



# Daily "Idealized Trades" Report

## SPY (SPY 500 ETF) 5-min



I must say, the day resolved as an unexpected Trend Day up (Type 2). We began with a large-scale morning gap that formed an 'abc' retracement back down into yesterday's close, completing a gap-fill trade. One could have made an aggressive buy as price began to rise (wait for confirmation) off the confluence level of the 50 EMA and yesterday's close line.

Price retested this area just after 11:00 (made a new low in the DIA which served as a non-confirmation of new lows in the DIA... that the QQQQ and SPY failed to make a new low (bullish). This could have also been an aggressive, low-risk buy (stop beneath yesterday's close). A target could have been either the 11:00am swing high or more aggressively the 10:00am swing high at \$91.60.

Price then retraced back down (expectation was that we were having a Normal Range Day) and found support yet again at the rising 50 EMA, forming a hammer and a doji. Price did not immediately 'take off' from this level, though remember we often play for the 1:00pm breakout which we got almost like clock-work here. This was perhaps the highest probability trade of the day - 20 minute consolidation about the 50 EMA as price tagged the lower Bollinger Bands twice. Price broke back above the 20 EMA at 1:30 and the move was solidly underway.

The only spot of doubt (for continued prices) was the \$91.60 level which reflected the "Sweet Spot" as price had made a higher high and higher low. Taking out that zone would also most likely confirm a Wave 3 was underway, which was the case. See lower charts for deeper insights, including Fibonacci projections.

Price began to form long-tail dojis and shooting stars at the \$92.20 level, and after such a massive advance, it made sense that price would need to consolidate and swing down... perhaps into a Wave 4 into support.

We once again got this swing down to test the rising 50 EMA one more time (Wave 4) before price launched up into the close to begin fractalizing Wave 5.



Elliott Wave Structure.

Best trades: Snag a scalp on the "Sweet Spot" (at \$91.60)

Buy into Wave 4 as it comes into support.

Sell-short Wave 5 (did not complete into the close so this trade didn't trigger).



Lessons in Fibonacci Extensions and Retracements (of a single Bull Flag).

Pulling the camera back to see only price, we could have perhaps observed a Bull Flag (or AB=CD pattern) that met and exceeded its target. Price paused at the 100% projection (target) and then found resistance exactly at the 138.2% Projection (of the Pole) which is endlessly remarkable to me - it tagged price and stopped there to the penny.

Notice how the Flag itself found (closing) support at the 61.80% Fibonacci retracement of the pole. That's exactly the behavior we'd like to see in a bull flag. This corresponded again with the expectation for a 1:00pm afternoon breakout.