

Date: 30/01/2018

Market: ES mini

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

News:

Yesterday:

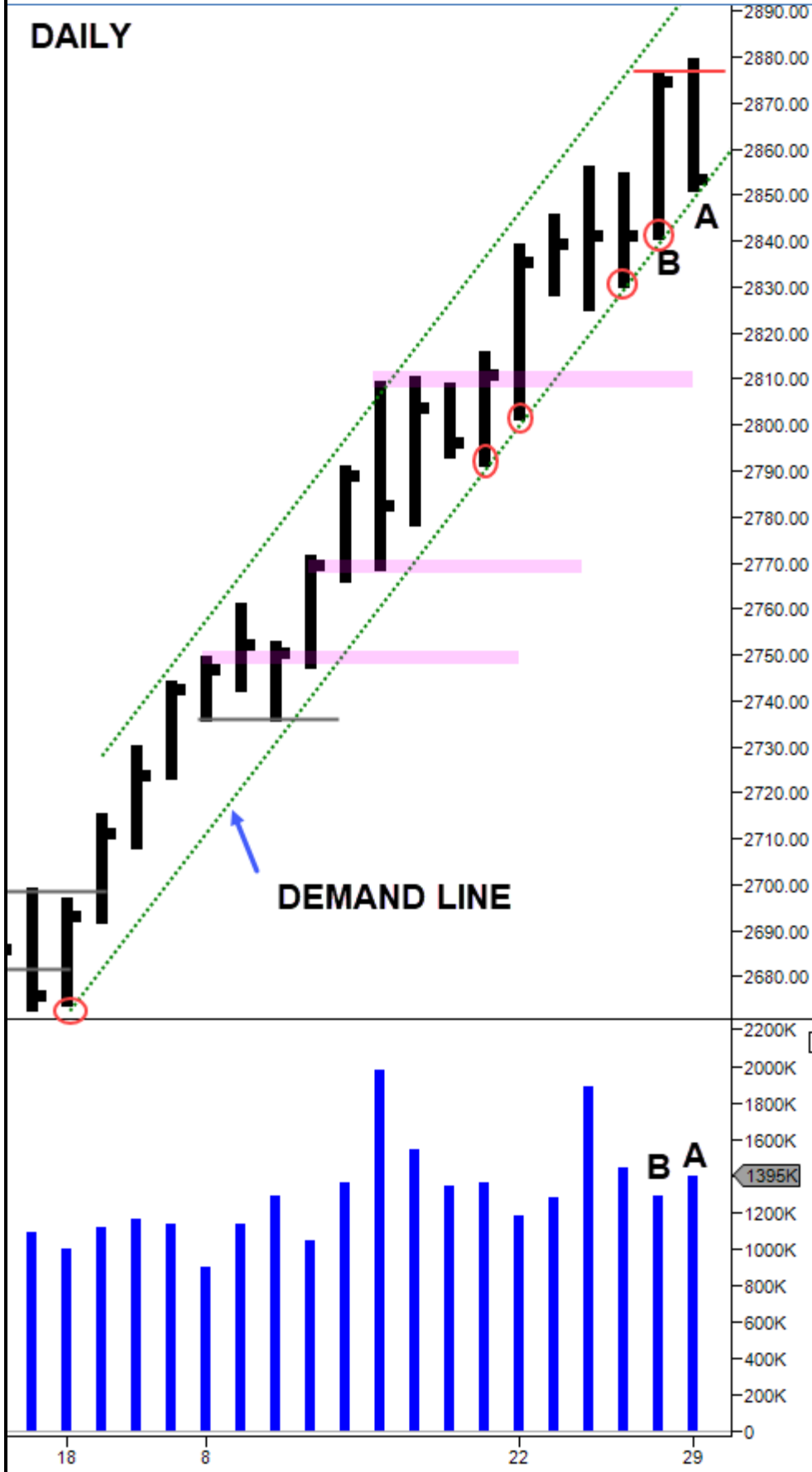
HIGH: 2878.50

LOW: 2851.50

CLOSE: 2853.50

Other levels: res:2906.50, sup:2810.00, sup:2770.00, sup:2749-51.00, sup:2736.50, sup:2698.00,

DAILY

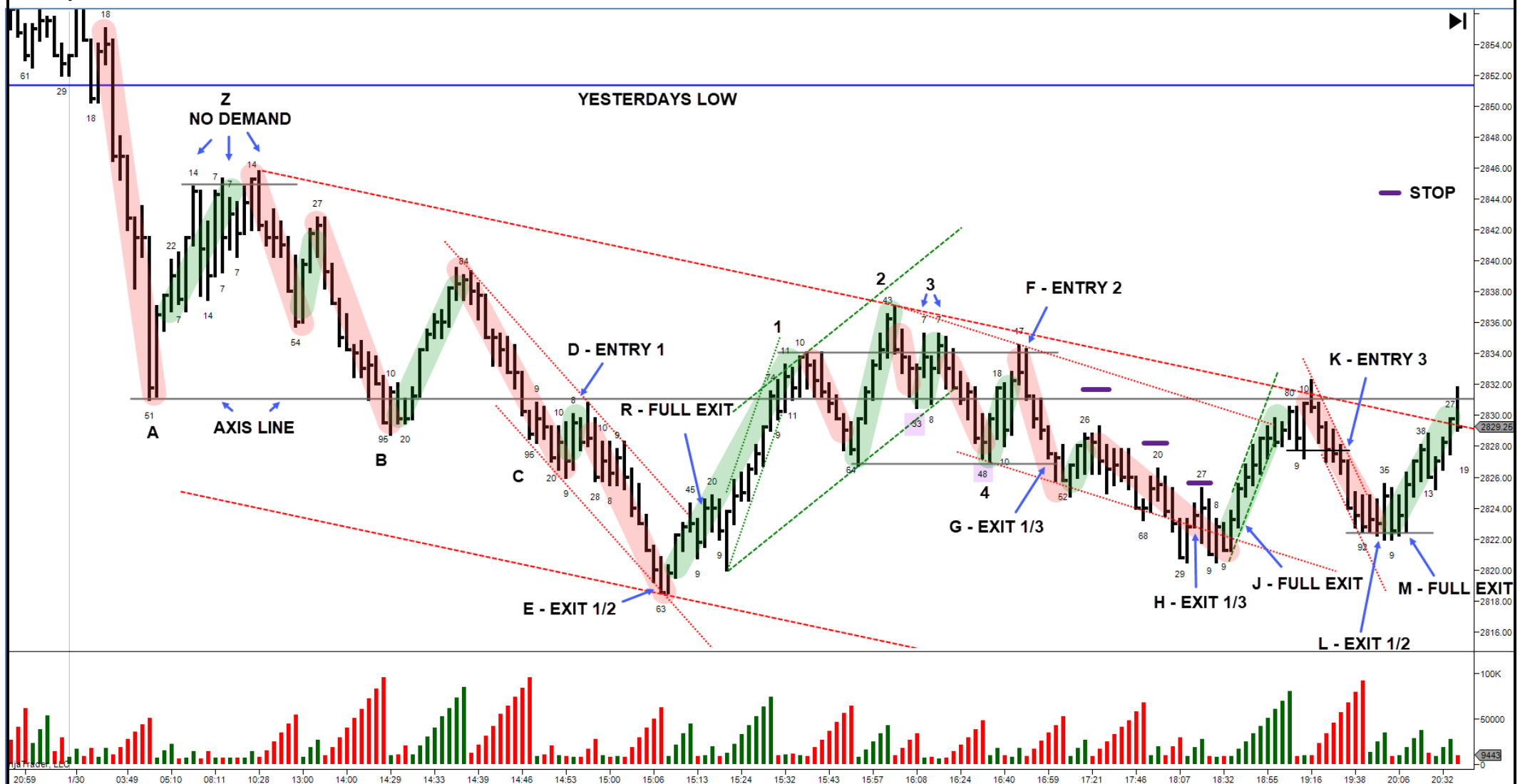


For the first time this year; since this unbelievable bull run started (the 2nd Jan) there is a potential for lower prices. Bar A is the only bar that has closed weak on the lows in this trend and it has closed slap bang at the demand line via our channel. NOTE - every time we have touched the demand line (red circles) buyers step in and close it off the lows, ergo buying emerges. This hasn't occurred this time round, plus we have the weakest close for a month. Both of these subtleties combined MUST be interpreted as negativity. In addition, bar A pops its head above bar B, before reversing and closing weak (a hidden upthrust). There is weakness in price action, structure and behaviour all adding to our story. The real key to tomorrows trading is the demand line, will it hold? Due to the reasons above, odds favour some form of downside follow through, and this will be the first time the bears have had a chance to sell and stretch their legs; has the potential for a substantial move. If the bears really get going we could test support at 2810.00, although this would violate the AVT of this market at present. Bear in mind we cannot ignore the fact, that the S&P's is incredibly strong, this behaviour is not climatic by any means, however we are well overdue a pullback of sorts and this is the first genuine opportunity I have seen for a while, should be an interesting day to trade



The 60m increases our view of negativity. We break yesterdays high (YH) with no demand (ND) and drop all session. Supply at A, weak rally to B and supply at C. The 60m chart is screaming weakness, all the volume for the day (highest) is supply related that has an affect; they accomplish new lows, break support with wide spreads and weak closes. When the market tries to rally via B, volume declines dramatically. Using our compare and contrast analysis, we establish that the selling is of high quality and the buying is of poor quality. Odds favour lower prices on both time frames

Right from the get go during the Asian session we break yesterdays low (our daily demand line is in this area) and we fall hard to A with great ease of movement (EOM). There would have been many stops triggered due to the trading hours (thinner) adding liquidity, this in turn would have a snowball effect, hence the huge move; 20 points during the overnight is significant. From A price rallies to form a lower level of resistance, where there is no demand; no ability for higher prices, sellers are stepping on price. The market continues to fall to B where we make a lower low and lower high – a confirmed downtrend. We rally and come back down to support where we break at C with sustained volume, sellers are in control. Compare the selling waves to the buying waves (red and green opaque highlights) Worlds apart, good EOM and higher volume for the sellers. As we break overnight support, the market prints 3 no demand rallies (9k, 19k and 8k contracts) this action occurs at resistance after a huge wave down with 95k contracts. This leads to the entry via D, why? Daily analysis is weak, and follow through has emerged, we have broken the demand line via daily structure decisively. Today's price action has confirmed further weakness with good waves down in movement and volume, NOW we are at resistance with no force to break – an instant short, anywhere in here is fine



Bar E – Exit 1/2, oversold in our channel, only piece of structure to work with (+10.75 points)

Bar R – Full exit, breaks supply line (+6.75 points)

Bar F – Entry 2, why? We note the strong waves up via 1 and 2, however via 3, there are two no demand upwaves, both 7k holding resistance. As we fall to 4 we break the demand line. Price rallies back to F where we hold resistance with a higher force of buying (17k). There are 2 subtleties to add to this setup. The down waves are increasing in volume from the reactions at 2 (33k and 48K, purple highlight) and there is a supply confluence; horizontal resistance and the supply line from the major channel. The story; background on higher timeframes is weak, supply in control via the tick chart, recently broken the demand line from our micro channel, no demand at resistance with a supply confluence

Bar G – Exit 1/3, first support (+5.75 points)

Bar H – Exit 1/3, price holds the demand line, as we break and re-enter, we must liquidate part of our position as the market has every right to test the supply line. Stops were placed along the micro swing highs (purple line) (+8.75 points)

Bar J – Stop hit (+7.00 points)

Bar K – Entry 3, why? It's an upthrust via a supply confluence; major channel and horizontal resistance. Due to the nature of the last wave up being 80k, it was wise to wait for a break of local support and to let the market pull you in. Many Wyckoffian traders would trade the UT direct, of course this is a discretionary decision

Bar L – Exit 1/2, market is holding a higher level of support for the third time, closes round under (+4.75 points)

Bar M – Full exit, unable to break local support for over 30mins, why? Demand must be emerging; odds favour a test the axis line (+2.25 points)

Today's trading was not easy; due to the assumption of predicted volatility/activity the tick chart was solely used without the aid of the 5m chart, perhaps a mistake. The best trade on the chart is the no demand area via Z, this was not traded as I wasn't active in the markets at that time. However we can see price tighten holding a lower level of resistance after a good move down, perfect place for a short. Majority of the trades were used leaning against structure; an axis line, not the cleanest, but certainly valid. There were many plays to the upside that a nimble trader could execute from E, H and M; today I only wanted to be trading with the trend via the larger timeframes (down) as this increases the overall odds of success. For clarity 2 via the chart is an upthrust, and 3 tests (successfully) and the entry via F is a re-test. Time to lock in profits and call it a day

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