

Bar 1 - climatic bar, high volume, wide spread. No upside follow through

Bar 2 - negativity at supply line

Bar 3 - supply

Bar 4 - Effort vs. Result, extremely high volume, small spread, closes above the close of 3, only buying can do this

Bar 5 – Highest volume on the chart , dips under bars 3 and 4, reverses to close firm. This bar is very strong especially combined with bar 4

Bars 6 – these bars test for supply to the left via bar 5

The next hour or so we flirt with resistance unable to break, even though we come from strength and successful testing. NOTE - the market is unable to hold a close above resistance there is a subtlety of weakness here

Bar 11 – we have confluence of resistance and supply line, this is where the market should break to the upside, however supply emerges and we fall to 7. The volume on the break is less than the price action to the left (bars 3, 4 or 5) therefore price is over extended. Due to the volume (400-600 contracts) being very low this type of price action can be hard to interpret as the market is not that efficient and easily manipulated, momentum can carry the market further than expected, stop hunting can last a few bars. Market makers/specialists can see the sell stops under bar 5 at 11 (before hand) and know it will only take a “X” amount of contracts to trigger these

Bar 8 – evidence of buying, holding under resistance with firm closes, rejecting lower prices (pink highlight)

Bar 9 – decent bar, breaks resistance with relevant volume and a firm closes (buy this bar)

Bar 10 – tests bar 9, (buy this bar)

Bar 12 – looks a little climatic, take partial profit

Bar 13 – excellent bar, dips under previous bars lows to reverse and close firm after bouncing off the demand line (trend channel) in addition it's the highest close for a few hours. This bar we are ready to take off and challenge the previous swing high around bar 2

Bar 14 – full exit, we have upthrust resistance. We have no follow through from bar 13, volume is relatively high closing weak on its lows. We became oversold in our channel via bar 13 but couldn't predict bar 14, don't forget we come from strength, this bar is hinting that we want further testing (lower prices) - the logical places are either the lows of 5 or at 8. Even though the market is hinting at a pullback, we never want to trade against trend with strength in the background with extremely low liquidity. If this were the S&P's we could potentially trade the upthrust whilst being alert and nimble, however on this instrument with this low volume, never!

Personally I don't see this as an apex, it is some form of wedge pattern. We get confirmation that an apex hasn't formed from the lack of explosion; no break with a huge surge in volume, no springboard bar etc (there are editions of the Chronicles that have studied the nature of apex's) I would view this as a downtrend channel with a support level that becomes somewhat of an axis line

Hope this helps,

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