VINCY Balboa - Elliott waves

WAVE POINT

ZERO

CONDITIONS
A coincidence of Pattern, Price and Time has come together to mark a major pivot that we have identified as the 5th of a 5th wave. The Elliott Wave pattern may not always be the one that we were expecting. When a fractal occurs it means that a wave has ended, ready or not.

IMPLICATIONS
The suspected high or low tick at a major pivot point is the ideal entry point. This entry has the least capital risk because it is closest to the initial stop loss point - the pivot. The trade off is that there will be a higher percentage of losses. The market does not always reverse where we want it to! The pivot point is Point Zero.

FIBONACCI
The most common Fibonacci relationships between Elliott waves of the same degree.

Wave 1

Will follow either a three wave A-B-C or a five wave impulse pattern. W.1 that follows an A-B-C is an impulse wave. W.1 that follows a five wave pattern is W.A of an A-B-C pattern.

Modern Elliott Wave analysis allows for five wave triangle patterns in the W.1 position of lesser degree waves. That means that W.4:1 can overlap W.1:1 without invalidating the pattern as an impulse wave. The internal structure is 3-3-3-3-3.

W.1 triangles are never allowed as lesser degree waves within a larger degree W.3. New W.1 of the same degree should overbalance the immediately prior corrective pattern in price range but not necessarily in time.

PRICE
Use internal swings of lesser degree to project termination of W.1

TIME
Impulse W.1 usually overbalances in time the prior counter trend swing.

Wave 2

Zig-Zag (ABC) most common.

Triangles least likely in W.2 position and most likely in W.4. W.2 most likely to be more than 50% in time of W.1. Avoid premature entry. Patience required.

Wait for C wave completion. The first counter swing is likely just the A leg of an ABC pattern.

Must not penetrate Point Zero or suspected change in trend from Point Zero is probably wrong.

PRICE
> 50% < 78.6% W.1

TIME
> 50% W.1 minimum
> 62% < 162% of W.1 most likely

Wave 3

Usually the longest and strongest trending wave of the sequence.

W.3 cannot be the shortest wave of a five wave sequence. W.3 does not have to be longest wave but it can never be the shortest. This is one of the very few Rules of Elliott Wave analysis.

W.3 always synchronizes with an Oscillator extreme. The Oscillator extreme usually occurs before the price extreme.
W.3 confirmed when the price extreme of W.1 is exceeded. Price should not come back and trade beyond the beginning of W.2.

If suspected W.3 completes five waves of lesser degree and is less than 100% of W.1 consider that the suspected W.3 is W.C of a corrective pattern and not an impulse wave.

Once W.3 exceeds 100% of W.1 look for price to reach and probably exceed 162% of W.1

Look for termination conditons when W.3 exceeds 262% expansion of W.1 or 462% retracement of W.2

PRICE
W.3 162% - 262% of W.1

W.3 162% - 262% of W.2

TIME
W.3 almost always longer in time than W.1

W.3 often equal in time to complete W.0 through W.2 sequence.

Wave 4

If W.2 was an ABC then W.4 will probably be complex and vice versa. This is the principle of alternation.

Look for minimum of three fractals in lower time frame and minimum price relationship of 62% to W.2

W.4 should not penetrate W.1. A W.4 close into W.1 invalidates the W.5 setup - **This is a Rule.**

Price extreme often occurs before the termination of the W.4 pattern. In complex waves Time factors should be the primary consideration.

If Wave 4 has exceed >50% of Wave 3, the possibility of a 5thwave failure is increased.

The Oscillator will cross the zero line two times during W.4. First against the direction of W.3 and then in the direction of W.3 to signal that W.4 has fulfilled minimum requirements for completion.

PRICE
< 50% of W.3
W.4 **38%** W.3 common
W.4:W.3 < W.2:W1 on percentage basis
W.4 62% **100%** 162% W.2
W.4 > 23.6% < 50% W.0 - W.3

TIME
W.4 most often related to W.3 or W.0 - W.3
Often longer in time than W.3 / W.0 - W.3
W.4 138% - 162% of Parallel Projection of ends of W.1 - W.3 measured from beginning of W.2

Wave 5

Look for termination when W.5 has completed at least five fractals in lower time frame and is in a coincidence of Price and Time.

W.5 has made new price extreme and price and the Oscillator are diverged. When the extreme of Wave 3 is exceeded the maximum stop loss should be raised to Wave 4.

When four fractals are in place for Wave 5 trailing stops should be moved very close to the market.

If Wave 4 has exceed >50% of Wave 3, the possibility of a 5thwave failure is increased.

PRICE
W.5 = 62% **100%** 162% W.1
If W.3 extended W.5= 62% or 38% of W. 0-3
W.5=127%, **162%**, 200%, 262% W.4

TIME
W.5 > W.4 if W.4 is a simple ABC
W.5 < W.4 if W.4 is complex

Wave A

Usually a five wave pattern but can be three.

See W.1 description for the impulsive triangle pattern that can also occur as a W.A Caution required after first three waves complete. May be only 3 of 5.

Assume the first five wave structure is the W.A of an A-B-C pattern.

PRICE
Between 38% - 50% of prior W.5

TIME
N/A

Wave B

Usually a three wave pattern.
Wait for at least a 50% retracement of related W.A before entering a trade

PRICE
> 50% < 78.6% of W.A

TIME
> 50% < 100% of W.A time

Wave C

Classically W.C is a five wave pattern.
If W.C. exceed 162% of W.A the labeling is probably wrong. The current pattern is probably impulsive.

PRICE
W.C. usually 62% **100%** 162% of W.A

W.C 162% 200% 262% of W.B

W.C. rarely > 262% W.B

TIME
Use Time guidelines for complete A-B-C corrective pattern.