Spungus trading system:
Combination of Ripster EMA clouds & Fibonacci Levels
Price action/TA fundamentals

Ripster clouds:
Basis: 5/12 (green on my charts) and 34/50 EMA's (yellow on my charts) on charts are used to identify trend/support. The area between the 5 and the 12 EMA is called the 5/12 cloud, and the are between the 34 & 50 EMA is called the 34/50 cloud
Where to learn more: follow Ripster on X @ripster47, join his trading group tenettrading.com (although significant fee), LOTS of youtube videos on his channel that goes over fundamentals of this system for free
-EMA more reliable than MA for stocks with consistent performance, and responds quicker to recent price changes compared to the MA
-Used on 10min/1h/4h/daily TF's
-When 5/12 is above 34/50, trend is bullish. When 5/12 is below 34/50, trend is bearish. When they converge, trend is reversing
-Use 5/12 as area for "riding trend" and 34/50 as support for continuation of trend. Often when 5/12 breaks, stocks will magnet to 34/50. Can be used as a target for scalping/day trading
-Look for agreement on directionality in multiple TF's for stronger conviction (ie when 5/12>34/50 on both 10min/1h charts, you can confident in bullish movement). If hourly is bearish and 10min is bullish, I will be watching for pullbacks to hourly before considering a position. Inverse is true in bearish conditions.

Fibonacci Levels:
-Levels within trading ranges calculated from the golden Fibonacci ratio. I'm not going to go into the math theory behind this, but you can look it up on YouTube.
-Important to recognize that charts are just graphical representations of market psychology and what you're trying to do is identify levels within certain pre-determined ranges where market sentiment flips between support/resistance. Fib levels can often be used for this because when enough participants of the market pay attention to the same areas, their predictive capability can become somewhat self-fulfilling.
-Retracements are good when you're trading within a known range. Extensions are useful when in price discovery (ie stock has achieved ATH and you're trying to predict when to take profits/scale)
-50% retracement is often the most important of them all, which is the midpoint within ranges. 38.2 and 61.8 are the next meaningful. 100% breaks (which naturally correspond with breaking out of a range) often result in significant moves

-When I'm setting up retracements or extensions, I look at previous levels to see if my lines match up with price action. If they don't, I reconsider and draw them to different pivots. The point here is that you WANT to make it match support/resistance because you're trying to identify the aforementioned psychological levels
-My charts always have fibs drawn on two TF's. Longer TF in yellow, either on the daily or weekly. Shorter recent TF in blue on 1h/4h. Depending on the size of my position and type of trade (day trade, swing, LT hold), I will pay more attention to one vs the other.
-When short TF and long TF fibs share a level (ie 50% yellow matches with the 61.8 blue), I know that level is likely to be particularly reliable
-When drawing fibs, you want to start/end at inflection points, ie where price switched from downtrend to uptrend or vice versa
-Consolidations beneath fib res or above fib supp strengthen your conviction in the continuation that follows. Consolidation above resistance is lower conviction, just as consolidation below support is lower conviction.
-They key here is that once you identify accurate fib levels that match historical pivots, you do NOT redraw your levels. You stick to them as long as the ticker is trading within that range. You can draw new fibs once you're in a new range.
-Lastly, these levels are approximations. It is often beneficial to exit/enter just before one of these targets to keep yourself safe (If the fib level of interest is, say, $106, I might sell at $105).

Combining the two:
-Ripster clouds are good at identifying trends and fibs are good at identifying important levels (entries, targets, res/supp)
-When I see convergences within the two systems, I have strong conviction on a play and will take an entry, usually larger sized. (for example, if I see a stock reclaiming or riding the 5/12 cloud, finding support above the 34/50, and consolidating beneath fib resistance, I feel confident that will likely break through and continue upward. Inverse true for bearish trends)
-I will use fib levels thereafter as my target for exit of a position. The whole while, I'm watching the price to make sure it rides those EMA clouds as expected, and as long as it does, I know to keep the position open. If clouds start to fail, that's my sign to exit or scale
-Sometimes the systems don't converge nicely, but for some reason or another (ie news drops when a stock is midway between fibs, volume comes out of nowhere and trends reverse, broader markets shift, etc) one of them indicates to me that an entry might be good, I will take a smaller starter position, and use the rest of the system as my risk levels, or as my predetermined areas to add more if I have a good thesis (aka underlying fundamentals)

Price action fundamentals:

-You need to be able to identify downtrends/uptrends and when stocks pivot. There are a handful of patterns that you just need to get used to identifying and they're all over every guru's feeds/pages. These are wedges, flags, cups/handles, hammers, doji's, and the like. You just have to memorize these

-Volume is important when assessing market conviction. A low-volume downtrend is more likely to represent profit-taking/consolidation with a reversal to new highs than a high-volume downtrend. A higher volume downtrend means a lot of sellers are coming in and the market sentiment is bearish.

-You aren't a prodigy, no matter how much you think you are. You are not uniquely able to identify reversals and catch bottoms/tops. You are not psychic. We don't use these systems to try and defy trends/price action in order to capture 100% of a move (as in, I'm not buying calls if everything is pointing to bearish action because I "want to catch the rebound"). We are using this system to identify areas WITHIN a trend where entries/exits can be reliable, so as to optimize our risk/reward. Your job isn't to capture 100% of a trend, your job is ride as much of a wave as possible with reasonable confidence/risk management so as to gain capital in as low-stress a way as possible.

-I include the 50MA, 200MA, and VWAP on my charts as well because these are commonly used – comes back to graphical representation of market psychology. If enough other people use them, their utility becomes self-fulfilling. I only rarely pay attention to them. The MA's, I really only watch for the "golden cross" and the 200MA for daily pullbacks. VWAP, honestly, I don't pay much mind to.

Last honorable mention: positions & sizing

-A day trade is higher risk, so positions are smaller. A swing is inherently less risky, so sizes are bigger

-The downside I'm willing to accept on a swing is dramatically different than what I'll accept on a day trade. For example, I'm red on my NU swing (avg position in the 12s and it's sitting in the 11s), but I'm ok with that because I'm predicting it'll be higher by the end of this year.

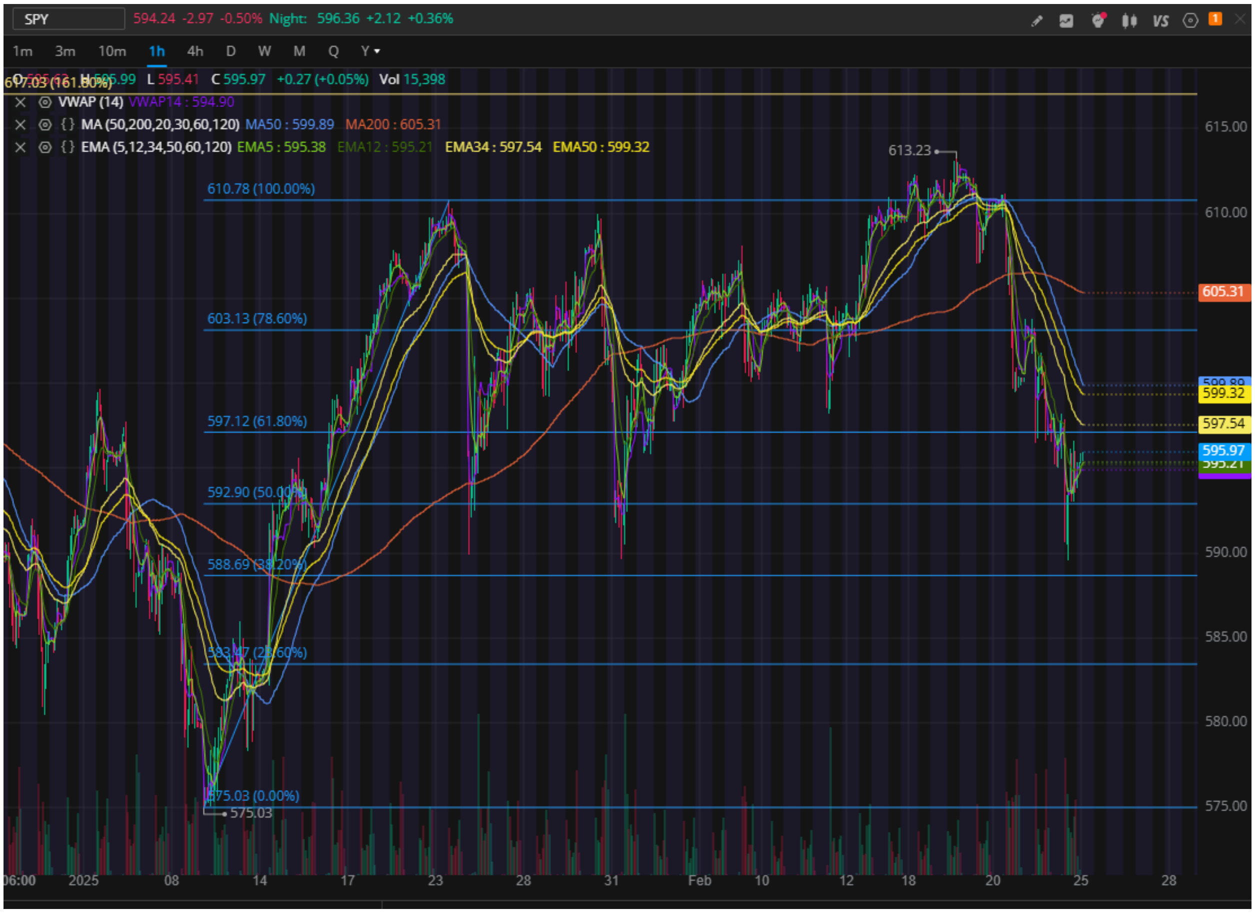
-I will often scale into positions. I consider a "starter" like ¼ of my goal position size. I will use fib levels/trends to determine prices where I add, or if I cut the L.

-Similarly, my goal on a day trade is different. I expect 2, 5, 10% from a day trade (of course stoked to get more than that), but I expect much higher returns from a swing.

An example with SPY:

This is the SPY weekly and this is my LT fib retracement that I drew in 2021. I haven't changed it since. You can see the 50% retracement (and 200MA) are about where it found support, but that the 61.8 and 78.6 levels were super spot-on and I flipped calls/puts for swings as it oscillated between those two. I grabbed a huge amount of calls when it bounced out that area in Oct 2024, which I exited when it hit 460 at the 100% level. And notice when it recently peaked? Right below my fib resistance at 617.

Now zoomed in, this is my short-term fib retracement on SPY. Look at how laughably low the volume was on the days that it peaked at ATH/100% fib res. Like you almost can't see one of those days. This makes it a low conviction top. The following day, when it failed to hold that, I mentioned in the chat that I was entering April 600p for exactly that reason, in addition to the whirlwind of, in my opinion, poor global macroeconomic prognosticators. I'm still holding those in full because we've broken below the daily 34/50 cloud on a relatively higher volume drop. Now compare the volume at the recent high with the volume from late December when it that giant green candle happened. That was a nice confident reversal and indeed the days that followed were continuations.



Lastly, on the hourly, you can see that the 5/12 is way below the 34/50. We're in an obviously bearish trend. Since it just broke above the 5/12, the 34/50 is a reasonable target for short-term pops. More than likely, given the daily, this is where it'll reverse back to down-trend.

Thesis on SPY moving forward using this system:

-Macreconomically, nothing has changed from last week, to this week. We've failed our clouds and I think there's a lot more downside in store. 575 is my target for this swing, but there will surely be ups and downs between here and there.

-On that weekly, you can see that volume is down-trending into recent highs, telling me the market was decreasingly confident in continuation, which adds to my thesis.

-However on the daily, you do have a hammer that formed that bounced off the 50% retracement. This is bullish. We may likely get a bounce tomorrow (2/26), but am I confident in that? No, because we're below the clouds.

What to do with this information:

-I will continue to hold my Apr put SWING, which I entered at $8 last week. These are sitting at just under $15 now.

-With a bearish weekly, bearish breakdown of trend, but arguably bullish daily candle, I do not have any strong conviction in predicting the price action tomorrow. As such, I will not likely be very active in day trading SPY. If a trend becomes more obvious on the hourly chart that respects my fib levels, I will consider small trades, but we're keeping positions small and mental stop-losses tight.

-Cash is a position. When market is uncertain/unclear, you don't need to force trades. Be picky in what you trade and only take entries/exits when the system dictates. FOMO/forced trading will burn your account.