

Date: 30/08/2017

Market: ES mini

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

News:

Yesterday:

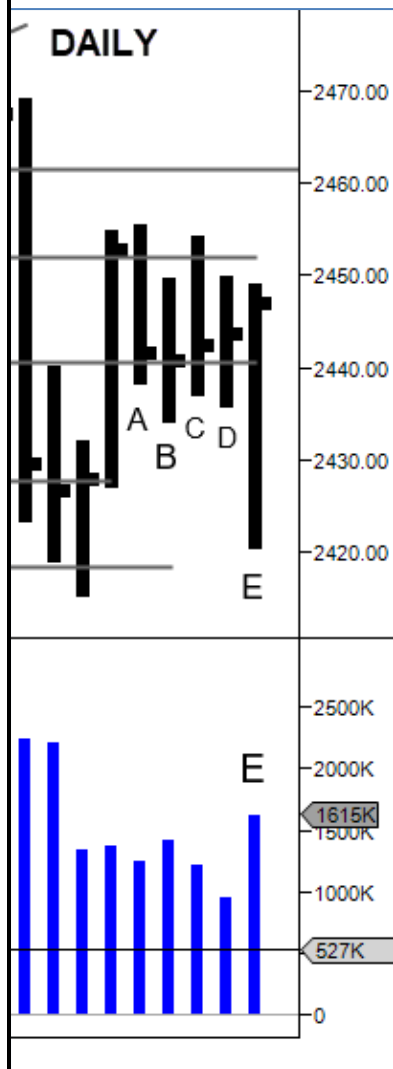
HIGH: 2448.50

LOW: 2421.00

CLOSE: 2447.00

Other levels:

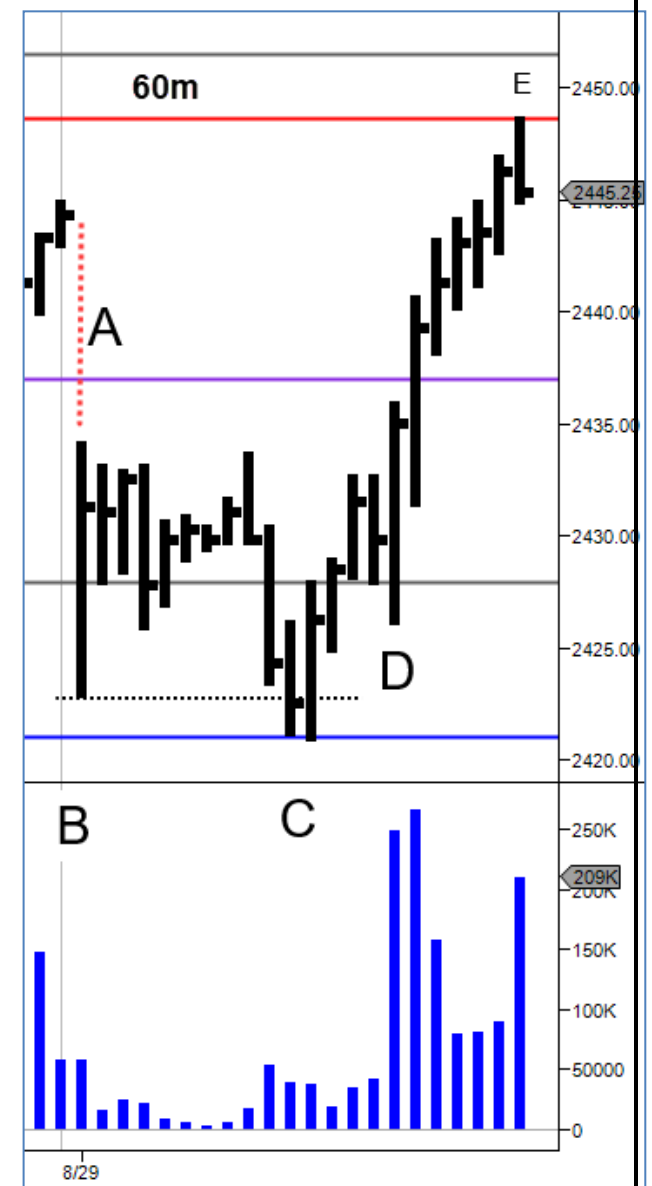
res:2480.50, res: 2474.50, sup:2461.50, res:2451.50, res:2440.00, res:2444.00 sup:2417.75, sup:2403.50



Bar E is a strong bar, dips down hard under the previous eight closes, to reverse and close back over all eight with an increase in volume back into the middle of the congestion, supply had an effect as we managed to push price down in the first the place, what have the buyers achieved? Considering the amount of volume not a great deal, only netting 3 or 4 points to the upside, however, the price action is VERY strong, we cannot ignore the close and volume. In a previous edition of the Chronicles we mentioned that bars with a wide spread that return back into the trading range with increasing volume often show follow through in the opposite direction expanding the congestions parameters (height of the trading range) we would also expect some form of momentum to carry us a little higher

The 60m confirms the strength via the daily. At A we gap down that is immediately met with buying at B. Being Wyckoff traders we do not concern ourselves with gaps, they are just an imbalance between demand and supply, we simply extend the

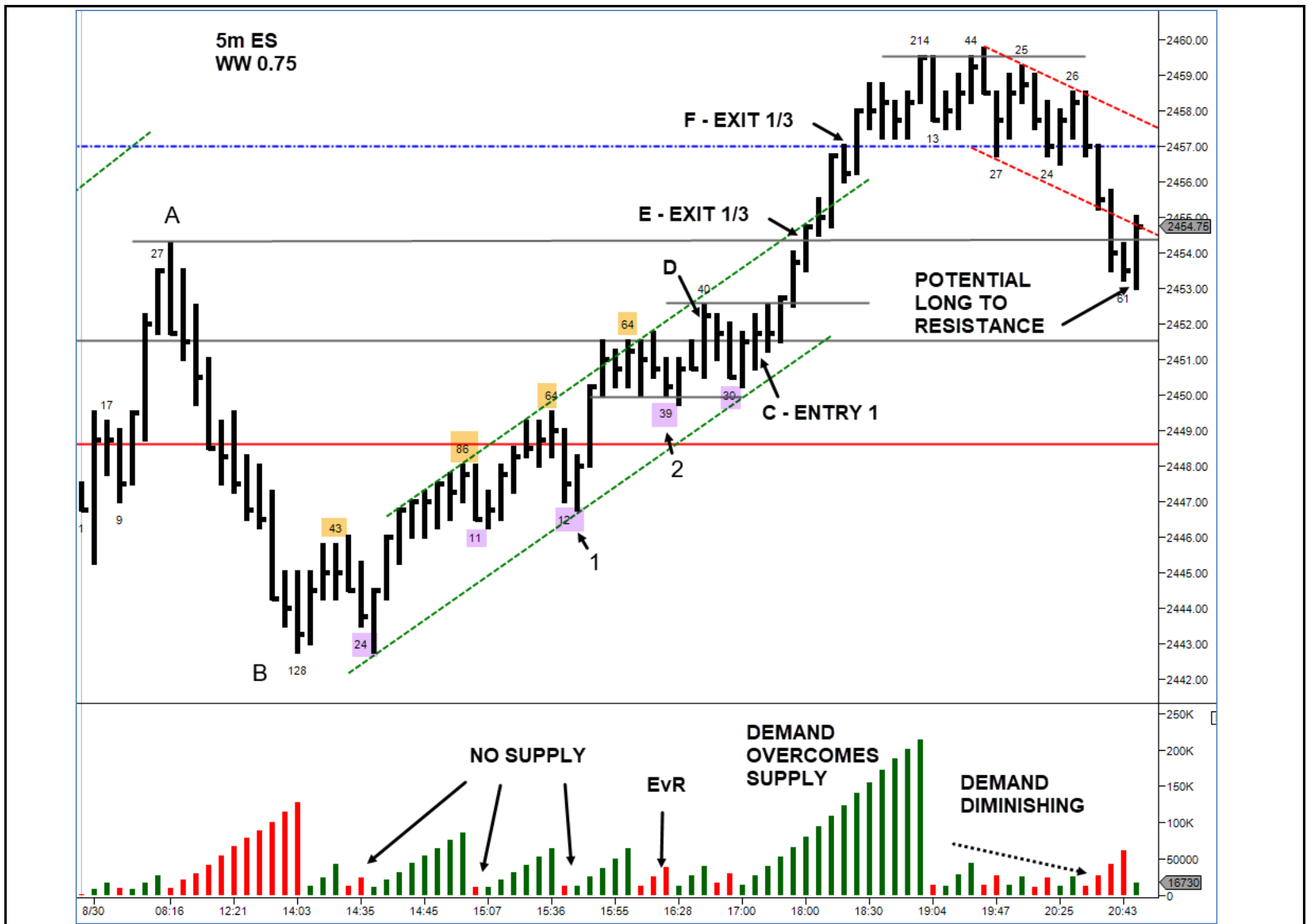
spread to the previous close (red line) and continue to read the chart as normal, in doing so we can visually see the close is well off the lows (indicates buying of sorts). At C we test B, see shortening of the thrust and proceed to spring. The market responds well and continues to rally never looking back. From D (US open) the market doesn't print any down bars apart from E (which is the US close)



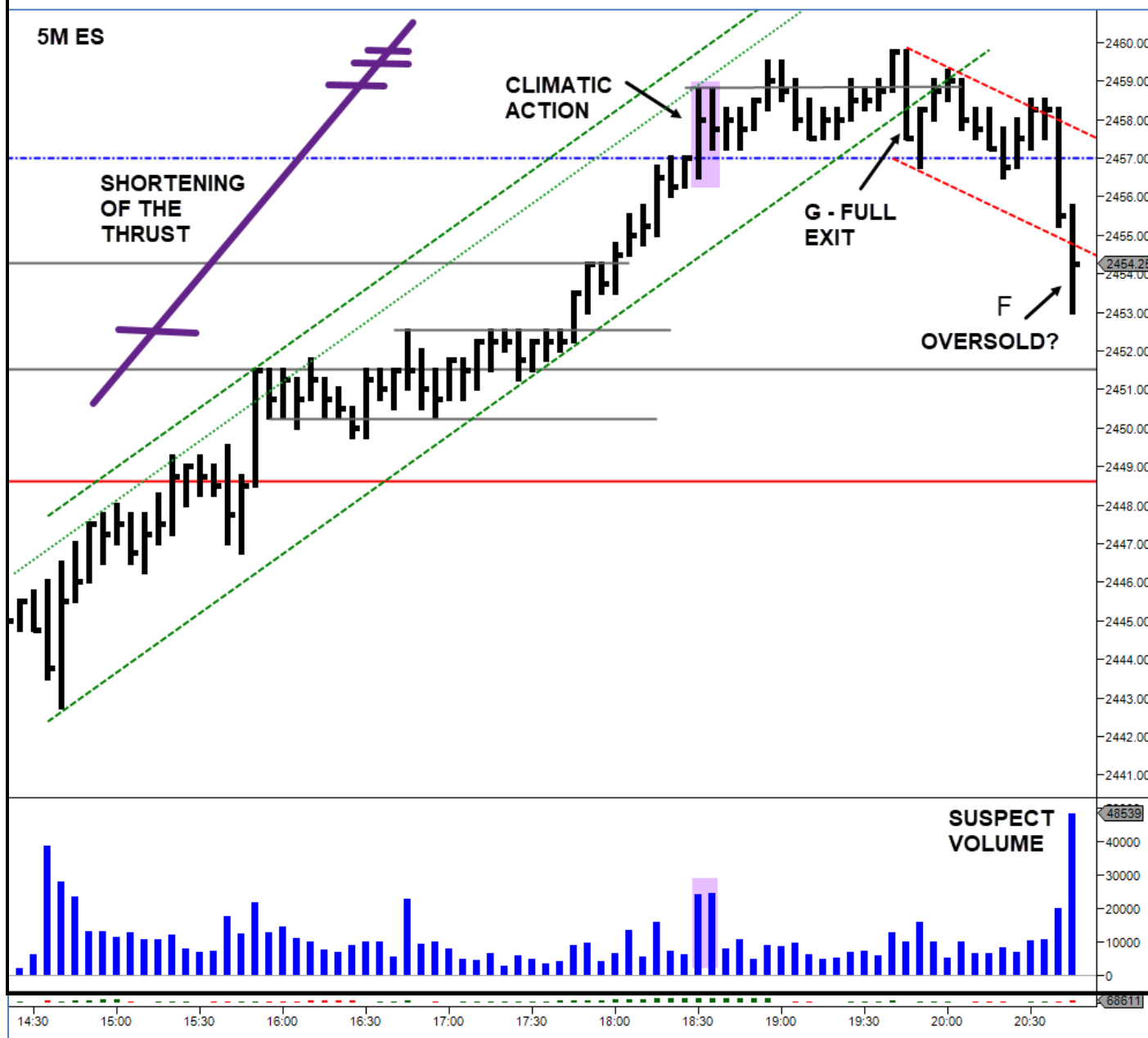
Supply is not evident and must conclude that higher prices are on the cards collaborated from both timeframes. Additional strength could be obtained from the fact that the market managed to surpass through the gap area with such ease, ergo the imbalance of "supposed supply" can be negated and that strength can be drawn from this action, again giving a subtle indication of higher prices. In a nutshell through classic Wyckoff thinking "through disconfirming supply, we get the confirmation of demand". With the thoughts of higher prices we need to look for structure: resistance at 2451.50 and 2461.50, these are the key levels that we must gage via the quality of buying and selling

Bar C - Entry 1, why? We push up to A during the overnight, where we met selling that produces a large downwave to B with 128k contracts, this we would class as a "change of behaviour down wave" and wait for a weak rally to short, however after 4 up waves (43k, 86k, 64k and 64k) totalling 230k give or take and the lack of downside volume 24, 12, 11k etc we would interpret the wave down as exhausting supply, the bulls are letting the sellers run out of steam. Comparing reaction 1 to 2 is the key; reaction 1 - with 12k the market slips 2.75 points to the downside, reaction 2 - we fall 1.75 points with 39k contracts, with over 3 times the volume we only make half the progress in price, a case of Effort vs. Result (hidden buying). As we close above support we hit market. We do not take the trade at D, why? We have a supply line that has held nicely (14 touches) we wait for a cleaner opportunity working in harmony with the natural structure of the market

Bar E - Exit 1/3, first resistance (+2.75 points), Bar F - Exit 1/3, next resistance, (+5.25 points), Bar G - Full exit, stop was hit as we close under the demand line for the first time in an established trend channel (5m), we also have a lovely example of shortening of the thrust, each successive wave up is making less upside progress - either demand has dried up or sellers are emerging, in this scenario we can see demand dry up considerably (+6.00 points)



NOTE - the oversold condition of the market at F, we fall right out of bed (channel) this action is suspect, the volume is super high and closes well off the lows back above a support level, this bar is climatic odds favour a test of resistance 2457.00 a mini scalp opportunity (adjust clip size accordingly) however my trading plan dictates that no trades should be executed 30m before the US close



Today's trading hasn't produced a plethora of opportunities, but we were able to execute one trade none the less. By building a picture of waning supply through disconfirmation, it gave us an edge to look for a long play. Many Wyckoff principles held strong providing a decent entry (Effort vs. Result) and exit locations (shortening of the thrust) this tells us in advance that a pullback is due, time to lock in profits and call it a day

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