



Daily Trading Plan for Dec 15, 2008

(Be sure to read to the bottom for Holiday trading hints)

1. ESH9 IN PREVIOUS DAY

Open	High	Low	Closing
849.50	886.50	846.00	885.50

2. PIVOTS FOR ESH9

	Daily	Weekly	Monthly	Yearly
R3	939.83	994.42	1289.42	1796.75
R2	913.17	956.83	1148.08	1691.75
R1	899.33	921.17	1021.67	1584.50
PPT	872.67	883.58	880.33	1479.50
S1	858.83	847.92	753.92	1372.25
S2	832.17	810.33	612.58	1267.25
S3	818.33	774.67	486.17	1160.00

3. FOCUS NUMBERS (Intra-day Position trading)

Sell levels	Buying levels
919.50-921.50 (First Sell#)	850-852.50 (first Buy#)
948.50-946.75 (Second Sell#)	825.75- 828.25 (second Buy#)

4. MAJOR RESISTANCE AND SUPPORT LEVELS FOR TODAY

Resistance	906.25	914.75	925.75	938.75	948.75
Support	866.75	857.25	847.00	836.50	828.25

5. LONG -TERM OUTLOOK - \$SPX

The S&P 500 (\$SPX) closed at 879.73 on Friday, for a net weekly gain 3.66 points — mainly a repeat of the sideways consolidation move of the previous week. This week will be also likely to be highly volatile leading up to the quadruple witch expiration on Friday.

For the bullish side: the SPX broke out of a descending wedge pattern on its daily chart, which indicates that we still have some short-term upside strength. If SPX can hold the price above its breakout line, and works out of the current major resistance zone 919.50-912, a testing rally to 1025-1055 is still possible.

For the bearish side: daily slow stochastic indicator shows the \$SPX has an overbought condition in the short term. Plus the US economy is a mess, and conditions are chaotic. Previous serious problems (real estate and financial companies) are not fixed, and new problems (auto and retail companies) show up at an accelerating pace. Those bad situations will slow down investors, and many — perhaps most — will stay on the sidelines. That's not a bad place to be at this time of year.

Holiday season caution: The market often makes high volatility moves during the holiday season. There is lots of emotion affecting trading decisions, and price can swing wildly in quite a large range within 5-10 minutes. (See the last half hour of trading Friday for an example). Lots of profit can be made, but it also represents very high risk, and you can run up big losses if you don't manage your trading and your emotions carefully. Please take this into consideration for holiday season trading. "DON'T SCREW UP THE HOLIDAY" ... especially since this is our last week of trading for the year.

Major monthly resistance level is 1065 and major support level is 760
Major weekly resistance level is 975 and support level 800

SPX DAILY Chart



6. WEEKLY OUTLOOK – ESH9

Last week ES pulled back to retest the daily range low (825-815) area. But it managed to hold the low and closed above the 20-day moving average line again. The price action shows upside steam hasn't 100 percent run out. At least Holiday bulls won't give up so easily.

This week is option expiration week, and we may still see a little pullback on Monday, a wide range expansion on Tuesday and back-to-back days on Wednesday and Thursday.

For upside, ES needs to breakout 912.50-919.50 range to keep going up to complete the C top target in the 975.50 area. **For downside**, ES needs to go below 813-800 range to push price back down to 750 line.

In my view this year's low has been seen already. The low 739 level may not be the bear market low, but it could well be this year's low. However if the auto companies declare bankruptcy before the Christmas holiday, then nobody know how low this market can go before the end of December.

For option expiration week: 850 line will be middle fighting line for both sides. Bulls will fight for 900 or higher 940-950 (max) and bears will fight for 850 or lower to 800-815. Tuesday news (the CPI report) and FOMC announcement can both contribute to a wide range expansion move.

Weekly resistance line 975 and support line 800

ES WEEKLY Chart



WEEKLY FOCUS NUMBERS

Sell levels	Buying levels
927.00-928.75(First Sell#)	828.25 (first Buy#)
976.75- 980.25 (Second Sell#)	792.75 (second Buy#)

7. DAILY OUTLOOK

ES mainly made zig-zag move in past two weeks. As long as 813 line holds ES up, the range bounce remains intact. But buying side need to do lots of work on the 20/40 daily moving average line which have been acting as resistance levels in the past five days.

Based on the daily chart, ES closed above 20 daily moving average line for the third time on Friday. The 40-day moving average is likely to be the next upside target. If today ES can manage to breakout 925, the upside momentum could push price as high as the 938.75 area, and then a pullback to 900-895 range should be expected. As long as today ES holds above 860.25 line in the early morning trading, upside remains intact with a slow choppy mode

ESH9 DAILY Chart



8. TRADING STRATEGY FOR Dec. 15 , 2008

ES may have a pullback into 860-855 range first before it moves up again. 850-846 is key for downside. If there is a break below this key range, it is likely for ES to move back down to retest last Friday globex low 828.75 area. ES needs to breakout 906.25 line for upside push to 925 area; 868-869 range needs to hold price up from the early morning pullback period to support a later breakout of the 906.25 line.

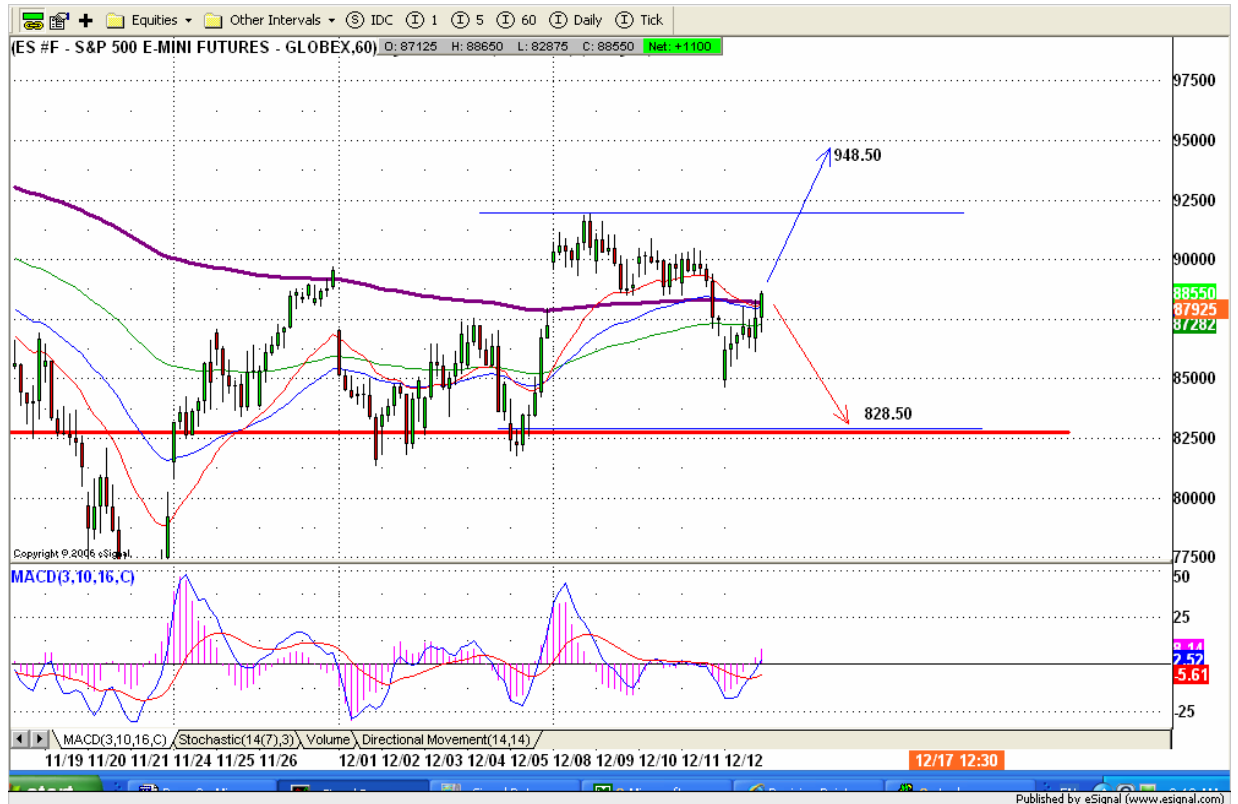
Intraday swing position entry on short side:

921.75 (scalping) 938-939 (agg) and 948.50-946.75 (cons)

Intraday swing position entry on long side:

857.25- 856.00 (scalping) 846-847.25 (agg) and 828.25-829 (cons)

ESH9 INTRADAY



9. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=7.81)

890.63	+2/8
882.81	+1/8
875.00	8/8
867.19	7/8
859.38	6/8
851.56	5/8
843.75	4/8
835.94	3/8
828.13	2/8
820.31	1/8
812.50	0/8
804.69	-1/8
796.88	-2/8

Up (Interval=7.81)

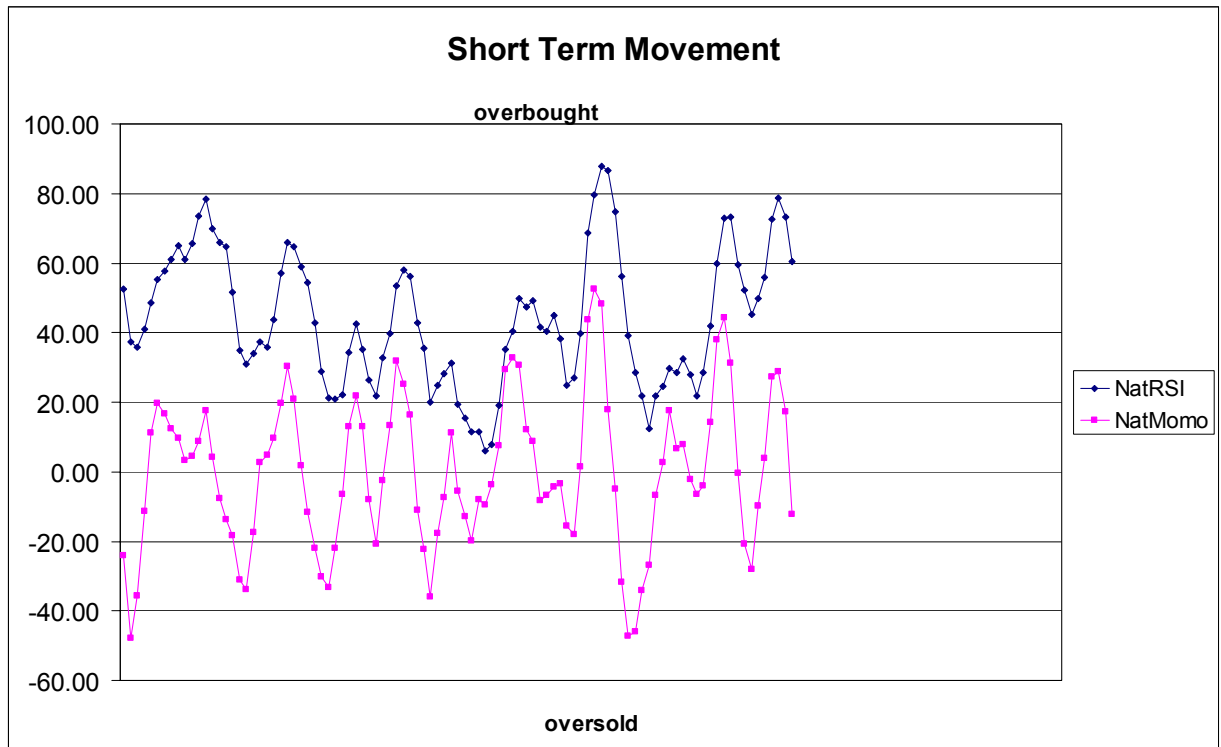
953.13	+2/8
945.31	+1/8
937.50	8/8
929.69	7/8
921.88	6/8
914.06	5/8
906.25	4/8
898.44	3/8
890.63	2/8
882.81	1/8
875.00	0/8
867.19	-1/8
859.38	-2/8

Down (Interval=7.81)

921.88	+2/8
914.06	+1/8
906.25	8/8
898.44	7/8
890.63	6/8
882.81	5/8
875.00	4/8
867.19	3/8
859.38	2/8
851.56	1/8
843.75	0/8
835.94	-1/8
828.13	-2/8

10. OTHER INDICATORS

NatRSI (5day)	NatMoMo	ATR 10	Waist number	
0.60	-12.12	40.45	867.50	
neutral				



11. WEEKLY ECONOMIC REPORTS

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

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Dec 15	08:30	NY Empire State Index	Dec	-28.0	-27.0	-25.4	
Dec 15	09:00	Net Foreign Purchases	Oct	NA	NA	\$66.2B	
Dec 15	09:15	Capacity Utilization	Nov	75.8%	75.9%	76.4%	
Dec 15	09:15	Industrial Production	Nov	-0.6%	-0.5%	1.3%	
Dec 16	08:30	Building Permits	Nov	700K	700K	708K	
Dec 16	08:30	Core CPI	Nov	0.0%	0.1%	-0.1%	
Dec 16	08:30	CPI	Nov	-1.5%	-1.3%	-1.0%	
Dec 16	08:30	Housing Starts	Nov	725K	730K	791K	
Dec 16	14:15	FOMC Policy Statement					
Dec 17	10:35	Crude Inventories	12/13	NA	NA	NA	
Dec 18	08:30	Initial Claims	12/13	NA	NA	NA	
Dec 18	10:00	Leading Indicators	Nov	-0.5%	-0.5%	-0.8%	
Dec 18	10:00	Philadelphia Fed	Dec	-35.0	-40.0	-39.3	

Holiday Reading Lists:

During the last two weeks of the year, while you enjoy spending time with your family, you may also take some time to read one or two trading books to improve your trading knowledge, or browse websites with specialized trading content. Here are a few suggestions:

For pattern recognition:

Technical analysis of stock trends by Robert D Edwards and John Magee **Or**

Technical Analysis Expained 4th edition by Martin J, Pring

Website: Chart school http://stockcharts.com/school/doku.php?id=chart_school

For Elliott wave:

Elliott wave principle – key to market behavior by Frost and Prechter

Website: excellent Elliott Wave analysis at <http://www.elliottwave.com>

For trading psychology:

Trading in the Zone: master the market with confidence, discipline and a winning attitude

by Mark Douglas

Website: a psychologist's view of the tricks your mind plays on you at

<http://www.brettsteenbarger.com/>