

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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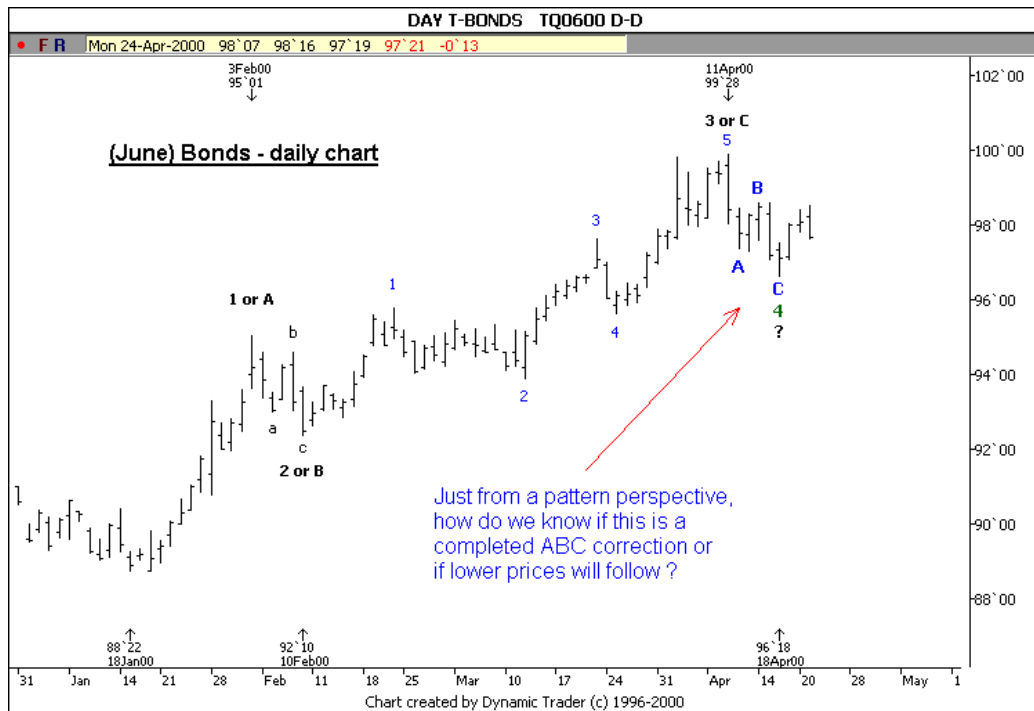
The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and are primarily for trading education purposes with alerts for potential trade set-ups for markets described in the Saturday issue prepared by Robert Miner.

Today's Lesson

Identifying the parameters that either confirm or invalidate the current Elliott wave analysis.

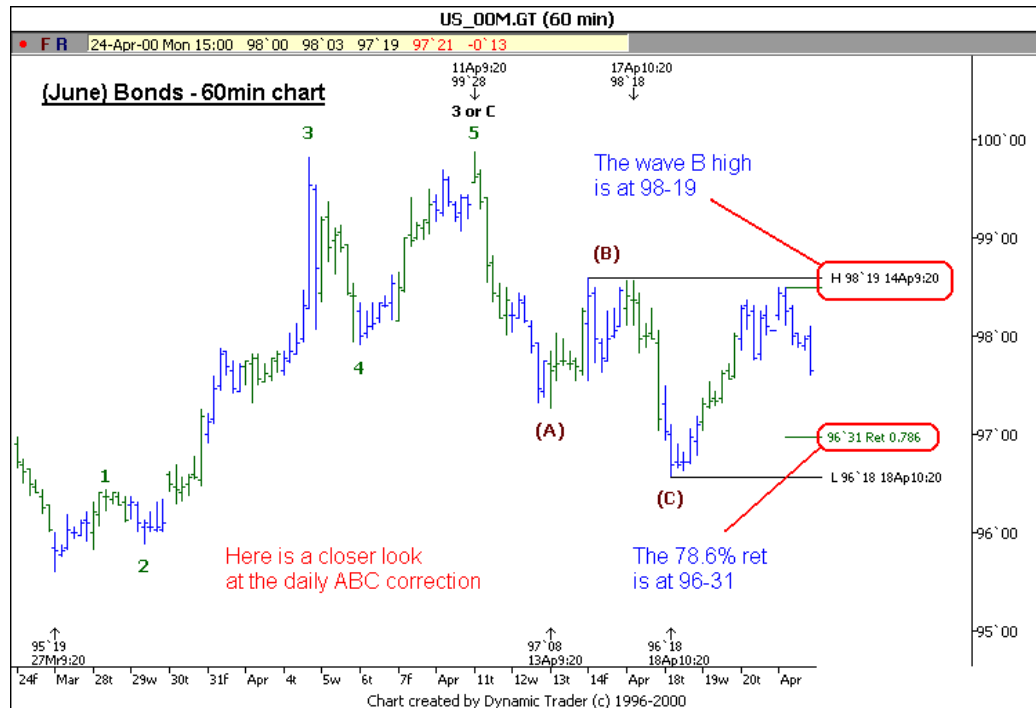
I have received several e-mails recently from subscribers asking if I would cover in more detail how to identify the parameters that either confirm or invalidate the current working Elliott count.

Let's have a look at a daily Bond chart as an example:



Here the decline off the Apr 11 high appears to have unfolded as a simple ABC.

Let's zoom in to look at the ABC correction in a little more detail using a 60min chart.



Here we can see the ABC correction quite clearly. So the two questions we need to ask are:

1. What does the market have to do to confirm the low of Apr 18 as a completed ABC correction?
2. What does the market have to do to invalidate this ABC, and therefore indicate lower prices?

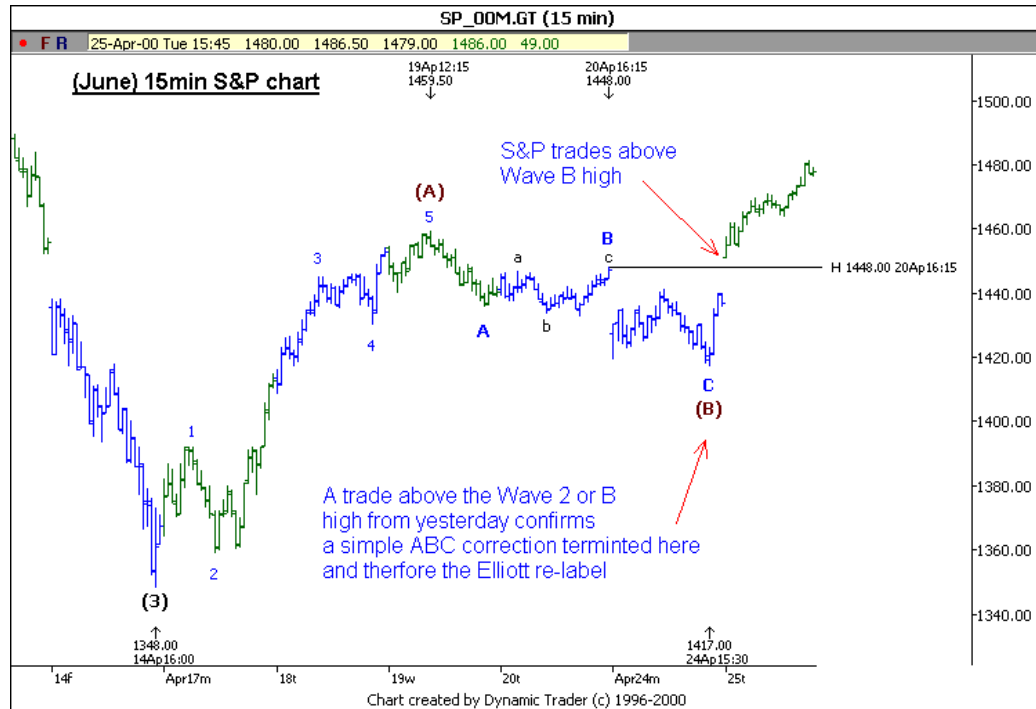
Firstly, as we have seen in prior tutorials, *initial confirmation* of a completed simple ABC correction is a trade above the wave B high. In this example the wave B high is at 98-19.

Secondly, a trade below what we are considering as the Wave C low would invalidate the simple ABC as labelled and suggest that the market has either entered a correction of one larger degree, or that the current ABC should now be re-labelled to a 123. This would indicate that the market is now entering a new impulsive Wave 3 decline.

In this particular example, as the market has rallied to near the Wave B high, we can use a close below the 78.6% retracement at 96-31 as an earlier signal of a continued decline to below the Wave C low of Apr 18 at 96-18.

By using this approach, we are not placing an Elliott wave count on a chart and then predicting where the market will go – on the contrary, we are assuming the most obvious count, and then letting the market, by its own actions, confirm or invalidate our current opinion.

Another example is from the 15min S&P chart included in yesterday's report:



Here the Wave 2 or B high (now re-labelled to a wave B high) allowed us to lower the protective buy-stop on our current short position, therefore reducing the risk on the trade.

Tomorrow I will combine the use of *close only* charts (from yesterday's tutorial) with how to set parameters to either confirm or invalidate a current Elliott count.

Lessons Learned

We can identify the parameters that will either confirm or invalidate the current Elliott wave analysis. These can then be used to either adjust stops on current open positions or to enter a new position.

Good Trading,

Steve

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Specific Trade Recommendations Summary For April 25

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

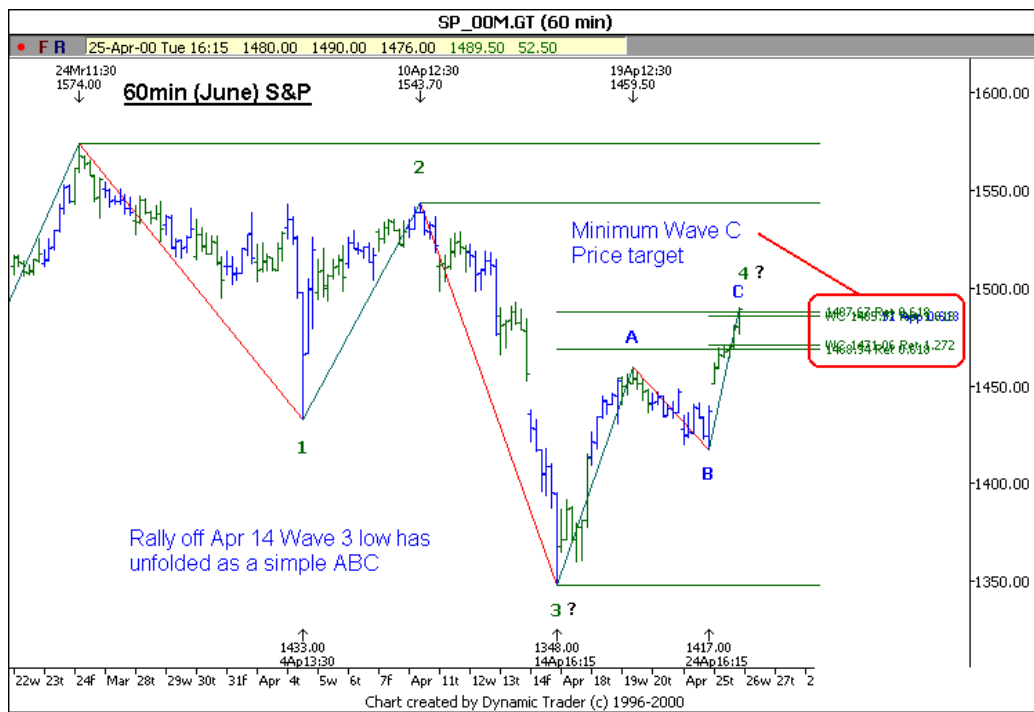
Market – Current Position	New Trade Recommendations or Stop-Loss For Existing Positions for April 25
BP: June New Rec.	<u>ST & IT units</u> : As long as the BP has not traded below 1.5750, buy the BP on a 1.5842 stop and place the initial protective sell-stop at 1.5748.
S&P: June New Rec.	<p>Analysis and trade strategies for the full S&P contract. Trade execution on the E-Mini contract.</p> <p>Today's rally stopped out the short position at 1451.0.</p> <p>The S&P still remains in a pattern position for a potential Wave 4 high, with the advance off the Apr 14 Wave 3 low unfolding as a simple ABC. See chart on next page.</p> <p><u>ST & IT units</u>: As long as the S&P has not traded above 1504, sell on the close if the close is below the current day's open and the prior day's close. Place the initial protective buy-stop one tick above the recent high.</p>
AD: June L-4/18, 0.5955	<p><u>ST & IT units</u>: Maintain the initial protective sell-stop at 0.5889, one tick below the recent swing low.</p> <p>If the AD closes above 0.5985, raise the protective sell stop on both positions to 0.5929.</p>
Copper: May L-4/18, 76.40	<p>Apr 28 is the first notice day for May Copper, therefore tomorrow I will include instructions for rolling forward this position to the July contract.</p> <p><u>ST & IT units</u>: Raise the protective sell-stop on both units to 76.85, one tick below the Wave 1 closing high.</p> <p>If Copper trades above 80.80 trail the protective sell -stop on the ST unit one tick below the prior day's low.</p>
Crude: June L-4/17, 24.58	<p>Today's decline stopped out the ST position on open today at 25.71.</p> <p><u>IT unit</u>: Maintain the protective sell-stop on the IT unit at 24.96.</p>
Bonds: June S-4/17, 97.03	<p>Today Bonds continued to decline as anticipated. A close below 96.31 would indicate a continued decline as outlined yesterday.</p> <p><u>ST & IT units</u>: Maintain the protective buy-stop on both units at 98.17.</p> <p>If Bonds trade below 95-06, trail the protective buy -stop on the ST position one tick above the prior day's high.</p>

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Other Markets of Interest Summary For April 25

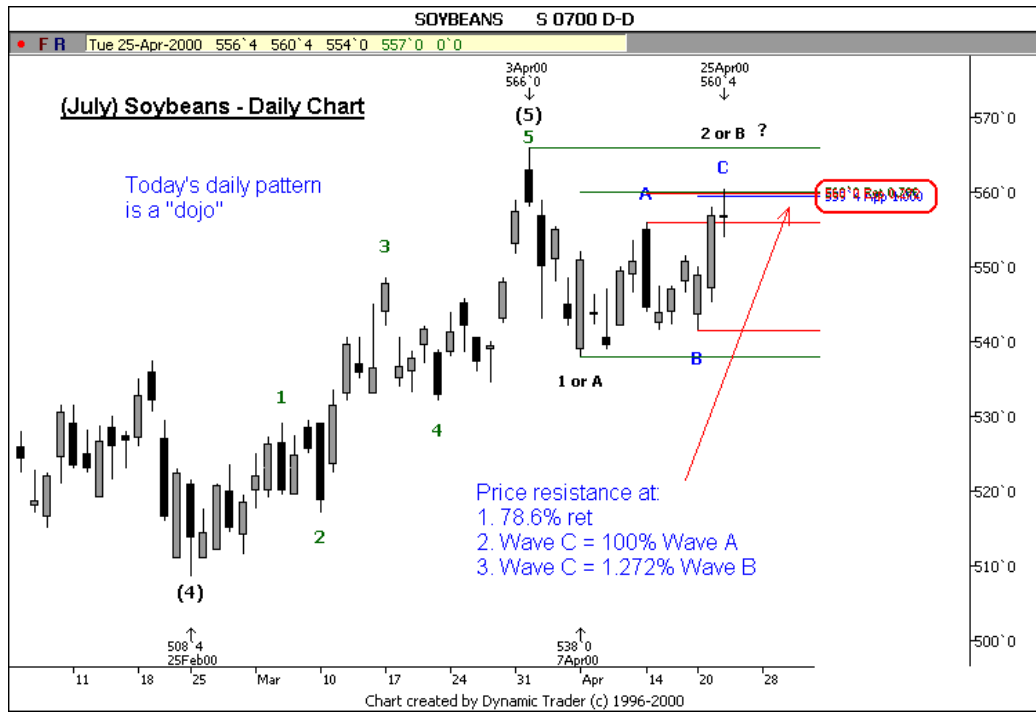
Market	Other Markets of Interest – April 25
Nasdaq: June	No addition comments from yesterday.
Soybeans: July	Today's high is right at the 78.6% retracement, as outlined in yesterday's report. See chart below.
SF: June	The short-term pattern appears unclear. It is best to stand aside this market for now.
Sugar: July	Today made a triple inside day. The move from this tight range is likely to be large. A decline below 6.37 would be initial confirmation of Apr 19 as a top.
Corn: July	Today Corn closed above the last minor high of 238.6. I would like to see two consecutive closes above 238.6 before a low is considered to be complete. A reversal day tomorrow would signal that the rally off the Apr 11 low is only an ABC correction, and indicate that Corn has at least one more declining swing to completed before the anticipated seasonal low is in place.

(June) S&P 60min chart



Continued on next page.

(July) Soybeans – daily chart



(July) Corn – 60min chart

