



Daily Trading Plan for March. 16, 2009

1. ESM9 IN PREVIOUS DAY

Open	High	Low	Closing
751.75	755.75	739.00	754.50

2. PIVOTS FOR ESM9

	Daily	Weekly	Monthly	Yearly
R3	777.25	866.58	967.83	2082.17
R2	766.50	811.17	920.42	1781.33
R1	760.50	782.83	827.33	1340.67
PPT	749.75	727.42	779.92	1039.83
S1	743.75	699.08	686.83	599.17
S2	733.00	643.67	639.42	448.75
S3	727.00	615.33	546.33	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	764.25-766.50	777.00-779.50
2nd Sell level	781.75-783.75	872.25-875.00
1st Buy level	727.50-724.75	722.75-719.25
2nd Buy level	713.75-714.75	687.00-684.00

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 756.55 on Friday for a net weekly gain of 73.17 points. After the market broke down through important long-term support in previous week, it bounced back up for testing that broken support zone (became a recent resistance zone) due to the oversold market condition last week. Even though the current rally looks like a short covering rally, it still could push the price up further. The question is how much further it can go?

Based on the resistance zone and short-term down trend line ahead, plus short-term indicators moving into overbought territory, \$SPX may pause or pull back down as soon as the price approaches those areas this week. (See graph). But based on the price \$SPX had a strong follow through movement last week, so there is a good chance for a further rally if the price can be pushed back above resistance zone.

Apart from the chart formations, there are other factors we should take into consideration. This week will be fairly volatile, with a Fed meeting on Tuesday and Triple Witching on Friday. Often if the week before option expiration can be firm, the beginning of the following week usually will be upward too. How long the up move will last depends on continued government intervention. Fed. Chairman Bernacke can't even wait for Monday. He will be on TV (60 minutes) this Sunday (March 15).

Major monthly resistance level 875 and support level is 625
 Weekly resistance level 825 and support level is 685

SPX WEEKLY CHART



5. DAILY OUTLOOK

The market decisively broke its major support zone (739-723) and last week bounced above that broken support zone. Based on the short-term price movement, ES is bullish. The upside momentum could be carried a little further to 779-785 range in the beginning of this week, especially Monday or Tuesday.

Based on option expiration this week, 750 is option battlefield line. Bull side will fight for 775 or higher to 800 line, and the bear side will fight for 725 or lower to 700 line. The option put/call ratio is low, which is a sign that bulls may be very close to their short-term top.

Based on Elliott wave theory, the current rally could be sub-wave 4 of last big wave 5 of the first impulse declining wave. If ES breaks out 785 and closes above 785 line for this week, it will then eliminate this possibility. Instead we may be in a major correction wave, which could carry up to 25% to 38% of the first impulse declining wave (1586.75 to 665.75). As long as ES doesn't go above 785 line this week, we still regard it as sub-wave 4. If that is the case, it may make a higher low. The 665.75 low could be the low area for this year.

Step by step. First we should look for two major resistance lines (779-783) ahead. We need to see how price reacts on those two lines before we change our analysis. Currently we still treat last week's rally as sub-wave 4 as long as it doesn't break out 785 line. This is option expiration week. Anything can happen. Trade with caution.

ESM9 DAILY Chart



6. TRADING STRATEGY FOR March. 16, 2009

Last Friday ES held up 739 line very well, which indicates bulls regained control of that broken support line. Today we may see price pull back into last Friday's low area 739-737.50 (first long area) if ES can't make a new high above 758.25 in the early morning session. But as long as 739 line can hold price up, later afternoon the price could move up again. If the early morning price moves up higher than last Friday's high, ES could be pushed up 766-768 (short entry) area or higher to 775-778 (second short entry area) range. If price breaks down 739 line, it is possible ES to move down to 724.50 (second long area) line for inverted H&S pattern neckline for testing.

ESM9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	766.75-765.00	775.25-777.25	784.75-785.25
Buy level	737.50-739.00	723.25	717.75-718.50

7. PREDICTION FOR TODAY'S MOVEMENT

Current (interval=3.91)

773.44	+2/8
769.53	+1/8
765.63	8/8
761.72	7/8
757.81	6/8
753.91	5/8
750.00	4/8
746.09	3/8
742.19	2/8
738.28	1/8
734.38	0/8
730.47	-1/8
726.56	-2/8

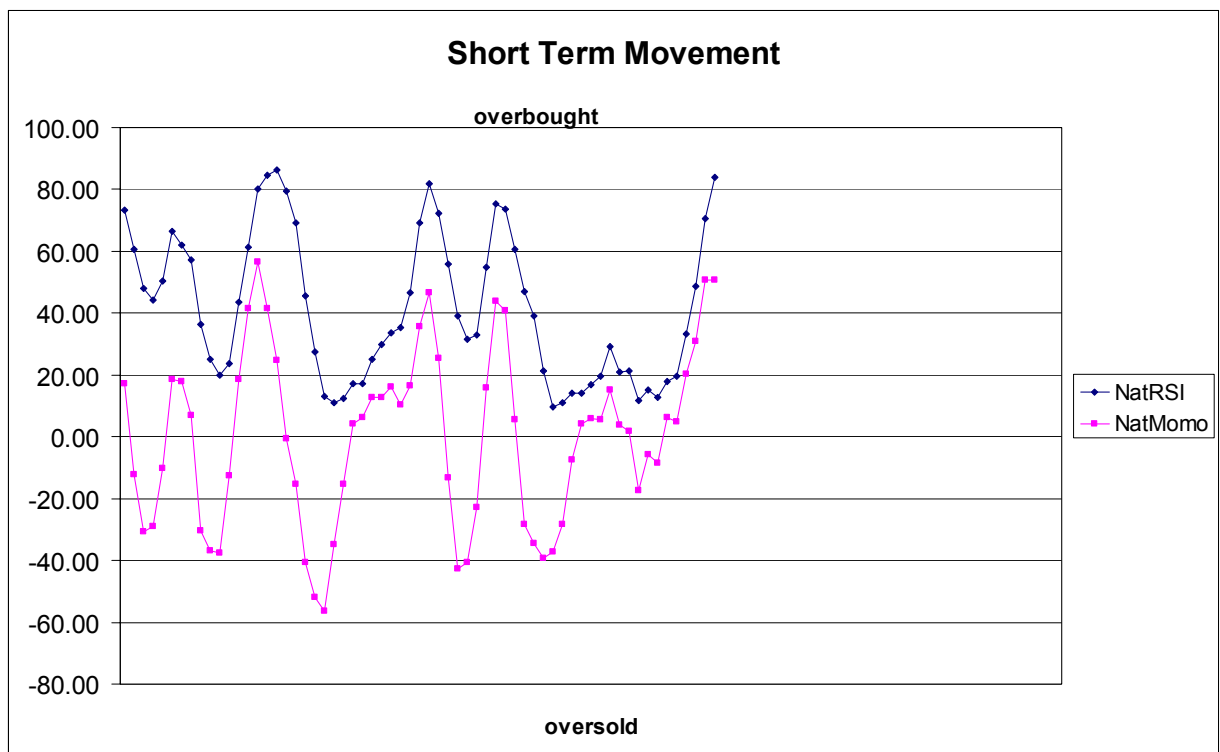
Up (Interval=7.81)

828.13	+2/8
820.31	+1/8
812.50	8/8
804.69	7/8
796.88	6/8
789.06	5/8
781.25	4/8
773.44	3/8
765.63	2/8
757.81	1/8
750.00	0/8
742.19	-1/8
734.38	-2/8

Down (Interval=3.91)

773.44	+2/8
769.53	+1/8
765.63	8/8
761.72	7/8
757.81	6/8
753.91	5/8
-750.00	4/8
746.09	3/8
742.19	2/8
738.28	1/8
734.38	0/8
730.47	-1/8
726.56	-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
Mar 16	08:30	Empire Manufacturing	Mar	NA		-32.0	-34.65
Mar 16	09:00	Net Long-Term TIC Flows	Jan	NA		NA	\$34.8B
Mar 16	09:15	Capacity Utilization	Feb	NA		71.1%	72.0%
Mar 16	09:15	Industrial Production	Feb	NA		-1.2%	-1.8%
Mar 17	08:30	Building Permits	Feb	NA		510K	531K
Mar 17	08:30	Core PPI	Feb	NA		0.1%	0.4%
Mar 17	08:30	Housing Starts	Feb	NA		453K	466K
Mar 17	08:30	PPI	Feb	NA		0.4%	0.8%
Mar 18	08:30	Core CPI	Feb	NA		0.1%	0.2%
Mar 18	08:30	CPI	Feb	NA		0.3%	0.3%
Mar 18	08:30	Current Account Balance	Q4	NA		-\$136.7B	NA
Mar 18	10:30	Crude Inventories	03/13	NA		NA	+749K
Mar 18	14:15	FOMC Rate Decision			NA	NA	0.00% -0.25%
Mar 19	08:30	Initial Claims	03/14	NA		NA	654K
Mar 19	10:00	Leading Indicators	Feb	NA		-0.6%	0.4%
Mar 19	10:00	Philadelphia Fed	Mar	NA		-40.0	-41.3