



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min

A focus on the TICK Divergences.



Price continued to new lows as the TICK continued to make new lows and highs, though at 11:30, the pattern switched and we had a positive TICK divergence set in, which combined with two doji candles (and a multi-swing positive momentum divergence). This marked the low of the day.

The second thing to note is the new TICK High at 12:00 which was an unexpected development that hinted that the Trend Day assumption was greatly in doubt.

The TICK indicator signal preceded the Rounded Reversal.



Let's walk through the intraday structure!

There wasn't fundamental/news reason I was aware of to precede a Trend Day, but we got a large-scale gap anyway which had low odds of filling. The best trade was to anticipate the first pullback and then short into that rally.

It turned out to be a bear flag and an impulse buy, which formed just after the Cradle Cross, meaning a tight stop could have been placed above the 50 EMA and a large target played for.

As price made a new low, one could have suspected the day would unfold in a Trend Day structure, meaning sell each pullback to the 20 EMA. That was a successful strategy (notice the bear flag into the 11:30 hour) until the multiple swing positive momentum divergence "kicked in." See the prior page for the more important Positive TICK Divergence that set-up into these doji candle lows. By all means, this was plenty of reason to exit a short position, and was a very aggressive place to get long to anticipate a reversal or more conservatively play for a scalp back to the 20 EMA.

The TICK went on to make a new high, hinting that the structure may unfold into a Reversal Pattern and that odds for playing for a Trend Day had decreased. Once price broke above the 50 EMA, the Rounded Reversal was officially confirmed, all short-sales should have been exited (note two closes above the 50), and then more importantly, a Cradle Crossover Trade formed just after 3:00 (breaking slightly beneath the Cradle).

The Cradle resulted in a strong power bar to the upside, which then pulled back to yield a power swing into the close.