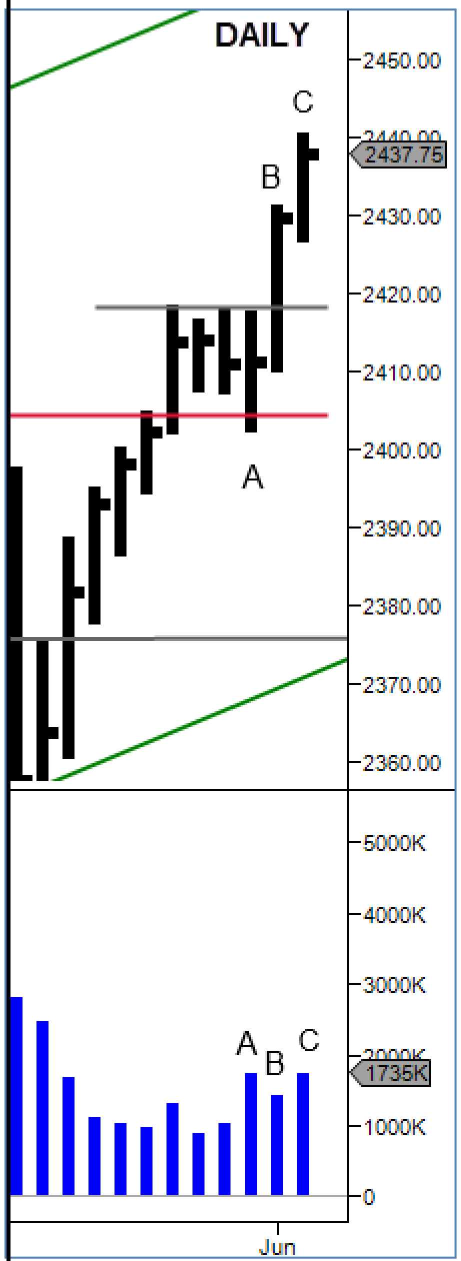
Date: 05/06/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2439.75 **LOW:** 2427.00 **CLOSE:** 2437.75

Other levels: res: 2466.00 (weekly supply line), sup: 2417.75, sup: 2403.75 (multiday), sup: 2375.00



S&P continued to make further upside progress, yet there is clear shortening of the thrust (SOT) at C. We have higher volume than B, yet the spread is narrower and the close is further off the highs. One thing is certain supply has had an effect due to the limited upside progress. We are not in an overbought position from any timeframe. When the market drives into fresh new ground, there is a lack of structural points (especially when mid range) and only have price action to aid us. It becomes more difficult to establish a meaningful prediction. We can use a point & figure chart for a clearer projection and if swing trading I would create one, perhaps in the near future.

Looking deeper into the charts via the 60m, it gives a subtle clue. At 2 we flush support (YH) testing bar 1. Demand overcomes supply at 1, (high volume, good spread, firm close) as we revisit this area, demand emerges again. However this time the flow to the upside was somewhat capped. Comparing the volume from the advance from A and B, we have less volume on the first approach with a better response, on the second approach we have higher volume yet the rally in comparison was weaker (- 6 points). Bars 3 & 4 with all that volume we cannot rally higher and the closes are getting weaker. Bar 4 volume is high – this contains long covering, profits taken for the week etc. this is to be expected. From a bullish stance we have made progress to the upside, holding a support level and every time we've dipped under price action has reversed to close firm. On this occasion, the market feels heavy, we have broken the supply line with a sharp move, we rally back up to the same area and with all that volume we can't rally from support, the closes are weak and clustered, odds fancy a pullback of sorts, analysing its nature will be key for today's trading

Game plan: Scenario 1 – Highs made first; unable to make a higher high (HH), or if we do break buyers unable to hold it. Look for a short as pass through the high. We need a lack of demand/and or supply to enter. If 2432.00 support holds, we could be set for a range bound day

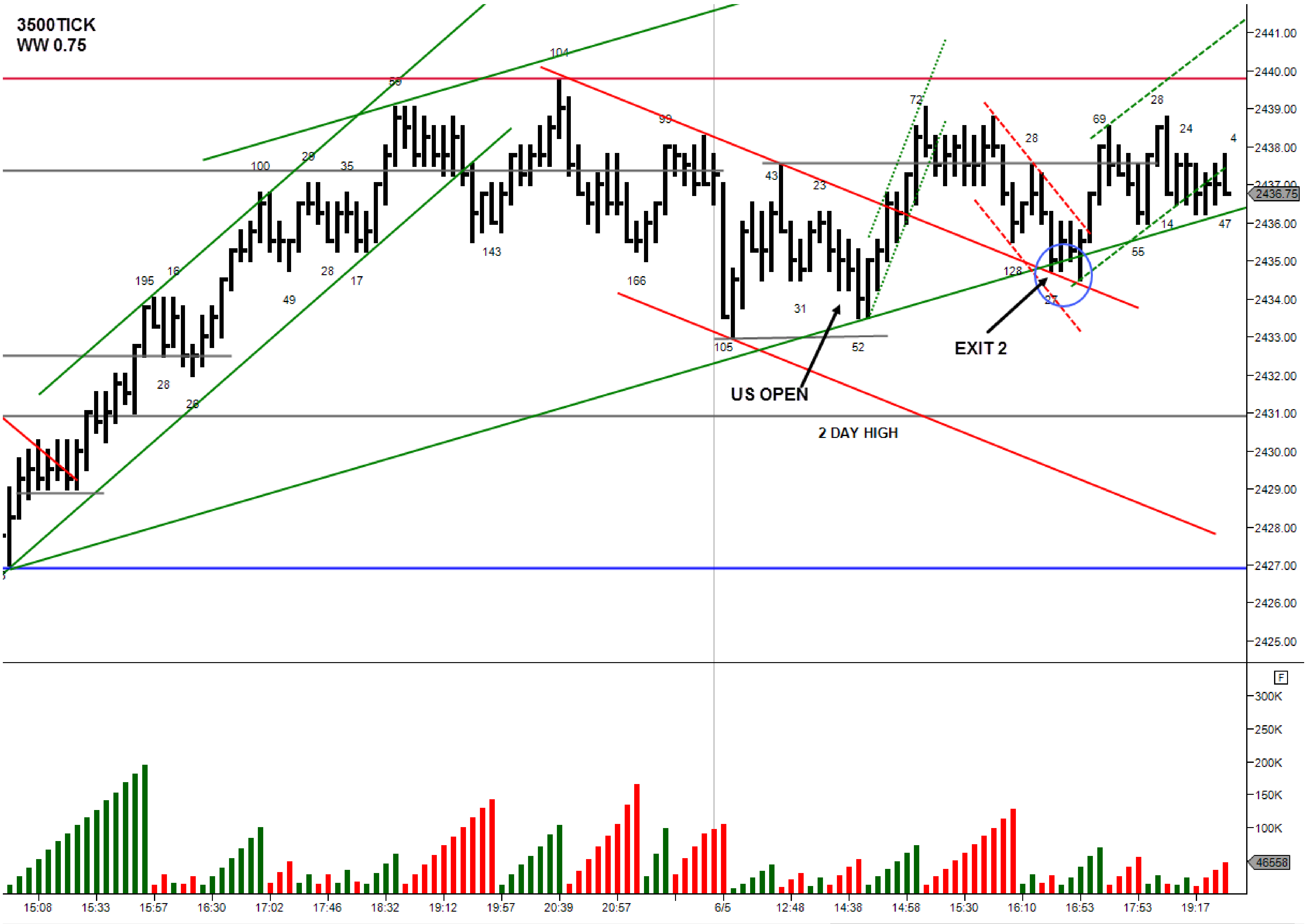
Scenario 2 – Highs made first; if we break into fresh new ground convincingly look for a weak reaction to the 2438.50-2440 area, and apply long setups

Scenario 3 – Lows made first; we drift down to the 2 day high, and supply bar 2. Look for demand to emerge and the lack of selling. If we find no supply, we have successfully tested the lows. Apply long setups, holding for appropriate targets. Analysing the quality of demand depends on whether we hold for a test of the highs

Scenario 4 - Lows made first; we fall sharp and heavy, get a weak rally, short at 2436.00 resistance (60m), first target 2432.50, if we continue south we would expect a test of 2 (around YH) would be ideal. If we find lack of supply, reverse positions, if we the reaction is strong to the downside, hold for a play to 2417.00 (unlikely) this move is more than our average true range of bars

A spring is printed right from the get go, the spring did not fulfil my criteria for a trade entry via my trading plan - the support was mediocre at best as it was a mini shelf established during the overnight. The rally produced is extreme and in Wyckoffian terms would be considered a case of hyperdermics (parabolic) - rising too fast too quick, the trend channel shows the extremity of this advance. We get some interesting behaviour at bar 1, its climatic at the right place (end of a rally), we know this by the large spread, pop in volume and the close, a lot of supply entered at the highs. For 25m we go sideways. At entry 1 we print a reversal bar. I let the market pull me in with a sell stop – we have a parabolic move behind us (supply), that becomes overbought (weakness) and importantly were in a previous area of supply to the left (which can be seen via the 60m). On the reaction the volume increases which is a good sign, BUT bar 2 we see the same climatic pop in volume at a support level that closes off the lows, (we would expect some buying at support). The following bar we have relatively good volume, but the market shows no downside follow through, exit trade (+1.75 points). This is discretionary and down to the persons appetite for holding trades. From this price action behaviour we would expect a rally of some description and the first logical target being 2437.50, my entry being 2437.75 was too close for comfort, I opted to lock in a small profit, there's always another trade. We rally to 3, another pop in volume, we have supply enter at resistance, wide spread, mid close. The very next bar is a classic VSA no demand bar (an up bar, on the lowest volume for 2 bars - the volume here is perfect, a narrower spread would be ideal, but we don't always get what we want) were at resistance, weakness right before us in bars and a wave down, an easy short, full clip size. Using a combination of the tick chart and 5m I exit at the triple confluence area of demand lines, green major channel, the reverse use of the down channel and we become oversold in the micro channel, also have the overnight mini shelf support in play via the 5m (+2 points). From my experience when we have bars with wide spreads that pop in volume at levels of support and resistance that result in a trend change, the major players/operators are not involved in the markets and tend to be (but not always) a range bound day, with sloppy trading.

We gap up showing strength and get a good response to Z; we then react down with poor flow, overlapping bars and low volume. After an hour of waiting we get the perfect entry at 3. Why? By comparing the previous reactions (opaque red) we can see how hard it is push this market down as we come to support, worlds apart. As we do come to support the bar in question does so on much lower volume, plus we have strength in the background via the rally to Z. If we're putting in a higher low at A (entry 3) we would expect another drive up. At Y we produce an upthrust (weakness) my stop is instantly moved to 1 tick under support. The drive up was lacklustre in comparison to the drive to Z and the volume was much lower. Stop was hit (+1.25 points). At this point of the day we have been trading inside the first 45m of trading, bobbing up and down trying to find fair value. Call it a day



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