



## Daily "Idealized Trades" Report

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



The day began with a large (\$1.00) overnight gap, which had low odds of filling... but the gap filled almost as quickly as it formed.

We got a 5-wave Elliott pattern into the intraday highs at \$87.00, which formed a negative TICK and 3/10 Momentum divergence, setting up the best trade set-up of the day (the 5th wave even fractalized nicely into its own 5-wave pattern). The final 5th wave with the two types of divergences set-up a compelling 'confluence' trade.

Prior to the intraday highs (5th wave), we had a fractalized 3rd wave (that broke-down into its own fractal pattern). The main idea for Elliott intraday is to recognize 3rd waves and then play the ripples - such as BUYING once price completes an ABC 4th wave (usually into support, as today's action did) or selling short a final 5th wave in anticipation of a larger scale ABC corrective pattern.

The 4th wave pulled back at 11:30 into confluence support via yesterday's close and the rising 20 EMA (which had just crossed back positive). The 50 EMA was just below price, which could have served as a stop-loss to play for a 5th wave into new highs. This 4th wave buy trade was also a high probability, low risk trade.

After the 5th wave completed, the play was to sell the structure short to anticipate a counter-wave decline. However, we got a much deeper than expected decline than expected, as price plunged to new lows on the day in a single swing - shocking the bulls. A "cradle" crossover occurred at 1:00 but price was too weak to pull back into the cradle to set up a re-entry scalp trade short.

As price made new intraday lows, a slight positive momentum and TICK divergence formed, and price inched its way back to its target of the falling 20 EMA. Price inflected down off this level (impulse sell) to test the intraday lows, though a clear positive TICK and momentum divergence formed as price failed to make a new low. A very strong price bar took price up to the falling 50 EMA, back down to test lows (but not make them), and then we got another large price bar into the close... followed by a large price bar down. Really, the best plan was to stay out of the end of the day 'wild' volatile swings - the structure provided little edge and few decent set-ups (and what decent set-ups that occurred, for example dojis, happened so quickly that it was probably too late to take advantage of them once you realized they existed).



A bonus chart:

60 min structure

Note the numerous gaps and volatile swings in price - it's not safe to trade aggressively.

Also, price has broken down out of the rising wedge and the rising trendline that can be drawn back to the March 9th lows. This is inherently bearish, as price is now using the underside of the trendline as resistance.



A focus on the TICK divergences (and new TICK highs which suggested higher prices were yet to come) in the early morning session on the 1-min chart.

A focus on the Elliott Wave fractal structure is given.



Large-scale TICK divergences at key turning points within the 5-min structure.

Elliott Wave count is given.