

Disclaimer

This video is for educational purposes only. Past performance does not equal future results.

Please do not construe any information in this video or notes below as advice or recommendation of any kind. You can lose money trading. If you cannot afford to lose money you should not trade.

Remember to practice with a paper trading or demo account with any new concept of strategy until you really get to know and understand the risk and reward potential.

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Wavy Tunnel PLUS

MODULE 3: END OF TREND

Welcome to the Wavy Tunnel Trading Method Module 3

Over 30 years trading Forex, Futures and Options using Elliott Wave Analysis

We hope you are enjoying this wonderful method of recognizing trades.

One of the best Fibonacci and Elliott Wave based Trading Strategies!

In Module 3 we will cover the Two End of Trend Trades – Price to Wave (PW) and Fill the Gap (FG).

The Course Outline

The Wavy Tunnel PLUS

Module 1: Introduction and Overview

Module 2: Trend Following Trades – **NEW Examples!**

Module 3: End of Trend Trades – **NEW Examples!**

Module 4: Trade Management – **NEW Examples!**

Module 5: Trading Live with 3 Time Frames

Module 6: Elliott Wave Connection

Module 7: Wavy Tunnel PLUS – **NEW!**

Module 3

Learning Objects

- ≈ End of Trend Trades – Spot the Setup
- ≈ Identify Trade Entry
- ≈ Set Stop Losses
- ≈ Determine Profit Taking Exit Strategy
- ≈ Examples

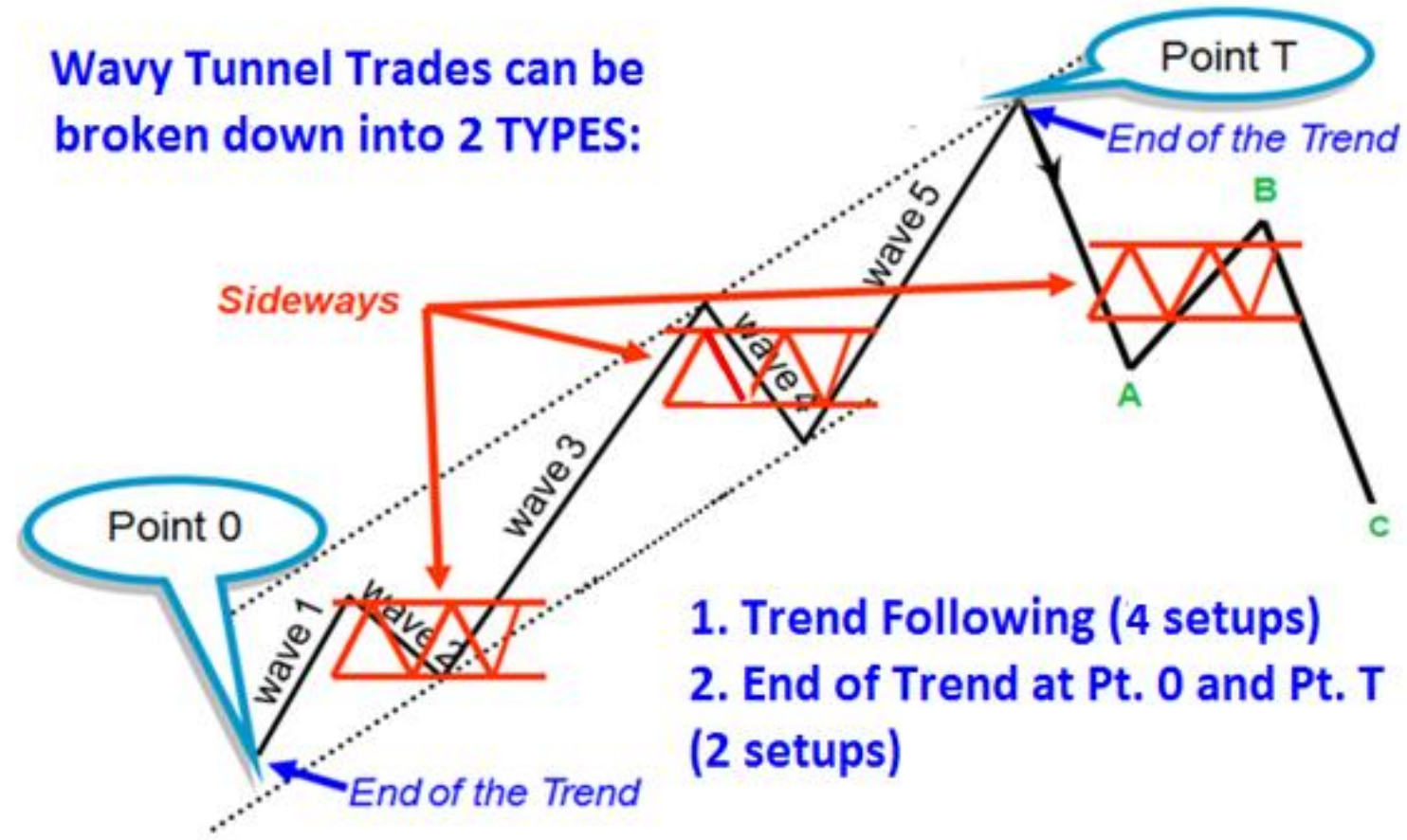
Objectives

1. Understand the background behind each End of Trend Trade
2. Learn how to trade each of the two setups
 1. Spot the setup
 2. Trigger the entry
 3. Set the stop loss
 4. Take Profits

Continue picturing yourself Riding the Waves and Cashing in on Profits using the Wavy Tunnel for Success.

Overview of Wavy Tunnel Trades

Wavy Tunnel Trades can be broken down into 2 TYPES:



Awesome Oscillator

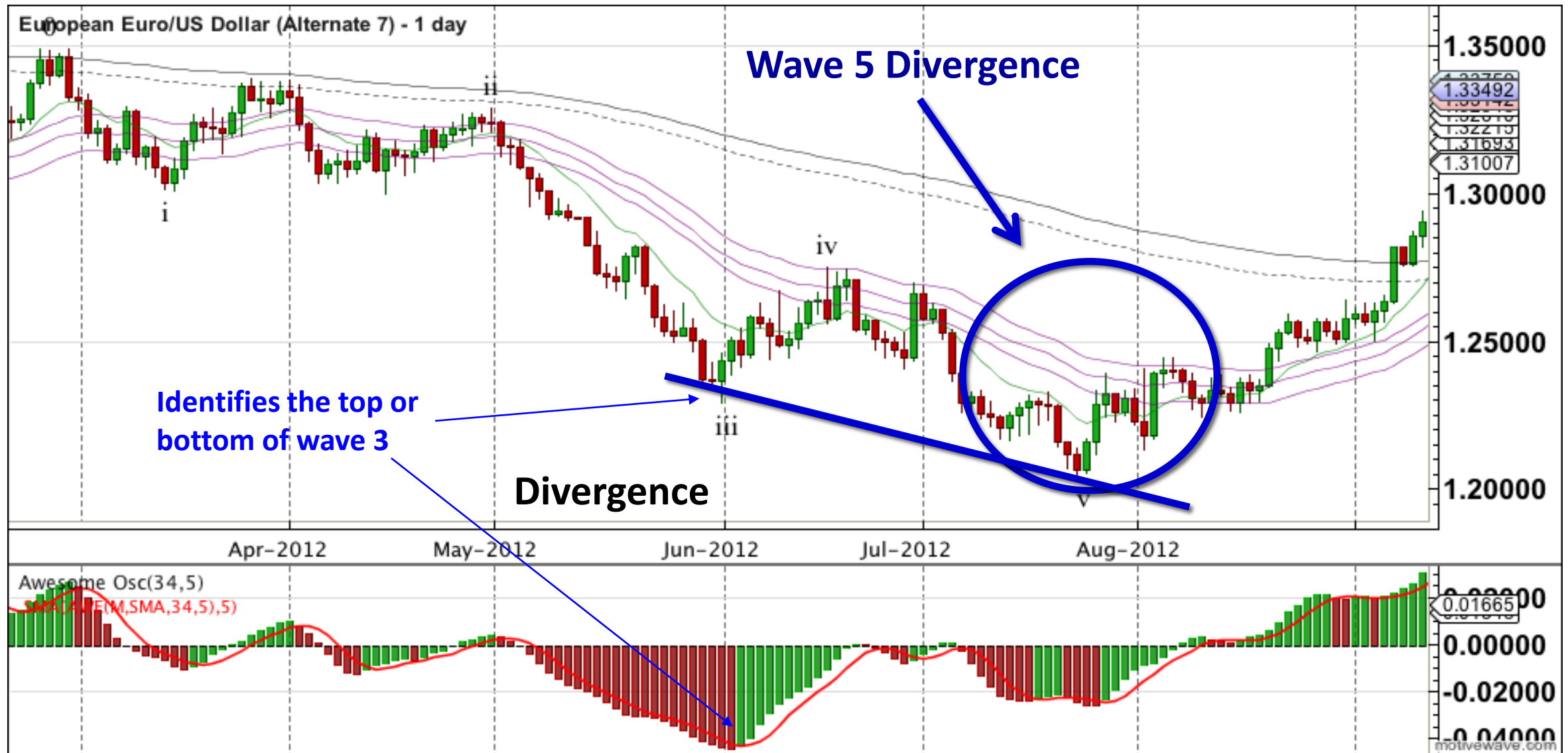
5/34/5 MACD, also known as the Awesome Oscillator, is a momentum indicator that takes a 5-bar and 34-bar simple moving average, plotted in a histogram of 100 bars and a maximum of 140 bars on the screen. 5 SMA signal line on the histogram.

Can also use 12/26/9 or a 5/34/5 MACD.

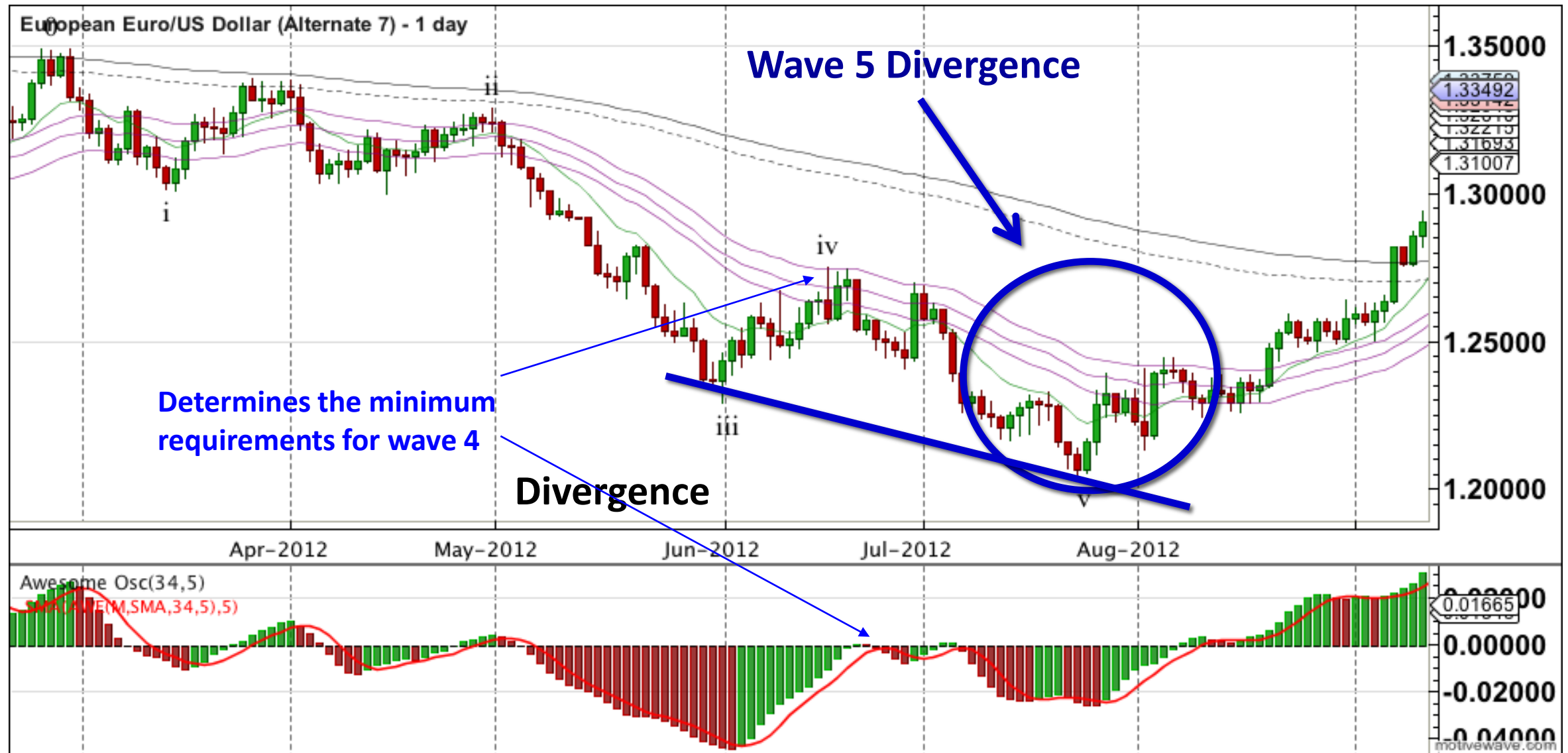
Uses:

1. Identifies the top or bottom of wave 3.
2. Determines the end of wave 4, or when the minimum requirements have been met.
3. Indicates the end of a trend and top or bottom of wave 5 with oscillator divergence.
4. Signals change in direction of current momentum.

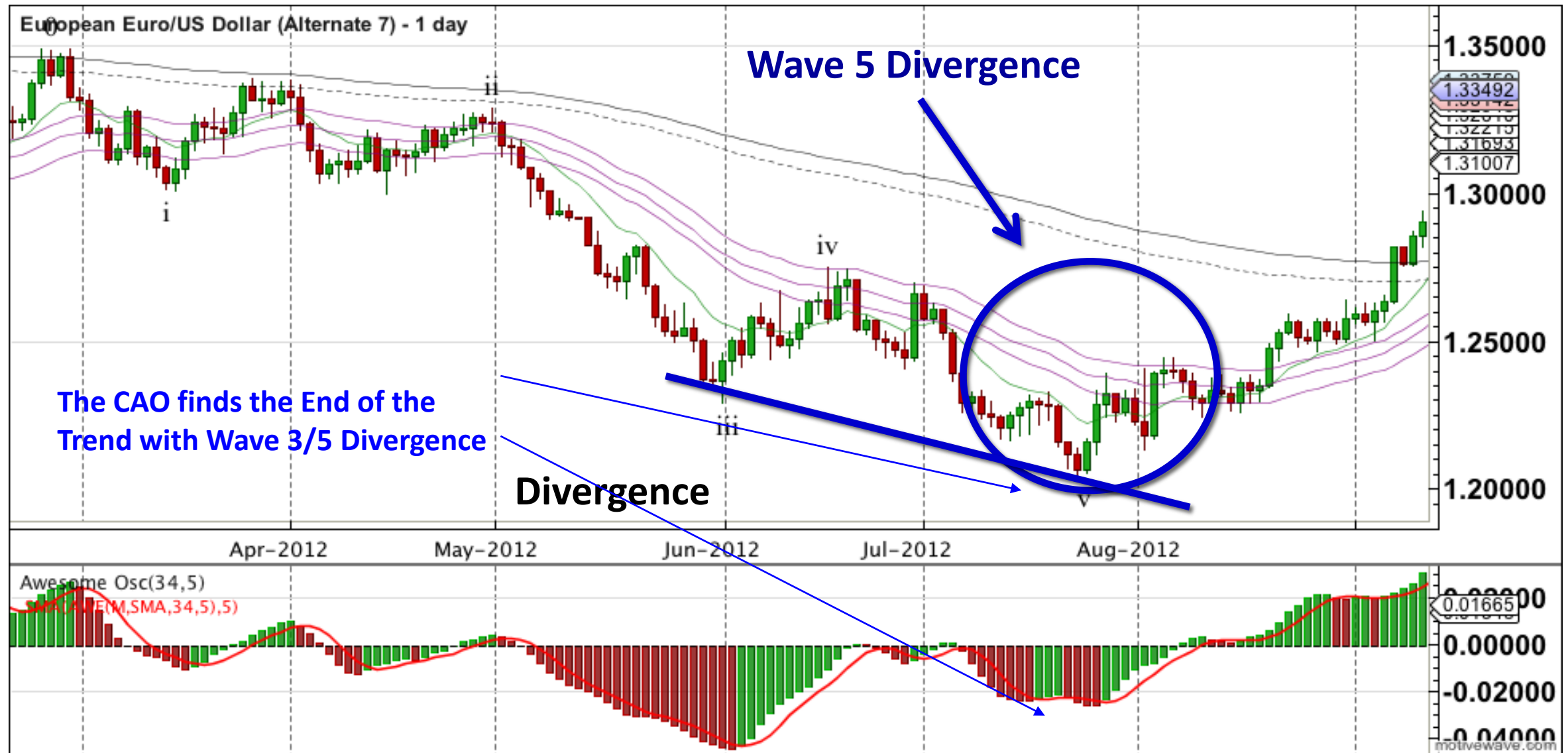
Awesome Oscillator



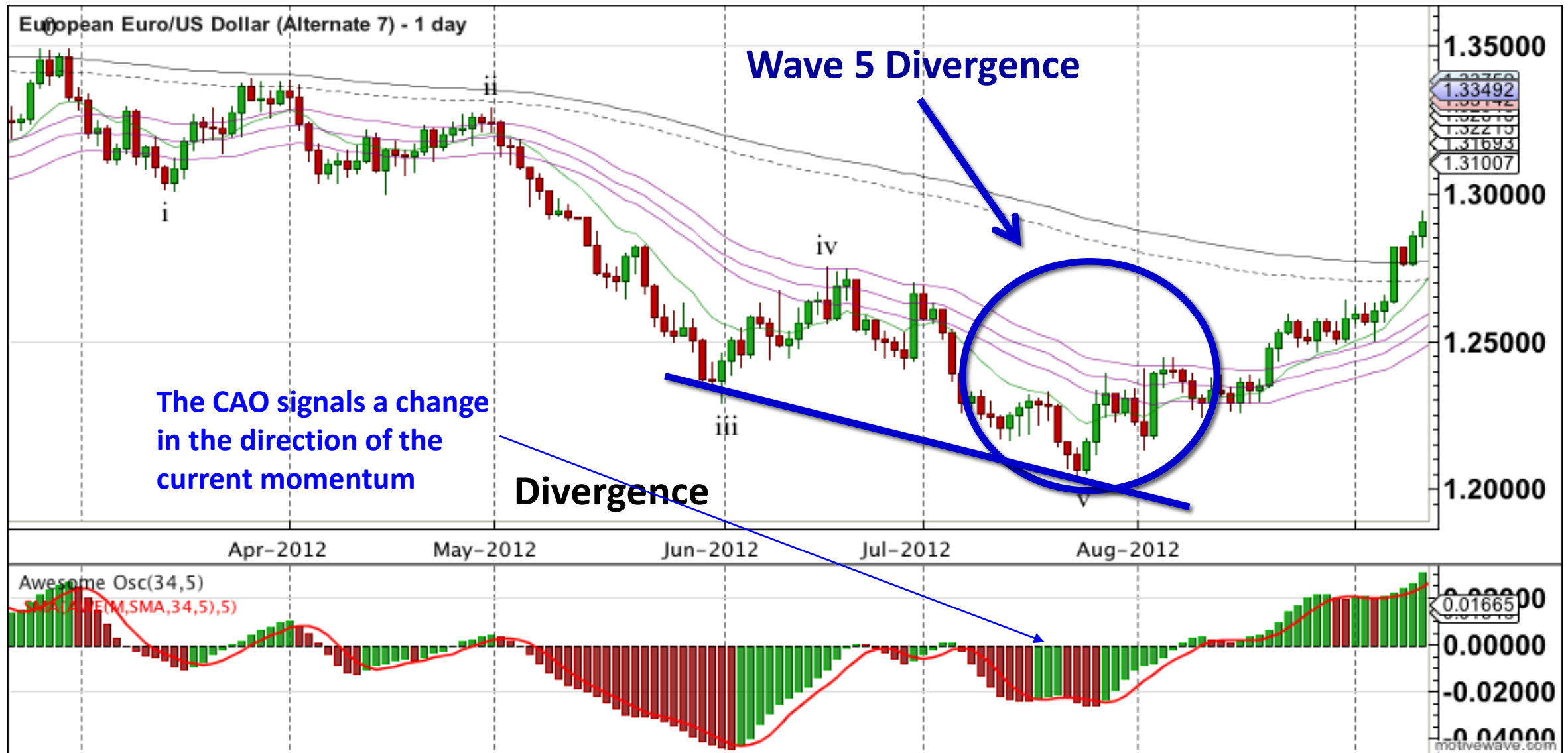
Awesome Oscillator



Awesome Oscillator



Awesome Oscillator



Price to Wave (PW)

Trade Setup Conditions:

Price headed into space away from the Filter, Wave and Tunnel.

Divergence present in the Awesome Oscillator after a 5-wave sequence has occurred.

Overbought and oversold conditions on RSI or Stochastic indicator. (or Bungee)

“Rubber Band Effect” – Current price hyper-extended from Wave.

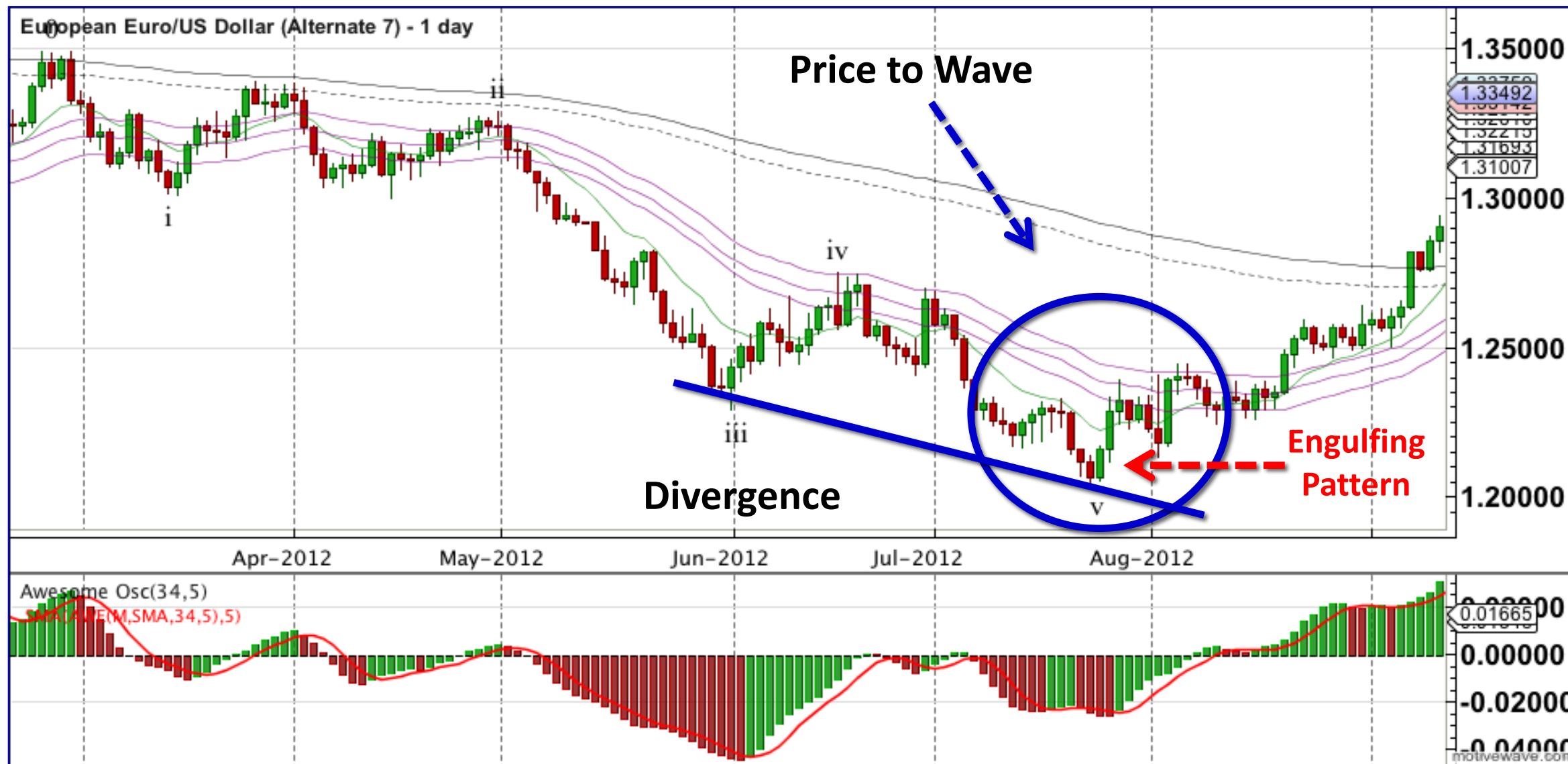
Conservative Entry Point:

Enter trade as it heads back towards the Wave.

Enter with a reversal candlestick pattern such as hammer, shooting star, morning and evening stars, engulfing candles.

Price to Wave (PW)

Spot the Setup 1



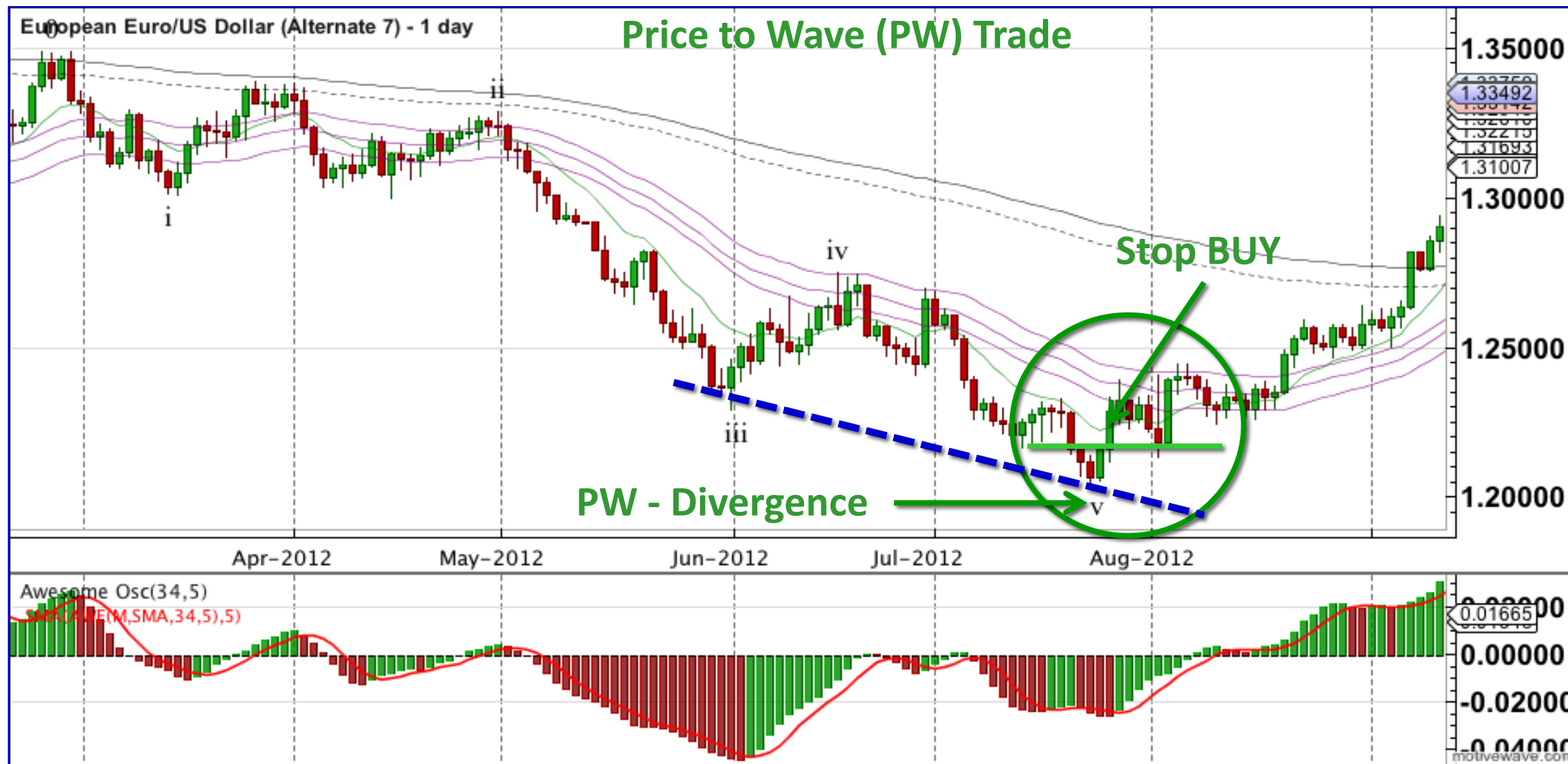
Trigger the Entry

“Entry” for the PW Trade:

Triple Divergence is better than Double Divergence for the PW. Enter on a Reversal Candlestick Pattern OR wait for the candle to close above or below the 12 EMA (Filter). Think of a Rubber band snapping back to the Wave for this setup.

Price to Wave (PW)

Trigger the Entry 1



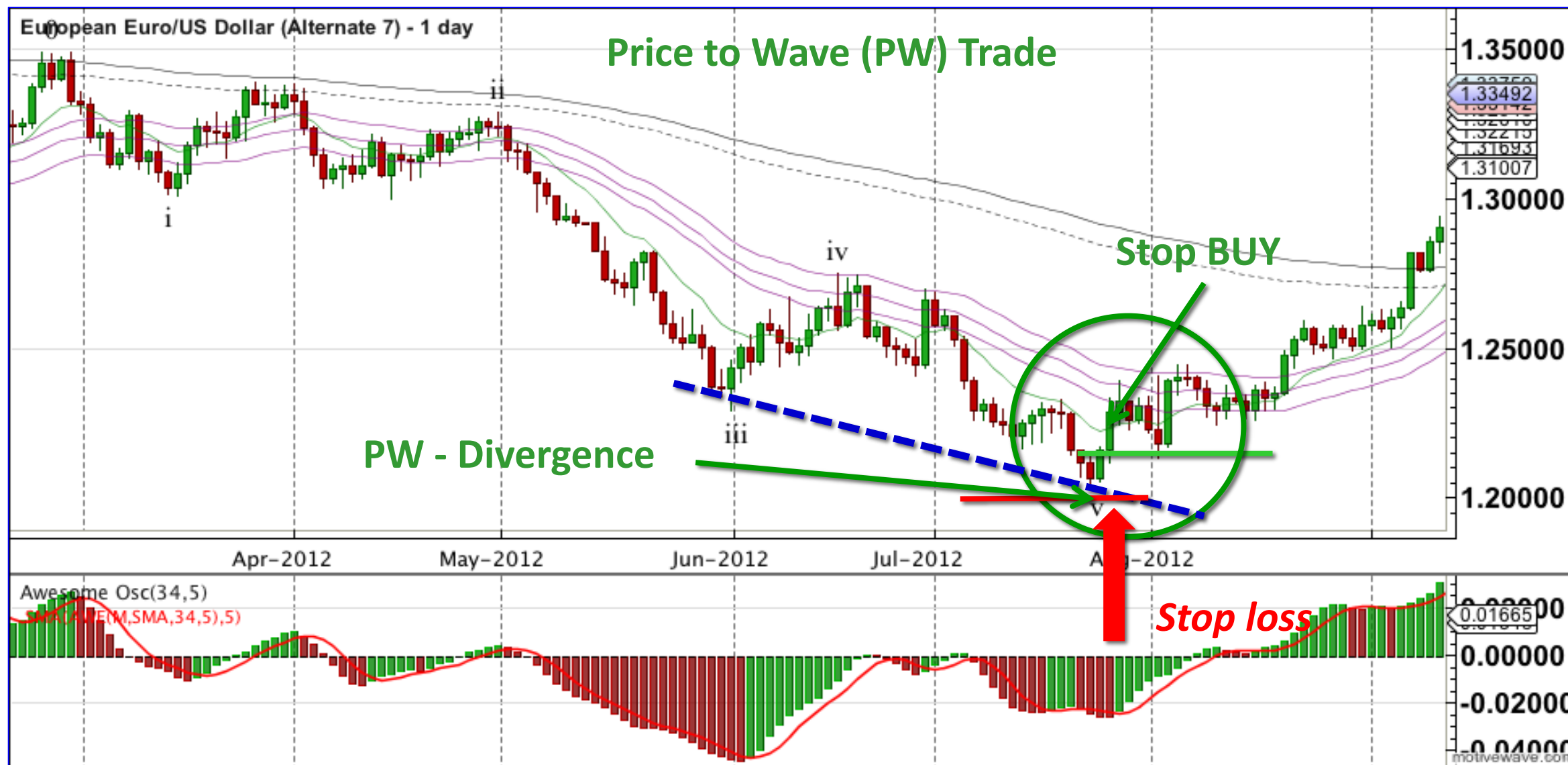
Set the Stop Loss

“Stop Loss” for the PW trade:

Place stop above or below the extreme price high or low of Wave A/1.

Price to Wave (PW)

Set the Stop Loss 1

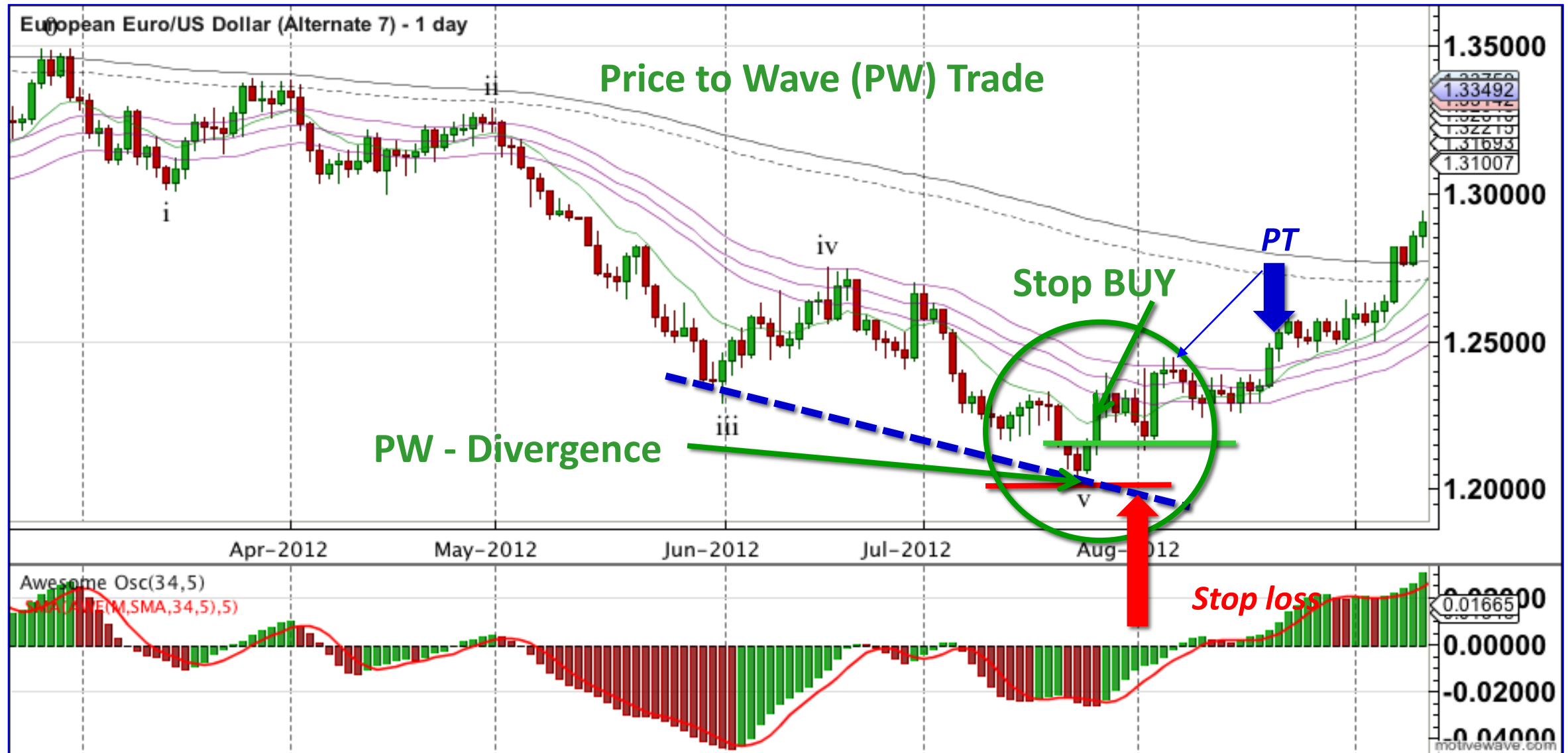


Determine Profit Taking Exit Strategy

PW: “Profit Taking” (PT) Exit when:

Candle closes through the Wave at the completion of Wave A/1.

Price to Wave (PW)



Price to Wave (PW)

Spot the Setup 2



Price to Wave (PW)



Price to Wave (PW)



Price to Wave (PW)



Price to Wave (PW)

Spot the Setup 3



Price to Wave (PW)

Trigger the Entry 3



Price to Wave (PW)



Price to Wave (PW)



Fill the Gap (FG)

Trade Setup Conditions:

Bounce off or through the Wave headed for a collision with the Tunnel after the Wave 2/B ends.

Divergence present in the Awesome Oscillator after a 5-wave sequence has occurred.

Either beginning a Wave C or Wave 3. Zigzags work best.

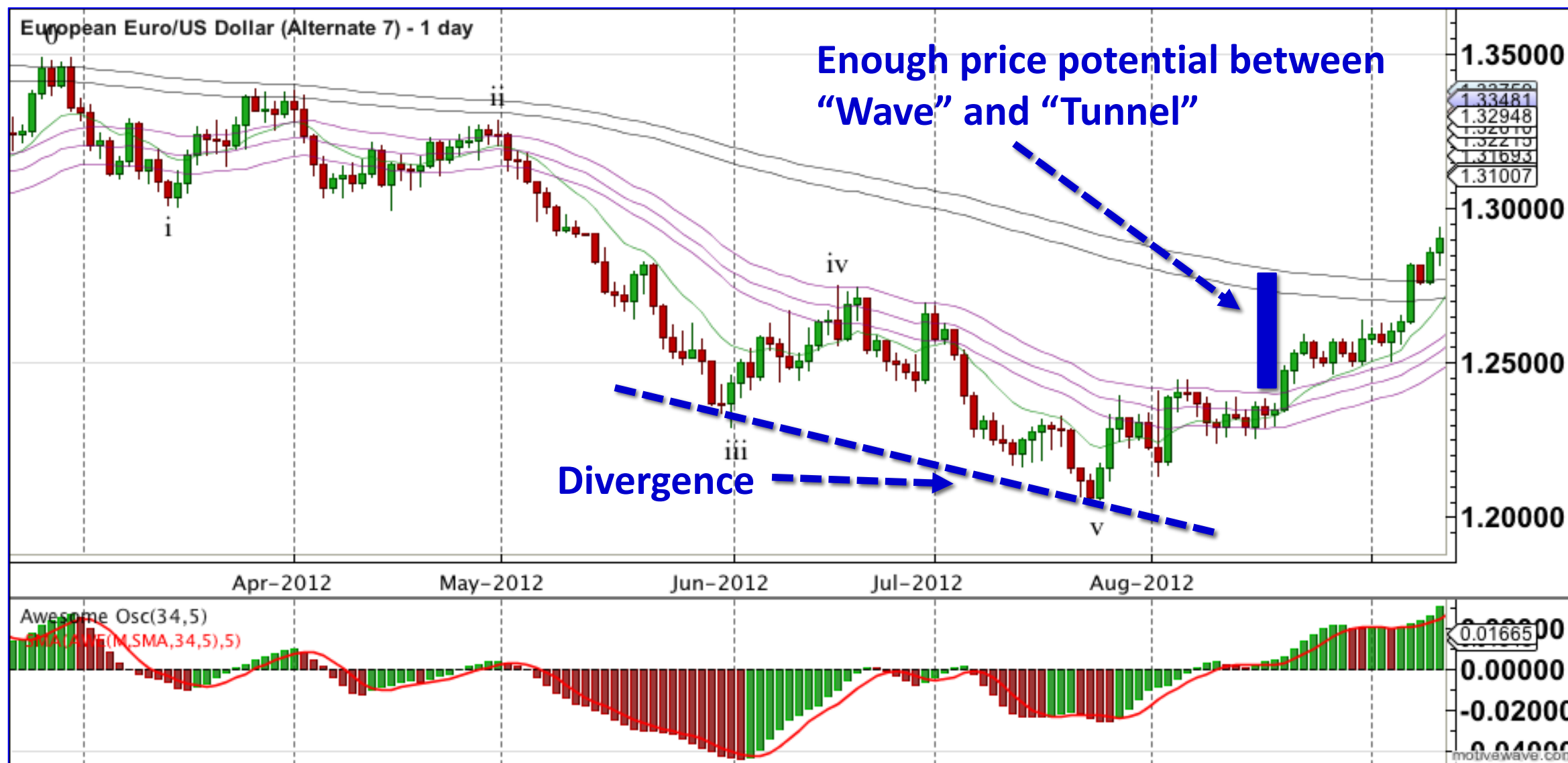
Look for current gap between Wave and Tunnel to be greater than 75 pips.

Conservative Entry Point:

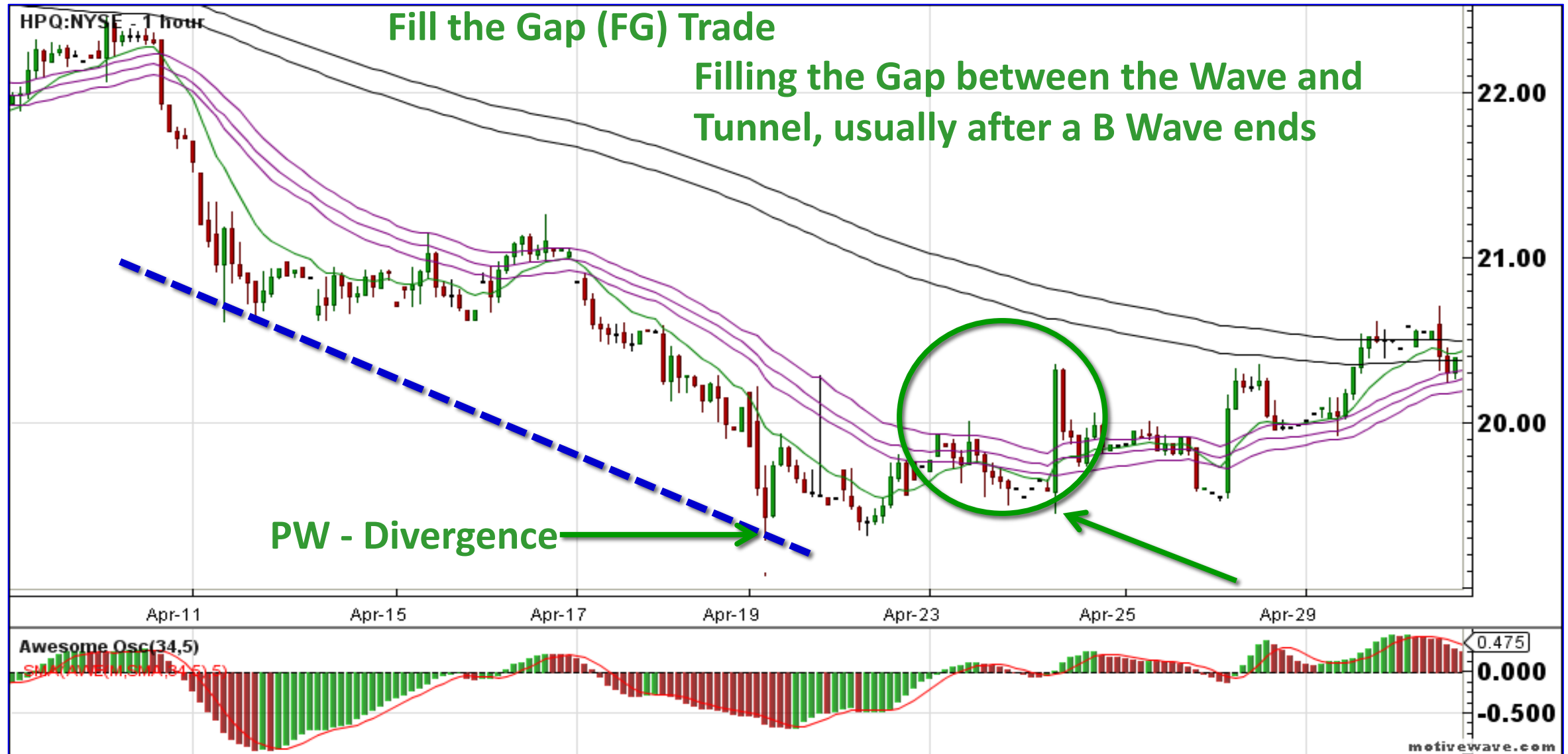
Enter the trade as it heads back through the Wave when candles are exiting the Filter.

Look for Reversal Candlestick Pattern.

Fill the Gap (FG)



Fill the Gap (FG)



Trigger the Entry

“Entry” for the FG Trade:

Early BUY or SELL with the PW trade.

The most effective PW/FG Combo is an ABC Zig Zag Corrective Pattern, or a Wave 123.

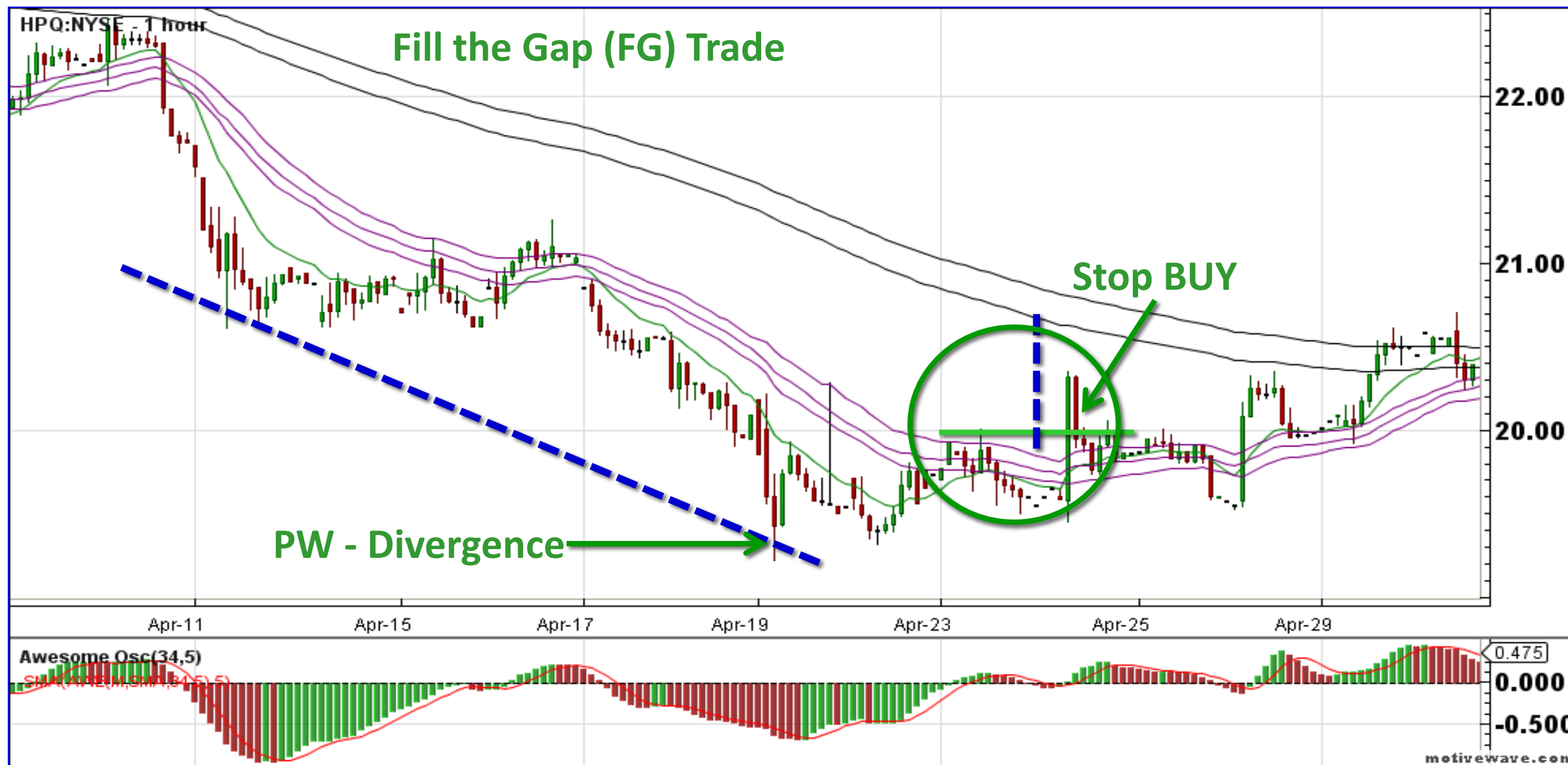
Wave 1/A is the PW, and Wave 2/B is the setup for the FG.

Enter the FG on a Reversal Candlestick Pattern after a 2/B.

Confirm with a close above or below the Filter.

Fill the Gap (FG)

Trigger the Entry 1



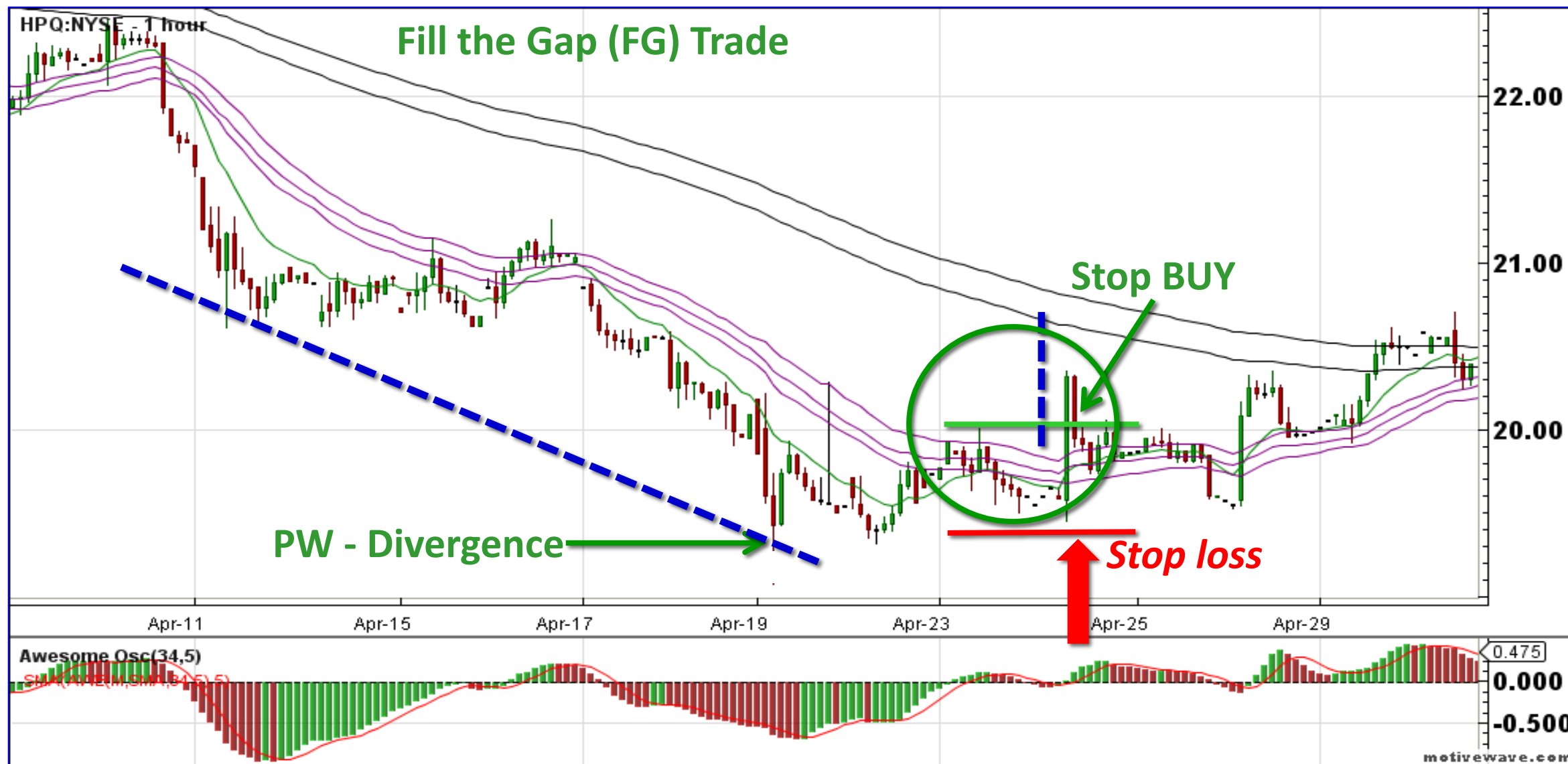
Set the Stop Loss

“Stop Loss” for the FG trade:

Place stop above or below the extreme price high or low of Wave B/2.

Fill the Gap (FG)

Set the Stop Loss 1



Determine Profit Taking Exit Strategy

FG: “Profit Taking” (PT) Exit when:

Candle reaches the Tunnel or a Reversal Candlestick Pattern emerges at the completion of Wave C/3.

Fill the Gap (FG)



Fill the Gap (FG)

Spot the Setup 2



Fill the Gap (FG)

Trigger the Entry 2



Fill the Gap (FG)

Set the Stop Loss 2



Fill the Gap (FG)

Take Profits 2



Fill the Gap (FG)

Spot the Setup 3



Trigger the Entry 3



Fill the Gap (FG)

Set the Stop Loss 3



Fill the Gap (FG)

Take Profits 3



Price to Wave (PW) and Fill the Gap (FG) Combo

Comments:

Very often the PW trade is a setup for the Fill the Gap trade.

Taking the PW trade means getting into a reversal trade early.

Use the Fill the Gap trade as a continuation of the Price to Wave trade.

In Elliott Wave terminology, the PW/FG trade presents as an ABC zig zag correction or even an ABC flat correction.

If the PW/FG trade is the start of a new impulse, it will then lead into the BO-1 trade.

Observations

Multiple Time Frame Analysis will be introduced in Module 4 to be able to see synergies between different time frames. For example, a Wavy Tunnel Breakout Trade (BO) on the 1-hour chart is consistent with a Fill the Gap Trade (FG) on a 4-hour chart.

The smaller time frame will give an earlier entry strategy. For example, a BO trade on a 15-minute chart precedes the BO on the 1-hour chart.

Module 5 will provide real trades and a discussion about fine tuning entries and exits and weeding out the low probability trades.