



Daily Trading Plan for July 13, 2009

1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
872.50	880.25	868.75	874.25

2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	891.58	922.92	1019.25	2082.17
R2	885.92	909.58	986.00	1781.33
R1	880.08	891.92	950.75	1340.67
PPT	874.42	878.58	917.75	1039.83
S1	868.58	860.92	882.25	599.17
S2	862.92	847.58	849.00	448.75
S3	857.08	829.92	813.75	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	882.75-884.50	899.75 - 903.75
2nd Sell level	888.00-889.50	910.50- 912.50
1st Buy level	866.75-865.00	863.25-860.25
2nd Buy level	860.50-859.75	845.50-839.75

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 879.13 Friday for a net weekly loss of 17.29 points. In last Monday trading plan, we pointed out that A-B-C pattern needs to be developed to complete the primary wave 2. So far \$SPX has had lower highs and lower lows since the June 11 top high level, and needs to find B bottom before it rallies again to form C top.

A H&S pattern has developed on the \$SPX daily chart. This is normally a bearish pattern but you should treat it with caution. The pattern has recently been discussed on television, and there is a general expectation that the H&S will mark the resumption of the bear market. In addition the AAll sentiment survey shows 27.91% bulls vs 54.65% bears. The consensus is for a further decline, but the consensus is often wrong. The market may be at or near the B bottom. If H&S pattern is violated this could turn into a bear trap.

Focus instead on the Elliot wave pattern. \$SPX is in the process of making a declining sub-wave 3. This sub-wave 3 hasn't completed yet. We have only seen the first down move; this week \$SPX may bounce up to form a second small correction early in the week before the price declines again later this week or in the coming weeks. This is option expiration week, plus we have heavy economic news and earning reports. All will move this market. But as long as the price doesn't close above 912 level, the short term trend remains downside.

SPX DAILY CHART



Major monthly resistance level 956 and support level is 812
Weekly resistance level 908 and support level is 845

5. DAILY OUTLOOK

ES has a situation similar to the \$SPX. The price closed slightly beneath the H&S neckline (875.25 area) on Friday. Today we may see a bounce up first to retest Friday's high 880-882 or higher to 888-889 range before ES moves back down again to retest last week's low around 866-865. After testing those highs any move below the 875 level will be bearish and in that case the ES is likely to move lower in the coming days. If the ES can move the price above 889 and hold above that line, then a high around 898-900 could be seen. Failing that, it will be very difficult for ES to move to a higher level.

ESU9 DAILY Chart



6. TRADING STRATEGY FOR July 13, 2009

Today 875 is option game battle line. Bulls will fight for 882.50-884.50 or higher to 888-889 range, and bears will fight for 866-865 or lower to 855-850 range. If 871 line can be held up in overnight trading, a bounce up to 878-880 is possible. Then we are looking for short entry around 881-882.50 area for target 875. If ES fails to hold up 871 line, instead moving down to the 866-864 range, we are looking for scalping long around 860-863 area and target the gap filled around 874.25.

ESU9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	880.50-882.50	887.50-888.50	894.75-896.50
Buy level	864.00-865.25	860.50-859.00	854.50-850.00

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=1.95)

886.72	+2/8
884.77	+1/8
882.81	8/8
880.86	7/8
878.91	6/8
876.95	5/8
875.00	4/8
873.05	3/8
871.09	2/8
869.14	1/8
867.19	0/8
865.23	-1/8
863.28	-2/8

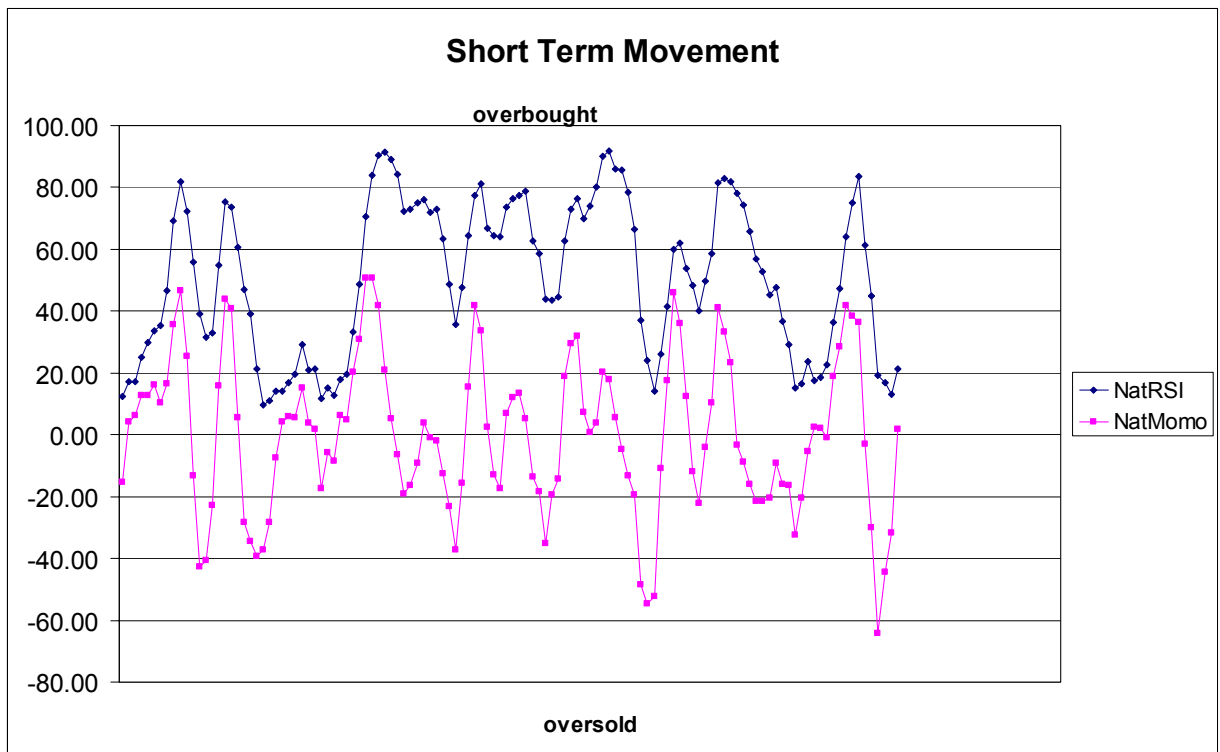
Up (Interval=3.91)

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=1.95)

878.91	+2/8
876.95	+1/8
875.00	8/8
873.05	7/8
871.09	6/8
869.14	5/8
867.19	4/8
865.23	3/8
863.28	2/8
861.33	1/8
859.38	0/8
857.42	-1/8
855.47	-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
Jul 13	14:00	Treasury Budget	Jun		NA	-\$77.5B	\$33.5B
Jul 14	08:30	Core PPI	Jun		NA	0.1%	-0.1%
Jul 14	08:30	PPI	Jun		NA	0.8%	0.2%
Jul 14	08:30	Retail Sales	Jun		NA	0.5%	0.5%
Jul 14	08:30	Retail Sales ex-auto	Jun		NA	0.5%	0.5%
Jul 14	10:00	Business Inventories	May		NA	-1.0%	-1.1%
Jul 15	08:30	Core CPI	Jun		NA	0.1%	0.1%
Jul 15	08:30	CPI	Jun		NA	0.6%	0.1%
Jul 15	08:30	Empire Manufacturing	Jul		NA	-5.00	-9.41
Jul 15	09:15	Capacity Utilization	Jun		NA	67.9%	68.3%
Jul 15	09:15	Industrial Production	Jun		NA	-0.6%	-1.1%
Jul 15	10:30	Crude Inventories	07/10		NA	NA	-2.90M
Jul 15	14:00	Minutes of FOMC Meeting	June 24				
Jul 16	08:30	Initial Claims	07/11		NA	NA	565K
Jul 16	09:00	Net Long-Term TIC Flows	May		NA	NA	\$11.2B
Jul 16	10:00	Philadelphia Fed	Jul		NA	-5.0	-2.2
Jul 17	08:30	Building Permits	Jun		NA	523K	518K
Jul 17	08:30	Housing Starts	Jun		NA	530K	532K