



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



It was a choppy, range-bound day with few trading opportunities.

The best opportunity came at 11:00am with a 5-wave fractal terminating into a wedge formation. Otherwise, the day was extremely choppy and unpredictable based on price structure.

We had an initial gap-up which was quickly filled (small gaps are more likely to fill than large ones) but the opportunity was lost as the gap filled so quickly.

Price dipped beneath the convergence of the 20 and 50 EMAs though we rose back up above them and the EMAs crossed to form a "Cradle" though no "Cradle Trade" was present (price did not pullback into the 'cradle' zone).

Look closely at all the dojis at key turning points as price inched its way higher - these were probably too small to take multiple trades, but they were interesting nonetheless. Since the larger 5-wave structure completed at the lows as described last night, this was most likely Wave A up which was a 3-wave fractal affair. We should have been expecting a "B" Wave down after "A" Completed, and we got a nice 5-wave bearish rising wedge with a doji at the (then) intraday high which set-up an irresistible trade.

Price gave immediate satisfaction, but we never really could move down beneath the 50 EMA as price chopped up and down, drifting randomly until we made a final high at \$90.00 after yet another (not so clear) five-wave fractal up into weak new highs.

A sudden bear flag formed and completed with much force as traders decided it might not be such a good idea to hold significant long positions over a holiday weekend which is strange because most pre-holiday trading days are up.

One could have gotten short as price broke the rising trendline from 1:00pm to 3:00pm, or more conservatively, gotten short as price came back up to retest the lower side of this trendline - both of which were good opportunities.



There was also a TICK and 3/10 Divergence as price formed a doji at the R1 (first resistance) Pivot. I declare this to be the 'ideal' trade of the day.

There were three New Momentum Lows as the day progressed (each confirmed by low TICK readings) which hinted a possible bearish bias to the day but bulls held on until the very end when we got the plunges.



A focus on TICK divergences, two failed new TICK highs (remember the end of the day results in "crazy" TICK readings so I believe the TICK becomes less reliable in the last hour), and declining Breadth all day long.

Notice the clear divergence in Breadth as price made its absolute high at \$90.00 at 3:00 with a lower Breadth reading than the morning or the 11:00 hour.

Rangebound days are very difficult to trade.