TTM SQUEEZE

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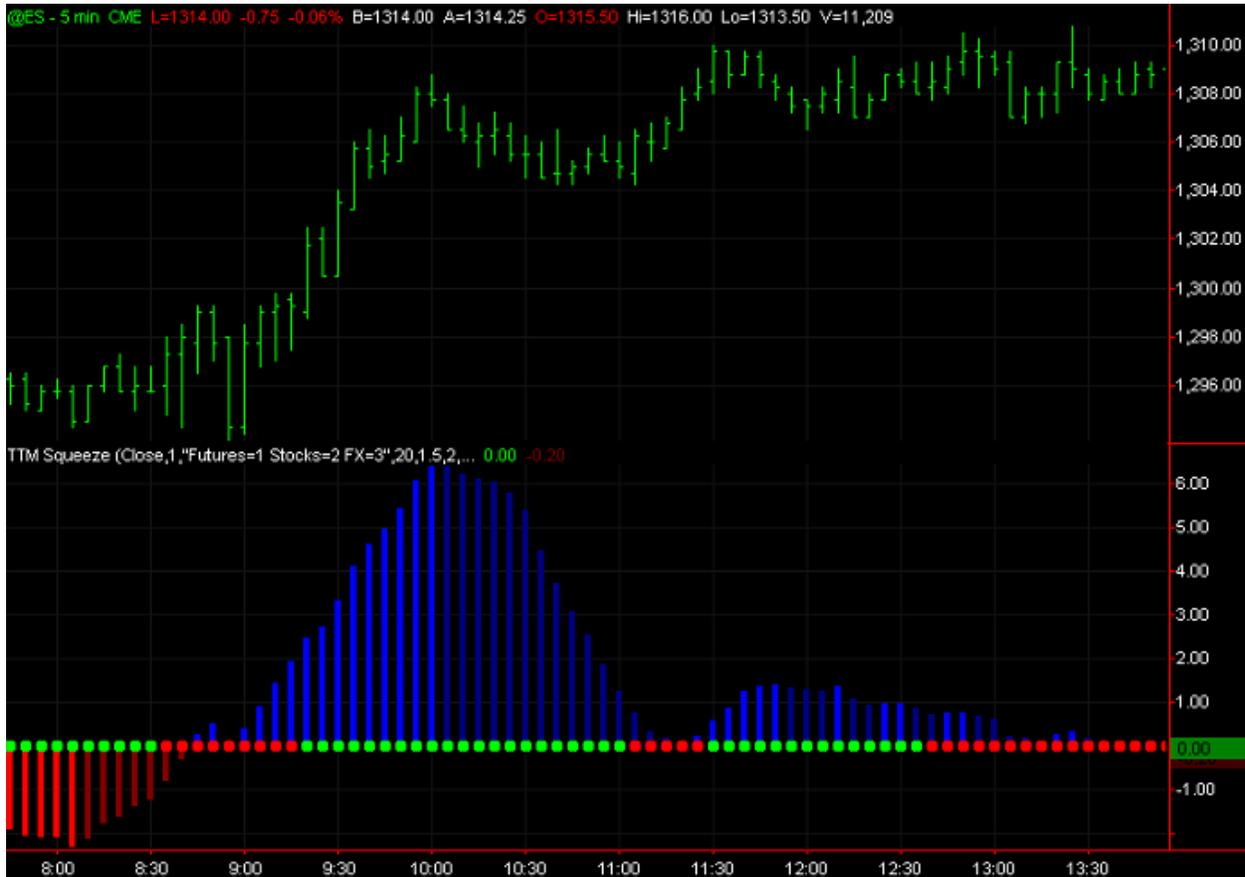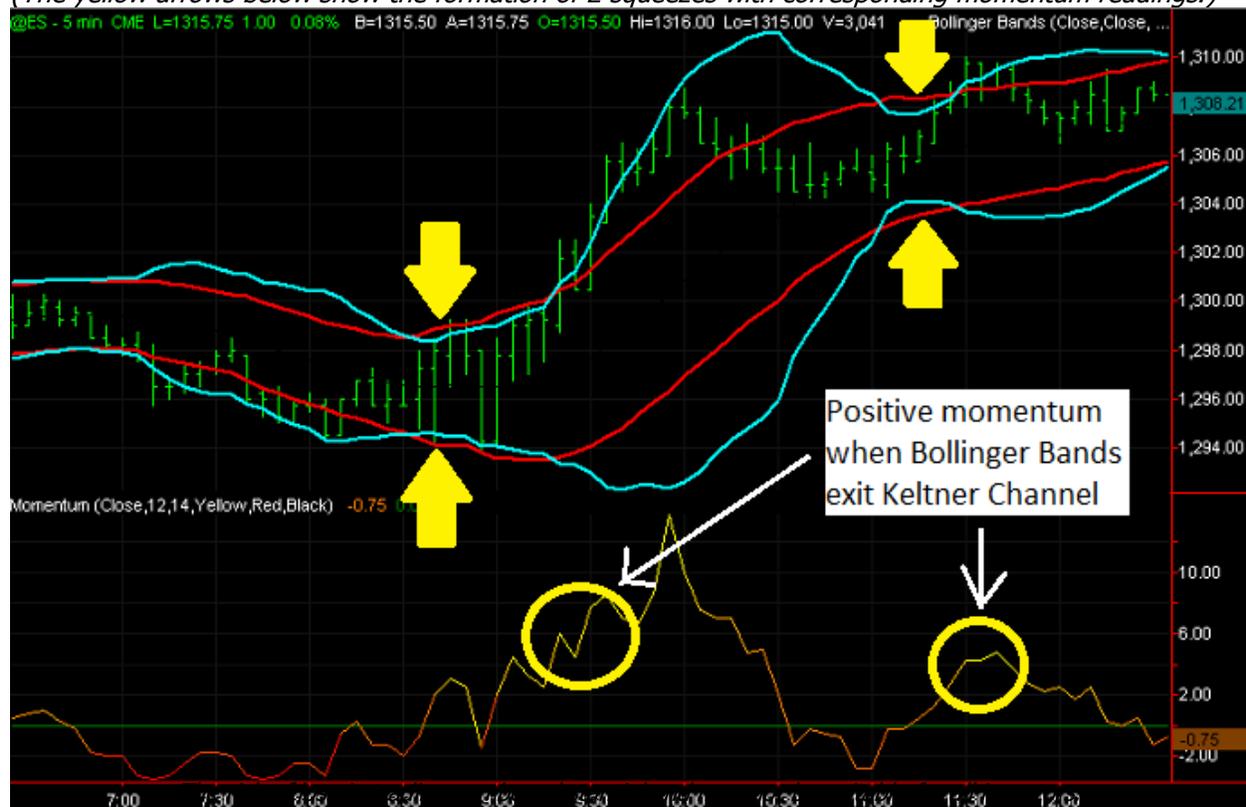

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1. What is The TTM Squeeze?

The TTM Squeeze indicator attempts to identify periods of consolidation in a market. In general the market is either in a period of quiet consolidation or vertical price discovery. By identifying these calm periods, we have a better opportunity of getting into trades with the potential for larger moves. Once a market enters into a "squeeze", we watch the overall market momentum to help forecast the market direction and await a release of market energy.

The TTM Squeeze indicator was built from 3 components. The first two are Bollinger Bands and Keltner Channels. These are what trigger the red and green dots. When the Bollinger Bands (below in cyan) go inside of the Keltner Channel (below in red), the market is said to be in a squeeze. The dots across the zero line of the TTM Squeeze indicator will turn RED, signifying this period market compression. Once the Bollinger Bands expand and again move outside the Keltner Channel, the dots will turn GREEN, signifying that the squeeze has "fired".

The final component of the TTM Squeeze indicator is a momentum indicator. Once the Bollinger Bands move outside of the Keltner Channel, a squeeze has "fired". In order to determine the direction of the move, we then look to the momentum. If it is above zero, the squeeze has fired long. Inversely, a short squeeze would be signified by negative momentum.

(The yellow arrows below show the formation of 2 squeezes with corresponding momentum readings.)

2. Using the TTM Squeeze Indicator

To use the TTM Squeeze indicator, right click on a chart and select 'Insert Analysis Technique'. Scroll down the list and click on 'TTM Squeeze'. Click 'OK' and this indicator will appear on your chart. Below is the same chart that was on the previous page, but the component indicators have been removed and replaced with the TTM Squeeze. The long signals are much clearer and easier to read.
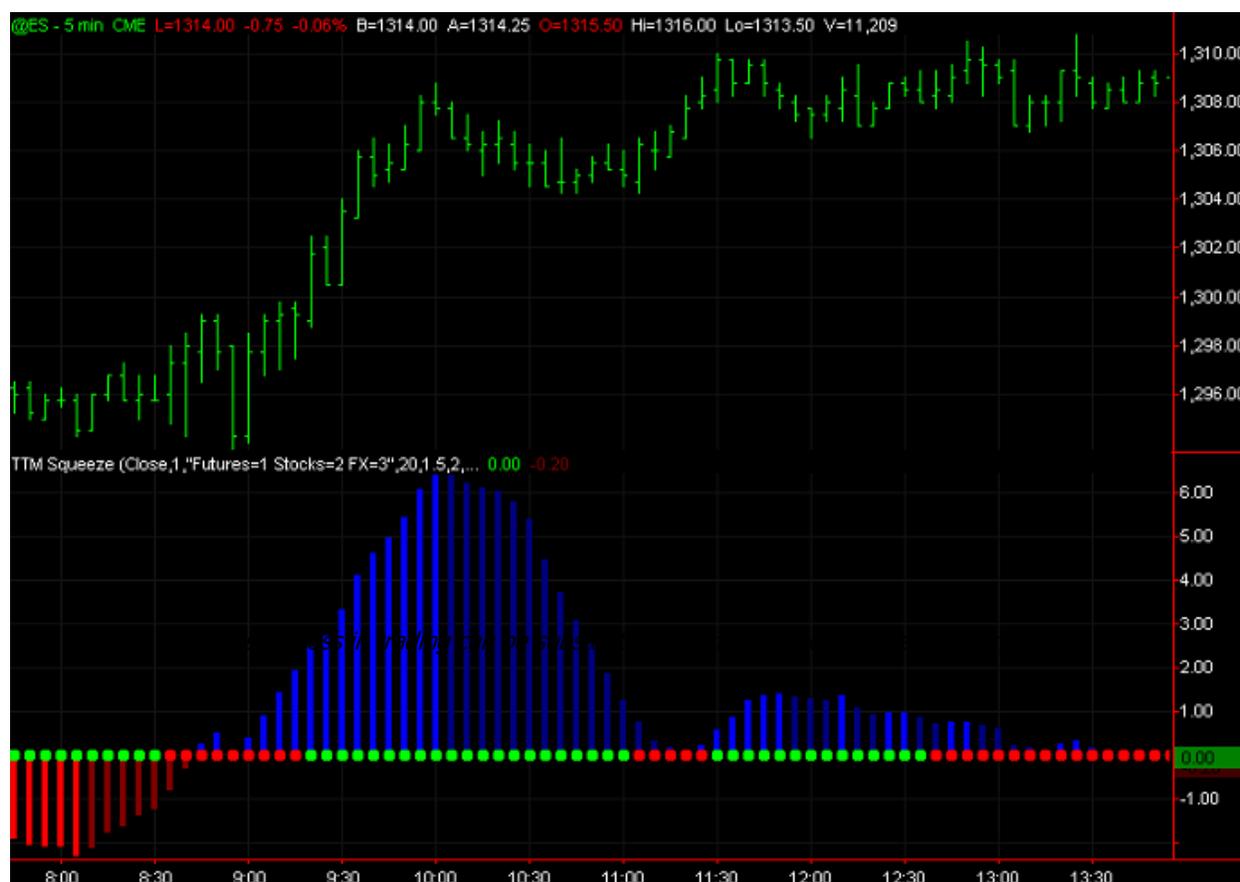

The red and green dots along the zero line indicate if there is a squeeze. A red dot means there is a squeeze condition in effect. A green dot means that we are not currently in a squeeze. The first green dot after one or more red dots is where the squeeze is said to have "fired".

The red and blue histogram indicates momentum. If above zero momentum is increasing, the histogram will by light blue. If above zero momentum is decreasing, it will be dark blue. Inversely, the histogram will paint light or dark red to portray increasing or decreasing momentum below the zero line.

You can use the default inputs for the indicator or modify them to suit your needs. The above image should be what you see using the default indicator settings.

3. Inputs
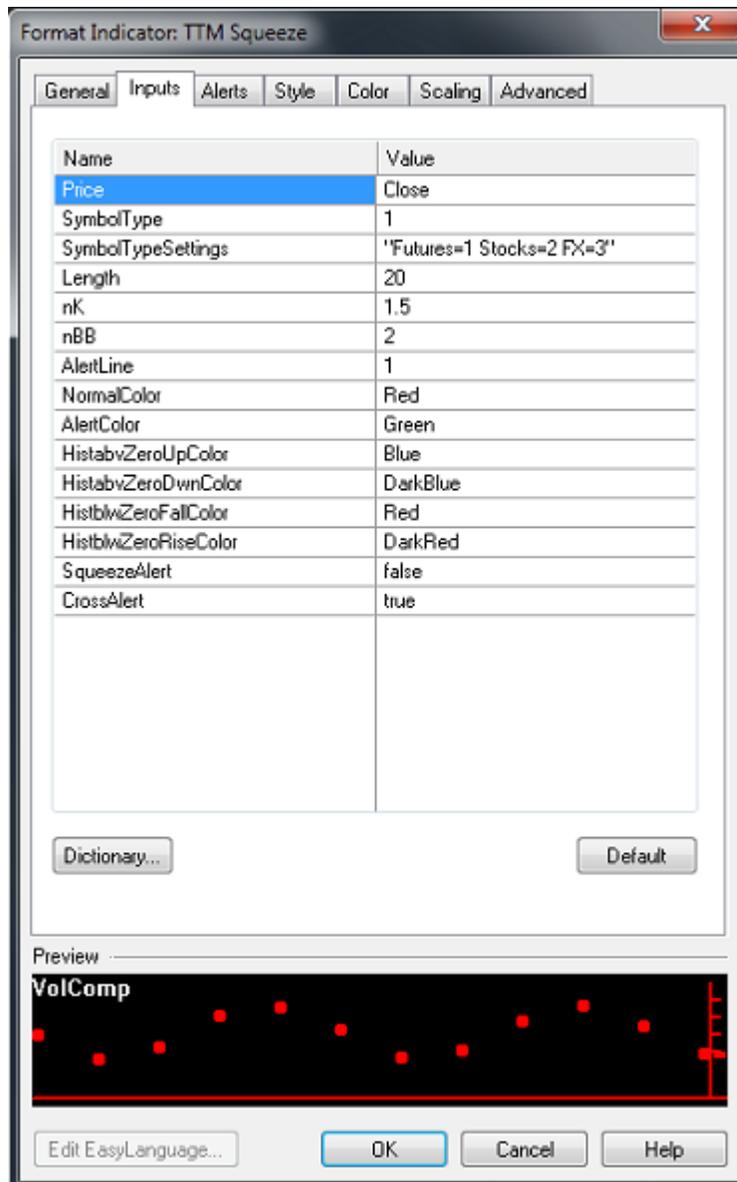
Price – Sets what bar price to calculate indicator based on; default is close.
SymbolType – Futures=1, Stocks=2, Forex=3.
Length – Number of bars used in the indicator calculation; default is 20.
nK – Sets the offset of the Keltner Channel; default is 1.5.
nBB – Sets standard deviation of the Bollinger Bands; default is 2.
AlertLine – Leave set to default value of 1.
NormalColor – Sets the dot color when squeeze settings are met.
AlertColor – Sets the dot color when squeeze settings are no longer met and squeeze has fired.
HistabvZeroUpColor – Sets the color of histogram bars when above zero momentum is increasing.
HistabvZeroDwnColor – Sets the color of histogram bars when above zero momentum is decreasing.
HistblwZeroFallColor – Sets the color of histogram bars when below zero momentum is decreasing.
HistblwZeroRiseColor – Sets the color of histogram bars when below zero momentum is increasing.
SqueezeAlert – Turns on or off the TTM Squeeze audio alert.
CrossAlert – Turns on or off the alert for when momentum crosses the zero line.