



## Daily Trading Plan for Jan. 26, 2009

### 1. ESH9 IN PREVIOUS DAY

| Open   | High   | Low    | Closing |
|--------|--------|--------|---------|
| 804.25 | 836.00 | 801.50 | 823.50  |

### 2. PIVOTS FOR ESH9

|            | Daily         | Weekly        | Monthly       | Yearly         |
|------------|---------------|---------------|---------------|----------------|
| R3         | 873.67        | 886.92        | 1048.08       | 2082.17        |
| R2         | 854.83        | 863.83        | 983.67        | 1781.33        |
| R1         | 839.17        | 843.67        | 941.83        | 1340.67        |
| <b>PPT</b> | <b>820.33</b> | <b>820.58</b> | <b>877.42</b> | <b>1039.83</b> |
| S1         | 804.67        | 800.42        | 835.58        | 599.17         |
| S2         | 785.83        | 777.33        | 771.17        | 448.75         |
| S3         | 770.17        | 757.17        | 729.33        | 298.33         |

### 3. FOCUS NUMBERS

|                                  | Daily                | Weekly               |
|----------------------------------|----------------------|----------------------|
| <b>1<sup>st</sup> Sell level</b> | <b>838.50-840.50</b> | <b>870.50-868.50</b> |
| <b>2<sup>nd</sup> Sell level</b> | <b>855.25-857.25</b> | <b>890.50-893.50</b> |
|                                  |                      |                      |
| <b>1<sup>st</sup> Buy level</b>  | <b>800.50-797.50</b> | <b>781.75-783.25</b> |
| <b>2<sup>nd</sup> Buy level</b>  | <b>772.50-775.00</b> | <b>750.00-753.25</b> |

#### 4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 831.95 on Friday for a net weekly loss of 18.17 points. But Friday the market opened 20 points below the previous close but managed to close near the high of the day for a modest gain. There is an expectation in the market that the Obama administration will announce a plan to cope with the banking crisis this week.

Hope is eternal, but reality often kills it. The US economy is in deep trouble. Unemployment continues to rise. Every Friday at least one bank has to be shut down. Retail sales are declining sharply since last year. House market still has no sign to recovery. So how far should our stock market rally? We expect it will not be able to break through the 20 week moving average line.

Based on the chart, \$SPX could continue to travel inside the weekly triangle pattern until it works out an oversold condition. Also this week is last week of January, and the bull side will try to defend the psychologically-important 800 support line with a brief rally. But for long run, as soon as the rally gets exhausted, the decline should resume again. We should still expect to retest last year's low.

Major monthly resistance level 1065 and support level is 750  
 Weekly resistance level 895 and support level is 750



## 5. DAILY OUTLOOK

Since last November the futures contract (ES) made several countermoves. But each move had a lower high and the strength decreases more and more. The recent bounce high was 865.75 high on globex trading with greatly reduced strength. That means there are fewer and fewer buyers in this market. This week if ES can't make an upside breakout, then last November's low should be retested soon. A break beneath 797.50-796.50 range will be bearish again. The odds will favor an aggressive downside move and push the price lower to 729 area in the coming weeks.

### ESH9 DAILY Chart



## 6. TRADING STRATEGY FOR Jan. 26, 2009

Last Friday ES made a complete reversal move from the early pre-market decline. Today we could see price pull back into 815.50 area to search for support. If there is a failure to hold 812-810 range, it is likely for ES to retest last Friday's low 801.50-799.50 range (long entry). If ES can hold 815.50 line, last week's high area 838.50-840.75 (First Short entry) could be retested again.

### ESH9 INTRADAY



### INTRADAY SCALPING NUMBERS

|                   | Very Aggressive      | Aggressive           | Conservative         |
|-------------------|----------------------|----------------------|----------------------|
| <b>Sell level</b> | <b>837.50-839.50</b> | <b>855.50-857.75</b> | <b>865.50-868.50</b> |
| <b>Buy level</b>  | <b>801.50-798.50</b> | <b>791.50-792.00</b> | <b>763.00-767.50</b> |

## 7. PREDICTION FOR TODAY'S MOVEMENT

### Current (interval=7.81)

|               |            |
|---------------|------------|
| 890.63        | +2/8       |
| 882.81        | +1/8       |
| <b>875.00</b> | <b>8/8</b> |
| 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       |

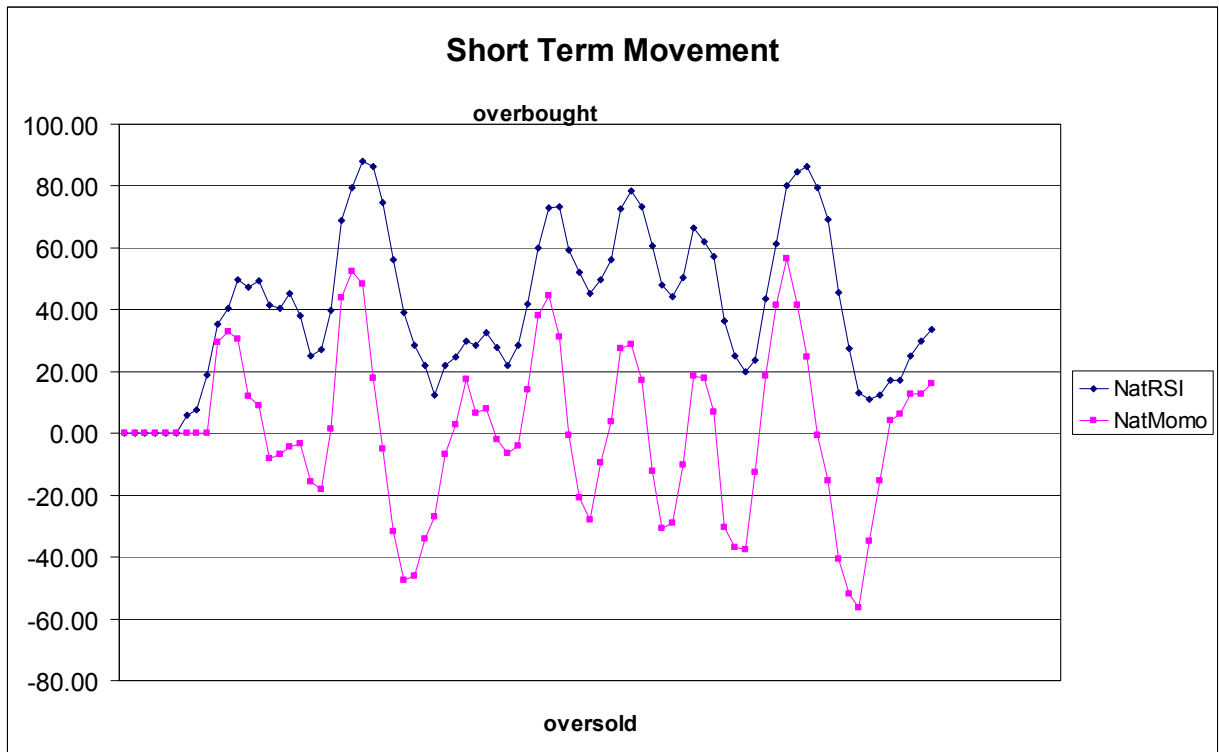
### Up (Interval=7.81)

|               |            |
|---------------|------------|
| 890.63        | +2/8       |
| 882.81        | +1/8       |
| <b>875.00</b> | <b>8/8</b> |
| 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       |

### Down (Interval=7.81)

|               |            |
|---------------|------------|
| 859.38        | +2/8       |
| 851.56        | +1/8       |
| <b>843.75</b> | <b>8/8</b> |
| 835.94        | 7/8        |
| 828.13        | 6/8        |
| 820.31        | 5/8        |
| 812.50        | 4/8        |
| 804.69        | 3/8        |
| 796.88        | 2/8        |
| 789.06        | 1/8        |
| 781.25        | 0/8        |
| 773.44        | -1/8       |
| 765.63        | -2/8       |

## 8. SHORT TERM SENTIMENT



## 9. WEEKLY ECONOMIC REPORTS

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

| Date   | ET    | Release                                       | For     | Actual | Briefing.com | Consensus | Prior |
|--------|-------|---|---------|--------|--------------|-----------|-------|
| Jan 26 | 10:00 | <a href="#">Existing Home Sales</a>           | Dec     | NA     | 4.40M        | 4.49M     |       |
| Jan 26 | 10:00 | <a href="#">Leading Indicators</a>            | Dec     | NA     | -0.3%        | -0.4%     |       |
| Jan 27 | 09:00 | <a href="#">Consumer Confidence</a>           | Jan     | NA     | 38.0         | 38.0      |       |
| Jan 27 | 09:00 | <a href="#">S&amp;P/CaseShiller Composite</a> | Nov     | NA     | NA           | -18.04%   |       |
| Jan 28 | 10:30 | <a href="#">Crude Inventories</a>             | 01/23   | NA     | NA           | 6.1 mln   |       |
| Jan 28 | 14:15 | <a href="#">FOMC Rate Decision</a>            | Jan. 28 | NA     | NA           | 0-0.25    |       |
| Jan 29 | 08:30 | <a href="#">Durable Orders</a>                | Dec     | NA     | -1.8%        | -1.5%     |       |
| Jan 29 | 08:30 | <a href="#">Initial Claims</a>                | 01/24   | NA     | NA           | 589K      |       |
| Jan 29 | 10:00 | <a href="#">New Home Sales</a>                | Dec     | NA     | 400K         | 407K      |       |
| Jan 30 | 08:30 | <a href="#">Chain Deflator-Adv.</a>           | Q4      | NA     | 0.5%         | 3.9%      |       |
| Jan 30 | 08:30 | <a href="#">GDP-Adv.</a>                      | Q4      | NA     | -5.2%        | -0.5%     |       |
| Jan 30 | 09:45 | <a href="#">Chicago PMI</a>                   | Jan     | NA     | 34.2         | 35.1      |       |
| Jan 30 | 09:55 | <a href="#">Mich Sentiment-Rev</a>            | Jan     | NA     | 61.9         | 61.9      |       |
| Jan 30 | 10:00 | <a href="#">Employment Cost Index</a>         | Q4      | NA     | 0.7%         | 0.7%      |       |