



Daily trading plan for Jan. 5, 2007

1. ESH7 IN PREVIOUS DAY

Open	High	Low	Closing
1423.25	1431.50	1416.75	1427.50

2. PIVOTS FOR ESH7

	Daily	Weekly	Monthly	Yearly
R3	1448.50	1456.25	1510.67	1722.00
R2	1440.00	1447.50	1477.83	1583.50
R1	1433.75	1438.00	1453.17	1506.00
PPT	1425.25	1429.25	1420.33	1367.50
S1	1419.00	1419.75	1395.67	1290.00
S2	1410.50	1411.00	1362.83	1151.50
S3	1404.50	1401.50	1338.17	1074.00

3. WEEKLY OUTLOOK

ES broke out its double bottom pattern in 2003 and has been going higher since then. During the past three years, we can see that 89 periods exponential moving average line is holding up the price very clearly. ES traveled inside the uptrend channel until Nov. 2006, when it broke out to the upside through the top band of uptrend channel. In very short term, ES is in overbought territory. Also ES hasn't had any major correction since July 2006. A pullback to test first support zone 1400-1387 range should be expected in the coming weeks. Weekly major resistance level is 1456 and major support level is 1387.50.



4. DAILY OUTLOOK

Second day of New Year, ES did go sideways within the range from 1431.50 to 1416.75 for consolidation which was a little higher than I expected. Today as long as early morning 1425.75 or 1421.75 level can be held, ES could continue moving higher to retest yesterday's high or little higher to 1436.50 level again.

Based on the daily chart, as long as the band of uptrend channel can hold price from falling, bull will try to push price back up 1429-1431 range. Today, the last day of first week in New Year, is likely to see one more day for sideways walking from ES.

Daily indicators - MACD is going to turn up and SST almost closes in oversold area. That means bear side hasn't had enough strength to push price to breakdown 1416 level yet. For the long timeframe, ES is trying to build selling divergence from indicators.



5. TRADING STRATEGY FOR Jan 3, 2007

Yesterday ES sold off in the first hour trading and made a double bottom pattern which is one of our basic bullish patterns. Later afternoon, it broke out its first hour range and had an upside MOMO movement. But at end, ES couldn't hold its gain and closed at 1427.50. Today 1431.50 is key level. The price could go either direction depending on the economic reports. It could move up to 1436.50 level to complete its bullish range breakout pattern target or it could move back down again if ES fails to breakout 1431.50 level. The odds favor the upside; historically the first week of New Year does well. Therefore we should pay more attention on 1425.75 or 1421.75 level. If those two levels can be held up, it is likely for ES to close in the top area of Friday's trading range. If the price fails to hold at those levels, the market could fall back into 1416.50 level again.

Intraday major resistance levels: 1431.75, 1435.75, 1437.75, 1439.50, 1444.25

Intraday major support levels: 1425.25, 1419.75, 1416.50, 1411.50, 1406.50

Intraday swing position entry on short side: 1435.50-36.50 (agg) and 1444.50 (cons)

Intraday swing position entry on long side: 1411.50 (agg) and 1406.50 (cons)



6. PREDICTION FOR TODAY'S MOVEMENT

Current (interval= 1.95)

1433.59	+2/8
1431.64	+1/8
1429.69	8/8
1427.73	7/8
1425.78	6/8
1423.83	5/8
1421.88	4/8
1419.92	3/8
1417.97	2/8
1416.02	1/8
1414.06	0/8
1412.11	-1/8
1410.16	-2/8

Up (Interval=3.95)

1445.31	+2/8
1441.41	+1/8
1437.50	8/8
1433.59	7/8
1429.69	6/8
1425.78	5/8
1421.88	4/8
1417.97	3/8
1414.06	2/8
1410.16	1/8
1406.25	0/8
1402.34	-1/8
1398.44	-2/8

Down (Interval=1.95)

1433.59	+2/8
1431.64	+1/8
1429.69	8/8
1427.73	7/8
1425.78	6/8
1423.83	5/8
1421.88	4/8
1419.92	3/8
1417.97	2/8
1416.02	1/8
1414.06	0/8
1412.11	-1/8
1410.16	-2/8

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7. WEEKLY ECONOMIC CALENDAR

Date	ET	Release	For	Actual	Consensus	Prior
Jan 05	08:30	Nonfarm Payrolls	Dec		110K	132K
Jan 05	08:30	Unemployment Rate	Dec		4.5%	4.5%
Jan 05	08:30	Hourly Earnings	Dec		0.3%	0.2%
Jan 05	08:30	Average Workweek	Dec		33.9	33.9