Corrective Wave Checklist (Bull Market Example)

Wave 5	Wave A	Wave B	Wave C	Wave D	Wave E
	3 or 5 Sub-Waves	3 Sub-Waves	5 Sub-Waves: ABC, Zigzag 3 Sub-Waves: Triangle or Complex	3Sub- Waves	3 Sub-Waves

Wave 5

Are there 5 Subdivisions In Wave 5 — N / Y

Is Wave 3 the shortest impulse Wave? — Y / N

Does Wave 5 Extend above wave 3? — N / Y

Is it likely a Fifth wave Failure? — N / Y

Does Wave 5 have a Fibonacci relationship with wave 1-3? (projection, or external retracement) — N / Y

Re-Assess Wave Structure.

Ready for a correction

Wave A

3 Wave Down

On course for a correction, but not confirmed. A Waves may be 3 or 5 Sub-Waves.

5 Waves Down

Probable Zigzag

Wave B

3 Waves Up

B Waves should always be 3 wave structures. Probable complex sideways correction developing.

5 Waves Up

Not OK. This is probably not part of a correction. Possibly a W5 extension

3 Waves Up

Probable Zigzag

5 Waves Up

Wrong Wave Count.

B Waves should be 3 sub-waves

B Wave may Exceed the W5 high (irregular ABC). If B wave is more than the 1.272 of the A wave, the wave count is probably wrong.

Wave C

3 Waves Down
Probable developing Triangle (ABCDE) If C=.618 of A, Probable Triandle

5 Waves Down:

Wave C Tests or Exceeds Wave A

Probable Completion of ABC Zigzag

5 Waves Down:

Wave C is .618 or less of Wave A

Probable Developing Triangle or other more complex correction

3 Waves Down

Either Part of Developing C Wave Or Wave count is wrong

Wave D

3 Waves Up

Probable triangle

(D=.618 of B)
Check against the AC trend line.

5 Waves Down

Probably Wave A of Zigzag Correction.

Check Rule of Alternation Guideline

For potential structure of W4.

When W4 is Complete,

Draw parallel Channel (W2-W4 From W3) For Potential W5 Objectives.

W4 Can not enter the price zone of wave 1.

If it does, consider that a W3 extension is underway and this is W2 of 3. If not, the 5 wave, impulse count is probably wrong.

Wave E

3 Waves Down

Probable Triangle (E= .618 of C) Check against the BD trend line