Know the Highest Probability Time and Price to Enter and Exit Trades

The Fibonacci lines should measure the complete distance of a trend. This trend can extend for a few hours on a short-term chart, or a few months or more on a long-term chart. In an UP trending market, we want to start the Fibonacci line at the bottom most price of the trend and extend this line to the topmost part/ or price. Once this is done the chart should automatically calculate the 3-Fibonacci levels as follows: 38.2%, 50%, and 61.8% respectively.

The opposite also holds true in a DOWN trending market. In a down trending market, we should begin the Fibonacci lines at the top most price of the trend, and extend it downward to the lowest price of the chart. If, when drawing the Fibonacci lines, the trend continues to establish a new high or low, we must re-draw the Fibonacci lines to include the most recent trading activity.

When drawing the Fibonacci lines in an UP trend, the 3-resulting Fibonacci lines 'may' act as new potential support. In a DOWN trend, the 3-Fibonacci lines 'may' indicate the new potential resistance level(s).

The Fibonacci lines can be drawn on short-term as well as long-term charts. The principles remain the same. However, the longer the time frame of the chart, the more time it has to form, and the more traders that take note of key support and resistance levels. Due to the fact that all technical analysis is somewhat of a subjective study that can be a 'self-fulfilling prophecy', logically, the longer the timeframe, the more traders and capital will be involved and therefore the potentially more significant the subsequent lines. In general, the longer term charts tend to generate more reliable signals than the shorter-term charts with all indicators, Fibonacci lines included.

Key Concept: Look for Confirmation

· Traders should enter when confirmation - for example key candlestick patterns – emerge at Fibonacci levels. Traders can also seek confirmation from a variety of other indicators.

Fibonacci Retracement - is a three percentage line drawing tool that helps determine succeeding areas of support or resistance as a correction to the trend. These are zones in which a price decline may be stopped in an UP trend and a rise in prices may stall in a DOWN trend.

<u>Drawing Fibonacci lines is easy. It can be broken down into three easy steps:</u>

1. Identify the bottom and top of the overall trend. The bottom is referred to as support, and the top is referred to as resistance. While they are subjective, support and resistance levels can easily be determined simply by looking at a chart.

2. Draw Fibonacci lines from the support level to the resistance level. The three lines should appear: one at 38.2% of the difference from the top and the bottom; one at 50%; and another at 61.8%. These are the key Fibonacci levels around which you should look for potential opportunities to enter trades.

3. After that, simply look for price action to confirm an opportunity to enter a trade.

These are drawn at the Fibonacci Levels of 38.2 percent, 50.0 percent, and 61.8 percent. In addition to finding low risk entries in the direction of the trend, Fibonacci Retracements can be used to determine when the major trend has ended. When the market reverses more than 61.8% the trend is most likely over.

Fibonacci Extension Levels - Probably the most accurate profit targets, these lines project the next swing high. If the market can not reach the first Fibonacci Extension Level than the trend is likely to reverse. We project the Fibonacci Levels of 1.382, 1.618, and 2.0 Levels.

Fibonacci Time Extension - Projecting time ahead using Fibonacci Levels of .382, .618, 1.0, 1.382, 1.618, 2.0, 2.382, 2.618, these are very accurate time areas where the markets often make big moves.

Markets that trend tend to make big moves in a symmetrical fashion and this tool also gives you higher probability trades if you wait for selling to exhaust itself before you buy.

What Fibonacci Levels Can Clearly Show You

1) Trend and Trend Strength
2) Low Risk Entries
3) Low Risk Times To Buy / Sell - Fibonacci Time Extensions on Bottom often Provide ideal TIME of next big move.
4) Most Probable Profit Targets
5) When Trends are Likely to End - Markets that don't hit their Fibonacci Extension Levels or fall below the .618 Retracements are good signs the previous trend has weakened or is over – area of SUPPORT. Now look to trade in opposite direction.

EUR A0-FX 30M Filtered
2. end your point of the fib tool to the highest point which is your Swing High
3. these are now your Fibonacci levels showing the retracement levels of the UPtrend that are low risk entries to SHORT and to BUY
.382 (1.28528)
.382% level
.50 (1.28205)
.50% level
.618 (1.27882)
61.8% level
1. draw the first point of the fib tool from the lowest point which is your Swing Low
1.2950
1.2925
1.2900
1.2875
1.2861
1.2850
1.2825
1.2800
1.2775
1.2750
1.2725
1.2700
5/9
5/11
5/12
5/15
5/16

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projected fibonacci future levels to SHORT
fibonacci target from swing low to swing high for LONG
.618 (1.29175)
.50 (1.29051)
.382 (1.28927)
.382 (1.28528)
.50 (1.28205)
.618 (1.27882)
1.382 (1.28126)
SUPPORT level
1.618 (1.27879)
SUPPORT level
key fibonacci targets from swing point high to swing point low to exit SHORT
2.0 (1.27479)
1.2950
1.2925
1.2900
1.2875
1.2859
1.2850
1.2825
1.2800
1.2775
1.2750
1.2725
1.2700
5/ 9
5/11
5/12
5/15
5/16