

1 1 2 3 5 8 13 21 34 55 89 144 233 377 610 987 1597 2584 4181 6765 10946 17711 28657 46368 75025 121393 196418 317811 514229 832040

Fibonacci TURNING DAYS

A Special Report by
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FIBONACCI TURNING DAYS. AN INSIDERS POWER TOOL FOR PREDICTING FOREX

If you have at least a few months that Forex came into your life you have surely heard of Fibonacci levels in Forex charts. But what is Fibonacci?

Fibonacci sequence is a series of numbers. Every number is being produced by adding the last Fibonacci number to the previous. The first numbers of Fibonacci sequence are 1, 2, 3, 5, 8, 13, 21, 34, 55,....etc

But what has Fibonacci sequence to do with Forex Trading? IF you divide two sequential numbers you get the result 1,618. The square of 1,618 is 1,27. The inverse number of 1,618 is 0,618. The inverse of 1,27 is 0,786. These numbers are called Fibonacci numbers because they result from Fibonacci sequence number's analogies.

The 1,618 number was called 'Golden Mean' by ancient Greeks and other ancient cultures. They called it so because they observed that this number is found everywhere in nature. The result of creations, living organisms to space galaxies, that have this number embedded is symmetry.

But enough with maths and science! Let's see the use of Fibonacci numbers in trading. Since the beginning of investment industry, traders have noticed that prices tend to change direction in levels that are very close to these numbers I mentioned above.

For example in an uptrend the prices will go up and then swing down to a level that is a Fibonacci number before continuing the uptrend. These levels are called Fibonacci Retracement levels. The most common Fibonacci levels in Forex market are 0.382, 0.5, 0.618 and 0.786.

Nobody knows why prices tend swing in these Fibonacci levels. And nobody knows at which exact Fibonacci level will the price change direction in advance.

How could you use this knowledge to improve your trading?

Well, you should know that prices tend to reverse at Fibonacci retracement levels. A lot of novice traders use the exact point of a fibonacci retracement level e.g. 0.618 as a trade entry. Experienced traders know this fact and wait for other traders to get their stop loss hit and then enter the market. Fibonacci retracement levels should be used as an indication of entry and not as the exact point of entry. Moreover the bulk of traders use 0,618 and 0.386 retracement levels. Experienced traders know this tendency and wait for other retracement levels not widely used like 0.786 or 0.707 in order to enter a trade. Use these Fibonacci retracements as well. Make the difference!

But how would you know at which Fibonacci retracement level will the price change direction? Fibonacci retracements, like other technical indicators are more valid when they are calculated for a greater time value. Do not pick minor swings to calculate Fibonacci retracements. Pick greater price swings instead. Moreover, a Fibonacci level becomes more valid when it coincides with another technical indicators such as trendline resistance or support, MACD or RSI divergence and so on. The most valid retracement level should be chosen keeping in mind that further confirmation from other technical indicators should be taken into account. You wouldn't like to put your money on risk with only one reason, would you? So choose the Fibonacci retracement level that coincides with other reverse signals.

Get ready to learn a insider's secret in trading that very few investors know and use with success in their trading. You will learn the use of Fibonacci numbers in trading time analysis.

Pick a significant hi or a low in a chart. You should note this point's date.

Then calculate trading days (excluding weekends and holidays that markets are closed) or calendar days from that point and on using Fibonacci sequence. You would have the first, the second, the third, the fifth the eighth trading or calendar day and so on. Watch that in trading or calendar days that are Fibonacci numbers, prices tend to reverse direction! Isn't it amazing? You would not believe your eyes when you see it in action!

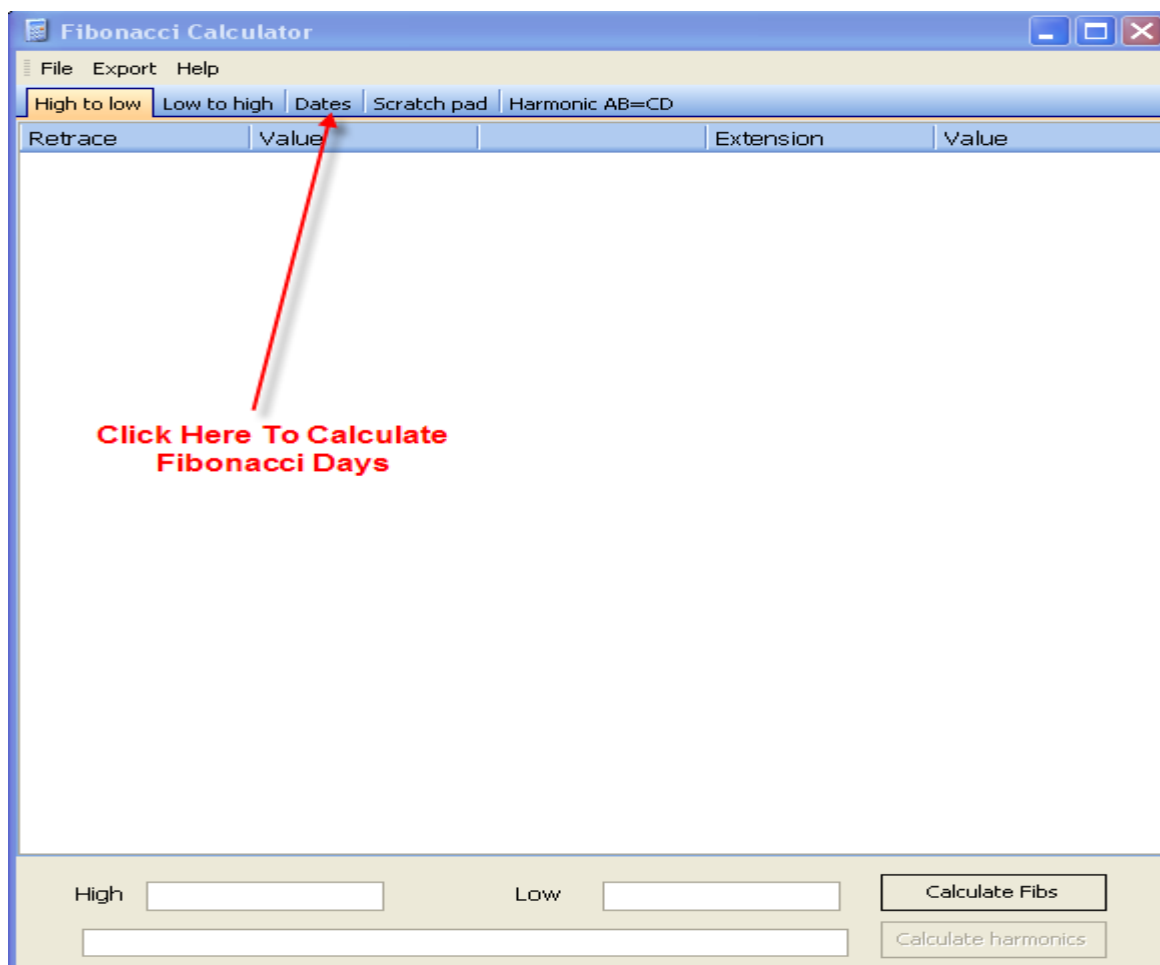
Add this tool to your chart analysis and you wont lose! Experiment on both trading or calendar days to see which suits best the trading medium you choose to trade.

For EUR/USD suits better to use calendar Fibonacci days.

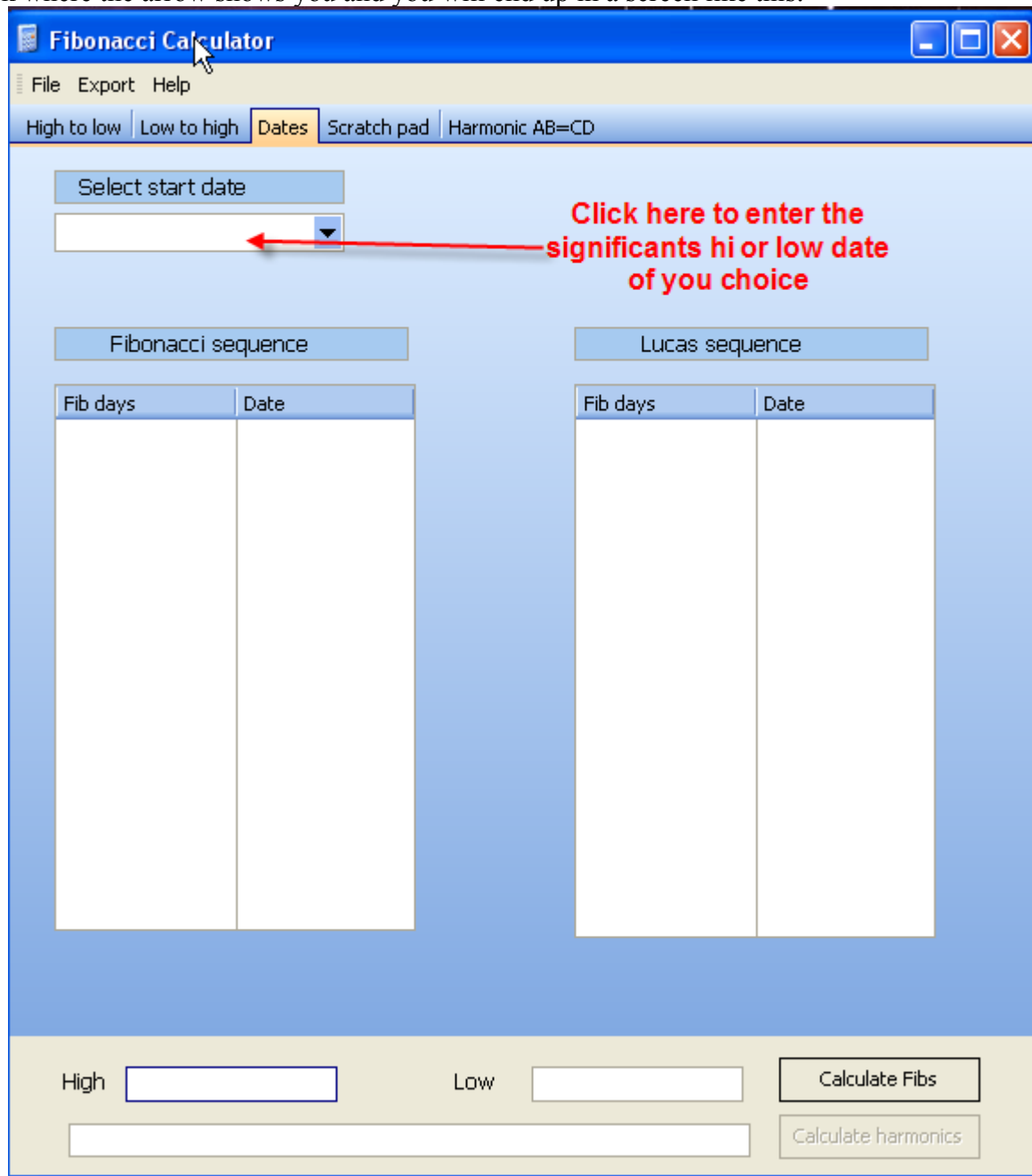
There is a freeware tool that you could download to make your life easier in calculating Fibonacci calendar days. It is called the Fibonacci calculator and you could download the setup file by clicking below.

<http://www.easytradeforex.com/ebooks/fibonacci-calculator-setup.exe>

Download it and install it. Then run the software. You will end up in a page like this below:



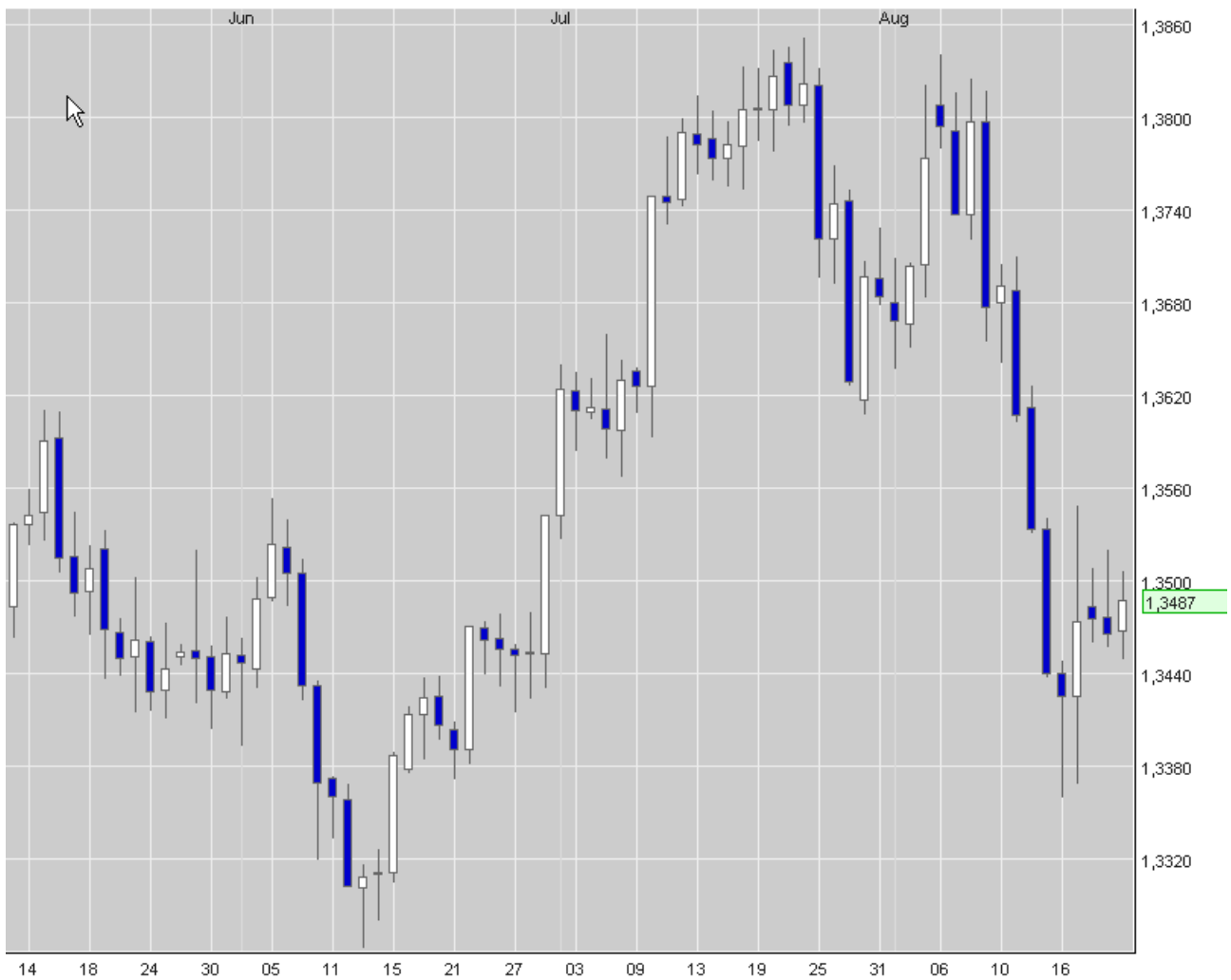
Click where the arrow shows you and you will end up in a screen like this:



Remember: This software can only be used for markets that respond to Fibonacci calendar days, like EUR/USD. You cannot use Fibonacci calculator for calculating Fibonacci trading days.

Let's see an example of the amazing power of this tool.

In the next page you would find a chart of EUR/USD

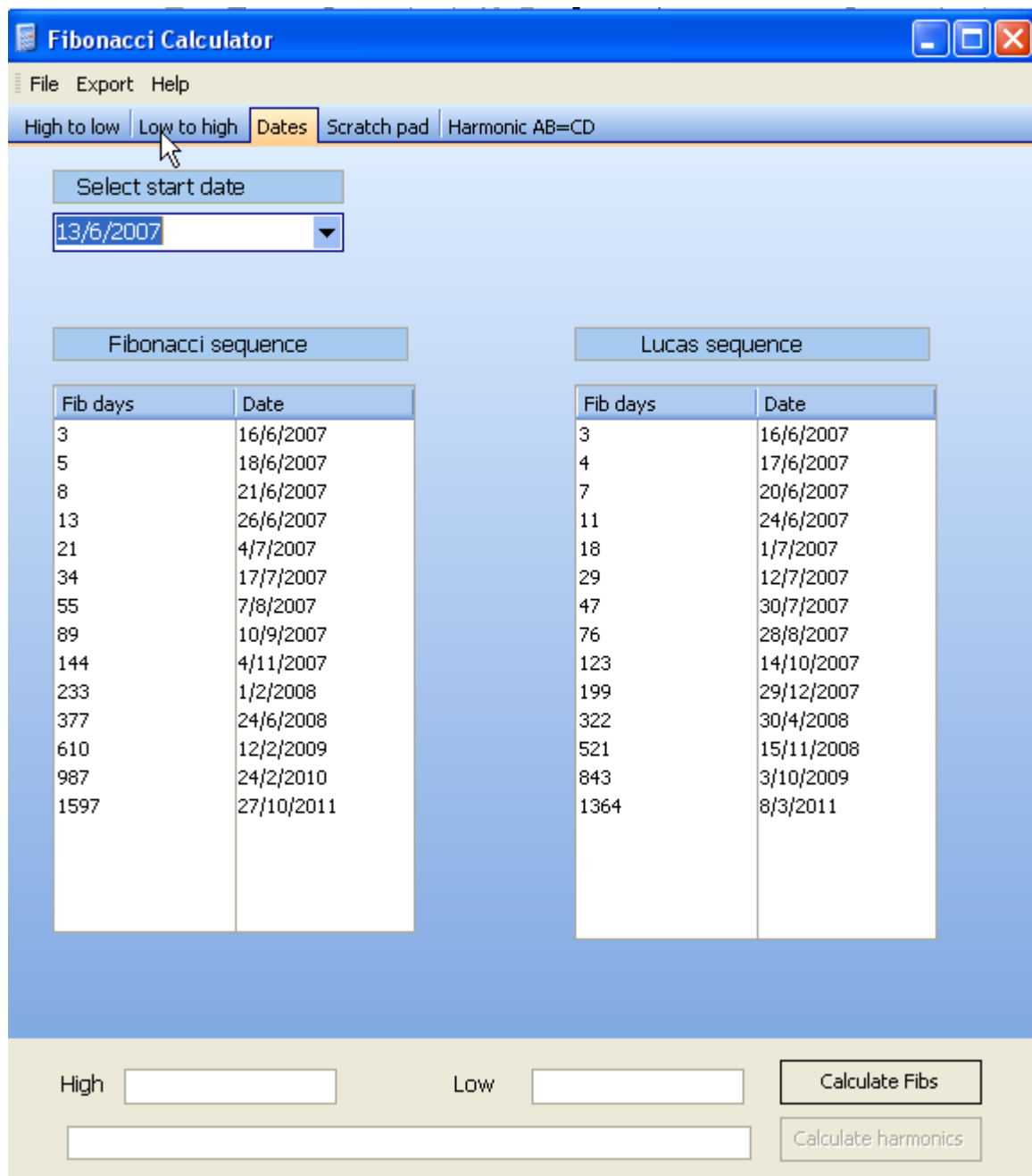


Which point would you select as the starting point of your Fibonacci day counting?

We already said that it should be a significant hi or low signaling the start of a new trend.

I would choose the significant low of 06/13/2007. I would then feed this date to Fibonacci calculator and I would get the results like this one below in the image.

SEE NEXT PAGE



Fibonacci calculator automatically calculated Fibonacci calendar days with our starting point of the significant low in our chart.

Lucas sequence is another sequence that may be useful in some markets. You could experiment with it after testing Fibonacci trading or calendar days in your preferred medium for trading.

OK we have calculated the Fibonacci calendar days for our chart in EUR/USD.

What next? Let's try to find them in the chart to see what happened to EUR/USD during these days.



Isn't it amazing? Look how accurately these fib days predicted the turning points of EUR/USD.

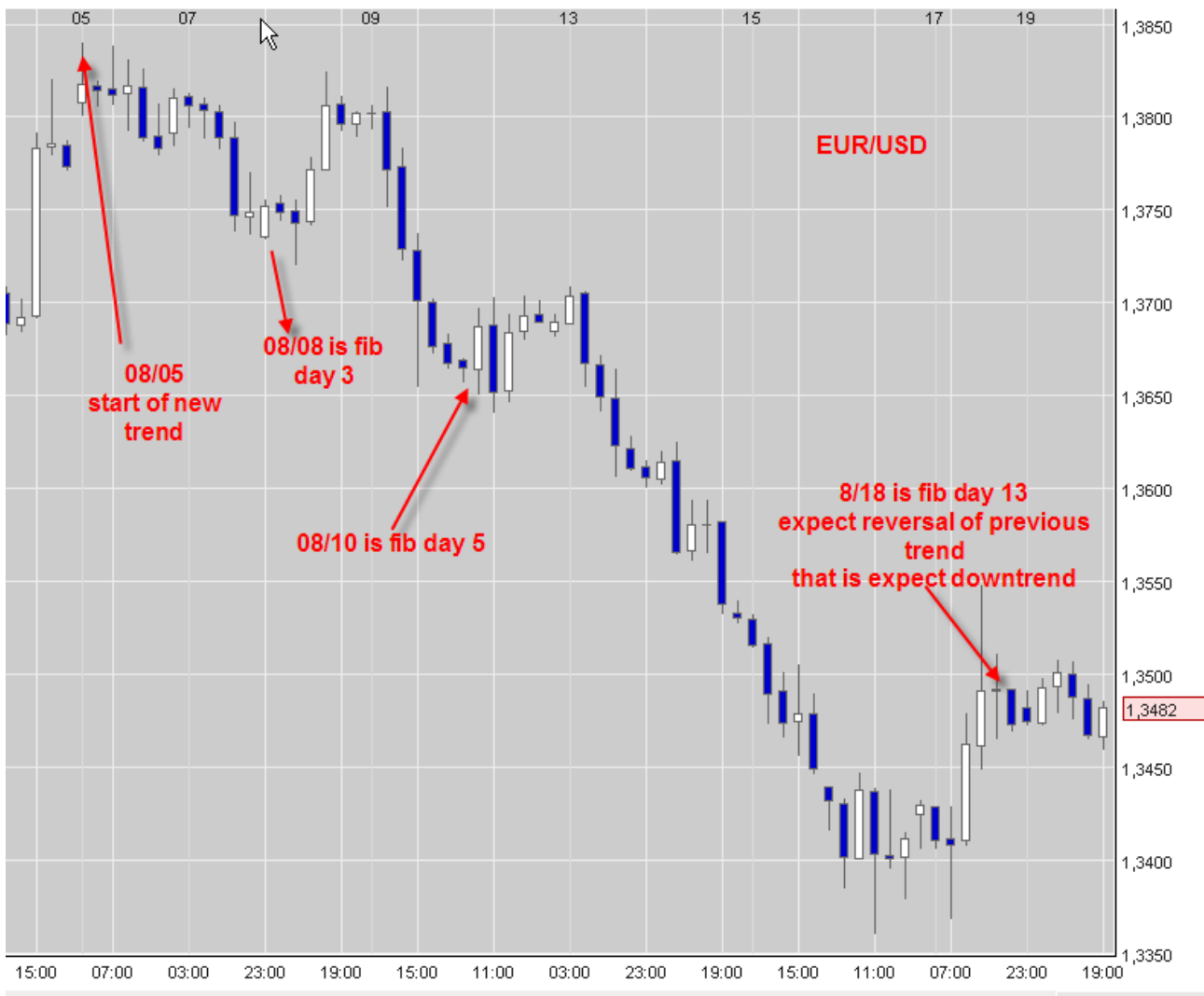
You will obtain great power in predicting EUR/USD moves with Fibonacci Calendar Days tool.

You should expect EUR/USD to reverse it's previous direction in Fibonacci calendar days.

I prefer to use fib days till 55 fib day or till a new major trend has begun. I use this trading point of the new trend as a new start for calculating Fibonacci calendar days for EUR/USD.

I may also choose two points and calculate fib days for these two points. One major low and one major hi for example. In the chart above I would choose the major low pf 06/13 and the major hi of 07/24. When two Fibonacci calendar days from separate starting points coincide (one from the low and one from the hi as starting points e.g.) this gives extra reversal power to this day.

Let's see a chart with Fibonacci days in EUR/USD with starting point the 08/05 which is also a significant hi.



Watch again the spectacular forecasting power of this tool.

If used in conjunction with my Easy Trade Forex System you will get extraordinary results.

Nevertheless, this tool alone is enough to give you confidence of what direction prices will follow in the future.

To your trading success,
 Louizos Alexander Louizos