DRC June 30th, End of Q2

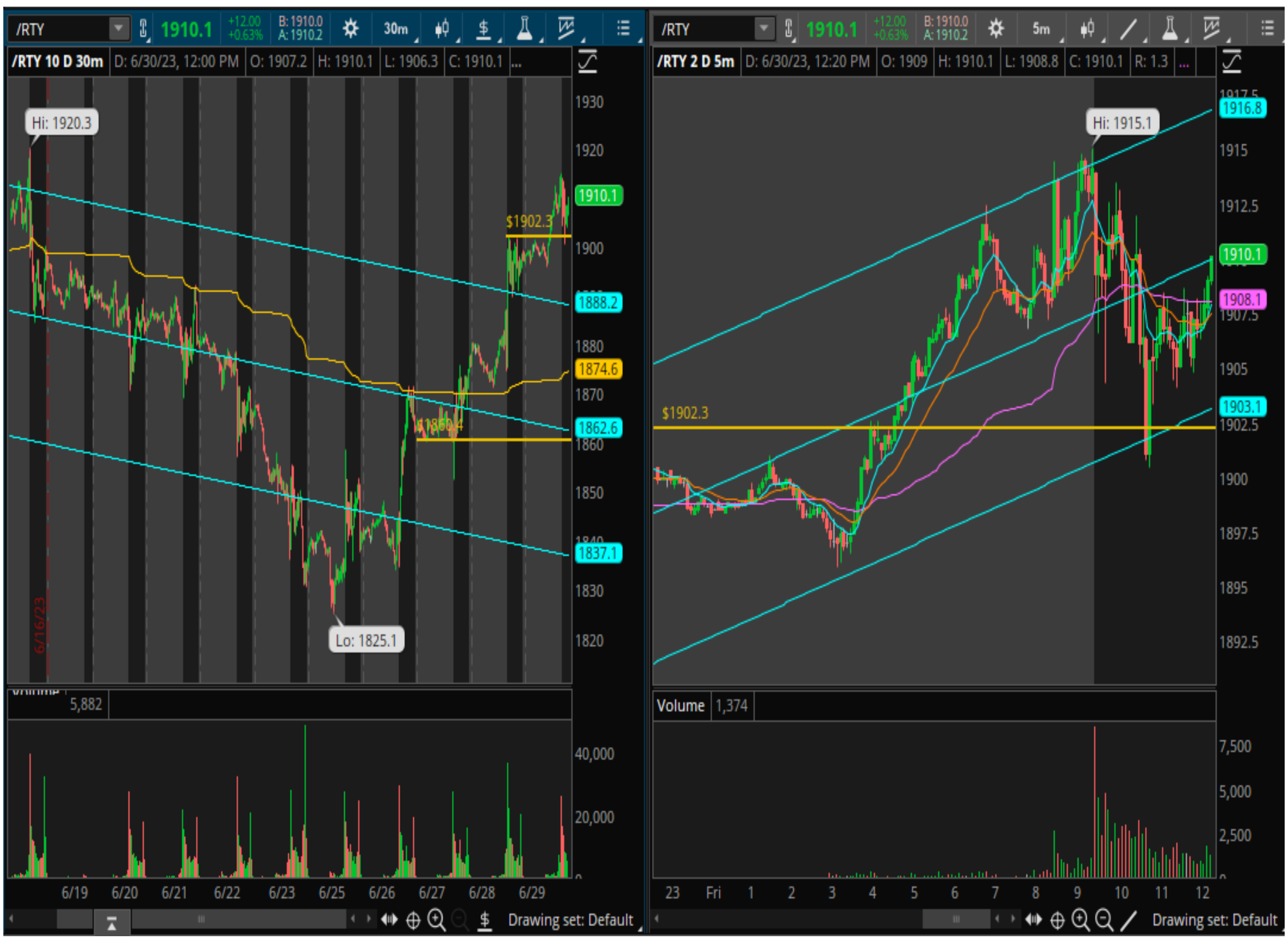
By disciplined_daytrader · June 30, 2023

Today was actually "decent" price action amongst the futures tickers. The only thing that was somewhat disappointing was the fact that the combo ticker of /YM+/ES+/NQ+/RTY was already at 70% of its ATR at the open. That means we have limited movement in terms of upside continuation. Lets go over the trades

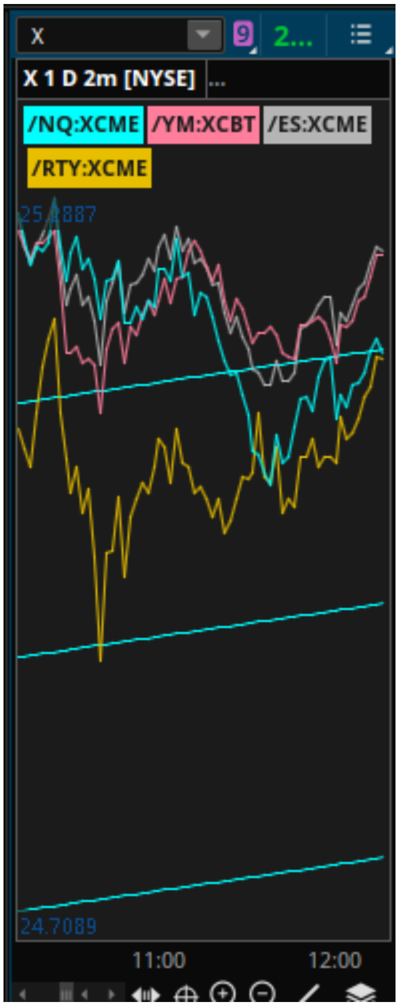
Futures Imbalance M2K

1. TA

Structure



- 30m uptrending channel, 2m uptrending channel. Why was I confident going short in this multi timeframe uptrend? because RTY was the laggard amongst all of the futures symbols. See below

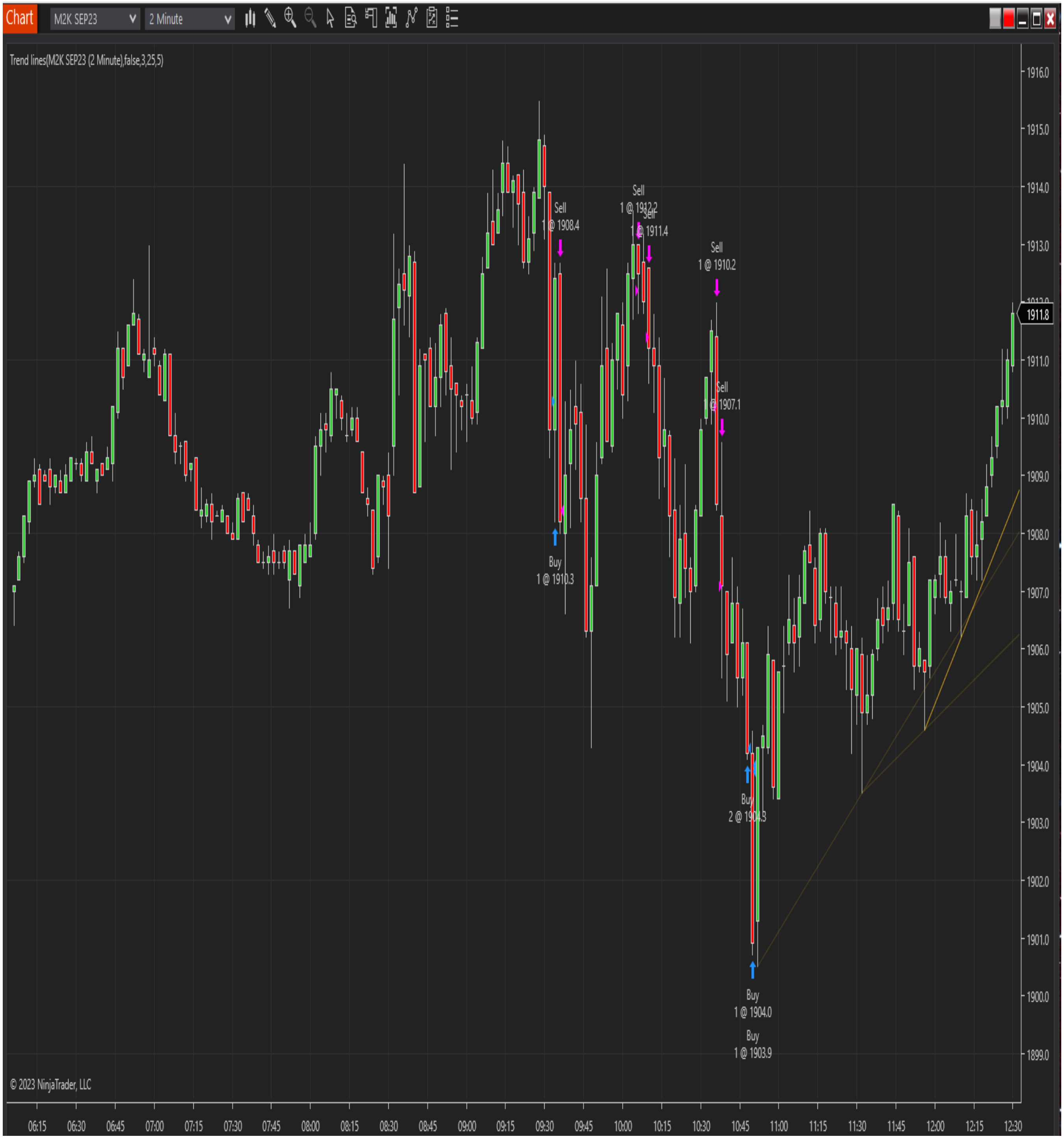


- Right here we have a chart of the main futures symbols and you can see that the russel is at the bottom of these charts. Thus it is the weakest out of the 4 tickers. Moreover, if the ES is the strongest followed closely by NQ and YM then that means money should flow into those tickers. If money is flowing into the ES and NQ then perhaps it will flow OUT of the russel since it is composed ot 2000 small cap companies.

- Weight was breaking out of its 30m desecending channel and doing it very strongly. Again furthering the thesis that perhaps money will flow out of small companies and into large ones

- Finally you can see the ES VOLD was very strong and then faded pretty strongly after making its new HOD around 10. ADD was moving lower pretty aggressively which added to the "rotation" thesis even more. the VOLD on the combo tickers (middle chart) was also not very strong to the upside yet again signalling that we are doing more of a rotation rather than a full trend.

2. Review



Idea: Pretty spot on on the idea here. We have a Trend Reversal on this futures imbalance trade. When we broke the small uptrend we started to get some sellers. We were also on the top of the ascending 2m channel which is the first chart posted in this DRC. I was watching the combo futures ticker which was moving higher but not very strongly.

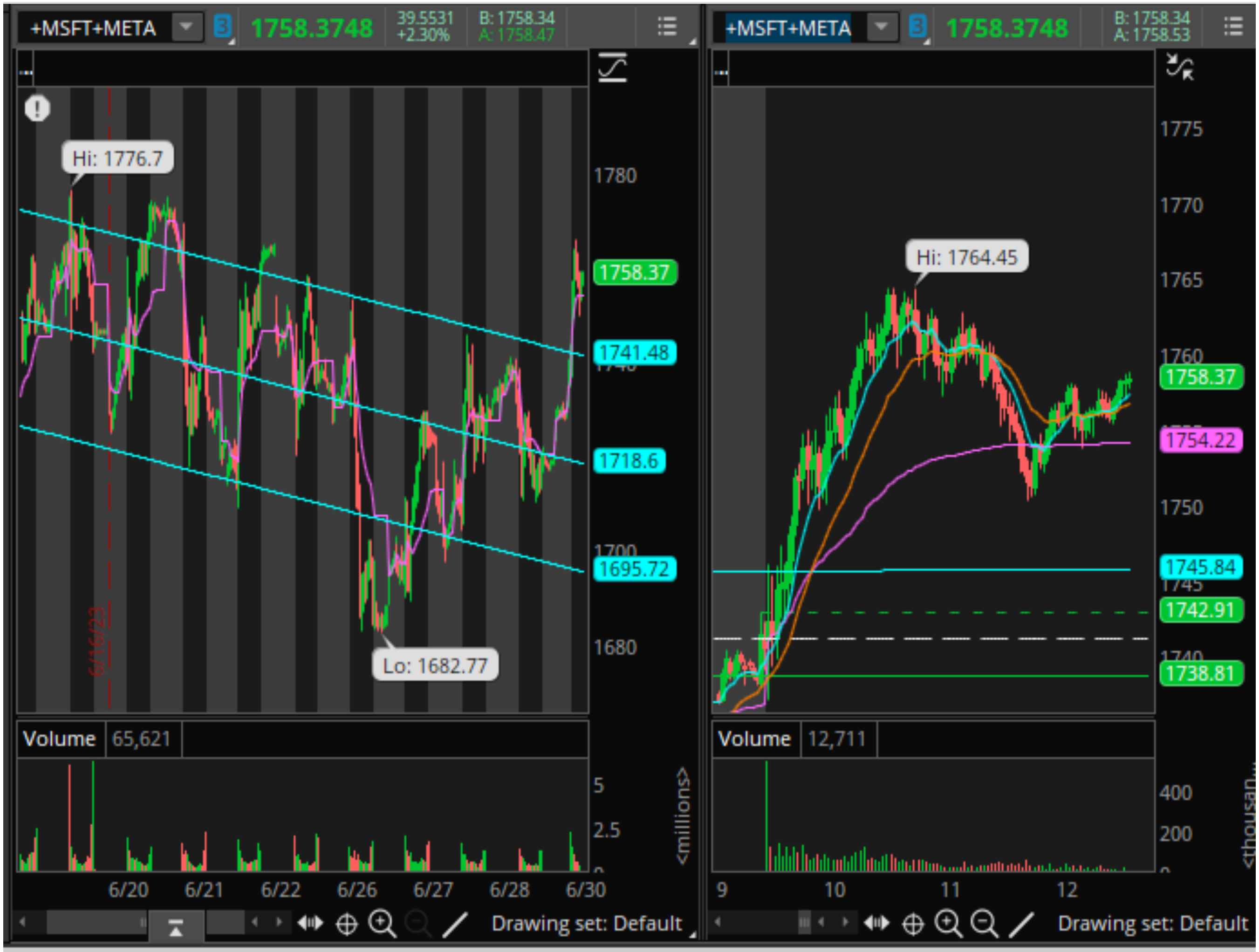
Execution: I had bad execution on the first trade but on the 2nd one I honestly dont think I could do much better than I did other than my sell spot. I stopped out of the first long trade then flipped short once we came back and made a lower high on the intraday. I added once we broke down and then waited for a clean pullup to add 2 more times and then I sold at the attempted break to new LOD. That is very clean execution in my opinion. Especially given that I am pretty much still fighting the overall futures trend while taking this trade.

Channel Reversal MES

1. TA

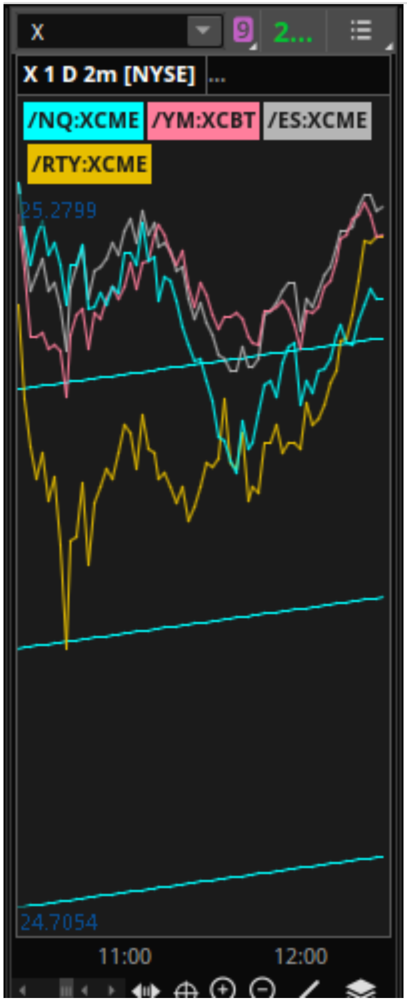
- We have a huge breakout on the 30m downtrending channel. We were already above the +2 pivot at the open and were nearly 2x that level which signalled that upside is limited. Moreover, we were on the topend of the ascending 4h channel signalling that upside is limited. We were also nearly 1ATR up at the open which again means limited upside momentum. Its still somewhat stupid to always think "this is limited" because reversal trading is just soooo damn difficult to do correctly. The idea is hard the execution is even wayyy harder and you are fighting trillions of dollars of money so you have to be quick and calculated with the trade. In continuation you in esssence get in on new higher lows and aim for higher highs. on reversal you need to get in as close to HOD or LOD as possible because that is going to be your stop price and if you dont do that then you have the risk of covering at the top or bottom of the move.

- Combo futures ticker was breaking out on every timeframe, again reiterating that I must be very careful going short and really only look for a scalp and not a big continuation. We were also pretty close to the 1ATR though which meant that upside is perhaps limited.



- Weight was also in a big breakout but when it started to roll over this is what I used as my proxy to see if the ES was going to have a decent little backside move.

- the VOLD was very strong today on ES but not super strong on the combo ticker of the futures. ADD was down pretty strong but that didnt matter given the fact that the Weight was not going down to confirm the non rotation. Since ADD is down and Weight was up its much more likely to chop around instead of continuation.



-the ES was leading the move higher but NQ was below it which gave me even more confidence for a breakdown because if we are really risk on then NQ should not be below the ES. the NQ should lead in a risk on environment

Watchlist Risk on

Symbol	Pe...	RVOL	ATR	Mar...
ARKK	-0.52%	0.51	1.24	+.5176
XLC	0.37%	0.32	0.91	+.73
SPY	0.37%	0.49	4.2	+4.94
SMH	0.48%	0.29	3.27	+2.56
XLY	0.5%	0.47	2.66	+2.26
XLK	0.54%	0.34	2.66	+2.64
QQQ	0.55%	0.59	5.38	+5.77
/ES[U23]	1.12%	0.5	46.64	+49.25
MSOS	1.36%	0.85	0.21	+.055
AI	1.92%	0.39	3.86	+1.41

Watchlist Risk off

Symbol	...	Pe...	RVOL	ATR	Mar...
UVXY		-1.29%	0.66	1.43	-.65
XLU		0.25%	0.33	0.98	+.25
XLP		0.44%	0.46	0.7	+.495
XLV		0.52%	0.45	1.44	+1.21

Watchlist Weight

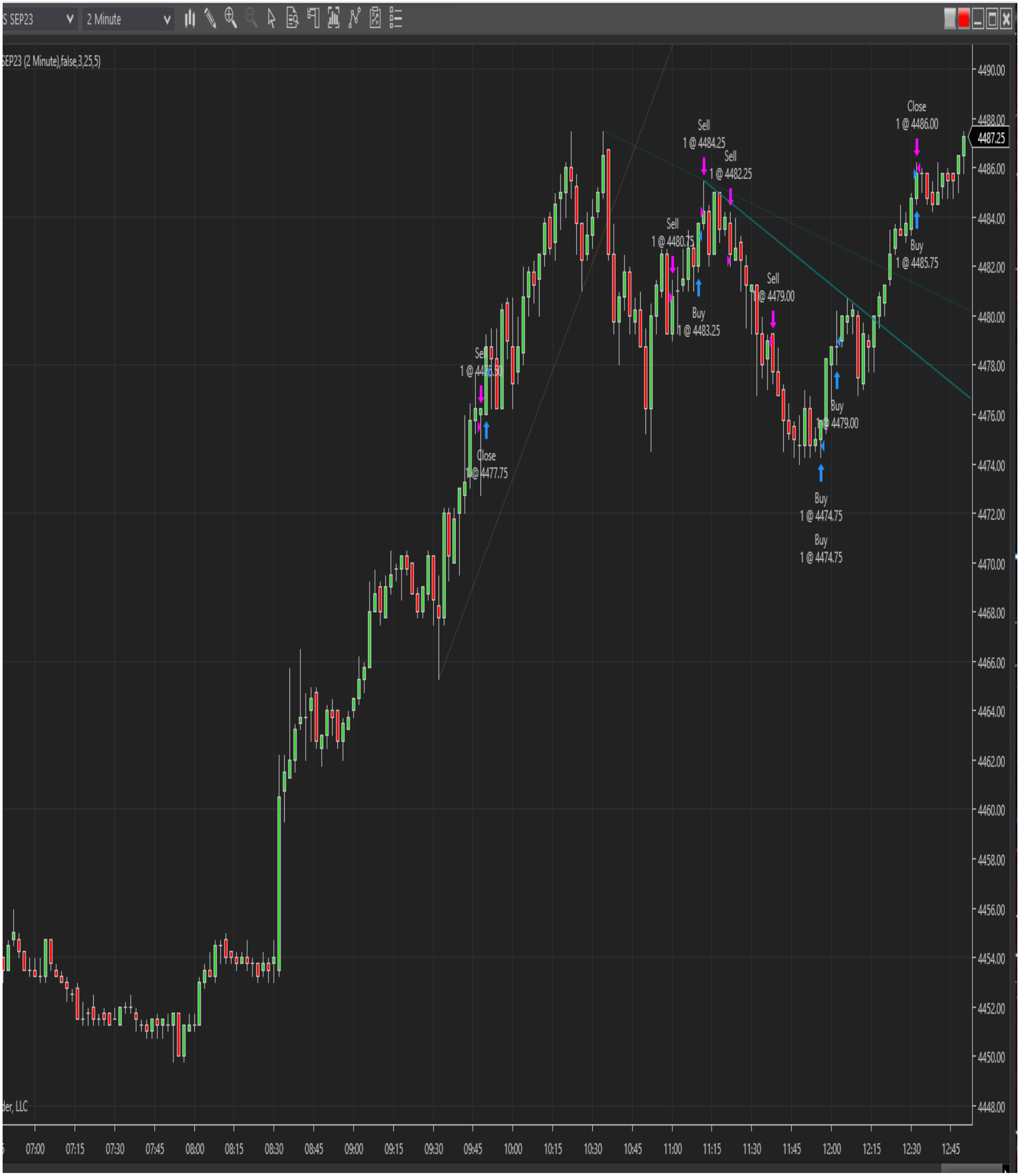
Symbol	Percent	R...	ATR	Mark ...
NFLX	2.2%	0.58	12.75	+12.23
AAPL	0.51%	0.56	2.7	+3.0101
NVDA	1.51%	0.47	15.11	+14.89
AMZN	0.56%	0.43	3.25	+2.30
TSLA	1.15%	0.43	10.63	+6.0701
AMD	1.08%	0.4	4.92	+3.005
MSFT	0.85%	0.37	6.54	+5.56
GOOG	0.28%	0.37	2.88	+1.42

Watchlist Futures

Symbol	Perce...	RVOL	ATR	Mar...
/YM[U23]	0.81%	0.51	343.0	+249....
/ES[U23]	1.12%	0.5	46.64	+49.25
/NQ[U23]	1.53%	0.53	245.55	+237....
/RTY[U23]	0.86%	0.49	33.2	+15.80
/NKD[U23]	0.98%	0.6	636.0	+290....
/MME[U23]	0.91%	0.38	14.1	N/A
/BTC[N23]	-1.15%	1.65	1283.0	-520.00
/RB[Q23]	0.88%	0.56	0.0835	+.0138
/CL[Q23]	1%	0.65	2.44	+.66
/NG[Q23]	3.77%	0.65	0.147	+.077
/GC[Q23]	0.5%	0.78	23.8	+8.00
/SI[U23]	0.72%	0.57	0.571	+.137
/HG[U23]	1.62%	0.64	0.0784	+.0605
/ZT[U23]	-0.03%	0.62	0.2603...	0
/ZF[U23]	-0.04%	0.77	0.5621...	+0'010
/ZN[U23]	0.04%	0.74	0.7769...	+0'050
/ZB[U23]	0.35%	0.79	1.46706	+0'20
/TN[U23]	0.13%	0.77	0.9879...	+0'090
/ES+/NQ+/...	1.03%	0.51	668.0	551.05

- We are clearly massively being bought up at the open which again led me to want to scalp this move rather than hold for a big backside.

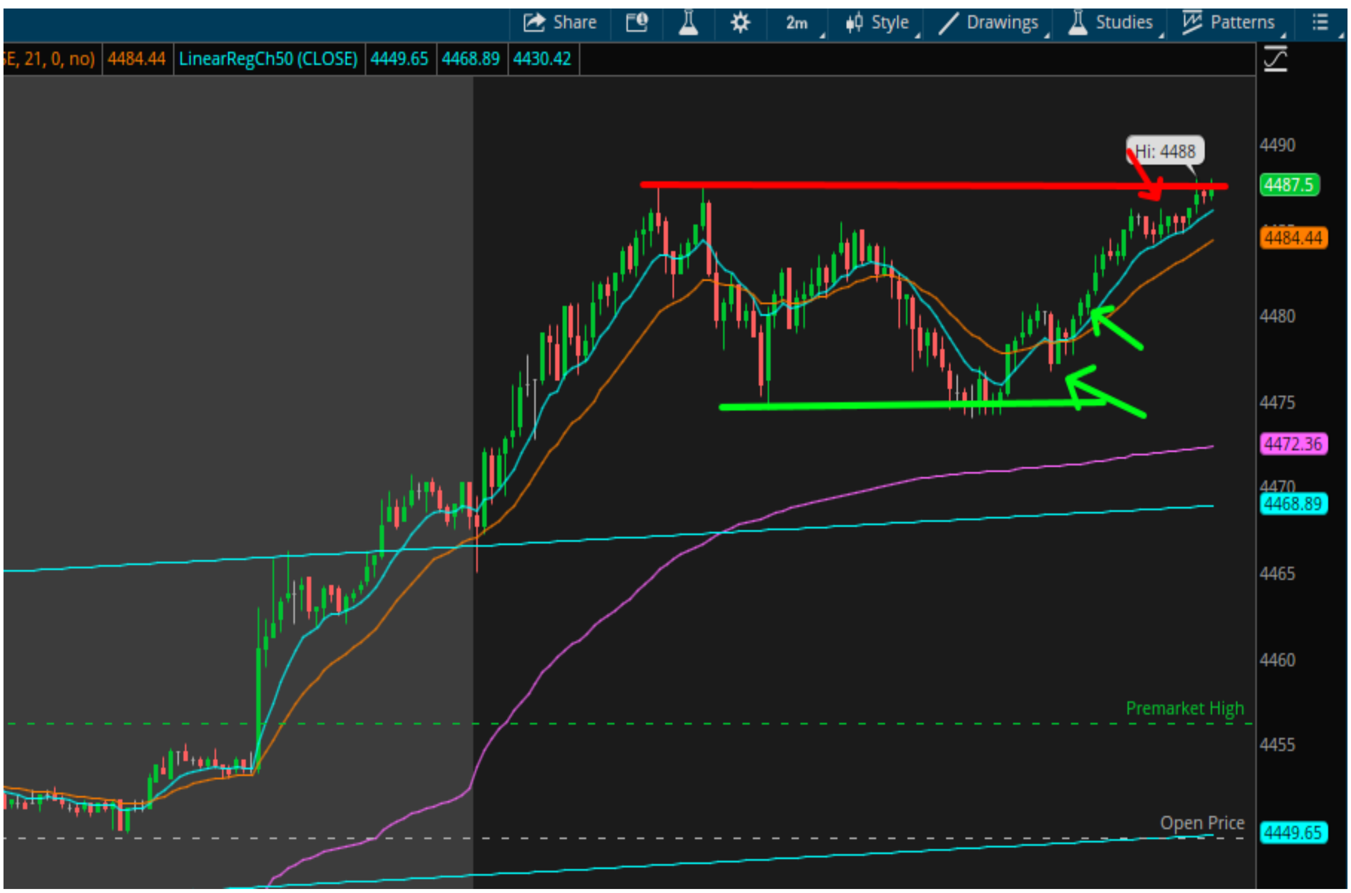
2. Review



Idea: I was right to think we "pullback" but at the same time its soooo much easier to just get long in this market. I shorted basically a small pullback and yeah it wasnt bad cuz I was able to add into it slightly but at the same time I am STILL fighting the trend. Yes, had we really went backside I probably wouldve made like $250 on this trade but I am still happy that I was able to add and hold for a clean move lower and then took my profits when we failed to break the previous higher low and that ended up being a great decision because I wouldve taken a loss had I not done that.

Execution: Honestly, very good execution. I stopped ou t of the first trade for very small loss, stopped out of second one for another small loss, got back in and knew I was risking HOD, added on the small breakdown, added on a pullup to lower high, then sold at the attempted break of previous higher low. I stopped out on the break of the 21ema because no move that has continuation should ever be breaking back above the 21ema so I am very happy about the execution there.

What was the easier trade?



- Im not sure this was "easy" by any means but I think once we failed to breakdown then recovered the 9 and 21 ema, maybe the pullback back into the support that was just acting as resistance, wouldve been a good plce to get in and then I couldve added on the continuation breakout and then sold at the attempted break of HOD. This wouldve only been 6 points though and I dont think thats the proper way to trade a continuation. This little screenshot I took is almost more of a reversal execution style when It really should be a continuation style trade where I get in with 2 contracts and then just look for move to move with bigger size. Adding is very difficult so I think it wouldve been better to probably just get in at the first entry point with 2 contracts then just sell on that mini breakout for like 5ish points. Its hard to know what to do but I think given that the NQ is breaking out, the YM is breaking out, the RTY is breaking out, the ES is breaking out, the Weight is breaking out, the VOLD was very strongly green, the TICK is neutral, Risk on sectors all green, risk off sectors all green, nearly all futures symbols across the entire market are green.................................This mean that people are buying brother lmao. Stop shorting and being an idiot. IF you go long you get in and you hold and you add every step of the way when the market looks like this. I couldve gotten in, added, added, added, added, added, added, added, sold at HOD at the EOD and made lik $2k but that is unrealistic. I should rather use previous resistance as new support and then take small continuation trades with size looking for just move to move style. This is what that would look like.

- This is much more of a continuation style trading. Every entry is 2 contracts, no adding, one sell, not holding for further moves. This is all move to move scalps. I get in once previous resistance turns into support and then I sell at the attempted new break to HOD. The exeuction on these are very difficult and tricky but if you can really time them well these little trades would add up so fast and you could make many hundreds of dollars just scalping the momentum on the 9ema moves. Its hard to make an estimate but I think had I done this style instead I coudlve walked away with at least $200 from the MES alone. I traded well today but I think I definitely missed some opportunities and I also scalped some shorts treating them like continuation when in reality they were reversals.

REVERSAL:

- get in as close to HOD/LOD as possible
- Add on break of previous support/resistance
- Sell most for breakdown of key LL/HH
- hold rest for breakdown of 9/21ema

CONTINUATION:

- Get in when previous resistance turns into support or vice versa
- 1 entry
- bigger size
- 1 exit at break to new HOD
- dont get mad when it continues 25 more points.

This is futures trading folks, we are not trading small caps that can fade for a month straight, This is trillions and trillions of dollars being pumped in and out every single day. I understand that sometimes being the guy who takes profits too early is a very bad thing in realtion to edge but not when you are a futures trader. 10 points in futures is a damn good day for anyone out there. Yes I can have those nice 25 point days sometimes but in the same regard its better to be a scalpy trader when we are transitioning from bear market back to bull market. The longs are slow and have weak followthrough so you think "reversal is coming" and it never does and you end up shorting a grinding green move over and over and over again. The shorts are extremely hard to catch because they happen pretty much out of nowhere and once they occur they just get bought up becaues its a BTFD opportunity for all participants who have fomo. For those reasons, longing is really hard, shorting is really hard. The way to combat that scenario is to know when there is confluence amongst all tickers and continuation is likely, then scalp that continuation using the continuation playbook style. When its rotational, reversals are more likely and you can trade those so long as you idetnify that its a reversal trade before you take it so you make sure you get in as close to HOD as possible so you can keep a smart stop. You have to add fast and still take profits fast. Simply put its a very very very difficult market right now and rotation is pretty much guaranteed on a daily basis and long moves are expected again on a daily basis.