LESSON 5: FIBONACCI RETRACEMENTS

Forex Training Summary and Quiz

Fibonacci Retracement in Forex

The Fibonacci Sequence is a series of numbers that seem to consistently occur in nature.

Some analysts feel that it is possible to use a set of ratios derived from the numbers in the Fibonacci Sequence to determine potential retracement levels for future currency prices.

These retracement levels are used by Fibonacci proponents to set possible support and resistance levels.

Retracement refers to the tendency for a currency pair to "correct" after a particularly large rate swing moves the currency pair into an overbought or oversold position.

Of all the technical indicators, Fibonacci ratios may well be the most subjective as their placement on a price chart is entirely dependant on your ability to identify swing high / swing low prices with a potential for retracment.

Some analysts set potential stop-loss and limit order entry and exit points based on future retracement levels suggested by the Fibonacci ratios.

Putting It All Together

1. Fibonacci ratios are used by some traders to determine __________.

- future interest rates
- exchange rate volatility
- current trend strength
- future retracement levels

2. The "golden mean" refers to the Fibonacci ratio of __________.

- 50%
- 61.8%
- 38.2%
- 75%

3. The tendency for large exchange rate swings to "correct" is referred to as __________.

- realignment
- retracement
- auto adjust
- market fluctuations

4. When the exchange is trending *downwards*, Fibonacci Retracement levels may identify potential __________ levels.

- resistance
- swing high
- support
- swing low

5. When the exchange is trending *upwards*, Fibonacci Retracement levels may identify potential

__________ levels.

resistance

sw ing high

support

sw ing low

Score 5/5

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