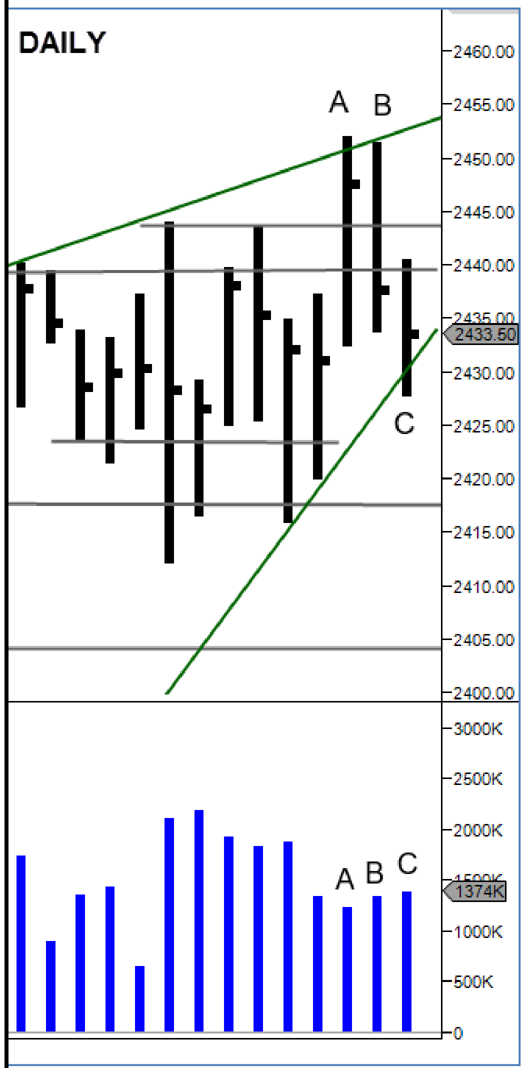
Date: 22/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2451.00 **LOW:** 2434.00.00 **CLOSE:** 2437.50

Other levels: res: 2471.75, res: 2443.50, res: 2451.50, sup: 2403.75, sup: 2437.00, sup: 2424.75, sup: 2417.00



An interesting day for the S&P, we had the opportunity for lower prices, yet a little strength emerged at the lows. The daily demand line held, although it has definitely been weakened as it was tested 3 times and penetrated. Bar C is technically a down bar, slight increase in volume with a mid bar close, the spread has tightened and in turn the average true range has contracted. We are mid trading range with no clear indication for today's trading. We have to use a logical approach – low's have been held, tested a couple of times odds favour a test of the highs

Looking deeper into yesterday's action via the 60m chart, supply is more evident and outweighs demand. However the last action made by the market was a holding of the lows. It suggests we may have an attempt to rally. This advance is very important, and a key level of resistance is our infamous range top at 2437.00. Saying that we have 2 important levels via the daily - a resistance zone 2440.00 to 2443.50, if we get to this area we expect selling, there is much upside resistance all local to each other. This may result in some choppy trading - the bulls will have to be out in full force or the bears sitting on the sidelines, patiently waiting (creating a path of least resistance) before aggressive selling

Game plan: Scenario 1 - lows made first; unable to break yesterday's low (or a mild penetration) look for weak supply and demand to emerge, apply bullish setups.

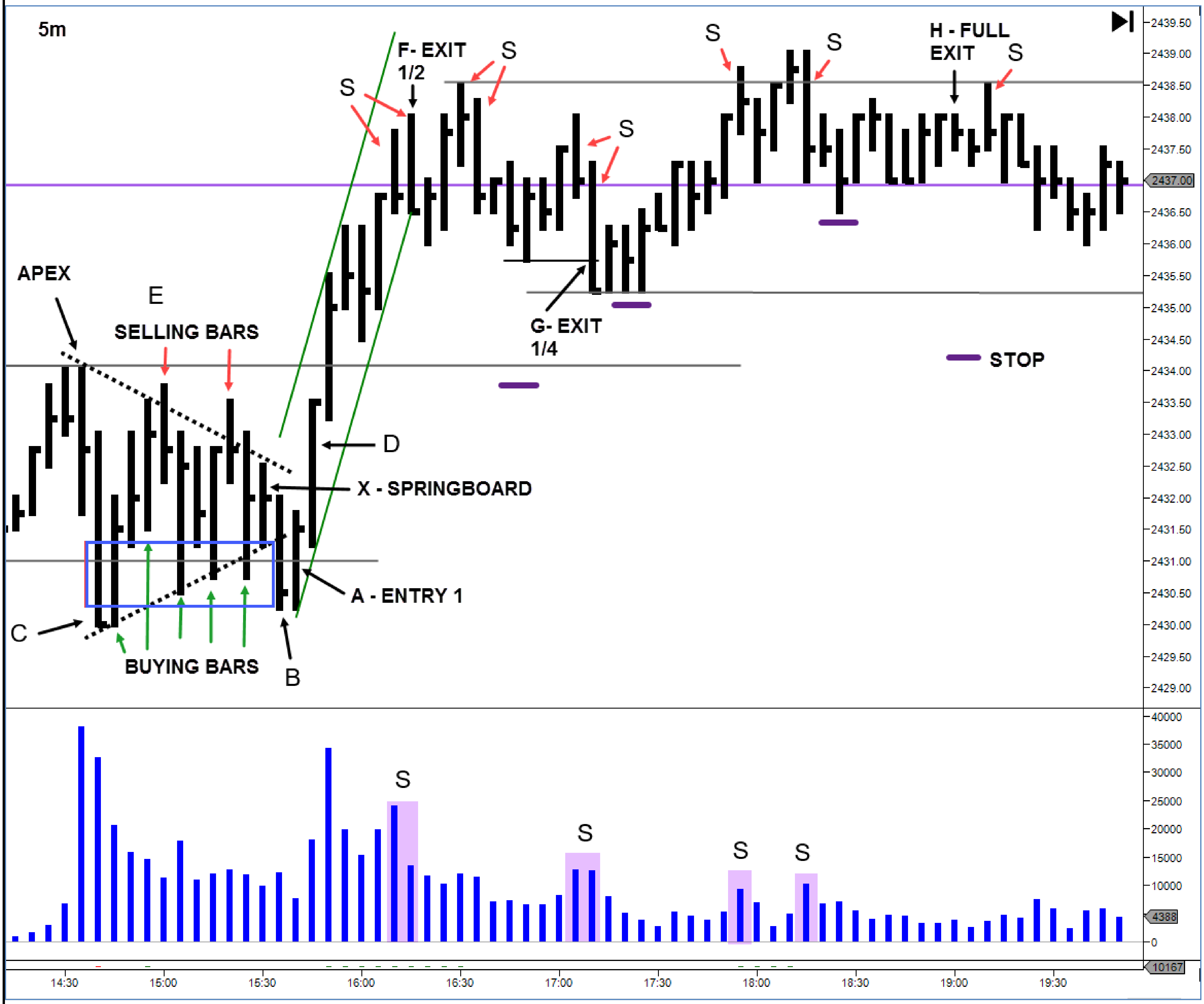
Scenario 2 – lows made first; knife through demand line, wait for a weak rally and short newly formed resistance, alternatively we continue south from the break and find demand at support (2424.75). Apply bullish set ups

Scenario 3 – highs made first, test 2440.00 to 2443.50, resistance area holds, analyse the quality of buying on approach, if weak, apply bearish setups

Scenario 4 – highs made first, breaks 2437.00 decisively, wait for a weak pullback, apply bullish setups. We must be cautious we have 2 levels of resistance above 2440.00 to 2443.50

Pre market session (European) we fall to yesterday's low, hold and bounce straight off with decent price action (bullish). US opens and we hold a higher level of support, drift sideways for an hour forming another apex, a subtle sign of strength, why? The market by all rights should test the support level below; as we are unable we must assume this is due to: a) the lack of selling pressure or b) the buyers are being aggressive and absorbing supply, either scenario is strength.

The apex itself was readable (much cleaner than yesterday's) it was the last 2 bars that gave the confirmation for a trade. Entry 1 – Bar A. First of all note the buying bars, decent spreads with firm closes. The selling bars were weak in comparison, spreads have narrowed and closes off the lows. The blue box highlights a buying zone, every time we dip in this area, price bobs back up. We had ample opportunity for lower prices on 2 different occasions (B & C) why didn't the sellers take advantage? Looking deeper into an apex the very nature is to coil down and gain energy - in this case the buyers are absorbing any supply, filling up their inventory, in turn this creates less friction or the path of least resistance, so when it explodes we move with ease (this creates the strong bars we associate with a break)



Bar X we are on the springboard, a reference coined by Bob Evans (Wyckoff called it a hinge) is the equilibrium point of an apex, right slap bang central. It's a phenomenon which still amazes me to this day (look at yesterday's Chronicle and all other apex's I have mentioned) this occurs time and time again. Usually, BUT not always the equilibrium point (the springboard bar) will often have less volume or the lowest volume within the apex - this is how we know it's ready to explode, a tell tale subtle tell. The trade itself - knowing all of the above and the nature of an apex, when we break at bar B, it's relatively low volume, the very next bar (A) we reverse to close back inside, instant market order, this was a fake break - I have seen this occur too many times. The bulls were adding the last few contracts to their inventory (mini shakeout). We were instantly gratified by bar D; THIS is the bar we associate with a break. Using all the subtleties of strength before hand, the apex itself and the fake break, is all we need to pull the trigger.

We more or less have the day's low, we want to hold the trade for as long as possible, as you know I like to take profits when they occur at logical targets, however if we manage to get the potential low of the day and the market has more to give (use the average true range for guidance) it pays to be patient. We must have our line in the sand (critical stop) and accept that sometimes the market doesn't take off and we may give back potential profits - we know that given the same opportunity time and time again over the long term it provides an edge for maximum profitability. Trading apex's are notoriously difficult, it takes time to fully understand and trade them confidently, yesterdays for example didn't provide an edge, which is OK, there is always another trade.

Exit ½ at F (+5.25 points), Exit ¼ at G (+4 points) Full exit at H (+6 points)

The trade was held for near on 3 hours and began to feel a little uncomfortable. There are more signs of weakness emerging than strength, the down bars have the highest volume (S = supply, purple highlight on volume histogram). The longer we're in a trading range the higher the odds we get for a trend reversal - this applies to all time frames. The market churns up and down for 45 bars; consider this action on daily or weekly time frame - being that markets are fractal in nature this would classify as an elongated trading range. The price action here is of no surprise we are in previous area of supply this was mentioned in yesterday's Chronicle, it's important as Wyckoff/VSA traders to always look to the left it gives us our background conditions which is of the upmost importance. Due to prior commitments I have to call it an early day, looking forward to seeing how this unfolds tomorrow

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