

## **Wednesday Wrap Up**

Posted by Chris Vermeulen on October 27th, 2010

Today we had a great session as the market provided us with clear trading signals which we took full advantage of. As mentioned in this mornings pre-market video I figured today would have some excitement.

Fear started to show up in the market during the morning hours but it was not enough to signal a swing trade buy alert. Rather those of you trading with me in the advanced chatroom played the early morning oversold condition to lock in 3 points on the SP500 Futures or approximately 25 cents on the SPY etf. A move like that does not sound like much but for day traders depending on the investment vehicle of choice ETFS, Options, Futures or CFD's it made between \$150 – \$500.

Later in the session during low volume lunch hours the market started to drop and it broke the early mornings low. This triggered everyone's stop orders flushing the market of bulls. This is called running the stops and it tends to happen just before a large rally takes place. Once the stops were run I saw the market sentiment shifted to extreme bearish as traders were now looking to short the market. That's when I knew it was time to get involved and when I sent the alert to buy the SP500.

DID YOU FEEL THE SQUEEZE? The great thing about buying on oversold pullbacks during a bull market is that when everyone is bearish (short the market) yet we are long going into the final hour, those traders will have to cover their shorts before the end of the day. It's this type of setup which causes a Short Squeeze into the close as price surges with thousands of traders buying back stocks to cover their short positions because they don't want to lose anymore money. Good news is that we didn't feel the short squeeze, rather we were some of the first traders to be riding the market up as everyone was losing money into the close.



**Great session everyone, and I hope you all learned something from todays video, updates, charts and trades!**

In conclusion for the day, We are now holding a long position in TBT and SPY and HSU.TO (Canadian Traders).

Chris Vermeulen