



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...

BIG JOBS REPORT!! (8:30am)

Quotes from Last Night's Planning

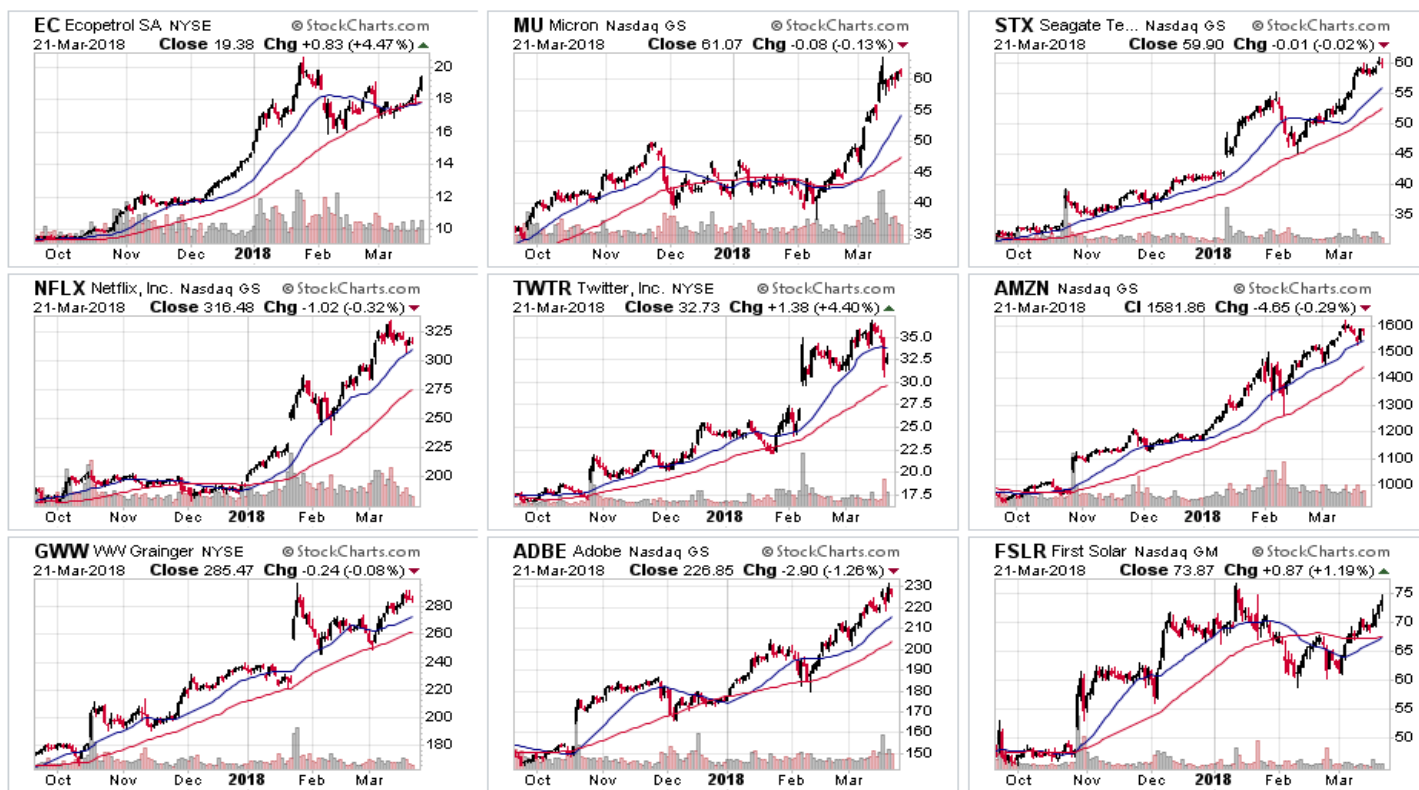
We already have one big day of a bullish surge on higher (relative) volume. It continues to tip the odds to the buyers, reinforces our ongoing dominant "bullish bounce off 2,600" thesis.

For Thursday we'll keep the same logic which - with the new levels - triggers an extended bullish swing above 2,660.

We typically expect a RANGE DAY or at least a LOWER VOLATILITY SESSION on the day after a Trend Day or high volatility session. Today was certainly a textbook example of this concept and it set the stage for trading BOTH sides of the market today, especially with the mid-day negative TICK divergence.

Our first trade opportunity lesson is the trend continuity "bull flag" (#1) that triggered with a touch of the 20 EMA (5-min) or a break above the falling 'flag' trendline. Hold as long as possible until price crosses under a rising trendline (where I drew the exit). From there, a Range Day expectation combined with negative TICK and Momentum divergences into a "Double Top" or resistance level, triggering the successful aggressive "Fade" Trade #2. From there, price chopped in both directions, giving you a chance to play both sides of the market.

"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 Bounce from Edge of the Cliff (update)



Here's a quick next-day update chart AFTER the initial bounce occurred:

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.

At this point, all four FANGs have achieved their FIRST upside bounce target - into the prior highs. Be CAUTIOUS here, taking profits or aggressive short-selling but this time be prepared for a bullish breakout beyond resistance - should the S&P 500 break higher also.

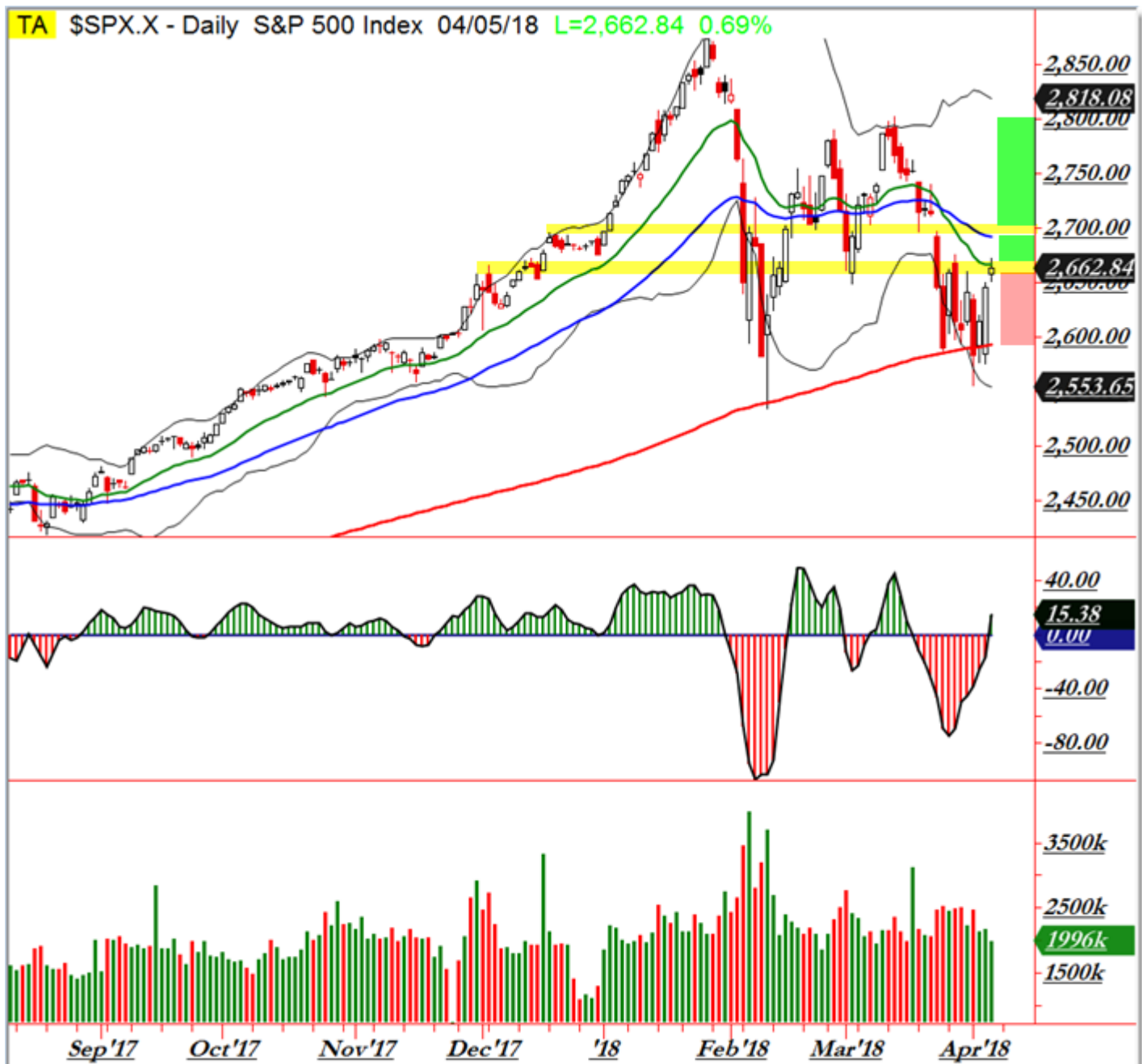
Planning the 60-min Intraday @ES Futures Chart



It was relatively "easy" to plan and trade the dominant thesis DEPARTURE up away from our pivot levels in the S&P 500 and similar stocks. With that thesis correct, price is now trading UP INTO our initial (first) targets, being the prior swing high right here at 2,675.

When price trades up into a pivot, we generally expect a pause/consolidation or even a sell-swing down away from it. Be CAUTIOUS here, taking profits as applicable and getting ready for a breakout play up above 2,675 to target 2,700 and then higher on an extended bullish swing. Otherwise, note the bearish departure pathway down away from the 2,660 level.

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



We got our dominant thesis bounce correct! Now, once again, price is into our pivot targets such as the falling 20 day EMA near 2,665 which will join the prior lows and highs (highlight) as a critical short-term (not major like 2,600) support pivot.

Again, it's more difficult to forecast/predict when price trades up toward a key level - reference February's bounce - so be cautious and get ready for the JOBS REPORT tomorrow.

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