



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, yesterday the S&P declined sharply. This decline should have come as no surprise as this is exactly what I was talking about in great detail in yesterday's report ! OK, where to now ? Well, although I would like to see this decline continue, it looks like we are at a good support area on the 60-min Chart.

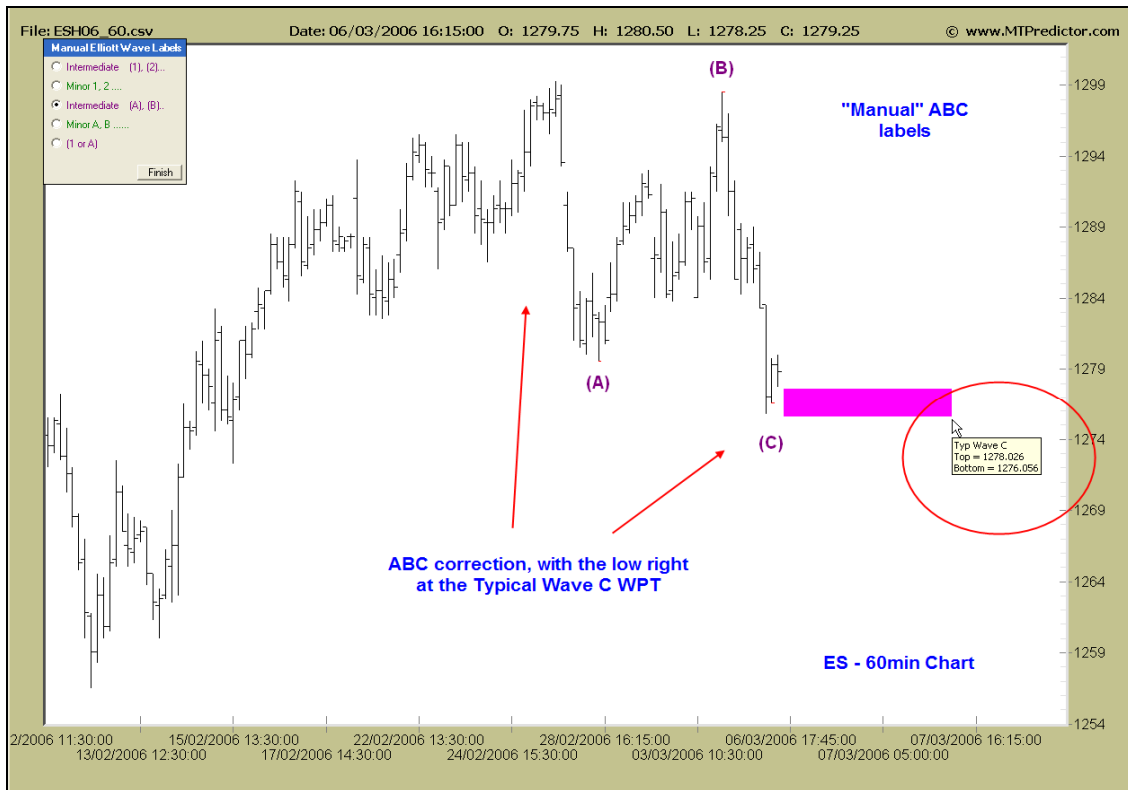
As you can see on the first chart on the next page, the decline off the Feb 27 high has unfolded in 3 (ABC) swings. I have "manually" labelled these on this chart. Yesterday's low was then right at the level of the Typical Wave C WPT. As such, "if" the current decline is to continue, then we need to break this support area, otherwise a low could unfold here.

The second chart on the next page looks at June Gild, where we had a great TS1 sell set-up on Friday. As you can see, yesterday's sharp decline took you into a short trade as Gold declined sharply. With this trade already at the important 2-3 profit zone, this is already a great trade.....

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ES 60min Chart:



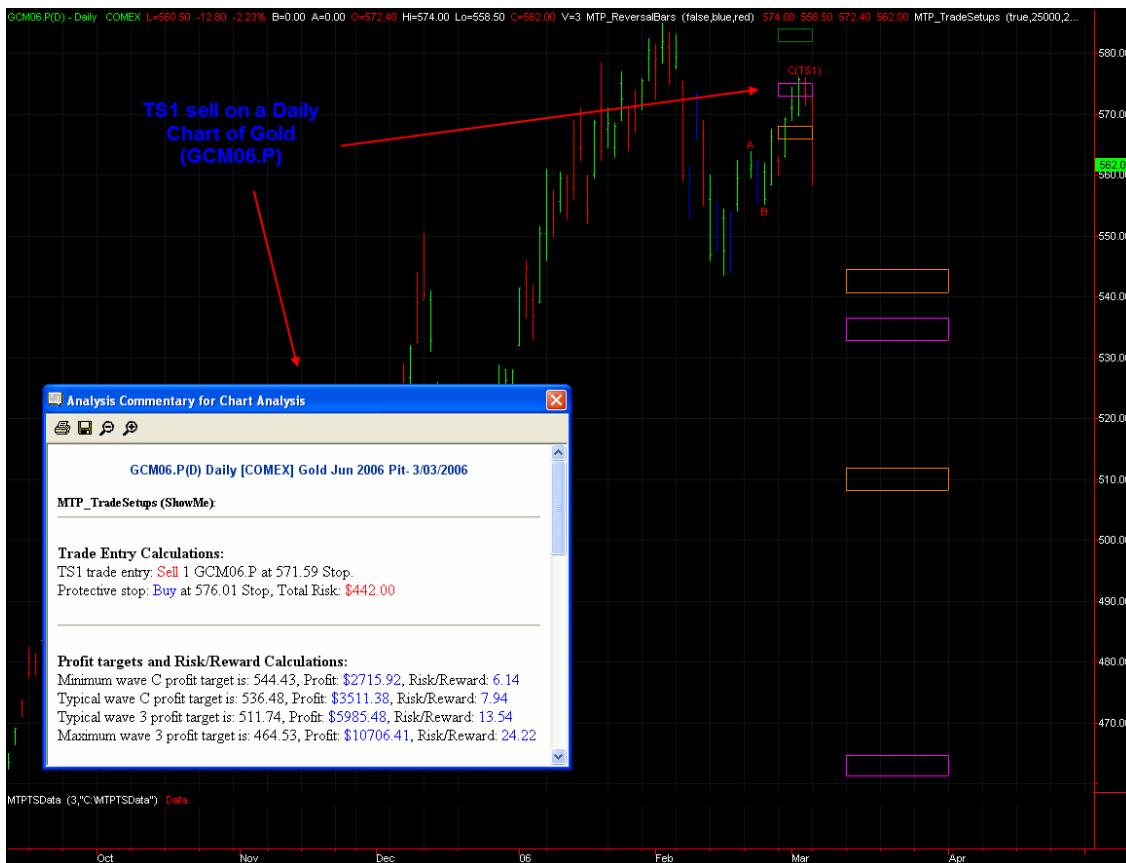
June Gold (GC-0606) Daily Chart:



Before I continue I would like to answer a question that I receive a lot, and that is why I do not provide real-time trade recommendations in this report. For example I am sure you would all like to have been alerted to this Gold trade yesterday 😊

The answer is simple. This report is for training and education, it is not a tip sheet. I want to show you all what is possible with the software and teach you how to get the best from the software. I also do not want to take away value from users of the software who have paid good money for the tools that are available in the software that will uncover trades like this for them at the time.

Here is this same Gold trade on TradeStation (GCM06.P):



This is why most of the examples I show are always one day behind the action. In this way I can still teach how to get the best from the software, but the users of the software can still take full advantage of the software by uncovering these trades themselves at the time.

Continued on the next page . . .

OK, over to some Real-Time charts now.

What an absolutely brilliant day again yesterday.... But first I would like to follow up on the 60-min ES short I left you all with yesterday:



As you can see, this short trade continued to decline nicely, reaching the level of the second projected profit target (Typical Wave C WPT of larger degree), where you would have been stopped out for a very nice profit of approximately 3.7x the initial risk (ignoring slippage and commission). As such, this was a very nice trade indeed.....

But yet again, it is the size of the profit in relation to the initial risk that is important. At nearly 4x the initial risk, I hope you can all see that this is large in relation to the inevitable losses that unfold when trading. This (again) is the trick to profitable trading, keeping the losses small when they come through and having large profits. At nearly 4x the initial risk (or normal loss) I hope you can see that this is a good profit.....

Continue don the next page

Next I would like to look at the trade of the day on the 5min (not 3min as I have typed in the chart below – sorry) YM yesterday, although there were also some nice set-ups on a few other markets at the same time:



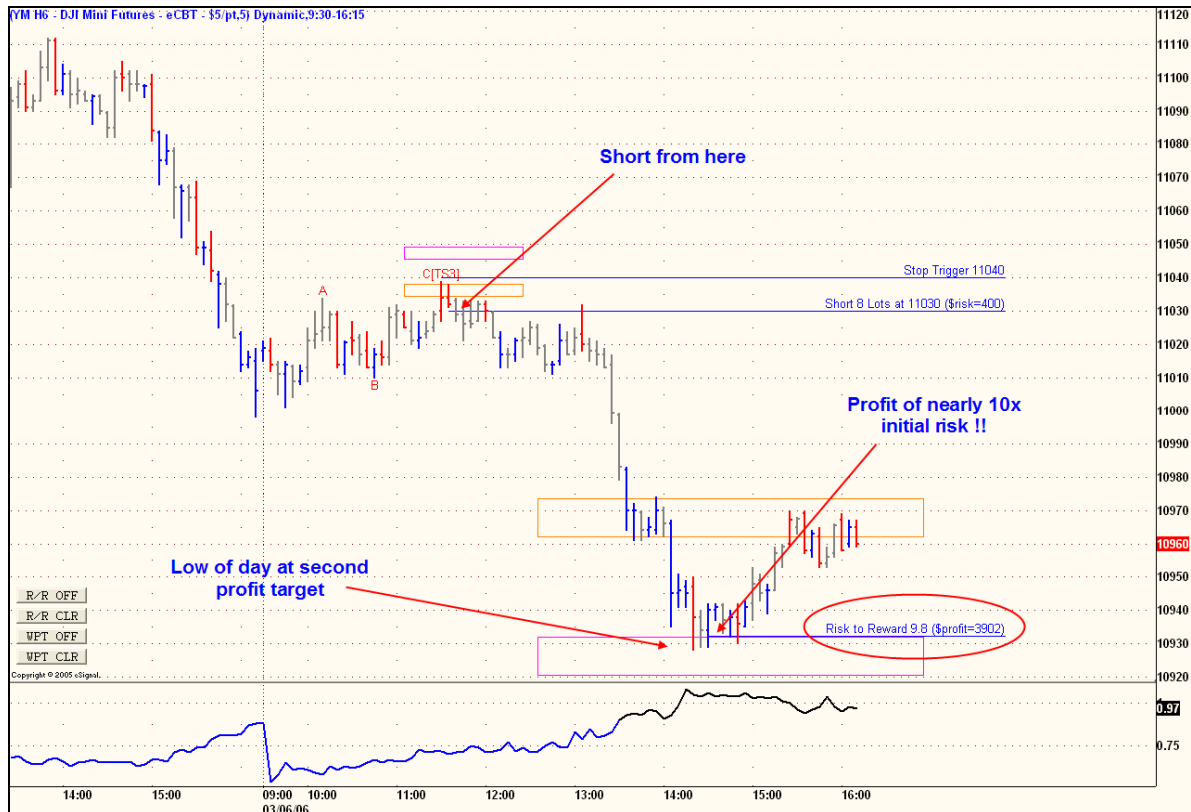
As you can see, here we had a good looking (nice clear clean and symmetrical swings) ABC pattern going into the minimum (orange) Wave C WPT, where a red (sell) bar unfolded. In other words, a good looking TS3 sell set-up. However, the \$TRIN was still blue..... This is where the Advanced Trader would have seen that the \$TRIN was rising from very low levels earlier in the day. This is a sign that selling pressure was decreasing on the NYSE. Combine this with the larger degree picture on the 60-min ES and Daily charts that were all suggesting a continued decline yesterday and the advanced trader should have decided that this short was a good trade to consider, especially as it was a very good looking set-up that was in the direction of the larger degree trend.

I have covered this advanced use of the \$TRIN in the Trading Course for you all.

As such, this was a good trade to consider.

Continued on the next page . . .

OK, let's see how this trade unfolded:



As you can see, the YM declined sharply, exceeding the first projected profit target to reach the second one, which nailed the low of the day perfectly !

If you had used the standard trade management guidelines (for day trades) then you would have been stopped out for a return of approximately 6x the initial risk at the first profit target, which in anybody's book would have been a great profit, but with the 60-min and daily trends all down, this was one of those situations where letting the trade run would have been a good idea.

However, as the trade reached the second profit target the 60-min ES would have been in the area of the Typical Wave C WPT and you would have been sitting on a profit of approximately 10x the initial risk. So with the end of the day approaching and with such a large open profit, this was the time to consider banking the profit and calling it a day. Taking an initial risk of approximately \$400 (2% initial risk on a \$20,000 account) and turning it into a profit of nearly \$4,000 in just a few hours is very very good trading and is the time not to get too greedy and to bank the profit

So as you can see, this would have been a brilliant trade and returned a massive profit in relation to the initial risk

But again, it was not the size of the profit in pure \$'s that was so good, it was the return against the initial risk that was so good. A profit of nearly 10x the initial risk means that you could make now make 9 or 10 losing trades and still be in front. This is why I stress position sizing so much because it is not the frequency of profits to losses that is important it is their relative sizes that makes the money over time.

Far too many people get hung up on systems that have a high % of profitable trades, but normally their profits are only small in relation to their losses. So overall , although the system looks good because it has a high % of winning trades it does not make that much money (or even loses money) because the losses are too large in relation to the profits. A system like this just feeds the human ego and does not make money. This is the differences between the amateur trader, who just want to be right on the market and the professional who controls their risk and just looks at the bottom line profits over time.

This is why MTPredictor is build around correct position sizing and careful risk control. In this way the losses are kept small and profits large, as in this YM example. This is what makes you money over time, not trying to call the future direction of a market move correctly...

So overall a yesterday was another very good day on the short-term charts on the US indices with some great (and very profitable) trades. But now we must be preparing for a few small losses as the cyclical nature of trading starts to move round yet again.

Lastly, it was nice to hear from a number of you that were in this YM trade – so well done !

Thanks,

Steve

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Thanks and good trading . . .

Steve Griffiths
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