



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



After a volatile Wednesday, the SPY began the day with a normal open (for once - no gap) though price rose initially in a counter-trend move up (off a new momentum low, meaning it should have been shorted). A 'hanging man' doji candle formed around 9:40 triggering an aggressive sell signal which led to a push to new lows. This time, the 3/10 Oscillator formed a higher low, calling for an aggressive move back to the 20 EMA which occurred quickly, forming a bear flag into confluence resistance - the 20 EMA and yesterday's close.

That called for a sell back down to test the lows of the day, and price made a new low... though this time it did so on another 3/10 momentum divergence which set-up the "Three Push" reversal pattern - a powerful buy signal. This particular "Three Push" formed into the S1 Pivot (Pivot Points) and formed a spinning top doji (reversal) candle. That was the day's most powerful buy signal.

One could have aggressively played for a trend reversal (which we got) or for a scalp up to the 50 EMA (the reversal was powerful enough to call for a move beyond the 20 EMA).

Price found resistance at the intraday highs of \$84.80, and due to the strength of the current wave, one could have identified it as some sort of third wave which called for a swing down (Wave 4) to buy in anticipation of Wave 5 up. That's exactly what we got.

This time, the Wave 4 retracement fell into confluence support - that of the "Cradle" (20 and 50 EMA) and yesterday's close. Price ran a little below these zones of confluence, arguing for a looser stop-loss strategy which achieved the target of an intraday swing high (which we got on wave "v"). This time a negative (Flat-line) oscillator divergence formed, as did an evening star and spinning top bearish reversal candle. That pushed price beneath the confluence support levels, though a powerful buy signal triggered simply off the five candles in a row that formed long-legged lower shadows - dojis and hammers - that hinted that odds favored a final push up into the close (which, unexpectedly, made new highs on the day).

Let's take a look at a Fibonacci grid on the day that helped confirm the early bear flag.



The morning bear flag into confluence resistance also formed at the 38.2% Fibonacci retracement
 Also, a "Broadening Formation" formed into the final hour of trading which was interesting.



The TICK did not give us much in the way of divergence patterns, though we did confirm the morning's "Three Push" with a positive three-swing TICK divergence just like momentum.

New TICK highs were made around 11:30, 12:00, and 1:30, all of which forecast higher prices yet to come. The TICK was biased to the upside almost all day, giving the edge to the bulls.