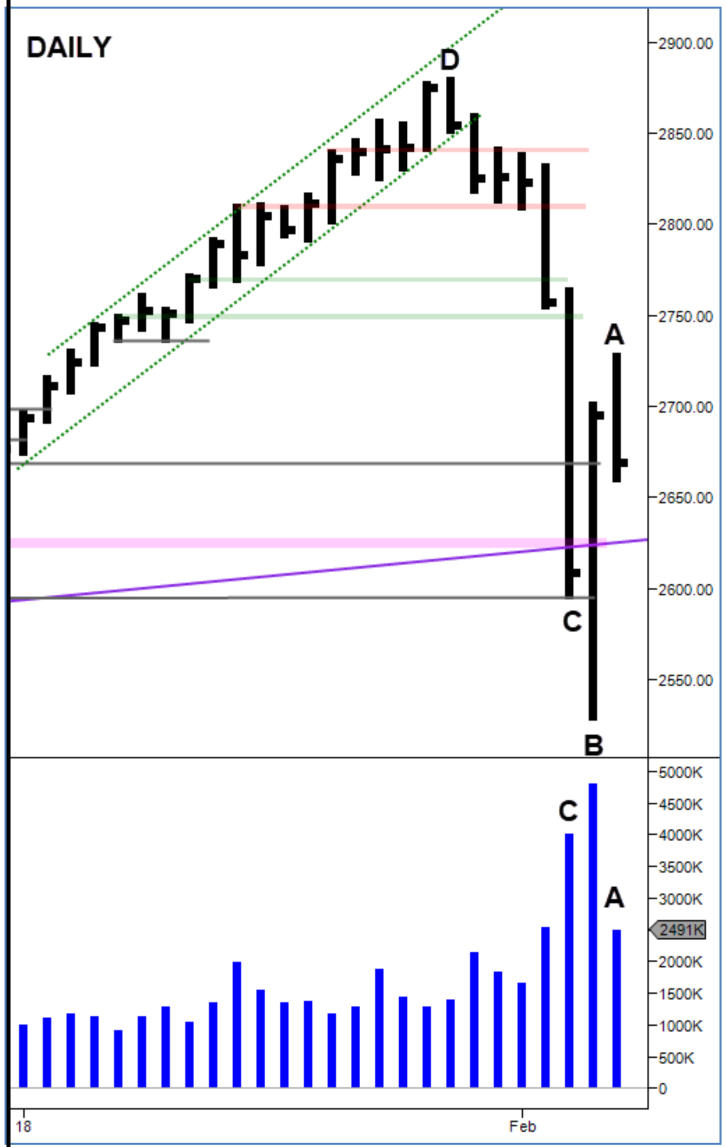
Date: 08/02/2018 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2726.75 **LOW:** 2660.50 **CLOSE:** 2668.25

Other levels: res:2855-57.00, res:2810.00, res:2770.00?, res:2749-51.00, sup:2595.75 sup:2529.00, sup:2698.00,



The S&P's has finally entered times of volatility, which will produce some excellent trading for the foreseeable future. It will take much effort and time for the market to find equilibrium, digest recent events etc. especially as the market was way overcooked.

Bar A is an excellent bar for future price prediction, as this action occurs multiple times a week via a 5m timeframe. We apply the same analysis as we do day in, day out via the intraday. Markets are fractal in nature - the same events/patterns/principles occur on all timeframes regardless, whether it's a 30 second, 15m or daily chart.

The market drops hard from D to C (a huge change of behaviour) Bar B is a good response that does contain a great deal of buying that retraces deep into bar C with a firm close, however the weakness is far too great for a V-spike reversal, it's possible, but highly unlikely. What does bar A bar tell us? There is a great deal of buying in B, yet at A we break the highs, buyers were unable to hold/sustain the buying and sellers drive it back down with good volume (compare the spread and volume of A to B & C, the volume is relative, this is not light volume). Analysing B from a bullish stance, we would want to see a test bar; very light volume, small spread, preferably an inside bar, closing weak or in the middle etc. Here we get the opposite, and actually disconfirm demand at the highs, where as the action for a test, would have disconfirmed supply. The market provides critical data, both being negative; ergo downside progress is highly favoured.

The S&P's is not responding well to support levels at present, however there is one KEY area of interest, the lows of bar B. The market should test/visit this area due to the high volume, if we dip under and further selling comes into play, there would be no doubt that the S&P's is in trouble. If we dip under and reverse to close firm, we could expect a trading range/lateral movement for quite some time, we would need to gage the strength of the rally and how much upside progress can be obtained for further analysis.

The weekly chart provides structure and may give us a heads up for future price. The nature of trend channels come into play; when we become overbought (orange highlight) the market often tends to reverse and fall hard, more often than not to test the demand line (complete logical action) Price can occasionally penetrate the demand line a little due to the momentum. For all intents and purposes via the weekly there is some form of demand confluence (red circle) if price manages to reach this level, it will be interesting to read the action, this level held since late March 2016. Given the look and feel of the S&P's if we approach this without a relief rally, a clean break would be expected. The use of the monthly chart would be needed for potential areas structural guidance

During the overnight we form a nice little uptrend as illustrated via chart 2 (BB). This is broken via A (chart 1) with a change in behaviour, good solid increasing volume and duration. The rally to B is suspect as its Effort vs. Result and contains hidden selling (due to the extra volume) the sellers are capping upside progress; how do we know? By comparing to the previous down wave Y. There is a story of weakness emerging; change of behaviour, broken the uptrend channel and a bearish case of Effort vs. Result. This coincides with our daily analysis of weakness. NOW we have a licence to short, unfortunately this doesn't occur until D as there was no structure to lean against. One had to be patient; difficult when the market has fallen 39.00 points, but as we say ''there is always another trade''.

Why the trade at D? Story of weakness as above, sellers in complete control, good solid waves via A and B. The highest upside volume we have (B) was actually bearish. D itself was an upthrust of local resistance, plus we were unable to test the resistance (X) an additional sign of weakness

Bar E – Exit 1/3, first support (+16.25 points)

Bar F – Exit 1/3, oversold with a key reversal bar at demand line (purple dotted) (+25.25 points)

Bar G – Entry 2, why? Still have the story of weakness in the background, plus additional signs via F; the downside volume is monumental. As we rally, demand volume is very low and declines (blue arrow). This is another upthrust; however in pure Wyckoffian terms, and for those who have been following the S&P Chronicles in its entirety, will know this setup is the classic '' Rally Back to Ice'' and is picture perfect

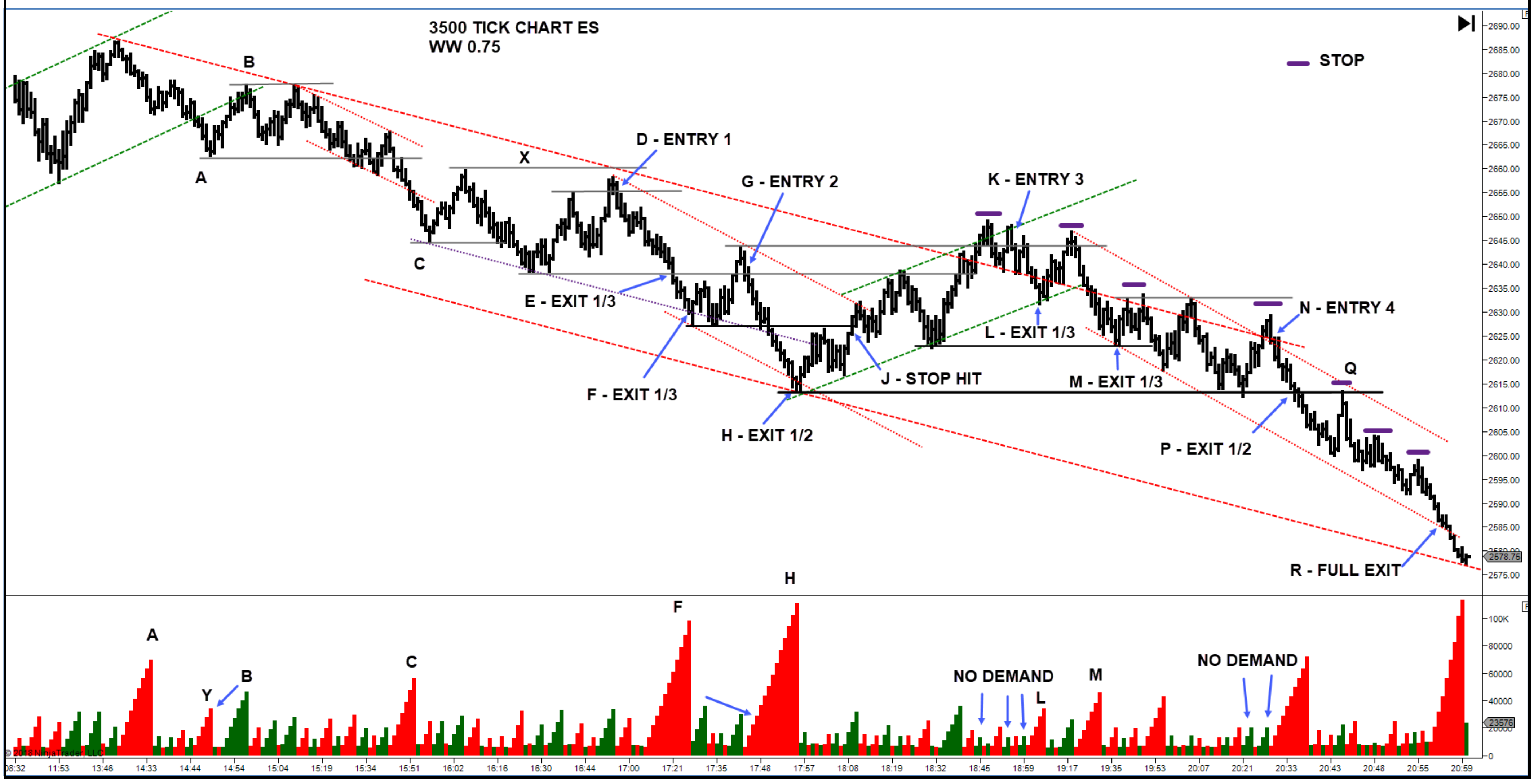
Bar H – Exit ½, oversold in channel (+38.50 points) and (+17.75 points)

Bar J – Stop hit, rallied above the last swing high, after wave H this was surprising (+9.75 points)

Bar K – Entry 3, why? Firstly, sellers are in full control, there is no demand anywhere from H to K, NOTE the upside wave volume, lacklustre to say the least. The rally is a little profit taking combined with the sellers taking the foot of the gas, the big players are at lunch (NOTE the time) What gives this trade credibility is structure with 4 supply confluences; overbought in the green uptrend channel, at horizontal resistance, flirting around the with major supply line via chart 1, and the supply line holds via chart 2, soon as price closed under resistance at K, it was an instant short. Both of these channels were plotted, however was a little messy for the Chronicles, hence the pruning.

Bar L – Exit 1/3, demand line (+9.00 points)

Bar M – Exit 1/3, support (+19.50 points)



Bar N – Entry 4, why? Story of weakness, supply still in full control, downwaves are much larger than any up waves. As we rally to a supply confluence of the micro channel and the major supply line with over head resistance near, we have NO DEMAND

Bar P – Exit ½, fairly decent support (+29.75 points) and (+11.75 points)

R – Full exit, oversold in channel (+47.50 points) NOTE – how the purple stops (swing highs/up legs) were never hit all the way down from K, this market is liquidating in a big way, very weak

Today's volatility provided some excellent trading, much better than the previous Chronicle. Opportunities are littered all over this chart, far too many to mention. The best setup for today (although I didn't execute as already in position) was bar Z; perfect structural confluence, via resistance and the supply line, after a failed 3rd attempt to break, a beautiful trade. Q another Wyckoff classic ''Rally back to Ice'' setup, tests resistance with no demand after the huge downwave. It was one of those days where structure came into its own, chart 2 genuinely illustrates the power of a few lines on the chart and the difference it can make, it gives us so much information in advance. Example; as we react from Z (chart 2) we can add our parallel demand line (1) this provides a target that is hit perfectly at 2, right at the end of the day. Every channel (up or down) adhered to overbought/oversold conditions, truly amazing. On that note, time to lock in profits and call it a day

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