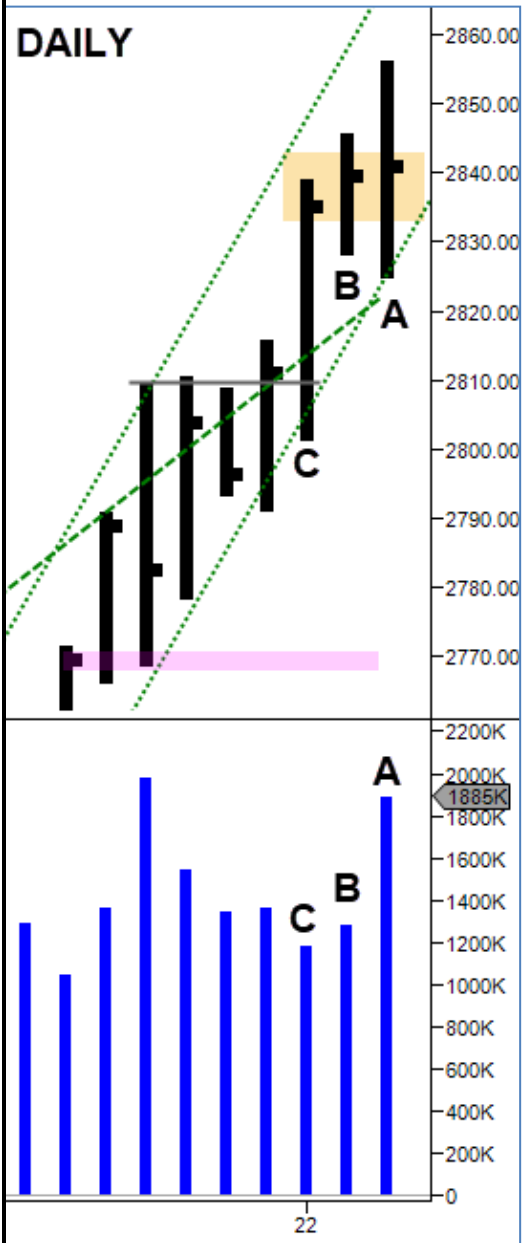


Yesterday: **HIGH:** 2855.25 **LOW:** 2825.50 **CLOSE:** 2481.0

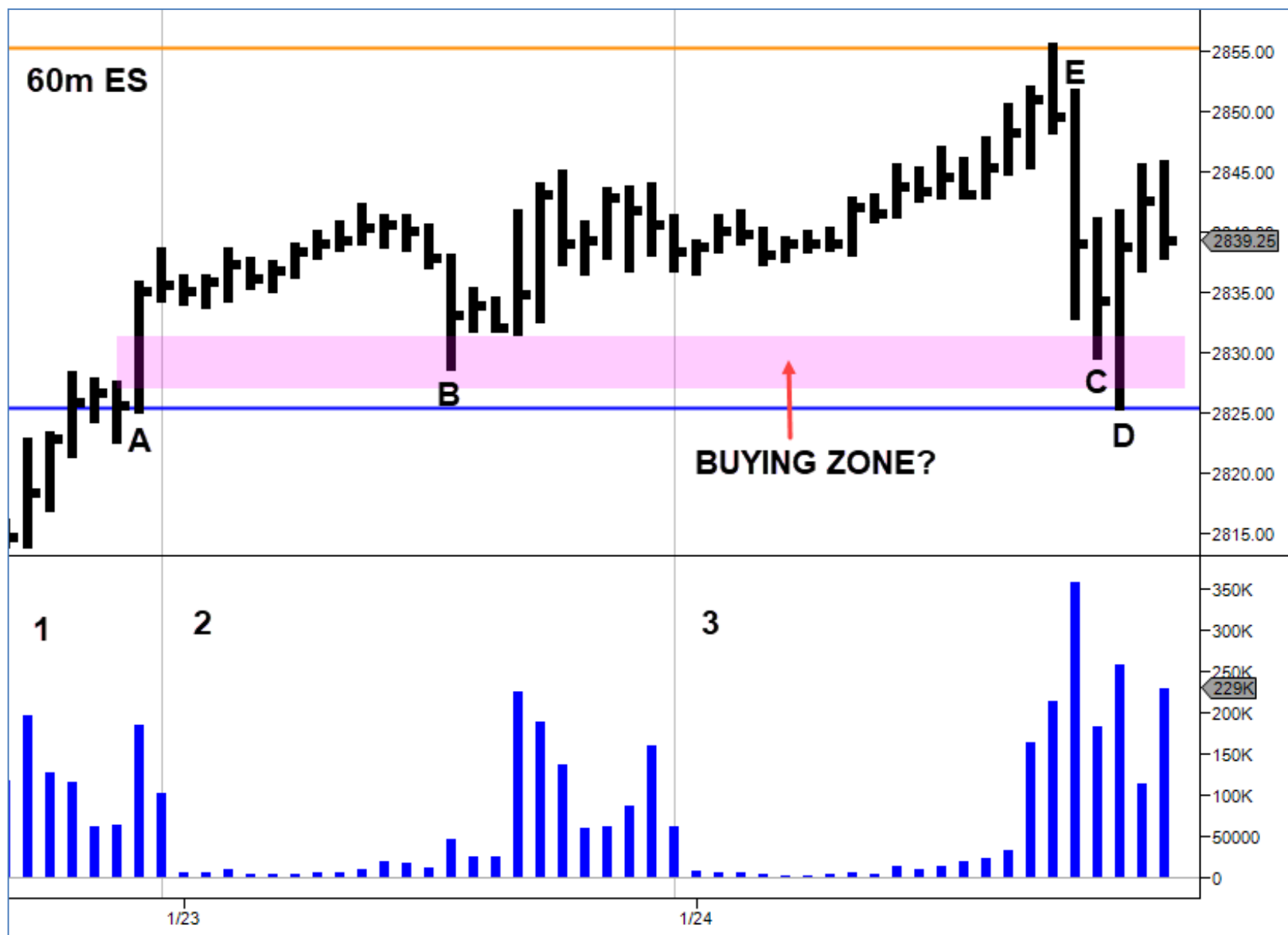
Other levels: res:2880.00, sup:2810.00, sup:2770.00, sup:2749-51.00, sup:2736.50, sup:2698.00,



Bar A gives no real direction for tomorrow; as both buyers and sellers have fought for the highs and lows resulting in mid close. The volume is very high indicating there was a great battle between the forces of demand and supply, with no victorious outcome. However; the demand line from our channel has been respected and we still have bullish momentum on our side. The market is struggling a little as we can see via the closes, clear evidence of "shortening of the thrust" (SOT) to the upside via the closes (each successive push higher is resulting in less progress made) the closes are rounding over (orange highlight)

The 60m chart provides more of a bullish tone, as we have the potential of a buying zone. The market breaks into new all time highs via A, with good demand, we come back and test via B, with a close well of the lows, indicating buying. NOTE - the highest volume for the European session. From here the market rallies before supply enters at E with huge volume and a wide spread. The close is not directly on the lows, but in the bottom third, a very weak bar none the less. Bar C however the spread narrows, volume declines, no real follow through, the close is off the lows (we entered the potential buying zone) There is SOT to the downside, and would generally expect more downside follow through from bar E (although bar C is a down bar) Bar D; dips under the lows of C to reverse and close firm with a surge in volume, this confirms our buying zone, clear as day. For for all intents and purposes, this should now act as the low, as supply

has been disconfirmed by the positivity of D. Bar D is springing the 2 day low (B), a bullish setup. NOTE - high volume springs do like to be tested, but not always. Combining both timeframes, we have more of a bullish bias, either way we still have structure to work with and plays to look for. The spring via D could be tested, bear in mind we have a demand zone in that area (odds favour a hold) and bar E is supply, this doesn't just disappear, they could well protect this area

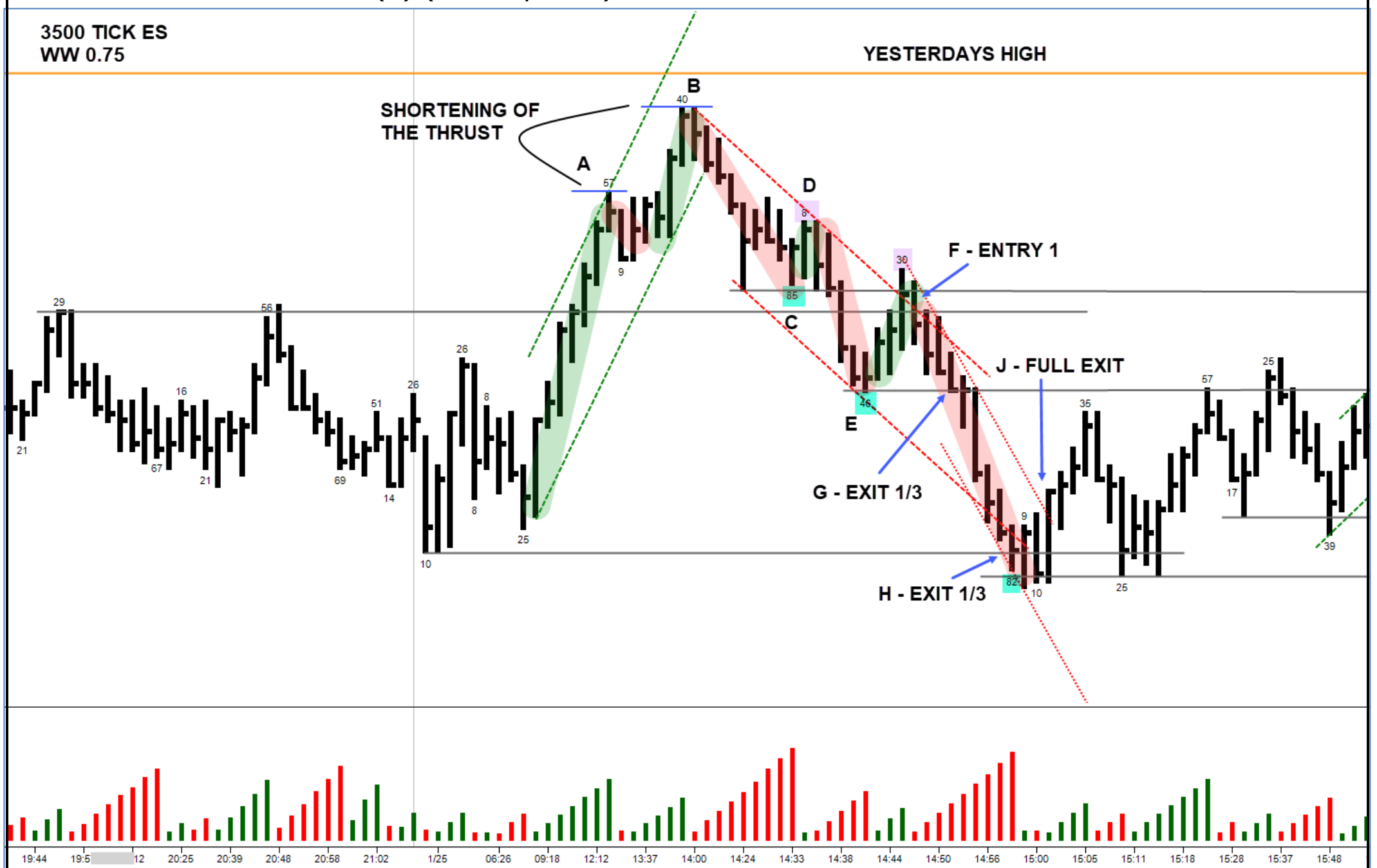


During the Asian session we find support and rally to A (58k contracts), with a good drive up through yesterdays resistance level, proceeded by another push to B (40k), shortly before we react to C. NOTE – the shortening of the thrust to the upside from A to B, and that resistance came in earlier, the natural level to sellers to emerge would be yesterdays high (yellow line). This we would interpret as the sellers being eager (bear in mind we are in the breakdown area of the bar E via the 60m chart, A PREVIOUS AREA OF SUPPLY). The reaction to C is weak, highest wave volume on the chart (both bullish and bearish), this is a "change of behaviour" (COB) and sets up a short play at bar F, why? SOT to the upside, followed by a COB, a no demand rally via D (8k) and continuation to the downside via E; a story of weakness is behind us, we wait for a weak rally to short which occurs at F. The structure is excellent as we have a triple supply confluence; supply line and 2 resistance levels, we enter as bar F rejects all of these levels with a close underneath

Bar G – Exit 1/3, first support (2.75 points)

Bar H – Exit 1/3, Asian support and oversold in our channel (9.50 points)

Bar J – Full exit, a wide spread, strong demand bar closing firm that breaks the supply line, odds favour a test of resistance (E) (+7.25 points)



Refer to the 5m chart for entry 2. Both charts were used today as the 5m chart as shown is very hard to formulate a trade near the US open, yet with the tick chart and wave volume, the interpretation of data is completely different and offers us a trade, a decent trade in-fact. If new to this method, I would highly advise to only use one or the other (wave volume or standard volume)

In a downtrend that becomes oversold in the channel at A, which can be labelled as stopping volume/climatic action. Price becomes very choppy for the next 40mins or so, before a little rally to B, where volume increases and becomes overbought in 2 channels, hence the pullback. Price then revisits this area via C – clear "no demand" at resistance, an instant short, why? We are at resistance with lower volume than the previous attempt at B, if we couldn't move higher with the volume at B, bar C's volume being the lowest on the chart hints there is a lack of force in the buying. What makes this trade excellent, are the background conditions of weakness. We are in a previous



area of supply (original breakdown bar Z) If we use the compare and contrast analysis, the selling to A is high quality; wide spreads, good volume, and the rally to B is weak; with narrow spreads, and light volume. The blue area is chop; overlapping bars, bars closing weak and firm etc, hard to interpret

Bar D – Exit 1/3 (+4.00 points)

Bar H – May appear a long hold, but the trade was never under pressure (although stop was moved to 1 tick inside, to cover commission costs) As we react via E, volume increases (healthy for our shorts) the market tries to rally at F; spreads narrow and volume depletes, indicating ‘no demand’. Compare the selling via E from the Buying at F, worlds apart. Support gives way at G and we continue to drop. As price hits the Asian low (support) it’s an instant sell as we have the reverse use of trend line in play also (purple line) a demand confluence (+14.00 points)

Bar K – Full exit, why? Bar J shows buying, price action narrows within channel and the reverse use of trend line (purple line) Bar K breaks the supply line, full exit a couple of ticks before the close (+12.50 points)

Today’s trading to the uninitiated was a little difficult, the no demand setup was an excellent play as the background conditions to the left of the chart really came into their own, presenting a short that must be executed. Luckily both charts were being used to trade as the first trade via the 5m was unobtainable - no trading edge. However, profits were made and locked in, time to call it a day

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