

Additional indicators of price action



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Presented by: Roko



Fibonacci retracement levels

Fibonacci numbers were discovered in Italy in 13th century.

The Fibonacci retracement are horizontal lines in chart analysis stems from the Fibonacci numbers.

The Fibonacci lines will represent possible support and resistance levels on the chart.

The distance between horizontal lines is set at multiples of 1.618: the first retracement line will be at 23.6%, next one at 38.2%, then third one at 61.8%, and the fourth one at 78.6%. It often includes 50% level too.

The hypothesis is that if there is an uptrend or downtrend move of the price, the price will retrace at any of these levels.



Fibonacci retracement levels

Fibonacci is an indicator that can be drawn between any two price levels of trader's interest.



No indicator is 100% accurate!



Oscillators

Oscillators are calculated indicators that use upper and lower band values.

When calculated **oscillator** value approaches one of these bands, it suggests that stock may be overbought or oversold.

There are numerous **oscillators** to try and use for your strategy. The most common **oscillators** are the:

- 1) Stochastic Oscillator
- 2) Relative Strength (RSI)
- 3) Rate of Change (ROC)

NOTE: No indicator is 100% accurate and, thus, oscillators are used in combination with other technical indicators to increase the probability of trade going into our favor.



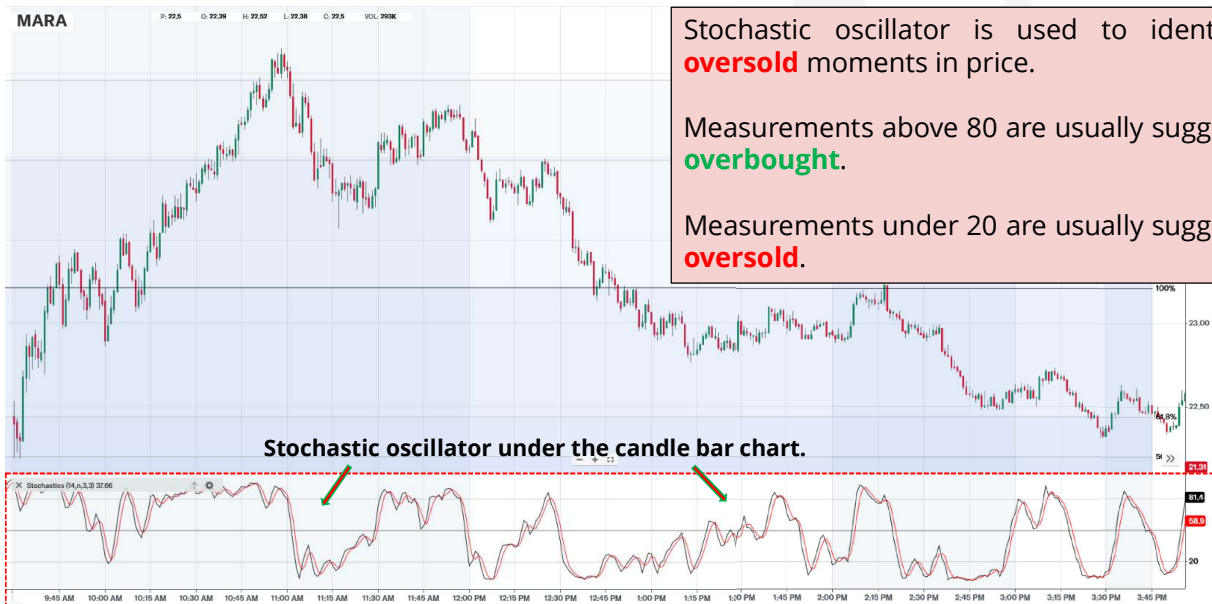
Oscillators: Stochastics

A stochastic oscillator is an indicator used in momentum trading. It compares closing price of a security to a range of its prices over a certain period of time on a scale 0 to 100.

Stochastic oscillator is used to identify **overbought** and **oversold** moments in price.

Measurements above 80 are usually suggesting that the stock is **overbought**.

Measurements under 20 are usually suggesting that the stock is **oversold**.



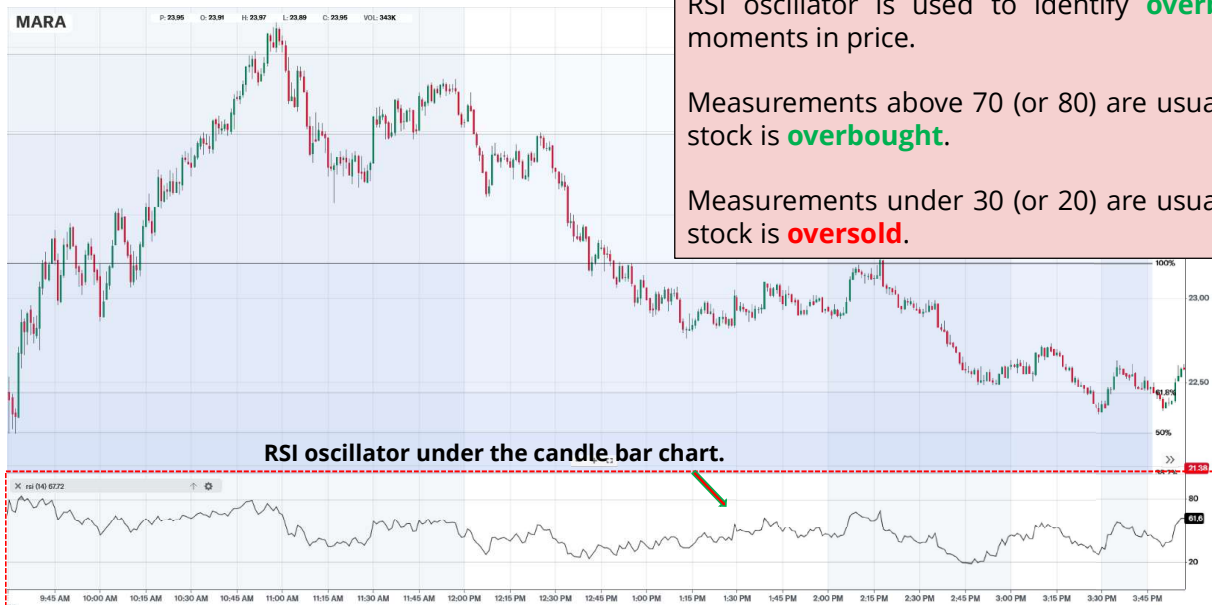
Oscillators: Relative strength Indicator (RSI)

A RSI oscillator is an indicator used in momentum trading. It compares the speed and magnitude of a security's recent price changes on a scale 0 to 100.

RSI oscillator is used to identify **overbought** and **oversold** moments in price.

Measurements above 70 (or 80) are usually suggesting that the stock is **overbought**.

Measurements under 30 (or 20) are usually suggesting that the stock is **oversold**.



Oscillators: Rate of Change (ROC)

A ROC oscillator is an indicator used in momentum trading. It compares percentage change in price between the current price and the price a certain number of periods ago.

ROC oscillator is used to identify **uptrend** and **downtrend**.

Measurements of ROC **above** zero (0) are usually suggesting that the stock is in an **uptrend**.

Measurements of ROC **below** zero (0) are usually suggesting that the stock is in a **downtrend**.

