The Dip Was Again Bought In SPX. Are New Highs Coming? May 28 Plan

MAY 27, 2025 ∙ PAID

Last week, ES put in its first significant pullback since April 21st, clocking in 4 red days in a row. Despite the fact that it was 4 red in a row though, the selling last week was nonetheless controlled, with sharp - often news driven selloffs - being snapped up within an hour or two. **This is a function of the fact that since April 6th, ES has been in what, I've called daily a buy dips regime. There has been a strong underlying bid unlike the first few months of the year. Its essential to know the underlying regime of the market so you don't get caught fighting it, and everyday for nearly two months now, I have it made it clear: Buy those dips.**

On Friday, dip buying was put to the test and we saw the deepest flush in a month thanks to a "Tariff Tape Bomb" at 730AM Friday morning and we sold 120 points down to 5760. As readers recall though from the Jan-April bear cycle, there is a law in markets, and my edge exploits it. **After every "elevator down" sell in ES, comes an equally violent short squeeze.** As a Failed Breakdown long trader, this is how I pay the bills and at 9:35AM Friday, I tweeted that 5788 had to reclaim to start a rally, and we got that squeeze to 5843 high of day.

The dip was again bought. The question for this week was if bulls could maintain that momentum or if Friday's mornings selloff foreshadowed more selling to come. **My lean was that they would**. I wrote Friday at 4pm: "In a strong bull case for Monday, ES won't even head back to support of this range, and will rather just hold 5809 or 5794, recover 5815-20, then head back on up to 5843 then 5850…After 5850 recovers, 5877, 5900, then 5925 are the next big stops on the upside as we work back towards the highs."

We saw exactly this and right after the newsletter came out Friday, we held 5809, at 6:05PM Sunday, we recovered 5815-20, longs triggered, and we ran up those targets to 5877, 5900, then 5925.+

Its been a great run, but ultimately ES is in a big sideways range since May 13th. Can ES see new highs? In today's newsletter I'll talk this, I'll do a deep dive into the very interesting price action we had on Friday where we saw a deep "elevator down" sell then equally violent "short squeeze". If ES ever does get back to a bear market, we'll see this cycle daily and its caused by my two core setup types back to back: My third setup type (the breakdown short), and my primary setup type (the failed breakdown). Finally, I'll discuss the actionable plan for tomorrow.

************Important Housekeeping Notices**********

- **(NEW) Contract Roll: Effective Tuesday March 18th,** ES will roll over from March (ESH2025) front month contract, to June (ESM2025) front month. March will expire Friday March 21st and stop trading completely. Rollover for ES is once per quarter and takes a little over a week to complete (from March 17th to March 21st) as volume gradually transfers between contracts. If using TradingView the ticker remains ES1!, it is /ES on TOS, /ES on E*trade etc. **Starting Tuesday March 18th and for the next three month all prices will be June(ESM2025).** ***This means the last day I will be trading the March contract will be Monday March 17th.*** **Note that for those who use TradingView, there is also a handy indicator that converts ES SPY and SPX prices to each other called "SPY SPX ES Price Converter". Currently, the spread between SPX and ES is 5 points, but after rollover the spread will blow out to around 53 points.**

- ***VERY IMPORTANT FOR NEW READERS: It is absolutely essential for all new readers to read my methodology section. It can be found both pinned on the home page of my Substack (tradecompanion.substack.com) and can also be found at the following link: My Trade Methodology I will update this page periodically, and when I do, I will post here. This page provides a broad overview of all the components of my methodology, risk/trade management system, as well as entry setups and trade philosophy. Through time reading the newsletter, these concepts will crystallize in practice and I provide the more fine details in each daily newsletter.***
- **All times listed here are in EST.**
- If your chart doesn't match mine, you may need to remove the rollover gap. Usually there is a "back-adjust" setting in most platforms. In tradingview its "b-adj" on the bottom right.
- NOTE: With regards to time frames, I do not use time frames under the 15minute chart. Most my entries occur on this time frame or a 30 minute chart. When I am charting, I frequently will use higher time frames like a 45 minute or a 1hr or 2hr chart and I also flip around those frequently throughout the day. If you go below a 15 minute chart, you will lose the signal for the noise, and every intraday random blip will seem more significant and important than it is.
- **NOTE (NEW): I have created a quick website just to document all my official current/future online work. There is a massive proliferation of impersonators/scammers pretending to be me. Anything not listed on this website is not me. Mancini-trading.com.**

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> *The Run Down on The Level To Level Approach: What, Why, How*

This section is intended for newer/learning readers and should be understood carefully before progressing. If you are experienced, with the approach, you can skip this. I include this in every newsletter, because understanding it is **so fundamental,** that profitability over a large sample as a day trader is probably not possible without understanding it. As we saw in today's action, I frequently talk about how trading is *simple, but not easy.* It is simple in the sense there are only a **few fundamental market principles** that are required to be consistently profitable, and they are not overly hard to understand intellectually (trading is not calculus, as I often say). It is not easy, however, because one needs to **implement** these principles, which takes high-level and extremely consistent discipline.

The most foundational of all these principles (I would call this a law, not a principle) relates to how intraday moves are distributed. If you don't understand this, and trade in full accordance with it, it is very hard mathematically speaking to be profitable. **Every profitable intraday trader understands this and executes according to it, whether they know it, or not (most do though).** That law is that **90% of intraday moves do not follow through to produce a smooth trend day, or near-trend day. I call this, "The Golden Rule". Most days, price is spending the majority of the session playing in various sized ranges. It will squeeze hard one way, get traders thinking "the bottom is in", then flush hard getting traders thinking "the top is in" and produce a deeply complex, maximally trappy pathway. It will make multiple legs, often lasting from a few minutes to a few hours each, but will not trend cleanly open to close. Only 10% of days, on the other hand, trend cleanly from open to close.** This is an average of course (you will find those trendy days tend to cluster together in reality). The simple way to summarize this, is that **90% of the time, price "does not move in straight lines", or "price does not move linearly". The golden rule of markets is that they always take the most complex, convoluted**

pathway from point A to B. Price may get to your "target" but it will make sure you aren't on board.

When you understand this, you unlock profitability and a few things become clear. Firstly, you cannot "predict" intraday action, it will usually take such a random, complex path, that "predictions" will only create biases that hinder flexible reaction to the action. There is nobody on earth who can successful predict intraday price action on a consistent basis (elite traders don't even try). Secondly, **you have to trade level to level.** If 90% of price moves don't follow through for trend days or near trend days (rather, they go a few levels, reverse, go a few levels, reverse, then eventually, explode into a trend or near trend day), **it stands to reason that you *have to* lock in gains systematically level to level. This is the exact opposite of what most new traders do, and nearly all brand-new traders are constantly hunting home runs. They think every move is the next "big one".** If you hunt home runs constantly you will find that **you overwhelmingly get trapped**, and your good entries will very frequently go "green to red" as price runs a few levels then reverses. **These "left on the table" gains add up to staggering, transformative wealth over the span of a year. Then, to make matters worse, you will frequently miss those huge trend moves when they do happen.** After getting chopped up over and over chasing "home runs" on multiple moves that don't follow through, the typical new trader will end up in deep drawdown, confused, and frustrated, then the market will often take off without them.

This is why level to level trade management is everything. If you lock in gains systematically level to level, then as long as you have a half decent entry, you will stack gains on all those moves that only go a few levels and reverse.

What about those big trend moves then, or those days that trend non-stop? Again, level to level trade management has the answer: **Leave runners.** After you lock in majority profits at first level, do it again at the second level, then leave a runner to work. What then happens? If price goes 7 points and fails you win**. If price goes 20 points and fails, you win (your runner will handle it), If price puts in the biggest trend day of the year, you also win, you are on board with those runners.**

Do this on every single trade, regardless of what you think, or how you feel, and you can "hack" that fundamental law of how intraday moves are distributed to your favor, rather than be a victim of it. When you do this, you no longer have to **guess** when to take profits, where, or how much. You stop flipping back and forth frantically. You stop getting trapped over and over. Your stress goes down, and your profits go up. You do it the same way everytime, and that way is in accordance with the mathematics around markets follow through.

To summarize the trade management methodology, it therefore goes like this: Lock in 75% profits at first level up. From there, you can move your stop up, for me, it will usually go several points points under break-even, but I am flexible here. My only core criteria is that I *will not let the entire trade go back red*. I want to give the trade every chance to work as long as it does nothing structurally wrong (loses a major support etc). Apply common sense. From there, lock in more at next level up, leave 10% to go. Trail the 10% via the trailing stop system in the method section. You can adjust these ratios as per your personal sizing constraints.

Trade management is everything and infinitely more important than entries. You can have the best entries in the world, but if you don't lock in gains systematically, you will not profit. You will sell far too late (most the time), or far too early. Do not "guess" where moves will end nor assume that any entry will result in a large move, most don't and good follow through is not the norm, but the exception. Do not let your emotions or opinions tell you when to exit a trade. **You don't know, I don't know, nobody knows which setup will result in a**

> **one level move and fail dramatically, which will go 4 levels then reverse, or which one will see the rally (or sell) of the century.** The vast majority of moves only go 1 -3 levels. A smaller subset go 3 or 4, a rare subset go 4+.
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> After you understand this, you can ***then*** turn your focus to the entry setups

Trade Recap/Education

NOTE: The purpose of this trade recap section is to run down in greater detail previous examples of my three setup types that occurred within the last couple days. These setups are always provided to readers in advance, and the goal of this section is to expedite the lengthy screen time requirement that is associated with learning any trade setup. Trading is no different than learning a sport, or a musical instrument, or any other skill. You need to put in the reps - thousands of them. Unfortunately with trading, these reps are expensive. By showing examples of my three setups here everyday, the hope is readers can develop the pattern recognition quicker. The idea is that if there was a trade you were curious about or wanted more color on that occurred in the last couple days, you can scan through this section and hopefully I have identified it. **Scroll to the next section for today's action and the trade plan for tomorrow. Note that this section is also not exhaustive and I do not include every setup that occurred. When price is volatile, there may be many.**

Before getting into today's action, I just want to discuss in a little more formal detail the action we had on Thursday and Friday last week, as it saw a return of volatility and therefore, multiple high quality setups that conform to my system. It also set the table for this squeeze we saw this week. In particular, we saw an extremely common sequence that may be familiar to those who traded in February-April: What I call "elevator down into short squeeze". ES loves to do this. It puts in a sharp few hour sell where it cuts through every support. Traders get scared, retail piles in short, the “market crash” tweets comes out. Then, it short squeezes violently.

Recall that last Wednesday, ES saw the deepest sell in a month: 100+ points down from Wednesday 5957 high of day to the Wednesday 5850 low of day. As a Failed Breakdown trader, sharp sells like this always pique my attention, the reason being as I stated last Thursday/Friday:

Remember after “elevator down” flushes of the sort we saw yesterday, price typically follows it up with my core setup: The Failed Breakdown. There is a misconception that because Failed Breakdowns are long setups, that they only work in uptrending or bullish markets. ***On the contrary: The March-April window this year was the literally the most lucrative period for Failed Breakdowns in my entire career spanning nearly 20 years now.*** *Why? Because in volatile markets, price undergoes what I call the “downtrend cycle”. It cycles between “elevator down” sells, and short squeezes. This is all ES does in downtrends, as we learned in Feb-March-April, so it should all be review. ES never just sells slowly. It covers lots of ground, quickly, over a short time period, typically a couple hours but rarely a full day. Then, it short squeezes, and the short squeezes are caused by Failed Breakdowns. The short squeezes can be violent, and the best trade of my entire career occurred on April 9th when ES rallied nearly 600 points in a session, caused by a Failed Breakdown. As a long-only Failed Breakdown trader, I would make significantly more, if ES were in a multi-year bear market, than a multi-year bull market, but Failed Breakdowns obviously work fantastically well in bull markets also.*

In this case, the Failed Breakdown was on Thursday morning of Wednesday’s low of day. We set the low of day Wednesday at 5850. We then bounced there 3x in the evening Wednesday and held it all night into Thursday Morning. We then flushed it Thursday morning at 8am down to 5828, recovered it by 8:45AM, and rallied hard to 5890 high of day. I already reviewed in the last newsletter, but will do so again here more formally, putting this Failed Breakdown in the context of the "3 entry criteria". We should always think of Failed Breakdowns in the context of these three criteria.

Then on Friday morning at 7:40AM, ES got hit with some Trump Tariff Tape Bombs, and ES invalidated that Failed Breakdown, producing my third setup type: The Breakdown Short and we flushed from 5860 to 5760 going "elevator down". Remember the Breakdown Short is simply a failure of a Failed Breakdown. I don't trade this setup anymore myself, but I still give it out to traders who like the short side

Finally, as always, we got another short squeeze on Friday at 9:30AM, driven by a Failed Breakdown/level reclaim

Let's begin with Thursday's Failed Breakdown long as this started the sequence.

The Thursday 8:45AM 5850 Failed Breakdown Long

I provided this setup to readers on Wednesday at 4pm when I wrote: "Another alternative would be if we put in a Failed Breakdown of this afternoons 5850 low and recover."

1. **Failed Breakdowns require price to set, lose, and recover a significant low. A significant low is ideally the prior days low, but absent that a good low that goes 20-30+ points can suffice. If this is not available, a clear shelf of lows can work.** This one was fairly straight forward It was not only the Wednesday daily low, but we actually tested it 3x between 3:20Pm and 6:20PM on Wednesday. From there, we set a multi-hour low off 5850 which held for 25 points and for 14 hours to ~5877. A clear, significant low.
2. **After you have identified a significant low, that low must flush.** The size of the flush does not matter, but it does influence our

entry. I consider a 2-11 point flush ideal, and I call these “shallow” Failed Breakdowns. Any more than 20 or so points I consider a “deep” failed breakdown. Shallow Failed Breakdowns tend to occur very quickly: A quick snap down below the low and back up. Deep failed breakdowns, **unless volatility is very high,** are often much slower affairs, requiring sometimes hours of “acceptance” (this is a necessary precondition to entry on Failed Breakdowns, as I will discuss below). This was a fairly deep Failed Breakdown as we lost 5850 at 8am and sold to 5828 by 8:15AM, but it’s important to note here that volatility was also extremely high. The flush on Wednesday morning was vicious and occurred very quickly. When price is making 30-40 point moves in minutes, we are in a high volatility regime and these means everything will move faster. Remember with Failed Breakdowns the most important thing to see is what I call the “rubber band effect” or “beach ball underwater effect” which refers to after price loses the low (5850) and sells off to its new low (5828) that ES “snaps back” violently back to 5850. Thats a strong indication price just does not want to stay under that low and there is too much demand. We saw this and after hitting 5828 by 8:15AM, we based out a little then sprung rapidly back to ~5850 by 8:45AM.

3. **After price sets, flushes, and returns to a low, we can long a little bit above the low, but only after we see acceptance.** The golden rule for Failed Breakdowns is if you rush, you lose. This is especially true for deeper Failed Breakdown. If you just chase in long, you will get trapped, price will selloff, stop you out, then resume higher later without you. We need to see what I call acceptance. Acceptance is a function of structure, not of time. Sometimes, acceptance can take hours. Other times, a minute or two. There are some rules of thumb though. Generally the deeper the Failed Breakdown (>20 point flush) and the lower the volatility, the longer it takes, and the shallower the Failed Breakdown (2-20 points) and higher the volatility, the quicker it takes. The average time for acceptance may take something like 5-10 minutes for a

shallow Failed Breakdown whereas a deep Failed Breakdown often takes over an hour. There is no hard rules here so you just have to go with the flow. Acceptance means price demonstrating to us that it wants to be at or above the low, by attempting to selloff there, then returning to it. The essence of acceptance is that price tries to selloff at or above the low, and fails to do so. In this failure to do so, price demonstrates to us that there is no supply at the low, and it is safe for us to enter. Instead of just rushing in long when the low recovers, we wait for price to try to sell, then for that sell to get bought which tells us there are no sneaky sell orders waiting to trap us as soon as we buy. Acceptance can take two forms, shown below. The first form price back-tests the low, sells off, then returns to it. The second form price rips through the low, sells off, loses/back-tests the low, then recovers it. **In this case, we had the first type of acceptance shown below. Here, after losing 5850 at 8am, ES sold to 5836 almost immediately, then bounce to 5845. From there, it flushed down to the 5828 low. This was acceptance. Was it a perfect back-test of 5850? Close but no. But markets are rarely perfect and you cannot be a perfectionist and rather need to look at *what it is that price is telling you.* If there was sufficient supply around 5845-50, ES would have just sold off to 5828 and kept going, no rocketted back to 5850 immediately. From there, we are good to long above 5850 anytime between 8:45AM and 8:50AM Thursday. Since volatility was very high here, things were moving much faster than usual.**

4. **Stops for Failed Breakdowns always go below the lowest low. They only move up when another higher low forms.** Markets always take trappy, complex, non-linear paths, and stop placement needs to make technical sense and go somewhere that invalidates the trade. Otherwise, your stops will be taken. If this means a wide stop, it means a wide stop, and you can just size down to maintain proper risk. In this case, the stop begins under 5828. When price sets a higher low (as it did at 9:30Am Thursday at 5843), the stop

can get trailed up under that. Profits takes are -as always- level to level.

We rallied to Thursdays' 5890 high of day after this, in a standard non-linear path before selling.

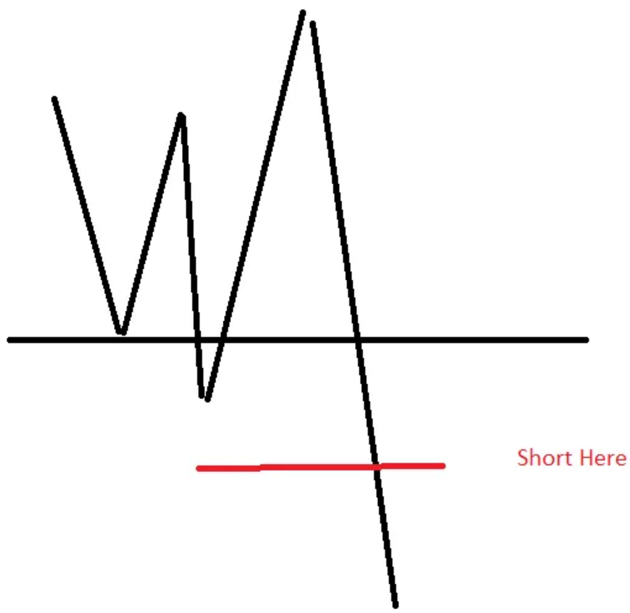
The Friday 7:40AM Breakdown Short Of 5850

At 7:40AM Monday ES - triggered by a Trump "Tape Bomb" sold off extremely hard below the 5850 level which had been a magnet, down to 5760s. This was a great example of my third setup type: The Breakdown Short. I wrote on Thursday at 4pm: "**Bear case tomorrow: Begins below 5850, but realistically 5836 must fail to really see a sell. ….In order to short here, one would need to see one more trap below 5850 and bounce. After this, one can short below 5836, perhaps 5833 trigger. Take profits level to level."**

We saw exactly this at 7:40AM Friday and we hit the 5836-33 trigger, and sold to 5760s. Why was this a trade? Its a Breakdown Short.

Remember Breakdown Shorts have one big problem. 80-90% of them end up as traps, so if you short beneath a level, there's an 80-90% chance you get trapped. How to fix it? One of two ways. Firstly, you can wait for a big Failed Breakdown to occur at the level, then short below the low of the Failed Breakdown. If price already saw a Failed Breakdown, its less likely to see another a**nd the failure of a bullish setup, is bearish.** Secondly, you can wait for price could build a nice shelf at the lows, and try to bounce several times with all of them fizzling, one can then short beneath the shelf. In this case, you gave price several shots to bounce, and after the 2nd or 3rd or 4th, its less risky to short. One can put a short trigger a several point buffer under the lows.

The idealized/simplified form of the Failed Breakdown looks like this:



Breakdown Shorts are highly complex as the market will typically throw up many traps before the “real” sell. Sometimes, there will be over 20 traps before the proper sell (which is why I trade Failed Breakdowns). **How did this work for Friday and why was 5836 my short trigger?**

Firstly, 5850 was the key level here. It was the low of day Wednesday, we put in a monster Failed Breakdown there on Thursday Morning (discussed above) and we rallied to 5890s. Then on Thursday evening, we tested/trapped below 5850 an additional 5 times.

The standard short trigger here would just be below Thursday’s 5828 low since that would be below Thursday’s low, thereby invalidating the Failed Breakdown from Thursday. However, I appreciate that this was quite far down, and many readers would want higher entries. Shorting below 5850 was not possible as it was simply too trappy of a magnet. For this reason, I opted for a 5836 trigger as a compromise.

Why? Thursday at 930AM to 11AM, ES set a couple big lows at 5843, with the latter setting the major low for the day. Since this zone was lower and much less trappy than 5850, shorting below this was more of interest. In this regard, I figured 36 or lower would be a good enough buffer below. Early Thursday Morning at 2:30Am and 5:30AM, ES set two more big lows at 5843, further solidifying this zone. There was a clear shelf here for one to short below. After price shows its hand and reveals no demand via the bounces fizzling, we can short several point buffer below. Once the 5836-33 trigger hit, down we went.

Again, one could have also shorted under the 5828 Thursday low as this would be the most textbook entry for a Breakdown Short, but one can also search for higher structure.

I wrote Thursday at 4pm: **"Below 5836, bulls could be in trouble and we could free fall. You need to give ES space to sell below there and no knife catching longs.**"

We sold down to 5758 afterwards.

The 9:30AM Friday Level Reclaim/Failed Breakdown of 5788

As stated above, after all "elevator down" sells, come short squeezes. Short squeezes are caused by Failed Breakdowns/level reclaims. A

In this case, at 9:25AM, I tweeted that 5788 reclaim would be an actionable long

Adam Mancini @AdamMancini4

As per newsletter, 5850 failure (5836-36 was short trigger given) would trigger down in #ES_F. This invalidated yesterdays bullish Failed Breakdown and this was the first such example in many weeks.

5788 must recover now to see 5796, 5815-20. 5758-60 fails, we dip to 5745 1st

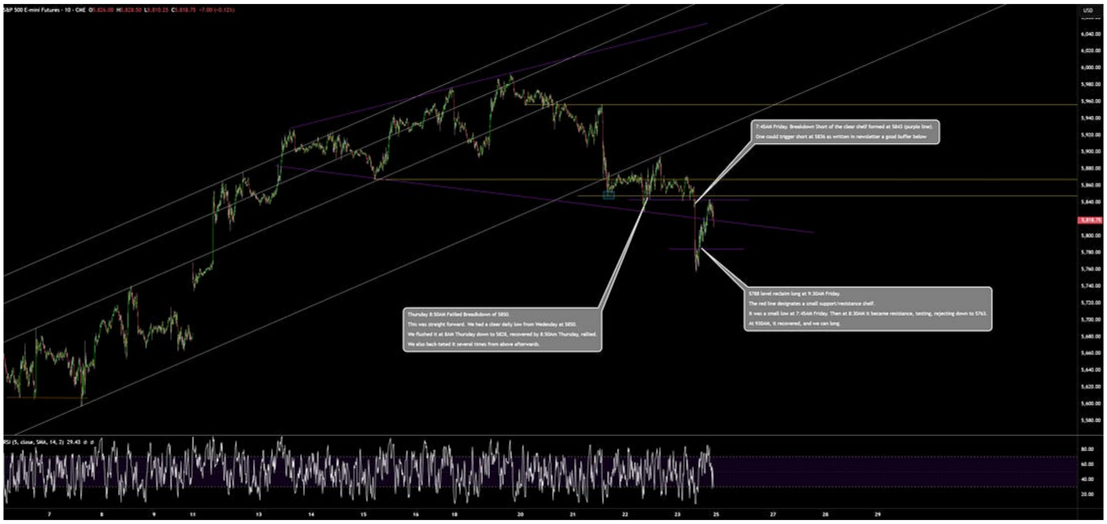
> **Adam Mancini** @AdamMancini4 · 1h
>
> Today's sell was caused by a Tariff Tape Bomb, there was key technical context. #ES_F put in a huge Failed Breakdown ystd at 5850, bullish setup. The invalidation of a bullish setup, is very bearish. As per newsletter 5836 had to fail to trigger short. 5796 must recover to rally
>
> Bulls put in a big Failed Breakdown today at 5850. This is obviously a bullish setup, and they need to defend 5850 now and defend this Failed Breakdown. They are in control otherwise. If we do sell tomorrow, 5836 is the lowest bulls want to see, or we could unravel hard
>
> Bear case tomorrow: Begins below 5850, but realistically 5836 must fail to really see a sell....In order to short here, one would need to see one more trap below 5850 and bounce. After this, one can short below 5836, perhaps 5833 trigger. Take profits level to level.

9:25 AM · May 23, 2025 · **11.1K** Views

Why 5788? Due to the deep sell Friday morning and since we were far from any significant lows, there weren't any high quality, traditional Failed Breakdowns available (that meet all the above criteria) and all we had to work with was lower quality "level reclaims". 5788 was of interest here because we set a small low 10-15 point low around there at 7:44AM Friday, which then failed down to 5758. At 830AM this zone then acted as resistance (acceptance) and we sold back down to 5763. Therefore the recovery of 5788 after would be actionable. I would call this a "level reclaim" rather than a Failed Breakdown as it does not clearly meet the 3 criteria for a Failed Breakdown. Instead of a big significant low, we just had a non-descript level at 5788. Failed Breakdowns have a clear, unmistakable structure (big significant low or shelf of lows, snap below the low, recover). Level reclaims refer to ES simply recovering a resistance level that previously acted as weak support at one point but does not meet the criteria for a Failed Breakdown. You can read more about this in my methodology page. You should be focusing mostly on Failed Breakdowns with level reclaims only being of interest in extremely high volatility or if there are no nearby Failed Breakdowns.

We got a fantastic squeeze here into Friday’s 5842 high, then closed for the weekend.

While the above content focuses on entries, its important to remember that trade management, or what you do after entry is more important than entry itself. You must always take profits level to level. If you are not taking profits level to level as a day trader, there is literally no way to succeed. After you press “buy” or “sell”, turn your mind off, and turn autopilot on. No thinking, no opinion. Run the level to level algorithm. Never try to predict how far any move will go, or its path. You don’t know if it will go 1 level and fail, 2 levels and fail, or run for days. The only sure thing is that over a large sample, no human being can consistently choose targets accurately enough to be profitable. Therefore, be systematic, lock in level to level, let a runner work. This way, you “win” no matter what price does. Goes one level and fails? You win. Goes 100+ points? You are in a runner. It does not matter what you think price will do , you must still always lock in 75% profits at the first level, leave a 25% runner, then lock in more at second level up, and let a 10% runner go and initiate the trailing stop methodology. No opinions, no emotions, no thoughts - manage trades systematically, the same way every time. 90% of moves do not follow through, if you do not lock in gains level to level, you will *not* succeed as a day trader.



Screenshot taken 3:45PM Friday

On to today: Daily Summary

The last newsletter was for Monday/Tuesday as Monday was a holiday. Heading into the long weekend, I was still holding a 10% long runner from the 5788 reclaim long, discussed above. I confirmed this on Friday at 4pm, writing: “I am holding my 10% long runner from the 5788 reclaim discussed above and tweeted at 9:25AM. Today was another good example of the fact that after every elevator down sell, comes an equally violent short squeeze. As readers know, I don’t short personally or trade the sells as they are too hard to time, too trappy, and too short lived (and catching them also means I will likely miss the ultra high win rate failed breakdown/reclaim that follows) and I prefer to trade the much easier and more plentiful Failed Breakdowns/level reclaims that always follow the legs down. I still do provide the shorts though for those who like these.”

The basic theme for Monday/today was straightforward.

1. 5850 has been a very important pivot. It was macro support in early October, early November, and early January. It then failed in March and we sold into April lows, recovering early May. Last

week, in made an appearance again. We set the low of day there last Wednesday. On Thursday, we put in a big Failed Breakdown and rallied to 5890. Thursday evening, we then tested it 4-5 more times. Then on Friday morning, it failed due to Tariff Headlines. Its a sort of “bull/bear” line and the objective for bulls is to clear it.

2. ES was also in a big range that started on Friday, generally between 5850 and 5843 as resistance, and support at 5771/5760. There are many actionable levels inside this, discussed on Friday. I summarized this all on Friday stating:

We are in a range now that I would consider to be 5771 to 5850 and price could play inside this for a while and the main task for bulls is to recover 5850 now. In a strong bull case for Monday, ES won’t even head back to support of this range, and will rather just hold 5809 or 5794, recover 5815-20, then head back on up to 5843 then 5850…After 5850 recovers, 5877, 5900, then 5925 are the next big stops on the upside as we work back towards the highs.

Conversely, the task for bears would be to break this range down by losing 5771.

Its key to remember when reading the above, that **it is vital not to take the above context and engage in prediction. As traders, our job is to be purely reactive. You don’t want to start inventing price paths or predicting price paths.** Price does not have to do anything. If we lose “X” level do not say “that’s it, we are selling for days now”. Price could sell for 40 points, rally 10, sell 20, then recover X level and rally for days. Or, it can sell for 100 points, rally to back-test, then reject lower. **Or one of a million different permutations. When you start to predict, and your prediction will almost always be wrong except in rare lucky in cases due to the complexity of intraday action. You also give**

yourself a bias, and people with biases can't react in the fast, flexible way that day trading requires

Why shouldn't we predict? Because remember the Golden Rule described at the start of the newsletter. 90% of days are not straight line, open-to-close trend days (what I call Mode 1 days). Rather 90% of days will put in multiple moves often lasting a few minutes to sometimes a few hours each, replete with traps (what I call Mode 2 days). In other words only 1 in 10 days does price trend cleanly from open to close. The rest, it simply does not. Therefore if you trade and think like price will trend as your base assumption, you will just end up getting trapped, confused, have your trades go green to red, then miss the trend legs when they do come. I truly believe that this core misunderstanding is what drives most traders to never attain consistent profitability. You simply can't be profitable if you have implicitly incorrect assumptions about how frequent trend moves are, as this will bleed into your trade management and entries. **Losing traders trade as if every move is the next big trend move. Winning traders assume every trade will be a trap, and leave optionality via runners for the ones that aren't. Be the latter, not the former.**

A hallmark of successful trading is being able to have two parts to your brain: An analysis component, and an execution component, and being able to keep them totally separate, giving barely any weight to the analysis component, and full weight to the reactive, flexible execution component. Losing traders cannot separate the two and focus entirely on analysis, ignoring execution.

Here is the difference in the types of statements professional traders make vs retail traders in this regard. A retail trader will make proclamations. They will say "We are going to sell 80 points, then rally 20, then sell another 100". Or they say "top is in" or "we are heading lower". Professionals say "If price tests X level, flushes it, and recovers, I long for a lvl to lvl move". "If price rallies to Z level, I short", "If price does none of the above, I do nothing". Be a trader, not a fortune teller *and don't expect price to do anything. When I sit down to trade, I wipe my mind clean of any expectations, predictions, or opinions on direction. Have a plan for exactly where and how you want to engage, let price choose the path, then you can react accordingly. If your doing this right, you should be able to enter a session "feeling" the most bearish you have felt in a year, but if a Failed Breakdown triggers off the open, you are long. From there, all trades are managed systematically level to level, again never predicting how far any move will go.*

With this in mind, we can now sit back and wait for our intraday setups to react to.

Sunday Evening:

Futures opened at 6pm on Sunday and we began artificial holiday trading. As I wrote on Friday at 4pm: "Monday is a holiday. Don't read too deeply into any action that happens Monday as its not real price action and the market is easy to push around, it will just be certain algos engaging."

Futures open on Sunday was relatively flat. I wrote on Friday at 4pm: "Heading into next week, 5808 is first support down as of writing. As readers know I'm not a big fan of insta-buying supports, so I'd rather see this test then recover 5815-20 to try long. Below 5808, we head to 5794. If we are dipping into this in a controlled manner, one could bid it, or a safer trade is waiting for ES to put in a Failed Breakdown of today's 11pm low at 5793ish. Just be patient and read the reaction."

Right before the 5pm futures close on Friday, ES tagged 5808 exact. On Sunday evening shortly after the open, futures recovered 5815-20 and I added long at 6:05PM Sunday at 5825, seeing ES settle nicely above the zone. In addition to this, between 3:55PM and 5pm on Friday, ES accepted this zone from below nicely, **bumping into it multiple times,**

rejecting, and returning to it, priming it for entry on Sunday. For those wondering why this was a zone, it was a low we set at 3:20PM on Friday afternoon. In addition to this, it was also a resistance shelf from 10:45AM to 1pm on Friday. This was clearly an important zone, and we'd want to be long above it.

This followed through quickly and I managed as always: Locked in 75% profits at 5833 1st up, left 25% to run, locked in more at 5843 2nd up, left 10% to run.

As I wrote on Friday at 4pm: "In a strong bull case for Monday, ES won't even head back to support of this range, and will rather just hold 5809 or 5794, recover 5815-20, then head back on up to 5843 then 5850… After 5850 recovers, 5877, 5900, then 5925 are the next big stops on the upside as we work back towards the highs." **ES wasted no time at all Sunday evening getting started on this and we ran back to 5850 by 6:10PM, then beyond, then by 6:20PM we had tagged 5877 and dipped.**

This move was catalyzed by more "Tariff Reversal Headlines". As always, we cannot predict when these headlines will come. We just take our planned setups, and now and then, you will get lucky and the trigger will be caused by an external headline release, triggering an outsized move.

With a green trade in the books, this means its time for **profit protection mode** and time to let runners work **and do absolutely nothing**. As I often say I (and every other professional trader), don't trade because the market is moving, because we are bored, because we have FOMO. We trade because a planned setup triggers at a planned zone, then the rest of the time is sitting there.

What does profit protection mode mean? This means after a win 1) I have to sit on the runner and do nothing all day, no other trades allowed. 2) I can take a second or third trade, only IF the runner stops out below break-even (or via a trailer if it is a larger rally where a trailing stop is involved), AND a new, pre-planned setup emerges. 3) I can take this second or third trade only risking the profits from the first, to ensure I have a green day. I take not going green to red on the day very seriously as do I take profit preservation very seriously.

Monday Morning: Again Monday was a shortened and “artificial” holiday trading session with NYSE closed. and with a win in the books, there was little to do here but hold my long runner.

When I woke up and checked price at 730AM, I was happy to see ES has continued nicely higher to ~5895 then started basing out, and there was nothing for me to do here as a Failed Breakdown trader but let it work.

We continued higher to 5893 and spent all day yesterday bull flagging out mostly 5870-5893.

Tuesday Morning:

When I woke up and checked price at 730AM, we continue to run the targets nicely overnight last night and got to 5900, then 5910. Again, there is nothing to do here but sit on my runner and let it pay. For those not in though, we did get a nice Failed Breakdown of 5872-77 at 1:45AM overnight I tweeted at 11:27AM Monday before the market closed that 5877 was support for reclaims:

Adam Mancini @AdamMancini4

Slow holiday action n #ES_F. As per Friday newsletter, the 5815-20 reclaim was long trigger, we got it 605pm. Targets were 5850 (hit, this is now the bull/bear line). Above there was 5877 (hit), 5900, 5925+.

Little to do but hold runners. 5877, 5850=supports for reclaims. Dip<50

> **Adam Mancini** @AdamMancini4 · May 25
>
> It may be a long weekend, but headline flow doesn't stop in #ES_F & longs already paying. As per newsletter, 5815-20 reclaim was trigger, with 5850 target, already hit.
>
> 5850=the bull/bear line. Recovery sees 5877 (hit), 5900 5925. 5850 must ho...
>
> In a strong bull case for Monday, ES won't even head back to support of this range, and will rather just hold 5809 or 5794, recover 5815-20, then head back on up to 5843 then 5850....After 5850 recovers, 5877, 5900, then 5925 are the next big stops on the upside as we work back towards the highs.

11:27 AM · May 26, 2025 · **44.9K** Views

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This one was fairly obvious. We had two significant lows at 5872 one at 2am on Monday and one at 11am on Monday at 5872 or so. These were both multi-hour lows that went to 5893. Since this was a fairly messy zone though and 5877 was also a key horizontal, I figured >77 would be a safer entry.

Overnight last night at midnight we flushed that shelf down to 5862. By 1:45AM, we had accepted 5872-77 nicely from below, recovered, and were off to 5910+. I was asleep for this and could not take it.

There was little for me to do here as all planned setups and good Failed Breakdowns were significant lower from the 5900+ point we were early this morning.

9:30AM Open:

Shortly after the 930AM open, ES began a dip from 5900 back to sub 5877, where we grabbed below by 7 points and recovered again. I decided to add a little long here at 9:45AM at 5880 or, as I had not had an entry since Sunday evening.

This followed through nicely and I managed as always: Locked in 75% profits at 5890 1st up, left 25% to run. Locked in more at 5900 2nd up, left 10% to go.

Its been a great few days for Failed Breakdowns. As readers know, I don't short. All I do everyday is wait for the Failed Breakdown/trap, trade it, shut the platform down. You may as what if its an open to close red day? These are rare only occuring a few times a month and even less in a bull market, but I don't care. That's not action for my system. I wait for the squeeze whenever it sets up, usually at the end of the day. We just had a 1000+ point sell in Feb-April and I traded virtually the entire thing on the long side, just trading the squeezes after the "elevator down" legs.

As I try to emphasize everyday, if you are a trader with an edge (which, is the goal), its not your job to trade every move the market makes. Its your job to trade the slice of the action each day that correlates to your edge. Some days, this will be a miniscule % of the overall action. Other days, it may be a large percent of the action. You don't decide that, price does. **There is no edge in any system that is capable of capturing every move the market makes**. Price might rally 80 points, sell 100 points, rally 40 points, sell 70 points, then rally 15 points in one session.

If your edge (in this hypothetical example) are Failed Breakdowns though as mine is, and one of those is only present for that last 15 points, then **you only trade the last 15 points. There is no edge, by definition, which can catch every move the market makes. It does not exist, nor can it exist. If you want to be profitable, you have to resign yourself to the fact that you will need to "miss" the vast majority of the action price makes everyday, since you'll have no mathematical edge in engaging most of it. The idea that there is a trader out there longing and shorting every move the market makes successfully is fiction. Real traders snipe pieces out, then get out for the day.**

Trading does not need to be more active than this. I try to emphasize this daily, you don't need to be pressing buttons all day and going long and short. The market will serve you up A+ trades on a platter once or twice a day, and trades that have a miniscule chance of failing. But the catch, is you need to just wait for them, then protect the gains afterwards. Most people either can't wait for them, or can't protect the gains after. As a result, they join the 95% of day traders who don't profit. **As I frequently say, there is no such thing as hard trading conditions, you are in total control of that by how often you trade. If your trying to force in 10 trades in ultra complex, choppy action, its going to be hard. If your a hunter though who can patiently wait for your shot (a clear Failed Breakown or Breakdown Short), take it level to level, then get out of the way and sit on a runner before you get ran over.**

I do the same template daily: I do 1-2 trades daily. These trades are typically before 11am, or after 3pm. I often enter between 730am and 830am, but this is not a hard rule. If there is no good entry in that morning window, I will enter later. I **enter only at pre-planned, high conviction zones, on A+ setups.** I rarely trade the window between 11am and 2pm as its often chop. First trade is a win in the morning, **I hold the runner** and I stop trading, only rarely trying one more in the afternoon. First trade is a loss, I trade one more. Both trades are losses, I quit for the day.

Trade Plan Wednesday

- Supports are: 5920-25 (major), 5910 (major), 5900, 5893 (major), 5883, 5878 (major), 5872, 5862, 5851-56 (major), 5843, 5836, 5825, 5812-15 (major), 5806, 5798-5802 (major), 5788, 5780, 5771-74 (major), 5761, 5757, 5745, 5738 (major), 5730, 5717-20 (major), 5711, 5707, 5695-5700 (major), 5684, 5678, 5670 (major), 5663, 5657, 5650 (major), 5644, 5634, 5620-25 (major), 5614, 5608, 5597-5600 (major).
- In terms of lvls I'd bid direct: I am still holding my 10% runner from Friday's 5788 Reclaim trade, with adds being on the 5815-20 failed breakdown Sunday evening, and the 5877 Failed Breakdown discussed above. As always, its the same on every trade: Take the entry, manage it level to level down to a 10% runner. The next day, if the runner survived and did not get trailed out, repeat the process, bring the runner back to full on the next setup, and manage it down again. Its been more or less a straight shot rally since Friday's low and the dips we've got have been of the extremely shallow variety that last under an hour. The primary task for bulls Monday/Today as stated on Friday was to recover the key 5850 bull/bear line, and they did that with ease on Sunday evening. Ultimately though, ES still remains in a large, multi-day range now since May 13th. I would characterize it as having a resistance at 5975, and a support around 5800. It could be a large bull flag in its early to mid stages. Obviously this can morph but this a large 175 point playground now and until it clears, ES is in a broad consolidation working off the 1100+ point rally from April 6th. As day traders though, we take it one level to level move at a time, and *never* try to predict the pathway inside the range, or when it will break. We take our setups, leave long runners, and let the runners handle that when price is ready. Readers also know what

I’m going to say here because I’ve said it lots lately: We are yet again closing not far from the high of day, and this is the worst spot for me to trade in. Why? There is nothing to do. As a Failed Breakdown long trader, I enter on those “scary” flushes when price takes out a low, traps shorts who think every red candle is the start of the next generational crash, then reverses. After this, my job is done, and I need to just sit back and wait for the next one. After rallying 100+ points from Sunday’s open, there isn’t anything for me to do up here and I’ll need to patiently wait for a pullback, or wait for price to at least build some sideways structure that can be used as a base for failed breakdowns. Heading into tomorrow, 5920-25 is first support down. We already back-tested this multiple times this afternoon and bounced, so I won’t be a buying a level this close to the highs. However, if we can flush the 3:45PM low at 5924 or so down to 5920 or ideally 5910 and recover, this would be of interest. Below 5910 we probably see another pullback. 5878-82 is the next zone of interest below 5910. This area is fairly well tested. If price is knifing into full speed on some tariff headline, don’t rush in and wait for it to flush and recover. Below 5878 we probably head down to 5851. Again, no need to knife catch if we are collapsing on some headline, I’d prefer to see 5851 test then recover the 5861 midnight low last night and this is a Failed Breakdown of interest regardless if we tag 5851 or not. If its a controlled sell into 5851 though, one can try a bid. Below there, 5815-20 and 5800 are of interest.

- Resistances are: 5932, 5926, 5945 (major), 5957, 5964, 5970-5974 (major), 5987, 5995-6000 (major), 6008, 6013, 6021, 6028-30 (major), 6036, 6040, 6047-50 (major), 6056, 6061 (major), 6067, 6072 (major), 6077, 6084, 6091 (major), 6095, 6102, 6110 (major), 6114, 6120 (major), 6127, 6139, 6145 (major), 6155 (major), 6162, 6169 (major). If we continue melting up tomorrow there’s a few good resistances overhead. I don’t short, but I still give them out for people who like them. The most interesting is 5970-75, with 5945 being a milder support.

- Bull case tomorrow: Bulls remain in control and have nothing to worry about even in the short term until 5800 fails at least. For tomorrow, the “ultra bull case” is that ES does not even lose 5920-25 and if it does fail, only grabs down to 5910 quickly and recovers. This keeps a direct path in play to the range resistance with 5945, 5957, then 5970-75 en route. Perhaps dip there, then when the range is ready to break, 5995-6000, 6030, 6047, then 6072 are the next big targets up. I normally give spots to add on strength, but closing at the high of day after a 100+ point run, this is not possible.
- Bear case tomorrow: No bear case until 5800 fails at least. While I don’t short personally, there are some breakdown shorts above there that are available. I say everyday, there is a strong disclaimer that goes with these types of trades. These types of level loss shorts below a support are called breakdown trades. My core edge is failed breakdowns, and the reason is this is an edge is the vast majority of break downs (80%) trap. They take great skill to execute, and even when done well by a trader who has mastered these setups, one should expect over 60% to fail (they are low win rate, high R/R trades. 2 or 3 in a row will fail, then the 4th will pay out huge). *If you don’t like these odds and cant tolerate being trapped - simply don’t take them. I consider breakdown trades to be an advanced setup type so if a newer subscriber, there is nothing wrong with passing on these. **One option would be the failure of 5920-25. As always I’d want to see some sort of bounce there first/failed breakdown before shorting, then one can short below wherever the low of that bounce is. This would probably be below 5910 for the trigger and the ideal would be if ES flushed 5920-25 to 5910, bounced, then that low failed. Again, I don’t take these and I am a pure long only trader, but I still give them to readers who like lower win rate trades.**

In summary for tomorrow: Its been an incredible run and the long from Friday morning is now up 152+ points. There is nothing for me to do but trail it until it ends. My general lean is always to defer to the trend. 5920-25=support and as long as it holds (or traps below quickly and recovers) 5945, 5957, then 5970-75 are next target slate. If 5910 fails ES can try another healthy retrace.

As always no crystal balls, no guessing, no predicting. I'll be trading the above plan following whatever path price chooses. Reacting level to level, one move at a time, take profits, reset bias from scratch. Not choosing the path for price ahead of time, and hoping it agrees with me. *You don't need an opinion on where price is going to make money*.