

MDZ Price Action Indicator

Chapter 06 – Fibonacci End of Trend (Automated)

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Introduction

Introduction

- The automated Fibonacci End of Trend (EOT) is mainly used to find the **end of a trend**
- Two types of automated EOT
 - w261/w423 – weekly
 - m261/m423 – monthly
- The **weekly** EOT is used mainly on **Wednesday** and **Thursday**
- The **monthly** EOT is used as **support** and **resistance**
- EOT is considered good with the presence of other support and resistance

Levels in Fibonacci EOT

Levels in Fibonacci EOT

- The levels in Fibonacci EOT are used to find the possible ending area of the price movement
- Sometimes, the price reach the levels and reverse. Sometimes, the price go beyond that levels
- The alphabet “u” at the end of the level’s name is an abbreviation for “uptrend”, while “d” is for “downtrend”
- 423u, 261u and 161u are used in an uptrend movement, while 423d, 261d and 161d are used in a downtrend



- Normally, the automated EOT is used together with **weekly candlestick** pattern
- An example can be seen on the photo at the right side
- Weekly candle is **SELL**, so we're more interested to sell at **161u, 261u or 423u**. For this to happen, the price must go to the "u" Fibonacci levels
- If weekly candle is **BUY**, we're looking for buying opportunity at "d" Fibonacci levels



Function of EOT

Function of EOT

- The levels in Fibonacci EOT can be used as **Take Profit** level. You can exit your trade at those levels
 - Buy orders – exit at “u” levels
 - Sell orders – exit at “d” levels
- Other than that, the Fibonacci levels can be used to **enter** the market. The presence of other **support and resistance** levels is necessary. For example, the Fibonacci level that really **overlap** with Key Level or High Low might be a good level to enter the market
 - Buy at “d” levels
 - Sell at “u” levels

Direction of Price

- The direction of price **MUST** be correct in order to use the Fibonacci EOT effectively
- When looking for **buying** opportunity, the **price** must come from **upper area** and go to the “**d**” levels
- When looking for **selling** opportunity, the **price** must come from **lower area** and go to the “**u**” levels
- As usual, the presence of other support and resistance levels will make the Fibonacci levels to be more reliable



