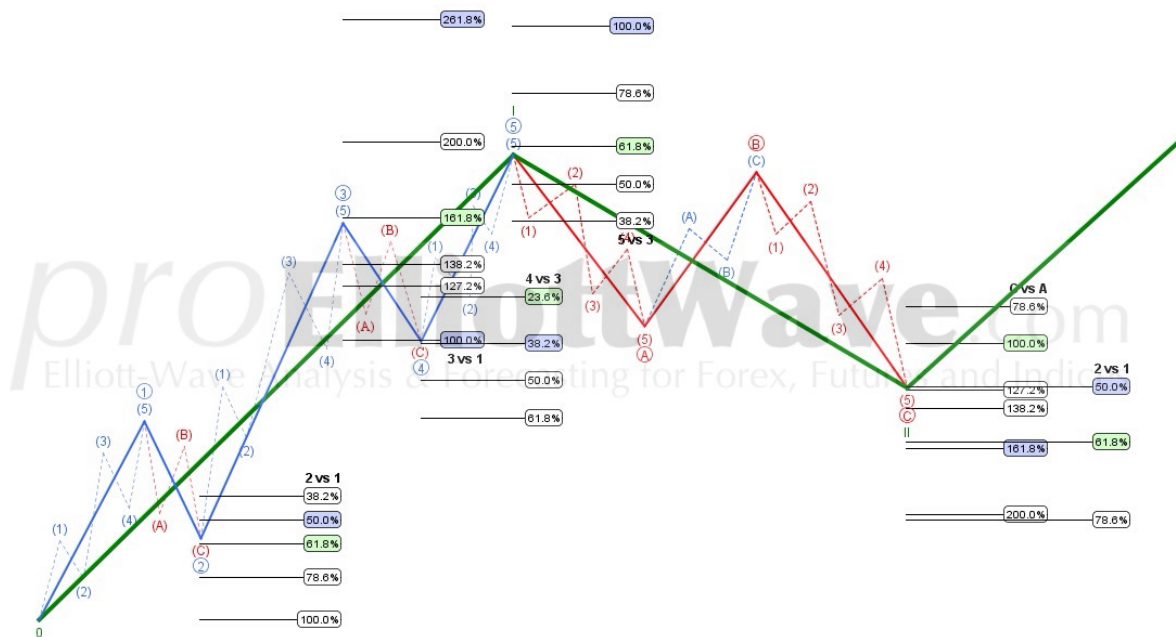


Elliott-Wave Principle Basics



Motive Wave:

Elliott-wave Basic Fractal Pattern



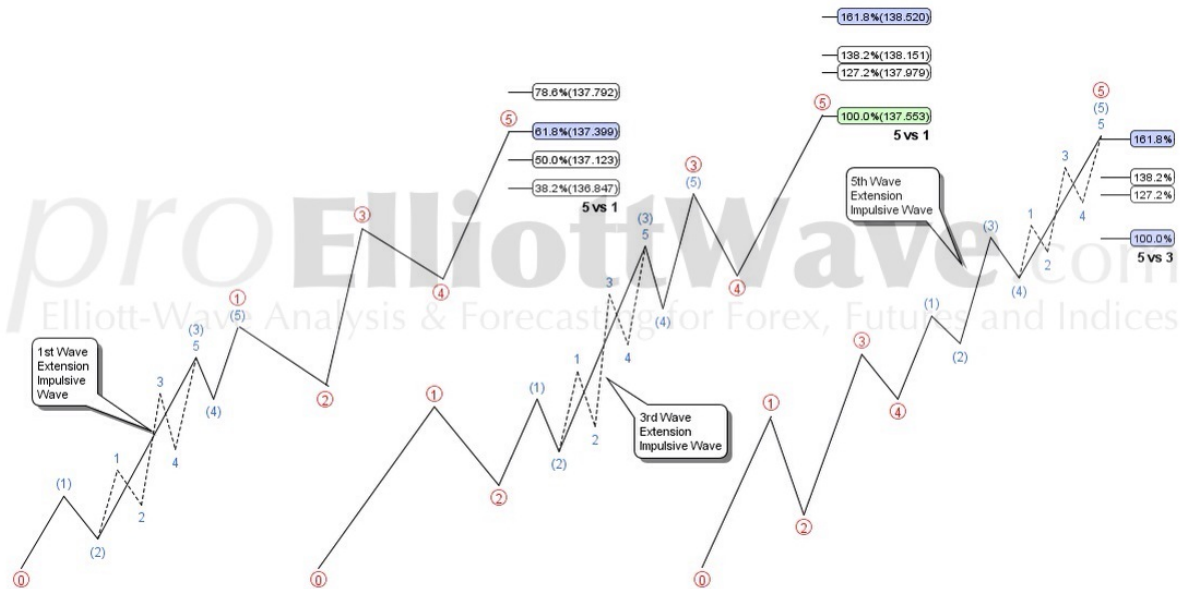
Rules:

- Impulsive Waves always divide into 5 waves: Waves 1,2,3,4, & 5; followed by a corrective wave, typically A, B & C.
- The waves that are numbered (1,2,3,4,5) are in the direction of the Trend.
- The waves that are Lettered (A, B, C) are against the Trend.
- Structure = 5-3-5-3-5 (21) followed by 5-3-5 (13)
- Wave 1 could divide into an impulsive 5 wave or a Leading Diagonal.
- Wave 3 is always an Impulsive 5 wave and is never the shortest wave.
- Waves 5 & C are always 5 waves but it could be an Ending Diagonal.
- Wave 2, 4 and B always subdivide in 3 wave corrections.
- Wave 2 Never moves beyond origin of Wave 1.
- Wave 3 must go beyond Wave 1.
- Wave 4 never moves into wave 1 range.
- Wave A can be a three wave structure or Leading Diagonal.
- Wave 5 often goes beyond Wave 3, if not it is called "Truncation".
- The Chart shows a bull Market. For a Bear Market the chart can be flipped and all the rules remain the same.
- The same pattern can be viewed in all time frames: Thick Charts, 1 min, 2 min, 3 min, 5 min, 10 min, 15 min, 30 min, 1 h, 4h, Daily, Weekly, Monthly Charts etc...

Guidelines:

- Waves 2 & 4 will almost always **Alternate** into ZigZags, Flats, or Combos.
- Wave 4 can be Flats, Triangles or Combinations
- Wave 2 which is usually ZigZag or a ZigZag combination.
- Wave 4 Usually Terminates in the same area as the Previous Wave 4 of Wave 3.
- Typical Fib counts for Wave 2 is 50%, 61.8% of Wave 1.
- Typical Fib Count of Wave 4 is 38.2% or 61.8% of wave 3.
- See the charts for other Fibonacci relations.
- Often Waves adhere to the laws of Channeling:
- 5 ends around the Chanel line extension of endpoints of 1-3, and
- Wave 4 may end at the parallel line point 1-3. (please look at the charts)

Impulse Wave Extensions



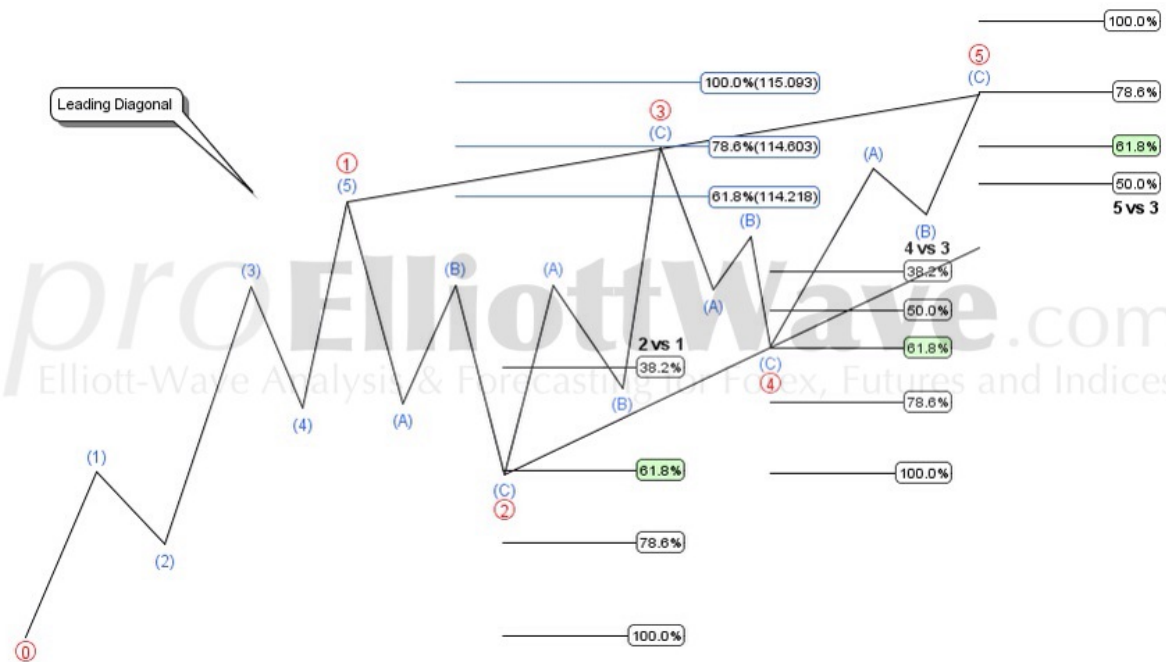
Rules & Guidelines:

- Same As Motive waves mentioned above:

Extended Guidelines:

- Waves 1, 3 OR 5 can be subdivided further to be Extended.
- When Extended, the subdivisions are exaggerated, resulting into an elongated Impulse .
- Usually only one of the three (1,3, OR 5) is only Extended.
- In case of "Cycle" and "Supercycle", both Waves 3 & 5 are Extended.
- Waves 3 or 5 are the most common extensions.
- If Wave three is Extended, then Waves 1 & 5 are usually proportionally similar.
- If Wave 1 is Extended, then Wave 5 usually terminates around the Fibonacci 61.8% of Wave 1.
- If Wave 5 is Extended, Then it usually terminates around the Fibonacci 161.8% of Wave 3.

Leading Diagonal



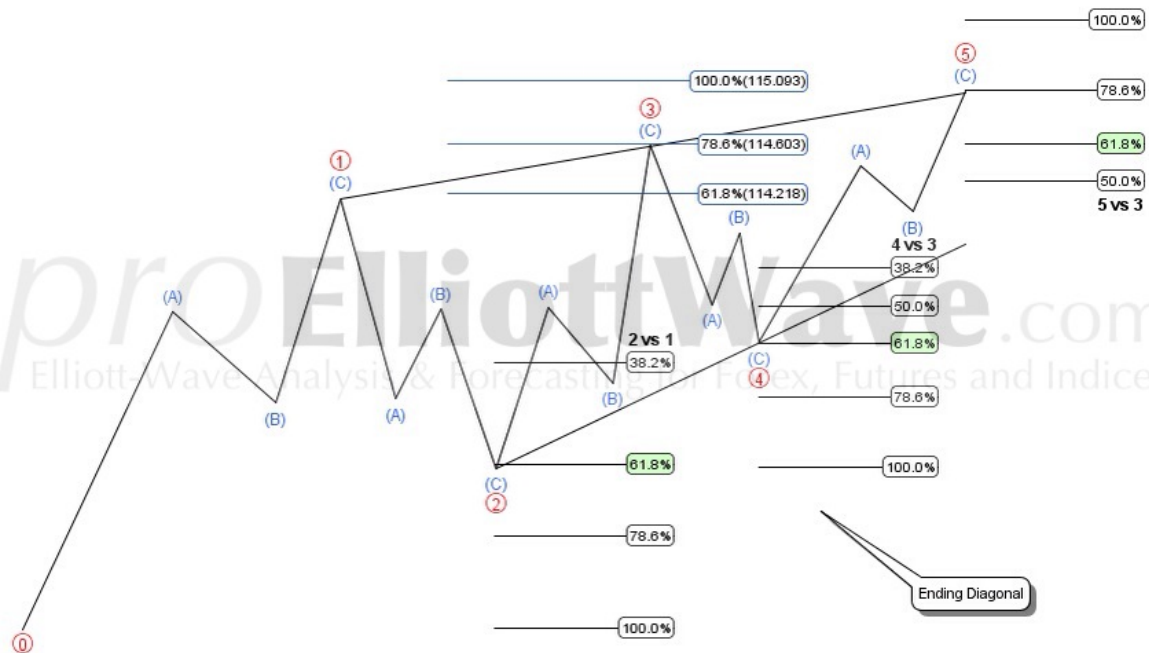
Rules:

- Diagonals are always 5 wave structures.
- Structure = 3-3-3-3-3 or 5-3-3-3-3
- Leading Diagonals happen in Wave 1 of an Impulse or Wave A of a ZigZag.
- **Wave 2 & 4 always subdivide in ZigZag corrections.**
- Wave 2 Never moves beyond origin of Wave 1.
- Wave 3 must go beyond Wave 1.
- **Wave 4 must move into wave 1 range but not beyond Wave 2.**
- **Wave 5 must go beyond Wave 3, there should be no "Truncation".**
- In Contracting Diagonals, Wave 3 is always shorter than Wave 1, Wave 4 Shorter than Wave 2, and Wave 5 shorter than Wave 3.
- In Expanding Diagonals, Wave 3 is always longer than Wave 1, Wave 4 longer than Wave 2, and Wave 5 longer than Wave 3.

Guidelines:

- Wave 1, 3 & 5 are usually divided in ZigZags but may also be an Impulse wave.
- If Waves 1 is a Leading Diagonal, then Wave 3 is Usually Extended.
- Connecting ends of Waves 1-3 and 2-4 form Contracting or Expanding Wedges.
- In a Contracting Diagonal, Wave 5 Usually ends beyond the Wedge Line of Wave 1-3 ("Throw-Over") .
- In an Expanding Diagonal, Wave 5 stops just short of reaching the Wedge Line of Wave 1-3.
- Please see the chart for more favorable Fibonacci counts for possible Wave terminations.

Ending Diagonal



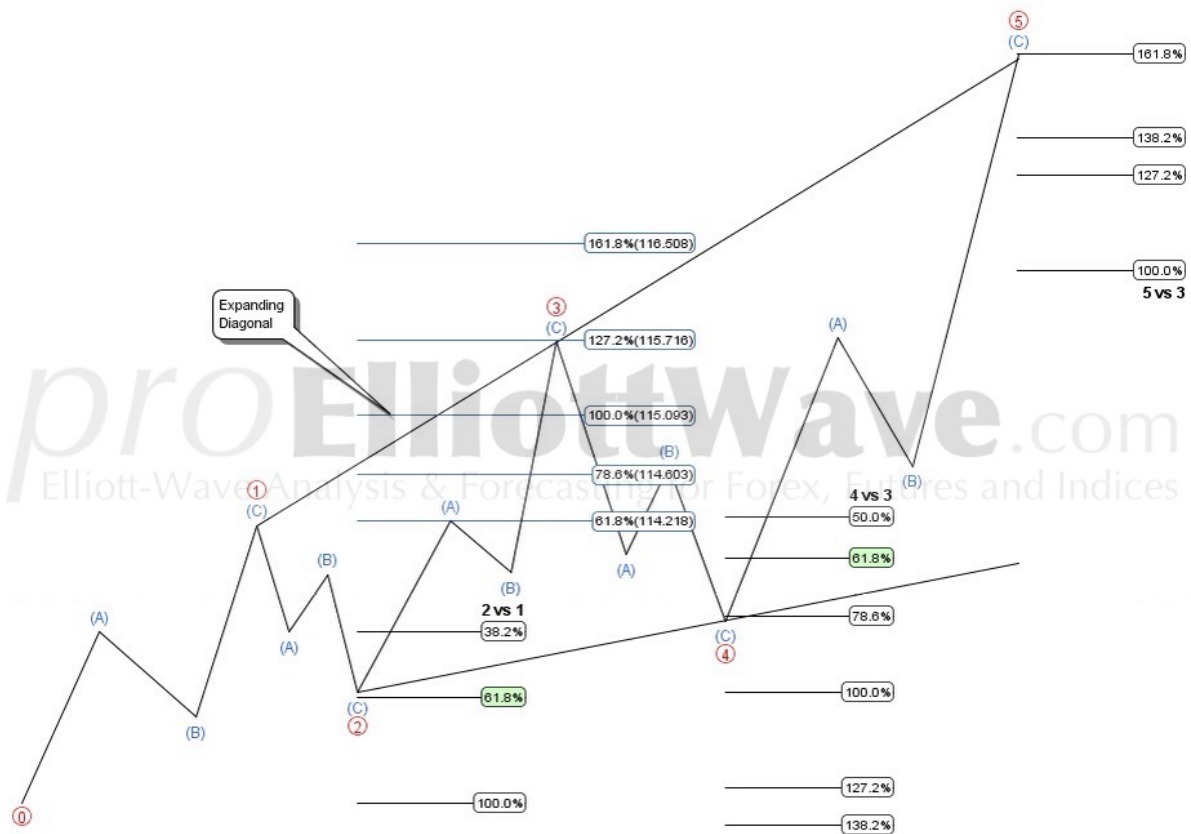
Rules:

- Diagonals are always 5 wave structures.
- Structure = 3-3-3-3-3
- Ending Diagonals happen in Wave 5 of an Impulse or Wave C of a ZigZag or Flat Corrections.
- **Wave 1, 2, 3, 4 & 5 always subdivide in ZigZag corrections.**
- Wave 2 Never moves beyond origin of Wave 1.
- Wave 3 must go beyond Wave 1.
- Wave 4 must move into wave 1 range but not beyond Wave 2.
- Wave 5 Stop before reaching end of Wave 3: "Truncation".
- In Contracting Diagonals, Wave 3 is always shorter than Wave 1, Wave 4 Shorter than Wave 2, and Wave 5 shorter than Wave 3.
- In Expanding Diagonals, Wave 3 is always longer than Wave 1, Wave 4 longer than Wave 2, and Wave 5 longer than Wave 3.

Guidelines:

- Wave 1, 3 & 5 are usually divided in ZigZags but may also be an Impulse wave.
- In an Impulse, if Wave 3 is not an Extended, then Wave 5 is unlikely to become an Ending Diagonal.
- Connecting ends of Waves 1-3 and 2-4 form Contracting or Expanding Wedges.
- In a Contracting Diagonal, Wave 5 Usually ends beyond the Wedge Line of Wave 1-3 ("Throw-Over") .
- In an Expanding Diagonal, Wave 5 stops just short of reaching the Wedge Line of Wave 1-3.
- Please see the chart for more favorable Fibonacci counts for possible Wave terminations.

Expanding Diagonal



Rules:

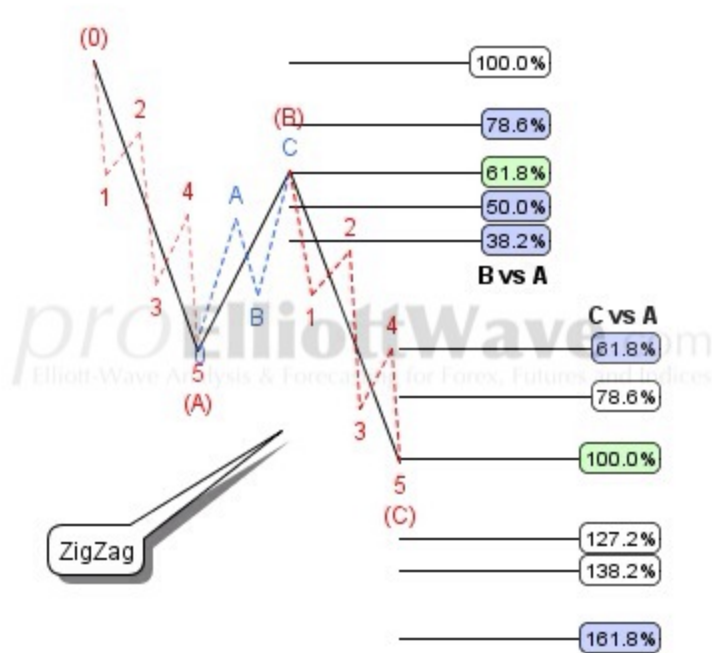
- Diagonals are always 5 wave structures.
- Structure = 3-3-3-3-3
- Ending Diagonals happen in Wave 5 of an Impulse or Wave C of a ZigZag or Flat Corrections.
- **Wave 1, 2, 3, 4 & 5 always subdivide in ZigZag corrections.**
- Wave 2 Never moves beyond origin of Wave 1.
- Wave 3 must go beyond Wave 1.
- Wave 4 must move into wave 1 range but not beyond Wave 2.
- In an Expanding Ending Diagonal Wave 5 must go beyond the end of Wave 3: No "Truncation".
- In Contracting Diagonals, Wave 3 is always shorter than Wave 1, Wave 4 Shorter than Wave 2, and Wave 5 shorter than Wave 3.
- In Expanding Diagonals, Wave 3 is always longer than Wave 1, Wave 4 longer than Wave 2, and Wave 5 longer than Wave 3.

Guidelines:

- Wave 1, 3 & 5 are usually divided in ZigZags but may also be an Impulse wave.
- In an Impulse, if Wave 3 is not an Extended, then Wave 5 is unlikely to become an Ending Diagonal.
- Connecting ends of Waves 1-3 and 2-4 form Contracting or Expanding Wedges.
- In a Contracting Diagonal, Wave 5 Usually ends beyond the Wedge Line of Wave 1-3 ("Throw-Over") .
- In an Expanding Diagonal, Wave 5 stops just short of reaching the Wedge Line of Wave 1-3.
- Please see the chart for more favorable Fibonacci counts for possible Wave terminations.

Corrective Wave:

ZigZag



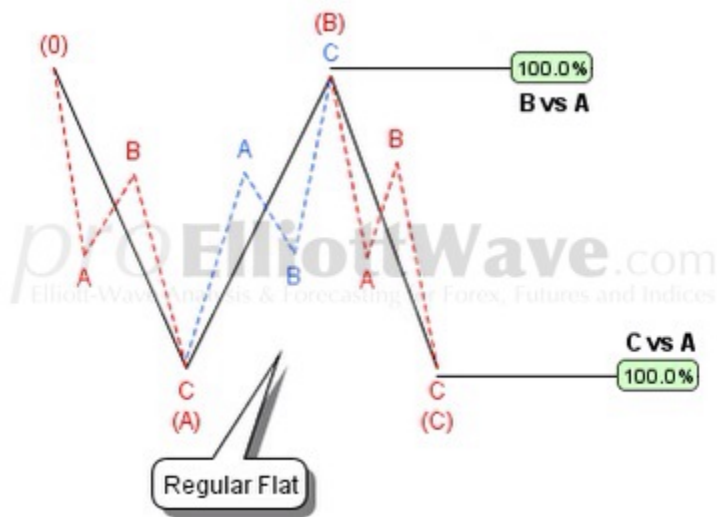
Rules:

- ZigZag is always a 3 wave structure.
- Structure = 5-3-5
- Wave B never move beyond the start of Wave A.
- Wave B is subdivided into a three wave pattern: zigzag, flat, triangle or any combination thereof.
- Wave A can be either an Impulsive wave or a Leading Diagonal.
- Wave C can subdivide into 5 wave structures: a Diagonal or an Impulse wave.

Guidelines:

- Waves A and C connected is usually parallel to the Line connecting the origin of the ZigZag to point B.
- Waves A and C usually are Equal in length.
- Wave A and C are more often subdivided into an Impulse Wave.
- Wave C is always ended beyond Wave A.
- Besides Waves A & C usually being equal, the ratios in a correction are less accurate than in an Impulse Waves 1,3 & 5.
- See the chart for Typical Fibonacci Retracements.

Regular Flat



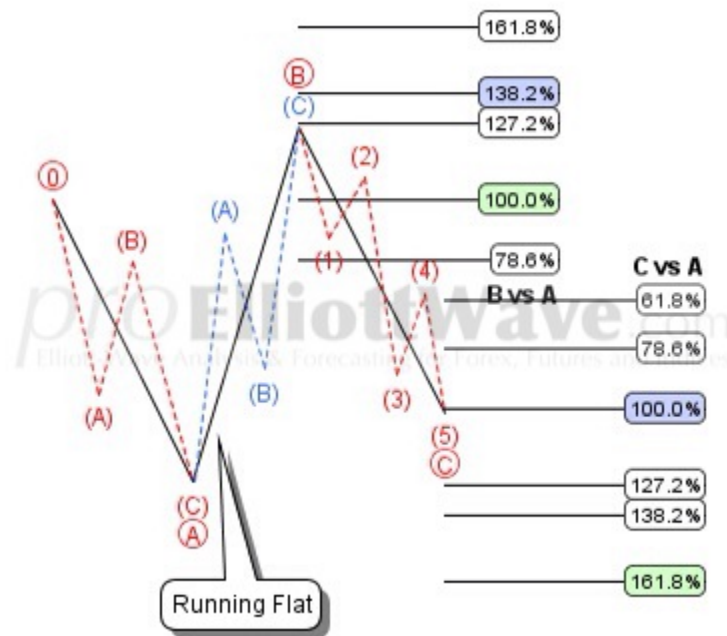
Rules:

- Flats are always a 3 wave structure.
- Wave A is a three wave pattern and never a Triangle.
- Wave B is subdivided into a three wave pattern.
- **Wave B retraces to at least 90% of Wave A.**
- Wave C always subdivides into 5 wave structures: a Diagonal or an Impulse wave.

Guidelines:

- Waves A and C connected usually is parallel to the Line connecting the origin of the ZigZag to point B.
- Waves A and C usually are Equal in length.
- Wave C is always ended around the end of Wave A.

Running Flat



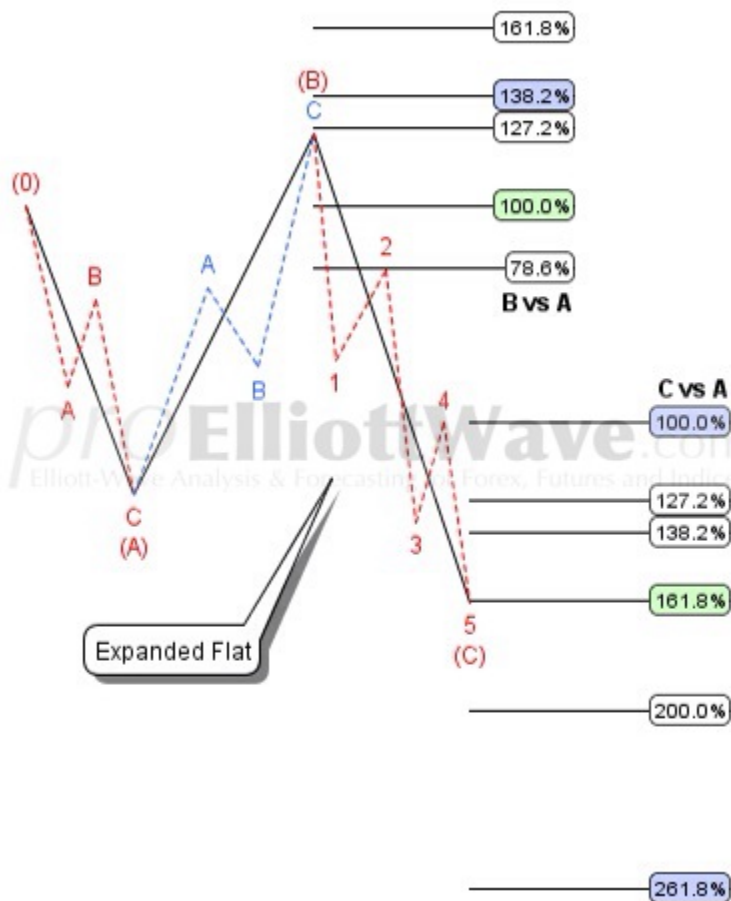
Rules:

- Flats are always a 3 wave structure.
- Structure = 3-3-5
- Wave A is a three wave pattern and never a Triangle.
- Wave B is subdivided into a three wave pattern.
- Wave B retraces to at least 105% of Wave A & typically up to the 138.2%.
- Wave C does not go beyond Wave A and is "Truncated".
- Wave C always subdivide into 5 wave structures: a Diagonal or an Impulse wave.

Guidelines:

- Waves A and C connected usually is parallel to the Line connecting the origin of the ZigZag to point B.
- Waves A and C usually are Equal in length.

Expanded Flat



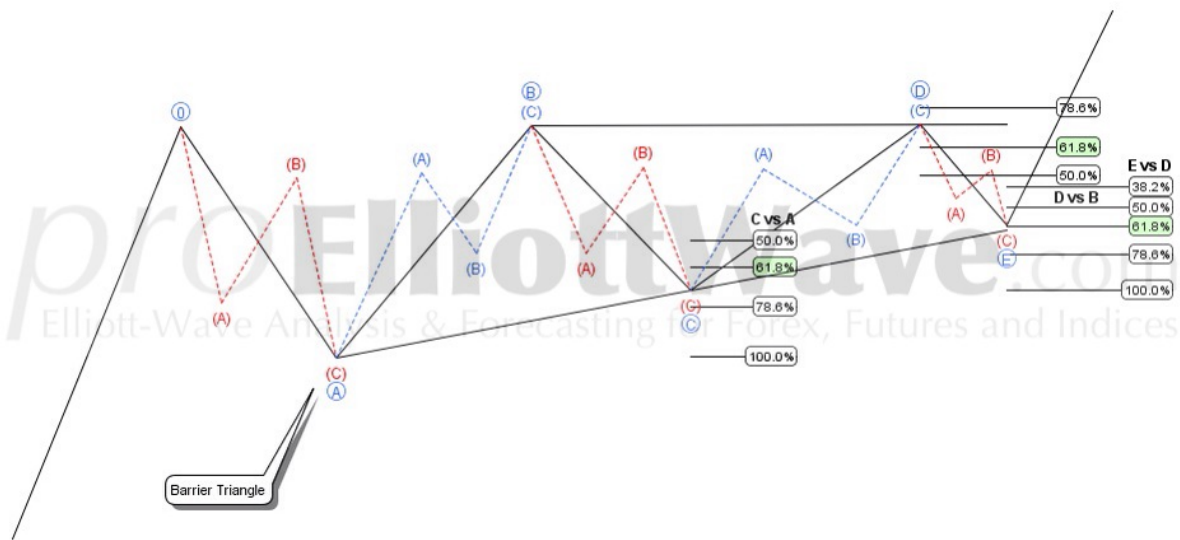
Rules:

- Flats are always a 3 wave structure.
- Wave A is a three wave pattern and never a Triangle.
- Structure = 3-3-5
- Wave B is subdivided into a three wave pattern.
- Wave B retraces to at least 105% of Wave A & typically up to the 138.2%.
- Wave C always goes beyond Wave A.
- Wave C always subdivide into 5 wave structures: a Diagonal or an Impulse wave.

Guidelines:

- Waves C usually goes between the 100% to the 161.8% of Wave A.
- Waves A and C usually are not Equal in length.

Barrier Triangle



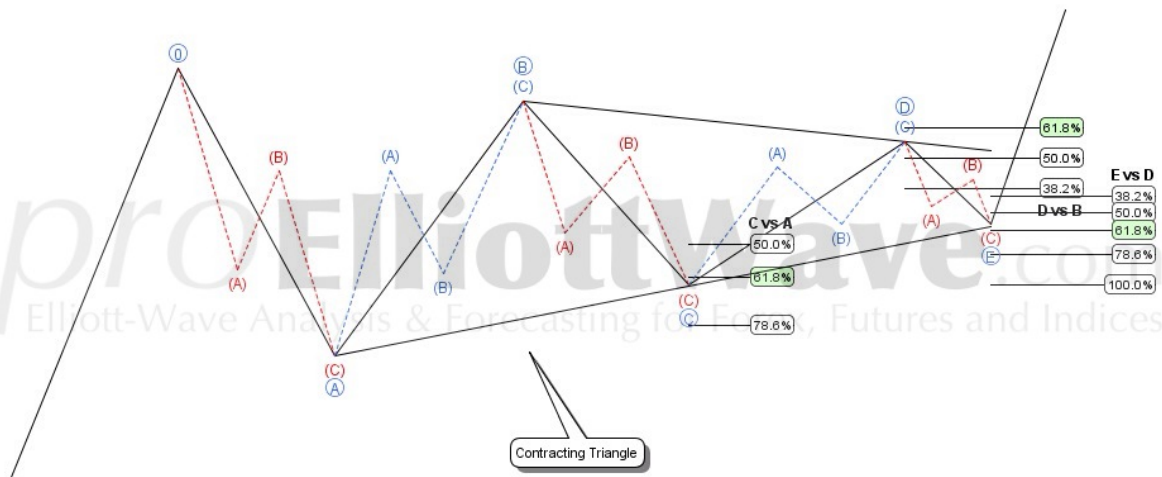
Rules:

- In a Triangle, the waves always subdivide into 5 waves: A, B, C, D, & E.
- Wave A never goes beyond the origin or point X.
- Structure = 3-3-3-3-3
- At least four of the five waves subdivide into a zigzag or a combination of zigzags.
- Triangles do not have more than one complex subwave (only one Double or Triple).
- One of the five waves can subdivide into an Impulse
- In a Barrier Triangle, Wave C never goes beyond Wave A, & Wave E never moves beyond C.
- In a Barrier Triangle, Wave D ends around Wave B, forming a straight flat line or Barrier.

Guidelines:

- Wave B may go beyond the start of Wave A; it is not common and it is called a Running Triangle.
- A Wave 5 following a Barrier Triangle can either be sharp, short and brief; or turn into an Extended Wave 5.
- Barrier Triangles are less common than a Contracting Triangle.

Contracting Triangle



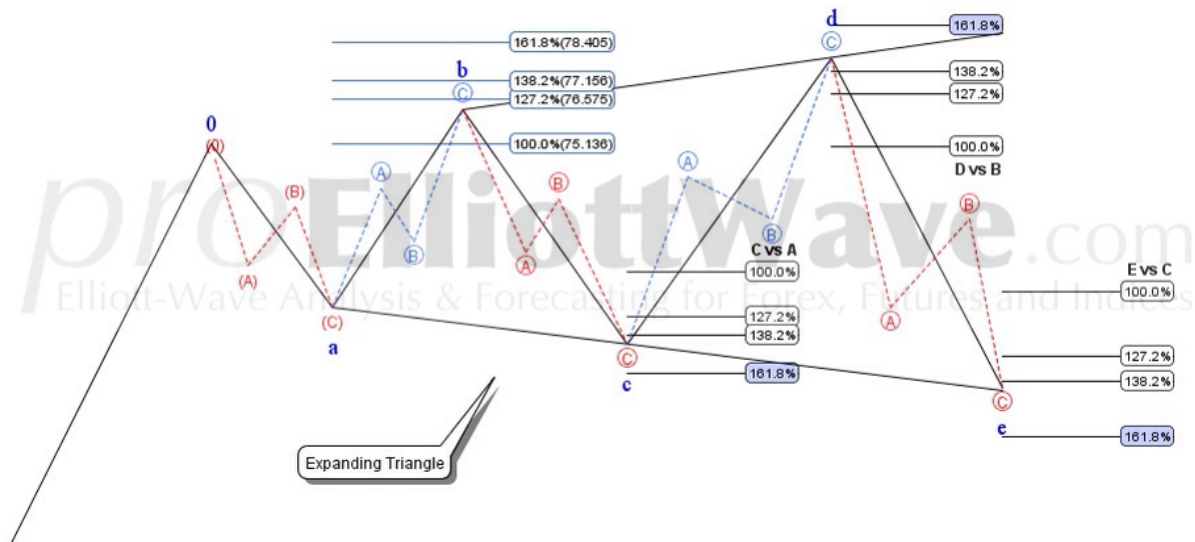
Rules:

- In a Triangle, the waves always subdivide into 5 waves: A, B, C, D, & E.
- Wave A never goes beyond the origin or point X.
- Structure = 3-3-3-3-3
- At least four of the five waves subdivide into a zigzag or a combination of zigzags.
- Triangles do not have more than one complex subwave (only one Double or Triple).
- One of the five waves can subdivide into an Impulse
- In a Contracting Triangle, Wave C never goes beyond Wave A, Wave D never moves beyond Wave B & Wave E never moves beyond C.
- In a Contracting Triangle, Wave E ends around Wave A-C Line, but typically undershoots or overshoots the line.

Guidelines:

- Wave B may go beyond the start of Wave A; it is not common and it is called a Running Triangle.
- A Wave 5 following a Triangle can either be sharp, short and brief; or turn into an Extended Wave 5.
- Contracting Triangles are the most common type of a Triangle.

Expanding Triangle



Rules:

- In a Triangle, the waves always subdivide into 5 waves: A, B, C, D, & E.
- Wave A never goes beyond the origin or point X.
- Structure = 3-3-3-3-3
- At least four of the five waves subdivide into a zigzag or a combination of zigzags.
- Triangles do not have more than one complex subwave (only one Double or Triple).
- One of the five waves can subdivide into an Impulse
- In a Contracting Triangle, Wave C goes beyond Wave A, Wave D moves beyond Wave B & Wave E moves beyond C.
- In a Contracting Triangle, Wave E ends around Wave A-C Line, but typically undershoots or overshoots the line.
- B, C & D always go beyond 100% of the proceeding subwave but never exceed 150%.

Guidelines:

- Wave B may go beyond the start of Wave A; but does not have to do so.
- Expanding Triangles are the least common type of a Triangle.

The diagram shows two types of zigzag patterns: a 'Double' pattern and a 'Triple' pattern. The 'Double' pattern consists of two consecutive zigzag waves, each with a 5-wave structure (labeled 1, 2, 3, 4, 5). The 'Triple' pattern consists of three consecutive zigzag waves, each with a 5-wave structure. The diagram uses solid black lines for the main trend and dashed red lines for the corrective waves. Labels include 'ZigZag', 'Double', 'Triple', 'Regular Flat', 'Expanded Flat', and 'X' for the end of the pattern. A green vertical line separates the Double and Triple patterns.

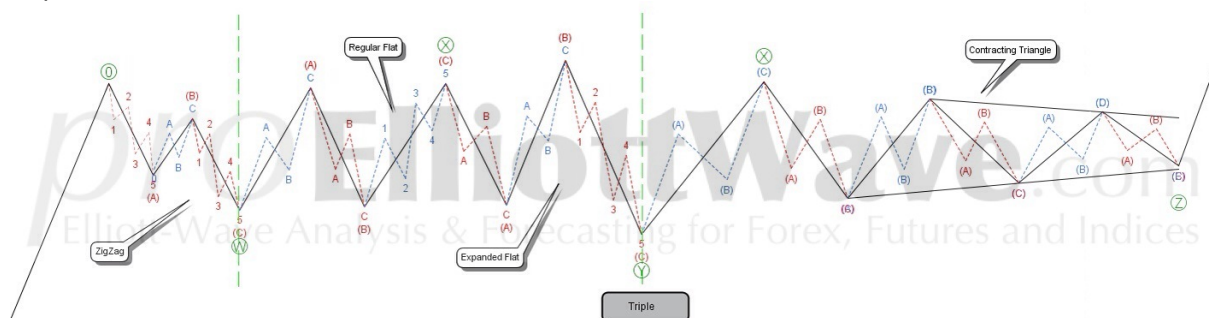
Rules:

- Doubles are made of two corrective patterns joined by one corrective structure in the opposite direction labeled "X".
- Doubles labeling: "W" for the first Pattern, followed by the "X", and then "Y" for the ending pattern.
- Two ZigZags result into a Double ZigZag combination.
- Double ZigZags take the place of a ZigZag in a corrective move.
- "Double Three" can be any of the following: ZigZag and a Flat; Flat and a Flat; Flat and a ZigZag; Flat and a Triangle; or ZigZag and a Triangle

Guidelines:

- Combinations happen more when the Corrective Flat or ZigZag is relatively too minor or small in comparison to the wave that it follows; resulting in more consolidation and sideways action.

Triple



Rules:

- Triples are made of Three corrective patterns joined by two corrective structure in the opposite direction labeled "X"s.
- Triples labeling: "W" for the first Pattern; followed by the "X"; then "Y" for the ending pattern; followed by another "X", and the followed by "Z".
- Three ZigZags result into a Triple ZigZag combination.
- Triple ZigZags take the place of a ZigZag in a corrective move.
- "Triple Three" flat combination is rare and it is formed by combination of three flats.

Guidelines:

- Combinations happen more when the Corrective Flat or ZigZag is relatively too minor or small in comparison to the wave that it follows; resulting in more consolidation and sideways action.