



Making the Most of the Idealized Trades Reports

Welcome aboard!

One of the most common question new members have is "How can I make the most of these daily reports?" This quick cheat-sheet will help bring you up to speed on how each report is subdivided and how to be most efficient as you read each night's report.

The Idealized Trades service is a unique membership service that combines educational lessons/examples from today's trading session with expectation/opportunities to play for tomorrow's trading day. Each report is divided into three sections:

1. Lessons from Today's Activity

Each day, I present a chart of the 5-min and 1-min SPY or @ES futures chart and highlight the 'ideal' trading opportunities that existed for the day. The purpose is to highlight specific trade set-ups, define entry and exits, set targets, explain the logic of why the trade was a good set-up, and give you the knowledge to recognize this same set-up in the future on your own, in real time. It is designed to show you set-ups that you may have missed, or give clarity to a day where you found no set-ups or random price behavior.

As you follow along and get acclimated with the repeating set-ups and terms, you will then begin to spot these patterns in real time and thus act appropriately as the trade plays out during the session. While other services give you trade entry and exit prices in real time, this report is designed to give you the tools to empower you to recognize set-ups and opportunities on your own and retain these skills without being dependent on a service. It is the "teach a man to fish and he will eat for a lifetime" concept as opposed to the statement "give a man a fish and he will eat for a day."

Also, as opposed to seeing perfect set-ups in a book or article, you will see daily set-ups - imperfections and all - using real-world pricing that is very similar to what you will be doing in real time as you trade each day. Trading is a skill you learn, and this report is designed to replay the trading day with the "answers" so that you can compare your performance, learn where you were right, and learn where you need improvement.

2. Focused Education

While I mix educational tidbits in with the description of each day's summary, I often pull out a specific concept or highlight how to use a specific tool/indicator if I see that there was a great example of a particular concept or method. I use this section to spend more time explaining a particular concept or set-up than I do in the daily summary, so this section becomes a running commentary in the archives of in-depth explanations of intermediate and advanced trading tactics such as intraday Fibonacci confluence, applying Elliott 'fractal' waves, finding intraday confluence, etc.

3. Forecasting Tomorrow

I know that many traders skip ahead to this section, and that's fine, but remember that these reports are designed to teach you information each day and not just tell you what to do or expect to happen tomorrow. However, this section specifically highlights the higher timeframe levels and opportunities to watch for tomorrow and the days ahead from an intraday and short-term swing trading perspective.

I show the 30-min SPY chart, 60-min SPY chart, and daily S&P 500 chart and annotate the price levels and trading opportunities to watch, where stop-losses are clustered, and where likely price targets are for price swings in motion. I present an unbiased approach from a technical (chart) purism approach that focuses on confluence support or resistance prices to watch, indicator signals to note, market internals and momentum on the larger picture, as well as trend structure and market character observations. Follow-along to see how the set-ups and concepts play out in real time each day as new information enters the system.

Use of the SPY for Charting

Another common question asks why I focus on the SPY for the charting instead of the @ES or other ETF or futures contract. This is because, of the four major market ETFs (DIA, SPY, QQQQ, IWM), the SPY is the most liquid and has the highest average daily volume, making it perhaps the most traded and most watched/analyzed ETF out there. Most professional day traders gravitate towards the @ES (S&P 500 e-mini) futures contracts as opposed to the NASDAQ, Dow, or Russell 2000 futures contracts. Futures offer more leverage and advantages to the professional day trader, so the quest usually ends with the @ES futures contract.

Why then do I not display the @ES contract in the reports? Sometimes I will show the @ES charts to highlight a specific point, but I focus the reports on the SPY because that has been the feedback from members, and it allows members to use the SPY as a proxy for whatever vehicle they trade. Some members only trade leveraged or inverse leveraged ETFs on the S&P 500 including the ProShares SDS (2x short) and SSO (2x long). Some members trade options intraday on these funds or on the SPY. Other members trade the SPY as their trading vehicle. Others trade DIA or QQQQ. Newer traders tend to report that they are 'scared' of the futures contracts due to the leverage involved, or the mystery involved of trading futures. Some traders day-trade leading stocks, but want to know how to interpret the moves of the market to determine when to position into their leading stocks intraday.

This report is designed to educate newer and intermediate traders, and to take into account the variation of trading vehicles, I've settled on using the SPY as the appropriate proxy for traders. The patterns, opportunities, structure, and set-ups are often identical across all related vehicles (of course, in the opposite for inverse funds), so if you study the SPY, all that you then must do is translate the opportunity into the respective price of your vehicle. An opportunity in the SPY will be identical to that of the @ES futures during market hours, only the prices will be different. Other traders will closely monitor levels on the S&P 500 Index or SPY and then execute trades with the @ES so as to take advantage of the leverage futures offers, but at the same time using the widely followed SPY as a gauge of where traders are positioning themselves, or monitoring certain price levels. Just remember that the patterns, set-ups, and structure will be similar if you are trading a related instrument to the SPY - if I showed each one, the report would be much longer without providing more information other than different price levels to watch.

The Archives

One of the most beneficial, yet I feel underutilized, advantages you have as a member is the access to the daily archives which stretch back to April 2009. Is there a particular trade set-up or concept you don't understand but would like to? Scan the archives in the title of each day's report to find the key concepts I highlighted as educational examples in that day's report. Want to learn more about the type of day structure (Trend, Type II, Type III, Rounded Reversal, Range, etc)? I label each day's structure in the report so you can see examples of that concept. Want to see all the days where Popped Stops occurred? Scan the archive for those. Trading bull flags, triangles, breakouts, impulse buys, cradle trades? Want to learn more about intraday Fibonacci? The archive is the place to start.

Follow along to learn which indicators work best on a trend day, what trade set-ups to take, and which indicators completely fail. Learn how to recognize a trend or range day early, and also what indicators and set-ups work best on range days - there IS a difference and a lot of the trading losses individuals suffer stem from not being able to recognize the difference.

Remember the purpose of membership - to TEACH you how to trade, not to tell you what to trade. For as long as you are a member, you will have access to all archived reports and can read the daily summary or focused educational section from all prior days to learn more than you ever wanted to know about a particular trading tactic, set-up, method, or concept!

The Indicators

Another popular question from members is "what indicators are you showing?"

On the charts, I show the 20 EMA (green), 50 EMA (blue) and 200 SMA (red) on all timeframes. When pertinent, I will show Fibonacci Retracements or small-scale Elliott Wave notations as they fit into the broader picture.

The other indicators are the 3/10 Oscillator,
(info here: <http://blog.afraidtotrader.com/how-do-i-create-the-310-oscillator/>)

TICK (NYSE TICK), Breadth (NYSE Advancers - Decliners), and VOLD (Volume Difference of Advancers - Decliners).

I focus also on simple candle patterns, specifically common reversal candles such as dojis, engulfings, spinning tops, hammers/shooting stars as they form at a key support or resistance turning point in the market. Otherwise, I discuss simple price patterns such as flags, triangles, rounded reversals/scallops, rectangles, etc.

In my experience, if you apply too many indicators, you will lose your focus and edge in the set-up with all that you must keep track of intraday. Also, know which indicators work best in what "type of day" structure environment. Know which to ignore (explained in the reports and archives).