



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



In terms of the 5-minute chart, we saw a hideous day for trading opportunities - the only trade that really 'worked' easily was the morning gap fill and then doji reversal buy as price crested back up off support from yesterday's close (though nipping beneath). The decent rally and new momentum high suggested higher prices were yet to come... and they did... but on such massive non-confirmations that the intraday high was set just after noon. Afterwards, we got a false

"Bollinger Band" Breakdown signal, bounced off the rising 50 EMA (notice the hammer) and then chopped around aimlessly.

Today was a perfect example of why trading on a Range Day is extremely inefficient - you do so much work for so little profit, and many times the extra work and difficult conditions end in a loss.

This is why trading every day with the same position size and strategies does NOT work - adjust your aggression (position size) and strategies (as well as indicators to use) based on the type of day structure. There wasn't much of anything in terms of an 'ideal trade' that worked - only examples of failed trades in the market choppiness.



A tip - if the price action of your timeframe (5-min) is too choppy and chaotic, raise your timeframe to see the structure and development on the higher immediate timeframes (15 min, 30 min, etc). The structure is MUCH clearer.

So instead of discussing the intricacies of intraday opportunities on Monday, I thought I'd take this opportunity both to share "Teaching Moments" as well as make a **stunning prediction** of price movement and trading opportunities in the near future!

Teaching Moments: Repeated Examples of TICK divergences

Stunning Prediction:

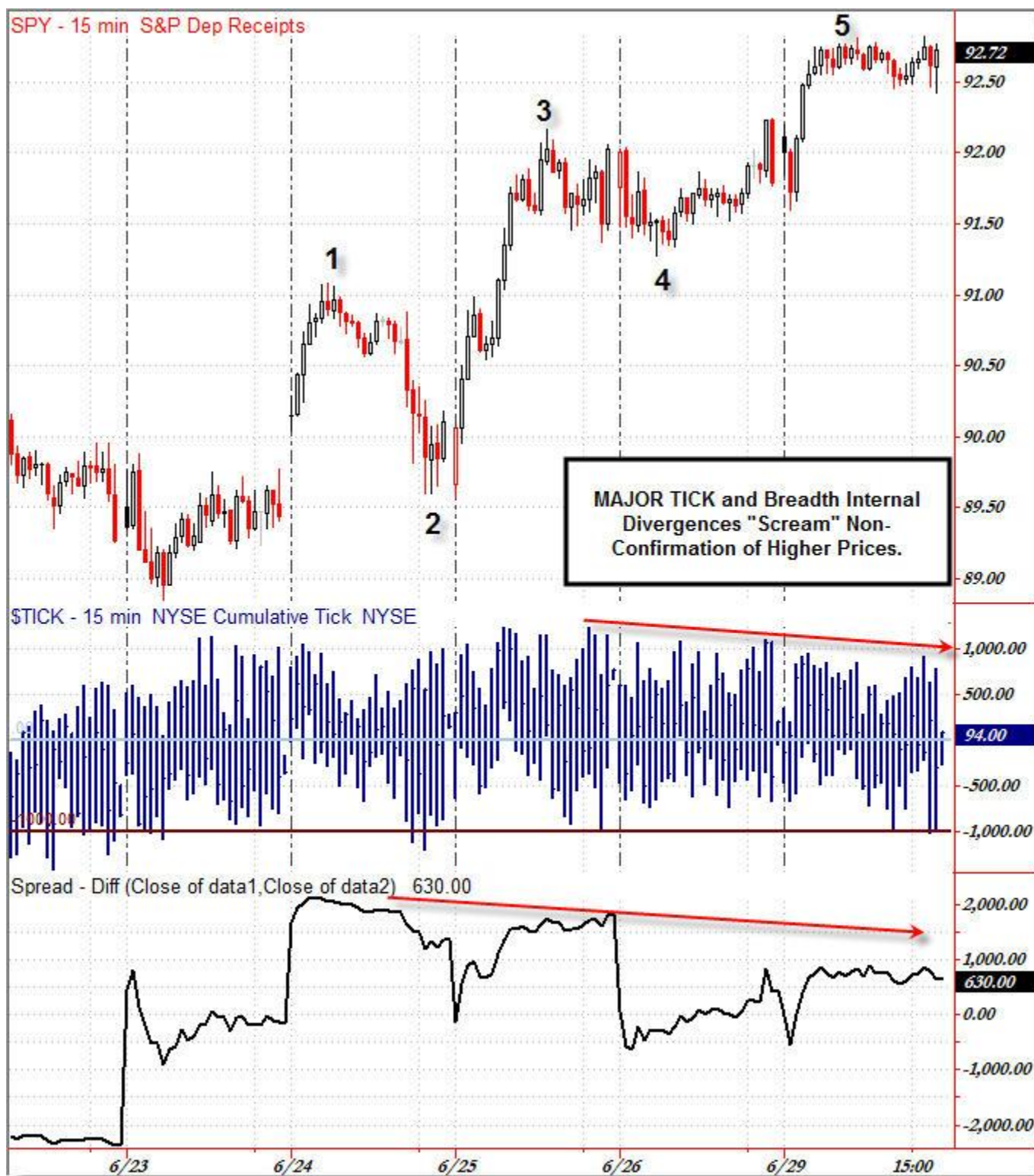
Due to a completed 5-wave fractal Elliott Wave move up which has resulted in a "Three Push" Reversal Pattern (triple negative divergence in the 3/10 Oscillator) along with an obvious and unavoidable 'massive' TICK and Breadth (market internal) Divergence as well as a negative volume divergence... ***I would say odds strongly favor a precipitous fall from these levels*** ... with the caveat being that this is a "holiday" week and holiday weeks do have a slightly bullish bias. If bulls somehow manage to hold up prices at these levels until Thursday (July 4th holiday Friday), then we could see massive selling due to these non-confirmations in the week to come.

Again, no guarantees, and this view would come into question with a close above \$93.00 (and especially \$95.00), but this is the information and price structure we have at the moment and there are multiple technical (chart) signals hinting that shorting (and perhaps aggressively) with a relatively close stop would be a much, much better strategy than 'going long' at these levels.

Let's take a quick look at the charts to see why.

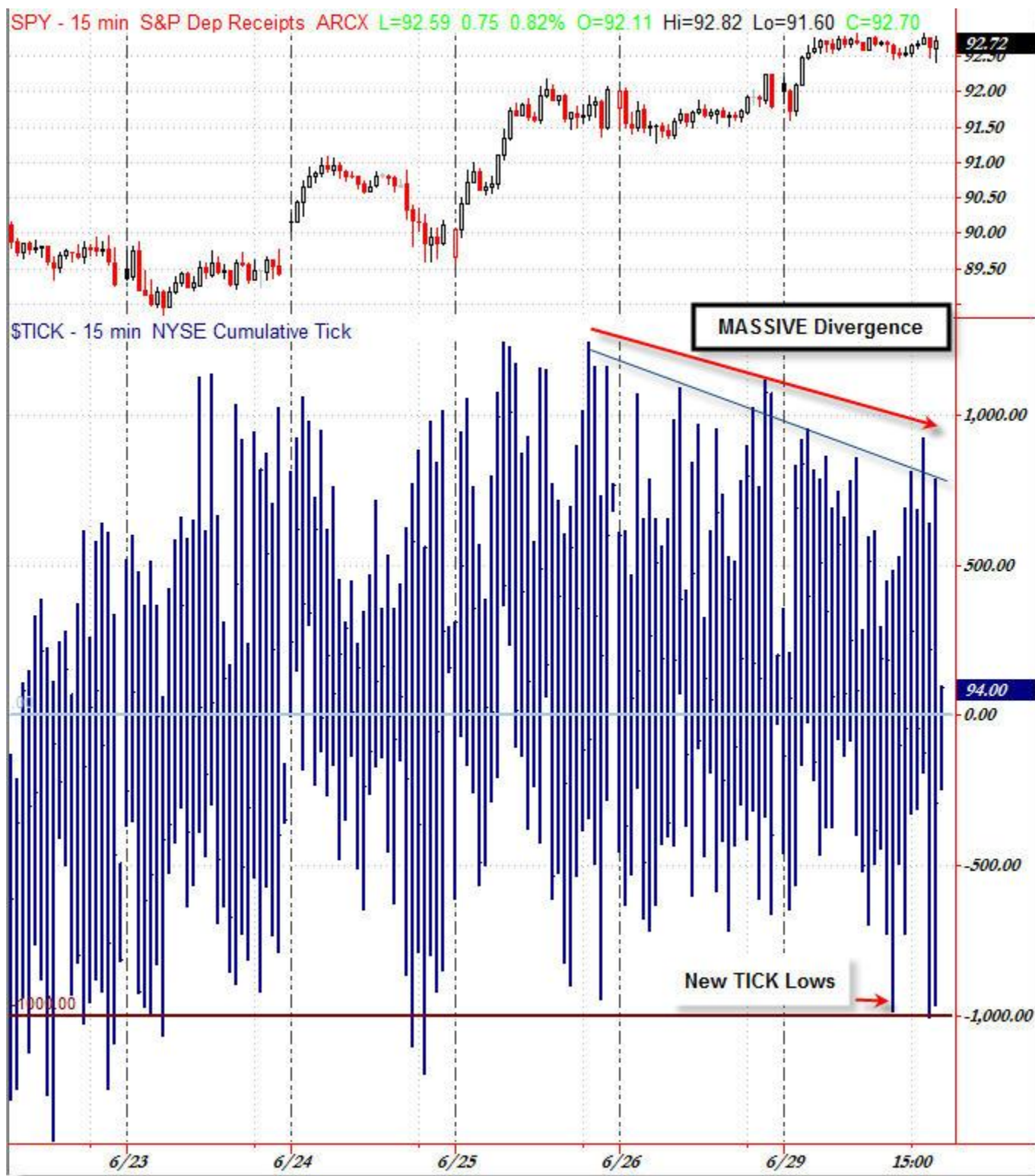


The "Teaching Moment" is the TICK divergence on the 5-min chart as price made an intraday high above the R1 Pivot. A bearish engulfing (reversal) candle quickly formed, hinting that the better strategy was to short this level... but price didn't drop far enough to make magnificent profits - it mostly flatlined throughout the rest of the day.



This is a look inside the 15min chart (for prediction) showing the distinct (and obvious - frightening) negative TICK Divergence that has been forming since 6/25 along with the negative Breadth Divergence that has formed as price has grinded to higher levels each day.

If these signals are true, it would hint that the top (of this short-term rally) is set in place. Bulls will have to use immense force to work-off these distinct and dramatic non-confirmations.



I'm zooming in specifically on the TICK (for a teaching moment) to show how a TICK divergence forms.

Let's watch (and trade) to see if the signal and non-confirmation plays out as expected - to the downside.