



## Daily Trading Plan for May 18, 2009

### 1. ESM9 IN PREVIOUS DAY

| Open   | High   | Low    | Closing |
|--------|--------|--------|---------|
| 889.00 | 895.50 | 876.75 | 883.00  |

### 2. PIVOTS FOR ESM9

|            | Daily         | Weekly        | Monthly       | Yearly         |
|------------|---------------|---------------|---------------|----------------|
| R3         | 912.17        | 946.75        | 1017.58       | 2082.17        |
| R2         | 903.83        | 931.50        | 951.67        | 1781.33        |
| R1         | 893.42        | 907.25        | 910.83        | 1340.67        |
| <b>PPT</b> | <b>885.08</b> | <b>892.00</b> | <b>844.92</b> | <b>1039.83</b> |
| S1         | 874.67        | 867.75        | 804.08        | 599.17         |
| S2         | 866.33        | 852.50        | 738.17        | 448.75         |
| S3         | 855.92        | 828.25        | 697.33        | 298.33         |

### 3. FOCUS NUMBERS

|                                  | Daily                | Weekly               |
|----------------------------------|----------------------|----------------------|
| <b>1<sup>st</sup> Sell level</b> | <b>893.75</b>        | <b>903.50-906.75</b> |
| <b>2<sup>nd</sup> Sell level</b> | <b>903.75-906.75</b> | <b>927.00-932.50</b> |
|                                  |                      |                      |
| <b>1<sup>st</sup> Buy level</b>  | <b>866.00-864.50</b> | <b>848.25-846.00</b> |
| <b>2<sup>nd</sup> Buy level</b>  | <b>859.00-857.50</b> | <b>808.50-809.00</b> |

#### 4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 882.88 on Friday for a net weekly loss of 46.35 points. After nine weeks rally, the market paused and gave up almost its latest week's gain. Last week, the sentiment has been shifted from the optimism of banking survival to concern about when the economic recovery really will be.

This week the economic reports will dominate the price move. If mortgage default and foreclosures continue to show a rise, more correction on the downside should be expected.

There is a potential inverted H&S pattern on SPX weekly chart. This week, the 877 line is key. A break below its line, it indicates the short-term top has been posted. A move below weekly 20 moving average line will invite sellers to open a larger-degree decline door toward 800-750 range. If a large declining occurs, the time length could be lasted another 3 or 6 weeks, and the movement will be very choppy.

Major monthly resistance level 950 and support level is 800  
 Weekly resistance level 910 and support level is 825

SPX DAILY CHART



## 5. DAILY OUTLOOK

Last week ES pulled the price back into the 20 day moving average area. It managed to close above it, but that doesn't mean it can hold up this week. The recent trend direction is gradually being changed.

Today we may see a continuation low movement first if ES fails to hold up 875 line in the early morning. If 875 is broken, we may see a bounce in the 859-858 area. But if 875 is decisively broken, we have to consider that the trend is down, and the bounce will not change that picture.

On the daily chart, we have been talking about inverted H&S pattern for weeks. A break below 858 line will confirmed that the movement toward a right shoulder's low in the 800-750 range is underway. If the economic reports continue to show a weak or non-existent economic recovery this week, it will be difficult for the market to hold the current level.

ESM9 DAILY Chart



## 6. TRADING STRATEGY FOR May 18, 2009

Today we need to pay attention to Friday's high (895.50). As long as 895-893 range holds ES down, the intraday trend remains down and needs to work down toward 859.25-864 range to complete the double top declining pattern on the 60-min chart.

If, ES can hold the price above 875 line in overnight trading, it is likely to move up to re-test 889 area (Scalping short) or higher to last Friday's high 895.50-893.75 range (SHORT entry). If ES fails to hold the price above 875 line, it is possible for ES to move down to 866.25-864 range or lower to 859.25 (LONG entry for 5 and 10 points bounce). But later on if 878-880.50 range is holding price down, a further decline should be expected.

### ESM9 INTRADAY



### INTRADAY SCALPING NUMBERS

|                   | Very Aggressive      | Aggressive           | Conservative         |
|-------------------|----------------------|----------------------|----------------------|
| <b>Sell level</b> | <b>893.75-895.00</b> | <b>899.50-900.50</b> | <b>906.75-908.25</b> |
| <b>Buy level</b>  | <b>866.25-864.75</b> | <b>859.25-858.00</b> | <b>846.00-847.50</b> |

## 7. PREDICTION FOR TODAY'S MOVEMENT

### Current (interval=3.91)

|        |      |
|--------|------|
| 914.06 | +2/8 |
| 910.16 | +1/8 |
| 906.25 | 8/8  |
| 902.34 | 7/8  |
| 898.44 | 6/8  |
| 894.53 | 5/8  |
| 890.63 | 4/8  |
| 886.72 | 3/8  |
| 882.81 | 2/8  |
| 878.91 | 1/8  |
| 875.00 | 0/8  |
| 871.09 | -1/8 |
| 867.19 | -2/8 |

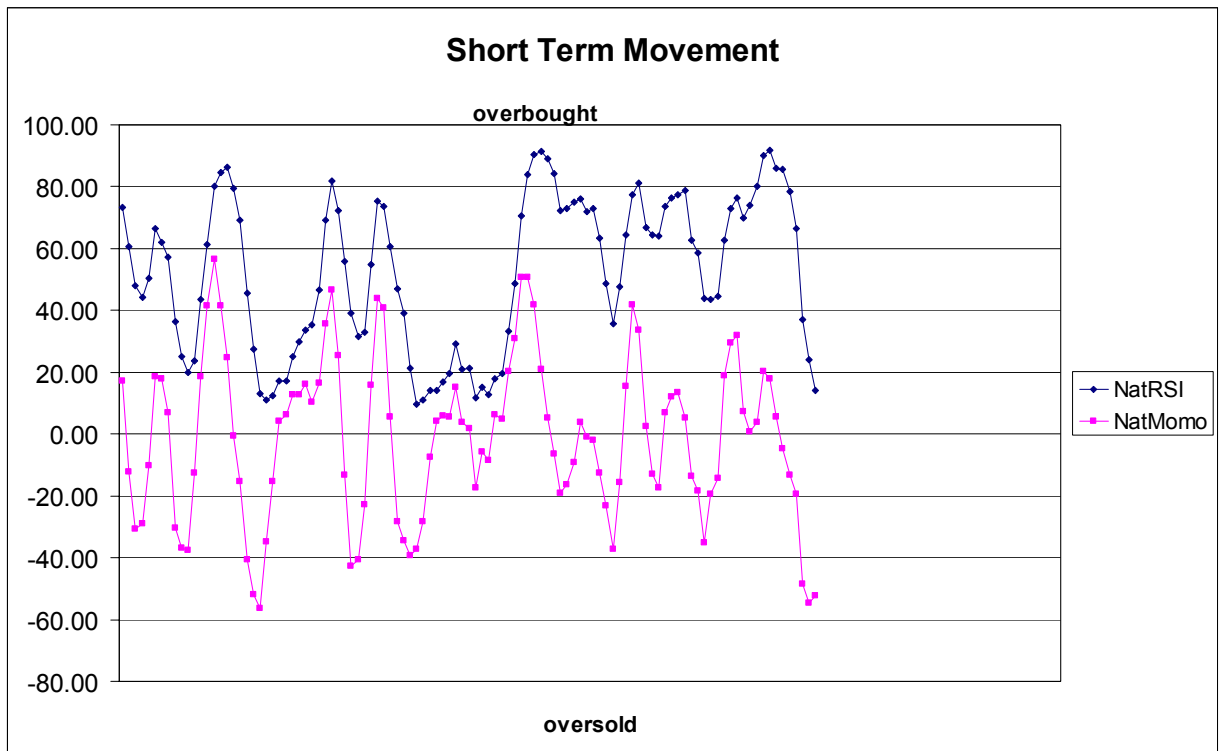
### Up (Interval=3.91)

|        |      |
|--------|------|
| 914.06 | +2/8 |
| 910.16 | +1/8 |
| 906.25 | 8/8  |
| 902.34 | 7/8  |
| 898.44 | 6/8  |
| 894.53 | 5/8  |
| 890.63 | 4/8  |
| 886.72 | 3/8  |
| 882.81 | 2/8  |
| 878.91 | 1/8  |
| 875.00 | 0/8  |
| 871.09 | -1/8 |
| 867.19 | -2/8 |

### Down (Interval=3.91)

|        |      |
|--------|------|
| 898.44 | +2/8 |
| 894.53 | +1/8 |
| 890.63 | 8/8  |
| 886.72 | 7/8  |
| 882.81 | 6/8  |
| 878.91 | 5/8  |
| 875.00 | 4/8  |
| 871.09 | 3/8  |
| 867.19 | 2/8  |
| 863.28 | 1/8  |
| 859.38 | 0/8  |
| 855.47 | -1/8 |
| 851.56 | -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 |
|--------|-------|------------------------------------|-------|--------|--------------|-----------|-------|
| May 19 | 08:30 | <a href="#">Building Permits</a>   | Apr   | NA     | 530K         | 516K      |       |
| May 19 | 08:30 | <a href="#">Housing Starts</a>     | Apr   | NA     | 527K         | 510K      |       |
| May 20 | 10:30 | Crude Inventories                  | 05/15 | NA     | NA           | -4.63M    |       |
| May 20 | 14:00 | FOMC Minutes                       | 04/29 | NA     | NA           | NA        |       |
| May 21 | 08:30 | <a href="#">Initial Claims</a>     | 05/16 | NA     | NA           | 610K      |       |
| May 21 | 10:00 | <a href="#">Leading Indicators</a> | Apr   | NA     | 0.6%         | -0.3%     |       |
| May 21 | 10:00 | <a href="#">Philadelphia Fed</a>   | May   | NA     | -18.0        | NA        |       |