



Daily Trading Plan for June 8, 2009

1. ESM9 IN PREVIOUS DAY

Open	High	Low	Closing
950.25	952.50	933.25	940.50

2. PIVOTS FOR ESM9

	Daily	Weekly	Monthly	Yearly
R3	970.17	984.50	1008.25	2082.17
R2	961.33	968.50	968.00	1781.33
R1	950.92	954.50	943.00	1340.67
PPT	942.08	938.50	902.75	1039.83
S1	931.67	924.50	877.75	599.17
S2	922.83	908.50	837.50	448.75
S3	912.42	894.50	812.50	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	952.50 – 954.50	964.75-968.00
2nd Sell level	958.50 – 961.25	987.25-985.25
1st Buy level	924.75 – 925.00	910.75-907.50
2nd Buy level	912.75 – 911.00	887.50-885.50

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 940.09 on Friday for a net weekly gain of 20.95 points. Last week SPX made another weekly breakout move and held up the gains for closing.

The market has been driven by a strong bullish bias lately. The Sideways consolidation move cleared the overbought signal from many medium-term indicators. Last week's breakout could erase any immediate hope the bears have for an extensive decline.

However the market is not likely to go straight up without any retracement. The recent rally was mainly propped up by high expectations from Wall Street and the media and the market is too far ahead of reality. We will see the retracement sometime this week.

Based on the AII survey, the bullish sentiment reached 47.56% vs Bearish 36.57%, which is about a 25% change. It indicates optimism among investors has picked up very fast in the past weeks. Excessive bullishness usually indicates that the market is getting ready for a decline.

As I pointed out last week, the Transportation Index has not yet confirmed the DJIA and SPX breakout move. (The chart had been mentioned in our trading room last Thursday). Based on the Dow Theory, that non-confirmation also indicates a bearish move ahead.

Based on weekly chart, the SPX still deals with 40EMA weekly line, but it is approaching its long-term resistance level. If price moves below 918, the retracement will be confirmed.

SPX WEEKLY CHART



Major monthly resistance level 985 and support level is 827
Weekly resistance level 958 and support level is 875

5. DAILY OUTLOOK

Friday ES gapped up at open, but sold off strongly in the morning session. Even though there was a modest recovery and the ES later went sideways, the closing price failed to confirm a breakout of previous high level (942.75). It closed at exactly the same level as the previous day.

Today there are several issues that need to be resolved. Last week's high looked like a short-term top (952.50), indicating a declining move should occur today, but the weekly closing price did not confirm. Today if 922.50 breaks down it will confirm a short term top has been posted. Second if ES is holding above 937-936 line overnight, it indicates that ES hasn't completed the upside move, and Friday's Globex high 957.50-961.75 range needs to be retested before price goes down. Nevertheless last week's low 922.50 is key.

ESM9 DAILY Chart



6. TRADING STRATEGY FOR June 8, 2009

Today we need to examine overnight trading carefully. If ES holds above 937-936 line, we are looking for short entry around last Friday's high area 952.50-954.50 (agg) and 958-961 (glx. High). If overnight trading breaks down 937-936 range, it is likely for ES to move down further to 931-929 or lower to 925-24 range (long entry with stop loss 921). If 922.50 is broken, odds will favor a short on any substantial bounce.

ESM9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	949.00-951.00	958.00-961.75	968.00
Buy level	925.00-924.75	911.00-912.75	905.75-904.25

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=3.91)

976.56	+2/8
972.66	+1/8
968.75	8/8
964.84	7/8
960.94	6/8
957.03	5/8
953.13	4/8
949.22	3/8
945.31	2/8
941.41	1/8
937.50	0/8
933.59	-1/8
929.69	-2/8

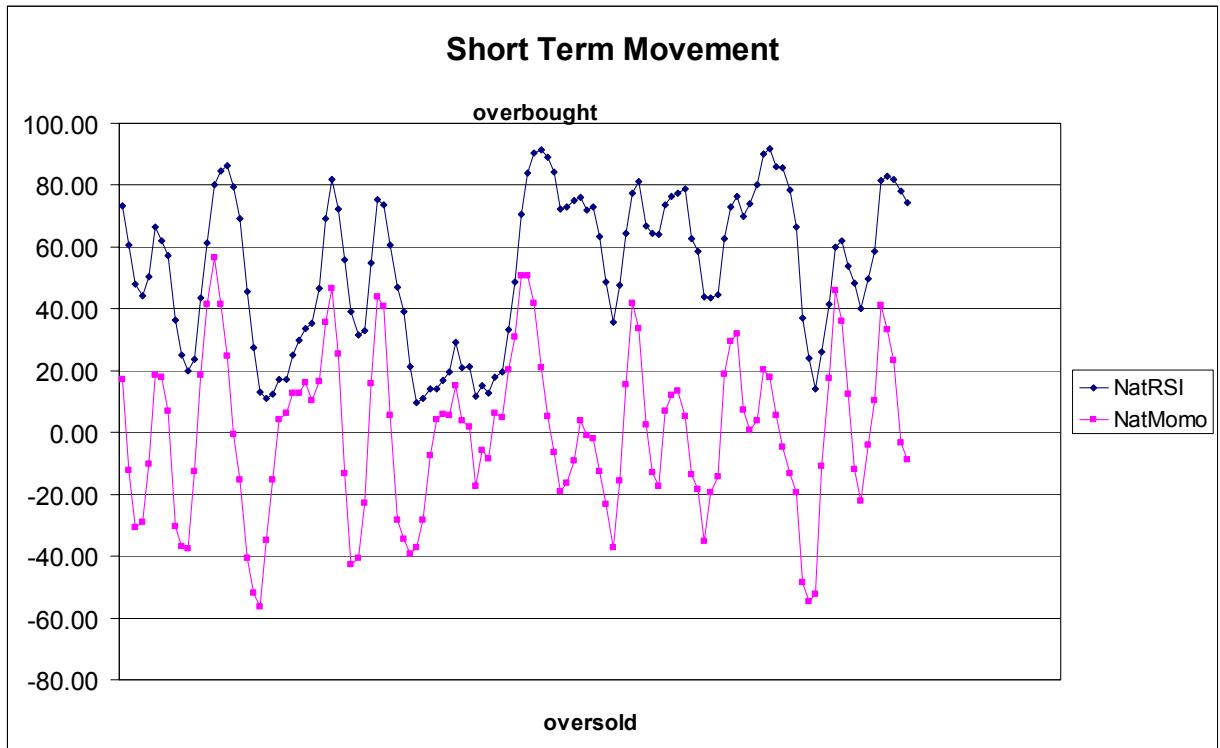
Up (Interval=3.91)

976.56	+2/8
972.66	+1/8
968.75	8/8
964.84	7/8
960.94	6/8
957.03	5/8
953.13	4/8
949.22	3/8
945.31	2/8
941.41	1/8
937.50	0/8
933.59	-1/8
929.69	-2/8

Down (Interval=7.81)

960.94	+2/8
957.03	+1/8
953.13	8/8
949.22	7/8
945.31	6/8
941.41	5/8
937.50	4/8
933.59	3/8
929.69	2/8
925.78	1/8
921.88	0/8
917.97	-1/8
914.06	-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
Jun 09	10:00	Wholesale Inventories	Apr	NA	-1.0%	-1.6%	
Jun 10	08:30	Trade Balance	Apr	NA	-\$28.7B	-\$27.6B	
Jun 10	10:30	Crude Inventories	06/05	NA	NA	+2.87M	
Jun 10	14:00	Treasury Budget	May	NA	-\$175.0B	NA	
Jun 10	14:00	Fed's Beige Book					
Jun 11	08:30	Retail Sales	May	NA	0.3%	-0.4%	
Jun 11	08:30	Retail Sales ex-auto	May	NA	0.2%	-0.5%	
Jun 11	08:30	Initial Claims	06/06	NA	NA	NA	
Jun 11	10:00	Business Inventories	Apr	NA	-1.0%	-1.0%	
Jun 12	08:30	Export Prices ex-ag.	May	NA	NA	-0.3%	
Jun 12	08:30	Import Prices ex-oil	May	NA	NA	-0.7%	
Jun 12	09:55	Mich Sentiment-Prel	Jun	NA	68.6	NA	