

Fibonacci Trading Reference Guide

FIBONACCI RATIOS & MATHEMATICAL ORIGINS

RATIO	HOW IT'S DERIVED
0.236	Number ÷ 3 ahead (89÷377)
0.382	Number ÷ 2 ahead (89÷233)
0.500	Psychological halfway point
0.618	Number ÷ next (89÷144)
0.786	Square root of 0.618

EXTENSION	HOW IT'S DERIVED
1.272	$\sqrt{1.618}$ (Square root of ϕ)
1.618	Number ÷ previous (233÷144)
2.000	Double the move
2.618	ϕ^2 (1.618 squared)
4.236	Extreme extension

THINKORSWIM FIBONACCI TOOLS

Fibonacci Retracements

2 Inputs: Swing High → Swing Low

Purpose: Roadmap for support/resistance

Use When: Price is pulling back

Find: Entry points during retracements

Fibonacci Extensions

3 Inputs: Swing → Retrace → Current

Purpose: Project targets beyond swing

Use When: Price breaks new levels

Find: Profit targets & reversal zones

4-STEP PROCESS TO BUILD FIBONACCI CLUSTERS

1. **Draw largest active swing's retracements** - Start with big picture
2. **Draw support extensions** - Use swing low → high → current low
3. **Draw resistance extensions** - Use swing high → low → current high
4. **Draw shorter term swing retracements** - Add recent swings

Result: Look for zones where 3+ levels converge within 1-2% range

KEY TRADING LEVELS

SHALLOW PULLBACK

38.2%

Strong trend continues

HALFWAY POINT

50.0%

Psychological level

GOLDEN ZONE

61.8-65%

High probability

DEEP RETRACE

78.6%

Last defense

FIRST TARGET

127.2%

Initial profit zone

GOLDEN EXTENSION

161.8%

Major target

RECOMMENDED THINKORSWIM SETTINGS

Ratio	Color	Weight
0.236	■ Cyan	1
0.382	■ Light Blue	1
0.500	■ Yellow	3
0.618	■ Magenta	1
0.786	■ Light Blue	1

Extension	Color	Weight
1.272	■ Green	1
1.618	■ Green	1
2.000	■ Green	1
<i>Group extensions in same color</i>		

EXTENSION DRAWING ORDER BY MARKET DIRECTION

UPTREND

For Support (buying dips):

1. Click Swing High
2. Click Swing Low
3. Click Current High

For Resistance (profit targets):

1. Click Swing Low
2. Click Swing High
3. Click Current Low

DOWNTREND

For Resistance (shorting rallies):

1. Click Swing Low
2. Click Swing High
3. Click Current Low

For Support (covering targets):

1. Click Swing High
2. Click Swing Low
3. Click Current High

THINKORSWIM PLATFORM SHORTCUTS

- Hold SHIFT while drawing to snap to exact price points
- Navigate to Drawings → Drawing Tools to access tools
- Retracements icon: % symbol without lines
- Use different colors for different timeframes
- Group extension levels in same color (green)
- Use Ctrl+Z to undo drawing mistakes
- Right-click → Properties to customize Fibonacci levels
- Save your custom settings as default for consistency
- Extensions icon: % symbol with lines
- Make 50% level yellow with weight 3 for visibility
- Create price alerts at key Fibonacci levels
- Combine with Volume Profile for confluence

QUICK CALCULATION FORMULAS

Retracement Level = Swing Low + ((Swing High - Swing Low) × Ratio)

Example: If Swing High = \$120, Swing Low = \$100

61.8% Level = \$100 + ((\$120 - \$100) × 0.618) = \$112.36