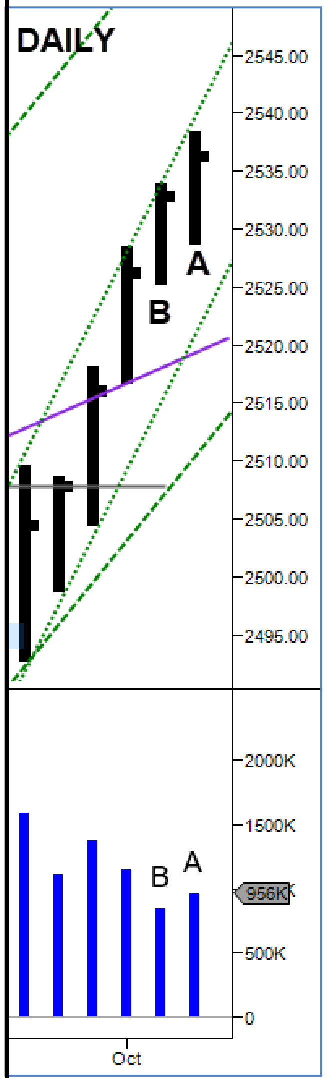
Date: 05/10/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

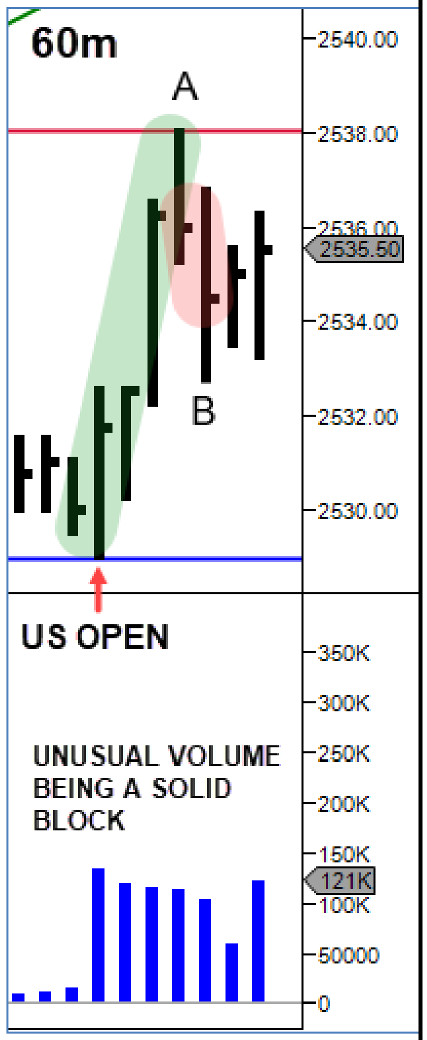
Yesterday: **HIGH:** 2538.00 **LOW:** 2529.00 **CLOSE:** 2536.25

Other levels: res:2545.00, sup:2507.25, sup: 2494.25 – 2495.25, sup:2488.50, sup:2477.50 - 79.00, sup:2461.00



The S&P's has continued to push higher with the 6th consecutive up day in a row, the price action is strong and the bulls appear to be relentless, the spreads aren't large and volume not overt - just a solid advance. Bar A – we have a higher high, low and close with an increase in volume. Bar A retraces a little deeper than previously, but nothing to be concerned about. Via the daily we have to be buyers for tomorrows trading, there is no indication to say otherwise. NOTE – the micro channel is being respected, not unusual, breaking into fresh new ground we have no other structure around, our channels are the only form of road map for price to adhere.

The 60m chart shows no signs of easing up, the US opens and we rally near enough 10 points to A where we encounter some negativity. The market begins to pullback via B where we see evidence of buying at the lows due to the close (mid bar). The next couple of bars have no downside follow through from B; we continue to make higher highs and higher lows. NOTE – the three closes are slightly rising (subtlety of strength) combining this data along with our macro background of strength (that we have discussed the past few days) there is no evidence of supply and demand doesn't appear to be tiring, odds favour higher prices



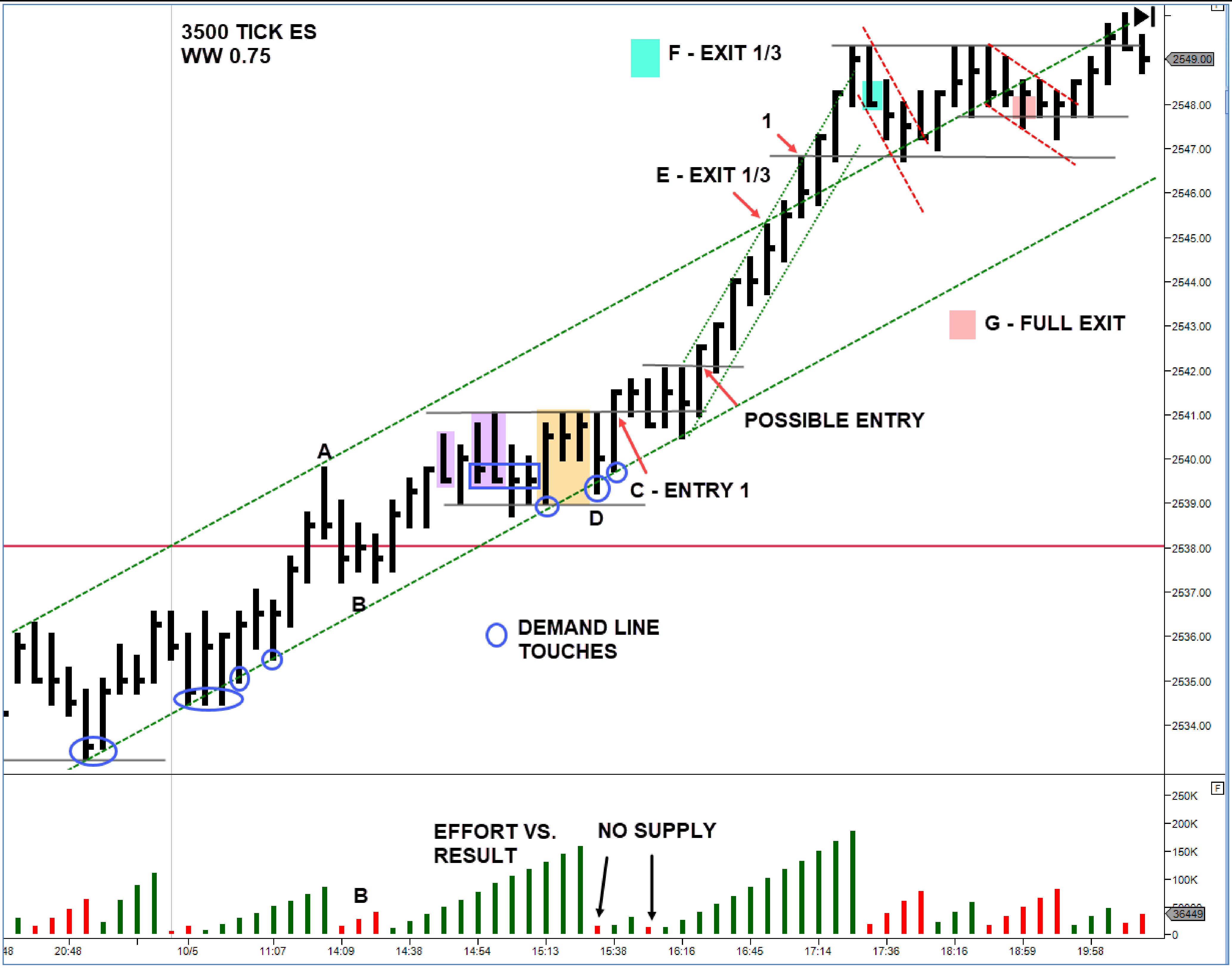
During the premarket session we grind up to test yesterday's highs and break at A, followed by a weak pullback via B. The US opens with a large wave up and this would be classified as Effort vs. Result. Within the range are subtleties of strength that allow us to pull the trigger for a long position at C. The purple bars show negativity closing weak on their lows, the next couple of bars buyers step in and we close mid bar (NOTE – the clustering of closes in the blue box, the market is refusing to go lower) and finally the orange bars are strong, closing firm knocking their heads against resistance. Within this tiny trading range we have 3 phases: one of selling, then neutral and lastly buying; from this we can deter that the potential negative thought of Effort vs. Result is actually positive and we're absorbing/eradicating any selling that exists.

Bar D bounces off the demand line that has been respected 8 times previously. With buyers being in control and sellers yet to establish themselves, when bar C breaks the highs the market pulls me in as we have 2 bar reversal at a working demand line. Ordinarily trading breakouts in this manner are not advisable (and extremely rare in the Chronicles) however on this occasion we have a story of strength that has lasted 6 days with no signs of supply. In addition were holding a higher level of local support after rejecting yesterday's highs, a valid, working demand line that has been respected and the adage bonus of being able to read the mini trading range - we need to remember that the market has given us permission to be aggressive via its sentiment

Bar E – Exit 1/3, hit supply line (+3.75 points)

Bar F – Exit 1/3, we became oversold in the channel with the prior bar, followed by the weakest bar since our entry (+7.00 points)

Bar G – Full Exit, (+7.25 points) the supply line has acted as support since we broke at 1 with an incredible 7 touches. We all know that horizontal support turns into resistance and vice versa, here we use the same mentality with trend channels. Many traders do not use trend channels or apply the reverse use as they can be tricky and appear to be mystical. From experience when the market provides a



strong channel (6+ touches) more often than not the reverse use can be advantageous; of course as with most in trading is completely discretionary.

From a personal perspective I find this structural element of the markets fascinating and it never ceases to amaze, and in this case helps to hold the trade for a few additional points

Today's trading has been tricky; when the market breaks into fresh ground making new all time highs we truly do have a lack of structure to aid us (lack of support and resistance, demand and supply zones etc). Yet by acknowledging market sentiment and being aggressive we managed to trigger an entry. The ''possible entry'' is a better trade location as we have 2 previous waves of no supply along with newly formed support holding (after breaking resistance) plus another touch of the demand line to help our story of strength. This setup is typical of a trend trade, a mere weak pullback in an uptrend, time to lock in profits and call it a day

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