### TAG XVIII New Orleans 1996

### NEOWAVE<sup>™</sup>—INNOVATIONS THAT MAKE ELLIOTT WAVE WORK BETTER FOR YOU

The golden era of technical analysis (circa 1920-1940) produced such market legends as W. D. Gann and R. N. Elliott. These pioneers of technical analysis laid the foundation for future generations of traders.

In 1982, Glenn Neely first learned of the Elliott Wave Principle. Taking the nucleus of an already revolutionary approach, Glenn discovered many important, but previously unquantified, concepts that enhanced a trader's ability to apply the Elliott Wave Principle under real-time market conditions. Glenn's quest for a scientific, objective approach to economic/social research led him to discover numerous price patterns and rules of interpretation that further clarified previously "unexplained" price behavior.

After more than a decade of work, Glenn is the first analyst to create a largely non-mathematical, reproducible technology for the analysis of economic activity that is based on logic. His pioneering techniques and sequential form of analysis are collectively known as NEoWave™ Technologies.

Glenn Neely is president and founder (1983) of the Elliott Wave Institute, a market research and advisory firm in Laguna Beach, California. The Institute develops innovative technical analysis approaches for market, economic, and social forecasting. The seeds of Glenn's research stem from the efforts of R. N. Elliott in the 1930s which produced his famous Wave Principle—a theory which attempts to quantify each stage of an economic/market cycle into specific price patterns.

Mr. Neely is author of the highly acclaimed book Mastering Elliott Wave, and is editor of all of the Institute's various WaveWatch advisory services. He has appeared on CNN and numerous financial talk shows around the United States, has spoken throughout Asia and the Far East, and has been a guest speaker at the Foundation for the Study of Cycles on many occasions. He has conducted seminars on NEoWave<sup>™</sup> (his advanced form of Elliott Wave) at the Ritz-Carlton Aspen, written articles for Cycles magazine, and addressed the prestigious Market Technicians Association in New York City. More recently, he has appeared on the front page of the Los Angeles Times and is regularly interviewed on the nationally syndicated "Bill Bresnan Show" on the radio in New York City.



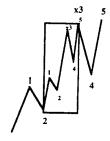
### GLEN NEELY

### ELLIOTT WAVE INSTITUTE

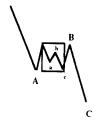
1278 GLENNEYRE LAGUNA BEACH, CA 92651 (800) 636-9283 FAX (714) 493-9149

### What is Elliott Wave?

In the early 1930's, a man named R.N. Elliott devised a new way of analyzing and classifying market behavior to an extent never before attempted. He discovered a way of classifying market action into specific structural and behavioral groups. These structure/behavior groups (called price patterns) have specific shapes and behavior attributes that, when identified, graphically represent the cumulative psychological state of all participating traders.



Self-Similarity on next Lower Degree

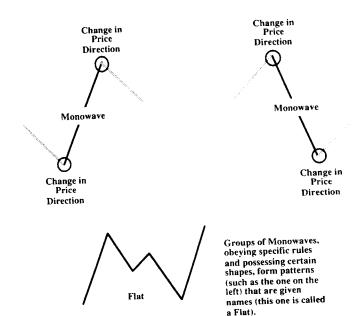


Self-Similarity at second Lower Degree

### What is a "Wave?"

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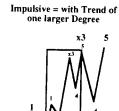
As incredible as it may sound, the term "wave" - the backbone of R.N. Elliott's entire Wave Theory - was never defined until the release of my 1989 book. MASTERING ELLIOTT WAVE (50 years after the concept was discovered). Since waves refer to the action visible on a price chart of a stock or commodity, the definition of "wave" must be dependent on references to price action. First, it is necessary to define "wave" in its simplest form. The simplest action possible on a price chart is a straight line (going either up or down). To describe this simple price action I have coined a new term: Monowave! This is the unambiguous definition of a monowave: the movement of a market from a change in price direction to the next change in price direction.

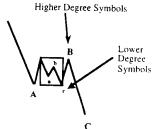


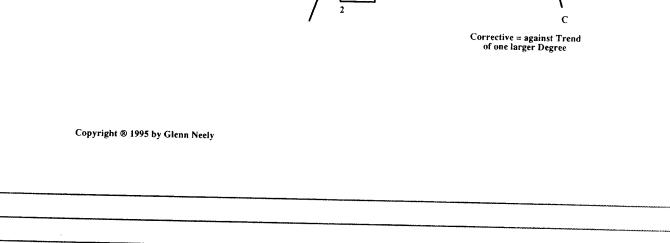
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### How are Waves categorized?

- By CLASS Impulsive or Corrective
- By DEGREE Titles and Symbols conveying magnitude and position

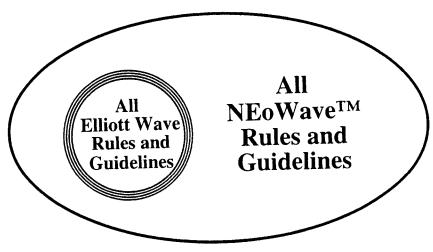






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#### NEoWave<sup>TM</sup>: A Superset of Elliott Wave



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 Nothing has been removed, many logical concepts have been added

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## Five (5) NEoWave<sup>TM</sup> Innovations - Overview

- NEoWave<sup>TM</sup> Charts
- NEoWave<sup>TM</sup> Rigidity
- NEoWave<sup>TM</sup> Self-Definition
- NEoWave<sup>TM</sup> Limits
- NEoWave<sup>TM</sup> Self-Confirmation

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# Innovation #1 • NEoWave<sup>TM</sup> **CHARTS**

- Market Suitability
- Cash Data vs. Futures Data
- NEoWave<sup>TM</sup> PLOTS
- Defining "Waves"
- Conclusion

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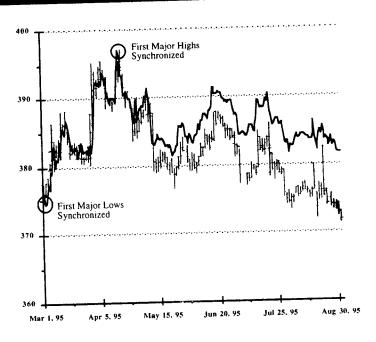
### Market Suitability

- Non-Consumable Item
- Perpetual Life (10+ years)
- Current Value Builds on Past, Time does NOT Automatically have Negative Effect on Value
- Affordable to Thousands
- Prices Readily available

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### Cash Data vs. Futures Data

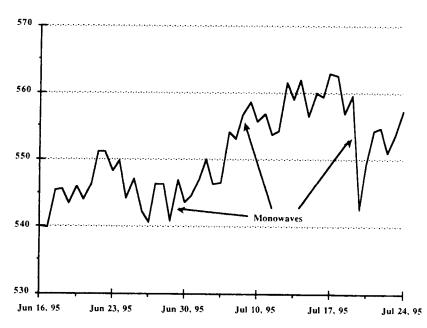
In the diagram on the right, Gold Futures data is superimposed with Gold cash data. To make sure of a perfect fit, the first major low and high of both markets are synchronized. From this comparison, the continuous deterioration present in Futures data becomes apparent. In just six months, the Dec. Gold Futures lost \$10 in relation to the London Cash Gold market. That magnitude of deterioration makes it dangerous to rely on Futures data to do your Wave analysis. Futures data obviously plays and important role in real-time trading (and is therefore necessary), but cash data should be used for all pre-trading analysis to achieve the most reliable results.



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### NEoWave<sup>TM</sup> PLOTS

When employing a NEoWave™ PLOT to do your analysis. monowaves (the building blocks of wave theory) finally become visible. This type of plotting creates what I call NEoWave™ Charts, which dramatically improves pattern clarity, that then allows you to increase your forecasting accuracy.

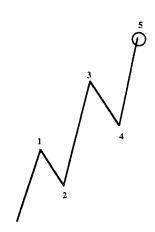


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## Innovation #2 • NEoWave<sup>TM</sup> **RIGIDITY**

### Common, but incorrect Wave count

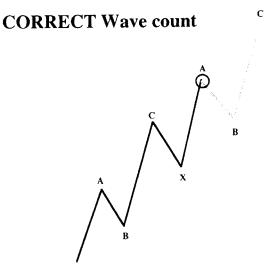
If you count a market advance just like the one shown in the manner listed, your count will absolutely be wrong. You may not realize it right away, bu at some point in the future you will be forced to accept that fact, which means you will have to alter your wave count and your expectations. To make matters worse, during the advance, there is a good chance you may have attempted to go Short as "wave-5" exceeded the top of "wave-3." But, of course, that trade turned out to be a loser because the count was never correct to begin with. This is a situation so many wave analysts have had to go through for the last seven years due to misinformation regarding prodevelopment of an Impulsiv pattern.



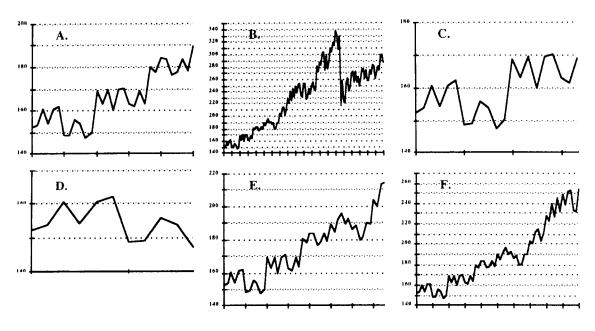
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#### NEoWave<sup>TM</sup> Perspective

Since no Extended wave existed in the pattern at the time the 1,2,3,4,5 labels were placed, those labels were incorrect from the very beginning. Lack of an Extended wave in an advance or decline indicates Corrective, not Impulsive, activity. This applies not matter how fast or how large an advance or decline is. In isolation, the size and extent of a move is unrelated to whether it is an Impulsive or Corrective. But, most Elliott Wave analysts assume that any large or powerful move any large or powerful move up (and sometimes down) is Impulsive. Obviously, that approach is based on a preference, not a set of rigid rules. With NEoWave<sup>TM</sup>, you never would have had a second to a Short near the reason to go Short near the circled point, so you would have avoided a losing trade.



### NEoWave<sup>TM</sup> Complexity Range

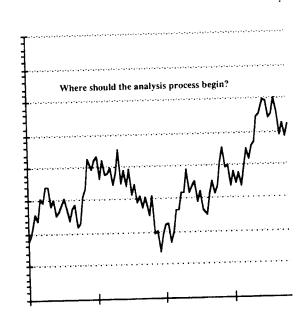


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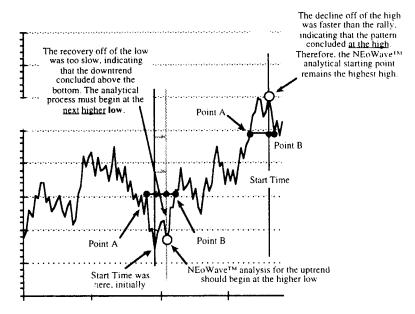
## Innovation #3 • NEoWave<sup>TM</sup> **SELF-DEFINITION**

 Determining the Proper Starting Point



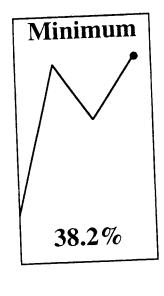
### Validating START TIME with NEoWave<sup>TM</sup> Technology

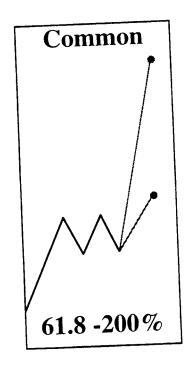
When preparing to analyze a chart for the first time, you need to determine whether the wave counting process begins immediately off of the high or low, or whether it should begin AFTER the high or low. To do this, first determine the general trend of the market. If it has been moving upward, start this process from the lowest low. If it is has been moving downward, start this process from the highest high. Next, draw a vertical line intersecting that high or low. Then, going backwards in time, pick and important high or low that occurred shorethe high or low. Mark that Point A. Draw a line from Point A forward in time until it intersects future price action. Measure the time from Point A to START TIME (call that Segment A) and compare it to the time from START TIME to Point B (call that Segment B). If Segment B is smaller than Segment A, you can begin the analysis at START TIME. If Segment B is larger than Segment A, move START TIME to the first higher low to the right and begin this process again.

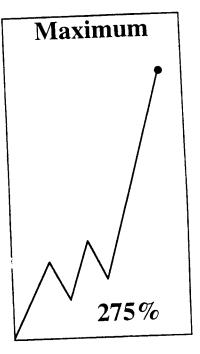


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# NEoWave<sup>TM</sup> PRICE Limits in Impulsions

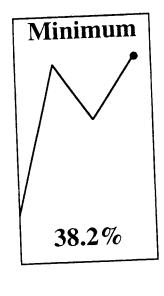


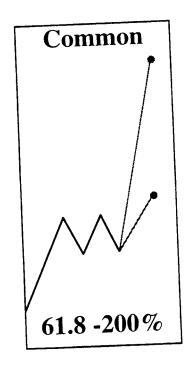


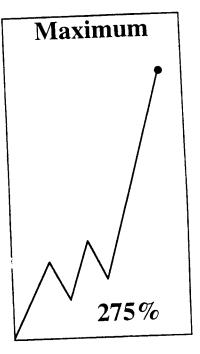


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# NEoWave<sup>TM</sup> PRICE Limits in Impulsions

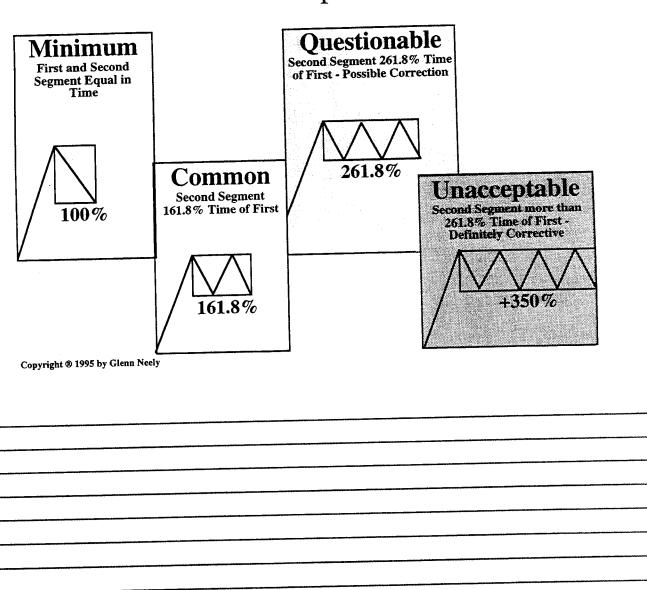




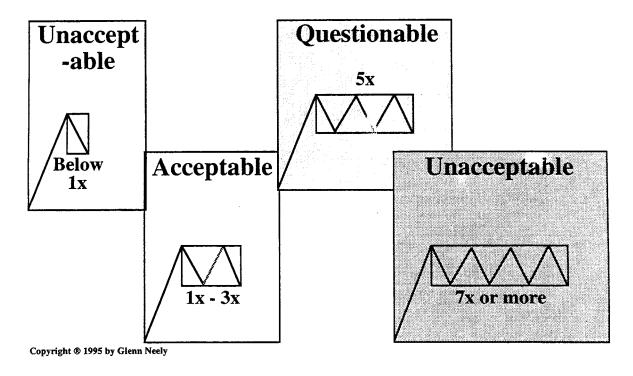


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## NEoWave<sup>TM</sup> TIME Limits in Impulsions

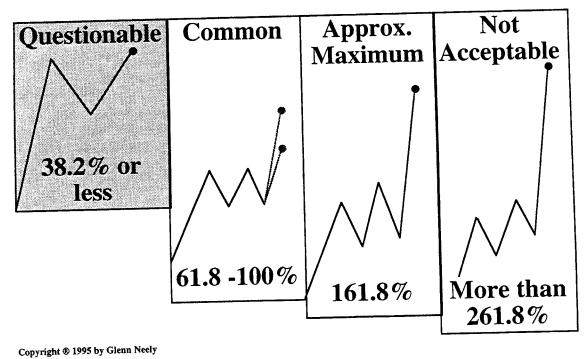


## NEoWave<sup>TM</sup> COMPLEXITY Limits in Impulsions

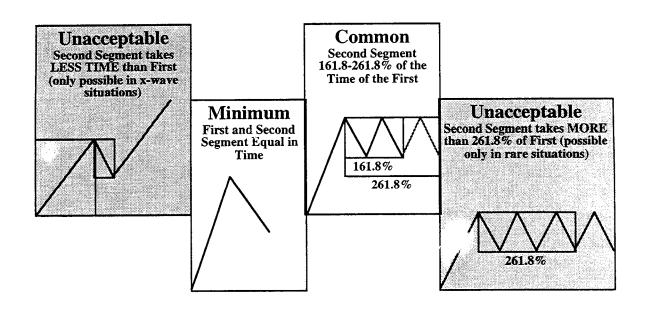


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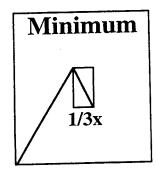
## NEoWave<sup>TM</sup> PRICE Limits in Corrections

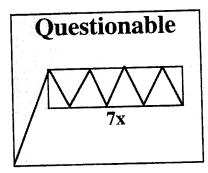


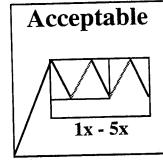
## NEoWave<sup>TM</sup> TIME Limits in Corrections

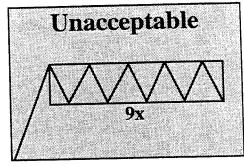


## NEoWave<sup>TM</sup> COMPLEXITY Limits in Corrections

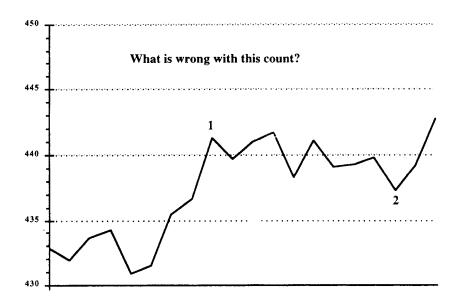






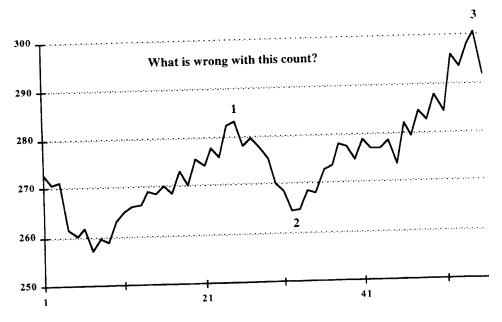


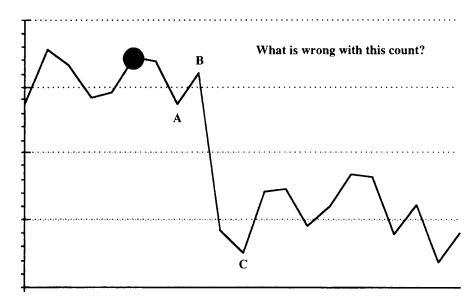
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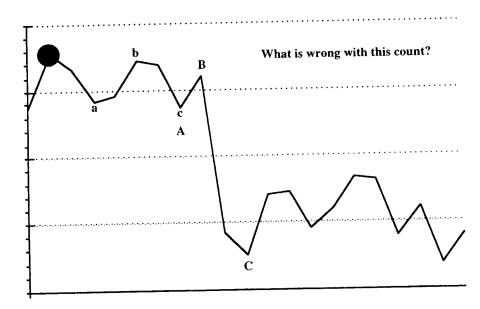


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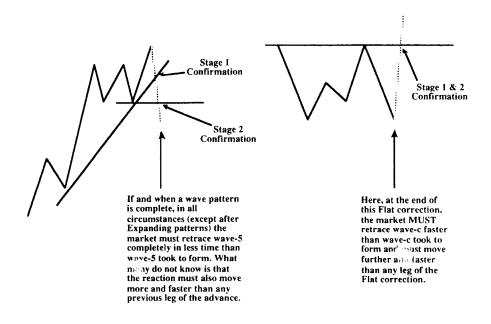






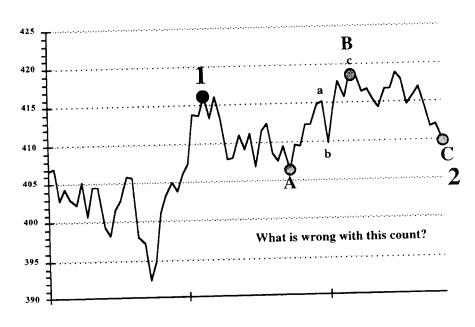
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### Innovation #5 • NEoWave<sup>TM</sup> **SELF-CONFIRMATION**

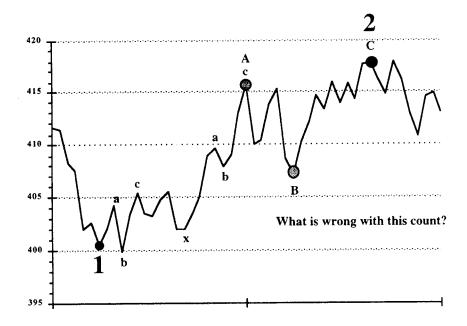


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# NEoWave<sup>TM</sup> SELF-CONFIRMATION



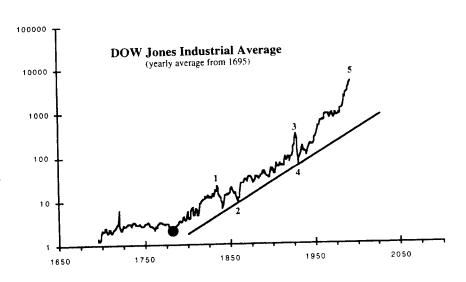
## NEoWave<sup>TM</sup> **SELF-CONFIRMATION**



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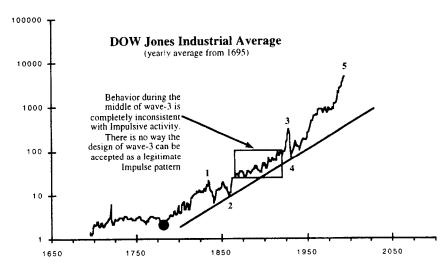
### Popular Wave Count•US Stock Market

This is the wave count most Elliott Wave analyst's believe is correct. This scenario is the reason that the orthodox Elliott Wave camp has been so wrong about the direction of the U.S. stock market for the last seven years. There is not even the remotest chance that this scenario is correct. The inaccuracy of this count will become increasingly apparent as the Dow continues to advance powerfully, well into the middle of the 21st century.



## Why Elliott Wave analysts have been wrong about the U.S. Stock Market?

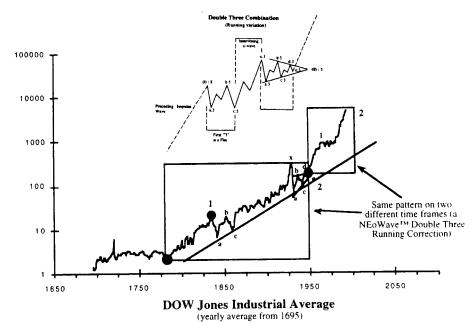
Right in the middle of wave-3, the area of an Impulsive advance that is typically the most powerful, trendy part of the pattern, is the deadest period of the last 200 years. Clearly, that advance, no matter what you emotionally would like to believe it is, cannot be the middle of wave-3, which means that the advance IS NOT wave-3. Of course the question is, what is going on. Well, the same scenario I have been espousing for 14 years. See next page...



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## What does NEoWave<sup>TM</sup> say about the U.S. Stock Market?

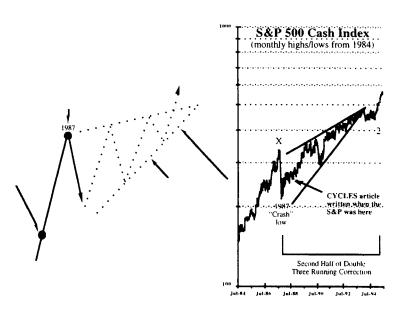
This is the scenario I established for the DOW and the S&P almost ten years ago. Because this chart is based solely on the average of yearly highs and lows, the detail necessary to decipher wave-2 is not visible. It is more obvious on the monthly WAVE chart that follows. Notice the inset above the actual chart. That is a diagram from my book, MASTERING ELLIOTT WAVE. It shows the pattern that unfolded from 1789 to 1949. Since 1949. a smaller version of the same pattern appears to be unfolding.



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## An Historical Perspective on the Accuracy of NEoWave<sup>TM</sup>

The diagram immediately to the right is part of a long-term forecast first made in 1988 and is presented at the back of my book, MASTERING ELLIOTT WAVE.. It is the ONLY long-term forecast on the U.S. stock market released by any well-known Wave analyst (any analyst, for that matter) that has actually been continuously correct since 1987's "crash" low. The chart on the left is an exact duplicate of the forecast first presented in Cycles magazine in August of 1988 (just over seven years ago). Comparing the forecast on the right with the actual price action on the left, you can see that this forecast was correct not only in general, but in fine detail. This the strongest testament I can provide which proves that NEoWave™ works far better than orthodox Elliott Wave.



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#### **Products and Services Guide**

#### **Fax Services**

#### NEoWave<sup>TM</sup>/TRADING

Available on three markets - S&P 500, Gold, and Bonds

Offered on a DAILY or WEEKLY basis (with yearly or six-month subscriptions available)

Prices: •Daily for 1 year - \$895.00 per market • Daily for 6 months - \$495.00 per market

•Weekly for 1 year - \$295.00 per market • Daily for 6 months - \$185.00 per market

#### NEoWave<sup>TM</sup>/CHARTS

Available on three markets - S&P 500, Gold, and Bonds

Delivered every Monday by Fax (with yearly or six-month subscriptions available)

Prices: 1 year - \$295.00 per market • 6 months - \$185.00 per market

#### Main Reference Material

Mastering Elliott Wave (1989)

333pgs - Presents the first scientific, objective approach to Wave analysis.

\$95.00 + S&H

Art of Trading (1988)

250 pgs - Seminar material on real-time trading techniques, with emphasis on Gann Concepts.

NOT A BOOK, this is the material handed out at the seminar. Requires study!

\$195.00 + S&H (Free when purchasing NEoWave Conference material, see below)

#### **Advanced NEoWave Material & Courses**

NEoWave<sup>TM</sup> Telephone Course

A real-time 3-month course conducted personally by Mr. Neely, one-on-one over the telephone For those who want to dramatically increase their knowledge of wave theory and trading Watch the markets evolve real-time as you learn to predict and trade them successfully \$2900 (includes a large package of material sent to get you quickly analyzing and trading)

#### NEoWave Conference (Ritz-Carlton, Aspen - 1995)

12hrs of **live** recording on audio tape. Includes a 300+ page seminar manual (100's of charts). This material picks up where MASTERING ELLIOTT WAVE left off, highly recommended \$895.00 + S&H (Art of Trading manual sent FREE with this purchase)

#### **Hotlines**

- Daily Trading updates, call 900-733-8355 (\$2.95 min) sponsored by FUTURES Magazine
- Weekly Trading updates, call 900-990-1618 (\$2.95 min)
- Live Consultation w/Glenn Neely, call 800-636-9283, Ext.3 (\$10.00 min./3 min. minimum)

#### Newsletters

#### Wave Watch/JOURNAL

Released on NON-PERIODIC basis, providing you with the most accurate market analysis possible.

Until an important wave structure is clear and near completion, no updates are released.

This can mean extended periods between publications, sometimes more than 12 months. Usually runs 20-50pgs.

#### Wave Watch/REPORT

Reports provide intermediate-term market analysis and usually run 2-4 pages.

\$395.00 - 5 Journals and 10 Reports Old Journals available at \$29.00 each

All prices U.S. dollars. Additional charges apply to foreign customers.

Payment accepted in the following forms: VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER. DINERS CLUB Make Check or Money Order payable to Elliott Wave Institute, 1278 Glenneyre, Laguna Beach. CA 92651 For more information, call 1-800-636-9283 (International, call 714-497-0949) • Fax 714-493-9149

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