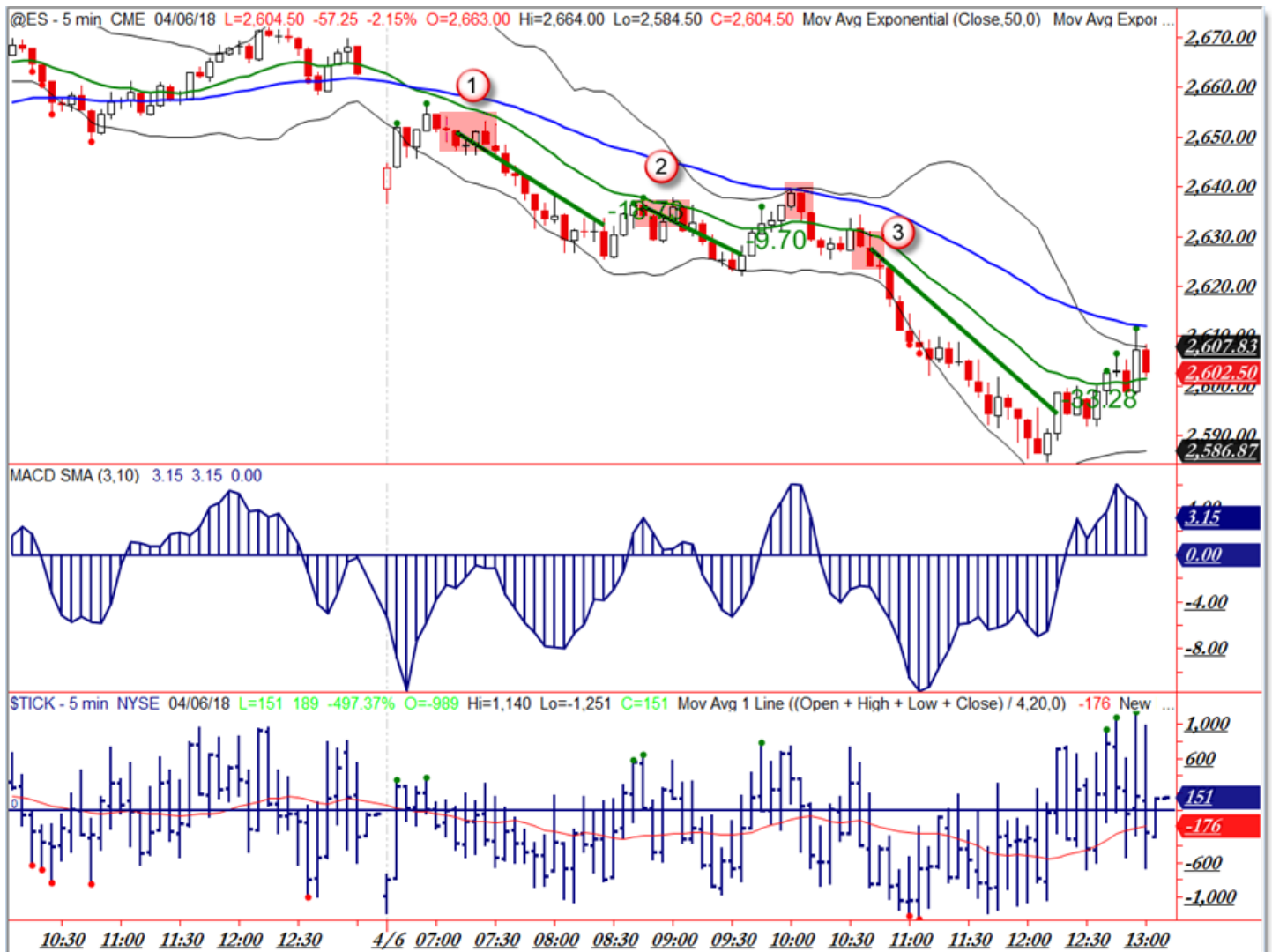




TheoTRADE

Daily "Idealized Trades" Report

Trading Lessons from the Intraday Frame (study)



Trading Lessons from the Intraday Frame (1-mi)



Trend Days typically begin with pre-market news or futures activity and a large -unfilled - opening gap.

Major Companies Reporting Earnings

NONE

Major Economic Reports for Tomorrow...

NONE

Quotes from Last Night's Planning

With that thesis correct, price is now trading UP INTO our initial (first) targets, being the prior swing high right here at 2,675.

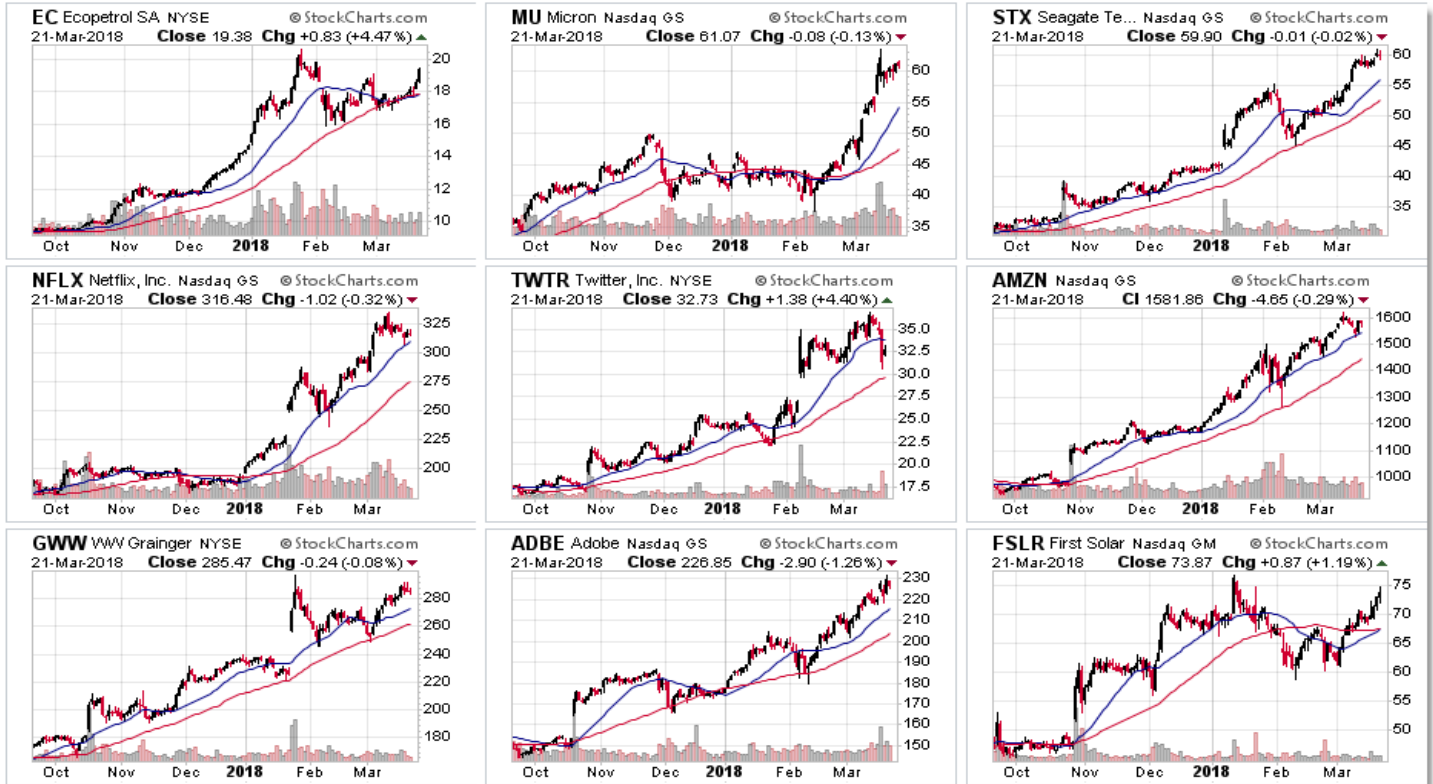
When price trades up into a pivot, we generally expect a pause/consolidation or even a sell-swing down away from it. Be CAUTIOUS here, taking profits as applicable and getting ready for a breakout play up above 2,675 to target 2,700 and ... note the bearish departure pathway down away from the 2,660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

This is a textbook trend day example - big Trend Days often begin with pre-market news or pre-market activity in the futures that carries over into a relatively large opening gap. If the opening gap is NOT filled within the first 30min to an hour AND volume and internals are abnormally high, THEN we have the expectation for a trend day to develop and continue.

When you combine this with our dominant (higher timeframe) thesis of a sell-swing expectation into a confluence resistance level, it increases the confidence in our intraday bearish trades in the direction of the unfolding trend.

Drop to the 1-min chart if you can or stay on the 5-min chart, short-selling ALL valid pullbacks/retracements to the falling 20 or 50 EMA, trailing your stop above the 50 EMA.

"Power Trender" Strong Stock Scan

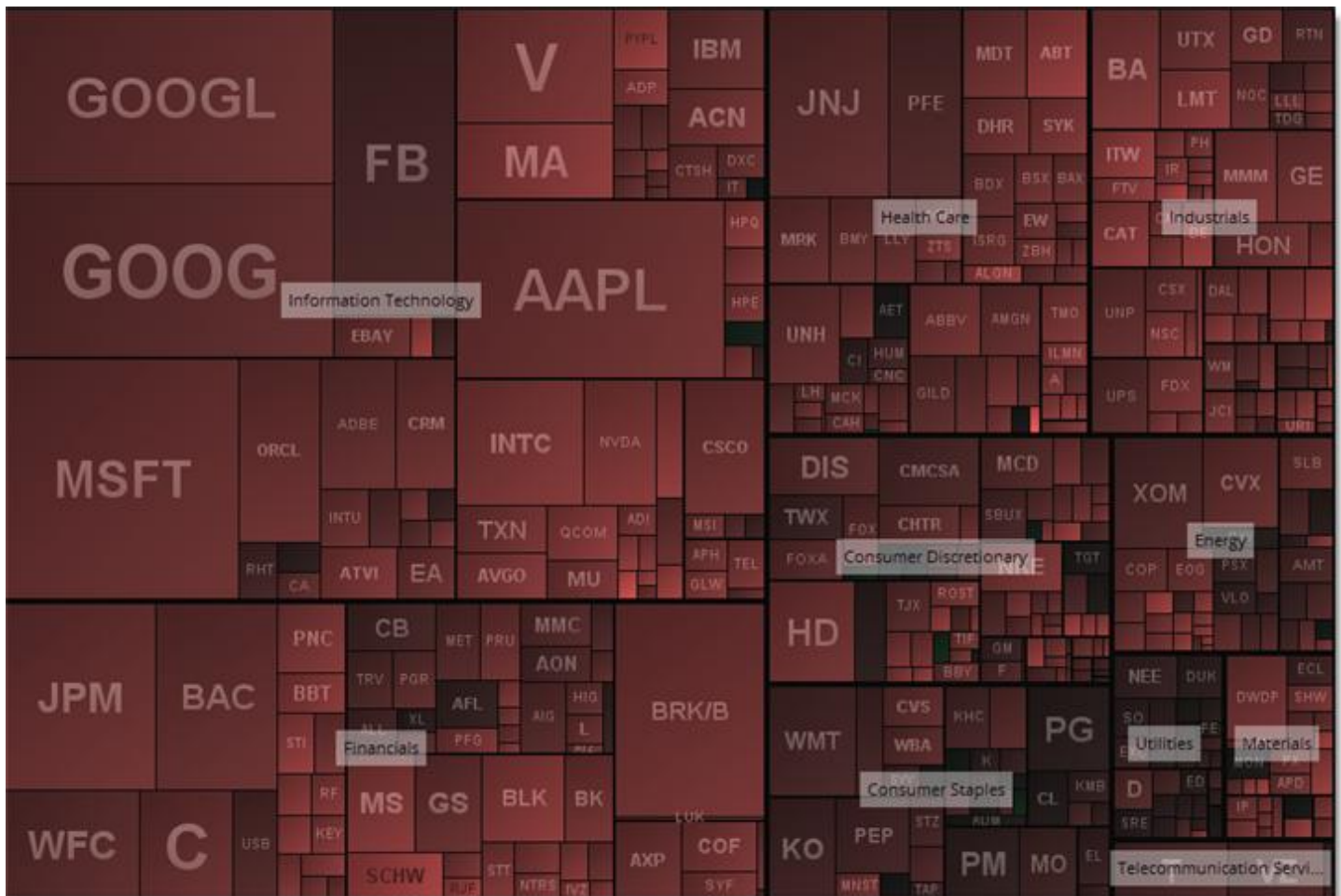


We're seeing the NEW top twelve relative strength leaders (via algorithm) in trending markets and the general expectation is to buy retracements or breakouts in these strongly trending names. The logic is that what is strong tends to get stronger (stocks attracting money flow tend to continue attracting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

We'll update this scan and ideas like it at the beginning of each week.

The FANGs Bounce from Edge of the Cliff (update)



Our "FANGs" bounced up off our support levels - like the S&P - and now turned down away from our resistance target, also like the S&P 500.

Here's a quote from yesterday that holds for Monday:

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

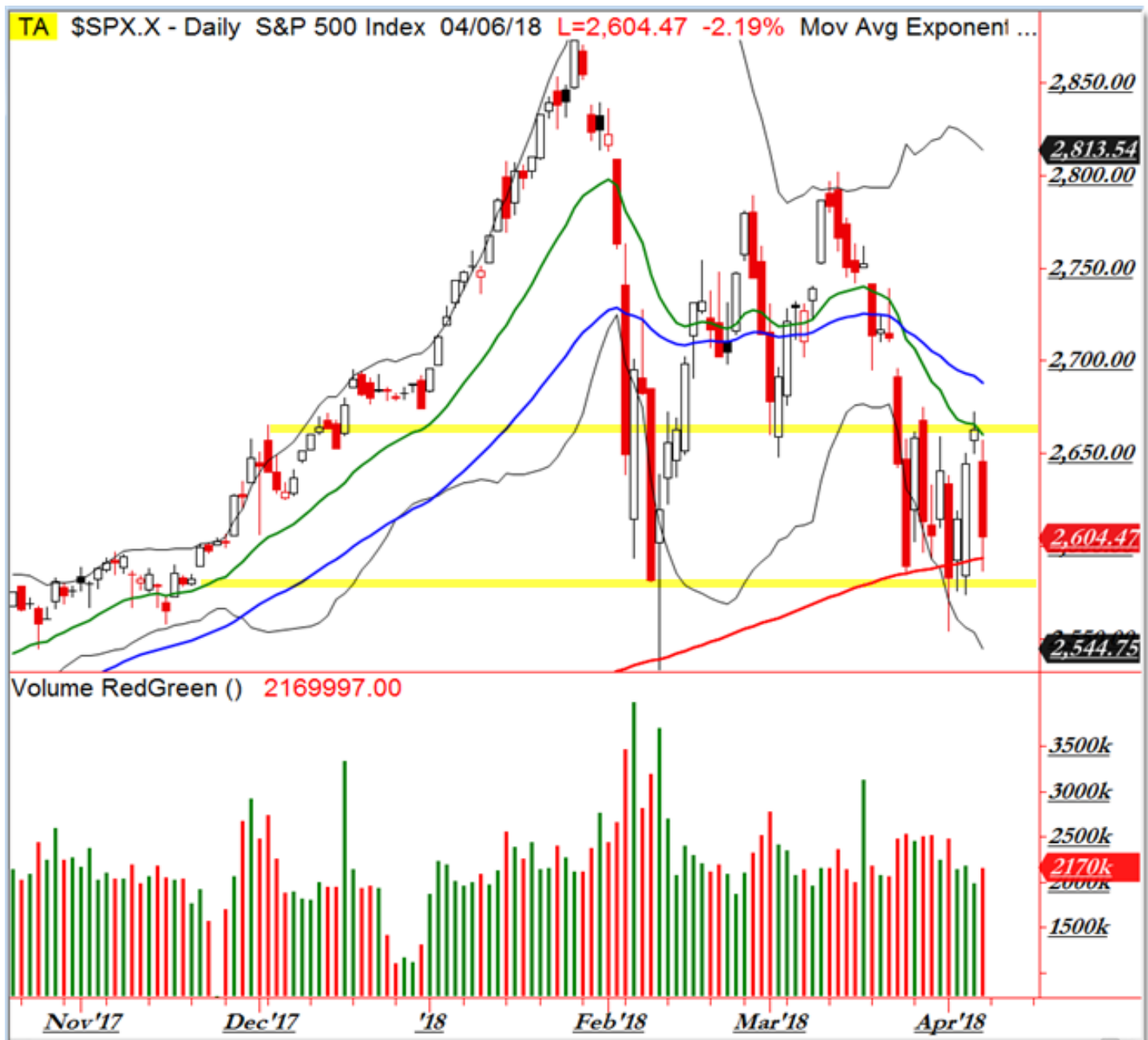


Perhaps it was easier than I expected to plan the next swing! Look to trade the swing down away from the 2,670 overhead confluence resistance. Here we are, all the way back to the 2,600 reference level and MEGA support pivot.

We'll very simply keep the same no-nonsense, no-complexity plan that we had recently:

Expect a bounce again to keep the range in play but be equally prepared to trade a breakdown or even collapse down through 2,580, 2,550, and lower (see daily chart for collapse scenario).

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



We're seeing a TRADING RANGE develop between 2,600 and 2,675 to keep the levels simple. The bulk of the trading action has occurred between these levels after the recent sell-off from 2,800 to 2,600. Once again, we'll keep the same play without prediction and ego - watch price and buyers into the overlap of the 200 day SMA and 2,600 level and trade another bounce should the range activity continue; but be prepared for what you'll do on a breakdown event which becomes more likely each time the market touches a key level and leans against it.

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