

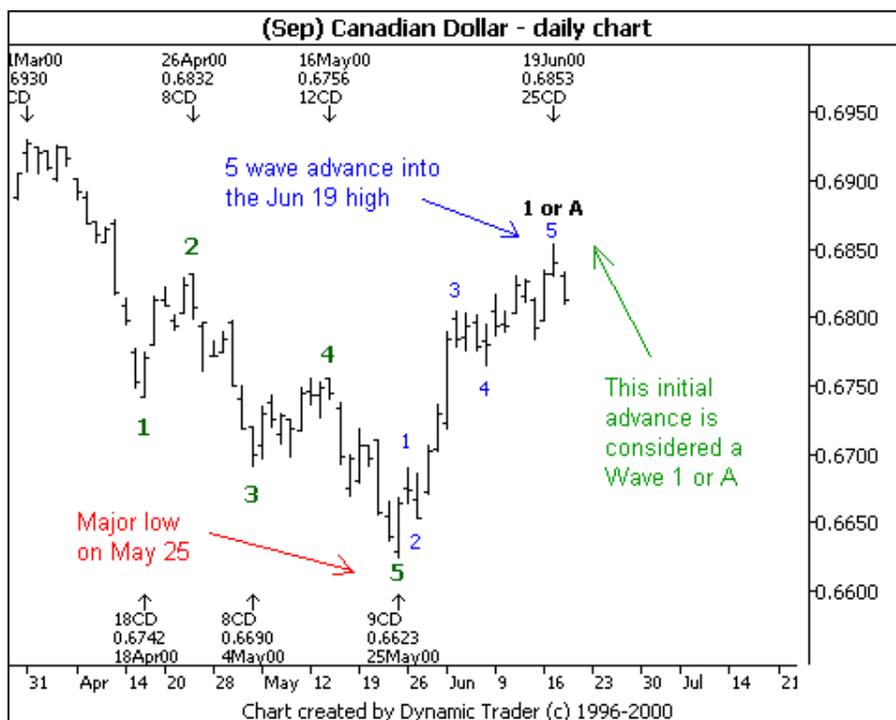
Trader Education Tutorial

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Price Targets for a Correction

Over the next few tutorials, I would like to look at the practical application of **Price**, **Time** and **Pattern** by detailing the analysis behind one of the recent specific trading recommendation from the Dynamic Trader Report for the Canadian Dollar.

First, I would like to set the scene with a look at the larger degree position of the Canadian Dollar as of Jun 20, the last bar on the daily chart shown below:

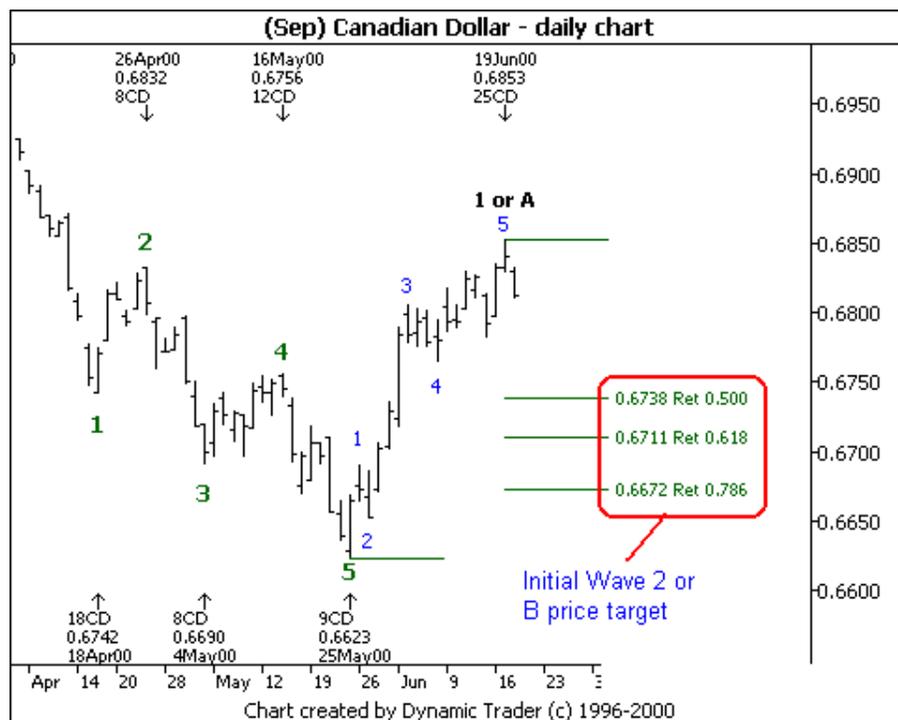


The Canadian Dollar made a five-wave rally off the May 25 low into the Jun 19 high. This initial advance would be considered a Wave 1 or A. From a trading perspective, it doesn't matter which. The aim now is to identify the termination of the Wave 2 or B correction to look to position long for the anticipated Wave C or 3 rally.

Over the coming weeks I will look at the **Price**, **Time** and **Pattern** analysis for the potential termination of this Wave 2 or B low, starting today with the **Price** analysis.

A Wave 2 or B correction usually terminates between a 50% to 78.6% price retracement of the Wave 1 or A swing - typically at a 61.8% price retracement of the Wave 1 or A.

Let's place these price retracements on the chart:



As can be seen from the chart above this produces an initial Wave 2 or B price target of 0.6738 – 0.6672.

At first sight this may seem a very wide price range, but this is the *initial* price target which will be narrowed down and reinforced as the lesser degree waves within the Wave 2 or B correction unfold. By using the wave subdivisions as the market unfolds, you will see how we often are able to project a price target with a range of only a few ticks.

Please note, this analysis does not suggest that the Canadian Dollar *will* trade into this area. But *if* it trades into this area, we will need to be alert to the other aspects of **Pattern** and **Time** to be very alert for a possible Wave 2 or B low.

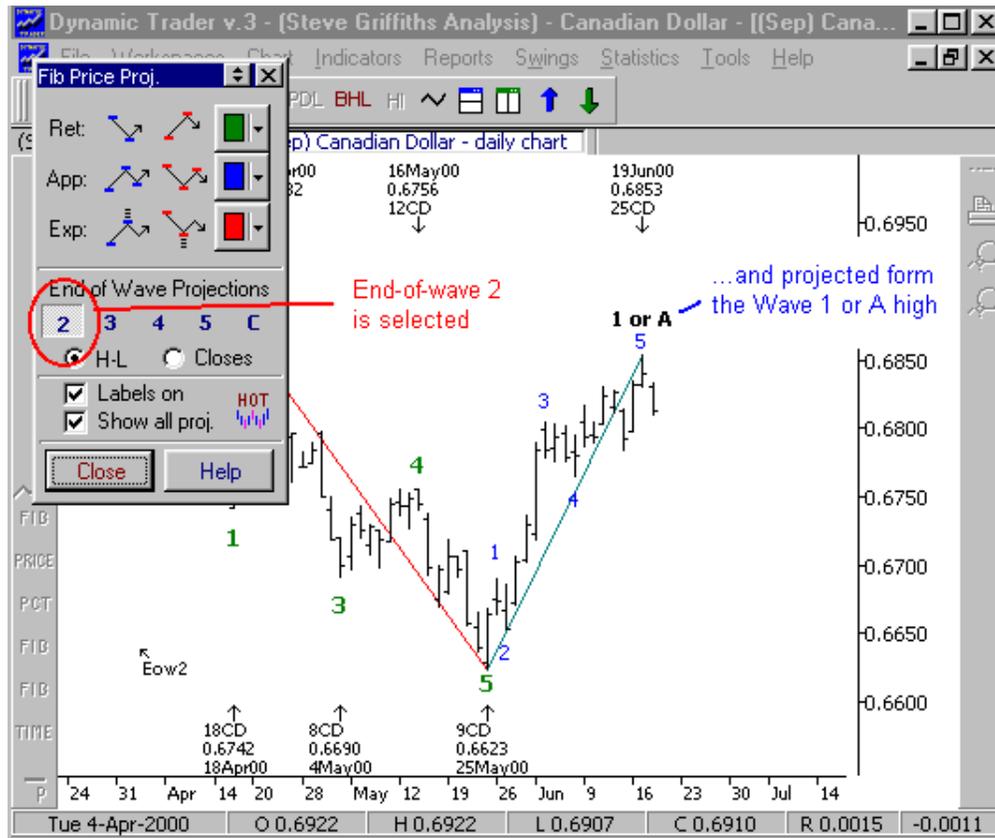
Next week I will look at the initial **Time** targets for the Wave 2 or B correction. I suggest you book mark this page, so you will not miss any aspects of this particular training series, as it will compile into probably the most comprehensive education of how to identify and trade a Wave 2 or B correction!

Lesson Learned

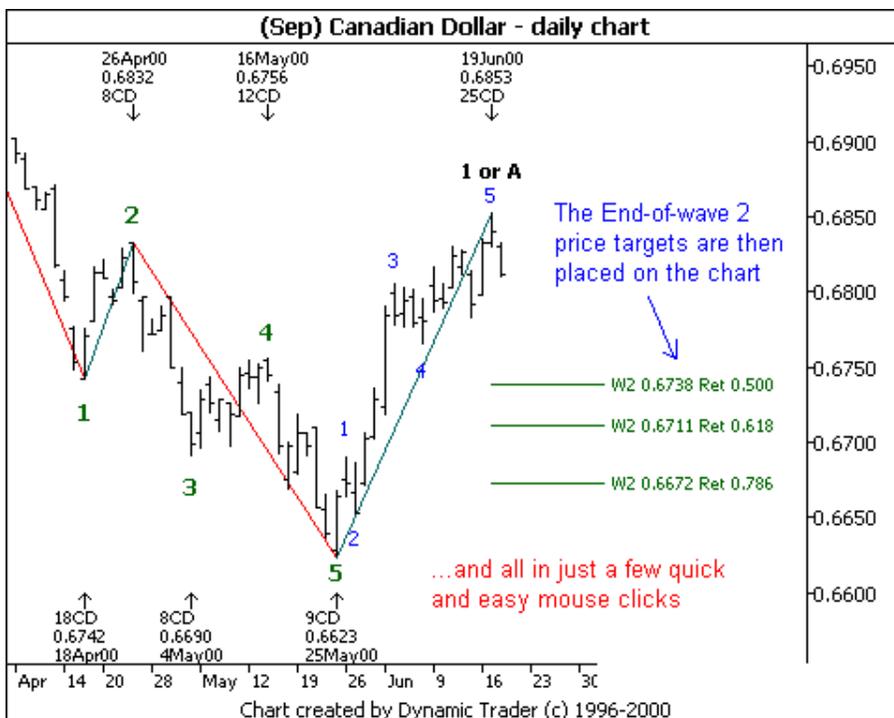
How to initially calculate the *minimum*, *typical* and *maximum* high probability price targets for the termination of a Wave 2 or B correction.

Dynamic Trader Software Program

Today's tutorial demonstrated the initial stages of the projection of the End-Of-Wave 2 or B price targets. 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 of the Elliott Wave sequence.



In the above chart, we can see the same daily Canadian Dollar analysis as in the above tutorial, but all the End-Of-Wave 2 price targets can be placed on the chart with just a couple quick mouse clicks. Each of the projections shown on the chart is labelled with the Wave label, actual price, type of projection and ratio used.



The Dynamic Trader program is designed to make obtaining the high probability price targets where the various Elliott Waves are anticipated to terminate a quick, simple and easy process. No other software program provides these end-of-wave price projections.

In the continuing tutorials in this series, you will see how this relatively broad price range is narrowed with other DT end-of-wave projections of the wave subdivisions and how DT also projects the time targets for the end-of-wave.

If you would like to learn more about end-of-wave price and time projections, see Robert Miner's definitive book, *Dynamic Trading*, which was named the 1999 Trading Book of the Year.