



Daily Trading Plan for Jan. 28, 2008

1. ESH8 IN PREVIOUS DAY

Open	High	Low	Closing
1368.00	1370.75	1328.25	1334.00

2. PIVOTS FOR ESH8

	Daily	Weekly	Monthly	Yearly
R3	1402.92	1491.25	1602.17	1796.75
R2	1386.83	1431.00	1564.58	1691.75
R1	1360.42	1382.50	1520.92	1584.50
PPT	1344.33	1322.25	1483.33	1479.50
S1	1317.92	1273.75	1439.67	1372.25
S2	1301.83	1213.50	1402.08	1267.25
S3	1275.42	1165.00	1358.42	1160.00

3. FOCUS NUMBERS (Intra-day Position trading)

Sell levels	Buying levels
1355.50-1357.50 (First Sell#)	1318.50-1315.75 (first Buy#)
1374.50-1380.25(Second Sell#)	1287.75-1284.25 (second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1344.75	1358.50	1362.75	1369.75	1375.75
Support	1318.25	1307.75	1301.50	1289.50	1275.25

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5. LONG-TERM OUTLOOK

The S&P 500 (SPX) closed at 1330.61 on Friday, up 5.42 points. What a week it was! There were triple-digit daily moves by the Dow every day last week, down 128 points on Tuesday, up 298 points on Wednesday, up 108 points on Thursday, then down 171 points on Friday. The swings of up to 600 points during each day were brutal. The S&P 500 had similar volatility.

Investors and traders really didn't want to go home long equities on Friday, Even though we got the Fed's emergency rate cut on Tuesday, the confidence hasn't been built into this market yet. Maybe a bit more confidence could be built after this coming Fed meeting — and anticipated rate cut — on Tuesday.

Based on weekly S&P 500 cash chart there is a broken double TOP pattern. Last Friday, SPX did move up to touch the broken neckline of that pattern once, but it couldn't sustain the move, and sold off 20-30 points for closing. That means the intermediate-term downtrend dominates this market and the market still remains bearish.

However the 200 week moving average line is now below current price, and it acts as a support line. In addition the short-term condition is extremely oversold. The Fed interest rate on Tuesday and the usual month-end window dressing all could hold \$SPX up this week.

Monthly major resistance level 1375 and major support level 1208
Major weekly resistance level is 1375 and support level 1250

SPX WEEKLY Chart



6. WEEKLY OUTLOOK — ESH8

Last week ES had a very high volatility week. That was good for traders and but a nightmare for investors. High volatility shouldn't surprise us. The first trading day of January we already mentioned this would happen.

For the intermediate-term, trend is clear on the downside. Now 89 weekly moving average line (Green) plus 20 and 40 EMA line all act as major resistance levels. Even though the currently long term 200 weekly moving average line holds ES up, it doesn't mean it will hold up for long. As long as ES stays below its major resistance zone, the major trend remains downside and bearish.

In the pattern move, there is a double top pattern. The broken neckline is around 1375.50-1368.75 range. This range already showed its strength last Friday. ES moved up to 1370.75 and sold off all day on Friday. That means the pattern swing shorts still are active. Meanwhile the 1385.25-1281.50 range, which is the 38% retracement from the 2002 low to the 2007 high, overlaps many current broken support lines. All resist any upward movement from the ES.

This week we may see ES go sideways or make a triangle pattern move and try to eat up the time. ES had a short term oversold bounce last week, but this oversold bounce may only last for a little while. As long as ES holds up above 1261 level, a broad sideways movement from 1261-1375 should be expected this week.

Weekly major resistance level is 1385.75. Weekly major support is 1250.25

ES WEEKLY Chart



7. DAILY OUTLOOK

Last Friday ES moved up to test its broken support line in the 1368.50-1374.50 range, and sold off immediately. Today we may see ES go down a little to 1314.75-15 area before it moves up again to test 1356.75. Due to Fed interest rate announcement tomorrow, Contraction range move should be expected.

ESH8 DAILY Chart



8. TRADING STRATEGY FOR Jan. 28, 2008

After open, we should look for which direction ES goes first, and then look for resistance and support level to see if ES can be held up or not in first 30min trading. If ES can hold itself up above 1328.75 or below 1342.75, a reversal move should be expected.

There is a bearish pattern (Blue lines) that overlaps long timeframe triangle pattern (red lines). ES may also move within those two patterns.

Intraday swing position entry on short side:
1356.75 (scalping) 1374.50-75.00 (agg) and 1380.50-84.75 (cons)
Intraday swing position entry on long side:
1314.75 (scalp) 1298.50 (agg) and 1284.75 (cons)

ESH8 INTRADAY



9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=7.82)

1390.63	+2/8
1382.81	+1/8
1375.00	8/8
1367.19	7/8
1359.38	6/8
1351.56	5/8
1343.75	4/8
1335.94	3/8
1328.13	2/8
1320.31	1/8
1312.50	0/8
1304.69	-1/8
1296.88	-2/8

Up (Interval=7.82)

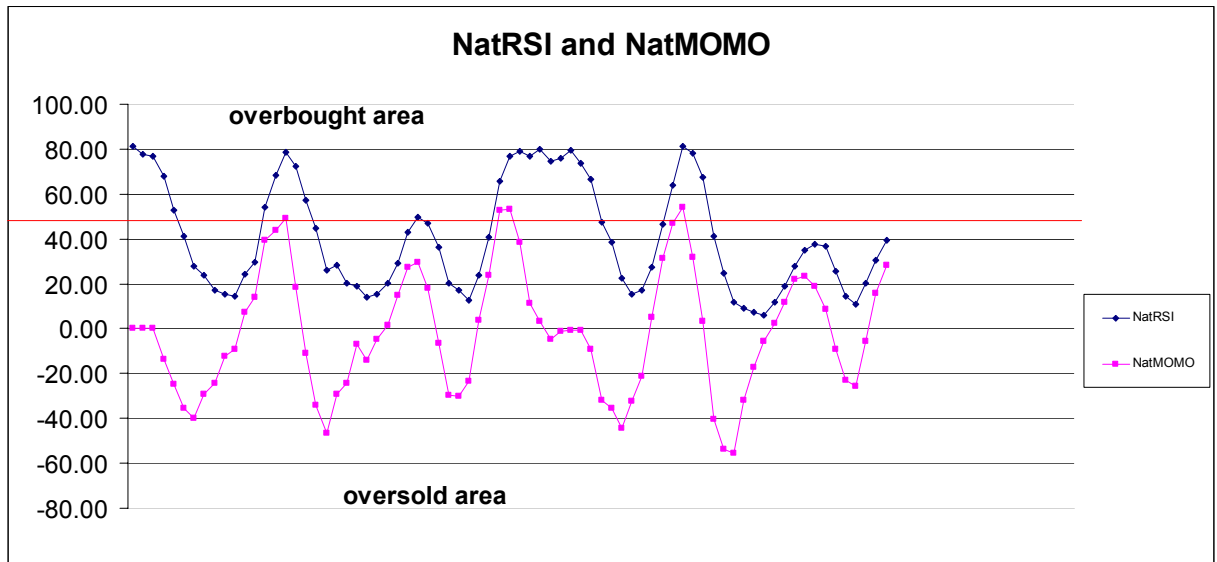
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1351.56	5/8
1343.75	4/8
1335.94	3/8
1328.13	2/8
1320.31	1/8
1312.50	0/8
1304.69	-1/8
1296.88	-2/8

Down (Interval=7.82)

1359.38	+2/8
1351.56	+1/8
1343.75	8/8
1335.94	7/8
1328.13	6/8
1320.31	5/8
1312.50	4/8
1304.69	3/8
1296.88	2/8
1289.06	1/8
1281.25	0/8
1273.44	-1/8
1265.63	-2/8

10. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.10	0.39	28.34	37.78	1351.00
oversold	neutral			



11. WEEKLY ECONOMIC REPORTS

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

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Jan 28	10:00	New Home Sales	Dec	635K	645K	647K	
Jan 29	08:30	Durable Orders	Dec	5.0%	2.0%	-0.1%	
Jan 29	10:00	Consumer Confidence	Jan	86.0	87.0	88.6	
Jan 30	08:15	ADP Employment	Jan			40K	
Jan 30	08:30	GDP-Adv.	Q4	1.9%	1.2%	4.9%	
Jan 30	08:30	Chain Deflator-Adv.	Q4	3.0%	2.6%	1.0%	
Jan 30	14:15	FOMC Policy Statement					
Jan 31	08:30	Employment Cost Index	Q4	0.8%	0.8%	0.8%	
Jan 31	08:30	Personal Income	Dec	0.4%	0.4%	0.4%	
Jan 31	08:30	Personal Spending	Dec	0.1%	0.1%	1.1%	
Jan 31	08:30	Core PCE Inflation	Dec	0.2%	0.2%	0.2%	
Jan 31	08:30	Initial Claims	01/26	320K	315K	301K	
Jan 31	09:45	Chicago PMI	Jan	52.5	53.0	56.6	
Jan 31	10:30	Crude Inventories	01/26	NA	NA	2297K	
Feb 01	00:00	Auto Sales	Jan	5.2M	5.2M	5.5M	
Feb 01	00:00	Truck Sales	Jan	7.3M	7.2M	6.9M	
Feb 01	08:30	Nonfarm Payrolls	Jan	60K	55K	18K	
Feb 01	08:30	Unemployment Rate	Jan	4.9%	5.0%	5.0%	
Feb 01	08:30	Hourly Earnings	Jan	0.2%	0.3%	0.4%	
Feb 01	08:30	Average Workweek	Jan	33.8	33.8	33.8	
Feb 01	10:00	Construction Spending	Dec	-0.5%	-0.5%	0.1%	
Feb 01	10:00	ISM Index	Jan	48.5	47.5	47.7	
Feb 01	10:00	Mich Sentiment-Rev.	Jan	80.5	79.0	80.5	

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