

Date: 27/06/2017

Market: ES mini

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

News: GDP, Jobs

Yesterday: **HIGH:** 2438.75

LOW: 2428.25

CLOSE: 2435.00

Other levels: res: 2480.00 res: 2443.50, res: 2451.50, sup: 2403.75, sup: 2437.00, sup: 2424.75, sup: 2417.00



The S&P is in a precarious position. Bar A – tests the upthrust/2 bar top reversal (labels unimportant), we come back into this previous area of supply and supply emerges - we react sharply passing through 3 levels of support, closing fairly weak, this behaviour is bearish. NOTE – the average true range has picked up. We would expect downside follow through for tomorrow's trading, given that the AVT has increased, potential target would be 2417.00

The 60m chart confirms the weakness we analysed via the daily:

Bar A – climatic, breaks the channel (supply line) and 2 levels of resistance.

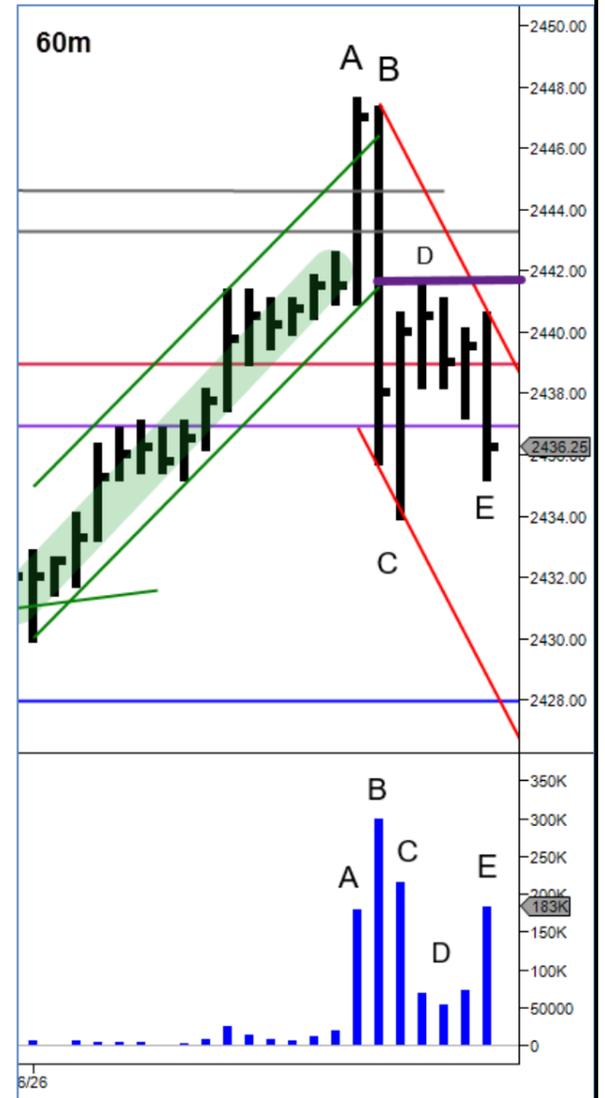
Bar B – no upside follow through, reverses with increasing volume, decent spread closing weak. This is supply entering the market. Now we know that bar A was stop hunting/bull trap

Bar C – a relief rally, at support to be expected

Bars D – no ability for higher prices, volume drops off significantly. The purple line is the 50% retracement level from bar B – Wyckoff stated the market has a right to retrace 50%. Very

interesting how the 50% level coincides with the actual break of the demand line from our channel, fascinating price action

Bar E – supply enters, weak close, importantly back under support (axis line). From the 60m chart we see a deeper level of weakness (bar B), with no ability to rally (bars D, no demand) expect lower prices



Game plan: Scenario 1 – highs made first; unable to break or hold above resistance at 2440.00, we look for the lack of demand and apply bearish setups

Scenario 2 – highs made first; break resistance levels decisively, wait for a weak pullback and apply bullish setups, we would expect to test the highs if this occurred (unlikely)

Scenario 3 – lows made first; key level being 2428.00, if this breaks decisively, wait for a weak rally and apply bearish setups. Target from here is 2417.00

Scenario 4 – lows made first; support holds at 2428.00/yesterday's low (2 point zone), wait for demand to emerge and apply bullish setups, targets our resistance zones 2437.00 (axis line) and 2439.00 daily resistance level

During the overnight we fall 7 points and test yesterday's low, we hold and rally for 6, the market drifts sideways mid range, until the US open.

Bar A – supply, (with buying off the lows)

Bars B – shortening of the thrust (with all this volume, no net downside progress is made)

Bar C – spring

Bar D – test bar, not the cleanest bar price action wise, volume is ideal. Entry 1

We spring yesterday's lows and test, an instant buy. We had previously tested support during the overnight and held on significantly lower volume (5k contracts) yet with four bars (approx 140k contracts) with support still holding, plus the addition of a spring and a test are all signs of strength, enough to place a trade. First target resistance at 2434.75 (first exit 1 tick under, not hit) Bar E – negativity, unable to touch resistance and selling (hence the close). Bar F – an ordinary shakeout (VSA term) due to the negativity at E, stop was placed 1 tick above entry (for commissions) and hit (+0.25 points) when live in front of our screens we don't know this is a shakeout, it's the immediate reversal response that gives confirmation. It's unfortunate that the stop was moved to breakeven - however my trading plan dictates that if I'm more than 2.5 points inside in a trade, stop must be moved to a minimum of breakeven. We do not concern ourselves with potential lost profits, there is always another trade.



A major part of trading is the maintenance and continual development of our trading plan - if for example we notice a pattern that doesn't serve us well (moving a stop to breakeven after being 2 points onside and is hit more frequently than we desire, we can adjust accordingly) perhaps we need more room for the trade to breathe. We can dig deeper and apply different rules to different trade setups, this is when we begin to step into the realms of mastery that most traders will not do, to get really good we have to refine our process to the nth degree, through micro adjustments time and time again (after enough sample size) to keep on learning, practicing, pushing ourselves outside of our comfort zone, for this is where true growth occurs. After time and a lot of effort the markets will open up and trades will literally jump out

Entry 2 - Resistance at purple axis line (to be expected). Bar G, weakness, the rally to J (extremely weak) compare this to any other rally we have seen today, spreads narrow, volume light. Bar K - weakness. Bar L - we short, entry 2, why? All the above, plus we have a clustering of closes, the market is telling us in advance it wants lower prices, unable to rally, the bar itself has the lowest volume for the day, no demand in a previous area of supply. The market pulls me in as we break the demand line, this was the additional confirmation I required. Selling into support is never a good idea and should be avoided, I was completely aware of the dangers and adjusted clip size accordingly - the better play would be to wait until we broke support.

Entry 3 - bar M, added additional contracts, very weak price action, this tests the weakness to the left. The NASDAQ is the leading index (at the moment), today Google was fined a record amount of \$2.7 billion, this was weighing heavy on the index losing at the time -1.2% yet the S&P was holding level, it was just a matter of time before we followed suit, patiently waiting for an entry. The average true range was still in play and if we're going to the downside, we could have a quality trade.

Exit 1/3 at N - we have held twice, bank some profits (+5 points), Exit 1/3 at O (this was the low of our trading range from a week or so ago) a logical target (+10.50 points), Full exit at P, huge volume, bar closes firm, clustering of closes, market is refusing to go down, we are due a rally of sorts (+10.75 points)

A great day's trading that started with a breakeven position, keeping composure and discipline we were able to take advantage from the moves that lie ahead. The NASDAQ weighing on the S&P provided the necessary gump for the sharp move down, it was just a matter of time. On that note, time to call it a day

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