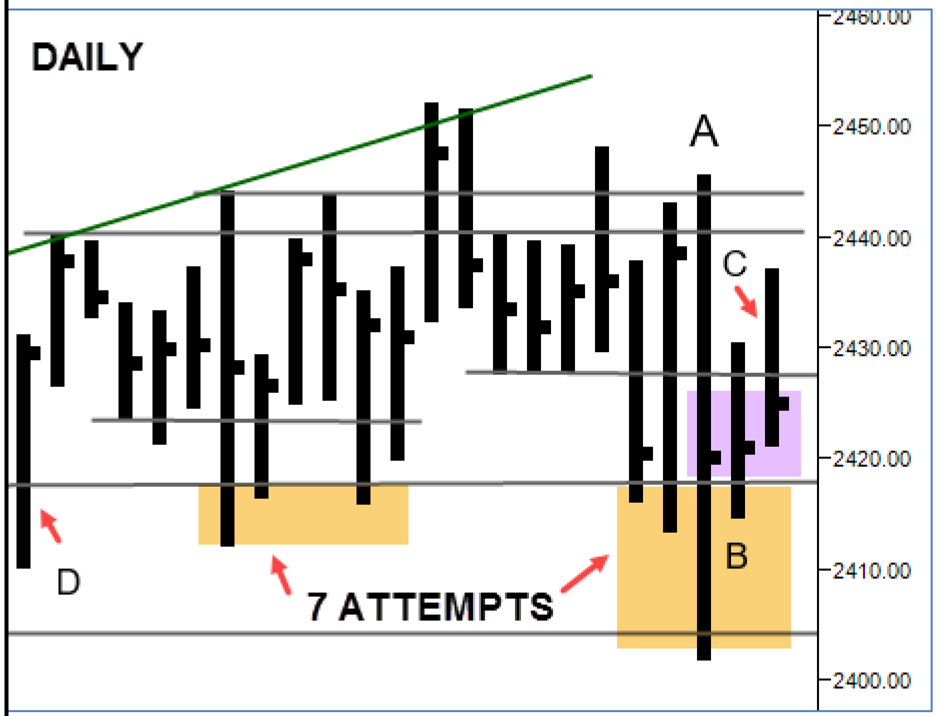
Date: 05/07/2017 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2436.50 **LOW:** 2421.50 **CLOSE:** 2425.00

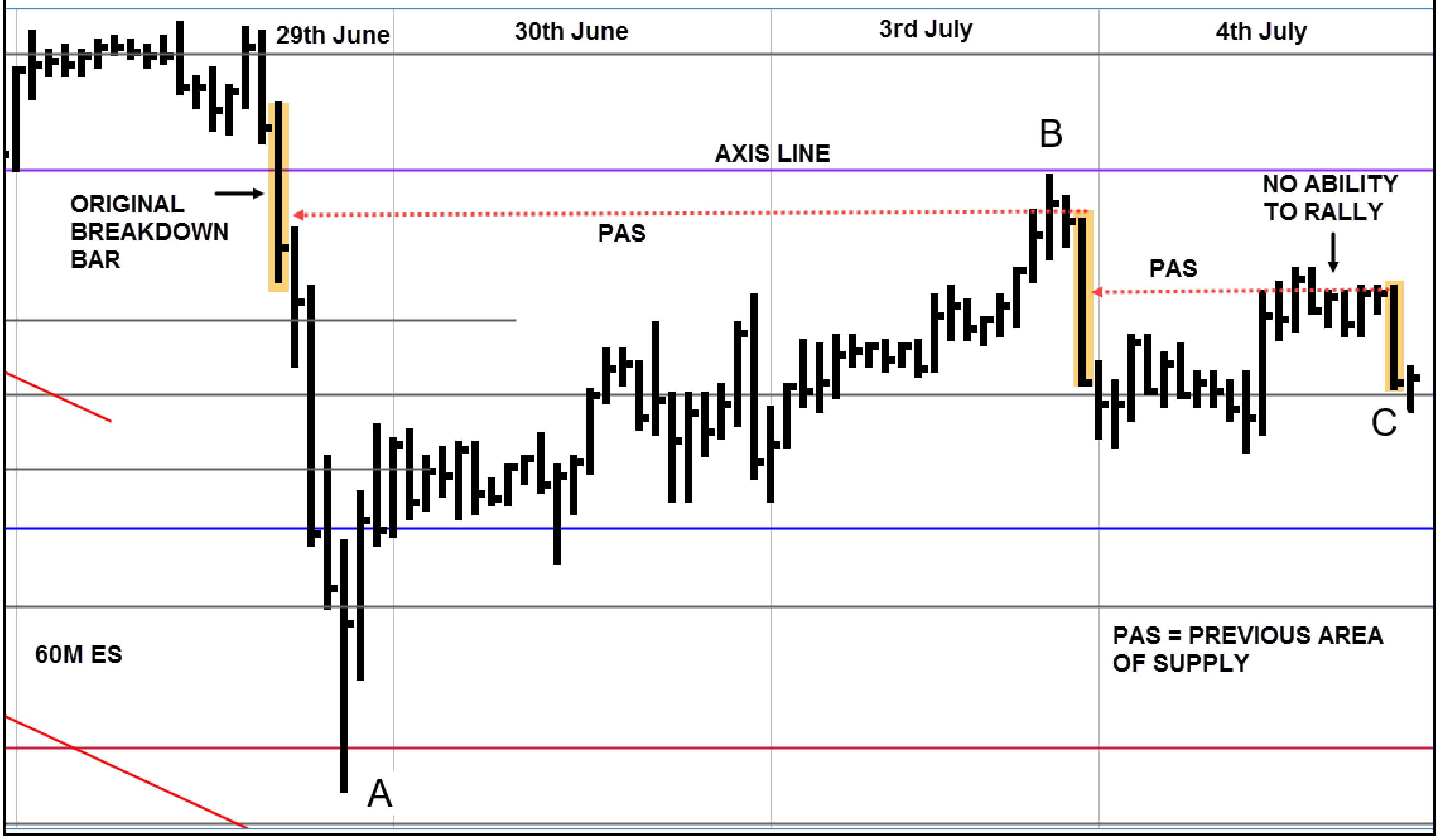
Other levels: res:2484.00 res:2451.50, res:2443.50, res:2440.00, res:2439.00, sup:2403.75, sup:2417.00



Due to the long weekend (US Independence Day) we expect the markets to be a little flat as major participants are not active. However we can still gage some vital levels that help our days trading ahead.

Bar A is the biggest sign of weakness we have had for quite some time, from here bars B & C try to rally yet sellers come in and we end up closing weak back under a local level of resistance (2428.00) NOTE – the purple highlight, although sellers are pressing we are making higher closes. We have one vital piece of information on this chart that could provide an edge for the near future. Bar D (1st June 17) is our original bar that broke resistance that turned into support at 2417.00 we have had 7 attempts to break this support level, yet every time we dip into this area demand emerges and we end up closing back above, we would presume this area to be a buying zone/accumulation - if we get a bar that closes in this area we have to close attention, (a potential change of behaviour)

The 60m has no volume histogram as its clear to see via price action the weakness associated. The drive to A; supply enters the market with ferocity. For the next few days we try to push up to B; with no genuine demand, a choppy, lacklustre, grinding up move with no real bars of decent buying quality. Compare this rally to the previous reaction to A, worlds apart. At B we encounter our infamous axis line, the original breakdown bar and supply enters (orange highlight). We approach a previous area of supply with weak demand (narrow spreads, overlapping bars etc) the axis line is the logical place for sellers to emerge - why would they assert themselves at a lower price if the market is grinding up? By patiently waiting the sellers will get a better price. Many traders, algo’s, HFT’s etc will be aware of this level due to its very nature. We try and hold a level of support, push on up and for 7hrs we are unable to make any upside progress, no ability to rally, does this action make sense? Yes we’re in a previous area of supply; consequently we react sharp to C (orange highlight)



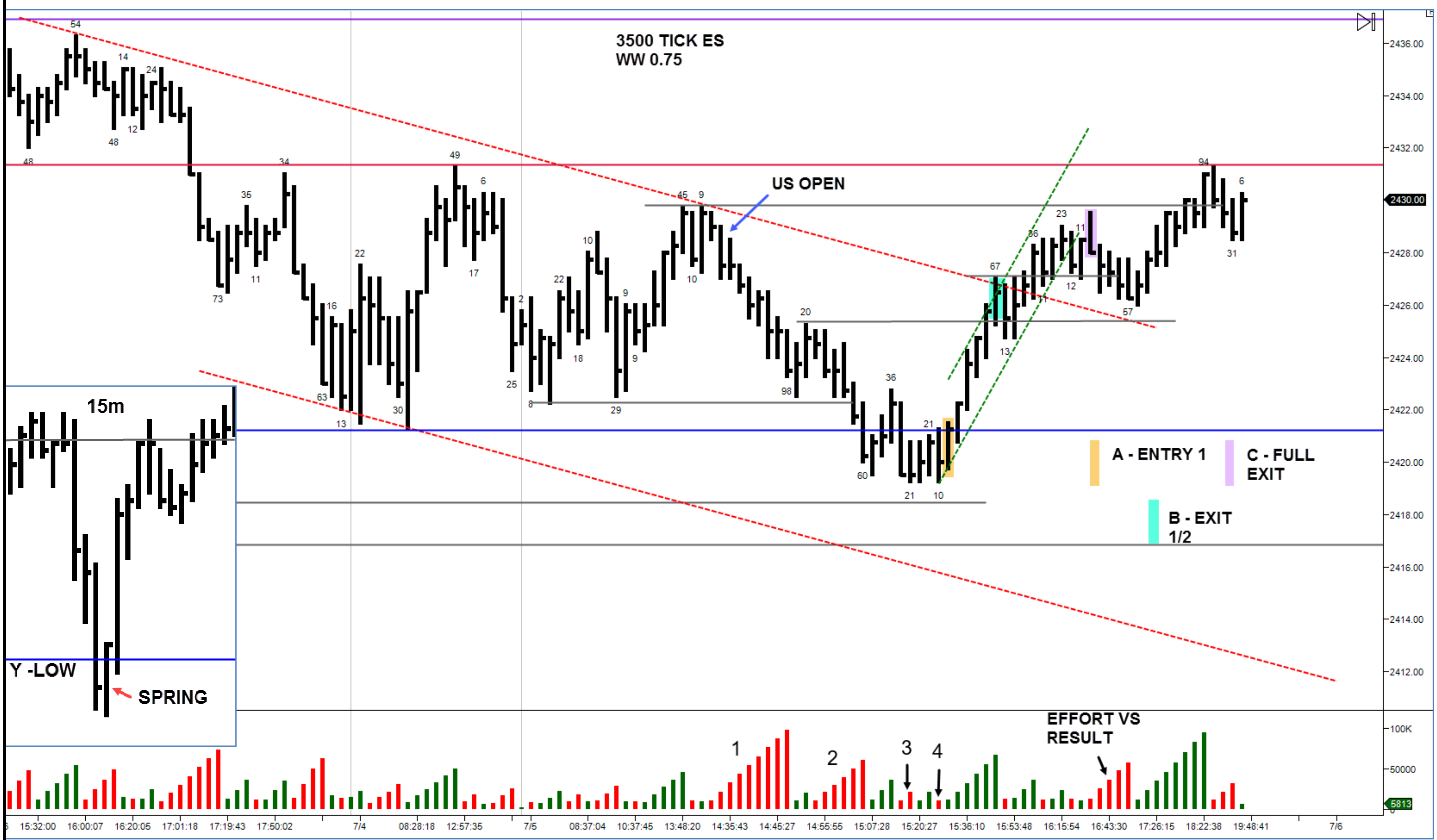
Game plan: Scenario 1 – highs made first; resistance holds at 2428.00 or if we break mildly - unable to hold, look for weak demand, supply to emerge apply bearish setups

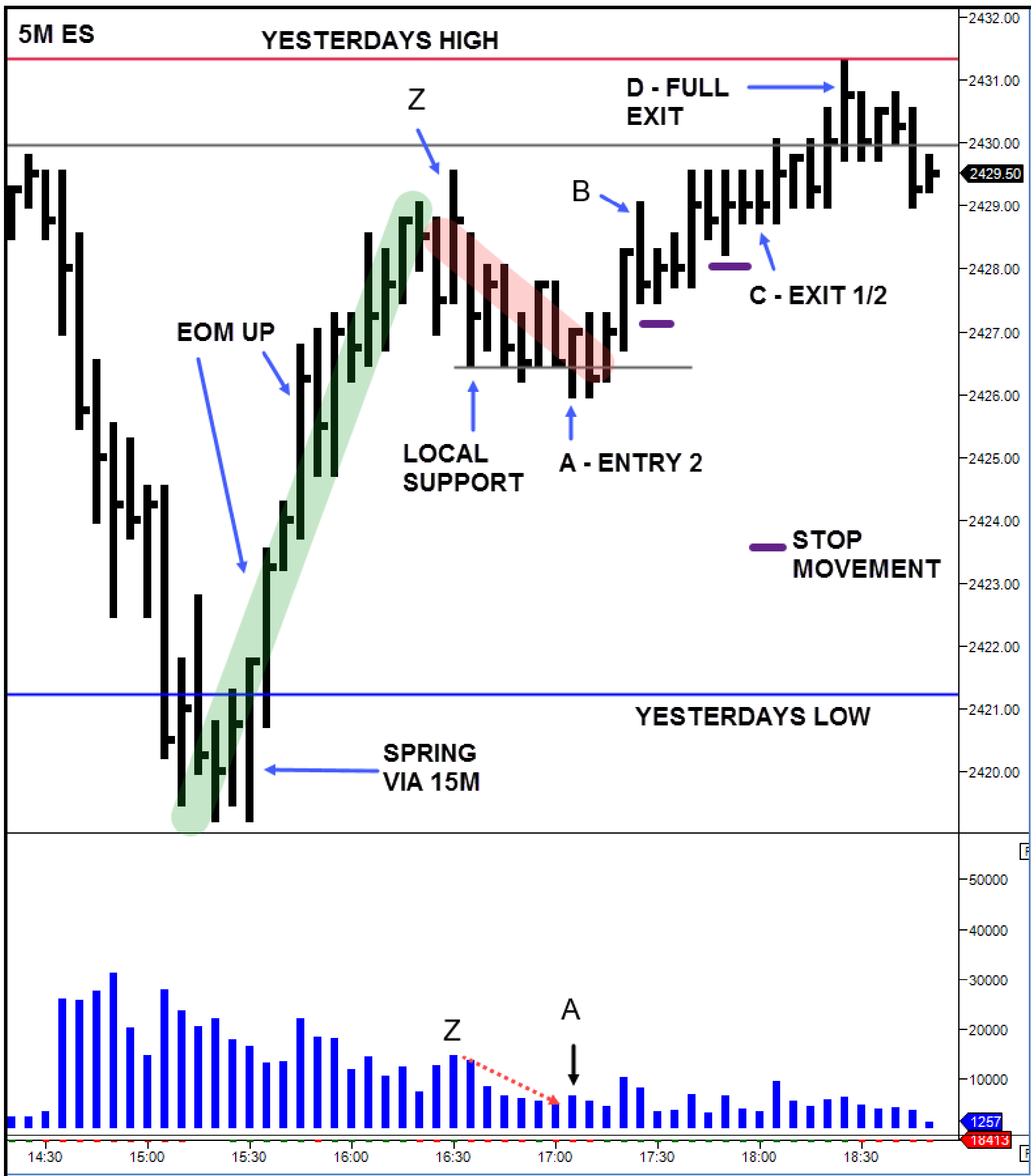
Scenario 2 – highs made first; break resistance decisively, wait for a weak reaction and apply bullish setups

Scenario 3 – lows made first; support holds at 2417.00, look for weak supply, demand to emerge and apply bullish setups

Scenario 4 – lows made first; break support, (as we're in a demand zone we have to be careful taking short positions), wait for a weak rally and apply bearish setups. An alternative - if we break, be patient wait for supply to weaken, demand to emerge and apply bullish setups. The key to this scenario is study the selling quality when we break support

Entry 1 – Bar A via the 15m, why? It's by combining multiple time frames we get clarity for this setup. We spring yesterdays low (very normal market behaviour – daily highs and lows are of major importance for intraday traders as many institutions sell the break of the lows and buy a break of the highs still to this day) Using the 3500 tick chart we have shortening of the thrust (each successive move down is making less and less progress) Analysing the waves of selling, supply is drying up – 98k, 60k, 21k and 10k contracts, (compare the waves of selling 1 to 4) the last 3 waves occur at support (yesterday's low), support is holding. As we close back above support an instant buy. The spring via the 15m would be difficult to trade, almost impossible, it's only when we look deeper into the action via a smaller timeframe we can see that supply has weakened. Exit ½ at B, overbought in our micro up channel and touching our supply line via the larger channel, a confluence (+5.25 points). Full exit at C, shortening of the thrust to the upside, 67k, 36k, 23k,11k (demand is drying up) in addition we break the demand line followed by a negative bar - this bar had ample opportunity for higher prices, as we approached the overnight high selling emerged ending with a reversal closing weak, a hidden upthrust) (+6.25 points)





Bar A – entry 2, why? This is a first pull back after a change of behaviour, if the upwave would have broken the last swing high, giving us a NEW momentum high, the setup would have been more potent. Yesterday's lows have been rejected; odds now favour a test of the highs. The market rallies with ease of movement resulting in a large up wave to Z. As we react to A volume declines, during the pullback we form a local level of support and for 30m we trade sideways, unable to react deeper for lower prices. Bar A dips under previous bar reverses to close firm with a pop in volume. Via the tick chart we have a down wave with effort vs. Result - buying must have occurred otherwise we would have made lower prices (same volume as wave 2 on the tick chart, yet downside progress is halved). From entry 2, as bar B prints the stop is moved to breakeven (purple hl) Bar C – exit half (+2 points), stop moved. Full exit at D, target hit (yesterday's high) + 3.75 points.

Entry 2 was placed during the US lunch, it's possible that the market has more to give, up waves are still larger than the down waves, demand in control and supply yet to show its hand. Today's trading was a typical day - if we reject either yesterday's high or lows within the first hours trading, odds favour a reversal and after lunch the S&P's in particular is trendy in nature - these nuances are important to understand for any instrument that is traded on a daily basis, over the long term, it can provide a huge edge. For myself, first day back, lock in profits, time to call it a day

Email: feibel@yahoo.com