

Wave-C Price Projections

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An ABC pattern is the most frequent structure for a correction. There are typical price projections where the end of Wave-C usually terminates.

Most Frequent Wave-C Price Targets - Ratios in bold are the most frequent.

W.C = (61.8%, **100%**, 162%) W.A (Alternate Price Projection)

W.C = (127%, **162%**, 262%) W.B (External Retracement)

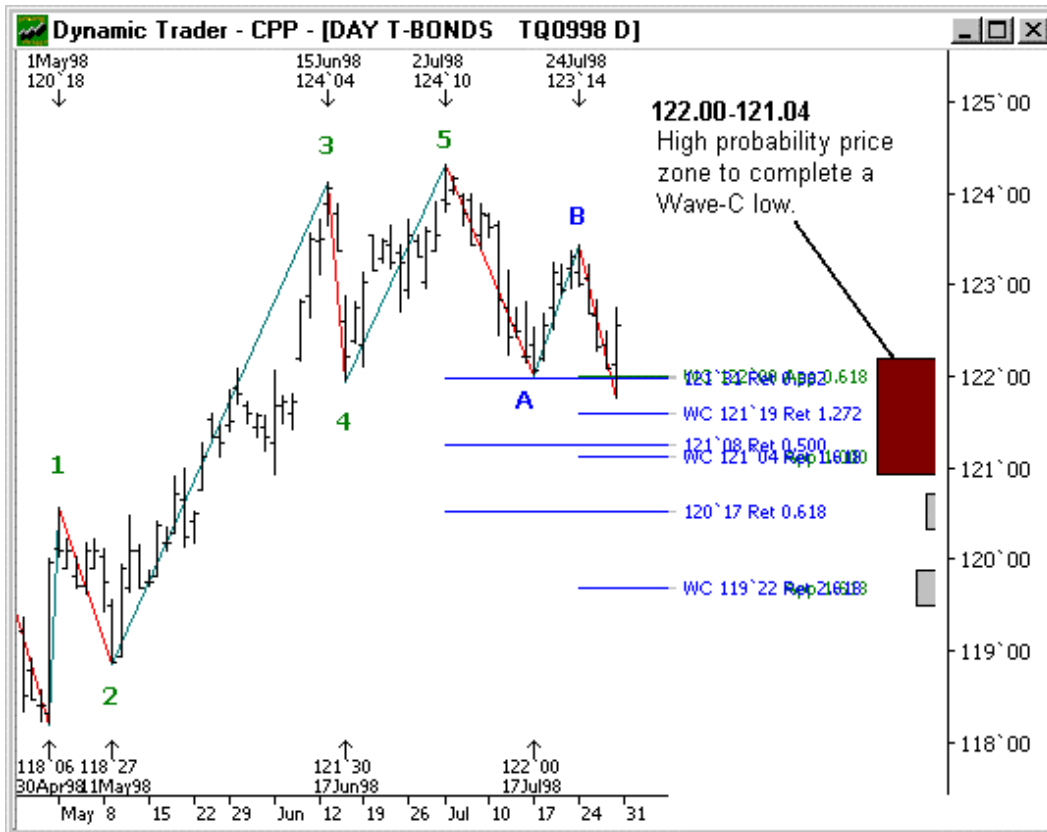
W.C = (38.2%, **50%**, **61.8%**) W.1-5 (Internal Retracement)

Price Clusters

The high probability target for the termination of Wave-C is where several of these price projections fall within a relatively narrow range or where they cluster.

Recent Example - T-Bonds

The chart below shows daily T-Bonds through July 30. All of the price projections shown above have been made. What is the price zone with the greatest probability of completing an ABC correction?



The relatively broad price zone of **122.00-121.04** is the ideal price target to complete a Wave-C corrective low. This price zone includes six of the typical Wave-C price targets. Some of them are difficult to see on the chart because they overlap.

122.00: W.C = 61.8% W.A (Alternate Price Projection, APP)

121.31: W.C = 38.2% W.1-5 (Retracement, Ret.)

121.19: W.C = 127% W.B (External Price Retracement, Ret.)

121.08: W.C = 50% W.1-5 (Retracement, Ret.)

121.04: W.C = 162% W.B (External Ret.)

121.04: W.C = 100% W.A (Alternate Price Projection)

While this appears to be a fairly broad price zone, it is actually less than one point in range and provides the minimum and maximum price target from where Wave-C has a very high probability of making a low. If bonds decline into the price target zone, low-risk trade-entry strategies should be used to position for a long trade.

On Thursday, July 30, the day this tutorial is prepared, bonds made a wide-range, outside-reversal day with a low at 121.24, right within the target zone. The outside-reversal day is one of the entry strategies taught in the *Dynamic Trading* book.

Is July 30 a Wave-C low? We don't know, yet. What we do know is that bonds have declined into the high probability price zone from where a Wave-C low is probable. Dynamic Trading price analysis has allowed us to prepare for a trade opportunity in advance. Trading strategies and trade management will allow us to take advantage of this opportunity with a minimum of risk. As long as bonds do not close below the lower end of the price zone (121.04), long trades should be considered.

Trading Assumptions

Before a trade is considered, the trader will always have certain assumptions about the market position. The assumptions are considered within the context of the technical analysis approach. In this example for bonds, it is assumed July 2 made a Wave-5 high which should be followed by a correction before continuing the bull trend to a new high. The price projections also assume July 24 made a Wave-B high. If these assumptions are correct, Wave-C should make a low in the 122.00-121.04 price zone.

An assumption of a the position of a market is not a forecast. The assumption simply identifies a high probability market position from where a trade opportunity exists. Specific trading strategies allow the trader to take advantage of the opportunity. If bonds close below the lower end of the Wave-C target zone,

the market position assumption is invalidated. If bonds rally above the Wave-B high, the market position assumption is confirmed.

Keep Your Price Projection Analysis Up-To-Date

If you keep your price projection analysis up-to-day you will always be prepared *in advance* for the price zones where trend change has the greatest probability of being made. If the market trades into the high-probability, target zone, traders have an opportunity that should not be ignored.

Dynamic Trading Book

The *Dynamic Trading* book teaches traders all of the high probability price targets for every market position as well as the trading strategies for trade-entry and stop-loss. For a complete approach to technical analysis and trade management, study the *Dynamic Trading* book.