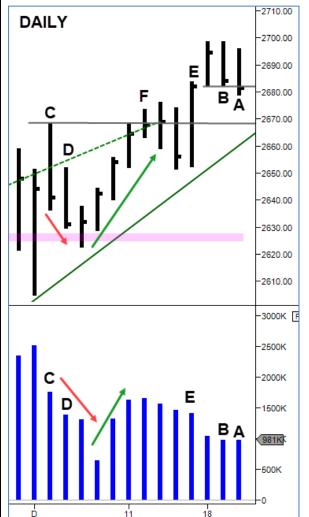
Date: 21/12/2017 Market: ES mini Timeframe(s): Intraday – 5m,15m,60m,3500T News:

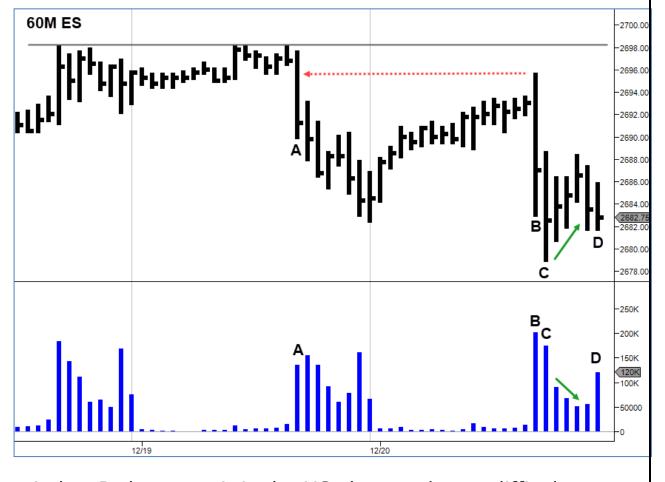
Yesterday: HIGH: 2695.50 **LOW:** 2679.00 **CLOSE:** 2681.50

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



First thing that springs to mind is the lack of supply with the market continuing to shrug off any signs of weakness, being relentless on the advance. When we begin our analysis its wise to start with the bigger picture; then move on to the individual bars (the right edge of the screen). From C we react with decreasing volume (bullish) hold at support, which is the purple line (bullish) rally with increasing volume to F (bullish), finally we absorb supply (from C) for a couple of bars, before breaking into new highs at E (bullish). There is a story of strength behind us, followed by Bar's A and B, and they do not reflect any force of selling, considering that buyers are in control. These 2 bars do not show selling of high quality, yes technically we have two consecutive down bars, but what does price ACTUALLY accomplish?, nothing of value or significance, both have narrow spreads and low volume holding a local level of support. Bar C (for example) upthrusts two high volume bars, whilst being in an overbought position, then price returns to close weak under the previous two closes with a decent spread and volume.

The 60m chart throws a spanner in the works as the market appears slightly weaker than the daily would suggest. The market opens via B and slams right down - what's important about this bar is where this selling occurs; look to the left (bar A) we are in a previous area of supply after the all time highs have been rejected (original breakdown bar) It's natural to expect supply to emerge once we revisit this area, however bar B is rather overt in terms of selling. There is shortening of the thrust via C (buying has emerged) as we rally volume declines, not healthy. Bar D considering the amount of volume



holds well, there is a great deal of buying in bar D, however it is the US close and very difficult to interpret, especially when we have conflicting behaviours and timeframes in non-alignment. As traders we all know by now that the market is far from perfect and often provides ambiguity, which is OK, as a skilled trader using this methodology we still have structure to work with, plus the adage of being able to read the market as it unfolds, skills that most do not possess. The structure we will be working with are the daily highs and lows (as always) and of course other important support, resistance, or channels etc regardless of timeframe. The template of how to use the daily highs and lows are in the first 20 or 30 editions of the Chronicles. If we break the daily low, how do we break? If with decent supply, wait for a weak rally to apply a short play to newly formed resistance, or if we break with weak supply, wait for demand to emerge and apply long plays, with the target of being the daily high etc.

The US opens and we drive down 5.00 points, followed by a little rally and Bar A - which has a decent spread and a weak close (although volume is fairly light) we would still expect to see lower prices. Yet the market holds and rallies via B with increasing volume, not the signs we would associate with weakness; in-fact the exact opposite.

Bar C - breaks resistance, closes firm with a decent spread and a good spike in volume

Bar D – a little climatic in an overbought position (textbook) and closes well off the highs. A reaction of sorts is expected

Bar E – price is trading back within the channel. There is a huge tell about this bar - it has the lowest volume for any down bar since the open, this is significant

Bar F – we now have the lowest volume down bar on the chart (compare to bars E, A, and the US open bars) and this prints at support. An extremely aggressive trader could establish a long play, as we have no supply at support

Bar G – As we break the highs of F, the market pulls me in. This is a beautiful 2 bar reversal at support, with a wider spread and a small, yet significant increase in volume, this subtlety tells us that demand is in this market



Bar H – Exit 1/3, first resistance (+2.00 points)

Bar J – Exit 1/3, next resistance. During the minor pullback, the stop (purple line) was moved to one tick above entry price. It was a very tough hold for over 75 mins; we all feel the pain and torment at times, yet as professional traders we must stick to our game plan and ignore the internal mental ramblings of 'what-if" scenarios or the urge/need to lock in profits, not because the market told us so, but because of our mind, this is unfortunately one of the largest mistakes that retails traders make, cutting trades too early......

Bar K – Exit 1/3, tested yesterdays high (feeble attempt) and holds. Bar K picks up in volume, closing weak under the previous 3 bars, an instant exit (+4.25 points)

Bar L – Entry 2, why? The market has rejected the highs and has fallen for 70 odd minutes in a long grinding down move - nothing to do here. However we gain vital info, there is a 'change of

behaviour" the largest down wave we have seen since the open (red opaque illustrates this). Now we wait patiently for an opportunity to make a short play. Bar L is the latter bar of a 2bar top reversal at resistance, again with the dominant bar (2^{nd}) having an increase in volume. A lovely little trade using structure, wave analysis and price action. An instant short via the close

Bar M - A textbook classic VSA ''no demand bar", that one could trade if missed the entry at L

Bar N – Exit 1/3, first support (1.50 points)

Bar O – Exit 1/3, oversold in channel (+3.25 points)

Bar P – Full exit, the exit bar was not shown as it was the US close and disrupts the volume histogram (scaling reasons) (+4.50 points)

Today's trading has provided a couple of clean cut opportunities, yet unfortunately both setups were mid move; some would say continuation trades. However, the market provided none the less, we must be grateful and in the forefront of our minds hold the thought that we never know how our trades will pan out, all we can really do is to execute our plays and manage our trades by reading the market as it unfolds. Time to lock in profits and call it a day

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