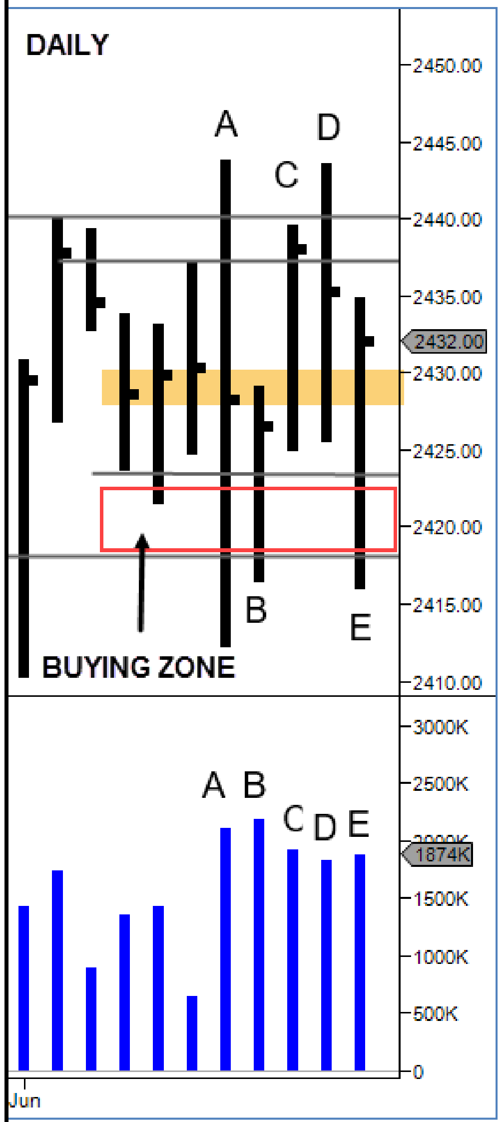
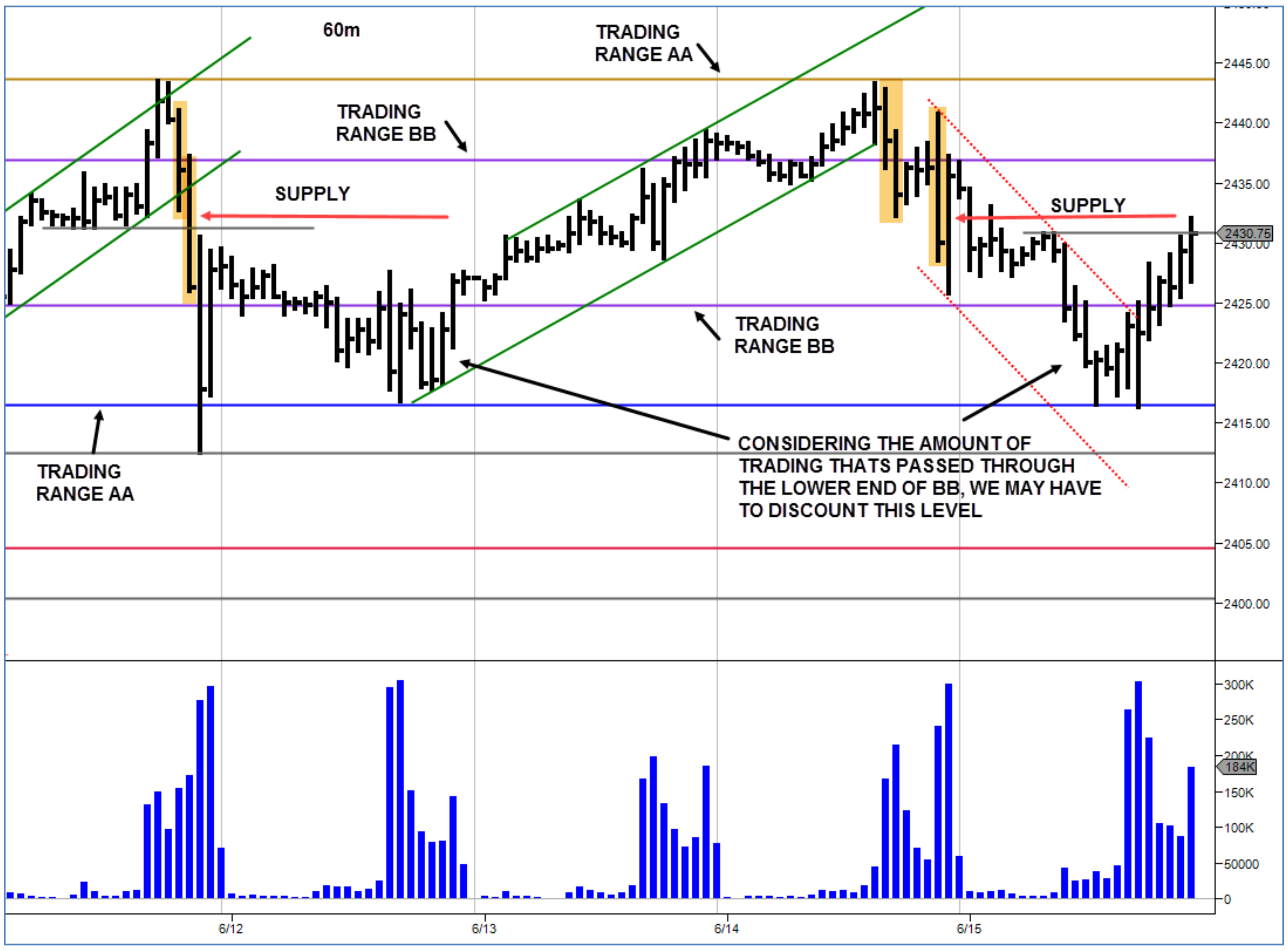
Date: 16/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2434.50 **LOW:** 2416.25 **CLOSE:** 2432.00

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



We had a great response from yesterday's intraday spring, expect higher prices. Bar E has decent volume and flow to the upside – Note we having a buying zone, every time we dip into this area, aggressive buying occurs at the lows. We discussed that odds favoured a trading range a few days back and has materialised. With the data available at this moment in time, we would say that buyers are in control – However, consulting the 60m chart we have immense supply to the left. We have a larger trading range in play 2443.50 (resistance) and 2416.50 (support) these levels combined with our other range are our focal point for the day's trading ahead. Overall as it stands the S&P is looking strong, but the direction for the time being is difficult, expect some lateral movement



Game plan: Scenario 1 – lows made first; reaction to the orange HL, clustering closes, 2428.50-2430.00. Weak supply, hold a support level and apply bullish setups. Hold the trade as it has the potential to test the highs

Scenario 2 – lows made first; dips back into the buying zone (near bottom of range) as we pass back through, apply bullish setups

Scenario 3 – highs made first; resistance holds at range top (2437.00), look for an opportunity to short, demand must be weak

Scenario 4 – highs made first; knife through resistance (2437.00) wait for weak pullback, apply bullish setups. Looking for a test of the highs

The Asian and European session tested the highs, yet was unable to penetrate after 12 hours. This was met by a 6 point drop mid trading in the Euro session. US opens and we continue south losing an additional 11 points in 15mins. Does this action make sense? Yes, supply as we know exists as shown via the 60m chart.

90m passes until we get our first trade. Entry 1 – why? Firstly the sell off seems a tad aggressive a little over extended, no question that there is supply in this market. There is shortening of the thrust at from bars A, C & F and subtle signs of strength via the volume.

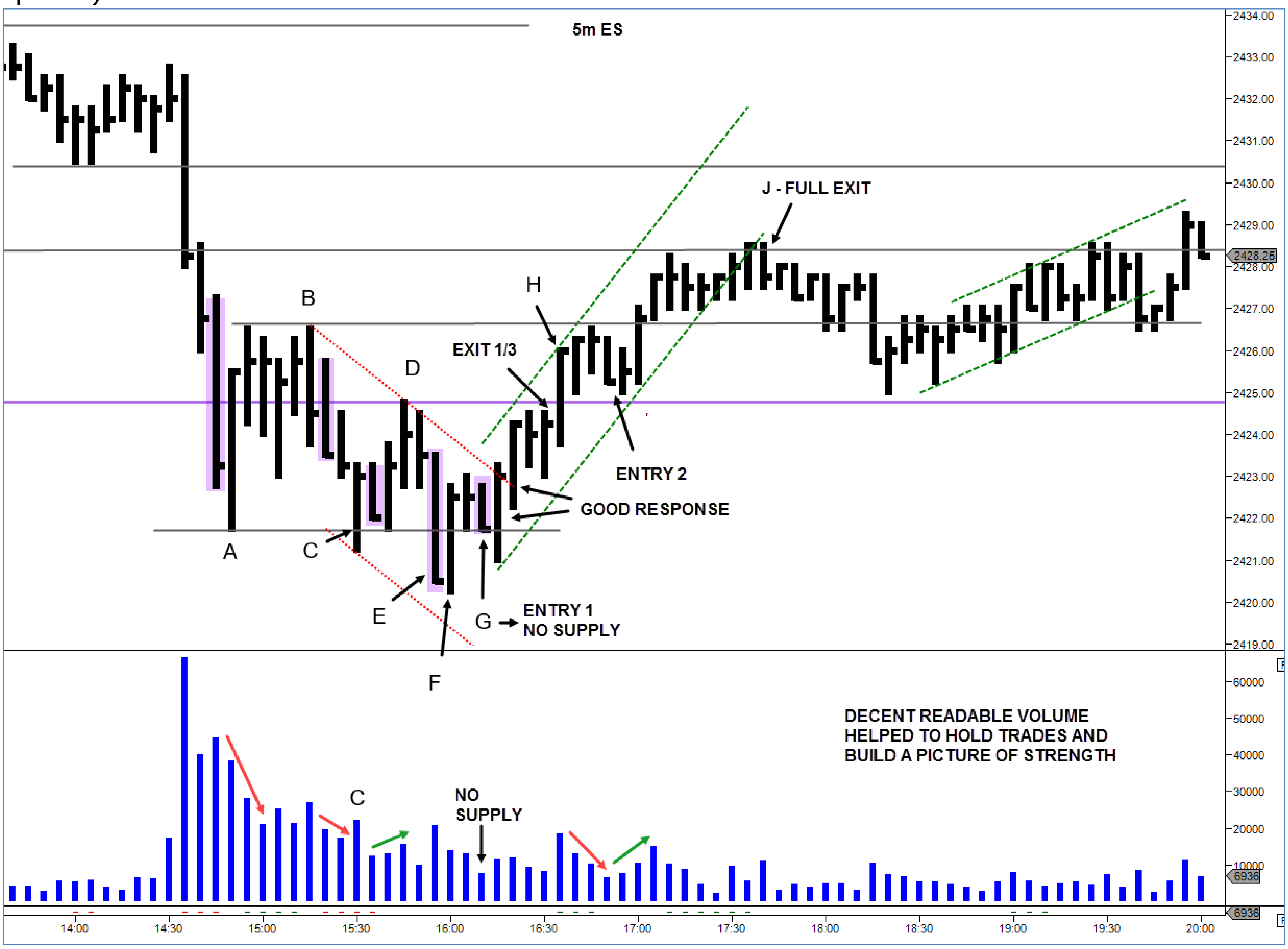
A to B - volume decreases good for the bears,

B to C – volume declines with a pop in volume at C, both good for the bulls

C to D - volume slightly increases; good news for the bulls

Bar E – as sellers we would be thinking ok, it's going to take off, expect more downside progress. Bar F – no follow through, reverses to close deep into E after flushing the lows. This bar accomplishes a great deal. This 2 bar configuration (reversal) we give to the bulls, sellers had an opportunity and lost.

Bar G – the perfect bar, a test - this shows no supply, lowest volume since the open. This occurs after 3 attempts to go lower, where has all the selling gone? Compared to the previous selling bars supply is non-existent (purple highlight). This trade may feel aggressive, but understanding the Wyckoff and VSA testing process it was a comfortable trade. One key aspect to look for when using test bars as entries is that we must get an instant response, why? The very nature of a test bar is to test for supply, if there's no supply we want to go higher. Through disconfirming supply we get the confirmation of demand - the buyers are completely aware and mark up. The following 2 bars are an excellent response we don't need a great deal of volume as we know supply doesn't exist, less friction, price action tells us to hold the trade. Although I do exit a 1/3 of to bank profits (+2.50 points)



Entry 2 – As we break resistance, we get a pop in volume (bar H) We're trading the first pullback, look at its character, volume recedes, spreads are narrow, and we're sitting right on top of support, a lovely trade. Note – as we rally from here, volume increases a healthy sign.

Full exit at J, why? Broken the channel, 35m of going sideways, previous bar before had an opportunity to go higher yet J reverses price to close weak on increasing volume, telling us in advance that the market wants a more complex pullback, knowing this I tend to bank profits (+2 points) & (+5.75 points).

The market offered a trade at Entry 2 - we don't know how the market will unfold and in this case we only made 2 points. With the process of initiating trades I do not concern myself with risk reward it's of more value to think in terms of probability. All the trading from here is untradeable, very sloppy, low volume grinding moves, not the type of price action that suits that my style or personality. Call it a day

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