

Date: 22/01/2018

Market: ES mini

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

News:

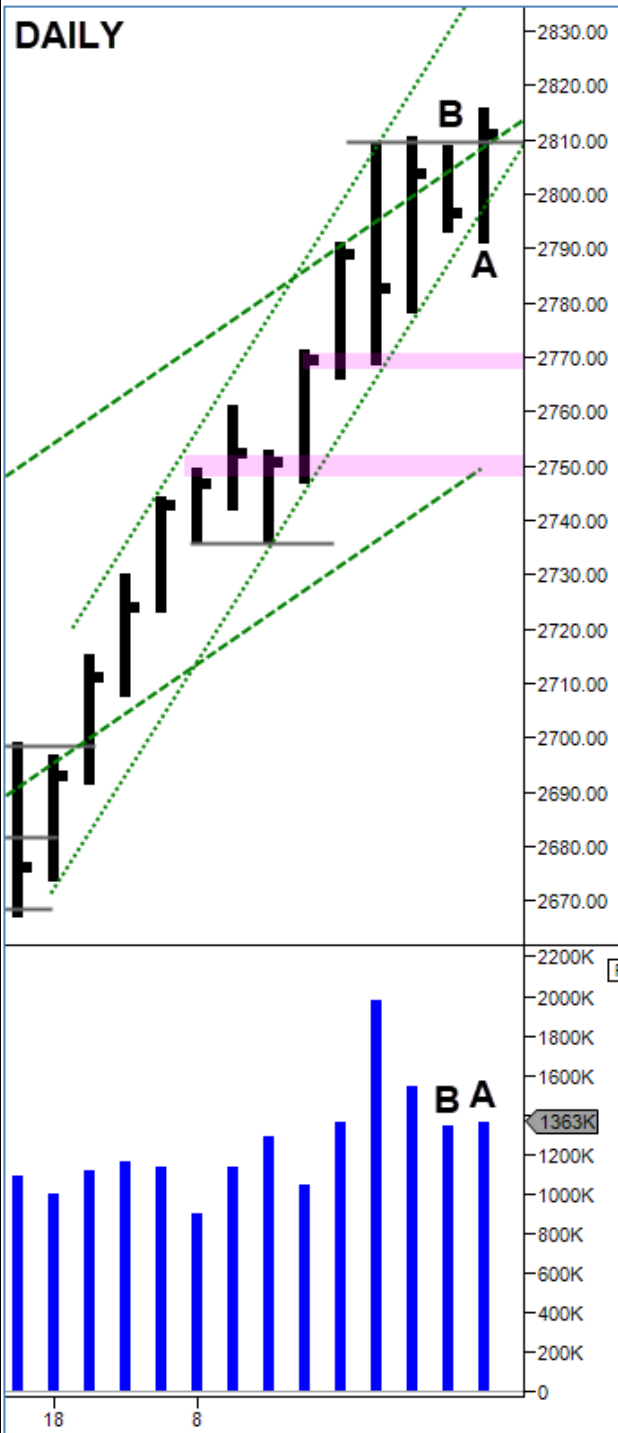
Yesterday:

HIGH: 2815.00

LOW: 2791.75

CLOSE: 2811.00

Other levels: res:2850.00, sup:2770.00, sup:2749-51.00, sup:2736.50, sup:2698.00, sup:2668.00, sup:2625-26.00,



Fairly straight forward analysis for the S&P's, nothing has changed, bulls still in complete control.

Bar A - weakens the demand line a little as we dip under the lows of B, although buying occurred as expected (the very nature of a demand line) Bar A reverses from the lows (finds no active sellers) to close firm making the highest close of all time above local resistance and the past 3 daily highs. When we analyse and say to ourselves, what does this bar achieve? Bar A is epic; looking deep into this bar we can interpret Bar A as extreme bullishness - Tests the demand line that holds, dips under the previous bar (finds no supply) then rallies the rest of the session to close above the 3 previous daily highs, local resistance and the supply line from our major channel, all of this action is achieved with average volume (no concern). This is all the information we need, it's shouting out for higher prices. Our analysis doesn't need to be complex, yet simplicity is often overlooked in the trading arena. The majority of traders need all kinds of chart jewellery/indicators often resulting in missing out what the market is whispering, that ultimately leads to taking no action or the wrong action. I am sure you have all heard of the term 'paralysis analysis' For those unfamiliar with the term, here's a brief insight.

When traders are either:

Overwhelmed by the available options

Over complicating the decision when it could very well be quite simple
Compelled to pick the "perfect" decision, thereby delaying making a decision until due research is done

In deep fear of making a wrong decision, hence stalling or avoiding decision making to prevent a wrong decision being made

There is no need for additional timeframe analysis due to the strength we see in the daily chart

The US session opens strong rallying to yesterdays high, we then break with an excellent move to A (green opaque) with decent spreads, volume and closes. The break is valid as volume expands, however the via the price action we can see the move is a little parabolic, rising too fast too soon (dotted trend channel illustrates) Bar A due to the surge in volume would be considered a little climatic. NOW, we wait for the market to digest and wait for possible long plays, as we want to be buyers.

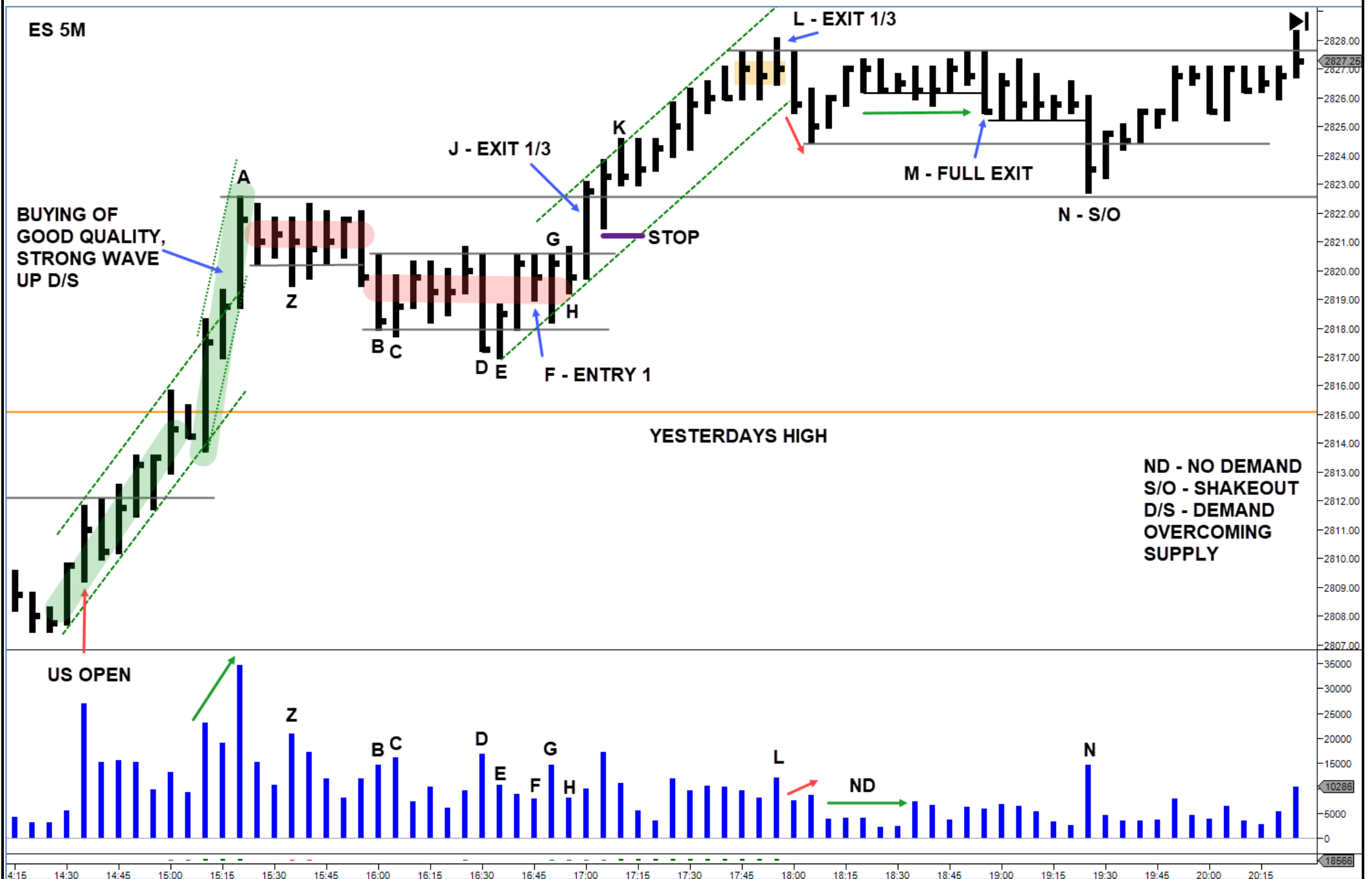
Bar Z would not be considered a trade as the volume is very high, we would want to see low volume, indicating the lack of supply. One can argue that demand won the battle as it closes back over a local of support, BUT Z is technically a down bar and this kind of action near a climatic bar is an unfavourable play, we need the market to unfold and let a clear opportunity present itself.

Bar F - Entry 1, why? The pullback to B draws out increasing volume, which is immediately reversed with higher volume via C; it halts any downside progress (strength). The key bar is D, this bar is very weak; wide spread, closes right on the lows, breaking local support with a surge in volume, we would expect some downside follow through at least to test yesterdays high, yet this doesn't occur... Bar E dips under the lows, finds no further selling, reverses to close firm back above support. The proceeding bar we have upside follow through that eradicates the negativity of Bar D - this we would label an ordinary shakeout. The two bars from E disconfirm supply with bullish background conditions and daily strength.

Using comparative and relative analysis, the chart should open up and hopefully clarify the strength that I see. From the US open to A, buyers are clearly in control, we rally 14 points with ease of movement, good flow to the upside, wide spreads, firm closes etc - buying of good quality. Bar A is a little climatic, so we expect a pullback of sorts, analysing the pullback is vital. For the first 30mins we go sideways and hold gains in a 2 point range (an inability for lower prices) The market drops a little lower and holds gains once again for over an hour, the market is unable to react - selling of poor quality; it's merely testing action (high volume bars to the left) and building cause for another drive up. It's not that the market is unable to rally, the buyers are in control; the sellers need to prove themselves. The green and red opaque highlights illustrate this behaviour nicely

Bar E - An aggressive trader can make along play
 Bar G - Another long opportunity
 Bar H - Another test bar similar to F, additional entry

Bar J - Exit 1/3, first resistance (+2.75 points)
 Bar K - Stop moved to purple line, clustering of closes, price appears to be struggling
 Bar L - Exit 1/3, a hidden upthrust with a pop in volume, closes cluster (orange highlight) in addition we are drifting away from the supply line that we have hugged for 40mins or so (+7.25 points)



Bar M - Full exit. As we react from L volume increases, followed by a no demand rally, for 40m the market goes sideways, as bar M breaks the previous lows (nine bars) an instant exit (+5.75 points)

Today's trading has provided the largest up day we have seen for a while, yet opportunities were few and far between, that's Ok, there is always another day and another trade. The market did provide a clean entry with 20m or so to jump onboard, which is unusual, yet most welcome. The shakeout bar would have been confirmed around 8.00pm, however due to the nature of the sideways trading action the last bar on the chart being negative being close to the US close, it's time to lock in profits and call it a day

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