ReadySetCrypto Elliott Wave Masterclass

Module Seven: Correction Overlaying

Module Seven
Correction Overlaying

By Schyler Edwards

Table of Contents

Introduction

This is a concept and strategy all of my own that has really helped me see corrections differently and trade them much more profitably. The purpose of it is to be able to see where entries and exits should take place when trading corrections and what areas to stay out of. It also helps me see when a count stays valid or invalidates itself. By overlaying corrective counts on top of each other, I can see clearly where the "directional confluence" is. This is very powerful, because at the end of the day, it's not necessarily about which count is the right one, but what majority of the counts move in the same direction and can I trade that particular directional confluence.

In this module I want you to be able to walk away with a clear strategy as to how to overlay corrective counts and see the directional confluence in them in order to properly capitalize on trading them if you so choose. I also want you to be able to take away key similarities between different counts. Compare ABC's vs Triangles and complex corrections and realize how they can be traded simultaneously. Don't just look at them as separate entities. Take this same concept into patterns, and see what types of counts are inside different patterns and what type of counts would cause a pattern to break in either direction and not just one.

Figure 1
Correction Overlaying Example
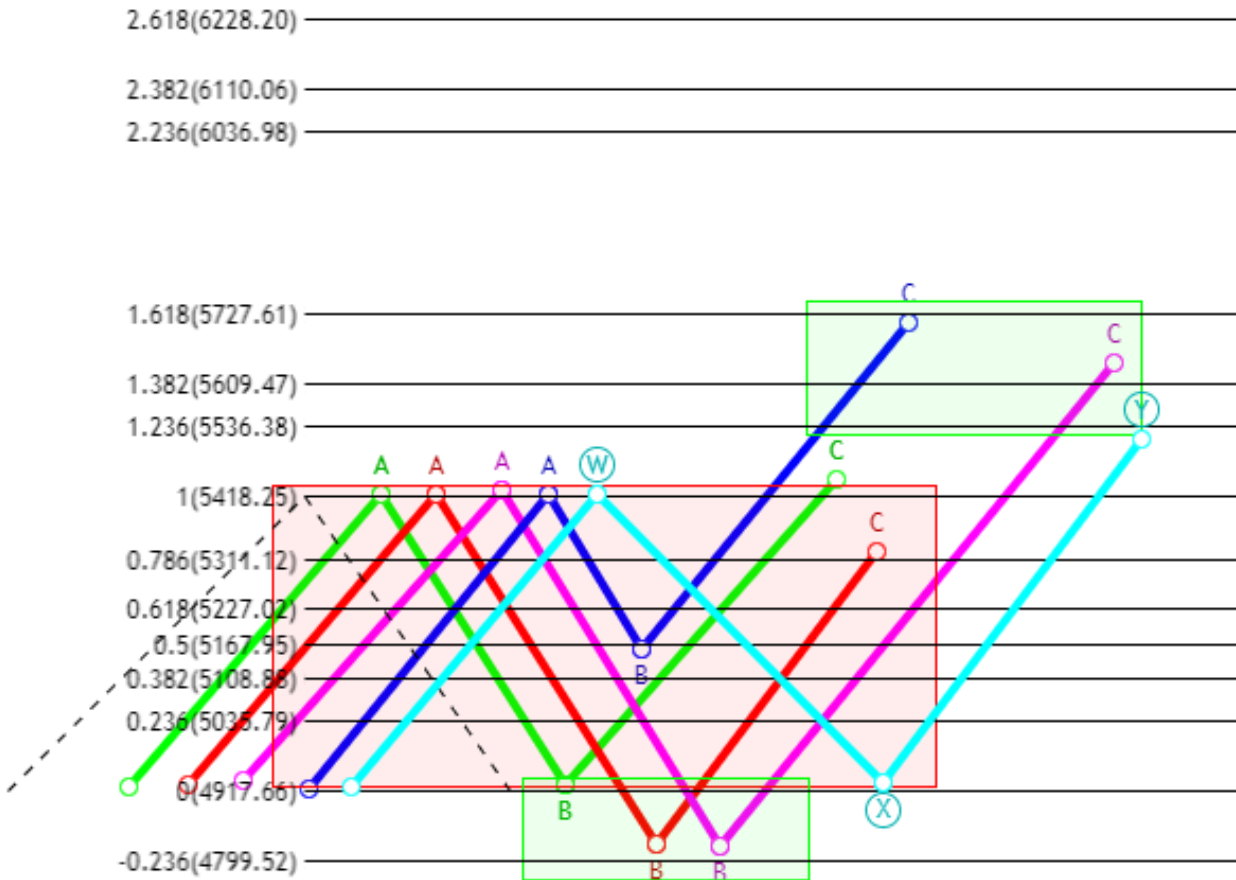
Take note of the boxes in the figure above. The lower green box is ideal entry strategy for a counter trend trade with a stop loss under the -0.618 retracement. The red box is the area to stay away from. The top green box is the best entry position to trade back into the trend.

Figure 2

Wave to Pattern Similarity

Wave Similarities Ex.1

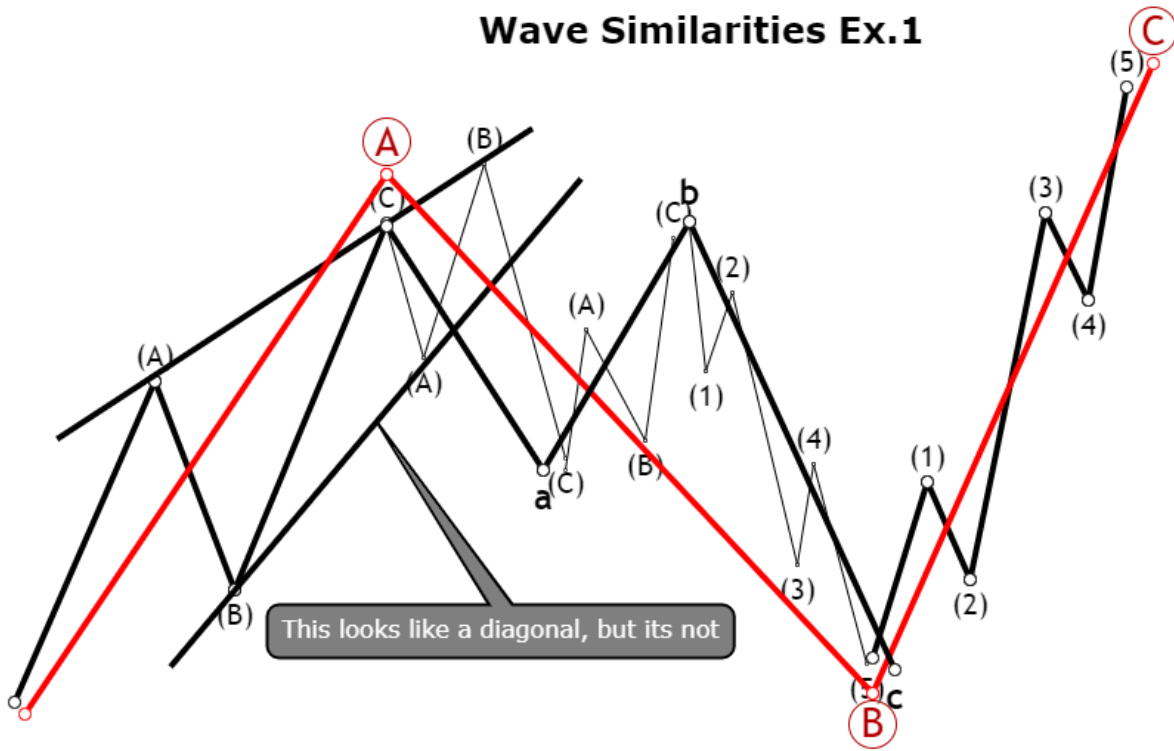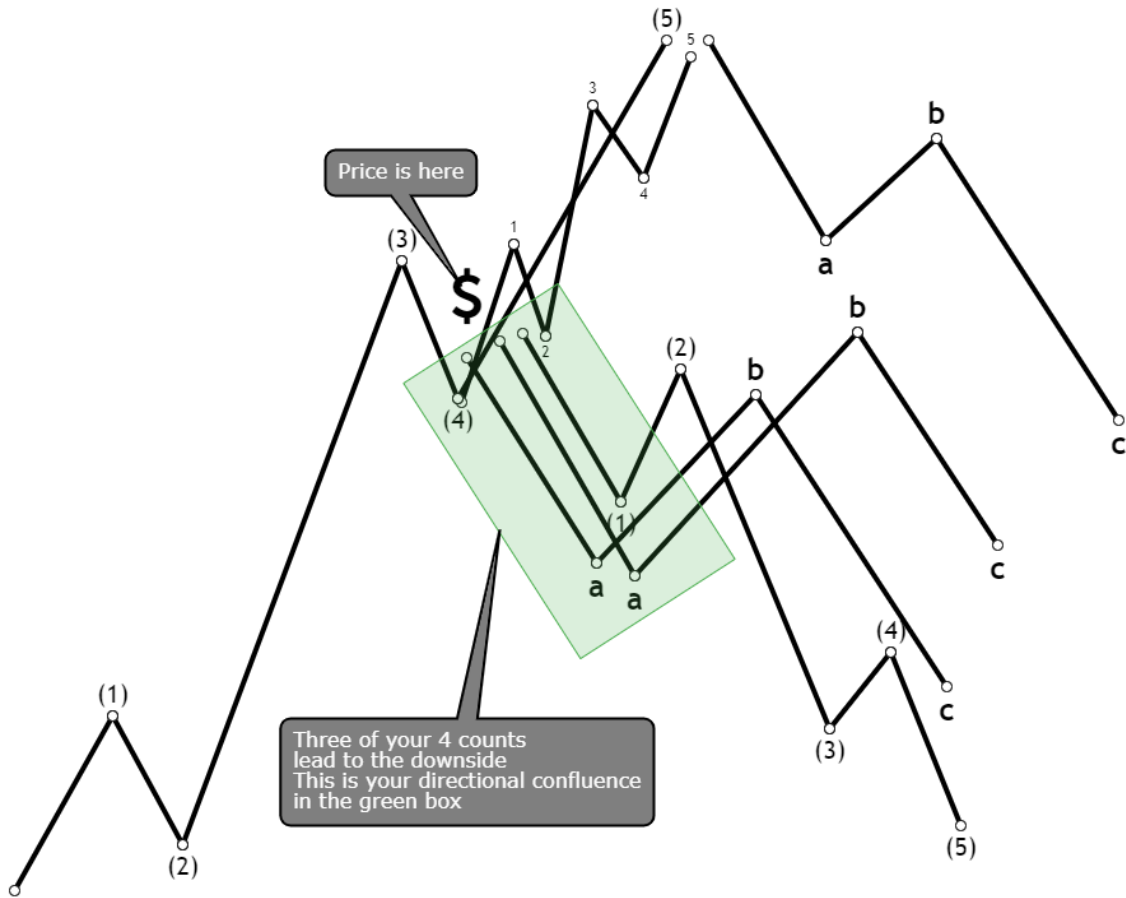This looks like a diagonal, but its not

Figure 3

Directional Confluence Among Majority Counts

Wave Similarities

As you progress through your studies it's really just as simple as recognizing three wave and five wave structures in the market and realizing that these are typical areas for pivots and allow you strong entries and exits. For example, If you go short at a 1.618 extension for a wave C and then watch price pull back in a 3 wave formation then you know that the price is going to continue the trend or become a more complex structure. If the price impulses down after hitting that target, then you know you're likely to see continuation. This is extremely powerful, and helps keep your emotions under control in high stress situations in the market as well.

When I speak about wave similarities, I'm also thinking about patterns in the market. What other Elliott Wave counts would allow an ascending or descending wedge to break opposite of what it normally does? How can the market be deceptive enough to show you a particular pattern, such as a triangle, but have it really be a generic ABC inside it? How could an ABC imitate a WXY? These are the types of questions I want you to consider as an Elliott Wave trader, and not just consider, but also answer. I show you several examples in the video, so take it one step further and challenge yourself to think of other scenarios. Lastly, don't over complicate it. If you're unsure of the count then step back and just look at the overall structure and recognize that price truly just moves in 3's and 5's. Everything else that accompanies this knowledge is really just to increase our probability of taking a profitable trade.

Summary

This module is where you start to overlay and connect the dots between all the different types of counts and some patterns as well in order to recognize their similarity. The biggest takeaway from this module should be correction overlaying in order to help counter trend trading and directional confluence as well. Overlay all your counts and then look at where they move in the same direction together the most and look at trading that small portion for a high probability trade. The way to practice this is to use the "replay" button on tradingview and cut off a portion of price without looking and then practice overlaying different counts, hitting the replay button to play back the price action and seeing how it plays against all your different counts. This is how I was able to get really good at it and it will be your homework assignment before moving onto the next module as well.

Homework and Next Steps

Please complete the following tasks before moving to the next module:

- ☐ Watch the associated video for this module.
- ☐ Finish the Module 7 PDF
- ☐ Take the Module 7 quiz
- ☐ Use the replay button on tradingview to go back in time on price and then overlay your counts and play the price simulator back to see how price reacts to your counts. Do this at least six times before moving onto the last module.