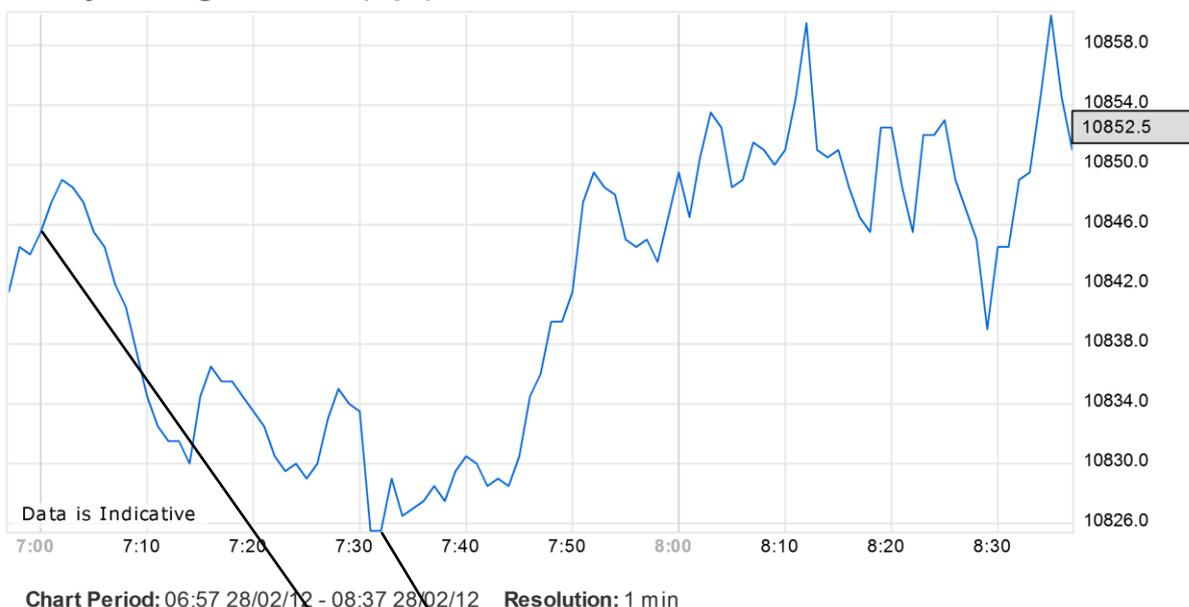


**Daily US Light Crude (Apr)** 08:47 28/02/12 H: 10867.5 L: 10725.5 4.0 0.04%



The market opened in a SELL position below its PP.  
 Early price action came close to 108.50 with little downside. Not what you might expect if market eager to decline.  
 Open: 108.43  
 High: 108.49  
 Low: 108.33  
 A need to let this play out a little as distance between high and low is minor.

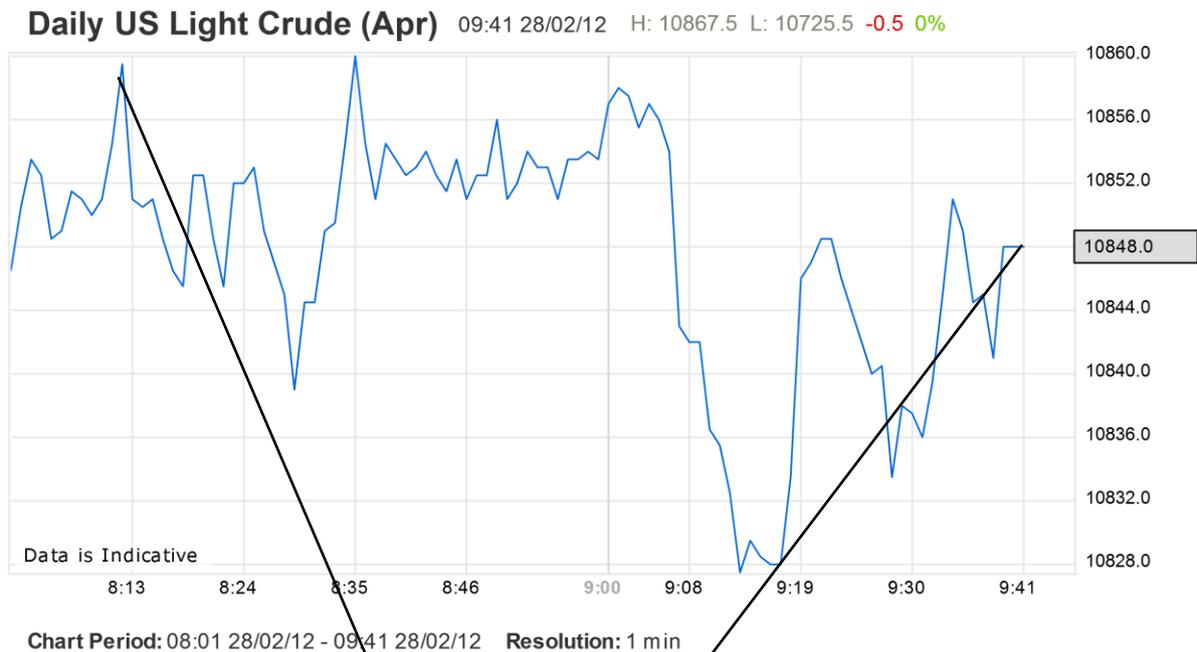
**Traders Considerations:** the trader knows that the market must take out 108.00 price level to be able to progress a decline and to progress a rise has to get atop 108.50+ for a chance to rise further towards 109.00.

**Price action developments:** a lower low was made at 7.32 GMT with new low now at 108.25. But this was followed with no further downside. Instead higher lows started to form from around 7.44 GMT. A tricky situation as close to the session HIGH and the HIGH is lower than 108.50 currently. That will change if LOW+ HOLDS.

PATe Price Levels: 107.31 S1.....107.50.....108.....108.52 PP.....109.....109.50

Lower PATe levels can only feature if market moves lower than S1 and higher PATe price levels can only feature if market moves higher than 109.50.

**OK Let's See What Happened Moving Forward**



High has extended above PP and session high now stands at 108.62 at 8.12 GMT.

The move up started at higher low 108.28 at 7.47 GMT but market does seem to lack conviction currently.

I had stood to one side and let price action play out. High and low at 7.47 GMT were too close together to get me into the market.

**Traders Considerations:** if you entered BUY at higher low at 7.47 GMT.....you'd have taken your leave probably around 108.45 at 9.44 GMT. You will have seen that just after 9.00 GMT market was jolted down by what turned out to be an ECB announcement regarding Greek debt. Price action is being a tad unclear although lower highs have formed below the HIGH at 108.62. If you had gone SHORT earlier.....then you would know you need the onset of lower lows below 108.25(existing session low) and a progressive move lower than 108.00 to keep you in a SELL trade.

**Trade 1** = price action has matured further so it is obvious that the HIGH at 108.62 has stalled for now so SELL at 108.45 at 9.44 GMT (and this could have been handled as a reversal out of the BUY trade if you had got involved in that earlier). See what happens at/around round number 108.00.

**OK Let's See What Happened Moving Forward**



**Traders Considerations:** still meandering with downward bias currently so the SELL trade is still OK if you are in it. I did take a look at Market Watch.com just to see whether there was anything there to explain why the markets had started what I refer to as **price action creep**.....ECB are making their slush fund available from Wednesday in Europe but was that it.....who knows. But I would not hang my hat on it to explain current lack of momentum. Perhaps, market is taking a rest before a big move.....that can happen. And that move will be down unless moving forward market can get atop 109.00+

**Please note:** it is very easy to lose focus in a situation like this morning.....it is still the case that lower highs below the established session high will bring it down.....and momentum willing off a HIGH above 108.50+ but below 109.00 market should be able to touch base with 108.00. Speed, fast or slow, does not alter intent.....but it can persuade you out of the market when the creep sets in.

**OK Let's See What Happened Moving Forward**

**Daily US Light Crude (Apr)** 12:47 28/02/12 H: 10867.5 L: 10725.5 -2.0 -0.02%



Data is Indicative

Chart Period: 11:07 28/02/12 - 12:47 28/02/12 Resolution: 1 min

**Price action progress/developments:** the creep had crept down to 108.00 by midday GMT. There was a one pip move lower than 108.00 but no further (a couple of pips here and there is normal and if round number immediately follows up with higher lows treat it as a blip but note it). Higher lows did kick in immediately to get support at 108.00+ so possibly some action now.....although market may just wait until New York opens.

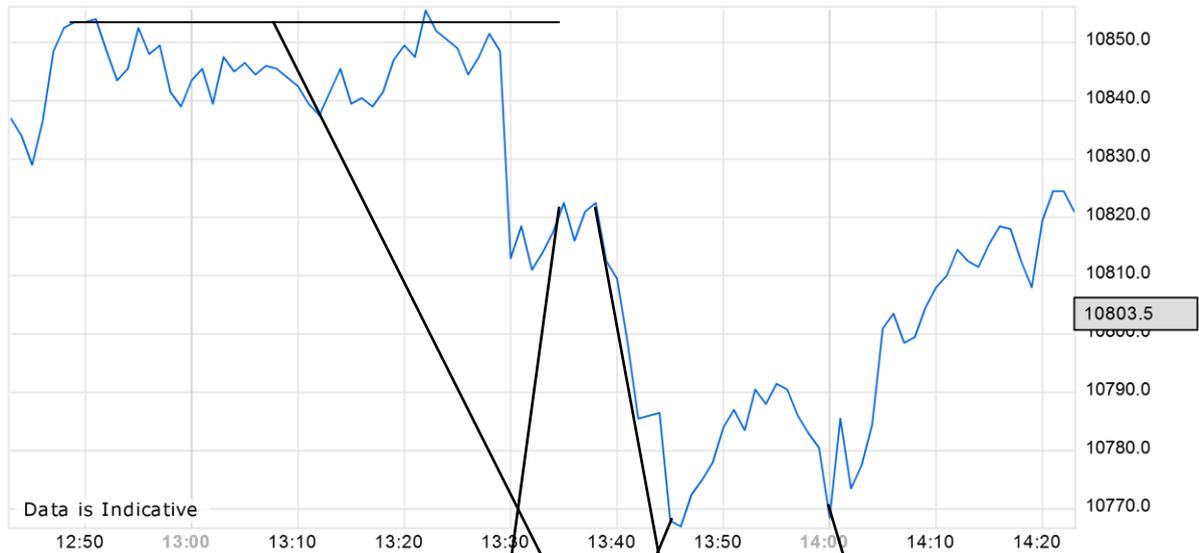
Market did start to wake up around 12.30 GMT.....so now you need higher highs above session high as part of the BUY trade that has been presented .Exit needs to be taken however ahead of 13.30 GMT as New York open combined with Red Flagged data is a difficult combination to manage and you should not try.

**Trade 2** = at 12.03 GMT at 108.06 higher low. See what happens at high (or 109.00 but most unlikely to get here by New York open given pace of movement).

This has been a lack lustre tricky London session. It was tricky due to lack of any serious momentum which had market meandering for the most part. Let's hope New York serves to liven things up a bit. If session high continues to FAIL post 13.30 GMT then there should be an approach to 107.50.

**OK let's See What Happened Moving Forward**

**Daily US Light Crude (Apr)** 14:33 28/02/12 H: 10867.5 L: 10725.5 -45.0 -0.41%



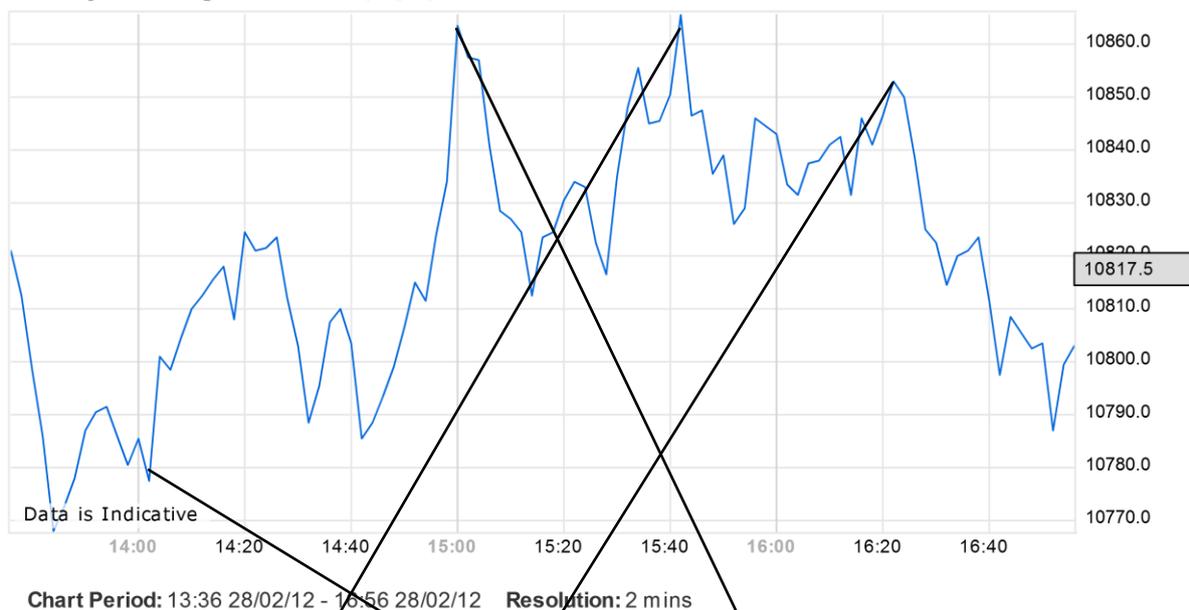
**Traders Considerations:** lower highs below HIGH post 13.30 GMT that present will indicate a more meaningful move down at least to approaching 107.50 (we do already know that the market has earlier been lower than 108.00 albeit by only one pip.....even so it has been lower). Lower highs have formed already and have persisted following rise off 108.00+ they set in again from 12.36 GMT and thereafter ending trade 2 at circa 108.50+ just prior to 13.30 GMT.

Lower highs did present at 13.35 GMT at 108.22.....and at 13.38 GMT at 108.23. Neither were suitable SELL entries as neither would have covered the PP+ with the max stop loss of 31 pips after the spread and you should never stretch the stop to accommodate what the market offers you. That is a habit that could lead to lots of trouble. (you only discover after the event that both would have been perfectly safe on this occasion).

Market did move swiftly down to 107.67 by 13.46 GMT.....**this price was touched again at 14.01 GMT** with no push lower. You are close enough to BUY at a higher low as long as it covers 107.50. **So ideally HL at 107.75 or less.**

**OK Let's See What Happened Moving Forward**

**Daily US Light Crude (Apr)** 17:58 28/02/12 H: 10876.0 L: 10725.5 -31.0 -0.29%



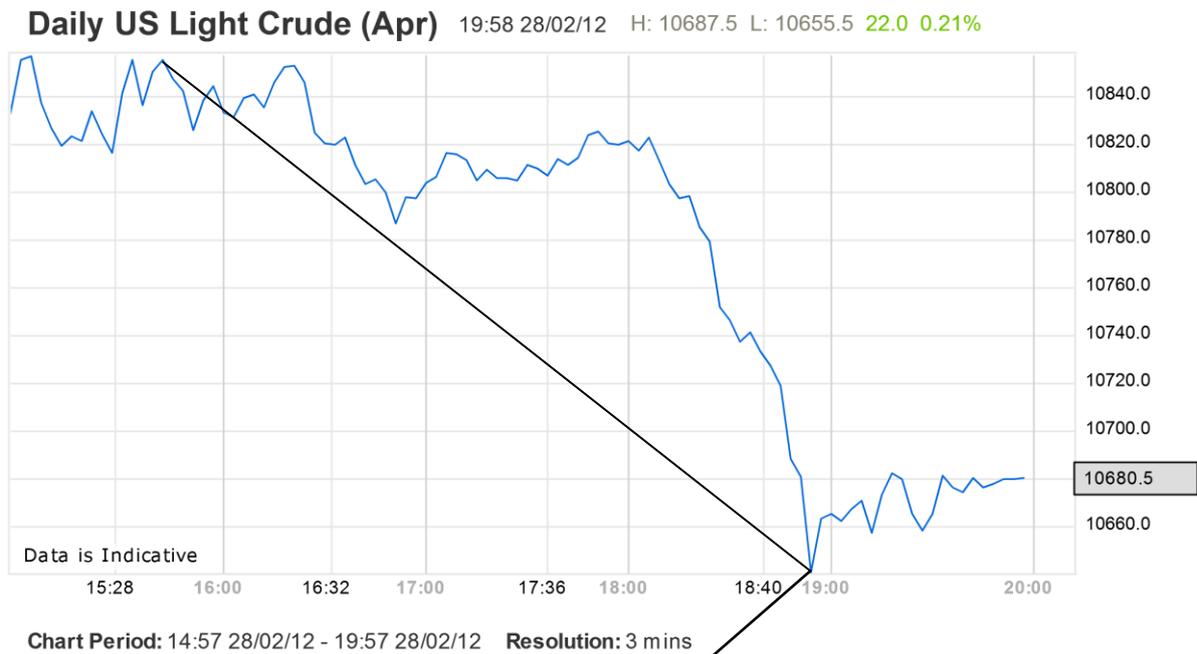
**Please note the chart is at 2 minutes resolution just to show extent of PA. For live trading chart is set at 1 minute.**

**Traders Considerations:** market presented a higher low at 14.03 at 107.74. It formed quickly and was difficult to take advantage of. **If you blinked you may have missed it** (so not ideal and easily missed). In situations like this don't take an unsuitable entry that is too high. You can wait for the next opportunity. **There is also market moving red flagged data again at 15.00 GMT.....so trade could get interrupted.**

**Price action progress/developments:** rise off HL at 14.03 peaked on data at 15.00 to 108.72 (a higher high). If this is anything other than a knee jerk reaction to the data then market will continue UP to test 109.00. If it is a knee jerk reaction lower highs will set in. Let them.....make sure the high is not getting pushed higher and **SELL**. Just give the market time to show intent.

**Trade 3** = lower highs did form below new high from around 15.43 GMT at 108.65. So **SELL** here or at 108.57 at 16.24 at 108.57. The focus as always is no further move higher than **HIGH** at 108.72.....**stay with it as long as market moves lower than 107.50** as it could fly especially if also taking out 107.00 too. Given that there has been no contact with 109.00 you do not really know where support is.....that is why the focus should be no move above the **HIGH** (this is easier to manage than trying to second guess the decline).

**OK Let's See What Happened Moving Forward**



***I have moved to 3 minutes resolution just to illustrate extent of decline off HIGH at 108.72 confirmed by the lower highs from 15.43 GMT. Concentrating on NO MOVE ABOVE THE HIGH is what gets you big profits from a great decline. No one exactly knows where the market may decline to so why try and guess at it. Had it not gone lower than 107.50.....then it would have gone back UP to re-test high and probably sail through 109+.***

*Decline extended down to 106.42 by 18.57 GMT with exit timely ahead of 19.30 GMT.*

*So what started as a quiet tight session ended with a great decline after market demonstrated it could not get above 109+.....not without its challenges around red flagged data.....which is why you should not be in trade when red flagged data is released.*

*Trading requires you to follow rules BUT it also calls for bags of common sense too.*