

Date: 18/07/2017

Market: ES mini

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

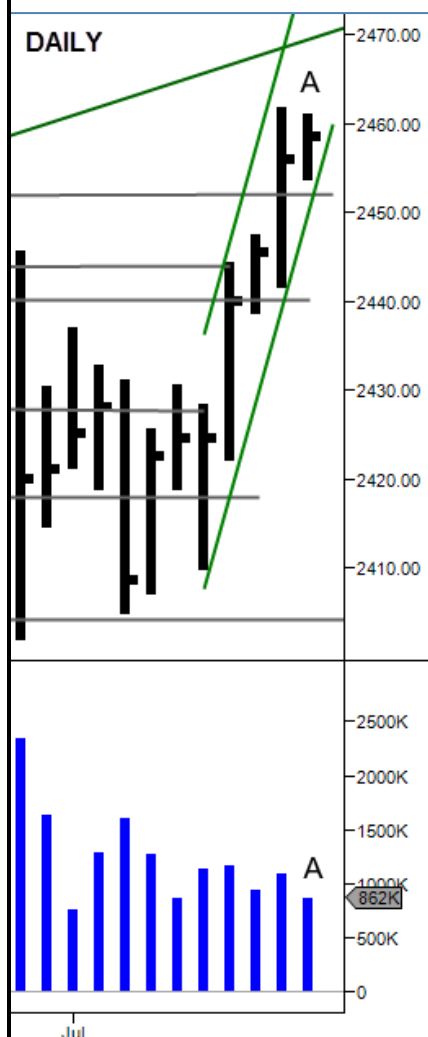
News:

Yesterday: **HIGH:** 2460.50

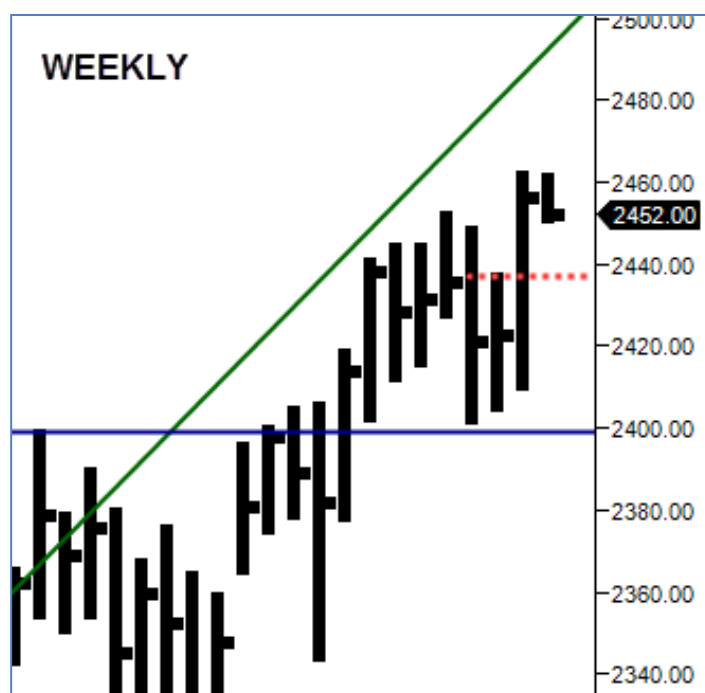
LOW: 2454.00

CLOSE: 2458.50

Other levels: res:2495.00, res:2461.50, sup:2451.50, sup:2440.00, sup:2337.00, sup:2428.00 sup:2403.75, sup:2417.00



The S&P's has contracted a little which was a possible scenario as discussed in yesterday's Chronicle. Bar A - is an inside up bar, spread has narrowed and the volume has declined, from this analysis alone we would expect higher prices. There is nothing else to tell us otherwise. Due to the nature of yesterday's trading the smaller time frames do not provide any additional insights. We have the market structure in place to formulate a plan for the trading ahead



The weekly S&P is bullish; we would expect some kind of testing action, a weak pullback. Wyckoff stated that the market has every right to retrace approx 50%, this would coincide with the clustering of closes and the previous weeks high. The line in our sand would be the red dotted line around 2440.00, a close under here would not be healthy for the bulls, we do have a fair amount of wiggle room 20 points or so. If the market holds a higher level of support we gain additional info - strength

Game plan: Scenario 1 - highs made first; break yesterday's high/all time high decisively, wait for a weak pullback and apply bullish setups

Scenario 2 - highs made first; try to break the highs around 2460 -2462 (or penetrate a little) buyers unable to hold, look for weak demand and supply to emerge. It's possible that we could upthrust, as we pass back through the highs apply bearish setups. First target being 2451.50

Scenario 3 - lows made first; support holds at 2451.50, (small penetration/ springing action) look for a weak pullback and demand to emerge, apply bullish setups

Scenario 4 - lows made first; break support at 2451.50, if we break with ease of movement to the downside wait for a weak rally back to newly formed resistance and apply bearish setups

During the overnight, we come back and test yesterday's low at A during the Asian session. Support holds and we rally back to yesterday's high (B) during The European session - NOTE the lack of demand on this approach (if in front of your screens at this time it's an instant short) Compare the volume here to other attempts to break - 134k, 94k, 89k, 159k, 91k contracts - odds favour a hold with a mere 22k contracts in this area. As we pullback volume increases to C; this is a bearish change of behaviour - it's the largest downwave (supply) we have seen for many days. We NOW look for an opportunity to short. D is our entry, why? An upthrust (bearish) the highs have been rejected (bearish) we have the largest down wave behind us (bearish). We get a rally back to resistance with 83k which is fairly strong (but half of the prior downwave at 145k, bearish) as we try to break yesterday's low on the second rally with 36k contracts odds favour a hold - NOTE price cannot hold a close above resistance, sellers are capping upside progress (bearish).

E - Exit 1/2, first target hit (+3.75 points). F - Full exit (+2.00 points) as we rally back up stop was moved to multiday high resistance. The market could very well test yesterday's low at this point, unwilling to give back another 2 points. This of course is completely discretionary. Trade management is a vital component of any traders skill set. This approach works best for my style, more importantly my mindset. Taking a small profit here and there adds up during the course of a week, month, year etc. Some would argue that cutting trades short and not giving the trade enough



room to breathe can have a negative effect during the longer term; I totally understand this point of view. What's important from my perspective is to maintain a positive mindset - by continually locking in small profits trade after trade, day after day, creates a lack of fear, positivity and of utmost importance belief in ones trading and the methodology. If you have noticed throughout the Chronicles, I have rarely had a trade above 9 points, it's because I'm am not looking for the home run "that one big trade", I am a firm believer that process and execution are the key, this I hold above anything else in trading, if we focus on those 2 aspects (not points gained) it's inevitable that success in trading will follow. That's not to say we become stagnant - we always look to work on our weaknesses to become better versions of ourselves within the market place

The rest of the day's trading was difficult to say the least. We get a bullish change of behaviour to G, breaking the supply line from our down trend channel. From here were looking for a weak pullback to apply bullish setups, however the reaction to H has a great deal of volume, this could be interpreted as Effort vs. Result (contains a great deal of buying; compare the reaction to E with 65k contracts to H with 108k contracts, we make half the progress with double the volume - only buying can do this; red opaque)

The market doesn't provide a clean entry to the upside, I was contemplating an aggressive long at K as we close back above yesterday's low (as we do technically come strength, being a spring from E, although 4 bars it's the same principle) however with all that downside volume behind us (although effort vs. result with 108k contracts) it wasn't crystal clear, no need to risk capital - there is always another trade. For the next couple of hours to J we grind sideways, it feels as if the market wants to go higher but as the market is particularly tricky to read it's time to lock in profits and call it a day

Email: feibel@yahoo.com