

*Fibonacci Retracement Forex
Swing Trading Strategy*

FX REPLY

Backtesting Reimagined

Strategy Details

General parameters: Forex Majors (EURUSD, GBPUSD, AUDUSD, USDJPY, USDCAD, USDCHF, NZDUSD) or forex minors (EURGBP, AUDJPY, GBPJPY). Others could work as well; main thing is to avoid pairs with massive overnight spreads. 4hr time-frame for execution using alerts for when to monitor charts.

Indicators and drawing tools: 200 EMA, 50 EMA, and fractals indicators. Also the Fibonacci Retracement drawing tool with settings at 0, 1, and 0.71.

What to look for:

1. Identify a trending pair with up or down sloping 200 EMA (not flat).
2. Then wait for price to tap into either the 50 EMA or 200 EMA.
3. Then, using highs and lows from the fractals indicator, see if there is a clear high and low that you can draw a fib retracement on, where the 0.71 fib retracement level aligns closely with the EMA that got tapped ($< 0.25\%$).



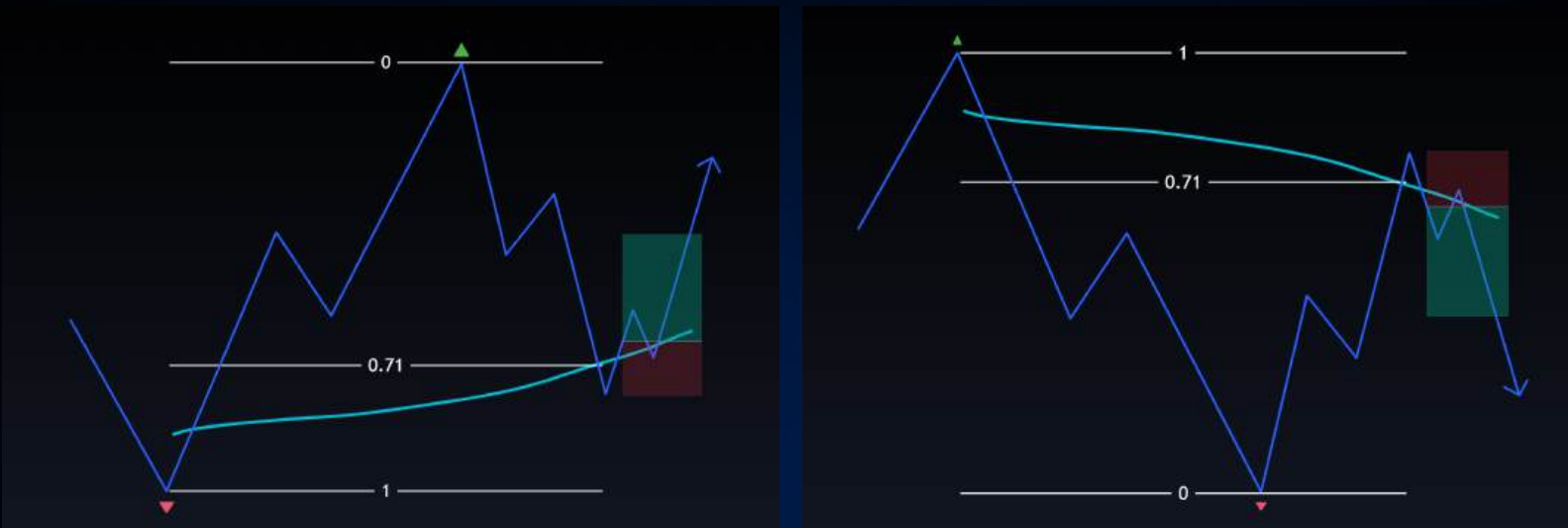
*The FVG is not required but makes for higher probability setups

Strategy Details

Entry Model: After items 1-3 have been met, wait for reversal strength (i.e. engulfing candle, bullish/bearish pin bar, etc.) to close in line with both the EMA and back on the other side of the 0.71 fib, after which you will enter.

Stop Loss: Stop loss will be the recent high or low that tapped into the EMA. Assuming you are using a normal spread broker (often 2-3pip spreads), a minimum 10pip stop loss is recommended.

Take Profit and Trade Management: TP at 2R, no trade management



Other rules:

- Large fair value gap near the origin of the move = higher probability setup
- Invalidation if price wicks above/below the start of the fib retracement
- If a second trade presents on the same pair when you're already in a trade, move first trade stops to break even after entering the second trade.
- If trades show up at the same time on correlated assets, pick whichever one is trending more (with preference for 50 EMA tap over 200 EMA).

"Trading is not about being right all the time, but about staying disciplined every time."

Strategy Details

Trade Checklist

- ✓ *Identify trending pair(s) with sloped 200 EMAs*
- ✓ *Wait for price to tap 50 or 200 EMA*
- ✓ *Fib retracement drawing 0.71 aligns closely with the EMA tap*
- ✓ *(optional) large FVG at origin of move for added confidence*
- ✓ *Reversal candle confirmation & price closes back on the correct side of both the EMA and 0.71 fib (entry)*
- ✓ *Stop loss at recent H/L, target 2R*

Remember, if any of the parameters are missing, the trade quality is reduced. Aim to only take A+ setups!

Examples



FX REPLY

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profitable strategy

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