AFRAID to TRADE overcoming stock market fears with Corey Rosenbloom

Daily "Idealized Trades" Report

SPY (SPY 500 ETF) 5-min

Today technically was a "Rounded Reversal" or a very choppy day after a semi-Trend Day down (with end-of-day reversal) yesterday. One reason we're so 'choppy' is because so many eyes and funds are focused on the current levels, with one side (bears) trying to break the neck of the daily Head and Shoulders and the other side trying to use this as a Buying Opportunity with a tight-stop... and foil the sellers into forcing them to cover. It's tough to tell which side will 'win' right now, but structurally, the bears are in control and the bulls have a larger threshold to overcome.

Though it was a difficult, range-bound trading day, there were actually some great scalping opportunities, as highlighted in the above chart.

First, we began the day with an overnight gap of $0.60 which is certainly in the 'fade-able' range - and it quickly 'filled,' giving aggressive/nimble faders an opportunity for quick profits. After a successful gap-fill, we often get a "flip and reverse" trade, and aggressive traders could have entered right as price tested yesterday's close near $88.00 or more conservative traders could have waited for the "Bullish Engulfing" candle to complete itself and play for a new high.

Ultimately, we did not get the new high, but we got a shooting star candle just shy of the highs which could have triggered a profitable exit.

Price chopped around for the next hour (hinting that we clearly were NOT going to have a Trend Day) but remember that the bias was 'up' as explained in last night's report.

I would say the BEST opportunity of the day came in just before 11:30am when price formed the 6 points I mentioned (Hammer, 50p EMA support, Doji before the hammer, slight TICK Divergence, bouncing off yesterday's close, and hovering at a Fibonacci confluence support zone - see lower chart). Your stop would have been beneath the $87.80 level which was beneath confluence Fibonacci support. The play was for a new price high which was achieved.

As the EMA and 'higher high/higher low' structure confirmed, any pullback to the rising 20 EMA was a 'buy' with a stop trailed beneath the rising 50 EMA. There was only one 'scary' moment which occurred just after noon, but even that was an aggressive 50 EMA pullback quick buy.

Price formed a beautiful ascending (or even symmetrical) triangle at 1:00pm, breaking out with strong candles to form the day's high and triggering a great long-entry trade.

However, the trade did not give much satisfaction, as price moved a moderate amount before forming an internal TICK divergence and three long-upper shadow bearish candles in a row - at a minimum, one should have defensively exited here with a small profit if not tried to get short (though that was - at this point - an aggressive move).

The next best trade came as price pulled back to the confluence/convergence of the 20 and 50 EMAs, setting up the "Cradle" which carried forth into the close.

So, structurally, price has formed a 'cradle sell' signal on the intraday chart as well as a new momentum and new TICK low on the day (at 2:30). This structure has good odds of carrying forward into tomorrow's trading, which now has a bearish bias due to the "Rounded Reversal" and new TICK Lows into the close.

TEACHING MOMENT: I wanted to focus on how to discover Fibonacci Confluence Levels on intraday charts.

You start with a key closing high (this morning's high) and then draw two (or three) Fibonacci grids backwards to prior support levels and your software draws in the 38.2%, 50.0%, and 61.8% retracements. I removed the levels which did not result in confluences to make this example clearer. Notice that, from these two price lows, we see two levels of 'overlap' from the Fibonacci grids. Price never closed beneath the first confluence level at $88.00 (which was also 'round number' support) and never was able to test the lower Confluence Level (a good place to locate stops).

Here we see the 30min structure, with the main take-away that we're coming into possible confluence resistance at the $88.80 level. First, we see the 61.8% retracement of the July 6th high to the July 8th low. We also see the 50 EMA acting as resistance, and a "tweezer" or bearish engulfing candle formed at this level of confluence resistance.

This, along with today's rounded reversal, gives the edge to the sellers for tomorrow's trading day (from a technical standpoint).