



Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



@ES's 1-min Intraday Chart (Additional Trades)



ALL TRADES:

Reversal and Breakout Trades - Bullish Thesis in the morning, breakdown to bearish action in the afternoon.

Both trades were worth 3 to 3.50 @ES points or \$600 to \$700 per 2 contracts total today

Major Companies Reporting Earnings Tomorrow...

NONE

Economic Reports for Tomorrow...

NONE

Quotes from Last Night's Planning

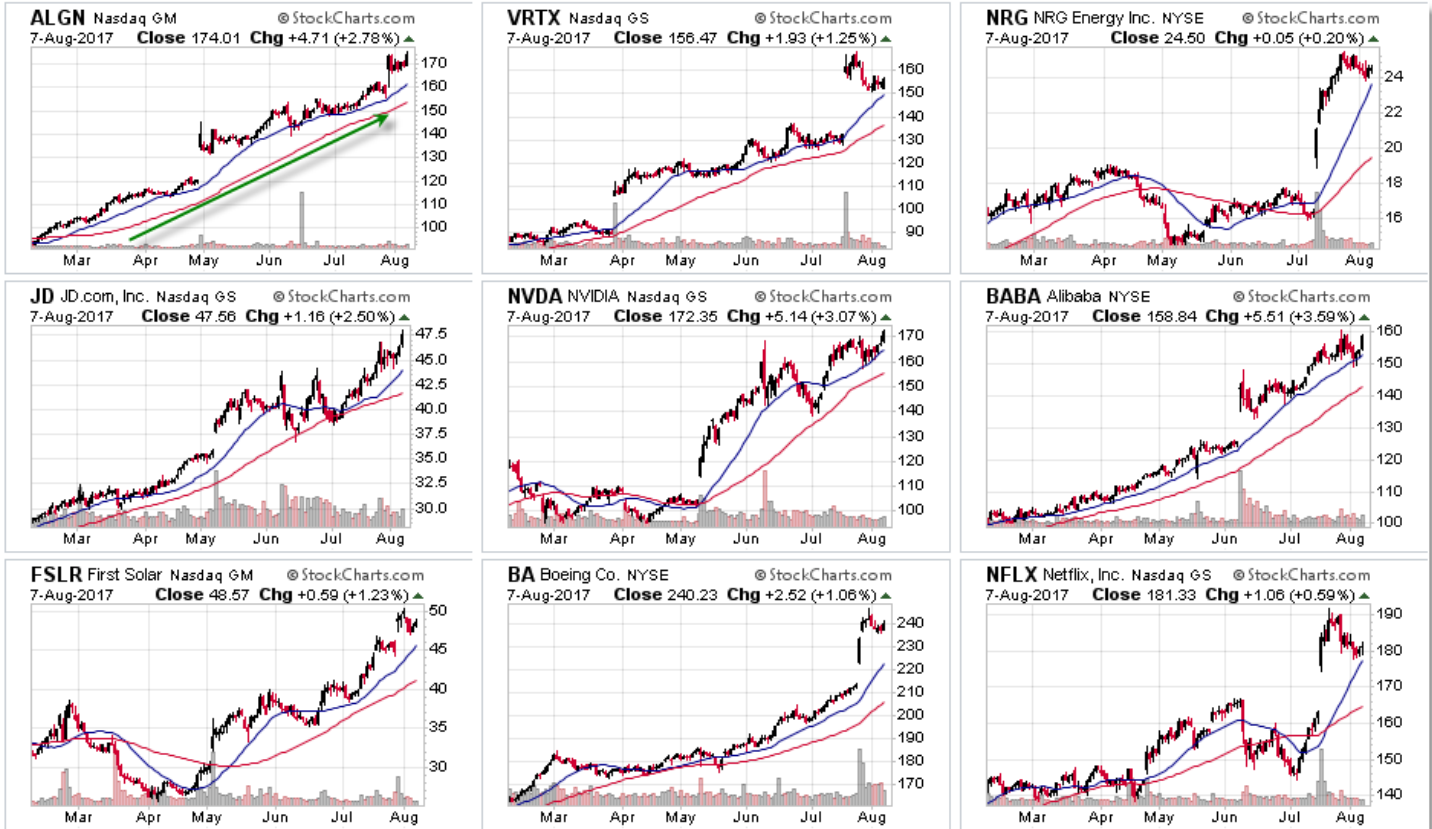
The hourly level to watch is right here near 2,439/2,440 which is the "final Fib" at the 61.8% level. Beneath this pivot the market likely falls further - but we'll trade bullishly on a bounce above 2,440.

We DID get our bullish bounce UP AWAY FROM the 2,440 area, triggering our first trade which was a bullish bounce/breakout. You could have attempted an earlier, more aggressive entry on the positive divergence.

Price flat-lined (went sideways) and ultimately failed to continue the bullish pathway. Our second/final trade of the day was a similar bearish breakdown event OR the first reaction (see 1-min chart) after the breakdown.

It's typical to see this type of consolidation action after a big volatile session like yesterday.

August 7 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.

FinViz "S&P 500 Performance" View



This chart and sector comparisons are useful two ways:

First, we get a broader sense of what's going on beneath the market subdivided into sectors.

Second, if you trade beyond the S&P 500 or futures/ETFs, you can pinpoint bearish/weak stocks by starting with bearish/weak sectors. The idea is to outperform the market via short-selling a weak stock(s) in weak/bearish sectors on a down trend day (or vice versa).

Planning the 30-min Intraday @ES Futures Chart



Take a look at our current situation with MARKET INTERNALS. A lengthy negative momentum divergence set the stage for the recent, expected, overdue, hopefully profitable decline in the market.

As noted on the Daily Chart, we've achieved the target of the 50 day EMA and will be looking for a continued BULLISH BOUNCE (dominant short-term thesis) up away from the 2,440 target. Play toward 2,460 and above if indeed the market fulfils the dominant thesis.

However, the ALTERNATE thesis at the moment is a breakdown WITHOUT a retracement, setting our sights toward 2,420 and then 2,400 (see Daily Chart).

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



I've made this comparison before but look closely at the May 2017 period - a stellar UP rally, a tight 'waving' consolidation, a tiny new high at 2,400, and a one-day COLLAPSE. That pattern is repeating into 2,500 as price just cracked - in one day - beneath the 50 day EMA target.

I'm highlighting the two comparison periods which look identical and that's the point. Play BULLISHLY on a BOUNCE back above the 50 day EMA at the 2,445 level on the Daily Chart. For definition and planning, we'll be DOMINANT thesis bounce bullish here ('up away from 2,440') and ALTERNATE thesis "collapse" breaking historical (pattern) precedence beneath 2,440.