

# Dynamic Trader Daily Report

Comprehensive Analysis and Education For the Serious Trader and Investor

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

**Monday, January 31, 2000**

Prepared by: Stephen Griffiths  
Steve@dynamictraders.com

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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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## Trend Continuation Trade Entry Strategies – Part 1

This week I would like to cover *trend continuation* set-ups as a way to enter a low risk trade *once a market trend is already underway*. Up to now all of these training tutorials have concentrated on finding the terminations of trends as a way to initiate a low risk trade entry. But we also need techniques that allow us to enter a trade with a *small controlled risk* once a new trend is already underway.

The 3 techniques I use most myself are:

- Inside Days
- Outside Days
- Gann Pullbacks

## Inside Day Trade Entry Set-Up

An inside day is defined as a day where the entire trading range is within the prior day's trading range.

For example, I would like to go back a week in the S&P to Jan 21, and take a look at a specific trade recommendation taken from DT Report. As we can see from the chart on the next page, an inside day appeared on Jan 21, the last bar on this chart where the entire trading range for the 21<sup>st</sup> is contained within the range of the prior day, the 20<sup>th</sup>.



The first step in any analysis is to have an opinion of the current Elliott position of the market.

Here we see that the market appears to have made a Wave 2 or B high on Jan 14. We normally anticipate that most corrections at least take the form of a simple ABC. So *at least* we should anticipate a continued decline to below the Wave 1 or A low of Jan 5. Hence we should be looking for opportunities to enter the market on the Short side.

The entry trigger for an inside day is on a break of the day's range prior to the inside day. Inside days are made when the market pauses and catches breath before continuing on in this new trend. Hence the inside day strategy is designed to take advantage of this pause for breath, allowing us to enter the market as the new trend begins to re-establish itself again.

In this example we place an order to Sell 1 tick below the prior day's low of Jan 20 at 1448.00.

Once filled, we place the initial protective buy-stop 1 tick above either the high of the inside day itself or the day of entry, whichever is higher. Normally the market will not retrace to the Price extreme of the inside day itself *if* the new trend is valid.

Inside Day Trade Entry



Inside Day Initial Protective Stop Placement



The high of the day of entry was higher than the high of the inside day, hence the initial protective buy-stop goes 1 Tick above 1466.50, the high of the entry day up to the time of entry.

Sometimes the current Elliott Pattern is unclear; hence you can use a mechanical calculation of the current trend direction, for example the *Dynamic Trend Filter*.

An example of this is on a Daily Chart of Soybean Oil, where the current Elliott Pattern was questionable, but there was a definite up trend as defined by the *Dynamic Trend Filter*, hence there was a possible tradable opportunity on the break of the inside day on Jan 26.



## Today's Trading Lessons

1. An *inside day* is defined as a day where the entire trading range for the day is *within* the prior day's trading range.
2. Inside-Day Trade-Entry trades are taken in the direction of the main trend.
3. The entry trigger for an inside day set-up is on a break of the day's range *prior* to the inside day.
4. If filled and in the case of a short-sale, we place the initial protective stop 1 tick above either the Price extreme of the inside day *itself* or the *day of entry*, whichever is higher.

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

**(March) Wheat.** Although not a specific trade recommendation, Wheat has now declined into the *first Price, Time* and *Pattern coincidence* for the potential termination of a Wave 4 low. Traders may consider a long position on a reversal day tomorrow.



### S&P (March)

The intermediate-term short unit taken on Jan. 24 at 1447.75 was stopped out today at the 1389.25 protective buy-stop.

### BP (March)

Short and Intermediate Term Units (Long-1/25, 164.42)

No change from Saturday's report.

### Copper (March)

Short and Intermediate Term Units (L-1/31, 84.90)

The go-long strategy was elected today on the close. The stop is at 83.05, one tick below the recent low.

**Sugar (March)**

The long position taken Jan. 26 at 5.50 was stopped out today at the 5.35 protective sell-stop.

**Cattle (June)**

Short and Intermediate Term Units (L-1/31, 69.60)

The buy-stop to go-long at 69.60 was elected today. The protective sell-stop is at 68.87.

Good Trading,

Steve

[Steve@dynamictraders.com](mailto:Steve@dynamictraders.com)