WELCOME TO BITKOVA ACADEMY

FIBONACCI RETRACEMENT

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Fibbonacci
Retracement

What is fibonacci?

Leonard Fibonacci a famous Italian mathematician in the 16th Century discovered a simple series of numbers that created ratios describing the natural proportions of things in the universe. These series of numbers find application in graphics, encryption, flowers and in many living things

The ratios arise from the following number series: 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377......

- This series of numbers is derived 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 that of the next higher number you get .618. For example, 34 divided by 55 equals *0.618*, 89 divided by 144 equals 0.618 and so on.

- If you measure the ratio between alternate numbers you get .382. For example, 34 divided by 89 = 0.382 and 21 divided by 55 = *0.382*. These ratios are called the "golden mean."
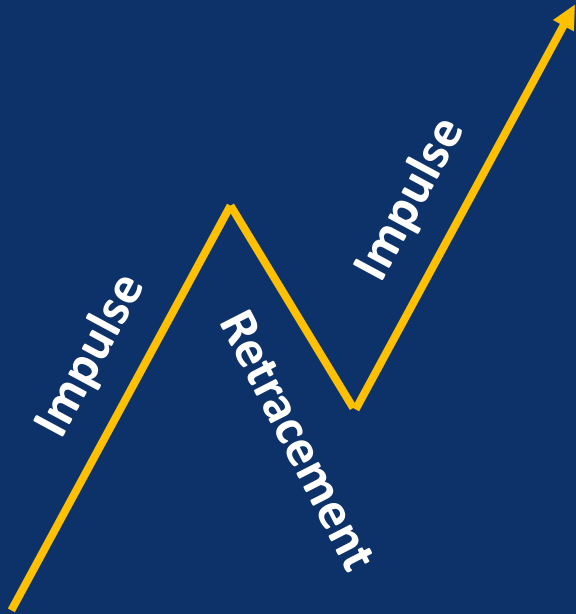
Fibonacci Levels

Fibonacci numbers can be used in plotting extensions and retracements.

▲ Traders use the Fibonacci retracement levels as support and resistance levels. Since so many traders watch these same levels and place buy and sell orders on them to enter trades or place stops.

▲ Traders use the Fibonacci extension levels as profit taking levels. Again, since so many traders are watching these levels and placing buy and sell orders to take profits, this tool usually works due self-fulfilling expectations.

▲ You won't really need to know how to calculate all of this. Your charting software will do all the work for you. But it's always good to be familiar with the basic theory behind the indicator so you'll have knowledge to impress your friends ☺.

▲ **Fibonacci Retracement Levels** 0.236, 0.382, 0.500, 0.618, 0.764

▲ **Fibonacci Extension Levels** 0, 0.382, 0.618, 1.000, 1.382, 1.618

How to use Fibonacci Levels for retracement

When the market makes an impulsive (Upward) movement, it need to make a retracement or correction, the fibonacci tool can be used to know the probable level where the market will make a turn. This support level and turning point can be predicted using fibonacci tool. In order to apply Fibonacci levels to your charts, you'll need to identify highest Swing on the chart and lowest Swing on the chart, then connect point A to B.

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CRYPTOCAP:BNB, 240 53.401B ▼ −1.54B (−2.8%) O:50.886B H:53.662B L:50.51B C:53.401B

Now select your Fib. and Join point A – B.