

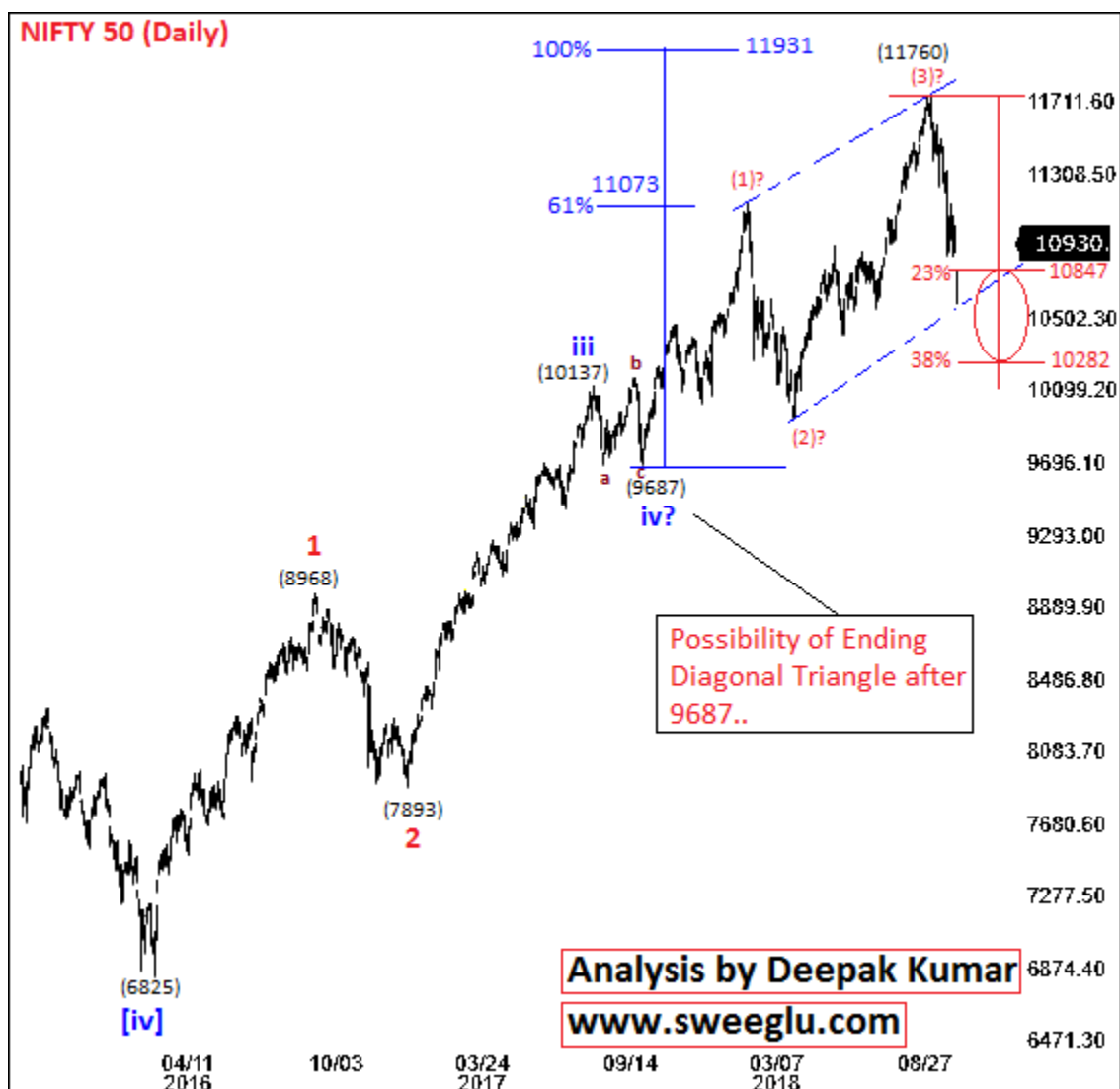
Elliott Wave Analysis Report of Nifty 05 Oct 2018

Nifty opened lower at 10754, declined further after opening and traded with negative bias for rest of the. Nifty declined by more than 300 points to register day's low 10547 and closed 259 points down at 10599.

Yesterday, Nifty was expected to first decline towards 10806-10780 range and then bounce by minimum 160-250 points. We were expecting ED and lower line of ED (around 10790-10780) was pattern negation point.

Trading strategy was to buy Nifty systematically (or buy calls) in 10806-10780 range using exact stoploss of 10749. But Nifty opened below pattern negation point and stoploss was triggered at opening only, so trade was negated. Nifty decline further by 250 points to register low 10547 and closed at 10599. Now, let's have a fresh look at latest charts for further scenario.

This analysis report is covering move after 6825 and earlier wave counts are explained in my last "All Time Frames" analysis report [Fresh Elliott Wave Analysis of Nifty on All Time Frame dated 03 Jun 2018](#).



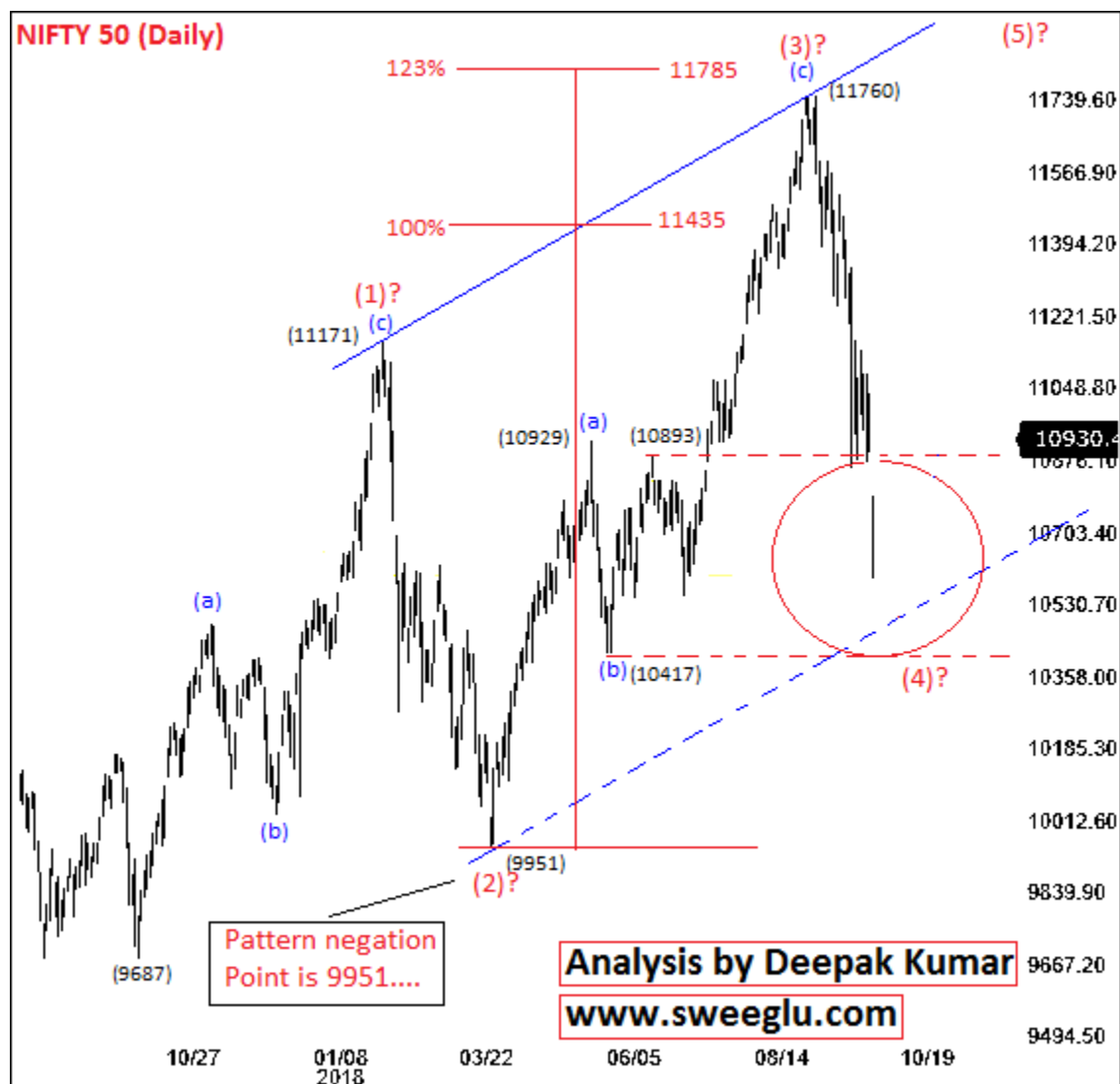
This is daily time bar chart of Nifty covering bounce after low 6825 which I marked as start of wave [V] on daily chart in my last "All Time Frames" Report.

It seems inner wave 1, 2 is completed and 3 may be in progress from 7893. Within wave 3, it seems inner wave i, ii, iii, iv completed at 9687 and v may be in progress.

But after 9687, the bounce is a combination of 3 waves. So, there is a possibility of Ending Diagonal Pattern after 9687 as wave 'v'. If this is the case then this ED is going on since Sep 2017, so whole pattern may take more time to complete.

Fibonacci ratio wise, 23%-38% retracement of progress of wave 3 is placed at 10847-10282. So, this 10847-10282 range is support which is big and Nifty already entered in this support.

Let me show the possibility of Ending Diagonal Triangle on separate chart.



This is again a daily time bar chart of Nifty covering bounce after 9687 which is indicating a possibility of Ending Diagonal Triangle.

The last bounce from 9951-11760 looks like a clear 3 waves (abc) move, and (abc) wave at all time high indicates "Irregular Correction" or "Ending Diagonal Triangle" but earlier bounce from 9687-11171 also look like (abc) wave. So, repeated (abc) waves at top are indicating possibility of Ending Diagonal Triangle.

So, there is possibility of Ending Diagonal Triangle (abc-abc-abc-abc-abc) from 9687 as wave 'v' with inner wave (1) completed from 9687-11171, (2) completed from 11171-9951, (3) completed from 9951-11760 and (4) may be in progress. Pattern of wave (2) is not clear and creating confusion.

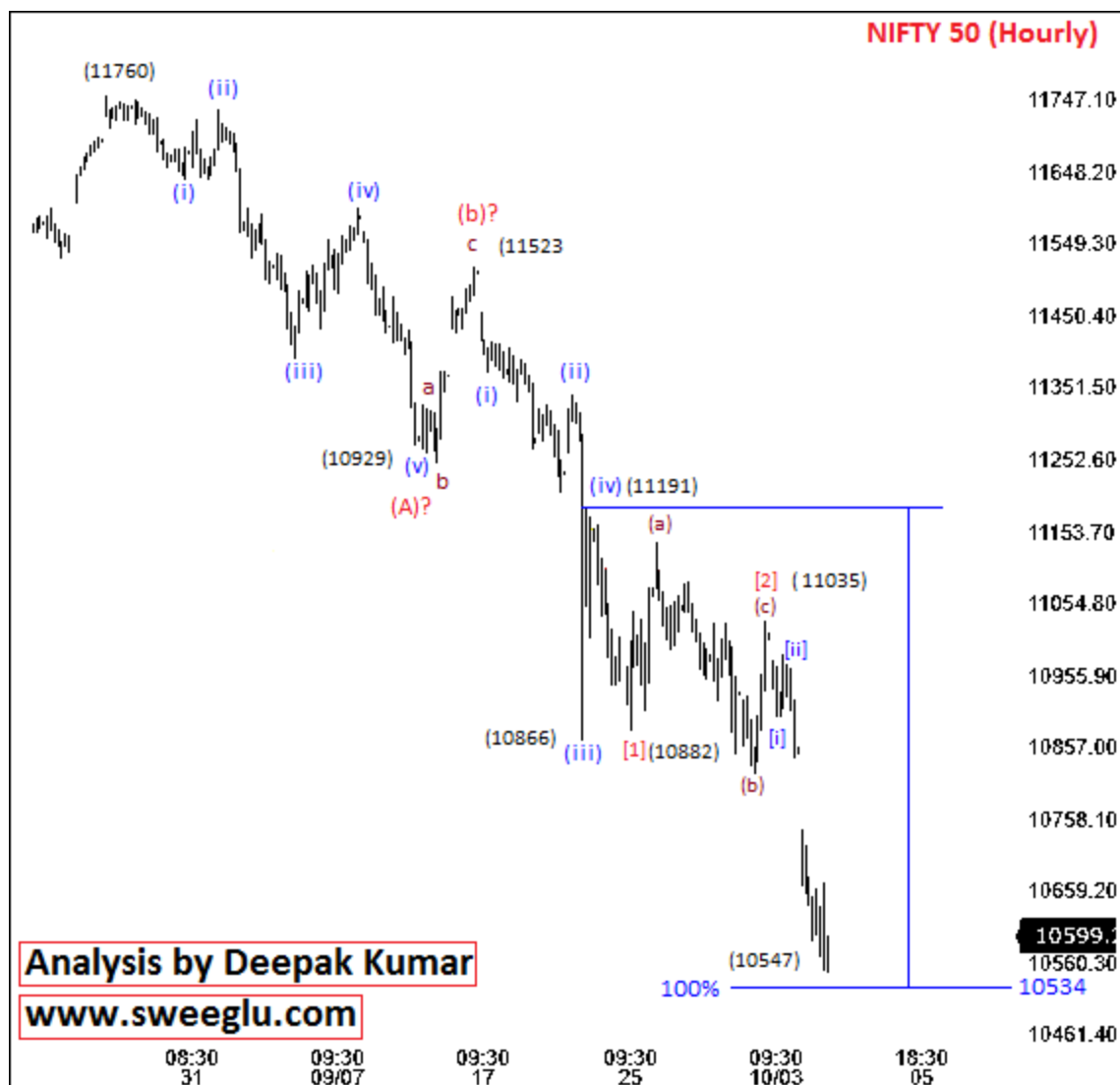
If this move is really an ED then wave (4) of (ED) normally retraces till the "start of inner wave (c) of (3)" or till the "end of inner wave (i) of (c) of (3)" (my own observation). "End of inner wave (i) of (c) of (3)" is 10893 and "start of inner wave (c) of (3)" is 10417. So, 10893-10417 is general expected range for completion of wave (4) of (ED) whereas Nifty already entered in this range and registered low 10547.

Wave (4) of ED can never break below the start of wave (3). Start of wave (3) is 9951, so 9951 is pattern negation point and maximum limit for wave (4) and the possibility of ED will get negated if Nifty breaks 9951.

So overall, Nifty must bounce for new high above 11760 without breaking below 9951 (without even touching 9950) if the Ending Diagonal I had marked is correct. 9951 is maximum limit, otherwise wave (4) can complete anywhere in/around 10417-9951 range.

Other possibility: - The move from 9951-11760 is a 3 wave's (abc) move and I am marking this move as inner wave (3) of ED. But if I am wrong at identifying ED and Nifty breaks 9951 then there will be a possibility of Irregular Correction [because last bounce is (abc)]. Nifty can bounce for new high with same speed after registering low below 9951.

The possibility of ED is just for awareness and but not confirmed yet because it is a very big wave. So, we need to concentrate on decline started from 11760 to calculate immediate move until larger pattern gets clear.

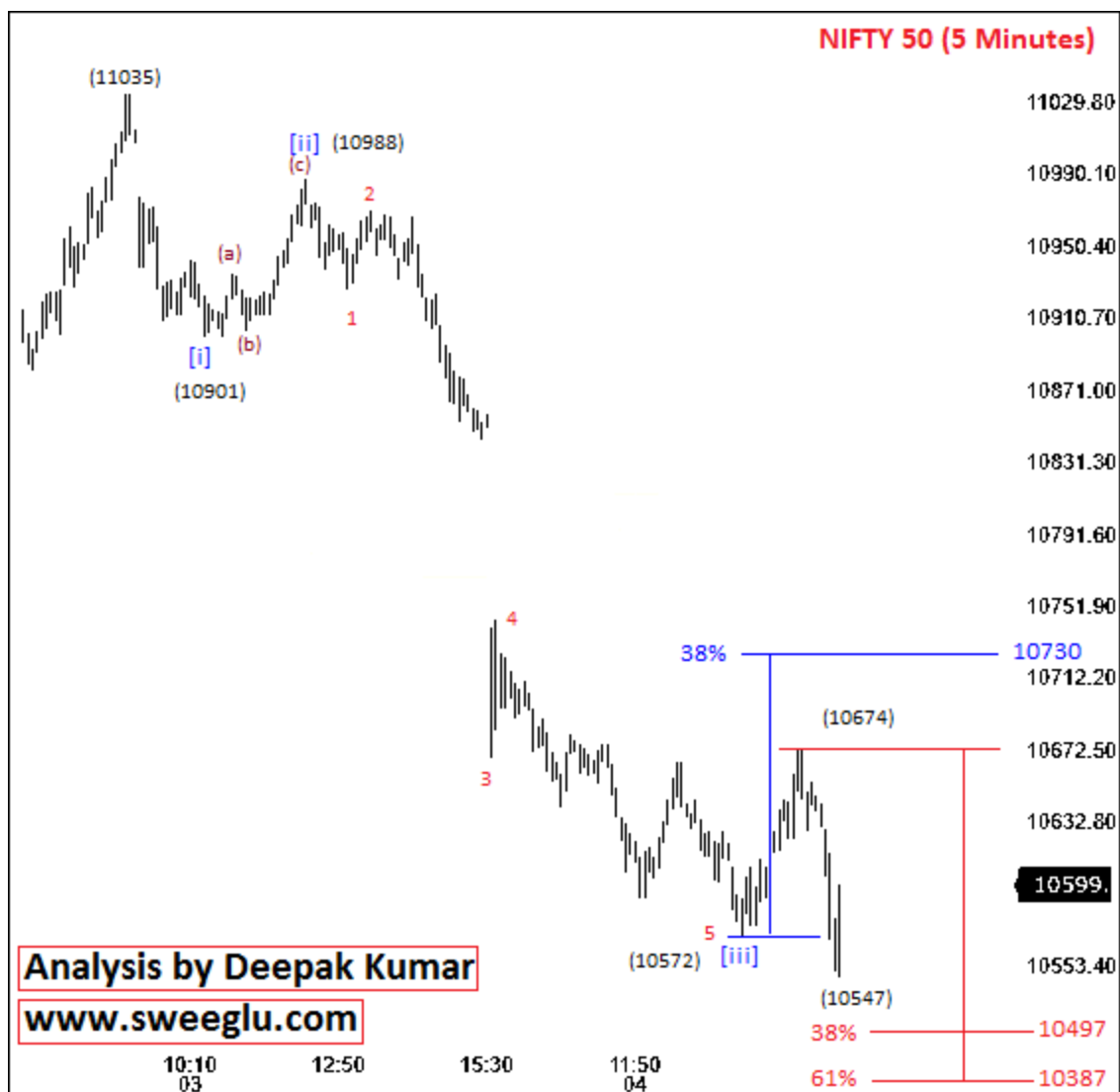


This is hourly time bar chart of Nifty covering decline after 11760 which I am analyzing independently because there are confusions on higher time frames. There is no change in wave counts on this chart.

There is impulse completed from 11760-11269 and same can be assumed as wave (A), Irregular Correction from 11269-11523 can be marked as wave (B) and wave (C) may be in progress.

Within wave (C), it seems inner wave (i), (ii), (iii) completed till 10866, (iv) may be completed at 11191 and (v) may be in progress. Wave (v) already projected by about 100% but pattern doesn't seem completed which is the point of confusion.

Pattern of wave (v) is not completely clear because of overlapping but some sort of Impulsive wave started from 11035. So, let's analyze this Impulse started from 11035 to calculate immediate moves.



This is 5 minutes time bar chart of Nifty covering decline after 11035 which I am expecting as start of last downward impulse.

This decline seems Impulsive with inner wave [i] completed at 10901, [ii] completed at 10988, [iii] may be completed at 10572 and wave [iv] of [v] may be in progress.

38% retracement of wave [iii] is placed at 11730. So, 11730 is immediate resistance and breakeven point on upside. Nifty if breaks and stay above 11730 can bounce further towards 10846-10901 otherwise further fall towards 10497-10387 can be expected.

(10497-10387 is minimum 38%-61% projection for wave [v] if wave [iv] completed at 10674).

Conclusion

Many of my followers and subscribers are asking if Nifty stepping towards crash. A crash in my understanding is at least 50%-61% retracement of total move. Any 23%-38% retracement is correction only and Nifty didn't correct even 38% retracement of last wave 3 started from 7893 (refer daily chart).

I am not able to calculate exact bottom but decline looks like a temporary correction and good opportunity to buy after getting signs of reversal. There are two major conditions at this point of time: -

1. If the bounce started from 9687 is ED then Nifty needs to bounce above 11760 without breaking below 9951. This bounce is expected to be volatile in zigzag formation because it will be last wave (5) of ED.
2. If Nifty breaks 9951 then the possibility of Irregular correction will open. Nifty can still bounce for 11760 after registering low below 9951 but bounce can be of same speed as it declined, means Nifty can move 2000 points in just couple of months.

I am not able to see any other condition right now. Otherwise, I am human and my analysis has every possibility to be wrong. Expecting bounce above 11760 in coming weeks doesn't mean I am buying blindly at any levels, buying need to be planned after getting signs on reversal with exact stoploss, just like yesterday. We planned buying in 10806-10780 range using exact stoploss of 10749, trade was negated but it was just 50 points risk if we could have traded.

For very short term/Intraday: - Nifty is in negative zone and 11730 is resistance and Immediate breakeven point on downside. Nifty if breaks and stay above 11730 for 15 minutes can bounce further towards 10846-10901 otherwise further fall towards 10497-10387 is possible.

We need to keep all these conditions in mind while deciding next trade.

Trading Points of View:

Nifty is very volatile and it is impossible to plan any trade with small stoploss, even VIX is high and options are expensive, so market is risky for small traders in this scenario. Traders with small capital must avoid or limit trading to avoid huge losses and wait for signs of reversal because we can see a great reversal of 1200-2000 points later but we must have cash in account at the time of opportunity.

Those who want to trade can use resistance and breakeven point 10730 for Intraday/very short term trade. Nifty if breaks and stay above 11730 for 15 minutes can bounce further towards 10846-10901 otherwise further declines towards 10497-10387 is possible, traders can use this condition to decline their own trade.

DISCLAIMER

Trading Strategies suggested in this Report:

Trading strategy suggested in this report is just to show my subscriber how they can make trading strategies in different market conditions based on Elliott Wave Counts. These trading strategies are not trading recommendations. Any trade based on these trading strategies will be your own decisions and I will not be responsible for any loss or profit for the same.

Trading based on my Elliott Wave Analysis Reports:

These Elliott Wave Analysis reports I prepared mainly for my book subscribers to show them practically how to apply Elliott Wave Theory practically on charts to identify market moves, so that they can understand better and learn faster. These reports are honest analysis based on whatever I can understand from charts. These reports cover outlook of market but are not trading recommendations.

Trading based on these reports are your personal decision and trade only if you can understand these reports completely or can identify change in wave patterns.

Request to Subscriber/Students:

Please don't ask me about any personal trades, trading advice or market movement during live market hours as I clearly mentioned in my service disclaimer. There are 100s of clients ready to get my advisory tips service but I never provide, there is a strong reason behind it. Please try to understand. It is a humble request as I feel uncomfortable to answer same words again and again.

Practical Application of Elliott's Wave Principles by Deepak Kumar

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

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