Complexities

Wave 3 extension

Wave 3 extension : no reliable relationships

3rd wave can be a measured move.

if the 3rd wave exceeds the measured 61.8% of wave 1, the wave will probably be the extension
((if wave 1 hadn't extended that is))

check these levels using wave 1 as the reference point

61.8%, 100%, 161.8%

Fib. relationship past the end of wave 1

for a wave 3 extension wave 1 can be 38.2% of wave 3 or no relation at all.

if wave 4 is more complex than wave 2 wave 5 should be equal to or greater than wave 1.

If wave 2 is most complex, wave 5 will be equal to or less than wave 1

be careful for 5th wave truncation criteria though

If wave 1 is small in relation to wave 3, we can check for wave 5 to be 38.2% of combined waves 1 and 3.

Impulsions

Wave 3 extension

Wave 3 extensions and 5th wave failures

- 5th wave failures are possible when 3rd waves are extended.
- wave 4 should be more complex than wave 2.
- wave 4 should retrace more of wave 3 than wave 2 did of wave 1.

5th wave failure requirements:

① 5th wave is part of a larger degree 5th wave

② larger degree c wave

"counter-trend power" ③

Wave 3 is the most likely to extend if subdivided, wave 3 will likely extend.

(check if wave 2 has a high power rating because it can help us predict a wave 3 extension)

our 0-2 trendline should not break by the smaller wave 2 correction

(if wave 3 is a polywave)

for wave 3 extension: expect same degree retracement to wave 4.

(support / resistance)

If more than 61.8% retracement, the 3rd wave extension completed an impulse wave of a higher degree

Impulsions

3rd wave extension cont.

for a 3rd wave extension we may have wave 1 and wave 5 equality.
(or 61.8% also 161.8%)

(wave 3 extension should be more than 161.8% of wave 1)

* remember that our smaller wave 2 correction should not break the 0-2 trendline

- wave 5 should relate to combined waves 1 and 3 by 38.2%
(if more than 61.8% then waves 1 and 2 were probably a zigza

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↑ wave 4 should not retrace more than 38.2% of wave 3. (if more than possible wave 5 truncation)

[- remember "alternation rule": (ex. zigzag, flat) wave 2 and wave 4]

↙ if channels like this, then possible wave 5 truncation.

Impulsions

Wave 3 non extended: if wave 5 extended, wave 1 will be shorter than wave 3.

- If wave 1 extended, then wave 3 (non-extended of course) should complete no more than 61.8% of wave 1. (high probability)

- also, if wave 1 extends, wave 3 will be shorter than wave 1 and wave 5 will be shorter than wave 3. (increasingly shorter waves)

interesting progression to act from the longest wave

so to repeat, we draw our 61.8% above wave 1 using wave 1 as our reference point.

In a terminal impulse: if wave 3 does not extend, its a high probability that wave 1 extended.

'Impulsions

5th wave extension

(within larger degree terminal)

5th wave extension: check if wave 1 is smaller than wave 3 (no less than 61.8%)
↓
wave 5 will probably extend.

4th wave may overlap wave 1 and be more complex in price/t than wave 2

wave 5 should at least be equal to waves 1 and 3 together.

- when the 5th wave extends, the 2nd wave will seem to disappear. ("contraction of time element")

We seek high probability "turning points"

the 5th wave extension, (just like the 1st wave extension) may seem like a zigzag with a C wave that is equal to or greater than wave a.

Quick Review: Two kinds of Fibonacci relationships

1) External: price levels - "support and resistance"
stops or reversal at these levels confirmed level importance

2) Internal: between waves
complex corrections, terminal, failure patterns

Impulsions

for wave 5 extension (rare compared to wave 3 extension frequency)

wave 4 should not retrace more then 61.8% of wave 3 (or at least half of wave 3)

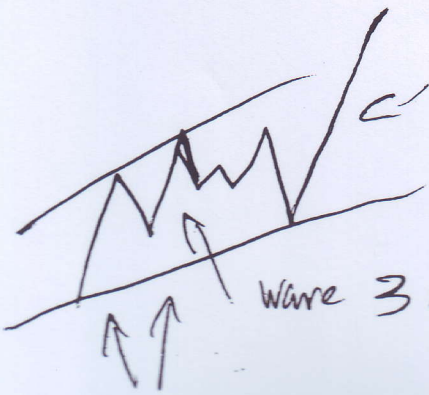
[a terminal will drift slightly upward (higher lows for waves 2 and 4 (unlike expanding running triangle)]

Wave 3 should be more than 161.8% of wave 1.

[If a wave 5 extension completes a wave C of a larger degree, expect a complete retracement.

{if trend is going to remain, then should not completely retrace}

otherwise consistently 61.8% or more consistently]



wave 5 should probably break the upper trendline and almost completely retrace.

remember indicators of market strength.

Wave 5 extension is generally 161.8% of waves 1 through wave 3 (combined)

for wave 5 extension expect "Golden ratio" at the end.

{Remember that extended waves help us understand market position and which correction will be most complex}

Impulsions

Just a thought

So ..... ① where are we only the monthly supply / demand curve

which direction are we going?

etc

② Market positioning using wave principle (structure series :3 and :5 ~~no more than 20 waves past~~)

③ which rules ex: "extension rule" "alternation rule" etc. helps us.

Be good detectives.

④ what is the structure within the structure ... and are we in a larger degree formation that suggests we are near a major turning point?

So we are on a journey to becoming Risk management!!

Forex market tech strategists

① Knowing market position based on price behavior
② developing high probability opportunities by forecasting price movements

Lets continue with 5th wave extension stuff

[External relationships most common]

- Wave 5 should be equal to waves 1 and 3 combined.
- maximum length should not exceed 261.8% of waves 1 and 3 combined.
- Wave 1 should be at the sharpest angle, and wave 3 not too sharp.
- Wave 4 should be most complex
- wave 5 should have the slowest rate of acceleration.
- wave 5 extension should not completely retrace unless we have a larger degree c wave correction, or we are at the end of a larger 5th wave ext

Risk management!

for our 5th wave extension, wave 3 should be 161.8% of wave 1, and wave 5 should be 161.8% of combined waves 1 and 3.

Wow!

5th wave extensions in relation to wave 3.

100% measured move (corrective rally is likely)
161.8% (continuation of trend is likely) * (most common) *
261.8% (strong indication of a top)

Impulsions

(within a terminal)

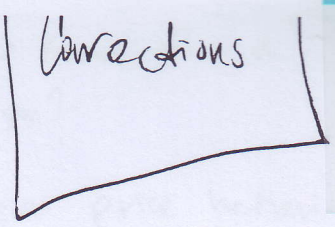
If wave 5 is not non-extended then wave 5 should not be more than 61.8 % of wave 3.

- 2-4 trendline should be clean.
- wave 5 should not be the most complex
- wave 4 should consume less price and time than wave 2.
- expect complete retracement of wave 5, however, if this wave 5 concludes a larger degree wave 3, expect a retracement into the 4th wave zone.

for a terminal impulse pattern: the price level should hold at least the time period that the terminal pattern took.

- post terminal impulse behavior must retrace the entire pattern in 50 % - 25 % less the time it took to form.

- a terminal pattern always completes a larger formation
- if the end of the 5th wave, the larger impulse pattern will completely retrace.



"Our journey into the world of the corrective phase"

Corrective patterns become most clear near completion.

The corrective phase has a larger pool of variation than impulsions.

as soon as we know a pattern is not impulsive, its corrective

So here's an example of using our criteria to forecast: ☺

* an elongated zigzag signals the early stages of a complex correction, contracting triangle or expanding triangles.

Zigzag: 5, 3, 5 (a, b, c) or 5-3-5 (using dash)

Flat: 3, 3, 5 (a, b, c) 3-3-5 "structure series"

Triangle: 3, 3, 3, 3, 3 3-3-3-3-3

Here's an interesting order ... God's creation shows up everywhere.

"The waterfall effect" for double and triple zigzag combinations ☺

we use the 1st part as yardstick #1