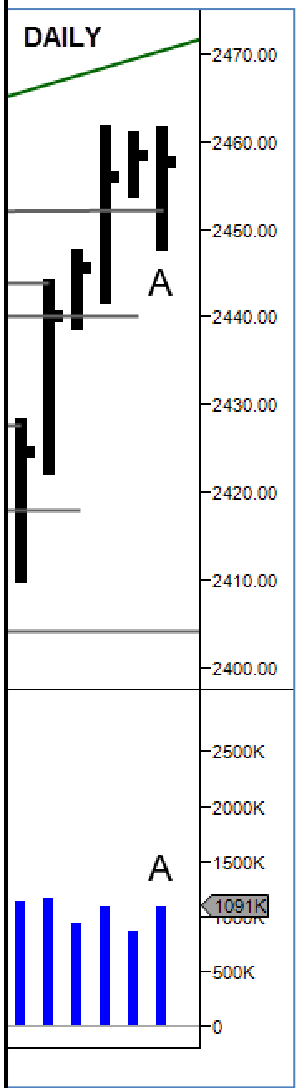
Date: 19/07/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

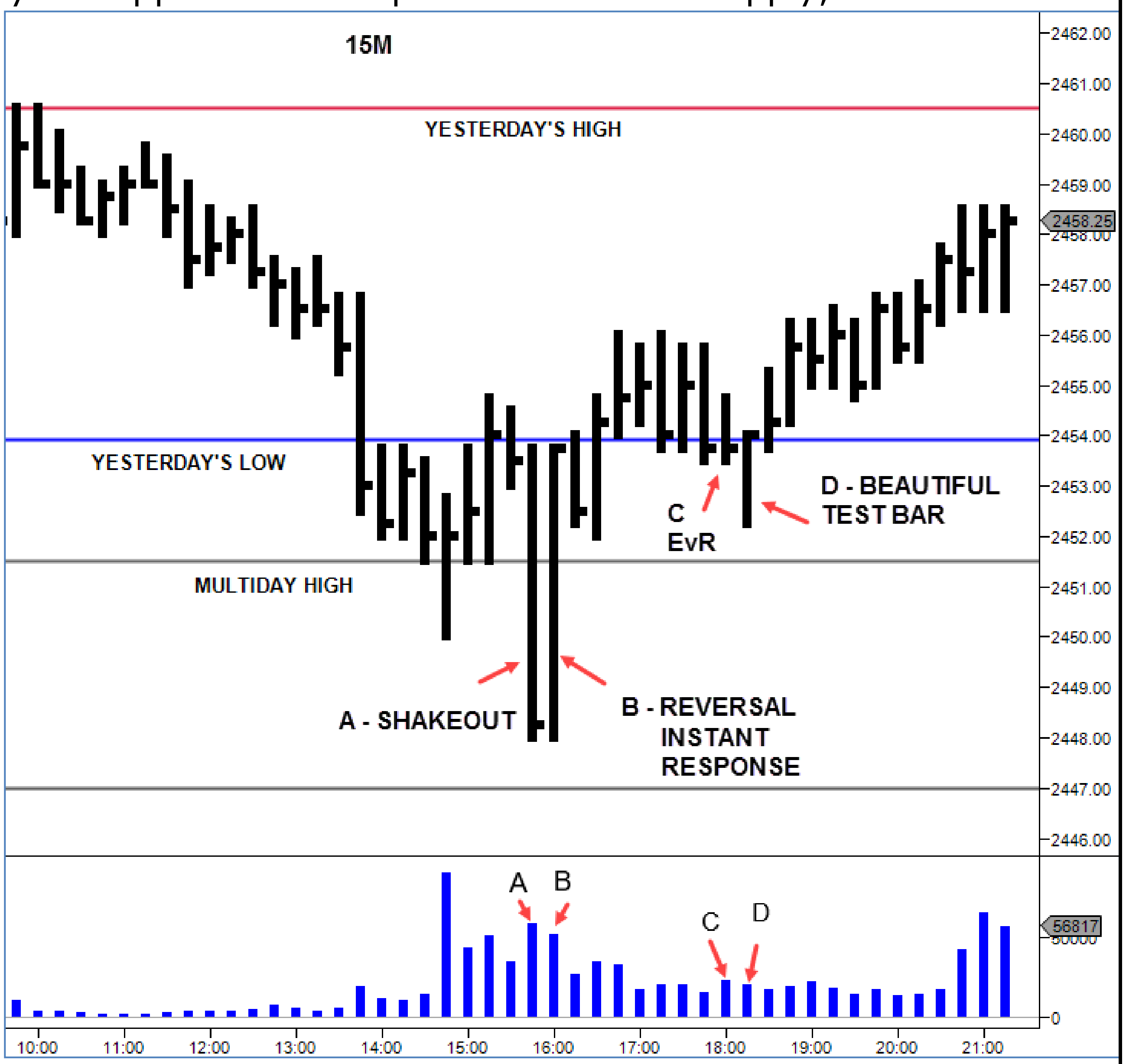
Yesterday: **HIGH:** 2461.00 **LOW:** 2448.00 **CLOSE:** 2457.75

Other levels: res:2495.00, res:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00 sup:2403.75, sup:2417.00



The S&P's has responded perfectly. The past couple of Chronicles we have stated the strength behind this instrument, by comparing and contrasting previous breaks into highs, although with a different flavour (pre break) we have no indication of genuine supply. Bar A – penetrates a little into support at 2451.50 before reversing and closing firm. The market is now poised for higher prices, it had the chance for lower prices and failed, the bulls stepped in aggressively and we rally for rest of the session with an increase in volume

Looking deeper into yesterday's action via the 15m we get a stronger picture of strength. It was unfortunate that yesterday's trading was confined to a hotel lobby, using only a laptop (hence the use of the tick chart only).The 15m has provided a beautiful setup. We have discussed shakeouts recently in the thread or via the Chronicles - I had previously mentioned that my ears perk up when we eradicate all selling within 1 to 3 bars (1 bar being the most positive response). When we get an instant response like Bar B, we look for reasons via price action to go long. We get three opportunities. An aggressive play would the first test bar – no supply, ask yourself; where's the selling we saw at bar A? Bar E - as we dip under the test bar to close firm back above support with an increase in volume is a perfect entry. If not in the market by bar D, we have another opportunity or to place additional contracts, why? Strength is immediately behind us, bar C is Effort vs. Result, compare to the previous bar we have an increase in volume with half the spread – only buying can do this - it's absorbing the last of the sellers perfectly as support. Bar D dips down tests for supply, and reverses back above support (also acts a mini shakeout). If one studies this behaviour, you will observe the same pattern from the shakeout as it occurs time and time again - which is of no surprise as the markets are cyclical in nature. The test bars although look different tell us the same information – due to the context and where they are situated they have a slight variation. The aggressiveness via bar D is the last test before mark up. The fact that we never got going from the first test and hung around flirting with yesterday's lows it's of no surprise that we get another test. The market can test, 2, 3, 4 or even 6 times. Don't forget we're using a 15m chart, markets turn a little slower the higher the timeframe

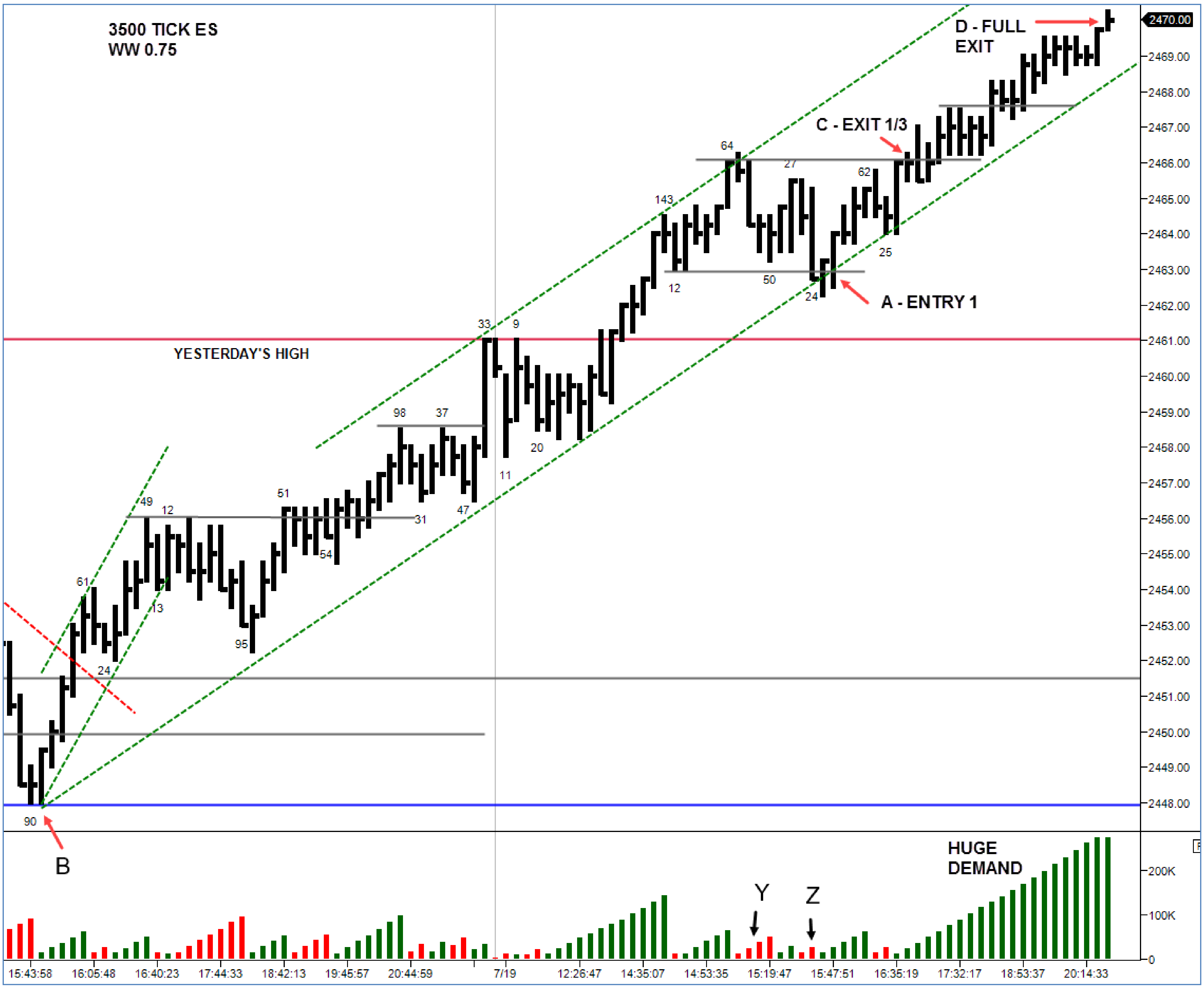


Game plan: Scenario 1 – lows made first; tests support at 2151.50, we want weak supply and demand to emerge. Apply bullish setups. First target all time high as a minimum

Scenario 2 – lows made first; breaks support decisively at 2151.50, wait for a weak rally back to resistance and apply bearish setups

Scenario 3 – highs made first; break all time high decisively (strong demand) wait for a weak pullback and apply bullish setups

Scenario 4 – highs made first; break resistance, buyers unable to sustain price. Look for supply to emerge and apply bearish setups



A – Entry 1, why? First of all background is of strength via the daily. From yesterday at 15:43pm (B) we have been in an uptrend via the tick chart, making higher highs and higher lows, for this time frame this is an established trend, we want to be buyers in this market. The upwaves are larger than the downwaves both in time, volume and length (all bullish) We break the all time highs decisively with 143k contracts (good demand, both price and volume) followed by another wave with 64K contracts, we become oversold in our channel and react (as we should) The down waves are 50k contracts followed by 24k contracts supply is drying up (waves Y & Z). NOTE - where supply dries up, a confluence level, both horizontal support and the demand line from our channel; not only that we spring support. It's a picture perfect trade set up right in the sweet spot of a trend (I would recommend to print this setup and dissect to the nth degree, it's been incorporated into my personal collection of text book trades)

C – Exit 1/3, (+2.75 points) first target resistance, D full exit, (+7.00 points) oversold in our channel via the daily (green line), it's a reluctant liquidation as we have HUGE demand volume behind us, however dinner plans in London have cut today's trading a little short, time to call it a day

Today's trading panned out exactly as our game plan indicated, this makes it easier to pull the trigger live in the markets. The purpose of the game plan/scenarios is to be aware of potential possibilities; by creating both bullish and bearish scenarios we subconsciously alleviate any unwanted biases. On occasion the market will always surprise you and swiftly change trend. If we only produce bullish scenarios and the market turns against you, we have two possible outcomes:

1) Due to the lack of preparation we watch the market fall, unable to take a position
2) Hold on to a bullish bias and keep placing bullish setups. It's only end of day after reviewing the trades that you have the realisation moment, that every trade has been against trend and we keep getting stopped out. Many experienced traders I'm sure have encountered this at some point during their career

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