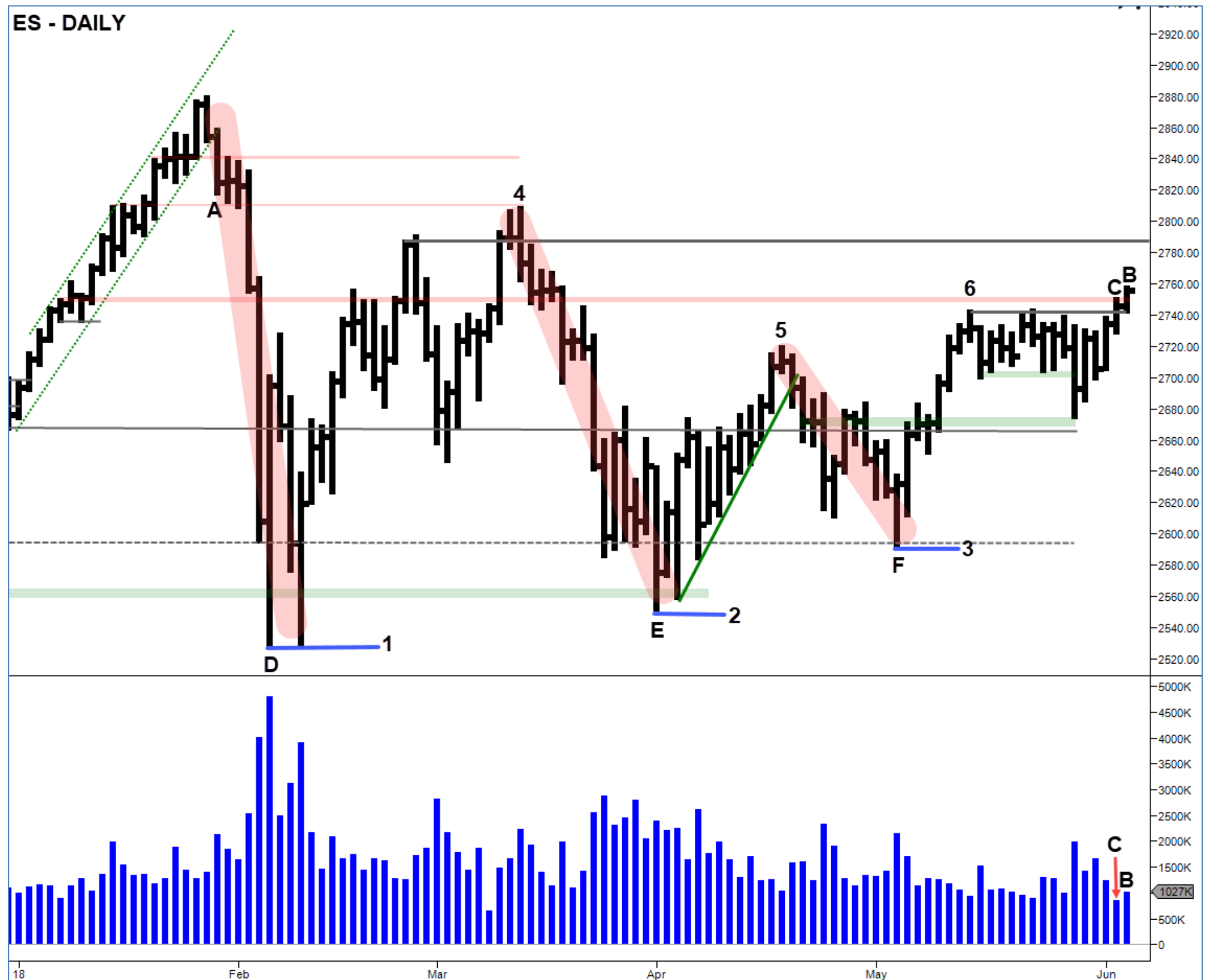


Date: 06/06/18 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T

Yesterday: **HIGH:** 2753.25 **LOW:** 2739.00 **CLOSE:** 2751.50

Other levels: res:2807.25, res:2788.00, res:2748-50.00, sup:2741.25, sup:2700.50-2704.50, sup:2668-70.00, sup:2594.50



For the purpose of intraday trading, one does not need a macro perspective of the market (within reason), just direction for the next day. However, price action of late has been somewhat intriguing, it's only by looking to the left of the chart that we can draw meaningful conclusions. Volatility has clearly increased since breaking the demand line via our channel at A, following the break we drive hard into new lows (D) the S&P's experienced severe weakness. Using our comparative analysis, we can see the strength of selling deteriorate for the next few months – the downwaves are decreasing in length, as illustrated by D, E & F. By quickly eyeballing individual bars within the waves, the selling bars have also decreased; spreads have narrowed and volume has declined. In addition, every push down holds a higher low, as seen, by 1, 2 and 3. Lastly, the buying waves are increasing in quality. The push to 5 is choppy, price bar overlap, mid closes, low closes, yet the drive to 6 the quality has increased, good solid price action, decent spreads, closing firm, NO down bars. It takes half the amount of bars (8) to make the same progress as the push to 5. In a nutshell, the selling quality has diminished, whilst holding higher lows (strength) the last drive to 6 is the best we have seen, importantly this occurs after the poor selling to F. From 6, price has held gains by forming a mini trading range (unable to react). Bar C is a no demand bar, yet bar B pushes higher with increasing volume and manages to close above two levels of resistance. It is a mild case of effort vs. result, although due to CONTEXT, the buying is absorbing any selling, ergo a bullish case. As of now there is white space above us with the closest resistance over 30 points away. The main target for the S&P's is 4, if we can break through this level there is no reason we cannot drive into new all time

highs. The highs at 4 will take a great deal of effort to penetrate, we should encounter supply as we are in the realm of the original break down bar that caused the landslide to D, so the question remains; will we encounter supply in this area like we did previously? Will the bears protect their original position? It will be interesting to see how the market unfolds. For tomorrow, odds favour upside progress, becomes clear when we can dissect the whole chart

From the US open we make a high via A, before selling off pretty hard to B, volume has increased, bars closing weak on their respective lows, yet price halts via B, its instantly checked and we have a mild rally for a few points, volume not overt. Bar C, selling has emerged again, highest volume for the day (also a volume aberration for this time) at this point we would be thinking that support should break (yesterdays high) and we would wait for a weak rally to apply short plays, as sellers are in control, however the market has other plans, price again has been checked at support and we rally with increasing volume to D, good buying; spreads wide and closing firm. NOW at this point, we must think of the effort made by bars B & C, extremely high volume yet cannot break support on both occasions; by disconfirming supply we get the confirmation of demand. Bars B & C both act as shakeout bars, its logical to expect lower prices from both bars, yet DEMAND has emerged.

Bar E – Entry 1, why? It's a simple test, look at the volume; this is not a lack of demand, the professionals withdraw from buying to the see the extent of selling that is left in the market before mark up. What gives this trade high odds of success is the higher time frame (60m chart) we spring yesterdays high - a spring on 60m chart is very powerful from a 5m perspective



Bar F – Exit 1/3. Breaks demand line (+4.00 points)

Bar J – Entry 2, why? This setup was mere price action based on logic. Yesterday's lows have been rejected in a big way, the 60m is in a spring position with NO SIGNS OF WEAKNESS on the chart.

Back to the 5m; from the open we have rallied 14 points or so, the market is taking a breather by forming a mini trading range, the key is that the market is not reacting - we are holding gains, a very important concept to understand. If we analyse the price action within the trading range, there are two 'no supply' bars G and J, there is no ability to sell this market, with clear evidence of buying via H, which is a hidden spring. If one missed the no supply via J (the lowest volume down bar for the day) Bar K presents an opportunity as it dips under the lows to reverse and close firm with a slight increase in volume. Ordinarily we would need structure to lean against, however given the context, being the evident buying at H and the background conditions of strength (no ability to react, higher timeframes etc) we can be somewhat aggressive. Entry 2 is an advanced setup and unadvisable to emulate or note especially for beginners, contracts were reduced due to the lack of structure



Bar L – Exit 1/3, huge surge in volume, feels climatic, rising too fast, too soon (+13.00 points and +7.00 points)

Bar M – Exit 1/3, high volume, mid closes, SOT, evidence of selling (+13.75 point and +7.75 points)

Bar N – Full exit, breaks demand line (+5.75 points)

Today's trading maybe somewhat tricky to those unfamiliar with our concepts (especially volume interpretation) the key aspect was using multiple time frames; the 60m spring gives us a licence to hold our trade much longer than expected as there is no weakness on the 60m chart. Again, I must stress that entry 2 is for advanced traders; by using the whole chart and understanding the forces of demand and supply in key structural locations we are able to take advantage of the subtleties. Time to lock in profits and call it a day

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