survives time decay	Bleeds fast — theta eats the whole premium while you wait
Win rate needed	Forgiving — modest moves still profit	Punishing — needs the move to be big AND fast
Best squeeze pairing	Any qualified fire — the workhorse choice	A+ setups only: stacked squeezes, deep compression, strong stack

THE ITM APPROACH (START HERE)

Slightly ITM, delta 0.60–0.70, expiration **3–4× your expected hold** (daily squeeze → 30–45+ DTE). It behaves like the stock, survives a slow start, and lets the two-declining-bars exit work exactly as designed. This is the beginner default for a reason: it punishes you least for the timing being imperfect.

THE OTM APPROACH (EARN IT)

Cheaper contracts mean more leverage and a defined, small max loss — genuinely attractive on the **highest-conviction fires** (stacked squeeze + orange dots + stacked EMAs). The discipline: still buy *time* (don't pair OTM with weeklies), keep total premium tiny (it will go to zero sometimes — that's the deal), and treat it as a few A+ shots per month, not a default.

- **Instrument:** a simple call (bullish fire) or put (bearish fire). No spreads, no selling premium until you're consistently profitable with the basics.

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- **Risk:** the premium paid is your max loss — the position size rule still applies: total premium ≤ 1% of account (many traders cap OTM plays at half that, since full loss is a realistic outcome).
- **Exit:** the histogram rule (two fading bars) closes the option just like it would close shares. OTM contracts especially: when momentum fades, the extrinsic value deflates fast — don't "give it room."

> ONE OPTIONS-SPECIFIC TRAP
>
> A long, obvious squeeze attracts attention, and option prices (implied volatility) can inflate *before* the fire. If everyone sees the coil, the calls are already expensive — and OTM strikes carry the most of that inflated air. ITM strikes and longer expirations soften this; entering famous, crowded squeezes late with short-dated OTM options is how beginners lose money on a trade they called correctly.

11 THE 7 BEGINNER MISTAKES

Every one of these will happen to you. Knowing them in advance is the cheapest tuition you'll ever pay.

- **Trading every squeeze.** Squeezes are everywhere — dozens fire daily. Most are mediocre. You're hunting the few with 5+ dots, deep compression, aligned momentum, EMA support, and a friendly higher timeframe. Selectivity IS the edge.
- **Entering during the squeeze with no confirmation.** Squeeze dots alone are not a buy signal — the squeeze can resolve *down* just as easily. Direction comes from the histogram, never from the dots.
- **Assuming the fire direction from the breakout candle alone.** The first candle out of a coil is sometimes a fake-out. Histogram + EMA alignment is what filters head-fakes.
- **Chasing 5 bars late.** If the move is 5 bars into its expected 8–10, the opportunity is mostly gone and your stop distance is enormous. Missed it? There will be another squeeze tomorrow. There always is.
- **No stop, or a "mental" stop.** A fired squeeze that falls back into its range is a failed trade — the market said so. Hard stop in the system, placed at entry time, every time.
- **Overstaying after momentum fades.** Two declining bars means the easy part is over. Beginners hold for "just a little more" and ride winners back to breakeven. The exit rule exists precisely because you won't want to follow it.
- **Holding through earnings.** A squeeze into an earnings date is usually just the market waiting for the report — the "fire" is a coin-flip gap. Check the calendar before every entry.

12 PRACTICE PLAN + CHEAT SHEET

You don't learn this by reading — you learn it by reps. Here's a 4-week on-ramp that risks nothing.

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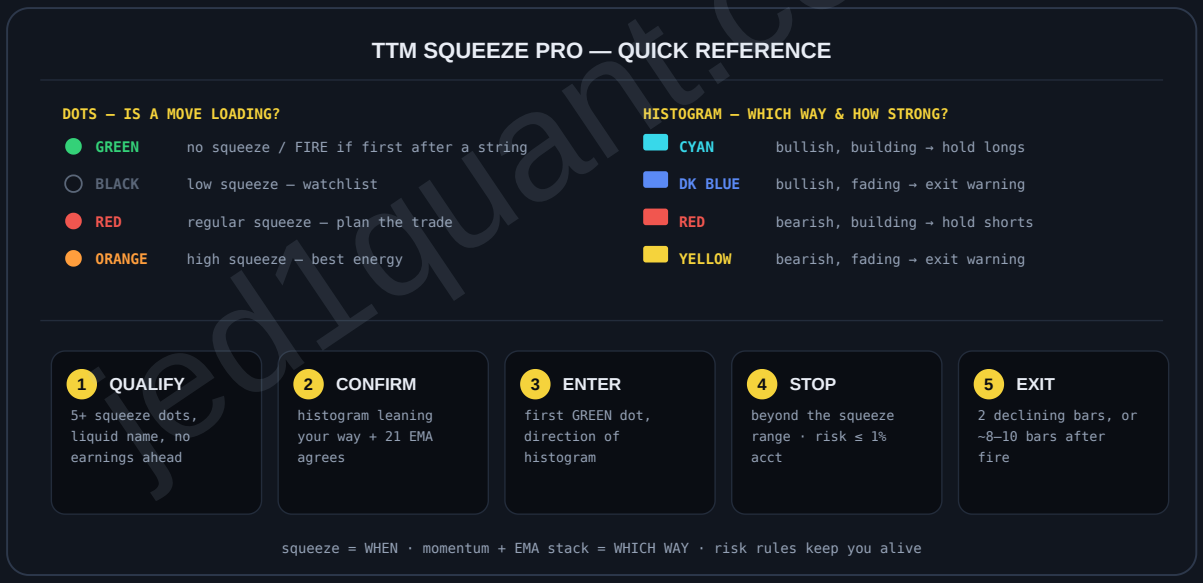
WEEK	GOAL	DRILL
Week 1 — See it	Train your eyes	Add the Squeeze Pro to your platform (TTM Squeeze is built into thinkorswim; Pro versions exist as TradingView community scripts and via Simpler Trading). Scroll back through 2 years of daily charts on 10 liquid names. Mark every squeeze → fire → 8–10 bar move. Find 50 of them.
Week 2 — Grade it	Learn selectivity	Each evening, scan for live squeezes. Grade each one A/B/C using the checklist in Section 8. Write down the grade BEFORE the fire, then track what happens. Notice how the A's behave differently.
Week 3 — Paper trade it	Execute the full rule set	Take every A-grade fire on paper: log entry, stop, size, exit bar, and result. Minimum 20 paper trades. The log is the point — it shows you your rule-breaking habits while they're still free.
Week 4+ — Go tiny	Add real emotions	Smallest possible real size (a few shares, or one cheap ITM option). The goal is following rules under real P&L feelings, not making money. Scale up only after 20+ live trades executed exactly to plan.

FIG 12.1 — THE ONE-GLANCE CHEAT SHEET

PRINT ME



The entire system on one card. If you can recite the bottom row from memory — qualify, confirm, enter, stop, exit — you know the system.

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Educational material only — not financial advice. The TTM Squeeze and Squeeze Pro indicators were created by John Carter (Simpler Trading); this guide presents the trading system and dot color scheme as taught by TraderWoods, for learning purposes. All charts above are simulated illustrations, not real market data. No indicator wins all the time: the squeeze system is a positive-

expectancy *process* built on selectivity, fixed risk per trade, and mechanical exits — not a prediction machine. Trade with money you can afford to lose, and paper trade first.

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