

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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**Dynamic Traders Group, Inc.**  
DynamicTraders.com  
dt@dynamictraders.com  
520-797-3668

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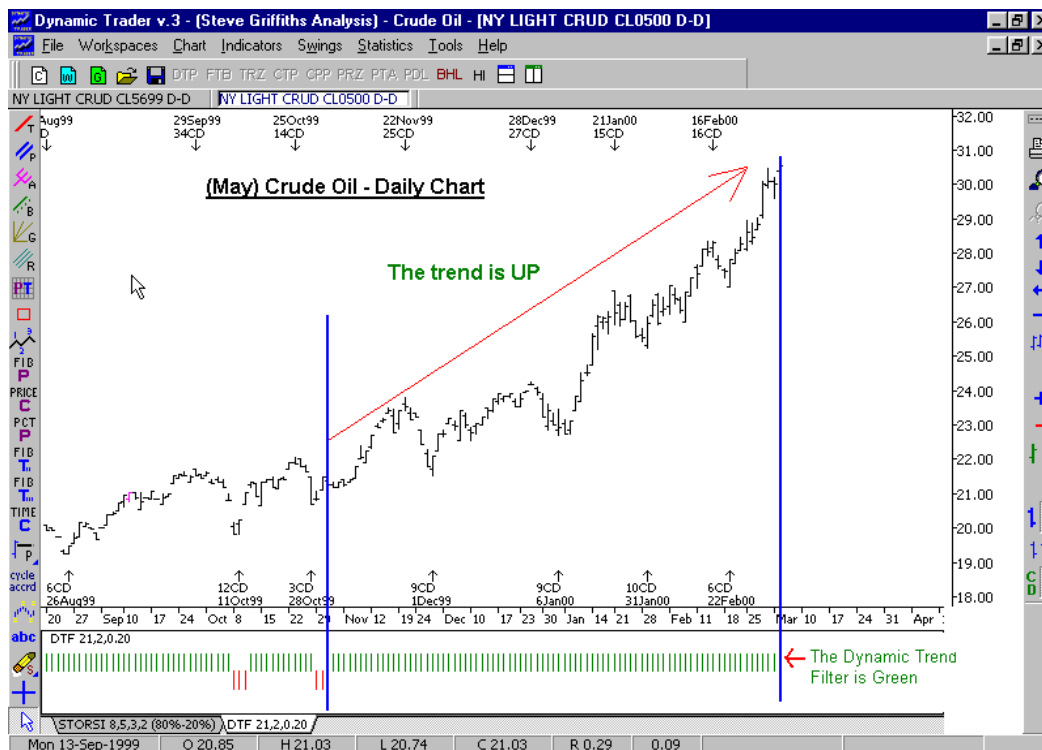
Prepared by: Stephen Griffiths  
Steve@dynamictraders.com

The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and are primarily for trading education purposes with alerts for potential trade set-ups for markets described in the Saturday issue prepared by Robert Miner.

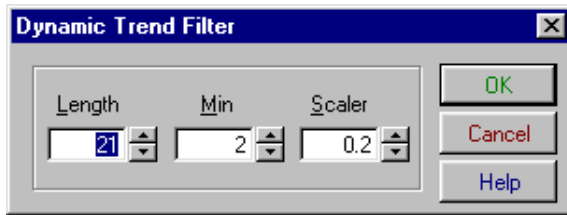
Today I would like to cover the Dynamic Trend filter, and then combine this with the Stochastic RSI from yesterday, to set-up a *trend continuation* trade entry technique.

## Dynamic Trend Filter

The Dynamic Trend Filter is another indicator found in the Dynamic Trader software program. The practical application of this indicator could not be simpler. When the indicator is **green** the trend is up, and when the indicator is **red** the trend is down:



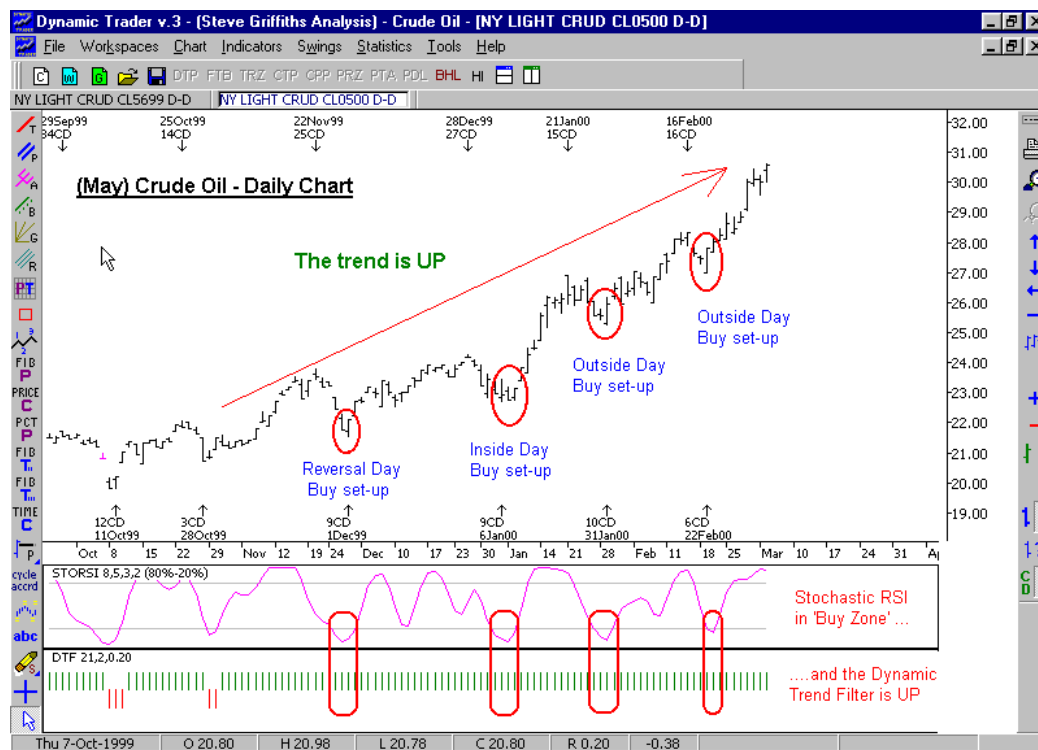
As a default setting, I normally use 21,2,0.2 for the settings for the Dynamic Trend Filter:



I find that this captures the major trends on Daily Charts particularly well.

I would now like to demonstrate how we could combine the Dynamic Trend Filter with the Stochastic RSI from yesterday to set-up potential *trend continuation* trades.

Let's have another look at the current Crude Oil example:



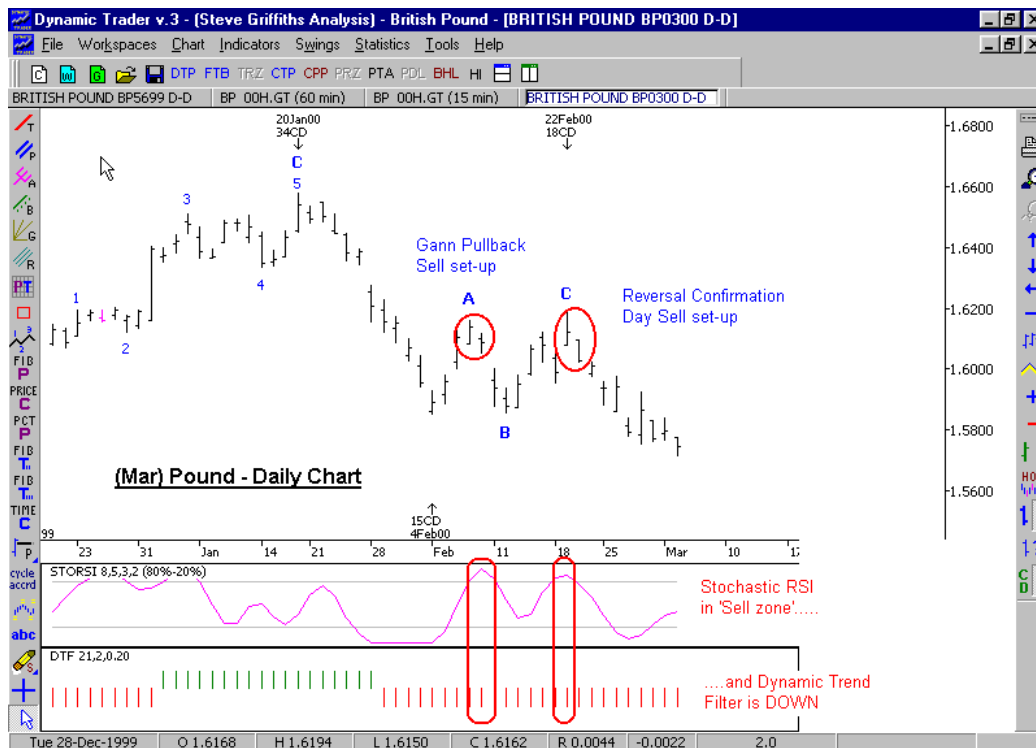
Here we would only consider a potential trade set-up:

1. In the direction of the trend, as defined by the Dynamic Trend Filter, and
2. Where the Stochastic RSI is at an extreme position (above 80% or below 20%).

Once both of these initial criteria have been met, we would then consider entering the market in the direction of the trend only, using one of the Reversal entry strategies discussed last month.

As we can see from the Crude Oil example, one of our reversal entry triggers was present each time this particular Dynamic Trend Filter and Stochastic RSI combination signalled a potential Buy set-up.

Let's have a look at another example:



Here we can see two sell set-ups, one using the Gann Pullback as the entry trigger, and the other using a Reversal Confirmation day. Both of these were suggested as potential *trend continuation* Sell set-ups in this report.

Although the last two tutorials have been focusing on the use of two indicators found within the Dynamic Trader software program, the same basic approach can be applied using many indicators found within other programs. Ideally, we are looking first to identify the major trend, then secondly to identify the conditions for a minor pullback within this established trend. We can then enter a trade using one of our *trend continuation* or *trend reversal* entry techniques in the direction of this established trend.

## Today's Trading Lessons

1. The Dynamic Trend Filter may be used as a mechanical representation of trend direction. This is particularly useful when there is no obvious or workable Elliott count present.
2. The Dynamic Trend Filter can be combined with the Stochastic RSI to identify low-risk, high-probability trade entry set-ups on *minor reactions against* the main trend.
3. For this combination, we only consider a potential trade set-up when both of the following criteria have been met:
  - a. The market is in a strong trend, as defined by the Dynamic Trend Filter, and
  - b. The Stochastic RSI is at an extreme position (above 80% or below 20%).

Once these initial criteria have been met, we can then consider entering the market in the direction of the trend only, using one of the Reversal entry strategies discussed last month.

This week's tutorial suggests a way of combining these two indicators to identify potential *trend continuation* set-ups, but they can of course also be used independently.

**Continued on next page.**

## Potential Trade Set-ups and Trade Follow-ups

**Yen (March)** Today the Yen rallied, as anticipated, to above the Mar 1 high at 94.10.

Short and Intermediate Term Units (L-2/28, 91.87)

Trail the protective sell-stop on both units 1 tick below the 1-day low, 93.07 for tomorrow.

**Bonds (June)** Today Bonds moved sideways, stopping and reversing the existing Long position at 94-19, then stopping out the new Short position at 95-03.

Stand aside from this market for now, the parameters that will signal the direction of the next minor trend are either a trade above 95-14 or a trade below 94-05, as outlined in Saturday's Report.

Short and Intermediate Term Units

Flat.

**Corn (May)** Today's Snap-Back Reversal was right at the *maximum* Price target for a minor Wave C rally off the Feb 28 low. This also set up a potential Stochastic RSI and Dynamic Trend Filter *trend continuation set-up* as described in today's tutorial. Today is also a *Gann Pullback* and an *Inside Day*. See the chart on the next page.

Short and Intermediate Term Units

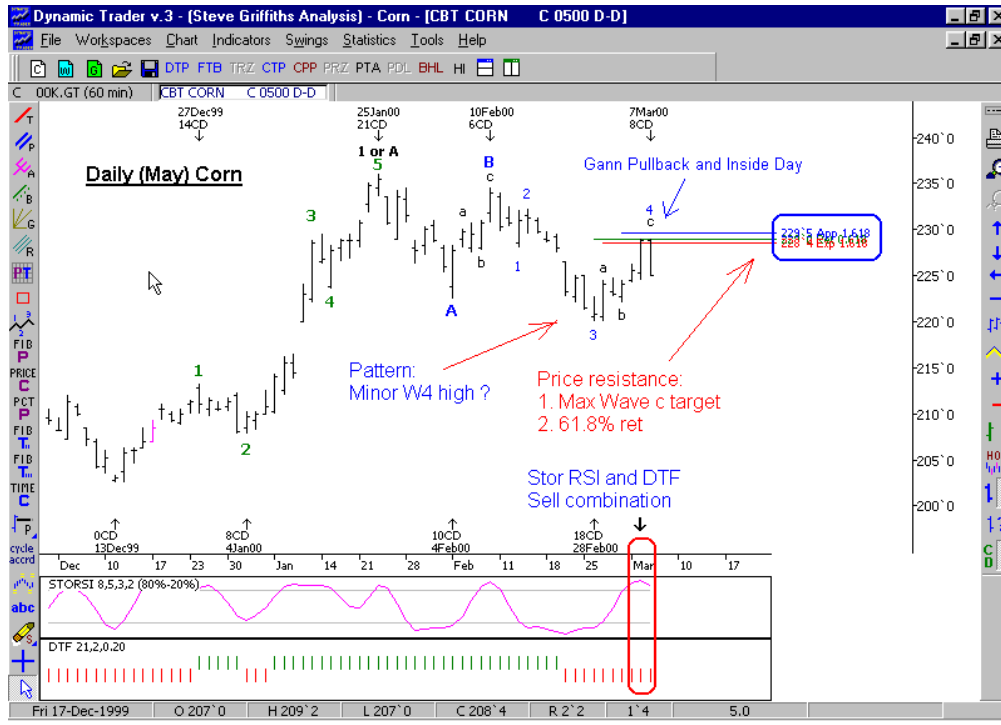
For tomorrow only, Sell on a 224.2 Stop, if filled place the protective buy-stop at 229.2.

**Wheat (May)** Today's Reversal Day was right at the *typical* Price target for a minor Wave C rally off the Feb 28 low. This also set up a potential Stochastic RSI and Dynamic Trend Filter *trend continuation set-up* as described in today's tutorial. Today is also a *Gann Pullback*.

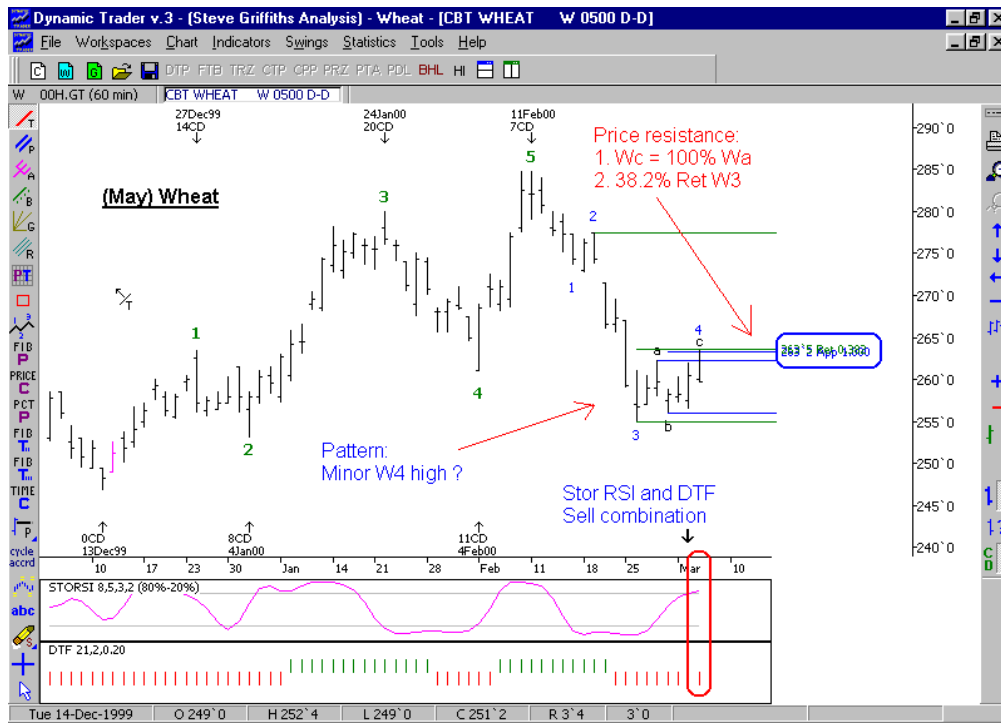
See the chart on the next page.

Although not a specific trading recommendation, Traders may consider a short position below today's low of 259.4.

### Corn Chart



### Wheat Chart



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**Soybeans (May)** Beans are in a similar position to both Wheat and Corn, in that today's reversal is probably the termination of a minor ABC corrective rally off the Feb 25 low. Today also set up the same Stochastic RSI and Dynamic Trend Filter *trend continuation set-up* combination as in the Wheat and Corn charts.

**S&P (June)** The sharp decline today has placed the S&P in the *broad Price* support zone for a potential Wave 2 or B low of a 50% to 78.6% retracement of the Feb 28 to Mar 3 rally.

However, the minor Pattern does not appear to be helping, as ideally a Wave 2 or B should sub-divide into a simple ABC. This is not obvious on a 60min Chart.

Saturday's report warned subscribers that the S&P had reached key time and price resistance for at least a minor high. While the outlook for Saturday's report was a decline should only be a minor correction, subscribers should keep in mind a close below the 78.6% retracement at 1365.3 (June) voids the bullish outlook and indicates the major trend is still down.

Good Trading,

Steve  
[Steve@dynamictraders.com](mailto:Steve@dynamictraders.com)