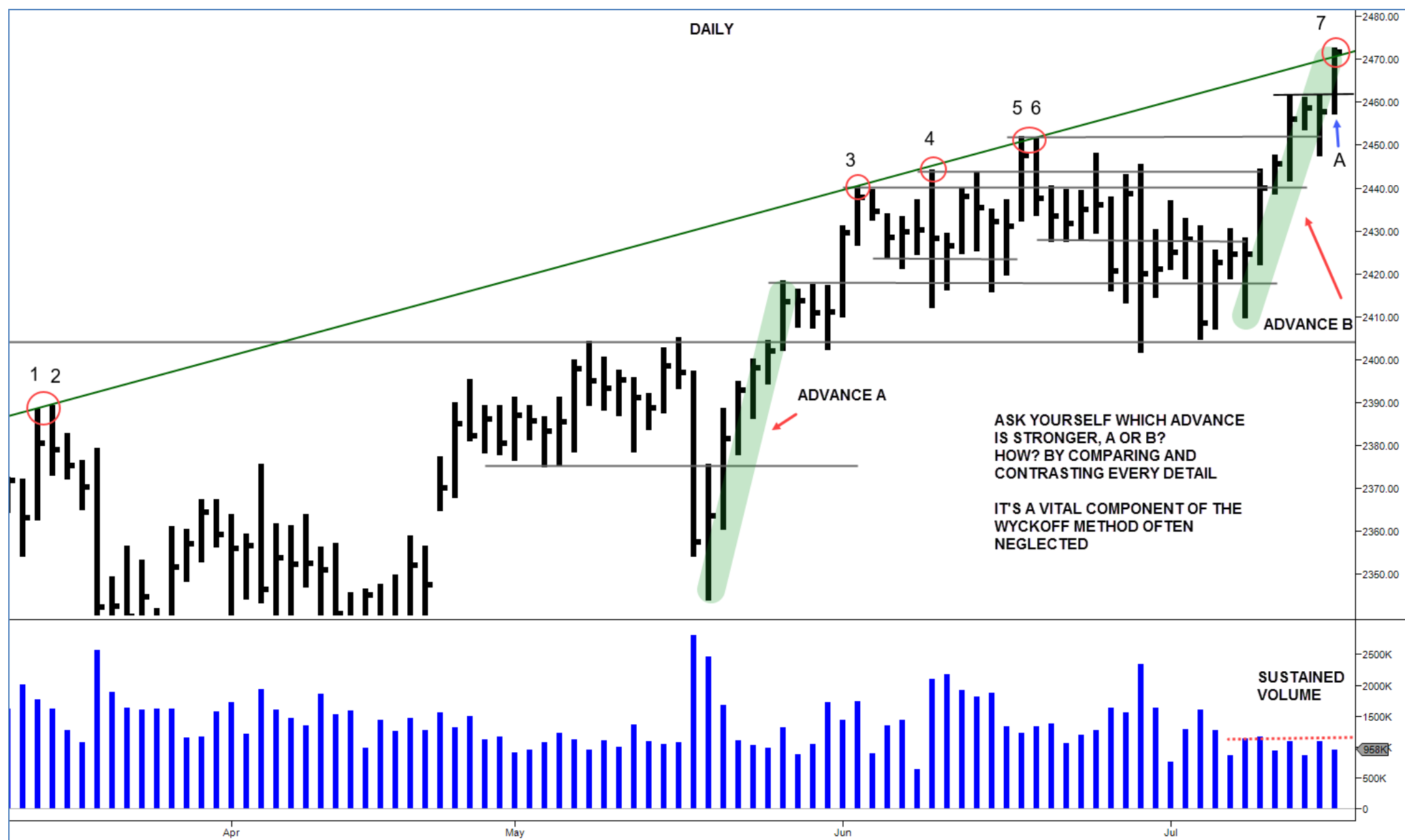


Date: 20/07/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**
Yesterday: **HIGH:** 2472.00 **LOW:** 2457.75 **CLOSE:** 2471.50
Other levels: res:2495.00, sup:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00 sup:2403.75, sup:2417.00



The S&P's continues to drive north as expected. Although, we have something of interest – a close slap bang right at the supply line putting us in an overbought position (my reasoning for liquidating yesterday's position). The supply line has held from the 15th March 17 with 7 touches giving resistance validity. Our advance to this point has been strong; the lack of expanding volume indicates a lack of supply rather than weak demand, a big difference. The key element for our session ahead we have to ask ourselves, will the supply line hold? Or will we continue north and break?

No further insights from smaller time frames, the market shows no signs of easing up.

Game plan: Scenario 1 – highs made first; break into fresh new ground with weak demand unable to hold price, wait for supply to emerge and apply bearish setups. This would form an upthrust via the daily at a point of resistance. Has the potential to be a strong move

Scenario 2 – highs made first; hold gains, break into new highs with good demand, wait for a weak pullback to apply bullish setups, and continue to ride the trend

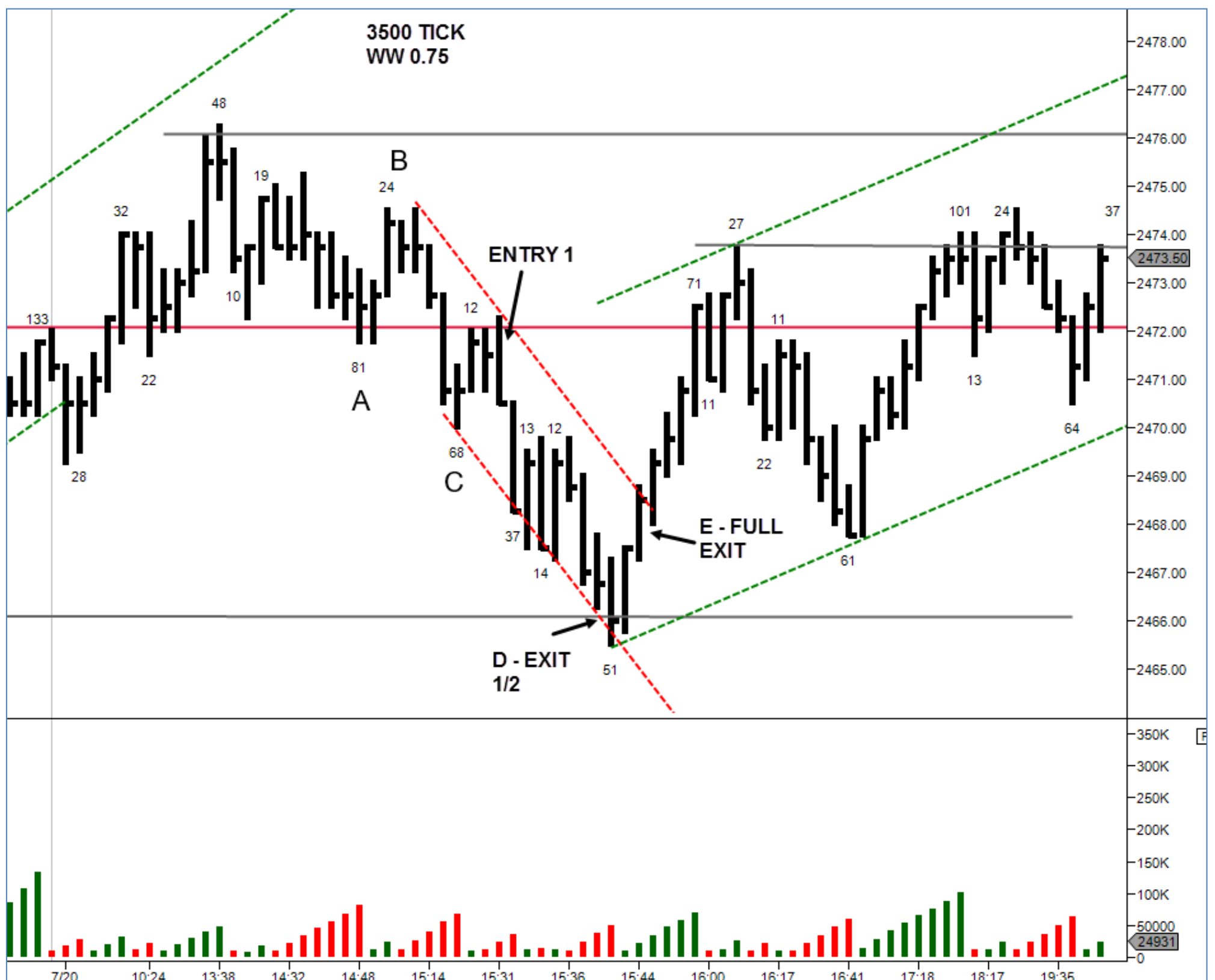
Scenario 3 – lows made first; if we break support at 2466.00 decisively, wait for a weak rally back to newly formed resistance and apply bearish setups

Scenario 4 – lows made first; support holds at 2466.00 (which is approx 50% retracement from yesterday's move) look for weak supply, demand to emerge and apply bullish setups



Entry 1 - is a combination by using both charts the 5m and tick, we start with a classic Wyckoff setup 'rally back to ice' (Ice being a support level). The 5m chart provides a story of weakness that is clearer and the tick chart helps with the entry. Why the entry? During the overnight we break into new all time highs (European session), find some resistance, as we react back to support volume increases (bearish), as we rally from support volume declines (bearish) and the price action has produced small narrow spreads (bearish) - compare the previous selling to A to the buying quality of B. Bar C - US opens and we upthrust a local high with decent volume unable to test the overnight resistance (bearish), we're now looking for reasons to short - NOTE, thinking in multiple time frames we could have a potential daily upthrust on our hands with the highs being rejected - would this action make sense? Yes, we have a supply line that has held from mid March.

Via the tick chart we have a bearish change of behaviour at A with 81k contracts (the largest downwave volume we have seen since the uptrend began, although the wave itself is not overt in nature, it's still the largest), we rally to B with 24k, showing a lack of demand (1/4 of the selling pressure), we can't short into support we must wait and be patient. We have some downside follow through to C with 68k contracts (breaking support) as we rally back to test resistance we have no demand 12k contracts an instant sell. D - exit 1/2, (+5.25 points) first support level, E - full exit (+3.00 points), we have broken the down trend channel after bouncing off support (bullish behaviour) and bar E on the 5m is telling us in advance a rally is on the cards, first resistance being 2472.00, it's wise to lock in profits



Entry 2 – a tricky little trade adjust clip size accordingly. The buying quality from F is poor, volume declines on the advance with narrowing spreads (compare this to both previous downwaves and upwave, worlds apart) we get evidence of supply at G, although this could also be interpreted as a shakeout, however for the following 40m we continue to hug resistance. Bar H has a slight pop in volume and we upthrust local resistance – this whole area of resistance is no demand in a previous area of supply (purple highlight are supply bars) Wyckoff stated that it will take equal or greater volume to break a previous area of demand or supply.



Due to the nature of support being very close we must be nimble in this trade in addition via the tick chart we have large demand behind us with 101k contracts (strength) followed by 24k indicating a lack of demand for the moment at least. Bar J exit 1/3 at support (+1.75 points), bar K looks excellent for our trade, decent spread expansion in volume as we break support, all healthy signs, then the next couple of bars we have no downside follow through, a close above support would result in further liquidation of a 1/3 (Bar L, +1.00 point), stop moved to break even and hit via bar M.

The market has been trading through yesterday's high all day with no clear winner, the bears have penetrated a little deeper to the downside and the bulls have been unable to test the European session high, from this stance we could give it to the sellers, time will tell. The market is churning with very small narrow bars, we had 2 opportunities for lower prices at bars G and K, sellers were unable to capitalize, odds now favour further upside progress. Therefore we could interpret bars G & K as eradicating left over supply from the left or are these genuine displays of selling? Hard to tell - time to lock in profits and call it a day

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