



COMPLETE TRADING STRATEGIES WITH FIBONACCI

Who was Fibonacci?

We will be using Fibonacci ratios in our trading so you better learn and love like cooking at home mom. Fibonacci is a huge subject and there many different studies of Fibonacci, with a name that sounds strange but we will stick to two things: retracement and extension.

Let us begin by introducing you to the Fib own ... Leonardo Fibonacci.

No, Leonardo Fibonacci is not a famous chef. Actually, he was a

The famous Italian mathematician, also known as super duper ultra uber geek.

He has an "Aha!" Moment when he discovered a simple series of ratio numbers created describing the natural proportions of things in the universe.

The ratio arises from the following serial numbers: 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144 ...

The series of figures obtained by starting with 1 followed by 2 and then adding 1

+ 2 to get 3, the third number. Then, adding 2 + 3 to get 5, The fourth number, and so on.

After the first few numbers in the sequence, if you measure the ratio of any number to the next higher number, you get 0.618. For example, 34 divided by 55 equal with 0.618.

If you measure the ratio between alternate numbers you get .382. For example, 34 divided by 89 = 0.382 and it got to the explanation as we will discuss.

This ratio is called the "Golden Mean". Okay that's enough of this nonsense. With all these figures.

You can make an elephant asleep. Essentially, this is the ratio that you MUST know:

Fibonacci retracement levels of 0.236, 0.382, 0.500, 0.618, 0.764

Fibonacci Extension levels of 0, 0.382, 0.618, 1.000, 1.382, 1.618

You do not really need to know how to calculate all of this. Your charting software will do all the work for you. as some indicator in MT4. However, good as well to become familiar with the basic theory behind the indicator so you'll have knowledge to impress your girlfriend.

Traders use Fibonacci retracement levels as potential support (support) and area of resistance (resistance). Because many traders consider the same levels and a place to buy and sell them to enter or close a trade, and the level support resistance tends to be a fulfilled prophecy.

Traders use Fibonacci extension levels to take profit levels. Once again, because many traders are watching these levels, these tools tend to be more frequent is used.

Most charting software includes both Fibonacci retracement levels and level tools extension. In order to apply Fibonacci levels on your chart, you have to identify Swing High and Swing Low points.

Swing High is a candlestick with at least two lower top on both the left and right itself.

Swing Low is the lowest candle with at least two higher on both the left and right itself.

You got all that? Do not worry, we'll explain retracements, extensions, and most importantly, how to grab some pips using the Fib tool in the following sections.

Fibonacci retracement

The first thing you should know about the Fibonacci tool is that it works better when the market is in a trend.

The idea is to buy long (or buy) on a retracement to a Fibonacci support level when the market is trending up, and to sell short (or sell) on a retracement level Fibonacci resistance when the market is trending down.

In order to find retracement level, you should find a fairly significant level from high Swings and Swing Lows. Then, for a downtrend, click on the Swing High and pull cursor to a new low Swing.

For uptrends, do the opposite. Click on the Swing Low and drag the cursor to the latest high Swing.

Got it? Now, let's look at some examples of how to apply

Fibonacci retracements levels in the market.

uptrend

This is a daily chart of AUD / USD



Here we plot the Fibonacci retracement level by clicking on the Swing Low at 0.6955 on April 20 and dragging the cursor to the Swing High at 0.8264 on June 3. Tada!

This software can magically show retracement level!.

As you can see from the chart, the retracement levels are 0.7955 (23.6%), 0.7764 (38.2%), 0.7609 (50.0%), 0.7454 (61.8%), and 0.7263 (76.4%).

Now, our hope is that if AUD / USD retraces from the highest point recently, he will find support / support on one of the Fibonacci levels because traders will placing buy orders at these levels if prices rise again.



Now, let's see what happens after the Swing High occurred.

Prices fell back through the level of 23.6% and continued to fall for several weeks. even test the level of 38.2% but can not close prices below.

Then, around July 14, the market moves back up and eventually break through the Swing high. Obviously, buying the 38.2% Fibonacci level will be a long-term trade a very profitable!

Downtrend

Now, let's see how we would use the Fibonacci retracement tool during downtrend. Below is the 4-hour chart of EUR / USD.



As you can see, we found the Swing High at 1.4195 on March 26 and Swing Low at 1.3854 a few days later on February 2. Retracement level is 1.3933 (23.6%), 1.3983 (38.2%), 1.4023 (50.0%), 1.4064 (61.8%) and 1.4114 (76.4%).

The hope is that if the price retraces from this low price, it will face resistance at one of the Fibonacci levels because traders will be ready with sell orders there.

Let's see what happens next.



oh yea ..., is not that wonderful chart above?

The market is trying to rally, stalled at 38.2%, slightly below the level prior to testing 50.0%. If you have a couple of orders both at 38.2% or 50.0%, you would be rich highway!.

In the two examples above, we see that the prices found some support or resistance while at the Fibonacci retracement level. Since most people use the tool Fibonacci level, it becomes self-fulfilling.

One thing to note is that the price will not always bounce from this level.

They should be viewed as a Zone Interests or as "KILLING ZONE".

For now, there is something you must always remember about using the Fibonacci tool and it that they are not always easy to use!

In the next lesson, we'll show you what can happen when Fibonacci levels fail.

When Fibonacci Fails Level

We say that the support and resistance finally through. Well, seeing as how the level of Fibonacci used to find support and resistance levels, this also applies to Fibonacci!

Now, let's look at an example when the Fibonacci retracement tool fails.

Below is the 4-hour chart of the GBP / USD.

Here, you see that the pair has been in a downtrend, so you decided to take the Fibonacci tool to help you see the point of entry is good. You use the Swing High at 1.5383, with a swing low at 1.4799. You see that the pair has been stuck at 50.0% for a couple of candles.

You say to yourself, "Wow ..., the level of 50.0% fib level is! bated price! The time to sell short! "

You sell short in the market and you start dreaming that you will be driving a new car BMW Z3 with soap star to the top ..



Now, if you really put a sell order at that level, not only will your dreams go up in smoke, but the account you will receive a serious blow if you do not manage your risk properly!



It turns out that the Swing Low is the lower downtrend and the market began to rally in the top of the point

Swing High.

What lessons from this?

While Fibonacci levels provide a higher probability of success, such as

other technical tools, they are not always right. You do not know whether prices will retreat to 38.2% level before continuing trend.

Sometimes it can reach the level of 50.0% or 61.8% before turning around. Owh .. sometimes prices will simply ignore Mr. Fibonacci and pass all levels such as how LeBron James bully their way through the path with full force.

Remember, the market will not always resume uptrend after finding support / resistance while, but otherwise kept passing Swing High or Swing Low last.

Another common problem in using the Fibonacci tool is determining which Swing Low and High for use.

People look at charts differently, see different timeframe, and had biases differently. It is likely that you and I have different ideas about where where the swing high and swing low points should be.

The point is that there is no absolute right way and to do so, especially when trends in the chart is not so clear. Sometimes it becomes a guessing game.

That's why you need to hone your skills and combine the Fibonacci tool with other tools in the toolbox to help give your forex a higher likelihood of success.

In the next lesson, we'll show you how to use the Fibonacci tool combination with other forms of resistance and support levels candle.

Fibs to Support Resistance

As we said in the previous section, using Fibonacci levels can be very subjective. However, there are ways that can help you to find opportunities in support you.

While the Fibonacci tool is very useful, should not be used alone.

It was like comparing the NBA superstar Kobe Bryant. Kobe is one of the the greatest basketball player of all time, but even he could not win the title their own. He needs some backup.

Similarly, Fibonacci tools should be used in combination with other tools. at the this, let what you have learned so far and try to combine them

to help us look at a sweet trade.

Are you ready?

One of the best ways to use the Fibonacci tool is to look at the potential level support and resistance and see if they are consistent with the Fibonacci retracement level.

If the fib level is the level of support and resistance levels, and you combine them, then it is likely the price bouncing area is much higher.

Let's look at an example of how you can combine the support and resistance levels with Fib levels. Below is a daily chart of USD / CHF.



As you can see, the chart uptrend recently. View all green candle! you decide that you want to get the train USD / CHF.

But the question is, "When you enter the market?" You use Fibonacci tools,

put swing low at 1.0132 on January 11 and the swing high price of 1.0899 at 19 February.

Now your table looks pretty sweet with all these fibs level.

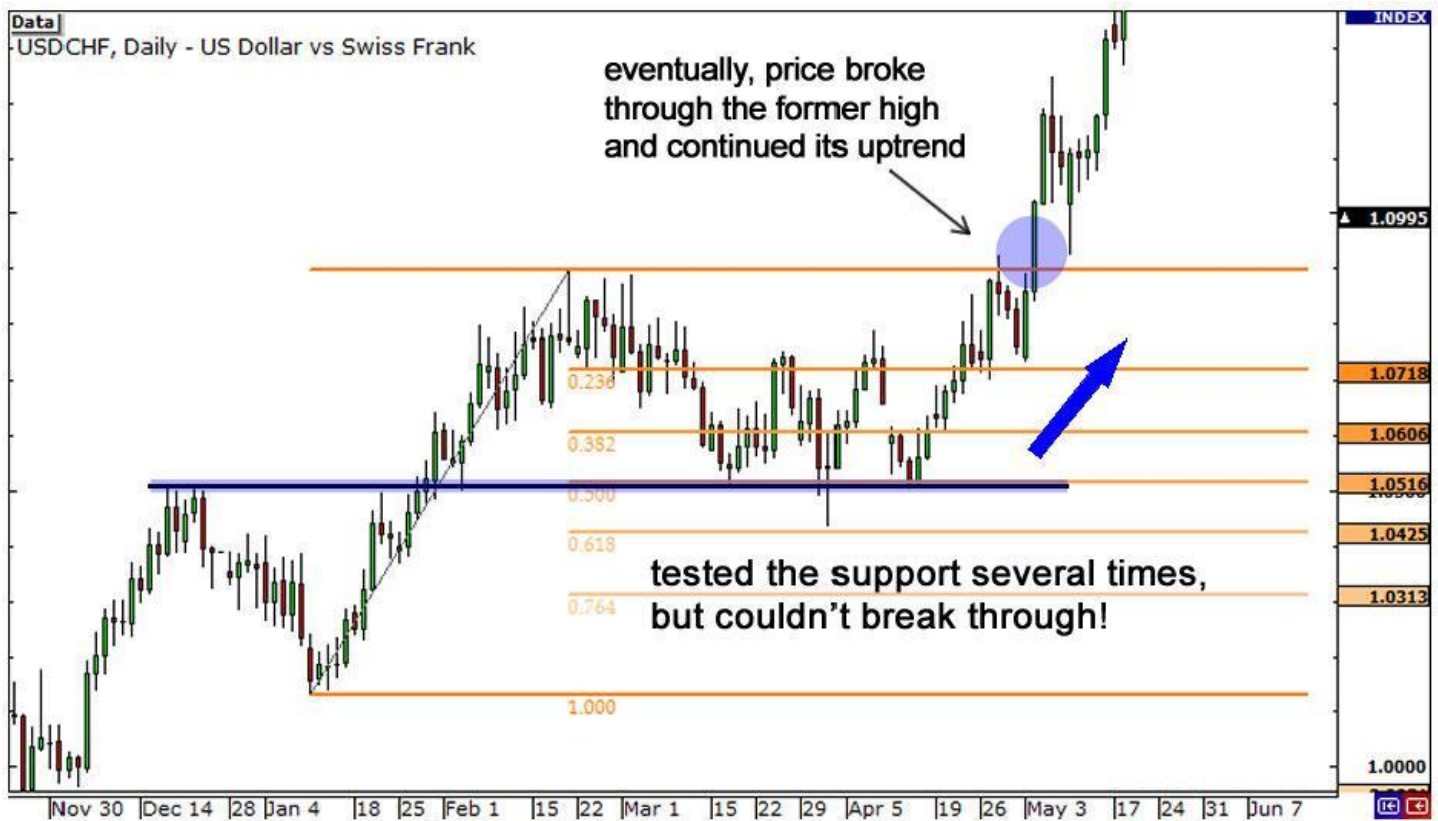


Now we have a framework to increase the probability of us to find

solid entries, we can answer the question "Where should enter the market?"

You look back a little and you see that the price of 1.0510 is the level of support good in the past and just happened to line up with the 50.0% Fib retracement level.

Now that it is transparent, it can turn into support and be a good to buy.



If you place a buy order at around the 50.0% Fib level, you would be very happy!

There will be some pretty stressful time, especially in the second test support levels on April 1. Price attempted to break through the support, but failed to close underneath. Finally, the pair break the last high Swing and return its uptrend.

You can do the same setup on a downtrend as well. The point is

You need to find price levels that seem to have a significant level zones in the past.

If you think about it, there is a higher likelihood that the price will bounce from this level.

Why?

First, the level of support and resistance is a good area to buy or sell since other traders will also be watching this level like a hawk.

Second, because we know that many traders also use Fibonacci tools, they may be looking to jump to the Fib level itself.

With traders see the same support and resistance levels, there is a good chance that there a ton of orders at a price zone.

Although there is no guarantee that the price will bounce from these levels, at least you can be more confident with your transaction.

Combining fibs with Trend Line

Another good tool to be combined with Fibonacci is a trend line (trend line). Moreover, Fibonacci levels work well when the market is trending, so this is very reasonable!

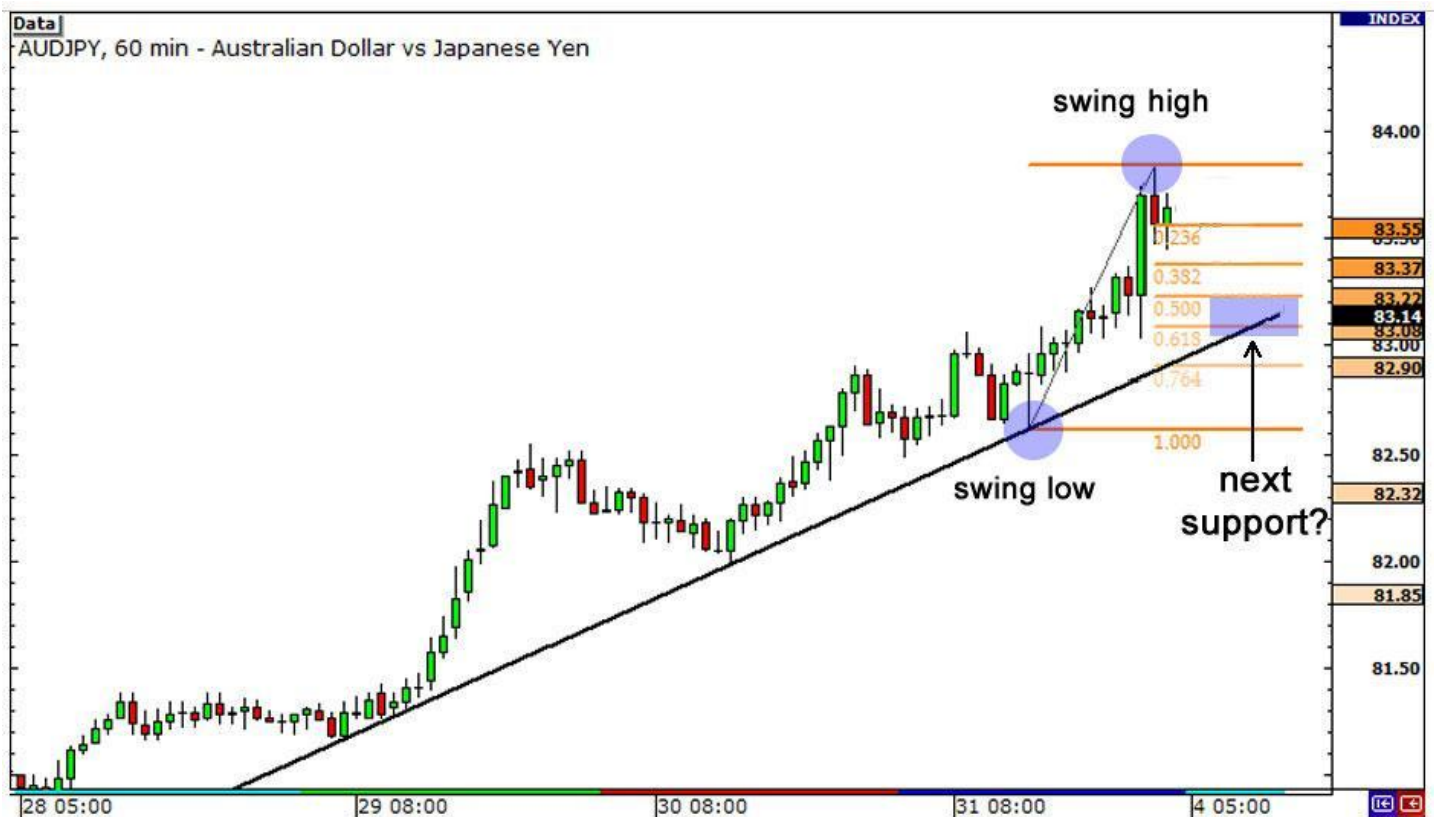
Remember that every time the pair are currently experiencing rising trend, traders use the level Fibonacci retracement as a way to enter the market. So why not find a level which Fib level contact with the trend?



Here is a chart of AUD / JPY H1. As you can see, the price has to respect the trend line short term for a few days.

You think, "Hmm, that's very sweet uptrend as I want. Buy AUD / JPY, even if it is only for short-term trading. I would buy if it touches the line trend again. "

Before you do that, why not try using Fibonacci? Let's look at if we can get a more definitive entry.

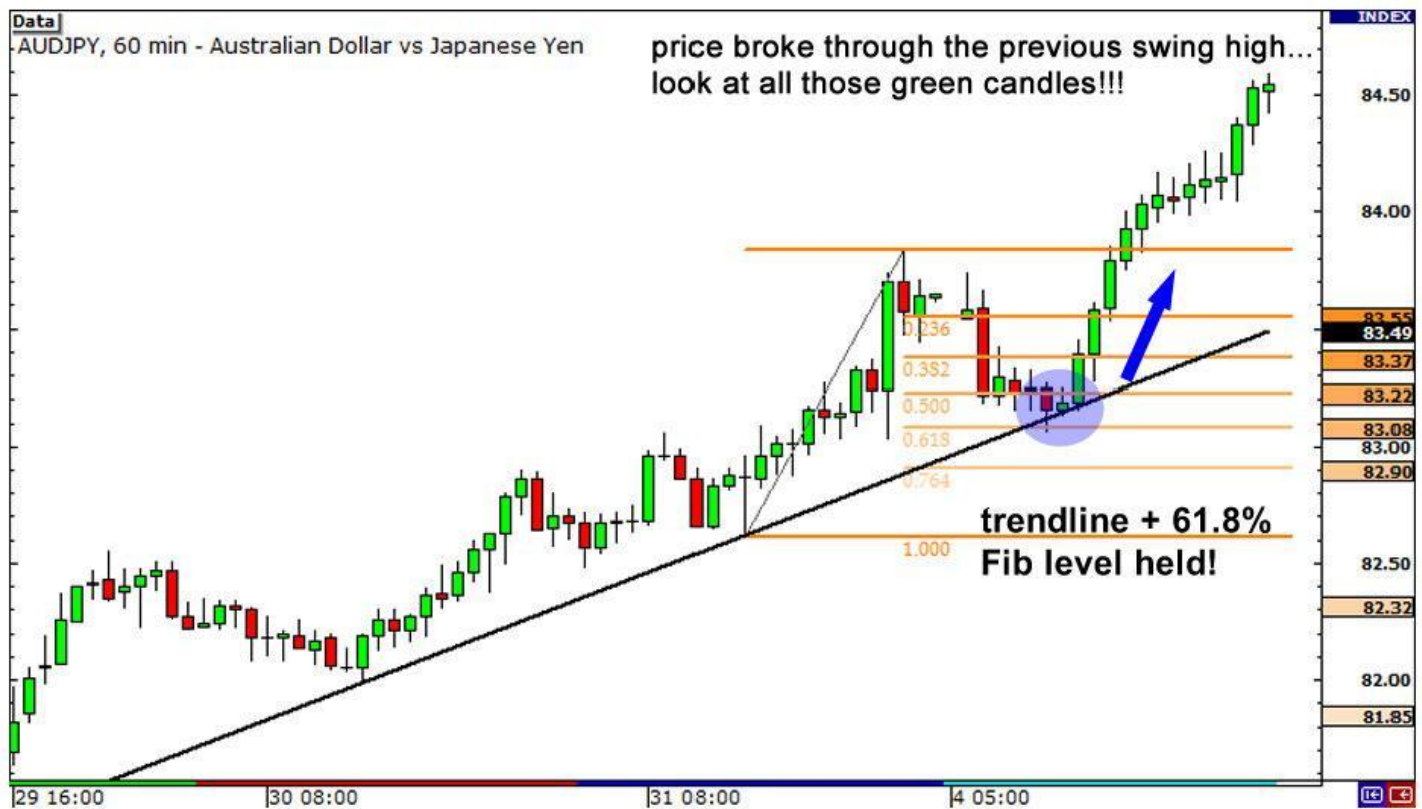


Here we plot the Fibonacci retracement levels using a low Swing

Swing High at 82.61 and at 83.84.

Notice how the level of 61.8% 50.0% fibs are intersected by a trend line.

Can this level of potential support? There is only one way to find out!



Behold, the 61.8% Fib level, prices there before bouncing back up. If you have do order at that level, you will have a perfect entry!

A few hours after touching the trend line, prices are magnified as Astroboy, explode past the swing high.

Are not you glad you possessed in your forex toolbox now?

Combining fibs with Candlestick

If you pay attention, you'll know by now that you can combine the Fibonacci tool with support and resistance and trend lines to create a super cool trading strategy but simple. But we are not finished! In this lesson, we will teach you how to combine the Fibonacci tool with your knowledge of the patterns of

Japanese candlestick you learned in class 2.

In combining the Fibonacci tool with candle patterns, we will be looking for a complete candle who can tell us when buying or selling pressure depleted, and may provide clues about when prices will continue to follow the trend.

We'll call it "Fibonacci Candlesticks," or "Fib stick" for short. Pretty interesting, huh?

Let's look at an example to make this clearer.

Below are the 1-hour chart of EUR / USD.



The couple seems to have been in a downtrend last week. would it be there is an opportunity to get in on this trend? You know what this means. It's time to take the Fibonacci tool and get to work!

As you can see from the chart, we have defined the Swing High at 1.3364

March 5, with the Swing Low at 1.2523 on March 7.

Since it's Friday, you decide to just calm down, and stop trading, and decide when you want to go after you look at the graph after the weekend.

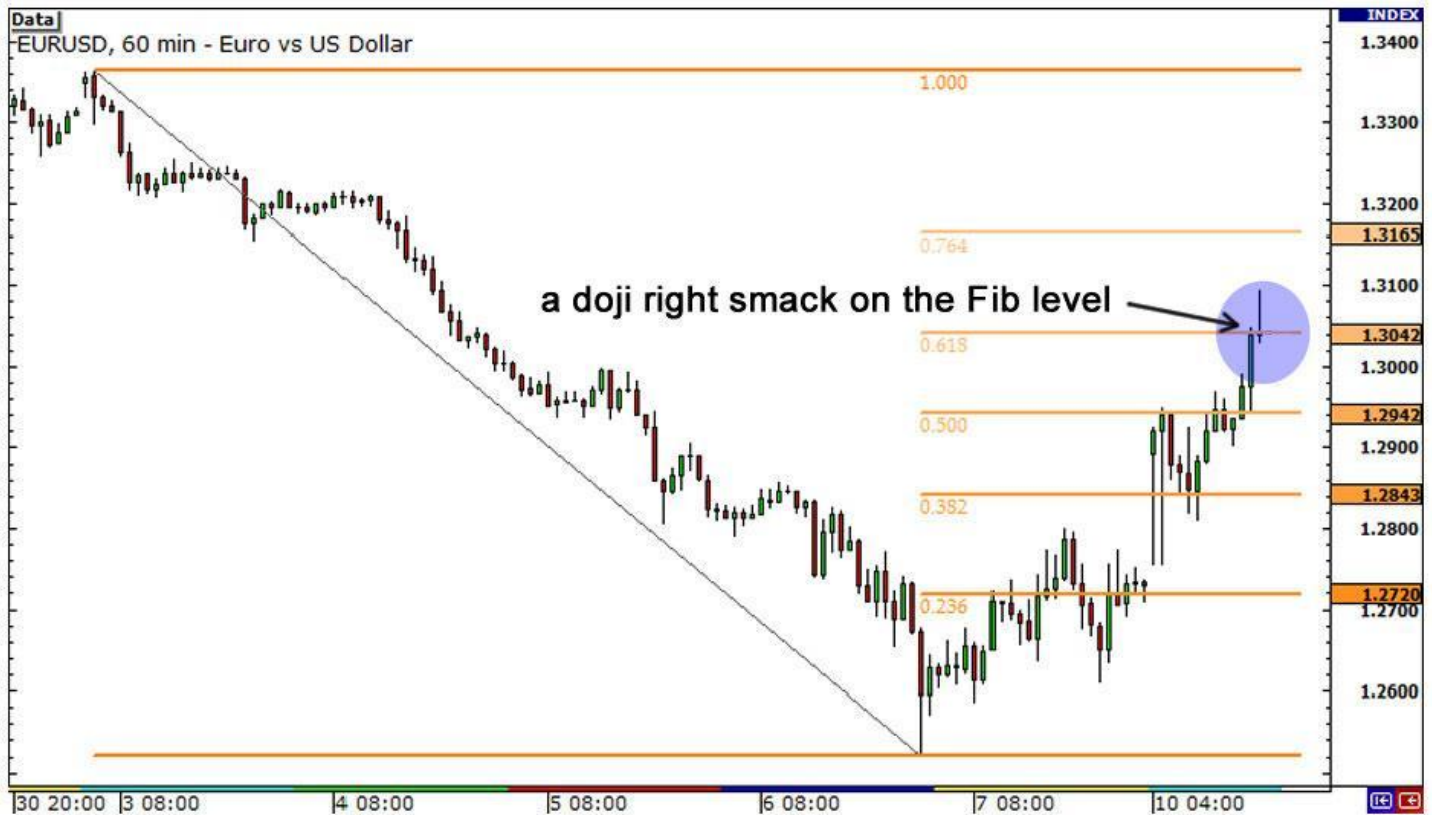


Whoa! When you open a chart, you see that the EUR / USD has been raised slightly closing price on Friday.

At the 50.0% Fib level, the buyer finally raised prices higher.

You decide to wait and see if the 61.8% Fib level will hold.

After that, the last candle is quite bullish! Who knows, prices will continue to rise!



Well, would you look at that? A long-legged doji has formed and returned to the Fib level 61.8%.

If you pay attention in class 2, you'll know that this is a "reversal".

Is it time to sell?

You can never know for sure (which is why risk management very important), but the possibility of a reversal looks very possible!



Right after the doji forms, the price stopped briefly before heading straight down. Look all red wax! It seems that buyers are quite tired, which allows sellers to jump into the market and take control. Finally, the price fell back to Swing Low around 500 pips! ! Another nice thing about the stick is that fib

You do not need to be limited to the fib. You can use your knowledge candlestick formation. You can wait fib stick form just below or above the level of fib to provide further confirmation of whether you should do the order.

Fibonacci extension

Use the next Fibonacci will be used to determine the target.

It should be kept in mind when we are trading - "When in doubt, know when to get out!"

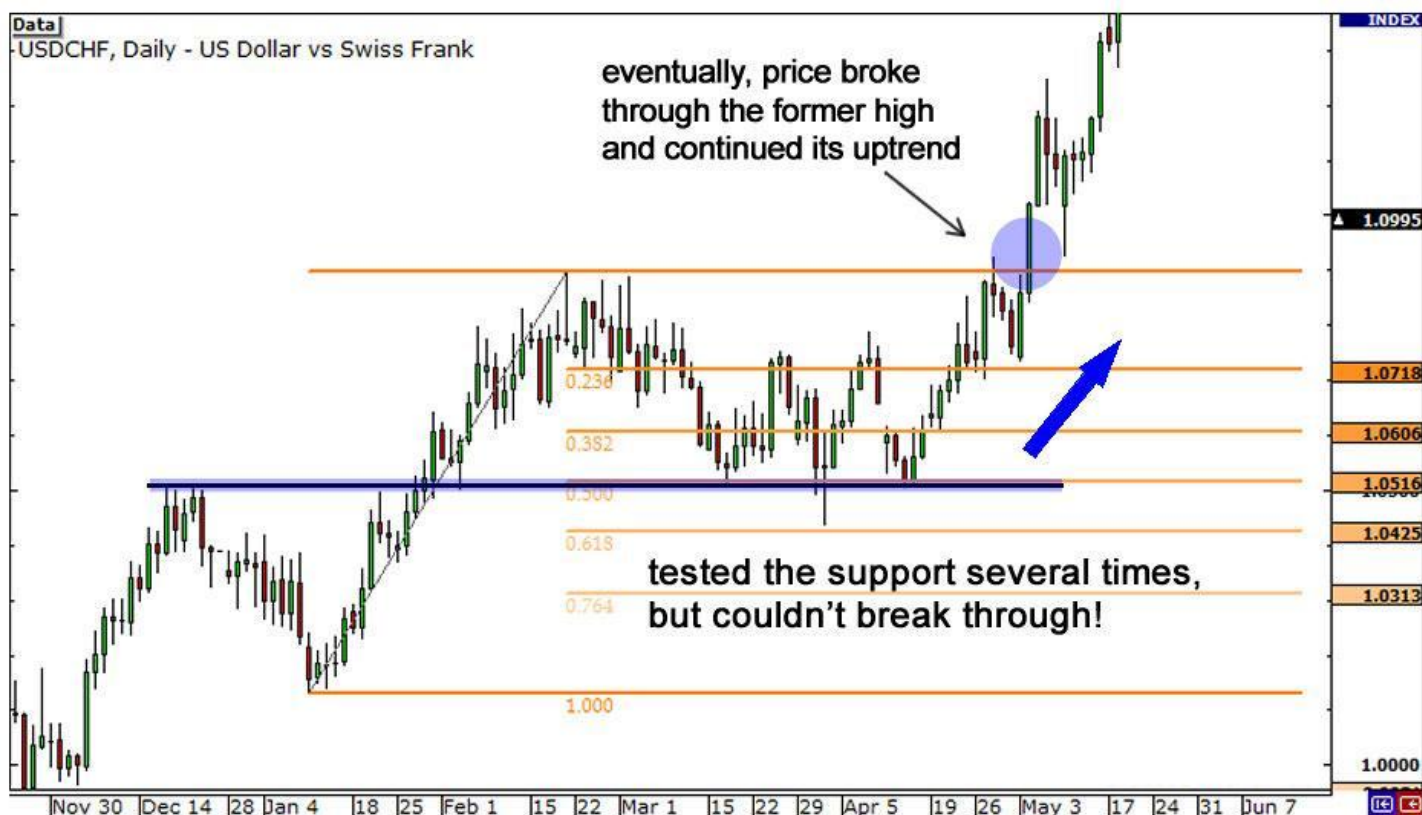
Let's start with an example in the condition of an upward trend.

In an uptrend, the idea is to take advantage of the Fibonacci price BUY renewal / extension. You determine the Fibonacci extension levels by using three mouse click.

First, click on a significant Swing Low and drag your cursor and click on the Swing High latest. Finally, drag your cursor back and click on one of the retracement levels.

This will display each of the Price Extension levels which shows the ratio of the good and appropriate price level. Pretty neat, huh?

Let us return to the example of the chart USD / CHF we showed you in lesson before.



50.0% Fib level as support and strong detained, after three tests, the currency pair finally resumed its uptrend. In the table above, you can even see the price increase miss previous Swing High.

Let us use Fibonacci extensions to see which would be a good place

Take Profit / take profits.



Here's a recap of what happened after the retracement Swing Low:

- Price rallied up to the level of 61.8%, which is engaged in the previous Swing High.
- Fall back to a level of 38.2%, where it found support
- Price then found resistance at the level of 100%.
- A few days later, price rallied again before finding resistance at the level of 161.8%.

As you can see from the example, the rate of 61.8%, 100% and 161.8% is good to take advantage.

Now, let's look at an example using the Fibonacci extension levels in a trend dropped.

Let's look at another chart EUR / USD 1-hour we have shown in the lesson stick Fib.



Here, we see a doji formed just below the 61.8% Fib level. Price then flips
Swing back to low.

Let us put Fib Extension tool to see where a good place to take
advantage.



This is what happened after the return of the price of the Fibonacci retracement levels:

- Price found support at the 38.2% level
- The level of 50.0% as initial support
- The level of 61.8% is also an area of support, before prices fall to test Swing Low previously

Low previously

- If you look ahead, you will find that the 100% extension level also act as support

We can take advantage of the level, 38.2% to 50.0%, or 61.8%. All levels of acting as support, perhaps because other traders are watching these levels for profit taking as well.

An example illustrates the price found at least some sementaradukungan or barriers Fibonacci extension levels - not always, but often enough to properly

adjust your position to take profits and manage your risk.

You have to use your discretion in using the Fibonacci extension tool. you should assess how much longer the trend will continue. Then, we will teach you methods to help you determine the strength of a trend.

Determine Stop Loss with Fibonacci

Perhaps just as important as knowing where to enter the market or to take
fortunately, knowing where to put the stop loss is also important.

You can not just enter the market based on the level of fib without knowing where it will come out.
Your account will expire you will forever be blamed Fibonacci when trading without a stop
loss, and cursed his name in Italian.

In this lesson, you will learn some techniques where you will put stop loss.

The first method is to install a stoploss at the next Fibonacci level.

If you are planning to enter the market at 38.2% Fib level, then you will put
stop exceeds the level of 50.0%. If you feel the level of 50.0% will be translucent, then you must
place a stop loss at the level of 61.8% and so on. Simple, is not it?

Let us look again at EUR 4 hour chart.



If you have an order at 50.0%, you can put your stop loss at the 61.8% Fib level.

The reason is that you believe that the rate of 50.0% will apply as a point of resistance.

Therefore, if prices rise beyond this point, you're wrong.

Prices may jump, and stop you, and eventually go towards your order earlier.

If this terjadi we usually go to a corner and started hitting our heads on the wall.

We only warned that this may occur, sometimes multiple times

row, so make sure you limit your losses quickly and let the order

and sesuai with the trend. Probably better if you use this type of method to stop loss

short term.

Now, if you want to be a little more secure, another way to set your stop loss

is the Swing High or Swing Low latest.

Type of stop loss placement will give your business more room to breathe and provide a better opportunity for the market to move in favor your trade.



If the market price exceeds the Swing High or Swing Low, it shows that the trend reversal already occurred. This means that you or your trade setup is off and that you have too late to jump in.

Setting a larger stop loss would probably be best used to

Long-term, swing trading, and you can also combine these into a method of "scaling in", you'll learn later in this course.

Of course, the larger stop loss, you also have to remember to adjust the size of the position You accordingly.

If you tend to trade the same position size lot, you may be suffered heavy losses.

So which is better?

The truth is, like the Fibonacci retracement tool combines with the support and resistance, trend lines, and a candle to find a better entry, it would be better to use your knowledge of these tools to analyze the current environment for help you choose a good stop loss point.

Wherever possible, you should not rely solely fib level as a point of support and resistance as the basis for the placement of stop loss.

Remember, the placement of stop loss is not a sure thing, but if you can tilt the odds in your favor by combining several tools, can help provide

You point out a better, more space for your trade to breathing, and perhaps a better profit and risk is small.

Summary Fibonacci



Fibonacci levels to watch are 23.6%, 38.2%, 50.0%, 61.8%, and 76.4%. and the important one was 38.2%, 50.0%, and the rate of 61.8%. It is usually included in the software default settings Fibonacci retracement.

Traders use Fibonacci retracement levels as potential support and resistance. Because many traders watching the same level for a buy and sell, a Fibonacci could be a prophecy fulfilled.

Fibonacci extension level was 38.2%, 50.0%, 61.8%, 100%, 138.2% and 161.8%.

Traders use Fibonacci extension levels as potential support and resistance for set a profit target. Once again, because so many traders who pay attention these levels and placing their orders, these tools tend to be a prophecy fulfilled.

In order to apply Fibonacci levels on your charts, you need to identify Swing High and Swing Low points.

Swing high is a candle with at least two lower peaks on both the left and Right.

Swing low is low candlesticks with at least a point higher on both the left and right.

The probability of success can be increased when using a fib with other support and resistance levels, trend lines, and patterns for the candle and stop loss orders.

Happy profit! 😊