

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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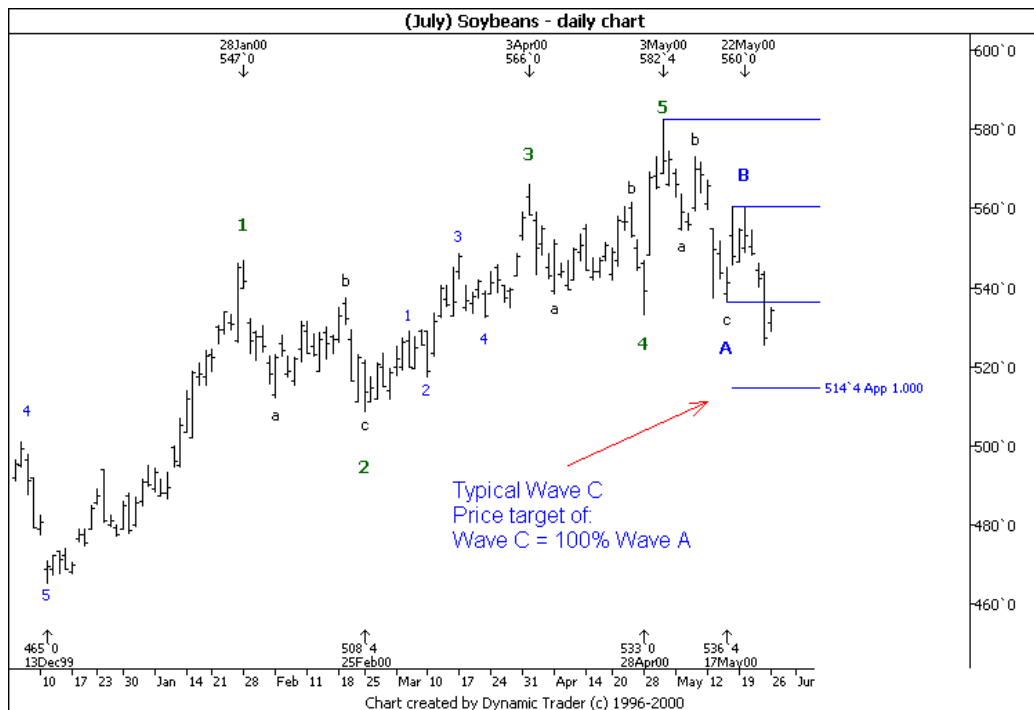
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

Alternate Elliott Wave counts

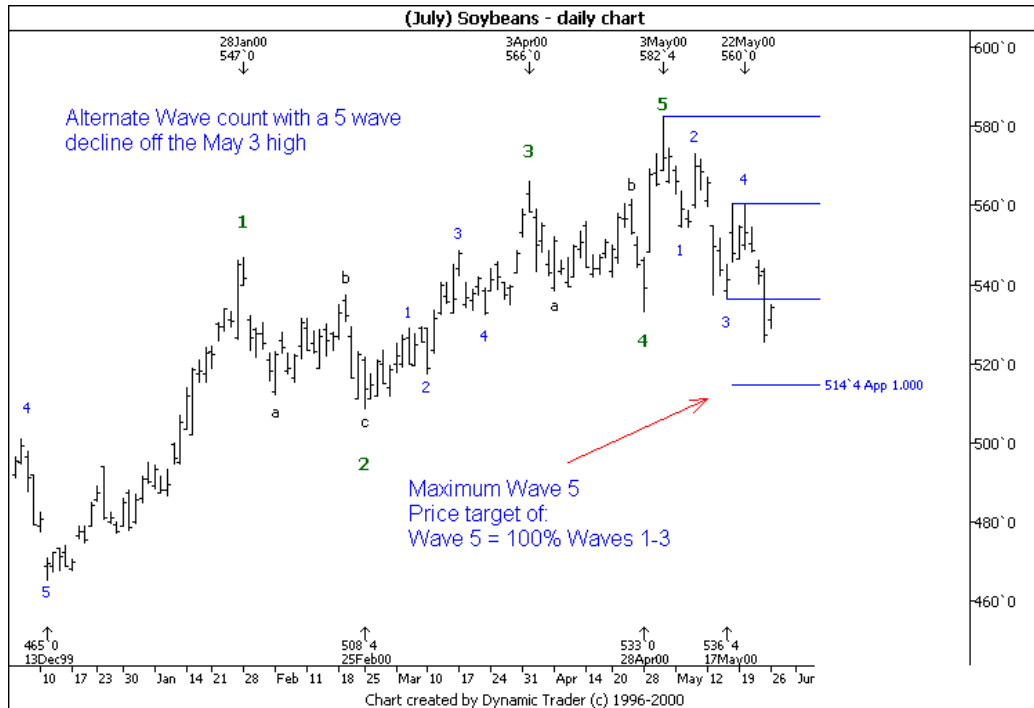
Continuing with the practical application of Price, Time and Pattern analysis as taught in prior tutorials, today I would like to look at how to cope with two possible alternate Wave counts in the same market.

To demonstrate, I would like to start with a look at (July) Soybeans:



The current working assumption is May 3 completed a five-wave rally and Beans are now correcting in a simple ABC.

Now compare this with the chart below which shows an alternative view where the decline off the May 3 high is considered a potential five-wave sequence.



On the daily chart above, it Wave-4 has traded into the range of Wave-1 but Wave-4 has not closed into the closing range of Wave-1.

At this point in time, either of these possible wave counts *could* be correct.

If a five-wave sequence is being made, it should be Wave-A of a correction.

If an ABC is being made where Wave-A is itself an ABC, it should complete a correction when the Wave-C is complete.

So the question is - how does this affect our analysis and trading strategies? The simple answer is that for the practical purpose to identify a *potential tradable opportunity* to enter the market with a small controlled risk, it does not matter which of these different scenarios we work with.

The price target for each is similar. The maximum price target for the five-wave sequence where W.5 equals 100% W.1-3 is the same as the typical price target for W.C where W.C equals 100% W.A.

The two counts shown above have very different outcomes. Both should be part of a correction to a five-wave trend.

If the ABC count is correct, the correction should be complete when Wave-C is complete. If the five-wave count is correct, only Wave-A of the correction should be complete when the five-wave sequence is complete.

The point they have in common is that they are both anticipating *at least* a minor rally off a potential bottom anticipated in the next day or so. Therefore, *for the purpose of identifying a tradable opportunity*; a potential long trade may be considered using either count.

After a low is made, we can evaluate the market position as the anticipated rally unfolds.

Tomorrow I will cover in more detail the *larger degree* analysis on soybeans, showing how both these two very different Elliott Wave counts both point to the same potential tradable opportunity.

Lessons Learned

Sometimes, what appear to be two very different Elliott wave counts can both point to the same tradable opportunity.

Good Trading,
Steve

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Specific Trade Recommendations Summary For May 30

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

Market	New Trade Recommendations or Stop-Loss For Existing Positions
S&P: June <u>New Rec</u>	Probable Wave-C high by tomorrow followed by a continued decline. The set-up for a short trade will be if the S&P advances into the time and price targets for a Wave-C high and makes a reversal signal. Ideal WC Price target is 1422.25 – 1430.25. Ideal WC Time is afternoon of May 31. See chart below. <u>ST & IT Units</u> : As long as the S&P has not closed above 1430.25, 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.
Dollar Index: June <u>S – 5/22, 111.16</u>	W.3 price target reached and profit taken on the ST unit at 108.33. <u>IT Unit</u> : Maintain the protective buy-stop at 110.73.
Crude: July <u>New Rec</u>	May 26 probable Wave-5 high. Today Crude Oil made an inside day. <u>ST & IT Units</u> : As long as crude has not traded above 30.82, sell on a 29.69 stop and place the initial protective buy-stop at 30.49.
Gold: August <u>Same Rec as Sat.</u>	Potential W.5:5 low on Thursday. Tomorrow is first notice day for June gold. The trade strategy is for the AUGUST contract. <u>ST&IT Units</u> : As long as August gold has not traded below 272.1, buy on a 278.1 stop and place the initial protective sell-stop at 273.2.
Copper: July <u>S-5/22, 83.55</u>	Copper declined as anticipated today, and has reached initial support area. <u>ST & IT Units</u> : Lower the protective buy -stop on the LT unit to 83.85, and trail the protective buy-stop on the ST unit one tick above the prior day's high - 83.85 for tomorrow.
Beans: July <u>New Rec</u>	Beans have reached the price and time targets for a corrective low as outlined in Saturday's report. See chart below. <u>ST & IT Units</u> : As long as beans have not closed below 508.4, buy on the close if the close is above the current day's open and the prior day's close. Place the initial protective sell -stop one tick below the recent low.
Cotton: July <u>S-5/30, 61.69</u>	May 25 is probably a Wave-5 high. Today Cotton declined as anticipated, triggering the go short strategy one tick below the first hour of trading at 61.65. <u>ST & IT Units</u> : Lower the protective buy stop to 63.80.
Sugar: July <u>Same Rec as Sat.</u>	Probable W.5:5 high on May 25. Today Sugar made a double inside day. <u>ST&IT Units</u> : As long as Sugar has not traded above 8.04, sell on a 7.57 stop and place the initial protective buy -stop at 7.84.

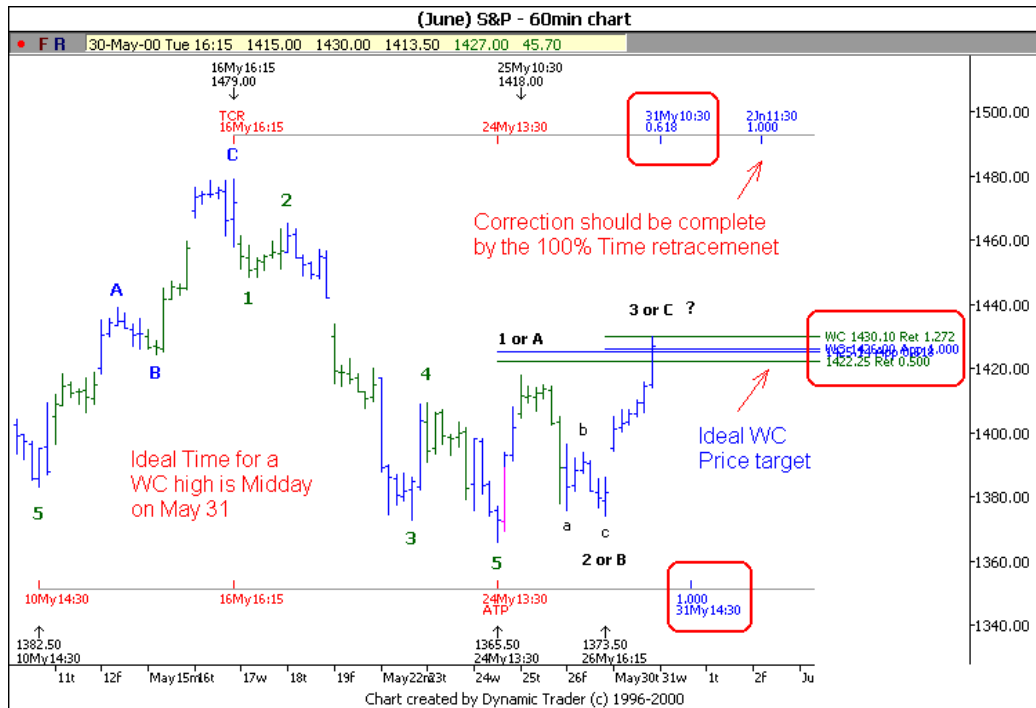
Summary of Open Trade Positions as of May 30

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
Dollar index	June	S	ST	5/22	111.16	5/30	108.33	1	\$2830	C
Dollar index	June	S	IT	5/22	111.16	-	109.00	1	\$2160	O
Cotton	July	S	ST&IT	5/30	61.69	-	61.05	2	\$640	O
Copper	July	S	ST&IT	5/22	83.55	-	81.10	2	\$1225	O

Other Markets of Interest Summary For May 30

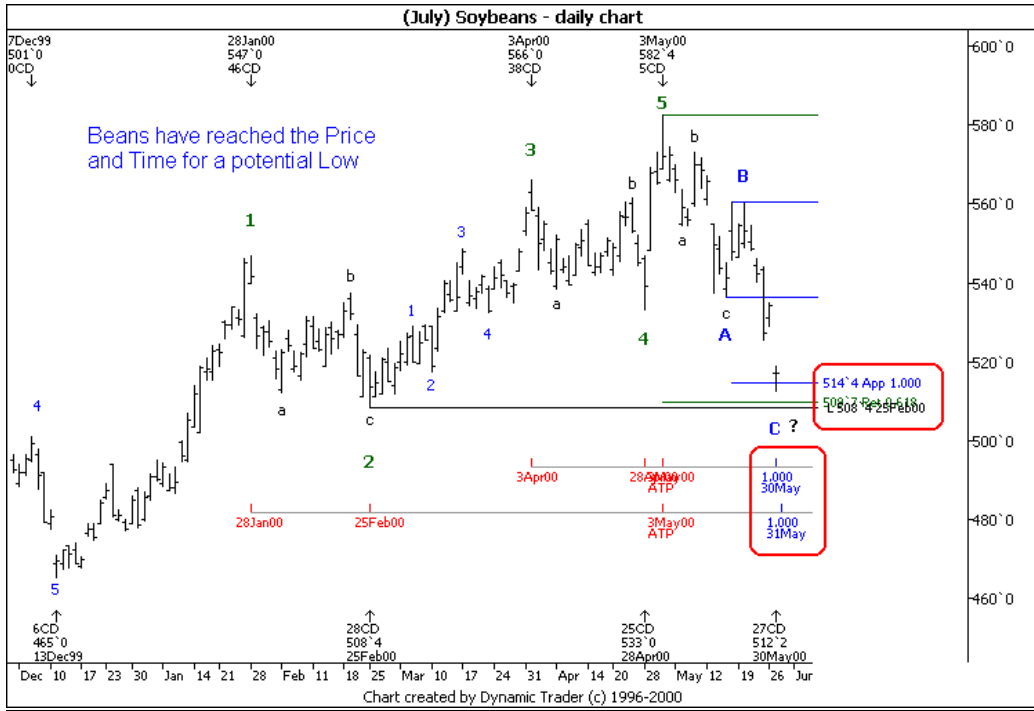
Market	Other Markets of Interest
Nasdaq 100	Same as S&P. Probable Wave-C high by Wednesday followed by a continued decline.
Nikkei	The decline has reached the 61.8% retracement, the probable target for a Wave-A low.
Bonds	Tomorrow is the first notice day for June Bonds, therefore all analysis and trade recommendations will now be on the Sep contract.
BP	New, more bearish wave count. At or near a W.3:3 low. Potential set-up June 2-7 for long trade.
CRB Index	Near historical time and price projections for a significant top.

(June) S&P – 60min chart



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(June) Soybeans – Daily chart



(July) Copper – daily chart

