

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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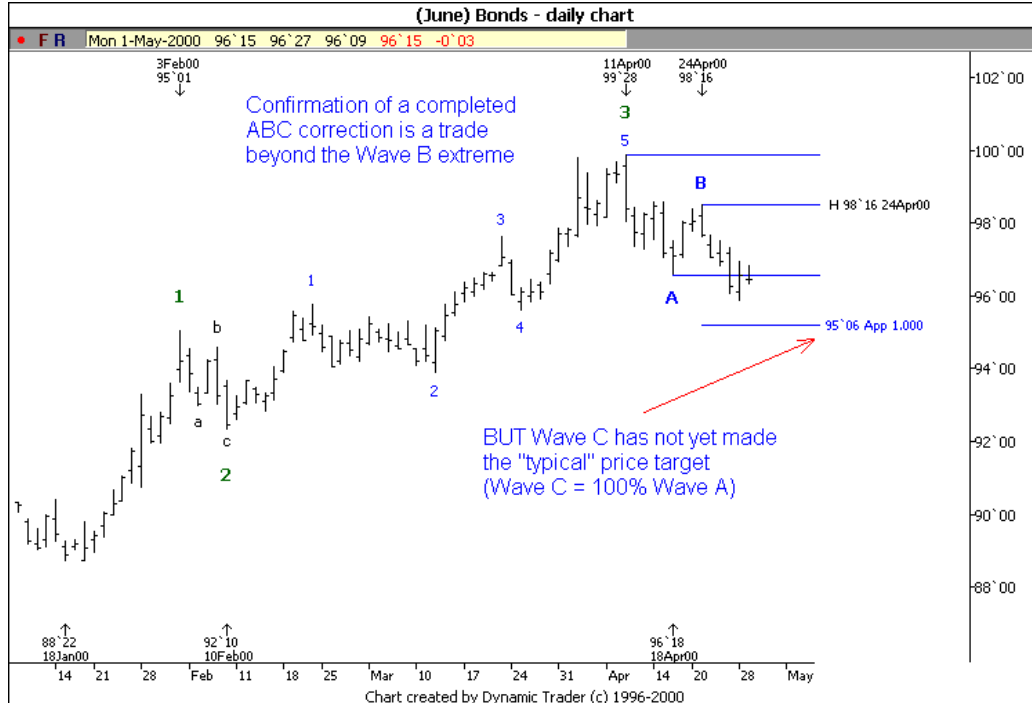
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic 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

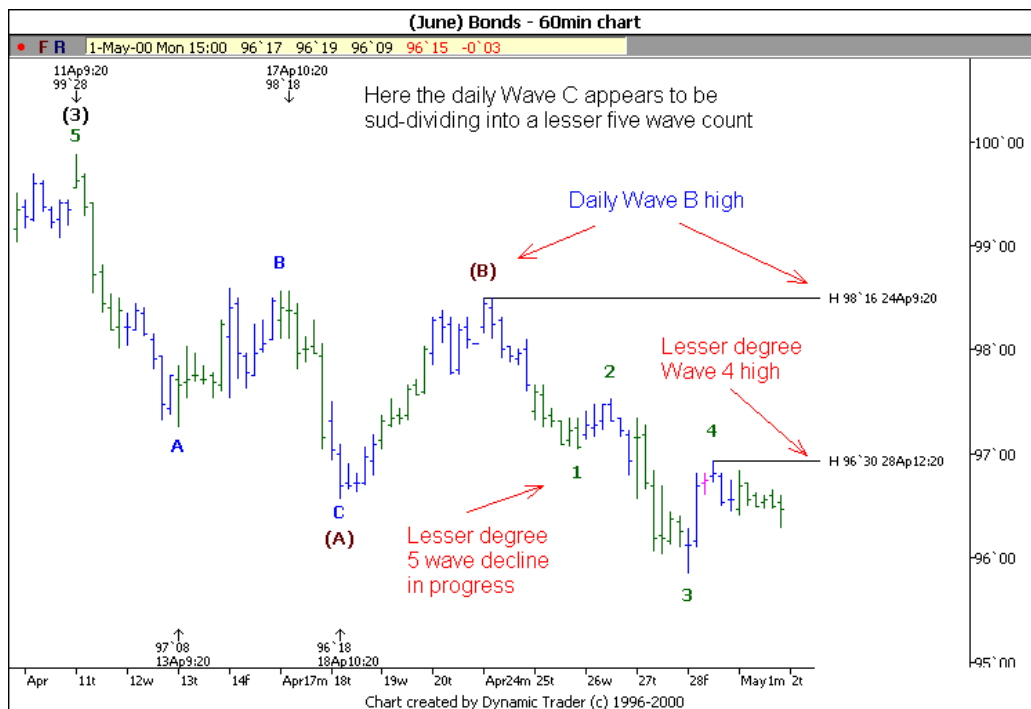
The lesser degree pattern or sub-divisions of the final swing in a trend or counter-trend may help to confirm if the larger degree pattern is complete. If a market takes out a Wave-4 high or low, it is the initial signal the five-wave trend is complete.

For today's example I would like to look at the current pattern position of Bonds which appear to be making a simple ABC correction.



The *Initial confirmation* of the completion of a simple ABC correction is a trade beyond the Wave B extreme. In this example shown on the daily chart above, this would be a trade above 98-16.

Typically a Wave C sub-divides into five waves of lesser degree. The lesser degree pattern may help us to identify the completion of the Wave-C much earlier than waiting for the Wave-B high to be taken out.



The Wave-C appears to be subdividing into five-waves of lesser degree. If we have identified what we believe is the Wave 4 of C high, a trade above W.4:C will signal the Wave-C should be complete. We don't have to wait until the W.B is taken out. It appears that the April 28 high shown on the chart above is a W.4:C high as described in Saturday's report which is why the stop on the short positions were adjusted to one tick above that high.

Should Wave 5:C subdivide into five waves of lesser degree, we will have a set-up to adjust the stop even closer to the market.

The chart on the next page is bond 20-minute data right up through today's close. It appears W.5:C has subdivided into four waves. It would be appropriate to adjust the stop on at least part of a short position to one tick above what we believe is the W.4:5:C high.



Lessons Learned

The lesser degree pattern or sub-divisions of the final swing in a trend or counter-trend may help to confirm if the larger degree pattern is complete. If a market takes out a Wave-4 high or low, it is the initial signal the five-wave trend is complete.

Good Trading,

Steve

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Specific Trade Recommendations Summary For May 2

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

Market	New Trade Recommendation or Stop-Loss For Existing Positions
Crude: June <u>New Rec.</u>	<p>Today Crude advanced above the Apr 24 high and is in the ideal Price and Time for the termination of an ABCDE correction as outlined in Saturday's report. See Chart.</p> <p><u>ST and IT Units:</u> Sell on close if the close is below the current day's open and the prior day's close (Reversal Confirmation Day).</p> <p>If filled, place the initial protective buy -stop one tick above the last swing high.</p>
Bonds: June <u>S-4/17,97.03</u> <u>And</u> <u>New Rec</u>	<p>Bonds are approaching the ideal Price, Time and Pattern for a Wave C low and appear to have completed W.4:5:C (see the tutorial and chart above).</p> <p><u>ST and IT Units:</u></p> <p>Adjust the stop to 96.09, one tick above the W.4:5:C high. If bonds continue to decline without having elected the stop, trail the stop one tick above the 1DH.</p> <p>And</p> <p>If Bonds trade below 95.15 but have not closed below 95.05, reverse both existing short positions (if not already stopped out) to net long on close if the close is above the current day's open and the prior day's close (Reversal Confirmation Day). If filled, place the initial protective sell-stop one tick below the recent low.</p>
Copper: July <u>L - 4/27, 79.10</u>	<p>Today Copper traded to the 50% retracement of the Jan 20 to Apr 17 decline at 82.55.</p> <p><u>ST & IT Units:</u></p> <ol style="list-style-type: none"> Trail the protective sell-stop on both units one tick below the 1DL, 80.10 for tomorrow. <p>OR</p> <ol style="list-style-type: none"> If #1 has not been elected, exit both existing long positions on close if the close is below the current day's open and the prior day's close (Reversal Confirmation Day).
Cotton: July <u>L - 5/1, 57.19</u>	<p><u>ST & IT Units:</u> Raise the protective sell-stop to 55.95, just below the 78.6% retracement.</p>

Summary of Open Trade Positions and Trade Activity For The Week of May 1

Market	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
S&P (S-June)	ST&IT	4/26	1474	5/1	1485.50	2	(\$1150)	C
Bonds (S-June)	ST&IT	4/17	97.03	-	95.26	2	\$2562.50	O
Copper (L-July)	ST&IT	4/27	79.10	-	82.15	2	\$1525	O
Cotton (L-July)	ST&IT	5/1	57.19	-	58.60	2	\$1430	O

Other Markets of Interest Summary For May 2

Market	Other Markets of Interest – May 2
Nasdaq 100: June	Today the Nasdaq declined as anticipated. A trade below 3417.5 (June) signals a continuation of the bear trend.
Dollar Index	At or very near a Wave-5 top. Ideal time for top is next week and maximum time target for Wave 5 is around Memorial Day weekend (May 26-30).
BP: June	Wave 5 low should be complete by week beginning May 8. Any rally should only be considered a correction in a bear trend.
AD: June	No firm opinion of the pattern position. Next price target at 57.40, the 78.6% retracement.
Beans: July	As yesterday, the aim now will be to identify any trend continuation set-ups to position long.
Corn: July	As yesterday, the aim now is to look to identify trend continuation set-ups to enter long positions.

(June) Crude Oil daily chart

