



MMTA Course Five – Review of Geocosmics and Cycles Plus Price Objective Calculations



THE .618 CALCULATION FOR PRICE TARGETS IN THE THIRD PHASE OF A 3-PHASE CYCLE

Module Lesson Eleven



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The purpose of this lesson is to learn the .618 calculation for forecasting price targets

In this lesson, you will learn:

Characteristics of third phases

Formula for calculating .618 price targets for crests

Formula for calculating .618 price targets for troughs

Geocosmic correlations to primary cycles and .618 price targets

CHARACTERISTICS OF THIRD PHASES IN A 3-PHASE CYCLE

- Third phase of cycles is most difficult to forecast
- Market will usually do one of five things:
 - 1). Normal Corrective Retracement: Crest of phase 3 is only corrective retracement (38.2-61.8%) of move down from phase 2; bullish cycle only
 - 2). Double Top or Double Bottom: Crest of phase 3 in bull market is double top to phase 2. For bearish cycle, can be double bottom to phase 2, and slightly lower (lowest price at end of cycle)

CHARACTERISTICS OF THIRD PHASES IN A 3-PHASE CYCLE

3). MCP Price Target: Crest of phase 3 in bull markets may climb to MCP upside objective. Trough of phase 3 in bear markets may drop to MCP downside objective

4). .618 Price Target: Crest of phase 3 in bull markets may be .618 of move up from start of primary cycle. Trough in phase 3 of bear market may be .618 of move down from crest of primary cycle

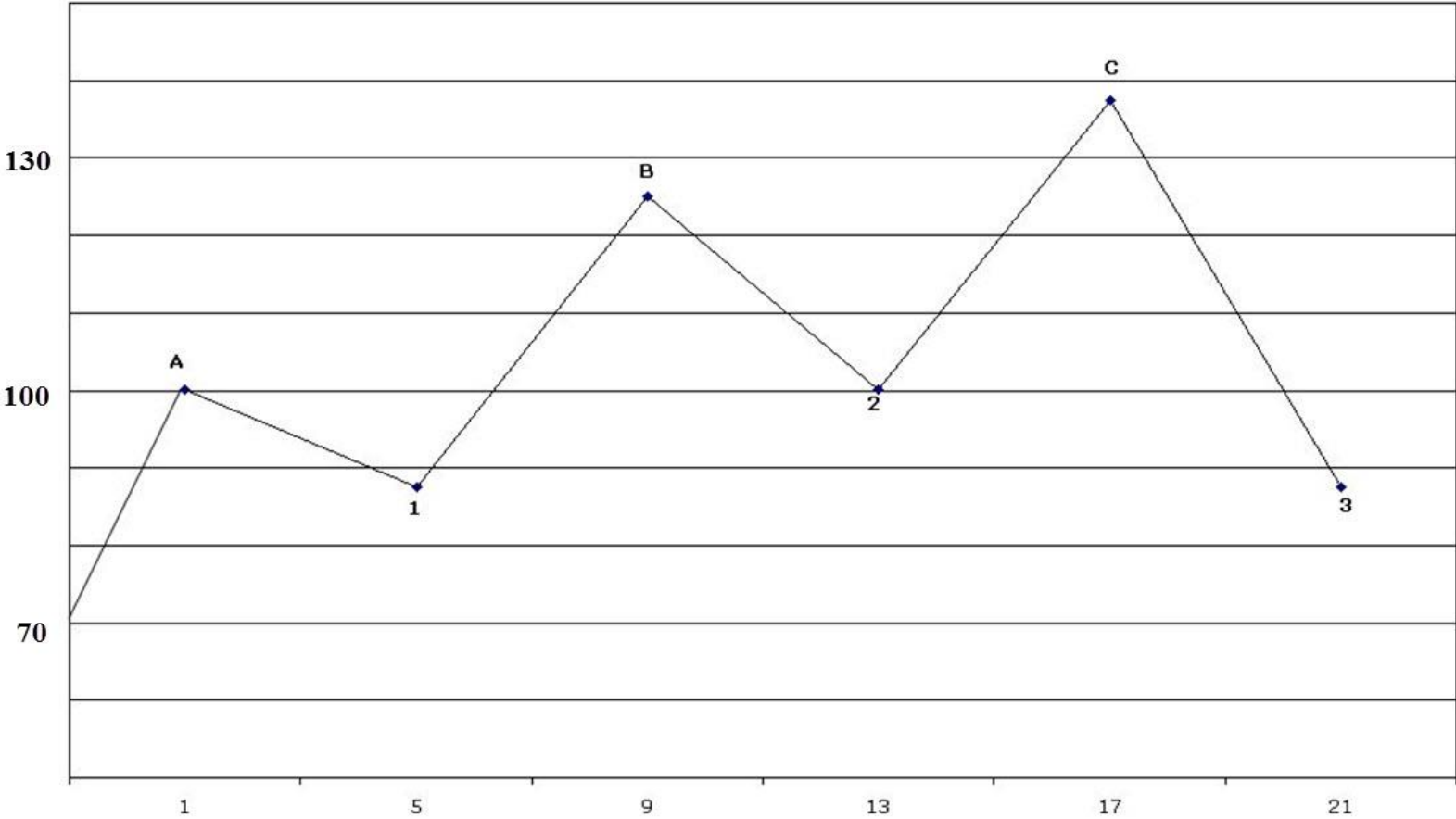
5). 1.618 and Breakout Price Targets: Most explosive move can happen in third phase, especially when Uranus present. Can be 1.618 extension (or multiples) higher or lower

CHARACTERISTICS OF THIRD PHASES IN A 3-PHASE CYCLE

- To determine which price target is most likely, technicals must be monitored closely
- Helps to wait for CRDs and see which objectives being met
- Better if multiple price objective criteria satisfied
- Now we will learn additional forecasting methods for price targets, especially in third wave of bullish and bearish cycles
- Used to calculate price targets in 5th wave for Elliott 5-wave pattern

CALCULATING THE .618 PRICE TARGET FOR CRESTS AND RESISTANCE ZONES IN THE THIRD PHASE OF BULLISH CYCLES

Bull Market Phase 3 - C is .618 of Phases 1 & 2



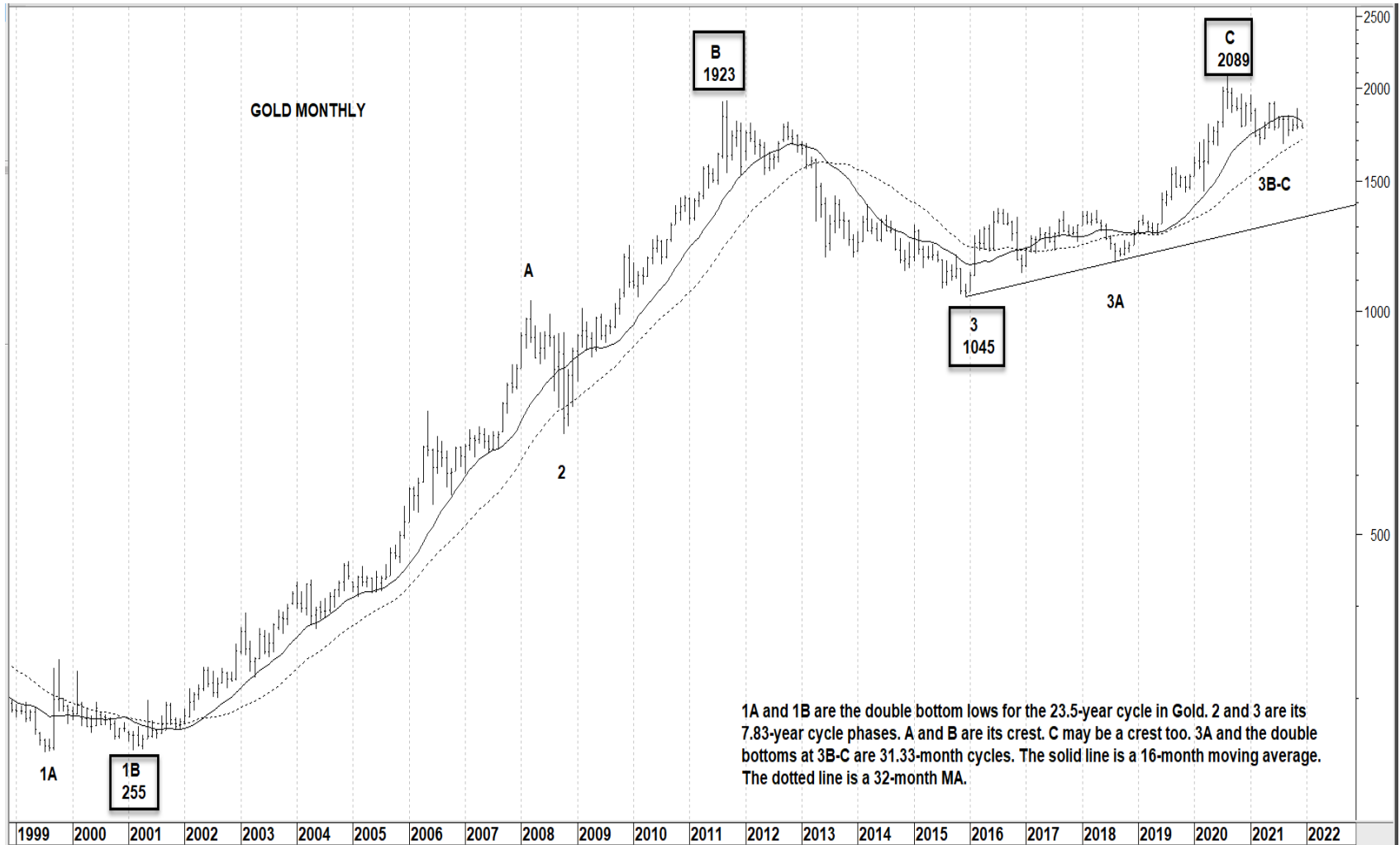
CALCULATING THE .618 PRICE TARGET FOR CRESTS AND RESISTANCE ZONES IN THE THIRD PHASE OF BULLISH CYCLES

- Assume cycle started in week zero (0) at 70
- Rallied to first crest at 100 (A), then declined to 88 (1), then rallied to 125 (B), then declined back to 100 (2)
- $(B - 0) \times .618 + 2$
- $125 - 70 = 55$
- $55 \times .618 = 34$
- $100 + 34 = 134$ is price target for phase 3 crest

CALCULATING THE .618 PRICE TARGET FOR CRESTS AND RESISTANCE ZONES IN THE THIRD PHASE OF BULLISH CYCLES

- To get range for this price target:
 - $134 - 70 = 64$
 - $64 \times .118 = 7.55$
 - Range is therefore: 134 ± 7.55 or 128.45-141.55
- Compare to MCP price target:
 - $125 - 88 = 37$
 - $100 + 37 = 137$
 - Range: $(137-88) \times .118 = 5.78$ or 137 ± 5.78 (131.22-142.78)
- Overlap between 131.22-141.55

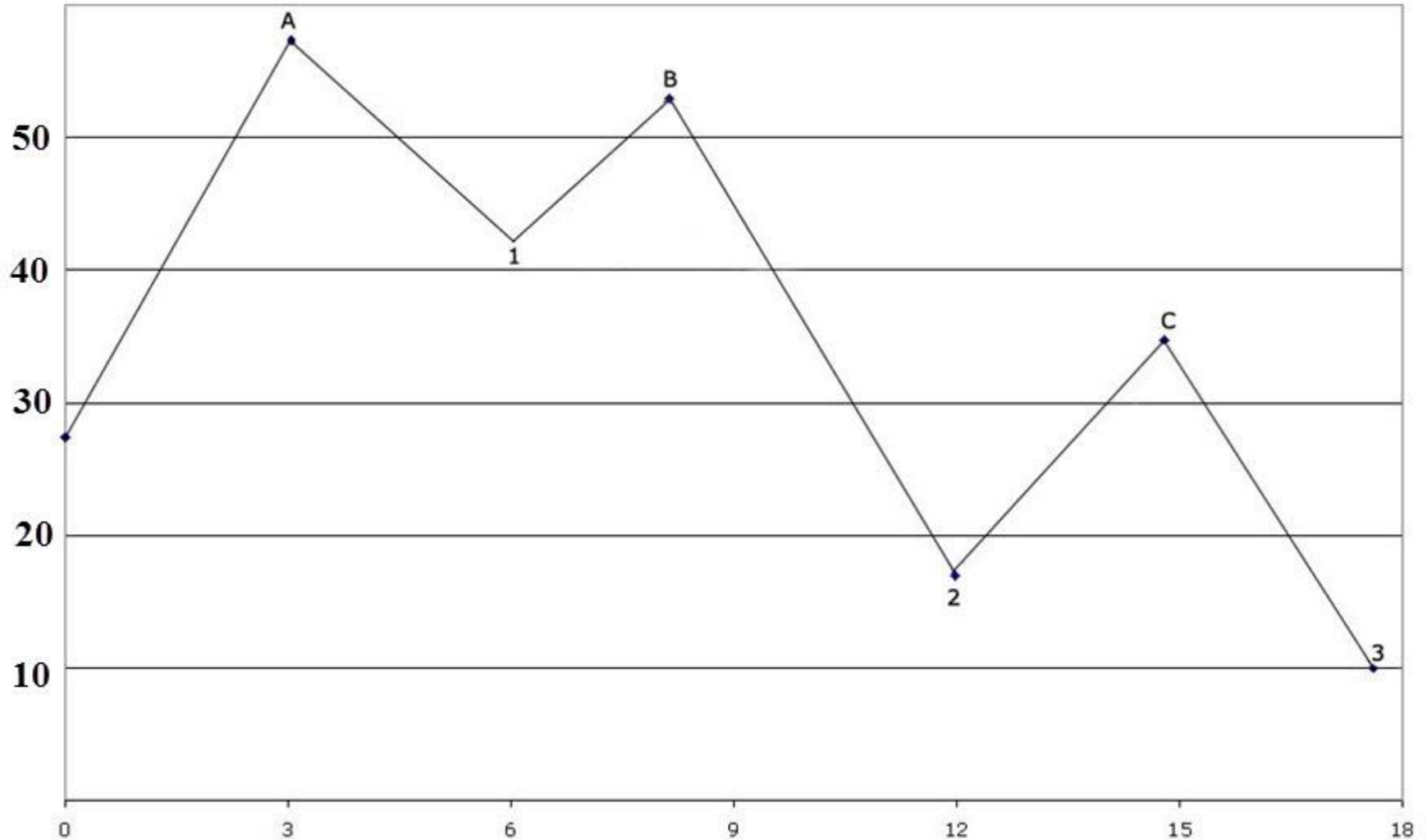
HISTORICAL EXAMPLE OF .618 PRICE PROJECTION IN BULL MARKET PHASE 3



CALCULATING THE .618 PRICE TARGET FOR TROUGHS AND SUPPORT ZONES IN THE THIRD PHASE OF BEARISH CYCLES

- Trough of third phase may be below second phase trough, but still within target. Usually unfolds one of three ways:
- MCP price target
- .618 multiplier
- Multiplier of 1.236 (or 1.382)
 - “irregular ‘b’ wave decline in Elliott terminology

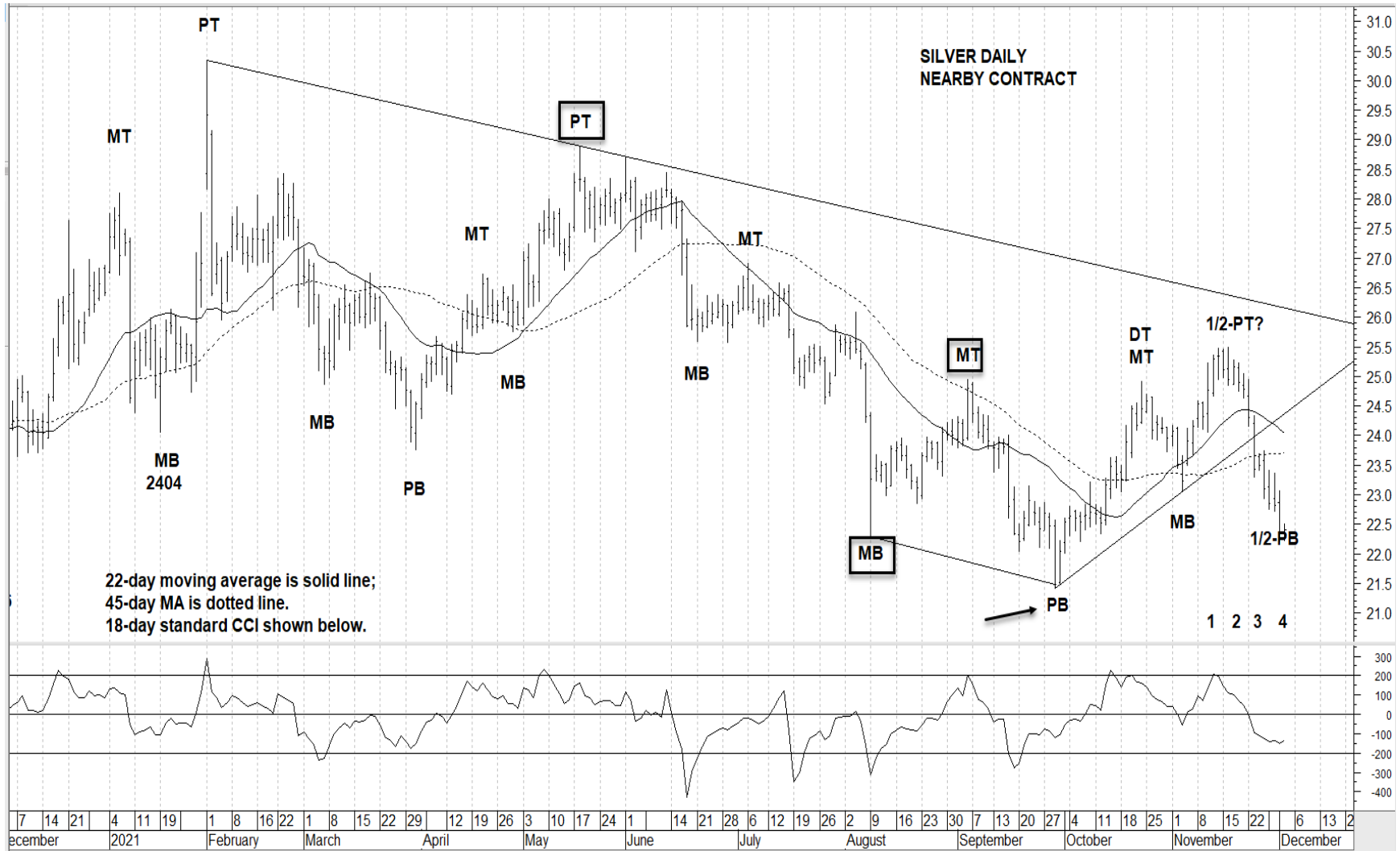
CALCULATING THE .618 PRICE TARGET FOR TROUGHS AND SUPPORT ZONES IN THE THIRD PHASE OF BEARISH CYCLES



CALCULATING THE .618 PRICE TARGET FOR TROUGHS AND SUPPORT ZONES IN THE THIRD PHASE OF BEARISH CYCLES

- Review steps in this calculation:
- $(A - 2) \times .618$ (distance from crest of phase 1 to trough of phase 2)
- Subtract difference from C (crest phase 3) = price target for 3
- $(58 - 18) \times .618 = 24.72$
- $35 - 24.72 = 10.28$
 - This is target for 3, primary cycle trough
- Range: $(A - 3) \times .118$ or $(58 - 10.28) = 47.72 \times .118 = 5.63$
- 10.28 ± 5.63

HISTORICAL EXAMPLE OF .618 PRICE PROJECTION IN BULL MARKET PHASE 3



GEOCOSMIC AND OTHER CORRELATIONS TO .618 PRIMARY CYCLES

- A primary cycle trough that falls into .618 target zone for third phase is typically not part of explosive rally/decline
- Hence, Uranus not required
- Impacts primary cycle type, and is still subject to CRD rules, which are:
 - 1). 3-day Orb
 - 2). Within four trading days for Level 1 signature

GEOCOSMIC AND OTHER CORRELATIONS TO .618 PRIMARY CYCLES

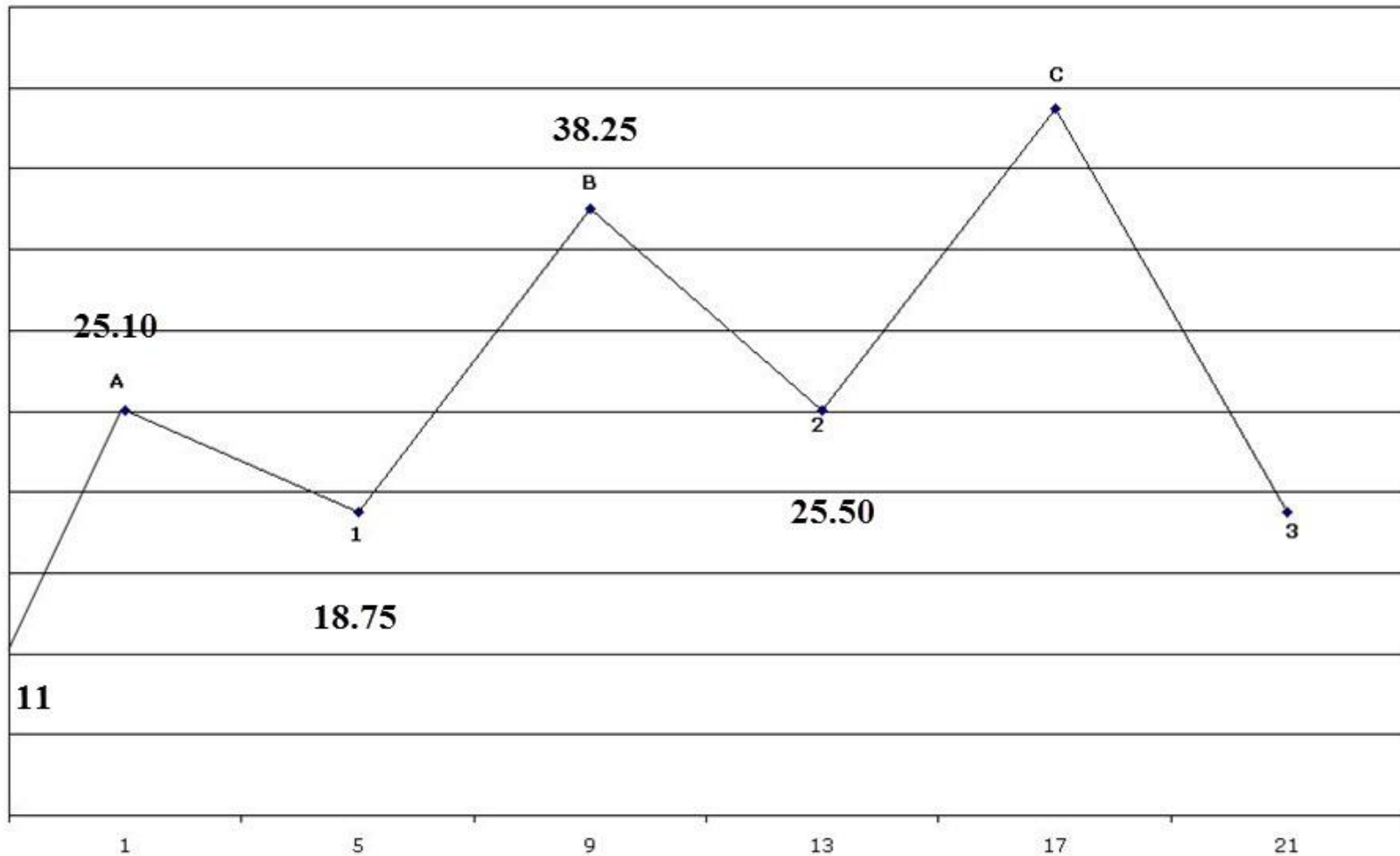
- Three-phase cycle pattern is not always required
- For Elliott Wave, the .618 calculation of two prior swings can apply to any 5-wave pattern
- .618 price objective is therefore more associated with patterns instead of cycles
- Can be used to calculate swing highs and lows
- Calculation will be witnessed often as we develop trading plans

QUIZ #11

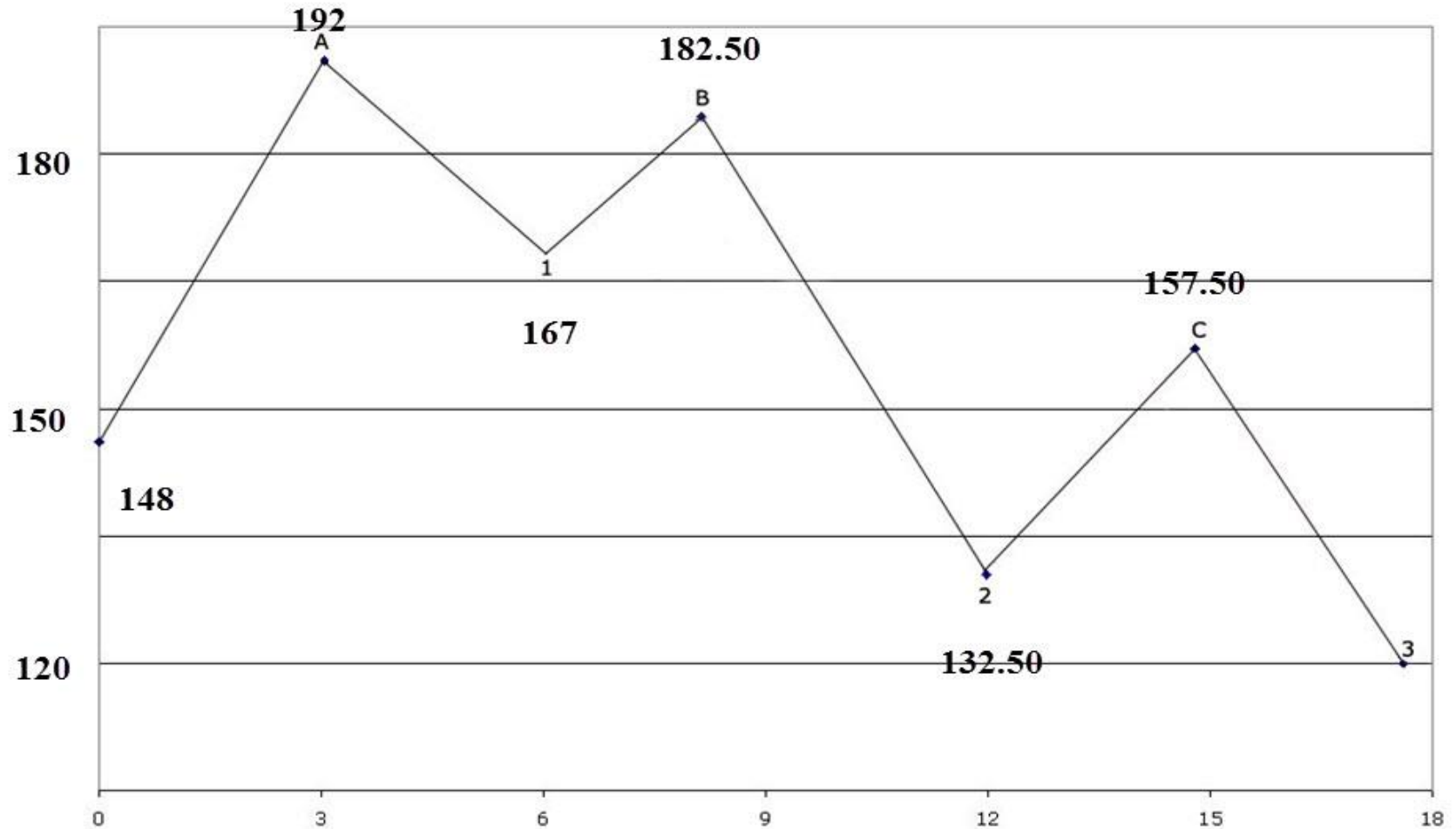
THE .618 CALCULATION FOR PRICE TARGETS IN THE THIRD PHASE OF A 3-PHASE CYCLE

1. Give at least 4 ways to calculate the price target of a crest in the third phase of a bullish three-phase cycle.
2. Give at least 4 ways to calculate the price target of a trough in the third phase of a bearish three-phase cycle.

3. Calculate the price target for C, using both the MCP price objective method, and the .618 price objective method. Do they overlap?



4. In the example above, calculate the MCP and .618 price targets for the low at 3. Is there an overlap of the ranges here?



End of Lesson 11

Break