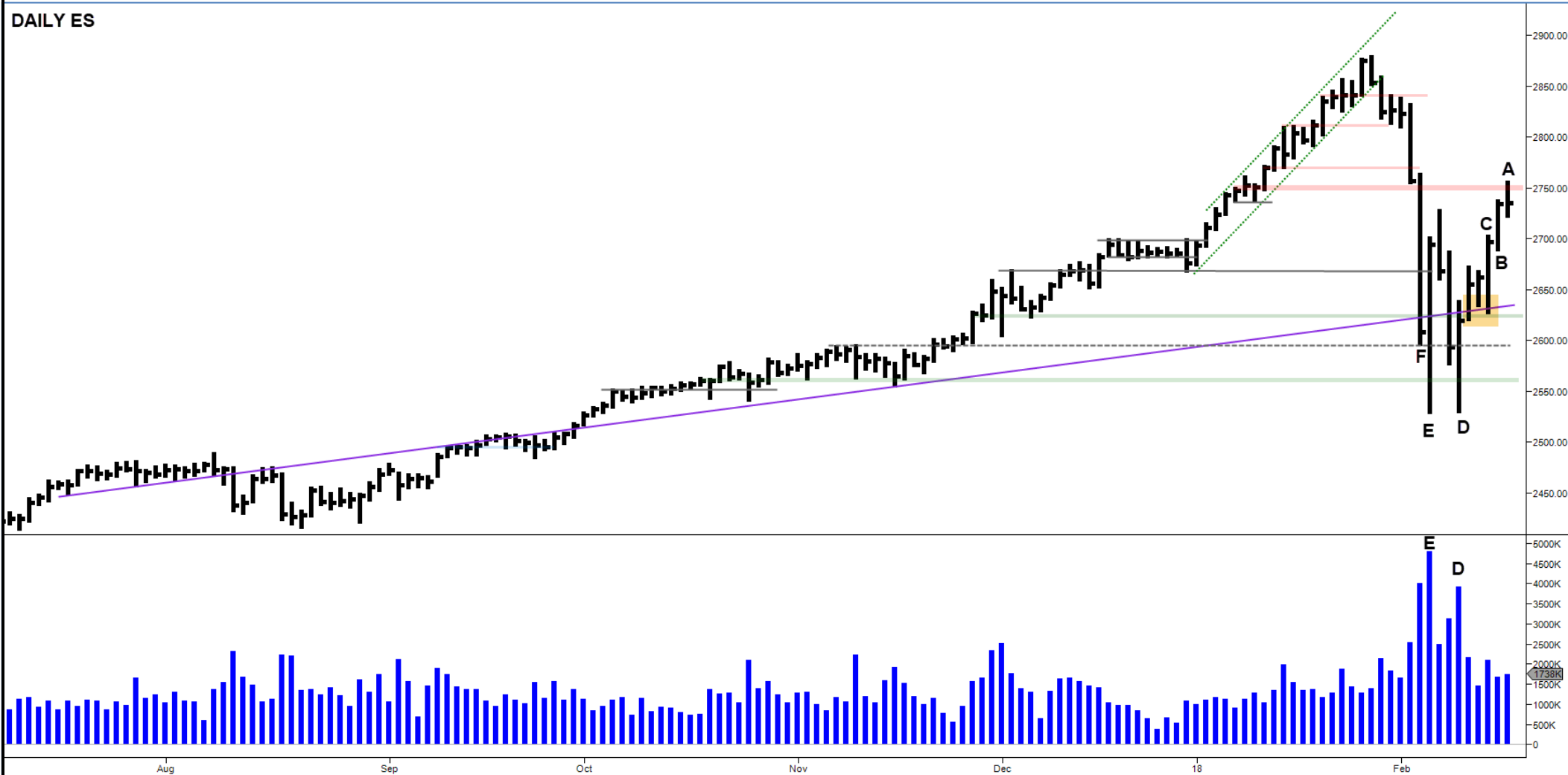


Date: 19/02/2018 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**
Yesterday: **HIGH:** 2754.75 **LOW:** 2722.25 **CLOSE:** 2668.25
Other levels: res:2855-57.00, res:2810.00, res:2770.00?, res:2749-51.00, sup:2622-25.00, sup:2595.75 sup:2529.00,

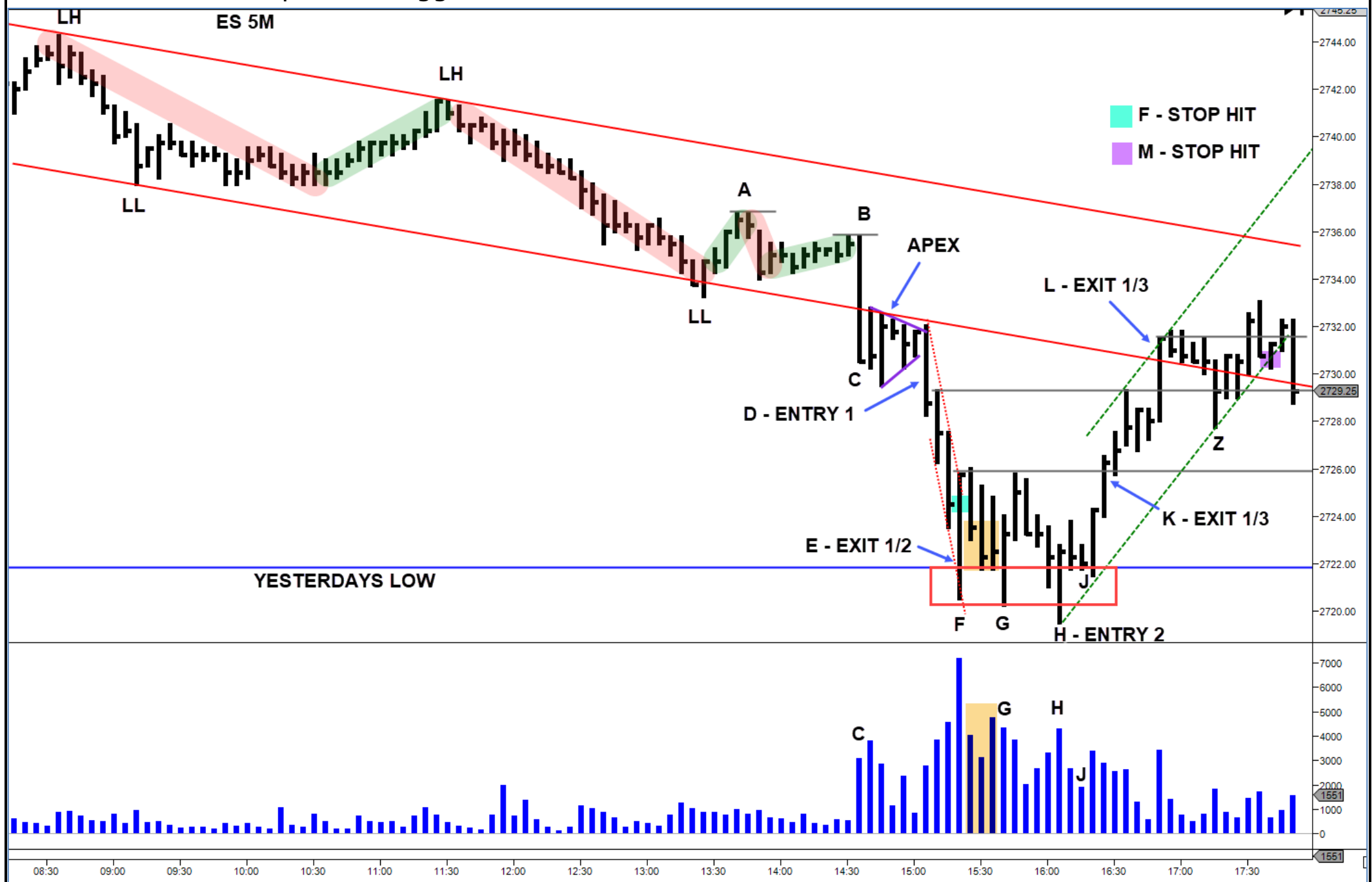


Fantastic trading from the S&P's of late; and as traders we are thankful for the much needed volatility. First thing to note is the huge buying at the lows from E and D, highest volume on the chart and we have bullish behaviour; both are up bars with firm closes. 5 million contracts were traded via E (give or take) this is ultra high and breath taking; a few days later via D we test the lows of E on very high volume. Appears to be a characteristic of this market; going back in history, for a few years on the S&P's every time we print high volume bars, we end up with double bottoms. Buying is clearly (for the time being) in charge; from D to A is a 200 point up move, very strong.

We must talk about the diagonal axis line that we constructed way back in July (purple line) After the extreme volatility (all structural areas are thrown out of the window during this period) and the market has had time to digest recent events/slow down a little, note how the axis line has held/acted as support 3 times (orange box) This area is a demand confluence via the axis line and horizontal support, it will be interesting to see how price reacts to the axis line on its next encounter, very good potential for a trade location

For the first time in over a week we have weakness in price action, with a resistance level holding (2 subtle changes of behaviour) Bar C has good buying, firm close. Bar B, spread narrows, volume declines but not proportionately, ergo we know selling is present; the thrust up (progress made) is waning. Bar A, a smaller spread then B, yet volume is higher bearish Effort vs. Result; in addition the close is in the bottom third of the bar with resistance right above us; selling at resistance with the buying tapering off (compare the spreads of D, C and B) odds favour downside progress for tomorrows trading. The important part of the analysis is that selling has emerged where it should, at resistance, and where is resistance? The initial point of the breakdown bar, the huge supply bar via F. The story of weakness for a potential pullback has legs, all the pieces are coming together

The overnight action provided the necessary conditions for Bar D Entry 1, why? First of all, the basics; we are in a defined downtrend making LH's and LL's (this trend has lasted 10hrs) At A we are unable to test the supply line from our channel, with the previous LL being slightly oversold (highlighted grey) we should, by all rights test the opposite side of the channel once violated, here we only manage to reach half way. This tells us a) supply is emerging or b) demand is weak, due to the fact that the downtrend has lasted over 10 hours; it's the lack of demand. From A, there is a nice little move down, showing supply in price action terms, then the rally to B is lacklustre, a complete lack of buying force (the opaque red and green highlights should help illustrate this point) Bar C, the US opens and we slam right down under the demand line and the apex that has formed, is unable to break back within the channel (weakness). The last bar in the mini apex is a no demand bar, having the lowest volume of the US session. Think logically; this bar tries to break to the upside through the apex and back into the channel, and that's the force of buying...? Very, very weak, don't forget we have background conditions of weakness via the daily, we have been in a downtrend for over 10 hrs making LH's and LL's, then the market is unable to test the supply line via A and B as the force of buying is weak, finally the US opens with a supply bar that drives down through the demand line and price thereafter is unable to trade back within the channel, it's a must trade, by combining all the elements of weakness together we get a read. Trading size was reduced due to a) the lack of liquidity being a US Holiday and b) the Apex was difficult to read, it was the background conditions that enabled me to pull the trigger.



Bar E – Exit 1/2, first support (+8.00 points)

Bar F – Same bar as E, very strong buying off support, as we break past previous close, stop was hit (+5.25 points)

Bar H – Entry 2, why? Buying at support (yesterdays low) bars F, G and H indicate clear buying, as bar H closed it was an instant buy (full clip size). Hopefully to the astute reader this is clear as day, there is no need for additional info. However there are tells for the newest followers amongst us. The orange highlight; with all that volume how much downside progress do we make? There isn't, we are holding support (note the cluster of closes) What's of interest is that bars, F, G and H, all dip under

the lows of each other, this is due to the lack of liquidity, there is a bully with enough contracts to trigger the stops for poorly positioned short plays under the lows, hoping to jump on board the next move down, this type of stop hunting can only occur on the S&P's this blatantly via public holidays.

If one is unable to initiate a trade at H; there is no supply at support via J (an even better entry as we get additional confirmation from the bar itself) and the following bar, shows good buying, the market is kind as gives 15m to jump onboard

Bar K – Exit 1/3, first resistance (+3.50 points)

Bar L – Exit 1/3, hit supply line via the flipside use of the channel (+8.25 points)

Bar M – stop hit, previous bar hints at supply, stop was moved to under the demand line, due to the lack of trading hours. The genuine stop should be the lowest point within the mini trading range, under the demand line (Z)

Today's trading provided a couple of nice opportunities, the first trade was based on background conditions (advanced setup) whereas the second trade was clear buying at support; mini accumulation for this timeframe (red box) and provided 3 successive bars to jump onboard. It is not wise to trade US holidays due to the liquidity, however being UK based and the recent volatility, I kept my eyes on the S&P's and she delivered. Hopefully in the near future (when there is no 3rd party conflict of interest) I can host a live trading session on a public holiday, going through the thought processes of how to construct a trade; nothing new, exactly the same as in the Chronicles, we just gauge the strength or weakness in the market, and use structure to lean against to keep risk at a minimum, on that note, time to lock in profits and call it a day

Email: feibel@yahoo.com

Twitter: @feibel_trading