

**Date:** 15/06/18 **Market:** ES mini

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

**Yesterday:** **HIGH:** 2794.00

**LOW:** 2772.25

**CLOSE:** 2788.50

**Other levels:** res:2807.25, res:2794.25, res:2748-50.00, sup:2741.25, sup:2700.50-2704.50, sup:2668-70.00, sup:2594.50

### ES - DAILY

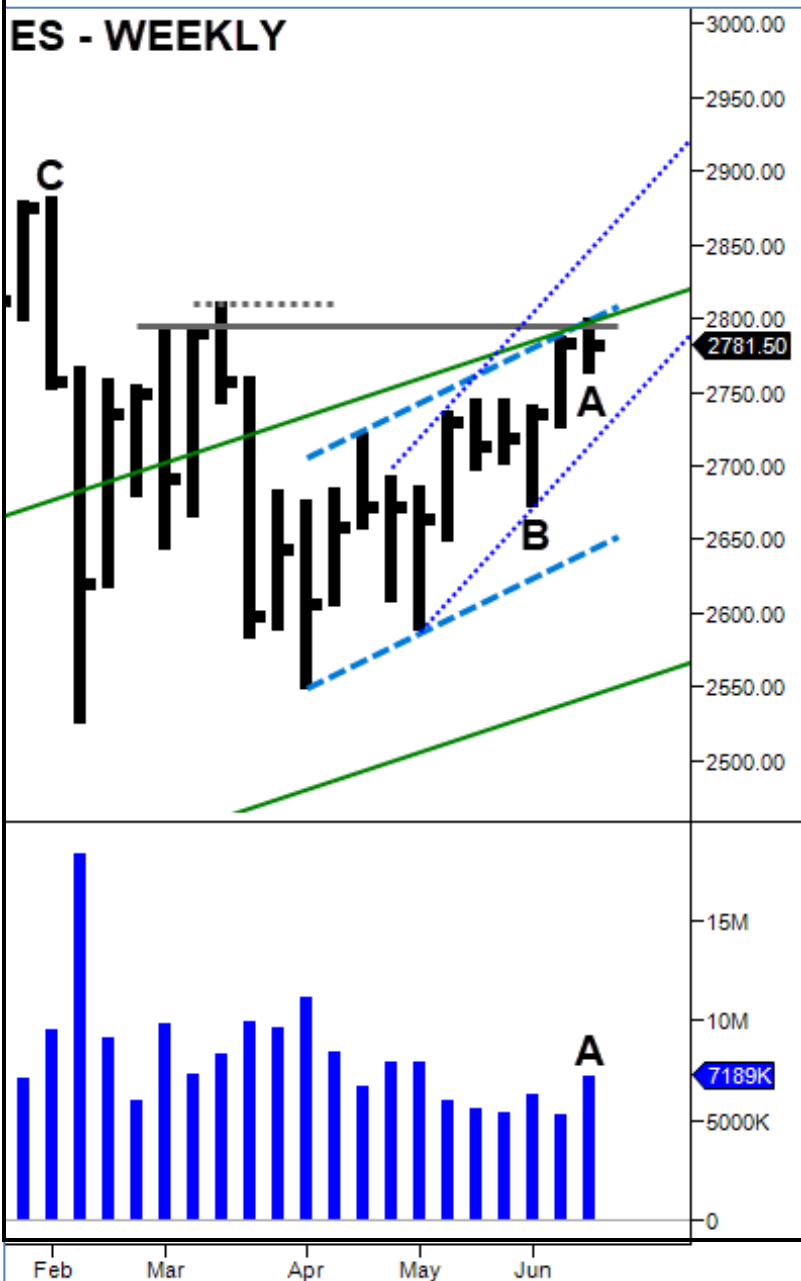


The S&P's has printed a bar that does not give any clear indication for tomorrow's trading. Let's analyse Bar A in depth:

Unable to break the previous bars high (weakness). Dips under the previous bar to reverse and close in the top 1/3 (strength), severely weakens the demand line from the channel, yet manages to hold (mild strength), closes in line with bars B & C (neutral). The volume is low; ergo no genuine conviction from either the buyers or the sellers. Technically an up bar, BUT if the market was bullish we would at least test the highs.

In the last edition we spoke of being in a supply area, what's important is that price has not reacted, it's natural for sellers to emerge in an area of resistance; we are not. Odds favour at this moment in time "absorption", for those who are educated in this advanced concept of market behaviour will understand the ambiguity of said "absorption". We never truly know until the last couple of bars. We do have all the characteristics in place, apart from a direct source of strength (sign of strength), that's OK, we don't always get textbook readings, although if the market is undergoing absorption, we will be making new all time highs or at least challenging the highs in the near future (if we are, it is well worth an options play - something to bear in mind) For the absorption story to stay intact, we need the closes to keep on clustering, no whacky wide spread bars, ideally price to hold 2760.00 level and of course the bullish aspects towards the end, rising lows, increasing volume etc. we could easily have another week or two of sideways, lateral movement

### ES - WEEKLY



What's of interest is the higher timeframe (weekly) Bar A has 2 weeks left of trading, yet has higher volume than the previous 5 bars. Where are we? In a supply triple confluence area: green supply line is the upper boundary of the channel that originated back in Feb 2016 (significant to say the least). Blue supply line via our channel from April, horizontal resistance from early March, and of course we are in an area of supply, the original break down bar C

The fact we are holding a tight narrow spread with all this volume in this area is very bullish, giving the story of absorption more credence. It would take a very high volume bar to break this area in one swift move, with the way its building, we could easily get to 15m contracts. By the end of the month, if volume does reach 15m (give or take) this would be significant for the S&P's, as it will provide reference for future macro long term direction, that I'm sure position/swing traders will find extremely helpful

Due to the lack of direction, luckily we still/always have structure to work with, that being yesterday's daily highs and lows. During the overnight we flirted with yesterday's low, having held 5 times (clearly being supported). An hour passes from the US open and we spring the low, perhaps not so evident via the 5m chart, yet if we use the higher timeframe (15m chart) the strength coming into the market is obvious, the market successfully tests a few bars later.

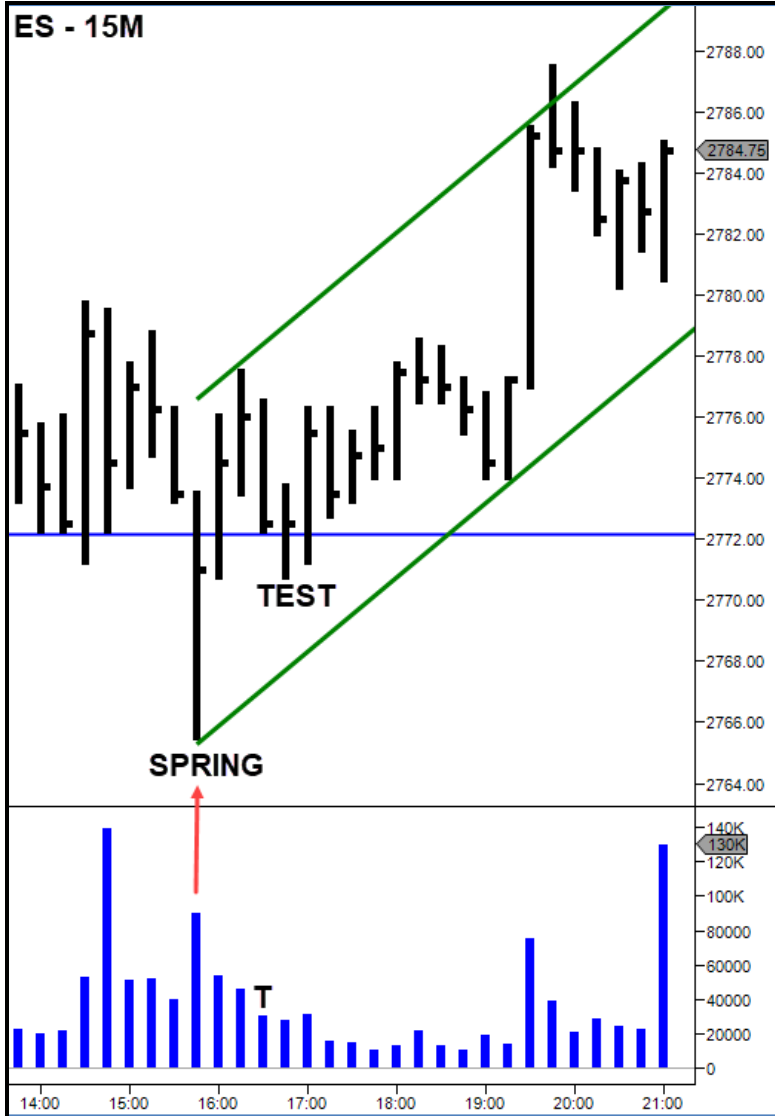
Back to the 5m chart; the testing area (via 15m) is near B, which is a case of Effort vs. Result (compare to previous bar) as price grinds up via C there is an opportunity for a long play; too aggressive for my style, but a valid setup nonetheless. Following C there is a decent bar driving up with fairly low volume (shows ease of movement) as we react back to support bar D prints "no supply" with little volume this bar has it dips under the previous bar, to reverse and close firm, there is no selling force at support. Take into consideration the background of strength (15m spring and test) it's an instant buy



Bar E – Exit 1/3, first resistance (+4.75 points)

Bar F – Exit 1/3, overbought in channel (both the 15m and 5m chart) holding this trade was very long and tedious. There are three important pieces of analysis that help us to hold:

- 1 - A spring in nature is to break the last swing high (as a minimum) as this was a 15m spring the high was 2788.50.
- 2 - As price pushes higher, we hold higher lows as illustrated by 1, 2 and 3 – a critical piece of data
- 3 - The selling pressure has eased off significantly. Compare the reactions to the swing lows at 1, 2 and 3 (red opaque) From E to 3, there is no supply, merely drifting down with sloppy price action, narrow spreads, closing mid bar, volume insignificant, although price is slowly falling to our initial entry, one should feel confident as the selling quality is extremely poor - don't forget the buyers are in control, it's the sellers that need to prove themselves (+12.50 points).



Bar G – Full exit, reversal action with a mild spike in volume, odds favour a deeper reaction (+10.25 points)

Today's trading has slightly picked up, it's been fairly tight of late, this is due to the higher time structure/context (as discussed above) Let's hope the market gets going sooner rather than later, as the trading has been thoroughly enjoyable the past few months, we have been blessed with an amazing 6 months of volatility. Time to lock in profits and call it a day

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