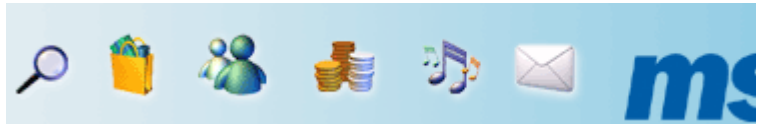


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## APPENDIX To

### LANDSLIDE OF 1987

#### ANALYSIS OF THE RITRACCIAMENTO RELATIONSHIP

Many analysts of market have identified not correctly the landslide of 1987 like a ritracciamento PHI (1,62) of the rise from 1982 to 1987. This is an example of the limitation of the unidimensionale analysis. In this case, the analysts are the single dimension of the price in order to calculate the ritracciamento. Even if the values of closing for the data are chosen are produced an unacceptable error. Using the closing values, the increase from 12/08/1982 to 25/08/1987 was:

$$2722 - 777 = 1945 \text{ points}$$

In order to calculate projected ritracciamento PHI, the analysts they multiply this advance for 0,618:

$$\text{Projected Ritracciamento} = 1945 \times 0,618 = 1202 \text{ points.}$$

Then they embezzle this projected ritracciamento from the maximum of 25/08/1987 in order to arrive to their projected minimum:

$$\text{minimum projected} = \text{maximum in 1987} - \text{projected ritracciamento} = 2722 - 1202 = 1520$$

Even if the minimum of the day 20/10/1987 (1616) is used like the minimum puts into effect them, the projected ritracciamento lacked this value for 100 points.

The PTV is used like an instrument in order to confront turns out obtained to you from the analysts of Fibonacci, with those obtained applying the methods in this course.

Like calculated in Table 4.1, the PTV from the 9/08/1982 to the 25/08/1987 were 1994. Therefore, a perfect ritracciamento of 50% would have to be:

$$\text{projected ritracciamento} = 1994/2 = 997$$

Table 4.1 has calculated puts into effect it them ritracciamento to be 1013. Therefore, the error between the projected value and put into effect it them ritracciamento are calculated like follow:

$$\frac{1013 - 997}{997} = \frac{16}{997} = 1,6\%$$

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