



# TheoTRADE

## Daily "Idealized Trades" Report

### Trading Lessons from the Intraday Frame (study)



# Trading Lessons from the Intraday Frame (1-mi)



## Major Companies Reporting Earnings

Google (GOOGL), Halliburton (HAL)

## Major Economic Reports for Tomorrow...

US Existing Home Sales (10:00am)

## Quotes from Last Night's Planning

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*Keep looking for additional bullish action on a departure UP AWAY FROM 2,680 especially if buyers push the market back above 2,700 which likely triggers a short-squeezed bullish move.*

*However, be prepared for a range and then possible break beneath 2,680 for an alternate thesis sell-swing plan for Friday.*

*Like the hourly chart, lean bullish until proven otherwise with a firm break back under 2,680 which opens a sell-swing.*

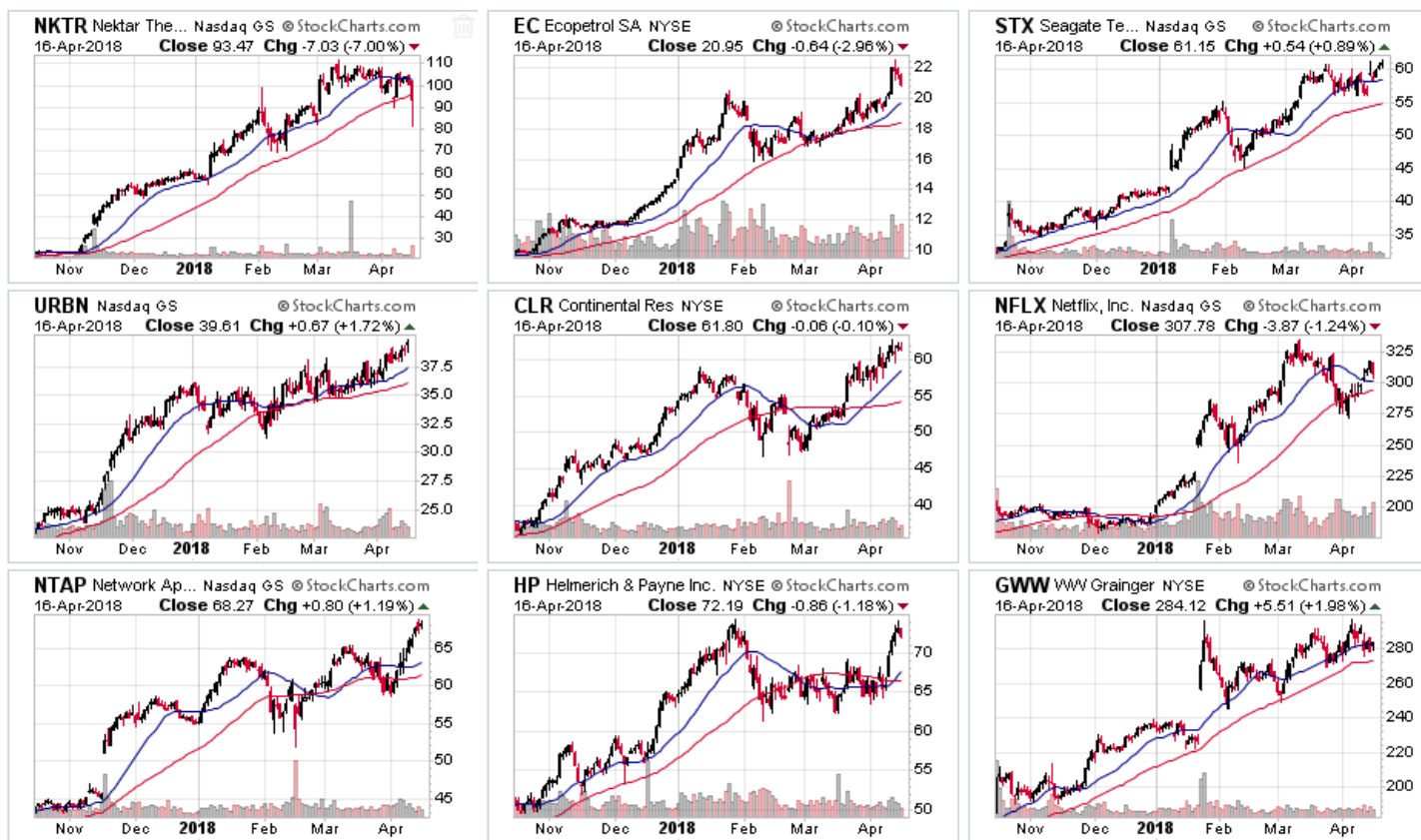
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After doing exactly what it should have done yesterday, the market settled into a trading range again between 2,680 and 2,700 - our key pivot points. I think the market surprised us all when instead of bouncing up away from 2,680 this morning, sellers struck and cracked the market beneath support, instantly triggering our ALTERNATE Thesis (as mentioned live in the chat) thus creating a long-liquidation flush move or "bigger move in the opposite direction." That's the basis for the aggressive Trade #1 - a breakout or "failure to bounce" trap outcome.

If instead you were logically long against 2,680, this is a lesson in taking your stop when something goes wrong with the initial trade and avoiding paralysis or deer-in-the-headlights.

From there, we had a simple pro-trend (day) style retracement opportunity back into the 20 EMA (#2) followed by a similar lengthy positive divergence into a support target. This time I wanted to highlight Trade #3 or the 'fade' reversal to play off the lengthy positive divergence situation. It did give us a steeper retracement/reaction higher but ultimately ended into the target of the falling 50 EMA and thus a final opportunity to short into the close back toward the lower Bollinger Band.

## "Power Trender" Strong Stock Scan

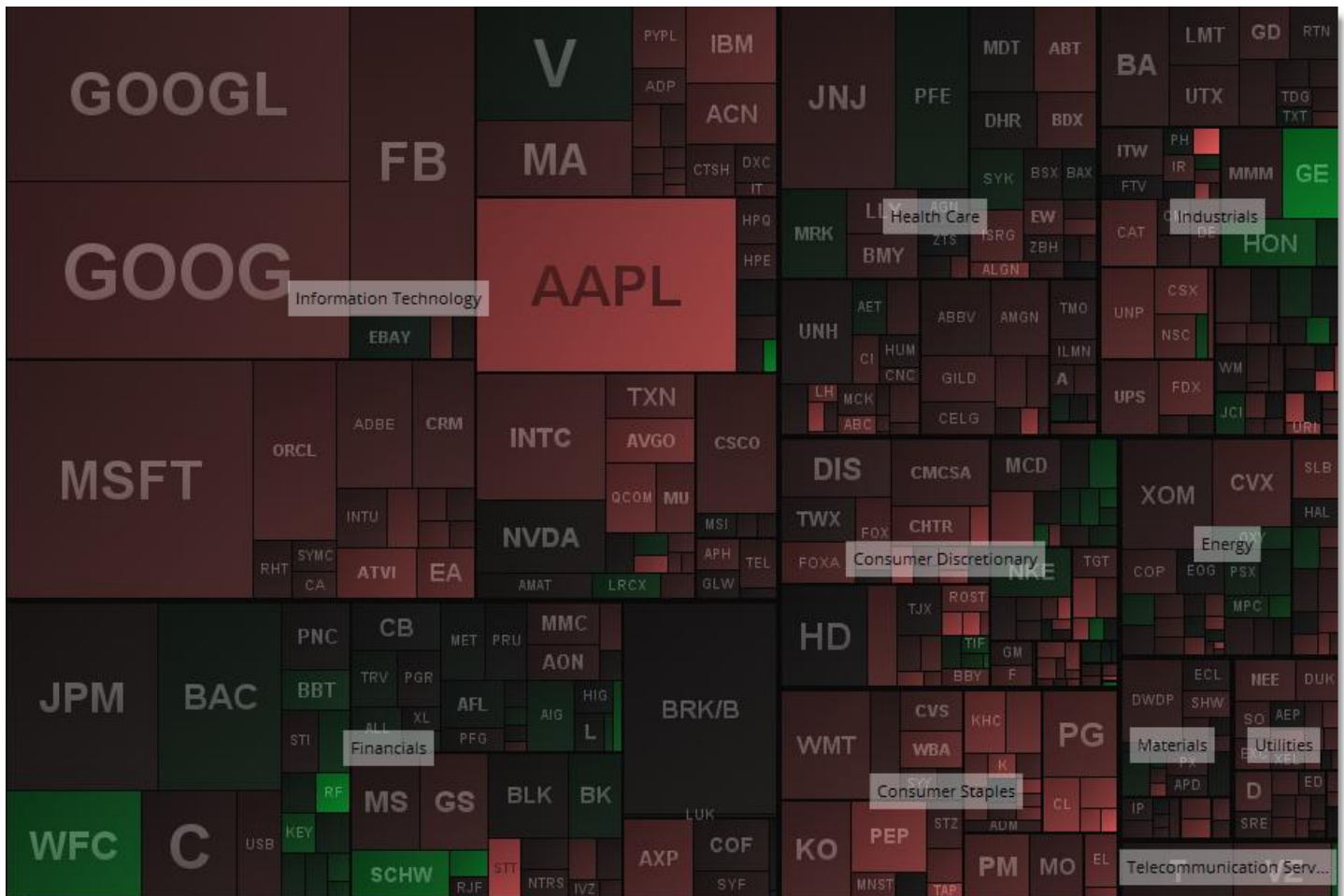


We're seeing the NEW top twelve relative strength leaders (via algorithm) in trending markets and the general expectation is to buy retracements or breakouts in these strongly trending names. The logic is that what is strong tends to get stronger (stocks attracting money flow tend to continue attracting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



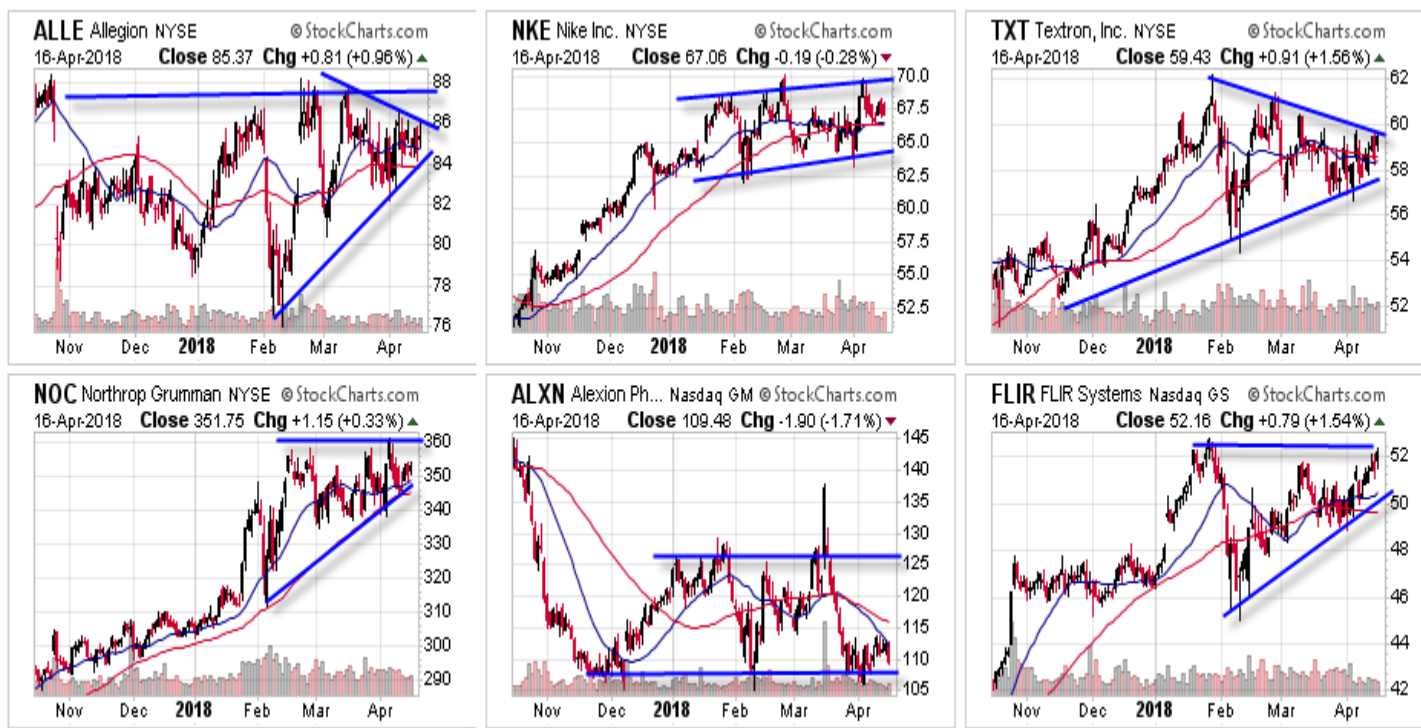
**This chart and sector comparisons are useful two ways:**

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:

- Play the fades (like a Range Day) into the trendlines by shorting the high and buying the low or
- Put these on a separate watch list 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.

## Planning the 60-min Intraday @ES Futures Chart



After forming a small trading range between 2,680 and 2,700 - shorter than expected - sellers cracked the market lower on a break beneath 2,680 for a rapid sell-swing toward 2,660. Ultimately, buyers ruled the close with a bounce back into our small NEUTRAL range at 2,670 where we'll be ready to trade the DEPARTURE from this level Monday.

Note your green bounce (back to 2,700 or higher) bullish pathway or the bearish breakdown pathway that triggers beneath 2,670 and 2,660 which opens an eventual pathway back toward 2,600 or the prior lows. Remain neutral and let one side win; don't predict the outcome here.

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



Keeping the "don't predict," logic, we have price back into a longer-term sideways pivot line near 2,670 overlapping the 20 day EMA also at 2,670. It's clear that 2,670 is our new short-term price pivot and will frame our trades on the departure from this level - see hourly chart.

It's logical to see a pullback after the stellar rally up away from 2,600 toward 2,700 with only a single pause day. Again, be cautious with price into a key support level - when price is balanced at a pivot, magnet, or gravity level, there's little edge in predicting the way price is going to go. Be cautious/patient and then join the winning side on the swing away from here.



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