

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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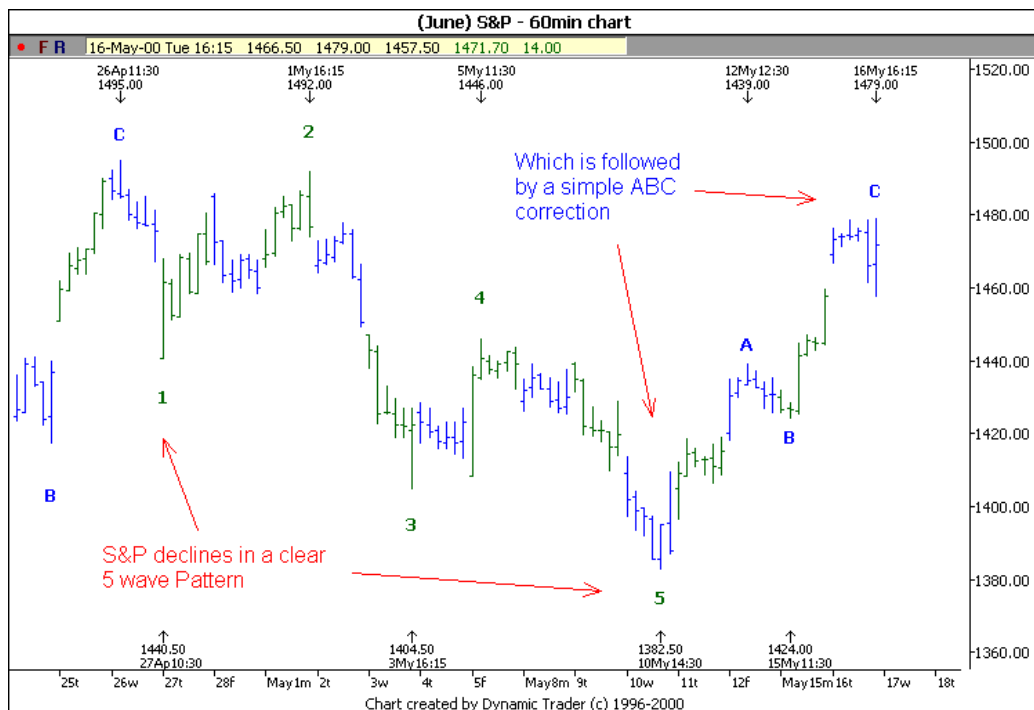
The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and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

## Practical examples

This week I would like to have a detailed look at a few of the current specific trade recommendations to see how we put Price, Time and Pattern as taught in recent tutorials into practice.

For the first example, I would like to have a look at the current short trade in the S&P. The best trend reversal trade opportunities arise when **Price**, **Time** and **Pattern** all coincide to signal the termination of the trend.

To start with let's look at the **Pattern** going into the high on May 16:

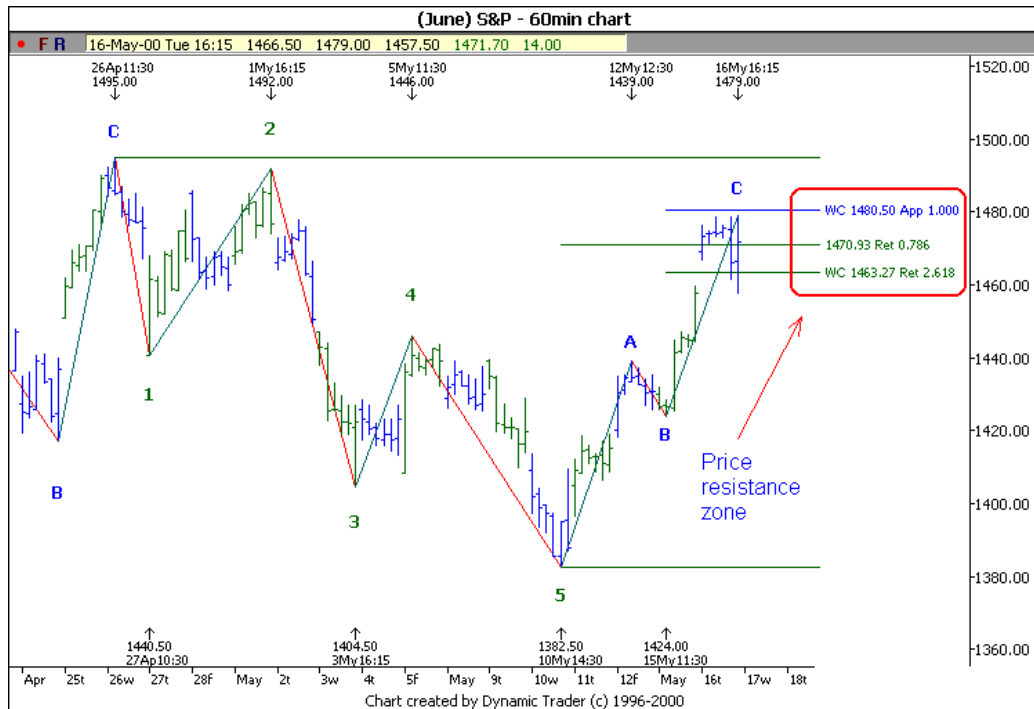


Here we can see that the S&P made a 5-wave decline into the May 10 low.

Typically a 5-wave trend is followed by an ABC correction. Therefore, following the Wave 5 low of May 10, we should be anticipating and preparing for an ABC correction.

This is exactly what happened as the S&P rallied off the May 10 low, unfolding as a simple ABC. Therefore on May 16 the **Pattern** was in a position to terminate a corrective rally off the May 10 low.

Now let's move onto **Price**.



Here we see that on May 16 the S&P was right in the **Price** resistance zone of 1463-1480, the *typical* Price relationships for a Wave C of 100% Alternate Price Projection Wave A plus 2.618% external retracement Wave B, and the 78.6% retracement of the prior 5-wave decline.

The S&P was thus at a **Price** level to terminate a corrective ABC rally off the May 10 low.

Lastly let's move onto **Time**:

Please see the chart on the next page, where we can see two **Time** relationships falling in the last two hours of Trading on May 16. These two time relationships are firstly, a 38.2% time retracement of the prior 5-wave decline (the *minimum* time retracement anticipated) and secondly, the *typical* time relationship of Wave C = 100% Wave A.



In the late afternoon on May 16, the S&P was at the ideal **Time** to terminate the ABC correction off the May 10 low.

**Price**, **Time** and **Pattern** all coincided at the high of May 16 to signal the potential termination of an ABC corrective rally off the May 10 low, so this was the time to employ trend reversal trade entry strategies to look to enter a short trade.

Tomorrow I will move onto the trade entry strategies that were used and two others that could have been used to enter the trade.

## Lessons Learned

Once **Price**, **Time** and **Pattern** have coincided, a market is in a position to make a trend reversal. Trend reversal trade-entry strategies are then used to enter a trade.

Good Trading,  
Steve  
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## Specific Trade Recommendations Summary For May 22

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

| Market   | New Trade Recommendations or Stop-Loss For Existing Positions  |
|--|--|
| <b>E-Mini S&amp;P: June</b><br><u>S – 5/17, 1456.0</u> | The S&P continued to decline today. The next support area is at 1356.25-1366.50. See chart below.<br><u>ST Unit:</u> Trail the protective buy -stop one tick above the 1DH, 1417.25 for tomorrow.<br><u>IT Unit:</u> Maintain the protective buy-stop at 1444.75.  |
| <b>Dollar Index: June</b><br><u>S – 5/22, 111.16</u>   | Today's decline elected the 111.16 sell-stop.<br><u>ST and IT Units:</u> Maintain the initial protective buy -stop at 112.67.  |
| <b>BP: June</b><br><u>L – 5/22, 1.4900</u>             | Today's rally elected the 1.4900 buy-stop<br><u>ST and IT Units:</u> Maintain the protective sell-stop at 1.4790.  |
| <b>Crude (July)</b><br><u>S – 5/22, 29.49</u>          | Today's decline elected the 29.49 sell-stop.<br><u>ST &amp; IT Units:</u> Maintain the protective buy-stop at 30.36.   |
| <b>Copper: July</b><br><u>S – 5/22, 83.55</u>          | Today's decline elected the 83.55 sell-stop.<br><u>ST &amp; IT Units:</u> Maintain the initial protective buy-stop at 85.55.   |
| <b>Beans: July</b><br><u>Same Rec as Sat.</u>          | Today Beans remained within Thursday's trading range. Looking to position long on break up from W.2 low. See chart below.<br><u>ST &amp; IT Units:</u> As long as beans have not closed below 545.4, buy on a 560.6 stop and place the initial protective sell-stop at 545.2.  |
| <b>Cotton: July</b><br><u>New Rec</u>                  | Today Cotton rallied without trading below 60.75. It now looks as if Friday completed the Wave 4 low. Wave 5 Price target is only just above today's high at 63.72-64.19. See chart below.<br><u>ST &amp; IT Units:</u> If Cotton trades to 63.72, but does not close above 64.19, 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. |
| <b>Sugar: July</b><br><u>Same Rec as Sat</u>           | Today Sugar rallied into the maximum Price target for Wave 5 as outlined in Saturday's report.<br><u>ST &amp; IT Units:</u> As long as Sugar has not closed above 7.51, 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.   |

## Summary of Open Trade Positions As of May 22

| Market                | Month | L / S | Unit  | Opened | Price  | Closed | Price  | # Ctr | P/L    | O/C |
|-----------------------|-------|-------|-------|--------|--------|--------|--------|-------|--------|-----|
| <b>E-Mini S&amp;P</b> | June  | S     | ST&IT | 5/17   | 1456.0 | -      | 1403   | 2     | \$5300 | O   |
| <b>Dollar index</b>   | June  | S     | ST&IT | 5/22   | 111.16 | -      | 110.98 | 2     | \$360  | O   |
| <b>BP</b>             | June  | L     | ST&IT | 5/22   | 1.4900 | -      | 1.4928 | 2     | \$350  | O   |
| <b>Crude Oil</b>      | July  | S     | ST&IT | 5/22   | 29.49  | -      | 28.68  | 2     | \$1620 | O   |
| <b>Copper</b>         | July  | S     | ST&IT | 5/22   | 83.55  | -      | 83.10  | 2     | \$225  | O   |

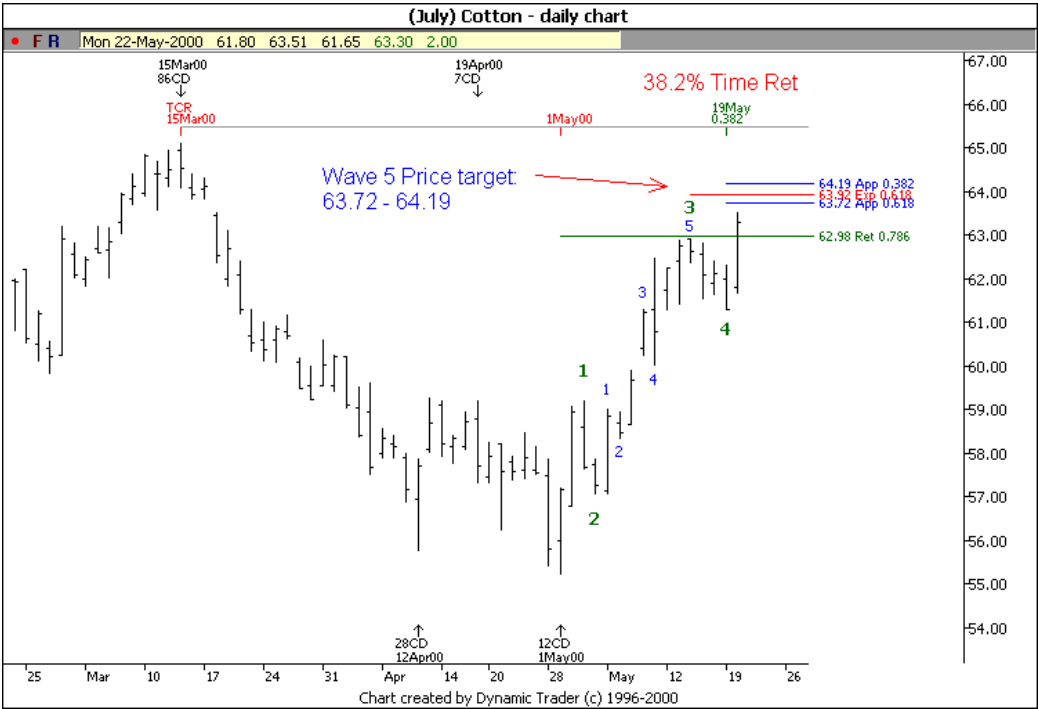
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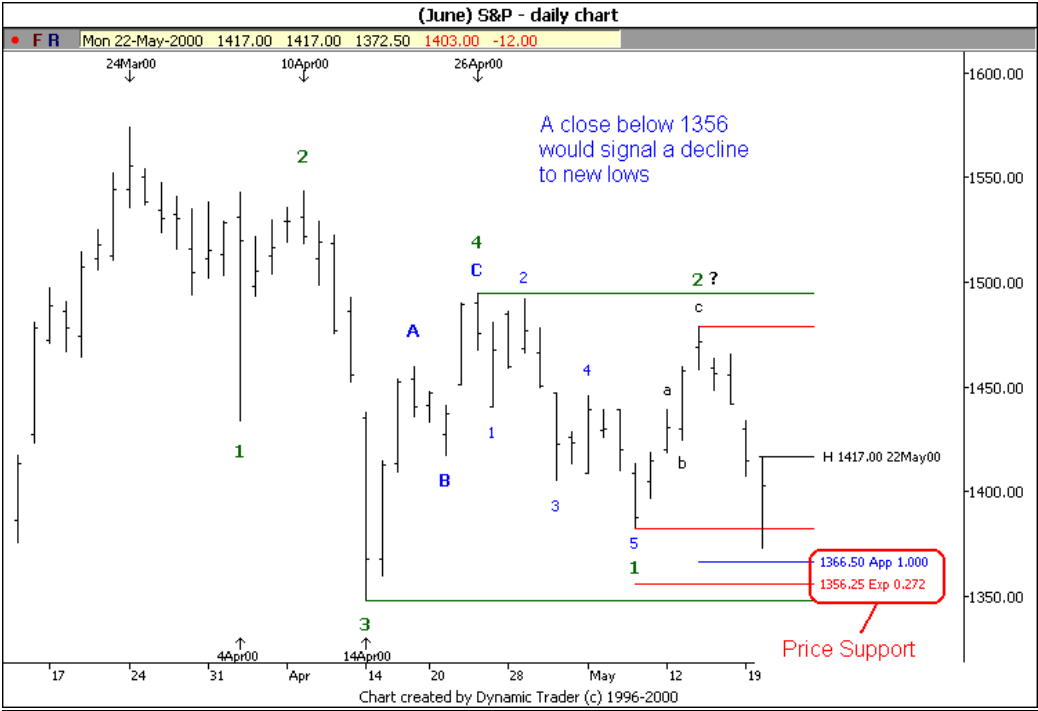
Other Markets of Interest Summary For May 22

| Market           | Other Markets of Interest  |
|------------------|--|
| Nasdaq 100 (P.5) | W.3:5 low probably completed today.  |
| Bonds (P.6)      | Should decline to below the May 8 low to complete Wave-5 by Tuesday, <u>May 23</u> , ideally in the <u>92.09-91.18</u> W.5 target zone.<br><br>A close above 94-15 would invalidate this outlook and confirm Wave 5 is complete at the May 19 low. |
| Gold (P.11)      | Gold should complete a five-wave decline by early June. A trade above 284.0 (June) signals W.5:5 low is complete. No strong opinion of the long-term position.   |

(July) Cotton – daily chart



(July) S&P – daily chart



(July) Soybeans – daily chart

