

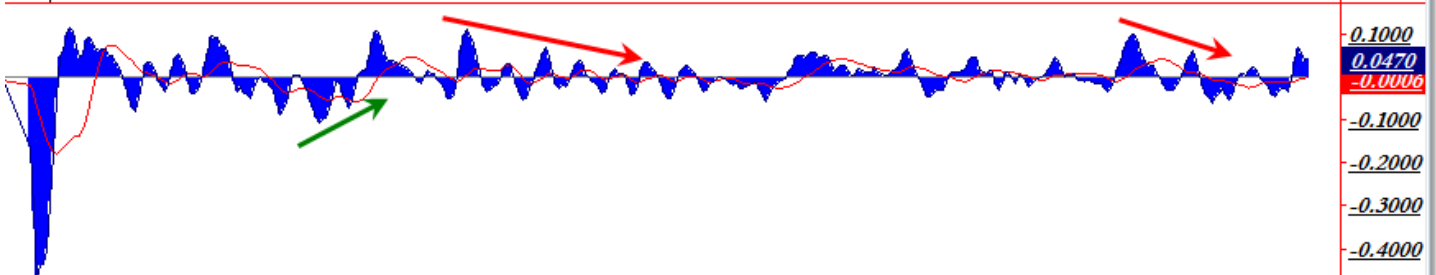
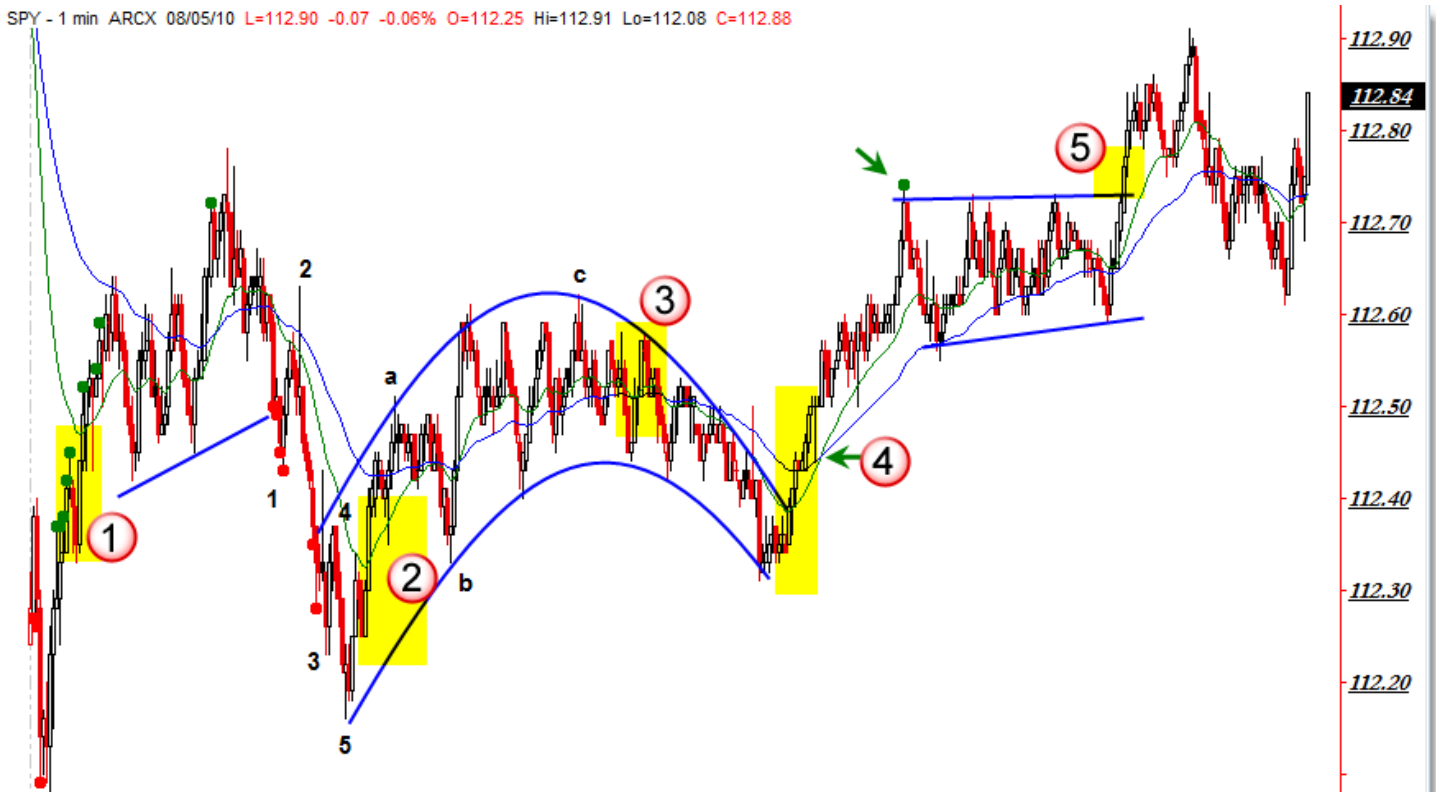


Daily "Idealized Trades" Report

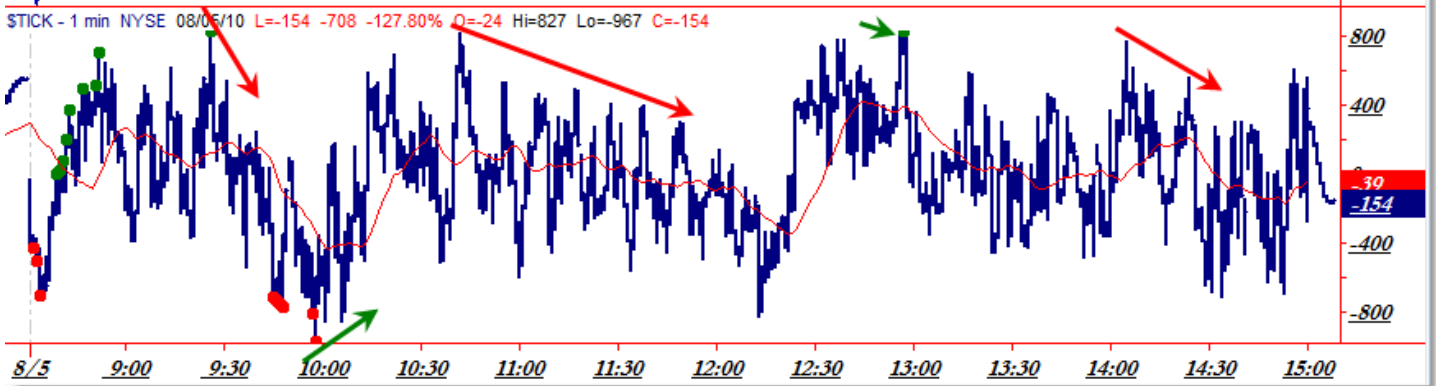
S&P 500 ETF: SPY



SPY - 1 min ARCX 08/05/10 L=112.90 -0.07 -0.06% O=112.25 Hi=112.91 Lo=112.08 C=112.88



STICK - 1 min NYSE 08/05/10 L=-154 -708 -127.80% O=-24 Hi=827 Lo=-967 C=-154



It was another range day ahead of tomorrow's Big Jobs Report, so let's get right to the trades and on to the "IF/THEN" game plan for trading tomorrow's likely big move.

1. GAP FADE

This was your slightly larger than average gap that made its initial push higher in the first 10 and 15 minutes, triggering an entry on the break above the 15-min candle at the \$112.45 level with a stop perhaps under the \$112.30 level. We didn't get a full gap fill, so this was again when good trade management comes in. Don't let the position shake you out because of one candle when your target is yesterday's close, but the quick dual divergence and failure to rally above the 20/50 EMA line at the \$112.60 level was a decent 'save position' exit, otherwise the trade became a scratch.

2. SPINNING TOP, HAMMER, LOWER BOLLINGER, DUAL DIVERGENCE, 5-WAVE FRACTAL

Let's start with the 5-wave fractal which you can see on the 1-min chart - that progression ended on a positive dual divergence (1-min) that formed off a spinning top then hammer candle at 10:00am - and price broke the high of this hammer at \$112.30, triggering your entry with a stop under \$112.20. The initial play was a move back to the 20 EMA - or as high as the upper Bollinger - both of which were hit, but good trade management would likely take you out on the congestion/negative divergences/engulfing candle at 11:00am.

3. UPPER BOLLINGER, SHOOTING STAR, DIVERGENCES

This was another good set-up that did not lead to a wonderful profit - such is the case on range days - you do a lot of work for very little profit. We had TICK and momentum trail lower as price pushed higher in a nice Rounded Reversal pattern that began to turn lower at 11:30am - triggering you entry on the break of the long upper shadow shooting star/doji candle at the \$112.50 level with a stop above \$112.60... and again this is where good trade management came in. Price bounced solidly off the lower Bollinger and rising trendline off the prior two morning lows, triggering your exit at or after the price break above the 20 EMA at \$112.45. This busted rounded reversal pattern could have led you to put on a Popped Stops play for trade #4.

4. POPPED STOPS

This was your classic failed bearish pattern/trade - rounded reversal - and subsequent breakout above the EMA confluence at the \$112.55 level. If you held on to the position, you were rewarded but the shooting star/bearish (sort of) engulfing candle at 1:00pm most likely triggered your exit. Notice the Wyckoff Sign of Strength (new TICK high) that formed, which clued you in to expect EVEN HIGHER prices yet to come, which set-up your final trade either on the pullback to the 20/50 EMA area, or on the breakout to new intraday highs.

5. POPPED STOPS - WYCKOFF

If you played the Wyckoff Signal, your goal is to buy the first pullback to support after a Wyckoff Sign of Strength forms, which was the case on the double-doji pattern just before 2:00pm at the \$112.65 level. If you waited for a confirmation of a price break to new highs, you then bought on the break above \$112.75. Either way, this trade did not give you much upside potential, leading to an exit on the break under the doji reversal candles on the negative TICK and momentum divergence at the upper Bollinger at \$112.80 - or else you suffered a scratch on this trade.



It was technically a tight range day - which could have easily been expected given that tomorrow's Jobs Report is likely to move the market, so it looks like the Big Traders/Funds who actually move the market are hedging/not being aggressive ahead of the report.

Anyway - roughly 45 cents were possible in today's tight range - not very fun at all.

We thus expect a major range breakout - either way - tomorrow which has high odds and conditions to give us a Type III Trend Day.



For those who do neat advanced Fibonacci work - the blue lines are Fibonacci Extensions off the respective swing and the green lines are standard price projections off the respective swing.

If you don't understand this grid - don't worry - the main idea is that there is (at least) a quadruple 'advanced' Fibonacci price cluster that builds solely off the recent push higher in July that forms at the 1,125 level - which happens to be exactly where we are now.

This implies that the level will hold as overhead confluence resistance and price will trail lower from here.

The flipside - non-biased view - is that a break above 1,130 shatters this confluence and is thus an alternate buy signal - that buyers were strong enough to overcome sellers at a major confluence resistance projection/confluence area.

SO FAR TODAY		CST	10 DAY AVERAGE	
DIFFERENCE	15-min VOLUME		15-min VOLUME	RANGE
2,369,842.50	14,642,127	8:45	12,272,284.50	0.49
(543,041.30)	8,435,526	9:00	8,978,567.30	0.49
(4,589,914.50)	7,232,460	9:15	11,822,374.50	0.35
(1,759,034.20)	5,219,730	9:30	6,978,764.20	0.27
(2,195,735.10)	4,471,437	9:45	6,667,172.10	0.29
(893,982.70)	4,411,126	10:00	5,305,108.70	0.26
1,766,080.20	6,870,596	10:15	5,104,515.80	0.27
(3,209,549.80)	2,280,497	10:30	5,490,046.80	0.22
239,834.30	5,561,868	10:45	5,322,033.70	0.28
(1,421,954.50)	2,601,476	11:00	4,023,430.50	0.28
(2,647,650.30)	2,405,457	11:15	5,053,107.30	0.25
(1,222,033.70)	2,272,436	11:30	3,494,469.70	0.26
(708,919.00)	2,508,235	11:45	3,217,154.00	0.23
(2,092,764.80)	1,414,367	12:00	3,507,131.80	0.25
(1,020,105.80)	2,373,049	12:15	3,393,154.80	0.23
(1,700,256.30)	1,796,059	12:30	3,496,315.30	0.22
(1,299,279.10)	2,423,949	12:45	3,723,228.10	0.25
(1,254,303.60)	2,364,720	1:00	3,619,023.60	0.34
(1,823,276.10)	2,049,437	1:15	3,872,713.10	0.24
(1,787,558.20)	2,725,966	1:30	4,513,524.20	0.21
(1,723,359.82)	2,695,651	1:45	4,419,010.82	0.27
(1,771,319.36)	2,565,262	2:00	4,336,581.36	0.28
(296,679.09)	4,828,083	2:15	5,124,762.09	0.33
(2,612,866.09)	3,705,245	2:30	6,318,111.09	0.30
(4,583,571.82)	3,904,824	2:45	8,488,395.82	
(3,051,894.64)	12,074,110	3:00	15,126,004.64	
(1,532,049.72)	4,378,218.96	Ave.	5,910,268.69	0.28

I'm not sure the relative volume chart is helpful again for us - we are building up a situation where a MAJOR price break is highly likely, and volume is contracting ahead of the expected big range expansion move that most likely will come tomorrow.



I don't see any reason to make the analysis and the game plan any more complicated than it needs to be.

If the Jobs Report is better than expected and the market rises, gaps at the open, and keeps going higher breaking above \$113 then \$114, then I am going to trade very aggressively long no matter how strange or uncomfortable it feels - trailing my stop under the 5-min 20 EMA using trend day trading tactics I've learned from these reports and from my experience.

And of course, if the market does what so many people expect it to do and break lower tomorrow on a worse than expected reaction to the Jobs Report, then I'll trade short and trade aggressively, no matter how weird it may feel shorting an intraday low or a breakdown in price. Any move under \$112 is likely a breakout that I want to trade - if I have experience trading breakouts and am comfortable with that strategy. I see that a potential support target on a severe downside break is \$110.75 - which would fill the Aug 2 gap.



The 60min chart reveals the bearish rising wedge and 'ending diagonal' (same thing) as traced out in a complete 5-wave move. Notice that as price rose on the most recent 'three pushes' (yes, this is a bearish "Three Push" Reversal Pattern/Set-up), volume and momentum declined as price rallied to the ultimate peaks. Volume also rose during the sell-offs. Volume is currently trailing to some of the lowest relative levels on the chart, and that's bearish.

But what matters is that - I would assume - a majority of traders are aggressively positioned short and expecting a sharp downside break. If they're not already positioned, they'll rush into the market and short a breakdown tomorrow, adding fuel to the fire. However, if the market breaks strongly higher tomorrow, then those positioned will be forced to buy-back their shares/contracts to cover, creating a popped stops play that you - and many other sophisticated traders - will likely be buying the breakout to trade long, adding bullish fuel to a market move to the upside.

Trade the move - don't anticipate it. Watch what happens on the Jobs report and act accordingly - don't be upset if the market doesn't do what you think it should.



I could fill many pages with chart reasons why the market's next likely swing is down - from the negative volume, momentum, and breadth divergences, from the overhead resistance trendline at 1,130, the 61.8% Fibonacci retracement at 1,140, from the Elliott Wave terminal count, from the bearish rising wedge price pattern, so on and so forth. But you have to ask yourself - "Am I an analyst or a trader?" If you're an analyst, then you say "The market has very high odds of going down soon - and perhaps going down hard." And you leave it there. If you're a trader, you say the same thing and have the same assumption, but add a caveat - the one I've been describing in this week's reports:

"Ok - chart/indicator odds overwhelmingly favor a downside break in price - potentially very strong break - so I'm going to prepare to trade that if the Jobs Report is negative tomorrow... or I'm already short with a stop above 1,130 or 1,140. However, IF the market breaks unexpectedly above 1,130 tomorrow and especially above 1,140, then I will expect that many bears - who use many different strategies and methods that say to get short - will be forced to buy-back their positions as they stop-out, which will likely lead to a very violent upside breakout that I want to trade long."