

Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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Dynamic Traders Group, Inc.
DynamicTraders.com
dt@dynamictraders.com
520-797-3668

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Prepared by: Stephen Griffiths
Steve@dynamictraders.com

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.

Before I start with today's training tutorial, I would like to answer a couple of questions I received this morning on why I do not review all the markets I have open positions in every day.

The purpose of these daily reports are mainly educational. It is the weekend report that contains the updates to trades, plus the in-depth analysis.

As you have already seen, at the end of each daily report I will alert you to any new potential trade set-ups you may want to consider yourself during the week. This is not intended to be a comment on every market every day, but only when a particular market is in a position for you to consider a new trade. This is why I did not mention the S&P yesterday, although it is coming off nicely from the top on Monday, there is no new trade for today.

The same applies for protective stop adjustment on current open trade recommendations from the weekend report. If the stop adjustment strategy needs adjusting, then I will cover the adjustment in these daily reports, otherwise continue with the strategy as outlined in Saturday's report.

Steve

PS. Thanks for all the feedback on the current format of the report – keep the comments, suggestions and questions coming. Although I cannot answer individual e-mails, these will help Bob and I design the reports for you to get the most out of them.

Wave 4 – Price, Time and Pattern

Yesterday I took a look at the *minimum*, *typical* and *maximum* **Price** targets for a Wave 4 correction. Where the best support and resistance areas are where relationships from *different* swings are *clustering* together in a *relatively tight range*. The same applies to **Time**

Time

Today I would like to have a detailed look at the *minimum*, *typical* and *maximum Time* relationships for a Wave 4. As yesterday, we have 3 possible swings to work with: the Wave 3, Wave 2 and completed swing to date, Waves 1-3

Let's start with the **Wave 3**, the last swing, where:

- The *minimum Time* retracement anticipated is 38.2%
- The *typical Time* retracements anticipated are 50%, 61.8% and 100%
- The *maximum Time* retracement anticipated is 1.618%

The minimum of 38.2% also applies to any completed 5 wave sequence and as the Wave 3 normally sub-divides into 5 waves of lesser degree it also applies here.

Next let's move onto **Waves 1-3**, the entire move so far, we have:

- The *typical Time* retracements anticipated are 38.2%, 50% and 61.8%
- The *maximum Time* retracement anticipated is 100%

We do not have any reliable *minimum Time* relationships that are specific to the Waves 1-3, but we do have a *maximum* target of 100%. If a corrective swing starts to last longer in **Time** than the entire impulsive move to date, it is a *Time overbalance*, and a new trend in the opposite direction is now more likely

We have relationships to the length of the Wave 2, where the most important relationship is the *minimum* of 100%.

With the **Wave 2**, the 1st Alt, we have:

- The *minimum Time* relationship anticipated is 100%
- The *typical Time* relationships anticipated are 100% and 1.618%

Wave 4's are normally longer in **Time** than wave 2's, hence this *minimum Time* relationship of 100%.

Lastly, as with **Price**, you can use the relationships of the minor waves (ideally an ABC), within the Wave 4 correction itself to help anticipate when the entire Wave 4 correction would terminate.

Let's have a look at a few examples.

1. Daily Heating Oil – Wave 4 terminates at a *typical* Time target

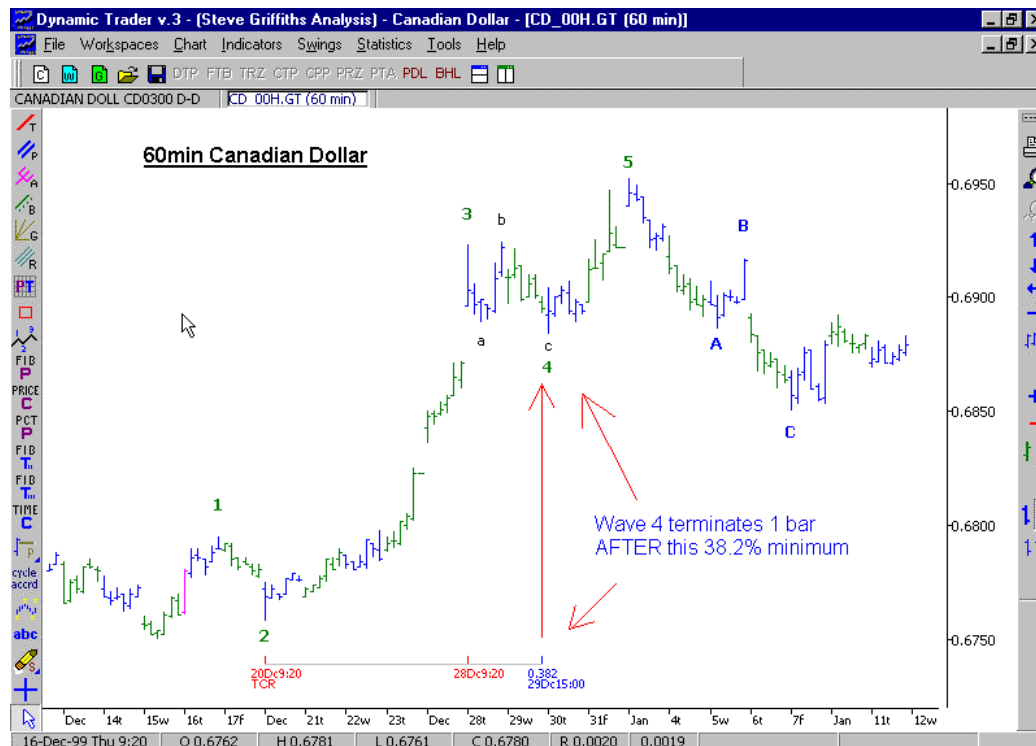


2. Daily Copper – Wave 4 terminates before the 100% Waves 1-3 *maximum*



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3. 60 min Canadian Dollar – Wave 4 terminates after *minimum* Time target



Here we have 3 recent examples: the first showing how the Wave 4 low on (Feb) Heating Oil terminated right in a *cluster* of *Time* relationships from 2 different swings, while the second 2 examples show use of the *maximum* and *minimum Time* targets.

Tomorrow I will bring **Time**, **Price** and **Pattern** all together to demonstrate some trading strategies to use to enter on the completion of a Wave 4, to take advantage of the Wave 5 move.

Today's Trading Lessons

1. The best **Time** support and resistance areas are where a *cluster* of **Time** relationships fall together in a *relatively tight range*.
2. The two *minimum Time* targets to be particularly alert for are 100% Wave 2 (1st ATP) and 38.2% Time retracement of Wave 3 (particularly if Wave 3 sub-divides into a minor 5 waves of lesser degree)
3. As a *maximum*, Wave 4 *should not* take more time than the completed impulsive swing to date, 100% Waves 1-3

Potential Trade Set-ups and Trade Follow-ups

S&P (March) Although not a specific trading recommendation, the next important Price support level for the S&P is the old minor Wave a high at 1427.50. A close below this level confirms that the 5th Jan to 10th Jan was indeed a minor abc correction, and hence 10th Jan is a Wave 2 or B high as anticipated.



Wheat (March) Wheat closed above the 256 level as described in the weekly report.

Short and Intermediate Term units (L-01/07, 251)

Raise the protective sell-stop on the short-term unit to 1 tick below the 1DL (1 day low), and raise the protective sell-stop on the Intermediate-term unit to 245 $\frac{3}{4}$ 1 tick below the minor wave 2 of 3 or C.

Gold (Feb) Although not a specific trading recommendation, Gold made both a *Gann Pullback* and an *inside day* today. Traders may consider a short position on a break of Tuesday's Low of 281.90.

Good Trading,

Steve
Steve@dynamictraders.com