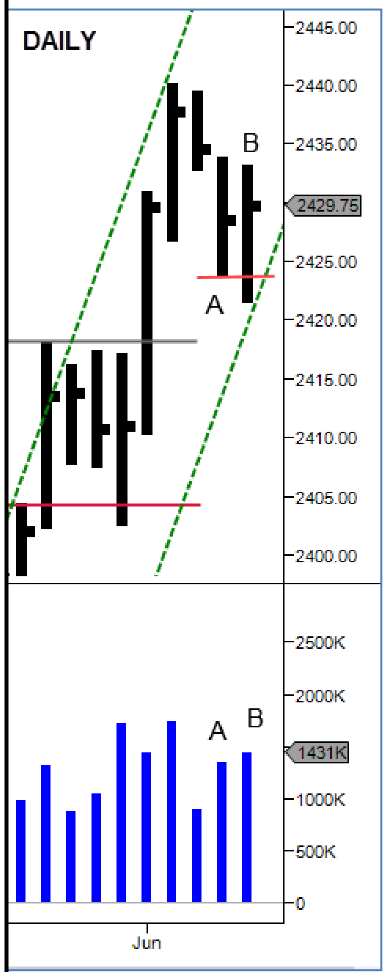
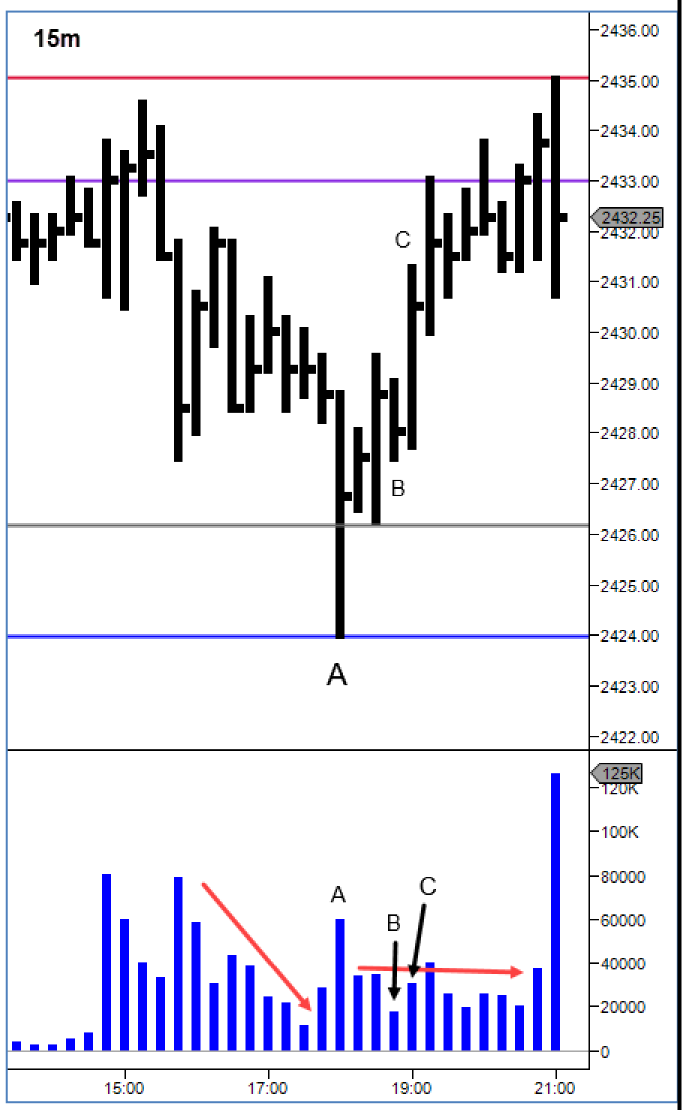
Date: 08/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2432.75 **LOW:** 2421.75 **CLOSE:** 2429.75

Other levels: res: 2466.00 (weekly supply line), sup: 2429.50, sup: 2417.75, sup: 2403.75 (multiday), sup: 2375.00



The S&P is flying high, a very strong market. Bar B dips under A, finds no further selling, buyers step in drive it up with some buying of good quality (as analyzed yesterday via the 5m). It closes firm above yesterday's close on increasing volume. Ideally a higher close would be extremely bullish, either way we would expect higher prices.



Does the 15m confirm the strength we see on the daily? Yes. As we react to A volume declines, the selling pressure is easing off. Bar A flushes all the weak longs (premature buyers - by scaring them out of position) breaks support dips down into the demand area (which we discussed via the S&P Chronicles ES060617) there will be a great deal of support & resistance traders that will be caught out as we break. The professionals are stop hunting filling their inventory, how do we know this? When live in the market we could see aggressive buying off the lows. The bar itself, closes mid bar back above support, but the key is bar B - a classic, beautiful test bar. This bar was testing supply. The professionals /well funded ease off, they let the market do is it may (left to the retail) there was no selling pressure, it's an inside bar closing on the lows with extremely low volume. We know the test was successful from the result at bar C. Looking back at bar A - this eradicated any excess supply, plus they filled their bullish inventory by stop hunting. We know there was a lack of supply before A occurred; this was a well orchestrated play by the professionals. The lack of supply creates less friction as we mark up, to get ease of movement. Less friction to the upside = less contracts the professionals have to absorb on the advance. Note how volume does increase to the upside which is healthy, although volume not that overt it doesn't have to be, because there is lack of supply. The whole picture begins to emerge by piecing the parts together. The question we now ask ourselves, is support stronger than resistance? From the information available to us at this moment in time, yes all indications suggest upside action.

Game plan: Scenario 1 – highs made first; we need to knife through the axis line and yesterday's high decisively, wait for a weak pullback and apply bullish setups

Scenario 2 – highs made first; break the axis line and yesterdays high. Find supply at the all time high/or weak demand. Apply bearish setups for play down to yesterdays high. These 2 areas must be merged into one. Wyckoff stated a vision of dams, we don't build dams close to each other, apply the same thinking with support and resistance levels - don't put them too close to each other. Merging these is discretionary. The amount of activity around the axis line is of importance but were beginning to trade through it, the line should hold cleaner (bounce off, less penetration), nothings perfect

Scenario 3 – highs made first, rally hard drive through all resistance including all time high, wait for weak pullback apply bullish setups

Scenario 4 – lows made first, use any level of support to find weak selling pressure and the presence of demand to apply demand setups

The market could offer slim pickings as we have the UK election later in the day. Many large traders will be waiting for the opportunities that the election will provide

The market proved to be tricky and a little hard to read. Near on 2 ½ hours to execute the only trade of the day; patience and discipline are the greatest tools a trader has, some would argue more important than the method/strategy itself and I concur.

Bars A and B we get a good move down, notice buying off the lows of B due to the close and the increase in volume. We rally back to the axis line, no trade - volume is sustained doesn't show a weak rally. Bars C to E very interesting behaviour - as we pullback volume increases (which is usually healthy) yet the closes are mid bar, why? If this was true supply the bars would close on the lows. Only one thing can cause this and that is buying. Comparing the reaction from A to B, and C to E we have much higher volume yet make less downside progress, a Wyckoff principle ''shortening of the thrust'' for all that effort we only net an additional 1.5 points to the downside.

The wave down from C to E has 111k contracts (as shown) if the bars are closing more or less in the middle, we can assume that half of that volume must be buying - which is approx 55k contracts. We rally back to the axis line and volume decreases. I would usually look for a short setup, but the anomaly at bars at C to E has caught my interest, if both the moves were flushing out weak longs and they have done it on two occasions (mopping up supply) It stands to reason there must a move pending to the upside. Giving this information we must look for long opportunities.

Bar F – dips under previous bar, closes firm on an increase in volume. Bar G - an important bar; looks negative yet the volume is the lightest we've seen all day. Bar H – this confirms the lack of supply, as we dip under its finds no further selling, reverses to close firm on a large pop in volume indicating that buyers are present. This trade is using advanced price action and is difficult to take, adjust clip size accordingly. Why the trade? We have noticed an anomaly that suggests buying and

SOT, grind north with good demand volume to I with 50k contracts, granted it's not the cleanest move but upside progress has been made and we have another important Wyckoff principle ''a change of behaviour, we have a new large up wave that is larger than the previous 2 down waves. We have 2 pushes down: at F with 8k contracts and G with 5k contracts, this shows supply is weak and drying up. Bar H combined with F & G was mere confirmation. Liquidate half as we become overbought in channel (red circle) +5.25 points. The buying becomes a little climatic we have the additional trend channel that also becomes overbought; we have a confluence of supply lines and resistance above us being the all time high. Bar J liquidate remaining contracts (+4.5 points). This is discretionary - bar J is a negative bar with increasing volume closing under the previous close, whilst were in 2 overbought positions. The market is telling us in advance that were due a pullback. Knowing this, the logical place the market will test is yesterdays high (2435.00) which is 3 points away - do you hold the trade hoping for another leg up or take profits? Lock in profits there is always another trade.

UK election pending for tonight, have to manage swing positions. Call it an early day

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