Impulsions

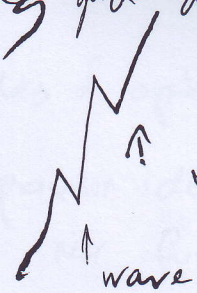
Discovering Elliot Wave thus turning points in the Market

Know relevant criteria

We are being good detectives to solve the puzzle.

"overlap rule"

Terminal impulse does not follow this



wave 4 cannot exceed wave 1

wave 2 cannot exceed start of wave 1.

(alternation rule: waves 2 and 4 will be different patterns

So how can we identify the pattern in front of us ...

① same degree waves : "1/3 rule" adjacent waves will be no less than 1/3 in price/time of eachother.

② general pattern recognition .... the structure series identification.

③ Market positioning identification

④ Fundamentals (event based volatility) : 5 impulsive : 3 corrective

Trading Impulse : 5-3-5-3-5

Terminal impulse : 3-3-3-3-3

Zigzag : 5-3-5

Flat : 3-3-5

Triangle : 3-3-3-3-3

X waves : : 3

"structure series"

"compaction"

All patterns imply and transfer power

4 hour is more significant, and smaller time frames for set ups MBO

time rule: no 3 waves can be equal if in same degree.

The two nested waves tend towards equality or fib. relat

Zigzag : waves a and c tend toward equality

If waves a and b are similar in time then wave c should be much

Impulsions

also "1/3 rule" adjacent waves no less than 1/3 in price / time of eachother

Remember that cycles of optimism ad pessimism create price behavior

Does our market position identification and economic indicators tell us about the near future?

We are seeking significant market turning points.. for high probability strategy

Rule of equality
- price measurements for impulsions 1, 3, 5
- so when we identify the extended wave, the other two waves will be near equal or related by 61.8%.

The extension rule

Impulsions have at least one extension (at least 161.8% of the next longest wave)

(expect rule of alteration for waves 2 ad 4)

(when wave 3 extends, waves 2 ad 4 are probably similar in

Rule of alteration

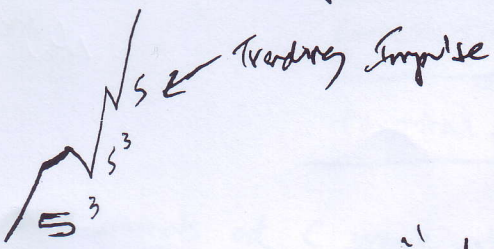
waves 2 ad 4

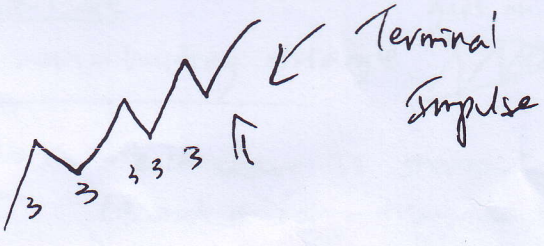
(price, time, retracement, # of subdivisions, construction)

which wave extended or not can tell us about waves 2 and 4

Bottom line rules exist for each pattern.

Overlap rule





"litmus test"

Impulsions

corrective side note :)

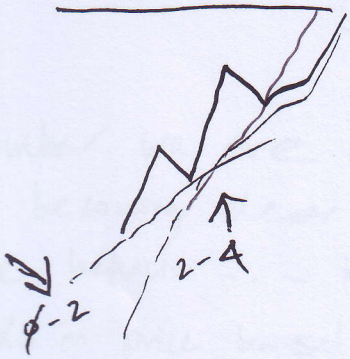
remember that corrections are more similar in price than time, and become clearest upon completion

and by the way, sometimes zigzags are mistaken as an impulse

Drawing trendlines is essential in determining impulse completion.

"in on left, out on the right"

use 0-2 trendline and the 2-4 trendline



if price breaks the trendline we may have wave a.

continuous revision of a trendline implies triangular price behavior

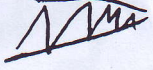
Our knowledge of pattern criteria is necessary for identifying pattern completion.

Remember wave counting ... to find termination points ...
(at the end of a major trend ... the market loses momentum)
this loss of momentum can be expressed in

5th wave failure (should be shorter than wave 4)

C wave failure

contracting non-limiting triangle



terminal pattern - each wave is shorter
(3 that is non-triangular behav

(5 wave terminals and C wave terminals are market turning points)

Impulsions

Shorter term price data reveals intricacies of price action

Impulsive criteria: ① extension rule, ② alternation rule, ③ wave 5 "time rule" for break of 2-4 trendline.

④ Fib. relationships

⑤ channeling

⑥ "1/3 rule"

⑦ overlap rule.

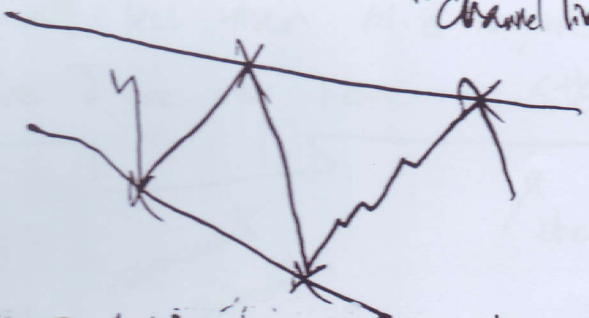
⑧ post pattern behavior for confirmation

Remember we are investing for the future by being patient and becoming clear tech strategists using knowledge of business cycle behavior --- human interaction through freely traded financial markets unfolds in price based wave pattern behavior.

Channel lines

to expose termination points (or near parallel lines)

"channel lines" slanting here.



A fifth wave failure would be shorter than wave 4, and completely retrace the entire impulse.

Retracement of larger degree wave 5 or wave C

After a trading impulse concludes it should never completely be retraced unless finishing with a wave 5 or wave C of a larger pattern.

Impulsives

Knowing which wave is the extension, helps us know...

① how the pattern will channel. *

② which correction will be the most complex. *

If the trending impulse is a wave a, wave 1 or wave 3 of a larger pattern..... post impulsive behavior should not retrace more than 61.8%

if retracement exceeds 61.8% after wave 1 (larger degree), expect a time consuming wave 2 with a c wave failure.

In the larger degree if wave 3 just finished, and wave 4 is more than 61.8%, expect a 5th wave failure.

(retracement tells us about market sentiment)

(if wave 4 is less than 61.8%, and wave 4 was more complex than wave 2 we may have a 5th wave extension)

check 5th wave extension

* More than 61.8% retracement tells us about market sentiment, and we may have a time consuming corrective phase...

check structure series in the area, ad extension rule, 1/3 rule, overlap rule, alternation rule.

Remember its impulsive or corrective

Impulsing

1st wave extension

Trending Impulse : for wave 1 and wave 3 extensions

if finishing wave 1 or wave 5 of a larger degree .....
then expect retracement to wave 2 (support/resistance)

otherwise —— expect (for 1st wave extension) same degree retracement to wave 4 .

1st wave extension : if the 1st wave extends, expect wave 2 to be the most complex & time consuming .

(sometimes the 4th wave may not be visible,
the 1st wave extension may seem like a zigzag,
w/ a C wave equal to or shorter than wave a

for wave 1 extension ; wave 2 cannot be a running correction
- wave 2 cannot retrace more than 38.2% of wave 1
— if zigzag is in wave 2, its probably a larger flat correc
(structure within the structure)

wave 5 must be the shortest when wave 1 extension .

When we know which wave extends, we know more about support/resistanc
(wave 2 or wave 4)

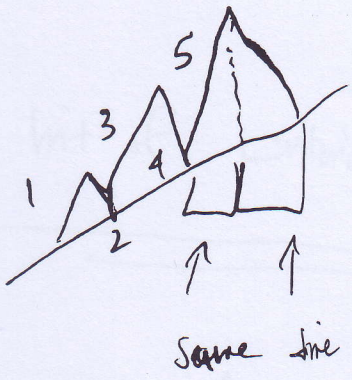
using wave 5 for wave 5 verification

(next page)

Impulsion

Impulsion verification

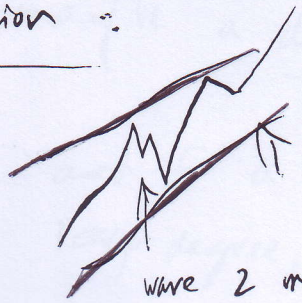
"using retracement events for verification."



① 2-4 trendline should be broken in the same amount of time that it took to form.

if the retracement takes more time, then we have a wave 4 or terminal developing.

1st wave extension :



"wedge shaped" trendline

wave 5 completes below and away from the upper trendline.

wave 2 most complex and time consuming.

Again, the extension (the longest wave) is the catalyst for impulsion verification.

Fibonacci relationships

if first wave extension : wave 3 61.8% (of wave 3)

wave 5 38.2%

(or the reverse)

If wave 1 extends, then the 2nd wave should not retrace more than 38.2% (1st wave n' a pullback do ... do ... do ☺)

(so if 38.2% then this tells us something)

Impulsions

if wave 1 is not the extension, wave 2 can go as far as 99% retracement (but past 68.1% we should re-evaluate)

* any bit of criteria tells us something. :)

If the wave of retracement (more than 68.1%) are polywaves, the waves may be a double failure or c failure.

... :) and if a c failure does not end a correction of a larger degree, the next rally could be an x-wave of a double three running correction.

So if wave 1 extended is within a terminal pattern, * same wave 3 of wave 5 relationships except (leeway) and in time rule either equal or 61.8% 38.2% - 61.8%

wave 2 should not retrace more than 61.8% of wave 1.

(within a terminal pattern) (so "not as in gear", as Elliot said)

* Also regarding countertrend pressure — :)

false breaks of the 2-4 trendline, if wave 5 is part of a larger degree elongated flat, c failure, horizontal triang or c wave terminal.

Impulsions

Also remember that c failures, triangles, ad terminals in the larger degree are significant 'moments' ("price behavior events") so we are good detectives :) and learn what significant time frame market turning points create to market sentiment.

As far as External ad Lateral relationships

External → price comparison

Standard Elliot patterns

Lateral relationships ↑ complex corrections, terminal, or failure patterns.

for 1st wave extension (longest wave);

- wave 3 not more than 61.8% of wave 1.
- rule of alteration (waves 2 and 4)
- and our reciprocal relationship of wave 1 and wave 5

So at least 38.2% right? :)

(38.2% of wave 1. | 61.8% of wave 3) vice versa.

for 1st wave extension : 38.2% retracement after 1st wave extension indicates the impulse pattern is part of a larger format

61.8% is most common

take 61.8% of wave 1 ad add it to the end for our next resistance level (for next resistance level)

Impulsions

* If wave 1 non-extended is retraced more than 61.8% we can re-evaluate. *

within a terminal pattern of a larger Degree

Wave 1 non-extended - will likely be the c wave of an a, b, c (larger degree) correction.

if wave 1 does not extend, wave 2 can retrace more than 61.8% (yet it does should be re-evaluated based on market positioning, meaning, check recent behavior again.

- remember that if wave 1 extends wave 2 should be more complex and time consuming than wave 4.

and when studying, if wave 4 is more complex and time consuming than wave 2 and waves 1 and 3 are not (w/ retracement of 50% - 61.8%) extended ... wave 5 will extend.

↑ so we can use the behavior and appropriate criteria to be good detectives!!

also be careful because for a 5th failure, wave 4 will be most complex too (usually * when wave 3 extends)

for wave 1 non-extended: if wave 2 retraces beyond 61.8% (our wave 2 should be an "abc" event of c failure. ...)

after a prolonged advance or decline, we have no specific requirements for wave 1 retracement.

if our wave 1 non-extended is part of a higher degree 3rd or 5th wave, wave 1 should approach the termination point of the last impulse of a higher degree