



Daily Trading Plan for Feb. 23, 2009

1. ESH9 IN PREVIOUS DAY

Open	High	Low	Closing
762.50	778.50	752.50	769.50

2. PIVOTS FOR ESH9

	Daily	Weekly	Monthly	Yearly
R3	807.17	845.50	1058.42	2082.17
R2	792.83	823.50	1000.58	1781.33
R1	781.17	796.50	913.17	1340.67
PPT	766.83	774.50	855.33	1039.83
S1	755.17	747.50	767.92	599.17
S2	740.83	725.50	710.08	448.75
S3	729.17	698.50	622.67	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	785.50-784.75	818.25
2nd Sell level	793.75-794.25	835.25
1st Buy level	747.50	747.50-752.50
2nd Buy level	728-727.50	703.75-698.50

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 770.05 on Friday for a net weekly loss of 56.79 points. Last week, The Dow Jones Transportation (\$DT) broke its November's low first, and then Dow Jones Average Industrial (\$INDU) followed. Both closed under last year's low and confirmed the **bear market** by Dow Theory.

Even though \$SPX didn't go under last year's low due to option expiration last week, it should follow \$INDU movement in the coming weeks. The major downtrend hasn't been fully completed yet. It needs **A big Panic Selling** to complete this downtrend move started in Year 2007.

Based on the \$SPX weekly chart, S&P 500 had many rallies since new year, but each rally had been quickly knocked off by the sellers. That is a bearish sign. It indicates that the major support zone 730-750 may not hold the current price. If this support zone is broken, a heavy selling pressure could push the price to go down much lower than we expected. This week, we may see a small bounce due to the market oversold condition. In the meantime, please keep this in your mind; the oversold condition in bear market often gets more oversold.

Major monthly resistance level 1065 and support level is 750
 Weekly resistance level 825 and support level is 750

SPX WEEKLY CHART



5. DAILY OUTLOOK

The market lost confidence on the new stimulus plan in the past four days. "Sell on the news" was last week's trading behavior. This week, CIT day is Feb. 25. We either see the price hit short-term top for next leg down move or we see a short-term bottom for the next small bounce. The street desperately wants to see a decent rally from current testing low area. But if it doesn't happen, the confidence to hold the long positions will be breached, and this could lead to heavy panic selling, pushing price to a much lower level than we expected.

Based on daily chart, ES is forming a descending triangle. We may see short-term bounce today due to oversold condition. The price could move up to last week's high area for maximum bounce. But this bounce shouldn't exceed 821 line. This line needs to hold ES down for breaking down 739 line to get to 652.75 destination.

ESH9 DAILY Chart



6. TRADING STRATEGY FOR Feb. 23, 2009

Last Friday ES gapped down at open, it hit its option expiration target and reversed sharply attempting to fill the gap 779.50. Even though ES failed to fill the gap, it managed to close above its open price. Today ES could test both of last Friday's high and low area. If ES goes up first, we are looking for short entry around 784-786 or higher to 789-791 range. If ES goes down first, we are looking for long entry around 752-754 range or lower around 746-747 for scalping trading.

ESH9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	784.75-786	789-791.50	799-798.50
Buy level	754-752.50	740.25-739.00	727.25-728

7. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=3.91)

789.06	+2/8
785.16	+1/8
781.25	8/8
777.34	7/8
773.44	6/8
769.53	5/8
765.63	4/8
761.72	3/8
757.81	2/8
753.91	1/8
750.00	0/8
746.09	-1/8
742.19	-2/8

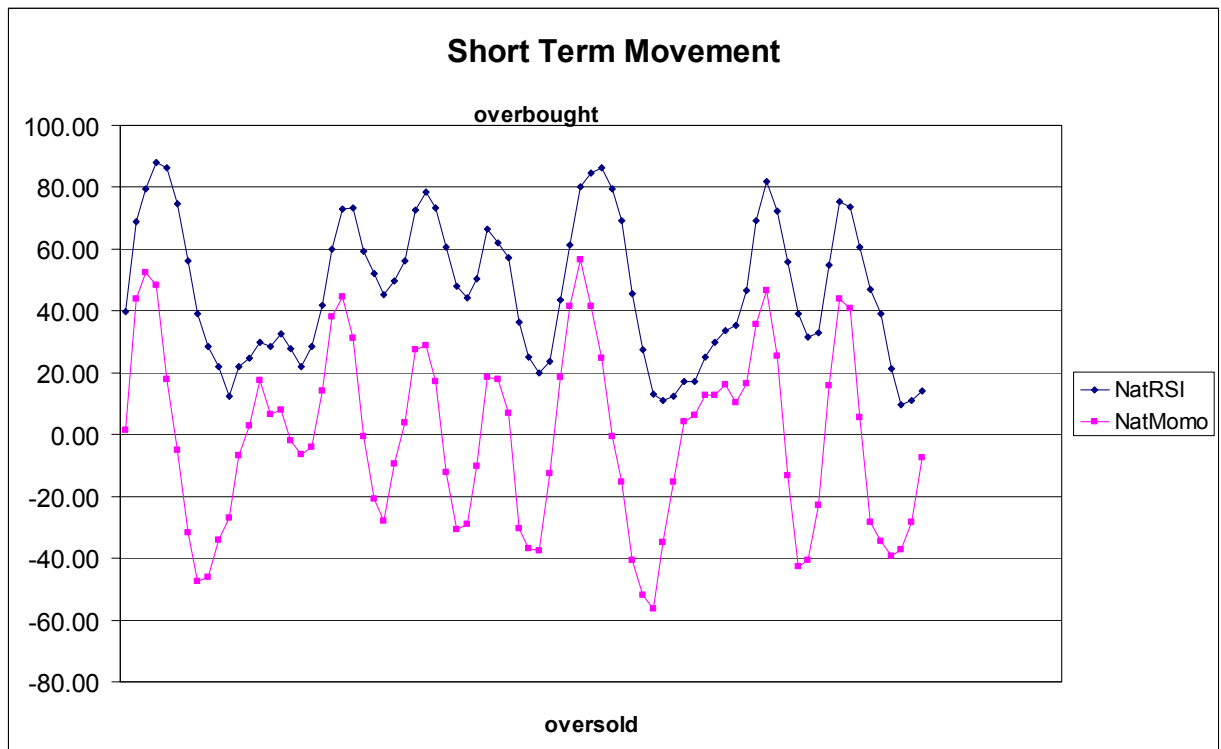
Up (Interval=3.91)

804.69	+2/8
800.78	+1/8
796.88	8/8
792.97	7/8
789.06	6/8
785.16	5/8
781.25	4/8
777.34	3/8
773.44	2/8
769.53	1/8
765.63	0/8
761.72	-1/8
757.81	-2/8

Down (Interval=3.91)

789.06	+2/8
785.16	+1/8
781.25	8/8
777.34	7/8
773.44	6/8
769.53	5/8
765.63	4/8
761.72	3/8
757.81	2/8
753.91	1/8
750.00	0/8
746.09	-1/8
742.19	-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
Feb 24	09:00	S&P/CaseShiller Home Price Index	Dec		NA	-18.25%	-18.18%
Feb 24	10:00	Consumer Confidence	Feb		NA	36.0	37.7
Feb 24	10:00	Bernanke Monetary Policy Report	Semi				
Feb 25	10:00	Existing Home Sales	Jan		NA	4.81M	4.74M
Feb 25	10:35	Crude Inventories	02/20		NA	NA	-138K
Feb 26	08:30	Durable Goods Orders	Jan		NA	-2.3%	-2.6%
Feb 26	08:30	Durables, Ex-Tran	Jan		NA	-2.0%	-3.6%
Feb 26	08:30	Initial Claims	02/21		NA	NA	627K
Feb 26	10:00	New Home Sales	Jan		NA	329K	331K
Feb 27	08:30	GDP-Prel.	Q4		NA	-5.4%	-3.8%
Feb 27	08:30	Chain Deflator-Prel.	Q4		NA	-0.1%	-0.1%
Feb 27	09:45	Chicago PMI	Feb		NA	34.0	33.3
Feb 27	10:00	Mich Sentiment-Rev	Feb		NA	56.5	56.2