Wolfe Waves

Wolfe Waves are classified as a **price pattern / reversal-and-continuation harmonic structure** based on **natural market geometry**.
Here is the clean classification used by professional traders:

✅ Wolfe Wave Classification

Category:

- 🔹 *Geometric Price Pattern*
- 🔹 *Harmonic (but not Fibonacci-based) Structure*
- 🔹 *Reversal + Continuation Pattern*
- 🔹 *Wave-based Pattern (5-wave market rhythm)*
- 🔹 *Predictive Pattern (projects an "EPA/ETA" target line)*

📌 Not part of Elliott Wave

Even though it uses 5 waves, it is **NOT an Elliott Wave structure**.
It's purely geometric: it relies on **supply/demand lines**, **symmetry**, and **timing**, not EW rules.

🧠 How traders generally categorize Wolfe Waves

If you look at books, banks, and prop-firm classification charts, Wolfe Waves fit under:

1. Price Action Patterns

- Five-leg structure
- Rising/falling wedge shape
- Identifies imbalance → correction → trend extension

2. Harmonic Patterns

- Similar to harmonics (Gartley / Bat / Crab)
- BUT Wolfe Waves do **not** use Fibonacci rules → they use geometry only
  → So they're considered *"harmonic-style geometry patterns."*

3. Reversal & Continuation Pattern

- Often acts as a **reversal pattern** at Wave 5
- But frequently acts as a **continuation pattern** inside trends (especially "3-drive" continuation Wolfe waves)

🔥 Simple one-line answer

Wolfe Waves are classified as a geometric price-action pattern with a 5-wave harmonic structure used to predict reversal and continuation targets.

🐺 WOLFE WAVES – QUICK CHEAT SHEET

📌 Structure – Always 5 Waves

`Wave 1 → Wave 2 → Wave 3 → Wave 4 → Wave 5 → EPA/ETA Target`

The rules (simple):

- **Wave 3** and **Wave 4** must stay inside channel created by **1–2 line**
- **Wave 5 is the reversal entry**
- **Target = the line drawn from Wave 1 → Wave 4**
  → Called the **EPA** (Estimated Price at Arrival)

What you need to see

- Clear swing points
- A wedge-like structure
- Wave 5 pokes outside the channel for a **false breakout**
- Price snaps back into the channel and shoots toward the EPA line

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📌 HOW TO IDENTIFY A PERFECT WOLFE WAVE

1️⃣ Wave 1 → Wave 2

The initial impulse swing. Sets the **main channel**.

2️⃣ Wave 2 → Wave 3

Pullback that stays **inside** the boundaries.

3️⃣ Wave 3 → Wave 4

Continuation swing.
Wave 4 must:

- Stay inside the channel
- Create a “mirror” rhythm to Wave 2

4️⃣ Wave 5 (ENTRY POINT)

Wave 5 MUST:

- **Break outside** the channel (fakeout)
- Be the longest or sharpest last leg
- Hit a liquidity pocket / stop hunt zone

This is the **money wave**.
When price re-enters the 1–2 channel → the reversal is confirmed.

5️⃣ EPA Target Line

Draw a straight line from:

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Wave 1 → Wave 4
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This becomes the **take-profit line**.

6️⃣ ETA Time Projection

Draw vertical line from:

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Wave 1 → Wave 3
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Clone it at Wave 5.
Where it intersects the EPA line = **ETA** (Estimated Time of Arrival).
(Not required to trade — but good for timing precision.)

📌 BULLISH vs BEARISH WOLFE WAVES

🟢 Bullish Wolfe Wave

- Wave 5 breaks **below** support
- Fakeout into liquidity
- Entry long when price returns inside channel
- Price rises toward the EPA (1→4) line

Shape looks like:
A falling wedge with a false breakdown at Wave 5.

🔴 Bearish Wolfe Wave

- Wave 5 breaks **above** resistance
- Fakeout into buy-stop liquidity
- Entry short when price drops back inside channel
- Price falls toward the EPA (1→4) line

Shape looks like:
A rising wedge with a false breakout at Wave 5.

📌 3-DRIVE WOLFE WAVE (ADVANCED CONTINUATION)

This is the version most beginners miss.

✔ Same 5-wave structure

But instead of reversal, it **continues the trend**.

Characteristics:

- 3 drives in the same direction
- Each drive is **slightly higher** (in an uptrend) or **slightly lower** (downtrend)
- Wave 5 still goes outside the channel
- But instead of reversing the whole trend →
  Price only retraces to EPA then **continues original trend**

Key difference vs. reversal Wolfe:

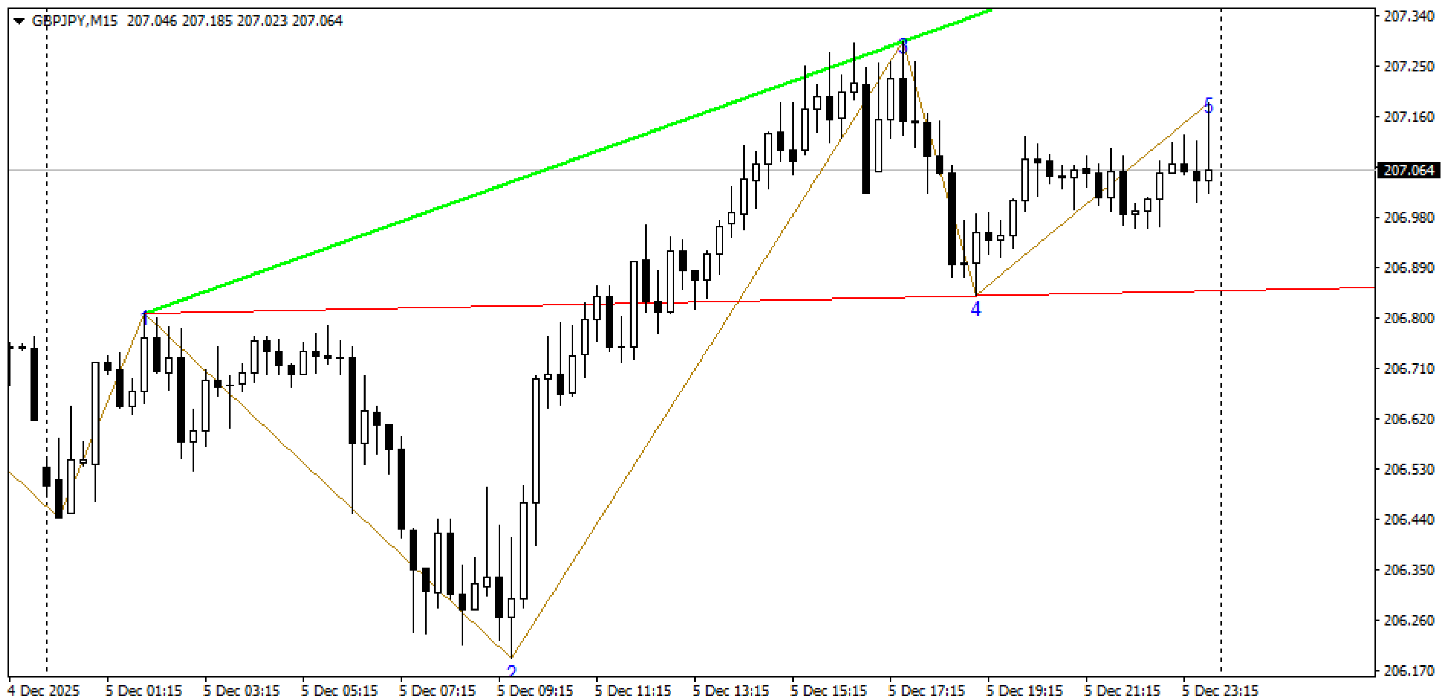
Wolfe Type	Wave 5 Behavior	Final Result
Reversal Wolfe	Major fakeout	Full trend reversal
3-Drive Wolfe	Exhaustion push	Trend continues after EPA hit

You’ll know it’s a 3-Drive Wolfe when:

- Underlying trend is strong
- Price structure is stair-stepping
- Wave 5 is not dramatic — just an exhaustion wick
- After reaching EPA, trend resumes in original direction

⭐ TRADER NOTES (IMPORTANT)

- Wolfe Waves work best on: **H1, H4, D1**
- Accuracy increases when Wave 5 lands at **78.6% or 88.6% liquidity zones**
- They almost always occur during **market makers’ stop hunts**
- Wave 5 is often aligned with **Asian liquidity spikes** (gold especially)



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