



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



It was another wild day - who expected the gap to fill AND price to make a high at 865 in the S&P today, given the open?

Nevertheless, the morning gap was in the "do I fade it or not" zone, on the cusp of the edge of the gap-fade. We had a 61.8% fill of the Gap prior to price finding resistance (on a negative TICK divergence) which triggered a powerful short-sell (if you decided not to fade the gap which was ok as well).

Price formed a 3-wave ABC down to form a higher low on a positive TICK divergence and doji. The rally was short-lived, as price made another run for new lows, this time forming on a positive momentum divergence.

While it appeared the Cradle was forming (I thought so in real-time), it officially did not form properly, as price needs to run back into the EMA crossover point. The EMAs barely crossed if at all (if you have to squint, it's probably not a good trade) looking back, but in real-time, it was on the verge. This is where it pays not to anticipate the Cradle.

Price broke into an upswing and found support at the 20 EMA (which was a major hint of bullishness to come). The trend changed back to 'up' (pure price method) as soon as the 10:30 high was taken out with a new (relative) momentum high, hinting that buying the next pullback would be a strong play.

We got another ABC retracement (see Elliott chart) which traced out a bull flag... but first, note that fractal W3 ended on a negative divergence (especially if you can count out a 5-wave structure).

The measured move target projected price to a level deemed unthinkable at the time, though the target was achieved with great force. Trust the patterns, not your bias (no matter how much we want the market to go down).

As price continued into the intraday highs, a negative TICK divergence set-in, though it was quite aggressive to fade it. The breakdown into the close was remarkable, but not surprising, given how many 'false moves' and impulse moves have occurred into the close of each day.



A Focus on intraday TICK Divergences on the 1-min chart.

There was a failed divergence at 12:30, though all the rest held for the day.

Notice also that the TICK stayed with a positive bias all day long, even from the morning session.

Notice that before 10:00 (and after), the TICK concentrated in the higher range, meaning a +1,000 TICK reading was the ceiling with a -600 as a floor. The fact that the TICK concentrated in the upper range hinted at underlying bullishness DESPITE the gap-down.

SPY - 5 min S&P Dep Receipts ARCX 04/13/09 L=85.79 -0.02 -0.02% O=84.92 Hi=86.54 Lo=84.58 C=85.83



A focus on Elliott Waves intraday - perfect 5-wave structure with ideal subdivisions (fractals).
 In Elliott, you often aren't aware of the pattern until W3 is underway. Meaning, the best profit zone is W5.

Bonus: A friend and fellow analyst sent me this chart. No, I can't interpret either.

