Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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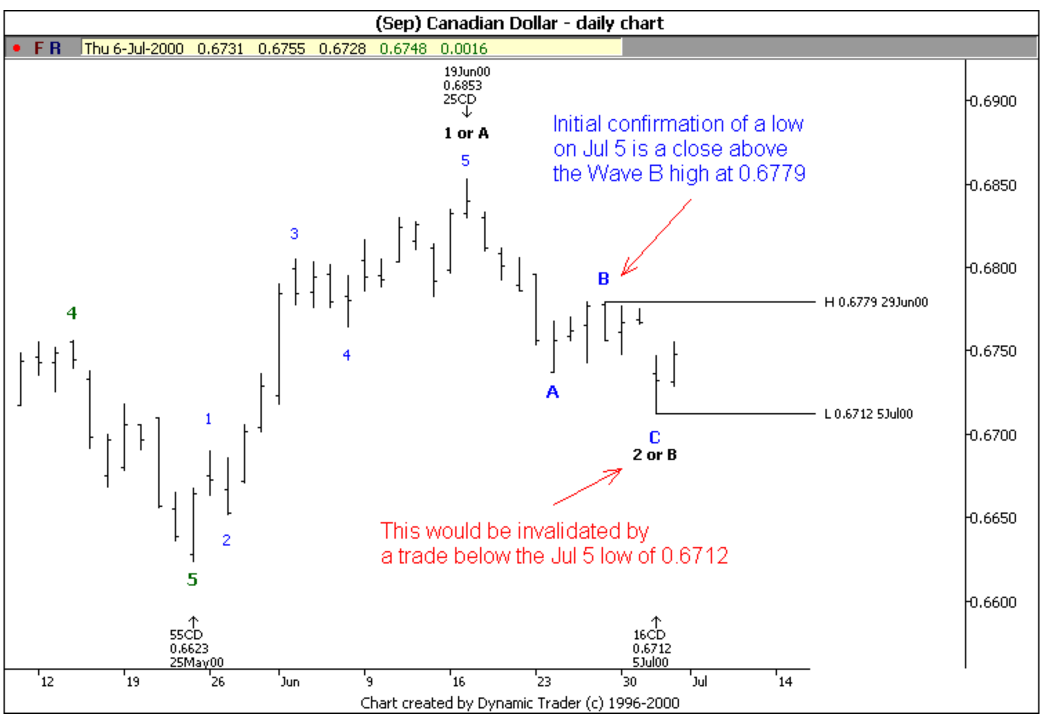
The Practical Application of Price, Time and Pattern

Today's Lesson

What is the market action that will either confirm or invalidate the analysis of a trade using the Canadian Dollar long trade that was described in the tutorials last week.

First, lets have a look at a daily chart of the (Sep) Canadian Dollar through July 5:



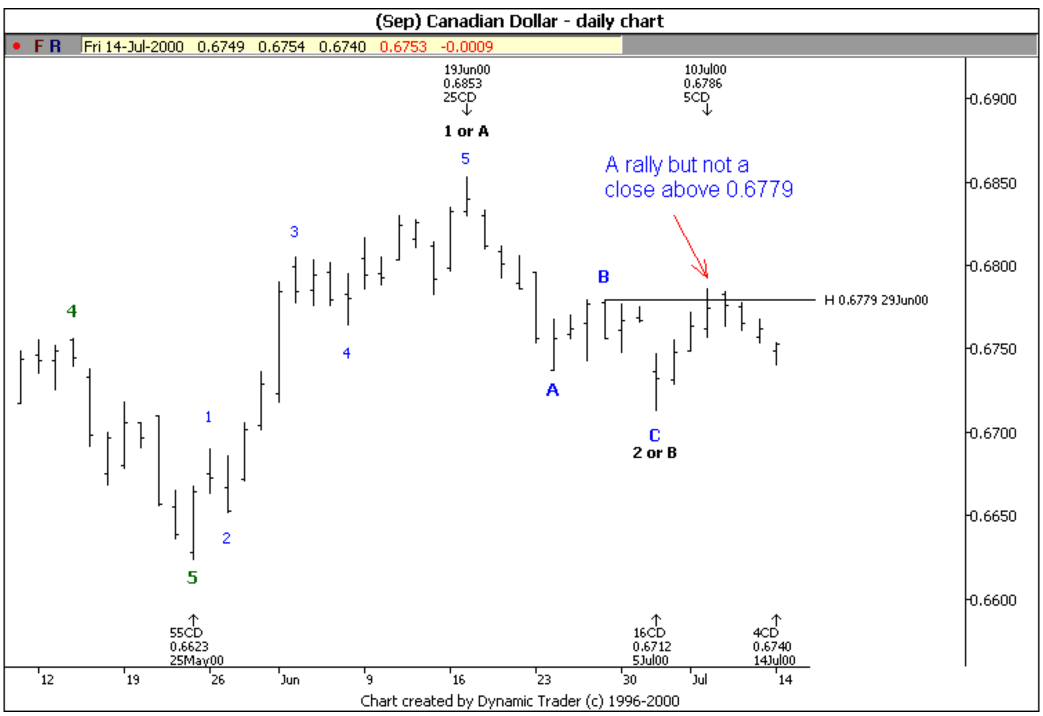
The Canadian Dollar reached time and price objectives to complete a Wave-C at the July 5 low. A long trade was entered on the close of the reversal confirmation day the next day at 0.6748 to take advantage of the anticipated Wave 3 or C advance anticipated to follow.

Now we need to set the criteria that would either confirm or invalidate this analysis.

As can be seen from the chart on page one, *initial confirmation* of a Wave C is a close beyond the Wave B extreme which is a close above 0.6779. The long position would be invalidated if the Canadian Dollar traded below the Wave 2 or B low of Jul 5 at 0.6712.

Therefore we have:

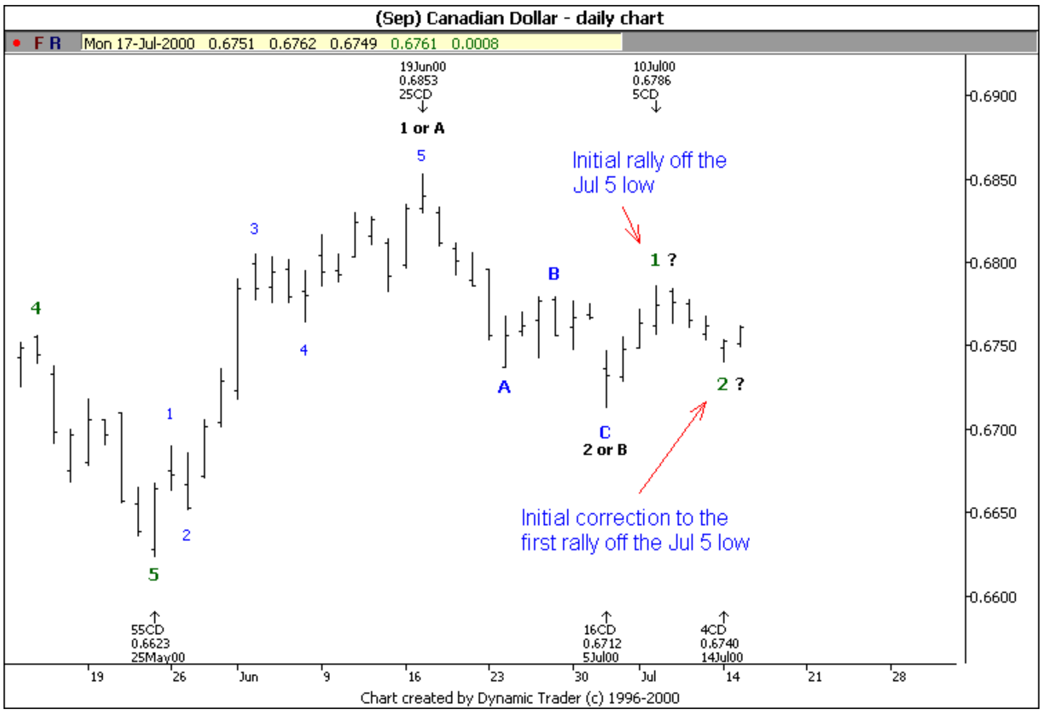
- A close above 0.6779 would *confirm* Jul 5 as a Wave C low
- A trade below 0.6712 would *invalidate* July 5 as a Wave-C low.



Through July 14, the last day of data on the chart above, the Canadian Dollar has rallied <u>but not</u> closed above 0.6799 and has (so far) not traded below the Jul 5 low.

If the activity of the Canadian Dollar over the last week has nether confirmed or invalidated our original analysis, where does that leave us with respect to stop loss adjustment on this trade?

Tomorrow I will cover how to adjust the initial protective buy-stop as the Canadian Dollar made an initial rally off the Jul 5 low in order to quickly reduce capital exposure for the trade.



Lessons Learned

What are the criteria that would either confirm or invalidate the long position for the Canadian Dollar.

Good Trading,
Steve
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Specific Trade Recommendations Summary For July 17

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 (Sept.) New Rec	Bonds declined as anticipated in Saturday's report. However, bonds did not first make a minor 50% pull back to meet the trade entry conditions described in Saturday's report. This is the same rec. as Saturday with new prices adjusted after today's decline. See the chart below. ST & IT Units: As long as bonds have not traded below Today's low at 96.21, sell at 97.21 or better (three ticks below the 50% retracement) with a protective buy-stop at 98.15 (three ticks above the 78.6% retracement).
Euro (Sept.) New Rec	Today the Euro made an inside day providing a set-up for a potential long position. ST&IT Units: Buy on a .9427 stop, one tick above Friday's high, and place the initial protective sell-stop at .9374, one tick below the inside day low.
AD(Sept.) Same Rec. as yesterday.	ST & IT Units: Buy on .5911 stop, one tick above Thursday's high and place the initial protective sell-stop at .5840, one tick below Friday's low.
CD (Sept.) L-7/6, .6748	ST & IT Units Maintain the protective sell-stop at .6725, three ticks below the 78.6% retracement. If the CD closes above .6786 raise the protective sell-stop to .6739.
Crude Sept. S-7/15, 29.75.	Today's reversal confirmation day elected a new short trade on close at 29.75 ST & IT Units: Place the initial protective buy-stop at 30.56, one tick above the recent high.
Gold (Aug.) L-7/15, .283.50	Today's rally elected the 282.9 buy stop on open at 283.50 ST & IT Units: Place the initial protective sell-stop at 280.50, one tick below the recent low.
Copper (Sept.) L-7/10, .81.50	Today copper rallied above 83.60. See the chart below. ST Unit: Trail the stop on the ST unit one tick below the 1DL or exit on a close that is below the current day's open and prior day's close. IT Unit: Raise the protective sell- stop to 82.20.
Beans (Nov.)	Today beans closed below Friday's low at 450.4. There are no new recommendations. See chart and comments on next page.
Cotton (Dec.) L-7/12, 58.20	Today Cotton rallied strongly, exceeding the 50% price retracement outlined Saturday at 60.95. See chart below. ST Unit: Trail the stop on the ST unit one tick below the prior day's low or exit on the close if the close is below the current day's open and prior day's close. IT Unit: Raise the protective sell-stop on the IT unit to 58.45, just below the 61.8%.

Summary of Open Trade Positions as of July 17

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
CD	Sept.	L	ST&IT	7/6	.6748	-	.6761	2	$260	O
Copper	Sept.	L	ST&IT	7/10	81.50	-	84.60	2	$1550	O
Cotton	Dec.	L	ST&IT	7/12	58.20	-	62.49	2	$4290	O
Gold	Aug	L	ST&IT	7/15	283.50	-	284.2	2	$140	O
Crude Oil	Sep	S	ST&IT	7/15	29.75	-	29.75	2	$0	O

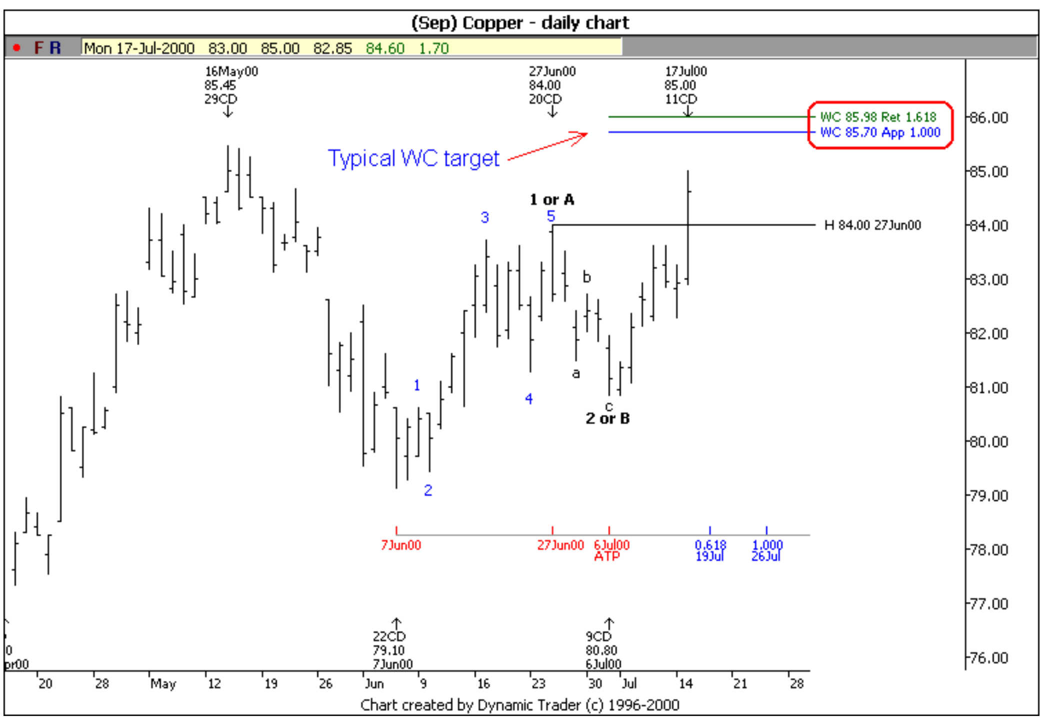
Other Markets of Interest Summary For July 17

Market	Other Markets of Interest
S&P	While there are no specific trade recommendations, traders should consider trend-continuation long positions as long as the S&P has not closed below 1490.5.
Nasdaq 100	Minimum W.3 target at 4228 (Cash)
Soybeans	Although beans continued to decline today, there is a *potential* 5-wave count as shown in the chart below. If this is correct, then today beans traded to the initial Wave 5 price target of 439-446. When a market has been in such a sustained bear trend, and we do not have a firm opinion of the Elliott position, the safest trade entry is on the first correction to the initial rally off the low which is the Wave 2 or B low.

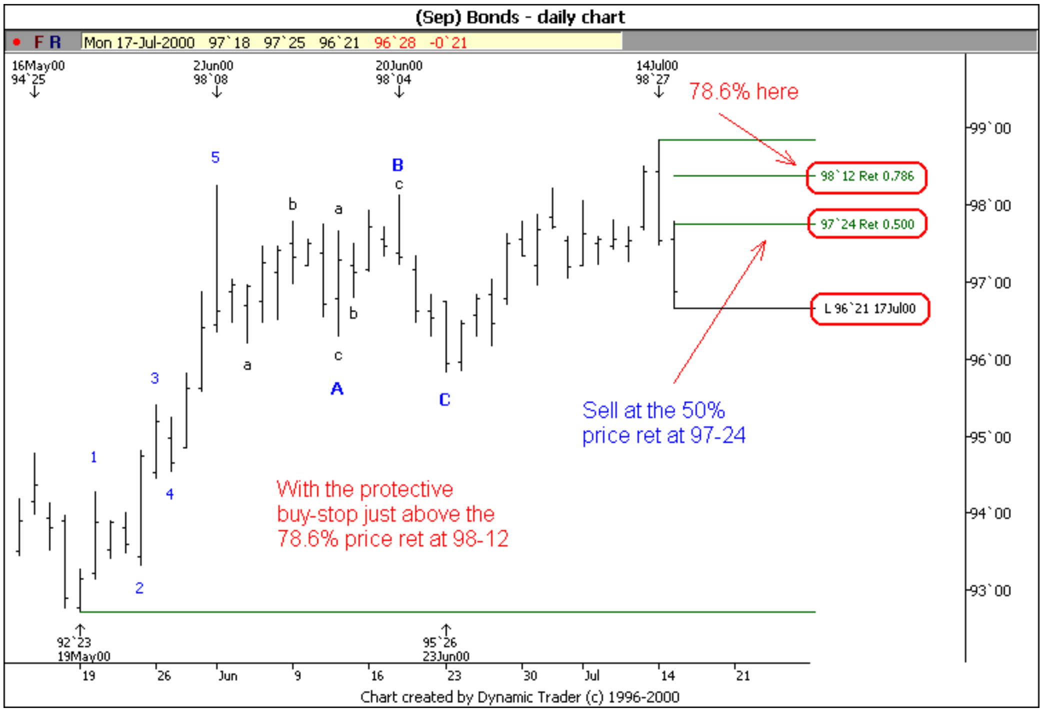
Continued on the next page.

(Nov) Soybeans – daily chart

(Sep) Copper – daily chart



(Sep) Bonds – daily chart



(Dec) Cotton – daily chart