

GUE CONCEPTS Part 2



BECOME A PRO
MONEY WILL FLOW

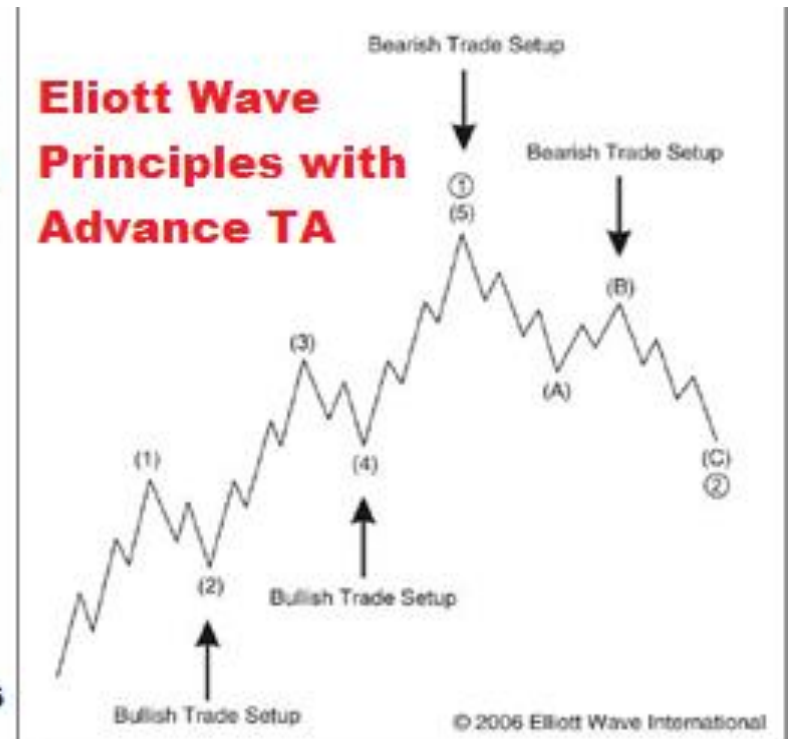
**FOCUS =
SUCCESS!**

GUE : Get the Ultimate Edge

Workshop on Advance Technical Analysis
using Elliot Wave Principle



Get the ULTIMATE EDGE over Others



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Corrective Waves

They are wave structures of Corrective Phase (counter trend)

1. Simple Corrections

- i. Zigzag (A-B-C :: 5-3-5 structure)
 - Has a sharp look
 - Normally occurs in 2nd wave of an Impulse wave
 - Normally does deep retracement

2. Complex Corrections

- i. Flat (A-B-C :: 3-3-5 structure, not 5-3-5)
 - Regular Flat
 - Wave B terminates near the origin of Wave A
 - Wave C terminates near the termination point of Wave A
 - Expanded Flat
 - Wave B terminates well beyond the origin of Wave A
 - Wave C terminates beyond the termination point of Wave A
- ii. Triangle (A-B-C-D-E :: 3-3-3-3-3 structure)
 - Bounced by trend lines that connect A,C,E and B,D)
 - Trend lines could be converging or expanding
- iii. Combination
 - More than one corrective structure linked by another structure called “X” wave.
 - X wave is a 3 wave structure
 - It links any two other corrective structures like flat, zig-zag or a triangle

Example – Regular Flat

Nifty 50 – Sep 2017



Example – Zigzag

Nifty 50 – Sep 2020



Flat (Regular & Expanded)

- They often Fool traders because they make new price extreme.
- It's important to be aware of such structures so that when a new price extreme occurs, you don't assume it's continuation of preceding trend.
- Example: DOW in July 2010

Expanded Flat - example

Example : Balrampur Chini

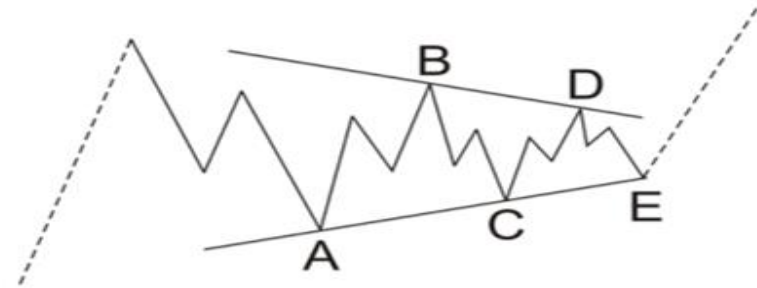
Wave B goes beyond start of wave A

Wave C goes beyond end of Wave A

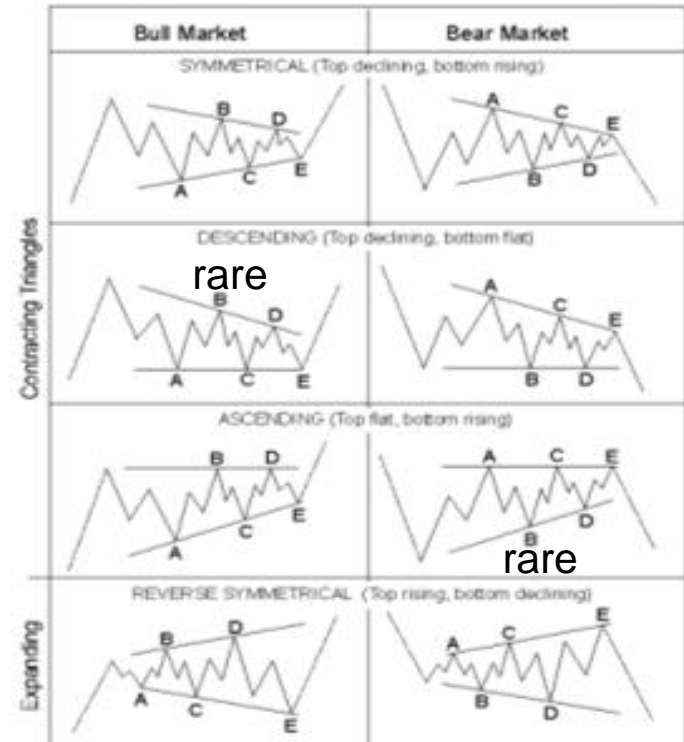


Triangle

- Triangles are very important structures because when a triangle ends, it begins the next actionary wave in the direction of main trend of higher degree.
- Sometime Wave E could overshoot or undershoot the A-C trend line.
- When you identify a triangle like structure, you could safely assume that you are in corrective phase and the next move in the direction of higher degree could be expected.

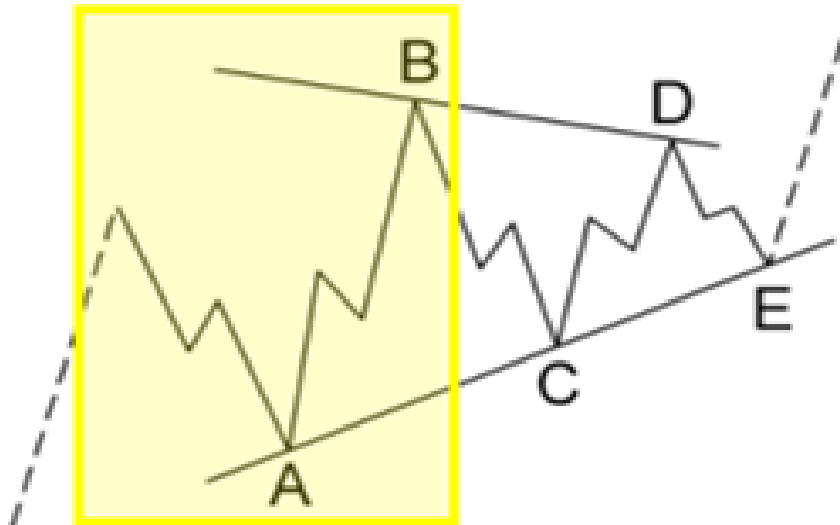


Horizontal Triangles

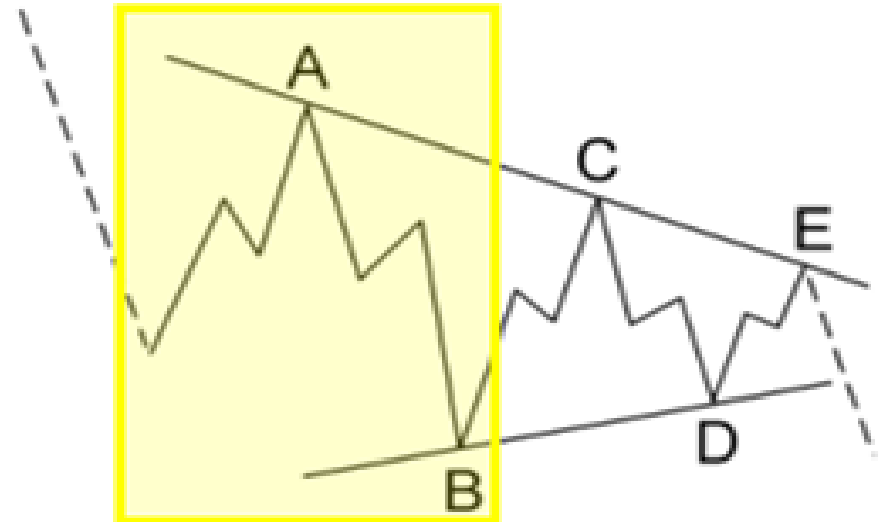


Running Triangles

- Similar structure as horizontal i.e. 3-3-3-3-3, but Wave B goes well beyond the starting point of Wave A.



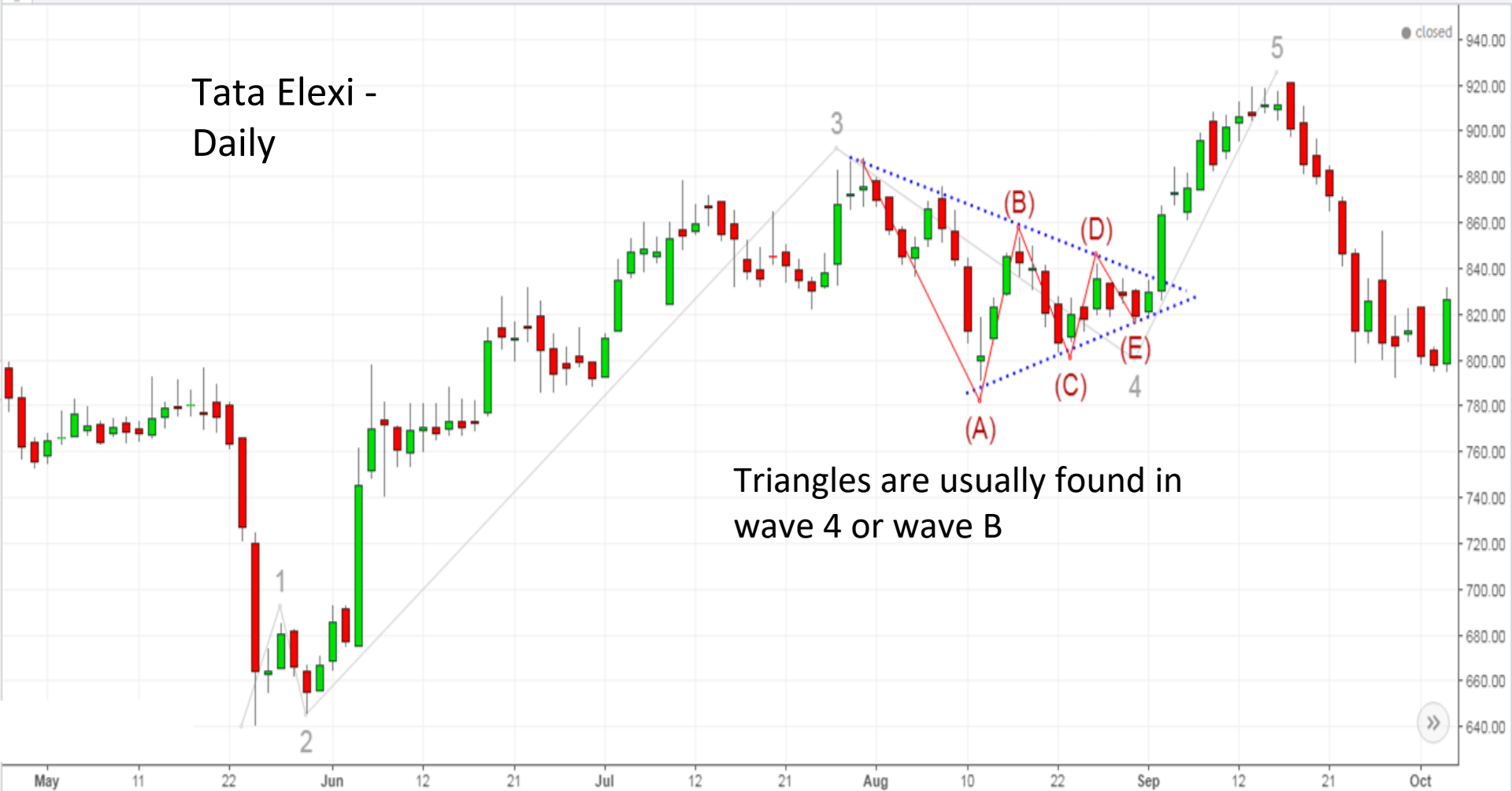
Bull Market



Bear Market

Triangle - Example

Tata Elexi -
Daily



Triangles are usually found in
wave 4 or wave B

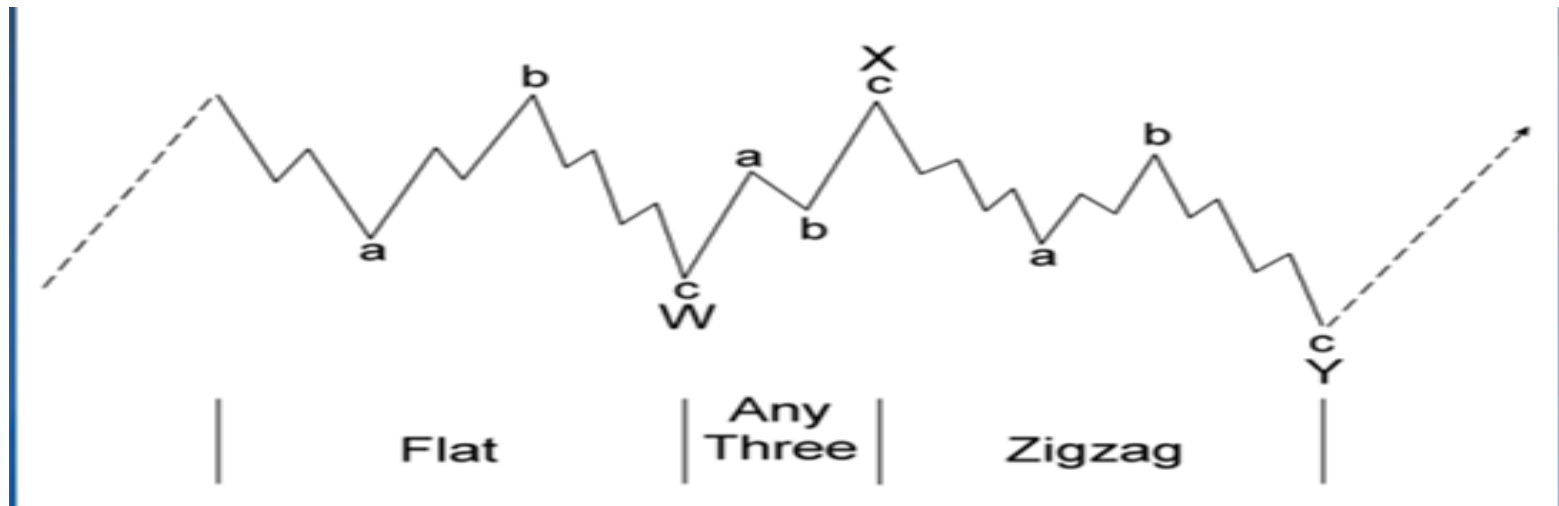
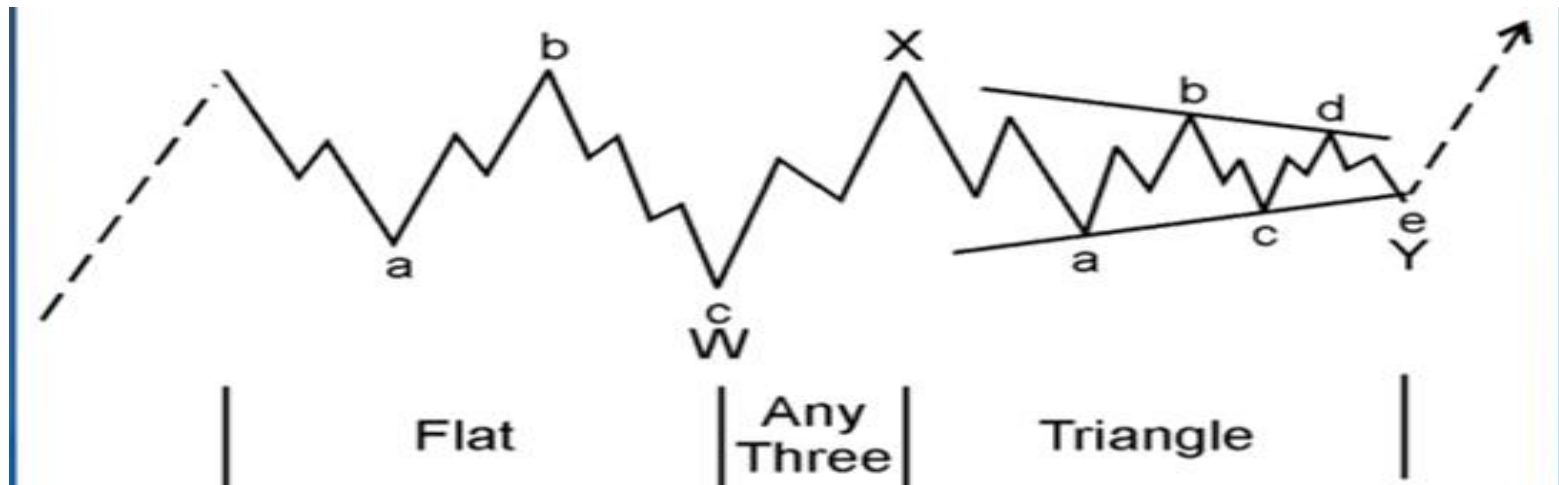
Expanding Triangle

Example:
Renuka Sugar – Nov 09

Triangles are often found in Wave 4
Most likely Renuka Sugar is in 5th Wave



Combination Structures



Combination

- It's important to be aware of combinations, as sometimes after an end of a corrective structure, you might be expecting an actionary wave but instead encounter another corrective structure.
- Try to find them in long consolidation zones.
- Hero Honda – check weekly chart for Jan 2006 to Sep 2009. It broke out making new high after a long consolidation.

Triangle & Combination - Example

IVRCL:
Triangles are found in Wave
4
& sometimes in Wave B

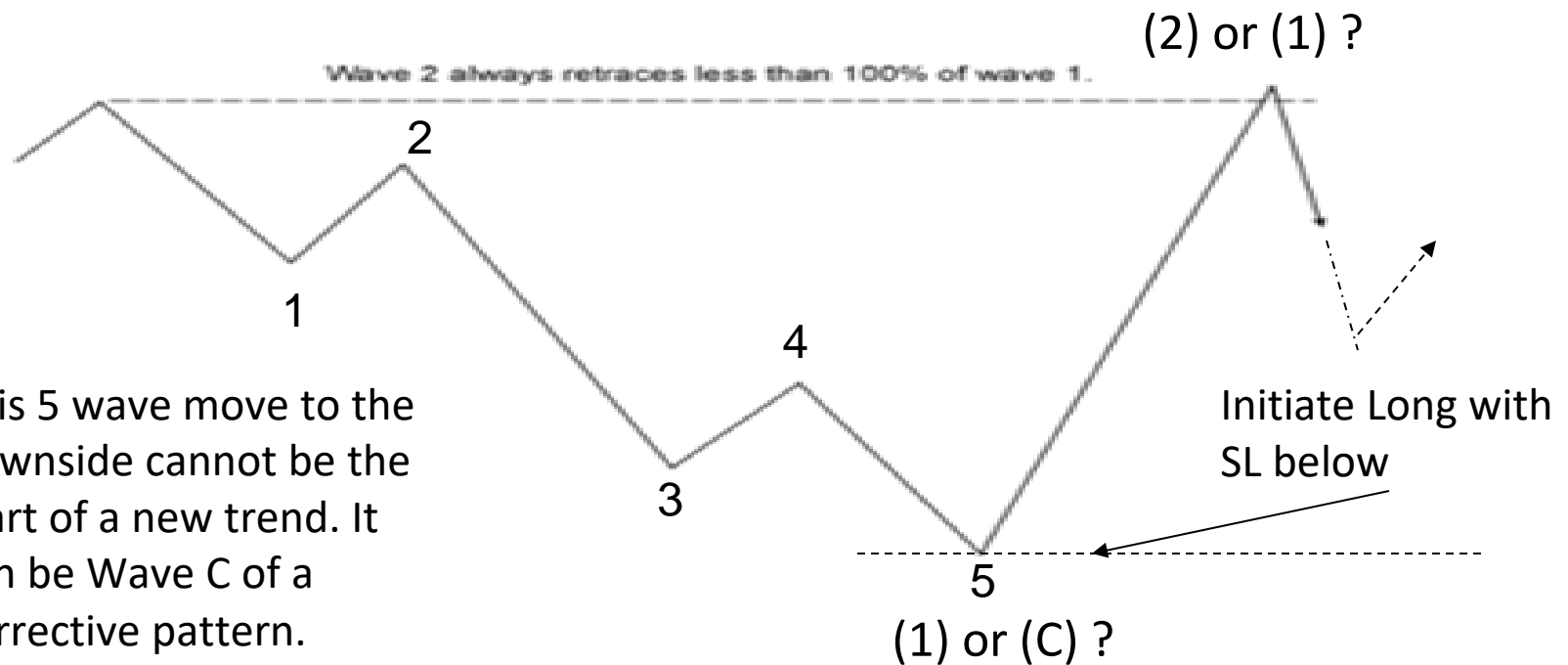


Corrective Waves - Summary

Pattern	A	B	C	D	E	Shape / Look	Position
Zigzag	5	3	5			Sharp	Wave 2
Flat	3	3	5			Sideways	Wave 4
Triangle	3	3	3	3	3	Sideways	Wave 4
Combination	X Wave					Sideways	Wave 4

Test

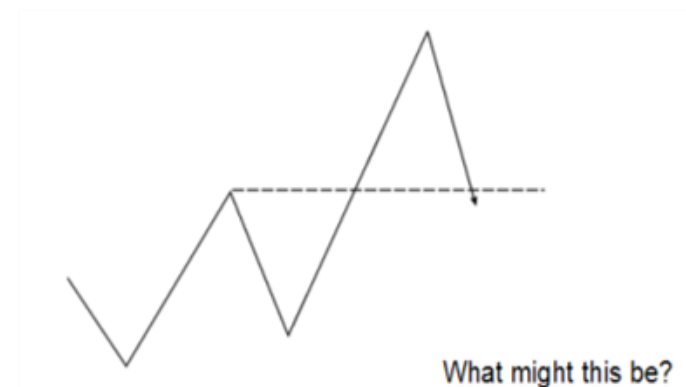
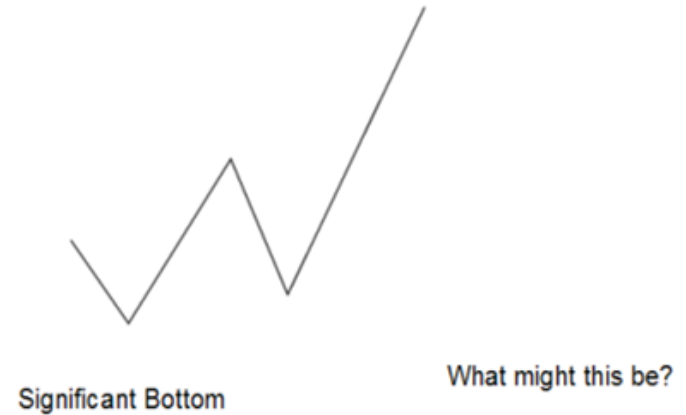
➤ Label the wave structure



- This 5 wave move to the downside cannot be the start of a new trend. It can be Wave C of a corrective pattern.
- Hence the next pullback is opportunity to go long with SL below '5'.

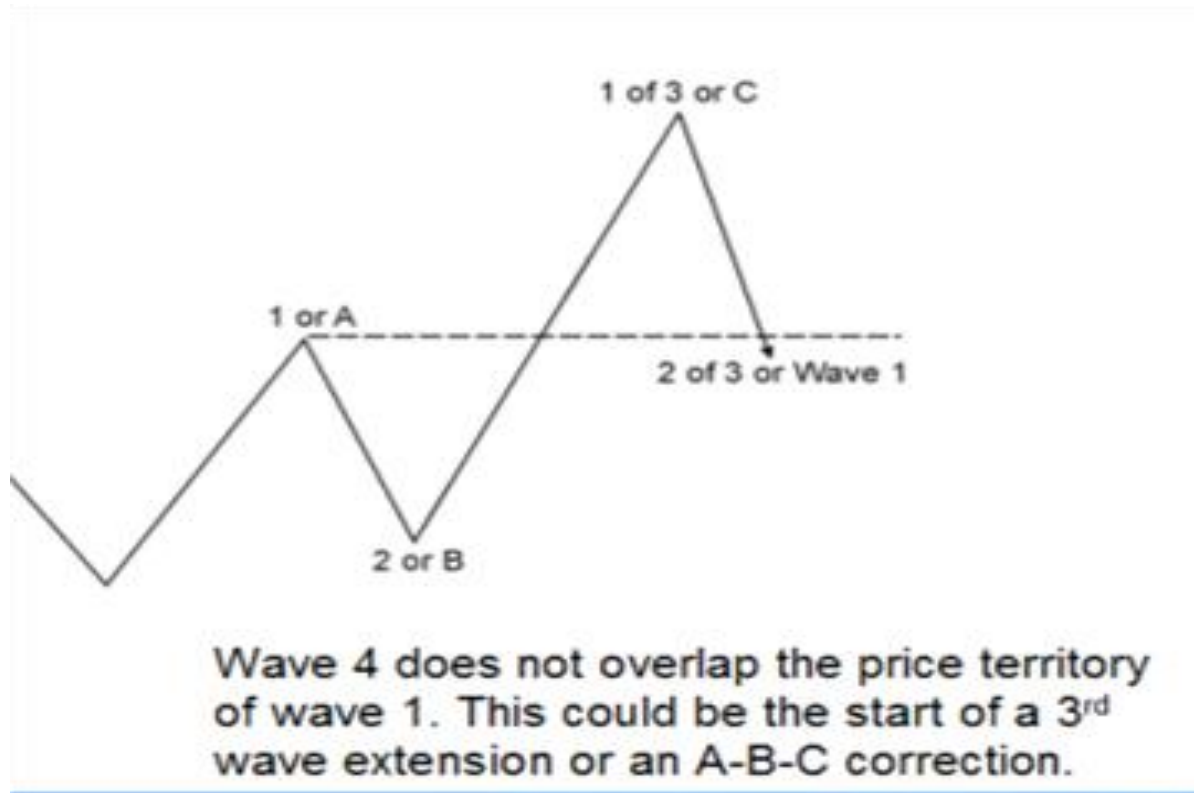
Where do you start counting ?

- Markets are continuous.
- They do not have a beginning and an end.
- Always start with a significant bottom or top.
- Ex: JPASSOCIATE in 2014 rally .. It was not a 1-2-3 but A-B-C...
- Stock corrected heavily despite of Nifty making all time highs... confirming a long term bear market for the stock.



Be Flexible

- As market moves and prices take shape, one needs to be flexible to change the counts and position the trade accordingly



Our Motto

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