

# AFRAID to TRADE

overcoming stock market fears *with* Corey Rosenbloom

## Daily "Idealized Trades" Report

### SPY (SPY 500 ETF) 5-min



Stepping back to see the recent rally is taking the form of a "Rounded Reversal" but it still probably has more room to go to the upside. The divergences are non-confirmations but we probably haven't reached the apogee (highest point) of the arc yet so this is the dominant structure - as of this writing, the @ES (SP500) futures are up 7 points from today's close and that's HUGE.



We began the day with a 'fade-able' overnight gap (which should have been the first play of the morning) which quickly filled before the first 30 minutes were up, with price trying to bounce off of support initially but cracking through it to test the rising 20 EMA, bouncing up off of that (which also could have been a trade but it failed to lead to a new high on the day) and then price quickly cracked back through both yesterday's close (it formed a hammer/doji at this level, which could have signaled a buy but was quickly stopped out).

The next trade (the morning was choppy) was a powerful one - I deem it the best trade of the day. Price retraced back to the 50 period EMA and the Bottom Bollinger Band and formed a strong hammer candlestick. Look to the 1-min chart to see a powerful TICK and Momentum divergence which further confirmed entry.

I show a lesson in how to manage this trade as an example in my upcoming presentation (Wednesday, 4:30 EST) with FuturePath Trading and LBR Group - the main idea is that - depending on your style (conservative or aggressive) depends on where you enter and exit - and the trade continued to show positive expectancy as the TICK continued to make new highs on the day while you were in your long trade. The optimal exit came when price formed the lengthy (three-push) momentum and TICK divergence (it's rare to see the TICK make that type of lengthy or 'obvious' divergence. I even emailed it to a few clients to show how impressive this divergence was to me).

We did get the expected move down off this divergence, though it did not lead to a trend reversal as perhaps expected. We bounced off support at \$90.20 which was an exact 50.0% Fibonacci retracement from the intraday high to low.

Price bounced solidly off this level and consolidated choppily into the 2:00 hour. We had a thrust down which formed the low TICK of the day but it only managed to hit the trendline from yesterday's close. Price bounced solidly off this level and it was ok to expect lower prices, but price managed to reverse to the upside, breaking back unexpectedly through the intraday EMAs and then rose to higher levels.

Notice how price 'hugged' the 20 period EMA all the way into the close - it often pays to take pullbacks to the 20 EMA in uptrending moves, but I must say that today's action was quite choppy even though price managed to drift higher into the close.

The TICK ended the day by consolidating both on the upside and downside so that's not giving us much indication about the future of price.

With the end-of-market surge in the S&P minis and the assumption that we have more to go to complete an 'arc' pattern, odds from that favor higher prices, but do keep in mind EMA confluence resistance (as reported yesterday) stands at 903 and 905 (which - technically - HAVE been broken now) so a healthy open (up) tomorrow could lead to some short-covering which would have a bullish bias for tomorrow's trading.

Let's now look at the additional charts for further clues and insights.



Sample Slide regarding "Efficiency Analysis" for upcoming presentation.



Highlighting trade set-ups as based on TICK and Momentum Divergences as a function of Conservative or Aggressive Trade Entry Preferences.

For those without access to the futures market, here is the @ESU09 (Sept. S&P e-mini) as of 5:30 EST:

