



# Nikkei 225: Waves Unfolding as Expected

September 27, 2013

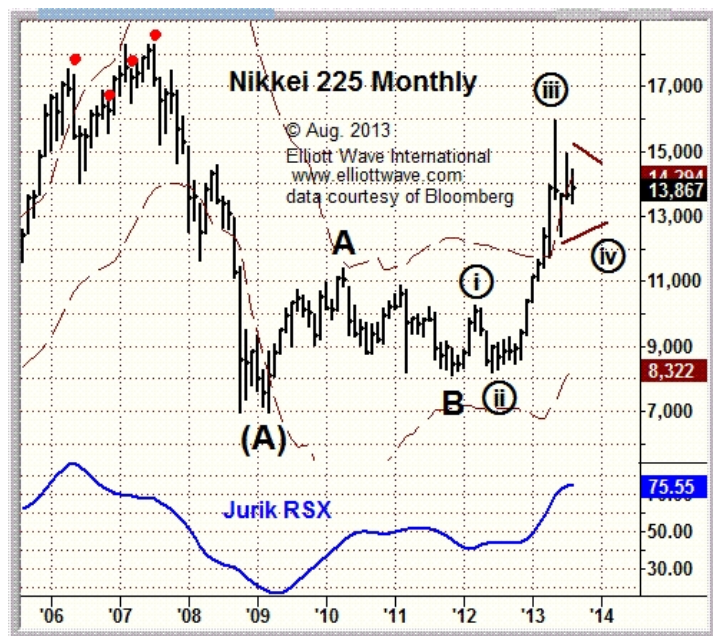
Before it dropped 7.3% on May 22, "one of its worst single-day declines in decades (WSJ)," the **Nikkei 225** was up 50.3% on the year – and up 12.7% in May alone.

By the time the carnage was over, the Nikkei had fallen from near 16,000 to near 12,500 – all in a matter of about three weeks.

Yet, as dire as it looked at the time, back in August we wrote on these pages that the crash was probably only part of a correction. Here's an update.

We said that the decline from the May high, from an Elliott wave perspective, counts well as a three-wave move. In Elliott wave analysis, five-wave moves define the trend; three-wave moves are corrective.

Here's the chart we showed you earlier:



Created with TradeStation. ©TradeStation Technologies, Inc. All rights reserved.

And here is what the Nikkei has done since then:

## Categories

- [Asian Pacific Markets \(1\)](#)
- [Commodities \(6\)](#)
- [Currencies \(5\)](#)
- [Elliott Wave Trading \(15\)](#)
- [European Markets \(1\)](#)
- [European Stocks \(0\)](#)
- [Forex \(0\)](#)
- [Metals \(4\)](#)
- [Social Mood \(3\)](#)
- [Stocks \(6\)](#)
- [US Markets \(13\)](#)

## Analysts

- [Alan Hall \(0\)](#)
- [Bill Fox \(0\)](#)
- [Brian Whitmer \(0\)](#)
- [Chris Carolan \(2\)](#)
- [Euan Wilson \(0\)](#)
- [Jeffrey Kennedy \(7\)](#)
- [Jim Martens \(3\)](#)
- [Mark Galasiewski \(0\)](#)
- [Mike Drakulich \(0\)](#)
- [Peter Kendall \(0\)](#)
- [Robert Kelley \(0\)](#)
- [Robert R. Prechter, Jr. \(3\)](#)
- [Steve Craig \(1\)](#)
- [Steve Hochberg \(2\)](#)
- [Steven Hochberg & Peter Kendall \(1\)](#)
- [Tom Denham \(2\)](#)
- [Tom Prindaville \(0\)](#)
- [Wayne Gorman \(0\)](#)

## Search

## Archive

- [October 2013](#)
- [September 2013](#)
- [August 2013](#)
- [July 2013](#)
- [June 2013](#)
- [May 2013](#)



Elliott wave triangles have five legs, labeled A-B-C-D-E, and most often form in the wave four position. That is exactly how we are labeling the progression since May. Zooming in on the shorter term, we are able to count four of the legs; wave (e) is yet to form:



As of today, the Nikkei's current advance is stretching the limits of the wave iv triangle scenario shown. If the Nikkei advances further, we'll consider other potential wave counts. However, notice the weakening momentum on the daily Jurik RSX. We doubt that an impulsive advance is building now given that weakening momentum.

The triangle interpretation of the price action since May has served us well for four months. We have said all along that this fourth wave in the Nikkei should lead to a bullish opportunity above the May high. That continues to be the case, under either of the proposed wave counts.

**WisdomTree Japan Hedged Equity (DXJ) and iShares MSCI Japan (EWJ)** have been the two best-selling Japan ETFs in 2013.

(Adapted from Elliott Wave International's Tuesday-Thursday-Sunday *Asian-Pacific Short Term Update*, edited by Chris Carolan.)

Category: [Asian Pacific Markets, Elliott Wave Trading](#)

[Back to Top](#)

MORE FROM MINYANVILLE

- Business News
- Trading and Investing
- Sectors
- Special Features
- MV PREMIUM
- Video
- Ad Free Minyanville
- Minyanville Book Store
- Buzz & Banter
- Keene On Options
- Elliott Wave Insider
- Tchir's Fixed Income Report
- Cooper's Market Report
- TechStrat Report
- OptionSmith
- The Stock Playbook
- Sitemap
- Contributor Bios
- Directory of Terms
- Archive
- Email Alerts
- RSS Feeds
- Minyanville Subscriptions
- Minyanville Merchandise

COMPANY

- MinyanLand
- Minyanville Media
- Buzz and Banter.com
- Ruby Peck Foundation
- About Us
- Advertise
- Contact Us
- Help
- Privacy Policy
- Terms and Conditions
- Disclaimers



- Follow Minyanville on Facebook
- Follow minyanville on Twitter
- Follow Minyanville on LinkedIn
- Subscribe to Our RSS Feed

PARTNERS



©2013 Minyanville Media, Inc. All Rights Reserved

<A href="http://www.quantcast.com/p-76i-akcf8qEJM" target=\_blank><IMG style="DISPLAY: none" border=0 alt=Quantcast src="http://pixel.quantserve.com/pixel/p-76i-akcf8qEJM.gif" width=1 height=1></A>