

Date: 19/10/2017

Market: ES mini

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

News:

Yesterday:

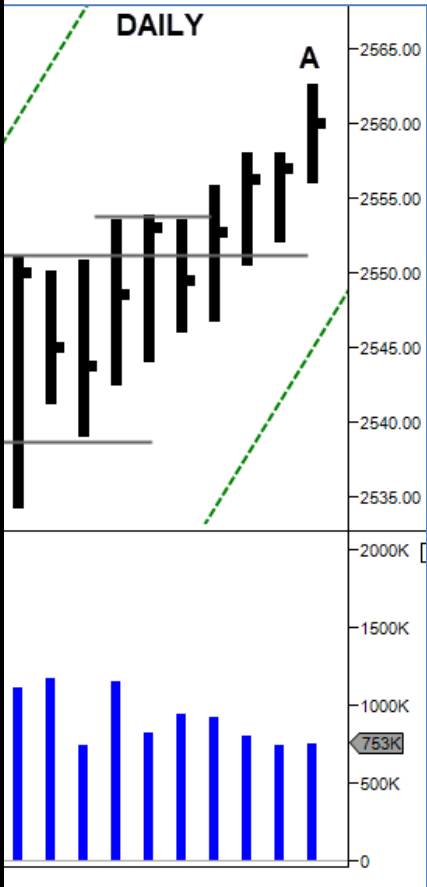
HIGH: 2562.25

LOW: 2556.25

CLOSE: 2560.00

Other levels:

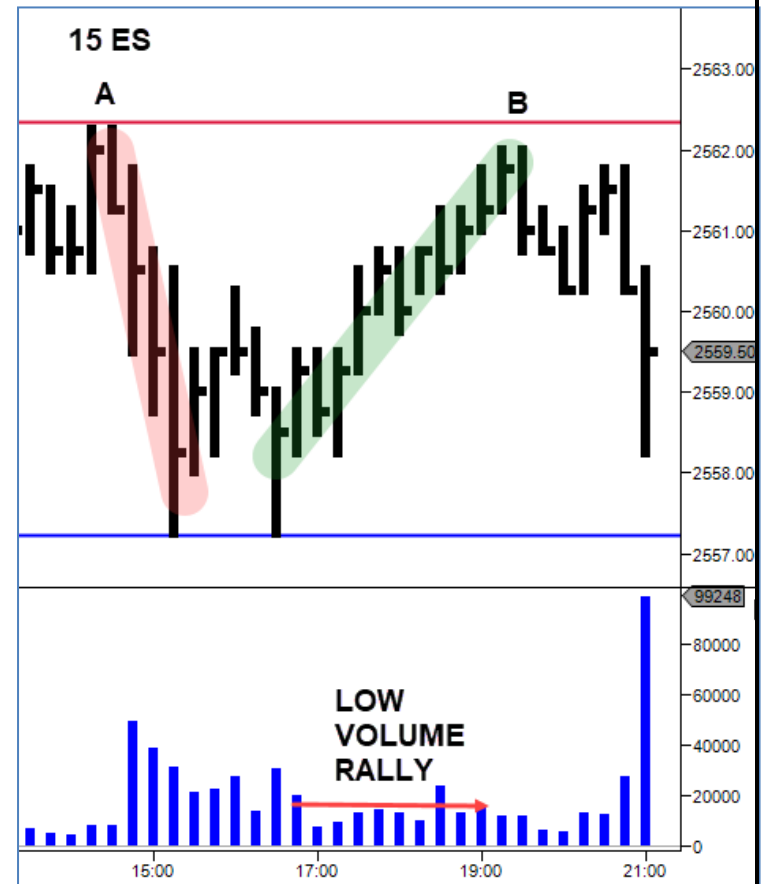
sup:2550.75, sup:2538.00, sup:2528.00 -29.00, sup:2507.25, sup: 2494.25 - 2495.25, sup:2488.50



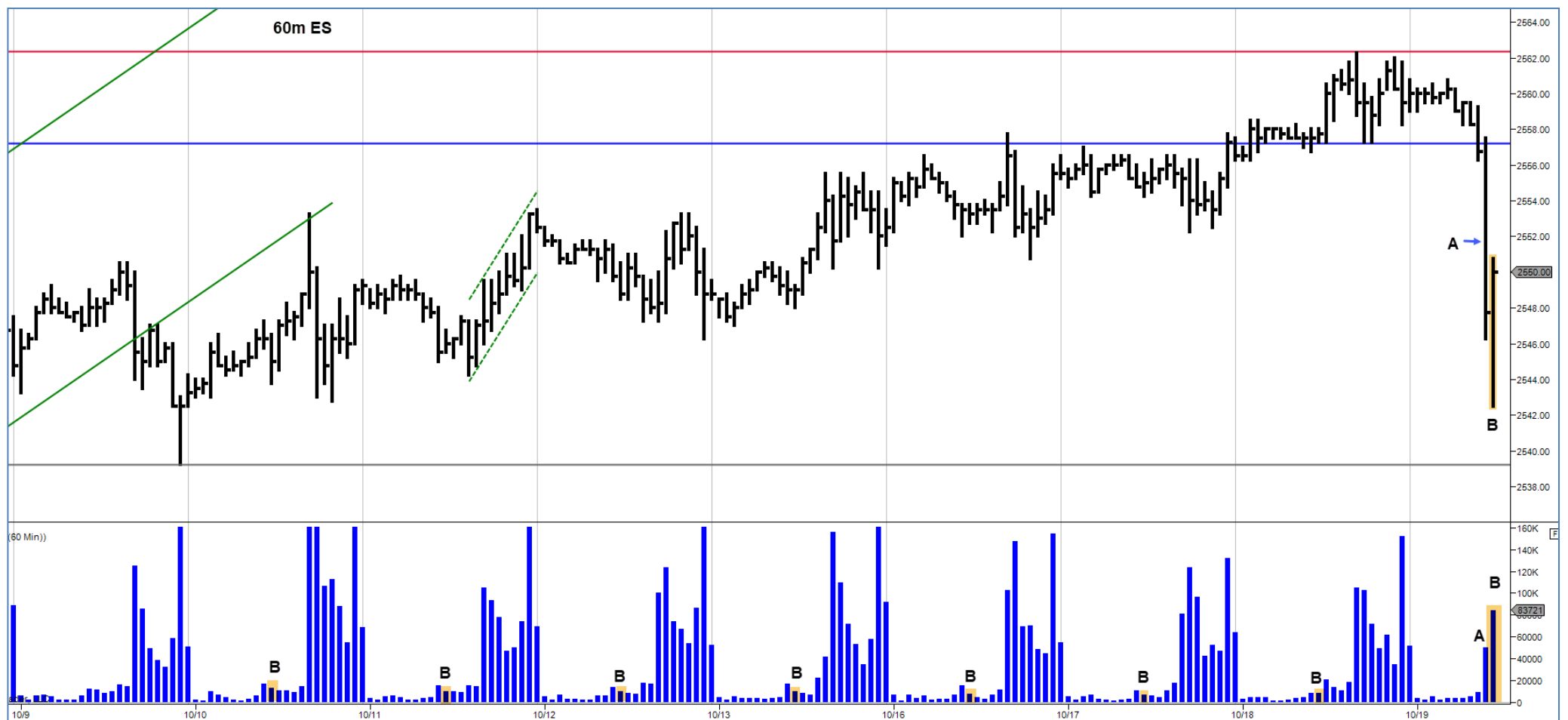
The S&P's crept higher making new all time highs, along with the 8th consecutive higher low, however we have a slight price action aberration via bar A, we hold gains; as in price does not retrace deep into the previous bar, like we have seen every day prior to this. Usually when this occurs on smaller timeframes it signifies that price is over-extended as in the bulls have one last charge/spurt of buying before a pullback of sorts, if the close was slightly weaker I would be more inclined to follow through with this thought process. Why does this price action differ? When we retrace deep into a bar its supply that exerts itself first and then the buyers step in and we close firm - we start with selling and end with buying, NOW bar A we start with buying and end with selling as the close is off the highs, however we do make a higher high, close and low. From the daily perspective we would still have a bullish bias for tomorrow.

The 15m throws a spanner in the works and highlights weakness, giving more credence to the overextended daily bar. New highs

are made at A and we encounter supply resulting in a sharp sell-off. The downwave (red opaque) consists of 4 bars, yet as we rally back to the highs via B, the volume is low and price action is sloppy (overlapping bars, narrow spreads etc) and takes three times the amount of bars to reach resistance. This indicates that the sellers have ease of movement to the downside; they can push the market down relatively easy. The visual representation with the coloured opaque waves should clarify the analysis. As we react from B we get further selling with 2 decent down bars, the picture emerging from the 15m is of weakness. For tomorrow's trading via the 15m we would expect a test of yesterday's low, analysing the price action to this level and the interaction at support (if we do retrace) is key.



Coming into the US session we have a major price action aberration that occurred during the European session and cannot be ignored. We break yesterday's lows at A producing the largest spread down bar that we seen for weeks, followed by bar B. Momentum carries B a bit further south



before reversing and closing firm with a huge surge in volume. Bar B has been highlighted orange and all the other bar B's volume on the chart for the same time period (10am) First thing we notice is that the volume is over ten times the average for this bar at this time, this is the infamous polar bear in the desert scenario, our ears perk up immediately. If we analyse the bar and volume relationship its strength, major buying, demand has overcome supply and the professionals have entered the market positioning themselves, this kind of volume for this time of day is not from retail traders. Now we are looking to be buyers, of course we need to confirm that buyers are in control and see the market start to edge higher by making higher highs and lows.

The US opens with a little volatility and looks very weak for the first bar, to be expected, why? The professionals/well funded want to scare out weak longs and try to create fear to induce further selling so they can add additional contracts to their bullish inventory

Bar D – Entry 1, why? We have established that professional money has positioned themselves. From the US open we can see strength emerge

Bar A – closes just above mid bar (buying)

Bars B, both bars close firm (buying)

Bar C – dips down to overnight support reverses to close above mid bar (buying and tests support, strength)

Bar L – Effort vs. Result a little less volume than bar C, yet the spread has halved, this can only mean one thing - hidden buying

Bar D – dips slightly under L to reverse and close firm; this bar accomplishes a great deal, it confirms strength with price action, finds no further supply, closes back above support and is the highest close since bar A. It also occurs at the perfect time (15:15pm) in previous editions I have mentioned that morning reversals like to occur within 45 to 60mins from the open; this setup has all the ingredients for a long entry, an instant buy at the close.



As we rally volume declines as shown by the red arrow via the volume histogram, not a healthy sign. Bar E was a little gut check as it was coming down, but in real time volume was light on the decline as the majority of the volume for this bar was buying as it pushed up. As we rally from here volume expands (green arrow) this is the perfect confirmation for our long positions

Bar F – Exit 1/3, first resistance (+3.25 points), Bar G – Exit 1/3, a little negativity at local resistance with supply to the left the US open bar (+5.75 points)

Bar H – Entry 2, why? We have a story of strength behind us, all the price action we have seen for the last hour or so via the 5m is absorbing the supply via the US open. However it's the 60m chart that gives a clean set up. Bars A are all buying bars, B some negativity and looks very weak we would expect lower prices, yet bar C reverses and closes firm almost wiping out all the selling from B, retraces nearly 100% of the bar (super strong) Bar D – a little test, narrow spread, very low volume and cannot push the market down. As bar E dips under the lows of D and reverses, a long entry is initiated as we pass the close of D. If we look at the 5m we have nice little bottom reversal and breaks the supply line from our mini channel, all timeframes are working together, I understand this is a difficult concept to comprehend, but is of vital importance, it will open up the charts and stack the odds in your favour

Bar J – Exit 1/2, major resistance being yesterdays low (+9.00 points and +4.25 points), Bar K – Full exit, slight pop in volume at local resistance, price action has been sloppy, near end of day (+5.25 points)

Today's trading was setup premarket, being able to read the strength gave us an edge; we had a licence to be aggressive in nature to establish long positions. The S&P's was kind as it unfolded readable price action for an early position. Multiple time frame analysis always plays a major role for any setup; to implement this advanced technique into ones trading will you give an edge that most traders don't possess. Time to lock in profits and call it a day

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