

Trading Elliott Wave + Cryptocurrency 'Predictions'

Ryan Wilday, Elliot Wave Trader



Intro

Ryan Wilday

Lead Cryptocurrency Analyst
Elliott Wave Trader

18 Years of trading for secondary income,
mostly stocks and options.

Began trading cryptos off and on in 2012.
Started trading cryptos extensively starting in
2016.

Left corporate life to trade full time in March
2018.

Agenda

Basics of Elliott Wave

Applying 'Fibonacci Pinball' to do analysis

Trades and Stops

Trading Different Timeframes 'EW'

Technical Indicators

'Think Outloud' Chart Request

Disclaimer

Cryptocurrencies are particularly volatile assets. Nothing in this document is meant to suggest that trading cryptos is a good decision for you personally.

Cryptocurrency is a new, less regulated market which contains risks unique to any other assets.

Any mention of past results is wholly unrelated to future performance.

Nothing in this document should be construed as an endorsement of a product, service, exchange, or any other entity mentioned here within.

The Elliott Wave Theory

Theory developed by R.N. Elliott, published in 1938.

Suggests the market moves in waves of sentiment, that have a mathematical sequence similar to mathematical structures found in nature.

People are part of nature and our sentiment runs its course in similar ways that natural structures develop in the wild.

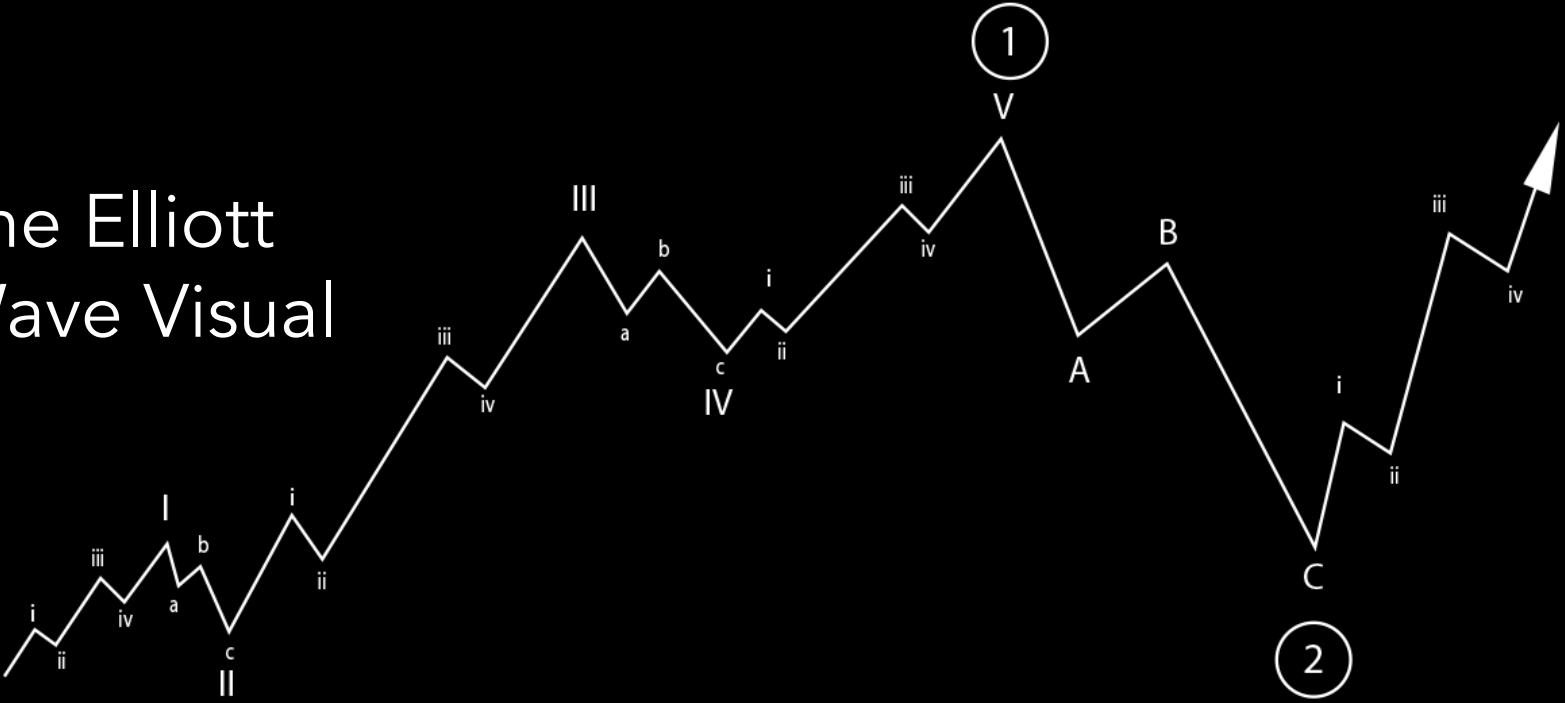
Elliott made some phenomenal predictions regarding the market's progress that carried through beyond his death.

We find his theory works very well in cryptos as well. They rise and fall in waves of sentiment with some unique particulars vs. other asset classes.

[1941] should mark the final correction of the 13 year pattern of defeatism. This termination will also mark the beginning of a new Supercycle wave (V), comparable in many respects with the long [advance] from 1857 to 1929. Supercycle (V) is not expected to culminate until about 2012.

R.N. Elliott, 1941

The Elliott Wave Visual



Rules and Principles:

A correct Elliott wave count must observe three rules:

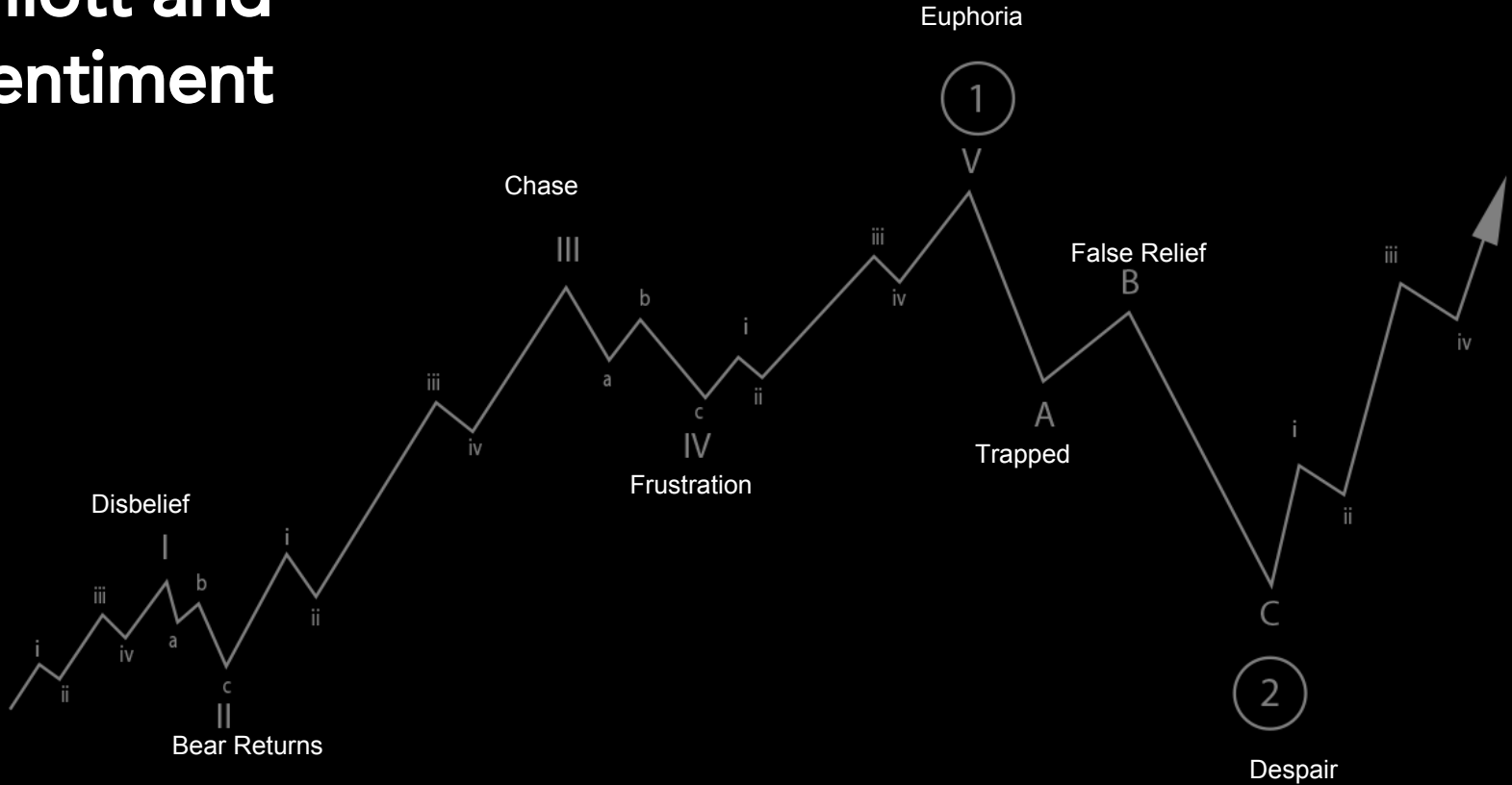
Wave 2 never retraces more than 100% of wave 1.

Wave 3 cannot be the shortest of the three impulse waves (waves 1, 3 and 5)

Wave 4 does not overlap in price with wave 1, except in a diagonal

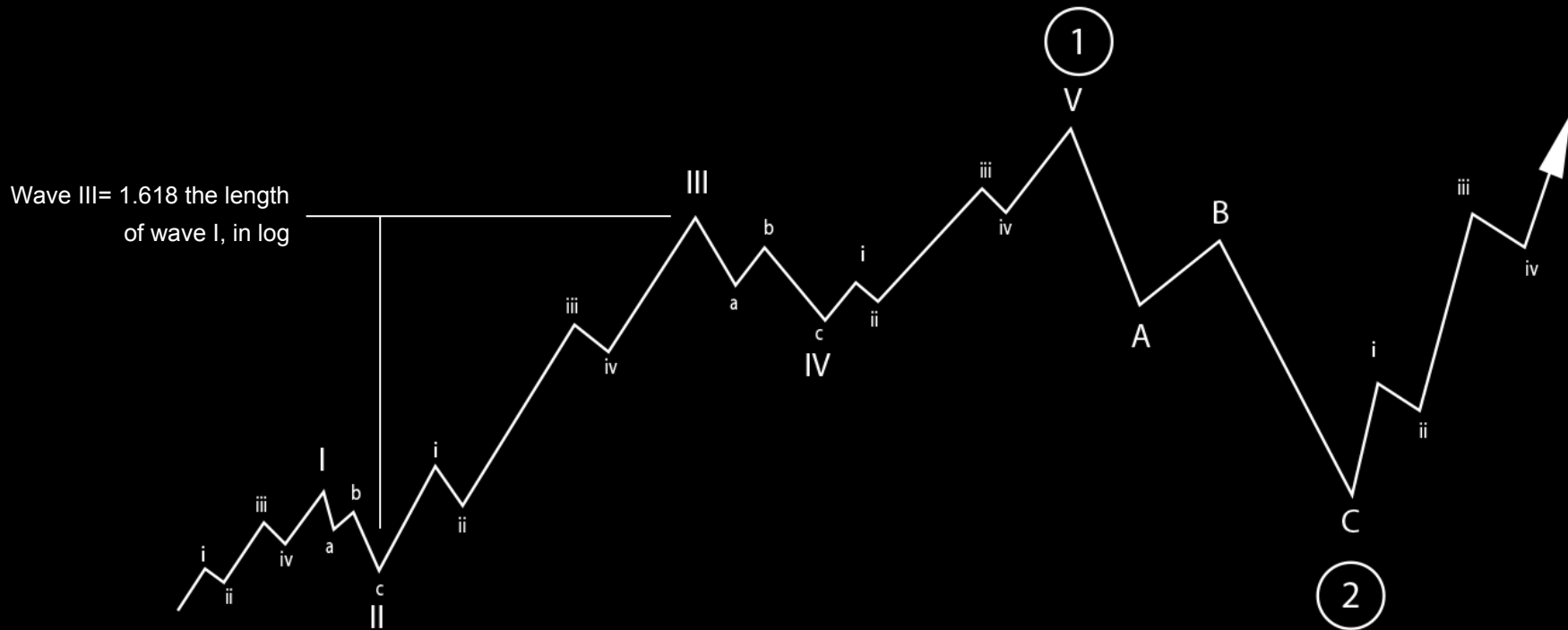
Diagonals can only exist in the 1 and A (leading diagonal) or C and 5 (ending diagonal)

Elliott and Sentiment

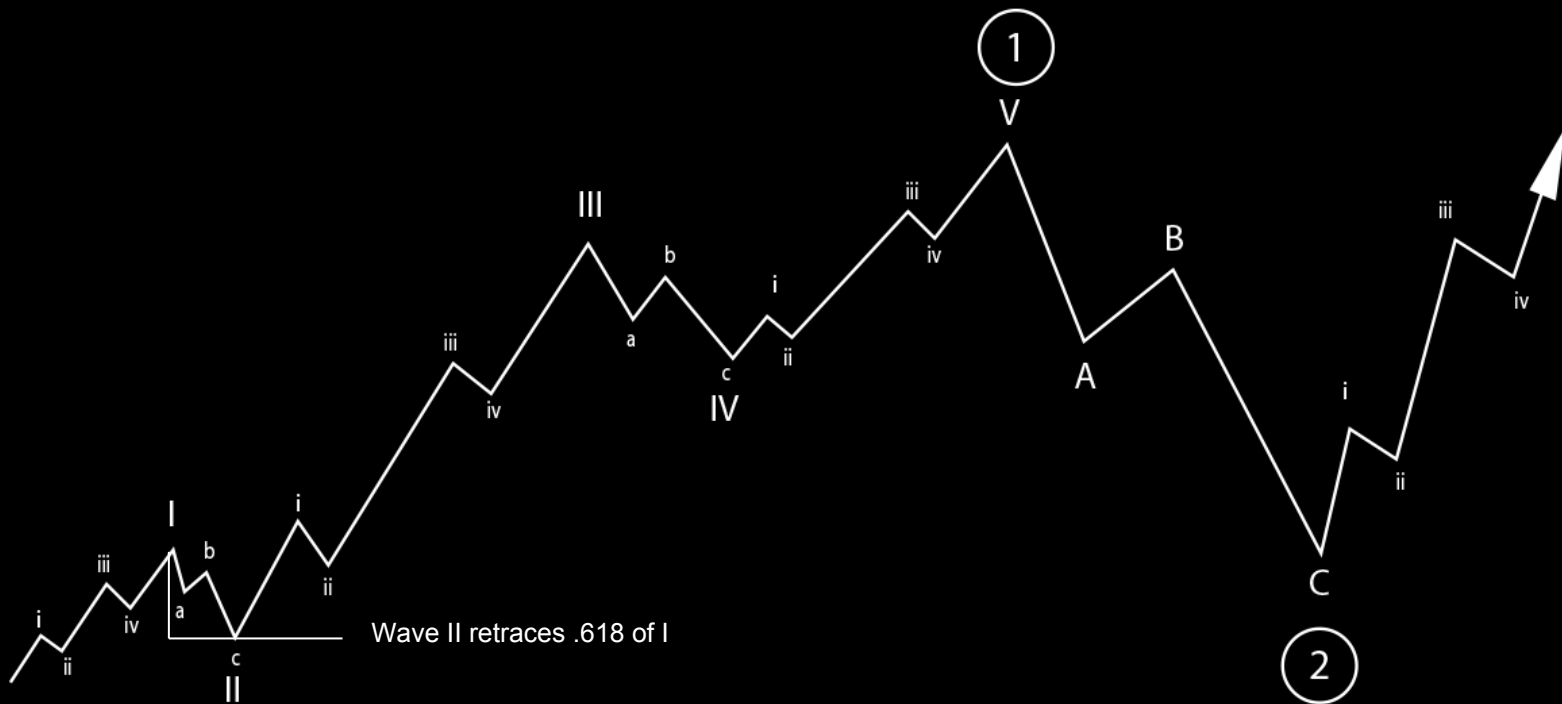


Fibonacci Pinball

(Additional 'rules' that EWT's analysts and we teach to our members)



Fibonacci Pinball



Question Break

The Moon Flight

Personal Narrative



A personal story using Ethereum, (ETHUSD) ca. March 2017



Ethereum, (ETHUSD) today



Bitcoin (BTCUSD)



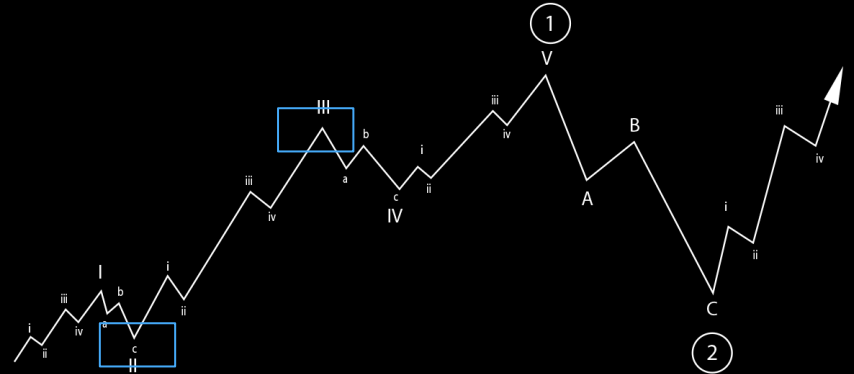
Your main extensions and retraces:

Wave 2 typically corrects .382 to .618 in log of wave 1 with .618 as typical

Wave 2 = [Origin/top of wave 1)^.618*top of wave 1]

Wave 3 is typically 1.382 to 1.618 of Wave 1 in log

Wave 3 = [(top of wave 1/Origin)^1.618*bottom of wave 2]



Your main extensions and retraces (cont):

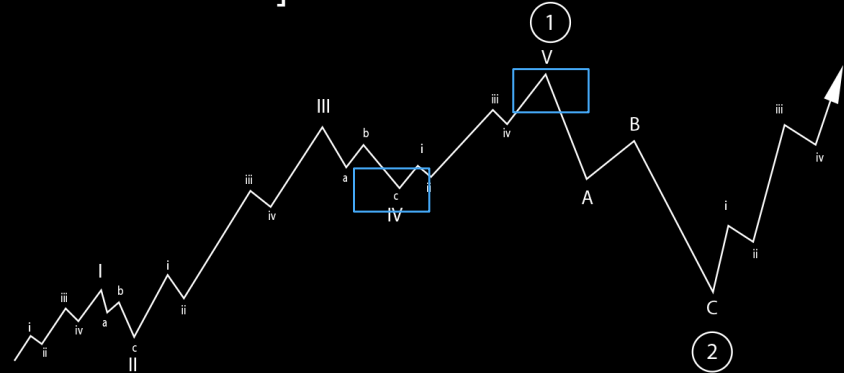
Wave 4 corrects to the .764 or 1.0 extension of Wave 1

Wave 4 = $[(\text{top of wave 1} / \text{Origin})^1 * \text{bottom of wave 2}]$

Also wave 4 ideally retraces .382 of the third, and tends .5 at worse

Wave 5 typically tops 1.764 to 2.0 of Wave 1 in log

Wave 5 = $[(\text{top of wave 1} / \text{Origin})^2 * \text{bottom of wave 2}]$



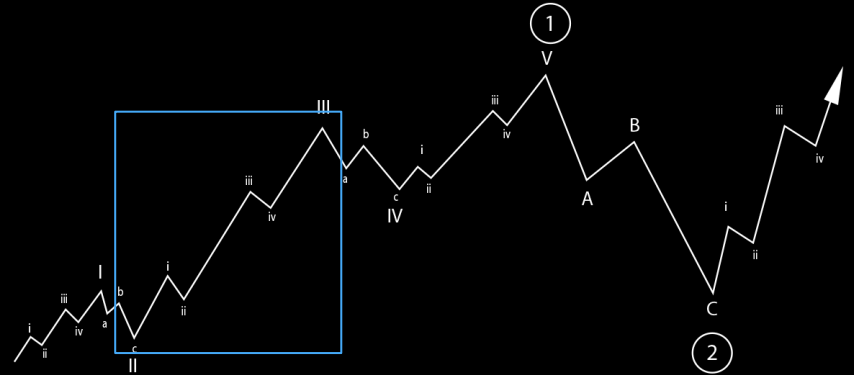
Subwaves of three:

i of Wave 3 is typically .382 - .764 of Wave 1

ii of Wave 3 is typically corrects to the .236 to .382 of Wave 1

iii of Wave 3 typically hits the 1.0 to 1.382 of Wave 1

iv of wave 3 typically corrects to the .618 to .764 of Wave 1



Dealing with the extended third:

When the third extends past the 1.618, sometimes to the 2.618, assume the 4 will retrace .382 to .5 of the third, and the fourth will be .618 to 1.0 of wave 1.

Question Break

Types of Corrective Structure

Diagonals

(Motive waves with a corrective structures)

Flats: Regular, Expanded, and Running (3x3x5) or (5x3x5)

Zigzags (3x3x5) or (5x3x5)

Triangles (3x3x3x3x3) or 9(3)

Combos (3x3x3) or 2(3x3x3).

Standard Flat

B tends to retrace nearly all of A.

C falls slightly deeper than the end of A



Running Flat

A correction that continues the price trend.

B is higher than the start of A

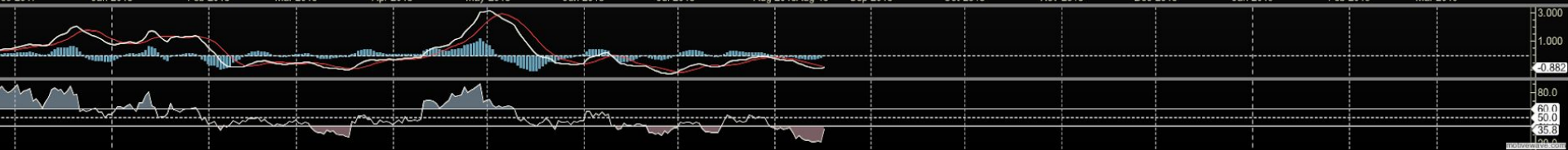
C is higher than the end of A



MotiveWave
May-2017 May-12 May-22 2017 Jun-19 Jul-2017 Jul-17 Aug-2017 Aug-21 Sep-2017 Sep-18 Oct-2017 Oct-16 Nov-2017 Nov-20 Dec-2017 Dec-18 Jan-2018 Jan-12 Jan-22 Feb-2018
MACD(C,EMA,12,26,9)



Expanded Flat
 B is higher than the start of A and C is lower than the end of A
 This the notorious 'false breakout' pattern.



Zigzag

Direct ABC with minimal B wave.

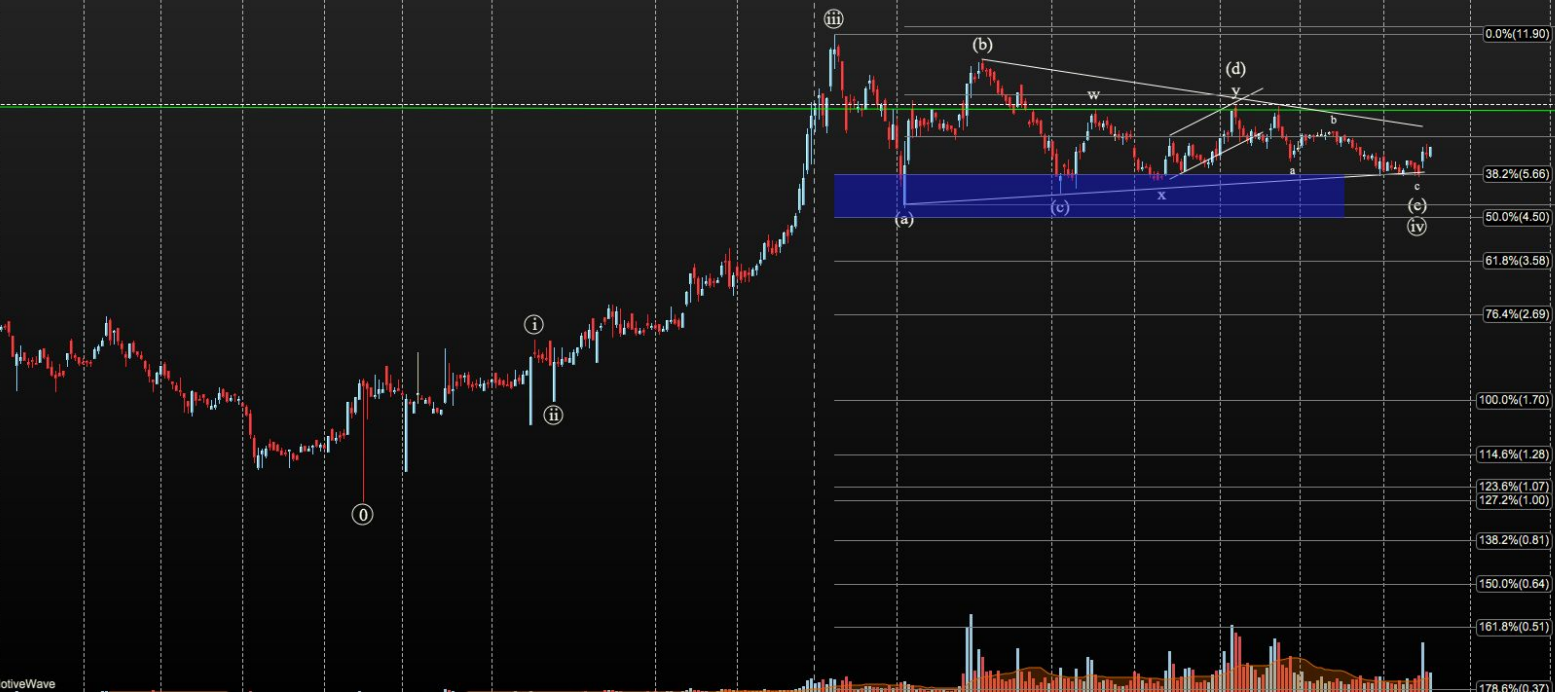
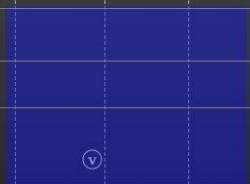
B is usually .382 to .618 of A

Usually they end deeper.



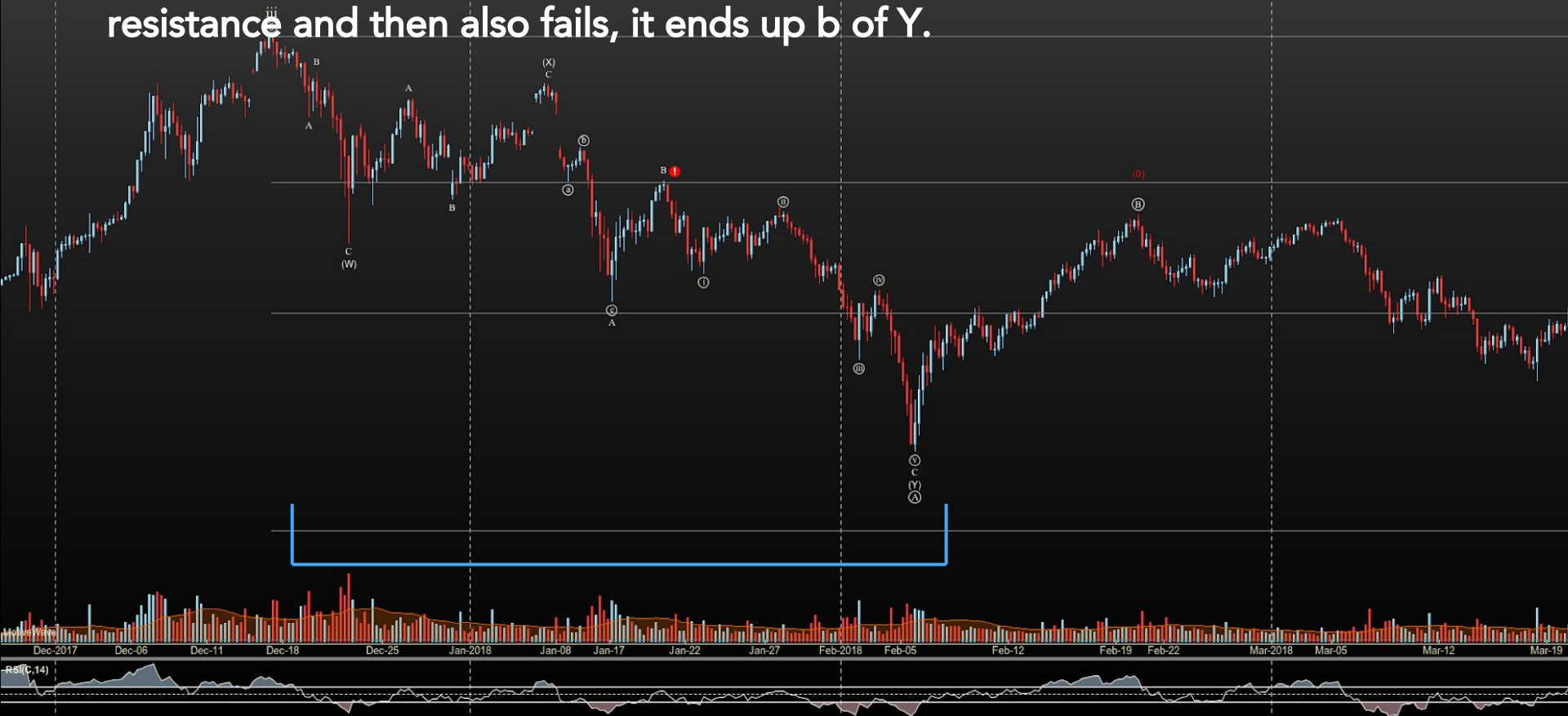
Triangle

- Five or Nine Waves (abcde or abcdefghi)
- Top waves and bottom usually keep to trend
- Subwaves divide in threes (abc's or wxy's)
- Only a Wave 4, or in a B wave



Double Combo (WXY)

Often when you are tracking the fourth of a C wave and it overcomes resistance and then also fails, it ends up b of Y.



Diagonals

Leading: Wave 1 or A

Ending: Wave 5 or C

CANNOT be the third wave of an impulse.

But they can be a subwave of three (1 or 5 of Three)

Waves 1, 3, or 5 have an abc structure.

Often follow a channel, either parallel, contracting or sometimes expanding.

Most often wave 4 overlaps 1.



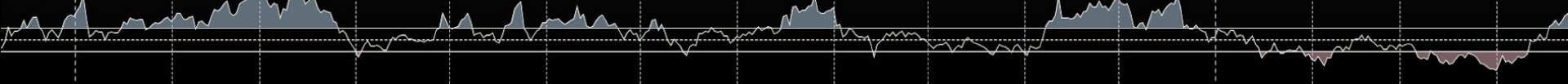
MotiveWave

Jan-2017 Feb-2017 Mar-2017 Apr-2017 May-2017 Jun-2017 Jul-2017 Aug-2017 Sep-2017 Oct-2017 Nov-2017 Dec-2017 Jan-2018 Feb-2018 Mar-2018 Apr-2018

MACD(C,EMA,12,26,9)



RSI(C,14)





Fibs in Corrections:

Three Wave patterns usually observe $A=C$ or near symmetry of A and the C.

This means C waves are .764 to 1.382 of A, in log, but very often 1.0.

Confluence:

Where a two projections from two different degrees point to the same target zone. eg. 5th wave points to the same level of a larger degree 5th.

Or, Support from a larger degree for a correction and the A=C of subwaves within the correction.

Sometimes you can find 3 or more projections pointing the same zone.

Confluence raises probability that our count is correct and will play out.

Question Break

Technicals + Elliott Wave

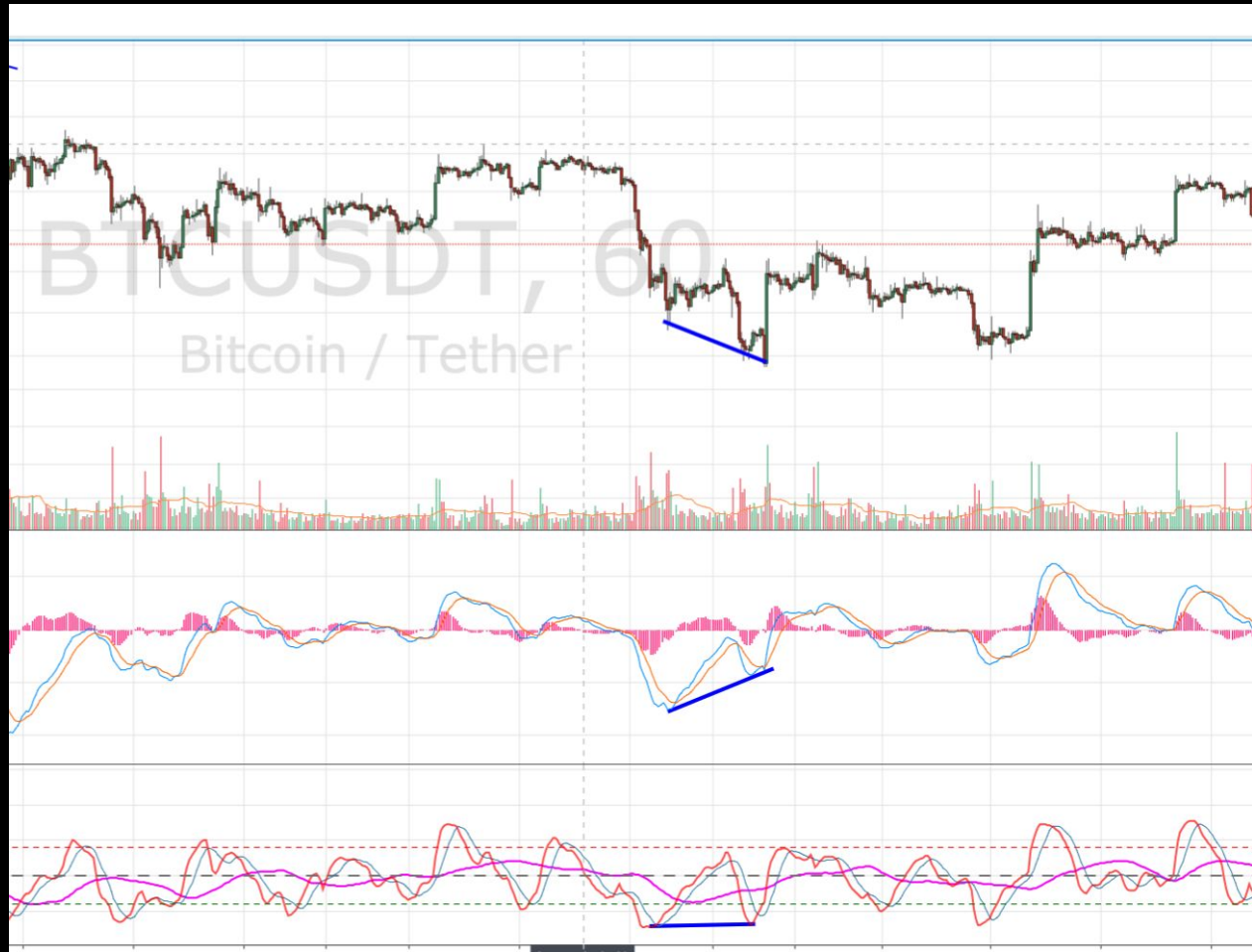
Watch for divergence for entries and exits

- Looking for divergence at expected turn points
- The divergence 'neckdown'
- Particular or hidden divergence in RSI
- Trending your technicals

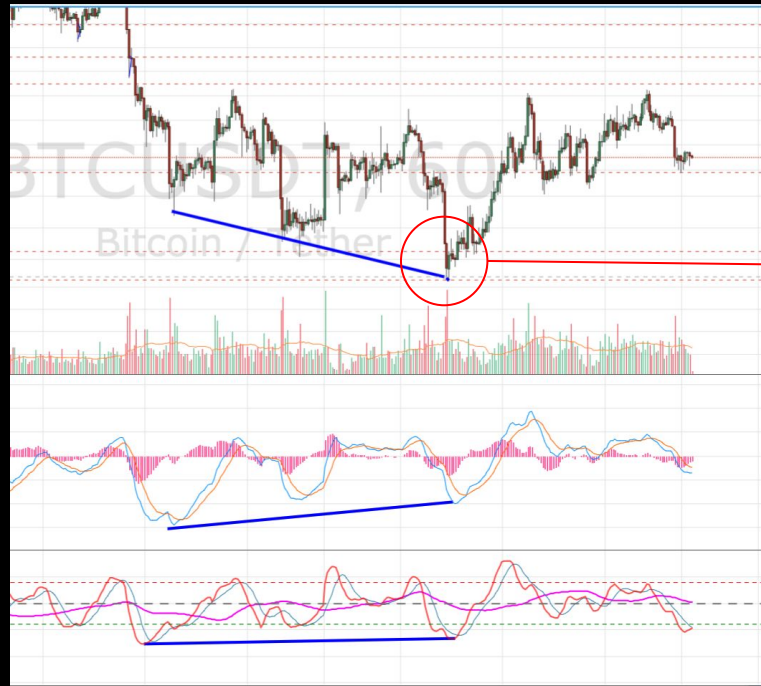
Be aware of embedding

Settings

Divergence in the MACD and RSI (RSX shown) at a key fib level.



Divergence Neckdown



Embedment

The potential to embed is built into the mathematical nature of indicators with 'look back'.

When price moves strong and continuous in one direction as occurs in a third wave, you should expect indicators to Max out. In fact 'maxing' is one of our 'testing methods' for third waves.

Then as the indicator looks back to increased momentum, it becomes sensitive too even the slightest change in momentum and fire false signals.

Embedment

In a third wave technical tend to embed in an oversold or overbought conditions and 'sell signals' are not useful.

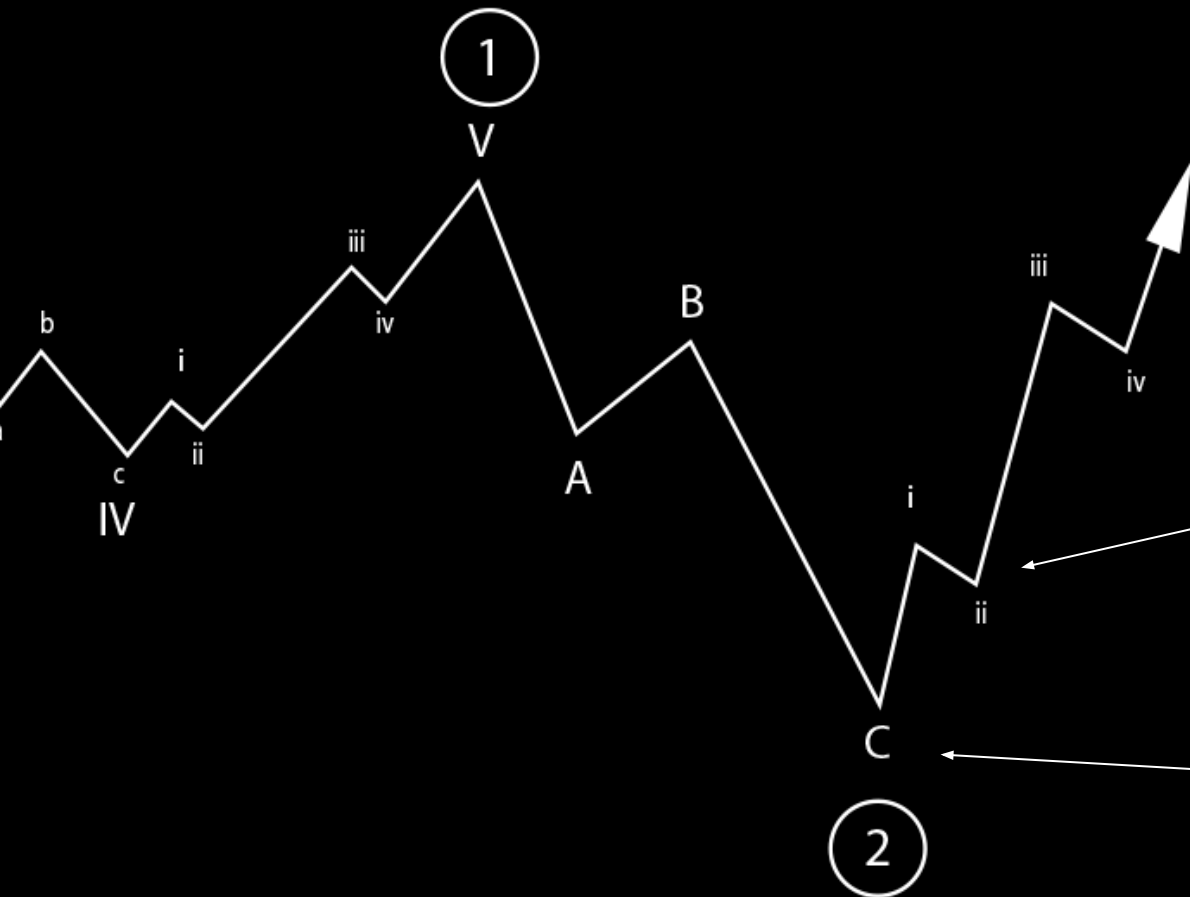


Embedded oversold RSI
in BTC



Embedded oversold RSI
and multiple MACD sell signals while
price increased.

Question Break



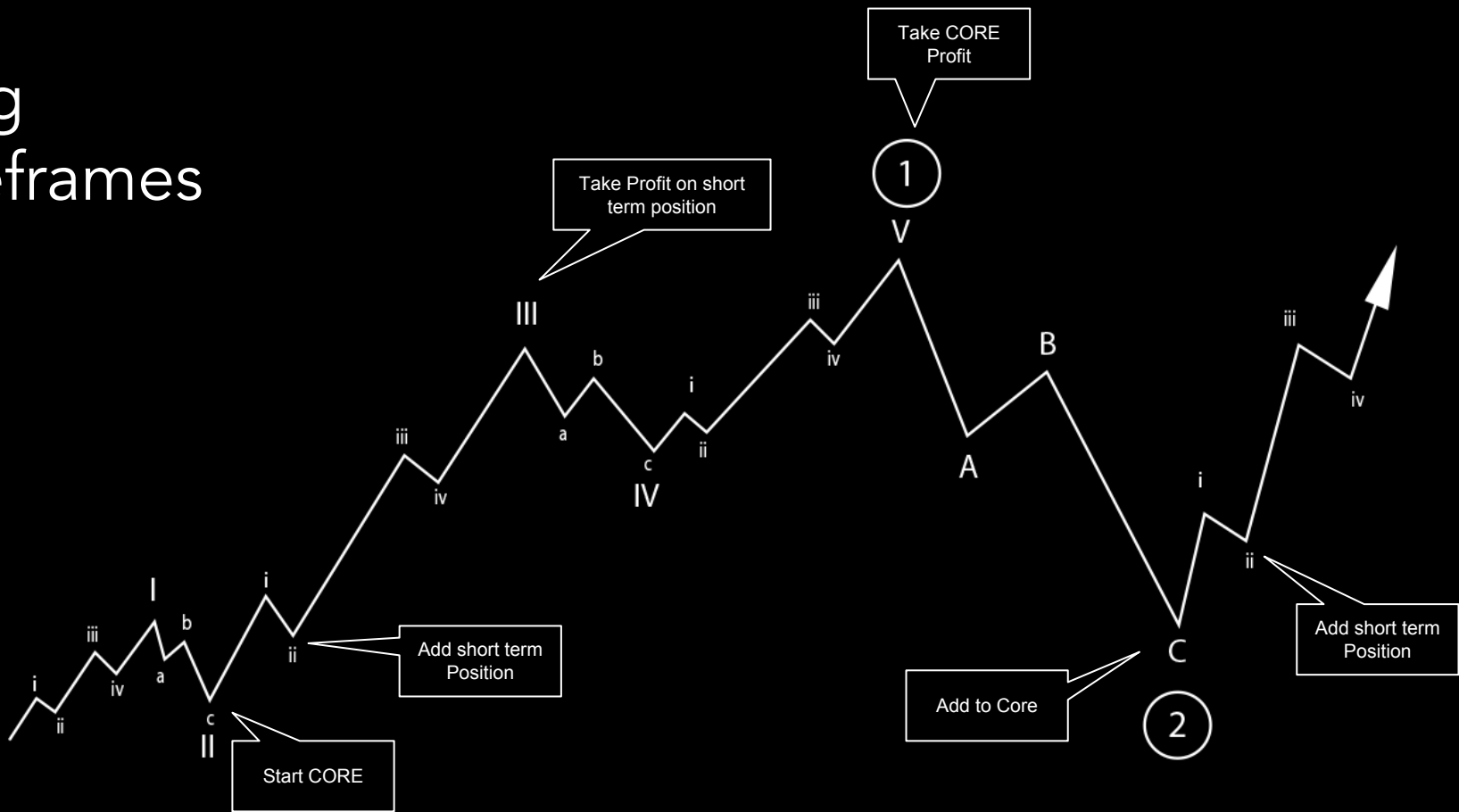
Trade Entries

Higher probability Setup at 5 up, 3 down off of higher degree 2

Low Probability 'Knife Catch' at possible 2 wave completion

Stops are at the bottom of Wave1, tight at .764

Using Timeframes



My Style for Trading EW Analysis

Swing and
Long term

Trade 2 or more timeframes, usually
with different accounts

Seed completed C wave

Add at first 1-2

Add at next degree.

If failure, stop out or wait to add
lower.

My Style for Trading EW Analysis

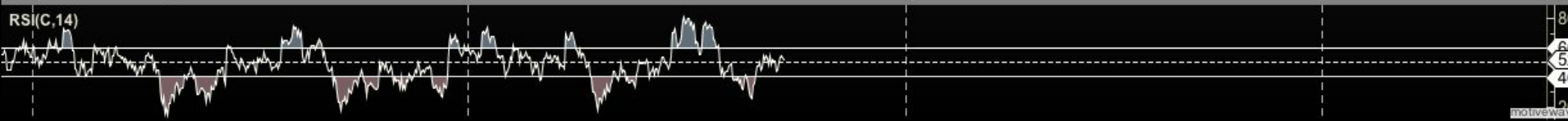
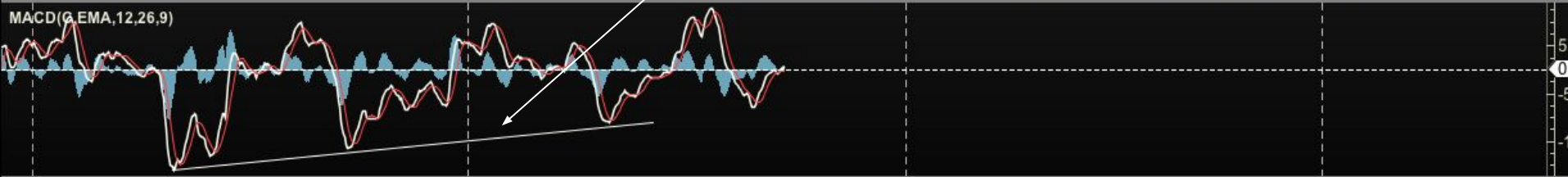
Scalping

Enter a small position at technical divergence.

Build on the position in the first pullback.

Exit at the .764-1.0

423.0%	(699.70)
261.8%	(796.12)
200.0%	(759.78)
161.8%	(738.15)
100.0%	(704.45)
61.8%	(684.40)
0.0%	(653.16)



Style and Success Rate

Long Term Traders:

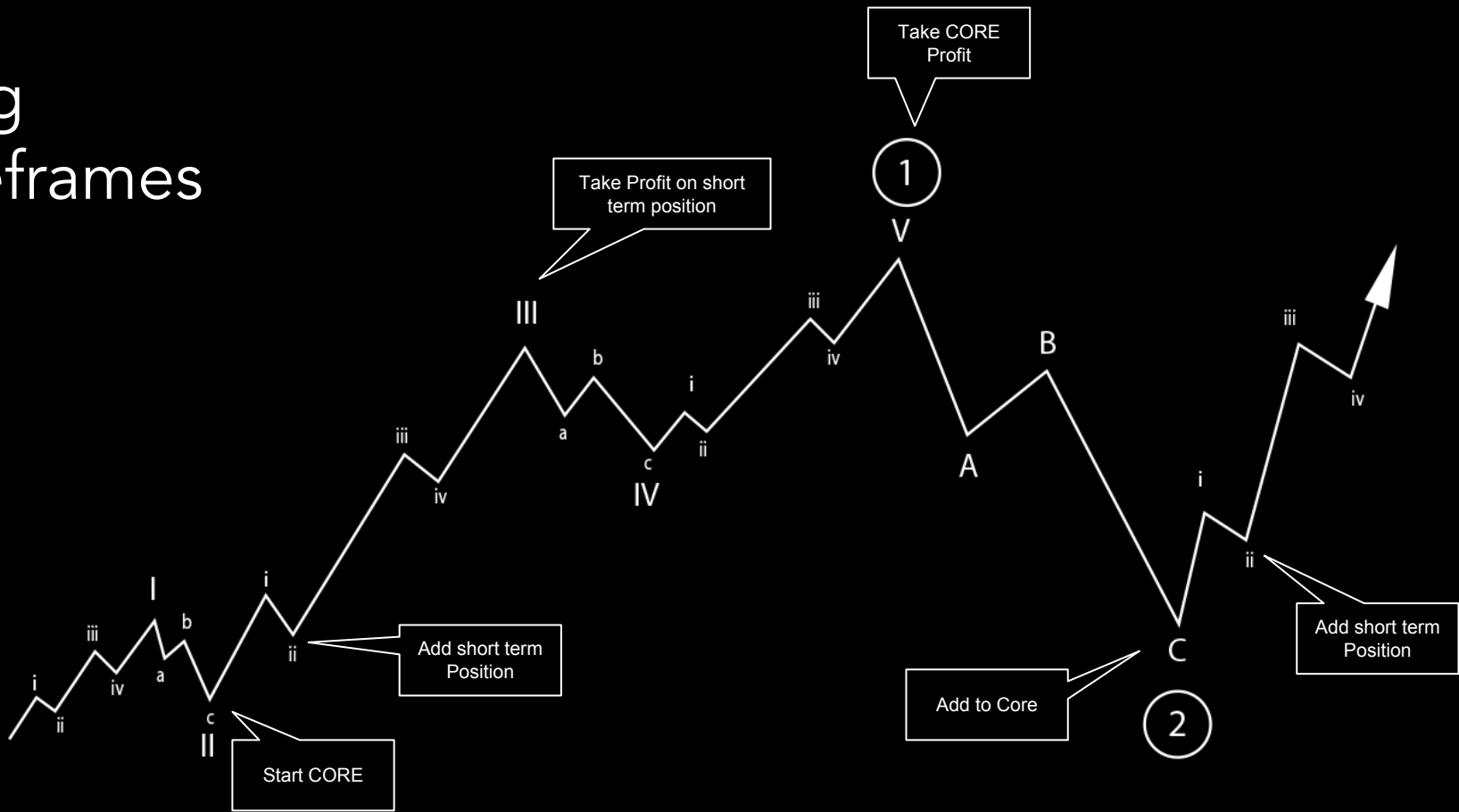
- a) Take bigger heat but stop out at a loss less.
- b) Tend to have a less smooth equity curve over time.
- c) Less effort / trading

Scalpers:

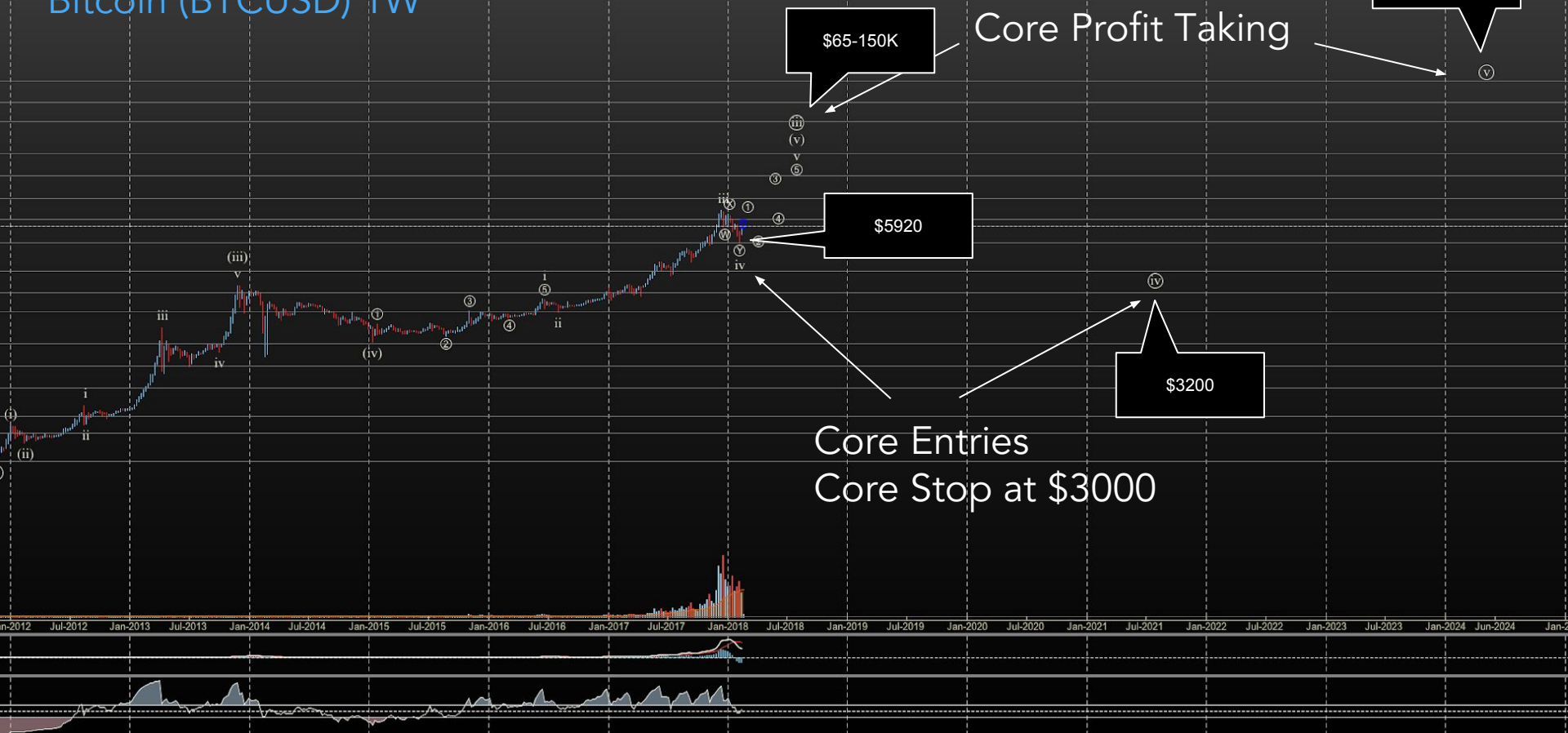
- a) Tend to have a smooth equity curve
- b) More worth
- c) Quick profit taking, more stop losses

Swingers: Hybrid

Using Timeframes



Bitcoin (BTCUSD) 1W



\$65-150K

Core Profit Taking

\$2.25M

\$5920

Core Entries
Core Stop at \$3000

\$3200

Bitcoin (BTCUSD) 6H



Core + short term entry

Core + Short Term Entry

Short Term Stop

Core Entry w/Stop below

190.9M

248.3

80.0
60.0
50.0
40.0
27.6

Stops on a Progressing Successful Trade (3rd Wave)

- 1) After the .618, below the .236
- 2) After 1.0, below the .618
- 3) below the .5 of the progressing third.

Profit taking

- 1) Scalp .618-1.0
- 2) 1.382
- 3) 1.618
- 4) 1.764
- 5) 2.0

Additional Links

Recommended Reading on Elliott Wave:

[The Elliott Wave Principle by Prechter + Frost](#)

Videos on Blockchain

<https://goo.gl/6ap5Me>

<https://goo.gl/RvhZU1>

More complete Introduction Webinar:

<https://goo.gl/SEgRQh>

PDF on Security

https://www.elliottwavetrader.net/r/Crypto_Security.pdf

Links to EWT and Ryan's Youtube Channels:

<https://www.youtube.com/channel/UC3rvB1pR6sJID9esMul114A>

https://www.youtube.com/channel/UC_LK-Dpw1M2FkjZhugVOWA?view_as=subscriber

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Thank you!