



## Daily trading plan for Aug. 6, 2007

### 1. ESU7 IN PREVIOUS DAY

Open	High	Low	Closing
1477.50	1479.75	1436.25	1443.00

### 2. PIVOTS FOR ESU7

	Daily	Weekly	Monthly	Yearly
R3	1513.25	1539.08	1643.42	1722.00
R2	1496.50	1517.17	1604.83	1583.50
R1	1469.75	1480.08	1533.42	1506.00
<b>PPT</b>	<b>1453.00</b>	<b>1458.17</b>	<b>1494.83</b>	<b>1367.50</b>
S1	1426.25	1421.08	1423.42	1290.00
S2	1409.50	1399.17	1384.83	1151.50
S3	1382.75	1362.08	1313.42	1074.00

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

Sell levels	Buying levels
1466.25 (First Sell#)	1426.00 (first Buy#)
1473.25 (Second Sell#)	1412.75 (second Buy#)

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

<b>Resistance</b>	1454.50	1458.25	1465.75	1472.75	1481.75
<b>Support</b>	1433.00	1426.25	1423.25	1409.50	1406.50

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## 5. LONG-TERM OUTLOOK

### ***In last week's outlook I wrote:***

*... SPX broke down its broad consolidation range... For that broad range breakdown the target price should be around 1434.26+/- 6pts.*

And here we are. On Friday, SPX completed its first range breakout down target at 1434.26 (actual low at 1432.80) and ended the week down 22.21 points. The downside move of the last three weeks has done lots of damage to the intermediate-term bull trend, and starts to threaten the long-term bull trend. Despite the substantial losses — or perhaps because of them — market sentiment remains bearish.

This week we may see some kind of testing bounce to the 1485-1476 range, if 1430-28 can hold in the early going. But the second range breakdown target around 1381-1360 is still in play. Any bounce to 1485 will attract intermediate-term sellers and could push the price to 1381-1360 or lower by the end of August or middle of September.

Major Monthly resistance level for SPX is 1485 and support level is 1260

Major weekly resistance level for SPX is 1485 and support level is 1380

### SPX MONTHLY Chart



## 6. WEEKLY OUTLOOK — ES

ES has lost 7.8% in total since July 20, and last week made a move similar to the SPX. Strong selling pressure keeps price on the down side. Small Cap indices were leading the S&P 500 and Nasdaq. NYSE TRIN shot up to 3.51 and Down Volume was away ahead of Up Volume. Our market is full of fear.

This week, we may see two potential moves:

1. We may first see a decline in the early week, then a rally. 1444.25 was last year's high, and the ES may just want to test 1444.25 and then make a "wash out" move around 1430-26 area, before rallying later in the week.
2. We may just see the sell-off continue, until the selling pressure expends itself. On Friday both the SPX and ES broke their 200-week moving average line, which is used by many institutions to adjust their buy/sell programs. That could trigger a bunch of sell orders through next week.

ES still hasn't filled April 3 gap at 1433. The next major potential support is around 1400 or lower to 1380-75 range if this week selling still is strong. But as long as 1485 resistance level is not breached, traders should look for a SHORT entry and remain on the short side.

Weekly major resistance level is 1485. Weekly major support is 1380

### ES WEEKLY Chart



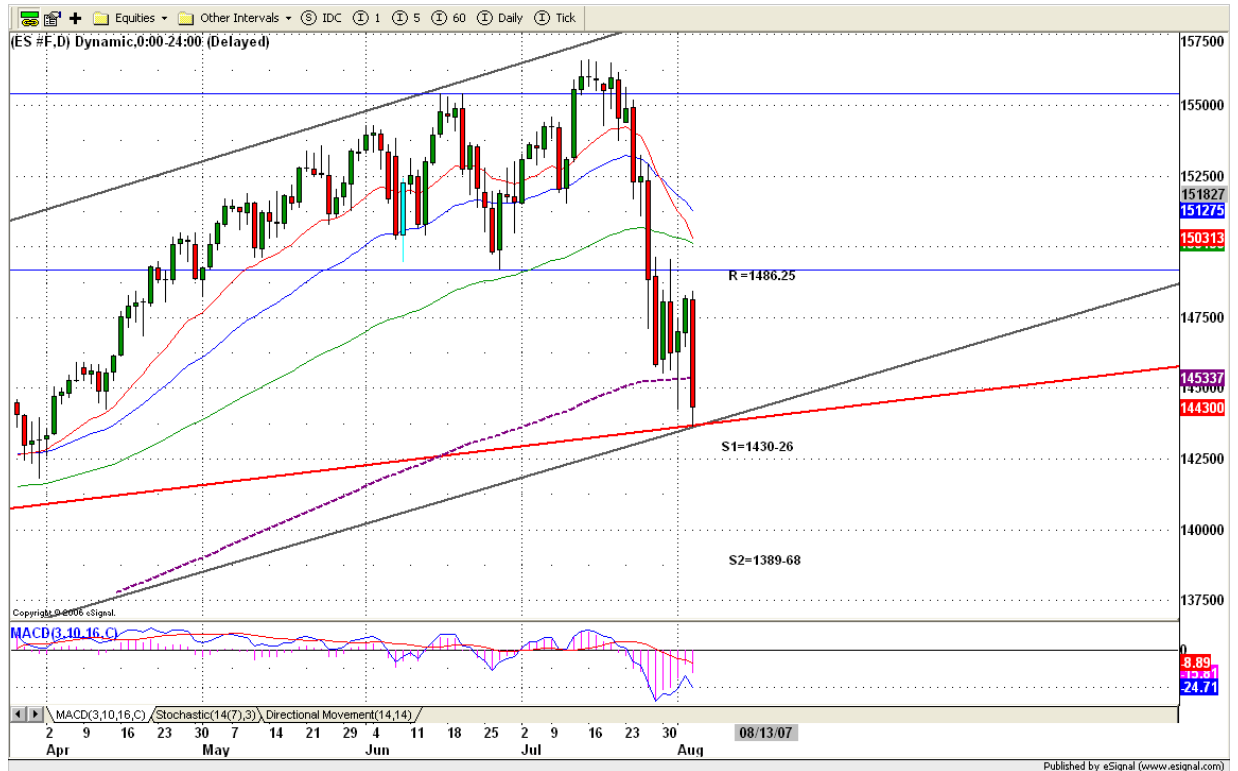
## 7. DAILY OUTLOOK

Last Friday ES sold off again in last hour trading, due mainly to Bear Stearns' clumsy attempts to deal with unpleasant Subprime news. This Subprime problem is like a ghost that keeps haunting the financial industry. This problem won't be solved immediately. It could take months or years.

SPX completed its range breakdown first target, but ES hasn't yet. For ES the first range breakdown target is lying around 1430-29.75 range. Today we may see ES continues going down in the early morning to reach that target. A move above 1443 after 1430-29.50 is reached would confirm that first target has been completed. At that point it is possible for ES to move up to 1457 or higher to 1466-70 on Tuesday. But if ES fails to hold price above 1429.75 level, it is likely to go down further to 1420 or lower to 1407 area.

Daily indicators are bearish. SST is in extremely oversold territory. But in the first stage of a substantial Bear move, oversold conditions usually get more oversold.

ESU7 DAILY Chart



## 8. TRADING STRATEGY FOR Aug. 6, 2007

Today we may see price going lower first in the morning. We should pay attention on 1426.50 level carefully. If this level can be held up until 11:30am, Bounce should be expected. If we see ES bounce in the early morning to 1458-61 range, we can take our short positions for targeting 1443 or lower to 1433 area.

**Intraday swing position entry on short side:**  
**1454.50-57 (scalping) 1462.75-66.25 (agg) and 1472-73.50(cons)**  
**Intraday swing position entry on long side:**  
**1430-29.75 (scalping) 1420.75 (agg) and 1407.75 (cons)**

### ESU7 INTRADAY



## 9. PREDICTION FOR TODAY'S MOVEMENT

### Current (interval=7.82)

1515.63	+2/8
1507.81	+1/8
1500.00	8/8
1492.19	7/8
1484.38	6/8
1476.56	5/8
1468.75	4/8
1460.94	3/8
1453.13	2/8
1445.31	1/8
1437.50	0/8
1429.69	-1/8
1421.88	-2/8

### Up (Interval=3.90)

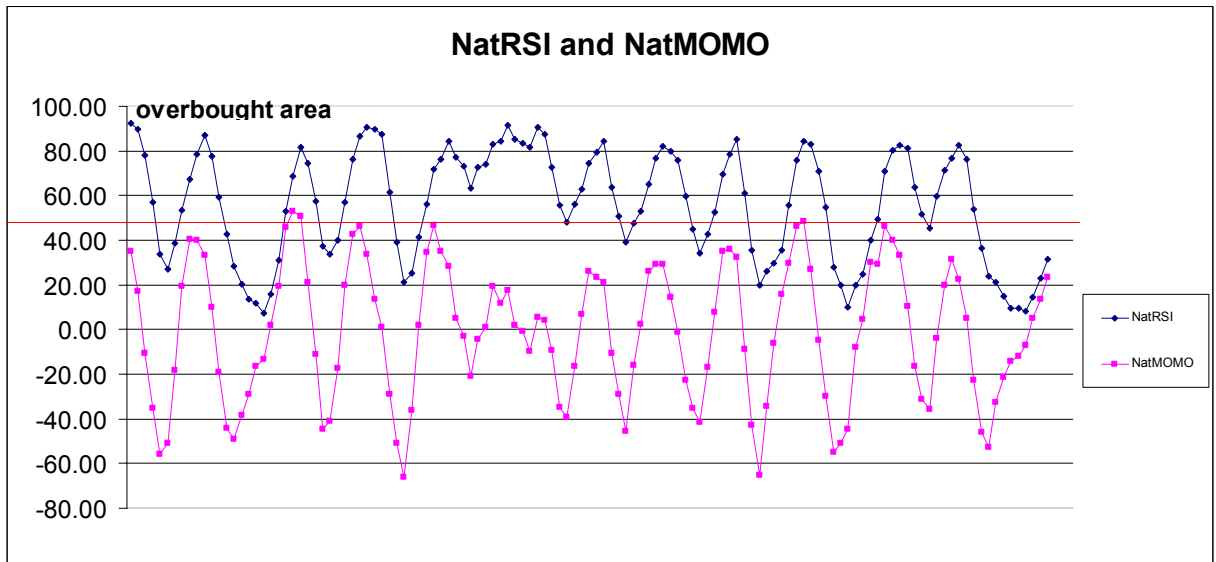
1476.56	+2/8
1472.66	+1/8
1468.75	8/8
1464.84	7/8
1460.94	6/8
1457.03	5/8
1453.13	4/8
1449.22	3/8
1445.31	2/8
1441.41	1/8
1437.50	0/8
1433.59	-1/8
1429.69	-2/8

### Down (Interval=7.82)

1484.38	+2/8
1476.56	+1/8
1468.75	8/8
1460.94	7/8
1453.13	6/8
1445.31	5/8
1437.50	4/8
1429.69	3/8
1421.88	2/8
1414.06	1/8
1406.25	0/8
1398.44	-1/8
1390.63	-2/8

## 10. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.10	0.31	23.43	29.38	1460.38
Oversold	neutral			



## 11. WEEKLY ECONOMIC REPORTS

(<http://www.briefing.com/Investor/Public/Calendars/EconomicCalendar.htm> )

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Aug 07	08:30	<a href="#">Productivity-Prel</a>	Q2		2.2%	2.0%	1.0%
Aug 07	14:15	FOMC policy statement					
Aug 07	15:00	<a href="#">Consumer Credit</a>	Jun		\$3.5B	\$7.0B	\$12.9B
Aug 08	10:00	<a href="#">Wholesale Inventories</a>	Jun		0.4%	0.4%	0.5%
Aug 08	10:30	Crude Inventories	08/03		NA	NA	-6497K
Aug 09	08:30	<a href="#">Initial Claims</a>	08/04		310K	NA	307K
Aug 10	08:30	<a href="#">Export Prices ex-ag.</a>	Jul		NA	NA	0.1%
Aug 10	08:30	<a href="#">Import Prices ex-oil</a>	Jul		NA	NA	0.2%
Aug 10	14:00	<a href="#">Treasury Budget</a>	Jul		-\$35.0B	-\$32.5B	-\$33.2B

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