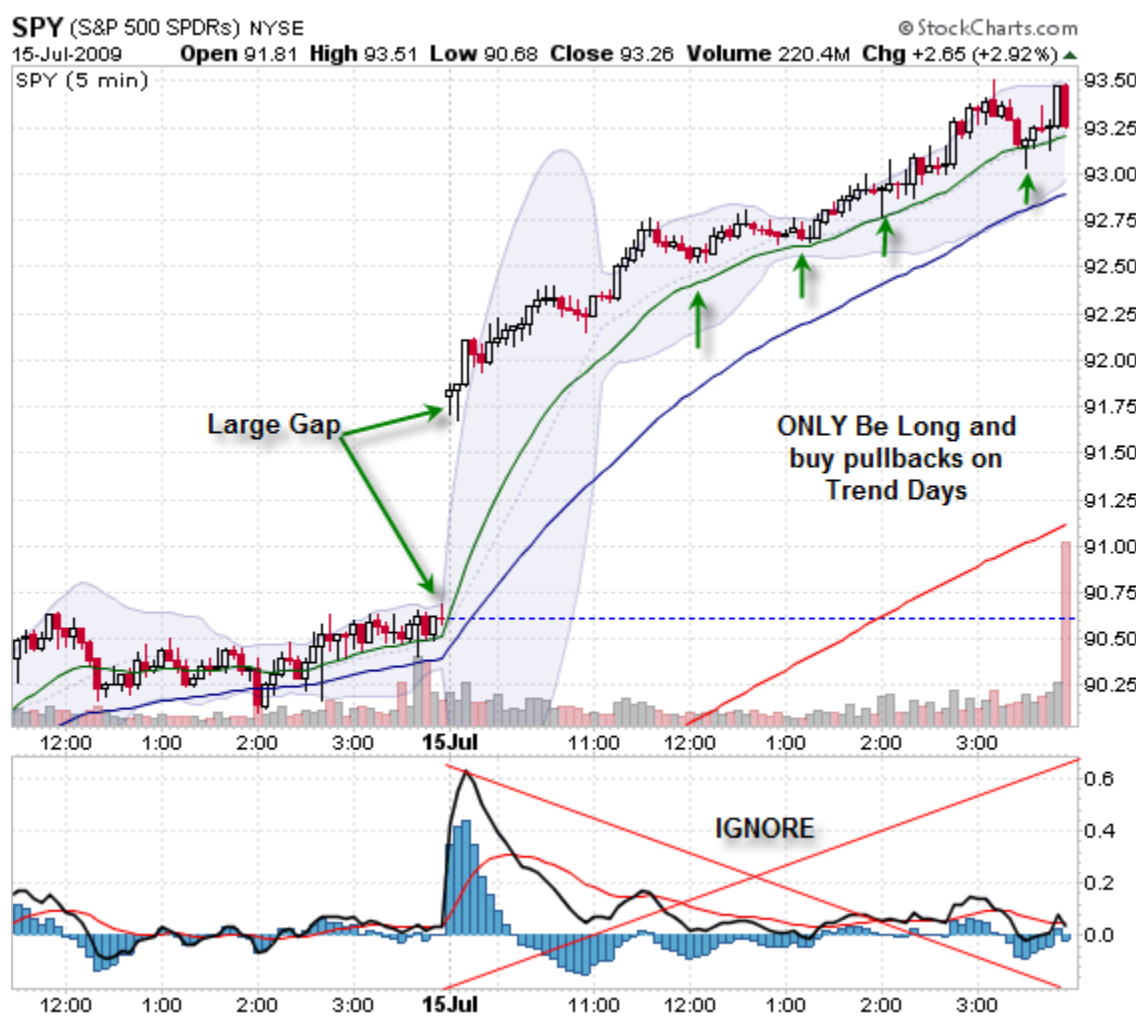




Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min



Finally - a Type III Trend Day!!

These "idealized trades" can be summarized in one sentence on Trend Days:

"Notice the large, morning gap, observe that it does not fill, and then buy ANY pullback to the rising 20 EMA while trailing a stop beneath the 50 EMA."

Stated differently, the MOMENT you realize we have a Trend Day developing, you need to put on a core position (usually small) to play until the close. This 'core' trade should be trailed with a stop beneath the rising 50 EMA that you hold all day, and you should scalp aggressively (larger positions than normal) during pullbacks.

There is not one reason to consider shorting on such a powerful day - the day is propelled higher in part by people trying to fade the "Higher Timeframe Players" that are driving the market higher with urgency. Those fighting it contribute to the Trend Day by their stop losses triggering.

I mentioned in last night's report to expect upside thanks to Intel's (INTC) earnings which surprised Wall Street - the S&P 500 jumped 9 points in a few minutes, setting the stage for a powerful rally if we held these gains into the open.

Trend Days often begin with a news or earnings related surprise/announcement where we open with a large gap and continue relentlessly higher into the close, with any pullback being an opportunity to enter.

Trend Days are "Efficient" where you have to do very little analysis (you're mostly watching for confirmation with the TICK, Volume, Breadth and guarding against non-confirmations all day) and you tend to make the most money on Trend Days (tactics are very easy).

This is in contrast to most days which can be "Inefficient" where you expend lots of effort, counting Waves, drawing Fibonacci, watching pullbacks, monitoring candles, etc to wind up with less profit that you can achieve on a Trend Day.

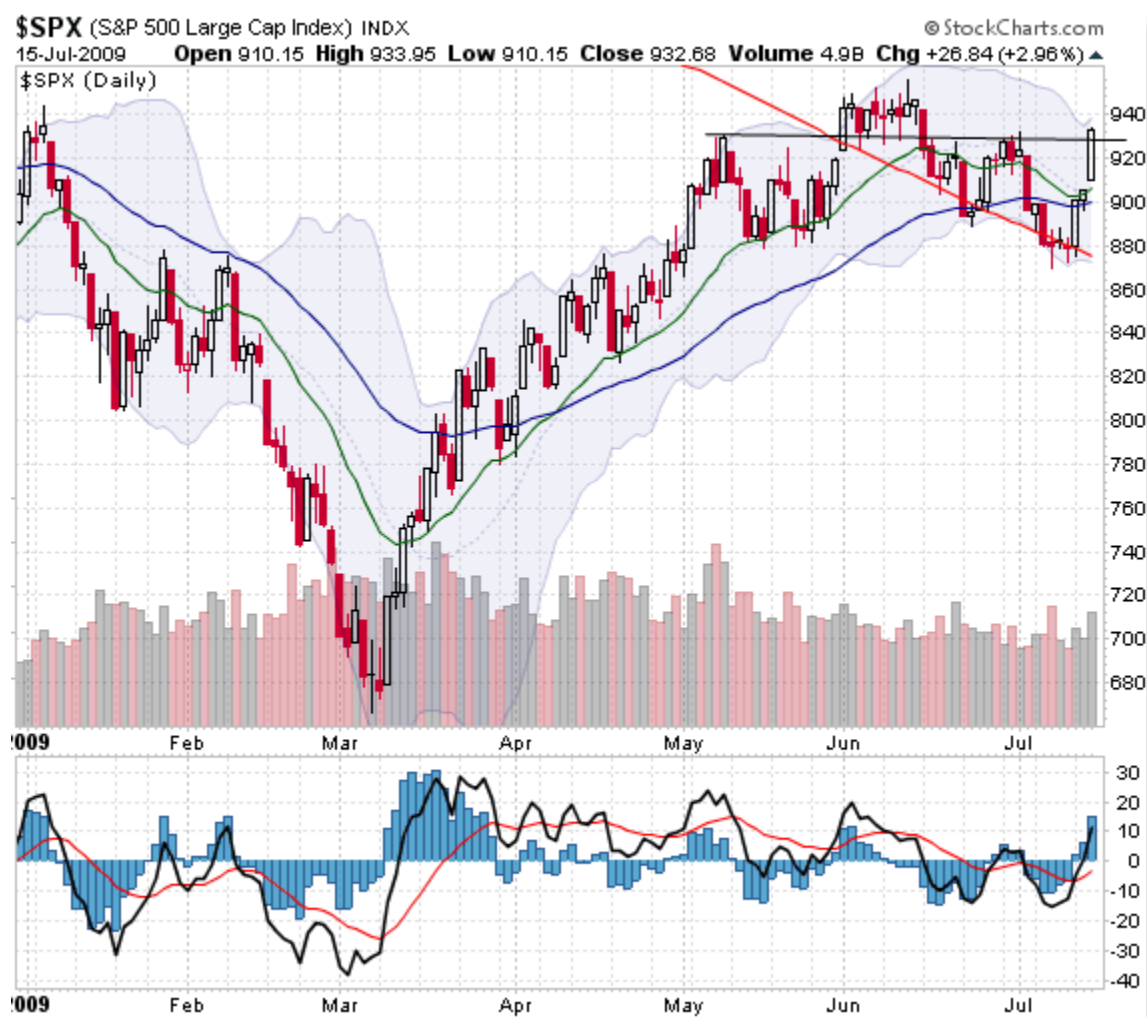


Here's a trick I learned from Linda Raschke of LBR Group.

While I like to use moving averages as entries, Linda teaches that it's better to buy any pullback beneath the zero line in the TICK on Trend Days Up (reverse for down days). Whenever the TICK picked back up above zero, that was a trade which almost always corresponded with a nice pullback to the rising 20 EMA to confirm entry.

We also have a "Bollinger Band Breakout" Trade that triggered above \$92.80 with the green arrow.

Thank you to everyone who attended my webinar with Linda Raschke and FuturePath Trading this afternoon!



In terms of what to expect off of Tomorrow's Trading Tactics, notice that we've broken 'shoulder' resistance at 930 and ... instead of being firmly beneath the neckline like so many traders anticipated... we are above the neckline, which is a much higher target than I expected. I felt odds favored a bounce, but wow - I have to credit the bulls with a powerful rally. I mentioned previously that 875 is so critical a level of support for them to hold and noted that the Bulls (buyers) would do anything and everything in their power to hold this level and they did not disappoint - they exceeded my expectations. That shows the urgency of these levels and what the bulls are willing to do - buy in the face of almost certain disaster - to keep this rally going.

For tomorrow, do NOT expect a Trend Day (single trend days are rare - it is extremely rare to get two solid trend days in a row) and most likely expect some type of range consolidation as we wind down into a value area equilibrium, or work off (retrace) some of these gains. We'll probably see a two-sided market (trend days are ONE sided markets where the buyers dominate) and some type of consolidation, so be prepared for a possibly choppy day tomorrow.