



Daily trading plan for Mar 5, 2007

1. ESH7 IN PREVIOUS DAY

Open	High	Low	Closing
1399.75	1405.25	1385.00	1385.75

2. PIVOTS FOR ESH7

	Daily	Weekly	Monthly	Yearly
R3	1419.25	1515.75	1528.58	1722.00
R2	1412.25	1487.75	1496.67	1583.50
R1	1399.00	1436.75	1452.83	1506.00
PPT	1392.00	1408.75	1420.92	1367.50
S1	1378.75	1357.75	1377.08	1290.00
S2	1371.75	1329.75	1345.17	1151.50
S3	1358.50	1278.75	1301.33	1074.00

3. FOCUS NUMBERS (intra-day Position trading)

Sell levels	Buying levels
1409.75-1410.50 (First Sell#)	1371.50-1368.50 (first Buy#)
1416.25 (Second Sell#)	1361.75-1359.00 (second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1393.75	1397.75	1402.25	1409.75	1416.75
Support	1379.75	1375.75	1368.50	1362.75	1357.75

5. WEEKLY OUTLOOK

Before last Tuesday (Feb.27), the S&P 500 was holding on to its gains, the Nasdaq Composite was trading near a six-year peak, and the DJIA had not had a 3% correction intraday in more than three years.

All that has changed. All of a sudden the S&P 500 gave up all of its gains for this year, and the Dow was down for three digits. Sell order overloads caused the NYSE computers system jam, and led the Dow to plunge another 200 points for closing.

In only in day, approximately \$600 billion in market capitalization was wiped out. Even with the modest recovery in all markets on Wednesday, Tuesday's damage was bigger than we imagined possible. And over the next two days, all three major markets lost more ground; the weekly closes were down more than 4%.

Lots of pundits blamed the melt-down on the Chinese market, but anyone who could not anticipate the correction and instead believed this market could go up forever, should only blame themselves

The signals were clear, as we warned in previous trading plans, and in the week of Feb. 20-24, all markets already gave huge warning signals that a significant downside correction in the ES contract was unavoidable:

- A narrow weekly range with lower volume on upside movement;
- unable to breakout 1465 level for 7 days;
- and always closed below 1465.

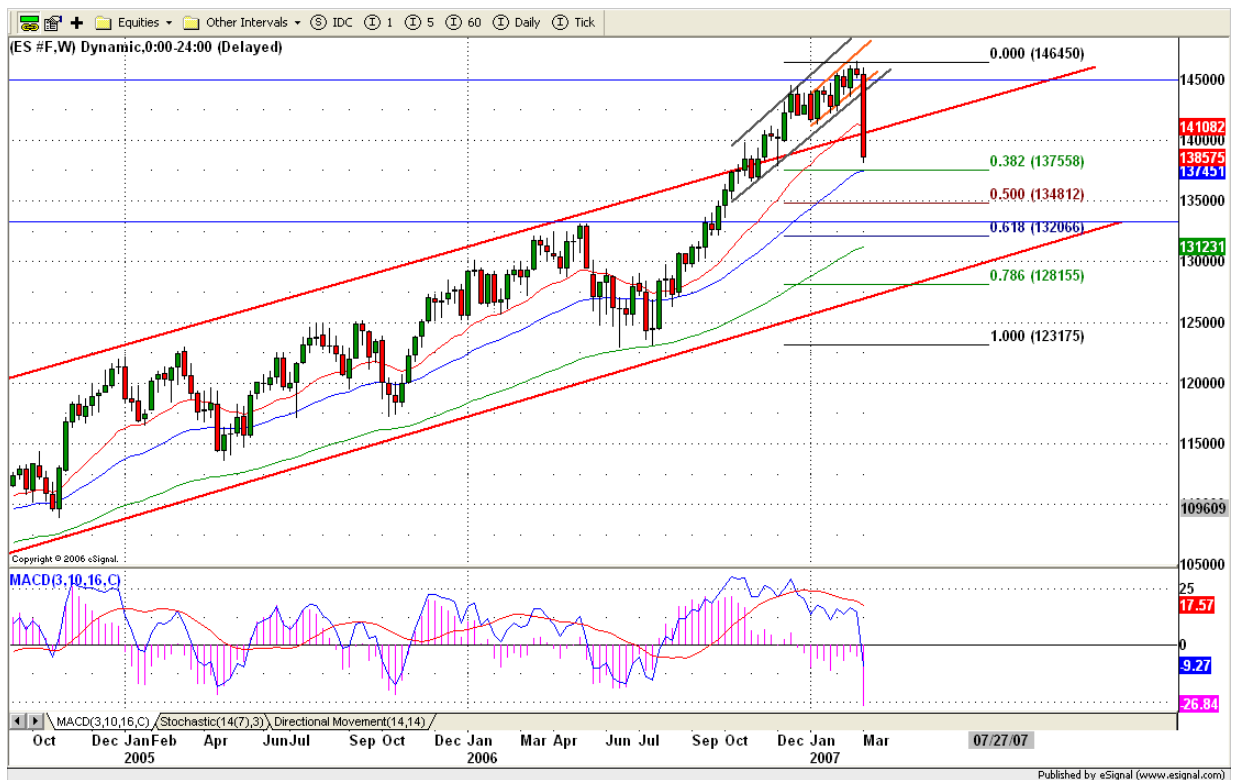
All this was clearly telling us this market was unable to move higher anymore. The March contract didn't signal the high, but the June contract clearly told us on Feb. 23 and confirmed by Feb. 24 that the high was in. Inexperienced traders often neglect the importance to of the next contract, but rollover day is Thursday, and by the end of this week the June contract will be the dominant instrument in the futures market.

Now the damage has begun. We are only seeing the first impulse downside movement, but more is on the way soon. All last week the ES sold off in the afternoons. The ES has a very short-term oversold condition and a bounce should be expected Monday and Tuesday if the 1371-70 level holds. The ES could bounce up to its 20 weekly moving average line for testing before it starts to its second leg down move.

But for the longer term, we have just seen the start of the party. Weekly indicators have just started to turn down and there is lots of room for a downside move. The first real solid support is around the 1320-1312 range, but we have two gaps around 1368.50-1372.50 (Nov.6/06) and 1359-1361.75 (Oct.12/06) that need to be filled first, and may offer temporary support.

Our trading strategy still is SHORT ON BOUNCE until the trend changes.

Weekly major resistance level 1416.50 and Support level 1359.



6. DAILY OUTLOOK

Last Friday, after first hour trading, the buying power disappeared again. Sellers kept selling off in orderly manner and sent price to the low for closing, a typical bear market move. Today we may see bounce again if 1381.00 level can be held up. If ES can hold 1381.00 level, and push price above 1393.75, we may see prices move to the 1400-1397 range to test last Friday's breakdown level.

Daily indicators are mixed. That is because ES is in first stage of downside. Denial from bulls and awakening from bears create high volatility in the market. So far the buy-the-dip attitude from Bulls probably hasn't changed very much. Therefore, bounce should be expected in the coming few days, unless price falls below 1379 level, when another selling panic will be created.



7. TRADING STRATEGY FOR Mar. 5, 2007

Last Friday we saw last hour sold off again. ES closed around 1385.75 just two ticks above its Friday's low. This morning we may see continuation on downside. Within first hour, 1381-79 range is key range. As long as this range can be held, ES may reverse its direction.

Pay attention on first hour trading range. Range breakout method applies if there is a breakout.

Intraday swing position entry on short side:

1396.50-1398.75 (scalping) and 1404.75-1406.75 (agg) and 1409.50-10.75(cons)

Intraday swing position entry on long side:

1377.75 (scalping) 1372.50-68.50 (agg) and 1361.00-1359 (cons)



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8. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=3.90)

1414.06	+2/8
1410.16	+1/8
1406.25	8/8
1402.34	7/8
1398.44	6/8
1394.53	5/8
1390.63	4/8
1386.72	3/8
1382.81	2/8
1378.91	1/8
1375.00	0/8
1371.09	-1/8
1367.19	-2/8

Up (Interval=3.91)

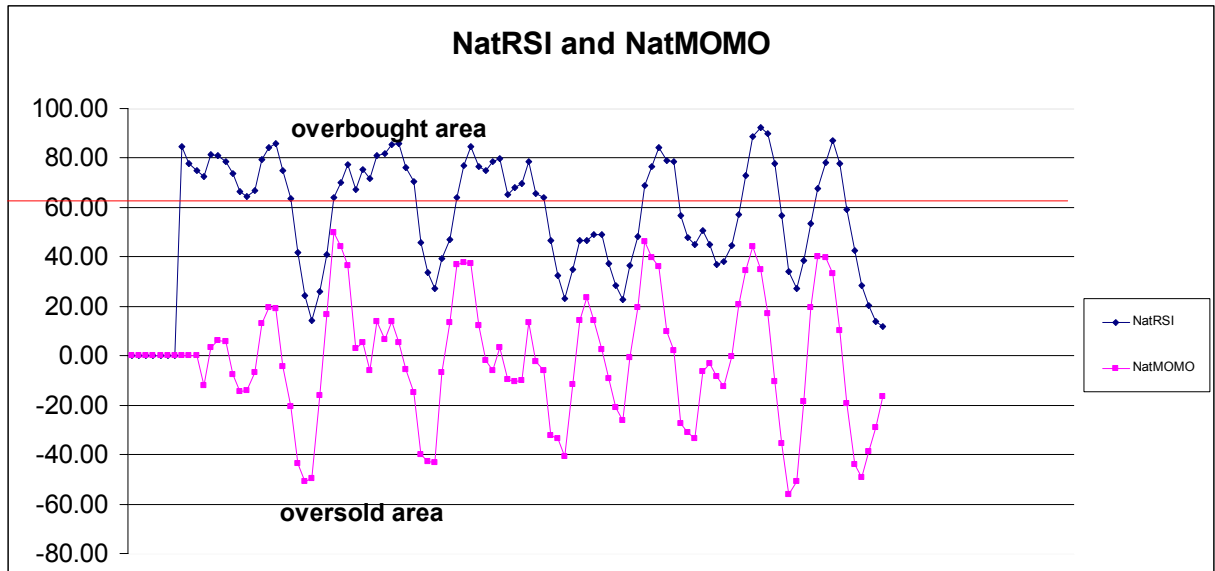
1445.31	+2/8
1441.41	+1/8
1437.50	8/8
1433.59	7/8
1429.69	6/8
1425.78	5/8
1421.88	4/8
1417.97	3/8
1414.06	2/8
1410.16	1/8
1406.25	0/8
1402.34	-1/8
1398.44	-2/8

Down (Interval=3.91)

1398.44	+2/8
1394.53	+1/8
1390.63	8/8
1386.72	7/8
1382.81	6/8
1378.91	5/8
1375.00	4/8
1371.09	3/8
1367.19	2/8
1363.28	1/8
1359.38	0/8
1355.47	-1/8
1351.56	-2/8

9. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.15	0.11	-16.52	17.85	1392.75
oversold	oversold			



10. WEEKLY ECONOMIC REPORTS (<http://www.tradethenews.com/weekly-calendar.php>)

Projected Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

March 5

ISM Services	10:00	Feb	57.5 vs. 59.0
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March 6

Productivity-Rev.	8:30	Q4	1.7% vs. 3.0%
Factory Orders	10:00	Jan	- 2.5% vs. 2.4%

March 7

Crude Inventories	10:30	03/02	N/A vs. 1421K
Fed's Beige Book	2 PM		
Consumer Credit	3 PM	Jan	\$7.0B vs. \$6.0B

March 8

Initial Claims	8:30	03/03	N/A vs. 338K
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March 9

Average Workweek	8:30	Feb	N/A vs. 33.8
Hourly Earnings	8:30	Feb	N/A vs. 0.2%
Nonfarm Payrolls	8:30	Feb	100K vs. 111K
Trade Balance	8:30	Jan	- \$60.5B vs. - \$61.2B
Unemployment Rate	8:30	Feb	4.6% vs. 4.6%
Hourly Earnings	8:30	Feb	0.3% vs. 0.2%
Average Workweek	8:30	Feb	33.8 vs. 33.8
Trade Balance	8:30	Jan	- \$60.0B vs. - \$61.2B
Wholesale Inventories	10:00	Jan	- 0.1% vs. - 0.5%