

Date: 05/03/18 **Market:** ES mini

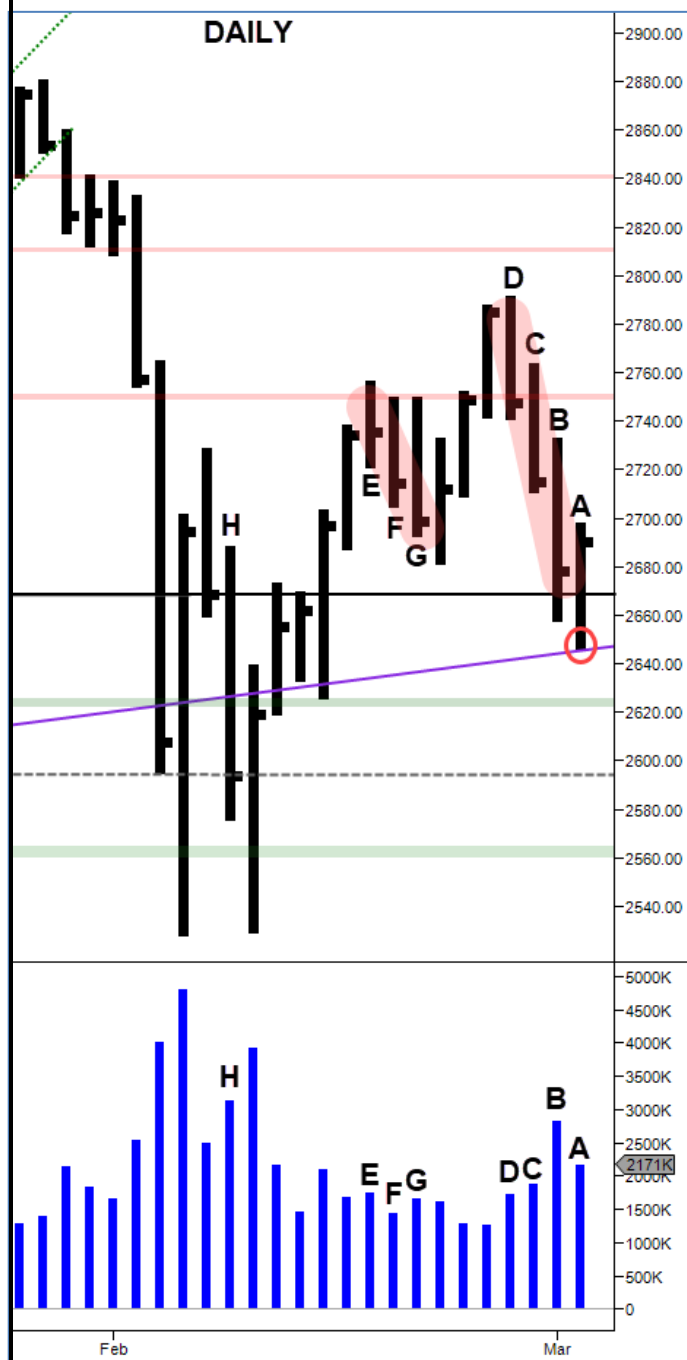
Timeframe(s): Intraday – 5m,15m,60m,3500T

Yesterday: **HIGH:** 2696.00

LOW: 2647.00

CLOSE: 2690.25

Other levels: res:2855-57.00, res:2810.00, res:2749-51.00, sup:2622-25.00, sup:2595.75 sup:2529.00

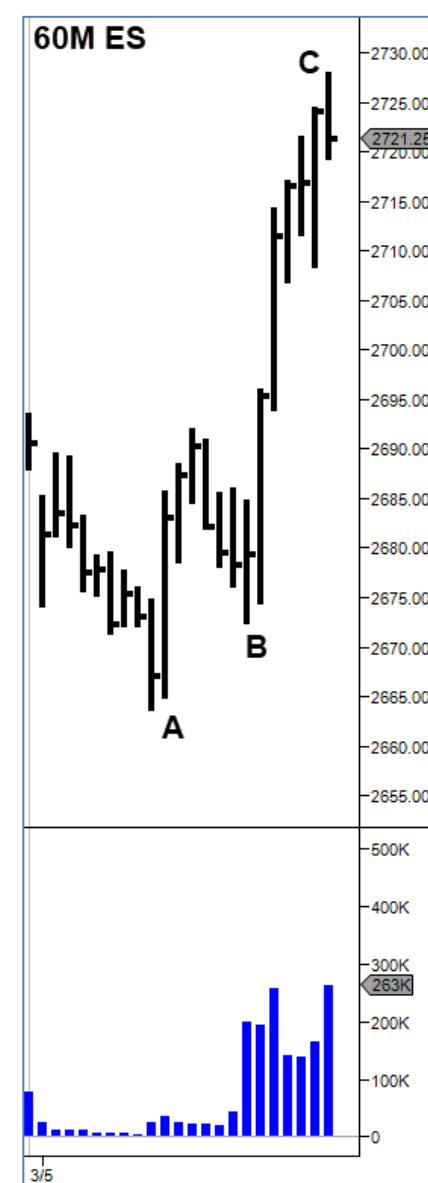


Bar A – we have reversal type action; dips under the lows of B to reverse and close firm at the 50% retracement level (of B) with fairly decent volume. From here we expect some sort of upside follow through, why? Two reasons; the movement on bar B has been restricted by the presence of buyers, the volume has increased significantly, a good surge, yet if we compare the volume to C and the progress made (from close to close) we can see the market is finding it hard to push down. Bar H has similar volume yet the spread of the bar is much wider, this shows ease of movement to the downside, sellers are in control. With the same amount of force (volume) Bar B's spread has narrowed in comparison, only demand, buying can do this, its restricting the flow to the downside. The close is off the lows and also respects a support level that we cannot close under (2 subtle signs of strength)

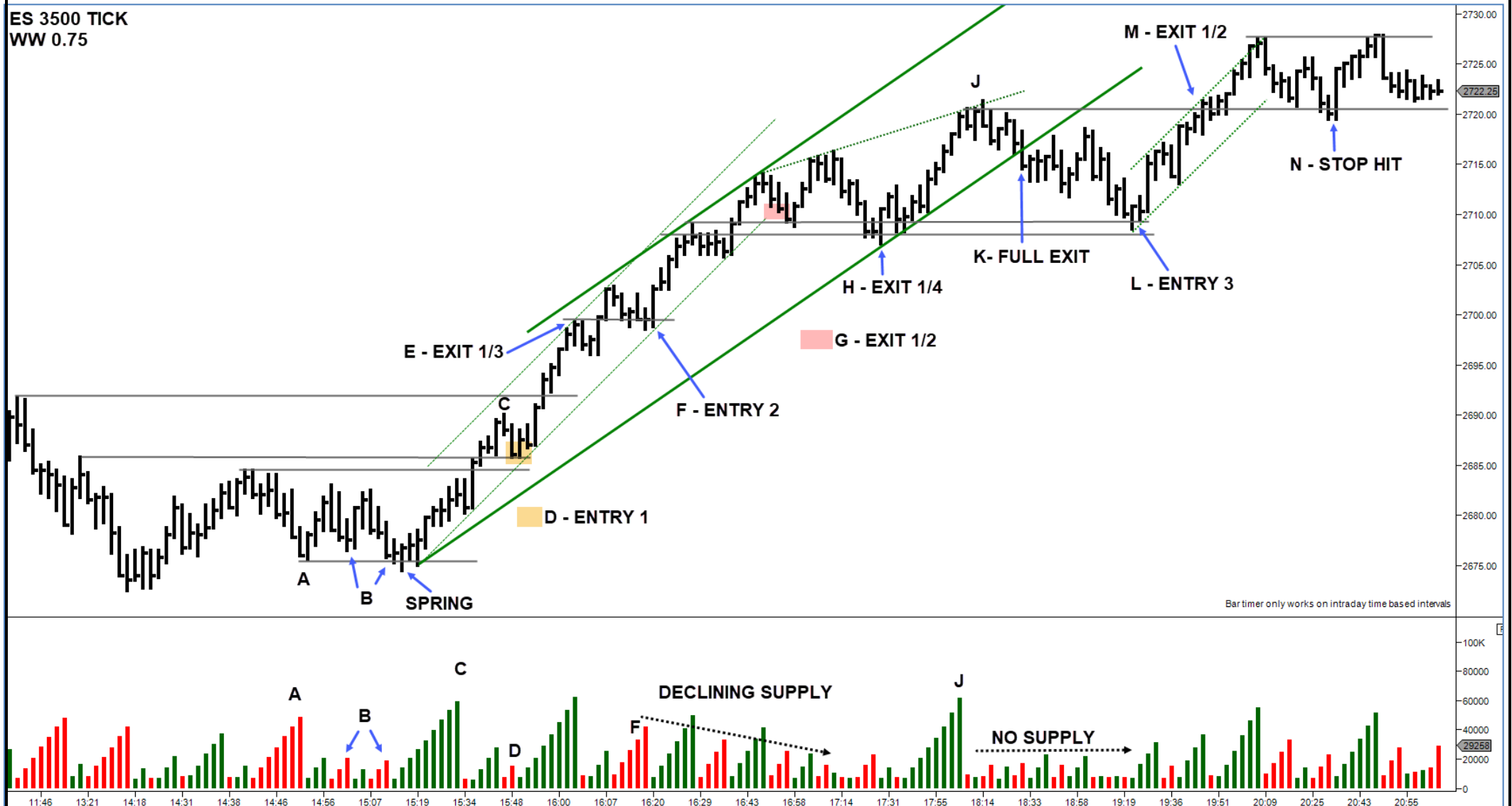
The second reason; and what I find somewhat interesting, is that our axis line (purple) has come back into play and held, acted as support. This was drawn way back in July 17 and is still valid, such fascinating behaviour (diagonal axis lines are somewhat of a rare breed) For those who follow the Chronicles attentively, you may recall the importance of this level a couple of editions back and the potential opportunity for a trade may present itself, alas the market provided such an opportunity, I hope you were able to jump onboard.

Although, we have a demand confluence that has held (support and axis line) potential buying at B and the reversal type action via A, we must be very careful for tomorrow's trading, why? If we analyse the waves down from D to B and E to G, its evident that this time round the sellers are more making progress to the downside as a whole (red opaque) and here lies the paradox; bar by bar we have confirmed the presence of buying at the end, yet in the wave analysis, we get good flow to the downside. This is why we must be careful; the market has demonstrated that the sellers are having an easier time driving the market down, although currently the market is hinting towards some sort of rally, I would not expect a significant move. For intraday purposes our analysis is fine higher prices are on the cards, however if swing trading, one must be very, very careful – we need more data. This is the way we need to think, always be aware of the limitations that may occur for the day ahead (and potential trades) it's not about being correct (right or wrong) it's about being prepared, so if the market does suddenly trade whacky and do the opposite, it's OK, it's merely disconfirmed our analysis (our game plan) from this very action we get the confirmation of what to do, rather than going in blindly and not being aware of the limitations, one could be left dumbfounded, staring into the headlights of the forthcoming traffic.....

The 60m confirms our analysis; yet also adds a higher degree of strength. Drift down to A during the Asian session, good buying near the Euro open at A, followed by a weak pullback to B, from here we rally all of the US session to the close, with good buying. The widest spread bars are all up, closing firm, we don't need volume to see that the buying quality is good (or at least better than the selling)



There is a spring setup; as the supply volume has clearly diminished (as seen from A to B) however on this occasion I wanted confirmation of demand as the level of support was not significant enough. The market does indeed spring with a good drive, breaking resistance and excellent volume. We wait for a weak pullback which occurs via D, our first entry, why? Demand has proven itself, in alignment with our premarket analysis, and we can see that supply has declined via B & D. This setup for the timeframe is the classic Wyckoff BUEC "Back Up to the Edge of the Creek" alternatively a NHH (New Momentum High) setup as we get a good solid wave up via C with expanding/higher volume that achieves something to note (breaks resistance), hence the new momentum.....or a weak pullback after a strong drive. The labelling is unimportant; the ability to read and understand the behaviour/price action is the real importance



Bar E – Exit 1/3, overbought in channel (+11.50 points)

Bar F – Entry 2, why? Background conditions of strength and we are trading with the trend, however the key is that the down wave itself (F) is Effort vs. Result. With all that volume we make NO downside progress, we hold a local level of support, unable to close under. Compare the movement to the previous upwave, we make twice the progress on half the volume, therefore know that buying must have occurred in wave F, that is the only force that can stop selling

Bar G – Exit 1/2, first time we have broken the demand line via our channel (+23.25 points) & (+9.75 points)

Bar H – Exit 1/4, although no signs of supply, there is shortening of the thrust to the upside, as price traded below support, partial profits were locked in (+6.00 points)

Bar K – Full exit, we have the reverse use of trend line in play, that is valid and holding (weakness) as supply is emerging or demand is tiring, and of course we are breaking the demand line via the main channel (+14.75 points)

Bar L – Entry 3, why? Demand in control, we have another good wave up via J; there is no supply in this market (as illustrated) as we react weak to support - an instant buy. Trading with the trend, nothing fancy here, a very simple setup; that I'm sure most would have jumped onboard

Bar M – Exit 1/2, first resistance (+9.75 points)

Bar N – Stop hit, getting late in the day, protecting profits rather aggressively (+9.00 points)

Today's trading provided some good moves via the tick chart, however via the 5m chart and standardised volume, it was very difficult to jump onboard and may have frustrated many traders. Occasionally it does pay to use both forms of price interpretation. Right from the open, the S&P's showed its hand with good buying and by 16:30pm supply disappears for the rest of the day. In hindsight it would have paid to have held some of the positions for a longer duration, but I have evolved my trading to integrate structure and when areas are compromised/violated, I like to bank profits, because you never truly know what's going to happen. Time to lock in profits and call it a day

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