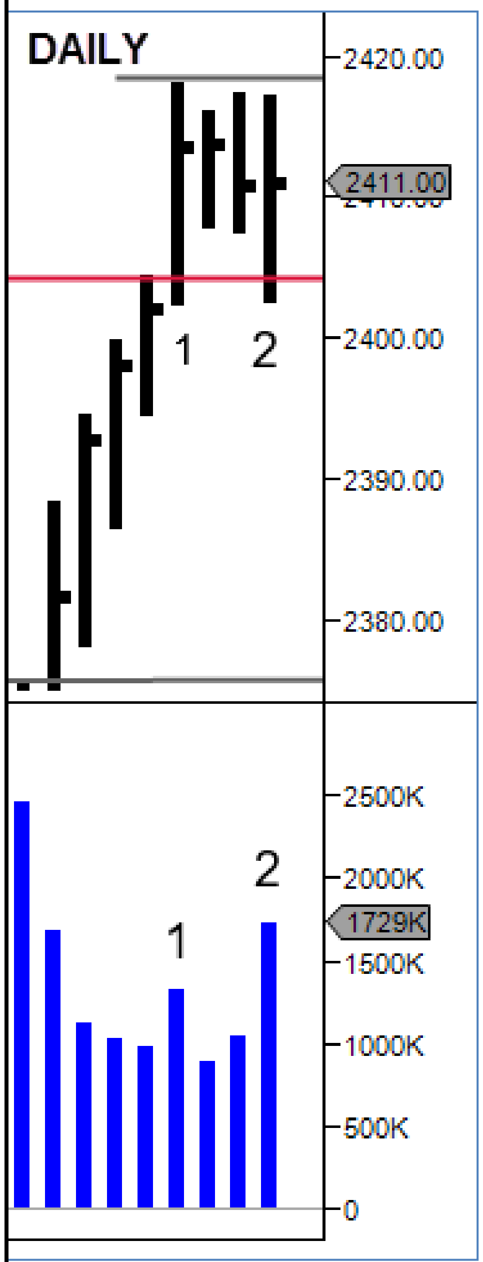
Date: 01/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:** ADP, ISM, JOB CLAIM

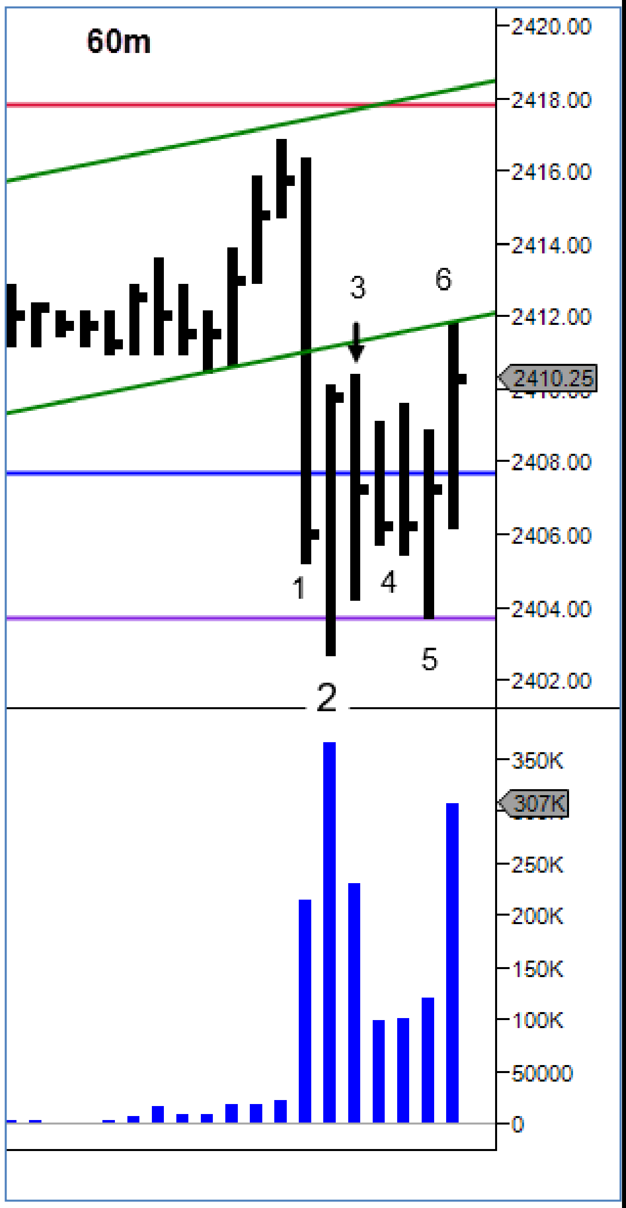
Yesterday: **HIGH:** 2416.75 **LOW:** 2402.75 **CLOSE:** 2411.00

Other levels: Res: All time 2417.75, res: 2459.00 (weekly supply line), sup: 2403.75 (multiday), sup: 2375.00



Yesterday, we tested multiday support and held, for a true bullish stance the close would be firmer. If we compare bars 1 and 2 - similar spreads yet bar 2 has a weaker close with higher volume, selling was clearly more active.

The 60m gives clarity for tomorrows trading - we get a huge sell off at 1. Bar 2 we flush the multiday lows reverse to close firm on twice the volume, this is strength, and buyers have emerged in forces stopping the sharp move down. Some buying at 3. Bars 4 as the market tries to come down, where's the selling that we had at 1? Supply has dried up. The market is finding it hard to push down the clustering of closes from 3 to 4 illustrates this nicely. Bar 5 we react to the lows (looking intraday we saw that volume was very light, indicating the lack of selling pressure). This bar was testing for supply, it was successful hence the great response at bar 6. In a nutshell, demand has emerged at the lows and supply has dried up, expect higher prices.



Game plan: Scenario 1 – lows made first; drift down finding no supply, wouldn't expect to fall further than 2408.00, look for a bullish setup

Scenario 2 – Hold gains; drift sideways, we still have to eradicate all the selling from bar 1. It's possible we could form a trading range for the first half of the US session, absorbing supply, before an advance up. If so, look for supply to be weak and bullish setups at a support level

Scenario 3 – Highs made first; encounter supply at the highs around 2416-2418. There is a confluence of resistance and the supply line. If demand is weak look for short setups

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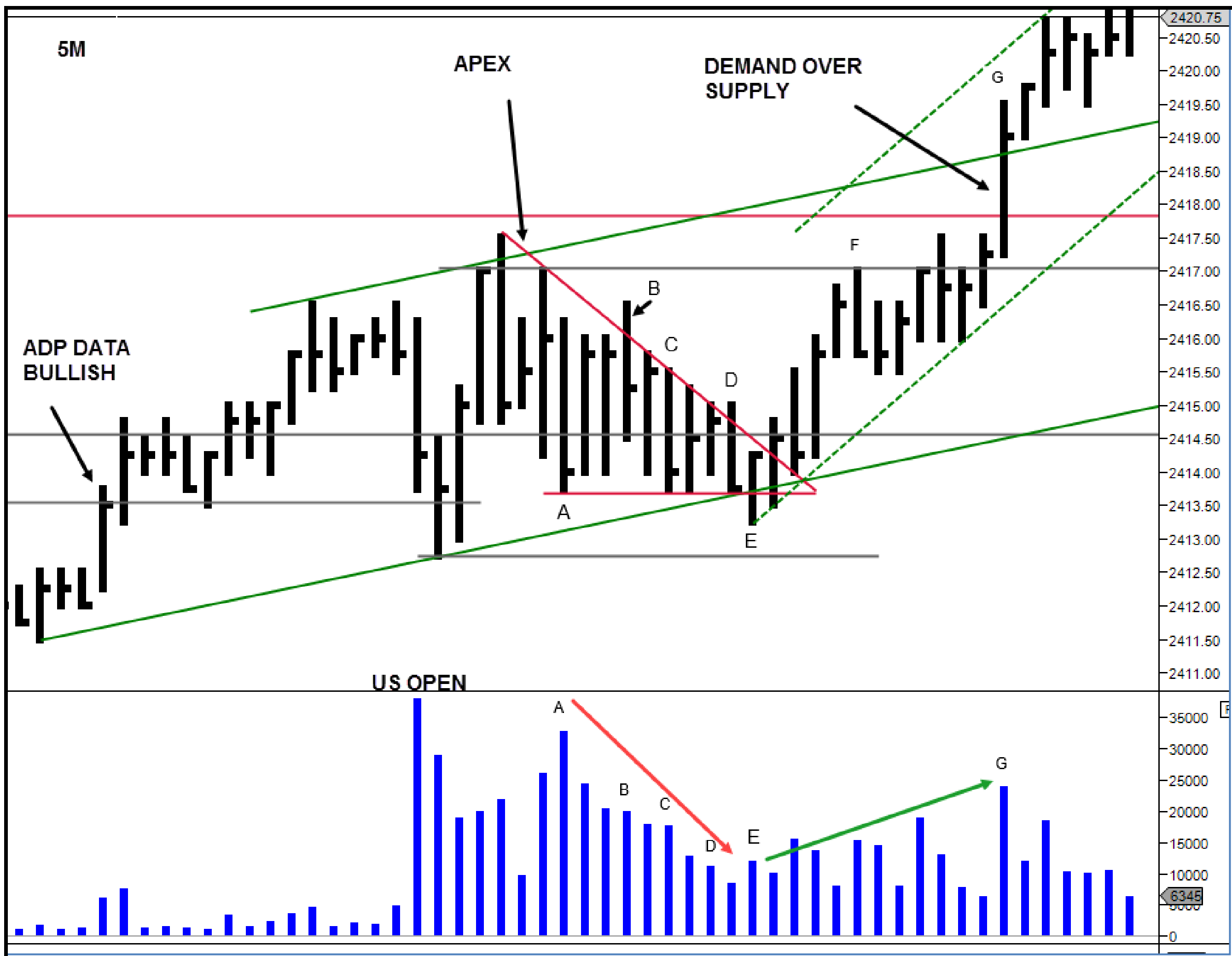

Pre-market we have bullish ADP data that propels the market 4 points, combined with a bullish background via the 60m chart; odds now favour a bullish bias. From the US open we coil down for 90m into an apex (Wyckoff hinge). Apex's are notoriously difficult to trade however on this occasion we can get an edge by reading the lack of supply as we coil down. Bar A – although a down bar contains buying (same spread as bar before, same volume, only buying can do this), as we coil down tighter and tighter supply bars A to D have decreasing volume, not a healthy sign. Bar E as we dip under (find no further supply) reverse to close firm on increasing volume, we buy the close of this bar (half clip size) it's an aggressive play but we have 3 levels of support underneath us with a tight 2 point stop. 1/3 of position was liquidated at first resistance 2417.00 (+3 points), rest at breakeven. The market has every right to come back to test, BUT the very nature of an apex is to eradicate weak holders of the given breakout direction. The market hugs the resistance line and volume increases, a healthy sign for our remaining contracts. Bar G – we break on high volume and a decent spread giving this move validity

The tick chart condenses the data into a more readable format, helps with the structure of the market and in this case - trade management. For near 7 hours the uptrend channel has held nicely. As we rally to the supply line we become overbought at 'exit 2', a further 1/3 of contracts liquidated (+6.5 points). Stop moved to the crimson line for the last lots. The market kept on giving; consequently we had a nice trade on our hands with a huge wave of upside volume. The final 1/3 of contracts sold at 2424.75, we become overbought in our new channel, have a clustering of closes, telling us in advance that the market will pause, consolidate or react, we are due a more complex pullback the market has rallied a solid 10 points (+11.50 points).

The only bias today was bullish for a number of reasons. The weekly, daily, hourly, 15m and 5m were all trending higher. We established via the 60m that demand has emerged at the lows, so if that's the case, we need to test the highs. After all markets bounce between areas of support and resistance trying to find fair value. We were looking for long setups from the open, 90m or so the market gave a readable apex that set us up for the day.