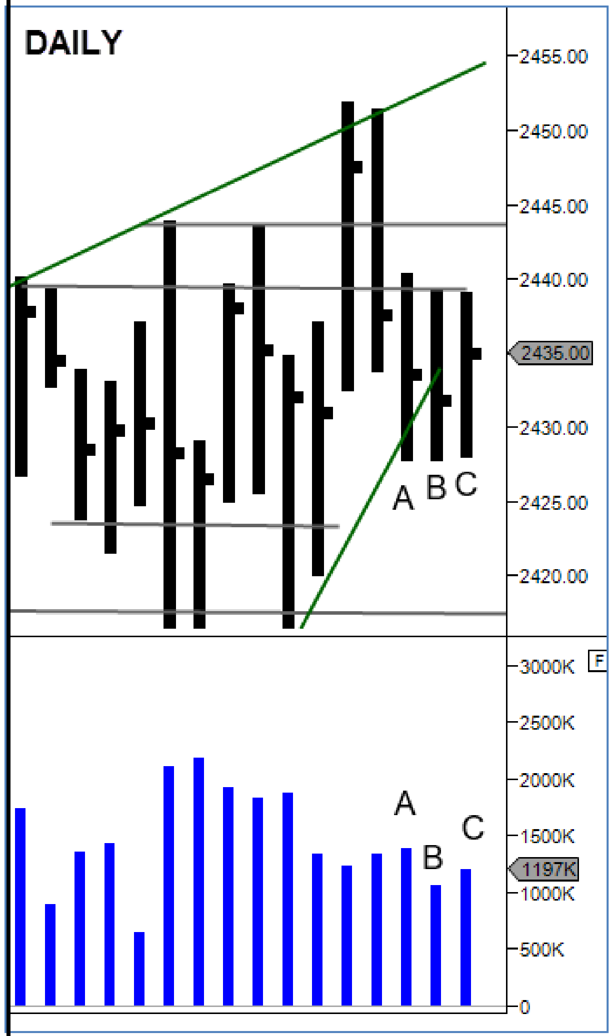
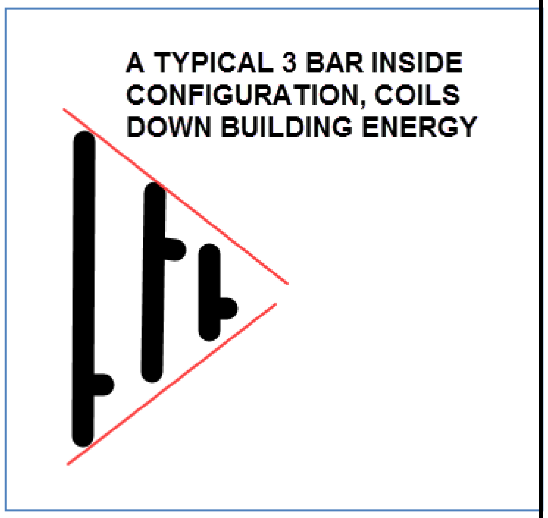
Date: 26/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2438.75 **LOW:** 2428.25 **CLOSE:** 2435.00

Other levels: res: 2480.00 res: 2443.50, res: 2451.50, sup: 2403.75, sup: 2437.00, sup: 2424.75, sup: 2417.00

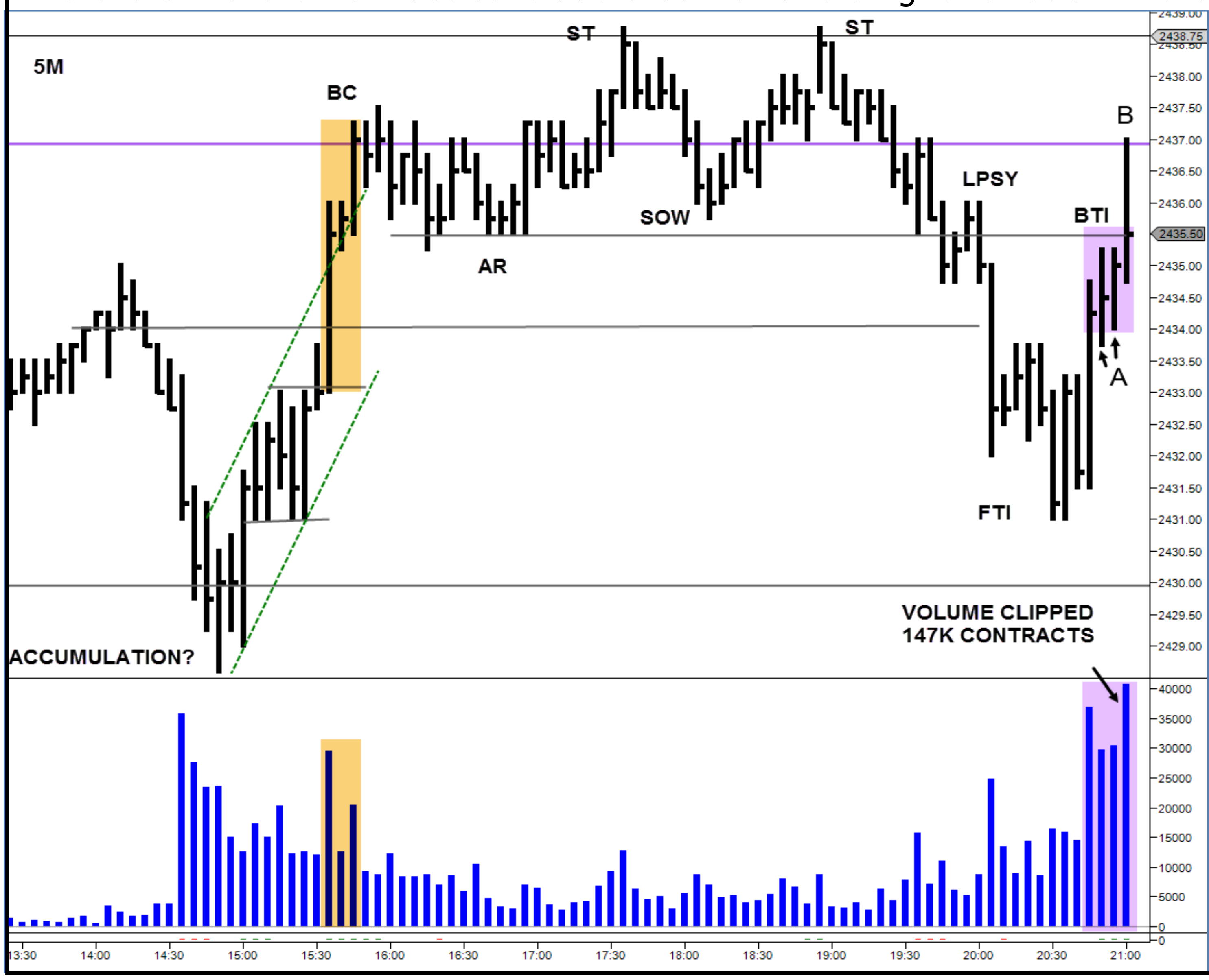


The S&P via the daily appears to be primed for some upside progress. The strength is surprising; from A we have had 2 opportunities for lower prices from B & C with an expectation to test red support. The market is holding a local level of support. Bar C is an up bar with a fairly strong close on increasing volume, importantly an inside bar. There is a 3 bar configuration that acts as a mini apex, this is not a clean example, far from it - but the principles remain the same, the market is in a state of contraction, typically (but not always) from contraction we expect expansion. You may have noticed in previous Chronicles that I mention the AVT (average true range) is declining, which is a normal market characteristic - we contract (trading ranges) and expand (breakouts) Due to the markets being fractal in nature we can also apply this to individual bars within a larger trading range, these 3 bars the market ''contracts'' for tomorrows trading we would expect an ''expansion''– a clean example is to the right. There are many popular successful traders that scout for these 3 bar configurations



Due to the nature of our current 3 bar configuration I wouldn't hold too much bias, but we have to respect or be aware that this market has produced this potential variation (we haven't coiled enough to produce the energy for a strong move) - it's an important concept that was worth sharing, I'm sure the market will provide an clean example soon enough

Looking deeper into the Fridays using the 5m we get some interesting behaviour. We have a form of distribution in a previous area of known supply, BUT where is the cause? For those familiar with classic Wyckoff distribution - we accumulate, mark up, and the uptrend ends in a buying climax (orange HL) that kick starts the distribution process. The cause here is very limited and not obvious. Via the 5m chart we must conclude that we have a light variation in the cause



BC – Buying Climax

AR – Automatic Rally

ST – Secondary Test

SOW – Sign of Weakness

LPSY – Last Point of Supply

FTI – Fall through Ice

BTI – Back to Ice

What captures my interest is the rally back to ice, the amount of volume here eclipses all of the volume throughout the distribution area, buying is very aggressive. We note Effort vs. Result at A, these 2 bars contain selling. Bar B - 3 times the highest volume we have seen all day (volume had to be clipped for histogram purposes) there was 147k contracts. These 4 bars contain a huge amount of volume and shouldn't occur after distribution, it's an anomaly and very difficult to read, especially as we don't have a classic accumulation phase. Overall the last 3 bars we would read as weakness as upside progress was very minimal. On the other hand we could argue that the buyers are absorbing supply (hidden buying) in that case we expect higher prices. We have a conflict - the daily we expect to rally higher, the 5m we have distribution, but with the anomaly being the rally back to ice it suggests higher prices, this leaves us in no man's land as all this behaviour is suspect. The market doesn't always provide a clear read, on the positive we do have structural points in place to base our potential trades for the day ahead

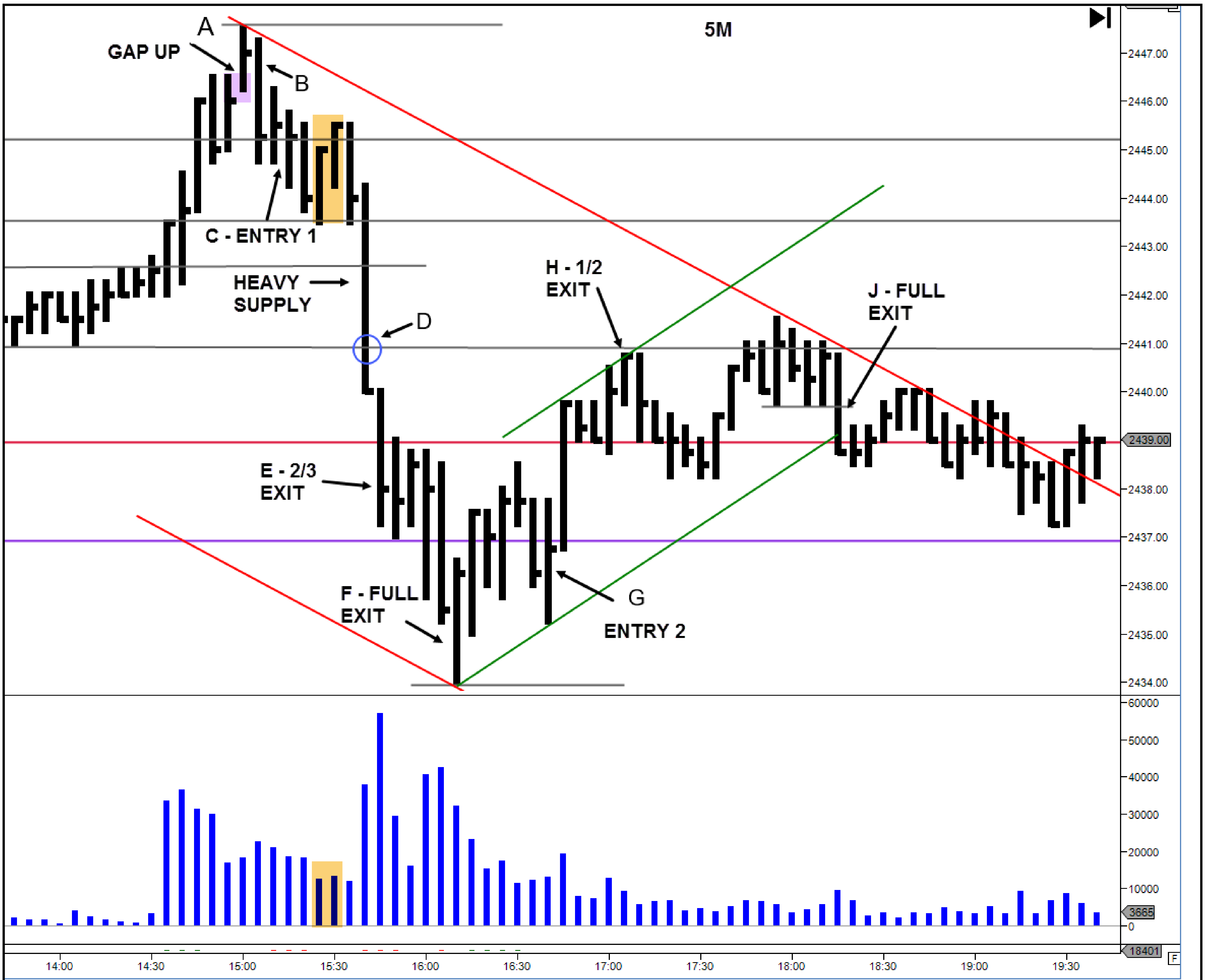
The S&P drifted 13 points to the upside over the weekend, clearing through our supply area (2440.00). This would confirm our suspicions about the distribution; it was indeed hidden buying on the rally back to ice. Thinking deep into this action it was cleverly orchestrated by the professionals, an excellent way to fill their inventory. To the untrained eye it's incredibly difficult to read - being Wyckoff and VSA traders although we can't get onboard for a position, we are aware of the anomalies present (lack of accumulation and rally back to ice) the market is telling us to sit on our hands - the important aspect is that we didn't get burned. The rally back to ice is an excellent trade setup, we should see a weak rally with narrow spreads and declining volume – the very fact we get the opposite, is highly irregular.

Bar A – This is the exact same price action we had on Friday afternoon - we gapped up (strength) right at the end of a strong move (weakness), which is immediate reversed at B on increasing volume (super weak) this bar wipes out the last 3 bars of buying and is closed back under support. Sell stop the low, filled 2 bars later at C. The orange HL are two up bars, more or less no demand, volume is the lowest we've seen since the open nothing to concern ourselves with.

Anyone who follows the Chronicles would expect me to take some profits at D, however due to the extreme weakness via the 5min bar, odds favour a break (we must be nimble whilst trading and always think ahead for target projections and more importantly, how do we approach our targets? - if we see 'X' we must exit, or 'Y' we hold, this action will provide an additional edge, which may lead to further potential profits) our next logical target being 2439.00 (red support). Exit 2/3 at E, the volume is ultra high and the spread has narrowed considerably, only buying can do this, we have stopping volume. (+6.25 points)

Full exit via the close of bar F, why? We have shortening of the thrust, no ease of movement to the downside like we saw previously, by all rights the previous bar had ample opportunity to take this market lower, yet we print a potential spring bar which is bullish, not ideal when holding a short position (+ 7.75 points)

Entry 2 – Bar G, why? The analysis was made via the 15m chart, on this occasion it has provided clarity for this particular set up. We have a clustering of closes in a huge area of demand (last week this area acted as resistance) as we break decisively and come back down to test, it should hold - as we all know resistance turns into support. The clustering of closes (orange HL) is telling us that the market is refusing to go down - this story makes sense as were in a demand area, looking for a reason to go long



Bar A - Effort vs. Result, huge amount of buying, compare to the previous bars volume and spread, this has to be buying (strength)

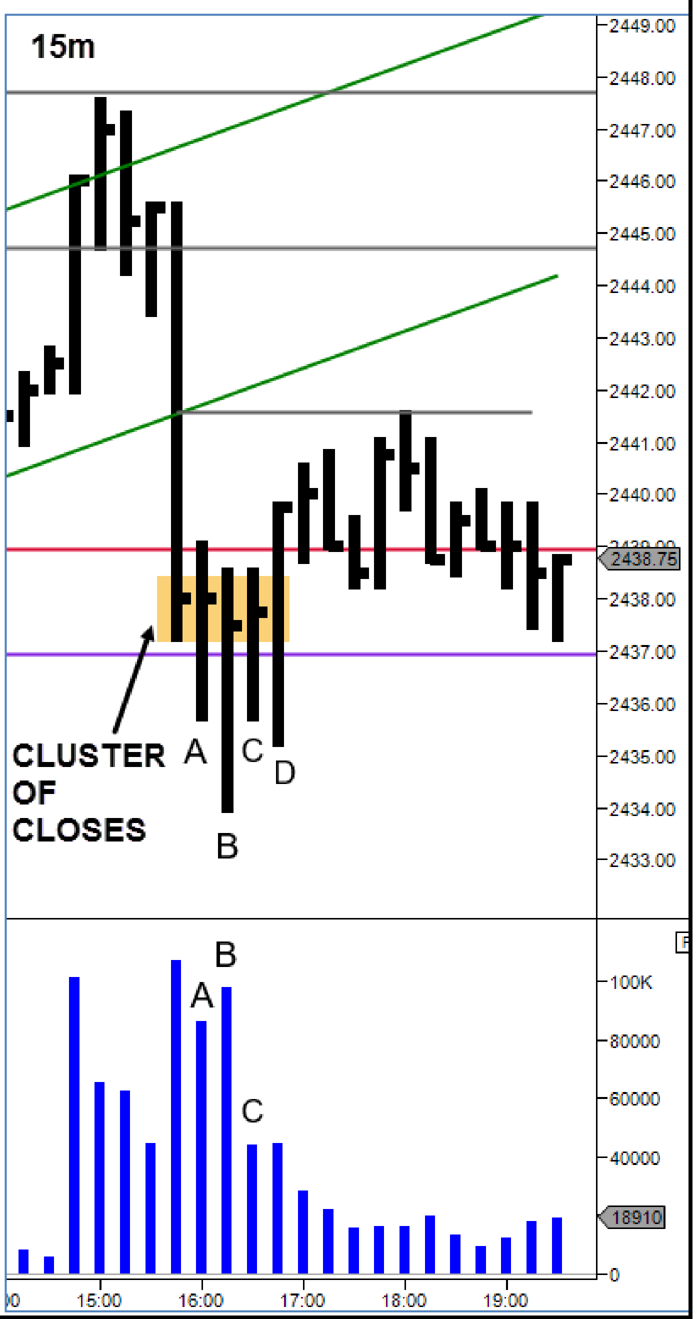
Bar B – dips under A, reverses to close firm, (ideally this should close above the previous bars close, however it does close back above our axis line (strength)

Bar C - testing action, where's the supply? (strength)

Bar D – entry bar, as we dip under C and reverse back above the axis line. A counter trend trade adjust clip size accordingly.

Exit ½ at H, first logical target level (+3.75 points), full exit at J, the market is having problems passing through supply (bar Z) as it broke under the local level of support, stop was hit (+2.50 points)

Today's trading was fairly fruitful providing clear cut opportunities, although our premarket analysis was difficult to interpret and didn't provide much help, the overnight trading answered our questions, we gained one vital piece of info, that demand would be present if we were to revisit the 2437.00- 2440.00 area. Time to lock in profits and call it a day



Email: feibel@yahoo.com