



MTPredictor™

Software & training for Risk/Reward trading with Elliott wave

Daily Training report



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Announcements

MTPREDICTOR™ working with PARTNERS

-  Latest MTP reseller [+ MTP article [here](#)]
-  Thank you for showcasing MTP recently
-  New 2006 MTP reseller – finalizing ...
-  New 2006 MTP reseller – shortly ...
-  Press Release [here](#) + the Exchange article confirmed
-  MTP article confirmed - spring issue...
-  New MTP site feature [here](#)
-  Recent MTP articles [here](#)
-   Last MTP webinar [here](#)
- **ADD-ONS with PARTNERS**   - Videos [here](#)

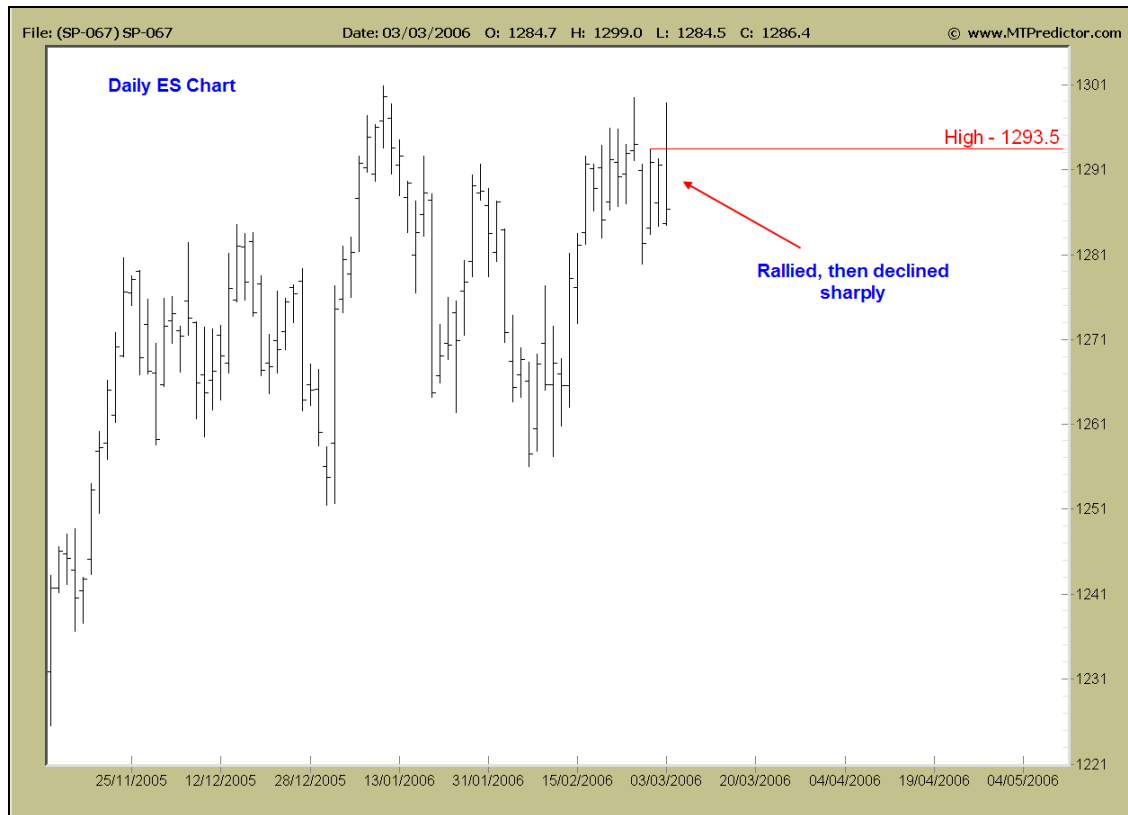
PAID ADVERTISING/SPONSORSHIP (BMW; SAS®)



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Market commentary

S&P (SP-067) Daily Chart:



As you can see from the Chart above, on Friday the S&P rallied in early trading, only to decline sharply in the afternoon. This is weak behaviour. Initially this looks to be a confusing pattern, until you look at the 60-min Chart.....

If you look at the first chart on the next page, on the 60-min ES, you can see how the rally off the Feb 28 low has only unfolded as a 3-swing (ABC) pattern. As you can see, Friday's high was right at the Typical Wave C WPT. In fact, this set-up was perfect TS3 sell set-up !

But the point here is that this rally was only corrective (ABC) and now that the Wave C high is complete we should anticipate that this decline should continue for at least the next few days.

The Nasdaq is in a similar position, please see the second chart on the next page. Although there is no clear set-up on this chart, can you see how the rally off the Feb 6 low has unfolded in a very choppy pattern with overlapping swings – this pattern is more “corrective” than “impulsive” and also suggest that we may now have a decline on the Nasdaq as well.

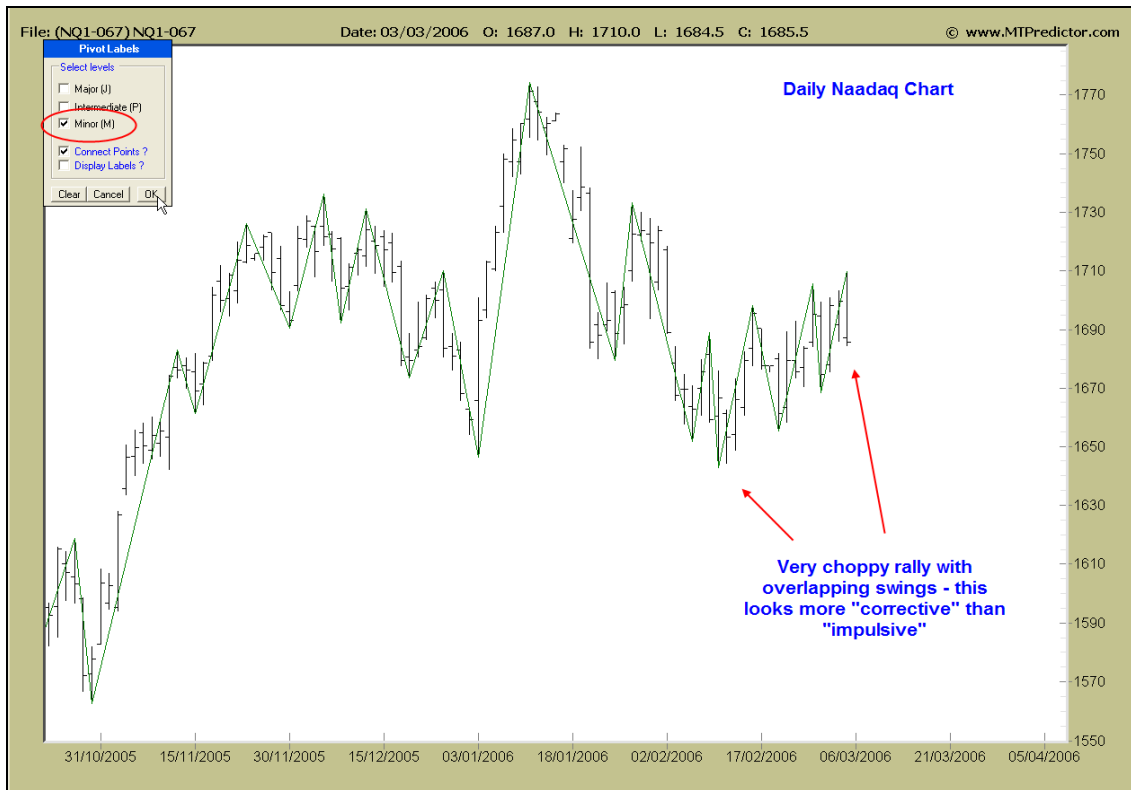
4.5 million people in 40,000 locations have THE POWER TO KNOW.

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ES 60min Chart:



Nasdaq (NQ1-067) Daily Chart:



OK, over to some Real-Time charts now.

Last week was a perfect example of the cyclical nature of trading – which some very good profitable days early in the week, followed by Thursday, where a few small losses unfolded, which was followed by Friday, where we again had a number of very good and very profitable trades ! There are too many people that expect to make money everyday when day-trading – this simply does not happen. The trick is keeping the losses small on the losing days, like Thursday, to then be ready to maximise your profits on the good days, like Friday....

On let's start with the 60-min high on the ES:

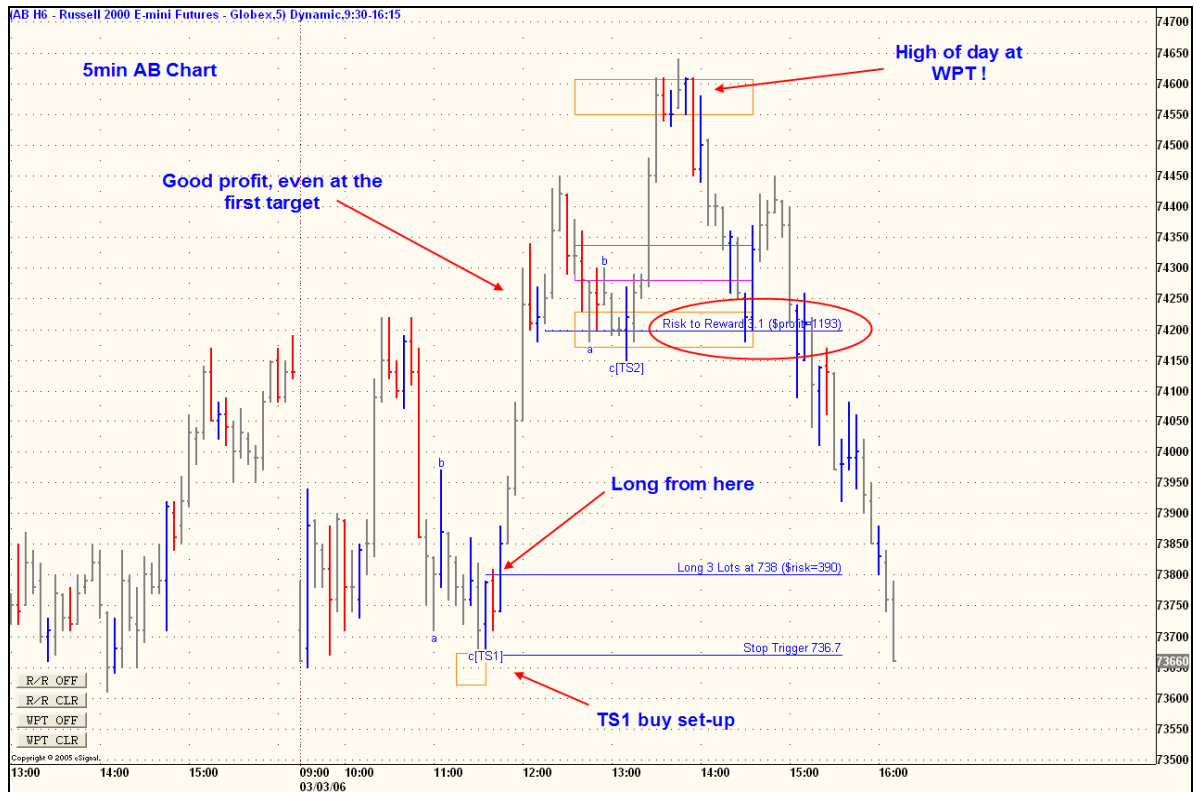


As you can see, this was a perfect TS3 sell set-up, with a nice clear, clean and obvious 3-swing pattern making up the ABC. The reversal was then right at the Typical Wave C WPT with a red (sell) bar which was the very bar of the high of the day on Friday ! All in all, a perfect set-up.....

The only issue was the \$TRIN, which was blue at the time, but you must remember that the \$TRIN tends to point to the short-term trend on the individual day, as such is more applicable to very short term (3 and 5min) trades, and not 60-min trades that tend to run over a period of days rather than hours...

OK, but what about the rally up into this high ?

Russell Index 5min Chart:



Dow Jones 5min Chart:



As I have already said, Friday was a very very good day with a number of very profitable trades. I have included just two of them on the prior page, on the 5min AB (Russell Index) and 5min YM (Dow Jones mini). As you can see, these were both very good looking TS1 buy set-up where the blue (buy) bar nailed the very bar of the corrective lows. Both set-ups had good ABC patterns, initial R/R numbers and the \$TRIN was very blue at the time. As such, there were both very good trades and ones that you should have jumped on very quickly. In fact I have received a number of emails from customers telling me that they nailed these very trades on Friday themselves – so well done !

The YM then turned out to be the better trade with the rally continuing straight past the initial profit targets to be eventually be stopped out for a profit of approximately 5x the initial risk (ignoring slippage and commission). This was a very good trade.

But do you all see why I stress Position Sizing so much ? Because when you had a losing trade on Thursday you should have kept this loss small and only lost 1 risk unit – for example approx \$400 (2% risk on a \$20,000 account), but when this YM trade came through you would have made a profit of approx 5 times this, or nearer \$2,000 (again still using a 2% risk on a \$20,000 account). So although you had 1 loss and 1 profit you would have made some very good money \$2,000 - \$400 = \$1,600 profit This is what successful trading is all about, small losses and large profits !

I still find it amazing how many people come to us looking for a 70-80% successful system, where all they are looking for are winning trades. They do not even ask (or even appreciate how important) about the size of winners to losers. As such I hope I have demonstrated how you do not need to have such a system, if your goal is to simply make money (and not feed your ego), then you should focus on correctly using position sizing. This is the fundamental part of the standard MTPredictor trade set-ups..... where we deal with real-life trading, where losses do unfold, and then build a solid trade management (position sizing) model with the aim of making money over time (and not just feeding your ego).

There were a number of other good set-ups on Friday, but I am running out of space in today's report to tell you about all of them. As such Friday was a very good day and I hope that all the RT traders among you were able to maximise your profits and as such had a very good end to the week ?

Lastly I would like to mention an event being held in London by one of our Partners - Trade2Win. This is being held in London on Mar 25-26, for more information and to register please click on this link:

<http://www.trade2win.com/store/customer/product.php?productid=16238>

Thanks,

Steve

Real-Time charts provided by eSignal® and TradeStation8®

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Thanks and good trading . . .

Steve Griffiths
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