



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



A lot to go over today!

First, we did not have much of an overnight gap, which clued us in that odds for a trend day were low (usually, you get a range day after a Trend Day). However, the day actually did wind up being a Trend Day... in the OPPOSITE direction as yesterday's Trend Day!

Price began the morning with very choppy trading, though if you look closely, the TICK was slightly biased more to the upside than downside.

Price's swing up at the 10:00 level left multiple long-upper shadow dojis which are traditionally bearish, and price did have a downswing off this level. Your bias still should have been bearish (downside), though there was something very important to note that many intraday traders missed:

The S&P 500 (SPY) was testing its rising 20 day EMA at the \$88.50 level, which accounts for a large part of the bullishness (higher timeframe players buying a pullback to expected support).

That being said, once price began its (unexpected to bears) rise into the 11:00 hour, we got a new high on the day AND a "Sweet Spot" Trend Reversal. When you get a sweet spot AND a powerful impulse, it's time to look back to see if you can count out a Wave 1 and 2, and if so, then we might be in Wave 3 developing - sure enough, that was today's case.

A Quick Bull Flag Formed (after the Cradle Crossover, which happened probably too quickly to profit) and met its target quickly, which coincided with the falling 200 SMA. At this point, a 5-wave fractal Bearish Rising Wedge had formed, as well as a negative TICK divergence and a "Three Push" Negative Momentum Divergence Reversal Pattern. All of this should have clued you in that a larger than normal reversal - if not the absolute price high - was put in place at \$89.80.

We did get a powerful down-swing which only managed to retrace to the 38.2% Fibonacci retracement off the intraday lows - so much for a down move. The price fell back to the 50 EMA and then found support. This level was the "Make or Break" level, as a breakdown here would have certainly led to lower prices, if not a complete retest of the lows. That was not to be.

Bulls pushed price for one more final swing higher, subdividing into a 5-wave Elliott fractal pattern which now became obvious as the terminal 5th wave of a larger fractal (remember that 3rd waves can extend, which is quite confusing and frustrating intraday - I suspected that all 5 waves played out at the 1:00 \$89.80 level).

Look closely to see that price formed both a negative Momentum and TICK divergence - as well as a powerfully obvious doji candle - at the \$90.10 level around 2:30. Price had also - as mentioned - completed a full 5-wave Elliott Fractal, meaning odds favored an ABC price swing to come - and it developed as expected.

I typically prefer not to trade the afternoon, though the final action unfolded quite nicely in an ABC structure roughly as expected.



A focus on the larger Fibonacci Grid drawn for the day and the retracement to the 38.2% zone.



A lesson on how you can use Fibonacci off a key price swing high and 'drag' back to two or three prior swing lows to find levels of Confluence. Confluence came in exactly at \$89.33, which stopped the price decline at 1:30.



A closer look at the structure and TICK Divergences (plus more detailed Elliott Wave).