

I've always said that if you want to become a wolf, you have to run with wolves. Once I started working closer with Dick, I began combining his oscillator-based trading techniques with my own wave analysis, and my trades began to work out. I noticed that oscillators would confirm wave counts! I finally got that key that I needed. When I would track a trading opportunity on my favorite 1-minute DJIA charts, I would wait until the oscillators confirmed the trade, too. If they didn't, I would not pull the trigger.

Right now I'm still more of an oscillators guy, but I use wave analysis heavily from the market-timing standpoint. Sometimes, the wave count is not clear: too many interpretations. At those moments, you just have to wait. The count always becomes clear after a while, you know? But I find oscillators hugely important. When they become oversold or overbought, you can forget about the wave count: You must go with what the oscillators tell you.

But, I do think the Wave Principle comes in very handy when you need to identify the form of a market move, the price targets and the timing. For example, whenever you have a Fibonacci turn date window in the market and a completed wave pattern, that's when you have the best calls. Oscillators, however, won't always be confirming this. That's why the balance in my use of Elliott and oscillators is always shifting. Sometimes its fifty percent Elliott, fifty percent oscillators, other times is 70/30; it varies.

Q: How often do you trade?

A: I trade every day. And I always come in "flat" -- that's another thing Dick taught me. I always come to the office in the morning having no bullish or bearish bias about the market. I try not to let the market news before the open sway me -- instead, I look at what the wave patterns and oscillators are telling me. Usually, I trade 4-5 times a day, but sometimes none at all. You have to pick your moments.

When I see oscillators moving into an extreme territory, for me it's like a dark cloud on the horizon: I know the "rain" is coming, and I get extra cautious and extra patient. But when oscillator readings are confirmed by the price, I know it's going to be a good call. And if the wave pattern kicks in, that's even better. In fact, Dick often calls me and asks for Fibonacci turn windows to time his trades.

When I first started working with Dick, I began making my own market calls and producing my own analysis. That's when I truly came into my own. That made me even more reliable as a trader. You should never rely on someone else's work. Make your own mistakes and your own good calls.

Q: You mentioned you trade the DJIA futures. Do you trade anything else? And why the DJIA futures and not the more popular S&P?

A: I follow the S&P, but I prefer to trade the DJIA futures. For me, the S&P's 1-minute charts just don't work the same way as the Dow's. For some reason, the S&P's 500 stocks move less clearly than the Dow's 30 -- which move with an amazing clarity, from Elliott wave standpoint. In that timeframe, the Dow rarely breaks the rules. I know most people trade S&P and not the DJIA... but for me, it works. As for other markets, commodities, I find, are harder to follow with wave analysis and oscillators. But the euro trades beautifully.

Q: Anyone can have a lucky streak in the market, but statistically, only about 5% of all traders make money consistently. Interestingly, most of those guys say that the way they trade is very simple -- what separates them from the pack is the mental toughness to stick with their chosen system, whatever it is. Do you think trading aptitude is something you're born with, or can you learn it?

A: You can definitely learn trading -- if you are born curious. When I was a kid, my uncle told me that in life, you have to find something you love and do your best at it. If you have curiosity, you will find that thing. Elliott wave works for me, and I love it, and I can spend hours looking at wave patterns.

But it's not all about oscillators and wave counts. If you have no discipline and control over your emotions, forget it. You can have no control over your emotions and be a good analyst, but you'll never become a good trader until that happens. That, by the way, is also something Dick teaches in his course. He's done it for 40 years, he should know, right? Even now, I sometimes look at the Dow and get excited, but Dick tells me to stay calm. Wave analysis doesn't teach you emotional control, but Dick in his course does. But let me tell you, like anyone else, we have bad days and good says, and Dick sometimes has to put me back together at the end of a tough trading session.

Like I said, that's what his course is good for: to close that gap between your being an analyst and a trader. I know many of your subscribers are already EW experts, they follow the rules and everything, but they haven't closed that gap.

Q: How many months in a year do you trade? Is your mind on your trading 24 hours a day, or do you purposely take time away from the office to relax?

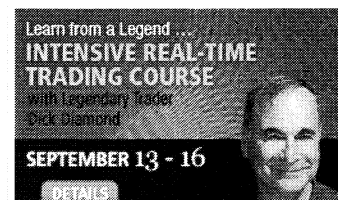
A: I do try to relax. Since 2001, I've taken 1-2 regular vacations per year. But once you learn the waves and find your trading method, following the markets becomes a pleasure. I consider myself the "son" of two guys: Bob Prechter, the grandmaster market analyst, and Dick Diamond, the grandmaster trader.



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— using real-life market examples — how you can use simple, yet powerful, moving average techniques to better your own trading. ***Includes Jeffrey's own unique Moving Average technique!**

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