

Figure 1-27

DJIA Hourly 1975 — July 14 through October 1

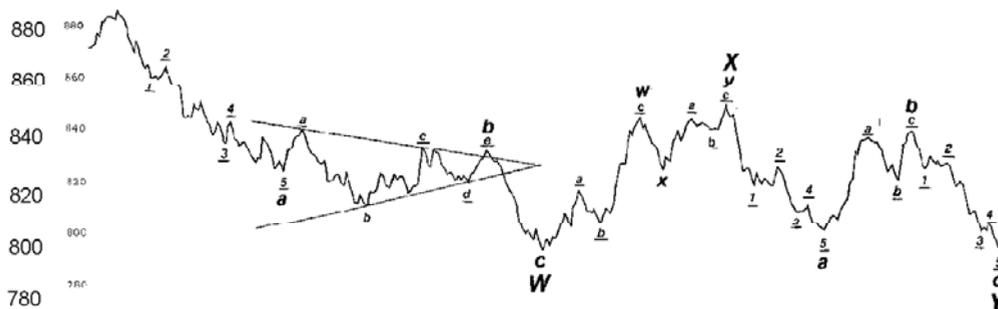


Figure 1-28

R.N. Elliott's original labeling of double and triple zigzags and double and triple threes (see later section) was a quick shorthand. He denoted the intervening movements as wave X, so that double corrections were labeled A-B-C-X-A-B-C. Unfortunately, this notation improperly indicated the degree of the actionary subwaves of each simple pattern. They were labeled as being only one degree less than the entire correction when in fact, they are two degrees smaller. We have eliminated this problem by introducing a useful notational device: labeling the successive actionary components of double and triple corrections as waves W, Y, and Z, so that the entire pattern is counted "W-X-Y (-X-Z)." The letter "W" now denotes the first corrective pattern in a double or triple correction, Y the second, and Z the third of a triple. Each subwave thereof (A, B or C, as well as D or E of a triangle — see later section) is now properly seen as two degrees smaller than the entire correction. Each wave X is a reactionary wave and thus always a corrective wave, typically another zigzag.

### Lesson 7: Flats (3-3-5)

A flat correction differs from a zigzag in that the subwave sequence is 3-3-5, as shown in Figures 1-29 and 1-30. Since the first actionary wave, wave A, lacks sufficient downward force to unfold into a full five waves as it does in a zigzag, the B wave reaction, not surprisingly, seems to inherit this lack of countertrend pressure and terminates near the start of wave A. Wave C, in turn, generally terminates just slightly beyond the end of wave A rather than significantly beyond as in zigzags.