



Daily trading plan for Oct. 22, 2007

1. ESZ7 IN PREVIOUS DAY

Open	High	Low	Closing
1540.00	1540.50	1505.00	1505.75

2. PIVOTS FOR ESZ7

	Daily	Weekly	Monthly	Yearly
R3	1564.67	1621.33	1691.00	1722.00
R2	1552.68	1597.92	1621.50	1583.50
R1	1529.17	1551.83	1579.75	1506.00
PPT	1517.08	1528.42	1510.25	1367.50
S1	1493.67	1482.33	1468.50	1290.00
S2	1481.58	1458.92	1399.00	1151.50
S3	1458.17	1412.83	1357.25	1074.00

3. FOCUS NUMBERS (Intra-day Position trading)

Sell levels	Buying levels
1516.75-18.75 (First Sell#)	1481.75 (first Buy#)
1529-32 (Second Sell#)	1464.50 (second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1516.75	1522.50	1528.00	1532.75	1535.00
Support	1496.25	1490.25	1581.75	1575.75	1563.75

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5. LONG-TERM OUTLOOK

Last week, SPX closed at 1500.68 level, net weekly loss 61.12 points. In last Monday's daily trading plan I said the long-term uptrend was continuing, but warned: "... *But for the very short term, SPX is overbought and vulnerable to consolidation or correction. From the "small correction" viewpoint, as long as last Friday's high 1576.09 isn't breached, SPX at least needs to do one more push down to 1533.66 area to complete its correction move. Any breakdown 1533.66-1525 range will trigger an intermediate term reversal.*"

Friday the SPX did exactly that: it broke the 1533.66-25 range support and right hit on our weekly support level at the 1500 area for closing.

SPX has made a 38% retracement from the August low to the Oct. 11 high. Now it has to make its decision — continuation on the downside to 1475-65 range or bounce up for testing consolidation range top at the 1538.75 area.

Last Friday's downside move was quite strong, and forced SPX back into its broad consolidation range. But it also provides evidence it is getting oversold short-term.

This week, we may see SPX consolidate around this level or make a continuation to the downside for the first one or two days, and then start to bounce. But no matter how far this bounce, SPX still is vulnerable for downside move, which means that any bounce will be likely followed by more selling.

Major monthly resistance level for SPX is 1577 and support level is 1470
Major weekly resistance level for SPX is 1538.75 and support level 1470

SPX WEEKLY Chart



6. WEEKLY OUTLOOK — ESZ7

Last week, on the anniversary of the 1987 market crash, ES made a big downside move, as did all other major markets except the bond market. It broke a short term major support level and triggered the intermediate-term reversal. It went down violently.

For the SHORT TERM we believe the TOP has been seen already. ES performed a double top pattern, which is a bearish sign. Plus the market sentiment is bearish too. If 20 and 40 weekly moving average lines fail to hold ES up, the next support zone 1464-1450 will likely be the next target.

So far the long term outlook remains bullish as long as the second major support zone holds.

Weekly major resistance level is 1540. Weekly major support is 1475.

ES WEEKLY Chart



7. DAILY OUTLOOK

Last Friday ES went down like a storm. THE DJIA, S&P500 and NASDAQ all fell more than 2.5%.

Today we could see ES go both directions in the morning. It could move down a little or bounce up to 1518.75-22.50. If we see the bounce first, it is likely that ES will be sold off again. If we see it go lower first, and price breaks through last Friday's low at 1505, continuation of the downside momentum will keep pushing the price lower. But if price later recovers and moves above 1505, a reversal to the upside should be expected. Then the previous breakdown points — 1518.75, 1528 and 1535 — could be retested in the following days.

ESZ7 DAILY Chart



8. TRADING STRATEGY FOR Oct. 22, 2007

Today we may see ES bounce early in the morning and sell off again in the afternoon. Early morning, if we see 1518.75 and 1526.75, we are going to short on the bounce. If ES goes down first, pay attention to the 1505-07 range. As soon as price goes above it, we are looking for opportunities to take positions on the long side.

However, SHORT ON BOUNCE still is our major trading strategy.

Intraday swing position entry on short side:
1518.75-16.50 (scalping) 1526.50 (agg) and 1530-35(cons)
Intraday swing position entry on long side:
1481.75-80 (agg) 1475.25 (agg) and 1564.50 (cons)



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9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=7.82)

1578.13	+2/8
1570.31	+1/8
1562.50	8/8
1554.69	7/8
1546.88	6/8
1539.06	5/8
1531.25	4/8
1523.44	3/8
1515.63	2/8
1507.81	1/8
1500.00	0/8
1492.19	-1/8
1484.38	-2/8

Up (Interval=3.90)

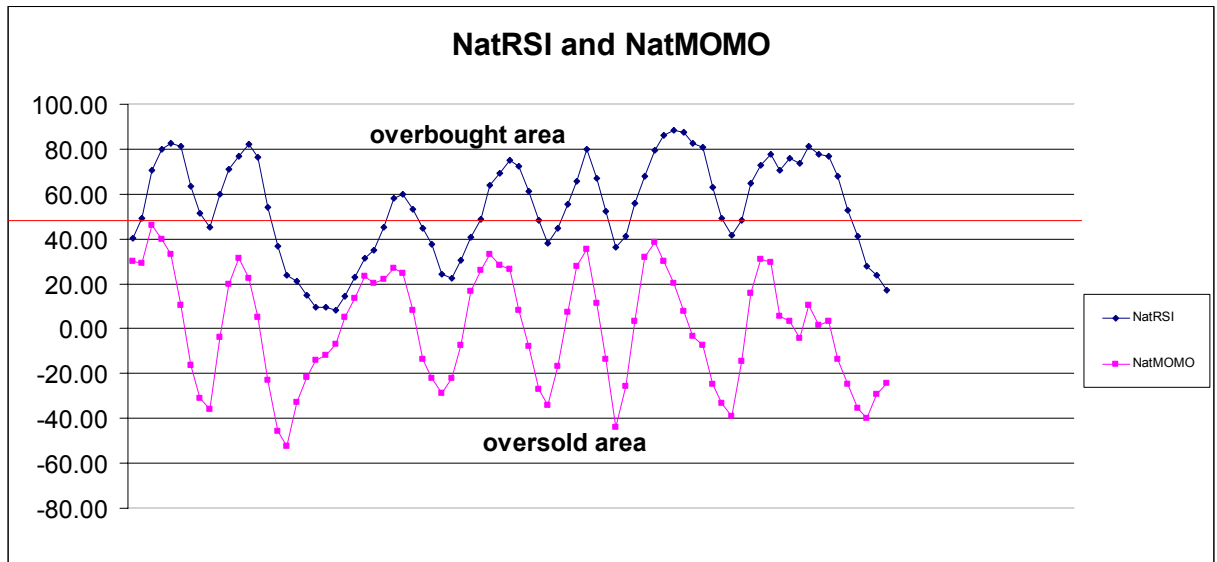
1539.06	+2/8
1535.16	+1/8
1531.25	8/8
1527.34	7/8
1523.44	6/8
1519.53	5/8
1515.63	4/8
1511.72	3/8
1507.81	2/8
1503.91	1/8
1500.00	0/8
1496.09	-1/8
1492.19	-2/8

Down (Interval=7.82)

1546.88	+2/8
1539.06	+1/8
1531.25	8/8
1523.44	7/8
1515.63	6/8
1507.81	5/8
1500.00	4/8
1492.19	3/8
1484.38	2/8
1476.56	1/8
1468.75	0/8
1460.94	-1/8
1453.13	-2/8

10. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.01	0.18	-24.28	18.33	1522.88
Oversold	neutral			



11. WEEKLY ECONOMIC REPORTS

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

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Oct 24	10:00	Existing Home Sales	Sep	5.20M	5.30M	5.50M	
Oct 24	10:30	Crude Inventories	10/19	NA	NA	1784K	
Oct 25	08:30	Durable Orders	Sep	2.0%	1.5%	-4.9%	
Oct 25	08:30	Initial Claims	10/20	320K	NA	337K	
Oct 25	10:00	New Home Sales	Sep	780K	785K	795K	
Oct 26	10:00	Mich Sentiment-Rev.	Oct	82.0	82.5	82.0	

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