

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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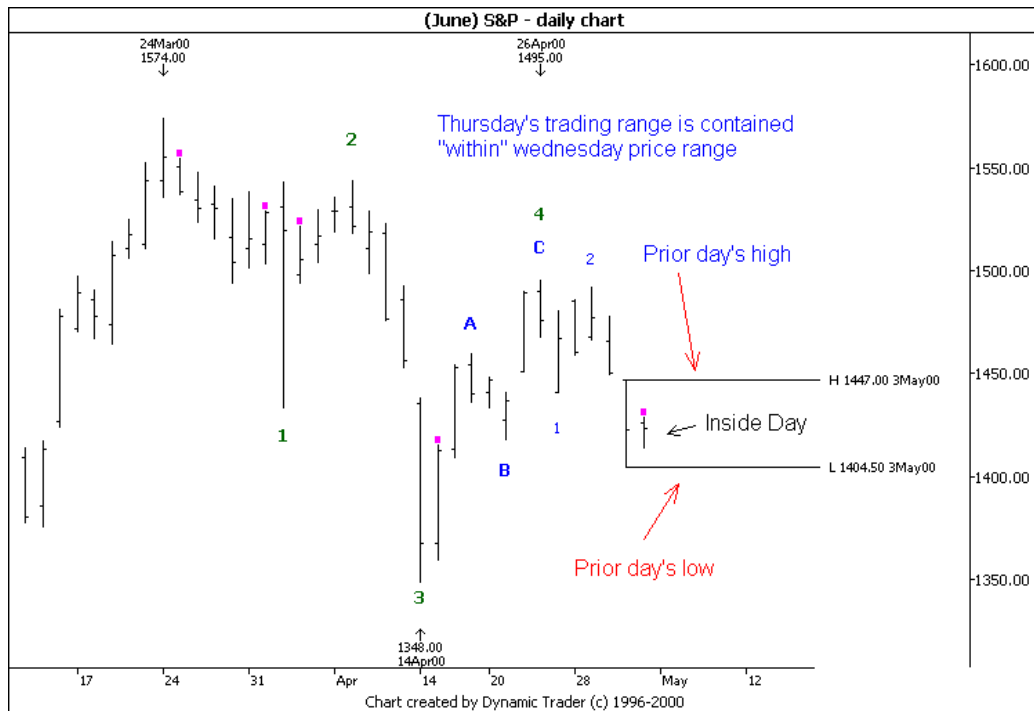
The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and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

Inside-day trend-continuation trade entry signal.

An *inside day* is defined as a day where the high of the day is lower than the high of the prior day and the low of the day is higher than the low of the prior day. In other words, the day's trading range is contained within the price range of the prior day.

The first example is on the (June) S&P:



Here we can see that Thursday's trading range is *inside* Wednesday's Price range.

An inside day is a day of indecision, a day where traders pause to take breath before re-establishing the original trend. Inside day's can also be found at market turns, but for the purpose of today's tutorial, I am only considering an inside day for a *trend continuation* trade set-up.

Usually the direction of the break from the day prior to the inside day is the direction in which the trend will continue. Once the prior day's range has been exceeded the market will not usually return to test the price range of the inside day's itself.

Inside day trade entry criteria

1. As this is a *trend continuation* set-up, we are looking to only enter *in the direction* of the main trade. Therefore we must already have an opinion of the direction of the main trend.
2. To enter a short position (reverse for a long position), on the day following the inside day, place an order to Sell one tick below the low of the day prior to the inside day.
3. If filled, the protective buy-stop (sell-stop for a long trade) is placed one tick above *the higher* of the inside day itself or the high of the day of entry.

In the current example on the (June) S&P:



In this example on the S&P, the trend is considered down off the Wave 4 high on Apr 26. Therefore, we are looking for opportunities to enter the market on the short side. On Thursday May 4 an inside-day was made, hence we would place an order to enter a short trade one tick below the prior day's low of 1404.50. If filled, the protective buy-stop would be placed one tick above the inside day high of 1428.50 which was the specific trade recommendation in last Thursday's Report.

The S&P did not trade below 1404.50 on Friday, so the inside day trade set-up was not elected. Today, the S&P made another inside-day. See the S&P comments and chart below.

Throughout the rest of this week I would like to continue to review *trend continuation* trade entry signals, which will then lead onto a more in-depth discussion, next week, on Initial capital exposure (Initial Risk) verses potential reward.

Lessons Learned

Inside-day trend-continuation trade entry signal.

Good Trading,

Steve

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Specific Trade Recommendations Summary For May 9

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

Market	New Trade Recommendations or Stop-Loss For Existing Positions
BP: June <u>New Rec.</u>	<p>Today the Pound made an inside day at the Time and Price targets for a potential Wave-5 low as outlined in Saturday's Report. The inside-day trade set-up may also be used as a trend-reversal entry strategy.</p> <p><u>ST&IT Units</u>: Buy the BP on a 154.10 stop. If filled, place the initial protective sell-stop at 152.88.</p>
S&P: June <u>Same Rec as Sat.</u>	<p>All analysis and trade strategies for the full S&P contract. Trade execution on the E-Mini contract.</p> <p>The S&P made an inside-day today which provides a potential trade entry set-up for a trend continuation short-sale. Using the rules described in the tutorial above, the initial capital exposure would be over 30-points, more that is acceptable for most trading plans so a specific inside-day entry strategy will not be recommended.</p> <p><u>ST&IT Units</u>: As long as the June S&P E-Mini has not closed above 1460.0, sell on the close if the close is below the current day's open and prior day's close and place the initial protective buy stop one tick above the high made since the May 3 low.</p>
Bonds: June <u>S-4/17.97.03</u>	<p><u>ST and IT Units</u>: Continue to trail the protective buy stop on the ST unit one tick above the 1DH OR exit on the close if the close is above the current day's open and prior day's close.</p>
Crude: July	<p>Crude continued to rally today and the <u>June</u> contract closed above 27.79, therefore voiding the go-long strategy.</p> <p>There are no specific trade recommendations at this time.</p>
Beans: July <u>New Rec..</u>	<p>Beans appear to have completed the anticipated ABC correction. See chart Below.</p> <p>ST & IT Units</p> <p>(1) As long as Beans have not closed below 551, buy on the close if the close is above the current day's open and prior day's close and place the initial protective sell-stop one tick below the recent low., OR</p> <p>(2) If (1) has not been elected, buy on a 564.0 stop, one tick above the last minor swing high and place the initial protective sell-stop one tick below the recent low.</p>
Cotton: July <u>L-5/1, 57.19</u>	<p>Today Cotton made an inside day.</p> <p><u>ST & IT Units</u> Maintain the protective sell-stop at 57.00..</p>
Coffee: July <u>New Rec.</u>	<p><u>ST & IT Units</u> As long as coffee has not traded below 96.75, buy on a 100.85 stop and place the initial protective sell-stop at 98.00.</p>

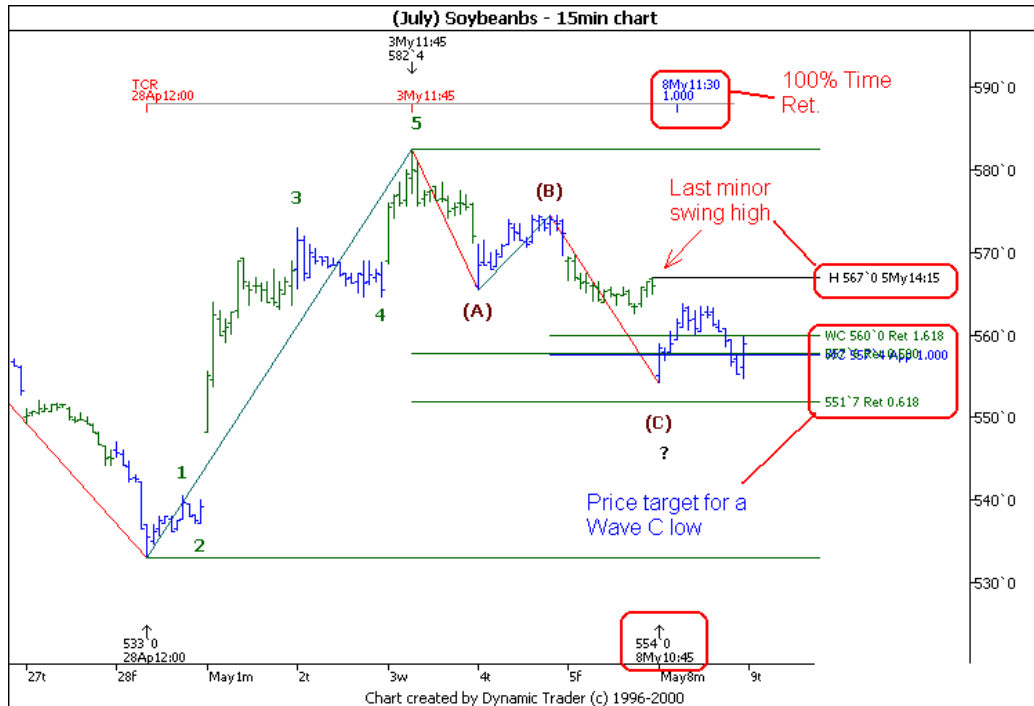
Summary of Open Trade Positions and Trade Activity For The Week of May 9

Market	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
Bonds (S-June)	ST&IT	4/17	97.03	-	92.28	2	\$8437.5	O
Cotton (L-July)	ST&IT	5/1	57.19	-	58.46	2	\$1270	O

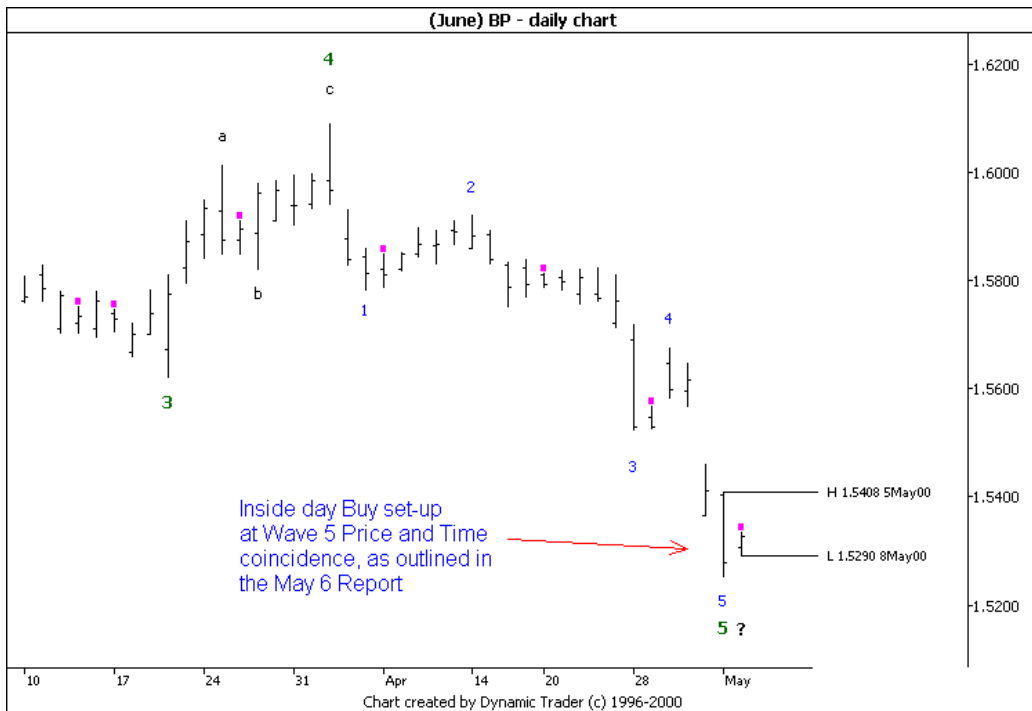
Other Markets of Interest Summary For May 9

Market	Other Markets of Interest – April 29
Nasdaq 100	May 1 should be Wave-4 high. A trade below 3450 confirms the Wave 2:5 high completed at the May 5 high.
Dollar Index	At or very near a Wave-5 top. Ideal time for top is late last week and maximum time target for W.5 is around Memorial Day weekend (May 26-30).
Copper: July	Today's Reversal Day probably completed a Wave 1 or A high. Best trading strategy to wait for Wave-B low to position long.
Corn: July	Correction complete on April 28. Bul I trend should continue to early June or later.

(July) Soybeans – 15min chart



(June) BP – daily chart



End