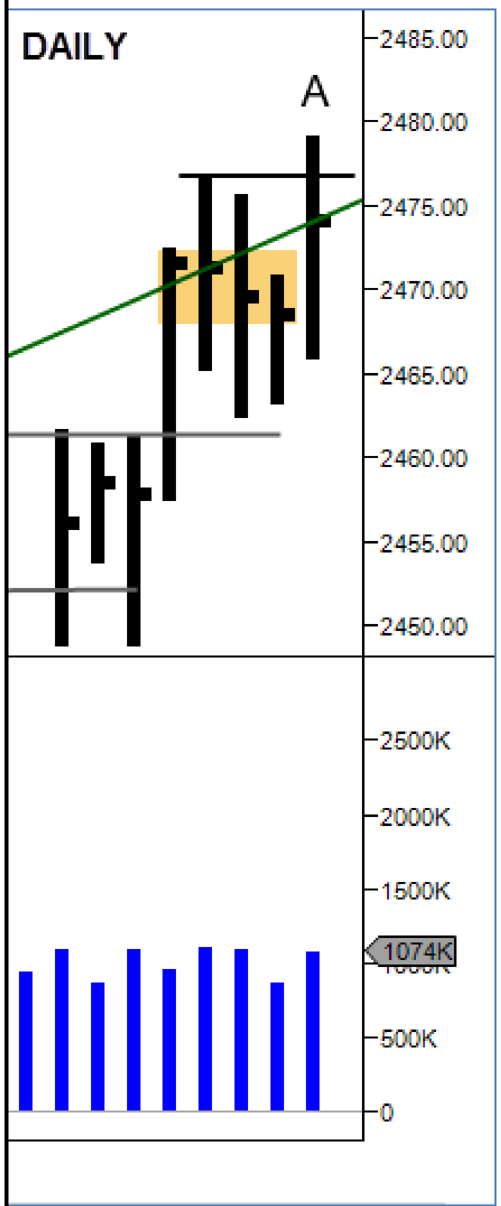
Date: 26/07/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2478.75 **LOW:** 2466.25 **CLOSE:** 2474.00

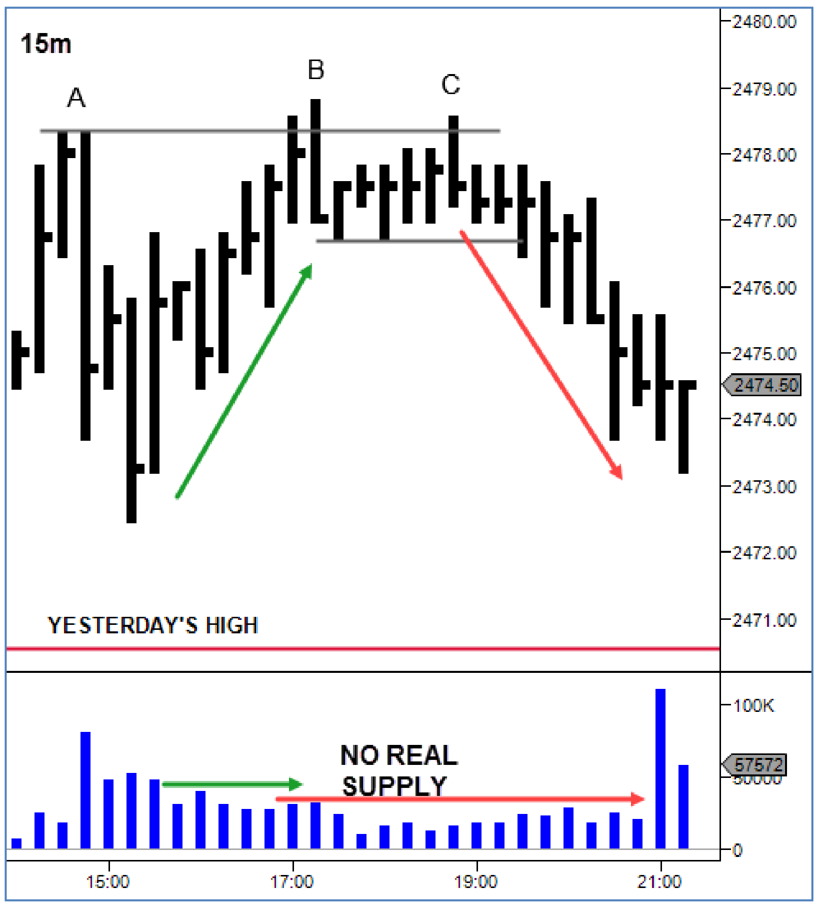
Other levels: res:2495.00, sup:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00, sup:2417.00



The S&P breaks into new highs as expected and it achieves this with a decent bar - we have a higher low, a higher high, volume is decent and importantly it’s the highest close of all time. We make some decent progress to the upside from bar B (and the clustering of closes, orange highlight) we had mentioned that when the market contracts (narrow spread) we expect an expansion the following day, which the market prints with the average true range returning to the daily. The green supply line has acted as resistance once again with the market unable to hold a close above this level. This leaves the market in limbo - we had made a new high yet the sellers stepped in, closing it back under resistance, this tells us that sellers are having an effect. The longer we’re unable to break the highs cleanly, the higher the odds of a trading range; more lateral movement.

The last trading range via the daily was approx 40 points; the logical range for this market as it stands would be approx 30 points (2480.00 to 2451.50) The trend however remains bullish and intact on all higher timeframes (daily, weekly and monthly) This kind of practice for a potential scenario should be incorporated into ones trading, it isn’t about being right or wrong, this process helps to gain a deeper knowledge of the markets/instruments you trade. The continuous action day after day, week after week, month after month begins to unveil the mystery of how the markets operate and act in certain conditions; this in the long term will lead to an edge.

The 15m provides no further insights, we have tested the highs 3 times at A, B & C, yet from the reaction we see no real supply, volume is low (no expansion) DONT forget the market is bullish/in an uptrend, it’s the SELLERS that have to prove themselves. The rally to B draws out higher volume than the pullbacks.



The key question we ask ourselves: are the buyers running out of steam? (Lack of demand) or have the buyers withdrawn, to see how much supply is in this market?

Game Plan: Scenario 1 – highs made first; breaks yesterdays high decisively with good demand, wait for a weak pullback and apply bullish setups at a support level

Scenario 2 – highs made first; breaks 2478.75 buyers unable to sustain price, look for weak demand and supply to emerge. Wait for a weak rally back to a resistance level and apply bearish setups.

Scenario 3 – lows made first; support holds at 2461.50 look for weak supply on approach, demand to emerge and apply bullish setups

Scenario 4 – lows made first; break support decisively at 2461.50 with selling of good quality, look for a weak rally back to resistance and apply bearish setups

During the premarket we manage to make slight new highs albeit on low volume via 1. The US opens at 2 and we slam down with the presence of supply (similar to yesterday) The market pumps up and down for 2.5 hrs before we get our first opportunity via A – Entry 1, why the position? Highs have been rejected (weakness), US opens with supply and were unable to break bar 2, which is at a resistance level being yesterdays high (weakness), followed by further supply at bars 3 & 4 (weakness) The subtle clue is bar 4 - the volume is lower than bars 3 & 2, this is not interpreted as a lack of selling pressure, it's the lack of demand – how do we know? The bar before is technically a no demand bar in a previous area of supply (bar 2) and follows a hidden upthrust , ergo bar 4 shows ease of movement to the downside, there is no buying friction. As we break local resistance unable to hold above at A and close back under it's an instant short. If we look at the volume there is no demand on this rally, look to the left we were in a previous area of supply. NOTE – from A volume expands to the downside, healthy sign for our shorts

Piecing this trade together is rather tedious and of course not needed for the majority of Wyckoff setups. Due to the years of working with this method its mere muscle memory and takes very little effort, trades will literally jump out - after all it's the same patterns/techniques time and time again. Due to the belief of working with smaller timeframes (keeps your chart reading skills sharp) ask yourself: How often do these setups appear on a weekly or daily timeframe? By working with smaller timeframes KNOWING that the markets are fractal in nature we gain 10, 20, 50 fold of exposure to certain setups, this provides an incredible amount of insight, confidence, experience etc that is invaluable to a trader.

B – Exit 1/3 (+1.75 points), C – Exit 1/3 (+2.50 points), D – stop hit, moved to 1 tick above resistance, the market has had 2 attempts for lower prices, could be another range bound day (+1.50 points).

Z – If not in at A, this was a cleaner entry. It's even more solid as we have confluence of the supply line and resistance, more importantly the volume – this is clear no demand at a confluence level, with supply to the left.

E – Entry 2, why? The market prints an excellent demand bar (D), yet after 50 minutes the market has no upside progress – this is a shakeout to the upside. Two bars after D we encounter supply at resistance (5), we have another attempt to break at 6, again the market holds. Volume declines to the upside (nothing to do here, we wait patiently) From 6 we can see price slowly slipping down, the closes show a waterfall effect (a classic tell of price oozing down), as we have our first close under local support, an instant sell.

Taking this trade via the 5m alone would be very difficult in my opinion; yet combining the 3500 tick chart gives clarity to the picture of weakness. We have 3 up waves (highlighted orange) 82k, 74k and 13k contracts, the last showing no demand at resistance. As we start to decline we look to the 5m to provide an entry a close under support was suffice. As we react further volume increases a healthy sign

F – Exit 1/3, first support level (+1.75 points), G – full exit, we become oversold in our channel, if we consult our tick chart it's also support from the overnight, creating a confluence level, the perfect exit (+4.00 points).

The market when it produces beautiful trend channels like today can provide excellent entry and exit points. To this day many people argue with the validity of trend channels and support and resistance levels, which is OK, one man's junk is another man's treasure, for myself - I revel in its beauty and admire the intricacies of how reading the market by using structure, price and volume can provide such powerful setups, that also demystify the markets into a readable, tradable, comprehensive format.

Time to lock in profits and call it a day

Email: feibel@yahoo.com