

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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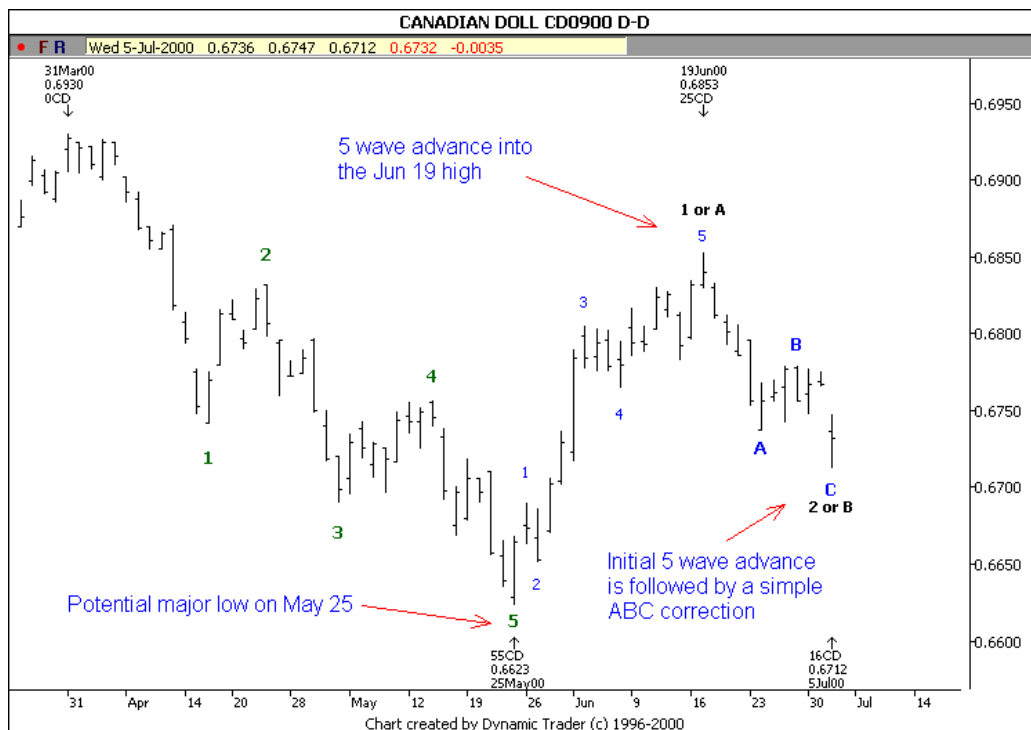
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The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic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

## Practical application of Price, Time and Pattern

Today I would like to look at the practical application of price, time and pattern analysis by detailing one of the recent specific trade recommendations, on the Canadian Dollar.

First lets have a look at the **Pattern** position of the Canadian Dollar on Jul 5:



Here the Canadian Dollar rallied off the May 25 low in a lesser degree five wave sequence, this was followed by a simple ABC correction.

This is the *typical* pattern for a Wave 1 or A swing followed by a Wave 2 or B correction.

We can now look at the *minimum*, *typical* and *maximum* price and time characteristics for the termination of a Wave 2 or B correction.

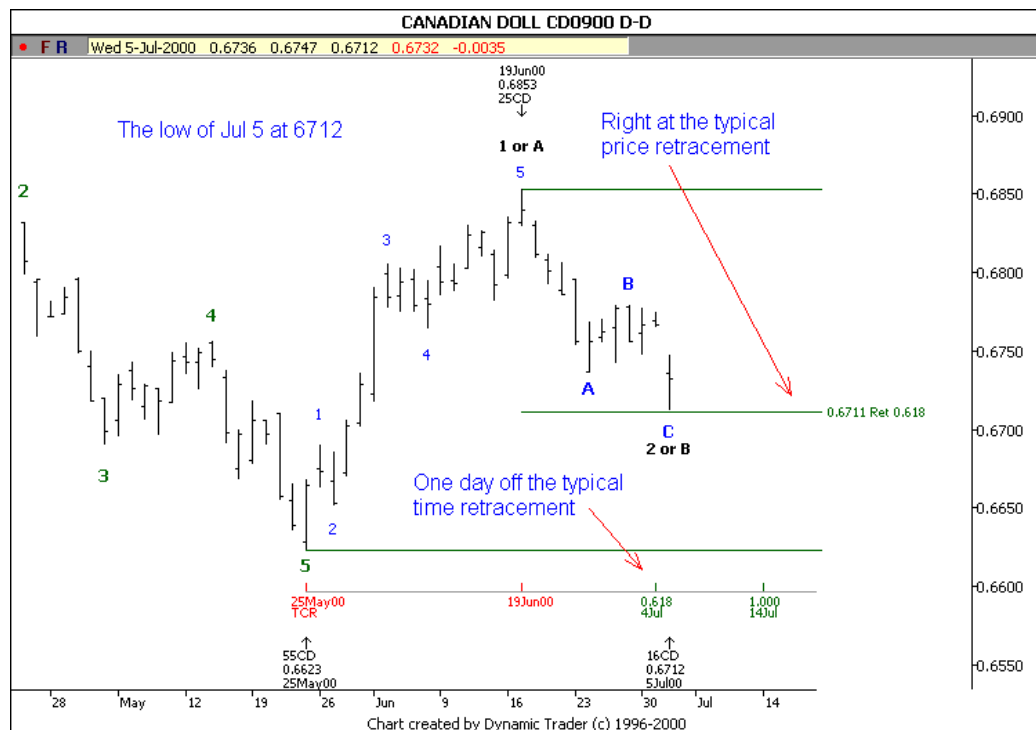
**In Price :**

1. *Minimum*: 50% price retracement of the Wave 1 or A swing
2. *Typical*: 61.8% price retracement of the Wave 1 or A swing
3. *Maximum*: 78.6% price retracement of the Wave 1 or A swing

**In Time :**

1. *Minimum*: 50% time retracement of the Wave 1 or A swing
2. *Typical*: 61.8%, 100% time retracement of the Wave 1 or A swing
3. *Maximum*: 162% time retracement of the Wave 1 or A swing

If we now look again at the daily chart of the (Sep) Canadian Dollar



We can see that the low on Jul 5 at .6712 is right at the *typical* Price retracement of 61.8% Wave 1 or A and one day after the *typical* Time retracement of 61.8% Wave 1 or A.

**Price, Time and Pattern** had all coincided to signal a potential Wave 2 or B low on July 5. Traders should look then enter a long trade using one of the trend reversal trade entry strategies.

Trading does not have to be rocket science to be profitable. It has only taken me a couple of pages to completely outline (including annotated charts) the simple and logical steps required to uncover this potential trading opportunity. The last stage, the trade entry, is the easy bit as it is completely automatic. In essence the traders job finishes with the recognition that the Jul 5 low is at a price, time and pattern coincidence for a potential Wave 2 or B low.

Today's analysis was only using one daily chart, tomorrow I will look closer at the ABC correction using a shorter-term chart to analyse the termination of the Wave C within the Wave 2 or B correction. I will also look at the trade entry including the initial stop loss position.

### **Lessons Learned**

The simple and logical steps in uncovering a tradable opportunity in the Canadian Dollar.

Good Trading,

Steve

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## Specific Trade Recommendations Summary For July 11

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 (Sept.)</b>	<b>All analysis and trade strategies for the full S&amp;P contract. Trade execution on the E-Mini contract.</b>  Today elected a new short position on open at 1488 then stopped out that position at 1503.  There are no new recommendations.
<b>Bonds (Sept.)</b> <u>S - 7/10, 97.16</u>	<u>ST &amp; IT Units</u> : Maintain the protective buy-stop at 98.03. If bonds close below 97.06 lower the protective buy -stop to 97-27.
<b>Dollar Index</b> <u>S - 7/10, 106.70</u>	<u>ST&amp;IT</u> : Maintain the protective buy-stop at 107.41, one tick above the Jul 7 high.
<b>Euro (Sept.)</b> L - 6/26, .9430 <u>L - 7/10, .9583</u>	<u>IT Unit</u> : Maintain the protective sell-stop on the intermediate term unit at .9419, three ticks below the maximum Wave-c target. If the Euro closes above .9616 (Wb high), raise the stop on the IT unit to .9498. <u>ST Unit</u> : Maintain the protective sell-stop at .9498, one tick below the recent low.
<b>AD(Sept.)</b>	Today's decline stopped out the long position at .5889.  There are no new recommendations
<b>CD (Sept.)</b> <u>L-7/6, .6748</u>	Today the CD made an inside day. <u>ST &amp; IT Units</u> Maintain the protective sell-stop at .6725, three ticks below the 78.6% retracement.
<b>Copper (Sept.)</b> <u>L-7/10, 81.50</u>	<u>ST &amp; IT Units</u> : Maintain the protective sell-stop at 80.75.
<b>Cotton (Dec.)</b> <u>Same Rec. as yesterday.</u>	Today cotton made a double inside day.  ST & IT Units Buy cotton on a 57.85 stop and place the initial protective sell-stop at 56.95.
<b>Gold (Aug.)</b> <u>Same Rec. as yesterday</u>	<u>ST &amp; IT Units</u> : If gold trades below 282.3 but does not close below 281.0, buy on the close if the close is above the current day's open and prior day's close. Place the initial protective sell -stop one tick below the recent low.

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### Summary of Open Trade Positions as of July 11

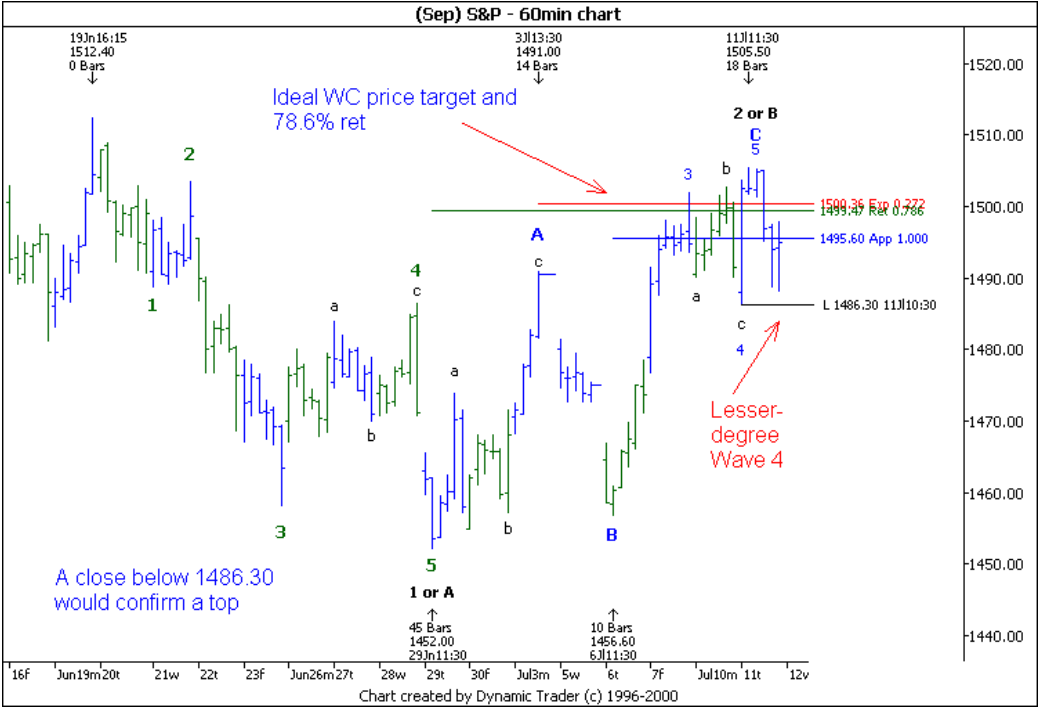
Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
<b>Euro</b>	Sept.	L	IT	6/26	0.9430	-	0.9560	1	\$1300	O
<b>Yen</b>	Sept.	S	IT	6/26	96.13	7/10	94.71	1	\$1775	C
<b>CD</b>	Sept.	L	ST&IT	7/6	.6748	-	.6777	2	\$580	O
<b>AD</b>	Sept.	L	ST&IT	7/7	.5917	7/11	.5889	2	(\$560)	C
<b>Euro</b>	Sept.	L	ST	7/10	0.9583	-	0.9560	1	(\$230)	O
<b>Copper</b>	Sept.	L	ST&IT	7/10	81.50	-	82.60	2	\$550	O
<b>DX</b>	Sept.	S	ST&IT	7/10	106.70	-	106.82	2	(\$240)	O
<b>Bonds</b>	Sept.	S	ST&IT	7/10	97.16	-	97.18	2	(\$128)	O
<b>S&amp;P</b>	Sept.	S	ST&IT	7/11	1488	7/11	1503	2	(\$1500)	C

### Other Markets of Interest Summary For July 11

Market	Other Markets of Interest
<b>S&amp;P</b>	<p>As long as the S&amp;P does not close above 1499.70 trades should be oriented to the short side.</p> <p>A close below 1486.30, the lesser degree Wave 4 low, would confirm a top. See chart below.</p>
<b>Beans</b>	<p>The assumption is a low should be complete next week. At this time, there is no assumption that a low next week will be followed by anything more than a correction to the 50% retracement or so. However, even that will be a very tradable rally.</p> <p>Depending on the bean position following the July 12 report, we may consider trend reversal long strategies. Otherwise we should wait for either the prior minor high to be taken out or for a 50%-78.6% retracement to the initial minor advance before considering long strategies.</p>

Continued on next page.

(Sep) S&P – 60min chart



End.