Elliott-Fibonacci Trader

with Ed Downs

About the Software & Course

The **Elliott Fibonacci Trader Software and Course** is being provided to Nirvana Customers as an Educational Program on various trading techniques one may consider.

During the course, live trades will be placed in the market according to the techniques shown. <u>These trades are for demonstration only</u>. It is not intended that attendees follow them.

Course attendees are responsible for their own trading decisions, during or after the course…

EFT Course Agenda

First Tuesday (today)

- Understanding EFT
- Trading Rules
- Prospecting

Second Tuesday

- Trade Management
- Using Fractals
- Trading Options
- Prospecting

First Thursday

- Trade Management
- Prospecting

Second Thursday

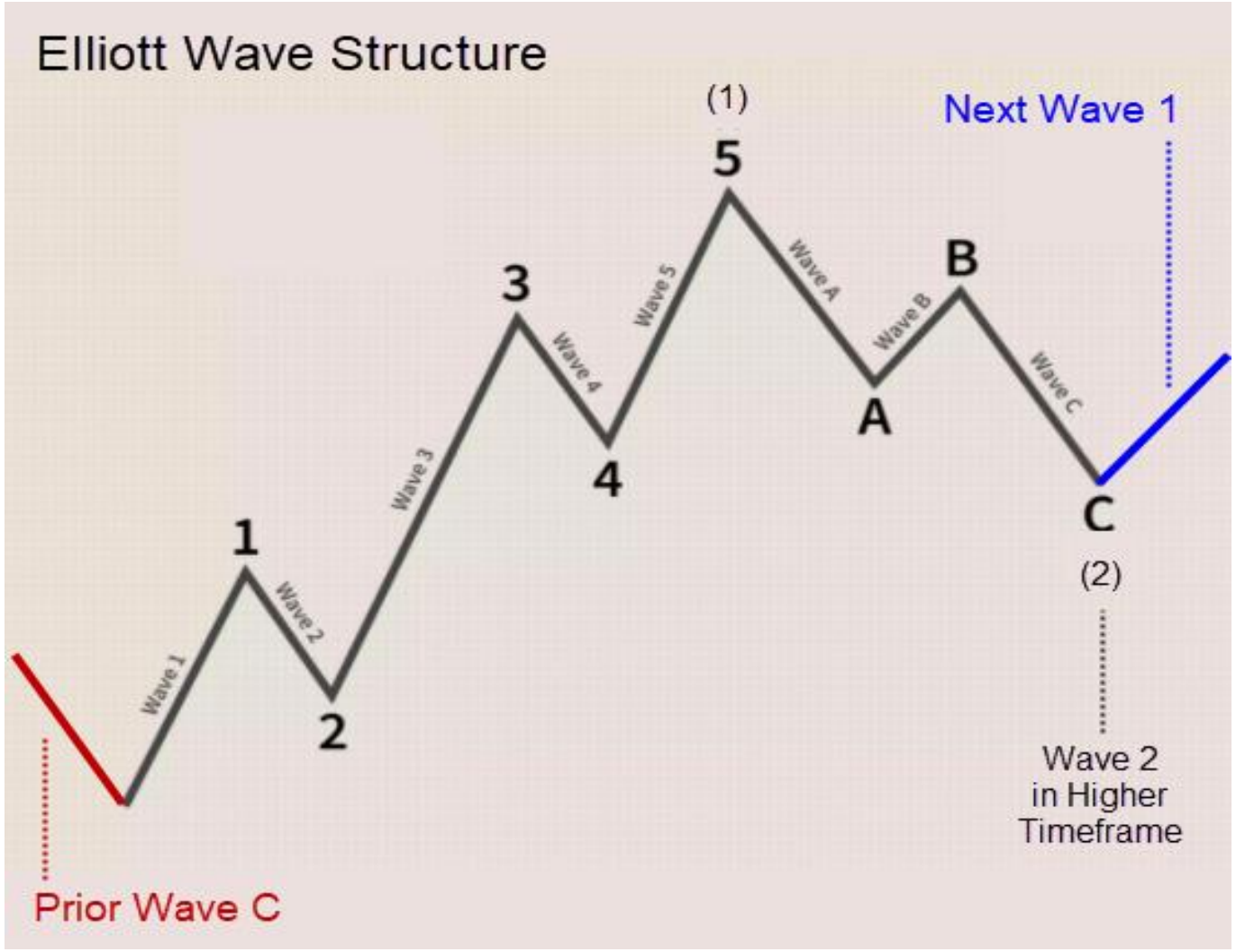
- Q&A
- Prospecting

What is an “Elliott Wave “

Ralph Nelson Elliott - 1930’s.

Elliott Wave Structure:
- 5 Impulse Waves
- 3 Corrective Waves
- Fibonacci Retracements

3 Rules:
1. Wave 2 cannot retrace more than 100% of Wave 1
2. Wave 3 is the Longest Wave
3. Wave 4 cannot retrace more than 100% of Wave 3

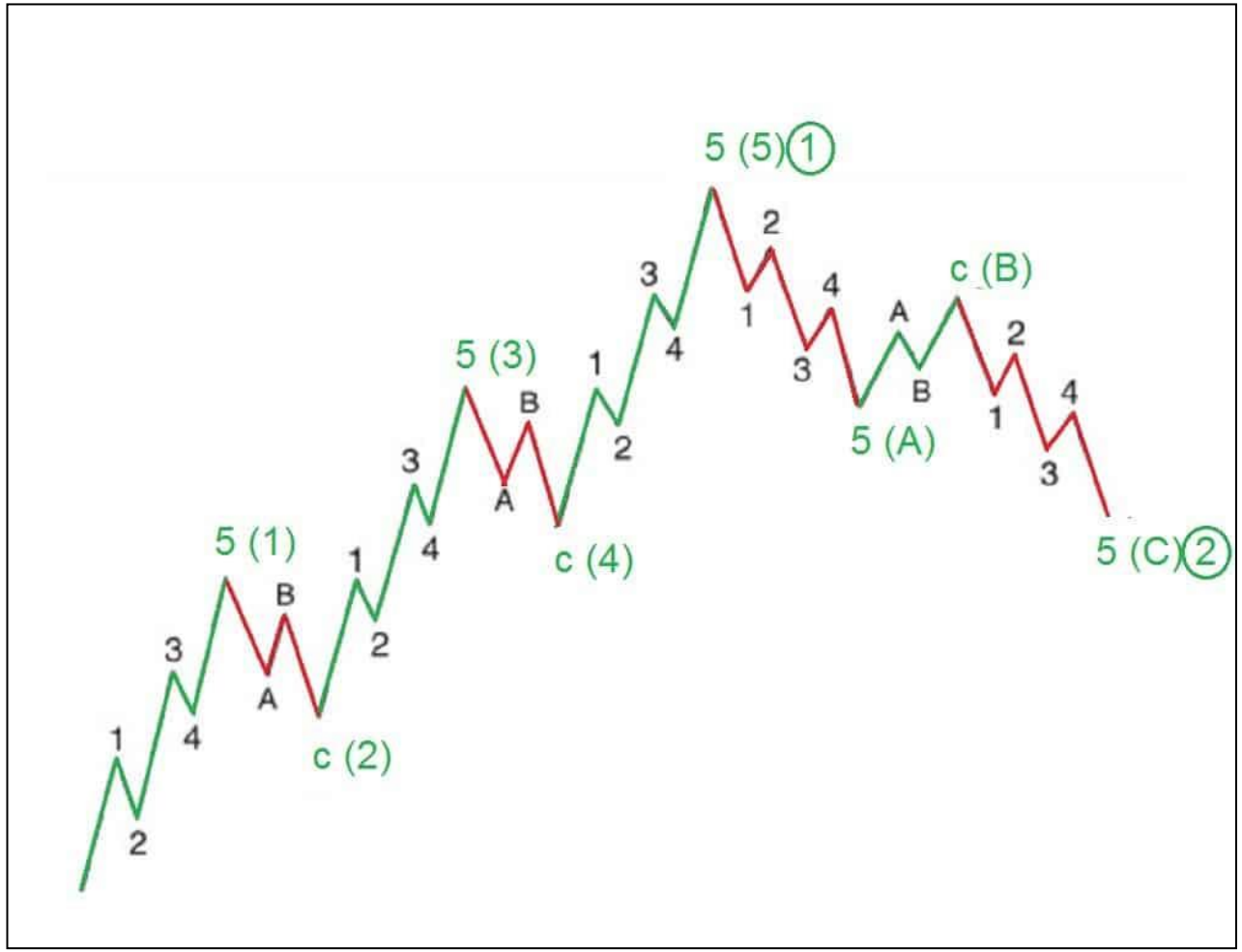


Fractal Nature of Elliott Waves

Looking at Daily, Weekly, Monthly and Yearly time frames (and Intraday Timeframes he created by hand),

The Wave Structure “nests” in higher and lower time frames (Fractals).

Sequence: 5-3-5-3-5…



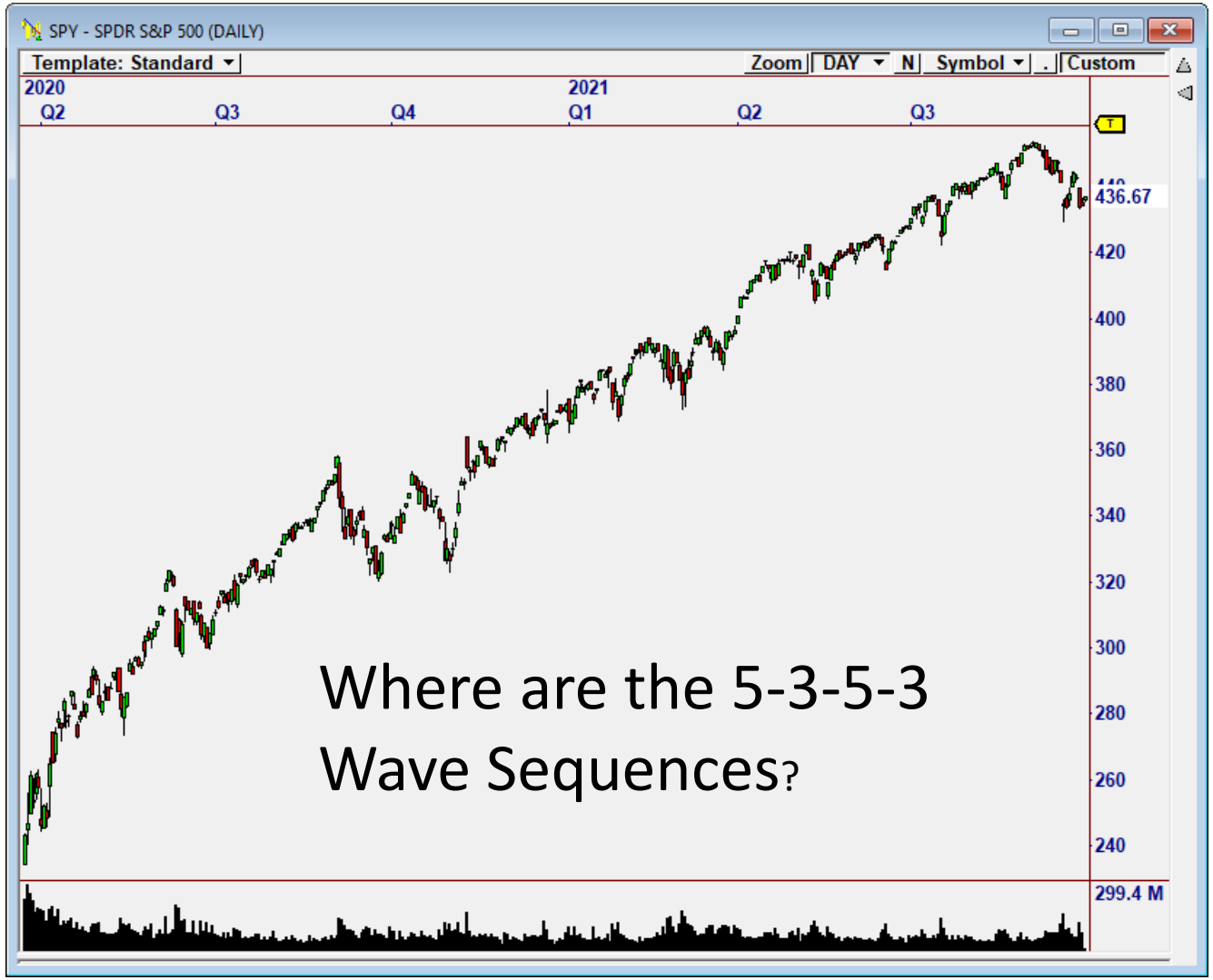
BullWaves.org

Problem: The Market Is Not That Structured!

Many markets exhibit clear Elliott Wave counts.

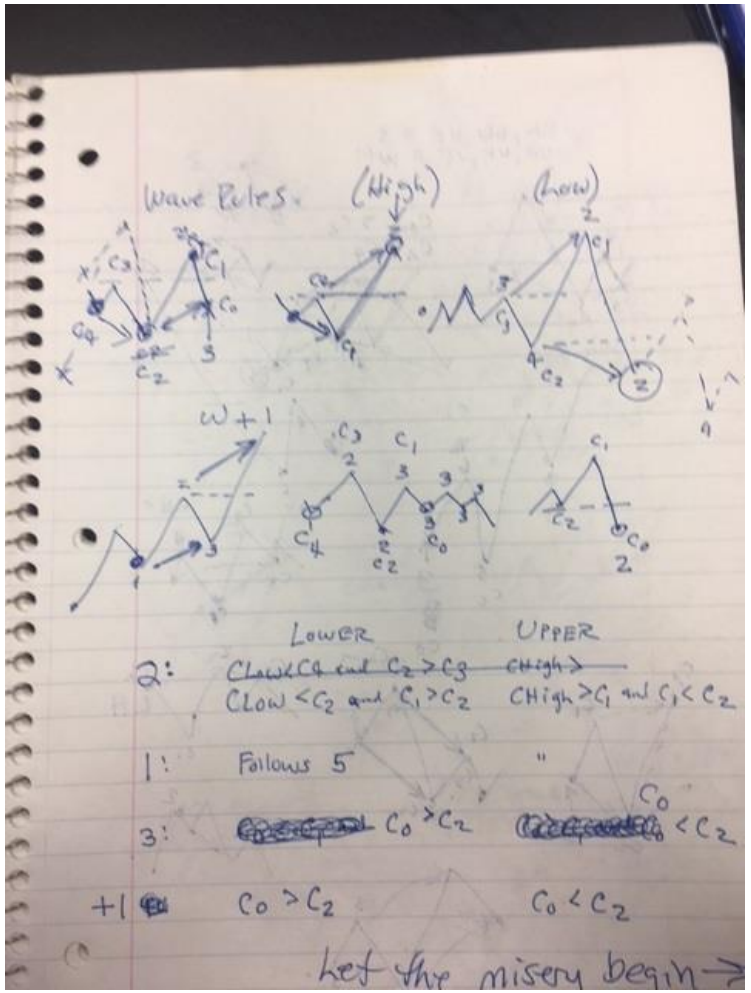
But they are usually marked up AFTER the fact.

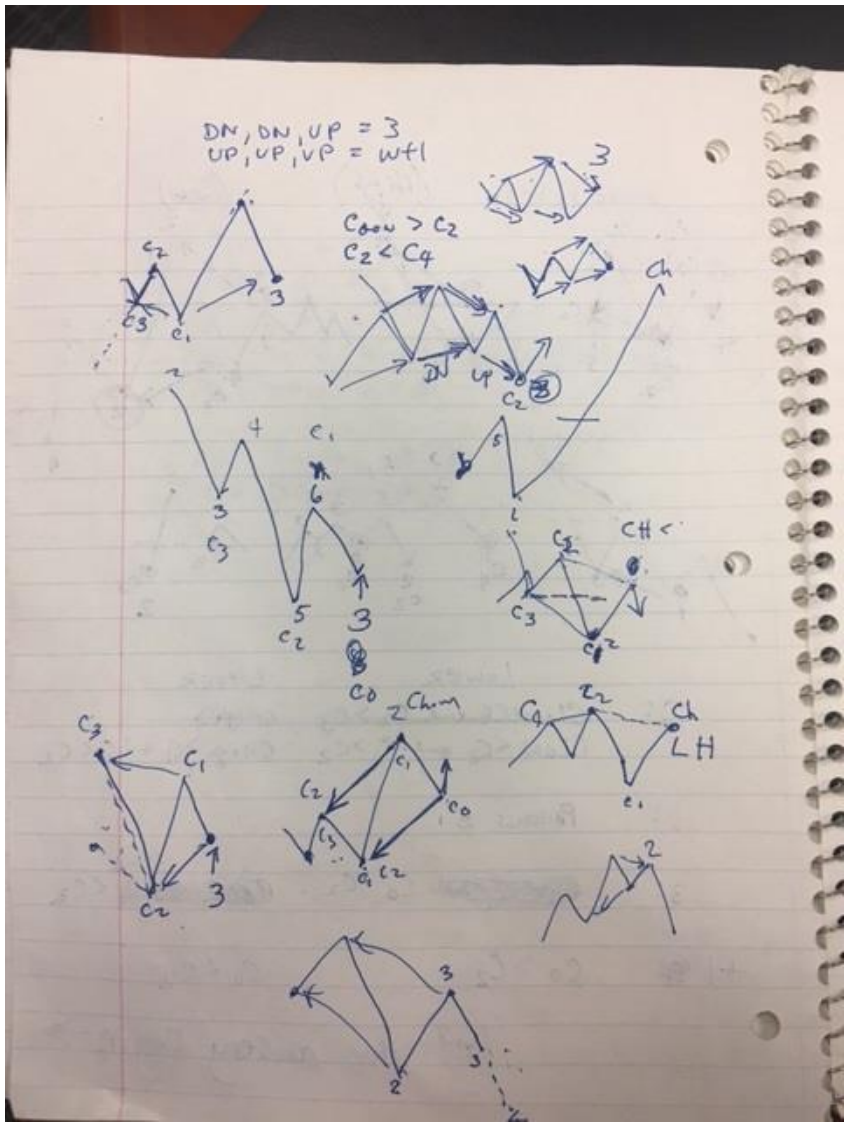
Can Elliott Wave Theory be used to trade the Right Edge?

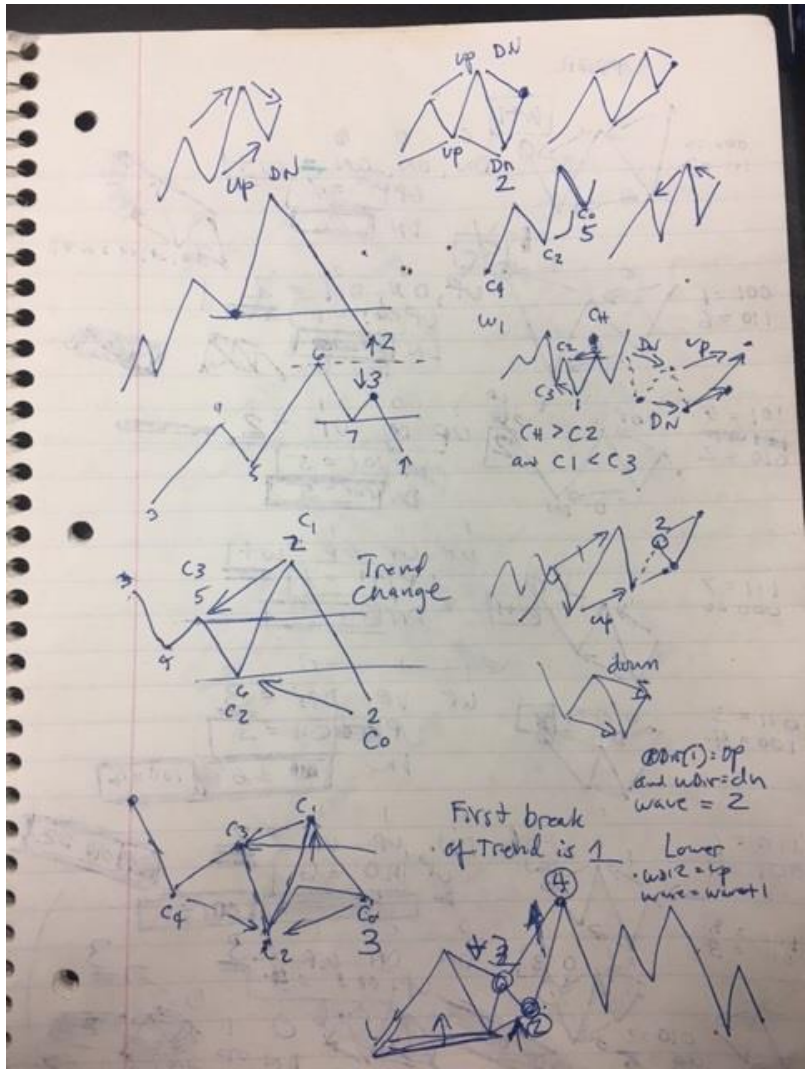


The EFT Wave Indicator

A Path of Discovery







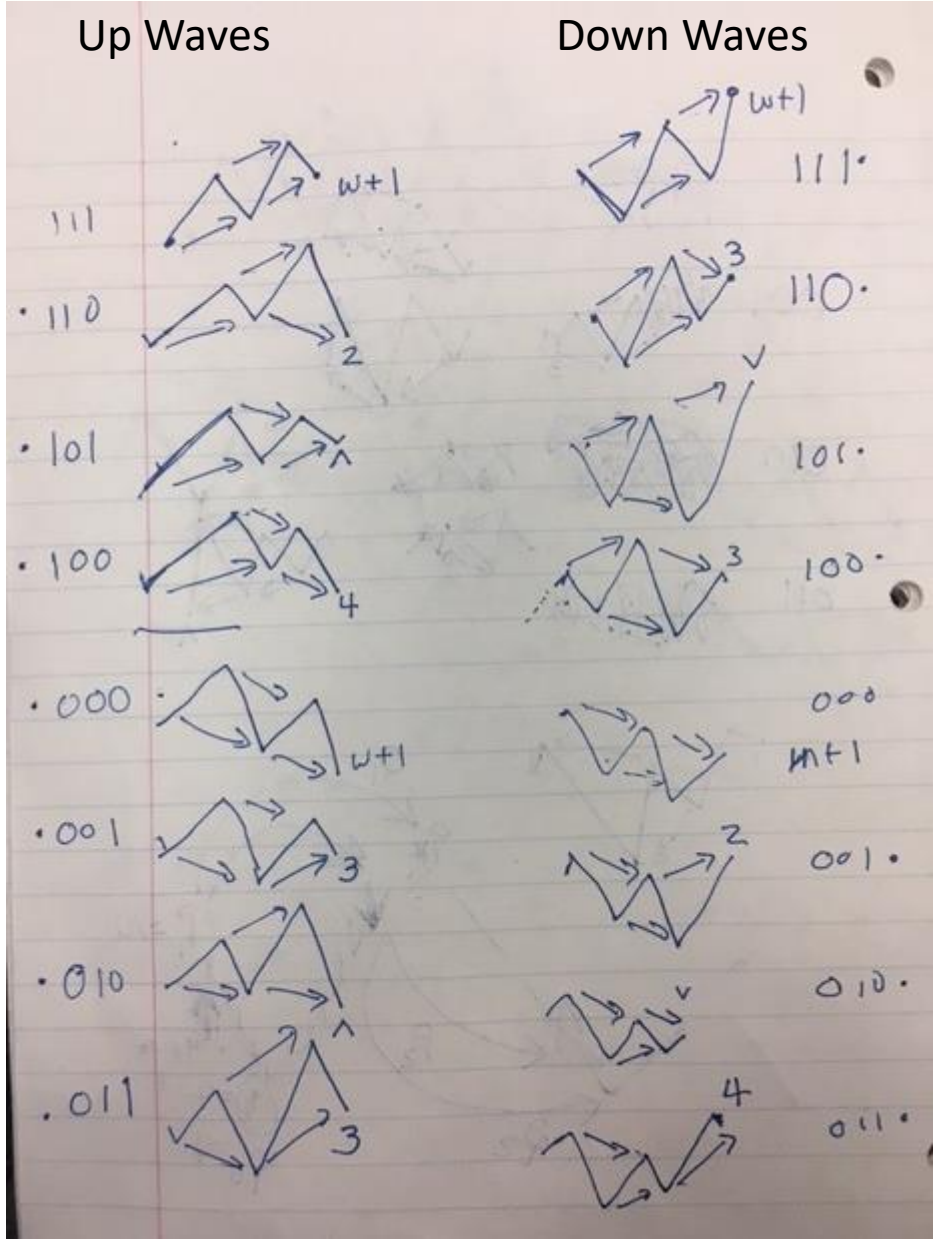
Carefully Designed Structure

Wave Counts Adjust based on the direction of the Prior Three Waves.

All Odd Waves should be in the **Direction of Trend**. All Even Waves should be **Counter to Trend**

This Method helps us determine the LIKELY Elliott Wave Count at the CURRENT Pivot.

… and that's what we care about!



The EFTWave Indicator

Pivots and **Waves** are Marked and Numbered in the Chart as as they are detected.

Elliott Wave Convention:

- **Odd Waves** – *Likely* Trend Direction.
- **Even Waves** – *Likely* Counter Trend Direction.
- The **"2" Waves** show *Likely* Change in Trend.

EFTSignal

Signals are Generated as Waves are Identified.

Some Signals form Close to the Pivots.

Some Signals form Far from the Pivots.

<u>We want to trade the Close Ones</u>.

The Trading Setup

The Elliott-Fibonacci Trader Profile

The EFT Profile is configured with:

Strategies

OmniScan Lists

EFT Wave Template

The Wave Column shows the current Wave Count.

The EFT OmniScans

OmniScans:

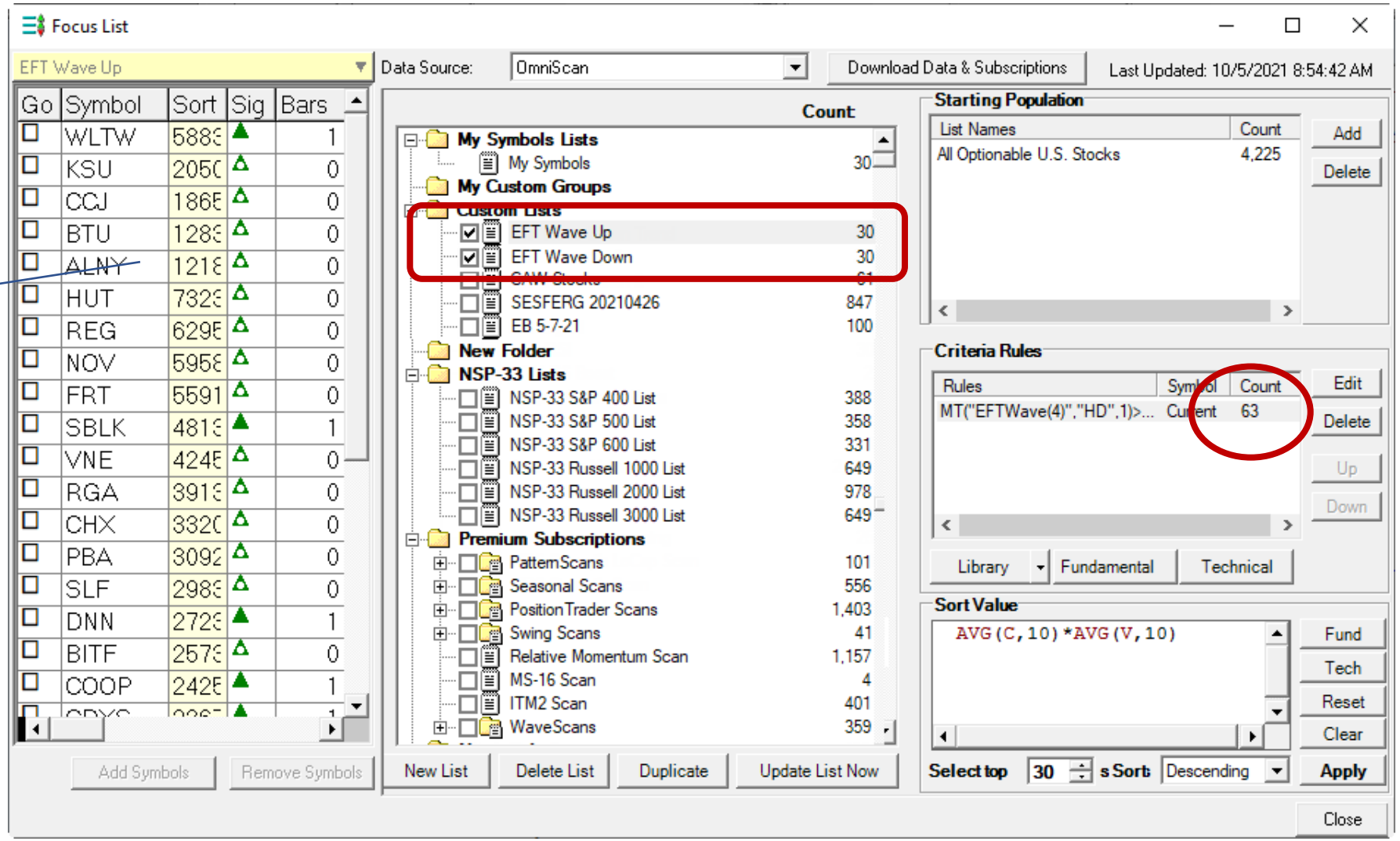
- EFT Wave Up
- EFT Wave Down

Wave Up List

We use the Ratio:

<u>Up Wave Count</u>
Down Wave Count

… as our Long/Short allocation ratio.



The EFT Strategies

2 Strategies are Included:

EFT All Signals – Fires Signals on All Waves.

EFT Trending – Only Signals the Odd (Trending) Waves.

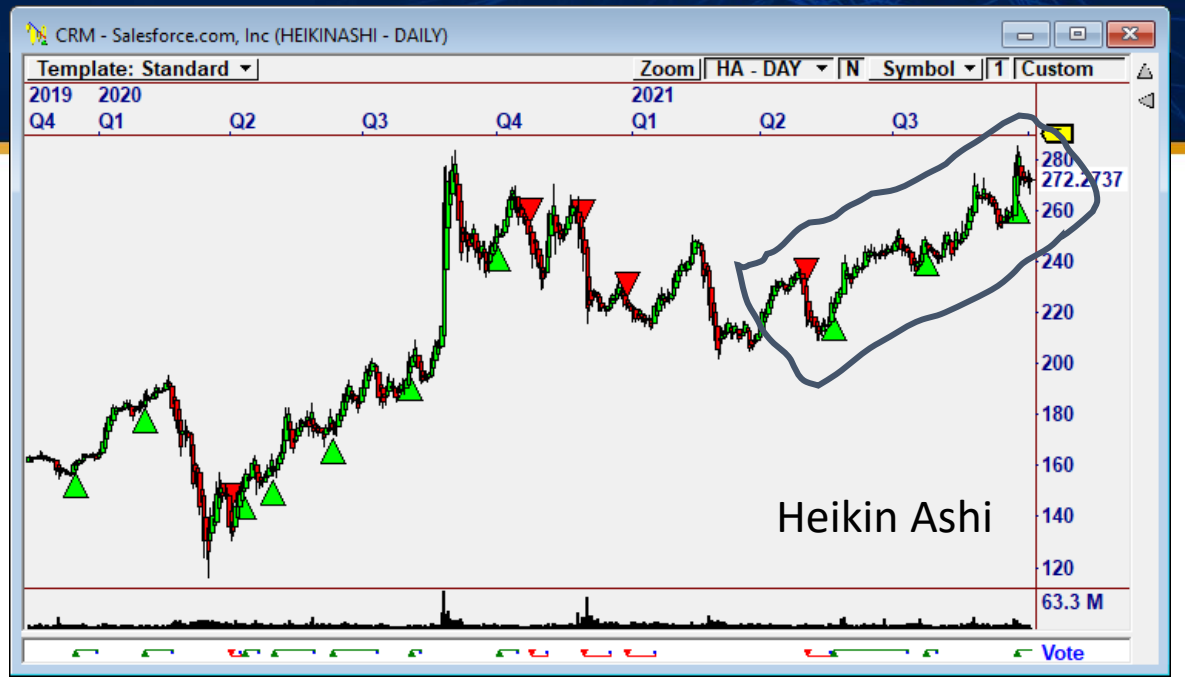
Default is **EFT All Signals** so the Counter-Trend Trades can be seen and considered.

Heikin Ashi Charts

Solid Pivots are much easier to detect in a Heikin Ashi Chart.

Note: <u>OmniScans is ALWAYS looking at the Heikin Ashi Chart</u>.

As long as you are trading an OmniScan Lists, Time Frame doesn't matter. But you won't always see a Signal in the Chart.



Trading Rules

“Bread and Butter Trades” from Waves 3 & 5

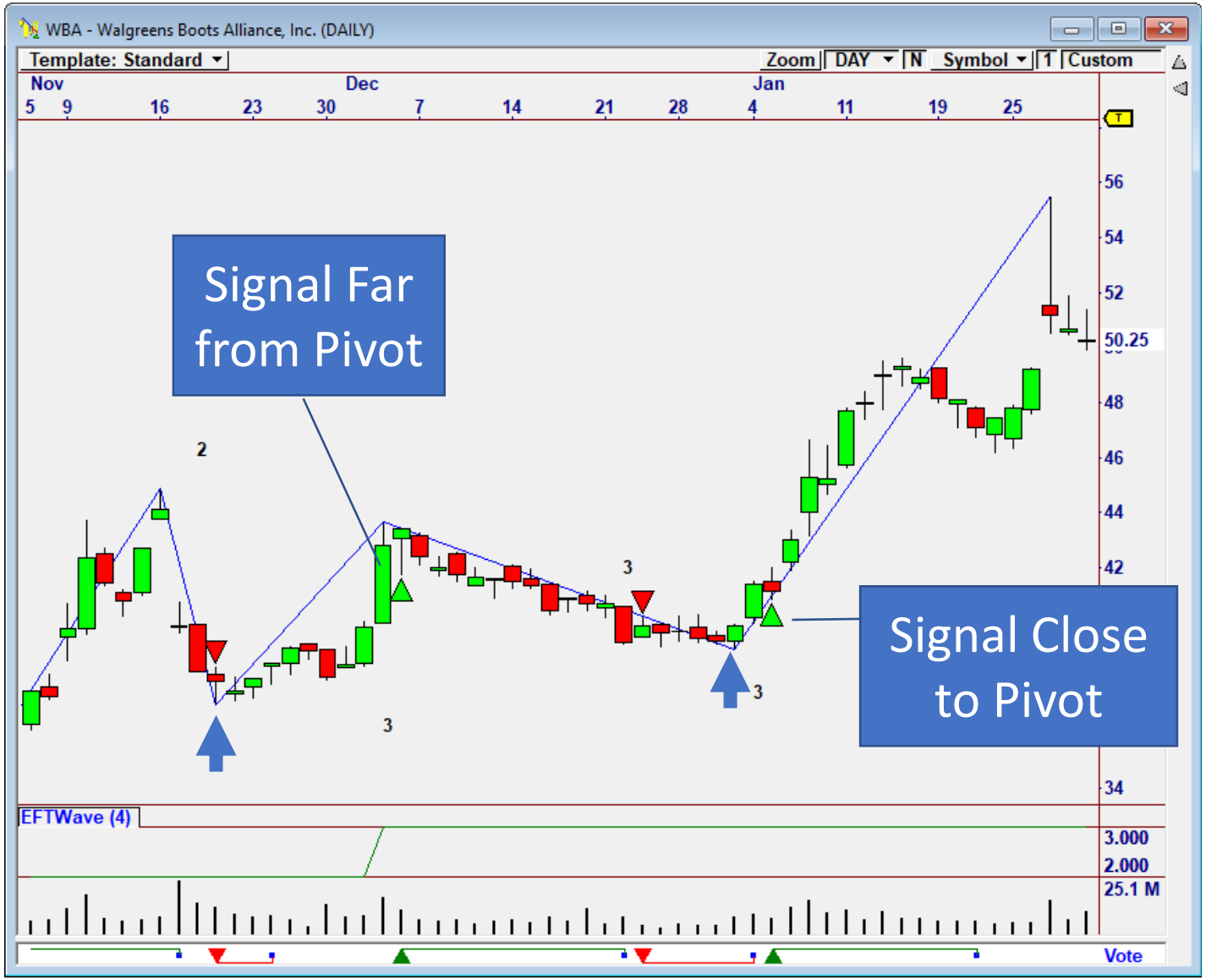
Finding Your Way

- Wave 3 is the First Wave of a Trend Change
- Wave 4 is the first Reaction Wave
- Wave 5 is the Continuation of Trend Wave

Signals Closer to Pivots ➡ Bigger Moves

Identify Signals that are close to the **Pivot Low** or **Pivot High**.

These will provide the most Move Potential.



Larger Waves ➡ Bigger Profits

Charts that have larger Waves are more likely to generate profits.

Power of the Fibs

With the Waves drawn, we can estimate the Primary Fibonacci Retracement values.

- 38%
- 50%
- 62%
- 100%

38%

Or, we can use the Fib Tool.

Rule Summary

The Ideal Trade…

- Has a Signal very close to its Pivot.
- Has Clear, Consistent Wave Structure.
- Waves are Larger
- Pivot falls near a Fib Retracement Level

More EFT Tactics

The Trend-Following Play

Lower case letters form in a strong uptrend.

Wave 6 and Beyond…

i Wave 7

ii Wave 8

iii Wave 9

iv Wave 10

v Wave 11

vii Wave 12

viii Wave 13

…

The Dipsy Doodle

Corrective Wave Reversals…

…Going from Short to Long in 2-5 bars

- often result in explosive moves in the direction of Trend.

The Keltner Launch

Process:

- Add the Keltner(14) Indicator.
- Look for VERY STRONG MOVES through the upper Keltner Boundary.
- Exit back through Channel

Let’s Do This.

Basic Process

Summary

- **OmniScan Up Waves** and **Down Waves**.
  Default count is 30 - increase for more candidates.
- Review Candidates in Focus List per **Confirmation Techniques**.
- Use **Good Opportunity** to Flag the interesting candidates.
- Review **All Analyzed Symbols** for those with the Greatest Reward:Risk
- Place Trades according to **Scan Count Ratio**. *(I use 5% per trade)*
- Review Daily to **maintain the Ratio**.
- Consider **Locking Profits** after a “Strong Green Move”
  (See Keltner Launch).

What’s Next

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