Markets trade in waves of threes and fives.

* Impulsive markets, those making higher highs and higher lows or lower lows and lower highs, trade in 5 waves.

* Corrective markets, those trending sideways, trade in 3 waves; almost all the time.

* Waves 1, 3 and 5 are impulsive waves. Waves 2 and 4 are corrective waves.

* Waves 1, 3, and 5 are themselves composed of smaller 5 wave structures.

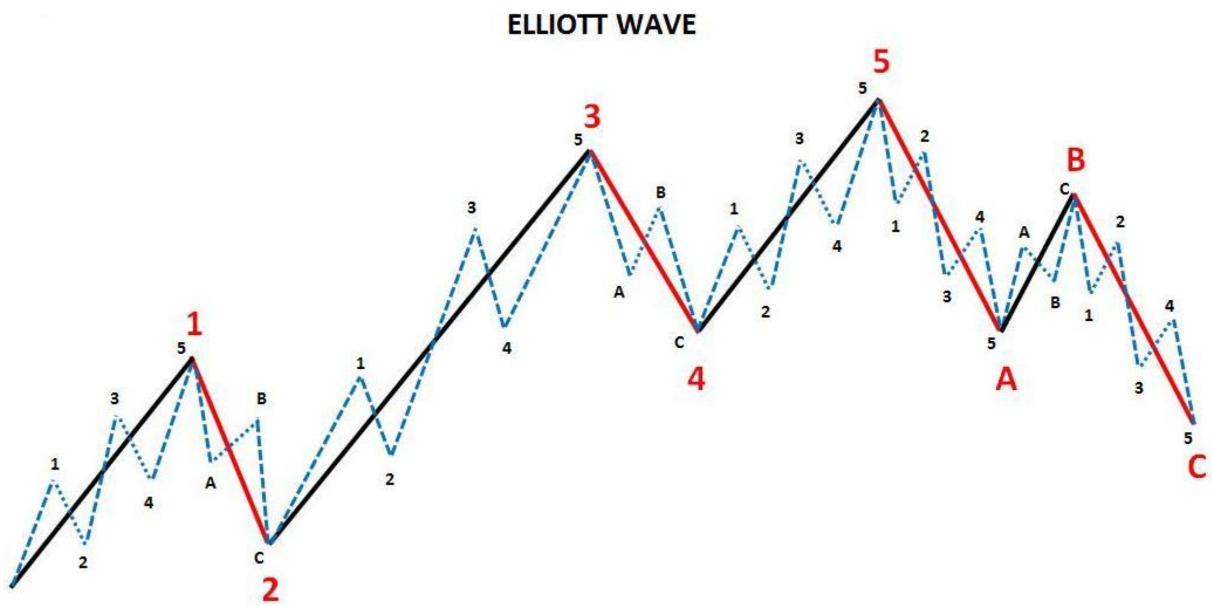
* Waves 2 and 4 are also composed of smaller 3 wave structures.

* After every five wave impulsive structure, a minimum of a three wave corrective structure is expected.

* Wave 2 cannot exceed the beginning of wave 1 and wave 4 should not (but it can, a bit) trade into the end of a wave 1.

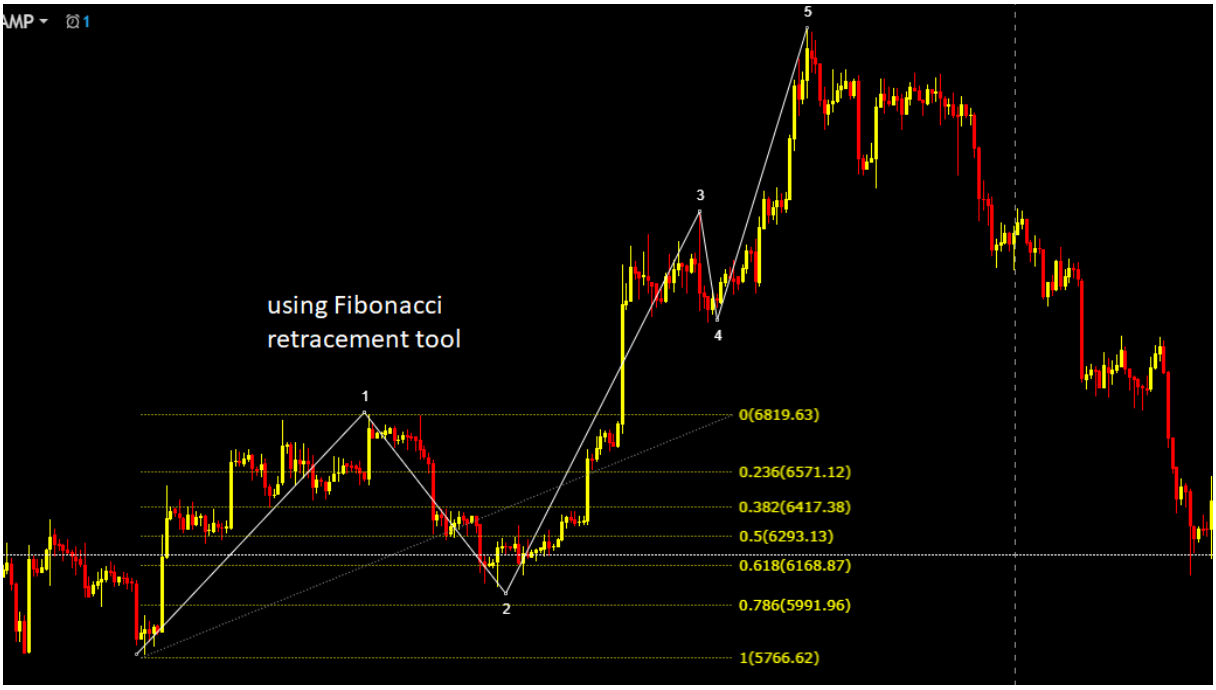
* Wave 3 cannot be the shortest of the 3 impulsive waves (1, 3, and 5).*(edited)

*Each wave in an Elliott Wave pattern has a relationship with other waves of similar degree. This relationship allows a certain level of high probability predictions to be made as to the price level and reversal TIME of future waves.

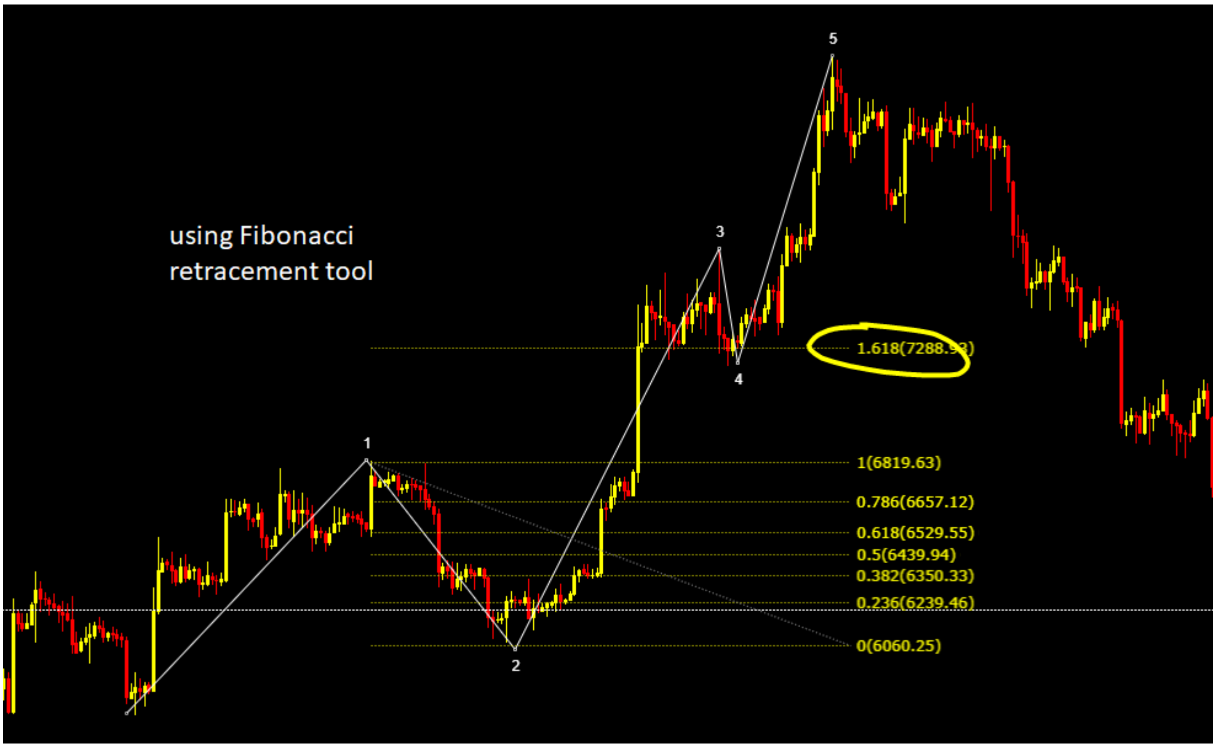


For instance, here are a few based on price ranges:

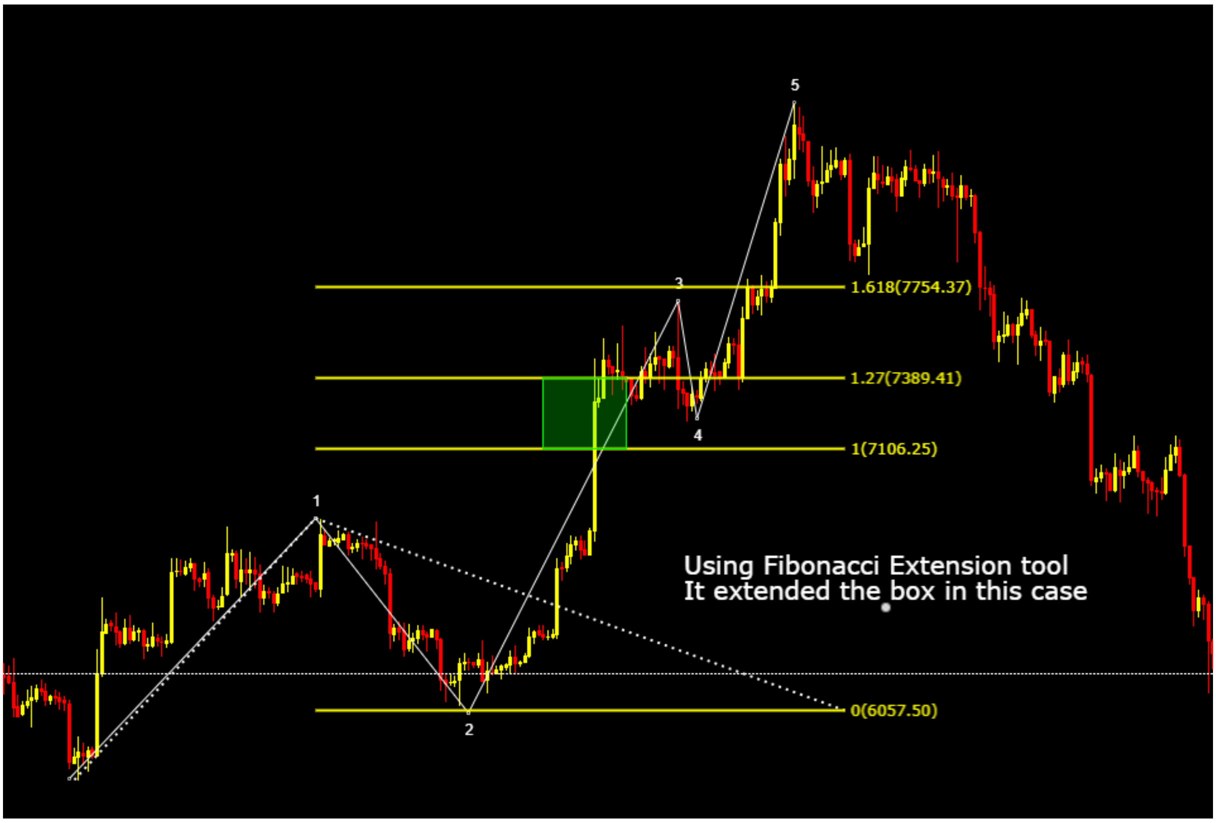
* Wave 2's usually retrace 50% or 61.8% of the price range of wave 1.



* Wave 3's are usually 162% or 262% of the price range of wave 2.



* Wave 3's are usually 100% or 162% or 262% of the price range of wave 1.



* Wave 4's usually retrace 23,6% or 38.2% or 50% of the price range of wave 3.

* Wave 4’s also usually retrace 38.2% or 50% of the price range of waves 1 through 3.

I’m not using this rule

* Wave 5’s are usually 127% or 162% of the price range of wave 4.

* Wave 5’s are also usually 100% or 162% of the price range of wave 1.

* Wave 5’s are also usually 38.2% or 61.8% or 100% of the price range of waves 1 through 3.

I’m not using this rule