

# 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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Today I would like to continue with the topic of practical Elliott wave analysis, with a look at the individual waves of a five wave sequence, today looking at Wave three.

## Impulsive Wave Three

First, I would like to start with a **summary** of Wave 3.

1. Wave 3 should not be the shortest of the three impulsive waves.
2. Wave 3 is usually the extended impulsive wave meaning Wave-3 is usually greater in price than either Waves 1 or 2.
3. Wave 3 should sub-divided into 5 waves of lesser degree.
4. Wave 3 should travel at a greater rate of change than wave 1 or 5
5. Wave 3 is often very powerful with wide range and gap days.
6. The price range of Wave 3 will usually be 161.8% or greater than the Price range of Wave 1.

Wave 3 is usually the strongest and longest wave, and usually travels at a greater rate of change than Wave 1 or 5. In other words Wave 3 is steeper than Wave 1.

The rate of change of Wave 3 usually increases when the Wave 1 extreme is exceeded. This is where the majority of traders usually become aware that the trend may have changed and rush to exit their old positions, very often creating a panic liquidation.

Let's have a look at a few examples:

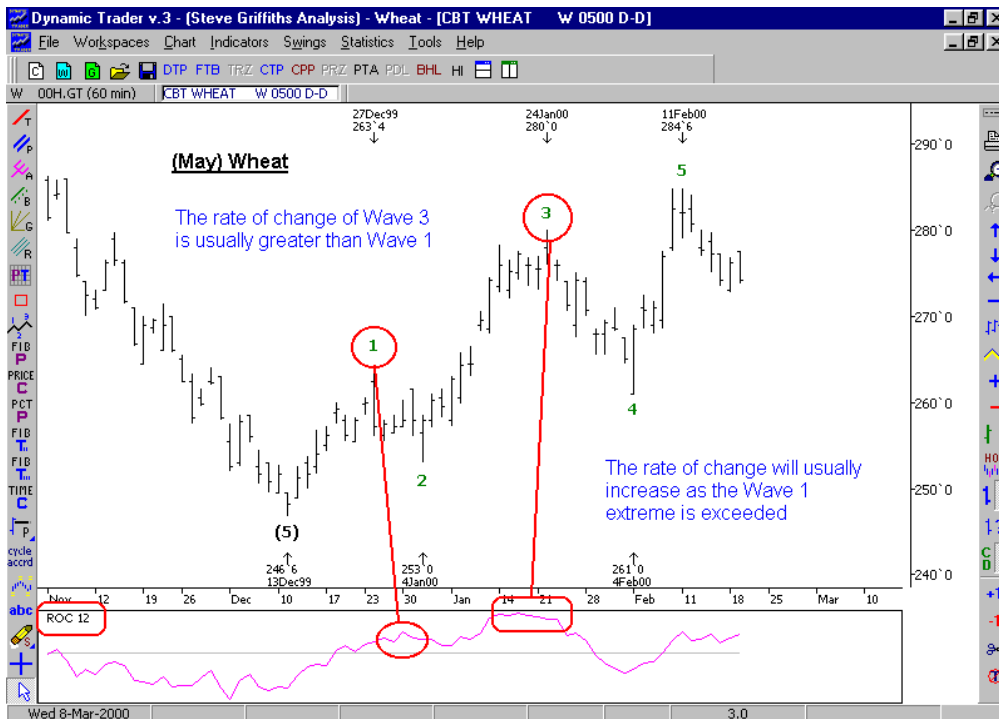
(May) Wheat – Gaps and wide range days are typical of Wave 3's



(May) Wheat – Wave 3 is usually steeper than Wave 1



(May) Wheat – The rate of change of Wave 3 is usually greater than Wave 1



(May) Wheat – Wave 3 will usually sub-divide into 5 waves of lesser degree



These four different views on the Wave 3 in (May) Wheat demonstrate several of the key features typical of Wave 3's.

### Key trading strategies for Wave 3

As Wave 3 is usually the strongest and longest of all the impulsive waves, don't be too quick to tighten the stop on an existing position prior to the market passing the minimum Price target for Wave 3. Once the market has passed the 100% APP (Alternate Price Projection) of Wave 1, we have a strong indication that Wave 3 is now underway.

As wave 3 usually sub- divides in 5 waves of lesser degree, we can use this minor 5 wave sequence to adjust the stop on profitable positions.

Tomorrow I will continue with a look at the main characteristics of a Wave-4.

### Today's Trading Lessons

1. Wave 3 should not be the shortest of the three impulsive waves.
2. Wave 3 is usually the extended impulsive wave.
3. Wave 3 should sub-divided into 5 waves of lesser degree.
4. Wave 3 should travel at a greater rate of change than wave 1 or 5
5. Wave 3 is very often very powerful, with wide range and gap days.
6. The Price range of Wave 3 is usually 161.8% or greater then the Price range of Wave 1.

### Specific Trade Recommendations Summary For March 27

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 March 27
<b>Bonds: June</b> New Rec.	<u>ST &amp; IT Units</u> Sell bonds at the 50% retracement from the March 23 high (currently 96-20). Place the initial protective buy-stop three ticks above the 78.6% retracement (currently 97-06+3 ticks = 97-09). See chart on the next page.
<b>Silver: May</b> Same Rec at Sat.	<u>ST&amp;IT Units</u> : Buy May silver on a 521.5 stop and place the initial protective sell-stop at 509.5, OR Sell May silver on a 505.5 stop and place the initial protective buy-stop at 517.5.
<b>AD: June</b> L-3/27, 61.44.	A new long position was triggered on open today at 61.44. <u>ST &amp; IT Units</u> : Raise the protective sell-stop on both units to .60.60.
<b>Yen: June</b> L-3/23, 94.71	<u>ST&amp;IT Units</u> : Maintain the protective sell-stop at 94.09, one tick below Thursday's low.
<b>SF: June</b> L-3/23, 60.20	<u>ST &amp; IT Units</u> : Maintain the protective sell-stop on both units at 60.93. If the SF closes over 62.10, trail the stop on the ST unit one tick below the 1DL.
<b>Beans: May</b> L-3/24, 530.6	<u>ST&amp;IT Units</u> : Maintain the protective sell-stop on both units at 520.5. If beans trade above 538.4, raise the protective sell-stop on the ST unit to 1 tick below the 1 day low.
<b>Cattle: June</b> L-3/23, 69.20	<u>ST &amp; IT Units</u> : Raise the protective sell-stop on both units to 69.12, 1 tick below Friday's low.
<b>Sugar: May</b> L-3/23, 5.30	<u>ST &amp; IT Units</u> : Raise the protective sell-stop on the LT unit to 5.25. Trail the stop on the ST unit one tick below the 1DL, 5.36 for tomorrow.

### Other Markets of Interest Summary For March 27

Market	Other Markets of Interest - March 27
<b>S&amp;P: June</b>  <b>BP: June</b>	A five-wave trend from the Feb. 28 low should be complete by April 4, ideally in the 1590-1618 price zone. Consider short-term trend continuation long trades.  The assumption is a low is complete on March 22, which should be followed by a 3-4 or more week corrective rally. Be alert to trend continuation trade set-ups or a trend reversal set-up if the Pound makes an ABC retracement into the 50% - 78.6% Price retracemnet of the Mar 22 – Mar 24 rally.
<b>Corn: May</b>	Similar time, price and pattern position as beans.
<b>OJ: May</b>	Probable corrective low by the middle of next week, ideally in the 81.86-81.60 price zone.

