



Daily trading plan for May 7, 2007

1. ESM7 IN PREVIOUS DAY

| Open | High | Low | Closing |
|---------|---------|---------|---------|
| 1512.25 | 1516.00 | 1507.00 | 1514.25 |

2. PIVOTS FOR ESM7

| | Daily | Weekly | Monthly | Yearly |
|------------|----------------|----------------|----------------|----------------|
| R3 | 1526.83 | 1559.83 | 1598.83 | 1722.00 |
| R2 | 1521.42 | 1537.92 | 1551.67 | 1583.50 |
| R1 | 1517.83 | 1526.08 | 1520.08 | 1506.00 |
| PPT | 1512.42 | 1504.17 | 1472.92 | 1367.50 |
| S1 | 1508.83 | 1492.33 | 1441.33 | 1290.00 |
| S2 | 1503.42 | 1470.42 | 1394.17 | 1151.50 |
| S3 | 1499.83 | 1458.58 | 1362.58 | 1074.00 |

3. FOCUS NUMBERS (intra-day Position trading)

| Sell levels | Buying levels |
|-------------------------------|-----------------------------|
| 1517.50-1518.25 (First Sell#) | 1506.25-1504.25(first Buy#) |
| 1523.25-1525.25(Second Sell#) | 1498-1494.75 (second Buy#) |

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Resistance | 1518.50 | 1522.75 | 1525.50 | 1528.25 | 1530.50 |
| Support | 1508.50 | 1502.75 | 1498.50 | 1495.75 | 1492.75 |

5. LONG-TERM OUTLOOK

Friday S&P500 (SPX) closed 11.55 points higher than the prior week's close. That was five consecutive winning weeks for blue chips and seems there is no end in sight. Also it closed above 1500 level for first time since 2000. Obviously SPX intends to move up to its year 2000 high area (1552.87) for testing. NYSE volume was above average, and buying pressure remains strong. This month, only if SPX fails to breakout 1575 level, should we expect SPX to do its retracement from the TOP = wherever that may be.

SPX MONTHLY Chart



6. WEEKLY OUTLOOK

ES extended its uptrend for higher closing Friday. Market is bullish but is in a deep overbought condition. Last week we also talked about the Change-In-Trend date, May 4. We did see choppy move on May 4, unfortunately we didn't see our major numbers, 1522.75 and 1533.75. Price seems to be lagging by about two days. This week we should still be watching for those two major resistance levels. The short term TOP shouldn't be too far away from 1533.75 level. If ES fails to breakout 1533.75 -1535 range, the price is likely to move down to 1500-1498 level to fill the May 3 gap around 1501. If there is a breakdown of the 1480-1477 range, it will create downside momentum to push price down further to 1440 area.

Major weekly resistance level is 1533-1535 and major support level is 1482-1480

ES WEEKLY Chart



7. DAILY OUTLOOK

Friday ES gapped up more than 8 points before the open. Within an hour of the open, price dipped fast to fill the gap, then moved back up in the last half hour to close near the top of the range. Obviously the market isn't ready to move down yet. Today if the ES breaks out of the 1517.75 level with high volume, we may see price going higher first to make a new high around 1522.75-23.25 range or higher to 1533.75 area, and then quickly reverse in later afternoon or tomorrow.

Choppy move should be expected today and tomorrow.

ESM7 DAILY Chart



8. TRADING STRATEGY FOR May 7, 2007

For today, on the upside 1517-18 is the key range; if price breaks out of this range with high volume, it is likely for ES to move up to make a new high 1522.75-23.25 range, (Trade: scalping SHORT for target 1519).

On the downside 1511.50 is the key range. If there is a break down of this range with high volume, it is possible for ES to move down to retest last Friday's low around 1507-06 area. (Trade: scalping LONG for target opening price or pivot level, whichever is low). If downside move is very strong, expect the ES to go down further to fill May 3's gap around 1501 before it starts to bounce.

Intraday swing position entry on short side:
1517-1518 (scalping) 1522.75-1523.75(agg) and 1533-35(cons)
Intraday swing position entry on long side:
1506.25 (scalping) 1501-1500.50 (agg) and 1495.25 (cons)

ESM7 INTRADAY



8. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=0.95)

| | |
|---------|------|
| 1517.58 | +2/8 |
| 1516.60 | +1/8 |
| 1515.63 | 8/8 |
| 1514.65 | 7/8 |
| 1513.67 | 6/8 |
| 1512.70 | 5/8 |
| 1511.72 | 4/8 |
| 1510.74 | 3/8 |
| 1509.77 | 2/8 |
| 1508.79 | 1/8 |
| 1507.81 | 0/8 |
| 1506.84 | -1/8 |
| 1505.86 | -2/8 |

Up (Interval=1.95)

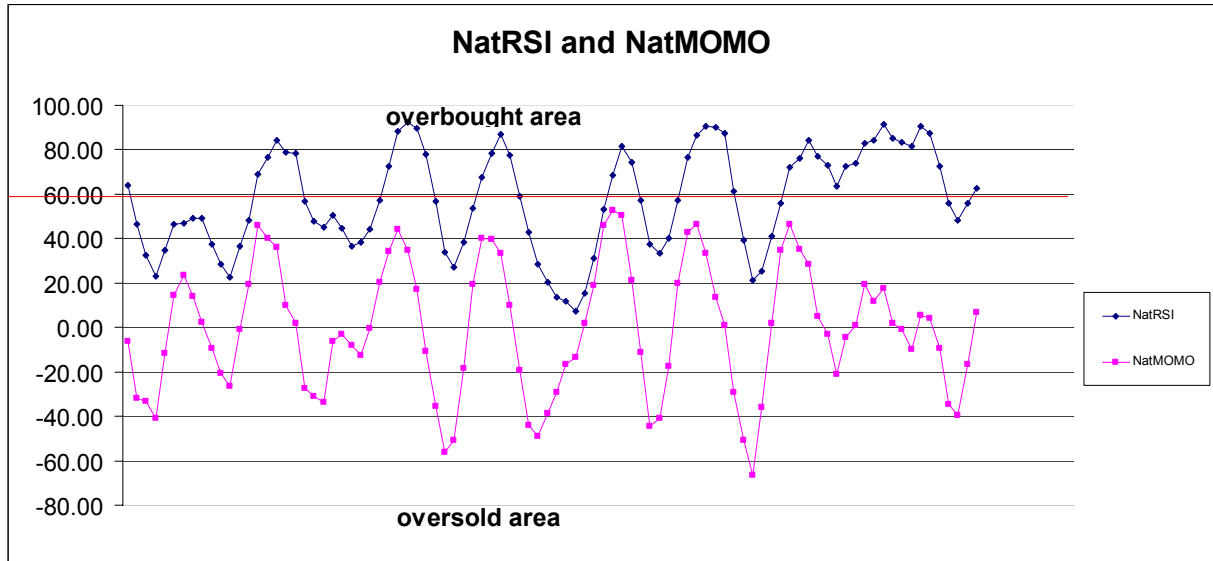
| | |
|---------|------|
| 1527.34 | +2/8 |
| 1525.39 | +1/8 |
| 1523.44 | 8/8 |
| 1521.48 | 7/8 |
| 1519.53 | 6/8 |
| 1517.58 | 5/8 |
| 1515.63 | 4/8 |
| 1513.67 | 3/8 |
| 1511.72 | 2/8 |
| 1509.77 | 1/8 |
| 1507.81 | 0/8 |
| 1505.86 | -1/8 |
| 1503.91 | -2/8 |

Down (Interval=0.95)

| | |
|---------|------|
| 1517.58 | +2/8 |
| 1516.60 | +1/8 |
| 1515.63 | 8/8 |
| 1514.65 | 7/8 |
| 1513.67 | 6/8 |
| 1512.70 | 5/8 |
| 1511.72 | 4/8 |
| 1510.74 | 3/8 |
| 1509.77 | 2/8 |
| 1508.79 | 1/8 |
| 1507.81 | 0/8 |
| 1506.84 | -1/8 |
| 1505.86 | -2/8 |

9. OTHER INDICATORS

| NatRSI (1day) | NatRSI (5day) | NatMoMo | ATR 10 | Waist number |
|---------------|---------------|---------|--------|--------------|
| 0.60 | 0.63 | 7.07 | 10.48 | 1513.13 |
| neutral | neutral | | | |



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

Projected Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

May 7

| | | | |
|-----------------|-------|-----|------------------|
| Consumer Credit | 15:00 | Mar | \$4.5B vs \$3.0B |
|-----------------|-------|-----|------------------|

May 8

| | | | |
|-----------------------|-------|-------|--------------|
| Wholesale Inventories | 10:00 | Mar | 0.4% vs 0.5% |
| Crude Inventories | 10:30 | 05/04 | NA VS 1169K |
| FOMC policy statement | 14:15 | | |

May 10

| | | | |
|----------------------|------|-------|----------------------|
| Export Prices ex-ag. | 8:30 | Apr | NA VS 0.6% |
| Import Prices ex-oil | 8:30 | Apr | NA VS 0.3% |
| Initial Claims | 8:30 | 05/05 | 320K VS 305K |
| Trade Balance | 8:30 | Mar | -\$60.0B VS -\$58.4B |
| Treasury Budget | 8:30 | 14:00 | Apr |

May 11

| | | | |
|----------------------|-------|-----|--------------|
| Core PPI | 8:30 | Apr | NA VS 0.0% |
| PPI | 8:30 | Apr | NA VS 1.0% |
| Retail Sales | 8:30 | Apr | 0.4% VS 0.7% |
| Retail Sales ex-auto | 8:30 | Apr | NA VS 0.8% |
| Retail Sales ex-auto | 8:30 | Apr | 0.4% VS 0.8% |
| PPI | 8:30 | Apr | 0.6% VS 1.0% |
| Core PPI | 8:30 | Apr | 0.2% VS 0.0% |
| Business Inventories | 10:00 | Mar | 0.2% VS 0.3% |