PRODUCT REVIEW

ELWAVE 4.0

PROGNOSIS SOFTWARE DEVELOPMENT
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E-mail: info@prognosis.nl
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Product: Elliott wave analysis and projection software, end-of-day or real-time.
Equipment requirements: IBM-PC compatible 486 or faster processor; Windows 95 or NT, 4 MB RAM, 30 MB hard disk space, color monitor with 800 x 600 resolution or better. For intraday, 16 MB RAM, 100 MB hard disk space. 1024 x 768 resolution recommended. Data in ASCII or the old MetaStock format. For real time, Excel-compatible DDE datafeed such as BMI, CQG, Reuters and DBC.
Price: Required basic end-of-day module $245; automatic analysis module, $450; intraday module, $300; trading signals module, $300. (*Note:* A manual is included with every package. Only if customers upgrade the software and require a new manual is there an additional $25 fee for one.)

by John Sweeney

T he promise of Elliott wave programming has been that the logic of R.N. Elliott's analysis would become objective by its encapsulation in software. While comparable programs looking at the same data still disagree somewhat, at least within any single program a degree of consistency has been achieved. After that, the focus changes to power, ease of use and efficacy.
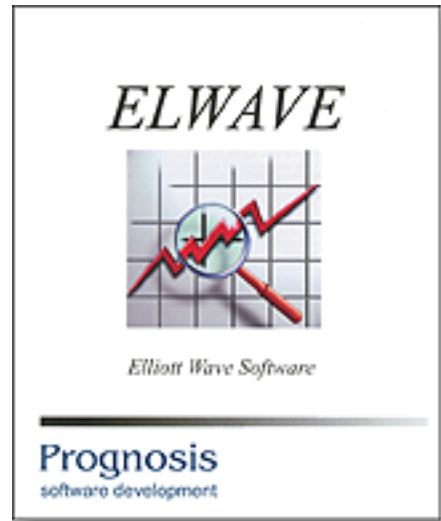
ELWAVE takes advantage of the horsepower of today's computers and the convenience of the Windows operating system, not to mention thorough pro-

gramming by Arjan van Gog. It grabs huge amounts of data, cuts it up into 10 (up from the classic eight) levels of wave degree, expands or contracts your view of it, displays the rules of the pattern you're examining, graphs the whole thing together with conventional indicators, and gives out trading alerts as the data comes in, whether it's real-time or intraday.

All that *and* it's easy to use.

Once you have it installed, you click Scenario/New/MetaStock Directory (or ASCII or real-time datafeed) and select your stock. It loads instantly and a chart is displayed. Click Analyze/Entire Chart. Sit back. In my case, a Boeing chart with 1,243 data points took four minutes, 49 seconds, to finish (Figure 1).
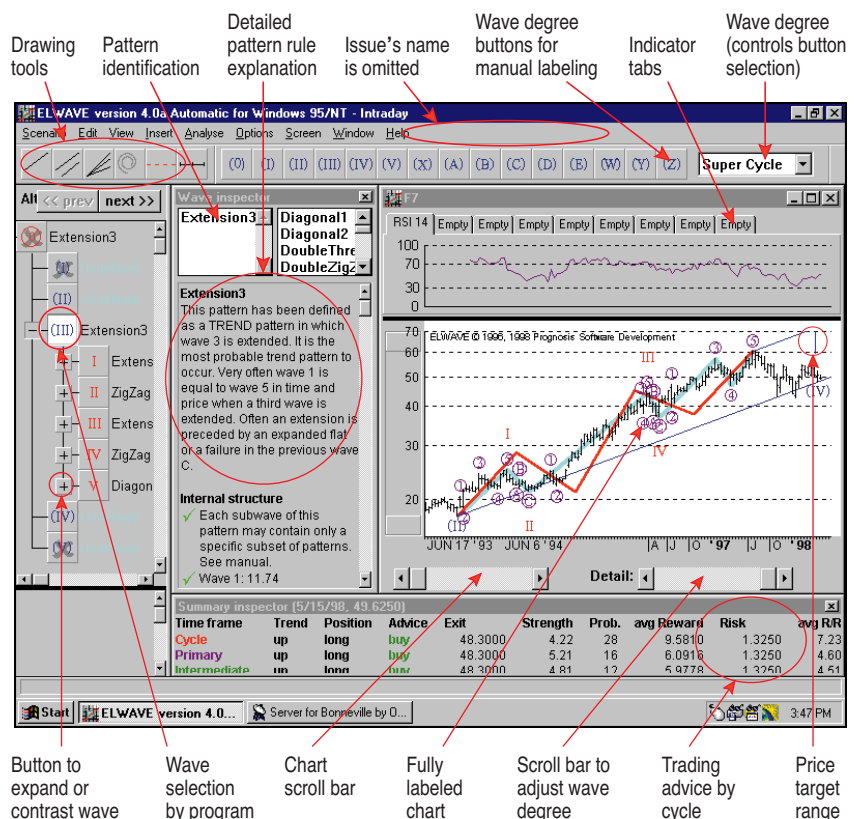
Since just about everything is on the screen, let me refer to Figure 1 directly.

First of all, the chart is completely labeled at the wave degree the program has selected. Unless you're going to do things manually (which is possible), no need to agonize over degree.

By clicking on the chart, you can change to candlestick, line, high-low bars, or Elliott open/high/low/close (OHLC) or HLC. An Elliott OHLC shows the actual sequence of the occurrence of

ELWAVE from Prognosis Software Development allows the Elliottician to process huge amounts of data easily, efficiently and quickly.

Drawing tools • Pattern identification • Detailed pattern rule explanation • Issue's name is omitted • Wave degree buttons for manual labeling • Indicator tabs • Wave degree (controls button selection)

Button to expand or contrast wave • Wave selection by program • Chart scroll bar • Fully labeled chart • Scroll bar to adjust wave degree • Trading advice by cycle • Price target range

FIGURE 1: SIGNALS. Once you double-click the wave you want to trade, the signals related to that are displayed in a separate window. If you click the signals, they are entered on the chart for inspection.

the high and the low when, for example, you are looking at daily data and have intraday data underlying it. The same goes for weekly with underlying daily data and so on. Neatly enough, this allows you to zoom in on the underlying structure of a wave, but a little sloppily, *ELWAVE* puts up an Elliott OHLC portrayal even when it doesn't really have underlying data.

An active cursor gives the readout of the data along the bottom of the screen, and drawing tools let you put in your hand-drawn channels, parallels, spirals, lines, speed lines and Fibonacci time ratios. Omitted is the usual vertical cursor. Zooming in and out is done the modern way — delineate the area you want zoomed and there it is, still appropriately labeled. You may also summon relative strength index (RSI), moving average convergence/divergence (MACD), momentum, simple or exponential moving averages, rate of change, stochastics, the Elliott oscillator and volume as indicators.

The only hitch is the cumbersome process necessary to add a panel for the indicator if it cannot be overlaid on the chart due to scaling issues. But you get used to it and anyway, the other features are first class.

WAVE ANALYSIS

If you select Analyze Entire Chart, the chart comes fully labeled and, if you have the Automatic Module, price targets are included for all the identified waves. That's not required, though. You can go about things another way: you put your own labels on the chart using the buttons along the top of the screen. Then you ask the program to check your wave count. You are given the option of Classic or Modern checking, about which more later. Once your manual wave count is verified, the program will project price targets for you. Or you could skip the program's doing any checking at all and just use your own counts and projections.

Nor is labeling everything. Take a look at Figure 1 and check out the panel
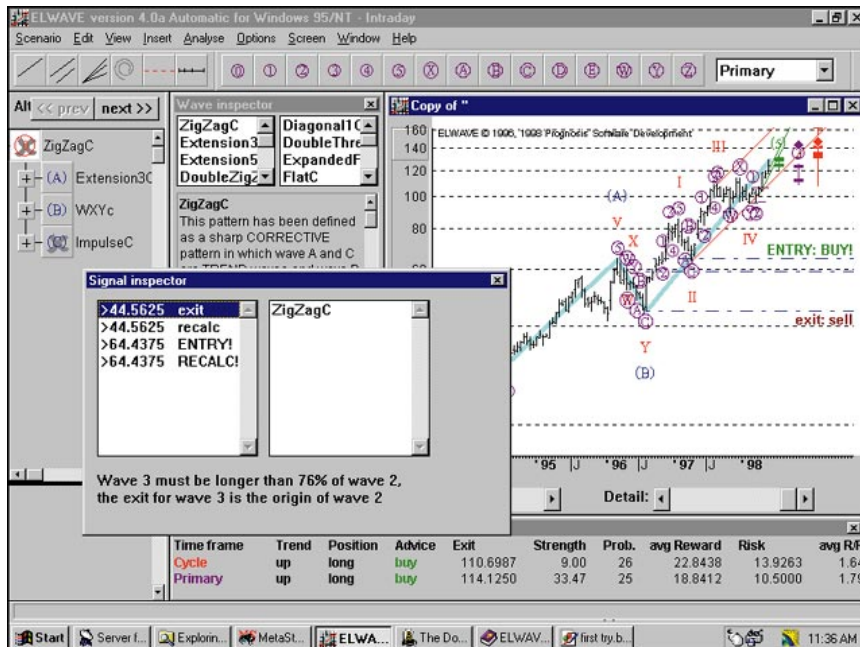
FIGURE 2: BOEING. ELWAVE goes bullish on Boeing. Cycle, primary, intermediate waves all call for going long after ELWAVE completes its analysis. Signals aren't available in the basic module but are included in the full version.

on the far left. There, the best current analysis is highlighted. It's a pattern wherein all the wave proportions are properly met, and indented are the subpatterns on which the program has relied. By clicking on the subpatterns' buttons, the chart is zoomed to display them, allowing you to see them precisely. At the same time, an explanation of the patterns in the degree specified is shown, including all Fibonacci relationships. If you wish, you can even analyze that elaborated wave more completely by selecting Analyze Selected Wave. Even unfinished waves — those marked with a gray cross — can be analyzed in this manner.

At this point, be alert for some innovations in Elliott analysis. Just like analyst Glen Neely, developer Rick Versteeg has tweaked the classic analysis performed by Ralph Elliott and Robert Prechter. For example, *ELWAVE* allows the bottom of wave 4 to overlap the top of wave 1. Unfortunately, their work isn't disclosed in the manual or help files, the result being that patterns unde-

fined by Elliott are acceptable in *ELWAVE*. There is a switch for selecting Classic or Modern for automatic analysis. The only thing is that the user has to choose from the main menu Options, next Analysis and then choose Modern or Classic and thereafter have the chart analyzed. If set to Classic, the Automatic analysis does not accept or produce any patterns that are not defined by Elliott.

(Neely also sponsors two additional wave degrees for use during intraday analysis: micro and submicro. These are just below subminuette for those knowledgeable about these issues, and they follow the typical relations between waves of higher and lower degree. Again, this sort of elaboration should be explained and a switch provided for including it or excluding it from the analysis.)

TRADING SIGNALS

Provided the Trading Signals module is installed, trend, buy/sell advice, exits, targets and risk/reward projections are
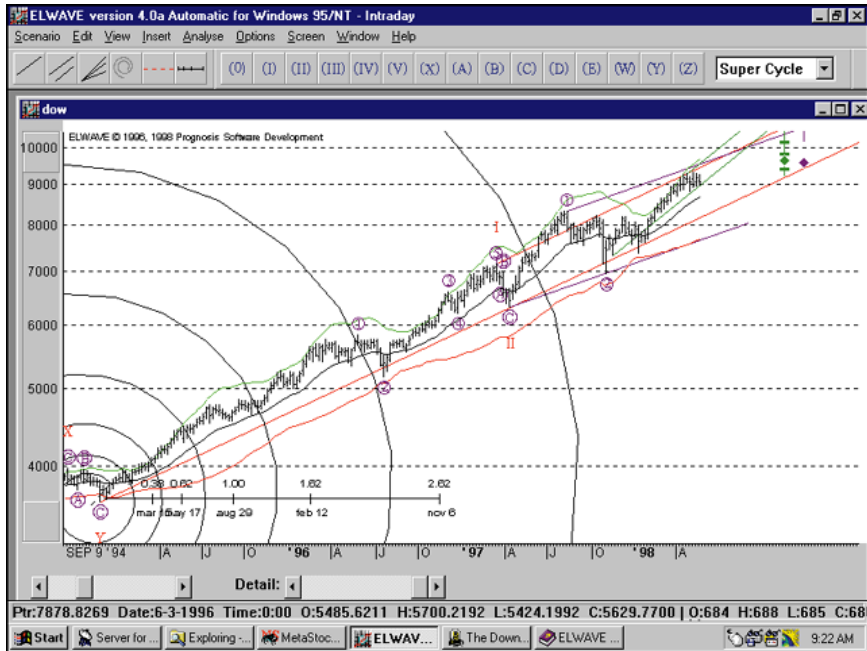
FIGURE 3: CHART ANALYSIS AND PROJECTION. Chart analyses include price targets as the DJIA makes its way upward in early 1998. Technical indicators can be used alongside classical Elliott waves.

included at the bottom of your screen for at least three multiple time frames. The signals are, according to the manual, "slightly different" from either the Classic or Modern trading rules, but how they differ isn't explained. The program looks for confirmations of trend direction from several wave degrees rather than trying to pick tops or bottoms. To get into the detail, you click on the pattern on which you've focused to generate a Signal Inspector (Figure 2). This window will show you by listing and chart all the patterns on which the signal relies.

Despite all this, however, no track record of these recommendations is available, but then, I've never seen one in any other Elliott analysis program, either. As a matter of convenience, once signal levels have been reached, the Alert window pops up and a process similar to signal inspection allows you to determine what's happening on the chart.

EDUCATION
Nearly every user I spoke to commented that *ELWAVE* taught them a lot about Elliott wave analysis. Initially, I had sailed past all the explanations, looking just at the wave degree and the structures above and below. On second look, though, I saw that taking regular note of how the program has selected its preferred wave structure (or the particular structure you're looking at) should teach you quite a lot over time. This is especially so since, within its rules, the program is objective and consistent (Figure 3).

SUPPORT
I was nine hours off the time in The Netherlands, so I used E-mail for support. Questions were generally answered within one to 48 hours. Only minor queries about usage came up, as the program generally worked flawlessly. The manual covers most everything, including an explanation of Elliott formations and trading tactics, but it lacks an index.

SUMMARY
The signals aren't classic, unless you choose them to be so. The wave definition includes two new ones, but the counts that the program produced fit for me, and the explanations and subcounts all complemented each other. Speed was great — extremely fast — and the interface was spot on to modern standards of convenience. Plus, the price is half to a third of the competition. *ELWAVE* is a great deal on valuable software for Elliotticians.

John Sweeney is Technical Editor OF STOCKS & COMMODITIES magazine.

RELATED READING
Neely, Glen, with Eric Hall [1990]. *Mastering Elliott Wave*, Windsor Books (PO Box 280, Brightwaters, NY 11718, 516 321-7830).

Prechter, Robert R., Jr., ed. [1994]. *R.N. Elliott's Masterworks: The definitive collection*, New Classics Library (PO Box 1618, Gainesville, GA 30503, 770 536-0309).

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