

So how do we know if a zigzag is forming instead of an impulsion? ⑧

- check recent price behavior using impulsion verification rules ...
- if the formation is not impulsive then its corrective and we check the structure series for confirmation.

by the way also, knowing which wave is the extension tells us about how pattern will change

We have to study data to prove our criteria to ourselves

- ① Empirically proven is the 1st thing ...
- ② Then current market analysis for fun.

also ... we can check post pattern behavior for confirmations

ex: terminal pattern - we expect post terminal price behavior to retrace the pattern fast (or it wasn't a terminal pattern)

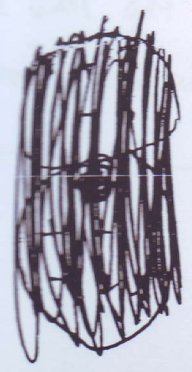
power ratings

All Elliot patterns "imply and transfer" specific amounts of "power" to future market action.

Strong + "positive" = continuation of upward price movement

Strong - "negative" = continuation of downward price movement.

We ask ... we is the largest completed pattern? (this is the basis for our power rating)



Triple zigzag, triple combination, triple flat	+3 or -3
Double zigzag, Double zigzag, double flat	+2 or -2
Running Correction	+3

Correction

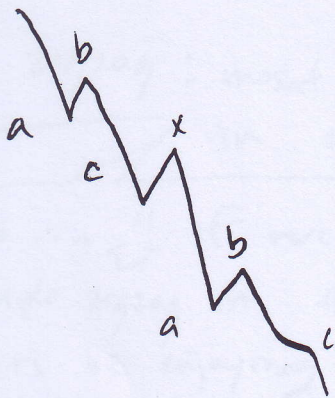
(power rating cont.)

So a (+3 or -3) suggests 60% to 70% retracement after completion.

a (+2 or -2) suggests no more than 80% retracement after completion.

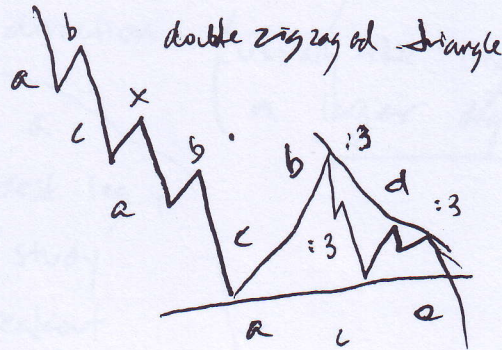
Some illustrations of complex corrections

Double zigzag



Double Combination

(This can be mistaken as the end of wave 3)



also check for a double comb ending with a flat.

if "x wave" is larger price wise, the breakout should be sharp ... we have our triangle strategy so entry order ready (min. 75% of widest)

Remember, the market will be there so enjoy your studies.

During corrections should be followed by substantial price movement we will get to know during corrections better

here's one

what cross relational criteria can we use zigzag - triangle - flat to confirm? ↑ for x wave ↑ c failure

making an ordinary moment extraordinary

Corrections

\* Important price moves happen after a correction completes, so we learn how to (be good detectives) recognize completion ...

We must know the last formation of the larger degree "significant time frame"

then smaller times for setups which engage us with real time (hopefully high probability) opportunities.

Triple zigzag: most powerful, indicates strong market sentiment in either direction. (usually the longest segment of a larger degree terminal or triangle)

So ... if we find a triple zigzag in the widest leg, lets be enjoying the study that our momentum breakout should go in the direction that the triple zigzag showed us

Triple combination: usually terminates with a triangle. (combination of zigzag, flat, or triangle)

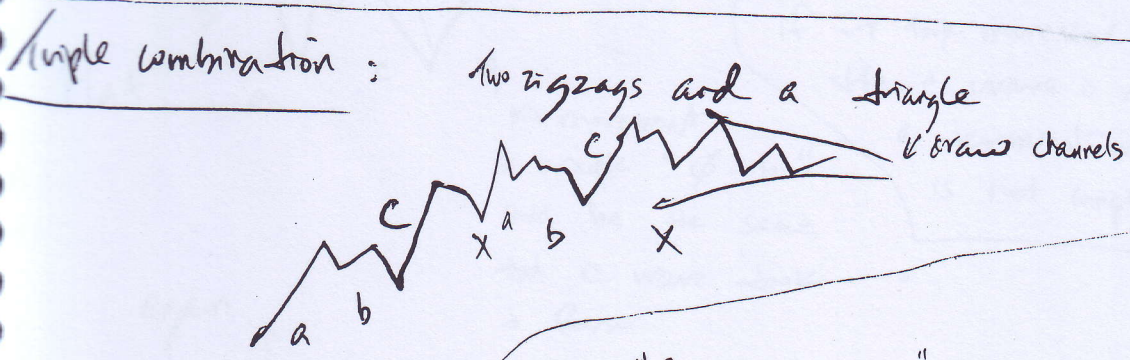
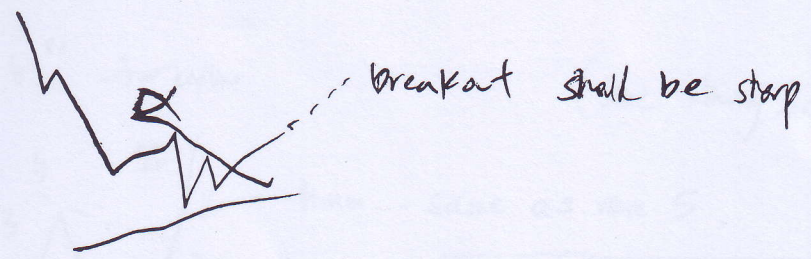
can occur in a terminal impulse. - one of the x waves can be a triangle, which is why we will use MBO/widest leg and close position good

- if the triple combination is as an extended 5th wave of a terminal, price may completely retrace.

- A triple combination may also occur in the widest leg of a triangle. (hmm ... shows us market direction estimate?)

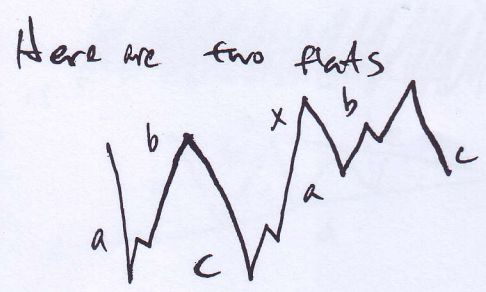
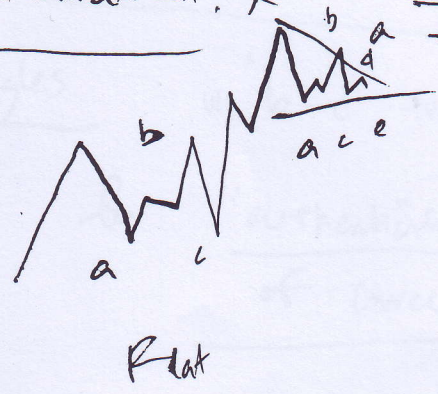
Corrections

Remember that whenever an "x wave" is larger price wise, the structure within is a double or triple pattern. (showing directional sentiment)



"Running variation"

Double Three Combination: A winning correction means we should have turn in the opposite direction eventually.



Remember if a fifth wave failure is shorter than wave 4, it should retrace the entire impulse wave

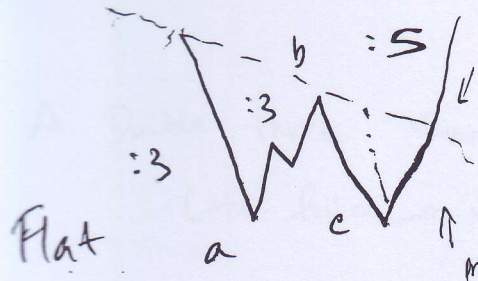
Corrections

"Authenticity of the Correction"

"post corrective market action must break the "a-b" trendline in the same amount of time or less that the c wave took to form"

"a-b" trendline

(same thing for strong b wave)



hmm... same as wave 5,

if it took more time then,  
the c wave is developing into  
a terminal or wave 4  
is not complete

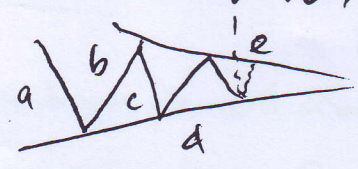
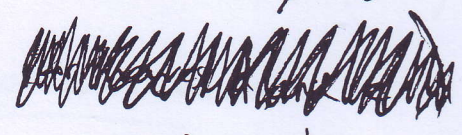
price movement  
to break "a-b"  
should be the same  
that c wave took  
to form

again  
"authenticity of the correction"

Triangles

use "b-d" trendline instead of "a-b"

for  
"authenticity  
of correction"



measure after  
wave e  
forms

11

next folks let discuss

All in good times

Running Corrections

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Some patterns emulate others, which is why we must have structural evidence.

our rules help bring clarity, to any emulations that cause errors in counting.

channeling is another way to read patterns  
(trendline studies)

A Double three Running Correction usually concludes with a triangle.

(the following impulse should be 161.8% to 261.8% of the previous wave)

Triple three running correction (rare) expect minimum 261.8% post corrective behavior of previous wave)

Triple flat: (very rare) it should not completely retrace unless part of the end of a 5<sup>th</sup> wave extension terminal.

Double zigzag: will not completely retrace unless a (larger degree) 5<sup>th</sup> wave extension terminal.

Double Combination - like the triple combination, it will almost always end with a triangle. (or c wave failure)

- the double combination may completely retrace if it completes a larger formation.

- if after wave x, it finishes with a "severe c failure" or after wave x finishes with a running triangle, the pattern may be completely retraced.

# Corrections

Double Flat: will probably not completely retrace (unless a severe c wave failure)

Elongated zigzag: should never be completely retraced in the same degree.  
(occurs in triangles and terminal impulse patterns)

can be in any wave in contracting or expanding triangle  
(except e) (except a)

Zigzag: very common (in top 3 of "most common" patterns)

(not likely retraced unless "more complex" or it completes a corrective phase)

(c wave no less than 61.8% of wave a or more than 161.8%)

3 zigzags = refer to zigzags wave c is the focus

wave c longest: up - strong, down - not so strong

wave c equal - most frequent

wave c shorter - usually retraced (unless followed by an x wave)

Remember our b wave in flats telling us sentiment?

wave c in zigzags can tell us how strong b wave was by retracement  
(but study flat and zigzag criteria for detail)

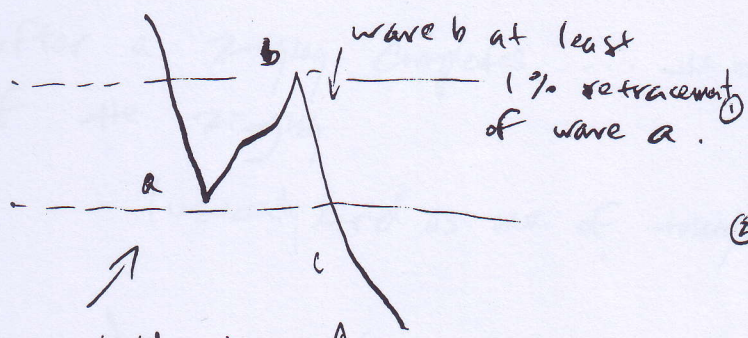
[ In triangles and terminals, the c wave does not mean as much ...  
only in flats can we use this rule.  
(retracement rule)

< follow the basics though and add larger degree criteria

# Zigzags

: 5 - : 3 - : 5

Zigzags are the only corrective patterns that resemble impulsive activity. !!



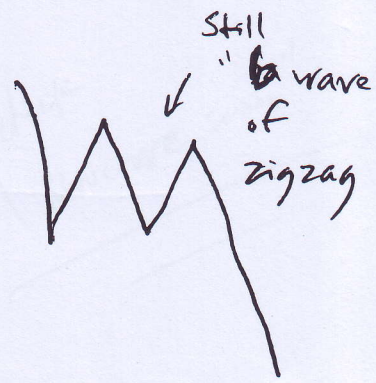
We use our criteria to identify market positioning. (Structure Series) Then price behavior confirms our detective work.

wave a should not retrace more than 61.8% of the previous impulse.

wave c must move beyond the end of wave a.

(wave c helps us identify zigzag) \* \* \* \*

exception



Remember that time <sup>rule</sup> is more applicable in corrective phase

"Retracement is key"

- ① How long is wave c in relation to wave a
- ② How much does wave c subdivide in relation to wave a?

wave a must be impulsive and retraced by wave b by no more than 61.8%

if wave b retraces more than 61.8% then the retracement is actually wave a of a smaller degree ... OK ... and we can expect the c wave of the smaller degree to fail ...

Contingency info

if the b wave retraces more than 61.8%

will the higher degree or smaller degree c wave fail? Discover ... !!

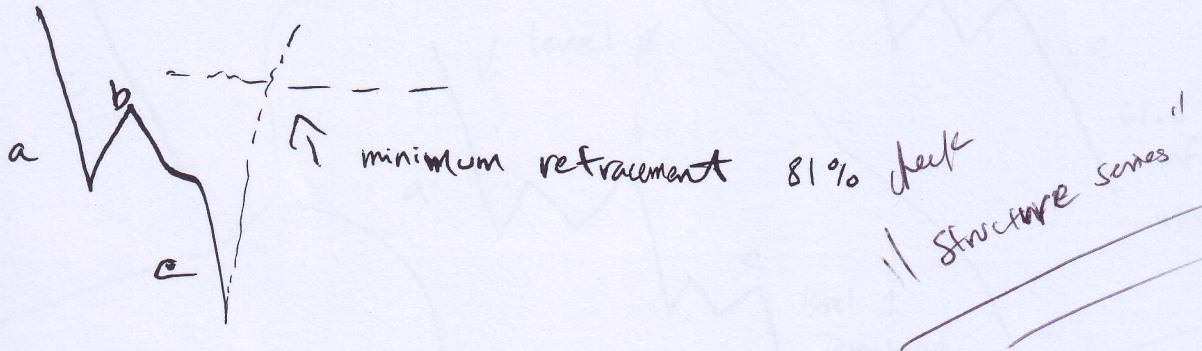


# Zigzags

Also study double, triple combination criteria.

After a zigzag completes . . . . the market should retrace at least 81% of the zigzag

(usually found as one of triangle legs)



Normal zigzag: wave c 61.8% to 161.8% of wave a.  
(if the wave exceeds these limits, it's an impulsion or elongated zigzag)

Truncated zigzag: (rare) wave c is less than 38.2% of wave a

Elongated zigzag: difficult to recognize (oversized c wave)  
"wait for them to unfold"

It only occurs at early stages of complex correction, contracting triangle or expanding triangles.

once again so an elongated zigzag can signal complex correction, contracting triangle, or expanding triangles.