

CL04-11 Trading Journal (03/17/2011) – Weekly Support Declares Bottom.

*Go with the setups you know....
Wait for price to stray far from the rest of the pack for opportunity....*

Announcements.

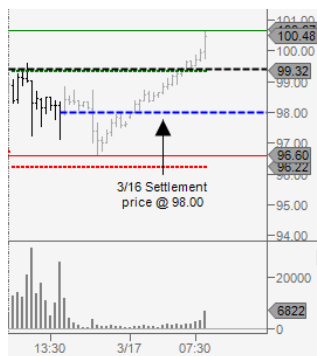
No announcements today.

03/17/2011 Pre-Mkt analysis.

Reports due out:

- @ 8:30 is Jobless Claims.
- @ 8:30 is Consumer Producer Price Idx.
- @ 10:00 is Leading Indicators.
- @ 10:00 is Philly Fed Survey.
- @ 10:30 is Natural gas Report.

It's around 8:15AM on March 17, 2011. The March 16th settlement price is at 98.00. The overnight crude market is long. Yesterday's high is at 99.60. Current Crude futures price is about 100.45. Chances are good that there will be a gap up in the Crude futures today. The premarket price of Crude looks to have been on the incline since the close of the 3/16th pit session.



The question is if there is finally a bottom to this market and price is now about to explore the upper bounds of its new intermediate term balance, or will price be pulled back to its 2 day old balance area and either continue to balance there or decline further to the next support level of 93? The market's been jumpy and uncertain about all the events taking place nationally and in the world, making the market hard to read and prepare for. I will let the market just open at the gate and allow it to tell me what it plans to do.

I'm looking for the market to gap up. If there is a gap up, I will follow the usual gap rules. I will wait to see where the market opens, then I will see if prices are eventually accepted by measuring time spent there as well as measuring the speed and committed volume supporting price at those levels.

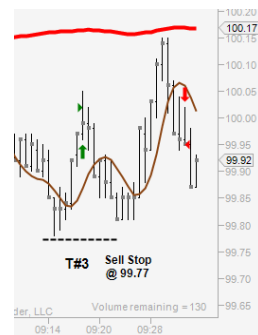
If premarket prices open within yesterday's range but above value the thought is to fade the open back to yesterday's POC. If the market opens within value I'll wait to see if price approaches any of the established levels at the outer fringes or the extremes of the previously established structure and see how price reacts and trade accordingly.

During the course of the day, if the market breaks out of balance, I will wait for price to be accepted and go with the trade in that direction, if price attempts to break out of the existing balance and fails back into balance, I will go with the trade in the direction opposite of the attempted break towards the other side of today's range or balance or towards the POC. The difference between a break out that is accepted and one that fails can be sought by clues given by the speed or exuberance of the market at the time, and the amount of volume accumulating along with price action.

Trade Entry Commentary for 03/17/2011 CL 4-11

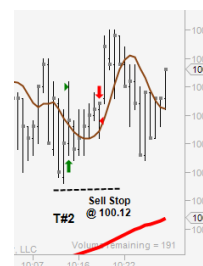
T#1 – Long // “A” period // RV // Entry @ 100.01 // Initial Stop: 99.77 // Target: Daily Resistance @101.47 // P&L: **-7 Ticks.**

Being excited about the gap up today, I entered this trade out of impulse; I saw price make its way down and thought that I needed to get in because thinking that price came down far enough and thought it was time to get long. This was the kind of trade that is not in my inventory, thankfully. I did not wait for my initial stop to be hit and exited to cut losses short.



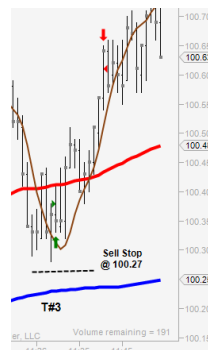
T#2 – Long // “C” period // RV // Entry @ 100.30 // Initial Stop: 100.12 // Target: Daily Resistance @101.47 // P&L: **-6 Ticks.**

After missing the trade of the day in “B” period, I was frustrated and wanted to rectify past history so I jumped into the market out of emotional excitement. Again, here I knew I did the wrong thing as soon as I went in; I did not wait for my initial stop to be hit and exited the trade.



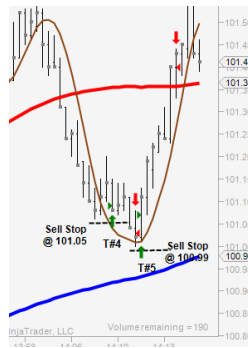
T#3 – Long // “F” period // 1250 PB // Entry @ 100.38 // Initial Stop: 100.27 // Target: 10+ Ticks // P&L: **+23 Ticks.**

After having calmed down by listening to some music, I had a more level headed approach and entered on a simple pullback for a scalp to go long.



T#4 – Long // “F” period // 1250 PB // Entry @ 101.09 // Initial Stop: 101.05 // Target: 10+ Ticks // P&L: **-6 Ticks**.

It is these plays that make up for much of the frustration I feel when I’m impatient. This was a simple pullback to the 50sma. At this point I know that the longer term timeframe is in the market. This was proven in “I” period as mentioned in the general commentary, so going long for me was based upon the thought that I’m trading with strength in the market. A pullback such as this seen on the 1250 is such a gift. This first trade failed, however, the follow up trade T#5 caught it with good r/r.



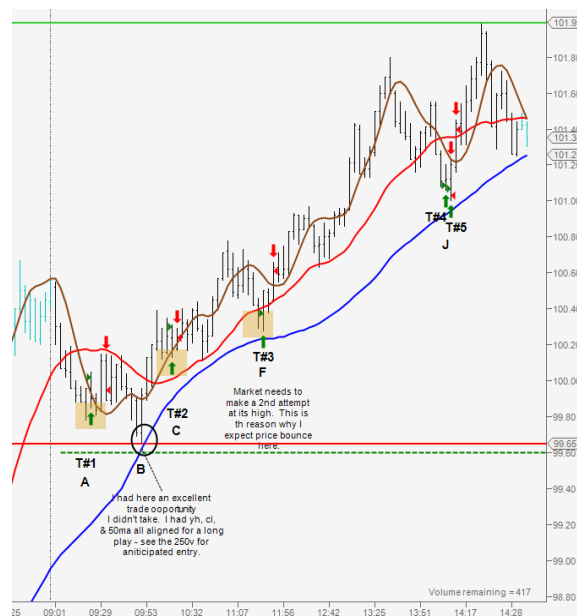
T#5 – Long // “J” period // 1250 PB // Entry @ 101.07 // Initial Stop: 100.99 // Target: Current High (101.80) // P&L: +33 Ticks.

A reattempt of **T#4**, see image above in **T#4**.

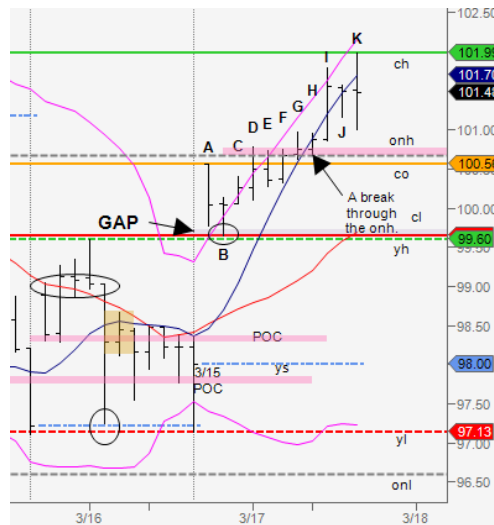
No more trades for today. Net Today: +37 Ticks.

Trade-#	Market pos.	Quantity	Entry price	Exit price	Profit	Cum. profit	Entry time
1	Long	1	100.02	99.95	-0.07	-0.07	3/17/2011 9:17:48 AM
2	Long	1	100.3	100.24	-0.06	-0.13	3/17/2011 10:13:41 AM
3	Long	1	100.38	100.61	0.23	0.10	3/17/2011 11:30:12 AM
4	Long	1	101.09	101.03	-0.06	0.04	3/17/2011 2:09:59 PM
5	Long	1	101.07	101.4	0.33	0.37	3/17/2011 2:10:55 PM

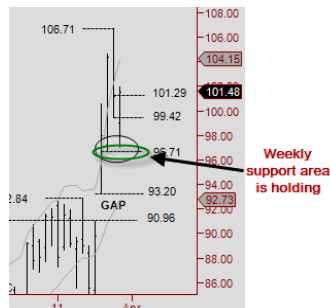
1250V Chart



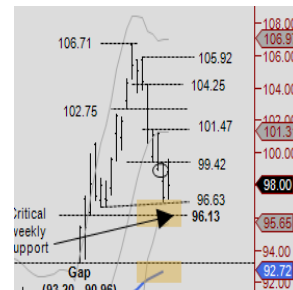
30Min



Weekly



Daily



General Commentary

CL Market Summary

Open: Gap Up – Out Of Balance @ 100.56

Close: 101.48

Day Type: Trend

Direction: Up

Balance Area: Higher

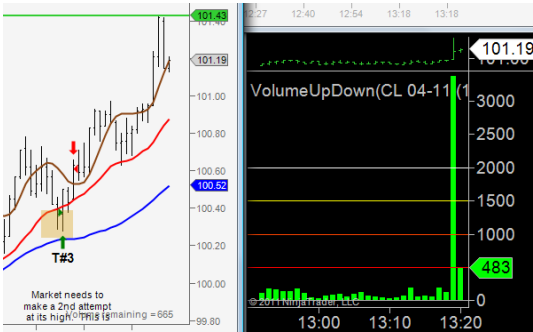
Profile Shape: Elongated

Daily Volume: 170k

The market needed to go through a couple of longer term liquidation bouts in order to move to at least the upper part of the trading range. This officially establishes a bottom to this trading range, something that I've been waiting because it now reduces the chances of the market falling below its weekly 96 support area.

The market gapped higher this morning @ 100.56; 96 ticks above yesterday's high and proceeded to drop to yesterday's high of 99.60 in a somewhat of a normal manner during "A" period. Having bounced off of support (Yesterday's high and the 50ma), which was the trade of the day, the market then proceeded to slowly creep slowly upwards during "B", "C" & "D" with very little volume (averaging out no more than 500 contracts per minute). For me, this is the worst kind of market to trade for because of my inability to detect if the market has any steam left in it to go higher; how much longer is it going to continue to climb like this, and, as the market moves in this fashion, it presents no really solid point of entry.

The market finally validated its acceptance into higher ground in “I” period with a burst of volume from the longer term timeframe resulting in the market reaching a level of daily resistance of 101.47 (see daily chart). Below is a snap shot of the intensity of the validation.



After the market gapped higher this morning and by the end of period “B” I was convinced that price was accepted and would now start building value if not trending higher. What made today’s trading difficult was that as price was trending up, the pace and volume in the market was untypically low. When price breaks balance to either mover higher or lower and little volume and low market speed is to show for it, I won’t take the move to seriously until large amounts of volume validate it. This would show me that the longer timeframe traders want price to move higher as well; I always want to trade with market strength, not against it; and when price strays in a direction opposite from the direction that market strength is determined to push price, those are the best trades to take. This is simply evidenced every time when a strong market yields a pullback; this is an opportunity where price strays from the rest of the pack but it’s in territory where it does not belong because the pack want to move further in its original direction.

As a trader, if I keep this in mind, this will allow me to effectively trade value and not price action; price action is simply a tool to use to determine when to enter a trade so that I can take advantage of the disparity between where price is being advertised and where value is.

The trade of the day, which I missed, occurred in “B” period. I must keep in mind that as a trader I need to always be aware of which areas price is trekking to and from. Not doing this is a real detriment to my success as a trader and will only make my trading career much more difficult and frustrating. The snapshot below is what I missed this morning during “B” period, an obvious trade to go long with a perfect place for price to bounce and a perfect signal from the 250 in anticipation of the higher 1250 for earlier entry and better r/r:

