

# CL04-11 Trading Journal (03/16/2011) – The Market Is Bottom Fishing

*Go with the setups you know....*

## 03/16/2011 Pre-Mkt analysis.

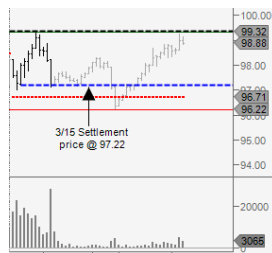
### Announcements:

For non-market related reasons I will stop trading @ about 12 noon today.

### Reports due out:

- @ 8:30 is Housing Starts.
- @ 8:30 is Producer Price Idx.
- @ 10:30 is Crude Inventories.

It's around 8:30AM on March 16, 2011. The March 15<sup>th</sup> settlement price is at 97.22. The Overnight crude market is long after having broken down to a new recent low of 96.22 and recovering from those lows up to near yesterday's pit session highs. The market has a good chance of gapping up this time. If the market opened now, it would be within the upper fringes of yesterday's balance area (in other words, above yesterday's value but within yesterday's upper part of its daily range).



If there's a gap up, I will follow the usual gap rules. I will wait to see where the market opens, if prices are eventually accepted by measuring time spent there as well as measuring the speed and committed volume that's support price. I do not expect the market to go down at this point of the pre market.

If premarket prices open within yesterday's range but above value the thought is to fade the open back to yesterday's POC. If the market opens within value I'll wait to see if price approaches any of the established levels at the outer fringes or the extremes of the previously established structure and see how price reacts.

During the course of the day, if the market breaks out of balance, I will wait for price to be accepted and go with the trade in that direction, if price attempts to break out of the existing balance and fails back into balance, I will go with the trade in the direction opposite of the attempted break towards the other side of today's range or balance or towards the POC. The difference between a break out that is accepted and one that fails can be sought by clues given by the speed or exuberance of the market at the time, and the amount of volume accumulating along with price action.

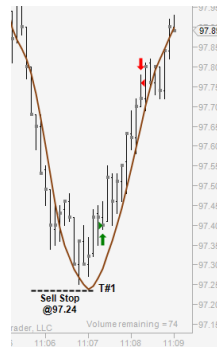
## Trade Entry Commentary for 03/15/2011 CL 4-11

**T#1** – Long // “E” period // Fade the ILB // Entry @ 97.40 // Initial Stop: 97.24 // Target: (POC – 99.0) // P&L: +36 Ticks.

Here is an example where I would use my highest lowest timeframe chart (250V) to anticipate a reversal signal ahead of that of my 1250 chart. One of the times I would do this is if there was an intraday liquidation break (ILB). Usually these are short violent spurts in the market that break to the opposite direction from where the market has been trading towards. This is an example of stronger position holders shaking out weaker ones in the market during a time where price has over extended itself and now needs to break in the opposite way in order to resume its original course. In the snap shot , as I look at the 98.22 opening price as an established level of s/r: I can see how price broke through it on the way up turning that level from resistance into support, and on the way down in “E” period, I can see the intensity of the break and the amount of volume that it took to break through it. As a result this fostered the start a ILB as price. This all start when in “D” period, price failed to push through heavy resistance held above it by the 3/14 balance area, causing excess in “D” and the ensuing break down in “E”.

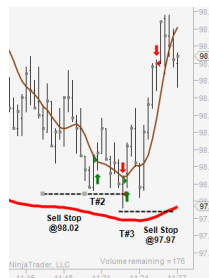


I was expecting a bounce off of yesterday's settlement price of 97.22. Once I saw that price was reacting to that price area (only 3 ticks shy of ys), I market ordered into the trade. I exited when price was becoming so erratic that since it moved up to my initial target of 997.70 so quickly, I panicked and thought that it could've just as easily taken my position to the loss column.



**T#2 – Long // “E” period // 1250 PB // Entry @ 98.12 // Initial Stop: 98.02 // Target: (POC – 99.0) // P&L: -10 Ticks.**

This was a long trade where I was waiting for a pullback to about the 20ema line or really not having an area to pullback to, however I know with a strong move up like this one in “E”, that price does not just go back down again; I am almost guaranteed a 2<sup>nd</sup> attempt up, especially when the market is in the midst of a descent up tempo. That is the main reason why I make 2<sup>nd</sup> and even 3<sup>rd</sup> attempts at entering an area where I had previous stopped out in.



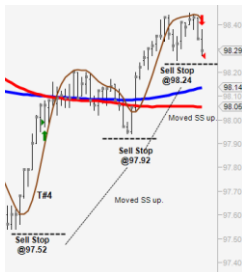
**T#3 – Long // “E” period // 1250 PB // Entry @ 98.06 // Initial Stop: 98.02 // Target: (POC – 99.0) // P&L: +34 Ticks.**

Reattempting **T#2**. See image of **T#2** above.

**T#4 – A residual Sell Stop order left from the T#3 trade inadvertently left in the DOM triggered an unintentional short entry // P&L: -9 Ticks.**

**T#5** – Long // “G” period // 1250 RV // Entry @ 97.99 // Initial Stop: 97.52; 97.92; 98.24 // Target: (Open @99.88) // P&L: +28 Ticks.

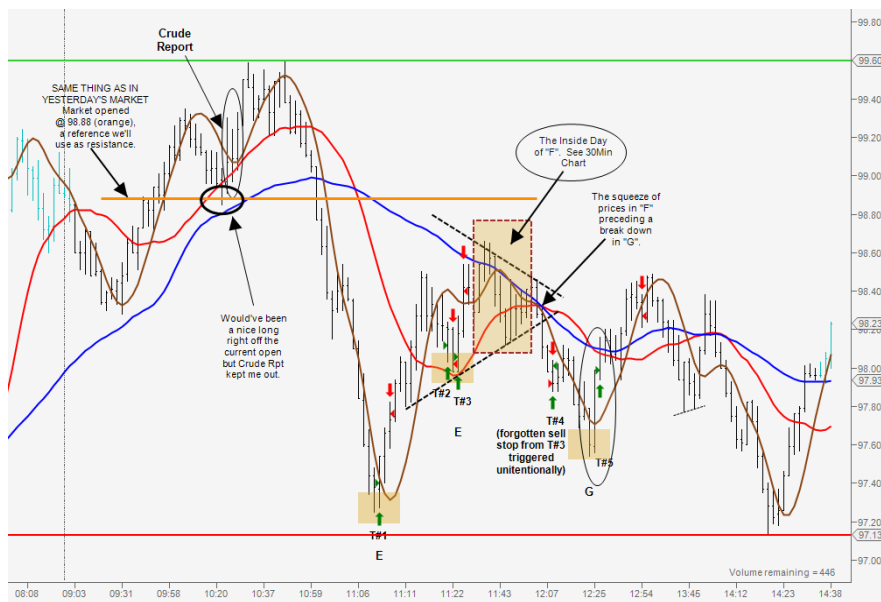
This was a very convincing signal off the 1250 and was intending to take this all the way up to the today’s Opening price. I didn’t bother to wait for a pullback as this seemed to be a no brainer; I got in at very poor risk but the reward in a weak way made up for it. I had exited the trade when the market wasn’t driving price up as fast as I thought it would have. By the time the market started to gyrate a bit @ the 98.10 area, I thought it best at that point to move my stop up @ 97.92, then up to 98.24. I let the market take me out this time by allowing it to hit my sell stop in profit territory as doubt about this move up started seeping in.



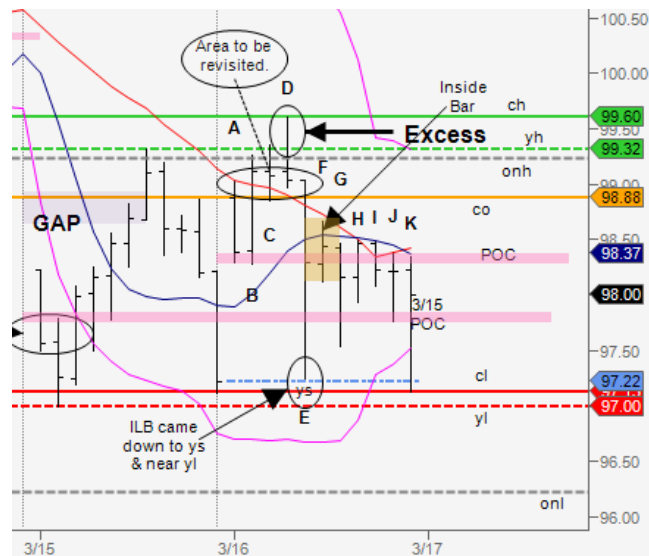
No more trades for today. Net Today: +79 Ticks.

Trade-#	Market pos.	Quantity	Entry price	Exit price	Profit	Cum. profit	Entry time
1	Long	1	97.4	97.76	0.36	0.36	3/16/2011 11:07:32 AM
2	Long	1	98.12	98.02	-0.10	0.26	3/16/2011 11:20:53 AM
3	Long	1	98.06	98.4	0.34	0.60	3/16/2011 11:22:50 AM
4	Short	1	97.92	98.01	-0.09	0.51	3/16/2011 12:07:12 PM
5	Long	1	97.99	98.27	0.28	0.79	3/16/2011 12:25:53 PM

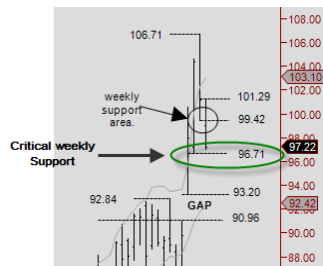
### 1250V Chart



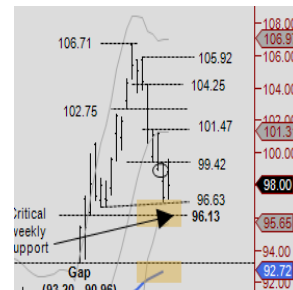
### 30Min



### Weekly



### Daily



## General Commentary

### CL Market Summary

**Open:** Within Upper Range/Above Value @ 98.88

**Close:** 98.00

**Day Type:** Rotating

**Direction:** Neutral

**Balance Area:** Same

**Daily Volume:** 179k

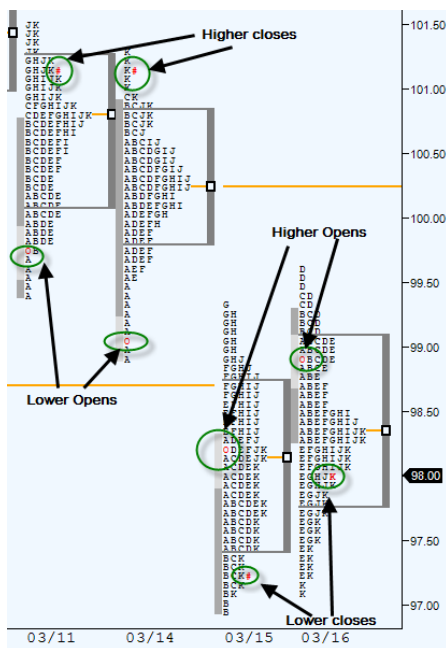
The market opened higher than normal considering the last 4 days of gap downs, but soon after the open, little volume and fading prices suggested that the market is still dominated by short term traders as the market balanced all day long from high to low and then back to the middle of the range.

"A" period opened with a possible short entry in mind. I try to notice opportunities that involve price that is at or near the extremes of balance, such as where price opened today, the likely hood of it gravitating back to within value. The possibility presented itself this morning in "A" period but I decided not to take it because of the lack of confidence and quickness. I had in price's ability to move lower. It did turn out to be about a 40 – 50 tick profitable trade if I had taken it.

The market proceeded up to its high of 99.60. After a 2<sup>nd</sup> attempt to break that high, a liquidation break ensued in "E" and dragged price down to 97.25, which was right at yesterday's settlement and near yesterday's low. A long trade was taken at that area anticipating the bounce up for a recovery from liquidation. Another long was taken as the upward recovery spike of the downside liquidation pulled back to the 20ema.

Within the shadows of “E”, “F” period formed an inside day that was broken to the down side by “G” period. A bounce in “G” triggered a 1250 long signal which was taken to the long side. The move anticipated from this bounce was expected to be significant because the signal was so profound and clear, however, volume did not show up at the game, I was force to take whatever profit that I was able to get, and eventually, price faltered all the below past the bottom of the spike, making a new low for the day in “K” period @ 97.13.

Price wound up closing @ 98.0. Looking from my daily chart I honestly can way that I have no idea what’s in store for tomorrow. I can say that the last 4 days was not that normal regarding looking at the daily chart: We have the 3/14 session day looking like the 3/11 day and balancing with it; and we have the 3/16 session day looking like the 3/15 day and balancing with it; see below.



One thing is for sure when looking at the above profile, I see that as the market is currently searching for a bottom, it seems to be having a lot of trouble doing it. The shapes that appear in this profile do not reflect strength in the markets attempt to move downward, instead, these shapes represent weakness in the market’s effort to move lower. Currently the profound impact of current world events are making markets jumpy and this could be affecting market behavior. I must remind myself that I am not trying to predict the direction of the market but rather I’m trying to be ready for what will most likely happen in order to be ready for it.