

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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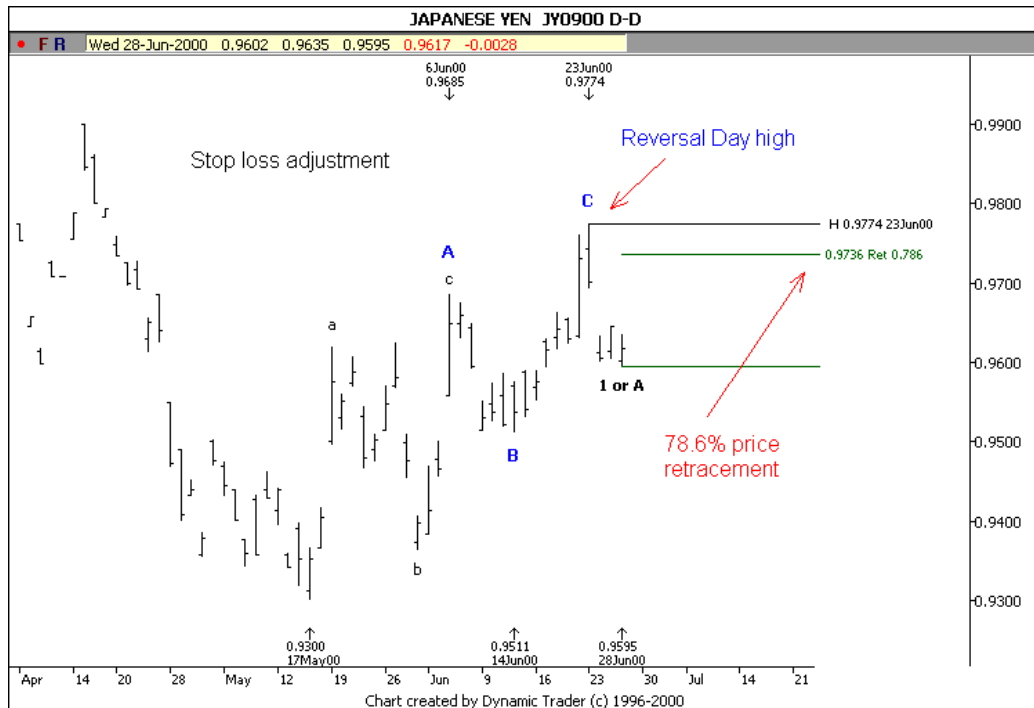
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

Protective Stop Adjustment

I have received a few questions over the past few weeks on how we adjust the protective stop position as a trade progresses in our favour. Therefore today I would like to have a look at how the protective stop has been lowered in the trade on the Yen since the initial short position on Jun 26.



The initial protective stop always goes at the point where the market would prove our analysis incorrect. In this example, this would be a trade above the Reversal Day high of Jun 23 at .9774.

In a situation where a market makes a sharp initial move off the entry point, the first adjustment of the protective stop can be to just above the 78.6% price retracement.

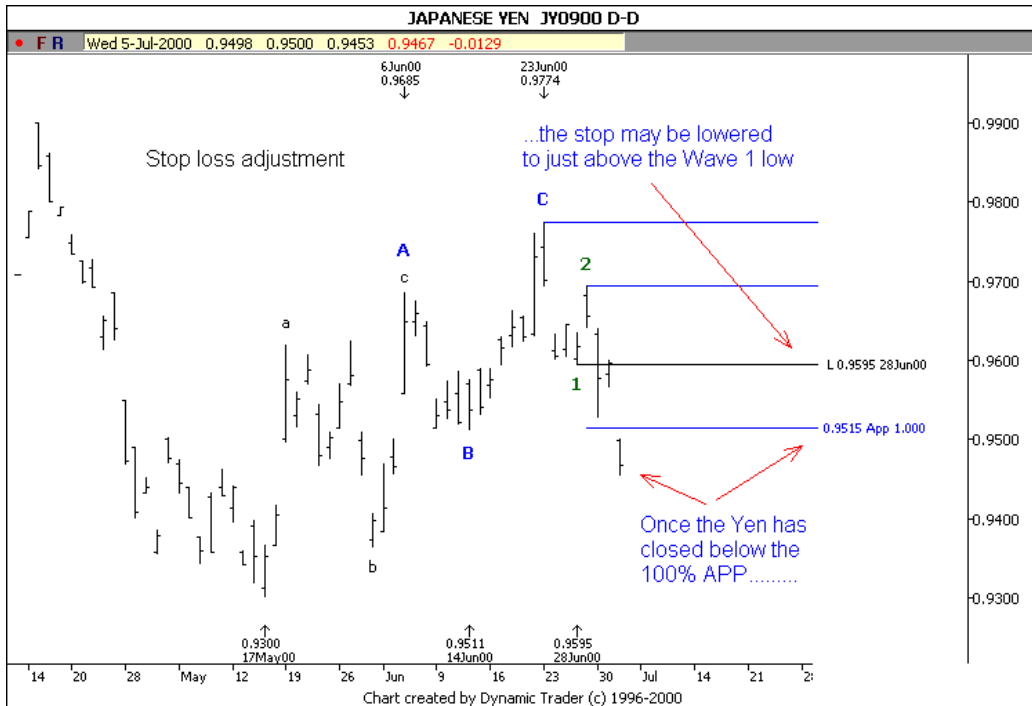
As we saw yesterday, the Yen rallied off the Jun 28 low to make a Wave 2 or B high on Jun 29:



Once the Wave 2 or B high is complete the stop can be lowered again. Confirmation that the Wave 2 or B high is complete is on a close below the Wave 1 or A low - .9595 in this example. This was triggered on Jun 30. The stop could then be lowered to one tick above the Wave 2 or B high of .9694.

The Yen continued lower over the next two days, closing below the 100% alternate price projection on Jul 5. A close below the 100% alternate price projection is the initial confirmation that the current decline is *more likely* to be a Wave 3 and not a Wave C.

Once a market has provided initial confirmation that the current swing is *more likely* to be a Wave 3 rather than a Wave C, the protective stop may be lowered to just above the Wave 1 low of .9595 in this example. Why? A wave-4 should not trade into the trading range of the wave-1. Please see the chart on the next page.



The stop will remain at this level until a Wave 4 correction is complete. When the Yen has confirmed the Wave-4 is complete, the stop will be lowered again, closer to the market to protect open profits.

Today's tutorial considers the stop loss adjustment on just one unit. In the report we use two units, a short-term (ST) and intermediate-term unit (IT). Next week I will address the differences between and the trade objectives of each of these two units.

Lessons Learned

How to adjust the protective stop position as a trade moves in your favour, to protect open profit.

Good Trading,

Steve

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Specific Trade Recommendations Summary For July 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
Euro L – 6/26, .9430	<u>IT Unit</u> : Maintain the stop on the IT unit at .9430.
Yen S – 6/26, 96.13	Correction to ST unit – this was stopped out on the close at .9596 on Monday as per the instructions in the Saturday report. <u>IT Unit</u> : Maintain the buy-stop on the IT unit at .9596.
AD <u>New Rec.</u>	On Wed., the AD reached the ideal price target for Wave-C. Today the AD made an inside day therefore providing an alternate go-long strategy. See the chart below. <u>ST&IT Units</u> : As long as the AD does not trade below .5897 (the low of Jul 5) Buy on a .5954 stop and place the initial protective sell-stop at .5903 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.
CD L – 7/6, .6748	Today the Canadian Dollar made a reversal confirmation day electing a new long trade on the close at .6748 <u>ST&IT Units</u> . Place the initial protective sell-stop, at 0.6711, one tick below the recent low.

Summary of Open Trade Positions as of July 6

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
Euro	Sep	L	ST	6/26	0.9430	7/3	0.9536	1	\$1325	C
Euro	Sep	L	IT	6/26	0.9430	-	0.9548	1	\$1475	O
Yen	Sep	S	ST	6/26	96.13	7/3	95.96	1	\$212	C
Yen	Sep	S	IT	6/26	96.13	-	94.26	1	\$2337	O
Gold	Aug	L	ST&IT	6/26	285.5	7/5	287.9	2	\$480	C
S&P	Sep	S	ST&IT	6/29	1463.25	7/3	1474	2	(\$1075)	C
Bonds	Sep	S	ST&IT	7/3	97.07	7/3	97.26	2	(\$1075)	C
CD	Sep	L	ST&IT	7/6	.6748	-	.6748	2	\$0	O

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Other Markets of Interest Summary For July 6

Market	Other Markets of Interest
S&P	Probable Wave-5 of B top on June 19, which projects a continued bear trend to below the May 24 low. The short-term pattern remains unclear. A close below the Jun 26 low of 1452 would confirm a continued bear trend. If this unfolds we will look to position short on trend continuation sell set-ups
Nasdaq 100	Basically the same position as the S&P.
DJIA	No change from last Saturday's report.
Dollar Index	A close below 106.08 (Sept.) signals the continuation of the bear trend.
Beans	Probable low by July 12 and ideally by July 5.
Wheat	Probable seasonal low by mid-July. Ideally, July 2-7 or July 14-18.

(Sep) AD – daily chart

