

Term 2 master class

The Course Architecture — What's Non-Negotiable vs Complementary

Term 1 Weeks 1-6: THE NON-NEGOTIABLES

Everything in the first six weeks is the foundation. If you're not doing ALL of these on every trade, you're missing a beat:

1. **Pivot points** → market structure identification (Week 1)
2. **Support & resistance zones** (Week 2)
3. **Failure swings & non-failure swings** → confirmed reversals and entries (Week 3)
4. **Volume & OBV** → supporting the move, effort vs result (Week 4)
5. **RSI divergence** → early warning signals (blinkers) before triggers (Week 5)
6. **Fibonacci retracements** → zag zones, trend strength, targets (Week 6)

Term 1 Weeks 7-9: COMPLEMENTARY TOOLS

These add confluency but aren't essential for a trade to exist:

- Candlestick patterns, chart patterns (Week 7)
- Index confirmation, multi-chart confluency (Week 8)
- Market psychology, sentiment, contrarian investing (Week 9)

Term 1 Week 10: RISK MANAGEMENT

Not about your entry — it's about how small your stop loss is. A later entry with a better R:R can be more profitable than an earlier entry with a wider stop.

Term 2: ADVANCED REFINEMENT

All of Term 2 builds on the non-negotiables:

- **Three types of divergence** — regular (reversal signal), hidden (continuation signal), directionally aligned (same direction, different rates = early warning). Complex divergence is where regular and hidden battle each other
 - **Multi-timeframe divergence** — hidden bullish on the higher timeframe (continuation) + regular bullish on the lower timeframe (reversal entry) = precise entry for a big move
 - **Pattern recognition + divergence fusion** — hidden divergence for continuation patterns, regular divergence for reversal patterns. Volume rules are OPPOSITE for each
 - **Moving averages** — SMA for long-term, EMA for short-term. Used as confluency, not standalone
 - **Gaps** — common (always fill), breakaway (new trend), runaway (continuation), exhaustion (reversal), professional (institutional), fair value (crypto imbalances)
 - **Market breadth** — looking under the hood to see if stocks are actually participating in the index move
 - **Sentiment analysis** — VIX, AAll, Fear & Greed, put-call ratio. Contrarian at extremes
 - **Fibonacci extensions & clusters** — projecting targets, combining retracements + extensions for ultimate cluster zones
 - **Fibonacci extension channels** — combining Fib targets with channel boundaries for precision take-profit
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Log vs Linear — When to Use Each

Linear (default, first port of call):

- \$10 move here = same size as \$10 move there (dollar-based)
- Better for identifying accumulation/public/excess phases visually (accumulation looks flatter and longer, which is what you expect)
- Use for most standard analysis

Logarithmic (for long timeframes and large price ranges):

- 10% move here = same size as 10% move there (percentage-based)
- Much easier to see waves and chart detail when prices range from \$3 to \$50+
- Essential for crypto, uranium, lithium — anything with hundreds or thousands of percent moves
- Makes the detail of smaller early moves visible instead of being squashed at the bottom

Fibonacci in Log vs Linear — BOTH Are Valid

This was a key insight from the masterclass. When applying Fib retracements:

- **Linear Fib 618** creates a resistance zone in dollar terms
- **Log Fib 618** creates a resistance zone in percentage terms
- **Both work as resistance** — and they're at DIFFERENT price levels

Silver example: In linear, the 618 retracement created a major resistance cluster at one level. In log, the 618 created resistance at a different level (the percentage-based retracement). Both levels acted as genuine resistance on the chart. So drawing Fibs in both modes gives you TWO valid zones to watch.

Pro tip: To apply Fib in log scale in TradingView, open the Fib tool settings and check "log scale."

When to Switch

- Start in linear to identify phases and get the big picture
 - Switch to log when dealing with very long timeframes, very large price ranges, or parabolic moves
 - In log, a retracement that looks like 78.6% in linear might only be 50% in percentage terms — this changes your analysis of trend strength
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Phase Analysis — Equities vs Commodities

In equities (tech, financials): The public participation phase is typically the largest. Excess phase is usually smaller.

In commodities (silver, gold, uranium): The excess phase is often the biggest — bigger than public participation. Commodities tend to have blow-off tops.

The alternation rule: If public participation is very extended (long duration), don't expect excess to also be very extended. One will be extended, the other normal. You rarely get both dramatically extended.

Wave 2 Deep / Wave 4 Shallow

- **Wave 2 retracements** are notoriously deep — 618, sometimes 786. Why? Nobody knows it's wave 1 yet. Sentiment is still bearish from the prior downtrend. Everyone thinks it's just a continuation of the bear market
- **Wave 4 retracements** tend to be shallower — 382 or Fib 500. The trend is now established and people are bullish, so they buy the dip earlier

This alternation is important for setting expectations and targets. If wave 2 was deep (618+), expect wave 4 to be shallow (382). If wave 2 was shallow (unusual), expect wave 4 to be deeper.

Channels as Confluency

Channels (trend lines + parallel lines) provide confluence with other tools:

- **Maximise touches** when drawing channels — the more times price respects the channel boundary, the more valid it is
- **Channels don't beat S/R zones** — a horizontal support/resistance zone with many touches is still the strongest level. Channels complement S/R, they don't replace it
- When a channel boundary aligns with a Fib level AND a horizontal S/R zone = triple confluency
- **Break of channel + change of market structure + hit Fib target** = the trend is over. The "nail in the coffin"

Three Channel Types (Preview for Elliott Wave)

1. **Base channel** — drawn from the start
2. **Trend channel** — drawn during the trend
3. **Final channel** — drawn at the end

These will be covered in depth during Term 3.

The 50% Profit-Taking Strategy

When your trade hits the target zone:

1. **Take 50% off the table** — lock in profit, remove risk
2. **Let the other 50% run** — trail your stop loss and see where it goes
3. If it continues beyond the target = bonus gains with zero risk (you've already banked profit)
4. If it reverses = you've already taken half your profit and the trailing stop catches the rest

This removes the psychological battle of "should I sell all or hold all" — the answer is "both."

Preparing for Term 3: Elliott Wave

Everything from Term 1 and Term 2 translates directly:

What You Know	What It Becomes in Elliott Wave
Accumulation	Wave 1
First zag (deep)	Wave 2
Public participation	Wave 3
Second zag (shallow)	Wave 4
Excess phase	Wave 5
Correction (2 steps back)	ABC correction

The internal counts work the same way — within wave 3, there's its own 1-2-3-4-5. Within that sub-wave 3, there's another 1-2-3-4-5. Fractals all the way down.

Corrections are where Elliott Wave gets really challenging — there are many different types. The course spends 4-5 weeks just on corrections because that's the hardest part.

The key thing you must feel comfortable with before starting Term 3: Accumulation → public participation → excess. If you can confidently identify the three phases, the numbering is just labelling what you already know.

Revision #1

Created 10 May 2026 09:33:46 by Conor

Updated 10 May 2026 09:34:00 by Conor