

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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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.

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Well I am back from my week's skiing in the French Alps, totally refreshed and ready to get back to the markets. The snow was some of the best I have skied on, as it started snowing on Tuesday and did not stop until late on Friday. We were skiing in deep, fresh powder every day.

This week, I would like to review some of the material taught in recent tutorials and I will begin by looking at some of the **Price**, **Time** and **Pattern** analysis for the individual Elliott Waves.

With each of these review tutorials, I will first briefly review the concept and principles, and then show how they have applied to recent market activity.

## Simple ABC corrections – Typical relationships

Where we have:

### Pattern

A simple ABC correction in which the Wave C exceeds the price extreme of Wave A.

### Price

Wave C normally terminates at a *cluster* of **Price** relationships from the Waves A and B. The *typical* Wave C price target falls at the *cluster* that contains the important Wave C = 100% APP (alternate price projection) of Wave A in **Price**.

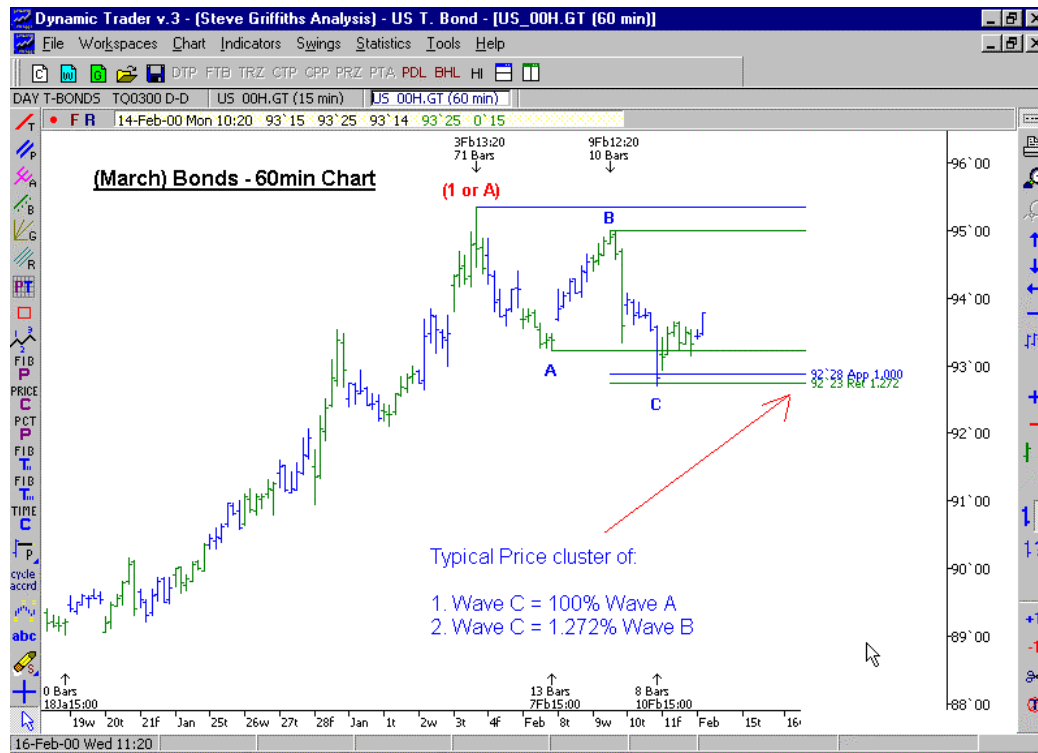
### Time

Wave C normally terminates at a *cluster* of **Time** relationships from the Wave A and B. The *typical* Wave C time target falls at the *cluster* that contains the important Wave C = 100% ATP (alternate time projection) of Wave A in **Time**.

As you can see, I am only concentrating on the *typical* relationships for the termination of a Wave C in a simple ABC correction. The *minimum* and *maximum* relationships will be reviewed in a future tutorial.

Let's have a look at a few recent examples on a (March) Bond chart. To set the scene, we must first review the longer-term picture where we considered that the high of Feb 3 had completed a Wave 1 or A high. Hence we were now anticipating an ABC correction into a potential Wave 2 or B low.

Let's see what happened:



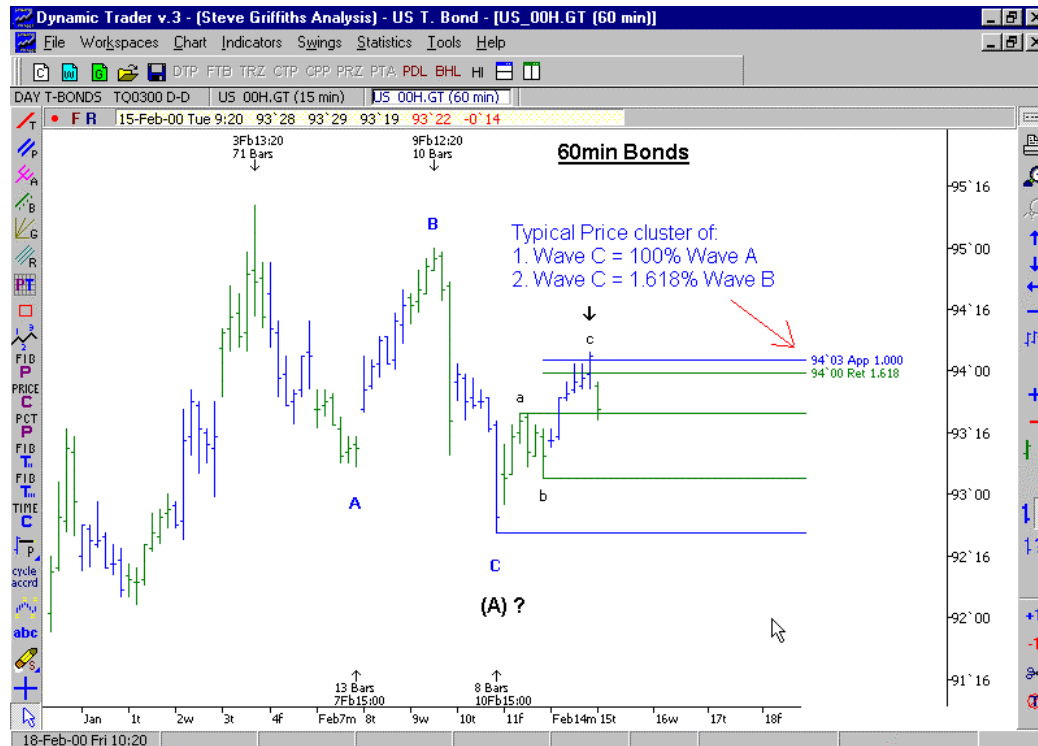
Bonds made a *perfect ABC correction* going into the Feb 10 low, terminating right in the *typical Price Target* for a Wave C.

So, is this now the completion of our larger degree Wave 2 or B low off the Feb 3 high?

At this stage we have to say no, as this correction, although perfect *in its own right* as a simple abc, has not met the *minimum Price* retracement for a Wave 2 or B low of 50% retracement of the Wave 1 or A (Wave 2 or B relationships will be reviewed in a future tutorial).

So *at this stage*, we would have to assume that this ABC had only completed a larger degree Wave (A) low, and the market should now make a Wave (B) rally followed by a further decline to new lows to complete a Wave (C) and hence our larger degree Wave 2 or B low.

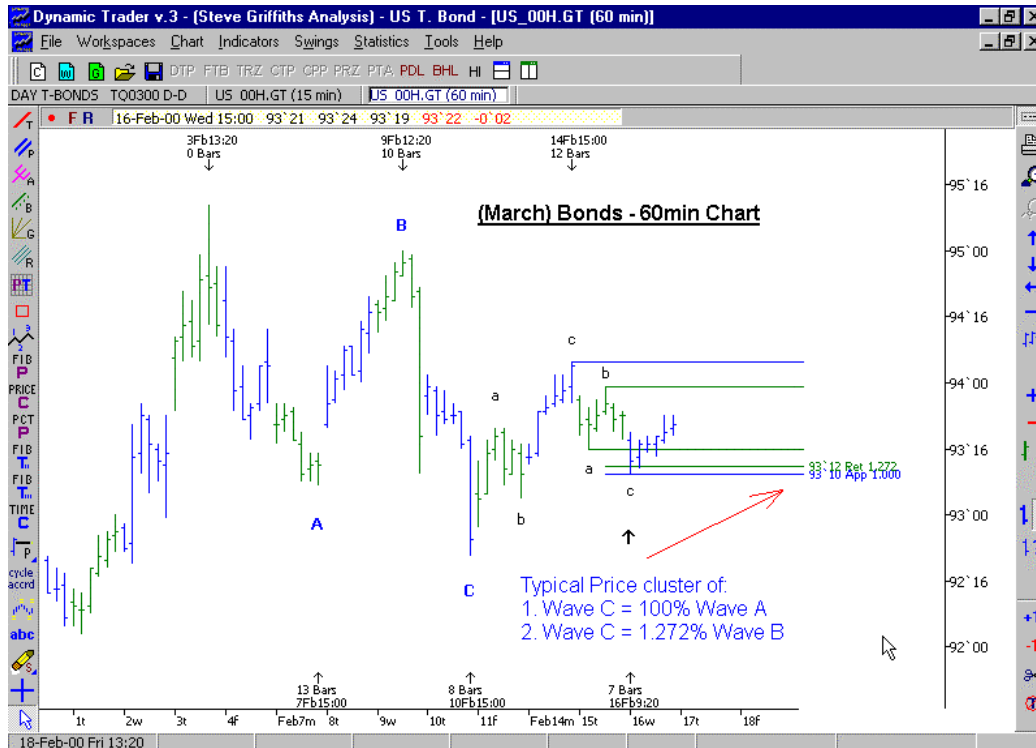
Let's see what happened:



Bonds rallied, only to terminate right at the *typical Price* target for a simple ABC correction.

The only difference here is that the *important* Wave C = 100% Wave A relationship is *clustering together* with the 1.618% external retracement of Wave B rather than the 1.272% relationship as in the last example. But as you can see, it is the 100% Wave A to Wave C relationship that is important when calculating the *typical Price* target for a Wave C.

Let's see what happened next:



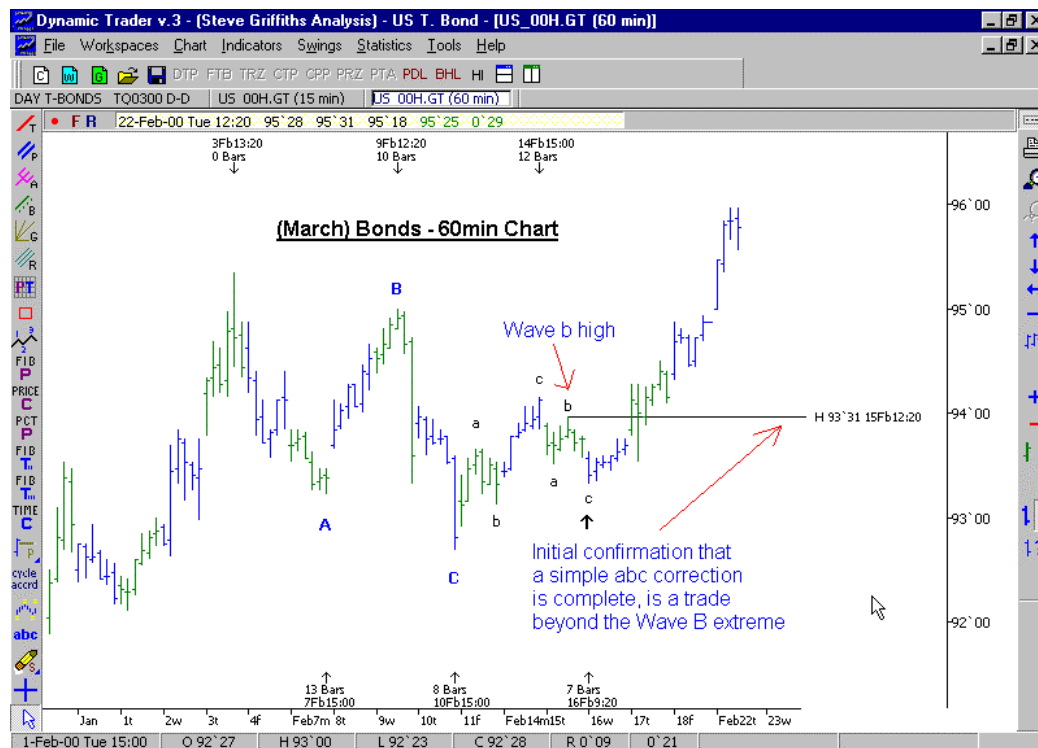
Bonds declined only to terminate right in the *typical Price* target for a simple ABC correction – again !!!

At this point in time, we were short via a specific trade recommendation in the DT Report. The working assumption was that the Feb 10 low had not yet completed the larger degree Wave 2 or B low, as Feb 10 had not met the *minimum Price* retracement for a Wave 2 or B low, hence lower prices were anticipated.

Now we need to have parameters that either confirm that our analysis is correct or signal that our analysis is invalid and we need to adjust our current opinion of the Elliott position of the market. In this case, a close below the *typical Price* cluster from this last minor abc of 93-10 to 93-12 would signal that the low of Feb 16 was probably not the termination of a simple abc, and hence lower prices are anticipated.

A trade above (and more specifically a close above) the Wave b high of 93-31 on Feb 15 (see the chart on the next page), would give us *initial confirmation* that this abc was indeed complete and higher prices are anticipated. A trade above the Jan 14 high itself would definitely confirm that this correction was complete, and hence the recommendation to consider stopping and reversing the current short position to a new net long position above 94-05 made in Wednesday's report.

Initial confirmation that a simple ABC correction is complete is a trade beyond the Wave b extreme:



Today's tutorial shows how often simple ABCs are made and aims to remind you to be alert for the *typical* characteristics of a simple ABC correction, particularly the **Price cluster** containing the important Wave C = 100% APP Wave A relationship. A simple abc is the most common correction we find in the markets and one we need to be particularly alert for.

For the rest of the week I will be reviewing some of the other Elliott Waves. If anybody has any questions I can address or suggestions for the waves they would like me to review, then please drop me an e-mail at [steve@dynamictraders.com](mailto:steve@dynamictraders.com)

## Today's Trading Lessons

1. Simple ABC corrections *typically* terminate in the **Price cluster** containing the important Wave C = 100% APP Wave A **Price** relationship.
2. *Initial confirmation* that a simple abc is complete is a trade (and better yet a close) beyond the Wave b extreme.

Continued on next page.

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

**Live Cattle (June).** Cattle closed below 68.43 today, thus voiding the go-long strategy outlined in Saturday's report.

**Soybeans (May).** The current advance in Beans has stalled right at the critical resistance zone of 525.0-527.4 as outlined in Saturday's report.

Short and Intermediate Term Units (L-2/18, 522.2)  
Maintain the protective sell-stop on both units at 513.2.

**Silver (March).** Silver declined and took us into a short position, then rallied stopping and reversing us to a new net long position.

Short and Intermediate Term Units (L-2/22, 530.0)  
Place the protective sell-stop on both units at 523.5, just below today's low.

**British Pound (March).** The Pound appears to be unfolding in an ABC correction off the Feb 4 low. Today is the 100% retracement in Time of the Jan 20 to Feb 4 decline and today's rally stopped just short of the 50% Price retracement of this same decline at 162.14.

Although not a specific trading recommendation, Traders may consider a short position on a daily reversal signal tomorrow.

See Chart on the next page.

Good Trading,

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British Pound Chart

