

Date: 04/08/2017

Market: ES mini

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

News:

Yesterday:

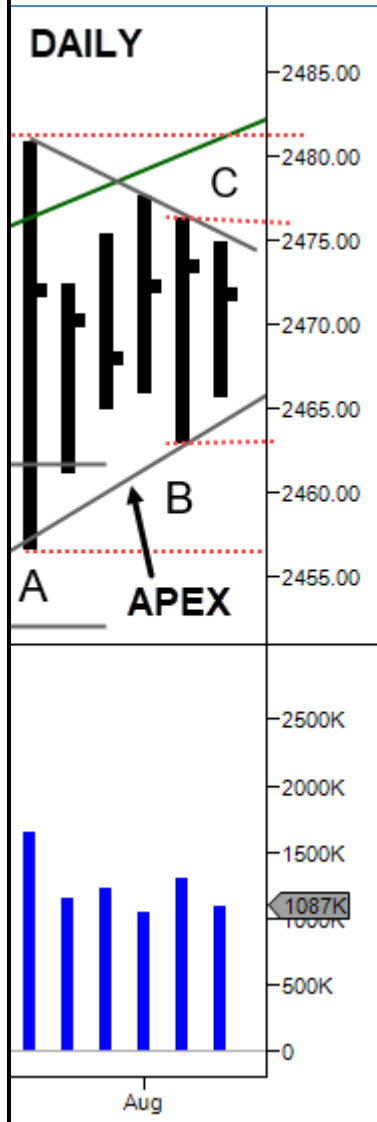
HIGH: 2472.00

LOW: 2466.00

CLOSE: 2471.75

Other levels:

res:2495.00, res:2480.50, sup:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00, sup:2417.00



The S&P's reacted as expected and found support at a multiday low, giving a slight bullish tone. We cannot ignore the price action, we have a higher low yet a lower high and a lower close - technically a down bar and importantly an inside bar (B). We are also inside for the 5<sup>th</sup> day in a row from bar A, giving an inside, inside bar, this usually (but not always) produces a move for the following day, ideally we would want the spread narrower for contraction purposes. As previously mentioned in an edition of the Chronicles expansion comes from contraction. There is an excellent method/strategy to trading inside bars incorporating market behavioural patterns of contraction and expansion that can be extremely profitable especially when used on larger timeframes like the daily, this info has been cherry picked to include with the use of Wyckoff/VSA primarily for swing trading purposes. Sometime in the near future I will create a few swing trading editions of the Chronicles, instruments will change as I rarely swing trade the ES (on occasion with the ETF, SPY). Back to the market at hand, we have also formed an apex (Wyckoff hinge, Bob Evans springboard), with the inside bar and the apex creating cause we have the potential for a strong move - bear in mind two things 1) we are in a trading range and 2) the cause built is not particularly large as its only 6 bars, there is a count of around 20 - 28 bars (no more or odds fancy more lateral movement, trading range)

The 15m provides a clearer intention for tomorrow's trading. During the session we have tried to break support four times. Bar 4 being very aggressive yet the close is back above support, this is bullish behaviour along with the immediate continuation north via bar 5. We must conclude that the lows have been rejected and higher prices are on the cards, it would surprise me if price were to test support again after the response from bars 4 and 5 - taking this into account tomorrow we should hold a higher high, and if we do break out odds favour an upside break

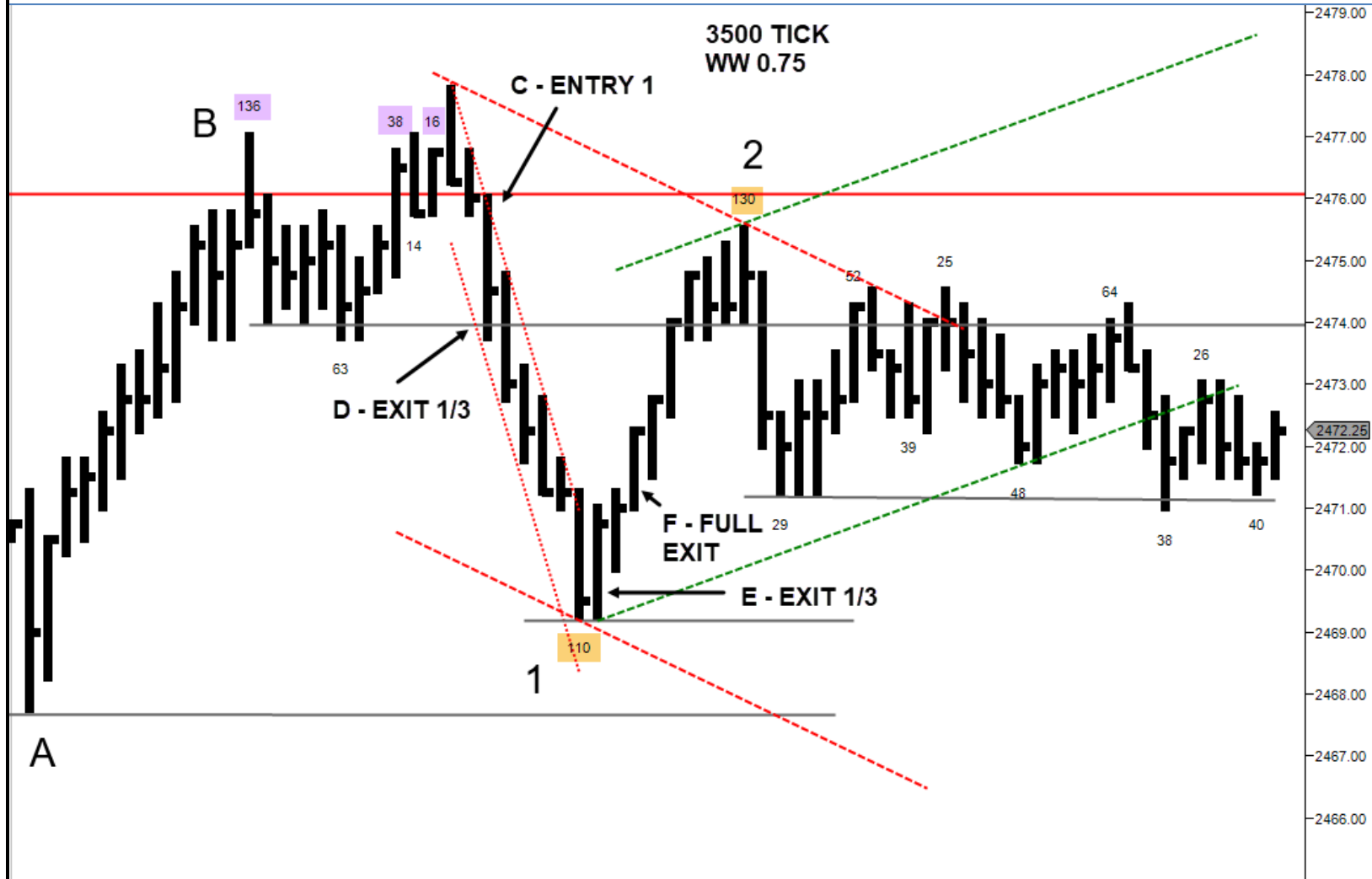
Bar C - Entry 1, why? During the overnight we gain 8 points with good demand from A to B (136k contracts). We react with 63k, and test again with 38k and 16k. We notice that the previous down wave is significantly larger than the 2 preceding up waves. As the market breaks support I let the market pull me in with a sell stop. Demand for the time being has ceased, there is a little supply in the market as indicated by the 63k contracts the market is telling us a reaction is due.

Bar D - exit 1/3, first support (+1.75 points), Bar E - exit 1/3, it's the first break of the supply line since the downtrend began (+5.00 points), Bar F - full exit, as we break the previous 2 bar high (+4.00 points)

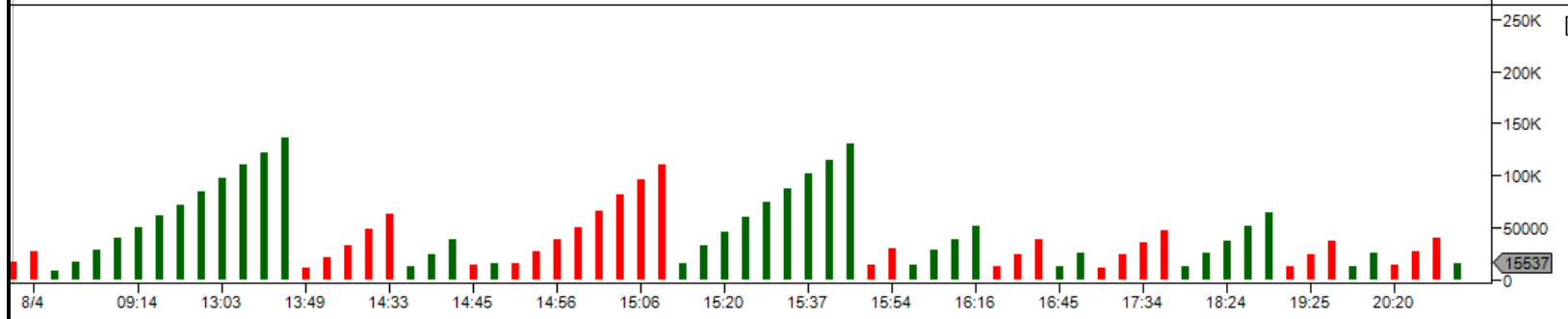
The market had a lack of structure (support and resistance levels) for this trade to provide exit points - isn't uncanny how the market provided an excellent downside trend channel for guidance.



Trade management is discretionary - from a personal standpoint when we have a lack of structure and a channel that adheres, as in multiple touches it gives the channel validity; we have seven touches via the supply line and 3 touches for the demand line. When we get a change of behaviour; for example bar E, the first up bar that also breaks the supply line (that has held so nicely) and holds local support from the previous bar, is enough reason for a partial exit, simply lock in profits.



The move down to 1 went much deeper than expected, we now need to see the quality of buying via the next up wave, if weak we could possibly look for bearish setups at a resistance level (NOTE - we do hold a higher level of support at 1, a bullish tone) The rally to 2 is strong and we simply discard that thought process.



We're in limbo with no apparent direction, heavy supply followed by strong demand, feels like the market is trying to find fair

price, if we consult our 15m timeframe we have an apex and that's exactly the case - the market is trying to find equilibrium. From a macro perspective, we're in apex within an apex, inception layering if you will. The apex is difficult to read as volume doesn't help, eyeballing we would have to give buyers the edge - the orange highlight is where I needed the market to break and pull me in with a buy stop, I was uncomfortable with this setup as resistance is close and the apex was hard to read, yet with our premarket analysis odds favoured upside progress (which we made during overnight) adjust clip size accordingly. As we break no volume was present and we continue to drift sideways, this tells me in advance that today's trading will be flat, the nature of an apex is to build cause (pressure) this didn't occur

Today ended up being a typical day and yet again trading within the first hours range by US lunch, this usually (but not always) means sideways trading as I have previously mentioned in various editions of the Chronicles. An early finish for a long weekend, time to lock in profits and call it a day

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