

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

Published By  
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Tuesday, July 18, 2000

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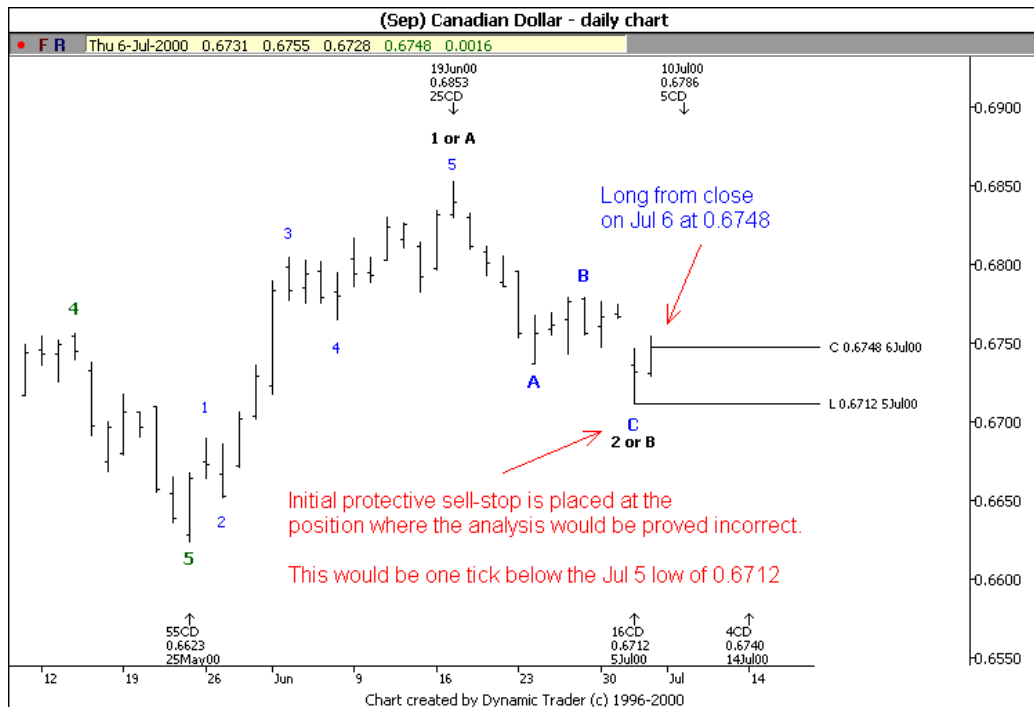
The analysis and trading strategies described in this report are for educational purposes only. The commentary in this report may or may not relate to a specific trade recommendation made in the Dynamic Trader Report. The weekday issues of the Dynamic Trader Report are prepared by Stephen Griffiths and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

Adjusting the protective stop on an open trade as it progresses using the current CD long trade as an example.

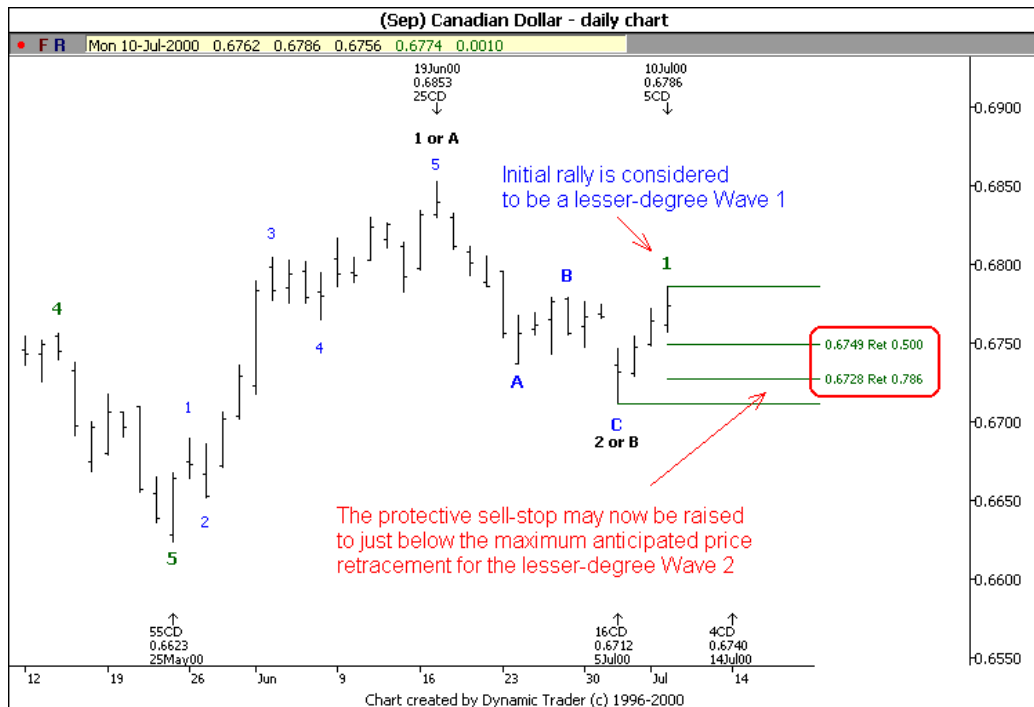
First, let's review the initial protective sell-stop position on a daily chart of the (Sep) Canadian Dollar. This would be placed as soon as the long trade was entered on the close of Jul 6 at 0.6748.



The initial protective sell-stop on the reversal-confirmation entry-signal was placed one tick below the recent low per the rules of this daily reversal signal.

As the Jul 5 low is anticipated to be either a Wave 2 or a Wave B low, a Wave C or a Wave 3 is expected to follow – both of these *typically* although not always subdivide into a lesser degree five-wave sequence.

Over the next few days the Canadian Dollar rallied to make a high on Jul 10. The assumption this is Wave-1 of Wave C or 3.



The protective sell-stop may now be raised to just below the *maximum* anticipated price correction for a Wave 2.

The price target for a Wave 2 is between a 50% - 78.6% price retracement of Wave 1 - *typically* a 61.8% price retracement. The stop may therefore be raised to just below the *maximum* anticipated price retracement of 78.6% of the lesser-degree Wave 1 swing.

In this example on the Canadian Dollar the 78.6% price retracement falls at 0.6728, therefore we can use three ticks below this level at 0.6725.

On the chart below, we can see that the Canadian Dollar made a Wave-2 correction precisely to the 61.8% retracement and did not reach the 78.6% retracement.



The protective sell-stop remains three ticks below the 78.6% price retracement until the Canadian Dollar closes above the lesser-degree Wave 1 high at 0.6786. Then it may be raised to one tick under the lesser-degree Wave 2 low of Jul 14 at 0.6740.

## Lessons Learned

The protective stop on an open position is adjusted in a logical manner within the context of the time, price and pattern position of the market. The stop is always placed at that point where, if hit, it would invalidate the assumed position or trend of the market.

Good Trading,  
Steve  
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## Specific Trade Recommendations Summary For July 18

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>Bonds (Sept.)</b> <u>Same Rec. as yesterday</u>	<p>Today bonds made an inside day. Bonds have reached the 61.8%-78.6% retracement zone of the last swing from the June 26 low to July 14 top and are likely to have at least a minor retracement from near here. Because of this price position, we will not recommend an inside-day, trend-continuation go-short trade but continue to anticipated a minor 50% retracement to position short.</p> <p><u>ST &amp; IT Units:</u> As long as bonds have not traded below 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).</p>
<b>Euro (Sept.)</b>	<p>Today the Euro declined below Friday's low of 0.9553, therefore invalidating the inside-day set-up.</p> <p>There are no new recommendations.</p>
<b>AD(Sept.)</b>	<p>Today the AD declined below Thursday's low of 0.5832, therefore invalidating the inside day set-up.</p> <p>There are no new recommendations.</p>
<b>CD (Sept.)</b> <u>L-7/6, .6748</u>	<p>Today the CD rallied strongly, closing above the lesser-degree Wave 1 high at 0.6787.</p> <p><u>ST &amp; IT Units:</u> Raise the protective sell-stop on both units to .6739.</p>
<b>Crude Sept.</b> <u>New Rec.</u>	<p>Today's rally closed the short position at 30.56. The rally off the Jul 11 low appears to have unfolded as a simple ABC, which is typical for a Wave 2 or B correction, and has reached the maximum price target for a Wave 2 or B. See chart below.</p> <p><u>ST &amp; IT Units</u> As long as Sep crude has not closed above 31.00, sell on the close if the close is below the current day's open and the prior day's close.</p> <p>Place the initial protective buy-stop one tick above the recent high.</p>
<b>Gold (Aug.)</b> <u>L-7/17, .283.50</u>	<p><u>ST &amp; IT Units:</u> Maintain the protective sell-stop at 280.50, one tick below the recent low.</p>
<b>Copper (Sept.)</b> <u>L-7/10, .81.50</u>	<p><u>ST Unit:</u> 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.</p> <p><u>IT Unit:</u> Adjust the protective sell-stop to 83.25, just below the 61.8% retracement and below the potential minor Wave-1 high made July 13.</p>
<b>Cotton (Dec.)</b> <u>L-7/12, 58.20</u>	<p>Today Cotton continued to rally and is approaching the 78.6% retracement.</p> <p><u>ST Unit:</u> 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.</p> <p><u>IT Unit:</u> Adjust the protective sell-stop on the IT unit to 58.75, just below the 61.8%.</p> <p>The objective of the intermediate term unit is to remain in the trade for the potential advance to above the May high. The stop is kept quite far from the current market position to allow a correction to the 50%-61.8% retracement zone before continuing the bull trend.</p>

## Summary of Open Trade Positions as of July 18

Market	Month	L / S	Unit	Opened	Price	Closed	Price	# Ctr	P/L	O/C
CD	Sept	L	ST&IT	7/6	.6748	-	.6787	2	\$780	O
Copper	Sept	L	ST&IT	7/10	81.50	-	84.70	2	\$1600	O
Cotton	Dec	L	ST&IT	7/12	58.20	-	62.80	2	\$4600	O
Gold	Aug	L	ST&IT	7/17	283.50	-	283.2	2	(\$60)	O
Crude Oil	Sept	S	ST&IT	7/17	29.75	7/18	30.56	2	(\$1620)	C

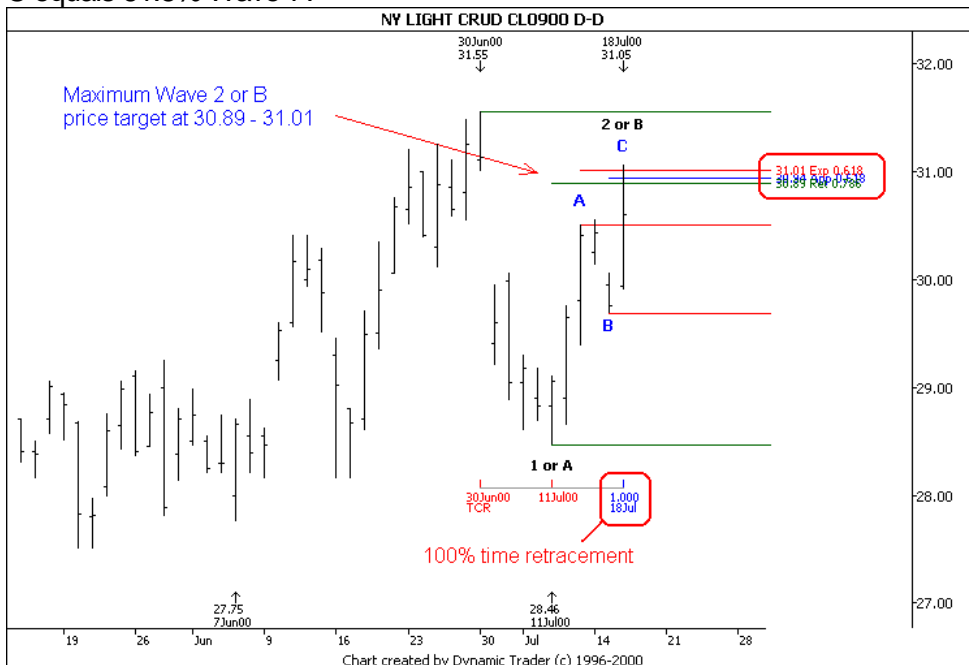
## Other Markets of Interest Summary For July 18

Market	Other Markets of Interest
<b>S&amp;P</b>	<p>While there are no specific trade recommendations, traders should consider trend-continuation long positions as long as the S&amp;P has not closed below 1490.5 – the Wave 1 closing high.</p> <p>The S&amp;P appears to have completed a Wave 3 high on Jul 13. If this is correct, traders should be alert for a Wave 4 correction to look to position long. Ideally, Wave 4 will unfold as a simple ABC. See chart below.</p> <p>The ideal price target for a Wave-4 is <u>1503.8-1498.6</u> which includes the 38.2% retracement of Wave-3 and where Wave-4 equals 100% Wave-2.</p>
<b>Nasdaq 100</b>	Minimum W.3 target at 4228 (Cash).
<b>Soybeans</b>	<p>Same comments as yesterday.</p> <p>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 correction.</p>

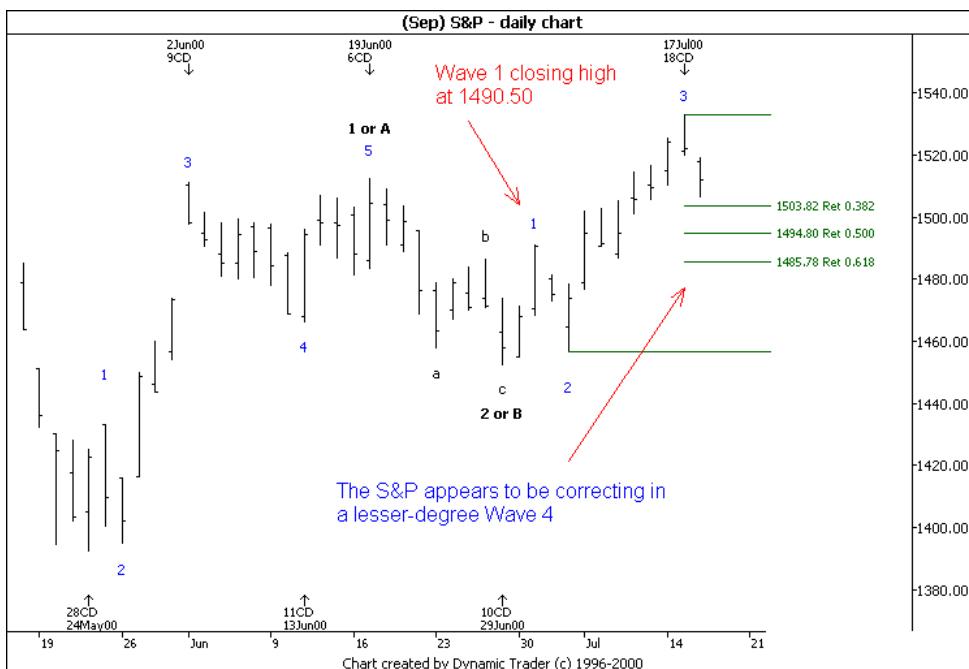
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(Sep) Crude Oil – daily chart

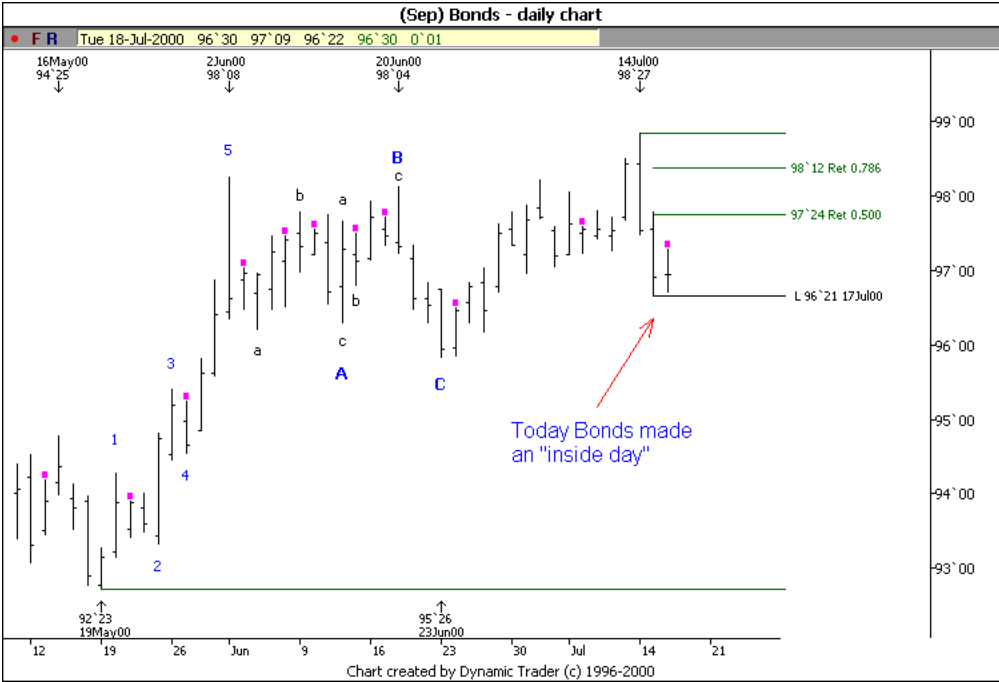
30.89-31.01 Wave-C target includes the 78.6% retracement and where Wave-C equals 61.8% Wave-A



(Sep) S&P – daily chart



(Sep) Bonds – daily chart



(Dec) Canadian Dollar – daily chart

