



Daily trading plan for July 22, 2008

1. ESU8 IN PREVIOUS DAY

| Open | High | Low | Closing |
|---------|---------|---------|---------|
| 1265.50 | 1268.25 | 1255.00 | 1261.50 |

2. PIVOTS FOR ESU8

| | Daily | Weekly | Monthly | Yearly |
|------------|----------------|----------------|----------------|----------------|
| R3 | 1282.67 | 1344.33 | 1499.92 | 1796.75 |
| R2 | 1275.83 | 1303.67 | 1452.83 | 1691.75 |
| R1 | 1268.57 | 1282.08 | 1366.92 | 1584.50 |
| PPT | 1261.83 | 1241.42 | 1319.83 | 1479.50 |
| S1 | 1254.67 | 1219.83 | 1233.92 | 1372.25 |
| S2 | 1247.83 | 1179.17 | 1186.83 | 1267.25 |
| S3 | 1240.67 | 1157.58 | 1100.92 | 1160.00 |

3. FOCUS NUMBERS (intra-day Position trading)

| Sell levels | Buying levels |
|-------------------------------|------------------------------|
| 1274.50 - 75.75 (First Sell#) | 1240.50 - 39.25 (First buy#) |
| 1284-86.75 (Second Sell#) | 1224.75 (Second Buy#) |

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Resistance | 1261.50 | 1268.75 | 1274.50 | 1282.25 | 1286.50 |
| Support | 1240.00 | 1232.25 | 1224.75 | 1219.25 | 1205.25 |

5. DAILY OUTLOOK

Yesterday trading had modestly positive NYSE breadth and positive up volume vs. down volume. But total volume contracted sharply in past two days. It appears no strong desire to either buy or sell.

Based on wave structure of daily chart, there are two possibilities for ES in the coming days. One is sub-wave 4th – a-b-c counter move. If this sub-wave 4th stands, 1225 line is key. ES needs to hold 1225 line in order to push price back up to the 1293.50 area to complete an a-b-c counter move. Therefore, this week ES has to struggle for closing above 1225 on coming Friday.

The second possibility is that ES doesn't do an a-b-c pattern, instead goes directly down to 1180-1159 range to complete current impulse down wave 1 of big 3. If this is the case, ES shouldn't go beyond any high level above 1278.75, and it has to breakdown 1225 today or tomorrow. A strong close beyond 1278.75 level would lead the odds more in favor of a-b-c counter wave.

ESU8 Daily Chart



6. TRADING STRATEGY FOR July 22, 2008

ES gapped up at open, later it slowly moved down to fill the gap and started going sideways for the end. It was lack of buy and sell activity in whole market. That is contraction behavior. Today expansion move should be expected. Expansion move could lead ES to go in either direction. It could push ES down to 1245.50 line or lower to 1240 or 1225 for testing or go down first and move up later to squeeze the shorts.

For us, as day traders, we are looking for best risk/reward trades to do our business. We look for gap play first if 1245.50 and 1240 line holds, GO LONG for target ½ gap or 1256-58 area. If 1256-58 area holds price down, we GO SHORT with daily range breakdown short method with stop loss 1260.50 and target 1241.75-40.50 range.

Pay attention on 1261.75-63.75 range, price shouldn't go above this range. If it does, shorts are likely to face a squeeze.

Intraday swing position entry on short side:

1256.50-58.25 (scalping) 1270.50-72.50 (agg) and 1276.50-79 (cons)

Intraday swing position entry on long side:

1245.50 (scalping) 1240- 38.00 (agg) and 1224.75 (cons)



7. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=1.95)

| | |
|---------|------|
| 1269.53 | +2/8 |
| 1267.58 | +1/8 |
| 1265.63 | 8/8 |
| 1263.67 | 7/8 |
| 1261.72 | 6/8 |
| 1259.77 | 5/8 |
| 1257.81 | 4/8 |
| 1255.86 | 3/8 |
| 1253.91 | 2/8 |
| 1251.95 | 1/8 |
| 1250.00 | 0/8 |
| 1248.05 | -1/8 |
| 1246.09 | -2/8 |

Up (Interval=1.95)

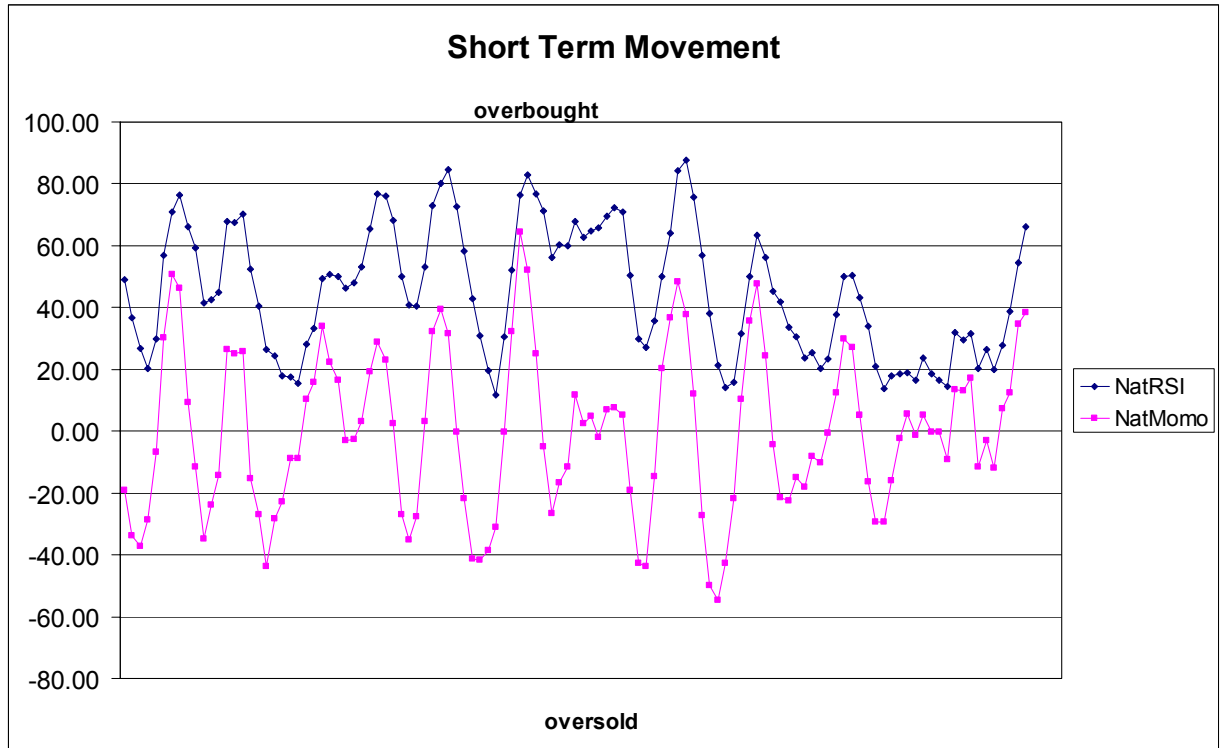
| | |
|---------|------|
| 1277.34 | +2/8 |
| 1275.39 | +1/8 |
| 1273.44 | 8/8 |
| 1271.48 | 7/8 |
| 1269.53 | 6/8 |
| 1267.58 | 5/8 |
| 1265.63 | 4/8 |
| 1263.67 | 3/8 |
| 1261.72 | 2/8 |
| 1259.77 | 1/8 |
| 1257.81 | 0/8 |
| 1255.86 | -1/8 |
| 1253.91 | -2/8 |

Down (Interval=1.95)

| | |
|---------|------|
| 1261.72 | +2/8 |
| 1259.77 | +1/8 |
| 1257.81 | 8/8 |
| 1255.86 | 7/8 |
| 1253.91 | 6/8 |
| 1251.95 | 5/8 |
| 1250.00 | 4/8 |
| 1248.05 | 3/8 |
| 1246.09 | 2/8 |
| 1244.14 | 1/8 |
| 1242.19 | 0/8 |
| 1240.23 | -1/8 |
| 1238.28 | -2/8 |

8. OTHER INDICATORS

| | | | | |
|---------------|---------------|---------|--------|--------------|
| NatRSI (1day) | NatRSI (5day) | NatMoMo | ATR 10 | Waist number |
| 0.36 | 0.66 | 38.49 | 23.30 | 1263.50 |
| neutral | neutral | | | |



9. WEEKLY ECONOMIC REPORTS (<http://www.tradethenews.com/weekly-calendar.php>)

| Date | ET | Release | For | Actual | Briefing.com | Consensus | Prior |
|--------|-------|---------------------|-------|--------|--------------|-----------|-------|
| Jul 23 | 10:35 | Crude Inventories | 07/19 | | NA | NA | 2952K |
| Jul 23 | 14:00 | Fed's Beige Book | | | | | |
| Jul 24 | 08:30 | Initial Claims | 07/19 | 372K | NA | NA | 366K |
| Jul 24 | 10:00 | Existing Home Sales | Jun | 4.97M | 4.95M | 4.99M | |
| Jul 25 | 08:30 | Durable Orders | Jun | 0.0% | 0.1% | 0.0% | |
| Jul 25 | 10:00 | Mich Sentiment-Rev. | Jul | NA | NA | NA | |
| Jul 25 | 10:00 | New Home Sales | Jun | 507K | 505K | 512K | |