



Daily trading plan for Mar 8, 2007 (ROLLOVER DAY)

1. ESM7 IN PREVIOUS DAY

Open	High	Low	Closing
1407.25	1414.50	1404.00	1405.50

2. PIVOTS FOR ESH7

	Daily	Weekly	Monthly	Yearly
R3	1422.17	1515.75	1528.58	1722.00
R2	1418.33	1487.75	1496.67	1583.50
R1	1411.92	1436.75	1452.83	1506.00
PPT	1408.08	1408.75	1420.92	1367.50
S1	1401.67	1357.75	1377.08	1290.00
S2	1397.83	1329.75	1345.17	1151.50
S3	1391.42	1278.75	1301.33	1074.00

3. FOCUS NUMBERS (intra-day Position trading)

Sell levels	Buying levels
1414.75-1416.75 (First Sell#)	1384.25-1383.75 (first Buy#)
1420.50-1422.25 (Second Sell#)	1373.50-1372.25(second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1408.75	1214.50	1418.50	1422.50	1425.75
Support	1397.25	1395.75	1391.25	1384.25	1375.00

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.

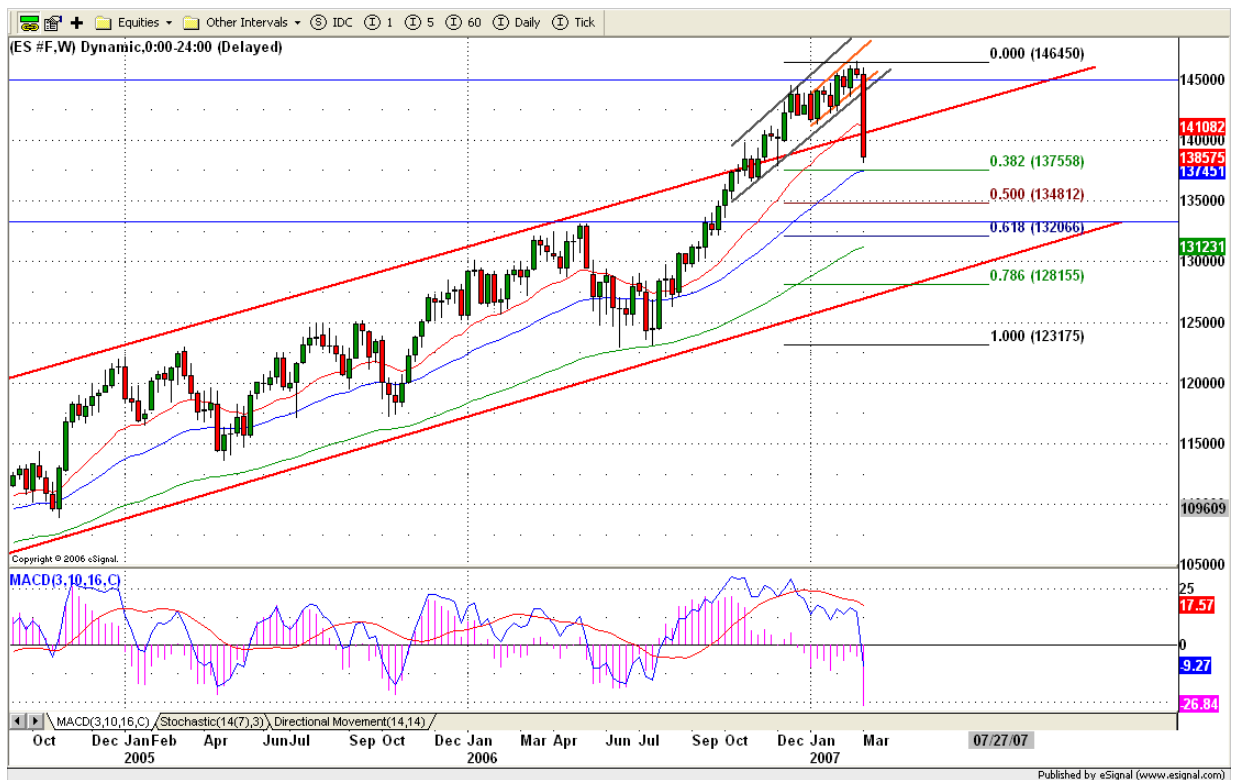
All this was clearly telling us this market was unable to move higher anymore. The March contract didn't signal the high, but the June contract clearly told us on Feb. 23 and confirmed by Feb. 24 that the high was in. Inexperienced traders often neglect the importance to of the next contract, but rollover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

Today is a ROLLOVER day; lots of confusion in the market. Because of the change from March to June contract, yesterday's closing price distorts all data calculations. Therefore we only use June contract numbers instead of the continuation contract or March contract.

In the last hour trading yesterday, all three major markets were unable to hold their early morning gains and closed in the red. This indicates we may have seen the TOP (A wave) of the first counter trade from ES. Today we could see small retracement from the A top to 1398.25 (all numbers for the June contract) or lower to 1393.75 if ES fails to hold the 1402 level. This would form the B wave low before price moves up again to form C top. Any breakout 1408.25 level will bring bulls back to push price up to yesterday's high area again (1414.50)



7. TRADING STRATEGY FOR Mar. 8, 2007

ES sold off within last hour trading yesterday due to today's Rollover to the new contract. Today ES could go both sides in the early morning with high volatility movement. New traders should stand aside today to avoid market whipsaw move, and experienced traders should trade with caution.

Use swing position entries as a reference resistance and support levels, and watch how price reacts. Trade those numbers with care.

Intraday swing position entry on short side:

1408.75-1409.75 (scalping) and 1414.25-1416.25 (agg) and 1421.75-1422.75(cons)

Intraday swing position entry on long side:

1395-1393.75 (scalping) 1384.25-1381.75 (agg) and 1375.25 (cons)



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8. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=1.95)

1425.78	+2/8
1423.83	+1/8
1421.88	8/8
1419.92	7/8
1417.97	6/8
1416.02	5/8
1414.06	4/8
1412.11	3/8
1410.16	2/8
1408.20	1/8
1406.25	0/8
1404.30	-1/8
1402.34	-2/8

Up (Interval=1.95)

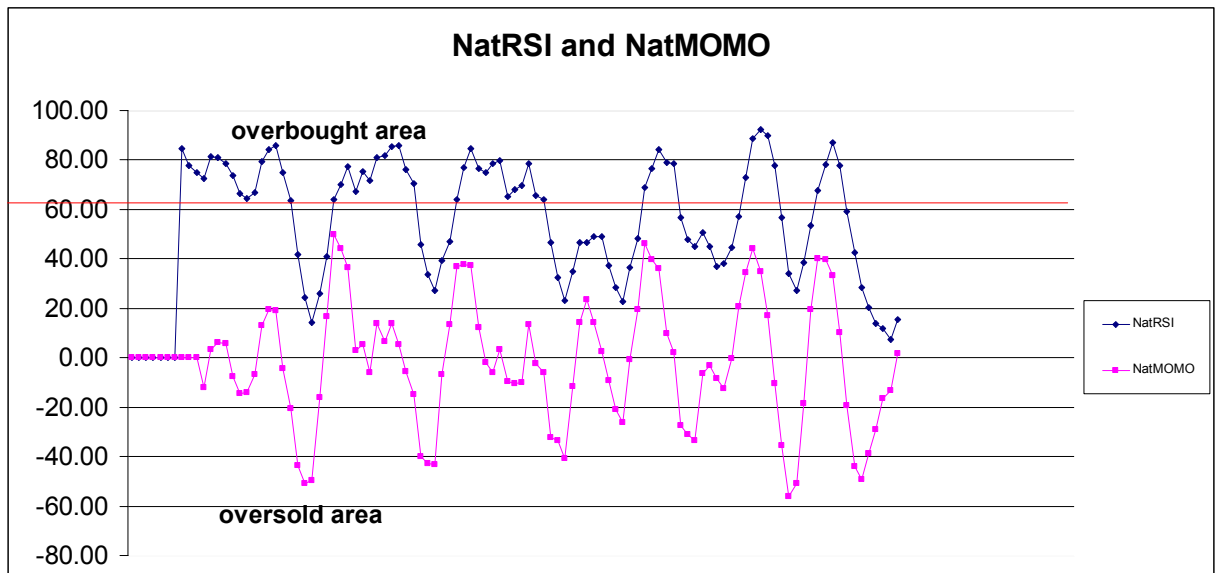
1425.78	+2/8
1423.83	+1/8
1421.88	8/8
1419.92	7/8
1417.97	6/8
1416.02	5/8
1414.06	4/8
1412.11	3/8
1410.16	2/8
1408.20	1/8
1406.25	0/8
1404.30	-1/8
1402.34	-2/8

Down (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

9. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.41	0.31	+19.19	20.40	1406.37
neutral	neutral			



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

Projected Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

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%