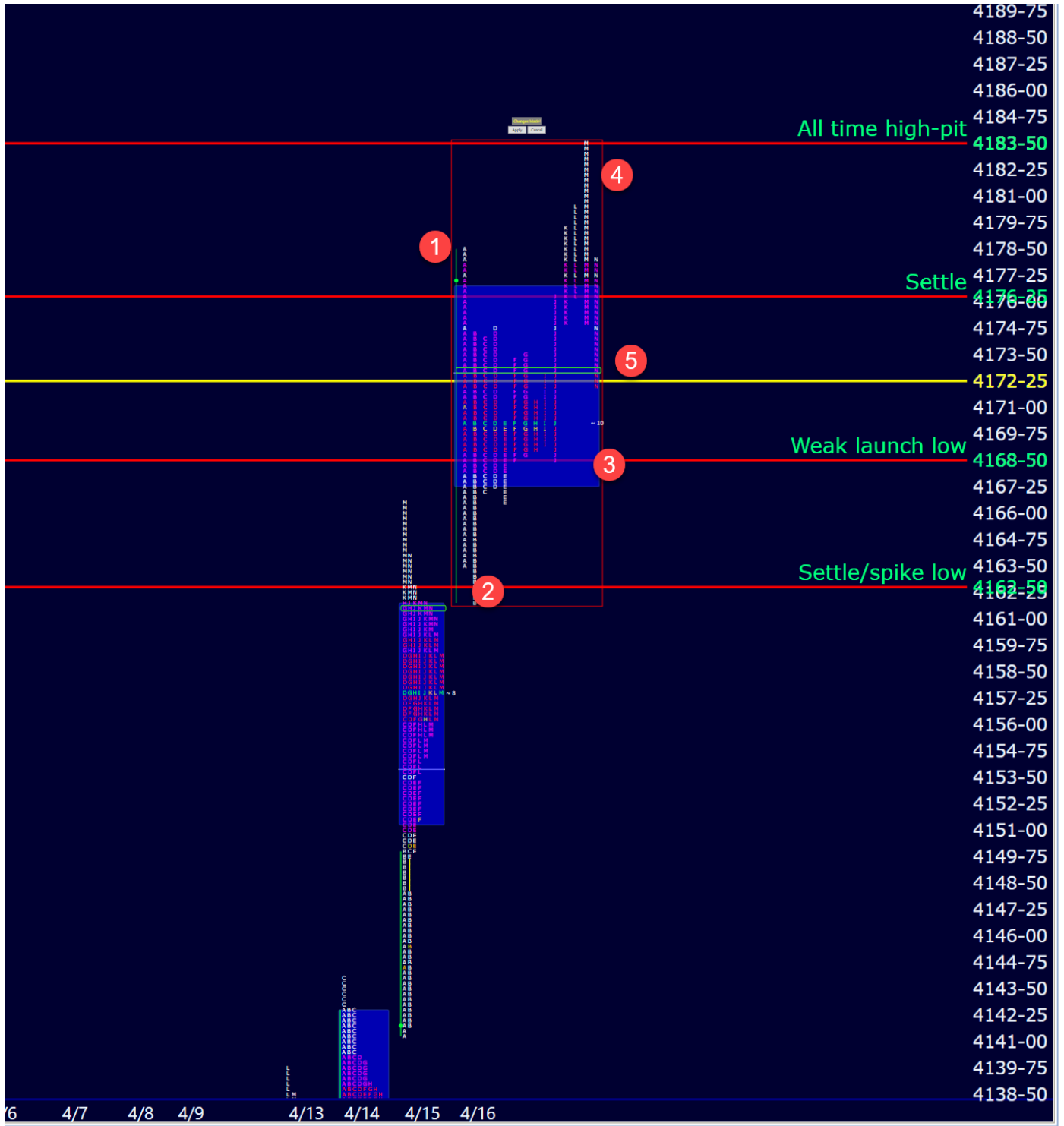




RECAP & PREPARATION REPORT FOR 4-19-2021

FULL DISCLOSURE

I went home long puts expiring next Friday. I usually do not take options home over the weekend because of the time decay. My reasoning is outlined below.





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TREND

The trend has been clearly higher and aging. The aging statement is based upon volume and recent rapid retracements. As the market continues to make new highs, volume has lessened sharply. Higher prices are cutting off activity.

Last week the market experienced two rapid selloffs followed by equally rapid recoveries. This is often a sign of deteriorating strength. Responsive buyers, (responding to lower prices) only becoming active if they can get a deal, aggressively bid the market back to new highs. These recoveries were not supported by volume.

Too often, traders sensing the deteriorating advance, short the market. While they may be right eventually, they have gotten stopped out in the meantime. As they get stopped out, the short covering fuels even higher prices.

THE NUMBERS ON THE GRAPHIC CORRESPOND TO THE COMMENTS BELOW:

1. Friday's market opened sharply higher, & overnight inventory was long.
2. A rapid selloff, something we have not been seeing, eventually carried to the settle from Thursday and the base of Thursday's spike. Two different time perspectives are considered at this level. First, day timeframe responsive buyers become active - this is logical. The level is visible and easy to identify. Second, slightly longer timeframes see this as a weaker level since buyers only surfaced at an exacting level – this is information to be carried forward. Patience and trading maturity are required to successfully navigate Friday's market. Day timeframe traders should recognize that odds favor higher value.
3. The exactness of the afternoon pullback low in J period represents a weak support level. Again, two different time perspectives should be considered. At this point we have two weak levels we should be carrying forward - the early morning low discussed above and the afternoon pullback low.
4. The afternoon rally got underway in J period leaving an excess high in the final period (M period). Observe that the higher prices associated with the rally were attracting lower volume, once again, higher prices were cutting off activity.



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DATE	HOUR(EST)	VOLUME	YDAY VOLUME	DIFFERENCE
2021-04-16	10:00 AM	545,919	552,985	-7,066 (-1.28%)
2021-04-16	10:30 AM	882,293	876,798	5,495 (0.63%)
2021-04-16	11:00 AM	1,157,404	1,149,843	7,561 (0.66%)
2021-04-16	11:30 AM	1,370,665	1,418,480	-47,815 (-3.37%)
2021-04-16	12:00 PM	1,563,072	1,652,707	-89,635 (-5.42%)
2021-04-16	12:30 PM	1,737,961	1,856,411	-118,450 (-6.38%)
2021-04-16	01:00 PM	1,903,730	2,043,153	-139,423 (-6.82%)
2021-04-16	01:30 PM	2,066,808	2,260,171	-193,363 (-8.56%)
2021-04-16	02:00 PM	2,227,897	2,456,591	-228,694 (-9.31%)
2021-04-16	02:30 PM	2,399,669	J period 2,662,693	-263,024 (-9.88%)
2021-04-16	03:00 PM	2,575,880	K period 2,851,463	-275,583 (-9.66%)
2021-04-16	03:30 PM	2,784,154	L Period 3,095,734	-311,580 (-10.06%)
2021-04-16	04:00 PM	3,333,448	M period 3,636,351	-302,903 (-8.33%)
2021-04-16	04:30 PM	4,121,426	Final 3,995,396	126,030 (3.15%)

- By the runoff period, the market left an excess high and slightly higher final volume. Selling intensified.

MONITORING FOR CONTINUATION

Risk and opportunity are both associated with monitoring for continuation. For downside continuation on Sunday evening/Monday morning, the first observation should focus on Friday afternoon's weak J period pullback low. Failure to find acceptance below that reference greatly lessens the odds of downside continuation.

Following the focus on the J period low, the early morning low comes into play. For there to be meaningful lower value on Monday there will be acceptance and range extension below Friday's low.

The Spring 2021 Intensive starts on April 28. We will update Intensive clients via live commentary on Monday morning.