www.Elliottwave – Forecast.com

A Leading Elliott wave Forecasting Company (Forex, Commodities and Indices .

www.Elliottwave – Forecast.com

Elliottwave –Forecast

Presents

Advanced Applications of the Elliott Wave Principle

- Elliott wave principle
- Market correlations (Sub-division)
- Stoch-Rsi
- Rsi

Schedule

Day 1 (4hours)

Friday 10.26.2012 (from 1pm to 5 pm)

Elliott Wave Principle

History and Basics

Fibonacci numbers /Ratios

Basic Structures

Day 2 (8 hours)

Saturday 10.27.2012 (from 7 am to 3pm est)

- Motive waves
- Zig Zags (abc)
- Double Zig Zags (wxy)
- Triple Zig Zags (wxyz)
- Flats (Regular and Irregular)
- Triangles

Day 3 (5 hours)

Sunday 10.28.2012 (from 8am to 1pm est)

- RSI
- Upgrading and Downgrading RSI
- How the RSI help with the EWP
- STOCH-RSI
- How to see cycles within the STOCH-RSI
- Market Correlation

Elliott Wave Principle

History

- The Elliott Wave Theory is named after Ralph Nelson Elliott. Inspired by the Dow Theory and by observations found throughout nature, Elliott concluded that the movement of the stock market could be predicted by observing and identifying a repetitive pattern of waves. In fact, Elliott believed that all of man's activities, not just the stock market, were influenced by these identifiable series of waves.

- Elliott was able to analyze markets in greater depth, identifying the specific characteristics of wave patterns and making detailed market predictions based on the patterns Elliott based part his work on the Dow Theory, which also defines price movement in terms of waves, but Elliott discovered the fractal nature of market action. Thus he had identified.

In the 1930s, Ralph Nelson Elliott found that the markets exhibited certain repeated patterns. His primary research was with stock market data for the Dow Jones Industrial Average. This research identified patterns or waves that recur in the markets. Very simply, in the direction of the trend, expect five waves. Any corrections against the trend are in three waves. Three wave corrections are lettered as "a, b, c." These patterns can be seen in long-term as well as in short-term charts.

Ideally, smaller patterns can be identified within bigger patterns. In this sense, Elliott Waves are like a piece of broccoli, where the smaller piece, if broken off from the bigger piece, does, in fact, look like the big piece. This information (about smaller patterns fitting into bigger patterns), coupled with the Fibonacci relationships between the waves, offers the trader a level of anticipation and/or prediction when searching for and identifying trading opportunities with solid reward/risk ratios.

- In Elliott's model, market prices alternate between an impulsive, or *motive* phase, and a corrective phase on all time scales of trend, as the illustration shows. Impulses are always subdivided into a set of 5 lower-degree waves, alternating again between motive and corrective character, so that waves 1, 3, and 5 are impulses, and waves 2 and 4 are smaller retraces of waves 1 and 3.

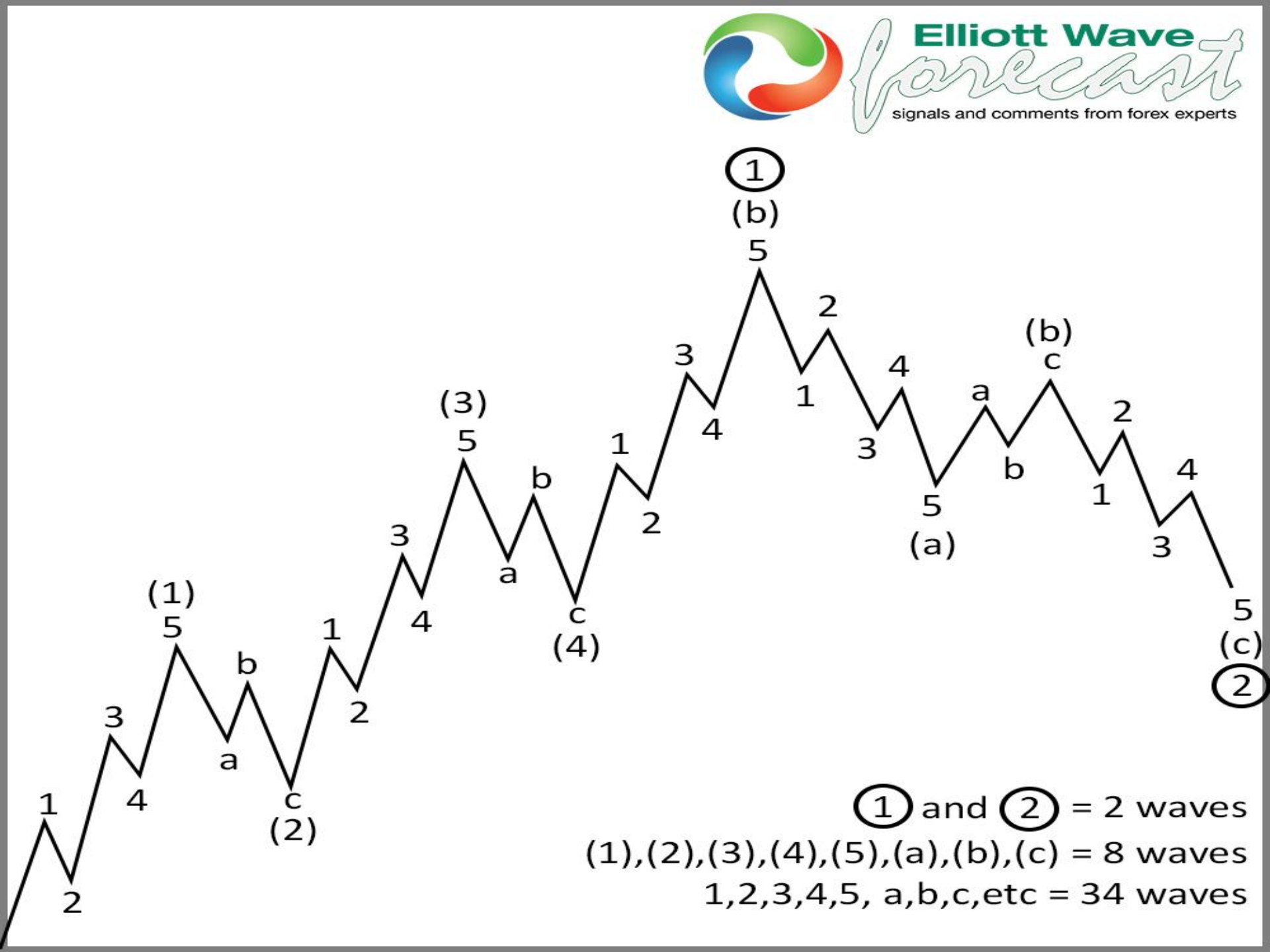
Corrective waves subdivide into 3 smaller-degree waves starting with a five-wave counter-trend impulse, a retrace, and another impulse. In a bear market the dominant trend is downward, so the pattern is reversed—five waves down and three up. Motive waves always move with the trend, while corrective waves move against it.

Basics

- Degrees

- The patterns link to form five and three-wave structures which themselves underlie self-similar wave structures of increasing size or higher degree. Note the lower most of the three idealized cycles. In the first small five-wave sequence, waves 1, 3 and 5 are motive, while waves 2 and 4 are corrective.

This signals that the movement of the wave one degree higher is upward. It also signals the start of the first small three-wave corrective sequence. After the initial five waves up and three waves down, the sequence begins again and the self-similar fractal geometry begins to unfold according to the five and three-wave structure which it underlies one degree higher. The completed motive pattern includes 89 waves, followed by a completed corrective pattern of 55 waves.


Elliott Wave
forecast
signals and comments from forex experts
1
(b)
5
2
(3)
5
3
4
1
2
(1)
5
3
4
b
a
c
(2)
1
2
3
4
a
b
c
(4)
1
2
3
4
5
(a)
a
b
c
(b)
1
2
3
4
5
(c)
2
1 and 2 = 2 waves
(1),(2),(3),(4),(5),(a),(b),(c) = 8 waves
1,2,3,4,5, a,b,c,etc = 34 waves

- Cycles
- Grand supercycle: multi-century
- Supercycle: multi-decade (about 40–70 years)
- Cycle: one year to several years (or even several decades under an Elliott Extension)
- Primary: a few months to a couple of years
- Intermediate: weeks to months
- Minor: weeks
- Minute: days
- Minuette: hours
- Subminuette: minutes

Basics

- Wave Degree
- 5s With the Trend
- 3s Against the Trend
- Supercycle
- (I) (II) (III) (IV) (V)
- (A) (B) (C)
- Cycle
- I II III IV V
- A B C
- Primary
- Intermediate
- (1) (2) (3) (4) (5)
- (a) (b) (c)
- Minor
- 1 2 3 4 5
- A B C
- Minute
- i ii iii iv v
- a b c

- Elliott Wave personality and characteristics

- **Wave 1:** Wave one is rarely obvious at its inception. When the first wave of a new bull market begins, the fundamental news is almost universally negative. The previous trend is considered still strongly in force. Fundamental analysts continue to revise their earnings estimates lower; the economy probably does not look strong. Sentiment surveys are decidedly bearish, put options are in vogue, and implied volatility in the options market is high. Volume might increase a bit as prices rise, but not by enough to alert many technical analysts.

- **Wave 2:** Wave two corrects wave one, but can never extend beyond the starting point of wave one. Typically, the news is still bad. As prices retest the prior low, bearish sentiment quickly builds, and "the crowd" haughtily reminds all that the bear market is still deeply ensconced. Still, some positive signs appear for those who are looking: volume should be lower during wave two than during wave one, prices usually do not retrace more than 61.8% (see Fibonacci section below) of the wave one gains, and prices should fall in a three wave pattern.

- **Wave 3:** Wave three is usually the largest and most powerful wave in a trend (although some research suggests that in commodity markets, wave five is the largest). The news is now positive and fundamental analysts start to raise earnings estimates. Prices rise quickly, corrections are short-lived and shallow. Anyone looking to "get in on a pullback" will likely miss the boat. As wave three starts, the news is probably still bearish, and most market players remain negative; but by wave three's midpoint, "the crowd" will often join the new bullish trend. Wave three often extends wave one by a ratio of 1.618:1.

Basic

- **Wave 4:** Wave four is typically clearly corrective. Prices may meander sideways for an extended period, and wave four typically retraces less than 38.2% of wave three (see Fibonacci relationships below). Volume is well below than that of wave three. This is a good place to buy a pull back if you understand the potential ahead for wave 5. Still, fourth waves are often frustrating because of their lack of progress in the larger trend.

Basic

- **Wave 5:** Wave five is the final leg in the direction of the dominant trend. The news is almost universally positive and everyone is bullish. Unfortunately, this is when many average investors finally buy in, right before the top. Volume is often lower in wave five than in wave three, and many momentum indicators start to show divergences (prices reach a new high but the indicators do not reach a new peak). At the end of a major bull market, bears may very well be ridiculed (recall how forecasts for a top in the stock market during 2000 were received).

Basic

- **Wave A:** Corrections are typically harder to identify than impulse moves. In wave A of a bear market, the fundamental news is usually still positive. Most analysts see the drop as a correction in a still-active bull market. Some technical indicators that accompany wave A include increased volume, rising implied volatility in the options markets and possibly a turn higher in open interest in related futures markets.

Basic

- **Wave B:** Prices reverse higher, which many see as a resumption of the now long-gone bull market. Those familiar with classical technical analysis may see the peak as the right shoulder of a head and shoulders reversal pattern. The volume during wave B should be lower than in wave A. By this point, fundamentals are probably no longer improving, but they most likely have not yet turned negative.

Basic

- **Wave C**: Prices move impulsively lower in five waves. Volume picks up, and by the third leg of wave C, almost everyone realizes that a bear market is firmly entrenched. Wave C is typically at least as large as wave A and often extends to 1.618 times wave A or beyond.

Basic

- 3 BASIC RULES
- OLD EWP
- Wave 2 always retraces less than 100% of wave 1.
- Wave 3 cannot be the shortest of the three impulse waves, namely waves 1, 3 and 5.
- Wave 4 does not overlap with the price territory of wave 1, except in the rare case of a diagonal triangle.

Fibonacci Ratios

- Leonardo Fibonacci was a 13th century accountant who worked for the royal families of Italy. In 1242 he published a paper entitled "liber abaci." The basis of the work came from a two-year study of the pyramids at Gizeh.

  Fibonacci found that the dimensions of the pyramid were almost exactly the same as the golden mean or (.618).

  Fibonacci is most famous for his Fibonacci Summation Series which enabled the Old World in the 13th century to switch from Arabic numbering (XXIV=24), to the arithmetic numbering (24), that we use today. For his work in mathematics, Fibonacci was awarded the equivalent of today's Nobel Prize.

Fibonacci Ratios

- **Fibonacci Summation Series**
- The Fibonacci Summation Series takes 0 and adds 1. Succeeding numbers in the series adds the previous two numbers and thus we have 0, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89 to infinity. At the eighth series, by dividing 55 by 89, you have the golden mean: .618. If you divide 89 by 55 you have 1.618.

  Do you see the pattern? 1+1=2, 1+2=3, 2+3=5, 3+5=8, 5+8=13.....

  These ratios, and several others derived from them, appear in nature everywhere, and in the financial markets they often indicate levels at which strong resistance and support will be found. They are easily seen in nature (seashell spirals, flower petals, structure of tree branches, etc.), art, geometry, architecture and music.

Fibonacci ratios

- Ratios /The Golden ratio.
- The golden ratio is often called the **golden section** where the Greek letter phi represents the golden ratio. Its value is:

$$\varphi = \frac{1+\sqrt{5}}{2} = 1.6180339887\ldots$$

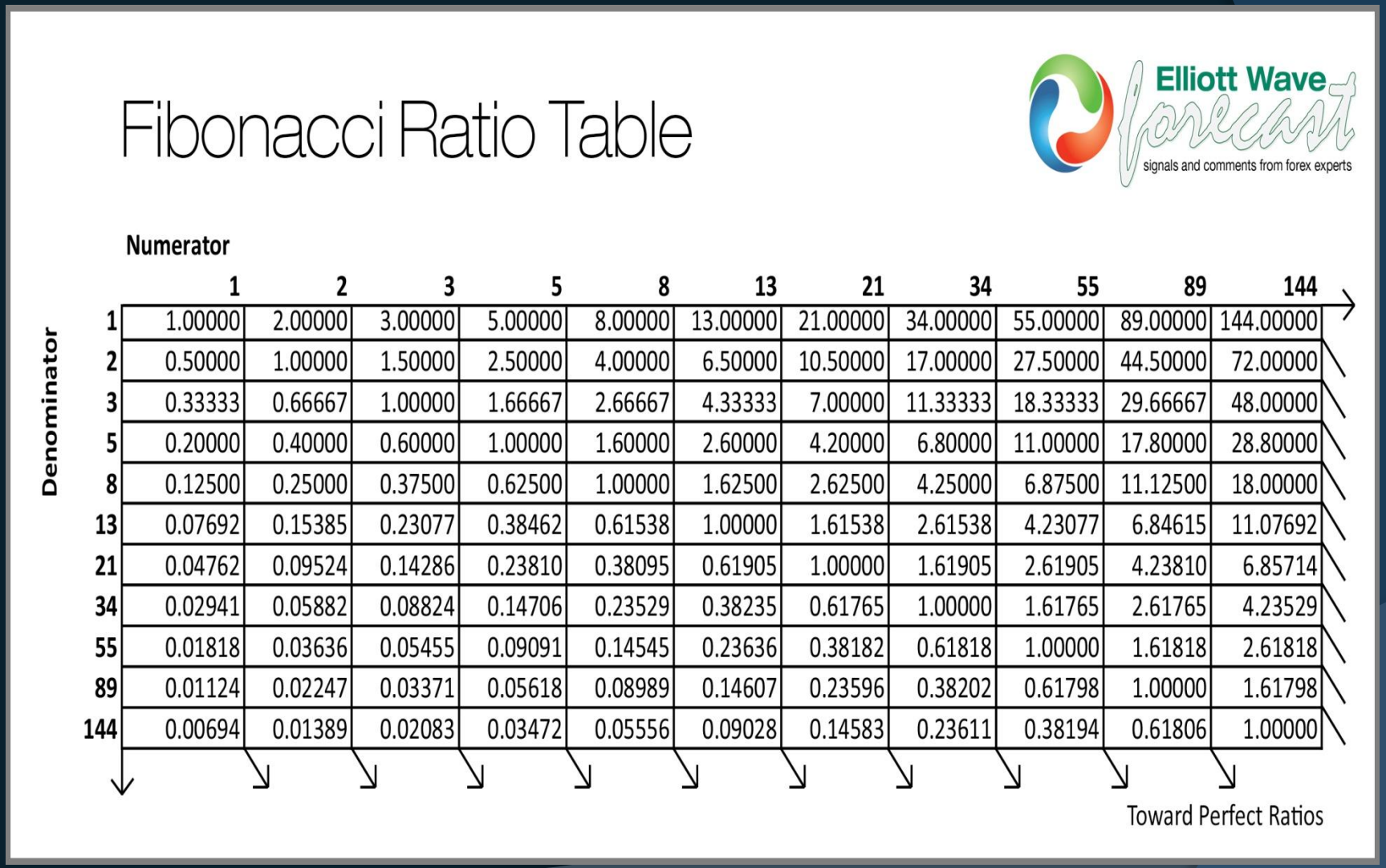
Fibonacci Ratios

- = 1+2.23/2=1.618
- 61.8=1.618

Fibonacci ratios

- Extensions
- 1.618-2.00-2.618-3.236-4.236-6.81
- Retracement
- 14.6-23.6-38.2-61.8-76.4-85.4

Fibonacci Ratios



Denominator \ Numerator	1	2	3	5	8	13	21	34	55	89	144
1	1.00000	2.00000	3.00000	5.00000	8.00000	13.00000	21.00000	34.00000	55.00000	89.00000	144.00000
2	0.50000	1.00000	1.50000	2.50000	4.00000	6.50000	10.50000	17.00000	27.50000	44.50000	72.00000
3	0.33333	0.66667	1.00000	1.66667	2.66667	4.33333	7.00000	11.33333	18.33333	29.66667	48.00000
5	0.20000	0.40000	0.60000	1.00000	1.60000	2.60000	4.20000	6.80000	11.00000	17.80000	28.80000
8	0.12500	0.25000	0.37500	0.62500	1.00000	1.62500	2.62500	4.25000	6.87500	11.12500	18.00000
13	0.07692	0.15385	0.23077	0.38462	0.61538	1.00000	1.61538	2.61538	4.23077	6.84615	11.07692
21	0.04762	0.09524	0.14286	0.23810	0.38095	0.61905	1.00000	1.61905	2.61905	4.23810	6.85714
34	0.02941	0.05882	0.08824	0.14706	0.23529	0.38235	0.61765	1.00000	1.61765	2.61765	4.23529
55	0.01818	0.03636	0.05455	0.09091	0.14545	0.23636	0.38182	0.61818	1.00000	1.61818	2.61818
89	0.01124	0.02247	0.03371	0.05618	0.08989	0.14607	0.23596	0.38202	0.61798	1.00000	1.61798
144	0.00694	0.01389	0.02083	0.03472	0.05556	0.09028	0.14583	0.23611	0.38194	0.61806	1.00000

Fibonacci sequence in nature

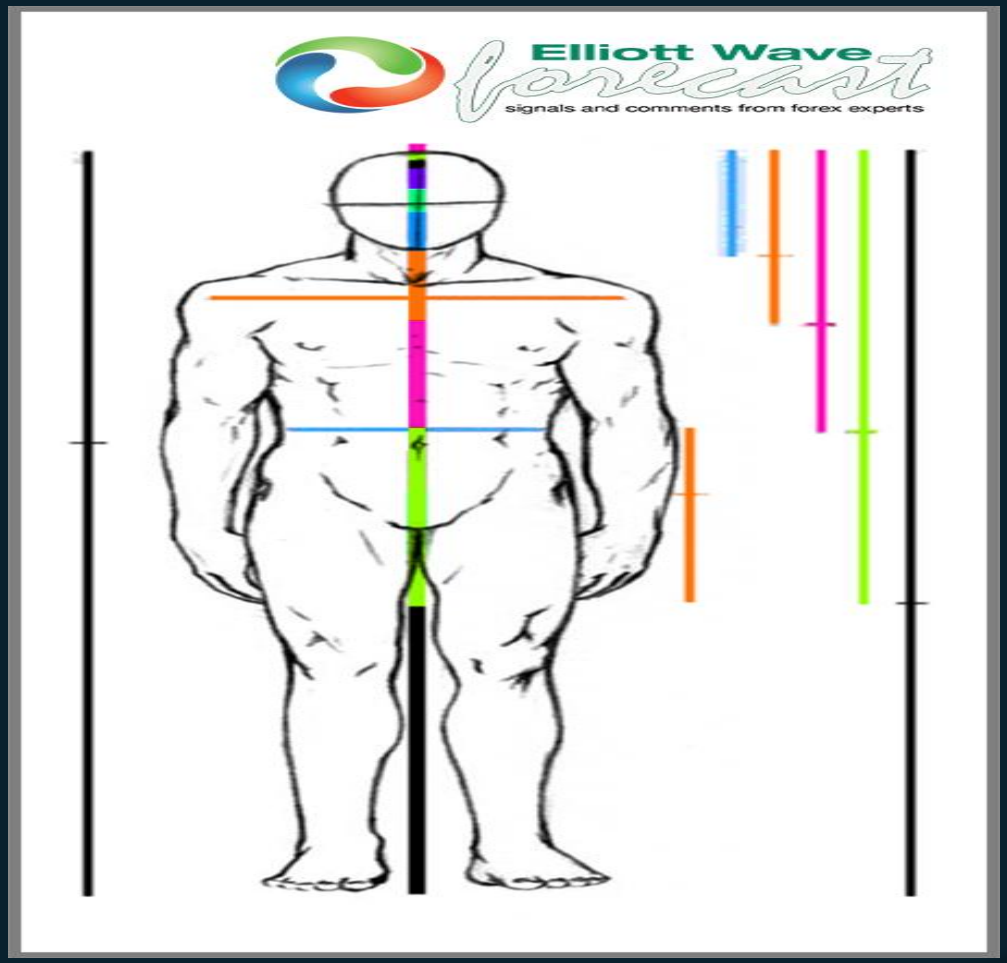
Fibonacci sequence in Animals

The eyes, fins and tail of the dolphin fall at Golden sections along the body.

Human body

- The white line is the body's height.
- The blue line, a golden section of the white line, defines the distance from the head to the finger tips.
- The yellow line, a golden section of the blue line, defines the distance from the head to the navel and the elbows.
- The green line, a golden section of the yellow line, defines the distance from the head to the pectorals and inside top of the arms, the width of the shoulders, the length of the forearm and the shin bone.
- The magenta line, a golden section of the green line, defines the distance from the head to the base of the skull and the width of the abdomen. The sectioned portions of the magenta line determine the position of the nose and the hairline.

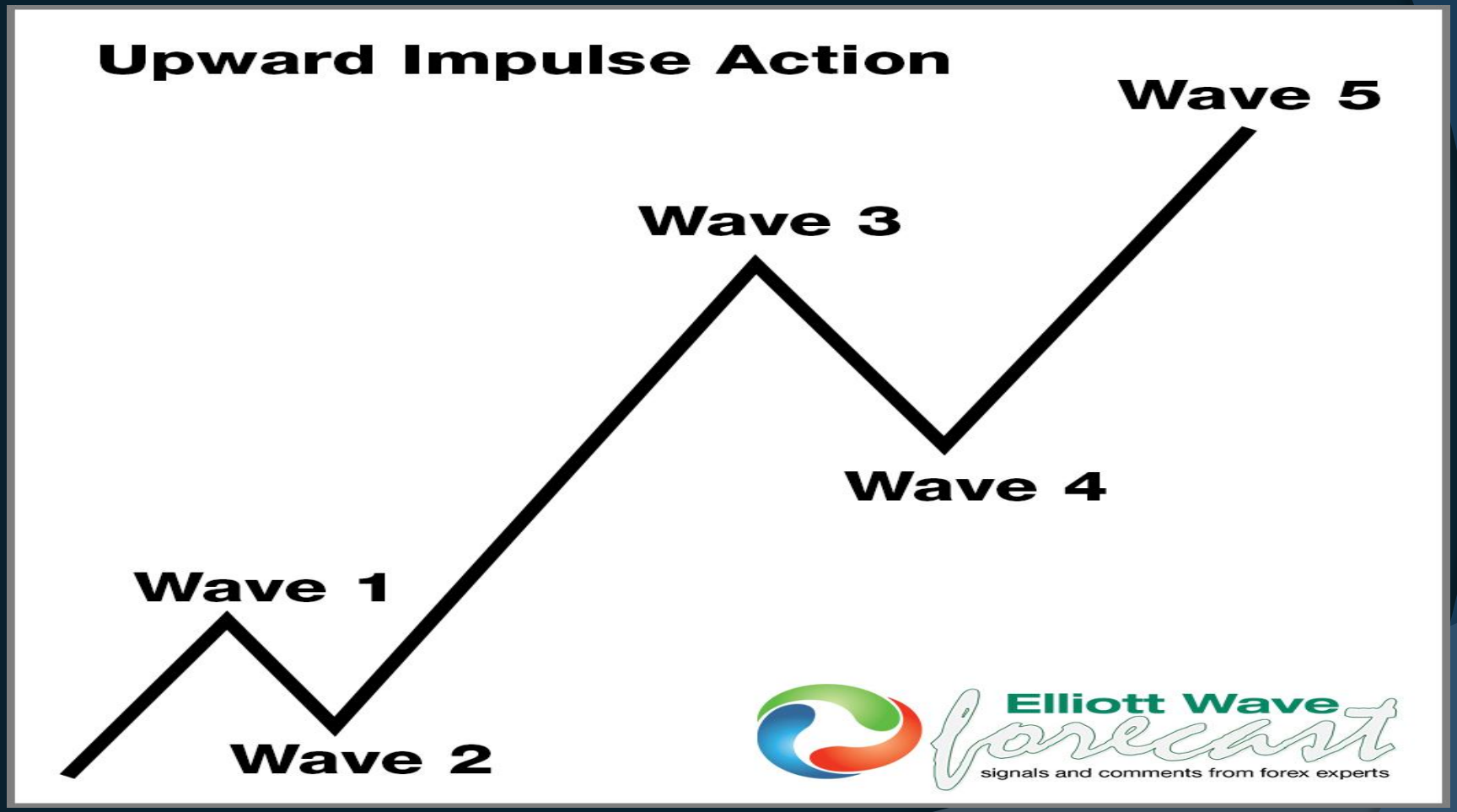
Human body


Elliott Wave
forecast
signals and comments from forex experts

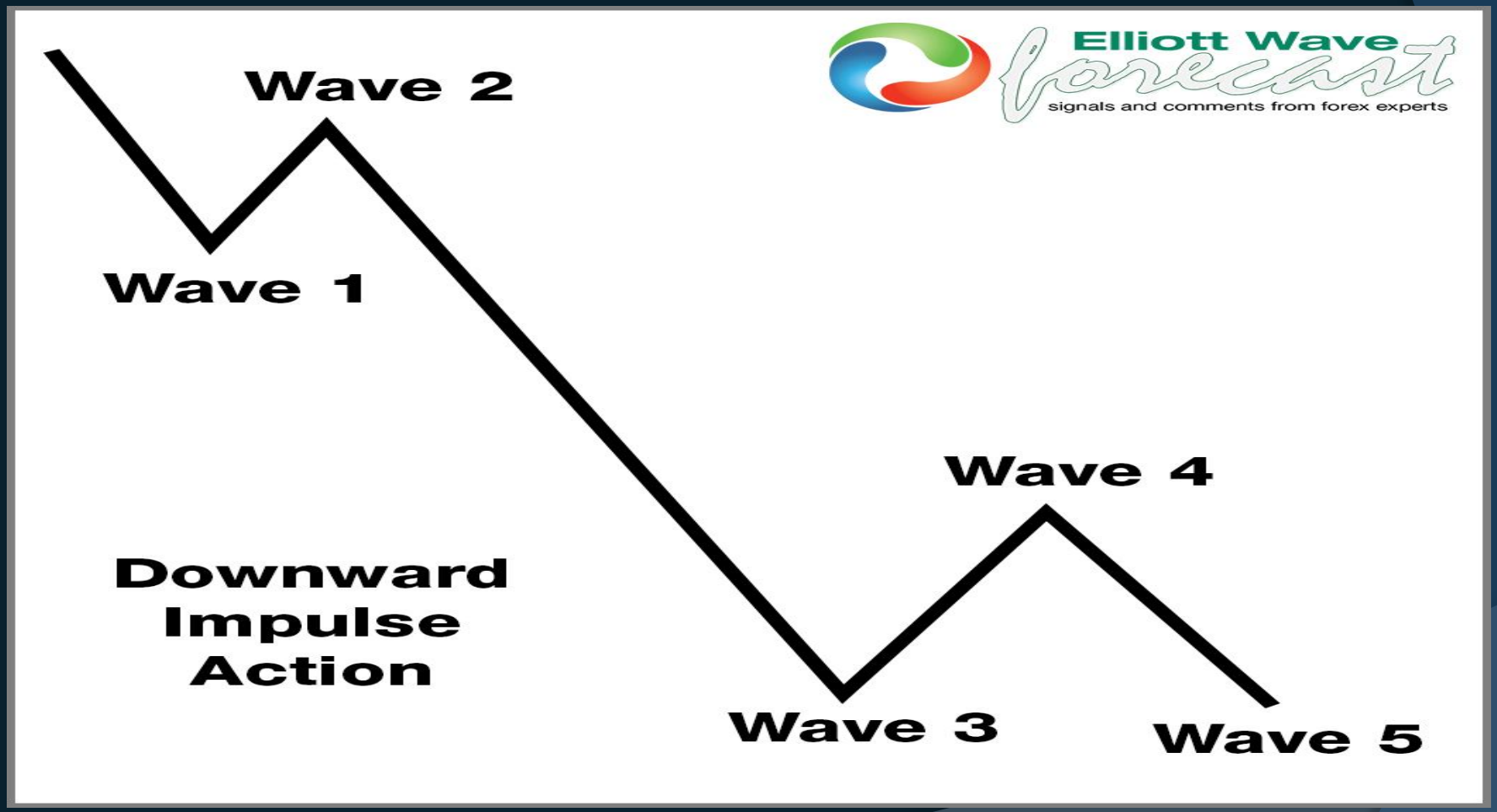
Basic structures /Motive and correctives

- Motive waves.
- **Elliott Wave Basics — Impulse Patterns**
  The impulse pattern consists of five waves. The five waves can be in either direction, up or down.. The first wave is usually a weak rally with only a small percentage of the traders participating. Once Wave 1 is over, they sell the market on Wave 2. The sell-off in Wave 2 is very vicious. Wave 2 will finally end without making new lows and the market will start to turn around for another rally.

Basic structures /Motive and correctives



Basic structures /Motive and correctives

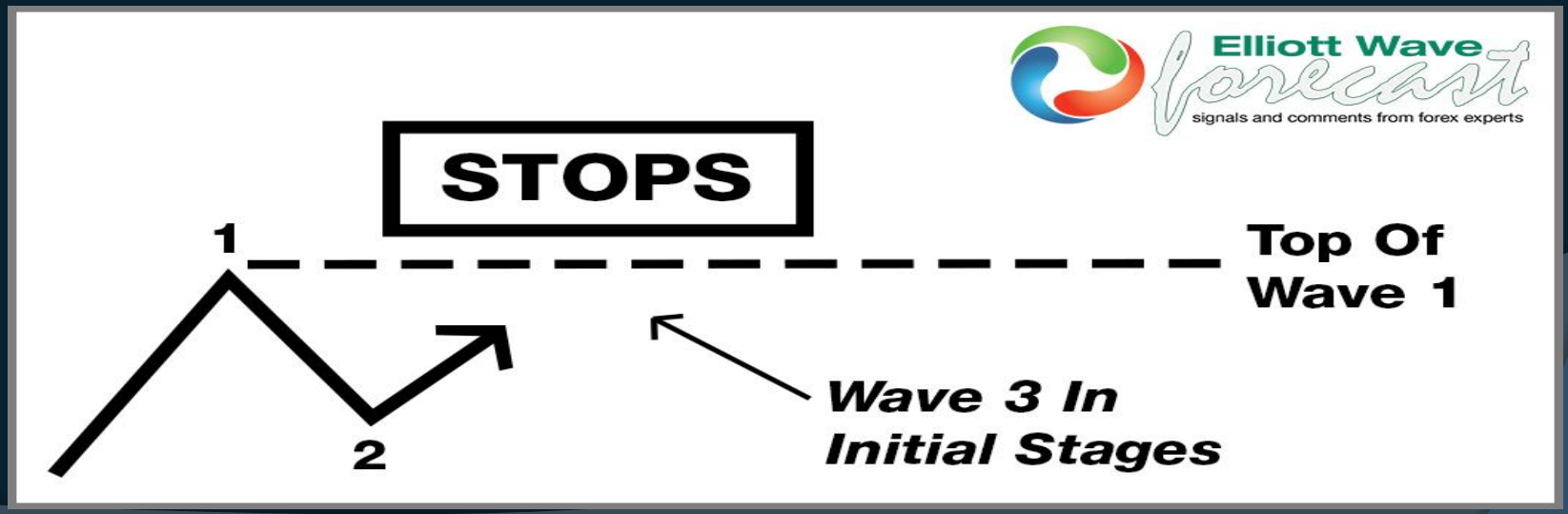


The initial stages of the Wave 3 rally are slow, and it finally makes it to the top of the previous rally (the top of Wave 1).

At this time, there are a lot of stops above the top of Wave 1.

Basic structures /Motive and correctives/wave II/III

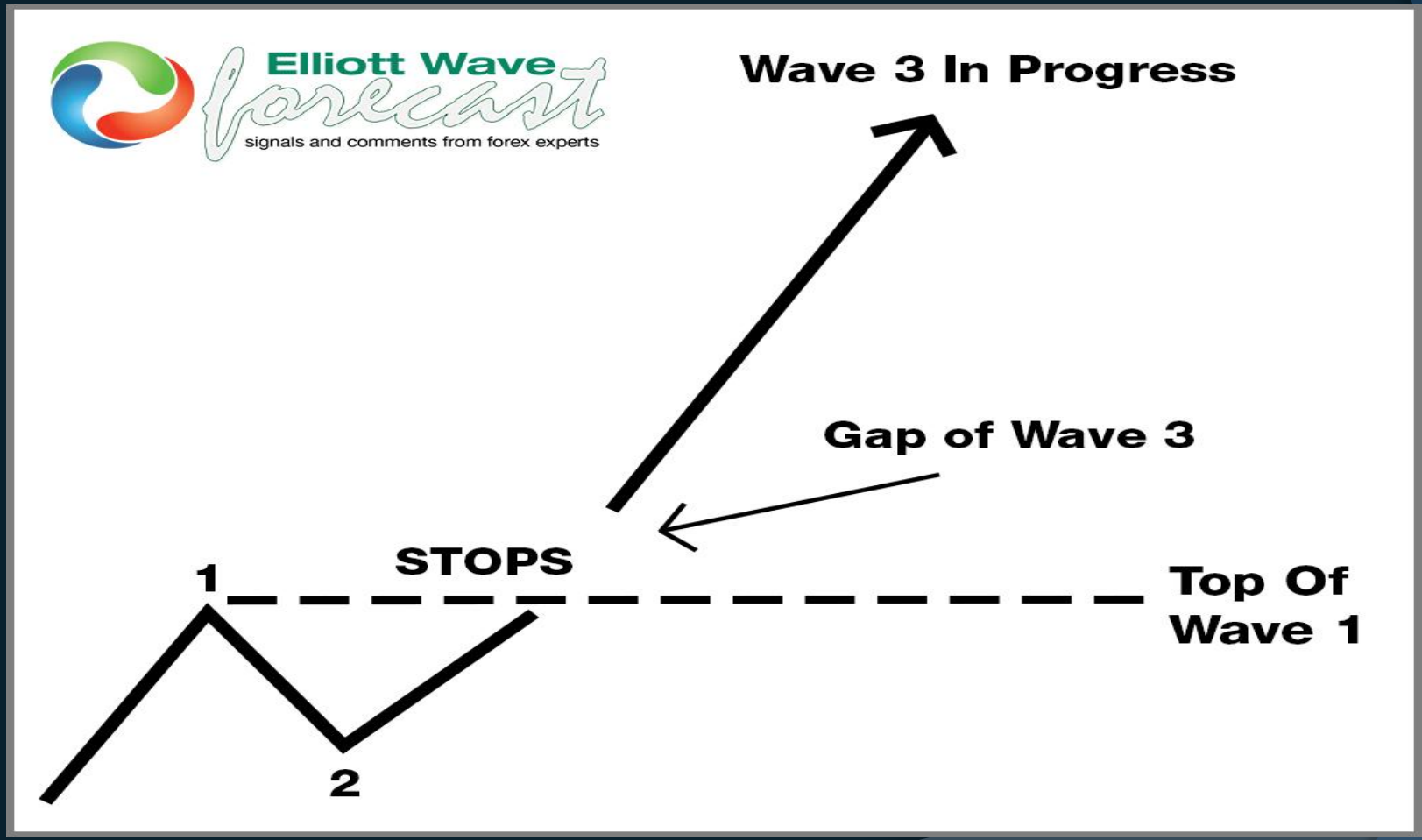
The area a lot of stops above the top of wave 1.Trades still believe in the old trend .



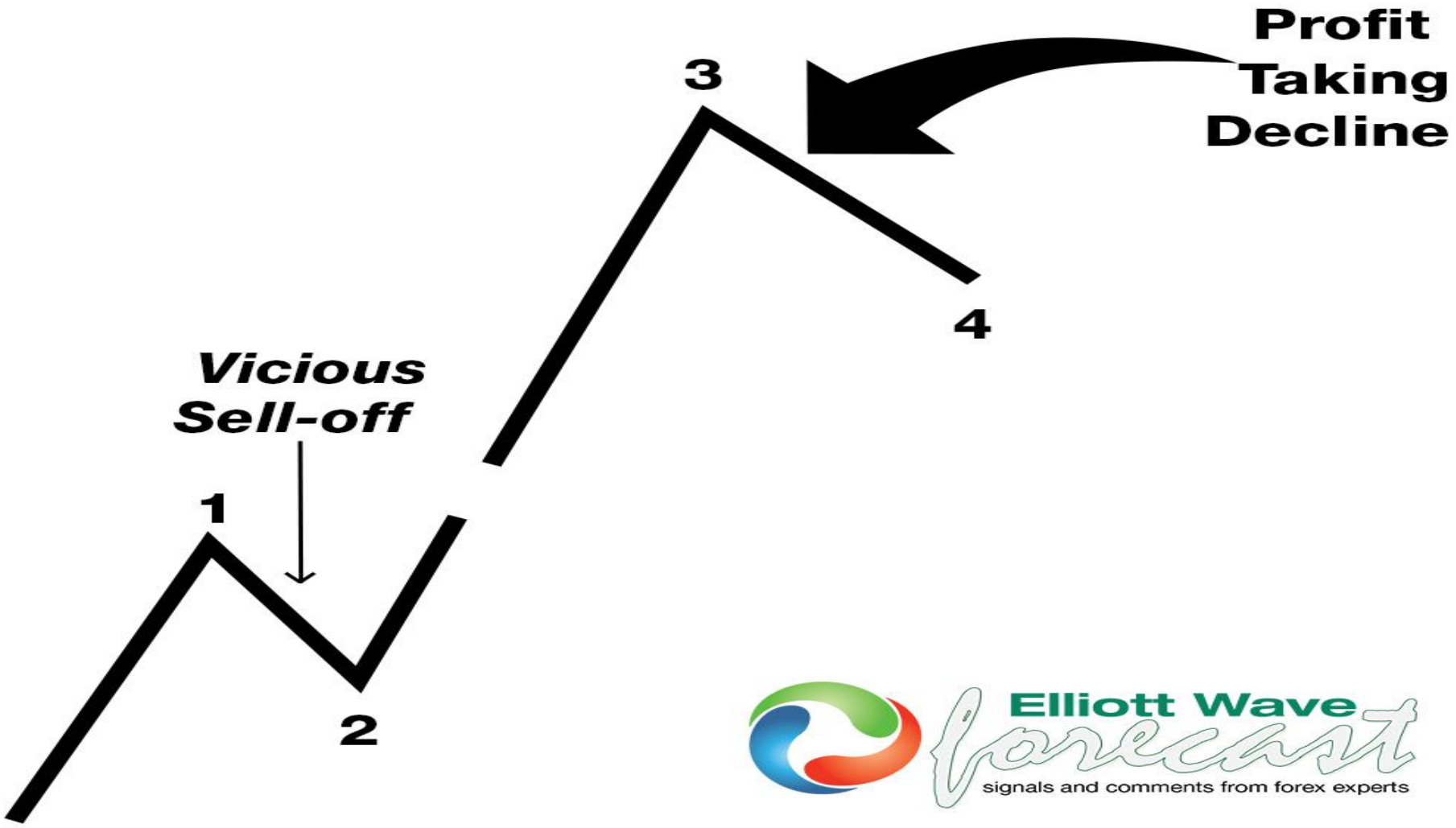
Basic structures /Motive and correctives

- The Wave 3 rally picks up steam and takes the top of Wave 1. As soon as the Wave 1 high is exceeded, the stops are taken out. Depending on the number of stops, gaps are left open. Gaps are a good indication of a Wave 3 in progress. After taking the stops out, the Wave 3 rally has caught the attention of traders.

Basic structures /Motive and correctives



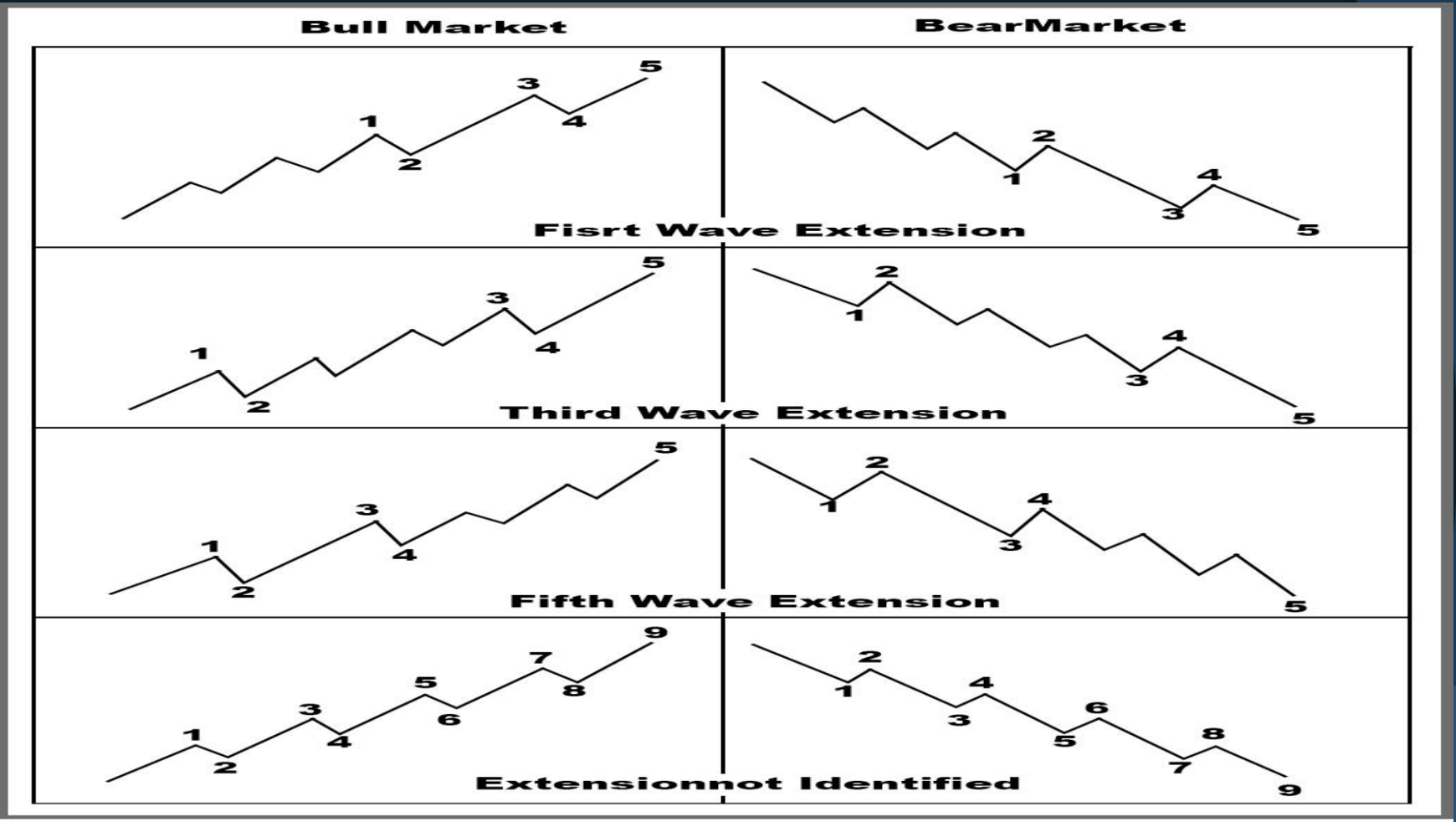
Basic structures /Motive and correctives wave IV



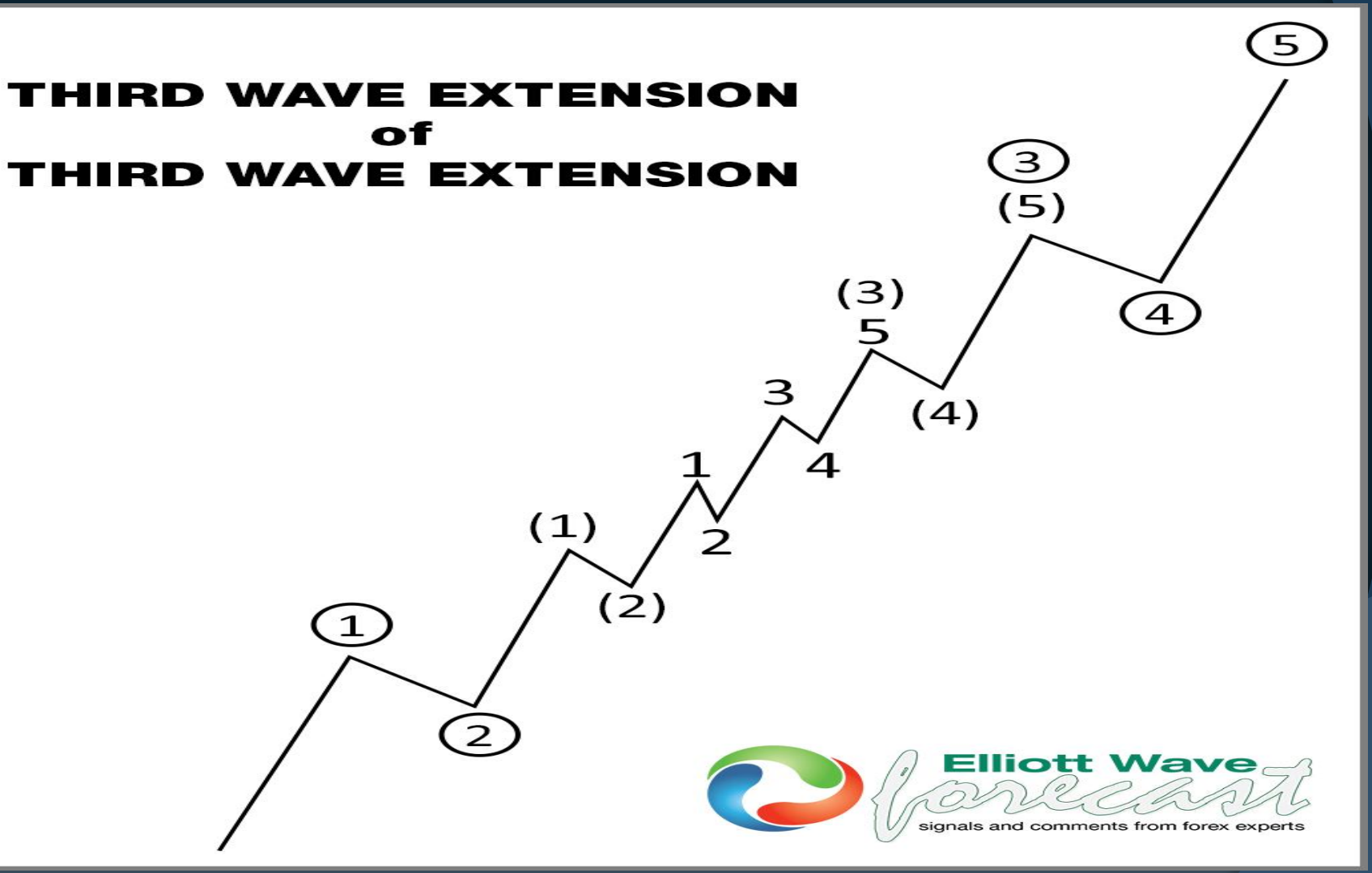
Basic structures /Motive and correctives WAVE V

- On the end of Wave 4, more buying sets in and the prices start to rally again.
- The Wave 5 rally lacks the huge enthusiasm and strength found in the Wave 3 rally. The Wave 5 advance is caused by a small group of traders.
- Although the prices make a new high above the top of Wave 3, the rate of power, or strength, inside the Wave 5 advance is very small when compared to the Wave 3 advance.

Basic structures /Motive and correctives Extension



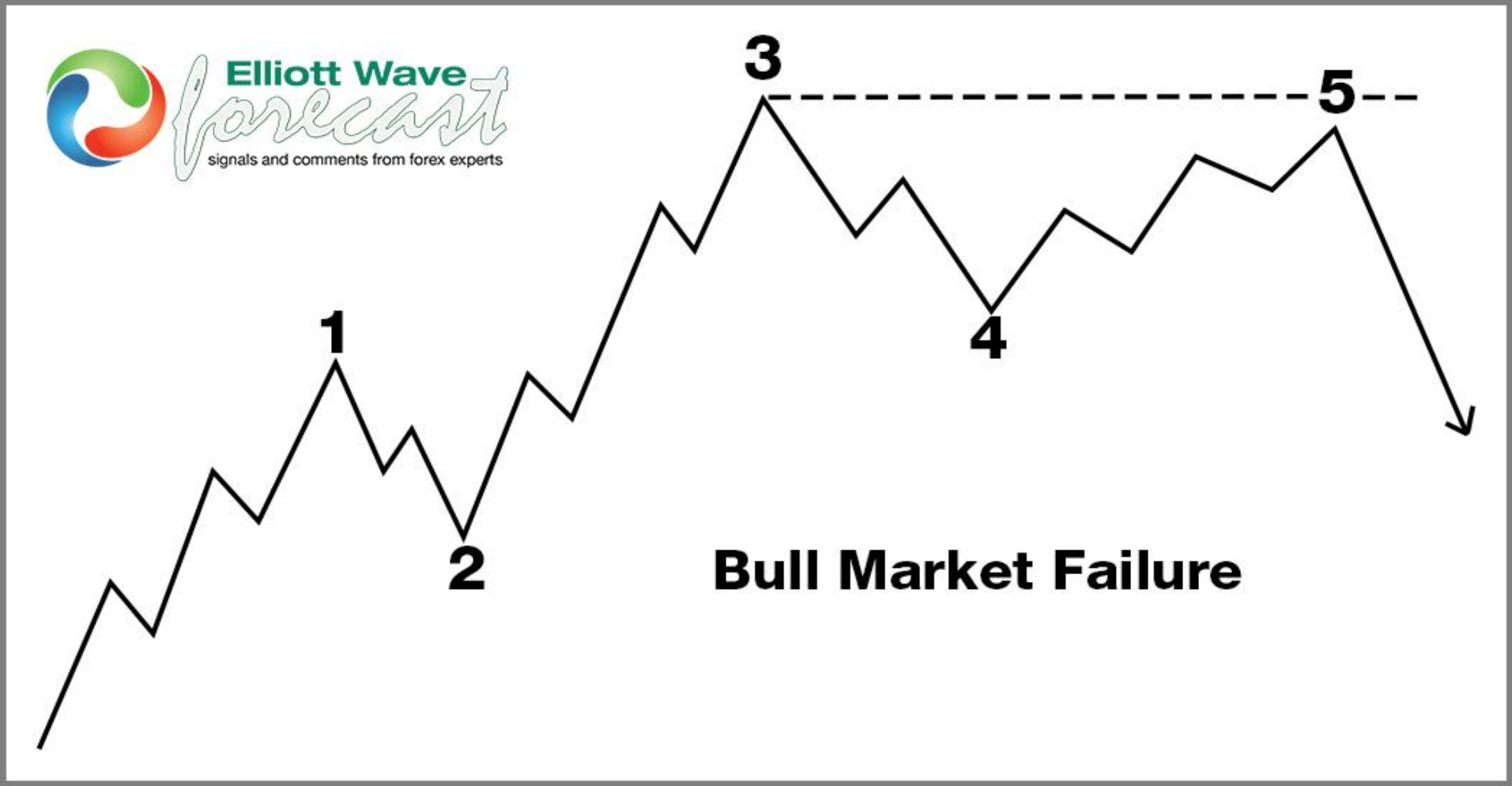
Basic structures /Motive and correctives/ Third wave extension



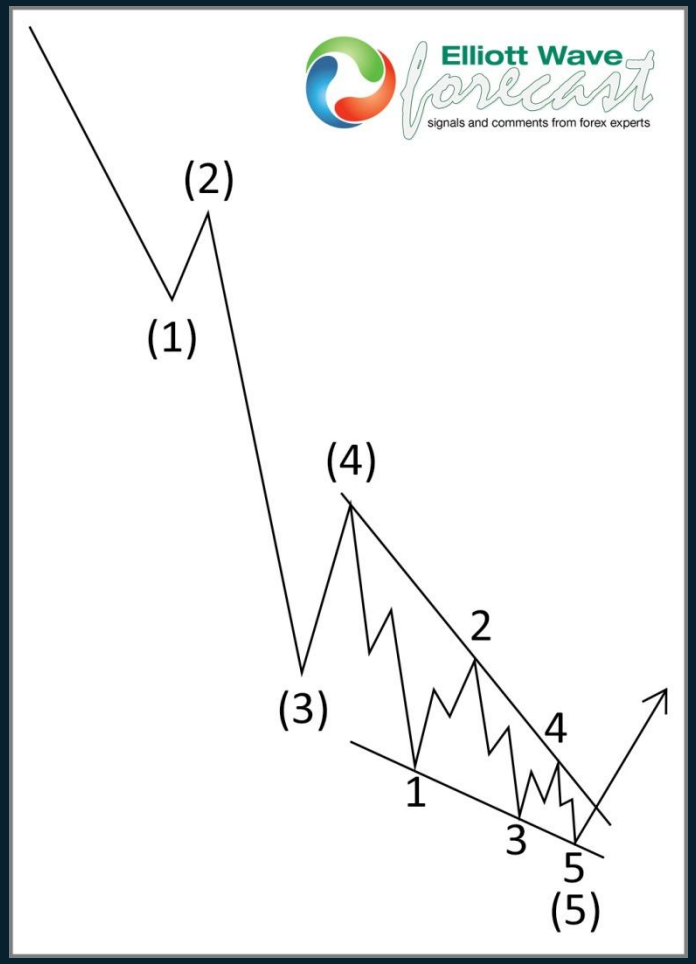
Basic structures /Motive and correctives/ Truncation

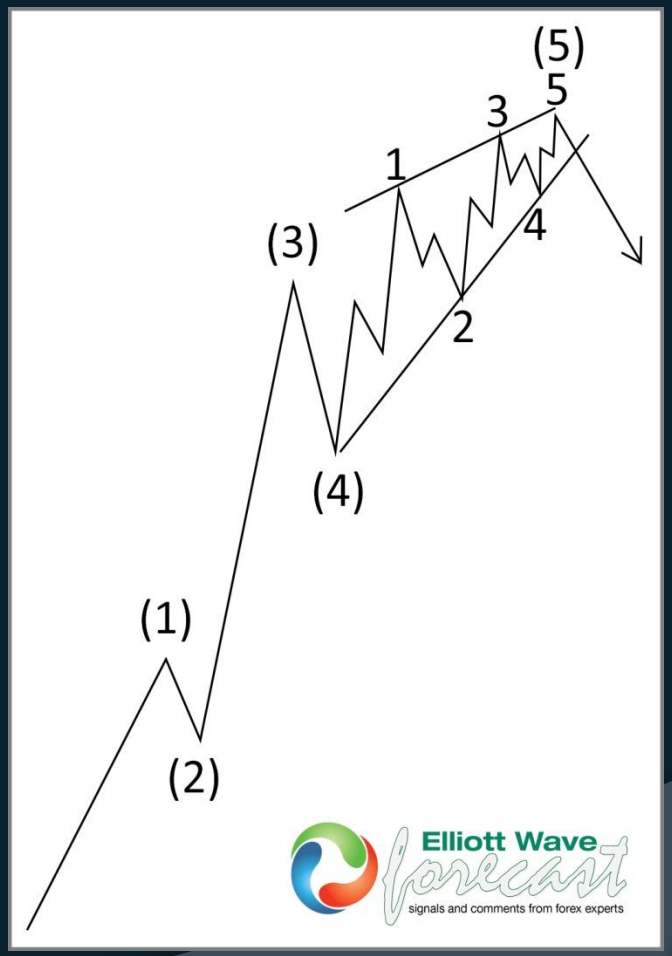
- A truncated fifth wave does not move beyond the end of the third. It can usually be verified by noting that the presumed fifth wave contains the necessary five subwaves, as illustrated in Figures 6 and 7.
- Truncation gives warning of underlying weakness or strength in the market. In application, a truncated fifth wave will often cut short an expected target. This annoyance is counterbalanced by its clear implications for persistence in the new direction of trend

Basic structures /Motive and correctives/ Truncation



Basic structures /Motive and correctives/ Diagonal





Basic structures /Motive and correctives/ Diagonal

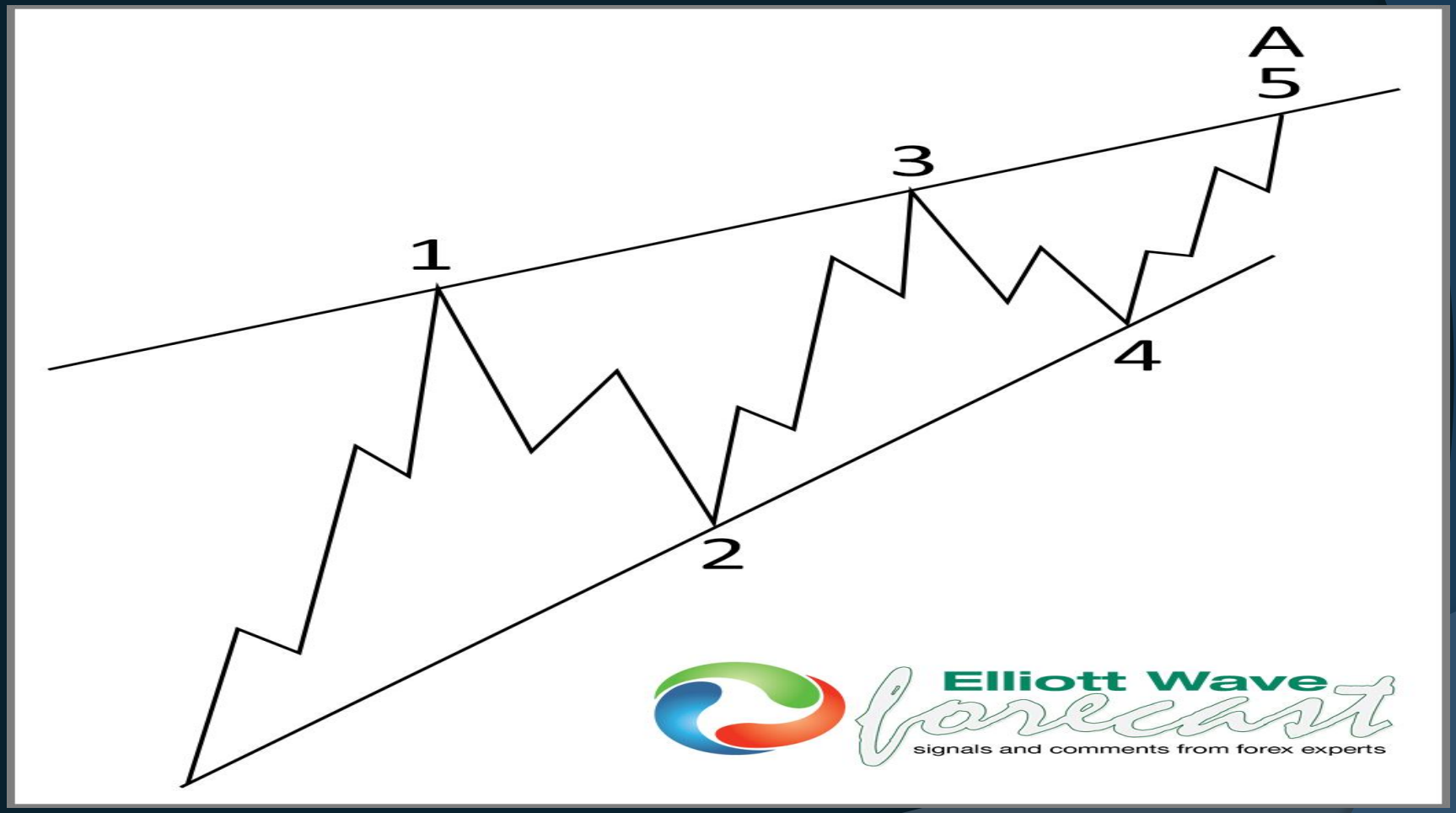
- A diagonal triangle is an impulsive pattern, yet not an impulse, as it has one or two corrective characteristics. Diagonal triangles substitute for impulses at specific locations in the wave structure. They are the only five-wave structures in the direction of the main trend within which wave four almost always moves into the price territory of (i.e., overlaps) wave one. On rare occasions, a diagonal triangle may end in a truncation, although in our experience, such truncations occur only by the slimmest of margins.

- ***Ending Diagonal***
- An ending diagonal is a special type of wave that occurs primarily in the fifth wave position at times when the preceding move has gone "too far too fast," as Elliott put it. A very small percentage of ending diagonals appear in the C wave position of A-B- C formations. In double or triple threes (see next section), they appear only as the *final* "C" wave. In all cases, they are found at the *termination points of larger patterns*, indicating exhaustion of the larger movement.
- Ending diagonals take a wedge shape within two converging lines, with each subwave, including waves 1, 3 and 5, subdividing into a "three," which is otherwise a corrective wave phenomenon. The ending diagonal is illustrated in Figures 8 and 9 and shown in its typical position in larger impulse waves.

Basic structures /Motive and correctives/ Diagonal

- ***Leading Diagonal***
- When diagonal triangles occur in the fifth or C wave position, they take the 3-3-3-3-3 shape that Elliott described. However, it has recently come to light that a variation on this pattern occasionally appears in the first wave position of impulses and in the A wave position of zigzags. The characteristic overlapping of waves one and four and the convergence of boundary lines into a wedge shape remain as in the ending diagonal triangle. However, the subdivisions are different, tracing out a 5-3-5, or 5-3-5-3-5 pattern. The structure of this formation (see Figure 10) does fit the spirit of the Wave Principle in that the five-wave subdivisions in the direction of the larger trend communicate a "continuation" message as opposed to the "termination" implication of the three-wave subdivisions in the ending diagonal. This pattern must be noted because the analyst could mistake it for a far more common development, a series of first and second waves, as illustrated in Figure 5.
- The main key to recognizing this pattern is the decided slowing of momentum in the fifth subwave relative to the third. By contrast, in developing first and second waves, phenomena such as short term speed of movement and breadth (i.e., the number of stocks or subindexes participating) often expands.

Basic structures /Motive and correctives/ Diagonal



Basic structures /Motive and correctives

- Markets move *against* the trend of one greater degree only with a seeming struggle. Resistance from the larger trend appears to prevent a correction from developing a full impulsive structure. The struggle between the two oppositely trending degrees generally makes corrective waves less clearly identifiable than impulsive waves, which always flow with comparative ease in the direction of the one larger trend. As another result of the conflict between trends, corrective waves are quite a bit more varied than impulsive waves.

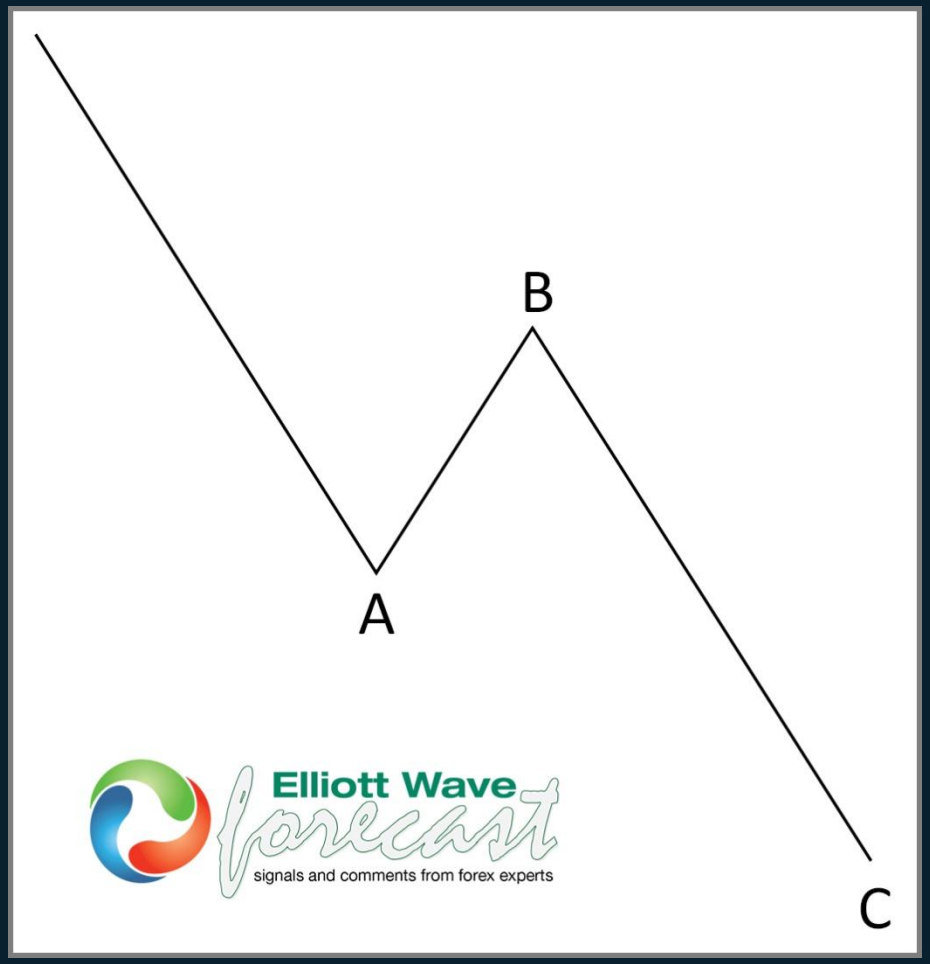
Basic structures /Motive and correctives

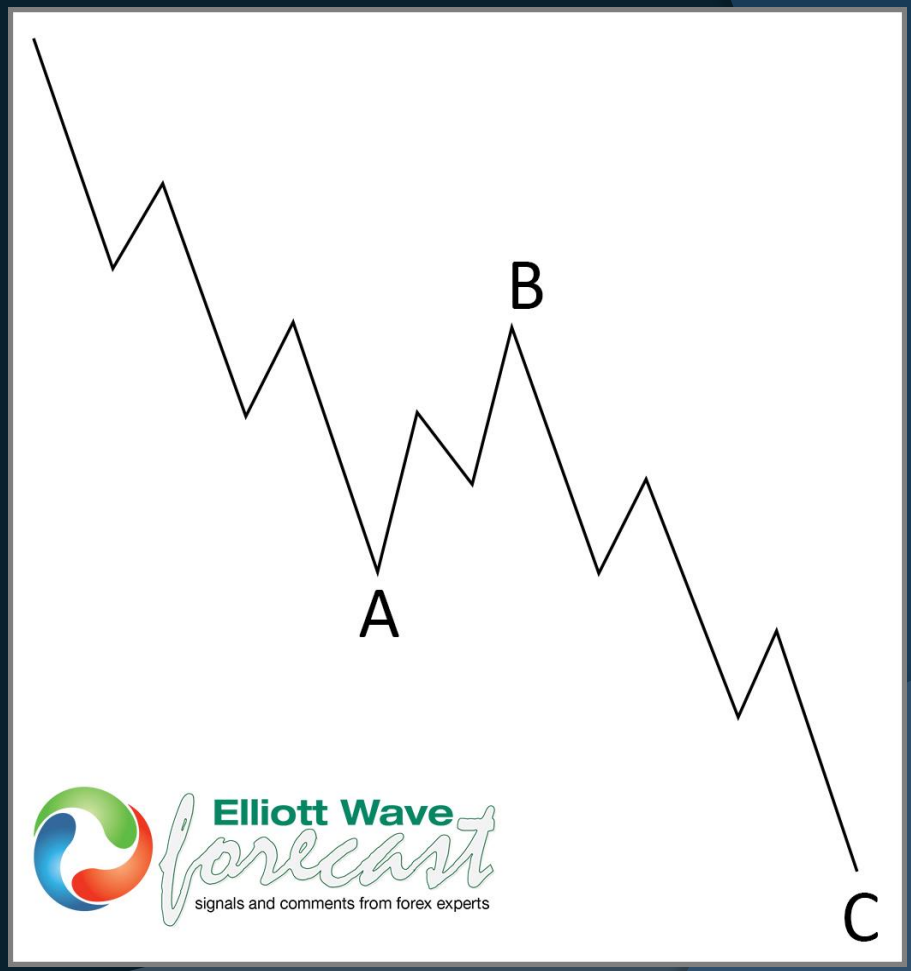
- Corrective patterns fall into four main categories:
- *Zigzags* (5-3-5; includes three variations: single, double, triple);
- *Flats* (3-3-5; includes three variations: regular, expanded, running);
- *Triangles* (3-3-3-3-3; four types: ascending, descending, contracting, expanding);
- *Double threes* and *triple threes* (combined structures

Basic structures /Motive and correctives

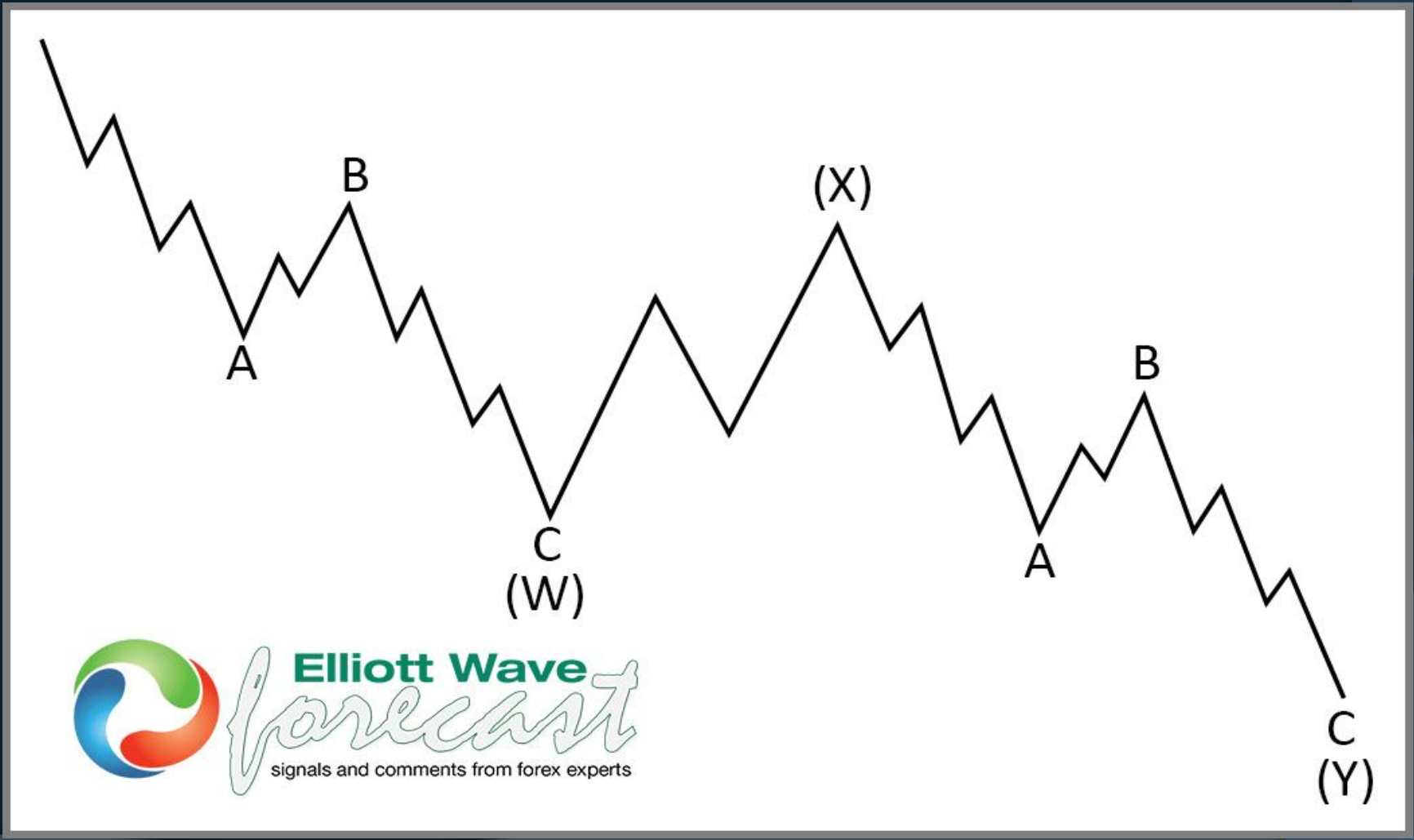
- **ZIGZAGS (5-3-5)**
- A *single zigzag* in a bull market is a simple three-wave declining pattern labeled A-B-C and subdividing 5-3-5. The top of wave B is noticeably lower than the start of wave A, as illustrated in Figures 11 and 12.
- Occasionally zigzags will occur twice, or at most, three times in succession, particularly when the first zigzag falls short of a normal target. In these cases, each zigzag is separated by an intervening "three" (labeled X), producing what is called a *double zigzag* (see Figure 13) or *triple zigzag*. The zigzags are labeled W and Y (and Z, if a triple).

Basic structures /Motive and Correctives Zig Zags

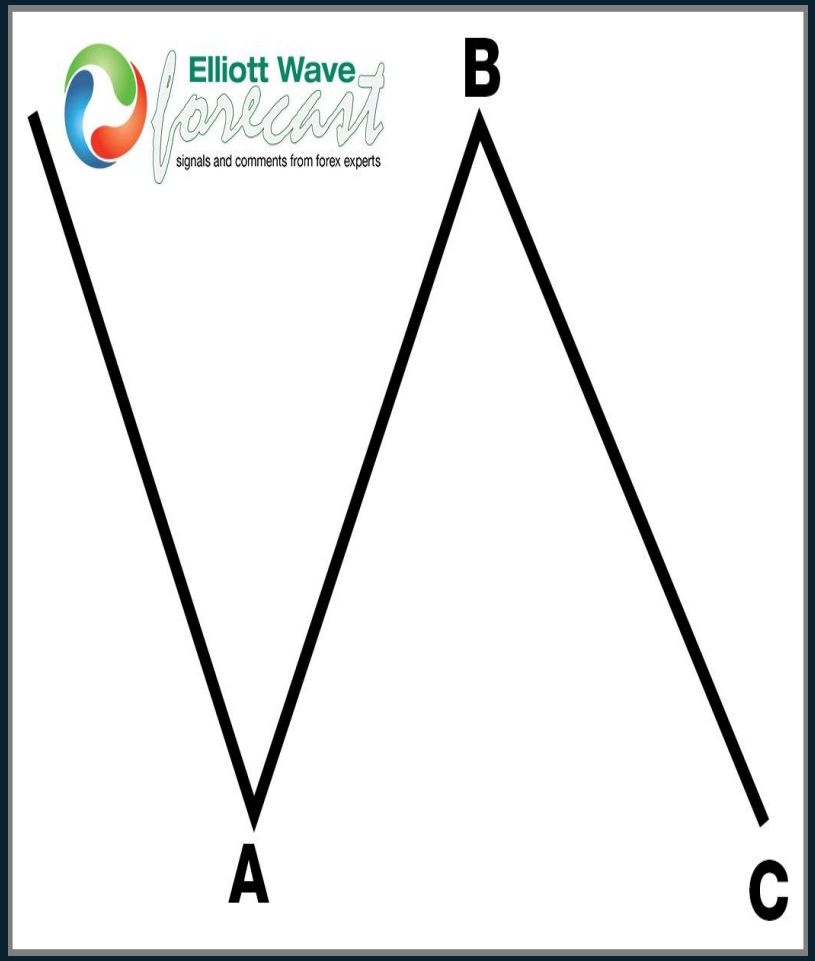




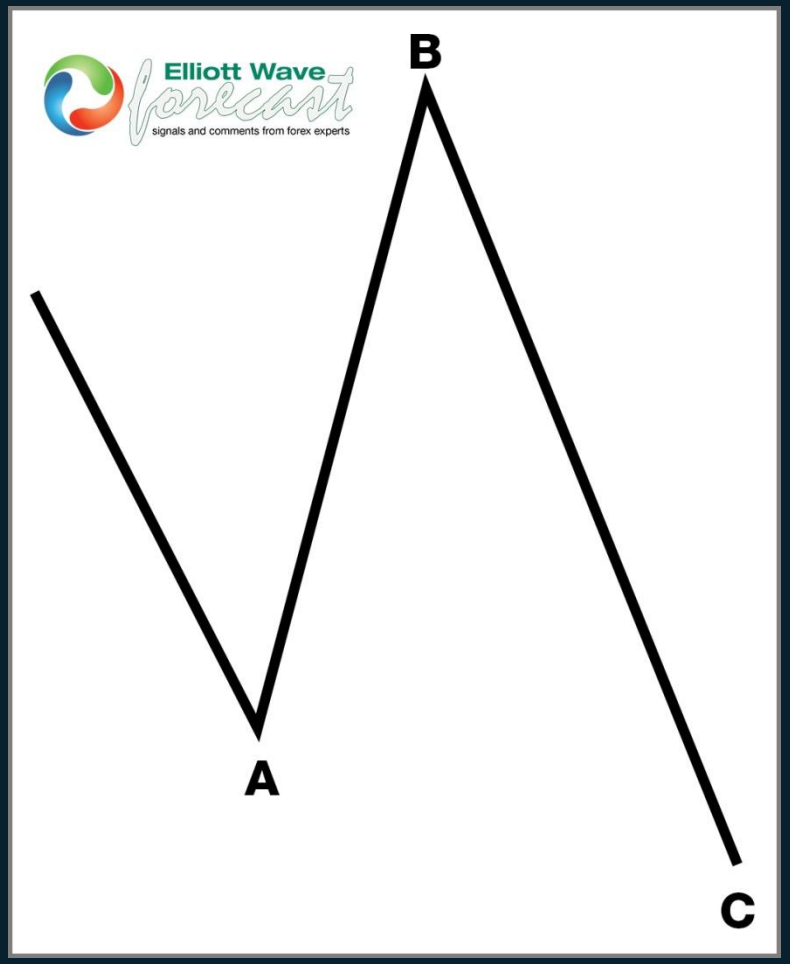
Basic structures /Motive and Correctives Double Zig Zag

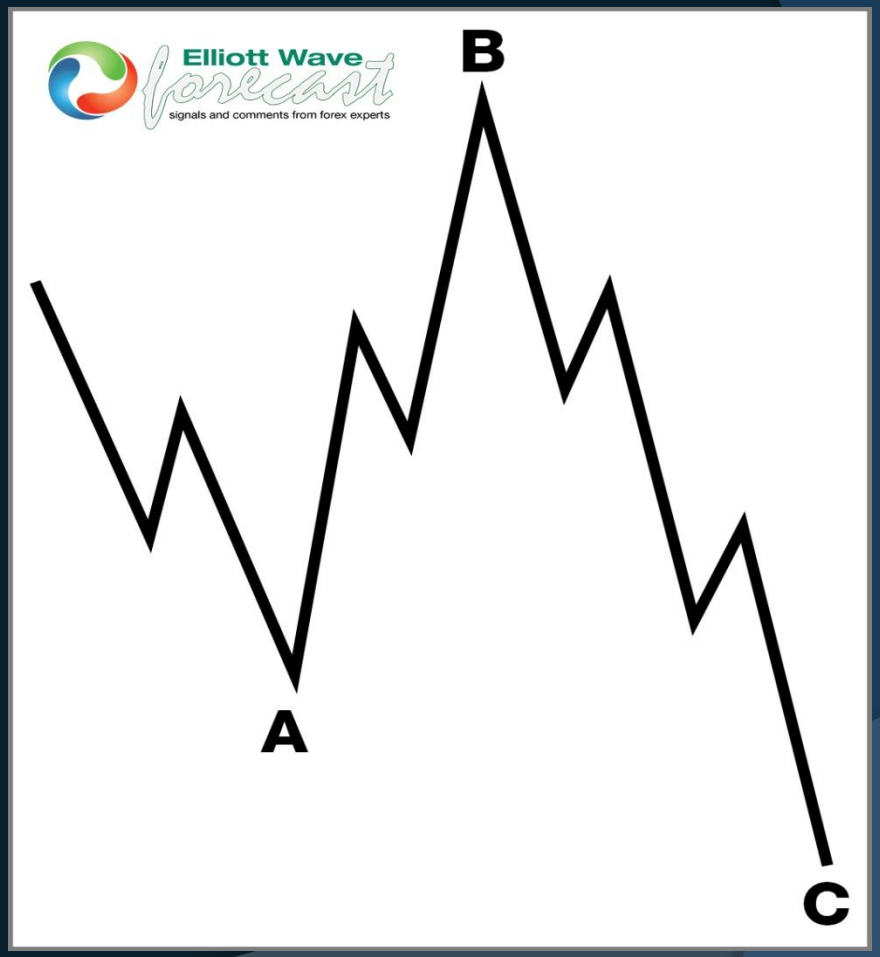


Basic structures /Motive and Correctives FLATS



Basic structures /Motive and Correctives FLATS





Basic structures /Motive and Correctives FLATS

- A flat correction differs from a zigzag in that the subwave sequence is 3-3-5, as shown in Figures 14 and 15. Since the first actionary wave, wave A, lacks sufficient downward force to unfold into a full five waves as it does in a zigzag, the B wave reaction seems to inherit this lack of countertrend pressure and, not surprisingly, terminates near the start of wave A. Wave C, in turn, generally terminates just slightly beyond the end of wave A rather than significantly beyond as in zigzags.
- Flat corrections usually retrace less of preceding impulse waves than do zigzags. They participate in periods involving a strong larger trend and thus virtually always precede or follow extensions. The more powerful the underlying trend, the briefer the flat tends to be. Within impulses, fourth waves frequently sport flats, while second waves rarely do.

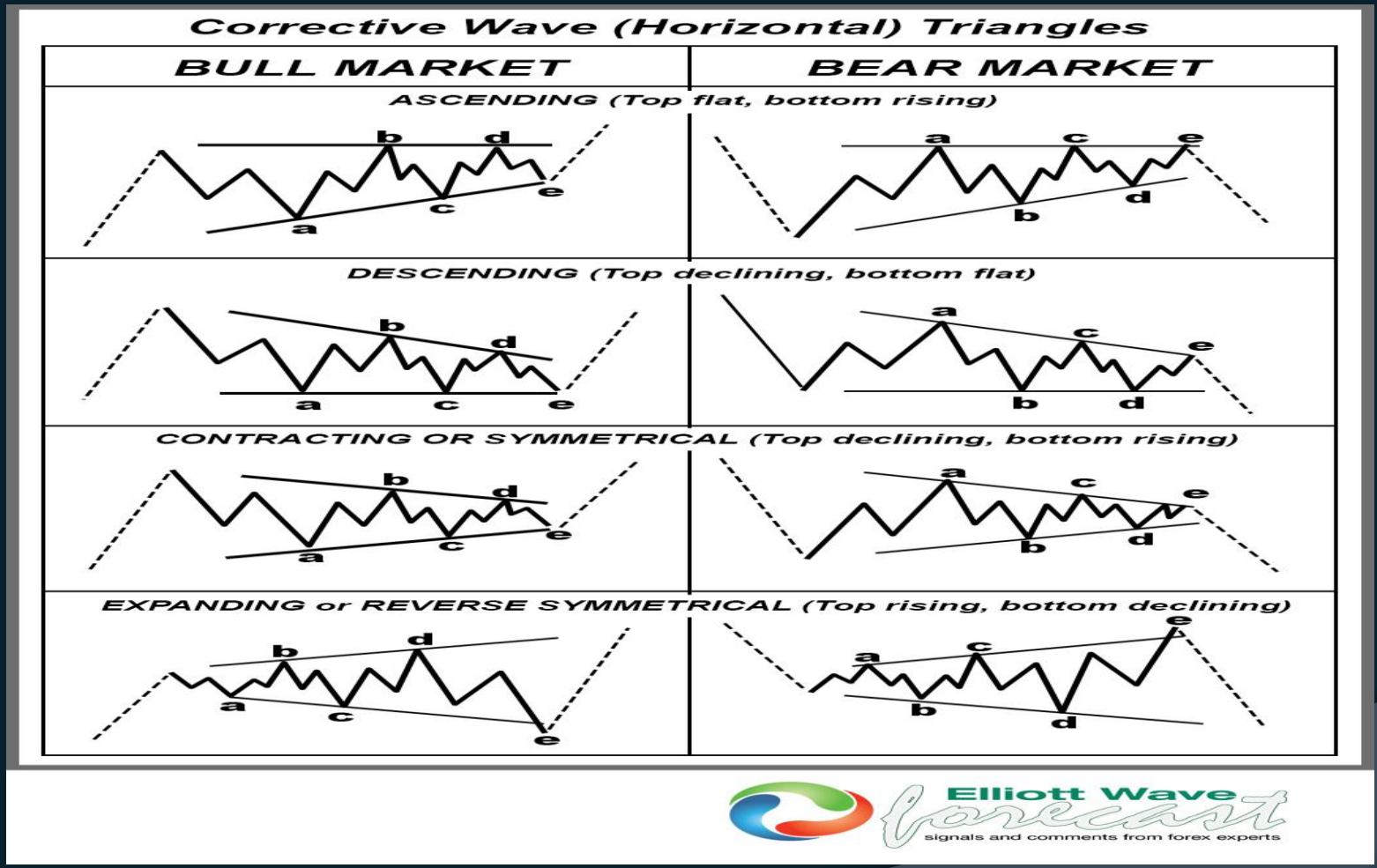
Basic structures /Motive and Correctives FLATS

- Three types of 3-3-5 corrections have been identified by differences in their overall shape. In a *regular* flat correction, wave B terminates about at the level of the beginning of wave A, and wave C terminates a slight bit past the end of wave A, Far more common, however, is the variety called an *expanded flat*, which contains a price extreme beyond that of the preceding impulse wave. In expanded flats, wave B of the 3-3-5 pattern terminates beyond the starting level of wave A, and wave C ends more substantially beyond the ending level of wave A
- In a rare variation on the 3-3-5 pattern, which we call a *running* flat, wave B terminates well beyond the beginning of wave A as in an expanded flat, but wave C fails to travel its full distance, falling short of the level at which wave A ended. There are hardly any examples

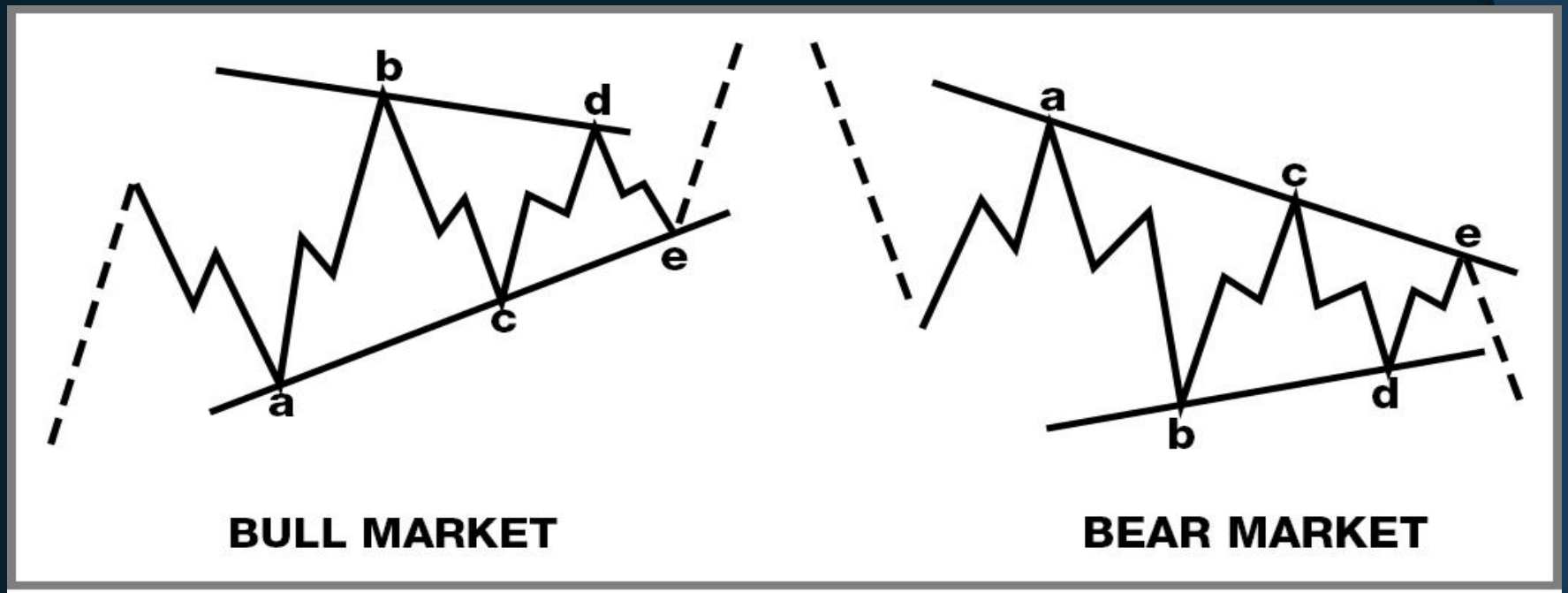
Basic structures /Motive and Correctives Triangles

- HORIZONTAL TRIANGLES (TRIANGLES)
- Triangles are overlapping five wave affairs that subdivide 3-3-3-3-3. They appear to reflect a balance of forces, causing a sideways movement that is usually associated with decreasing volume and volatility. Triangles fall into four main categories as illustrated IN TABLE ,These illustrations depict the first three types as taking place within the area of preceding price action, in what may be termed *regular* triangles. However, it is quite common, particularly in contracting triangles, for wave b to exceed the start of wave a in what may be termed a *running* triangle

Basic Structures /Motive and Correctives Triangles



Basic Structures /Motive and Correctives Triangles

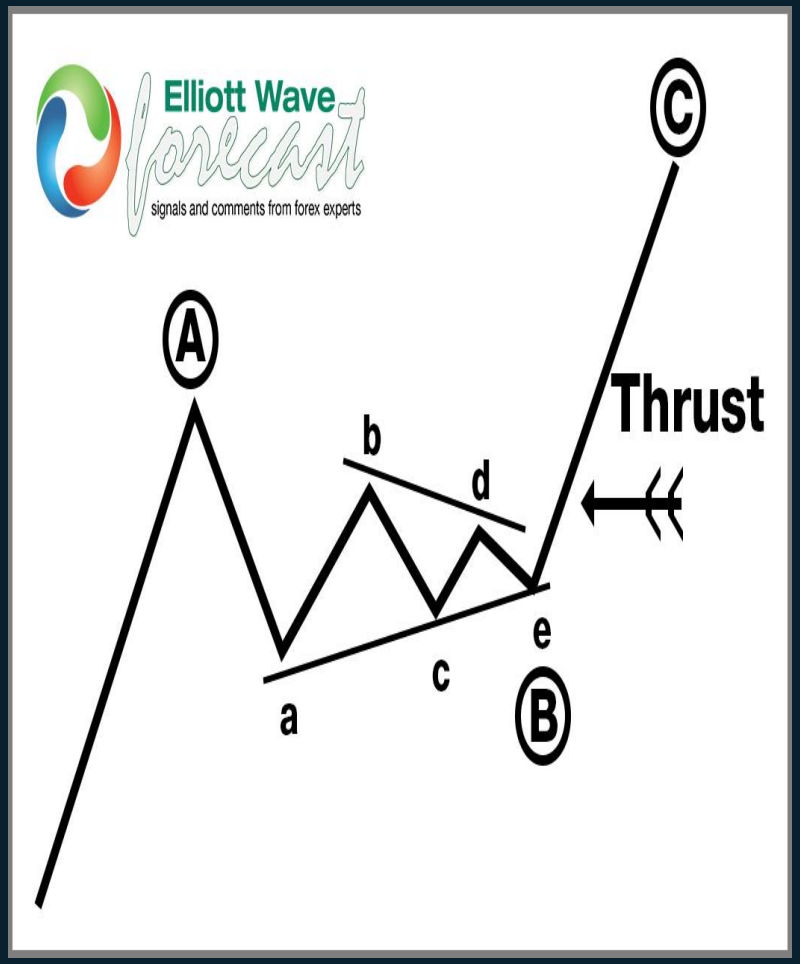


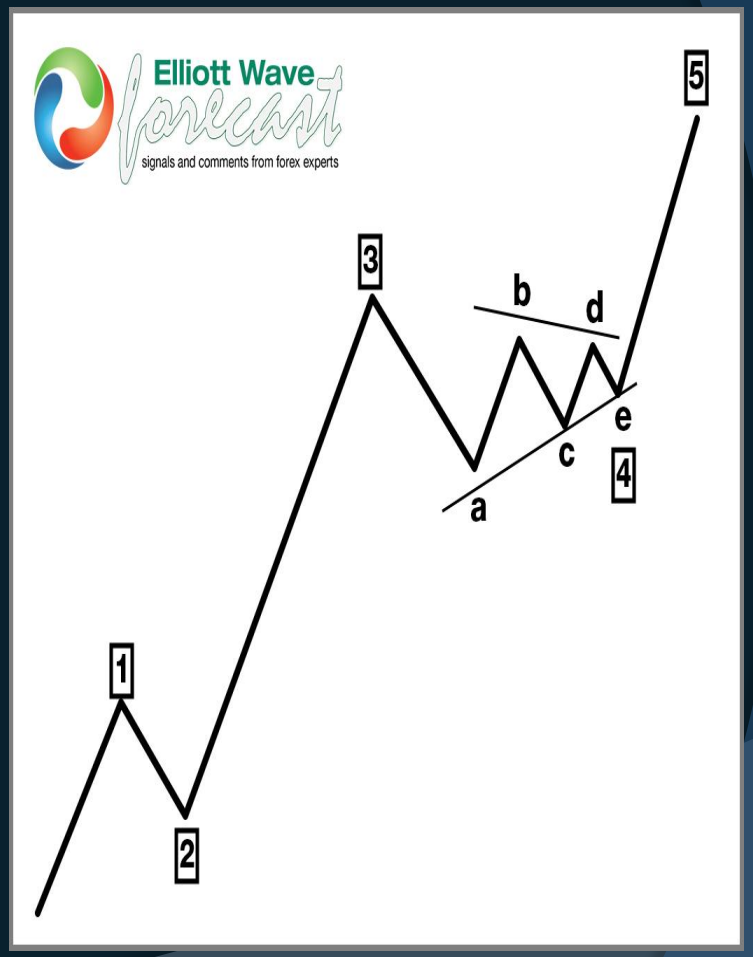
Elliott Wave forecast
signals and comments from forex experts

Basic Structures /Motive and Correctives Triangles

- Triangles, by far, most commonly occur as fourth waves. One can sometimes see a triangle as the Wave B of a three-wave correction. Triangles are very tricky and confusing. One must study the pattern very carefully prior to taking action. Prices tend to shoot out of the triangle formation in a swift thrust. When triangles occur in the fourth wave, the market thrusts out of the triangle in the same direction as Wave 3. When triangles occur in Wave Bs, the market thrusts out of the triangle in the same direction as the Wave A.

Basic Structures /Motive and Correctives Triangles





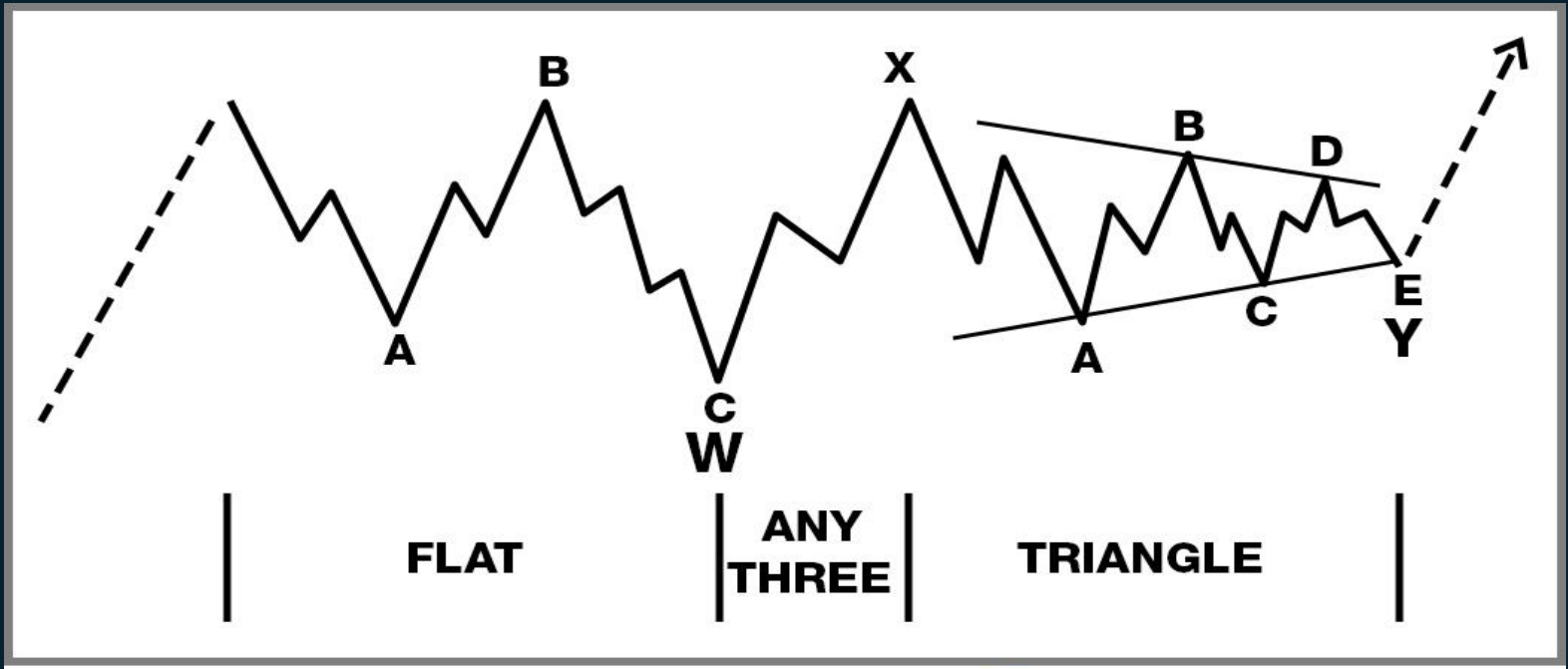
Basic Structures /Motive and Correctives Double and Triple Threes

- Elliott called sideways combinations of corrective patterns “double threes" and “triple threes." While a single three is any zigzag or flat, a triangle is an allowable final component of such combinations and in this context is called a "three." A double or triple three, then, is a combination of simpler types of corrections, including the various types of zigzags, flats and triangles. Their occurrence appears to be the flat correction's way of extending sideways action. As with double and triple zigzags, each simple corrective pattern is labeled W, Y and Z. The reactionary waves, labeled X, can take the shape of any corrective pattern but are most commonly zigzags

Basic Structures /Motive and Correctives Double and Triple Threes

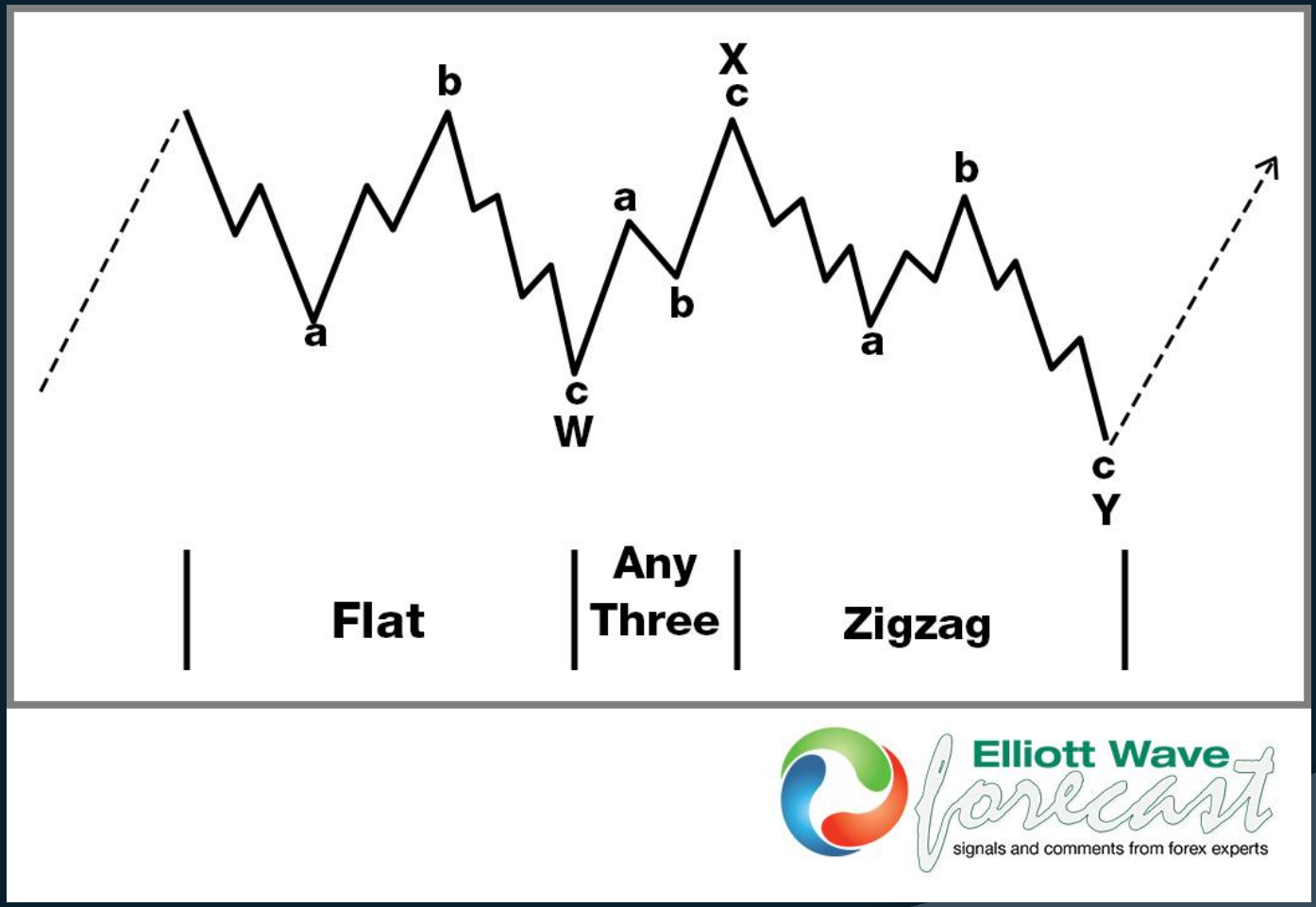
- For the most part, double threes and triple threes are horizontal in character. One reason for this trait is that there is never more than one zigzag in a combination. Neither is there more than one triangle. Recall that triangles occurring alone precede the final movement of a larger trend. Combinations appear to recognize this character and sport triangles only as the final wave in a double or triple three.

Basic Structures /Motive and Correctives Double and Triple Threes



Elliott Wave forecast
signals and comments from forex experts

Basic Structures /Motive and Correctives Double and Triple Threes



Day 2 (8 hours)
Saturday 10.27.2012 (from 7 am to 3pm est)

. Motive waves

. Zig Zags (abc)

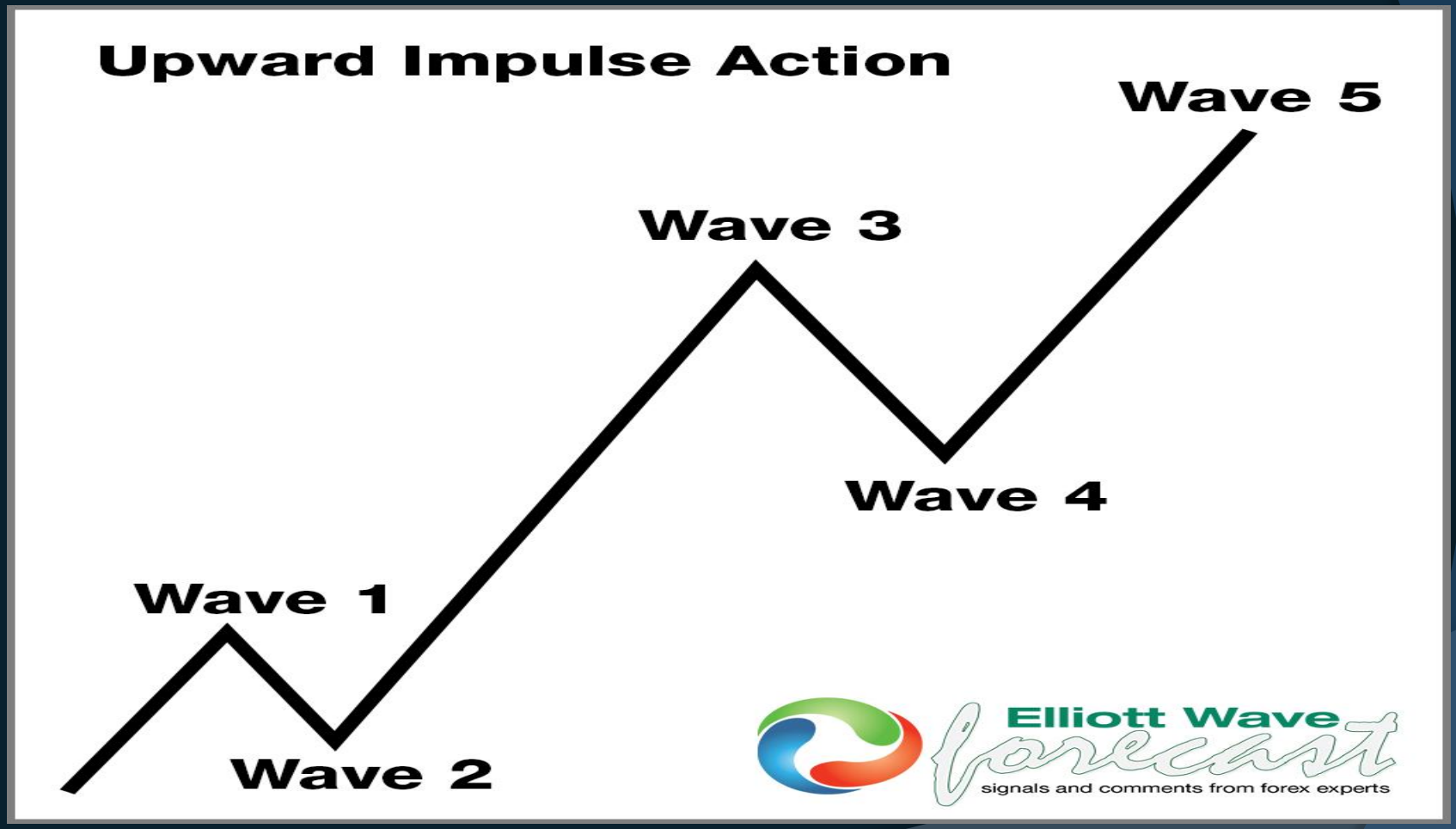
. Double Zig Zags (wxy)

. Triple Zig Zags (wxyz)

. Flats (Regular and Irregular)

. Triangles

Motive waves



Motive waves

- Rules
- 5 waves , when 3 are impulse and 2 corrective .
- Wave 4 can not enter wave 1
- Wave 3 can not be shortest.
- Wave 5 should produced divergence in RSI

Motive waves

- Fibonacci ratios
- Wave 2 = 50% , 61.8%, 76.4 or 85.4 of wave 1
- Wave 3 =1.618,2.00, 2.618,3.236, 4.236,6.814 of wave 1-2
- Wave 4 = 14.6,23.6,38.2 of wave 3 never more than 50%

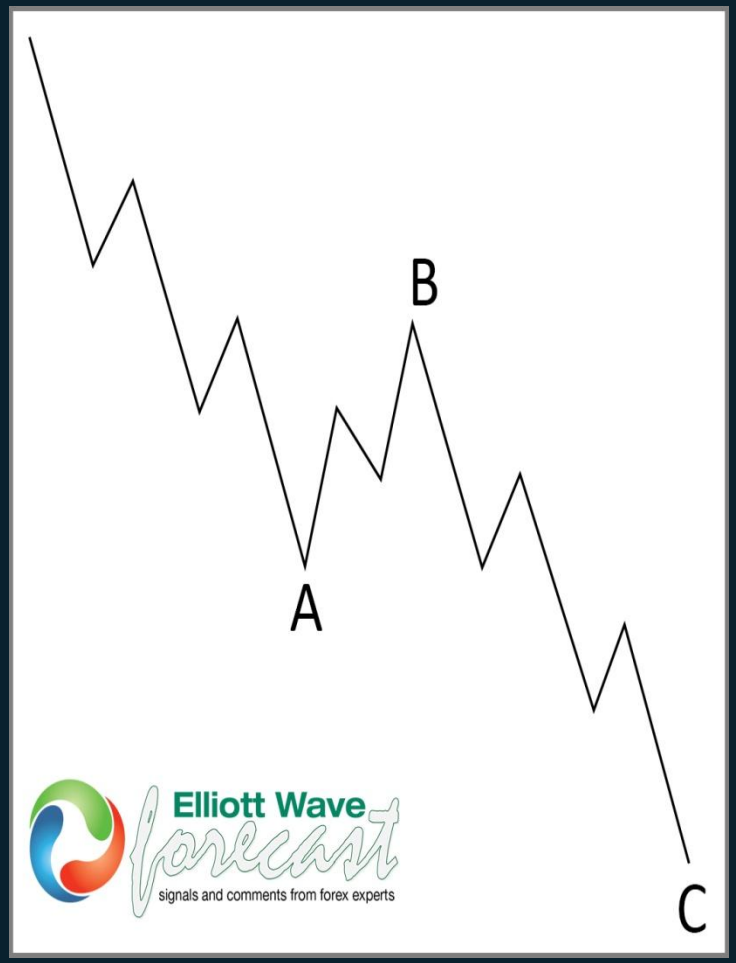
Motive waves

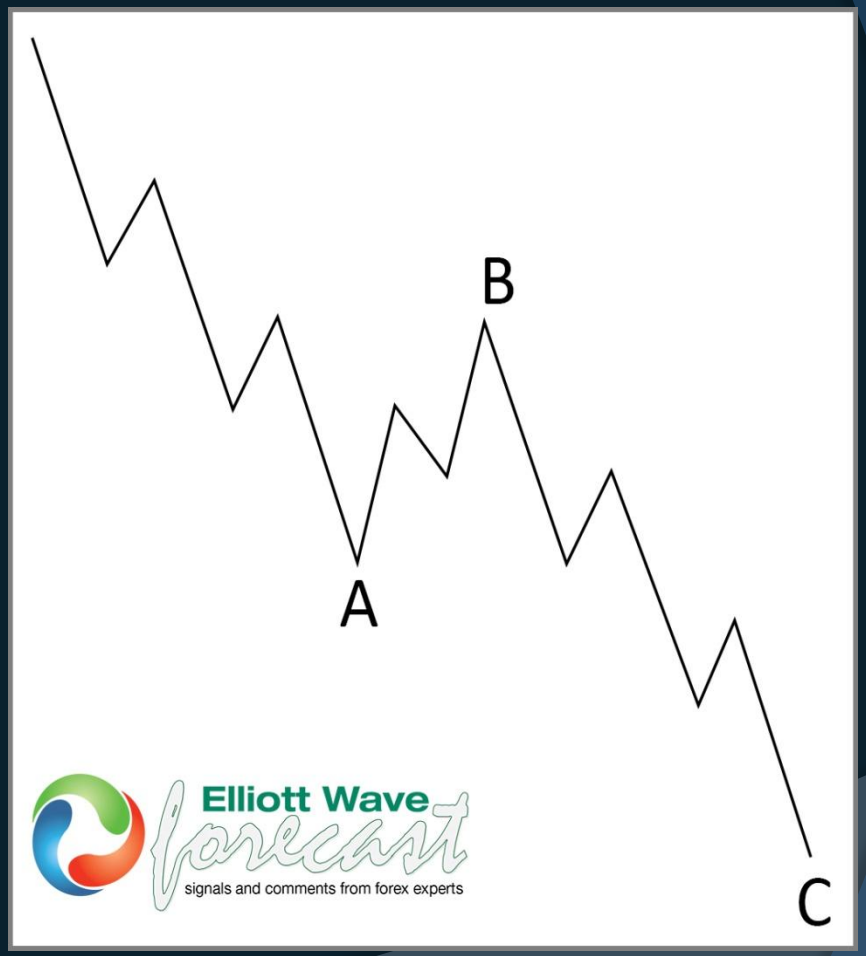
- Wave 5 = 1.236 or 1.618 or wave 4 ,also
- Equal wave 1 or 61.8 of 1 through 3.
- If wave 3 is not minimum 1.618 of wave 1 is not a 5 wave move .
- The divergence is needed in every wave or cycle .
- If wave 4 pass the 50% of wave 3 is not a wave 4 even when do not overlap wave1

Motive waves

- If wave 5 do not reach minimum 1.236 of wave 4 is not a wave 5 .
- Wave 2 need to be minimum 50% of wave 1 .
- Motives waves run in 5-9-13-17-21-25 swings .

Zig Zags


B
A
C
Elliott Wave
forecast
signals and comments from forex experts


B
A
C
Elliott Wave
forecast
signals and comments from forex experts

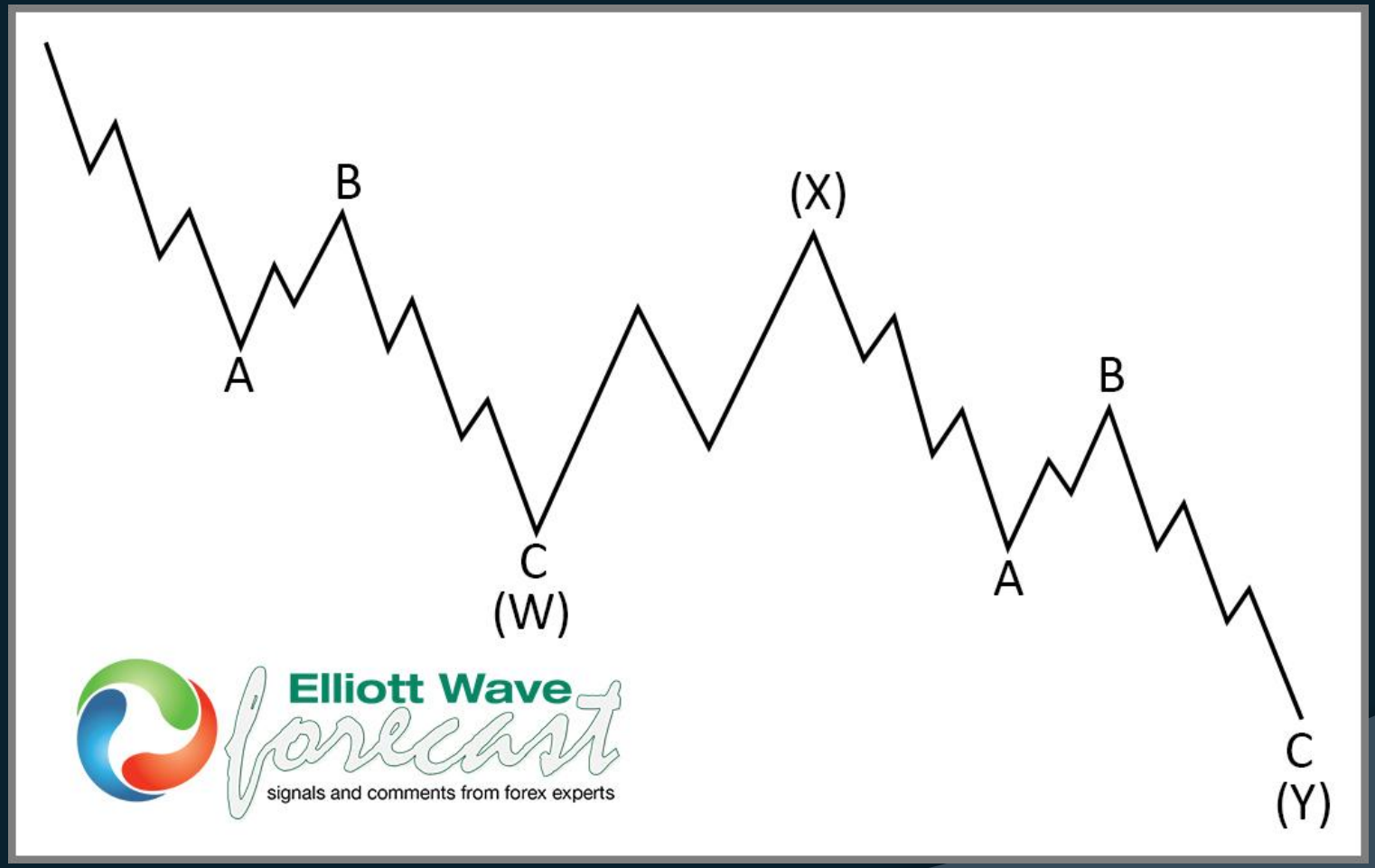
Zig Zags

- A Zig zag is a 5-3-5 structure
- A and C are 5 waves structure when
- Each leg need divergence within
- The connector can be any corrective structure .

Zig Zags

- Fibo relationship .
- B is 50% , 61.8% ,76.4% or 85.4% of wave A
- C is 61.8% , 1.00 or 1.236 of wave A .
- If C gets to 1.618 of wave A , and divergence at top of C ,is a impulse instead of a ABC .

Double Zig Zags



Double Zig Zags

- Is a 7 ,11,15,19,23 swings structure
- When w is a abc and y is also another abc
- The w and y can be either a simple abc or also wxy
- X is the connector and can be any corrective structure

Double Zig Zags

- Ratios
- X is the 50%,61.8% ,76.4% ,85.4% of wave W
- Wave Y is either 61.8 % ,1.00,1.236 of W
- Can not pass 1.618 of w
- 3 cycles need to be seen in RSI

Triple Zig Zags (wxyz)

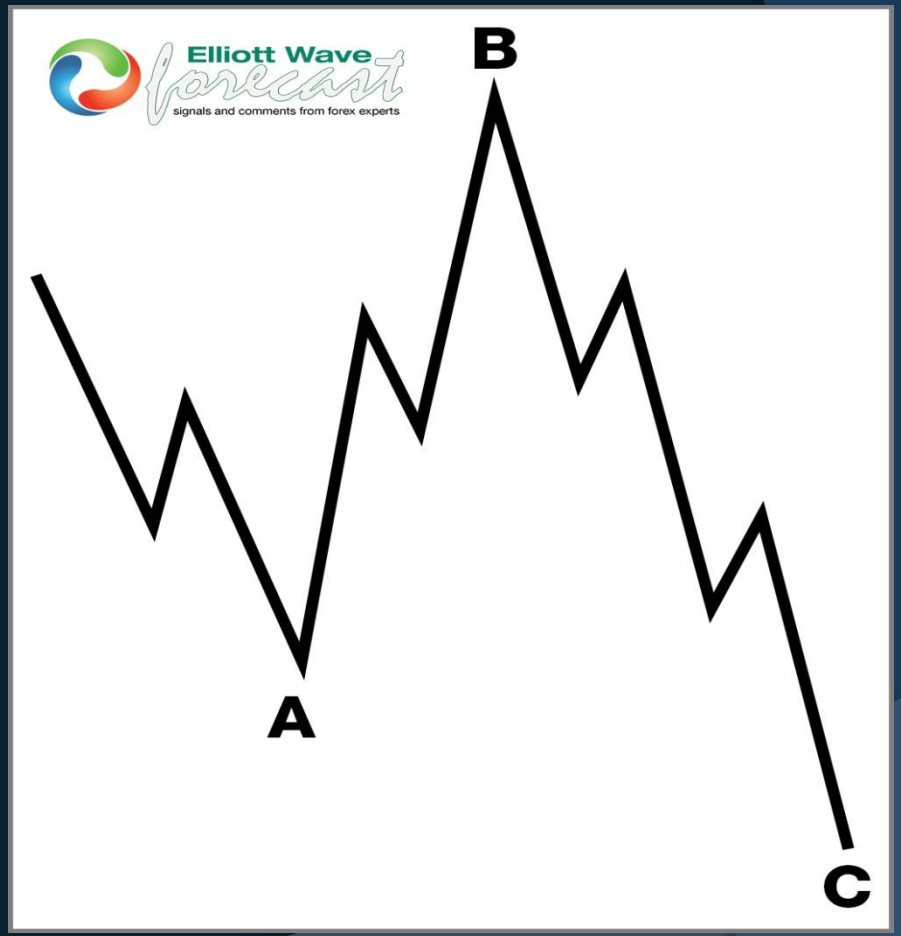
- Same structure as WXY but with another extension
- Is a 11 swing structure minimum
- Can not seen divergence at the end of Z
- Labeled as wxyz , when we see two connectors
- Z is either 61.8% ,1.00% or 1.236 of y

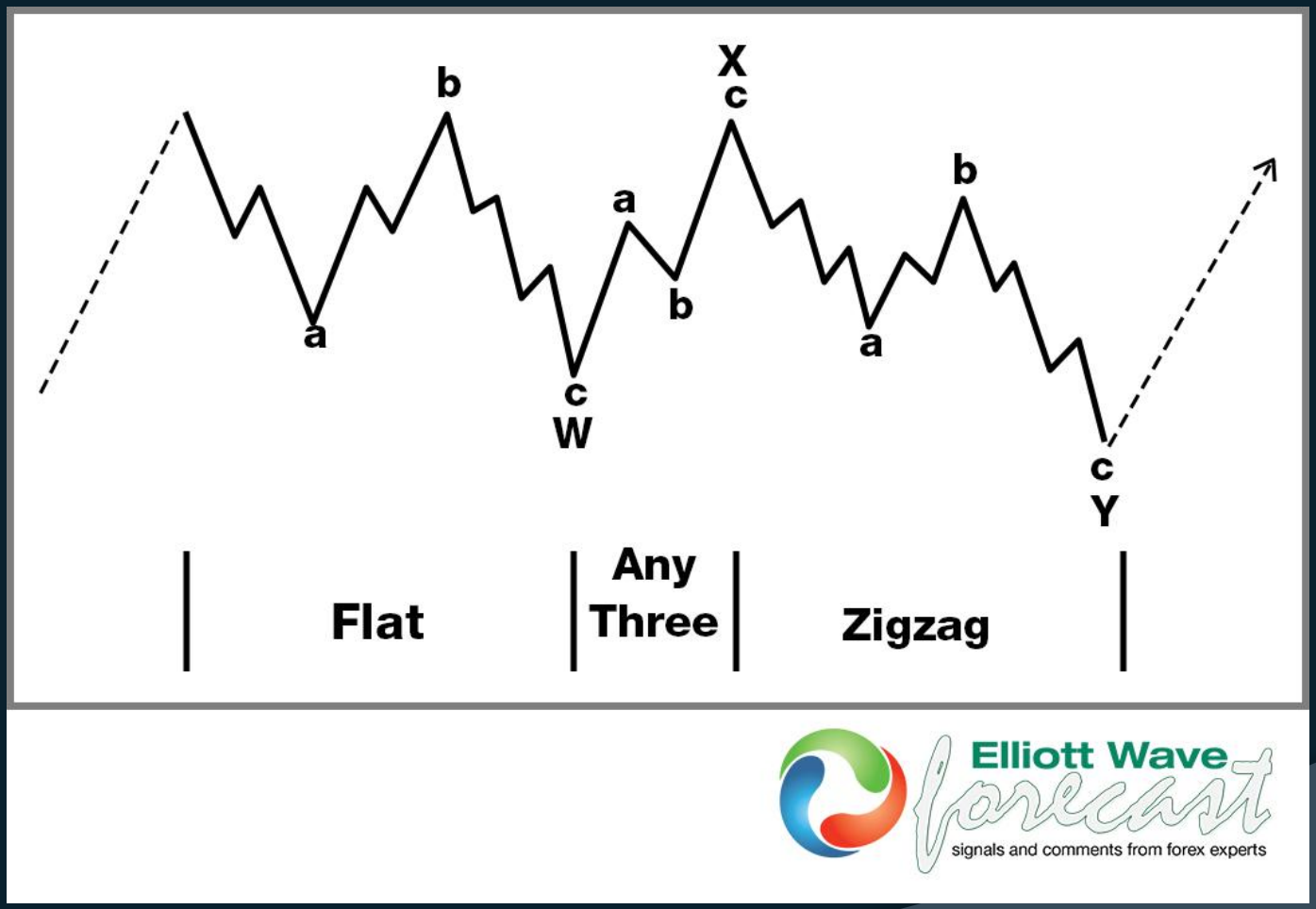
FLATS

- Flats are a corrective structure as follow .3-3-5
- Wave AB are 3 waves structures and c is a regular motive wave
- B is 50%,61.8%,76.4% and 85.4% of wave A
- Wave B can be any type of corrective structure

FLATS


Elliott Wave
forecast
signals and comments from forex experts
B
A
C


Elliott Wave
forecast
signals and comments from forex experts
B
A
C



Elliott Wave forecast

signals and comments from forex experts

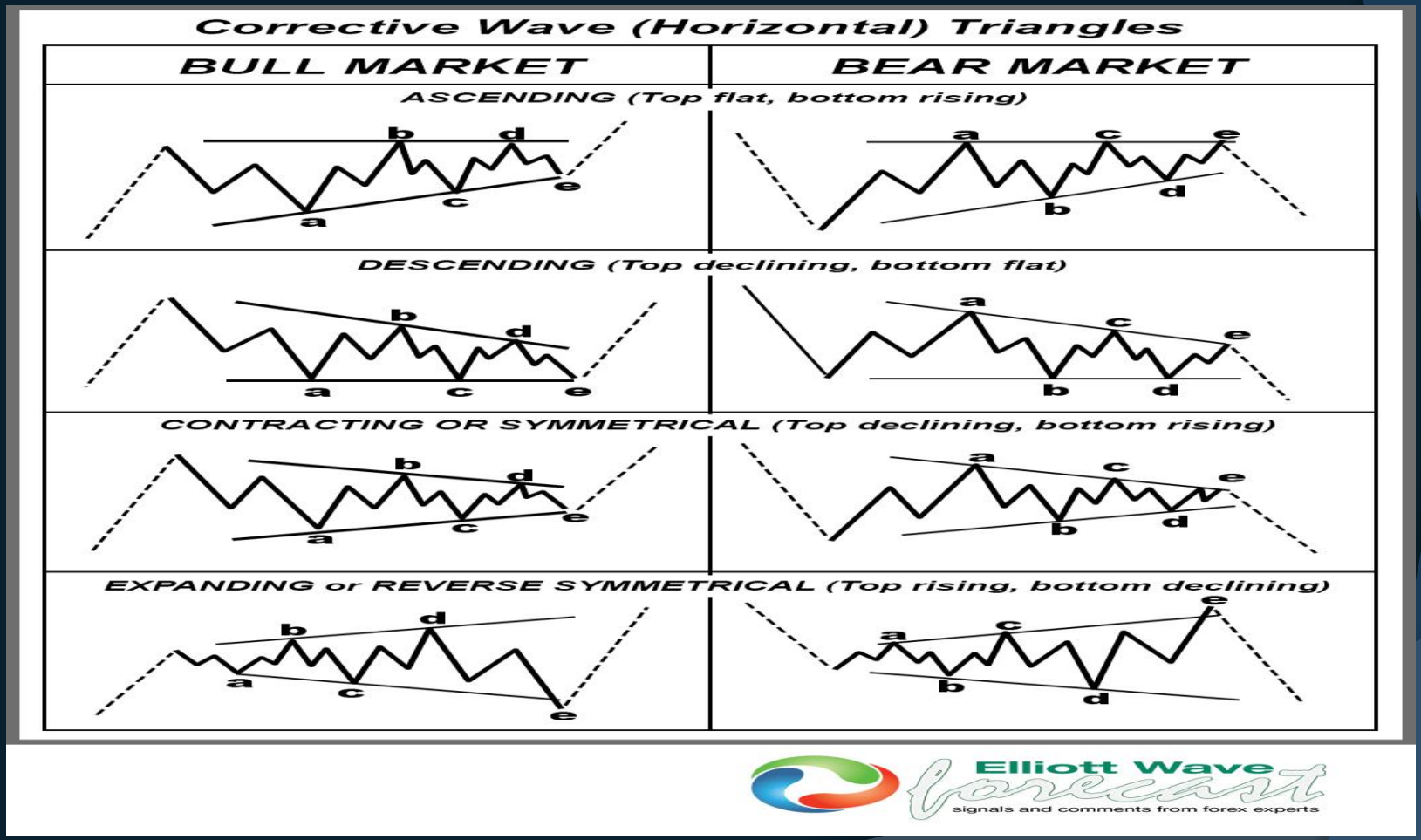
FLATS

- Wave A can be any type of corrective structure .
- Wave C is either 61.8% ,1.00% or 1.236 % of wave AB relationship
- Wave c need to have divergence and need to be a 5 waves structure and follow every single rule of a motive wave.

FLATS

- In a flat wave B is always deep relate with wave A and sometime can even pass the wave A or beginning of the cycle .
- Those type of flats is name running or irregular flats.
- The top of B in a irregular is 1.236% of AB .

Triangles.


Corrective Wave (Horizontal) Triangles
BULL MARKET
BEAR MARKET
ASCENDING (Top flat, bottom rising)
DESCENDING (Top declining, bottom flat)
CONTRACTING OR SYMMETRICAL (Top declining, bottom rising)
EXPANDING or REVERSE SYMMETRICAL (Top rising, bottom declining)
a
b
c
d
e
Elliott Wave forecast
signals and comments from forex experts

Triangles

- Triangles are corrected structures
- Always happen in wave B or wave IV
- Triangle mean a cycle in some degree will end after the thrust .
- The are 8 types of triangles
- The relationship within the triangles structures meaning ABCDE are the same as any type of a corrective structure.

Triangles

- Wave ABCDE can be either a ABC ,WXY or FLATS .
- RSI need to support the triangles in every time flame .

Day 3 (5 hours)
Sunday 10.28.2012 (from 8am to 1pm est)

. RSI

- Upgrading and Downgrading RSI.
- How the RSI help with the EWP.
- STOCH-RSI.
- How to see cycles within the STOCH-RSI.
- Market Correlation.

RSI

- The **Relative Strength Index** (**RSI**) is a technical indicator used in the analysis of financial markets. It is intended to chart the current and historical strength or weakness of a stock or market based on the closing prices of a recent trading period. The indicator should not be confused with relative strength.
- The RSI is classified as a momentum oscillator, measuring the velocity and magnitude of directional price movements. Momentum is the rate of the rise or fall in price. The RSI computes momentum as the ratio of higher closes to lower closes: stocks which have had more or stronger positive changes have a higher RSI than stocks which have had more or stronger negative changes.
- The RSI is most typically used on a 13 day timeframe, measured on a scale from 0 to 100, with high and low levels marked at 70 and 30, respectively. Shorter or longer timeframes are used for alternately shorter or longer outlooks. More extreme high and low levels—80 and 20, or 90 and 10—occur less frequently but indicate stronger momentum.
- For each trading period an upward change *U* or downward change *D* is calculated. Up periods are characterized by the close being higher than the previous close:
- .The RSI can be use together with EWP and be a powerful tool

RSI

- 1. Market runs in cycles and the cycles can be seen within the RSI
- A downtrend will be a sequence of lower lows and lowers highs, the trend should be down until the sequence happens.
- A UPTREND IS A sequence of higher high and higher lows .
- If the market is in Impulse then the w4 pick can pass the beginning of wave 3 but cannot pass the beginning of the cycle.
- If the market is moving corrective then the sequence need to be intact and the relationship should be intact.
- A break of the sequence in a corrective move is a change of trend or the end of the internal cycle.
- Wave 5 in a motive wave need to provided divergence and need to be seen in every time frame within the RSI ,
- Each subdivision of the motive waves need to provided divergence
- 3 waves move do not provided divergence and should not pass the beginning of ruling cycle
- Flats can pass beginning of the ruling cycles.

RSI

- **Divergence**
- Wilder further believed that divergence between RSI and price action is a very strong indication that a market turning point is imminent. Bearish divergence occurs when price makes a new high but the RSI makes a lower high, thus failing to confirm. Bullish divergence occurs when price makes a new low but RSI makes a higher low.

Stoch-rsi

- Developed by Tushard Chande and Stanley Kroll, StochRSI is an oscillator that measures the level of RSI relative to its high-low range over a set time period. StochRSI applies the Stochastics formula to RSI values, instead of price values. This makes it an indicator of an indicator. The result is an oscillator that fluctuates between 0 and 1.
- In their 1994 book, *The New Technical Trader*, Chande and Kroll explain that RSI can oscillate between 80 and 20 for extended periods without reaching extreme levels. Notice that 80 and 20 are used for overbought and oversold instead of the more traditional 70 and 30. Traders looking to enter a stock based on an overbought or oversold reading in RSI might find themselves continuously on the sidelines. Chande and Kroll developed StochRSI to increase sensitivity and generate more overbought/oversold signals.

Stoch -RSI

- A 5 wave structure is shown in 3 swings which goes from low to high to low and divergence in bullish motive wave or high to lows to high and divergence in bearish motive wave
- Indicator become useless in wave 3 of a motive wave

Market Correlation

- Market correlation is key and needs to be used in the right way or groups
- Major groups in the Market
- USDX – EURUSD ,GBPUSD, USDCAD ,USDNOK,USDJPY, USDCHF
- Metals – AUDUSD, NZDUSD, USDCAD, AUDJPY, CADJPY, Gold and Copper
- Indices – SPX, DAX, FTSE

Market Correlation

- Yen group
- USDJPY,EURJPY ,AUDJPY ,CADJPY,GBPJPY
- Metals and Indices trade together

Market Correlation

- Always, follow the clear Elliott wave structure within the main groups and then relate to the market and groups
- Clear structure either is a 5 waves structure or a corrective structure in need of a 3-7-11-15-19-23 swings