

## **Using the Time Frames in Elliott Wave Analysis Explained**

### **EW Analysis of Nifty dated 14 Dec 2014**

This Elliott Wave analysis report of Nifty is going to revise all time frame Elliott wave counts of Nifty once again and is going to explain which time frame chart you should use for EW analysis. The most asked question asked by my subscribers are: -

- 1. Which time frame chart we should use for Elliott Wave Analysis?**
- 2. Where to take the start of a wave in Elliott wave Analysis?**

And I am going to explain the answer of both these questions and many others by using different time frame charts of Nifty but let me make you understand about some basics before explaining all this.

Actually, we need not to give much importance to particular time frames that's why I didn't explained much about "Time Frames" in my book "[Practical Application of Elliott Wave Principles by Deepak Kumar](#)" but given importance only to Wave's Cycles. I just suggested that you must use "Lowest Possible Time Frame (5 minutes or lower)" to find immediate top or bottom and when you are taking entry for trade.

#### **The important factors we need for Elliott Wave Analysis are: -**

- 1. [Elliott's Wave Cycles](#)** to identify the correct position of price within bigger, small, smaller or minute cycle so that we can identify how much more downside or upside legs are left.
- 2. [Personalities of Elliott](#) Wave** to identify the nature of previous waves so that we can predict the nature (speed and strength) of next coming move as nature of every next move is always related to previous waves. And also to confirm if we are counting waves in wave cycle correctly as every single wave have different personalities and nature.
- 3. [Fibonacci Calculation of waves](#)** to calculate expected Top, Bottom, Minimum Targets, and Maximum Targets, Stop loss, Entry Levels etc. Every wave has different calculation, minimum limits and maximum limits which again depend upon the personality of previous waves.
- 4. [Wave's Patterns](#)** to identify very immediate move within a wave. There are total eight basic waves in wave's cycle (12345 and abc) and every single waves have different patterns which shows the personality of particular wave and also indicates the nature of next move. Read these articles to understand the Wave's Cycles and Personalities of Waves.
  - [Concept of Elliott Wave Theory Explained with Examples – Wave's Cycle](#)
  - [Concept of Elliott Wave Theory Explained – Personalities of Waves](#)

Combination of all these factors only helps you to predict the future roadmap of price and to identify best low risk trading/investment opportunities for higher rewards in any condition. Combination of all these factors keeps you ahead of news, events, data and common traders and you can feel where price is heading in future. Now,

**Which time frame chart we should use for Elliott Wave Analysis?**

When you talk about "Time Frame" the first thing that comes in your mind is "Wave Cycle" as you are seeing chart to identify waves. And word "Cycle" means repetition of a pattern again and again, and there is always a start point and end point of "Cycle". Means "Wave's Cycles" denotes the repetition of wave patterns again and again where there is always a "Start Point" and "End Point" of every wave.

So, we need a chart which covers the previous "End Point" or "Start point" of a move to identify the start or end of waves let it be on any time frame. Most of the users are confused with "Time Frame" and "Time Interval". I use "Time Frame" for the time period that chart on screen covers and "Time Interval" for the time taken by a single candle or bar on a chart. Means, "Hourly Chart" doesn't mean that the chart covers one hour of move but it denotes that every single candle or bar on chart denotes one hour of move. "Hour" in the "Hourly Chart" is not its "Time Frame" but "Time Interval". There are many charting software and applications that shows different "Time Frame" for different "Time Interval" and you can increase or decrease time frame for same time intervals (Means you can zoom out or zoom in the chart).

I use Investing.com chart where "5 minutes chart" covers 4-5 days of move (time frame), "Daily Chart" covers almost last 18 months of move or "Monthly Chart" covers almost last 10-12 years of move. So I use different time interval according to my needs. If I am not able to see the start of previous wave on "5 Minutes Chart" then I move to higher degree time interval to find it.

**It was all about theory and let me show you practically to make you understand better:**

Below is the "Daily Chart" of Nifty covering last 5 month time frame of Nifty. I explained on chart of "Time Interval" and "Time Frame" and how I can change time frame of chart of same time interval by zooming in or zooming out. If you are using any other charting software, then search for the setting where you can change "Time Period" of chart for same "time interval". Next explanation is below the chart.



This is daily time bar chart of Nifty covering move of last 4-5 months. Suppose we are analyzing Nifty first time and this chart is on our screen at first look. If I take a casual look at the chart then it seems like waves 1,2,3 and a,b,c on chart. But we don't know which waves are they and it is almost impossible to predict exact next move. We don't know that these waves are at top or bottom or at the middle and we are not able to identify further big moves.

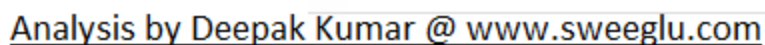
So, we need to see Bigger Cycle of Nifty to identify the position of current price on the bigger cycle of Nifty. So, I am seeing biggest time frame chart which is only possible on Monthly Chart. Let's see the monthly chart.



This is monthly time bar chart of Nifty covering move of last 12 years. After seeing this chart and counting waves, it seems inner most wave (iii) of bigger 3 is in progress. Details explanation of these wave counts is explained in "[Elliott Wave Analysis of Nifty for All time Frames Dated 18 Oct 2014](#)" and I am not explaining it here to avoid lengthy lesson.

We can identify that Nifty is somewhere in inner most wave (iii) of bigger wave's cycle and wave 3 is known as faster and steeper. Personalities of waves are also matching the identified cycle.

Now, Wave counts till end of wave (ii) (5118) are clear as it is already completed and we need to see move after 5118 closely on lowest possible time bar chart to identify wave (iii) started from 5118 within wave's cycle. The move after 5118 can be seen closely only on daily time bar chart.



The move after 5118 can also be seen only on daily chart. So I am reducing time period of daily chart to see move after 5118.



This is again daily time bar chart of Nifty covering move after 5933 which is start of inner most wave (iii). The possible wave's counts are as represented on chart. Wave 3 of (iii) is just above 100% so wave 5 can be extended, means wave 5 of (iii) can be more than 61% which is already achieved and 100% placed at 8749.

As wave (5) of (iii) started from 7118 already achieved its minimum extension we need to see wave (5) closely to identify it has completed the cycle and still there is any upside left.

So, we are proceeding to next step and seeing wave (5) of (iii) started from 7118 closely for separate calculation of wave counts and it is again possible only on daily time bar chart as 7118 is out of hourly time bar chart range.



**CNX Nifty** 8,224.10 -68.80 (-0.83%)



This is 15 minutes time bar chart of Nifty covering move after 8626 which is start of wave (b) of 5 of ED which is also expected to have "abc" pattern as inner waves where: -

1. Wave (a) of (b) should be an Impulsive
2. Wave (b) of (b) should be a corrective
3. Wave (c) of (b) should be again an Impulsive.





Now the pattern on chart suggest that wave (5) of (a) may be progressing as Ending Diagonal (abc-abc-abc-abc-abc) where inner wave 1 and 2 are completed and wave 3 is either completed or is about to complete.

If I am right at identifying pattern then wave (iv) of ED must go above the start of wave (ii) (8277) to overlap wave (ii) but cannot go above the end of wave (ii) (8322). And after completion of wave (iv) anywhere between 8277-8322, Nifty can dip below low again to complete last wave (v) of (5) of (a) before the start of next corrective wave (b) upside.

#### **You learned in this report that: -**

The time frame on chart is not important but important is identify the position of price wave's cycle let it is on any time frame. But after identifying the bigger cycle, you need to see smallest latest waves on lowest time interval chart to predict latest immediate move and for entry levels and stop loss. You have seen how I started with bigger time frame and come to the conclusion of last smallest waves which is inter-related to every previous smaller, small, big or bigger wave. And this last wave is also a part of bigger cycle running from the birth of Nifty.

There are no two different wave's patterns on same chart no matter what time frame or time interval you are using. The only difference is that a straight monthly candle will have 100 of smaller waves inside if you see on 5 minutes chart and 5 minutes candle will have 100 of smaller waves inside if you on 1 second time bar chart. But overall waves pattern never change and wave's 100% follow EW rules. But you can be wrong in identifying.

There is no particular point to start a wave. Every turning point and reversal is start of a wave let it be a smaller wave or bigger wave. It will not be difficult for you to identify the start of end of wave if you understand wave's cycles, wave's patterns, wave's personalities and wave's calculation.

#### **Conclusion:**

You must see all time frames charts to identify the position of price in wave's cycle when you are analyzing any script first time. And once you have identifies the position of price in wave's cycle then you need not to see it again. You can remember the previous bigger wave counts and keep on seeing latest waves on 5 minute chart as previous wave's pattern will remain the same. You need to see previous counts only when you have any doubt or when you are identifying the completion of any bigger wave.

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## Practical Application of Elliott's Wave Principles by Deepak Kumar

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

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