



Daily Trading Plan for Oct. 6, 2008

1. ESZ8 IN PREVIOUS DAY

| Open | High | Low | Closing |
|---------|---------|---------|---------|
| 1133.75 | 1161.00 | 1102.50 | 1108.25 |

2. PIVOTS FOR ESZ8

| | Daily | Weekly | Monthly | Yearly |
|------------|----------------|----------------|----------------|----------------|
| R3 | 1203.83 | 1304.25 | 1467.17 | 1796.75 |
| R2 | 1182.42 | 1262.75 | 1385.33 | 1691.75 |
| R1 | 1145.33 | 1185.50 | 1277.17 | 1584.50 |
| PPT | 1123.92 | 1144.00 | 1195.33 | 1479.50 |
| S1 | 1086.83 | 1066.75 | 1087.17 | 1372.25 |
| S2 | 1065.42 | 1025.25 | 1005.33 | 1267.25 |
| S3 | 1028.33 | 948.00 | 897.17 | 1160.00 |

3. FOCUS NUMBERS (Intra-day Position trading)

| Sell levels | Buying levels |
|--------------------------------|-----------------------------|
| 1146.25- 53.75 (First Sell#) | 1086-1077(first Buy#) |
| 1163.75-1164.75 (Second Sell#) | 1065.75-62.50 (second Buy#) |

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Resistance | 1124.75 | 1135.75 | 1145.75 | 1156.75 | 1162.50 |
| Support | 1093.75 | 1186.00 | 1077.00 | 1073.00 | 1065.50 |

5. LONG -TERM OUTLOOK - \$SPX

The S&P 500 (\$SPX) closed at 1099.23 on Friday, ending with weekly net loss of 114.04 points. Last week the market finally got what it wanted when Congress passed the Bailout Bill. But it was not happy about the plan. After the public saw that one day of stock market decline on Monday wiped out over \$1 trillion dollars of market capitalization, the public saw the \$700 billion rescue plan as too little, too late. At the end, the stock market went back down to Monday's low for closing. S&P 500 is down 24% for the year.

If the government's rescue plan has removed some "uncertainty" from the market, the technical indicators are not favorable. The market has confirmed that we are in a declining wave 3. This wave usually lasts longer and is sharper. However subwave (3) of wave 3 could be ended soon.

This week, barring an emergency rate cut by the Fed, the stock market should be back to its normal random move, with less chaotic "news" trading. A broad consolidation movement should be expected.

According to our proprietary Natline indicator, we expect \$SPX to pull back into year 2004 range breakout area for testing. That year's low 1060.72 should hold up price the first time, and push price back up around the year's high 1217.33 for one more testing. For timeframe, the next CIT date is Oct. 20. We should watch for low place to enter and expect range bounce rally.

Major monthly resistance level is 1221 and major support level is 1060
Major weekly resistance level is 1175 and support level 1070

SPX WEEKLY Chart



6. WEEKLY OUTLOOK - ESZ8

In the past week, public confidence was destroyed, and it will be hard to restore. It will take a quite while to rebuild it again. That \$700 billion plan may not solve the two related problems: the credit market impasse and the slowdown in the real economy and jobs contraction. Instead it may create another unexpected problem.

From now on, as soon as the stock market finds its major support line, it will rally. But as soon as it approaches its major resistance zone, we will see continued hedge fund liquidation pressure. ES could travel within the year 2004 range from 1219.75-1060 range for a little while if 1060-55 range holds up firmly. A break below 1055, it will create panic selling again.

Weekly resistance line 1183.75 and support line 1065

ES WEEKLY Chart



WEEKLY FOCUS NUMBERS

| Sell levels | Buying levels |
|---------------------------------------|--------------------------------|
| 1159.75- 65.50 (First Sell#) | 1065-75.75 (first Buy#) |
| 1217- 22.75 (Second Sell#) | 1021.25 (second Buy#) |

7. DAILY OUTLOOK

Buy the rumor, sell the news was Friday's pattern. As soon as the bill passed the house, the selling started and continued until the end. The stock market gave back all gains from Tuesday's rally.

Today we have an oversold situation and the ES moves into Year 2004 range. As long as 1060 line holds up this week, a small rally to 1175-85 range could be seen; alternatively we may see consolidation at low range for two weeks until Oct. 20

ESZ8 DAILY Chart



8. TRADING STRATEGY FOR Oct. 6, 2008

Today we may see a continuation low move until ES hits its bearish symmetrical pattern target line 1075-73.25 or 1062.25-68 before it bounces up sharply. Or we may see ES hold last Friday's low in the early morning and move up to retest last Friday's high first before it goes down again. If ES goes up first, we should see at least one more pullback down.

Intraday swing position entry on short side:

1148.75-51.00 (scalping) 1261.75-65 (agg) and 1177.75-83.75 (cons)

Intraday swing position entry on long side:

1090.75-86 (scalping) 1077-73 (agg) and 1065-62.00(cons)

ESZ8 INTRADAY



9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=7.81)

| | |
|---------|------|
| 1171.88 | +2/8 |
| 1164.06 | +1/8 |
| 1156.25 | 8/8 |
| 1148.44 | 7/8 |
| 1140.63 | 6/8 |
| 1132.81 | 5/8 |
| 1125.00 | 4/8 |
| 1117.19 | 3/8 |
| 1109.38 | 2/8 |
| 1101.56 | 1/8 |
| 1093.75 | 0/8 |
| 1085.94 | -1/8 |
| 1078.13 | -2/8 |

Up (Interval=7.81)

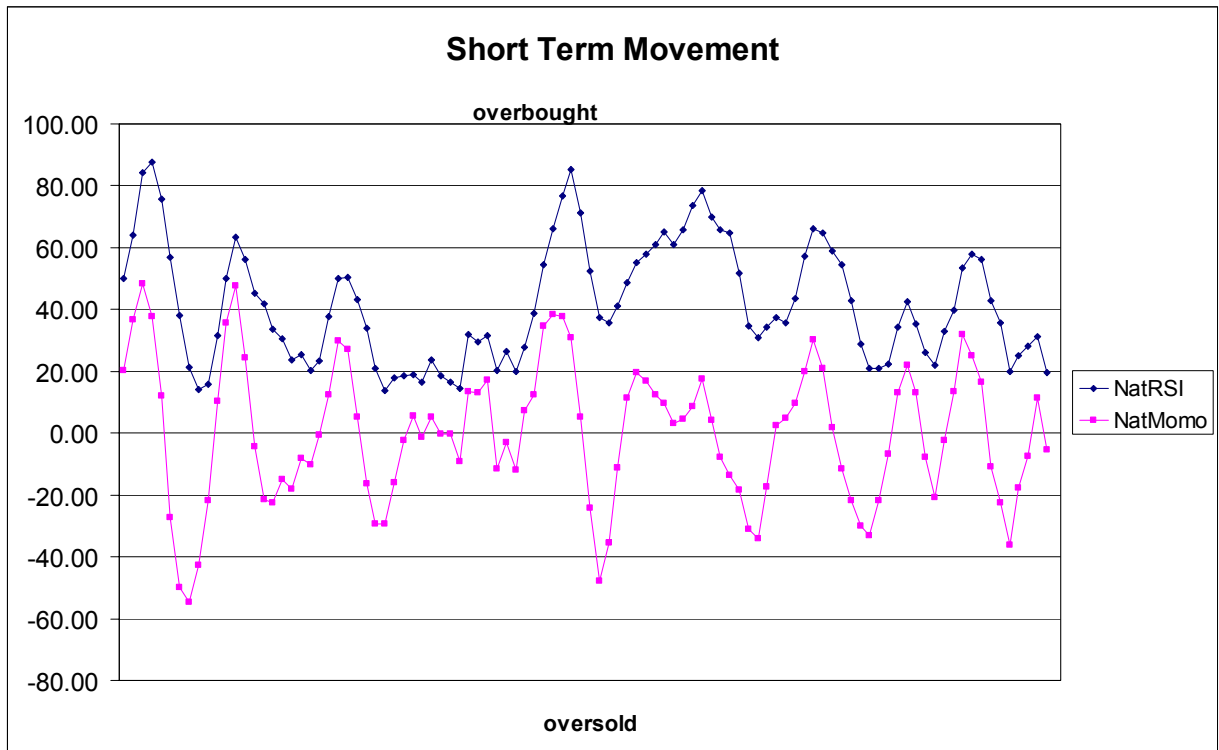
| | |
|---------|------|
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| 1125.00 | 4/8 |
| 1117.19 | 3/8 |
| 1109.38 | 2/8 |
| 1101.56 | 1/8 |
| 1093.75 | 0/8 |
| 1085.94 | -1/8 |
| 1078.13 | -2/8 |

Down (Interval=7.81)

| | |
|---------|------|
| 1140.63 | +2/8 |
| 1132.81 | +1/8 |
| 1125.00 | 8/8 |
| 1117.19 | 7/8 |
| 1109.38 | 6/8 |
| 1101.56 | 5/8 |
| 1093.75 | 4/8 |
| 1085.94 | 3/8 |
| 1078.13 | 2/8 |
| 1070.31 | 1/8 |
| 1062.50 | 0/8 |
| 1054.69 | -1/8 |
| 1046.88 | -2/8 |

10. OTHER INDICATORS

| NatRSI (5day) | NatMoMo | ATR 10 | Waist number | |
|---------------|---------|--------|--------------|--|
| 19.47 | -5.45 | 41.98 | 1121.00 | |
| neutral | | | | |



11. WEEKLY ECONOMIC REPORTS

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

| Date | ET | Release | For | Actual | Briefing.com | Consensus | Prior |
|--------|-------|---------------------------------------|--------|--------|--------------|-----------|----------|
| Oct 07 | 14:00 | FOMC Minutes | Sep 16 | | | | |
| Oct 07 | 15:00 | Consumer Credit | Aug | NA | | \$5.5B | \$4.6B |
| Oct 08 | 10:00 | Pending Home Sales | Aug | | | -1.0% | -3.2% |
| Oct 08 | 10:35 | Crude Inventories | 10/04 | NA | | NA | NA |
| Oct 09 | 08:30 | Initial Claims | 10/04 | NA | | NA | NA |
| Oct 09 | 10:00 | Wholesale Inventories | Aug | NA | | 0.4% | 1.4% |
| Oct 10 | 08:30 | Export Prices ex-ag. | Sep | NA | | NA | NA |
| Oct 10 | 08:30 | Import Prices ex-oil | Sep | NA | | NA | NA |
| Oct 10 | 08:30 | Trade Balance | Aug | NA | | -\$60.0B | -\$62.2B |