

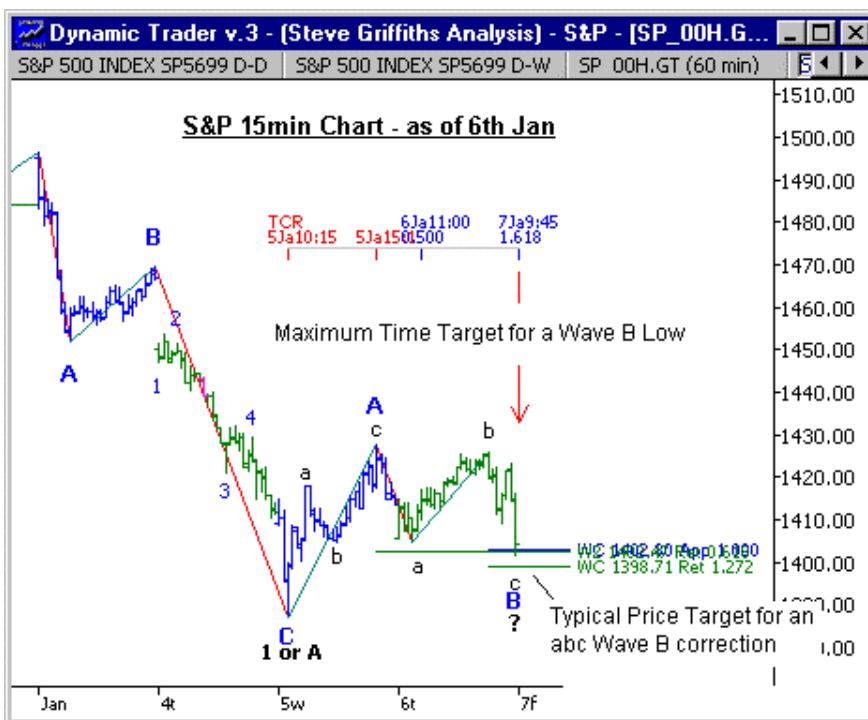
Traders Education Tutorial

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Wave 2 or B Corrections (cont.)

Today I would like to build on the last education tutorial of 1/1/2000 and show another example of an ABC, wave 2 or B correction, but this time on an intraday Chart, as I know many of you are specifically *short-term* traders in the S&P. Next week I will then move onto some simple intraday trading strategies to employ to use with this analysis.

Let's have a look at a recent example taken from the Dynamic Trader Report on a 15min S&P Chart from 6th Jan:



Price Targets

I have used the End-of-Wave routine, unique to the **Dynamic Trader** software program, to project *in advance* the high-probability **Price** Targets for both a Wave 2 or B and the minor Wave C of 2 or B.

These price projections make a very tight *cluster* of targets in the 1402.80 - 1398.70 range which is made up of:

The *typical/Price* relationships for a Wave C where:

- Wave C = 100% Wave A at 1402.80
- Wave C = 127.2% External Retracement Wave B at 1398.70

And the **typical/Price** retracement for a Wave 2 or B at 1402.50 where

- Wave 2 or B = 0.618% Price retracement of Wave 1 or A at 1402.50

The price target to complete the Wave 2 or B includes the typical target for the smaller degree (Wave C or 2 or B) and a typical target for the Wave 2 or B itself. **Price** relationships from *different* swings and *different* degrees of swing are *clustering* together in a relatively tight range of 1398.70 to 1402.80

Time

From last week's tutorial we know that the *minimum* and *maximum* **Time** periods anticipated for a Wave 2 or B correction to terminate are a 50% and 1.618% **Time** retracement of Wave 1 or A.

From the chart we see that the low right at the end of the trading day on Jan. 6th was right at this *maximum Time* target for a Wave 2 or B low.

Pattern

From last week's tutorial we also know that a Wave 2 or B correction *typically* unfolds as a simple ABC.

From the chart above, it appears the S&P has made an ABC into the Jan. 6 low.

When Price, Time and Pattern coincide, change is inevitable

At the low of 1401, right at the end of the trading day on the 6th Jan. **Price**, **Time** and **Pattern** have all *coincided* for a Wave 2 or B low to terminate. Keep in mind all of these calculations were performed *in advance*.

Armed with the knowledge that the S&P is now in a position for a potential bottom, we can look to enter the market on the Long side, once the *market itself* has given us *initial confirmation* of a bottom.

We will follow up with this S&P example in next week's Traders Education tutorial where we will describe the trade entry strategies once a market reaches the time, price and pattern projections for a trend reversal.

Robert Miner's *Dynamic Trading Book* provides complete instruction with hundreds of examples how to project the time and price targets for trend reversal in just about any market condition. The Dynamic Trader Report provides comprehensive analysis of current market positions and high-probability trade recommendations as well as daily trade tutorials.

For more information on the *Dynamic Trading* book and the *Dynamic Trader Report*, go to our web site at www.dynamictraders.com.