

Date: 29/06/2017

Market: ES mini

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

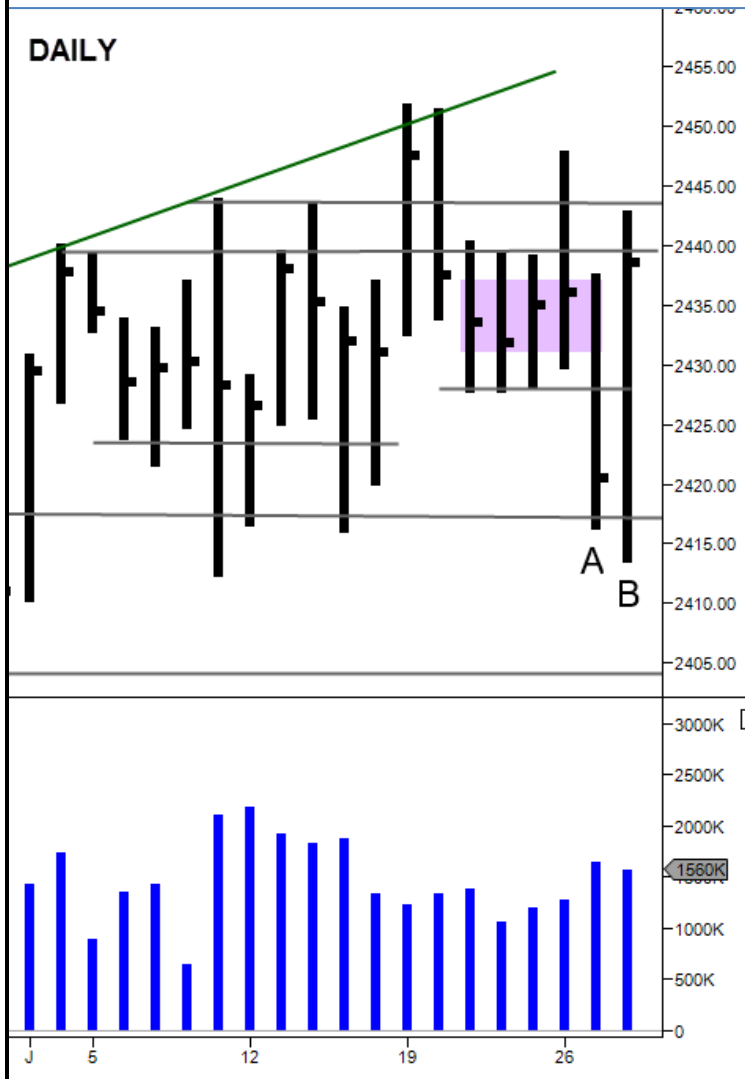
News: GDP, Job Claim

Yesterday: HIGH: 2437.25

LOW: 2416.50

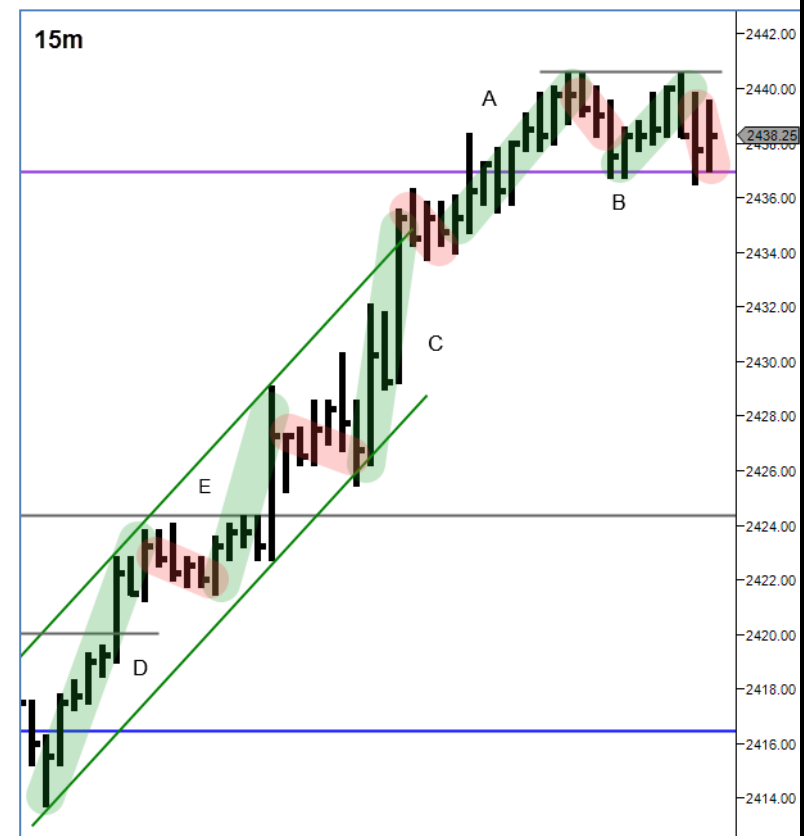
CLOSE: 2420.50

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



What a response from the negativity at A, we dip under find no further selling, reverse, rally for the whole day producing a large 28 point spread whilst closing firm (larger than the average true range). NOTE how we knife through the cluster of closes (purple highlight) the market had difficulty in this area as it was unable to rally in the past, this bar accomplishes a great deal. The market halts around 2440.00, to be expected as it's a confirmed area of supply. Bar B's volume is not overt suggesting that supply was weak/not active, as we have made excellent progress on fairly light volume - if volume was higher we know that sellers would have been absorbed. Bearing this in mind if sellers were not active the logical place for supply to emerge would be the 2440.00 - 2445.00 area, in addition the bulls had a good run yesterday, they might back off and regroup. Our question for today is, do we get continuation to the upside or will sellers emerge? Odds would favour upside progress, some form of momentum propelling us higher

Consulting the 15m chart with wave analysis (no volume) we can see the market slightly struggling at waves A & B (compare the ease of movement to other up waves C, D & E). This price action is logical we have approached a previous area of supply; it's natural that the market will grind its way through and produce bars like this. Importantly we have broken through and held our axis line (purple) that has been tested twice. The up waves are still larger than the down waves, we have no change of behaviour, the market is hinting for further upside progress, supply has yet to prove itself - demand is still in control

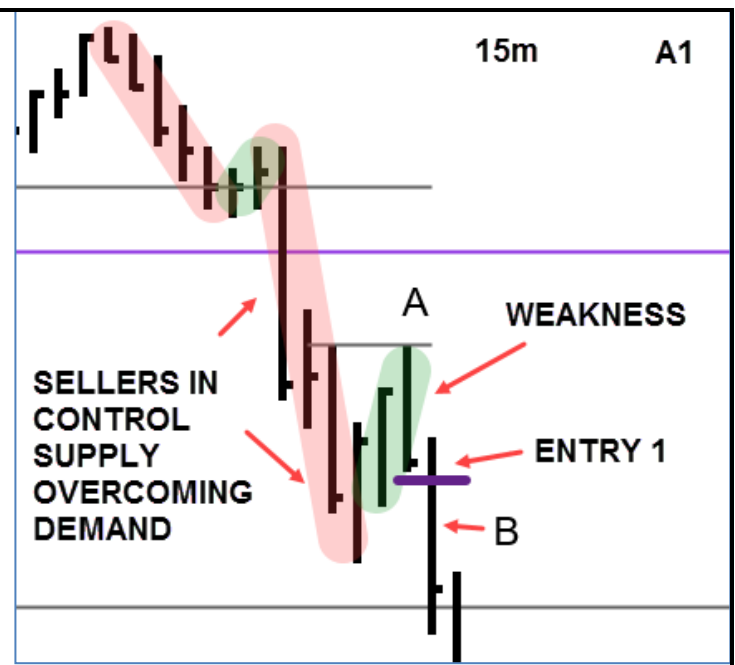


During the overnight the market advances 8 points and flirts with resistance for eight hours or so. We upthrust with a pop in volume and a decent spread, this causes a mild reaction to B. We hold a higher level of local support. NOTE - the reaction produced bars with better quality of selling (compare to the previous 8 hours of price action) We drive up test



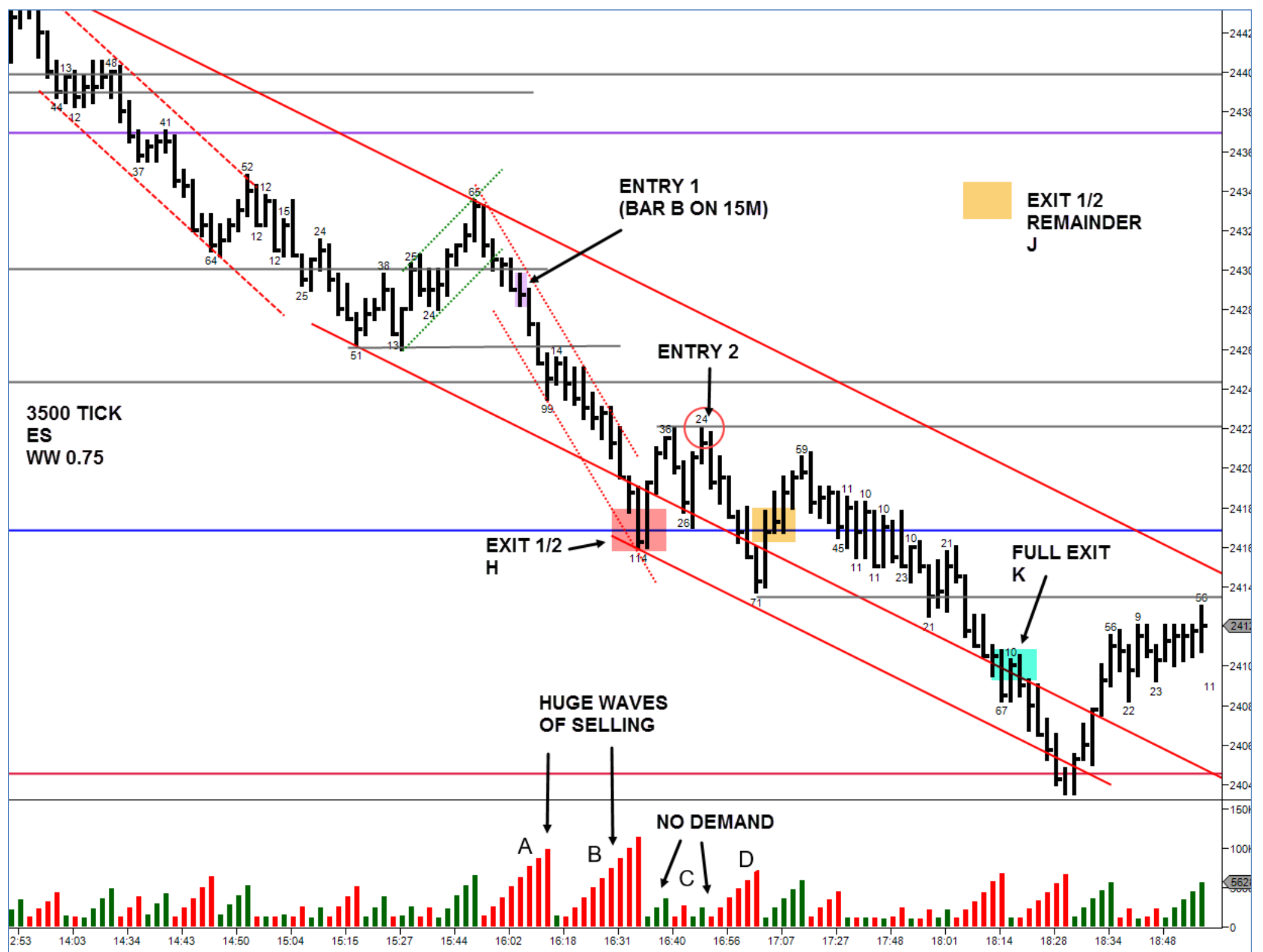
the upthrust, come back down, again note the bars; ease of movement to the downside, volume expands, spreads have widened. The next couple of bars (C) we try to hold at the local level of support. Then boom the US opens and we slam right down, this is supply entering the market in a big way, we knife straight through our axis line with conviction, we now want to be sellers.

Entry 1 – The market is liquidating we have lost 20 points in 90 minutes, sellers are in full force. Consulting the 15m chart (A1) it's evident that the down waves are significantly larger than the upwaves. Bar A - peaks above the previous bars high unable to rally through local resistance, in-turn reverses to close weak, deep into the previous bar. The entry for this position is using our knowledge of Wyckoff telling us that by wave format sellers are in control - we encounter negativity via bar A, it's now we look for an entry. Price in the S&P's rarely continues straight down we always get a little bar overlap. From the close of A we are looking for a weak rally to go short via bar B - this is where we use the smaller timeframe for entry (3500 tick chart) This is advanced price action with a deep understanding of the instruments movement/behaviour, by co-ordinating multiple timeframes we gain a huge edge in trading, it's of vital importance. I rarely mention the coordination due to the complicated nature of trying to explain in written text



Entry 1 via tick chart – (purple highlight) as we react from bar B on the 15m chart breaking bar A's low, on this chart we get confirmed weakness - by breaking the demand line from our trend channel and a level of support, the volume building via the wave was large plus we have extreme weakness behind us.

Exit 1/2 (H) at major support level – with the amount of supply in this market we could have held for further downside progress (+12 points)

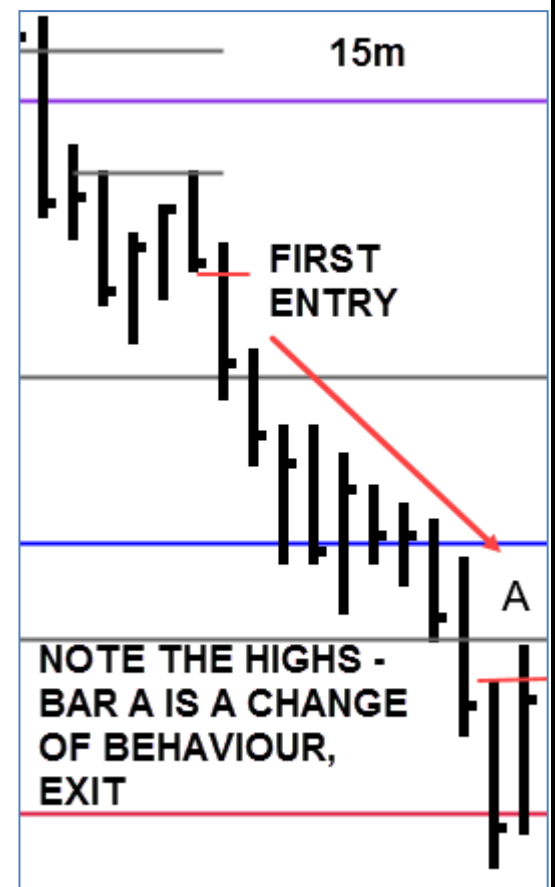


Entry 2 – a straight forward setup. The force of selling is overt, in complete control. The last downwaves have produced 213k contracts combined. We bounce off support (to be expected) with 36k, in context clear no demand; we test again at resistance with 24k contracts, even less demand an instant short. Exit ½ at J, why? Down wave volume (D) is less than the previous down waves (more than upside volume), in addition with a very strong bar that closes back above support (blue line) hit market (+11.75 points) (+3.00 points) The NASDAQ as this point was extremely weak, the S&P although still weak, had more to give, it was weighing heavy and pulling on the S&P. This relationship has been very fruitful the last couple of weeks, something to note

Holding the trade for the last leg it was the 15m that proved to be of use. From our very first position we have never popped our head above a previous bar, although a subtle nuance it's extremely powerful - noticing these finer elements and co-ordinating multiple time frames will make the difference over the long term. Full exit via K (+10.25 points)

The 5m chart was of little use today, when markets liquidate this hard I prefer to analyse the markets using a wave format as reading the volume is clearer, the market when volatile is difficult to examine every bar live as they unfold rather quick, it becomes quite taxing - merely a personal preference

Why the exit at K? Fortunately I have a long weekend, flying off to spend a few days travelling round a few European cities – Paris, Munich and Vienna. Time to catch a flight and call it a day



Next Chronicle Wednesday 5th July – due to US holiday (Independence Day)

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