



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



The day began with a quick overnight gap which was filled as quickly as it formed.

Price pulled back into yesterday's close (support) and formed multiple 'long legged' dojis, all of which called for a buy signal that really did not give much satisfaction (new intraday high at 10:00am). However price retraced back at this point.

A new price and momentum low formed on the day, setting up the Impulse Sell (and confluence) as price came back to the 20 EMA and yesterday's close price. The Impulse Sell calls for a test of the prior low only, and we got a test of the intraday closing low but not low price, which was pennies away. A positive TICK and Momentum divergence formed, which hinted at higher prices yet to come. However, the "last line of support" was the 50 EMA which did hold as support.

A buy trade could have been taken thanks to the TICK & Momentum divergences which would have worked out well until price formed the two dojis in a row at 11:40 (exit long). Price floundered around, formed a neg TICK divergence, and then retraced in an "ABC" structure into confluence support, which you might have recognized as Elliott Waves 1 and 2 (fine if not - Wave 3 gave it away shortly after).

At the Confluence support (50 EMA and y'day close), price launched a powerful rally (also coming off of the "First Cross Buy" Oscillator Signal) which did launch the powerful "Third Wave" rally, which was the best trade of the day. There were numerous dojis during this time, so it was fine if to sell, but doing so cost you gains - this is where reading Elliott Structure and knowing the dynamics of 3rd waves could have paid off.

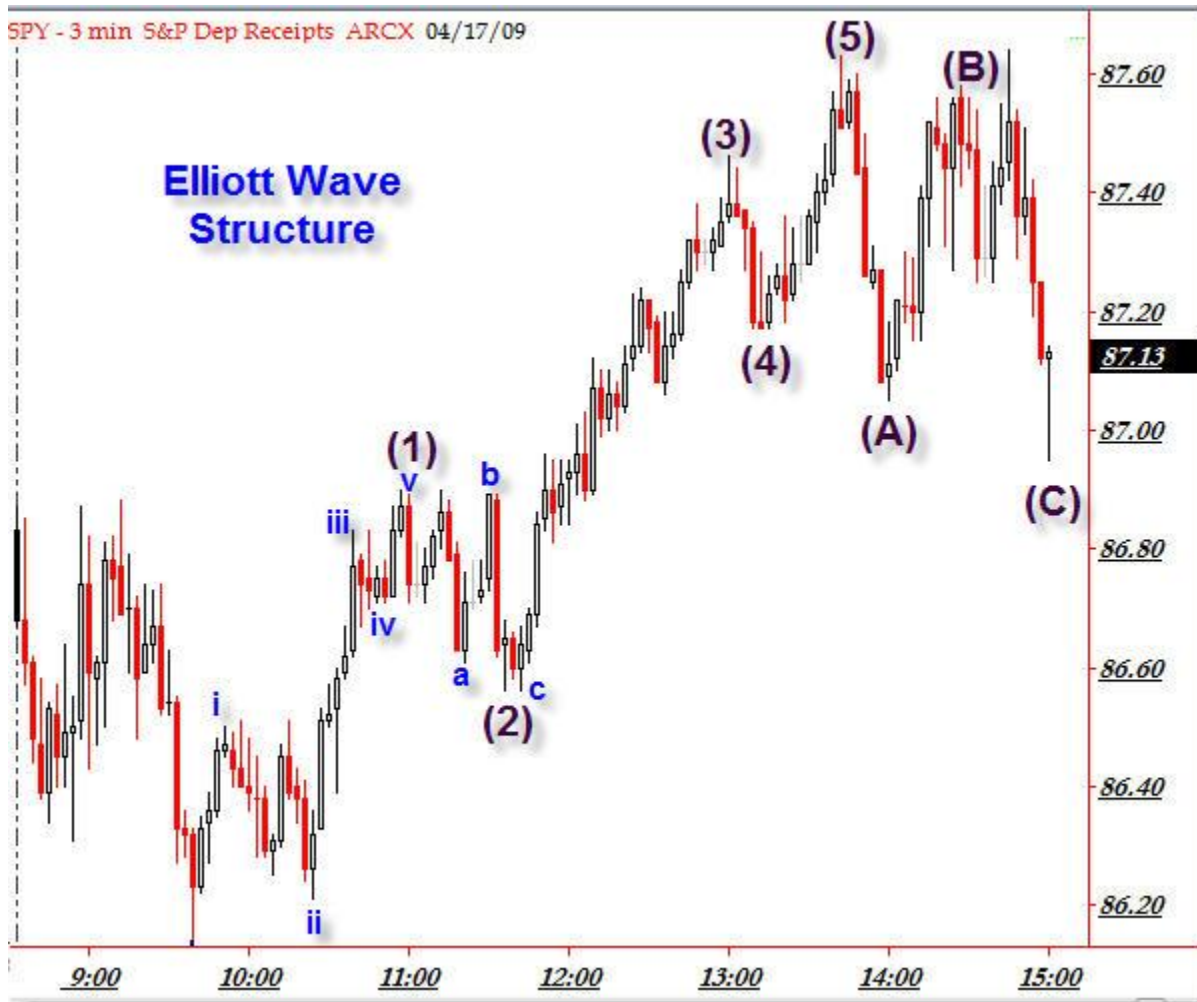
Multiple divergences (TICK and Momentum) set-up so you should have looked to exit or consider shorting as the price continued to make highs. However, in Elliott Terms, Wave 4 is often a shallow pullback which sets up the final 5th wave which is often very easy to discern by using EW. The 5th wave came and at its crest, we had a negative momentum, negative TICK divergence, and a lone doji at the top which turned into an Evening Star (ES requires 3 candles, a big up, a doji, and a big down to form). After the 12:30 buy (anticipating the 1:00pm Expansion Trade), this was the most powerful trade of the day.

It gave immediate satisfaction, but sellers were 'rebuffed' at the rising 50 EMA (good place to exit). Wave A was complete and Wave B was yet to come, which occurred, floundered around, made a technical new high on the day, and then the final Wave C commenced which took us beneath the 50 EMA into the close. A big clue B had peaked was the 'sell doji' or long-legged doji (on both sides) which preceded the 3-bar sell-off into the close.



A Focus on TICK Divergences. We had a flat-line price and clear rising TICK divergence at 10:00am which preceded the day's rally. A Divergence at 11:00 was good for a scalp only. A larger structural TICK divergence set-up mid-afternoon which 'should' have led to a larger move down but did not. The 15-minute period of before 2:00 (three large bars) was 'predicted' by the deep TICK divergence. Notice the 'three push' or three price/TICK highs I've noted, and as price spikes up, the TICK reaches a lower high three times.

Finally, there was a slight TICK divergence at the end of the day (not marked) that preceded the final three downbars.



A focus on the Elliott Wave Structure of the Day.