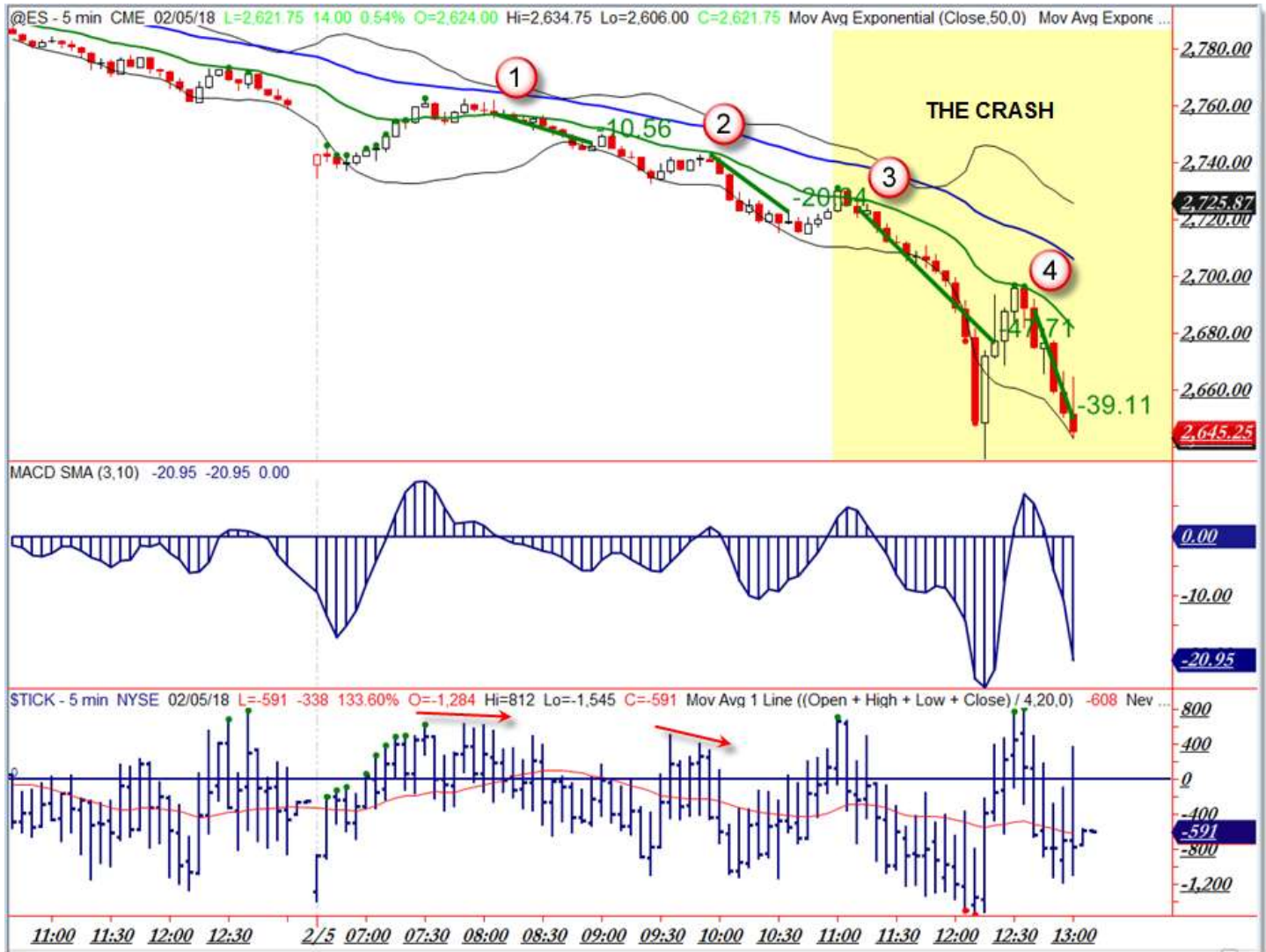


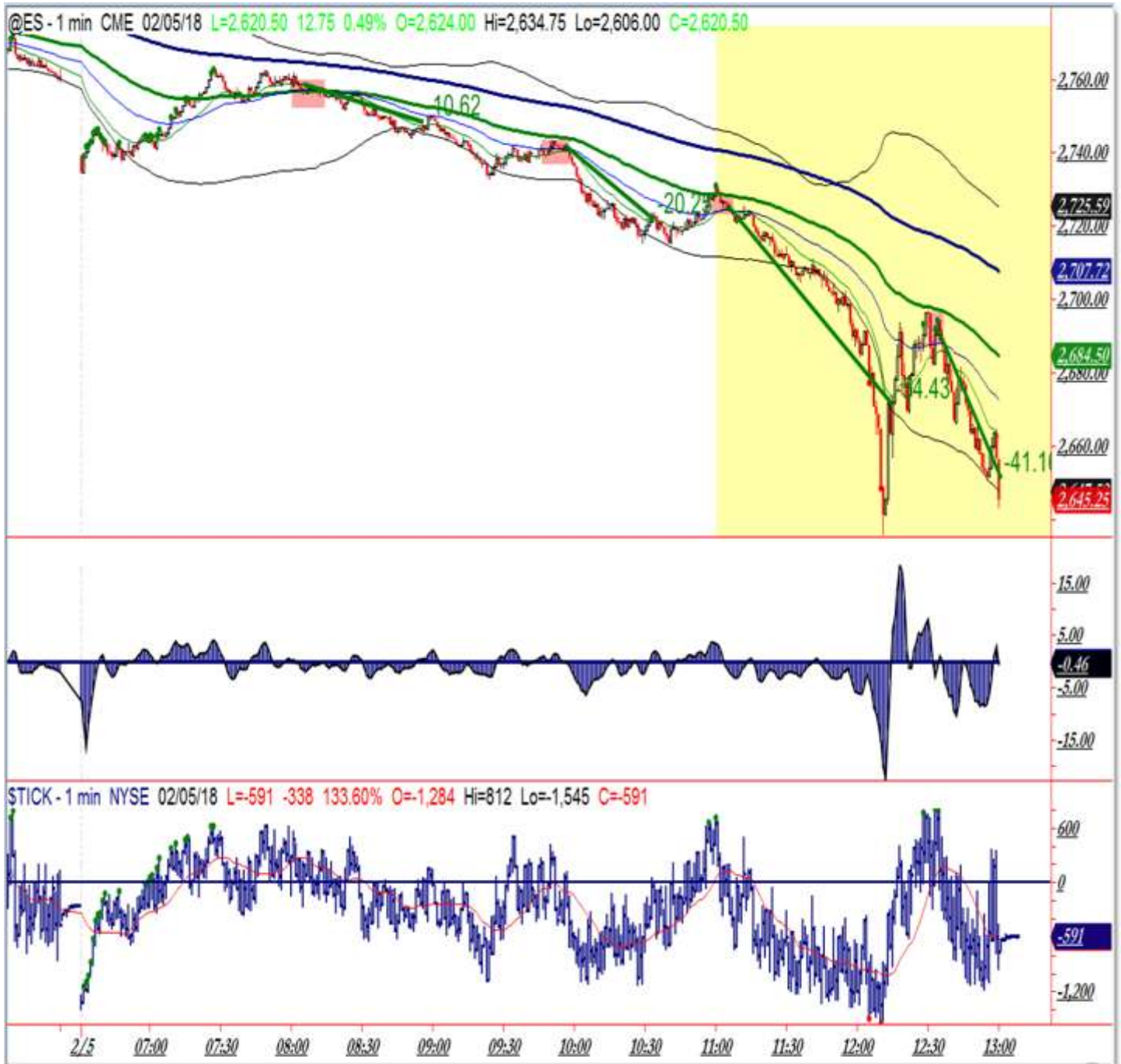


Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



Trading Lessons from the Intraday Frame (1-mi)



Major Companies Reporting Earnings

Disney (DIS), Gilead (GILD), Chipotle (CMG)

Major Economic Reports for Tomorrow...

US ISM (10:00am)

Quotes from Last Night's Planning

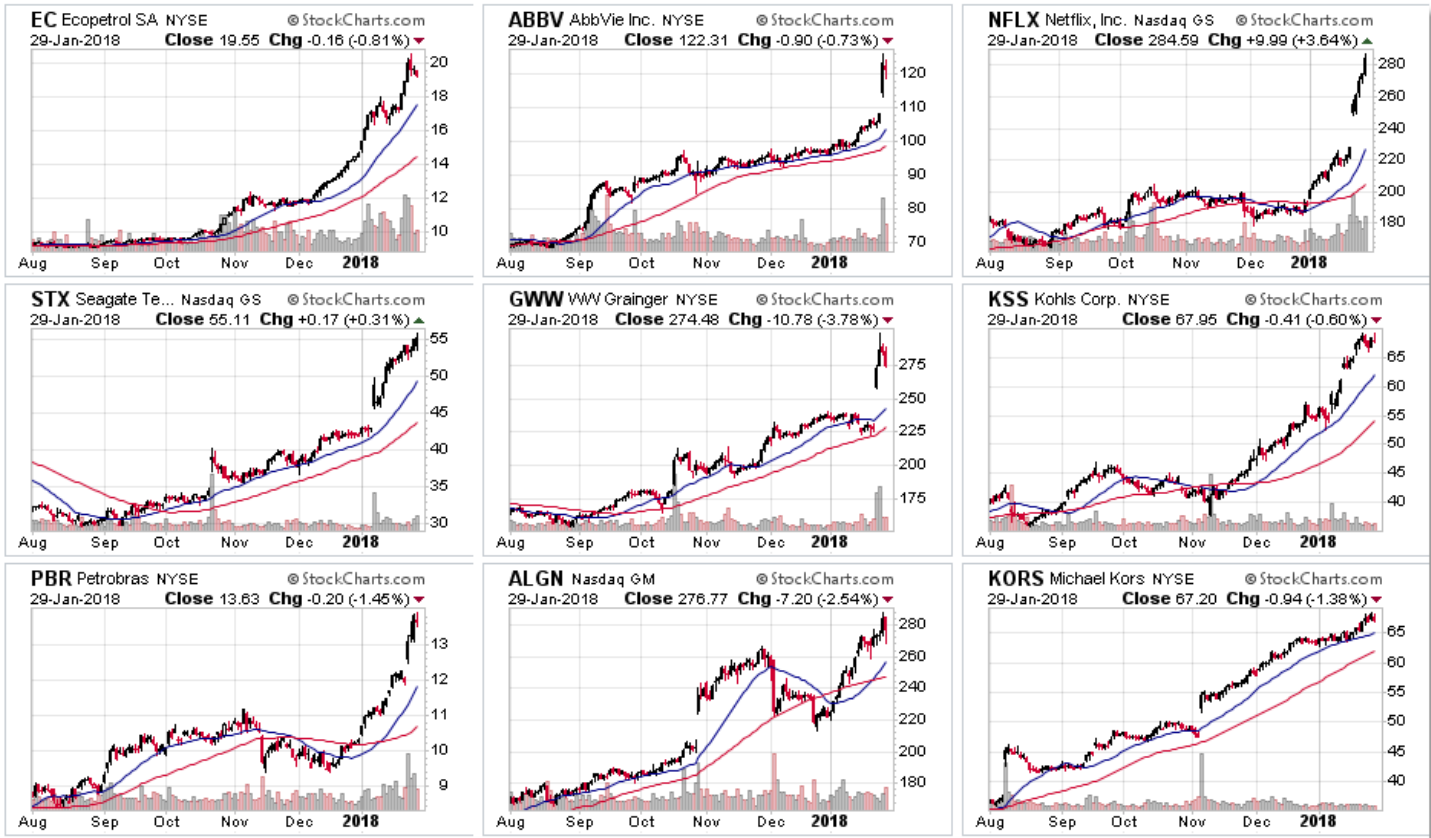
*We'll begin Monday AT the 61.8% Fibonacci Retracement as drawn, expecting a dominant thesis bounce up away from 2,755 or an alternate thesis **collapse continuation** event beneath 2,755.*

Play the departure from this zone which is the 2,760 pivot on the cash index. Should sellers push price lower Monday morning (without a pullback), look for a swing to continue toward the 50 day EMA nearing 2,730.

If you're new to trading or the membership, know that this was an intraday market collapse. The market collapsed - it did so coming off a grossly overbought and overextended condition where it was all-but-inevitable that the end or eventual pullback of the "impossible" uptrend was an even more "impossible" retracement. That is simply what happened today.

The ONLY allowable side of the market to trade on a trend day - just like Friday - was the bear or sell-short side. Long/buy trades are NOT ALLOWED - they are ILLEGAL - on Trend Days. This is why; markets can collapse (or 'melt-up') and the trend continues more times than it reverses. We trade retracements or flags to the 20 EMA on the 5-min chart, trailing our stop between the 20 and 50 EMAs and hold as long as possible in open trades. Because the market crashed today - which is a very rare event - focus on Trades #1 and #2 for today's lessons.

January 29 Power Trenders Strong Stock Scan



We're seeing the NEW top twelve relative strength leaders (via algorithm) in trending markets and the general expectation is to buy retracements or breakouts in these strongly trending names. The logic is that what is strong tends to get stronger (stocks attracting money flow tend to continue attracting additional money flow). Right now these would be the names and thus candidates above for you to do additional research and add these to your stock-scan list for possible inclusion into a swing trading portfolio on pullbacks or outright breakouts.

HOW WE USE THESE STOCKS:

I write the Power-Trending Stock Section for Swing Traders looking for candidates that complex stock scans will likely miss. The scan targets strongly trending stocks and the expectation is that price will continue trending higher, though of course additional analysis is required rather than just buying these names collectively. To participate in these stocks, we typically wait for a pullback/retracement to a rising moving average or Fibonacci/Trendline level to put on a buy/retracement where the stop is trailed under the average. These would be similar to how I describe intraday 'flag' retracements on a developing Trend Day.

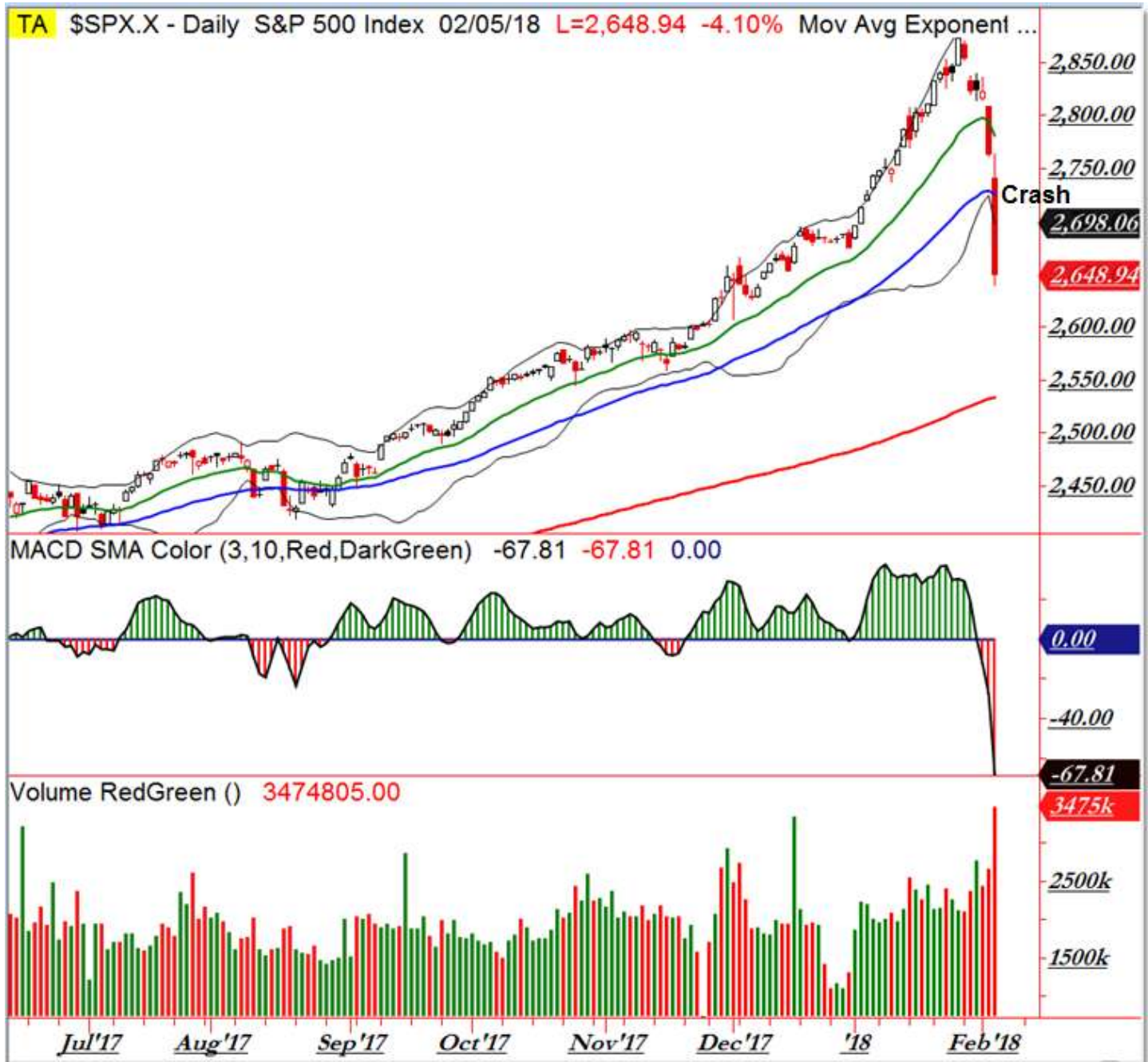
Planning the 30-min Intraday @ES Futures Chart



On one hand, perhaps like many of you, I'm excited, vindicated, and relieved about today's action. Why? It was the (all-but) inevitable outcome of a parabolic, run-away, extended, hyper-emotional market. Markets that go parabolic tend to CRASH. This was just history repeating itself and as they say, those who do not learn history (there are hundreds of examples of boom-and-bust cycles, or abnormality suddenly/violently returning to normality) are doomed to repeat it. Big non-stop rallies end poorly/violently; this big non-stop overextended bull rally ended very poorly where just over TWO sessions completely eradicated the market gains of two months.

In a crash market, there are no levels or targets - stay safe, trade the lowest timeframe you can, and do not feel bad/guilty about standing aside until normality completely returns.

Planning the Next Day (Daily S&P 500 Cash Index)



Again, when markets crash, nothing matters on the chart. Unwinding and deleveraging combine with a wave of stop-losses (liquidation) triggering which joins with new aggressive short-selling and algorithmic behavior (circuit breakers or loss-limit triggers) to drop the bid (buys) from the market, creating a violent resolution to an overextended/abnormal condition.

If you were frustrated, stressed, disbelieving, or otherwise felt negative about the non-stop bullish impossible situation of January, here is your mental revenge as the market moved to

reset itself and violently return to normal, just as a rubber band snaps-back more violently the further it has been stretched. This market was grossly overstretched - and now the snap-back is incredibly painful (or profitable). Please understand that this movement is expected and all-but inevitable and learn valuable lessons from it the next time it occurs (and it will).

Stand aside if you're a new trader as we're in a free-fall/crash market. There will be violent, large-percentage movement in both directions until the market "winds down" or achieves equilibrium or balance at a new value area likely near the 2,700 area. The market tends to "overshoot" to the upside and then "overcorrect" to the downside before reaching a balance.

Be very careful, trade in your sim account if you need to, monitor all price levels closely, and trade the lowest (5-min or 1-min) timeframe you possibly can until we reach the (all-but) inevitable return to balance and equilibrium (a two-sided market).

If this is your first market crash, welcome to the market! I know you've seen a straight-up market lately but it's NOT the norm. Markets correct; markets go down. Sometimes they go down violently. The odds of a literal crash of the market increase as a market remains impossibly overextended without reasonable retracements. When a market does not give us reasonable retracements, it corrects through a very violent retracement which we like to call a "crash." In reality, it is a violent return to a price level from which price overshoot much higher.

Take a moment to browse around other stocks - especially leading stocks - to get a sense of the damage (corrections) and fall-out from today's one-sided selling and collapse. For example, Google traded near \$1,200 on Thursday but now trades close to \$1,050 Monday.