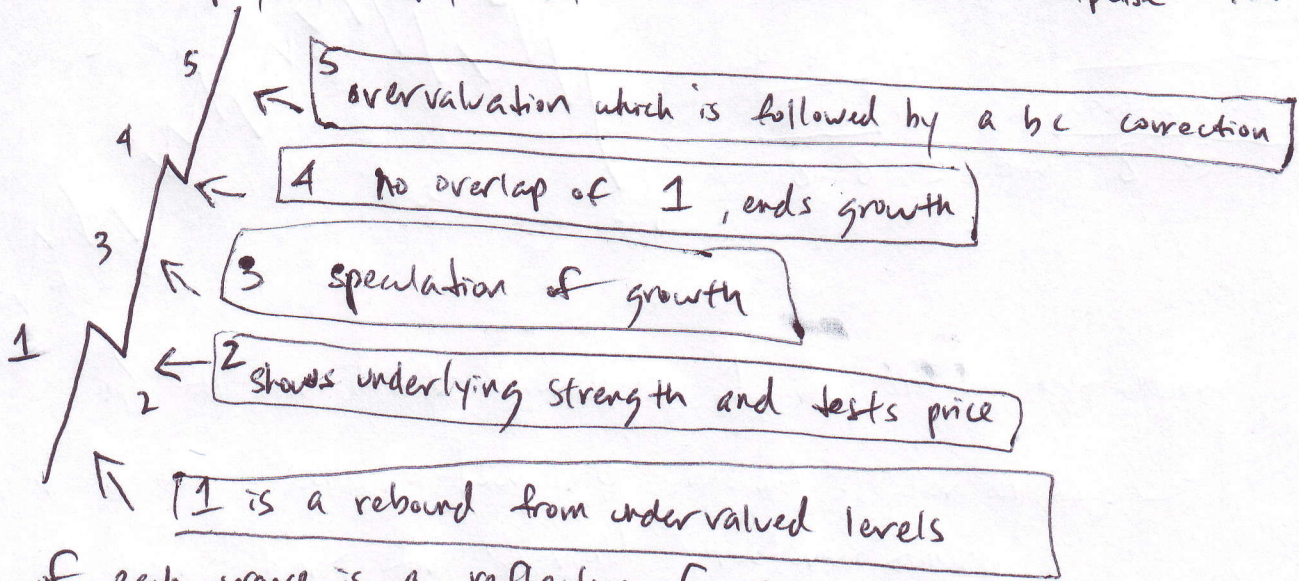


So since we are talking about "hard psychology" ...  
How about we apply some psychology to a motive wave "impulse" ...



The form of each wave is a reflection of mass psychology  
... so when we study the 1 hr chart, we want to learn how to best count where the 5 wave impulses and to recognize corrective phase.  
... then setups in smaller time frames ...  
... again finally trading in 1 min ...

Elliot said that the movement in "corrective phase" "slips out of gear" ... so trade in motive phase where will expect progress ...

ex: MBO after 12345 abc ... Is this the 1st wave?  
we can study where our favorite opportunities are ...

Just like Sherlock Holmes using deductive reasoning.

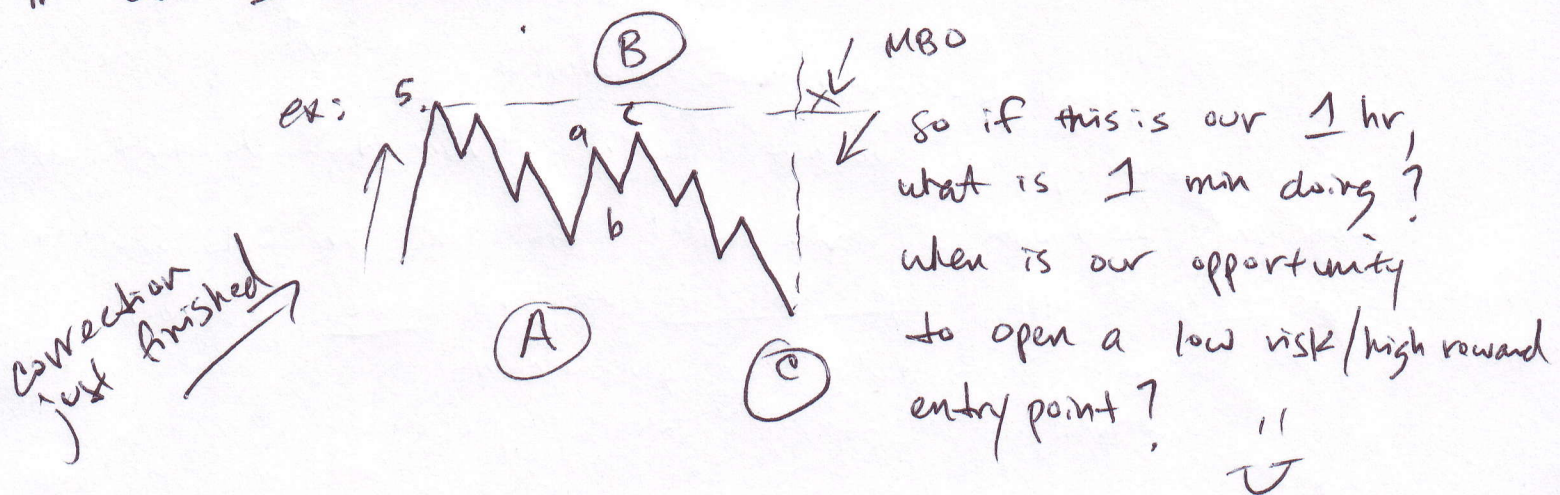
Also ...  
when studying 1 hr chart ... how many subwaves exist in the 1 minute between price levels ... Is this what we learned?



Again ... when we have discovered the wave count of motive/corrective in 1 hr chart ....

try larger wave count and subwaves then 1 min wave cycle count ... what kind of patterns do we have?

Remember, that after our larger time frame (1 hr) correction, we expect another motive wave ... how does this unfold in our 1 minute?



MBO must have confirmation in supply/demand open path of least resistance (no cluster zones in between new MBO and target), Room for growth/motive in 1 hr / 4 hour supply/demand pockets (not near any significant price turns or going into an area already tested) ... EMA's good?

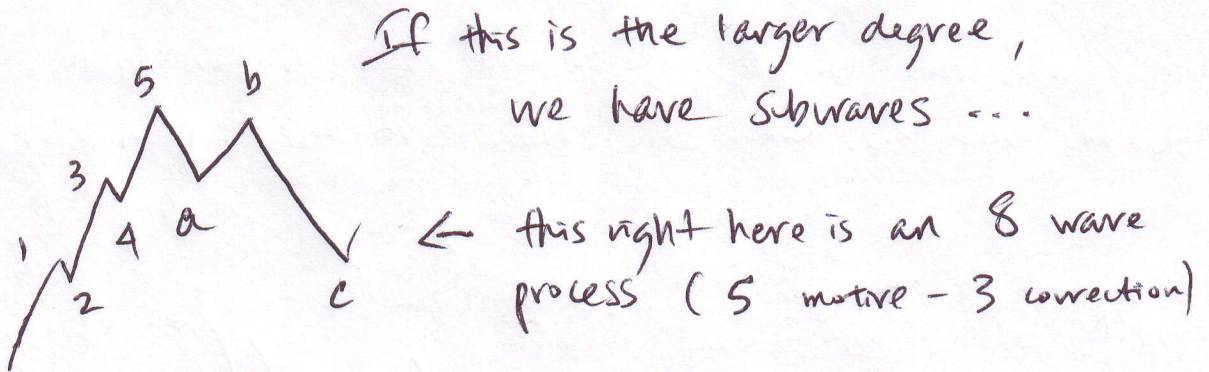
Structure will tell us what's next right?

Down the line our Fibonacci studies will help us develop better targets in addition to previous origination points and measured wave.



All waves are component waves of another degree, and have subwaves themselves (the "Degree" thing)

So again for "any market cycle"



within this we have

wave 1 - 5 and 3

wave 2 ✓

wave 3 - 5 and 3

wave 4 ✓

wave 5 - 5

also from page 5 part #1

Motive ("trend")

then

A - 5

B - 3

C - 5

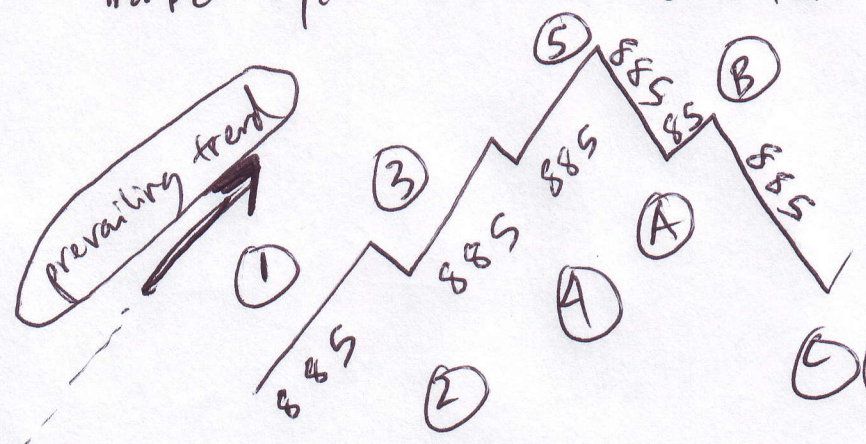
Corrective ("Counter-trend")



For our complete market cycle we have 9 impulsion opportunities in the prevailing trend direction.

- ..... This is why we want to know where we are in 1 hr chart.
- ..... at which point are we in the unfolding structure?
- ..... we can then be patient for MBO with the prevailing "significant" time frame trend (4 hour) when the next motive wave impulsion presents itself (post correction) !!

Here is an example of "drilled down" smaller time frame market cycle subwave structure .....



So when studying 1 min for subwaves ... we can try to recognize our motive structure ~~which~~ which is easier to recognize.

↑ Ah ha! .. "structure within the structure"

\* 8 8 5 is 12345 abc, 12345 abc, 12345

↑ 3 of these for larger degree ..... (9 impulsion opportunities)

..... then beware! of the

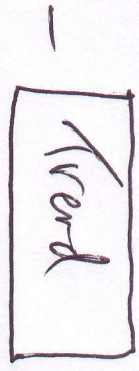
a b c correction .. a is 885 b is 85 c is 885

↑ B may make the speculator think we have a motive ... its not.



Our Trend waves are in prevailing direction (4 hour)  
Our counter trend waves are against prevailing direction..

① Motive waves can be identified easier by noticing adherence to a trendline (when wave 5 breaks, the trend is over)



② wave 4 will not overlap wave 1 in a motive wave

③ wave 3 is generally the longest in a motive wave.

④ we have 2 kinds of motive waves: impulse and diagonal.

Impulse: wave 4 does not enter area of wave 1.

various impulse formations include: extension, truncation, equality (same size wave) aka! measured move

Most impulses contain an extension (an "extended impulse w/ subwaves")

alteration, channeling, personality and ratio relationship

\* 9 wave extension is most common apparently 9 waves and 5 waves signify "progress" (5 and 4)

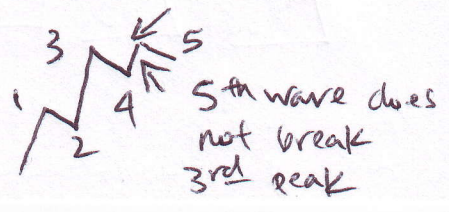
try putting parallel lines between impulses... usually works

usually in one of the 3 impulse waves...

if 1 and 3 are equal expect an extension in the 5th wave.

5th waves are common extensions in Bull markets.

A truncation is when the 5th wave does not break the 3rd wave peak (sometimes after really strong 3rd wave)





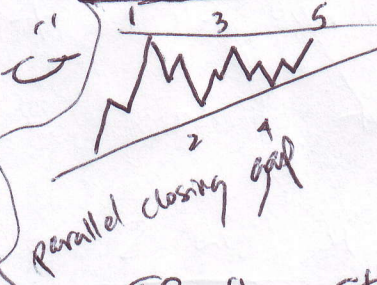
# Diagnal

Substitute for an impulse A 5 wave structure in 3's "zigzags" (11)

a rare  motive variation that tends to wedge.  
 appears at the start of wave 1 of A (leading diagnal)  
 or also at end of wave 5 or C. (ending diagnal)

## "contracting diagnal"

1 2 3  
and  
5 of em



A rising diagnal usually reverts to previous level.  
 usually in 5th wave position when preceding move has gone "too far too fast."

each alternating wave is shorter than the other

If the 5th wave breaks the line and goes back, it's called "throwover".

In contracting diagnal, wave 5 always ends beyond wave 3

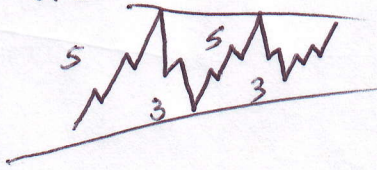
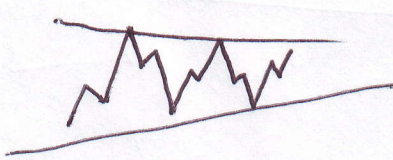
A diagnal usually precedes a change of direction.

In fact so do 5th wave extensions, truncated fifths, and ending diagnals.

Reversal could be dramatic preacher says.

## Leading Diagnal

in 3's type. (# of waves per) ~~or also~~



or expanding diagnal at beginning of a downturn  
wow!

if a leading diagnal in wave one, expect a deep retracement.  
 Don't mistake leading diagnal as 1st and second waves.

US humans have 3 primary things goin' on ...

primal, emotional and rational ...

due to our limbic system, Emotion is our first response

Realizing this is key! So ... let us be strong and build strategy ...



Impulse waves : 5 waves (with extensions 9 or 13 waves)  
(two of the motive waves will have equality or .618 relationship)

Diagonals are a hybrid of motive and correction.  
(waves 2 and 4 are usually zigzags)

Wave functions : action and reaction (a diagonal subdivides into 5 waves)  
wave structure : motive and corrective

We must be careful to identify an expanded 3<sup>rd</sup> wave, # instead of labeling it the fifth wave.  
Extensions are an expression of balanced alteration -

Hourly charts are "empirically proven" (observation)

~~#~~ when a fifth wave extension, find support at wave 2 (A may go there)  
usually strong retracements when a strong return to a level tells us the level is decent support.  
"remarkably so"

When A waves show a strong retracement, we can use this as an indication of support at price turn (with prevailing trend of course)

Structures moving based on patterns of optimism and pessimism have a similar path.

- Motive** : wave 1 : basing process (about half) -> should be clear then sharp correction by wave 2.
- wave 2 : likes to retrace
- wave 3 : greatest price movement. Good for wave counting.
- wave 4 : alters from wave 2, likes to move sideways.
- wave 5 : less dynamic.