



## Daily trading plan for May 21, 2007

### 1. ESM7 IN PREVIOUS DAY

| Open    | High    | Low     | Closing |
|---------|---------|---------|---------|
| 1521.50 | 1528.25 | 1520.00 | 1528.00 |

### 2. PIVOTS FOR ESM7

|            | Daily          | Weekly         | Monthly        | Yearly         |
|------------|----------------|----------------|----------------|----------------|
| R3         | 1539.08        | 1562.08        | 1598.83        | 1722.00        |
| R2         | 1533.67        | 1545.17        | 1551.67        | 1583.50        |
| R1         | 1530.83        | 1536.58        | 1520.08        | 1506.00        |
| <b>PPT</b> | <b>1525.42</b> | <b>1519.67</b> | <b>1472.92</b> | <b>1367.50</b> |
| S1         | 1522.58        | 1511.08        | 1441.33        | 1290.00        |
| S2         | 1517.17        | 1494.17        | 1394.17        | 1151.50        |
| S3         | 1514.33        | 1485.58        | 1362.58        | 1074.00        |

### 3. FOCUS NUMBERS (intra-day Position trading)

| Sell levels                 | Buying levels           |
|-----------------------------|-------------------------|
| 1531.25-32.75 (First Sell#) | 1518.25-16 (first Buy#) |
| 1538.75-40 (Second Sell#)   | 1506.25 (second Buy#)   |

### 4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

|                   |         |         |         |         |         |
|-------------------|---------|---------|---------|---------|---------|
| <b>Resistance</b> | 1532.75 | 1538.00 | 1539.25 | 1542.75 | 1445.25 |
| <b>Support</b>    | 1522.25 | 1520.25 | 1518.25 | 1515.50 | 1508.75 |

## 5. LONG-TERM OUTLOOK

The S&P 500 index (SPX) closed the week at 1522.75 and a new 52 week high. There is still upside pressure to push the price higher to R1(1559) or R2(1586) or max to R3(1605) area. But it is way over extended, as is the DOW, and a retracement or consolidation should be expected either at the current level or after SPX reaches its first R1 or R2.

Weekly major resistance level is 1560-85 and major support level is 1450 for SPX.

### SPX WEEKLY Chart



## 6. WEEKLY OUTLOOK

The rally narrows and the upward energy is deteriorating. In past weeks, the big blue chips were the clear leaders. The DOW closed the week at 13556.53, the high for the year. The next target price for very short term is 13715-14500 area for the DOW, which could bring our contract to go for 1575-1601 level.

But both the DOW and S&P 500 have been in an overbought condition. Even if there is the possibility of both markets pushing higher, consolidation or retracement should be expected, especially if the DOW fails to breakout 13715 and SPX fails to breakout 1538. Our futures contract, ES, could move up to the 1542 level this week if 1520 holds for the first two days of this week. If price fails to hold 1519 level, the ES could dip into 1515 or lower to 1506 for testing.

Major weekly resistance level is 1575 and major support level is 1496

## ES WEEKLY Chart



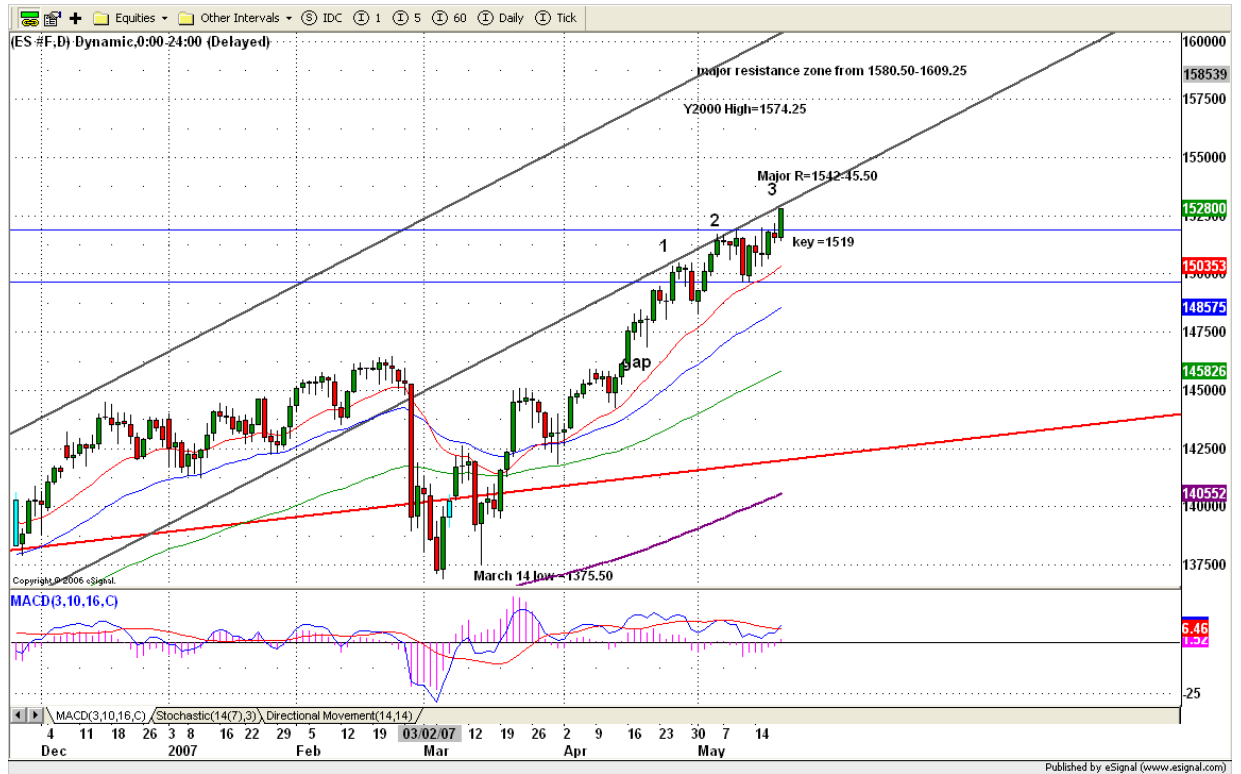
## 7. DAILY OUTLOOK

Friday ES gapped up and broke its current consolidation range. The major breakout short term price target is 1532.75 level.

Today if the ES breaks through 1533.75 level with high volume in the morning session, ES could make a new high around 1536.50-38 area before it pulls back down to 1520 for testing. If the ES goes down first to test 1520 level and that price folds, it is likely for price to move up to complete its breakout pattern around 1531-33 area.

Due to the market's overbought conditions, price movements can change direction very quickly. A reasonable stop loss should be used.

## ESM7 DAILY Chart



### 8. TRADING STRATEGY FOR May 21, 2007

For today, on the upside 1533.75-32.75 is the key range; if ES can breakout this range, it is likely for price to go higher to 1536.50 or 1542.

On the downside 1522.75-20 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 fill the May 18's gap at 1515.25 area.

**Intraday swing position entry on short side:**

**1532.75 (scalping) 1536.75(agg) and 1542(cons)**

**Intraday swing position entry on long side:**

**1515.25 (scalping) 1506.25 (agg) and 1498.25-99 (cons)**

## ESM7 INTRADAY



## 8. PREDICTION FOR TODAY'S MOVEMENT

### Current (interval=0.95)

|         |      |
|---------|------|
| 1529.30 | +2/8 |
| 1528.32 | +1/8 |
| 1527.34 | 8/8  |
| 1526.37 | 7/8  |
| 1525.39 | 6/8  |
| 1524.41 | 5/8  |
| 1523.44 | 4/8  |
| 1522.46 | 3/8  |
| 1521.48 | 2/8  |
| 1520.51 | 1/8  |
| 1519.53 | 0/8  |
| 1518.55 | -1/8 |
| 1517.58 | -2/8 |

### Up (Interval=3.95)

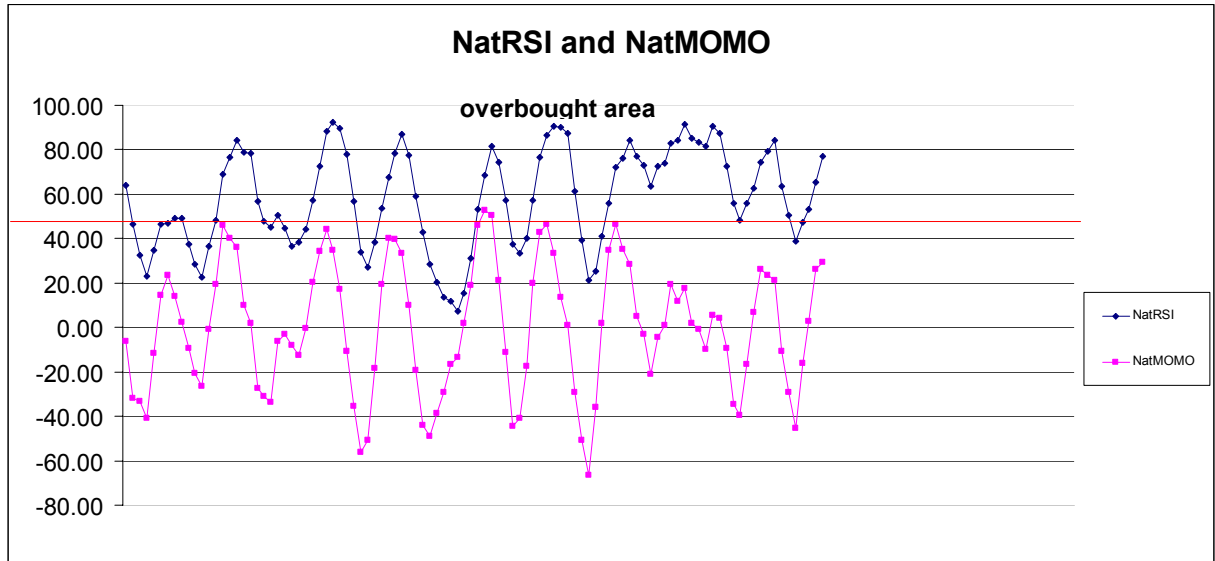
|         |      |
|---------|------|
| 1539.06 | +2/8 |
| 1535.16 | +1/8 |
| 1531.25 | 8/8  |
| 1527.34 | 7/8  |
| 1523.44 | 6/8  |
| 1519.53 | 5/8  |
| 1515.63 | 4/8  |
| 1511.72 | 3/8  |
| 1507.81 | 2/8  |
| 1503.91 | 1/8  |
| 1500.00 | 0/8  |
| 1496.09 | -1/8 |
| 1492.19 | -2/8 |

### Down (Interval=1.95)

|         |      |
|---------|------|
| 1535.16 | +2/8 |
| 1533.20 | +1/8 |
| 1531.25 | 8/8  |
| 1529.30 | 7/8  |
| 1527.34 | 6/8  |
| 1525.39 | 5/8  |
| 1523.44 | 4/8  |
| 1521.48 | 3/8  |
| 1519.53 | 2/8  |
| 1517.58 | 1/8  |
| 1515.63 | 0/8  |
| 1513.67 | -1/8 |
| 1511.72 | -2/8 |

## 9. OTHER INDICATORS

| NatRSI (1day) | NatRSI (5day) | NatMoMo | ATR 10 | Waist number |
|---------------|---------------|---------|--------|--------------|
| 0.89          | 0.76          | 29.38   | 11.13  | 1524.75      |
| overbought    | overbought    |         |        |              |



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

### Projected Economic Releases for This Week

(Consensus Forecasts vs. Previous Report)

#### May 23

|                   |       |       |             |
|-------------------|-------|-------|-------------|
| Crude Inventories | 10:30 | 05/18 | NA vs 1061K |
|-------------------|-------|-------|-------------|

#### May 24

|                |       |       |              |
|----------------|-------|-------|--------------|
| Durable Orders | 8:30  | Apr   | 1.0% vs 3.7% |
| Initial Claims | 8:30  | 05/19 | 300K vs 293K |
| New Home Sales | 10:00 | Apr   | 860K vs 858K |

#### May 25

|                     |       |     |                |
|---------------------|-------|-----|----------------|
| Existing Home Sales | 10:00 | Apr | 6.10M vs 6.12M |
|---------------------|-------|-----|----------------|