

<http://www.forexfactory.com/showthread.php?t=114792&page=595>  
[Traderathome #8911](#) Dec 18, 2009 1:54pm

About FEs:

Fibonacci Extensions/Expansions (the terms are used synonymously) are useful to obtain targets.

One way is to measure A to B, and then swing C up to the next high in the wave pattern (first chart, assuming short trade). This gives FE levels to select from.

Another way it to measure A to B, and then swing C down to the same level as B. And get your target levels that way (second chart).

Both ways obtain percentage levels of the A to B distance. But these percentage based levels are then applied to different starting points.

Ddaytrader demonstrated the first way, which I really like for SonicR trading. The second way is good for range breakout trading, where A is top of range and B is bottom of range (assuming short trade).

This link has good educational material: <http://www.fibonaccibook.com/>

Edit: Added two additional charts showing both ways starting one high point in the wave pattern further back in time. As you can see, both ways handled well the finding of Tp1. But the first way, the way ddaytrader demonstrated, gave a "cleaner" picture for the pull back. Another point worth the mention is that the first way will provide target levels closer in than will the second way.....more conservative.



