

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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

Thursday, March 30, 2000

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 wrap up the current look at the individual waves of a five wave sequence with a look at some of the more complex corrections. Next week, I will start to put all this theory into practice, when I will start to look at placing counts on charts, including all those nightmare "difficult" counts.

## Corrections – beyond a simple ABC

When I summarised corrections two weeks ago I stated that anything beyond a simple ABC was almost impossible to predict at the time, and thus best avoided. While this is true, we do need to be aware of some of the typical characteristics of some of the more common complex corrections.

Therefore, today I would like to have a brief look at a few of the more complex corrections that have unfolded in some markets over the last few months. I am not intending to cover all corrections, as I believe (as I stated last week) that the best analysis comes from where the Elliott wave count is *obvious*, and the more you stray from the *ideal count*, very often the less reliable your analysis will be. I am a great a believer in keeping analysis simple.

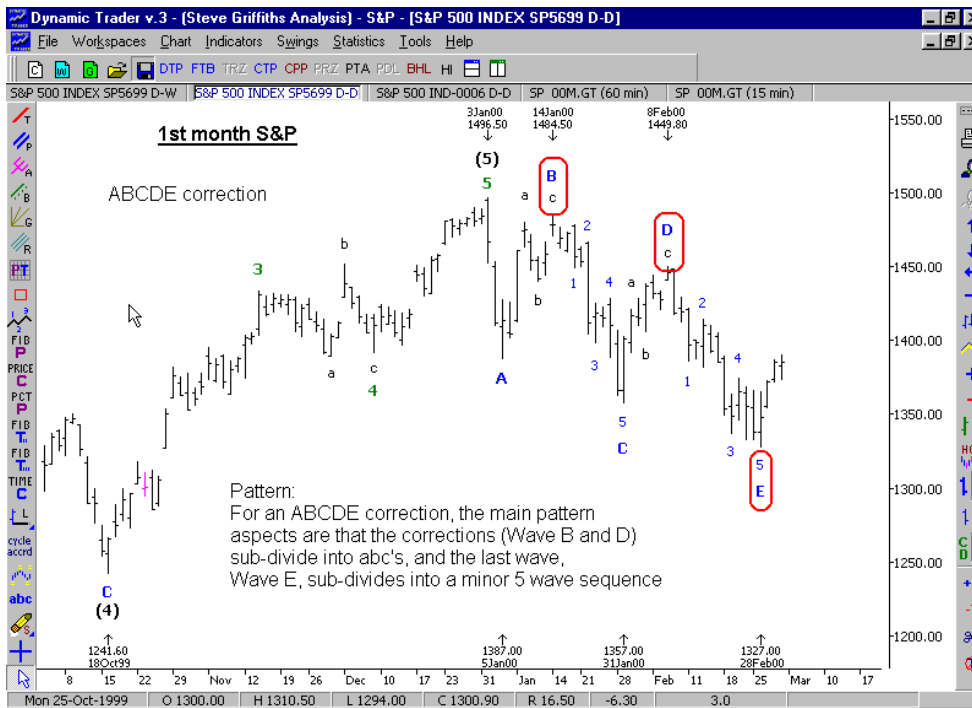
If you would like to do any further study on more of the complex corrections, I would refer you to any books currently available on Elliott Wave. Books by either Frost and Pletcher or Glen Neely are recommended.

That said, the last couple of months have produced a few great examples of corrections that extend beyond a simple ABC, where the Wave C exceeds the A Wave extreme.

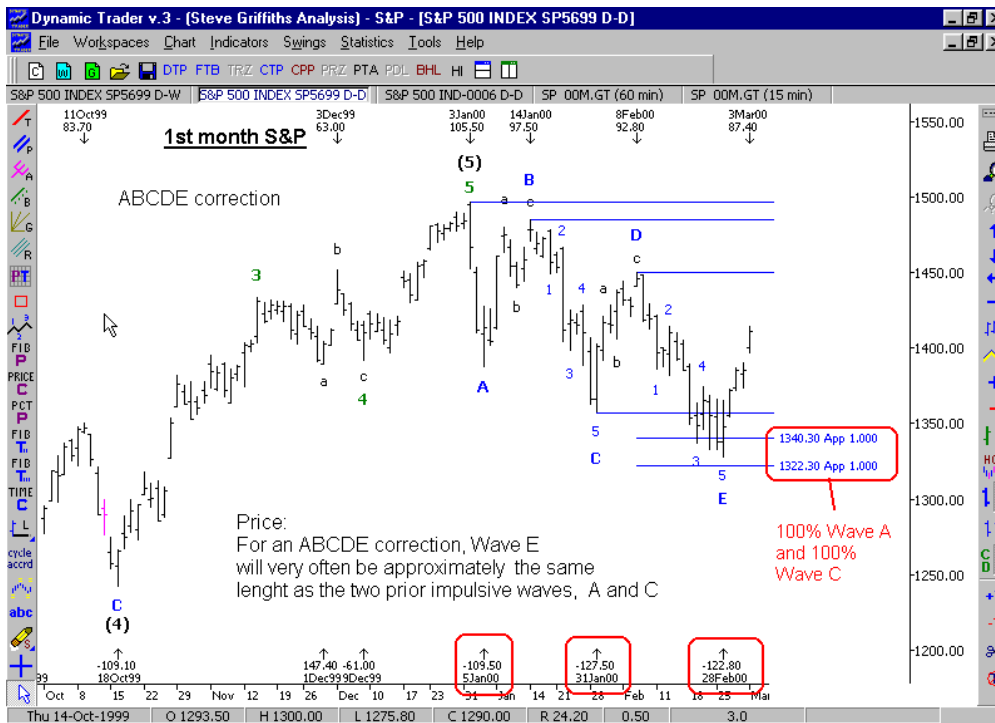
The first one of these is an ABCDE correction, for this I would like to have a look at the decline off the Jan 3 high into the Feb 28 low in the S&P.

Let's have a look at a Chart:

ABCDE correction in the S&P



ABCDE correction in the S&P – Price Support



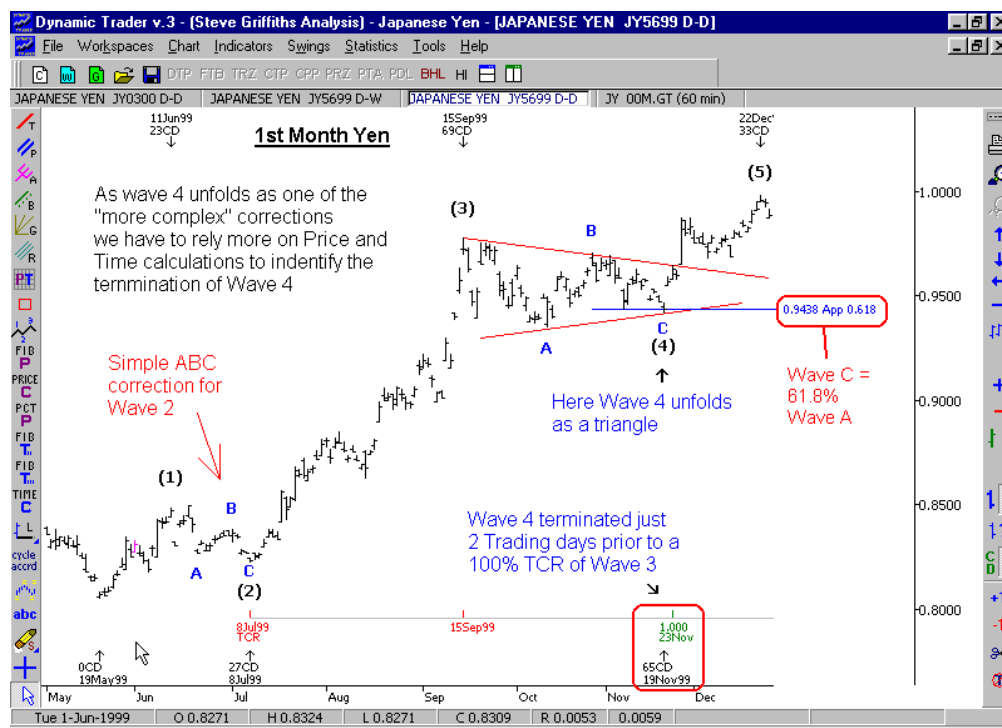
Copyright 2000, Dynamic Traders Group, Inc. (520-797-3668, [www.dynamictraders.com](http://www.dynamictraders.com)).  
 Trading futures is risky. Past performance is no guarantee of future performance. Trade at your own risk. This information is supplied for the paid subscriber and may not be copied or distributed in any manner.

The first Chart shows that ABCDE corrections share many of the characteristics of a normal 5 wave sequence, in that the impulsive moves (Wave A, C and E) very often sub-divide into 5 waves of lesser degree, and the corrective waves (Wave B and D) sub divide into 3 waves of lesser degree (ABC).

One characteristic of the ABCDE correction is the Price equality of the waves, where the impulsive waves (Waves A, B and E) very often relate 100% in Price to each other. However, the main way to anticipate the termination of an ABCDE correction is using Price and Time analysis of the larger degree waves.

The next correction I wish to look at is where a simple ABC correction unfolds as a triangle. This is a simple 3 wave correction, but where Wave C does not exceed the Wave A Price extreme. Triangles are very common in Wave 4's.

### Wave 4 triangle in the Yen



This chart demonstrates a Wave 4 that unfolded as a triangle on a longer term Japanese Yen Chart. As with the ABCDE correction, the termination of this type of correction is usually at a Price and Time coincidence.

I know today's tutorial is on complex correction, but I am going to finish with another recent example of a simple ABC correction on a 60min Swiss Franc Chart, where the Wave C exceeds the Price extreme of the Wave A. I do this as, although we do need to be aware of the more complex Elliott wave corrective patterns. The most common and by far the best correction to be able to identify in real time in a practical trading situation is the simple ABC.



I cannot stress enough that this is one of the best types of corrections to look for when trading, as they are easy to identify and very often unfold as a Wave 2 or B. If you are to become a specialist at identifying just one Elliott pattern – make it this one !!

Just to remind you all that there will be no report this Saturday. The next report will be Monday April 3, when I will start to put all this Elliott knowledge into practice!

## Today's Trading Lessons

1. Although corrections may take many forms, including a vast array of complex corrections, still the easiest and simplest to identify and trade in real time is the simple ABC, where Wave C exceeds the price extreme of Wave A.

## Specific Trade Recommendations Summary

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 30
<b>Bonds: June</b>	Today Bonds closed above the 78.6% ret of 96-06, thus voiding yesterday's outlook for a potential minor corrective high. <u>ST &amp; IT Units</u> There are no current recommendations.
<b>OJ: May</b> Same Rec as yesterday.	An abc Wave 2 low appears to have completed today. See chart on next page. <u>ST &amp; IT Units</u> As long as Orange Juice does not close below 81.86 (78.6% ret), Buy Orange Juice on the close if the close is above the open and the prior day's close (a Reversal Confirmation Day entry signal). If filled, place the protective sell-stop 1 tick below the recent low.
<b>Silver: May</b> S-3/29, 505.5.	Initial Support is at 486.4. <u>ST&amp;IT Units</u> : Lower the protective buy-stop on both units to 506.5. If silver trades to 486.4, trail the protective buy-stop on the ST unit 1 tick above the prior day's high.
<b>AD: June</b> L-3/27, 61.44.	<u>ST &amp; IT Units</u> : Maintain the protective sell-stop on both units at 60.60. If the AD closes above 61.96, trail the stop on the ST unit 1 tick below the prior day's low.
<b>Yen: June</b> L-3/23, 94.71	<u>ST&amp;IT Units</u> : Raise the protective sell-stop on both units to 94.64. If the Yen trades to 97.54, trail the protective sell-stop on the ST unit 1 tick below the prior day's low.
<b>Beans: May</b> L-3/24, 530.6	<u>ST&amp;IT Units</u> : Raise the protective sell-stop on both units to 523.2. If beans trade above 538.4, trail the protective sell-stop on the ST unit 1 tick below the prior day's low.
<b>Sugar: May</b> L-3/23, 5.30	<u>IT Unit</u> : Raise the protective sell-stop on the IT unit to 5.27. If Sugar trades to 5.65, trail the protective sell-stop 1 tick below the prior day's low.

## Other Markets of Interest Summary

Market	Other Markets of Interest - March 30
<b>S&amp;P: 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.
<b>BP: June</b>	The assumption is a low is complete on March 22, which should be followed by a 3-4 week or more corrective rally. Consider short-term trend continuation long trades.
<b>Corn: May</b>	On Tuesday Corn closed below 228.6, confirming Mar 17 as a high, hence the current rally off Wednesday's low should be viewed as corrective. Ideally this rally should terminate between the 50% and 78.6% Price retracement of the Mar 17 – Mar 29 decline.

(May) Orange Juice



Good Trading,

Steve

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