



TheoTRADE

Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



Trading Lessons from the Intraday Frame (1-mi)



Major Companies Reporting Earnings

NONE

Major Economic Reports for Tomorrow...

Oil Status (10:30am)

US Non-MFG Index (10:00am)

Quotes from Last Night's Planning

Odds favored a BOUNCE or rally up away from the 2,600 but we balanced this plan against the reality that the MORE times a key level is tested, the MORE likely it is to fail on future tests.

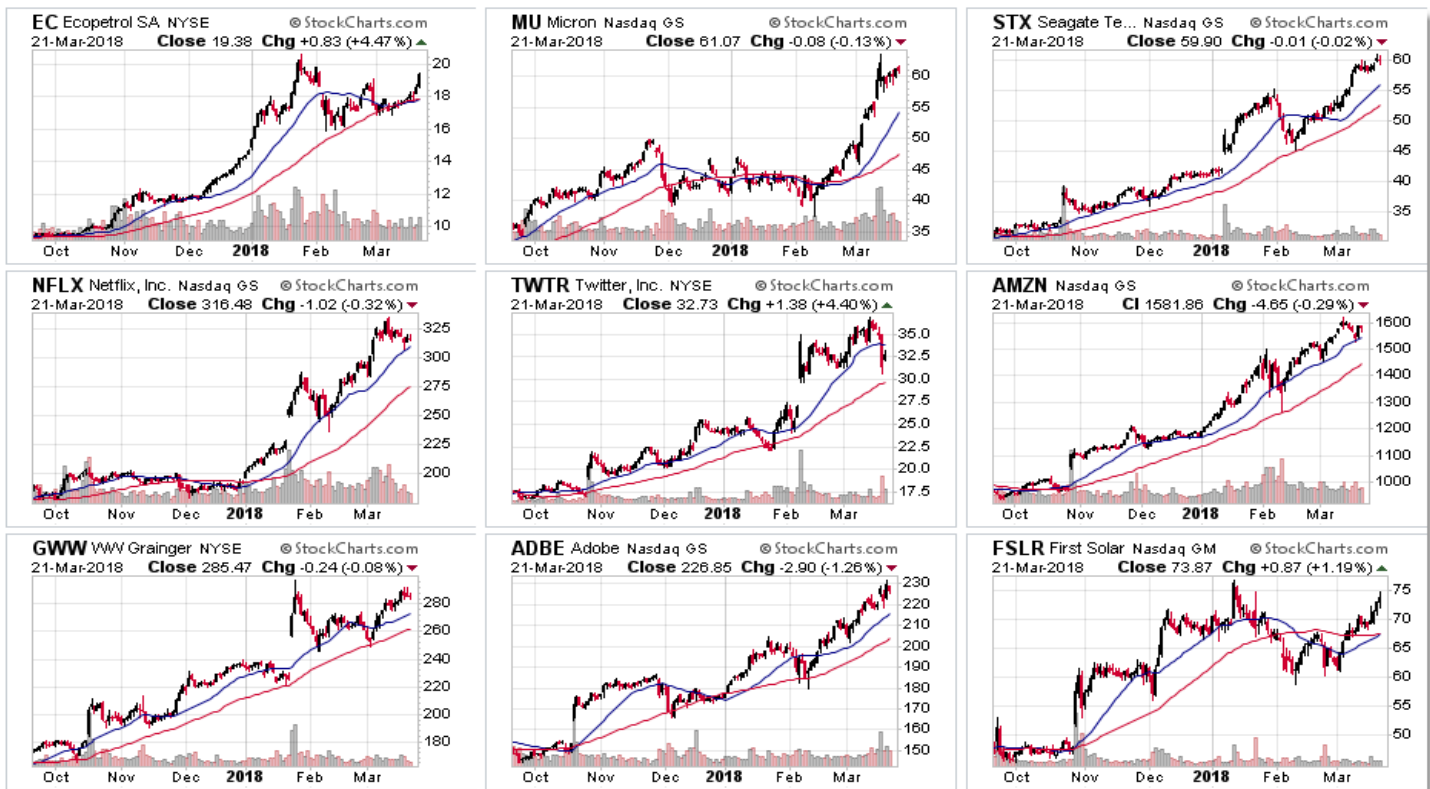
A failure to bounce here (2,600) opens the market for a collapse scenario lower.

As stated, AFTER a big trend day like yesterday, historical odds favor a CONSOLIDATION or RANGE DAY session or specifically a lower-volatility (non-trend day) session. When price traded down to support and formed our "Rounded Reversal" (or the beginning of it) pattern, it allowed us to be bullish for a bounce or at least a consolidation at support (as opposed to another big trend day down, which was a possibility).

As today developed, divergences in internals developed and the immediate gap fill increased the odds for a RANGE DAY to develop - and it did. I'm highlighting EACH "fade" trade - playing against the 5-min Bollinger Bands or prior reference levels - though I personally only traded

the bullish opportunities (you certainly could have traded the bearish fades too). We enter on a break of a trendline or touch of the Bollinger Band and play to the opposite Bollinger Band, placing our stop at least 2 ES points beyond the prior high/low.

"Power Trender" Strong Stock Scan (dangerous now)



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.

"S&P 500 Sector 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 out outperform the market via short- selling a weak stock(s) in weak/bearish sectors on a down trend day (or vice versa).

Tightly Compressed SP500 Stocks (Low ADX Scan)



Here are the top six "Compressed ADX" (lowest ADX) values from our simple scan of the S&P 500 (in Think or Swim).

The goal of this simple stock scan is to identify compressed or consolidating (RANGE) stocks and either:

- A) Play the fades (like a Range Day) into the trendlines by shorting the high and buying the low or
- B) Put these on a separate watchlist and then WAIT for a breakout event to trigger a buy or sell-short swing trade to trade the RANGE EXPANSION play after the current CONTRACTION.

Or, you could trade more complex strategies like butterflies, iron condors, or even prepare in advance for a possible breakout with straddles or strangles (advanced options traders).

30-Min FANG Support Levels (reversal or collapse)



As I mentioned in my session today, IF your analysis suggests the market will hold 2,600 and bounce up away from it, then these (and many other) stocks will likely bounce off similar support levels like these.

Here are the short-term inflection/pivot/support (reversal) price points for our popular "FANG" stocks.

Buy calls in anticipation of a rally or use spreads to take advantage of a possible DEPARTURE up away from these pivots, locating risk markers beneath them at a comfortable level (not too tight).

However, if the market fails and breaks strongly under 2,600, these levels will likely fail as well, triggering an aggressive put strategy or bearish breakdown strategy beneath support.

Daily FANGs



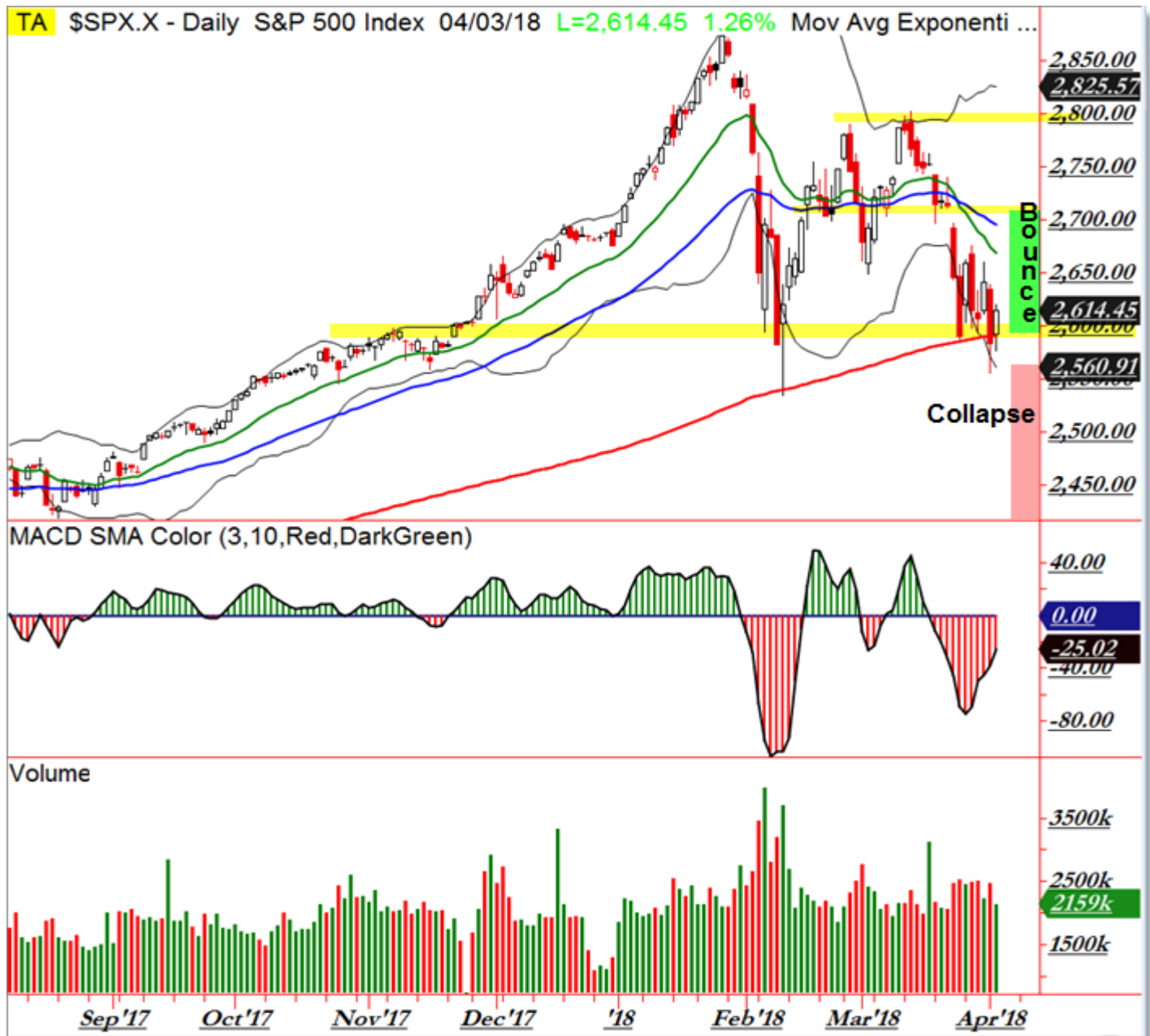
Here's the perspective on the Daily Chart (same commentary and plan).

Planning the 30-min Intraday @ES Futures Chart



Ultimately price holds the critical support level or it doesn't; therefore, our strategy or game plan has us (by definition) dominant thesis BULLISH FOR A BOUNCE (which is the expected play by the majority of market participants) on the bullish pathway toward 2,700 or - again by definition and not forecasting - the ALTERNATE or breakdown/breakout thesis that triggers on a break beneath the new low into 2,560. See daily chart for the alternate thesis collapse scenario should it trigger - and yes it still could do so.

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



However, the market is officially "edge of the cliff" bullish at support for the dominant thesis, if only to define it so that we expect that "larger move to the downside" if price fails to regain support at 2,600 and thus liquidate stop-losses on the accelerating pathway lower.

Price rallied up today off our level and closed ABOVE the 200 day SMA and 2,600. Should sellers strike and break the market beneath this level, we have a collapse play toward 2,550 and if under that then back to 2,500 or lower - and it could happen very quickly.

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