

# Elliott Wave — Corrections: Zigzags

*Moving from the motive phase to the corrective phase. Corrections are where Elliott Wave gets hard — 80% of the difficulty. Zigzags are the first and most common corrective pattern.*

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## The Corrective Phase — Overview

The complete Elliott Wave cycle is 8 waves: five motive (1-2-3-4-5) + three corrective (A-B-C). Everything covered so far — impulses, extensions, diagonals — was the motive phase. Now we unpack how markets correct.

## Critical Misconception: Waves A and C Are Impulse Waves

Most people don't realise that **waves A and C are impulse waves**. They must subdivide into five waves and follow ALL the same rules as waves 1, 3, and 5 (wave 2 can't retrace past wave 1, wave 3 can't be shortest, wave 4 can't overlap wave 1 — unless it's a diagonal). They can also be extended or form diagonals.

Only **waves 2, 4, and B** are corrective waves (moving against the prevailing trend).

This is important because when price drops in five waves (not three), it's likely a wave A — not just a pullback. If it only drops in three waves, it's probably corrective within the trend. **Fives = impulse direction. Threes = corrective.**

The one exception: leading diagonals can move in waves of three (3-3-3-3-3), which can look corrective but are actually motive. That's what makes them tricky in real time.

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## Zigzag Correction (5-3-5)

A zigzag is a sharp three-wave corrective pattern labelled A-B-C, structured as **five-three-five**:

- **Wave A:** Five waves down (impulse or diagonal) — the initial drop
- **Wave B:** Three waves up (any corrective structure — flat, triangle, zigzag, complex) — the counter-trend bounce
- **Wave C:** Five waves down (impulse or diagonal) — the final leg that completes the correction

If the structure isn't five-then-three-then-five, it's not a zigzag.

## Key Characteristics

- Zigzags are the **sharpest** type of correction — quick, decisive moves
- Most common corrective pattern and the easiest to identify and trade
- Wave C is typically **at least as large as wave A**, often extends to 1.618 or beyond
- Waves A and C can contain extensions and can form as diagonals (ending diagonals on wave C are common)

## Fibonacci Targets for Wave C

Use the **trend-based Fib extension tool**: click from the start of wave A → end of wave A → end of wave B → project forward.

Ratio	Description	Frequency
<b>1:1</b>	Wave C equals wave A in length — "partner leg"	Most common
<b>1.272</b>	Slight extension beyond wave A	Common
<b>1.618</b>	Wave C = 1.618 × wave A — stronger correction (golden ratio)	Very common
<b>0.618</b>	Wave C shorter than wave A — more common when wave B is shallow (e.g. triangle)	Less common
<b>2.0</b>	Significant extension	Uncommon
<b>2.618</b>	Extreme extension — really powerful bear moves	Rare (tech bubble, major crashes)

**Rule of thumb:** Always check the 1:1 first, then the 1.618. These are your two primary targets. If wave B was a shallow correction (like a triangle), the 0.618 becomes more probable for wave C.

# Real Examples

- **Bitcoin 2013-2015 bear market:** Wave C hit the 1.618 extension (\$198 bottom)
  - **Bitcoin 2011 correction:** Wave C hit the 1:1 — equal to wave A
  - **Ethereum:** Three separate corrections all bottomed at the 1.618 — "Ethereum loves a 1.618"
  - **Apple GFC (2008):** Zigzag correction, wave C hit 1.618, with an ending diagonal forming the final leg of wave C
  - **Apple tech bubble:** Extreme bear market — wave C extended to the **2.618** with an ending diagonal at the bottom
  - **Bitcoin COVID correction:** Wave C hit the 1.272
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## ABC Personality — What Each Wave Feels Like

Understanding the psychological character of each wave helps you confirm your wave count. If the sentiment doesn't match, your count might be wrong.

### Wave A — "It's Just a Pullback"

- Fundamental news is still positive
- Most analysts see it as a healthy correction in a still-active bull market
- Market structure hasn't broken yet — technically could still be just another higher low
- Volume increases on the drop, implied volatility rises
- People who know charts start to exit, but the majority holds
- **"Just a dip, buy it like the last one"**

### Wave B — "Told You So"

- Prices reverse higher — seen as resumption of the bull trend
- This is the **right shoulder** of a head & shoulders pattern in classical TA
- Volume during wave B should be **lower than wave A** (weak bounce)
- Fundamentals haven't turned negative yet but aren't improving
- Everyone who held through wave A feels vindicated: **"See? I told you it was just a pullback, you idiot bears"**
- This is the fake-out — people assume the trend will continue like it always has

# Wave C — "Oh No"

- Prices drop **impulsively** in five waves — sharp and rapid
- Volume picks up significantly
- By wave 3 of wave C (the middle of the drop), almost everyone realises a bear market is entrenched
- Fear enters the market — sentiment flips bearish
- Wave C is typically at least as large as wave A, often extends to 1.618 or beyond
- People who held through wave A and wave B are now so deep in losses they can't bring themselves to sell — they start wishing they'd sold on the first drop
- **If you haven't got fear in the market yet, you're probably not in wave C**

## Matching Sentiment to Wave Count

- Calling five waves up but no exuberance/euphoria? → You might not actually have five waves up
  - Calling a completed ABC but no fear? → The correction might not be done
  - Wave A can sometimes trigger extreme bearishness too (especially if wave A itself has an extended wave 5) — which then gets faded by the wave B bounce
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## The Distinction: Corrective or Impulsive?

The hardest question in real time: is this move corrective (ABC about to end) or impulsive (wave 1-2 of a new trend)?

**After a zigzag completes:** You don't know if you're getting wave 3 in the same direction (it was just a correction within the trend) or if the ABC was the entire correction and the trend resumes.

### How to tell:

- If price then moves in five waves beyond the correction → it's impulse, the trend is resuming
  - If price moves in three waves → it might be another corrective structure (W-X-Y, flat, etc.)
  - Wave 4 can't enter wave 1 territory — if it does, your impulse count is invalid
  - **This is why you always look to take profit in the zag zone** — because at the zag zone you don't know if it's wave 3 or wave C
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# Zigzags in Both Directions

**Bullish zigzag (in a bear market correction):** Five waves UP for A, three waves DOWN for B, five waves UP for C — a sharp rally within a larger downtrend.

**Bearish zigzag (after a bull market impulse):** Five waves DOWN for A, three waves UP for B, five waves DOWN for C — the standard correction after a five-wave advance.

The structure, rules, and Fibonacci relationships are identical regardless of direction.

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## What's Coming Next

Zigzags are just the first type of correction. Still to come:

- **Flats** (3-3-5 structure) — sideways corrections where wave B retraces most or all of wave A
- **Triangles** (3-3-3-3-3) — converging patterns that appear in wave 4 or wave B
- **Complex corrections** (W-X-Y, double/triple zigzags, combinations) — when simple corrections aren't enough

Corrections are where multiple possible counts exist simultaneously. Even experienced Elliotticians run 4-5 different scenarios during corrections and narrow down as the pattern develops. Impulses = relatively easy. Corrections = years of practice.

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