



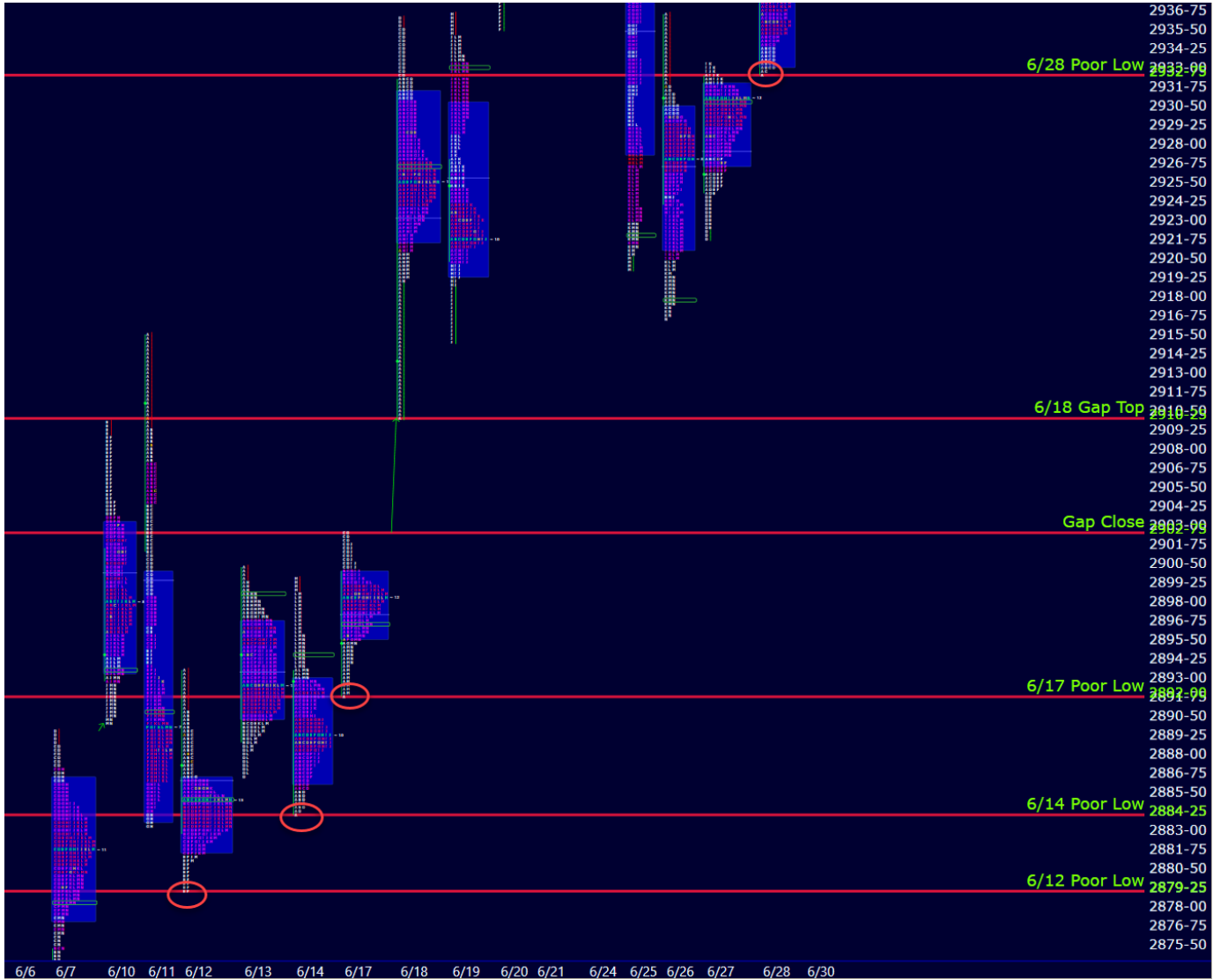
## PREPARATION REPORT FOR 07-02-2019

### TEMPO

Dictionary.com defines tempo with regard to chess “as the gaining or losing of time relative to one’s mobility or developing position.” That definition is applicable to trading; for example, if the market is attempting to auction lower, you can ask, “How effective is the auction?” Once you begin to think in terms of tempo you will be on your way to internalizing this important concept. Tempo is a market term rather than a Market Profile® concept; although it is certainly applicable to the auction process. Many successful day traders, who consider little else, are successful because they understand the market’s tempo. Tempo precedes market structure; in this way it is a leading indicator of what structure will eventually look like.

Tempo was the single most important clue today.

UNDERLYING STRUCTURE

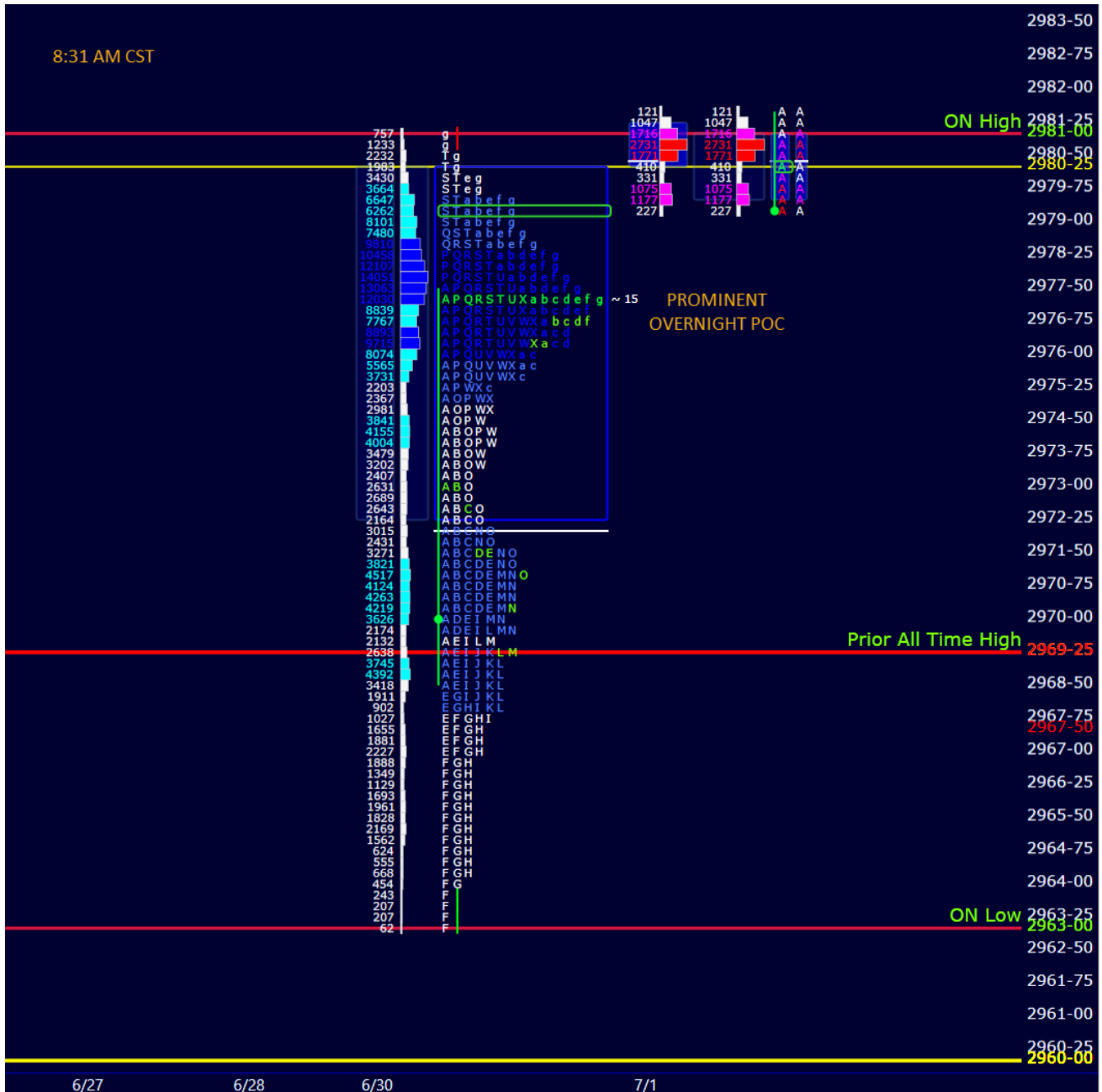


The underlying structure was weak with 4 poor lows. The combination of weak structures and continual momentum buying are very hard to balance.



## PREPARATION REPORT FOR 07-02-2019

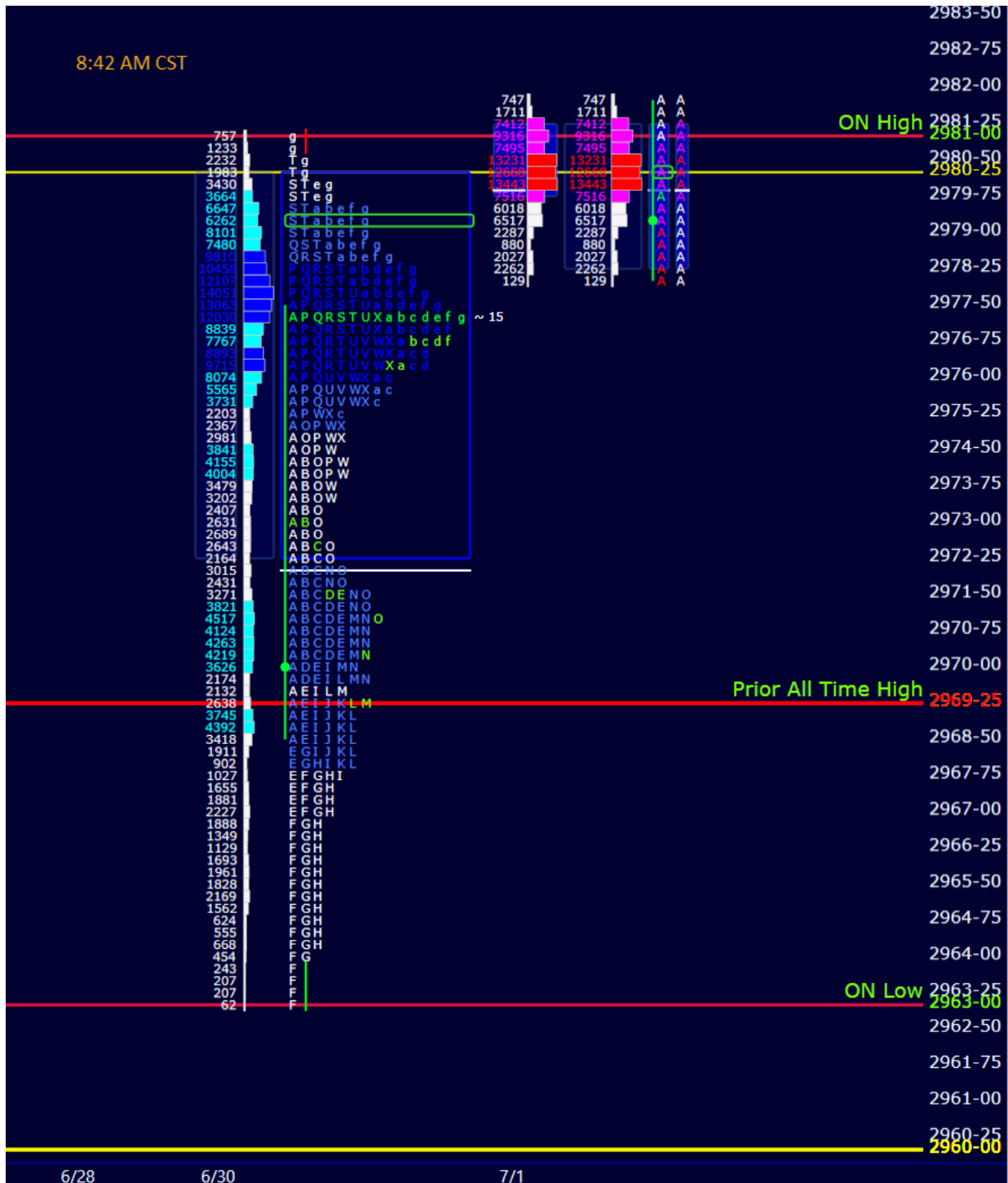
The market opened with a gap up of almost 14 handles. Overnight inventory was 100% long. Additionally, the overnight POC was wide. A new all-time high was made in the overnight session. Shortly after the open, the market looked a couple of ticks above the overnight high and came back inside the overnight range.





# PREPARATION REPORT FOR 07-02-2019

Early in A period, the market made one more attempt to rally, however there was no follow through, and it came back inside the overnight range once again. The prominent POC from overnight was not visited yet, which combined with the long overnight inventory and poor structure below, increased the odds of a pullback.

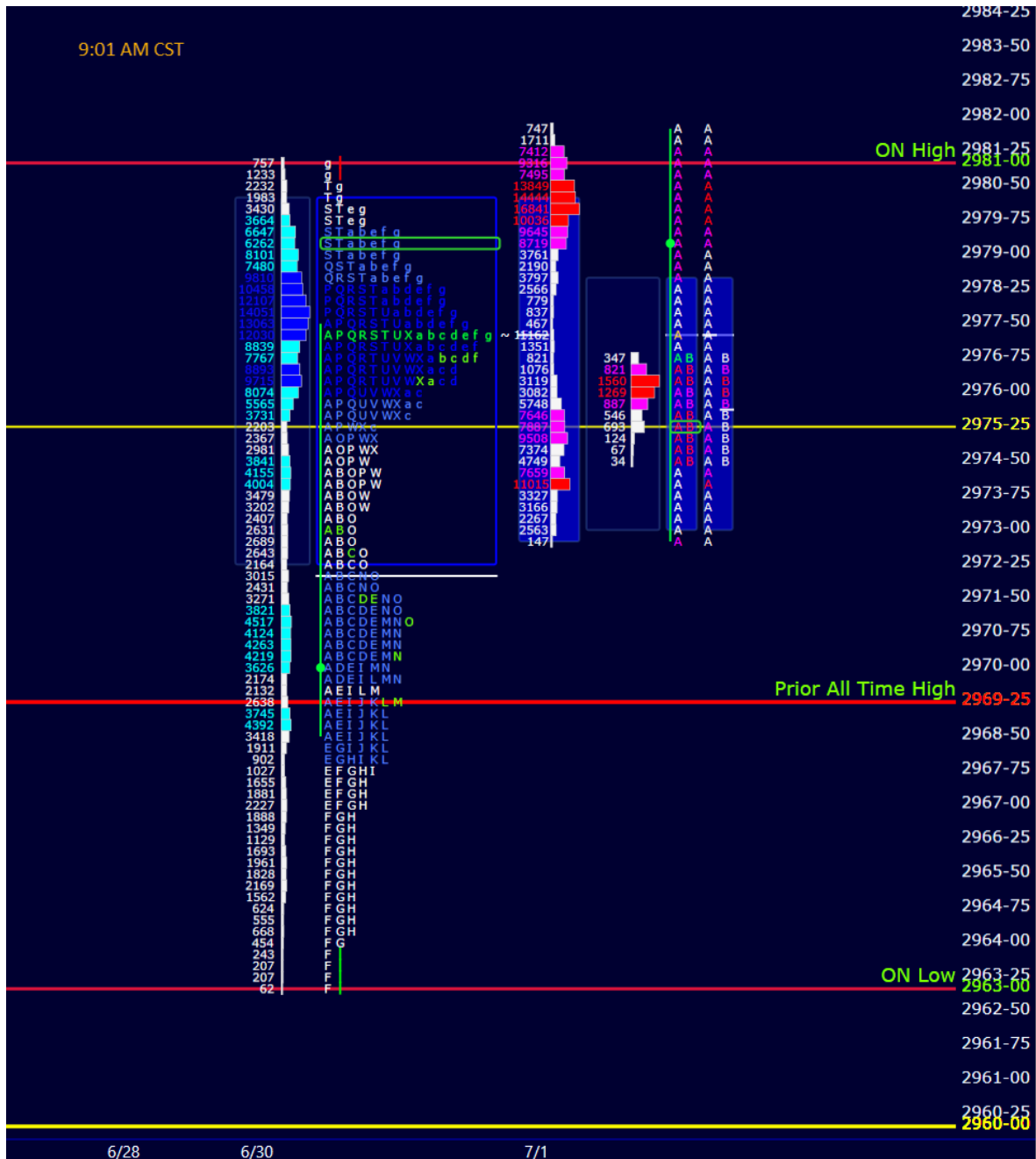




## PREPARATION REPORT FOR 07-02-2019

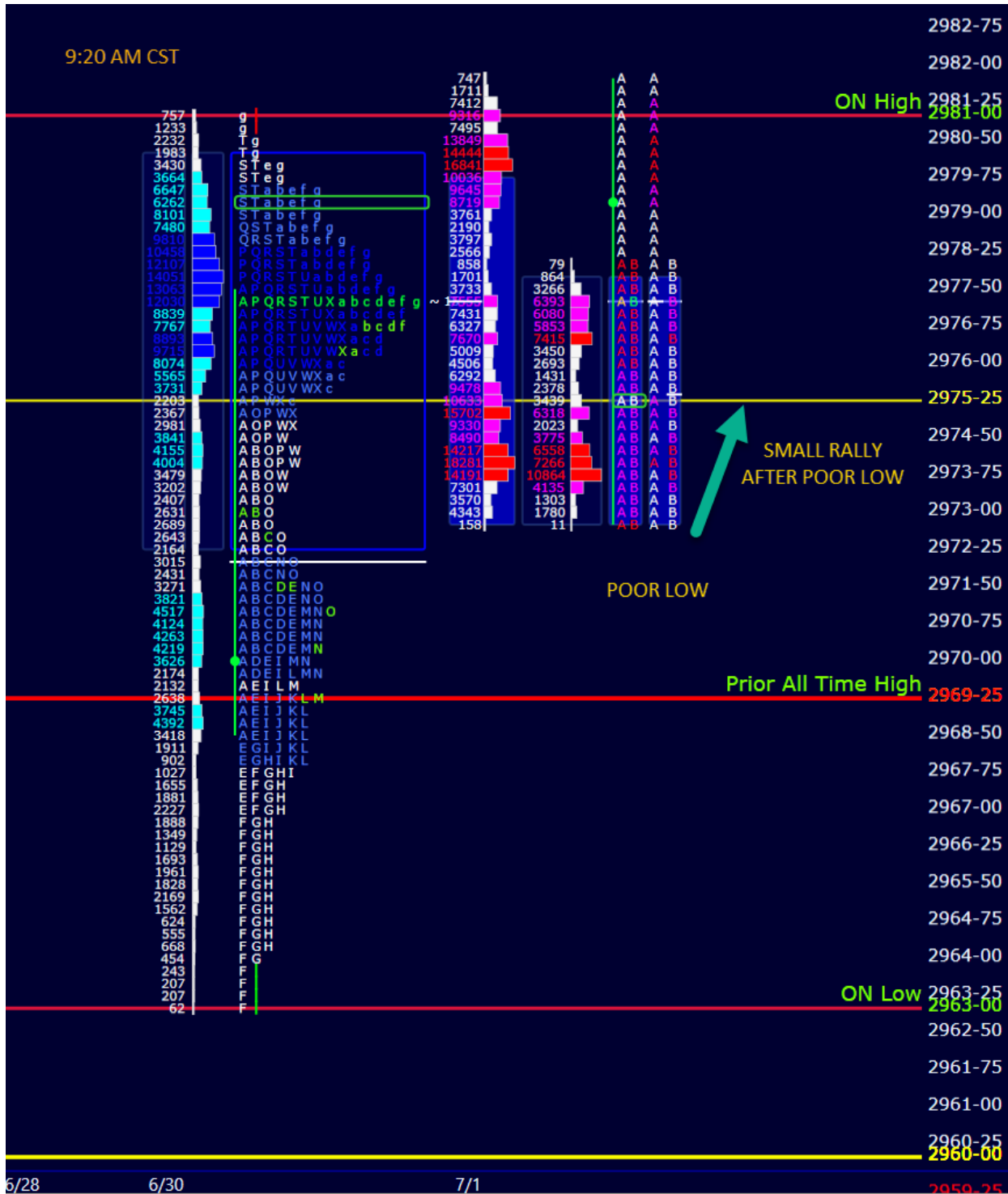
The volume at the end of the first 30-minute period was over 42% greater than Friday. Higher NYSE volume supported the early move down.

DATE	HOUR(EST)	VOLUME	YDAY VOLUME	DIFFERENCE
07-01-2019	10:00 AM	284,590	199,700	84,890 (42.51%)



# PREPARATION REPORT FOR 07-02-2019

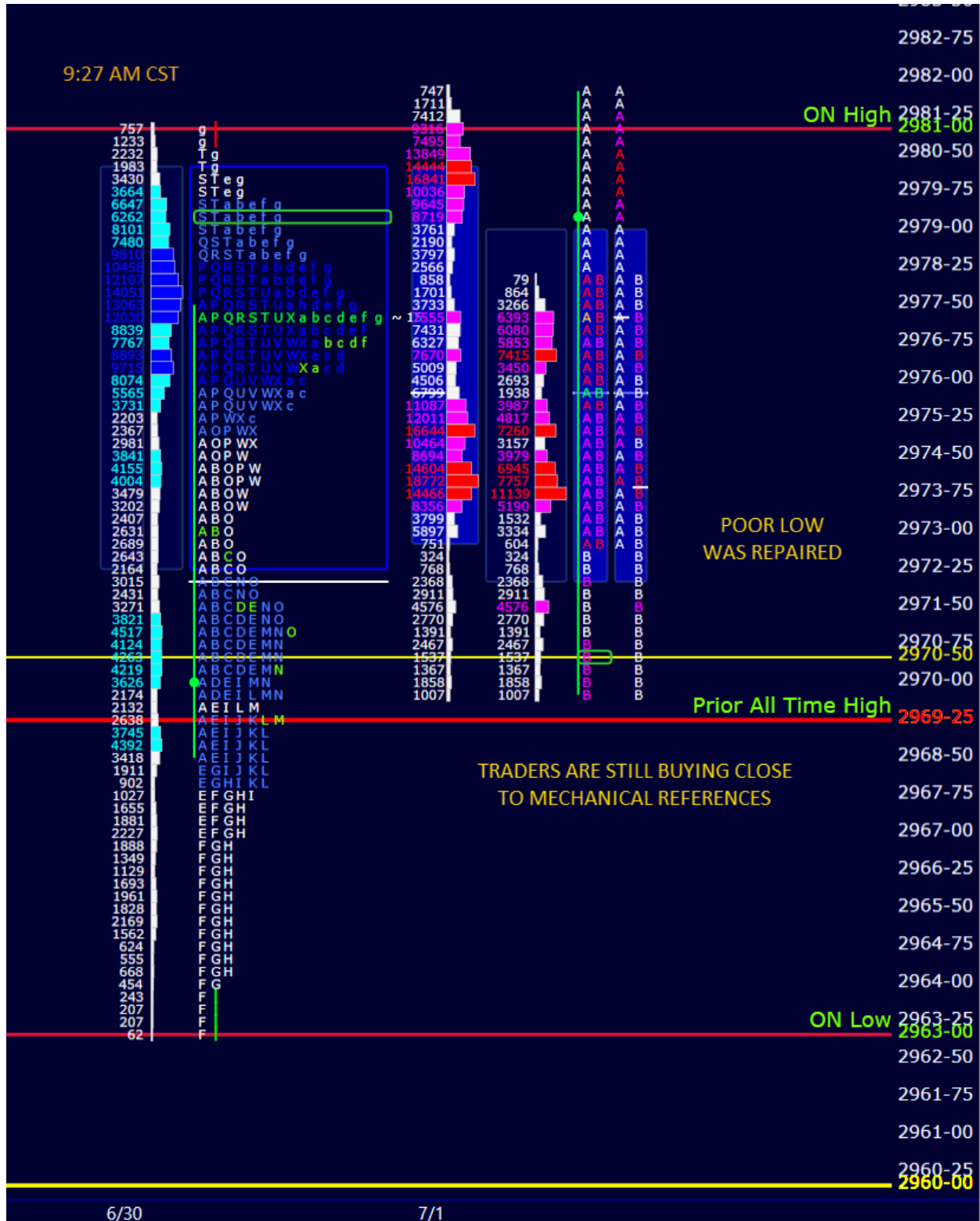
In late B period, the market formed a poor low just a few ticks above overnight halfback. The back to back poor lows (we had a poor low on Friday as well) exponentially increased the odds of a move lower. The rally from this poor low was an opportunity to get short.





# PREPARATION REPORT FOR 07-02-2019

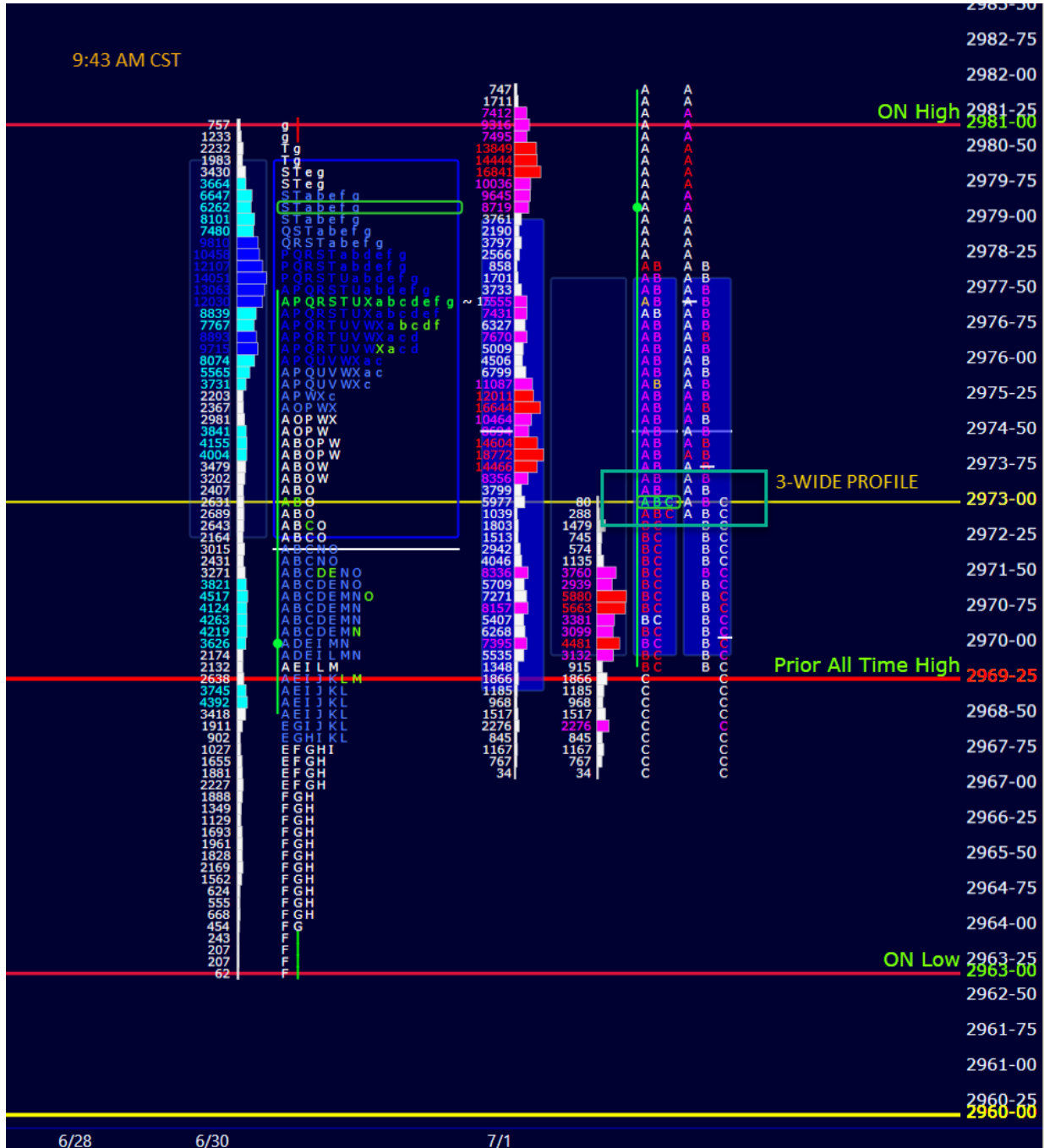
The poor low was corrected late in B period.





# PREPARATION REPORT FOR 07-02-2019

The NYSE volume at end of B period was still running high (up 40% compared to Friday). The profile became 3-wide in C period. Carry this information forward.

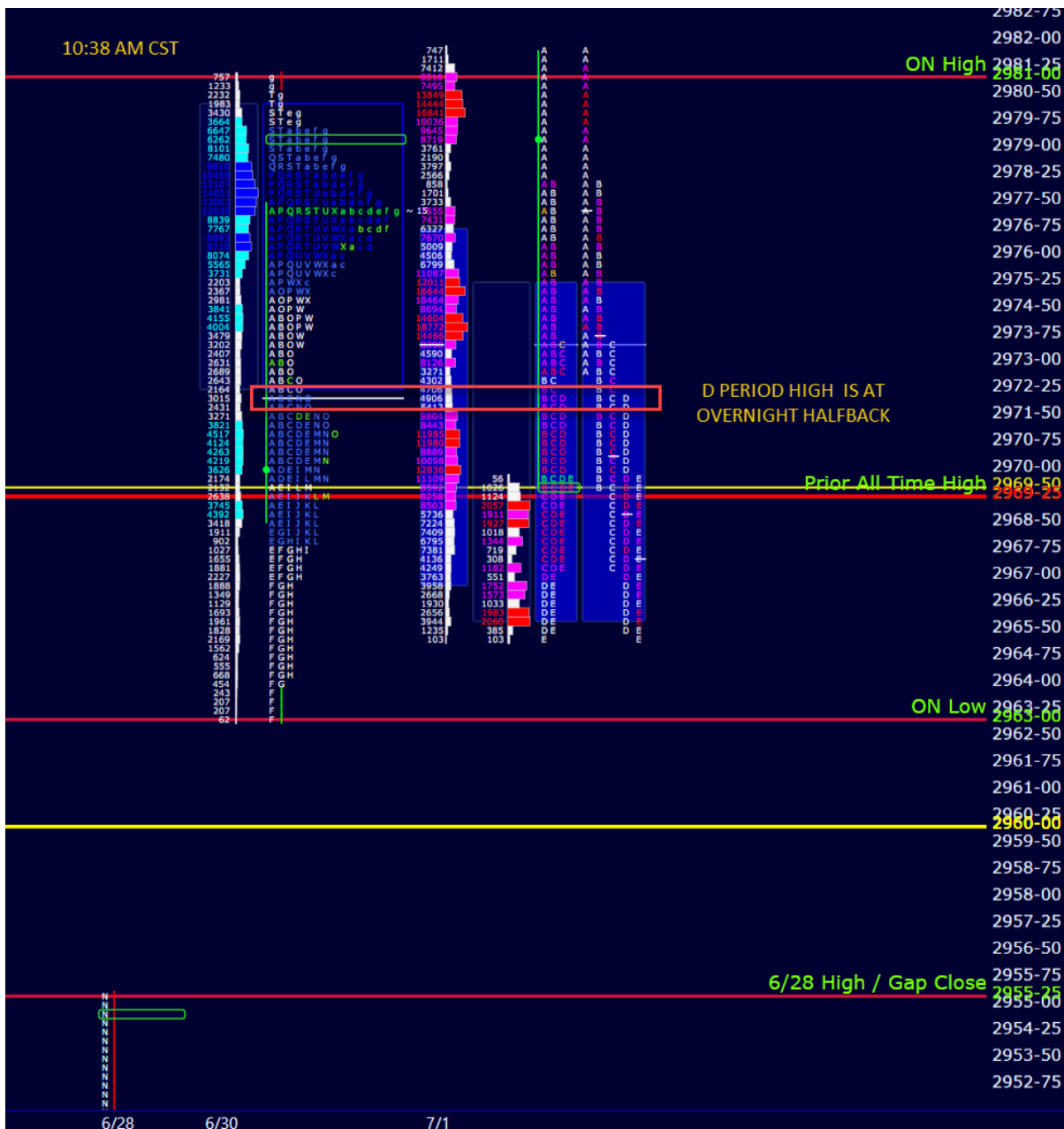






# PREPARATION REPORT FOR 07-02-2019

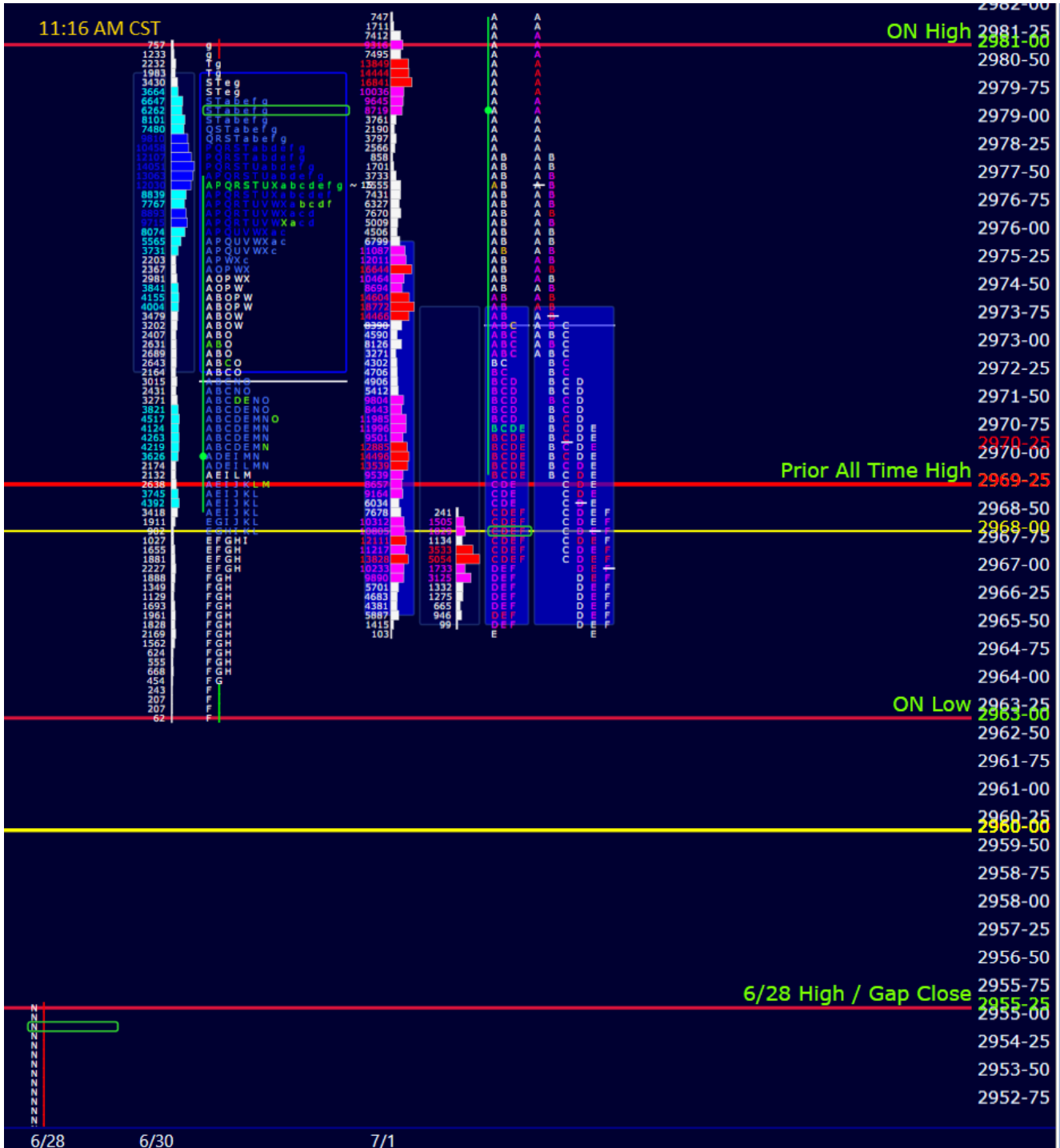
In D period, the market formed another poor low. Once again, the rally from this poor low was an opportunity to get short. Notice that the high in D period is exactly at the halfback from overnight session. What does this tell you - are these strong sellers or day timeframe sellers who are looking for an opportunity to try and fill the gap? Observing nuances like these help you stay with the trade without getting too attached to the outcome or looking for homeruns. Take into account what market generated information is telling you.





# PREPARATION REPORT FOR 07-02-2019

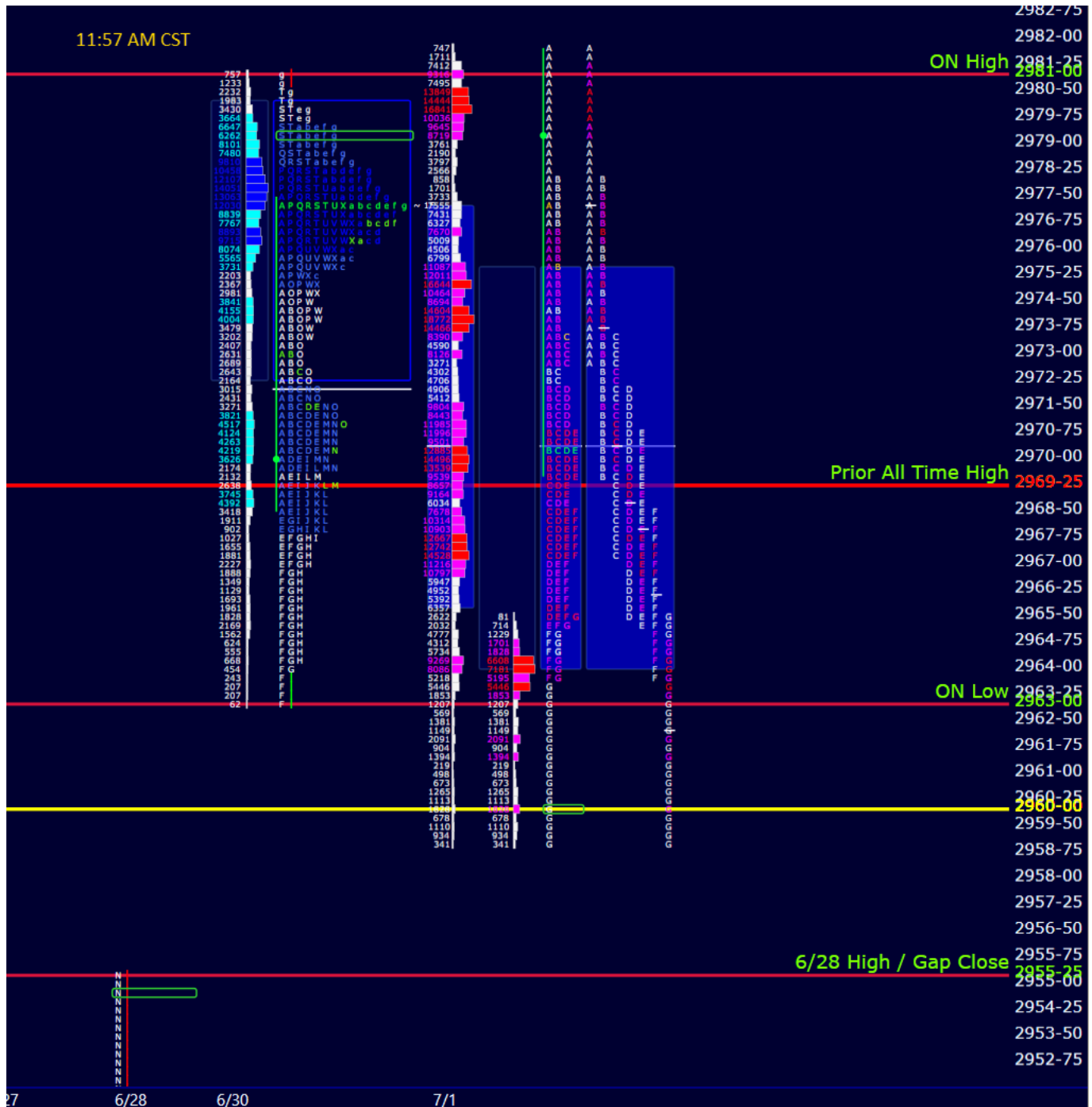
We have observed signs of day timeframe sellers; however, the buyers are also weak. The lows of the D, E, F periods were within a tick of each other, forming yet another poor low.





# PREPARATION REPORT FOR 07-02-2019

The D, E, F poor low was taken out and more liquidation followed.





## PREPARATION REPORT FOR 07-02-2019

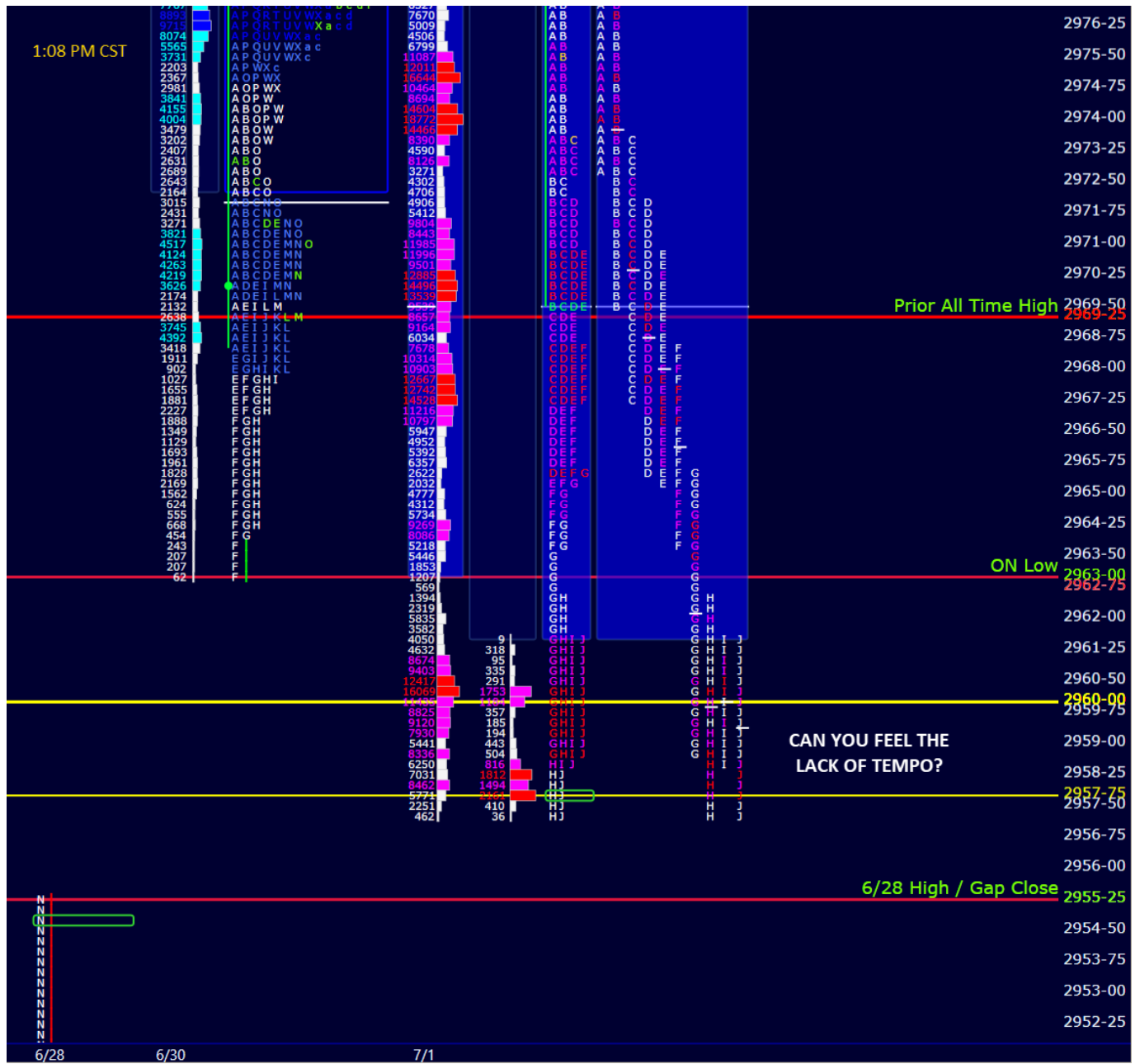
Note that the NYSE volume at the end of G period dropped. This is yet another indication that we saw liquidation rather than a more important and lasting combination of liquidation and new money selling. It is quite easy to get mesmerized by price.

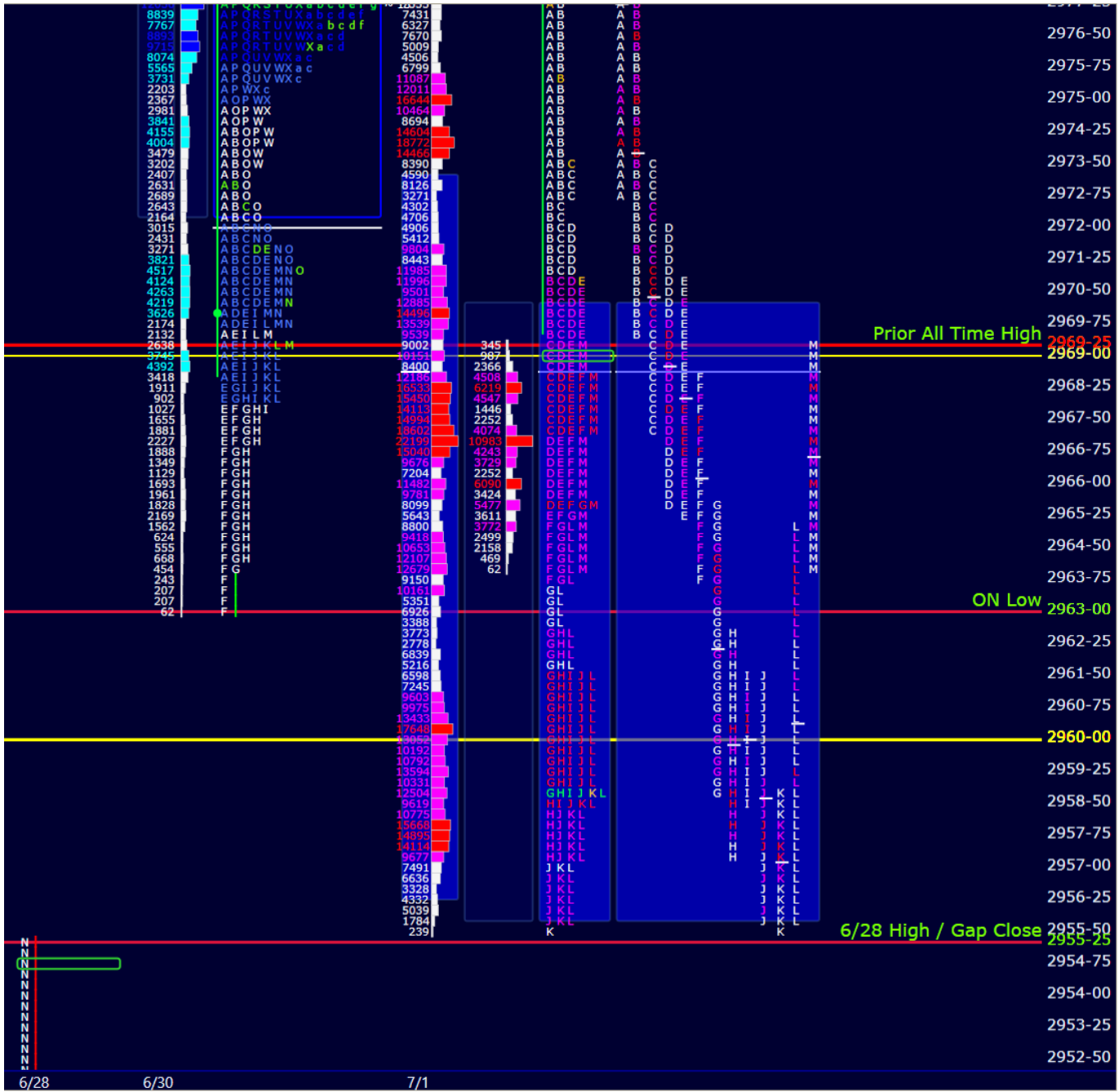
Hour(EST)	2019-07-01 Volume	2019-06-28 Volume	Difference
10:00 AM	284,590	199,700	84,890 (42.51%)
10:30 AM	614,430	436,050	178,380 (40.91%)
11:00 AM	868,200	633,590	234,610 (37.03%)
11:30 AM	1,090,000	826,750	263,250 (31.84%)
12:00 PM	1,320,000	1,000,000	320,000 (32.00%)
12:30 PM	1,490,000	1,160,000	330,000 (28.45%)
01:00 PM	1,630,000	1,310,000	320,000 (24.43%)



# PREPARATION REPORT FOR 07-02-2019

The market had traded multiple times back and forth as it attempted to fill the gap. Tempo is very hard to define, but to get a better understanding of what slow tempo looks like, we suggest you replay the 2 hours as the market attempted to fill the gap following the sharp liquidation in G period. The risk of remaining short appeared to be high.





The market left behind yet another poor low and rallied to halfback. This was a great example of a poor low forming due to day timeframe inventory getting too short.

Monday saw an upside breakout above the 2-week high; and the price closed back just slightly below the 2-week high.



## PREPARATION REPORT FOR 07-02-2019

Monday's low was both poor (no excess) and weak (at an exact level). This is a weak base to mount any sustainable upside assault on the all-time high level. Monday's weak low and settle near halfback appears to provide the best opportunity to see the market come into short-term balance.

If there is to be downside follow-through, the market will easily stay below 2955; failure to remain below that level maintains a positive tone to the market.

At Jim Dalton Trading, we don't teach you mechanical setups or tell you where to enter. We don't tell you where to exit, and place your stop. We teach you how to observe the nuances of market generated information, understand contextual clues, recognize who your competitors are, and how to see the market without getting mesmerized by price. A thorough understanding of these concepts combined with self-understanding puts you on the path to becoming a successful trader.

If you would like to continue your summer studies or ensure that your foundation is solid, or get a deeper understanding of nuances pointed out in this report, we recommend checking out our foundational e-Course [Introduction to Trading with the Market Profile e-Course](#). The observations, nuances and concepts laid out in this report are covered in our e-Course.

Use code **SUMMERSCHOOL** during checkout to get **\$50 off ANY** product or course at Jim Dalton Trading. This promotion ends July 4, 2019 at 11:59 pm EDT. Coupon cannot be combined with any other offers.

Sincerely,

Jen & RJ – Jim Dalton Trading Team