

Elliott Wave
From textbook to trading floor

Robin Wilkin

Doubts, misunderstandings and a few tips...

- Elliott Wave is too subjective
- Analysts show too many alternative scenarios, or flip views aggressively
- Only good in hindsight – NOT if used properly
- **DON'T** try to be clever, manufacturing wave counts
- **DON'T** break the rules
- Be very careful and wary of micro intra-day wave counting
- Be very careful if you are just looking at one market in isolation
- Not sure if a 5 wave move is complete, try counting it backwards
- Remember technical analysis is a tool for making money in the markets

**“If you don’t know where you are going ,
you’ll probably end up somewhere else”**

Lawrence J Peter

**EW provides me with a roadmap of the global market
jigsaw...**

**Allowing me to assess probable outcomes by determining
the current position within the larger structure**



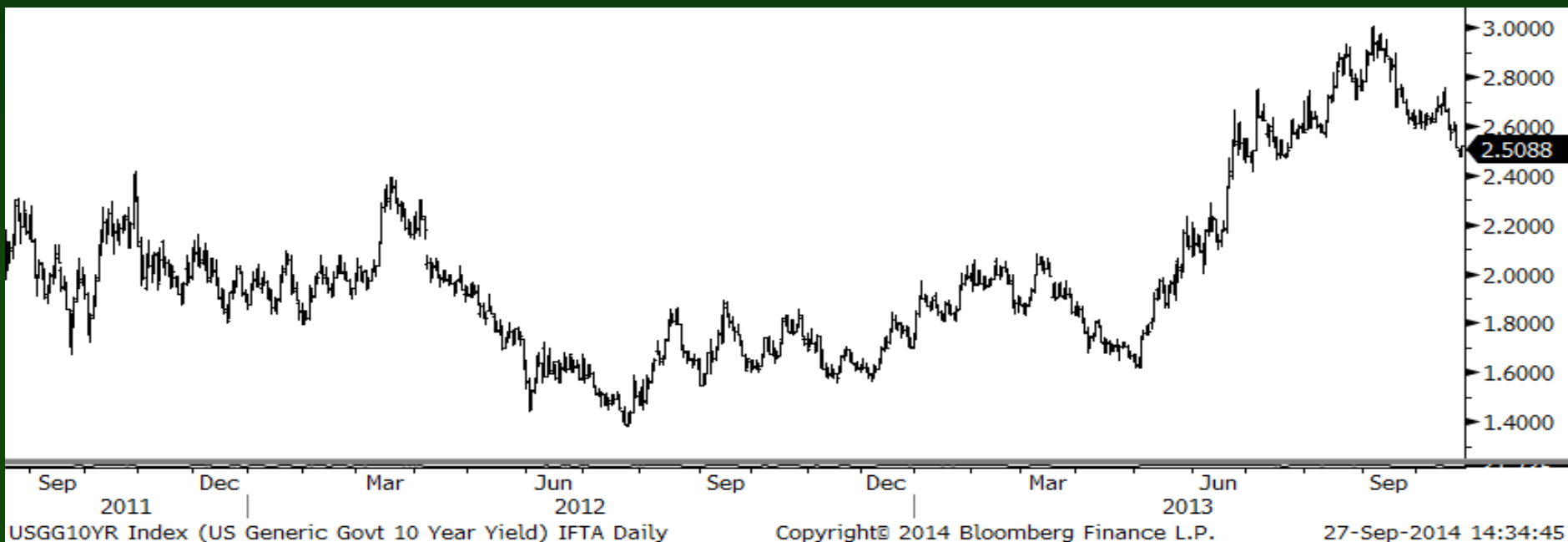
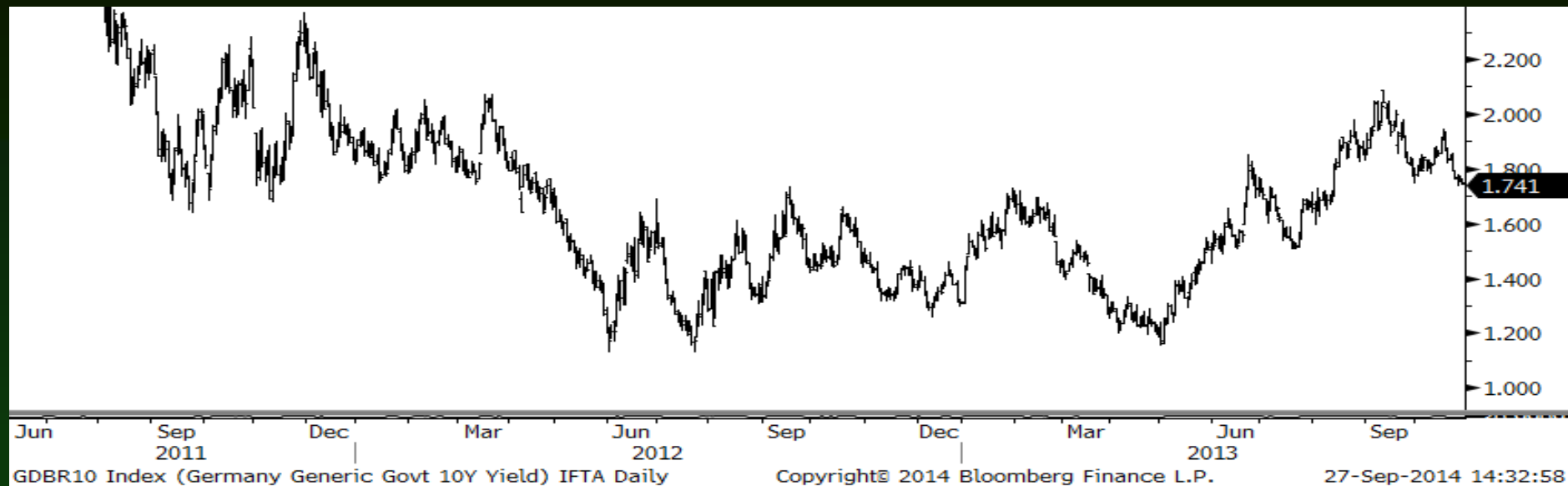
**I believe the key to successful application of Elliott
wave is...**

FILTERING

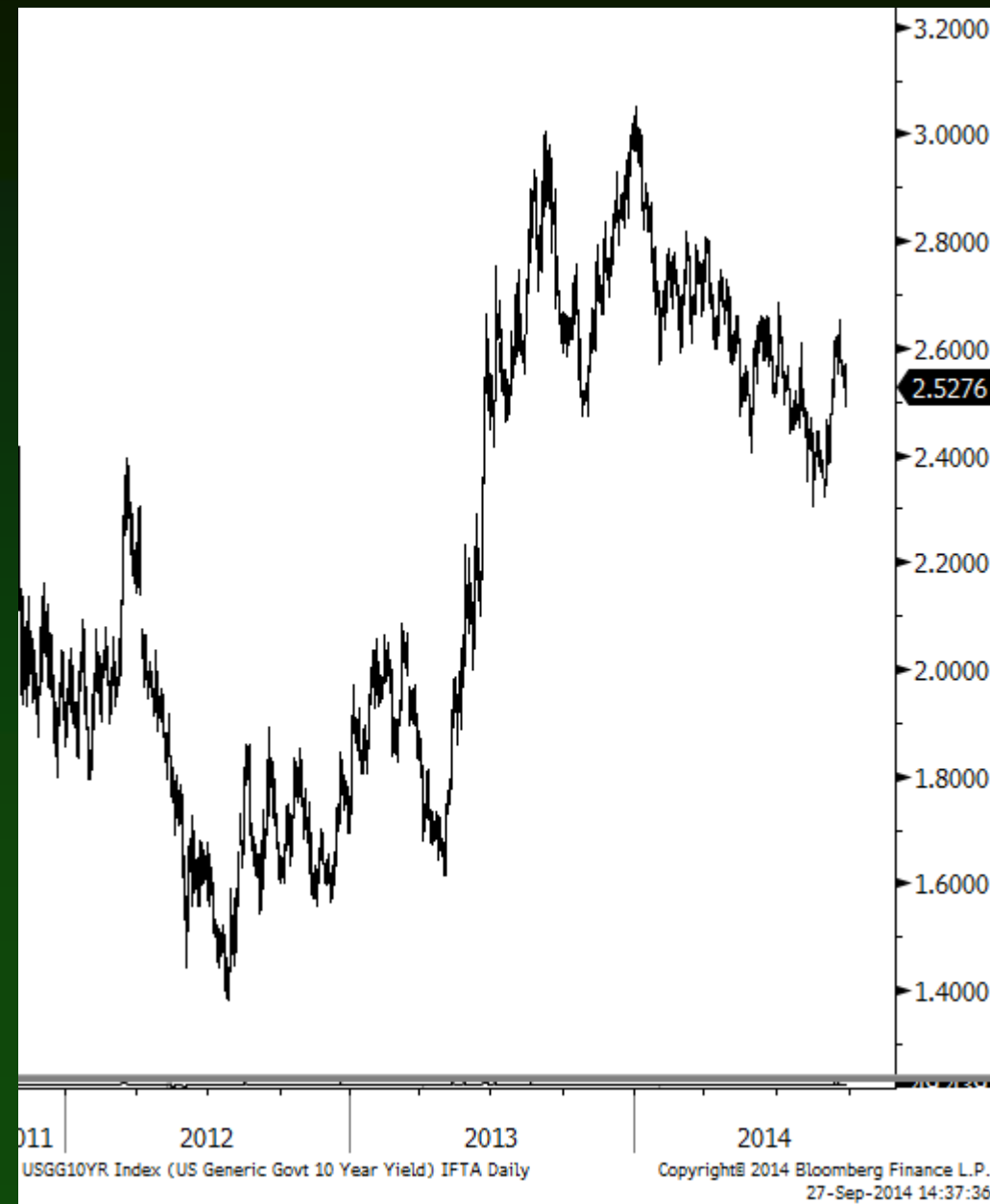
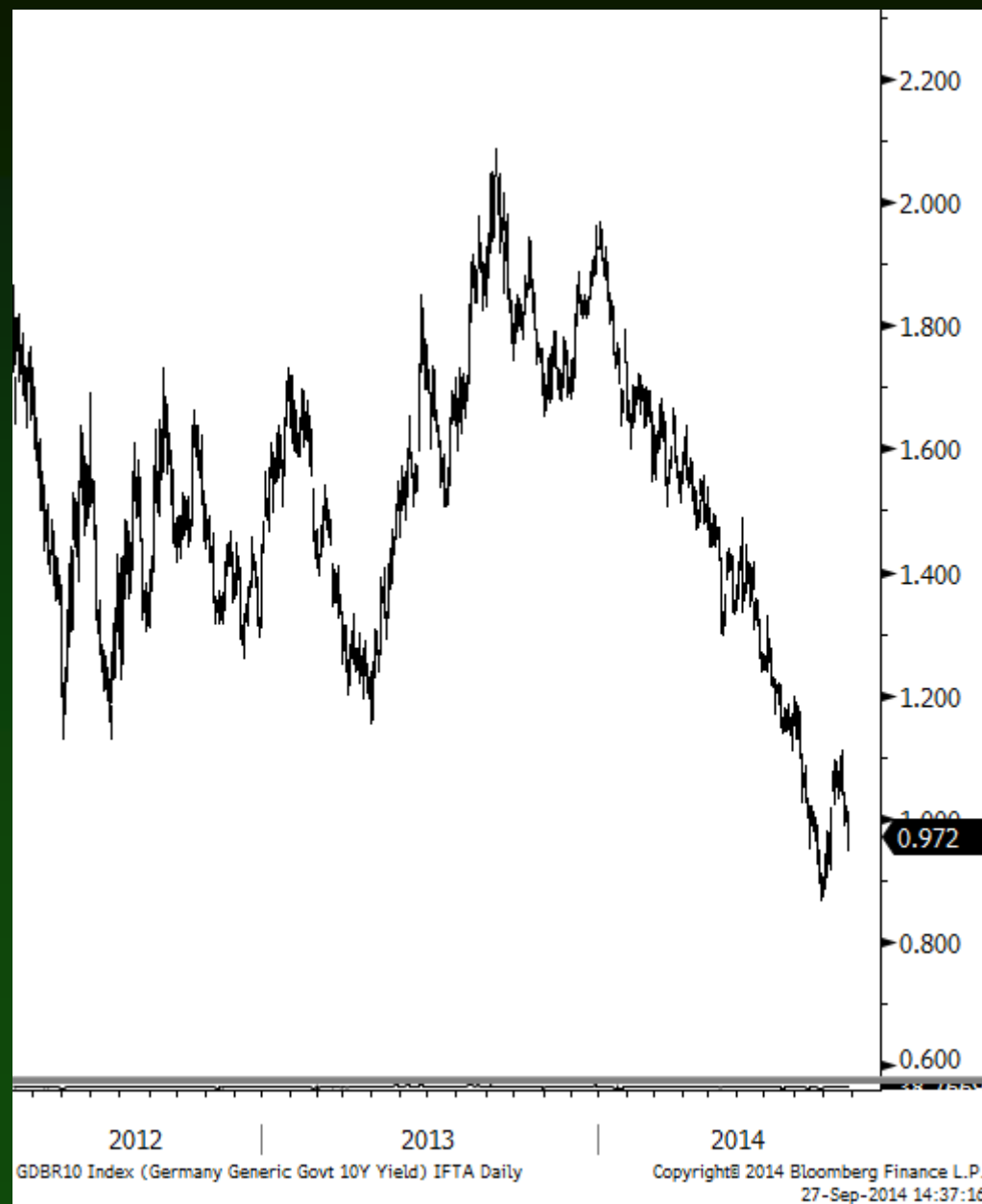


Why you need to filter...

Near identical structures for 2 bond markets



We now know the outcome...



Fundamentals

Day Trader

Long Term
Investor

What will you use to filter around Elliott Wave?

Hedger

Swing Trader

Other Technical's

TOP DOWN

The big picture themes

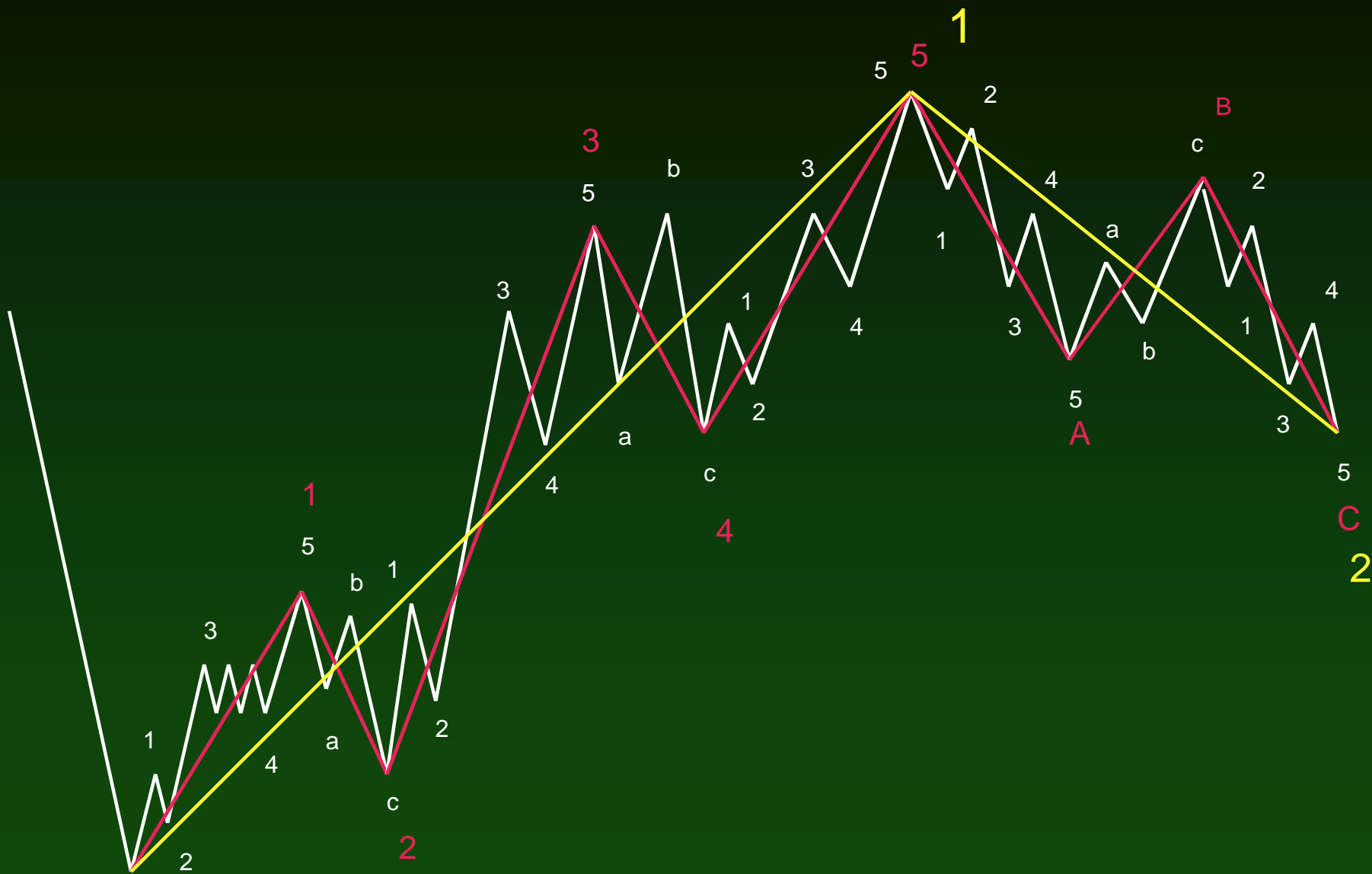


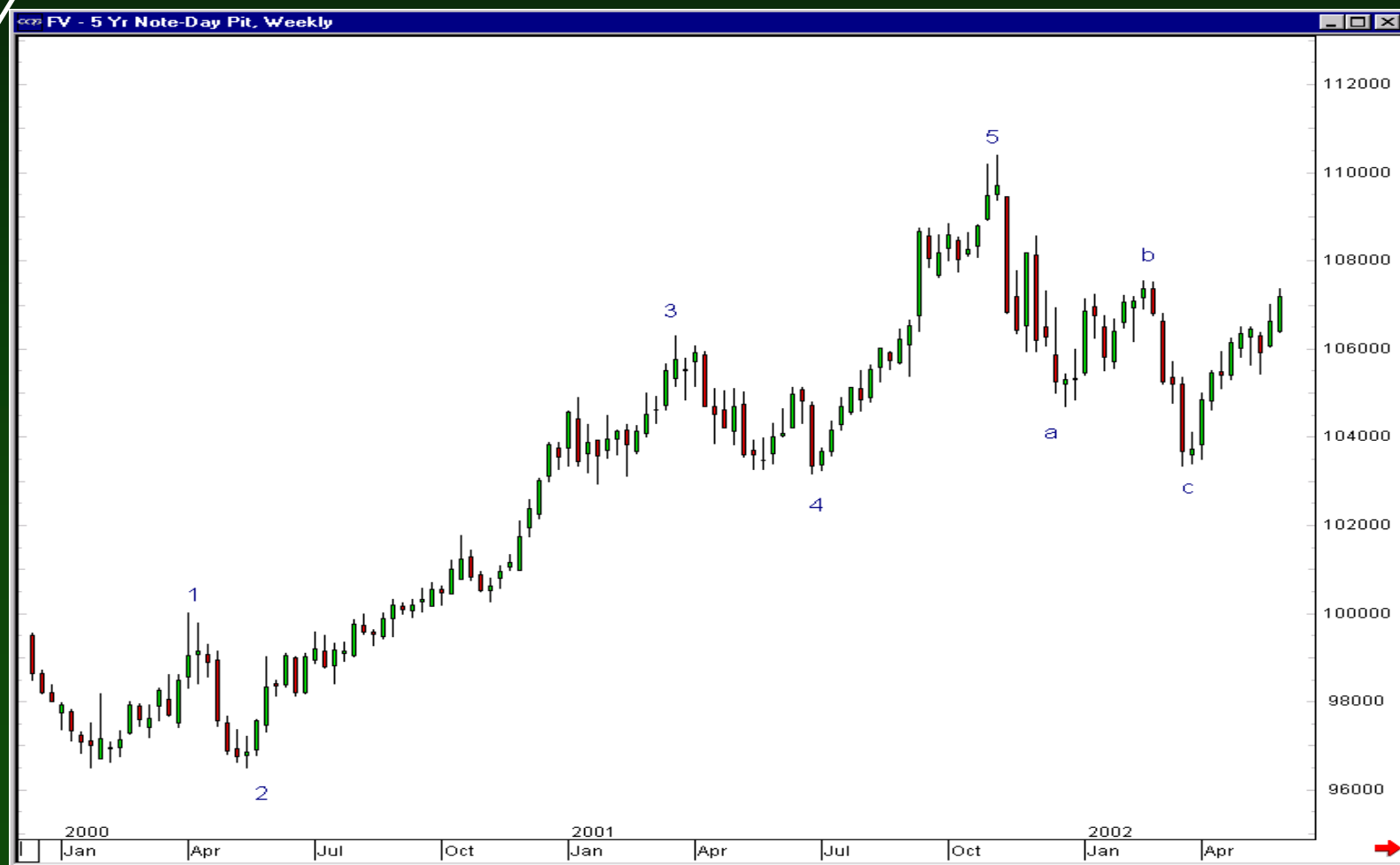
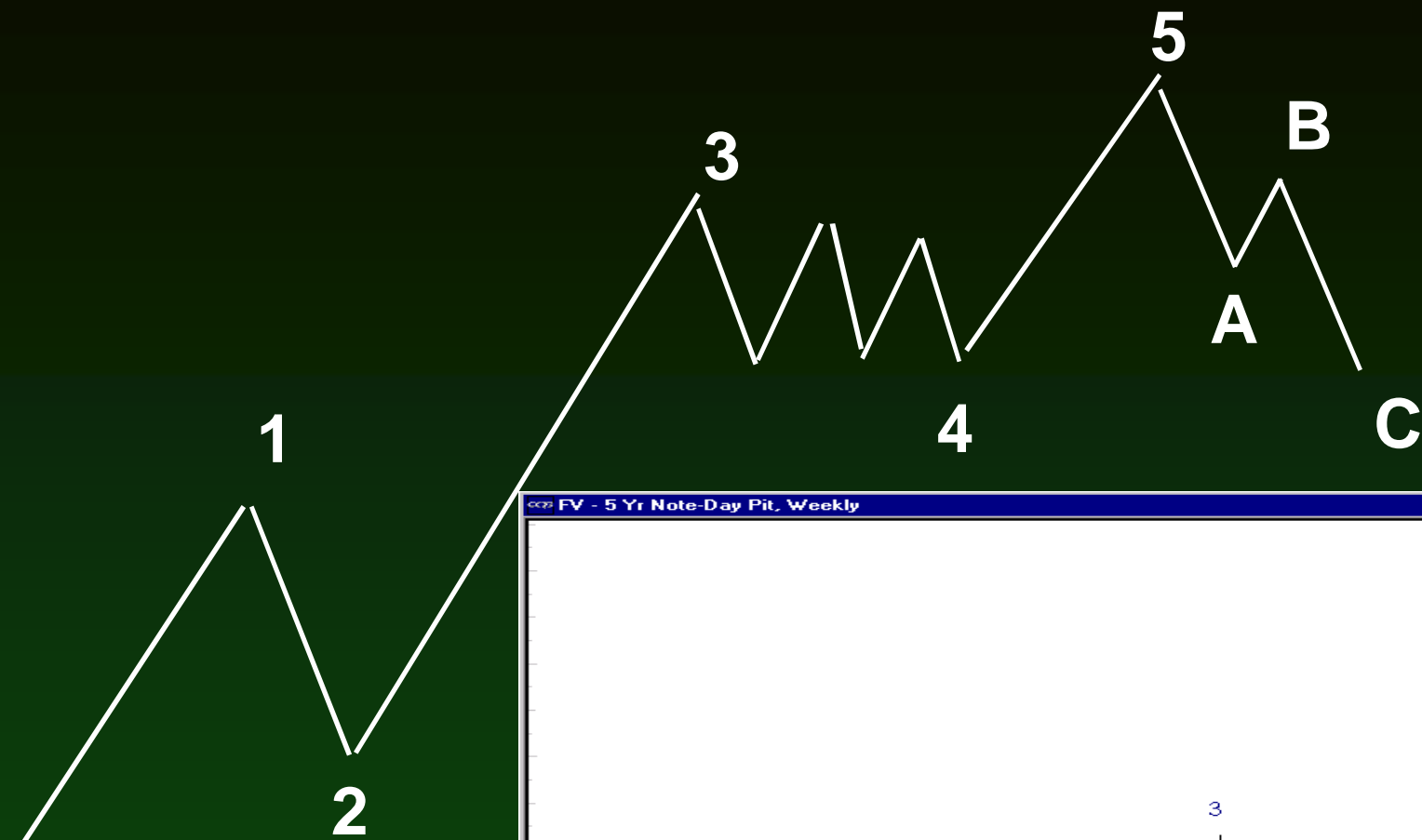
Which markets best express that view

BOTTOM UP

Does the wave count make sense !!!!!

The Structure of the Wave Pattern





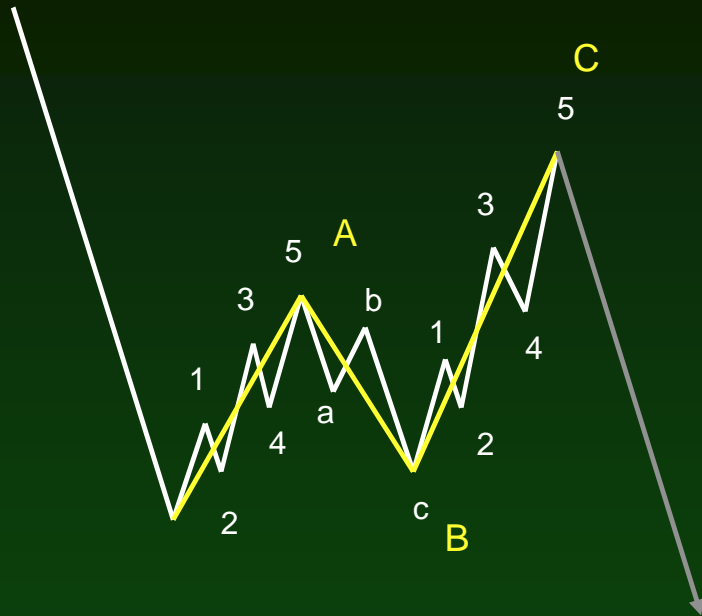
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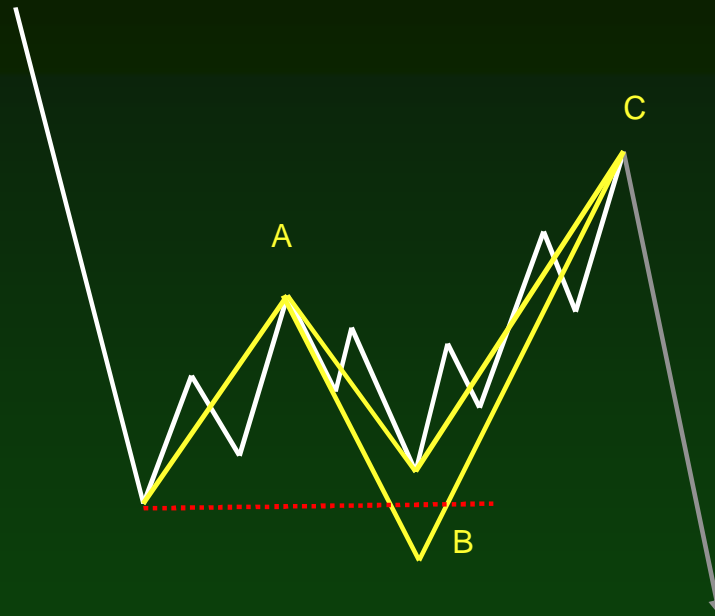
The 3 Main Rules of Elliott Wave

- Wave 2 CANNOT retrace past the wave 1 low or high.
- Wave 3 is NEVER be the shortest (except in a diagonal)
- Wave 4 NEVER overlaps the top of wave 1

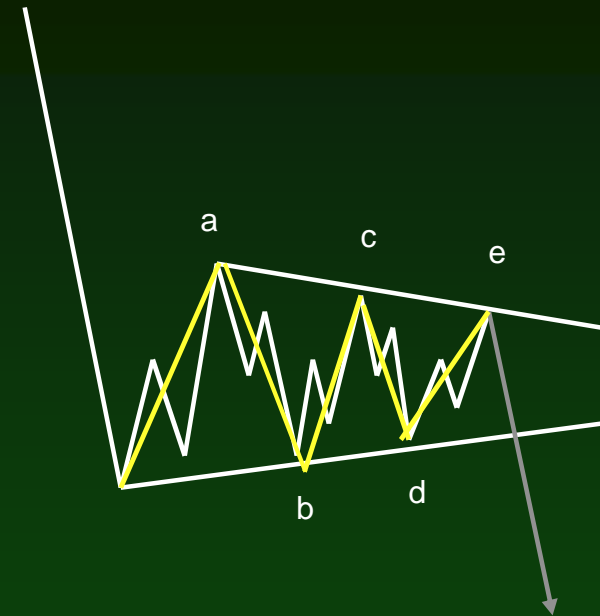
The basic correction patterns...



ABC Zig Zag

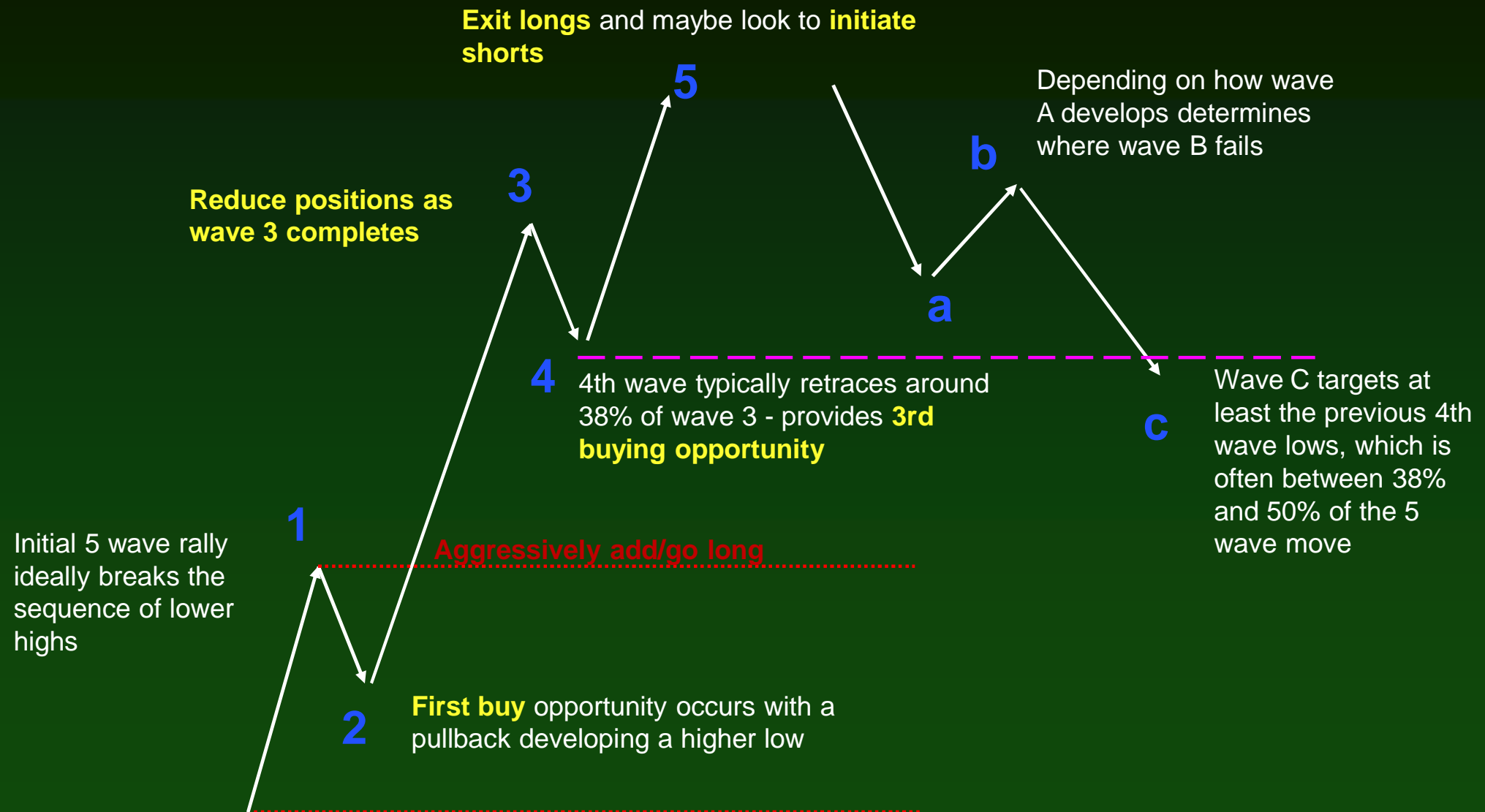


Regular Flat
or
Irregular Flat is when wave B
makes a marginal and failed
new low/high



Triangle

Trading with Elliott Wave

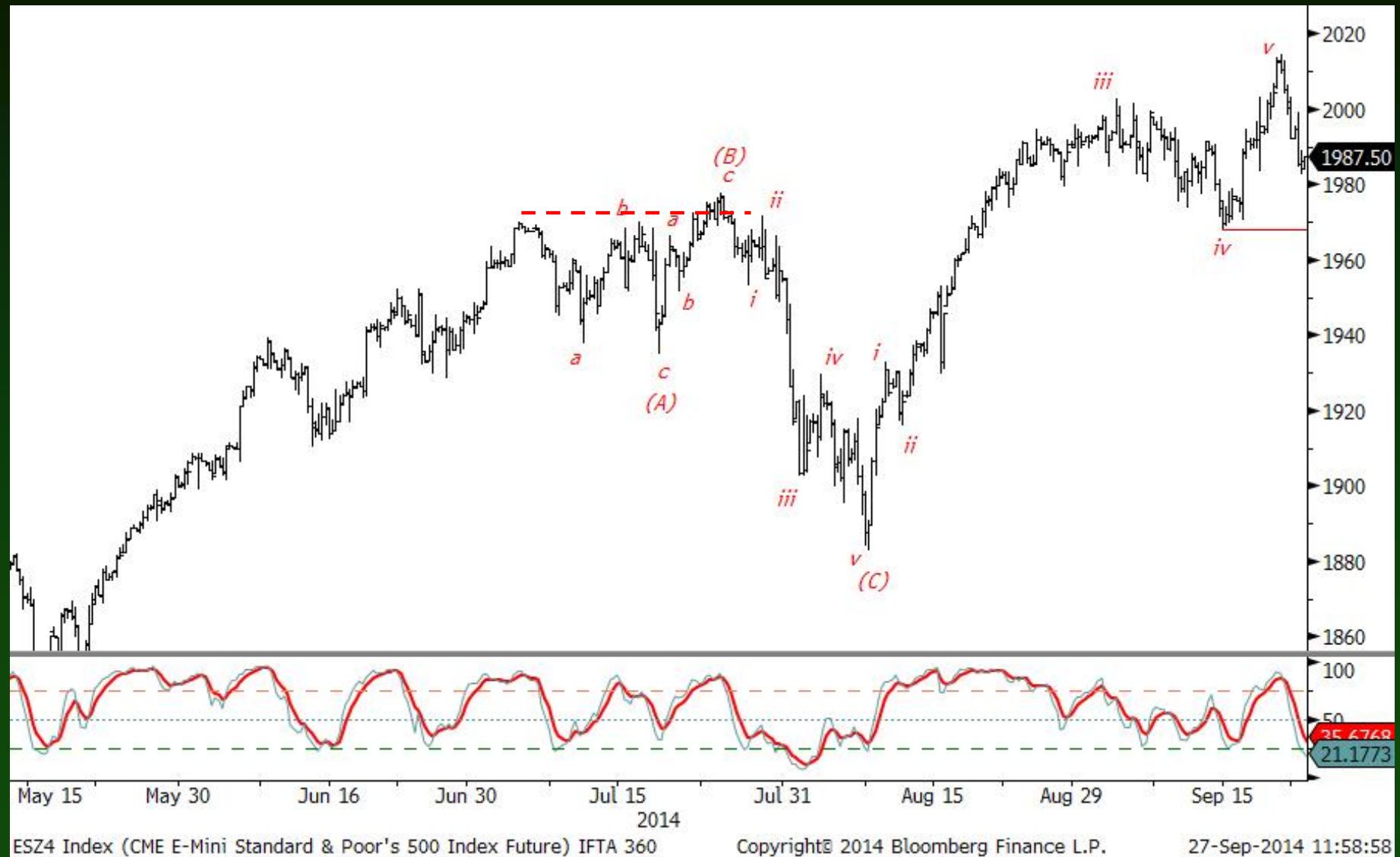


“You can observe a lot just by watching”

Yogi Berra

A few quick examples...

Irregular Flat Correction



Triangles...



Mutations... extending corrections



Outside of critical Elliott Wave levels I am very wary of using absolute specific support and resistance levels.

I watch Fibonacci cluster zones, channels, previous congestion zones and then provide slippage room around those levels...

A couple of walk-throughs...

**An example of what happens when you're
lazy...**

USDINR 1month fwd...



Sugar... reversal + triangle targeting 21-24. Food inflation



Sugar cont'd...



What about USDINR?

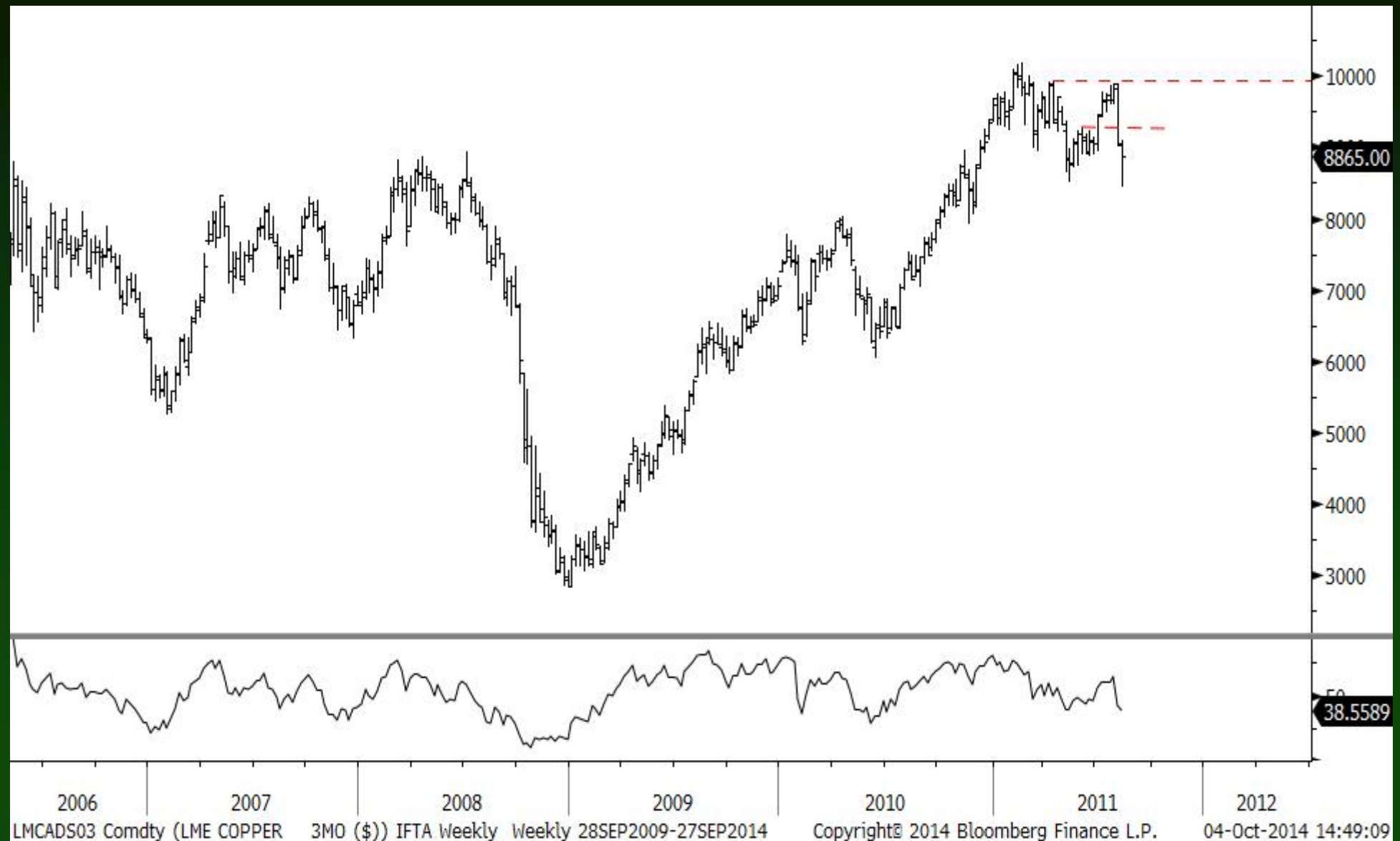


A Case study – The AUDUSD

AUDUSD – Monthly into July 2011...



Copper – topped weeks before, as had Iron Ore



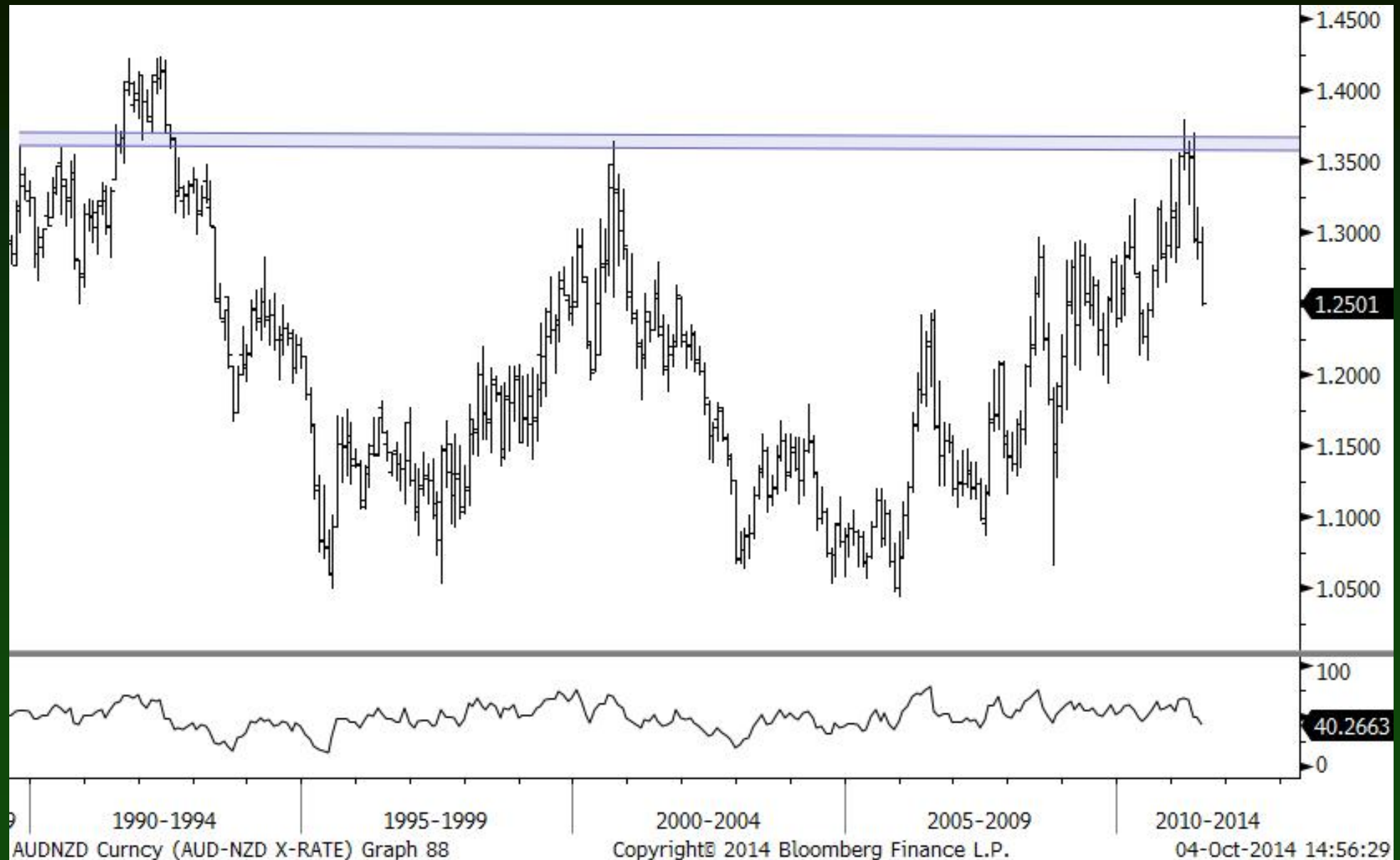
Copper Vs AUDUSD - Correlation



Baltic Dry Freight remained soft...



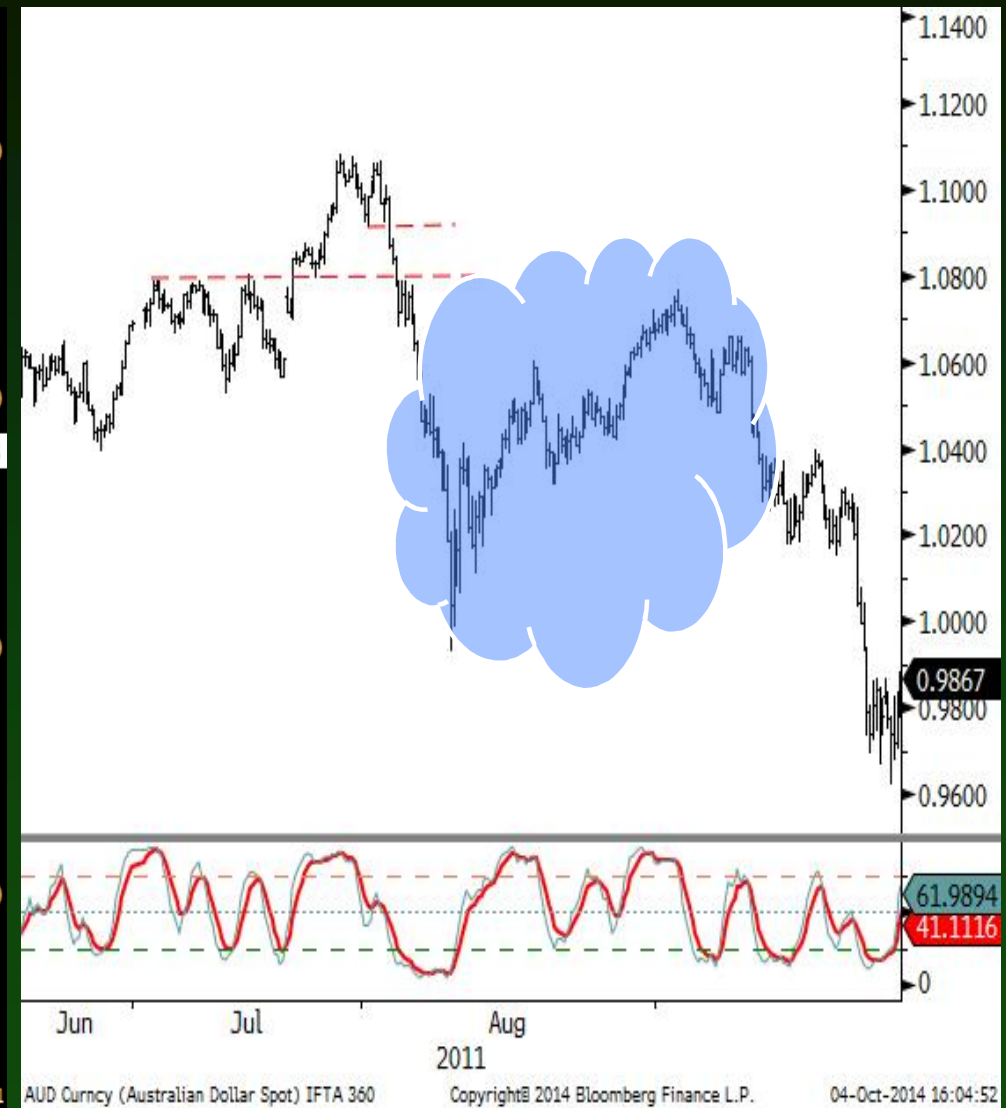
AUDNZD – Major reversal from key highs



What was the USD doing in general?



How to trade it off the top...



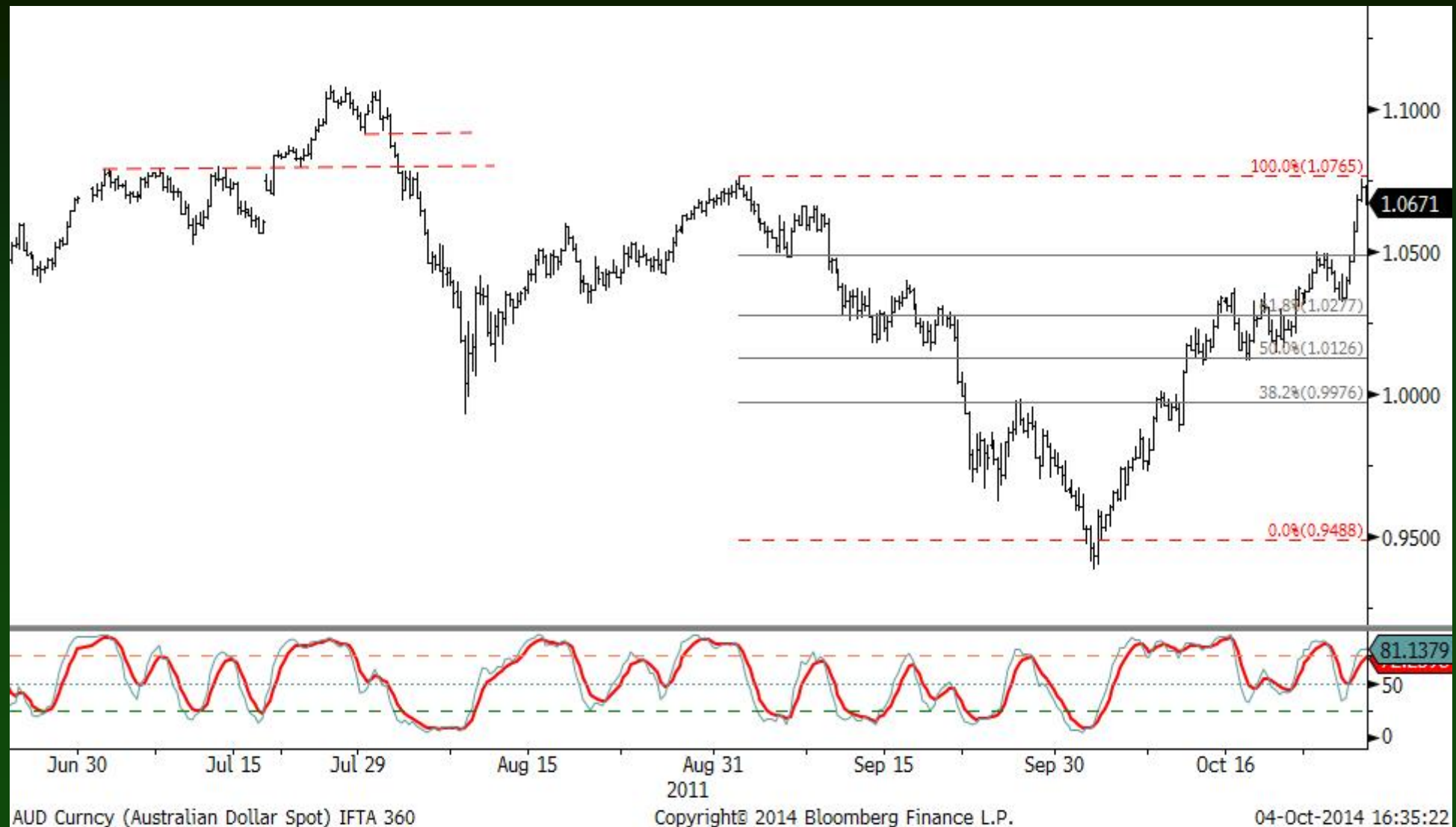
3month Vol was back to range lows...



Managing the short term swings...



A 5th wave projection method I am mindful of...



The next phase...



Markets are always changing.....

Markets are always the same

“The world has changed and has always been changing. One of the things I write about in my books is, no matter what you think is true today, it’s not going to be the case in 15 years. You pick any time in history, 1900, 1915 and look at what everybody thought was the way the world is. Fifteen years later enormous changes had taken place all over the world in society, in politics, in wars, economics, everything.”

Jim Rogers

An analogy of Elliott Wave:

You can learn the right notes to play a piece of music on the piano, but only a few can play it well enough for people to pay to hear.

There is a rhythm and a harmony a proportion and balance in the movement of the markets and some people are just “wave deaf”, or can at least be “wave handicapped”.

