

## Twitter Thread by Ramsay Rippers ■



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### ■ EMA + VWAP STRATEGY

Every trader has a go-to strategy that works best for them. My trading is all about keeping it simple stupid and revolves around two indicators - Exponential moving averages and vwap.

Here's the strategy that I utilize on nearly 80% of my trades.



What are Exponential Moving Averages?

EMA's are a type of moving average that places a greater weight on more recent data points.

8EMA = Exponential Moving Averages of the last 8 candle closing prices.

EMA's adjust with respect to chart time frame.

What is VWAP?

Volume Weighted Average Price - A key intraday indicator in my trading that offers the true average price based on price & volume.

Calculation:  $(\text{Price} \times \# \text{ of shares traded}) / \text{total shares traded}$

EMA's I use

- 8
- 21
- 50

While I do utilize the 50EMA, the 8 & 21 EMA are most important for this strategy. Some people use the 9 and 20 which are

essentially the same thing. REMEMBER: EMA'S adjust with respect to time frames.

#### A+ Set Up Criteria - (What I look for)

1. Break/Bounce/Rejection of a Key Level
2. Ema Crossover
3. Pullback/Retracement to the EMA's
4. Higher conviction when EMA's are above vwap for calls and below vwap for puts.
5. Entry off of 8ema taps

What is an EMA Crossover?

An ema crossover signals to me that a trend is forming. I tend to see for a call strategy the trend is stronger when EMA's are above vwap and the same for puts when EMA's are below vwap.

After an EMA crossover has formed I look to add calls/puts on pullbacks/retracements to the 8EMA.

I never add directly into a large red or green candle extended from the EMA's bc with every large move there will always be a pullback/bounce. That's where I like to add.

Here's an example from today.

1. Bearish 8/21 EMA crossover to the downside
2. EMA's below VWAP
3. Retracement to the 8EMA triggers me to add 363p
4. Price action rejects 8EMA
5. Exited for +103% 24 minutes later

Instead of entering directly off of an EMA crossover, I will wait for the stock to retrace to the 8ema. I tend to see new traders enter into large red/green candles which is a huge no-no for me. Stocks will always pull back or bounce so why enter into a trending candle?

Especially since we are trading options and time decay is not our friend. In my opinion, trading options is all about nailing the entry and that's exactly what the EMA's offer to me. High conviction entries.

Bullish Example:

Why do I favor entering calls above vwap and puts below vwap? I tend to see VWAP act as intraday support/resistance. I am more comfortable taking a call strategy when price action & ema's are above vwap and puts when price action & ema's are below vwap.

Here's an example of why I favor price action & EMA's to be above/below vwap for the call/put strategy.

As you can see here we get a bullish 8/21 crossover and a pullback to the 8ema. The vwap rejection plummeted the price and the strategy would have failed here.

That is exactly why I will almost always avoid adding calls (with respect to this specific strategy) when price action and EMA's are below VWAP. The same goes for puts, inversely.

I use the standard VWAP setting on webull, the 5-minute chart, and of course the 8 & 21 EMA.

I hope you guys enjoyed this thread. Feel free to reach out if you decide to implement this strategy and find some success! Let me know what you think in the comments below. For all my trading alerts and ideas click the discord link in my bio. As always, happy trading.