



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



The day opened with yet another large-scale gap that WAS faded - this time without any hint of looking back. That makes two days in a row where a large-scale overnight gap was filled quickly. For whatever reason, there is (or has been) a bullish bias to the market, where buyers have 'snatched up' shares on virtually every single downswing on any timeframe.

Generally, the first trade to take after a successful gap fill is a "trade the gap," meaning trade back down (short) in the direction of the gap for a retest of the lows. We didn't get that today as price broke through confluence overhead resistance to new intraday highs. Look at the 1-min structure for a breakdown of the Elliott Pattern, and the "Buy the 4th Wave; Sell short the 5th Wave" trade set-up that I discussed yesterday - amazing to see it repeat almost identically on today's trading. If only it were so easy as to look back at yesterday for today's roadmap! But that's exactly why we study the market like this after hours.

The "Buy the 4th Wave" trade kicked in around 10:45 as price pulled back into confluence support at the 50 and 20 EMAs along with yesterday's close around \$85.80. Price did move to new highs, though on a negative TICK and momentum divergence, kicking in the "sell short the 5th wave" trade (I have to come up with a more proper name for this set-up).

Generally, after a 5-wave fractal structure, we get an "A-B-C" 3-wave move down (A down; B up; C down) which occurred like clockwork (particularly on the 5-min chart) into noon. A positive TICK and Momentum divergence formed (not labeled - see 1-min chart) which signaled a "Buy" trade, anticipating a potential fresh new Elliott Wave impulse (fractal) which we indeed got.

On the 1-min chart, we actually got a full 1-5 and then ABC structure which led to another 5-wave structure.

Laying Elliott aside, there were buy dojis at yesterday's close support line (5-min chart) but other than that, there were very few trading opportunities in the choppy consolidation - consolidations are very difficult to trade.

Price then broke upwards out of consolidation around 2:30, triggering a Bollinger Band breakout trade... though it wound up being a false-breakout and bull trap. The market has a habit of making a false move and then switching to the other direction violently into the close - today was no exception.

Look closely at the TICK and 3/10 Oscillator and how they confirm the Elliott Wave structure that develops during the day.

