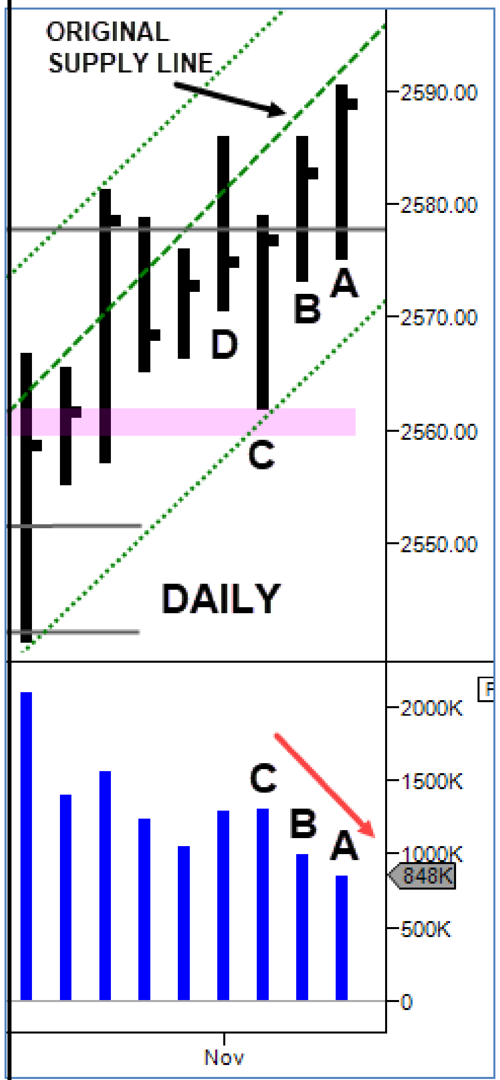
Date: 07/11/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2590.00 **LOW:** 2575.50 **CLOSE:** 2588.75

Other levels: res:2595.50, sup:2560.00-61.00, sup:2550.75, sup: 2542.50, sup2538.00, sup:2528.00-29.00, sup:2507.25



The S&P creeps higher albeit with little volume; as we rally from C volume is declining. However as we have seen recently this market likes to grind on higher; it achieves this due to the lack of selling pressure pure and simple. In a bullish market price doesn't need a reason for higher prices, as buyers are in control, it's the sellers that need to prove themselves, although the S&P has shown cracks, price immediately reverses any negativity, this in itself is very interesting behaviour.

Bar A prints a higher low, higher high and the highest close of all time, the volume has declined but it's of no real significance, we can't read too much into this as the price action is extremely bullish and reflects the lack of selling rather than weak buying. Bear in mind that we come from strength (Bar C). The two bar configuration (C & D) has eradicated many sellers paving the way for higher prices (only for the near term). What's of interest is the newly formed supply line; this was our demand line that originated back on the 29th August, yet since the break price action has been respecting this level, its containing price, this should provide a trading opportunity in the near future

Smaller timeframes provide no additional info

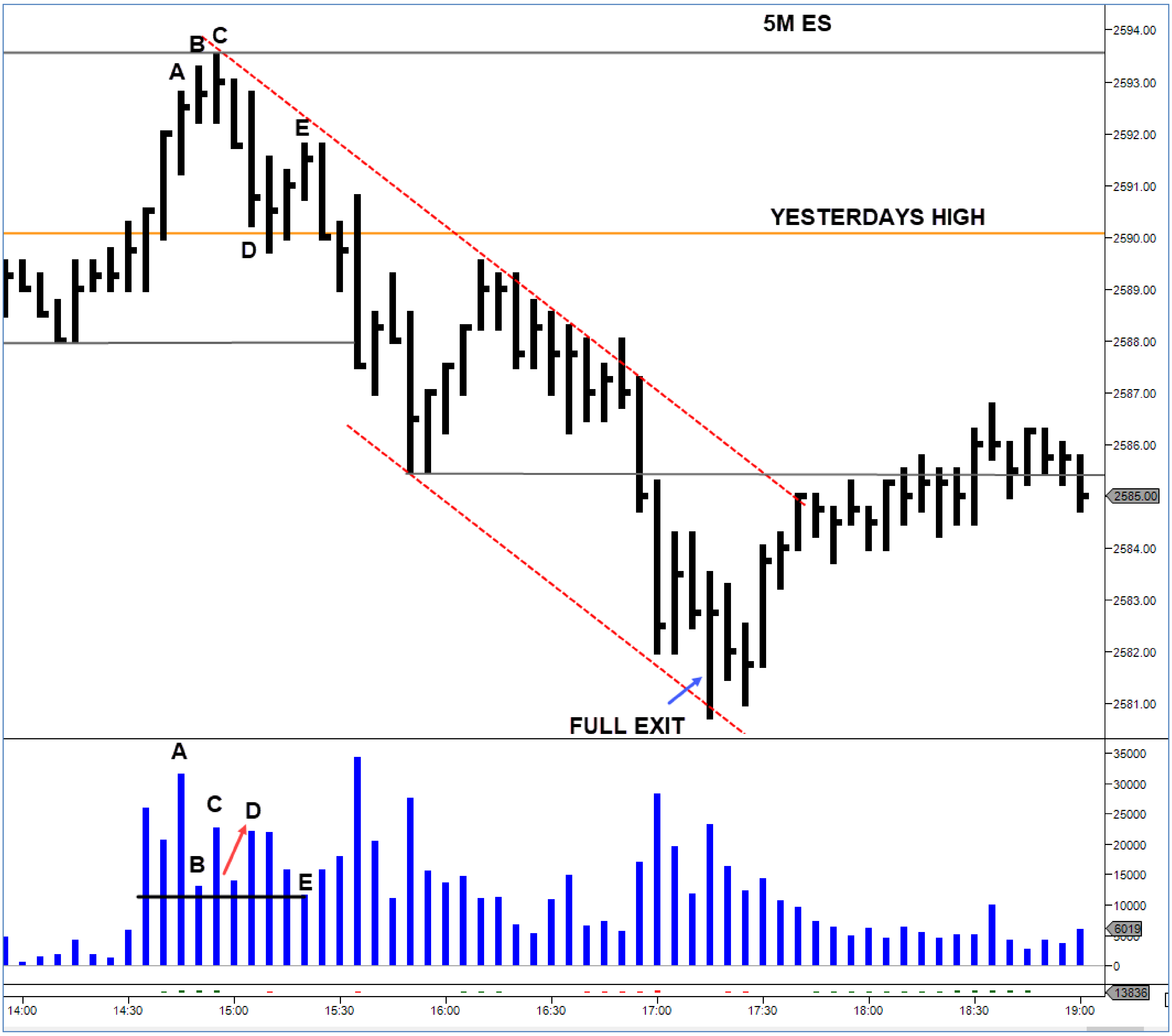
During the overnight the market drives into new all time highs as illustrated by A via the tick chart, we come back to support and rally back to the highs via B during which the US sessions opens. First thing to note is that we have a case of Effort vs. Result in waves 92k (A) and 147k (B) at resistance, its picture perfect as the anchor point for the advance is at the exact same level (C & D) all that extra volume is supply. NOW we pay attention to the 5 min chart for an entry

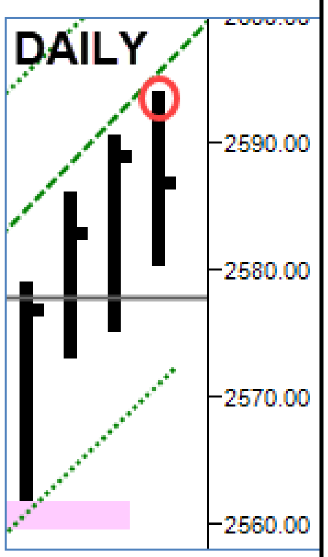
Bar A – Effort vs. Result, smaller spread then previous bar yet higher volume, only selling can do this

Bar B – No genuine upside follow through, close is mid bar, indicates selling (lack of demand)

Bar C – Spread only a tick larger, yet volume has near doubled, Effort vs. Result, close off the highs

Bar D – We react with increasing volume





The highs have been rejected on two occasions with a huge bearish signal ''Effort vs. Result'' wave, when the price action is broken down via the 5m we get added confirmation. Does this action make sense? Yes, we are at the supply line via the daily timeframe and get confirmation that the line has been respected; NOW we need to look for short opportunities. I cannot stress the importance of this setup; all time frames are working in harmony with each other. The market has left huge signs saying ''short me'' it is truly amazing when the market opens up and guides us through only price and volume, being able to read this language provides us with an edge that most traders don't possess. As we rally from yesterdays high, we are instantly rewarded with an entry via Bar E, an instant short on the close, why? It's a no demand bar in a previous area of supply (D) with weakness behind us (a narrow spread up bar with the lowest volume not only for the last 2 bars, but for the day). It's the picture perfect setup.

Yesterday we mentioned the validity of support and resistance levels; here we do the same, should we short with support directly beneath us? (yesterdays high). The question we need to ask ourselves: what has more validity? The higher time frame rejection via daily structure trumps yesterdays high by a country mile. This we would classify as a clear read of the market, with a stop being above the highs only 2 points away place the trade and as David Weis would say ‘’prove me wrong’’. A conservative trader or someone new to the method can wait for a break of support and let the market pull you in - a perfectly viable entry

Tick chart was used for trade management as we had the potential for a trend day to the downside:

Bar C – Exit 1/3, we become oversold in our micro channel at support (+4.00 points)

Bar D – Exit 1/3, oversold in our major channel (+9.00 points)

Bar E – Full exit, supply has temporarily dried up. The wave volume illustrates this nicely, the force has diminished, we have shortening of the thrust to the downside: 114k contracts, followed by 26k and 27k (all highlighted purple), where’s all the selling? Also, using the 5m chart (full exit) we have a clear bullish bar - bouncing firmly off the supply line, odds now favour a rally (+8.75 points)

From here we want to see a weak rally to apply short setups for another leg down, as odds favoured a trend day to the downside, however this didn’t occur, we drive up strong, breaking the supply line and testing resistance with decent demand volume (99k contracts) for the next hour price action was sloppy and tight. That’s OK there is always another trade, time to lock in profits and call it a day

Email: feibel@yahoo.com

Twitter: @feibel_trading