# MEDUSA
## MONEY

# THE OLYMPUS CLOUD



## THE POWER IS IN YOUR HANDS

Welcome to the Olympus Cloud market framework and trading indicator. We hope this tool gives you the required structure to take your market analysis to another level. The theories encoded in this tool were sourced from expert technical analysts and are the product of years of market experience. Our goal is to teach you the techniques that will give you a solid foundation to build on in the future. This document complements our tutorials on YouTube but is only provided to our customers. Here, we detail the entry methodologies that are included in the backtest logic. You can use these entries on their own, or you can formulate additional rules to help you build a robust trading system. Make sure you continue to watch our YouTube videos to hone your skills within our framework and to learn the techniques and psychology we use on a daily basis.

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# LONG TYPE A-1



## Confirmed fractal higher high during a bull cloud

Long A-1 uses fractals to confirm a micro uptrend. In the above image, look to the left where we have a bear cloud state and a small green arrow below a red candle. The next seven candles form a higher low compared to each previous candle. This higher low pattern at the individual candle level is called a stair-step pattern. When a single candle forms a lower low, the stair-step pattern breaks. Notice the candle before the entry forms a lower low (and lower high) compared to the previous candle, thus breaking the stair-step. When a stair-step pattern breaks a fractal is formed at the highest price from the stair-step pattern and becomes an important short-term price level because it represents a temporary shift in supply and demand. In this instance, the sellers only controlled a single candle, but the psychology is the same as if the sellers controlled several candles. When the buyers were able to recover and force the price to close above the previous fractal, our entry occurred.

**Entry Rules**

1. The cloud is in a bull state
2. The higher time frame filter is in a bull state, represented by green volatility bands (if the higher time frame filter is enabled)

3. The most recent fractal low is *higher* than the previous fractal low
4. Price *closes* above the previous fractal high

**Stop Loss Rules**

1. The recommended stop loss is a little distance below the bottom of the cloud. This gives price room to breathe and can prevent sudden volatile shakeouts

   a. Optionally, can also place your stop loss a little bit below the recent fractal low

2. The position is always closed when price *closes* below the cloud regardless of whether or not a profit target was hit

**Position Sizing Rules**

1. Take the entry price and subtract the stop loss price to calculate a risk per share value
   a. Example: $25 Entry Price - $22.50 Stop Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
   a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size

**Profit Taking Rules**

Profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
   a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $3.75 + $25 Entry Price = $28.75 target
2. Sell the remaining position when price closes below the cloud

**Additional Considerations**

Long Type A-1 has two additional options that affect the entry and exit rules:



**Only Buy Fractal Higher Lows -** When this option is selected, the entry is only triggered when the most recent fractal low is higher than the previous fractal low (recommended).

**Stop Under Fractal Low** - Places the stop loss under the most recent fractal low instead of under the cloud. This results in a tighter stop loss location but may be subject to volatility and shakeouts

# LONG TYPE A-2
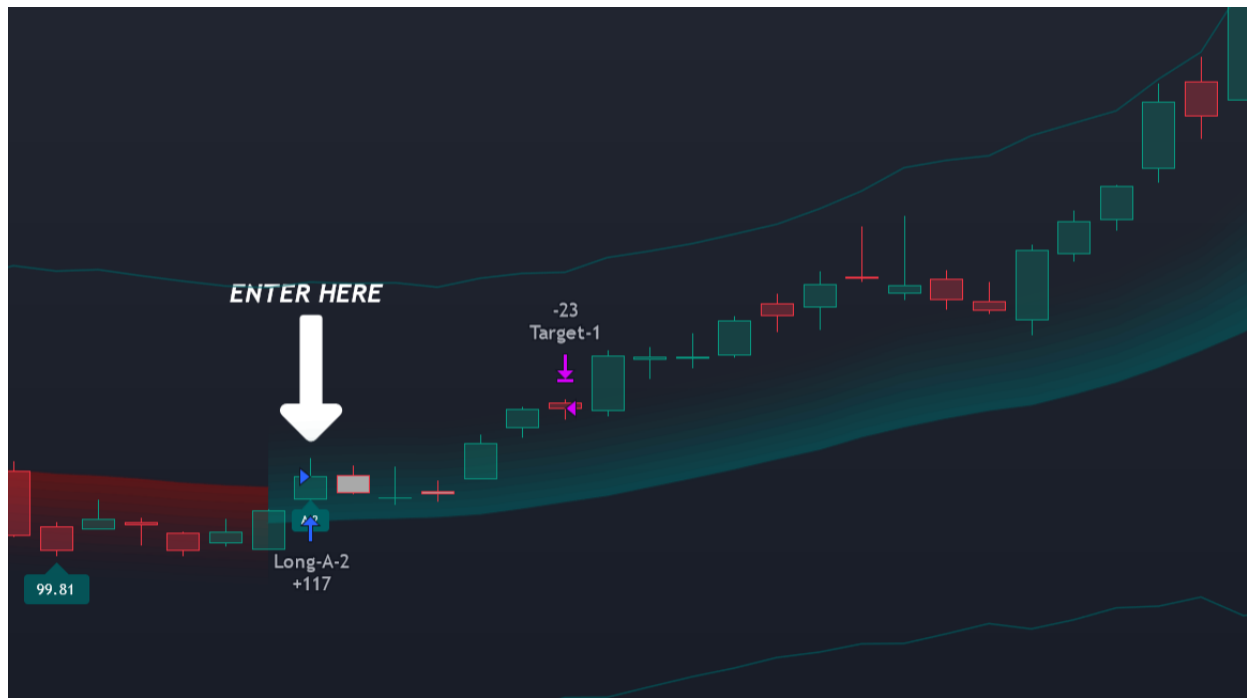


## Bear to bull cloud transition

Long A-2 is the most basic momentum shift entry and does not wait for additional price action to confirm the signal. We wait for the cloud to transition from bear to bull and ensure it forms a swing higher low as denoted by the green swing label. As long as the low of the trigger candle is below the high of the bear cloud resistance level we make an entry. This is still considered a price action entry because it does not rely on moving average crossovers. Long A-2 is a more aggressive entry and is not suited for everyone, but can work quite well in many circumstances, specifically during long-term uptrends when price is in a pattern of swing higher lows. During downtrends or choppy periods in time, Long A-2 is less reliable.

**Entry Rules**

1. The higher time frame filter is in a bull state, represented by green volatility bands (if the higher time frame filter is enabled)
2. The cloud changes from a bear to a bull state and a swing higher low forms (green swing label)
3. The low of the trigger candle is less than the high of the bear cloud from the previous candle

**Stop Loss Rules**

3. The recommended stop loss is a little distance below the bottom of the cloud. With Long A-2, this is considered a tighter stop location and usually results in a larger position size

   a. Optionally, you can also place your stop loss a little bit below the recent swing low. This is a wider stop loss so price has more room to breathe, but will result in a slightly smaller position size

4. If you're not using the optional swing stop location, the position is always closed when price *closes* below the cloud regardless of whether or not a profit target was hit. If you use the swing stop location you can decide whether or not you wish to close the position before the stop

**Position Sizing Rules**

1. Take the entry price and subtract the stop loss price to calculate a risk per share value
   a. Example: $25 Entry Price - $22.50 Stop Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
   a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size

**Profit Taking Rules**

Again, profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
   a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $3.75 + $25 Entry Price = $28.75 target
2. Sell the remaining position when price closes below the cloud

**Additional Considerations**

Long Type A-2 has two additional options that affect the entry and exit rules:



**Only Buy Swing Higher Lows -** An entry is made if the recent swing low is higher than the previous swing low. When this option is *not* selected, an entry is made on both swing lower lows and higher lows.

**Stop Under Swing Low** - The stop loss is placed under the swing low instead of under the cloud.

# LONG TYPE B-1
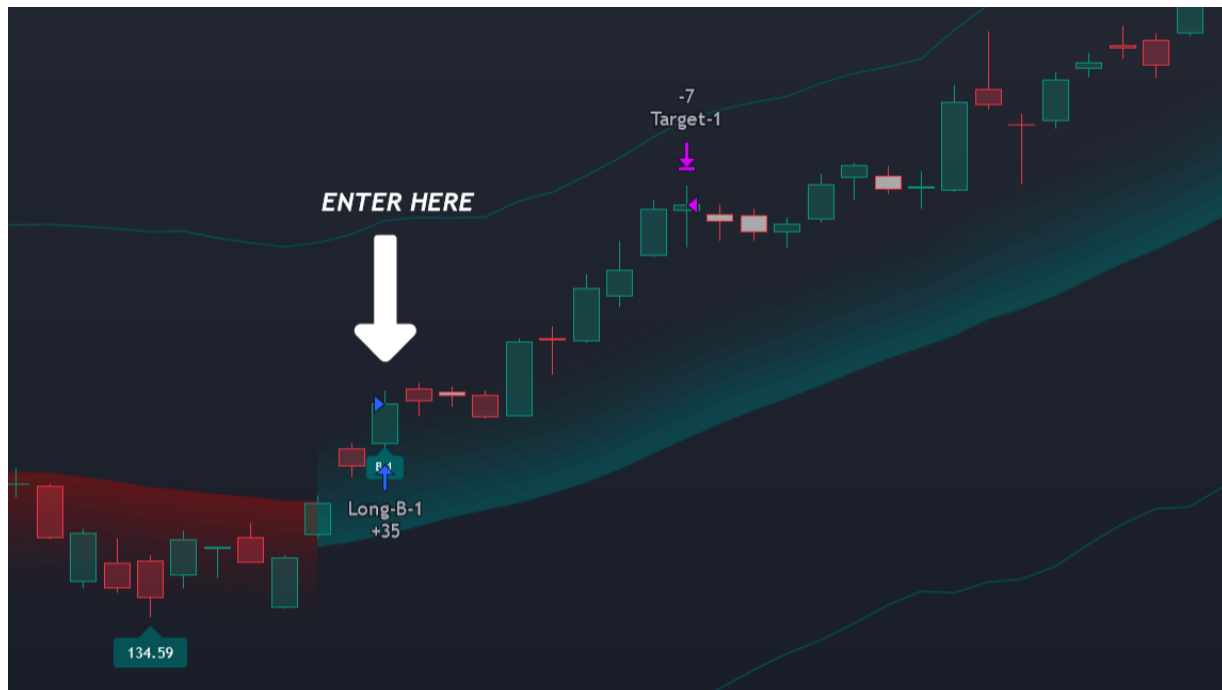


## No red follow through

Long B-1 seems simple but can be a powerful entry during long-term uptrends. As stated in our "Basics" video for the Olympus Cloud, a long-term uptrend is shown when price is forming higher swing lows and the higher time frame filter is bullish (green volatility bands). This entry is recommended during a long-term uptrend. When the higher time frame filter is bullish and the cloud is in a bull state, look for a green candle close above a red candle. If the green trigger candle is within close proximity to the cloud, the signal occurs and an entry is made. We do not want the trigger candle to be extended far away from the cloud and should be within, or very close to the cloud. This entry is more powerful on higher time frames, such as the 1D or 4hr, but also works well on a 30m time frame if you stack multiple time frames in your favor. We cover time frame stacking in a video on YouTube.

**Entry Rules**

1. The higher time frame filter is in a bull state, represented by green volatility bands (if the higher time frame filter is enabled)
2. The cloud is in a bull state
3. The previous candle is red

4. A green trigger candle closes above the previous red candle
5. The trigger candle is within or at the very edge of the cloud and not extended far beyond the cloud

**Stop Loss Rules**

1. The recommended stop loss is a little distance below the bottom of the cloud
2. The position is always closed when price *closes* below the cloud regardless of whether or not a profit target was hit

**Position Sizing Rules**

1. Take the entry price and subtract the stop loss price to calculate a risk per share value
   a. Example: $25 Entry Price - $22.50 Stop Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
   a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size

**Profit Taking Rules**

Again, profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
   a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $3.75 + $25 Entry Price = $28.75 target
2. Sell the remaining position when price closes below the cloud

**Additional Considerations**

Long Type B-1 has no additional considerations, but you can add rules as you see fit. We recommend you use the trailing stop method with this entry because holding a winning trade is an excellent way to avoid false signals and is best to maximize your profits.

# LONG TYPE B-2
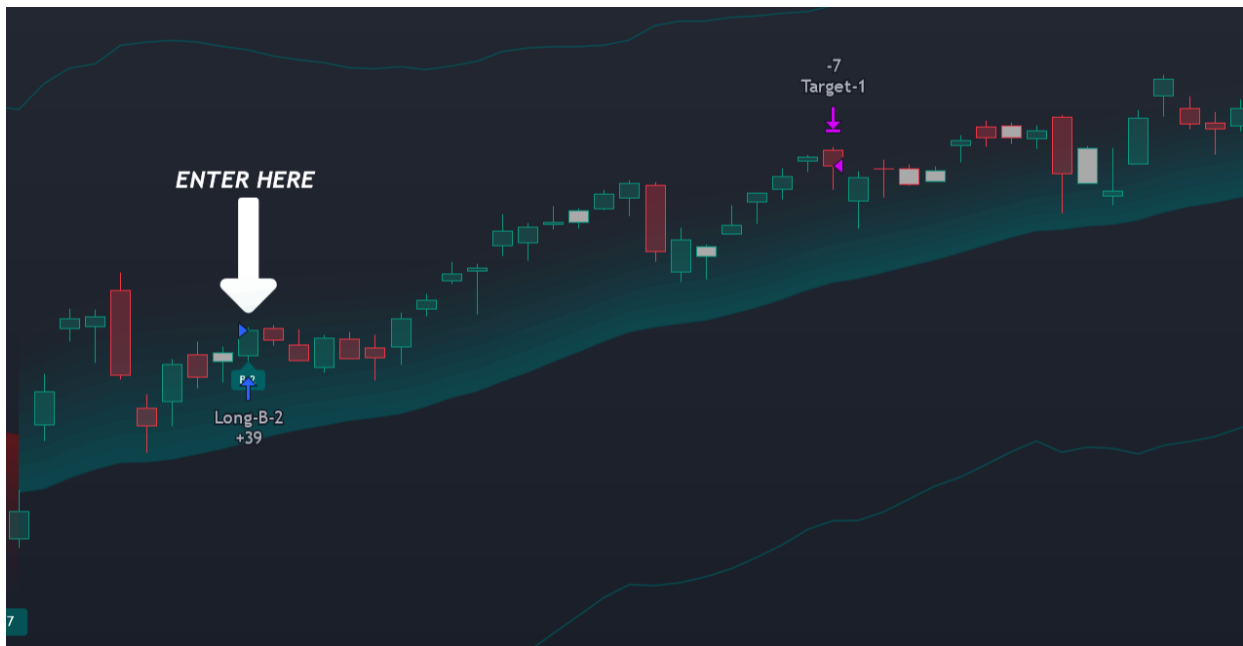


## Inside bar bull break

Long B-2 is similar to Long B-1 and is a good entry during long-term uptrends. As stated in our "Basics" video for the Olympus Cloud, a long-term uptrend is shown when price is forming higher swing lows and the higher time frame filter is bullish (green volatility bands). Like Long B-1, this entry is recommended during a long-term uptrend. When the higher time frame filter is bullish and the cloud is in a bull state, we wait for an inside bar to form, as shown by the white painted candle in the example. When the following candle closes above the inside bar, the signal occurs and an entry is made. We do not want the trigger candle to be extended far away from the cloud and should be within, or very close to the cloud. This entry is more powerful on higher time frames, such as the 1D or 4hr, but can work well on a 30m time frame if you stack multiple time frames in your favor. We cover time frame stacking in a video on YouTube.

**Entry Rules**

1. The higher time frame filter is in a bull state, represented by green volatility bands (if the higher time frame filter is enabled)
2. The cloud is in a bull state
3. The previous candle is an inside bar (painted white when this feature is turned on)
4. A green trigger candle closes above the inside bar

5. The trigger candle is within or at the very edge of the cloud and not extended far beyond the cloud

**Stop Loss Rules**

1. The recommended stop loss is a little distance below the bottom of the cloud
2. The position is always closed when price *closes* below the cloud regardless of whether or not a profit target was hit

**Position Sizing Rules**

1. Take the entry price and subtract the stop loss price to calculate a risk per share value
    a. Example: $25 Entry Price - $22.50 Stop Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
    a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size

**Profit Taking Rules**

Again, profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
    a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $3.75 + $25 Entry Price = $28.75 target
2. Sell the remaining position when price closes below the cloud

**Additional Considerations**

Long Type B-1 has no additional considerations, but you can add rules as you see fit. We recommend you use the trailing stop method with this entry because holding a winning trade is an excellent way to avoid false signals and it's best to maximize your profits.

# SHORT TYPE A-1
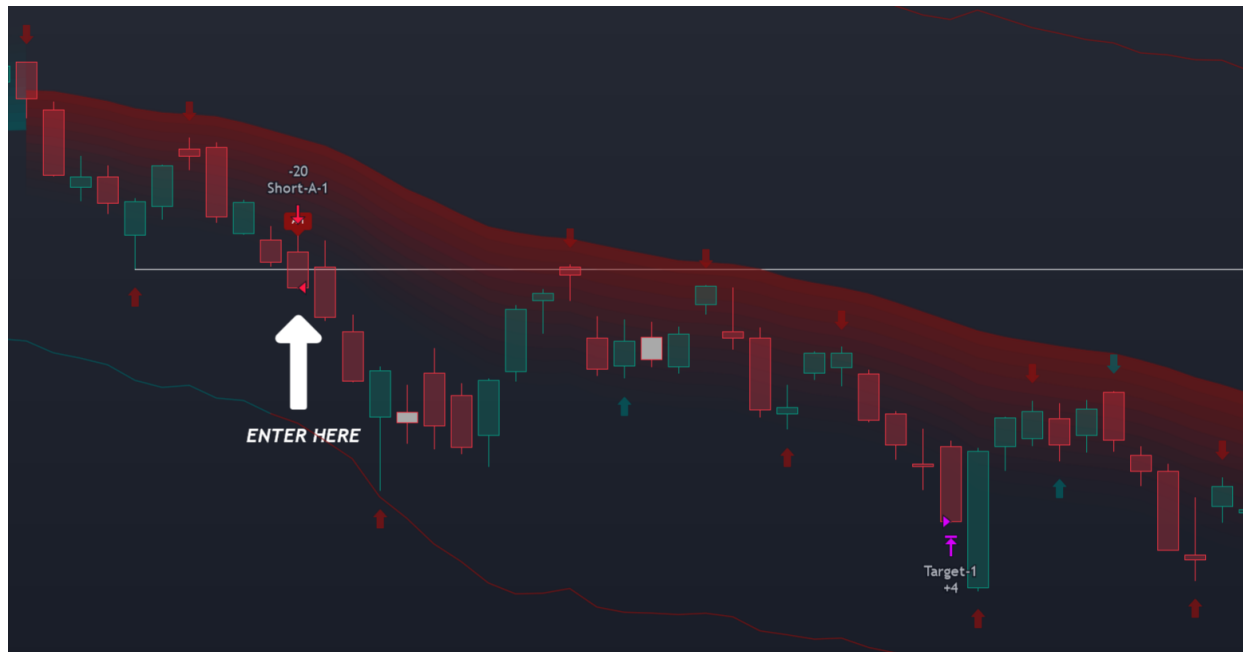


## Confirmed fractal lower low during a bear cloud

Short A-1 is the reverse entry of Long A-1 and is based on stair-step patterns and fractals. Read the description of Long A-1 if you have not yet grasped those concepts. Keep in mind, that stair-step patterns work in both directions. In the above example, you can see price formed a fractal lower high as shown by the red arrow above the fractal on the left-hand side of the image. When price closed below the previous fractal low, the entry occurred. With shorts entries, we highly recommend you use the higher time frame filter and multiple time frame stacking, especially if you are shorting large market cap companies. Again, watch our YouTube video that covers multiple time frame stacking for more information.

**Entry Rules**

1.  The cloud is in a bear state
2.  The higher time frame filter is in a bear state, represented by red volatility bands (if the higher time frame filter is enabled)
3.  The most recent fractal high is *lower* than the previous fractal high
4.  Price *closes* below the previous fractal low

### Stop Loss Rules

1. The recommended stop loss is a little distance above the top of the cloud
2. The position is always closed when price *closes* above the cloud regardless of whether or not a profit target was hit

### Position Sizing Rules

1. The reverse calculation from a long trade. Take the stop loss price and subtract the entry price to calculate a risk per share value
   a. Example: $25 Stop Price - $22.50 Entry Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
   a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size
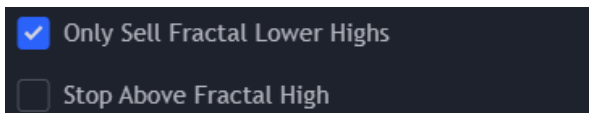
### Profit Taking Rules

Again, profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
   a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $22.50 Entry Price - $3.75 = $18.75 target
2. Sell the remaining half of the position when price closes below the cloud

### Additional Considerations

Short A-1 has two additional options that affect the entry and exit rules:



**Only Sell Fractal Lower Highs -** When this option is selected, the entry is only triggered when the most recent fractal high is lower than the previous fractal high. A fractal lower high is shown by a red label when you have Real Time Fractals enabled in the indicator settings.

**Stop Above Fractal High** - Places the stop loss above the most recent fractal high instead of above the cloud. This results in a tighter stop loss location.

# SHORT TYPE A-2
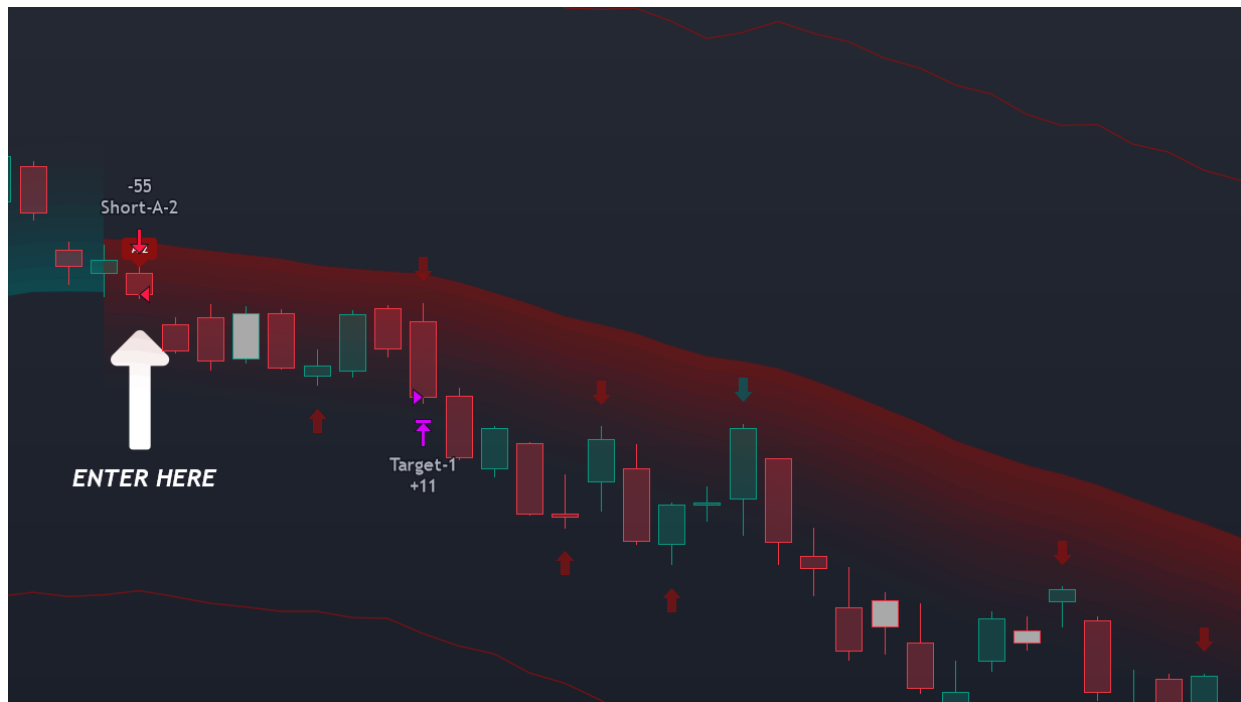


## Bear to bull cloud transition

Short A-2 is the inverse of Long A-2 and occurs when the cloud transitions from a bull to a bear state. It's best to ensure the most recent swing high is a lower high as denoted by the red swing high label. As long as the high of the trigger candle is above the high of the bull cloud support level we make an entry. Like Long A-2, this is still considered a price action entry because it does not rely on moving average crossovers. Short A-2 is a more aggressive entry and is not suited for everyone, but can work quite well in many circumstances, specifically during long-term downtrends when price is in a pattern of swing lower highs. During uptrends or choppy periods in time, Short A-2 is less reliable

**Entry Rules**

1. The higher time frame filter is in a bear state, represented by red volatility bands (if the higher time frame filter is enabled)
2. The cloud changes from a bull to a bear state and a swing lower high forms (red swing label)
3. The high of the trigger candle is above the low of the bull cloud

**Stop Loss Rules**

1. The recommended stop loss is a little distance above the top of the cloud
2. The position is always closed when price *closes* above the cloud regardless of whether or not a profit target was hit

**Position Sizing Rules**

1. The reverse calculation from a long trade. Take the stop loss price and subtract the entry price to calculate a risk per share value
   a. Example: $25 Stop Price - $22.50 Entry Price = $2.50 Risk Per Share
2. Divide your consistent dollar risk value by the risk per share to determine the position size
   a. Example: $500 Risk per Trade / $2.50 Risk Per Share = 200 Share Position Size

**Profit Taking Rules**

Again, profit taking is more subjective, but it's important to remain consistent. You can use the backtest suite to determine your preferred profit taking routine.

A good routine is as follows:

1. Sell one-third or half of the position when price reaches 1.5 times your risk per share
   a. Example: $2.50 Risk Per Share * 1.5 = $3.75 | $22.50 Entry Price - $3.75 = $18.75 target
2. Sell the remaining position when price closes above the cloud

**Additional Considerations**

Short A-2 has two additional options that affect the entry rules:

☑ Only Sell Swing Lower Highs
☐ Stop Above Swing High

**Only Sell Swing Lower Highs -** An entry is made if the recent swing high is lower than the previous swing high. When this option is *not* selected, an entry is made on both swing lower highs and higher highs.

**Stop Above Swing High** - The stop loss is placed above the swing high instead of above the cloud.

# OTHER SHORT ENTRIES

You have probably noticed we do not have short entries that are the reverse of Long B-1 and Long B-2. There are certainly times when these reverse entries work, especially when you find more context by stacking multiple time frames in your favor,  but when going short we like to capture the beginning of the move to increase the probability of a winning trade. Often, as downside momentum continues lower, there can be large volatile spikes to the upside that ruin the trade or trigger a stop loss or exit.

While contrary to much advice on the internet, trading short is generally more difficult than trading long, especially if you are shorting large market cap companies. The exception to this rule is when long-term downtrends occur, such as with the broader market in 2022. The reason for this is simple. Large blue chip companies have many institutions with large positions that have an interest in seeing the price go higher.

There are certainly moments when going short can produce solid gains, but shorting is harder when you use a mechanical trading system with strict rules. As you develop your skills and learn to be an experienced subjective analyst your ability to go short will improve.

If you want to go short we highly recommend you learn to identify long-term downtrends. The Olympus Cloud aids your ability to analyze the market in this way, but we urge new and struggling traders to master one direction before they start trading both ways. That being said, you should follow the trend until it changes. There is nothing wrong with preserving your capital during downtrends and waiting for your moment to go long. Sometimes, the "rule of zero" is the principle to follow. In other words, first, do no harm.

**When you are not yet a profitable trader, only go short when you can stack multiple time frames in your favor**. Furthermore, we recommend you focus on less volatile stocks so you don't get caught in a large unexpected gap up that can hurt your account. Once you have become a consistent and profitable trader you can learn to short euphoric price extension, but this is an advanced technique and not recommended for newer traders.

# USING ALERTS

Watch our YouTube video that details how to set custom alerts for the Olympus Cloud.

# ADDITIONAL INFORMATION

**Future Updates**

We are always striving to improve our methods and our strategies. When we update the Olympus Cloud you will be notified and given access to any updates we have come up with.

**Keep Learning**

Please be selective about your trading education and don't believe everything you find on the internet, regardless of popularity. Most traders lose money, and if trading was easy, everyone who attempts to trade would be rich. Keep your trading simple and focus on maintaining a consistent mentality while grounding your analysis in the fundamental concepts of price action.

A few more tips for new or struggling traders:

1. We highly recommend you read or listen to the book *"Trading In The Zone"* by Mark Douglas.
2. Focus on one or two large ETFs until you can produce consistent profits. Our preferred ETF is QQQ which mirrors the NASDAQ. This index provides enough volatility to produce reasonable gains and also behaves in a fairly predictable fashion. Furthermore, QQQ holds large successful companies such as Apple, Microsoft, Nvidia, Tesla, Amazon, Google, Meta, and other varied tech stocks. If you have a very high-risk tolerance and want more volatility you can use the 3x leveraged version—TQQQ.
3. Don't zoom in any closer than a 30m time frame until you have developed a traders mentality (described by Mark Douglas in *Trading In The Zone)*. The faster the time frame you use, the more difficult trading becomes. Occasionally a 15m time frame can produce better results, but definitely don't go closer than 15m.
4. Don't rush your progression as a trader. Trading is extremely difficult and takes years to master.

**Our YouTube Channel**

Our YouTube channel is new and we will continue to provide useful content related to trading metrics, trading psychology, market recaps, and of course, the Olympus Cloud indicator. Our goal is to provide aspiring traders with a solid foundation based on data and realistic expectations. If you enjoy this type of content, be sure to check in with our channel on a regular basis.

# OUR METHOD

Our preferred way to trade is very simple.

➔ Trade AAPL, QQQ, or TQQQ depending on your tolerance for volatility
➔ Use a 30m time frame
➔ Use the higher time frame filter
➔ Use Long A-1 and Long B-1
➔ Default risk per trade
➔ Default profit targets
➔ If the weekly and daily time frames are in a downtrend (bear cloud state, plus lower lows and lower highs), you can attempt to find short entries on the 30m resolution

The Olympus Cloud is very customizable so if you're the type of person that likes to get dirty and try different things there are many ways you can use this indicator, including methods we don't go over in the backtest and entry suite.

*Best of luck in all of your trading endeavors!*