10/19/22 (+$10)

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TL;DR

This blog post analyzes market trends and trading strategies following a sell-off and subsequent bounce after NFLX's earnings report. It discusses key resistance levels, potential market scenarios, and personal trade experiences, emphasizing the importance of confidence in analysis and proper trade execution.

Grade: B-

Goals: Be more selective and raise winning %

Reminders/Aphorisms:

- Don't fight the trend;
- Be patient, take good set-ups
- Respect at least 2:1 R/R

Overview: Yesterday we had a sell off at open down to around the previous day close then bounced around a while. Afterhours we had NFLX report great earnings and pop. The SPY/QQQ also followed as a result after hours. However in the premarket hours the SPY has been moving down significantly. We are opening right below the 371-372 level which was previously the top of that week of consolidation, and almost within the 367-368 zone we formed a bottom at yesterday. Yesterday we topped out around 375. I also note that we are back above the 200 EMA on the weekly, but unless we break 380, this is technically a lower high on both the weekly and daily charts. If we are to break this 371-372 zone the next target is the previous day high at 375, and from there the 380 level which will be a huge level of resistance. Potential scenarios:

1) We get some buying at open, retest 371-372 and then sell off the rest of the day. We would then continue down to the 367-368 zone we formed yesterday, with the next big level being at 355-356.

2) We bounce off this 367-368 level and get buying up to 371-372, where we could potentially see a move to the prior day high of 375. If the market is still showing strength

it could make a stronger move to 380 where it will be met with strong resistance. We will require a lot of volume to break through that level.

Trade Analysis:

- Trade 1 was a continuation downtrend trade. I had missed the first 2 legs or entries on this and was presented with another chance and took it for a 50c move. I took my runner on the first green candle that showed up. Still need to develop a better strategy for my runners.
- Trade 2 was trend reversal short trade - this was somewhat of a boredom trade - my thought process was we had big resistance at 371.5 as well as previous day close, we had been stalling in the area. I took this with smaller size but it didn't work out for me.

- NOTES: Gray Arrow 1 - based on my premarket analysis I was looking at the 371 level as a potential area of resistance as the prior day close and with a zone there. I did not hold to my plan and did not get in - it didn't really offer another chance to get in either other than the 1 minute pullup at 9:39 which would have been a little riskier but would have worked also for $1+. This would have been a day making trade.

Lesson moving forward: Have confidence in my analysis and take the proper trade. You can always cut at risk.

FAQ

What was the market's behavior after NFLX's earnings report?

After NFLX reported great earnings, the market experienced a bounce, with SPY and QQQ following suit in after-hours trading.

What are the key resistance levels mentioned?

The key resistance levels mentioned are 371-372, 375, and 380, with 380 being identified as a significant level of resistance.

What were the potential scenarios for the market's movement?

The potential scenarios include a sell-off after retesting the 371-372 level or a bounce off the 367-368 level leading to a move towards 375 and possibly 380.

What lessons were learned from the trades?

The key lesson is to have confidence in one's analysis and to execute trades according to the plan, with the option to cut losses at risk.

What grade was given to the overall analysis?

The overall analysis received a grade of B-.