



## Daily "Idealized Trades" Report

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



For those that participated in my rebroadcast at noon of the LA Presentation, a listener asked me "What do you see today's structure turning into?" My response was "It will probably a Rounded Reversal due to negative Momentum Divergences and lack of conviction in the TICK and other internals."

Today was a Rounded Reversal or "Failed Trend Day" up.

We started initially with a moderate overnight gap which did have somewhat decent odds of filling, but when price rallied sharply off the open, the odds of filling essentially decreased exponentially - the gap did not fill.

So, the next thought should be "Maybe today will be a Trend Day" and the structure seemed to support this until above the noon hour, particularly when we broke beneath the 20 EMA and formed a new TICK and Momentum Low - that's not supposed to happen on a powerful Trend Day.

Also, if you look closely, you can count out a clean 5-wave Fractal pattern into the highs of the day which formed a very distinct negative momentum divergence - it almost leaps off the chart at you.

There really wasn't a powerful reversal candle at the highs, with the exception of a few concentrated dojis and long(ish) upper shadows. We wound up drifting comfortably down to the 20 EMA.

It would have been acceptable to enter short off one of these dojis, anticipating at least a Wave A pullback retracement down to test the rising 20 EMA (stop above the intraday high) which did work. It also would have been acceptable to get long as price tested the rising 20 EMA to play for a Wave B up scalp that did not really materialize.

Instead of retracing or rising higher, price consolidated in a lengthy rectangle which found price testing the rising 50 EMA.

I called this the "Make or Break" point - price could have bounced solidly off this level (the trend was still officially up at this point) however, we got a distinct shattering of support which broke strongly beneath the 50 EMA and officially triggered the "Sweet Spot" short trade that pinpointed the exact spot of the day's Trend Reversal (lower low, lower high, take out the low).

What's even better is that a "Cradle Sale" Trade formed into the exact crossover point with a small reversal shooting star candle. Perhaps this was the 'best' trade of the day - a stop should have been trailed above the 20 and 50 EMA and a trend reversal played for. This means the structure COULD continue into tomorrow's session in terms of a downtrend.

We could get a light retracement up BUT remember that Thursday represents the day before a holiday session, and such days do have an upward (bullish) bias. That's not to say run out and get long tomorrow, but the trend and price structure seems to be indicating lower prices yet to come (new TICK and Momentum Lows) in conjunction with an officially confirmed downtrend on the 5-min chart.

This structure - barring anything unforeseen - should continue into Thursday's session with a bearish bias.



Showing the intraday structure with the 3/10 Oscillator and the TICK.

In a "Teaching Moment," look closely at the trendlines in the TICK - these often will signal the bias for the day - though in a hidden way that's perceptible to those who look at longer charts of the TICK with price overlaid.

Pay PARTICULAR attention when the TICK is moving down as price is moving up (as was the case 6/29) and of course when price is moving DOWN while the TICK is moving up (6/30)... and then today when the price is moving down with the TICK moving down.

The TICK - market internals - tend to 'lead' price like momentum.





A focus chart of the 1-min structure noting specific levels of the TICK and 3/10 Oscillator throughout the day.

When support was broken at \$92.80, particularly with the large bar, the 'game was over' for the bulls. Notice the EMA structure had been bearish even before this level.