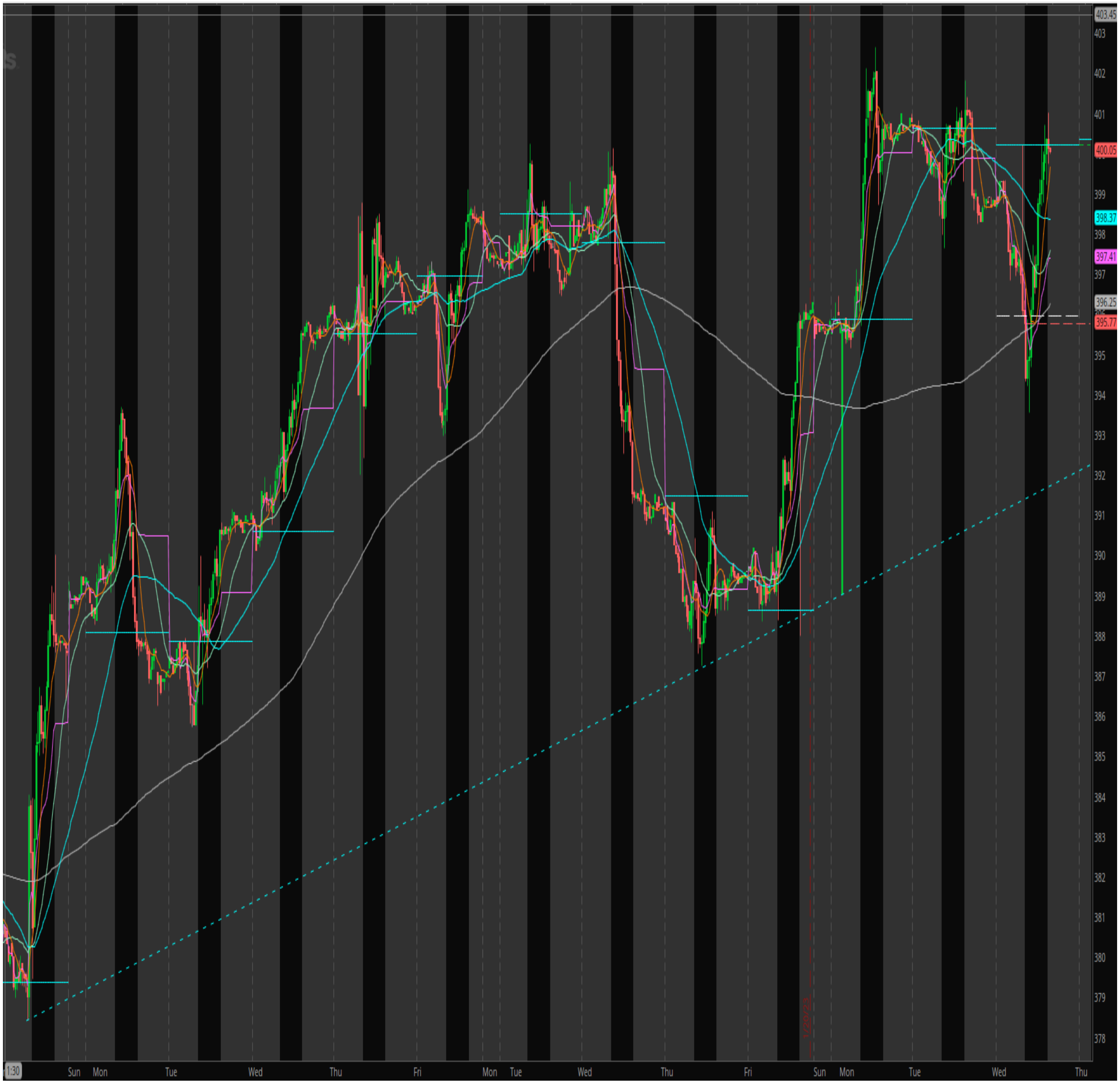
Macro Downtrend, Micro Uptrend, Intraday Downtrend: Trend Reversal Long

By disciplined_daytrader · January 25, 2023

TL;DR

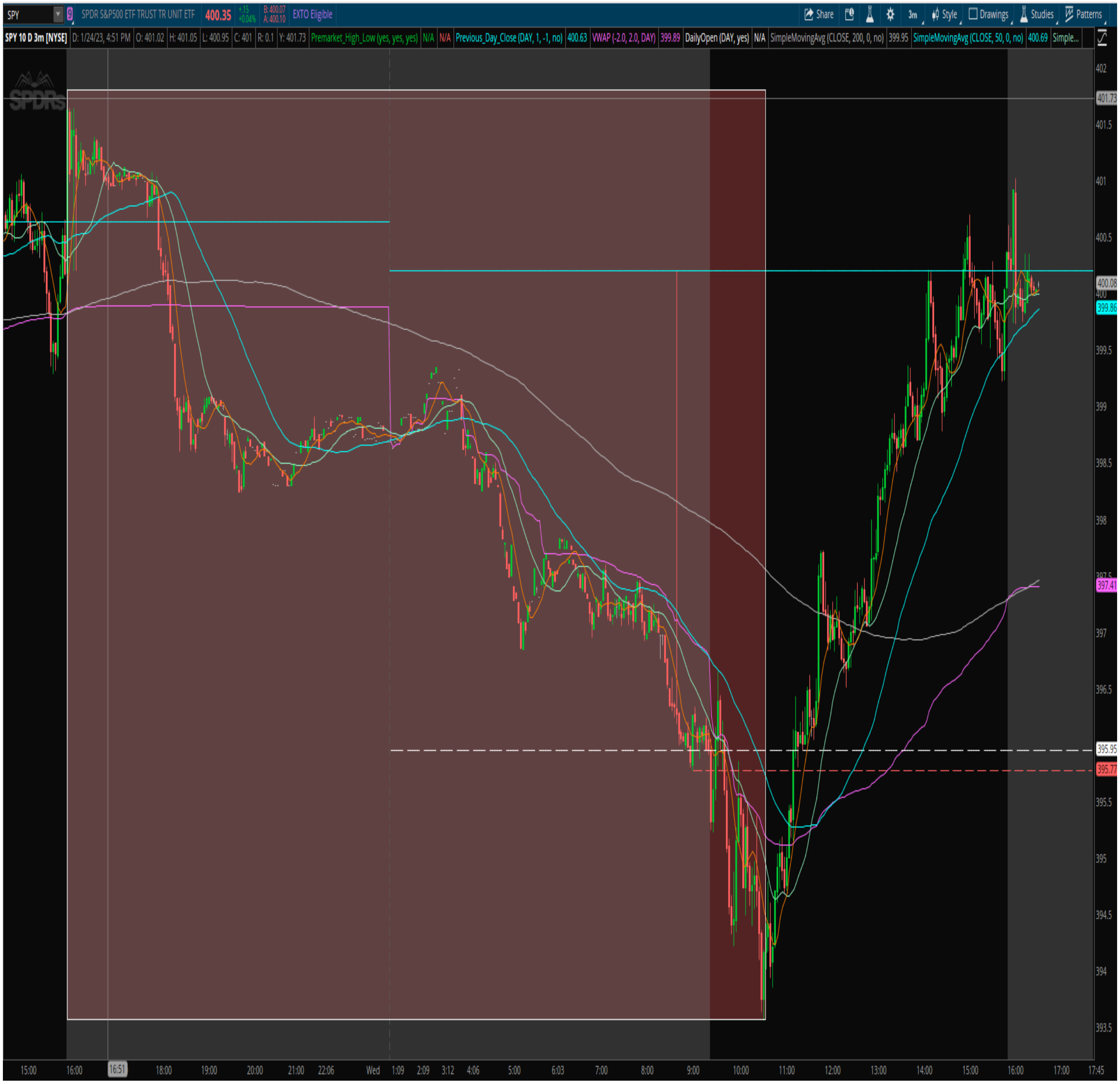
This blog post analyzes the current market trends for $SPY, highlighting a micro uptrend amidst an intraday downtrend. It discusses a perfect setup for a long position, emphasizing key technical indicators such as trendline breaks and moving average crossovers.

30d:30m SPY$747.41-0.12%



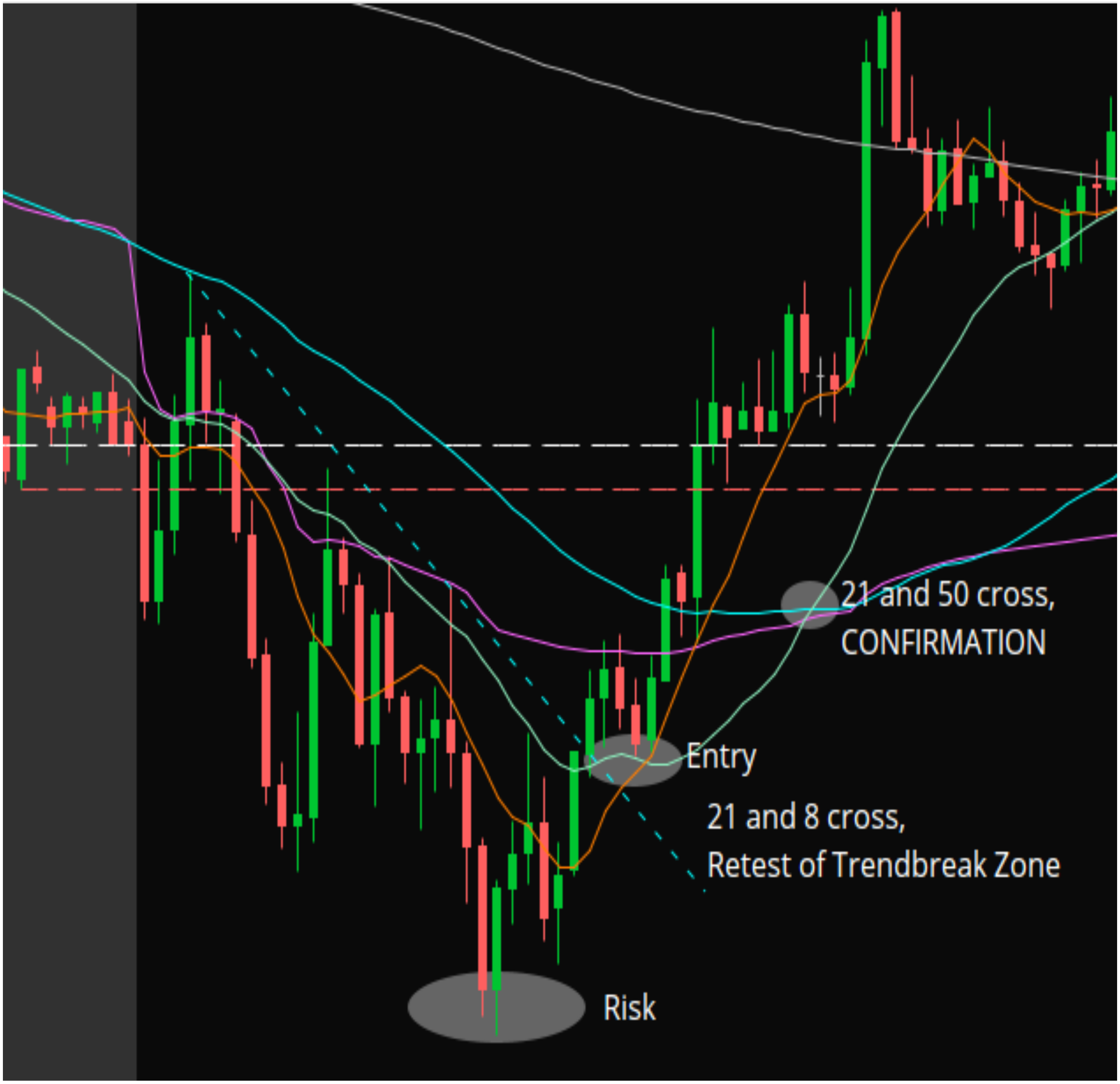
-Micro Uptrend

1d:3m

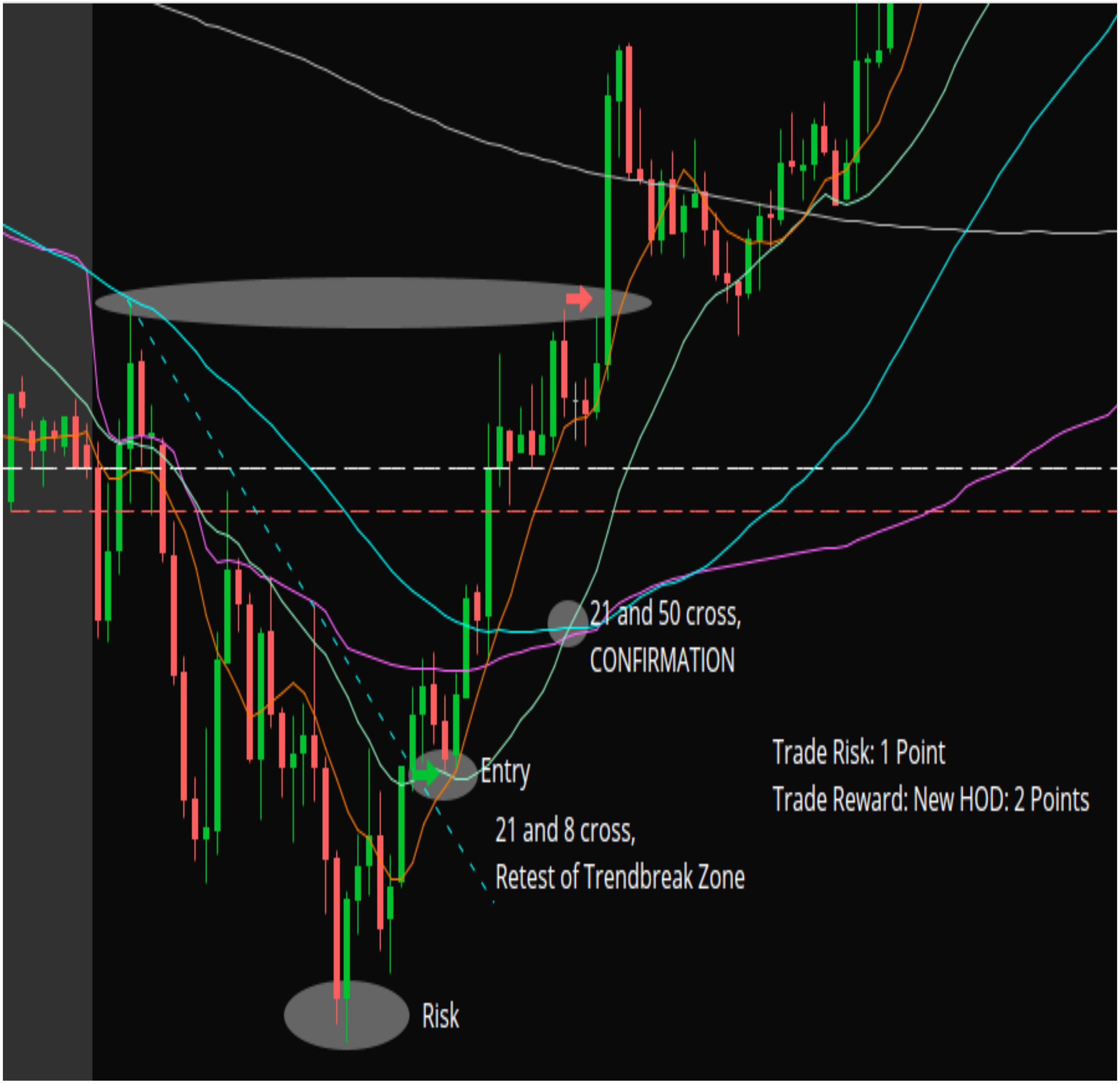


-Intraday Downtrend with large gap fill above to PDC (Blue line)

1d:3m



-Perfect setup with trendline break combined with a price action break of the 21. Then we pullback into the trendbreak zone and at the same time the 8 and 21 cross. This entry does not get cleaner. Then we break through vwap and the 50 moving average. Once the 21 and 50 cross we never get anywhere close to the 50 again throughout the day until the last 10 minutes of the trading session.


21 and 50 cross,
CONFIRMATION
Trade Risk: 1 Point
Trade Reward: New HOD: 2 Points
Entry
21 and 8 cross,
Retest of Trendbreak Zone
Risk

FAQ

What is the current trend for $SPY?

The current trend for $SPY shows a micro uptrend within a broader macro downtrend, indicating potential trading opportunities.

What indicators suggest a long position?

Key indicators for a long position include a trendline break, a price action break of the 21 moving average, and the crossover of the 8 and 21 moving averages.

How does the intraday downtrend affect trading?

The intraday downtrend presents a gap fill opportunity, which traders can capitalize on by identifying reversal points.

What does VWAP stand for and why is it important?

VWAP stands for Volume Weighted Average Price, and it is important as it helps traders determine the average price a security has traded at throughout the day, providing insight into market trends.

What happens when the 21 and 50 moving averages cross?

When the 21 and 50 moving averages cross, it often signals a strong trend continuation, indicating that the price is likely to move in the direction of the crossover.