



Welcome to the continuation of the Module 4 of the Elliott Wave vertical. This is Putting It All Together.

Learning Objects

Multiple Time Frame Analysis

Daily Trading Journal

© 2012 FX Trader's EDGE™ All Rights Reserved



In the previous Learning Object, we learned about:
Rules, Patterns, and Probabilities, and
The Elliott Wave Trading Map
In this Learning Object, we will learn about:
Multiple Time Frame Analysis, and keeping a
Daily Trading Journal

Finish every day and be done with it. You have done what you could. Some blunders and absurdities no doubt have crept in; forget them as soon as you can.

Tomorrow is a new day; begin it well and serenely and with too high a spirit to be cumbered with your old nonsense. This day is all good and fair. It is too dear, with its hopes and invitations, to waste a moment on yesterday's.



Ralph Waldo Emerson

"Finish every day and be done with it. You have done what you could. Some blunders and absurdities no doubt have crept in; forget them as soon as you can.

Tomorrow is a new day; begin it well and serenely and with too high a spirit to be cumbered with your old nonsense. This day is all good and fair. It is too dear, with its hopes and invitations, to waste a moment on yesterday's"

-Ralph Waldo Emerson, Poet

I know, for me, when I clean up yesterday's messes and mistakes; I can move on to today.

Anything that I keep as baggage from yesterday affects my trading.

When I have a clear head and am optimistic about the new day, my trading day is successful no matter what.

Happy trading!

MULTIPLE TIME FRAME ANALYSIS

GOALS

- ❖ Learn the steps required to analyze a market using multiple time frame analysis.
- ❖ Learn to use the **Daily Trading Journal** - a daily checklist and daily trade plan - for trading success.



© 2012 FX Trader's EDGE™ All Rights Reserved



Multiple time frame analysis is key to understanding where you are in the wave count. The daily trading journal with the daily checklist and daily trade plan firms up the trading plan for the day, so that you are able to implement the Elliott Wave Trading map with decisive actions.

The Goals of this final section are:

To learn the steps required to analyze a market using multiple time frame analysis.

This is accomplished using the DAILY TRADING Journal

Consisting of The Daily Checklist and the Daily Trade Plan

This focus is imperative for trading success!

Let's begin!

MULTIPLE TIME FRAME ANALYSIS



© 2012 FX Trader's EDGE™ All Rights Reserved



When we begin with multiple time frame analysis, we usually start looking at the monthly chart to get a very long term perspective. As we learned, the market moves in 5-wave patterns with the current trend, in the current degree, and corrects or consolidates the current trend either with a three wave move, a triangle, or a combination of three wave moves. Why does a market move in 5 waves? Think of the market psychology. Human nature appears to take longer to recognize a trend and get into it, so it seems that it will normally develop in a 5-wave pattern.

In the currency markets, when there is no strong overriding trend, prices tend to rise and fall in 3-wave patterns. Within the EW framework, this would translate into range trading, double threes, triple threes, triangles, and other consolidation patterns. As soon as a more lasting trend develops, prices should start to trace out a 5-wave pattern in the direction of the larger trend, and should correct that trend in 3 waves.

Consider this monthly USD/JPY chart going back 30 years. Since 1995, for the next 10 years, the USD/JPY trades within a 100 to 150 yen range and that range gets narrower and narrower as the descending triangle unfolds. This provides the initial perspective on the top-down approach. After reviewing this chart, we would look at the Weekly and then the Daily, keeping in mind the Monthly chart.

DAILY TRADING JOURNAL

- ❖ Do your “trading work” to determine where you are in the wave count
 - + Review your work with new information
- ❖ Trading Journal = Checklist + Trade Plan
 - + Remove the emotion and trade the plan
- ❖ Choose a time frame
 - + Short-term intraday (15-minute and hourly)
 - + Medium-term swing (hourly and daily)
 - + Long-term position (daily and weekly)



© 2012 FX Trader's EDGE™ All Rights Reserved



EW analysis is one tool that a trader can use in determining how he or she will allocate capital, just as we did with the Elliott Wave Trading Map. When used in combination with other tools, like all of the work we did to find the end of a trend, trading can be quite rewarding. Once you do your “trading work” in case you are averse to doing homework, and determine where you are in the wave count, you must constantly review your work as time passes and new information is released. You may be able to confirm your view, or possibly revise it. The new information provided might suggest that your initial wave count and view was correct, but that you might need to revise your timing or exact price targets. You must constantly monitor your positions against your assumptions. Just as we did, start with the monthly chart to get the big picture and the big idea. Without that, it's like navigating without a compass.

One of the ways to keep on top of a view and position, is to develop a daily trading journal. The daily trading journal is a combination of a checklist and a trade plan. Once you complete the checklist and you plan the trade, you can trade the plan but not vice versa! By defining what you see in the markets, and the actions you plan to take, you are taking responsibility for your hard work. If your assumptions are wrong, you must respond to the changing market conditions, and take action. Taking losses, by the way, is a necessary bi-product of trading because it is impossible to be right all of the time.

Before you begin your analysis, you must determine what time frame you will be trading. As a short-term intraday trader, you will be looking at 5 minute, 15 minute, and hourly charts, while trading off the 15 minute charts. As a medium-term swing trader, you will be looking at the 15 minute, hourly charts and daily charts, while trading off the hourly charts. As a long-term trader, you will be looking at the 4 hour, daily charts and weekly charts, while trading off the daily charts. Whatever time frame you are trading, it is important to look at 3 different time frames, one lower and one higher. By the way, the smaller the time frame, the greater the noise, which is why it is always good to look at a higher time frame to get perspective. In this analysis we will consider ourselves medium-term swing traders and will look at the 15 minute, the hourly and daily charts.

DAILY TRADING JOURNAL

Part A Checklist: Daily Chart

Currency/Date	Levels	Notes
General and daily trend	↑ or ↓	
News releases	Expected vs. actual	Note reaction
Daily support levels: S1, S2, S3	What are the actual levels? Look at barriers and pivot points.	Print out your chart with these levels on it when done.
Daily resistance levels: R1, R2, R3	Draw these levels on your chart	Keep the charts with your journal
Fibonacci levels: 38.2%, 50%, 61.8%	Draw these levels on the last swing move	

© 2012 FX Trader's EDGE™ All Rights Reserved



Part A of the Checklist: Daily Chart support and resistance levels

The first part of the Daily Trading Journal is Part A, The Checklist, using the Daily chart. When you look at your charts, you are not only looking for EW counts, but also for support and resistance levels, and key Fibonacci retracement and projection levels.

First, Determine the general and the daily trend – it's either up or it's down, and base it on the current trend – you can use a 5 or an 8- day versus a 13 day moving average crossover to determine the general trend

Second, review the news. Know what the daily releases are and how they will impact the market based on deviation from market expectations. When the news comes out, note the reaction.

Third, Plot long-term support and resistance levels – they can be former price highs and lows which you see, or pivot points, which are calculated by a formula.

Fourth, draw your Fibonacci retracements on the previous swing move. Additional retracements that analysts look at are .236 and .786, in addition to the standard .382, .5 and .618 levels. At this point, you may also want to draw your extensions, such as 1 and 1.618. Another extension that analysts use is 1.272, which is the square root of 1.618. This is where you can use your Fibonacci fans, circles, and time zones as well. For example, the time zones will show you if the recent price moves have Fibonacci relationships. The fans and circles have a time component as well.

DAILY TRADING JOURNAL

Part B Checklist: Daily Chart

Currency/Date	Elliott Wave Patterns	Notes
Point 0 – Wave 1 Wave 2 Fibonacci retracement levels: 50%, 61.8%	Determine the corrective pattern: Zigzag? Double zigzag? Triple zigzag?	Take notes on where each A-B-C leg retraced to and update it
Wave 3 targets: 1.618 times wave 1 2.618 times wave 1	Where are we in wave 3? Notice if it is extended or not.	We are long the greatest number of lots here
Wave 4 Fibonacci levels: 38.2%, 50%	Determine the corrective pattern: Flat? Triangle? Combo? Be specific.	Look for alternation of wave 2
Wave 5 targets: 0.618 times wave 1 1.618 times wave 1 0.618 to 1 times waves 1-3	Is it a diagonal triangle? Is it extended? Look for the end of the trend	

© 2012 FX Trader's EDGE™ All Rights Reserved



Part B of the Checklist: Elliott Wave Counts on the Daily Chart

Determine where you are in the wave count on the daily chart and make your projections – write it down on your chart and on the checklist – For each leg, determine what the measuring objective is and the actual price reached.

Depending on where you actually are in the wave count will determine your next trade using the Elliott Wave Trading Map. This checklist provides the inputs to your Elliott Wave Trading Map which was covered in the last section. Both go side by side. As you are filling this checklist out, you will need to look at the hourly and the 15-minute charts as well to refine the wave counts.

For example, you know how to find point zero, or the start of wave 1. Go through the 6 confirmations and make sure at least 3 out of 6 confirm the end of the previous trend.

For wave 2, determine your Fibonacci entry levels, but look at the internal ABC waves and refine your entry point. You will be doing this on the hourly and 15-minute charts.

When you are in wave 3, you will be calculating how far it has traveled relative to wave 1. When it goes higher than 100% of wave one, you will then look for 1.618 of wave 1 and then 2.618 times the length of wave 1.

For wave 4, don't forget to look at alternation and the type of corrective pattern it is. Is it a flat? A triangle? Be specific.

For wave 5, it is very important to calculate the targets using the 5-wave sequence as well as the internal wave 5 count. Also, look at whether it is a diagonal triangle, extended, or truncated. This is the determining point for the end of the trend, or point T. This is where you will take your profits and start to look for trading the new trend.

DAILY TRADING JOURNAL

Part C Checklist: Hourly Chart

Currency/Date	Long/ Above	Short/ Below	Notes
Continuation chart patterns: Triangles, bull and bear flags (zigzags) Reversal chart patterns: Diagonal triangles (wedge), 1-2-3 tops/bottoms, etc.	Put an X in this column if bullish	Put an X in this column if bearish	What pattern is it?
Moving averages (MAs): 8, 13, 21, and 34-day Fibonacci EMA filter; 55 and 89-day EMAs Oscillators: 5/34/5 Awesome Oscillator MACD, RSI, or momentum indicator Candlestick reversal patterns	Put an X in this column if long	Put an X in this column if short	Where did the 8/13 cross the 21/34? Are there divergences? Type of candle?
Fibonacci levels on last leg of move: 38.2%, 50%, 61.8% retracements			Draw levels on chart with tool
Elliott Wave count: Count sub-waves	1, 3, and 5	2 and 4	Comments?

© 2012 FX Trader's EDGE™ All Rights Reserved



Part C of the Checklist: Hourly Chart Indicators

The next part of the Daily Trading Journal is Part C, The Checklist, using the hourly chart. It is called drilling down when we go from the daily chart to the hourly chart. The whole approach is a top down approach.

Look at the hourly chart and take note of continuation chart patterns or reversal chart patterns. Continuation patterns will occur in wave 2 and 4 positions. Reversal patterns will occur at the end of a wave 5. If you notice a pattern, draw the trend lines, note what it is under the Notes section, and type an X in the long column if the pattern is a continuation of an uptrend. If it is a reversal pattern, type an X in the short column, because that means you are looking for the trend to turn around.

Next, look at the moving average crossovers and type an X in the long column if price is above the averages, and an X in the short column if price is below the averages. Under Notes, take note of the price where the 8/13 average crossed the 21 and 34-period averages. Also, on the hourly chart, you may want to add the 55 and 89-day Fibonacci EMAs. These averages are longer, so as you will see, they will get you into a trend after the 21 and 34-period EMAs.

Next, look at the oscillator or momentum indicator. Look for divergences between the wave 3 and 5 for the end of the trend. Also, notice the large hump in the awesome oscillator and MACD during a 3rd wave. When the histogram comes back to the zero line, it means that the minimum requirements for a wave 4 have been met and you are then looking for a wave 5 move to complete the sequence. Get to know each indicator that you are using, because each one has it's individual characteristics.

Next, look for candlestick reversal patterns to give you a clue about the end of a 3rd wave or a 5th wave. There are also candlestick continuation patterns, but again, that is the subject of another course.

Don't forget to use your Fibonacci tool to draw the retracements on the last leg of the move. This will tell you where you are on the current move, as currency moves tend to respect Fibonacci levels quite well.

Finally, count your Elliott Waves.

DAILY TRADING JOURNAL

Part D Checklist: 15-Minute Chart

Currency/Date	Long/ Above	Short/ Below	Notes
Continuation chart patterns: Triangles, bull and bear flags (zigzags) Reversal chart patterns: Diagonal triangles (wedge), 1-2-3 tops/bottoms, etc.	Put an X in this column if bullish	Put an X in this column if bearish	What pattern is it?
Moving averages (MAs): 8, 13, 21, and 34-day Fibonacci EMA filter; 55 and 89-day EMAs Oscillators: 5/35/5 Awesome Oscillator MACD, RSI, or momentum indicator Candlestick reversal patterns	Put an X in this column if long	Put an X in this column if short	Where did the 8/13 cross the 21/34? Are there divergences? Type of candle?
Fibonacci levels on last leg of move: 38.2%, 50%, 61.8% retracements			Draw levels on chart with tool
Elliott Wave count: Count sub-waves	1, 3, and 5	2 and 4	Comments?

© 2012 FX Trader's EDGE™ All Rights Reserved



Part D of the Checklist: 15-Minute Chart Indicators

Before we complete the trade plan, let's complete Part D, Checklist on the 15-minute chart. Do the exact same thing that we just went through on the hourly chart. Look for patterns, and make notes. Look at the EMA crossovers and take note whether you are long or short. Look at the oscillators for divergences. And look at the candlestick patterns. Also, use the Fibonacci tool to calculate retracements on the last leg of the move.

DAILY TRADING JOURNAL

Part E Trade Plan: Hourly/15-Minute Chart

Currency/Date	Trade 1	Trade 2	Notes
Analysis and trade recommendations (follow the Elliott Wave trading map)	Look to buy the wave ii retracement of wave i between 115.66 (50%) and 115.14 (61.8%)		
Entry strategy: Position size (# of lots) Long or short Price	5 long at 115.66/14	5 lots long above sub-wave (1) of ③	Note: We are starting a wave (C) down of a wave ii (A) (B) (C) correction—look at the 15-minute chart for entry
Exit strategy: Stop-loss (# of lots and price) Profit level 1 (# of lots and price) Profit level 2 (# of lots and price)	Sell 9 lots at 113.42 Sell 7 lots at top of ③	(stop moves to bottom of (i) point 0)	Keep 2 lots long
Pip and \$ profit/loss Lessons learned			

© 2012 FX Trader's EDGE™ All Rights Reserved



Part E Trade Plan: Hourly and 15-Minute Chart

Part E is the Trade Plan. This is all about pulling the trigger. The checklist and the chart analysis is the research that we do in order to be able to complete the Trade Plan. Once we plan the trade, we trade the plan. Completing a trade plan, which is the trade plan for the Elliott Wave Trading map, enables us to remove emotion from the trade and not get caught up in the psychology of wave personalities. It is crucial to your success as a trader. On a personal note, whenever I do not complete a trade plan, my trade is doomed to failure. Why? I forget why I entered it to begin with. I am not certain about the price targets. There are numerous other reasons. Most importantly, it is usually because I am emotional about a trade.

Recall the general and the daily trend that you noted from the daily chart.

If they are both up, it makes sense to look for a buy entry.

If they are both down, it makes sense to look for a sell entry.

If they are mixed, take a view but take a smaller position. In other words, if the daily chart is bearish but you want to buy for an intraday rally, take a smaller position.

For this example, assume we are in a wave C down of a wave 2 ABC correction. At this point, we look to buy the wave 2 down for the third wave up. However if we do that, our stop loss has to be below the bottom of the start of wave 1 which is 113.42. Assuming we buy our wave 2 correction at 115.66 or 115.14, that is more than you might be willing to risk on a trade. However, if we look at our 15 minute chart we can fine tune the move. The Trade Plan is specific. Use the Elliott Wave Trading Map as a guide for the # of lots to trade, given where you are in the wave count.

Define your entry strategy on the hourly chart and confirm price action on 15 minute chart to enter trade.

Be clear about your entry requirements under the Notes column. What is telling you to enter this trade?

Look at EW count, in addition to MACD, moving average crossover, trendline break, continuation chart patterns, and reversal chart patterns and 1-2-3 formation.

Determine your exit strategy, your stop loss price and your profit levels

State in words what you expect to happen and how the market should behave. ie. Is it impulsive or corrective?

You have done your research and analysis, and you have taken your position based on your Elliott Wave Trading Map, combined with the Daily Trading Journal. Congratulations! You have your trade plan in place. Now, monitor your position and good luck!

Finally, when the trade is complete, note the pip and \$ profit and loss. Take note of lessons learned as well.

Module 1: Elliott Basics	Module 2: Impulsive Patterns
<ul style="list-style-type: none"> + Wave rhythms, pattern or form + Fibonacci + Wave personalities + Wave counting 	<ul style="list-style-type: none"> + Impulsive wave structures + Diagonals and measuring objectives for impulsive waves + Finding the end of a trend
Module 3: Corrective Patterns	Module 4: Putting It All Together
<ul style="list-style-type: none"> + Corrective sequences and alternation + Zigzags, flats, triangles + Double and triple threes combined patterns 	<ul style="list-style-type: none"> + Elliott Wave Trading Map + Trading Journal

You have come a long way on your journey to learning how to trade the Elliott Waves.

In Module 1, you learned the basics – the building blocks for success. You learned about the rhythms of the Elliott Wave, Wave pattern or form, Fibonacci, wave personalities, and how to count waves

In Module 2, you learned about impulsive wave structures including diagonals, measuring objectives for impulse waves and finding the end of a trend.

Module 3 talked all about corrective sequences and alternation possibilities. You learned about zigzags, flats, triangles, and double and triple threes combined patterns.

And finally Module 4 taught you how to put it all together with the Elliott Wave Trading Map and Trading Journal.

Module 4: Putting It All Together

- + Elliott Wave Trading Map
- + Money management
- + Rules to enter and exit positions
- + Multiple time frame set-ups
- + Maximizing profit potential
- + Putting It All Together
- + Daily Trading Journal
 - Checklist
 - Trade Plan

In Module 4, we learned how to navigate the waves with the Elliott Wave Trading Map. Here we learn about money management and using the rules to enter and exit positions. We learned 3 set ups on different time frames, depending on our tolerance to risk.

We learn a system of cutting losses short, and maximizing our profit potential.

The final piece to this puzzle is implementation, putting it all together.

It's so easy to come up with trade ideas but without a written plan, the idea is gone with the wind. This is where the Daily Trading Journal comes in, with its 2 components – the Checklist and the Trade Plan. With the Elliott Wave trading map and the Daily Trading Journal, we are well on our way to reaping the rewards from our dedicated learning.

Applying Your Knowledge

- ❖ Practice and study means labeling the charts every day.
- ❖ It is often possible to make money even when you are in error.
- ❖ Knowledge can prepare you psychologically for the ups and downs.

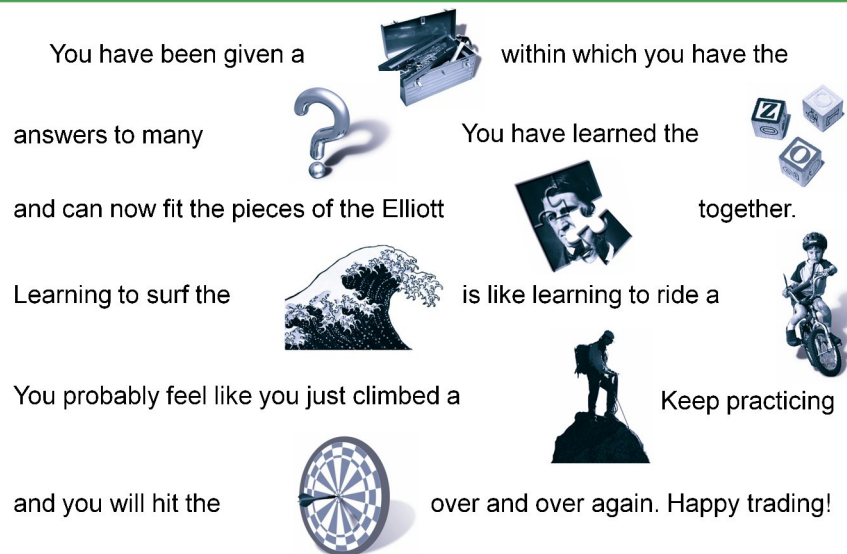
With the knowledge of the tools learned in these four modules, any student can perform expert Elliott Wave Analysis.

By studying patterns and watching how the various markets unfold, you will be able to recognize patterns. Practice and study means labeling the charts every day. Start with the daily and move down to the hourly and the 15 minute. Remember there are always 2 possible wave counts. Go with the most valid count, but just know that there is an alternative count that can be helpful in adjusting to unexpected events.

Using Elliott Waves analysis, it is often possible to make money even when you are in error. For example, after a low that you thought was the absolute bottom, you might realize at a higher level that the market is once again vulnerable to new lows. A clear cut three wave rally following the low, rather than the anticipated 5 waves, gives you the signal that we haven't seen the bottom yet. That is why it is important to count 3 wave and 5 wave moves, even if you don't exactly know where you are in the wave count.

Once you internalize the wave forms and personalities, it will be forever with you, just like learning to ride a bicycle. At that point, you will have confidence as to where you are in the market. This knowledge can prepare you psychologically for the up and down moves that will now make sense to you. Instead of guessing which way the market is going next, you will have an EW Trading Map and a systematic way to navigate the waves.

YOUR ELLIOTT WAVE SOLUTION



© 2012 FX Trader's EDGE™ All Rights Reserved



Your Elliott Wave Solution

You have been given a toolbox, within which you have the answers to many questions. You have learned the building blocks and can now fit the pieces of the Elliott puzzle together. Learning to surf the waves, is like learning to ride a bicycle. You must feel like you just climbed to the top of the mountain! Keep practicing and you will hit the bull's eye over and over again! Happy trading!

End of Learning Object
Continue on to the Quiz

© 2012 FX Trader's EDGE™ All Rights Reserved



This is the conclusion of the learning object. Please continue on to the quiz.

Module 4 Learning Object 2 Quiz

**Why is it important to use the recommended Daily Trading Journal?
Choose one answer.**

- ☐ a) You generate trading ideas when you doodle
- ☐ b) It helps to plan the trade and trade the plan
- ☐ c) To reflect back on the warm and fuzzy feelings of when you first started to trade
- ☐ d) It's not important because you can't learn anything from keeping a Daily Trading Journal
- ☐ e) The IRS will ask for it when you file your taxes

Which is/are considered (a) Typical target(s) for wave 3? Choose at least one answer.

- ☐ a) 4.236 times length of wave 1
- ☐ b) 2 times length of wave 1
- ☐ c) 1 times length of wave 1
- ☐ d) 1.618 times length of wave 1
- ☐ e) 2.618 times length of wave 1

© 2012 FX Trader's EDGE™ All Rights Reserved



1. b)
2. c) d) e) a)

Module 4 Learning Object 2 Quiz

When wave 4 is irregular flat, the targets of wave 4 are: Choose at least one answer.

- ☐ a) 0.382 times wave 3
- ☐ b) 1.618 times wave 3
- ☐ c) 0.50 times wave 3
- ☐ d) 2.618 times wave 3
- ☐ e) 0.236 times wave 3

The three mathematical applications on Elliott Wave Theory are: Choose one answer.

- ☐ a) None given here
- ☐ b) Wave form, ratio, retracements
- ☐ c) Wave form, extensions, time
- ☐ d) Ratio, time, extensions
- ☐ e) Wave form, ratio, time

© 2012 FX Trader's EDGE™ All Rights Reserved



3. e) a) c)

4. e)

Module 4 Learning Object 2 Quiz

You have gained knowledge of a system use in trading the Elliott Wave. What is it called? Choose one answer.

- ☐ a) Elliott Wave Digest
- ☐ b) The Complete Abridged Collected Works of Elliott Wave's Road Book for travellers
- ☐ c) Elliott Wave Trading Map
- ☐ d) Elliott Wave Surfing Manual
- ☐ e) Elliott Wave Quick Start User Guide

True or false: When wave 2 is an A-B-C zigzag, wave B retracement of wave A depends on what pattern wave B is comprised of.

- ☐ a) True
- ☐ b) False

- 5. c)
- 6. a)

Module 4 Learning Object 2 Quiz

**Which of the following is not (a) method(s) of determining the end of a trend?
Choose at least one answer.**

- ☐ a) Channeling to target wave 5
- ☐ b) Divergence between waves 3 and 5 and a change in direction of the current momentum
- ☐ c) Reversal chart patterns
- ☐ d) Projected price in the target zone for a 3-wave sequence and internal sub-wave C

What are the three types of impulsive waves? Choose one answer.

- ☐ a) Impulsive, corrective, diagonal
- ☐ b) Impulse, leading diagonal, trailing diagonal
- ☐ c) Flat, converging, diverging
- ☐ d) Common, moves with trend, retracement
- ☐ e) Impulse, leading diagonal, ending diagonal

© 2012 FX Trader's EDGE™ All Rights Reserved



- 7. d)
- 8. e)

Module 4 Learning Object 2 Quiz

True or False: If wave 4 is a reverse symmetrical triangle, each sub-wave is most commonly 0.618 times the length of the previous alternative sub-wave.

- a) True
- b) False

On a scale 1 to 10, 1 being poor and 10 being fantastic, how would you rate this course?

type the phrase here

© 2012 FX Trader's EDGE™ All Rights Reserved



9. b)
10.