Daily trading plan for Mar 6, 2007

1. ESH7 IN PREVIOUS DAY

Open	High	Low	Closing
1377.75	1393.75	1371.25	1372.25

2. PIVOTS FOR ESH7

	Daily	Weekly	Monthly	Yearly
R3	1409.42	1515.75	1528.58	1722.00
R2	1401.58	1487.75	1496.67	1583.50
R1	1386.92	1436.75	1452.83	1506.00
PPT	1379.08	1408.75	1420.92	1367.50
S1	1364.42	1357.75	1377.08	1290.00
S2	1356.58	1329.75	1345.17	1151.50
S3	1341.92	1278.75	1301.33	1074.00

3. FOCUS NUMBERS (intra-day Position trading)

Sell levels	Buying levels
1385.75-1388.25 (First Sell#)	1364.25-1367.50 (first Buy#)
1395.75-1397.25 (Second Sell#)	1357.75-1356.25(second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1385.75	1389.75	1401.75	1408.75	1411.75
Support	1368.25	1364.25	1356.25	1348.75	1345.25

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

Three major markets all have now closed down 8 days in a row. This 8 down days creates a short-term oversold market condition. S&P cash made a new low, but it didn't get confirmation from Dow Jones Industrial Average ($INDU). Today if $INDU goes below 11901, the market will turn very ugly. But if $INDU goes above 12181, it could lead other two markets up. Therefore, bounce still should be expected if the 1368.50 level can be held by ES.

7. TRADING STRATEGY FOR Mar. 6, 2007

After 20 points bounce in the early morning, ES sold off in the last hour trading again. Today early morning, we may see continuation low first before ES bounces back up again. If ES breaksout 1393.75, it will create upside momentum. Shorts squeeze could push price higher to 1401-02 range.

Intraday swing position entry on short side:
1386.50-1388.25 (scalping) and 1395.75-1396.75 (agg) and 1401.75-1402(cons)
Intraday swing position entry on long side:
1368.50 (scalping) 1358-56.50 (agg) and 1348-1346.25 (cons)

Equities
Other Intervals
IDC
1
5
60
Daily
Tick
ES #F,60) Dynamic,Auto(9:30-16:15)
0.618 (142893)
0.382 (140681)
R1=1406.75
R1=1393.75
0.000 (137100)
S1=1363.75-64.25
1
2
3
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145000
144000
143000
142413
142000
141689
141000
140653
140000
139312
139000
138000
137225
137000
136000
Stochastic(14(7),3)
100
50
25.29
0
MACD(3,10,16,C)
Stochastic(14(7),3)
Directional Movement(14,14)
02/08
02/09
02/12
02/13
02/14
02/15
02/16
02/20
02/21
02/22
02/23
02/26
02/27
02/28
03/01
03/02
03/05
03/10 13:30
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8. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=1.95)

1394.53	+2/8
1392.58	+1/8
1390.63	**8/8**
1388.67	**7/8**
1386.72	**6/8**
1384.77	**5/8**
1382.81	**4/8**
1380.86	**3/8**
1378.91	**2/8**
1376.95	**1/8**
1375.00	**0/8**
1373.05	-1/8
1371.09	-2/8

Up (Interval=3.90)

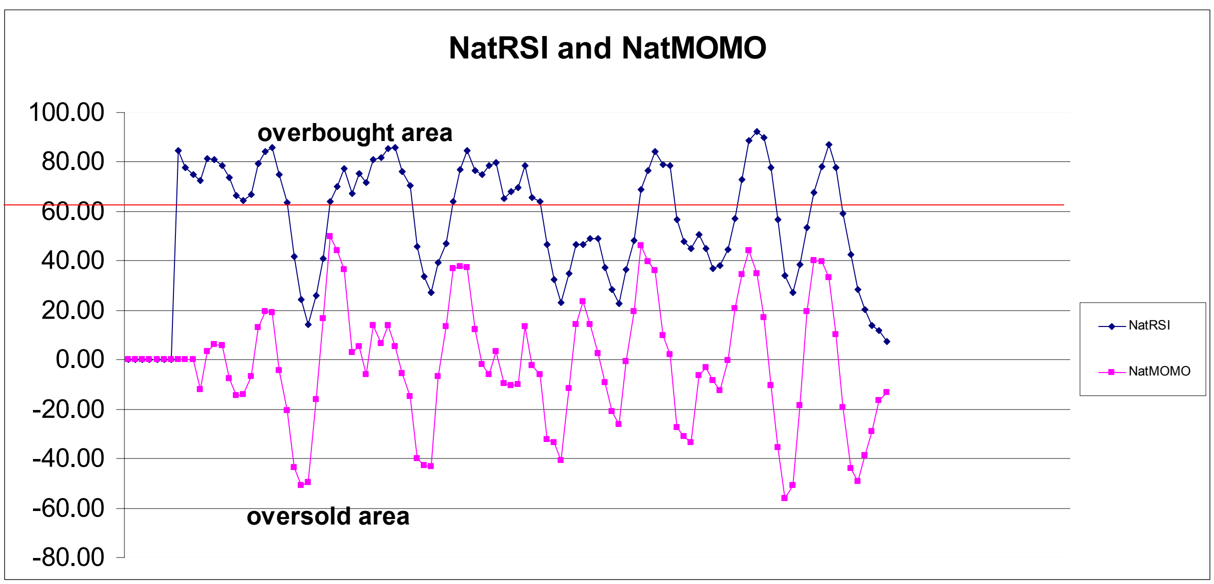
1414.06	+2/8
1410.16	+1/8
1406.25	**8/8**
1402.34	**7/8**
1398.44	**6/8**
1394.53	**5/8**
1390.63	**4/8**
1386.72	**3/8**
1382.81	**2/8**
1378.91	**1/8**
1375.00	**0/8**
1371.09	-1/8
1367.19	-2/8

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
0.38	0.07	-13.27	19.55	1375.00
neutral	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
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
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%