



**LAS VEGAS
1998**

**Keep It
Simple Stupid**

**Trading with
the Elliott Wave
Principle**

**MARK A.
SCHIMMEL**



Using Elliott Wave successfully means using it simply. Mark Schimmel designed this workshop to provide you with the basic tools needed for a solid understanding of basic Elliott Wave structures: the 5-wave (impulse) pattern and the 3-wave (corrective) pattern. Specifically, Mark believes that you can successfully trade using Elliott Wave analysis by following only three basic rules accompanied by a handful of guidelines.

Each Elliott Wave structure defines the trend and the market's next likely move. With a solid understanding of these simple rules and guidelines, you will gain confidence in counting a chart, which can result in a better understanding of the item's price potential. Along with the basics, Mark will share several trading approaches to the Elliott Wave sequence. These include deriving likely targets for the next move, assessing risk/reward parameters, and using the Wave Principle to minimize risk.

* * *

Mark A. Schimmel is a senior market analyst with Elliott Wave International (EWI), the world's premiere Elliott Wave organization. He provides real-time commentary on dozens of global equity, bond, currency and commodity markets for professional and private investors around the world. Mark teaches EWI's comprehensive tutorial on the Elliott Wave Principle and conducts seminars and workshops to retail and institutional investors worldwide. He has served as the editor of *The Elliott Wave Theorist Short-Term Update*, an adjunct service offered to subscribers of Robert Prechter's *Elliott Wave Theorist* newsletter. Mark also provides EWI subscribers with live telephone market opinions on all world markets and presents daily and intraday commentary on worldwide markets for EWI's institutional *Outlook* services.

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Voodoo

Is it a

5

or a

3?

Five Wave Move:

Normal Five Wave Move

Three Wave Move:

A-B-C

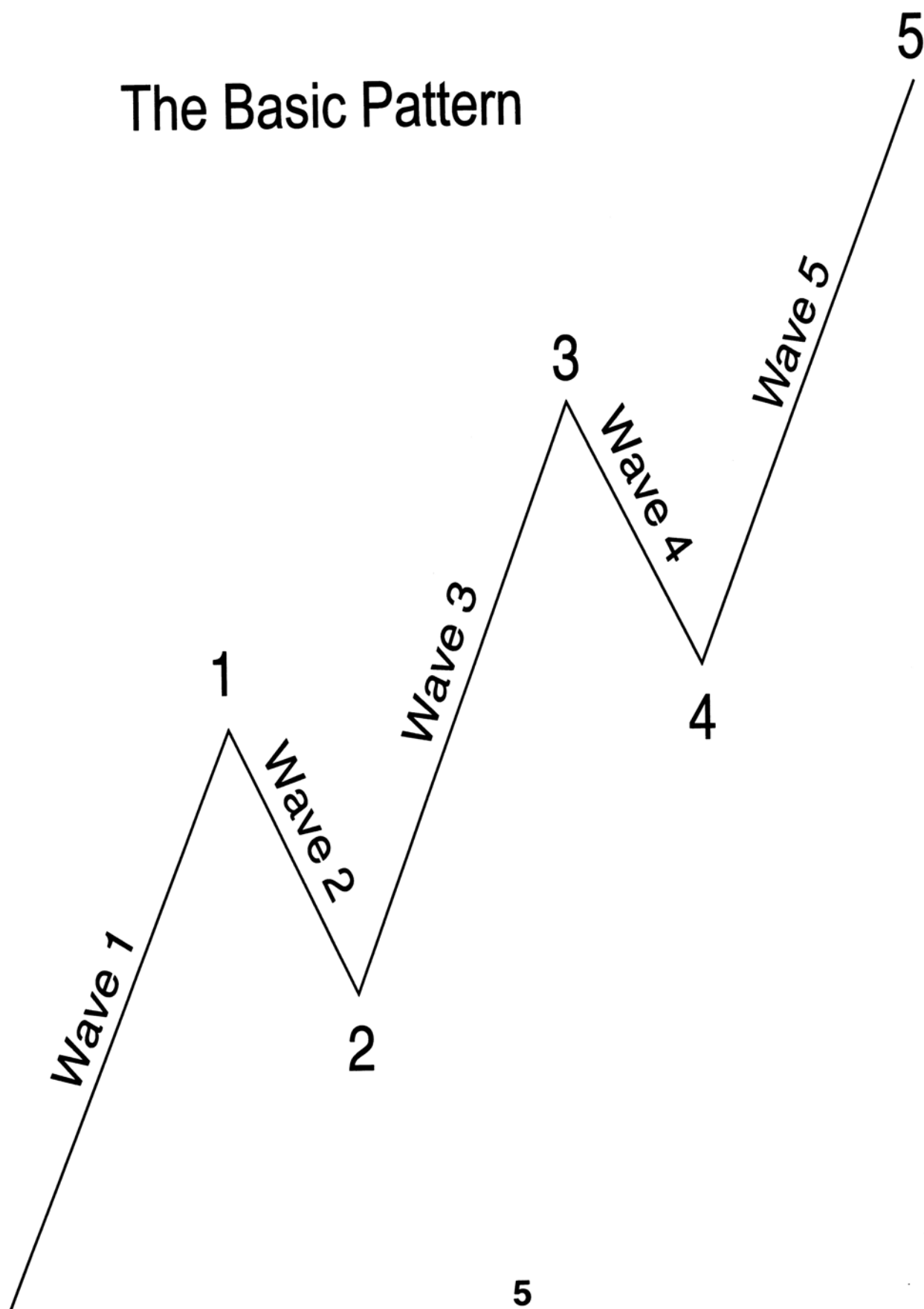
Market Move

Employing these waves.

Techniques:

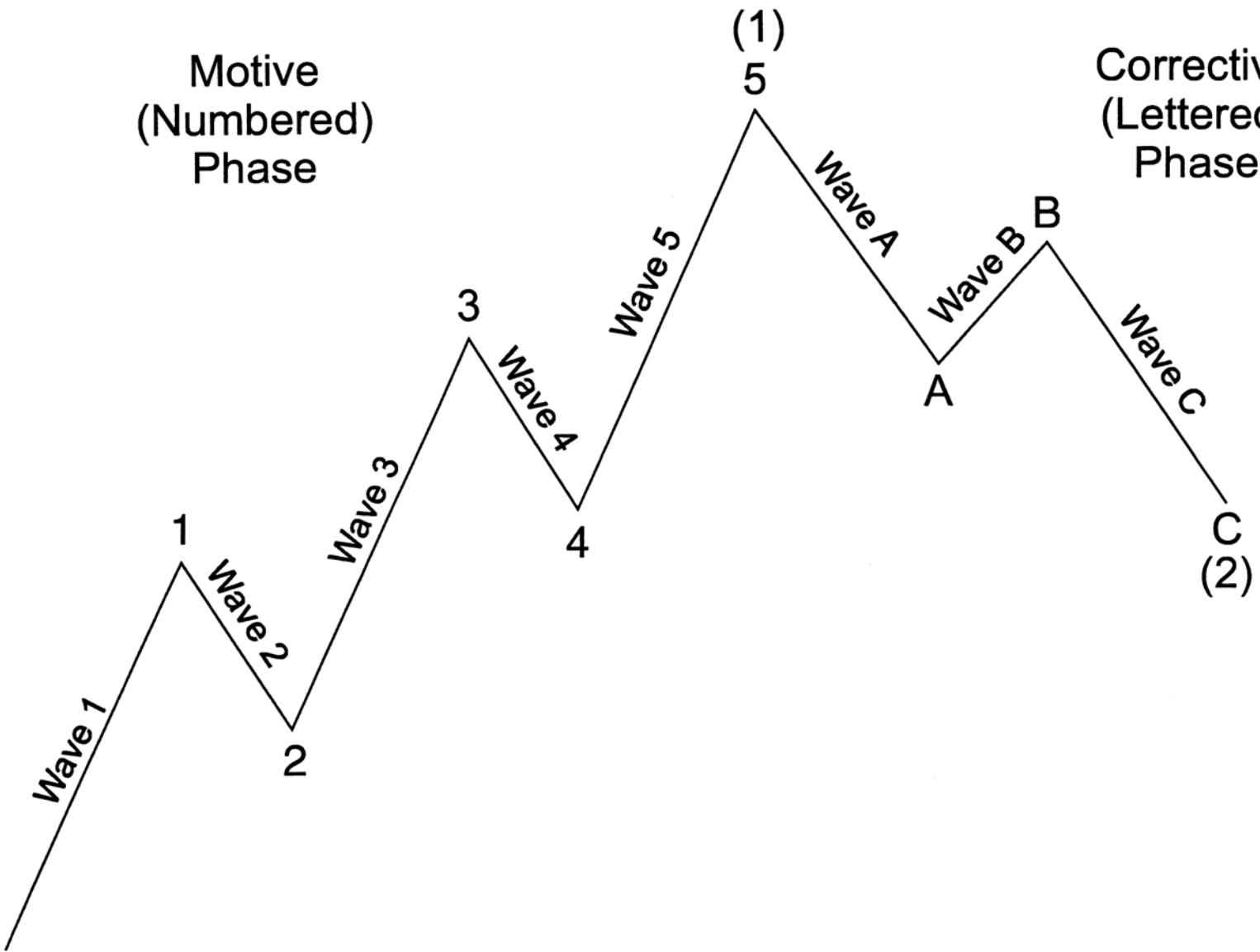
Counting and trading.

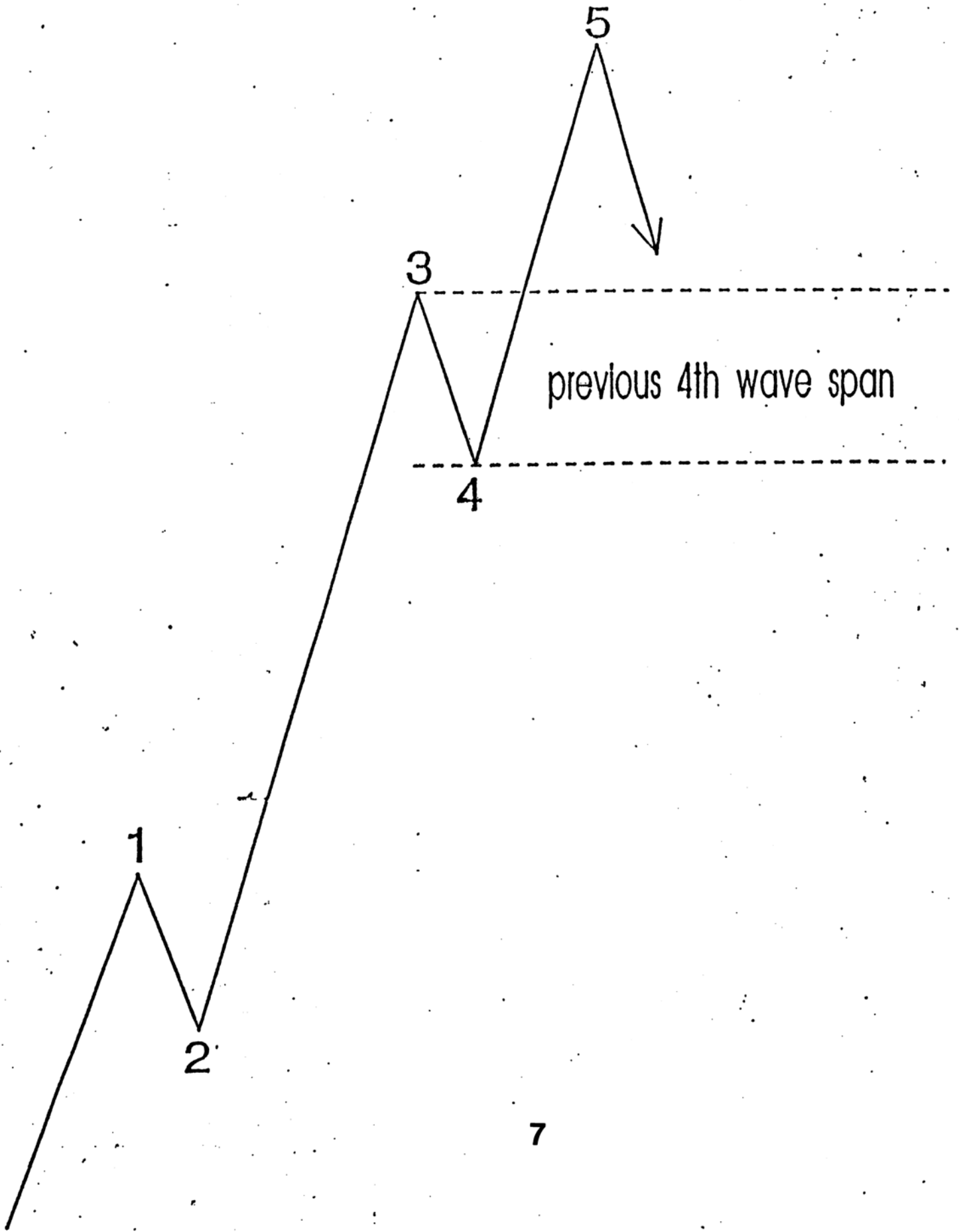
The Basic Pattern

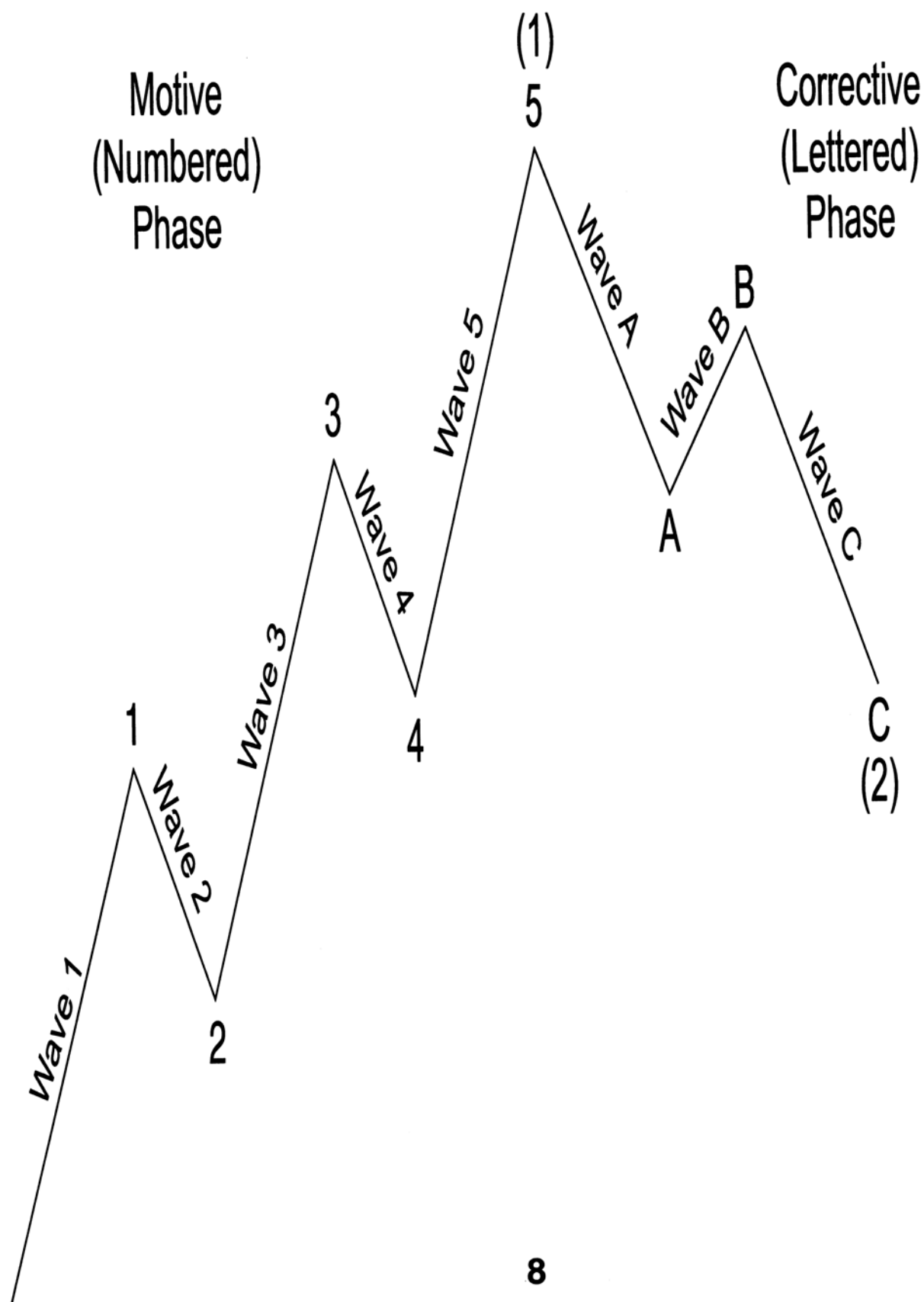


Motive
(Numbered)
Phase

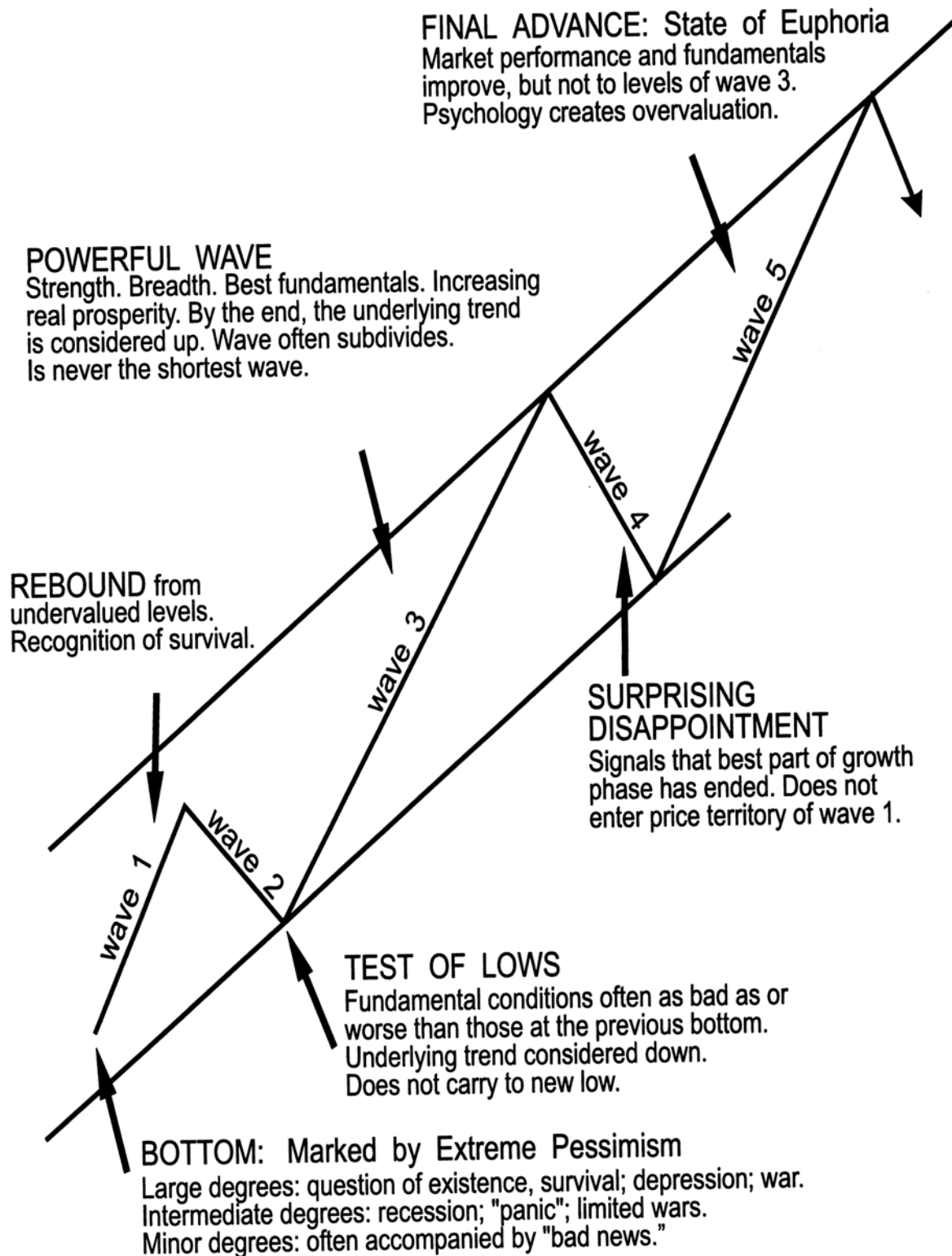
Corrective
(Lettered)
Phase

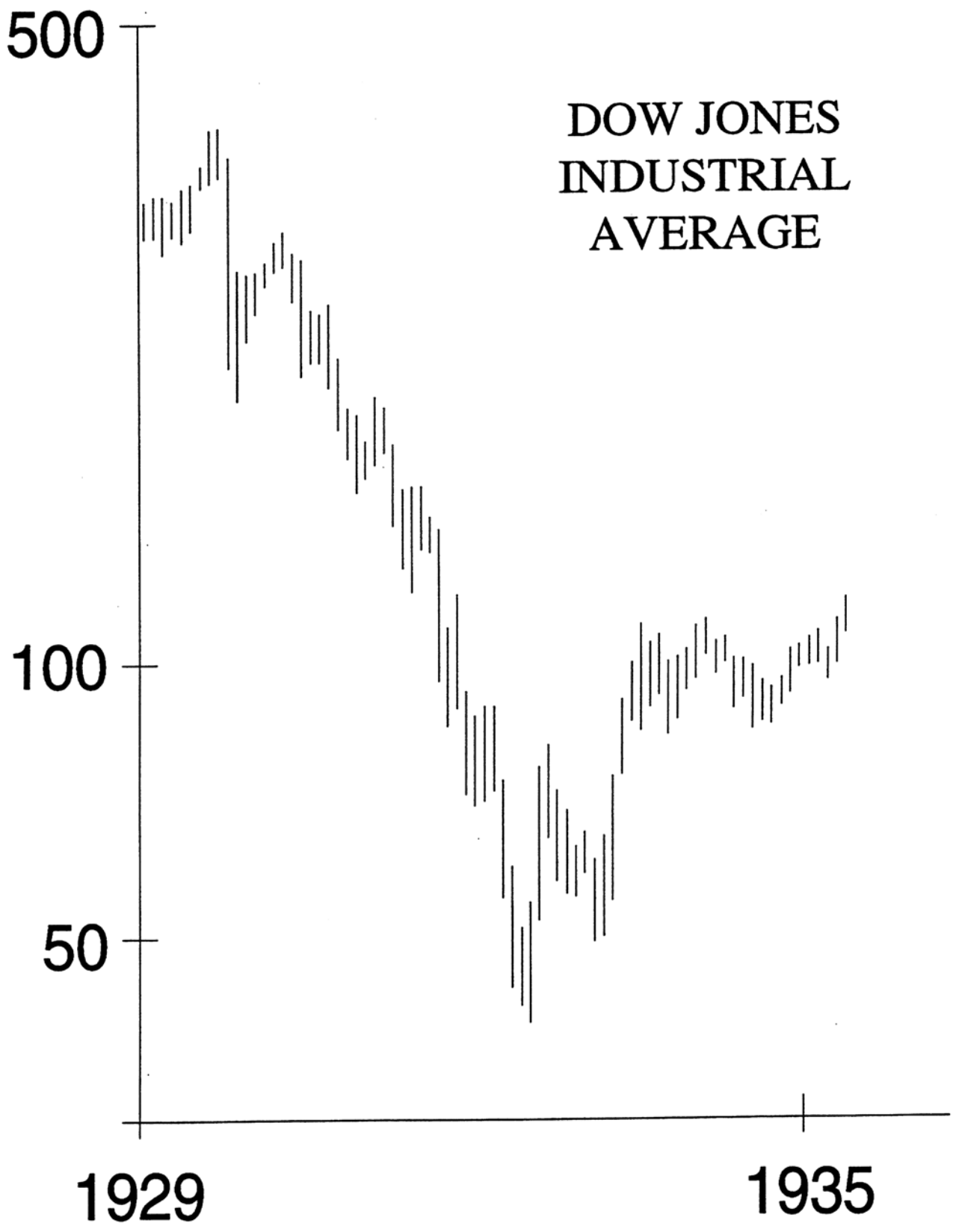






Idealized Elliott Wave Progression



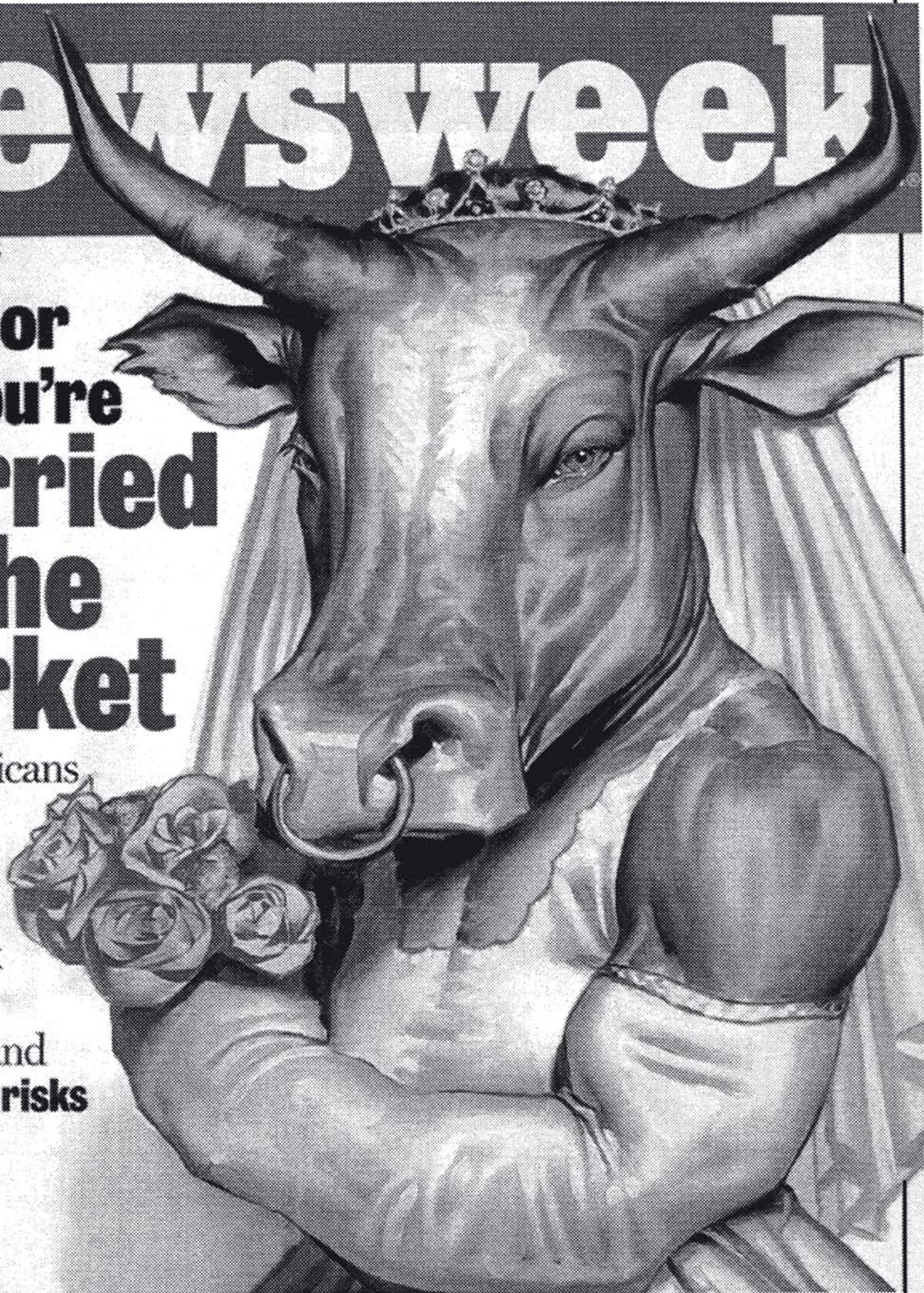


Newsweek

April 27, 1998 : \$2.95

Like It or Not, You're Married to the Market

More Americans than ever are betting on stocks. A hard look at today's **rewards**—and tomorrow's **risks**



If it ain't a

5

it's a

3

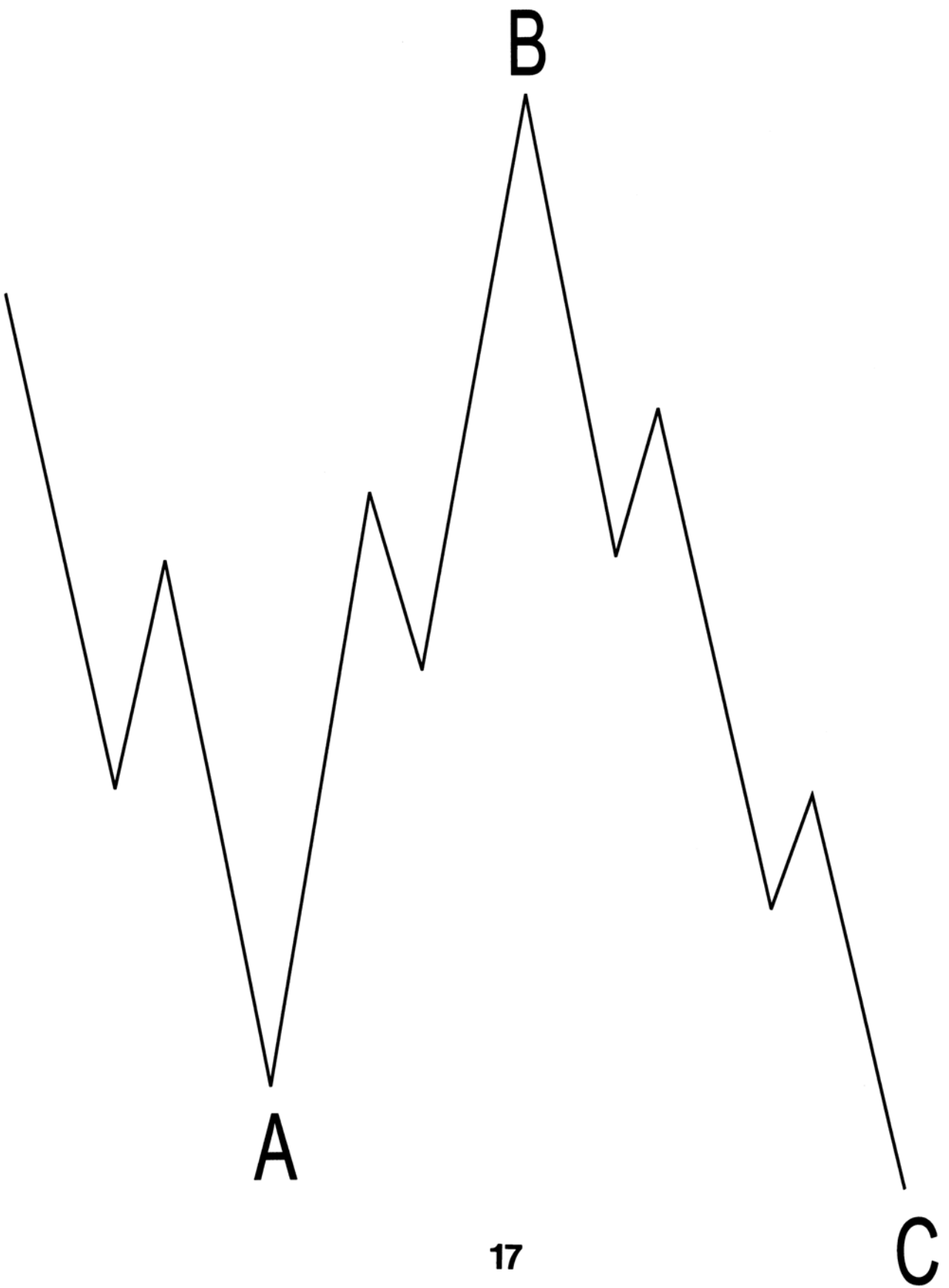
September S & P 500 Daily

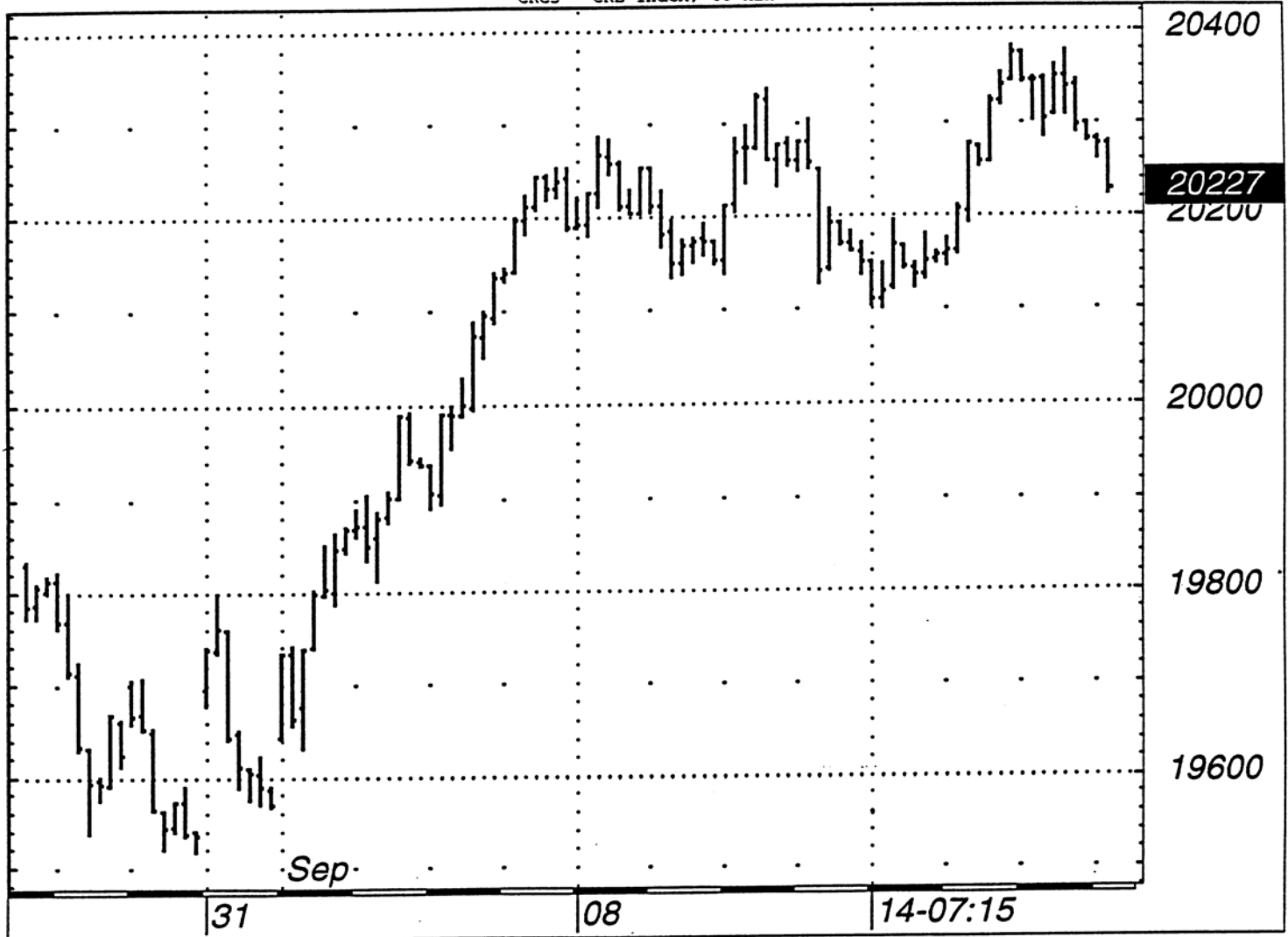




September S & P 500 Daily





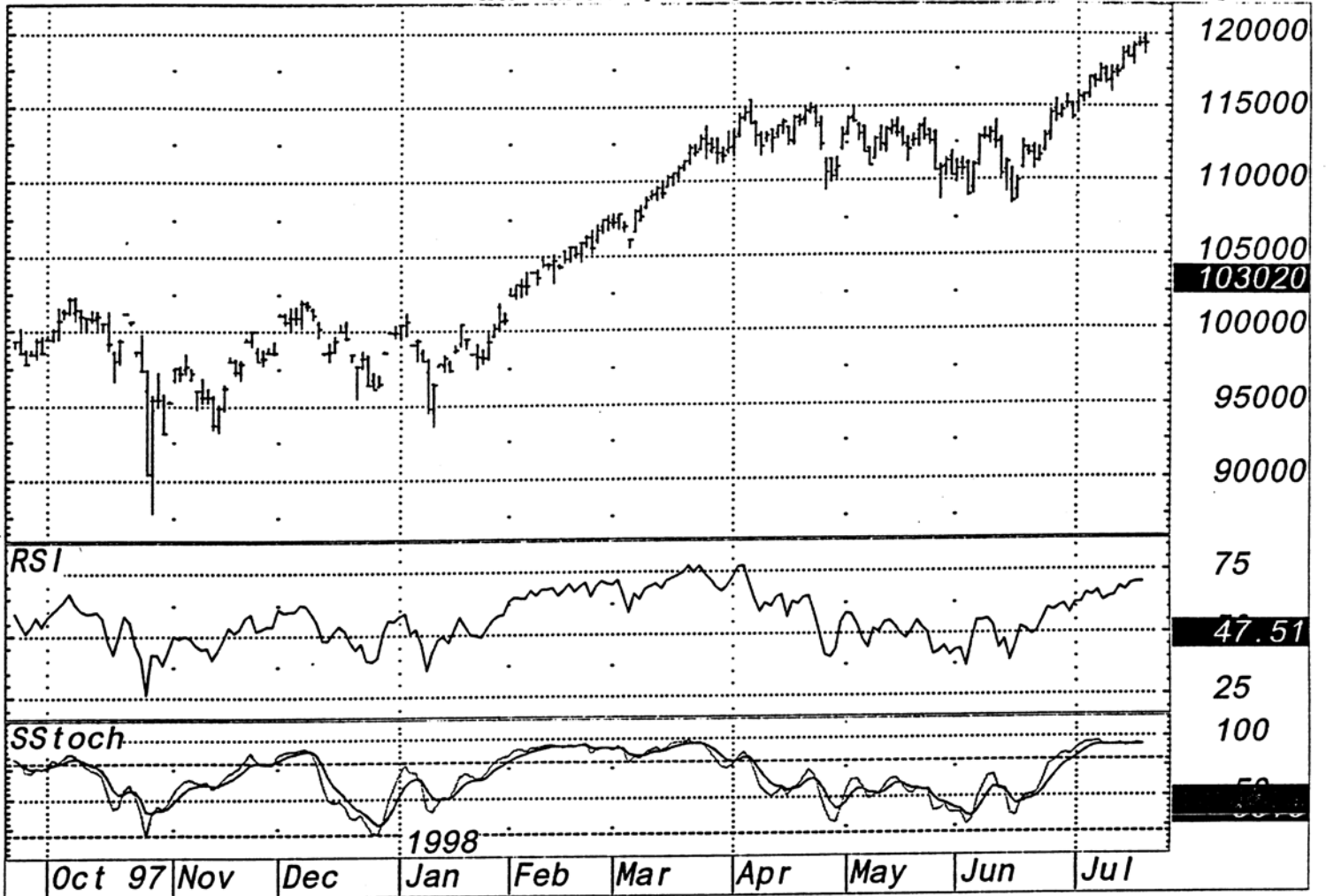


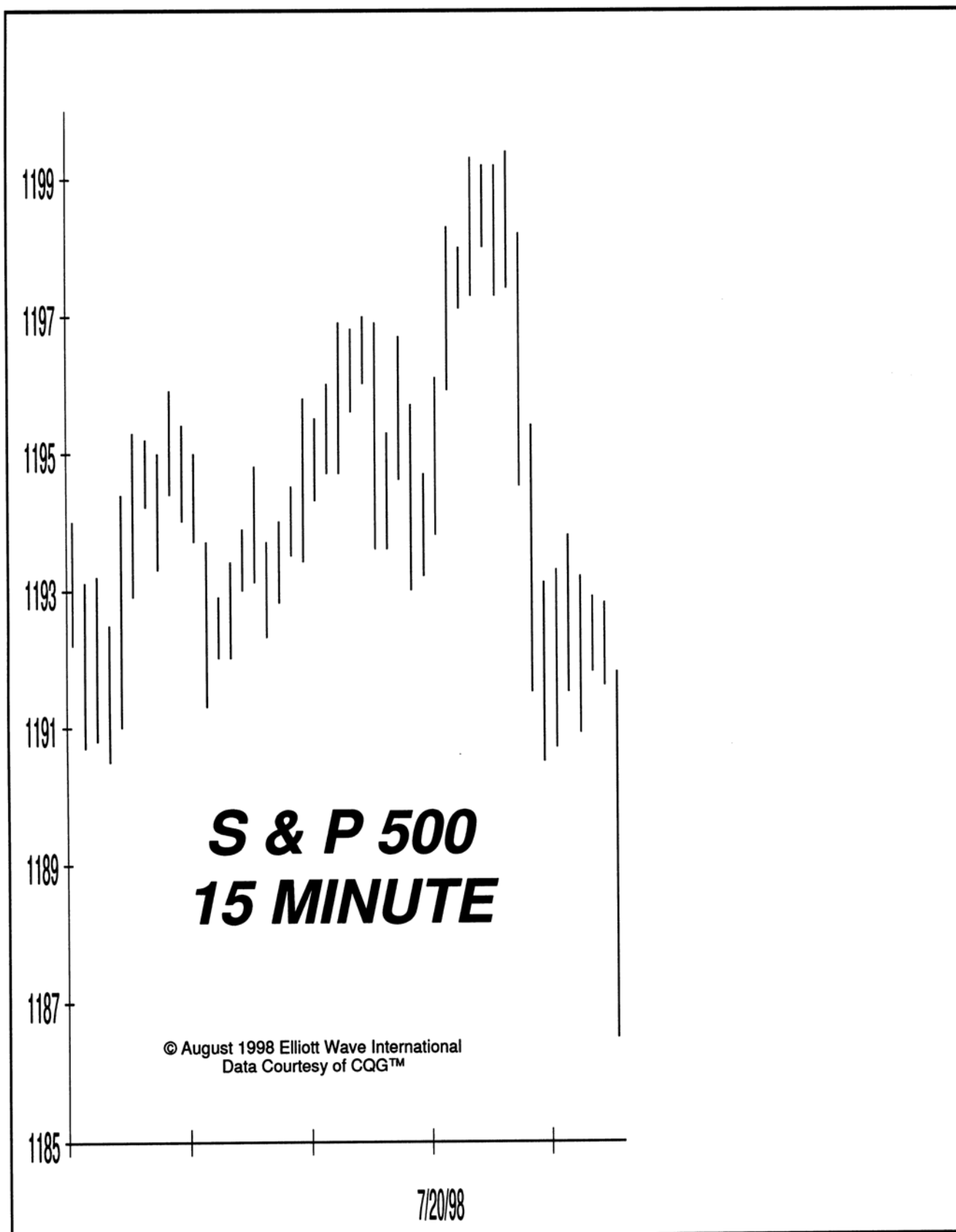
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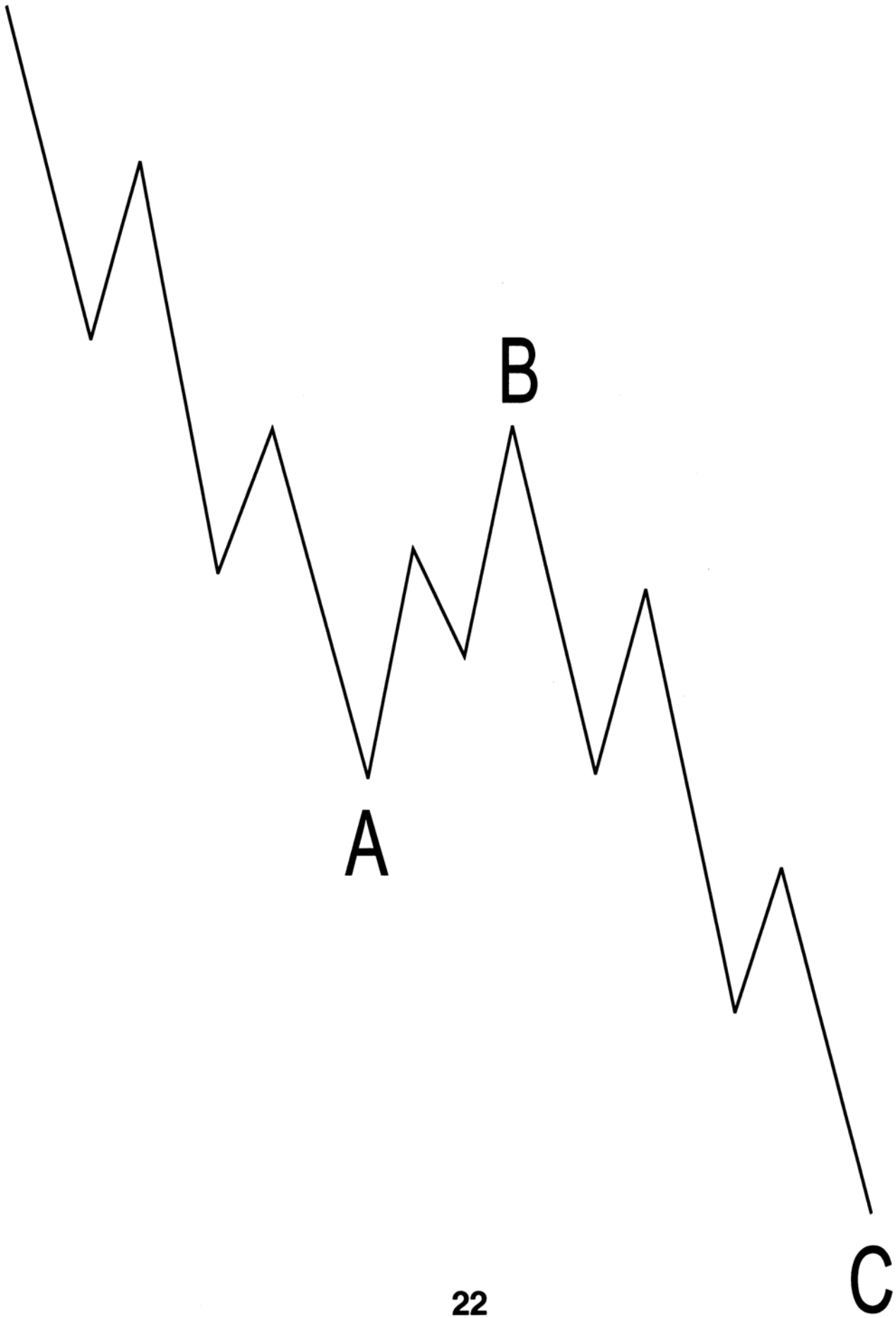
September S & P 500 Daily

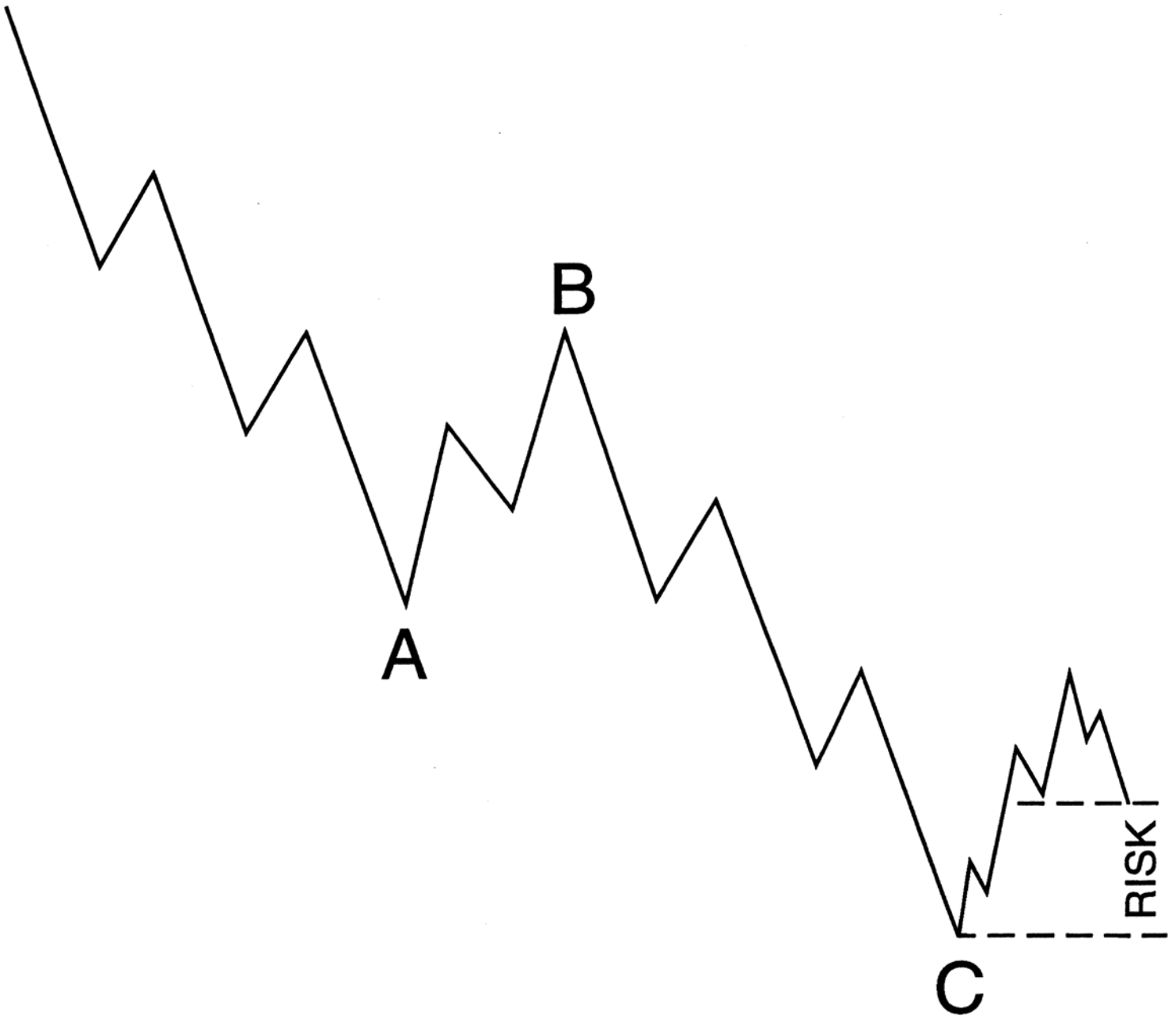


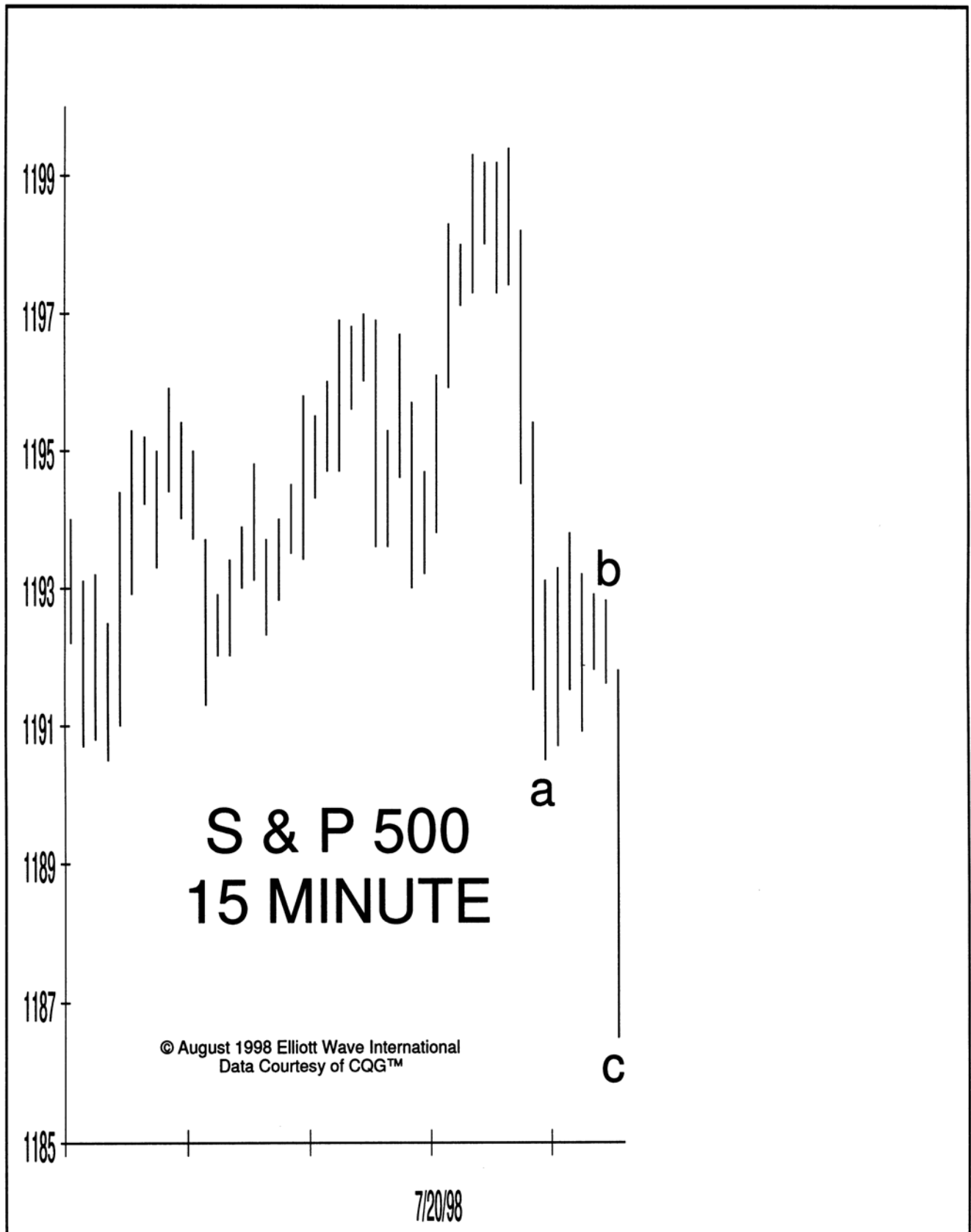
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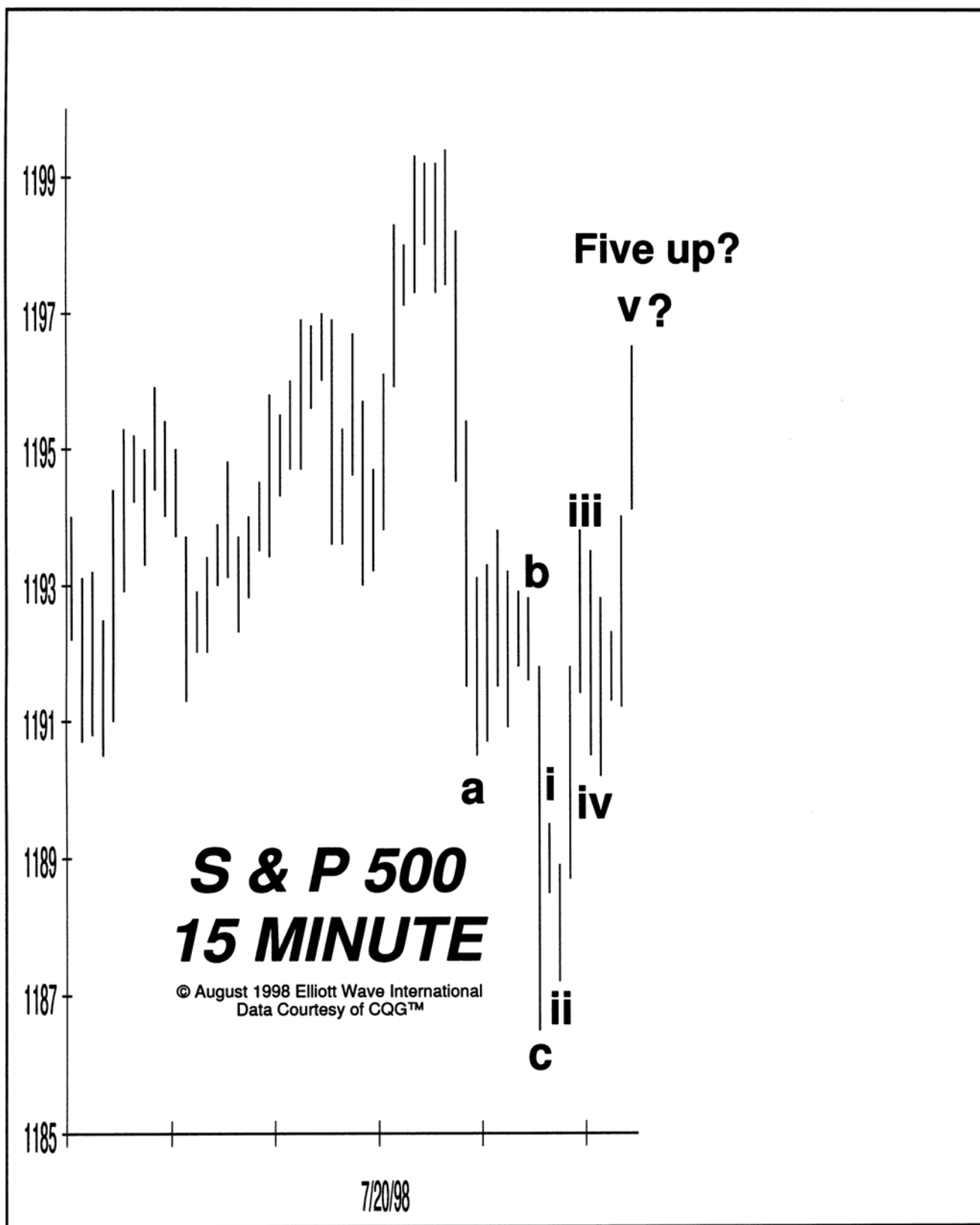


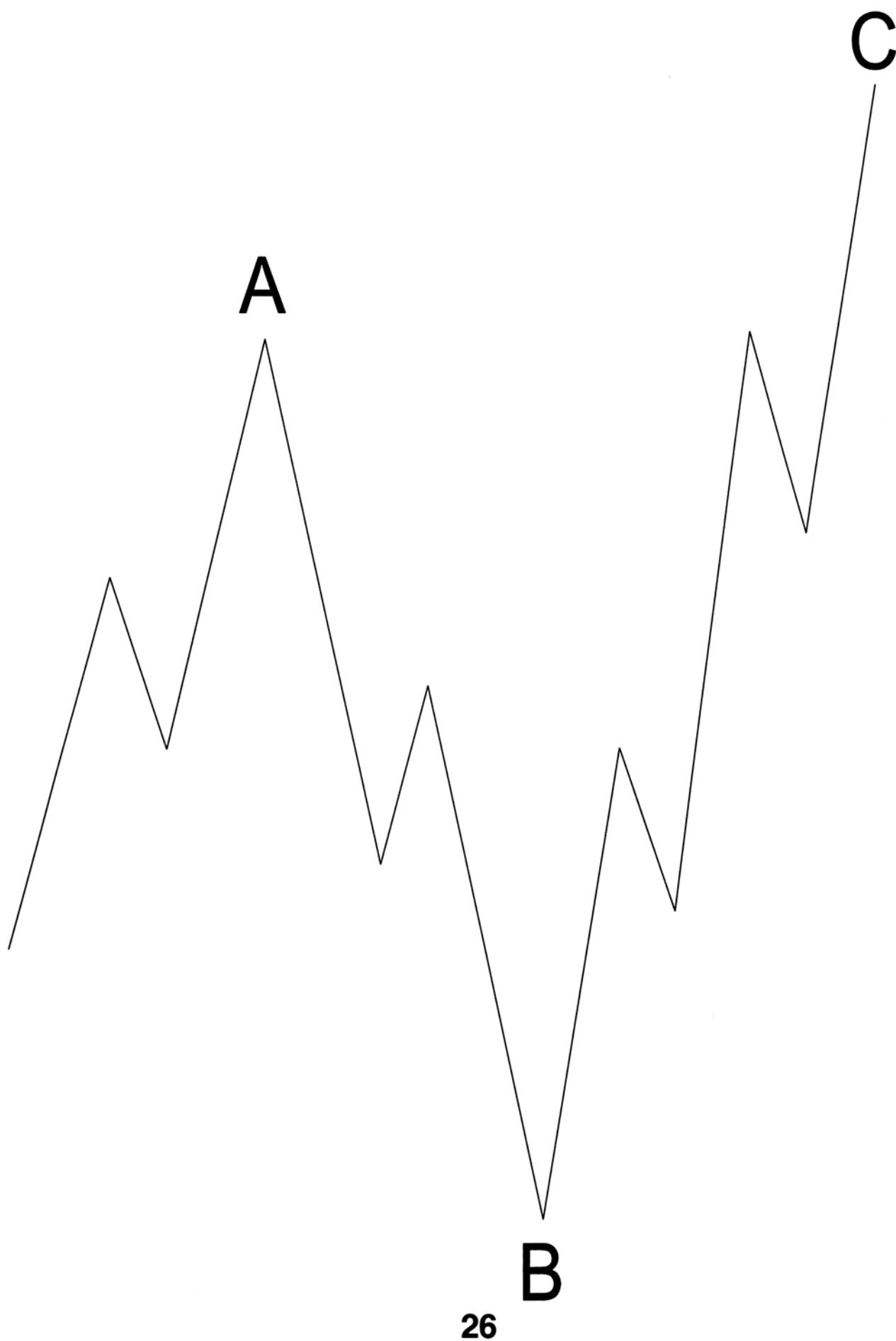












EXPANDED FLAT:

The pattern consists of a three-three-five affair.

The first wave (wave a) is a smaller degree three wave move (a-b-c).

The second wave is also a smaller degree three-wave move (wave b).

This wave could also take the shape of a triangle by itself.

The third wave (wave c) is a five-wave move (impulse wave).

We are most concerned with this wave, in terms of trading.

Trading Technique: Expanded Flat:

A. Once wave c completes a five-wave move, move long or short (depending on the situation).

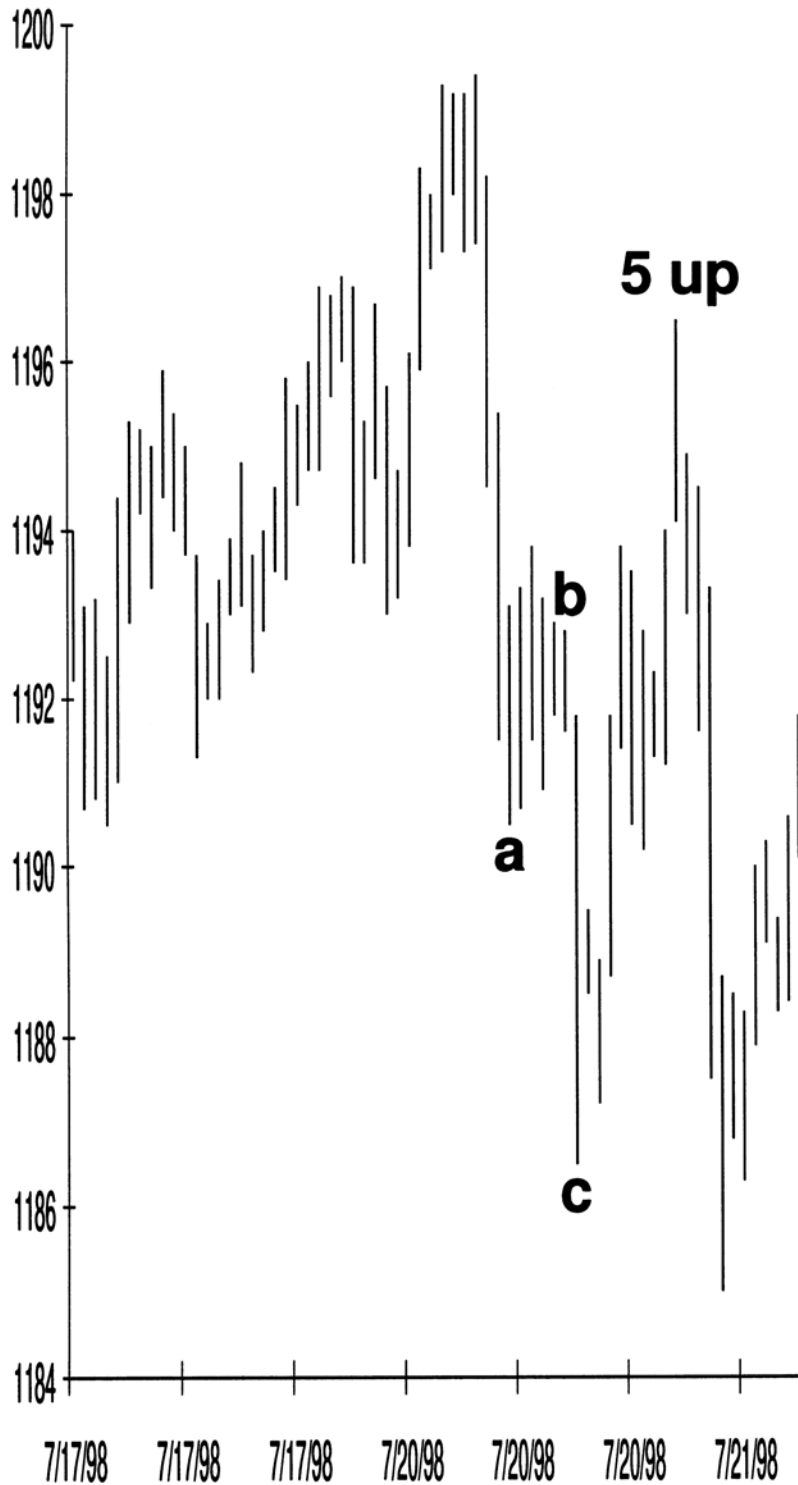
In this case, we would move short.

B. Place a protective stop exactly one tick above wave five's peak as prices begin to pullback.

This peak is now key resistance for a bearish move. If prices take out the top of wave five, even by one tick, the probability is that the pattern is not an expanded flat. That does not mean that prices could not still fall. It simply says the count is probably something else.

S & P 500 ***15 MINUTE***

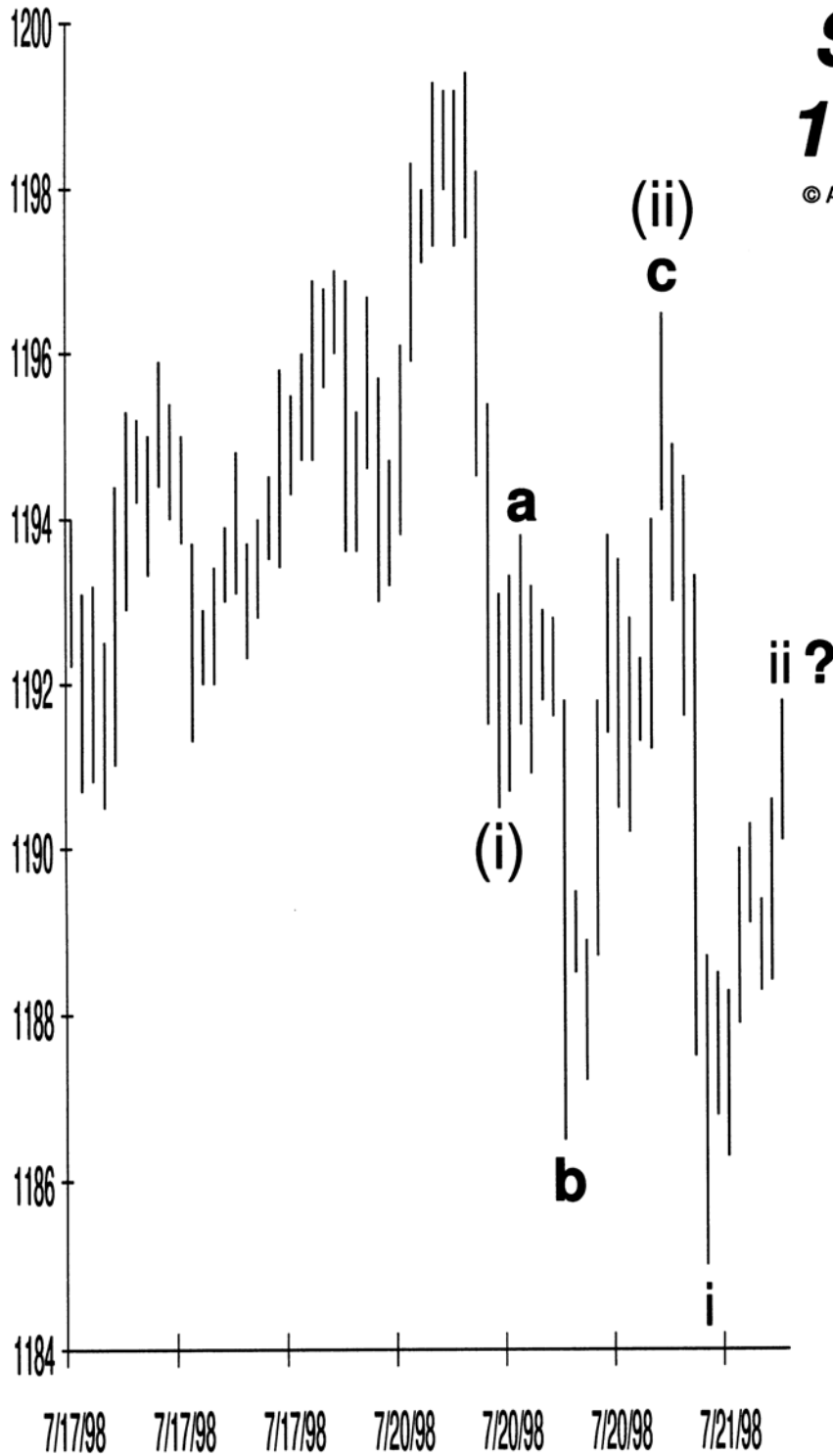
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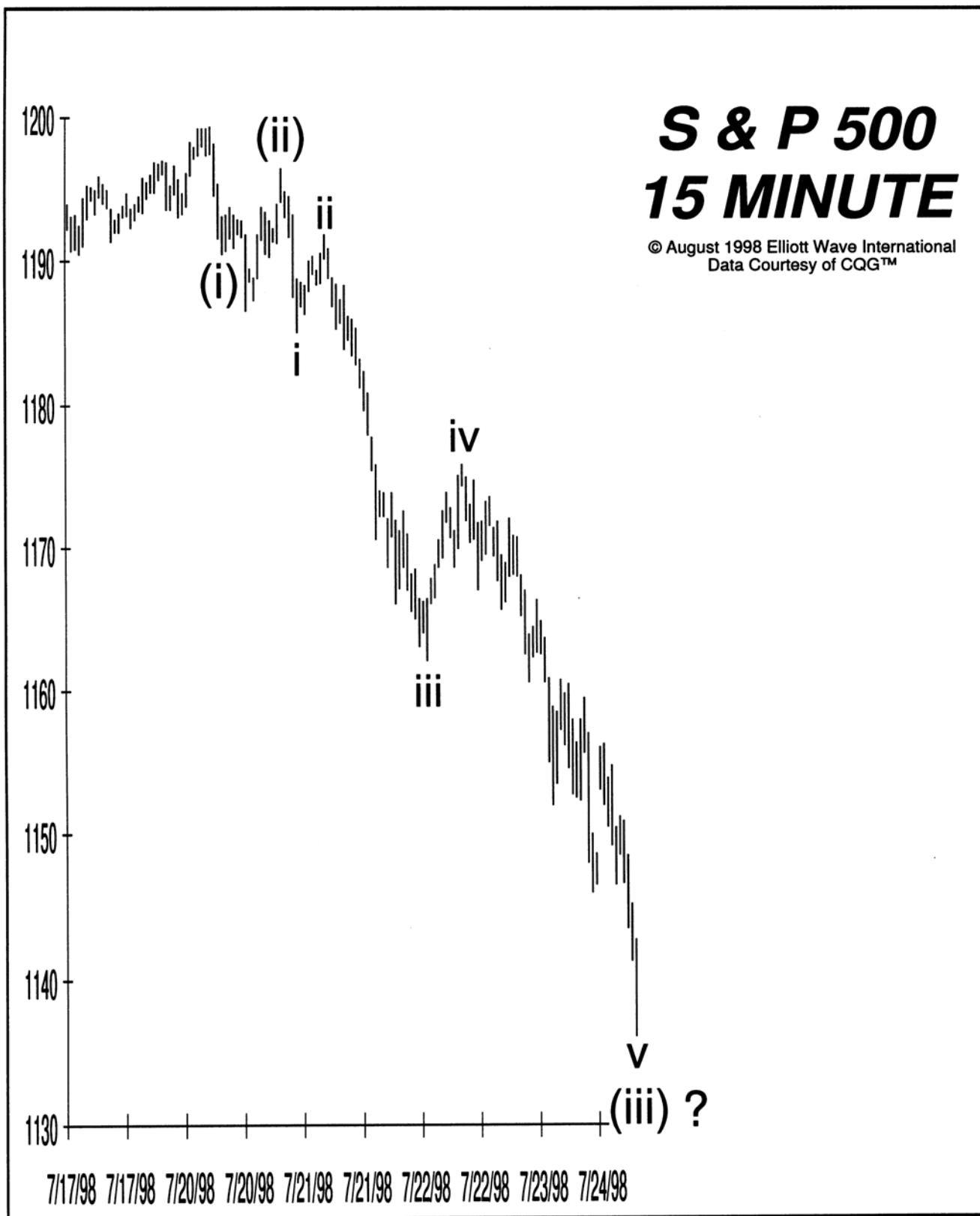


S & P 500

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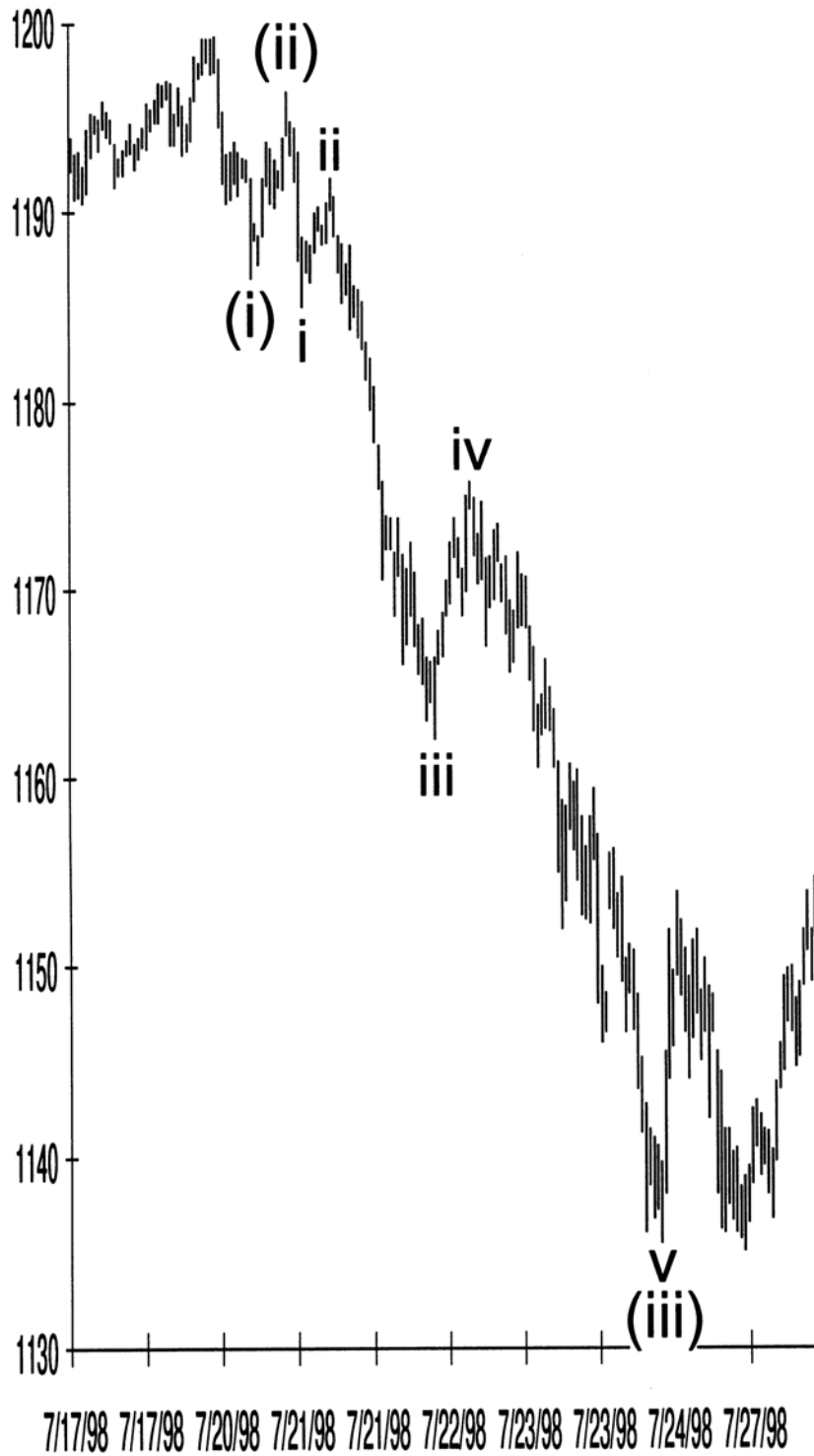


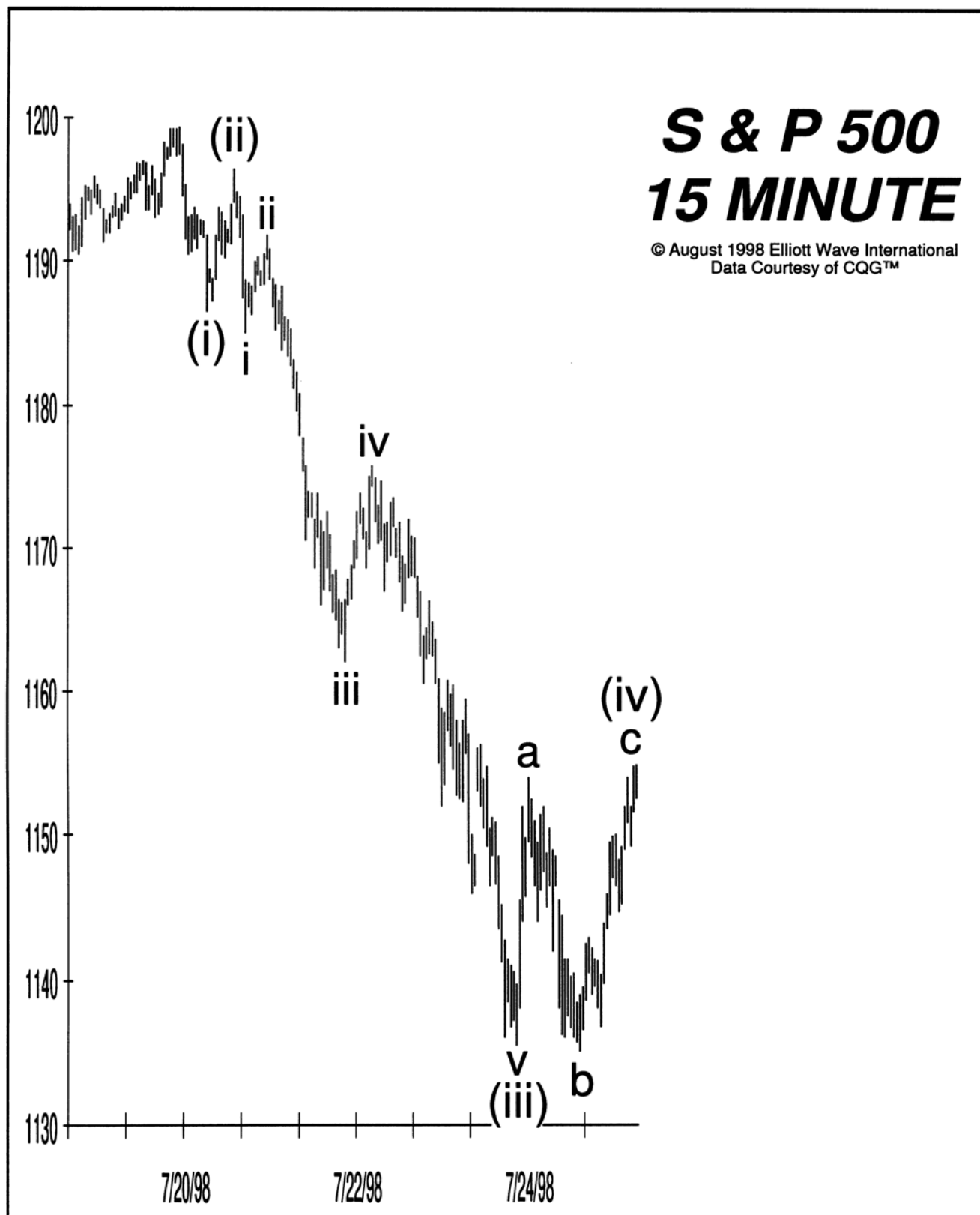


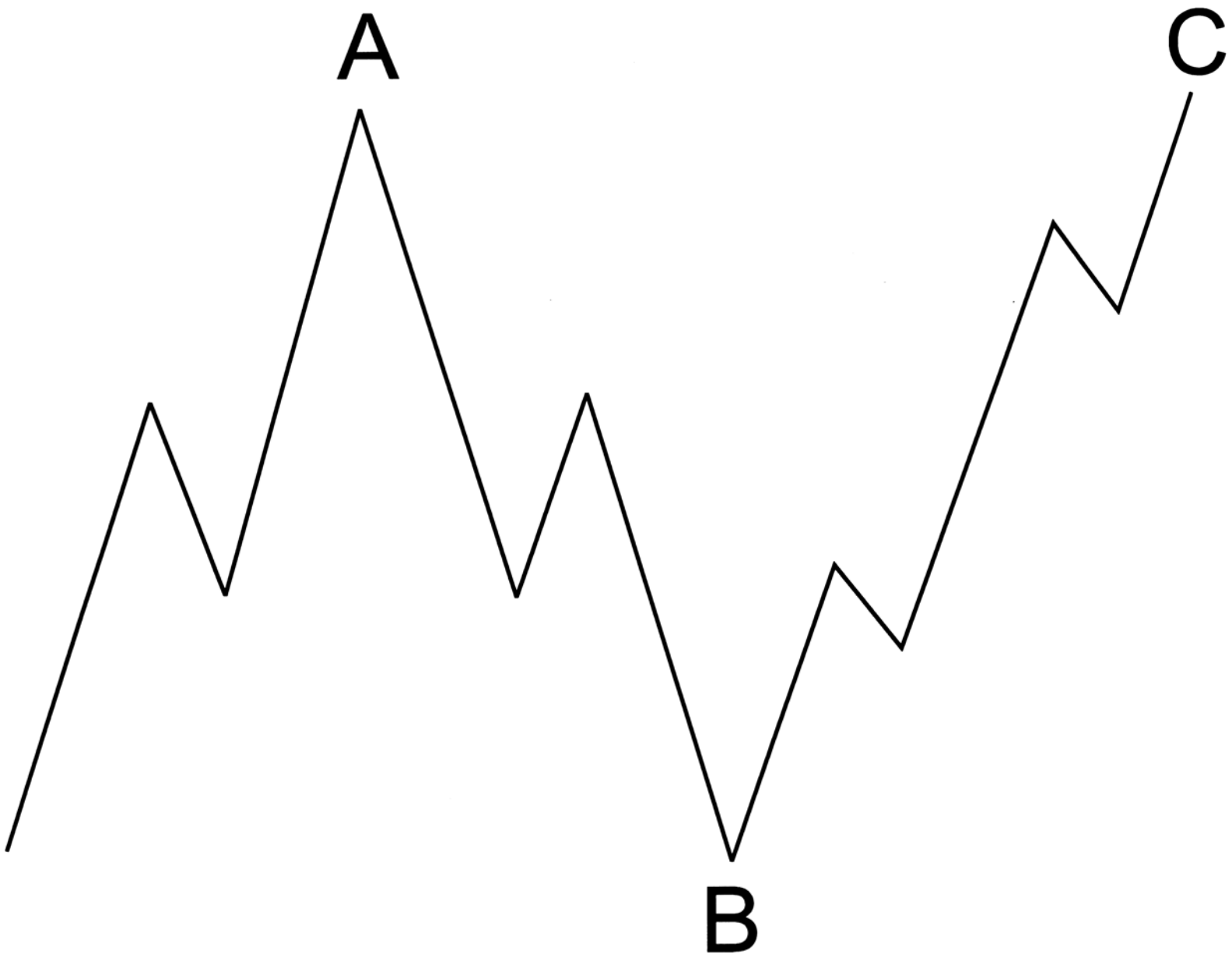
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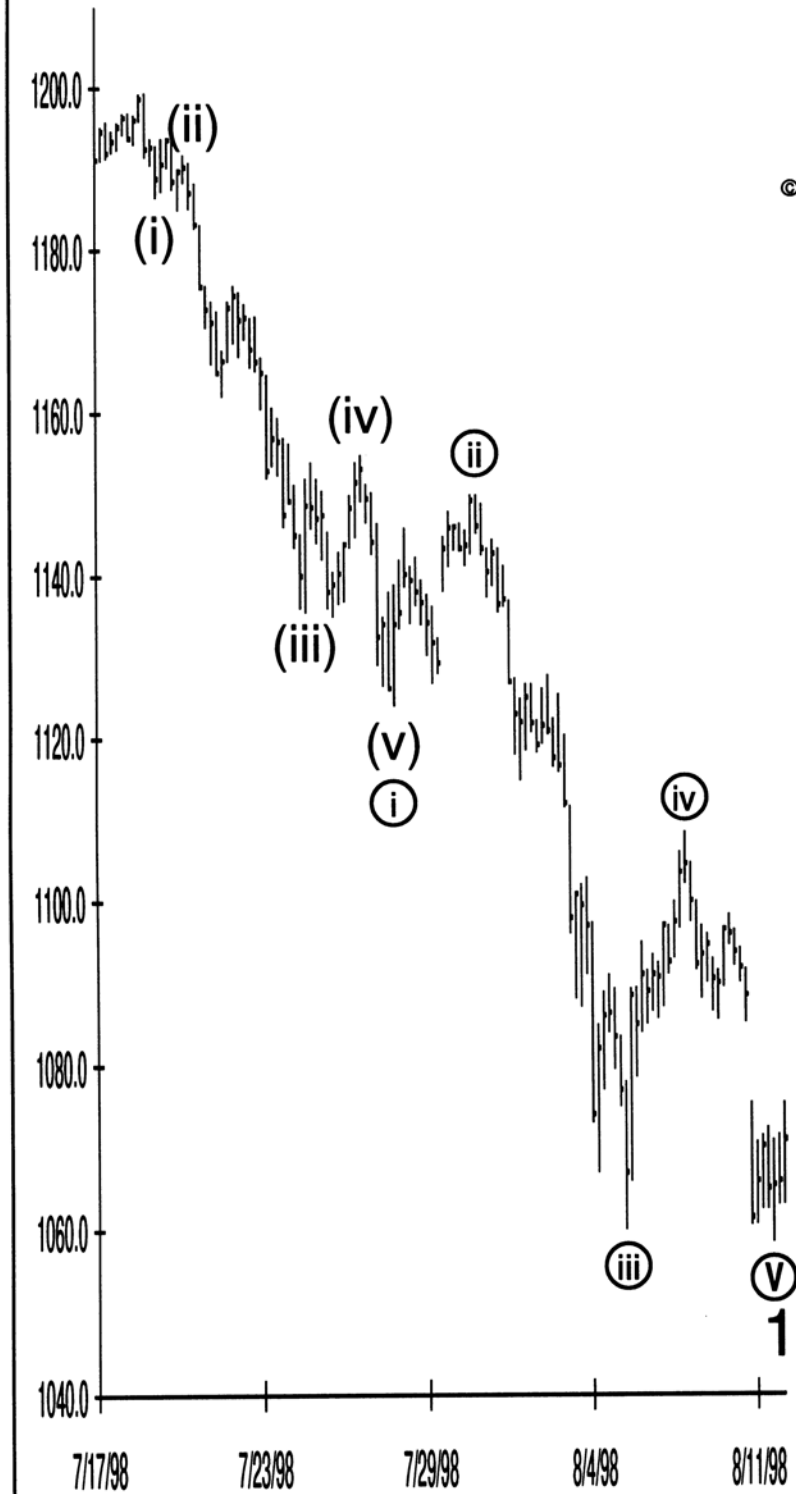






S & P 500 HOURLY

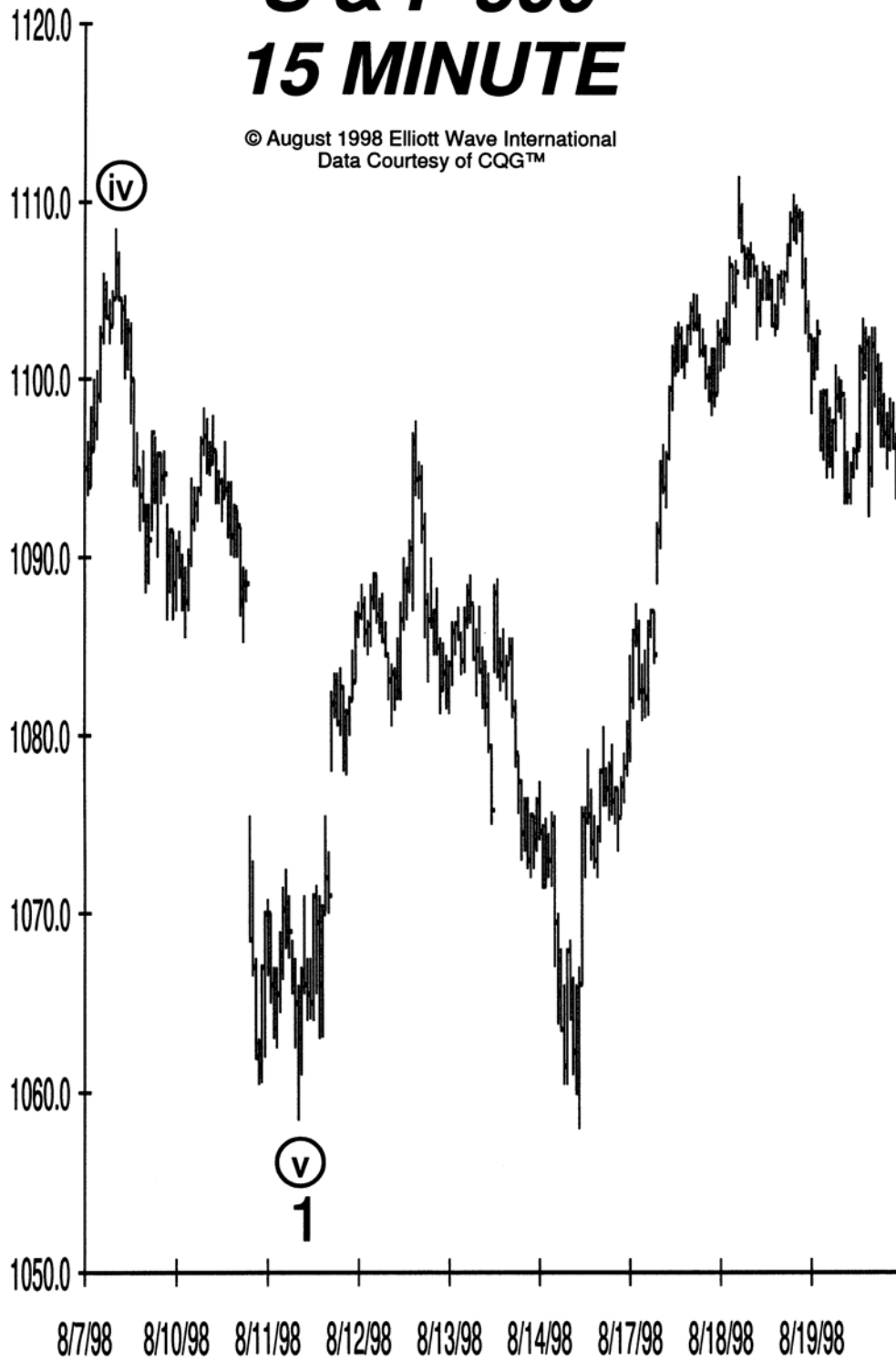
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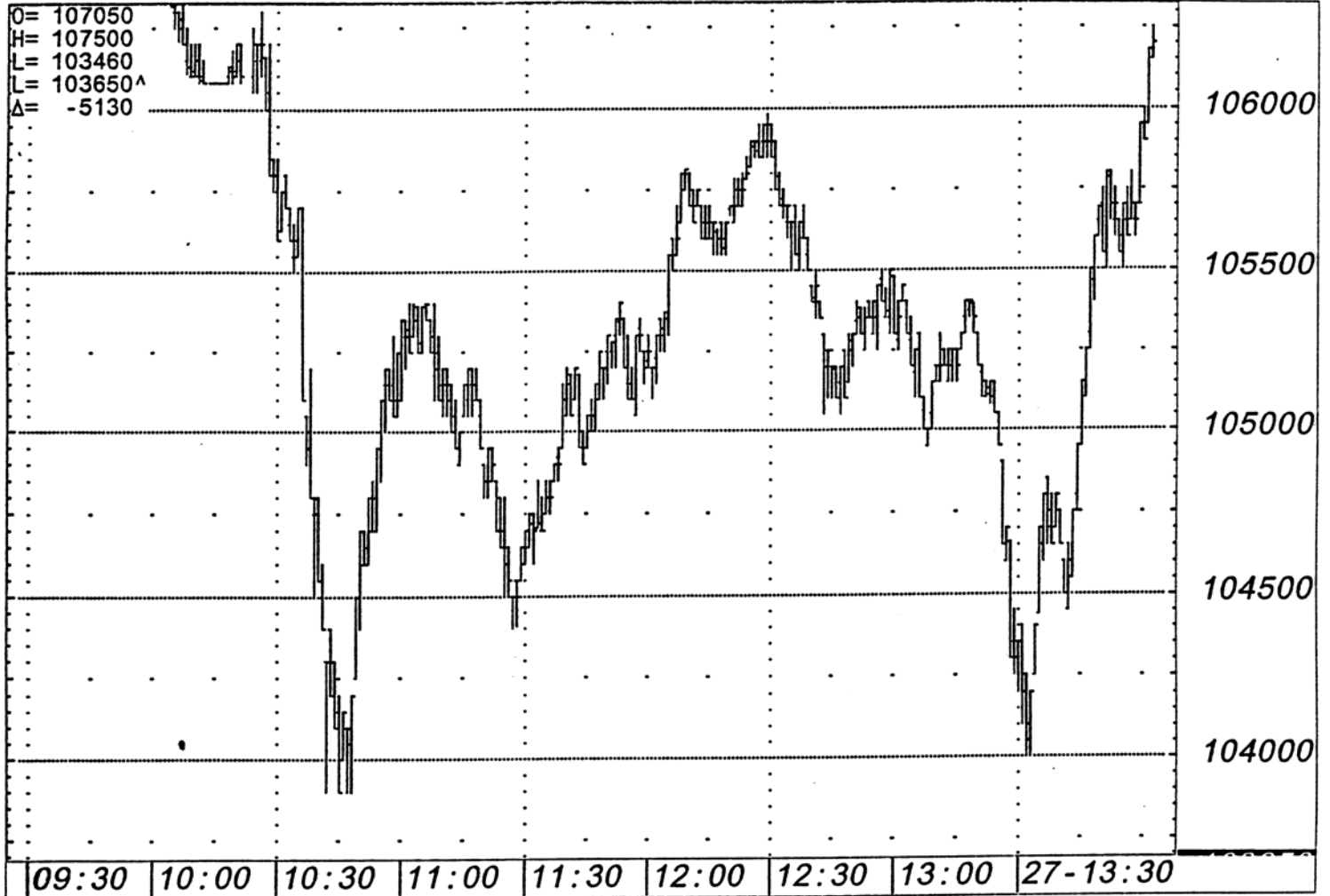
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O= 107050
H= 107500
L= 103460
L= 103650^
Δ= -5130



Thursday, August 27, 1998 04:31PM (Ver: 2.439.0)

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L= 103460
L= 103650^
Δ= -5130

106000

105500

105000

104500

104000

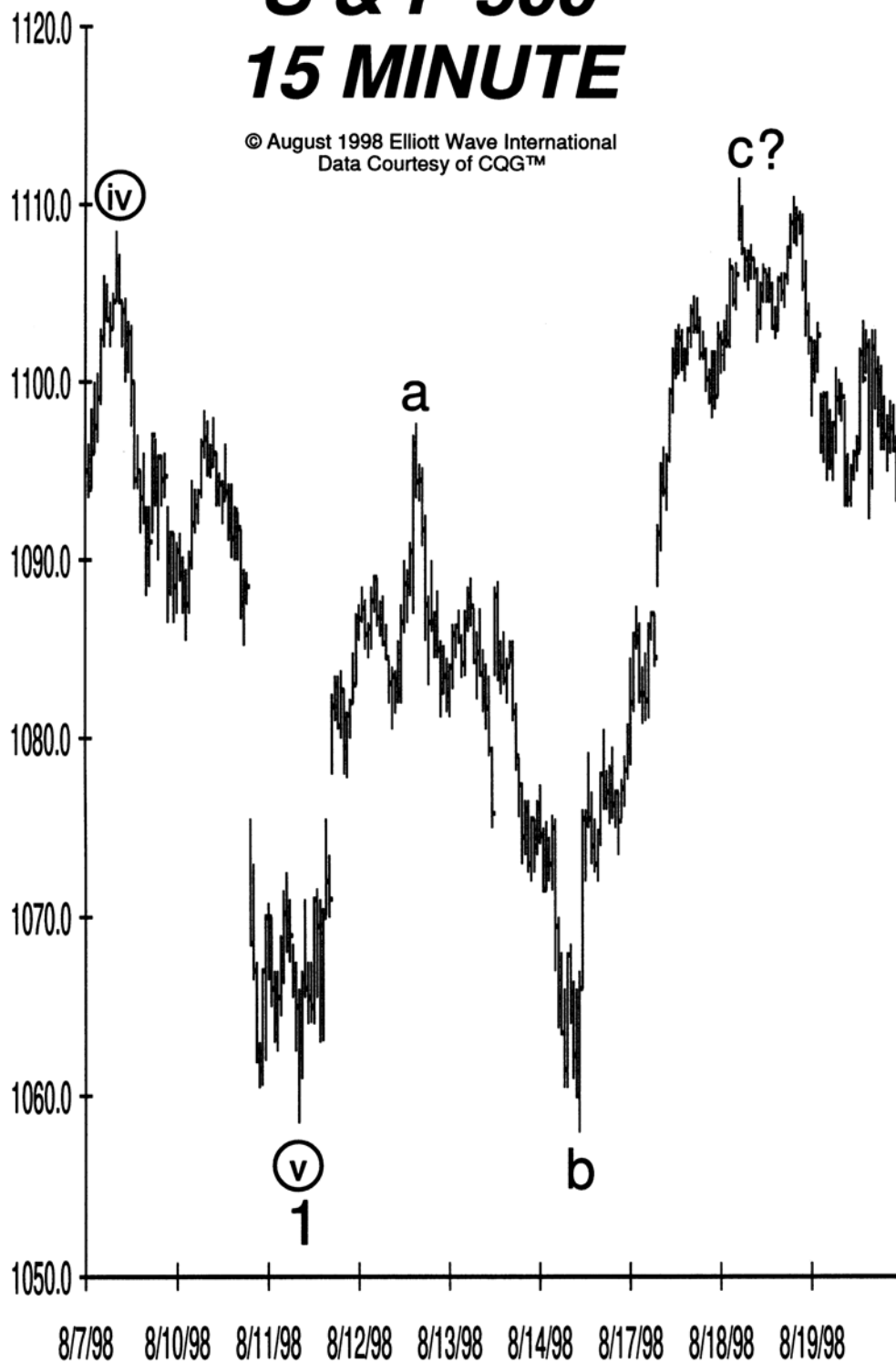
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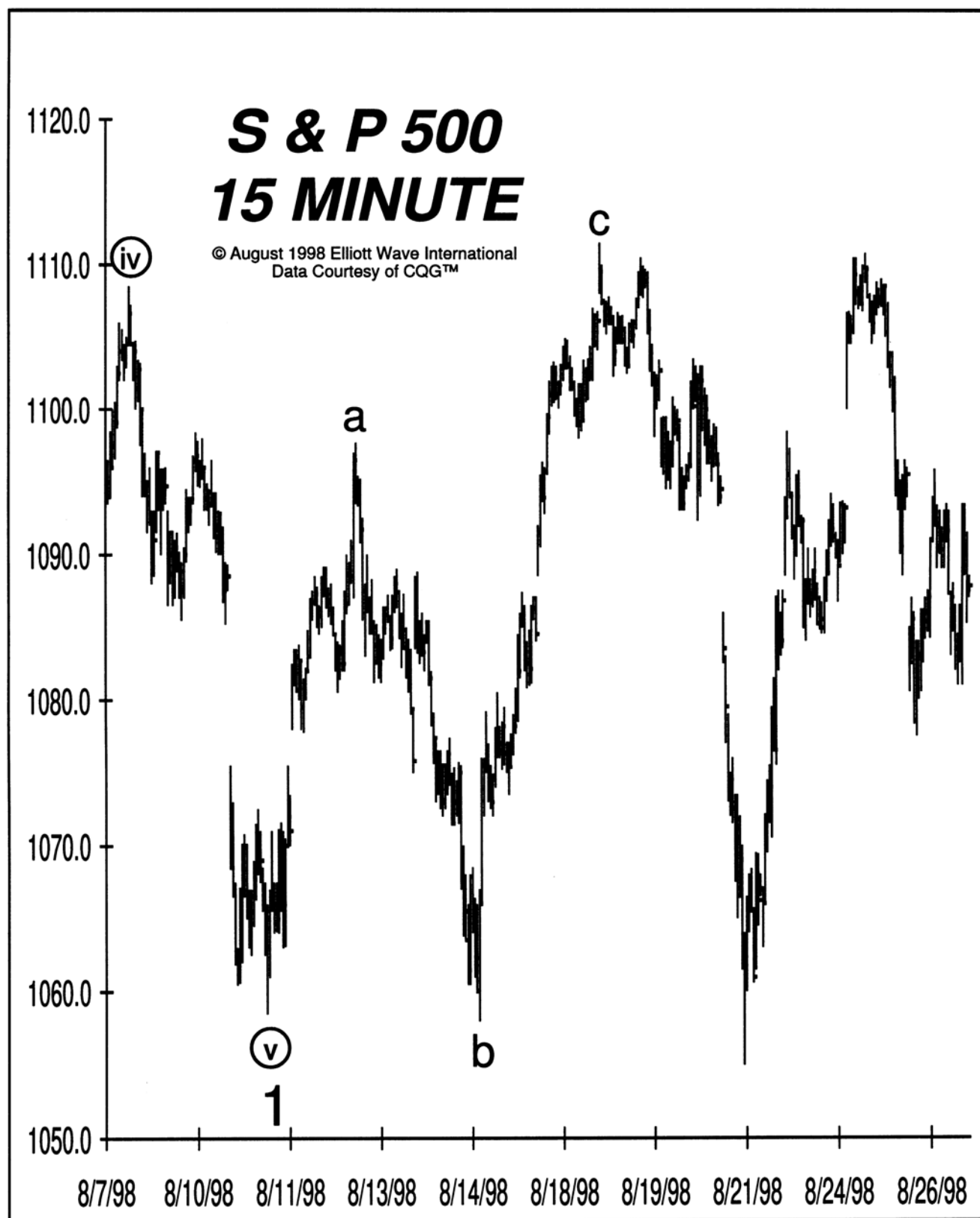
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S & P 500

15 MINUTE

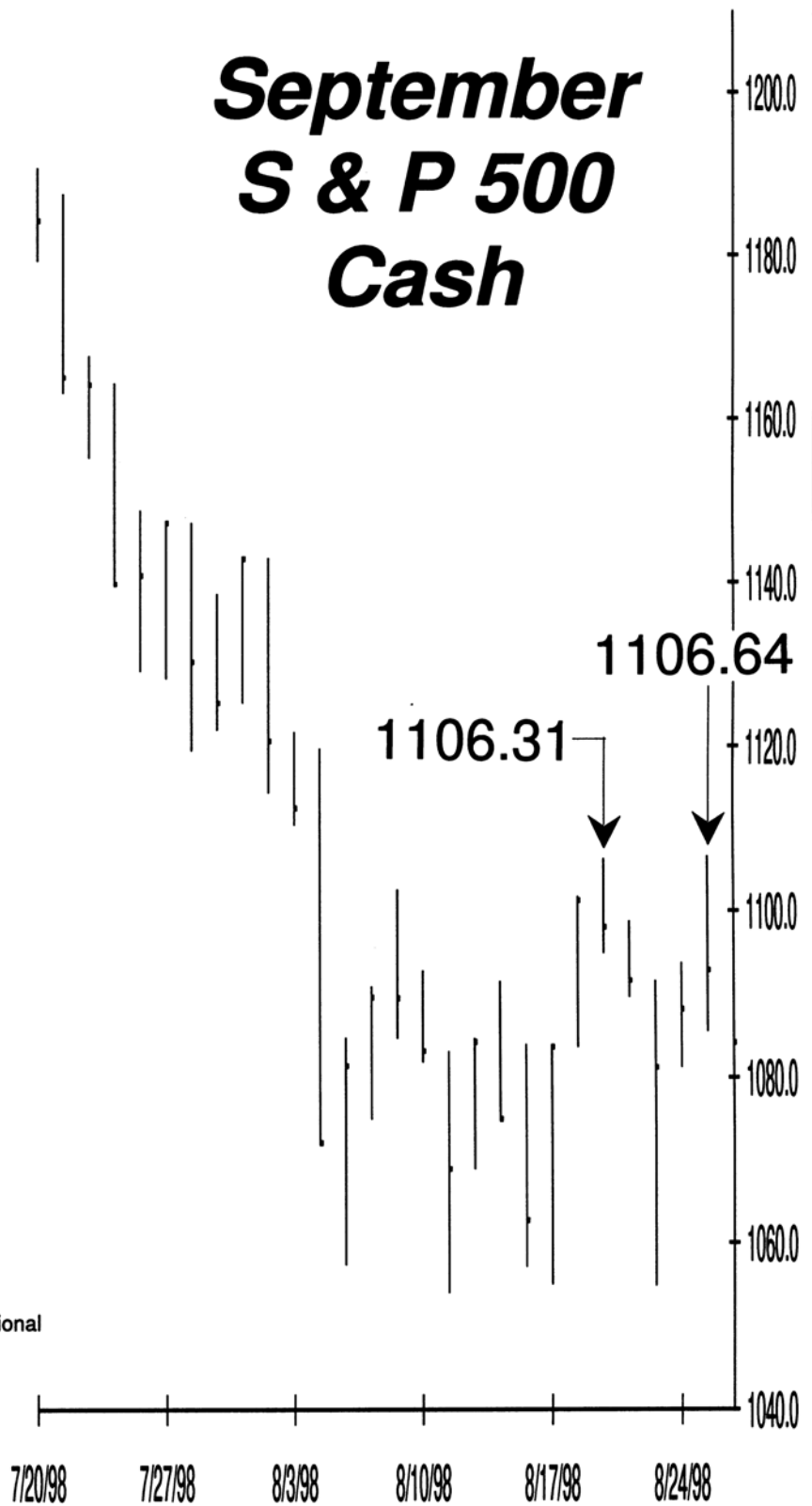
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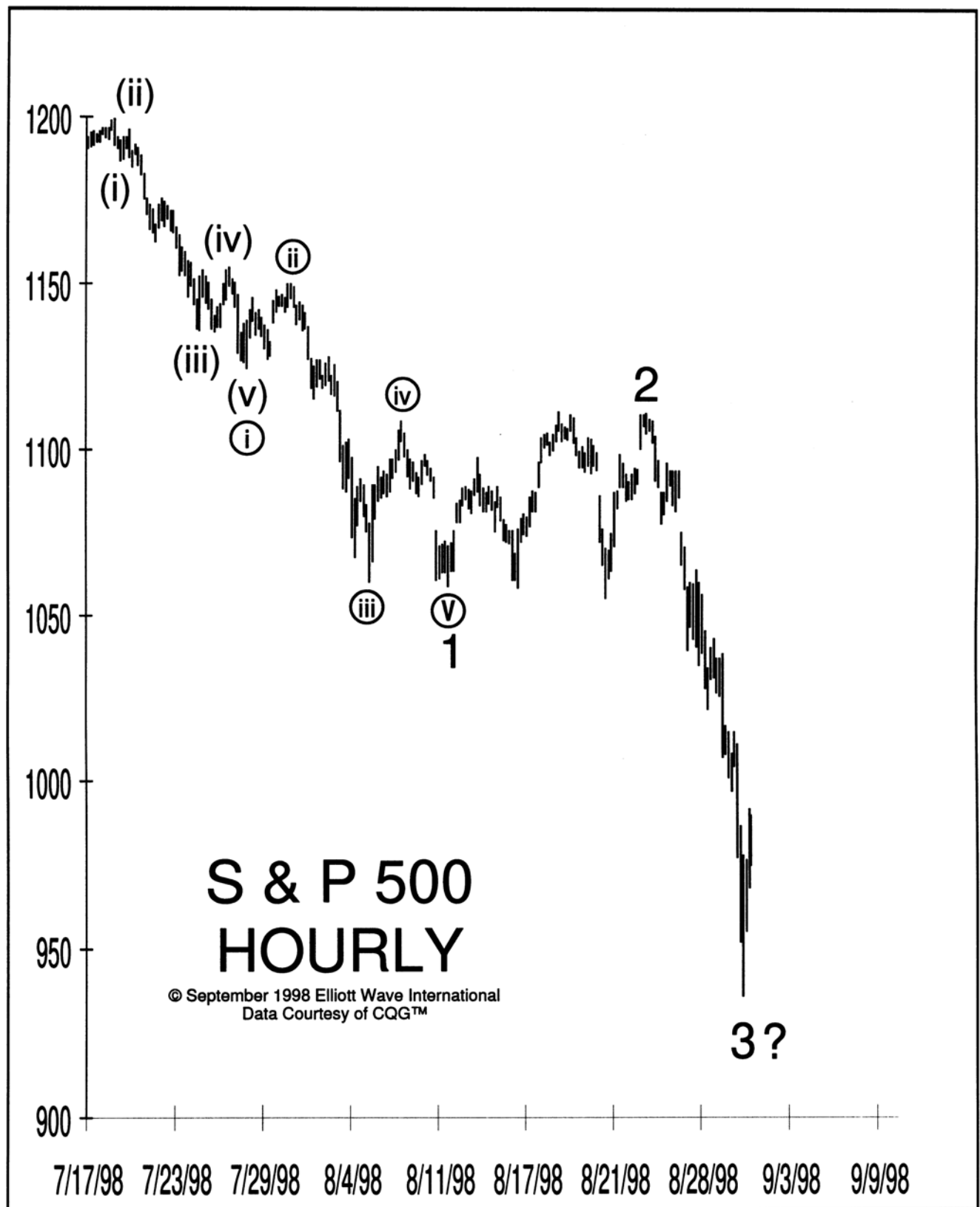




September S & P 500 Cash

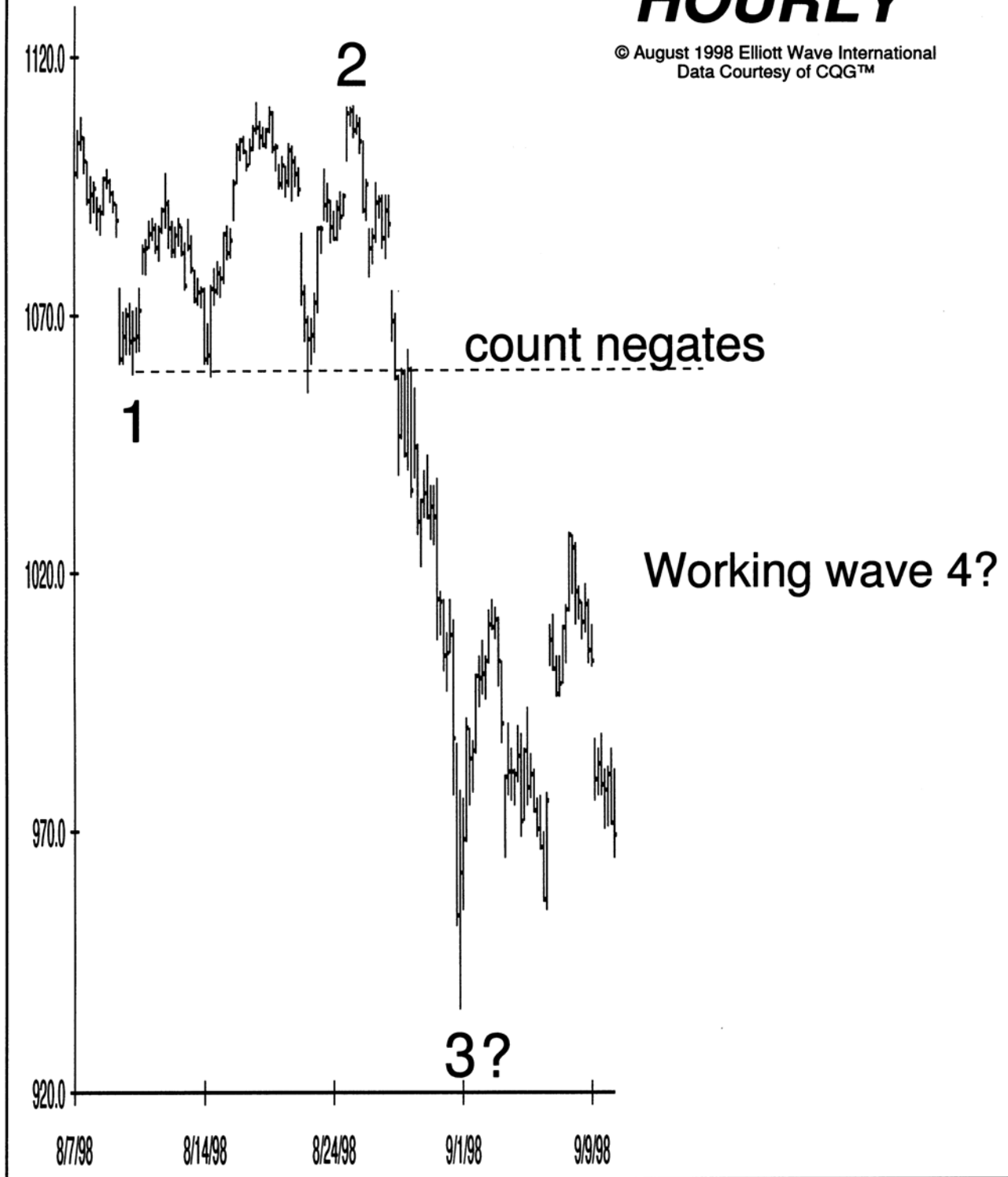


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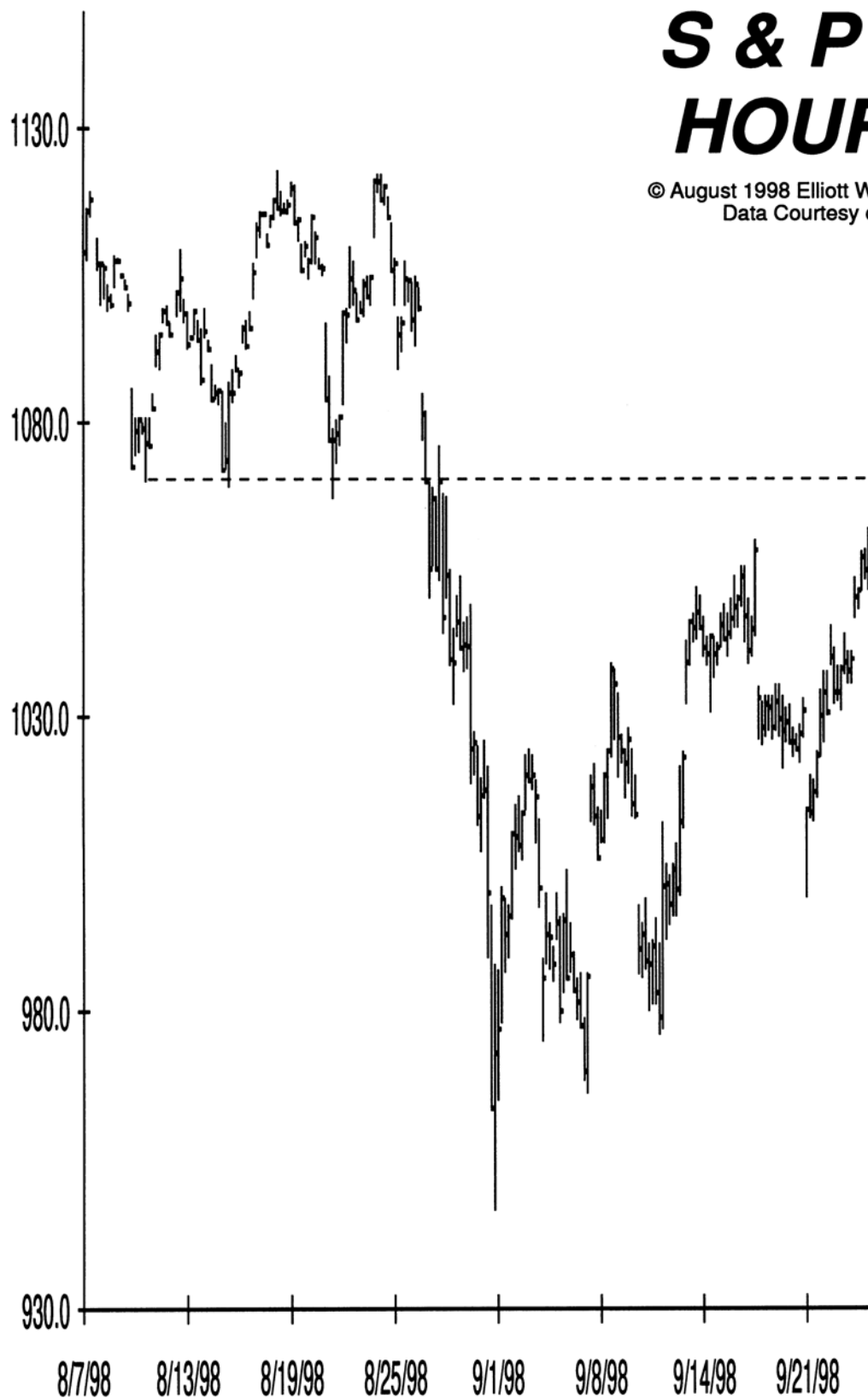


FOURTH WAVE

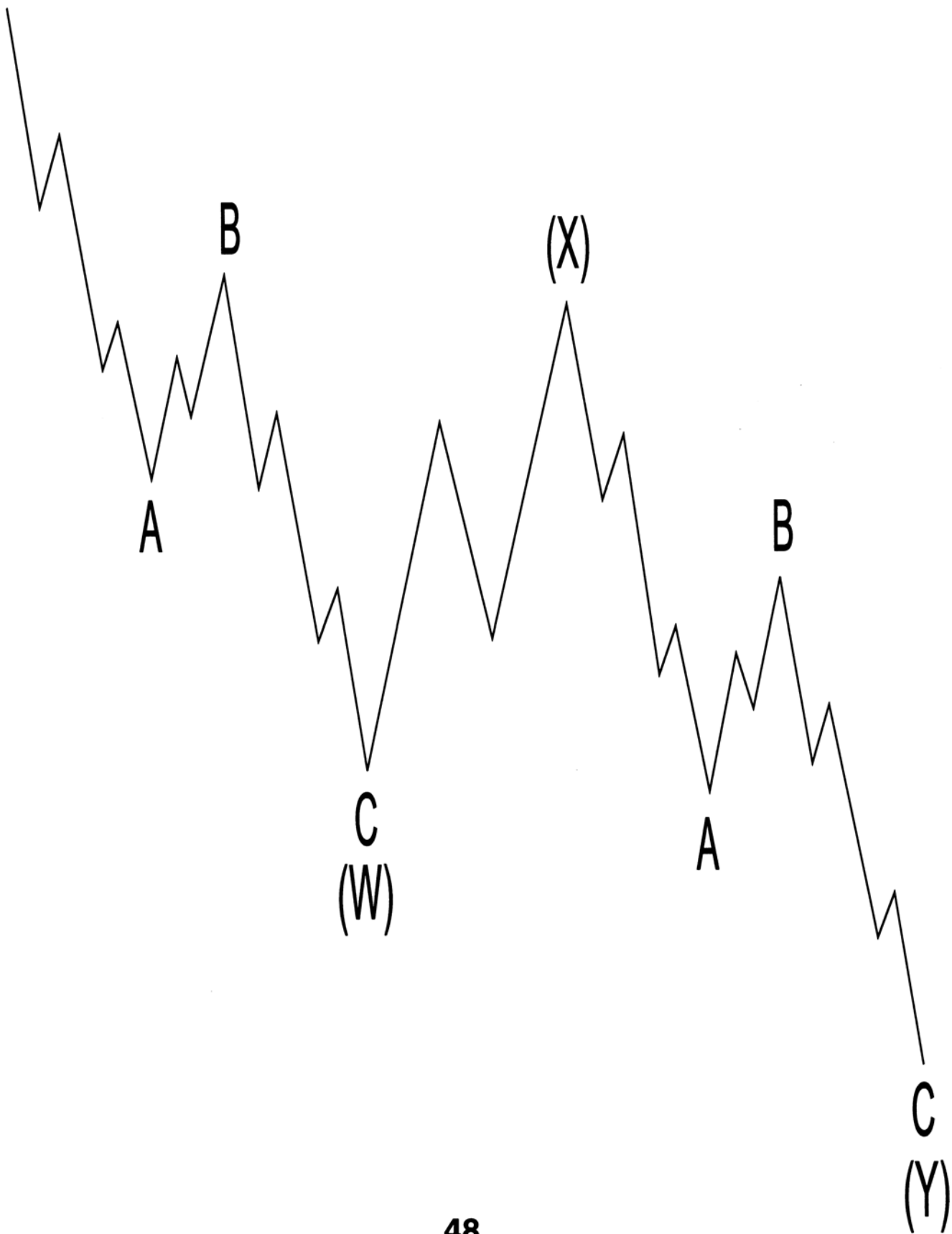
from HELL!

S & P 500 HOURLY

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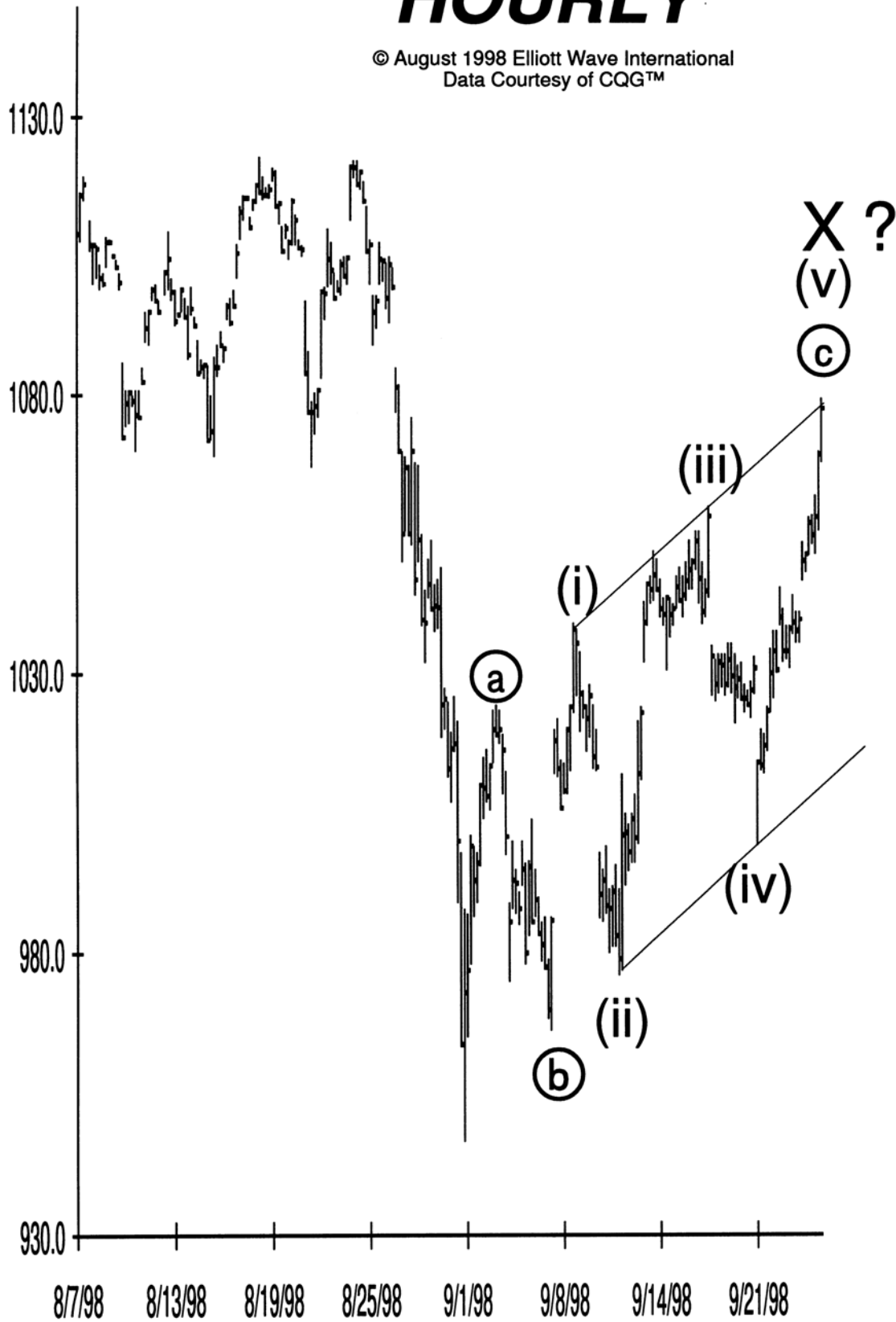


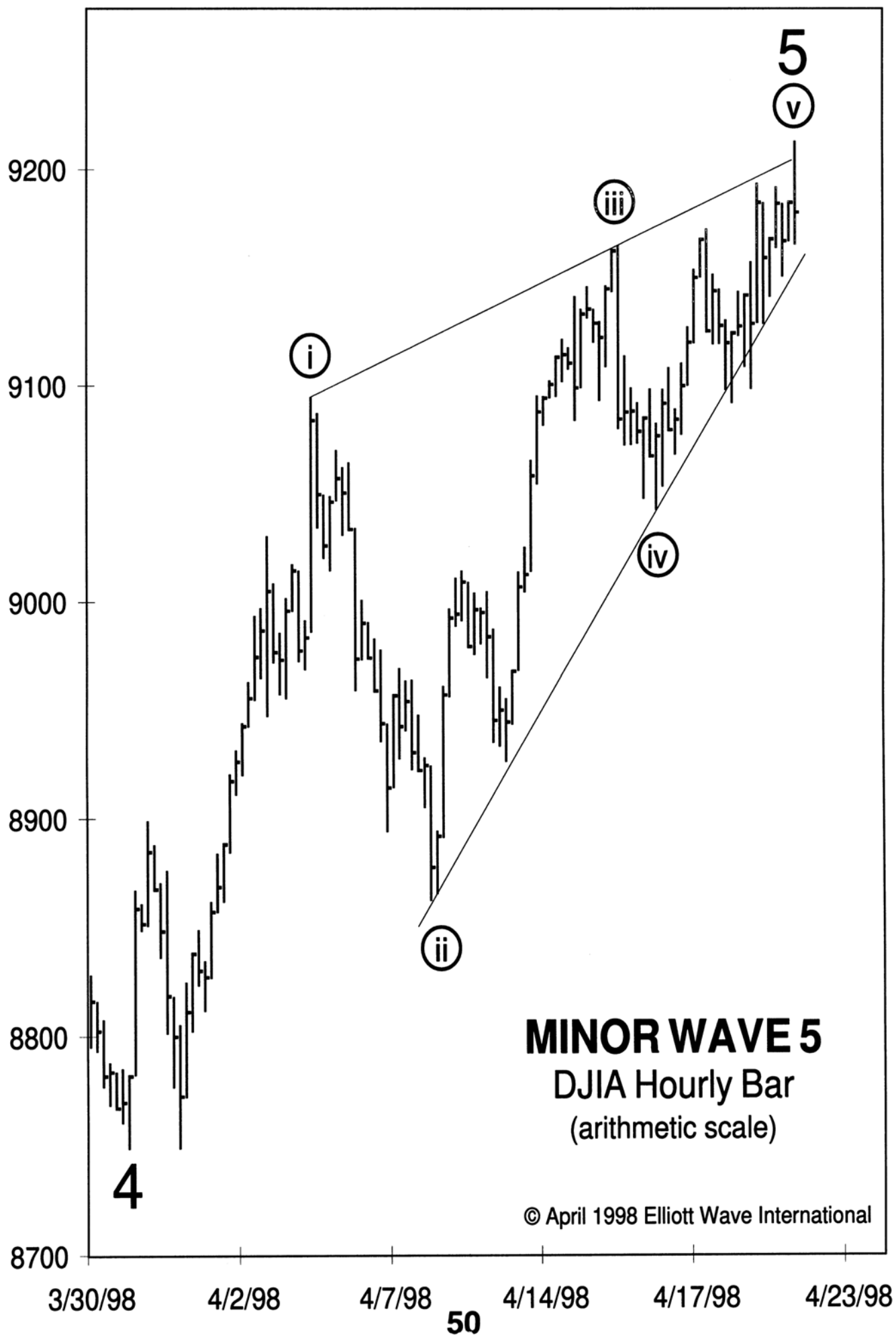
**Wave 4?
No more**

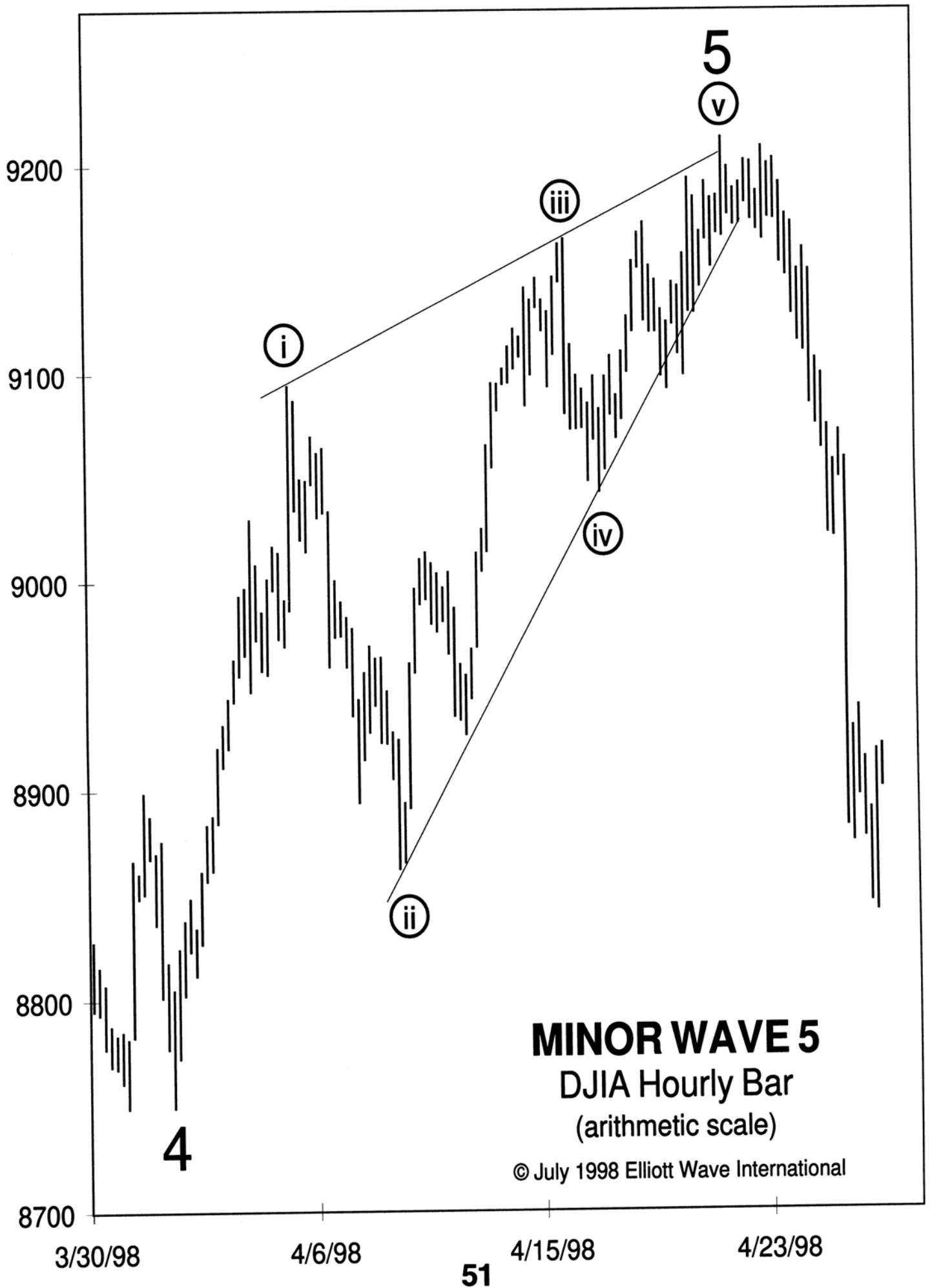


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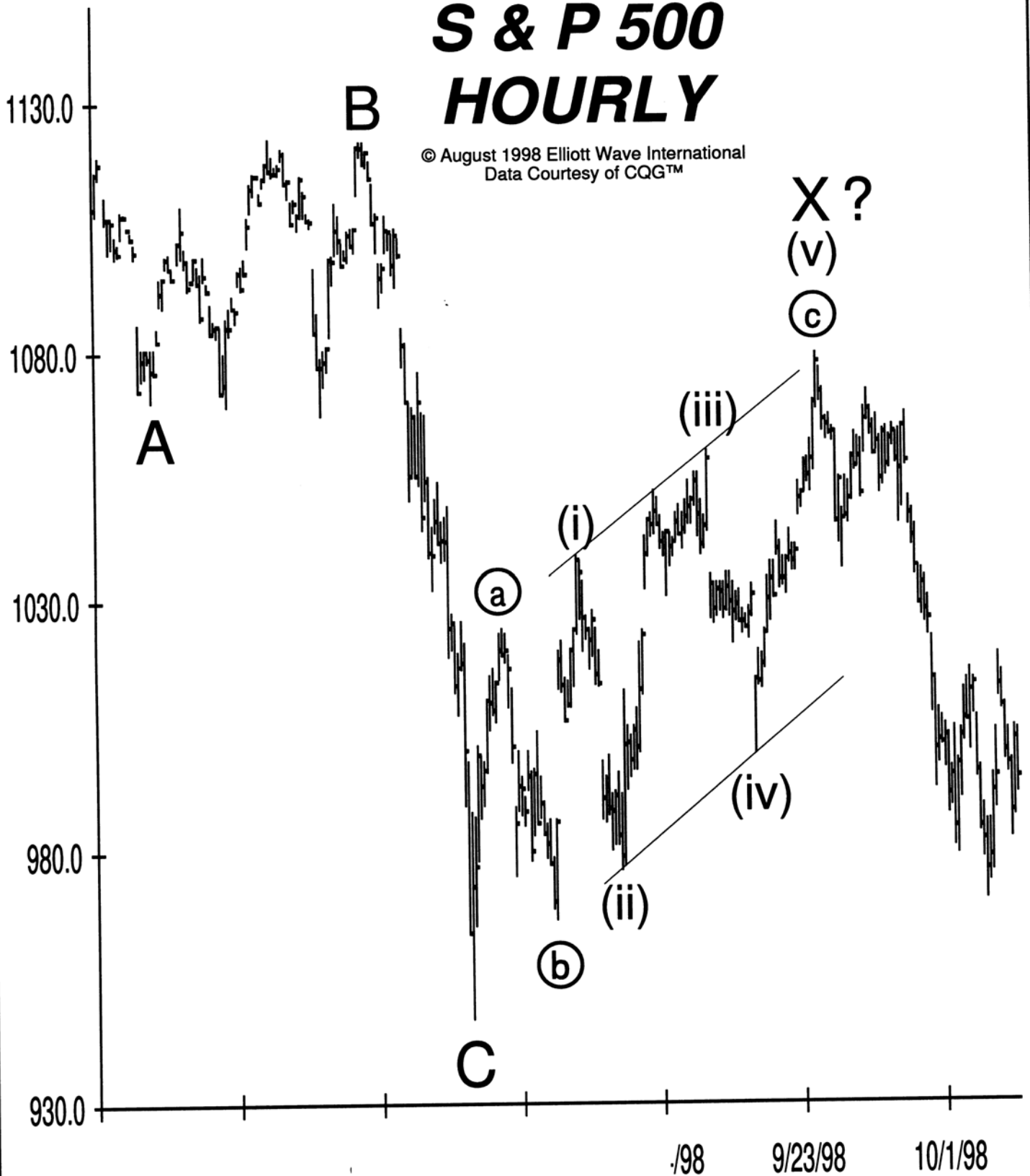


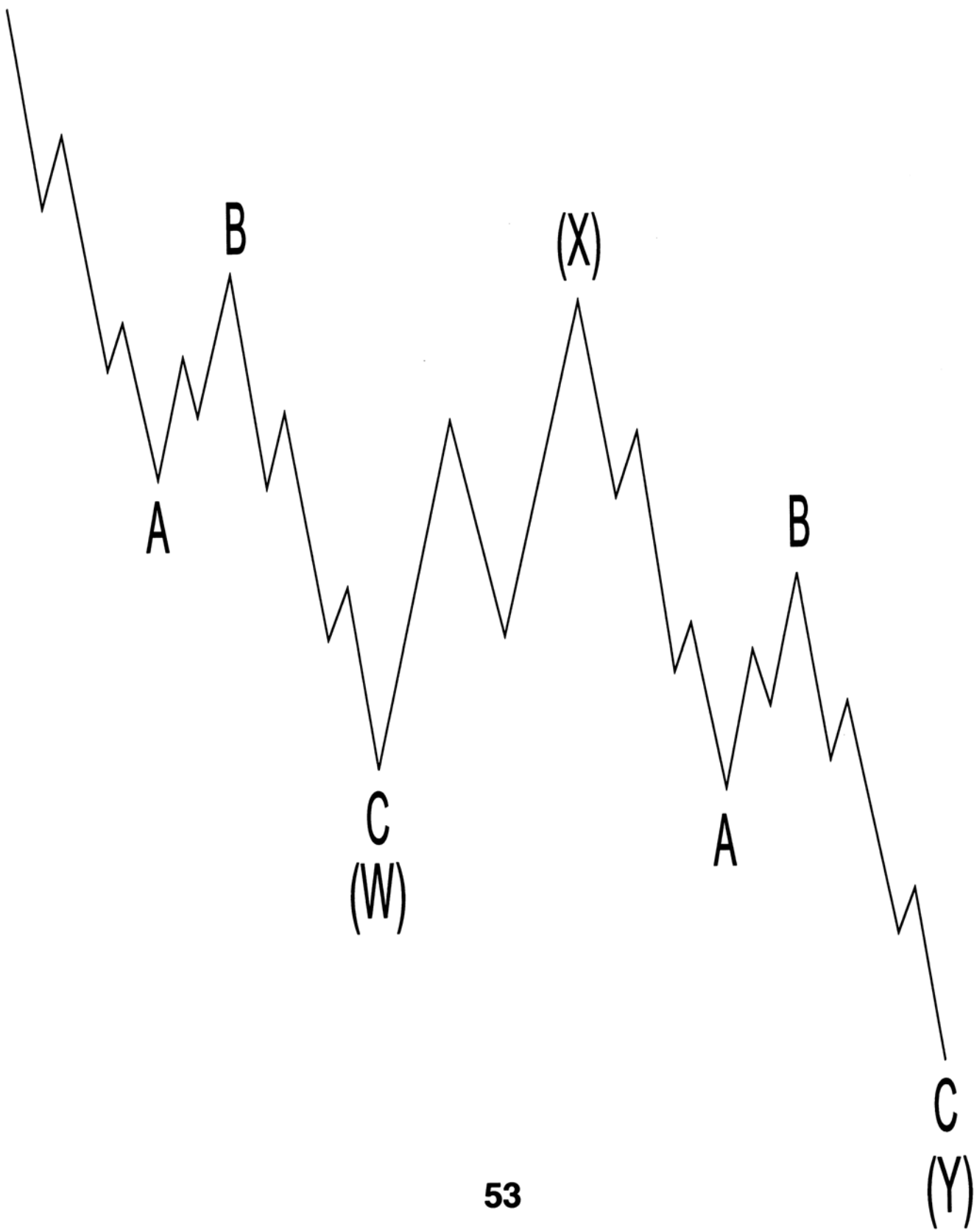




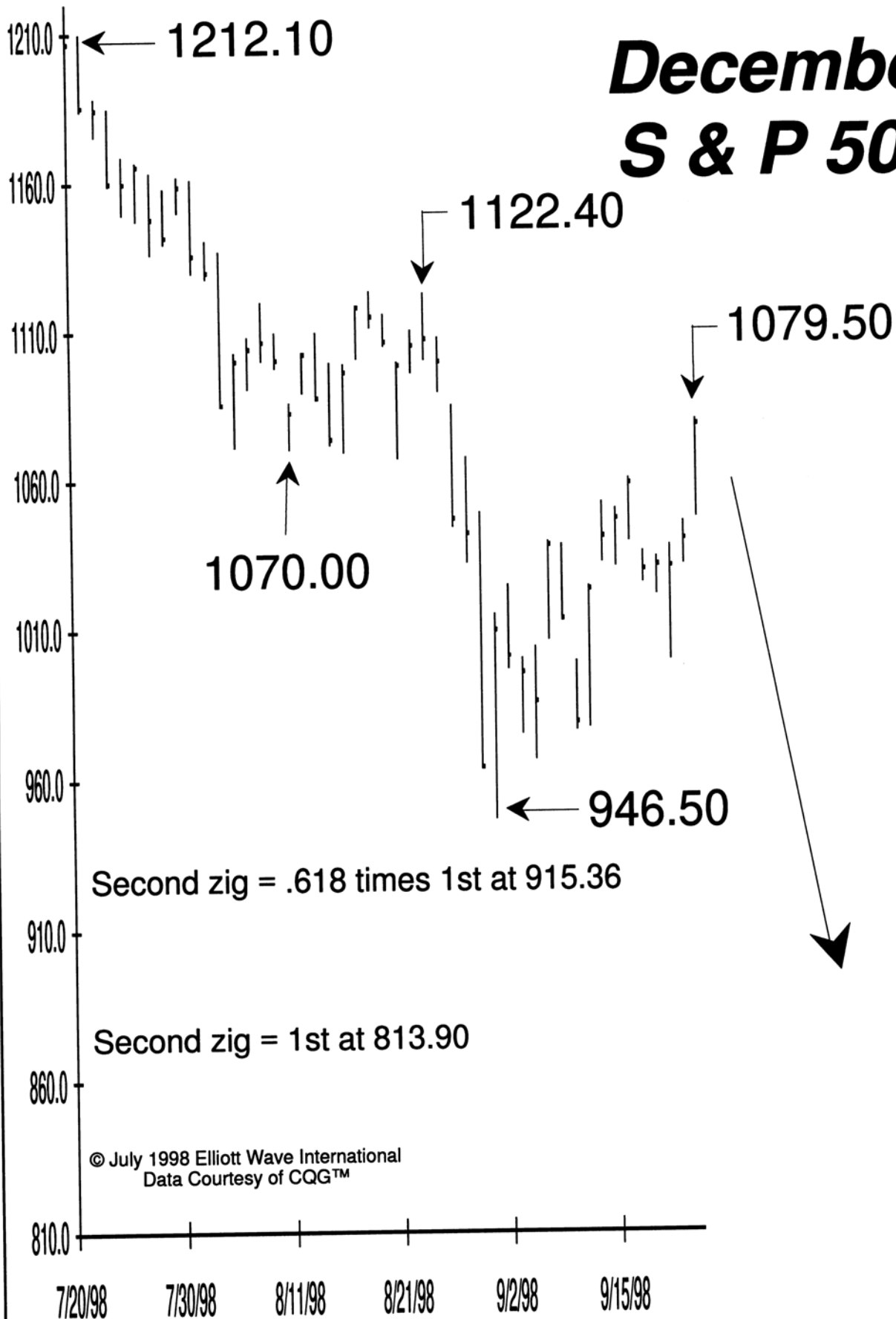
S & P 500 ***HOURLY***

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December S & P 500



Five Wave Moves:

Normal Five Wave Move

1. Wave two can not take out the origin of wave one.
2. Wave three can never be the shortest.
3. Wave four can not move into the prices territory of wave one.

Three Wave Moves: A-B-C

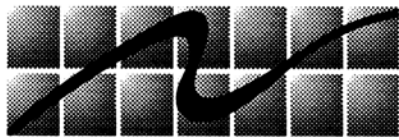
These waves and patterns are usually completely retraced.

See:

“The Basics
of the
Elliott Wave Principle”

Pages 23-29

Market Move: & Techniques: Counting and trading.



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