

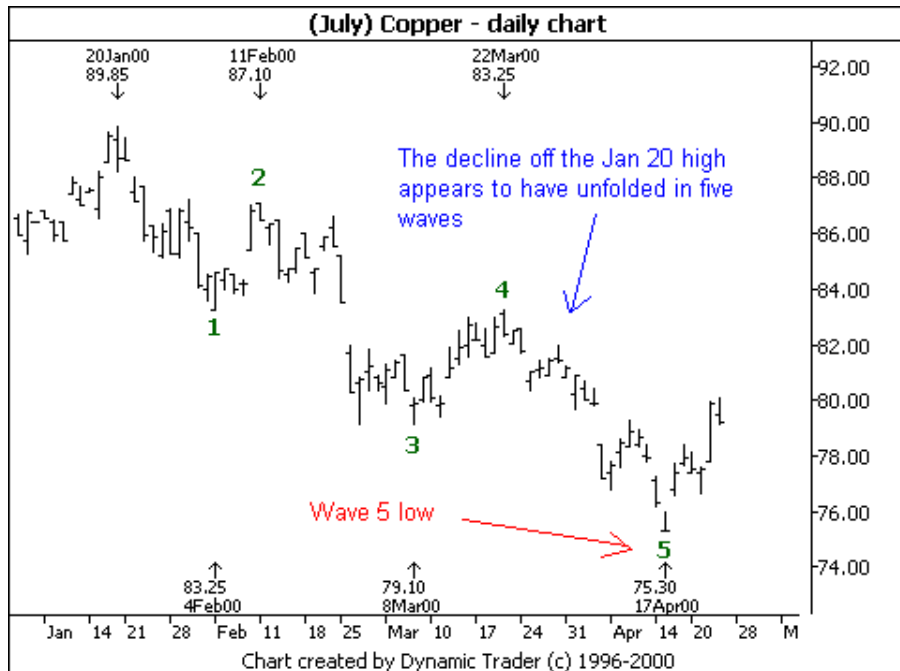
Trader Education Tutorial

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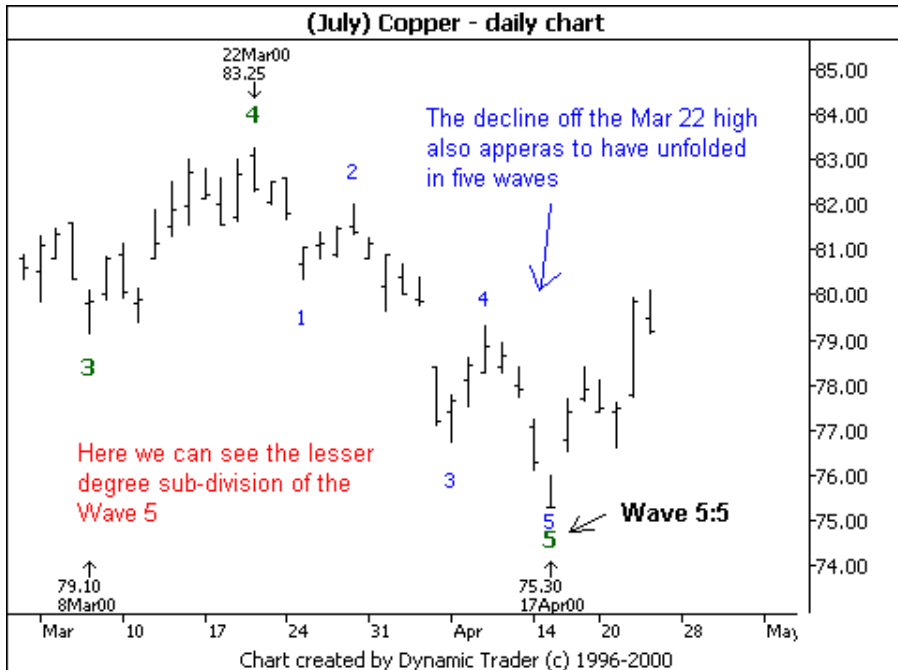
Wave 5 – Pattern

Wave 5, as one of the three impulsive waves (waves 1, 3 and 5), should subdivide into a lesser degree five wave sequence.

Let's have a look at an example on a daily chart of (July) Copper:



The decline off the Jan 20 high appears to have unfolded as a five wave sequence into the Apr 17 low. Now let's zoom into the last swing down off the Mar 22 high – the Wave 5:

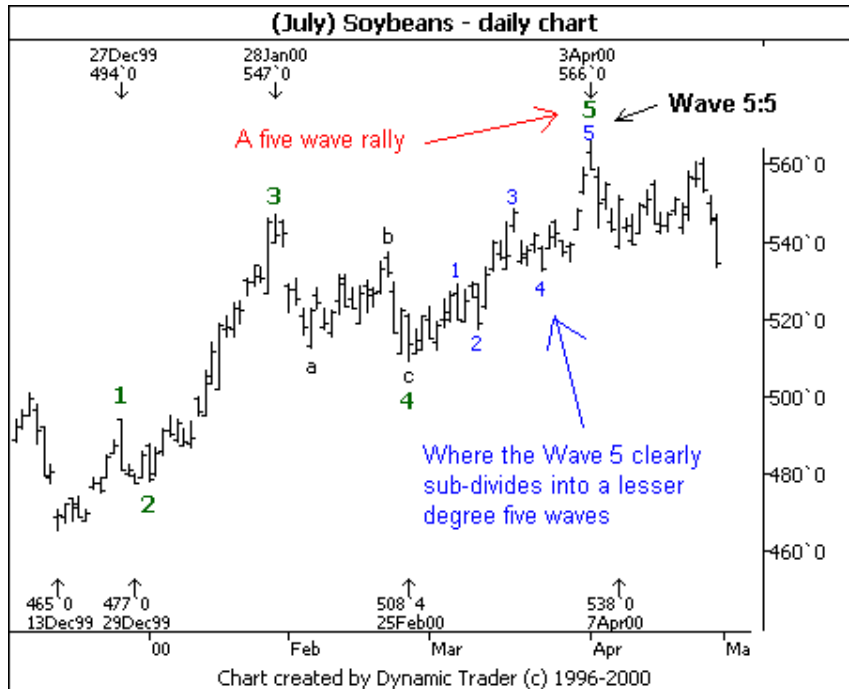


Wave 5 has sub-divided into a lesser degree five wave sequence. The Apr 17 low is the termination of Wave 5 of 5, the ideal pattern set-up to signal the end of an impulse trend.

Key Point

While it may seem that that this is an idealized “after the fact” example, it was taken from the Dynamic Trader Report where a new Long trade was taken off the Wave 5:5 low on Apr 17, the exact day of the low. Wherever possible, all these training examples are taken from real life recommendations and analysis made in advance and published in the Dynamic Trader Report.

Let's have a look at another example on a daily Soybeans chart.



From the Feb. 25 low, beans made a clearly defined five wave trend to the April 3 high to complete the larger degree five-wave advance from the Dec. low.

Lessons Learned

Ideally Wave 5 will sub-divide into a five wave sequence of lesser degree. This lesser degree five wave sub-division of a Wave 5 is not always apparent on a daily chart, but may be clearly defined on an intraday chart. One of the best trend set-ups possible is when Wave-5 subdivides into five-waves. Not only does this pattern provide a very high-probability signal of the completion of the larger degree trend, but provides the high-probability set-up to take a trade against the termination of the five-wave trend.

Robert's Dynamic Trading book provides a comprehensive education of all the pattern structures for almost all market conditions.