

MeasurinG the Unmeasurabl E



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this pdf is part of the thread ' fibo experts — which fibo ?'

<http://www.elitetrader.com/vb/showthread.php?threadid=97487>

<Http://www.moneytec.com/forums/f46/fibo-experts-fibo-22570/>

<http://www.trade2win.com/boards/showthread.php?t=25425>

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July 5 2007

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cover: <http://plus.maths.org>

p 3: <http://www.brainmind.com>

p 14: <http://members.tripod.com/jeff560/index.html>

I can no longer remember how I used fibos pre computer days, except they were the reason I bought a solar powered calculator, now sitting dust covered on my desk

MetaStock's Fibonacci Retracement Tool draws only from L-H/H-L, now changed to the 3 point method in v10; it was some time before I realised MetaTrader has both versions of the fibo tool

phyllotaxis the study of plant leaf etc distribution is the simplest illustration of the 'natural' occurrence of the Fibonacci Ratio, Numbers series and Golden Angle

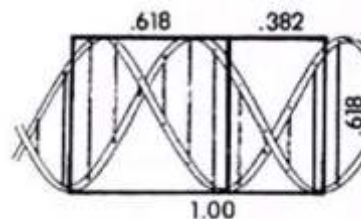
see this: <http://janusteam.org/index.html>

the human use of fibonacci appears in music, fine art, computer coding, mathematics PriceTime Movement analysis, various design disciplines, DNA

having used fibos for more than 25 years I'm more than satisfied with their usefulness to me as well their simplicity and ease of use

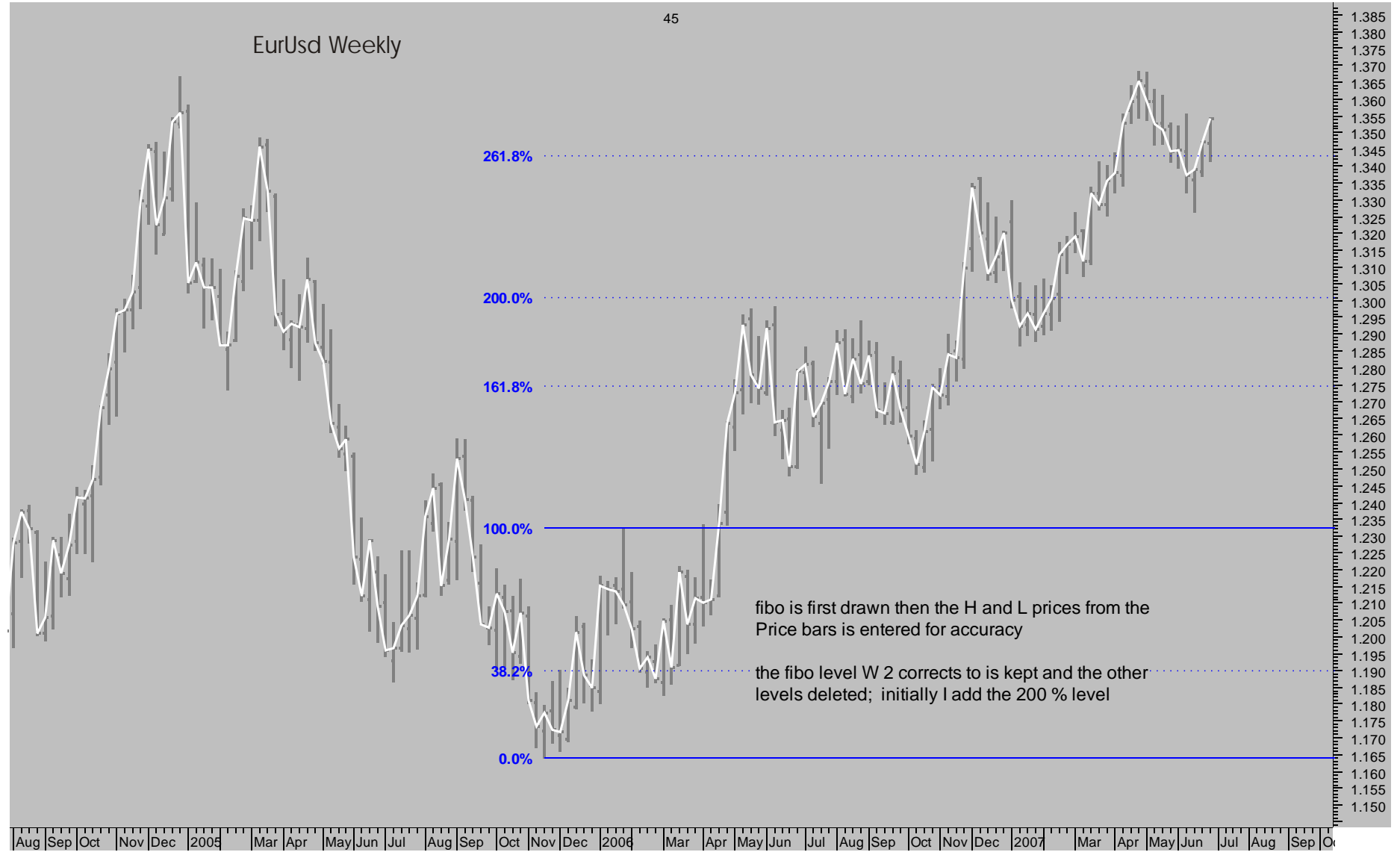
I use method # 1 ~ L-H/H-L but, often 'step' a copy of that fibo onto usually the W 2 C so I'm also using a variation of method # 2

the following charts illustrate my applications of fibos on the EurUsd plus a couple of expert fibo users charts and their methods



EurUsd Weekly

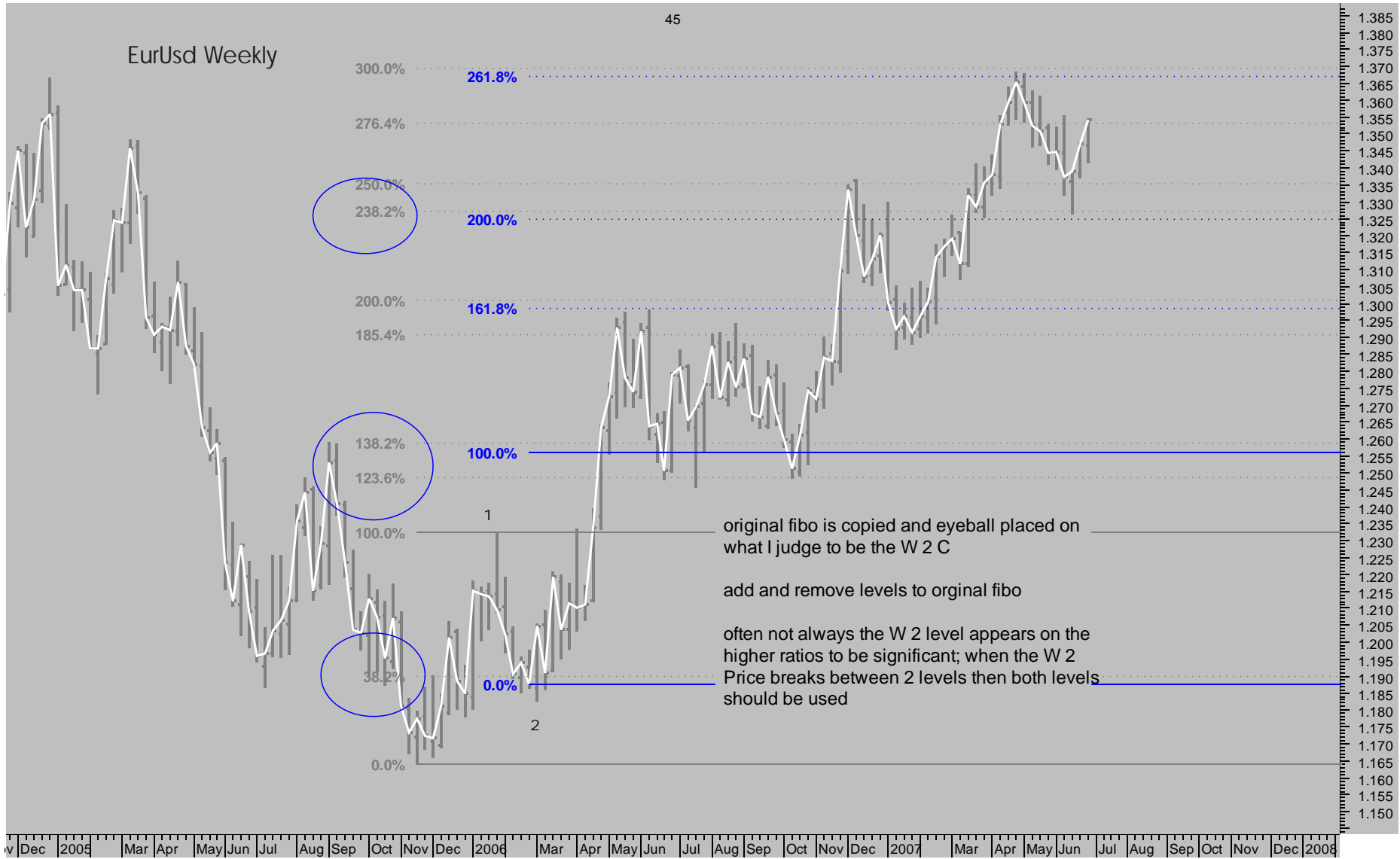
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fibonacci is first drawn then the H and L prices from the Price bars is entered for accuracy

the fibonacci level W 2 corrects to is kept and the other levels deleted; initially I add the 200 % level

EurUsd Weekly

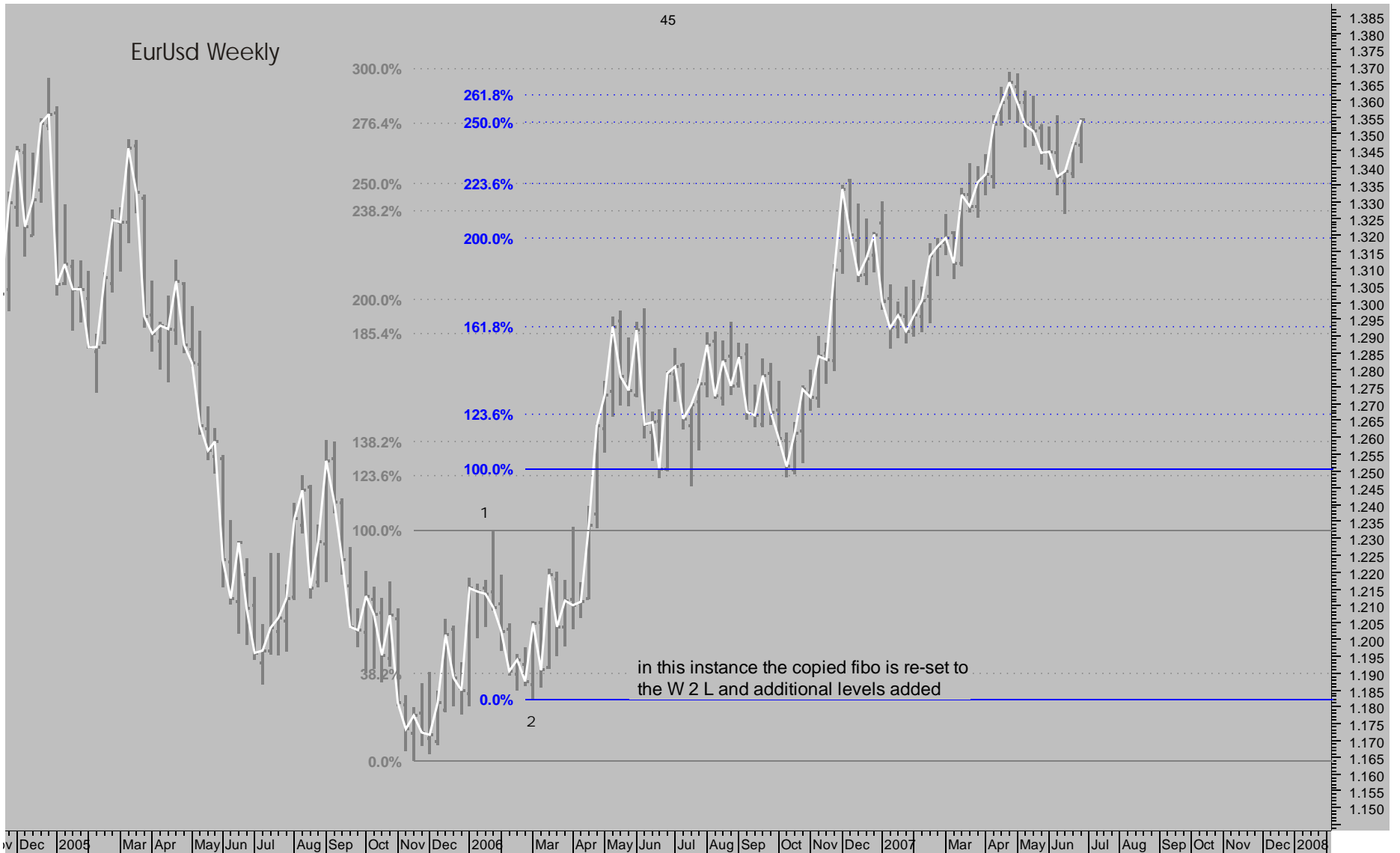


original fibo is copied and eyeball placed on what I judge to be the W 2 C

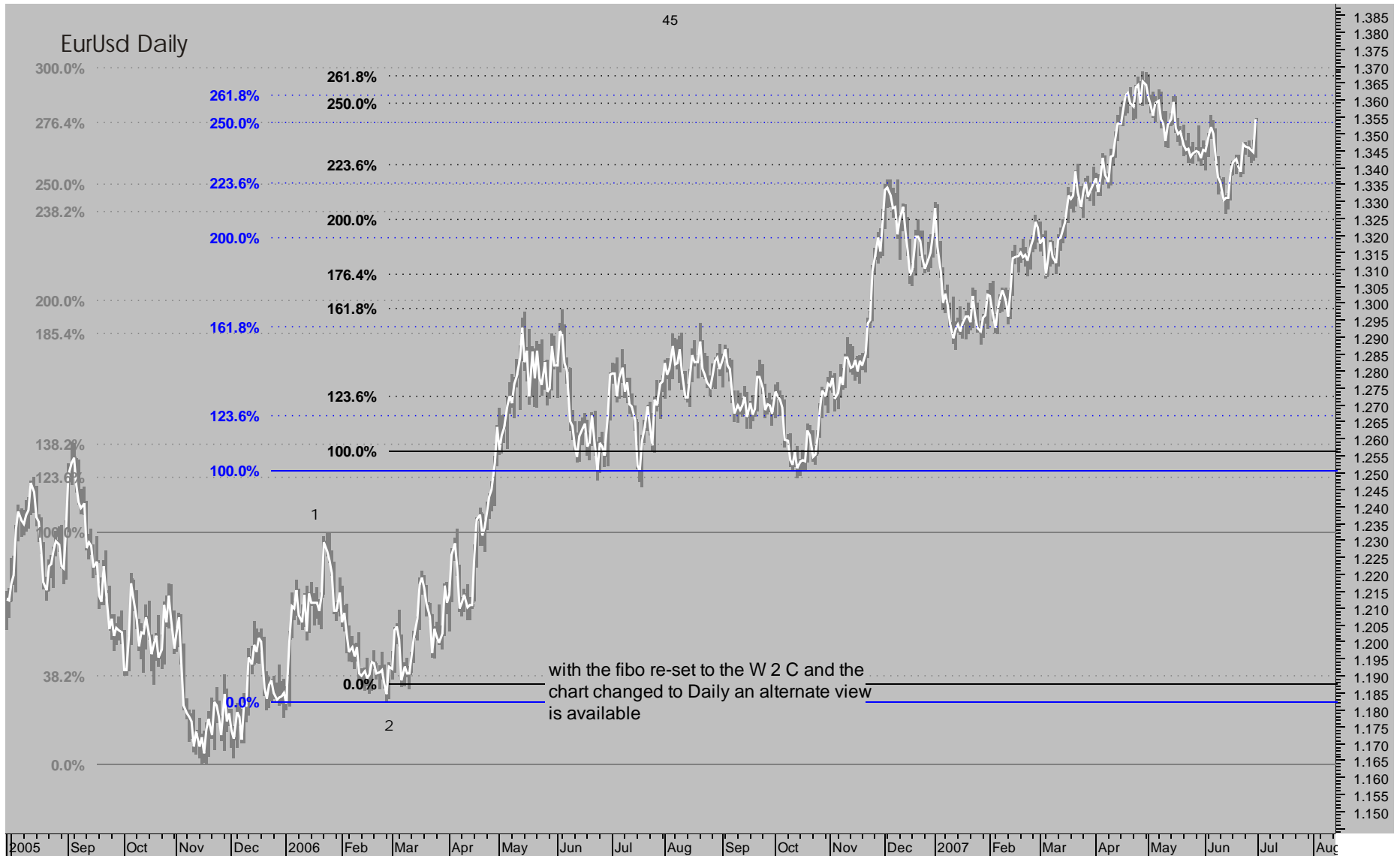
add and remove levels to original fibo

often not always the W 2 level appears on the higher ratios to be significant; when the W 2 Price breaks between 2 levels then both levels should be used

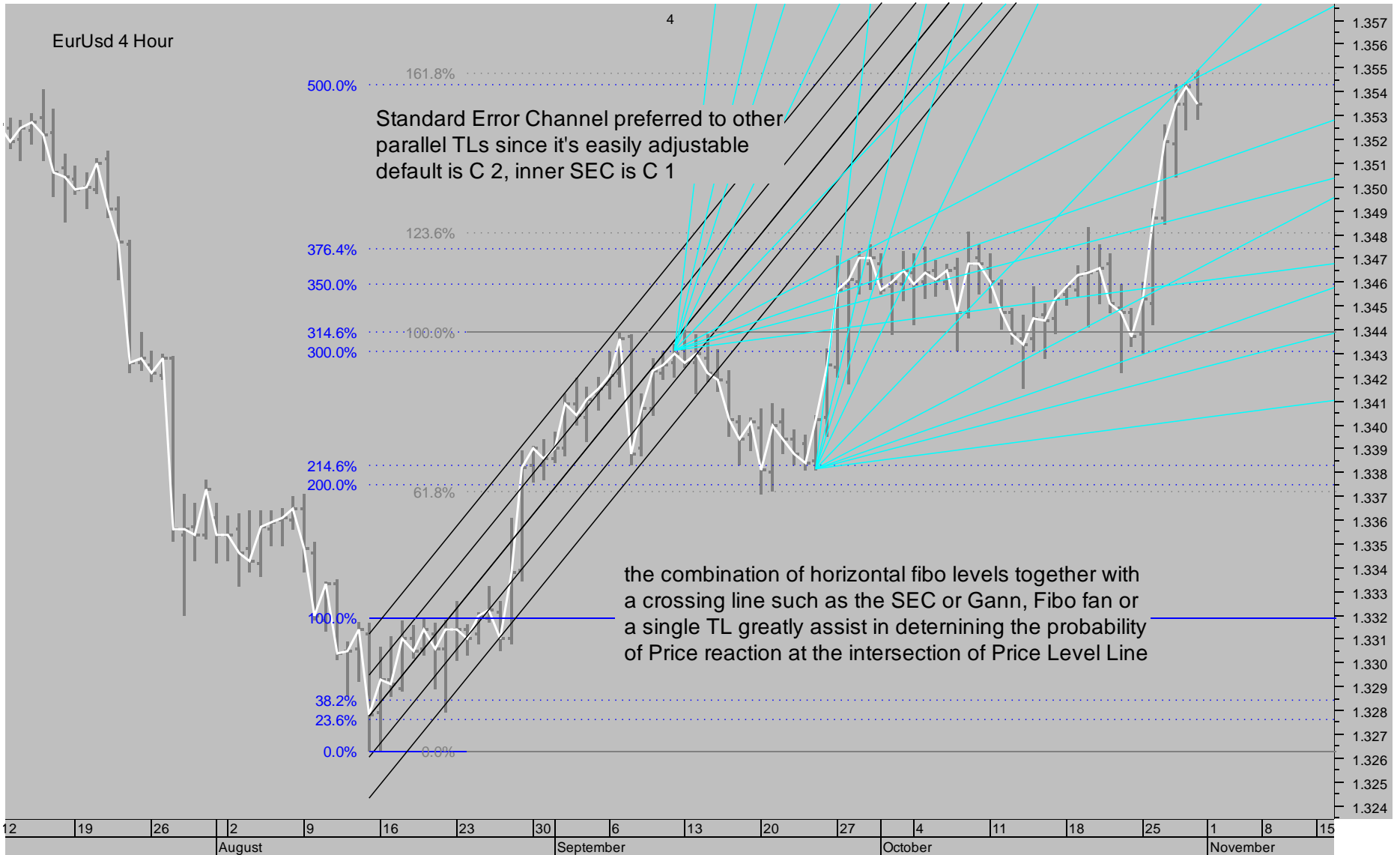
why does Price hit a level once and move one, hit several times several times before moving on ?



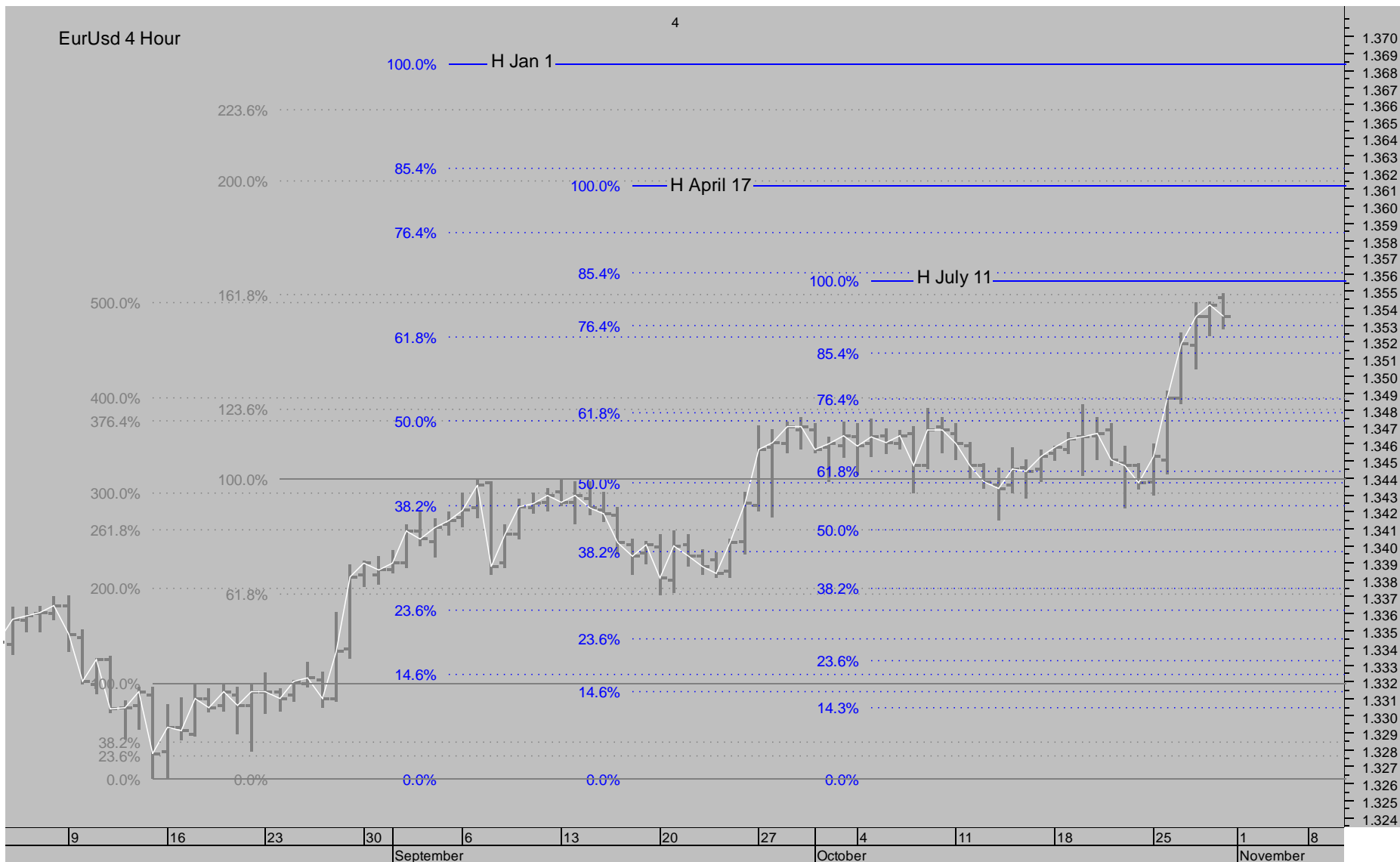
what begins to become noticeable when using more than one fibo is that one fibo's levels are being hit by the H and or L and the 'other' fibo's levels are being hit by the HC and or LC ; adding the MA 1 C to the Price bars makes the C more visible



what's Time got to do with it ?

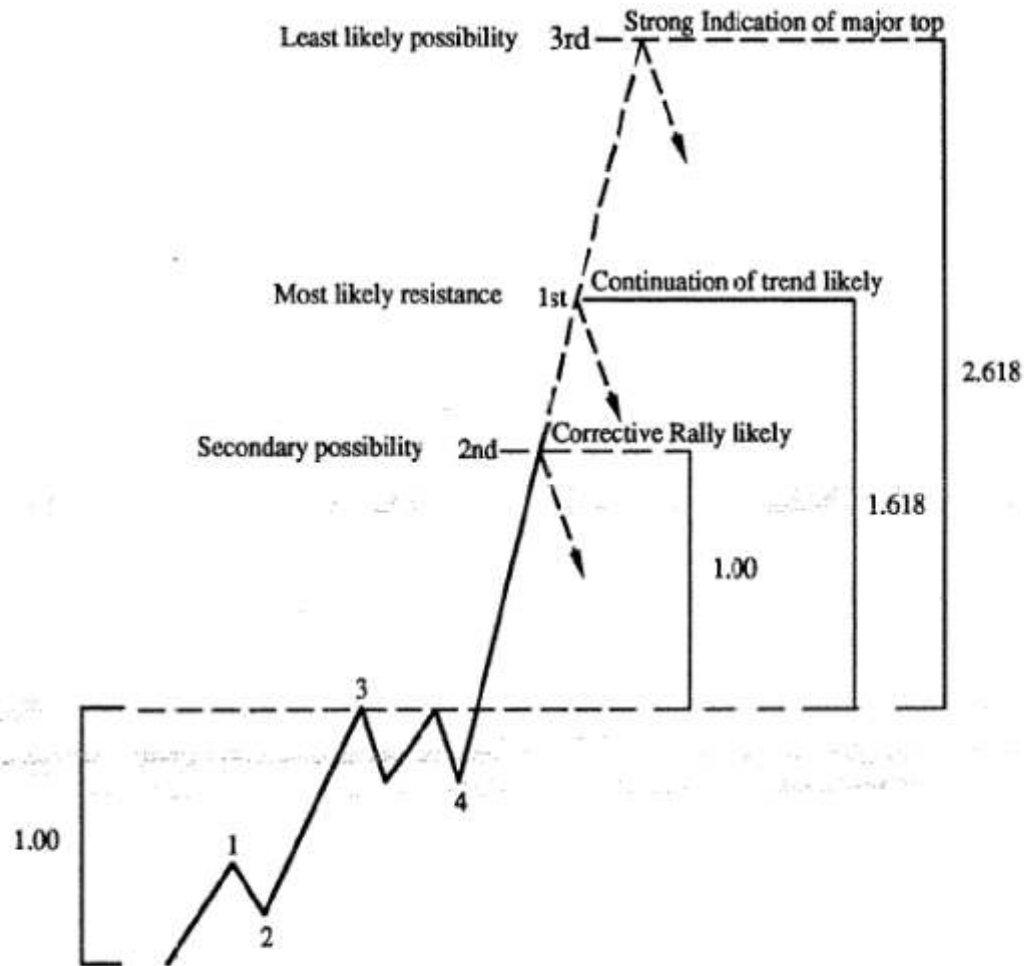


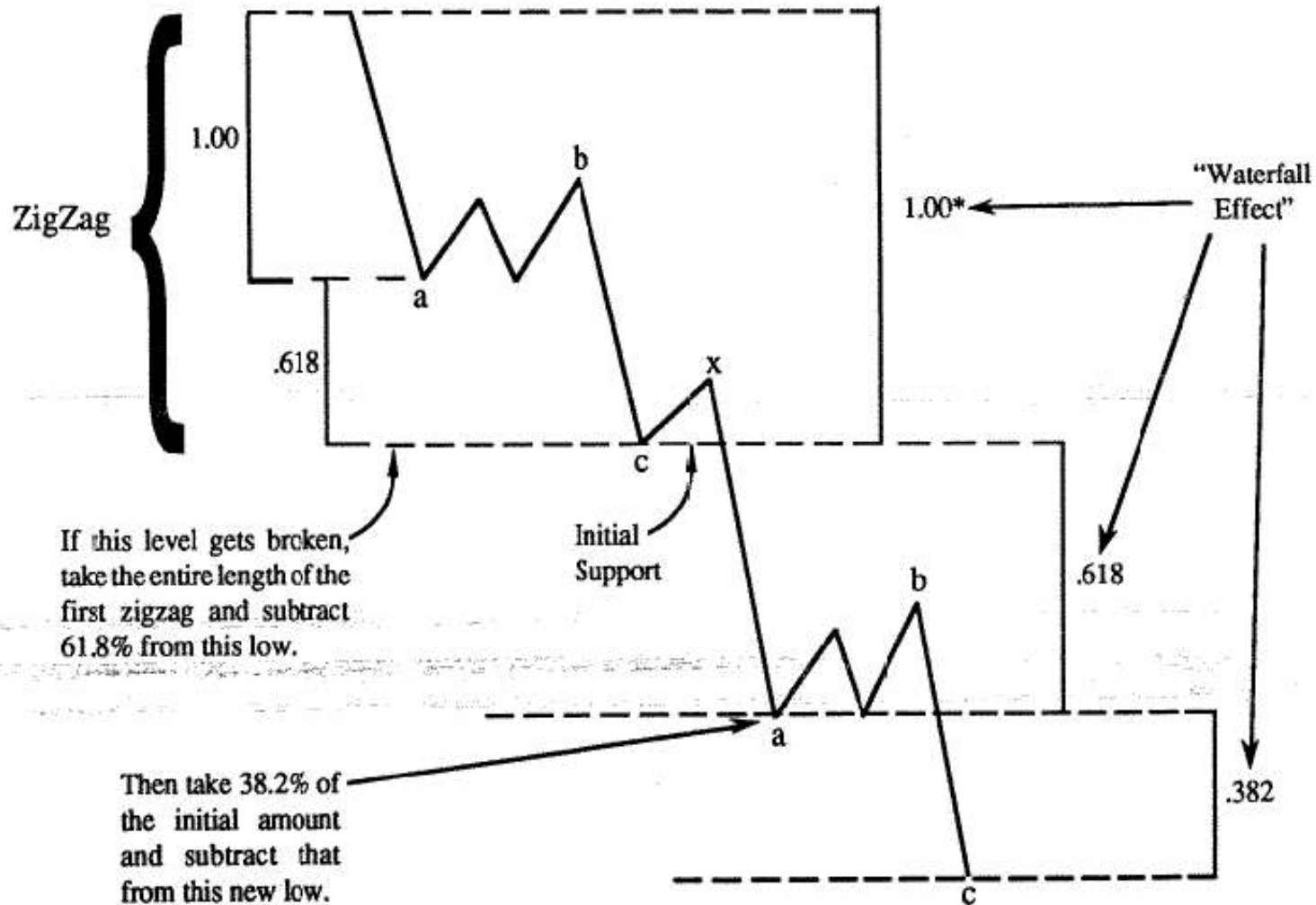
the Correction/Retracement fibo is usually the easiest to work with, Price runs to the levels within the 0 - 100 % lines
 IF a C/R fibo can be drawn, it's used in conjunction with the Projection fibo and as Price breaks thru the smaller C/R levels those fibos are deleted from the chart ; also use HC - LL for long throw Corrections and LC - HH for long throw Retracements

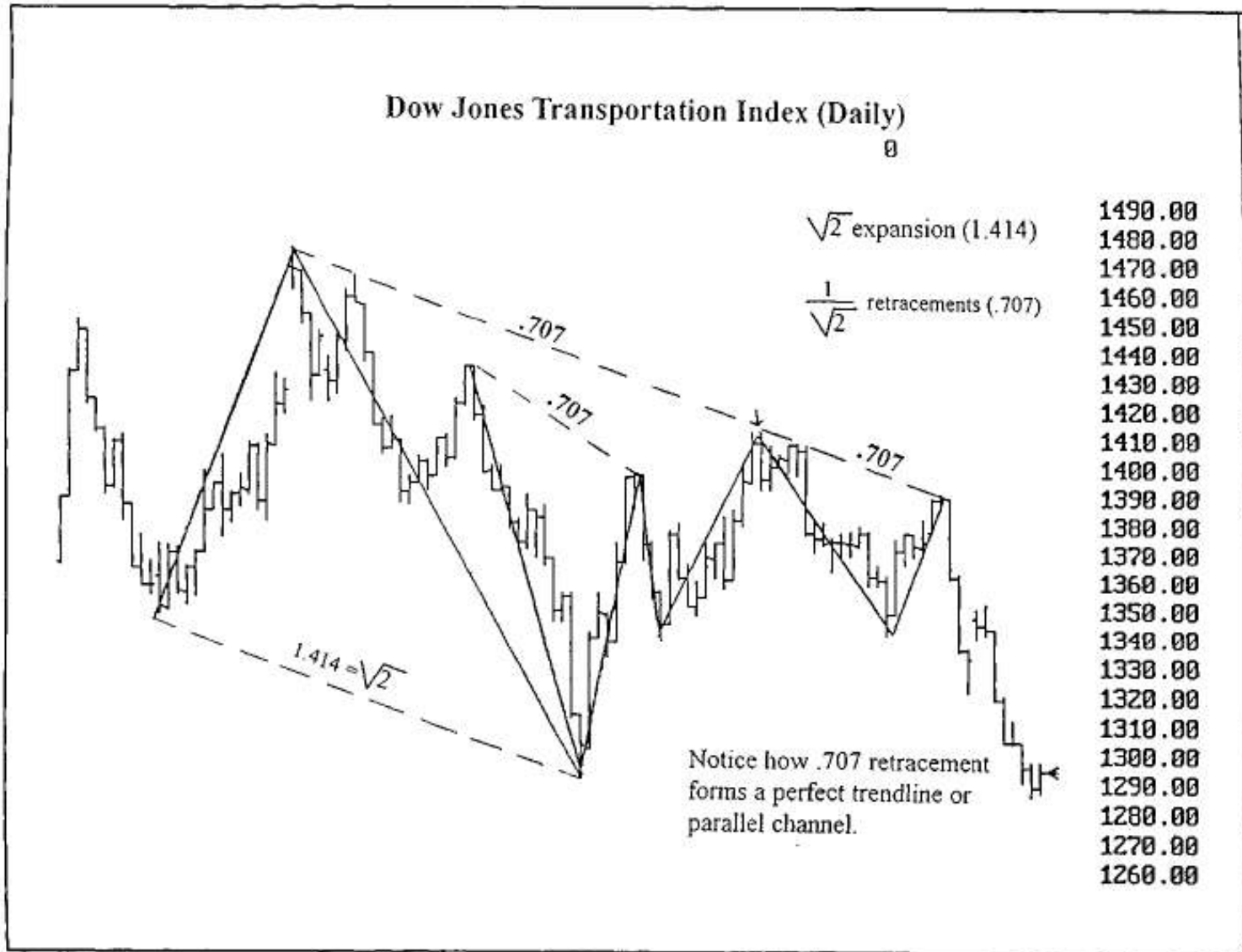


from 'Mastering Elliott Wave' Neely's book is about EW patterns; and next page the aberrations that occur between the Price hitting a fibo level exactly or not may have something to do with how Price bars are generated, Neely draws charts — individual Price bars — based on: "As long as price continually moves up or down (with no intervening action in the opposite direction) . . ." as well he creates charts of 24 hour markets based on country specific trading hours, not the 24 hour trading day

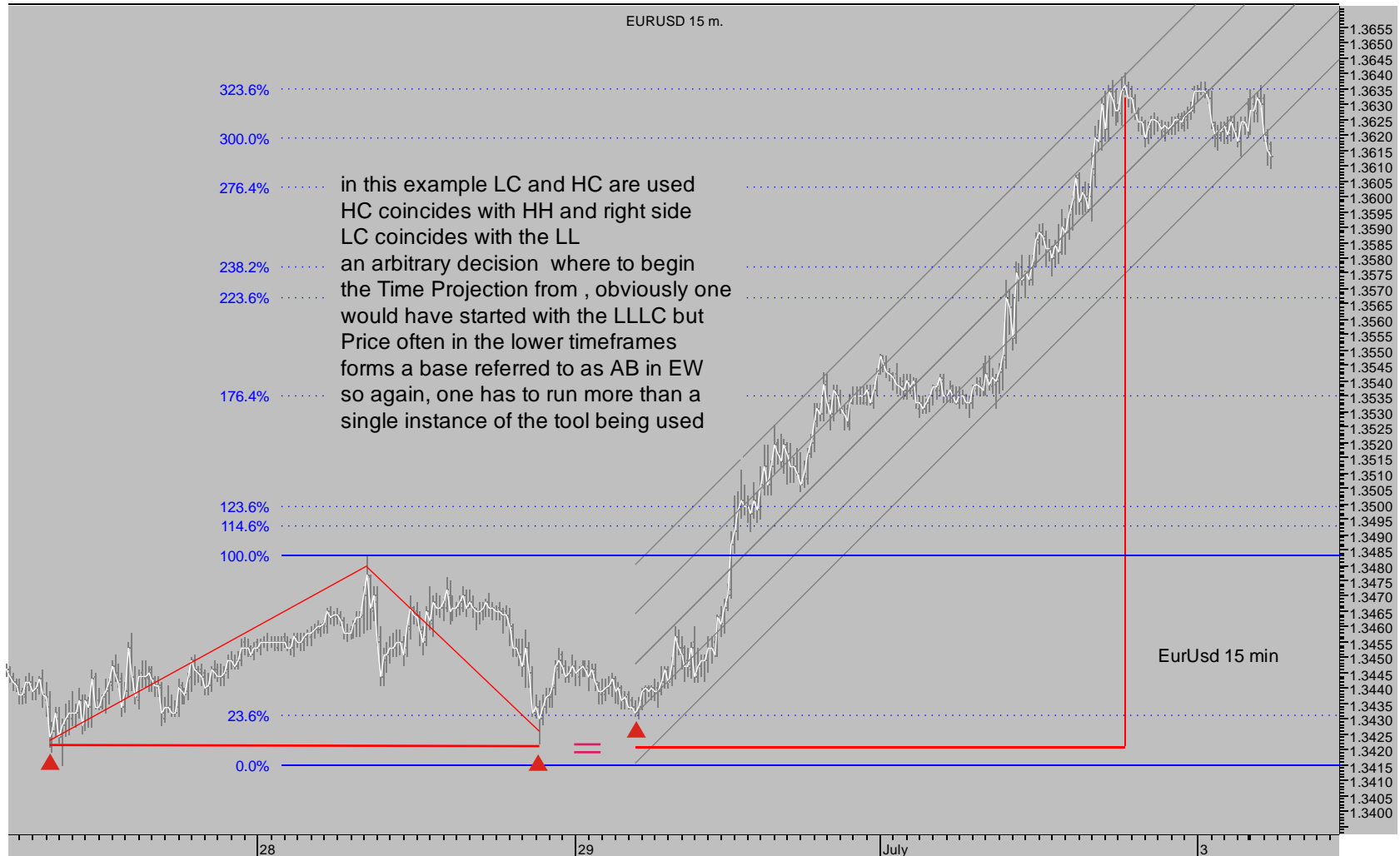
Figure 12-41







I've never used this Time analysis method before, triangles, appears to be quite accurate. Time is essential to the analysis and targeting equation — for me, because I acknowledge Time as being part of Price Movement, I have to include it in my analysis the 4 intersector: Price Level Line Time it is their combined intersection that is traded to and from the Fibonacci ratio in the form of the fibo is a measuring tool — nothing more



while fibo levels can be drawn at an angle, the variety of horizontal lines used to gauge Price B/S points or support and resistance levels includes various Gann, Fibonacci and arbitrary Price Grids, variously calculated SR/Pivots levels, Gap bands, and arbitrary H and L lines and/or bands; the advantage of the fibo is that the tool will automatically project fibo ratio levels based on the measurement of a L-H/H-L etc Price, presuming that if Price is going to react to a mathematical ratio, then there's some levels where that reaction may occur, and there's no difference really to the other methods above — or is there ?

here, there's the necessity to draw more than one fibo, use combinations of HLC etc points for the start-end of fibos, to copy and reposition the fibo, and to use a couple of additional tools to determine if that's THE fibo level to trade a Buy, Sell or exit

there's sufficient examples in this pdf and from other forum members' posts to realize there's no single way of using the Fibonacci ratio to measure the PriceTime Movement of financial instruments, or how the individual uses such information to make trading decisions

each time a financial instrument is first bought or sold, the transaction is based on a forecast for its future, axiomatic some base their forecast on the opinion of brokers, some use financial reports, some use computer coded formula, some use astrology, some use notable traders, investors, theorists, and some use Fibonacci's ratio

whatever works for you

keep your losses small and let your profits run

measure well and prosper

