

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, May 04, 2000

Prepared by: Stephen Griffiths
Steve@dynamictraders.com

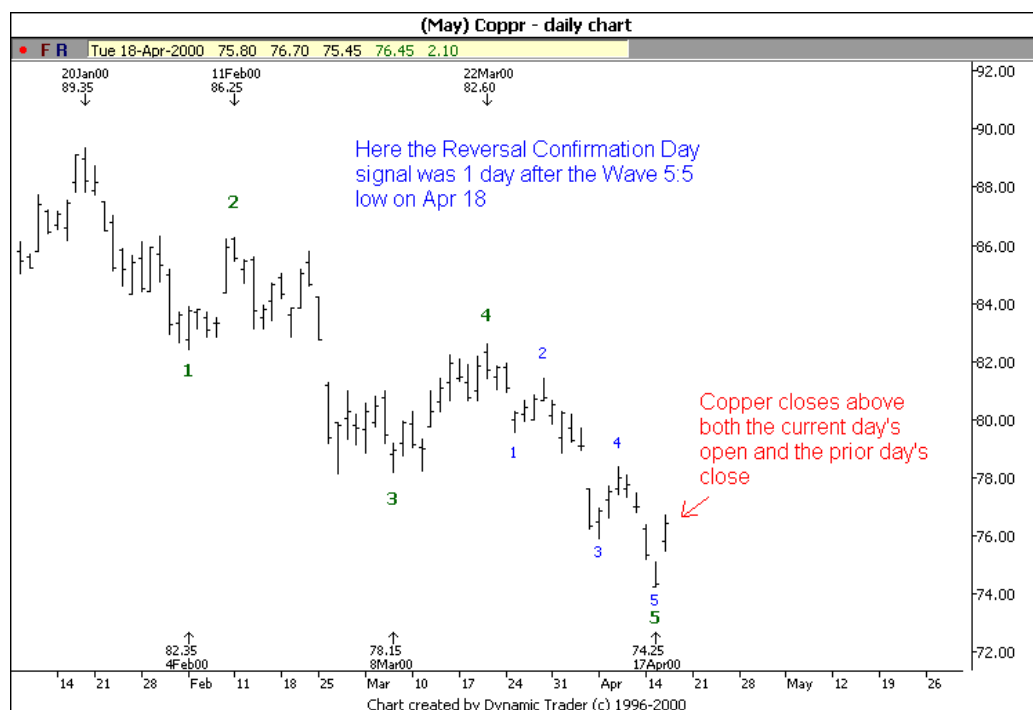
The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and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

1. The criteria required for a Reversal Confirmation Day.
2. Trade entry and initial protective stop placement for the Reversal Confirmation Day and the Reversal Day trade entry strategies.

A Reversal Confirmation Day top (reverse for a bottom) is a day where a market closes below both the current day's open and the prior day's close. A Reversal Confirmation Day is technically not a trend-reversal signal, as it is usually made within 1-3 days of the actual market peak.

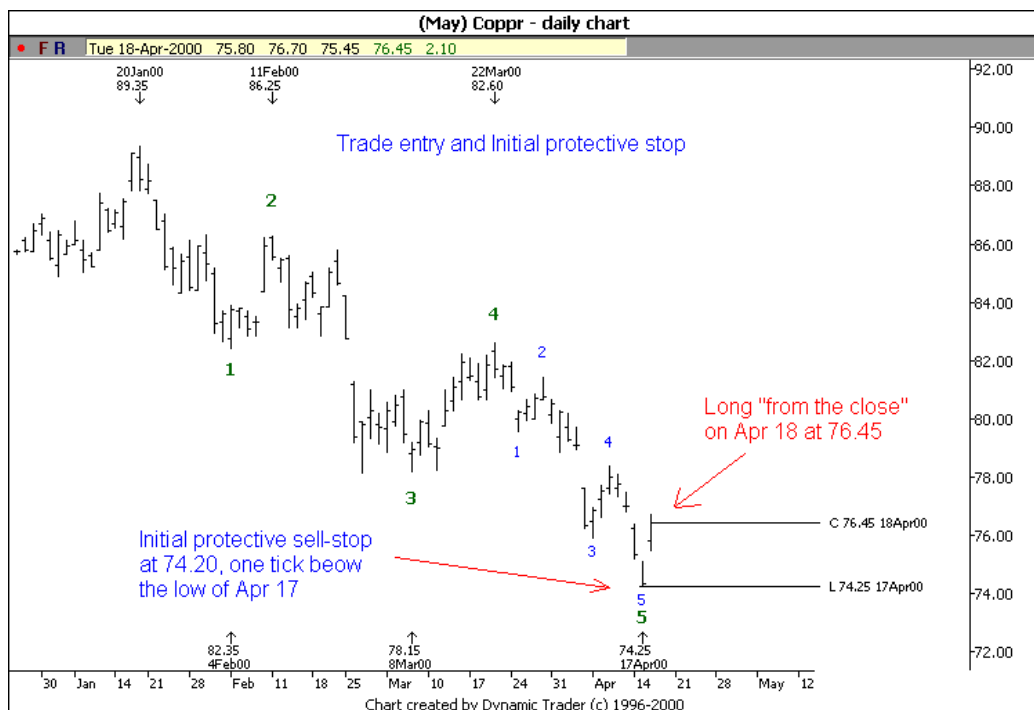
The first example is on (May) Copper, where the Wave 5:5 low on Apr 17th terminated with a Reversal Confirmation Day one day later, on the 18th:



In the next section of today's tutorial I would like to look at the trade entry and initial stop placement for both the Reversal Confirmation Day and the Reversal Day (covered in yesterday's tutorial).

With both these trade entry triggers the trade entry is on close of the day the signal is made. The initial protective stop would then be placed at the point where the market would prove your analysis incorrect. In each case this would be one tick beyond the last swing pivot.

In our example today on (May) Copper, this would mean entering a long trade at 76.45 on the close of Apr 18, with the initial protective sell-stop placed at 74.20, one tick below the last swing low:



In the next example I would like to return to the Reversal Day in the S&P on Apr 26. Here, the trade entry would have been to sell on the close at 1474.50, with the initial protective buy-stop placed at 1495.10, one tick above the last swing high.

Please see the chart on the next page.



This is the real beauty of the Reversal Day set-up, as it allows you to enter a trade on the very day of the trend reversal.

Next week I will move onto more trade entry signals, including those that can be used once a trend is already underway - Trend Continuation set-ups.

Lessons Learned

The criteria required for a Reversal Confirmation Day. Plus trade entry and initial protective stop placement for the Reversal Confirmation day and the Reversal Day trade entry strategies.

Good Trading,

Steve

Steve@dynamictraders.com

Specific Trade Recommendations Summary For May 4

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

Market	New Trade Recommendation or Stop-Loss For Existing Positions
S&P: June New Rec	The assumption is the major trend is down and the S&P will continue to decline to well below the April 14 low. Today's inside-day provides a set-up for a potential trend continuation short trade. See the chart below. ST&IT Units: Sell June E-Mini on a 1404.25 stop (one tick below Thursday's low and place the initial protective buy -stop at 1429.00.
Crude: June <u>S-5/3,26.70</u>	Today Crude Oil made an inside day. ST and IT Units: Maintain the protective buy-stop at 27.40, one tick above the Reversal Day high.
Bonds: June <u>S-4/17,97.03</u>	Bonds closed below 94.06, the Feb. 3 potential W.12 closing high, which signals April 11 probably completed an ABC correction not Waves 1-3. The next Price support level is 93-14-92-31 which is the ideal target for a Wave-3 low. See the Chart below. ST and IT Units: Continue to trail the protective buy-stop one tick above the 1DH, 94-28 for tomorrow.
Cotton: July <u>L-5/1, 57.19</u>	ST & IT Units: Maintain the protective sell-stop at 55.95, just below the 78.6% retracement.

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	-	93.27	2	\$6500	O
Copper (L-July)	ST&IT	4/27	79.10	5/3	81.80	2	\$1350	C
Cotton (L-July)	ST&IT	5/1	57.19	-	57.03	2	(\$160)	O
Crude (S-June)	ST&IT	5/3	26.70	-	26.95	2	(\$500)	O

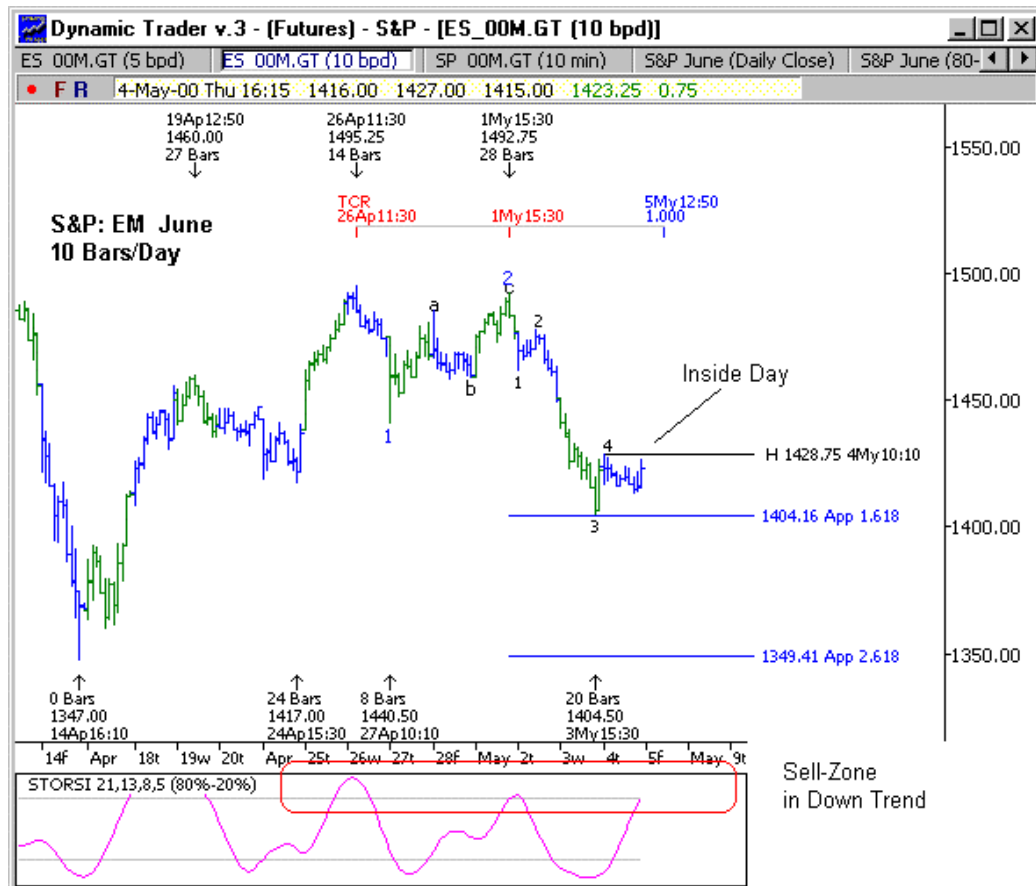
Copyright 2000, Dynamic Traders Group, Inc. (520-797-3668, www.dynamictraders.com).

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.

Other Markets of Interest Summary For May 4

Market	Other Markets of Interest – May 4
Nasdaq 100: June	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	The Pound has continued to decline sharply. 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. Today made an inside day. A trade above 0.5939 would probably signal a continued advance to above the Apr 25 high.
Beans: July	The ideal target for a ST low is 558-551. See the chart below.
Corn: July	As yesterday, the aim now is to identify trend continuation set-ups to enter long positions.

(June) S&P



Copyright 2000, Dynamic Traders Group, Inc. (520-797-3668, 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.

