

Date: 29/08/2017

Market: ES mini

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

News:

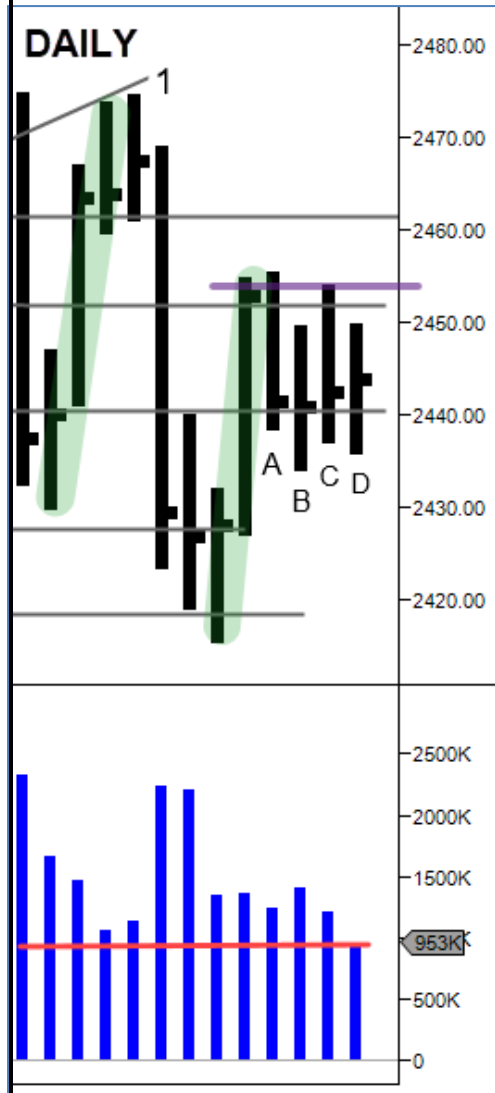
Yesterday:

HIGH: 2449.00

LOW: 2434.50

CLOSE: 2440.75

Other levels: res:2480.50, res: 2474.50, res:2461.50, res:2451.50, res:2440.00 sup:2417.75, sup:2403.50



Difficult price action to read:

A - Supply

B - Lower low, lower close, lower high, buyers step in to hold it above support, overall we would have to give it the sellers (weakness)

C - Higher low, higher high and close, technically an up bar, but price closes well off the highs (subtle weakness)

D - Lower high, lower low with a mid close, volume the lowest for few a weeks, buyers step in to close it back above support yet this bar doesn't shout extreme strength due to the activity

Analysing these bars as a whole, we would have to give it to the sellers, there is no ease of movement to the upside like we saw previously (green opaque), why aren't we rallying to previous resistance at 1? We have huge supply to the left and every time price reaches resistance (purple highlight), sellers step in, yet we are holding a higher level of local support refusing to go down, but not enough force (buying) to induce a rally. However we have structure in place that can help formulate a plan for tomorrow's trading, yesterdays high and low, the low of B and resistance around 2451.50, applying setups around these levels are key: both bullish and bearish setups

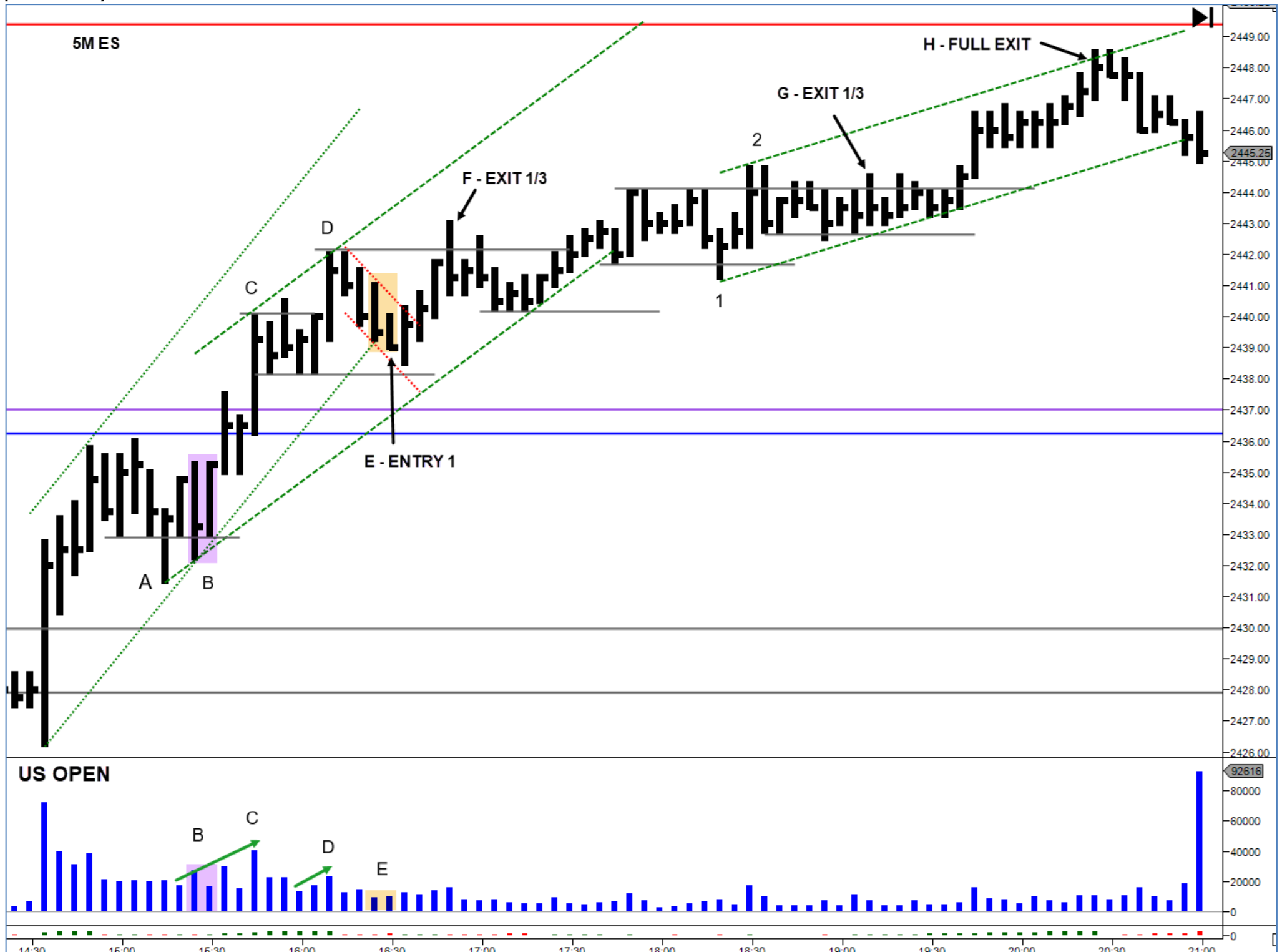
apply. By analysing the quality of buying or selling we can determine whether indeed supply or demand is present. The market could easily continue sideways, but odds favour a move of sorts due to the last bar closing mid level in the congestion area with the lowest volume

The 15m, doesn't give any clear direction, we get ease of movement down as shown via waves 1 & 2, although wave 2 struggles a little in comparison and volume doesn't expand. The end of wave 2 we get stopping volume that halts the market and we begin to slowly grind up, price action is very choppy, overlapping bars, not buying of good quality, however price manages to hold a higher level of support and breaks the supply line. Although the market isn't strong we expect a test of supply to the left around 2446.00 or perhaps resistance 2449.00, the selling/buying activity around these levels should help our intraday plays.

The S&P dropped 23 points during the Asian and European session (50% being a gap), being Wyckoffian traders we do not concern ourselves with the why, we focus on price as it unfolds. In the European session we manage to claw back 12 points by creating a change of behaviour upwave with 122k contracts (tick chart unshown). The US opens (5m chart) with good demand +6.50 points (demand overcomes supply), for a 5m bar this is of significance. Bar A we had an opportunity for lower prices, yet we manage to hold and close back above support. Similar situation with B, a 2 bar reversal. The first bar had the opportunity for lower prices, yet the next bar closes firm wiping out ALL of the previous bars selling with lower volume, this indicates that supply is fully spent. These two bar reversals (in the right context) are very powerful, on this occasion we were too close to two levels of resistance for an entry, although I knew higher prices were on the cards I had to respect my trading plan - NEVER buy under 2 levels of resistance.



The next opportunity was Bar E – Entry 1, why? As we rally to C volume increases a healthy sign for the bulls (I was waiting for a weak pullback from C back to support for a bullish entry), this didn't occur but we gain vital info - the market is strong and unwilling to lose any upside progress; we hold gains from C. Importantly the rally to D volume also increases, as we react volume declines and in-turn printing the narrowest bar and the lowest volume for the day, both being down bars; this indicates no supply (orange highlight) look to the left we are testing C, picture perfect, an instant buy. Our trade needs to be aggressive in nature as we know the market is holding strong by learning from the reaction via C. The following bar could also be traded as we dip under and close firm, both perfectly valid entries



Bar F – Exit 1/3, first resistance (+3.00 points), Bar G – Exit 1/3, (+5.00 points) the trade isn't taking off, been holding for 150mins, volume has tapered off, spreads have narrowed, these are difficult trading conditions, however we have one vital piece of info – supply hasn't showed its hands, buyers have been in control since the US open, supply still needs to prove itself. We also have two subtleties of strength, Bar 1 – mini spring, we held local support. At 2 we had the opportunity for a top reversal (lower prices) yet we hold resistance for another 40mins or so

Bar H – Full exit, overbought in our channel at resistance (yesterday's high) a confluence (+9.25 points)

Today's trading was very difficult that resulted in a trend day to the upside, not a classic stair stepping uptrend, more of a grinding, scrappy move, pushing up regardless - it was the lack of supply that provided these conditions. Our trade was initiated by reading the reaction from C that enabled the aggressive setup via E, reading the market as it unfolds by gauging the quality of buying and selling is critical for this method, especially when in confluence with structure, time to lock in profits and call it a day

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