



## Daily "Idealized Trades" Report

### SPY (SPY 500 ETF) 5-min



The main take-away: Low odds of gap filling... that almost filled.

Two sets of 5-Wave Elliott patterns (the move from 11:00 - 1:00 was an ideal structure)

The Two Fractal Flags, each on new momentum lows (hinting price lows were yet to come)

Another nasty break of the 50 (on a suspected trend day) only to fail - knocking out stops. Maybe now we have to wait three closes before exiting a trend day position.

## Overview:

The day began with a large-scale gap, and odds were on the cusp of "will it fill or not" and - technically - it did not fill, but it had a significant push back into yesterday's close, giving a profitable trade... or a miserable short-sell that was almost certainly stopped out.

One could have sold as price came into yesterday's close, but that was an aggressive trade.

The cradle did NOT form at 11:00am, though it was close to doing so. Failure beneath the 20 and 50 EMAs, particularly after failing at yesterday's close (resistance) triggered a short-sell trade.

We have to ignore the momentum low at the morning open, and so note that the 11:30 price low formed a new momentum low, and price formed an "ABC" move into confluence resistance, setting up a powerful short-sell which was a bear flag and/or impulse sell.

Price got its target after noon on a new price and momentum low (not including the morning action), and then price formed a picture-perfect retracement swing back into the 20 EMA, setting up a powerful edge trade (stop above the 50). It wasn't quite safe to play for a trend day (thanks to the powerful morning retracement), but it was acceptable if you tried to play at this point.

A second flag set-up (usually we don't see fractal flags) which exceeded its price projection target on a new price and momentum low. If you look very closely, there was actually a hook divergence (the price low and NML was made after 12:30, though the actual price low... on a slight hook-up in the 3/10 Oscillator... came around 1:10). A TICK divergence was clearly obvious at this time as well. I almost emailed to say this was most likely the low of the day.

Price did form the low of the day at this price, though it came back to test it an hour later.

The strong push off the 2:00pm lows should have clued you in that we were in a Wave 3 potentially (particularly given W2 did not make a new low) and that you might have been looking to buy a pullback which might be W4.

Price found resistance at the 50 EMA, swinging down to create W4, and then we got a quick W5. Odds are the 1:00 - 3:30 move was a corrective pattern instead of a 5-wave pattern, but the numerology worked either way. Corrections take 3-waves.

If you were playing for a trend day, you got stopped out again as price closed two bars above the 50... only to fail. The name of the game is "how much heat can you take" and in this environment, you really need to place stops further away and trade smaller size.

Again, we got a fake-out into the close - rally up and then price fell (switched directions, not regarding the technical structure) into the close. Either expect this, or stand aside.

Lots and Lots of TICK Divergences Today:

