

Trader Education Tutorial

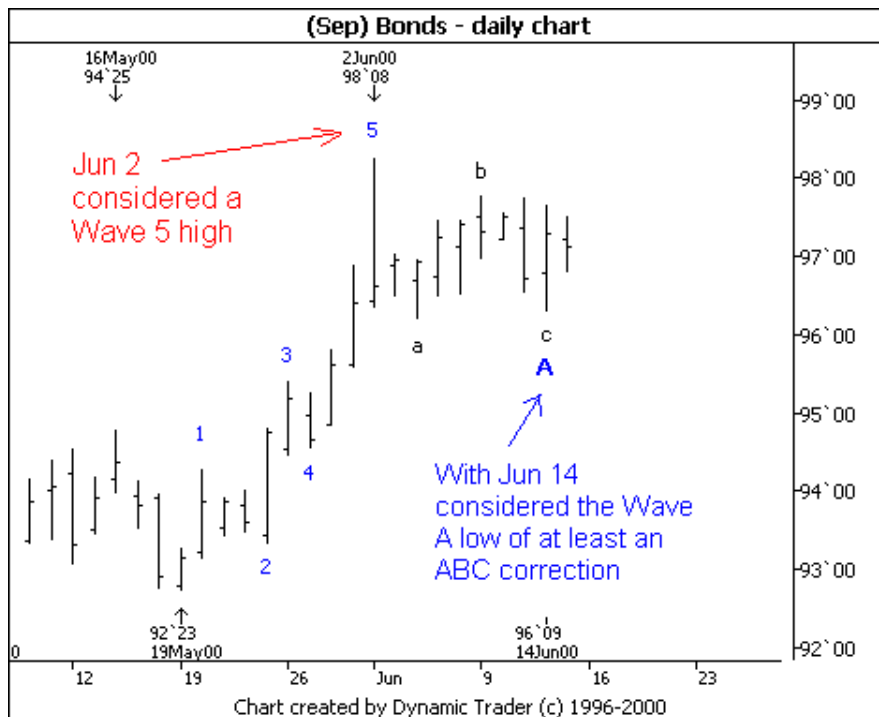
By Stephen Griffiths, Dynamic Traders Group, Inc.

Practical Application of Price, Time and Pattern

Today I would like to continue to demonstrate the practical application of Price, Time and Pattern analysis as applied to a recent specific trade recommendation taken from the Dynamic Trader report.

Over the past few weeks, I have demonstrated a *trend reversal* trade set-up off a Wave 5 high in the Dollar Index and a series of *trend continuation* set-ups in Crude Oil. Today I would like to cover another *trend reversal* trade set-up but on a Wave C high in (Sep) Bonds. In this case, the trend reversal would be the termination of an ABC correction and not a completed five wave sequence as in the Dollar Index. These prior tutorials are all available for download from the Traders Education Archives

First lets' review the position of (Sep) bonds as of Jun 15, the last day on the below chart.

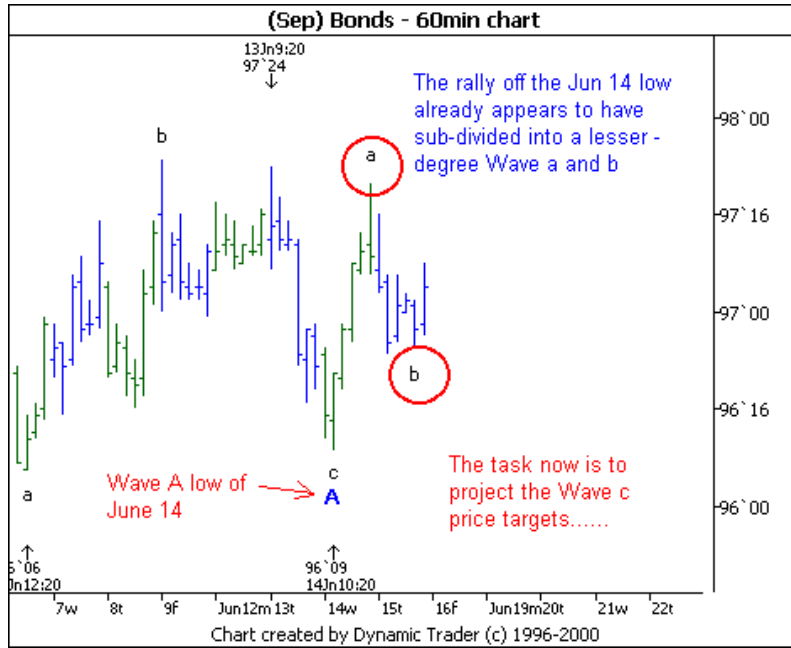


The chart above shows that June 14 was considered a Wave A low following a Wave 5 high on June 2. A Wave B rally was now anticipated to follow.

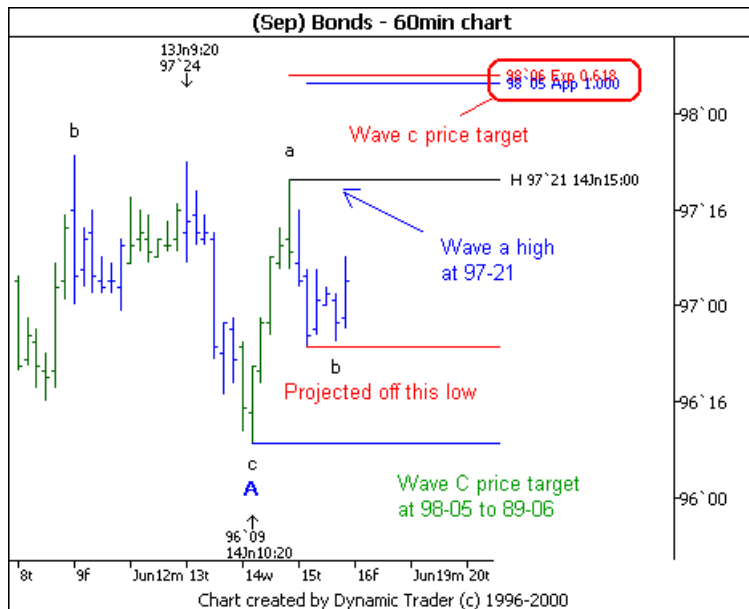
Wave B, as the lesser degree corrective wave, within a completed ABC normally unfolds as a simple abc. These series of ABC's may appear

confusing, but our focus at this stage is to identify the termination of a simple abc rally off the June 14 low and then look to position short.

Let's zoom into a 60min chart, so we can identify this lesser-degree abc a little easier.



As can be seen from the above chart the lesser-degree Waves a and b already appear complete. We can now project the most likely price target for where the anticipated lesser-degree Wave c is likely to terminate.



In the chart above, we can see a tight cluster of price relationships falling in the 98-05 to 98-06 area. Where:

- Wave c = 100% alternate price projection of Wave-a at 98-05, and
- Wave c = 1.618% external price retracement of Wave-b at 98-06.

Next week's tutorial will be a special on Wave C price targets, so please book-mark this page and return next week for an in-depth tutorial on Wave-C end of wave price projections.

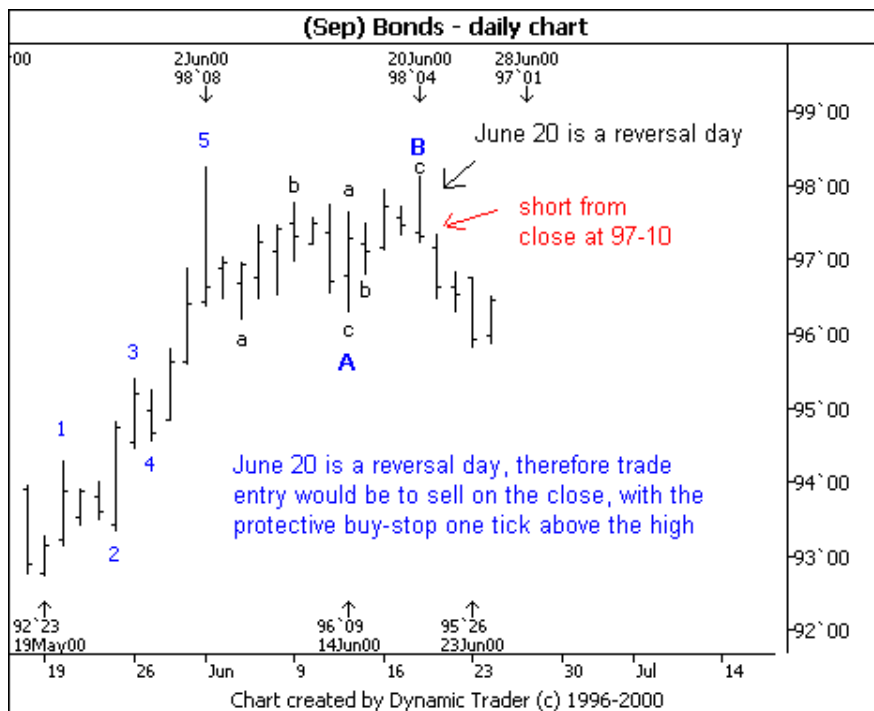
The initial price target for the Wave C is 98-05 to 98-06

The Dynamic Trader Report used the five-wave sub-divisions of the Wave-C in the next few days to widen slightly and strengthen this initial Wave-c price target with the price target for the lesser-degree wave 5 (of the c) to 98-02 to 98-07. In a future tutorial, I will teach you how to incorporate analysis from multiple degrees. The end-of-wave-5 of C targets are not shown on the chart below.

We now have a price target for the termination of the rally off the June 14 low of 98-02 to 98-07 which includes the price target for Wave-c and Wave-5 of c. If Bonds traded into this 98-02 to 98-07 price target, trend-reversal trade entry strategies should then be used to enter a new short position.



As can be seen from the above chart, this is exactly what happened on June 20, where the Wave c sub-divided into a lesser degree five waves perfectly. Now trend reversal trade entry strategies are used to initiate a short trade.



June 20 is a reversal day. The trade entry to go short would be to sell on the close at 97-10 with the protective buy-stop one tick above the high. This trade was closed four days later per the instructions in the Dynamic Trader Report on the close of June 26 at 96-15, the last bar on the chart above for a profit of \$843 per contract (ignoring slippage and commission)

Key Point

Although this may seem like some after the fact example carefully chosen to show a profitable trade, this was the actual analysis and a specific trade recommendation published in the Dynamic Trader Report *at the time*.

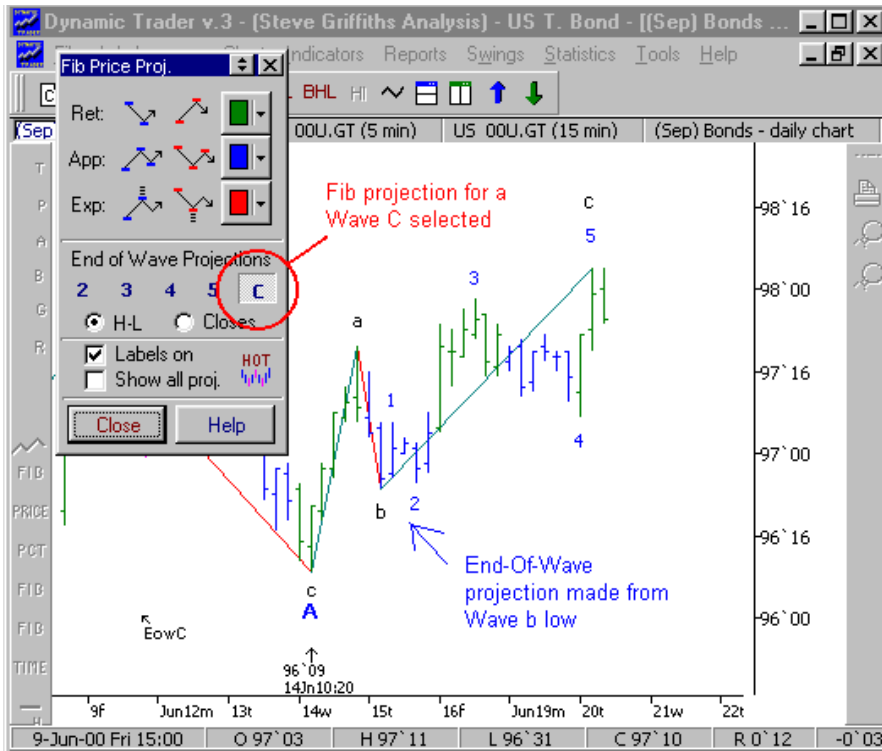
Lesson Learned

Today's training tutorial demonstrates a practical example of a short trade taken in (Sep) Bonds off the termination of a simple abc correction.

Next week will be a special detailed tutorial on End-of-Wave-C price projections.

Dynamic Trader Software Program

Today's tutorial demonstrated the use of an End-Of-Wave-C price target where to consider a trend reversal trade. The Dynamic Trader software program contains a unique Fibonacci End-Of-Wave price projection routine, where price projections can quickly and simply be made for the end of any wave of the Elliott Wave sequence.



In the chart above, we can see the same 60min Bond analysis as in the above tutorial. The End-Of-Wave-C price targets are labelled as W.C and the exact price and type of projection are included on the chart.



The Dynamic trader program is designed to make the high probability price targets a quick, simple and easy process. For complete information on the Dynamic Trader Software and Trading Course, go to the Download page and download the DT3 Information brochure.