

Date: 13/07/2017

Market: ES mini

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

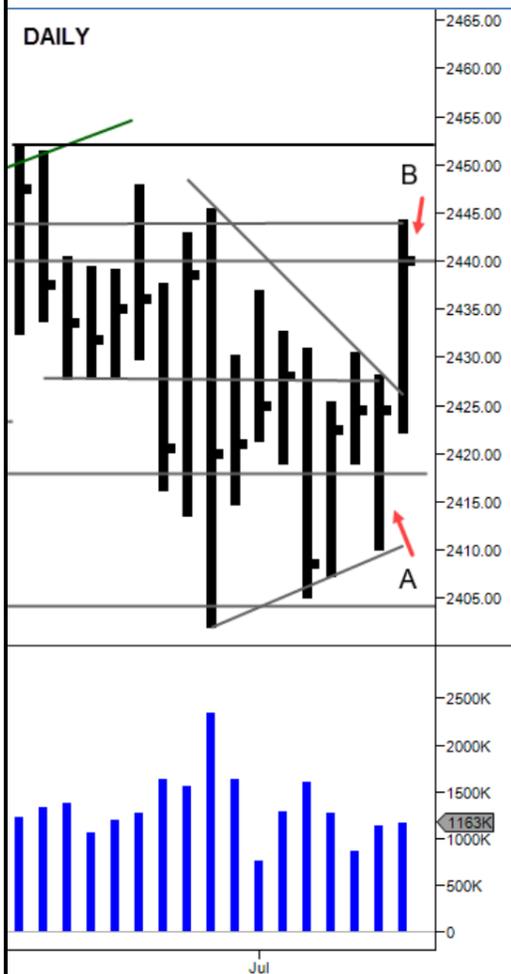
News:

Yesterday: HIGH: 2443.75

LOW: 2422.50

CLOSE: 2440.00

Other levels: res:2451.50, res:2443.50, res:2440.00, sup: 2337.00, sup:2428.00 sup:2403.75, sup:2417.00, sup:2475.50



The S&P continued north in the process breaking an apex, Bar B has a firm close, decent spread with a slight increase in volume, a healthy bar. It found difficulty in the resistance area 2440.00 -2443.50 to be expected as the average true range was in play. From the daily we would expect higher prices.

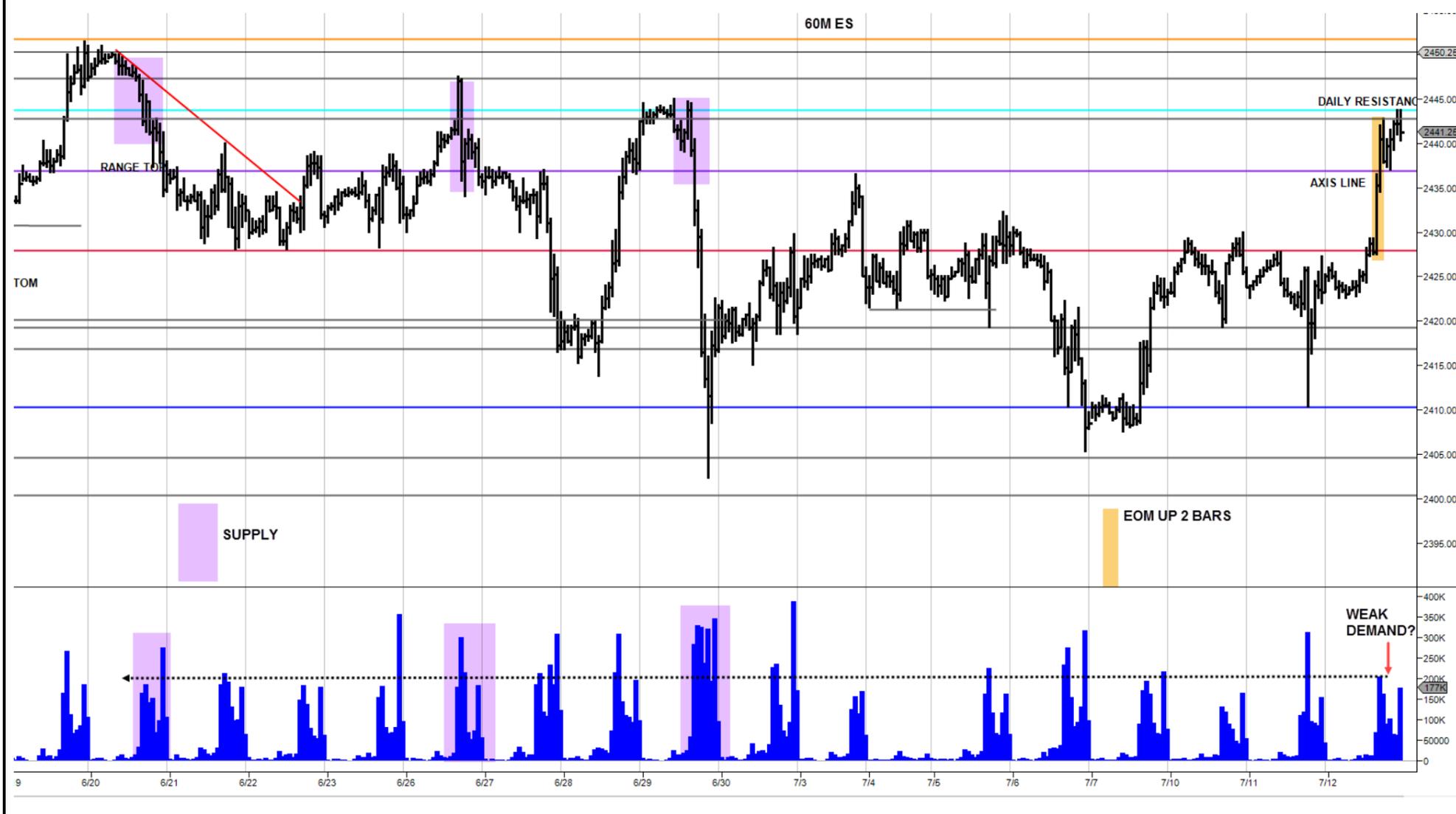
Using the 60m we gain additional insights from yesterday's trading. If we look to the left we have 3 supply areas with higher volume than yesterdays approach (purple highlight) every reaction has produced a minimum of 22 points. We get ease of movement up as shown by the orange highlight then for the proceeding 6 hours we produce a mini range between the axis line and sky blue resistance with volume tapering off. Technically we are holding gains from the advance but to break to the upside we're going to need more volume as active bears are in this area - the S&P is in a precarious position with the all time high being 10 points away. If the market wants to push higher we could have a tight range bound day to build cause for the drive. Yesterday's volume as a whole is the lowest we have had for an approach into this area, this gives the key questions: is this a no demand rally? Or have sellers been eradicated?

Game plan: Scenario 1 - highs made first; break resistance decisively and wait for a weak reaction back to a support level and apply bullish setups. Bear in mind the all time high is near at 2451.50

Scenario 2 - highs made first; break resistance, buyers unable to sustain, look for weak demand and the presence of supply, for safety we would want a clean break of support at the lowest level (2440.00) then apply bearish plays

Scenario 3 - lows made first; could retrace to 50% of bar B, look for weak supply and demand to emerge (2433.00) with a play back to resistance area

Scenario 4 - lows made first; wait for a weak rally to 2440.00 and apply bearish setups



A - Entry 1, why? To the left we have a failed break of yesterday's high (60k contracts) that could also be viewed as an upthrust on a higher timeframe. We revisit 3 times with declining volume (testing action) with 44k, 21k and 11k contracts respectively, the market is telling us in advance that demand for the time being is spent, NOW were looking for a reason via the structure to apply bearish setups. As we break yesterday's high and the demand line the market pulls me in with a sell stop. B - Exit 1/2 (+3.50 points) this was our first logical target. The axis line was our first major target; if this breaks we could have a big fish on, however the market holds and as C breaks our first line of local resistance full exit (+1.25 points). As the market is acting different to our thinking we simply sit, wait and evaluate. We had a failed break, 3 successive drives with declining volume, some ease of movement down to B (volume not overt), if the market was indeed weak a natural level of support to test would be the axis line, as we held a higher level by 3 points and demand volume was building at C to the upside we negate bearish setups as a bullish tone is beginning to emerge



Bar D - entry 2 via the 5m chart, why? We have larger upwaves than down waves. The last downwave compared to the previous has a lower angle of ascent (less ease of movement) Bar G - as we break yesterday's high we get a spike in volume, we would expect downside progress, yet the market has other plans as both bars H and D reverse back above support. Both bars had the opportunity for downside follow through and didn't capitalise, in a nutshell we're springing yesterday's high (a solid support area as we have been flirting with this area all day), this would be our first test since the clean break approx 16:45pm. It's a strong spring setup. Bar E - exit 1/2 (+1.75 points), bar F - full exit (+1.25 points).

These trades never got going, after 90mins of holding, the close being 15m away combined with a negative bar is enough reason to liquidate and call it a day.

Today's trading was tough; the market has contracted for the past couple of days providing very little in terms of a big catch, which is OK, the markets are cyclical in nature and after contraction comes expansion. A 3.50 point trade is fruitful considering what the market had to offer; we're thankful for this and know...there is always another trade

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