Twitter Thread by Prakhar

Prakhar
@StocksbyPrakhar

Bullish "Squeeze", What an Idea!!

Popularized by Sir John F. Carter

Key Components
1)Volatility Reduction
2)Momentum Direction

We will use LazyBear's Squeeze Momentum indicator.

(Skip to 4th tweet unecessary rant before that).

1) Volatility Reduction is Calculated with Help of Keltner Channels and Bollinger Bands(BB)

In BB, Upper and Lower Bands are formed by Standard Deviation of "averages" of Closing prices and are vulnerable to breakout on Small Price move

Keltner channel which uses (ATR) Average True Range for Upper and Lower Band is less vulnerable to false breakouts as it takes into consideration full prior moves by way of ATR rather than closing prices.

Now Coming back to the "squeeze" indicator (Squeeze Indicator by LazyBear we would use on Tradingview).

What is Bullish Squeeze?

Period When the Upper Band of BB falls & resides in Keltner's Upper Band it is called Squeeze!!

Now if you see at Bottom of Chart in above tweet there is an Indicator.

You seeing those crosses on Histogram.
That's your Holy Grail.
That's Volatility Contraction
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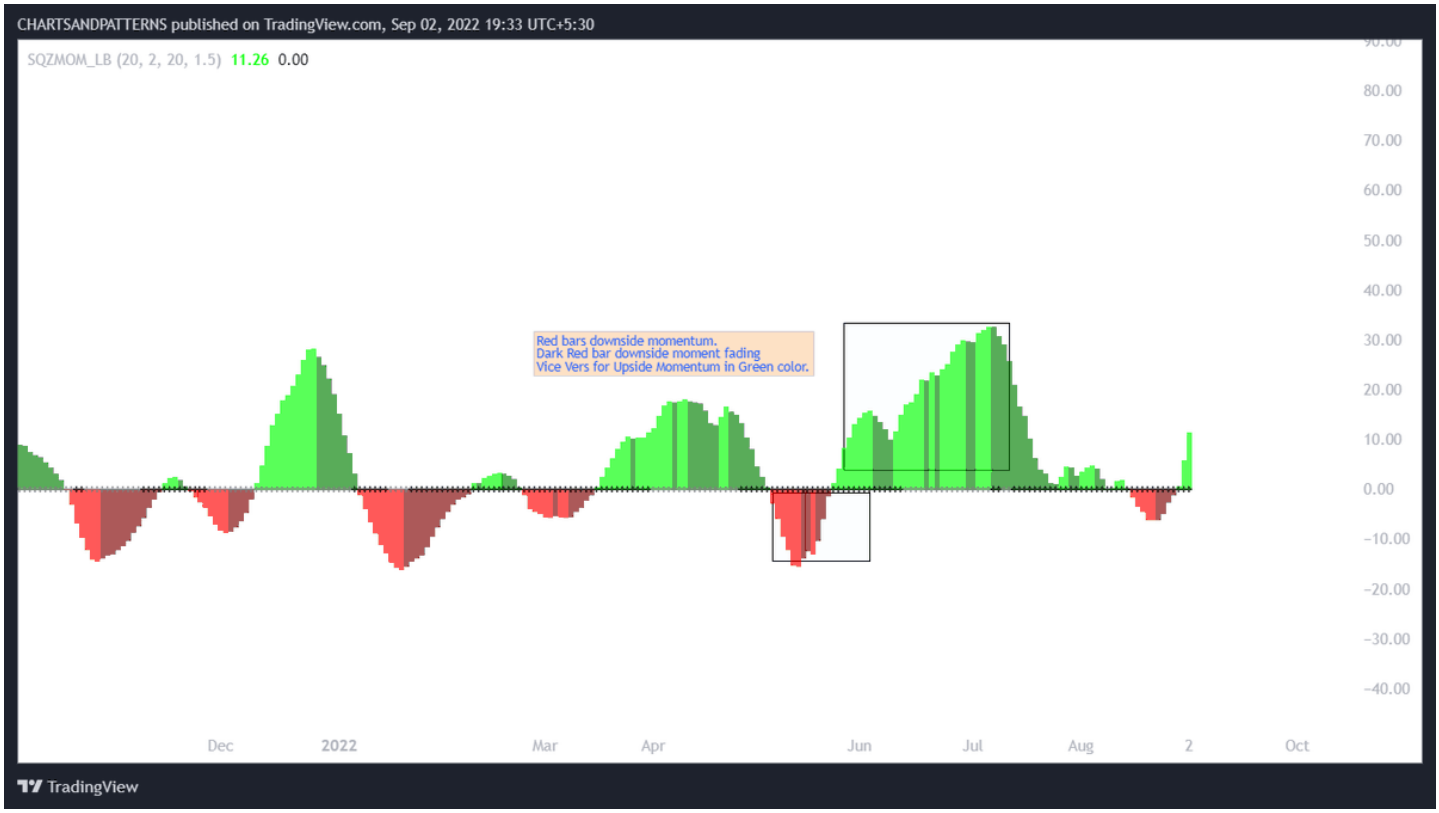
Read more about it here.
https://t.co/xO7EmqMvJC

2) Momentum Direction:
Self-explanatory chart.



How to Trade?

Trade on Bullish Bar penetrating BB Band from suqeeze area.
Also check momentum is Positive(Green Histogram).

Exits: According to RIsk.

Avoid

Stocks in Downtrend.

Sideways movement without Prior Trend.