

Date: 19/06/18 **Market:** ES mini

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

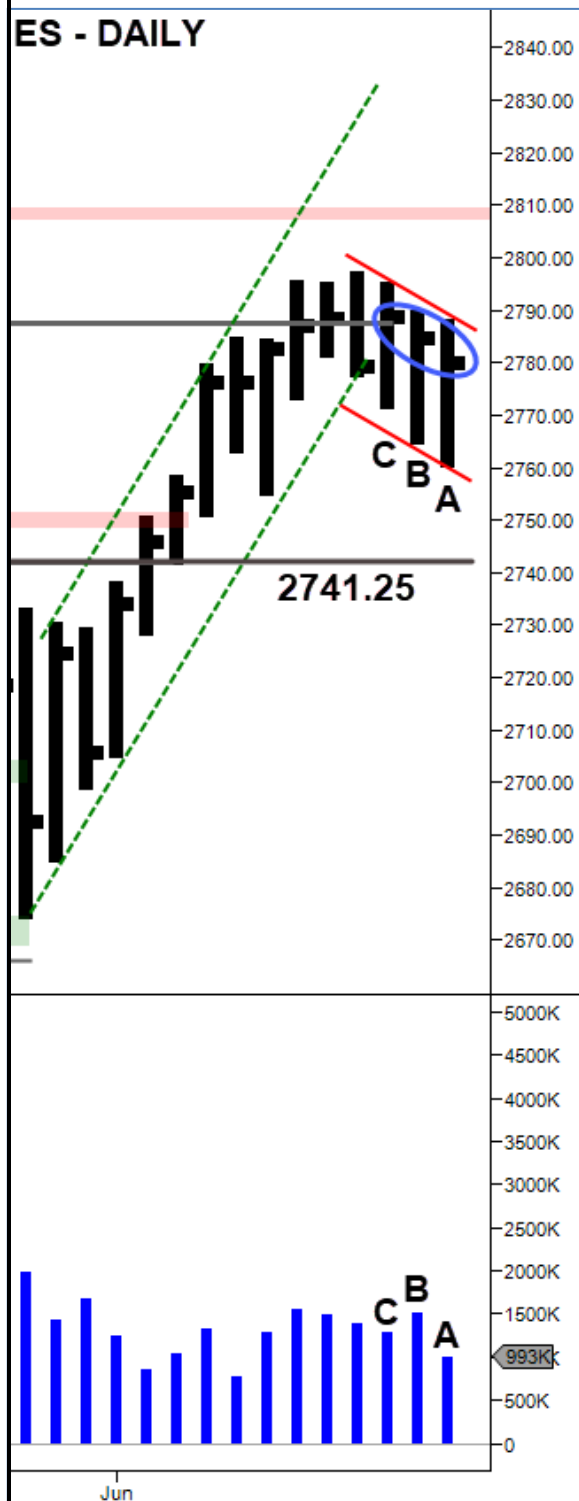
Yesterday: **HIGH:** 2786.75

LOW: 2761.25

CLOSE: 2779.75

Other levels: res:2807.25, res:2794.25, res:2748-50.00, sup:2741.25, sup:2700.50-2704.50, sup:2668-70.00, sup:2594.50

ES - DAILY



Firstly, I would like to apologise for the last edition. Many of you picked up the fact that my wires were crossed in terms of timeframe (weekly and monthly) Quoted "Bar A has 2 weeks left of trading", which could be rather difficult as the analysis was indeed for a weekly bar, NOT a monthly. This of course negates the idea of strength, although the area still had the potential for absorption. Anyhow these things happen, let's focus on today.

The S&P's progress is not indicative of absorption (although the 2760.00 area is holding) Price is drifting down, making lower lows, lower highs and lower closes; for absorption we want the opposite. Granted volume has declined via A, however price is slip sliding away, the buyers don't appear to have any traction (the blue circle, highlights the bullish struggle to close) – this is weak demand rather than the onslaught of supply (a big difference). The market is not the easiest to decipher at present as the movement is unfavourable, but we do have structure to work with. From a macro perspective, for the market to remain bullish, we need to hold above support (2741.25) this being the 14th May high, where as a close under this level, would hold a bearish tone.

For tomorrow's trading, we have yesterday's highs and lows to work with. The lower timeframes offer no additional insights

We come into today's trading, and blessed as the market has provided a lovely, valid, working trend channel to the upside. When the market presents such an obvious trend channel, odds favour that more people are aware of its presence; which is excellent for us as we trade with structure. Perhaps structure in a sense does have a certain air of self fulfilling prophecy to their origin, does this matter? No; not the time nor

the place for such a philosophical question (albeit many an hour has been spent sipping single malts on this topic). The market fell hard during the overnight (25+ points), yet from the lows we push up in a decent uptrend channel. Not long after the US open, we become overbought via A where the sellers win the battle after 15m and we react, perfectly natural for the market to test the demand line. Price does indeed test this area, which leads to Bar C, entry 1, why? We start to pullback pretty well via A to 1, then what happens? The market trades sideways for 45m, there is no ability to drive this market lower, price becomes choppy, much price bar overlap; it tightens. The purple line illustrates this concept nicely, where are we? At the demand line, in a working valid channel, as we try to drive down volume declines (red arrow) and towards the end via Bar B, there is a little case of Effort vs. Result (although it looks and feels like a no supply bar) Lastly Bar C, dips under all the price action for the past 40 odd mins to reverse and close firm with a wide spread and surge in volume, this is clear demand (buying of good quality) an instant buy, all the pieces of the story come together right at this moment

Bar D – Cover a 1/3, first resistance (+7.75 points)

Bar E – Cover a 1/3, reversal action as we attempt break resistance (+11.25 points)

Bar F – Entry 2, why? It's natural for the market to react from resistance (yesterdays low), yet the price action and volume is very, very weak, there is no selling of good quality. Bar F, has a surge in volume in an area of demand (triple confluence) a beautiful setup – we have the demand line from our major channel, become oversold in our micro channel and of course local horizontal support, when volume spikes and closes mid bar, with no selling anywhere to be seen - we must buy



Bar G – Partial exit, resistance (+11.00 points) and (+5.75 points)

Bar J – Cover a 1/3, was waiting for a clean break away from yesterdays low, this didn't occur. Bar H behind has a surge in volume, closing off the highs whilst being overbought in our major channel that has held all day, followed by the negativity at J (+10.00 points)

Bar K – Full exit, 30 mins to the US close odds favour a test of support (a further 3 points away) unwilling to give back further profits (+8.25 points)

Today's trading provided excellent setups for those who use structure; it gave us our entries and our targets. Entry 2; is a high odds setup, that occurs fairly frequently. I would suggest that one gets familiar with the look and feel of this setup; the context, the structure (being the triple demand confluence) the trend channel that contains price for the whole session, volume spike at support etc. The area of E is an upthrust that one can trade, as we become overbought in our channel at resistance (supply confluence), I know many traders who would trade this and is a valid setup. Personally I like to trade with the flow of the market, try not to fade it too often, especially in favourable conditions as these (decent uptrend). If one decides to trade against the trend, make sure you know the trades limitations, be nimble and aware of all support areas. A thoroughly enjoyable day to trade, these market conditions are a personal favourite of mine, on that note, time to lock in profits and call it a day

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