

# 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 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 an example where there appears to be no obvious Elliott count on the chart and see how we can still use the swings of similar degree to make the time and price projections for trend reversal.



In the example above, there is no obvious Elliott count all we can say for sure is that Cocoa is in a Bear trend.

Even when there is no clearly defined Elliott wave count, we can make the **Time** and **Price** projections using the swings of similar degree. Remember Swings of the *same degree* tend to relate to each other by the fib ratios in Price and Time.

In this (May) Cocoa example, I have constructed a 10% swing file, which captures the obvious swings for this period of data. A swing file simply connects all of the swings of the same degree. In this case, all the swings that make a price change of 10% or more are connected.



For the purpose of this example I will concentrate on **Price** and only look at the last two swings on the chart, which are the decline into the Feb 25 low and the following rally into the Mar 16 high.

Again for the purposes of this example, I have labelled all the swings off the June 22 1999 high. Please note these are **NOT an Elliott wave count**, just simply identifying the different swings.

In the first chart on the next page we can see a cluster of support in the 761-745 area, consisting of:

- 61.8% APP swing 5 projected from the end of swing 6
- 100% APP swing 3 projected from the end of swing 6
- 100% APP swing 1 projected from the end of swing 6

Chart 1 - the Feb 25 low



Chart 2 - the Mar 16 high



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The Feb 22 low terminated right in this Price cluster at 756.

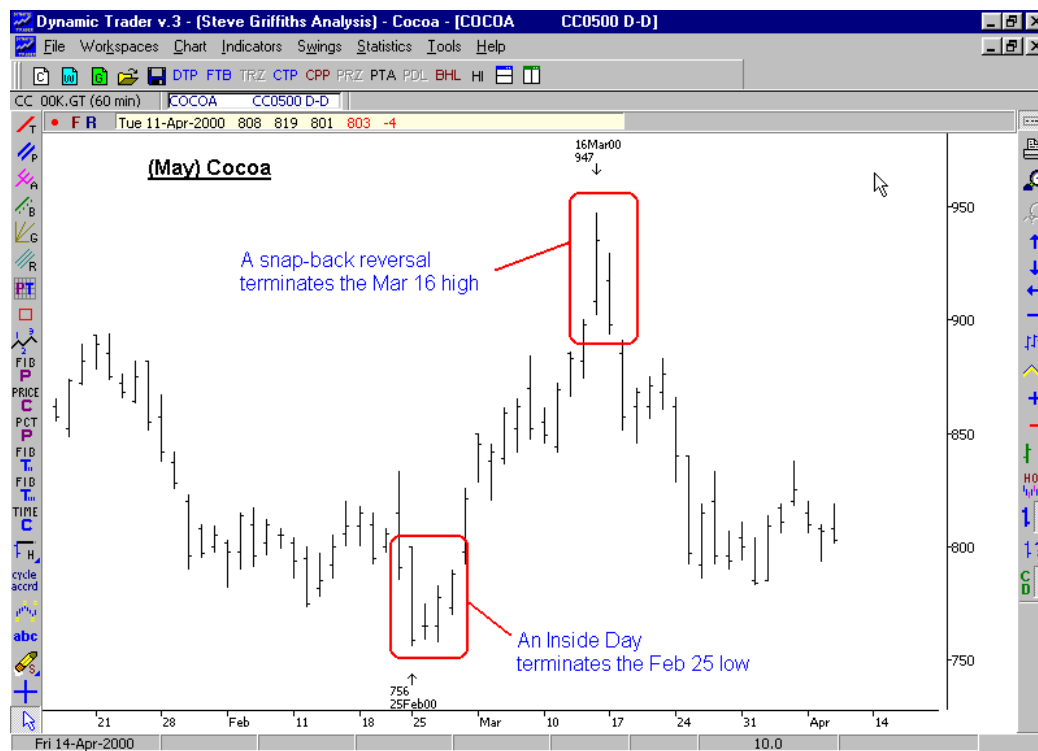
In the second chart on the previous page we can see a cluster of resistance in the 938-953 area, consisting of:

- 161.8% APP swing 6 projected from the end of swing 7
- 100% APP swing 4 projected from the end of swing 7
- 161.8% APP swing 2 projected from the end of swing 7

plus,

- Swing 6 high
- 50% retracement of swings 4-7
- 38.2% retracement of swings of 0-7

The Mar 16 high terminated right in this Price cluster at 947.



Here we can see the two daily reversal patterns present at the Price support and resistance areas for the Feb 25 low and Mar 16 high.

This example demonstrates that even when there is no obvious Elliott wave count present on a chart, swings of the *same degree* tend to terminate at fib relationships to each other and these projections may all be made in advance to identify the price clusters with the potential for support or resistance.

Tomorrow I will continue to look at some more examples where there is no clearly defined Elliott wave count but where the swings of similar degree still project the high probability support and resistance targets.

### Today's Trading Lessons

1. When there is no obvious Elliott wave count present on a chart, make the Price and Time projections using the standard Fib ratios on the available swings. Then look for *clusters* of relationships from different swings that fall in a relatively tight range.
2. Remember, swings of the *same degree* tend to terminate at fib relationships in Price and Time to each other.

## Specific Trade Recommendations Summary For April 12

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 April 12
<b>SF: June</b> New rec.	<p>Today's decline stopped out the long position at 0.6097. The Swiss Franc appears to be nearing the termination of a Wave C of a potential Wave 2 or B low. Today's low is right in the typical Price target for a Wave C: 2 or B of <u>0.6093-0.6077</u>. See chart on the next page. Since we consider a correction from the March 7 low should not be complete prior to early June, we should still consider long positions at time/price targets with acceptable capital exposure.</p> <p><u>ST &amp; IT Units</u></p> <p>As long as the Swiss Franc has not <u>closed</u> below 0.6077, buy on the close if the close is above the current days open and the prior days close (a reversal confirmation day).</p> <p>If filled place the initial protective sell-stop, one tick under the recent low.</p>
<b>Gold: June</b>	<p>Today's decline stopped out the long position at 281.8.</p> <p>There are no current recommendations.</p>

## Other Markets of Interest Summary For April 12

Market	Other Markets of Interest – April 12
<b>S&amp;P: June</b>	See chart and comments on the next page.
<b>Nasdaq: June</b>	See chart and comments on the following pages.
<b>Bonds: June</b>	Today Bonds continued to decline. Ideally we will look to position short on an abc correction into the 50%-78.6% retracement to this initial decline.
<b>AD: June</b>	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 in the next few days, we will look to position long.
<b>Silver: May</b>	<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>A trade above 518.5 indicates a continued advance to above the W3 high of Apr 4 and confirms that Apr 6 completed a minor W4 low, as in Saturday's Report.</p>
<b>Copper: May</b>	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.
<b>Beans: July</b>	If April 3 is a W.5 high as anticipated, ideal set-up is to identify a corrective low, which should not be made before April 28 for a long position.
<b>Soybean Oil: May</b>	The initial support area remains at <u>17.08-17.15</u> . This includes the prior Wave 4 low.
<b>Corn: May</b>	Probable Wave-C low April 17-May 1 at either the 222-217 or 211-210 price zones.
<b>Sugar: May</b>	The assumption is April 6 completed a Wave-3 high and the trading strategy is to identify a Wave four low which ideally will be made around April 14 at 5.77 or lower.

### **Comments From Bob**

Due to the recent developments in the Stock Indexes, I thought I would provide some additional comments for tonight's report.

### **S&P (June)**

This week's failure to advance above the March 24 high has set up the S&P in potentially a very bearish position. Let's review where it is at right now.

1. A top was anticipated April 10-12. Ideally, it would be a Wave-5 high above the March 24 high. The recent high was made on April 10, right in the time period, but only marginally exceeded the recent minor high on April 4 and was well below the March 24 high. This is bearish.
2. The April 10-12 period included where W.5 would have equaled Wave-1 in time. As of this point in time, we are beyond what should be considered the typical time projection for a Wave-5 high based on the wave count shown in Saturday's report which is also shown below. This is bearish
3. A close below 1456.70, the minor 78.6% retracement, would signal the top is complete and the wave count shown is not valid.
4. New lows from the April 10 high after tomorrow, April 13, is bearish. Why? Tomorrow afternoon is the 100% time retracement of the April 4-10 swing up.

The weight of the evidence suggests the S&P has completed a top on Sept. 24. However, it will take a close below 1456.7 to provide the initial signal this is the case and a close below 1433 will confirm the top. Given the panic liquidation of the Nasdaq with the failure of the flow of capital into the S&P and DJIA which has recently been the case, I would not be surprised if a panic liquidation in the S&P and DJIA followed if they make closes below minor support.

While I have left the bullish wave count from Saturday's report on the chart below, keep in mind a close below 1456.7 will void this count. The current position of the S&P suggests that close should be made soon.

### Traders

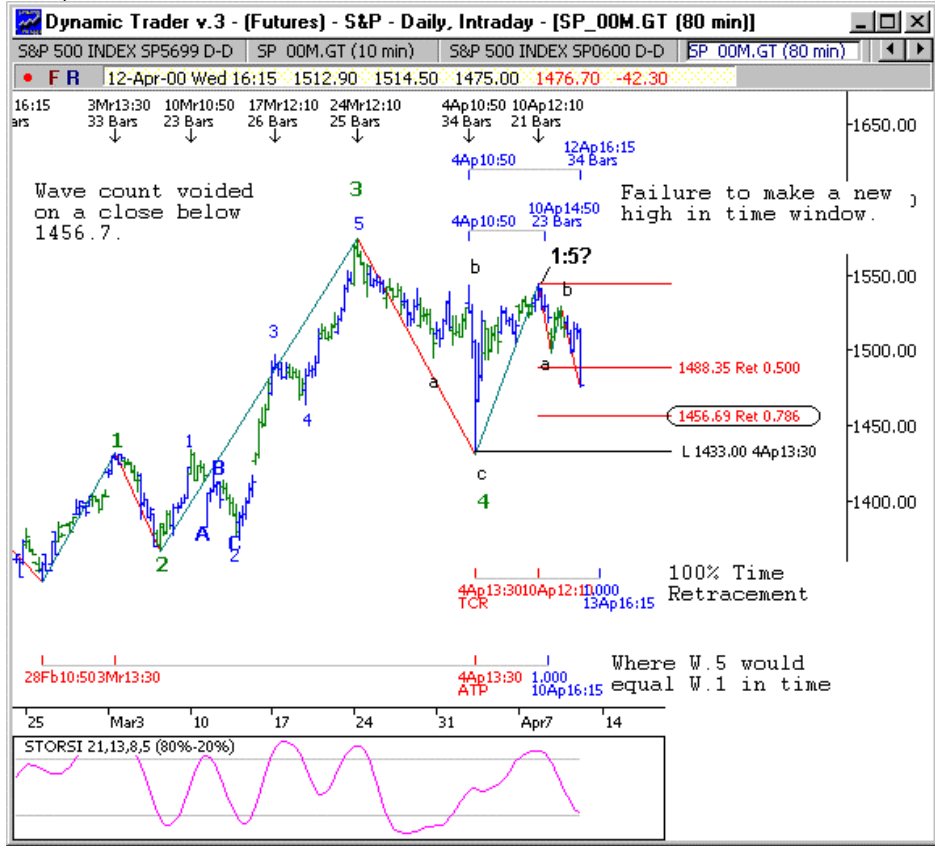
While a short-term bounce is likely if the S&P reaches the 78.6% retracement at 1456.7, the odds are the bear trend will continue and trend-continuation short-positions will be recommended.

### Investors and Mutual Fund Switchers – Currently Flat

DT subscribers should be flat from some time ago. Go to short equivalent mutual funds on a close below 1433 in the June contract.

(See chart on next page.)

S&P, 80-Min.



(June) Swiss Franc 60min Chart



Nasdaq

Wave 2 or B is complete.

The Nasdaq appears to be in a very bearish position. The April 10, Wave 2 or B high was made right in the April 10-11 time projection for the top. The Nasdaq has closed below the minor 78.6% retracement.

The decline should reach at least near 3167, the 100% Alternate Price Projection which falls not far above the 78.6% retracement shown on the daily chart in Saturday's report.

More than likely, this is not just an ABC correction but the initial stages of a longer term bear trend (larger degree correction) with the potential for panic liquidation.

Traders should short positions on trend-continuation set-ups.

Investors and mutual fund switchers should be either flat or consider short equivalent positions.

This bearish outlook would only be voided by a trade above 4354 (April 10 high).

