

**Date:** 04/04/18 **Market:** ES mini **Timeframe(s):** Intraday - 5m,15m,60m,3500T

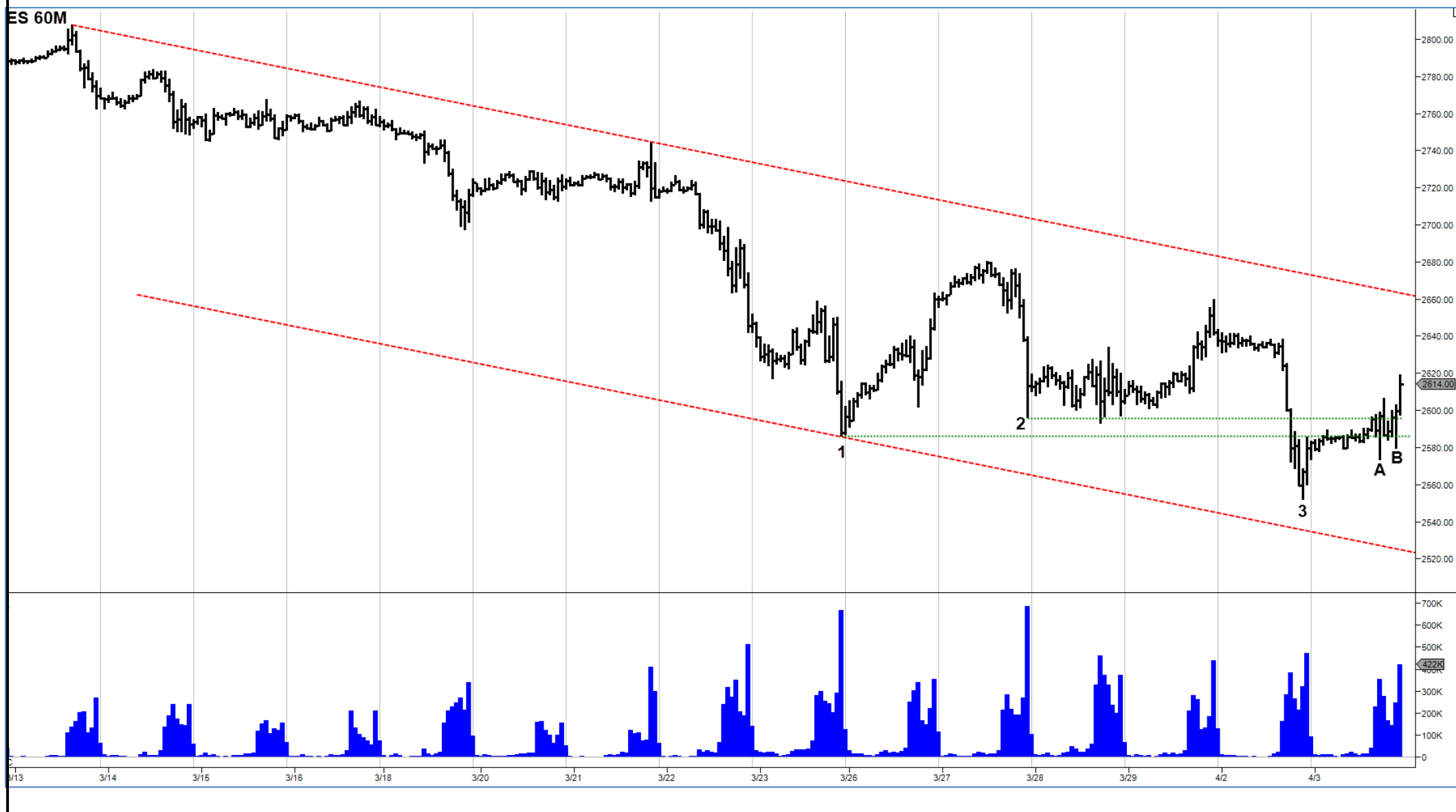
**Yesterday:** **HIGH:** 2641.50 **LOW:** 2552.00 **CLOSE:** 2575.00

**Other levels:** res:2723.00, res:2699.00, res:2668.00, sup:2622-25.00, sup:2595.75, sup:2561-63.00, sup:2529.00



The S&P's is in a very precarious position, although we must note that the background conditions are of strength. Why? Clear buying at bars C and D, we revisit in this area via E (green box), before hand we were in a mini downtrend, yet the markets halts with a slight swell in volume (this often indicates a change in trend, or at least momentarily) As we analyse the bars within the box, there is bar 1 - which is very bullish "bag holding" - a case of Effort vs. Result, we have higher volume than the previous bar yet the spread has narrowed significantly; all that extra volume must be buying. Where does this action occur? At support. Logically this behaviour doesn't make sense from a bearish standpoint; in a minor downtrend from 2, we have a surge in volume (E) yet unable to make lower prices, in addition we have a case off Effort vs. Result at support, with a clear buying zone beneath us (S1) From 1 we get a fairly decent response, although volume is the lowest we have seen since the swell began, this indicates poor buying quality. Sellers recognize the

weakness and print Bar B, which is negative, yet we manage to hold S1, we close off the lows, is Bar B some form of shakeout action? Difficult to tell as bar A is isn't the best response, although we note the volume is the same, we close firm, deep into bar B and there is no downside follow through from B. Due to the volume and spread by comparing to B, we know there was a great battle between the buyers and sellers this day, with buyers coming up trumps. There was a great deal of selling no doubt, BUT importantly NO DOWNSIDE follow through. If we look at the market from a macro perspective, we are in an area of demand with subtleties of buying; bar B is just one bar that has characteristics of a shakeout, for these reasons alone, one would still have a bullish bias



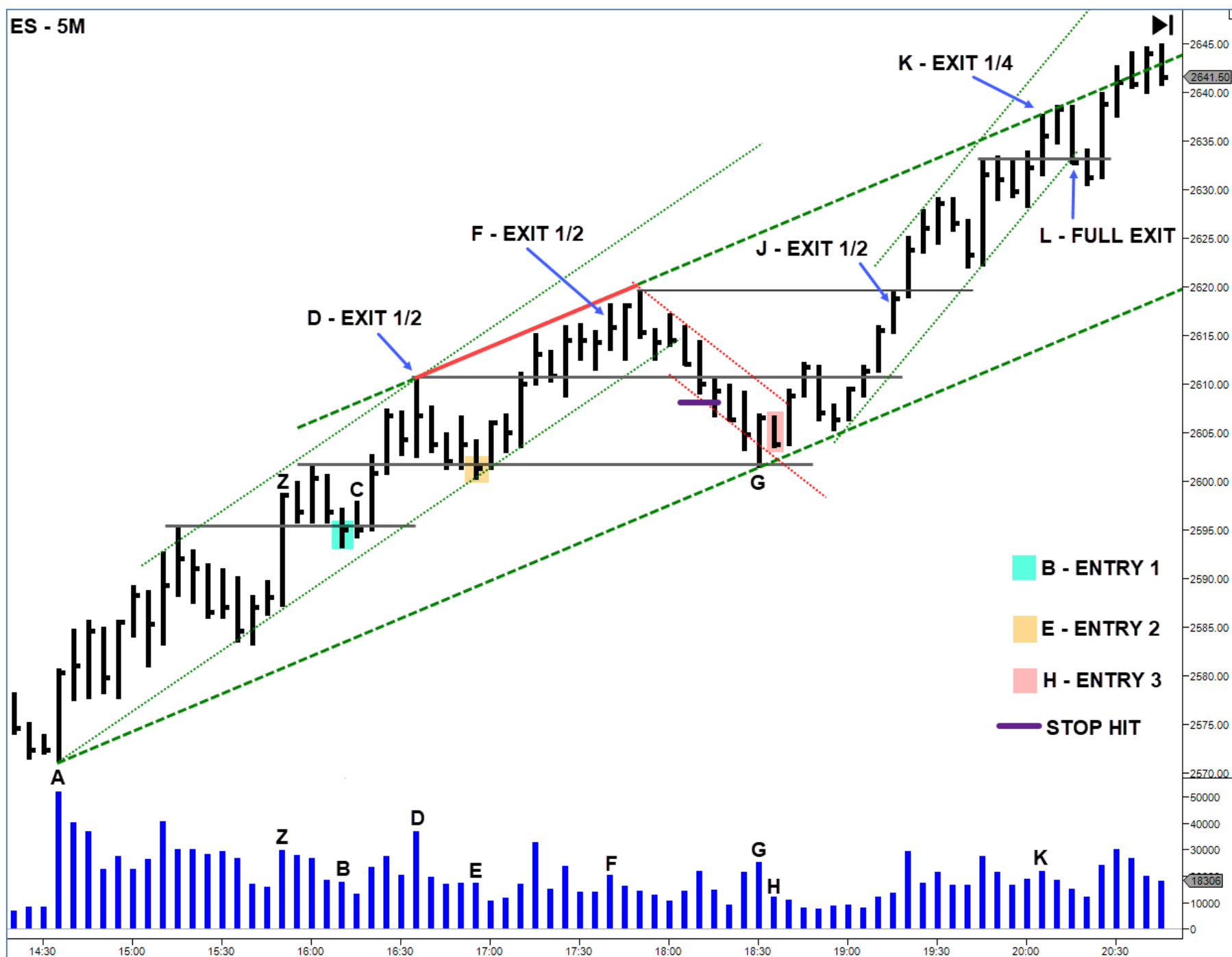
The 60m chart provides clarity, as it suggests higher prices with less ambiguity, why? There are 2 lows at 1 and 2, that both have a pop in volume, with higher prices being made. On the 2<sup>nd</sup> April we break under these lows to 3, find no further selling and reverse to close firm right at resistance with good buying.

The action via A & B is bullish; we break both of the lows to reverse and close firm back above both levels, with bar B holding a higher low, plus we get continuation to the upside for the close. Bars A & B are testing supply (break to 3). Demand should come in at the demand line via our channel, the fact 3 holds would be an indication of strength; demand is emerging earlier than expected. The session breaks have been included to highlight how long this downtrend has been in play

This edition began with stating that the S&P's is in a precarious and it is; we have a triple supply confluence and this will take effort/force to break – horizontal resistance, trend channel supply line and the underside of our axis line all via the daily timeframe. The area is large 2651.00 to 75.00, there is not much faith in the trend channel (due to the swell in volume) so we can discount that, the real area of concern for the bulls is 2665.00 to 2675.00. If we do make higher prices for tomorrow, these will be key areas of interest, especially if in position

First thing to note coming straight into today's trading is that the overnight has tested the lows once again at 2659.50 with low volume, this level via the daily hits S2 - a major support area. From here the market rallies and the first 5m bar from the US open closes at 2580.00, suffice to say, we want to be buyers.

Bar B - Entry 1, why? A simple trend trade, nothing complicated; we have upside momentum on our side (after successfully testing the lows) we break the last swing high, with good buying and ease of movement via Z, as we pullback volume declines at support, plus we have a little buying as it closes off the lows. The volume ideally would be lighter, however, if live in front of the screens, you would notice a slight surge in volume and this was buying related, hence the close off the lows, therefore the selling pressure in this bar is much lighter than it looks. One could also buy bar C, although looks weak, the volume is lighter and we make a higher high and higher low – no selling pressure



Bar D – Exit ½, spike in volume, closes off the highs in an overbought position via our mini channel, selling has emerged, pullback is on the cards (+11.25 points) Note - volume has increased from C to D on the rise, very healthy

Bar E – Entry 2, why? Same trade as D, however this trade has extra components of strength. We have noted that the volume expanded on the rally to D (healthy) as we react volume declines (healthy for the buyers) importantly this trade has a demand confluence; demand line from the mini channel and horizontal support. Although we don't have direct strength behind us (like Z) this is the cleaner setup, as we have bullish momentum on our side and structure to lean against

Bar F – Exit 1/3, we have a reverse use of trend line in play from our micro channel (red line illustrates this concept nicely) with a pop in volume that closes off the highs, this behaviour is weakness, we are not driving up like we previously did (+20.25 points) and (+14.25 points)

Purple line - stop hit from entry E, moved under support and the price action lows (+6.75 points)

Bar H – Entry 3, why? We become oversold in our channel that price cannot close under. Bar G we have a pop in volume which indicates demand at support. The previous bar is weak, that also has a surge in volume (Bar G IS NOT A SPRING, if it were it, it would have been traded on the close) therefore we wait for confirmation, which is bar H; no supply at support - a narrow spread down bar with lower volume than the previous two bars, an instant buy on the close

Bar J – Exit ½, first resistance (+15.50 points)

Bar K – Exit ¼, become overbought in our major channel (+33.25 points)

Bar L – Full exit, first time price have broken the minor channel, at the same time newly formed local support, in addition it's late in the day (+29.25 points)

Today's trading was mere trend trading techniques, with the help of volume price analysis and the understanding of momentum we were able to capitalize (two simple pullbacks, followed by a more complex pullback) standard market behaviour, nothing overt or whacky for today, clear trend trading conditions. Market structure gave our targets and helped with every setup, as we leaned against structure, an extremely important concept. Time to lock in profits and call it a day

Email: [feibel@yahoo.com](mailto:feibel@yahoo.com)

Twitter: @feibel\_trading