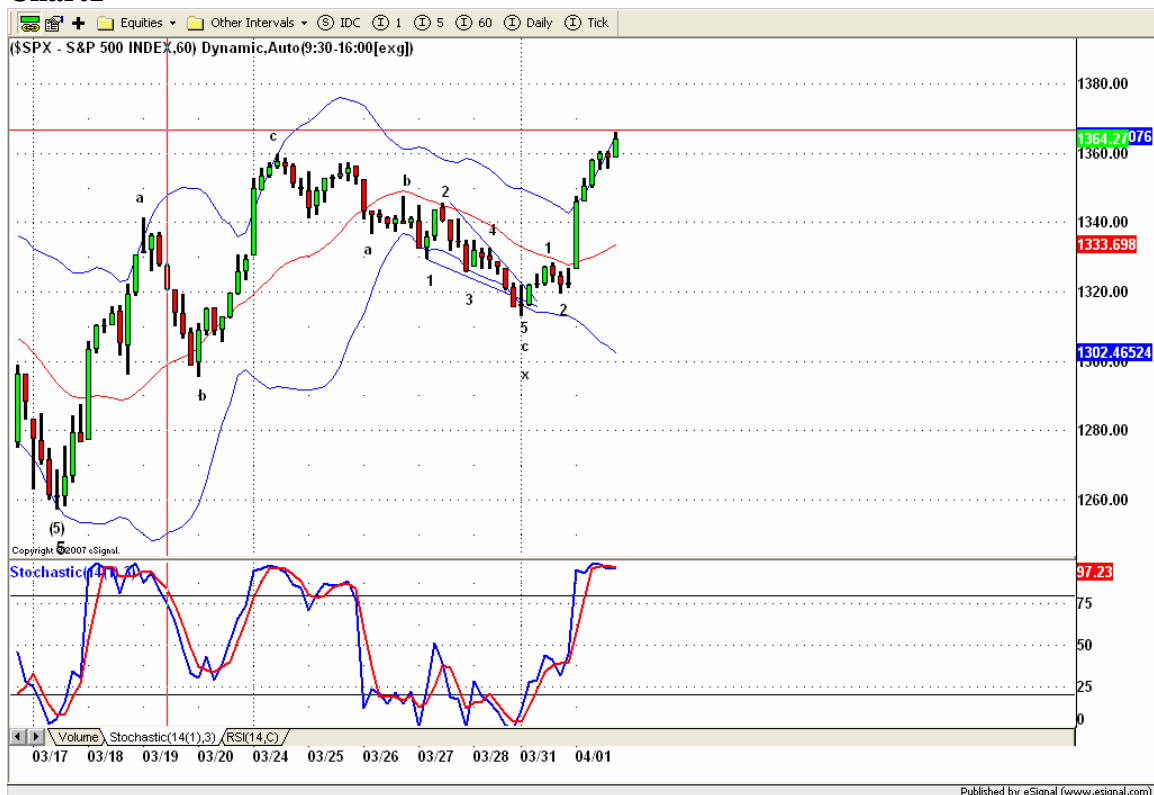




*One true inference invariably suggests others. – Sherlock Holmes: Silver Blaze*

Our second wave counter-trend thesis is unfolding true to form. On an **intra-day 60min** chart, we completed a counter-trend zigzag from the March 17 bottom, a complex a-b-c zigzag connector with an ending diagonal as the C wave, and an explosive counter-trend continuation of our zigzag pattern, **confirming we are in a zigzag combination pattern.**

**Chart1**



Since the a-b-c diagonal offered a pivotal clue of an imminent turn, let's study it more closely. I first observed the seemingly endless stream of smaller three wave counts coming off 1360 high. I tried various zigzag combinations on for fit, but none of them seemed to work. Once I noticed the contracting wedge shape, I suspected a diagonal. The waterfall type ending with a "throw-over," or, break of the trend line connecting wave 1 and 3 gave me the final clue. This is a beautiful "textbook" a-b-c ending diagonal.

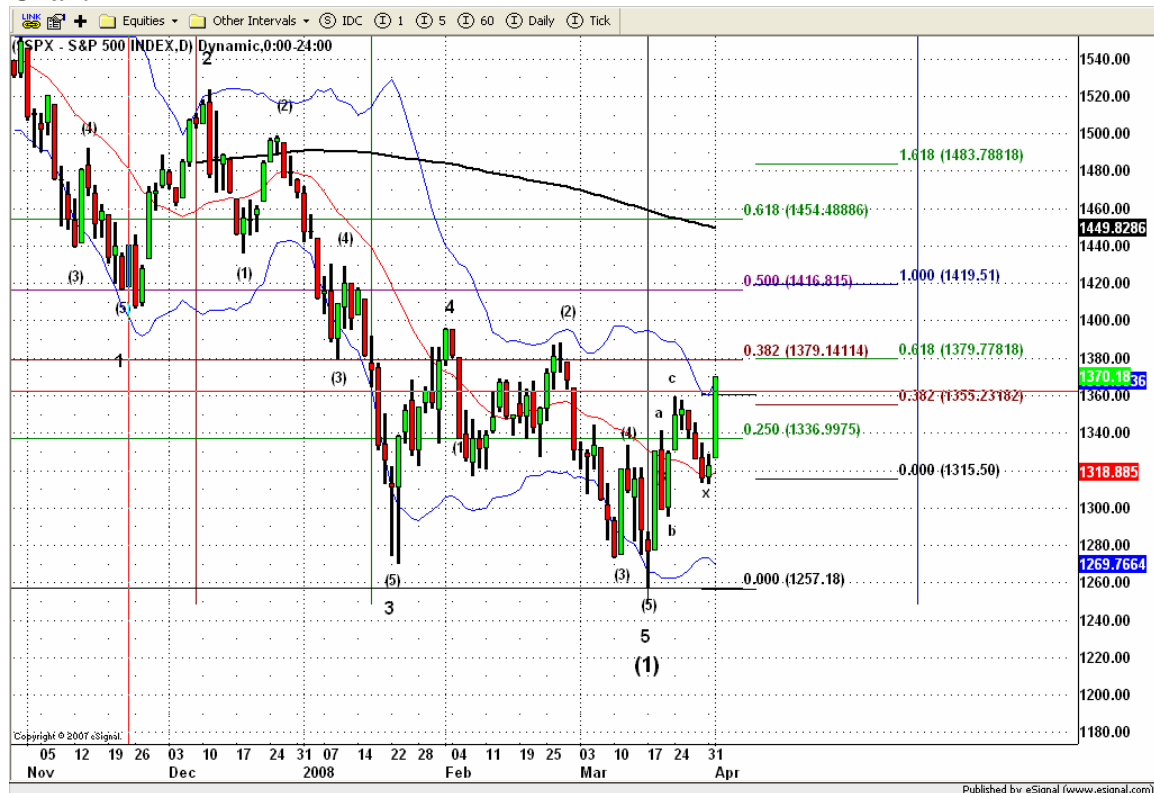
The other inference that we drew from the stream of smaller "threes" was that we were in a *correction of a correction* and had not resumed the downtrend.

Both of these deductions were confirmed with today's rally.

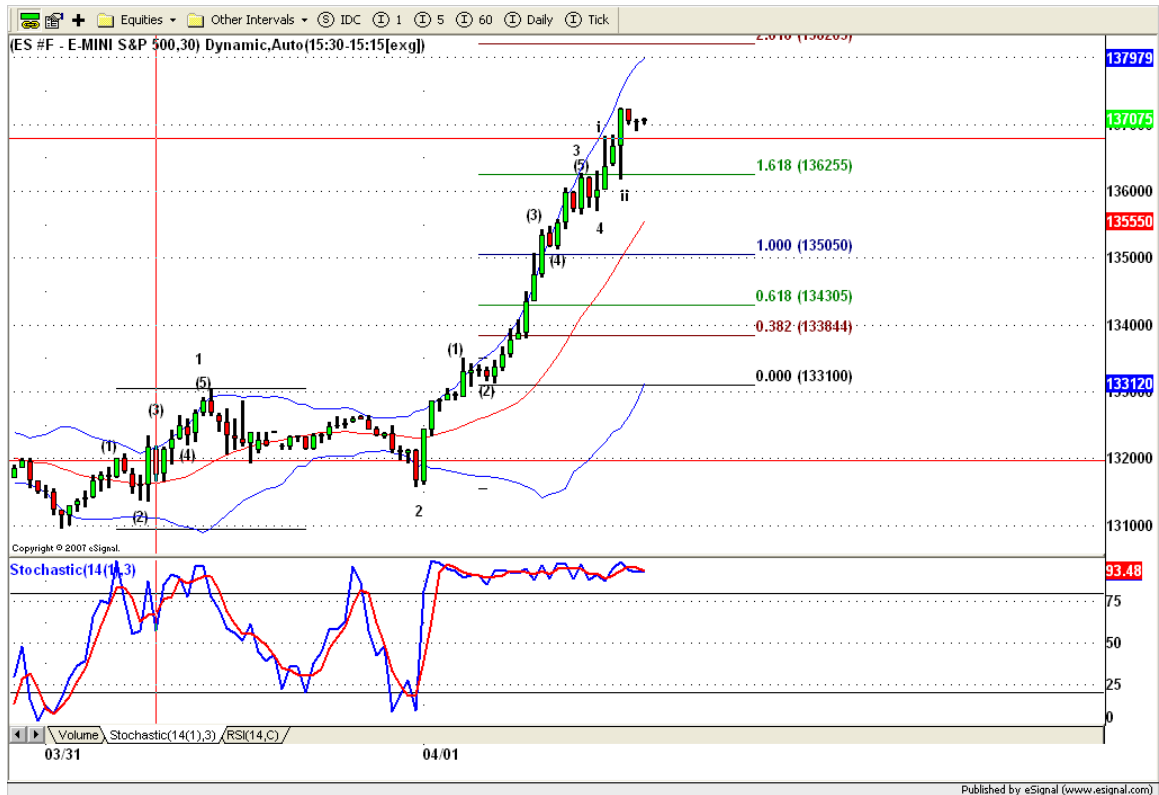
Yesterday, we established high probability targets for our wave2 counter-trend retracement thesis. In one day, we are already within striking distance of our minimum target of 1380 (chart2). I suggested it was too close in time and price to be our highest probability target, but we needed to take inventory of our intra-day wave count once we approached it. **Chart3** is an intra-day chart of the E-minis. I have labeled a probable wave count and we are very close to completing five waves up. **In all likelihood 1379 will almost exactly mark the completion of five waves from the turn at x.**

A single 5-3-5-3-5 is always an important clue. **Five waves are always the start of something bigger** (one exception: the C wave of a flat). Therefore, we can deduce that we are probably almost halfway through the process of forming at least one more zigzag. Upon completion of the five waves up from x, we will experience another 3 wave connector down, then another 5-3-5-3-5 pattern up. **We can already conclude that our minimum target will probably be surpassed.**

**Chart2**



### Chart3



In summary: Our second wave counter-trend thesis is strong. Our zigzag combination pattern is confirmed. There is an extremely high probability that our minimum target will be surpassed.

TMD/DW

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