



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



Yet another crazy, unstable day on the Street. Caution is strongly warranted, as the trading activity of the last two weeks has felt abnormal - headline risk (governmental intervention) is high which alters intraday patterns.

Let's walk through the day step-by-step.

The day opened with an overnight gap of roughly \$0.40, which meant odds did favor a successful gap-fill trade, which should have been the first trade of the day. The action highlighted why I like to wait 15 minutes to enter a gap fill, as doing so would have given you a superior fill than shorting on the open.

The gap filled quickly (breaking a late cradle trade... gap fills dominate cradles it seems), and then found support at yesterday's close. Clean Gap Fades can give you two quick trades: First, the fill itself; second, the bounce off yesterday's close which often sets up an Impulse Buy trade.

The second trade of the day was to go long particularly after the doji-like candles off yesterday's support zone. A successful Cradle Trade formed at 11:30 (though price did not pull perfectly into the Cradle).

The third trade was a Bull Flag into the 20 and 50 EMA support (notice the dojis that formed at this level too). It met its target at the intraday price highs, and a hideous doji (gravestone) formed. This was certainly a sign to exit, and could have been taken as an aggressive sign to short off these levels at least back to the 20 EMA.

Price tried to hold support at the 20 EMA but failed, which set up a Magnet Trade (quick scalp) down to the 50 EMA for support... though price fell through this level to form a new momentum low on the day. That meant odds favored lower prices were yet to come.

Indeed, price did retrace quickly into the New Cradle (sell) before 3:00, which also formed an excellent Bear Flag trade. The trade quickly met its minimum target and formed a doji (spinning top) on the Yesterday's Close support line, which was a good place to exit the short and also an aggressive place to get long. There was a flat-line momentum divergence at 3:00 (price made a distinct new low lower than the prior swing into \$82 though the 3/10 Oscillator made a double-bottom).

Price then surged off this level. The 'name of the game' of the last few days has been a surprising and sudden and sustained move - up or down... seemingly randomly - into the close.

Let's take a closer look at the TICK to see what insights it gave us today.



The 10:15 time gave us a failed Tick Divergence which is rare. The other divergences preceded short-term reversals.