SIMPLERTRADING®

# John Carter's Essential Pre-Trade Checklist

The 5 must-haves for successful Squeeze trading

" Smart trading isn't just about using smart tools...it's about creating an overall strategy with an edge. Context is everything."

John Carter

So you've decided to start trading? Or, maybe you've been trading for a while and looking to use a new or better strategy. Going with the Squeeze is a wise choice.

**I created the Squeeze over 20 years ago, and it's my favorite free indicator. I used it to make my first $1M trade of Tesla (TSLA) in 2014... and I've made 8 more $1M+ Squeeze trades since!**

What makes the Squeeze special is that it helps identify the "calm before the storm" that tends to occur before a big move. This allowed me to spot an opportunity in TSLA that made over $1M within just 24 hours. Without the Squeeze, it's likely I could have missed that first historic trade - and the others too.

I developed the Squeeze Pro to capture even more opportunities. In fact, the Squeeze Pro identifies THREE levels of explosive moves in advance for even better entry and exit triggers.

In 2021, I used Squeeze Pro to close on one of my biggest wins ever – a $5 million GOOGL trade. The power of Squeeze Pro showed me a much bigger move was about to happen and gave me the conviction to take on a full position for the trade.

Of course, smart trading isn't just about using smart tools... it's about creating an overall strategy with an edge. Context is everything.

That's why I created this checklist. It includes the steps that I have taken in the past, and continue to take in my career. I recommend these steps to every trader. I hope you find this guide helpful as you prepare to trade with the Squeeze, or any other indicator you choose!

# Define Your Risk Parameters

Trading should not be taken lightly – it’s not a sport or gambling. It’s one of the most challenging and rewarding careers in the world. To be successful you’ll need a proven edge. And that comes down to your strategy and your tools. Our goal is to make money without risking our financial security.

But, before we can make money, we have to get really clear on our risk parameters. Amateurs place trades without quantifying their risk. That’s why one of the best ways to get an edge is to follow a proven trading plan that minimizes risk first.

Even after trading for over 30 years, I still focus on minimizing risk first before I take a trade. I determine what I’m comfortable with...and what I’m not! Being honest with yourself before diving into trading will help you maintain your focus, and sanity, for the long game.

## Here are just a few simple ways to do that.

**Understand the Setup.** Take a minute to ask yourself why you are choosing this trade. In other words, what edge does this specific trade give you? By answering this question you help prevent trading based on emotions. This is a big reason why I like the Squeeze – it gives me confidence in my setups.

**Determine Your Risk Tolerance.** Know exactly what percentage of your account you are risking on any given trade. Even more importantly, know what percentage of your overall account is tied up in all your trades combined. Do not risk more than you’re willing to lose. When in doubt, consider following the 2% rule. That means not risking more than 2% of your account on any trade.

**Know Your Limits.** Be honest about how many positions you can handle at one time. It's about quality not quantity. I've found it's better to select fewer high probability trades and focus on them rather than overtrade and potentially make mistakes. In fact, overtrading is one of the biggest reasons for failure in the markets. My goal by sharing these steps with you is to help you avoid falling into that trap.

**Be Aware of Your Exposure.** Try not to have your risk concentrated in one sector or dependent on market direction. Just like any other diversification strategy, I've found it can be beneficial to have a mixture of positions.

Once you've identified your acceptable levels of risk, it's time to build a trading plan.

# Build a Trading Plan

So what's in a successful trading plan?

I've found it's good to ask yourself a series of questions about your trading intentions, goals, and risk tolerance. Once you have clarity on that, it creates a structure that helps keep you more disciplined.

If you know me at all, you know I stress the importance of trading with an edge. That means having a probabilistic mindset and avoiding getting caught up in emotions. When the markets go sideways, you want to keep your head and follow your plan.

Let everyone else freak out and react emotionally. That can give you an edge and help you spot opportunities to profit with a clear mind. Otherwise, you risk losing a lot of money. And no one wants that.

Your trading plan is not a static document. You should update it every year to reflect changes in your experience as well market conditions. I have built a trading plan template that our whole Simpler Trading team uses. You're welcome to use it as a baseline for your plan as well.

And let's be clear – your plan is yours to evolve. I evolved mine. My first trading plan was created in 1993, eight years after I began online stock trading. It started as a one-pager and now it's 15 pages!

**Why is it so long?** Because I learned that I needed more definition to give myself the right discipline and accountability. My plan fits my personality – and yours should fit your personality.

I've worked with many traders who find that once they had a plan in place, they truly "turned the corner" in their career.

Here are just three of my favorite questions/answers in my personal trading plan.

## Why am I trading?

This is the first question I ask myself each year. Although this might seem obvious, it is important to know why you choose trading over everything else that you could do. This is applicable whether you're full-time or part-time.

The main reason I continue is because I enjoy the financial independence that the markets afford me. I love the fact that I can do this from anywhere. I love the mental challenge and personal growth, too.

Oh, and staying clear on why I'm in this game keeps me going on the tough days.

## What markets am I going to trade?

Like I mentioned, I suggest new traders keep a narrow focus and only follow a few markets. The goal should be to stick with these same markets until you're familiar with them.

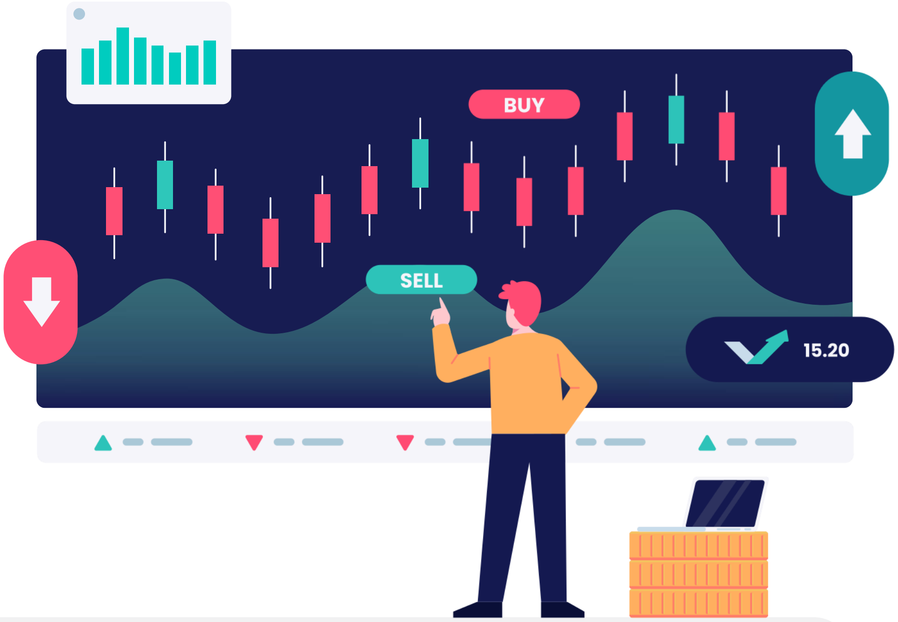
I've taken the time to appreciate and evaluate each and every market I've traded before moving on to the next one. At this point, I've settled into what I like best: futures, indexes, options, options on futures and indexes, and stocks. I diversify my portfolio across these and then allocate my total trading funds accordingly.

## What are my entry rules?

How do you know when to enter a position? A core part of any strategy is laying out objective conditions before jumping in. This is a key element of disciplined trading.

### Here are my entry rules for a bullish setup:

- There has to be a Squeeze
- Price must be above the 34-period moving average
- I look for stacked moving averages on the daily time frame chart
- If we're within 10% of 52-week or all-time highs, it tends to be an especially good setup




My plan also includes some notes on trading tough love. It's here I remind myself that markets are uncertain, and they owe me nothing. Also, I will take losses...it's part of the job. The key is to not let losses overtake your gains. Keep your losses small. In addition, I need to keep my emotions in check and stay consistent.

***Oh, and the most important note to self: "Don't lose your ass on a Friday."***

# Choose the Right Platform

As a trader, you rely on your platform, and it has to meet your criteria. Of course, your top priority is finding a platform that lets you use your favorite indicators.

Since I'm trading with the Squeeze, that's a must-have for me, and it's offered on a lot of platforms. Here's what I use on a regular basis:

**thinkorswim by TD Ameritrade**

A go-to for our expert team at Simpler Trading

**tastytrade**

Popular with newer traders for its ease-of-use

**TradeStation®**

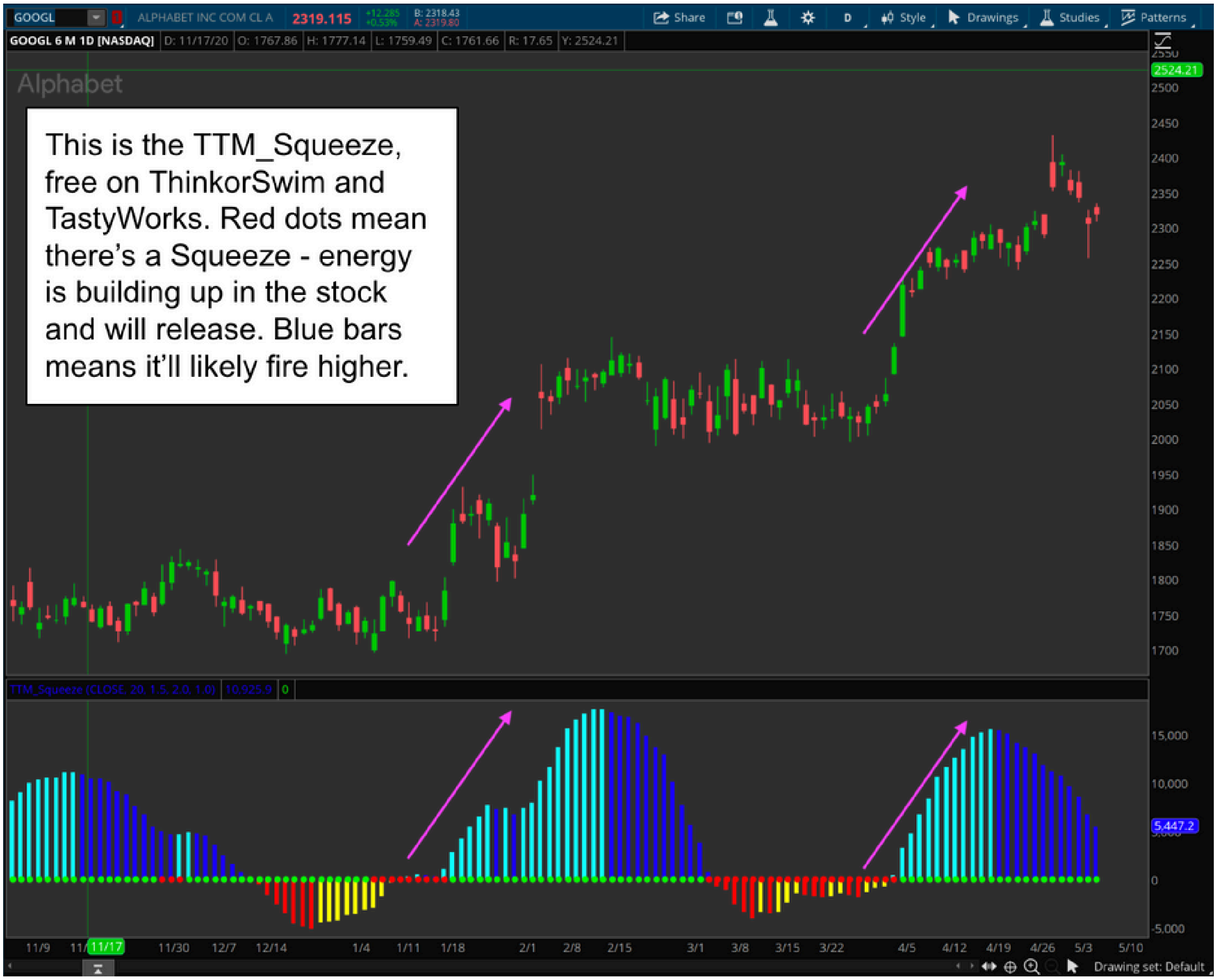
Powerful and well-known among professionals

If you don't love your current platform and you're having trouble choosing, look at what other traders use – pay attention to their charts and settings. At Simpler Trading, our team uses eight different platforms, so there are a lot to choose from.

I'm not a fan of demo accounts for trading practice because "paper trading" doesn't activate the same emotions that you'll experience when real money is on the line. However, they are great for taking the software for a test drive. Charting is personal preference, and you may have to try a few platforms to find the one you like best. And there's no reason to limit yourself to just one.

**At Simpler Trading, our customer service team can provide guidance on configurations and troubleshooting with the most popular platforms.**

***Here's an example of a Squeeze setup on ThinkorSwim.***



# Follow Mentors Using the Squeeze

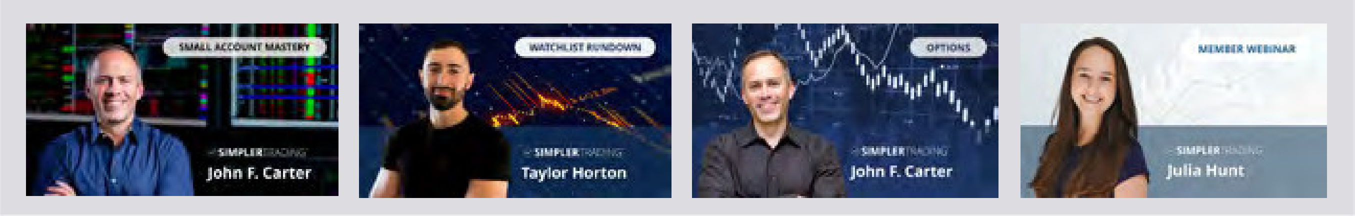
There's no reason to take your trading journey alone. Having a mentor can help you go farther, faster.

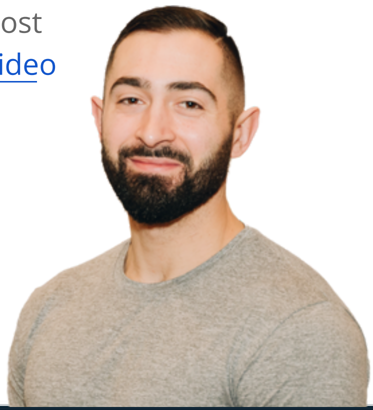
In fact, even after 30 years in the markets, I still rely on my mentors too. I read a lot about trading, but I learn the most from interacting with other traders, learning from their experiences – their wins and losses.

No question, you'll want your mentor to be a professional and someone with a proven track record in your trading interest. I personally value transparency – someone sharing real strategies and setups, not just a bunch of theories. Also, you know how you learn best: choose someone who explains things in a way you understand.

So, if you're going to trade with the Squeeze, you'll want to follow someone who also uses the Squeeze successfully.

With that in mind, I always have the Squeeze on my charts. I also offer free videos on our Simpler Trading channel that covers timely topics and trading opportunities.



Taylor Horton from my Simpler Trading team also trades the Squeeze, almost exclusively, so you may want to follow him, too. He's got a great Squeeze video that I recommend checking out.

Taylor actually followed my training closely, and he's a Simpler Trading success story. He was a member in my Mastery and our trading room.

Now he's our VP of Directional Options Strategies.

# Commit to Continued Learning

If you want to improve in trading, you'll want to hone your trading craft. I'm constantly reassessing my trading strategies and goals.

It took me eight long years to finally become consistently profitable. Along the way, I went to college and got a good job. My dream was to replace my salary with trading income, but it took a while because I learned everything through trial and error.

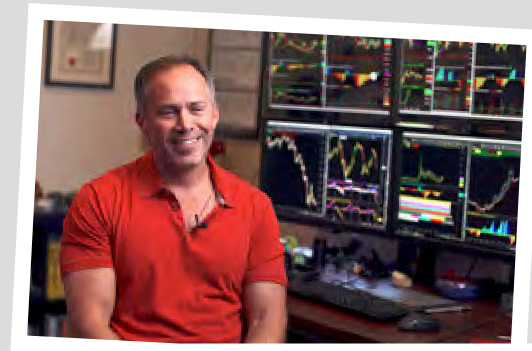
That's why I started Simpler Trading. When I began being consistently profitable, people kept asking me to teach them what I knew. Now, Simpler Trading continues to grow its community of traders. Our goal is to help people achieve financial freedom—and personal freedom—through the markets.

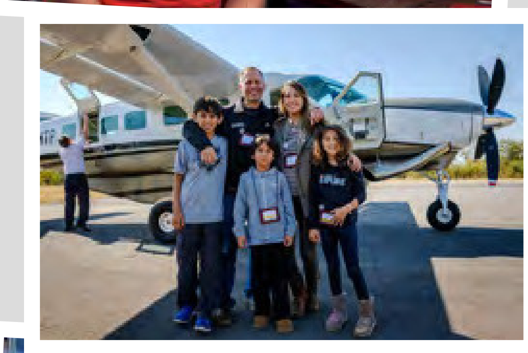
I think we're unique. We offer you guidance on using indicators, like the Squeeze, in your setups. But we also provide a more interactive and hands-on approach for our members: rooms where traders trade their own accounts live, share their strategies, and answer your questions.

If you're ready to jumpstart your progress using the Squeeze, I invite you to look at my new Mastering the Squeeze book. By becoming a member of Simpler Trading, you'll join our community—something I wish I had when I was getting started.

I hope that this Pre-Trade Checklist has prepared you to start your trading, or improve your trading, with the Squeeze. My goal is to help you achieve your goals. I feel confident that these five steps will be key to your success...because I know they have been key to mine.

Good Trading!
John Carter






## Have Questions?

Call us at 512-266-8659 or email
support@SimplerTrading.com



*Published in the United States of America by Simpler Trading.*