

## Strategy 1: Short Squeeze

This strategy revolves around the fact that short traders have to cover their position at one point or another. Shorting is not a long term investment style and there are many fees associated with being short a stock. Therefore, knowing that a stock has a high short ratio gives us an indication that there could be demand for the stock in the short term. Knowing that a stock has a high short ratio and short float is not enough for a buy signal. It's not because short float is high that the stock won't keep dropping, and that long side investors won't keep selling pushing the stock's price further down. What you want to do is combine the short ratio and short float with price action. If the price goes up and we know that a lot of people are short then we know they will have to close their position, which they will do by buying back the shares. By doing this they will put more buying pressure on the stock, which will lead to higher prices, which will in turn trigger more stop losses and more covering, and so on. This is what we call a short squeeze.

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Trading Plan	
Strategy	Short Squeeze
Style	day / swing
Type	momentum
Holding period	intraday - 2 weeks
Stock selection	Short Float > 7% Short Ratio > 5
Entry signal	Sharp move up ( >7%) or Hit 52-week high
Entry style	Agressive 1 entries 2 exits (leave one open with trailing stop)
Take profit signal	Volume does 40% of Short float since up-spike or >8% (for swing)
take profit style	Passive
Position sizing	2%-5% of account max loss
Stop loss	set bellow closest support
Take Loss style	Aggressive
Bail-out indicators	Strong bad news

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