

### Disclaimer

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# Wavy Tunnel PLUS

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## MODULE 7 WAVY TUNNEL PLUS

### Welcome to the Wavy Tunnel PLUS Trading Method

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Timeless, applies to all traded markets, and every market cycle

One of the best Fibonacci and Elliott Wave based Trading Systems

This System can be traded on its own or in combination with other indicators

This Module introduces the Bungee and Semaphores, indicators used in the Trading Rooms, which complement the Wavy Tunnel very well

Pivot Points, a method providing support and resistance, is also highlighted

Finally, the 5 34 5 awesome oscillator is discussed in combo with the 3 10 3

## The Course Outline

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### 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 7***

### ***Learning Objects***

- ≈ Introduction
- ≈ Trading Room Chart Setup
- ≈ The Bungee
- ≈ Semaphores and Cycles
- ≈ Support and Resistance with Pivot Points
- ≈ More on Divergence
- ≈ Examples of Wavy Tunnel PLUS Setups

## Objectives

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1. Understand the background behind adding additional indicators to the Wavy Tunnel
2. Look at the Market Cycles to see the context in using the Bungee and Semaphores
3. Learn the Bungee, Semafor, and Pivot Points and how to integrate them
4. Begin picturing yourself Riding the Waves and Cashing in on Profits using the Wavy Tunnel

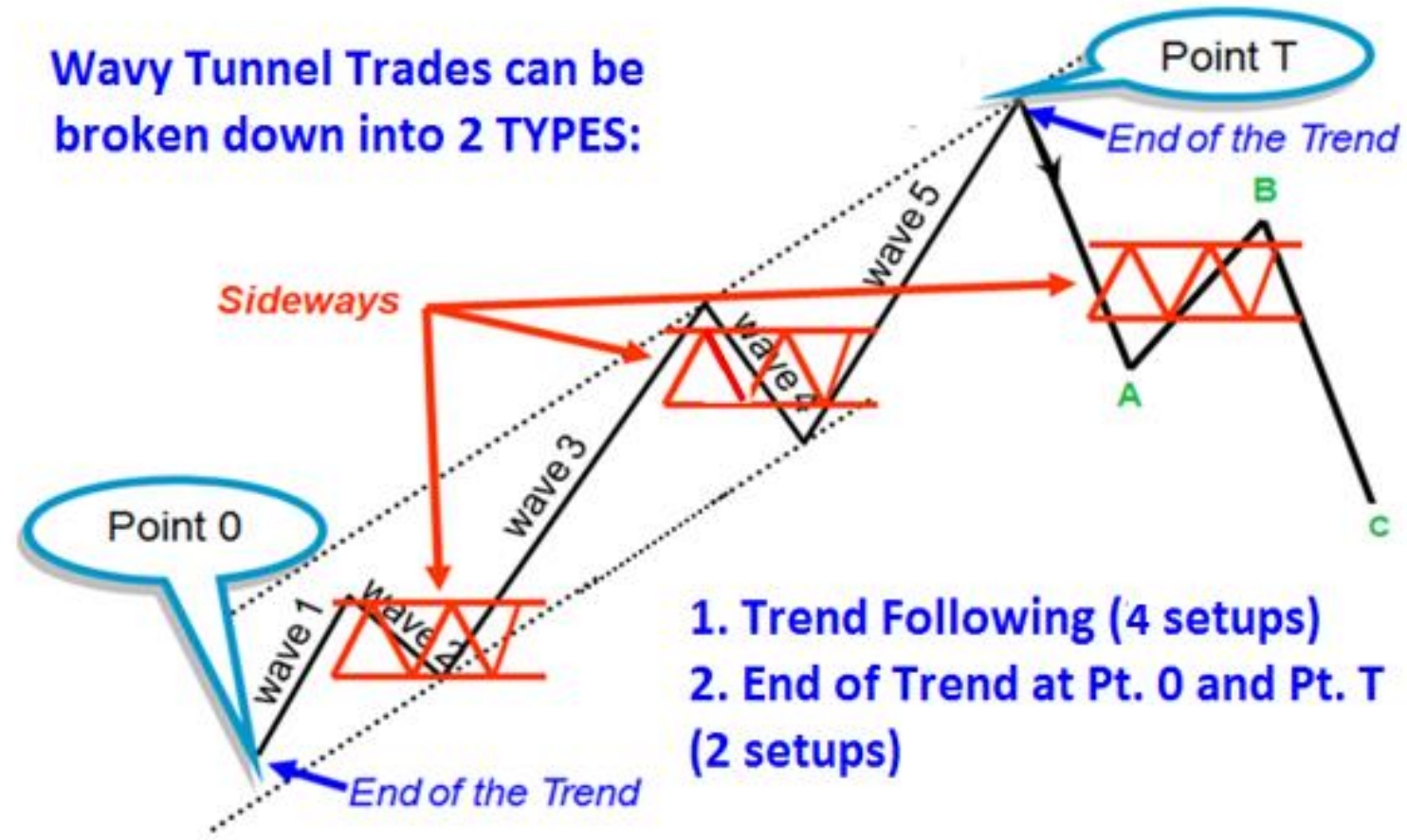
## Trading Market Cycles

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1. In the Wavy Tunnel/ Elliott Wave training we learned to identify Trends and Sideways markets in the context of the bigger time frames
2. Trend and Sideways markets comprise the market cycles and require different strategies and mindsets to trade
3. For Trend markets we use the 4 BO trade setups to get into trend
4. For End of Trend and tops and bottoms of Sideways markets, we use the PW/FG trade setups
5. The Bungee, Semaphores and Pivot Points work in conjunction with the Wavy Tunnel

# Overview of Wavy Tunnel Trades

Wavy Tunnel Trades can be broken down into 2 TYPES:





# Wavy Tunnel Chart Setup



## Wavy Tunnel Chart Setup

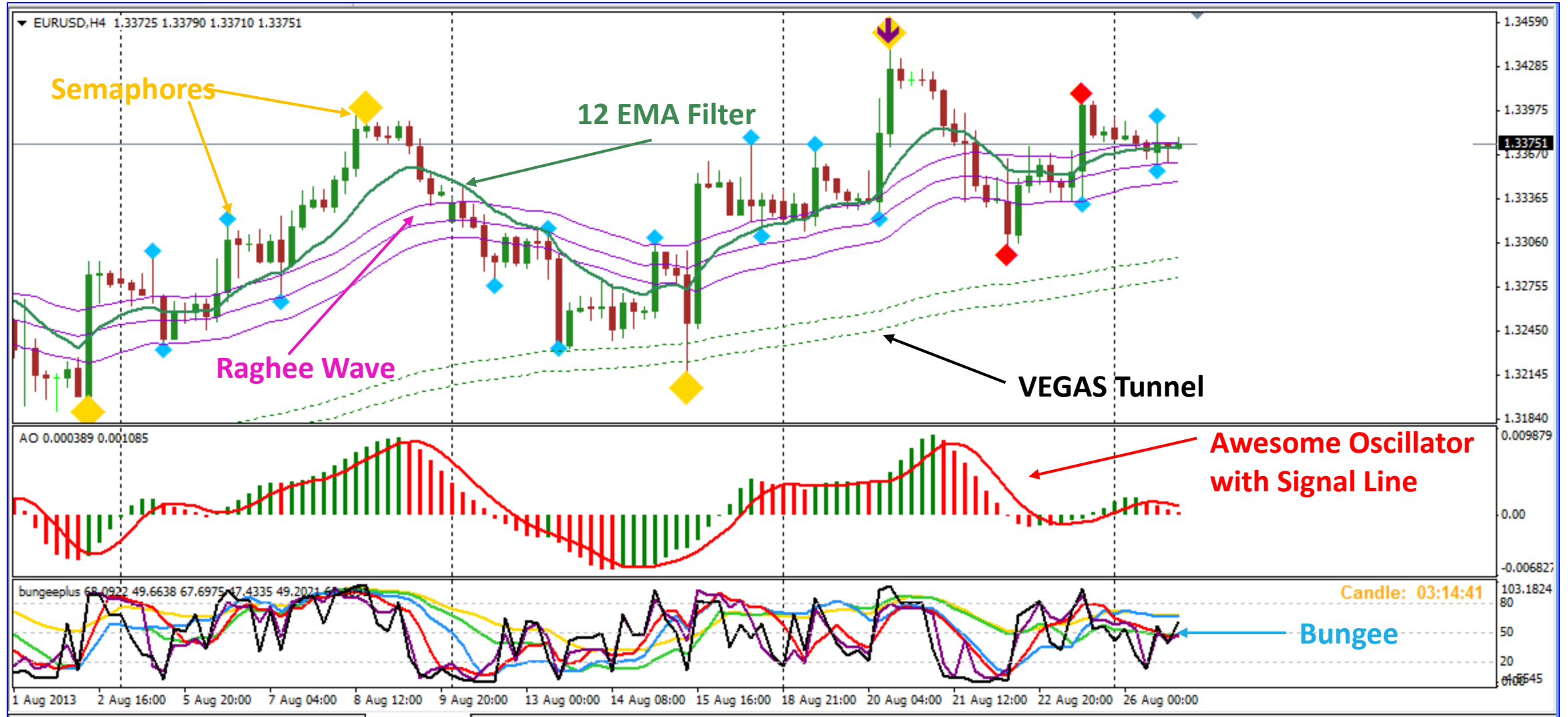
Wave EMA Parameters	Upper	Middle	Lower	Awesome Oscillator
EMA Period	34	34	34	SMA
On	High	Close	Low	5
Color	Purple	Purple	Purple	34
Thickness	Medium	Medium	Medium	5
Tunnel EMA Parameters	Fast	Slow	Filter	(CAO)
EMA Period	144	169	12	MACD
On	Close	Close	Close	histogram
Color	Black/White	Black/White	Green	
Thickness	Medium	Medium	Medium	

## Wavy Tunnel Plus

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- PRICE CHANNEL
  - Moving Average Crossover System
  - Combines Vegas Tunnel (“Tunnel”) and Raghee Wave (“Wave”) with 12 EMA
  - Semaphore Family:
    - 3 level Zigzags
    - Royal, Noble
- CHANNEL 1
  - Bill William’s Awesome Oscillator (“CAO”)
- CHANNEL 2
  - Bungee

# Trading Room Chart Setup



## Trading Room Chart Setup

Wave EMA	Upper	Middle	Lower	CAO		Strands	BUNGEE
EMA Period	34	34	34	SMA		Gold	Stochastic 76, 4, 4
On	High	Close	Low	5		Green	Stochastic 34, 3, 3
Color	Purple	Purple	Purple	34		Blue	Stochastic 16, 3, 3
Thickness	Medium	Medium	Medium	5		Red	Stochastic 8, 3, 3
						Purple	Williams %R 6 (plus 100)
						Black	RSI 2
Tunnel EMA	Fast	Slow	Filter	(CAO)			Semaphore Family
EMA Period	144	169	12	MACD		Royal Pointer	Yellow Semaphore with Purple Pointer (100, 75, 15)
On	Close	Close	Close	histogram		Noble Pointer	Yellow Semaphore with Grey Pointer (60, 5, 3)
Color	Black/White	Black/White	Green			Yellow Semaphore	Level 3 Zig Zag 34, 21, 13
Thickness	Medium	Medium	Medium			Red Semaphore	Level 2 Zig Zag 13, 8, 5
						Blue Semaphore	Level 1 Zig Zag 5, 1, 3

## Trend Following and End of Trend Indicator – Part I

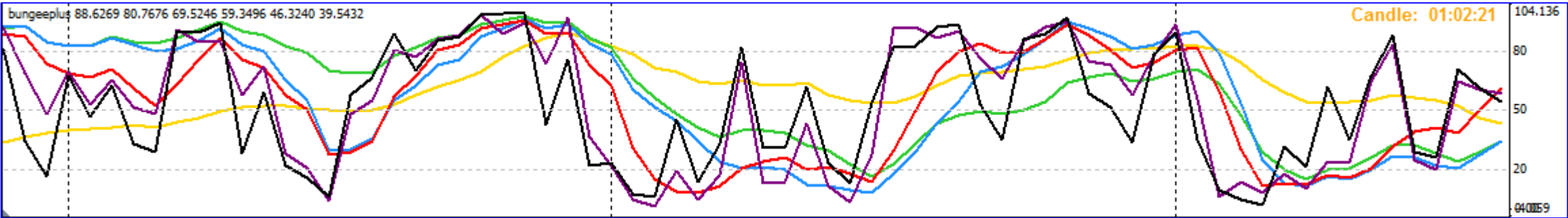
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1. What is the Bungee?
2. Moving Between Swing Highs and Lows
3. Normal Order
4. Sharp vs. Rounded
5. StretchAways (SA)
6. SnapBacks (SB)
7. Failed SnapBacks (FSB)
8. GreenBetween (GB)

# What is the BUNGEE?

1. Strands of a BUNGEE
2. Varying degrees of strength
3. Weaker strands move first with price
4. Stronger strands take more time for price to budge them

Strands	BUNGEE
Gold	Stochastic 76, 4, 4
Green	Stochastic 34, 3, 3
Blue	Stochastic 16, 3, 3
Red	Stochastic 8, 3, 3
Purple	Williams %R 6 (plus 100)
Black	RSI 2



## Moving Between Swing Highs and Lows

1. The Yellow and Green Bungee strands move from the bottom of the Bungee channel to the top of the channel as price moves from swing low to high
2. The higher time frame (e.g. Daily or 4-hour) may involve a few cycles of the Blue and Red strands within the Bungee channel





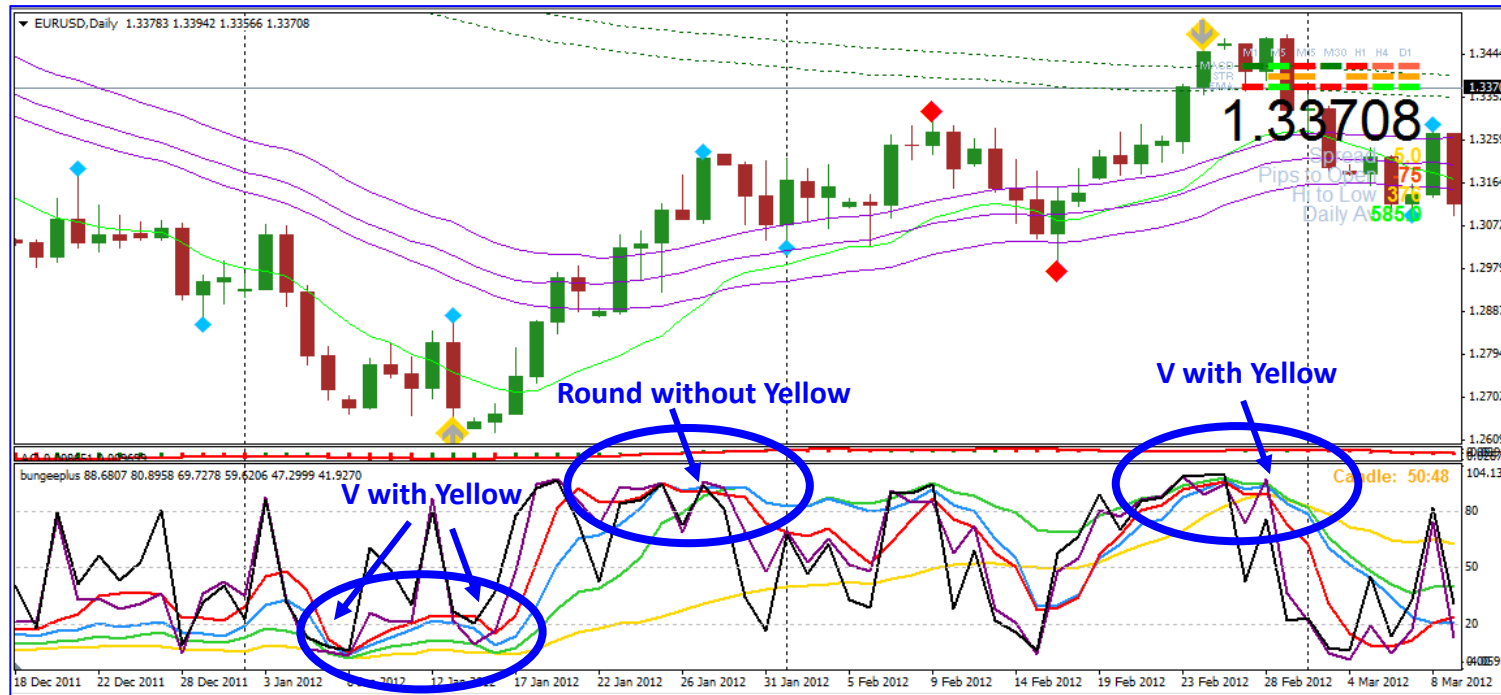
## Normal Order of the Strands

1. The normal order of the strands are Yellow, Green, Blue, Red, Purple and Black
2. When the strands are out of order, take note



## Sharp Vs. Rounded Reversals

1. Rounded Patterns show weak reversal zones and can lead to a StretchAway
2. Sharp Patterns forming a V shape show strong reversal potential
3. Make sure the Yellow strand is part of the "V"



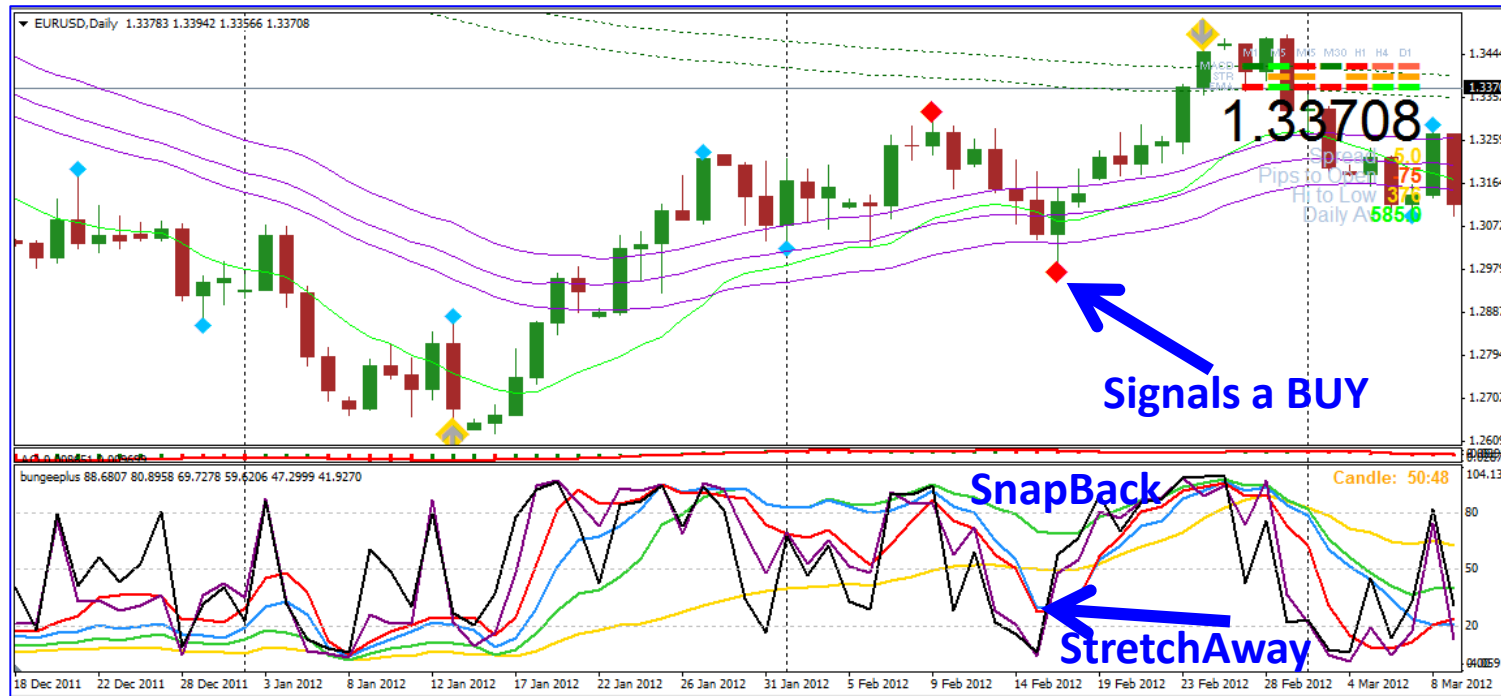
## StretchAways (SA)

1. Occurs when the Red (or Red and Blue) move away from the Green and Yellow Strands
2. Single – price pulls the Red away from the Green and Yellow
3. Double – price pulls the Red and Blue away from the Green and Yellow
4. Continuation Pattern - effective when the Red and Blue move to opposite side of Channel



## SnapBacks (SB)

1. SnapBacks are one resolution of a StretchAway
2. Price action causes the Red or Red and Blue to join the party and return to the Green strand



## Failed SnapBacks (SB)

1. Failed Snapbacks are the second type of resolution of a StretchAway, failed trend continuation
2. The Red and Blue strands Snap Back to the Green but price fails to make a new low
  1. A “failed SnapBack” occurs and refers to price not making a new extreme



Red and Blue strands return to the Green but price fails to make a new low price

## GreenBetween

1. Usually occurs during a Failed SnapBack to represent a wave B within a correction
2. The Red strand moves back across the Green in the opposite direction to the trend and the Green ends up between the Red and Blue strands



Immediate trend is up and Red moves back across Green in opposite direction to trend and Green ends up between Red and Blue strands

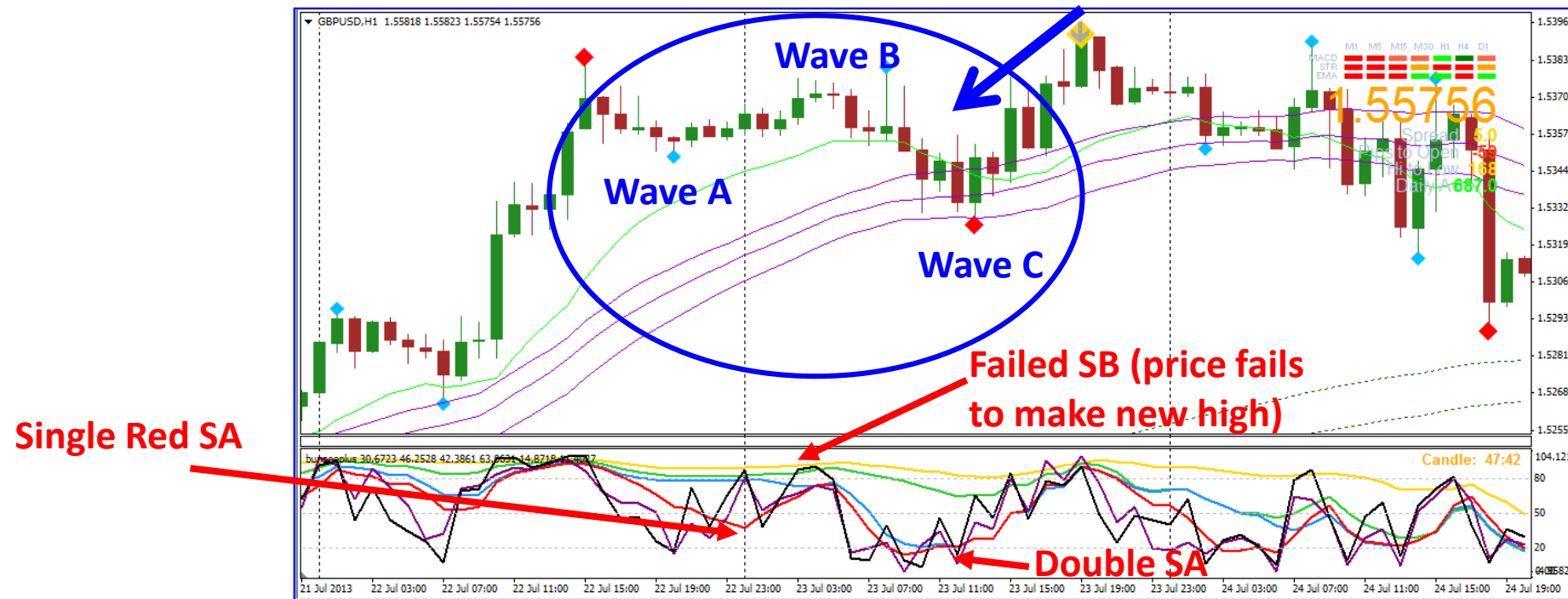
## Trend Following and End of Trend Indicator – Part II

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1. ABC Correction
2. Purple and White/Black Failed SBs
3. Extended Moves – Purple and White/Black SAs & SBs
4. Importance of Observing Multiple Time Frames
5. Purple Crosses Red at Extreme
6. Bungee Divergences
7. Some Observations

## ABC Correction

1. ABC or 3 – wave correction is best described in the Bungee by a Single SA for the Wave A followed by a failed SB for the Wave B (often with GB) and a double SA or a complete move to the opposite side of the channel for the Wave C
2. A GreenBetween is often found in a Wave B

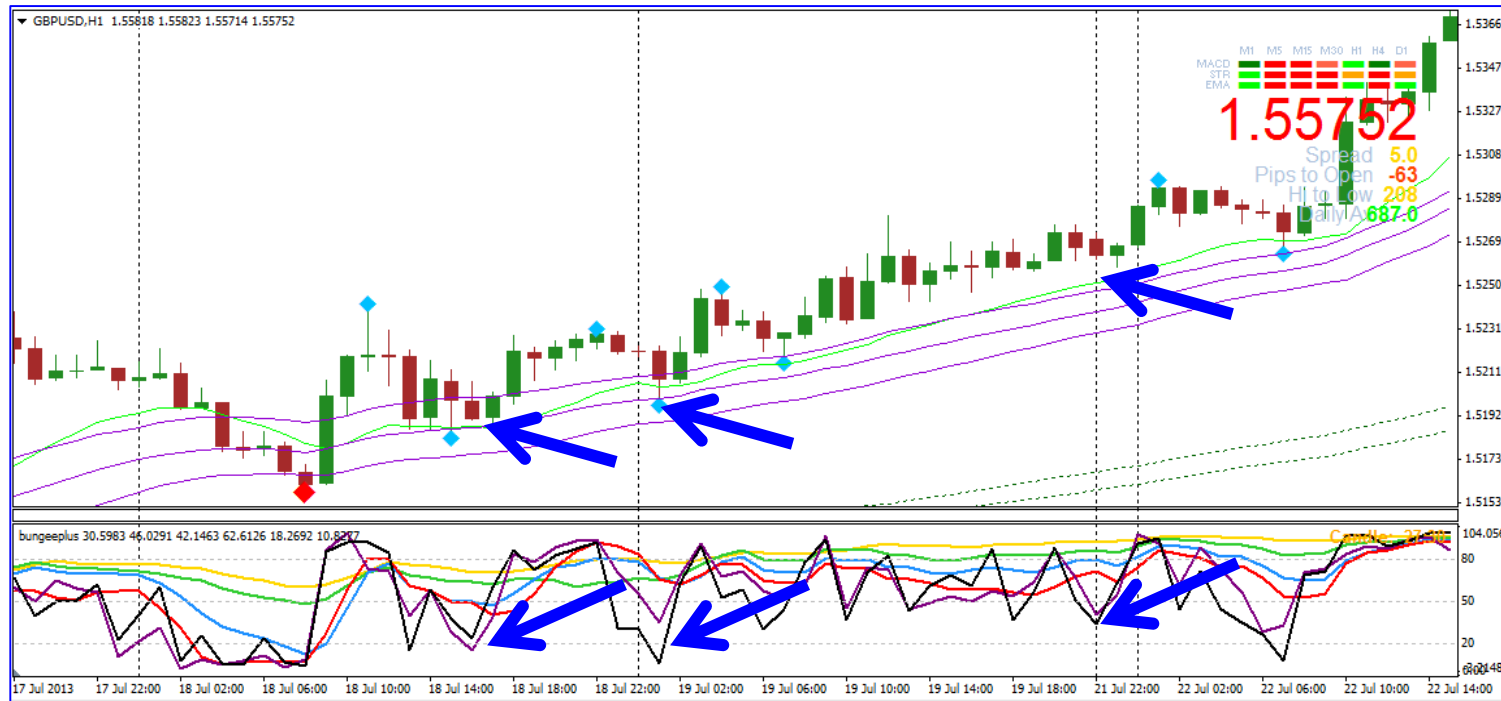


Immediate trend  
is up and ABC  
correction is  
defined by  
Bungee



## Purple and White/Black Failed SnapBacks

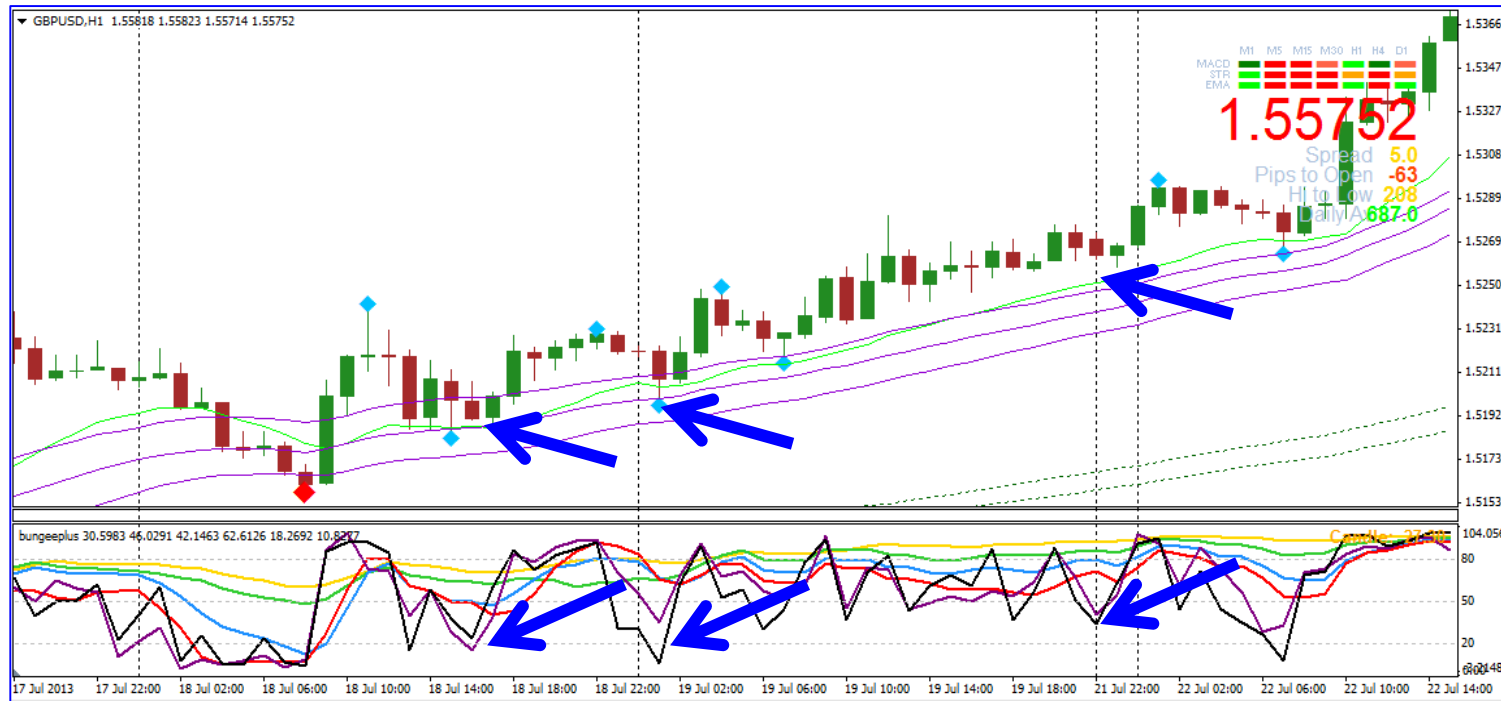
1. Tend to occur on the smaller moves such as the first failed SB of a move
2. Similarly they occur during a trend move and confirm the BO-3 trade



Immediate trend is up and Purple and Black strands provide repeated SB opportunities to join the trend

## Extended Moves – Purple and White/Black SAs & SBs

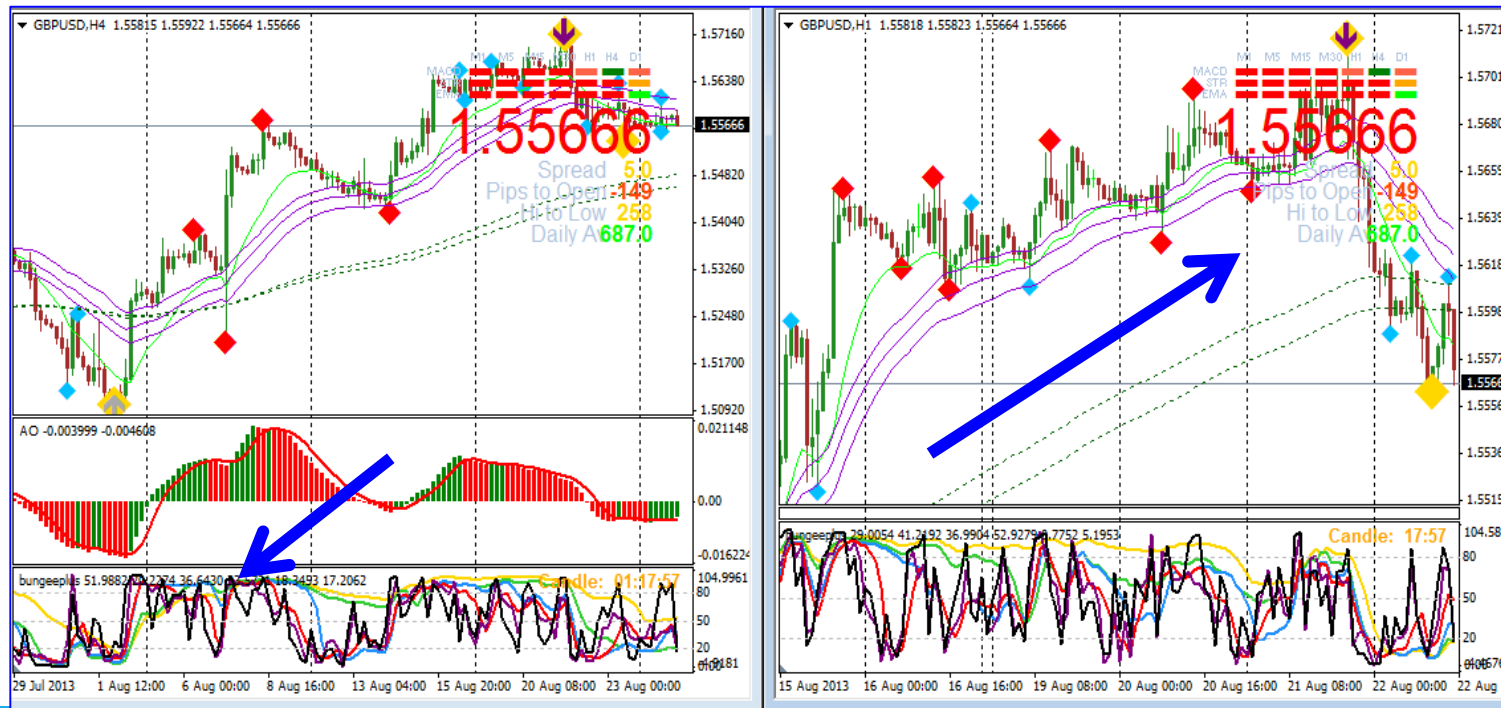
1. Trend Continuation
2. Series of StretchAways and SnapBacks
3. Good add-on opportunities
4. Coincides with and confirms Wavy Tunnel BO-3 trades



Immediate trend is up and Purple and Black strands provide repeated SB opportunities to join the trend

## Importance of Observing Multiple Time Frames

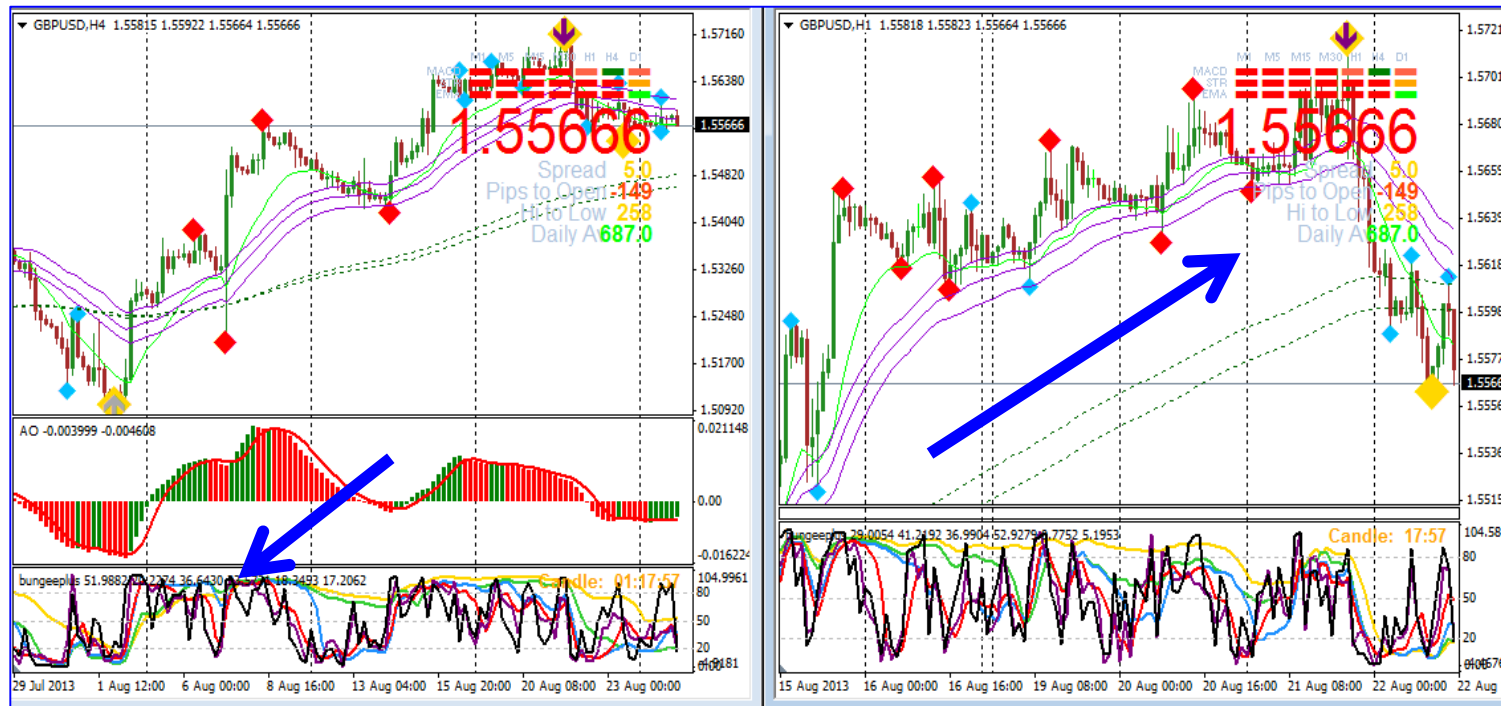
1. Vital to look to the higher and lower time frames when looking at what the Bungee is telling us
2. Do not trade against the trend on the higher time frame



**Immediate trend is up on the 4-hour with the Yellow, Green and Blue Bungee strands at the top – don't go short on the 1-hour time frame – look to BUY**

## Importance of Observing Multiple Time Frames

1. Look at the lower time frame to get a better entry and make sure the smaller time frame is at the BUY part of the cycle for a BUY
2. Great analogy said by John: The second hand moves before the minute hand which moves before the hour hand



The 1-Hour cycles through the 4-Hour trend often, giving more opportunities to join the trend

## Purple Crosses Red at Extreme

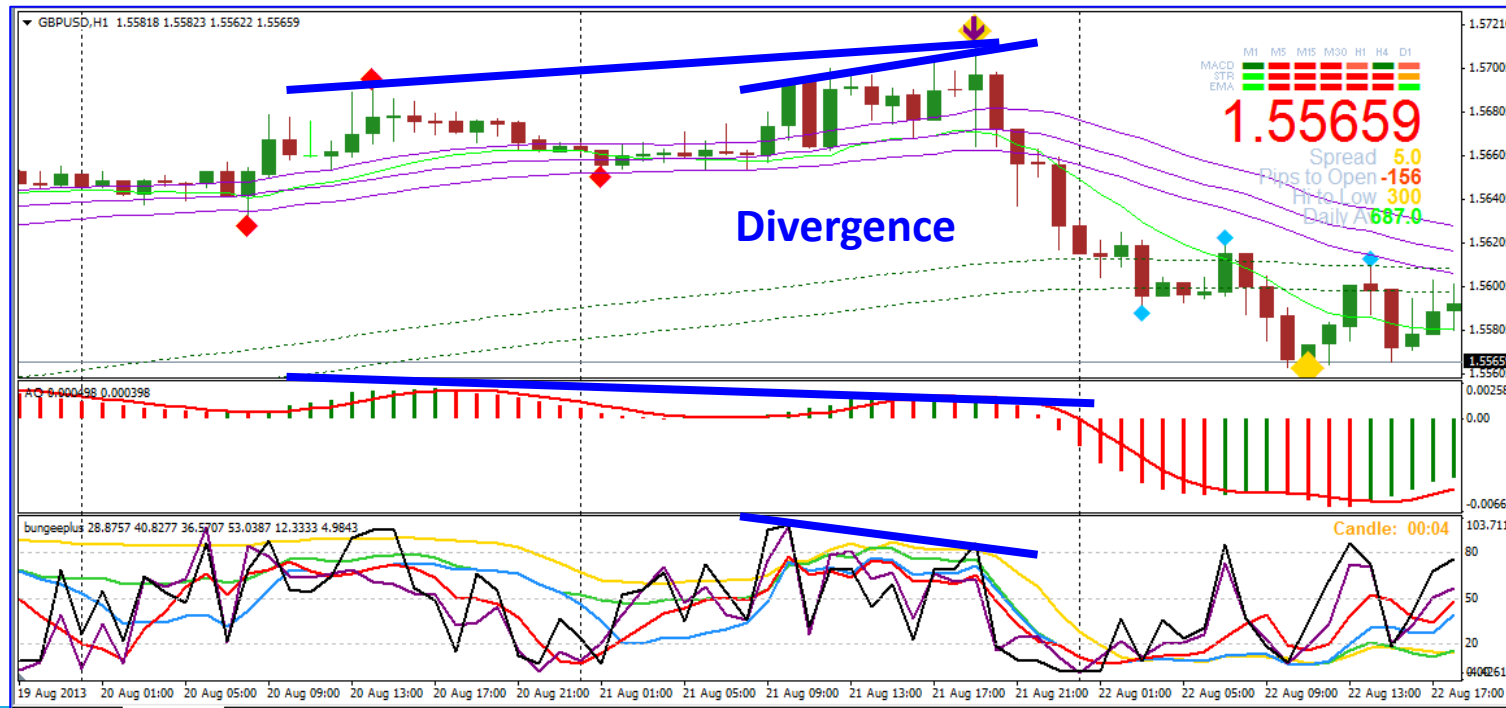
1. Often an indication that a move in the opposite direction has started
2. The Red and Blue Bungee lines must also point in the new direction on the candle close
3. Be aware of the existence of Divergence and what the higher time frame looks like



Purple and Black strands cross Red and price continues down. Divergence in CAO. Confirms PW trade. Red and Blue point down on new candle close.

## Bungee Divergences

1. Multiple Divergences found on Bungee at End of Trend consistent with PW
2. Price makes a higher high and Bungee strand does not
3. Price makes a lower low and Bungee strand does not



Purple and Black strands cross Red and price continues down. Divergence in CAO. Multiple Divergences in the Bungee Strands

## Some Observations

1. Bungee Strands moving together is a strong trend move
2. The Thin Blue Line – never trade against the Blue Bungee Strand on the time frame you are trading on and always check the time frame above for confirmation
3. The Yellow Line – Trend indicator if above 50% line

