



Daily "Idealized Trades" Report





Today's breakout sell-off came slightly ahead of schedule according to the triangle and rectangle patterns. However, this is exactly what was expected from a range consolidation market - after range contraction comes range expansion, and today underscored that point clearly. The best opportunities for quick profit come from trading IN the direction of the breakout as EARLY as possible... and usually before noon. Price broke the key rectangle/triangle support line early in the session, setting up a likely test of the rising 50 day EMA at 1,170 as I highlighted would be the likely target if under the rectangle and under 1,180... both of which happened today. Price consolidated into the afternoon session partially as a result of funds/traders buying at the expected support from the major 50 day EMA level and 'round number' support at 1,170. Remember that higher timeframe structures (support zones) play out on the intraday charts - today is a great example. My suspicion is that if the 50day EMA had been lower, we would have witnessed a continued sell-off into the close.

Remember, the best opportunities on a breakout day come from shorting breakdowns from corrective 'abc' rallies (especially into EMA resistance if possible) and being on alert for any massive TICK/Internal divergences that prevent you from selling. Otherwise, you keep shorting the market until the market reverses. AT NO TIME do you declare "Well, this sell-off is over. I'm going to get long." You ONLY do that (for anything larger than a quick scalp) when price breaks and closes above the 50 EMA on the 5-min chart. Everything else is just aggressive scalping back to the 20 EMA. This one paragraph summarizes today (and all Type III trend days).

1. ABC FLAG BREAKDOWN, SPINNING TOP, BEARISH ENGULF/SHOOT'G STAR, TREND DAY

Unless you shorted right off the open (very aggressive), the best play of the day came from shorting the "ABC" 3-wave (Elliott-style) pullback that formed a nice bear flag trendline channel. Price formed a spinning top then bearish engulfing shooting star candle at 9:30, breaking the prior candle low at \$118.51, triggering your entry (trendline and candle break) with a stop above \$118.80 (stops are wider in volatile markets). You were to ride this trade down in breakout form as long as possible, which really only was interrupted by two rising candles at 10:00am which price promptly broke and continued falling. Always remember that ONE CANDLE does NOT make an exit in a range expansion (or popped stops) play.

The best exit came shortly after 10:00am as price formed a nice bullish hammer-style candle off the lower Bollinger Band (and positive momentum divergence - see 1-min) that triggered an exit at \$117.35. An aggressive trader could have 'scalped' a buy/long here to target the 20 EMA at the \$117.80 level, but it was a better idea - and less risky - to wait for price to finish the retracement (hopefully form another "abc" flag style trade) and then short on any break of a trendline or reversal candle at or near the 20 EMA (5-min). That's exactly what happened.

2. ABC FLAG BREAKDOWN, DOJI CANDLES, 20 EMA, TRENDLINE BREAK

This was exactly the same logic as trade #1 so I won't describe it intricately, but you should have shorted after price took out the three doji lows at the \$117.60 level at 11:00am, breaking the trendline on the 1-min chart and placing a stop above \$117.80 to play for a new low yet to come.

This new low came at 11:30, but it did so on a positive TICK (and 5-min momentum) divergence along with a spinning top candle at the lower Bollinger AND at the \$117.00 level (the 50 day EMA) which should have compelled you to take profits as price broke back above the spinning top at \$117.20 (if you did not exit earlier).

Being at the key \$117.00 target level and forming positive TICK (and momentum) divergences along with forming a spinning top/doji candle at the lower Bollinger was cause for a reversal-style 'scalp' trade long to target at least the 20 EMA (5-min).

3. DUAL DIVERGENCE, \$117.00 TARGET, SPINNING TOP, BOLLINGER BAND

As described, the market gave plenty of clues that odds favored at least a nice and easy reversal 'scalp' to target the 20 EMA (or even upper Bollinger) on the 5-min chart, and that's exactly what happened. Entry was as price took out the spinning top at \$117.20 and the target was the \$117.60 level, or higher for aggressive traders.

We would be cautious/guarded with our long/buy trades while price is under the 50 EMA on a Type III Trend Day Down (which was what it was so far... and ended that way... it would have become a Type II or even Type I day with a clean break and reversal back above the 50 EMA). Remember that fighting a trend is not the best trading strategy - a trend can reassert itself at any moment in time. Given that price neither broke back above the 50 EMA, nor broke under \$117.00 (key support), there were no trades (idealized) into the close.



Unless you held a core trade short from the morning breakdown, roughly \$1.70 was possible using the 3 trades shown above.

SO FAR TODAY		EST	25 DAY AVERAGE		Today
DIFFERENCE	15-min VOLUME		15-min VOLUME	RANGE	Range
14,784,501	25,929,359	9:45	11,144,858	\$ 0.30	\$ 0.79
9,330,430	17,858,436	10:00	8,528,006	\$ 0.30	\$ 0.46
9,607,664	17,739,784	10:15	8,132,120	\$ 0.29	\$ 0.41
5,468,661	11,911,384	10:30	6,442,723	\$ 0.29	\$ 0.39
12,210,009	19,935,722	10:45	7,725,713	\$ 0.26	\$ 0.89
8,517,583	14,766,598	11:00	6,249,015	\$ 0.27	\$ 0.40
10,033,415	15,492,388	11:15	5,458,973	\$ 0.28	\$ 0.45
3,962,522	10,493,402	11:30	6,530,880	\$ 0.23	\$ 0.36
3,261,523	9,007,069	11:45	5,745,546	\$ 0.19	\$ 0.42
1,991,294	6,411,553	12:00	4,420,259	\$ 0.19	\$ 0.20
2,824,750	6,940,410	12:15	4,115,660	\$ 0.23	\$ 0.39
7,384,952	11,510,166	12:30	4,125,214	\$ 0.18	\$ 0.58
3,900,677	7,445,955	12:45	3,545,278	\$ 0.18	\$ 0.40
4,454,744	7,718,452	1:00	3,263,708	\$ 0.19	\$ 0.59
2,874,997	6,504,403	1:15	3,629,406	\$ 0.27	\$ 0.31
2,779,039	6,021,189	1:30	3,242,150	\$ 0.17	\$ 0.21
3,920,857	6,841,319	1:45	2,920,462	\$ 0.19	\$ 0.29
3,370,287	6,397,038	2:00	3,026,751	\$ 0.27	\$ 0.32
2,437,823	6,357,992	2:15	3,920,169	\$ 0.20	\$ 0.28
4,338,431	8,393,972	2:30	4,055,541	\$ 0.24	\$ 0.40
4,802,538	9,258,464	2:45	4,455,926	\$ 0.21	\$ 0.32
3,923,278	8,488,885	3:00	4,565,607	\$ 0.22	\$ 0.26
7,310,897	12,345,998	3:15	5,035,101	\$ 0.23	\$ 0.45
6,425,864	11,430,112	3:00	5,004,248	\$ 0.27	\$ 0.24
11,191,050	17,538,259	3:45	6,347,209	\$ 0.27	\$ 0.66
17,943,245	30,069,553	4:00	12,126,308	\$ 0.30	\$ 0.62
6,501,963	12,031,072	Ave.	5,529,109	\$ 0.24	

Here's something you only see on trend days.

Volume on ALL 15-min timeframes today ran higher than the 25-day average, underscoring the power of today's trend day down and broad sell-off.

Range for each 15-min (comparison) was higher on all 15-min bars except 3:00 EST. High volume is correlated with higher range (along with risk and opportunity).

This is the current reference grid to compare each 15-min time period.



Where do we go from here? The simple answer is to expect some sort of oversold bounce tomorrow that could take us as high as \$118.50 (the underside of the rectangle). Markets usually bounce somewhat after a sharp sell-off day, and we are sitting at daily support off the \$117.00 level - the 50 day EMA.

However, if the unexpected happens and sellers take over tomorrow, then short very aggressively if we see a return of the volume and negative breadth readings of today on a break under \$117.00. Not just by a few pennies, but a break under \$116.85 or so will set the next support target (swing traders) to \$115.00 - the January high.



It's best to keep the expected play as simple as possible:

Expect a bounce here off \$117.00. It could target \$118.50.

If we do NOT get a bounce tomorrow, however, then short while under \$117.00 for an eventual target of \$115.00.

If buyers push price beyond \$118.50, then this was a vicious bear trap and we could see a return to \$120.50... but that is right now the lowest probability expectation.



The daily chart is where you should focus your attention.

The 50 day EMA rests at 1,171 (1,170 to be even) so it is highly likely we'll see some sort of 'oversold bounce' tomorrow. How high - that is the question. 1,180 at least seems plausible/possible.

If we start to sell off tomorrow morning and then break under 1,170, be prepared to short aggressively for a final target of 1,150. If under 1,150... all bullish bets are off the table.

For reference, Gann levels to watch are 1,176 and 1,211.