

# Naturus



## Daily trading plan for Oct. 16, 2006

### 1. ESZ6 IN PREVIOUS DAY

Open	High	Low	Closing
1369.25	1374.75	1368.00	1373.50

### 2. PIVOTS FOR ESZ6

	Daily	Weekly	Monthly	Yearly
R3	1382.92	1405.00	1411.17	1425.83
R2	1378.83	1390.17	1380.83	1355.42
R1	1376.17	1381.83	1363.17	1305.08
<b>PPT</b>	<b>1372.08</b>	<b>1366.42</b>	<b>1332.83</b>	<b>1234.67</b>
S1	1369.42	1358.08	1315.17	1184.33
S2	1365.33	1342.67	1284.83	1113.92
S3	1362.67	1334.33	1267.17	1063.58

### 3. FOCUS NUMBERS (intra-day Position trading)

Sell levels	Buying levels
1378.25 (First Sell#)	1363.25 (First Buy#)
1383.25 (Second Sell#)	1357.25 (second Buy#)

### 4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

<b>Resistance</b>	1376.25	1378.75	1380.75	1383.00	1390.75
<b>Support</b>	1369.25	1365.25	1363.25	1357.25	1352.25

## 5. COMMENTARY

Despite a near-record low level of the mutual fund cash-to-assets ratio; despite deflating house, oil, gold and silver sectors; despite the majority of DJIA stocks down 20% from their highs while the index is at new highs; despite a volatility index at low level, the Dow Jones industrial average and S&P 500 just continue their upward march.

The market is playing like it was in 1999 and 2000, and looks like a bubble top. At this time, we can not find any reason we should jump into the market to buy any bullish stocks, particularly as the S&P and DJIA is in the intermediate term Top area.

Look at our weekly chart of ES, which is very close its 78% retracement of the decline from the march 2000 all-time high. It is near the top of the combining weekly and daily uptrend channel with extremely overbought upward momentum. Therefore, this week or next week, downside should be expected. But be careful. Especially this week, option expiration week, we may see a high volatility moves.



In the past three week, ES performed stair type of upward movement in each week. Last Friday, it completed thirteen weekly high with only 12 stocks hit low and 348 stocks hit at new high on NYSE. That was extremely bullish. Maybe it was too bullish. Today pullback into last weekly breakout level 1363.25 for testing should be expected. If ES fails to hold 1362.25 level, it could dip into 1357 level to fill last Thursday's gap around 1359.



## 6. TODAY'S TRADING

Last Friday ES made its new yearly high again, little way from its bullish symmetrical pattern completion level. It closed at its top range, but longer timeframe 120min, 60min and 30min charts all show a selling divergence on their indicators. Therefore, I expect today we could see ES pullback to its breakout level for testing. There are many levels needed to be retested--- 1370 and 1363 for current, 1351 for weekly. Upside is limited, and downside has lots of room. Especially \$VIX is on sell level.



### **Caution:**

*We are in election period. Many charting patterns and indicators suggest the market is on its top, but political considerations may limit any decline. Be cautious in the pre-election period. Normal trading methods may not work.*

**7. PREDICTION FOR TODAY'S MOVEMENT**

**Current (interval=0.95)**

1376.95	+2/8
1375.98	+1/8
<b>1375.00</b>	<b>8/8</b>
<b>1374.02</b>	<b>7/8</b>
<b>1373.05</b>	<b>6/8</b>
<b>1372.07</b>	<b>5/8</b>
<b>1371.09</b>	<b>4/8</b>
<b>1370.12</b>	<b>3/8</b>
<b>1369.14</b>	<b>2/8</b>
<b>1368.16</b>	<b>1/8</b>
<b>1367.19</b>	<b>0/8</b>
1366.21	-1/8
1365.23	-2/8

**Up (Interval=0.95)**

1384.77	+2/8
1383.79	+1/8
<b>1382.81</b>	<b>8/8</b>
<b>1381.84</b>	<b>7/8</b>
<b>1380.86</b>	<b>6/8</b>
<b>1379.88</b>	<b>5/8</b>
<b>1378.91</b>	<b>4/8</b>
<b>1377.93</b>	<b>3/8</b>
<b>1376.95</b>	<b>2/8</b>
<b>1375.98</b>	<b>1/8</b>
<b>1375.00</b>	<b>0/8</b>
1374.02	-1/8
1373.05	-2/8

**Down (Interval=1.95)**

1378.91	+2/8
1376.95	+1/8
<b>1375.00</b>	<b>8/8</b>
<b>1373.05</b>	<b>7/8</b>
<b>1371.09</b>	<b>6/8</b>
<b>1369.14</b>	<b>5/8</b>
<b>1367.19</b>	<b>4/8</b>
<b>1365.23</b>	<b>3/8</b>
<b>1363.28</b>	<b>2/8</b>
<b>1361.33</b>	<b>1/8</b>
<b>1359.38</b>	<b>0/8</b>
1357.42	-1/8
1355.47	-2/8

**8. OTHER INDICATORS**

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.81	0.73	-11.96	9.58	1371.38
overbought	overbought			

## 9. WEEKLY ECONOMIC CALENDAR

### Projected Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

#### Oct 16

NY Empire State Index	8:30	Oct	12.0 vs 13.8
-----------------------	------	-----	--------------

#### Oct 17

Core PPI	8:30	Sep	0.2% vs -0.4%
PPI	8:30	Sep	-0.6% vs 0.1%
Core PPI	8:30	Sep	0.2% vs -0.4%
Net Foreign Purchases	9:00	Aug	\$50.0B vs \$32.9B
Capacity Utilization	9:15	Sep	82.3% vs 82.4%
Industrial Production	9:15	Sep	0.0% vs -0.1%
Capacity Utilization	9:15	Sep	82.3% vs 82.4%

#### Oct 18

Building Permits	8:30	Sep	1715K vs 1727K
Core CPI	8:30	Sep	0.2% vs 0.2%
CPI	8:30	Sep	-0.3% vs 0.2% -
Housing Starts	8:30	Sep	1650K vs 1665K
Core CPI	8:30	Sep	0.2% vs 0.2%
Housing Starts	8:30	Sep	1650K vs 1665K
Building Permits	8:30	Sep	1715K vs 1727K
Crude Inventories	10:30	10/13	NA vs 2408K

#### Oct 19

Initial Claims	8:30	10/14	NA vs 308K
Leading Indicators	10:00	Sep	0.3% vs -0.2%
Philadelphia Fed	12:00	Oct	6.5 vs -0.4