



PREPARATION REPORT FOR 07-01-2019

Jim's weekend tweet from yesterday:

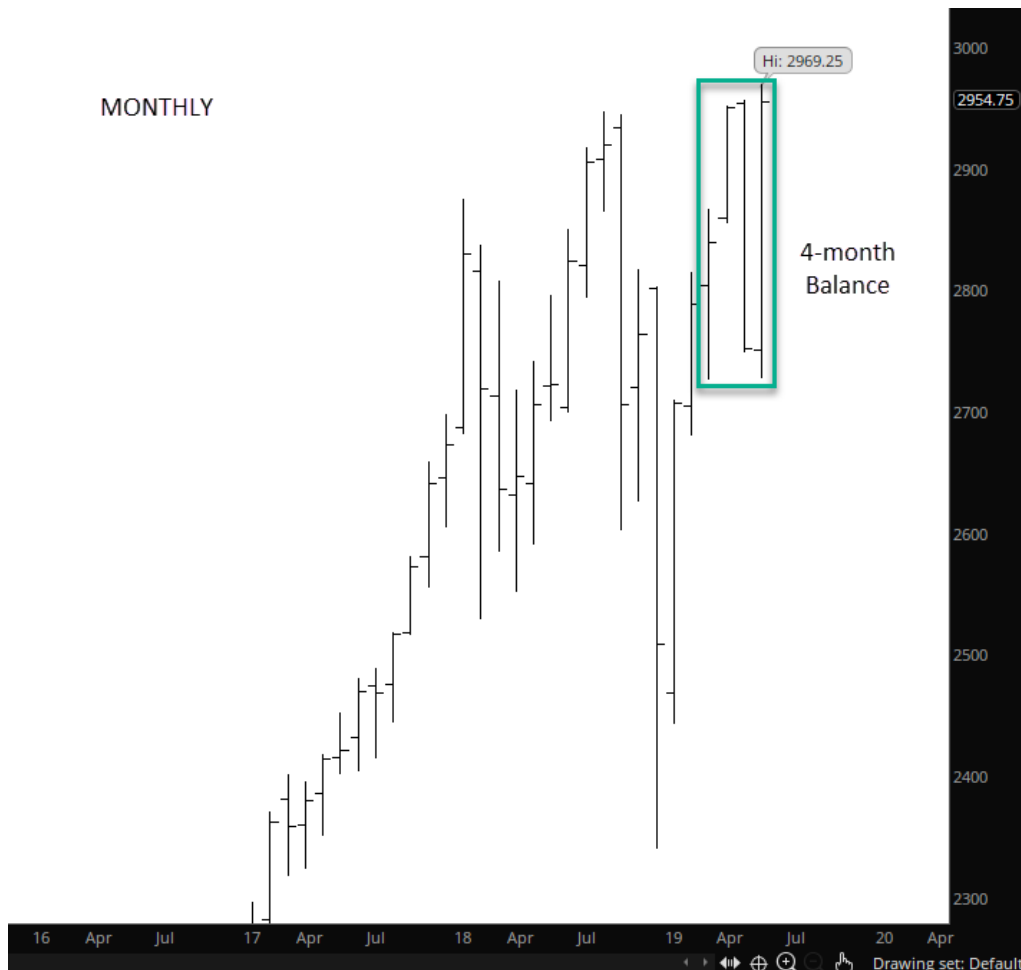
“PRICED FOR GOOD NEWS - From last week's low through Friday's late high, the underlying structure conveys substantial risk for long holders. The short-term speculators are betting on positive weekend news. Without that news, last week's low is in play.”

You can follow Jim on twitter at <https://twitter.com/daltontrading>.

We hope the following report will help guide you through potential scenarios for the coming week.

MONTHLY BAR CHART

The market is in a 4-month balance. Balance rules apply on the larger timeframe.

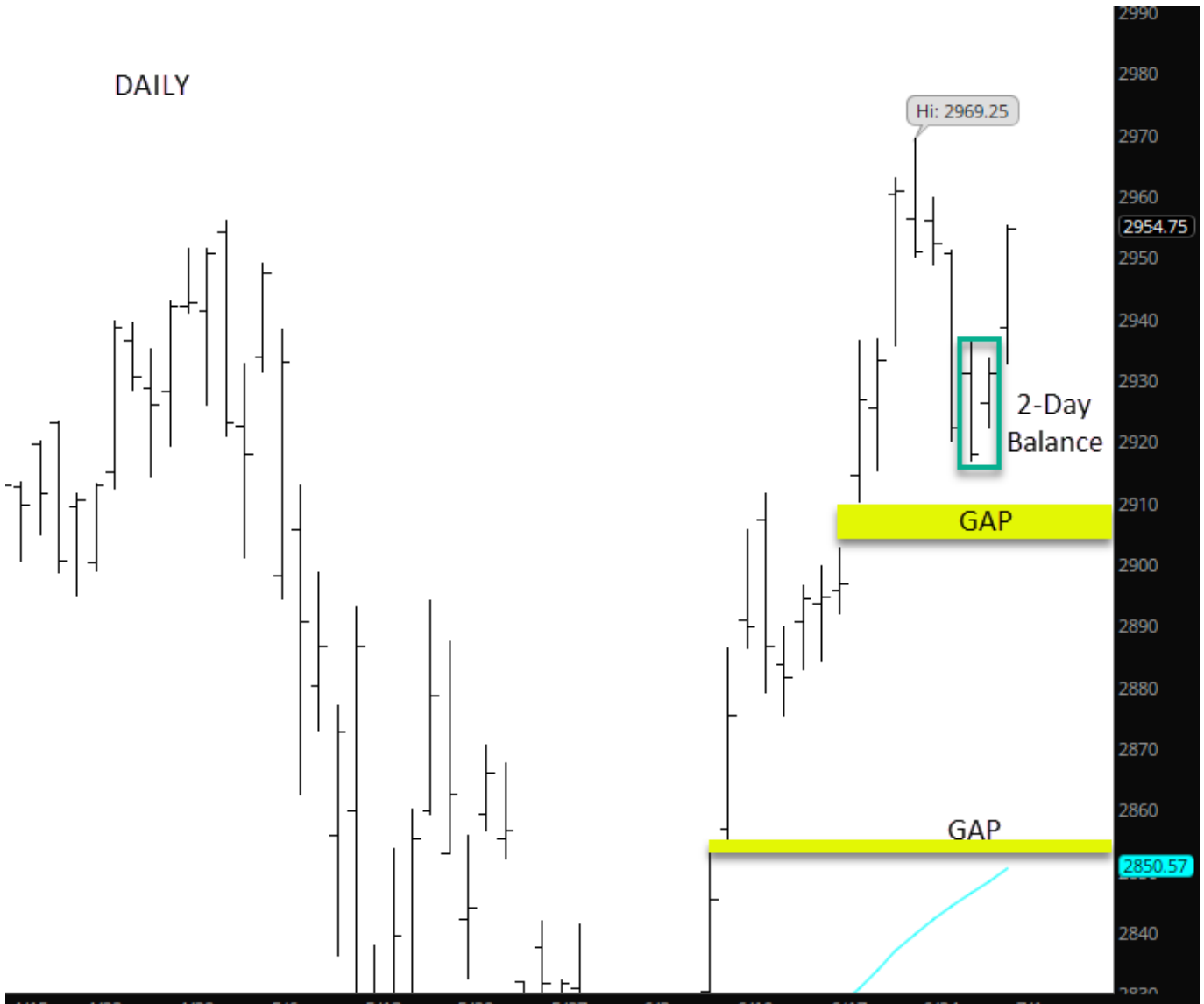


WEEKLY BAR CHART

The weekly bar has been one time framing higher for the past 3 weeks. Last week was an inside bar. An inside bar is a form of balance.



DAILY BAR CHART



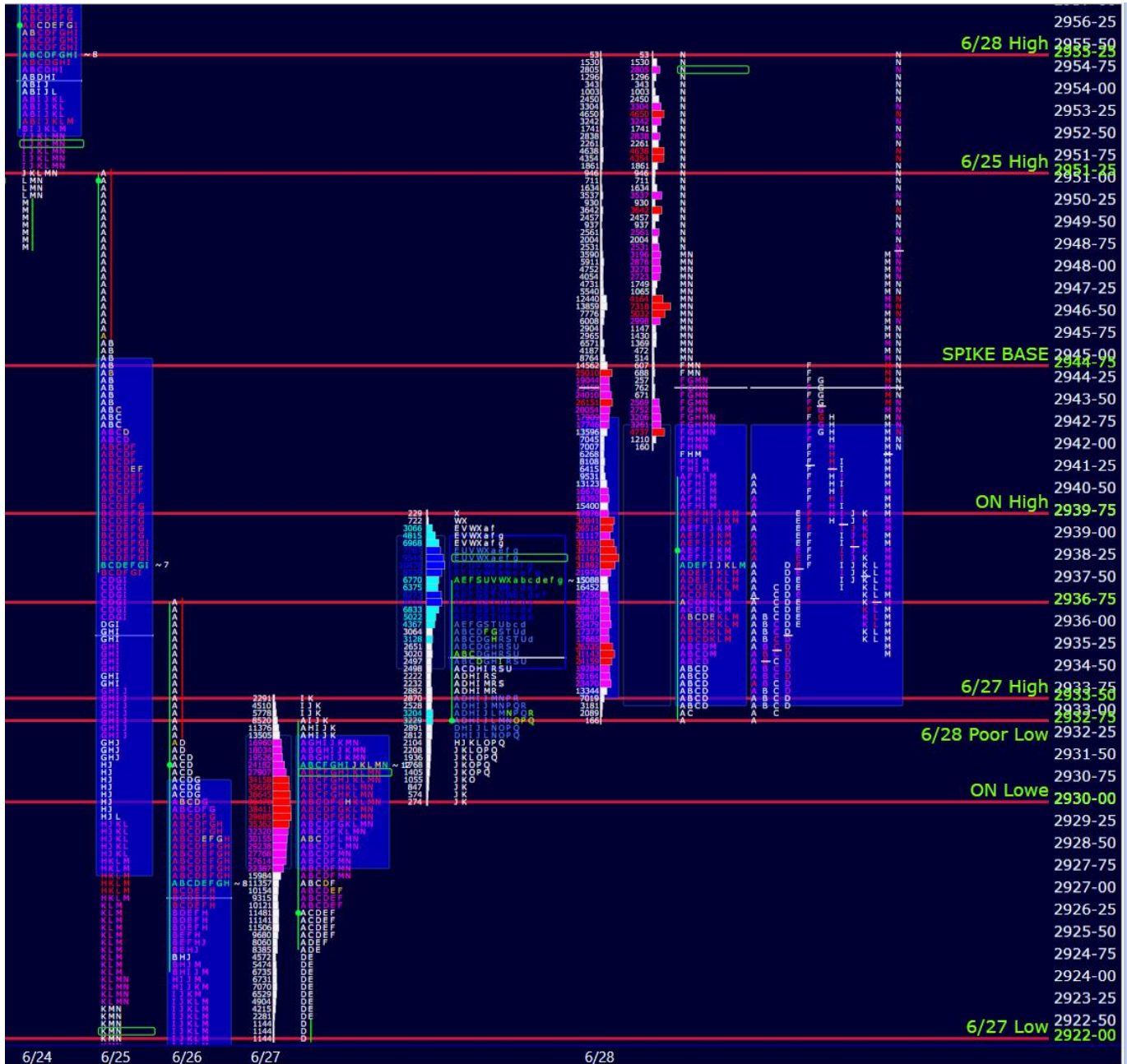
Weak hands momentum traders were in control of the selling that followed after the all-time high was made on 6/21. We strongly recommend Jim Dalton Trading clients to replay days from last week to observe these nuances.

Traders were focused on the gap at 2910 area but failed to get there. Following a 2-day balance, Friday's market gapped higher, the gap was filled but there was no downside follow through, value was higher and the market broke out late Friday evening.



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PROFILES



The market gapped higher on Friday morning by 5 handles. Overnight inventory was 100% long, gap rules were in play. The early morning A period looked above the overnight high and failed to find continuation to the upside. There was an attempt to correct the overnight inventory in the A period. The gap was filled but value was higher.



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The market was rotational for most of the day with low NYSE volume. A, B, C & D period lows are poor – carry this information forward.

The market was focused on the G-20 meeting this weekend and we suspect short-term speculative buyers are betting on positive news.

SPIKE

I'm treating the range from 2944.75 to the high at 2955.25 as a spike. Spike trading rules are as follows (these also serve as Monday's scenarios):

1. The strongest response would be to open within the upper portion or above the top of the spike and continue higher.
2. The base of the spike is support. Staying above the base and within the spike shows acceptance of the upper probe.
3. The weakest response would be to open near the lower end of the spike, or below and continue lower. Last week's low would be in play.

Note: This report was written by Jen & RJ