

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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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.

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## Wave 5 – Price, Time and Pattern

Today I would like to continue with this week's look at Wave 5's and concentrate on **Price**.

### Price

Today I would like to have a detailed look at the **Price** relationships for a Wave 5. As you may have noticed, as we progress up the Elliott Waves we start to have more and more waves to work with. For a Wave 2 we have the retracement of Wave 1, for Waves 3 and C we have the Wave 1 and Wave 2 and now with Wave 5 we have **Price** relationships of Wave 1, Wave 2, Waves 1-3 and Wave 4.

Let's start with **Wave 4**, the last swing, where:

- The external **Price** retracements include 1.272% and 1.618%

Now let's move onto the entire swing to date, Waves 1-3 projected from the end of Wave 4:

- The **Price** extensions anticipated are 38.2%, 61.8% and 100%

Now let's move onto Wave 1 projected from the end of Wave 4:

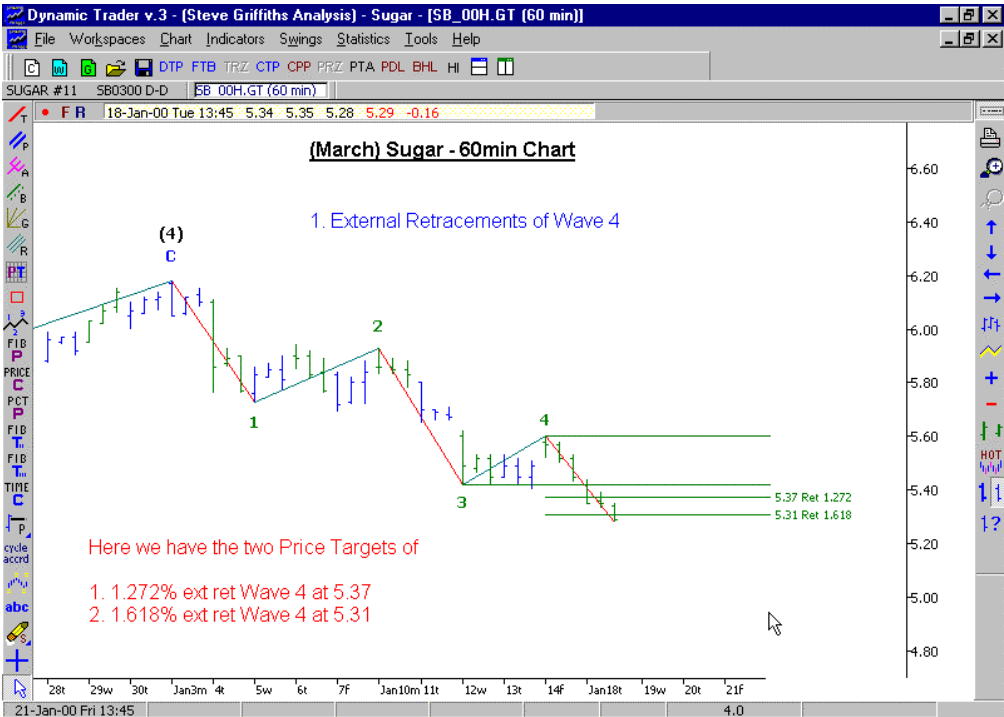
- The **Price** extensions anticipated are 100%, and 1.618%

And lastly we have external retracements of Wave 2, where:

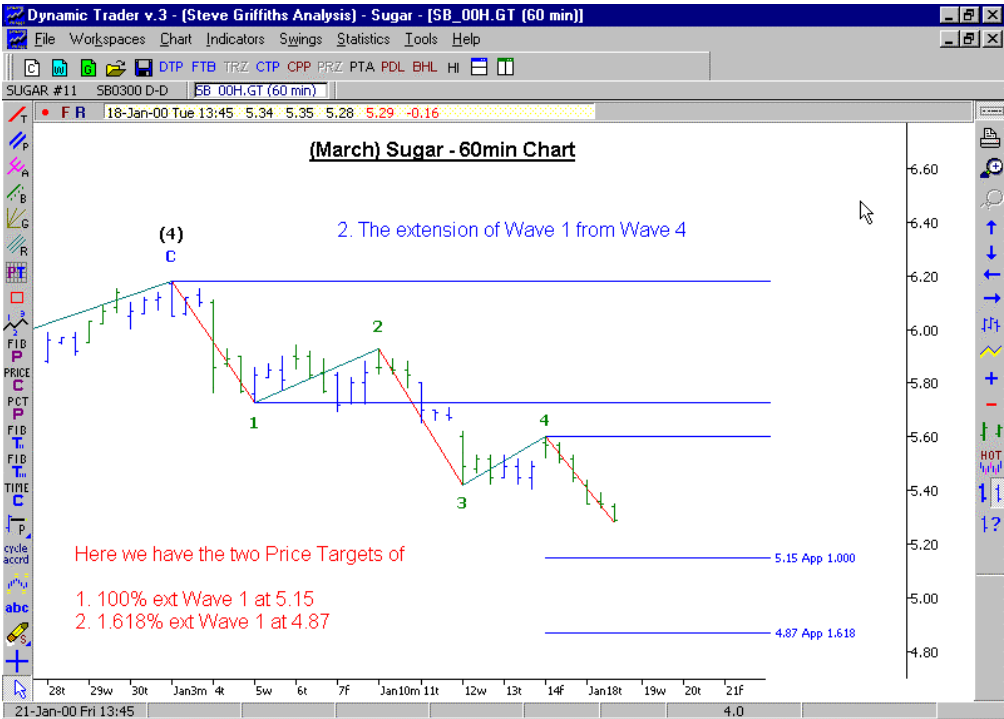
- The external **Price** retracements include 2.618% and 4.236%

Let's have a look at some examples of these individual calculations.

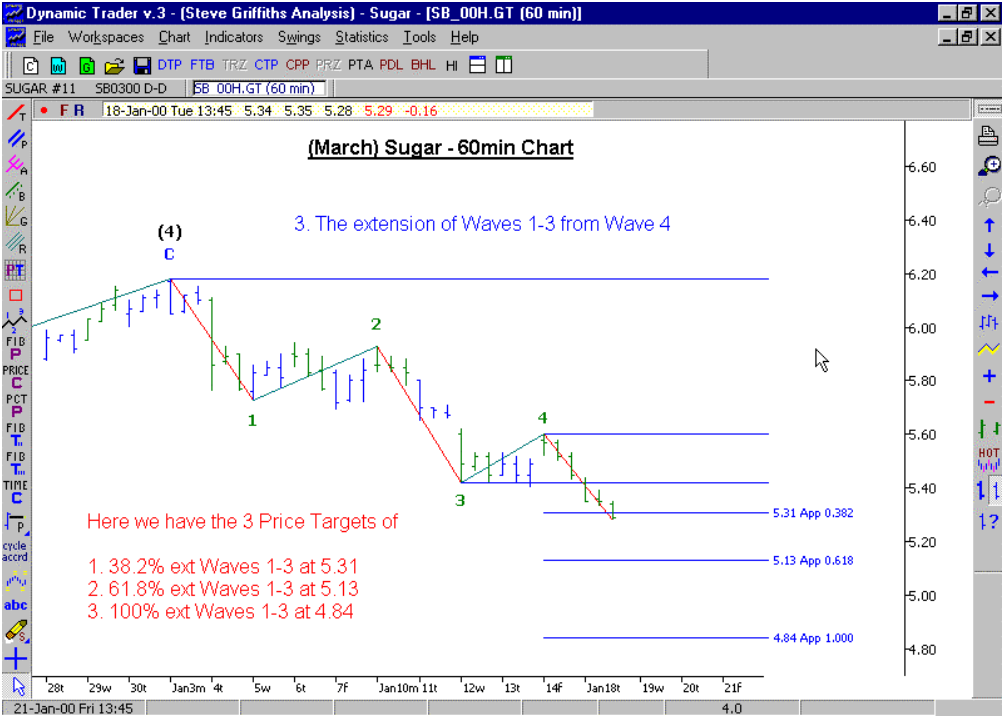
1. Wave 4 external retracements



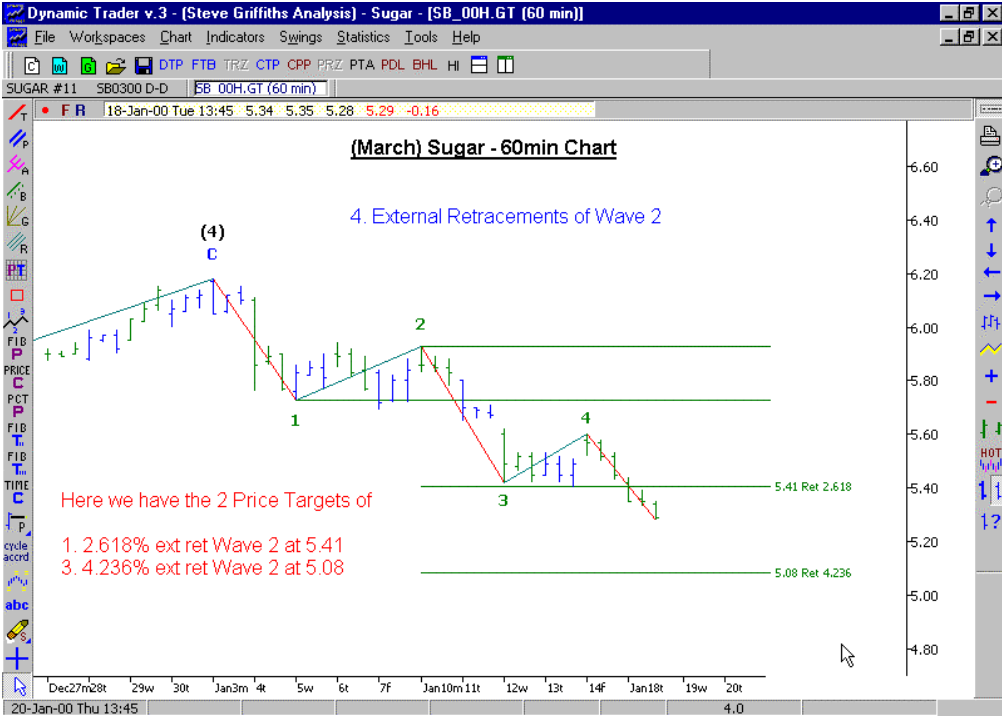
2. Wave 1 extension from the end of Wave 4.



3. Waves 1-3 extension from the end of Wave 4.

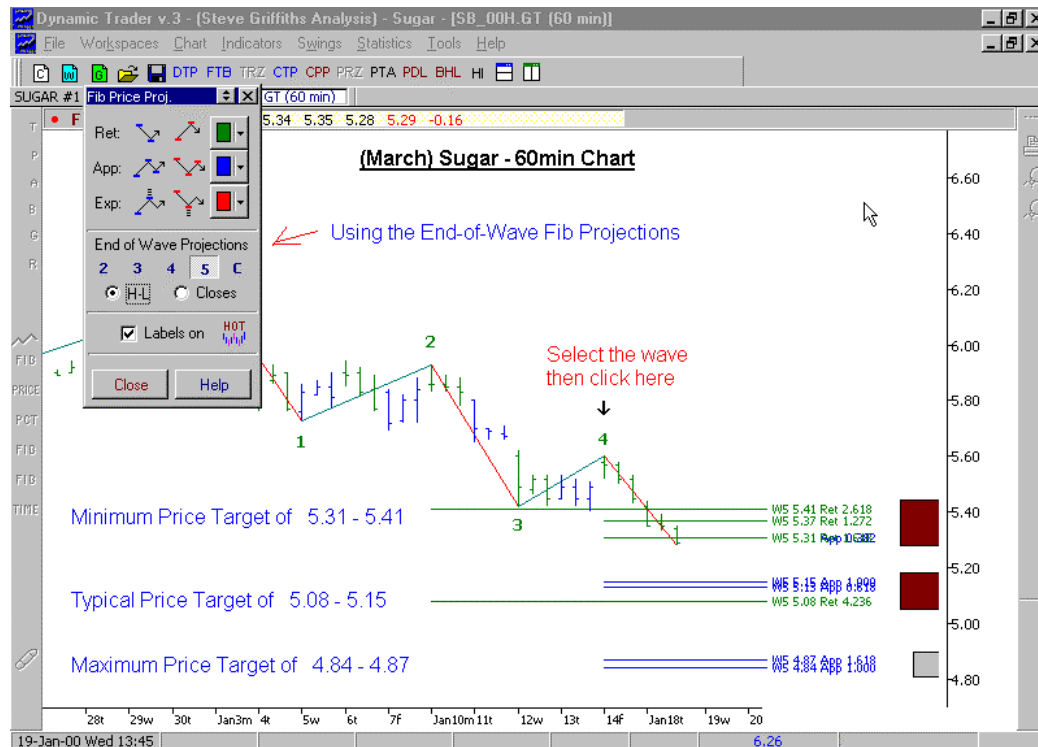


4. Wave 2 external retracements



As usual we now look for areas where these **Price** calculations from *different* swings start *clustering* together in a *relatively tight range*.

At first sight this may seem quite a daunting task as now we have four different swings to work with, but this is where the Dynamic Trader software simplifies and speeds up the process for us, where we can use the End-of-Wave Price projection routine.



Here we see 3 distinct areas for **Price** Support for the potential termination of this Wave 5.

So far you have not heard me mention the *minimum*, *typical* or *maximum Price* targets anticipated for a Wave 5. This is because, unlike some of the other waves, we do not have reliable *minimum*, *typical* and *maximum* targets for each specific calculation. The *minimum*, *typical* and *maximum* targets come from the 3 **Price clusters** themselves that are generated from all these calculations. So in this current example we have:

1. A **minimum Price** target for Wave 5 of: 5.31-5.41
2. A **typical Price** target for Wave 5 of: 5.08-5.15
3. A **maximum Price** target for Wave 5 of: 4.84-4.87

However, the idea of specific *minimum*, *typical* and *maximum* **Price** Targets for a Wave 5 is not as reliable as in some of the other Elliott Waves. It is far better to think of *all three* **Price** targets as all being *typical* targets, but with the *minimum* for wave 5 being in or greater than the first *typical* target (5.31-5.41), and Wave 5 is likely to be completed before the last *typical* target (4.84-4.87).

Ideally the Wave 5 targets should include calculations from as many of the four different waves as possible. As we know, the best **Price** support and resistance areas are where **Price** calculations from *different* swings and *different* degree of swing are *clustering* together in a *relatively tight range*.

Lastly, as we saw yesterday, Wave 5 terminates the entire Elliott Wave sequence; hence we can also use **Price** calculations from the *larger degree* Elliott Pattern to help nail these Wave 5 terminations.

There are a few wave specific Price ratios that we can use, but I will cover these next week when I go into a bit more depth on Wave 5's. Today I want to just get the basic Price Targets clear. I will also cover Wave 5 failures next week.

## Today's Trading Lessons

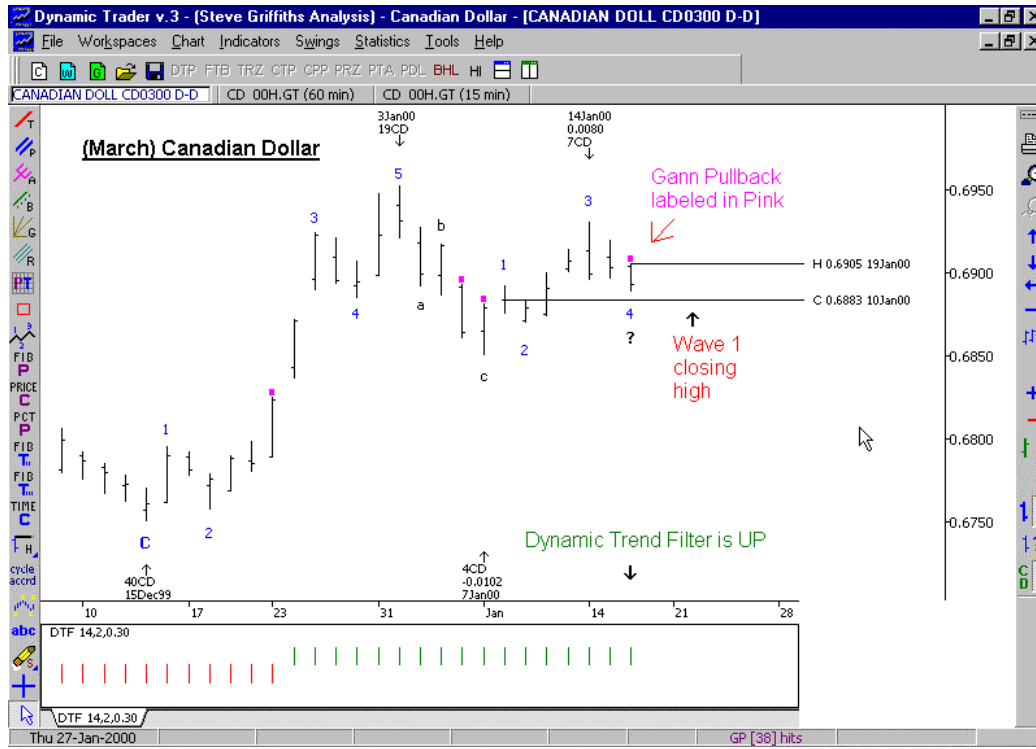
1. The best Wave 5 **Price** targets are where **Price** calculations from *different* swings and *different* degree of swing are *clustering* together in a *relatively tight range*, ideally including all four of our different waves.
2. As wave 5 completes the entire Elliott Wave sequence, the completed Wave 5 now forms part of a wave of *larger degree*. Hence we can also use the **Price** calculations from this *larger degree* to help nail the Wave 5 termination.

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Continued on next page.

## Potential Trade Set-ups and Trade Follow-ups

**(March) Canadian Dollar.** The Canadian Dollar made a Gann Pullback today without closing below the Wave 1 closing low as outlined in the weekend report. Hence the current minor decline off the Jan 14 high can still be considered a minor Wave 4 correction. Although not a specific trading recommendation, Traders may consider a Long trade on the break of yesterday's high of 0.6905. A close below 0.6883 voids this set-up and suggests a continued decline to below the Jan 7 low.



**(Feb) Lean Hogs.** I apologize, but I did not update the current open position in Lean Hogs in Saturday's report, Short from 55.80 on Jan 10.

### Short and Intermediate Term positions

Maintain the protective buy-stop on both units at 56.80. If the market trades to 52.75, lower the protective buy-stop on the short-term unit to 1 tick above the 1DH (1 day high).

Good Trading,

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