



Daily Trading Plan for May 27, 2008

1. ESM8 IN PREVIOUS DAY

Open	High	Low	Closing
1388.25	1390.00	1372.75	1373.50

2. PIVOTS FOR ESM8

	Daily	Weekly	Monthly	Yearly
R3	1402.00	1487.00	1502.33	1796.75
R2	1396.00	1464.00	1454.67	1691.75
R1	1384.75	1418.75	1420.33	1584.50
PPT	1378.75	1395.75	1372.67	1479.50
S1	1367.50	1350.50	1338.33	1372.25
S2	1361.50	1327.50	1290.67	1267.25
S3	1350.25	1282.25	1256.33	1160.00

3. FOCUS NUMBERS (Intra-day Position trading)

Sell levels	Buying levels
1392- 93.75 (First Sell#)	1370.75-68.50 (first Buy#)
1400-1402.75 (Second Sell#)	1354.75-1350 (second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	1381.75	1389.00	1393.75	1396.50	1403.00
Support	1368.50	1362.25	1358.25	1350.75	1343.75

5. LONG-TERM OUTLOOK - \$SPX

The S&P 500 (\$SPX) closed at 1375.99 on Friday, net loss 49.36 points for the week. \$SPX had its worst weekly decline since the week of Feb. 8

The decline was exacerbated by several economic reports and news items indicating the further trouble ahead of the housing industry, financial firms and consumer spending. Plus the further spike-up in oil price which has gone from \$54 a barrel in January 2007 to \$135 last Friday. In the meantime, more evidence shows that inflation is climbing. Housing market still is in the wood, and more people may face the risk of losing their home. **Fear has returned to the market.**

For our technical analysis, last week we wrote: *When things are all looking pretty positive, don't forget a few negative elements. As long as the long term rising uptrend resistance level (red) is intact, it will take a lot of positive energy to break it. Second, SPX is getting overbought. It is possible for it to set up a short-term pullback move very soon.*

Since then \$SPX closed below its 20-EMA weekly line and confirmed that the rally that began in March was a counter move rally — a bear market rally, Currently \$SPX movement is the early stage of wave 3 declining trend.

This week we may see an a-b-c bounce from either last Friday's low or a slightly lower area. But as long as ES doesn't break 1424.50 line, the trend remains bearish and downside. Any bounce shouldn't live very long. A further decline should be expected after a-b-c correction.

Major monthly resistance level 1485 and support level 1350.
Major weekly resistance level is 1424.50 and support level 1350.

SPX WEEKLY Chart



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6. WEEKLY OUTLOOK - ESM8

Last week ES closed below its 20 week moving average line, which was the first bearish sign since March 17.

Based on our 20/40 method theory, as long as 20-EMA line doesn't cross above 40-EMA to give us long-term buying signal, the major trend remains downside. This week, a further decline to 1350-33.25 area should be expected if ES breaks down 1370-68.50 range.

In the meantime, we may see a bounce from last Friday's low if ES holds price up above 1370 on Tuesday morning. But any bounce in price shouldn't exceed 1424.50 line. As long as ES stays below 1424.50 line, the declining wave 3 remains intact.

Weekly major resistance level is 1425.00 Weekly major support is 1350.00

ES WEEKLY Chart



7. DAILY OUTLOOK

Last Friday ES closed slightly above the 38% retracement line (from high 1441 to low 1253). For the very short term, ES completed it's A-B-C pattern move, and did its 4-day correction Today we may see the price bounce from 1370.75-1369.50 area and move up to retest the psychology resistance line 1400 area. But bounce has lots of limits.

ESM8 DAILY Chart



8. TRADING STRATEGY FOR May 27, 2008

Last Friday existing house report was not good, plus Lehman brothers reported as many as 10 million homes have zero or negative equity, and estimates there will be 2.6 million foreclosures in the next two years. Fear immediately hit the market, and led ES to close at low of the daily range. Based on 60 min chart, ES had an impulse wave move down since it hit 1441 line. Last Friday's low could be at or near the low for that impulse wave. Small bounce should be expected if ES finds the support line during overnight trading. If 1370.75-69.50 range holds, ES could bounce up to last Friday's high area 1390-94.50 range for testing. Looking for short area around 1396.50-94.50 range.

Intraday swing position entry on short side:
1392-93.75 (scalping) 1400-1402.75 (agg) and 1410.75(cons)
Intraday swing position entry on long side:
1368-66 (scalping) 1354.75-50.75 (agg) and 1343.75-46.75(cons)



9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=1.95)

1394.53	+2/8
1392.58	+1/8
1390.63	8/8
1388.67	7/8
1386.72	6/8
1384.77	5/8
1382.81	4/8
1380.86	3/8
1378.91	2/8
1376.95	1/8
1375.00	0/8
1373.05	-1/8
1371.09	-2/8

Up (Interval=1.95)

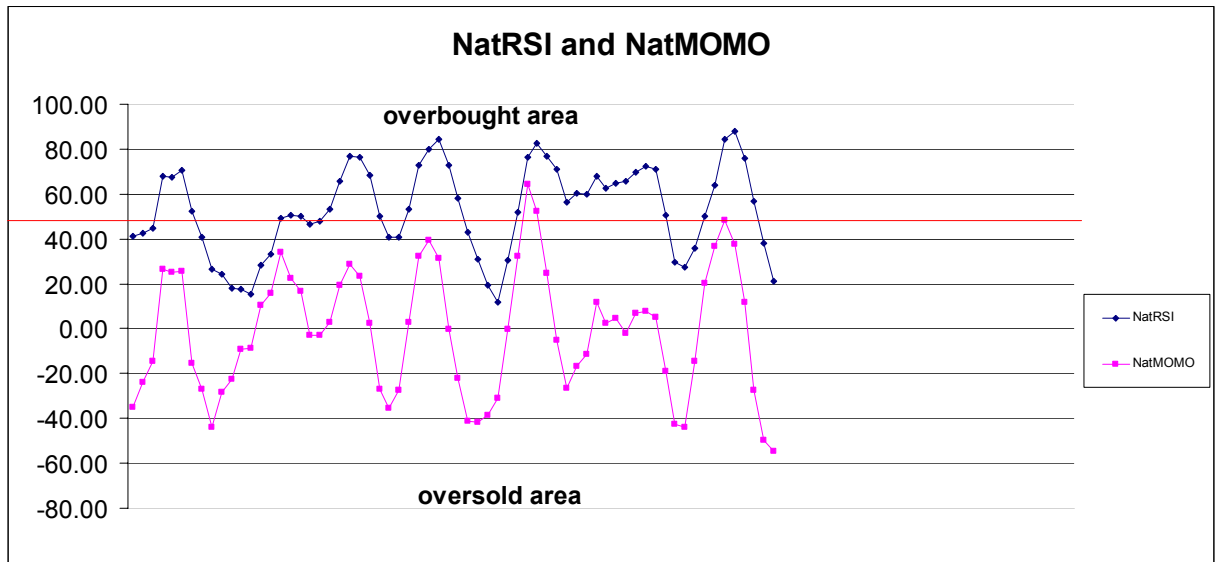
1394.53	+2/8
1392.58	+1/8
1390.63	8/8
1388.67	7/8
1386.72	6/8
1384.77	5/8
1382.81	4/8
1380.86	3/8
1378.91	2/8
1376.95	1/8
1375.00	0/8
1373.05	-1/8
1371.09	-2/8

Down (Interval=3.90)

1382.81	+2/8
1378.91	+1/8
1375.00	8/8
1371.09	7/8
1367.19	6/8
1363.28	5/8
1359.38	4/8
1355.47	3/8
1351.56	2/8
1347.66	1/8
1343.75	0/8
1339.84	-1/8
1335.94	-2/8

10. OTHER INDICATORS

NatRSI (1day)	NatRSI (5day)	NatMoMo	ATR 10	Waist number
0.08	0.21	-54.41	16.58	1381.13
oversold	neutral			



11. WEEKLY ECONOMIC REPORTS

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

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
May 27	10:00	Consumer Confidence	May	61.0	61.0	61.0	62.3
May 27	10:00	New Home Sales	Apr	515K	520K	520K	526K
May 28	08:30	Durable Orders	Apr	0.5%	-0.7%	-0.7%	-0.3%
May 29	08:30	Chain Deflator-Prel.	Q1	2.6%	2.6%	2.6%	2.4%
May 29	08:30	GDP-Prel.	Q1	1.0%	0.9%	0.9%	0.6%
May 29	08:30	Initial Claims	05/24	370K	NA	NA	365K
May 29	10:30	Crude Inventories	05/24	NA	NA	NA	-5317K
May 30	08:30	Personal Income	Apr	0.2%	0.2%	0.2%	0.3%
May 30	08:30	Personal Spending	Apr	0.3%	0.2%	0.2%	0.4%
May 30	08:30	PCE Core Inflation	Apr	0.1%	0.1%	0.1%	0.2%
May 30	09:45	Chicago PMI	May	49.5	49.0	49.0	48.3
May 30	10:00	Mich Sentiment-Rev.	May	60.0	NA	NA	59.5

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