Geometry in M and W Patterns: Bryce Gilmore’s XABCD Tables


XABCD Tables:

- These tables are designed to immediately highlight the internal ratios between the previous 3 swings and the current swing in progress.

- Some combinations of GEOMETRY are extremely important in Elliott Wave Analysis and have important implications for traders who use the Elliott Wave Methodology to make trading decisions.

- Some XABCD combinations are more or less "self fulfilling" for a market reversal when they come together, as the people following this methodology will act without hesitation.

- When you can understand the implications of the "pure" EW sequences that work frequently it will guide your trading approach more than anything else will.

- Perfect EW set ups can and will OVER-RIDE most "lagging" indicators the better part of the time.

Typical swing patterns:
XABCD GEOMETRY will relate between the swings in market EXPANSIONS & CORRECTIONS and also in COMPLEX patterns.

The IMPORTANT XABCD combinations in order are:-

1. Direct Relationship of CD as a ratio of BC (BcD).
2. Alternate Relationship of CD as a ratio of AB (alt 1).
3. Direct Relationship #2 of CD to XA or XC (XcD) & (XaD).
4. Reverse Cross Relationship in EXPANSION of AD to BC (Rx).
5. Double Cross Relationship in COMPLEX swings of AD to XC (Dx).
6. Alternate Relationship of X to CD in a 5 wave impulse series (alt2).
It is a very simple equation to follow.

The following patterns are the common ones we will encounter. Other traders who are aware of the EW phenomena will recognize them easily and act upon them when the GEOMETRY is valid.
These patterns could signal a reversal or a continuation to the existing trend and they will be valid in all degrees of SWING ANALYSIS.
Small swings, medium degree swings, large swings and larger degree swings.

The PRIMARY SWING trading entries feature on these patterns.

XABCD #1 = REVERSAL on 1:1 correction at D Entry:
1:1 Running corrections in an upward or downward trending move.
These are common events every day in the ES market place as you will find out in time by following the price action each day.

**Variations and combinations:**

1:1 into 38.2, 50, 61.8 retrace levels
1:1 into prior Swing Pivot Point
1:1 into Dual Retrace levels
1:1 with smaller Double Drive 1:1
1:1 with smaller triple drive 1:1’s
1:1 into Floor Traders Pivot Levels

The same things happen in all swing degree and in all markets.

When they work they confirm the trend.

When they don't work they tell you the market has reversed direction and you might as well trade the new direction as that is the best way to go.

As the market unfolds you just monitor the larger degree swings for ongoing confirmation or a reversal in the larger degree.

Each step of the way in any trend can be confirmed using the 1:1 correction rule or overbalancing rule.

**COMBINATIONS of 1:1's with BcD Retracements:**
Depending on the development of the trend in progress, when you get into the large and larger degree swings the 38.2 is always a good bet with a 1:1.

**Double Drive 1:1 into a 1:1 Correction:**
**When a 1:1 does not reverse the market correction:**
The 1:1 could extend to 1.272
Then the 1:1.272 could fail and further extend to 1:1.618

Nevertheless for a reversal on the 1.272 or the 1.618 of AB the retrace of XC at D has to fall on a precise level of 50% or 61.8%.

Here's an example:
CONTINUATION PATTERNS:

There are times a 1:1 correction will never materialize and a 50 (Alt 1), 61.8 (Alt 1) or a 78.6 (Alt 1) provides support and the market continues back in the prior direction:

This is never a good place to try and buy or sell at on the extreme point unless there is other important GEOMETRY associated with it, but at least after you have seen the price action you can plan other strategies around it.

A 50 (Alt 1) or 61.8 (Alt 1) correction implies strength. It will when the market breaks out to new highs or lows give you the green light to buy or sell the break as a 61.8 (Alt 1) reversal is very strong medicine to the ongoing trend. Nevertheless it will imply a final wave before another correction in larger degree.

Each important geometric sign you get from the market sets you up for some future opportunity even if you have to wait for a while.
The geometric possibilities in order of priority are:

1. CD-BC (BcD)
2. CD-AB (Alt 1) 1.000:1:000 Maximum
3. CD-XC (XcD)
4. D=A

In the smaller waves the TWS is a good guide to the strength in trend. Yet in the larger waves the market will most likely be in an overbought or oversold condition at the “D” reversal level.

The more times you see this pattern repeat the more confidence you will gain with it. It all comes down to developing your own belief system to make the right entries.
More continuation patterns:

This is a typical RECTANGLE PATTERN

The geometric possibilities in order of priority are:

AD-XA (XaD) - 0.382, 0.500, 0.618 retracement in which it is a repeat of AB-XA
CD-XC (XcD) - same as above.
CD-BC = 1:000 to 1:000
CD-AB = 1:000 to 1:000
AD-BC = 1:000 to 1:000
Then there is the RUNNING RECTANGLE

The geometry will be:

- \( CD \) - \( AB \) (Alt) = 1.000 to 1.000
- \( CD \) - \( XC \) (XcD) = Retracement of 0.382, 0.500 or 0.618

**XABCD #2 = REVERSAL on 1:1 Double Drive at D Entry:**

This set up requires the market to be terminating the 1:1 DD at a 50, 61.8 or Double Top or Double Bottom to form the correct GEOMETRY required for a straight out naked reversal trade attempt.
1:1 Double Drives are an ELLIOTT WAVE thing that traders recognize as high probability reversal levels.

The point really is that if you knew what I know and you had studied the market as closely as I have you will understand the significance of these things.
All you need to do is track them from your charts in small, medium and large degree swings that are unfolding and you can see if they are going to occur well before they come into play.

When they actually hit there are a few other things you need to consider at the time, but if the signs are there you can get in on the top floor and then watch the fireworks.

1:1 Double Drive into a double top:

XABCD relationships become stronger when BcD and/or Rx are highlighted at the same time.

<table>
<thead>
<tr>
<th>BcD: Ratio</th>
<th>BcD: Ratio</th>
<th>BcD: Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alt: 1.000</td>
<td>Alt: 1.000</td>
<td>Alt: 1.000</td>
</tr>
<tr>
<td>Rx : Ratio</td>
<td>Rx : Ratio</td>
<td>Rx : Ratio</td>
</tr>
<tr>
<td>XaD: 0.500</td>
<td>XaD: 0.618</td>
<td>XaD: 1.000</td>
</tr>
</tbody>
</table>

BcD could be 1.272, 1.414, 1.618, 1.732, 2.000 or 2.618
RX could be 1.272, 1.414, 1.618, 2.000, 2.618 or 3.000

1:1 Double Drives into 50%, 61.8% retrace levels and Double Tops / Double Bottoms can be great opportunities when they occur in medium degree swing patterns and larger.
XABCD #3 = DUAL RETRACE LEVELS - MOB (Make or break):

There are some caveats that you need to consider on MOB Dual Retrace Levels.
1st: Where is the market position in relationship to the last 1:1 of larger degree. Is CD still less than 1.000

2nd: Where is the market position in terms of the last reverse pivot point. I.e., where is D in relation to A.

Dual Retrace Levels and smaller swing configurations with DD(double drive) 1:1 or TD(triple drive) 1:1 are near certain reversal levels.
Larger degree corrections that take on a purely technical look such as Double and Triple Drive 1:1’s into higher degree retrace levels are bound to attract speculator attention when these events coincide with DUAL RETRACEMENT levels.

XABCD #4 = 61.8 (XcD) on a prior swing pivot:
The mirror image applies to a downward trend. These patterns can form in all swing degrees. They are particularly useful as an entry point in the early stages of a new swing series using the smaller degree swings.

**XABCD on 38.2 levels:**
- Under Elliott Wave guidance when an advance has been in progress for more than several days it is normal to only expect corrections of no more than 38.2 of the advances if the present trend is to remain intact.
- A 38.2 on a lesser degree PIVOT would satisfy. A 38.2 on an XABCD structure of significance would also satisfy.
These patterns will likely form when the 1:1's are out of play. This pattern above formed in the ES in the early stages of a 5 month rally which has been led by buying in the OEX.

MORE XABCD Patterns:

Continuation Patterns:

FALSE BREAKOUT Continuation Pattern:
The geometric possibilities in order of priority are:

\[
\begin{align*}
AD-BC \ (Rx) &= 1.000 \text{ to } 1.000 \\
CD-XC \ (XcD) &= \text{Retracement Ratio} \\
CD-AB \ (Alt) &= \text{could be } 1.272
\end{align*}
\]

**D=A RETURN Continuation Pattern:**

The geometry will be:

\[
\begin{align*}
D &= A \ (\text{Prior Support})
\end{align*}
\]
CD-AB = 1.000 to 1.000
CD-BC (BcD) most likely will be a 50% RETRACEMENT

D=B DOUBLE TOP or BOTTOM Continuation:

This one is always a good chance and if the CD retracement of XC is a good fit on a ratio of 0.382, 0.500 or 0.618 it is almost a certainty.

Reversal Patterns:
The first thing I look for before considering a Double Top or Double Bottom reversal is an overlapping C pivot of the X pivot. This prior activity at least promotes a sense of instability.

The geometry that you may experience is:

- Naturally $CD = BC$
- $AD - XA$ (XaD) is on a ratio perhaps like 1:1.618 or 1:2.000
- $AD - BC$ (Rx) is on a ratio

There is not much else you can look for except that B was already a level of importance relative to some former X-ABCD geometry.
Reversal Patterns: continued….

Expanding tops and bottoms fall into the category of 3 drives to a top or a bottom and are a technically respected pattern for a larger degree change in trend.

The thinking behind the 3 drives pattern is that the power of the trend in progress is breaking down and most trading system stops will be moving in.
Some of the best reversals intra-day occur when CD=AB and CD-BC is a 1.618, 2.000 or a 2.618. The (Rx) will light up.

If the BC-AB is not on 0.382, 0.500 or 0.618 then the Rx should be on a strong ratio such as 1.272, 1.414, 1.732, 1.902, 2.000, 2.236 etc.

Once you experience a few of these you will know how to recognize them as they are about to occur. In any case once the price crosses back over the B pivot the move should be confirmed.

**COMPLEX X-ABCD PATTERNS:**
Sometimes referred to as a Butterfly pattern in technical circles. If there is enough binding geometry in the structure D will become a reversal point.

**Complex XABCD where D exceeds X**

Sometimes referred to as a Butterfly pattern in technical circles. If there is enough binding geometry in the structure D will become a reversal point.

**Complex Formation with 1:1 Double Cross**

**Double X = 1:1**

**Reverse X = 1.272**
This type of reversal at D will most likely occur when CD is a strong thrust on the day in what seems to be a directionless market. For instance AB-XA is greater than 0.618, BC-XA is slightly less than 1:1 or 1:1.

Some technicians may refer to this pattern as a Gartley pattern if the AD-XA (R2) came in as a 0.786 retracement.

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD-XC (Dx)</td>
<td>1.000 to 1.000</td>
</tr>
<tr>
<td>AD-BC (Rx)</td>
<td>1.000 to 1.618</td>
</tr>
<tr>
<td>CD-AB (Alt)</td>
<td>0.786</td>
</tr>
<tr>
<td>AD-XA (XaD)</td>
<td>0.786</td>
</tr>
</tbody>
</table>

DOUBLE TOPS & DOUBLE BOTTOMS:
A double top or a double bottom under most circumstances will encounter resistance or support for the simple reason it is viewed as a natural resistance or support zone.

About 50% of the time a double bottom will break. The market will only make a temporary hesitation before it breaks through.
Yet when certain geometry is present in the ABCD swings the resistance or the support will be guaranteed almost 80% of the time.

When CD=AB (Alt) 1.000:1.000 the reversal is almost guaranteed.
Also
When AD-BC (Rx) equals 1.618, 2.00, 2.618 or 3.000

Other factors to consider are retracement levels of larger degree X-ABCD's.

This is a rare pattern in larger degree waves but is very common in intra-day smaller consolidations or distributions. What you have to consider is what went before to assess if it means anything important in the bigger picture.

Finally:
When you inspect the geometry in any of the X-ABCD structures I have outlined so far remember that instances where the geometry falls in multiples of, 0.500, 0.618, 1.000, 1.618 and 2.000 will attract much more attention from the other technicians.

TRIANGLES in CONSOLIDATIONS:
These formations are not likely to come out on perfect ratios but the implication is implied by the pattern.

There will be situations where you can identify an internal geometry.

**Contracting Triangles X-ABCD Patterns**

DESCENDING - TRIANGLE - ASCENDING
The same goes for the Descending and Ascending triangle formation but if swing AB-XA = 0.618 and swing CD-AB = 0.618
Or Combinations similar = 0.786, 0.707 or 0.500 the formation will be valid.

Each leg or Alternate legs could expand on ratios of 1.272, 1.414 or 1.618 or an Rx of 1.000

HEAD & SHOULERS FORMATION:
This pattern is more of a longer-term analysis pattern yet it could occur on a 60 minute chart if the market is making new weekly highs and showing signs of instability. I'm not sure how you would evaluate it completely but the key to a reversal is if D=X and the market fails to advance higher. A continuation of the leg down from D will be more certain once the pivot level of C is broken.

Two Important Set Ups to remember:

These SET UPS offer a two way opportunity to make money - the market should reverse UP for a BUY but in case it does not it confirms a SELL.
X-ABCD SUMMARY:

In this section I have shown you almost all of the patterns that educated technicians would recognise as significant. If you can identify legitimate geometry between the X-ABCD legs when these patterns form it will give you the edge over the majority of the market players.

Some patterns are more reliable than others and out of each pattern there are several possibilities for the unfolding patterns.
Geometry in the X-ABCD is the only way you are going to identify the exact price where a market will reverse trend either as a major reversal or just as a corrective move.

When you utilize the X-ABCD approach collectively with the other methodologies I teach in this PRICE ACTION course you should have no trouble staying on the right side of the market activity.

But remember this, if you think a reversal is happening because of a pattern and certain geometry and the market does not reverse direction or it reverses for a short time and then breaks through your D level it is telling you to reverse the other way and go with the flow at the time.

If you do this you can be a winner, if not then you only have yourself to blame.

**LEARN TO OBSERVE THE MARKET ON A DAY-TO-DAY BASIS:**

If you analyze the unfolding patterns each day you will find that set-ups become very obvious to the trained eye.

When a market trend is vulnerable to a reversal and the X-ABCD ratios line up in an Elliott Wave pattern then that is where it will happen, all you have to do is be there to recognize it.