

Date: 08/08/2017

Market: ES mini

Timeframe(s): Intraday - 5m,15m,60m,3500T

News:

Yesterday:

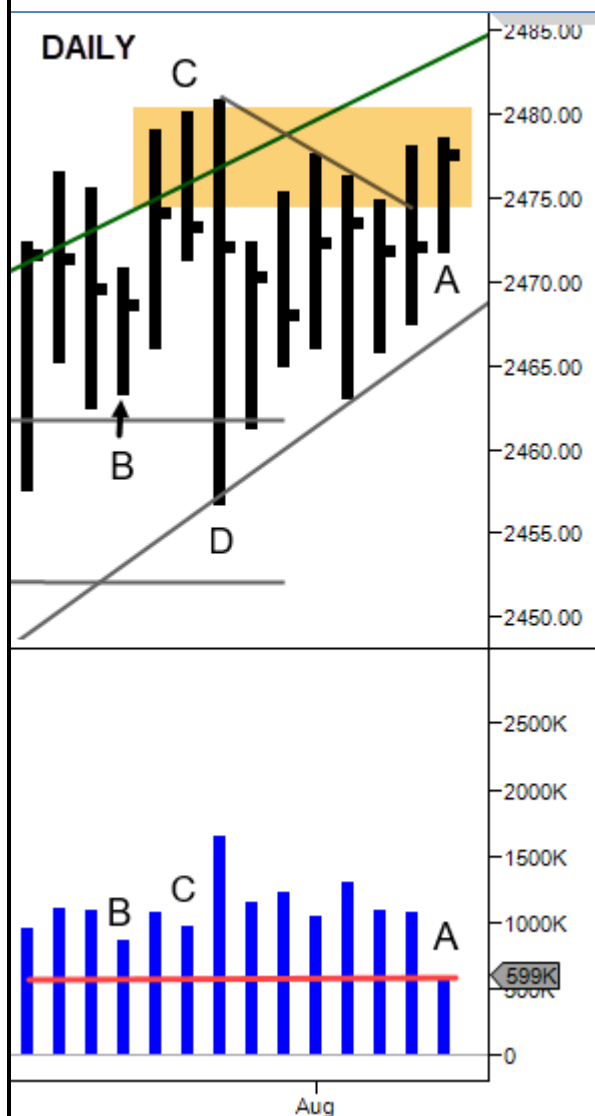
HIGH: 2477.75

LOW: 2467.75

CLOSE: 2472.00

Other levels:

res:2508.00, res:2480.50, sup:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00, sup:2417.00



Yesterday's Bar is of interest for many reasons. Firstly, bar A is an up bar, closing strong with a higher low and high, although volume is extremely low; in-fact the lowest we can see on the chart (going back further it's the lowest volume since the 23rd December, near the holiday season). Breaking this action down we have the lowest volume for near 8 months closing in a known supply zone; we finally get a close in this area (orange highlight) and the bar is weak, it doesn't scream strength, however it's the highest close this market has produced we cannot ignore this fact. The other bars to compare are B & C with similar spreads and the volume is higher. Price action is king and via daily we expect higher prices. As previously mentioned we have traded 7 days consecutively within bar D, odds favour a break to the upside due to bar A. We have resistance via the all time high at 2480.50 and the supply line at 2485.00, we still haven't closed above this level either. Tomorrow's trading has much to overcome, the bulls must be in force for there are two major levels for sellers to emerge. Due to the fact trading has been fairly tight within bar D we should break with force (cause built) producing a decent spread and volume, this behaviour is natural as previously discussed in the Chronicles

The 15m we see a more bullish tone than the daily. We try to come down at 1, 2 & 3 and we receive good buying off the bottom, support is holding, we drift up for a few hours, pullback to test newly formed support at 4, we hold picture perfect followed by a lovely little test, either of these bars are fine to establish long positions. We test the demand line at 5, buying emerges again breaking yesterdays high, followed by a potential top reversal, but this is negated by bar 6 as we close back at resistance (no downside follow through) We can interpret this as strength; lower prices have been rejected after 3 attempts, price from 16:00pm continues north for the duration of the session, with no genuine supply. One could argue that demand is weak, however from a daily, weekly and monthly perspective we're in a major bull trend, buyers do not have to prove themselves it's the sellers that need to show their hands. Saying that, the way we have closed via the daily in a supply area with extremely low volume, is very suspect, this behaviour is not indicative we would associate with making new highs. We must ask ourselves: is there a general lack of supply in the market? Alternatively are the sellers waiting for a level to show their cards and emerge, patiently waiting for the buyers to reach their target area?



Game plan: Scenario 1 - highs made first; break all time high 2480.50 with buying of good quality wait for a weak pullback to apply bullish plays. Bear in mind supply line is 5 points away, depending on the strength of the potential breakout we could smash through this level test the supply line almost immediately

Scenario 2 – highs made first, break all time high buyers unable to sustain price look for weak demand and supply to emerge. A weak rally back to resistance and apply bearish setups

Scenario 3 – lows made first; retrace to the mini cluster of closes and yesterday's low, if the market is bullish this should provide enough support. Look for a weak approach to this level (selling of poor quality) wait for demand to emerge and apply bullish plays

Scenario 4 – lows made first; if we break the previous 3 lows and the demand line (that is intact) we have a potential bearish change of behaviour especially if we close under the potential shakeout bar. Wait for weak rally back to a resistance level and apply bearish setups

US open's at A and we immediately spring at B, a very difficult to spring to trade due to the previous bar and the lack of penetration into this bar by bar B. We break a local premarket resistance level with a decent bar followed by 2 beautiful test bars (Bar C – Entry 1) an instant buy as we have strength behind us in the form of as spring. With all that volume on the first 3 bars of trading and we literally go nowhere is strength, the sellers had ample opportunity for lower prices and didn't capitalize.

Bar D - Exit 1/3, first resistance (+3.25 points). Bar E – Exit 1/3, become oversold in our channel at the all time high (natural resistance) (+6.25 points) Bar F – Full exit, with all this volume (orange bars) we make no upside progress, this was perceived as hidden selling (+7.00 points). Volume expanded all the way giving the move validity, however these 2 bars were abnormal an awful lot of activity with nothing to show (price action aberration) an example of effort vs. result.



The market hugs resistance and breaks at G, decent spread and volume, followed by another lovely little test , Bar H – Entry 2, we're in an uptrend making higher highs and higher lows breaking into fresh new ground with decent demand and support underneath us, an instant buy

Bar J – Exit 1/3, first negative bar we have seen since the uptrend began that is not at a resistance level (+3.00 points), bar K – full exit, highest volume down bar on the chart whilst breaking the demand line, an immediate full liquidation (+1.50 points) The market has a right for a more complex pullback 2483.00 is a logical level.

Bar L – Entry 3, why? We have a huge change in behaviour, the largest down wave since the uptrend began (bars J to L) this action is too weak for a mere pullback. During the early part of the reaction we should be thinking about long plays from support (2483.00) this was quickly negated. Look at the price action, we have better flow to the downside to this point (bar L) than the previous rally from E to J, importantly as we break support volume increases, a healthy sign for the bears. As we rally back to support volume is non-existent (the tick chart illustrates this nicely, downwave with 135k contracts, followed by a weak rally to resistance with 27k contracts. The first rally/pullback after a change of behaviour wave is a powerful setup, especially when structure is in play) This is where bars F come into play, we noticed an aberration earlier with unusual price action, markets don't turn on a dime and this was hidden selling; someone was positioning themselves early on, momentum carries the rally a little further. The point being as we come back to resistance with little volume, there is little to no chance of a break, odds massively favour a hold. As bar L breaks local support, the markets pulls me in with a sell stop. This is the Wyckoff classic 'rally back to ice' setup

Bar M – Exit 1/3, first major support (+3.25 points), Bar N – Full exit, a picture perfect exit, we become oversold in our channel at major support (yesterday's low) that has held for over 4hrs, plus we only have 30m left of trading, how much more can the market give (+10.75 points)

Today's trading was somewhat surprising; when we break into new highs fairly deep we wouldn't expect such a strong powerful reversal. Our premarket game plan came into effect in part's, we

knew the price action via the daily was a little off, saying that we couldn't predict today's action, yet by combining the scenarios it gave clarity for setups. The market produced some excellent trading, all three trades were simple that never came under pressure, a fruitful day. Time to lock in profits and call it a day

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