

Date: 28/06/2017

Market: ES mini

Timeframe(s): Intraday - 5m,15m,60m,3500T

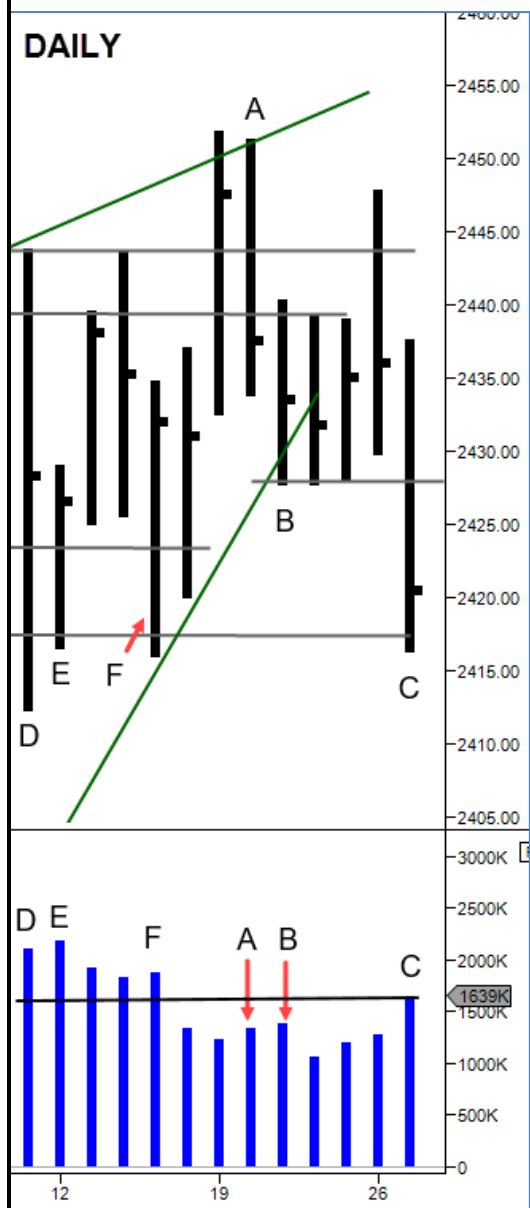
News:

Yesterday: HIGH: 2437.25

LOW: 2416.50

CLOSE: 2420.50

Other levels: res:2480.00 res:2443.50, res:2451.50, res:2428.00, res:2439.00, sup:2403.75, sup:2437.00, sup:2417.00

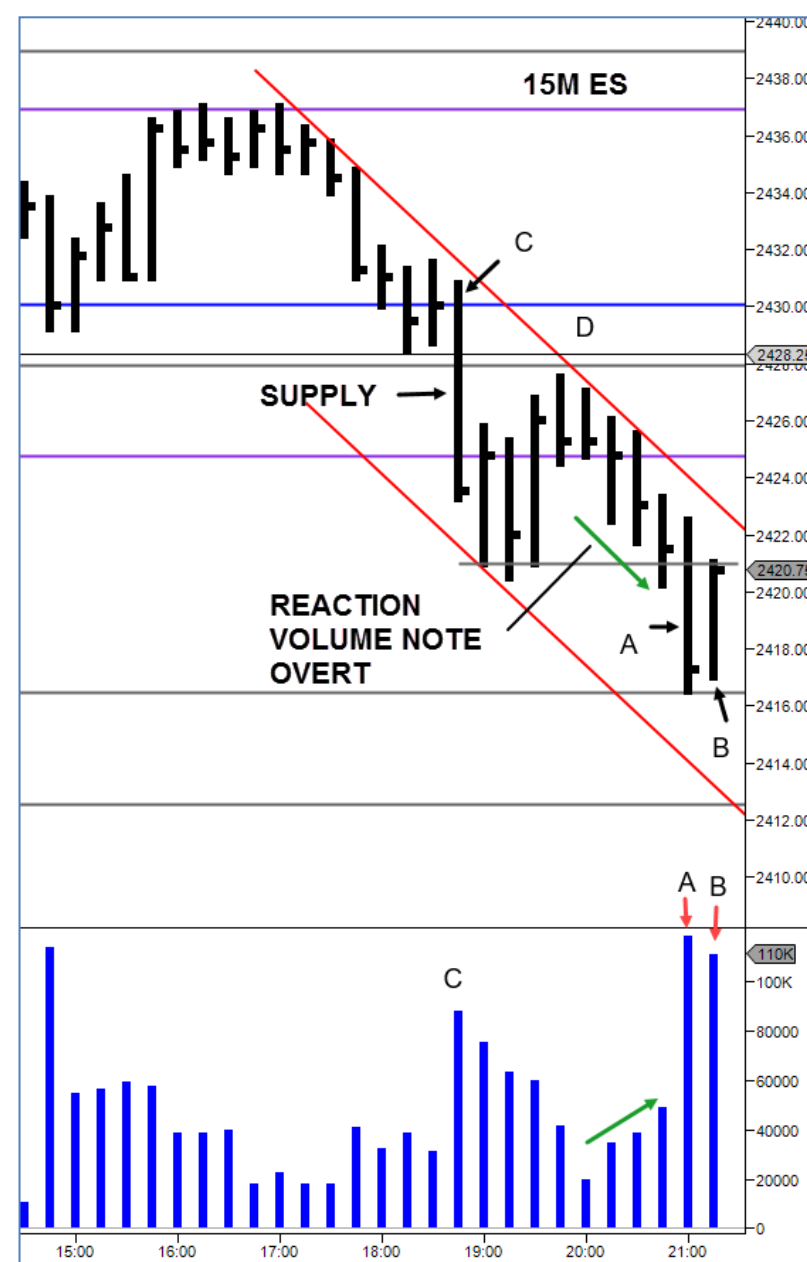


We finally break to the downside moving with ease of movement, decent spread closing weak more or less on the lows with an increase in volume - this is selling of good quality. If we compare the previous selling bars in our trading range (bars A & B) it should be evident that Bar C is the weakest in all areas (spread, close, volume etc). Support holds at 2417.00, which was expected due to the average true range via our daily bars.

We are technically in a trading range (within an uptrend) and have to note bars D, E, & F, the last time we were trading in this area, look at the demand that emerges, this will not suddenly disappear. The volume is higher on all 3 bars, although bar C is weak, it should by all rights take higher volume to penetrate to make further downside progress. The question we ask ourselves, will price hold at support and rally? Or it will try to drive on through?

Let's look deeper via the 15m - immediate alarm bells for short positions. Genuine supply at bar C, increased volume, breaking through a couple of support levels, the market halts, tries to rally and we begin to round over with decreasing volume at D. As we react volume

does increase but not overtly strong, something to note. Bar A breaks a local level of support with extremely high volume, right in to our daily support level 2417.00 (give or take) closing weak. This bar has higher volume than C, yet spread is smaller so we know buying has taken place - this bar is weak and would expect downside progress, however bar B on almost the same volume we reverse straight up closing firm, deep into bar A, we have a potential bottom reversal on our hands, does this make sense? Yes. We have seen buying at this level previously via the daily (as mentioned). This price action behaviour is extremely bullish, we have to take into consideration that we have short covering and other traders in play as it's the close of the day, but this action feels too strong to be ignored, we are due a rally of sorts



Game plan: Scenario 1 - highs made first; weak rally to resistance or upthrust (2428.00) see supply emerge, apply bearish setups

Scenario 2 - highs made first; break resistance decisively (2428.00) wait for a weak reaction back to support, apply bullish setups

Scenario 3 - lows made first; break support no evidence of supply, on the way back through look for bullish setups, or if we come back to test (a spring)

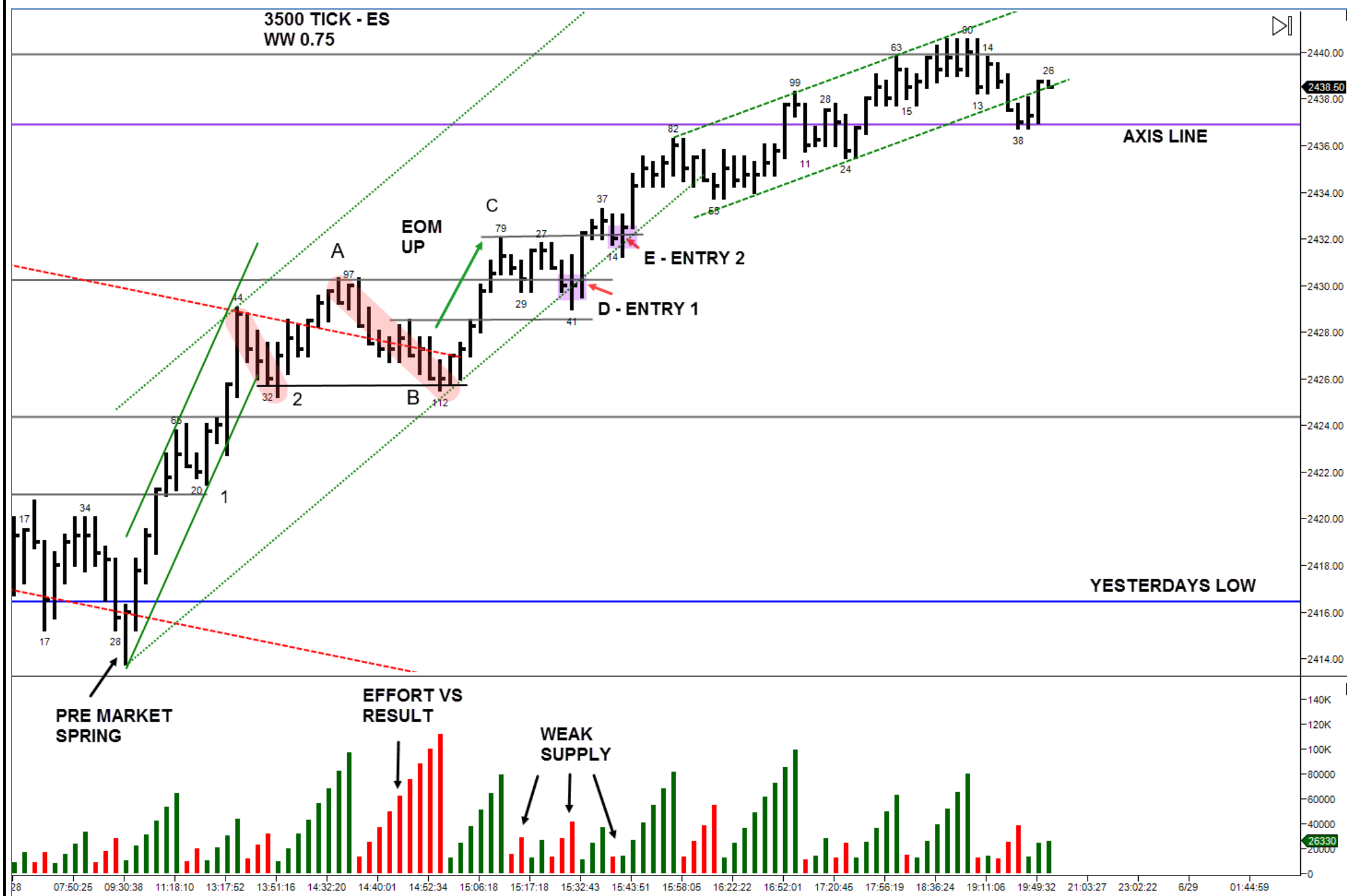
Scenario 4 - lows made first; break support decisively, wait for a weak rally back to newly formed resistance apply bearish set ups

During the overnight we spring daily support (2417.00) proceeded by a superb response gaining 19 points. The advance is strong, we move with great alacrity, this combined with the 2bar bottom reversal screams strength, we need to be buyers.

US opens at A, we grind down to B, at this point we notice 2 simple pullbacks (1 & 2) from the spring. The reaction to B is more complex (to be expected as it's the open and overdue), one critical piece of information can be obtained - we have an excellent case of Effort vs. Result which is a Wyckoffian governing principle, with all that volume (which eclipses the demand) we hold support, compare this reaction (112k contracts) to the previous (32k contracts) as seen by the red opaque line. With four times the volume we only net an additional point to the downside, only buying can do this, it has to be buying, if all that volume was supply price should be around the 2420.00 level. NOTE - this is a potential bearish change of behaviour (weakness), the move was choppy with narrow spreads etc (strength) on this occasion price action didn't reveal any clear entry. An aggressive trader would enter and is fine to do so; the trade is valid as there is enough strength in the background

Bar D - entry 1, why?

- 2 bar bottom reversal (super strength)
- Spring the lows with a great response (strength)
- Effort vs. Result (strength), in the process we weaken the supply line and hug, unable to react. Through disconfirming supply, we get the confirmation of demand (strength)
- Great ease of movement to C, with appropriate demand volume (strength)
- Bar D - we have a confluence, (purple highlight) 2 levels of support and a demand line with weak supply (strength) trading with the trend (strength) for all these reasons, an instant buy
- Add additional contracts at E for obvious reasons (same as above)



The two entries in question must be taken in context of how the market is acting - we have a potential trend day to the upside, if and when we think these occur we must be more aggressive as trend days can be notoriously difficult to enter (especially grinding up moves). After the complex pullback at B, odds favour the next couple to be simple (Elliot Wave theory) having this in the forefront of our mind, we must be eager to enter, especially with the level of strength behind us

Exit ½ at F, we become overbought in our channel more importantly were at the infamous axis line where we know supply exists. The average true range via the daily is over stretched by a few points, how much more can today's market give? The power play would have been to jump onboard the effort vs. result wave at B. It's possible that the market can rally for another 30 odd points - if it does we can jump onboard. Lock in some profits (+5 points) (+3.25 points)

Exit ½ (remainder) at G, overbought in our 5m channel that has served us well since 10am, potentially climatic, although we are breaking the axis line (+5 points)

Full exit at H, first real sign of negativity with a pop in volume, a potential hidden upthrust, plus the addition of shortening of the thrust in upside waves (each successive wave up is losing ground, due to: a) the lack of buying or b) supply is entering. Lock in profits (+6 points)



Today's trading illustrated a near picture perfect uptrend which originated from the overnight spring. Our premarket analysis from yesterday's daily action was considered weak, it wasn't until we looked deeper using the smaller timeframes that gave us the insight to look for long opportunities. It's surprising how the subconscious can hold onto biases - luckily we alleviated any bearish biases pre market. Both tick charts and the 5m chart were used in conjunction for today's trading, they both provided additional insights - tick chart used for entry, the 5m for exits - it maybe a little unclear, but this is the way I trade and I like to be as transparent as possible. Although the power play was missed, there is always another trade, profits were banked time call it a day

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