

# FIBONACCI CHANNEL STRATEGY



If you have been looking for one of the best Fibonacci Retracement Channel Trading Strategy, look no further than what our team here at Trading Strategy Guides.com have developed!

The Fibonacci Retracement Channel Trading Strategy is designed for any market, and any time frame. So yes, aside from forex, that includes you stock, options, and futures people too!

**The reason we made this one-of-a-kind strategy is because we wanted to show the world how powerful the Fibonacci retracement lines are and why the market respects these lines on a consistent basis.**

I can go deep into what the Fibonacci Retracement Lines mean, but we cover that extensively [here in our Fibonacci Trend Line Strategy](#). So if you are new to the Fibonacci world, go ahead and read that article and come back here when you finish reading.

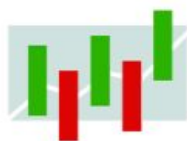
Also, this strategy is designed to trade inside the channels, not a break of one! Our popular [Rabbit Trail Trading Strategy](#) shows you how to trade the break of a channel.

Now...

## **Before we get started, let's look at what tools you need for the job for the Fibonacci Channel Trading Strategy:**

The First and ONLY tool you need is the:

**Fibonacci Channel Indicator:** This indicator may look different for you depending on what Platform you are using (Tradingview, MT4, Tradestation, Ninjatrader). They all come standard on your platform. This is similar to the Fibonacci Retracement tool, only you can turn the FIB levels to the upside or to the downside.



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Like this:



This will allow you to make perfectly straight parallel lines on the support and resistance points on the uptrend or downtrend. Check out the "[What Goes on at Support and Resistance](#)" areas if you have no prior knowledge as to what this is.

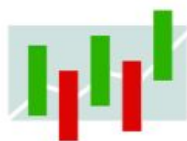
Let's now jump into the rules of the Fibonacci Channel Trading Strategy.

## Fibonacci Channel Trading Strategy

(\*RULES FOR A SELL TRADE)

**Step #1 Find a Strong Down Trend/ Uptrend that is Forming.**

This step is critical to get right. You need to find a strong current uptrend at this point. More often than not you will see this occur on a trend reversal. Not all the time, but a good portion of it.



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3 Fibonacci Retracement Channel Strategy

Take a look:



We saw here a nice uptrend before it broke the line of support and headed to the downside. At this point you need to continue to wait if the price will "bounce" off of a certain level and head back to the upside.

**Note\*\*** Our Fibonacci tool is not in play yet. At this point, we are waiting for the price action to head back to the upside hit a "resistance" level and then heading back to the downside forming a "Channel"

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**Never Again Will You Have To Spend Hours Manually Drawing and Deleting Fibonacci Levels on Your Charts with our Fibonacci Golden Zone Indicator.**



Scan This Image Above to see the key features of the Fibonacci Golden Zone Indicator..

**TAP HERE TO GET YOUR SPECIAL DISCOUNT**

**Step #2 of this Fibonacci strategy, In a Down Trend, wait for price action to consolidate and head back to the upside.**

Here is what it looks like:



Again, there is nothing here we are interested in trading. The price action needs to head back to the upside, consolidate, then we are ready for business for a sell entry.

### Step #3 of the Fibonacci channel strategy: Wait for Price action to "Hit a Ceiling" or in other words Consolidate Again.

Here is what this step will look like:



You can see in the chart above that I labeled each step of the Fibonacci channel trading strategy. Each step is colored.

So at this point here is what has happened. Price action broke a main up trend and then cause a long bearish trend (Step #1) Then, after consolidation, the price action went back to the upside (step #2) This uptrend continued for quite a while before finally consolidating again (step #3)

## Step #4: Apply Fibonacci Channel Indicator

I will walk you through where to place this. You already did most of the work already following Step 1-3 so this step should be very simple.

**Place the Fibonacci Channel Indicator on the consolidation #1 and Consolidation #2 in the direction of the channel.**

Like this:





Once you do this, congrats! It's now time to search for a trade...  
 After it shows you one more thing to confirm that this is indeed a channel :)

## Step #5: Wait for Price action to push down and pull back. (Make Entry after Pull Back)

Here is what This looks like:





Great! Do you see that on the pull back it hit our channel line? That is exactly what you want to see!

Below are all the steps so far with this trading strategy:



Take a minute and study this picture above. There is a lot to digest there!

This is the main five steps it takes to make a SELL entry based off of this strategy. Simply follow each step by their color and you got your first entry!

## SELL Entry #1 and Entry #2

So you already know where to enter the first trade.  
Right here:



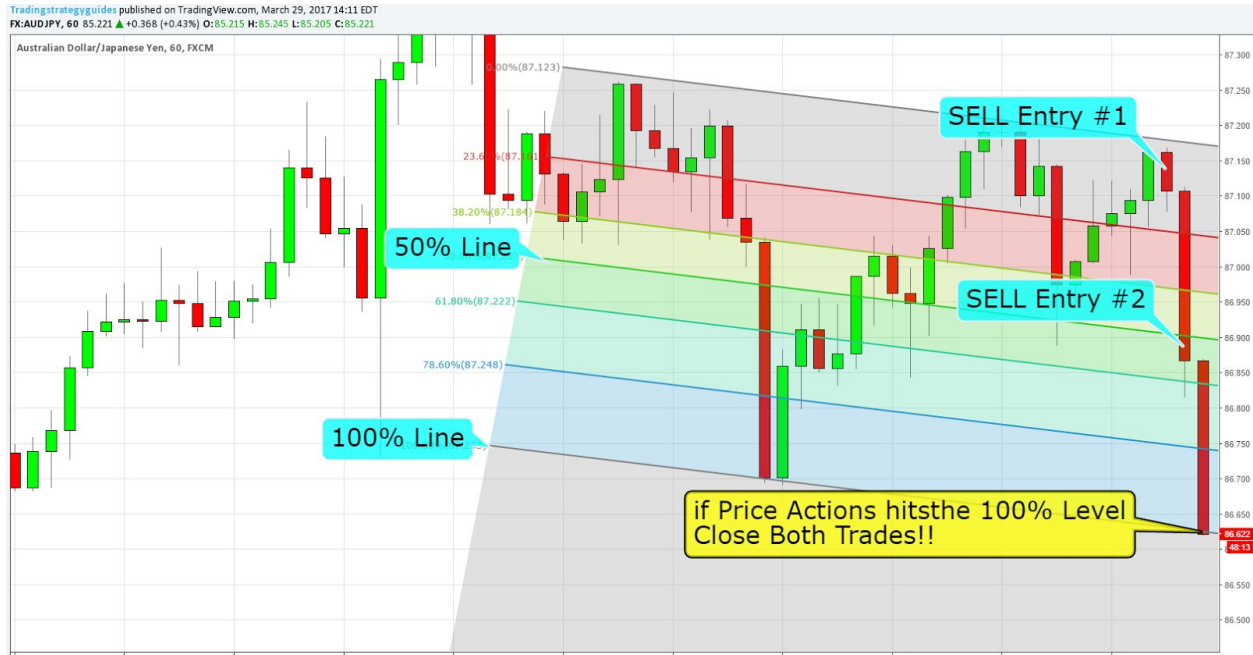
Now.. You want to press you winners with this strategy so when the price action hits the 50% mark of the Fibonacci Channel indicator you make a second entry!



So at this point, you have two trades on, both in profit.

## TAKE PROFIT/STOP LOSS

When the price action hits the 100% Fibonacci channel line you drew you will close both trades immediately, no exception!



This is the other support level. When the price hits this level there are many things that could happen (Mostly bad)

You see a lot of buyers know this level, so they have BUY entry orders sitting at the 100% line of that channel. Once price action hits that level it's going to trigger all of those buy entries (along with many sellers getting out) and this is what's going to happen most likely:



It's [simply traders making trading decisions!](#)

You want to use a trailing stop loss. So as the price moves down you will be moving your stop loss accordingly. There are advantages and disadvantages to using a trailing stop. Our team tested a few different methods with this strategy and agreed that a trailing stop loss is the way to go with the Fibonacci Channel Trading Strategy.

Here is what it would look like during the trade:



Once the Price action touches the 50% Fib line and we added a second entry, go ahead and move your stop loss to your first entry at the 38% Fib Line.

This will lock in some profit in case the price action decides to turn on you and head to the upside!

Once the Price action touches the 78% Fib line move both stop losses to the 50% fibonacci line. This will lock in profit for the first trade and you will break even on the second trade! You still win either way.

Take a look:





Like I said before, you exit both trades immediately when the 100% fib. line is touched!



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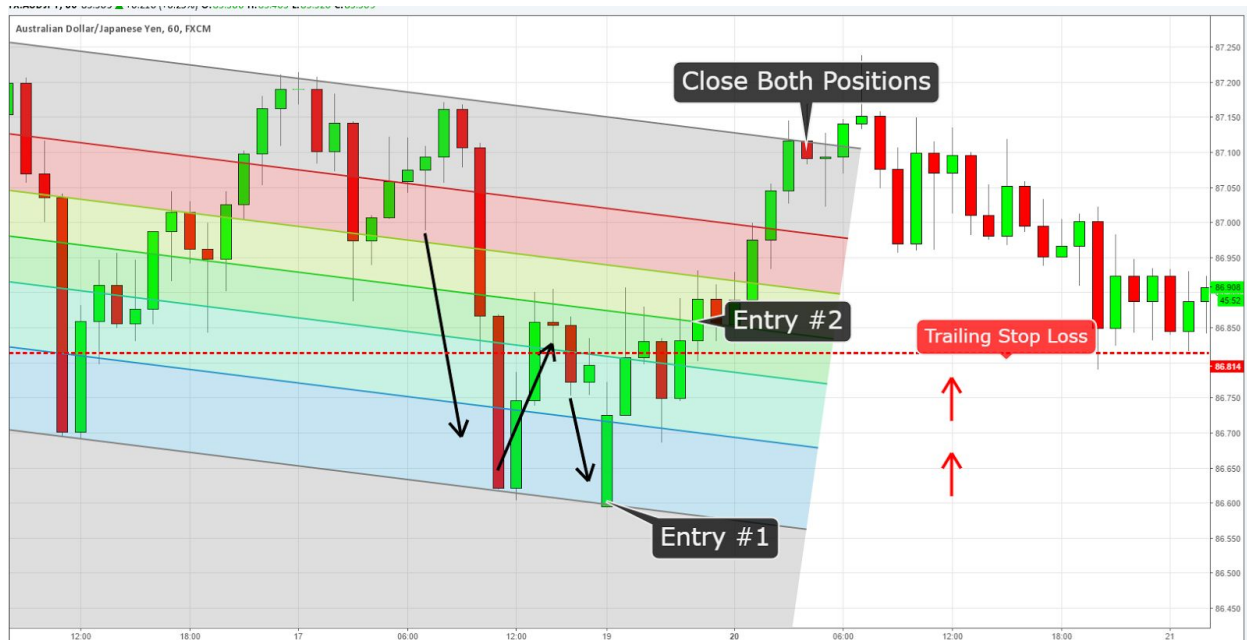
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Note\*\*The above was an example of a sell trade using the Fibonacci Channel Strategy. Use the exact same rules (only opposite) for a BUY entry.

Below is a BUY trade example using the Fibonacci Channel Strategy:





## Conclusion

The Fibonacci channel strategy could make the average trader become good to great by implementing these simple rules into their trading system. These channels are formed on all time frames and all currency pairs, stocks, ect... You need to learn this strategy because this could be all you need to become a full time trader! By adding to your trades you are basically doubling your profit! Some like to stick with only one entry on a single stock or pair at a time (we understand) but for those who have yet to adopt a strategy in their arsenal, consider the Fibonacci Channel Strategy!

Thanks for reading!

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Below are More examples of this Trading Strategy in Action:

**Step #1 Find a Strong Down Trend/ Uptrend that is Forming.**



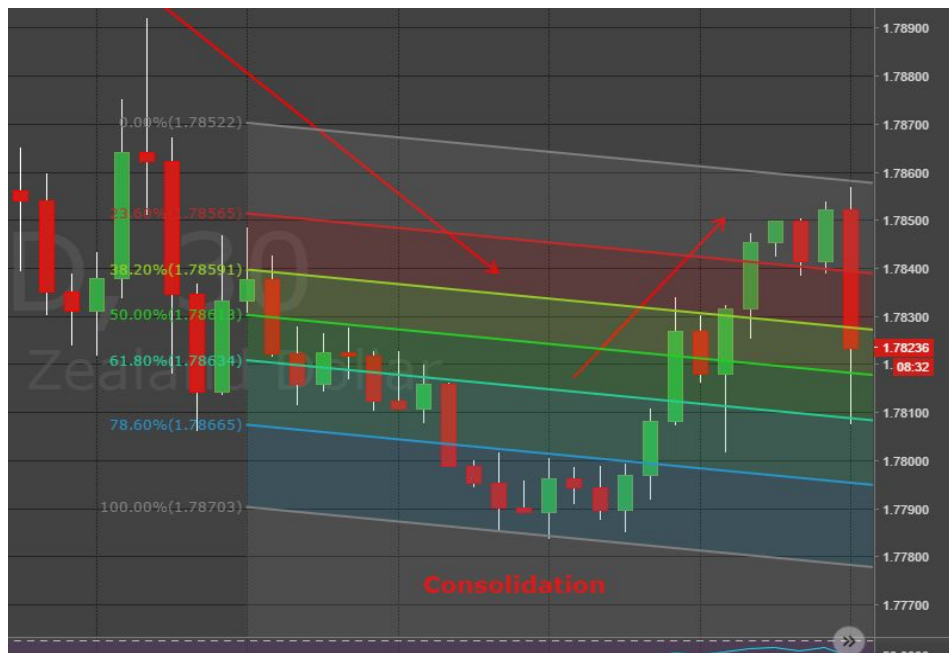
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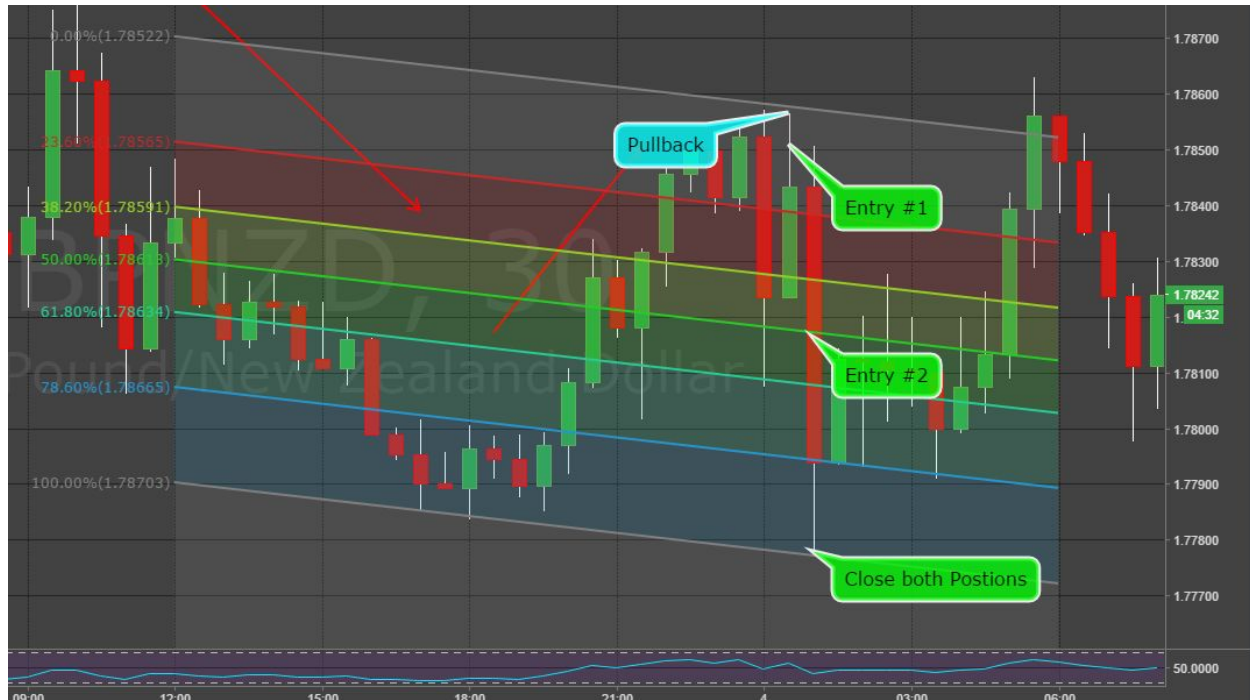
**Step #3 of the Fibonacci channel strategy: Wait for Price action to "Hit a Ceiling" or in other words Consolidate Again.**



## Step #4: Apply Fibonacci Channel Indicator



**Step #5: Wait for Price action to push down and pull back. (Make Entry after Pull Back)**



## USDCAD M15 Time chart Trade

**Step #1 Find a Strong Down Trend/ Uptrend that is Forming.**

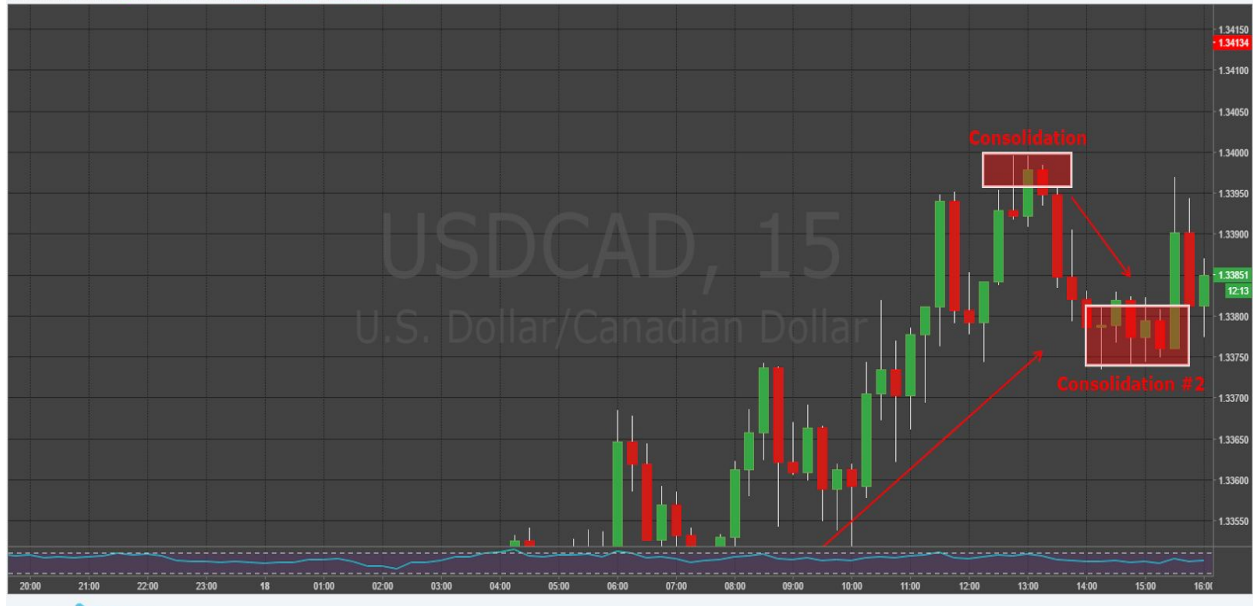


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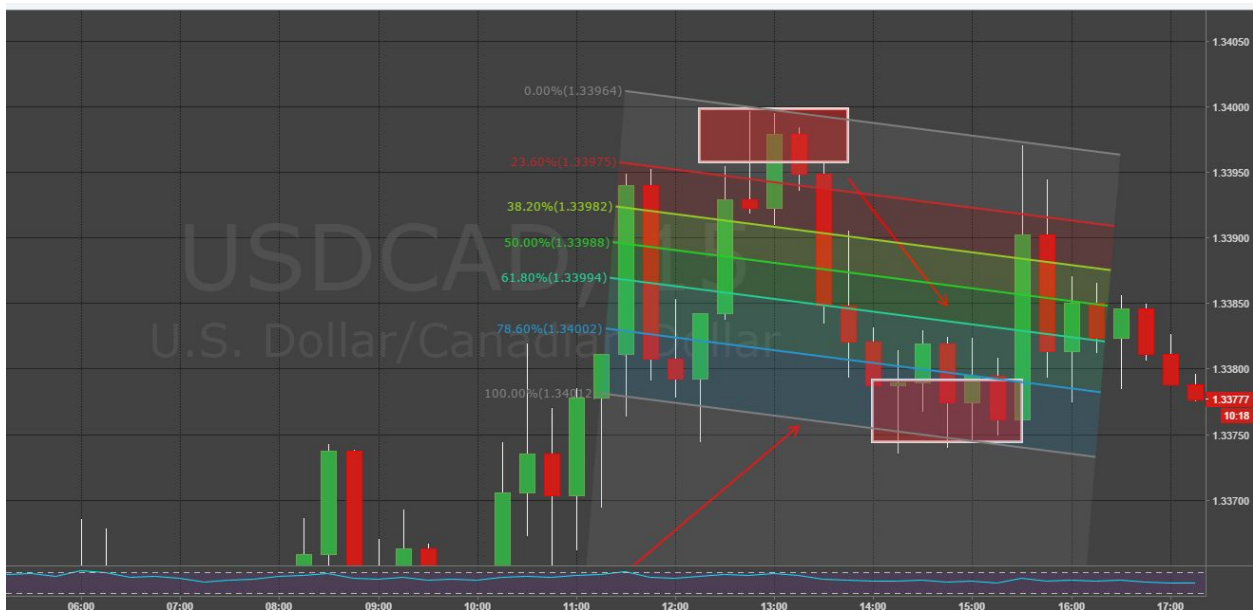


**Step #3 of the Fibonacci channel strategy: Wait for Price action to "Hit a floor" or in other words Consolidate Again.**



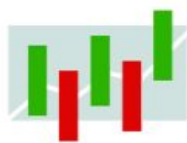
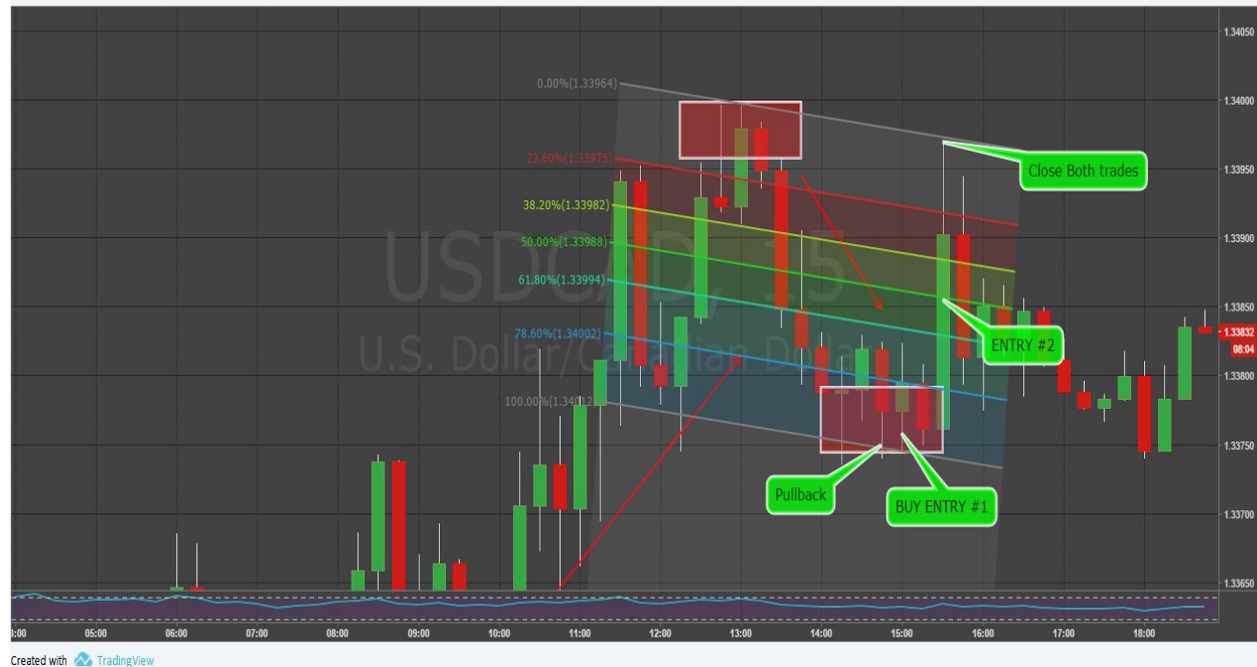


## Step #4: Apply Fibonacci Channel Indicator



## Step #5: Wait for Price action to push down and pull back. (Make Entry after Pull Back)

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