

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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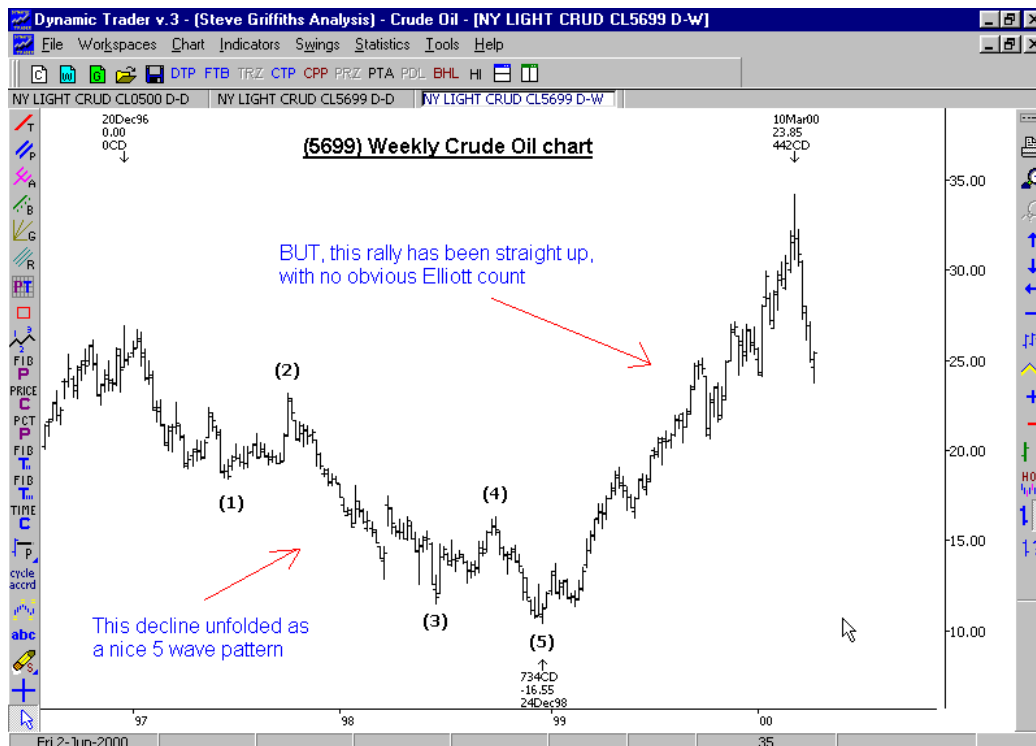
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic 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 continue with the practical application of Elliott wave analysis with a look at a few more examples.

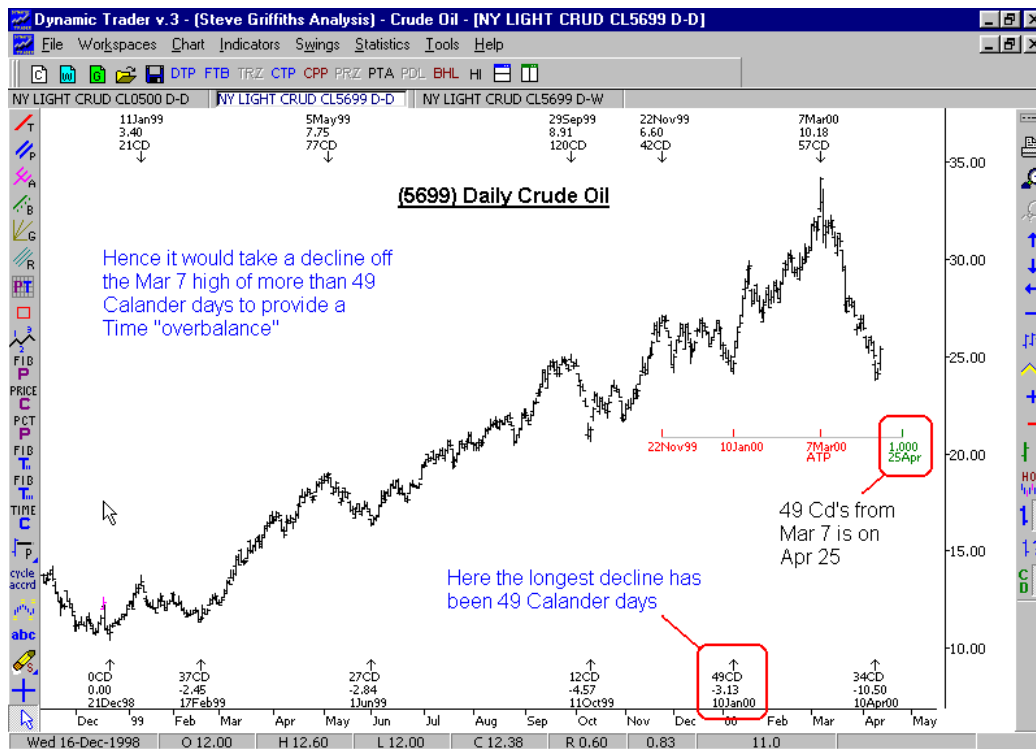
More practical Elliott Wave examples

Today I would like to have a look at some more examples where there appears to be no obvious Elliott wave count on the chart, but where a Price and Time *overbalance* can give confirmation of a trend termination.



In the example above, there is no obvious Elliott wave count, all we can say for sure is that Crude Oil has been in a Bull trend since the Dec 1998 low.

Let's now take a look at the daily chart of the Bull run off the Dec 1998 low:



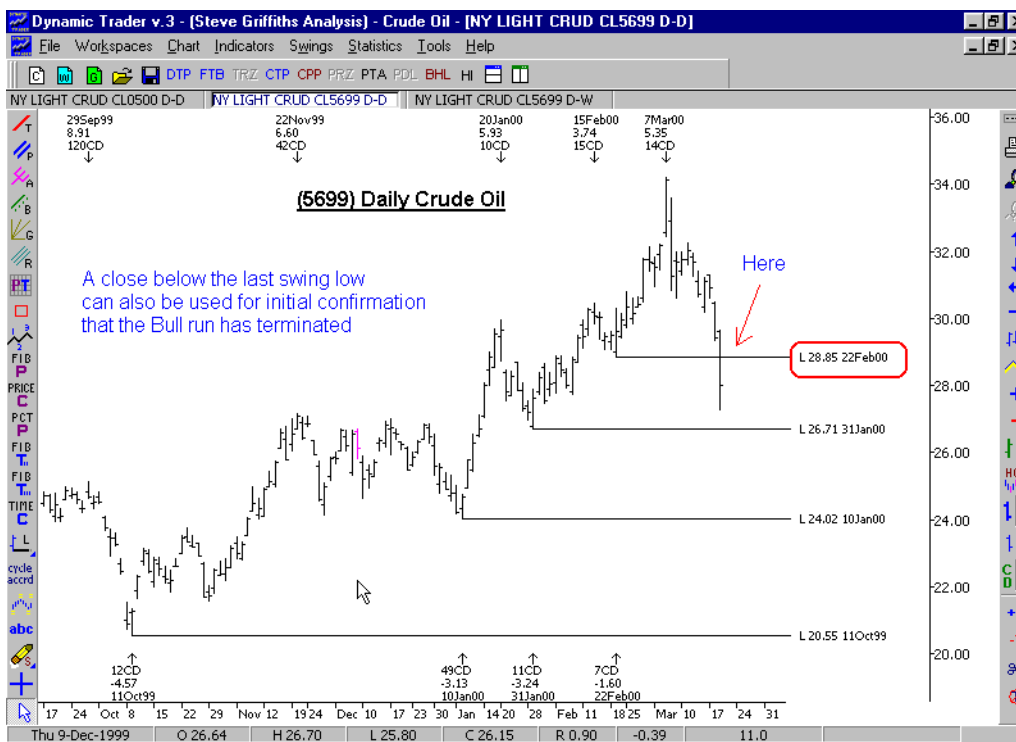
Here we can see that the longest correction in this Bull move has been 49 calendar days. It would now take a decline of more than 49 calendar days to provide a *time overbalance*, and hence confirmation that this Bull move has completed.

The basic definition of a Bull trend is that it should make higher highs and higher lows. Once a market appears to be nearing a trend termination, we can use a break of the last swing low as *initial confirmation* that a trend has completed. Please see the first chart on the next page, where an earlier signal that the Bull run from the Dec 1998 lows had terminated was when Crude Oil broke a prior swing low on Mar 21.

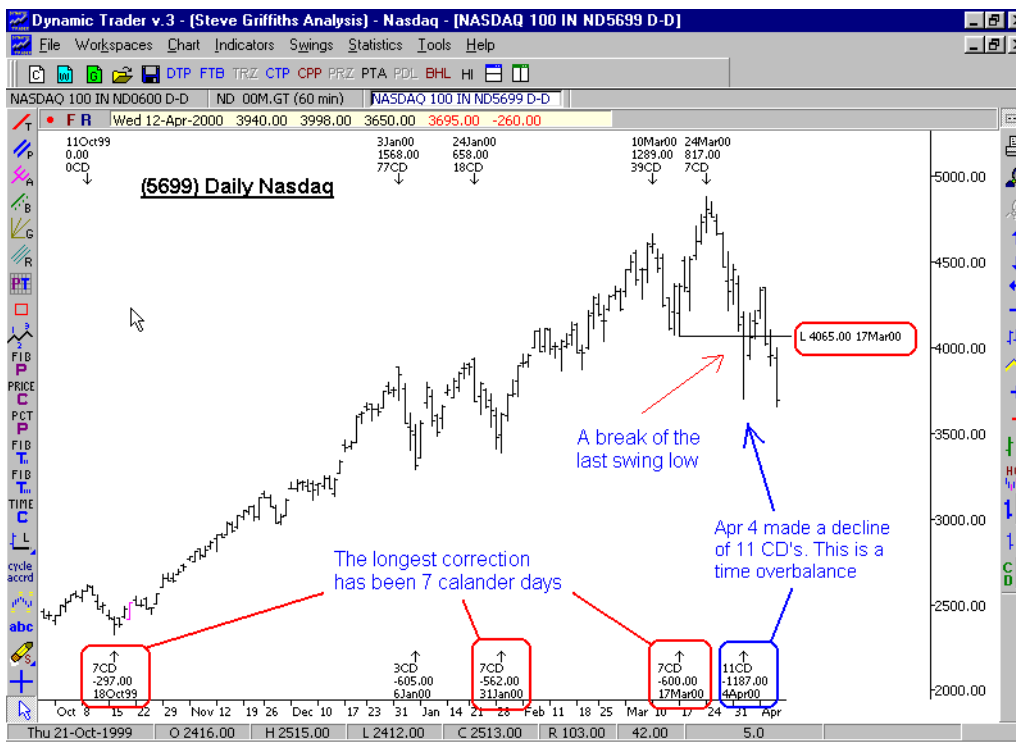
Once we have *initial confirmation* of a top, the best trading opportunity comes from not trying to pick the ultimate top, but from having the patience and discipline to wait for the first corrective rally to this initial decline for a potential short opportunity. This would be the Wave 2 or B high.

Next I would like to take a look at the Nasdaq. If you look at the second chart on the next page, you will see that the longest correction since the Oct 1999 lows (this is the start of the last leg up on the Nasdaq) has only been 7 calendar days. On Apr 4 the Nasdaq made a decline of 11 calendar days, this is a *time overbalance*. Plus this decline exceeded the last minor swing low of Mar 17. Both of these were confirmation of a top.

(5699) Daily Crude Oil chart

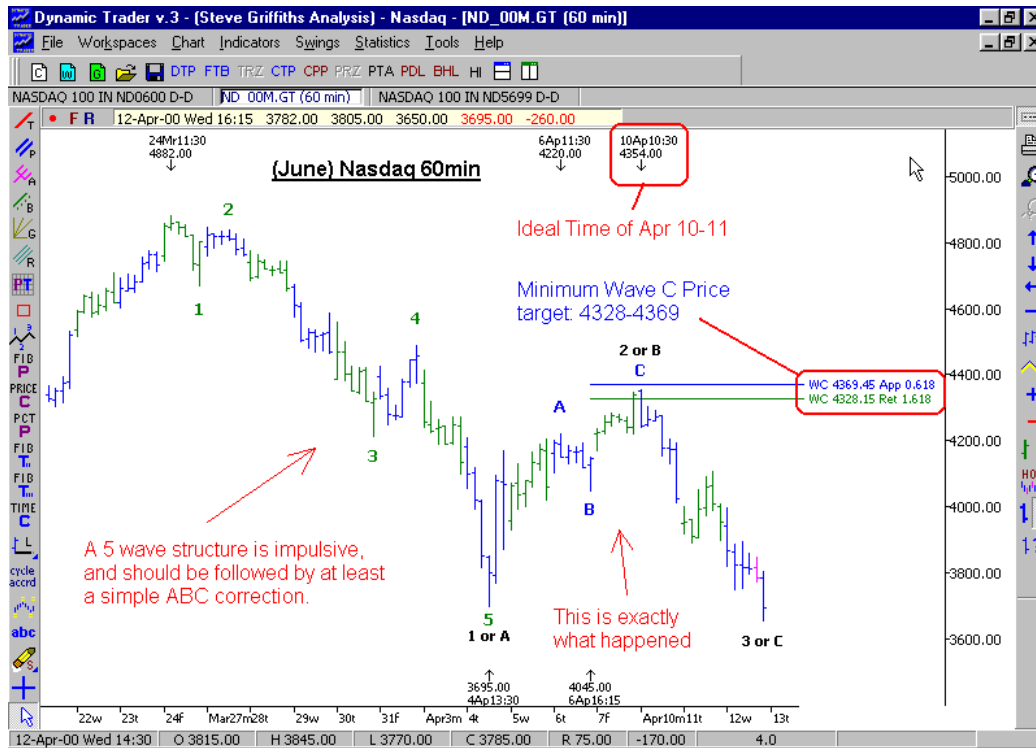


(5699) Daily Nasdaq chart



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If we now turn to the 60min chart we can see that this decline into the Apr 4 low unfolded as a 5 wave sequence.



In Elliott terms, a 5 wave sequence is an impulsive structure, and normally unfolds in the direction of the main trend. This was another indication that the decline into the Apr 4 low was **not** just another correction in a continued Bull trend, but that the trend had now changed and as such a correction larger in Price and Time than any in the prior Elliott sequence should now unfold. Hence we should now be looking for an opportunity to enter the market with a short trade.

After a 5 wave sequence has terminated we anticipate that the market should make at least an ABC correction. On the 60min chart we should now anticipate a minor abc corrective rally, which should be a Wave 2 or B high on the daily chart. This high, once confirmed, should then be followed by *at least* one more declining swing to below the Apr 4 low. Hence the recommendation in Saturday's report to look for an ABC corrective high for a potential short trade.

As we can see from the chart this is exactly what happened, with the Nasdaq making an ABC: Wave 2 or B high right in the *typical* Time period of Apr 10-11, but only in the *minimum* Price target for a Wave C. A failure to rally into the *typical* Price target is a sign of weak market.

Next week I will continue to look at some more examples of current market positions, demonstrating how Elliott Wave analysis is applied on a practical and day-by-day basis. I will also have a look at a few more Stock examples.

Today's Trading Lessons

1. When there is no obvious Elliott wave count present on a chart, we can use a Price and Time *overbalance* to give confirmation that a trend has terminated.
2. A break of the last swing high or low is also *initial confirmation* that the current trend has terminated.

Specific Trade Recommendations Summary For April 13

This table only includes those markets with outstanding trades and new specific trade recommendations.

Market – Current Position	New Trade Recommendation or Stop-Loss For Existing Positions for April 13
SF: June New rec.	<p>Today the Swiss Franc made an inside day.</p> <p><u>ST & IT units:</u></p> <p>As long as the Swiss Franc has not closed below 0.6077,</p> <ol style="list-style-type: none"> Buy on the close if the close is above the current days open and the prior days close (a reversal confirmation day). If filled place the initial protective sell-stop, one tick under the recent low. <p>OR.</p> <ol style="list-style-type: none"> Buy on a 0.6135stop. If filled place the initial protective sell-stop at 0.6080

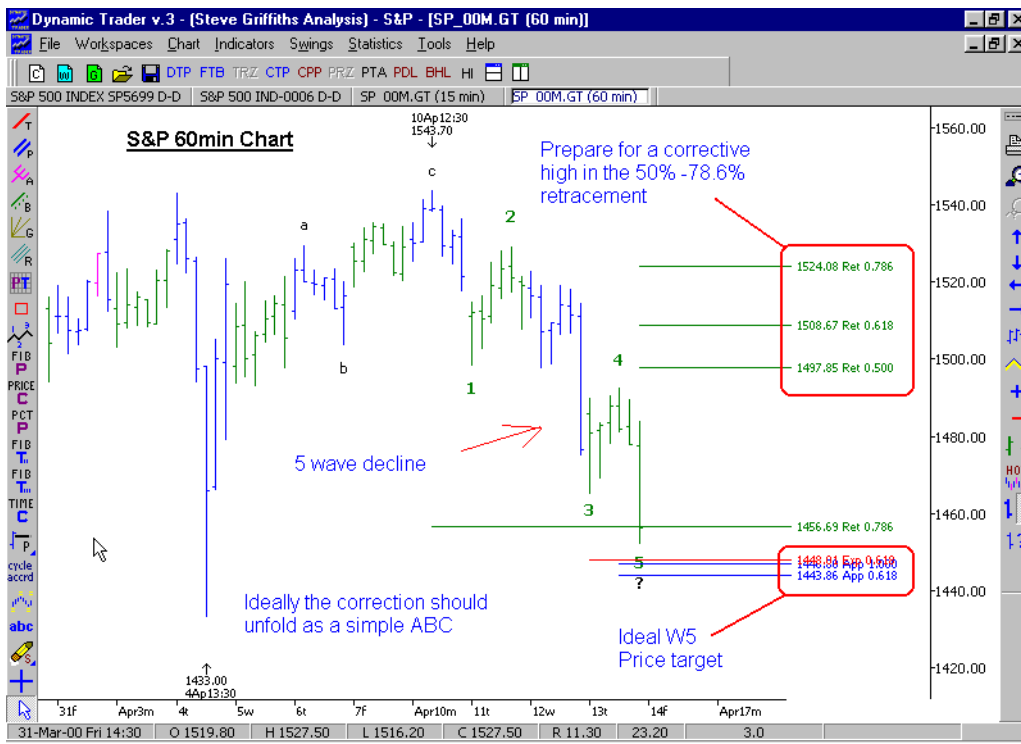
Other Markets of Interest Summary For April 13

Market	Other Markets of Interest – April 13
S&P: June	Today the S&P declined into the 78.6% retracement as outlined yesterday. Typical minor W5 Price target is just under the 78.6% ret at <u>1443-1449</u> . See chart and comments on next page. Ideally an abc corrective rally into the 50%-78.6% Price retracement should follow. If the S&P moves lower tomorrow, re-calculate the 50% - 78.6% Price retracement.
Nasdaq: June	Comments remain unchanged from yesterday
Bonds: June	Ideally we will look to position short on an abc correction into the 50%-78.6% retracement to the initial decline off the Apr 11 high. See chart on next page.
AD: June	Although the AD had entered the time zone for a potential W5 low (Apr 11-Apr13), it is still short of the ideal W5 Price target of <u>0.5922-0.5887</u> . If the AD declines into this Price target tomorrow, we will look to position long.
Silver: May	<p>The Wave 5 Price target is at 524-528. Ideal strategy is to wait for a five-wave advance to complete and then prepare to go long on Wave 2 or B corrective low.</p> <p>Today Silver traded above 518.5, therefore a continued minor Wave five rally is now anticipated, as outlined in Saturday's report.</p>
Copper: May	Near the time, price and pattern set-up to complete a Wave-5 low. The current minor rally off the Apr 7 low is assumed to be a minor W4, and as such should not close above 80.25 (the minor W1 closing low). A trade below 76.60 would confirm Apr 11 as this minor W4 high.
Beans: July	If April 3 is a W.5 high as anticipated, the current rally off the Apr 7 low is anticipated to be a corrective Wave B. If this is correct then Beans should not close above the 78.6% retracement at 560.
Corn: May	Probable Wave-C low April 17-May 1 at either the 222-217 or 211-210 price zones.
Sugar: May	Today Sugar traded above 6.14, thus invalidating Apr 6 as the Wave 3 high. See chart on the next page for some additional comments.

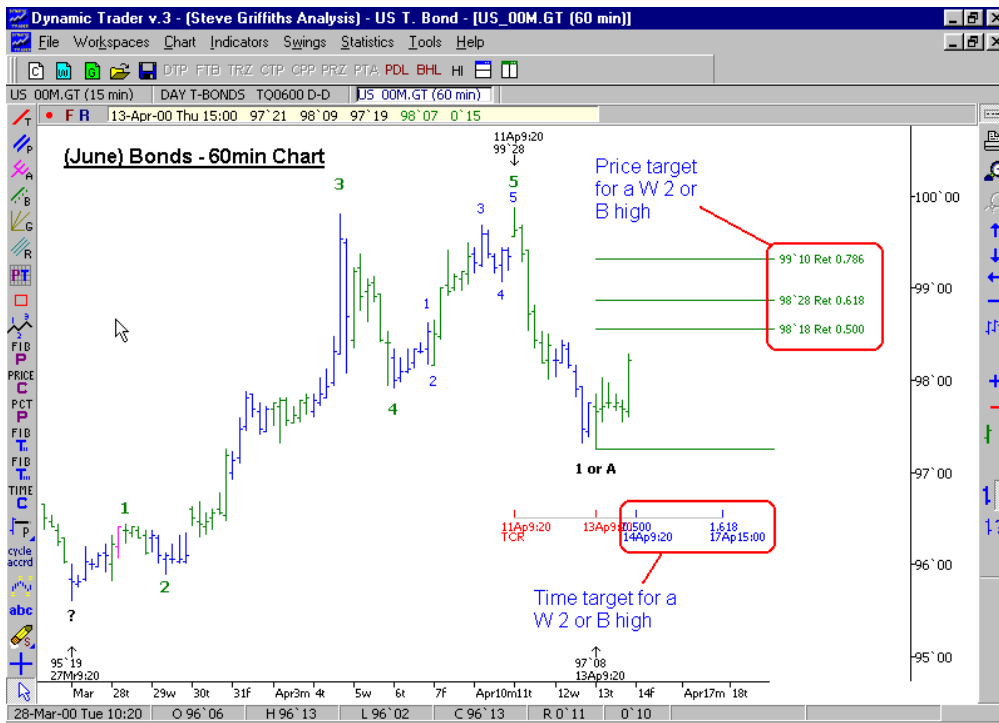
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(June) S&P 60min chart

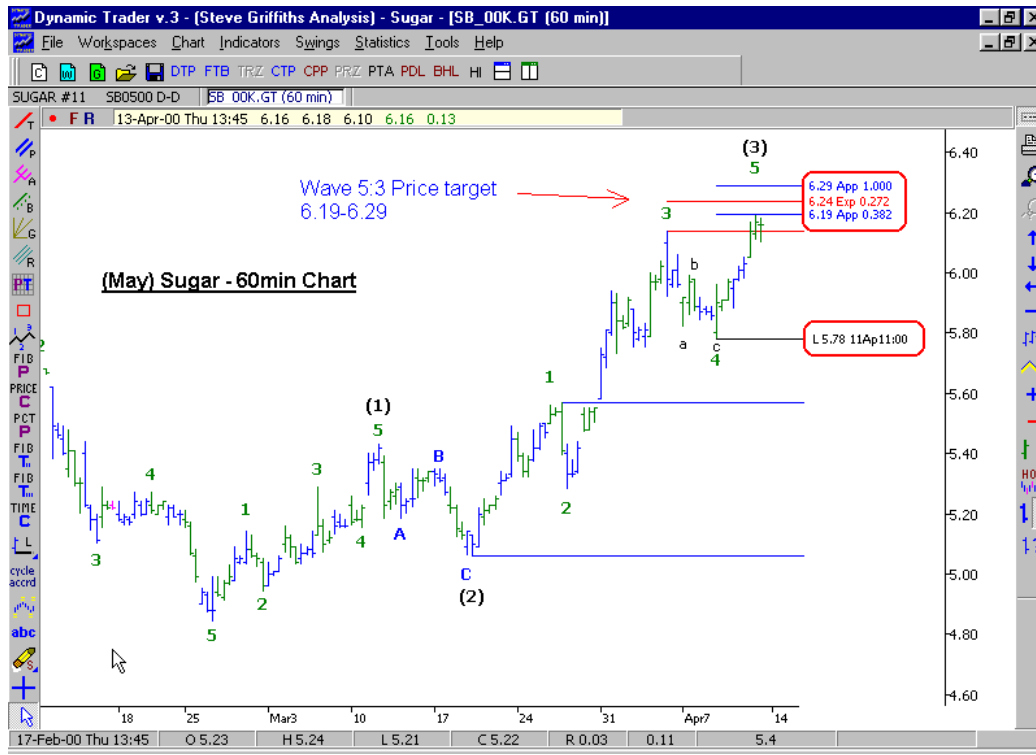


(June) Bonds chart



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(May) Sugar 60min Chart



If the count on the above chart is correct, today's high in Sugar is right in the Price target for a Wave 5:(3). Today, Apr 13, is also 1.618% ATP (alternate time projection) of Wave (1) (not shown), which is the *typical* Time target for a Wave 3.

Therefore sugar still appears to be completing a Wave 3. A close above 6.29 would invalidate this count and indicate higher prices, whereas a close below the last minor swing low of Apr 11 at 5.78 would confirm a Wave 3 top.

Good Trading,

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