

Date: 21/11/2017

Market: ES mini

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

News:

Yesterday:

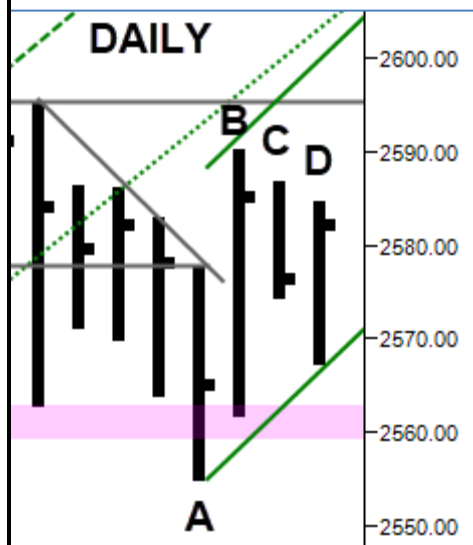
HIGH: 2584.00

LOW: 2567.75

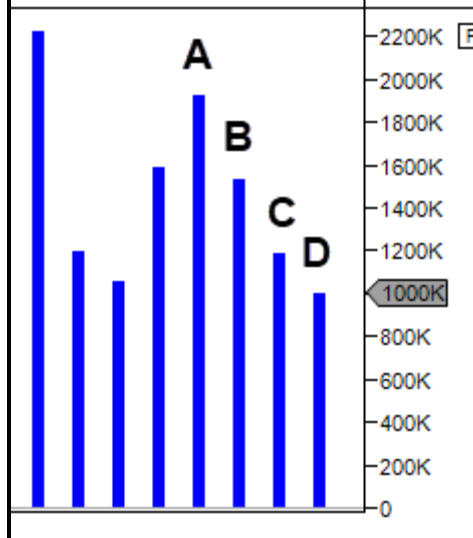
CLOSE: 2582.00

Other levels:

res:2594.50, sup:2560.00-61.00, sup:2550.75, sup: 2542.50, sup:2538.00, sup:2528.00-29.00, sup:2507.25

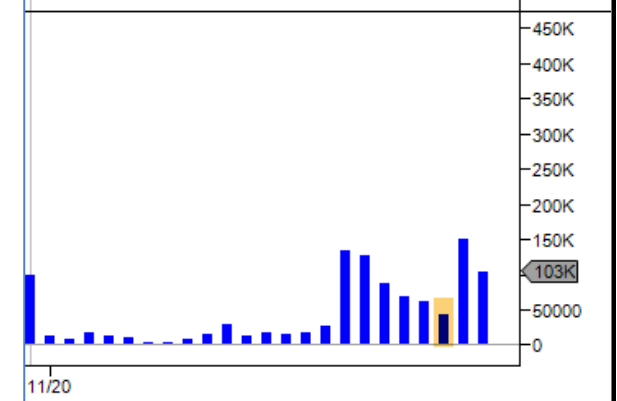
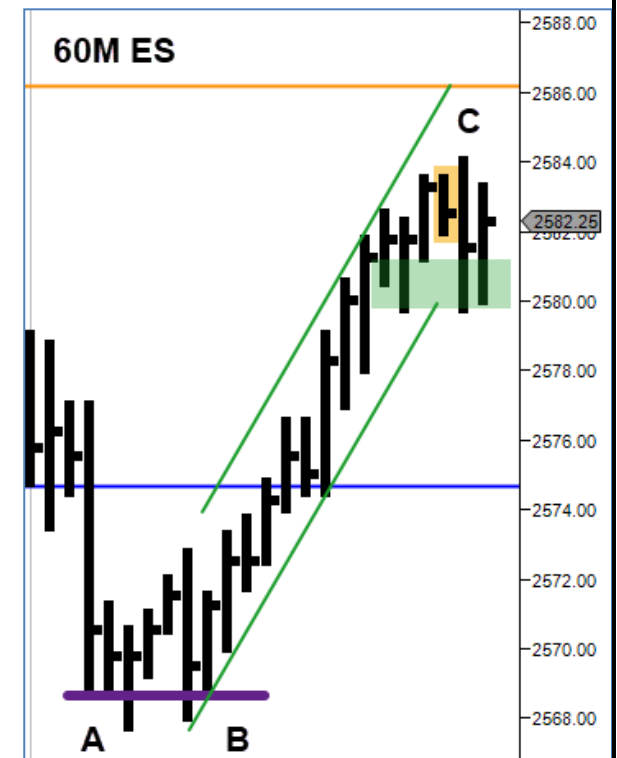


The S&P's should now be primed for higher prices. Bar B we get an excellent response from the negativity via bar A, followed by a lovely little test bar via C (narrow spread and volume lower than the previous 2 bars) Bar D dips under the lows of C to reverse and close firm fairly deep into bar C. The volume is light via D and for a more bullish tone price would ideally close above the highs of C, but the sellers have had an opportunity for lower prices, as we flushed the lows of bar C before reversing, from a daily perspective odds favour higher prices



The 60m chart we see the price action much clearer as it shows strength. Bar A - we dip under the previous day's low (Bar C, blue line) then price halts for 7 hours to B; the market provides no downside follow through, no further selling and reverses; this results in a rally for the whole day, to C. We break the demand line, which is of no genuine concern as the market is due a pullback, however we hold gains and form a mini demand zone (green box) every time price dips into this area, we hold a firm close;

this action combined with the nature of the rally behind us and the orange bar (basically a no supply bar, as it has the lowest volume for the day and the narrowest spread for the US session). The market is unable to react, we have had a decent rally and now it's time for the bears to pullback and we are unable to so - using Wyckoff thought process "through disconfirming supply, we get the confirmation of demand" ergo higher prices on the cards, both time frames are in alignment

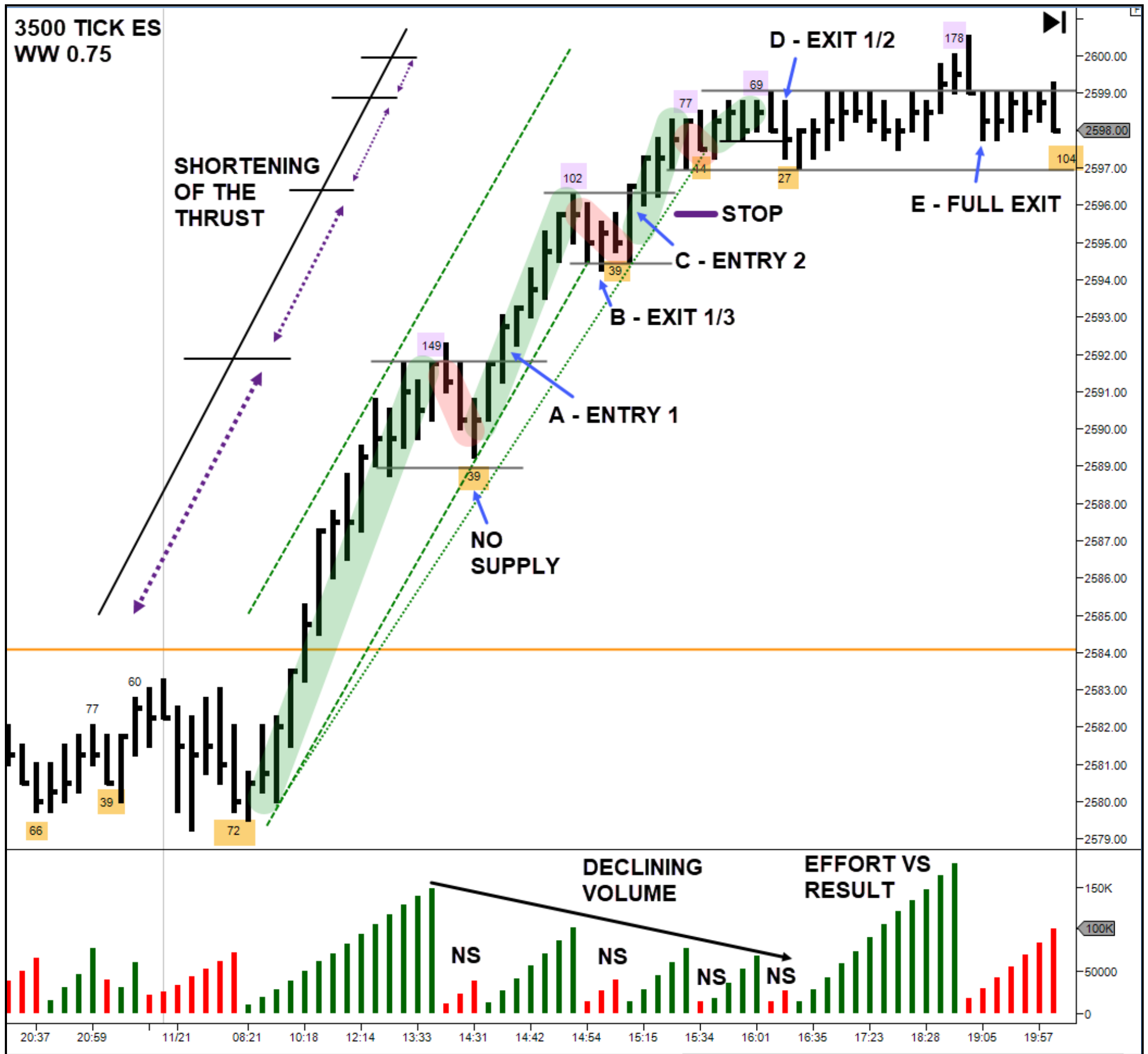


Bar A - Entry 1, why? As we approach the US open we have a large up wave with good price action and volume (149k, purple highlight) followed by a no supply wave with 39k. Note - this is a very weak pullback, not only after a huge wave up with decent demand, but in comparison to other prior pullbacks (66,39 and 72K) this wave is screaming "no supply". As we break local resistance the market pulls me in fro along play, as this setup is also working with our premarket analysis of strength. It is very rare that I trade this close to the US open, but when we get a read this strong the trade must be triggered. This setup is a weak pullback after a new momentum high

Bar B - Exit 1/3, breaks the demand line (+2.75 points)

Bar C - Entry 2, (add additional contracts). This set up is exactly the same as entry 1, with the added bonus of another wave up with 102k contracts; demand clearly still in control. The pullback is exactly the same with a mere 39k. Nothing more to be said, higher timeframes all in alignment with no signs of selling pressure

Bar D - Exit 1/2, as we break local support, liquidate half. It's clear to see that we have shortening of the thrust the upside, each successive wave higher is making less and less progress. Note the wave volume is declining also. Although supply still hasn't showed its hand, it's wise to lock in partial profits when we can see the market struggling higher (discretionary of course) the green opaque waves illustrate this concept beautifully (+6.00 points and +1.50 points) Stop (purple line) was moved to this location after the 14k pullback



Bar E – Full exit, we have held a tight range for over 3 hrs and produced a huge case of Effort vs. Result. At this point we don't know whether the wave is absorbing supply or that supply is emerging, but due to the negativity of the price action (bars closing on their lows) shortening of the thrust to the upside and a failed breakout with price returning back within the channel (which is an upthrust) our long positions under threat (+6.50 points and +2.00 points)

As the S&P Chronicles were being produced the market has printed a huge wave down (104k orange highlight) which we can also interpret as Effort vs. Result, combined with the last Effort vs. Result wave higher, the market is very hard to read - this is of no surprise as price has approached a major psychological level of 2600.00. Time to lock in profits and call it a day

Email: feibel@yahoo.com

Twitter: @feibel_trading