

Date: 24/08/2017

Market: ES mini

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

News:

Yesterday:

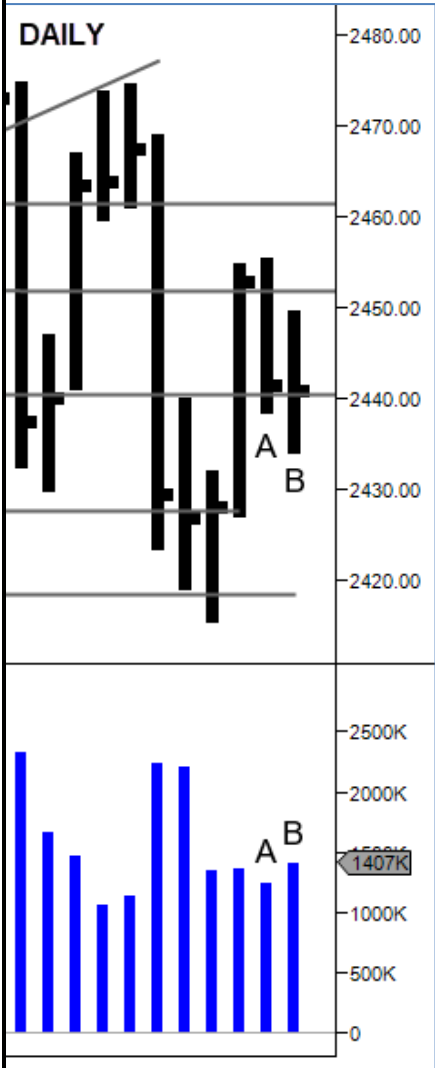
HIGH: 2449.00

LOW: 2434.50

CLOSE: 2440.75

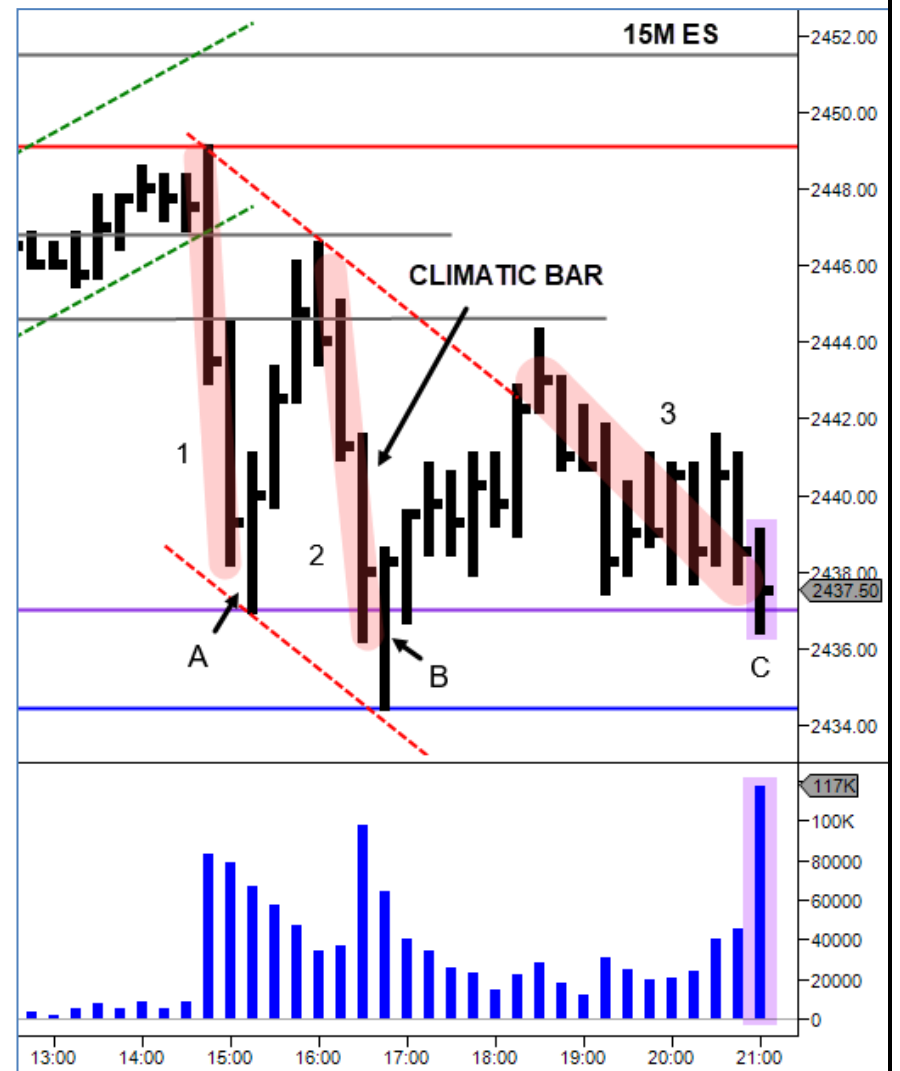
Other levels:

res:2480.50, res: 2474.50, sup:2461.50, res:2451.50, res:2440.00, res:2444.00 sup:2417.75, sup:2403.50



The S&P's gave shallow ground with very little downside follow via A, buyers managed to step in and close it back above support, for the second day in a row. Bar B is technically a down bar, with a lower high, a lower low and slight lower close, however volume increased and no genuine net progress was made either way, no clear direction from the daily

The 15m we can begin to peel back some ambiguity to get a cleaner read. Waves 1 and 2, we get good flow, great ease of movement to the downside. Both waves are immediately reversed with buying of good quality, both bars A & B dip under to find no further selling to reverse and close firm, importantly back above support levels and the previous close - this is a subtle sign of strength. The last bar via wave 2 is a little climatic, there is definitely buying in this bar followed by bar B



which is an excellent response, the market has produced a 15m spring. Price manages to rally back to resistance breaking the supply line, before another wave down begins, wave 3 - this wave in comparison to waves 1 and 2 is worlds apart, choppy over lapping bars, volume has receded, the flow is no longer apparent. Bar C, highest volume of the day, yet unable to break support; this of course is the US close, notoriously hard bars to read due to the various types of traders active. As it stands wave 3 suggests that selling for the time being is struggling and is testing the spring (discarding bar C)

During the Asian session we bounce between a 6 point range, the Euro session opens testing the spring which is successful and the market drives up to test yesterdays high netting 12 points from the lows, a significant move for pre-market hours. The US opens holding a local level of support for the first 20 mins before we break to the upside with good demand, and then bar B prints; this bar upthrusts major resistance (2451.50) we have high volume, with a weak close well off the highs, we have genuine supply entering the market. Bar B is technically no demand, an inside up bar with the lowest volume compared to the previous 2 bars; we have no demand in an area of supply, many Wyckoff traders would instantly short, however being close to yesterday's high I wanted additional data.

Bar C - Entry 1, as this bar breaks yesterday's high (support) the market pulls me in, volume increases, plus we have the addition of the supply line holding (green circle) We pay for the extra confirmation and in this case a couple of points. If the upthrust closed under yesterdays high or the 2 previous closes, I may have entered via market on the close, alternatively if the spread was smaller via the no demand bar and closed a little firmer I may have entered via the close also. It's a fools game to play what if scenarios in hindsight, however these were my thoughts as the market was unfolding, always trying to be one step ahead

Bar D - Exit 1/3, first support (+3.25 points), Bar E - Exit 1/3 at close, feels climatic and the original demand line was broken making us oversold, (+5.75 points), Bar F - Full Exit at close, 2 strong demand bars (purple highlight) with the latter being primed for higher prices (+5.00 points)

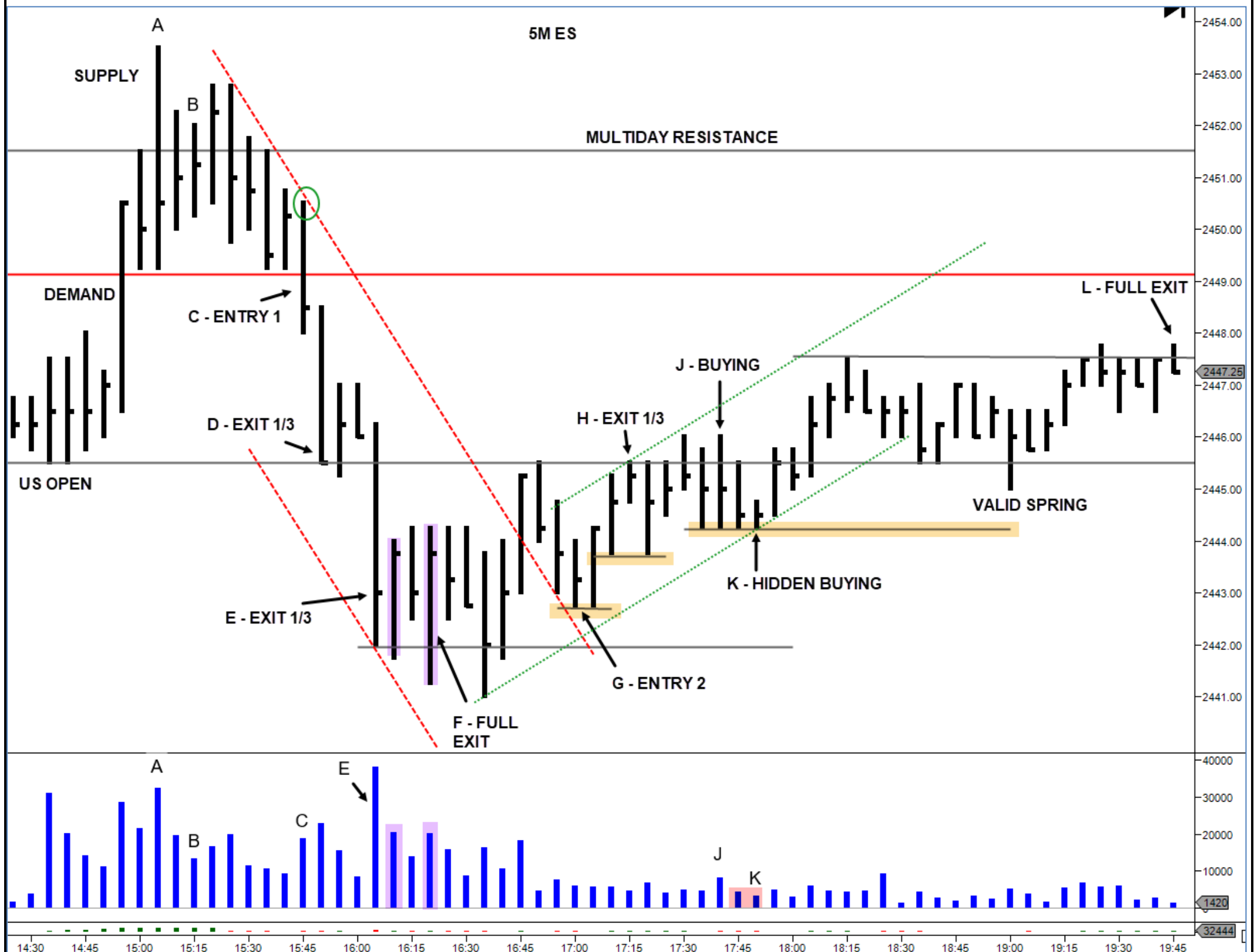
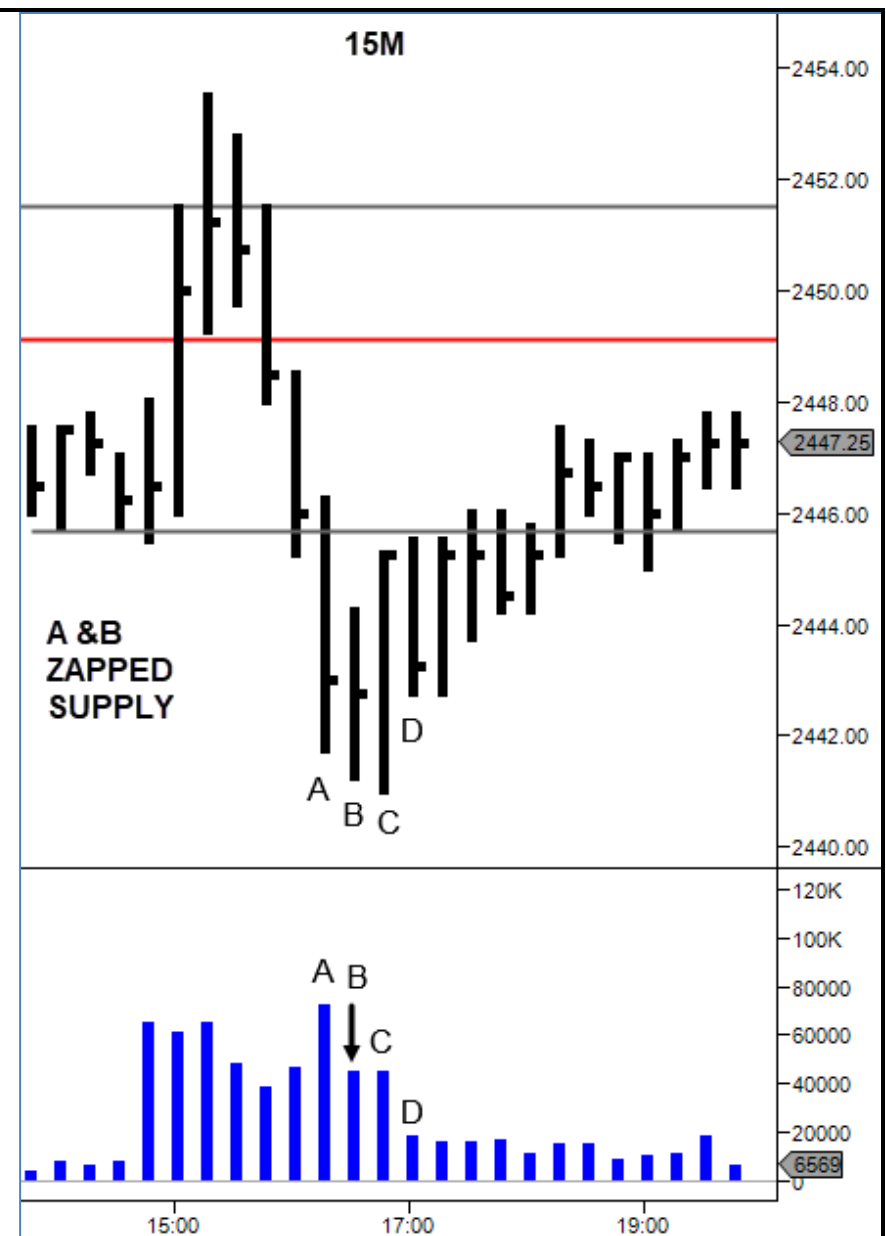
G - Entry 2, why? We have to consult the 15m timeframe:

Bar A - Potential stopping volume, slightly climatic, close is off the lows indicating some buying, however this bar is weak

Bar B - Halts any downside progress, dips under A finds no further selling, reverses to close level

Bar C - Dips under A and B, finds no sellers and reverses to close firm right at the highs with a wide spread, with good volume. This bar accomplishes a great deal, it closes deep into bar A (making back all that lost ground) above bar B and the 2 previous closes

Bar D - A test bar, finds no supply - where has the selling we have previously seen on the advance to A? We are at resistance and the bears manage to muster the lowest of volume of the day; by disconfirming supply we get the confirmation of demand (a very important concept) At this point bars A & B have exhausted all supply, we know that by the ease of movement to the upside via bar C and the lack of supply at resistance at D.



Back to the 5m, Bar H – Exit 1/3, first resistance (+2.25 points) for the next hour or so trading is flat, we're absorbing supply to the left (bar E). Our trade is in good shape, we have buying at J and hidden buying at K (Bar K has similar volume to the previous bar yet the spread is a 1/3 of the size, only buying can do this) importantly, the biggest tell are that local support levels are lifting, this behaviour is not indicative of negativity (orange highlights). An aggressive trader or one that can read the market as it folds with excellent chart reading skills, can trade this.

Bar L – Full Exit, the trade has been held for 3 hours, volume is tapering off, the original target was yesterdays high, were only a couple of points away, time to liquidate and enjoy a long weekend (+4.25 points)

Today's trading provided clean cut entries, not the most enjoyable of trading as from the US lunch period the market became very sluggish. One of the setups uses multiple time frames and is a major component of my trading, however relaying between 6 different charts is very difficult to produce and verbalise, it is advanced skill-set that can take a trader to new heights, we'll come back to this at a later date. Due to Monday being a bank holiday, there will be no edition of the Chronicles, time to lock in profits and call it a day

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