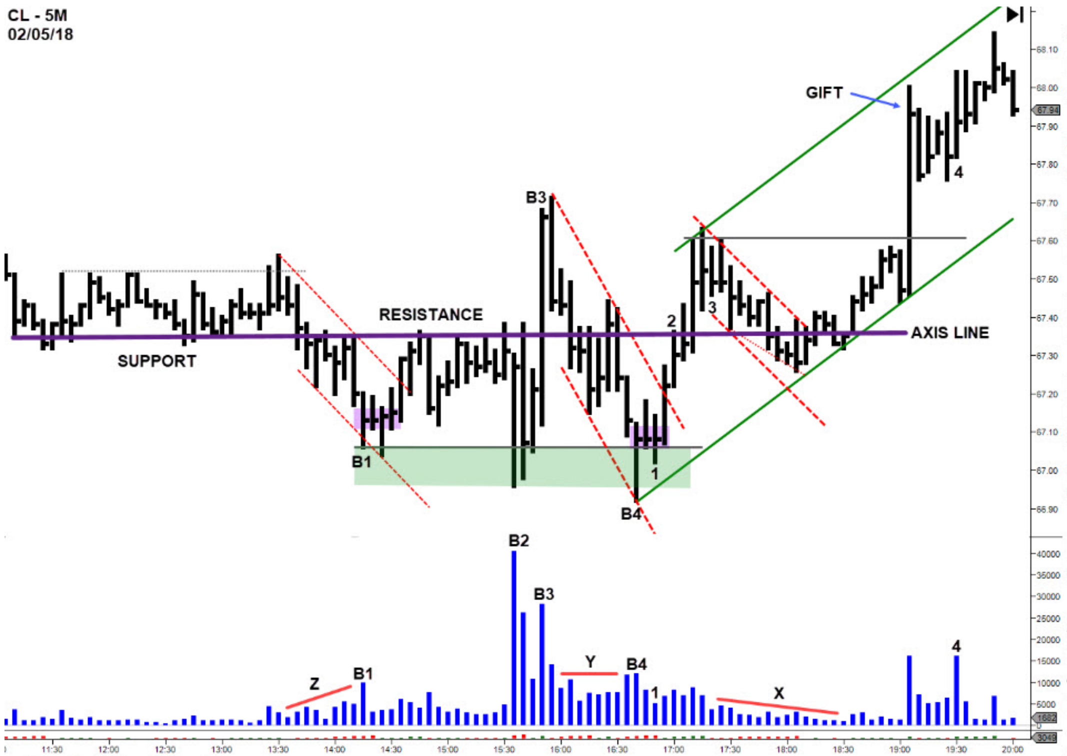
CL - 5M
02/05/18



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Think logically about today's trading; we established a buying zone, with evidence of good buying (demand) and then confirmed weakness as the volume within the channels decreased (lack of supply) Ergo odds favour higher prices, as the imbalance between the forces of demand and supply become apparent (in favour of the buyers/bulls/demand)

Crude became a little volatile due to the weekly data release (oil inventories) Wednesday's can provide exceptional plays due to this. Fortunately by using the simple law of supply and demand we were able to read the action as it unfolded:

Support holds until a break to B1, where demand enters in an oversold position via the channel. NOTE - the clustering of closes (purple highlight) lower prices being rejected

For the next 90m price drifts up breaking the channel, yet held at resistance
NOTE - soild support is now solid resistance.

Data release at 15:30 GMT, market becomes a little whacky, volatility increases, consequently breaks resistance with good buying to B3

Buyers unable to sustain the buying, we react back through support to B4; a strong bar, bounces of the demand line via the channel, to close firm with a surge in volume. Again at the same level, the closes cluster; lower prices being rejected (purple highlight). Where does this occur? in a demand zone (green opaque) NOTE - the buying bars and halting action in this area.

Bar 1 - No supply; lowest volume since the data release, with price sitting comfortably on top of a buying area. An instant buy

2 - Target 1; first resistance, exit 1/3 (+28 ticks)
3 - Price shows evidence of selling, in a previous area of supply, exit 1/3 (+41 ticks)
4 - Full exit (+83 ticks) As we react from 3, volume declines dramatically, with the adage of a reverse use of trend line in our channel (bullish behaviour, indicates that buyers are eager)

Compare the pullback (channels)
Z: volume increases, Y: volume sustained, X: volume is extremely low and declines = selling pressure/supply is drying up, the force of selling is weak

Price reacts back to support (axis line) with very poor volume, the remainder of our contracts are under no pressure. One could add additional contracts. Eventually bar 4 shows selling after the gift, which becomes vulnerable as we become overbought via our channel, we must exit