



Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



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



The market is "broken" to the upside and with this bullish action, we're ONLY allowed to take bullish trades.

The best trade of the day was the BREAKOUT event on the break above the first hour's range. Up to 4 points or \$400 per 2 contracts were possible playing long/bullishly today.

Major Companies Reporting Earnings Tomorrow...

Costco (COST)

Economic Reports for Tomorrow...

Initial Claims (Unemployment) 8:30am

US MFG Orders (10:00am)

Quotes from Last Night's Planning

It sure seems like this market may never really pull back. That's fine - we will keep playing the "bigger moves to the upside" because the majority of traders logical seem very bearish on this overbought market.

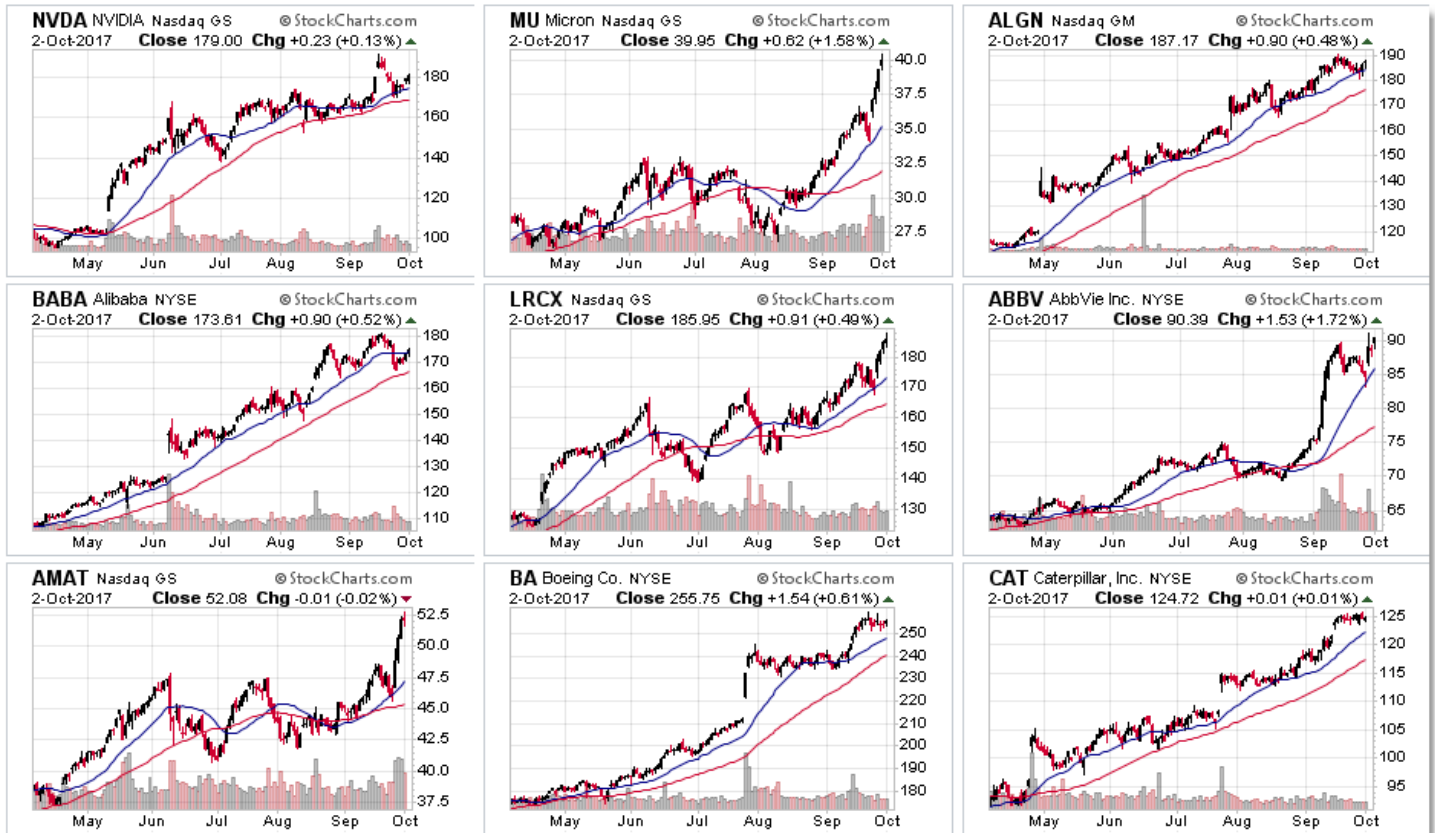
There's not many boundaries - except price itself - to guide our intraday trading decisions in run-away markets like these. Don't short just because it's overbought - that's a horrid strategy.

Sometimes the market gets "broken" and it's "broken" right now - and no other strategy but buying the intraday pullbacks seems to be working. That's good! We are able to adapt and be flexible and profit from the "broken" market that isn't yet pulling back.

The first and only major trade of the day was the morning range breakout and ongoing bullish price action in the triple-timeframe uptrend.

Note the new levels and strategy planning for the remainder of the week (I will be traveling Thursday and unable to publish a report for you).

October 2 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 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

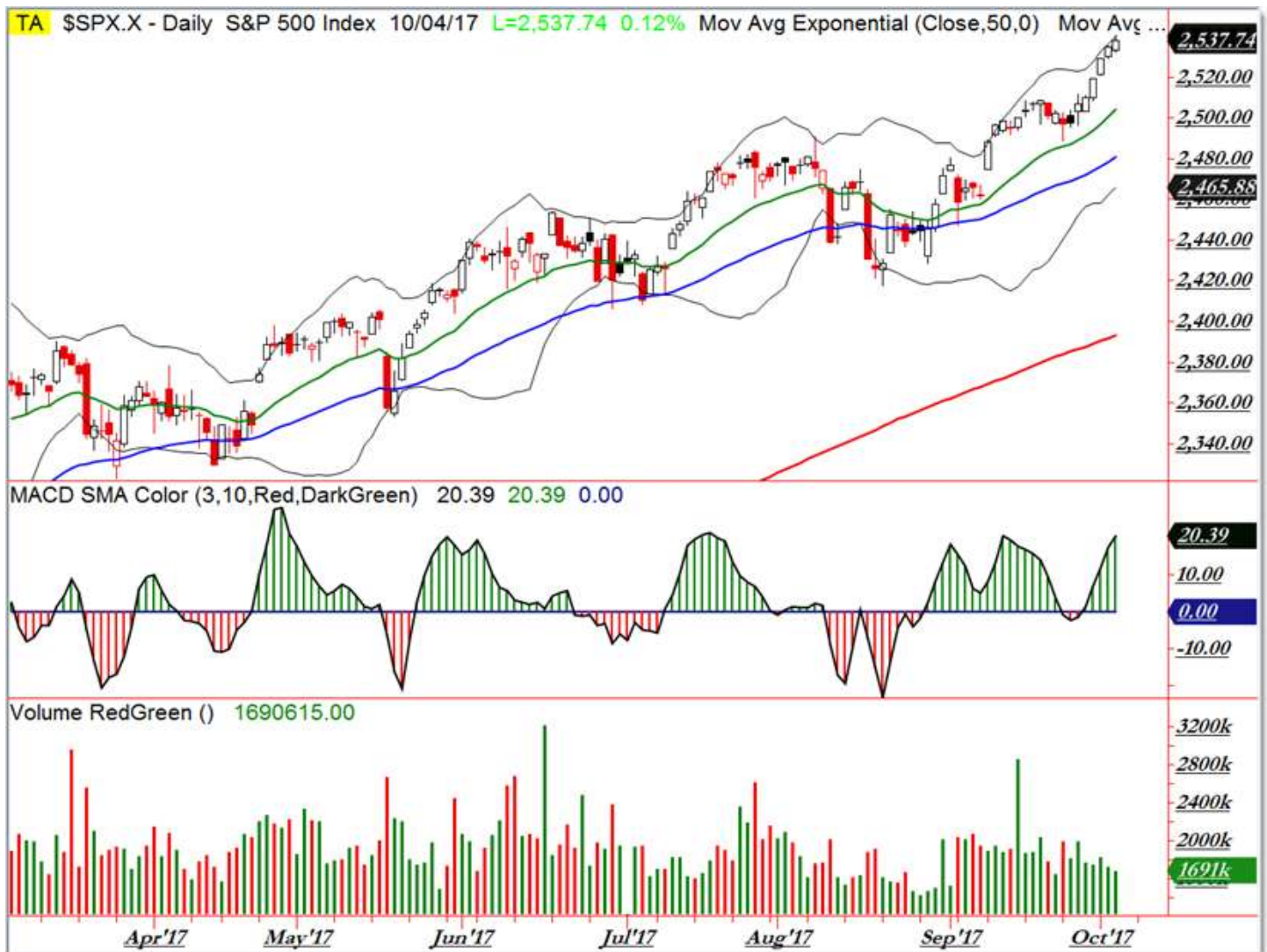


"Trends, once established, have greater odds of continuing than of reversing."

That's our first of our three core price principles and it's STILL the only thing keeping us on the right/correct side of this market in this rare extended run. I suspect many traders are losing money fighting this market or are frustrated because they can't bring themselves to buy it. Strangely nothing has changed today with the extended run, although the negative divergences are more evident and that gives us additional cause for caution here.

Until the market breaks the rising trendline and rising moving averages on the lower frames like the 30-min and hourly chart, in these momentum or run-away (extended run) markets, the SIMPLER tactics work best - everything else will have you doubting and thus shorting this market.

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



We're now into a key target and overextended above the rising trendline channel which increases the risk and probability for a pullback. Expect it but KEEP TRADING THE alternate "bigger move to the upside" thesis in our continued short-squeezed market. Enjoy it while it lasts because I can guarantee you this won't last forever!

Let's note that this extended run has multiple examples just on the chart above - where we can see extended runs up in May, July, late August, early September, and now early October. THIS IS NORMAL; THIS IS EXPECTED.

It's weird/strange yes, but given the triple timeframe uptrend, it's what has been happening.

NOW, be more alert/cautious and ready to trade bearishly IF price backs away from 2,540 toward the rising moving average overlapping the 2,500 pullback target in the future.