

A fellow member may have recently blurred the lines of what is meant by a "story" which of course was not his intent, I would like to clarify, using his chart as an example:

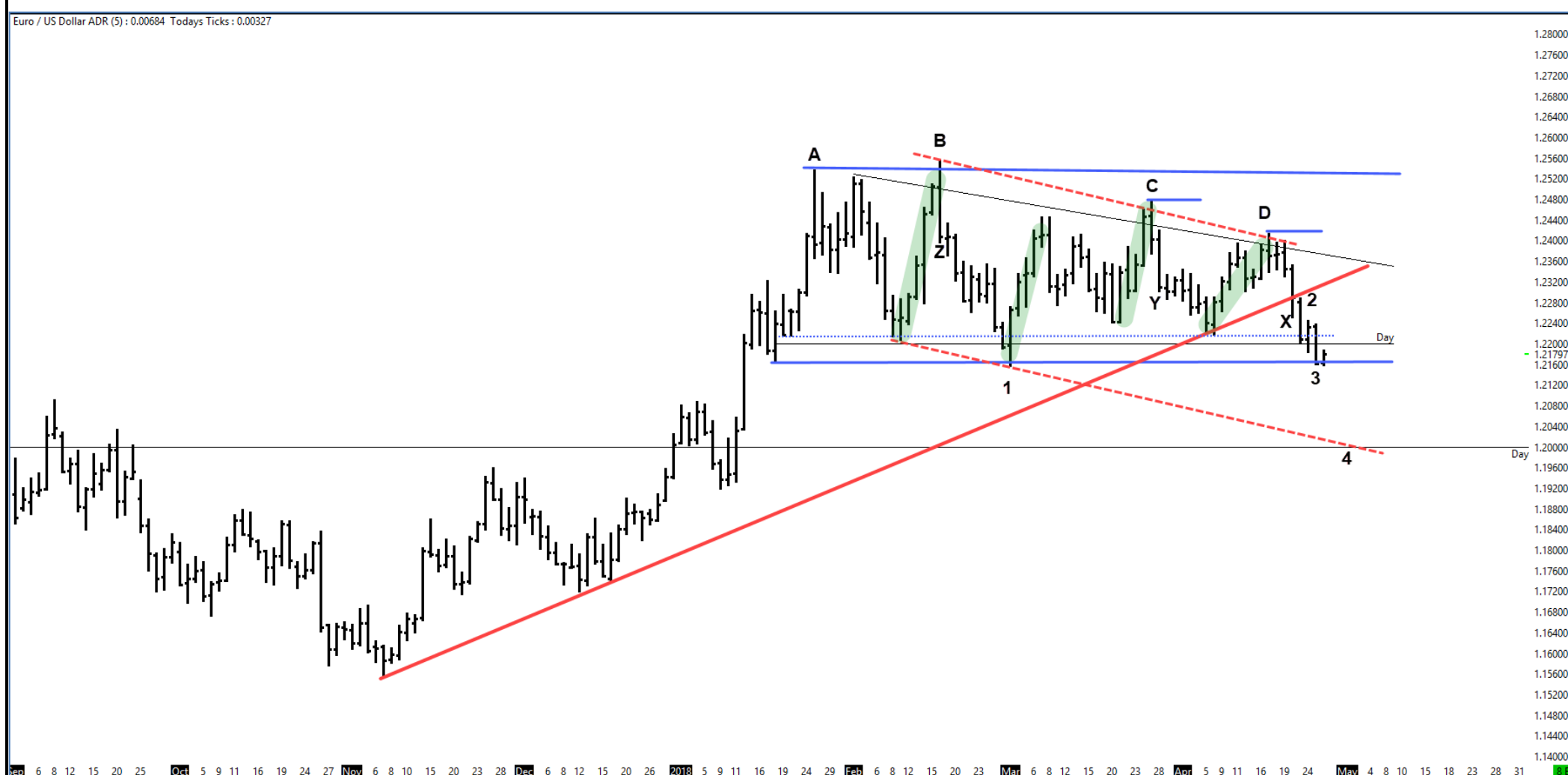
This chart has a story of weakness, and personally would want to be a seller.

In an uptrend, price rallies hard to A, the angle of ascent has increased, feels a little parabolic; buyers will be unable to sustain this rate of buying

A - wide spread bar that has a reversal feel, closes underneath the previous bar (climatic) I don't trade this market, but the conditions are ripe for climatic behaviour, we are in an established uptrend (getting long in the tooth) that has become a little parabolic, I would like to see the volume, it should be high

B - Upthrust (weakness) (should have lower volume than A)

1 - Spring support, yet unable to test the last swing high. A spring in nature is very bullish, with its first obstacle being the previous swing high. We can't test, and consequently make a lower high; this disconfirms demand (weakness)



At this point we know we are in a trading range

Price continues trading sideways within the trading range, all I see is weakness, lower highs being made via C and D. There is a downtrend channel in play, holding at B, C and D.

D would be an excellent place to short with the first target being the major demand line (2), then support via the trading range (3) and ultimately the demand line from our downtrend channel (4) Why is D a good trade? NOTE - the buying waves (green opaque) from B to D the buying quality deteriorates, nice strong bars to B (decent buying) compare this to D, worlds apart, overlapping bars, mid closes, low closes, spreads have narrowed (volume should be low if taking a position here). Importantly we are making lower highs and have structure to lean against.

We have disconfirmed the presence of demand (tiring) how about the selling? After every attempt to drive up into the highs look at the proceeding bars, we have good selling, spreads have increased, closing weak, sellers are capping upside progress, supply is present (B to Z, C to Y and D to X)

The story of weakness is overt; we haven't even mentioned the demand line that has broken, which is valid as it has had 5 touches (and been in play since NOV 17) this is a major level and look how

we broke, decisively, not even a bounce, unsurprising, why? The nature of a trading range is too create cause, and therefore would trump a demand line.

The key level to break is 3; for a deeper more concise look into this market, I would need to see volume and the buying associated at the lows via 1 and 3, however with the data provided as it is, the market is weak and in a vulnerable position, not a time to take any sort of position, although excellent for intraday trading, as the moves should be apparent (the buying waves of buying and selling pressure will be present)

Hope this clarifies the matter of "story"

All the best,

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