

Trader Education Tutorial

3/24/00

Today I would like to continue with the current section of tutorials, on the Price, Time and Pattern characteristics of Wave 4's

Wave 4 Time Projections

As with **Price**, the best possible **Time** targets for the termination of Wave-4 are where different projections from *different swings* and *different degrees of swing* all cluster together in a relatively tight range. There are three prior swings relationships from where we can make Time projections for a Wave 4 which include Wave 3 (most recently completed swing), Wave 2 (1st Alternate) and Waves 1-3 (entire trend so far).

Wave-4 Time projections of Wave-3:

- The *minimum Time Retracement* anticipated is 38.2%
- The *typical Time Retracements* anticipated are 50%, 61.8% and 100%
- The *maximum Time* retracement anticipated is 161.8%

Wave-4 Time projections of Waves 1-3 (the entire move so far):

- The *typical Time Retracements* anticipated are 38.2%, 50% and 61.8%
- The *maximum Time Retracement* anticipated is 100%

We do not have any reliable *minimum Time* retracements that are specific to the Waves 1-3, but we do have a *maximum* target of 100%. If a corrective swing starts to last longer in **Time** than the entire impulsive move to date (Waves 1-3) it is a *Time overbalance*. If a market makes greater than a 100% Time retracement of Waves 1-3, more than likely it is not a correction but a new trend in the opposite direction.

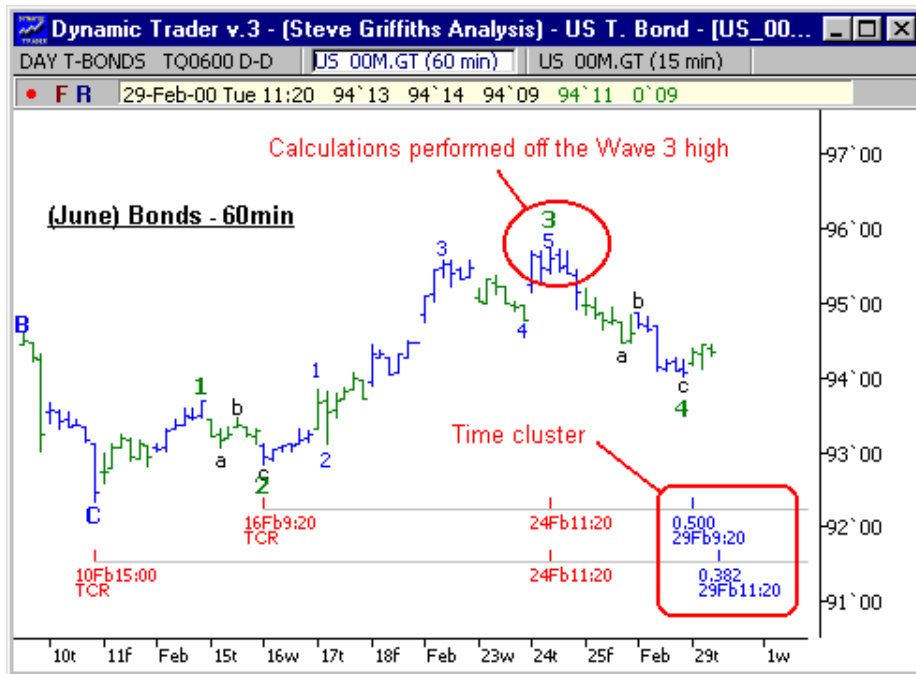
Wave-4 Time projections of Wave 2, (1st Alternate):

- The *minimum Time* relationship anticipated is 100%
- The *typical Time* relationships anticipated are 100% and 161.8%

Wave 4's are normally longer in **Time** than Wave 2's, hence the *minimum Time* relationship of Wave 4 = 100% Wave-2.

Let's have a look at a current example on a 60m min Bond chart that is taken from a recent issue of the Dynamic Trader Report:

We make the individual **Time** calculations and see if the projections from different swings and different degrees of swing are *clustering* together in a relatively tight range.



The 50% Time retracement of Wave 3 is only a couple bars from the 38.2% Time retracement of the entire advance – Waves 1-3.

We would have a PTPP (Projected Turning Point Period) for a potential Wave 4 low of 9:20 on Feb 29 to 11:20 on Feb 29.

The actual Wave 4 low terminated one bar before this PTPP at 15:00 on Feb 28. One bar early, which is only 60 minutes early from a set of calculations that were made from the Wave-3 high nearly three days earlier!

As with the Wave 4 **Price** projections covered in the last two training tutorials, we now need to make the **Time** projections from the minor waves within the wave 4 to narrow down this initial PTPP (Projected Turning Point Period).

Next week's tutorial will teach you how to include the smaller degree time projections with the larger degree.

Summary

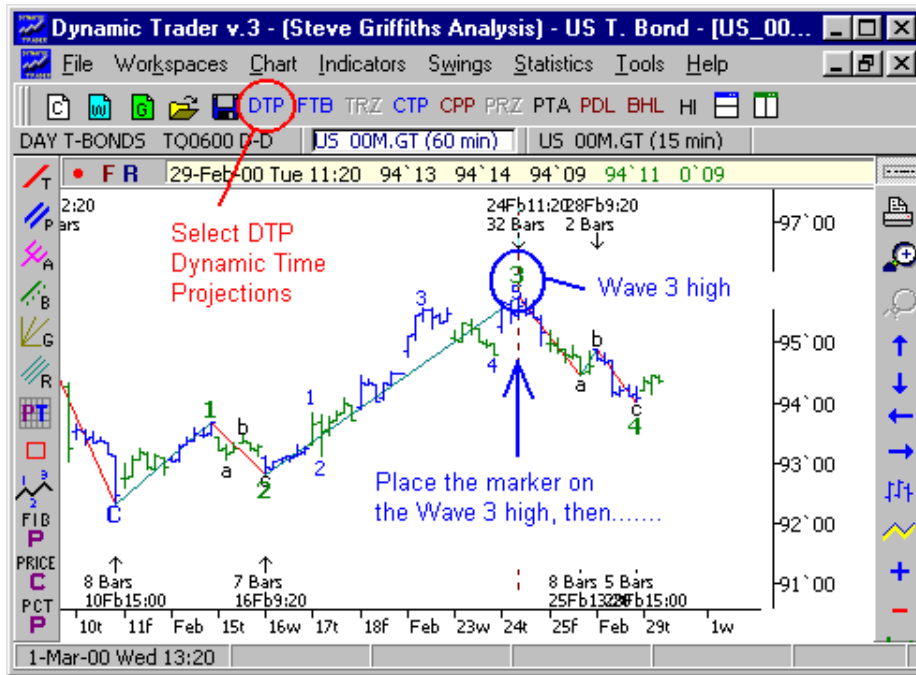
1. The *minimum*, *typical* and *maximum* **Time** targets for a Wave 4 can be clearly defined **in advance**.
2. The most reliable **Time** support and resistance areas are where projections from different swings and different degrees of swing **cluster together in a relatively tight range**.

Dynamic Trader Software

The Wave 4 **Time** tutorial above taught you how to make the high probability Time targets for the end of a Wave 4. This can be accomplished a lot quicker and easier with the Dynamic Trader software program.

Dynamic Trader uses the End-of-Wave price projection routine to make the price targets for the end of any swing. Dynamic Trader uses the Dynamic Time Projection report to quickly make the time target projections for the end of any swing. First, place a swing file on the chart. Then choose the Dynamic Time Projection routine to make all of the time projections for each of the individual swings and plot the results in a histogram below the current chart.

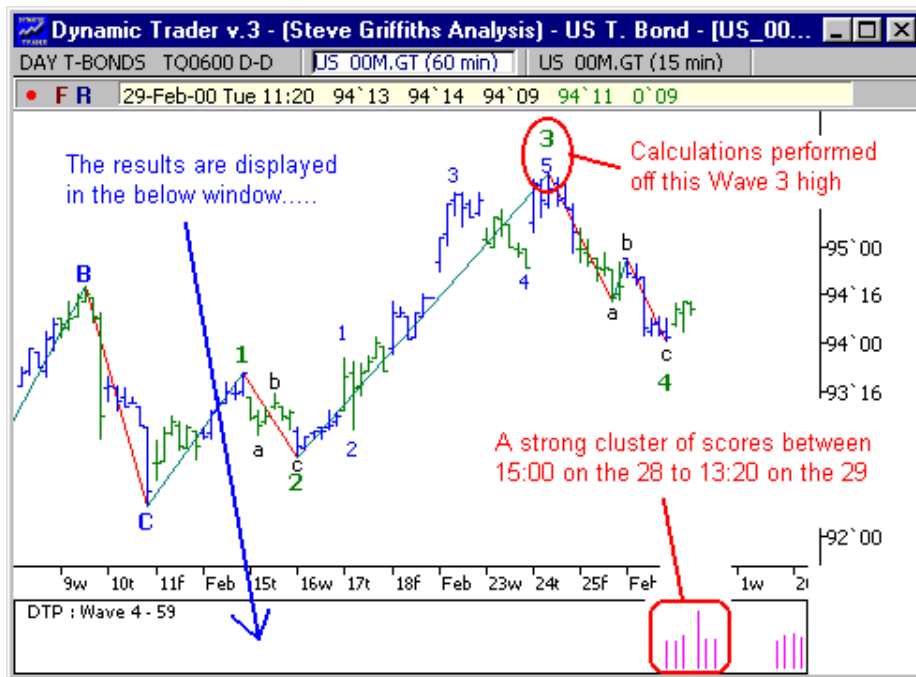
Let's step though the current example on a 60min Bond chart used in the tutorial above, where we start with a bar chart and a swing file:



Place the vertical marker on the last swing pivot – the Wave 3 high in this case as we are looking to project the termination of the Wave 4 low. Then select DTP (Dynamic Time Projection) from the menu. The DTP report menu opens (not shown) which makes the projections and plots a histogram showing the number of Time relationships that fall on a bar. The higher the score the more individual time calculations are falling on that bar and hence the most important times to be alert for a potential change in trend.

Each individual projection is weighted by its individual importance which is built into the DTP set-up.

We can then choose to display this histogram in a window below the current Chart:



The greatest cluster fell between the time period of 15:00 on Feb 28 to 13:20 on Feb 29

While this is a relatively broad time period to anticipate the termination of a Wave 4, we now need to narrow down this Time period using the minor waves within the Wave 4 itself which I will demonstrate in next week's tutorial.

Be sure and bookmark this page and return next week.

If you would like to learn more about the unique features of the Dynamic Trader software program, you may [go to the download page](#) and download the DT software brochure.