

Date: 11/07/2017

Market: ES mini

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

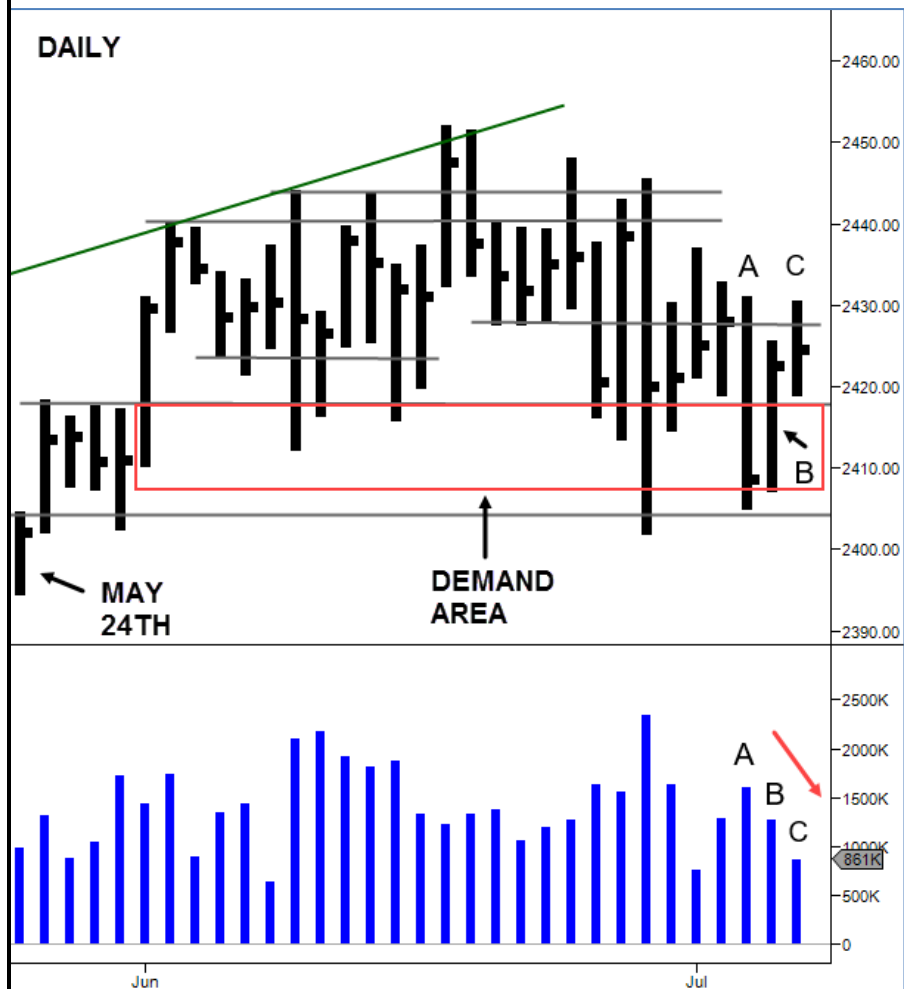
News:

Yesterday: HIGH: 2430.00

LOW: 2419.25

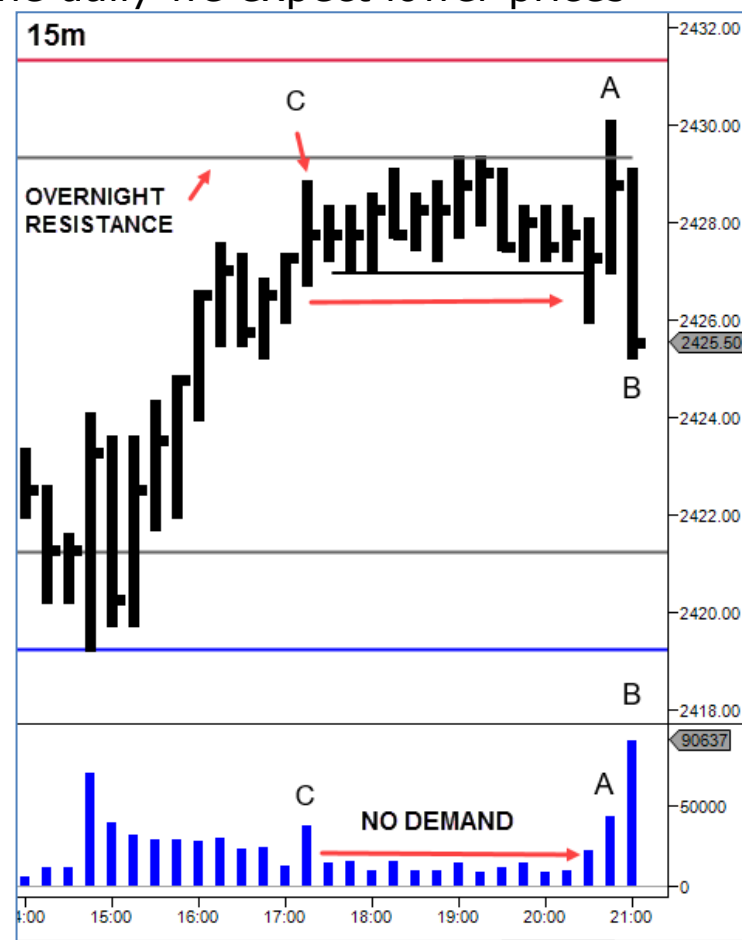
CLOSE: 2424.50

Other levels: res:2451.50, res:2443.50, res:2440.00, res:2439.00, res:2428.00 sup:2403.75, sup:2417.00, sup:2475.50



The S&P appears weak, bar A is the first close we get in the demand area and the lowest close since the 24th May. Volume is fairly heavy with a weak close – the market was primed for lower prices, yet bar B reverses and ends up closing firm fairly deep into bar A with declining volume (if this closed above A; we would be in a bullish position). Bar C we encounter negativity - unable to rally above the high of A, resistance holds and we close mid bar back under on light volume, net upside progress very limited gaining a point or two, this is not the type of buying quality we would expect from a demand zone. From the daily we expect lower prices

Looking deeper via the 15m, we get confirmation for lower prices. US opens, holds support and pushes up to C.



The buying is not overt, no expansion in volume or spreads that would indicate decent buying. Bar C – a mini climax; a sudden pop in volume as we approach overnight resistance, close is mid bar indicating supply. For the next 3.5 hours volume reduces, unable to break through overnight resistance (the longer the market goes sideways higher the odds for a trend reversal). Bar D we print a spring type bar from local support with a spike in volume, followed by bar A that produces some upside follow through with increasing volume - this bar managed to break resistance, yet buyers were unable to sustain the buying, sellers stepped in and closed it back under. Bar B huge increase in volume, closing weak on the lows, an extremely negative bar (this bar accomplishes much for the bears) it has the lowest close for over 4 hrs, more importantly wipes out the buying from D & A, this action suggests a bull trap and in addition scares out weak shorts

At A via the tick chart we notice demand has dried up – 81k contracts followed by 14k, we then start to sell off aggressively. Nothing to do here, no clear entries (if the market would have printed an upthrust/2 bar reversal at A, a short position could be initiated as we break local support) At B we short, why? At this point we see EOM down; compare this reaction to the previous upwave to A, 20 bars to advance, 6 to react – this tell us that sellers are finding it easy to drive down, no buying friction. The trade is purely based on logical price action that adheres to a channel (this is not a Wyckoff or VSA set up), every time price touches the supply line we continue south, we have logical places of structure being yesterdays low and the supply line, as we broke the demand line (AA) I let the market pull me in with a sell stop, with the confirmation of supply wave volume increasing. This trade is dangerous and not recommended, we could easily spring this level (although we have weakness in background – in a downtrend, making lower highs and lower lows, and ease of movement down, which is a good sign for the bears) adjust clip size accordingly. C – full exit, using the 5m chart we see buying emerge in combination with the previous bar being oversold for the first time, a rally was on the cards the first logical place is resistance 4.5 points away, bank profits (+6.25 points). It can be very frustrating when the market sells off aggressively and we cannot find an entry – we have all been there. It pays to be patient and not just jump in as we can often get burned. Wait



for structural/confluence areas where we get confirmation that supply is still in control, we are merely stacking the odds in our favour. Do not concern yourself with missed profits and trade recklessly - always look to the positives taking 6 points from a 16 point move is respectable, even if we knew from A that the market was going to sell off, it's the process of execution combined with patience and discipline that will ensure longevity.

D - Entry 2, why? We have a change of behaviour in the waves, up waves now larger than the down waves, more importantly we have a potential selling climax via the 5m in the background (major strength) with all that volume we close firm only netting a couple of ticks to the downside, although a down bar this is a very strong bar. Via the 5m we spring a support level and then test, anyone of these bars is an excellent entry. Exit half at E (+3.50 points)

F - Entry 3, why? All the above with the addition of a spring behind us (strength) plus the we have the demand line in play and a close back above yesterdays low with weak supply. By far the easiest trade of the day, G exit 1/2 (+6.50 and 4.75 points) for obvious resistance levels

It's at this point when we take a macro perspective of the day via the 5mm, we have Wyckoff accumulation at work (isn't amazing how the market prints slight variations, yet the same principles time and time again, beautiful)

SC - selling climax

AR - automatic rally

ST - secondary test (spring)

ST - secondary test (testing the spring)

JAC - jump across the creek, lovely sign of strength bar, it drives through all that supply to the left with a surge in volume,

NOTE - how high our ST's are; this tells me that we were well oversold in this market, holding a higher level from the springs indicates a lack of supply

From the JAC we want to be buyers again and feel confident from our existing long positions. Entry 4 - Bar A via the 5m chart, why? we hold local support for an hour, unable to break (price action shows no ability for lower prices, the down bars have very low volume) have major strength in the background and print a 2 bar reversal at support (Via the tick chart we have the demand line in play) G full exit from all positions (+6.25 points and 2.25 points)



An excellent day's trading that was both fun and readable, even if we missed the first entry, there were plenty of opportunities. Time to bank profits and call it a day

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