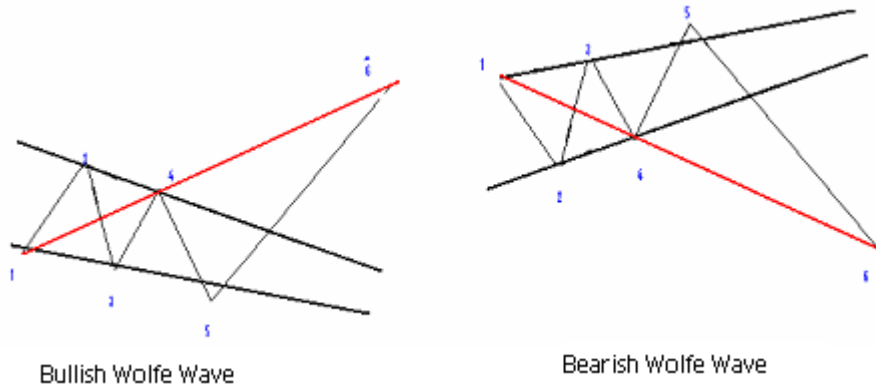


# Wolfe Wave

## What Does *Wolfe Wave* Mean?

In technical analysis, it is a naturally occurring trading pattern present in all financial markets. The pattern is composed of five waves showing supply and demand and a fight towards an equilibrium price. These patterns can develop over short- and long-term time frames such as minutes or weeks and are used to predict where a price is heading and when it will get there.



## *Wolfe Wave*...

If identified correctly, Wolfe waves can be used to accurately predict the scope (equilibrium price) of the underlying security. To identify Wolfe waves, they must have the following characteristics:

Waves 3-4 must stay within the channel created by 1-2

Wave 1-2 equals waves 3-4 (shows symmetry)

Wave 4 is within the channel created by waves 1-2

There is regular time between all waves

Wave 5 exceeds trendline created by waves 1 and 3 and is the entry point

The estimated price is a price along the trendline created by waves 1 and 4 (point 6).

## What is the Wolfe Wave?

Simply put, the Wolfe Wave is a natural rhythm that exists in all markets. It is made up of waves of supply and demand that form their own equilibrium. It was not "invented" by me, but discovered. The key to its accuracy is in *properly* identifying the 1, 2, 3, 4 & 5 points. These are what give it its proper balance of equilibrium. It is very important to identify the dominant Wave. It is somewhat like recognizing those 3-D pictures. After a while a smile comes to your face and you say: "WOW, I see it."

### Rules for Bullish WolfeWave Structure

Please note the odd sequence in counting, as you will see, it is necessary for the inductive analysis. By starting with a top we are assured of beginning our count on a new wave. (The reverse would apply for a bearish wave.)

The 2 point is a top.

The 3 point is the bottom of the first decline.

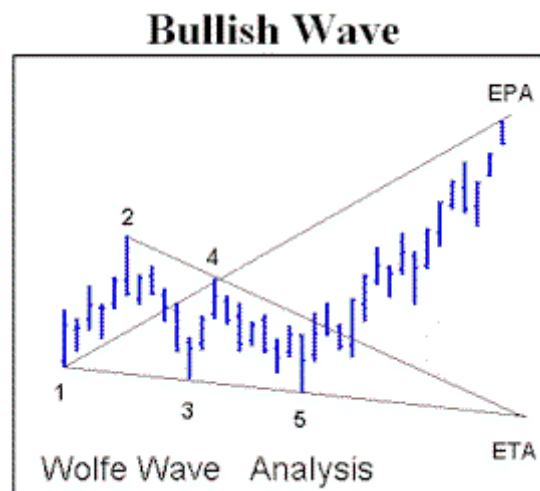
The 1 point is the bottom prior to point 2 (top), that 3 has surpassed.

The 4 point is the top of the rally after point 3.

The 5 point is the bottom after point 4 and is likely to exceed the extended trend line of 1 to 3. This is the entry point for a ride to the EPA line (1 to 4).

Estimated Price at Arrival (EPA) is trend line of 1 to 4 at apex of extended trend line of 1 to 3 and extended trend line of 2 to 4.

Estimated Time of Arrival (ETA) is apex of extended trend line of 1 to 3 and 2 to 4.



Why does the WolfeWave work so well?

- Market timing is not about finding the Holy Grail.
- Market timing is not about complicated algorithms.
- Market timing is not about colorful indicators and oscillators.

Market timing is about BALANCE.

Question:

Can you predict the outcome of the balancing act below?



Answer:

If you said that Fatso is going to send Skinny skyward, you're right. It's no different in the market. News impacts supply and demand and price moves up and down. Once you can determine where the balance point is, you can predict which way the market will go.

Question:

On the chart below can you find the balance point?



More to come...

Answer:

Probably not, if you don't know what to look for.



Picture this: We're at the 5 point and the market just opened. TV has been telling traders that the market is going to have a "great day" because Globex is up and the market is sure to open higher. How many times have you heard it? How many times has it failed? WolfeWave practitioners giggle. They know that the market is now out of balance and will soon correct to the downside, big time!

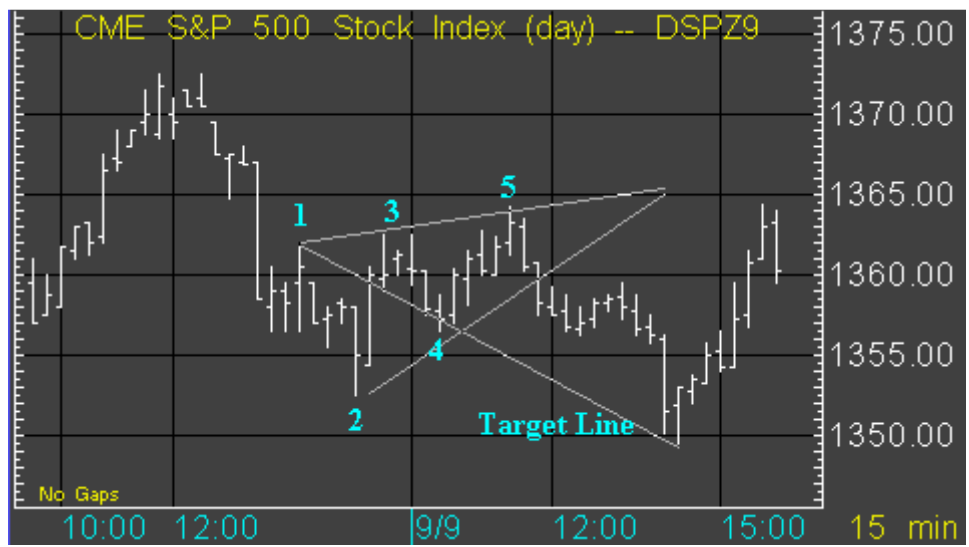
Two hours later: Price hits WolfeWave target line. S&P is now down 20 points. TV searches for answers. WolfeWave practitioners cash in. Play golf. Go sailing. Whatever. Wait for the next wave to form..

## A WolfeWave on a 1 min. S&P chart.



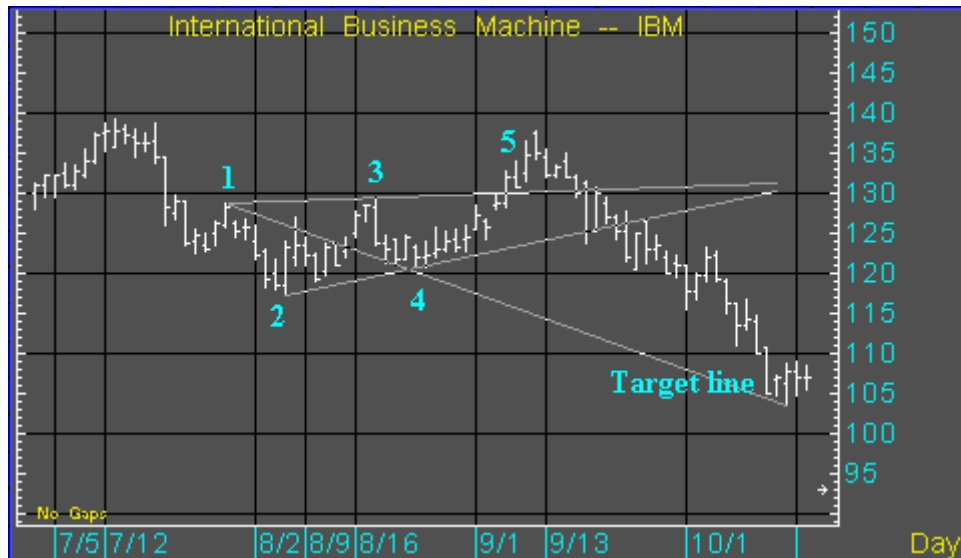
For those of you who consider a 5 minute chart "long-term," the above 1 minute chart catches a "Picasso" in Wolfe Wave analysis. A perfect ETA and EPA. However in actual trading I advise against using the ETA as it just adds too many variables. Use the EPA to purchase a genuine Picasso.

# ● ● ○ Trading OEX options off a 15 min S&P ▲ ■



As some traders already know, trading options is somewhat like that old game of "beat the clock." In order to reap the huge reward, you not only have to be right on price direction, but you also must be correct on timing. The WolfeWave is the perfect tool for this. On the above S&P chart, a trained Wolfe Wave practitioner could judge at the 5 point that the price is about to reverse. He or she would also know how far it is likely to go. Having this information you could then select a highly leveraged OEX option that would benefit most from a fast, measured move.

## A WolfeWave on a daily stock chart.



Pavlov got his dogs to salivate at the sound of a bell. So do WolfeWave practitioners. Opening Bell. Stock and option traders, could have had a beautiful measured move on the above daily chart of IBM. Without learning the "X-Ray Vision" so to speak--it took me almost 35 years--it would be almost impossible to find waves like this without first taking my course.

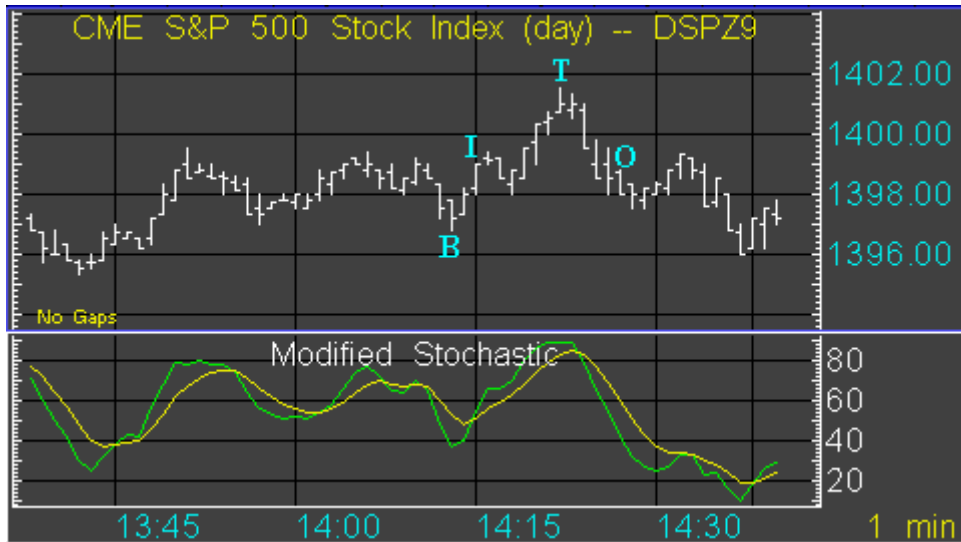
## A WolfeWave on a weekly stock chart



The "surprise" explosion in the price of gold did not come as a surprise to WolfeWave practitioners. As savvy investors know, the share prices of gold stocks often rise *before* the price of the metal. The above weekly chart of ASA has a beautiful WolfeWave that telegraphed the move weeks in advance when it hit the 5 point. It then went on to nail the target line. This kind of critical analysis on long term charts would be extremely valuable for mutual fund managers and the like. Without knowing how to properly "time-frame" a wave, a trader would be at the mercy of analysts that recommended the stock just as it hit the target line.



# Advanced WolfeWave analysis



Advanced WolfeWave analysis is taught during the two-week instructional fax. You will be taught extremely accurate tools that will enable you to determine PRECISE measured moves. On the above chart, our Advanced WolfeWave analysis picked the precise bottom "B" and PRECISE top "T" in advance. An uneducated trader using stochastic, would have "at best" got in at reference "I" and out at reference "O" for a loss of two tics. WolfeWave practitioners had a potential 4.7 point profit or better than \$100 per minute.

More below...



Advanced WolfeWave Analysis, which is taught during the two-week instructional fax, predicts when the market is likely to be "sold down with a vengeance." On the above chart, WolfeWave Practitioners were alerted to this condition at the "S" (see above chart) It called for the price to be rapidly forced down to below 1415. Could your wallet benefit from timing like this?

## Are you afraid of the dark?



Most traders are afraid to hold overnight. WolfeWave practitioners make money while they sleep. On the above chart, the "sweet zone" (5) was entered shortly before the close indicating a move up to the target line. Next day, at the opening, TV was telling traders that it was going to be a "great day" because Globex was way up. WolfeWave practitioners sold, finished their coffee and had a "great day." Golf, sailing, whatever.