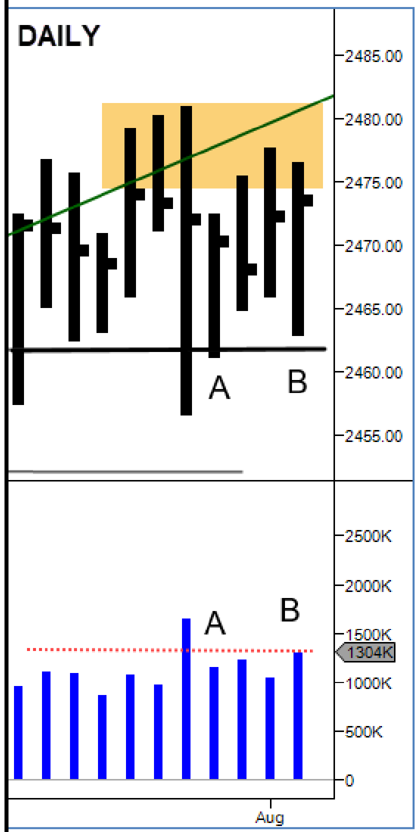
Date: 03/08/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2476.00 **LOW:** 2463.25 **CLOSE:** 2473.50

Other levels: res:2495.00, res:2480.50, sup:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00, sup:2417.00



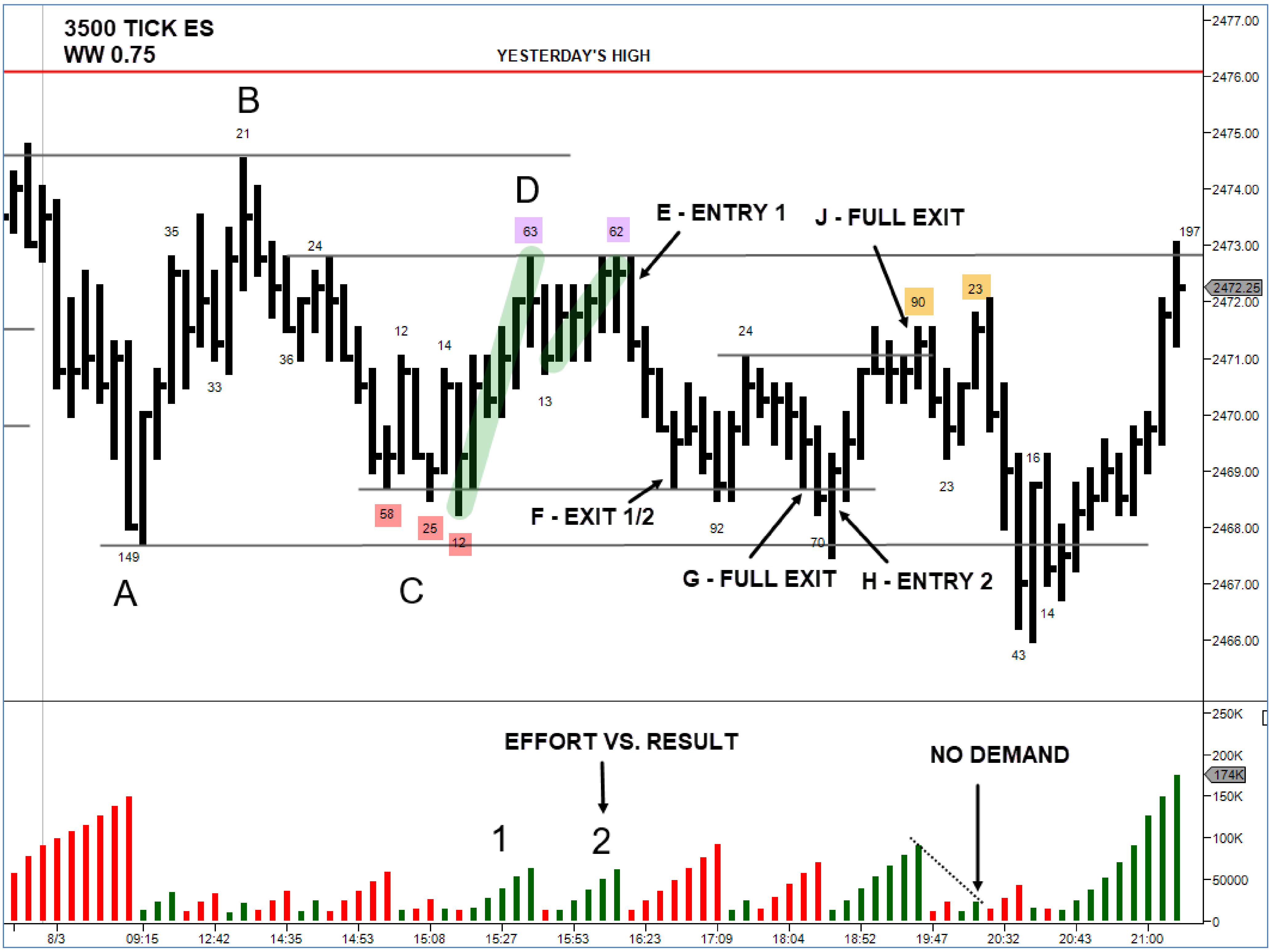
The S&P's by all rights is in a prime position to rally. We dip under the 2 previous lows, find no supply to reverse and close back above support and firmly with an increase in volume. All bullish behaviour; what's of interest is yet again the market couldn't close in the selling zone (orange highlight). Bar B's volume is the second highest on the chart, yet the spread is a little tight. Comparing to bar C it becomes clear - we have 15-20% less volume yet the spread is 50% smaller – this indicates activity; a struggle between the bulls and bears, there is more selling in this bar than meets the eye

The 60m chart provides an interesting perspective. First of all we must note the trading range that has established, and have been trading within for four days. Secondly, look how easy it is to drive the market south, we get consecutive down bars with decent volume (red opaque) this indicates that supply is in the market, it's having an effect. By eyeballing the chart we can see a couple of decent up bars, but no real continuation like that of the supply bars. The question is: are the bulls waiting for supply to exhaust itself that initiated from the negativity at bar A (why would they do this? if bulls want higher prices and supply exists they have to make sure that supply has been depleted, otherwise they have to absorb all the selling pressure on the advance, which of course is very expensive) or is supply beginning to emerge and take control of the market? As is stands we would have to give the edge to the buyers. This is why bar A is a pivotal level, the longer we trade above this low the more credence we give to bar A being a shakeout which is of bullish nature, rather than genuine supply. Back to yesterday's action supply has dominated the action, touching both the sides of the ranges, we find buying at support, yet as we rally the spreads narrow, volume declines and shortening of the thrust to the upside occurs - so what looks like very bullish behaviour via the daily, is actually much weaker via the 60m, this leaves us with no real indication for the session ahead. Although odds do favour a test of the supply bar B via the 60m chart, this amount of supply needs to be tested - if we had a more positive response from the rally perhaps not. The nature of the testing will provide big clues for the day ahead. Do we hold higher levels of support? Is there a lack of supply on the reaction? Etc

Bar E - Entry 1, why? Via the tick chart we have huge supply in the background with 149k contracts at A, we rally to test yesterday's resistance with weak demand at B and hold. At C we try to come back down to support yet hold a higher level (bullish) and supply dries up as shown by C and the pink highlights, 58k, 25k and 12k (bullish). We rally to D with 63k contracts, this is demand but not overtly bullish (supply still dominates in the background) we rally to E with 62k contracts, a good case of Effort vs. Result, comparing the waves (green opaque) same amount of effort yet over half the progress made, this can only be selling, it's capping upside progress, it's possible that we could be potentially absorbing but price action and context is incorrect. With supply still in control via the background conditions and Effort vs. Result at resistance it's enough for a short position. The 5m helped with an entry as we break local support I let the market pull me in with a sell stop. Due to the lack of supply prior at C, clip size was adjusted – this trade would not be executed if demand was 110k contracts plus to D

F – Exit half, first support level (+2.25 points), G – full exit, the way we react to support via the 5m is very lacklustre, no selling of good quality, the cluster of closes is telling us that this market doesn't want to go down. Comparing to previous reactions the picture becomes clear (+2.25 points)

Maybe wondering why profit taking is in ½'s as I usually scale out in 1/3's, this is due to either a) clip size or b) it's been hours since the open and were trading within the first hours trading, this usually (but not always) indicates a range bound day, large trades are slim in these conditions, ergo take little and often as runners are unlikely



Bar H – Entry 2, why? We spring two levels of support, become oversold in our channel, dip under support find no further selling, reverse to close back in our channel and in alignment with our cluster of closes, the market is poised for higher prices. In addition via H we have had a decent test of the lows made at A (tick chart) with waning supply.

Wyckoff – it takes equal or greater volume to break an existing level of support or resistance (A has 149K contracts, H - 70k contracts, also less than previous downwave with 92k contracts).

Bar J – full exit, climatic bar in an overbought position via our channel (+2.50 points)

Bar M - Entry 3, why? From J (5m chart) we go sideways, typical behaviour from a climatic bar - we know this due to the fact if bar J was indeed genuine demand we would have seen follow through to the upside, why aren't the buyers active? As we break local support volume increase as illustrated. We rally back up and bar K, my ears perk up, compare this spread and volume to the previous bar, higher volume yet a 1/4 of the spread, this is potential hidden selling, nothing to do here as it's possible that we could be absorbing,(highly unlikely because this bar fits in the story of weakness from the climatic bar at J) then the market prints a lovely no demand bar (L), it has a higher close than the previous 2 bars, volume drops off significantly and we're in a previous area of supply (purple highlights) The tick chart clearly shows the lack of demand as highlighted in orange 90K and 23k contracts, as bar M breaks local support via the 5m the market pulls me in with a sell stop.

Bar N – Exit 1/2, at overnight support (+4.25 points), Bar O – full exit, closing back above support (+2.25 points)

An unusual day's trading, we were stuck in a 4.50 point range for the majority providing tricky setups that never got going. If new to this method of Wyckoff, VSA or price action, today's trading was fairly uncommon, these types of setups I would not recommend until ones chart reading skills are advanced - it would be easy to get burned in these conditions, there is nothing wrong with preserving capital. Just a side note the price action we witnessed towards the end of day is not that uncommon - tight range bound days suggests that there is a lack of professional activity, large (bully) traders would recognize this and make plays late in the day, something to be aware of. Time to lock in profits and call it a day

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