Daily "Idealized Trades" Report

S&P 500 ETF: SPY


SPY - 1 min ARCX 06/24/10 L=107.78 -1.45 -1.33% O=108.69 Hi=108.83 Lo=107.14 C=107.42
a
b
c
1
2
3
4
109.40
109.20
109.00
108.80
108.60
108.40
108.20
108.00
107.80
107.60
107.43
0.1000
-0.0331
-0.1080
-0.2000
-0.3000
$TICK - 1 min NYSE 06/24/10 L=-307 -384 -498.70% O=-7 Hi=1272 Lo=-1199 C=-307
1,000
600
200
-307
-600
-1,000
6/24
9:00
9:30
10:00
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00

Today was the 4th day in a row down, as we continued the "Mini-Crash" forecast I've been highlighting after last week's glaringly obvious negative divergences as price 'crept' higher. This is now the 'snap-back' phase. It's very important to assess the higher timeframe structure and then play it out intraday through your trades. Today also gave us great opportunities to trade flags and trendline breaks. In fact, if you stripped everything off your charts and just looked at price and trendlines, you would have done exceptionally well today.

1. BEAR FLAG, SPINNING TOP/DOJI, 50 EMA RETRACEMENT

This was a classic, high-probability/low-risk set-up based on the downtrend we're in (intraday frames) where pullbacks to moving averages become good trades if there are confluence measures. An aggressive trader would short directly on the test of the 20 EMA at $108.60 while a conservative trader would want to enter only after price broke under the spinning top doji and rising trendline - triggering a bear flag - at $108.40. In both cases, the stop would be above $108.60 and target a price projection to the $107.60 area - as I label in a later chart. The positive divergence and trendline break at $107.60 was your exit - and if you are aggressive, then you played long from $107.70 to $107.90 for a retracement trade back to the 20 EMA.

2. TRENDLINE BREAK

This was an almost identical set-up to the prior trade, only price went slightly beyond the 20 EMA and did not form a reversal candle. As such, the entry - in the context of a prevailing downtrend - was as price took out the lower trendline at 11:00am at $108.00 - also breaking 'round number' support. The stop was above the $108.20 level and target a retest of the $107.50 low or lower... but there was a big caveat - the Wyckoff Sign of Strength. The recent break above the 20 EMA formed a new intraday TICK high and thus Wyckoff Sign of Strength - which made you less bearish and expecting a potential higher price high yet to come... which occurred an hour later. You should have been more on guard and exited the position on the break above the declining trendline and move back above the 20 EMA at $107.80 for a scratch on this trade.

3. POPPED STOPS, WYCKOFF SIGN OF STRENGTH

Given the prior Wyckoff Sign, we might be looking for a move higher, and we had a second Wyckoff Signal at 12:00 noon. Usually, we look to buy pullbacks after a Wyckoff signal, which took us back to the 20 EMA and a bullish engulfing candle formed at 12:30, triggering entry and a "Popped Stops" range breakout play.

Unfortunately, the popped stops play did not last long, though it did lead to a clean new swing high to $108.70... on a clear negative momentum and TICK divergence. Then, price formed a bearish engulfing candle triggering your exit.

4. BREAK UNDER EMA, DUAL DIVERGENCES

This was also a failed Cradle, so this was a "Popped Stops" play to the downside for those who were long or had just gotten long. Price broke back under the EMA confluence and then fell rapidly to break under the prior swing lows, giving you a few chances to enter short (at the divergence high at $108.60, at the failed Cradle EMA break at $108.20, and at the break under the intraday low at $107.60). The reasonable exit to this short-sale trade was the spinning top/bounce from the lows as labeled at the $107.40 level.

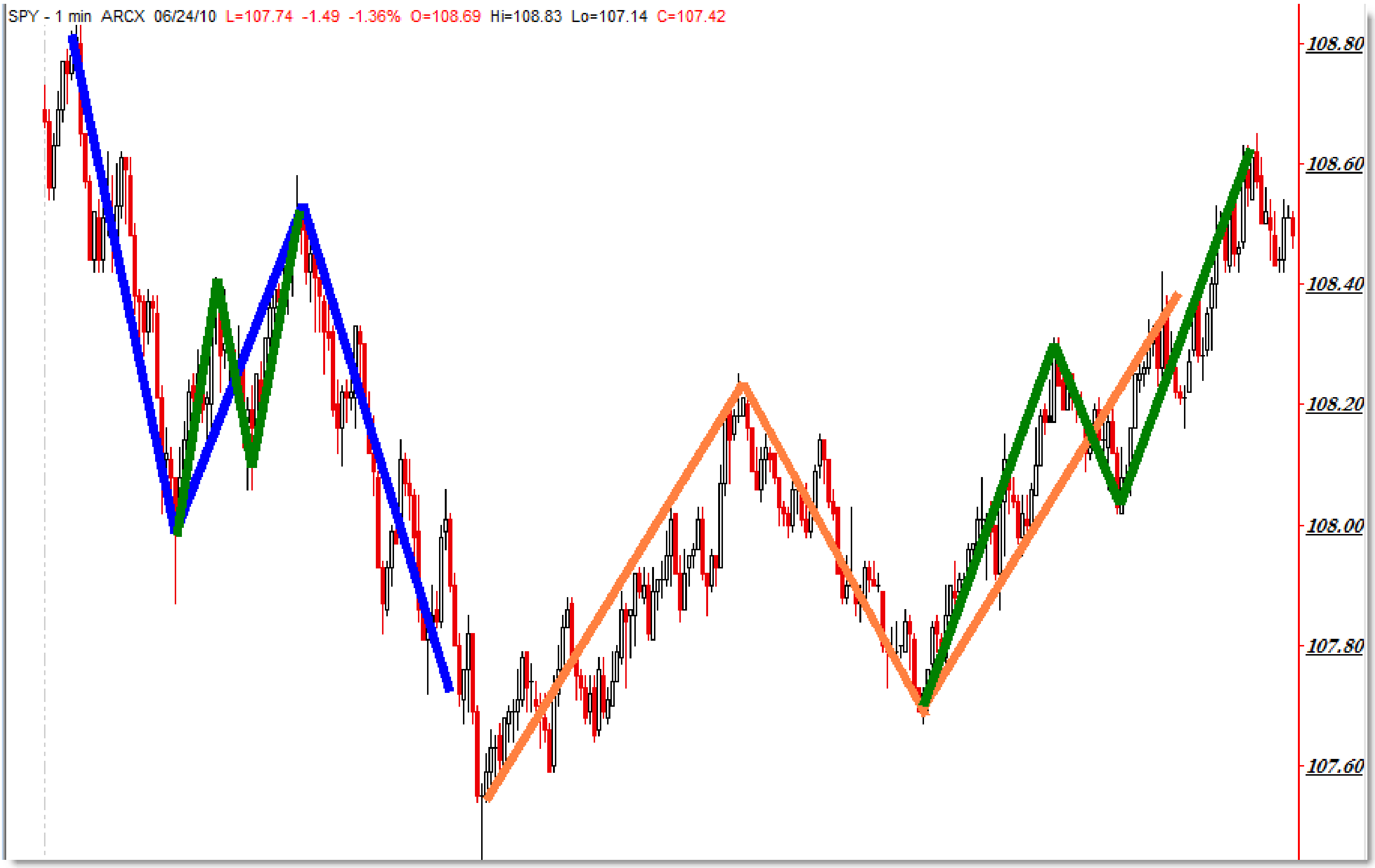
Using the ideal grid, roughly $1,70 was possible in today's trading session.

Today gave us a great example of Bull Flags within Bull Flags - fractal flags.

Using the Fibonacci Extension tool, you can project price targets as such - draw from the pole low to the pole high and then drag the final line to the flag low and the computer calculates the Fibonacci targets for you to play for. The 100% projection is the Flag target.

You can use targets beyond 100%. Look how the swing high at $108.65 formed a confluence at the larger flag's 100% projection and the smaller, fractal flag's 100% (full flag) projection.

You can see the fractal flags in the next chart.



The morning bear flag actually had an "abc" bull flag within it.

While more of an "AB=CD" than a bull flag, the afternoon orange 'flag' had another bull flag (abc) inside of it.

This is similar to the "Elliott's fractals" concept.

SO FAR TODAY			10 DAY AVERAGE	
DIFFERENCE	15-min VOLUMI	EST	15-min VOLUME	RANGE
(4,086,154.90)	11,286,452	9:45	15,372,606.90	0.50
2,044,501.80	13,754,052	10:00	11,709,550.20	0.50
(2,942,323.90)	10,176,134	10:15	13,118,457.90	0.35
1,413,137.10	10,453,817	10:30	9,040,679.90	0.34
111,207.30	8,391,388	10:45	8,280,180.70	0.36
3,231,176.10	10,867,053	11:00	7,635,876.90	0.27
3,591,462.60	11,187,860	11:15	7,596,397.40	0.25
3,951,088.20	10,608,491	11:30	6,657,402.80	0.26
1,779,521.80	7,521,452	11:45	5,741,930.20	0.25
1,233,371.50	6,604,882	12:00	5,371,510.50	0.28
2,496,480.30	7,513,947	12:15	5,017,466.70	0.25
(206,919.40)	3,982,991	12:30	4,189,910.40	0.27
(102,662.40)	3,721,433	12:45	3,824,095.40	0.28
640,523.80	4,310,124	1:00	3,669,600.20	0.23
(735,276.40)	4,338,633	1:15	5,073,909.40	0.30
(927,099.00)	3,342,629	1:30	4,269,728.00	0.32
231,718.30	4,483,436	1:45	4,251,717.70	0.27
1,888,172.80	7,031,991	2:00	5,143,818.20	0.32
(1,985,800.10)	4,486,400	2:15	6,472,200.10	0.35
(3,448,859.20)	3,300,359	2:30	6,749,218.20	0.32
770,268.10	7,633,740	2:45	6,863,471.90	0.39
1,854,583.50	10,096,600	3:00	8,242,016.50	0.44
3,890,757.80	13,028,236	3:15	9,137,478.20	0.55
5,524,748.50	16,338,484	3:30	10,813,735.50	0.42
171,119.00	12,401,112	3:45	12,229,993.00	
6,087,076.10	27,561,562	4:00	21,474,485.90	
1,018,300.74	9,016,279.15	Ave.	7,997,978.41	0.34

Oops. Today's sell-off was met with higher 10-day relative volume. That is a CONFIRMATION of the lower prices and suggests that we could be seeing further lower prices yet to come.

Look back to the prior reports to see how volume FAILED to confirm the rally phase last week which led to this week's mini-collapse. Now volume is picking up as we sell-off.

We did get the complete 5-wave fractal move as I labeled was likely in yesterday's report.

Now, there is a potential for a small bounce or rally that could materialize off the $107.50 level. Notice the "Three Push" positive momentum divergence and lower shadows that have formed at the lower Bollinger and $107.50 level.

Watch for a bounce tomorrow and be prepared to trade long if that occurs... but any move under $107.00 continues the 'mini-crash' bias.

$107.50 represents a small swing low from early June as drawn. The 60min chart is also showing a similar positive momentum divergence, so it's entirely likely we bounce - short-term - from here so again be ready to trade that if it does materialize.

If not, continue shorting aggressively under $107.00. The lower target remains $104.50.

The market is doing EXACTLY what it is supposed to do. At the end of last week, I highlighted all the negative divergences/non-confirmations and stated that the market was being 'held up' artificially and that if that 'force' stopped holding up the market, then we would see a crash. 4 days later - we continue the 'mini-crash' bias. The target remains 1,045 as highlighted.

We don't have to see every single day be a down day to reach the target, so it's entirely likely we'll see some sort of bounce. However, if bulls cannot bounce the market higher here as shown on the lower frames, then we could see an acceleration and continuation of the mini-crash down to 1,040.