

Date: 13/09/2017

Market: ES mini

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

News:

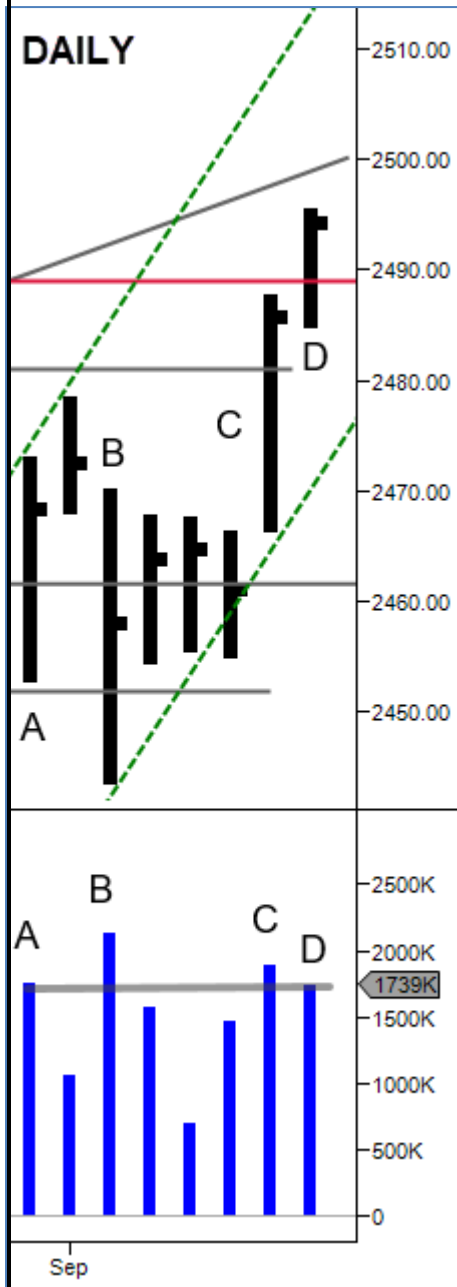
Yesterday:

HIGH: 2495.00

LOW: 2485.25

CLOSE: 2494.25

Other levels: res:2499.50, sup:2488.50, sup:2480.50, sup:2461.50, sup:2451.50, sup:2440.00



The S&P's has made all new time highs, which was unsurprising following bar C and the immediate strength we have behind us. Although from a macro perspective the S&P's is showing cracks, our bull trend that has lasted years is coming to its end, however for the time being higher prices are on the cards, by studying the nature of our next advancement is critical, perhaps our final push. Bar D - contains a lot of supply, how do we know? By comparing bars with similar volume, bars A to C give or take have the same volume, yet the spread of bar D is very small in comparison this indicates a battle between the bulls and bears, there is much trading/activity within this bar. A case of Effort vs. Result, with all that volume "Effort" the spread or movement is limited, giving the "Result" By comparing to bar C (similar volume) the bulls managed to push the market up 20 odd points, yet bar D only 8 or 9 points, the only thing that can do this is the presence of selling, it has to be. This is to be expected because we approach resistance and make new highs, sellers will active. The real question is, did demand overcome supply in bar D?

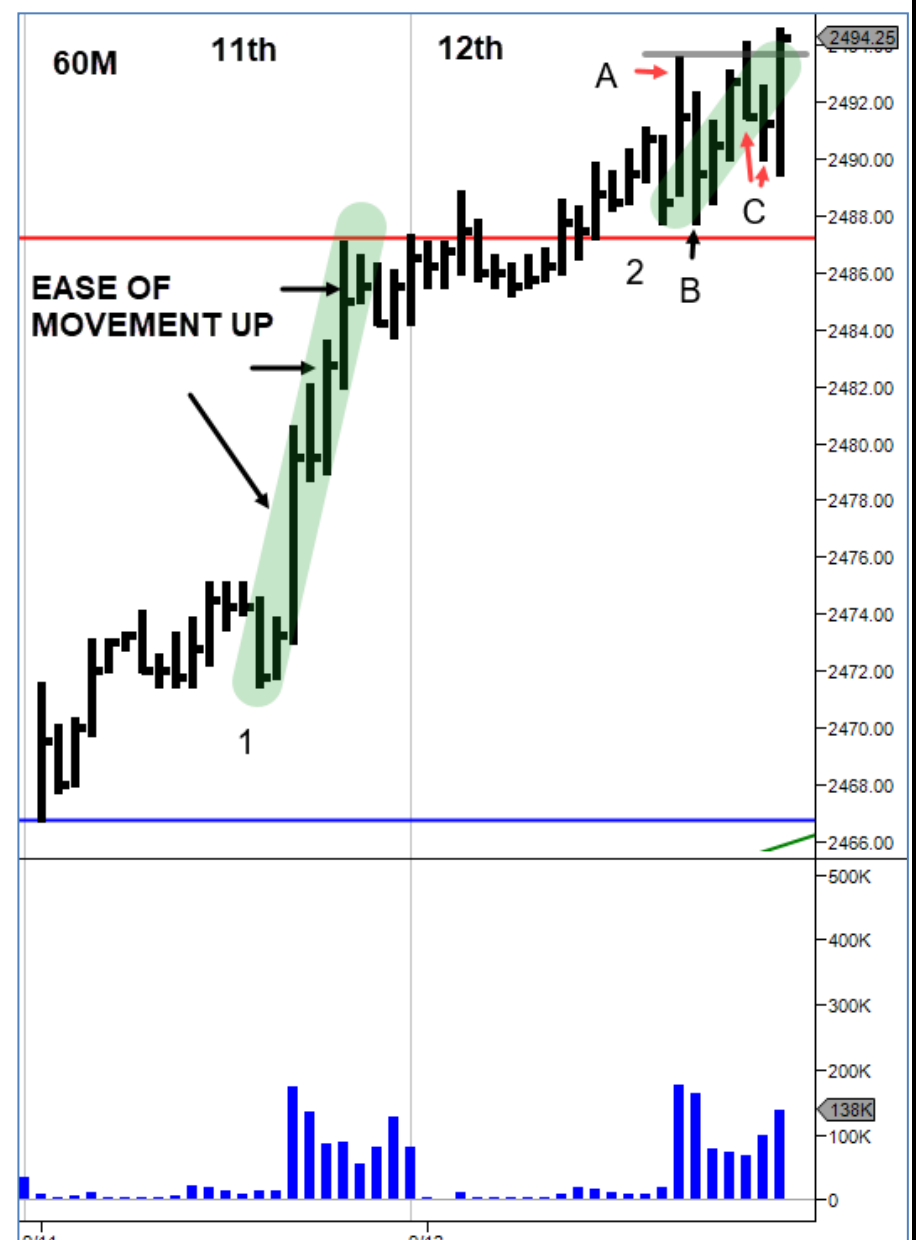
Via the 60m chart we gain additional insights. First thing to note is that waves 1 and 2 (green opaque) are worlds apart. Wave 1 - we get good flow to the upside, with buying of good quality, decent price action, bars closing firm etc. Demand overcomes supply, buyers in control. Wave 2 - same daily volume yet price is stumped producing very little upside progress in comparison, if we dissect the days bar by bar we can gain further insights

A - Buyers step in, close well off the highs, sellers are present

B - No continuation to the upside, sellers push it down, breaking bar A's lows. Buyers step in and close it near mid bar. The next couple of bars we rally, no real volume, spreads have narrowed.

C - First bar we upthrust the highs of A (weakness), followed by downside follow through with an increase in volume (weakness)

The last bar looks extremely bullish, however being the US close many types of traders are active, if we take all the day's trading into context, sellers have shown their hands and proved that demand is NOT in control, yet we can also clarify that importantly the sellers are not in control either, this sets up difficult trading conditions for tomorrow's session. Luckily we have structure in place to base trades around, the first being support at 2488.50 (old all time high from 08/08/17) and yesterday's high. This kind of price action behaviour is reflective of the markets nature due to the mass behaviour of the participants being uncertain



During the overnight we trade through the old all time high back and forth a couple of times, before we break decisively in the European session, come back to test and is now an active support level as it holds. The US opens springing a higher level of local support (a subtle sign of strength, as the market by all rights should test the major level of 2488.50). From the spring we rally to A, which is an Effort vs. Result bar, how do we know? By comparing to the previous bar - it has same spread with an additional 1/3 of volume, all that extra volume is supply otherwise would have made higher prices. Bar B gives a good response, we then try to rally and print a no demand in a previous area of supply (Bar L) ordinarily this is a superb setup, and would be traded, however price is still within the trend channel and after 15m from B we don't get going to the downside, contextually not correct, we still have strength behind us, need more reasons to make a short play

Bar C - Entry 1, why? This is a weak attempt to break resistance made by bars A & B, as we approach volume is much lower (compare orange and purple highlights) price action is weaker, spreads have narrowed and importantly volume has declined - Wyckoff states "It takes equal or greater volume to break a previous area of support and resistance", in price action terms we get a lovely little 2 bar top reversal/upthrust and in-turn we break the demand line in our mini channel. We know a reaction of sorts is due and have enough reasons to make a nimble trade to the downside

Bar D - Exit 1/3, first support (+1.75 points), Bar E - Exit 1/3, next support level, this bar is indeed a mini climax, why? We adhere to a downtrend channel, break and become way oversold, then proceed to bounce off local support level closing mid bar, this bar tests the opening drive via the US open successfully (+3.00 points). Bar F - Full exit, as we break the downside channel after the potential climatic bar is enough reasons to fully liquidate, odds favour a test of resistance (+1.00 point)



Bar G - Entry 2, why? A no supply test into the mini climax bar (E) after we break the supply line from our mini trend channel (additional strength). NOTE - bar G is the lowest volume for the day, by comparing to the last down bar (pink highlights) it becomes crystal clear that at this time there is no supply in this market, odds favour a rally. Instant buy on the close

Bar H – Exit 1/3, first resistance (+2.00 points), Bar J – Full exit, again we try to break resistance and it's immediately reversed (weakness) volume isn't high, the market is telling us its having trouble breaking this level. As the bar closes right at the demand line, full liquidation (+1.00 point)

Bar K – acts as a shakeout bar with a huge surge in volume, this is very odd behaviour for this time of day. From a shakeout bar we would expect higher prices and look for long opportunities; however the market goes sideways for an hour or so producing untradeable conditions. Bar K combined with the corresponding price action makes for very sloppy trading. If we were to analyze the price action from 18:00pm I would say that demand has the upper hand, these conditions are not favourable for my trading style, which is OK, there is always another trade.

The market has produced another tight day (a 5 point range) we managed a couple of trades and banking a 3 pointer in these conditions is very well done (around 60% of the day's range) on a 40 point day that is the equivalent of a 24 point trade. We never know what the market will offer and should be grateful for any banked profits regardless.....time to lock in profits and call it a day.

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