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MOTIVE WAVES

Impulse

Figure 2
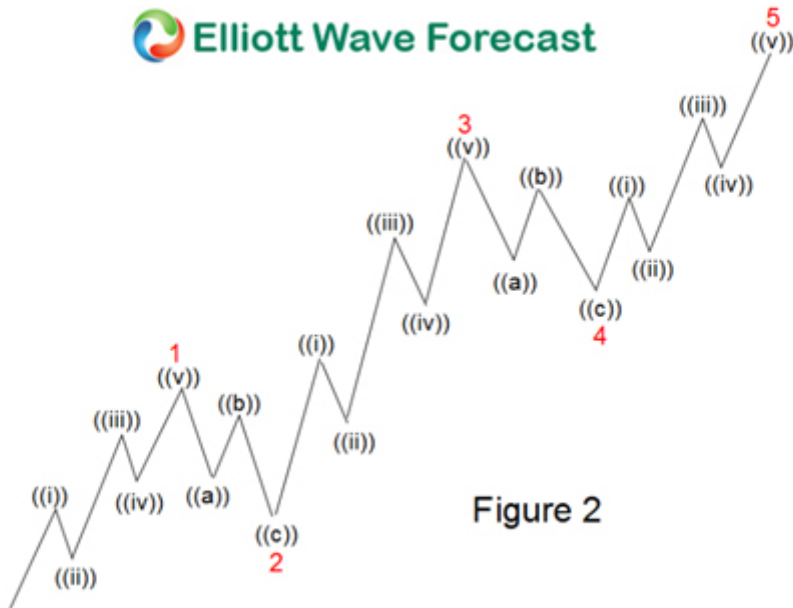
Rules

- An impulse always subdivides into five waves.
- Wave 1 always subdivides into an impulse or (rarely) a diagonal.
- Wave 3 always subdivides into an impulse.
- Wave 5 always subdivides into an impulse or a diagonal.
- Wave 2 always subdivides into a zigzag, flat or combination.
- Wave 4 always subdivides into a zigzag, flat, triangle or combination.
- Wave 2 never moves beyond the start of wave 1.
- Wave 3 always moves beyond the end of wave 1.
- Wave 3 is never the shortest wave.
- Wave 4 never moves beyond the end of wave 1.
- Never are waves 1, 3 and 5 all extended.
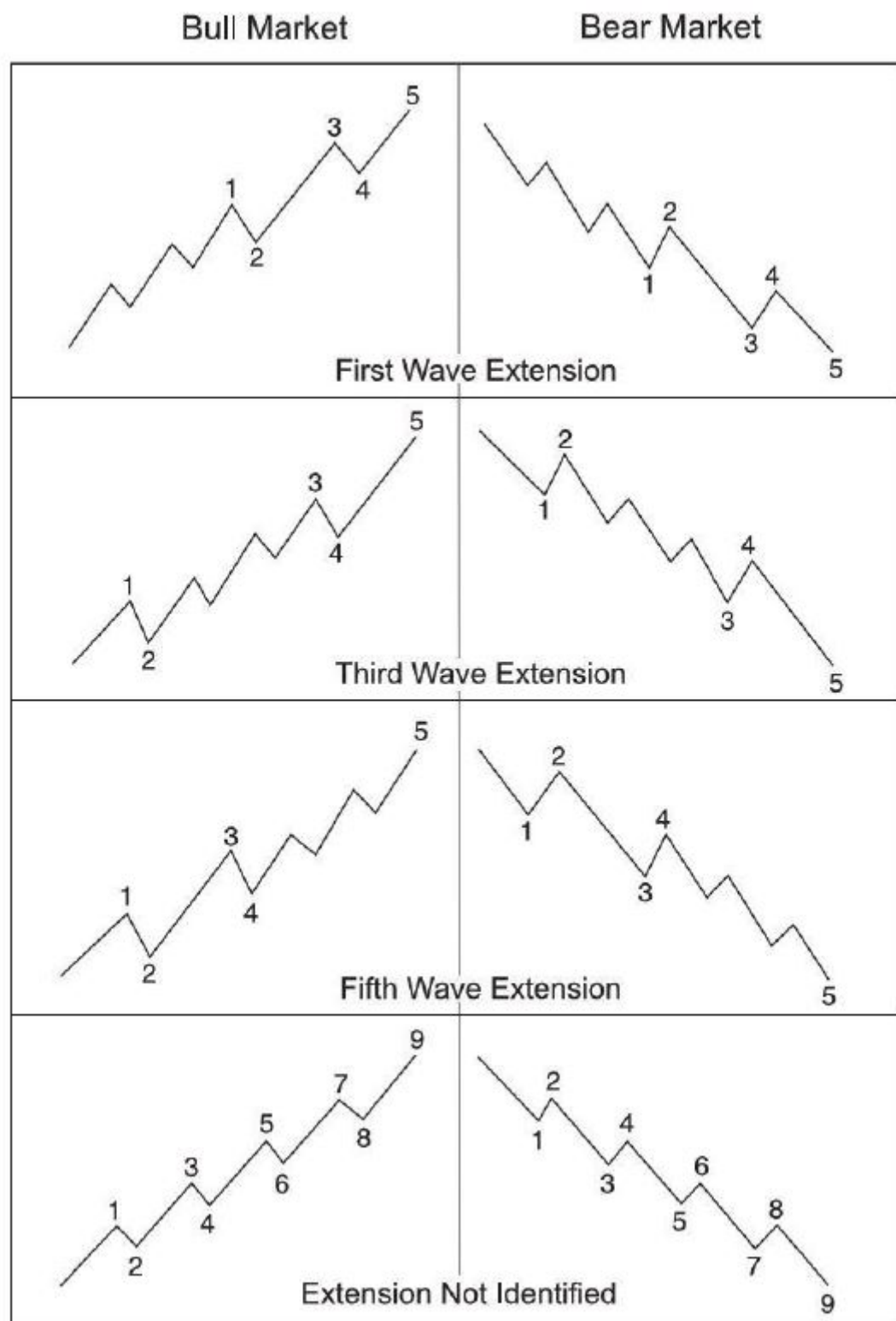
Guidelines

- Wave 4 will almost always be a different corrective pattern than wave 2.
- Wave 2 is usually a zigzag or zigzag combination.
- Wave 4 is usually a flat, triangle or flat combination.
- Sometimes wave 5 does not move beyond the end of wave 3 (in which case it is called a truncation).
- Wave 5 often ends when meeting or slightly exceeding a line drawn from the end of wave 3 that is parallel to the line connecting the ends of waves 2 and 4, on either arithmetic or semilog scale.
- The center of wave 3 almost always has the steepest slope of any equal period within the parent impulse, except that sometimes an early portion of wave 1 (the "kickoff") will be steeper.
- Wave 1, 3 or 5 is usually extended. (An extension appears "stretched" because its corrective waves are small compared to its impulse waves. It is substantially longer, and contains larger subdivisions, than the non-extended waves).
- Often, the extended subwave is the same number (1,3 or 5) as the parent wave.

- Rarely do two subwaves extend, although it is typical for waves 3 and 5 both to extend when they are of Cycle or Supercycle degree and within a fifth wave of one degree higher.
- Wave 1 is the least commonly extended wave.
- When wave 3 is extended, waves 1 and 5 tend to have gains related by equality or the Fibonacci ratio.
- When wave 5 is extended, it is often in Fibonacci proportion to the net travel of waves 1 through 3.
- When wave 1 is extended, it is often in Fibonacci proportion to the net travel of waves 3 through 5.
- Wave 4 typically ends when it is within the price range of subwave four of 3.
- Wave 4 often subdivides the entire impulse into Fibonacci proportion in time and/or price.

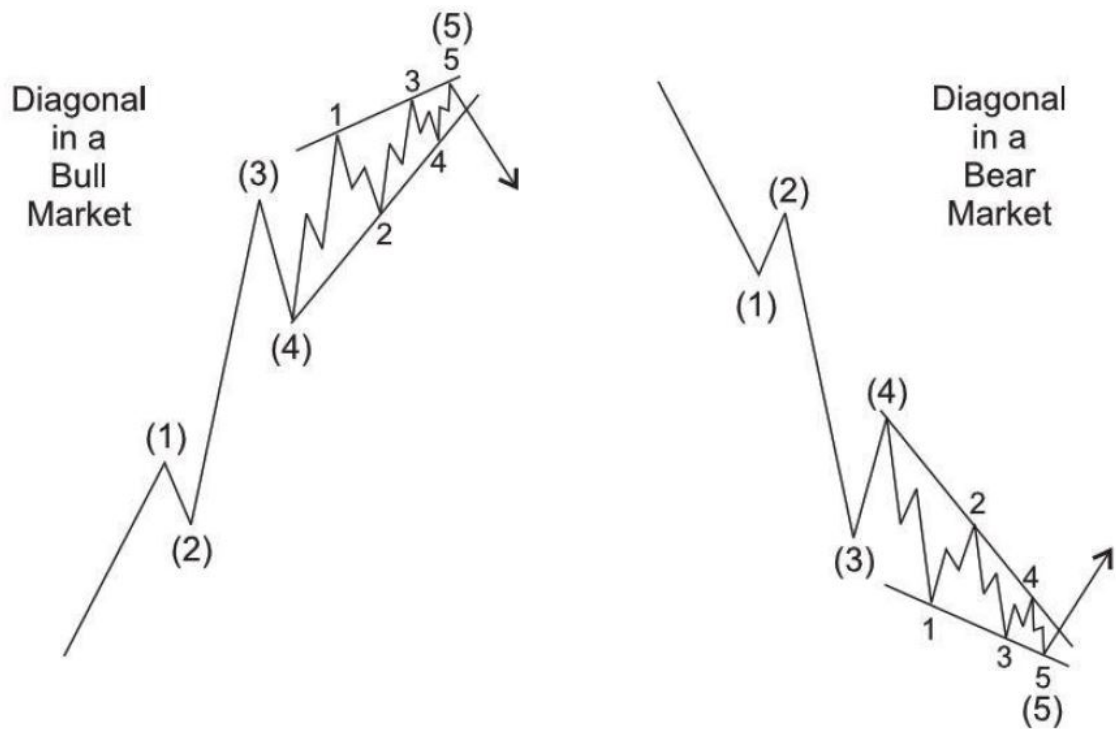## Fibonacci Ratio Relationship

- Wave 2 is 50%, 61.8%, 76.4%, or 85.4% of wave 1
- Wave 3 is 161.8%, 200%, 261.8%, or 323.6% of wave 1-2
- Wave 4 is 14.6%, 23.6%, or 38.2% of wave 3 but no more than 50%
- There are three different ways to measure wave 5. First, wave 5 is inverse 123.6 – 161.8% retracement of wave 4. Second, wave 5 is equal to wave 1. Third, wave 5 is 61.8% of wave 1-3
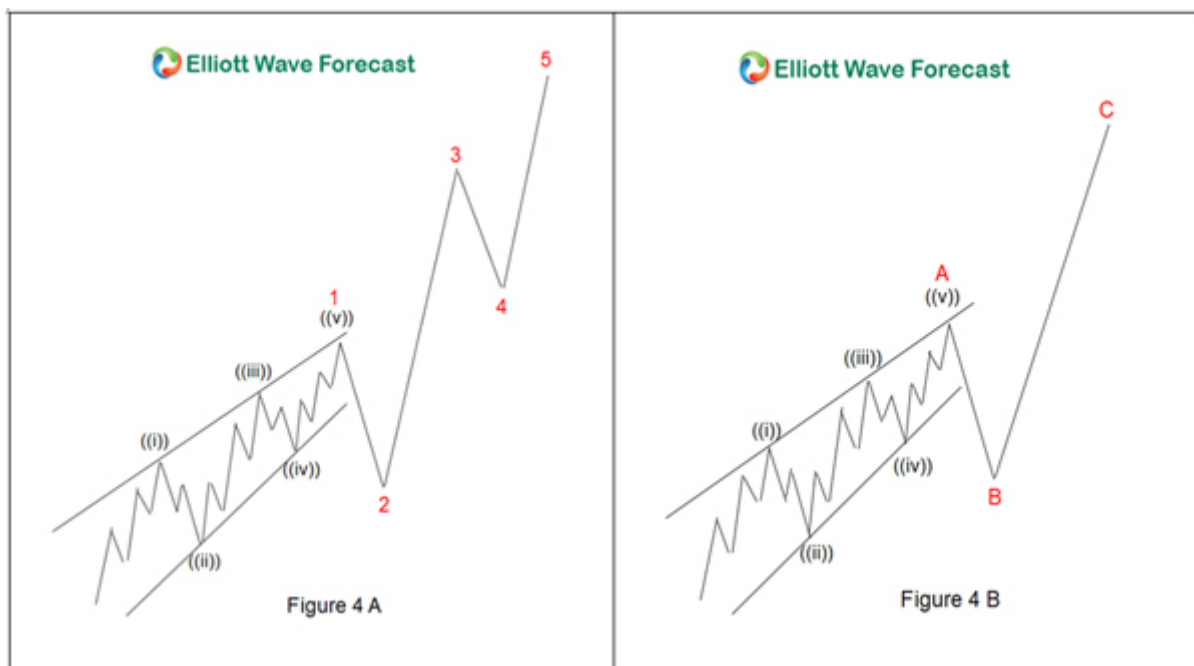
Extended impulse:

Bull Market — Bear Market

First Wave Extension

Third Wave Extension

Fifth Wave Extension

Extension Not Identified

Diagonal

Ending diagonal:

Diagonal in a Bull Market

Diagonal in a Bear Market

Leading diagonal:

Figure 4 A

Figure 4 B

Rules

- A diagonal always subdivides into five waves.
- An ending diagonal always appears as wave 5 of an impulse or wave C of a zigzag or flat.
- A leading diagonal always appears as wave1 of an impulse or wave A of a zigzag.
- Waves 1, 2, 3,4 and 5 of an ending diagonal, and waves 2 and 4 of a leading diagonal, always subdivide into zigzags.
- Wave 2 never goes beyond the start of wave 1.
- Wave 3 always goes beyond the end of wave 1.
- Wave 4 never moves beyond the end of wave 2.
- A diagonal always subdivides into five waves.

- An ending diagonal always appears as wave 5 of an impulse or wave C of a zigzag or flat.
- A leading diagonal always appears as wave1 of an impulse or wave A of a zigzag.
- Waves 1, 2, 3, 4 and 5 of an ending diagonal, and waves 2 and 4 of a leading diagonal, always subdivide into zigzags.
- Wave 2 never goes beyond the start of wave 1.
- Wave 3 always goes beyond the end of wave 1.
- Wave4 never moves beyond the end of wave 2.

Guidelines

- Waves 2 and 4 each usually retrace .66 to .81 of the preceding wave.
- Waves 1, 3 and 5 of a leading diagonal usually subdivide into zigzags but sometimes appear to be impulses.
- Within an impulse, if wave 1 is a diagonal, wave* is likely to be extended.
- Within an impulse, wave 5 is unlikely to be a diagonal if wave 3 is not extended.
- In the contracting variety, wave 5 usually ends beyond the end of wave 3. (Failure to do so is called a truncation.)
- In the contracting variety, wave 5 usually ends at or slightly beyond a line that connects the ends of waves 1 and 3. (Ending beyond that line is called a throw-over.)
- In the expanding variety, wave 5 usually ends slightly before reaching a line that connects the ends of waves 1 and 3.
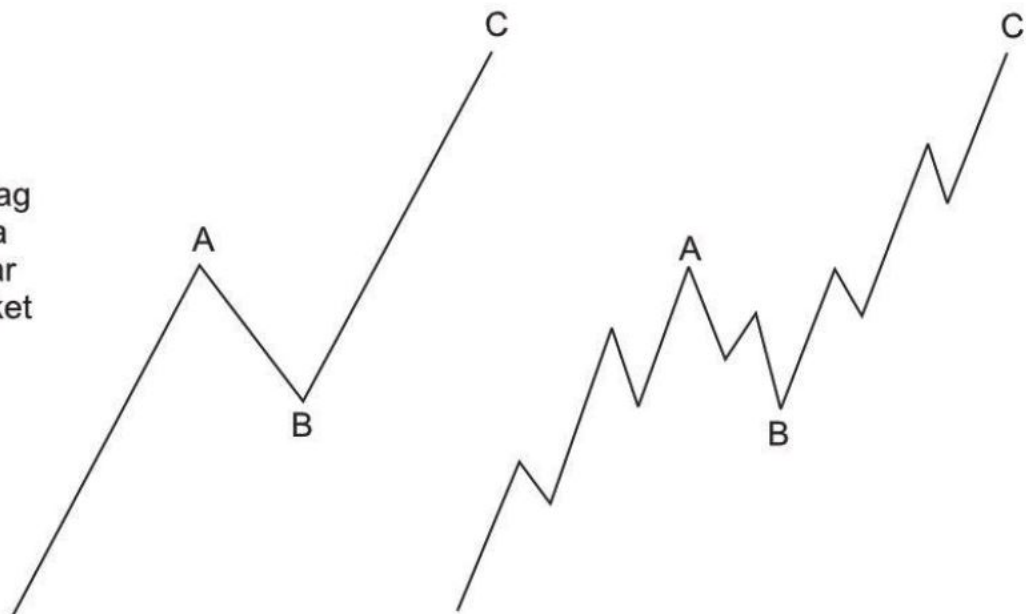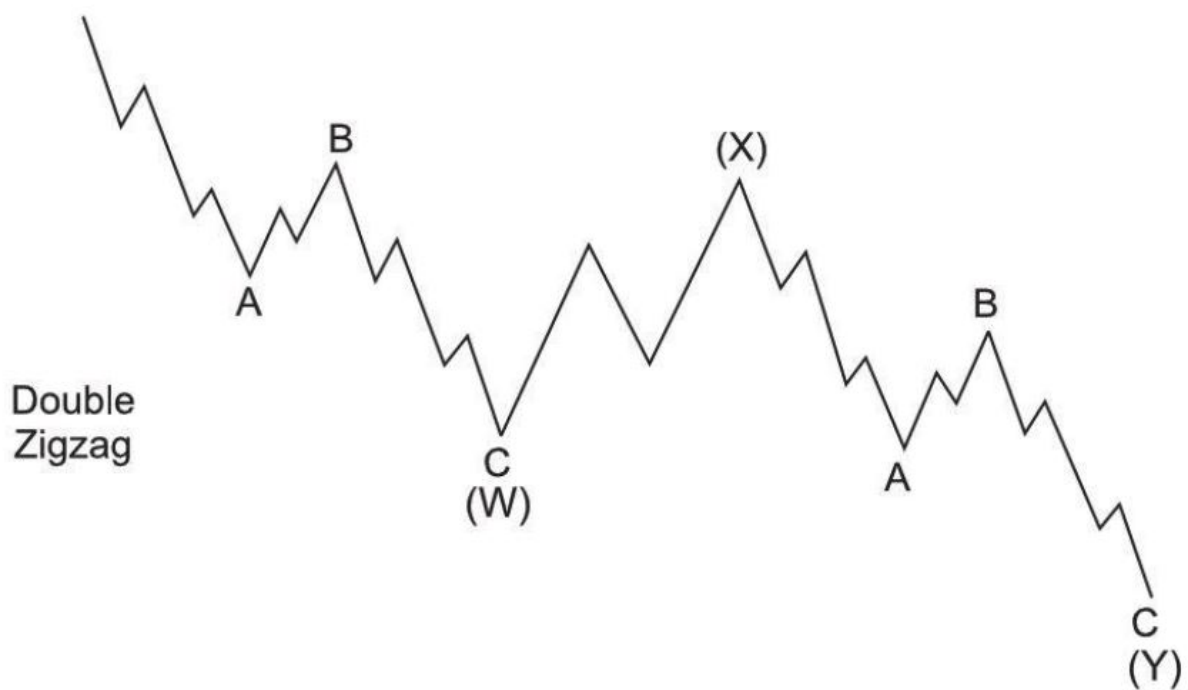
CORRECTIVE WAVES

Zigzag

Zigzag in a Bull Market:
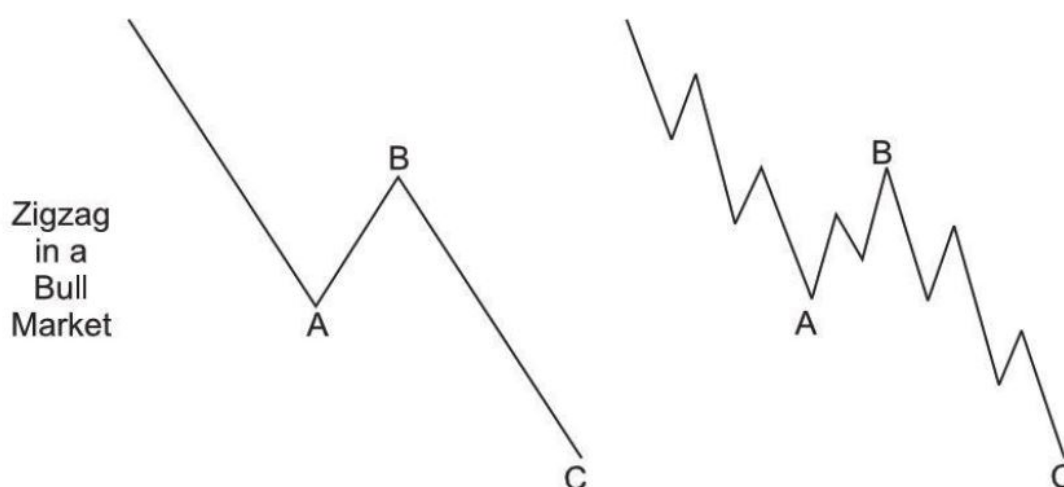
Zigzag in a Bear Market:

Zigzag
in a
Bear
Market

A

B

C

A

B

C

Double Zigzag:

B

A

C
(W)

(X)

B

A

C
(Y)

Double
Zigzag

Rules

- A zigzag always subdivides into three waves.
- Wave A always subdivides into an impulse or leading diagonal.
- Wave C always subdivides into an impulse or diagonal.
- Wave B always subdivides into a zigzag, flat, triangle or combination thereof.
- Wave B never moves beyond the start of wave A.

Guidelines

- Wave A almost always subdivides into an impulse.
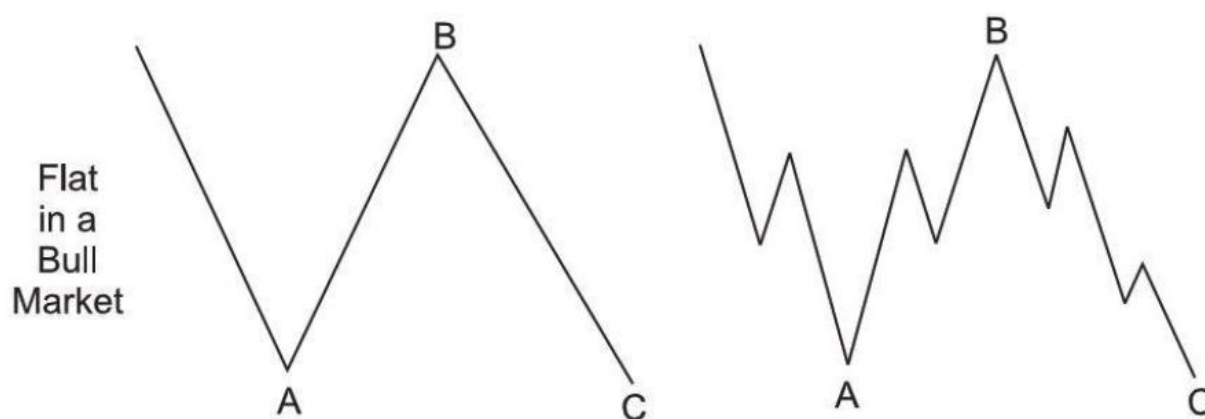- Wave C almost always subdivides into an impulse.

- Wave C is often about the same length as wave A.
- Wave C almost always ends beyond the end of wave A.
- Wave B typically retraces 38 to 79 percent of wave A.
- If wave B is a running triangle, it will typically retrace between 10 and 40 percent of wave A.
- If wave B is a zigzag, it will typically retrace 50 to 79 percent of wave A.
- If wave B is a triangle, it will typically retrace 38 to 50 percent of wave A.
- A line connecting the ends of waves A and C is often parallel to a line connecting the end of wave B and the start of wave A.
- (Forecasting guideline: Wave C often ends upon reaching a line drawn from the end of wave A that is parallel to a line connecting the start of wave A and the end of wave B.)
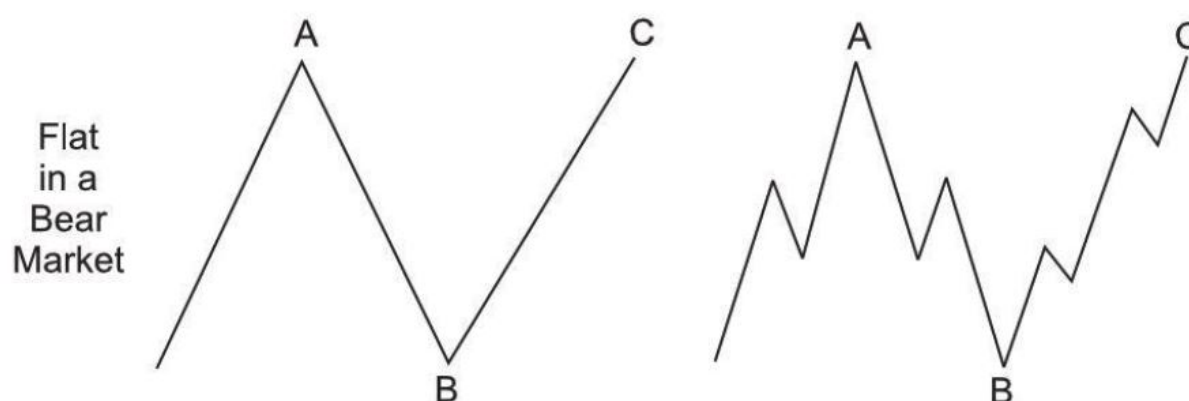
Fibonacci Ratio Relationship

- Wave B = 50%, 61.8%, 76.4% or 85.4% of wave A
- Wave C = 61.8%, 100%, or 123.6% of wave A
- If wave C = 161.8% of wave A, wave C can be a wave 3 of a 5 waves impulse. Thus, one way to label between ABC and impulse is whether the third swing has extension or not

Flat

Flat in a Bull Market:

Flat in a Bear Market:

Rules

- A flat always subdivides into three waves.
- Wave A is never a triangle.
- Wave C is always an impulse or a diagonal.
- Wave B always retraces at least 90 percent of wave A.

Guidelines

- Wave B usually retraces between 100 and 138 percent of wave A.
- Wave C is usually between 100 and 165 percent as long as wave A.
- Wave C usually ends beyond the end of wave A.
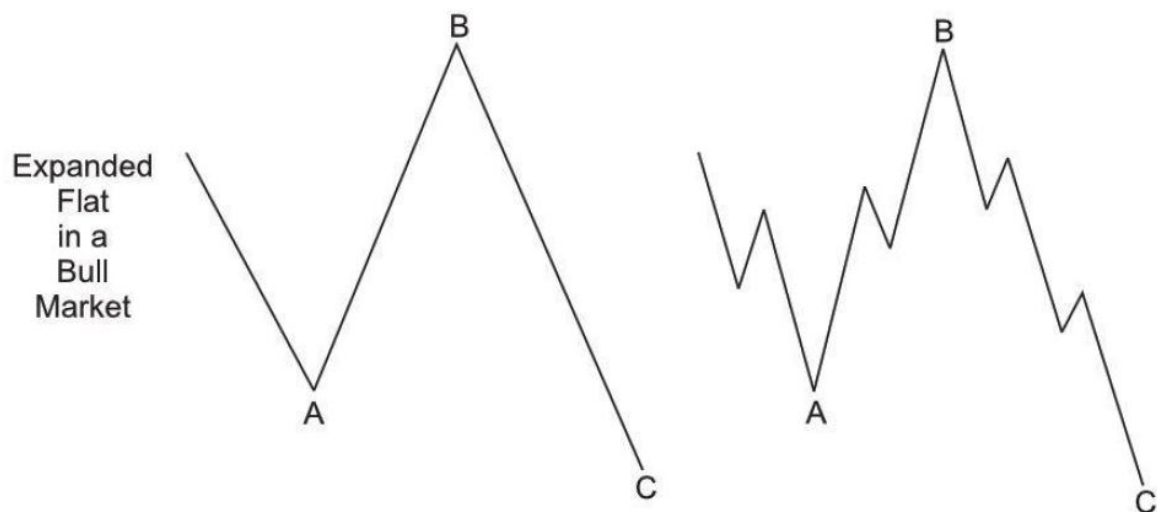
Notes

- Wave B usually retraces between 100 and 138 percent of wave A.
- Wave C is usually between 100 and 165 percent as long as wave A.
- Wave C usually ends beyond the end of wave A.

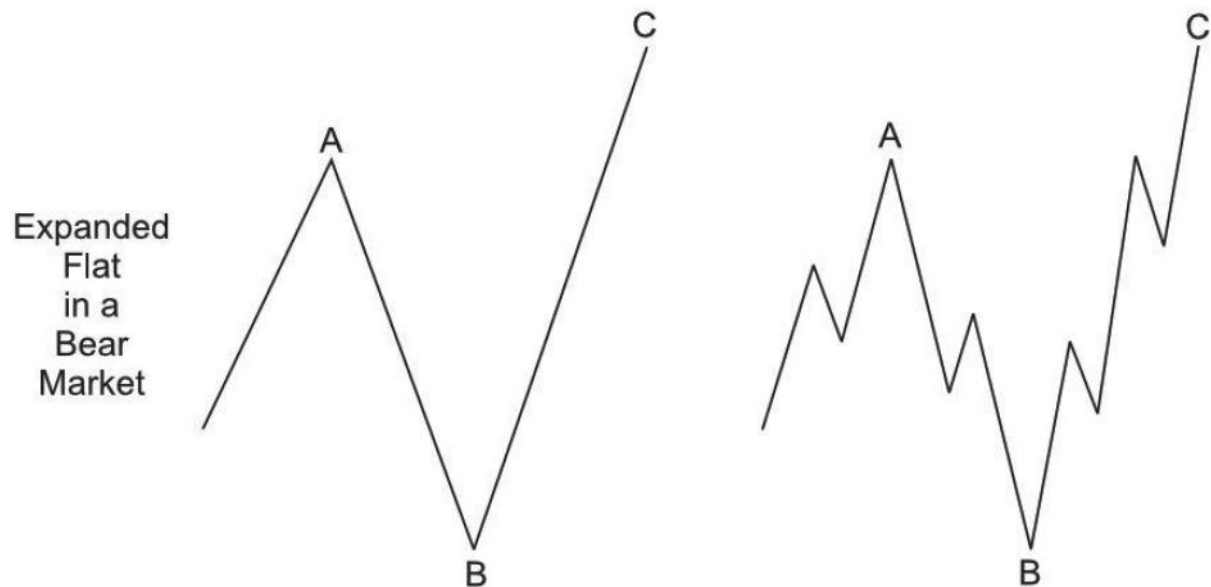## Fibonacci Ratio Relationship

- Wave B = 90% of wave A
- Wave C = 61.8%, 100%, or 123.6% of wave AB

Expanded Flat

Expanded Flat in a Bull Market:

Expanded Flat in a Bear Market:
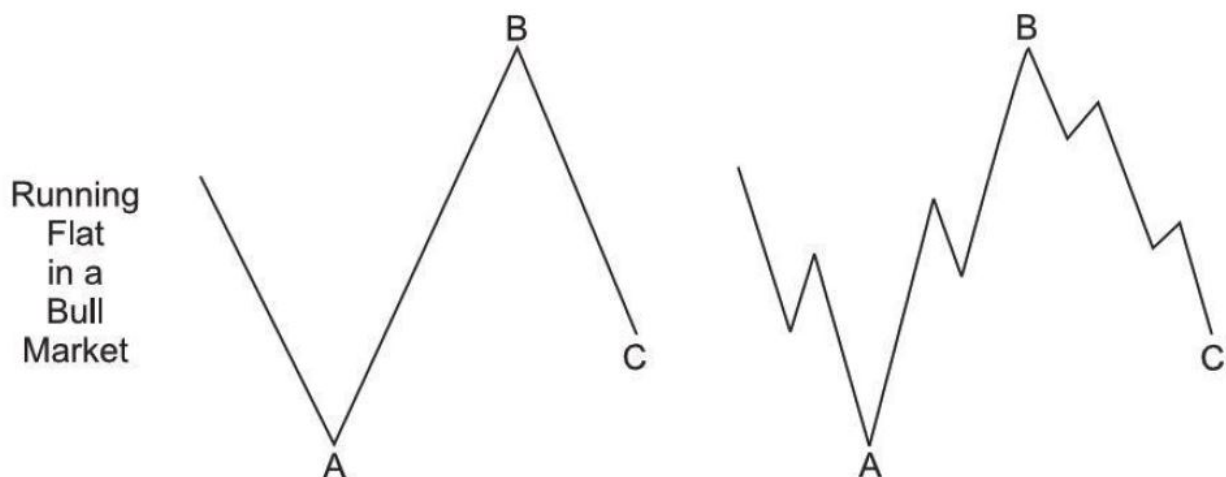
Expanded
Flat
in a
Bear
Market

Guidelines

- A corrective 3 waves move labelled as ABC
- Subdivision of wave A and B is in 3 waves
- Subdivision of wave C is in 5 waves impulse / diagonal
- Subdivision of wave A and B can be in any corrective 3 waves structure including zigzag, flat, double three, triple three
- Wave B of the 3-3-5 pattern terminates beyond the starting level of wave A
- Wave C ends substantially beyond the ending level of wave A
- Wave C needs to have momentum divergence
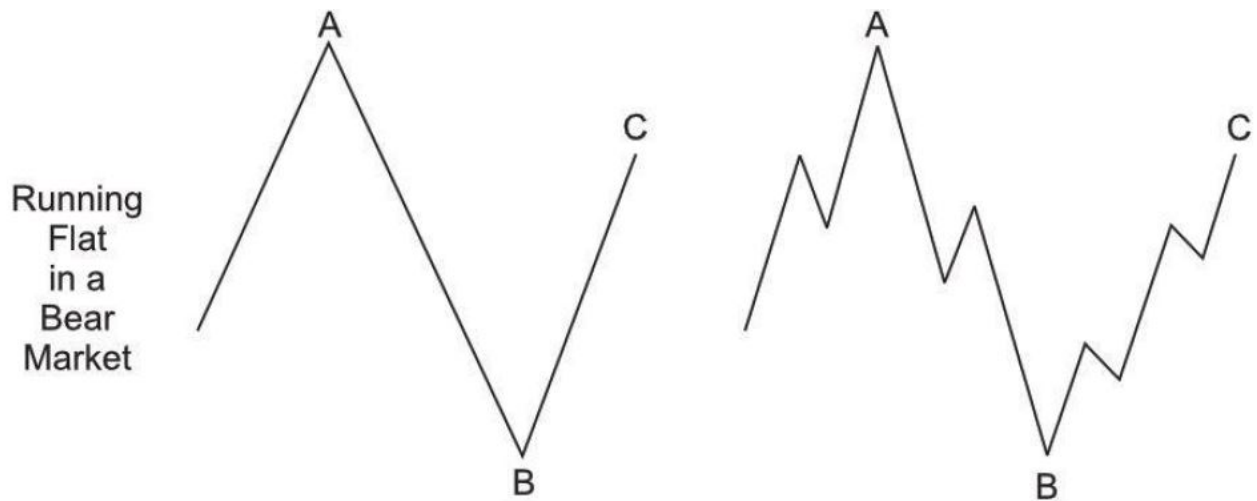
Fibonacci Ratio Relationship

- Wave B = 123.6% of wave A
- Wave C = 123.6% – 161.8% of wave AB

Running Flat

Running Flat in a Bull Market:

Running
Flat
in a
Bull
Market

Running Flat in a Bear Market:

Guidelines

- A corrective 3 waves move labelled as ABC
- Subdivision of wave A and B is in 3 waves
- Subdivision of wave C is in 5 waves impulse / diagonal
- Subdivision of wave A and B can be in any corrective 3 waves structure including zigzag, flat, double three, triple three
- Wave B of the 3-3-5 pattern terminates substantially beyond the starting level of wave A as in an expanded flat
- Wave C fails travel the full distance, falling short of the level where wave A ended
- Wave C needs to have momentum divergence

Fibonacci Ratio Relationship

- Wave B = 123.6% of wave A
- Wave C = 61.8% – 100% of wave AB

Contracting Triangle
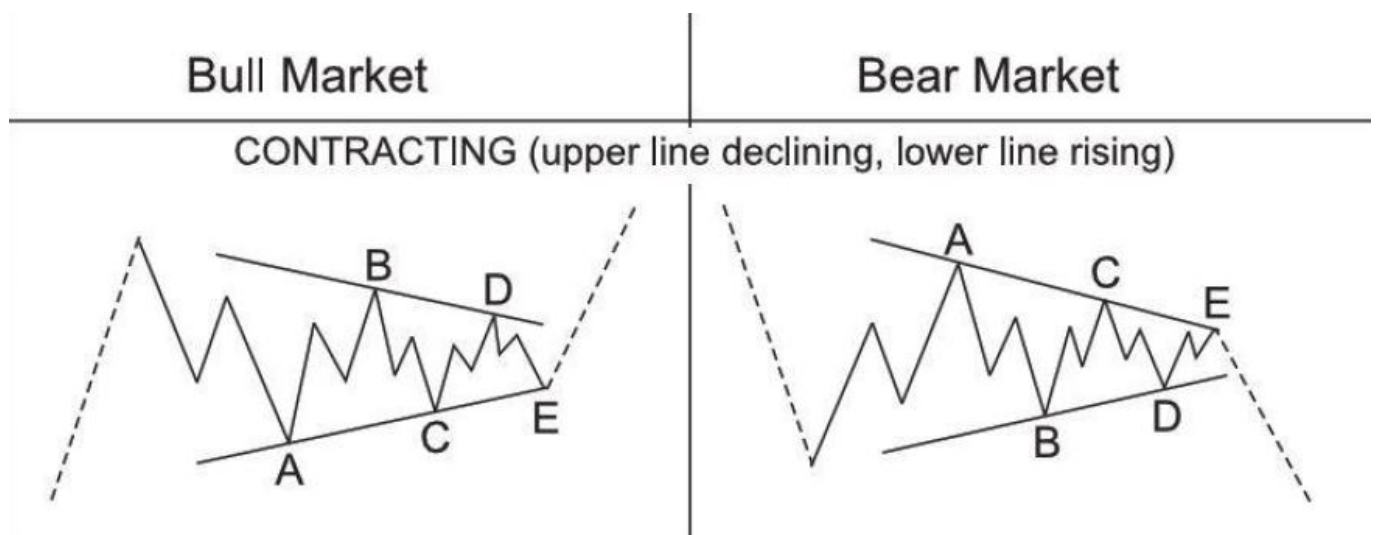
Rules

- A triangle always subdivides into five waves.
- At least four waves among waves A, B, C, D and E each subdivide into a zigzag or zigzag combination.
- Wave C never moves beyond the end of wave A, wave D never moves beyond the end of wave B, and wave E never moves beyond the end of wave C. The result is that going forward in time, a line connecting the ends of waves B and D converges with a line connecting the ends of waves A and C.
- A triangle never has more than one complex subwave, in which case it is always a zigzag combination or a triangle.

Guidelines

- Usually, wave C subdivides into a zigzag combination that is longer lasting and contains deeper percentage retracements than each of the other subwaves.
- Sometimes, wave D subdivides into a zigzag combination that is longer lasting and contains deeper percentage retracements than each of the other subwaves.
- Sometimes one of the waves, usually wave C, D or E, subdivides into a contracting or barrier triangle. Often the effect is as if the entire triangle consisted of nine zigzags.
- About 60 percent of the time, wave B does not end beyond the start of wave A. When it does, the triangle is called a running triangle.

Barrier Triangle

BARRIER (outer line flat, inner line sloping with larger trend)
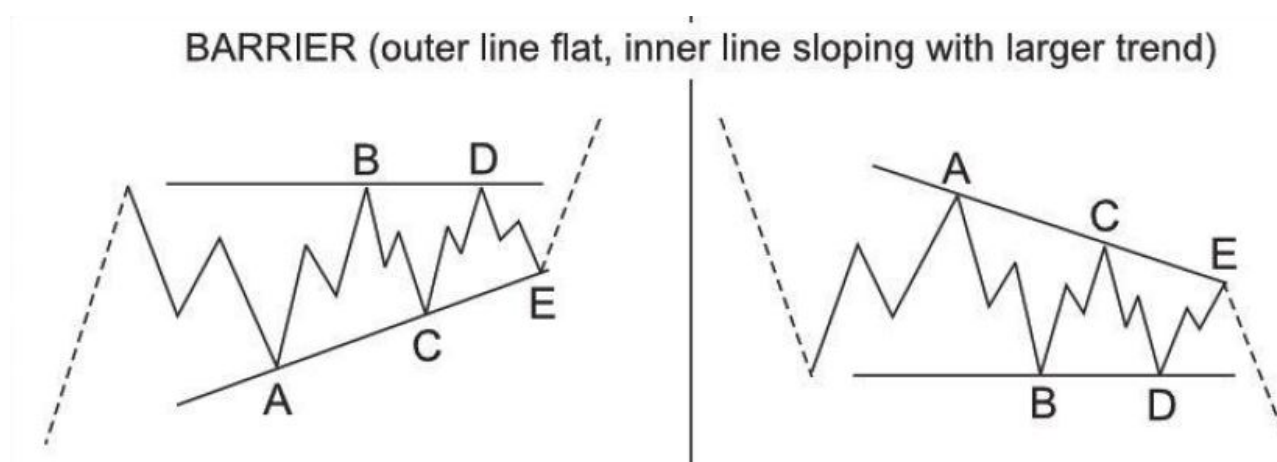
- A barrier triangle has the same characteristics as a contracting triangle, except that waves B and D end at essentially the same level. We have yet to observe a 9-wave barrier triangle, implying that this form may not extend.
- When wave 5 follows a triangle, it is typically either a brief, rapid movement or an exceptionally long extension.

Expanding Triangle

EXPANDING (upper line rising, lower line declining)
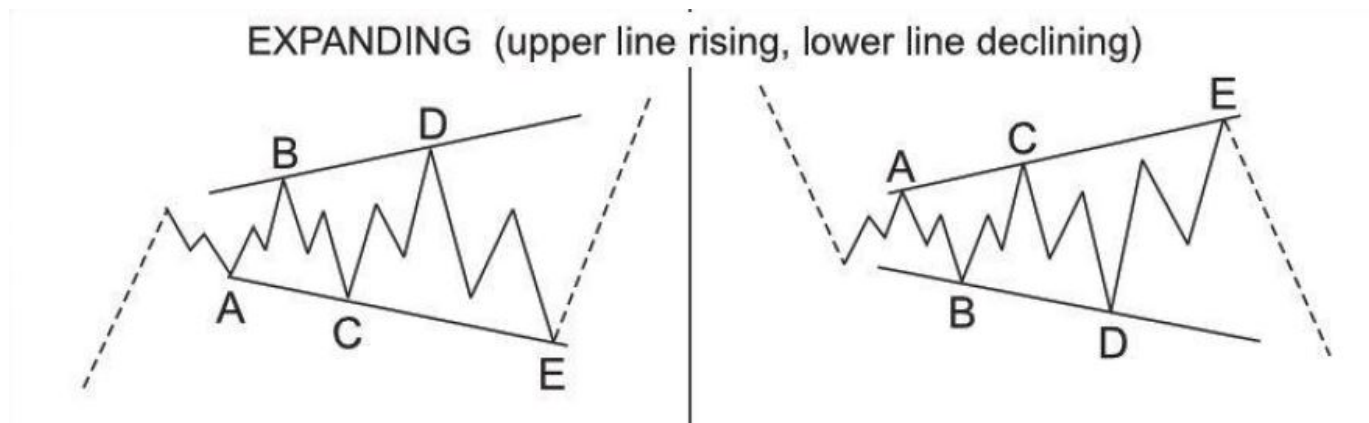
Rules

Most rules are the same as for contracting triangles, with these differences:

- Wave C, D and E each moves beyond the end of the preceding same-directional subwave. (The result is that going forward in time, a line connecting the ends of waves B and D diverges from a line connecting the ends of waves A and C.)
- Subwaves B, C and D each retrace at least 100 percent but no more than 150 percent of the preceding subwave.

Guidelines

Most guidelines are the same, with these differences:

- Subwaves B, C and D usually retrace 105 to 125 percent of the preceding subwave.
- No subwave has yet been observed to subdivide into a triangle.

Combinations

Double Three

Triple Three
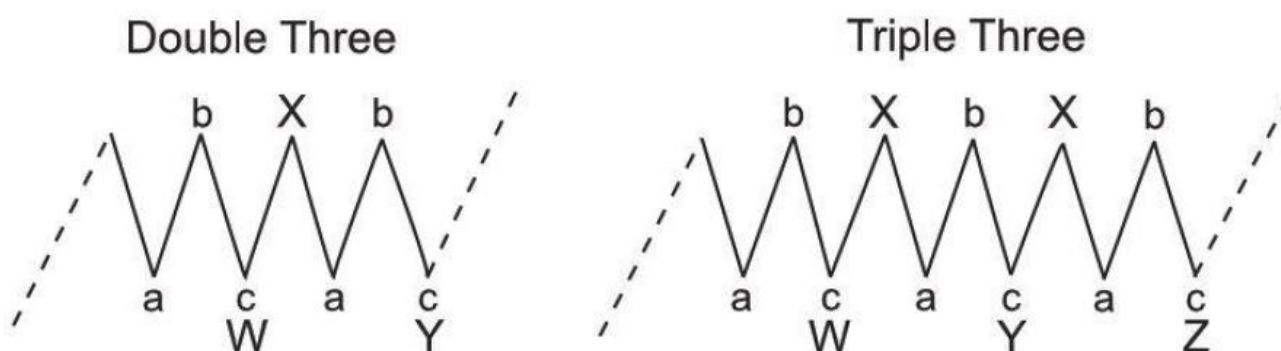
Rules

- Combinations comprise two (or three) corrective patterns separated by one (or two) corrective pattern(s) in the opposite direction, labeled X. (The first corrective pattern is labeled W, the second Y, and the third, if there is one, Z.)
- A zigzag combination comprises two or three zigzags (in which case it is called a double
- or triple zigzag).
- A "double three" flat combination comprises (in order) a zigzag and a flat, a flat and a zigzag, a flat and a flat, a zigzag and a triangle or a flat and a triangle.

- A rare "triple three" flat combination comprises three flats.
- Double and triple zigzags take the place of zigzags, and double and triple threes take the place of flats and triangles.
- An expanding triangle has yet to be observed as a component of a combination.

Guidelines

- When a zigzag or flat appears too small to be the entire wave with respect to the preceding wave (or, if it is to be wave 4,the preceding wave 2), a combination is likely.

Flat   Zigzag   Triangle

Flat   Zigzag   Zigzag