

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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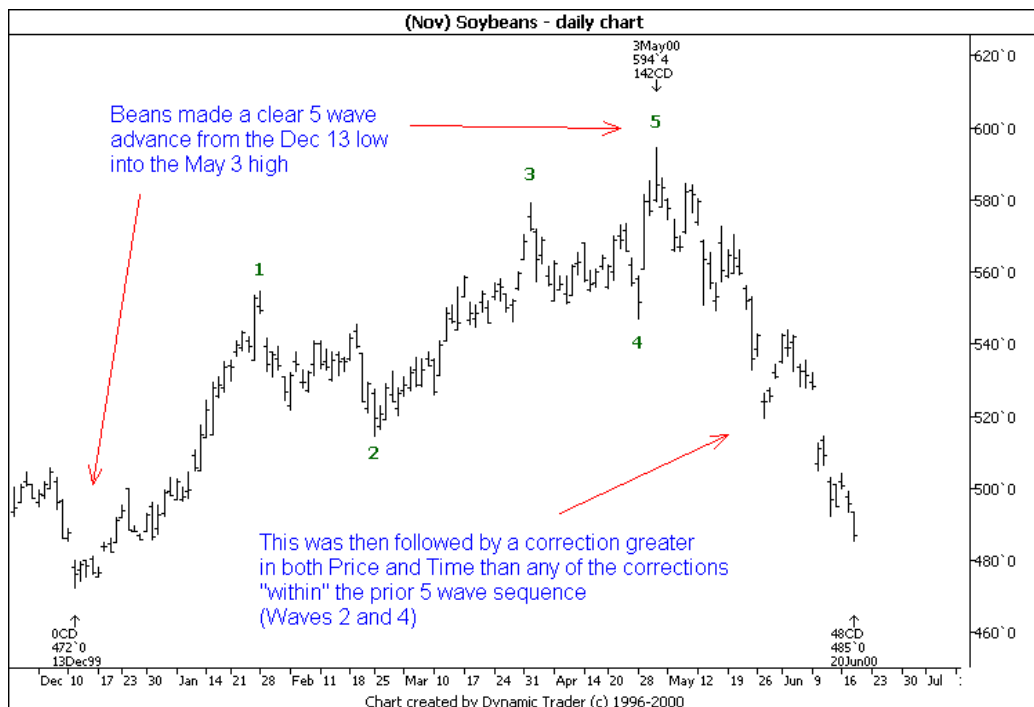
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

Simple and Practical Analysis Procedure

Continuing with the practical application of Price, Time and Pattern analysis, I would like to look at (Nov) soybeans.

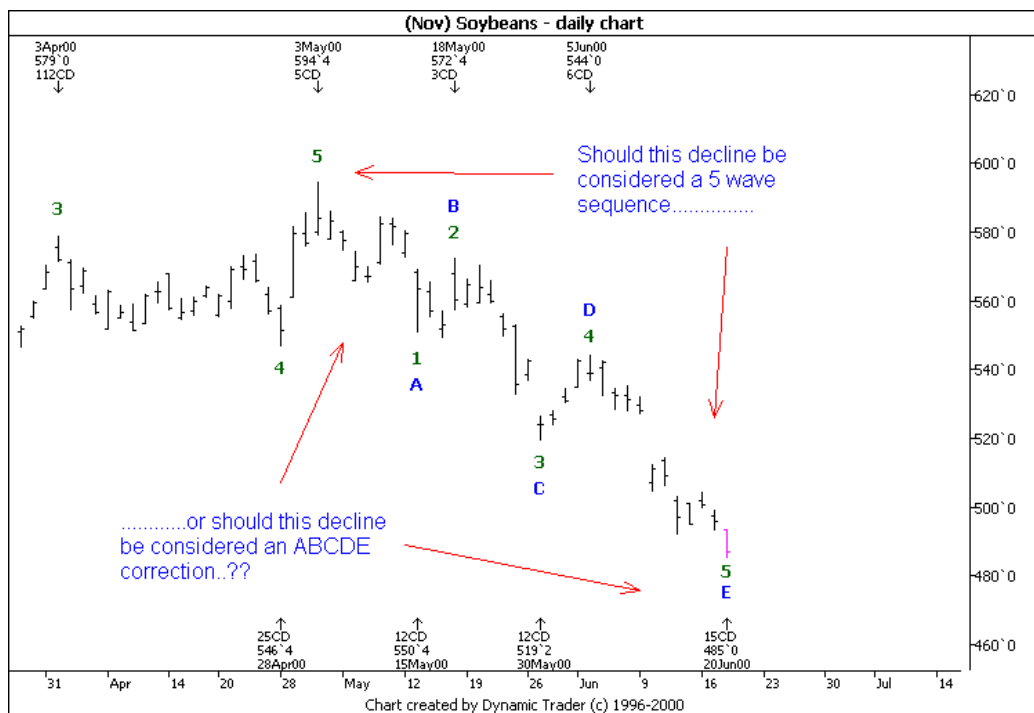
Today I would like to look in more detail at the *pattern* position of (Nov) soybeans, and in particular, how Price, Time and Pattern are all currently coming together to signal a potential bottom. To start with I would like to look at the larger-degree picture:



In this first chart, we can see the basic pattern of a five-wave advance from the Dec 13 low into the May 3 high, which is followed by a correction greater in both price and time than either of the corrections within the prior five-wave sequence.

This is the basic structure of an impulsive Elliott wave sequence - five waves followed by a correction. The only exception to this is where the current five-wave sequence completes a larger-degree Elliott pattern, for example a Wave 5 or a Wave C. In this instance the five-wave sequence is normally followed by a new five-wave impulsive sequence in the opposite direction.

Now let's turn to the pattern since the May 3 high:



Here is the dilemma that will confuse most standard Elliott wave technicians. Should the decline off the May 3 high be considered a new impulsive five-wave sequence or should it be considered an ABCDE correction? Each has a very different outcome; the first implies a corrective rally to follow whereas the second implies that a new impulsive rally will now unfold.

So is this decline just a correction to the Dec 13 – May 3 five-wave sequence and a new impulsive rally will follow as suggested above, or a new bearish impulsive sequence?

This is where Price and Time analysis combines with Pattern to help provide the answers, and why looking at a chart in only one dimension (just pattern) can often lead to confusion.

If the decline of the May 3 high is considered a five-wave sequence, then beans appear to be in Wave 5, which is the last section of a five-wave sequence. If the decline of the May 3 high is considered to be an ABCDE correction, then beans appear to be in Wave E, which is the last section of an ABCDE sequence.

Over the last two days we have seen how beans are approaching the Price and Time coincidence for a potential low, and today how the decline off the May 3 high (Pattern) is in the last stages.

This means that whichever set of labels you place on your chart since the May 3 high the current pattern appears to be fitting in with price and time analysis, in that beans are approaching a Price, Time and Pattern coincidence that will probably signal the termination of the decline off the May 3 high.

We should therefore look to position long on a reversal signal, as either way beans are set to terminate the decline off the May 3 high and a rally should follow. We can then monitor the market in the coming days and weeks, as a five-wave rally from these levels would imply a new impulsive move has begun.

Lessons Learned

Today I covered the pattern position of beans, to show how beans were approaching the price, time and pattern coincidence for the termination of the entire decline off the May 3 high.

Good Trading,

Steve

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Specific Trade Recommendations Summary For June 21

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-6/20, 97.10</u>	Today Bonds declined as anticipated. <u>ST & IT Units</u> : Maintain the protective buy -stop at 98.05, one tick above the recent high.
Crude (Aug)	Today 's strong rally invalidated the go-short strategy outlined yesterday. There are no new recommendations.
Beans (Nov) <u>New Rec.</u>	Today Beans made an inside day, but did not close <i>above</i> the open, therefore no trade was elected. See charts below. We can now use the inside day as an alternate strategy to enter a long position. ST&IT Units: For tomorrow only, buy on a 493.6 stop and place the initial protective sell-stop at 487.6. OR 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. Continue this strategy as long as beans have not closed below 481.

Summary of Open Trade Positions as of June 21

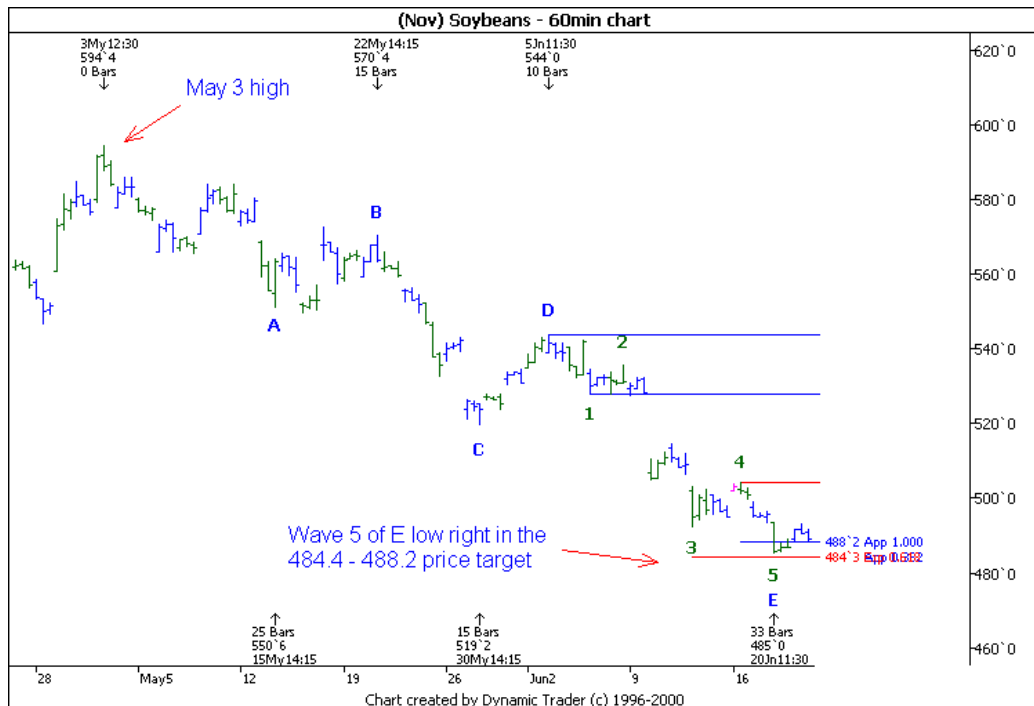
Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
Gold	Aug	L	IT	6/2	278.1	6/19	288.9	1	\$1080	C
AD	Sep	L	ST&IT	6/12	.5908	6/19	.6029	2	\$2420	C
Bonds	Sep	S	ST&IT	6/20	97.10	-	96.19	2	\$1437	O

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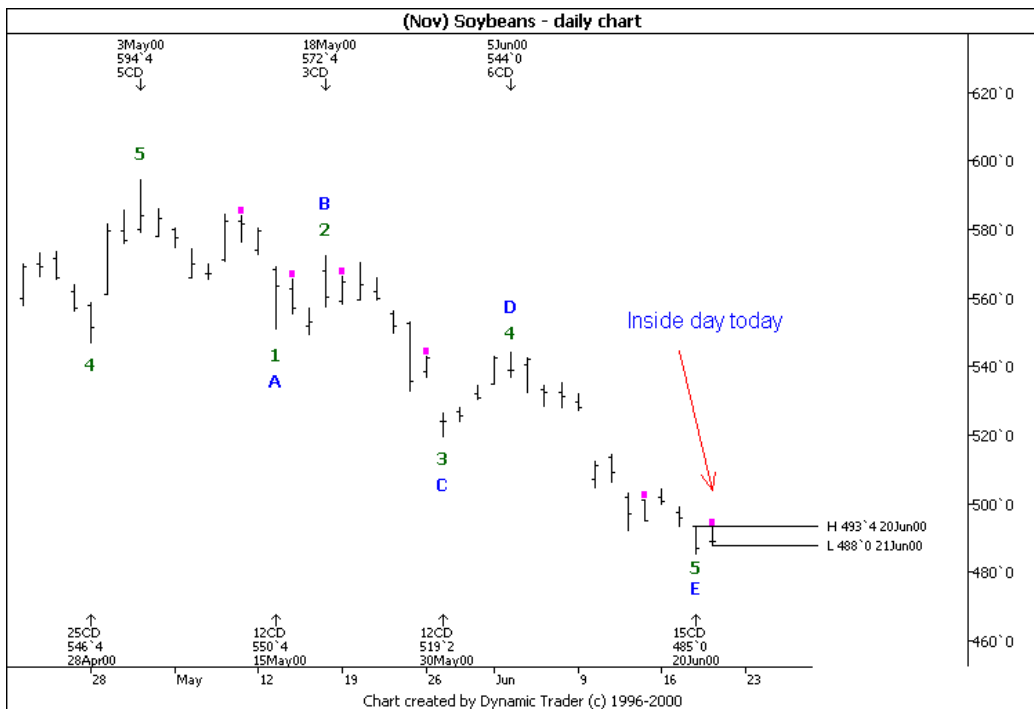
Other Markets of Interest Summary For June 21

Market	Other Markets of Interest
S&P	The pattern position is not clearly defined but the odds are at least a marginal new high will be made to complete W.5. A trade below 1466 signals the top is complete and the S&P should continue to decline to below the May 24 low. Today the S&P continued to move sideways.
DJIA	The assumption is the DJIA has completed a corrective high and the bear trend will now resume. A trade below 10,258 signals the main trend is bearish and watch out below.
Nasdaq 100	The Nasdaq is in a precarious position. While a marginal new high is possible, a sharp reversal lower could set-up panic selling.
Dollar Index	Today the Dollar Index traded above 106.65, the potential W.b:2 high, this indicates that Jun 8 completed a Wave 5 low, and now at least an ABC correction is anticipated. See Chart below.
Wheat (Sep)	Wheat continued to rally strongly today. We will now look for a trend continuation trade to enter long.
Copper	The best strategy now is to look to position long on (ideally) an ABC correction into at least a 50% price retracement of the Jun 7 to Jun 19 rally.

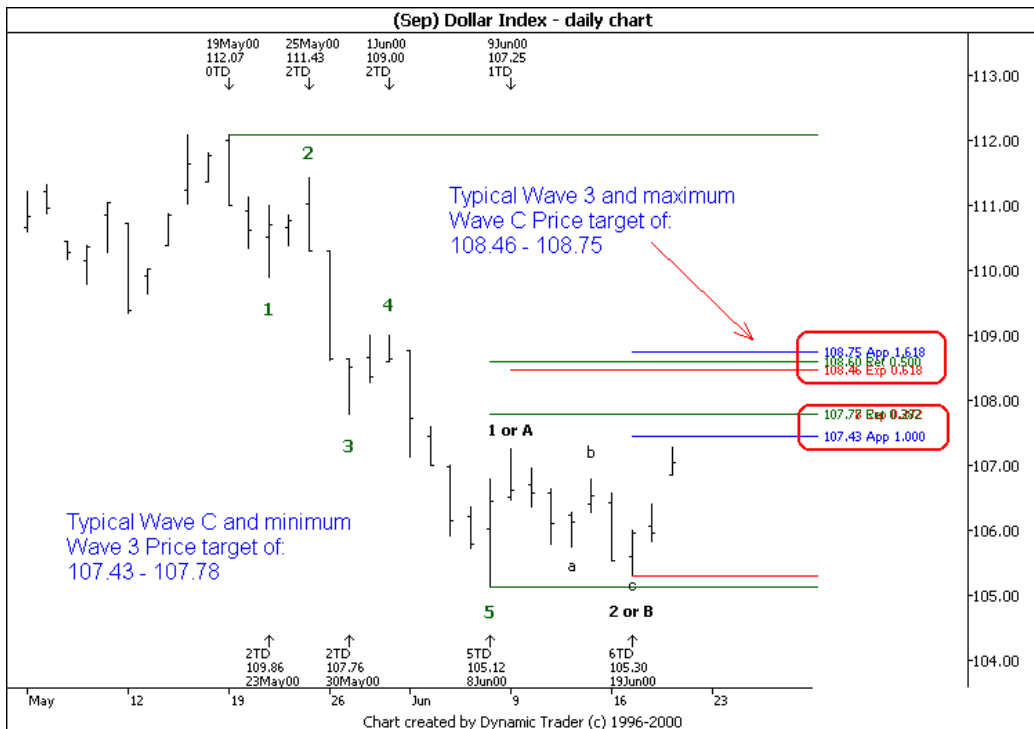
(Nov) Beans – 60min chart



(Nov) Soybeans – daily chart



(Sep) Dollar Index – daily chart



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