

The S&P underwent a fairly major long liquidation heading into the end of the quarter. As it stands, VIX is now starting to fade as the market bounces off lows. If this holds, tomorrow will give me some new trades off bull flags. If it does not, then I will be in waiting mode until after July 4th before I expect to see new adds. Unfortunately, many of the Breakout Bulletin positions liquidated quickly on yesterday's action. Given this, I am simply monitoring the positions and looking for potential roll-downs if the bull flag confirms, a la what I did in PENN last week.

This is the occasional frustration with market liquidations, but also the benefit of the defined risk of these positions. When they occur, I have a defined loss that still has an outside chance of coming back to life. And when the ideas are running well as in the beginning of this month, they more than off-set the losses that come in market liquidation moves.

While I hate seeing losses, there is another good sign for me in these markets – there has been a trend of new money-flow into equities to start each month. July's trade starts on Monday, so if I can see a bit more firmness in the markets that clears up some technical long entries, I will be happy to jump on those, particularly if I see a really good IV setup.

For now, with correlations and VIX high, I will sit on my hands – but tomorrow has a good chance to be a new day for new longs, and I look forward to re-building those positions.

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