

Date: 17/08/2017

Market: ES mini

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

News:

Yesterday:

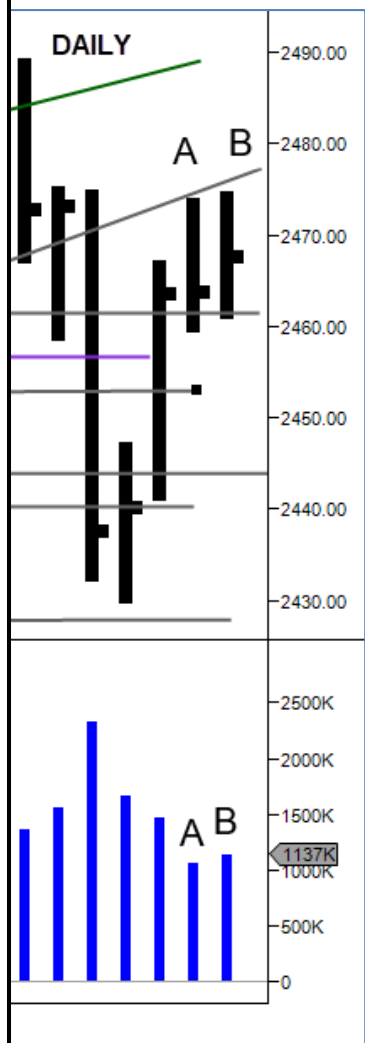
HIGH: 2474.00

LOW: 2461.50

CLOSE: 2467.50

Other levels:

res:2480.50, res: 2474.50, sup:2461.50, sup:2457.00 res:2451.50, res:2440.00, res:2337.00, sup:2428.00,

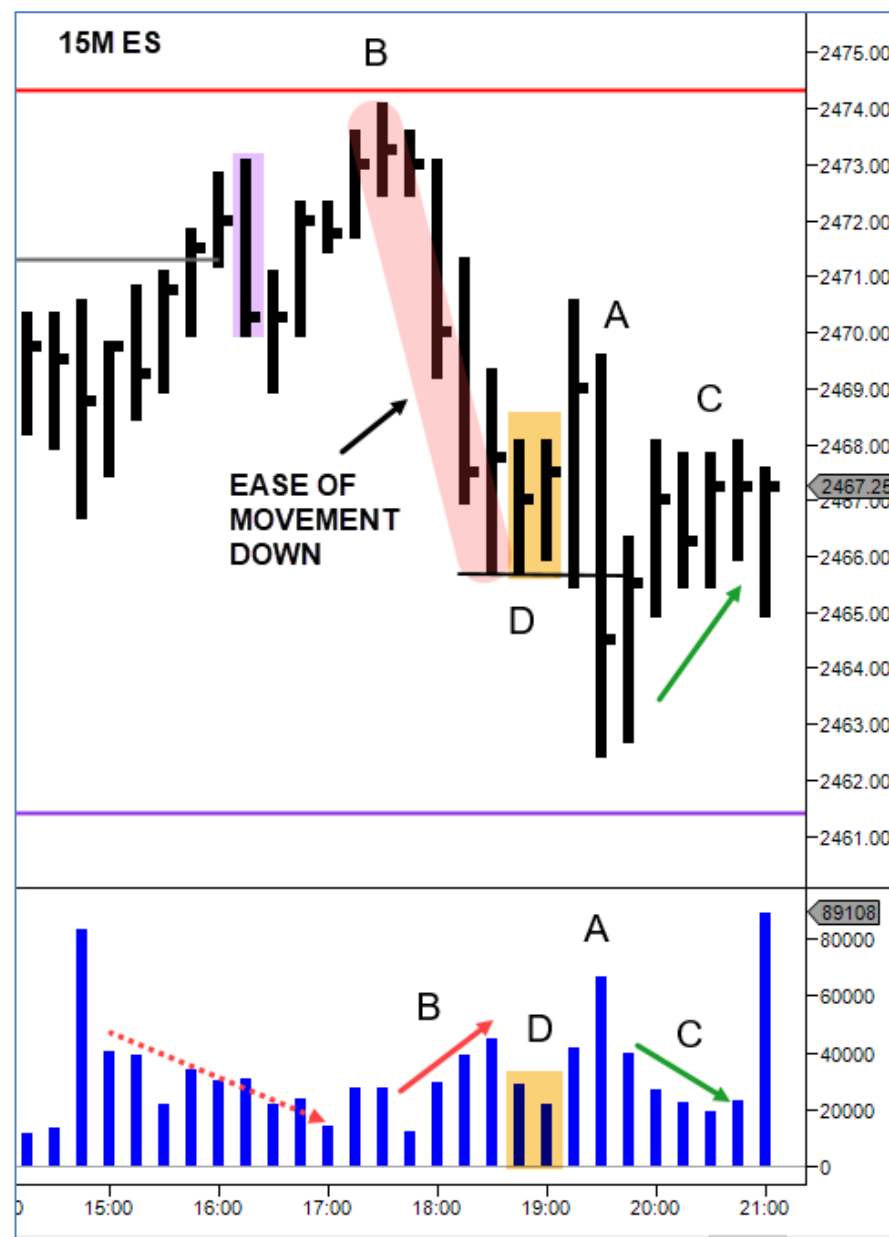


Nothing to take from yesterday's trading, no additional insights via the daily, it's an up bar with slightly higher volume that closes in the middle. The supply line and resistance held along with support at 2461.50, literally in the middle of the two.

The 15m chart we can extract some vital pieces of info. The rally to B doesn't shout strength, spreads narrow on the advance and volume slightly diminishes. NOTE - the purple highlight, a supply bar, this wipes out the previous 2 bars with ease, this bar is hinting that sellers are in this market. On the approach to B price action rolls over near the top before we react pretty sharply with decent price action, wider spreads, weak closes, importantly volume has increased. Wyckoff would always

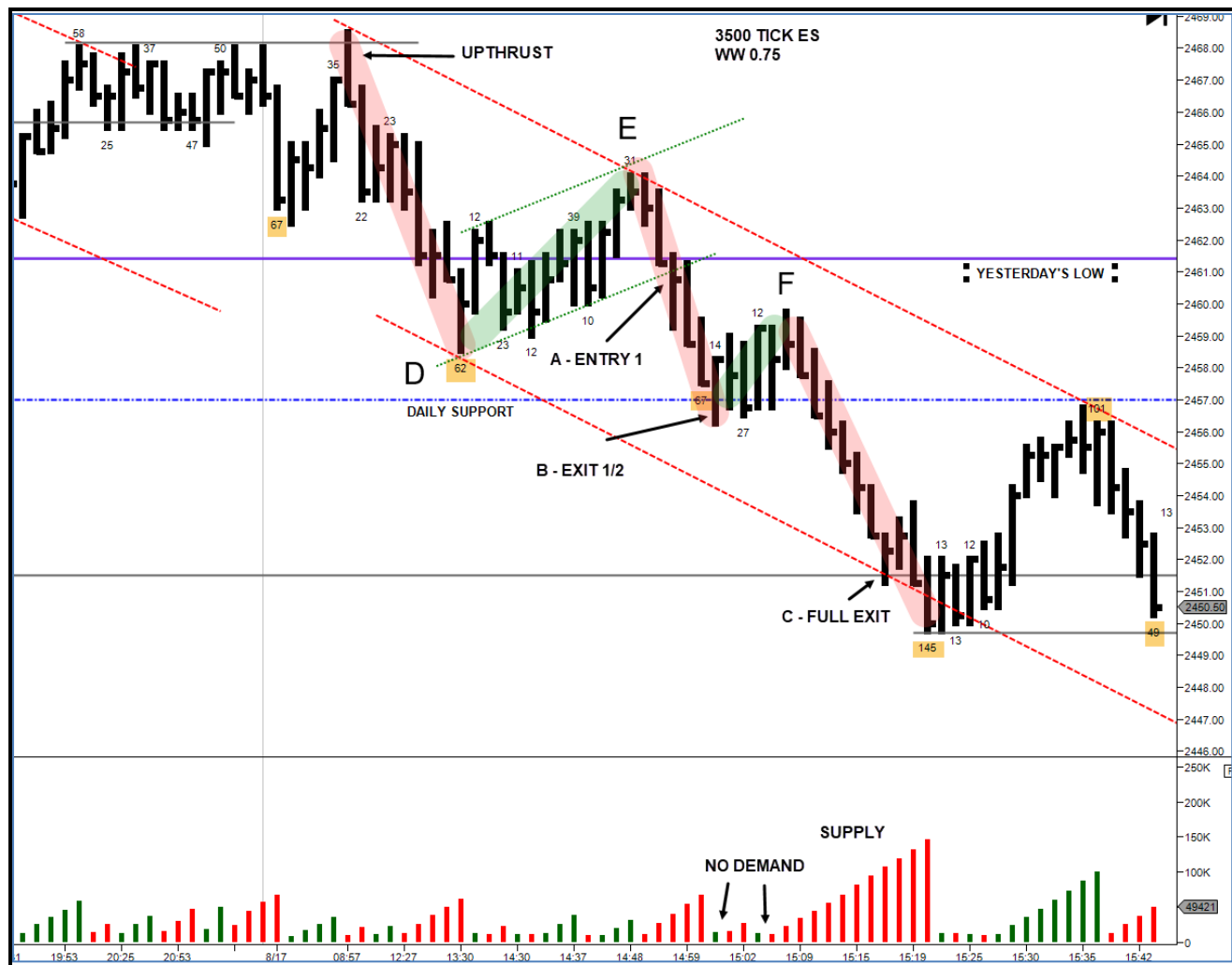
compare and contrast even in terms of buying and selling quality - it's clear that sellers have the upper hand, the dominate force - it takes 3 supply bars to wipe out 18 bars attempting to rally, we have ease of movement to the downside, better quality selling. Price halts at D, we attempt to rally and volume declines dramatically (orange highlight), there is no demand. The

following bar is an upside shakeout, then bar A prints and wipes out any upside progress, making a lower low with a large spread and increasing volume, this is supply entering the market. The sellers are able to push this market down. We proceed to C where volume declines, the spreads narrow - this is buying of poor quality. In a nutshell we can deter that sellers are having an effect (producing wide spreads), they have market participants, we know this due to the increasing volume (activity) and that demand is poor in comparison (narrow spreads, decreasing volume). As highs were rejected at B odds favour some testing action at 2461.50, ergo lower prices for tomorrows trading



During the Asian session we sell off with 67k, rally to resistance and upthrust that results in a large wave down, breaking yesterdays low (selling lasted the whole of the European session). The nature of an upthrust is to break the previous swing low, we achieve this and more so with the addition of support breaking. We get a choppy rally to E, during which the US opens. As price starts to fall breaking yesterdays support and the demand line from our channel, the market pulls me in with a sell stop: Bar A - Entry 1, why? We have Wyckoff weakness in the back ground via the upthrust, selling throughout the European session and supply in control at this moment (orange highlights) 67k and 62k, all other attempts to rally produce an average of half around 30k contracts, combining this knowledge with the weak price action (breaking support and supply line) it's enough for a short play. This is not a Wyckoff setup, more price action based - clip size was adjusted

Bar B - Exit 1/2, major support (+3.50 points), Bar C - Full exit, at daily support and demand line via channel (confluence) (+8.50 points)

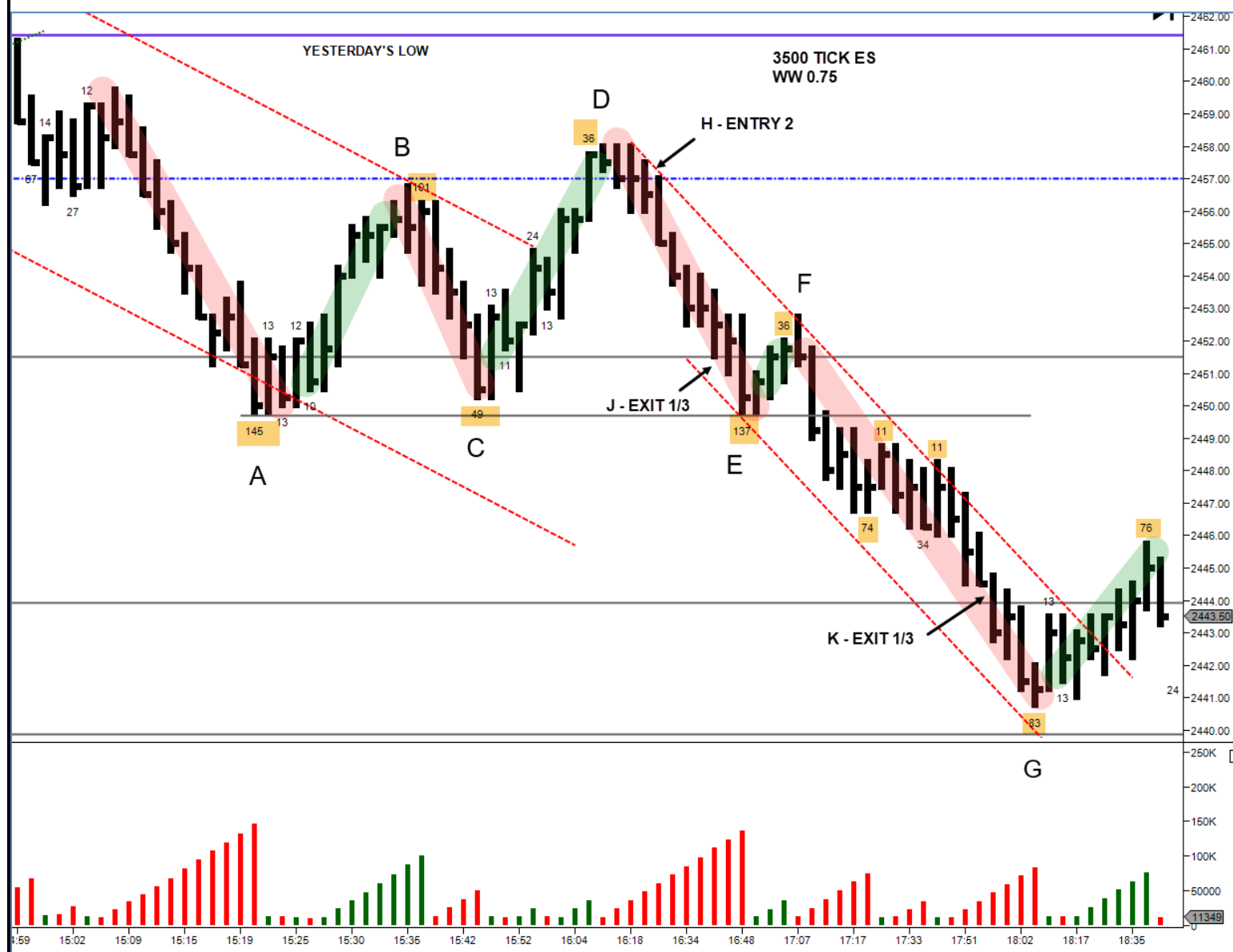


Entry 1 provided a better trade than expected, in hindsight we would always like to have our full clip size in play with a decent trade, but my trading plan dictates price action plays MUST be limited to between 'X' and 'Y' amount of contracts. Over the course of our trading career it's just one trade, we must be grateful for any points that the market offers - there is always another trade

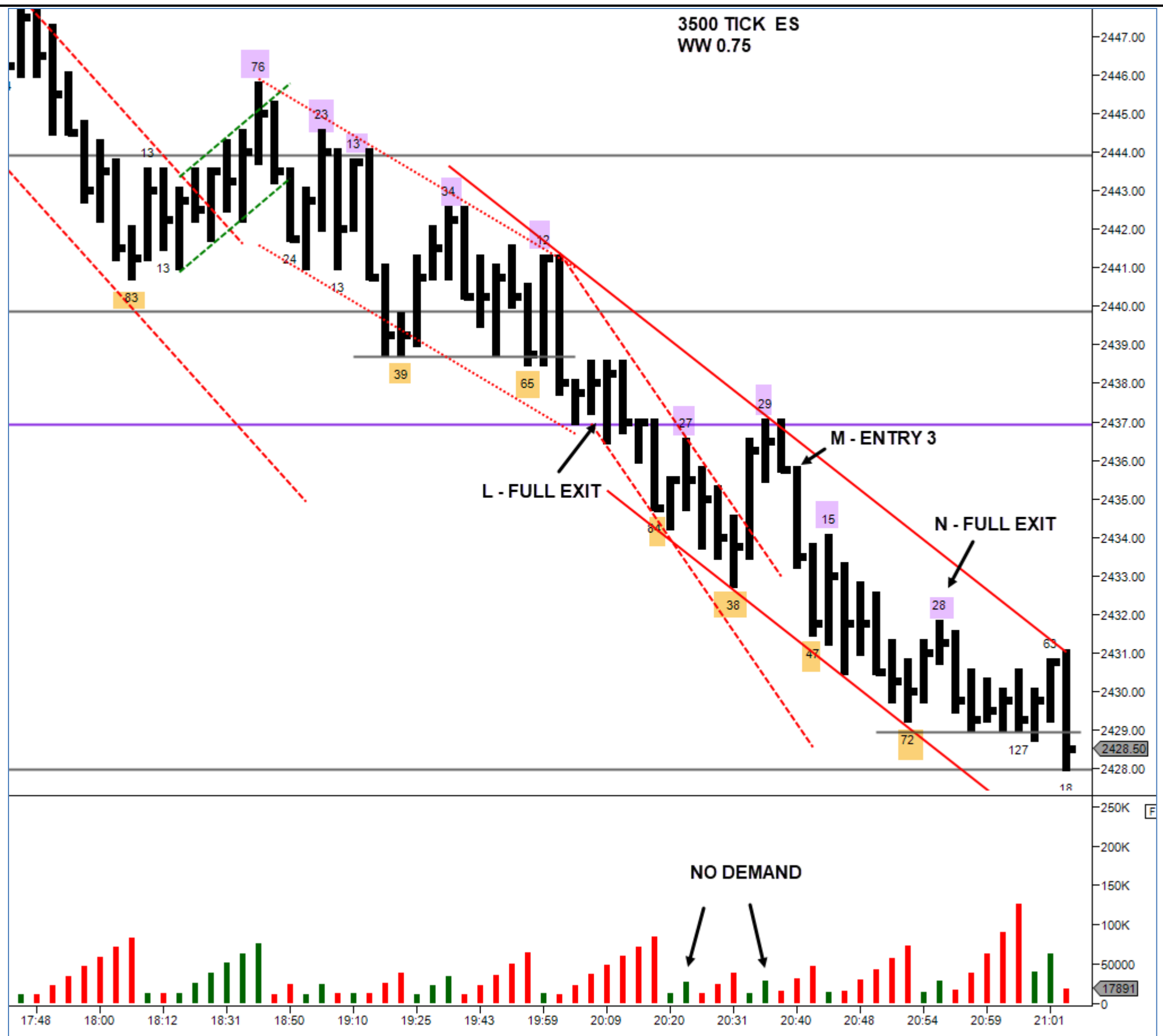
H - Entry 2, why? Supply is in complete control (background conditions) last wave down to A (145k), we hold this level and rally to B, a strong move with (101k), yet the important resistance level of 2457.00 holds; this low is of major

significance, has been mentioned numerous times during the past fortnight via the Chronicles. The proceeding wave down is a vital clue, our ears perk up; the reaction to C we get ease of movement down with half of the volume at B, just 49k compared to the upwave with 101k (same distance travelled in price with only half the volume) What does this mean? Yes downside volume has declined to the previous wave (145k), but look how easy it is push the market down, the upwave to B must contain hidden selling (Effort vs. Result) does this makes sense? Yes, we have a confluence of major resistance and the supply line via our channel, with huge weakness in the background. The proceeding rally we try to break with 36k a mere 1/3 of the previous attempt (101K) - Wyckoff, it takes equal or greater volume to break previous areas of support or resistance. As price breaks support and the wave volume flips the market pulls me in full clip size. This set up is a classic Wyckoff 'rally back to ice' (ice being support) picture perfect trade

Bar J - Exit 1/3, first support (+4.75 points), Bar K - Exit 1/3 daily support (+12.25 points)



As previously mentioned, market reversals like to occur around the 60 to 90 minute mark after the US open (morning session) and afternoons are often than not trendy in nature. At this point the market is free falling, supply is in full control, waves in terms of progress made and volume supersede any forms of buying. We want to hold our last 1/3 for as long as possible and find excuses for adding additional contracts odds are stacking up for a potential trend day



L – Full exit, at daily support dips under to reverse and close firm, potential spring position (+18.25 points)

M – Entry 3, why? Supply still in control with previous downwaves being 38k, 84k and 65k, as we rally back to resistance for the second time volume is the same – we have two no demand rallies (27k and 29k) to a daily resistance level. Don't forget supply is in control, its DEMAND that need to prove itself, a very important concept. This is another classic Wyckoff setup 'rally back to ice'

Bar N – Full exit, near the US close, the first bar that breaks the highs 2 bars back (+6.25 points)

Today's trading are the bread and butter days for many traders, we thrive on volatility and conditions such as these. When the market liquidates with such ease, core Wyckoff principles are easy to spot (no demand rallies, large waves, etc) as the market isn't easily manipulated by the larger traders, the market becomes clean and efficient in a sense. Fear is a more powerful emotion than greed, hence why sell offs are more aggressive in nature than strong up moves, by understanding the psychological conditions of mass behaviour we as traders must be more aggressive and be willing to let our trades run as we have the potential for a trend day to the downside. Time to lock in profits and call it a day

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