

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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**Monday, June 12, 2000**

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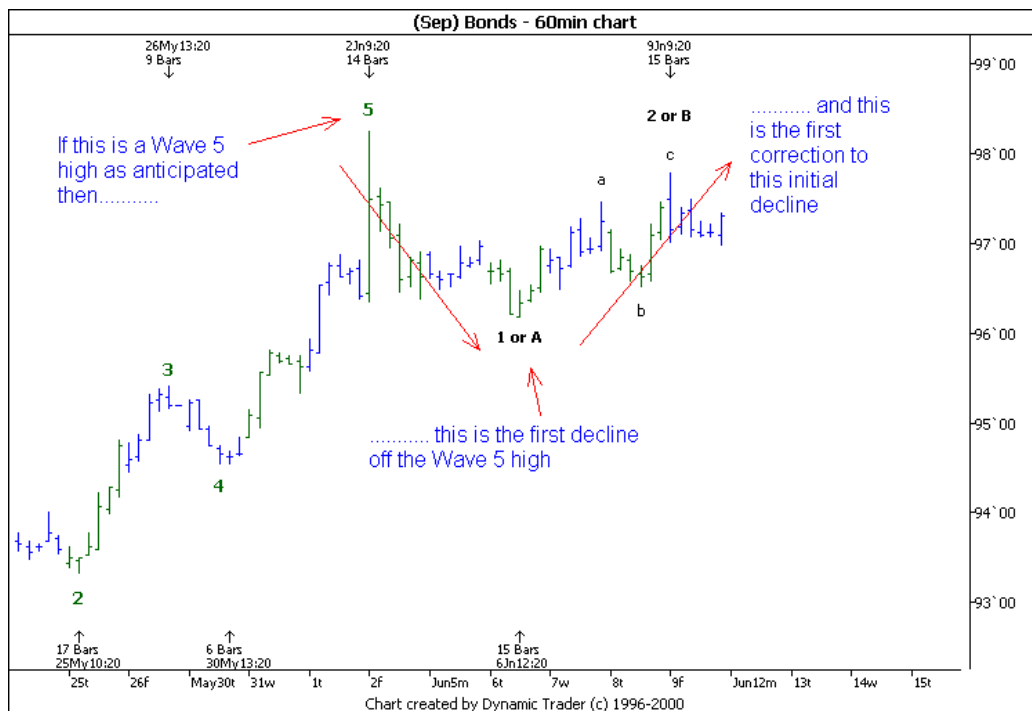
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

## Simple Analysis Procedure For A Trade Set-Up

Continuing with the practical application of Price, Time and Pattern analysis, today I would like to look in a little more detail at the Bonds chart and analysis presented in the Saturday Report.

First let's look at a 60min chart of (Sep) Bonds:



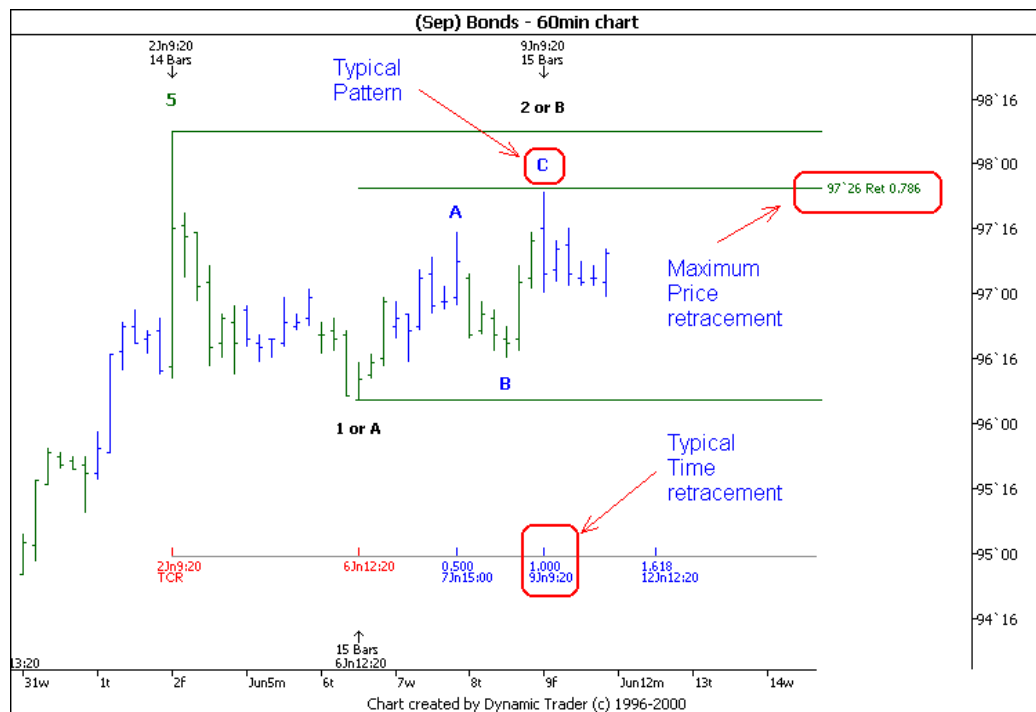
The first move off an important high or low is considered to be a Wave 1 or A, with the initial correction to this move a Wave 2 or B.

This is exactly the same procedure we demonstrated on wheat and the S&P last week, where the current move appeared to be unfolding as the *first correction* to the *first move* off a major high or low. In the case of (Sep) bonds, the high of June 2 is considered to be a Wave 5 high and a correction into at least the 50% retracement at 95-16 or lower is now anticipated

The next step is to look at the minimum, typical and maximum price, time and pattern characteristics of a Wave 2 or B correction.

- Pattern:** Typically a Wave 2 or B will unfold as a simple ABC.
- Price:** Typically a Wave 2 or B will terminate between a 50% and 78.6% price retracement of the Wave 1 or A swing, and very often right on a 61.8% price retracement.
- Time:** Typically a Wave 2 or B will terminate between a 50% and 162% time retracement of the Wave 1 or A swing and very often right on a 61.8 or 100% time retracement.

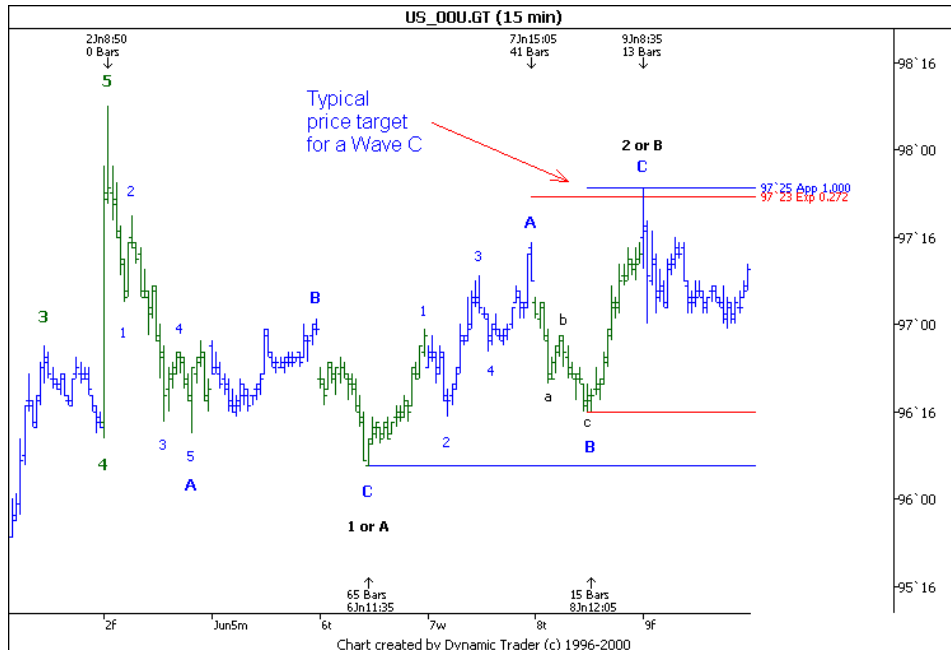
Now let's add these onto the current 60min bond chart:



Here we can see that the high at 9:20 on Jun 9 was at:

- The *typical pattern* of a simple ABC.
- The *maximum price retracement* of 78.6% Wave 1 or A.
- The *typical time retracement* of 100% Wave 1 or A.

We can now move down a degree of swing to look at the simple ABC correction that makes up the Wave 2 or B swing from 12:20 on Jun 6 into 9:20 on Jun 9 - for this I will use a 15min chart.



The June 9 high was made right in the price range where:

- Wave-C = 1272% external retracement Wave B and
- Wave-C = 100% alternate price projection Wave-A

This price cluster would be considered the *typical* price target for a Wave C as it contains the important Wave C = 100% Wave A relationship.

**Price**, **Time** and **Pattern** had all coincided at the 9:20 high on June 6, and trend reversal trade entry strategies should now be used to enter a short trade for the anticipated Wave C or 3 decline. Tomorrow I will continue to look at this trade set-up with two possible trade entry strategies and how to set criteria to confirm or invalidate the analysis.

## Lessons Learned

Take simple and logical steps to identify the high-probability time, price and pattern position to identify a tradable opportunity with acceptable capital exposure.

Good Trading,  
Steve

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## Specific Trade Recommendations Summary For June 12

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 (Sep)</b> <u>New Rec</u>	<p><b>Analysis on the full S&amp;P – trade execution on the E-mini.</b></p> <p>Today the S&amp;P declined into the ideal W.4 target zone as outlined in Saturday's report. See chart below.</p> <p><u>ST&amp;IT Units:</u> Buy on a 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.</p>
<b>Bonds (Sep)</b> <u>New Rec</u>	<p>Strategy is to sell as long as bonds have not closed above 97.26. Today Bonds made an inside day.</p> <p><u>ST &amp; IT Units:</u> As long as bonds have not closed above 97.26, sell on a 96.30 stop (one tick below Friday's low) and place the initial protective buy-stop at 97.19, (one tick above today's high).</p>
<b>Dollar Index (Sep)</b> <u>L-6/12, 106.68</u>  <b>AD (Sep)</b> <u>L-6/12, 0.5908</u>	<p>Wave-5 low complete on Thursday at 78.6% retracement.</p> <p>Today the June contract was rolled forward at 107.03 to the Sep contract at 106.68.</p> <p><u>ST and IT Units:</u> Maintain the protective sell-stop at 105.11, one tick below Thursday's low.</p> <p>Today's rally triggered the 0.5903 buy stop on open at 0.5908</p> <p><u>ST&amp;IT Units:</u> Maintain the protective sell-stop at 0.5862, one tick below the June 9 low.</p>
<b>Crude (Aug)</b>	<p>Today crude oil traded above 29.65, therefore invalidating the sell set-up. There are no new recommendations.</p>
<b>Gold (Aug)</b> <u>L-6/2, 278.1</u>	<p>Strategy is to protect the long position with a stop just below the W.4 target.</p> <p><u>IT Unit:</u> Maintain the protective sell-stop at 281.3.</p>
<b>Silver (July)</b> <u>New Rec</u>	<p>Strategy is to go-long in the Wave-C support zone for a continued advance to a new high. This Wave C now appears complete. See chart below.</p> <p><u>ST &amp; IT Units:</u> As long as July silver has not closed below 500.0, 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 low made since the June 6 high.</p>

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### Specific Trade Recommendations Summary For June 12 (Cont.)

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

<b>Cotton (July)</b>	Today cotton traded below Thursday's low, therefore invalidating the buy set-up. There are no new recommendations.
<b>Wheat (July)</b> <u>L - 6/8, 266.4</u>	Close above 272.0 signals June 7 should be a Wave-C low and wheat should continue to advance to above the May high. <u>ST &amp; IT Units:</u> Maintain the protective sell-stop on both units at 262.0.

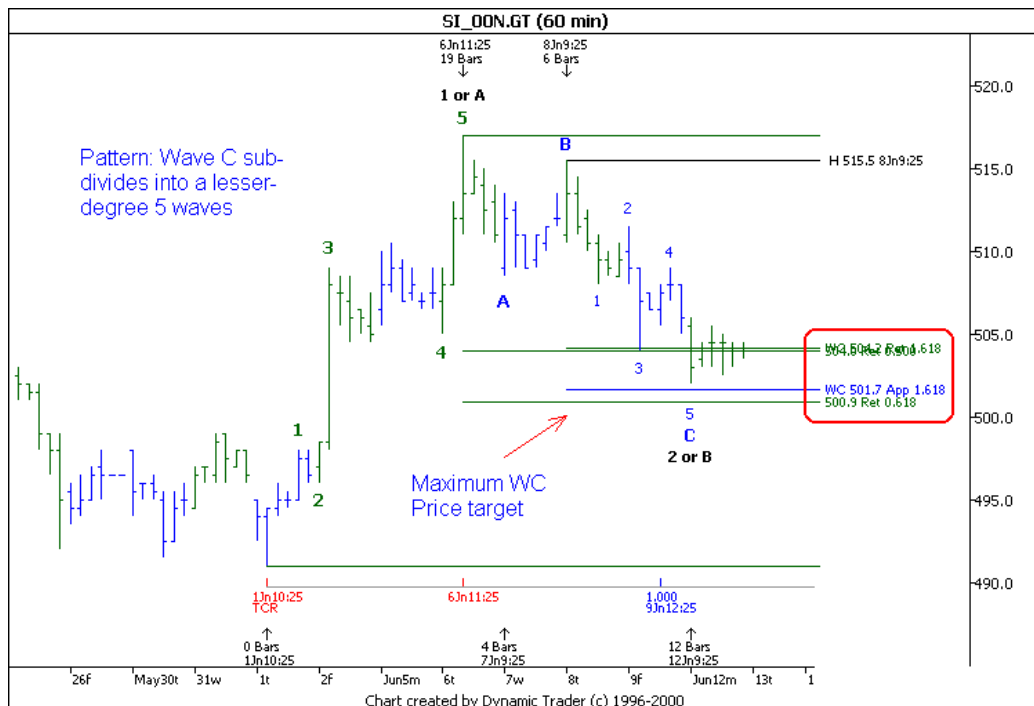
### Summary of Open Trade Positions as of June 12

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
<b>Gold</b>	Aug	L	IT	6/2	278.1	-	289.0	1	\$1090	O
<b>Dollar Index</b>	June	L	ST&IT	6/6	106.73	6/12	107.03	2	\$600	C
<b>Dollar Index</b>	Sep	L	ST&IT	6/12	106.68	-	106.54	2	(\$280)	O
<b>Wheat</b>	July	L	ST&IT	6/6	266.4	-	265.4	2	(\$100)	O
<b>AD</b>	Sep	L	ST&IT	6/12	.5908	-	.5925	2	\$340	O

### Other Markets of Interest Summary For June 12

Market	Other Markets of Interest
<b>DJIA</b>	June 3-8 is a strong time cluster with potential to complete an ABCDE correction. The breakout direction from the recent narrow trading range should define the direction of the main trend.
<b>Nasdaq 100</b>	Minor W.4 low appears complete. Ideal target for W.5 is 3954-40003.
<b>ECU</b>	Trades inversely to the dollar index. Made a W.5 high on June 8. Should retrace 50% to .9284.
<b>Copper</b>	The assumption is a corrective low is complete on June 7 and copper should advance to at least the 50% retracement at 81.95 and probably continue to above the May 18 high. The strategy is to look to go long on a minor 50% retracement.
<b>Beans (July)</b>	Beans declined sharply today, invalidating the buy set-up given in Saturday's report. The critical time target for a low at this time is the broad period of June 20-July 5 and the critical price target at 490.  There are no new recommendations.

(July) Silver – 60min chart



(July) S&P – 60min chart

