



Daily trading plan for Jan. 23, 2007

1. ESH7 IN PREVIOUS DAY

| Open | High | Low | Closing |
|---------|---------|---------|---------|
| 1438.00 | 1438.50 | 1426.75 | 1431.25 |

2. PIVOTS FOR ESH7

| | Daily | Weekly | Monthly | Yearly |
|------------|----------------|----------------|----------------|----------------|
| R3 | 1449.17 | 1454.83 | 1510.67 | 1722.00 |
| R2 | 1443.83 | 1448.92 | 1477.83 | 1583.50 |
| R1 | 1437.42 | 1442.83 | 1453.17 | 1506.00 |
| PPT | 1432.08 | 1436.92 | 1420.33 | 1367.50 |
| S1 | 1425.67 | 1430.83 | 1395.67 | 1290.00 |
| S2 | 1420.33 | 1424.92 | 1362.83 | 1151.50 |
| S3 | 1413.92 | 1418.83 | 1338.17 | 1074.00 |

3. FOCUS NUMBERS (intra-day Position trading)

| Sell levels | Buying levels |
|------------------------|-----------------------------|
| 1436.75 (First Sell#) | 1426.00-27.50 (first Buy#) |
| 1442.00 (Second Sell#) | 1420.50-21.50 (second Buy#) |

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Resistance | 1432.75 | 1434.75 | 1436.75 | 1438.00 | 1441.75 |
| Support | 1425.50 | 1423.75 | 1421.75 | 1419.75 | 1417.25 |

5. WEEKLY OUTLOOK

Last week was option expiration week. S&P 500 (SPX) and \$INDU had a divergence with Nasdaq and Russell 2000. Even though SPX and \$INDU stayed up near the top of the range, smaller stocks started to turn down. Sooner or later, the blue chips will reach its turning point.

In the past week, ES mainly went sideways and made its broad range from 1445 to 1412. Last week, it made a narrow week seven (NR7) which told us this market is in contraction mode. Expansion should be happened this week.

Based on weekly indicators, even though the MACD histogram is on negative side, for the long run ES remains bullish. As long as price doesn't breach 1431-29 support range, bulls still take of control. As soon as price breaks out 1445-47 range, it should head toward its major resistance level 1455. If ES fails to breakout, it is likely to go down to test 1431 level or lower to the 1414-12 range.

Major resistance level is 1455 and major support level is 1412.



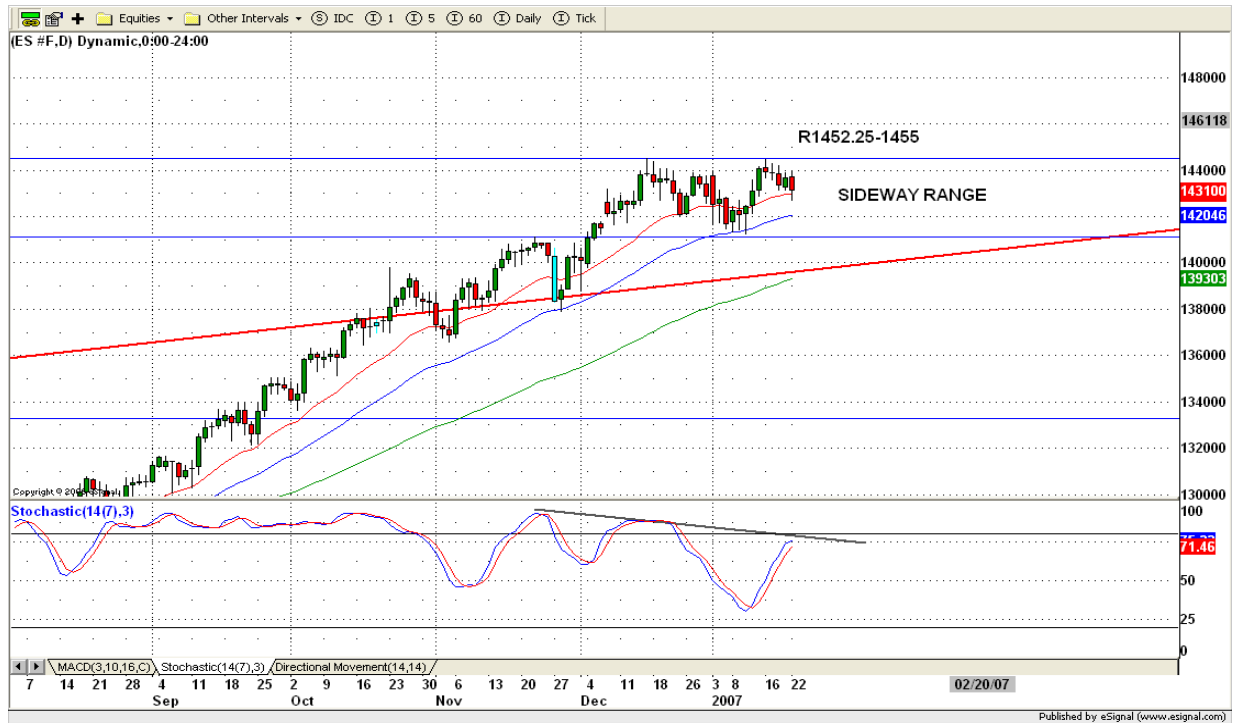
6. DAILY OUTLOOK

Yesterday pre-market traders tried to front run the market, but the result was very bad. It reminds us that the market can change in every minute if it wants to, and traders needs to be as flexible as possible until the market reveals its direction. **Mr. Market always is RIGHT.**

ES is in sideways mode. Yesterday 20 day moving average line (20EMA) still held price up for closing even though the price broke it during the regular hour range.

Today is critical day for ES to decide whether it can continue holding price above 20EMA line or just let the price fall to test its 40 day moving average line (40EMA). All depends on if today's key level 1427-26 range can be held or not.

Slow Stochastic indicator starts to get overbought area. If it turns downside, it indicates that ES for testing 1420 is still possible.



7. TRADING STRATEGY FOR Jan 23, 2007

Yesterday ES broke down last Friday's major support 1432.50-31 range and downside Momentum pushed price lower to 1427 area. Today as long as 1427 level can be held up, bulls still will try to push price back up for testing yesterday's major breakdown point at 1435.25-36.75 range. Any breakout 1437.50 level, upside momentum could pick up to squeeze shorts and set up a stop run to 1444-45 range.

If ES fails to hold 1426-27 range, it is possible for price to go down further to 1423 or lower to 1420-17 range.

Intraday swing position entry on short side:

1436.75 (agg.scalping) 1444-45.75 (agg) and 1451-53.25 (cons)

Intraday swing position entry on long side:

1427.50 (agg.scalping) 1424.25-23 (agg) and 1417.75 (cons)



8. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=1.95)

| | |
|---------|------|
| 1441.41 | +2/8 |
| 1439.45 | +1/8 |
| 1437.50 | 8/8 |
| 1435.55 | 7/8 |
| 1433.59 | 6/8 |
| 1431.64 | 5/8 |
| 1429.69 | 4/8 |
| 1427.73 | 3/8 |
| 1425.78 | 2/8 |
| 1423.83 | 1/8 |
| 1421.88 | 0/8 |
| 1419.92 | -1/8 |
| 1417.97 | -2/8 |

Up (Interval=1.95)

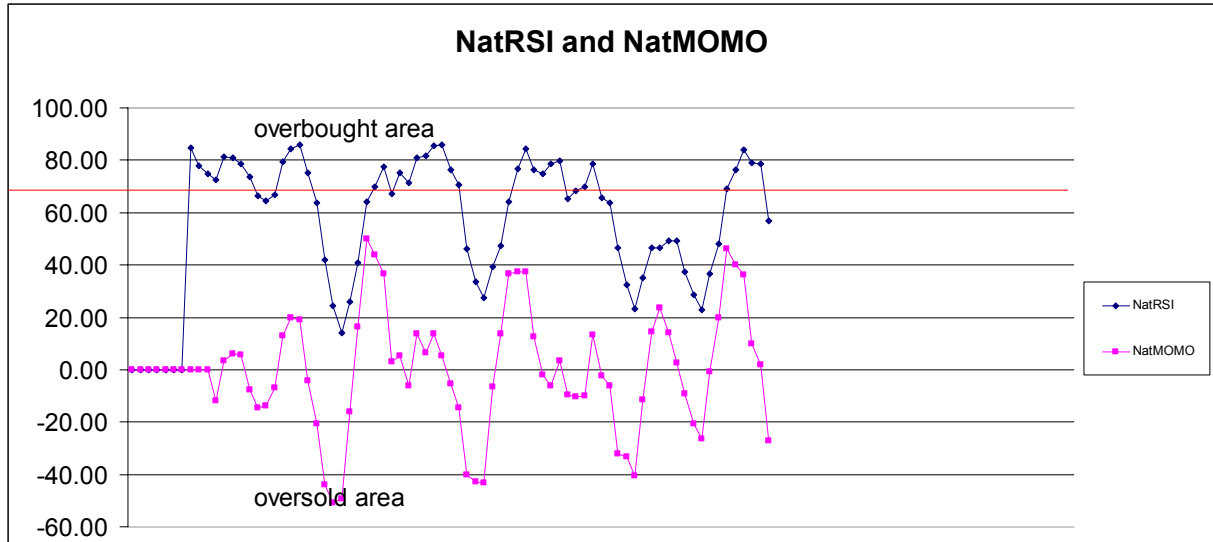
| | |
|---------|------|
| 1449.22 | +2/8 |
| 1447.27 | +1/8 |
| 1445.31 | 8/8 |
| 1443.36 | 7/8 |
| 1441.41 | 6/8 |
| 1439.45 | 5/8 |
| 1437.50 | 4/8 |
| 1435.55 | 3/8 |
| 1433.59 | 2/8 |
| 1431.64 | 1/8 |
| 1429.69 | 0/8 |
| 1427.73 | -1/8 |
| 1425.78 | -2/8 |

Down (Interval=1.95)

| | |
|---------|------|
| 1441.41 | +2/8 |
| 1439.45 | +1/8 |
| 1437.50 | 8/8 |
| 1435.55 | 7/8 |
| 1433.59 | 6/8 |
| 1431.64 | 5/8 |
| 1429.69 | 4/8 |
| 1427.73 | 3/8 |
| 1425.78 | 2/8 |
| 1423.83 | 1/8 |
| 1421.88 | 0/8 |
| 1419.92 | -1/8 |
| 1417.97 | -2/8 |

9. OTHER INDICATORS

| NatRSI (1day) | NatRSI (5day) | NatMoMo | ATR 10 | Waist number |
|---------------|---------------|---------|--------|--------------|
| 0.41 | 0.56 | -27.28 | 9.95 | 1434.00 |
| Neutral | Neutral | | | |



10. Weekly Economic Reports (<http://www.tradethenews.com/weekly-calendar.php>)

Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

Jan 24

| | | | |
|--------------------|-------|-------|--------------|
| Leading Indicators | 10:00 | Dec | 0.2% vs 0.1% |
| Crude Inventories | 10:30 | 01/19 | NA vs 6768K |

Jan 25

| | | | |
|---------------------|-------|-------|----------------|
| Initial Claims | 8:30 | 01/19 | 310K vs 290K |
| Existing Home Sales | 10:00 | Dec | 6.30M vs 6.28M |
| Help-Wanted Index | 10:00 | Dec | 31 vs 30 |

Jan 26

| | | | |
|----------------|-------|-----|----------------|
| Durable Orders | 8:30 | Dec | 3.5% vs 1.6% |
| New Home Sales | 10:00 | Dec | 1050K vs 1047K |