

Date: 17/07/2017

Market: ES mini

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

News:

Yesterday:

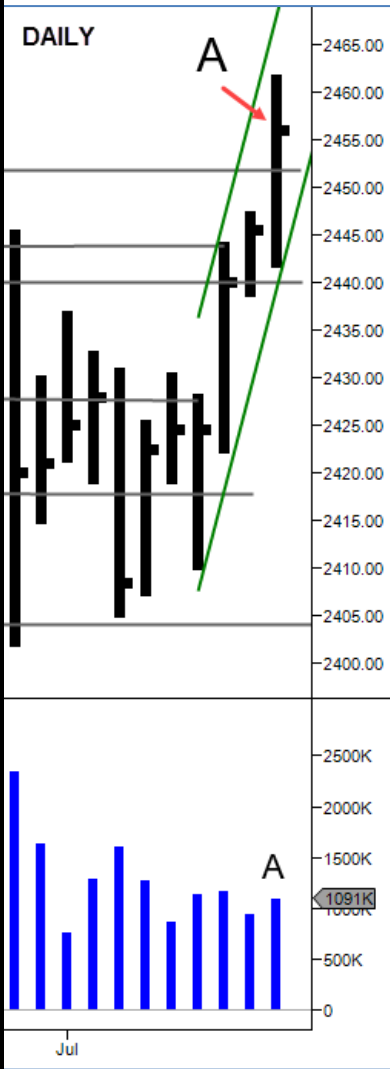
HIGH: 2461.25

LOW: 2442.00

CLOSE: 2456.00

Other levels:

res: 2495.00, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00 sup:2403.75, sup:2417.00, sup:2475.50



The S&P's has delivered; the last couple of chronicles we have noticed the lack of supply and indeed the market has responded as we make new all time highs. We have had 4 up days in a row. The last time we had resistance around the all the all time highs we had 7 continuous up days in a row (towards the end of May). NOTE - as we eventually break the market held for a few days with tight trading, (some testing action) With the Wyckoff method we always compare and contrast it's a vital component of the methodology. Contextually we have the same behaviour as we're breaking into new highs - If we compare the advances can we find any additional insights that could provide an edge? First thing we note is the build up before the break, they have a different flavour (both built cause by being in a trading range) yet on the rally to A, we have a terminal shakeout and springing action (this eradicates weak longs and traps bears) as we continue north, volume is sustained, spreads narrow, however the breakout bar A has a pop in volume with a firm close. The advance to B appears stronger - spreads are wider, closes are fairly strong, we visually see better ease of movement (purple highlight) however bar B (the breakout bar) has less volume at the break than bar A, yet a wider spread. From our previous analysis we know this is due to the lack of supply, therefore can be negated.

Prior to the advance is the difference, the shakeout/springing action is a more obvious move than the bars at C & D both of these bars had opportunities for lower prices and the bears didn't capitalise - what's important is that the old resistance high held strongly, we didn't penetrate deep at C or D. This tells us that the market is being supported firmly by active buying; the bulls are unwilling to give up ground for lower prices. Bars C & D show a little more strength than the shakeout as we hold more ground, reluctance if you will for deep penetration under support - they both achieve the same by eradicating weak longs, although bars C & D do not induce the same kind of bear trap that the shakeout provides. This would be due to the churning before hand, gradually eradicating supply



Bar A - entry 1, why? We have a clustering of closes (orange highlight) the market is finding it hard to push up higher, for 25m we net 3 ticks upside progress, we are making higher highs and holding higher lows we finally get going at bar A, then boom we get a pop in volume, it reverses back under support and the previous bars closes - a hidden upthrust, it's an instant sell on the close. This was a tough hold as the market didn't give an instant response stop was moved. We eventually break and get validation as volume increases on the decline, first target hit at B (+2 points). We get no downside follow through followed by bar C - a no supply bar instant full liquidation. The previous bar picked up in volume yet again no follow through - we have to exit here.

We have an opportunity to go long but it's very tough for today's trading is very difficult to interpret. With tight trading; (as we have discussed in a previous Chronicle) the market likes to halt progress and often changes direction with a spike in volume, this tells me in advance that the day should continue to be very tight. Does this action make sense? Yes, in our premarket analysis we have already stated that last time we broke into highs the market produced some testing action - which results in tight trading, odds favour the same for today as its 17:00pm and unlikely we will rally hard through the lunch hour

D - Entry 2, why? We print a 2 bar reversal/upthrust, the first bar has a pop in volume yet the close is back under resistance, the very next bar, no upside follow through and a weak close - an instant sell.

Bar E - exit 1/2, a demand confluence - at support and become oversold in our trend channel, with a spike in volume, importantly no real supply in the reaction (+2.75 points). Bar F - we had the opportunity for lower prices, instead we bounce of support and as we break the supply line (blue trend line) full exit (+2 points)

Today's trading was very tough, the majority of the trading was confined to a 3.50 point trading range. It was the lack of follow through from bar B that gave confirmation that indeed this day will be lacklustre to say the least. However, we managed to get a couple of points and should be very pleased considering what the market had to offer. Time to lock in profits and call it a day

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