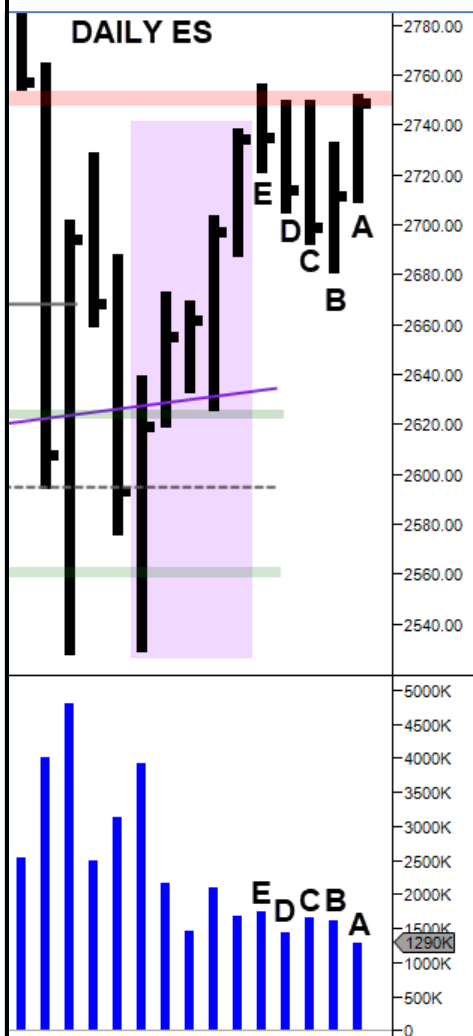


**Date:** 26/02/2018      **Market:** ES mini      **Timeframe(s):** Intraday – 5m,15m,60m,3500T

**Yesterday:**      **HIGH:** 2750.25      **LOW:** 2710.00      **CLOSE:** 2748.75

**Other levels:** res:2855-57.00, res:2810.00, res:2749-51.00, sup:2622-25.00, sup:2595.75 sup:2529.00



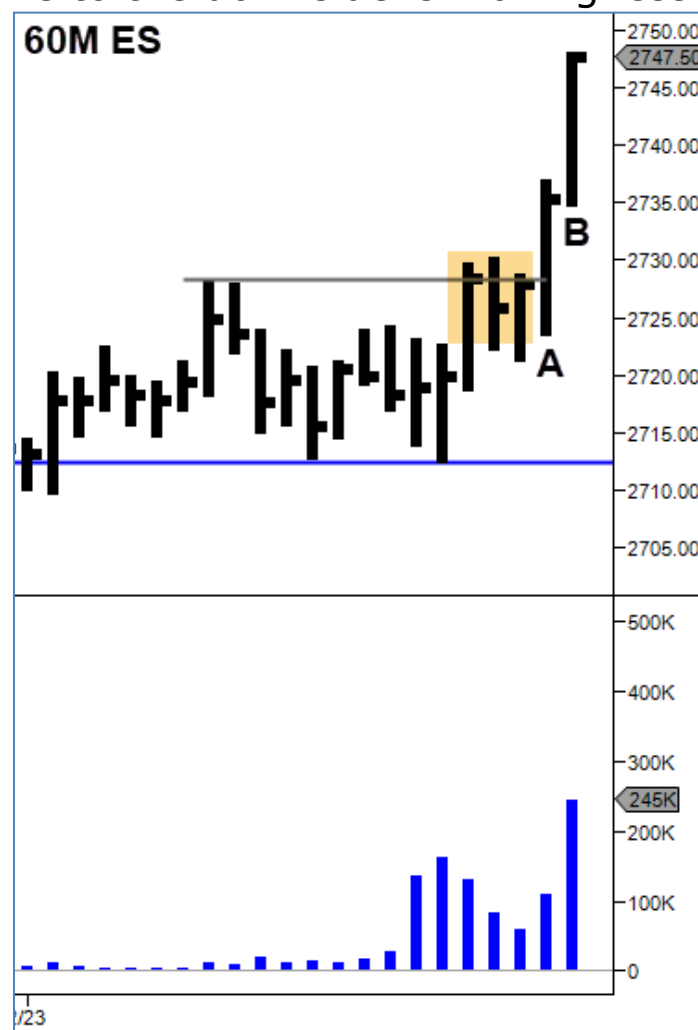
The S&P's is in a prime position to break through resistance that has held for a week. Why do we say this? The simple and compare and contrast analysis. The purple highlight contains buying of good quality with firm closes and wide spreads; this shows ease of movement to the upside. The pullback from E is very weak in comparison, although resistance has held from E to C were coming down begrudgingly (in comparison to the previous buying efforts).

Bar B prints; dips under C to find no further selling, then reverses, not necessarily firm but above the close and low of C, this bar therefore achieves something to note, there is buying in this market.

Bar A is a strong bar, why? Many people may think this is a VSA no demand bar at resistance (an up bar with lower volume than the previous two) however taking into consideration context, this bar is strong and tells me that supply is spent, buyers are in control for the first time in over a week. Let's piece this together; we have shortening of the thrust in closes and the extremes from E to C (each successive move to the downside is making less and less progress) this indicates that either buying has emerged or supply is tiring. Bar B halts any downside progress

and closes above the previous lows. Bar A has no downside follow through and closes firm right at resistance, the highest close since 8<sup>th</sup> Feb and it achieves this with moderate volume. If the market was going to fall further we should have had continuation from bar C, so at the close of A, we disconfirm supply at C, whilst on the same note confirming the strength at A, it rises on lower volume due to the lack of supply, NOT weak demand, a BIG difference

The 60m chart shows the strength of Bar A via the daily very nicely. Nothing more to say, the chart says it all; in a mini trading range, can't react from resistance (subtle hint of strength). The orange highlight illustrates this principle. Bar A then breaks with decent price action, followed by continuation via Bar B. Momentum is on our side with 2 hours of good buying; S&P's looks set for higher prices



Bar A - Entry 1, why? Clear of evidence of buying at 1, 2 and 3. Via 2 we become oversold in our channel and the market responds positive with a decent bar. Bar 3 we break the channel with superb buying, excellent price action – demand is clearly in this market. For the next 40 odd minutes we round over, we would expect some form of negativity as the market reacted in this area previous (bar after 1) natural to expect further selling. However the market is kind and we form a higher local level of support (additional strength). As we round over supply is seen at Y, 15m passes and we print bar A; a narrow spread down bar with the lowest volume of the day at support with buying in the background. This bar is screaming no supply and instantly bought on the close. The following bar is also a valid entry.

Bar B – Exit 1/3, at supply line via channel (+5.75 points)

Bar C – Full exit, a huge case of Effort vs. Result in an overbought condition. Bar C has higher volume than the previous bar yet the spread is only a ¼ of the size, we therefore know there is a great deal of selling in this bar, it's possible we could be absorbing supply to drive higher but unlikely due to the angle of ascent (+8.50 points)

Bar D – Entry 2, why? In an uptrend making higher highs and higher lows, buying of good quality behind us, pullbacks are weak, with narrow spreads and low volume. The market provides a 2 bar



reversal at a demand confluence; demand line via the channel and support, an instant buy (as we pass the previous close during the reversal)

Bar E – Exit 1/3, first resistance (+4.25 points)

Bar F – Exit 1/3, huge surge in volume, spread narrows, a case of Effort vs. Result (+6.75 points)

Bar G – Stop hit, due to the last Effort vs. Result via C and we proceeded to continue north, it was worth a play to try and hold from the negativity at F. A protective stop was placed under the local lows and was consequently hit (+5.75 points)

Today's trading was pure and in-fact the very essence of trading. All one needed to apply was simple analysis by reading the imbalances between supply and demand. Buying was of good quality and the selling was poor, we then look to structure in the duration of the pullbacks to make long plays, very basic trading and much welcomed. Time to lock in profits and call it a day

Thank you for all for the support and private messages; The S&P Chronicles will be retuning 2 to 3 times a week, along with Twitter for Stocks, FX and anything non-ES related.

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