

Date: 21/08/2017

Market: ES mini

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

News:

Yesterday:

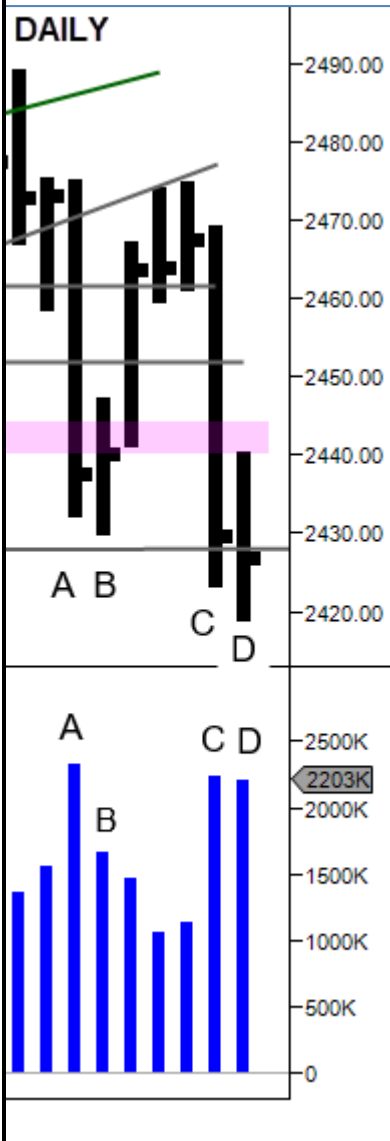
HIGH: 2439.50

LOW: 2419.50

CLOSE: 2426.75

Other levels:

res:2480.50, res: 2474.50, sup:2461.50, res:2451.50, res:2440.00, res:2444.00 sup:2417.75, sup:2403.50



Bar D – An interesting bar, we rallied to resistance (2440.00) and encountered selling – to be expected. The volume is the same as bar C, yet the spread is 1/3 of the size, a case of Effort vs. Result - we must conclude that there is much buying in this bar otherwise we would of made more net downside progress. Buyers are halting any further downside action, although Bar D is technically a down bar and closes under support with a lower low, lower high and close, the fact is with all this volume (a great deal) the market is holding

The 15m provides clarity for tomorrows trading. US opens at A with supply, followed by downside follow through at B, we immediately reverse the following bar, closing firm and in-turn wiping out the progress of B. Bar C we try to come down, volume is much less than bars A & B, odds favour a hold. Note the subtlety via the close, we close back above the low of A and the low 2 bars back. Bar D, demand shows up breaking resistance with a pop in volume, bar E not so convincing, a close off the highs back under resistance and demand not



as strong. Bar F – supply emerges, importantly this bar reacts to 2 levels of resistance with a weak close back under these important levels with a spike in volume and a fairly wide spread. The market is telling us in advance that a pullback is due. As we react to G, price action is steady with weak closing bars and slightly expanding spreads, however volume doesn't expand. From G we try to rally and produce the poorest volume of the day. Bar H – we break support closing weak with a surge in volume, we expect further downside progress. In a nutshell, from A to C the market rejects the lows over a course of 2hrs, we rally to major resistance levels and react immediately with one bar (F) this tells us that the selling is having more of an effect than the buyers, combined with the weakness of bar H we would expect a test of the lows made at B or importantly a test of a major daily support level 2417.75

Bar E – Entry 1, why? The US opens with negativity and fails to rally (note the cluster of closes, purple highlight) the market rounds over and falls sharply to A.

Bar A – is climatic, a surge in volume that is larger than the US open – this action is an aberration and rarely occurs. The US open and close are 19/20 the highest volume bars for the day, it's at this point my ears perk up. NOTE - bar A touches daily support (2117.75) and closes off the lows.

Bar B – weak bar with fairly high volume, closes off the lows, we expect downside follow through. Yet if we consult our tick chart, the last wave shows a case of Effort vs. Result, the same volume as the previous wave yet price movement is limited – ergo hidden buying.

Bar C – potential spring position of a daily support level, this bar is fairly strong; no downside follow through from B and close back above support, BUT we have yesterday's low in play which is holding. A few Wyckoff traders would have pulled the trigger at C, for myself I need more data



Bar D – a successful test, lowest volume of the day, an inside bar – no supply

Bar E – as we break the close 2 bars back, the market pulls me in with a buy stop. Bar E itself is a sign of strength, with a widespread, spike in volume, closing firm, plus we break the supply line from our down trend channel via the tick chart

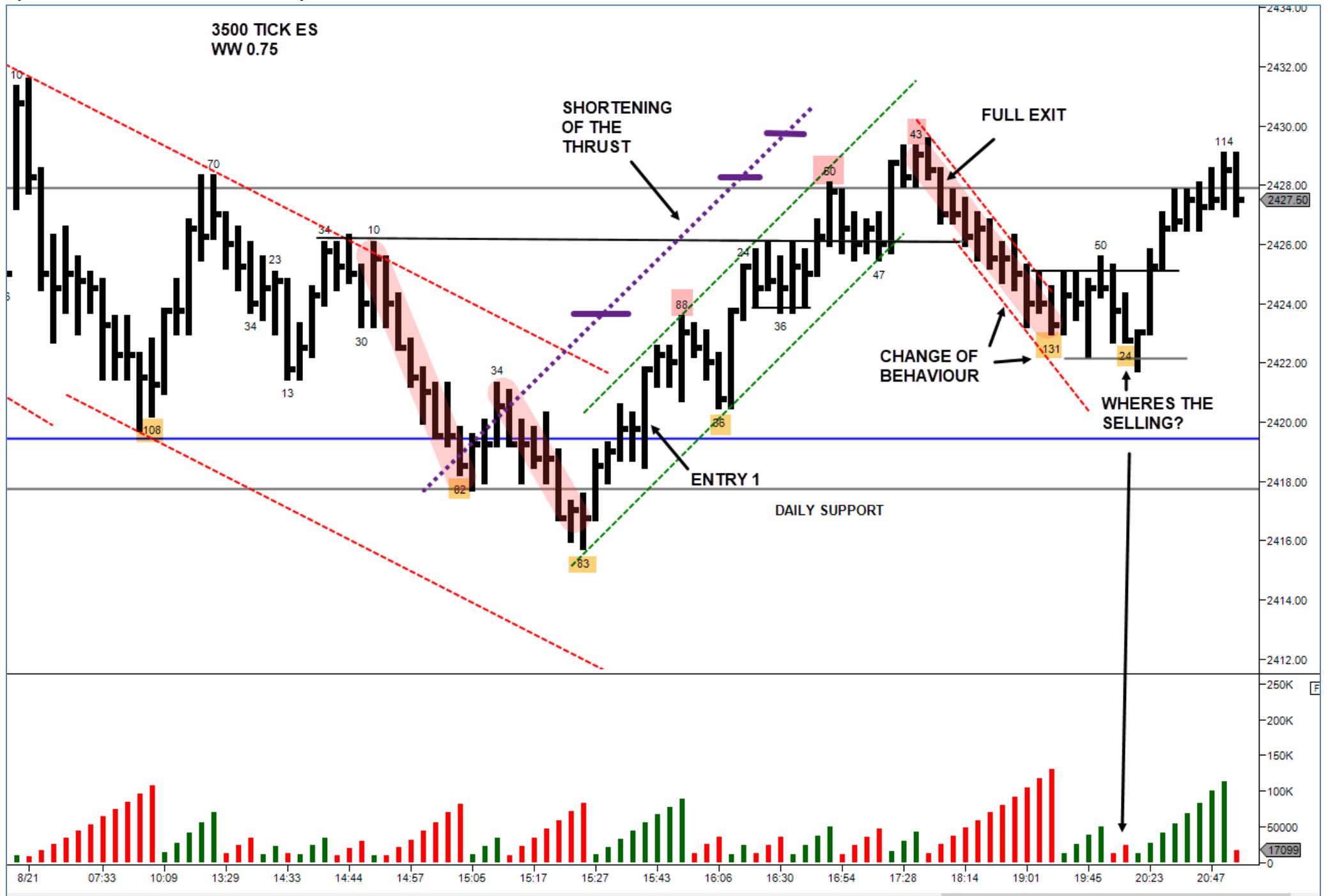
From the 5m we have a climatic bar (price action aberration), a spring, followed by a successful test, by combining the tick chart we have Effort vs. Result that cements the picture of strength. As we close back above a support level we apply bullish setups, we have to play close attention to the time; it's roughly an hour from the US open, the markets tend to reverse at this peak time. A market phenomenon previously discussed in a previous edition of the Chronicles

Bar F – Exit 1/3, first resistance (+3.25 points)

Bar G, exit 1/3, overnight resistance level (+8.00 points)

Bar J – full exit (+7.50 points) we have shortening of the thrust to the upside, Bar H, feels a little climatic, the spread is large and closes firm with a spike in volume. Bar I has higher volume than H yet the spread is smaller – only selling can do this, however upside progress is being made and does close firm. The next couple of bars we go nowhere, then bar J breaks support with a slight increase in volume; we had the opportunity for higher prices and the bulls didn't capitalise, hidden selling has been 100% confirmed, the market is telling in advance us a pullback is due, the nearest support is 3 points away its wise to lock in profits. On the tick chart it's evident to see shortening of the thrust to the upside, each successive wave up is making less upside progress with declining volume - this indicates that demand is drying up

Via the tick chart we produce the largest wave of the day with 131k (a change of character) patiently we ideally wait for a weak rally to short for another leg down. YET the price action via the 5m doesn't scream overt weakness, we have a slow grinding move down with no selling of decent quality: overlapping bars, volume is low, spreads are narrow etc, this is unclear price action – the change of behaviour although in nature is a large wave down doesn't contain selling of any decent quality, if the selling is poor we want excuses to apply long positions. Due to conflicting data it's time to lock in profits and call it a day



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