

# 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

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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 3

Today I would like to continue with this week's theme of trend continuation trade entry strategies that allow you to enter a low risk trade *once a new trend is already underway* with the *Gann Pullback* trade set-up.

### Gann Pullback Trade Entry Set-Up

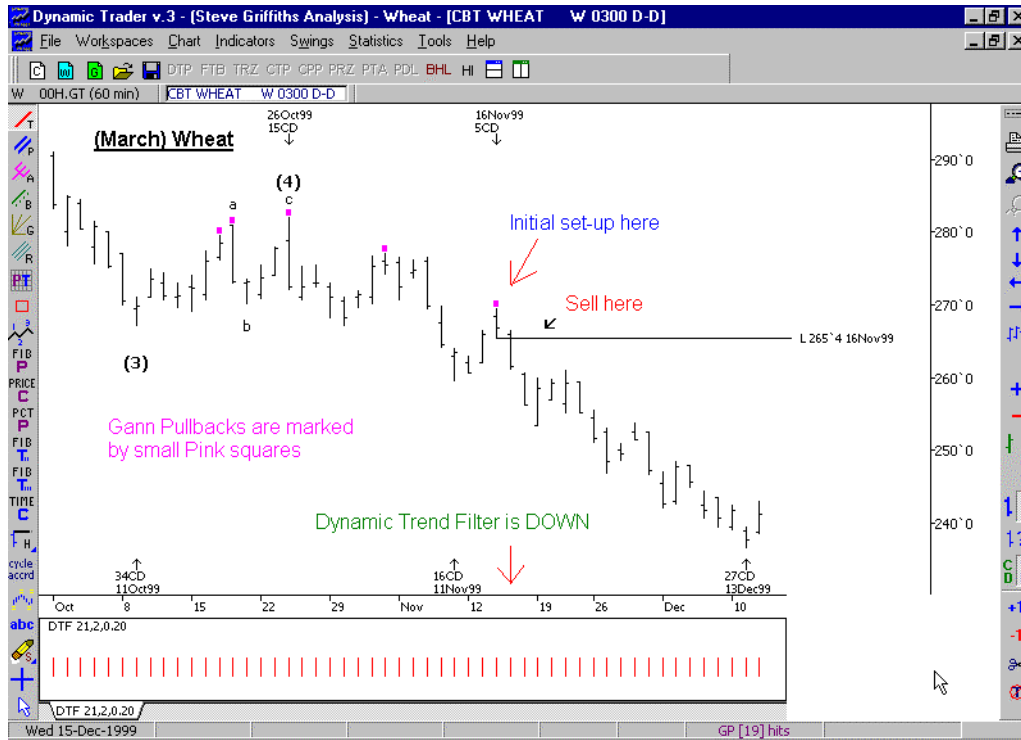
The Gann Pullback trade is based on W.D. Gann's observation that minor corrections in an established trend usually only last three days or so. Hence the Gann Pullback trade is designed to enter a trade on the completion of a minor correction against the main trend.

Entry rules (for a Sell set-up – reverse for a Buy)

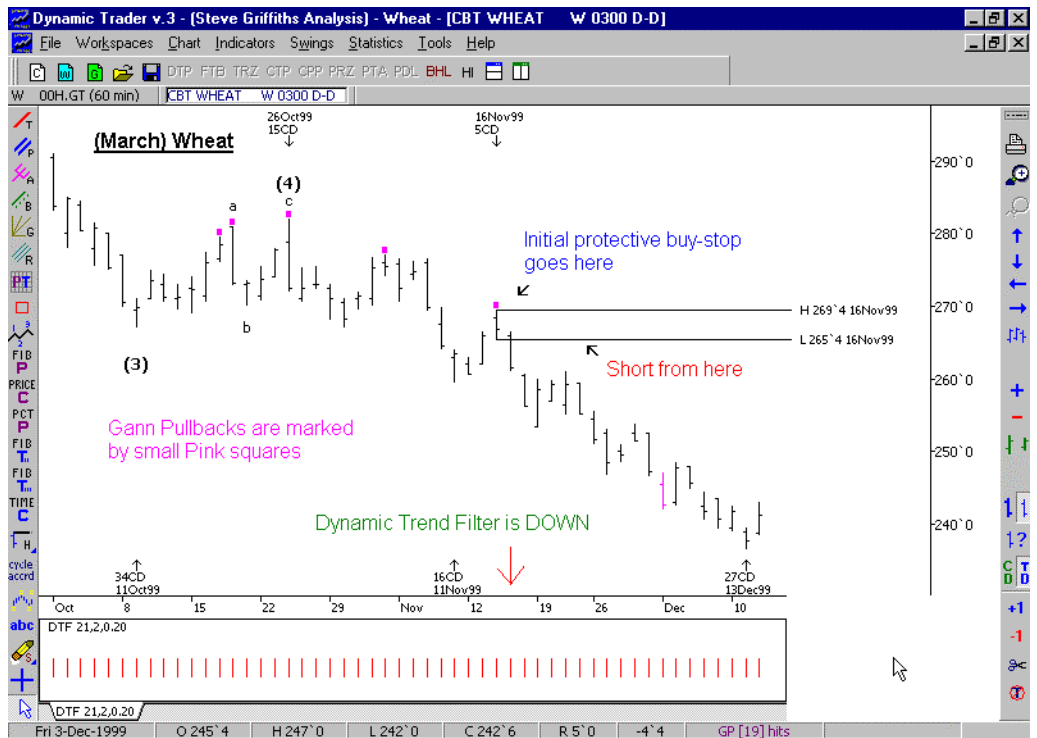
1. Only look to enter a trade in the direction of the main trend
2. For a Sell set-up, the three most recent days must each have higher highs or any combination of two higher highs and an inside day.
3. For a Sell set-up, the entry is on a break of the prior days low, **once** the above criteria has been met.
4. If the market makes a new high, adjust the entry to 1 tick below the prior days low.
5. If filled, place the initial protective buy-stop 1 tick above the prior days high or the high of the day of entry, whichever is higher.
6. Exit the position on close of the entry day if the close is above the current days entry and the prior days close

Let's have a look at a recent example in (March) Wheat.

### Gann Pullback Trade Entry – for a short trade (reverse for a long trade)



### Gann Pullback Initial Protective Stop Placement – for a short trade



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On Nov 16, beans were in an established down trend off the Wave (4) high of Oct 16. The bear trend was confirmed by the Dynamic Trend Filter. The minor rally from Nov 11 to Nov 16 consisted of 2 higher highs and an inside day, thus meeting the initial criteria for a Gann Pullback. Therefore on Nov 17 we can place an order to Sell 1 tick below the prior day's low of Nov 16 at 265 ½

If the next day beans had made a new high without having triggered the sell-stop to go short, the new sell-stop to go short would be placed one tick below the prior day's low. In other words, trail the sell-stop to go short until it is elected.

Once filled, we place the initial protective buy-stop 1 tick above the high of the day of entry or 1 tick above the prior day's high, whichever is higher. In this example it was 1 tick above the high of the Nov 16 entry day at 269 ½ See the second Chart on the previous page.

Sometimes we find we have two or more different trade set-ups on the same day. For example, in the (March) Soybeans chart below there are four days that met the initial criteria for a Gann Pullback, and Nov 5 was also an outside trend-continuation day set-up and Nov 8 was an inside trend-continuation day set-up.



When this happens there is absolutely no excuse for missing the trade!

## Today's Trading Lessons

1. The initial criteria for a *Gann Pullback* (for a Sell set-up) is when the three most recent days each have higher highs or any combination of two higher highs and an inside day.
2. Gann Pullback trades are taken in the direction of the main trend. The direction of the trend may be determined by our opinion of the Elliott wave pattern position or by a trend filter indicator such as the Dynamic Trend Filter.
3. The entry trigger for a Gann Pullback set-up, in the case of a short sale, is on a break of the prior days low **once** the initial criteria has been met.
4. If filled and in the case of a short sale, we place the initial protective stop 1 tick above the Price extreme of the prior day or the *day of entry* whichever is higher.
5. The initial entry and protective stop price are completely objective.

**Continued on next page.**

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

### (March) Pound

Short and Intermediate Term Unit (S-1/25, 164.42)

1. Protective buy-stop on the short-term unit is 1 tick above the prior days high at 161.02 for tomorrow.
  2. If No.1 is not elected, exit the short-term unit on a close *if* the close is above the current day's open and the prior day's close.
- Adjust the protective buy-stop on the Intermediate term unit to 163.96/

### (March) Copper

Short and Intermediate Term Unit (L-1/31, 84.90)  
We were stopped out of both units today at 83.05

### (June) Live Cattle

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

The protective sell-stop on both units remains at 69.15 for tomorrow, 1 tick below the 78.6% retracement.

**(March) Cotton** Although not a specific trading recommendation, Cotton has now made a double inside day, and it appears that the market is pausing before its next move. A break from Monday's Trading range should define the direction of the next short-term move, but because we still consider Jan 26 to be a Wave 1 or A high, I would favor a break of Monday's low for a decline into a potential Wave 2 or B low.

See chart on the next page.



Good Trading,

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