



On the chart above the first close below the Action Reaction line is highlighted in the red circle. This break of the line indicates potential weakening of the ongoing trend and signals opportunity to enter a short position.



While divergence is not a timing tool, it often accompanies important turning points within the market. It is quite common to see price momentum divergence at key market tops and bottoms.



A close beyond Wave 1 extreme signals that Wave 2 has ended and a new move in Wave 3 is underway. Wave 3 is often the longest and most impulsive wave in the Elliott Wave model and presents some of the best trading opportunities.

Please consult the Education section on the WaveStructure website for a detailed explanation of all provided signals and methodology applied in our market analysis.