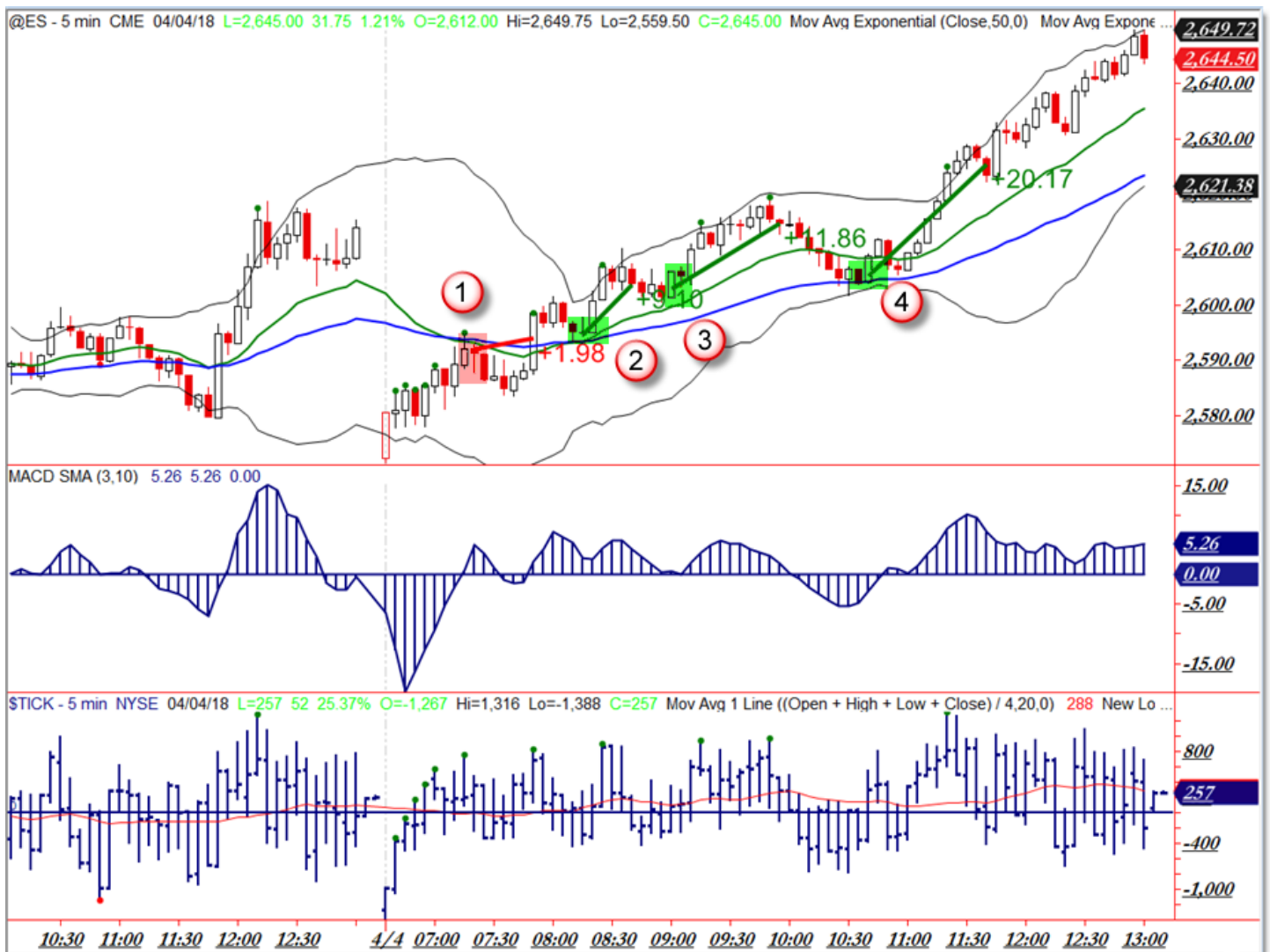




TheoTRADE

Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



Trading Lessons from the Intraday Frame (1-mi)



Major Companies Reporting Earnings

Monsanto (MON)

Major Economic Reports for Tomorrow...

Initial Unemployment (8:30am)

Quotes from Last Night's Planning

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.

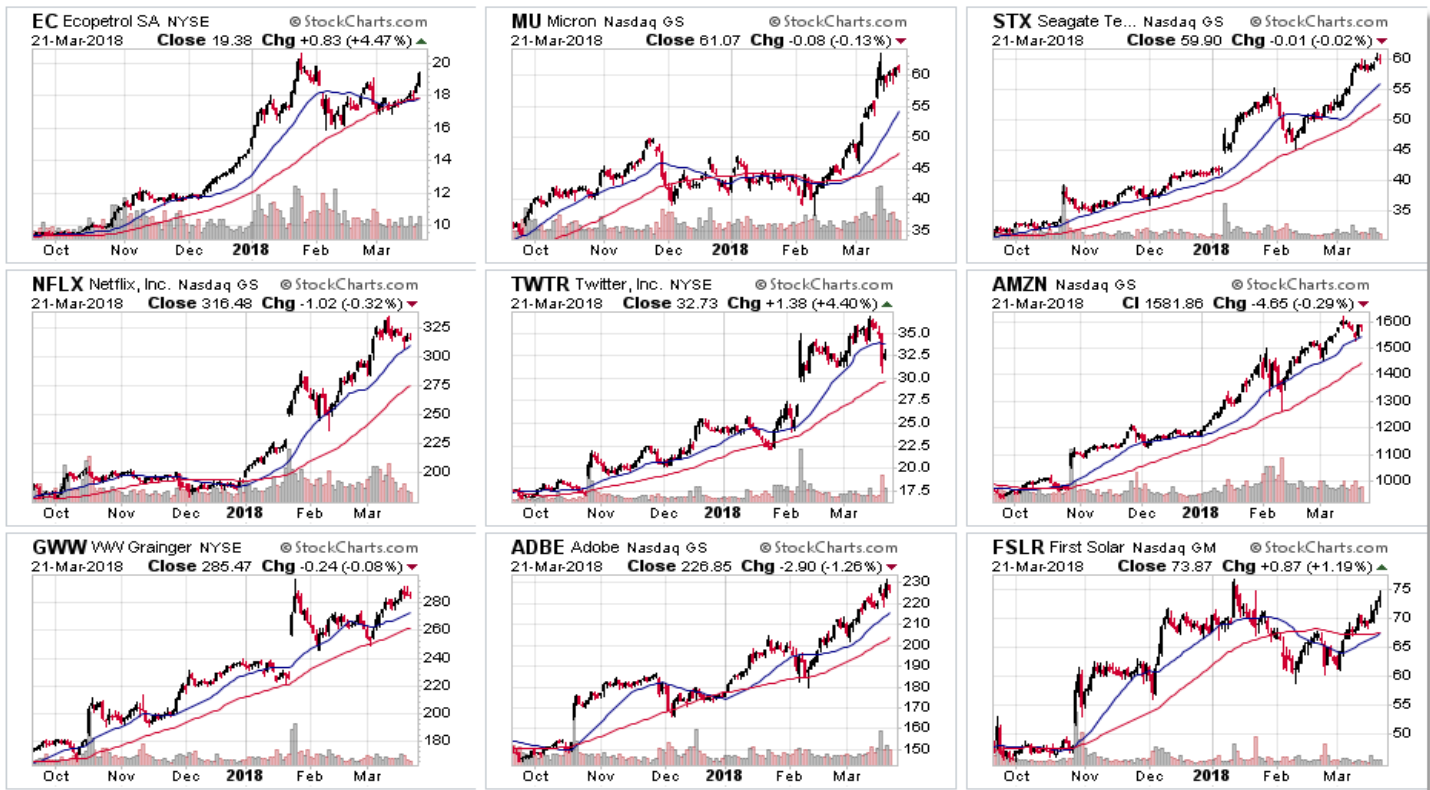
The market is officially "edge of the cliff" bullish at support for the dominant thesis.

Today was certainly exciting! We'll officially define it as a BEAR TRAP reversal or failed breakdown... which also is interpreted as successful support. Once again our DOMINANT thesis called for a bounce/rally off this level and the opening gap set in motion an early, aggressive alternate thesis breakdown play. Trade #1 - the retracement/flag into the EMAs - FAILED with a stop-out. That's ok because it gives us valuable information - when the bears

had the odds in their favor, they lost the battle and thus the bulls won it with the breakout - and thus stop-out and short-squeeze - that triggered above the EMAs.

From there, as a few members asked in the chat, it was correct to assume the bigger move to the upside and thus play standard trend-day style retracement or flag trades to the upside.

"Power Trender" Strong Stock Scan



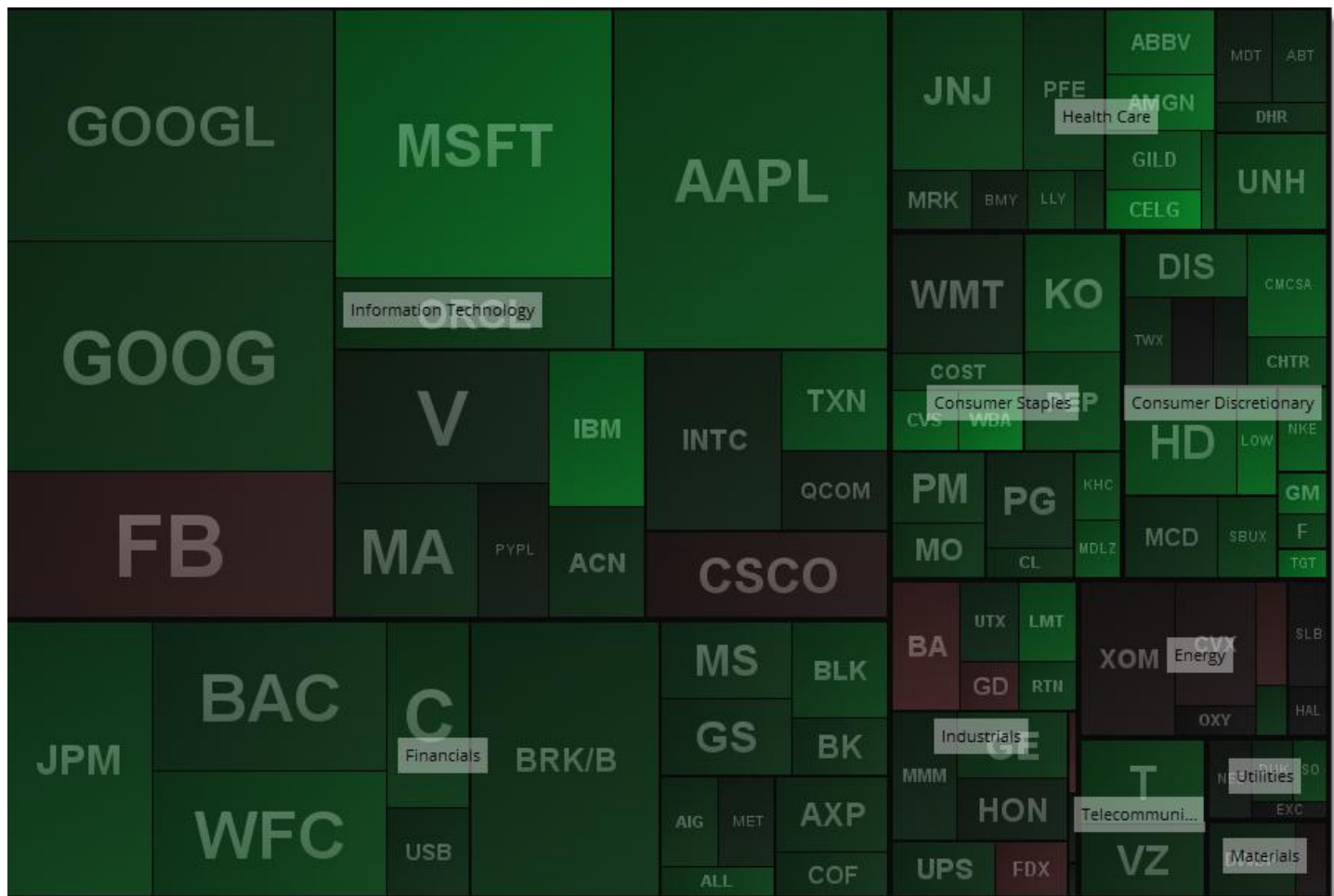
We're seeing the NEW top twelve relative strength leaders (via algorithm) in trending markets and the general expectation is to buy retracements or breakouts in these strongly trending names. The logic is that what is strong tends to get stronger (stocks attracting money flow tend to continue attracting 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.

"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 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).

The FANGs Walk Back from the Edge of the Cliff



Here's a quick next-day update chart from yesterday with similar analysis on our FANGs:

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.

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).

Support is holding SO FAR and thus should be expected to hold (dominant thesis) until proven otherwise beneath our respective levels:

2,550 on the S&P 500; \$150 in FB; \$1,350 in AMZN; \$275 in NFLX; and \$1,000 in GOOGL.

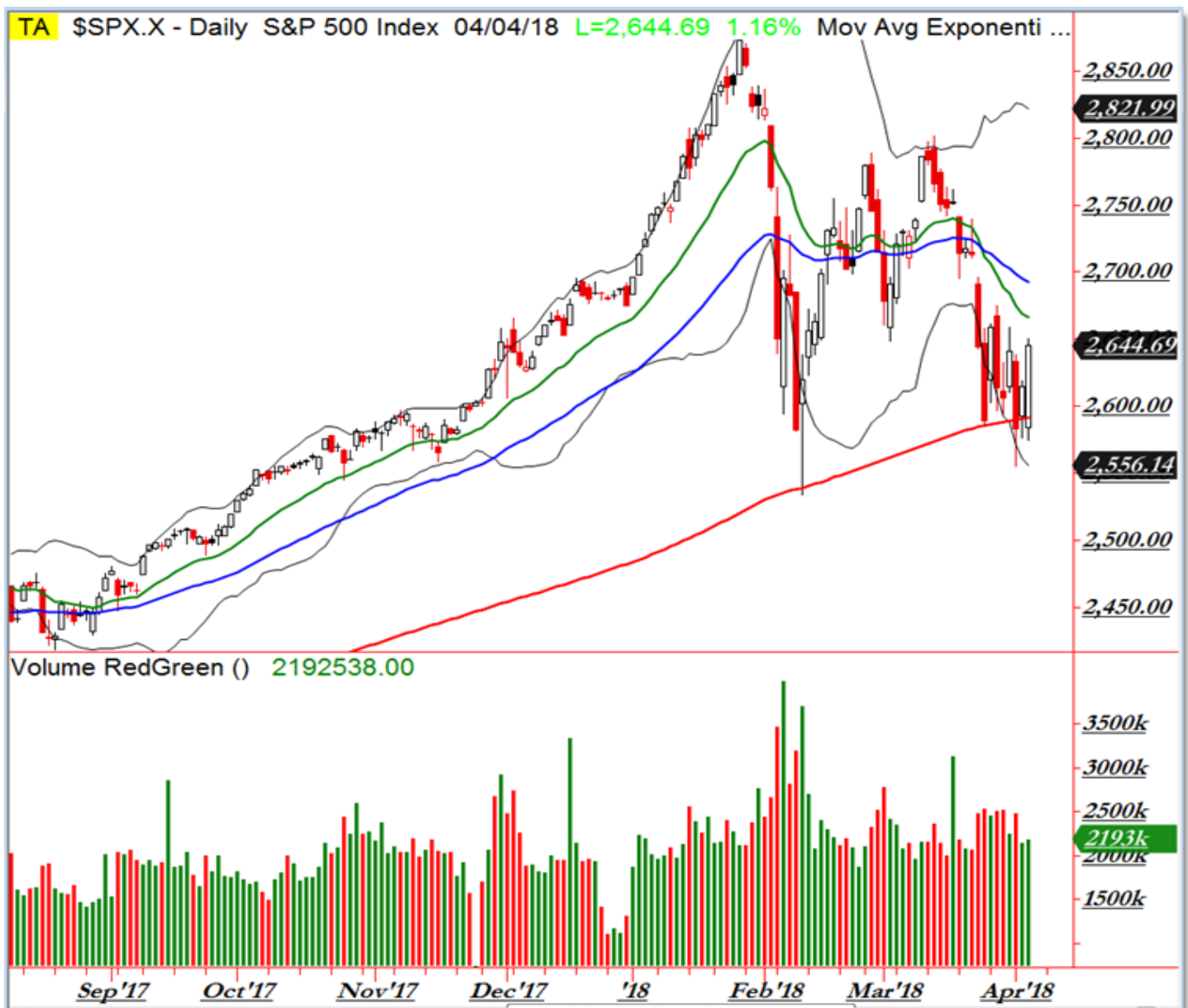
Planning the 30-min Intraday @ES Futures Chart



Bulls/Buyers were given a valuable lifeline after today's gap-down back beneath 2,600 and the subsequent SHORT-SQUEEZE or dominant thesis bounce that catapulted price higher from a down-gap open (and possible collapse off the edge of the cliff).

For Thursday we'll keep the same logic which - with the new levels - triggers an extended bullish swing above 2,660 (toward 2,700 or higher) and caution if beneath 2,600 (retest 2,560).

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.

That's the same analysis that holds for Thursday and Friday, except that we already have one big day of a bullish surge on higher (relative) volume. It continues to tip the odds to the buyers, reinforces our ongoing dominant "bullish bounce off 2,600" thesis, and keeps us cautious should sudden selling develop Thursday and Friday with respect to these key levels.

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