

CL – Trading Journal (2/28/2011)

2/26 Pre-Mkt analysis.

Last Thursday's late session spike down brought in more volume, a new session low and a lower close, suggesting more downward auction of prices. Although we did see price pull down value on Friday as price traded the whole day down where the Thursday's spike closed creating a lower value area, things in the market began to change:

- 1) After Friday's open, the CL market had trouble auctioning down further as it balanced the rest of the day without new sellers coming into the market.
- 2) Friday's 96.63 pit session low did not come close in taking out 95.62 onl, nor did it take out Thursday's pit session low. And for the rest of the day on Friday, that same pit session low that occurred in "C" period was never really challenged by any other 30min time period.
- 3) Friday's 97.97 pit session closed on a higher note at the end of the session, even higher than Thursday's pit session close.

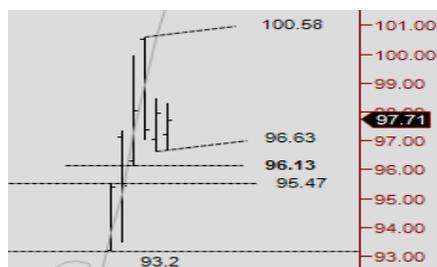
As I'm writing this, o/n CL prices are hovering around the 99.50 area; that's back up to Friday's balance area. As downward bias is no longer the main focus several other scenarios come in to play.

- I would need to see price gap up and confidently trade higher back toward 100 and beyond for long pullbacks.
- Long o/n position holders, feeling trapped as they hold long at such a high price, may liquidate at the open and set a downward signal for new shorts to join in as well that may bring the market to a 93 - 95 low.
- Or price may contain itself and either Thursday's for Friday's balance depending on where price opens this morning or where it trades to.

Would need to see what will happen at the open for more clues. However, as it stands - looking at the daily chart, I see the market coming into balance as it has spent 4 session days in this price range.



A look at the daily chart shows how balance is forming and the important levels to watch.



General Commentary

Today's mkt opened up within Friday's value area. O/N traders were not able to bear holding long at the 99.50 area of the pre-mkt session. A sell off during the o/n session has placed the opening price within Friday's value and subsequent time periods have remained here since then, testing the highs and lows of Friday's range as the market so far is dominated by floor traders until longer term investors take the market into a new area.

Based on the opening, the suspicion that the mkt would most likely be dominated by short term traders (floor and other day traders) proved to be correct. The market completely traded within Friday's range making this day an Inside Day. This is significant because of 2 reasons; it tells us that the market is nearing a time for it to break out. The other reason is that if there is a break out from balance of an inside day, there is usually significant follow through in the direction of that break. Again, "K" period was the time period that had the greatest volume as it closed near the session lows for the last 2 days. I need to see what the o/n mkt does and try to get a preview or a jump on what's to happen tomorrow.

Trade Entry Commentary for 2/28/2011 CL 4-11

T#1 – Long Reversal - from an extreme Friday's low. +4 ticks.

The market first tested Friday's low at the start of "C" period. As it approached Friday's 96.63 low there was a huge volume spike which usually indicates that the market is deciding to do something. In this case volume dried up rather quickly subsequent to hitting its 96.71 low and started to reverse back up with a sharp bounce, but more importantly the mkt failed to take out Friday's low by just a few ticks. Still unsure about a reversal play and not getting a clear signal on the 1250V chart I waited to long to enter and negotiated myself out of a winning position due to a reduced R/R advantage.

T#2 – Long Scalp - from the bottom of today's POC. +32 ticks. 250V shown below.

The time of the trade was at 12:02, the start of "G" period, at which time the bottom of the current POC was at 97.26, an influx of buyers on T/S and price reaction on the 1250V and 250V gave a signal to long.

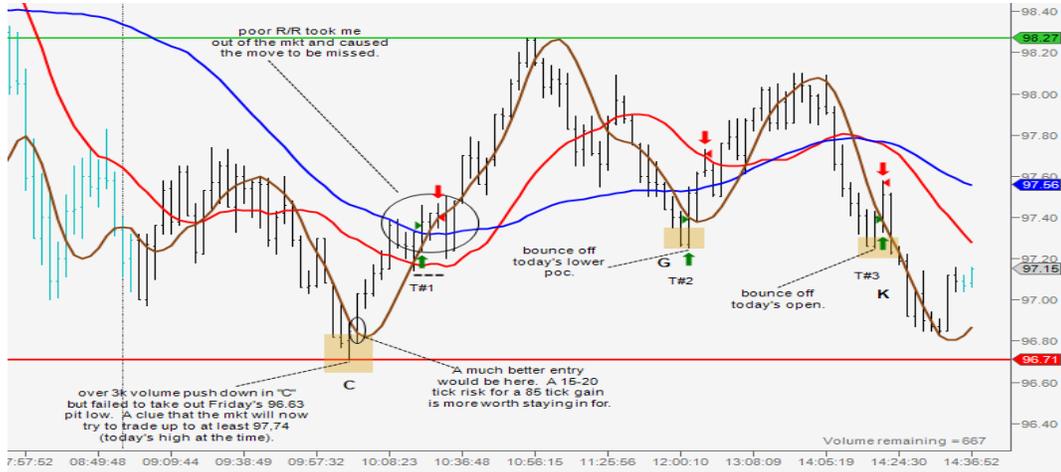
T#3 – Long Scalp - from the today's open level. +18 ticks. 250V shown below

"K" period saw price hit the current open. All day the mkt's been bouncing off that level. Not initially intending to scalp, the 250V reaction to it was excessive and expected so I went with it, chasing it .57 with a very tight trailing stop. +17 ticks.

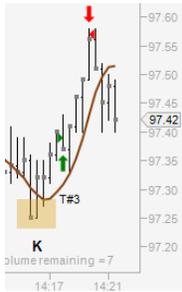
No more trades for today. Net Today (Ticks): +53 Tics.

Trade-#	Market pos.	Quantity	Entry price	Exit price	Entry time	Profit (Ticks)	Cum. Profit (Ticks)	Action	Target	Stop
1	Long	1	97.36	97.4	2/28/2011 10:18 AM	0.04	0.04	RV	97.74 (high)	97.12
2	Long	1	97.39	97.71	2/28/2011 12:02 PM	0.32	0.35	Scalp	10+ ticks	97.24
3	Long	1	97.39	97.57	2/28/2011 2:18 PM	0.18	0.53	Scalp	10+ ticks	97.24

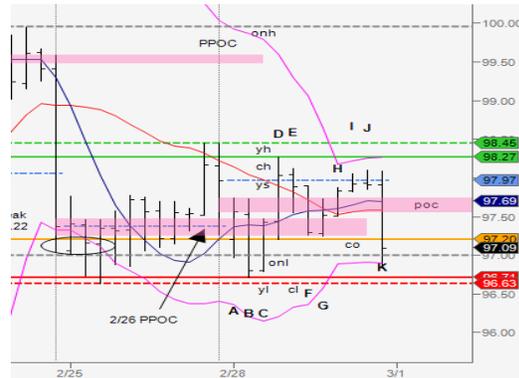
1250V



250V



30Min



Daily

