

Date: 07/08/2017

Market: ES mini

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

News:

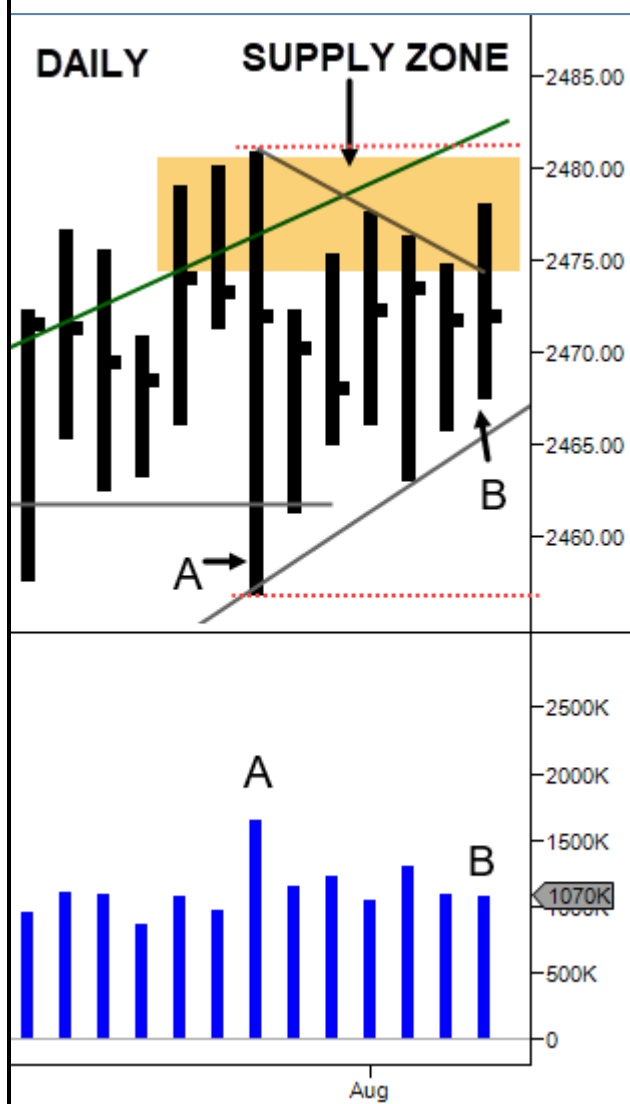
Yesterday:

HIGH: 2477.75

LOW: 2467.75

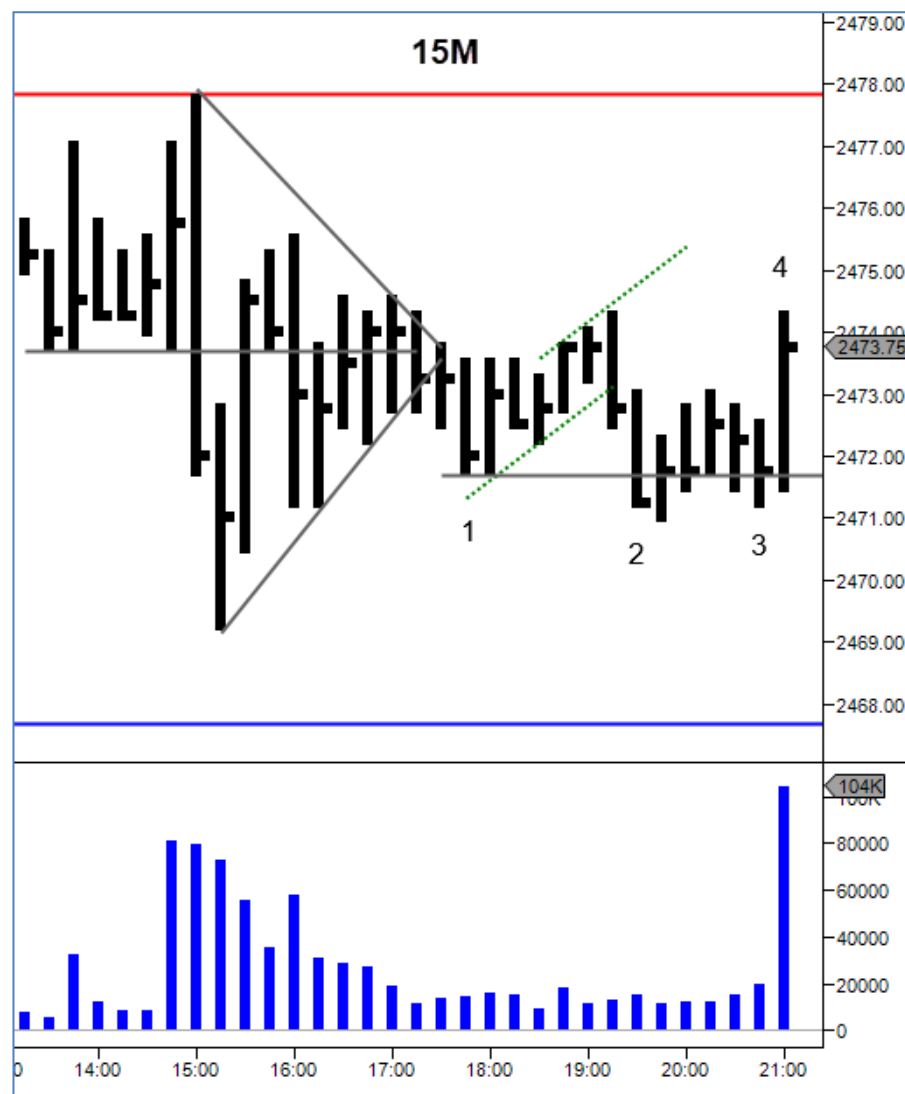
CLOSE: 2472.00

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



The S&P's broke the apex with little aggression, reverses to close back in line with the previous close and volume unchanged - typical trading range behaviour. The idea of an apex must be negated, from a daily perspective it leaves us with no clear direction. Although we have two pieces of info: 1) we are trading for the 6th day inside bar A and 2) bar B dips into the supply area, yet again its met with selling and we close back under

After breaking the apex via the 15m chart, we have had 3 occasions to break a local level of support. At 2 the sellers had ample opportunity; we rallied poorly, broke the demand line and local level of support, the sellers did not capitalize, we can see volume didn't increase, sellers not in force. From here we can't rally from support, closes round over perhaps we can break at 3, then boom bar 4, demand emerges - this is the US close, different types of traders active, however from the higher level of support with market unable to break and decent demand emerging we would expect higher prices



Game plan: Scenario 1 - highs made first, buyers unable to sustain price above yesterday's/2 day high. Look for supply to emerge and apply bearish setups at resistance. Bear in mind the cluster of closes at B, this could act as minor support level

Scenario 2 - highs made first; break the previous 2 highs with good demand, wait for a weak pullback to support and apply bullish setups. We must be nimble as the all time high and daily supply line are near, along with the supply zone that has held for near 2 weeks

Scenario 3 - lows made first; we have 3 areas of demand confluence prior to support at 2461.50, the demand line from the apex and the lows from the previous 2 days. If we pullback to this area, look for weak supply, demand to emerge and apply bullish setups.

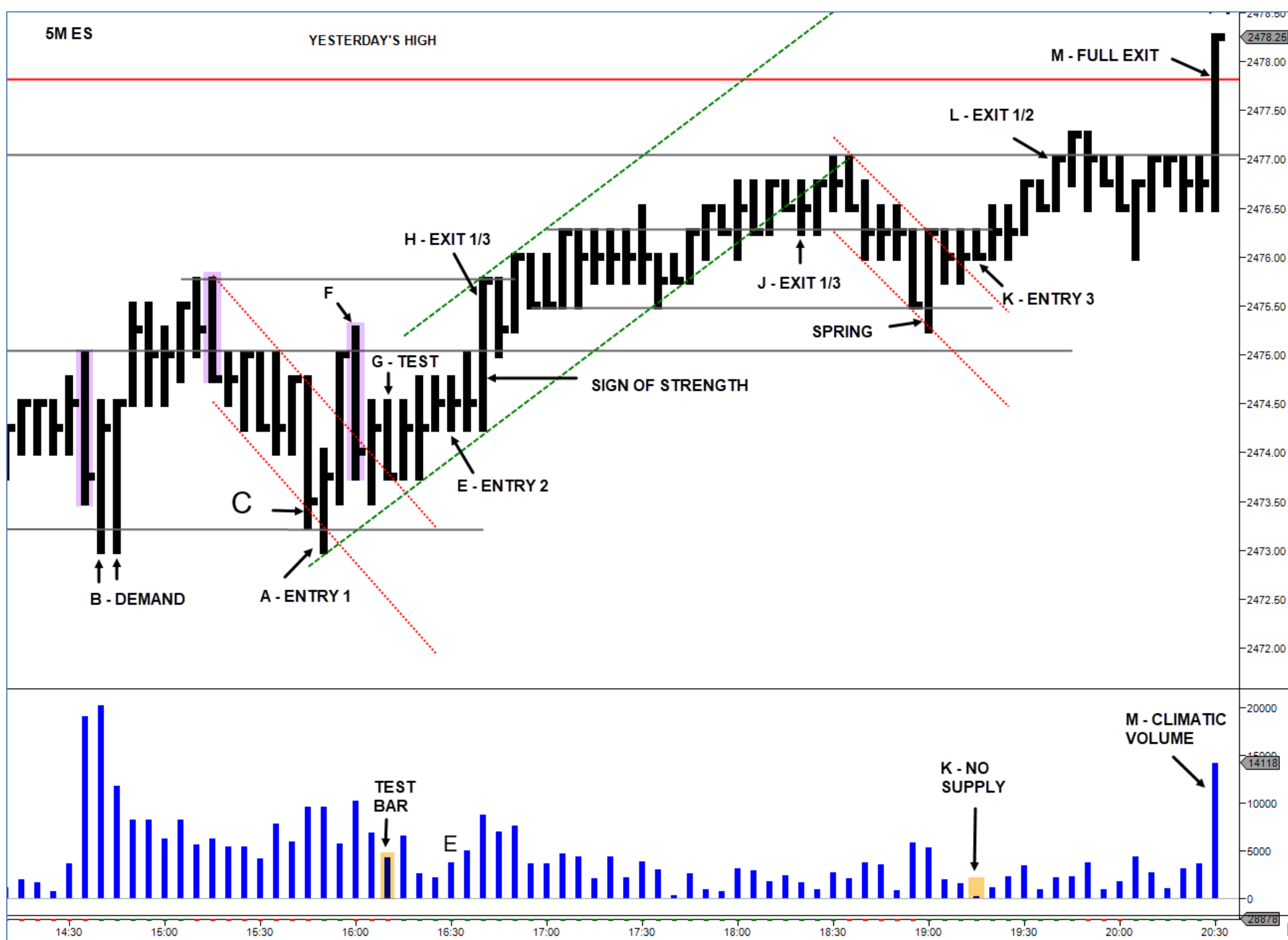
Scenario 4 - lows made first; break support at 2461.50 with decent supply, wait for a weak rally back to resistance and apply bearish setups. A difficult trade as we have 2457.00 in play the low of bar A; this is a major reflective point for the S&P's - as previously mentioned a close under this bar would confirm that weakness/supply is in this market

Bar A - Entry 1, why? We have demand at B whilst holding a higher level of support, we come down sharp at C, yet the next bar A, dips under to reverse and close firm - no downside follow through. We kind of spring this area, not technically a spring or a 2 bar bottom reversal, yet the action is a bullish we are due a rally of sorts, adjust clip size accordingly due to the setup not adhering to parameters. Tick chart shows a valid yet different perspective

Bar E - Entry 2, why? The strength from above combined with the lack of follow through from bar F, and a test bar via G. We could interpret the bar before being a no demand bar in a previous area of supply (purple highlights) this is not the case as demand has proved itself, trumping the background conditions - the market has produced three opportunities for further downside progress followed by a test bar (where is the supply we saw at bars C & F?, hence a no supply test, and finally Bar E; effort vs. result, this kind of price action is indicative with absorption, spreads and closes are the same, yet volume increases at resistance, this action is read as the buyers absorbing any selling pressure, resulting in the the same bar with higher volume (to previous). One could argue that the sellers are absorbing the buying, but this action wouldn't make sense, why? Our background conditions are of strength, so by reading the past (price action to the left) it helps us to interpret in the moment either a bar of strength or weakness, not understanding the background this bar would be incredibly hard to identify as strength

Bar H - exit 1/3 (+2.00 points) first resistance level, it is a decent sign of strength bar, nothing overt in nature and indeed it confirms that our long plays are good to hold. Trading plan dictates to lock in profits at logical areas of support and resistance.

Bar J - exit 1/3 first close under demand line via our channel (+2.75 points) and (+2.00 points)



It's at this point in the day we presume that the trading will continue to be flat via our tick chart, how? Tick charts do not measure time, they measure activity dependent on our parameters. Via the Chronicles we use 3500 ticks - this equates to 3500 individual transactions between buyers and sellers regardless of time and volume. An average day at 18:30 pm BST will produce 75 bars, today's trading has produced 32 bars up until this point, we can therefore interpret this as a lack of activity. This can help gain an edge, as volatility is low, opportunities will be far and few between with potential gains being limited, we can use this knowledge to look at other instruments that may provide better trading opportunities.

Bar K - entry 3, why? We spring support 3 bars back (the 2 bar configuration eradicates any weak longs) the proceeding 2 bars we have potential long opportunities (both being test bars), yet it's bar K that is shouting NO SUPPLY, volume is extremely low. The tick chart illustrates a clean setup. Demand is in complete control with upwaves 177k and 91k contracts (highlighted orange) we get a weak pullback to support with 14k (purple highlight), bar K is literally our trigger bar (although the previous bar could be used as we break the channel)

Bar L - exit 1/2, first resistance level (+1.00 point) Bar M - full exit, feels climatic at a yesterday's high, volume is well out of place for today's trading (+1.75 points)

Today's trading has been very slow, luckily the structure has held in place enabling a couple of positions to be executed and never putting our trades under pressure. Holding trades in these conditions is incredibly difficult, with the aid of trading other instruments from 18:00pm BST it became bearable. A trader must have discipline and patience, however it's most advantageous to recognize market conditions and know when to switch/include other vehicles to trade. Time to lock in profits and call it a day

Email: feibel@yahoo.co.uk

