Twitter Thread by Killer Trader ■■

Killer Trader ■■
@KillerTrader_

Thread on fibs:

Part 1 - Fib extensions:

The way I use fibs and extensions differ from conventional textbook methods.

Fib extensions are ratios beyond 1 used to project targets for profit booking.

(1/n)

The main purpose of fib extensions is to forecast probable (emphasis on both words) areas of profit booking/correction in a script trading in unchartered waters (ATHs and lifetime lows)

(2/n)

Basically, they are used to find Ghost supports/resistances.

Fibonacci is a price based and a relative time based tool.

Meaning, the proper way to use this tool largely depends on the swing markers you use relative to the TF of your analysis and trading.

(3/n)

The primary ratios I use as part of extensions are 1.382 and 1.618.

Example 1 for broader price range swing:

(4/n)

Example for minor swing:

(5/n)

How to validate a price zone as swing high?

Not every ATH or high can be termed as swing high.

For a high to be validated as swing high and used in fibs, price SHOULD start its retracement from the level.

Else, it is a high which cannot be used for fibonacci trading.

(6/n)

Same applies for swing lows.

Imp points to be noted:

1. Fib extensions are probable zones which need to be confirmed by price before you begin booking out.

(7/n)

2. Not every time price respects extension levels as they are JUST mathematically calculated levels but not market proven levels until validated by supply/demand

(8/n)

Fibs is a very very deep and extensive topic.

Upcoming threads:

1. How I use fib retracements to guage the strength of a breakout of a swing high/ATH?
2. How to use extensions beyond 1.618?
3. How to use fib extensions to trade Nifty intraday at all time highs?
(9/n)

If you found what I shared informative, please like and re-tweet. Queries are welcome.

As promised, started to share my unique style of using fibs @anand_luhar

#StockMarket #trading #nifty50