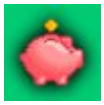
Twitter Thread by Level Up Trades



Level Up Trades
@Level_Up_Trades

Here’s a little cheat sheet I put together on Fibs!

If this helps improve your understanding of it then it’d mean a lot of you liked and shared these documents! ■

#Daytrading #StockTips #Fibonacci #Trading $SPY $QQQ

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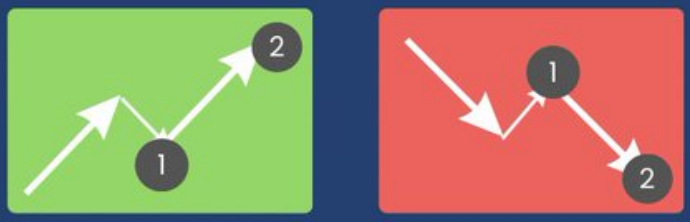
@LEVEL_UP _TRADES FIBONACCI RETRACEMENT GUIDE

Fibonacci Retracement

- Identify the trend. Is there an **Uptrend** or **Downtrend**?
- If it's in trading range, do not force a trade

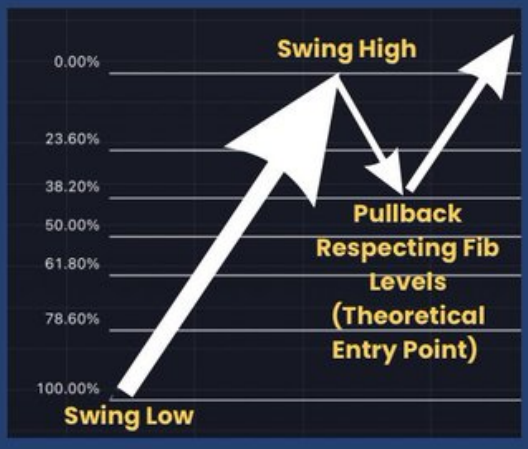
Plotting The Fibonacci Tool

- Once a trend has been identified, it's time to plot the tool!
- Uptrend = select the swing low then swing high
- Downtrend = select the swing high then swing low



Purpose of Fibonacci Tool

- The tool is used to identify an optimal entry point by measuring key areas of pullback during a continued trend.
- The image below illustrates the tool plotted for an uptrend.
- The closer the pullback is to the 100% mark, the better the entry, assuming the trend continues.



Trade Execution Checklist for Fibs

This tool SHOULD NOT be solely relied on by itself. You should combine various indicators / strategies in an effort to identify a high quality setup. Below is a checklist of strategies that should be coupled with the Fibonacci tool to determine an A+ trade.

- **Key areas of Support & Resistance** (When a fib level matches a specific area of S/R, there is a higher likelihood that the price will react to the plotted fib)
- **How recent is the trend?** (The more recent the better, as there is less likelihood for trend exhaustion)
- **Magnitude of Fibonacci level** (the closer to 100%, the more optimal of an entry, although you should not expect a large pullback every time. It all boils down to the overall context of the market)
- **Area of Confluence** (Is the price at an area where multiple schools of traders can agree on taking similar action)
- **Candlestick Confirmation** (Before making any trade, you must identify confirmation in price action through the formation of candlesticks. For example, are you entering your trade after brief consolidation and a bullish candlestick? - in the case of an uptrend)

The more items you can confidently check-off, the higher quality the trade will be!