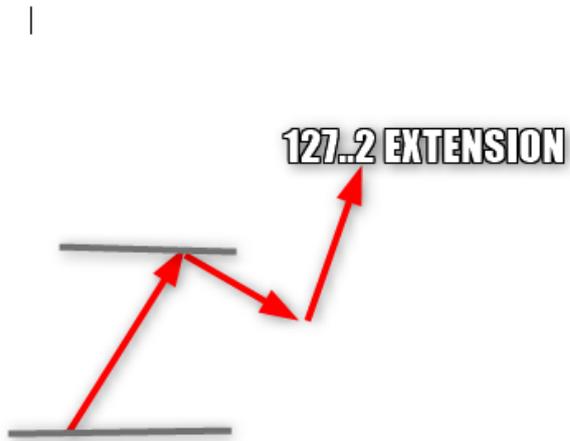127.2 Extension. Why use this target?

Basic premise of 127.2 as target is it's the highest probable target once range break. In this case the movement of the previous day. Why use it or consider it? For one watch it effectiveness over a couple of months, you will see how respected the level is and how many time the market makers will trade to it.

Dean Malone was introduced to this by a bank trader and shared the concept to trader's at compass FX. So don't take my word for it. Do you research with the BTS indicator that automatically shows the target's
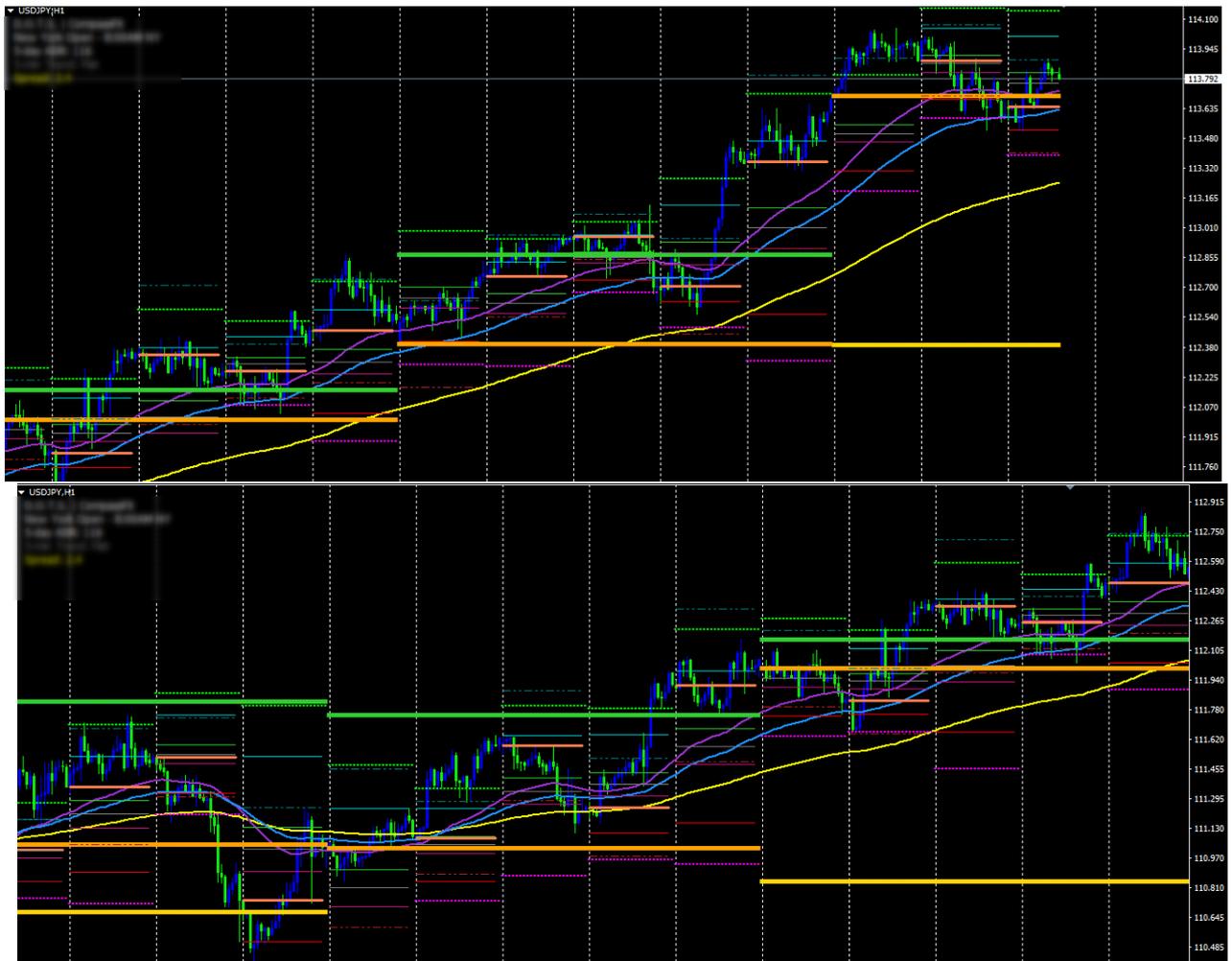
127.2 Extension. Why use this target?

In a trending market, price will continue to hit extention's of fib's, below image is an uptrend but the down leg's also have extension hit's

127.2 Extension. Why use this target?

Since 10 of September till today 3/10/2018, 3 weeks. The target has been hit 11 times with 2 hit on the short side. So you still have intra day direction correct and entry/stop loss correct.

EUR/CAD

Wonderful example of market respecting the target (127.2) and trade away from open and trade back to open. 50 pip range

127.2 Extension. Why use this target?

Note how the market uses the 127.2 as resistance level, it becomes resistance after multiple test's of the level before moving down providing a short trade opportunity.

3/10/2018, today's market example.ecad

Conclusion

How to use in your trading, perhaps use it as shown above, trade away from open and trade short off 127.2. Also if you have a trade on m5/m1 etc and want a probable target use the 127.2

Additional examples