

Date: 19/06/2017

Market: ES mini

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

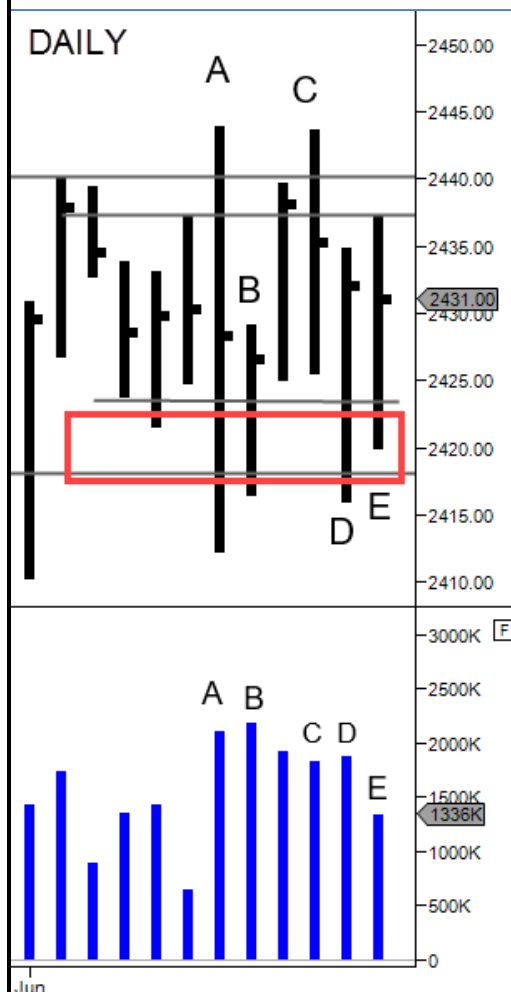
News:

Yesterday: HIGH: 2436.75

LOW: 2420.25

CLOSE: 2431.00

Other levels: res: 2471.75 (weekly supply line), res: 2439.75 res: 2436.75, res: 2443.50, sup: 2417.75, sup: 2403.75



The S&P is continuing to look strong. Bar E dips into the buying zone, reverses and continues north rest of the session. Volume at E is the lowest for 6 days yet we still get a half decent close, we have to conclude that this market has a bullish tone. A close in or more importantly under the red box (buying zone) would definitely change the picture.

Using a smaller time frame, the 5m was used as it showed the lack of selling pressure with clarity. In the previous Chronicle I had suggested that the sell off was too aggressive moving too fast too quick (A). B we get the transference between buyers and the last of the sellers. From here the market grinded up all day with very low volume. When the market approaches previous areas of supply more selling should occur if the move was genuine, the sellers would add additional contracts. The very fact we can drift all day after such a strong sell off, tells us one vital piece of information. The sell off was orchestrated and not genuine supply. This move eradicated all selling pressure, which we know was true down to the slow grind up with little volume - demand can only have an effect like this if there was; A) lack of selling pressure B) sellers have withdrawn. From this analysis we expect higher prices



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Game plan: Scenario 1 - lows made first; support to hold (2424.75) looking for weak supply, apply bullish setups

Scenario 2 - highs made first; breaks resistance at 2437.00, if breaks decisively look for weak a pullback, apply bullish setups. If we knife through this level (2437.00) then all time high (2443.50). Wait for a weak pullback and apply bullish setups. Due to the average true range, this type of action could occur. We would need demand to prove itself to break these levels, as we supply exists at these levels

Scenario 3 - highs made first; unable to break resistance levels, need supply to emerge and weak demand. Apply bearish setups. We are range bound, this has a high possibility.

The key to today's trading are the resistance levels. How good is the quality of buying or selling at these levels? How does demand and supply act, as we approach and touch these levels?

Email: feibel@yahoo.com

Our first observation coming into today's market is that we gapped up – an imbalance between demand and supply. Right from the get go we are looking to be buyers, which is excellent news as this coincides with our pre market analysis. During the overnight we break the top of our trading range and hold newly formed support, more strength. Unfortunately the market never gave a clean opportunity to jump onboard from the US open, which was frustrating. This happens; given the strength we wait patiently for a weak pullback. This occurred two hours later C (entry 1). The reaction from B is weak (red opaque) we have selling of poor quality, note the closes at support, there is one bar that closes under and very next bar we bob back up. Volume accompanied is weak, combining the above - we can conclude there is a lack of selling pressure.

Price climbed slowly, remembering last Friday's movement it pays to hold as this market likes to grind up into new highs (aside from the clean break at A).

Bar D isn't of concern, why? It's natural when we break a demand line to exert a little selling (stop was moved to breakeven). Exit 1/2 at H, the market doesn't appear to be taking off (+3.25 points). Exit remainder at E (+3.5 points) it's an upthrust with a pop in volume, the highest volume for 3 hours and its negative, telling us in advance some sort of pullback is due. Getting onboard is difficult as reversing positions is very hard to do psychologically, this takes time and practice, plus going against trend is also a concern (adjust clip size accordingly). This is where we must use probability over risk reward; we never know how far the market will react, especially counter trend trades, odds favour a reaction so we must take the trade. We become oversold at support (exit 1/2 + 3 points) waiting for further downside progress didn't occur and bar G was very suspect, full exit (+2.25 points)

Considering the amount of points on offer today, our takings were slim. However profits were made and locked in, more importantly we didn't break our trading plan to jump onboard the initial up move - discipline is one of the traders greatest tools, there is always another trade. Call it a day

