



## Daily "Idealized Trades" Report

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



Sigh. After a relatively easy day like yesterday, the market usually isn't as kind two days in a row. Not every day is easy - some are downright difficult.

This was quite the difficult day for most traders in my opinion.

We started off easy enough, with a fade-able overnight gap which filled right off the open, leaving only nimble traders to take part in the gap fill. It was the first and easy profitable trade of the day.

Usually, after a gap fill, we find resistance at yesterday's close and then push to new lows, so you really get two trades off a successful gap, and that second trade entry went a little further to the upside than anticipated, through price formed a bearish doji just above the 50 EMA and then plunged to a swing down to challenge the lows of the day.

However, two dojis in a row formed which was a clue to exit the short and perhaps aggressively go long.

Just after these candles, price threw a snap down which was ever so discouraging... and then price raced up to new highs on the day, breaking EMA and yesterday's close as resistance.

The EMAs crossed shortly before 1:00pm and the famous Cradle Trade formed complete with narrow-range candles which predicted a trend-move up, especially given the proximity to the 1:00 afternoon breakout.

We got such a move up, though we found unexpected resistance at the 200 SMA and then as quickly as we moved up, we moved right down into what I deemed a "hellacious chop" (or to quote Constance Brown - the "Chop from Hell").

Not much I can say about that - up, down, up, big down.

The next trade set-up came as price pushed almost to new lows at 2:30, formed two long legged bullish dragonfly dojis (though not in a row) and then surged higher into the close - I'm not sure anyone saw that much strength coming.

Still, the "rounded reversal" and two dojis gave warnings to exit shorts at a minimum or to consider a buy trade to play back into yesterday's close.

Regarding the TICK, the TICK was 'broken' today, giving two false signals and only one divergence (at the double doji at 2:30).

SPY - 1 min S&P Dep Receipts ARCX 04/15/09 L=83.33 0.98 1.16% O=83.84 Hi=85.42 Lo=83.61 C=85.23



I highlighted the end-of-day TICK readings to show that "something's up" - something ... unnatural.

However, the new TICK high of the day at 1,200 signaled higher prices were yet to come and the quadruple swing positive momentum divergence at 1:30 (CST) gave fair warning that higher time frame participants had bullish plans in store.