

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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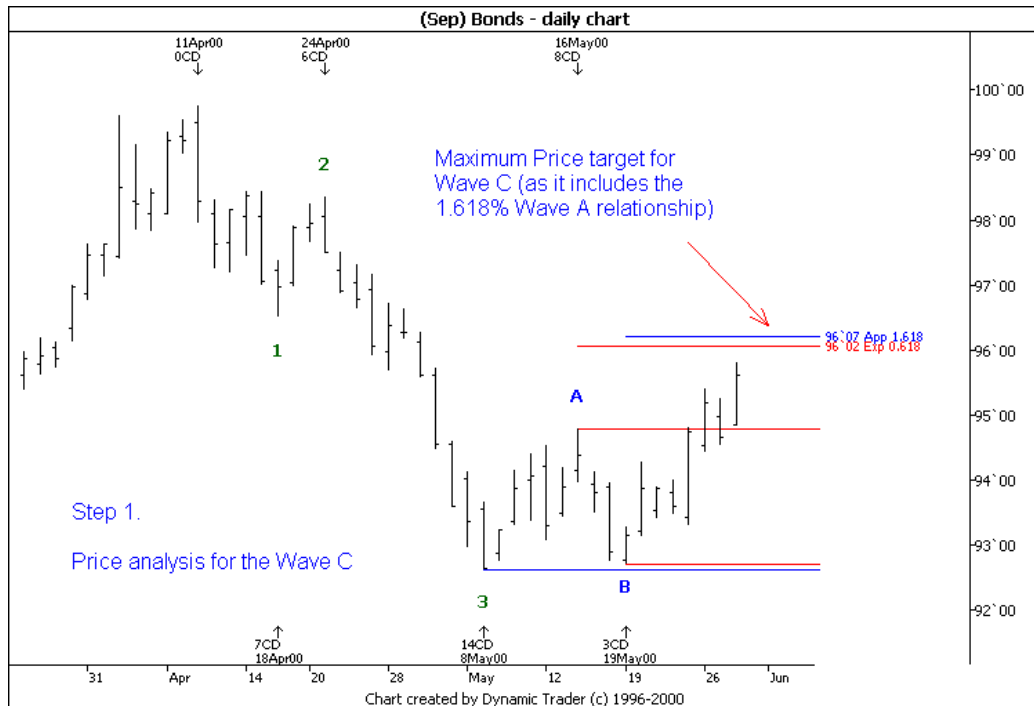
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

## Price analysis from multiple degrees of swing

Continuing with the practical application of Price, Time and Pattern analysis, today I would like to take a look at how to build a price target using individual price relationships from *different degrees of swing*.

As an example I would like to look at the (Sep) bond chart, where the pattern appears to be unfolding as an ABC, Wave 4 correction off the May 8 low:



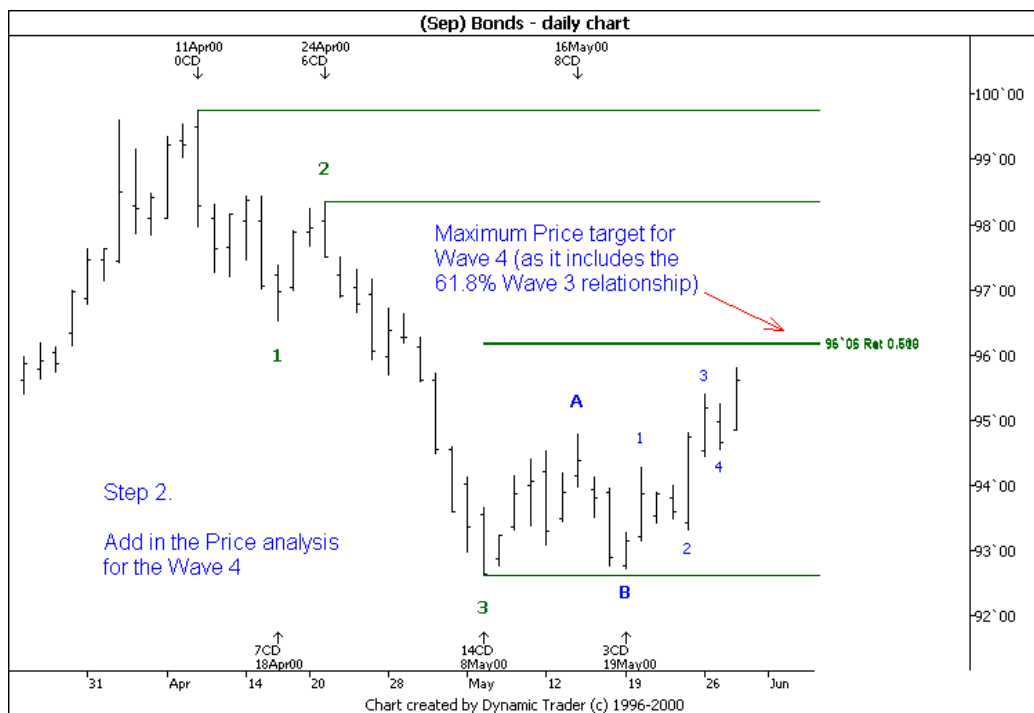
In the chart above I have used the individual price relationships for a Wave C, which produces a tight price cluster of 96-02 to 96-07, consisting of:

- Wave C = 162% alternate price projection Wave A, and
- Wave C = 162% external retracement Wave B

This price cluster would be considered the *maximum* price target for a Wave C as it includes the Wave C = 162% Wave A relationship.

The projections that would fall below the current price position such as where W.C equals 100% W.A and 127% W.B are not shown on the chart below because bonds have already exceeded these targets.

The next step is to include the price targets for the Wave 4 to see if the Wave-4 targets fall at or near the Wave-C target at 96.02-96.07.

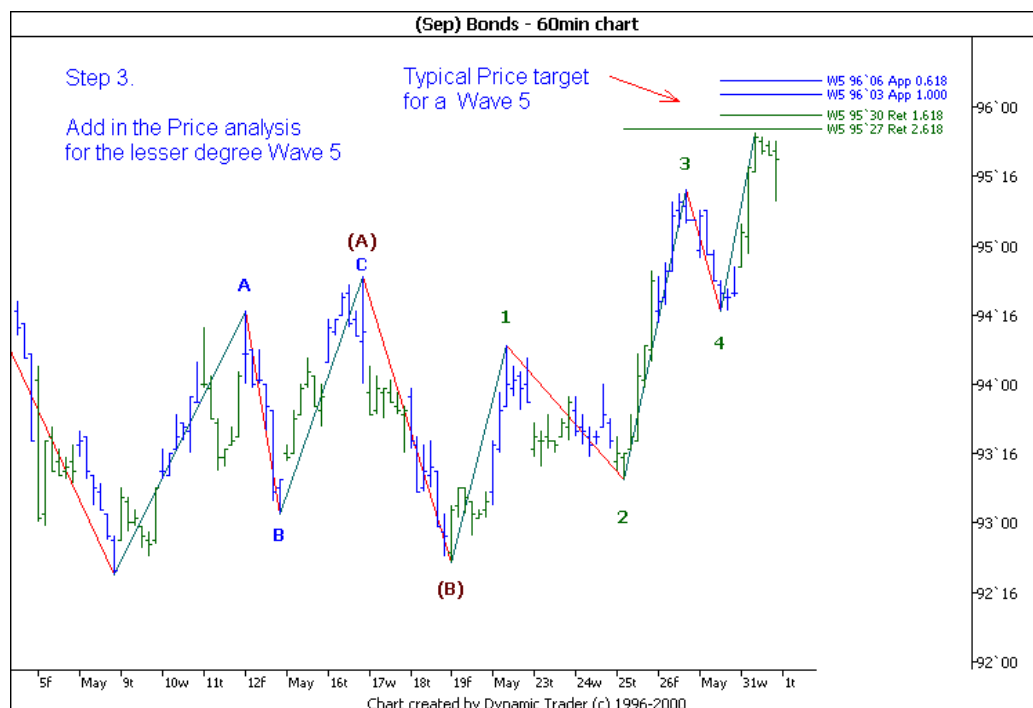


Wave-4 Price Targets overlap at 96-06 which falls within the Wave-C target at 96-02 to 96-07:

- Wave 4 = 62% price retracement of Wave 3, and
- Wave 4 = 50% price retracement of Waves 1-3

The 96.02-96.07 price zone should be considered the *maximum* price target for a Wave 4, as Wave 4's rarely retrace more than 62% of Wave 3 and this price zone includes where W.C:4 equals 162% W.A:4.

Lastly, we need to move down a time frame to the *lesser degree* price targets. These can be seen more easily on a 60-min chart where the Wave C appears to be unfolding as a five wave sequence, the *typical* pattern for a Wave C:



From this chart we can see the ideal Wave-5:C target at 95-27 to 96-06, which overlaps the first 92-02 to 92-07 price cluster, where:

- Wave 5 = 61.8% price projection of Waves 1-3, and
- Wave 5 = 100% price projection of Wave 1, and
- Wave 5 = 162% external price retracement of Wave 4, and
- Wave 5 = 262% external price retracement of Wave 2

This would be considered the *ideal* price target for a Wave 5 as this price range includes projections of W.1, W.2, W.1-3 and W.4.

These ten different price targets arising from three different degrees of swing produce a relatively tight price target range of 95-27 to 96-07, which would be the maximum price target for the termination of the ABC, Wave 4 corrective rally off the May 8 Wave 3 low of 96-20.

If bonds trade into this price target, trend reversal trade entry strategies should then be used to enter a short trade as a high in this price zone should be the completion of an ABC, Wave-4. If this is the case, that high should be followed by a continued decline to below the May 3 low.

This price target can also be used as a signal to invalidate our current opinion of the market, as a *close above this maximum price target of 95-27 to 96-07* would void this wave count and be considered a bullish signal and indicate a continued impulsive rally to new highs.

## Lessons Learned

The best price support and resistance areas are where price projections from *different swings* and *different degrees of swing* all cluster together in a relatively tight price range.

Good Trading,  
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**Continued on next page.**

## Specific Trade Recommendations Summary For June 1

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>S&amp;P: June</b> <u>New Rec</u>	<b>Analysis on the main S&amp;P, trade execution on the e-mini.</b> Although today's rally invalidated yesterday's potential go-short strategy, the S&P is still at the Price and Time for a corrective high. The maximum price target for a Wave C is at <u>1445.50 - 1458.50</u> , and the S&P has not passed the maximum time target for a corrective rally. See the chart below. <u>ST &amp; IT Units</u> : As long as the S&P has not closed above 1458.50, 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>Dollar Index: June</b> <u>S - 5/22, 111.16</u>	<u>IT Unit</u> : Maintain the protective buy-stop at 110.73.
<b>Crude: July</b> <u>S - 5/31, 29.69</u>	<u>ST &amp; IT Units</u> : Maintain the protective buy-stop at 30.49.
<b>Gold: Aug</b> <u>Same Rec as yesterday</u>	Potential W.5:5 low on Thursday. <u>ST &amp; IT Units</u> : As long as gold has not traded below 272.1, buy on a 278.1 stop and place the initial protective sell-stop at 273.2.
<b>Copper: July</b> <u>S-5/22, 83.55</u>	Today's rally stopped out the ST position at 81.55. <u>IT Unit</u> : Adjust the protective buy -stop to 82.70. See the chart and comments below.
<b>Beans: July</b>	Today beans closed below the open, therefore not electing the go long strategy from yesterday. As beans have now moved away from the May 30 swing low, the initial capital exposure will probably be too great to consider a long position on a close. We will stand aside from this market for now. There are no new recommendations.
<b>Cotton: July</b> <u>S-5/30, 61.69</u>	May 25 is probable Wave-5 high. Initial target is the 50% price retracement of the May 1 to May 25 rally at 59.67. See chart below. <u>ST &amp; IT Units</u> : Adjust the protective buy stop to 63.05.
<b>Sugar: July</b> <u>S-5/31, 7.57</u>	The short position was stopped out today at 7.84. No new recommendations at this time.

Continued on next page.

**Bonds**

**Steve's Comments:** Bonds have closed above 96-07 (Sept.) thus indicating the current rally is a new impulsive move considering the wave count shown in the tutorial above, and not just a correction as anticipated yesterday. A close above the Wave 1 closing high of 96-31 would confirm this. See first bond chart below.

**Comments from Robert:** While Steve writes the weekday update, I review it before it is sent out. There is an alternate wave count that should be considered from the one Steve shows on the first bond chart below and in the tutorial above.

Recent issues have suggested a five-wave decline is complete at the May 19 low and the current advance is a correction. If so, it is nearing the completion of a five-wave trend which should be a Wave-A. If so, Sept. bonds are near the extreme price target to complete W.5:A. See the chart and comments on the last page of this report.

**ST & IT Units:** If **Sept.** bonds have traded above today's high at 96.28 but have not closed above 97.07, sell on the close if the close is below the current day's open and prior day's close. Place the initial protective buy stop one tick above the recent high.

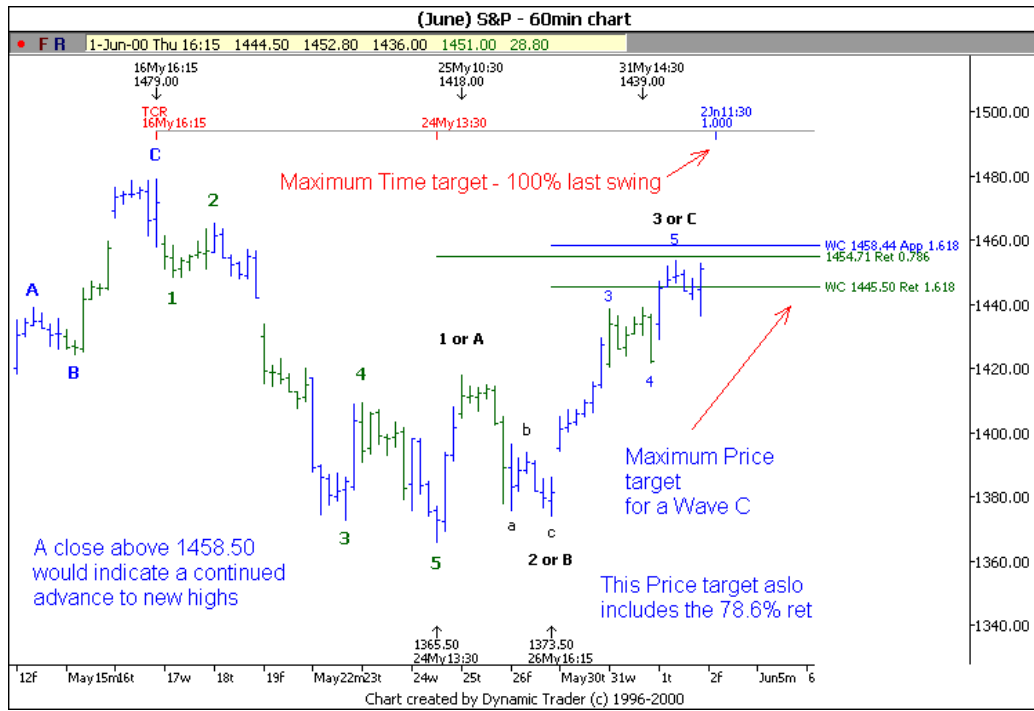
**Summary of Open Trade Positions as of June 1**

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	PL	OC
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	-	108.98	1	\$2180	O
Cotton	July	S	ST&IT	5/30	61.69	-	60.30	2	\$1390	O
Copper	July	S	ST	5/22	83.55	6/01	81.55	1	\$500	C
Copper	July	S	IT	5/22	83.55	-	81.10	1	\$225	O
Crude Oil	July	S	ST&IT	5/31	29.69	-	30.10	2	(\$820)	O
Sugar	July	S	ST&IT	5/31	7.57	6/1	7.84	2	(\$604)	C

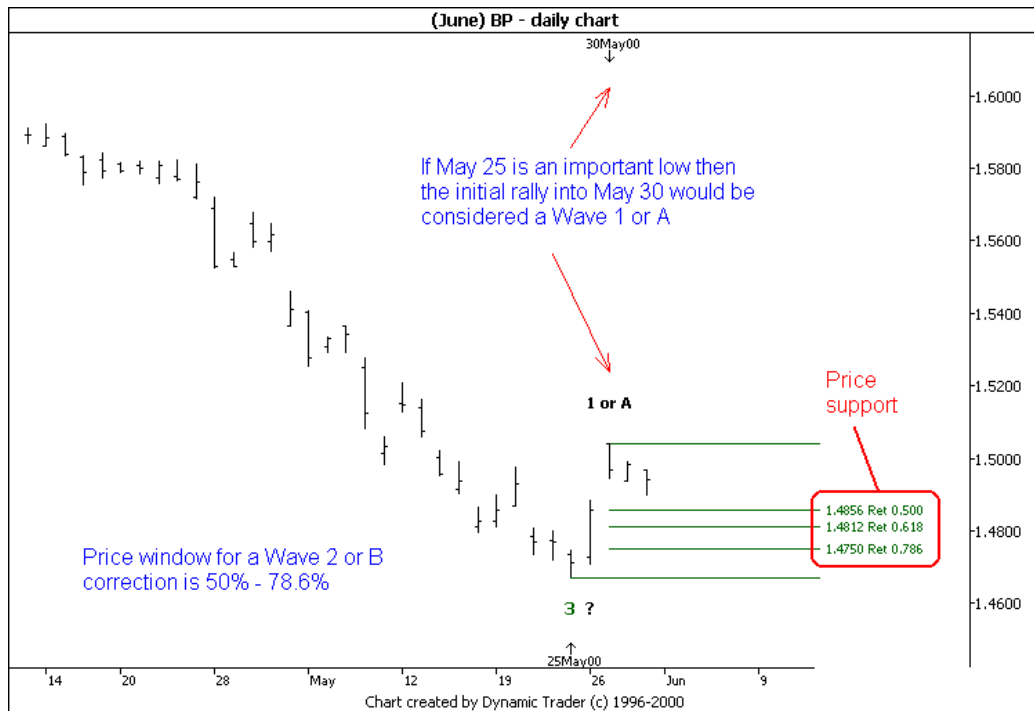
**Other Markets of Interest Summary For June 1**

Market	Other Markets of Interest
<b>Nasdaq 100</b>	Similar position to the S&P. Today's high is at the 78.6% price retracement of the May 16 to May 24 decline at 3517. A close above this level would be bullish and indicate a continued advance.
<b>Nikkei</b>	The decline has reached the 61.8% retracement, the probable target for a Wave-A low.
<b>BP</b>	New, more bearish wave count. At or near a W.3:3 low. If May 25 is considered a W.3:3 low then traders should prepare for a Wave 2 or B correction off the Wave 1 or A high of May 30 for a potential long trade. See chart below for additional comments and analysis.
<b>CRB Index</b>	Near historical time and price projections for a significant top.

(June) S&P – 60min chart

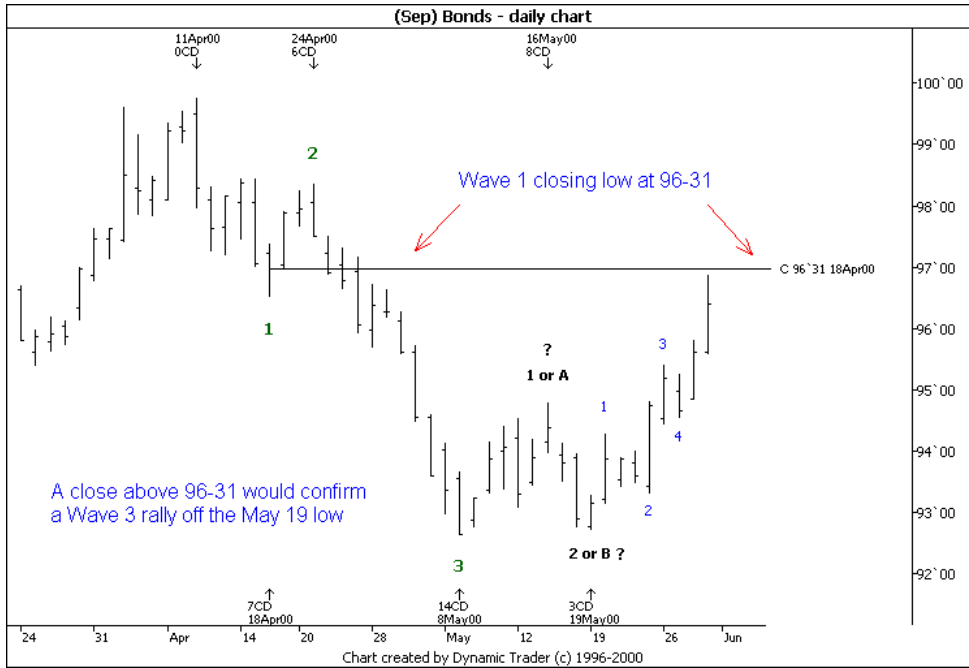


(June) Pound – daily chart

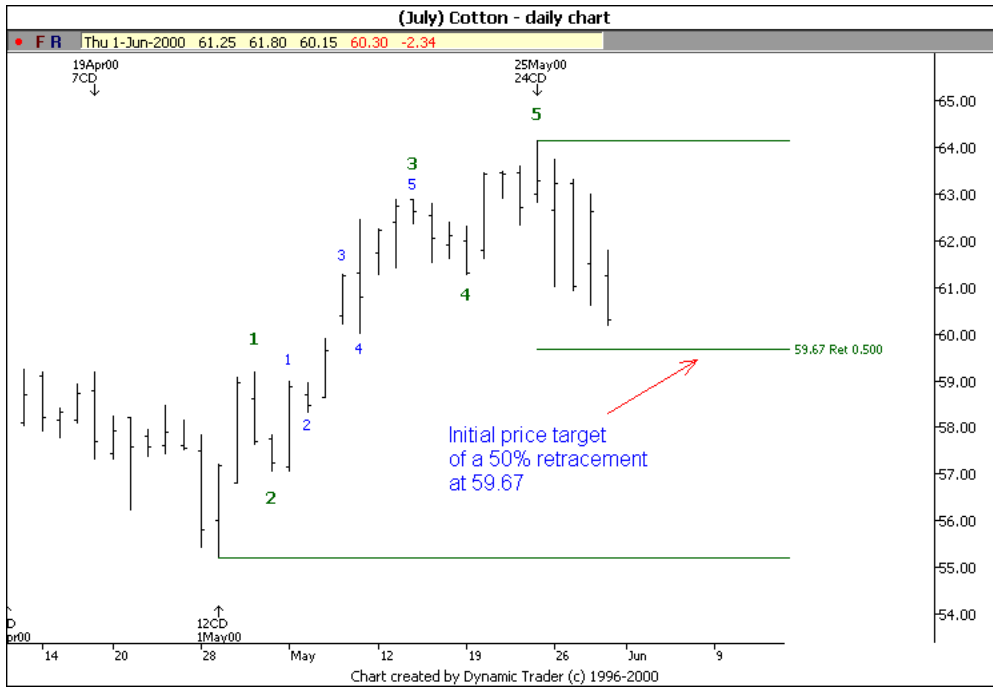


(Sep) Bonds – daily chart

Steve's chart. Also see chart and comments on the last page of this report



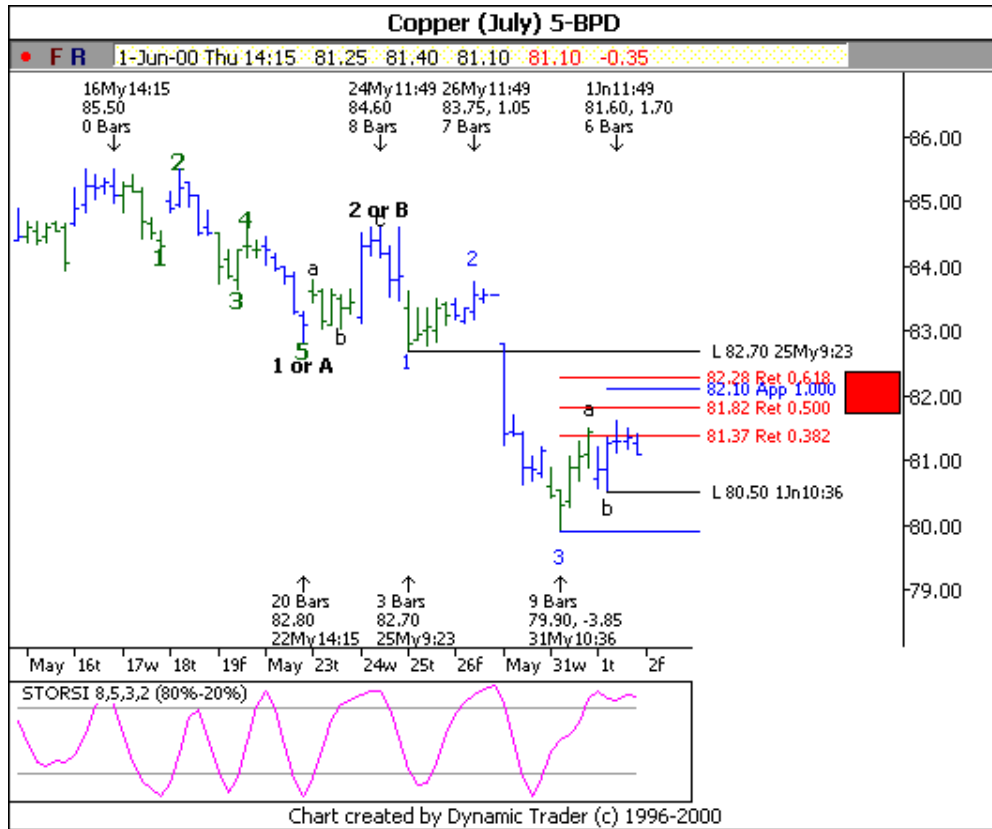
(July) Cotton – daily chart



Copper (July) 5 Bars/Day

If yesterday's low is a Wave-3 (of 3 or C), copper should not trade above 82.70 (Wave-1 low) and the ideal price target for Wave-C:4 is 81.80-82.20 which includes the 50%-62% retracement and where Wave-C equals 100% Wave-A.

Stops on short positions should not be higher than just above the Wave-1 low. A decline below the Wave-B:4 low is a signal to bring stops down to the Wave-4 high.



**Robert's Comments**

Bonds (Sept.) 5 Bars/Day

If May 19 is a Wave-5 low, bonds are near the maximum target for a Wave-5 high given the wave count shown below. This target includes where W.5 would equal 100% W.1-3 as well as the 61.8% retracement of the April 11 high to May 19 low. Even if this wave count is incorrect, at least a minor correction is usually made at the 61.8% retracement so the current position of bonds provides an opportunity for a short position.

The trading strategy for a short position given above require bonds to complete W.5:5 but not close above the maximum price target before a short trade is considered.

