



Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



My end-of-day analysis is made too easy on Trend Days - there really wasn't much to discuss in terms of profound insights because trend days are very simple - buy ANY pullback to the rising 20 EMA and trail your stop beneath the 50 EMA. This day was a 'creeper' trend that actually began with a downside gap, thus making it a weaker "Type II" Trend Day. Once the sustained up-move at 10:00am materialized and continued into 11:00 without breaking the 20 (notice the volume surge), odds strongly favored a Trend Day. As such, any pullback was a buy.

The only think I want to highlight in terms of structure and trades on today's chart is the following TICK Divergence which wound up not technically resolving, reminding us of the power of a Trend Day and that it's not a good idea to bet against them unless we get a very clear signal to do so.

As seen in the intraday 5-min TICK chart, we had a (what I considered) Massive TICK Divergence - almost like a 3-push momentum divergence - going into the intraday highs. Under normal circumstances, this most likely would have resulted in the absolute high being formed (it was) and a trend reversal and/or rounded reversal occurring (it didn't).

It was fine to get short into these 'three push' highs as well as the completion of a Bull Flag price projection, but ultimately, price reversed into the close with two strong up-bars that destroyed the edge on the short-sales that were triggered once price broke beneath the 50 EMA (taking out long stops as well).

Puzzling, yes. Eerie? Yes. But it shows us just one more lesson why betting against a Trend Day is difficult and that anything can happen in the market, so nothing is a sure-fire guarantee.

