

**Date:** 31/05/2017    **Market:** ES mini    **Timeframe(s):** Intraday – 5m,15m,60m, 3500T    **News:**

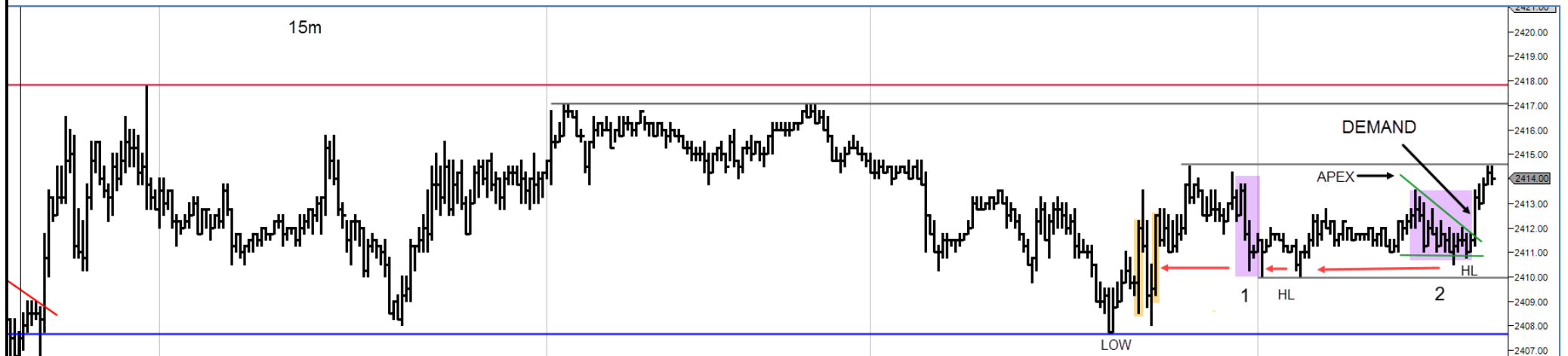
**Yesterday:**    **HIGH:** 2417.00    **LOW:** 2407.75    **CLOSE:** 2410.75

**Other levels:** Res: All Time 2417.75, res: 2459.00 (weekly supply line) sup: 2403.75, sup: 2375.00



In a strong uptrend that doesn't show any signs of weakness. The demand line has been respected on 3 different occasions (red circles). The key to this chart is where we weaken the demand line. Bar 1 - supply enters the market, highest volume since the uptrend began. Bar 2 - as we flush the lows and close back within the channel we do so on very large volume similar to that of bar 1. If this market was indeed weak this type of price action should not occur. The fact we continue to rally and make higher highs on

relatively low volume, tells us that sellers are not in this market (not active for whatever reason). It's taking little effort for bulls to make progress. The market is in a state of contraction hence the lack of volatility, due to the nature of our tight range and 2 inside bars an expansion/volatility is due



The 15m gives little insight. A 10 point trading range has been in play for the past 5 days. To the far right is 2 hours before the US open, we're holding a HL and see some buying of good quality emerge. The Asian session tested support, we drift up, react down during the Euro session, again we test yet hold a higher low. Yesterday as we rejected the lows and the US opens we get a strong drive up, we react down and drive back up, these 2 orange bars show demand. As we react back down to approx the 50% retracement mark at 1 & 2, supply is low in a previous area of buying. Note reaction 1 is sharper has better flow to the downside as opposed to 2, it's a very choppy down move that begins to round under. We form an apex and the result is the decent spread up bar closing firm as we break out. A simple trade if in the market at this time

### Game plan:

Scenario 1 – Highs made first, break resistance, wait for a weak pullback to long for another leg up

Scenario 2 – Highs made first, unable to break resistance, look for a lack of buyers at the highs (no demand) and/or the presence of supply. Short plays: upthrusts, top reversals

Scenario 3 – Lows made first, look to hold the same level of support as the overnight, alternatively if we come down hard, look for a test of the lower part of the range (blue), if sellers are weak at the lows, look for long setups

Scenario 4 – Lows made first, knife through (blue) support, look for a weak rally to short (unlikely)



During the overnight were unable to test the highs, a subtle hint that the sellers are pressing the market. The US opens and we slam down sharp, no trades here. We knife through the trading range support and bounce of the daily support line. Bars 1,2 & 3 combined are very interesting and give us our first trade. Bar 1 we have buying, it is a down bar, but we close off the lows with high volume and we close back above support. Bar 2 – About 65% of the spread as bar 1, but only a fraction less volume, if all that volume was selling we would of plummeted further south, so we know there must be a great deal of buying, again a down bar but there is hidden buying. Bar 3 as we test the lows and rally back past the close of 2, let the market pull you in with a buy stop. The trade is aggressive, must use a smaller clip size about a 1/3. It has defined risk (stop under the trio of lows), the first target being the trading range low (blue) Bar A as seen is a strong bar, telling us in advance to hold the trade, as we push up to the overnight low, exit all positions at 4 or the bar before (+5 points). Bar 4 is a place where we reverse positions, a very hard trade to take psychologically, but with practice and good understanding of the market is a sound trade to make. 4 is a short play due to a confluence of horizontal resistance, we become overbought in our channel and negativity in price action, the volume associated here is unlikely to break through the selling to the left. This trade resulted in a scratch as I was 3 points onside, stop was moved to breakeven and hit. B was a short play to take as we up thrust the high, however the stop was too large for my comfort levels combined with a lack of headroom as the target was the multiday low at best. 6 was the easiest and most comfortable trade of the day, it springs the lows at 5. We come back to multiday support on much lower volume then bars 1 to 3 and the block of bars at 5 (volume histogram, purple HL). It takes equal or greater volume to break a previous area of support or resistance. If we analyse the quality of selling from B to 6, very choppy, a lot of price bar overlap, compare the selling from the US open to bar 1 and bar 4 to 5, worlds apart. This area at the lows is an accumulation zone (buying at bars 1 to 3 and the block at 5) now were revisiting on low volume. Half the clip executed at bar 7, stop for remaining contracts moved to the halfway mark 2405.75. The remaining contracts liquidated at 8 (+6 points)