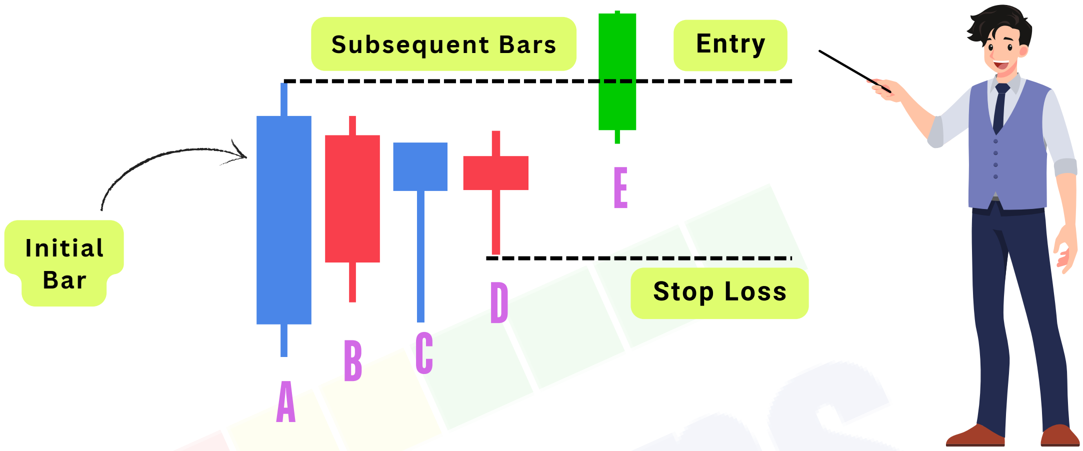
Mini Coils

This article is written by Dr. R.G. Ware

*Dr. Ware gives full credit to **Matt Caruso** who created this concept and **Ravi Sharma (StocksNerd)** who has been inspirational in shaping up Dr. Ware's trading journey.*



WHAT'S A MINI COIL?

When price action consolidates into a narrow range, it forms a Mini coil pattern. It occurs within a longer-term price chart, and represents tightening of volatility, akin to a coiled spring.

HOW IS IT FORMED?

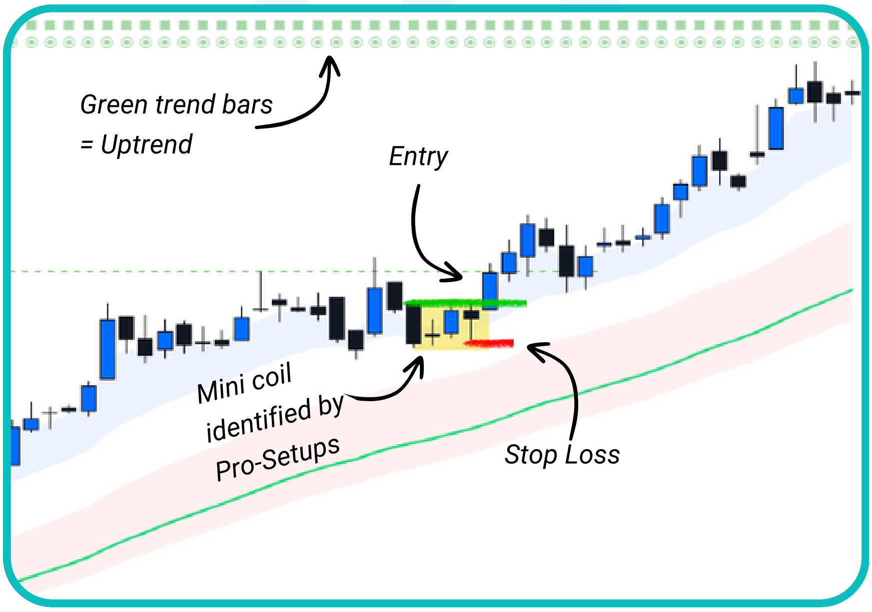
Start with an initial bar (Bar A), that sets the stage for the Mini coil.

At a minimum, the next three subsequent bars (Bars B, C & D) should not exceed the high or low of the initial bar.

TRADE RULES

One can keep entry above the Initial bar and Stop Loss below the last bar. Bar E above is our entry point. Low of Bar D is the stop loss.

AN EXAMPLE



HOW TO SCAN?

Pro-Setups Dashboard *has one-click scan for finding Mini Coils.*

YAY!

Don't forget to combine with other filters such as Green trend bars, Rising 50EMA, near swing highs, cheats or set tight ranges!

WHEN IS IT EFFECTIVE?

When price is no more than 10-15% above a prior base.

When applied to stocks in Stage 2 Uptrending stocks.

If a Mini-coil appears on the right side of a base, it could signal that the stock is ready to break out of that base.

Mini coils forming around pocket pivot bars (strong up days with increased volume) can enhance their reliability.