

# Price-Action with WaveTracker™

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### Introduction

**WaveTracker** assists you in analyzing price-action in markets so that you can identify high probability trades that have minimal risk.

#### What is price-action?

Price-action is a key to successful trading. Indicators lag; price-action does not. If you know how to read price-action in markets, you can consistently trade to win. Price-action is the language of the markets. The market speaks to you with price-action. It speaks to you day after day with the same language. Learn to read it, speak it, and embrace it, and you will hear the market telling you where it is more probable to go than not.

#### Who uses price-action?

The smart money traders trade off of price-action pattern points. You want to trade with them.

#### How do you analyze price-action?

The language of price-action has market structure as consonants and market geometry as vowels. To analyze market structure and geometry, you look at:

- **A**lternate **W**ave **E**quality (Elliott Wave **AWE** patterns)
- Fibonacci retracements and extensions
- Support and resistance
- Common patterns (hooks, rectangles, triangles, and breakouts)
- Volume
- Confluences of the above

#### What does WaveTracker do?

**WaveTracker** is your assistant in analyzing price-action. **WaveTracker**

- Labels waves with highs, lows, and wave lengths
- Computes and graphically displays all Elliott Wave **AWE** patterns
- Automates Fibonacci levels  
(*Simply click on the high or low and the Fibonacci levels are displayed and updated automatically.*)
- Provides audio alerts when volume occurs and key levels are reached

## Trading Example:

Figure 1 shows an example trade setup using **WaveTracker** on a 1-minute chart of the S&P E-Mini contract on August 20, 2004. 1089.00 was a buy on the 2nd 1-minute bar. Note the overlapping Elliott AWE patterns. The **black ABCD** shows the -3.00 Elliott AWE pattern terminating at 1089.25. The **blue ABCD** shows the -2.50 Elliott AWE pattern terminating at 1089.00. Both Elliott AWE patterns tied in with the 50% retracement from 1085.75 to 1092.25 which was 1089.00. They also tied in with the support / resistance level of 1088.75. Based on price-action, there were 4 reasons to be a buyer at 1089.00.

- -2.50 Elliott AWE pattern
- -3.00 Elliott AWE pattern
- 50% retracement of the wave from 1085.75 to 1092.25
- hook pattern (market broke previous resistance of 1088.75 and then hooked back to it)



Figure 1

These types of patterns occur every single day in the S&P Emini. Go to <http://www.tic2tic.com/archives> to see for yourself that Elliott AWE patterns occur every day. In the archives, we annotate a **WaveTracker** chart showing the most prominent Elliott AWE pattern each day.

## The Real Trading Power of Elliott Wave

For the trader, the real power of Elliott Wave is the principle that all waves of similar degree relate in geometric form. The most common geometric wave relationship is the *equality of alternate waves*. Therefore, it is not surprising that the key component of market structure in price-action is the Elliott Alternate Wave Equality (AWE) pattern. When alternate waves of similar degree reach equality, the







Figure 4

## WaveTracker

WaveTracker automates the tedious work of trading by breathing life into your charts with all the key data you need to analyze price-action. WaveTracker is an EFS study that supports all timeframe charts and symbols, including tick charts. WaveTracker identifies:

- Highs, lows and deltas for all waves
- Fibonacci retracements and extensions for each wave
- Pivots and balance points
- Globex highs and lows
- Elliott AWE pattern points
- Audio alerts for volume and key patterns

All waves, Fibonacci levels, and Elliott **AWE** pattern points update in real time. Performance is superb; you can run up to 10 charts simultaneously with WaveTracker. For price, ordering, and trial information visit [www.tic2tic.com/software](http://www.tic2tic.com/software).

## Mastering Price-Action

Understanding the consonants (market structure) and vowels (market geometry) of the price-action language is a good first step. However, to become fluent in the language, you need to study with a native speaker. Visit <http://www.tic2tic.com/MentoringTrial.asp> to see how you can witness first-hand how these patterns are traded by master trader [Steve Rifkin](#) in our live Internet mentoring room.