

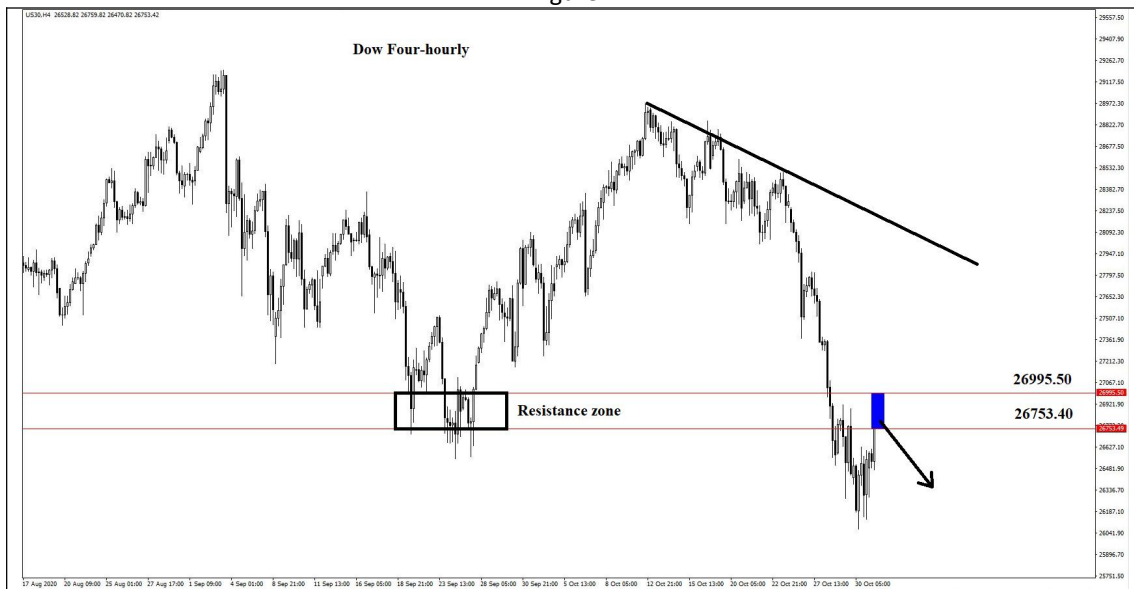
US Elections: Dow Short 15-Minute Setup

There appears to be a spike of optimism occurring on the equities market as the US moves towards considering the results of election day. The Dow is moving up, as can be seen on the four-hourly chart (Figure 1). However, please review the earlier post on The Lazy Trader:

<https://thelazytrader.com/articles/trade-ideas/us-elections-watching-the-dow/>

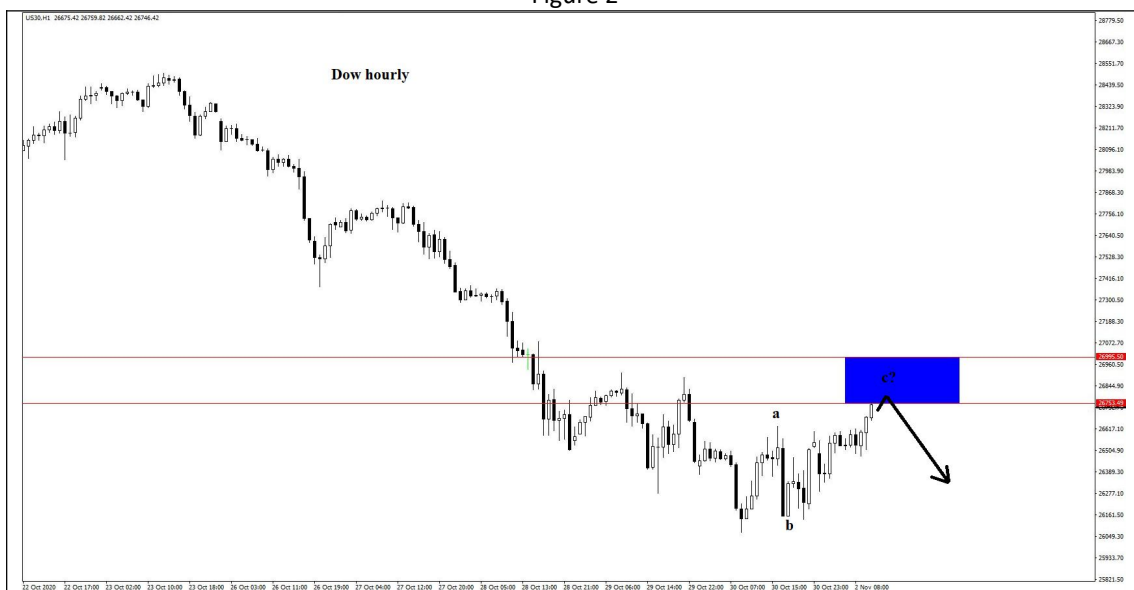
This move up should only be a wave 4 correction, and there should be another wave down.

Figure 1



To keep the setup brief, price has gone up to activate a 26753.40-26995.50 Blue Box on the four-hourly chart. However, this acceleration has been rather quick, and we would need to find some sort of reversal pattern. The zone is equivalent to a previous consolidation area on the left, and is easy to identify.

Figure 2



Although Figure 2 shows that this trade might be taken on the hourly chart, using an a-b-c retracement pattern, the nature of the timing of this trade means that we prefer to use a more

precise entry. This is not difficult for Elliott wave practitioners, who conventionally subdivide c waves into five smaller waves, which should develop on the 15-minute chart (Figure 3).

Figure 3



As can be clearly seen from the 15-minute chart, prices are accelerating upwards quickly, so we would need to wait for two more waves to develop. If the Blue Box is broken, then no trade will be taken. This occurs if a 15-minute candle closes above the top of the Box. If a wave 3 and wave 5 develop in the form of bearish candlestick reversal patterns (bearish engulfings, haramis and pin bars), then a trade to the downside would be potentially viable. It is worth noting that this is barely the start of election day, so this trade should be managed defensively. As always, all Blue Boxes permit a maximum of two attempts should the first trade fizzle.

Markets are beginning to awaken and take note now, and so much traders. Happy trading.