My dear student of the tape,

You have brought me a specific coordinate in time and price—a commitment of capital at 18.22 on a 5-minute interval. To judge this position through my lens, we must look past the mere numbers and observe the behavior of the Composite Man.

On a 5-minute timeframe, we are observing the "micro-pulses" of the market. While the principles of Supply and Demand are fractal, you must remember that the smaller the timeframe, the more "noise" one must filter to find the true intent of the dominant interests.

Here is how we shall analyze your position at 18.22:

1. The Law of Cause and Effect

Before you entered at 18.22, what was the "Cause"? For a substantial move to occur, there must first be a period of Accumulation or Re-accumulation. * If the price spent several hours (a long "sideways" base) before you bought at 18.22, you are likely riding the "Jump across the Creek." * If there was no base, you may be chasing a "buying climax," which is a dangerous endeavor for one's capital.

2. Effort vs. Result

Look closely at the volume bars accompanying your entry. * The Ideal: If the price moved toward and past 18.22 on increasing volume and wide price spreads (the "Effort"), it indicates that the large interests are actively marking up the price. * The Warning: If the volume is very high, but the price is struggling to move significantly above 18.22, it suggests that Supply is being fed into the market. The "Composite Man" is unloading his bags into your hands. This is a "Buying Climax" or an "Upthrust."

3. The Position of the Trend

At 18.22, where are you in the cycle? * Markup Phase: If 18.22 is just above a recent resistance level that has been tested and held, you are in the Markup. Your goal is to hold until you see a Preliminary Supply or a Buying Climax. * The Creek: If 18.22 is a "back-up" to the edge of a trading range (a "Last Point of Support"), then your entry is well-timed. You are buying the test of the breakout.

My Counsel for your 5-Minute Campaign:

1. Watch the "Spring": If the price dips below 18.22, watch how it reacts. If it drops on low volume and quickly snaps back above your cost, the "weak hands" are being shaken out, and the trend remains intact.
2. The Stop-Loss: In my day, we protected our capital at all costs. If the price breaks below the most recent "creek" (support level) on heavy volume, the "Cause" has failed. Do not argue with the tape.
3. Signs of Strength (SOS): You want to see "shallow" pullbacks. If the price retreats from 18.40 back to 18.25 on very thin volume, it shows that there is no significant supply. This is the hallmark of a healthy trend.

The Verdict: You are currently "long" in a micro-cycle. If 18.22 was a breakout of a well-defined range, you must sit tight and let the trend work. But if the price begins to "churn"—high volume with no upward progress—you must be prepared to exit, for the "Composite Man" is likely finished with his markup for the day.

What does the volume tell you at this very moment? Is the "Effort" producing the "Result"?

Respectfully,

Richard D. Wyckoff