

Date: 24/08/2017

Market: ES mini

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

News:

Yesterday:

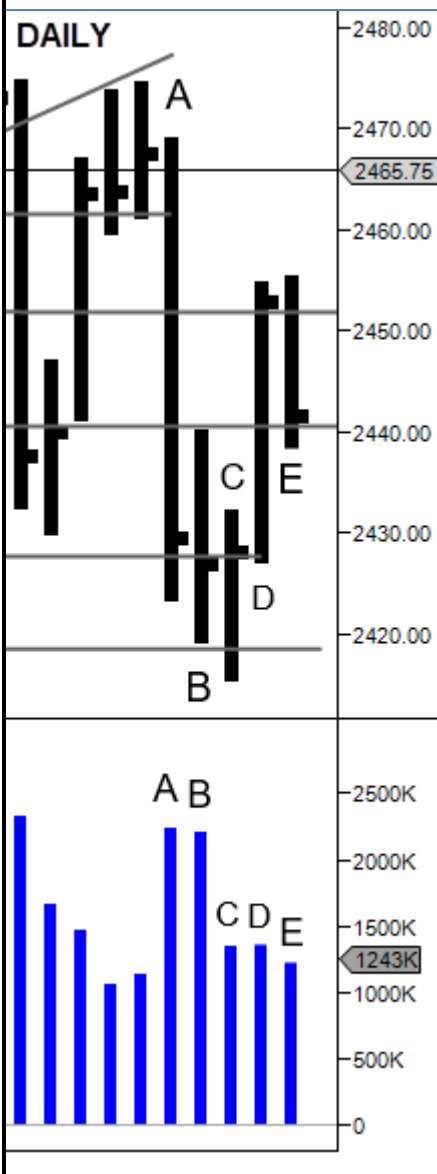
HIGH: 2424.25

LOW: 2415.75

CLOSE: 2528.00

Other levels:

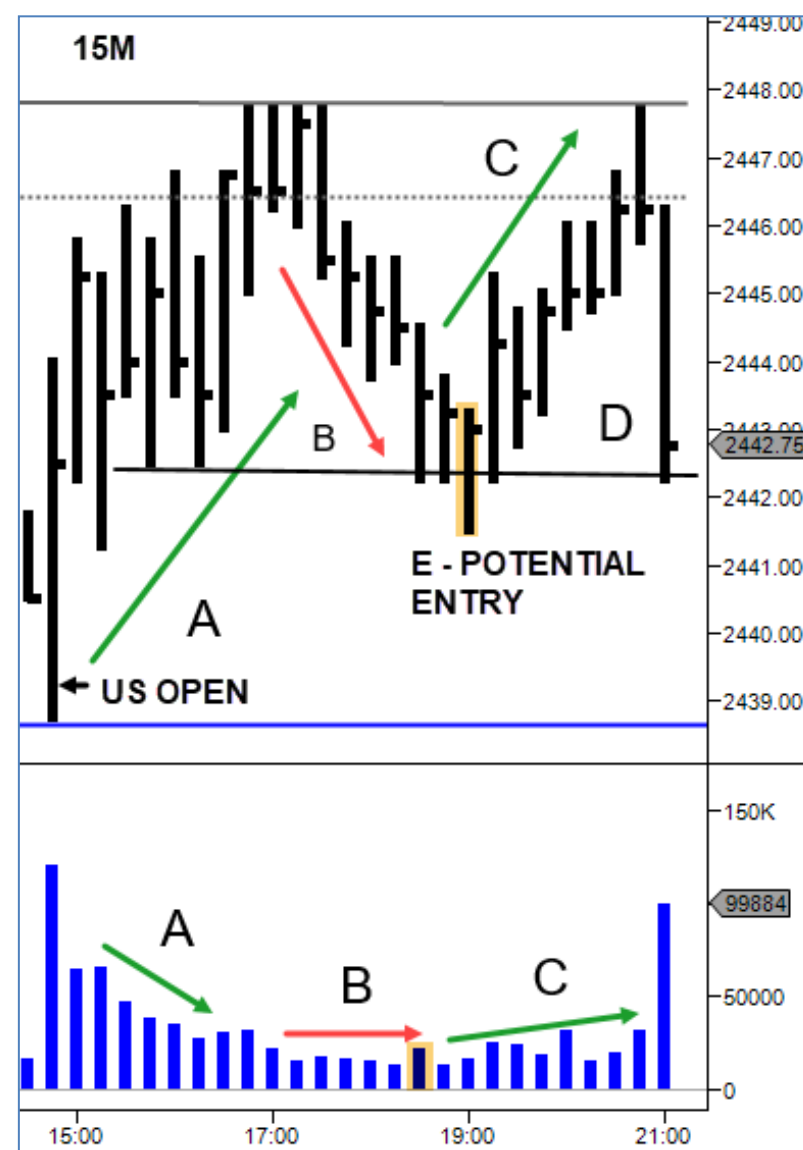
res:2480.50, res: 2474.50, sup:2461.50, res:2451.50, res:2440.00, res:2444.00 sup:2417.75, sup:2403.50



The S&P's managed to pop its head above yesterday's high before reversing to end weak closing on its lows. A little buying emerged at the lows as we manage to hold above support - the market traded within a 12 point range, both resistance and support holding. Bar E's volume is the same as D, so we know that buying must have occurred, otherwise lower prices would have been made. Bar D highlights the lack of selling pressure as we get good ease of movement up with moderate volume - there was more of a battle between bulls/bears, buyers/sellers via bars C & E, due to the spreads being smaller yet volume remaining the same. Bar D we have the lack of sellers, Bar E we have participation from the bears that resulted in a weak close and importantly halted any upside progress, sellers find this area of value. However buyers have held support. Via the daily we would expect some downside follow through, by examining the nature of selling should help set the tone for tomorrow's trading

The 15m suggests a test of yesterday's low (support for tomorrow's trading) in sync with our daily analysis. We open strong followed by very choppy trading; overlapping bars, closing firm, closing weak, pumping up and down - awful trading conditions. We attempt to rally

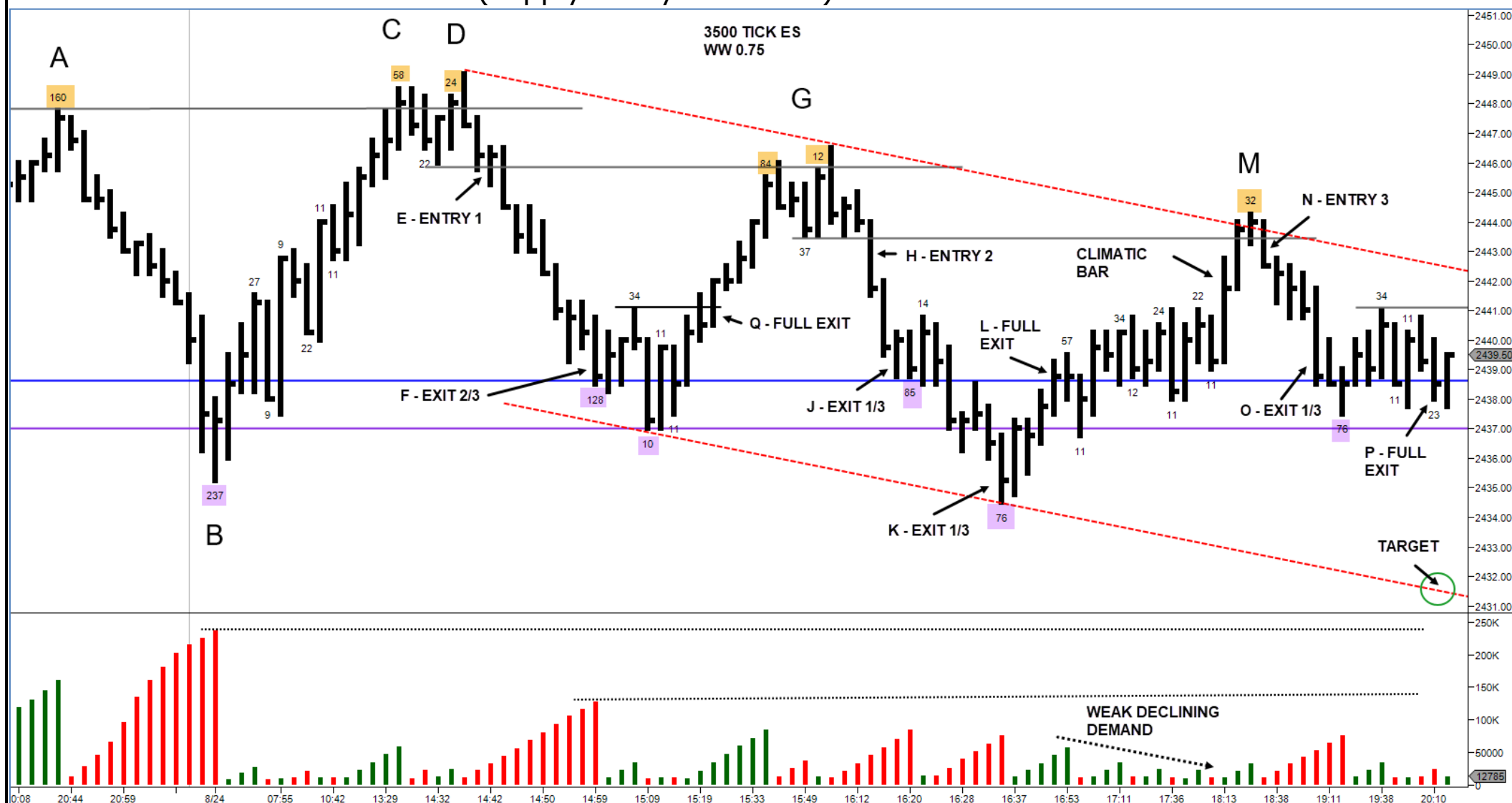
(A) and volume declines. As price touches resistance (overnight level) we react via B; volume declines, however price action is smoother, it's not overt selling by any stretch of the imagination - spreads are fairly small, closes are well off the lows, volume is very low and declining; the market is finding it hard to push down. As Bar E prints we instantly buy, it springs local support with a pop in volume. The rally via C is weak, volume increases slightly but nowhere near as strong as the previous up wave via A. Bar D is the US close, many traders are active giving the bar high volume, but we cannot ignore the price action, its weak, hinting towards a test of support (at least)



During the Asian session we spring yesterday's low and daily support level (2437.00, our infamous axis line a few weeks back) the wave down is large with 237k (any wave larger than 200k is significant, my ears at least perk up, waves 350k+ pay close attention to) As we rally to C the volume is near non-existent, very poor in comparison to the last down wave (237k) and the previous up wave that produced our resistance level at 160k, the second attempt to rally via D is lacklustre with a mere 24k - "Wyckoff it takes equal or greater volume to break a previous area of support or resistance". Demand is weak and tiring and in price action we upthrust the highs, picture perfect setup. As bar E breaks local support the market pulls me in, some Wyckoff traders would have entered via the close on the upthrust as (it does close lower than the previous 2 bars closes) and is a valid entry, however on this occasion I waited for a break of support, in order for additional confirmation we pay the price by losing a point or two, of course this is discretionary and completely in accordance with context (strength of the market, price action, structure etc)

Bar F – Exit 2/3, first support , (+7.00 points), Bar Q – Full exit, last wave was weak with 10k contracts (no selling pressure) as we break local resistance, full liquidation (+4.25 points)

Bar H – Entry 2, why? We have established that supply is present with 237k and 128k, we were waiting for weak rally to apply bearish plays from the last down wave. The buyers step in and produce a good result with 84k contracts to G, but resistance holds from a local level (additional weakness, potential lower high) and the second rally is a mere 12k, we upthrust with decent price action, as we break local support the market pulls me in. This set up is exactly the same as Entry 1 with the addition of extra data (supply firmly in control)



Bar J – Exit 1/3, first support (+4.50 points), Bar K –Exit 1/3, oversold in our channel (+8.50 points), Bar L – Full exit, a rally was due as were oversold in our channel, technically the market has every right to test the supply line or at least to test resistance (yesterdays low) as we rally wave volume was increasing, via 5m chart (not shown) the market prints a strong bar, as we close above resistance an instant liquidation, unwilling to give back further profits (+4.25 points)

Bar N – Entry 3, why? Supply still in control, note the down waves (purple highlights) we rally back to a fully functional working trend channel plus resistance (confluence) and we do this with the weakest rally of just 32k contracts (compare to previous up waves, orange highlights) another upthrust setup. Upthrusts in a downtrend are most favourable, some Wyckoff traders will only trade upthrusts in a downtrend. This was my favourite trade of the day, not in-terms of points gained, but probability - we had the whole day of weakness behind us with supply in control, a strong confluence using natural structure of the market, the weakest rally combined with weak price action plus we have a confirmed downtrend, comprising of lower highs and lower lows this is of major importance; by all rights the market should test the lows of the trend channel from here

Bar O – Exit 1/3, first support (+4.00 points), Bar P - Full exit, we had a down wave with 76k behind us, (healthy sign for our shorts) however it was unfortunate the market didn't unfold quicker (it has taken 90 mins to get here) as I have dinner reservations, hence the full exit, the potential target was the low of the trading range. (+3.75 points), time to lock in profits and call it a day.

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