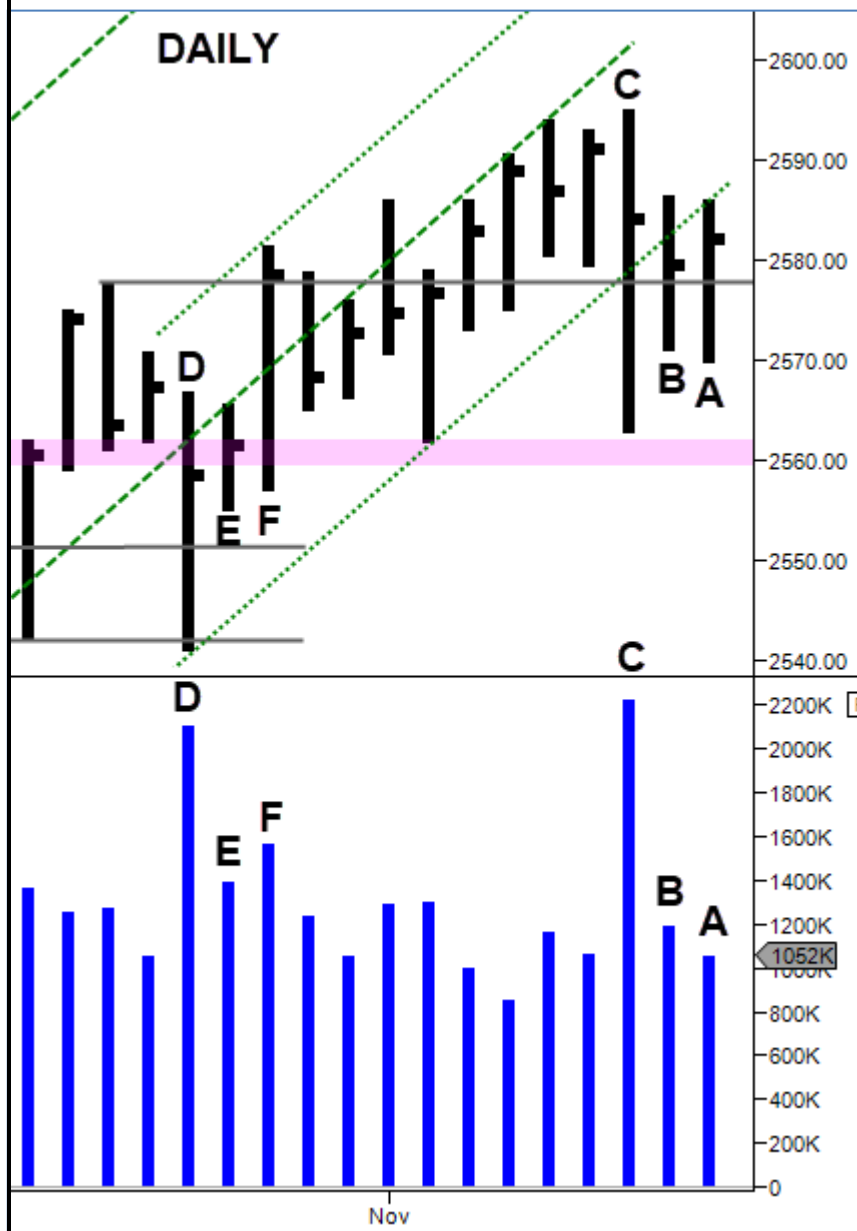


**Date:** 14/11/2017    **Market:** ES mini    **Timeframe(s):** Intraday - 5m,15m,60m,3500T    **News:**  
**Yesterday:**    **HIGH:** 2585.50    **LOW:** 2570.25    **CLOSE:** 2582.00  
**Other levels:** res:2594.50, sup:2560.00-61.00, sup:2550.75, sup: 2542.50, sup:2538.00, sup:2528.00-29.00, sup:2507.25



The S&P's appears a little stagnant, we could easily be range bound for a few days, why? Bar C we would interpret as being bullish (as previously mentioned it was a V-Spike reversal via the intraday) yet the following days B & A show no upside follow through and volume is declining. Price is holding above support yet confined by the reverse use of the demand line, in addition both of the bars are trading within the spread of C; is this some kind of testing action? Possibly, but we do know that the market is trying to resolve itself.

Using relative and comparative analysis; the last time we produced a wide spread bar with very high volume (bar D) note the following couple of bars; Bar E - effort vs. result in favour of the buyers and a good strong move higher via bar F. By comparing the trio of bars (D to F and C to A), it's evident to see that the market is struggling this time round; finding it hard to push higher. For the near term from a daily perspective, until the market provides any further data we would expect to be range bound. Fortunately we still have structure to work with, the high of C and the low of C, more credence is given to the low as it coincides with our purple highlight area (buying zone) if we

break lower than this area and hold underneath, this could temporarily change the outlook for the S&P's and halt the uptrend, but from our current context we would expect the level to hold as it is support (a demand area)

The 15m chart is interesting, we drive to A with excellent price action, increasing volume etc, buying of good quality. Then from A onwards (45mins after the US open) the market slumps and we slowly grind up with extremely poor price action for the whole session, where is the buying we have previously seen to A? As we grind up, volume depletes, the price bars narrow they close mid bar well off the highs - buying of poor quality. From D we react with increasing volume, all signs are hinting towards lower prices. There is also another subtlety via the trend channel, note how price is hugging the demand line unable to muster enough force (buying) to test the supply line, and when we do break the demand line we have an increase in volume (adds validity) we have a story of weakness emerging. One could argue that the market has indeed made higher prices and there is a lack of supply, or that the sellers were waiting for the buyers to run out of steam and then show their hands, this fits in alignment with the trading we see before us via the 15m chart. A very important part of the trading process is to always tell the story from both sides of the fence - the buyers and the sellers; it may help to alleviate any subconscious biases



Right from the US open, it's evident to see that sellers are in control, we get a good move down at A with 102k contracts, from here the market is unable to muster any force (buying) to the upside (note the orange highlights, very weak rallies) We must also note the significance of B; we have ease of movement to the downside, the market drives down into new lows with very little force 23k (a tell tale sign of no demand) this is followed by another firm leg down with 111k via C (US open) At C we become oversold and consequently rally back into the channel to D, this is the highest demand wave we have since the uptrend began, BUT the following rallies show no demand and at a supply confluence (horizontal resistance and the minor trend line) As Bar E breaks local support the market pulls me in for a short play, this trade would be considered risky due to yesterdays low being close (approx 3.50 points) and a major demand line, however as the minor supply line has been respected within the micro channel, odds would favour the demand line to be respected (this is approx 5.00 points away), with a stop above the high of D its worth the risk as price is hinting towards lower prices. Taking setups of this nature can be very difficult and we MUST know the trade's limitations, it doesn't pay to be greedy, although on this occasion we are trading with the trend and all market reads imply lower prices. Adjust clip size accordingly.



Bar F – Exit 1/3, hit support (yesterdays low) (+3.00 points) Bar G – Exit 1/3, oversold in our channel (+5.25 points) H – Full exit, supply volume has dried up, upside wave volume is building via M (+4.50 points)

Bar J – Entry 2, why? A beautiful setup; supply volume has declined (shown on the histogram) followed by the strongest upwave we have seen since the downtrend has begun via M (107k contracts) we have a bullish ‘change of behaviour’. The proceeding down wave via Z has 60k contracts; the secret here is to compare to the previous down wave to G with 58k contracts. Both selling waves are more or less identical in volume, yet the progress made via Z is halved, only buying can do this, we have a case of Effort vs. Result via Z (contains hidden buying). Also if we think in multiple time frames (higher) we are rejecting yesterdays low after a mini break and reversing; in essence a spring (major bullish signal). As J breaks the high of the previous bar and yesterdays low, the market pulls me in with full clip size

Bar K – Exit 1/3, become overbought in our channel (+5.25 points), Bar L – Full exit, this was a tough call; the market has rallied too fast, too soon and in Wyckoffian terms this would be called “parabolic”, its unsustainable for the market to keep this kind of buying force active, this rally is near vertical (80 degrees) a VERY unhealthy sign, good decent respectable rallies should trend about 45 degrees. As price reverses back into the channel, odds favour a test of the demand line, which is approx 5 or 6 points away and could always react further due to the ecstatic buying (+6.25 points)

Bar P - Entry 3, why? Demand still in control with the upwave to L (147k contracts) as we react and form local support there is no supply pressure (represented by the purple highlights, 24, 24 and 13k contracts) As price springs the demand line and support back within the channel, we have every reason to take a long play. This setup is excellent as it’s a weak pullback after a new momentum high that breaks the supply line with decent volume, however on this occasion we have a slight variance due to the parabolic nature of the advance – we can learn a great deal from this variation, I would suggest printing it off for further study, as have I

Bar Q – Had limit offer to liquidate a 1/3, although was placed one tick under resistance, it was unfilled.

Bar R – As we started to react and break the demand line, stop was moved to 1 tick above entry to cover commissions. Within the Chronicles you may have noticed that stops are moved to 1 tick above entry after being 2.00 to 2.50 points onside, this has been the magic number for MY STYLE of trading. Adjusting this “magic number” even by half a point to 3.00 points, incurs a greater amount of missed profits. All of this information should be incorporated into ones trading plan and known ahead of time; it’s truly remarkable how the adjustment of a couple of ticks has made a huge difference in my trading, especially in the early days. (+0.25 points)

After the frantic buying to L, the market will take some time to digest and kind of gain balance/equilibrium. With the no fill and being stopped out, followed by the large down wave testing support, it’s all a bit whacky and out of sync - a discretionary choice not to be involved. That’s OK, there is always another trade, another day, time to lock in profits and call it a day

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(To commence this week; with potential setups ahead of time and the best FX daily trades)