

Irregular Correction Explained in Details

Irregular correction is most frequently seen pattern of Elliott Wave Theory which witnessed even more than Simple Zigzag Correction but it is very less understood by majority of Elliott Wave Theory analysts and practitioners, even a very few EWT analysts knows about this word "Irregular Correction".

You must have observed this word "Irregular Correction" in many of my analysis report and obviously it is basically explained in Chapter 5 (Types of Corrections) of my book but here I tried to explain it in details in best possible way revealing all my research and experience till date which can never be found anywhere else in this world.

All my students/book subscribers can understand this article and explanation easily but those who are new to Elliott Wave Theory needs to understand the concepts of "Elliott Wave Cycles" and "Characteristics of all the 8 waves 1, 2, 3, 4, 5, a, b and c" to understand this article. Newbie can read these two articles to understand the concepts of Elliott Wave Theory before reading this article for better understanding.

1. [Elliott Wave Theory Explained with Examples – Wave's Cycle](#)
2. [Concept of Elliott Wave Theory Explained – Personalities of Waves](#)

As I explained in "[Elliott's Wave Cycle](#)" that there are total 8 waves in Elliott waves cycle which are 1,2,3,4,5 and a,b,c and every pattern of Elliott Wave Theory, let it be simple or complex is a combination of these 8 waves only at different degrees.

Out of these 8 waves, wave 1, 3, 5, 'a' and 'c' are Impulsive waves whereas 2, 4 and 'b' are corrective waves. Corrective waves 2, 4 and 'b' are also called correction and also consist three internal waves (a,b,c).

Now, these corrective waves have 4 different patterns:

1. Simple Zigzag Correction
2. 3-3-5 Flat Correction
3. **Irregular Correction**
4. Complex Correction/Combination Correction

Important Points to remember: - Corrective waves (2) and (4) can never break the start of its previous waves in any case. Means wave (2) can never break below the start of its previous wave (1) and wave (4) can never break below the start of its previous wave (3).

BUT, wave (b) can break the start of its previous wave (a) and when it happens we call it Irregular wave (b) which make the whole corrective wave (abc) as Irregular Corrective wave or Irregular Correction. Both corrective waves (2) and (4) comprises of 3 inner wave as (abc) pattern or combination of repeated (abc) patterns whereas wave (b) also comprises of 3 inner waves as same (abc) pattern at lower degree.

So, wave (b) is a part a corrective wave (2) and (4) but itself also a corrective wave. It is a corrective wave within correction. Please remember, wave (b) is always a 3 wave's move having inner pattern as (abc). It may be difficult to understand for newbie but it is just simple if you understand EW Cycle.

So, let me explain "Irregular Correction" in details. I am explaining this whole article on imaginary images as my main aim is to make you understand the concepts. Real time example you will see in most of my analysis report.

Irregular Correction:

A correction or corrective wave is comprises of 3 inner waves called a, b and c. Where wave (a) is impulse, wave (b) is corrective which is shorter than (a) or you can say wave (b) doesn't break start of (a) and next wave (c) is always an impulse generally equal or larger than (a). Look at the (Fig. 1 in Image 1), it is a example of a simple correction which we call as "Simple Zigzag" or regular.

BUT in some cases, wave (b) goes larger than (a) or wave (b) broke the start point of (a), we call it Irregular Correction. See (Fig. 2 in Image 1). This is the simple presentation of an "Irregular Correction". We call it Irregular Correction because wave (b) is "Irregular" in this correction.

Now, an "Irregular Correction" can be of different sub pattern like 5-3-5, 3-3-5 or *Double Irregular* and the same are explained below.

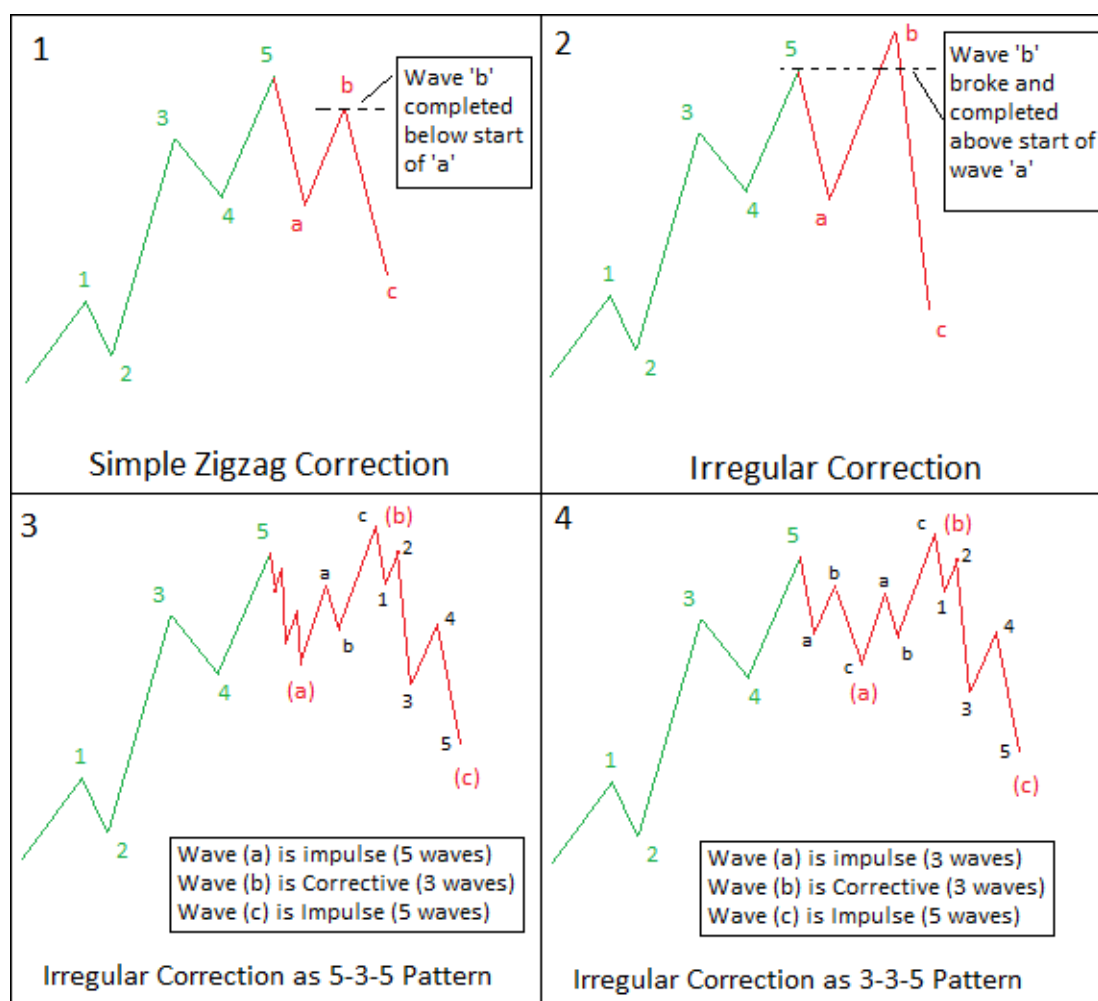


Image 1 (Irregular Correction)

- (1) **Irregular Correction as 5-3-5 Pattern:** When wave (a) of a correction is impulse (5 waves move), we call it 5-3-5 pattern. Wave (b) is always a corrective (3 waves move) and wave (c) is always an impulse (5 waves move) in every case but wave (a) can be either impulse or corrective within "Irregular Correction". So when (a) is impulse (5 waves), the pattern become 5-3-5. Look at (Fig. 3 of Image 1) for visual explanation of 5-3-5 pattern.
- (2) **Irregular Correction as 3-3-5 Pattern :** When wave (a) is corrective (3 waves move, 'abc'), the Irregular Correction forms 3-3-5 pattern. Wave (a) is corrective (3 waves), wave (b) is corrective (3 waves) and wave (c) is impulse (5 waves) and pattern become 3-3-5. Look at (Fig. 4 of Image 1) for visual explanation of 3-3-5 Pattern.

Important Point to Remember: Wave (a) is normally an impulse. Wave (a) is corrective in "Irregular Correction" and "Flat Correction" only. Means whenever you mark or observing wave (a) as corrective (3 waves move) then always expect or make sure that next wave (b) is either touching or breaking above start of (a). Wave (a) can never be corrective within Simple Zigzag. It is just a small point but is very important point of observation for confirmation of pattern.

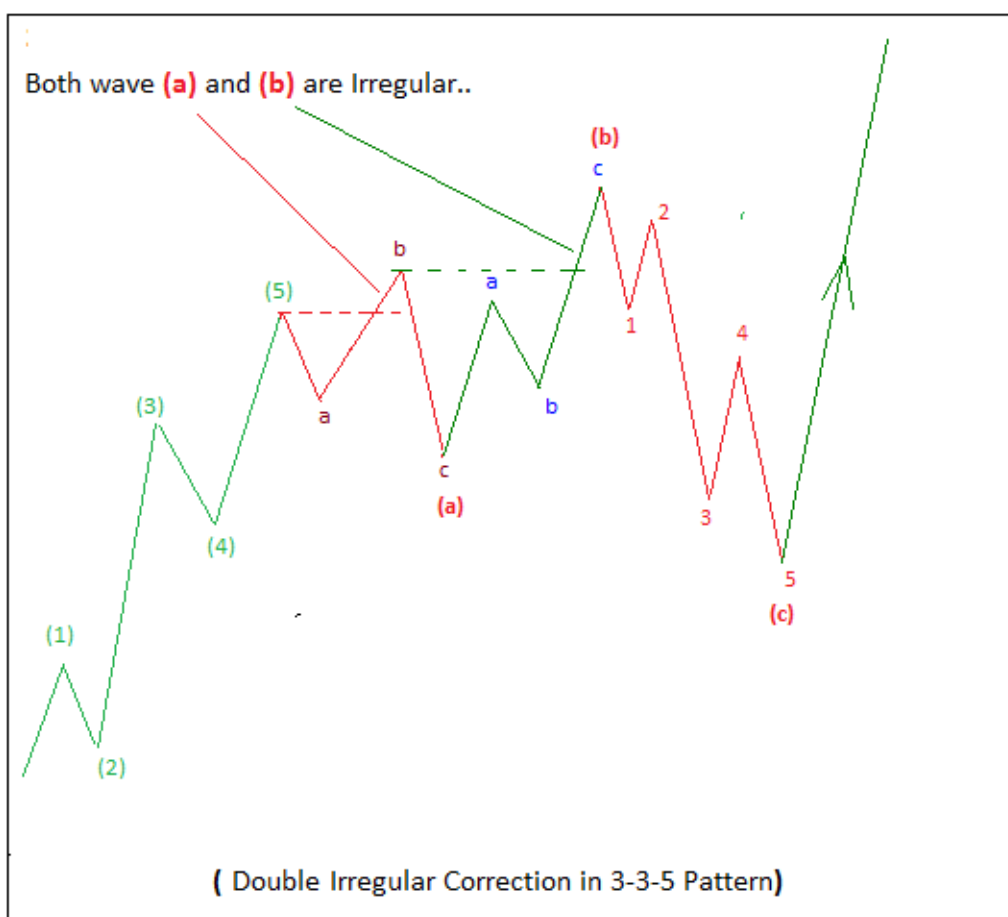


Image 2 (Double Irregular Correction)

3. **Double Irregular Correction:** In 3-3-5 Irregular Correction pattern, sometime I observed that both wave (a) and (b) is Irregular. Means inner wave 'b' of (a) is irregular followed by (b) is also irregular which form double Irregular Correction. Look as (Image 2) for visual explanation. It is not mentioned in any book or rule or EWT but I have observed it sometime, so it is still in observation and part of my research.

Formation of an Irregular Correction Step by Step:

Now let me explain the formation of an Irregular Correction step by step and also make you understand how this Irregular Correction confuses and how we can protect us and trade it.

Step 1

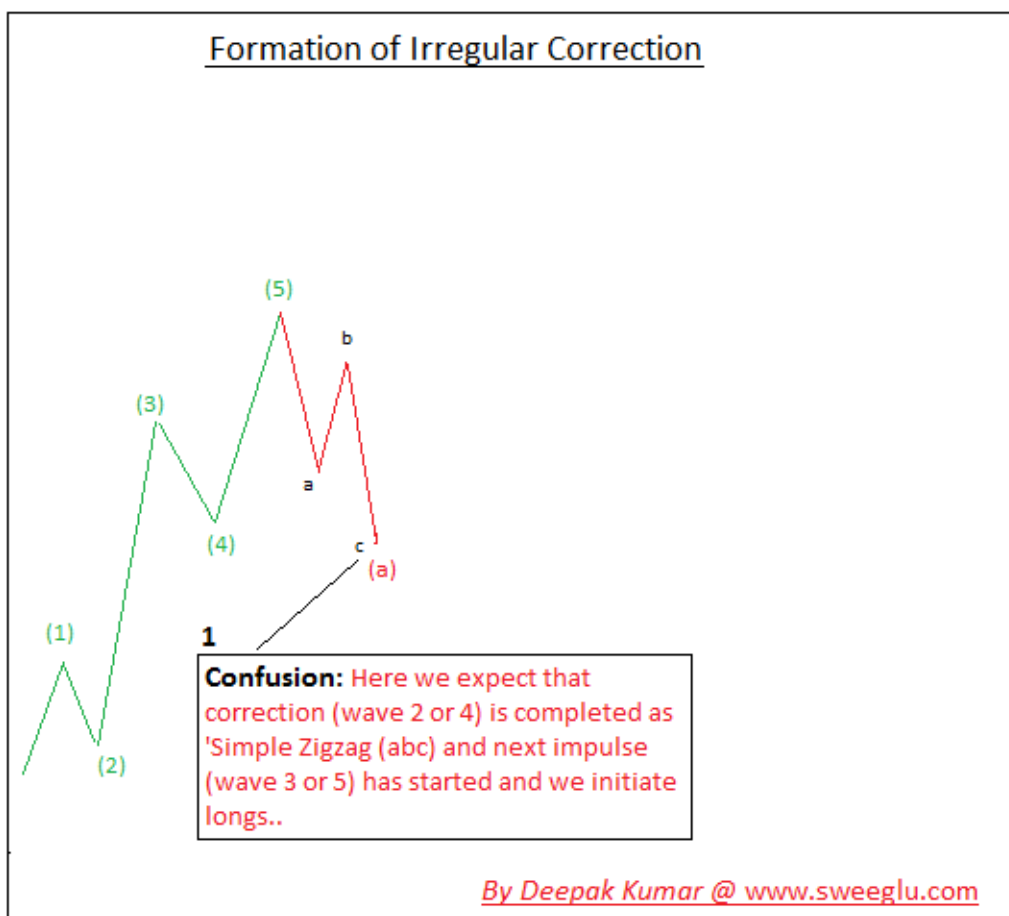
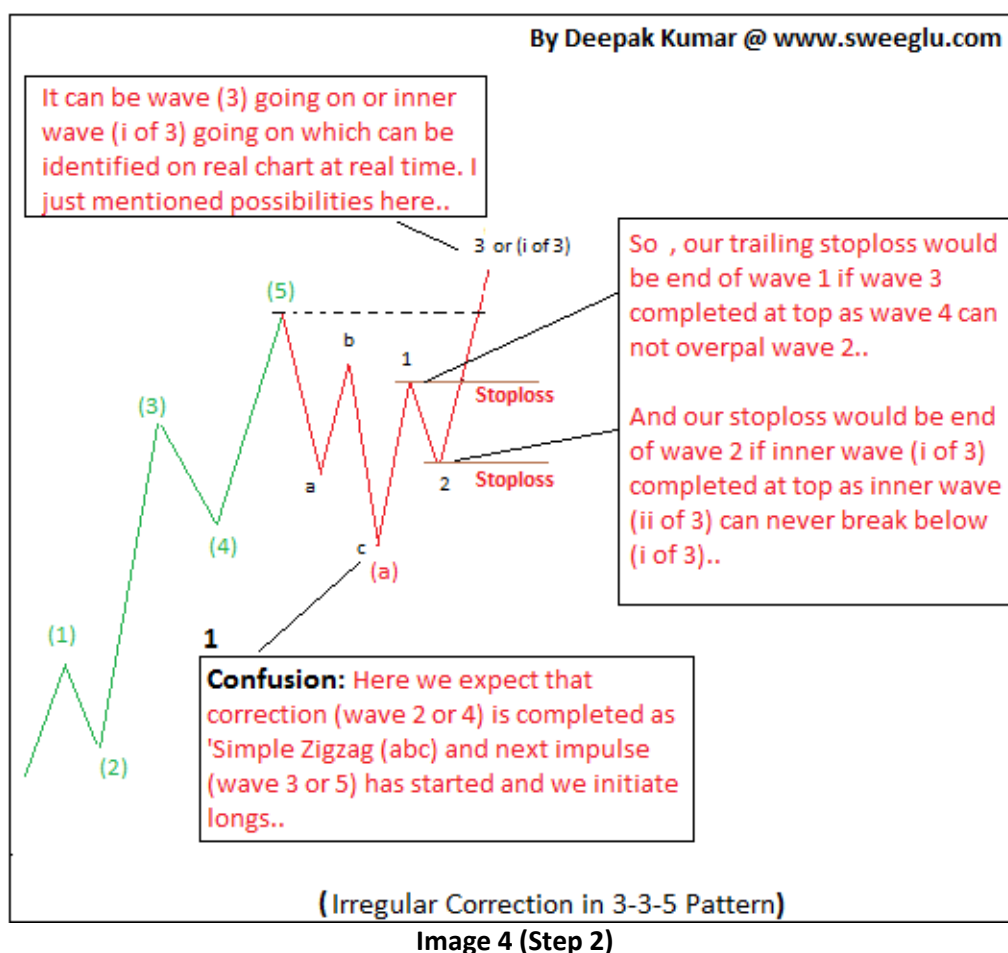


Image 3 (Step 1)

When we see an upside impulse (12345) is completed followed by downward Simple Zigzag Correction (abc). At this point, we don't know if it is going to be Irregular Correction or something else, we just see that a (abc) correction is completed and we initiate longs or buy with stoploss expecting next upside impulse for new high. Look at (Image 3) for visual explanation.

(because even if this 'abc' correction is inner wave (a) of Irregular Correction, then also next wave (b) needs to break previous high).

Step 2**Image 4 (Step 2)**

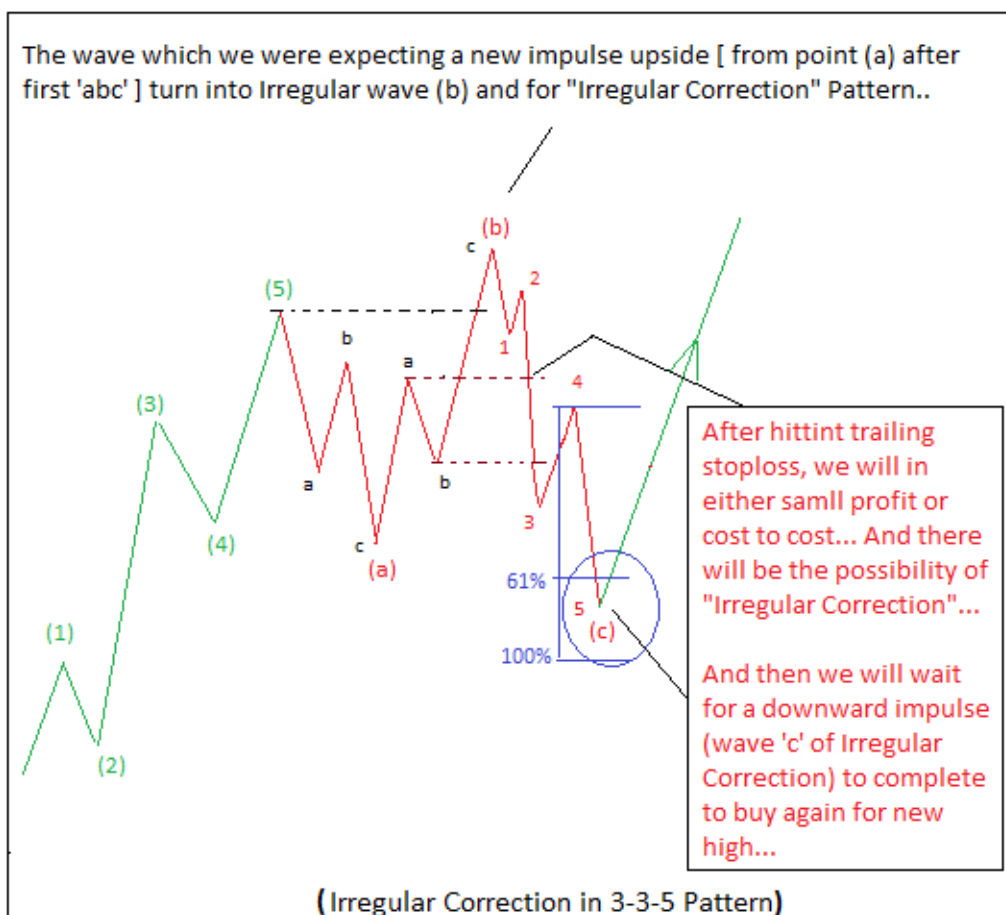
As we bought after seeing completion of downward (abc) correction expecting next impulse for new high, we will look at the pattern of next upside impulse. As the next impulse will also have 5 inner waves (12345), we will wait for the completion of inner wave 1 and 2, and progress of 3. We are not expecting an Irregular Correction till this point.

When we identify the completion of inner wave 1 and 2 of next upside impulse followed by 100% projection of wave 3, then we will trail our stoploss at the end point of wave 1 (start of wave 2) as after completion of wave 3, because wave 4 cannot overlap 2.

Or we can place stoploss bit lower at end point of wave 2 (start of wave 3) in case it is just inner wave (i of 3) completed at top because inner wave (ii of 3) can never break below (i of 3).

So in both the cases, we will be either in small profit or cost-to-cost even if our stoploss for longs triggers. Means, we will be safe against odds and will be in great rewards if our expectation goes right.

Look at (Image 4) for visual explanation.

Step 3**Image 5 (Step 3)**

Now, when our stoploss triggers without completing upside impulse (5 waves) then we look at the possibility for irregular correction here. Our first step is to exit from longs and then wait for completion of an impulse downwards for confirmation as wave (c) is always an impulse.

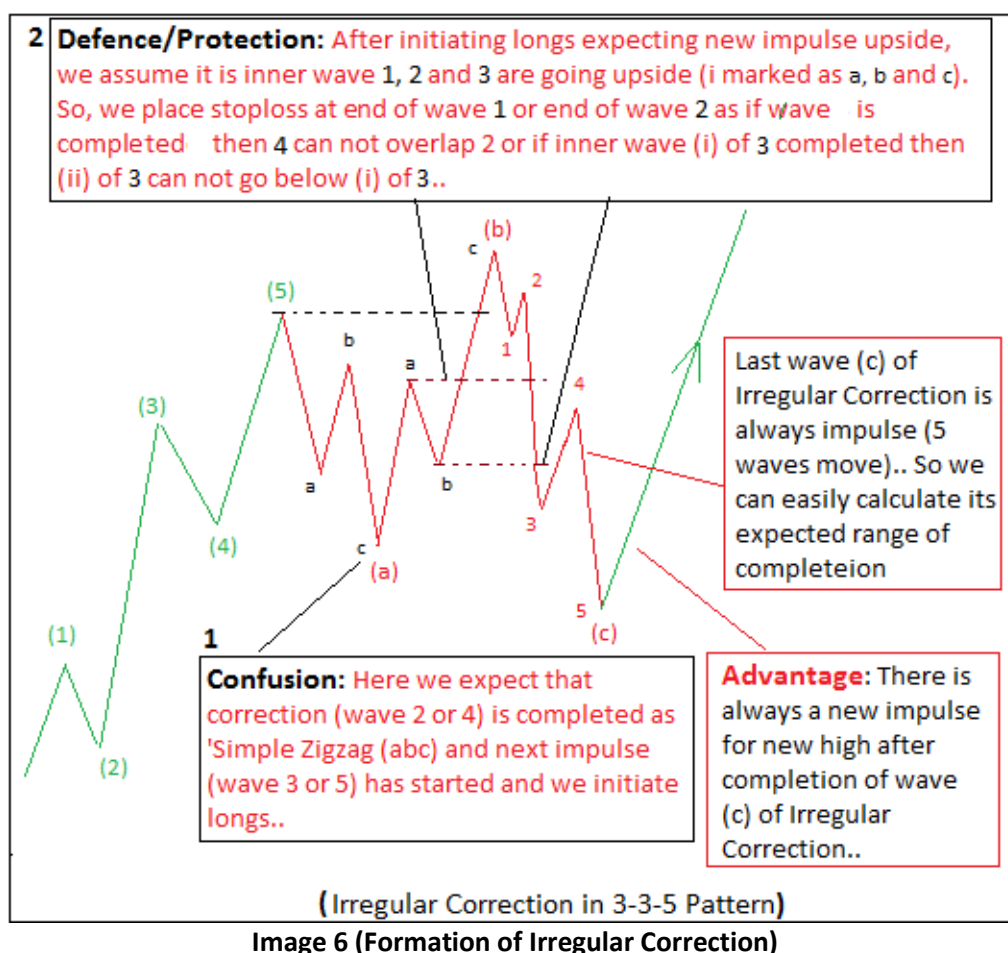
And when we identify the completion of wave (c) downwards then we initiate longs (buy again) expecting next upside impulse for new high. We can calculate the completion range of any impulse by calculating projections of its inner waves as I show you in my every analysis report.

Please look carefully at (image 5) for visual explanation.

And this is the whole story how the new impulse we were expecting upside confuses and turns into Irregular correction but we can protect our trade and grasp next new opportunity with more confidence.

I have explained this Irregular Correction on upside trend in this article, but the rules and characteristics are absolutely same in downside trend also.

The whole story is explained again in next (Image 6), please pay attention and read carefully.

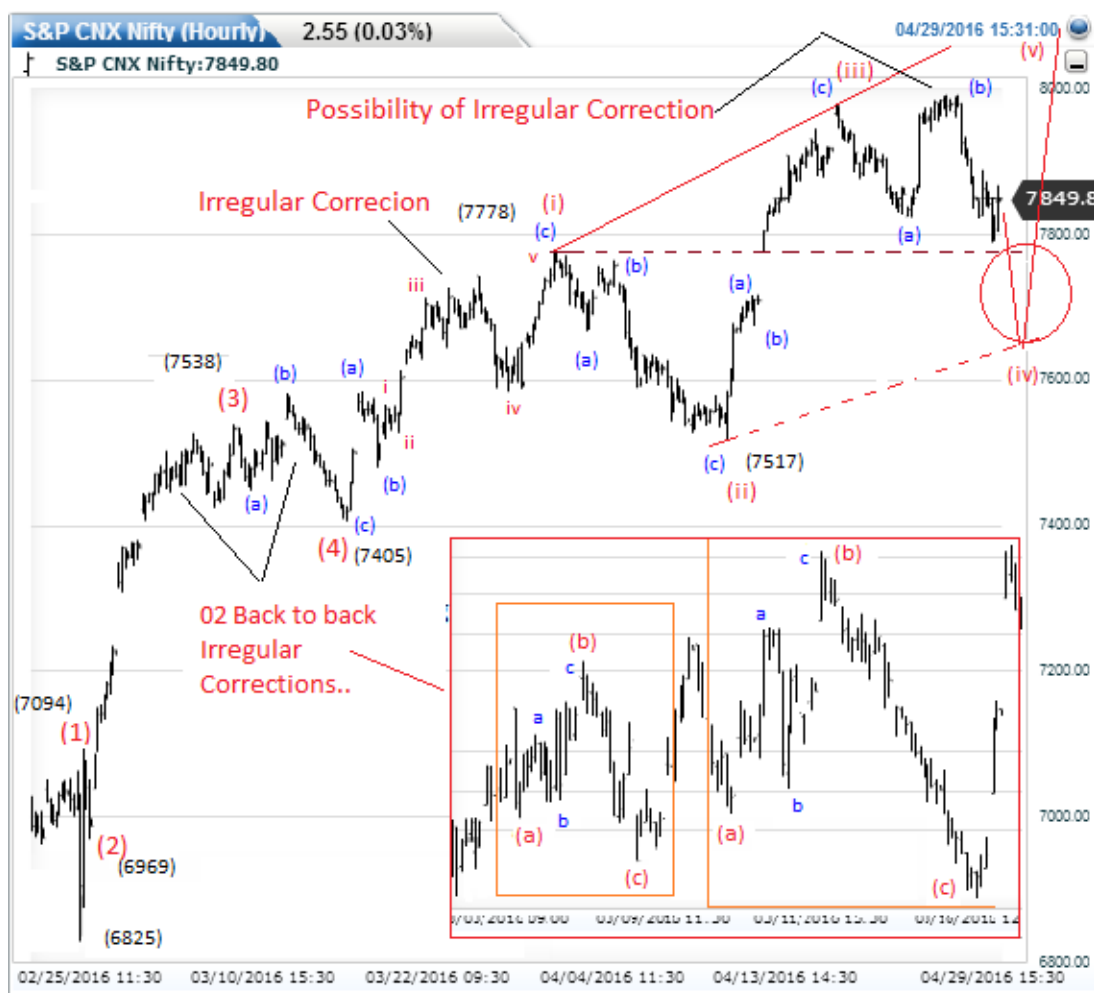


Confusion and Disadvantage: We expect a new impulse after completion of (abc) correction but wave retrace back without completion of impulse and turns into Irregular Correction. But we can always protect our trade by trailing stoploss as I explained above.

If we look at the whole bounce in Nifty from 6825 to 7992 from 29 Feb 2016 onwards, there are repeated Irregular Corrections in between this bounce. Many times I was confused in identifying Nifty moves correctly and was not confident and my followers used to say that Elliott Wave Theory is not working but reason was repeated Irregular Correction.

Whenever we calculated upside targets expecting a new impulse upside, it turns into Irregular Correction and retrace without achieving targets. Though, our targets missed many times but we didn't lose because of stoploss calculation.

Please look at the Nifty (**Chart 1**) covering move from 6825-7992 below



Advantage of Irregular Correction:

Irregular Correction have great advantage and can give us huge profit if we manage to identify it as next wave always break previous high/low after completion of Irregular Correction. Means, market always break start point of wave (c) of irregular correction after its completion.

Because of this Irregular Correction pattern only I predicted the crash of Aug 2015 a month in advance. I was not confirmed about whole pattern but predicted fall just because of "Irregular Correction" at bottom in downward trend. The main chart and link to that analysis report of 28 July 15 is given below.

My recent analysis report of 6 May 2016 where I expected targets above 7992 is also based on "irregular Correction" only and I caught a perfect bottom for that. Link to report is [Nifty Can Bounce above 7992 again in Near Term – Elliott Wave Analysis](#)

Link to Analysis Report of 28 July 2015 where I predicted fall from 8655 to 7940 is [Nifty can Decline below 7940 in August Expiry – EW Analysis on 28 July 2015](#). And (Chart 2) given below is main chart of that report.



These are just bigger example but if you are following my analysis reports regularly then you must have observed that I caught many good moves on smaller as well as bigger time frame after identifying Irregular Correction and it occurs frequently on chart.

There is no move on chart which cannot be identified by Elliott wave theory. Every structure on chart is some type of Elliott Wave Theory pattern which can be identify if you have understanding of waves although sometime it may be difficult to identify when it is just forming.

And every difficult pattern of Elliott Wave Theory is a big profit opportunity if you just pay attention, use common sense and develop reasoning ability to identify it.

Practical Application of Elliott's Wave Principles by Deepak Kumar

(The perfect tool to predict the future of Stock Market)

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