

Date: 28/11/2017

Market: ES mini

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

News:

Yesterday:

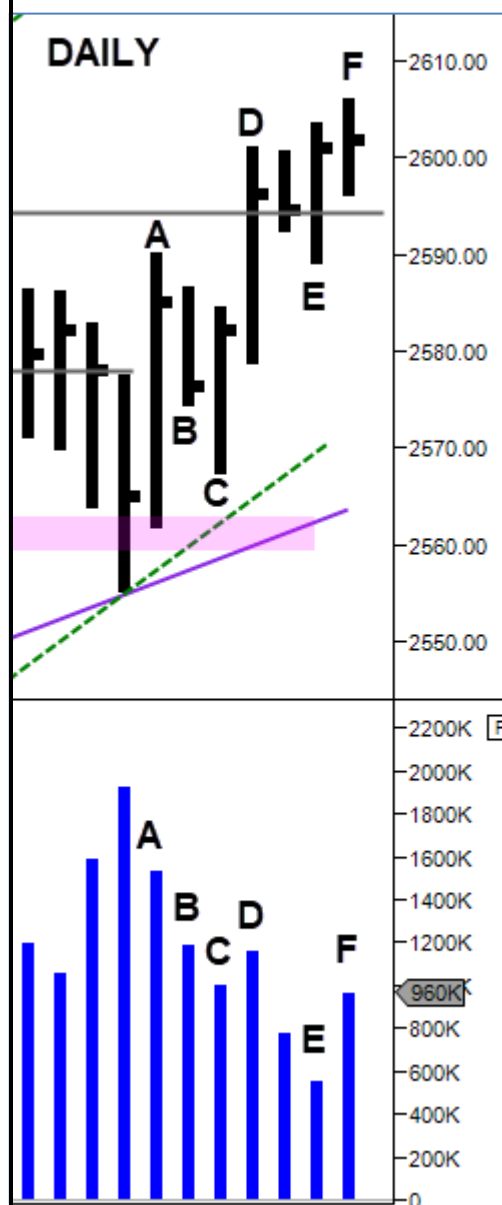
HIGH: 2605.50

LOW: 2596.50

CLOSE: 2601.75

Other levels:

sup:2593.50, sup:2560.00-61.00, sup:2550.75, sup: 2542.50, sup2538.00, sup:2528.00-29.00, sup:2507.25



Nothing has changed, our analysis still holds until we encounter supply.....

Bar A - Strong bar, wipes out the negativity of the previous bar

Bars B & C - both test for supply, B has slightly high volume, unsurprising that they test gain at C, which is perfect, as it dips under B finds no further supply and reverses to close firm

D - Strong bar; closes above resistance. Perfect response to the test

E - Tests D for supply, and holds support with a firm close above the highs of the previous 2 bars. NOTE - the exact same behaviour/pattern via the trio of bars; A to C and D to E, both originate with strong bars and decent volume followed by a small test and then bars C & E; isn't it fascinating how the behaviour is *exactly* the same. Although bar E accomplishes a great deal more, why? It dips under support, reverses to close firm above the previous 2 bars resulting in the highest close of all time; this is extremely bullish behaviour

F - An up bar, we have a higher high, higher low and close, with a relative surge in volume. Considering the spread and the rise in volume we have Effort vs. Result, the question we ask ourselves, is it demand or supply related? From a daily perspective, we must give it to the bulls as we are holding support and it's an up bar. No demand here would be weakness, and ultra high volume would also be weakness, this volume is kind of the

goldilocks level for the buyers, nothing to over, it's just absorbing supply at support. The 15m chart provides additional insights



WORKING CHANNEL, FOUR TOUCHES VIA THE SUPPLY LINE, AND ALTHOUGH WEAKENED, FOUR TOUCHES VIA THE DEMAND LINE. THIS CHANNEL SPANS OVER 3 DAYS

SUPPLY BREAKS THE CHANNEL, YET PRICE IS IMMEDIATELY REVERSED AND STARTS TRADING BACK WITHIN THE CHANNEL WHILST HOLDING THE DEMAND LINE, BULLISH

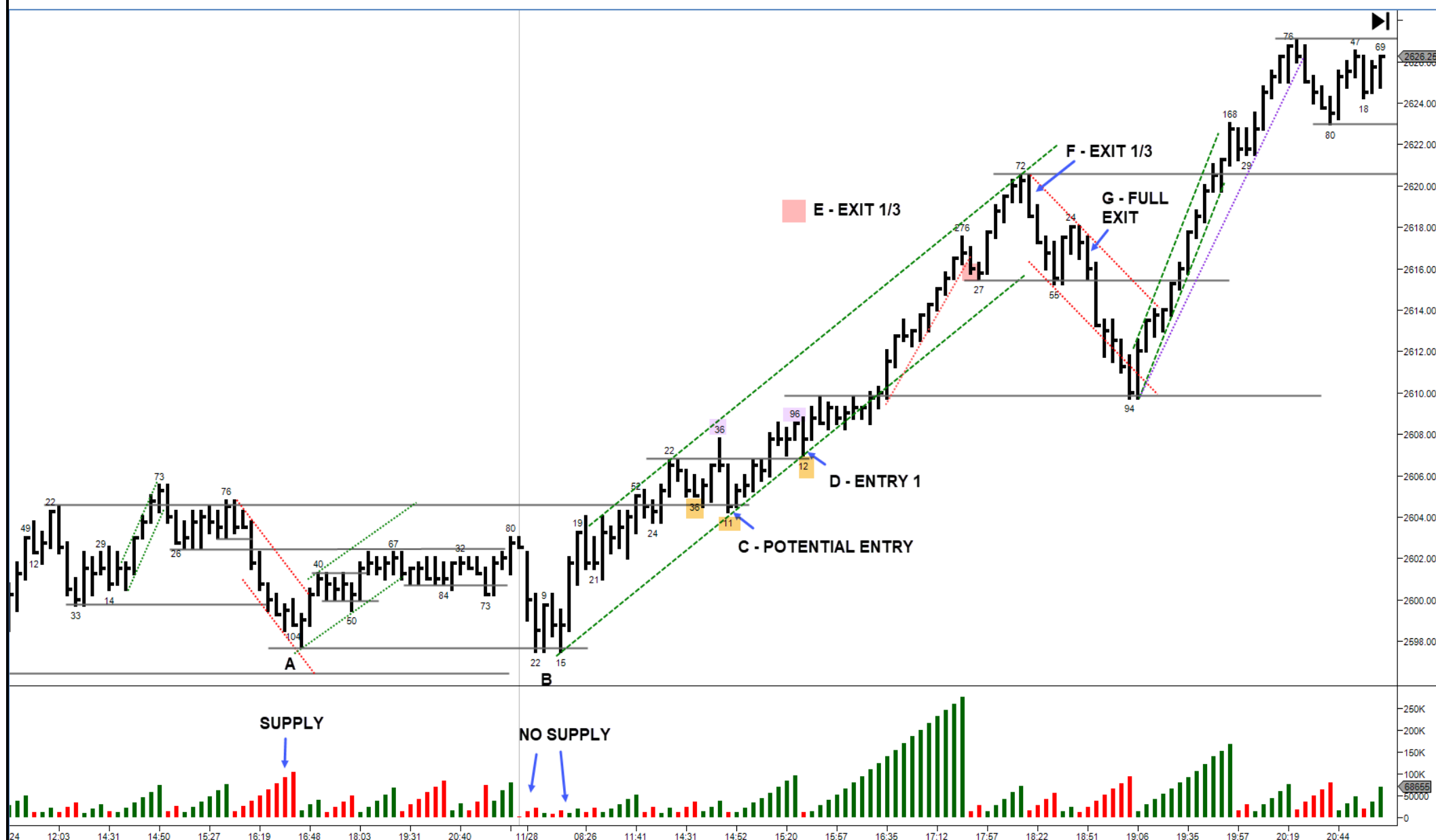
D - Entry 1, why? During the overnight at B we test yesterday's US session low at A, and we do so with no supply. If sitting in-front of the markets at this time, it's an excellent setup as it's tested twice. Two waves down with 22k and 15k will not (or should not) break a low with 104k contracts. Wyckoff states "it takes equal or greater volume to break a previous area of support or resistance"

The market continues to drive up with buying waves greater than the down waves and C was an opportunity to long, supply has dried up at a support level (11k orange highlight) but being so close to the US open and the nature of the pullback (too aggressive) I withdrew my limit offer. However it doesn't take long for the market to provide an excellent opportunity, we drive up with decent demand 96k (purple highlight) buyers are in control, plus we have already established that supply is non-existent. As we react to D we have a minor pullback with little supply, a mere 12k contracts. What gives this trade its power is not only the buying wave followed by the lack of supply, it's that we have a demand confluence; were sitting on top of support and a working active trend channel - the demand line. This trade combines many Wyckoffian elements and I hope that followers of the Chronicles are beginning to see how this method works, and are beginning to piece the parts of the puzzle together, primarily by observing the forces of supply and demand. Once this relationship is understood the market opens up and produces excellent setups that require very little effort

Bar E - Exit 1/3, as this trade kept on giving without any form of negative structure (resistance), I used the red dotted line as the wave up was a little parabolic, rising too fast, too soon, odds favour a complex pullback when this occurs (+8.25 points)

Bar F - Exit 1/3, we became oversold, yet gave the market the benefit of the doubt, but as we broke the previous bars low, liquidate a 1/3 (+11.25 points)

Bar G - Full exit, unwilling to give back further potential profits as the volume flipped producing a weak upwave with 24k contracts and a potential lower high, time to liquidate all positions (+8.50 points)



Bar K, entry 2, why? First and foremost the background conditions are of strength, where we have tested yesterdays lows twice with no supply and have been rallying ever since with good demand

Bar A – an unusual bar, we must take note of its behaviour. This bar is professional activity (buying) as it dwarves the US open volume and therefore is a price action aberration, the polar bear in the desert scenario, when this occurs our ears must perk up.

B – We rally with sustained volume (healthy, but far from buying of good quality)

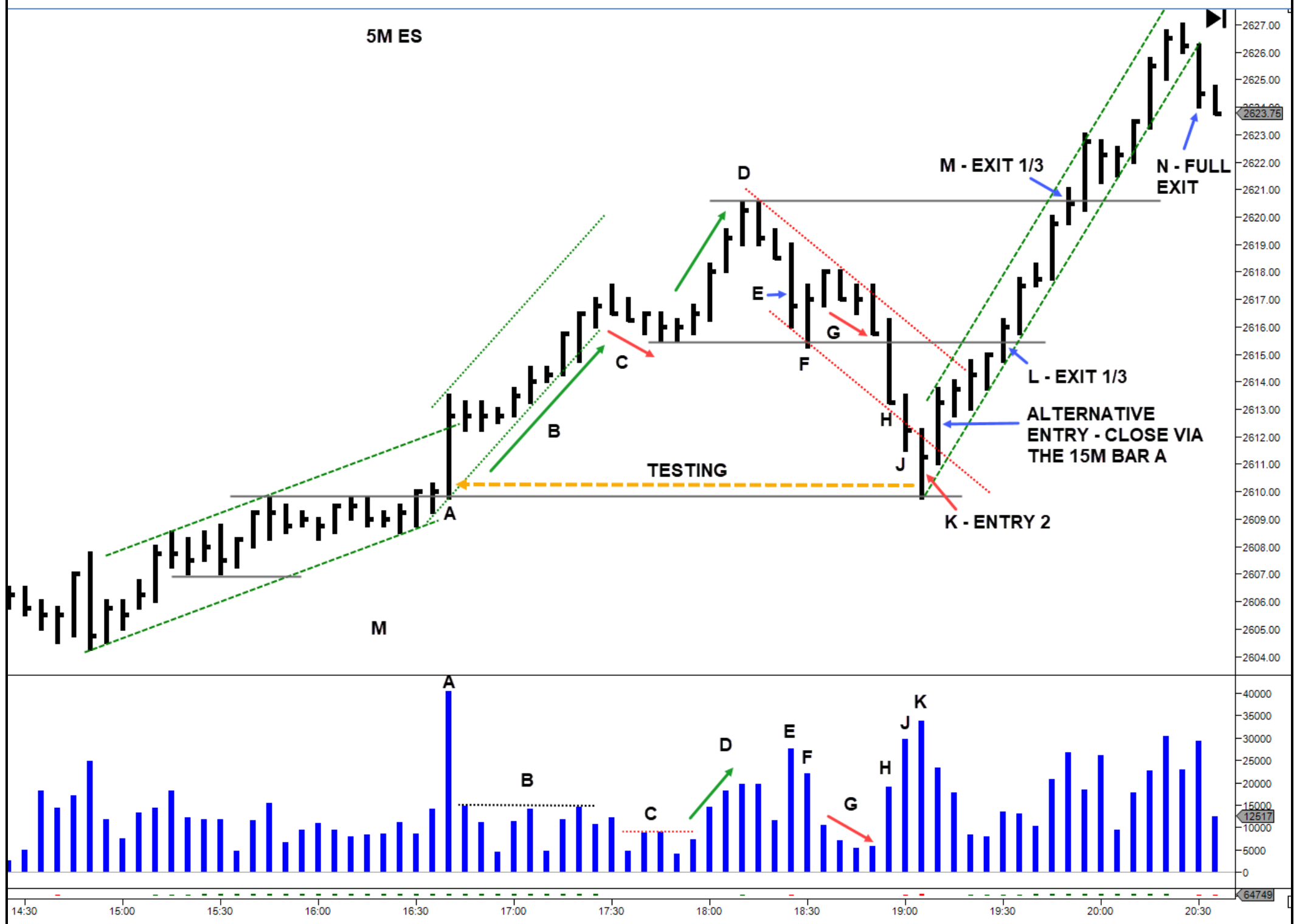
C – As we pullback, volume diminishes with narrow spreads – no selling pressure

D – Rally and volume expands, healthy, there is demand in this market

E – Some negativity, volume is heavy and the largest down bar since the uptrend began

F – Volume still high, flushes the lows of E, reverses to close firm above the previous close (strength)

G – Volume declines as we react

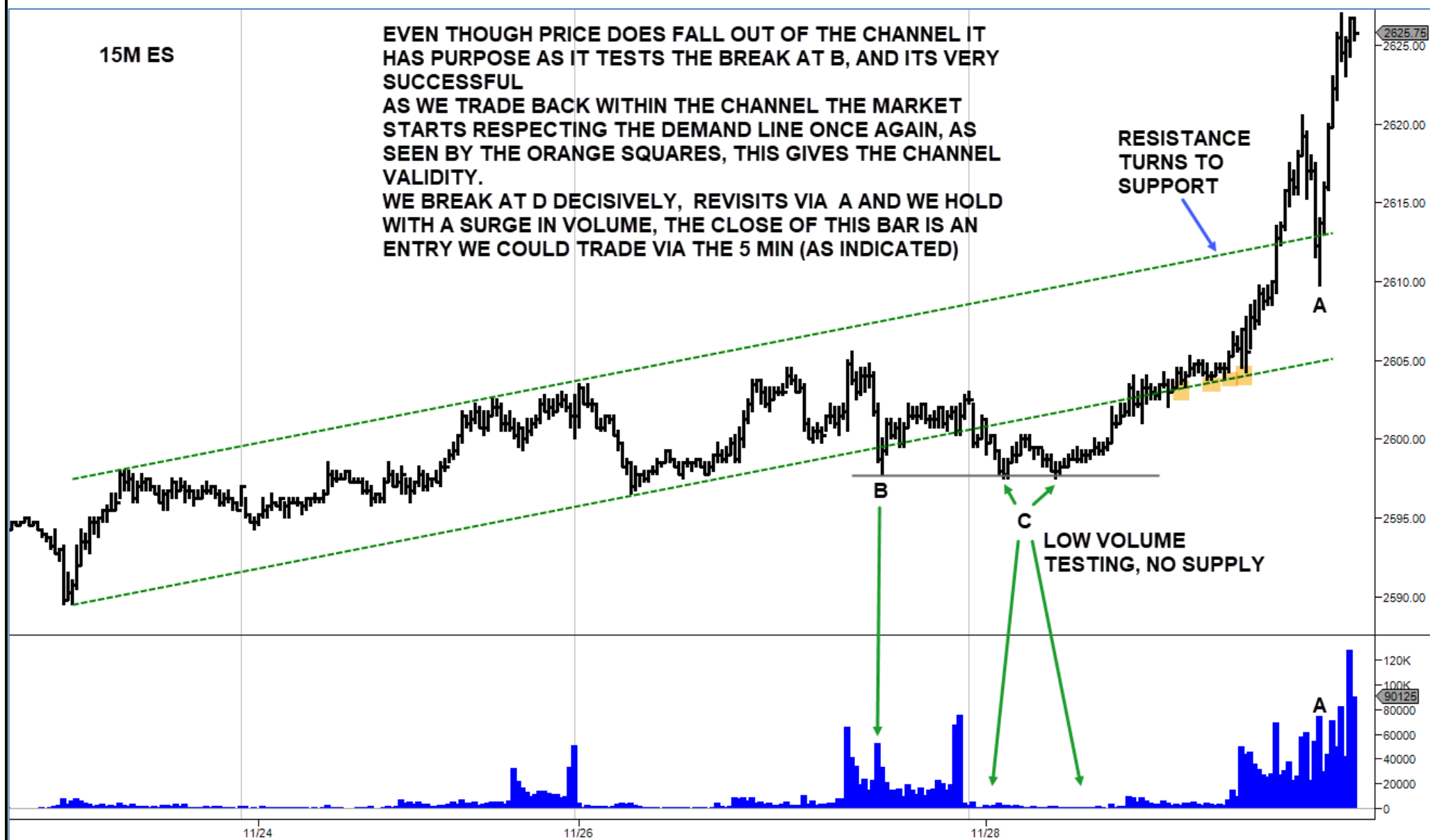


H – Local support breaks with fairly decent volume

J – Effort vs. Result, volume is a 1/3 higher than H, yet the spread has halved, all that extra volume must be buying, plus we are oversold in the channel and trying to hold

K – Very high volume that closes fairly firm after holding support. Look to the left; we are testing the high volume via A for supply. More often than not high volume bars that aren't the US open or close will always be tested. The professionals need to make sure that very little supply exists before they mark up - it costs them money to absorb any sellers that maybe left in the market. J & K combined contains a great deal of buying – we can call this bag holding. An instant buy via the close, this trade

may appear aggressive to traders not familiar with this methodology, and for those who have been following the Chronicles for some time, this trade should be crystal clear. When you can read the market and understand the subtleties with the bar by bar analysis, along with the framework and background conditions (context) we have a skill that very few possess



**EVEN THOUGH PRICE DOES FALL OUT OF THE CHANNEL IT HAS PURPOSE AS IT TESTS THE BREAK AT B, AND ITS VERY SUCCESSFUL
AS WE TRADE BACK WITHIN THE CHANNEL THE MARKET STARTS RESPECTING THE DEMAND LINE ONCE AGAIN, AS SEEN BY THE ORANGE SQUARES, THIS GIVES THE CHANNEL VALIDITY.
WE BREAK AT D DECISIVELY, REVISITS VIA A AND WE HOLD WITH A SURGE IN VOLUME, THE CLOSE OF THIS BAR IS AN ENTRY WE COULD TRADE VIA THE 5 MIN (AS INDICATED)**

RESISTANCE TURNS TO SUPPORT

LOW VOLUME TESTING, NO SUPPLY

There is an alternative entry, which is bar A via the 15m chart, this bar dips back into the trading channel to reverse and close firm back above with a surge in volume. The backside of the supply line is now acting as support. Fascinating how trend channels behave very similar to those of horizontal support and resistance (break support, becomes resistance) Observing this behaviour is very important for our trade as we have used the 5m chart for entry within the 15m timeframe (structure) this trade has everything going for it

Bar L – Exit 1/3, first resistance (+4.25 points)

Bar M – Exit 1/3, next resistance (+9.25 points) NOTE – volume expanding with decent price action, there is literally no supply left in this market (as yet)

Bar N – Full exit, first close that broke the demand line (+13.75 points)

Today's trading was exceptional, one of the most fruitful days the market has produced for a long time. The markets are soaring at the moment probably due to the US tax bill, this has given life to the markets, and in-turn has provided some wonderful trading opportunities. The setups although simple in nature did require a sharp mind and the ability to execute very quickly; it was unforgiving and we had to act fast. This is typical on fast, aggressive trading days, BUT there is nothing new in these setups, we have seen them time and time again over the Chronicles, the same patterns over and over again, and once you understand and trade them consistently, it becomes second nature; it's just a matter of time and practice. Time to call it a day and lock in profits

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