

Date: 21/06/18 Market: ES mini

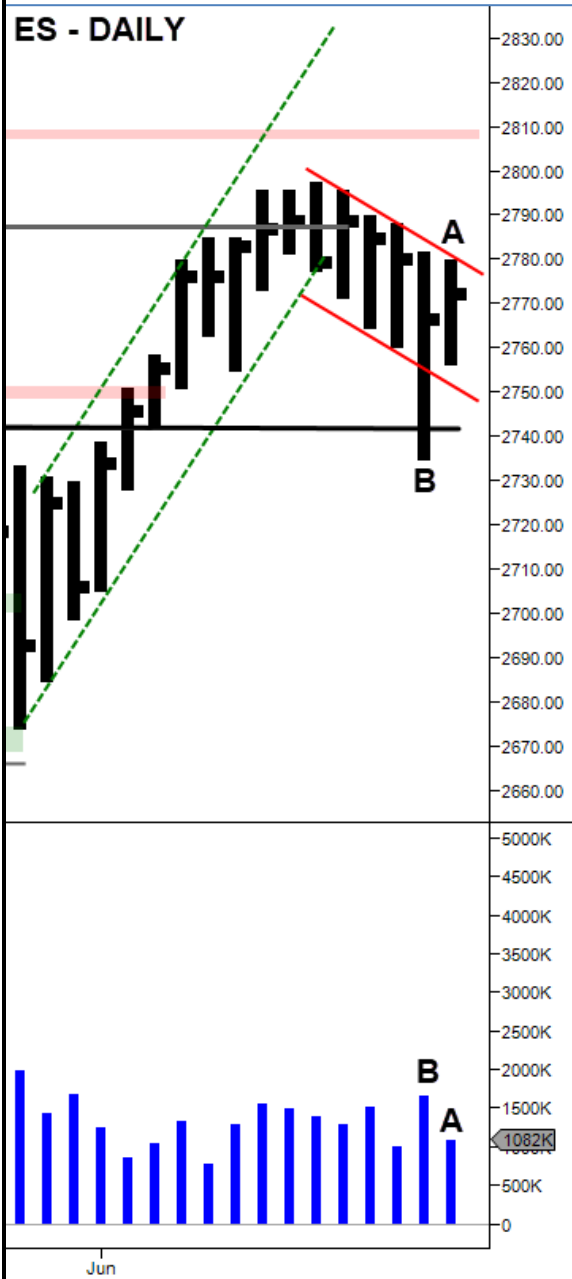
Timeframe(s): Intraday - 5m,15m,60m,3500T

Yesterday: HIGH: 2778.25

LOW: 2757.25

CLOSE: 2772.00

Other levels: res:2807.25, res:2794.25, sup:2741.25, sup:2700.50-2704.50, sup:2668-70.00, sup:2594.50



The S&P's has been pretty difficult to navigate of late. Bar B looks strong as we bounce off a support level and hold a close in the top 1/3 of the bar, yet technically it is a down bar with a lower high - the sellers won the battle. Bar A is unable to test the highs of B with a close marginally above, this doesn't inspire confidence as it's an inside bar, with a lower high and a narrow spread, there is no buying of good quality. Price is still drifting down with lower highs as illustrated via the mini channel.

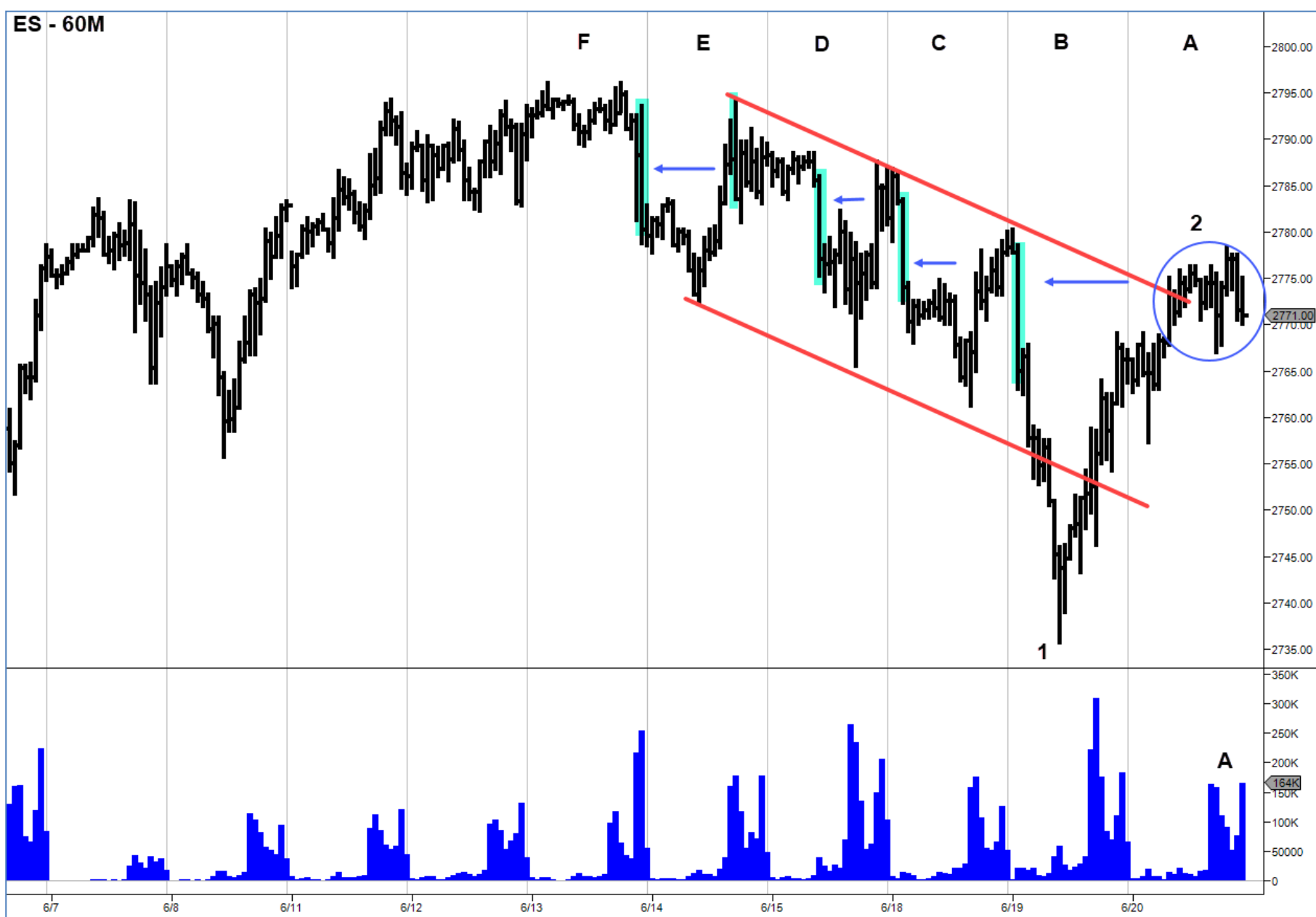
The 60m chart is interesting, what do we notice? Firstly the rounding over, this type of "mushroom" look is indicative of market tops (bear in mind this is via the 60m timeframe)

From Day F we see supply emerge, and every day we continue to make lower highs, with evidence of good quality selling (turquoise highlights)

Price adheres to a trend channel on the decline; consequently become over sold at 1; price responds well and we drive up strong, right until the supply line (2) where price stalls, volume declines and begin to trade sideways, there is no ability to continue the rally, does this action make sense? Yes, look to the left we are in an area of known supply, the large wide spread downbars.

It will take effort (volume) to break through and continue north, not the volume associated with day A, so in an essence we are disconfirming demand. Of course, we cannot forget the strong rally from 1; however

we are in a downtrend, in an area of supply with weak buying..... Although not clear cut, the 60m timeframe gives an overall bearish tone. As always we have structure to work with for the following day, that being yesterday's highs and lows, these will be key areas to analyse the imbalance between the forces of demand and supply (especially as we printed an inside bar)



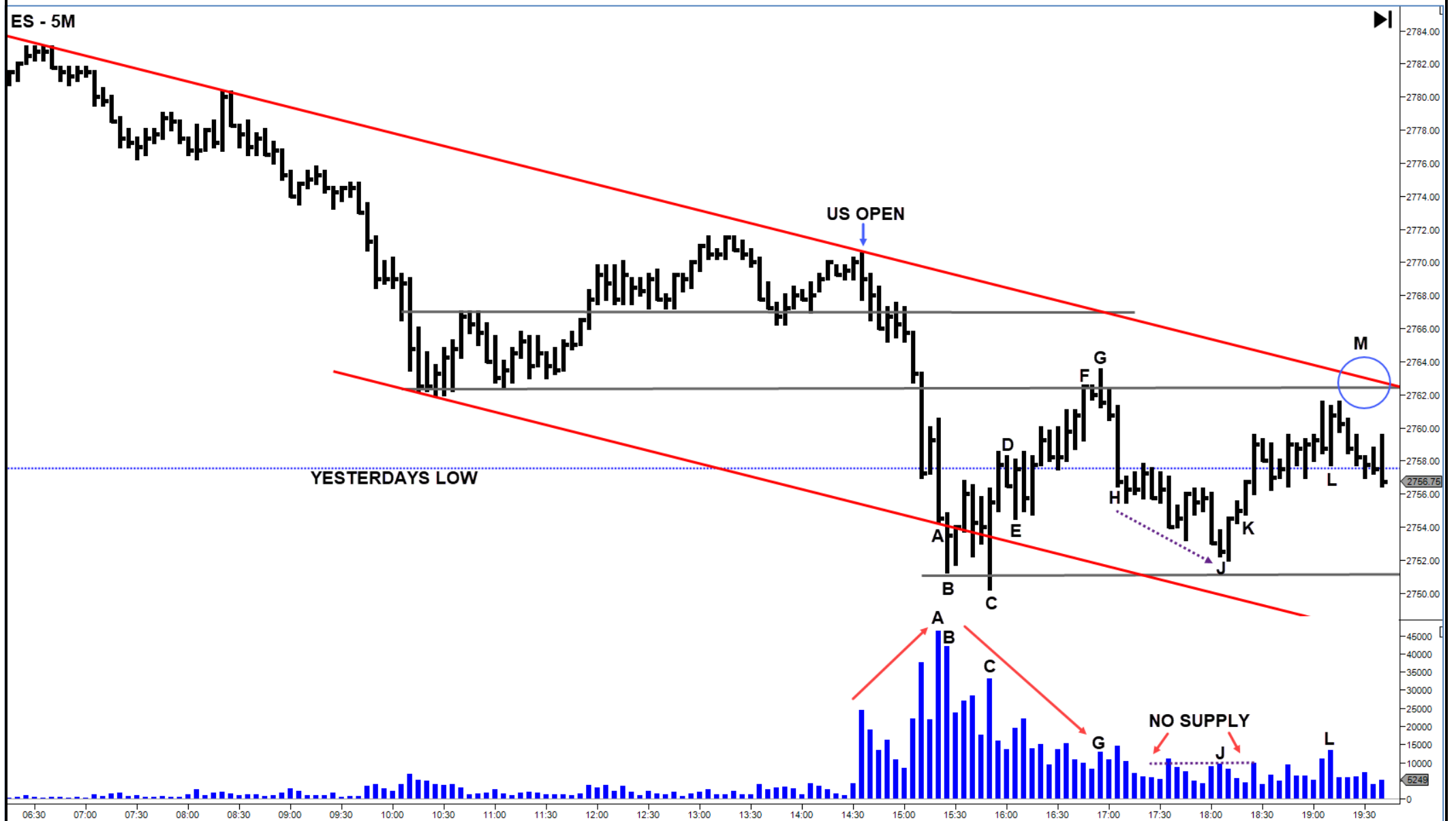
The US opens via the supply line and we fall in spectacular fashion (untradeable). Even though one has a sense and you can see the market drop, we need reasons to short, the market did not provide clear entries, we could let the market pull us in, however we are too close to major support lines, these are not high odd trades, sometimes we must sit, watch the market unfold and be patient.

Bar A – Supply

Bar B – Huge case of Effort vs. Result (think bag holding), this bar contains a great deal of buying

Bar C – Spring the lows of B, with superb price action and a surge in volume. In addition we trade back inside the trend channel. An extremely aggressive trader could make a long play here

Bar D – No supply bar at resistance (spread narrows, volume decreases), combine this with Effort vs. Result and the spring bar, it's an instant buy. However, we must be aware of the trade's limitations; we are trading against the trend with a target of the first resistance level. Being 5.00 points away, it's worth the play



Bar E – Confirmation of higher prices; we have springing characteristics with a spike in volume. This being another entry, perhaps more of a solid entry over D. Although at D, we don't know E will print in this manner - both valid setups

Bar F – Full exit, price on the advance in comparison to the previous selling is weak. Compare the movement from the US open to A, wide spread, good quality selling bars, closing on their lows with increasing volume. The advance is weak sloppy buying, price bar overlap; with declining volume – worlds apart (+6.00 points)

Bar G – Entry 2, an upthrust with a surge in volume and of course our analysis via E

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

Bar J – Cover 1/3, as we react volume declines, with J being a bullish case of Effort vs. Result in an area of buying (A & B) (+9.00 points)

Bar K – Full exit, odds favour a test at higher prices (+4.75 points)

The buying from J is worse than the previous attempt to F, NOW we wait patiently for a short play to unfold, unfortunately this didn't occur. Around M (supply confluence) was an ideal location for a short, one would think after bar L we would at least test this area, but the market had other ideas, which is OK, there is always another trade, profits have been made, unwilling to chase the market.

Today's trading required mental toughness and experience; it can be frustrating watching the market unfold in-front of your eyes with no position, especially if you have gauged the direction. It's all too easy to try and jump onboard the move. From personal experience this action rarely pays; remain centred, calm and KNOW that there will always be another trade, stick to your trading style, rules and game plan, this is of the utmost importance. If you feel emotionally unbalanced or tilted simply step away from your workstation, or focus on other markets, on that note time to lock in profits and call it day

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