

CL – Trading Journal (03/09/2011)

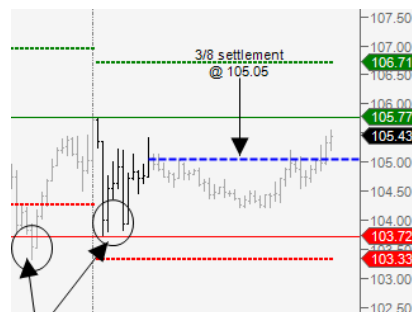
03/09/2011 Pre-Mkt analysis.

I will note first that a Crude Inventory Report is due out @ 10:30AM. Absolutely critical that I'm aware of it before getting slammed to the ground like I did when I first started out trading crude.

It's around 8:30AM, March 9. Overnight trading is neutral to short. As I'm look at the overnight market I see at least see that price is being maintained at a respectable level. Normally, in the past I would have suspected price, by this time, to gap down, but other clues in on the 30Min indicated that price was in liquidation and to me liquidation, simply put, is a technical reference for a pullback or resting place for price to gather before ATTEMPTING to resume in the original direction. For 2 days, 3/7 & 3/8, the market exhibited the following characteristics:

- Long liquidation (weaker hands are getting shaken out of the market)
- The early session lows of these 2 pit sessions were never exceeded lower for the remainder of their sessions.
- Both closes ended higher than expected.
- Still in a strong up trend with an average of about +200k in contracts traded daily.
- Although there was downward excess on both days, the market still made very little progress downward and never trended down as it always stopped at a support and started to balance.

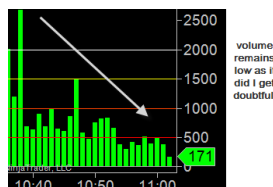
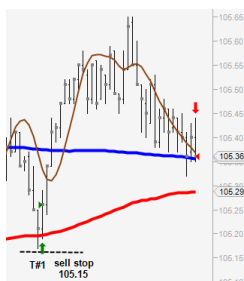
If there's a gap up, the mkt will really need to show positive and consistent volume for me to jump in long. So far there is a better chance that price will open within the previous day's range but may open at the outer fringes of it which tells me to stay out and let the mkt tell me what it plans to do. I'm not experienced enough to have that much confidence in playing the open outright unless it is an obvious fade the other way. To go with the market at the open in the direction of the gap is one of my weakest links when it comes to my offense.



Trade Entry Commentary for 03/09/2011 CL 4-11

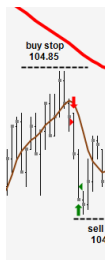
T#1 – Long // “D” period // Reversal 1250 // Entry @ 105.26 // Stop: 105.15 // Target: (Resistance: onh, co, yh, ch or the 105.70 area) // P&L: +10 Ticks.

I've been in this situation before on 3/4 where price retraced to take most of my profit back (95+ ticks) before deciding to exit to avoid a loss. This wasn't as bad as I only gave 20 ticks instead and settled for a 10 tick gain. 1250 gave a strong signal but volume dissipated quickly after its initial burst (which it normally does) but never came back and allowed the short term sellers to take it down further. Nevertheless, I was happy with the trade when I think about having waited for the proper pullback to avoid the added pressure after entry.



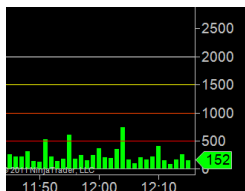
T#2 – Short // “F” period // Scalp // Entry @ 104.73 // Stop: 104.85 // Target: 10+ Ticks // P&L: +14 Ticks.

A simple pullback during a strong drive upward resulting from the recovery of an intraday liquidation break.

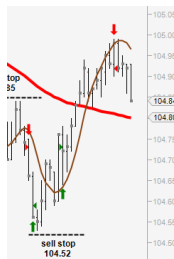


T#3 – Long // “G” period // 1250v PB // Entry @ 104.73 // Stop: 104.52 // Target: POC @ 105.0 // P&L: +19 Ticks.

Price had gone just below today’s POC during this time (I believe at the time the POC was at about 104.61 or 60 somewhere around there) and the 1250 kicked in with a signal. I tried waiting for a pullback but I was a little too enthusiastic about getting in and not missing this move. After entry price did make a small stretch upwards but soon after started to struggle upward as time was ticking away. Time is so important when judging a move, not always the case, but for most moves in the market time is a great tool to use for exiting and entering trades. Aside from time expiring I kept an eye on volume was flat-lined the whole move up and was the deciding factor for eventually getting out of the trade.



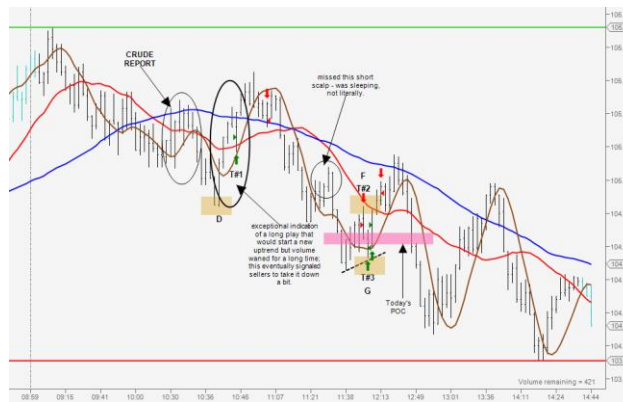
This was an interesting trade because it had brought me to the realization that my focus was so intense for the long side, that amazingly, I didn’t realize that I was actually long in a larger pullback ready to go south. And considering how fast and vicious that drop was, if having been in that long trade, I’m sure that - with crude especially - getting hit by such a down market (+3500 contracts in less than a minute) would have caused my sell stop to get filled at possibly 15 to 20 ticks lower than where I it was set.



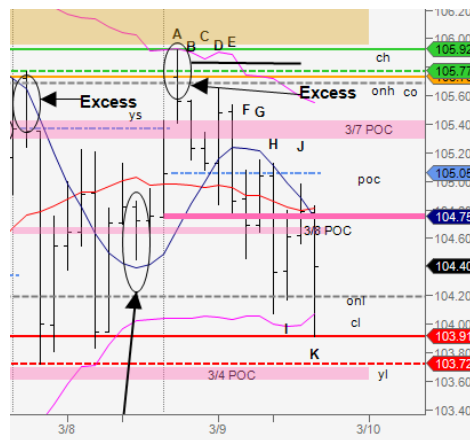
No more trades for today. Net Today (Ticks): +43 Tics.

Trade-#	Market pos.	Quantity	Entry price	Exit price	Profit	Cum. profit	Entry time
1	Long	1	105.26	105.36	0.10	0.10	3/9/2011 10:44:34 AM
2	Short	1	104.73	104.59	0.14	0.24	3/9/2011 11:52:14 AM
3	Long	1	104.73	104.92	0.19	0.43	3/9/2011 11:59:50 AM

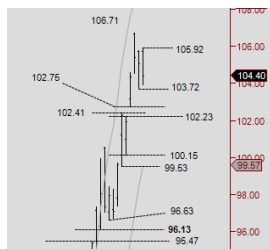
1250V Chart



30Min



Daily



General Commentary

Overall, today day was a balance day but price slid slowly down ending with the last period, "K, hitting the low of the day but not taking out the prior day's low. At least 2 intraday liquidation breaks occurred as they were taking out stops along with some accumulation of long positions.

There's been 3 consecutive days at the start of this week where excess on all 3 days successfully suppressed prices to the down side. I believe that there is still a strong possibility that longer term buyers attempt to take price to new highs as today's volume was much less than the last few days have been; only around 160k, indicating that today's market was dominated by short term traders and that long term traders were absent from the market.

With excess as a viable for in suppressing of prices these last 3 days, there were excellent opportunities to short the market at some very key areas; the profit potential was enormous and the risk could have been many times smaller. I not satisfied with my ability to scope out these opportunities from the short side that well need to improve my ability to not only identify them before they form but to play them as well.

Tomorrow's pre-market picture will be a little more important to read since we've been experiencing balancing prices for the last 3 days and it seems that price will either need to move upward or break down, but maintaining balance at these prices levels appears to me to be too narrow of a range.