

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.

Simple Analysis Procedure – Part 2

Continuing with the practical application of Price, Time and Pattern analysis, today I would like to look at how to build up an opinion of the position of a market in simple and logical steps.

For the second step of the analysis on (July) wheat from yesterday, I would now like to concentrate on the Wave 2 or B correction off the May 12 high.

Step 1. Once you've determined the larger degree position of a market, look at the lesser degree pattern within the Wave 2 or B correction. Typically, a Wave 2 or B correction unfolds as a simple ABC. As can be seen from the chart below, wheat appears to be making an ABC off of the May 12 high.



Step 2. Project the price support areas for the termination of the larger degree Wave-2 or B and the lesser degree Wave C of 2 or B.

Wave 2 or B Price Projections: 50%-78.6% retracement

Wave-C Price Projections: Where W.C equals 100% and 162% W.A and 127% and 162% W.B.



In the above chart, we can see two distinct price support areas of 269.4-267.2 and 262.4-260.2. The first of these would be considered the *typical* price target for the termination of the Wave C, as it includes the important Wave C = 100% alternate price projection of Wave A.

The second of these would be considered the *maximum* price target for the termination of the Wave C, as it includes the Wave C = 162% alternate price projection of Wave A. This price target would also be considered the *maximum* price target for the entire Wave 2 or B correction as it includes the 78.6% retracement of the Wave 1 or A rally from Apr 27 to May 12.

Step 3. Project the Time targets for the termination of the end of the Wave C and completed Wave 2 or B correction.

Please see the chart on the next page



In the above chart, the Wave 2 or B correction is anticipated to terminate within a time window of May 22 to June 8 (50%, 62%, 100% and 162% time retracements). A Wave-2 or B correction will usually be complete by the 100% Time Retracement and should be complete no later than the 162% time retracement.

Step 4. If wheat trades into the price, time and pattern projections for a Wave-2 or B low, use trend reversal trade entry strategies to enter a long trade. I will cover this tomorrow.

Step 5. Define the parameters that would either confirm or invalidate the current analysis. Again I will cover this step in tomorrow's tutorial.

Lessons Learned

Use a simple and logical procedure to identify a potential tradable set-up.

Good Trading,

Steve

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Specific Trade Recommendations Summary For June 6

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

Market	New Trade Recommendations or Stop-Loss For Existing Positions
Bonds: Sep <u>S – 6/6, 96.14</u>	Today bonds declined, electing the 96.14 sell stop. <u>ST & IT Units</u> : Maintain the protective buy-stop at 97.02.
Dollar Index: June <u>S – 5/22, 111.16</u>	The dollar index has reached the time, price and pattern projections for the potential termination of the decline off the May 19 high. See chart below. <u>IT Unit</u> : Trail the buy -stop one tick above the 1DH (107.55 for tomorrow), OR Stop and Reverse to a net long position (2-units long) on a close if the close is above the current day's open and the prior day's close. If the S&R is elected, place the initial protective sell-stop one tick below the recent low.
Gold: Aug <u>L – 6/2, 278.1</u>	Today gold traded above 293.5. <u>ST Unit</u> : Trail the protective sell-stop on the ST unit one tick below the 1DL, (286.7 for tomorrow) OR exit on the close if the close is below the current day's open and prior day's close. <u>IT Unit</u> : Maintain the protective sell-stop on the IT unit at 278.7.
Cotton: July <u>S-5/30, 61.69</u>	<u>ST & IT Units</u> : Trail the protective buy-stop one tick above the 1DH (58.66 for tomorrow), or exit on a close if the close is above the current day's open and the prior day's close.
Soybeans: July <u>New Rec</u>	Today beans declined into the 50% to 78.6% Wave 2 or B target zone as anticipated yesterday. See chart below. <u>ST & IT Units</u> : Buy on a 532 stop and place the initial protective sell-stop at 521.2.
Wheat: July <u>New Rec</u>	Today wheat traded to the maximum price target for the anticipated Wave 2 or B low, and made a reversal day. See chart below. <u>ST & IT Units</u> : Buy on a 268.2 stop. Place the initial protective sell-stop at 262.6.

Summary of Open Trade Positions as of June 6

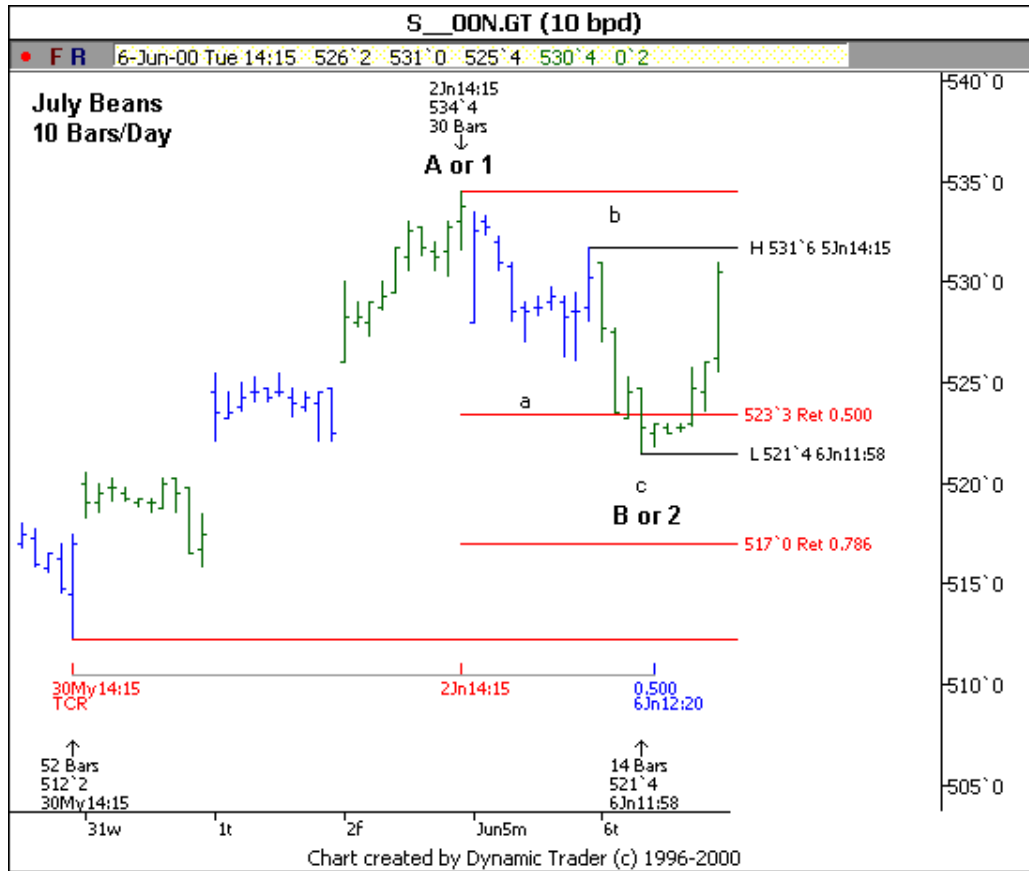
Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	PL	O/C
Dollar index	June	S	ST	5/22	111.16	5/30	108.33	1	\$2830	C
Dollar index	June	S	IT	5/22	111.16	-	106.52	1	\$4640	O
Cotton	July	S	ST&IT	5/30	61.69	-	57.57	2	\$4120	O
Copper	July	S	ST	5/22	83.55	6/01	81.55	1	\$500	C
Copper	July	S	IT	5/22	83.55	6/05	80.20	1	\$837.5	C
Gold	Aug	L	ST&IT	6/2	278.1	-	291.9	2	\$2760	O
Bonds	Sep	S	ST&IT	6/6	96.14	-	96.30	2	(\$1000)	O

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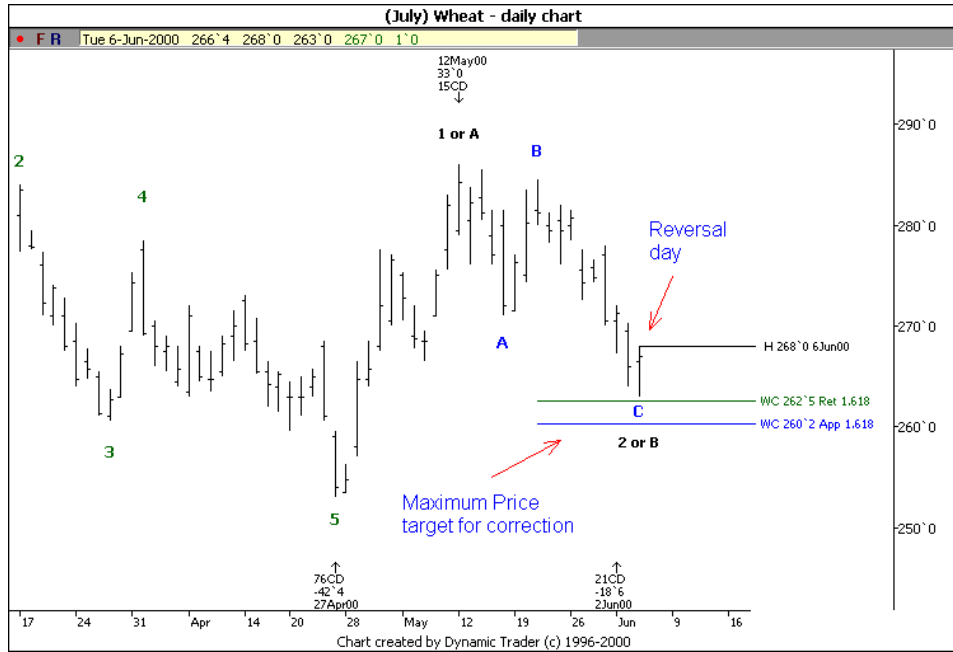
Other Markets of Interest Summary For June 6

Market	Other Markets of Interest
S&P	If June 2 is a Wave-3 high, ideal target for Wave-4 is 1445-1431 which includes the 38.2%-50% retracement of W.3 and where W.4 would equal 100% W.2. Larger degree pattern not clearly defined but the working assumption is May 24 completed a correction. Major resistance at 1512-1526.
Nasdaq 100	Same position as the S&P.
Crude (July)	Still appears to be at important high but recent volatility and wide-range days do not provide a low capital exposure set-up to go short. A trade below 28.95 confirms May 26 as a top.
Sugar	Next major resistance at 8.45-8.74.

(July) Soybeans – 5 Bars/Day



(July) Wheat – daily chart



(June) Dollar Index – daily chart

