

Date: 09/11/2017

Market: ES mini

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

News:

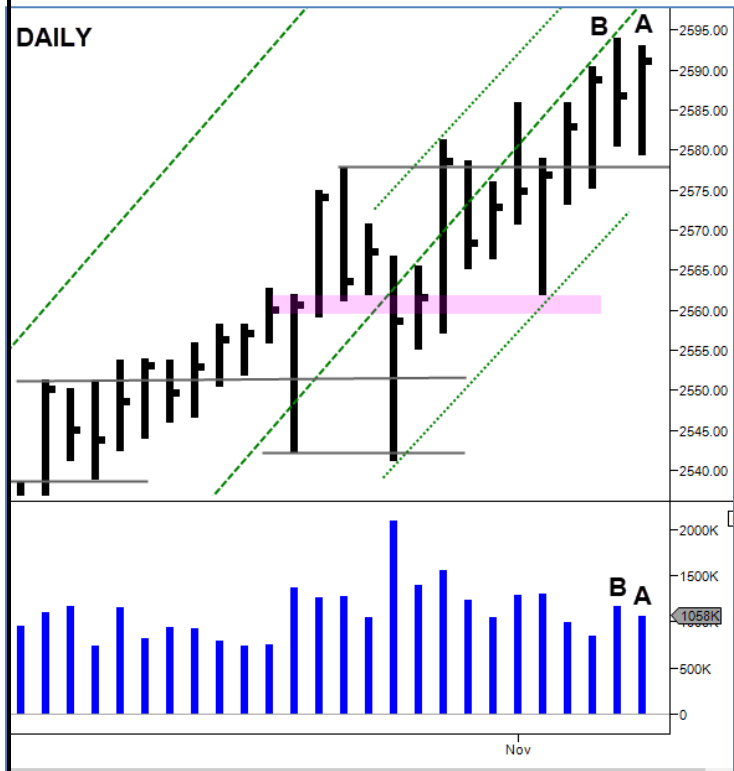
Yesterday:

HIGH: 2592.50

LOW: 2579.75

CLOSE: 2591.00

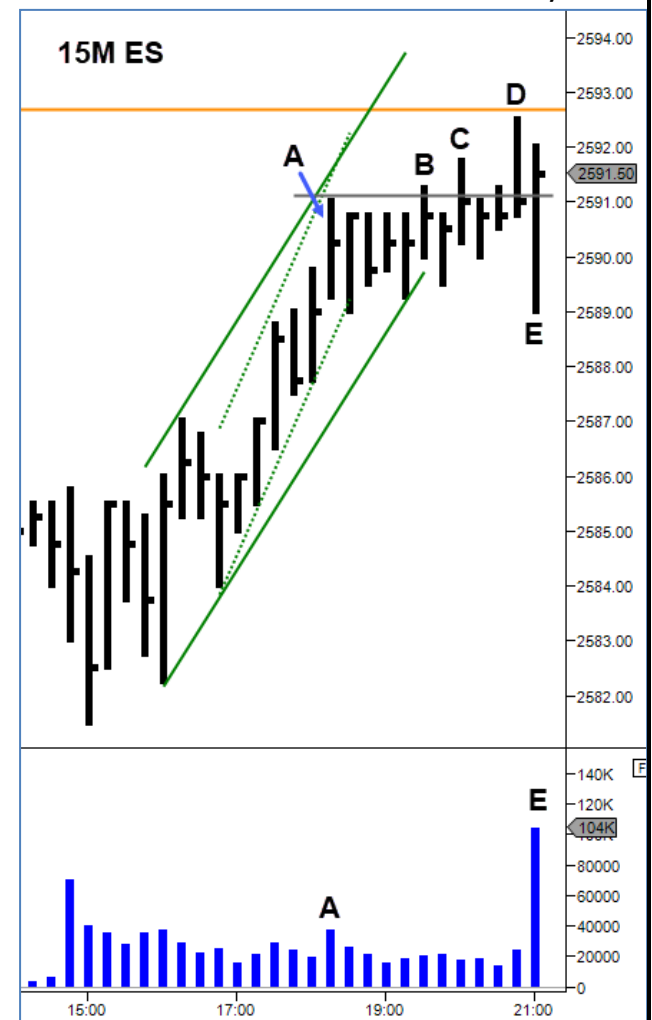
Other levels: res:2598.00, sup:2560.00-61.00, sup:2550.75, sup: 2542.50, sup:2538.00, sup:2528.00-29.00, sup:2507.25



Nothing to note, no additional data, still no sign of weakness, Bar A dips under B (which has a little selling) finds no further selling, reverses to close firm making the highest close of all time for this instrument, odds favour higher prices from a daily perspective

The 15m chart we can see price struggle at the highs, we push up to A where supply makes a slight presence. Bar A closes mid bar with an increase in volume, we can draw resistance from this swing high and it's clear that price can't break above this level, bars B, C & D all try yet sellers step into the market and drive prices back under resistance, we NOW know there are active sellers at this level for whatever reason.

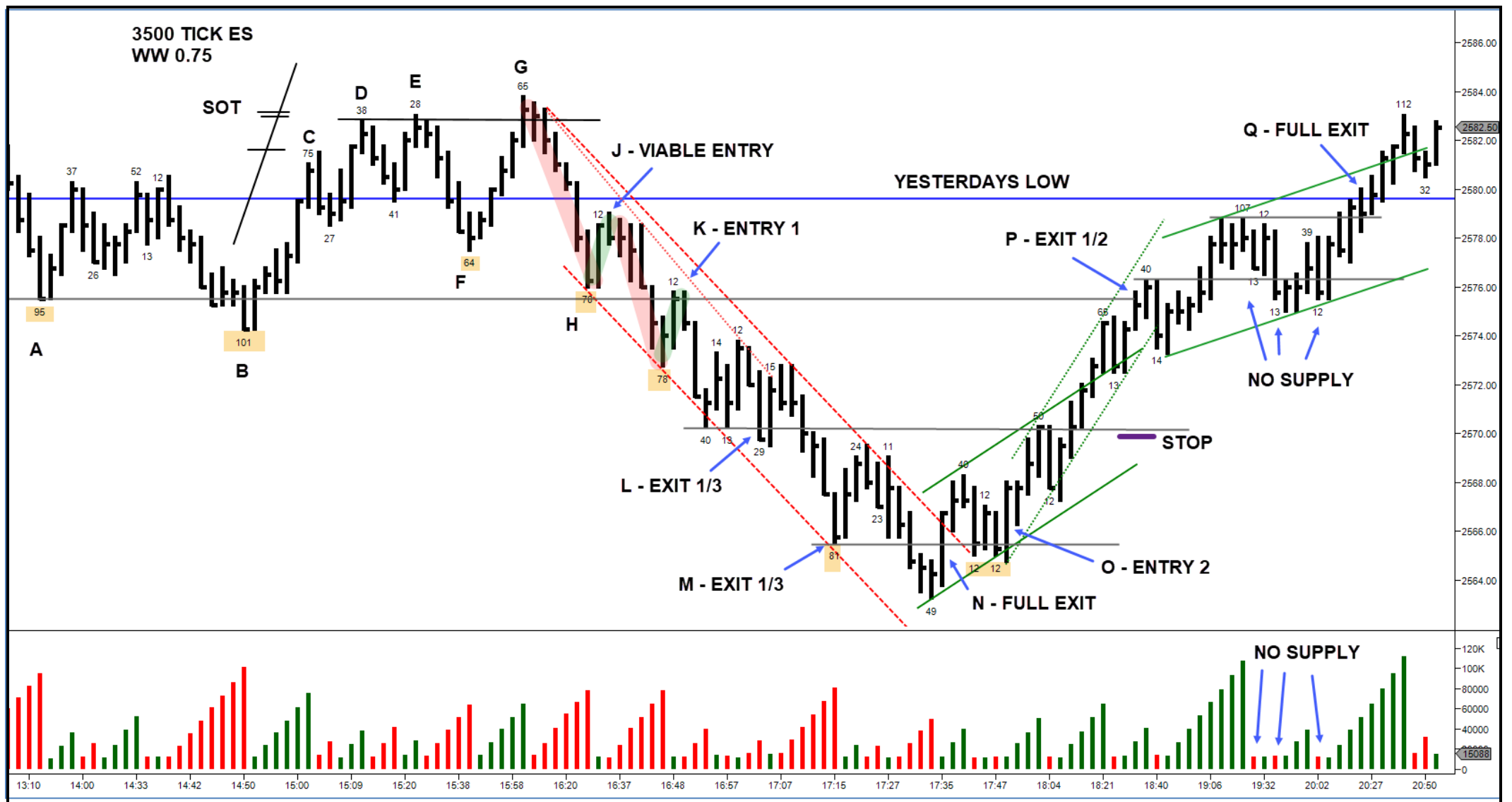
The market tries to break this level for 3 hours and is unable to do so, BUT from a bullish stance sellers aren't able to muster enough force for a pullback. Bar E, being the US close throws a spanner in the works, with all that volume we dip under all the price action for the past 3 hours and reverse to close firm producing a hidden spring (think of this action on smaller timeframes) this results in the highest close of the day above our resistance level via A. It's very hard to interpret the US close as many types of traders are active, does this one bar (E) negate 3 hours of trading, where we couldn't break into new highs....? In trading we don't always get a clean read, all we can do is read the market as it unfolds with the data provided, if there is any ambiguity or doubt, simply sit aside, not taking a trade is a position



During the Asian session we break yesterday's highs, unable to hold and fall during the European hours to go on and break the lows with selling waves A & B via the tick chart. From B we rally and try to break yesterday's low; first thing we must note is the shortening of the thrust from waves C, D & E. Upside wave volume is declining with each successive wave 75, 38 and 28k contracts respectively and the progress made is also declining, never a healthy sign. The market reacts via F with 64k contracts (twice the volume of D & E). From G we break support via H with 78k contracts, note the price action; spreads are increasing and closing weak on their lows - selling of good quality. The upwave via J with a mere 12k contracts shows clear "no demand". J is a viable entry point as we have no demand at resistance with a story of weakness behind us. However due to support being directly beneath I wanted additional confirmation, a cleaner entry point. This came to fruition at K, we get another drive down with 78k contracts (supply now firmly in control) and again a weak rally back to support with 12k contracts, an instant short, it's a picture perfect trade, plus we have the addition of the supply line (mini red dot, this was the original supply line). The story: we have no demand at a supply confluence (support and supply line), where buyers have ran out of force with shortening of the thrust (rejecting yesterday's low) and sellers are proving themselves with good solid waves down, it's an excellent setup.

Bar L - Exit 1/3, price was hovering at this level, wise to lock in some profits (+5.25 points)

Bar M - Exit 1/3, oversold in trend channel (+9.25 points)



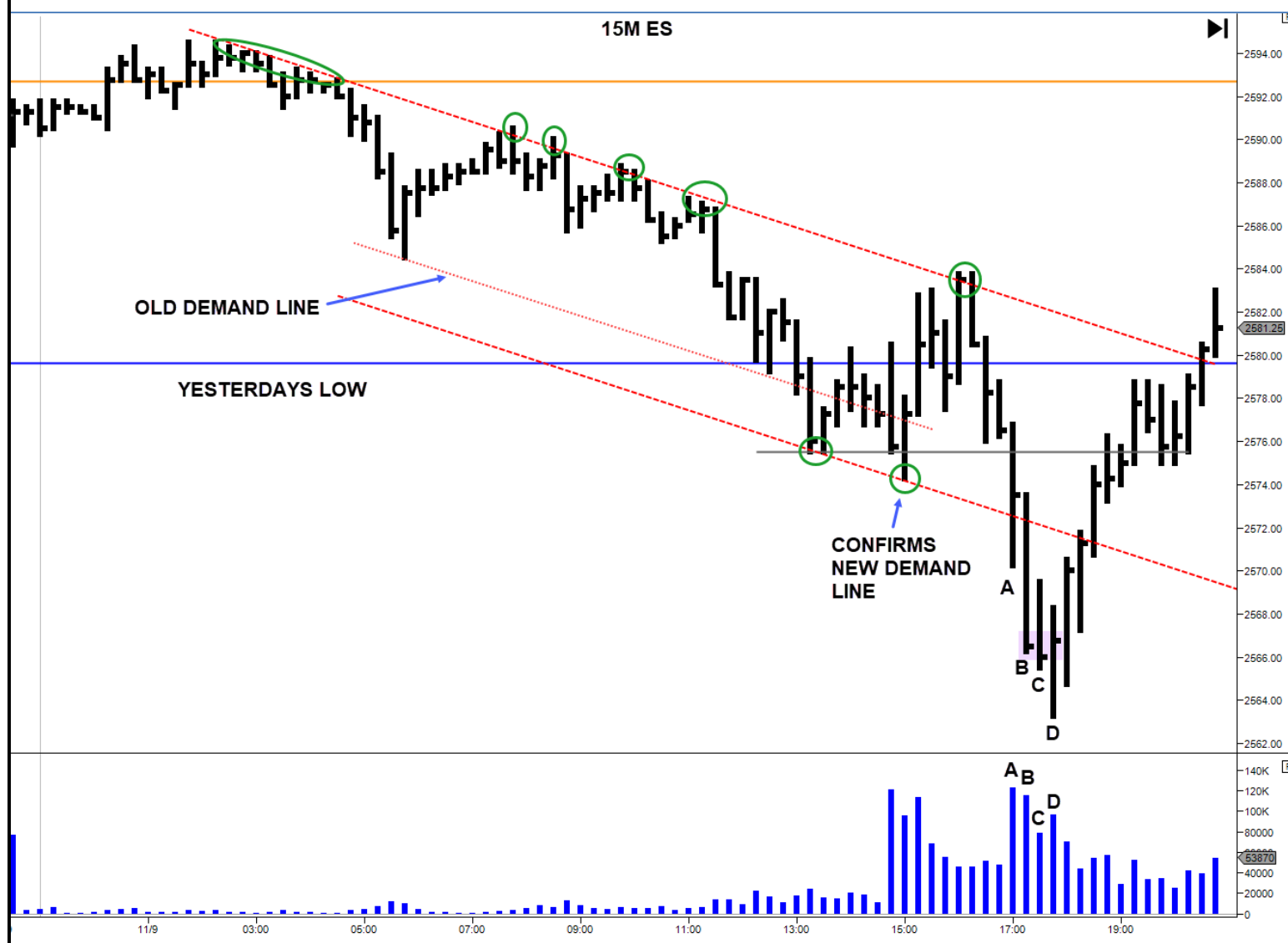
Bar N – Price breaks the supply line with a decent wide spread, more importantly it’s the 15m chart that has thrown a spanner in the works for any short positions and also sets up the grounds for our second trade (+8.25 points)

Via the 15 chart we have a working trend channel (the green circles represent the touches, look how beautiful price has responded) Bar D gives us permission to look for trades via the smaller timeframe, why?

Bar A – We become oversold, breaks the demand line, yet buyers manage to hold the close back within the channel. However the price action from the last swing high is VERY weak, supply is clearly in this market and having an effect

Bar B – Drives the market down and closes weak right on the lows

Bar C – Volume tapers off, no genuine downside follow through, only nets a tick or two



Bar D – Dips under C finds no further supply and reverses to close firm back above the closes of bars B & C. This is an extremely strong bar in price action terms; the market wants to have a rally of sorts. Via the close of bar D we have to exit any short positions or at least tighten ones stop. Don’t forget this is a 15m chart and for 45m price makes no net downside progress with all that volume, the cluster of closes highlights this

beautifully (purple highlight). NOW via the tick chart we need a reason to go long, the logical place for the market to test is either the demand line, (this should act as resistance if the market is very weak) or to test horizontal resistance at 2576.00, these moves are 5 and 10 points away, so worthwhile if we can jump onboard

Bar O – Entry 2, why? The 15m chart gives the structure for the trade (as mentioned above), price breaks the channel (strength) holds a level of support and then produces two no supply waves both with 12k contracts (highlighted orange), where's the selling we have seen previously? As bar O breaks the highs and closes firm I let the market pull me in. Basically we spring via N and the 2 no down waves are tests, shouting "no supply". It's the picture perfect setup combining both timeframes.

Bar P – Exit 1/2, hits decent resistance. This rally surpassed any expectations providing a stellar rally; price didn't show any signs of supply and confined nicely to structure. Due to the unexpected strength, half of the position size was liquidated and stop moved (purple line) (+8.25 points)

Bar Q – Full exit, near overbought at resistance (supply confluence) (+12.25 points)

Today's trading provided clear cut opportunities and gave two perfect no demand rallies to jump onboard the sell-off. Entry 2; is an excellent example of how to combine multiple timeframes, the 15m gave a licence to be aggressive in nature for the tick chart, and to jump onboard any signs of strength, the two no supply down waves at support was perfect. This action disconfirmed the presence of supply. The market surprised me by the strength of the rally, and went 5 points higher than my exit, it produced a V-spike reversal that only occur approx 15% of the time, and are notoriously difficult to trade. However the market kindly produced readable price action and to be able to read the market bar by bar or wave by wave as it unfolds helped us to stay in the trade and not cut it short, and in the end provided a very fruitful day. Time to lock in profits and call it a day

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