Improve Your Trading With Fibonacci Time Projection (FTP) in FOREX

VIKTOR PERSHIKOV, MFTA

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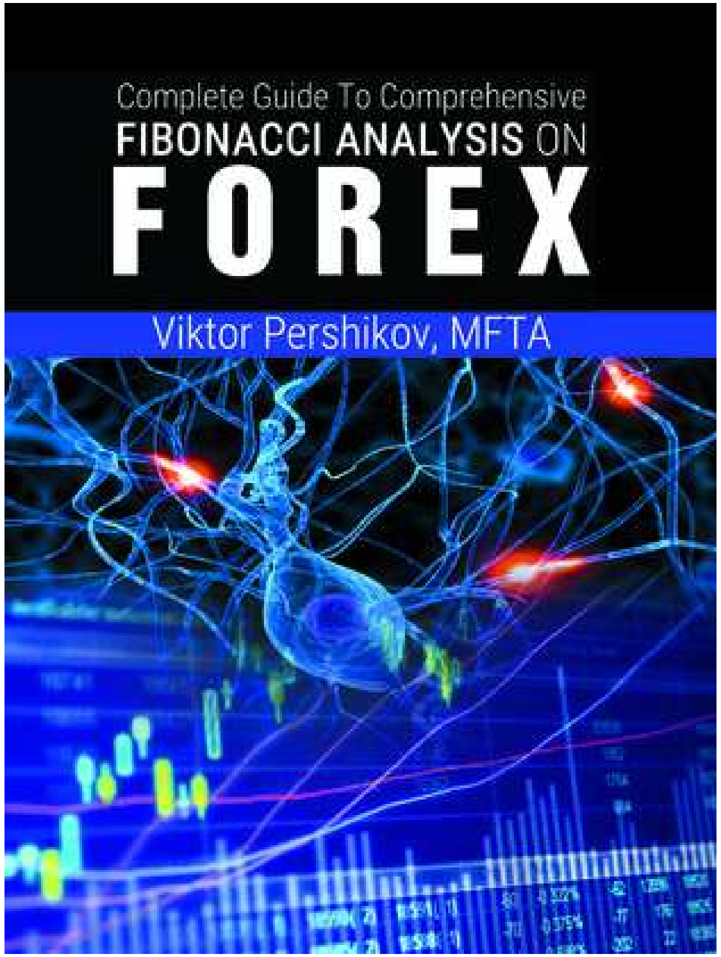
About Viktor Pershikov, MFTA

- Consulting analyst at **InstaForex**
- Experience in the FOREX trading starting from early 2008
- The first MFTA-certified expert in Russia and the Eastern Europe
- The author of “The Comprehensive Fibonacci Analysis” – a new area in the FOREX technical analysis, popular in Russia
- The “technical-only” trader
- My favorites are long-term transactions and the USD/SEK currency pair
- The author of three books on the Fibonacci-aided technical analysis. The most recent book, “Complete Guide to Comprehensive Fibonacci Analysis on FOREX” was published in September 2014.



Roadmap

- Why use the Fibonacci time tools?
- What are the advantages of the Fibonacci time projection?
- The Fibonacci time projection: rules of construction
- The Fibonacci time projection: examples of charts
- How to turn a downside of the tool into its advantage?
- Fibonacci Time Projection + CFA
- Oscillators + Fibonacci Time Projection
- Heikin-Ashi + Fibonacci Time Projection
- Trading with Fibonacci Time Projection

Q: Why use the Fibonacci time tools?

A: We use the Fibonacci time tools to determine, when the market trend will change its direction.

And no, it's no joke – we can really determine the time of change in the market trends!

Fibonacci time tools

«Time goal days»

«The New Fibonacci Trader: Tools and Strategies for Trading Success» by Robert Fischer, p. 259-276

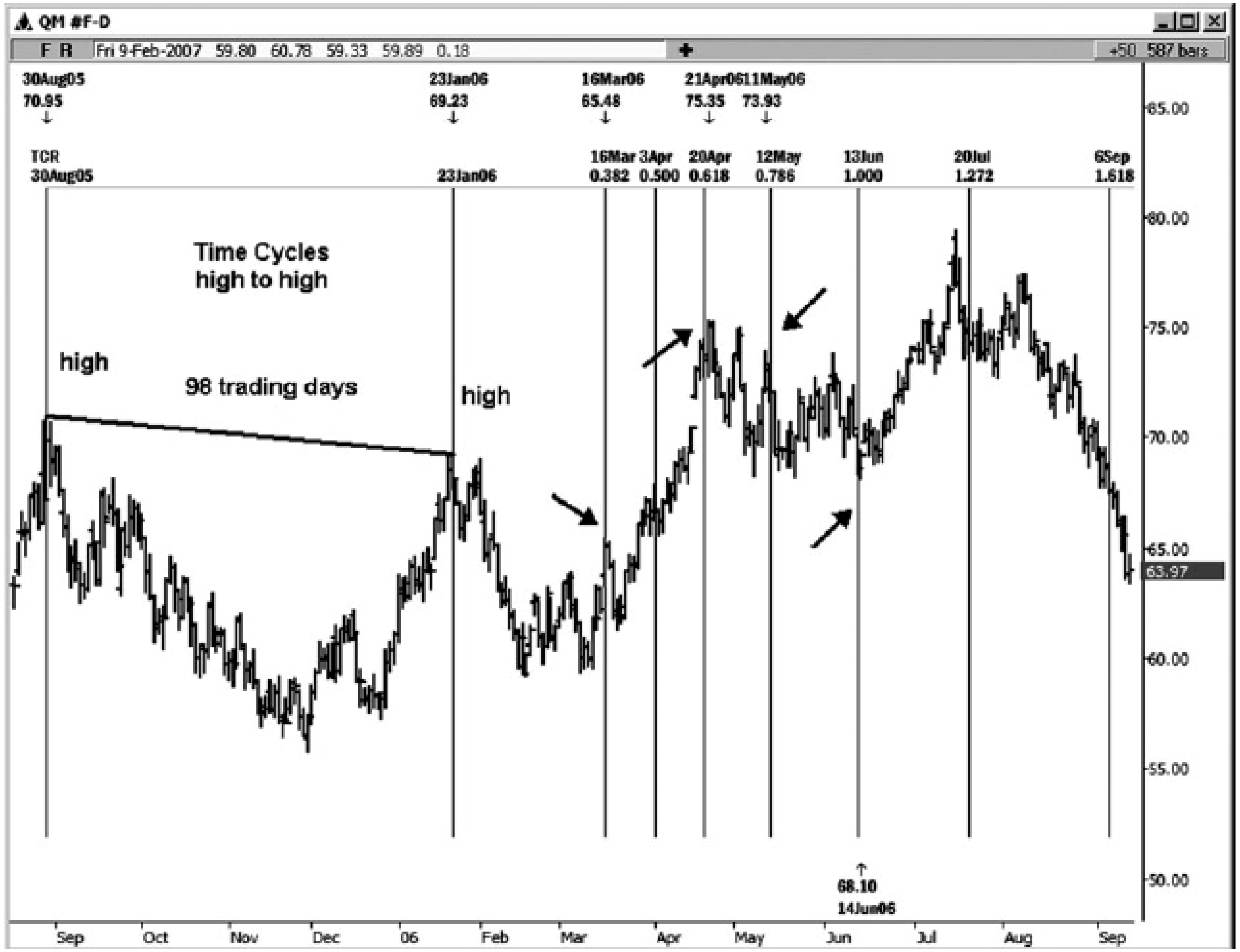
«Time cycle projection»

«Fibonacci Trading: How to Master the Time and Price Advantage» by Carolyn Boroden, p. 157-174

Time goal days

Source: http://www.forexrealm.com/technical-analysis/graphical-methods/figures/fibonacci-time-goal.html

Time cycle projection



Source: ***«Fibonacci Trading: How to Master the Time and Price Advantage»*** **, Carolyn Boroden, p. 160**

Fibonacci Time Projection

What is the killer feature of the FTP?

- 1. Constructed upon the specific rules (based on the patterns of “two lows”/”two highs)!
- 2. Indicates the time of reversal in the market trend!
- 3. Allows to create your own trading system!

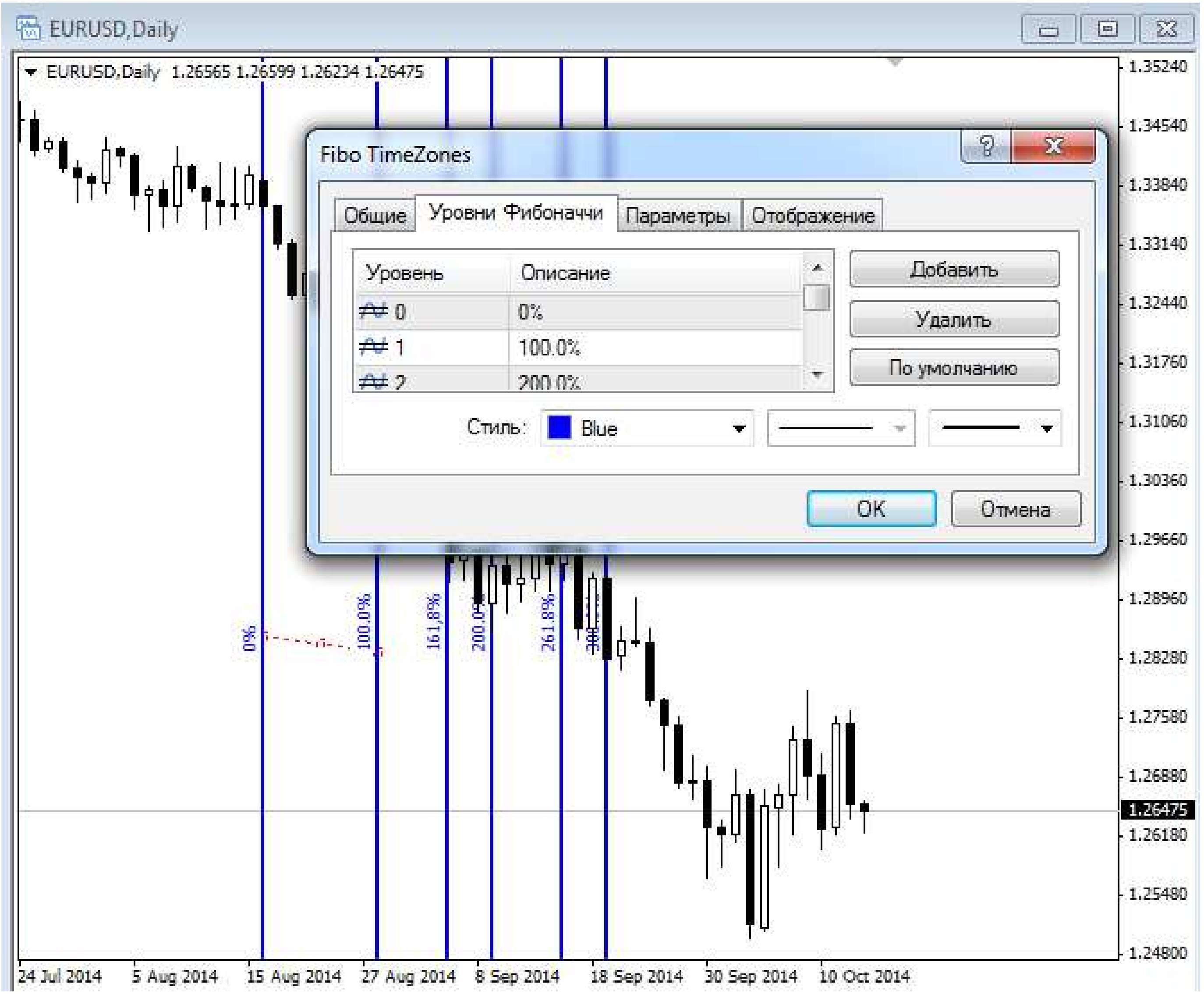
FTP levels

The following levels are used in the tool:

- 0% and 100 % - levels used in the FTP construction. These are not included in the analysis.

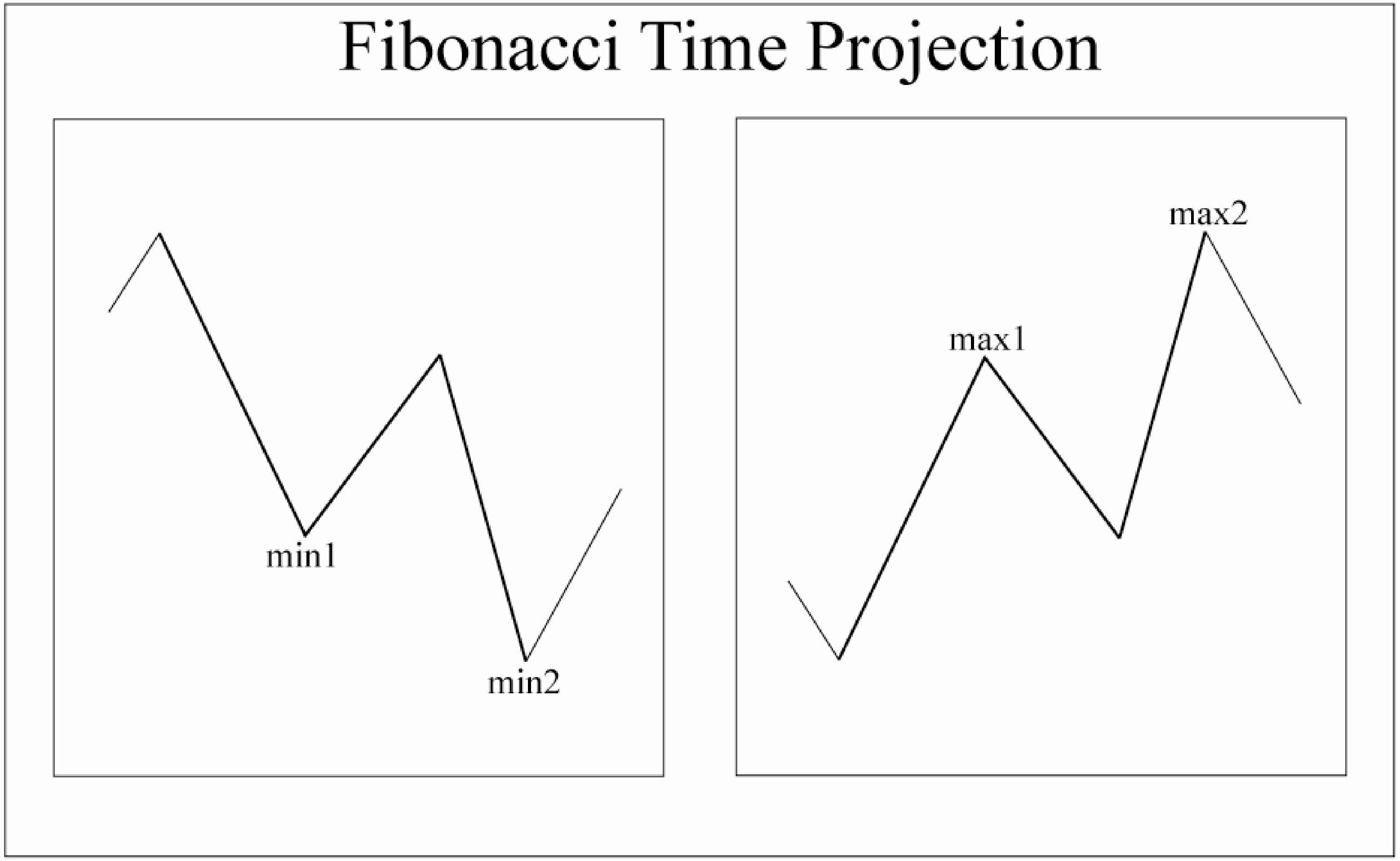
- 161.8%, 200%, 261.8% and 300% - the FTP levels used both in the analysis and trading. These are equipotential levels.

FTP levels

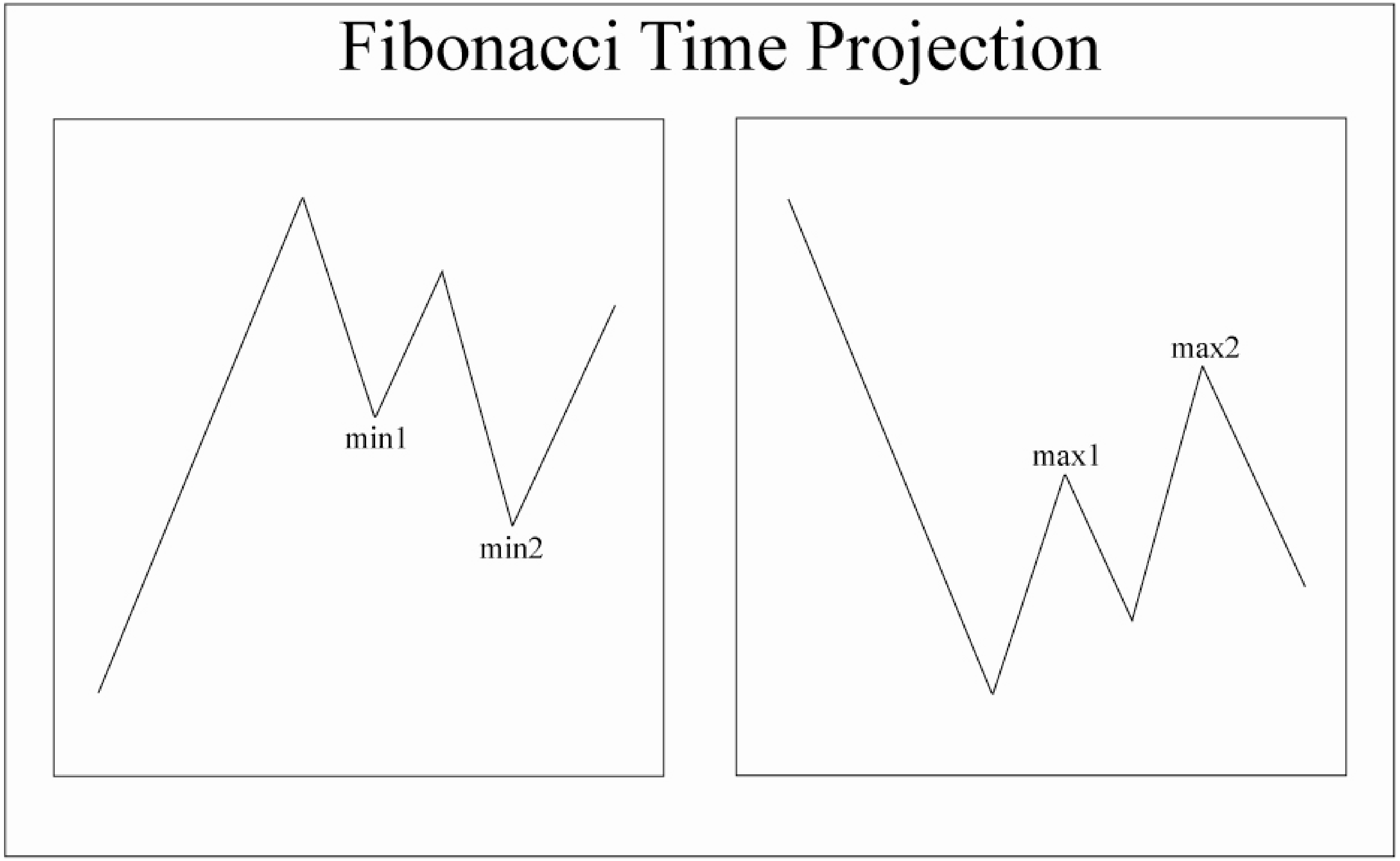


EURUSD,Daily
EURUSD,Daily 1.26565 1.26599 1.26234 1.26475
Fibo TimeZones
Общие
Уровни Фибоначчи
Параметры
Отображение
Уровень
Описание
0
0%
1
100.0%
2
200.0%
Добавить
Удалить
По умолчанию
Стиль:
Blue
OK
Отмена
0%
100.0%
161.8%
200.0%
261.8%
1.35240
1.34540
1.33840
1.33140
1.32440
1.31760
1.31060
1.30360
1.29660
1.28960
1.28280
1.27580
1.26880
1.26475
1.26180
1.25480
1.24800
24 Jul 2014
5 Aug 2014
15 Aug 2014
27 Aug 2014
8 Sep 2014
18 Sep 2014
30 Sep 2014
10 Oct 2014

Scheme of the FTP construction

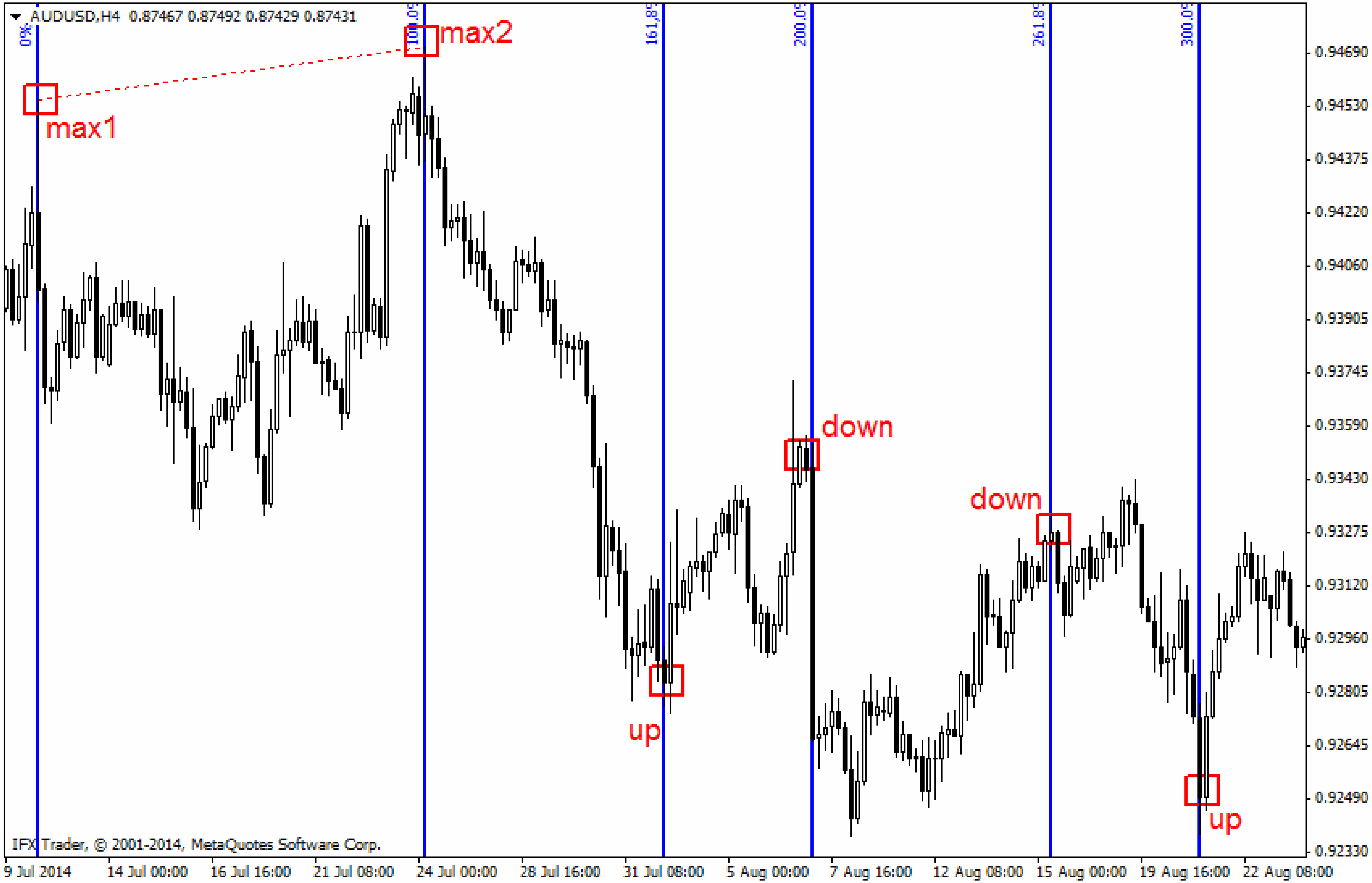


Scheme of the FTP construction

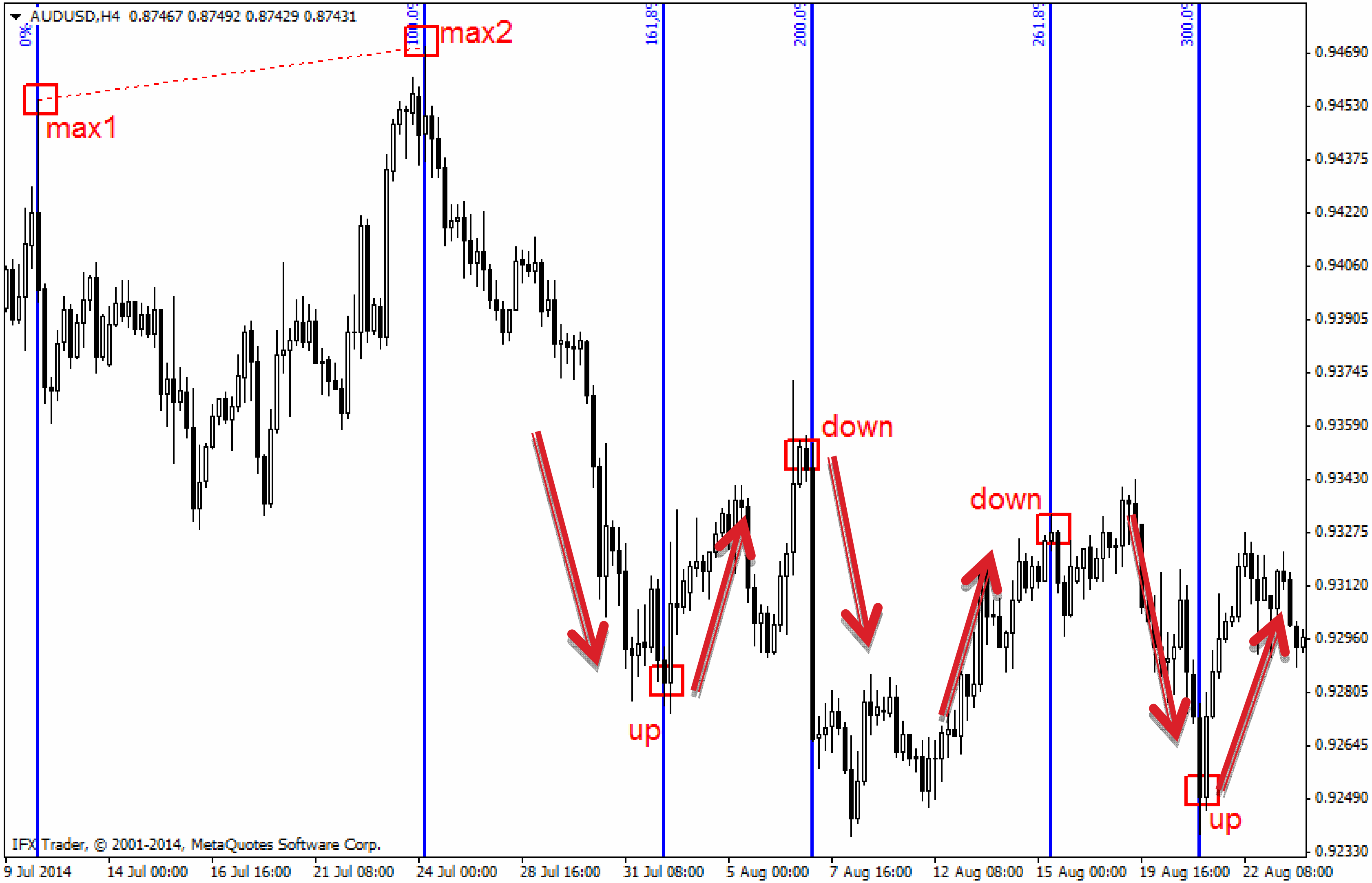


The Fibonacci time projection: examples of charts

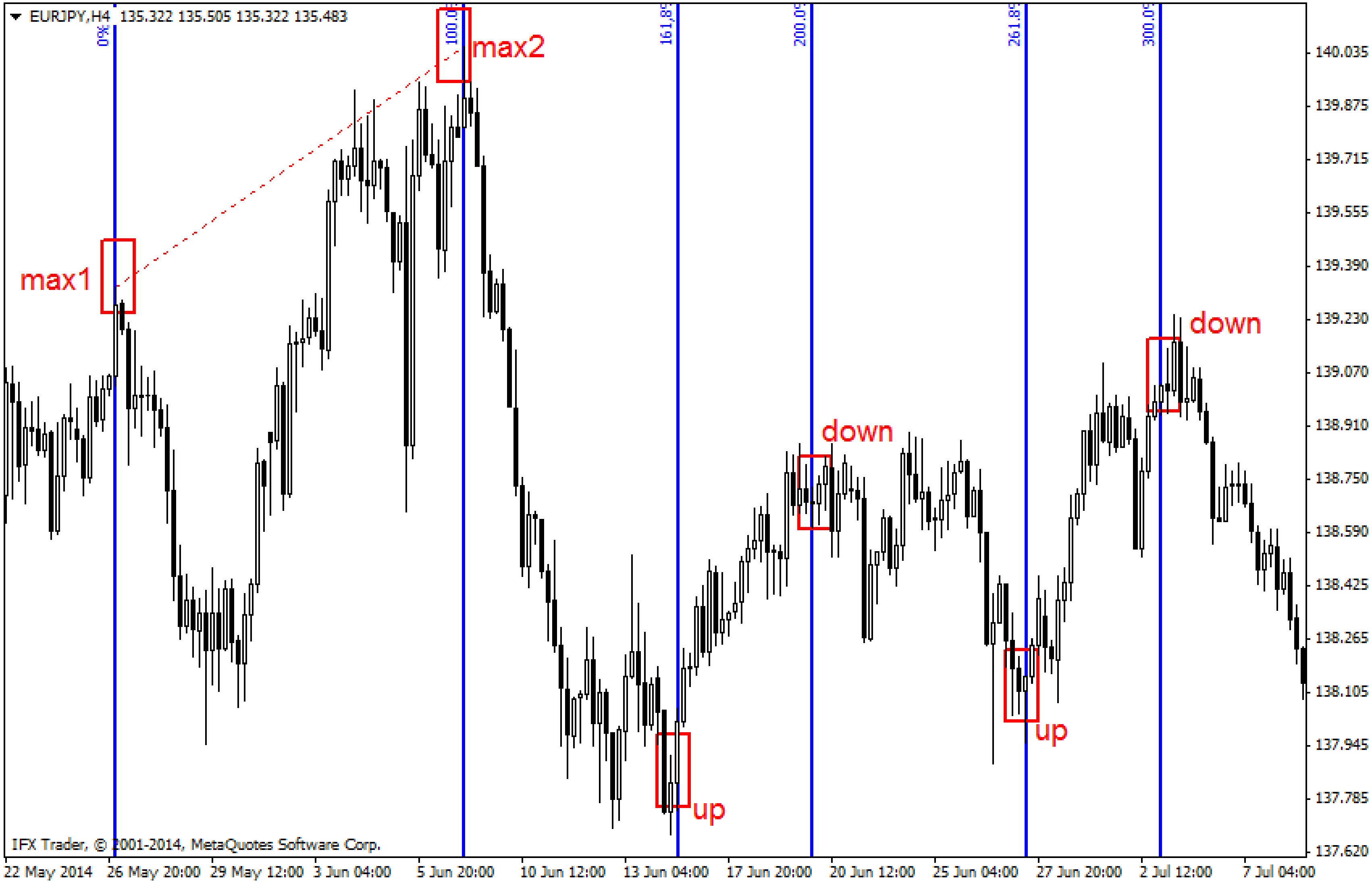
Fibonacci Time Projection



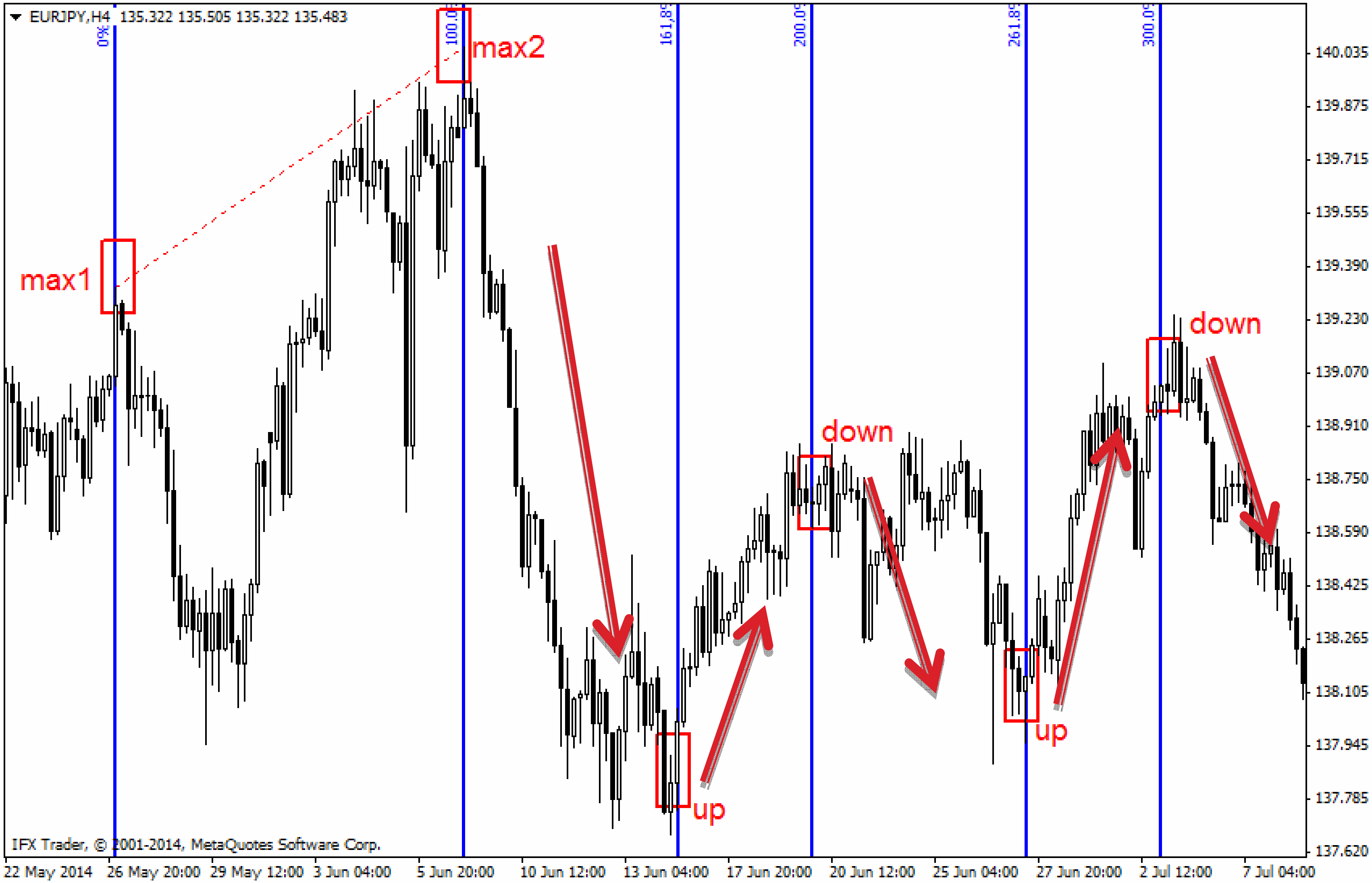
Fibonacci Time Projection



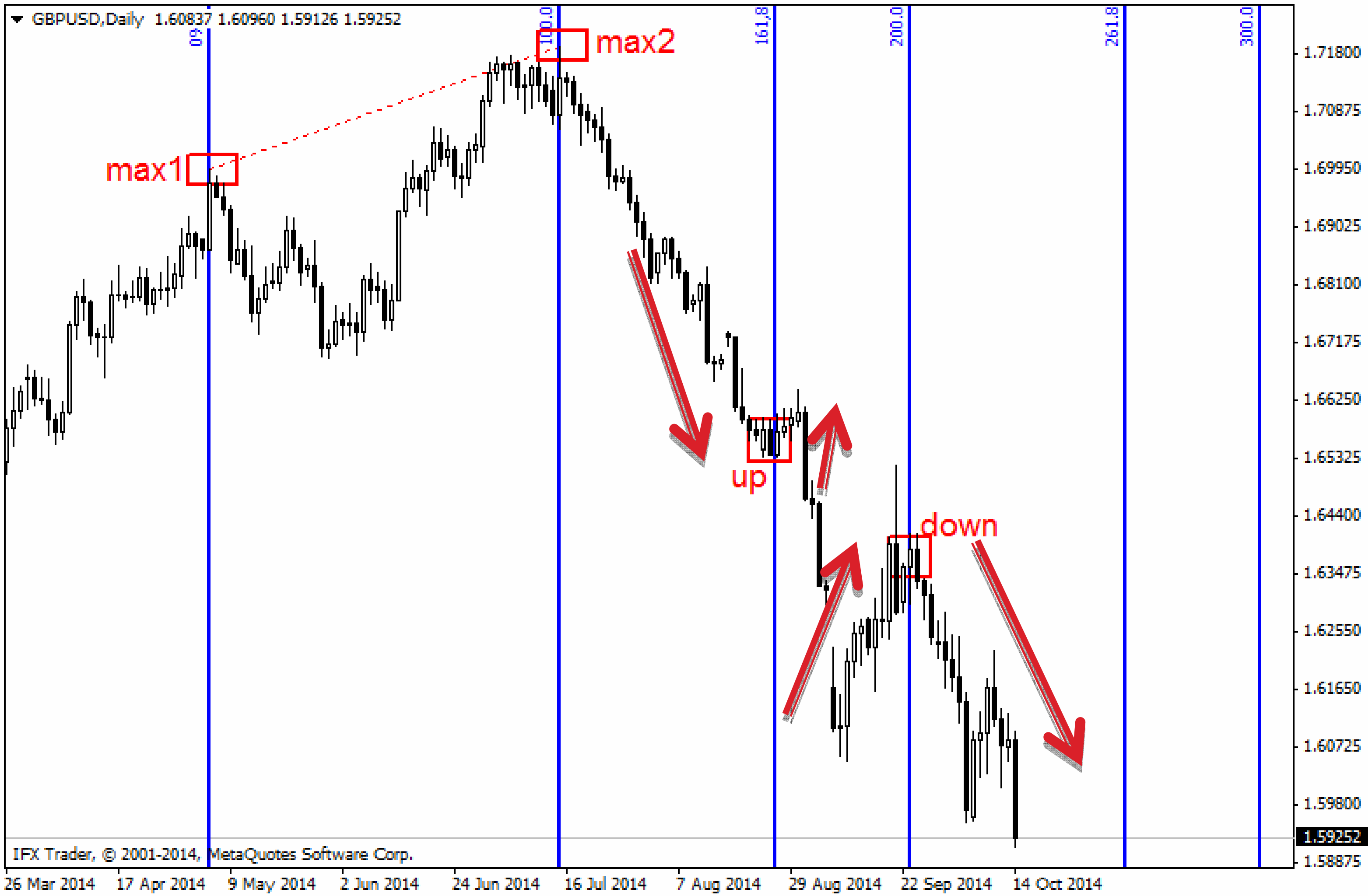
Fibonacci Time Projection



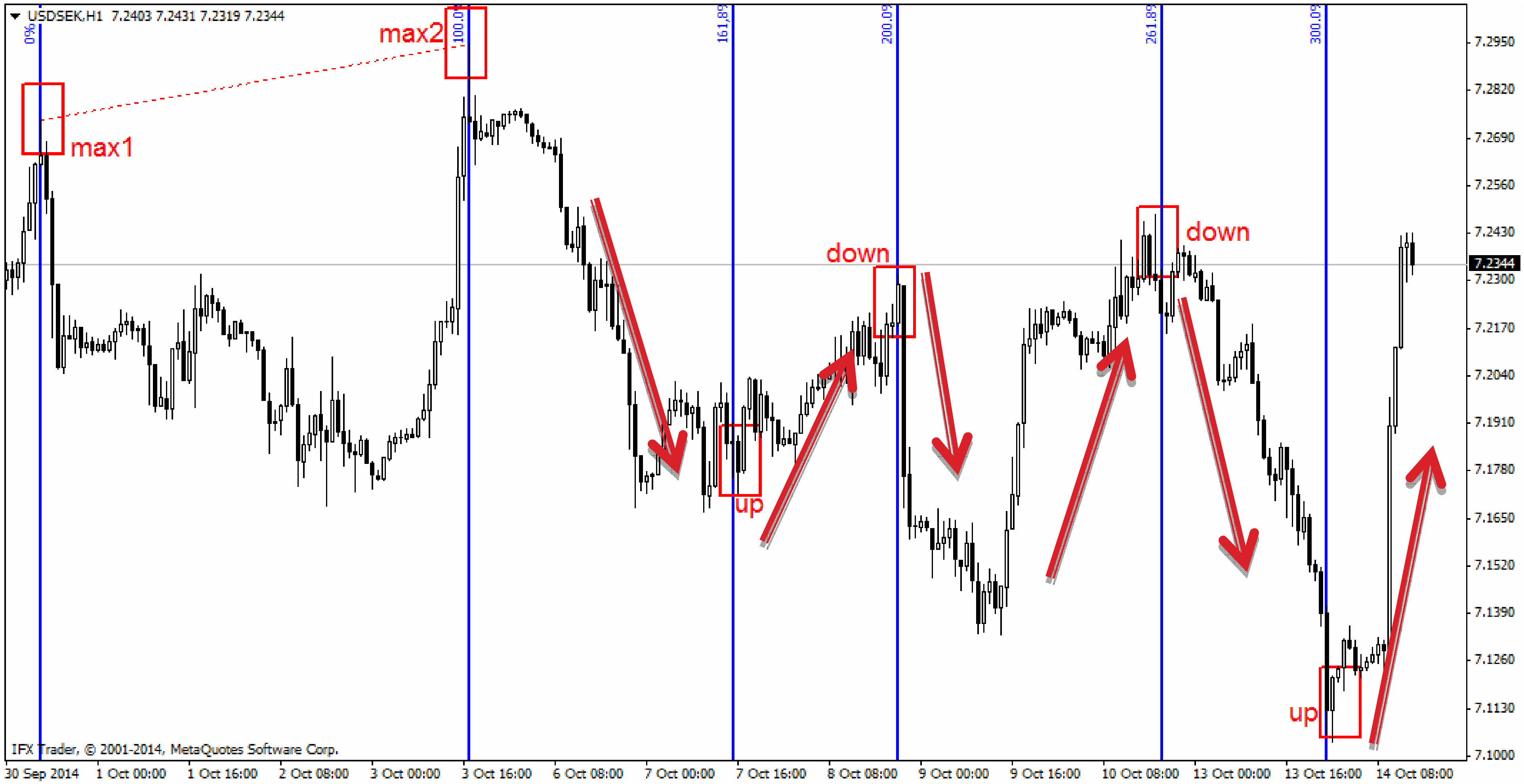
Fibonacci Time Projection



Fibonacci Time Projection



Fibonacci Time Projection



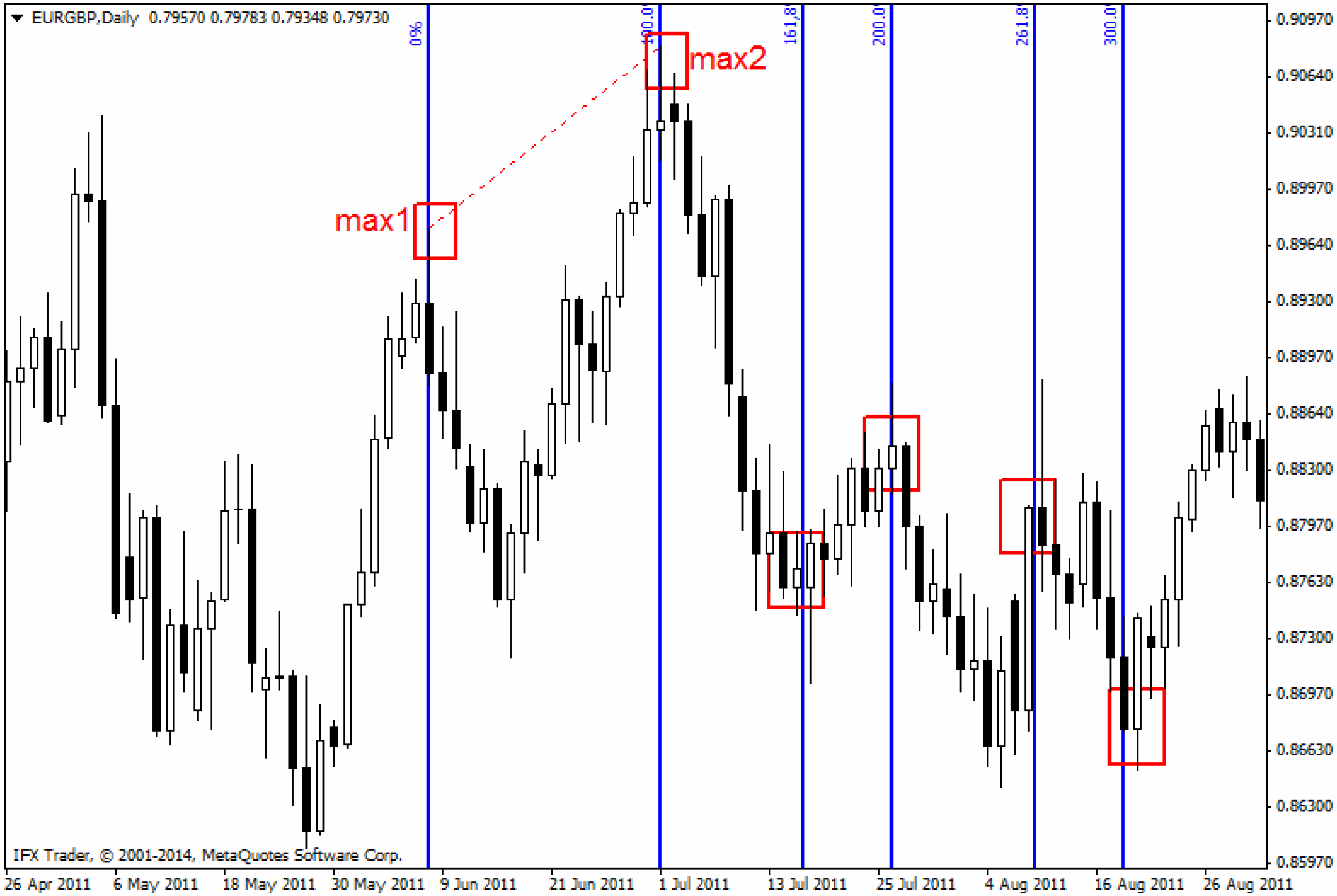
What to do when the price has gone beyond the 300% level?

In the case when the price moved beyond the 300% level, you must rebuild the FTP!

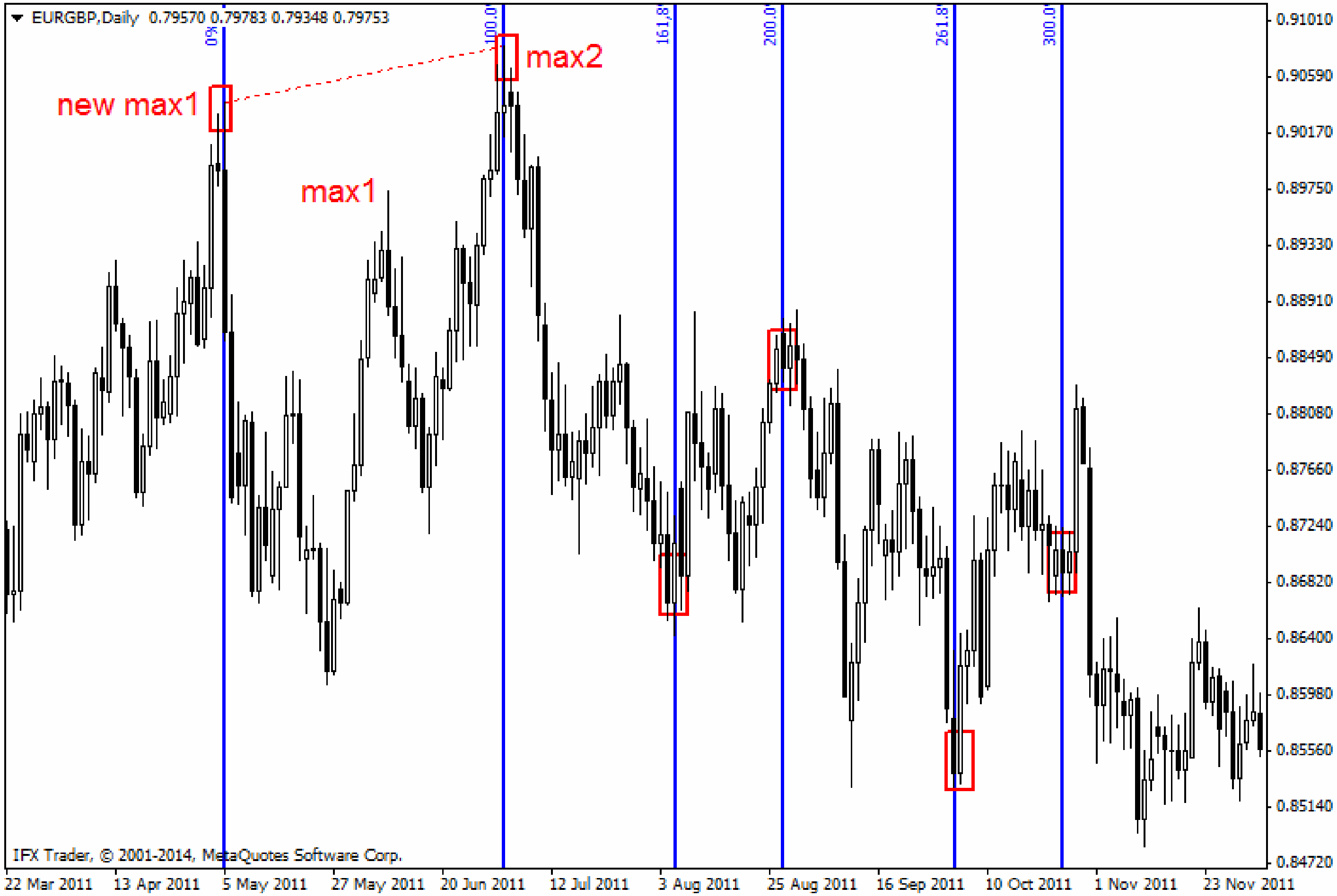
- 1. To rebuild the FTP, select such min1 or max1 that was observed before the current value min1 or and max1.

- 2. If the trend is changed, you must rebuild the FTP onto a new pattern for “two lows” or “two highs”.

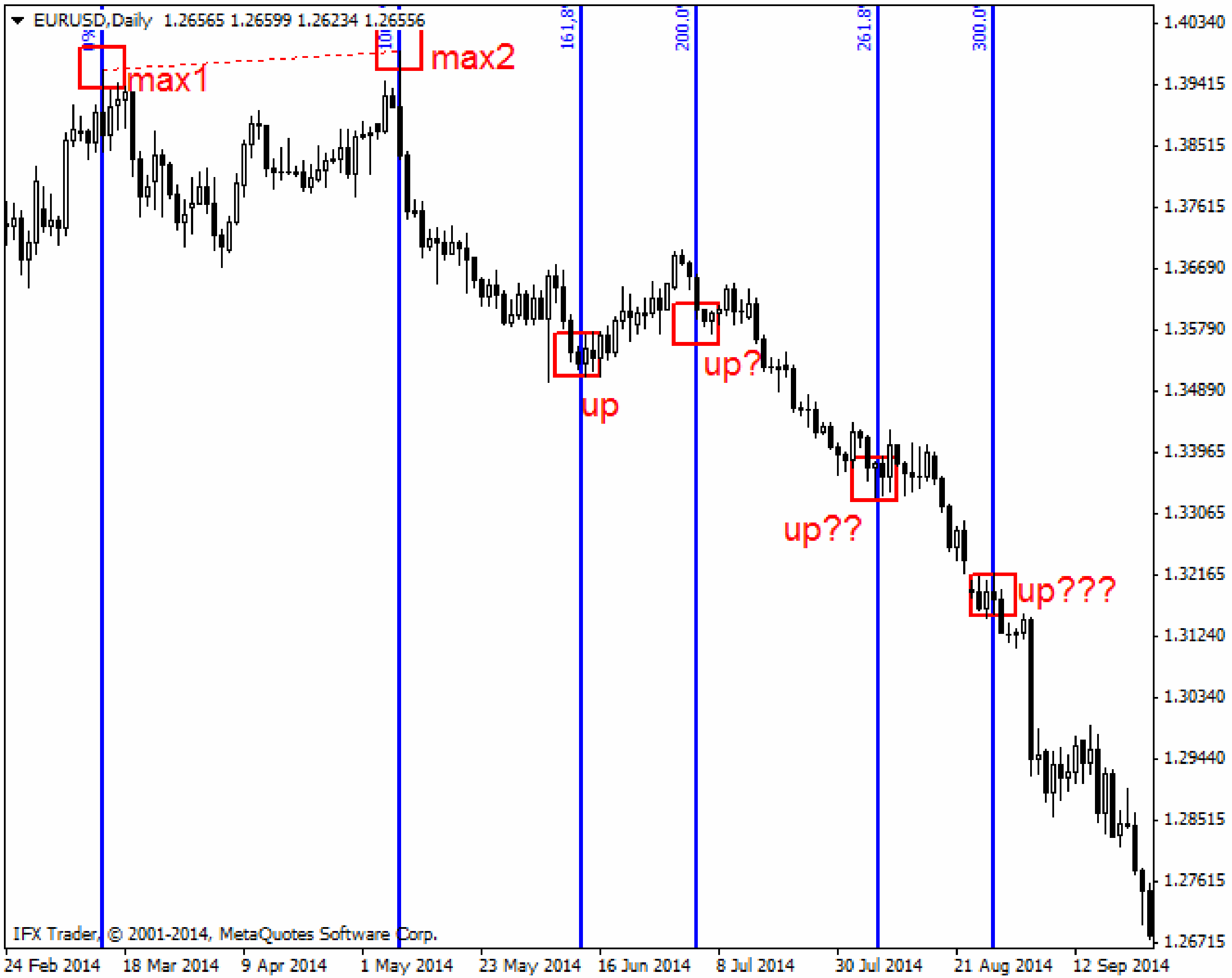
Example of rebuilding the FTP



Example of rebuilding the FTP



The only downside of the FTP

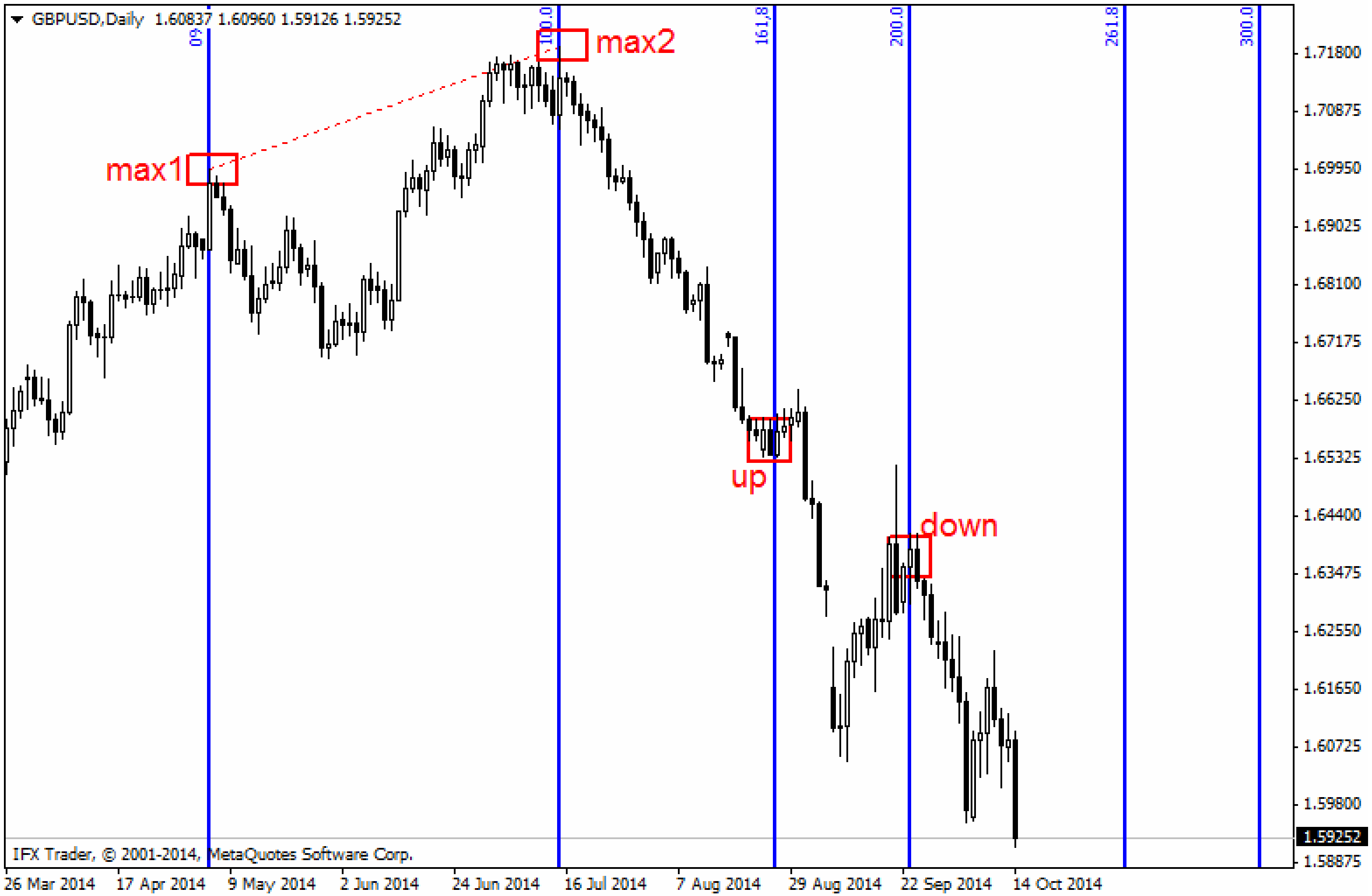


Q: How to turn a downside of the tool into its advantage?

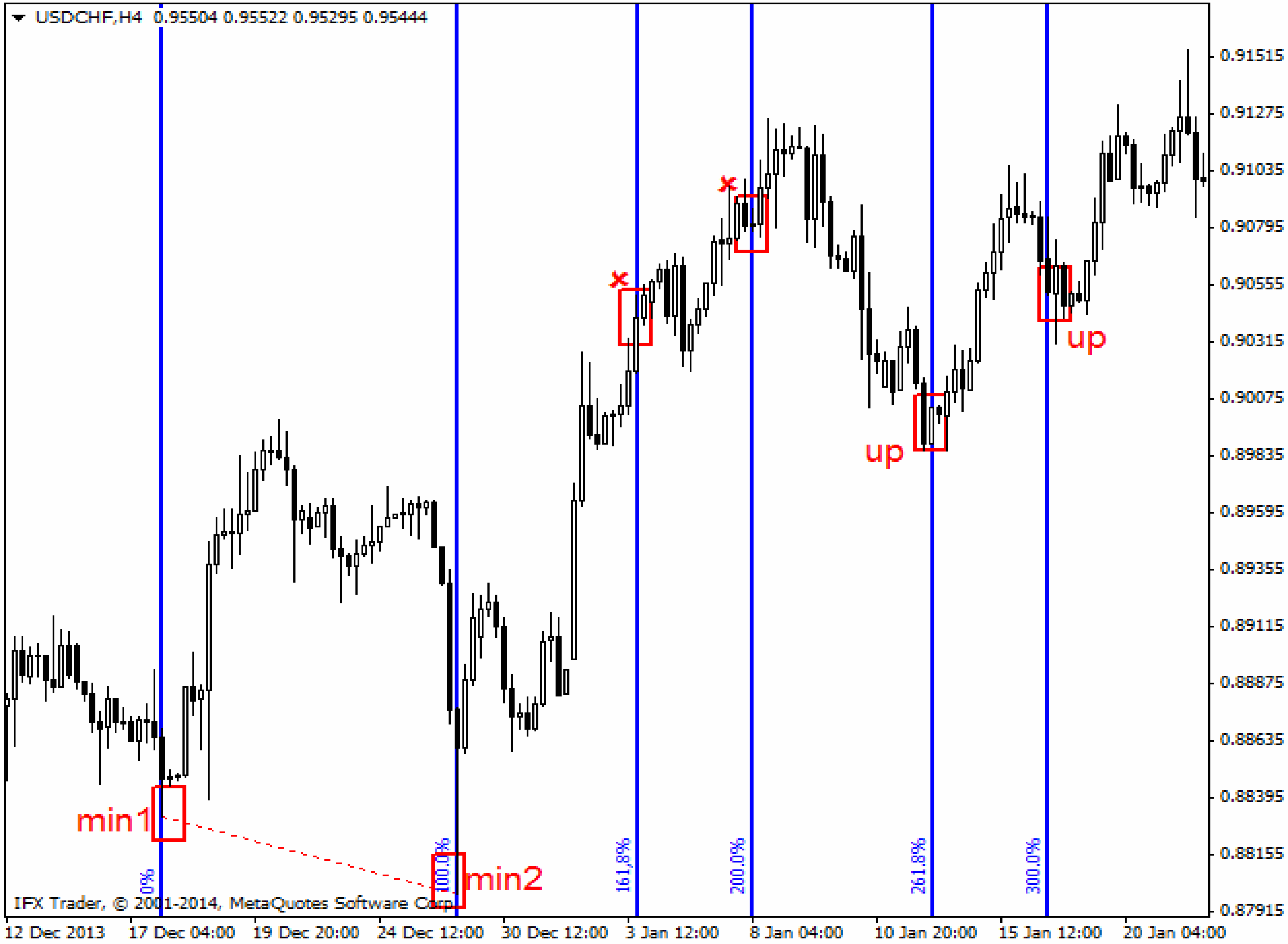
A: Just recall the message «Trend is your friend».

It sounds trivial but it makes money, be sure ☺

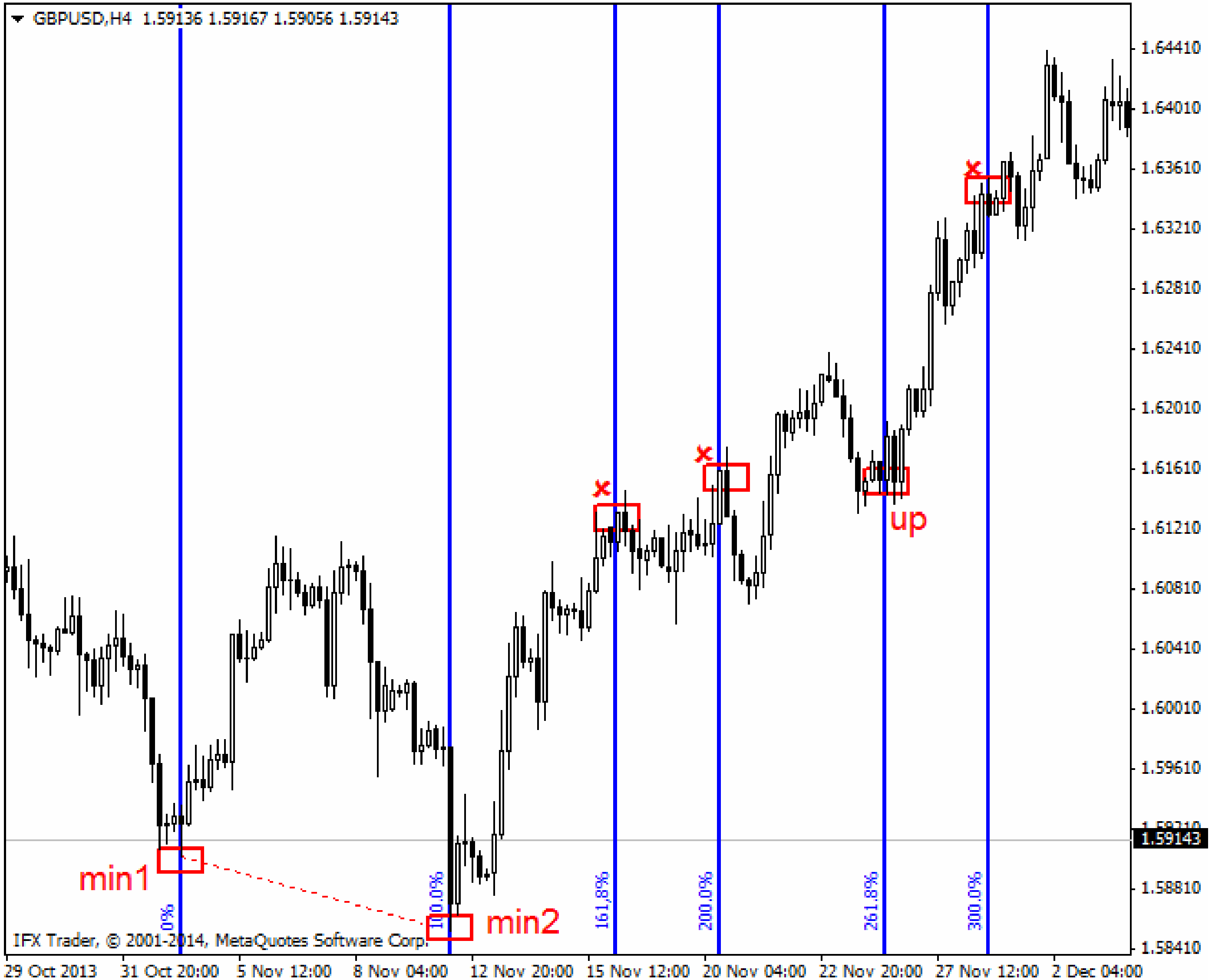
FTP: trend is your friend!



FTP: trend is your friend!



FTP: trend is your friend!



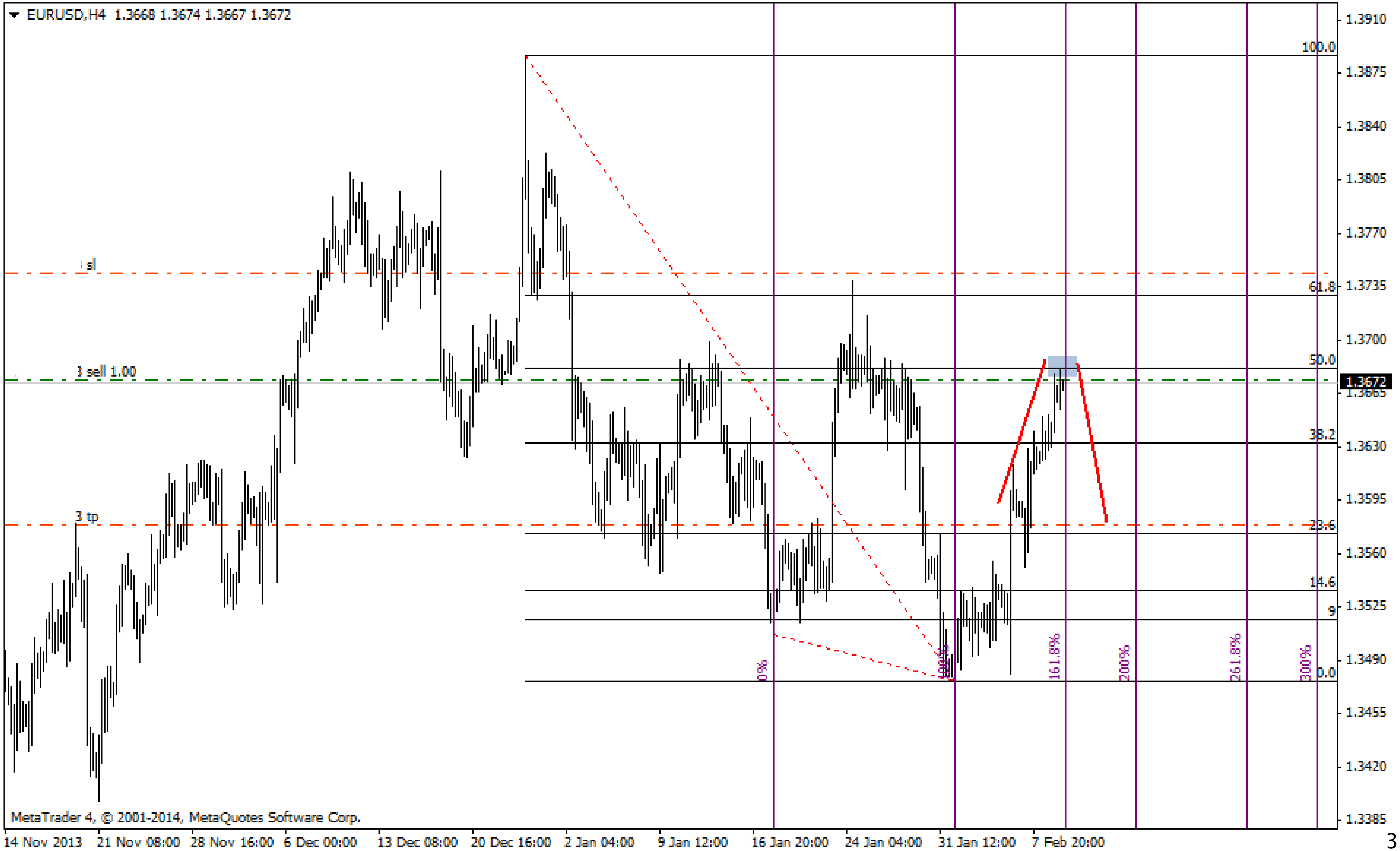
Q: How else can the Fibonacci time projection be supplemented?

A:

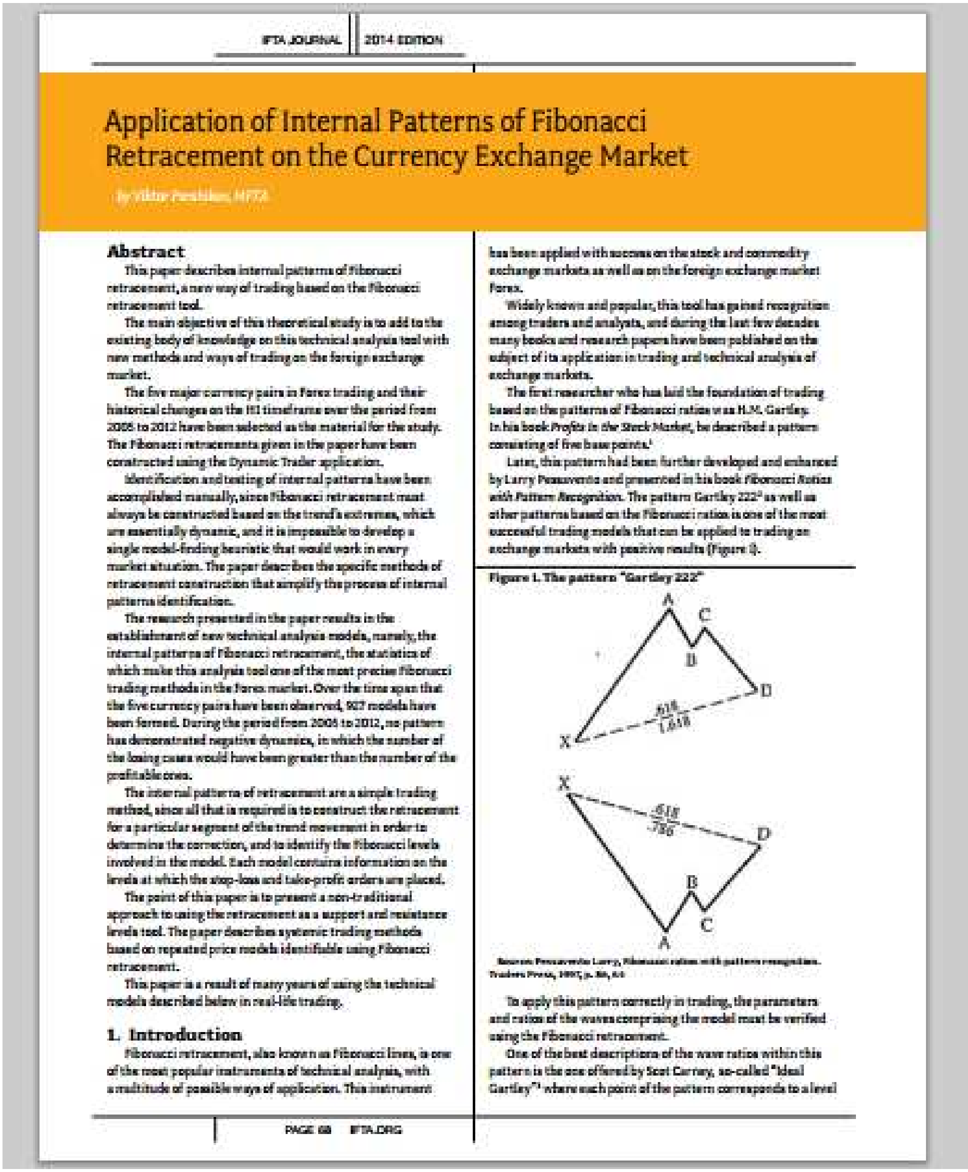
1. Support/resistance levels
2 Oscillators
3. Heikin-Ashi

Fibonacci Time Projection + CFA

FTP + res. level



Internal Patterns



Application of Internal Patterns of Fibonacci Retracement on the Currency Exchange Market

by Viktor Pershikov, MFTA

Abstract

This paper describes internal patterns of Fibonacci retracement, a new way of trading based on the Fibonacci retracement tool.

The main objective of this theoretical study is to add to the existing body of knowledge on this technical analysis tool with new methods and ways of trading on the foreign exchange market.

The five major currency pairs in Forex trading and their historical changes on the H1 timeframe over the period from 2005 to 2012 have been selected as the material for the study. The Fibonacci retracements given in the paper have been constructed using the Dynamic Trader application.

Identification and testing of internal patterns have been accomplished manually, since Fibonacci retracement must always be constructed based on the trend's extremes, which are essentially dynamic, and it is impossible to develop a single model-finding heuristic that would work in every market situation. The paper describes the specific methods of retracement construction that simplify the process of internal patterns identification.

The research presented in the paper results in the establishment of new technical analysis models, namely, the internal patterns of Fibonacci retracement, the statistics of which make this analysis tool one of the most precise Fibonacci trading methods in the Forex market. Over the time span that the five currency pairs have been observed, 927 models have been formed. During the period from 2005 to 2012, no pattern has demonstrated negative dynamics, in which the number of the losing cases would have been greater than the number of the profitable ones.

The internal patterns of retracement are a simple trading method, since all that is required is to construct the retracement for a particular segment of the trend movement in order to determine the correction, and to identify the Fibonacci levels involved in the model. Each model contains information on the levels at which the stop-loss and take-profit orders are placed.

The point of this paper is to present a non-traditional approach to using the retracement as a support and resistance levels tool. The paper describes systemic trading methods based on repeated price models identifiable using Fibonacci retracement.

This paper is a result of many years of using the technical models described below in real-life trading.

1. Introduction

Fibonacci retracement, also known as Fibonacci lines, is one of the most popular instruments of technical analysis, with a multitude of possible ways of application. This instrument has been applied with success on the stock and commodity exchange markets as well as on the foreign exchange market Forex.

Widely known and popular, this tool has gained recognition among traders and analysts, and during the last few decades many books and research papers have been published on the subject of its application in trading and technical analysis of exchange markets.

The first researcher who has laid the foundation of trading based on the patterns of Fibonacci ratios was H.M. Gartley. In his book *Profits in the Stock Market*, he described a pattern consisting of five base points.[1]

Later, this pattern had been further developed and enhanced by Larry Pesavento and presented in his book *Fibonacci Ratios with Pattern Recognition*. The pattern Gartley 222[2] as well as other patterns based on the Fibonacci ratios is one of the most successful trading models that can be applied to trading on exchange markets with positive results (Figure 1).

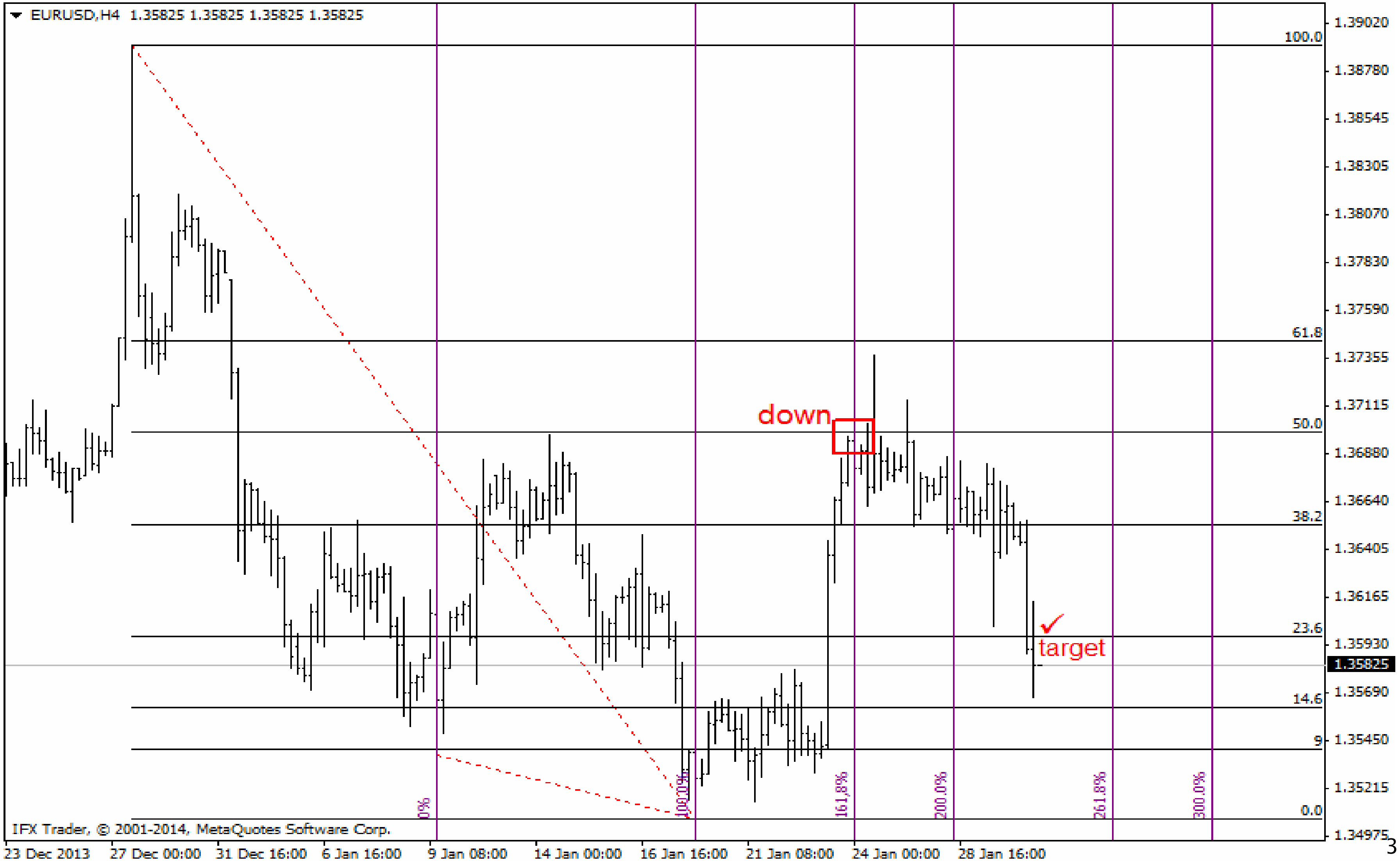
Figure 1. The pattern "Gartley 222"

Source: Pesavento Larry, Fibonacci ratios with pattern recognition. Traders Press, 1997, p. 88, 63

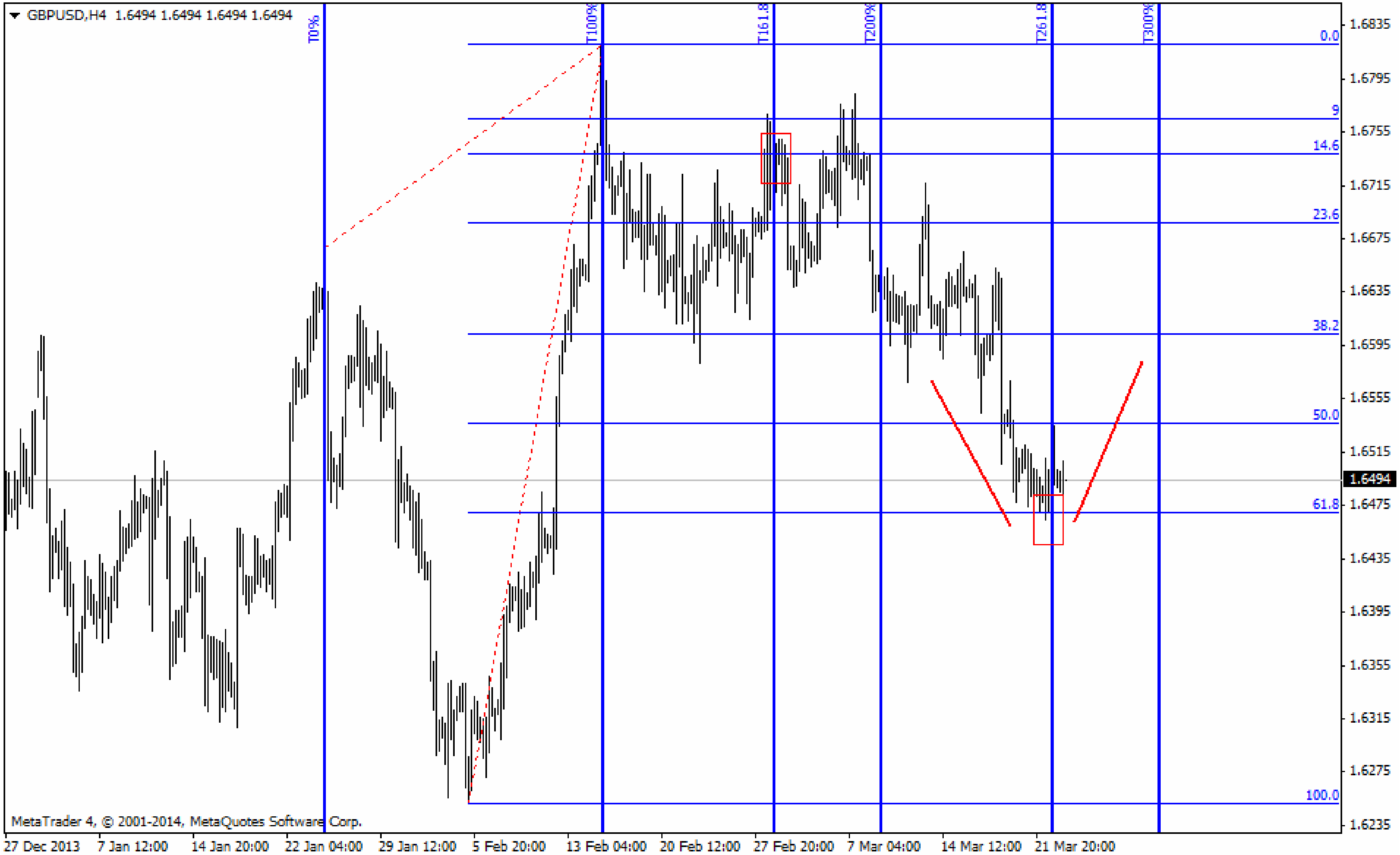
To apply this pattern correctly in trading, the parameters and ratios of the waves comprising the model must be verified using the Fibonacci retracement.

One of the best descriptions of the wave ratios within this pattern is the one offered by Scot Carney, so-called "Ideal Gartley"[3] where each point of the pattern corresponds to a level

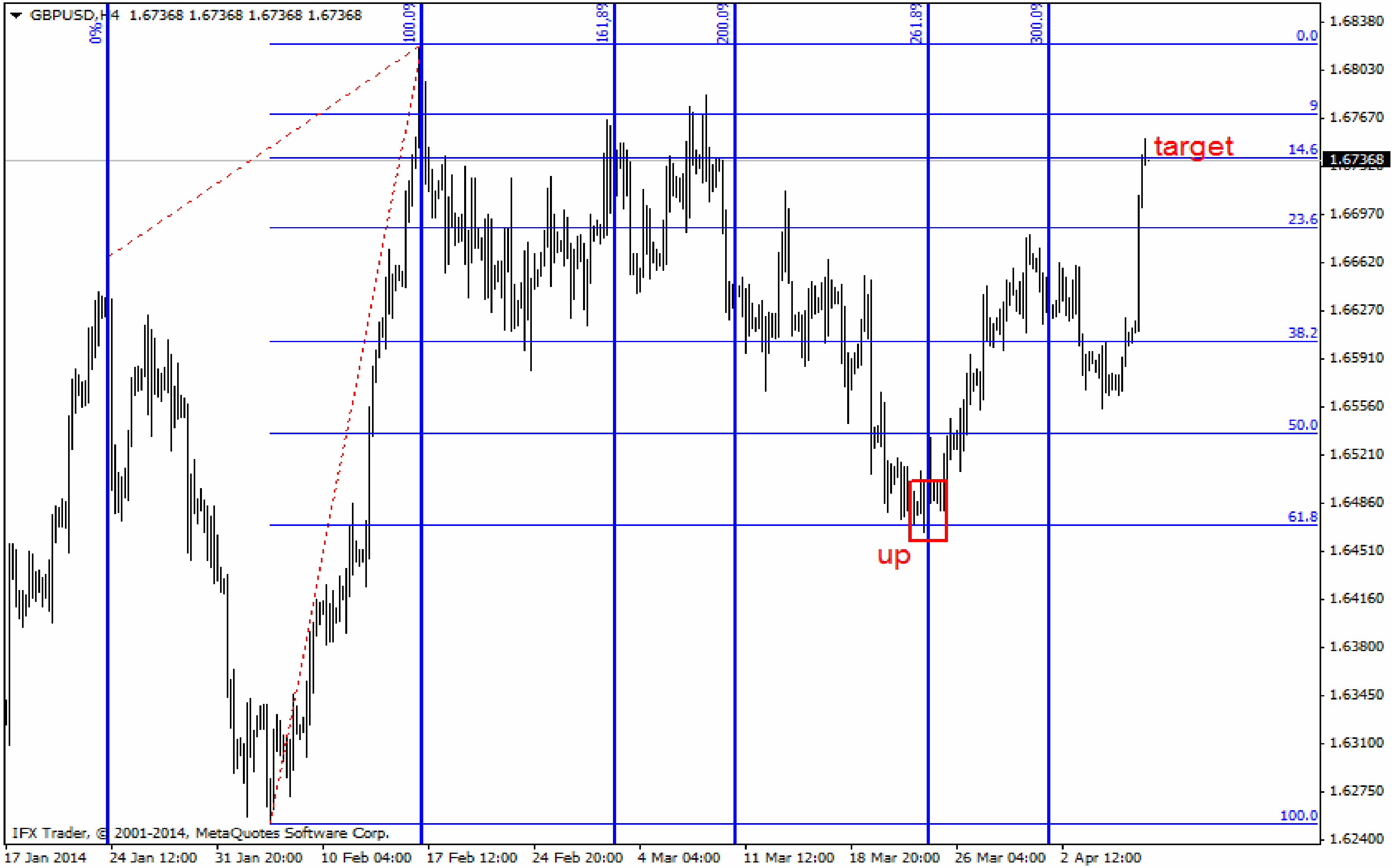
FTP + res. level



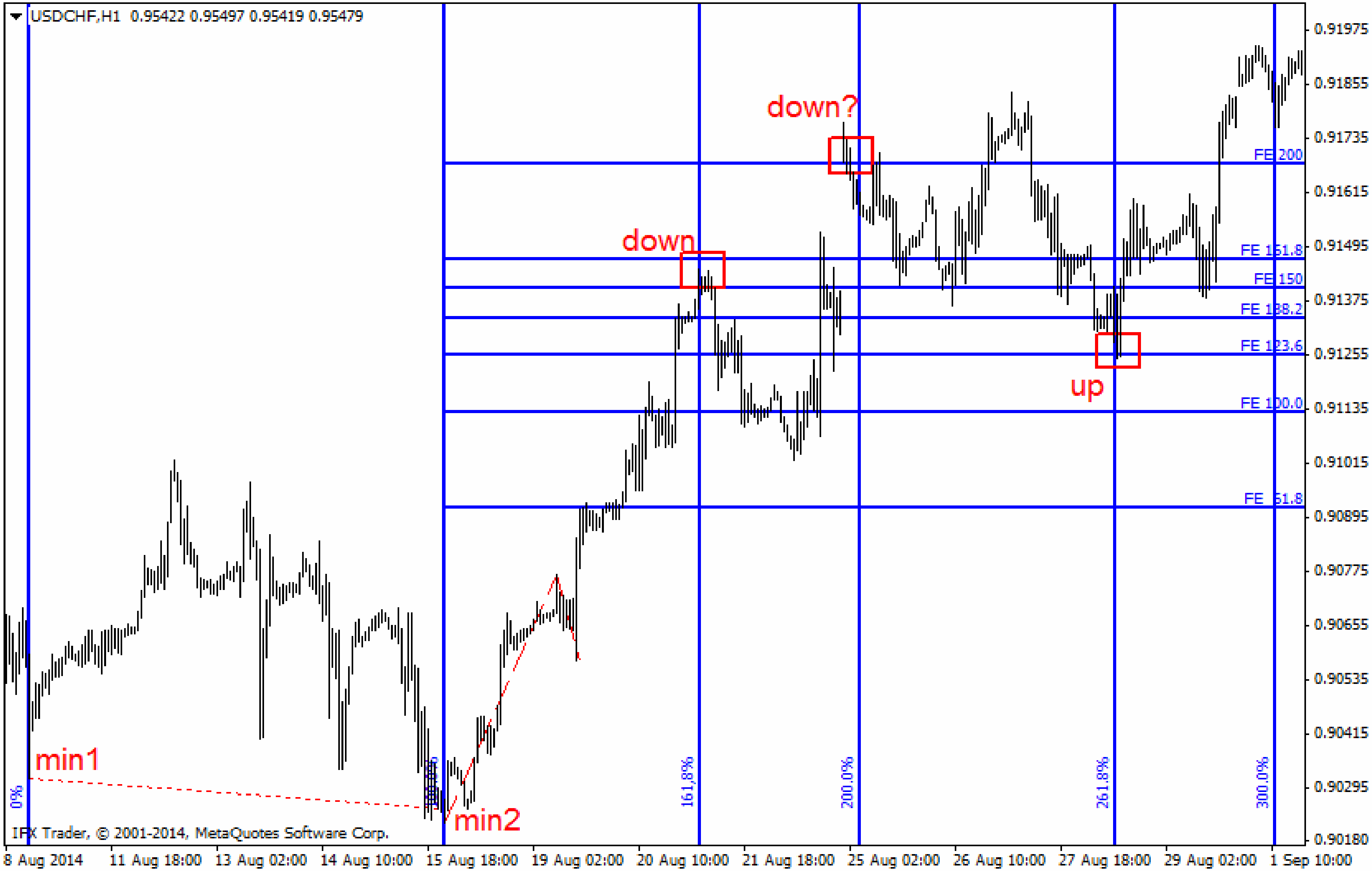
FTP + sup. level



FTP + sup. level

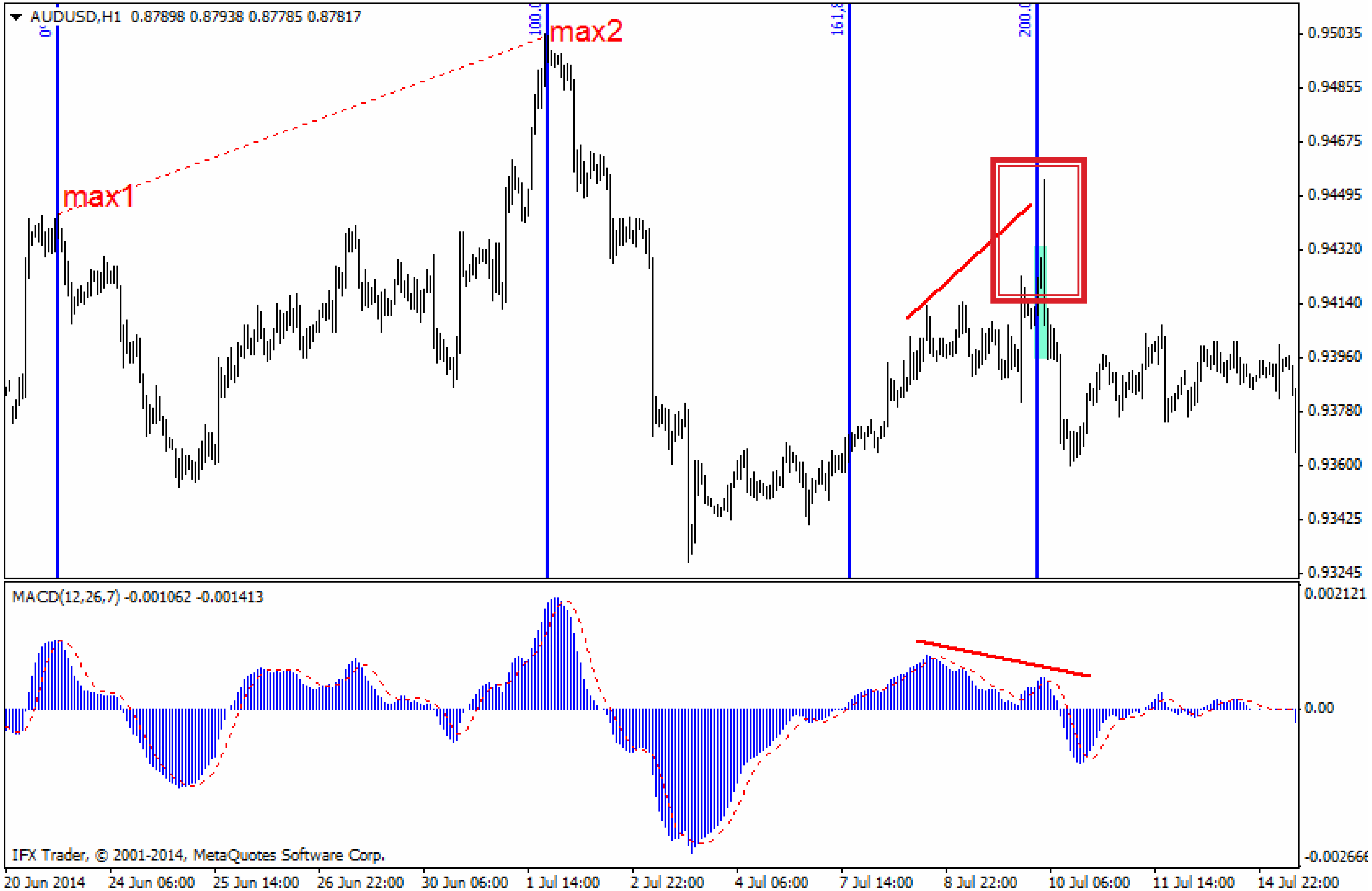


FTP + sup. level

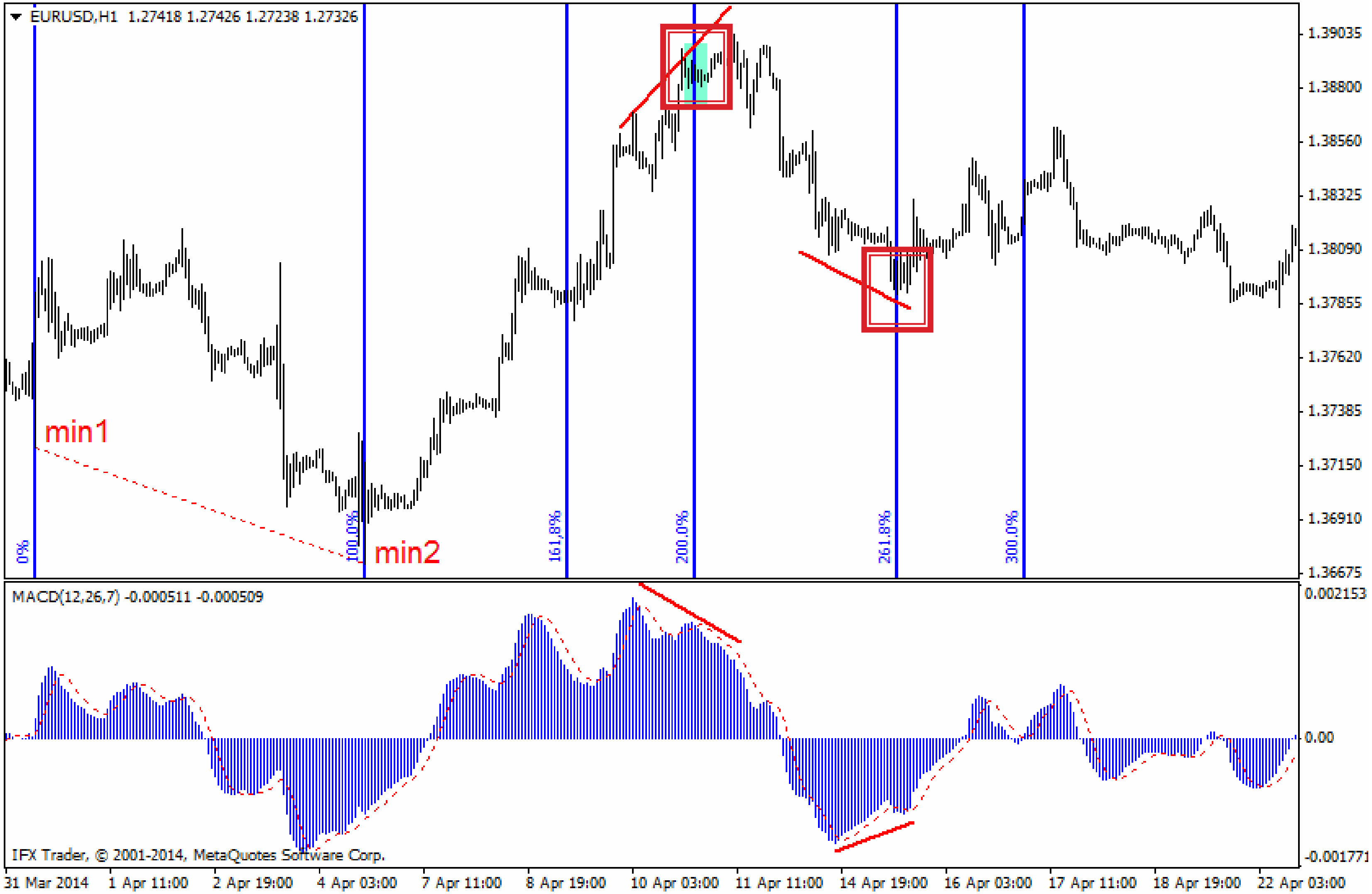


Oscillators + FTP

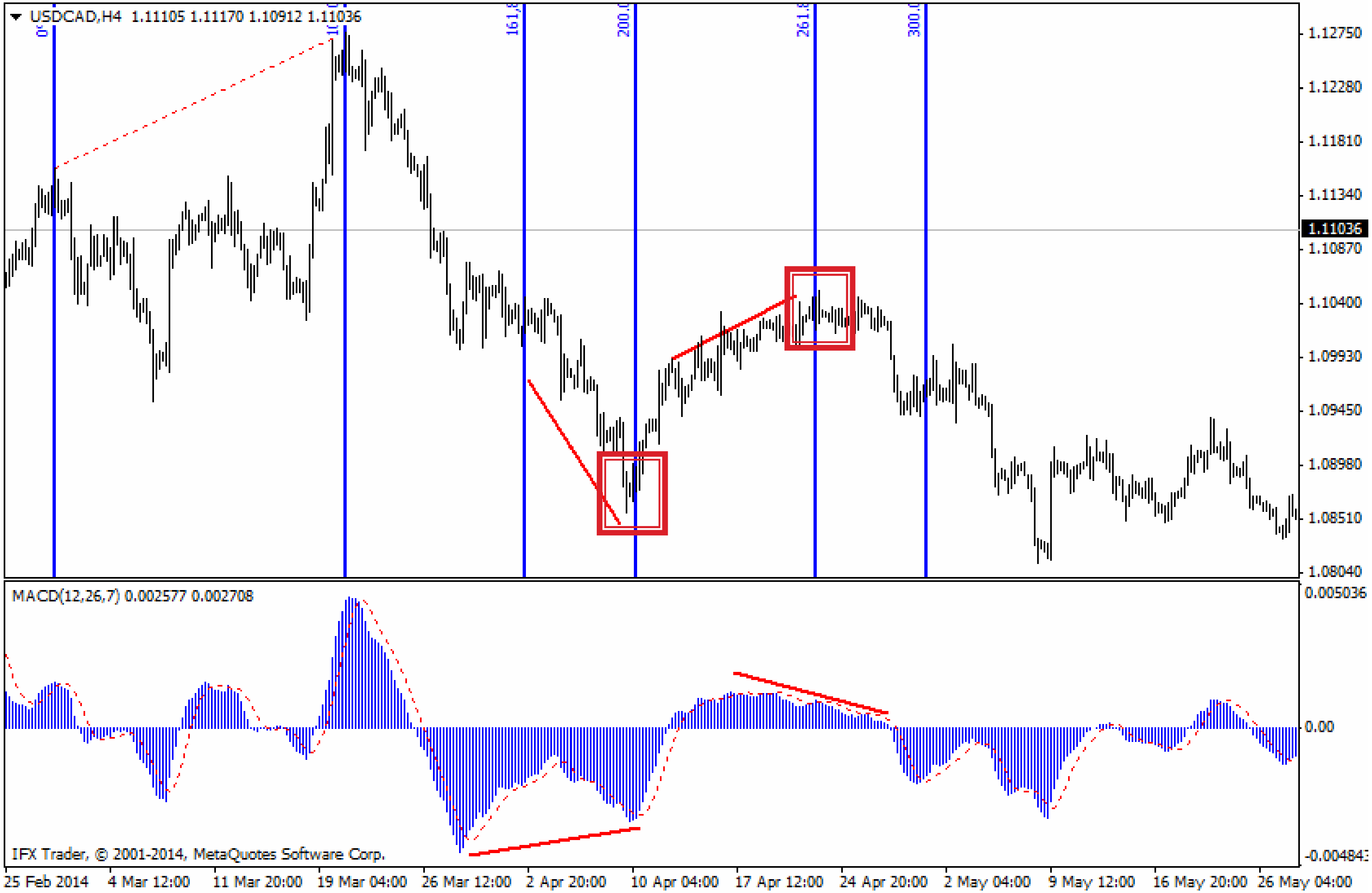
FTP + Divergence



FTP + Divergence & Convergence

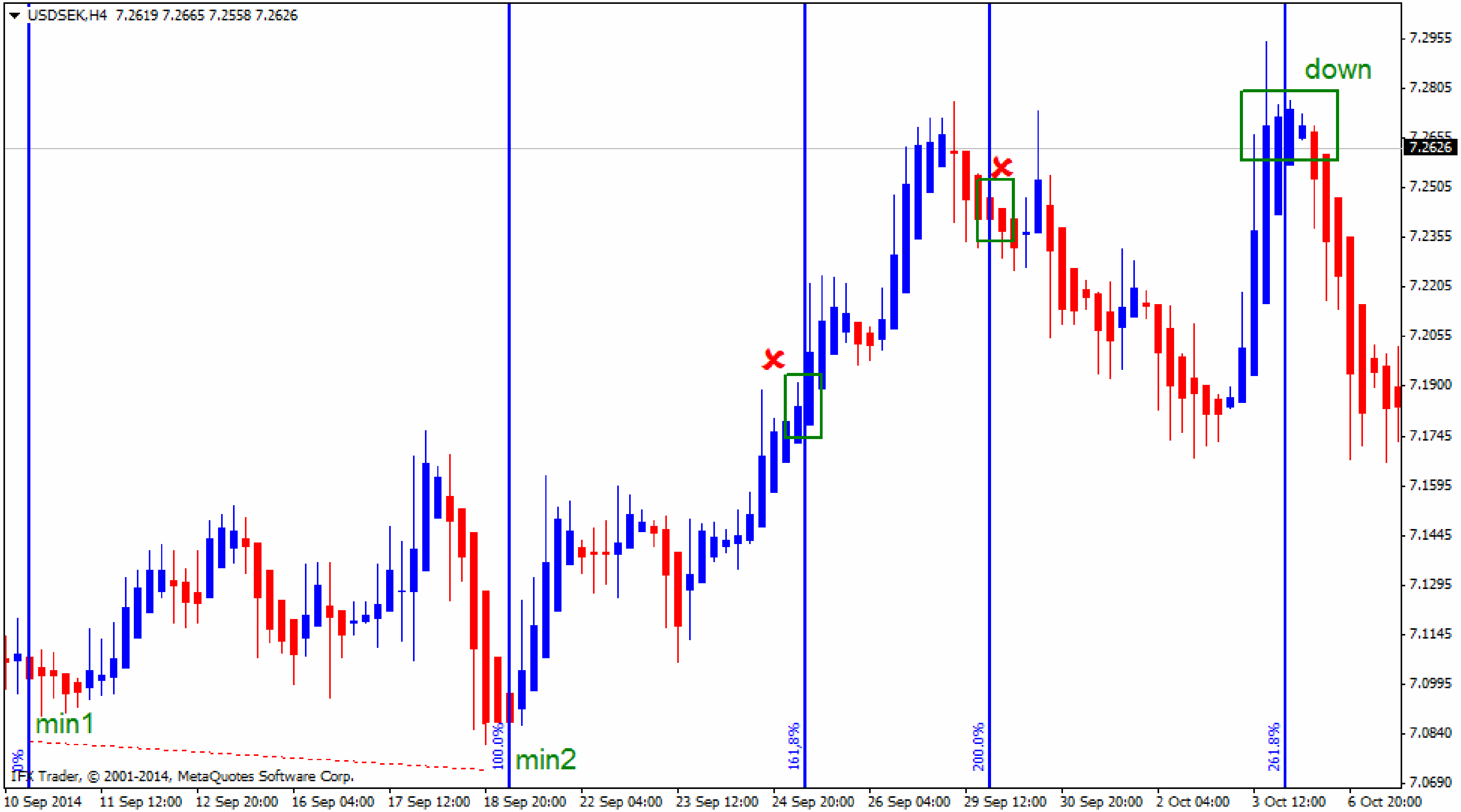


FTP + Divergence & Convergence

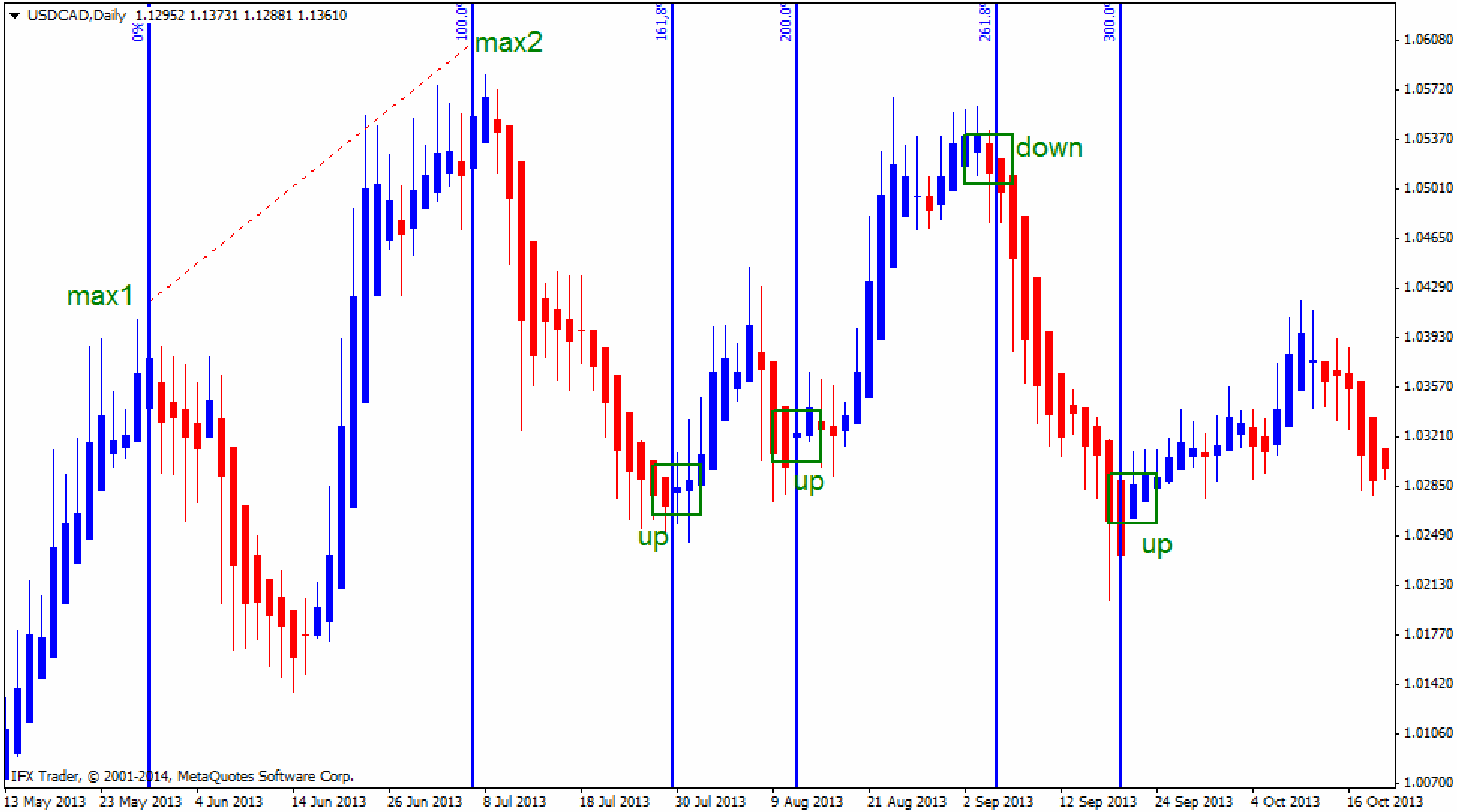


Heikin-Ashi + FTP

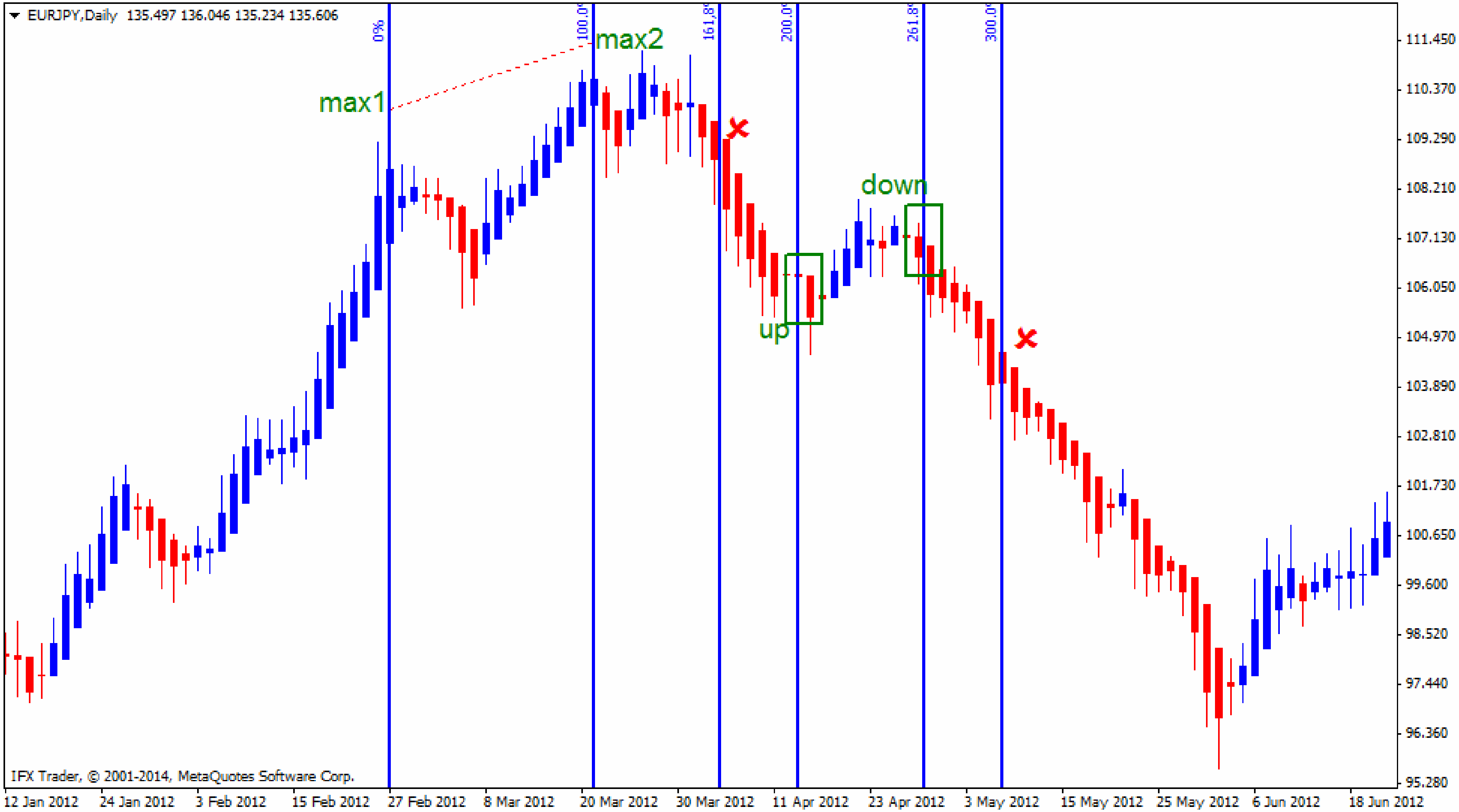
FTP + Heikin-Ashi



FTP + Heikin-Ashi



FTP + Heikin-Ashi



Trading with FTP

The main advantages of the FTP trading applications

- 1. Only 4 market entry points (161.8 %, 200 %, 261.8 %, 300 % levels);
- 2. A set of transactions by trend and counter-trend;
- 3. Sort of transactions:
  - Trend is your friend!
  - Using support/resistance levels
  - Divergence/convergence
  - Heikin-ashi
- With view of the possible price reversal after reaching a certain time level, trading is reduced to a simple selection of the most appropriate levels for currency pairs.

Q: What timeframes are best for trading with FTP?

A:

Starting from H1 and above. On the timeframes smaller than H1, the price noise is too great + the potential profit is not as high as in the mid-term transactions on H4, Daily, and Weekly timeframes.

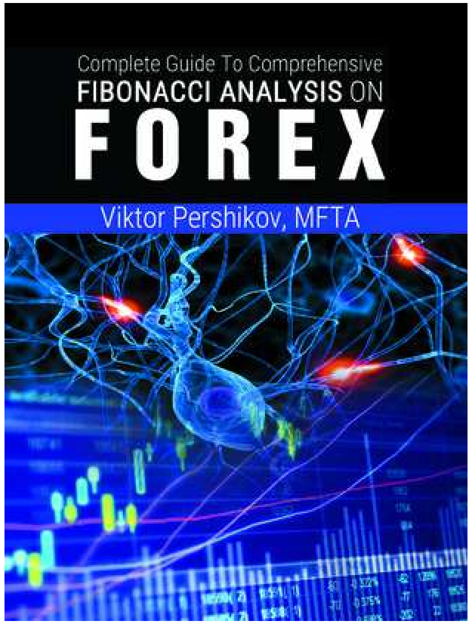
If combined with the Comprehensive Fibonacci Analysis, we get not only a place of the market entry, but also information about placing take-profit and stop-loss orders.

More about FTP and CFA

- The first book on

Comprehensive Fibonacci Analysis

- **Site:** www.fibomaster.com
- **Twitter**:@ViktorTrader
- **Contact**: tenokava@gmail.com



Best Regards,

Viktor Pershikov MFTA

THANK YOU!

Q&A