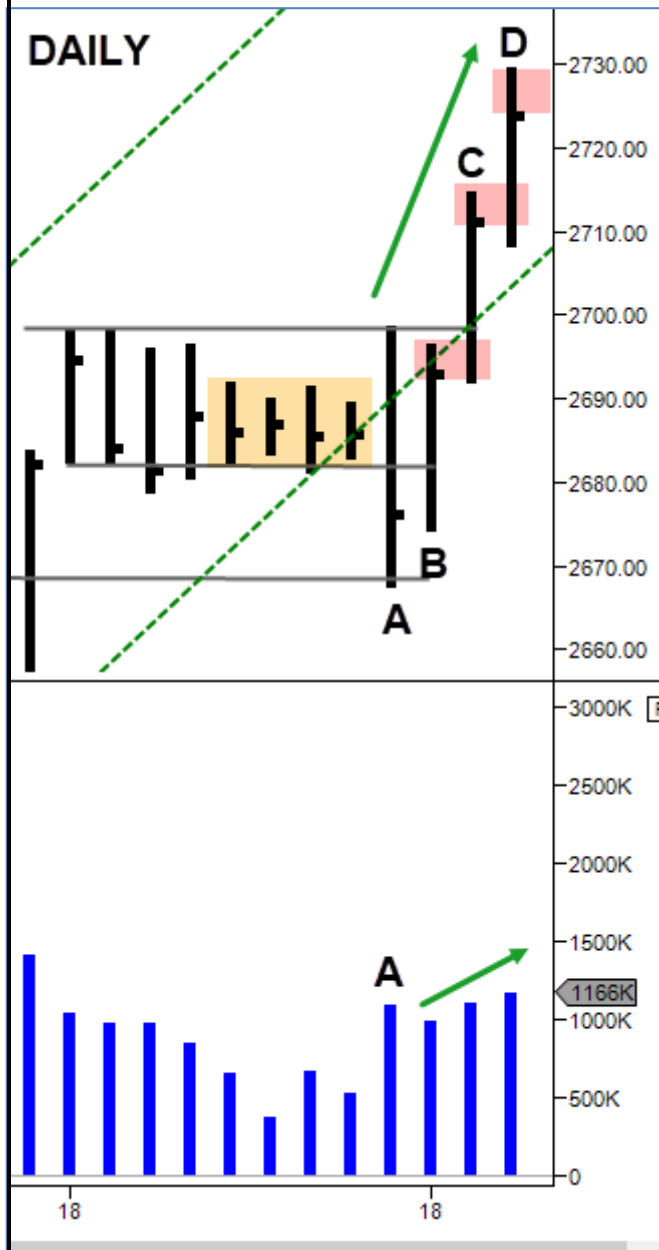


Date: 05/01/2018 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T **News:**

Yesterday: **HIGH:** 2729.00 **LOW:** 2708.50 **CLOSE:** 2723.75

Other levels: sup:2698.00, sup:2668.00, sup:2625-26.00, sup:2593.50, sup:2560.00-61.00



The S&P's are primed for higher prices as the current behaviour is very bullish. This action has appeared many times throughout the Chronicles via the 5 min time frame. As the markets are fractal in nature we still apply the same analysis regardless of timeframe. The orange highlight reflects the low volatile seasonal trading which often occurs at Christmas; we then slip out of the trading range hard at A where we found support and held, with the response being nothing short of spectacular. Look at the drive up from B to D; decent spreads, bars closing firm with increasing volume and we are trading back within the channel – there are no signs of supply. If anything the move maybe a little parabolic, however we can forgive this for one reason; the market became a little vulnerable as it weakened the demand line, buyers have firmly taken control breaking through the congestion area into new highs convincingly. There is need for lower timeframe analysis, as the daily chart speaks volumes. We apply classic trend trading strategies for positions by looking for a weak pullback between yesterdays high and close. The pink highlights represent the area of concern (it is a little more complex, but mainly we assess the quality of selling in this definitive area, if weak apply long plays)



Although the daily chart provides enough data for a bullish tone, I have to mention the 60m chart as it adheres to fairly decent uptrend channel (5 touches via the supply line and 4 via the demand line) one should pay close attention to its overbought boundaries and the demand line as these can provide excellent trade locations, bear in mind we want to be buyers, it would be wise to stay clear of short plays as both the daily and 60m chart indicate strength. If the market does test the supply line and one takes a short play, be fully aware of the trade's limitations, we only get mild reactions at best (within this channel) scalps approx 2 to 3 points would be ideal. This type of premarket analysis is vital, all areas (structurally) should be accounted for with "what if scenarios" it eases the decision process whilst live in-front of the markets

The US opens and we slam down to A, which is immediately reversed at B back above yesterday's high (bullish). The market has another attempt to go lower via C, which is immediately reversed back above yesterday's high once again via D (bullish). Bar D is no demand, not the classic VSA no demand bar, but the volume here is extremely low with heavy supply to the left (the US open bar, A and C) does this mean supply is spent? Who knows, very difficult to read live in the market as this is unfolding, BUT it appears we are holding yesterday's high and refusing lower prices, this works in accordance with our premarket analysis.

The market pushed down once again via E, although volume is lower, it has increased slightly. The next bar we hold on lower volume back above yesterday high – the key here is the lack of downside follow through from E. The market comes back down to yesterday's high once again via F, our entry bar; this has the lowest volume for the day AND it's a down bar at support (the exact same entry as the previous edition of the Chronicles - ES030118) What makes this a special little trade is the addition of the apex, bar F is trying to break to the downside of the apex and support with the lowest volume down bar for the day, as Wyckoff stated "through disconfirming supply, we get the confirmation of demand" an instant buy via the close. Compare this bar to all other supply bars; the US open, A, C, and E, where has the supply we have seen previously? This is screaming to be bought, plus we are in accordance with our higher time frame analysis, which via the daily is trending, so with that in mind we want to hold our trade for as long as possible, odds highly favour another leg up.

Bar G an excellent entry if missed the opportunity from F; dips under previous bars low, finds no supply to reverse and close firm back above support with an increase in volume. This is a better entry than F as it's an extra bar for confirmation. Please bear in mind we do not always get that one extra bar, due to the level of my experience and having traded this setup 100's of times before, it becomes second nature to pull the trigger, as David Weis likes to say "place the trade and let the market prove me wrong"



Bar H – Exit 1/3, first resistance (+4.00 points)

As we react from Z, volume declines, indicating no supply, we kind of drift down to J with no real volume, nothing to worry about. As we rally via K there is lack of demand, something to be

concerned about, stop was placed 1 tick above entry. The market reacts to L where we notice the lack of volume and the cluster of closes (turquoise highlight) the market is refusing to go lower – this action was merely testing supply to the left, there was great deal of supply via the US open. For all intents and purposes I wanted to place additional contracts, however there was no real structure to lean against, plus I was still holding 2/3 of the initial position. It may appear an aggressive play, BUT the market has yet to trend, we have held gains and successfully tested, odds favour higher prices.

The slow grinding move up to M was extremely tedious and very lacklustre, very indicative behaviour once supply has been removed from the market, it doesn't need much force to propel higher, these conditions provide very little (if any) entry points. From M we manage to rally with increasing volume (healthy sign for our longs)

Bar N – Exit 1/3, overbought in our channel (+7.00 points)

Bar P – Full exit, overbought in our channel that has increased its ascent (green dashed line) near end of day. This behaviour is a tell tale sign of possible climatic conditions (+11.25 points)

The three trend channels (right hand side) show climatic behaviour, we have to adjust our channels accordingly. They may appear messy, however they were left in to illustrate that the angle of ascent, has dramatically increased and price is unlikely to sustain this move to the upside. Bar P is the classic climatic bar that tells us we must exit. If unfamiliar with these market conditions, one should study silver and the climatic rise via the monthly timeframe, an excellent example

Today's trading provided one excellent opportunity with 2 entry points; thereafter the market became very stagnant and conditions were unfavourable (at least for my style of trading) If positions were not initiated I would have left this market around M, holding the trade was fairly comfortable as supply didn't show its hand after bar C, just a long uneventful day from G onwards. The slow grinding moves are common with mid-trend days, not so much with overt 40, 50+ point trending environments, however profits were made and locked in, time to call it a day

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