



Daily Trading Plan for Feb.4, 2008

1. ESH8 IN PREVIOUS DAY

| Open | High | Low | Closing |
|---------|---------|---------|---------|
| 1380.75 | 1398.00 | 1376.75 | 1397.00 |

2. PIVOTS FOR ESH8

| | Daily | Weekly | Monthly | Yearly |
|------------|----------------|----------------|----------------|----------------|
| R3 | 1425.67 | 1497.67 | 1704.50 | 1796.75 |
| R2 | 1411.83 | 1447.83 | 1592.50 | 1691.75 |
| R1 | 1404.42 | 1422.42 | 1486.00 | 1584.50 |
| PPT | 1390.58 | 1372.58 | 1374.00 | 1479.50 |
| S1 | 1383.17 | 1347.17 | 1267.50 | 1372.25 |
| S2 | 1369.33 | 1297.33 | 1155.50 | 1267.25 |
| S3 | 1361.92 | 1271.92 | 1049.00 | 1160.00 |

3. FOCUS NUMBERS (Intra-day Position trading)

| Sell levels | Buying levels |
|------------------------------|-----------------------------|
| 1415.50 -18.75 (First Sell#) | 1372-68.50 (first Buy#) |
| 1431.25-35.50 (Second Sell#) | 1355.50-52.75 (second Buy#) |

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Resistance | 1406.75 | 1415.25 | 1423.75 | 1429.75 | 1437.75 |
| Support | 1388.75 | 1378.75 | 1372.25 | 1364.75 | 1355.25 |

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5. LONG-TERM OUTLOOK

The S&P 500 (SPX) closed at 1395.42 on Friday, up 64.81 points. We got lots of volatility in the past weeks. A very volatile few days resulted in the DOW and S&P exceeding their Wednesday's high respectively, which indicated the upward correction from Jan 22 low was not complete yet. But the strong overhead resistance in the form of the long-term rising trend line (red) lies dead ahead of the current price.

Based on weekly S&P 500 cash chart there is a double TOP pattern. Last Friday, SPX move up to close above the broken neckline of that pattern, it is likely for SPX to move up further to test that long-term rising trend line (red) between 1415-1432 area early this week. When this countertrend push gets exhausted, it could lead to another leg down in the ongoing bear market. The previous low 1270 is likely to be retested again in the coming weeks.

Monthly major resistance level 1435 and major support level 1255
 Major weekly resistance level is 1435 and support level 1335

SPX WEEKLY Chart



6. WEEKLY OUTLOOK — ESH8

Last week ES had another high volatility week. The end of month window dressing sent price back up the major resistance area. The reality check is coming this week.

In the past weeks, our market gave out a long term selling signal (20EMA crossed downside over 40EMA line on weekly chart). Technically speaking, we probably saw the bull market top in October 2007 and we are now in a bear market that could continue to the end of this year or the beginning of next year.

For the intermediate term, trend remains downside. Now 89 weekly moving average line (Green) plus 20 and 40 EMA line all act as major resistance levels. Plus the strong overhead resistance formed from that long term rising trend line (red) lies dead ahead. Also the short term indicators show the market is becoming overbought. Therefore, we should be expecting a short-term price top very soon. Once the top is in place, the Jan. low could be retested again.

This week we may see ES rise a little further to test its major resistance zone 1415-1432 area. As long as ES stays below 1459 level, major trend remains down. A break below 1333 could indicate the short term TOP is in place and the downside momentum could push price lower to January low area.

Weekly major resistance level is 1436. Weekly major support is 1333

ES WEEKLY Chart



7. DAILY OUTLOOK

Last Friday ES moved back up to the broken neckline line of a double top (1368.50-1374.50 range) and closed above it. It is likely for ES this week to move up higher to retest 1406.25 area or further to 1420.50-23.75 area to fill the Jan 15 gap. Bear market bounce could be exhausted around those areas, and the next downside move should be expected after ES tests those major broken support lines.

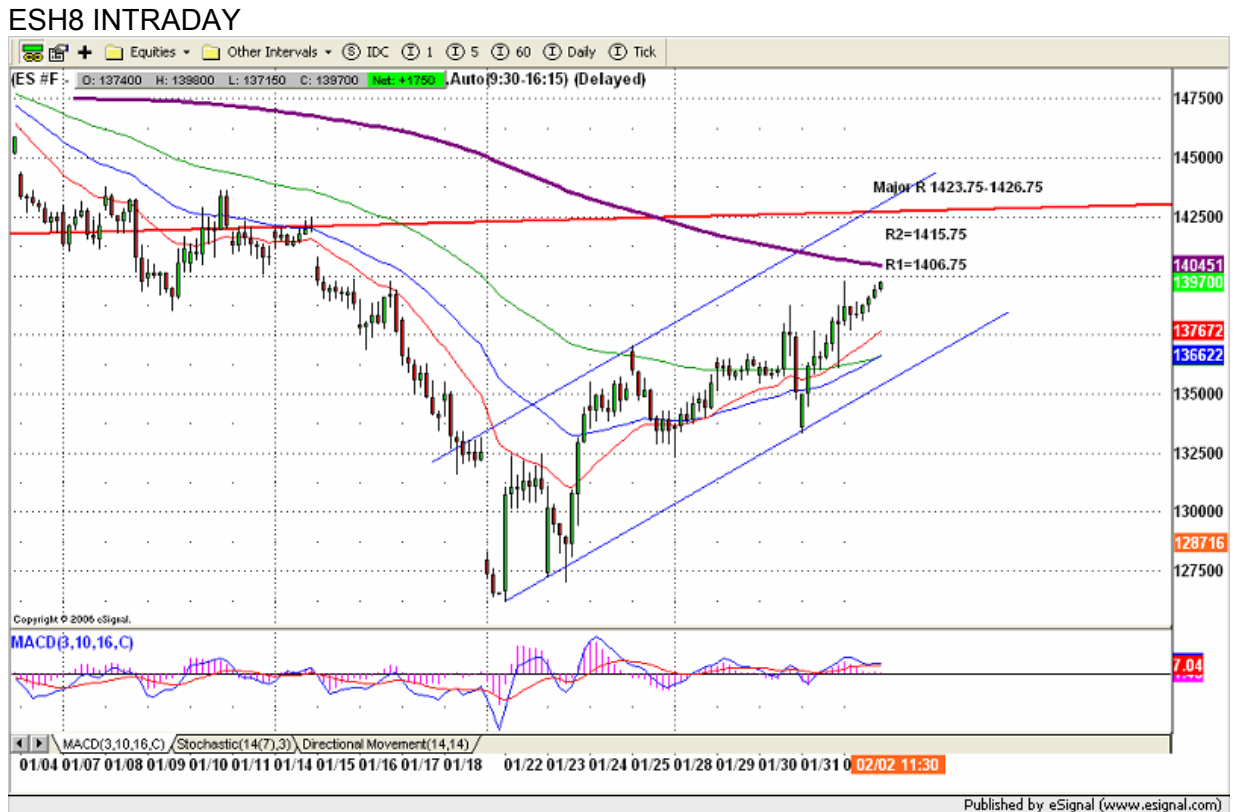
ESH8 DAILY Chart



8. TRADING STRATEGY FOR Feb 4, 2008

Due to the first day of Feb last Friday, ES revisited its Wednesday's high and closed above it. Looks bullish, but actually may not be. ES moved into a heavy resistance area, and short-term internals are becoming overbought. It is likely that ES will top soon. On a breakout of the 1407.75 level, we are likely to see ES make its last push high to 1420.50-23.75 area to complete it's A-B-C countertrend pattern and fills the Jan 15 gap. A break below 1333 level indicates the short-term TOP is already in place.

Intraday swing position entry on short side:
1407.75 (scalping) 1420.5-24.50 (agg) and 1435.50-37.50(cons)
Intraday swing position entry on long side:
1368.50 (scalp) 1358- 55.50 (agg) and 1335.75 (cons)



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9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=3.90)

| | |
|---------|------|
| 1414.06 | +2/8 |
| 1410.16 | +1/8 |
| 1406.25 | 8/8 |
| 1402.34 | 7/8 |
| 1398.44 | 6/8 |
| 1394.53 | 5/8 |
| 1390.63 | 4/8 |
| 1386.72 | 3/8 |
| 1382.81 | 2/8 |
| 1378.91 | 1/8 |
| 1375.00 | 0/8 |
| 1371.09 | -1/8 |
| 1367.19 | -2/8 |

Up (Interval=7.82)

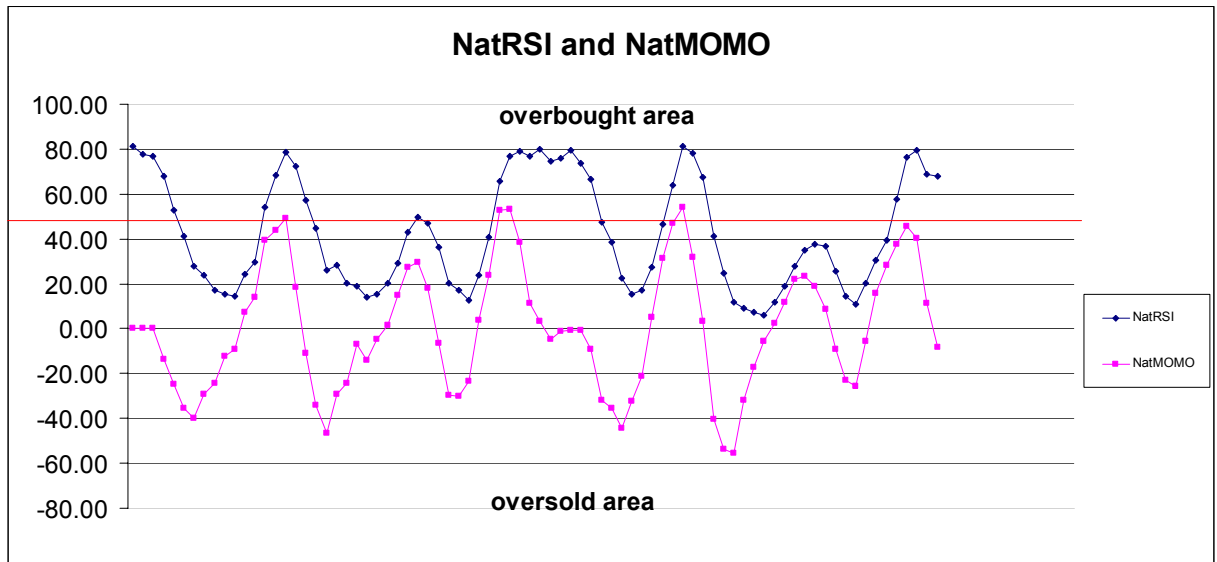
| | |
|---------|------|
| 1453.13 | +2/8 |
| 1445.31 | +1/8 |
| 1437.50 | 8/8 |
| 1429.69 | 7/8 |
| 1421.88 | 6/8 |
| 1414.06 | 5/8 |
| 1406.25 | 4/8 |
| 1398.44 | 3/8 |
| 1390.63 | 2/8 |
| 1382.81 | 1/8 |
| 1375.00 | 0/8 |
| 1367.19 | -1/8 |
| 1359.38 | -2/8 |

Down (Interval=7.82)

| | |
|---------|------|
| 1421.88 | +2/8 |
| 1414.06 | +1/8 |
| 1406.25 | 8/8 |
| 1398.44 | 7/8 |
| 1390.63 | 6/8 |
| 1382.81 | 5/8 |
| 1375.00 | 4/8 |
| 1367.19 | 3/8 |
| 1359.38 | 2/8 |
| 1351.56 | 1/8 |
| 1343.75 | 0/8 |
| 1335.94 | -1/8 |
| 1328.13 | -2/8 |

10. OTHER INDICATORS

| NatRSI (1day) | NatRSI (5day) | NatMoMo | ATR 10 | Waist number |
|---------------|---------------|---------|--------|--------------|
| 0.88 | 0.67 | -9.45 | 40.90 | 1388.88 |
| overbought | neutral | | | |



11. WEEKLY ECONOMIC REPORTS

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

| Date | ET | Release | For | Actual | Briefing.com | Consensus | Prior |
|--------|-------|---------------------------------------|-------|---------|--------------|-----------|-------|
| Feb 04 | 10:00 | Factory Orders | Dec | 2.8% | 2.0% | 1.5% | |
| Feb 05 | 10:00 | ISM Services | Jan | 52.5 | 53.0 | 54.4 | |
| Feb 06 | 08:30 | Productivity-Prel | Q4 | 0.0% | 1.0% | 6.3% | |
| Feb 06 | 10:30 | Crude Inventories | 02/02 | NA | NA | NA | |
| Feb 07 | 08:30 | Initial Claims | 02/02 | 350K | NA | 375K | |
| Feb 07 | 10:00 | Pending Home Sales | Dec | | | -2.6% | |
| Feb 07 | 15:00 | Consumer Credit | Dec | \$12.0B | \$8.0B | \$15.4B | |
| Feb 08 | 10:00 | Wholesale Inventories | Dec | 0.2% | 0.4% | 0.6% | |

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