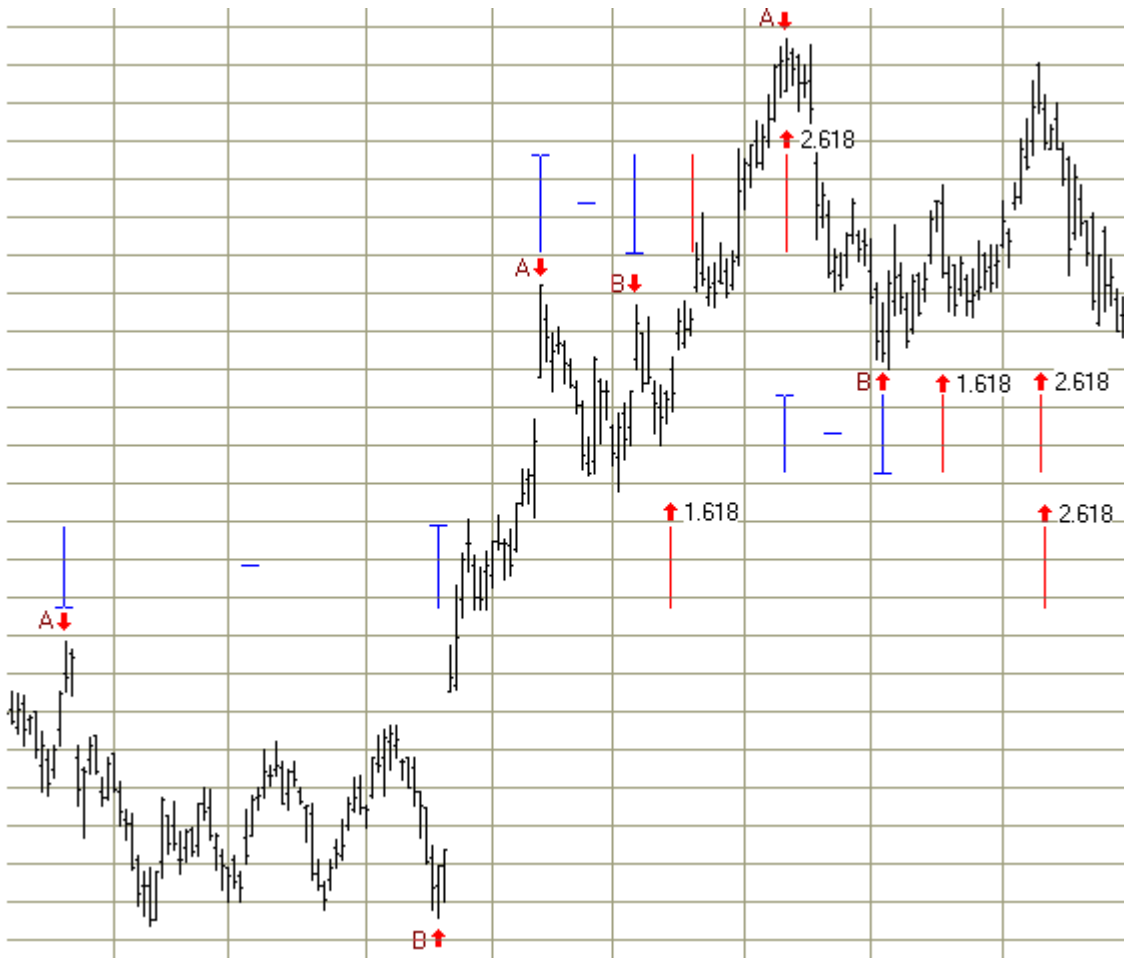


Fibonacci Ruler

The Fibonacci sequence involves the use of ratios, and the two ratios that are focused on in this trading tip are 1.618 and 2.618. Time can be forecast by measuring the horizontal time period between two points A and B, and multiplying by the Fibonacci ratios. The result is plotted rightward from point A.

Fibonacci time projections can be made from top to top, bottom to bottom, or top to bottom. Because of the multiplicity of swing tops and bottoms, there is the problem of a multitude of possible relationships. One solution to the problem is to use this tool in conjunction with other time-oriented information, such as Elliott wave counts or cycle analysis.

The following chart illustrates three Fibonacci Time Projections. Each time period measured is marked with blue lines and arrows labeled A and B. The forecasts are marked with red lines and labeled for the Fibonacci ratio used.



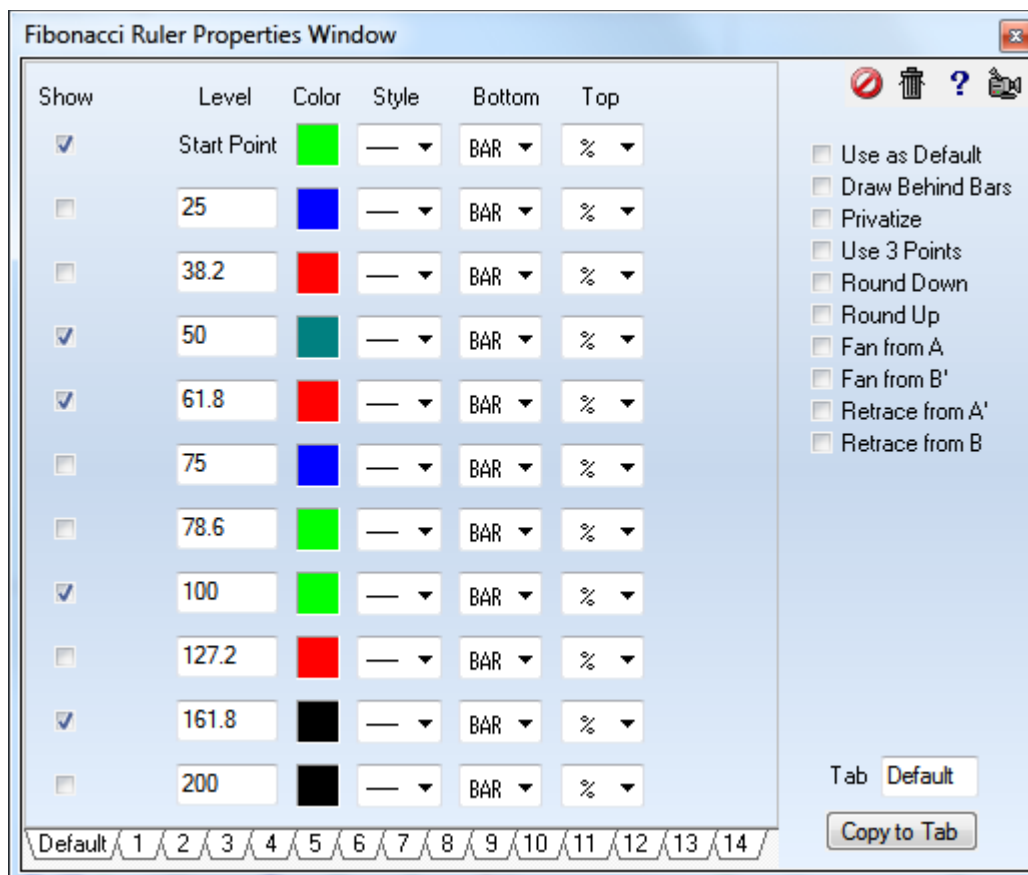
Fibonacci Time Projects are easy to make using the Fibonacci Ruler tool in Ensign Windows. To use the Fibonacci Ruler tool, click the Fibonacci Ruler button. The cursor will change to a pencil while in the draw mode. The Fibonacci Ruler indicates possible time movements from either two or three marked points on a chart. A start point and end point is necessary to draw the Fibonacci ruler on a chart. Vertical ruler lines extend from Fibonacci distances in relation to the start and point, and indicate possible turning points for the current trend or correction.

To draw the Fibonacci Ruler on a chart move the cursor on the chart to the starting point. The starting

point is generally an important High or Low on the chart. Click the mouse on the start point and on the end point. Vertical dashed lines will mark the Fibonacci Ruler lines. The lines are based on the distance between the start and end points. The Fibonacci Ruler uses .618, 1.272, 1.382, 1.5, 1.618, 2, 2.618, and 4.236 as possible ruler settings. Watch for the completion of a trend or correction at the ruler lines.

Properties

The percentages, colors and markers are configured on the tool's property form.



After drawing the Fibonacci Ruler on a chart, click the Chart Objects button, select Fibonacci Ruler, and then click Properties to view the properties window. The properties window can also be displayed by re-selecting the ruler lines and then right-clicking the mouse.

Use 3 Points - Place a check mark in the 'Use 3 Points' check box if you want the Fibonacci Ruler lines to extend from a 3rd point. In this case, you will need to click on a 3rd point when applying the tool. The Fibonacci values will be calculated from the first two points, and then extend from the 3rd point.

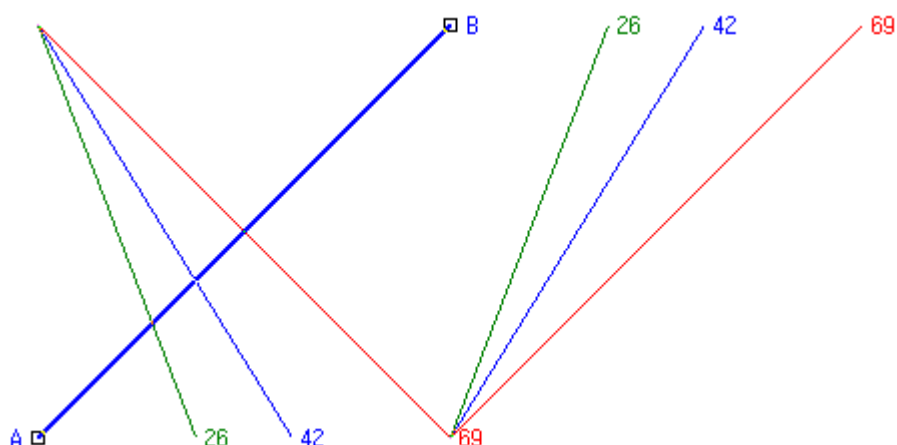
Round Down & Up – Calculated distances often fall at an end point that is in between 2 bars. Round Down will shift the alignment by moving the calculated end point leftward to the nearest bar's horizontal position. Round Up will shift the alignment by moving the calculated end point rightward to the nearest bar's horizontal position.

Fan and Retrace from A & B - These check boxes change the presentation from showing vertical lines to showing fans. The fan vertex can be aligned with construction points A, B or C. The choices of 'from A' or 'from B' use the price levels of those points. The choices of 'from A' and 'from B' use the opposite point's price level. When 'Use 3 Points' is checked, the alignment for the 'B' choices change to use point C in place of point B.

Level values are used to find horizontal points in time that are a percentage of the horizontal distance between the two construction points. The 'from A' box adds the distances to the 1st point's horizontal position. The 'from B' box adds the distances to the 2nd point's horizontal position, except when 'Use 3 Points' is checked, in which case the distances are added to the 3rd point's horizontal position.

The 'Fan' choices will draw a fan in the same direction as the A-B line construction. The 'Retrace' choices will draw a fan in a direction opposite of the A-B line's direction.

This example shows a 'Retrace from A', and a 'Fan from B'. The original points selected are shown by the diagonal blue line labeled 'A' and 'B'.



The example uses the BAR marker to count the bars from the fan vertex. The bar count between the two construction points A & B is 69 bars. A Level of 100 is drawing the red lines and labeling their BAR counts with 69. The blue lines with BAR counts of 42 have a level of 61.8.

Example calculation for the 61.8 percent level: $69 * 61.8 / 100 = 42$ (69 is the horizontal bar count between the two construction points.)



Adjusting the Fibonacci Ruler

Re-selecting the lines will activate the ability to move and adjust them to a different location. Click the mouse on the bottom of the first ruler line to activate the lines. The cursor will change to a pencil and square bullets will appear at the original construction points. Drag a square bullet to a new location and the ruler lines will adjust.