



# Daily Commentary

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*The Trading Tutor™*

*17th year of Service to Day Traders*

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Futures Contract:

**@ES E-mini S&P 500**

**Wednesday, August 4, 2010 Volume XVII**

The intent of the **Daily Commentary** is to discuss the facts, technical analysis, and structure of the price action, configuration of indicators, entry signals, targets, low-risk stop placement, stop movements and exits. With repetitious exposure to a disciplined approach in this short term low-risk trading strategy, the reader should be able to understand the methodology and learn to apply it independently. The online **Lesson Series** contains much of the basis of the strategy, and the **Daily Commentary** presents a chronology of the implementation. Each day the **Commentary is explained on Video** with students present, The students ask questions and responses are recorded for all to review. The **Video Commentary** is maintained on the web site for all students. The **Pre-Market Report** is a separate report looking back on the prior trading session and applying technical analysis to establish expectations for the next session while including analysis results important for the next trading session and beyond. **All times shown are Eastern.**

*"If you always do what you always did  
you'll always get what you always got."*

## 5 Minute Chart

**@ES Continuous Contract S&P 500. Open 1120.25, up 2 1118.25 points from yesterday.**

<b>Globex Session high</b>	<b>1121.50</b>	<b>Globex Session low</b>	<b>1112.25</b>
<b>Today's Open</b>	<b>1120.25</b>	<b>DJIA close yesterday</b>	<b>10,636</b>

**935 Sell this bearish 4th Bar™ at the market. It has already come within 1 tick of yesterday's close. The trend was reversed to bearish but not confirmed by this bar. 7xma is above the 20xma enough to suggest more bullish nature of price action. The Stochastic is down strong so I'll go with the Stochastic .**

**Trend : Bearish, Trade with the trend.**

**Filled at: 1119.25**

**Stop loss point : 1121.75 above the 910 bar**

**Target:**

**On the reversal Trade #1 lost 3 ticks per**

**940 Trade #2 Buy-Long and reverse on this bullish Outside bar and 4th Bar SACK™ at the market . This bar confirmed my doubts about the 935 bar. Fast K is up strong but the Fast D has not turned. The trend is still bearish but can reverse in one bar. 7xma is still above the 20xma. The gap has been closed.**

**Trend : Bearish , but can reverse back to bullish in only ticks.**

**Filled at: 1120.00**

**Stop loss point : 1117.75 under this Outside bar 2.25 Point Risk.**

**Target: 1123.00 R1 , Trail a stop.**

945 This bar closed as a bullish 4th Bar™ confirming the bullish trend. Did you see how much this bar retraced the Outside bar ??? Move Stop-loss point under at 1118.25

950 Only ticks to target

1000 Turning back up. Don't move stop.

**1005 Target hit and filled. Made 3.0 points per, Don't move stop.**

This bar penetrated Q-Level Resistance™ at the high of Monday, but did not close higher.

The Q-Level Resistance™ has not failed. Don't move stop.

This is a possible Exhaustion bar .

**On the reversal Trade #2 made 2.25 points per, on the Trailing stop.**

**1010 Trade #3 Sell and reverse on this Exhaustion bar Reversal™ , Q-Level Resistance™ sell signal and possible Failed Penetration™ at the market . The 7xma is well above the 20xma but the Stochastic are clearly bearish divergent . Look for a trend reversal. The Report ISM Services could be responsible for this strong turn.**

**Trend : Bullish , counter trend trade**

**Filled at: 1122.25**

**Stop loss point : 1125.75 above the high bar . 3.5 Point Risk.**

**Target: 1118.00 Pivot and 1 tick below the 940 low bar . Point at which the trend will reverse.**

Target discussion: Price action formed a Q-Level Resistance™ sell signal and possible Failed Penetration™ both of which suggest a TREND REVERSAL . The target reverses the bull trend to bearish.

1015 Don't move stop.

**1020 Target hit and filled. Made 4.25 POINTS PER, Trailing stop 1122.25.**

**This is a huge 4th Bar™ and possible Exhaustion bar. Penetrated the Pivot.**

1025 . This bar is not strong enough for an Exhaustion bar Reversal™ Don't move stop.

1040 Lower, but it did not close lower. Don't move stop.

**On the reversal Trade #3 made 3.25 points per, on the Trailing stop.**

**1045 Trade #4 Buy-Long and Reverse on this Bullish Fast Reversal™ . The 7xma is well under the 20xma and the 20xma is too near for a possible target. This is the second time price has turned up and the RISK point is increasing. Price has yet to close high enough for an Exhaustion bar Reversal™ Trend is bearish , 7xma is below the 20xma . The Fast D has turned up and K is well over the D. .**

**Trend : Bearish on 5 min, Bullish on 15 min chart.**

**Filled at: 1119.00**

**Stop loss point : 1115.75 under the 1040 bar 3.25 Point Risk.**

**Target: See discussion. 1122.25, NO Trailing stop.**

Target discussion: This deep reversal makes the target complicated. The 20xma is too near. Either I don't Buy-Long or I have to take a target higher than the 20xma. There is a reasonable probability that price will retrace at least 50% of the strong down move. That is less than 2 points from entry. I will take a 3.25 point target at 1122.25. If the target can not be achieved then I'll have to reverse. This target is above the Globex Session high.

1100 Runt Don't move stop.

1110 Price penetrated Today's open, the Day's mid-range line , Don't move stop.

1120 Strong Bearish bar but the Stochastic is still up strong. Don't move stop.

1125 Move Stop-loss point under at 1118.75

1130 Globex Session high is touched. 7xma is now above the 20xma. Don't move stop.

1145 Move Stop-loss point under at 1119.75

**1155 Target hit and filled. Made 3.25 points per, Flat.**

**I will take a Lunch break here and be back by 1300.**

1310 Strong 4th Bar™ bar but the price has moved too far to enter here.

Notice that at the 1225 high price had retraced the 1005 down move by 86%. This suggest a strong probability that price will go higher that the high at 1005. This is a probability not a guarantee. However, the LOWER HIGH at 1225 also reversed the trend back to bearish .

1330 Price reversed on this Outside bar.

**1335 Trade #4 Buy-Long this reversal and Break-Out Bar at the market. Stochastic turned up and K is well over the D. The 7xma is again below the 20xma price is making a HIGHER LOW here with the potential of reversing the trend back to bullish .**

**Trend : Bearish , Counter trend trade**

**Filled at: 1120.75**

**Stop loss point : 1118.75 Under the 1335 bar. 2 Point Risk.**

**Target: 1124.00 Previous high. Trail a stop.**

**Target discussion: I am still looking for price to go higher than the 1005 high ( 1125.25), but price will have to clear 1124.00 first. This is a reasonable Risk / Reward Ratio .**

**1350 This 4th Bar™ confirms the HIGHER LOW is in place at 1335. Trend is Bullish .**

1400 Move Stop-loss point under at 1119.25. Touching R1

1405 There it goes. Move Stop-loss point under at 1119.75  
The 7xma crossed up above the 20xma.

1430 Move Stop-loss point under at 1120.75

1445 Only ticks to target . Move Stop-loss point under at 1120.75

1450 One tick to target. Move Stop-loss point under at 1122.25.

**1455 Target hit and filled. Made 3.25 POINTS PER, Don't move stop.**

**1505 Stopped out made 1.5 POINTS PER, ON THE TRAILING STOP.**

**1515 Trade #5 Buy-Long this Bullish Outside bar at the market . It just barely closed high enough for a Buy-Long. The 86% retracement of the morning down move suggested that price would go higher than the 1005 bar. This bar turned up that direction. 7xma is above the 20xma but the Stochastic has not turned up here.**

**Trend : Bullish, Trade with the trend.**

**Filled at: 1123.00.**

**Stop loss point : 1121.75 under the Outside bar. 1.25 Point Risk.**

**Target: 1125.25 Morning high and Q-Level Resistance™ . Trail a stop.**

**1520 Don't move stop.**

**1525 Target hit and filled. Made 2.25 POINTS PER, Don't move stop.**

Note the High of June 21 is 1127.50. There is strong resistance there.

!335 Bearish Dragonfly . Place a sell stop under this bar at

1535 Bearish Dragonfly Place a Sell stop and Reverse under the bar at 1124.75.

If filled the Stop loss point will go over the bar.

**1540 Trade #6 Sell and Reverse on a Stop at at 1124.75. This is a Q-Level Resistance™ sell signal and possible Failed Penetration™ . Failed Penetration™ Stochastic is about the same high as it was at 1425. Possible bearish divergent . Trend : Bullish Counter trend trade .**

**Filled at: 1124.75**

**Stop loss point : 1126.75**

**Target: 1122.75 Arbitrary 2 points. Trail a stop.**

Target discussion: Looking for a sell off late in the day.

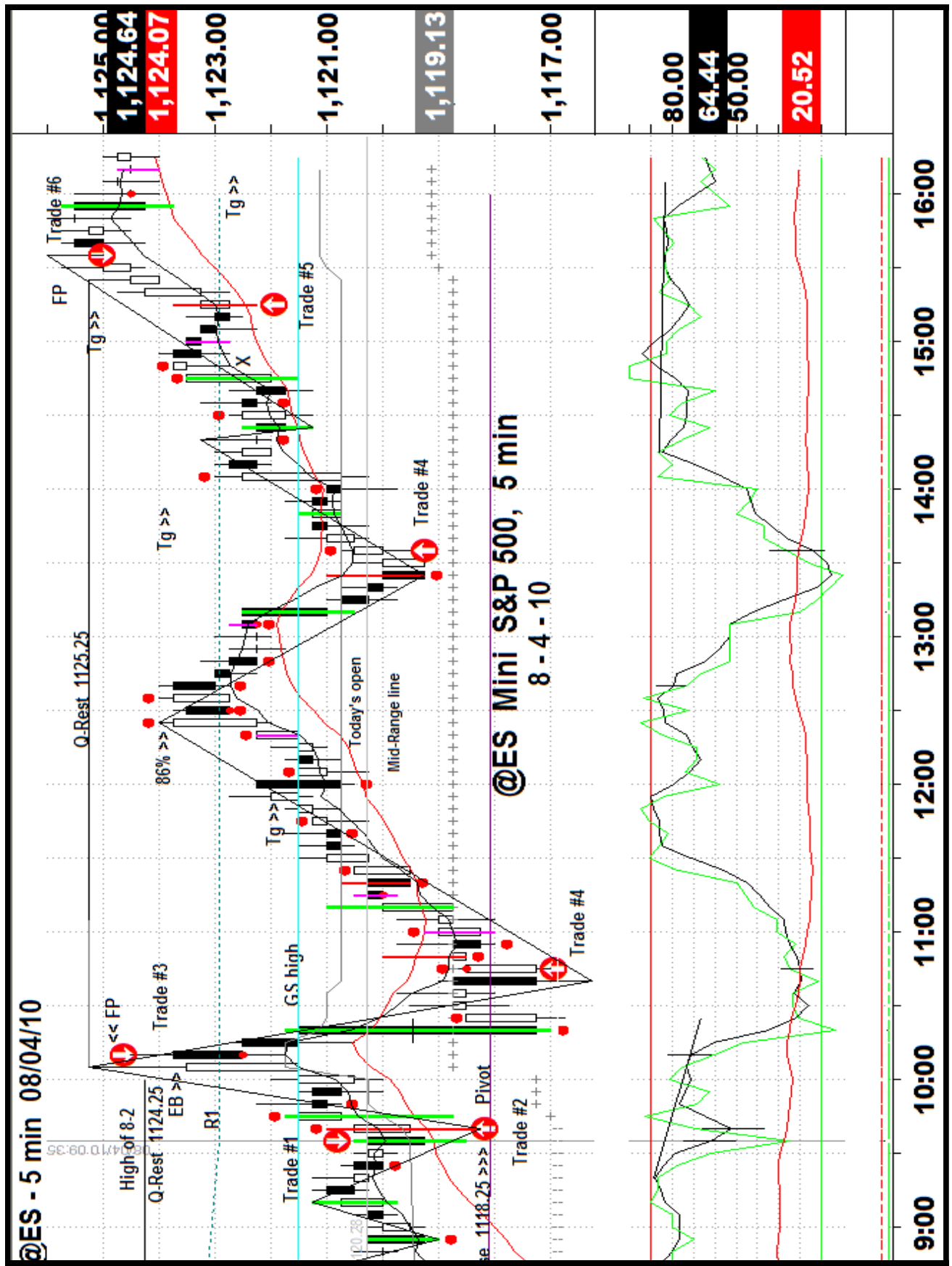
1555 Strong Bearish 4th Bar™ . Don't move stop.

1614 Bail out at the market Out at 1224.50 Made only 1 tick to cover cost.

That is it for me this day. Arthur

**Please find a Video Commentary posted on the Web site about 2 hours after close.**





**Questions about this Commentary or about the Trading Tutor Services**

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