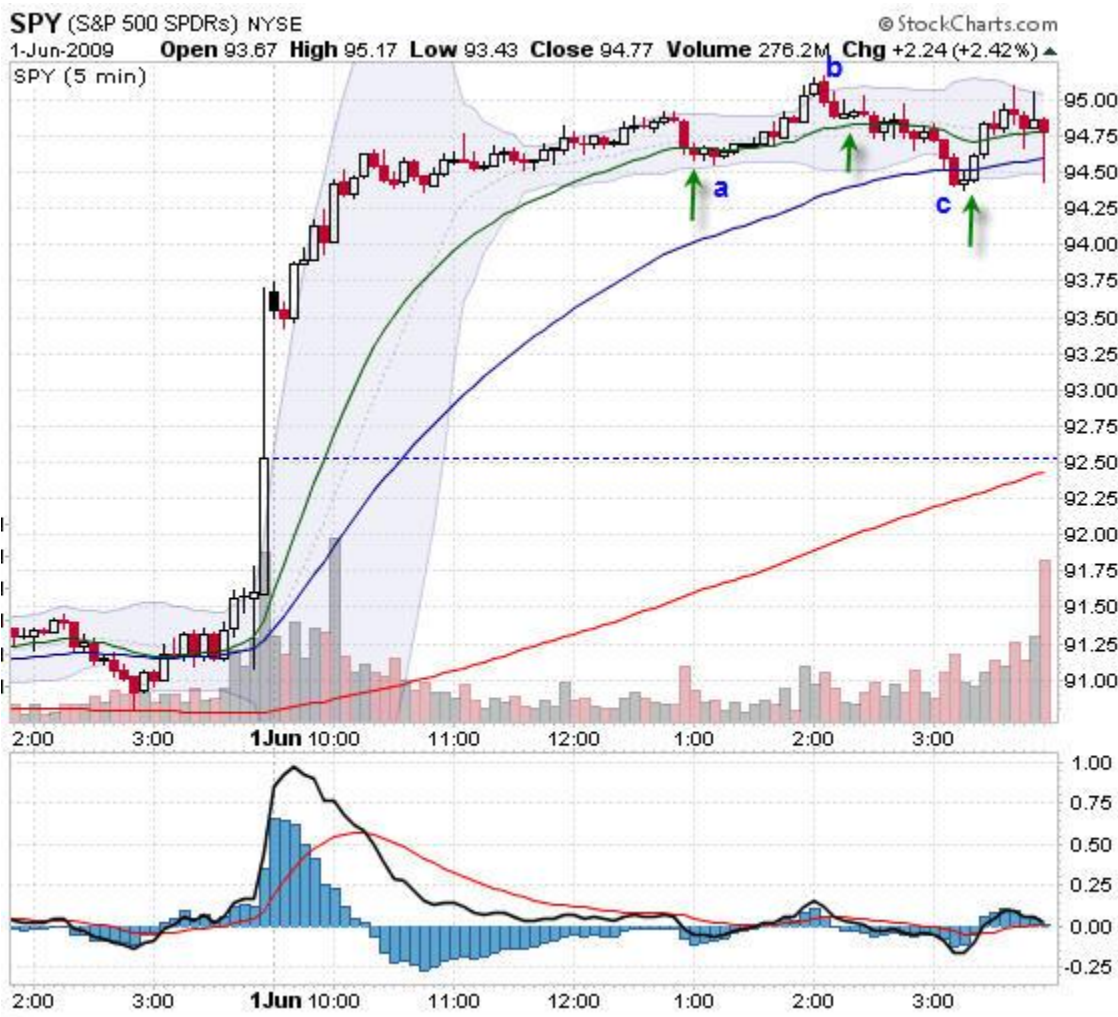




## Daily "Idealized Trades" Report

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



Type II Trend Day!

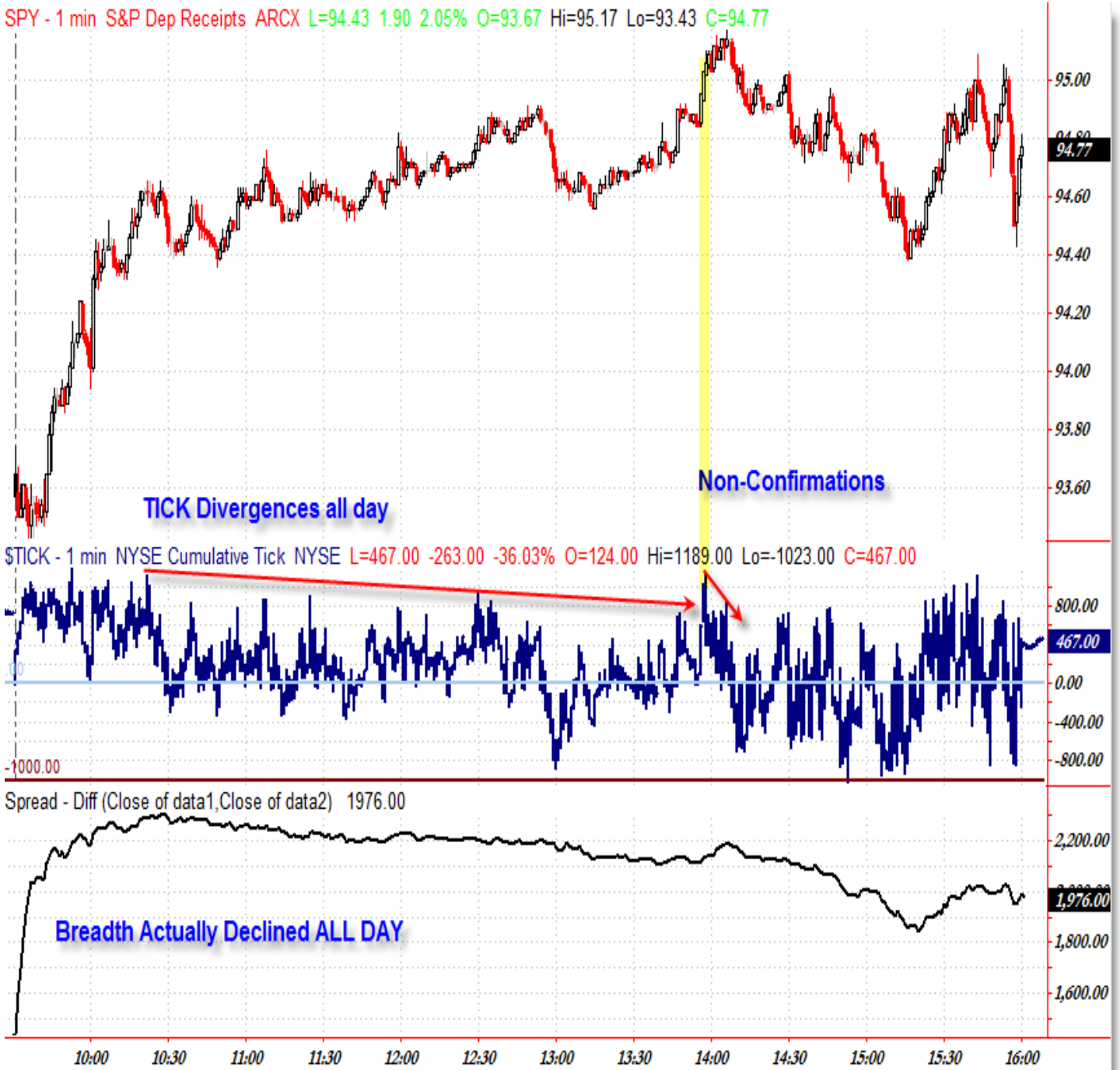
We began with a large (greater than \$1.00) overnight gap that was confirmed with a volume spike... particularly given the price strength at the close of Friday's trading session. When price made no attempt to fill the gap, odds greatly shifted to favor a Trend Day up.

There really weren't many "idealized trades" to discuss - mainly you want to buy ANY pullback to the rising 20 EMA and trail your stop just beneath (not DIRECTLY beneath as the end-of-day action showed) the rising 50 EMA.

Watch your TICK, TRIN, and Breadth for divergences... we noticed MAJOR divergences during the day which should have caused you to pause and be less aggressive with your trading tactics into the end of day... but those did not automatically over-rule the bullish trend bias of the day.

One of the best trades came where I labeled "a" which was a clean pullback to the rising 20 EMA which led to a new high on the day. The next best trade was the "c" point where we had a doji that nipped just beneath the rising 50 EMA - taking out all stops that were too close. Notice that the bottom of the Bollinger Bands also held price support as well - one must use stops but one must not use stops that are too tight, particularly in the market environment (volatility) we are experiencing now.

The chart below shows the key TICK and Breadth divergences that were pervasive all day long.



We actually had the high of the day in Breadth at 10:30am and the TICK high just before 10:00am - that's a screaming non-confirmation yet price continued its journey higher. When finally we made the absolute price high at 2:00pm, the TICK was about 800 which was almost 400 points less than its intraday high of 1,189. Breadth was running around 150 to 200 stocks off its morning high on the intraday high as well.

Even still, the pullback was not majorly meaningful and we even got an end-of-day rally into the close.

Bulls simply do not want to give up.