TRADING SYNDICATE EDUCATION SERIES

The Wave Principle, Modernised

Book One — Foundations:
how market structure actually repeats

Book One of Two · Trading Syndicate Education Series
Established 2021 · Trade Better, Cut The Bull.

About this book

Why we wrote it

Wave analysis has a reputation problem. The classic texts on the subject were written for a different era — pit-traded markets, paper charts, and readers who had months to spend on theory. The ideas inside them are still sound. The delivery is not.

This book is Trading Syndicate's own retelling of that body of market theory in modern language, for people who trade gold, silver and the US indices on a screen and who also want to build a long-term share portfolio. Every chapter is written from scratch in our own words. We have kept the lessons; we have thrown out the archaic phrasing, the hundred-page digressions and the false certainty.

> **What you are getting**
>
> **Book One (this volume)** teaches you to see structure: the patterns, the rules, the proportions and the personality of each leg of a move.
>
> **Book Two** turns that structure into an order ticket — entries, stops, targets, position size and a repeatable session routine.
>
> Both books use the same vocabulary as the tools on the Trading Syndicate site, so a term you meet here will mean the same thing on the cycle and order-block screens.

Read this volume once end to end, then keep it beside a chart and re-read a chapter at a time. Structure is a visual skill. You will learn more from twenty marked-up charts than from twenty re-reads.

> **Important — please read**
>
> Trading Syndicate is an educational brand. We are **not** a licensed financial services provider, and nothing in this book is financial advice or a recommendation to buy or sell anything.
>
> Leveraged instruments such as spot metals and index CFDs can lose you more than you deposit. Practise on a demo account first and consult a licensed advisor before risking real money.
>
> This is an original work. It explains publicly known market theory in our own words; it is not a reproduction of, and is not affiliated with or endorsed by, any other author or publisher.

Contents

Book One

CHAPTER 01

Why price moves in repeating shapes

A chart is not a physics diagram. It is a picture of what a large crowd of people did with their money, plotted against time. That is the whole reason structure exists: crowds behave in recognisable ways, and they behave that way whether the year is 1935 or 2026, whether the market is gold or a JSE bank.

Optimism does not arrive all at once and it does not leave all at once. It builds while most people are still sceptical, peaks while they are euphoric, and drains away while they are still explaining why the trend has further to run. Because that emotional arc has a shape, the price it produces has a shape too. Wave analysis is simply a disciplined way of naming that shape so you can talk about it, measure it, and know when you were wrong.

Three claims, and how strong each one is

It is worth separating what wave analysis genuinely gives you from what enthusiasts sometimes claim for it. We will be blunt about this up front, because the credibility of everything that follows depends on it.

The claim	How much to trust it	What to do with it
Trends unfold in a five-leg advance followed by a three-leg correction.	Strong. It is a description of how trending markets actually look, at almost any timeframe.	Use it as your default map of a trend.
The proportions between legs cluster around Fibonacci ratios.	Moderate. It is a tendency, not a law — clusters, not precise hits.	Use ratios to build target *zones*, never single prices.
The pattern lets you forecast the market years ahead.	Weak. Long-range wave forecasts are guesses with good graphics.	Ignore. Trade the structure in front of you.

The Trading Syndicate position

Wave structure is a **framework for organising a chart and defining risk**, not a crystal ball. Its single most valuable feature is that every count comes with a price at which the count is dead. A method that tells you when you are wrong is worth more than a method that tells you what will happen.

Why it survives across markets

Gold, silver, the Nasdaq 100, the Dow 30, a Johannesburg-listed bank and a US technology share are wildly different businesses. What they share is a queue of humans and algorithms trained on human behaviour, all deciding whether the last price was too high or too low. That common mechanism is why the same shapes turn up on a five-minute gold chart and a twenty-year index chart. It also means nothing in this book is specific to one instrument — the vocabulary transfers.

What structure gives you that indicators do not

Moving averages, oscillators and momentum studies all answer the same question: what has price been doing recently? They are derivatives of price, and they lag by construction. Structure answers a different question — *where am I inside the move?* — and that is the question that decides whether a pullback is an opportunity or the start of the end.

This is why we teach structure first and indicators second. An oscillator can tell you gold is overbought. Only structure can tell you whether that overbought reading is the middle of a third wave, where overbought is normal and to be held, or the end of a fifth wave, where overbought is the exit. Same reading, opposite trade.

Before you turn the page

Open a weekly gold chart and a weekly USA100 chart. Do not label anything. Just look for the emotional arc: the long grind, the acceleration, the euphoric spike, the break.

You will see it on both. That recognition — not memorised pattern names — is what the rest of this book builds on.

CHAPTER 02

The building block: five with, three against

Every idea in this book grows out of one shape. A market moving in a direction does it in five legs. When that run is finished, the market gives part of it back in three legs. Five with the trend, three against it. That eight-leg cycle is the atom of wave analysis.

The five-leg motive phase

- **Wave 1** — the first push in the new direction. Nobody believes it. It is usually read as a bounce inside the old trend.
- **Wave 2** — the give-back. Often deep and convincing, because the crowd is sure the old trend is resuming. It may not erase all of wave 1.
- **Wave 3** — the money leg. Longest and cleanest more often than not, driven by the moment the wider market accepts the new direction. Gaps and one-way sessions live here.
- **Wave 4** — a shallow, messy pause. Profit-taking, not a reversal. It typically overlaps nothing and frustrates everybody.
- **Wave 5** — the last push. Often narrower participation, weaker momentum, and a new extreme in price that is not confirmed by the indicators.

The three-leg corrective phase

- **Wave A** — the first break. Usually explained away as a healthy dip.
- **Wave B** — the trap. Price recovers a good part of A and convinces late buyers the trend is back. Volume and breadth are typically poorer than they were at the wave 5 high.
- **Wave C** — the leg that does the damage. It is a motive move in its own right, typically five sub-legs, and it tends to reach at least as far as wave A.

How to use this today

Before you look for an entry, ask one question of the chart in front of you: **am I in the five-leg phase or the three-leg phase?**

In the five-leg phase you buy pullbacks in the direction of the move. In the three-leg phase you either stand aside or trade the C leg — and you stop calling every dip a buy.

Trend and correction are relative

One subtlety trips up almost every beginner. “Five legs” does not mean “up”. It means “with the larger trend”. In a bear market the five-leg phase points down and the three-leg correction points up. If you learn the shape as “five up, three down” you will misread every downtrend you ever meet. Learn it as “five with, three against”.

The practical consequence is that you must always name the trend you are measuring against before you count anything. On a weekly gold chart the direction of travel might be up; on the 4-hour inside a pullback, the direction of travel of the leg you are actually trading is down. Both counts are valid at once, because they belong to different degrees.

If the larger trend is	Five legs run	Three legs run	Your default trade
Up	Up	Down	Buy the three-leg pullback
Down	Down	Up	Sell the three-leg bounce
Unclear	—	—	No trade at this degree

That last row is the one most people delete from their own rulebook. If you cannot say which phase you are in, the honest answer is that this chart has nothing for you today. Move to the next instrument, or wait.

CHAPTER 03

The three rules that cannot be broken

Most of wave analysis is guidance — tendencies, habits, things that are usually true. Three statements are different. If your count violates one of them, the count is wrong. Not unusual, not a rare variant: wrong. Delete it and start again.

Rule	Statement	Why it matters to you
Rule 1	Wave 2 never retraces more than all of wave 1.	The start of wave 1 is your hard invalidation price. It is where the stop belongs when you are trading the start of a new trend.
Rule 2	Wave 3 is never the shortest of waves 1, 3 and 5.	If a third wave is stubby, you are probably not in wave 3. Re-label before you size up.
Rule 3	Wave 4 never enters the price territory of wave 1 (in a standard impulse).	The extreme of wave 1 gives you a second, tighter invalidation line for continuation trades.

Rules give you stops for free

Notice what those three rules really are: three specific price levels at which your idea stops being valid. That is the practical gift of this method. You do not have to invent a stop distance, guess at a percentage, or place it “somewhere below support”. The structure names the level, and if price trades through it your reason for being in the trade has evaporated — which is exactly when you want to be out.

The discipline that separates traders from forecasters

Write the invalidation price down **before** you enter. Put the order in at the same time as the entry.

When price hits it, you are not “stopped out unluckily”. You are being told the market is doing something other than what you mapped. Take the information and re-count.

A count you refuse to abandon is no longer analysis. It is an opinion with your money attached.

Guidelines — useful, but bendable

Everything else you will read about wave behaviour is a guideline. Guidelines are worth knowing because they weight the odds between two competing counts, but they never invalidate one on their own. The most useful are:

- **Alternation.** If wave 2 was a sharp, deep, fast correction, wave 4 tends to be a shallow, drawn-out, sideways one — and vice versa.
- **Extension.** One of the three motive waves is usually noticeably longer than the other two. In metals and indices, it is most often wave 3.
- **Equality.** When wave 3 is the extended one, waves 1 and 5 often end up roughly equal in size.
- **Channelling.** Draw a line along the ends of waves 2 and 4, then a parallel from the end of wave 3. Wave 5 frequently terminates near that upper rail.
- **Depth of fourth waves.** A correction often ends inside the range of the fourth wave of the previous degree — a genuinely useful place to look for support.

Rules versus guidelines, in practice

Keep the two categories strictly apart in your notes. A rule breach means you delete the count and start again — there is no negotiation and no “slightly broken”. A guideline breach only means the count is less likely than an alternative, so you carry both and let price choose.

> **The habit that protects your account**
>
> Every time you write a count, write the single price at which the count is dead — the **invalidation**. That price comes from the three rules, not from how much you are willing to lose.
>
> Your stop then goes just beyond it. Structure decides where the stop belongs; position size decides whether that stop is affordable. Never the other way round.

CHAPTER 04

Degree — the same shape at every zoom level

Zoom into wave 3 of a daily chart and you will usually find five smaller legs. Zoom into the first of those and you will often find five smaller still. The pattern nests inside itself. "Degree" is just the label for which zoom level you are talking about.

The classical literature uses an elaborate naming ladder — Grand Supercycle down to Subminuette. It is precise and almost nobody uses it consistently. We use a plainer, screen-based version that matches how you actually trade.

Our label	Chart timeframe	What it decides
Cycle degree	Weekly / monthly	The bias. Are we in a bull phase or a bear phase at all?
Swing degree	Daily	The current leg and where it sits between the half-cycle high and low.
Trade degree	4-hour	The entry: which sub-wave is unfolding right now, and where it invalidates.
Noise degree	1-hour and below	Execution only. Never the reason for a trade.

The one rule of degree

Never mix degrees inside one count. A five-leg move on the 4-hour chart is not the equal of a five-leg move on the weekly. If your labels jump between zoom levels, your invalidation levels become meaningless and your position size will be wrong for the risk you are actually taking.

Why this maps onto top-down analysis

This is the same discipline as the top-down routine we teach on the site: weekly sets the stage, daily sets the swing, four-hour times the entry. Degree is the wave-analysis name for it. When the three levels agree — a weekly uptrend, a daily pullback finishing, a four-hour reversal off a demand zone — you have a trade. When they disagree, you have a chart, not a trade.

A practical habit

Label your degrees differently and visibly. We use plain numbers (1–5) for the swing degree you are trading, bracketed numbers for the degree above, and lowercase letters for anything below. It looks fussy for the first week and then it saves you from the single most common counting error there is.

CHAPTER 05

The motive family: impulses and diagonals

Motive waves are the ones that make progress. They come in two forms: the ordinary impulse, which you will see constantly, and the diagonal, which shows up at the beginnings and ends of moves and catches people out.

The impulse

The standard five-leg move, obeying all three rules, with waves 1, 3 and 5 themselves sub-dividing into five and waves 2 and 4 into three. Clean impulses look purposeful: long bodies in the direction of travel, shallow pullbacks, momentum confirming each new extreme until the fifth wave.

Extensions

One motive wave is usually elongated and internally complex, so that a five-leg move can look like nine. In metals and the indices the extension normally lands in wave 3. If your third wave has run far beyond a normal proportion and refuses to stop, you are probably in an extension — the correct response is to trail rather than to fight it with a target.

Truncation

Occasionally wave 5 fails to exceed the end of wave 3. It is uncommon, and it is a loud signal: the trend ran out of buyers before it ran out of room. Truncations are typically followed by unusually fast corrections.

The diagonal

A diagonal is a five-leg motive move squeezed into a wedge, and it breaks the ordinary impulse's tidiness: its waves overlap, its sub-waves often divide into threes, and its boundaries converge. Two placements matter.

- **Leading diagonal** — appears as wave 1 of a new trend or wave A of a correction. It signals a change of direction that has not convinced anybody yet. Overlapping, choppy, and easy to mistake for range noise.
- **Ending diagonal** — appears as wave 5 or wave C. It says the trend is exhausted. Momentum diverges badly, the wedge narrows, and the resolution is usually a sharp move back to where the diagonal began — frequently faster than the diagonal took to form.

> **Reading a wedge in real time**
>
> Overlapping legs inside converging trendlines after a long run = **treat the trend as tired**. Stop adding, tighten your trail, and start planning the counter-trend setup.
>
> Overlapping legs inside converging trendlines after a long *opposite* run = the new direction may be starting. Do not size up yet; wait for the first pullback to hold.

CHAPTER 06

The corrective family: zigzags, flats, triangles, combinations

Corrections are where wave analysis gets its reputation for being hard, and the reason is simple: corrections are genuinely ambiguous while they are forming. The honest skill is not predicting which one you will get — it is recognising which one you got, early enough to act on it.

Pattern	Shape	What it tells you
Zigzag (5-3-5)	Sharp, deep, directional. A clear three-leg move that travels a long way.	The trend it interrupts is healthy. Expect resumption. Common in second waves.
Flat (3-3-5)	Sideways. Wave B returns close to the start of A; wave C ends near the end of A.	A pause, not a fight. The following move is often strong.
Expanded flat	Wave B exceeds the start of A, wave C overshoots the end of A.	The classic double stop-hunt. Both breakout traders get taken out before the real move.
Triangle (3-3-3-3-3)	Five overlapping legs inside converging lines. Volume dries up.	Almost always the *last* pattern before the final leg — usually a wave 4 or a wave B.
Combination	Two or three of the above joined by connecting legs.	Time-consuming and directionless. The correct trade is usually no trade.

The practical takeaway

You do not need to name the correction to survive it. You need to know two things: whether it is sharp or sideways, and where it invalidates the larger trend. Sharp corrections finish quickly and give you a clean level to buy. Sideways corrections eat time, chew through stops and are best watched rather than traded.

> **Triangles are a gift**
>
> A triangle tells you something no other pattern does: that you are near the **end** of the correction, and that one more thrust in the original direction is likely once it breaks.
>
> It also gives you a measured objective — the widest part of the triangle projected from the breakout point is a reasonable first target.
>
> The trap: triangles produce many false breaks near the apex. Trade the break with structure, not with a hair-trigger.

Alternation, revisited

This is where the alternation guideline earns its keep. If wave 2 was a sharp zigzag, you should be planning for wave 4 to be a slow flat or triangle — which changes everything about how you manage the trade. You will need wider time tolerance, a stop placed outside chop rather than close, and the patience not to be shaken out of a position that is still structurally fine.

Choosing between corrective shapes early

You rarely know which correction you are in at the start, but the first two legs give usable clues. Use them to set expectations rather than to predict.

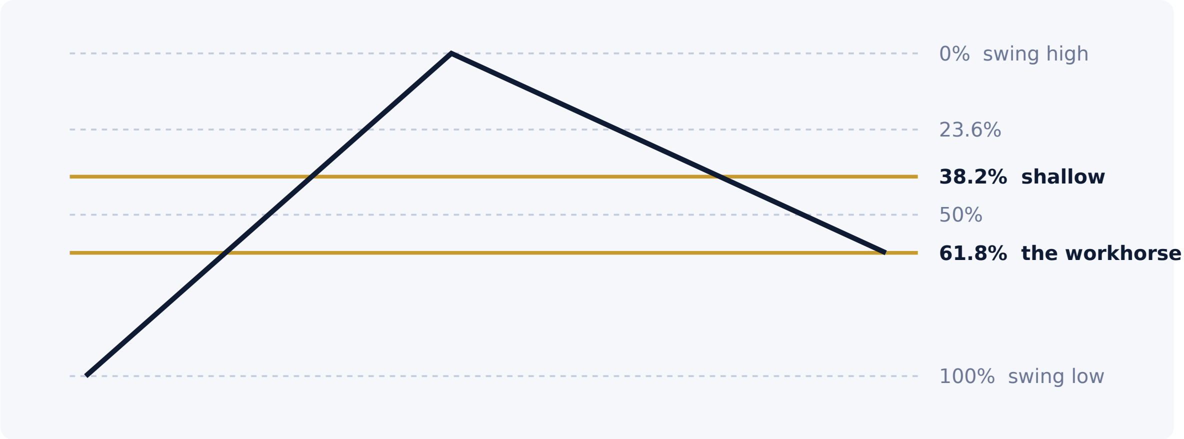
Early clue	Likely shape	How to trade it
Sharp, deep first leg; shallow bounce	Zigzag	Expect one more decisive leg; wait for the C-leg target zone.
Shallow first leg; bounce back to the start	Flat or expanded flat	Expect an overshoot of both ends; keep stops outside the range, not inside it.
Overlapping legs, narrowing range, falling volume	Triangle	Stand aside. Trade the resolution, not the chop.

Notice that in two of the three cases the correct action is patience. Corrections are where most accounts are damaged, not because the shapes are unknowable, but because traders keep taking trend-sized positions in a phase that has no trend.

CHAPTER 07

Fibonacci — the proportions behind the shapes

Wave analysis tells you what shape to expect. Fibonacci ratios tell you roughly how big it should be. Together they turn “the market will pull back” into “the market should find buyers between here and here, and if it does not, I am wrong”.



Retracements — how far back

Wave	Typical retracement of the previous leg	Notes
Wave 2	50% – 78.6%, often 61.8%	Deep and frightening by design. It has to erase belief in the new trend.
Wave 4	23.6% – 38.2%	Shallow. If a ‘wave 4’ retraces past 50%, doubt the count.
Wave B (zigzag)	38.2% – 61.8% of A	Beyond 78.6% and you are probably in a flat, not a zigzag.

Projections — how far forward

Wave	Common projection	How to use it
Wave 3	1.618 × wave 1, then 2.618 ×	First target, then trail. Do not cap an extended third wave.
Wave 5	0.618 × wave 1, or equal to wave 1	Combine with the channel rail for a target zone.
Wave C	Equal to wave A, or 1.618 × wave A	Where two projections overlap, treat it as a high-quality zone.

Use zones, never lines

A single Fibonacci price is false precision. Take two or three independent measurements — a retracement of the last leg, a projection of the leg before, and a prior structural level or order block — and trade the **band where they cluster**.

The more independent methods that point at the same area, the more you can justify risking there. The tighter you can define the invalidation just beyond it, the better the trade.

A word on why the ratios appear at all

You will hear grand explanations involving sunflowers and galaxies. You do not need them, and they are not evidence. The workable explanation is far duller: these ratios are on every trading platform by default, so a very large number of participants place orders at them. They work partly because everyone is watching them. That is a good enough reason to watch them too, and a good enough reason not to treat them as magic.

Building a target zone in three lines

Here is the whole method, reduced to something you can do in under a minute on any instrument.

- **Measure back.** Retracement levels of the leg that just finished — the 50% to 61.8% band is where most tradeable pullbacks end.
- **Measure forward.** Project the leg before the pullback: 1.0× and 1.618× from the end of the pullback gives you where the next leg is likely to run out.
- **Overlay structure.** Add the nearest prior swing level or order block. Where all three overlap is your zone; where only one exists, you have a guess.

The discipline test

If price is already inside your zone when you finish the analysis, you are late. The zone is built so you can place a resting order and walk away — not so you can justify chasing.

CHAPTER 08

Wave personality: how each leg feels

Two charts can carry identical labels and be entirely different trades. What separates them is personality — the volume, momentum, news flow and general mood that accompanies each leg. Personality is how you confirm a count without waiting for hindsight.

Leg	Sentiment	Chart tells	Your posture
1	Disbelief. “Just a bounce.”	Modest volume, momentum turning up from an extreme.	Observe. Small size at most.
2	Relief that the old trend is back.	Deep retracement, falling volume into the low.	Prepare. Mark the invalidation.
3	Acceptance, then urgency.	Expanding volume, gaps, one-way sessions, momentum extremes.	This is the trade. Add on shallow pullbacks.
4	Complacency and boredom.	Contracting range, drying volume, overlapping bars.	Hold and trail. Do not over-manage.
5	Euphoria and headlines.	New price extreme, momentum divergence, narrowing participation.	Take profit. Stop adding.
A	“Healthy dip, buy it.”	Sharp break, volume returns on the downside.	Exit remaining longs.
B	Hope. “See, it held.”	Weak recovery, poor volume, fails at prior support-turned-resistance.	The counter-trend setup. Highest-quality short.
C	Fear, then capitulation.	Five sub-legs, wide range, forced selling into the low.	Cover into the target zone; start hunting the next wave 1.

The personality test

If you have labelled a leg as wave 3 but volume is thin, the range is narrow and momentum is diverging, the label is almost certainly wrong. **Personality outranks a tidy count.**

Conversely, when a leg you were unsure about starts behaving exactly like a third wave, size and conviction can rise together.

CHAPTER 09

Counting a live chart, step by step

Here is the routine, in order. Do it the same way every time. The value is in the repetition, not in cleverness.

Step 1 · Start on the weekly, zoomed out

Find the most obvious extreme high and low of the last few years. Do not label anything yet. Just answer: is price above or below the middle of that range, and which way has it been travelling for the last several months?

Step 2 · Mark only the unarguable pivots

Turning points a stranger would also mark. If you have to squint, it is not a pivot at this degree. Fewer, larger pivots produce better counts than many small ones.

Step 3 · Ask: five or three?

Count the legs between your pivots. Five legs with the direction of travel means you are in a motive phase and the correction is still ahead. Three legs against it means you are correcting and the trend is still alive underneath.

Step 4 · Test against the three rules

Wave 2 must not exceed the start of wave 1. Wave 3 must not be the shortest. Wave 4 must not enter wave 1's territory. Any breach and the count is discarded, not defended.

Step 5 · Drop to the daily and sub-divide the current leg

Only the leg you are actually in. There is no reward for labelling history in detail.

Step 6 · Measure

Retracement of the previous leg, projection of the one before that, and any prior structural level or order block in the area. Write down the zone where they cluster.

Step 7 · Write the invalidation price

One number. If price trades through it, this count is dead. If you cannot name it, you do not have a count — you have a feeling.

Step 8 · Write the alternate count

One sentence: “If this is wrong, the most likely alternative is ___, and I would know because ___.” This single habit does more for real-world results than any pattern in this book.

Step 9 · Only now go to the 4-hour

Time an entry against the zone you defined in step 6, with a stop just beyond the invalidation from step 7. If the entry does not fit your risk, you do not take it.

The one-page count

A finished analysis should fit on one page: bias, current leg, target zone, invalidation price, alternate count. If it takes three pages, you are rationalising, not analysing.

A worked example — written the way we want you to write it

The numbers below are illustrative, not a call on the market. What matters is the shape of the note: five short lines, each one falsifiable, written before any order is placed.

Line	Example entry	Why it is there
Bias	Weekly gold in a motive phase, above the half-cycle mid. Bullish.	Fixes the direction you are allowed to trade at trade degree.
Current leg	Daily correction of three legs, C leg finishing into a demand block.	Says which leg you are entering, so you know what behaviour to expect.
Target zone	Prior swing high, then the 1.618 projection above it.	Two independent measurements, giving a band rather than a price.
Invalidation	A daily close below the start of the previous wave 1.	One exact level. The stop order goes here at the same time as the entry.
Alternate count	The correction is a flat, not a zigzag — one more sideways leg first. I would know if price stalls under the block for more than two sessions.	Forces you to hold two scenarios and pre-decides how you react to the second.

Do this on paper, or in a notes app, for twenty consecutive sessions. You will be a better analyst at the end of it than any amount of extra reading would make you — because you will have twenty falsifiable records to grade yourself against.

CHAPTER 10

How wave analysis goes wrong — and how to stay honest

This method fails people in predictable ways. All of them are self-inflicted, and all of them are avoidable if you know the shape of the trap in advance.

Curve-fitting the past

Any completed chart can be labelled to look inevitable. The test of a count is not how neat it looks on history, it is whether it made a falsifiable statement about the right-hand edge before price got there.

Counting the noise

Drop to a five-minute chart and you can find waves inside waves inside waves, forever. Below the four-hour chart, structure is mostly randomness with a label on it. Keep your counting degrees coarse.

Falling in love with a count

The moment you catch yourself explaining why price “should not” have done something, you have stopped analysing. Markets do not owe your labels anything.

Confusing a count with a trade

A perfect count with a stop so far away that a correct position size is meaningless is not a trade. Risk comes first; the count only tells you where risk belongs.

Forecasting instead of reacting

The further out you project, the more the error compounds. Use structure to prepare for two or three scenarios, not to predict one.

Ignoring the calendar

Central bank decisions, US inflation data and non-farm payrolls can override any structure for a few hours. Know when they land and size accordingly, or stand aside.

The honesty checklist — use it weekly

Did I write the invalidation price down before entering every trade this week?

Did I write an alternate count for every primary count?

Did I change a label after the fact to make a losing trade look right?

Did any position size come from conviction rather than from the stop distance?

Answering these truthfully will improve your results faster than learning another pattern.

Book Two picks up exactly here: taking the structure you can now read and converting it into entries, stops, targets, position sizes in rands, and a session routine you can run every day on gold, silver and the US indices.

REFERENCE

Quick-reference card

The three rules

- Wave 2 never retraces more than 100% of wave 1.
- Wave 3 is never the shortest of 1, 3 and 5.
- Wave 4 never enters wave 1's price territory.

The default proportions

- Wave 2 retraces 50–78.6% of wave 1 · wave 4 retraces 23.6–38.2% of wave 3.
- Wave 3 projects to 1.618 × wave 1 · wave 5 to 0.618 × wave 1 or equality.
- Wave C reaches equality with wave A, or 1.618 × wave A.

The five questions before any entry

- Which degree am I trading, and does the degree above agree?
- Motive phase or corrective phase?
- Where is the target zone — built from at least two independent measurements?
- What is the exact invalidation price?
- What is my alternate count, and what would confirm it?

Glossary

Term	Meaning
Impulse	Standard five-leg motive wave obeying all three rules.
Diagonal	Wedge-shaped five-leg motive wave with overlapping legs; marks beginnings and ends of moves.
Zigzag	Sharp, deep three-leg correction (5-3-5).
Flat	Sideways three-leg correction (3-3-5).
Expanded flat	Flat whose B and C legs overshoot both ends of wave A — the classic double stop-hunt.
Triangle	Five overlapping legs in a contracting range; usually the last pattern before a final thrust.
Extension	An elongated, internally complex motive wave, most often wave 3.
Truncation	A fifth wave that fails to exceed the end of wave 3.
Degree	The zoom level a count refers to — cycle, swing, trade or noise.
Alternation	The tendency for waves 2 and 4 to take different corrective forms.
Invalidation	The price at which a count is definitively wrong; where the stop belongs.

Term	Meaning
Alternate count	The most likely competing interpretation, written down in advance.
Half-cycle high / low	The highest and lowest price of roughly the last six months — the range the current swing lives inside.
Order block	The candle range that produced a strong displacement away from a level; where unfilled institutional orders are assumed to rest.

Where to put this into practice

STEP 1 · DAY TRADING

HFM

Our primary platform for gold (XAUUSD), silver (XAGUSD), USA100 and USA30. Demo and live accounts, tight spreads, fast execution.

▸ **Open an HFM account**

STEP 2 · LONG-TERM INVESTING

EasyEquities

Where we hold JSE and US shares for dividends and compounding — fractional shares from as little as R5, no minimums.

▸ **Join EasyEquities**

Trading Syndicate · Established 2021 · Trade Better, Cut The Bull.
This book is educational material only. Trading Syndicate is not a licensed financial services provider and nothing here is financial advice. Leveraged trading can cost you more than your deposit.