



# Daily "Idealized Trades" Report

## SPY (SPY 500 ETF) 5-min



It feels like the structure of the day is returning more to what's expected - ie there's less 'randomness' it seems.

That being said, we began the day with a 'fade-able' gap for the first trade back into yesterday's close. Price surged through that area (no way to know we would get a large target off this move) into the intraday highs. It was not high probability to sell at this point, and with the new TICK and Momentum divergences, you should have been looking to buy the first pullback.

You also should have recognized the strength of that wave as some sort of Third Wave and also been looking to buy the Wave 4 pullback. We didn't quite retrace to the 20 EMA, but we did form two dojis in a row which set-up a powerful buy (low risk - stop beneath the 20 EMA) to target the intraday highs at a minimum but more likely to play for a new intraday high.

We got that new high (Wave 5) on a very unique pattern that you need to memorize - it was a 5th Wave (you can clearly count 5-waves - 3 up and 2 down) which formed on a clear divergence in the 3/10 oscillator but more importantly formed on a 'screaming' negative TICK divergence. That was one of the most 'obvious' short-sell entries I've seen in a while (not on a trend day, that is).

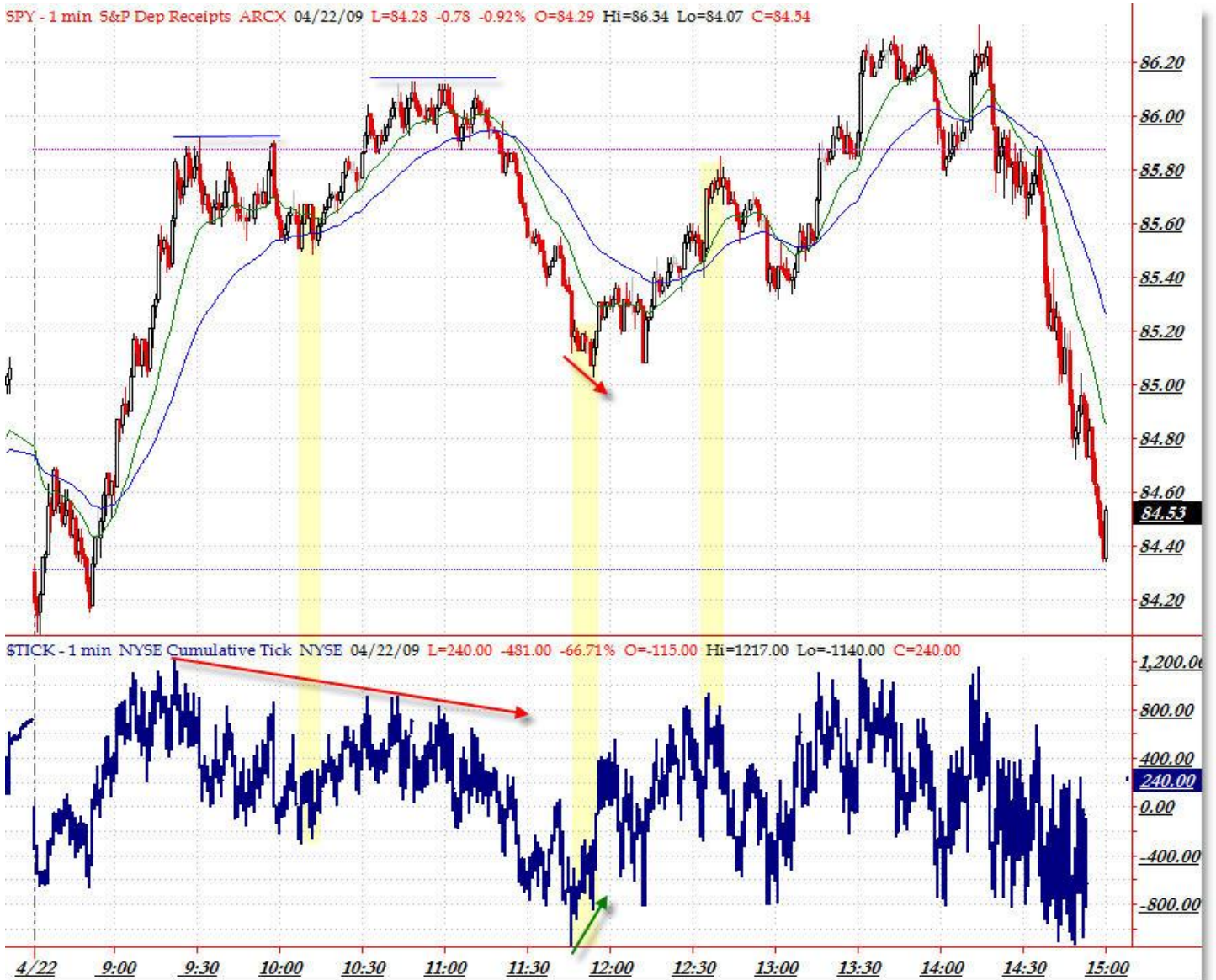
It was acceptable to exit on the hammer that formed at the rising 50 EMA (to play for a Wave B) but price went ahead and tested yesterday's close again and formed another hammer and then formed two long-legged dojis in a row, setting up a powerful buy signal with another tight stop (beneath yesterday's close).

In Elliott terms, you were playing for a Wave B structure which is expected to unfold in three waves. The middle part (or "b" of "B") wave actually formed a very nice bull flag buy signal wherein price exceeded the measured move target to make new highs on the day (remember B waves can exceed the highs of Wave 5).

Dojis (narrow range candles - more like spinning tops) formed into 2:45 which signaled the end of the B-Wave rally and prepared us for the C-Wave strong decline to come. We got a quick, unexpected thrust to new highs (which formed also on a negative TICK and momentum divergence) but it would have taken out your stops if they were too close. If by chance your stop was taken out into the 3:00pm highs, the bearish engulfing red candle should have prompted you to sell-short again.

Bulls did not want to surrender, so two dojis and a hammer formed, tricking the short-sellers and empowering the bulls... but they were resoundly defeated by the bears into the close. That's the Power of C-Waves - they can be dynamic.

Let's confirm today's price action with the 1-min TICK structure and divergences.



There were TICK divergences at almost all key turning points (swing peaks) in today's action. The most obvious and powerful divergence occurred at the 9:30 and 11:00am swings.



A focus on the Fibonacci grid of the day, starting with the intraday low and moving to the intraday high (at the time).

It shows that 3 bullish reversal (hammer) candles occurred at Fibonacci support, confirming your buy decisions.