



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



The day was classified as a "Range Day" despite the large move off the open. Pay special attention to the shadows of the candles at key inflection points as well as key divergences.

During an expected Range Day, we are looking to fade highs and lows in price.

Keep in mind the day resembled a Trend Day of sorts until the 1:00 high due to the large move off the open and the support from the 20 and 50 EMAs... but recall that on a trend day, we don't often get the price-bar overlap that we did from 11:00 - 12:00 and price often doesn't touch the 50 EMA - odds didn't support a strong trend day today (there also wasn't an opening large gap).

Price made a sudden momentum move up which resulted in a new price and momentum high, suggesting that an actual high was yet to come (which arrived at 1:00pm).

Price pulled back twice to the rising 50 EMA, both of which offered buy entry trades to play for that higher high - the stop was to be trailed or placed beneath the 50 EMA.

Price then formed a mini-five wave advance into the intraday highs which formed on a distinct negative momentum but NOT TICK divergence, which is strange. The TICK high on the day formed simultaneously with the price high in the S&P 500 (SPY) - normally you get a TICK divergence on the high.

The mixed signal is what one could expect on a range day with conflicting signals at times and difficult trading conditions.

Still, price did begin its reversal down and supported on the rising 20 EMA, forming a sudden bear flag that required lightning fast reflexes to trade. Price met its target and exceeded it beneath the 50 EMA.

Notice at the 2:00 hour how multiple long legged candles (including two dojis) formed at this level which hinted that a reversal back up was more likely than a continued down move.

The same long upper shadows formed at 10:00am (red arrow) which hinted that a down move retracement was likely - always pay attention to the 'shadows' (wicks) of candles for additional clues and don't get caught up in the names of a candle. Knowing the sentiment (reversal or continuation) is more important than the name.

So price made a retracement back up to the \$92.60 level and formed a shooting star (again, long upper wick) candle and then inflected back down. Notice how the candle also formed at the upper Bollinger Band which was a second sign of confirmation.

Let's now take a look at the intraday structure with the TICK overlaid.

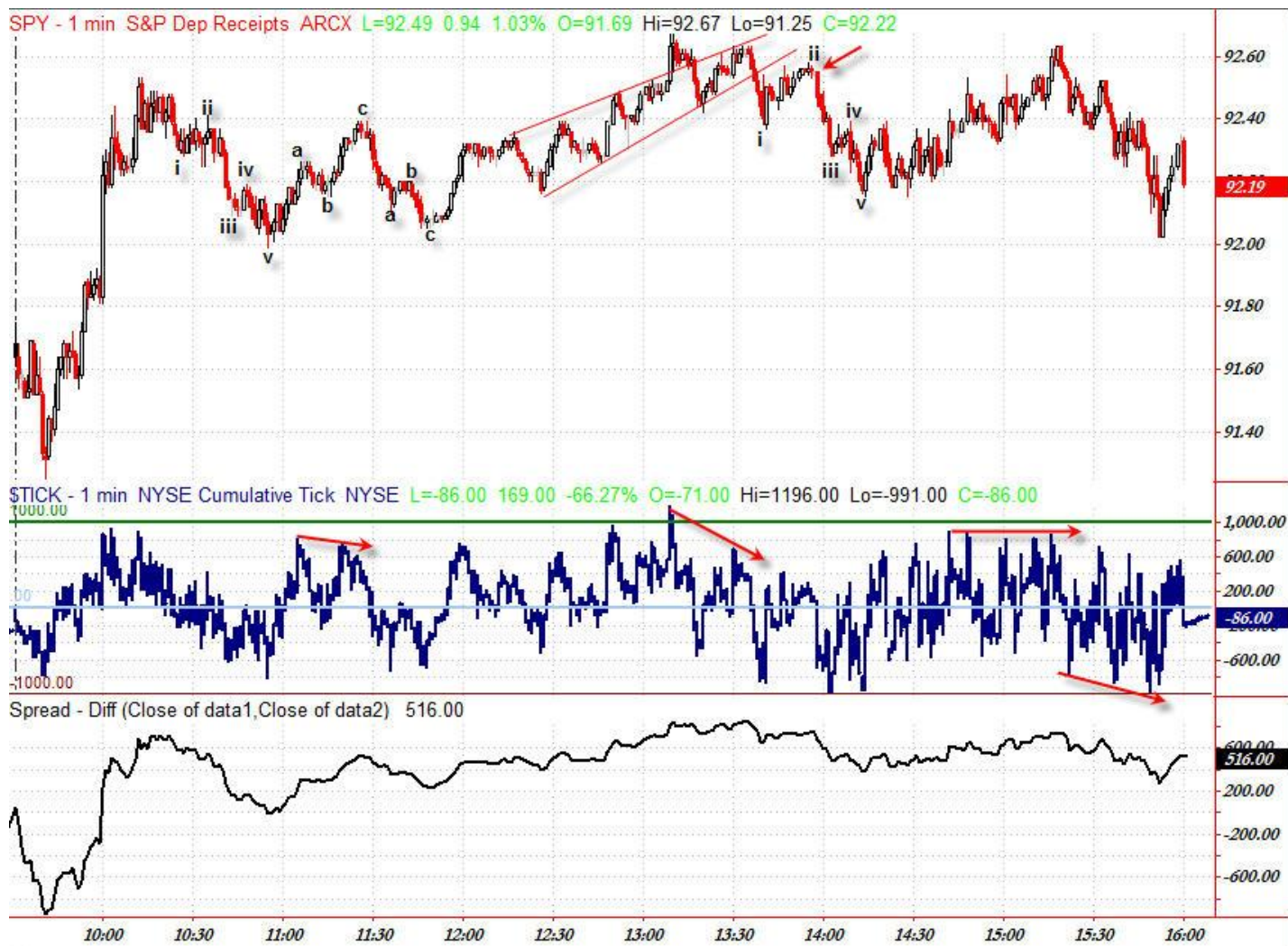


We really didn't any major signals from the TICK or Breadth in terms of divergences or momentum principles. New TICK Highs imply that an actual higher high in price is yet to come, though today's High TICK formed simultaneously with today's High Price.

The lowest TICK reading formed at 2:00pm which clearly was not the low of the day... though it did hint that lower prices were yet to come (which came just before the close).

There was an ascending triangle that created a false breakout (sucked in the longs/buyers) which then was broken to suck in the shorts but they were also stopped out - this is exactly the frustrating action that is expected on a Range Day which is what makes them so difficult to trade - I always call Range Days highly "Inefficient" in terms of the amount of analysis and trading (and stopping out) you must do for the lower amount of profit you receive (as compared to Trend Days).

Sometimes it pays to stand aside when you determine the day is choppy or trendless.



Zooming in to the 1-min structure reveals little more in the way of price in today's action.

I've labeled a few Elliott fractal moves for examples.



A bonus Elliott Wave structure chart. Looks like we've completed a 5-wave downward impulse and are now in an "ABC" Corrective Wave up. This would be Wave 2 of a larger move down that could retrace at least half of the March to June advance if not plunge us down to retest the 666 level or lower... but we'll take it one day at a time until we get to these levels.

Until proven otherwise by higher prices here, odds do seem to favor a trend move down - perhaps a deep retracement if not full retracement - so keep that in mind when setting up trades.

It might even be a good idea to put on a swing trade short with stops around the \$93.50 or \$95.50 area.